DIRK

Deutscher
Investor Relations
Verband e.V.

In times of the financial crisis, the duty for investor relations to deal with the financial community on a regular basis keeps indispensable or gets even more important. Personal contact with management and investor relations professionals remains vital to investors and analysts. Hence, it is essential to know how to monitor and improve the contacts and relationships with this target group of investor relations. In addition, companies must make sure they serve the needs of the audience.

In his thesis, Robert Labas´ dissertation – published as volume 14 of the „DIRK-Forschungsreihe" – gives an overview on all investor relations instruments related to personal communication such as one-on-one meetings, road shows, or conferences on quarterly results. Based on secondary research the information needs and financial reporting are evaluated. The author used those results in order to assess the actual financial communication of companies and to build a further framework for measuring the success and effectiveness of personal investor relations instruments, especially presentations. With the issues analyzed in this thesis, a benchmark was set up by evaluating the annual result analyst conferences of the DAX-30 companies.

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Communication success factors in Investor Relations

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IM DIALOG MIT DEN KAPITALMÄRKTEN

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An analysis based on presentations of the DAX-30 companies

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Preface of the president of DIRK

In recent times, the financial crisis shattered the international capital markets. Thus, the duty for investor relations to deal with the financial community on a regular basis keeps indispensable or gets even more important. Personal contact with management and investor relations professionals remains vital to investors and analysts. Hence, it is essential to know how to monitor and improve the contacts and relationships with this target group of investor relations. In addition, companies must make sure they serve the needs of the audience.

Usually, personal face-to-face contact with investors and analysts takes place in one-on-one meetings during a road show or conferences on quarterly results where presentations are given. The question here is how the audience perceives those events, what information they want to hear and how they want the management to act. Those issues were analyzed in this thesis and a benchmark was set up by evaluating the annual result analyst conferences of the DAX-30 companies. Two aspects were of utmost relevance: What kind of information is delivered and how this information is communicated. Investors and analysts do not only want to hear new information in a meeting, they want to see the management.

Though this book was written before the financial crisis started to hit the real economy, impacts for investor relations will stay the same. Topics in communication might have changed, but the need for transparent, fair and authentic communication persists.

The author gives an overview on all investor relations instruments related to personal communication. Based on secondary research the information needs and financial reporting are evaluated. These findings are used in order to assess the actual financial communication of companies and to build a further framework for measuring the success and effectiveness of personal investor relations instruments, especially presentations. The DIRK is committed to channelling all of its energy into efficient communication between companies and the capital market. This study shows how important personal communication is in this process.

I wish all readers an educational and enjoyable time with this book and new insights for everyday business.

Hamburg, June 2009

Bernhard Wolf

President of the DIRK – Deutscher Investor Relations Verband e.V.
(German Investor Relations Association)

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Frankfurt, June 2009

Robert Labas

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1 Introduction

What is the impact and effect of investor relations (IR)? What can IR actually provide for the communication of a company? What is the special function and profit of a presentation? These three questions are the motivation for this thesis and are leading the research. Moreover, in order to not to be vague, based on these questions the communication success factors of IR in a company are identified.
These tasks demand several theoretical foundations to be taken into account that have their impact on the research question. First, what is IR, what are the goals, the target groups and the instruments? What does the target group want to hear in a presentation? Have all needs already been served? Second, how does a company communicate, how can the communication process be described and what is the problem with communicating information in efficient markets? Third, and this is the real difficulty, how can the outcome, result, and success of a presentation be measured? How can a qualitative aspect be put into figures in order to show the success of communication in IR?
Numerous studies on several aspects of communication in IR, corporate reporting, valuation and controlling were conducted, but there is less theoretical foundation on presentations although the impact is highly valued in all of the literature. Most papers describe presentations from a practitioner view, but do not present empirical findings. However, some studies focus on a few aspects of presentation like the communicative purpose and the impact of conference calls on the stock price. These findings are used here in order draw a clear and empirical picture of presentations.
IR is a multi-disciplinary field. What is IR all about? There are several different approaches to this field, which lead from corporate communication, public relations, and marketing up to finance and accounting. Companies compete on the (stock) market for investors; therefore, the task of IR is to grant a reasonable pricing of stocks.

1.1 Problem Definition and Objectives

It can be argued that there is a lack of theory in the fields of IR and especially presentations. This might be because IR is a relatively new research field and is often mentioned as a special discipline of public relations (PR). The most comprehensive studies were done on annual meetings, financial reporting, and new potentials of the internet. It might also be the case that monetizing presentations for service providers is difficult and further too little budget is available. However, several studies have one similar finding: meetings with senior management are the most important source of information for investors, analysts, and fund managers.
Several aspects lead to the conclusion that presentations are underestimated. Recent literature has reported the enormous role of institutional investors in IR, which are of interest (not only) to DAX companies due to their high market caps and therefore the need for high-volume investors. This leads to the question regarding which instruments

are the best to address and influence this group. Most papers stick to the position that personal contact, e.g. analysts' conferences, road shows and one-on-one meetings, is essential. In all of these cases, the company makes presentations, mostly held by the CEO, CFO, or high-ranking IR managers. Investors want information presented directly by the management.

One possible criticism of some studies might be that although the IR aspect is well documented from the companies' perspectives, an investigation on the demand side of the market for information, e.g. what analysts really think, would have been important. On the contrary, several studies have merely focused on analysts and do not take the considerations of companies into account.

This thesis shows the special requirements of presentations and factors which lead to success. In the first step, it is necessary to describe the information needs of target groups, and therefore recent studies are examined. There are two different aspects: What is the goal of the company and what is the goal of the shareholder? At first glance, the goals of the target groups and the company are the same: to create shareholder value or, put simply, to earn money. Investors want the highest returns possible for a given level of risk. It is part of this work, to distinguish the most important goals for both sides. Most DAX-30 companies concentrate on financial figures in their reporting; nevertheless, recent studies have emphasized the important role of qualitative data like a strategic outlook, corporate culture, or company story. In the end, one thing is essential: The shareholder must be convinced of the corporate value.

Regarding presentations there are two different viewpoints: What is presented (the content), and how is it presented (the type of communication). The problem and objective is to distinguish both parts, explore separate measurements, and finally draw a cohesive picture of presentations in which all aspects are considered. Furthermore, the question is how can presentations be evaluated, and the content and type of presentations be linked to goals of IR, which are affected by many levers.

The DAX-30 companies are chosen here for research to have a broad, representative, and comparable input of data, but also to keep the amount of data still easy to manage. Assumingly, the DAX-30 companies are the best and most professionalized IR performers within the German market due to their market size. Nevertheless, some rankings (from a practitioner view) show proof of other findings. Smaller companies might have to make greater efforts to attract investors' attention. Thus, this thesis analyzes which parts of the presentations show room for improvements. The question is whether the DAX-30 actually performs as state of the art compared to scientific findings and, thus, build a benchmark. Alternatively, do they have potential to improve their presentations in order to better address their goals and their market value?

1.2 Purpose of the Thesis and Outline

The purpose of this thesis is to explore and analyze the communication specifics in DAX-30-company presentations. Based on this analysis the success factors of IR communication are determined. Therefore, the presentations slides, which are available on companies' websites, and the presentations themselves, available as webcasts, are investigated. The

presentations, which are employed for the analysis, are the presentations of the 2007 full-year / fourth-quarter results.

It is likely to assume that the presentations are based on the interim or annual reports. Due to presentations being limited by time – typically lasting no more than 45 minutes – it is apparent that only the most important information and financial ratios are presented. The thesis analyzes what kind of (qualitative and quantitative) information and ratios these are, and how this can affect the company, communication and IR goals. Therefore, the thesis determines the targets of IR in the second chapter based on recent literature, and describes which instruments are used to address these goals. In addition, the information needs of analysts and investors, and the topics actually reported by the companies are focused on in the second chapter. The communication process between companies and the target groups is described, and different models for measuring the success of IR are explored.

The data collected from the presentations is provided in the fourth chapter. In order to measure and assess the information, which is communicated in the presentation, a category system is developed – deductive as well as inductive – based on scientific basics regarding corporate reporting. Subsequently, this study focuses on the particular indicators in more depth in order to validate single aspects of presentations. Based on this data, recommendations for presentations of other companies can be derived.

Besides the content of the presentation, the communication process itself is of relevance for this thesis. Hence, the communicative aspects and purposes of the presentations and the speakers are analyzed based on a profiling tool. Findings from this approach show how the companies communicate, how their communication can be compared, and which companies communicate differently.

Combined with the findings of the content analysis and a qualitative description of the presentation, a consistent picture of a successful presentation can be shown. This leads to a list of communication success factors in IR. Taken both together, the content analysis and the evaluation of communicative purposes, the thesis tries to create a framework for a theoretical model for evaluating presentations. Following this, some correlations to economic outcomes are tested because the measurement of communication goals is not achievable in this thesis.

2 Theoretical Foundations

This chapter focuses on the theoretical background that is needed to analyze presentations and to understand the needs of the financial community. After explaining functions, goals, target groups, and instruments of IR in general in order to create an understanding for the role of presentations, the following points concentrate on presentations, communication, information economy, and how to measure the success and result of IR.

2.1 Investor Relations

Investor relations (IR) can be described as a function through which companies communicate with their shareholders. These shareholders are also called the financial community. This thesis will define IR as a highly specialized function of corporate communications, which include disclosure management and providing information in a target-oriented and strategic way to the financial community in order to assist the evaluation of the company, as well as building a relationship to current and potential shareholders. Such a definition includes that IR touches the fields of financial communication and public relations (PR), but is usually organized as its own department directly situated under the board.[1] IR can also be described as a sub-function of corporate communication; nevertheless, some authors prefer a marketing approach. In the early stages, the term IR was used interchangeably with PR, and is still sometimes referred to as financial public relations or financial communications.[2] These are not merely different designations, but most authors agree that IR and PR are both concentrated on the communication process to external multipliers, and are part of an integrated communication concept.[3] However, recent literature emphasizes IR as a self-reliant approach.
In the U.S., the most highly regarded professional member organization for IR is the *National Investor Relations Institute (NIRI)*. In the U.K., the association is called *The Investor Relations Society (IRS),* while in Germany IR is represented by *Deutscher Investor Relations Verband (DIRK*, originally termed "Kreis"). The *NIRI* describes IR as "[…] a strategic management responsibility that integrates finance, communication, marketing and securities law compliance to enable the most effective two-way communication between a company, the financial community, and other constituencies, which ultimately contributes to a company's securities achieving fair valuation."[4] The definition implies that the objective of IR is not only to service the information demands of current and potential shareholders but also to manage relationships and strategy. The nature of IR

1) At 76 percent of public-listed companies. cf. Streuer, Olaf, Organisation der Investor Relations, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 65–75, 67.
2) cf. Hartmann, Hanno K., Die große Publikumsgesellschaft und ihre Investor Relations, in: Fettel, Johannes (ed.), Die Unternehmung im Markt 14, Berlin (Duncker & Humblodt) 1968, 1, 70, 74.
3) cf. Janik, Achim, Investor Relations in der Unternehmenskommunikation, Wiesbaden (Westdeutscher) 2002, 14; Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 209.
4) cf. NIRI, Mission and Goals, in: http://www.niri.org/about/mission.cfm, 2003, last accessed 03/25/2008.

information, which is typically provided, extends beyond the financial reports including non-financial data on future prospects, strategy, intangible assets, and management quality.[5] The *DIRK* has a similar position and defines IR as a management task with the strategically goal to achieve a realistic perception of the company in the public and in particular on the financial market. Efficient IR should also optimize the costs of capital. The goals of IR are assisted by a continuous dialog about the long-term perspectives of the company, and timely as well as reliable information.[6]

The story of IR goes back to the U.S. company *General Electric*, which started a communication program in 1953 for private investors with the title "investor relations".[7] The needs for IR have been well known since this, but surprisingly the first IR department in Germany was not introduced by *BASF AG* until 1988. Many studies state that German companies do not operate on a professional level like U.S. and U.K. companies in terms of IR, but some authors argue this opinion is outdated and is just based on a historical view.[8]

Since the 1990s in Germany also, many larger publicly traded companies have dedicated IR officers (IROs), who oversee many aspects of meetings, conferences, websites, and annual reports. Most IROs have top-level access to the Chief Executive Officer (CEO) and Chef Financial Officer (CFO) to ensure that the image of the corporation is maintained in a cohesive fashion. IR is not only a job of IROs, but also of the top management. Dealing with the financial market absorbs on average 25 percent of the time of the CEO and up to 35 percent of the attention of the CFO.[9] Therefore, IR has to be a coordination function between corporate strategy, finance and the executive, focused on long-term valuation, analysis of the stock register, and proactive management of investor perception.[10] In turn, IROs bring the views of external shareholders into the company.[11]

The internationalization of capital markets led to an increased competition for limited equity capital. In view of this development, German companies are trying to improve the attractiveness of their stocks, and in order to do so they are improving their communication. In particular, German companies are working on their awareness in foreign countries, e.g. the U.S., to attract new investors. Some authors argue that increasing globalization of capital markets will lead to a strengthening and expansion of IR activities, as companies need to attract more foreign investors in the face of greater competition for capital.[12] Already by now, the predominant degree of stocks of DAX-30 companies is held by institutional investors – many of them from foreign countries.[13]

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5) cf. Rowbottom, N./Allam, A./Lymer, A., An exploration of the potential for studying the usage of investor relations information through the analysis of Web server logs, in: International Journal of Accounting Information Systems 6 (2005), 31–53, 33.

6) cf. DIRK e.V., Berufsgrundsätze des DIRK – Deutscher Investor Relations Verband e.V., in: http://www.dirk.org/UeberUns/Berufsgrundsaetze.aspx, 2008, last accessed 03/25/2008.

7) cf. Graves, Joseph J., Investor Relations today. A compendium on the trends, problems, challenges and opportunities on the investor relations scene today – and a look at the 1990's, Glen Ellyn (Investor Relations Associates) 1985, 2; Dürr, Michael, Investor Relations. Handbuch für Finanzmarketing und Unternehmenskommunikation, München (R. Oldenbourg) 1994, 2.

8) cf. Franke, Dieter, Investor Relations aus der Sicht von Akteuren und Adressaten, in: Kirchhoff, Klaus Rainer/Piwinger, Manfred (ed.), Die Praxis der Investor Relations, Neuwied/Kriftel (Hermann Luchterhand) 2nd ed. 2001, 363; Higgins, Richard B., Best Practices in Global Investor Relations: the creation of shareholder value, Westport (Quorum Books) 2000, 43.

9) cf. Scott, Mark C., Achieving Fair Value: How Companies Can Better Manage Their Relationships with Investors, Chichester (John Wiley & Sons) 2005, 1.

10) cf. Scott, Mark C., Achieving Fair Value: How Companies Can Better Manage Their Relationships with Investors, Chichester (John Wiley & Sons) 2005, 4–5.

11) cf. Higgins, Richard B., Best Practices in Global Investor Relations: the creation of shareholder value, Westport (Quorum Books) 2000, 165–166.

12) cf. Rowbottom, N./Allam, A./Lymer, A., An exploration of the potential for studying the usage of investor relations information through the analysis of Web server logs, in: International Journal of Accounting Information Systems 6 (2005), 31–53, 33; Kotler, Philip/Kartaiaya, Hermawan/Young, S. David, Attracting investors: a marketing approach to finding funds for your business, Hoboken (John Wiley & Son) 2004, 12.

13) cf. Becker, Walther, Neue Investoren mischen deutsche Unternehmen auf, in: Deutsches Aktieninstitut (ed.), Dax-Aktionärsstrukturen, Frankfurt am Main (Börsen-Zeitung) 2005, 9–11, 10.

In addition, tighter regulation imposed on companies on the disclosure of price-sensitive information has focused on the role of IR. The growth of interest in corporate governance has led to companies maintaining more transparent and wide-ranging communications with their stakeholders.[14] Following remarkable volatility in the world's major stock markets in the last few years, investors have become more skeptical than ever about corporate earnings reports that may be technically accurate but fail to present a meaningful picture of a company's shape and prospects. In addition, because of the exposure of corporate scandals, the market's demand for greater transparency and accountability is being reinforced by regulation and stricter corporate governance guidelines worldwide. Initiatives such as the Sarbanes-Oxley Act of 2002 in the U.S., which established new requirements for corporate compliance and regulatory governance with emphasis on public disclosure, are having a major impact on corporate financial and regulatory reporting. The convergence of international accounting standards (*International Financial Reporting Standards, IFRS*)[15] is driven by the assumption that the traditional financial reporting model and basic generally accepted accounting principles (*GAAP in US, HGB* in Germany)[16] fall short of providing users of financial statements with vital information about a company's key value drivers.[17] Companies often refuse to share such information because of possible disclosure to competitors. Many financial experts declare that if disclosure were enhanced, markets would become more efficient.[18]

2.1.1 Goals

The goals[19] of IR assemble a complex system. Under the superior company goal, there are different levels of goals, which can be affected by IR. Most of these goals are also addressed by other company functions like public relations, financing, controlling, or management. The impact of IR is often indirect and the precise effect cannot be proven. Few studies have found proof that IR helps in price formation, reduces stock-price volatility, improves liquidity, and lowers cost of capital.[20]

Companies are often targeting long-term goals like enhancing the number of long-term-orientated investors and the credibility of management. Thus endorses one of the main goals of IR: to establish credibility on the equity market.[21] Therefore, a company has to achieve the objective of acquiring quality investors, ones with good reputations and long-term vision. Credibility is also earned through reputation. This can be supported by access to management and transparent and quality disclosure delivered in time to prevent the financial community forming its own opinion from the lack of information.[22] The quality

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14) cf. Rowbottom, N./Allam, A./Lymer, A., An exploration of the potential for studying the usage of investor relations information through the analysis of Web server logs, in: International Journal of Accounting Information Systems 6 (2005), 31–53, 33.

15) cf. Kuhnle, Helmut/Banzhaf, Jürgen, Finanzkommunikation unter IFRS. Grundlagen, Ziele und Gestaltung, München (Franz Vahlen) 2006, 101.

16) Generally Accepted Accounting Principles (GAAP) / Handelsgesetzbuch (HGB). cf. Kuhnle, Helmut/Banzhaf, Jürgen, Finanzkommunikation unter IFRS. Grundlagen, Ziele und Gestaltung, München (Franz Vahlen) 2006, 81, 105.

17) The several regulations and laws regarding financial communication will not be discussed in this thesis as they are not that relevant for a voluntary instrument like presentations. Nevertheless, all financial communication is influenced by regulations.

18) cf. PricewaterhouseCoopers, The Path to Transparency and Value in the Entertainment and Media Industry, New York (PricewaterhouseCoopers LLP) 2003, 3.

19) The terms aims, goals, targets and objectives are used interchangeably. Several attempts were made to distinguish between them. Goals are broad and abstract and cannot be tested directly, but are rooted in the company's mission or vision. Objectives are derived from goals and are specific and measurable. Meeting an objective contributes to attaining a goal. cf. Watson, Tom/Noble, Paul, Evaluating Public Relations, London (Kogan Page) 2nd ed. 2007, 167, 169.

20) Some of these studies will be quoted in this chapter.

21) cf. Kirchhoff/PricewaterhouseCoopers, Kapitalmarktkommunikation in Deutschland. Investor Relations und Corporate Reporting, München (Kirchhoff/Pricewaterhouse Coopers) 2005, 10, 13.

22) cf. Institutional Investor Research Group, The European Investor Relations Market Report, New York (Institutional Investor Research Group), 2005, 3.

and reputation of management is measured in terms of if all of the goals are achieved.[23] Management quality[24], which often means CEO quality , and reputation itself are difficult to measure in numbers.[25]
A company not only has to achieve its goals, but it also has to communicate what these goals are and if these goals have been achieved. If the management communicates assumptions that it can fulfill, it will establish credibility in the end. Otherwise, the loss of confidence will result in serious devaluations in the stock price. On the contrary, transparency and credibility decrease the risks of investors and hence attract new investors, which leads to more liquidity.
Many companies address the superior goal of increasing shareholder value. While in Germany only 30 percent of companies have a dominant shareholder value thinking, in the U.S. this is a major key trend since 1980s.[26] The impact of shareholder value trends also forces management to a more candid information policy, more disclosure, and to meet the needs of investors. The primary goal of the shareholder value concept is to maximize the value of a company from a shareholder's view.[27] The value is typically measured with the ratios based on the cash flow; despite it not reflecting the profit for all stakeholders. Objectives of shareholders may differ from those of stakeholders in some situations.[29]
The primary modern measure of successful management is the ability to maximize stock price.[30] However, maximizing the stock price cannot be the ultimate goal for IR; it is more about achieving a fair price because IR is not the same as promotion or marketing. The concept of "fair value" is a simple one, explained by *Scott* as to ensure that the companies' value accurately reflects the business's fundamental, sustainable performance.[31] Thus, this concept is connected to shareholder value. Can IR influence this "fair value"? Some studies showed that IR can help to increase the stock price by up to 10–15 percent, but in contrast, deficiencies in IR can result in an even greater loss.[32] Other studies have found that IR is not the main value driver for stock price, but its function is to communicate the value drivers of the companies. Its core is the management of expectations.[33] In order to do so the most important thing of IR is to deliver the figures which were announced and expected. Therefore, transparency and guidance is needed.[34] Studies showed that 70 percent

23) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 81.
24) However, not only the CEO but also good corporate governance plays a role for credibility.
25) An attempt was made to measure reputation based on the categories products or services, employees/suppliers, external relationships/alliances, innovation, value creation, financial strength and viability, strategy, culture and intangible liabilities. cf. Cravens, Karen/Oliver, Elizabeth G./Ramamoorti, Sridhar, The Reputation Index: Measuring and Managing Corporate Reputation, in: European Management Journal 21 (2/2003), 201–212, 209.
26) cf. Düsterlho, Jens-Eric von, Das Shareholder-Value-Konzept, Wiesbaden (DUV) 2003, 2; Martin, Roderic/Casson, Peter D./Nisar, Tahir M., Investor Engagement. Investors and Management Practice under Shareholder Value, Oxford (Oxford University Press) 2007, 17–18.
27) cf. Kuhnle, Helmut/Banzhaf, Jürgen, Finanzkommunikation unter IFRS. Grundlagen, Ziele und Gestaltung, München (Franz Vahlen) 2006, 20, 166.
28) For detailed information on value ratios see Achleitner, Ann-Kristin/Bassen, Alexander/Pietzsch, Luisa, Kapitalmarktkommunikation von Wachstumsunternehmen. Kriterien zur effizienten Ansprache von Finanzanalysten, Stuttgart (Schäffer-Poeschel) 2001, 70-85; Rappaport, Alfred, Creating Shareholder Value: a guide for managers and investors, New York (Free Press) 2nd ed. 1998, 112–133.
29) cf. Rappaport, Alfred, Creating Shareholder Value: a guide for managers and investors, 2. ed., New York (Free Press) 1998, 2–3, 21.
30) cf. Scott, Mark C., Achieving Fair Value: How Companies Can Better Manage Their Relationships with Investors, Chichester (John Wiley & Sons) 2005, 2.
31) cf. Dürr, Michael, Investor Relations. Handbuch für Finanzmarketing und Unternehmenskommunikation, München (R. Oldenbourg) 1994, 2; Scott, Mark C., Achieving Fair Value: How Companies Can Better Manage Their Relationships with Investors, Chichester (John Wiley & Sons) 2005, 4, 18.
32) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 50.
33) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 20.
34) cf. Streuer, Olaf, Ziele der Investor Relations, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 19–37, 30.

of the stock price is based on hard factors (e.g. balance ratios, cash flow, EBIT, ROI, EVA) and 30 percent on soft factors (e.g. image of CEO, quality of IR, expectations compared to competitors).[35]
In addition, also psychology, expectations, and the names of other investors with a reputation (for signaling effects) have an impact on the stock price.[36] The question is whether the goal of stock-price maximization is the same as maximizing shareholder value. *Scott* denies this, since the stock price can become de-coupled from fundamental performance.[37] Therefore, the simple objective of management should be to meet or exceed expectations. Studies show if an annual forecast is missed by a margin of, e.g., ten percent then it is likely that the stock will be marked down by 20 percent. Thus, maximizing the stock price can lead to high costs of misevaluation.[38]
Some findings clarified that the influence of IR depends also on the kind of company. In general, good IR is a lever for market prices and analyst's recommendations.[39] However, smaller companies, which are listed in MDAX and SDAX[40] , are required to communicate more than DAX-30 companies do. In addition, if the IR measures are perceived as excellent the influence on stock price is much smaller than in the case of deficiency in IR actions.[41]
This introduction already demonstrates how the goals are interlinked. ***Figure 1*** shows some of these links. Most authors differ between economic/financial (quantitative) and communication (qualitative) goals. Communication goals include the image, the awareness

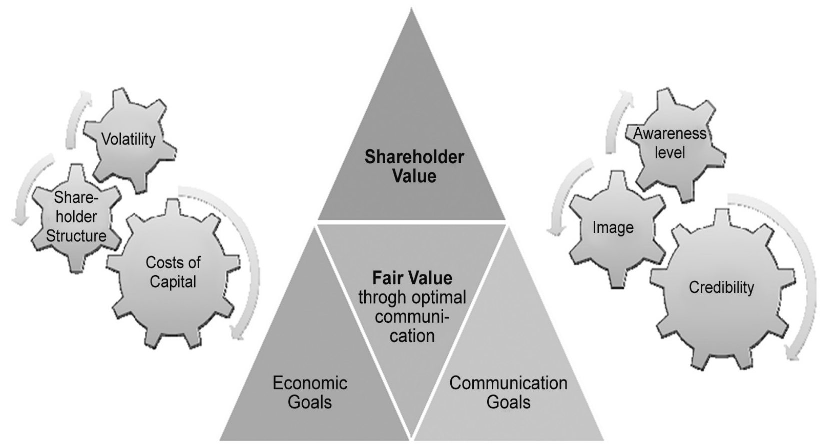

Figure 1: *Target System in IR*[42]

35) cf. Rolke, Lothar/Koss, Florian, Value corporate communications, Norderstedt (Books on Demand) 2005, 66.
36) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 198, 199.
37) cf. Scott, Mark C., Achieving Fair Value: How Companies Can Better Manage Their Relationships with Investors, Chichester (John Wiley & Sons) 2005, 11.
38) cf. Scott, Mark C., Achieving Fair Value: How Companies Can Better Manage Their Relationships with Investors, Chichester (John Wiley & Sons) 2005, 71, 152.
39) cf. Institutional Investor Research Group, The European Investor Relations Market Report, New York (Institutional Investor Research Group), 2005, 3.
40) MDAX (mid caps) includes the 50 stocks that rank below the DAX-30 in terms of order book volume and market capitalization. The 50 SDAX (small caps) stocks rank below the MDAX.
41) cf. Gohlke, Felicia/Schiereck, Dirk/Tunder, Ralph, Durch Finanzanalysten wahrgenommene Qualität der Investor Relations deutscher Unternehmen, in: Working Paper 4-2006, Oestrich-Winkel (European Business School – Forschungsgruppe Finanzkommunikation) 2007, 1.
42) Only a few of the economic and communication goals are shown here.

level of the company, credibility and the reduction of information asymmetry.[43] As stated before, there is a great deal of interference among all goals. For example, the image can also be influenced through financials like a high price-earnings ratio (P/E).[44] *Königs/Schiereck* noticed that the influence of immaterial assets (intangibles) is increasing for valuing companies. Therefore, the impact of the communication strategy and reputation (reliability, stability, and trustworthiness of a company) is of importance.[45] It was found that reputation does not improve performance but corporate financial performance affects reputation.[46] *Higgins* explored the relationship between credibility and stock price and showed some significant positive correlations.[47] *Wichels* said that investors, which trust in a company, are willing to pay a higher price for stocks.[48] Communicating the company identity helps to create an image and, thus, can lead to a stable shareholder structure, which reduces volatility and cost of capital.[49] The value of a company also depends on how the company communicates its recent achievements and further chances.[50] *Ridder* revealed that like in marketing, customer (investor) satisfaction plays an important role. Most managers slowly realize that the more competitive the market, the more important the level of customer satisfaction is.[51] Other authors argue that measuring loyalty is more meaningful for IR. Loyalty is not directly linked to satisfaction, but is based more on behavior than attitude.[52]

The financial goals contain to keep the capital-raising costs as low as possible (costs of capital), the stock price, liquidity, trading intensity, the shareholder structure (quality of investors), to prevent hostile takeover acquisitions and the volatility of stock price.[53] Some of these financial or economical goals are also non-financial goals; differentiation sometimes is difficult.[54] Part of the financial goals is the analyst coverage, which is critical particularly for smaller companies. Companies that are not watched actually do not exist on the capital market, which can lead to enormous problems.[55] Nonetheless, some authors doubt that IR can have an impact on economic goals.[56]
In order to achieve these goals the *DVFA (Society of Investment Professionals in Germany)* conducted the basic principles of effective financial communication. These principles of effective and useful financial communication are subdivided into three dimensions, six

43) A positive image is the precondition for credibility and reputation. cf. Täubert, Anne, Unternehmenspublizität und Investor Relations, in: Merten, Klaus (ed.), Aktuelle Medien- und Kommunikationsforschung 10, Münster (LIT) 1998, 32; Kuhnle, Helmut/Banzhaf, Jürgen, Finanzkommunikation unter IFRS, München (Franz Vahlen) 2006, 153.
44) cf. Dürr, Michael, Investor Relations. Handbuch für Finanzmarketing und Unternehmenskommunikation, München (R. Oldenbourg) 1994, 135.
45) cf. Königs, Anke/Schiereck, Dirk, Controlling der Finanzkommunikation in deutschen Großunternehmen, in: Working Paper 1-2006, Oestrich-Winkel (European Business School – Forschungsgruppe Finanzkommunikation) 2006, 1.
46) cf. Rose, Caspar/Thomsen, Steen, The Impact of Corporate Reputation on Performance: Some Danish Evidence, in: European Management Journal 22 (2/2004), 201–210, 208.
47) cf. Higgins, Richard B., Best Practices in Global Investor Relations: the creation of shareholder value, Westport (Quorum Books) 2000, 15.
48) cf. Wichels, Daniel, Gestaltung der Kapitalmarktkommunikation mit Finanzanalysten, Wiesbaden (DUV) 2002, 15.
49) cf. Dürr, Michael, Investor Relations. Handbuch für Finanzmarketing und Unternehmenskommunikation, München (R. Oldenbourg) 1994, 35.
50) cf. Gohlke, Felicia/Schiereck, Dirk/Tunder, Ralph, Durch Finanzanalysten wahrgenommene Qualität der Investor Relations deutscher Unternehmen, in: Working Paper 4-2006, Oestrich-Winkel (European Business School - Forschungsgruppe Finanzkommunikation) 2007, 3.
51) cf. Ridder, Christopher, Investor Relations-Qualität: Determinanten und Wirkungen, in: DIRK e.V. (ed.), DIRK Forschungsreihe 6, Wolfratshausen (GoingPublic Media) 2006, 41, 53.
52) cf. Cassar, Alexander/Diegelmann, Alexander, A Technique that links Investor Loyalty to Customer Loyalty. The Emerging Reality for Financial Markets, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 631–642, 638.
53) cf. Streuer, Olaf, Ziele der Investor Relations, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 19–37, 28.
54) cf. Täubert, Anne, Unternehmenspublizität und Investor Relations, in: Merten, Klaus (ed.), Aktuelle Medien- und Kommunikationsforschung 10, Münster (LIT) 1998, 35; Ridder, Christopher, Investor Relations-Qualität: Determinanten und Wirkungen, in: DIRK e.V. (ed.), DIRK Forschungsreihe 6, Wolfratshausen (GoingPublic Media) 2006, 45.
55) cf. Boerner, Hank, Life After Analysts Stop Watching?, in: Investor Relations Update, 11 (2007), 17.
56) cf. Janik, Achim, Investor Relations in der Unternehmenskommunikation, Wiesbaden (Westdeutscher) 2002, 90.

models of conduct, and 30 principles. The overall doctrine for these principles is credibility. The first dimension "target-group orientation" consists of "capital-market orientation" and "equal treatment". Next to this is the dimension "transparency" with "relevance" and "plausibility". In the third dimension "continuity", "recentness/comparability" and "expectation management" are included.[57] In addition, a report by the *Institutional Investor Research Group* stressed the relative importance of "access to management", "transparency and quality of financial reporting and disclosure", "quality of ongoing/long-term relationship", "communication of long-term industry direction" and "understanding comparative position within the industry" as important IR attributes.[58]

2.1.2 Target Groups

IR is addressing many groups in the financial community, which can be institutional and private investors, analysts, brokerage and investment advisory services and the media. Not all of them are of the same importance. For the reason that most studies mention that institutional groups are the key factor for IR this thesis will also focus on analysts and institutional investors.[59] About 63 percent of the stocks of big European companies belong to institutional investors[60] and U.S. companies dedicate 83 percent of their time communicating to institutional investors.[61] Institutionalization has been the most important agent of change in the financial sector in the last century and has radically altered the nature of the demand for financial services.[62]
All investors base their decision on analysts' reports; therefore, analysts do have as infomediaries a multiplication function. Multipliers are also investment counsels, rating agencies, financial press, and brokers. Through their publications and advice, they influence investors' decisions. Their role of agenda setting has changed radically in the new media environment, as it is possible to gain information directly from companies and from other information sources.[63]
Not many surveys on institutional investors were conducted, which is ascribed to investors not wanting to divulge their strategy because of competition. Most findings are more focused on analysts. Based on these results, which are similar to most studies, it can be concluded which topics and types of information IR needs to address in which way.

2.1.2.1 Investors

For companies a good investor shows long-term engagement (otherwise they could destabilize the stock price), provides signaling[64] to other investors, gives strategic impulse to management and clarifies his own goals.[65] Thus, institutional investors want personal contact with management because they only invest in a few companies.[66] Investors only

57) cf. DVFA, DVFA Principles for Effective Financial Communication 02/06, Dreieich (DVFA Financial Papers) 2007, 4.
58) cf. Institutional Investor Research Group, The European Investor Relations Market Report, New York (Institutional Investor Research Group), 2005, 3.
59) Franke, Dieter, Investor Relations aus der Sicht von Akteuren und Adressaten, in: Kirchhoff, Klaus Rainer/Piwinger, Manfred (ed.), Die Praxis der Investor Relations, Neuwied/Kriftel (Hermann Luchterhand) 2nd ed. 2001, 372; Schiereck, Dirk, Internationale Börsenplatzentscheidungen institutioneller Investoren, in: Neue betriebswirtschaftliche Forschung 160, Wiesbaden (Gabler) 1995, 8.
60) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 63.
61) cf. Kirchhoff/PricewaterhouseCoopers, Kapitalmarktkommunikation in Deutschland. Investor Relations und Corporate Reporting, München (Kirchhoff/PricewaterhouseCoopers) 2005, 18.
62) Schiereck, Dirk, Internationale Börsenplatzentscheidungen institutioneller Investoren, in: Neue betriebswirtschaftliche Forschung 160, Wiesbaden (Gabler) 1995, 8.
63) cf. Porák, Victor, Potential of Corporate Communication in New Media: The Example of a Financial Community, in: Seventh Americas Conference on Information Systems, 1544–1551, http://www.communicationsmgt.org/modules/-pub/view.php/communicationsmgt-10, 2001, last accessed 02/12/2008, 1547.
64) Signaling will be explained in Chapter 2.3.
65) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 66.
66) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 110.

want to speak with the CEO and for financial results with the CFO. IROs are usually not accepted as an adequate dialog partner.[67] However, 60 percent of the CEOs spend "only" 20 percent of their time on IR.[68] Institutional investors build their portfolio based on industries and invest in the leaders of an industry or companies with a high profit potential. Therefore, the IR strategy has to use this benchmarking and show why the company is the best in its industry, or why it can be differentiated from the leader, e.g. in research & development (R&D), production efficiency or marketing.[69] Institutional investors have also other than financial motives. These strategic or non-financial goals often imply long-term-value approaches.[70] For example, these goals also depend on the country. Investors in the U.S. are more interested in strategy/equity story and corporate governance than U.K. investors are.[71]

The spectrum of institutional investors varies in different countries depending on legislative frameworks. In most cases, the group of institutional investors includes insurance companies, pension and retirement funds, and professionally managed investment funds (which includes hedge funds; their influence has increased enormously). Their common feature is that they do not invest their own resources, but the savings of their investors. In recent years, the importance of institutional investors has risen due to increased international competition for investment capital in globalized markets. Germany is currently at the beginning of the structural change in which institutional investors will be major holders of companies.[72]

Hügens suggests improving the relationship between investors and companies with a direct interaction, whereby special needs of the investors can be perceived. This leads to getting to know more about the investor and his needs, extending duration and constancy of the relationship, taking ideas, and knowledge from the investor, and active management of the portfolio of shareholders. One approach to that is to describe the relationship with investors by length of relationship, trust, dependency, power, efficiency of communication and satisfaction.[73] Research showed that even institutional investors are influenced by market sentiments and emotions and not all decisions are made on an objective basis.[74]

Private individual investors are probably the most visible investor group in the public. Individual investors are generally investors who have a small investment volume. Their motivations and investment style is not always based on rational considerations. Although individual investors are as well an important target group for IR and help in decreasing volatility, this thesis will not concentrate on them, because they are characterized by a different kind of investment behavior, have different objectives, and are usually not taking part in IR presentations, but only in the annual general meeting.[75]

67) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 204.
68) cf. Wolff, Hendrik, IR-Controlling und Perception Studies, in: Sommer, Heike K. (ed.), Being public, Heidelberg (C. F. Müller) 2002, 196.
69) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 216.
70) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital – An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 70.
71) cf. Ebel, Bernhard/Hofer, Markus B., Grundlagen der Investor-Marketing-Strategie, in: Ebel, Bernhard/Hofer, Markus B. (ed.), Investor Marketing, Wiesbaden (Gabler) 2003, 27–35, 32.
72) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital – An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 68–69.
73) cf. Hügens, Torben, State-of-the-art der Bewertung von Kapitalgeberbeziehungen, in Ahlert, Dieter/Zelewski, Stephan (ed.), Motiwidi-Projektbericht 18, Essen – Münster (PIM) 2005, 13.
74) cf. Bramann, Juliane, Investorenbindung als ein Ziel des Finanzmarketing. Eine Analyse des Verhaltens privater Investoren von DAX-Unternehmen, Diss. University of St. Gallen 2004, 28.
75) Hank argues that private investors stabilize the shareholder structure, but are more relevant for smaller companies. cf. Hank, Benno, Informationsbedürfnisse von Kleinaktionären, in: Europäische Hochschulschriften 5, Volk- und Betriebswirtschaft 2485, Frankfurt am Main (Peter Lang) 1999, 19–21; Kuhnle, Helmut/Banzhaf, Jürgen, Finanzkommunikation unter IFRS, München (Franz Vahlen) 2006, 49.

2.1.2.2 Analysts

Many investors rely on the information provided by analysts when they make portfolio selections or revisions. Analysts conduct independent research on the competitive position of a company and convert abstract models of, e.g., shareholder value into metrics designed to assess companies' performance. Analysts forecast the companies' earnings prospects and give recommendations as to whether a stock should be bought, held or sold.[76] Financial analysts are distinguished in sell-side and buy-side analysts. This is partly based on the historical differentiation between commercial and investment banks in Anglo-Saxon countries.[77] The distinction disappears gradually, since both functions are overlapping increasingly.[78] Analyst opinions differ what the most relevant issues for IR are; a study showed that the sell- and buy-side agree in only 11 out of 30 instances.[79]

Analysts as a group are inhomogeneous, because there are different specialists for different types of analysis and industries. All analysts expect a transparent, competent, and comprehensive picture of the company, which can only be achieved by candid and straight communication. In addition, the cultural background matters. In the U.K., analysts want insight into strategies, business models, and prospects, while U.S. analysts prefer "number crunching".[80]

DAX companies are watched on average by 39 analysts (from the top 80 analysts), which is much more than e.g. SDAX companies (5 analysts).[81] Studies found that analysts prefer companies with transparent structures and fewer segments, and these companies therefore have more coverage. However, besides the number of analysts the quality and reputation of analysts is of particular importance.[82] *Bittner* notices the big influence of some star-analysts on the whole financial community.[83]

Analysts frequently use ratios like P/E ratio, EV/EBITDA, EV/Sales, EV/EBIT, and sum-of-parts valuation to value a company, which also depends on the industry.[84] It is important to notice that every analyst has his or her own approach and method. The financial ratios that are used differ and some analysts put more focus on strategy than others. The result of analysis therefore is also influenced by subjective factors.[85] In addition, if analysts do not understand the strategy of a company they will not recommend the stock.[86]

Sell-side analysts are working for institutions (investment and private banks, brokerage houses) which are buying and selling stocks for a third party. One analyst is watching on an (increasing) average 15 to 20 companies.[87] The most worthwhile information source is

76) cf. Bittner, Thomas, Die Wirkungen von Investor Relations-Maßnahmen auf Finanzanalysten, Lohmar – Köln (Josef Eul) 1996, 24.
77) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 71.
78) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital – An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 67.
79) cf. Institutional Investor Research Group, The European Investor Relations Market Report, New York (Institutional Investor Research Group), 2005, 3.
80) cf. Deter, Henryk/Wiehle, Ulrich, Roadshows und One-on-Ones, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 173–183, 177.
81) cf. Streuer, Olaf, Erfolgsmessung der Investor Relations, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 77–113, 94.
82) cf. Frank, Ralf, Zielgruppen der Investor Relations - Finanzanalysten: Wie denkt der Analyst?, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 301–323, 310–311.
83) cf. Bittner, Thomas, Die Wirkungen von Investor Relations-Maßnahmen auf Finanzanalysten, Lohmar - Köln (Josef Eul) 1996, 24.
84) cf. Reuter, Eva, Investor Relations & Analysten. Handlungsempfehlungen für börsennotierte Aktiegesellschaften auf der Grundlage von Zielgruppenanalysen zu Equity-Analysten, Norderstedt (Books on Demand) 2006, 72; Achleitner, Ann-Kristin/Bassen, Alexander/Pietzsch, Luisa, Kapitalmarktkommunikation von Wachstumsunternehmen. Kriterien zur effizienten Ansprache von Finanzanalysten, Stuttgart (Schäffer-Poeschel) 2001, 80.
85) cf. Bienek, Heiko, Beurteilung von Unternehmen aus Sicht eines Portfolio-Managers/Analysten am Beispiel ausgewählter Industrie-Werte, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 427–442,431.
86) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 159.

personal contacts with senior management.[88] Analysts prefer watching stocks, which they plan to recommend. This leads to a conflict analysts are in; on the one hand, they need a good reputation and, on the other hand, they help to sell stocks and get provisions for that. As a result, analyst will not cover stocks, which they cannot recommend. Analysts weight the costs and benefits of following a company.[89]
Buy-side analysts work for institutional investors. They also analyze companies, but with a special focus on uncovering medium-term to long-term trends for the next three to five years. A buy-side analyst covers up to 50 companies and, therefore, uses the research of the sell-side. Usually, the analysis is only used for internal decisions.[90]
Conflicts of interests are common between the sell and the buy side. Therefore, institutional investors have more trust in their own buy-side analysts, who have the function to verify sell-side analysis.[91] However, analysts cannot only be classified into buy- or sell-side, but also due by their functions like economic research, strategy analysis, fixed-income research, technical analysis, or equity research.[92]
Analysts perceive IR measures in two ways: On the one hand, by its actual information content and, on the other hand, by what is assumed how other members of the financial community could be affected by this. Social comparison is a major reason for watching other analysts and attending conferences. Analysts tend to adapt opinions from other analysts with a high reputation.[93] In conferences often critical or essential questions are not asked in order not to give insight into their own research and knowledge. Because of competition with other analysts, asking these questions only in one-on-ones is preferred.[94]

2.1.2.3 Information Needs

Many academic studies have attempted to determine what influences decisions to buy stocks, what kinds of information the financial community wants, and how corporate financial reporting might be improved. These studies vary in terms of complexity and extensiveness, but the top of the list of factors is always the same, the quality of management.[95]

The information needs of the financial community have been researched since the 1970s. Most of these studies tended to focus on analysts. This might be for the reason that surveys among (institutional) investors are difficult, because this clientele do not want to give insight in their strategy and business. As explained in the previous chapter, all investors base their decisions on analysts' forecast; therefore, findings on this group can be taken to some extent as universally valid for the financial community. However, investors and

87) Bittner found in his research for Germany an average of 37 companies. cf. Bittner, Thomas, Die Wirkungen von Investor Relations-Maßnahmen auf Finanzanalysten, Lohmar - Köln (Josef Eul) 1996, 25.
88) That applies also for the buy side. cf. Porák, Victor, Kapitalmarktkommunikation Das Informationsverhalten der Financial Community in der Schweiz, Diss. University of St. Gallen 2002, 143, 151.
89) cf. Achleitner, Ann-Kristin/Bassen, Alexander/Pietzsch, Luisa, Kapitalmarktkommunikation von Wachstumsunternehmen. Kritierien zur effizienten Ansprache von Finanzanalysten, Stuttgart (Schäffer-Poeschel) 2001, 56.
90) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 72.
91) cf. Frank, Ralf, Zielgruppen der Investor Relations – Finanzanalysten: Wie denkt der Analyst?, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 301-323, 306.
92) cf. Frank, Ralf, Zielgruppen der Investor Relations – Finanzanalysten: Wie denkt der Analyst?, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 301-323, 307.
93) cf. Bittner, Thomas, Die Wirkungen von Investor Relations-Maßnahmen auf Finanzanlysten, Lohmar – Köln (Josef Eul) 1996, 270, 308.
94) cf. Deter, Henryk/Wiehle, Ulrich, Roadshows und One-on-Ones, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 173–183, 177.
95) cf. Scott, Mark C., Achieving Fair Value: How Companies Can Better Manage Their Relationships with Investors, Chichester (John Wiley & Sons) 2005, 201.
96) cf. Achleitner, Ann-Kristin/Bassen, Alexander/Pietzsch, Luisa, Kapitalmarktkommunikation von Wachstumsunternehmen. Kriterien zur effizienten Ansprache von Finanzanalysten, Stuttgart (Schäffer-Poeschel) 2001, 123.

fund managers are also one essential target group, which needs further research.[96] The influence of analysts might change in the future.[97]
Most of the analysts (71 percent) think that the IR of DAX-30 companies is very intensive, while just a few analysts consider this for MDAX and SDAX. On the contrary, analysts guess that IR is more important for MDAX and SDAX companies. This leads to the conclusions that the impact of IR on stock valuation is higher for smaller companies.[98]
In addition, the industry is a differentiation characteristic in terms of the communication process and measures in IR.[99]
All studies on information needs have one similar pronouncement: the importance of non-financials, personal contacts, credibility, and reputation. The change in market value is often attributable to intangible factors, which are non-current assets without physical existence. Some of these assets cannot be verbally expressed in figures. Therefore, personal instruments are important where the addressee can experience the management and company culture. The high competitive pressure among the financial analysts causes them to be permanently looking for news, which possibly influences the stock price.[100] The analysis of news depends on prior information and previous experience. If this analysis leads to new expectations regarding the further development of the company it can be concluded that the reporting has information content.[101] The amount of the shock effect if expectations fail also plays a role for the information content and is therefore a signal.[102]
Nevertheless, even if information can be conveyed credibly, severe obstacles and costs that investors and analysts encounter to acquire information are likely to determine the extent to which that information is used. Literature revealed that there is almost consensus about the dimensions that determine the informativeness of disclosure. These dimensions are quality and quantity of content, credibility of management, and access to management. Credibility is difficult to assess, as it is a subjective perception of receivers.[103] A reporting signal or information is relevant if it has an impact on the decision making of the addressee. The usefulness of reporting also depends on its timely publishing and reliability. Furthermore, the addressees have to understand the message, i.e. the signal must be clear. The usefulness of reporting is increased if the addressee can compare the figures or content with reporting from other periods or other companies.[104] With comparisons to other companies, statements that are more qualified are achievable.
Some authors argued that in order to determine the information needs it is indispensable not to concentrate too much on the target group itself, but more on their knowledge of the company. Therefore, the specific demands and types like the investment horizon of the target group have to be considered.[105] The addressee is most notably interested in the long-term perspective and all facts that demonstrate that. Besides the prospect for making

97) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 115.
98) cf. Gohlke, Felicia/Schiereck, Dirk/Tunder, Ralph, Durch Finanzanalysten wahrgenommene Qualität der Investor Relations deutscher Unternehmen, in: Working Paper 4-2006, Oestrich-Winkel (European Business School - Forschungsgruppe Finanzkommunikation) 2007, 13-15.
99) cf. Gohlke, Felicia/Schiereck, Dirk/Tunder, Ralph, Durch Finanzanalysten wahrgenommene Qualität der Investor Relations deutscher Unternehmen, in: Working Paper 4-2006, Oestrich-Winkel (European Business School - Forschungsgruppe Finanzkommunikation) 2007, 18.
100) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 88.
101) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 21.
102) cf. Passardi, Claudio, Erfolgspublizität. Kapitalmarktorientierte Berichterstattung zur Unternehmensperformance, in: Meyer, Conrad; Pfaff, Dieter; Ruud, Flemming (ed.), Beiträge des Instituts für Rechnungswesen und Controlling der Universität Zürich, Zürich (Schulthess) 2006, 157; Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 272.
103) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital - An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 53–54.
104) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 253.
105) cf. Diehl, Ulrike; Loistl, Otto; Rehkugler, Heinz, Effiziente Kapitalmarktkommunikation, Stuttgart (Schäffer-Poeschel) 1998, 8.

a long-term profit, the strategy is of upmost importance. Information on innovational energy, management competency, market trends, and investments are supportive to that.[106] *Hank* argues that companies also have to report on economics and specifics of the industry in order to establish comprehension for the factors, which influence the company. Thus should help to prevent unjustified changes in stock price. The shareholder wants to know which factors are pending on economics development.[107] It is beneficial for company and investors to present comprehensible future-oriented information. The investors will feel safer and the company establishes goodwill.[108] Investors are more interested in future-oriented information because the investing public does not care much about the past, but is interested more in what the company is going to do for the investor tomorrow.[109]

Studies showed that only 19 percent of investors and 27 percent of analysts found traditional financial reports very useful for evaluating the true value of a company. Thirty-five percent of investors' decisions are based on non-financials.[110] However, information is just one part of an investment process. Investors and analysts will only be attained if a personal relationship has been built up. No investment decision is taken merely because of facts; personal confidence is indispensable.[111] Contacts with management are critically important. This builds on the assumptions that management has superior information on their companies' current and future performance, and is a potentially trustworthy source of information. Analysts do not expect management to provide projections, but need information on which to base their own forecasts, including more information about management's view on operating opportunities and risks.[112]

Management credibility also appears to play a role in how companies are perceived by the financial community. The most important argument in differentiating between recommendations is the quality of management and strategies, while company financial structure and position seemed to have less impact on analysts' recommendations.[113] *Bittner* found in his study that credibility is very important, but many analysts think that statements from management are often not very believable.[114] *Marston* emphasized the analysts' focus on qualitative factors such as the perceived quality of management and the effectiveness of prospective corporate strategy.[115] Investors require a candid and fair dialogue, because management quality can be seen in figures only after a longer period.[116] Earnings explain less than 50 percent of the shareholder value. For investors management is often a key success factor and a reason to buy a company.[117] On the other hand, *Higgins* argues that

106) cf. Franke, Dieter, Investor Relations aus der Sicht von Akteuren und Adressaten, in: Kirchhoff, Klaus Rainer/Piwinger, Manfred (ed.), Die Praxis der Investor Relations, Neuwied/Kriftel (Hermann Luchterhand) 2nd ed. 2001, 376.
107) cf. Hank, Benno, Informationsbedürfnisse von Kleinaktionären, in: Europäische Hochschulschriften 5, Volk- und Betriebswirtschaft 2485, Frankfurt am Main (Peter Lang) 1999, 89.
108) cf. Diehl, Ulrike; Loistl, Otto; Rehkugler, Heinz, Effiziente Kapitalmarktkommunikation, Stuttgart (Schäffer-Poeschel) 1998, 10.
109) cf. Hank, Benno, Informationsbedürfnisse von Kleinaktionären, in: Europäische Hochschulschriften 5, Volk- und Betriebswirtschaft 2485, Frankfurt am Main (Peter Lang) 1999, 91, 92
110) cf. Ulrich, Dave O./Smallwood, Norm, Intangibles and Stock Price: How Leaders Build Market Value, in: Ebel, Bernhard/Hofer, Markus B. (ed.), Investor Marketing, Wiesbaden (Gabler) 2003, 261–277, 268, 269.
111) cf. Pettinger, Richard, Investment Appraisal. A Managerial Approach, Houndmills etc. (Macmillan Press) 2000, 69.
112) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 426–485, 438.
113) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 426–485, 436.
114) cf. Bittner, Thomas, Die Wirkungen von Investor Relations-Maßnahmen auf Finanzanlysten, Lohmar - Köln (Josef Eul) 1996, 257.
115) cf. Marston, Claire, A Survey of European Investor Relations, Edinburgh (Institute of Chartered Accountants of Scotland) 2004, 63–65.
116) cf. Diehl, Ulrike; Loistl, Otto; Rehkugler, Heinz, Effiziente Kapitalmarktkommunikation, Stuttgart (Schäffer-Poeschel) 1998, 68.
117) cf. Ulrich, Dave O./Smallwood, Norm, Intangibles and Stock Price: How Leaders Build Market Value, in: Ebel, Bernhard/Hofer, Markus B. (ed.), Investor Marketing, Wiesbaden (Gabler) 2003, 261–277, 262–264.

a lack of CEO visibility may have the opposite effect – diminishing the enthusiasm of investors and analysts for a company and its prospects.[118] Companies, investors and analysts agreed that greater transparency and more-comprehensive reporting would likely lead to improved credibility of corporate management.[119] Institutional investors demand calculability, reliability, and credibility as a prerequisite for a successful long-term relationship.[120]

The findings on the exact ratios, which are important for analysts, vary from study to study. A recent survey discovered highly important factors when making general investment decisions (buy-side analysts), which are management credibility (77 percent), effective business strategy (74 percent), attractive growth in EPS (69 percent), reliable cash flow (60 percent), strong balance sheet (60 percent) and economic/industry trends (44 percent), corporate governance (41 percent) and innovative products/services (40 percent). An attractive dividend (16 percent) and CSR (4 percent, but depends on the industry) are not rewarded much.[121]

Other authors said EPS, ROCE, EBIT and free cash flow, sales growth and market growth are the most important ratios for analysts.[122] This depends also on the industry.[123] The industry plays a role for the perception of a company, because there are permanent new investment trends, which are based even on subjective and emotional factors and not only on facts.[124]

Big companies with a complex structure have often disadvantages for valuation because a company that is active in a single industry is easier to compare with the peer group for analysts. Analysts need to know the specifics of a company's business, which is more difficult to get and understand in a complex-structured company, because it has more factors that have an influence on the development and on revenues.[125] Several studies discovered that investment professionals want companies to provide more business information via a segment-by-segment format and to disclose as many details and numbers as possible per segment.

Research suggested that the topics analysts are interested in fall into four broad categories: industry/competitive data (economic situation, market development, and market position), strategic information (history, philosophy, product line, customers, divisions, and investments), operational data and financial metrics.[126] This fits to other findings, which see the upmost important three value drivers in the (financial) performance, the communication quality of management and the market / industry drivers.[127] In addition, *Stoffels* noted the increasing importance of information regarding environment,

118) cf. Higgins, Richard B., Best Practices in Global Investor Relations: the creation of shareholder value, Westport (Quorum Books) 2000, 164.
119) cf. PricewaterhouseCoopers, The Path to Transparency and Value in the Entertainment and Media Industry, New York (PricewaterhouseCoopers LLP) 2003, 8.
120) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 111.
121) cf. Rivel, Brian/Peebles, Jim, Ask The Researchers: Insight on the Questions IROs are Asking, in: Investor Relations Update, 11 (2007), 8–9. 9.
122) cf. Achleitner, Ann-Kristin/Bassen, Alexander/Pietzsch, Luisa, Kapitalmarktkommunikation von Wachstumsunternehmen. Kriterien zur effizienten Ansprache von Finanzanalysten, Stuttgart (Schäffer-Poeschel) 2001, 135; Wichels, Daniel, Gestaltung der Kapitalmarktkommunikation mit Finanzanalysten, Wiesbaden (DUV) 2002, 145.
123) cf. Kuhnle, Helmut/Banzhaf, Jürgen, Finanzkommunikation unter IFRS. Grundlagen, Ziele und Gestaltung, München (Franz Vahlen) 2006, 54.
124) cf. Fischer, Lorenz/Mörsch, Christian, Themen und Konzepte einer allgemeinen Finanzpsychologie, in: Fischer, Lorenz (ed.), Finanzpsychologie, München/Wien (R. Oldenbourg) 1999, 39; Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 40.
125) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 42.
126) cf. Scott, Mark C., Achieving Fair Value: How Companies Can Better Manage Their Relationships with Investors, Chichester (John Wiley & Sons) 2005, 179.
127) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 31, 199.

sustainability, and ecological risks. Especially for companies in the power market and chemical industry these factors can influence costs, revenues, and image.[128] Studies claimed there is insufficient supply of information regarding financial risks, competition/branches, explanation of the annual report and dealing with indicators.[129]
A *DIRK* study among analysts and institutional investors classified non-financial success factors into seven categories: corporate communication, management quality, strategy, corporate governance, corporate culture, customer and industrial relationships, and public affairs. Weighted according to their significance the most-influencing factors are long-term orientation (category strategy), execution of strategic plans (management quality), comprehensive and detailed disclosure (corporate communication), shareholder value (strategy), business acumen (management quality), and leadership skills (management quality).[130]
The most-comprehensive analysis of the information needs of the financial community was conducted by the *American Institute of Certified Public Accountants (AICPA) Special Committee on Financial Reporting*. These studies are motivated by an acknowledged need and the lack of consensus regarding how to improve corporate financial reporting. The *AICPA* found five different content categories: disaggregated information, core earnings, estimates/assumptions/off-balance-sheet risks, non-financial business information, and forward-looking information. The report concluded that users want management to identify key trends and relationships.[131]
To summarize, findings differ in terms of the definite categories and most-relevant ratios. However, there is a broad consensus that besides specific financial and non-financial figures and segment results, the most important information needs refer to quality information, which are credibly provided by access to the company's management.

2.1.3 Disclosure

While the information needs of the financial community have been discussed in the previous section, this part concentrates on what kind of information companies actually disclose. Why is there a difference? Interests of analysts and companies are not the same. While analysts have to guarantee investors to get their return on capital, companies are more interested in having a positive image and therefore reporting only positive figures. That leads to the assumption that companies try to hide bad figures and focus on the highlights of their business. However, credibility will not be established if a company hides important information. Moreover, companies can only adjust their communication efforts successfully if they are aware of the information requirements.[132] Some managers think that the less that is disclosed, the more flexibility is created to evade unlikable surprises.[133] Nevertheless, various surveys showed that the degree to which the company discloses information is an increasingly dominant driver of their credibility.[134]
Research on the information content of reporting found that investors reacted significantly. The announcements by smaller companies usually have higher information content than

128) Stoffels, Mario, Umweltorientierte Investor-Relations, Lohmar - Köln (Josef Eul) 2002, 2.
129) cf. Wolff, Hendrik, IR-Controlling und Perception Studies, in: Sommer, Heike K. (ed.), Being public, Heidelberg (C. F. Müller) 2002, 201.
130) cf. DIRK e.V., Corporate Perception on Capital Markets. Non financial success factors in capital market communication, Hamburg (DIRK e.V.) 2007, 4, 13.
131) cf. AICPA, Improving Business Reporting – A Customer Focus (The Jenkins Report), http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Accounting+Standards/ibr/ (last accessed 07/04/2008).
132) cf. DIRK e.V., Corporate Perception on Capital Markets. Non financial success factors in capital market communication, Hamburg (DIRK e.V.) 2007, 9.
133) cf. Scott, Mark C., Achieving Fair Value: How Companies Can Better Manage Their Relationships with Investors, Chichester (John Wiley & Sons) 2005, 163.
134) cf. Scott, Mark C., Achieving Fair Value: How Companies Can Better Manage Their Relationships with Investors, Chichester (John Wiley & Sons) 2005, 165.

bigger companies, which are accessible by more information sources. This could be because there is evidence that big companies are tracked to a higher extent by more analysts and, therefore, stock prices adapt faster.[135] The reporting of bigger companies conveys relatively less information that is not yet anticipated by the market. This is equivalent with lower information content.[136] The information quality (especially a cohesive equity story) differs by industry, but not by country. However, bigger companies tend to communicate better.[137]
Studies showed that there is a significant increase of trading volume on days when interim and annual reports are published. There is also a correlation between unexpected outcomes and the strength and duration of trading activities. In addition, reporting only has information content if no alternative or more-up-to-date information has already changed the expectations of the addressee.[138] Unexpected changes in profits result in significant changes in the stock price. Especially volatility and trading volume are higher on days of profits announcements.[139]
The current reporting model has been dominated for decades by financial information. While financial information is obviously important, it only provides one part of the picture of overall business performance, and financials lead towards concentrating just on short-term results.[140] Financial information is usually based on the financial and income situation as used for accounting.[141] The contents of the regulated reporting are balance sheet, profit and loss account, notes on the accounts, cash-flow statement, statement of changes in the shareholders' equity and segment reporting.[142] Because companies are addressing foreign investors and analysts due to the globalization of the equity markets, it is required to harmonize the several accounting regulations. The *IASC (International Accounting Standards Committee)* has suggested the *International Accounting Standards (IAS)* that provides a framework with country-specific tolerance and is the groundwork for the *IFRS*.[143]
Value reporting is a voluntary extension of company reporting concentrating on non-financials with the goal to increase the shareholder value and reduce estimation risks.[144] Non-financial data in IR are of importance to 76 percent of companies.[145] The *NIRI* has identified in a survey among investor relations officers the determinants for valuing the company besides the financials, which are quality of senior management, profit growth, sales growth, long-term strategy, and specifics of the industry.[146] Non-financial measures are often strongly related to the shareholder value concept. A *KPMG* study found that 86 percent of DAX-100 companies use shareholder value ratios, mostly EVA (38 percent),

135) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 183–187.
136) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 289.
137) cf. Weber-Henschel, Nikolaus, Wertvorteile durch Finanzkommunikation und ihr Einfluss auf die Unternehmenswertentwicklung, Diss. University of St. Gallen 2002, 168.
138) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 214.
139) cf. Diehl, Ulrike; Loistl, Otto; Rehkugler, Heinz, Effiziente Kapitalmarktkommunikation, Stuttgart (Schäffer-Poeschel) 1998, 26.
140) cf. PricewaterhouseCoopers, Corporate reporting – a time for reflection. A survey of the Fortune Global 500 companies' narrative reporting. PricewaterhouseCoopers (2007), 4.
141) cf. Griewel, Eva, Ad hoc-Publizität und Zwischenberichterstattung im deutschen Corporate Governance-System, in: Freidank, Carl-Christian (ed.), Schriften zu Wirtschaftsprüfung, Steuerlehre und Controlling, Wiesbaden (DUV) 2006, 73.
142) cf. Griewel, Eva, Ad hoc-Publizität und Zwischenberichterstattung im deutschen Corporate Governance-System, in: Freidank, Carl-Christian (ed.), Schriften zu Wirtschaftsprüfung, Steuerlehre und Controlling, Wiesbaden (DUV) 2006, 266.
143) cf. Diehl, Ulrike; Loistl, Otto; Rehkugler, Heinz, Effiziente Kapitalmarktkommunikation, Stuttgart (Schäffer-Poeschel) 1998, 28.
144) cf. Achleitner, Ann-Kristin/Bassen, Alexander/Pietzsch, Luisa, Kapitalmarktkommunikation von Wachstumsunternehmen. Kriterien zur effizienten Ansprache von Finanzanalysten, Stuttgart (Schäffer-Poeschel) 2001, 40.
145) cf. News aktuell/CAT Consultants/Faktenkontor, IR-Trendmonitor, Hamburg (news aktuell/CAT Consultants/Faktenkontor) 2007, 62.
146) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 32.

ROCE (13 percent), and ROE (9 percent).[147] Surveys in the U.S. showed that only 25 percent of the market value of a company turns up in the financial statement. Information like customer base, the knowledge of employees and the brand strength – the social capital of a company – are also of relevance.[148]

Companies have said that corporate strategy, long-term revenues, management, and specific potency are very important. Top reporters provide a great deal more than average ones on non-financial information. From the companies' perspective, enriching their narrative presentations offers the opportunity to provide a view through the eyes of management that investors would highly value.[149] In addition, forward-looking topics are a key genre, which is also known as earnings guidance.[150] However, when disclosing forward-looking information, management also has to disclose the assumptions on which the projections are made on and the factors that could countervail against the projections. Practitioners stated that earning a reputation for clear and forthright communication practices could be of great assistance in dealing with the financial community.[151] However, if expectations do not occur, strong reactions will follow. This is the reason why expectation management is outpointed as an important part of IR by many authors.[152] A related win of disclosing forward-looking information is to give a larger place to long-term value creation and reduce the focus on short-term financial gains.[153] A survey of *Higgins* revealed a reduced willingness among U.S. companies to disclose strategic and financial information dealing with the future, at least relative in comparison to a sample of European companies.[154] *Kirchhoff Consulting* revealed that more quantified data is needed for better earnings guidance.[155]

Putting all the figures in an equity story in order to provide contextual information is an important part of reporting. A study of *PricewaterhouseCoopers* investigated the so-called narrative reporting in detail. It was found that 56 percent of narrative reporting relates to explaining performance outcomes. Only 10 percent of companies report on capital employed; 6 percent the cost of capital (even the weighted average cost of capital is not widely communicated). Regarding forward-looking information, 10 percent of quantified narrative reporting relates to that. Sixty-five percent of companies report segment information constantly, 67 percent on both a business unit and a geographic basis, and 71 percent solely on a business-unit basis.[156] Current narrative reporting tends to focus on performance outcomes (such as changes in turnover), which comprises 56 percent of reporting. Investors value information explaining a company's markets (e.g. changing customer demographics), which is covered by 10 percent of reporting, an outline of its

147) cf. KPMG, Value Based Management – Shareholder Value Konzepte. Eine Untersuchung der DAX 100 Unternehmen, Frankfurt am Main (KPMG) 2000, 14.

148) cf. Kirchhoff/PricewaterhouseCoopers, Wertorientierte Berichterstattung im DAX – Trends und Best Practices, Luzern (Kirchhoff/PricewaterhouseCoopers) 2006, 4.

149) cf. PricewaterhouseCoopers, Corporate reporting – a time for reflection. A survey of the Fortune Global 500 companies' narrative reporting. PricewaterhouseCoopers (2007), 3.

150) cf. Kirchhoff/PricewaterhouseCoopers, Kapitalmarktkommunikation in Deutschland. Investor Relations und Corporate Reporting, München (Kirchhoff/PricewaterhouseCoopers) 2005, 21.

151) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital - An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 61.

152) cf. Kirchhoff/PricewaterhouseCoopers, Wertorientierte Berichterstattung im DAX – Trends und Best Practices, Luzern (Kirchhoff/PricewaterhouseCoopers) 2006, 4.

153) cf. PricewaterhouseCoopers, Corporate reporting – a time for reflection. A survey of the Fortune Global 500 companies' narrative reporting. PricewaterhouseCoopers (2007), 5.

154) cf. Higgins, Richard B., Best Practices in Global Investor Relations: the creation of shareholder value, Westport (Quorum Books) 2000, 168, 169.

155) cf. Kirchhoff Consulting, Studie Prognoseberichterstattung im DAX30, Hamburg – München (Kirchhoff Consulting) 2007, 25.

156) Narrative reporting is defined here as the critical contextual and non-financial information that is reported alongside financial information so as to provide a broader and more meaningful understanding of a company's business, its market position, strategy, performance and future prospects – including quantified metrics. cf. PricewaterhouseCoopers, Corporate reporting – a time for reflection. A survey of the Fortune Global 500 companies' narrative reporting. PricewaterhouseCoopers (2007), 6.

strategy (18 percent), and key risks, resources and relationships needed to implement strategy (16 percent). The information is even more valuable if it includes quantified metrics and comparative data showing relative performance against competitors, as well as goals and objectives. Furthermore, the survey results showed that industry-specific factors are critical to a more comprehensive and informed view of a company's growth, performance and prospects. Some companies provide high-level goals and targets, but they are in a minority (10 percent). In addition, a cohesive picture of a company can be enhanced by reporting key performance indicators (KPIs) to help reinforce the drivers of value and progress in delivering strategy. Here the survey showed that only 15 percent of companies specifically define their KPIs and use them to report on progress.[157]

While many studies demanded companies to use their own specific key performance indicators, some critics argued just to palliate results and influence the perception of the addressee. *Passardi* argued that alternative indicators could lead to a bias in perception and comparisons.[158] However, companies usually publish indicators, which show the highest improvements compared to the previous year.[159]

The balance of reported information differs little across industry groups and geographic clusters.[160] For example, financial-services companies focus on financial assets and customers. In the energy, mining, and utilities group, where physical assets are an important resource, companies provide information such as capacity utilization and productivity. Information gaps were found in the IT, entertainment and media sector, which missed reporting on people (an important resource in the sector), i.e. the human capital.[161]

Most companies see a challenge in presenting relevant and transparent value drivers and indicators, because there are no standards in value reporting. Furthermore, the correlation between value drivers is very complex and sophisticated.[162] Some indicators like return on equity (ROE), operating / profit margin and total shareholder return are communicated externally but not used for controlling internally. This leads to the conclusions that these indicators are too highly aggregated and not useful for operational management.[163] Many companies are still struggling with how to measure and communicate intangible value information, such as the quality of management, which investors and analysts rank as highly important.[164] In addition, most companies miss giving enough information on risks.[165]

Kirchhoff/PricewaterhouseCoopers composed a list of criteria with 4 main categories (Market Overview; Strategy, Structure & Governance; Managing for Value; Performance) and 24 sub-categories based on empirical findings. The goal was to deliver a picture of the

157) cf. PricewaterhouseCoopers, Corporate reporting – a time for reflection. A survey of the Fortune Global 500 companies' narrative reporting. PricewaterhouseCoopers (2007), 7.

158) cf. Passardi, Claudio, Erfolgspublizität. Kapitalmarktorientierte Berichterstattung zur Unternehmensperformance, in: Meyer, Conrad; Pfaff, Dieter; Ruud, Flemming (ed.), Beiträge des Instituts für Rechnungswesen und Controlling der Universität Zürich, Zürich (Schulthess) 2006, 4, 155.

159) cf. Passardi, Claudio, Erfolgspublizität. Kapitalmarktorientierte Berichterstattung zur Unternehmensperformance, in: Meyer, Conrad; Pfaff, Dieter; Ruud, Flemming (ed.), Beiträge des Instituts für Rechnungswesen und Controlling der Universität Zürich, Zürich (Schulthess) 2006, 159

160) cf. PricewaterhouseCoopers, Corporate reporting – a time for reflection. A survey of the Fortune Global 500 companies' narrative reporting. PricewaterhouseCoopers (2007), 10.

161) cf. PricewaterhouseCoopers, Corporate reporting – a time for reflection. A survey of the Fortune Global 500 companies' narrative reporting. PricewaterhouseCoopers (2007), 12.

162) cf. Kirchhoff/PricewaterhouseCoopers, Kapitalmarktkommunikation in Deutschland. Investor Relations und Corporate Reporting, München (Kirchhoff/PricewaterhouseCoopers) 2005, 35.

163) cf. Kirchhoff/PricewaterhouseCoopers, Kapitalmarktkommunikation in Deutschland. Investor Relations und Corporate Reporting, München (Kirchhoff/PricewaterhouseCoopers) 2005, 30.

164) cf. PricewaterhouseCoopers, The Path to Transparency and Value in the Entertainment and Media Industry, New York (PricewaterhouseCoopers LLP) 2003, 8, 10.

165) cf. Achleitner, Ann-Kristin/Bassen, Alexander/Pietzsch, Luisa, Kapitalmarktkommunikation von Wachstumsunternehmen. Kriterien zur effizienten Ansprache von Finanzanalysten, Stuttgart (Schäffer-Poeschel) 2001, 107, 113.

individual strength of the company's reporting.[166] This thesis will use the idea behind this category framework for the analysis of the presentation but will also leave room for some changes in an inductive approach.
Comparing the information needs with the actually provided disclosure it can be concluded that both sides – companies and the financial community – spend increasingly more attention on non-financials (the value reporting), but nevertheless improvements are sought on various topics like risks, market, precise forward-looking statements and KPIs.

2.1.4 Instruments

The IR instruments can be divided due to regulations for public corporations into two groups: compulsory and voluntary instruments. However, one can also distinguish between non-personal and personal instruments. In literature, different systems of classification are frequent. The next section gives a brief overlook on the most common instruments.
The best-known compulsory IR instruments are the annual report (a form of non-personal communication) and the annual general meeting (personal). German public-listed companies are required to hold one annual meeting with their shareholders. The management usually presents information, which is based on the past year's financial statements. Empirical studies found that the influence of annual reports and annual general meetings has decreased significantly because important information had already been published beforehand.[167]
Interim/quarterly reports (non-personal) have the purpose to provide receivers with regular information on the financial condition and results of operations of the company. The *Frankfurt Stock Exchange* has required quarterly reports as a condition for the inclusion in a market index (such as DAX, MDAX, or SDAX).[168] Other written publications include, e.g., fact books and image brochures.
Ad-hoc publicity (non-personal) is mandatory by regulations to accomplish a broad and non-exclusive disclosure of essential information. Companies have to file and promptly publish current reports regarding events that are capable of significantly influence the stock price.[169]
Because compulsory instruments are strictly regulated, most companies profit from voluntary instruments in order to show their real strengths. The audience for companies is numerically small, thus demanding for specialized rather than mass communication methods.[170] Predictions regarding companies' prospects require an ability to interpret the numbers. Therefore, qualitative inputs, such as personal contacts with senior management, particularly CEO and CFO, are highly valued by the financial community and increasingly seen as a key genre of voluntary reporting.[171]

166) The study also investigated if there is a consistence between annual reports and presentations. The results show that there is lot of discrepancy. The categories "performance", "market overview" and "strategy, structure & governance" are described more detailed, concisely and meaningfully in presentations. Even forecasts are communicated more straightforward, as well as market shares and contention. cf. Kirchhoff/PricewaterhouseCoopers, Wertorientierte Berichterstattung im DAX – Trends und Best Practices, Luzern (Kirchhoff/Pricewaterhouse Coopers) 2006, 7-9, 40.
167) cf. Passardi, Claudio, Erfolgspublizität. Kapitalmarktorientierte Berichterstattung zur Unternehmensperformance, in: Meyer, Conrad; Pfaff, Dieter; Ruud, Flemming (ed.), Beiträge des Instituts für Rechnungswesen und Controlling der Universität Zürich, Zürich (Schulthess) 2006, 107.
168) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital – An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 73–74.
169) cf. Kuhnle, Helmut/Banzhaf, Jürgen, Finanzkommunikation unter IFRS, München (Franz Vahlen) 2006, 38–39, 67.
170) cf. Smith, Peter, Investor relations - Professionals and institutions, in: Bowman, Pat/Bing, Richard (ed.), Financial Public Relations, Oxford (Butterworth-Heinemann) 1993, 9; Janik, Achim, Investor Relations in der Unternehmenskommunikation, Wiesbaden (Westdeutscher) 2002, 234.
171) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 426–485, 427.

One-on-ones (personal), where investors or analysts talk to the management in private are esteemed because many investors place great importance on personal communication with senior management and thus getting an impression of management quality. Companies profit from one-on-ones also because they get direct feedback from analysts and investors.[172] DAX companies, on average, have 50 personal meetings with institutional investors and analysts per year.[173]
Road shows (personal) are visits of major capital markets by company representatives and are organized mainly in order to address foreign investors and analysts and to satisfy their information needs.[174] Thus, road shows are also important instruments to increase investor cognizance. The number of road shows has been increasing over the last few years.[175] Road shows include one-on-ones but also different kinds of meetings. A new trend is to invite investors to plant visits.[176]
Conference calls (personal) are a form of meeting, which is held over the phone and contains a presentation and question-and-answer (Q&A) session. Topics are usually the same as in other types of meetings. The advantage of conference calls is that they can be organized at short notice. Most big companies hold up to five conference calls per year.[177] In the past, these calls were only made available to analysts and institutional investors, but now more and more companies make conference calls open which is also due to regulation regarding fair disclosure. Conference calls are similar to webcasts, and recently many conference calls have been provided as a webcast on the internet. On average, a conference call has 50 participants (maximum 420) and a webcast 100 viewers (maximum 6.000).[178] Several studies documented that conference calls have an effect on volatility and stock price during the event.[179] Contrary, other results suggested that open conference calls are only associated with a greater percentage increase in small trades, and not with the level of trading volume.[180] Information provided in conference calls improves the ability of analysts to accurately forecast earnings for the next quarter.[181]
Investor days / conferences (personal) address investors and other members of the financial community to inform about many companies. Those conferences can be broadly placed into two categories: product-market conferences, usually hosted by trade associations, and more importantly, capital-market conferences, hosted by brokerage firms, stock exchanges or analyst societies.[182] Time is often limited to 45 minutes per company presentation including discussion. Especially smaller companies can use such conferences in order to address analysts who would not show up otherwise.[183] The number of such

172) cf. Wichels, Daniel, Gestaltung der Kapitalmarktkommunikation mit Finanzanalysten, Wiesbaden (DUV) 2002, 24.
173) cf. Achleitner, Ann-Kristin/Bassen, Alexander/Pietzsch, Luisa, Kapitalmarktkommunikation von Wachstumsunternehmen. Kriterien zur effizienten Ansprache von Finanzanalysten, Stuttgart (Schäffer-Poeschel) 2001, 105.
174) cf. Dürr, Michael, Investor Relations. Handbuch für Finanzmarketing und Unternehmenskommunikation, München (R. Oldenbourg) 1994, 90.
175) cf. Diehl, Ulrike; Loistl, Otto; Rehkugler, Heinz, Effiziente Kapitalmarktkommunikation, Stuttgart (Schäffer-Poeschel) 1998, 12.
176) cf. Deter, Henryk/Wiehle, Ulrich, Roadshows und One-on-Ones, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 173–183, 175.
177) cf. Kirchhoff/PricewaterhouseCoopers, Kapitalmarktkommunikation in Deutschland. Investor Relations und Corporate Reporting, München (Kirchhoff/PricewaterhouseCoopers) 2005, 23.
178) cf. Marston, Claire, A Survey of European Investor Relations, Edinburgh (Institute of Chartered Accountants of Scotland) 2004, 94-95.
179) cf. Frankel, Richard/Johnson, Marilyn/Skinner, Douglas J., An Empirical Examination of Conference Calls as a Voluntary Disclosure Medium, in: Journal of Accounting Research 37 (1/1999), 133–150, 146.
180) cf. Bushee, Brian J./Matsumoto, Dawn A./Miller, Gregory S., Open versus closed conference calls: the determinants and effects of broadening access to disclosure, in: Journal of Accounting and Economics 34 (2003), 149–180, 178.
181) cf. Bowen, Robert M./Davis, Angela K./Matsumoto, Dawn A., Do conference calls affect analysts' forecasts?, in: The Accounting Review 77 (2/2002), 285–316, 312.
182) cf. Bushee, Brian J./Jung, Michael J./Miller, Gregory S., Capital Market Consequences of Conference Presentations, in: http://accounting.wharton.upenn.edu/faculty/bushee/bmj0907.pdf, 2007, last accessed 03/25/2008, 2.
183) cf. Düsterlho, Jens-Eric von/Huber, Jan-Alexander, Analysten- und Investorenkonferenzen, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 185–199, 197.

conferences has increased worldwide enormously to nearly 20.000 in the year 2006.[184] Press conferences (personal) are held when major new events occur that are essential to the company's performance or once a year for the annual press conference. The annual press conference is the most important media event to companies.[185]
Internet (non-personal) enhances companies' capabilities to communicate information immediately and broadly to all investors. Homepages also fulfill an important function in obtaining quick and cost-effective feedback from investors and the public in general.[186] Recently, the field has trended toward a new technology named XBRL, which provides interactive data transfer to the systems of analysts without having problems of different interfaces.[187]
This list of instruments is not final, as new techniques and trends arise and different authors distinguish different instruments. Nevertheless, it is important to know in order to understand the purpose and objective of this thesis, in which way the presentation (at analysts' conferences) can be differentiated from the other instruments. Conference calls, road shows, one-on-ones, investor days, and press conferences also contain usually presentations.
The results of a *Kirchhoff/PricewaterhouseCoopers* study showed that personal instruments have gained influence compared to prior analysis. It can be assumed that this is due to personal instruments that meet the specific information needs of analysts and institutional investors. Companies as well as analysts and institutional investors value a direct and personal contact with a focused dialog.[188] Nevertheless, many authors like *Frank* claimed more personal communication by management with more one-on-ones and more meetings.[189] *Gauly* stressed, although that there is many company data and information available, the importance of personal contacts is increasing. Thus, IR serves as communication function to the equity market to establish credibility through communicating information in a credible way.[190] *Laskin* and other authors showed that the most-often-used IR activities are analysts' conferences, road shows, conference calls and one-on-ones.[191] However, there is a perception gap found at companies, which think they deliver better quality in this field of IR.[192] For example, perception studies among the financial community showed the perceived importance of analyst conferences is 76 percent but perceived competence of companies in this instrument is only 67 percent. Similar findings were described for telephoning-/video-conference with a relevance of 57 percent and a competence of 43 percent.[193] A European survey among analysts showed

184) About 18.000 of them in the U.S. cf. Bushee, Brian J./Jung, Michael J./Miller, Gregory S., Capital Market Consequences of Conference Presentations, in: http://accounting.wharton.upenn.edu/faculty/bushee/bmj0907.pdf, 2007, last accessed 03/25/2008, 38.
185) cf. Dürr, Michael, Investor Relations. Handbuch für Finanzmarketing und Unternehmenskommunikation, München (R. Oldenbourg) 1994, 101.
186) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital - An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 75.
187) cf. Kuhnle, Helmut/Banzhaf, Jürgen, Finanzkommunikation unter IFRS. Grundlagen, Ziele und Gestaltung, München (Franz Vahlen) 2006, 75.
88) cf. Kirchhoff/PricewaterhouseCoopers, Kapitalmarktkommunikation in Deutschland. Investor Relations und Corporate Reporting, München (Kirchhoff/PricewaterhouseCoopers) 2005, 17; Wolff, Hendrik, IR- Controlling und Perception Studies, in: Sommer, Heike K. (ed.), Being public, Heidelberg (C. F. Müller) 2002, 192.
189) cf. Frank, Ralf, Strategische Finanzkommunikation, in: GoingPublic 8 (2004), 41.
190) cf. Gauly, Thomas, Wertsteigerung durch strategisches Kommunikationsmanagement: Die Investor-Relations-Arbeit der ALTANA AG, Berlin – Heidelberg (Springer) 2006, 587.
191) cf. Laskin, Alexander V., Investor relations practices at Fortune 500 companies: An exploratory study, in: Public Relations Review 32 (2006), 69–70, 69; Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 119; Wichels, Daniel, Gestaltung der Kapitalmarktkommunikation mit Finanzanalysten, Wiesbaden (DUV) 2002, 150.
192) cf. Wolff, Hendrik, IR-Controlling und Perception Studies, in: Sommer, Heike K. (ed.), Being public, Heidelberg (C. F. Müller) 2002, 199.
193) cf. Wolff, Hendrik, IR-Controlling und Perception Studies, in: Sommer, Heike K. (ed.), Being public, Heidelberg (C. F. Müller) 2002, 200.

that the following instruments are used or attended most often: yearly analyst conference, quarterly analyst conference call, annual reporting, one-on-ones with CFO / CEO, on-site visits along with presentations of company's figures and company presentations at investor conferences.[194] The *Investor-Relations-Monitor* found that DAX-30 companies use three instruments (road shows, internet, and hotline) much more and estimating their value much higher (68 percent) than smaller companies (39 percent).[195]

2.1.4.1 Presentations

One of the most important parts of the investor communication process is the face-to-face meeting between management and investor. Although presentations have not been examined much in academic research, most IR literature revealed the huge impact of presentations in the communication process to institutional investors and analysts.[196]
This thesis focuses on presentations at analysts' conferences[197] because that is the most common form for presentations in IR and the most important information source for analysts.[198] Of course, there are different types of presentations in IR and presentations are held in various situations. This includes road shows and one-on-ones as mentioned in the previous chapter.
Just the empirical fact that analysts say presentations are relevant for their decisions does not implicate that it is actually of use in the sense of improved decision-making.[199] Analyst presentations are useless if information, which the analysts previously received, is only read by the management and no new information is provided.[200] Nevertheless, there was evidence found that investor meetings do convey relevant information. This can enable investors earning abnormal returns around the time of investor meetings.[201] In addition, other motives also exist for attending conferences. *Bittner* argued that empirical evidence was found that social comparison is an important motive for analysts to attend presentations.[202] In addition, analysts expect trustworthy information, more insight into the management and the exchange of opinions.[203] *Marcus* said that the results of a company are readily available to everyone, but analysts and investors want the management to interpret them.[204] Especially analysts' conferences usually do not present new information, but they are used for a detailed discussion of results.[205]
If a presentation conveys information and causes analysts to revise their expectations or their degree of uncertainty, the effects should be revealed in the stock price and trading volume, and in analysts' subsequent forecasts of the earnings.[206] *Lane/Orgeron* found no

194) cf. Equinet, Effiziente Investor Relations: Auswertung Analystenumfrage, Frankfurt am Main (equinet Communications AG) 2006, 5.
195) cf. Franke, Dieter, Investor Relations aus der Sicht von Akteuren und Adressaten, in: Kirchhoff, Klaus Rainer/Piwinger, Manfred (ed.), Die Praxis der Investor Relations, Neuwied/Kriftel (Hermann Luchterhand) 2nd ed. 2001, 379.
196) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 89.
197) In practice, the term analysts' conference is interchangeably used with analysts' meeting or written as analyst conference.
198) cf. Reuter, Eva, Investor Relations & Analysten. Handlungsempfehlungen für börsennotierte Aktiengesellschaften auf der Grundlage von Zielgruppenanalysen zu Equity-Analysten, Norderstedt (Books on Demand) 2006, 76–77. Presentations at one-on-ones might be also important, but there is no public access and thereby research is difficult.
199) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 90.
200) cf. Equinet, Effiziente Investor Relations: Auswertung Analystenumfrage, Frankfurt am Main (equinet Communications AG) 2006, 12.
201) cf. Rose, Caspar, Impact of investor meetings/presentations on share prices, insider trading and securities regulation, in: International Review of Law and Economics 23 (2003), 227–236, 235.
202) cf. Bittner, Thomas, Die Wirkungen von Investor Relations-Maßnahmen auf Finanzanlysten, Lohmar - Köln (Josef Eul) 1996, 270.
203) cf. Bittner, Thomas, Zur Gestaltung von Investor Relations: Eine Typologisierung von Finanzanalysten und ihren Erwartungen, in: Fischer, Lorenz (ed.), Finanzpsychologie, München – Wien (R. Oldenbourg) 1999, 299–316, 305.
204) cf. Marcus, Bruce W., Competing for Capital, Hoboken (John Wiley & Sons) 2005, 24.
205) cf. Wichels, Daniel, Gestaltung der Kapitalmarktkommunikation mit Finanzanalysten, Wiesbaden (DUV) 2002, 23, 201.
206) cf. Lane, William R./Orgeron, Stacey, Market Reactions to Corporate Presentations to the New York Society of Security Analysts, in: International Review of Financial Analysis 1 (3/1992), 211–224, 211.

evidence that these meetings provide analysts with new information about the prospects of the company. Abnormal performance was observed several days earlier, probably an anticipatory effect in reaction to the announcement of the meeting, but the effects were transitory and not significant when cumulated over a longer period. It was argued that the noisier the pricing system is, the more likely is the presentation to be seen as valuable, and that the meeting only helps the market to discover the value of the company, but that does not lead to large price changes.[207] Other investigations of presentations in the U.S. indicated that these events are associated with an increase in the level of analysts following, as well as abnormal (positive) return and abnormal trading volume.[208] Analysts' forecasts were not improved by presentations.[209] In addition, presentations not containing earnings announcements showed an on average higher level of volatility.[210] Recent research by *Bushee/Jung/Miller* showed that presentations at (investor) conferences are economically significant information events in terms of stock returns and volume reactions. Large conferences and industry-focused conferences have greater effects, as well as small companies and companies that have not recently presented at conferences. Outcomes also depend on the number of attendees and existing information environment. Institutional investors used the conferences in the first place to discover new companies.[211]

2.1.4.2 Framework of Presentations

On average 50 sell-side analysts, and 200 buy-side analysts, fund managers and institutional investors are invited to a meeting among European companies. Usually if bad results are expected more analysts turn up to meetings.[212] Analysts' conferences are arranged one to two times a year by 84 percent of companies for presenting the annual or quarterly results.[213]
In Germany, most analysts' conferences are organized by *DVFA*, especially for smaller companies. The exact date is planned usually six to eight months before the conference. An invitation is sent six weeks before the date. Analysts' conferences usually last one to two hours and at least half of the time is for discussion with analysts. At presentations, after an introduction of the IRO, the CEO or CFO gives a speech and attendees follow along using copies of the PowerPoint slides. Sometimes, the speech transcript is also available.[214]
The *DVFA*, in accordance with WpHG[215], makes the conference date public using electronic systems like *Reuters*, *Bloomberg* and the internet. All information that can affect the stock price must be published to the public before the conference or at least at the same moment. Therefore, press conferences are held at the same time or before the analysts' conferences. In 1989, an insider directive was passed by all member states in the E.U., which aimed at

207) cf. Lane, William R./Orgeron, Stacey, Market Reactions to Corporate Presentations to the New York Society of Security Analysts, in: International Review of Financial Analysis 1 (3/1992), 211–224, 221.
208) cf. Francis, Jennifer/Hanna, J. Douglas/Philbrick, Donna R., Management communications with securities analysts, in: Journal of Accounting and Economics 24 (1997), 363–394, 386-387.
209) cf. Francis, Jennifer/Hanna, J. Douglas/Philbrick, Donna R., Management communications with securities analysts, in: Journal of Accounting and Economics 24 (1997), 363–394, 390.
210) cf. Walmsley, Tom/Yadav, Pradeep K./Rees, William P., The Information Content Of The Company Meeting Programme Of The Society Of Investments Analysts: 1985–1990, in: Journal of Business Finance & Accounting 19 (4/1992), 571–584, 579.
211) cf. Bushee, Brian J./Jung, Michael J./Miller, Gregory S., Capital Market Consequences of Conference Presentations, in: http://accounting.wharton.upenn.edu/faculty/bushee/bmj0907.pdf, 2007, last accessed 03/25/2008, 31–32.
212) cf. Marston, Claire, A Survey of European Investor Relations, Edinburgh (Institute of Chartered Accountants of Scotland) 2004, 60, 62. Dürr speaks of 30-100 DVFA members. cf. Dürr, Michael, Investor Relations. Handbuch für Finanzmarketing und Unternehmenskommunikation, München (R. Oldenbourg) 1994, 102.
213) cf. Kirchhoff/PricewaterhouseCoopers, Kapitalmarktkommunikation in Deutschland. Investor Relations und Corporate Reporting, München (Kirchhoff/PricewaterhouseCoopers) 2005, 23.
214) cf. Düsterlho, Jens-Eric von/Huber, Jan-Alexander, Analysten- und Investorenkonferenzen, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 185–199, 195.
215) Wertpapierhandelsgesetz, i.e. a securities trading act.

ensuring confidence for an effective and functioning capital market by treating all investors equally.
The *SEC* (U.S. *Securities and Exchange Commission*) proposed alternative ways like webcasts for public disclosure.[216] Presentations, which are the fourth-most-accessed content (after the website itself, strategy, contacts) on IR websites of the companies[217], may be simultaneously broadcast by a webcast or provided afterwards.[218] For the DAX-30, all companies provide webcasts.[219] Webcasts and conference calls are usually supplied by service companies like *Thomson Financial*.[220] To some extent, electronic conferencing is superseding some personal contact. However, *Marcus/Wallace* argued that personal contact, in most cases, is still the best.[221] Webcasts are not more than a first step or a substitute for personal contact.[222] *Erickson* suggests making presentations accessible via webcast for the reason that the webcast broadens the reach to those persons unable to attend in person. In addition, a webcast can afford protection from the unintended disclosure of relevant information not available to the public and thus creating insider trading.[223] The obvious advantages of webcasts and conference calls are the effective savings in time and costs.[224]

2.1.4.3 Communicative Aspects of Presentations

A presentation consists of several types of communication, like oral and written, formal and informal, public and private, and internal and external communications.[225] The (perceived) communicative strength is seen as identical to the competency of management. The stock is sold if strategy and the equity story are convincing.[226] *Erickson* argued that presentations made with minimal thought could damage investors' perceptions about a company's prospects and management's credibility.[227]
The performer of the presentation is usually the senior management. Only the CEO or another executive's own physical presence and participation can demonstrate the management's capabilities and strengths.[228] The CEO provides the context for the information to be presented and the CFO is best suited to help to understand how the information will affect the financial statements.[229] Nevertheless, not merely the CEO

216) cf. Diehl, Ulrike; Loistl, Otto; Rehkugler, Heinz, Effiziente Kapitalmarktkommunikation, Stuttgart (Schäffer-Poeschel) 1998, 70–72 and Rose, Caspar, Impact of investor meetings/presentations on share prices, insider trading and securities regulation, in: International Review of Law and Economics 23 (2003), 227–236, 228 and Marcus, Bruce W., Competing for Capital, Hoboken (John Wiley & Sons) 2005, 91.
217) cf. Spiegelberg, Rupert/Lindner, Michael, Online Investor Relations – Gegenwart und Zukunft, in: Kirchhoff, Klaus Rainer/Piwinger, Manfred (ed.), Praxishandbuch Investor Relations. Das Standardwerk der Finanzkommunikation, Wiesbaden (Gabler) 2005, 429–444, 430.
218) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 426–485, 432.
219) The Commerzbank webcast was just available for three days and was not reviewed in this thesis. See chapter 4 for more details.
220) cf. Düsterlho, Jens-Eric von/Huber, Jan-Alexander, Analysten- und Investorenkonferenzen, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 185-199, 198.
221) cf. Marcus, Bruce W./Wallace, Sherwood Lee, New Dimensions in Investor Relations: competing for capital in the 21st century, New York (John Wiley & Sons, Inc.) 1997, 114.
222) cf. Frank, Ralf, Zielgruppen der Investor Relations – Finanzanalysten: Wie denkt der Analyst?, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 301–323, 318.
223) cf. Erickson, David K., Investor Days: Planning and Maximizing the Benefit, in: Strategic Investor Relations 3 (1/2003), 66–72, 67 and Rose, Caspar, Impact of investor meetings/presentations on share prices, insider trading and securities regulation, in: International Review of Law and Economics 23 (2003), 227–236, 227.
224) cf. Marcus, Bruce W., Competing for Capital, Hoboken (John Wiley & Sons) 2005, 99.
225) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 426-485, 433.
226) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 43.
227) cf. Erickson, David K., Investor Days: Planning and Maximizing the Benefit, in: Strategic Investor Relations 3 (1/2003), 66–72, 66.
228) cf. Marcus, Bruce W./Wallace, Sherwood Lee, New Dimensions in Investor Relations: competing for capital in the 21st century, New York (John Wiley & Sons, Inc.) 1997, 113.
229) cf. Erickson, David K., Investor Days: Planning and Maximizing the Benefit, in: Strategic Investor Relations 3 (1/2003), 66–72, 69.

and their performance plays a role for the stock price, the content is also important. Nevertheless, some practitioners argue that what really matters is how the message is presented and not what the message exactly is. A credible presentation of bad results is better than an implausible presentation of good results.[230] However, no one can present a poorly run company as good, and sustain that picture for long.[231]
Several studies examined the impact of senior management. The success of a company is often ascribed to soft factors like management quality, communication quality, and power of innovation. Some studies say that the image of the CEO can help to increase the stock price by up to 20 percent. A CEO is responsible for 45 percent of the company's reputation and 95 percent of analysts buy stocks based on the reputation of the CEO.[232] CEOs often tend to personalize the investor-management process. Research of *Scott* implied that a charismatic CEO is likely to introduce more volatility into a stock. Many companies that go through valuation surges and eventually suffer corrections tend to be ruled by a highly personalized management style.[233]
Most authors stated that the speech should be lively and substantiated. A fluent and convincing speech is vital, because that makes the analysts think that the management is competent.[234] Research showed that speakers who undertook speech training got better ratings on presentation and credibility.[235] The tone of the presentation should be honest, forthright, and positive.[236] An outline is preferred more than a prepared speech, because it seems to demonstrate that the management knows and understands their company.[237] This also delivers contextual information that predominantly appears in presentations.[238] Analysts and investors want to draw their own conclusions so the speaker must be sensitive and pay attention not to dominate the audience.[239] *Marcus/Wallace* stressed from a practitioners' view that the guiding force behind all of these techniques is the singular objective to persuade investors and analysts to invest.[240]
Lewis stated that cultural differences in expectations on presentation also exist. For example, in Germany the attention span is about 1 hour, while in the U.S. it is only 30 minutes. In Germany a solid product, technical data, a clear presentation structure, sufficient documentation, a serious-mindedness style, the price, and quality are relevant, while people in the U.S. humor, wit, spirit, a modern flair, slogans, and sales drive are preferred.[241] *Rieves/Lefebvre* claimed the interest of the audience tails off exponentially as the presentation stretches beyond 15 minutes.[242] More important is the discussion between management and analysts, which should last 60–90 minutes.[243] In addition,

230) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 44.
231) cf. Marcus, Bruce W., Competing for Capital, Hoboken (John Wiley & Sons) 2005, 91.
232) cf. Meier-Pfister, Martin/Thommen, Andreas S., Erfolgsfaktor Investor Relations? Finanzkommunikation in der Schweiz, Zürich (Neue Zürcher Zeitung) 2002, 46.
233) cf. Scott, Mark C., Achieving Fair Value: How Companies Can Better Manage Their Relationships with Investors, Chichester (John Wiley & Sons) 2005, 203.
234) cf. Düsterlho, Jens-Eric von/Huber, Jan-Alexander, Analysten- und Investorenkonferenzen, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 185–199, 195.
235) cf. Graves, Joseph J., Managing Investor Relations. Strategies and Techniques, Homewood (Dow Jones-Irwin) 1982, 291.
236) cf. Marcus, Bruce W., Competing for Capital, Hoboken (John Wiley & Sons) 2005, 93.
237) cf. Marcus, Bruce W./Wallace, Sherwood Lee, New Dimensions in Investor Relations: competing for capital in the 21st century, New York (John Wiley & Sons, Inc.) 1997, 110.
238) cf. PricewaterhouseCoopers, Corporate reporting – a time for reflection. A survey of the Fortune Global 500 companies' narrative reporting. PricewaterhouseCoopers (2007), 8.
239) cf. Dürr, Michael, Investor Relations. Handbuch für Finanzmarketing und Unternehmenskommunikation, München (R. Oldenbourg) 1994, 103.
240) cf. Marcus, Bruce W./Wallace, Sherwood Lee, New Dimensions in Investor Relations: competing for capital in the 21st century, New York (John Wiley & Sons, Inc.) 1997, 101.
241) cf. Lewis, Richard D., When Cultures Collide: Leading Across Cultures, London (Nicholas Brealey) 3rd ed. 2006, 67–68, 154–156.
242) cf. Rieves, Ralph A./Lefebvre, John, Investor Relations for the emerging company, New York (John Wiley & Sons) 2002, 173.
243) cf. Diehl, Ulrike; Loistl, Otto; Rehkugler, Heinz, Effiziente Kapitalmarktkommunikation, Stuttgart (Schäffer-Poeschel) 1998, 73.

other practitioners recommended limiting presentations to 45 minutes in order to have plenty of time for Q&A and informal interaction between attendees and management. *Dürr* argued that the fact that the presentation itself should be shorter than the Q&A sessions is a challenge for most managers.[244] Preparing the questions and briefing management for Q&A sessions is a crucial role of the IROs. To questions to which there is no immediate answer, there should be a prepared response. The most impressive presentation can be destroyed by one important question that is answered hesitantly.[245] Some authors argued that a company story is told well by visual presentations like a short video. This can be useful and effective if it is done carefully, in visualizing product and service, as well in the graphic presentation of complex financial material. The visual presentation, *Marcus* said, should never preclude a personal presentation by the CEO.[246]

2.1.4.4 Content of Presentations

Management quality, company strategy and the creation of shareholder value are key issues of presentations; however, the topics may vary depending on the type of the meeting.[247] In presentations, the financial community can get contextual information by means of hearing the voice of management and looking through management's eyes at the company's performance, markets, strategies, and prospects. Attendees believe that such company meetings are the most valuable form of communication at which a wide variety of topics relating to past performance and future prospects are discussed.[248] Meetings with management also establish and strengthen credibility.[249]
Marcus argued that the objective that has to be defined for a presentation is what the company wants the financial community to know, think, or feel about the company after they have met. Analysts have more options for getting detailed information and they will come to the personal meetings seeking insights not available from other sources.[250] Analysts meetings can convey credibly high-quality disclosure to analysts and investors. Nevertheless, companies have concerns that too much disclosure may affect their competitive position.[251]
An important part of the presentation is the core idea that epitomizes why the company is an especially good investment. Strategy statements and information about the company's future are part of that. There is no need to go into financials in detail, because financial information is distributed before the meeting, and the presentation can only touch on necessary highlights.[252] Credibility will also be established by means of explaining problems that the company or industry has faced in recent history. Presenting strategy, measures and goals is more convincing as just reading figures and details. A conference is not supposed to deliver known information from the annual report but focus on new information like acquisitions, and new products.[253] Depending on the investors' information

244) cf. Dürr, Michael, Investor Relations. Handbuch für Finanzmarketing und Unternehmenskommunikation, München (R. Oldenbourg) 1994, 103.
245) cf. Marcus, Bruce W., Competing for Capital, Hoboken (John Wiley & Sons) 2005, 93.
246) cf. Marcus, Bruce W., Competing for Capital, Hoboken (John Wiley & Sons) 2005, 95.
247) cf. Marston, Claire, A Survey of European Investor Relations, Edinburgh (Institute of Chartered Accountants of Scotland) 2004, 68.
248) cf. Marston, Claire, Investor Relations: Meeting the Analysts, Edinburgh (Institute of Chartered Accountants of Scotland) 1996, 42.
249) cf. Dürr, Michael, Investor Relations. Handbuch für Finanzmarketing und Unternehmenskommunikation, München (R. Oldenbourg) 1994, 102.
250) cf. Marcus, Bruce W., Competing for Capital, Hoboken (John Wiley & Sons) 2005, 92.
251) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 426–485, 434.
252) cf. Marcus, Bruce W., Competing for Capital, Hoboken (John Wiley & Sons) 2005, 93.
253) cf. Diehl, Ulrike; Loistl, Otto; Rehkugler, Heinz, Effiziente Kapitalmarktkommunikation, Stuttgart (Schäffer-Poeschel) 1998, 73, 74, 75.

needs, additional company personnel can present to satisfy investors' demands.[254] A presentation should help analysts to understand the business and the strategy, with findings claiming that it should include clear and precise information, transparency and more information about the reference market.[255] Information should not be diluted into documents (PowerPoint presentations have 30–50 slides on average).[256] Too much information can also lead to misinformation.[257] On the contrary, *Stoffels* argued that often management offer less disclosure in their presentations due to competitive tactical reasons. This does not support the goal of establishing credibility.[258]
Obviously, the content is also determined by other factors. A company that is new to many analysts and potential investors might put more focus on the company itself and the business model than an old company, which concentrates then on new quarterly earnings.[259] Analysts but also managers expressed discontent with standardized reporting mechanisms, finding them very limited. This is because current accounting rules do not permit managers to show the benefits of investments in quality improvements, human-resource development programs, research and development, and customer service on their balance sheets.[260] However, this is the advantage of presentation because there are no regulations regarding the content, and companies can deliver their own perspective.
One can argue that the equity story, which is usually used for initial public offerings (IPO)[261] , is also important for a presentation. Ratios, measures, and non-financials can be put into such equity stories in order to provide contextual information and draw a cohesive picture.[262] Because there is no official definition for equity stories it is unclear what differentiates a good and convincing presentation from an equity story. However, a story can be useful as it draws the listeners in.
Marston found that attendees are the most interested in the explanation of recent results in the context of the general environment, the company strategy in the short time, explanation of major new projects and developments, company strategy in the long-term and for particular business segments, and the creation of shareholder value. Most of these topics regard to future prospects.[263] Earnings projections are an integral part of presentations; however, they are also a critical part. There is the "safe harbor" legislation of 1995, with its disclaimer used to ward off litigation arising from a miscalculation in projecting earnings. If a projection is missed by only a few percent, that can cause the market to overreact irrationally. An earnings projection also places an additional psychological burden on the management by causing it to focus all energies toward meeting that projection.[264]

254) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital - An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 74.
255) cf. Equinet, Effiziente Investor Relations: Auswertung Analystenumfrage, Frankfurt am Main (equinet Communications AG) 2006, 12.
256) cf. Equinet, Effiziente Investor Relations: Auswertung Analystenumfrage, Frankfurt am Main (equinet Communications AG) 2006, 12.
257) cf. Equinet, Effiziente Investor Relations: Auswertung Analystenumfrage, Frankfurt am Main (equinet Communications AG) 2006, 18.
258) cf. Stoffels, Mario, Umweltorientierte Investor-Relations, Lohmar - Köln (Josef Eul) 2002, 76.
259) cf. Marcus, Bruce W., Competing for Capital, Hoboken (John Wiley & Sons) 2005, 99.
260) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 426–485, 435.
261) The start on the stock exchange.
262) cf. Holzinger, Stephan, Equity Story des Emittenten – Struktur, Inhalt, praktische Umsetzung, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 725–740, 727.
263) cf. Marston, Claire, A Survey of European Investor Relations, Edinburgh (Institute of Chartered Accountants of Scotland) 2004, 63–65, 68, 73.
264) cf. Marcus, Bruce W., Competing for Capital, Hoboken (John Wiley & Sons) 2005, 106.

2.2 Communication

There has been much discussion in the academic world, which factors really constitute communication; different approaches have been made and many definitions of communication are used.[265] As the content of communication (in IR) has already been described in previous chapters, this part of the thesis will concentrate on the communication process itself.
Communication is the exchange of meanings between individuals through a common system of symbols. This can also be understood as a process of information transfer. Communication is determined by the interaction between sender and receiver, in which specific knowledge or information is transmitted.[266] The message not only has to be sent but also has to be understood by the receiver. The goal of this process can be persuasion – to change the attitude or opinion of the receiver.
A simple communication model with a sender transferring a message containing information to a receiver is the groundwork for most communication theories. The process of communication was first described by *Shannon/Weaver* (1949) and *Lasswell* (1948) – the latter raised the traditional question of communication, what how in which channel to whom with what effect is communicated.[267] This communication model incorporates the following elements: the sender of information (company), the content of information, the way information is communicated, the instrument used and hence the receiver of the information, and the effect or the result of this communication process.[268] Although there are far more sophisticated communication models, this is sufficient for the purpose of this thesis.
Nevertheless, in order to make sure that the message is understood by the receiver, the model has to be enhanced with a feedback channel. Most studies on corporate reporting are not investigating the actual information processing behavior of the investors, but just taking it as a "black box".[269] It is essential to explain what happens in the communication process to show how the outcome can be influenced. The outcome not only depends on the message and the sender itself but more likely on how this message is transferred. This leads to the following question: How is the information (the content) communicated in a presentation? How does the speaker act? What is the effect on the receiver?
For this thesis and the specific demands of presentations, it is helpful to focus on the profits, a specific communication instrument and which role a feedback channel can have. A personal meeting, phone call, or the internet could serve as such a feedback channel. In addition, the IROs have such a function – they receive knowledge and wishes from investors and transfer this into the company to support further decisions. Most researchers revealed the assumption that the communicative effects of the presentations are one of the strongest compared to other voluntary instruments. They noticed that personal

265) Countless findings exist on communication and media influence. These findings will not be discussed here in detail, as it is not part of this thesis to give best practice examples on preparing a CEO speech, choosing words and intonation. These are important topics for psychology, management consulting, and practice, but do not help for an empirical examination of presentation in IR. cf. Besson, Nanette A., Strategische PR-Evaluation, Wiesbaden (VS Verlag für Sozialwissenschaften) 2nd ed. 2004, 142–146.
266) cf. Griewel, Eva, Ad hoc-Publizität und Zwischenberichterstattung im deutschen Corporate Governance-System, in: Freidank, Carl-Christian (ed.), Schriften zu Wirtschaftsprüfung, Steuerlehre und Controlling, Wiesbaden (DUV) 2006, 20.
267) cf. Täubert, Anne, Unternehmenspublizität und Investor Relations, in: Merten, Klaus (Ed.), Aktuelle Medien- und Kommunikationsforschung 10, Münster (LIT) 1998, 156; Koeppler, Karlfritz, Strategien erfolgreicher Kommunikation. Lehr- und Handbuch, München – Wien (Oldenbourg) 2000, 14.
268) cf. Täubert, Anne, Unternehmenspublizität und Investor Relations, in: Merten, Klaus (Ed.), Aktuelle Medien- und Kommunikationsforschung 10, Münster (LIT) 1998, 155.
269) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 110.

instruments like presentations have the biggest impact on creating credibility and getting the message right.[270] Theory gave evidence that the special advantage of personal communication compared to mass communication is the direct feedback channel.[271]
The function of communication can be explained with an example. *Henes* investigated the information effects of interim reports. He said that the purpose of this information transfer is to support the business goals. The reporting is showing and representing the company's objectives using figures and verbal expressions. The addressee is comparing the received information with their expectations of the further development of the company. Possibly, this can lead to a revision of the expectations. Therefore, the reporting has the function to induce actions.[272] The question of whether the receiver reacts in fact to the information is part of *Henes'* research. The management has to decide what kind of information is disclosed and how it is presented. The outcome also depends on how the input information is concluded, the interpretation of this data and the selection of specific aspects to be communicated. Thus includes the coding of the data into messages and the transfer of these messages to the receivers.[273] Subsequent, the actual outcome of the communication process depends on various factors. Empirical studies showed that investors do not react to the absolute outcomes but to the relative aberration of the outcome compared to their expectations.[274]
The (persuasive) effects of communication particularly depend on the source of information. Only if the source is perceived as credible the receiver will accept the message.[275] Consequently, a personal instrument gives more possibility to assess the credibility of the source.[276] In addition, the "attractiveness" of the source plays a role.[277] A CEO will usually attract more attendees than a lower-ranked manager. However, the credibility of the senior management is limited because it is not independent and pursues a goal.[278]
This leads to the next question of the impact of the communication channel – the instrument. Communication media vary in the capacity to process information, which is explained in the media richness theory of *Daft/Lengel*.[279] Similar to physical characteristics of a pipeline, the amount of information that can be passed through is limited. The amount of information that can be conveyed is called the richness of an instrument. Accordingly, instruments differ in their richness for several reasons. First, the capability to handle multiple types of information simultaneously varies from instrument to instrument. Second, as explained earlier, personal instruments commonly facilitate feedback. Third, instruments differ in their ability to establish a personal focus (access to senior management). Taken together, that concerns the quality, quantity and credibility of information. Accordingly, IR instruments can be classified into a hierarchy based on the characteristics that influence richness.[280]

270) cf. Hügens, Torben, State-of-the-art der Bewertung von Kapitalgeberbeziehungen, in Ahlert, Dieter/Zelewski, Stephan (ed.), Motiwidi-Projektbericht 18, Essen – Münster (PIM) 2005, 4.
271) cf. Koeppler, Karlfritz, Strategien erfolgreicher Kommunikation. Lehr- und Handbuch, München – Wien (Oldenbourg) 2000, 15.
272) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 19.
273) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 20.
274) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 77.
275) cf. Koeppler, Karlfritz, Strategien erfolgreicher Kommunikation. Lehr- und Handbuch, München – Wien (Oldenbourg) 2000, 182.
276) cf. Koeppler, Karlfritz, Strategien erfolgreicher Kommunikation. Lehr- und Handbuch, München – Wien (Oldenbourg) 2000, 250.
277) cf. Koeppler, Karlfritz, Strategien erfolgreicher Kommunikation. Lehr- und Handbuch, München – Wien (Oldenbourg) 2000, 183.
278) cf. Koeppler, Karlfritz, Strategien erfolgreicher Kommunikation. Lehr- und Handbuch, München – Wien (Oldenbourg) 2000, 187.
279) cf. Daft, Richard L./Lengel, Robert H., Organizational Information Requirements, Media Richness and Structural Design, in: Management Science 32 (5/1986), 554–571, 560.
280) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital – An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 50-51; Lengel, Robert H./Daft, Richard L., The Selection of Communication Media as an Executive Skill, in: The Academy of Management Executive 2 (3/1988), 225–232, 226.

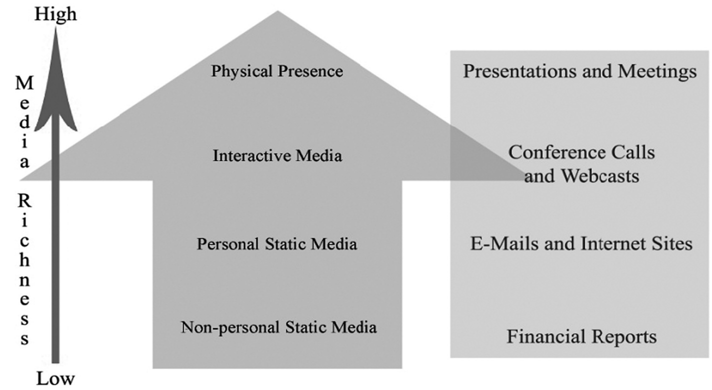

Figure 2: *Media Richness Model*[281]

Physical presence, like shown in ***Figure 2***, has the strongest impact because it has the capacity for direct experience, multiple types of information, immediate feedback, and personal focus. Face to face also provides multiple cues via body language and tone of voice.[282] Interactive media is ranked below, because direct contact is to some extent only virtual. However, interactive media allows for feedback in the case of conference calls and could in terms of technological possibilities also for webcasts. Visual social cues are only available in video webcasts. Personal static media usually do not allow for direct feedback. Non-personal static media has no personal focus and does not provide any contextual information.[283] Evidence was found that managers prefer rich media for ambiguous (equivocal) communications and less-rich media for more obvious communication.[284]
Empirical studies focused on content-related issues and mostly neglected the impact of credibility and comprehensiveness of information. *Rikanovic* believed that the purpose of a study should not be restricted to a single measure that evaluates only quantity and quality of information. Combining more than one measure of information would promise more insight into the extent of disclosed information.[285]
Other authors concentrated on the communication style. There can be persuasive, argumentative, and informative communication styles be distinguished according to *Kuhnle/Banzhaf*. Persuasive communication builds on rhetorical matters and tries to dominate, enforce own interests and affect the receiver. Argumentative communication tries to convince the receivers and helps them to check and understand assertions. This is based on trust and accommodation. Informative communication delivers information and meanings in order to inform the receiver. *Kuhnle/Banzhaf* argued that a persuasive style is not useful for IR because the goal is a fair valuation of the stock price. By varying

281) Based on Lengel/Daft. cf. Lengel, Robert H./Daft, Richard L., The Selection of Communication Media as an Executive Skill, in: The Academy of Management Executive 2 (3/1988), 225–232, 226.
282) cf. Daft, Richard L./Lengel, Robert H., Organizational Information Requirements, Media Richness and Structural Design, in: Management Science 32 (5/1986), 554–571, 560.
283) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital - An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 51.
284) cf. Daft, Richard L./Lengel, Robert H./Trevino, Linda K., Message Equivocality, Media Selection, and Manager Performance: Implications for Information Systems, in: MIS Quarterly 11 (3/1987), 355–366, 355.
285) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital – An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 52.

the communication style or content, the credibility perceived by investors could be affected negatively.[286] Accordingly, effective IR will communicate informatively to the receivers so that they can interpret the information themselves accurately.
Rogers did a similar approach on communication style and showed that companies that are particularly effective in IR convey mostly informational and relational messages. Informational messages convey correct, focused, and organized information. Relational messages are candid, believable, credible, and plausible. With informational and relational communication, credibility can be established.[287] Prior research suggested that effective IR is not promotional by using manipulative persuasive communications since it has a negative impact on investors' perception.[288] This thesis will base its research on this framework of communicative aspects of presentations and will give more insight in this model in Chapter 3.

2.3 Information Economy

The information economy theory is part of every study, which tries to measure the usefulness of external reporting in an empirical way.[289] The fact that various groups of investors with individual interests are acting on the capital markets makes it is difficult or simply not possible to determine a (aggregated) total utility of information.[290] In addition, based on the transaction costs theory it is unattainable to specify the exact amount of costs included in a tradeoff, which means it is difficult to compare costs and usefulness of disclosure.[291]
Information can be defined as a coordination function of capital markets. Information is a resource as well as a product.[292] *Henes* distinguishes between news and information. News is information if it is of use to the receiver. Useful information helps in making a decision. Therefore, to measure the information content of an instrument, a figure has to be determined which is defined as the result of the task-oriented use of a message in a specific situation.[293]
Equity markets with full information efficiency do not exist in reality.[294] Prices for stocks do not fully reflect all available information; therefore, the market is not efficient. Information asymmetry between companies and the financial community can result in that companies are not valued properly and contradict capital-market efficiency, especially because risks of uncertainty exist. By closing the information gap between companies and investors, management increase market efficiency and enhance the precision of market signals.[295] This affects small-cap companies, in particular, where the production of information for a third party is not profitable. Therefore, undersupply of information for

286) cf. Kuhnle, Helmut/Banzhaf, Jürgen, Finanzkommunikation unter IFRS. Grundlagen, Ziele und Gestaltung, München (Franz Vahlen) 2006, 33–34.
287) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 426–485, 442.
288) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital - An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 64.
289) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 92.
290) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 107.
291) cf. Ridder, Christopher, Investor Relations-Qualität: Determinanten und Wirkungen, in: DIRK e.V. (ed.), DIRK Forschungsreihe 6, Wolfratshausen (GoingPublic Media) 2006, 85; Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital – An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 33.
292) cf. Porák, Victor, Kapitalmarktkommunikation Das Informationsverhalten der Financial Community in der Schweiz, Diss. University of St. Gallen 2002, 20.
293) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 8.
294) cf. Stoffels, Mario, Umweltorientierte Investor-Relations, Lohmar – Köln (Josef Eul) 2002, 12.
295) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital – An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 29.

small caps is common.[296] Analysts, as a third party, provide public information that reduces information asymmetry.[297] Thus, the number of analysts following a company is a proxy for information asymmetry. Findings in the previous chapter have shown already that analyst coverage is critical to companies.
Regarding *Fama* there are several kinds of market efficiency. The strong form, whether any investor or manager has exclusive access to any information relevant for stock prices, is relevant for this thesis. It addresses the question of whether any market participants have private information that is not fully reflected in market prices.[298] This is related to the agency problem, which describes an intrinsic information asymmetry between the agent and the principal. It is assumed that managers (the agent) are expected to have superior information (hidden information) about revenues that is not reflected in the current stock price. In this case, they know more about the company's intrinsic value[299] than the financial community does. Therefore, the investor (principal) claims a risk premium. An increase in disclosure (of relevant and credible information) leads to a reduction in the cost of capital and increased market efficiency. For investors and analysts the question is how much monitoring of the company is most advantageous taking into account the costs.[300]
Several event studies showed evidence of market efficiency. If an information event (e.g. a presentation) can be dated precisely and has a large effect on prices, the abnormal daily returns can be measured. Results from event studies indicated that, on average, stock prices adjust quickly to new information.[301] This leads to the conclusion to measure changes in stock prices during presentations. However, the problem is that it can only be investigated if the information on the day of the presentation (which is usually also the day of the disclosure of the annual results in this case) was new and, therefore, was adapted by the market. This does not say anything about the effects and the success of the presentation itself and the types of information provided. Nevertheless, a presentation can also function as surrogate or substitute information by means of providing contextual information in order to decrease uncertainties and increase credibility and competency.[302]

Companies often do not choose the full-disclosure solution because there are costs that countervail against full disclosure. The amount of disclosure also depends on the intensity of competition. With more competition, there are more risks of disclosing information.[303] Thus, companies in industries with a higher level of competition tend to disclose less.[304] In order to decrease information asymmetry and the problems explained in the principal agents theory, two constructs help. First is signaling (of information and reputation); second is screening (helping the principal in getting information).[305] Presentations can

296) cf. Stoffels, Mario, Umweltorientierte Investor-Relations, Lohmar – Köln (Josef Eul) 2002, 16.
297) cf. Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital – An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 67.
298) cf. Fama, Eugene F., Efficient Capital Markets: A Review of Theory and Empirical Work, in: The Journal of Finance 25 (1970), 383–417, 414.
299) Intrinsic value is the same as fair value.
300) cf. Kuhnle, Helmut/Banzhaf, Jürgen, Finanzkommunikation unter IFRS. Grundlagen, Ziele und Gestaltung, München (Franz Vahlen) 2006, 24; Rikanovic, Mladen, Corporate Disclosure Strategy and the Cost of Capital – An empirical study of large listed German corporations, Diss. University of St. Gallen 2005, 30, 32.
301) cf. Fama, Eugene F., Efficient Capital Markets: II, in: The Journal of Finance 46 (1991), 1575–1617, 1607.
302) cf. Sänger, Henrike, Investor Relations im Internet, Frankfurt am Main (Peter Lang) 2001, 204.
303) cf. Sänger, Henrike, Investor Relations im Internet, Frankfurt am Main (Peter Lang) 2001, 184.
304) cf. Arya, Anil/Mittendorf, Brian, The interaction among disclosure, competition between firms, and analyst following, in: Journal of Accounting and Economics 43 (2007), 321–339, 332.
305) cf. Pierbattisti, Sara, Die Investor Relations-Arbeit in deutschen Unternehmen, in: DIRK e.V. (ed.), DIRK Forschungsreihe 9, Wolfratshausen (GoingPublic Media) 2007, 37-–38; Ridder, Christopher, Investor Relations-Qualität: Determinanten und Wirkungen, in: DIRK e.V. (ed.), DIRK Forschungsreihe 6, Wolfratshausen (Going Public Media) 2006, 75.

function as signaling in order to decrease information asymmetries. Moreover, disclosing voluntary information helps in establishing a reputation. The precondition for that is that all information needs to be credible, comprehensible and revisable.[306] Especially disclosing "bad news" as an "honest signaler" is suited to establish a reputation.[307]
In addition, research proved that companies with a great of disclosure have better stock prices while companies with lower disclosure are punished by lower stock prices and higher costs of equity. Therefore, the signaling theory can explain that companies are willing to deliver more and detailed information as they have to by regulations.[308] In addition, more-future-oriented information is more important for signaling than just a historical view, because they directly deal with uncertainties.[309]

2.4 Controlling and Evaluation

IR is still a relatively young discipline and, accordingly, approaches on controlling and measuring the success, result, or outcome are not very mature. There are many parallels to PR, and not surprisingly, IR makes use of controlling tools and ideas from that field. The difficulty is that the outcomes, which are mostly of a qualitative nature, are hardly measurable or to assign to a specific action or instrument. The impact of IR is often indirect and its effect cannot be proven. It may also be difficult to quantify the effects of good IR. *Watson/Noble* argued that good evaluation does not waste resources seeking to quantify the unquantifiable, but instead uses simple subjective measures like quality of work and main outcomes.[310] However, in order to know what to communicate, it is essential to know why and how to communicate, and if this communication is effective.

It is important to recognize that there is no simplistic method for measuring IR effectiveness, but an array of different tools and techniques can assist in this task. In addition, it is important to set specific goals and objectives against which the activities of IR can eventually be measured.[311]
A common instrument in IR are perception studies, even if only 35 percent of (U.S.) companies are conducting such studies, which ask, e.g., for the image and reputation of a company in the financial community, or if information needs are met.[312] One possibility is to question and survey attendees at conferences on how they perceived the presentation.[313] The members of the financial community not only react rationally but also have sympathies and antipathies for some board members.[314] Undoubtedly, perception studies are a powerful tool for measuring qualitative outcomes of IR, but they do not provide linkage to any economic success. Nevertheless, studies argued that image and credibility are essential

306) cf. Stoffels, Mario, Umweltorientierte Investor-Relations, Lohmar – Köln (Josef Eul) 2002, 39.
307) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 342; Kuhnle, Helmut/Banzhaf, Jürgen, Finanzkommunikation unter IFRS, München (Franz Vahlen) 2006, 26.
308) cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 35.
309) cf. Kuhnle, Helmut/Banzhaf, Jürgen, Finanzkommunikation unter IFRS. Grundlagen, Ziele und Gestaltung, München (Franz Vahlen) 2006, 24.
310) cf. Watson, Tom/Noble, Paul, Evaluating Public Relations, London (Kogan Page) 2nd ed. 2007, 219–220.
311) cf. Lindenmann, Walter K., Measurement in PR - International experiences, in: GPRA (ed.), Evaluation von Public Relations : Dokumentation einer Fachtagung, Frankfurt am Main (IMK) 1997, 44.
312) cf. Metzker, Carol, Perception Studies. What are they Thinking?, in: Investor Relations update, 11 (2007), 4–7, 7; Wolff, Hendrik, IR-Controlling und Perception Studies, in: Sommer, Heike K. (ed.), Being public, Heidelberg (C. F. Müller) 2002, 191.
313) cf. Wolff, Hendrik, IR-Controlling und Perception Studies, in: Sommer, Heike K. (ed.), Being public, Heidelberg (C. F. Müller) 2002, 209.
314) cf. Wolff, Hendrik, IR-Controlling und Perception Studies, in: Sommer, Heike K. (ed.), Being public, Heidelberg (C. F. Müller) 2002, 211.

value drivers for the economic success. Among these value drivers, the image is ranked only lower than customer orientation and product quality, but higher than management quality and innovations. There is an empirically and statistically proven correlation between image and success, and image and communication.[315]
Countless ratios were used for describing the success. For example, *Dürr* suggested more qualitative measures like the shareholder structure, recommendations from analysts or media coverage. Other researchers proposed specifically designed ratios like the term "IR ROI", which can only be used if a ratio of profit or cost saving can be directly attributed to specific IR activities. Other studies focus on KPIs, rather than a single ROI-type quotient.[318] *Rolke/Koss* conducted a key indicator system for communication success, which integrates the influence of different target groups, and is similar to a balance scorecard.[319] This tool uses measures like image ratings divided through economic value added (EVA).[320] Communication scorecards like that are often used in practice, but are more useful for controlling a company than measuring overall success. The problem of scoring models is that the evaluation of qualitative factors can be sometimes subjective and at one's own discretion. In addition, selecting and weighting the criteria is also subjective. Therefore, the quality of results is relative.[321]
So-called event studies focus more on figures like stock price and volatility. Event studies investigate the correlation between a specific event and a dependent variable. Such studies found that companies with higher IR activity (quantity of instruments) and quality (e.g. clarity) have a higher amount of institutional investors and a higher free float. In addition, volatility can be decreased.[322]
In order to undertake a new approach, which contains several of the methods explained here, information and communication have to be distinguished as constructs and both aspects have to be considered. While information focuses on the content, communication concentrates on the relationship.[323] There are two assumptions: First, communication itself is of no value, but communication creates values. Second, people do not communicate to transfer information, but to establish relationships.[324] Therefore, information is easier to measure than communication.
Porák differentiated systematically between four levels of communication success measures. This model is similar to the "Unified Evaluation Model"of *Noble/Watson*.[325] The "output level" contains the quantitative manufacturing efficiency of communication, e.g. number of messages, contacts, or meetings.[326] Following, the"outgrowth" level checks for quantitative and qualitative aspects of the perception of the target group. Thus includes if awareness

315) cf. Rolke, Lothar/Koss, Florian, Value corporate communications, Norderstedt (Books on Demand) 2005, 7.
316) cf. Dürr, Michael, Investor Relations. Handbuch für Finanzmarketing und Unternehmenskommunikation, München (R. Oldenbourg) 1994, 203.
317) cf. Watson, Tom/Noble, Paul, Evaluating Public Relations, London (Kogan Page) 2nd ed. 2007, 220–221.
318) cf. Watson, Tom/Noble, Paul, Evaluating Public Relations, London (Kogan Page) 2nd ed. 2007, 223.
319) cf. Rolke, Lothar/Koss, Florian, Value corporate communications, Norderstedt (Books on Demand) 2005, 15.
320) cf. Rolke, Lothar/Koss, Florian, Value corporate communications, Norderstedt (Books on Demand) 2005, 34.
321) cf. Streuer, Olaf, Erfolgsmessung der Investor Relations, in: DIRK e.V. (ed.), Handbuch der Investor Relations, Wiesbaden (Gabler) 2004, 77–113, 97.
322) cf. Steiner, Manfred/Hesselmann, Christoph, Messung des Erfolgs von Investor Relations, in: Achleitner, Ann-Kristin/Bassen, Alexander (ed.), Investor Relations am Neuen Markt. Zielgruppen, Instrumente, rechtlichen Rahmenbedingungen und Kommunikationsinhalte, Stuttgart (Schäffer-Poeschel) 2001, 97–118, 107.
323) cf. Piwinger, Manfred/Porák, Victor, Grundlagen und Voraussetzungen des Kommunikations-Controlling, in: Piwinger, Manfred/Porák, Victor (ed.), Kommunikationscontrolling. Kommunikation und Information quantifizieren und finanziell bewerten, Wiesbaden (Gabler) 2005, 11–55, 30.
324) cf. Piwinger, Manfred/Porák, Victor, Grundlagen und Voraussetzungen des Kommunikations-Controlling, in: Piwinger, Manfred/Porák, Victor (ed.), Kommunikationscontrolling. Kommunikation und Information quantifizieren und finanziell bewerten, Wiesbaden (Gabler) 2005, 11–55, 33.
325) cf. Besson, Nanette A., Strategische PR-Evaluation, Wiesbaden (VS Verlag für Sozialwissenschaften) 2nd ed. 2004, 52.
326) See Figure 3 on page 50 for the model.

was created, if the communication was perceived, and if it was understood. On the "outcome level", the impact (change) on attitude and motivation of the target group is examined with perception studies.[327] Finally, correlations between changes in attitude and behavior, and the added value or other economic figures are investigated on the outflow level.
Communication has an effect on all four levels of this model, but only a small part of the communicated message (information) can be measured quantitatively in the "outflow". Both, "output" and "outgrowth" are directly related to the communication process itself, while "outcome" and "outflow" measure the success in the end – the communicative or economical success.[328] In practice, especially the"outgrowth" and "outcome" levels are difficult to measure.[329]
The qualitative figures in this model are covered by the term "quality of relationship", which include constructs like image, satisfaction, trust, goodwill, customer retention, and behavior. The "quality of relationship" can be seen in a causal link to activities of IR. The effects of IR are connected through this link to the company results. Therefore, IR can only be measured correctly if the effects on the financial community are clear. Thus, with a longitudinal section comparison and multivariate statistical methods the correlation between the success of the company and the success of a specific IR instrument can be proved.[330] It can be concluded that success has two sides: the relationship to the financial community and economic results of the company.[331]
Based on this approach in the next section a model will be built from measuring the effects of presentations and identifying the communication success factors.

327) Bassen already tested the applicability of such perception profiles based on the DVFA Principles for Effective Financial Communication in a pilot study which compared one company to the DAX-30. cf. Bassen, Alexander, et al., Messung des Erfolgs von Finanzkommunikation mit Perception Profiles der DVFA, in: Finanz Betrieb 11 (2006), 689–695, 693.

328) cf. Porák, Victor, Methoden zur Erfolgs- und Wertmessung von Kommunikation, in: Piwinger, Manfred/P orák, Victor (ed.), Kommunikationscontrolling. Kommunikation und Information quantifizieren und finanziell bewerten, Wiesbaden (Gabler) 2005, 163–193, 168. This is similar to an approach of Henes, who distinguished: research on signs (statistical differences in the single positions of reporting), research on expectations (do the expectations of the addressee change), research on actions (are interim reports followed by actions), research on goals (do the interim reporting address the goals of the company). cf. Henes, Frank, Börsenrechtliche Zwischenberichtspublizität, Stuttgart (Schäffer-Poeschel) 1995, 112.

329) cf. Besson, Nanette A., Strategische PR-Evaluation, Wiesbaden (VS Verlag für Sozialwissenschaften) 2nd ed. 2004, 53.

330) cf. Porák, Victor, Erfolgsmessung von Investor Relations, in: Kirchhoff, Klaus Rainer/Piwinger, Manfred (ed.), Praxishandbuch Investor Relations. Das Standardwerk der Finanzkommunikation, Wiesbaden (Gabler) 2005, 185–205, 197–199.

331) cf. Porák, Victor, Erfolgsmessung von Investor Relations, in: Kirchhoff, Klaus Rainer/Piwinger, Manfred (ed.), Praxishandbuch Investor Relations. Das Standardwerk der Finanzkommunikation, Wiesbaden (Gabler) 2005, 185–205, 202.

3 Research Model

In order to analyze the presentations and examine success factors for communication this thesis bases its research model on three approaches: First, examining the content of presentations. This is linked to the findings of the chapters, which described the information needs and disclosure. Second, the communicative aspects of presentations – an analysis that is conducted according to the framework of *Quinn* et al. and *Rogers*. Third, combining of both in a model to determine and prove the success factors, built on the framework explained in the chapter of controlling and measurement. In addition, event-study methodology is used to investigate potential correlations to stock price, trading volume and analyst expectations.
This thesis exploits the presentations for the full-year (FY) 2007 annual results (which are also the presentations for the fourth-quarter (Q4) 2007 results). There are several reasons for using these ones exactly. In the first place, this is because a comparable and reliable source is needed. All corporate presentations need the same prerequisite and background in order to gain reliable and valid findings. Moreover, the assumption is that the full-year presentations are more comprehensive and standardized than the quarterly results. The PowerPoint slides of the presentation (mostly in PDF format) and the webcasts of the presentation are all provided on the companies' websites, which possibly could not be the case for quarterly presentations or presentation at specific investor conferences. Finally, the FY 2007 results were chosen because they are the most recent ones.
The companies in this thesis reflect the German blue-chip segment comprising the 30 largest (by market value) and most actively traded (by stock turnover) German companies that are listed on the *Frankfurt Stock Exchange*.[332] It is not safe to assume that the DAX-30 companies are the most successful companies in Germany[333], but research showed that they usually have the most professionalized and intensive IR.[334]

3.1 Mental Model

The assumption is that presentations not only have an output but also an impact on the economic result. If the output can be measured based on the content and the communicative aspects of a presentation (the question of what is communicated and how is it communicated), it should also be possible to measure the impact on the success of the company. The factors that have a positive impact on this outcome are the communication success factors. However, the problem is that there are countless factors which have an effect on the success (i.e. the stock price, volatility, sales or earnings) of the company, internal factors (e.g. marketing) as well as external factors (e.g. market development).

332) Since 1999 only XETRA equity prices are used to calculate all DAX indexes.

333) Because market value must not mean a company is successful, which depends on the definition of success.

334) cf. Gohlke, Felicia/Schiereck, Dirk/Tunder, Ralph, Durch Finanzanalysten wahrgenommene Qualität der Investor Relations deutscher Unternehmen, in: Working Paper 4-2006, Oestrich-Winkel (European Business School – Forschungsgruppe Finanzkommunikation) 2007, 7, 8.

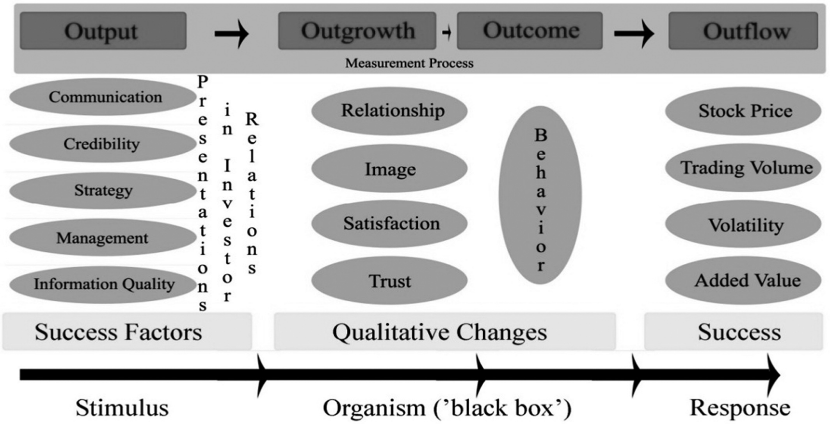

Figure 3: *Framework for the Measurement of Presentations* [335]

This leads to the question of how the several factors can be separated, which is needed in order to say how much influence IR exactly has on the company's success. In addition, the specific problem in this thesis is that presentations themselves are only one part of the influencing factors. Probably more decisive is the content of the presentation – the annual results. The content shows the achieved success of the company and influence the further success, i.e. the stock price. If expectations are met, the stock price will go up; if expectations are failed, the stock price will go down. Therefore, what can a (good) presentation change? The importance and impact of communication and IR has been explained in detail in this thesis, but how can this impact be measured in figures?
The theoretical way was given in the chapter on controlling and measurement. Four levels of measurement – shown in ***Figure 3*** - are needed in order to identify the success factors based on correlation between the "output", "outgrowth", "outcome" and "outflow" of presentations. The "output" is the content of presentations (the information). The "outflow"could be the relative changes in stock price and trading volume on the day of the presentation. However, what is with the"outgrowth" and "outcome" levels? Both could be determined in perception studies. This cannot be provided in this thesis due to organizational and practical reasons and time limits. Possibly, it is not practicable to derive a representative sample of analysts for all DAX-30 companies and not all companies are interested in cooperating in such studies.
The factors on the "output" level – the success factors – are the requirement for these on the "outgrowth" and "outcome" level. For example, a presentation has to be credible in order to create trust among the financial community and change the awareness. The quality of information is necessary to satisfy the audience and build a relationship. The management and strategy forms the image of the company. In addition, the type of communication altogether influences the several "outgrowth" factors. One premise for all "output" factors is transparency. Only if management and strategy are transparent, the linkage from credibility to trust works.

335) Based on Porák. cf. Porák, Victor, Erfolgsmessung von Investor Relations, in: Kirchhoff, Klaus Rainer/Piwinger, Manfred (ed.), Praxishandbuch Investor Relations. Das Standardwerk der Finanzkommunikation, Wiesbaden (Gabler) 2005, 185–205, 194, 197, 198.

Because an empirical linkage is hardly to be made, the success factors can only be determined on a qualitative and explorative level. However, the use of this thesis depends much more on the quantitative and qualitative research of the presentations itself, which will give new insight into how the DAX-30 companies communicate and which topics they communicate. The measurement of changes in the perception of the target group will be the task of further research.

3.2 Methodology

Because singular approaches are made for the analysis of the content and the communicative aspects of presentation, both methods are distinguished here.
Both methods were tested at the *Eigenkapitalforum* in Frankfurt in 2007 and the *Dresdner Kleinwort German Investment Seminar* in New York in 2008 in order to get a feeling for their applicability. Findings from these conferences cannot be compared to the presentations of annual results because of different settings and purposes of the events.
With an event-study methodology the outcome (the scores) from the content analysis and the communicative analysis are investigated regarding any correlations to changes in stock prices (changes to day before, relative to the DAX; XETRA prices are used), trading volume (changes to the day before, relative to DAX) and analysts expectations (if failed, or met and exceeded).[336] Indeed, as explained before, correlations of this kind would be unlikely to be found. Nevertheless, findings can be useful to explain some contexts between these factors.

3.2.1 Content Analysis

The types of information found in the presentation slides, which are downloaded from the companies' websites, are coded on a scale from 1 to 3.[337] If a figure is only listed, but not explained, that means a 1. If a figure is compared (e.g. with the previous year) or more detailed, that it is 2. A very detailed figure with more than one comparison and additional explanations gets a score of 3. The use and advantage of this attempt is that very detailed information and only short listed figures can be distinguished. It makes a difference if ratio is explained profoundly and examples are shown. Does a company only present its result or does it also explain them? However, to some extent this method is limited because figures that are not explained on the slide could be explained in the presentation itself, and that is what matters. Nevertheless, it does not therefore seem appropriately to analyze the presentation itself in order to examine the information content. Analyzing the slides is more trouble-free and more objective regarding the methodology because no observation is needed, which is to some extent subjective.
The coded information (indicators) is entered into a table with a preliminary categorical system, which was conducted on a deductive approach based on findings acquired from studies quoted in this thesis. This template was not sufficient to arrange and include all of the information found and subsequently the category system was enhanced in an inductive way. Finally, five main categories were compiled.
The difficulty is that companies use frequently different terminology. In addition, it can be argued for some indicators that they would fit better in another category. In a first

336) Data is provided by Bloomberg, comdirect and Financial Times Deutschland (FTD).

337) E.g., two pieces of information (indicators) with a score of 3 and one piece of information with a score of 2 makes a total score of 8.

approach, several sub-categories were developed. Because handling was too difficult, in the end all sub-categories were deleted again.
The objective is not to evaluate all indicators, but to highlight the relevant findings regarding to the topic of this thesis. The analysis will not go into detail on the financial indicators, as the topic of the thesis is not regarding accounting specifics or the discussion of advantages of specific ratios. Nevertheless, scores are added up for each category in order to show the allocation of the content categories and frequency of the single indicators. It is important to notice that a high score does not mean a company did well or better than others did. Even if a company provides a lot of information it could be that this information is not relevant or it was inadequately prepared. The scores derived from the category system are only a starting point for a qualitative evaluation of the content coverage and identifying issues of interest.[338] This leads to the question of which topics that are communicated are essential for a successful presentation.

3.2.2 Communicative Analysis

For the analysis of the communicative aspects of presentations, this thesis employs a user-based analytical tool, which is described in detail because its methodology is not common. In addition, it is essential to understand the background of this tool in order to comprehend the findings. Feedback on the webcasts provided on the companies' websites is collected on each set of the 12 characteristics in this tool using a rating scale ranging from 1 (low) to 7 (high).[339]
Drawing from literature on organizational and managerial effectiveness, *Quinn et al.* developed through empirical research a model (called 'competing values framework and profiling') which illustrates the interplay between contrasting qualities in management messages and is applicable to presentational communication. They stressed the need for evaluative tools that account for situational expectations and constraints.[340] The purpose was to explain how some characteristics are highly valued to achieve one purpose, but less to achieve another purpose. *Quinn et al.* argued that the competing values framework articulates a set of perceptual relationships, which have some important advantages for analyzing presentations. There are no sets of characteristics comprising the ultimate presentation, but effectiveness depends on the communicative purpose. Therefore, an effective presentation must have some combination of characteristics from all the quadrants.[341] A promotional presentation will fail if it is completely void of credibility and plausibility as well as an informational presentation without some trace of transformational insight.[342]
The various communication characteristics examined in the research were grouped into four different orientations toward presentations: The "informational quadrant" represents presentations primarily intended to provide information. The message content is neutral, precise and controlled. By contrast, the 'transformational quadrant' represents presentations high in dynamic content, which try to motivate or inspire. Characteristics for that are emphatic, decisive, powerful, insightful and visionary. These messages focus on promoting

338) An aggregation of all scores to an overall score and therefore the (biased) weighting of the several categories (a so-called ranking) would be part of a subjective valuation, which cannot be proven empirically.
339) Example is given on page 126.
340) cf. Quinn, Robert E. et al., A Competing Values Framework for Analyzing Presentational Communication in Management Contexts, in: Journal of Business Communication 28 (3/1991), 213.
341) cf. Quinn, Robert E. et al., A Competing Values Framework for Analyzing Presentational Communication in Management Contexts, in: Journal of Business Communication 28 (3/1991), 226.
342) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 442.

an idea, selling a product or service, or persuading receivers. The delivery may be unconventional with vivid words, colorful semantic constructions, and choice symbolic comparisons. Oral delivery is passionate, including emphatic gestures, and verbal emphasis. Thus, a keynote address or an introduction of a new CEO falls into this category. The "promotional quadrant" is to some extent similar, but more conclusive, decisive and action oriented. "Relational" presentations share some "transformational qualities" like aware, discerning, and perceptive, but are also open, candid, and honest in order to build trust. None of all these contrasting characteristics is to be phrased negatively.[343]
In practice, the communication goals of managers are often contrasting or also conflicting. One communication objective is relational and persuasive; the other is rational and conclusive.[334] This framework illustrates some of the potential conflicts or competing values managers may run into when forming messages (e.g., managers want to communicate openly (relational), yet decisively (promotional), emphatically (transformational), yet focused (informational).[345]
Rogers's descriptive analysis results showed the presentations as highly informational (5.26) and secondarily relational (5.00). Quadrant means were markedly lower for the promotional (3.64) and transformational (3.30) quadrants.[346] From this, it can be argued that such presentations need not explicitly promote a company or seek to motivate the audience to invest.[347] The eight presentations that were selected for *Rogers* study were all associated with corporate earnings announcements that were not favorable (so-called "bad news" announcements).[348] For that reason, the analysis conducted in this thesis is not fully comparable.
As a pretest in this thesis, the attribute scale for the communicative aspects of presentations was tested for the webcasts of five companies chosen by chance. A test subject valued these presentations that did not know of prior results ("blind condition"). The comparison of results shows nearly the same estimations besides the promotional and transformational category for one company *(Allianz)*.[349] *Rogers* expected a uniform profile to emerge across presentations even if these presentations were viewed by different audiences.[350] In addition, *Rogers* study showed the highest standard deviation for the"transformational" and "promotional" quadrants. In the course of the pretest, it was determined that the categories could be reliably employed to analyze the presentations. The communicative profile found in this thesis is very similar to *Rogers* study (maximum deviation of 1 percent). On the one hand, this could mean that the methodology reliably works; on the other hand, this could lead to the assumption that the tool is not able to show differences in presentational style. Why should the presentational profile of the DAX-30 companies be the same as a sample of eight U.S. companies in a specific situation? However, it can be argued that

343) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 441–442.
344) cf. Rogers, Priscilla S./Hildebrandt, Herbert W., Competing Values Instruments for Analyzing Written and Spoken Management Messages, in: Human Resource Management 32 (1993), 125.
345) cf. Rogers, Priscilla S./Hildebrandt, Herbert W., Competing Values Instruments for Analyzing Written and Spoken Management Messages, in: Human Resource Management 32 (1993), 127.
346) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 426–485, 449.
347) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 426–485, 465.
348) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 426–485, 439.
349) See appendix (Table 19 on page 126).
350) cf. Rogers, Priscilla S., CEO Presentations in Conjunction with Earnings Announcements: Extending the Construct of Organizational Genre Through Competing Values Profiling and User-Needs Analysis, in: Management Communication Quarterly 13 (2000), 440, 443.

these overall findings resulted by chance because the presentational profiles among the DAX-30 companies were not uniform and showed some difference.
Some intrinsic methodological problems make the evaluation process difficult. These include primarily that some of the 12 categories are hard to distinguish and are to some extent subjective (e.g., if a presentation is credible, which also depends on the knowledge the audience have). Nevertheless, in the end this model creates reliable findings because categories are compiled to four quadrants. The fact that some companies only provided a (audio) conference call and others a video webcast could lead to some interference because a video makes stronger impressions.[351] The performance of the CEO and CFO were in some cases quiet different, e.g. at BASF. In this case, just the performance of the CEO was measured, because he is the most important representative.
There are several factors not included in this research model. For example, if a presenter is likeable or charismatic. However, such attributes are probably important, but very subjective and difficult to evaluate. Moreover, they describe the presenter as a person but not the presentational style. *Hermann* argued a "celebrity" CEO like *Jack Welch of General Electric* need not be more effective than one who operates more in the background with a solid and conservative performance. There is not a particular most favorable role a CEO can occupy. However, surveys say that charisma is capital.[352]

3.3 Hypotheses

Hypotheses have already been composed in the previous chapters, but the fundamental assumptions are summarized here. Presentations have effects on the financial community, but these effects have a time lag and mostly yield long-term results. In addition, presentations as an IR instrument have primarily an impact on qualitative (communication) outcomes in the financial community, which in turn affect the economic result of the company like the stock price or volatility. Therefore, the most important and addressable goal of IR (and particularly presentations) concerns communication.
Regarding the content of presentations, the assumption is that most companies concentrate on financial indicators and do not meet all of the information needs of the financial community in terms of value reporting. Regarding the communicative aspects of presentations it can be supposed that companies do not try to entertain the audience and do not try sell stocks and, therefore, have rather an objective (relational) and informational communication style. Regarding the event study no correlations to the presentations itself are expected.
Finally, it can be asked, which is less a hypothesis but rather a leading question for this research, how various are the communication approaches of the DAX-30 companies?

351) See media richness theory in Chapter 2.2.

352) cf. Hermann, Simon, Die Rolle des CEO im Investor Marketing, in: Ebel, Bernhard/Hofer, Markus B. (ed.), Investor Marketing, Wiesbaden (Gabler) 2003, 241–260, 241, 248.

4 Research

This section presents the findings on the presentations at the FY / Q4 2007 analysts' conferences. The presentations were held from January 15, 2007 to March 19, 2007. There are three exceptions; Infineon, Siemens and ThyssenKrupp have a different fiscal year and therefore had already had their 2007 annual results in 2007 (presentations were from November 9 to December 4).
Interestingly, companies used different terms for the analysts' conferences (e.g., "Full-Year 2007 Results Analyst Conference" or "International Investor Conference"); there was no consistency.[353]

4.1 Specific Types of Presentations

There are three major types of events where presentations are used: conferences, conference calls and one-on-ones. Conferences can be organized in different ways and address specific groups among the financial community.
In order to prepare the analysis some findings were gathered on the *Eigenkapitalforum* and *German Investment Seminar* to get a feeling for the needs and specifics of corporate presentation. Observations on these two events are briefly illustrated here.
The *Eigenkapitalforum* (German Equity Forum), which is held twice a year, provided in fall 2007 more than 200 presentations of prime standard companies. However, there were no DAX-30 companies presenting, but a wide range of middle-sized companies. All presentations were time-limited (45 minutes including on average 15 minutes Q&A discussion). Observations of these presentations showed a diverse picture; there was not much standardization and topics besides financial results were quite different. In addition, the level of professionalism differed quite a lot among the presentations.[354]
At the *Dresdner Kleinwort German Investment Seminar* in New York[355] where 26 of 30 DAX-30[356] companies made a presentation, the methodology for this thesis was tested and some indicators were explored. The goal of the event is to bring together leading German corporations with institutional investors from North America. The seminar took place just a few weeks before most companies had their full-year analysts' conferences. The setting was a bit different for the presentations because like at the *Eigenkapitalforum* time was limited to 45 minutes per company (usually 30 minutes speech and 15 minutes discussion). This setting is typical for most events like investor days and conferences with many companies.
The test on indicators already showed some findings on the content of the presentations as well on the communicative aspects which also should be found later in the analysis. Companies that only sent their IR officer had fewer attendees at their presentations.

353) See appendix (Table 14 on page 121).

354) The author visited the Eigenkapitalforum in Frankfurt am Main from November 12–14, 2007.

355) The author visited the German Investment Seminar from January 14–16, 2008.

356) BMW, Deutsche Bank, SAP and Bayer were not attending.

Analysts and portfolio managers, who were attending to the seminar, were most interested in "experiencing" the company and seeing the senior management; getting new information on e.g. revenues was less important.[357] However, findings of these observations are not comparable to the analysts' conferences in Germany because circumstances differ and investors in the U.S. have different backgrounds and interests.

4.2 General Findings

The following chapter will show some general and remarkable findings on how the conferences are presented and broadcasted in the internet, and which topics are addressed in which way. The detailed content and communicative analysis will follow afterwards.
The presentations were all the official events for analysts for the full-year and fourth-quarter results. However, a few companies did not provide an analyst conference with attendees but only a conference call or they only webcast the conference call or an audio version of the meeting.[358] Only seven companies had a download of the webcast available; most of them only an audio version. Ten companies only had an audio webcast – seven of them because they only made a conference call.
Although all presentations seemed to be very professional and well organized, some differences occurred. *Allianz*, for example, showed quiet different figures for every segment and very detailed and specific (financial) ratios. The presentation was held by the CEO and CFO, who were both presenting on the same figures.[359] Allianz also made a detailed presentation on the credit crises (14 slides). *BASF* had two experts who were presenting on special topics afterwards, which is comparable to the framework of an investors day event. Due to reason of comparison, these additional presentations are not included in the analysis.
At *Bayer*, the (German) speech was interpreted into English. One can doubt if this is a good solution because it affects the credibility of the management and makes it more complicated to value it. The CEO was just reading the speech and barely looking at the audience. In addition, press and analysts were together in the conference. The slides were just shown on the website and not available for download and combined with the written speech. In all, *Bayer* had a lot fewer slides but more explanations in speech than other companies. *Siemens* presented more vivid slides and figures than other companies did. *Commerzbank* did not provide a webcast for analysts, just for the press. However, charts were well structured in terms of headlines and segments.[360] *Daimler* just provided slides of the press conference for download. The presentation was very short and the CEO and CFO were just presenting a few slides, although many (press slides) were provided.[361] *Continental* was the only company, which introduced a new IRO at the conference call.

357) The author asked the participants.
358) See appendix (Table 15 on page 122). Companies mentioned several reasons for that. E.g., Münchener Rück argued that the analysts' conference will be in May in order to avoid temporally overlapping with other companies. E-mail reply on April 14, 2008. Deutsche Postbank advanced the publishing of the annual results and therefore did not had time to arrange a meeting. E-mail reply on April 14, 2008. Continental in principle offers only audio webcasts without giving a reason for that. E-mail reply on April 15, 2008. Adidas said they have provided only an audio webcast in order to save costs. Adidas, E-mail reply on April 21, 2008.
359) Most companies separated the content the CEO and the CFO were presenting.
360) Commerzbank had an analysts' conference but did not provide a webcast after the event. Thus, the press conference is analyzed here. One can assume that analysts also watch the press conference if no analysts' conference is available. Commerzbank said only that webcasts of analysts' conference are provided for three days. E-mail reply on March 7, 2008.
361) Daimler argued that analysts already watch the press conference in the morning and therefore do not need further slides. In addition, there shall be more time for discussion in the conference call and therefore the CEO only gives a short statement on results. E-mail reply on March 10, 2008.

Deutsche Post provided two different handouts, one actually used for presentation and the other one a bit longer. The presentation was vivid and had a lot of explanation – maybe because it was the introduction of a new CEO (kind of keynote speech). The CFO of *Deutsche Post* also showed that a CFO does not have to be too detailed with figures. *Deutsche Telekom* did not communicate the webcast in the websites' menu (they did for other presentations) but the webcast was available on the IR website. In addition, a link to a podcast was provided which did not work. *Deutsche Telekom* was the only company that read the disclaimer in detail (four minutes). *E.ON* was one of the few companies with a visual corporate identity and an engaging introduction of the IR manager. In addition, *E.ON* provided further charts on a special topic and was the only company saying something about the company story. Some companies had technical difficulties. For example, the webcast's slide function of *Fresenius* did not work.[362] *Henkel* did not provide or present slides for the speech by the CEO; only the written speech was delivered, which was read by the CEO. Therefore, this thesis can only analyze the CFO slides. It should be mentioned that this has a negative impact on the value of the communicative aspects of the presentation despite the CFO delivering a fluent speech. *Henkel* also provided an additional presentation on sustainability and showed a (short) video. *Adidas* also showed videos and slides with many images (like *MAN*). For *RWE* the feature was that additionally the CEO of the new *RWE Innogy* division did a presentation. *RWE* had many forward-looking statements and had a lot of information on markets and strategy. *Linde's* webcast was difficult to find on the website; the slides were also hidden in the menu structure. *TUI* had two additional speakers who gave insight into the business. Just one of all presenters spoke English. *Metro* gave detailed information on strategy; these slights also had the headline "strategy".[363] *BMW* and *Volkswagen* had very plain slides with big images but fewer figures and less text. The CEO of *Volkswagen* showed in detail all figures on deliveries for all brands and per region, but not much other information. The *Hypo Group* had preliminary results[364] and the slides were full of figures and text, but the message was often not clear and the headlines only showed the segment. *Hypo* provided a second conference two months later at the end of March. On this day, a short version was presented in the morning and a longer version in the afternoon. However, both presentations were just broadcasted as a conference call.[365]
To summarize, only a few presentation were vivid or entertaining. Some companies just read the slides. Even without trying to say what the best presentational style is and which was therefore the best presentation, one can doubt that the presentations by *Bayer* (interpreted), *Volkswagen* (interpreted) and *Hypo* (technical problems) left a good impression on the target group.

4.3 Content

The categorical content analysis shows an assorted picture. All companies concentrate on financial information[366] (a percentage of 47 percent), while the category "market" is at

362) There were quite a few companies with technical problems of the webcast depending on the browser being used. Most companies used Thomson as a service provider for the webcast and no technical problems were found there.
363) A clear headline was atypical for most presentations.
364) The presentation of preliminary results is seen very critically. cf. Franke, Dieter, lnvestor Relations aus der Sicht von Akteuren und Adressaten, in: Kirchhoff, Klaus Rainer/Piwinger, Manfred (ed.), Praxishandbuch Investor Relations. Das Standardwerk der Finanzkommunikation, Wiesbaden (Gabler) 2005, 369–392, 392.
365) With a surprisingly bad sound quality and technical problems.
366) The term ‚indicator' is the same as ‚type of information' or ‚ratio' in this context.

least reported (7 percent). There is surprisingly much coverage on "forward-looking" statements (15 percent), but only 8 percent on "strategy & credibility". The category "products & company" gains a percentage of 21 percent and, therefore, is the second most important one. However, this allocation of categories differs quite a lot among the DAX-30 companies (standard deviation (SD) of 17.71 scoring points in "financials").[367]
RWE, the company with the most-intensive information (180 points) reports only 27 percent "on financials" but 34 percent on "forward-looking" statements. *Commerzbank* with an overall score of only 59 points presents 63 percent "financials" but no "forward-looking" statements and "strategy & credibility" information. *TUI* has the most information on "market" (14 percent) and *Henkel* is the most comprehensive in "products & company" (32 percent). Besides *Commerzbank,* there are only two companies that have a zero score in a category (*Münchener Rück* in "market", *Volkswagen* in "strategy & credibility"). It is not fair to argue that the company with the highest score has the best presentation in terms of information; however, an unbalanced degree of categories do not seem appropriate in order to address the information needs of the financial community.
Next to the absolute score, it is also interesting to see if figures are presented for the most part in detail or only on the surface. Findings show that 604 indicators are only included on a basic level, while 589 indicators are presented in detail and 385 very detailed. Interestingly, most "forward-looking" information is short (167) and only 56 very detailed. This leads to the conclusion that companies provide a lot of information (15 percent) on earnings guidance but companies are very precautious about specifying this information. "Forward-looking" information often remains vague. However, *RWE* is a positive example and presents a lot very detailed information on this topic.
Allowing for the specific needs of different industries and companies, the results can show that especially companies from the financial sector (banks) have many specific financial ratios, while the energy sector is concentrating on environmental and legal issues.
Altogether, more than 600 different kinds of indicators are presented. Many of them regard a group of similar information (e.g., 13 indicators on sales, 16 on earnings). Segment reporting is important to most companies. Forty-four of the 279 financial indicators are addressed to a segment. All companies provide information on segments but they do not always provide the same information for each segment.
The top-reported ratios are for "financials" earnings per share (EPS), earnings before interests and taxes (EBIT), net income, revenues, net debt, EBIT per segment, revenues per segment, dividend, dividend per share (DPS) and free cash flow (FCF).[368] Interestingly, only 20 companies report the EPS and only 11 the FCF. In other words, there are no ratios (of 279), which are communicated by all DAX-30 companies. Accordingly, there is not much consistency in the financial reporting in presentations. There are similar, but more distinctive, findings on the four other categories. "Forward-looking" statements are mostly the outlook[369], the growth, and outlook per segment. Sales per segment, which are ranked at number 10 of most reported, are only reported by three companies. Regarding "products and company" the most important topics are products (or services), the portfolio and sales. "Strategy & credibility" information are mostly on acquisitions (M&A), core objectives (priorities) and achieved goals (realized progress). In the "market" category, companies prefer to provide information on the market position (market share), market growth, and main growth markets. Information on competition is published by only seven companies.

367) See appendix (Table 1 on page 75).
368) See appendix (Table 12 on page 118).
369) An outlook is usually a more qualitative view on the future. Specific 'forward-looking' figures are listed here separately.

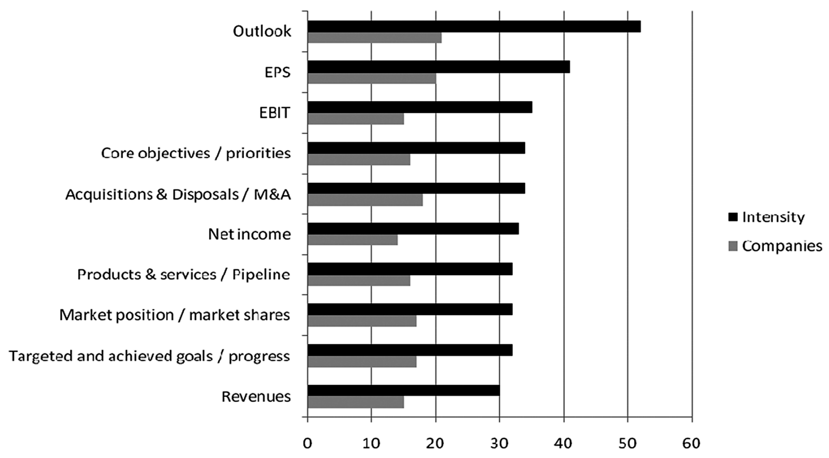

Figure 4: *Most intensive reported information in presentations*

Literature revealed a list of ratios, which are the most important to analysts. It is remarkable that only 4 of these ratios (EPS, FCF, EBIT, and market growth) are reported by more than 10 companies. In contrary, return on sales (ROS) is found only in the presentations of three companies. This means that most companies do not consider studies of information needs of the financial community. However, it could be that companies neglect these ratios only in their presentations. More information on ratios could be given in the Q&A session after the presentation, which focuses on topics analysts are interested in.
Regarding formal principles, most presentation slides seem to be standardized. Twenty-seven companies have a summary and highlights in their slides, 26 a disclaimer, 15 an agenda, 13 a financial calendar and contacts. On average, a presentation has 47.5 slides, 31.5[370] of them are filled with content. Outperformers are Allianz with 153 slides and Bayer with only 23 slides.[371] However, this research does not discuss studies on effects of different presentation formats.[372]

4.4 Communicative Profile

All speakers in this analysis seemed to be well prepared and sounded completely comfortable with their material. Most of the managers made use of eye contact and expressions, and seemed to have had considerable forethought and have been prepared. However, some CEOs brought more personality into the presentation than others did.
The communicative profile of the DAX-30 companies is strongly "informational" (79 percent) and"relational" (81 percent) but less "transformational" (48 percent) and "promotional" (55 percent). In other words, the presentations are factual and informative, and do not try to persuade and entertain in the first instance. However, among the

370) i.e. excluding summary, agenda, etc.
371) See appendix (Table 13 on page 120).
372) For example, psychology studies showed that the format of past performance charts has a significant impact on fund choice and risk perceptions. cf. Diacon, Stephem/ Hasseldine, John, Framing effects and risk perception: The effect of prior performance presentation format on investment fund choice, in: Journal of Economic Psychology 28 (2007), 31–52, 48.

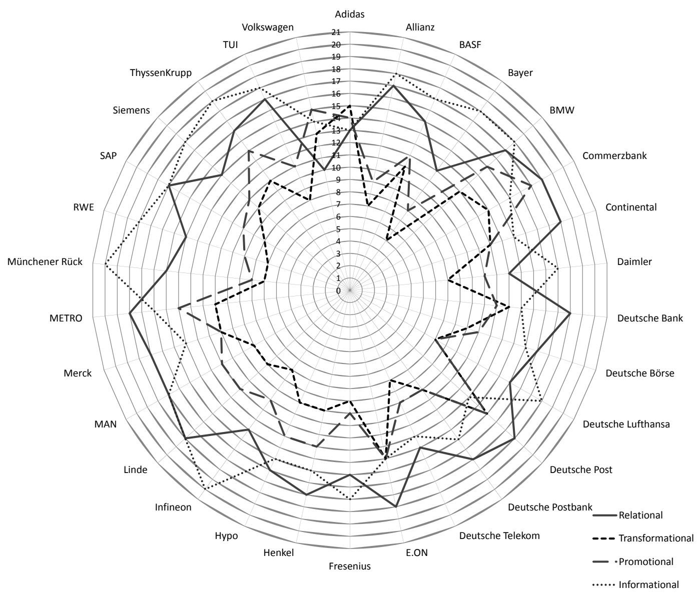

Figure 5 – Communicative profile of DAX-30 companies

companies there are differences in the profile especially for the categories "transformational" (SD 2.52 in a 21-point scale) and "promotional" (SD 2.32).[373]
What does this say about the communicative performance of the companies? It is not achievable to get maximum scores in each category, but an unbalanced percentage of categories and scores of less than 50 percent in one category show room for improvements. However, the communicative profile also has to fit the company profile. For example, people might expect a sports company like *Adidas* to be more vivid. Figure 5 shows that the communicative profile of some companies is unbalanced compared to others. Especially *Adidas* and *Commerzbank* have atypical interference between the "relational" and "informational", on the one hand, and "transformational" and "promotional", on the other hand. For *Adidas* this can be explained with the "sports" factor as explained before; for *Commerzbank* the reason might be that the presentation was a press conference.
Next to this communicative analysis, it is also worth mentioning how the presentations are structured.[374] On average, the presentations are 49 minutes long. The longest presentation is hold by Allianz with over 2 hours, the shortest by Daimler (11 minutes). Most companies have the CEO and CFO as speakers, and the IRO gives a short introduction and reads the disclaimer. While the CEO is concentrating on highlights and strategy (on average 24 minutes speaking time, *Continental* on top with 49 minutes), the CFO speech is more detailed on financial figures (24 minutes, *Allianz* 94 minutes). 1.4 slides are presented in one minute on average. A few companies have additional speakers, e.g. at *Henkel* the Corporate Senior Vice President Research & Technology speaks 24 minutes. Most

373) See appendix (Table 20 on page 127).

374) See appendix (Table 15 on page 122).

presenters speak fluently, and the ones who only read a transcript are usually in a conference call. Two presentations are interpreted into English.
The presentations are followed by the Q&A session, which is on average 53 minutes long and therefore longer than the presentations themselves. Exceptions are *E.ON* (83 minutes) and *Merck* (26 minutes).[375]

4.5 Correlations and Event Study

The data from both analyses is tested on correlation to economic changes. Although it is argued in this thesis that correlations are implausible (because of the general, more long-term influence of IR and too many factors, which affect the economic success of a company) the results show some noticeable relations.
In order to test economical outcomes three indicators are determined: change in stock price relative to the DAX-30 companies, change in trading volume (also relative) and analysts expectations (fulfilled, yes or no). Results show, as expected, some slightly significant linkage between analysts' expectations and stock price (r 0.52), and analysts expectations and trading volume (r -0.53).[376] If expectations are met, investors do not have a reason to sell their stocks, while failed expectations urge investors to sell. Reactions are usually stronger on negative outcomes than positive. The correlation between stock price and trading volume is very weak (r -0.13) and not significant. Nevertheless, one can argue that there is a causality that the stock price tends to go down if the trading volume goes up considering a higher trading volume is correlated to failed expectations, but there is no evidence for this assumption. Most of the companies experience a generally higher-than-average level of trading activity on the day of the presentation, which might be related primarily to the publishing of the annual results. Trading volume is increased on average by 61 percent (a maximum of 292 percent for *RWE*).
Among the communicative profile, correlations were found which seem to be significant and also logical, e.g. "promotional" and "transformational" (r 0.83), "transformational" and "informational" (r -0.68), and "promotional" and "informational" (r -0.45). Regarding the content primarily the categories "strategy & credibility" and "forward-looking" correlate (r 0.55). Between the communicative profile and the content categories, only some very weak correlations exist, which are not significant. For example, "financial" links to "transformational" (r -0.28) and to "informational" (r 0.30), which seems to be coherent. However, the central question of the thesis is whether there are any correlations between both analysis and the economical outcomes. The multivariate analysis provides evidence that there are no significant correlations between analysts' expectations, trading volume and stock price, on the one hand, and communicative profile and content, on the other hand. Nevertheless, one exception is that a lot of "forward-looking" as well as "strategy & credibility" information tends to come along with a higher trading volume (r 0.43 and 0.45). There is no simple explanation for that. Are these kinds of information a reason to sell or buy a stock? One the contrary, "financial" information tends to reduce trading volume (r -0.18; not significant). Other studies testified that volatility was decreased by more information.[377] However, all conclusions made on these correlations are to some extent uncertain because it is not clear if there are other factors on the day of the

375) Commerzbank with a Q&A session of 85 minutes is not considered here because it was a press conference.

376) See appendix (Table 24 on page 131).

377) cf. Döhnert, Karsten/Kunz, Roger M., Unternehmenspublizität und Aktienkursverhalten, in: WWZ-Forschungsbericht 2, Basel (WWZ-Forum) 1999, 40.

presentations that have a higher influence on the economic outcome measured here. In addition, determining the expectations on a nominal scale with only two points cannot lead to exact results, especially for a sample of only 30 companies. Communicative outcomes, like changes in image, might produce stronger correlations, but such data is not available here.

The event study does not produce any results that are not to some extent explicable. Therefore, there is no reason to doubt the validity. It was already argued before the study that the communicative aspects and the content of presentations do not affect economic measures on the same day. Nevertheless, long-term effects are plausible. Analysts need some time to value a good corporate communication. On the day of the presentation, there is one thing of highest importance, which is the economic and financial results of the previous period. Moreover, this is the lever for the stock price. For example, the stock price of Hypo Group went down by 35.2 percent on the day of the presentations because the company reported on credit crisis losses. In this case, a good presentation cannot change anything other than that losses can be communicated honestly in order to remain credible. Due to the annual results already being known in the morning, the presentations cannot provide analysts with significant new information. For the same reason, it cannot be argued that the companies with positive changes in stock price (e.g., *BMW, Deutsche Lufthansa and Linde*) provided a better presentation. Movements in stock price were remarkable high on the days examined here. On average, there is only a slightly positive trend (0.65 percent), but the companies' stock prices, which go down lose on average 4.3 percent while the other 17 companies (with increasing stock prices) gain 2.5 percent.[378] These movements will not be discussed here further as they are affected by the annual results and the specific situation the markets are in, but not by the presentations. However, if the annual report has already been published in the morning, investors might go to the conference to confirm some of their assumptions and ask questions. The final decision, of whether to buy or sell stocks will then be made after the presentations. Therefore, the presentations could be considered as an extension of briefing analysts on the day of an earnings announcement.[379]

378) See appendix (Table 22 on page 129 and Table 23 on page 130).
379) cf. Walmsley, Tom/Yadav, Pradeep K./Rees, William P., The Information Content Of The Company Meeting Programme Of The Society Of Investments Analysts: 1985–1990, Journal of Business Finance & Accounting 19 (4/1992), 571–584, 572.

5 Findings

This chapter summarizes the main conclusions arising from the analysis and points out the success factors for communication in IR based on the research findings.

It has been shown which impact and importance IR has in the corporate communication process and, furthermore, that IR is more than a communication function but also assists the senior management. A close linkage among investor relations and senior management is a common feature of all effective communications efforts. IR helps in establishing relationships with the financial community and making the goals and strategy clear. Thus, it also perceives the information needs of the target group and implements them in the company, which is the thinking that lies behind the shareholder value concept.

The corporate reporting instruments and the information needs of the financial community were researched in countless studies and major findings have been presented in this thesis. Most results show room for improvements particularly in terms of quality and relevance of the information. The significance of presentations in conferences, meetings, and one-on-ones as a personal communication instrument was stressed by many authors, but not researched in detail. Some studies proved some economic effects of conference calls, but a measurement for the success of such presentations does not exist.

The approach, which has been made in this thesis, was to design a model that includes several factors and levels of outcomes in order to examine the success factors of presentations. One part of this model has been employed in this study. Results have shown, as expected, that examining the perceptions of the target group in order to link possible success factors to economic outcomes is needed. Abnormal movements in stock prices and increased trading volumes indicate that there is need for knowledge about the ongoing processes on the day of the presentations.

The content and the communicative profile of presentations have been investigated and detailed data has been presented. This assists, on the one hand, to distinguish presentations from other reporting instruments and, on the other hand, to highlight differences among several companies. Especially the comparability (which is claimed by analysts) of the information provided from companies does not seem to be guaranteed, as there is not much consistency among companies. Results highlight room for improvements and build a benchmark for other companies. Convincing as well as reprehensible examples were found, which is comparable to many IR rankings; some DAX-30 companies are the best performers in IR, but even smaller companies are among the top.

5.1 Summary of Success Factors

A number of communication success factors can be drawn from literature and findings in this thesis. These success factors can be distinguished on several levels, which are the

organizational aspects of the communication tool presentation, the content and the communicative level. All these levels have to fit in one coherent and credible communication strategy. Even if studies gave evidence that IR can have an impact of only 15 percent on the stock price, everything can be done in order to achieve this.
The adequate preparation of presentations is often taken for granted, in particular for big companies. However, some webcasts did not seem properly planned and communicated on the companies' websites. In addition, technical problems do not make a good impression. One can argue that the "physical" analysts' conference itself is the major element and the webcasts are only for fair disclosure and address some not-too-important analysts and investors who were not invited to the conference. However, most companies use the possibilities of webcasts extensively as a means of communicating with potential investors on a global level.
The content of a presentation has to be well considered. Time is limited and therefore only the most important aspects can be focused. In addition, the audience of presentations has different needs to interim or annual reporting. Of course, some topics are the same, but presentations can convince the audience of several facts reported already and can give insight in the managerial view and the strategic vision. This is the major advantage of presentations compared to other instruments. The needs for specific content also depend on the type of the presentation. Of course, a presentation on annual results has to review the previous period, while during the fiscal year presentations can address additional topics. One essential part of every presentation is a comprehensive outlook – one decisive reason for analysts to watch the presentation.
A presentation serves as a function to establish a relationship with the financial community, which is the basis for gaining credibility and create trust in the long-term. Presentations are also an opportunity to increase transparency and speak frankly with the target group. The management profits because it can perceive and anticipate the demands and views of the financial community. All this does not have short-term effects, but assists the primary company goals in the end. Presentations can utilize the personality of the management but they are not an event for selling stocks. A vivid and appealing presentational style can help in communicating with the financial community, although in the first place the management needs to deliver information in a trustworthy way. The goal here is to influence and control expectations.
Finally, the presentation itself is a communication success factor for IR. Presentations in situations like analysts' conference, conference calls, or one-on-ones are an essential part of corporate communications. Even if the economic outcome of such presentations is hard to measure, no company can afford to renounce these meetings. The financial community, especially analysts, values such events although no new information might be provided. Analysts and investors want to see and assess the senior management, and speak with them personally, because the management itself is often a reason for buying a stock. There is no other instrument that is more "rich" in terms of giving contextual information.
Communication and presentations are only one part in the puzzle of all success factors within a company. Like Philip Bassett of Permira said: "If your returns are great and your communication is lousy, you can probably raise money. If your returns are great and your communication is great, you can raise money much easier. If your returns are average and your communication is great, you can still raise money. If your returns are lousy – you are stuck."[380]

5.2 Limitations

Interdependencies in the financial markets are very complex and, therefore, the results are subject to a number of limitations. This thesis could not reveal empirical prove for economic outcomes because most correlations were not significant, and the stock price, however, is not the primary goal of IR. In addition, it is not clear which secondary factors have an effect on results. Nevertheless, other studies showed similar findings and gave evidence that, e.g., trading volume is higher on the day of presentations and there are still uncertainties if the success is measurable and linkable. In addition, the event of a presentation is often not separated from the disclosure of the annual or interim reports. Thus, it makes very complicated to verify single-sided effects. The earnings announcements certainly have a bigger impact on the market value of a company. Intraday trading data will be required to assess timely effects of reports and presentations. Most economic goals like costs of capital are not recordable in an event study that only views the changes on one day. In addition, the communication goals like image and credibility are not only difficult to measure in general, but especially so in a short-term event study. Communication has to address communication goals and the effects on economic goals are limited. Only a perception study could give more insight in this challenge. Yet, the question is whether presentations or IR effectiveness are amenable to precise measurement.
The information content and the communicative aspects are quantified in this research, which makes it problematical to allow any conclusions on the quality. Comparisons to the needs of the financial community were made, but this is not more than a starting point to specify the quality of presentations as an IR instrument. Quality in this case, also depends on whether information is useful and relevant in an explicit context. Information that is important for one company can be redundant for another. In addition, Q&A discussions are also an integral part of presentations. In order to analyze the overall quality of a presentation and all information communicated a measurement model has to be included. However, one approach has been made to assess the quality level by means of coding the information due to its extensiveness on a 1-3 point scale. The assumption is that information that is more detailed has a higher quality level.
One limitation also refers to the methodology used for analyzing the presentation slides. For practical reasons it is necessary to evaluate the slides themselves, but in fact more important is which of these slides are actually presented. Nevertheless, observations show that usually all slides provided are also used. A time-stamp analysis on actually reported topics might give more insight.
On the communicative level, the profiling tool shows some differences between presentations. Nevertheless, it is uncertain if this methodology can point out enough differentiation potential between personal communication style, cultural influences, and the needs of specific situations. It might be that the four dimensions are too broad to capture the complex purposes in presentations. The fact that the profile only includes the

380) Quoted in Hagenmüller, Moritz, Investor Relations von Private-Equity-Partnerships, Diss. University of St. Gallen 2004. Preface, no page number available.

feedback of one person – the researcher – makes the results to some extent subjective. A bigger group of participants would increase the level of reliability. In addition, the target audience of presentations could be involved in using this tool in order to integrate their needs and perceptions.
Additionally, the thesis focuses on very large public companies. From an empirical view, it is still unclear how the DAX-30 can be compared to other stock indexes. Therefore, the results of this study may not be applicable to smaller or non-listed companies. The DAX is used as a peer group here in order to find relative changes in stock prices. One can argue that the DAX is not suited as a peer group because stock prices depend more on market trends. Therefore, it could be considered that industry-specific peer groups would be more meaningful.

5.3 Implications for Research and Commerce

The limitations of this thesis also point to areas for future research. According to the measurement model of chapters 2.4 and 3.1, perception studies can examine the factors the financial community is influenced by and link them to economic changes. In a long-term perspective a continuous analysis might give empirical proof of the exact impact of presentations and IR.
The analysis of one specific investor conference that is not coupled with new earning announcements could bring clarification on the determining influences. If it was possible to identify investors at this conference and their trading activities afterwards, the success of the presentations could be measured exactly. However, it would be probably unattainable to say which factor of the presentation leads to the trading activity and evaluate regional volatility and trading volume. Therefore, a combined approach with perception studies would be reasonable.
As this thesis focuses on the combining of content and presentational style in the context of communication, further studies might concentrate on the accuracy, reliability and quality of information provided in presentations, and compare such to other instruments like the financial report. This would also pertain to the conclusion that a more diverse set of quality measures could endow with better insight into the complexities in corporate reporting. One important issue is the poor or non-existing presentation of financial ratios; the question occurs what are the reasons for that and what is the qualitative meaningfulness of these (missing) ratios. This would lead to findings on the question of whether companies prefer to report the good figures and hide ratios, which have developed negatively compared to the previous period.
In addition, the Q&A sessions could be analyzed in order to divulge which kinds of topics the analysts are interested in based on their questions, and in which way the management reacts to the questions. A different issue is whether companies with a more appealing presentation are actually more successful in achieving their targets. This could be the question of further research with perception studies and long-term empirical investigations.
In an attempt to test the validity of some of the assertions about the benefits of presentations, gaining comparative data also leads to possible comparisons of industries, stock indexes, and countries, which can be conducted on a repeatable basis. Such benchmarks or ratings

can also be used for commerce like the ones already done on annual reports or websites. The data gained in this thesis is already prepared for the use in such rankings. Only the final step, weighting the indicators and categories according to their (expected) importance, is missing. In addition, findings of this thesis can be compared to some existing rankings in order to compare what kind of information successful companies communicate in their presentations.
Further research can also address webcasts and internet technology. Some of the presentation advantages of webcasts are widely used, while others are currently unexplored. Many companies do not appear to value the benefits of online meetings, and companies do not know much about the exact effects of their presentations. However, all public appearances influence the image of a company. These are possibilities, which can also be used to create a corporate identity in webcasts and presentations.

5.4 Outlook

Personal communication is an important part of the world of corporate communication. Moreover, it is essential if dealing with institutional investors and analysts. Presentations may assist and serve many functions within a company, and support, mostly communicative, corporate goals. The influence of the institutional groups in the capital markets will probably still increase within the next few years. Therefore, personal communication will keep its important position and role although new technologies arise. Physical personal contacts will still be preferred in the future. Webcasts and conference calls have brought many changes in the disclosure of financial information and they are already indispensable. These instruments bring many chances of exploring new potentials, addressing new investors in a globalized world, and perceiving live feedback. Thus, it might be that the establishment of regulations on an international level – like with accounting rules – will be debatable in order to ensure fair disclosure. IR and its instruments will also gain more influence on the German market and especially for smaller companies, which still have much lower budgets for communicating with the financial market. Communication has already become more candid, specific, timely, and future oriented. Nevertheless, there is still need for improvements, and research on presentations should not be neglected. In order to use this instrument powerfully and achieve maximum outcomes, more knowledge about the motives and effects is valuable. In future, the field of developing measurements for the intangible assets of a company will definitely grow.
This thesis was written before the stock markets worldwide crashed in September 2008. The subsequent financial crisis changed many things, among others the belief in shareholder value. There is some impact on the theoretical foundations in thesis, especially on the goals of a company. Besides, the outlook communicated by the management is affected; companies now avoid disclosing forward-looking statements. Nevertheless, the results of this thesis and success factors mainly remain the same under the new conditions. Presentations keep their important functions in IR.

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Appendix

Table 1 – Content: Total scorings of the DAX-30

	Financials	Forward-looking	Market	Products & Company	Strategy & Credibility	Total
Adidas	31	14	6	16	9	76
Allianz	109	6	3	18	12	148
BASF	30	9	3	11	7	60
Bayer	37	9	3	9	7	65
BMW	61	35	3	23	10	132
Commerzbank	37	0	3	19		59
Continental	42	12	5	10	3	72
Daimler	35	9	7	23	6	80
Deutsche Bank	66	3	12	2	6	89
Deutsche Börse	28	12	8	17	10	75
Deutsche Lufthansa	58	21	3	13	8	103
Deutsche Post	17	11	2	15	19	64
Deutsche Postbank	45	9	9	22	8	93
Deutsche Telekom	41	9	12	28	7	97
E.ON	44	11	7	23	19	104
Fresenius	30	12	1	29	5	77
Henkel[381]	37	19	7	39	19	121
Hypo	43	19	6	7	3	78
Infineon	34	6	11	9	12	72
Linde	52	18	7	34	7	118
MAN	22	12	2	38	6	80
Merck	36	12	11	23	1	83
METRO	65	25	12	22	8	132
Münchener Rück	56	10	0	1	4	71
RWE	49	61	14	32	24	180
SAP	50	31	10	27	13	131
Siemens	34	8	5	8	11	66
ThyssenKrupp	44	25	15	20	20	124
TUI	70	13	20	35	6	144
Volkswagen	42	4	1	16	0	63
Total	1345	445	208	589	270	2857
Companies	30	30	29	30	28	30
Average	44.83	14.83	7.17	19.63	9.64	95.23
Median	42	12	7	19.5	8	81,5
SD	17.71	11.80	4.74	10.21	5.79	31.38
Percentage	47,08%	15,58%	7,28%	20,62%	9,45%	100%
Indicators with value 1	145	167	52	142	98	604
Indicators with value 2	330	55	39	111	54	589
Indicators with value 3	180	56	25	75	49	385

381) excluding CEO (no slides were available, only a transcript)

Table 2 – Content: 'Financials' (Adidas – Fresenius)

Financials	Adidas	Allianz	BASF	Bayer	BMW	Commerzbank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Acquisition-related charges																
Acquisitions																2
Adj. Industrial net debt																
Administrative expenses					2								3			
Annual premium equivalent																
Assets		2	1	3												
AuM		3														
Balance sheet structure					1									2		
Bank credit facilities							2									
Bond debt																
Bonds																
Book value per share									2							
CAGR		2														2
CAGR per segment		2								1						
Capex			1		2		2					2				2
Capex / Sales ratio																
Capex per segment																
Capital employed					1											
Capital employed per segment																
Capital expenditure					3						2					
Capital expenditure																
Capital structure															1	
Capitalization		2								1						
Capitalization ratio					2											
Cash conversion by group																
Cash conversion target																
Cash flow					3			1							2	3
Cash flow per segment															3	
Cash provided by operating activities			2								2					
Cash used			2													
Cash value added (CVA)											2					
Collateralized debt obligations (CDO)																

Financials	Adidas	Allianz	BASF	Bayer	BMW	Commerzbank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Combined ratio per region		3														
Combined ratio per segment																
Commission income						3										
Compensation ratio									2							
Composition of current commitments									3							
Consolidated result																
Consolidated result per segment																
Convertible bonds																
Cost of capital			1												2	
Cost of capital per segment																
Cost of Funding vs Libor																
Cost of sales					2											
Cost-income ratio		1							2				2			
Cost-income ratio per segment									2							
Costs										3			1			
Credit loss ratio					3											
Cycle management		1														
D&A																
DCF																
Debt factor (Economic net debt / adj. EBITDA)															3	
Debts			2							1						
Distribution expenses																
Dividend	2				2		1				3	3		1	2	3
Dividend payment		2						1		3		1				
Dividend payout ratio	1				2					2						
Dividend per share (DPS)		3	3	1	2	1		1	3						2	
Dividend proposal	1			1						1	1					1
Earnings after taxes and minority interest																
Earnings burden																
Earn-out structure											3					
EBIT			2	3	1		2	3		1	3	2			3	3
EBIT before special items			2													
EBIT margin							2									

Financials	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continen tal	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
EBIT margin per segment					1		2									1
EBIT per region																
EBIT per segment			2	2	3		2	2							3	2
EBITA										3						
EBITA per region																
EBITA per segment										2						
EBITDA			2	2							3			2	2	
EBITDA per region														2		2
EBITDA per segment				2										2		
EBITDAR																
EBT											3					
EBT per segment																
EEV earnings per segment (European embedded value)																
EPS	2		2	3	2	2	2	1	3	2						
Equity		3		2										2		
Equity gearing		1														
Equity ratio		2						2			1			2		
Equity ratio per segment																
EVA																
EVA per segment																
Exchangeable bond					1											
Expenses		3														
F/C-Class revenue share											2					
Fee income													3			
Financial income																
Financial result					2											
Financing (structure)																
Fixed income		3														
Fixed-interest portfolio																
Free cash flow (FCF)					3		2	1						3		
Funding program															2	
Funds from operations / net debt																
GDP																

Financials	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continen tal	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Gearing ratio							2									
GPW		3														
Gross cash																
Gross cash flow				2												
Gross debt																
Gross liquidity								2								
Gross margin	1															
Gross margin per segment	1															
Gross premium																
Gross premium per segment																
Gross profit					2											
Gross savings														1		
Group result																
Growth per region		3														
Growth per segment		3														
Income before taxes (IBT)	2		2	2					3							
Income before taxes per segment									3							
Income from continuing operations																
Income from discontinued operations																
Income from financial instruments													1			
Income taxes		2		2	2						2			3		
Income/Loss															2	
Integration costs and synergies																
Interest-rate																
Interests	2							1			2					2
Investment result																
Investment result per segment																
Investments														1	2	
Investments / divestments																
Investments per segment															3	
Key figures by divisions																
Liabilities																
Liquidity																

Financials	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continen tal	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Liquidity ratio						3										
Loan loss provisions						3										
Loans		2														
Loss ratio		3														
Margin																
Margin by group																
Market capitalization											1					
Minority interest																
MTLRCF							3									
NB margins per region		2														
Net borrowings	3															
Net capital movement		2														
Net cash flow				2												
Net costs														1		
Net dealing income		2														
Net debt				2			2							2	3	
Net debt / EBITDA														2		
Net debt / EBITDAR																
Net earnings																
Net fee & commission income		2														
Net financial debt																
Net financial expenses	2															
Net financial receivables																
Net income	3	3	2	3				1	3	2				3	3	3
Net income per segment																
Net indebtedness							3									
Net interest income / result						3				2			2	1		
Net interest margin per segment																
Net investment income						3										
Net liquidity								2			1					
Net liquidity per segment																
Net new money inflows									2							
Net Opex savings														3		

Financials	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continen tal	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Net profit					2	3		2			3					
Net profit after minority interests																
Net profit per segment																
Net revenues									3							
Net revenues per segment									3							
Net RoE						2										
New business per segment																
NIAT							2									
NII													1			
Non-compensation ratio									2							
Noninterest expenses									3							
Non-operating items / result		3		3												
NWC																
NWC / sales ratio																
Off balance sheet debt							2									
Off-balance debt																
One-off items total													2			
Operating asset base		3					2									
Operating cash flow			1	2							1	2				2
Operating expenses	2					3					3					
Operating income					2											
Operating margin	2										3					
Operating margin per region																
Operating margin per segment	1										1					
Operating profit	2	3				3										
Operating profit per region																
Operating profit per segment		3				3										
Operating result											3					
Operating result per segment											2					
Organic top-line growth																
Payout ratio		3													2	
Pension								1								
Pension financing																

Financials	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continen tal	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Portfolio management																
Premium per region																
Price effect by segment																
Price-Earnings Ratio (P/E)																
Private placements																
Problem loan ratio									2							
Problem loans									3							
Profit																
Profit																
Profit after tax and/or minorities																
Profit before and after tax													2			
Profit before tax (PbT)					2								2			
Profit before tax (PbT) per segment													3			
Profit before the financial result					1											
Profit from continuing operations																
Profit from operations																
Profit growth		3														
Provision for credit losses									3							
Provisions																
Purchase price allocation (PPA) effect							1									
PVNBP		3														
R&D costs					3											
R&D expenses per segment																
RAC		3														
Restructuring expenses																
Result from continuing operations																
Return on embedded value		2														
Revenue / Earnings per employee																
Revenue growth												1				
Revenue growth per region														2		
Revenue growth per segment		2														
Revenues		3			1	2			2	1	1	3	1	2		
Revenues per region											2			2		

Financials	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continen tal	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Revenues per segment					2			2		3	2	3	2	2		
Risk provisions													2			
Risks								1					3			
RoA per segment					2											
Roce							2								2	
Roce - WACC																
Roce per segment					2		2									
RoE								3	3				2			
RoE per segment									2							
RoI																
RoRAC		3														
RoS								3								
RoS per segment								2								
Royalty and commission income	2															
Run rate																
RWA		3							3				3			
Segments													3			
SG&A costs																
Share of investment loans																
Solvency ratio		2														
Special effects							1									
Statutory premiums per region		3														
Stock splits			3													
Structure of bonds		2														
Tax rate	2				2											
Taxes																2
Tier 1 ACE ratio																
Tier 1 capital									2							
Tier I ratio						3			3				3			
Total gross indebtedness							3									
Total income													2			
Total shareholders' equity									2							
Trading income / loss													2			

Financials	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continen tal	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Traffic revenue											3					
Traffic revenue per region											3					
Turnover																
Turnover per region																
Turnover per segment																
Unrealised gains									2							
Valuation																
Valuation losses																
Value added								1							2	
Value added by segments								1								
VNB		2														
Volatility								1								
Volume effect by segment																
WACC																
Working capital																
YTD ratios		3														
Total	**31**	**109**	**30**	**37**	**61**	**37**	**42**	**35**	**66**	**28**	**58**	**17**	**45**	**41**	**44**	**30**

Table 3 – Content: 'Financials' (Henkel – Volkswagen)

Financials	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Acquisition-related charges										2					**2**	**1**
Acquisitions				1											**3**	**2**
Adj. Industrial net debt											3				**3**	**1**
Administrative expenses		2				1							2	2	**12**[382]	**6**
Annual premium equivalent								1							**1**	**1**
Assets							2			2			2		**12**	**6**
AuM															**3**	**1**
Balance sheet structure						3	3						2		**11**	**5**
Bank credit facilities															**2**	**1**
Bond debt													2		**2**	**1**
Bonds		2													**2**	**1**
Book value per share															**2**	**1**
CAGR								1				1			**6**	**4**
CAGR per segment			2								1				**6**	**4**
Capex			2	1		1					2	2			**17**	**10**
Capex / Sales ratio			2												**2**	**1**
Capex per segment												1			**1**	**1**
Capital employed				3	2		1					3			**10**	**5**
Capital employed per segment							2		1						**3**	**2**
Capital expenditure															**5**	**2**
Capital expenditure							3								**3**	**1**
Capital structure															**1**	**1**
Capitalization															**3**	**2**
Capitalization ratio															**2**	**1**
Cash conversion by group											2				**2**	**1**
Cash conversion target											1				**1**	**1**
Cash flow				2	2	1			3					3	**20**	**9**
Cash flow per segment															**3**	**1**
Cash provided by operating activities															**4**	**2**
Cash used															**2**	**1**

382) Significant results are highlighted.

Financials	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Cash value added (CVA)															2	1
Collateralized debt obligations (CDO)		3													3	1
Combined ratio per region															3	1
Combined ratio per segment								3							3	1
Commission income															3	1
Compensation ratio															2	1
Composition of current commitments															3	1
Consolidated result								3							3	1
Consolidated result per segment								3							3	1
Convertible bonds													1		1	1
Cost of capital															3	2
Cost of capital per segment									1						1	1
Cost of Funding vs Libor		2													2	1
Cost of sales	2					1							2	2	9	5
Cost-income ratio															5	3
Cost-income ratio per segment															2	1
Costs									1	3					8	4
Credit loss ratio															3	1
Cycle management															1	1
D&A			2												2	1
DCF															0	0
Debt factor (Economic net debt / adj. EBITDA)															3	1
Debts		2													5	3
Distribution expenses														2	2	1
Dividend	1			1					3						22	11
Dividend payment												2			9	5
Dividend payout ratio									2						7	4
Dividend per share (DPS)		1						1	2			2			22	12
Dividend proposal				1	1	1	1				1		1		11	11
Earnings after taxes and minority interest				2											2	1
Earnings burden		1													1	1
Earn-out structure															3	1
EBIT	3		3				1					3	2		35	15

Financials	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
EBIT before special items				2											4	2
EBIT margin			2									1			5	3
EBIT margin per segment	2						1								7	5
EBIT per region							2								2	1
EBIT per segment	2		2				3								23	10
EBITA													2		5	2
EBITA per region													3		3	1
EBITA per segment													3		5	2
EBITDA									2			2	2		17	8
EBITDA per region															4	2
EBITDA per segment									3						7	3
EBITDAR													2		2	1
EBT	2				2		2					3	2		14	6
EBT per segment												1			1	1
EEV earnings per segment (European embedded value)								3							3	1
EPS	2			2	1	3	3		2	2	1	3	1	2	41	20
Equity				3				3		2			2	1	18	8
Equity gearing				1				3							5	3
Equity ratio							1			2			1		11	7
Equity ratio per segment														2	2	1
EVA												1			1	1
EVA per segment							3								3	1
Exchangeable bond													3		4	2
Expenses															3	1
F/C-Class revenue share															2	1
Fee income															3	1
Financial income							2			2					4	2
Financial result									3				2	2	9	4
Financing (structure)	2												2		4	2
Fixed income															3	1
Fixed-interest portfolio								3							3	1
Free cash flow (FCF)				2	2	1			2	2	1	2			21	11
Funding program															2	1

Financials	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Funds from operations / net debt							2								2	1
GDP											1				1	1
Gearing ratio												3			5	2
GPW															3	1
Gross cash			2												2	1
Gross cash flow															2	1
Gross debt			2												2	1
Gross liquidity															2	1
Gross margin	2		2			1									6	4
Gross margin per segment															1	1
Gross premium								2							2	1
Gross premium per segment								2							2	1
Gross profit	3		2											2	9	4
Gross savings															1	1
Group result								2							2	1
Growth per region															3	1
Growth per segment															3	1
Income before taxes (IBT)															9	4
Income before taxes per segment															3	1
Income from continuing operations							2			2					4	2
Income from discontinued operations							2		2						4	2
Income from financial instruments															1	1
Income taxes							2			2			2	2	19	9
Income/Loss		2													4	2
Integration costs and synergies						1									1	1
Interest-rate								3							3	1
Interests															7	4
Investment result							2	2							4	2
Investment result per segment								2							2	1
Investments				3											6	3
Investments / divestments								1		3					4	2
Investments per segment				3											6	2
Key figures by divisions						3									3	1

Financials	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Liabilities							2			2			3		7	3
Liquidity		2								3			3	1	9	4
Liquidity ratio															3	1
Loan loss provisions															3	1
Loans															2	1
Loss ratio															3	1
Margin											3				3	1
Margin by group											2				2	1
Market capitalization															1	1
Minority interest									2	2					4	2
MTLRCF															3	1
NB margins per region															2	1
Net borrowings															3	1
Net capital movement															2	1
Net cash flow															2	1
Net costs															1	1
Net dealing income															2	1
Net debt	3		2	3		1	3						3		24	10
Net debt / EBITDA				1											3	2
Net debt / EBITDAR							2								2	1
Net earnings	2														2	1
Net fee & commission income															2	1
Net financial debt						1									1	1
Net financial expenses															2	1
Net financial receivables												2			2	1
Net income									3	2	1	1			33	14
Net income per segment				2											2	1
Net indebtedness															3	1
Net interest income / result							2		2						12	6
Net interest margin per segment		3													3	1
Net investment income															3	1
Net liquidity														2	5	3
Net liquidity per segment														2	2	1

Financials	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Net new money inflows															2	1
Net Opex savings															3	1
Net profit							2								12	5
Net profit after minority interests							2								2	1
Net profit per segment						1		2							3	2
Net revenues															3	1
Net revenues per segment															3	1
Net RoE															2	1
New business per segment		3													3	1
NIAT															2	1
NII															1	1
Non-compensation ratio															2	1
Noninterest expenses															3	1
Non-operating items / result									3						9	3
NWC	1										2				3	2
NWC / sales ratio	3														3	1
Off balance sheet debt															2	1
Off-balance debt													2		2	1
One-off items total															2	1
Operating asset base															5	2
Operating cash flow				2						2		2			14	8
Operating expenses														2	10	4
Operating income										2					4	2
Operating margin										2					7	3
Operating margin per region				2											2	1
Operating margin per segment															2	2
Operating profit				1	2									2	13	6
Operating profit per region				2											2	1
Operating profit per segment				3	2									3	14	5
Operating result						2			2						7	3
Operating result per segment						2		2	3						9	4
Organic top-line growth											1				1	1
Payout ratio	1							3				2			11	5

Financials	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Pension															1	1
Pension financing				3											3	1
Portfolio management							3								3	1
Premium per region								3							3	1
Price effect by segment	1														1	1
Price-Earnings Ratio (P/E)															0	0
Private placements													1		1	1
Problem loan ratio															2	1
Problem loans															3	1
Profit											3				3	1
Profit													2		2	1
Profit after tax and/or minorities						1							2		3	2
Profit before and after tax														2	4	2
Profit before tax (PbT)		2													6	3
Profit before tax (PbT) per segment		2													5	2
Profit before the financial result															1	1
Profit from continuing operations														2	2	1
Profit from operations											2				2	1
Profit growth															3	1
Provision for credit losses															3	1
Provisions		2											2	2	6	3
Purchase price allocation (PPA) effect													1		2	2
PVNBP															3	1
R&D costs						1				1					5	3
R&D expenses per segment						2									2	1
RAC															3	1
Restructuring expenses		2													2	1
Result from continuing operations													2		2	1
Return on embedded value															2	1
Revenue / Earnings per employee											2				2	1
Revenue growth										2					3	2
Revenue growth per region											1				3	2
Revenue growth per segment											1				3	2

Financials	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Revenues		2	3			3			2	3	1				30	15
Revenues per region															4	2
Revenues per segment			2			2				3					23	10
Risk provisions															2	1
Risks															4	2
RoA per segment															2	1
Roce				2	2		1				1	2			12	7
Roce - WACC							1					3			4	2
Roce per segment							2		1			2			9	5
RoE								2							10	4
RoE per segment								2						2	6	3
RoI								3						2	5	2
RoRAC								1							4	2
RoS					2	1									6	3
RoS per segment					2	1									5	3
Royalty and commission income															2	1
Run rate			2												2	1
RWA		1													10	4
Segments															3	1
SG&A costs			2								1				3	2
Share of investment loans		1													1	1
Solvency ratio															2	1
Special effects															1	1
Statutory premiums per region															3	1
Stock splits															3	1
Structure of bonds															2	1
Tax rate	2			2		1	1			2					12	7
Taxes	2			2					2						8	4
Tier 1 ACE ratio		2													2	1
Tier 1 capital															2	1
Tier I ratio															9	3
Total gross indebtedness															3	1
Total income															2	1

Financials	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Total shareholders' equity															2	1
Trading income / loss		3													5	2
Traffic revenue															3	1
Traffic revenue per region															3	1
Turnover													2		2	1
Turnover per region													3		3	1
Turnover per segment													3		3	1
Unrealised gains															2	1
Valuation		2													2	1
Valuation losses		1													1	1
Value added					2										5	3
Value added by segments									2						3	2
VNB															2	1
Volatility															1	1
Volume effect by segment	1														1	1
WACC							1								1	1
Working capital							3								3	1
YTD ratios															3	1
Total	**37**	**43**	**34**	**52**	**22**	**36**	**65**	**56**	**49**	**50**	**34**	**44**	**70**	**42**	**1345**	

Table 4 – Content: 'Forward-looking' (Adidas – Fresenius)

Forward-looking	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Acquisitions / M&A																
Acquisitions per region																
Addressable Market																
Administrative expenses																
Annual earnings contribution																
Approval events																2
Balance sheet																
Bookings per region																
Brand	1															
Business sectors																
CAGR		1														
CAGR per region																
Capex					3		1				3					1
Capex/sales ratio																
Capital employed					1											
Capital expenditures				1												
Capital management										3						
Capital structure																
Capitalisation																
Combined ratio																
Conservative																
Contracts per segment										1						
Cooperations / partnerships																
Cost guidance										3						
Cost of materials/purchasing					2											
Cost-income ratio													2			
Costs							1				2					
Costs of raw material																
Currency					1											
Customers																

Forward-looking	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Deliveries per segment																
Disposals												1				
Distribution	2															
Dividend policy														1		
Earnings																
Earnings quality					1											
Earnings trend					1											
EBIT							1	1				2			2	
EBIT based return on sales					1											
EBIT growth																
EBIT margin																
EBIT per segment												3				2
EBITA per segment																
EBITDA				1										1		
EBITDA margin per segment				1												
EBT					1											
EBT per segment																
Economy																
Efficiency					3											
Emissions					1											
Employees / personnel					2											
EPS												2				
EPS growth																
EPS per segment																
Events	2															
Exchange rate				1												
Expansion																
Expectations fulfilled		1														
Financials											3					
Free cash flow					2									1		
Freight rate																

Forward-looking	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
GDP			2													
Goals	2															
Gross margin	1															
Growth					1											
Growth / Expansion			1				1	1			3	1		1		
Growth markets																
Growth opportunities																
Growth strategy					1											
Guidance format																
Image (employer)																
Innovations																
Integration																
Interest rates					1											
Investments											2				3	
IPO																
Leverage factor (Net debt/EBITDA)																
Locations																
Margin																
Margin per segment																
Market								2								
Market share / position	1													1		
Market trends															3	
Maturity scheme							3									
Midterm goals																
Net income															2	
Net income growth	1															1
Net profit																
Operating margin	1															
Operating profit																
Operating result											1					
Operations											2					

Forward-looking	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Operating result per segment																
Order structure																
Orders																
Organic growth																
Organic sales growth																
Outlook		3	3	2	3		3		3		1		2	3	1	
Outlook per region																
Outlook per segment		1					1			2						3
Pbt					1											
Plants																
Portfolio																
Prices																
Private consumption																
Procurement																
Productivity																
Products																
Products per region and segment																
Profit after tax													2			
Profit before tax (Pbt)												2	2			
Profitability											1					
Projects											3					
Projects per region																
Projects per segment																
Provisions																
R&D				1	1											
R&D ratio					3											
Rating																
Raw material prices					1											
Reporting structure																
Restructuring / reorganization																
Revenue growth																1

Forward-looking	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Revenues														1		
Revenues per segment																
Risks			2					1								
Roce					1											
Roce - WACC																
RoE								1								
RoI																
RoRaC																
RoS								1								
Sales			1	1	1		1	2								
Sales growth	1															
Sales per segment																2
Segment reporting (new)					2											
Service																
Share buyback																
Special charges				1												
Stores																
Strategic targets																
Strategy	1															
Supply chain																
Synergies																
Synergies per regions	1															
Tax guidance										3						
Tax rate																
Tier 1 ratio													1			
Trading conditions																
Transport volumes																
Turnover																
Total	**14**	**6**	**9**	**9**	**35**	**0**	**12**	**9**	**3**	**12**	**21**	**11**	**9**	**9**	**11**	**12**

Table 5 – Content: 'Forward-looking' (Henkel - Volkswagen)

Forward-looking	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Acquisitions / M&A	1						1								**2**	**2**
Acquisitions per region									2						**2**	**1**
Addressable Market										2					**2**	**1**
Administrative expenses		1													**1**	**1**
Annual earnings contribution									3						**3**	**1**
Approval events															**2**	**1**
Balance sheet									3						**3**	**1**
Bookings per region													3		**3**	**1**
Brand															**1**	**1**
Business sectors					3										**3**	**1**
CAGR									1						**2**	**2**
CAGR per region									1						**1**	**1**
Capex							1		3						12	6
Capex/sales ratio				1											**1**	**1**
Capital employed															**1**	**1**
Capital expenditures															**1**	**1**
Capital management															**3**	**1**
Capital structure									1						**1**	**1**
Capitalisation		1													**1**	**1**
Combined ratio								1							**1**	**1**
Conservative		1													**1**	**1**
Contracts per segment															**1**	**1**
Cooperations / partnerships						1									**1**	**1**
Cost guidance															**3**	**1**
Cost of materials/purchasing															**2**	**1**
Cost-income ratio															**2**	**1**
Costs		1					1				2	1			8	6
Costs of raw material	1														**1**	**1**
Currency													1		**2**	**2**
Customers							2			1					**3**	**2**

Forward-looking	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Deliveries per segment														3	3	1
Disposals															1	1
Distribution															2	1
Dividend policy				1					2						4	3
Earnings												1			1	1
Earnings quality															1	1
Earnings trend															1	1
EBIT	1		1				1								9	7
EBIT based return on sales															1	1
EBIT growth	1														1	1
EBIT margin	1						1								2	2
EBIT per segment															5	2
EBITA per segment													2		2	1
EBITDA									1						3	3
EBITDA margin per segment															1	1
EBT															1	1
EBT per segment												2			2	1
Economy												1			1	1
Efficiency									1						4	2
Emissions															1	1
Employees / personnel		1													3	2
EPS	1			1				1							5	4
EPS growth	1														1	1
EPS per segment						1									1	1
Events															2	1
Exchange rate															1	1
Expansion							1								1	1
Expectations fulfilled															1	1
Financials															3	1
Free cash flow															3	2
Freight rate													3		3	1

Forward-looking	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
GDP															2	1
Goals															2	1
Gross margin										3					4	2
Growth															1	1
Growth / Expansion	1			2	1	1	1								14	11
Growth markets									3						3	1
Growth opportunities				1						3					4	2
Growth strategy												3			4	2
Guidance format										2					2	1
Image (employer)						1									1	1
Innovations	1									2					3	2
Integration		1													1	1
Interest rates															1	1
Investments										1		2			8	4
IPO									2						2	1
Leverage factor (Net debt/EBITDA)									3						3	1
Locations		1													1	1
Margin		1	1				1				2				5	4
Margin per segment		1													1	1
Market													1		3	2
Market share / position							1								3	3
Market trends															3	1
Maturity scheme															3	1
Midterm goals										3					3	1
Net income									1						3	2
Net income growth															2	2
Net profit								1	1						2	2
Operating margin										2					3	2
Operating profit				1	1										2	2
Operating result									1						2	2
Operations															2	1

Forward-looking	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Operating result per segment									1						1	1
Order structure										2					2	1
Orders				1	1										2	2
Organic growth	1						1			1	1				4	4
Organic sales growth	1														1	1
Outlook	2	3		3	2	3	3	3	3	3	2	1			52	21
Outlook per region												1			1	1
Outlook per segment			3				3								13	6
Pbt		1													2	2
Plants									3						3	1
Portfolio		1									1				2	2
Prices									3						3	1
Private consumption	2														2	1
Procurement							1								1	1
Productivity							1								1	1
Products						2				3				1	6	3
Products per region and segment									3						3	1
Profit after tax															2	1
Profit before tax (Pbt)															4	2
Profitability						1	1								3	3
Projects												1			4	2
Projects per region									3						3	1
Projects per segment									3						3	1
Provisions		1													1	1
R&D						1									3	3
R&D ratio															3	1
Rating									1						1	1
Raw material prices															1	1
Reporting structure									2						2	1
Restructuring / reorganization		2							3						5	2
Revenue growth										2					3	2

Forward-looking	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Revenues									1			3			5	3
Revenues per segment		1				1									2	2
Risks								1							4	3
Roce	1			1	1							3			7	5
Roce - WACC												3			3	1
RoE		1													2	2
RoI								1							1	1
RoRaC								1							1	1
RoS					1										2	2
Sales	1		1	1	2		1					1			13	11
Sales growth															1	1
Sales per segment									3			2			7	3
Segment reporting (new)															2	1
Service							1								1	1
Share buyback								1							1	1
Special charges															1	1
Stores							1								1	1
Strategic targets									3						3	1
Strategy															1	1
Supply chain							1								1	1
Synergies				3									1		4	2
Synergies per regions															1	1
Tax guidance										1					4	2
Tax rate				2											2	1
Tier 1 ratio															1	1
Trading conditions	2														2	1
Transport volumes													1		1	1
Turnover													1		1	1
Total	19	19	6	18	12	12	25	10	61	31	8	25	13	4	445	

Table 6 – Content: 'Market' (Adidas – Fresenius)

Market	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Competitors					1				3	3						
Consumer sentiment																
Cooperations / partnerships	3													1		
Cost pressure																
Costs of fuel											2					
Costs raw material																
Currency	1		1													
Currency (USD/EURO rate)																
Currency effects																
Currency risks																
Governance / Regulations															3	
Growth per region							2							3		
Growth per segment							2									
Information on regions								1						2		
Information regarding special events (subprime)		3				2			1				3			
Main / major growth markets								3						2	1	
Market conditions / forecast	1			1	1					1					1	
Market entry																
Market growth			2	2				2	3	1		1		1	2	
Market position / market shares	1						1	1	2	1	1	1	3	3		1
Market position per segmet																
Market presence / channels / stores													2			
Market strategies																
Market trends / drivers					1	1			3	2			1			
Operating margin / GDP growth																
Trading conditions																
Total	**6**	**3**	**3**	**3**	**3**	**3**	**5**	**7**	**12**	**8**	**3**	**2**	**9**	**12**	**7**	**1**

Table 7 – Content: 'Market' (Henkel - Volkswagen)

Market	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Competitors				1						2		1	2		13	7
Consumer sentiment													3		3	1
Cooperations / partnerships	1					2			2	1			1		11	7
Cost pressure	1														1	1
Costs of fuel															2	1
Costs raw material	1														1	1
Currency													1		3	3
Currency (USD/EURO rate)						2									2	1
Currency effects							1	1		2					4	3
Currency risks				2											2	1
Governance / Regulations	1					1			3						8	4
Growth per region												2			7	3
Growth per segment															2	1
Information on regions												1	1		5	4
Information regarding special events (subprime)															9	4
Main / major growth markets	1		1	2		2	3		3		1				19	10
Market conditions / forecast	1	3	3									3	2	1	18	11
Market entry							1								1	1
Market growth			1			1				1	2	1	3		23	14
Market position / market shares			3		2				3	3	2	2	2		32	17
Market position per segmet				2		1	2			1		2			8	5
Market presence / channels / stores							2								4	2
Market strategies							3								3	1
Market trends / drivers			3						3			3	2		19	9
Operating margin / GDP growth													3		3	1
Trading conditions	1	3				2									6	3
Total	**7**	**6**	**11**	**7**	**2**	**11**	**12**	**0**	**14**	**10**	**5**	**15**	**20**	**1**	**208**	

Table 8 – Content: 'Products & Company' (Adidas – Fresenius)

Products & Company	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
ARPU per region														2		
Assets						2		1								
Average revenue per bed																
Brands	1													1		
Business segments																
Capacities																
Cash management																
Company structure (organization)		3										3			2	3
Contract MOU per customer (minutes of use)														1		
Core competencies / strengths																
Costs for organization																
Costs for products or facilities			1	1			1		1						2	
Customer deposits													3			
Customer loans													3			
Customer relations												1	1			
Customer retention											2					
Customer satisfation											2	1				
Customer service														3		
Customers	1	2			1						1	1	3	1		
Customers / clients per segment						2								2	3	
Customers per region														2		
Deliveries																
Deliveries per region																
Deliveries per segment					2											
Distribution	1															
Disvestments															1	
Efficiency																
Emerging markets exposure	2															
Employees / personnel					3						1	1		2		
Employees / personnel costs											1			1		

Products & Company	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Employees per region					2											
Expansion																
Financial management																1
Fleet																
Flexibility																
Freight rates																
Fuel mix																
Growth	1	2	2						1	1						
Growth drivers per segment																
Growth per region																
History																
HR plans																
Innovation rate																
Innovations / trends								3						1		
Innovations per segment																
Investments		2													3	
Investments per region															3	
Know-how																
KPIs													2			
Margin																
Marketing													1			
Multi-channel opportunities																
New business per region																
New business segments (RWE Innogy)																
Occupancy rate																
Order backlog per segment																
Order growth per segment																
Order intake per segment																
Orders / contracts					2			2		2				3		2
Orders growth per region																
Orders growth per sector																

Products & Company	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Orders per region	2															
Orders per segment																
Organic growth												1				1
Organic sales growth per segment																
Organic strength					1											
Penetration rate					2											
Plants / facilities				1				1							2	2
Portfolio	2	3	2	1		3	1						3		2	1
Portfolio per region		3				2										
Portfolio per segment		3				3										
Pricing			1				1									
Processes					1	2		3				2				1
Product mix	1															
Production structure																
Productivity / Performance						2		2								
Products & services / Pipeline	1			1	2		1	3		2			3	3		
Profitability	1				1							2				
Projects / Initiatives				1				2		1	2			1		3
Projects per region					2										3	
Projects regarding environment (CO2)																
Quality								2						1		
Recruiting																
Resale value developtment					2											
Restructuring							1			1	1	3		3		3
Risks																
Sales	2		3	2	2		2	1		2					2	3
Sales & marketing costs																
Sales & Trading profit						3										
Sales and revenues of new products								1								
Sales bridge																
Sales growth										1			3	1		2

Products & Company	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Sales growth per region																
Sales growth per segment										1						
Sales per employee																
Sales per region																3
Sales per segment	1		2	2			3	2		3						3
Sales revenues																
Sales revenues per region																
Service network																
Shipments																
Store concept																
Stores per region																
Synergie program																
Terminations																
Top Management																
Trading volume per region																
Trading volume per segment										3						
Trading-up																
Traffic											3					
Transparency																1
Trials																
Value chain (energy)																
Total	**16**	**18**	**11**	**9**	**23**	**19**	**10**	**23**	**2**	**17**	**13**	**15**	**22**	**28**	**23**	**29**

Table 9 – Content: 'Products & Company' (Henkel - Volkswagen)

Products & Company	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volkswagen	Total	Companies
ARPU per region															2	1
Assets									2						5	3
Average revenue per bed													2		2	1
Brands							1								3	3
Business segments							1								1	1
Capacities				1	2	1			1						5	4
Cash management													1		1	1
Company structure (organization)	1			1									2		15	7
Contract MOU per customer (minutes of use)															1	1
Core competencies / strengths										2					2	1
Costs for organization							1						2		3	2
Costs for products or facilities												1			7	6
Customer deposits															3	1
Customer loans															3	1
Customer relations				1								1			4	4
Customer retention															2	1
Customer satisfation															3	2
Customer service															3	1
Customers	1						1			2			1		15	11
Customers / clients per segment				1											8	4
Customers per region															2	1
Deliveries														2	2	1
Deliveries per region														3	3	1
Deliveries per segment														3	5	2
Distribution					1		1						1		4	4
Disvestments	1														2	2
Efficiency									1				1		2	2
Emerging markets exposure															2	1
Employees / personnel	1		2		3					3		1			17	9
Employees / personnel costs															2	2

Products & Company	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volkswagen	Total	Companies
Employees per region										2					4	2
Expansion							1								1	1
Financial management						1									2	2
Fleet													2		2	1
Flexibility					1		1								2	2
Freight rates													3		3	1
Fuel mix									3						3	1
Growth				1	1					3					12	8
Growth drivers per segment						1	1								2	2
Growth per region					1					3					4	2
History					2										2	1
HR plans												1			1	1
Innovation rate	3														3	1
Innovations / trends	1		3		2	1			2			2			15	8
Innovations per segment												2			2	1
Investments	1					1			3	1		1			12	7
Investments per region															3	1
Know-how						1									1	1
KPIs															2	1
Margin							1								1	1
Marketing	1						1								3	3
Multi-channel opportunities											2		2		4	2
New business per region		2													2	1
New business segments (RWE Innogy)									3						3	1
Occupancy rate													2		2	1
Order backlog per segment				2											2	1
Order growth per segment				2											2	1
Order intake per segment				2											2	1
Orders / contracts				2	2					1		2			18	9
Orders growth per region											1				1	1
Orders growth per sector											1				1	1

Products & Company	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volkswagen	Total	Companies
Orders per region					2										4	2
Orders per segment					2					1					3	2
Organic growth	1						1						1		5	5
Organic sales growth per segment	3														3	1
Organic strength															1	1
Penetration rate															2	1
Plants / facilities				1	2				1						10	7
Portfolio		2				3			3		2	2			30	14
Portfolio per region		2											2		9	4
Portfolio per segment				2		3				3			2		16	6
Pricing															2	2
Processes	2					1				2		1	1		16	10
Product mix															1	1
Production structure					2										2	1
Productivity / Performance							1						3		8	4
Products & services / Pipeline			2	2	1	2			3	3	2	1			32	16
Profitability	1				1										6	5
Projects / Initiatives	2				3				3			2	1		21	11
Projects per region				2					3						10	4
Projects regarding environment (CO2)									3						3	1
Quality						1									4	3
Recruiting	1														1	1
Resale value developtment															2	1
Restructuring	3				2				1					1	19	10
Risks	1	1						1							3	3
Sales	2		2	1	2		1					2			29	15
Sales & marketing costs						1				1					2	2
Sales & Trading profit															3	1
Sales and revenues of new products															1	1
Sales bridge				2											2	1
Sales growth	3					1								1	12	7

Products & Company	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volkswagen	Total	Companies
Sales growth per region	3														3	1
Sales growth per segment	3						1								5	3
Sales per employee															0	0
Sales per region	3			2	2		2								12	5
Sales per segment				3	2	2	3								26	11
Sales revenues														3	3	1
Sales revenues per region														3	3	1
Service network					2										2	1
Shipments												1			1	1
Store concept							1								1	1
Stores per region							1								1	1
Synergie program				3									3		6	2
Terminations						1									1	1
Top Management	1														1	1
Trading volume per region													3		3	1
Trading volume per segment															3	1
Trading-up							1								1	1
Traffic															3	1
Transparency															1	1
Trials						2									2	1
Value chain (energy)				3											3	1
Total	39	7	9	34	38	23	22	1	32	27	8	20	35	16	589	

Table 10 – Content: 'Strategy & Credibility' (Adidas - Fresenius)

Strategy & Credibility	Adidas	Allianz	BASF	Bayer	BMW	Commerz bank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post	Postbank	Telekom	E.ON	Fresenius
Acquisitions & Disposals / M&A		3	3	1			1		3	1		1		3	2	2
Brand strategy	2															
Business model						2			2							
Capital increase																
Core objectives / priorities	1	2			3		1		3	3		2	3	2		
Corporate Culture																
Corporate Governance		2										2				
CSR / environment / sustainability				3	2			2							3	
Disclosure												1				
Dividend Policy																
Growth strategy					1		1	1	2	2		1	2		2	
Guidance																
Initiatives	1	2										1				
Innovation										1						
Integration Management / Merger			1	2						1	2				2	
Key competencies																
Key performance indicators per segment					2											
M&A strategic criteria																
Management / Board / Leadership structure / Principles		2										3				
Management development	1															
Management policy										3		2				
Negative news / non achieved progress	1	1														
Principles					2											
R&D			1	1			1									
R&D per segment							1									2
Ratings		2	1							1			2			
Share buyback	3		3					2	1	1					3	
Shareholder Value	1										2	1			2	
Slogan / strategy / vision					1			1			1	2	1	2	1	
Stakeholders					1											
Strategy per segment														2		
Synergies	1										3					
Targeted and achieved goals / progress	1	3	1	1	1				1			3	1	3	3	
Targeted and achieved revenues and financials									1	1						3
Tasks																
Technology																
Value Drivers									1			3			3	
Value Drivers per segment													2			
Values and tradition																
Total	**9**	**12**	**7**	**7**	**10**	**0**	**3**	**6**	**6**	**10**	**8**	**19**	**8**	**7**	**19**	**5**

Table 11 – Content: 'Strategy & Credibility' (Henkel - Volkswagen)

Strategy & Credibility	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Acquisitions & Disposals / M&A	3		1			1	2		1	3		2	1		34	18
Brand strategy						1							1		4	3
Business model				1								1	1		7	5
Capital increase						1									1	1
Core objectives / priorities		1	3		3	1	3		1			2			34	16
Corporate Culture				1								2			3	2
Corporate Governance											1				5	3
CSR / environment / sustainability	1		1		2				3			1			18	9
Disclosure															1	1
Dividend Policy							1								1	1
Growth strategy			1			1	1		1	1		1			18	14
Guidance								1							1	1
Initiatives	2														6	4
Innovation												1			2	2
Integration Management / Merger	3			1											12	7
Key competencies									3						3	1
Key performance indicators per segment															2	1
M&A strategic criterias									3						3	1
Management / Board / Leadership structure / Principles	1								2		3		1		12	6
Management development												1			2	2
Management policy															5	2
Negative news / non achieved progress											1	3			6	4
Principles											2				4	2
R&D	1		2									2			8	6
R&D per segment				1											4	3
Ratings	1	3					3								13	7
Share buyback			2					1	3	3	2				24	11
Shareholder Value							1	1	1		1		1		11	9
Slogan / strategy / vision	1								3						13	9

Strategy & Credibility	Henkel	Hypo	Infineon	Linde	MAN	Merck	METRO	Münchener Rück	RWE	SAP	Siemens	Thyssen Krupp	TUI	Volks wagen	Total	Companies
Stakeholders															1	1
Strategy per segment					2				3			3			10	4
Synergies	3			1	1								1		10	6
Targeted and achieved goals / progress			2	2			1		2	3	1	3			32	17
Targeted and achieved revenues and financials	2		2	1	1			1		3					15	9
Tasks	3														3	1
Technology				1											1	1
Value Drivers												2	3		12	5
Value Drivers per segment			2				1			3		3			11	5
Values and tradition	1														1	1
	19	3	12	7	6	1	8	4	24	13	11	20	6	0	270	

Table 12 – Content: Most intensive reported information

	Intensity	Number of Companies		Intensity	Number of Companies
Financials			**Products & Company**		
EPS	41	20	Products & services / Pipeline	32	16
EBIT	35	15	Portfolio	30	14
Net income	33	14	Sales	29	15
Revenues	30	15	Sales per segment	26	11
Net debt	24	10	Projects / Initiatives	21	11
EBIT per segment	23	10	Restructuring	19	10
Revenues per segment	23	10	Orders / contracts	18	9
Dividend	22	11	Employees / personnel	17	9
Dividend per share (DPS)	22	12	Portfolio per segment	16	6
Free cash flow (FCF)	21	11	Processes	16	10
Forward-looking			**Strategy & Credibility**		
Outlook	52	21	Acquisitions & Disposals / M&A	34	18
Growth / Expansion	14	11	Core objectives / priorities	34	16
Outlook per segment	13	6	Targeted and achieved goals / progress	32	17
Sales	13	11	Share buyback	24	11
Capex	12	6	CSR / environment / sustainability	18	9
EBIT	9	7	Growth strategy	18	14
Costs	8	6	Targeted and achieved revenues / financials	15	9
Investments	8	4	Ratings	13	7
ROCE	7	5	Slogan / strategy / vision	13	9
Sales per segment	7	3	Integration Management / Merger	12	7

	Intensity	Number of Companies		Intensity	Number of Companies
Market			**Selection of important ratios**[383]		
Market position / market shares	32	17	ROCE	21	9
Market growth	23	14	Free cashflow	21	11
Main / major growth markets	19	10	EBIT	76	16
Market trends / drivers	19	9	Sales Growth	20	8
Market conditions / forecast	18	11	EBITDA	28	9
Competitors	13	7	Operating cashflow	14	8
Cooperations / partnerships	11	7	Market Growth	23	14
Special events (subprime)	9	4	EVA	4	2
Governance / regulations	8	4	ROE	16	5
Market position per segmet	8	5	Cost of Capital	3	3
			ROS	11	3

Top 10		
Outlook	52	21
EPS	41	20
EBIT	35	15
Acquisitions & Disposals / M&A	34	18
Core objectives / priorities	34	16
Net income	33	14
Targeted and achieved goals / progress	32	17
Market position / market shares	32	17
Products & services / Pipeline	32	16
Revenues	30	15

383) cf. Wichels, Daniel, Gestaltung der Kapitalmarktkommunikation mit Finanzanalysten, Wiesbaden (DUV) 2002, 154

Table 13 – Content: Formalities

Company	Summary / Highlights*	Agenda*	Financial calender*	Contacts*	Definitions / Glossary*	Disclaimer*	Backups / Appendix	Slides (total)	Slides on topic	Coporate Design*
Adidas	1		1				5	50	37	1
Allianz	1	1	1	1	1	1	31	153	96	1
BASF	1					1	4	34	27	1
Bayer	1					1	5	23	19	1
BMW	1	1					0	59	51	1
Commerzbank	1			1		1	7	35	23	1
Continental		1		1		1	9	46	24	1
Daimler	1					1	2	60	52	1
Deutsche Bank	1	1				1	13	58	36	1
Deutsche Börse	1	1	1	1		1	0	25	19	1
Deutsche Lufthansa	1					1	0	38	32	1
Deutsche Post	1	1					0	30	23	1
Deutsche Postbank	1	1	1	1		1	13	45	22	1
Deutsche Telekom	1					1	0	31	26	1
E.ON	1					1	15	55	35	1
Fresenius			1	1		1	21	48	23	1
Henkel	1	1	1			1	0	55	46	1
Hypo	1	1		1		1	2	32	19	1
Infineon			1			1	0	34	31	1
Linde	1	1			1	1	1	42	32	1
MAN	1						0	33	31	1
Merck	1		1	1		1	23	57	26	1
METRO	1	1	1	1		1	13	66	43	1
Münchener Rück	1	1	1	1		1	39	77	19	1
RWE	1	1				1	10	72	54	1
SAP	1					1	5	60	41	1
Siemens	1		1	1	1	1	7	37	22	1
ThyssenKrupp	1	1	1	1		1	37	115	63	1
TUI	1	1	1	1		1	8	63	45	1
Volkswagen	1					1	0	47	38	1
Total	27	15	13	13	3	26				30
Median							5.0	47.5	31.5	
SD							11.1	26.7	16.5	

* 1 = available,
0 = not available

Table 14 – Content: Terms used for Presentations

Company	Terms	Slogan / headline
Adidas	Full Year 2007 Results Analyst Conference	United By Sport
Allianz	Analysts' conference	Staying on Course
BASF	Analyst Conference FY 2007 Results	Looking with confidence to 2008
Bayer	Spring Financial News Conference	
BMW	Financial Analysts' Meeting	
Commerzbank	Analyst conference - preliminary 2007 results	
Continental	Analysts and Banking Conference Continental Annual Results 2007	
Daimler	Annual Press Conference	
Deutsche Bank	Analyst Meeting preliminary results for 2007 financial year	financial transparency
Deutsche Börse	Preliminary Results Q4 and FY 2007	
Deutsche Lufthansa	Press and Analysts' Conference on 2007 result	
Deutsche Post	Full Year and Q4 results 2007	Roadmap to Value
Deutsche Postbank	Conference call on 2007 preliminary results	Sound performance in challenging markets
Deutsche Telekom	Conference Call Annual report 2007	
E.ON	Analyst & Investor Conference - 207 Annual Results	
Fresenius	Analyst Meeting - 2007 Results	
Henkel	Analyst Meeting FY 2007 Results	
Hypo	Preliminary Results 2007	Diversification into Public Sector Finance offers new opportunities
Infineon	Fourth Quarter and Full Year FY 2007 Quarterly Update	
Linde	Analysts' Meeting 2008	Ambition counts
MAN	Analyst Conference 2008	
Merck	Business Review and Results Presentation Full Year 2007	Record Results in a Year of Change
METRO	Analysts' Meeting	
Münchener Rück	Annual financial statements as at 31.12.2007 – Preliminary figures	
RWE	Investor and Analyst Conference Fiscal Year 2007	Positioning for More Growth and Less CO2
SAP	2007 Preliminary Year End Results Investor & Analyst Presentation	
Siemens	Annual Analyst Conference 2007	TAP the potential of Siemens : Transparency - Accountability - Performance
ThyssenKrupp	Analysts' and Investors' Conference - Fiscal Year 2006-2007	
TUI	Analysts' Meeting 2008	
Volkswagen	International Investor Conference	

Table 15 – Communicative Profile: Overview and Time Data (Adidas – Deutsche Post)

Main Category	Sub Category	Adidas	Allianz	BASF	Bayer	BMW	Commerzbank	Continental	Daimler	Deutsche Bank	Deutsche Börse	Lufthansa	Deutsche Post
Relational	Credible, Believable, Plausible	5	6	5	4	6	6	6	5	6	6	5	6
Relational	Open, Candid, Honest	4	6	5	4	5	6	6	4	6	5	5	6
Relational	Aware, Discerning, Perceptive	4	5	5	4	6	6	6	4	6	5	5	6
Transformational	Empathic, Forceful, Powerful	5	2	4	2	5	5	5	3	5	4	3	5
Transformational	Insightful, Mind Stretching, Visionary	5	3	4	2	4	5	4	3	5	4	3	6
Transformational	Innovative, Creative, Original	5	2	3	1	3	3	3	2	3	2	2	4
Promotional	Interesting, Stimulating, Engaging	5	2	3	2	5	5	4	3	4	3	2	5
Promotional	Conclusive, Decisive, Action Oriented	4	4	4	3	6	6	4	4	4	4	3	5
Promotional	Practical, Realistic, Informative	5	3	5	3	4	6	4	4	4	4	3	5
Informational	Focused, Logical, Organized	5	6	6	5	6	5	5	5	5	5	6	5
Informational	Rigorous, Precise, Controlled	4	6	5	7	6	5	4	6	5	5	6	4
Informational	Technically, Correct, Accurate	4	6	6	6	6	5	5	6	4	5	6	4
		Set of characteristics using a 1 (low) to 7 (high) rating scale											
Time (minutes) & Statistical Information													
Time per slide (tps) in minutes		1	1,5	0,9	2,4	1,4	2,5	2,3	0,2	1,3	1,7	1,6	2
Speak fluently without manuscript (1 = yes, 0 = no)		0	1	0,5	0	1	0,5	1	0	1	0,5	0,5	1
Time excluding Q&A and IRO		0:36	2:22	0:24	0:45	1:11	0:30	0:56	0:11	0:47	1:01	0:50	0:45
Time CEO		0:23	0:25	0:12	0:32	0:28	0:30	0:49	0:07	0:21	0:29	0:12	0:15
Time CFO		0:13	1:34	0:12	0:13	0:43		0:07	0:04	0:26	0:32	0:38	0:30
Time IRO				0:05					0:02		0:01	0:01	0:01
Time Member of the Board, Finance			0:23										
Time Member of the Executive Board, Tourism													
Time Member of the Executive Board, Shipping													
Time CEO of RWE Innogy													
Time Employment Director (responsible also for finance)													
Time Deputy CEO													
Time Corporate Senior Vice President - Research & Technology													
Time Q&A		0:59	1:22	0:51	1:21	1:10	1:25	1:04	1:02	0:49	0:35	0:55	0:49
Show slides in webcast (1 = yes, 0 = no)		1	1	1	1	1	1	1	0	1	1	1	1
Download of webcast available (1 = yes, 0 = no)		0	1 (Audio)	0	1 (Audio)	1 (Audio)	0	0	0	0	0	0	1
Video available (1 = yes, 0 = no)		0	1	1	1	1	1	0	0	1	1	1	1
Annotations		press & analysts			press & analysts		press	conference call with attendees	global conference call			press and analysts, interpreted into English	

Table 16 – Communicative Profile: Overview and Time Data (Postbank – Münchener Rück)

Main Category	Sub Category	Postbank	Telekom	E.ON	Fresenius	Henkel	Hypo	Infineon	Linde	MAN	Merck	Metro	Münchener Rück
Relational	Credible, Believable, Plausible	6	5	6	5	6	5	5	6	6	6	6	5
Relational	Open, Candid, Honest	6	5	6	5	6	6	5	6	6	6	6	5
Relational	Aware, Discerning, Perceptive	5	4	6	5	5	5	4	6	5	5	6	5
Transformational	Empathic, Forceful, Powerful	4	3	5	4	4	5	3	4	3	4	5	2
Transformational	Insightful, Mind Stretching, Visionary	4	3	5	3	3	3	3	3	4	4	4	3
Transformational	Innovative, Creative, Original	2	2	4	2	3	2	2	2	2	3	2	2
Promotional	Interesting, Stimulating, Engaging	3	3	4	3	4	4	3	4	4	4	4	2
Promotional	Conclusive, Decisive, Action Oriented	3	3	5	3	4	5	4	4	4	3	5	3
Promotional	Practical, Realistic, Informative	4	4	5	4	5	4	4	4	4	4	5	3
Informational	Focused, Logical, Organized	5	4	5	5	5	5	7	6	6	5	6	7
Informational	Rigorous, Precise, Controlled	5	5	5	6	5	5	7	6	5	5	5	6
Informational	Technically, Correct, Accurate	5	4	4	6	5	5	6	6	6	4	5	7
Set of characteristics using a 1 (low) to 7 (high) rating scale													
Time (minutes) & Statistical Information													
Time per slide (tps) in minutes		1,4	1,4	1,4	2,4	0,8*	2,1	0,5	1,4	1,2	1,9	1,2	2,4
Speak fluently without manuscript (1 = yes, 0 = no)		1	0,5	1	1	1*	1	0,5	1	1	1	1	1
Time excluding Q&A and IRO		0:30	0:35	0:50	0:56	0:57	0:39	0:16	0:46	0:38	0:48	0:53	0:45
Time CEO		0:13	0:21	0:24	0:27	0:18	0:39	0:16	0:20	0:38	0:24	0:30	0:14
Time CFO		0:17	0:14	0:26	0:29	0:39					0:24	0:23	0:31
Time IRO		0:01		0:03	0:01		0:01	0:01	0:01	0:01	0:02	0:01	0:01
Time Member of the Board, Finance													
Time Member of the Executive Board, Tourism													
Time Member of the Executive Board, Shipping													
Time CEO of RWE Innogy													
Time Employment Director (responsible also for finance)									0:26				
Time Deputy CEO													
Time Corporate Senior Vice President - Research & Technology						0:23							
Time Q&A		0:28	0:56	1:23	0:37	0:43	1:10	0:41	1:06	0:49	0:26	1:14	0:53
Show slides in webcast (1 = yes, 0 = no)		1	1	1	1	1	0	0	1	1	1	1	1
Download of webcast available (1 = yes, 0 = no)		0	0	1	0	0	0	0	0	0	1 (Audio)	0	0
Video available (1 = yes, 0 = no)		0	0	1	1	1	0	0	1	1	1	1	0
Annotations		conference call	conference call			just charts and speech of CFO measured	conference call	conference call					conference call

Table 17 – Communicative Profile: Overview and Time Data (RWE – Volkswagen)

Main Category	Sub Catgeory	RWE	SAP	Siemens	ThyssenKrupp	TUI	Volkswagen	Median
Relational	Credible, Believable, Plausible	5	6	5	6	6	4	6
Relational	Open, Candid, Honest	5	6	5	5	5	3	5
Relational	Aware, Discerning, Perceptive	4	5	4	5	6	3	5
Transformational	Empathic, Forceful, Powerful	2	3	3	4	3	6	4
Transformational	Insightful, Mind Stretching, Visionary	3	3	4	4	3	4	4
Transformational	Innovative, Creative, Original	2	2	3	3	2	3	2
Promotional	Interesting, Stimulating, Engaging	2	3	3	4	3	4	3,5
Promotional	Conclusive, Decisive, Action Oriented	3	3	4	5	4	6	4
Promotional	Practical, Realistic, Informative	4	4	4	5	4	5	4
Informational	Focused, Logical, Organized	6	6	6	6	6	4	5
Informational	Rigorous, Precise, Controlled	6	5	6	6	6	5	5
Informational	Technically, Correct, Accurate	6	6	6	7	6	5	6
Set of characteristics using a 1 (low) to 7 (high) rating scale								
Time (minutes) & Statistical Information								
Time per slide (tps) in minutes		1,4	1,4	2,5	1,1	1,9	1,7	1,4
Speak fluently without manuscript (1 = yes, 0 = no)		0	1	1	1	0,5*	0*	1
Time excluding Q&A and IRO		1:18	0:59	0:54	1:10	1:26	1:06	0:49
Time CEO		0:43	0:19	0:25	0:25	0:33	0:43	0:24
Time CFO		0:20	0:20	0:29	0:45	0:21	0:23	0:24
Time IRO		0:02	0:02	0:01		0:01		0:01
Time Member of the Board, Finance								
Time Member of the Executive Board, Tourism						0:14**		
Time Member of the Executive Board, Shipping						0:18		
Time CEO of RWE Innogy		0:15						
Time Employment Director (responsible also for finance)								
Time Deputy CEO			0:20					
Time Corporate Senior Vice President - Research & Technology								
Time Q&A		0:57	0:35	1:08	0:49	0:47	0:54	0:53
Show slides in webcast (1 = yes, 0 = no)		1	0	0	0	1	1	1
Download of webcast available (1 = yes, 0 = no)		0	0	0	1	0	0	0
Video available (1 = yes, 0 = no)		1	1	1	0	1	0	1
Annotations						* interpreted into English except for **	* interpreted into English	

Table 18 – Communicative Profile: Characteristics

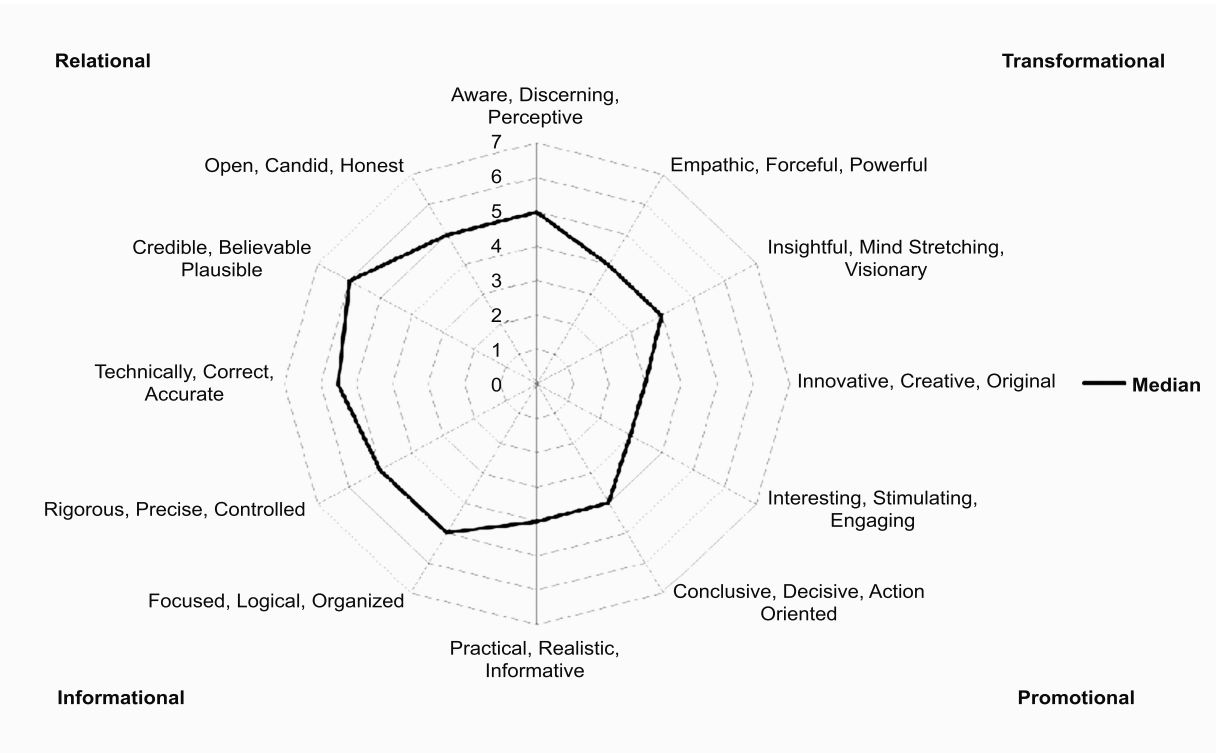

Table 19 – Communicative Profile: Pretest

Main Category	Allianz		BASF		Deutsche Post		Henkel		Metro	
	Test	Thesis	Test	Thesis	Test	Thesis	Test	Thesis	Test	Thesis
Relational	6	6	6	5	5	6	5	6	5	6
Relational	5	6	5	5	5	6	5	6	5	6
Relational	5	5	5	5	5	6	5	5	5	6
Transformational	5	2	5	4	4	5	4	4	4	5
Transformational	4	3	4	4	4	6	4	3	4	4
Transformational	5	2	4	3	4	4	3	3	3	2
Promotional	5	2	5	3	5	5	4	4	3	4
Promotional	5	4	5	4	6	5	5	4	4	5
Promotional	6	3	6	5	6	5	6	5	5	5
Informational	6	6	7	6	5	5	6	5	5	6
Informational	7	6	7	5	6	4	6	5	5	5
Informational	7	6	7	6	6	4	5	5	5	5
Total	66	51	66	55	61	61	58	55	53	59
Aggregated:										
Relational	16	17	16	15	15	18	15	17	15	18
Transformational	14	7	13	11	12	15	11	10	11	11
Promotional	16	9	16	12	17	15	15	13	12	14
Informational	20	18	21	17	17	13	17	15	15	16

Legend:
Deviation 5 and more
Deviation 4
Deviation 3

Table 20 – Communicative Profile: Scores per Category and Percentage

Category	Communicative profile overall		Relational		Transformational		Promotional		Informational	
Adidas	55	65%	13	62%	15	71%	14	67%	13	62%
Allianz	51	61%	17	81%	7	33%	9	43%	18	86%
BASF	55	65%	15	71%	11	52%	12	57%	17	81%
Bayer	43	51%	12	57%	5	24%	8	38%	18	86%
BMW	62	74%	17	81%	12	57%	15	71%	18	86%
Commerzbank	63	75%	18	86%	13	62%	17	81%	15	71%
Continental	56	67%	18	86%	12	57%	12	57%	14	67%
Daimler	49	58%	13	62%	8	38%	11	52%	17	81%
Deutsche Bank	57	68%	18	86%	13	62%	12	57%	14	67%
Deutsche Börse	52	62%	16	76%	10	48%	11	52%	15	71%
Deutsche Lufthansa	49	58%	15	71%	8	38%	8	38%	18	86%
Deutsche Post	61	73%	18	86%	15	71%	15	71%	13	62%
Deutsche Postbank	52	62%	17	81%	10	48%	10	48%	15	71%
Deutsche Telekom	45	54%	14	67%	8	38%	10	48%	13	62%
E.ON	69	82%	18	86%	14	67%	14	67%	14	67%
Fresenius	51	61%	15	71%	9	43%	10	48%	17	81%
Henkel	55	65%	17	81%	10	48%	13	62%	15	71%
Hypo	54	64%	16	76%	10	48%	13	62%	15	71%
Infineon	53	63%	14	67%	8	38%	11	52%	20	95%
Linde	57	68%	18	86%	9	43%	12	57%	18	86%
MAN	55	65%	17	81%	9	43%	12	57%	17	81%
Merck	53	63%	17	81%	11	52%	11	52%	14	67%
METRO	59	70%	18	86%	11	52%	14	67%	16	76%
Münchener Rück	50	60%	15	71%	7	33%	8	38%	20	95%
RWE	48	57%	14	67%	7	33%	9	43%	18	86%
SAP	52	62%	17	81%	8	38%	10	48%	17	81%
Siemens	53	63%	14	67%	10	48%	11	52%	18	86%
ThyssenKrupp	60	71%	16	76%	11	52%	14	67%	19	90%
TUI	54	64%	17	81%	8	38%	11	52%	18	86%
Volkswagen	52	62%	10	48%	13	62%	15	71%	14	67%
Median	**53,5**	**64%**	**16,5**	**79%**	**10**	**48%**	**11,5**	**55%**	**17**	**81%**
Average	**54,2**	**64%**	**15,8**	**75%**	**10,1**	**48%**	**11,7**	**56%**	**16,3**	**77%**
SD	**5,40**		**2,07**		**2,52**		**2,32**		**2,10**	
	100% = 84 points		100% = 21 points							

Table 21 – Content: Scores per Category and Percentage

Category	Content overall		Financial		Forward-looking		Market		Products & Company		Strategy & Credibility	
Adidas	76	42%	31	41%	14	18%	6	8%	16	21%	9	12%
Allianz	148	82%	109	74%	6	4%	3	2%	18	12%	12	8%
BASF	60	33%	30	50%	9	15%	3	5%	11	18%	7	12%
Bayer	65	36%	37	57%	9	14%	3	5%	9	14%	7	11%
BMW	132	73%	61	46%	35	27%	3	2%	23	17%	10	8%
Commerzbank	59	33%	37	63%	0	0%	3	5%	19	32%	0	0%
Continental	72	40%	42	58%	12	17%	5	7%	10	14%	3	4%
Daimler	80	44%	35	44%	9	11%	7	9%	23	29%	6	8%
Deutsche Bank	89	49%	66	74%	3	3%	12	13%	2	2%	6	7%
Deutsche Börse	75	42%	28	37%	12	16%	8	11%	17	23%	10	13%
Deutsche Lufthansa	103	57%	58	56%	21	20%	3	3%	13	13%	8	8%
Deutsche Post	64	36%	17	27%	11	17%	2	3%	15	23%	19	30%
Deutsche Postbank	93	52%	45	48%	9	10%	9	10%	22	24%	8	9%
Deutsche Telekom	97	54%	41	42%	9	9%	12	12%	28	29%	7	7%
E.ON	104	58%	44	42%	11	11%	7	7%	23	22%	19	18%
Fresenius	77	43%	30	39%	12	16%	1	1%	29	38%	5	6%
Henkel	121	67%	37	31%	19	16%	7	6%	39	32%	19	16%
Hypo	78	43%	43	55%	19	24%	6	8%	7	9%	3	4%
Infineon	72	40%	34	47%	6	8%	11	15%	9	13%	12	17%
Linde	118	66%	52	44%	18	15%	7	6%	34	29%	7	6%
MAN	80	44%	22	28%	12	15%	2	3%	38	48%	6	8%
Merck	83	46%	36	43%	12	14%	11	13%	23	28%	1	1%
METRO	132	73%	65	49%	25	19%	12	9%	22	17%	8	6%
Münchener Rück	71	39%	56	79%	10	14%	0	0%	1	1%	4	6%
RWE	180	100%	49	27%	61	34%	14	8%	32	18%	24	13%
SAP	131	73%	50	38%	31	24%	10	8%	27	21%	13	10%
Siemens	66	37%	34	52%	8	12%	5	8%	8	12%	11	17%
ThyssenKrupp	124	69%	44	35%	25	20%	15	12%	20	16%	20	16%
TUI	144	80%	70	49%	13	9%	20	14%	35	24%	6	4%
Volkswagen	63	35%	42	67%	4	6%	1	2%	16	25%	0	0%
Median	**81,5**	**45%**	**42**	**47%**	**12**	**15%**	**6,5**	**7%**	**19,5**	**21%**	**7,5**	**8%**
Average	**95,2**	**53%**	**44,8**	**48%**	**14,8**	**15%**	**6,9**	**7%**	**19,6**	**21%**	**9,0**	**9%**
SD	**31,38**		**17,71**		**11,80**		**4,84**		**10,21**		**6,10**	
		100% = RWE		% based on Content overall								

Table 22 – Data Event Study (Trading Volume)

Category	Day of presentation	Trading volume on previous day	Trading volume on day of presentation	Trading volume change in %	DAX Trading volume on previous day	DAX Trading volume on day of presentation	DAX Trading volume change in %	Trading volume relative change in %
Adidas	03/05/2008	1844894	4074852	120,87%	191380112	153632480	-19,72%	140,60%
Allianz	02/21/2008	5051087	6144486	21,65%	177428720	147236048	-17,02%	38,66%
BASF	02/21/2008	3423462	5457322	59,41%	177428720	147236048	-17,02%	76,43%
Bayer	02/28/2008	4974876	11654459	134,27%	141278976	170746368	20,86%	113,41%
BMW	03/19/2008	7966693	6820991	-14,38%	201172928	307873984	53,04%	-67,42%
Commerzbank	02/14/2008	13789131	18231969	32,22%	158525952	172577088	8,86%	23,36%
Continental	02/21/2008	2048182	4688301	128,90%	177428720	147236048	-17,02%	145,92%
Daimler	02/14/2008	12301652	20309968	65,10%	158525952	172577088	8,86%	56,24%
Deutsche Bank	02/07/2008	10947783	17570790	60,50%	196641344	242206608	23,17%	37,32%
Deutsche Börse	02/20/2008	1634920	2109000	29,00%	145000256	177428720	22,36%	6,63%
Deutsche Lufthansa	03/12/2008	7828772	8910092	13,81%	185309296	153059456	-17,40%	31,22%
Deutsche Post	03/06/2008	5348902	11301564	111,29%	153632480	167895584	9,28%	102,00%
Deutsche Postbank	02/15/2008	2756500	2686307	-2,55%	172577088	189386704	9,74%	-12,29%
Deutsche Telekom	02/28/2008	33135618	58985165	78,01%	141278976	170746368	20,86%	57,15%
E.ON	03/06/2008	4449044	6489443	45,86%	153632480	167895584	9,28%	36,58%
Fresenius	02/20/2008	1045336	2240146	114,30%	145000256	177428720	22,36%	91,93%
Henkel	02/27/2008	1589702	5065871	218,67%	163794912	141278976	-13,75%	232,41%
Hypo	01/15/2008	3155777	5780313	83,17%	132876216	234018752	76,12%	7,05%
Infineon	11/14/2007	15977175	25542552	59,87%	177297424	183124576	3,29%	56,58%
Linde	03/17/2008	993614	1597440	60,77%	202037440	291401152	44,23%	16,54%
MAN	02/05/2008	1722543	4908921	184,98%	144405152	205815504	42,53%	142,45%
Merck	02/18/2008	815831	1578764	93,52%	189386704	114683784	-39,44%	132,96%
METRO	03/18/2008	1972130	5136149	160,44%	291401152	201172928	-30,96%	191,40%
Münchener Rück	02/25/2008	2296633	1853125	-19,31%	163836160	128930848	-21,31%	1,99%
RWE	02/22/2008	4031276	15810750	292,20%	147236048	163836160	11,27%	280,93%
SAP	01/30/2008	10041231	12292025	22,42%	189796976	158265808	-16,61%	39,03%
Siemens	11/09/2007	27497792	15245878	-44,56%	242168512	214623456	-11,37%	-33,18%
ThyssenKrupp	12/04/2007	2772122	10217861	268,59%	120718144	162244528	34,40%	234,19%
TUI	03/18/2008	6262639	6162732	-1,60%	291401152	201172928	-30,96%	29,37%
Volkswagen	03/13/2008	1573830	2188023	39,03%	153059456	189252128	23,65%	15,38%
Average				80,55%			6,39%	74,16%
Median				60,63%			9,07%	47,63%

Table 23 – Data Event Study (Stock Price / Expectations)

Category	Change of stock price on day of presentation (%, previous day = 100%, Xetra)	Change of DAX on day of presentation (%, previous day = 100%, XETRA)	Stock price relative change in %	FTD* news analysis: analysts expectations fulfilled or exceeded (1 = yes)	Annotations
Adidas	100,3	102,1	-1,8	1	
Allianz	100,8	100,1	0,7	1	Increased trading volume from 02/18 until 02/24
BASF	98,2	100,1	-1,9	0	
Bayer	95,3	98,1	-2,9	0	
BMW	103,4	99,5	3,9	1	Increased trading volume from 03/13 until 03/20
Commerzbank	93,5	99,8	-6,3	0	
Continental	103,6	100,1	3,5	1	
Daimler	100,4	99,8	0,6	1	
Deutsche Bank	100,4	98,3	2,1	1	
Deutsche Börse	98,2	98,5	-0,3	1	
Deutsche Lufthansa	104,7	101,1	3,6	1	
Deutsche Post	101,1	98,6	2,5	1	
Deutsche Postbank	102,8	98,1	4,7	1	
Deutsche Telekom	97,1	98,1	-1	1	
E.ON	102,2	98,6	3,6	1	
Fresenius	102,5	98,5	4	1	
Henkel	101,5	100,2	1,3	0	
Hypo	64,8	97,9	-33,1	0	
Infineon	102,7*	100,1	2,6	0	*88,1 two days after presentation
Linde	100,1	95,8	4,3	1	Higher increase of trading volume on next day
MAN	91,8	96,6	-4,8	1	
Merck	98,7	102	-3,3	0	
METRO	93,3	103,4	-10,1	0	
Münchener Rück	101,6	101,1	0,5	1	
RWE	94,3	98,6	-4,3	0	
SAP	100,7	99,7	1	1	
Siemens	100,7	99,9	0,8	1	High trading volume on previous day when the press conference took place
ThyssenKrupp	94	99,6	-5,6	0	
TUI	98,4	103,4	-5	1	Sale of Hapag-Lloyd was already known days before
Volkswagen	100,3	98,5	1,8	1	
Average	98,09	99,54	-1,30	0,67	
Median	100,30	99,65	0,65	1,00	

* Financial Times Deutschland

Table 24 – Correlations

	Communicative overall	Relational	Transformational	Promotional	Informational	Content overall	Financial	Forward-looking	Market	Products & Company	Strategy & Credibility	Trading volume	Analysts Expectations	Stock Price
Communicative overall	1,000													
Sig. (2-tailed)														
Relational	0,628	1,000												
Sig. (2-tailed)	0,000													
Transformational	0,755	0,273	1,000											
Sig. (2-tailed)	0,000	0,144												
Promotional	0,797	0,261	0,830	1,000										
Sig. (2-tailed)	0,000	0,164	0,000											
Informational	-0,238	-0,146	-0,675	-0,452	1,000									
Sig. (2-tailed)	0,205	0,442	0,000	0,012										
Content overall	0,028	0,282	-0,299	-0,166	0,295	1,000								
Sig. (2-tailed)	0,883	0,131	0,108	0,379	0,114									
Financial	-0,031	0,241	-0,282	-0,248	0,300	0,637	1,000							
Sig. (2-tailed)	0,869	0,199	0,131	0,186	0,108	0,000								
Forward-looking	-0,035	0,052	-0,198	-0,109	0,265	0,728	0,129	1,000						
Sig. (2-tailed)	0,855	0,784	0,294	0,567	0,157	0,000	0,497							
Market	0,000	0,187	-0,121	-0,060	0,026	0,550	0,213	0,321	1,000					
Sig. (2-tailed)	0,998	0,321	0,523	0,753	0,893	0,002	0,259	0,084						
Products & Company	0,061	0,221	-0,145	0,077	-0,023	0,548	-0,030	0,375	0,304	1,000				
Sig. (2-tailed)	0,751	0,241	0,444	0,685	0,906	0,002	0,875	0,041	0,103					
Strategy & Credibility	0,201	0,131	0,002	-0,007	0,151	0,534	0,003	0,551	0,288	0,264	1,000			
Sig. (2-tailed)	0,287	0,491	0,991	0,969	0,427	0,002	0,988	0,002	0,122	0,158				
Trading volume	-0,044	0,005	-0,015	0,029	-0,064	0,305	-0,181	0,435	0,304	0,339	0,447	1,000		
Sig. (2-tailed)	0,819	0,979	0,937	0,881	0,737	0,101	0,338	0,016	0,103	0,067	0,013			
Analysts Expectations	-0,018	0,035	0,105	-0,145	-0,148	-0,050	0,148	-0,224	-0,233	0,038	-0,130	-0,526	1,000	
Sig. (2-tailed)	0,926	0,856	0,582	0,445	0,434	0,794	0,437	0,235	0,216	0,844	0,495	0,003		
Stock Price	0,002	-0,019	0,046	-0,176	0,061	-0,007	0,009	-0,147	-0,168	0,107	0,175	-0,132	0,516	1,000
Sig. (2-tailed)	0,991	0,921	0,808	0,352	0,748	0,969	0,962	0,438	0,374	0,575	0,354	0,487	0,004	

Calculated according to pearson product-moment correlation

Correlation is signficant at the 0.05 level

Correlation is signficant at the 0.01 level

About the Author

ROBERT LABAS studied media management with focus on marketing, administration and strategy at the University of Siegen. He gained international experience in the U.S., Spain and China. In 1998, he founded an internet magazine and managed the business for over ten years. He wrote his diploma thesis in cooperation with an investor relations firm in New York and finished the work in Frankfurt and Cologne. Since August 2008, he is employed with the communications consultancy Hering Schuppener in Frankfurt.

DIRK

Deutscher
Investor Relations
Verband e.V.

Who we are

DIRK (Deutscher Investor Relations Verband e.V.) is the German professional association for investor relations (IR). As a mouthpiece for investor relations professionals, DIRK represents the concerns of its members through active dialogue with stakeholder groups, capital market institutions, government and the public. The association offers its members active specialist support and promotes a regular exchange of ideas between members and specialists in investor relations from around the world. In addition, it also sets standards for professional training and development for junior IR managers in Germany.

With over 290 members, DIRK sets standards for communication between companies and the capital markets. Companies covered by DIRK include all DAX stocks as well as the majority of public limited companies listed on the MDAX, SDAX and TecDAX, small firms as well as those which are not yet listed or those which issue debt instruments.

What we do

DIRK aims to achieve efficient communication between companies and the capital markets by:

- Continuing to drive professionalism in investor relations
- Actively representing the common interests of members in cooperation with all stakeholder groups and capital market institutions, the government and the public
- Supporting its members with expertise from within the organization and through contact with professional partners
- Promoting regular exchanges of experience and information between members and IR managers throughout the world

- Positioning itself as a key authority for training and development of junior investor relations managers in Germany
- Promoting and providing expert assistance in the area of IR

What we offer

DIRK offers its members a range of high profile events, discussion forums, publications and training opportunities. These include:

- The annual DIRK Conference, featuring top keynote speakers, talks, expert panels, workshops and trade fairs as well as the presentation of the "German Investor Relations Award"
- Semi-annual general meetings for members
- Regular regional round table meetings
- Regular regional meetings and practical workshops on current topics
- The CIRO (Certified Investor Relations Officer): the first and only function-specific course of study for IR employees
- Close collaboration and regular exchange with capital market institutions
- Publication of studies, surveys, research and specialist publications in the area of IR
- Collaboration with selected universities aimed at promoting the next generation of IR experts
- Representing and reacting to member interests in various specialist committees
- The DIRK website (www.dirk.org) containing comprehensive information on the subject of IR
- HIRE – Hire Investor Relations Experts: a job exchange for IR vacancies and internships

Further information:

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Website: www.dirk.org

CIRO

Certified
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Das Weiterbildungsprogramm des DIRK

Vor dem Hintergrund der ständig steigenden Anforderungen seitens des Kapitalmarktes wird eine alle Aspekte der IR-Arbeit umfassende Weiterbildung bereits seit längerer Zeit gefordert. Der DIRK hat sich dieser Aufgabe angenommen und bietet mit dem CIRO (Certified Investor Relations Officer) ein umfassendes funktionsspezifisches Weiterbildungsprogramm an.

Das Studium ist modular aufgebaut und deckt in fünf aufeinander abgestimmten Teilen vor allem die Breite und Vielschichtigkeit der Aufgaben eines IR-Managers ab. Unter der Devise „IR von A bis Z“ werden Zusammenhänge zwischen den einzelnen Themengebieten vermittelt.

Die Wissens- und Stoffvermittlung erfolgt in Form von drei sich ergänzenden Lehrmethoden. Das Selbststudium mittels Studienbriefen wird unterstützt durch Online-Tutoring. Abgerundet wird jedes Modul durch eine zweitägige Präsenzveranstaltung, wobei diese nicht lediglich dem Wiederholen der Studienbriefinhalte, sondern insbesondere auch der Vertiefung und interaktiven Erarbeitung von besonders wichtigen Themengebieten dient.

Der vollständige CIRO-Studiengang dauert 6 Monate und kann berufsbegleitend absolviert werden, wobei die Kombination von „learning on the job“ und praxisbezogenem theoretischem Lernstoff in idealer Weise geeignet ist, die Breite des für erfolgreiche IR-Arbeit notwendigen Wissens direkt umsetzbar zu vermitteln.

Erfolgreich beendet wird der Studiengang seitens der Teilnehmer mit dem Bestehen einer anspruchsvollen schriftlichen und mündlichen Prüfung und darauf folgender CIRO-Zertifizierung.

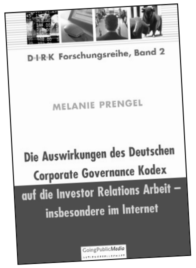
Ziel des DIRK ist, mit dieser Zertifizierung einen Standard im Bereich der IR-Weiterbildung zu setzen.

Weitere Informationen unter www.dirk.org.

Die DIRK-Forschungsreihe!

Lucy Brauns Arbeit „Die Kommunikation mit Investoren in Risiko- und Krisensituationen am Beispiel Neuer Markt“, erster Band der Forschungsreihe des DIRK – Deutscher Investor Relations Verband e.V., stellt ausführlich dar, welche kommunikativen Möglichkeiten Investor Relations-Verantwortlichen in der Krise zur Verfügung stehen, und reflektiert das Thema dabei eindrucksvoll anhand der spezifischen Besonderheiten des Neuen Marktes.

Lucy Braun: Die Kommunikation mit Investoren in Risiko- und Krisensituationen am Beispiel Neuer Markt, DIRK Forschungsreihe, Band 1, Februar 2003, broschiert, 21,80 Euro

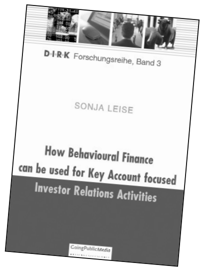


Im zweiten Band aus der Forschungsreihe des DIRK – Deutscher Investor Relations Verband e.V. werden die Regeln zur Unternehmensleitung und -kontrolle in einen größeren Kontext gestellt. Hierzu gehört nicht nur die Entwicklung der Corporate Governance in Deutschland mit Gesetzesreformen und privaten Regelwerken, sondern auch ein Vergleich mit Regelwerken anderer Länder, insbesondere den USA. Aufbauend hierauf werden Handlungsempfehlungen und Anregungen zur Umsetzung des Deutschen Corporate Governance Kodex gegeben.

Melanie Prengel: Die Auswirkungen des Deutschen Corporate Governance Kodex auf die Investor Relations Arbeit – insbesondere im Internet, DIRK Forschungsreihe, Band 2, September 2003, broschiert, 29,– Euro

This research project by Sonja Leise focuses on the question whether the knowledge of behavioural finance can help investor relations managers to approach their key investors more effectively. The author used secondary literature as well as primary research to draw interesting conclusions. Furthermore, investor relations and behavioural finance are defined and links between both topics are identified.

Sonja Leise: How Behavioural Finance can be used for Key Account focused Investor Relations Activities, DIRK Forschungsreihe, Band 3, Juni 2004, broschiert, 29,– Euro

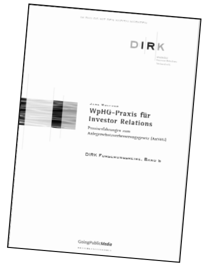


Margit Wendling untersucht mit ihrer Forschungsarbeit, gleichzeitig Band 4 der Forschungsreihe des DIRK – Deutscher Investor Relations Verband e.V., welchen Einfluss neben den fundamentalen Unternehmensdaten auch qualitative Faktoren, darunter insbesondere die Marke, auf Aktieninvestments haben.

Margit Wendling: Die Aktie als Marke – Implikationen auf die entscheidungsrelevanten Faktoren bei Aktieninvestments, DIRK Forschungsreihe, Band 4, Februar 2005, broschiert, 29,– Euro

In seiner Ausarbeitung „WpHG-Praxis für Investor Relations – Praxiserfahrungen zum Anlegerschutzverbesserungsgesetz (AnSVG)“, gleichzeitig Band 5 der Forschungsreihe des DIRK – Deutscher Investor Relations Verband e.V., schildert Rechtsanwalt und Autor Jens Wolfram detailliert die Balance zwischen den Interessen der verschiedenen Institutionen, welche vom AnSVG betroffen sind, und gibt aus langjähriger Erfahrung mit der Umsetzung kapitalmarktregulierender Gesetze heraus praxistaugliche Empfehlungen für die tägliche Investor Relations-Arbeit.

Jens Wolfram: WpHG-Praxis für Investor Relations – Praxiserfahrungen zum Anlegerschutzverbesserungsgesetz (AnSVG), DIRK Forschungsreihe, Band 5, Oktober 2005, broschiert, 39,– Euro



Mit seiner Dissertation „Investor Relations-Qualität: Determinanten und Wirkungen – Theoretische Konzeption und empirische Überprüfung für den deutschen Kapitalmarkt“, gleichzeitig Band 6 der Forschungsreihe des DIRK – Deutscher Investor Relations Verband e.V., bietet Autor Dr. Christopher Ridder eine Fülle von Ansatzpunkten zur direkten Anpassung der IR-Arbeit in der Praxis.

Christopher Ridder: Investor Relations-Qualität: Determinanten und Wirkungen – Theoretische Konzeption und empirische Überprüfung für den deutschen Kapitalmarkt, DIRK Forschungsreihe, Band 6, Mai 2006, broschiert, 59,– Euro

Die DIRK-Forschungsreihe!

Clemens Denks setzt sich mit seiner Forschungsarbeit, gleichzeitig Band 7 der Forschungsreihe des DIRK – Deutscher Investor Relations Verband e.V., insbesondere mit den Informationsgewinnungs- und Informationsverarbeitungsprozessen von Anleihegläubigern auseinander. Auf Basis der hieraus gewonnenen Erkenntnisse werden konkrete Handlungsempfehlungen für anleiheemittierende Unternehmen gegeben und erläutert, wie die Beziehungen zu Fremdkapitalinvestoren verbessert werden können.

Clemens Denks: Bondholder Relations: Informationsgewinnung und -verarbeitung von Corporate-Bond-Investoren, DIRK Forschungsreihe, Band 7, Oktober 2006, broschiert, 29,– Euro

Pia Tiffe setzt sich in der vorliegenden Arbeit, gleichzeitig Band 8 der Forschungsreihe des DIRK – Deutscher Investor Relations Verband e.V., mit den Anforderungen an die IR aus Sicht der Finanzanalysten auseinander. Sie analysiert dafür zunächst theoretisch die Instrumente der IR. Im empirischen Teil der Arbeit werden die Ergebnisse einer Befragung deutscher Finanzanalysten zusammengefasst.

Pia Tiffe: Beurteilung von Investor Relations-Maßnahmen aus Sicht von Finanzanalysten – Eine theoretische und empirische Analyse, DIRK Forschungsreihe, Band 8, Mai 2007, broschiert, 29,– Euro

Moderne Investor Relations geht über die bloße Kommunikation von Fakten hinaus, sie reduziert Skepsis und schafft Transparenz durch den Aufbau einer direkten Beziehung zum Investor. Sara Pierbattisti untersucht in der vorliegenden Arbeit die Wechselwirkungen zwischen Unternehmen und Investor sowie die organisatorische Einbindung in die Unternehmensstruktur mit Hilfe wissenschaftlicher Theorien.

Sara Pierbattisti: Die Investor Relations-Arbeit in deutschen Unternehmen: Theoretische und empirische Befunde zu Bestand und Entwicklung der IR-Arbeit der Unternehmen des DAX 30 und des MDAX. DIRK Forschungsreihe, Band 9, Oktober 2007, broschiert, 29,– Euro

Durch die EU-Transparenzrichtlinie kommen auf Emittenten neue verschärfte Vorschriften bezüglich der Finanzberichterstattung zu. Für Anleger sind insbesondere Regelungen zur Bekanntgabe von bedeutenden Beteiligungen von Interesse. Florian Preising untersucht in der vorliegenden Arbeit, ob eine europäische Harmonisierung in Richtung eines EU-Finanzbinnenmarktes durch die Transparenzrichtlinie stattgefunden hat.

Florian Preising: EU-einheitliche Umsetzungspraxis: Vergleich des Umsetzungsstatus von EU-Richtlinien in den Mitgliedstaaten am Beispiel der Transparenzrichtlinie. DIRK Forschungsreihe, Band 10, Januar 2008, broschiert, 29,– Euro

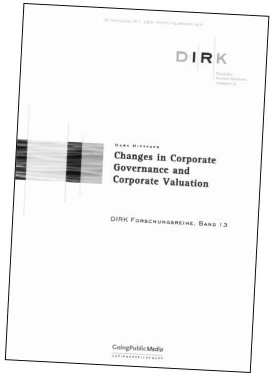
“Financial Market Communication of Real Estate Companies” was the title of a project course at the European Business School (EBS) in the summer term 2007, in which the students undertook to find answers to these and further questions. This book is a compilation of articles presenting the findings of their research. It covers a wide range of financial communication topics from a presentation of the conceptual design of Investor Relations departments and an analysis of communication strategies to an empirical validation of the theoretical concepts.

Mark Mietzner, Dirk Schiereck (Editors): Investor Marketing – Investor Relations management – The perspective of German property companies, Band 11, Mai 2008, broschiert, 59,– Euro

Thilo Theilen erarbeitet in der vorliegenden Dissertation Möglichkeiten und Grenzen der Investor Relations und zeigt auf, wie sich ein Unternehmen um anlagefähiges Kapital bemühen kann. Der Autor bringt erstmals in der Literatur eine Trennung zwischen funktionaler Investor Relations als herkömmliches „Verkündigungsorgan“ der Unternehmensleitung und strategischer Investor Relations ins Spiel.

Thilo Theilen: Investor Marketing – Eine Aufgabe für Investor Relations?, DIRK Forschungsreihe, Band 12, Juli 2008, broschiert, 59,– Euro

Die DIRK-Forschungsreihe!



Germany as a federal republic has different forms of government, and similar to this, you find a lot of different forms of corporate government. The public debate about corporate governance and shareholder activism was boosted by the labeling of private-equity-investors as „locusts“ causing extensive damage and thus requiring more regulatory efforts. In this context the academic discussion faces two facts: On the one hand, it is necessary to consider large and active shareholders, but on the other hand it is more important to know and determine who they are.

Upon this starting point the present dissertation works on different research questions: How is a blockholder's ability to solve the agency problem between managers and owners? Can an active blockholder change the objective function of a company? Does the transition of ownership of a state-owned enterprise improve the operating and financial performance? Mark Mietzner´s dissertation – published as volume 13 of the „DIRK-Forschungsreihe“ – consequently compares the differences of value creation between Hedge Funds and Private Equity Funds as active shareholders, shows the effects of shareholder activism and concentrates on results of different exit strategies.

Mark Mietzner: Changes in Corporate Governance and Corporate Valuation, DIRK Forschungsreihe, Band 13, Februar 2009, broschiert, 59,– Euro

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