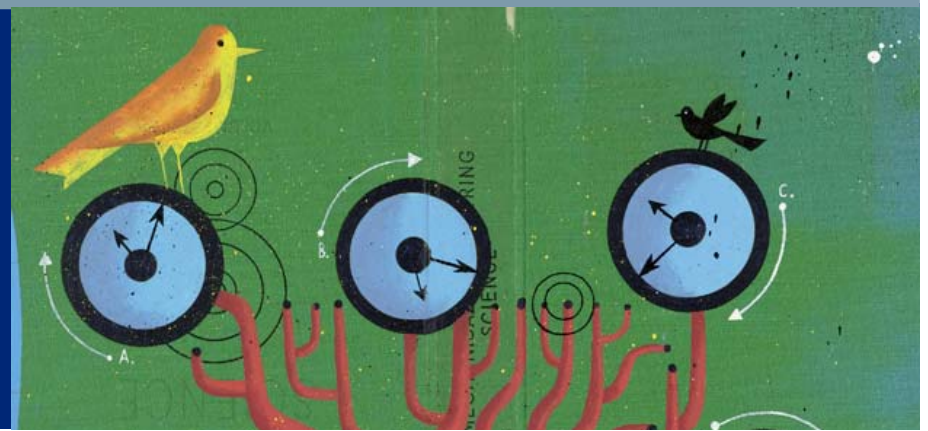


Post-crisis is pre-crisis, but different. Sustainability and emerging trends in IR.



May 2010

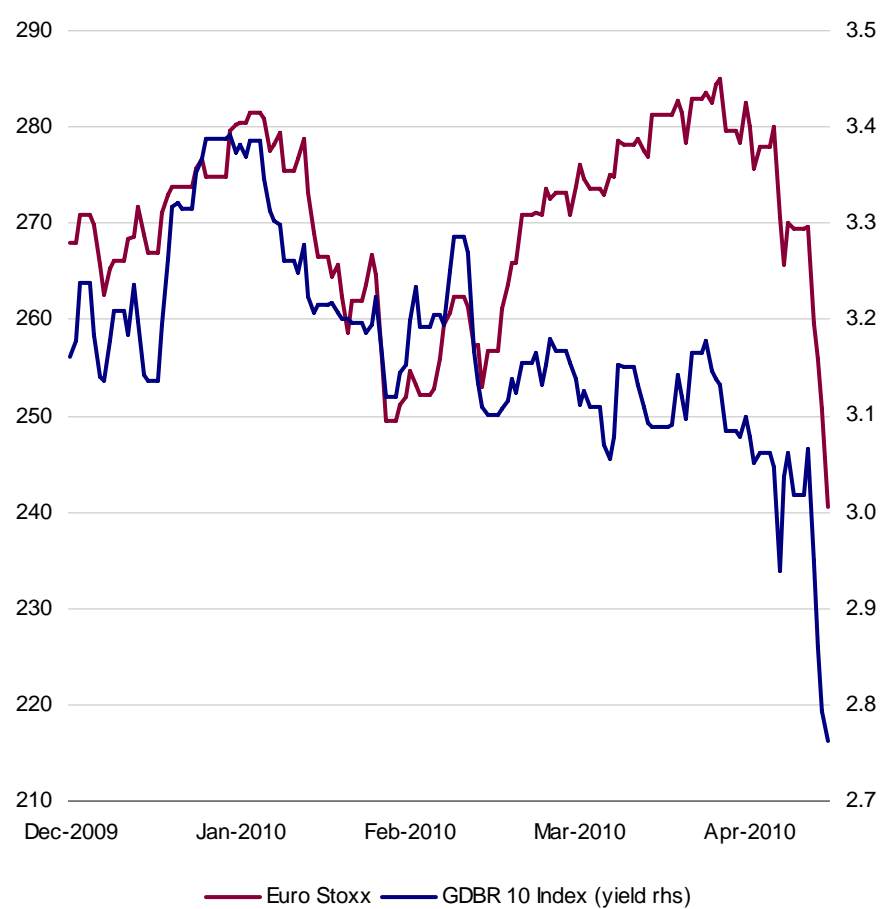
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Agenda

- I. Where are we today?
- II. Investor engagement
- III. Quality of equity research
- IV. Debt IR on the rise
- V. Sustainable investment
- VI. The new Corporate Reputation / Trust
- VII. New channels of communications
- VIII. Summary

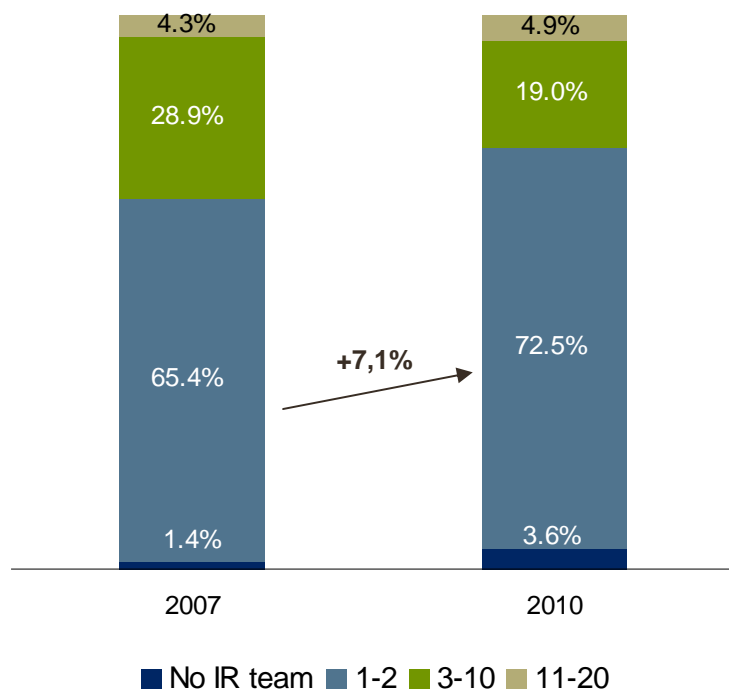
Where are we today?

Markets under pressure



Investor engagement

IR-team size decreasing



- The time CEOs and CFOs devote to IR meetings with investors has declined significantly during the financial crisis.
- As the overall number of investor meetings has remained stable, the IR team has had to do more without top management.
- Surveys indicate that the trend towards increased investor demand for meetings continues.
- IROs now also have to deal with a wider range of corporate governance issues. Companies now quickly have to adapt to more expansive and engaging ways of communicating.

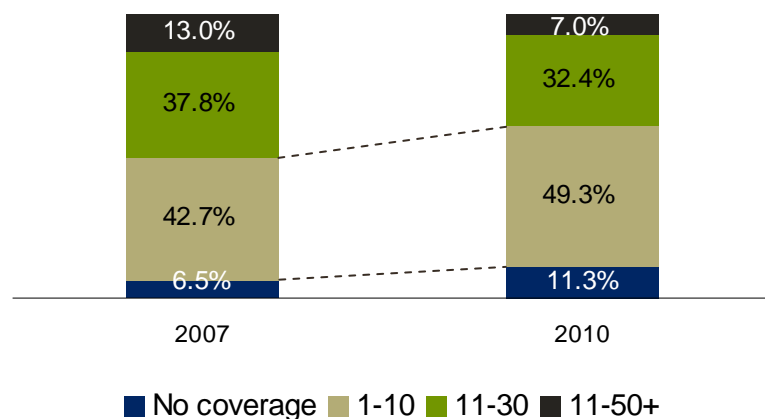
Work load for IR teams has increased during the crisis. Team size similarly has shrunk. IR teams today need to be more efficient than before.

Notes

1) Including Financial media and retail investors
Source DIRK Stimmungsbarometer Spring 2010

Equity research quality deteriorating

Sell-side analyst team size declining



The multiplication effect of an analyst is dwindling, hence more one-on-one meetings with investors are necessary.

There is a higher volatility in the stock market, partially due to less proficient broker reports.

- Due to insolvencies and mergers the number of banks has decreased during the financial crisis.
- Simultaneously, the number of equity analysts within existing institutions has been reduced.
- There are now fewer analysts covering the same universe of companies.
- Additionally, the seniority and tenure of the average sell side analyst has significantly declined.
- Consequently, the quality of equity research overall has deteriorated.
- The resulting impact on IROs will be more demand for direct investor communications with less reliance on the multiplier effect of analysts.

Source DIRK Stimmungsbarometer Spring 2010

Equity research - Call for quality

“We would like to see more ‘in-depth’ coverage rather than more analysts with light coverage.”

UK, Industrials

“Analysts are overworked and inexperienced.”

Germany, Industrials

“It has polarised – there is more ‘commodity’ commentary on news / events, less detailed, thoughtful, genuinely analytical work.”

UK, Real Estate

“Following the crisis, analysts fear to be wrong. Thus they change their minds far too often.”

German, Industrials

“Less resources to carry out the same amount of work.”

Spain, Oil & Gas

“A lower number of analysts with shorter experience in the sector, covering more banks.”

Italy, Financials

Source Citigate Dewe Rogerson, IR Survey, April 2010

Debt IR on the rise

- Since the credit crisis, the bond markets and bond investors have become more important to companies than ever before. There is a convergence in terms of interest in debt and equity IR.
- Levels of corporate bond issuance in 2009 have broken all previous records.
- There is a general loss of investor confidence in rating agencies, leading to creation of stronger in-house analytical teams.
- There is a significant upgrade in the focus of European corporates on debt IR.
- Debt which was previously serviced by the treasury is now also a big part of daily IR work.

Companies need more than ever to understand the debt market and how the changes affect their IR strategy.

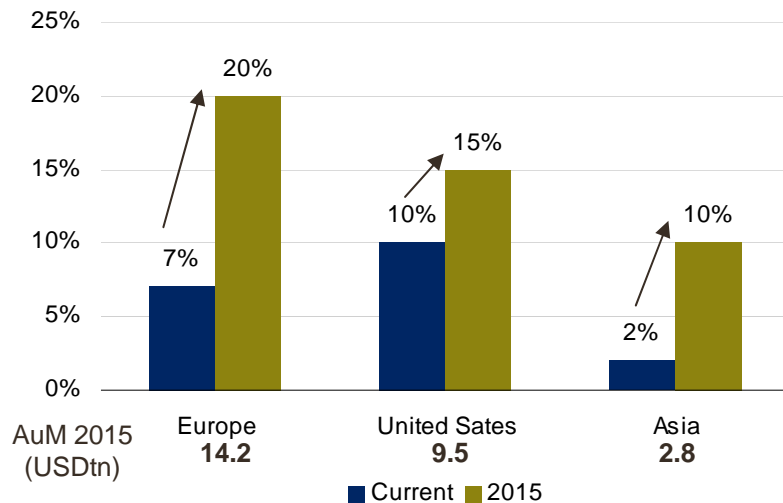
There is an increasing involvement of senior management in debt IR needed.

Develop best practices for servicing the information needs of the debt community.

Due to more complex structures of debt products, there is a specific need for training of the IR team.

Socially responsible investment (SRI)

Responsible investing market growth



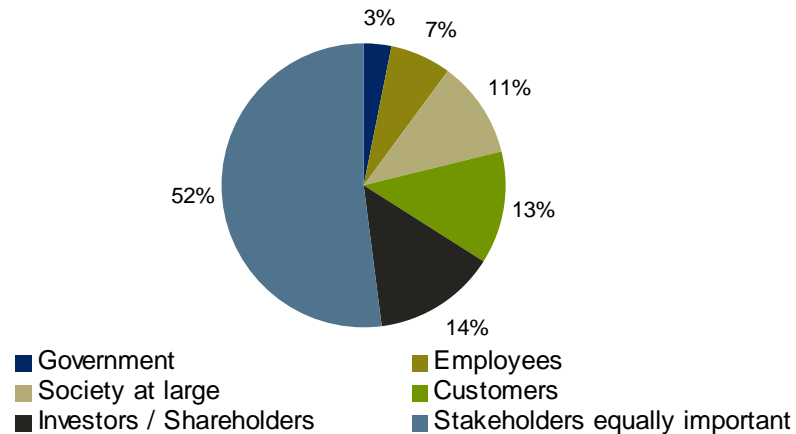
AuM as % of total AuM
Source **Robeco and Booz & Hamilton**

- Sustainable development is becoming increasingly important for companies and investors.
- What was once a marginalized issue is now very much part of the mainstream.
- There is now a strong belief that companies that develop a core sustainability position will not only gain in terms of reputation but also in terms of financial performance.
- Such companies are increasingly being associated with strong quality management teams that are responding to broader societal changes.

Sustainable management is only authentic and effective, when it can be integrated into a company's business model. If it is not profitable in the long run, no investor will buy the investment case.

Building Trust

A stakeholder, not a shareholder, world



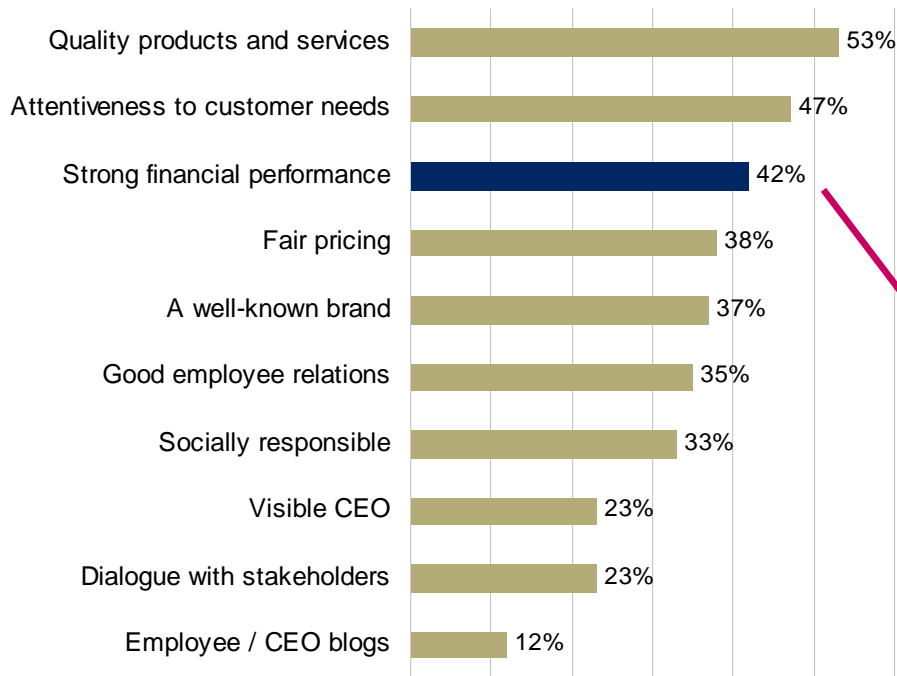
When asked which stakeholder should be most important to a CEO's decision when making business decisions for his company, this is the answer of a group of people aged 25 to 64 in 22 countries.

Source: Edelman Trust Barometer 2010

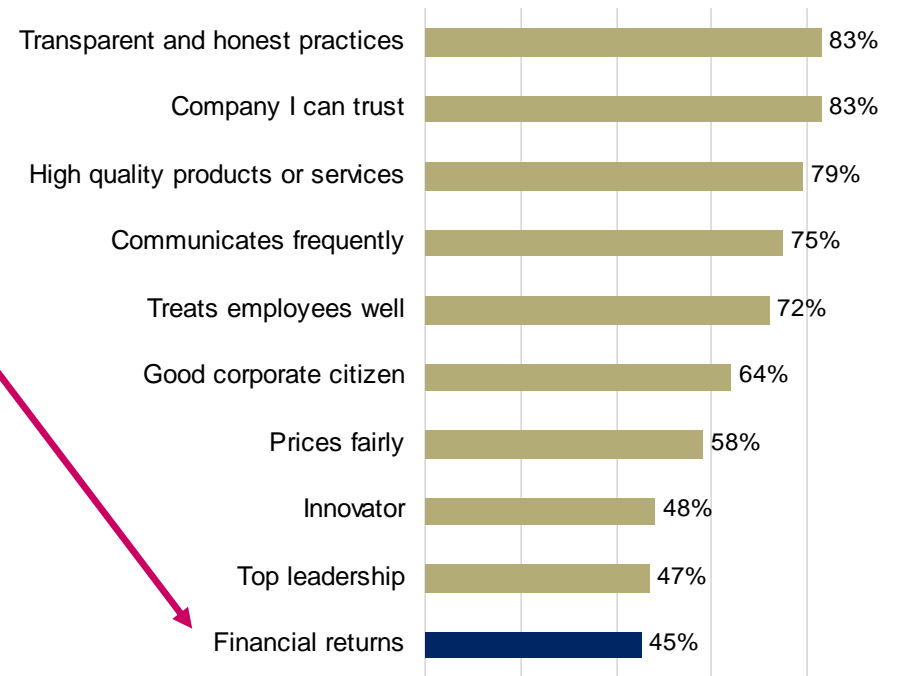
- As the nature of trust has changed so has the way that companies must earn it.
- Since the beginning of the crisis, the importance of the government, employees, customers and the society at large on company decisions has significantly increased.
- It is therefore not surprising that 52% of respondents said that “all stakeholders are equally important” which stands in stark contrast to a general perception before the crisis.
- There is as much as a 4:1 margin against investors and analysts, underscoring that this is no longer a shareholder but a stakeholder world.
- For the investor relations practice this means that the former approach of focusing on the investor universe will not work in order to correctly position a company in a broader context.

The New Corporate Reputation

USA 2006



USA 2010



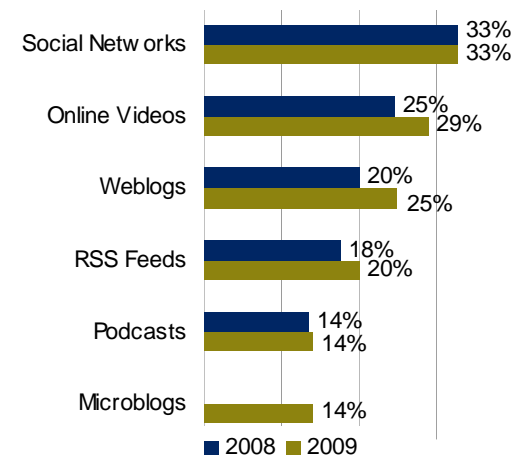
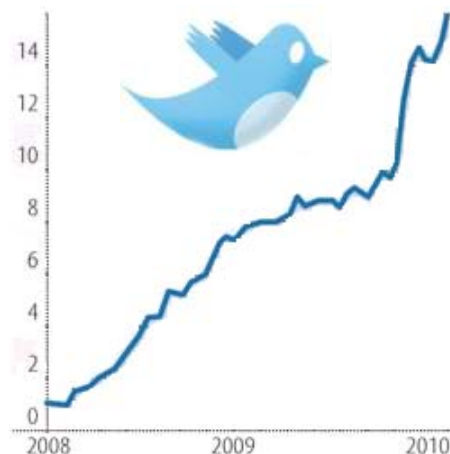
What shapes your trust in a company?

How important are these factors to corporate reputation?

Source: Edelman Trust Barometer 2010

Importance of social media

Today	2012
1 Print media	Online comms
2 Online comms	Online media
3 Face-2-face	Face-2-face
4 TV/ radio	Social media



- Speed of communication is increasing.
- The web accelerates the spread of information.
- New technologies will introduce new forms of interaction between companies and their investors.

- Web 2.0 is a strong force in financial communications
- The key benefit is to foster further dialogue between investors and company.
- Social Media create new dynamics within communications.

- IR departments will have to develop a certain level of expertise in new media.
- Still, a CEO statement in a newspaper is the most trusted information source today.

Channels of communication

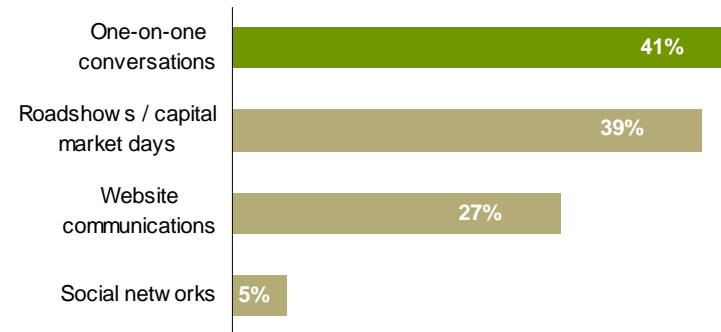
Increasing communication across all channels.

- Most companies have already changed or will change their communications mix.
- Majority of IR teams are increasing communications through at least one new channel.
- Communications through the website continues to grow in importance for all audiences.

60% of respondents have changed or are planning to change their mix of communication channels.

30% of all respondents see a significant increase in the use and impact of new media tools on information and decision making processes.

One-on-one meetings more important than ever.



IR teams need to be able to rapidly tap into new information and rumors about their company.

- Currently, non-traditional communications channels represent an unknown quantity.
- There is still the tendency that the confines that shaped the flow of company information are breaking down.

What does this all mean?

- Equity markets have returned to normal levels but significant volatility remains.
- In the aftermath of the crisis, IR teams are struggling with various challenges:
 - *Smaller teams*
 - *More and more complex work*
 - *Lower equity research quality*
- Companies need more than ever to understand the debt market and how the changes affect their IR strategy.

- Post crisis, stakeholders such as the government, employees and customers are more important than ever.
- Since target groups have changed, there is a general need for broader communications tool.
- The use of social media will be one key element in future communications with broader stakeholder groups.
- Demand on management time will only increase.

The crisis had a major impact on the daily work of IROs. IR work is now more complicated and time consuming than before. More weight is placed on the shoulders of IR people, their work is becoming ever more critical for the overall success of a company.

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