

The secrets of corporate access

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Nomura Corporate Access, EMEA

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Nick Pope

What happens after we have been awarded a roadshow

Discussion about proposed target list

- Equity research, specialist sales, generalist sales, corporate access team involved
- Consider existing shareholder list, potential new buyers
- Focus on large long only accounts and larger hedge funds
- Outside of London, New York, suggested list usually more straightforward
- More useful if companies provide their target list up front

Discussion about proposed schedule

- Usual suggestion for a one day roadshow is five 1-1s and a group meeting
- London roadshows – propose two group meetings (one West End / one City)
- London, New York roadshows – recommend that management split into two teams if possible

Proposed target list and schedule discussed with company

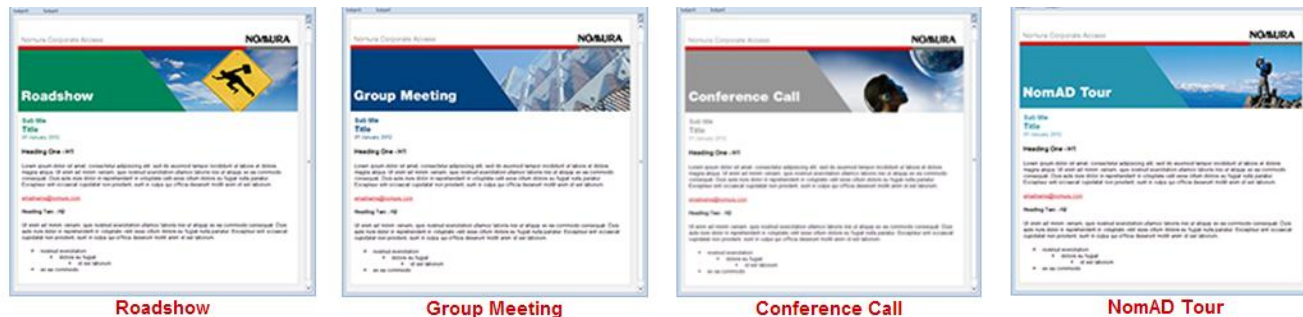
- Investor Relations obviously make the final decision

What happens after we have been awarded a roadshow

Once IR have given the go ahead, we start contacting investors

- Book in 1-1 meetings first, try to make schedule as efficient as possible
- Analyst or specialist sales usually book in London meetings, elsewhere use generalist sales
- Investors who wish to take a 1-1 generally respond quite quickly, otherwise we chase
- Then start inviting clients to group meetings – offer out more widely

- Sample Nomura invitations below:



Meanwhile, dedicated roadshow logistics team start discussing logistics with the company

- Hotels, flights, cars, printing presentations
- Detailed schedule is put in event management system (we use Dealogic). This is also linked to our client contact database
- Thereby providing a live schedule feed for research, sales and all involved

What happens after we have been awarded a roadshow

Regular schedule updates sent to the company

- Keep a record of any declines and reasons why

Just ahead of the roadshow

- Best practice is to reconfirm meetings with investors and ascertain broker policy
- Also to help investors prepare – send latest research report, suggested questions, earnings model

On the roadshow

- Nomura analyst, specialist sales or generalist sales usually accompany management

Post the roadshow

- Collect feedback – key is to contact investors as soon as possible
- No one method is best, use all available means – email, phone, Bloomberg
- Mid-late afternoon is often a better time to reach investors
- For bigger roadshows, best practice is to email IR regular feedback updates
- We aim to get around 75% of the comments quickly, rather than 100% slowly
- Then send final feedback report to IR, with comments on an unattributable basis

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Head of Nomura European Utilities Research



Martin Young

Reverse roadshows

- Investors come to you, so an excellent use of management time and keeps costs down
- Allows opportunity to bring in divisional management
- Possible that investors from across the globe will attend

Thematic seminars

- Focus on a topic you wish to address (e.g. growing or misunderstood part of the business)
- Involve experts from within your company
- Possible tie-in with a broker who has been focussing on that issue

Field trips

- Investors like to see assets and understand the production process
- Helps if location is accessible

Lunches with divisional management, experts

- Simpler than thematic seminars/field trips, but equally as effective
- Address key topic(s) of interest
- Consider offering one on ones to key investors

**Remember big funds will have good access to the CEO/CFO
- they value the different angle**

Moderated debates between industry players

- Corporations may have differing views on a topic
- Broker moderated debate can be a very interactive way of involving investors

Conferences

- Established conferences should be well attended
- Choose those in accessible geographic locations
- Offer one on ones at the conference

Management to sales

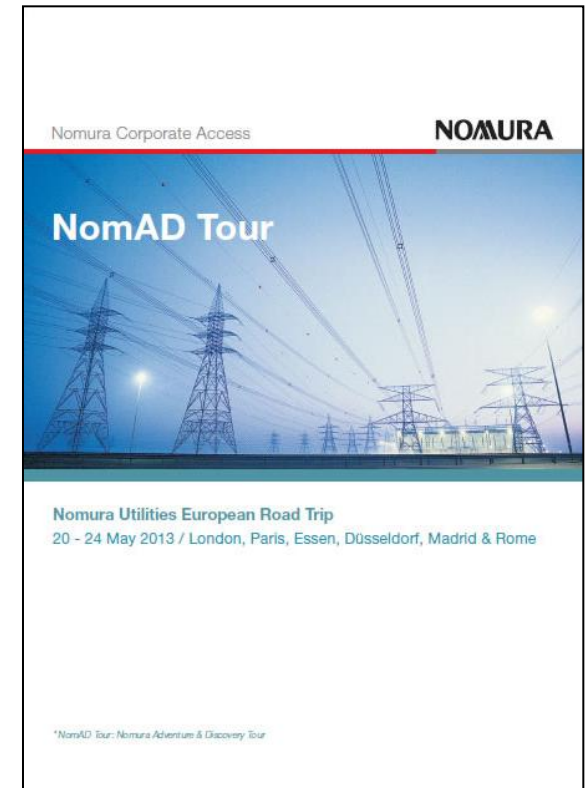
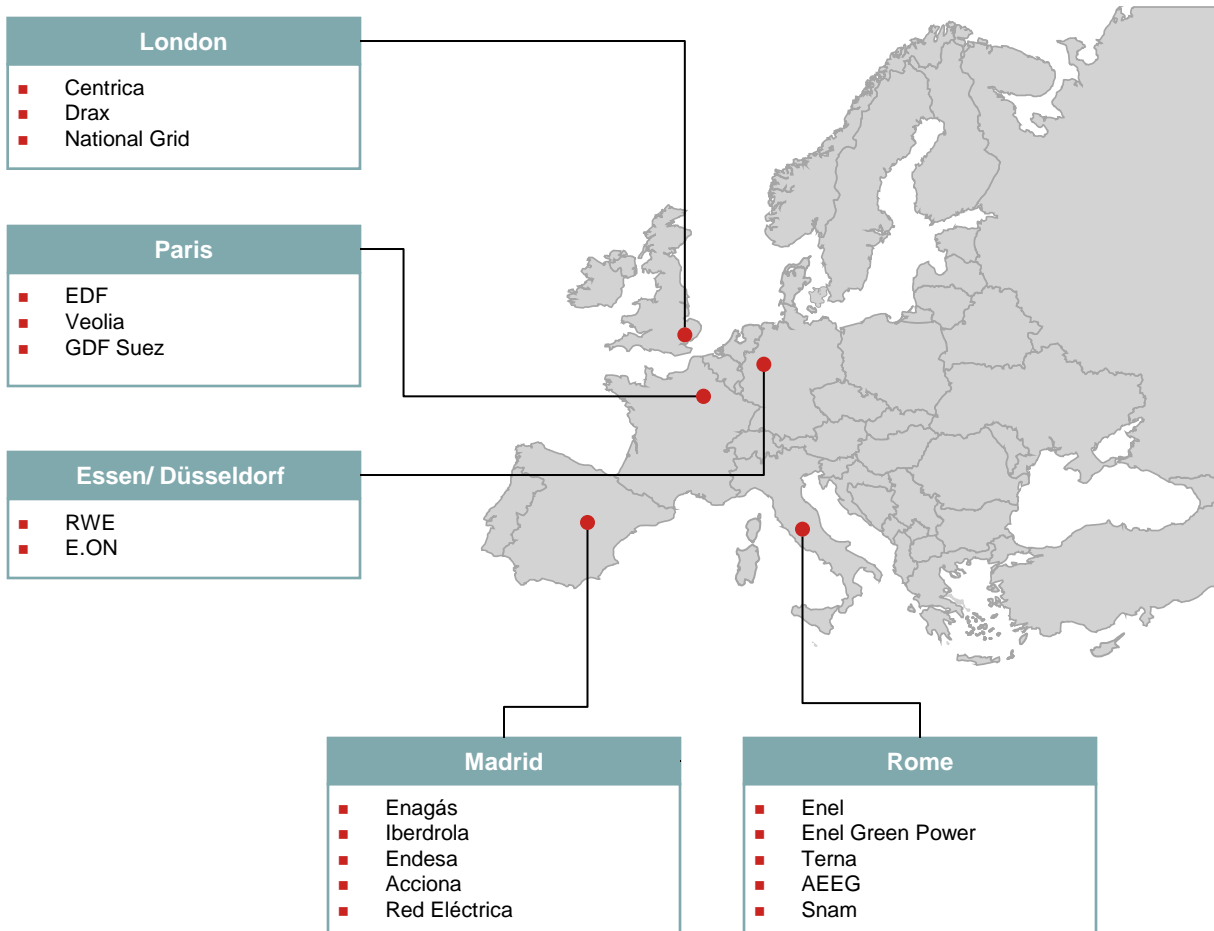
- Not immediately investor facing, but sales buy-in to the equity story invaluable
- Can be done at the broker's office or via video conference
- Choose global brokers to ensure wide dissemination of message

Roadshows

- Consider IR roadshows to cities outside the big centres
- Consider holding meetings at broker rather than at investor
- Consider scheduling away from busy results season

**Remember big funds will have good access to the CEO/CFO
- they value the different angle**

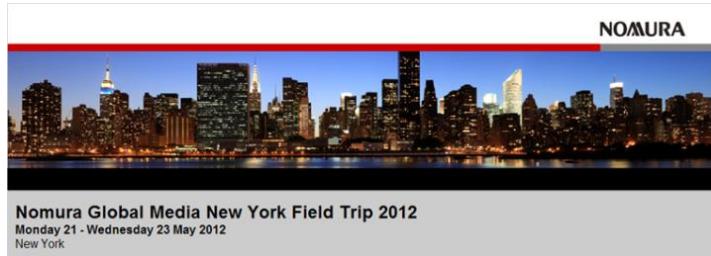
Nomura European Utilities Road Trip: 20 - 24 May 2013



*NomAD Tour: Nomura Adventure & Discovery Tour

United States

Global Media New York Field Trip



New York

Participating companies include:

- Activision Blizzard
- Advertising panel (AMEX, Beekman Associates)
- Aegis
- American Association of Publishers
- Belltower Books
- HUGE
- Interpublic
- Kno.com
- Microsoft Research
- Publicis
- Razorfish
- Real Media
- Reed Elsevier
- Rockefeller Institute
- Thomson Reuters
- VML
- Wolters Kluwer
- WPP
- Xaxis



Source: Nomura corporate access.

Asia

Asian Consumer Tour

Nomura Corporate Access



Jakarta, Mumbai

Participating companies include:

- Danone
- Godrej Consumer Products
- Gudang Garam
- Hindustan Unilever
- Indofood CBP
- Kalbe Farma
- Marico
- Panatoloon
- PT Matahari



- Attend events / participate in conference calls
- Offer suggestions to analysts for possible speakers
- Gives the opportunity to widen your industry network

A selection of industry events in 2012 / 13

London group lunches:

- Body of European Regulators for Electronic Communications
- British Beer & Pub Association
- Department for Environment, Food & Rural Affairs (DEFRA)
- European Banking Authority
- Greenpeace
- International Monetary Fund
- Italian Regulatory Authority for Electricity & Gas
- Kantar Worldpanel (Food Retail sector)
- Moody's and Standard & Poor's (multi-sector)
- National Association of Cider Makers
- Scotch Whisky Association
- South African National Union of Mineworkers
- UK Gambling Commission
- World Economic Forum

European SRI Conference – Paris

- Air France, Akzo Nobel, Allianz, AMEC, AXA, BAE Systems, BASF, Centrica, EADS, EDF, France Telecom, Heineken, Henkel, HSBC, Iberdrola, Marks & Spencer, Novartis, Novo Nordisk, Philips, Pirelli, Rio Tinto, Royal DSM, Royal Dutch Shell, RWE, Santander, SAP, Siemens, Swiss Re, Thales, Vivendi & Vodafone

Conference calls:

- Centre for Global Energy Studies (CGES)
- International Energy Agency (IEA)
- Lead Plaintiff Attorney in the EURIBOR Class Action (Banks sector)
- Moody's
- Ofgem

What the buy side likes

Interactive sessions

- Beware the dominant personality at group meetings
- Make sure the dialogue is two-way

Variety of management

- Offer access to more than just the CEO and CFO

Lunches rather than dinners

- A few investors prefer the additional time that dinner offers, but family commitments often get in way

Slides to a minimum

- Investors can download your pack from the internet – keep the introduction short

No brokers

- Not a hard and fast rule, but a growing number of investors like privacy

Openness and honesty

- Make sure you answer the questions and do not attempt to be a closed book

Offer the investor the opportunity to follow up with the person he/she met

- Give investors the chance to reflect, evaluate and follow up

Management monologue

- Beware the dominant personality at group meetings
- Make sure the process is very interactive - dialogue is two-way

Management hide behind corporate presentation and give guarded answers

- Be open, honest and keep the introduction short

No variety in your offer

- Investors can get the headline message from conference calls – mix it up

It becomes a once a year process

- Make the dialogue year-round – IR can be the conduit

Accept you won't get all your target list

- Investors are busy around results season and time is short – consider roadshows outside busy season

Brokers not properly briefing

- Engage with the analyst / specialist sales to ensure you are aware of the latest investor thinking

Travel logistics

- Build in sufficient buffers for delays and traffic, minimise distance between meetings

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Corporate Access, EMEA



Tanya Tracey

Why do investment banks provide a corporate access service?

- **Strengthen relationships with corporate clients**
- **Investor clients pay for access to corporate management**

- **Strong demand for corporate access**

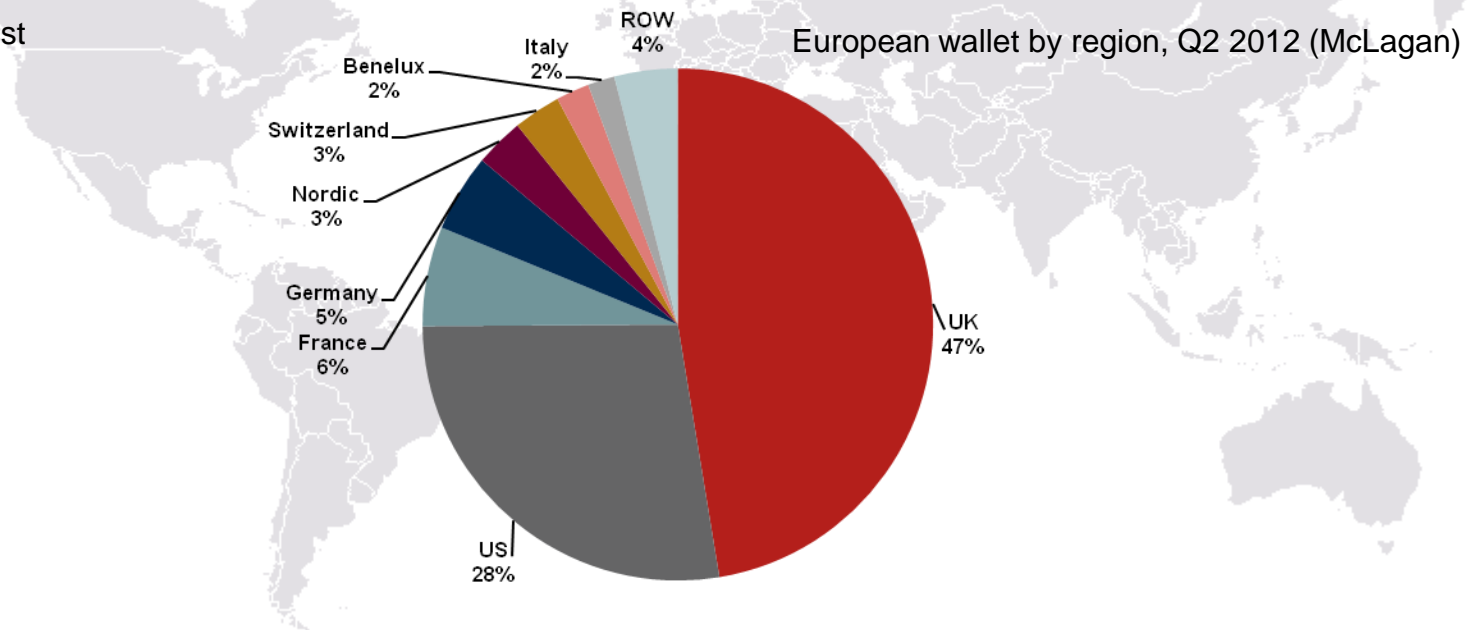
- **Broker review** - at each review outline how this vote is weighted (eg. 40% Research, 25% Corporate Access, 20% Sales, 15% Trading)
 - Regular (often quarterly or semi-annual) voting on service received from Research sector teams (corporate access included in this vote)
 - A few investors will award votes explicitly for corporate access, whereas others will “bundle” it into overall secondary commission
 - Amount paid for corporate access varies widely from investor to investor but also according to type of meeting (1:1 or group), level/variety of management, “differentiated” corporate access e.g. industry speaker / operational management

- **Tiering or Focus List** – internal-only list of priority, “highest paying”, largest buy side accounts, revised every 6 months
 - Predominantly for analysts but we also use this as a guide

- **Conflict of interest?**
 - Large shareholders and prospective investors should always be targeted whether they are a client or not
 - Companies always have final say on investor target lists
 - Sell-side = valuable additional source of information
 - Good corporate access service = repeat roadshows

- The majority of the investment opportunity is concentrated in the UK and US. As a rough guide, we recommend prioritising the cities/regions as follows:

1. UK
2. US East Coast (New York, Boston and possible extension to the Mid-Atlantic region)
3. US West Coast, Paris, Germany
4. Scandinavia, Switzerland, other North America (e.g. Toronto, Chicago)
5. Benelux, Milan
6. Dublin, Vienna
7. Asia, Middle East



Conclusion

- **Good dialogue is essential**
- **Be imaginative and creative**
- **Industry events – get involved**
- **Be interactive**
- **Go where the money is / allocate your time effectively**

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