

Investor Engagement and Feedback Discerning Between a Want and a Need

DIRK

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Rivel: One Trusted Partner

ESTABLISHED

1991

Pioneered Investor
Perception Research

EXPERTISE

IR & ESG

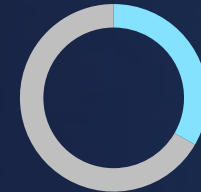
Strategic
Communications

CLIENT LIST



68%

of the S&P 100



20%

of the FTSE 100

CONSULTED

1625

Management
and Boards

GLOBAL

700+

Clients on
Six Continents

Our Primary Focus

GUIDELIGN

Global IR community, extensive research library, and strategic advisory solutions

TRENDLIGN

Investor perception studies conducted within the investment community

GOVERNANCE & SUSTAINABILITY

ESG consulting, corporate governance advisory, double materiality assessments and board evaluations

**DATA-
DRIVEN
RESEARCH**



STORYLIGN

Investor and Capital Markets days, presentations, factsheets and booklets, NDR materials, and tailored consulting engagements

KEY TAKEAWAYS

Investors' **call for engagement** is reaching a fever pitch



More engagement = **more feedback** and **more questions**



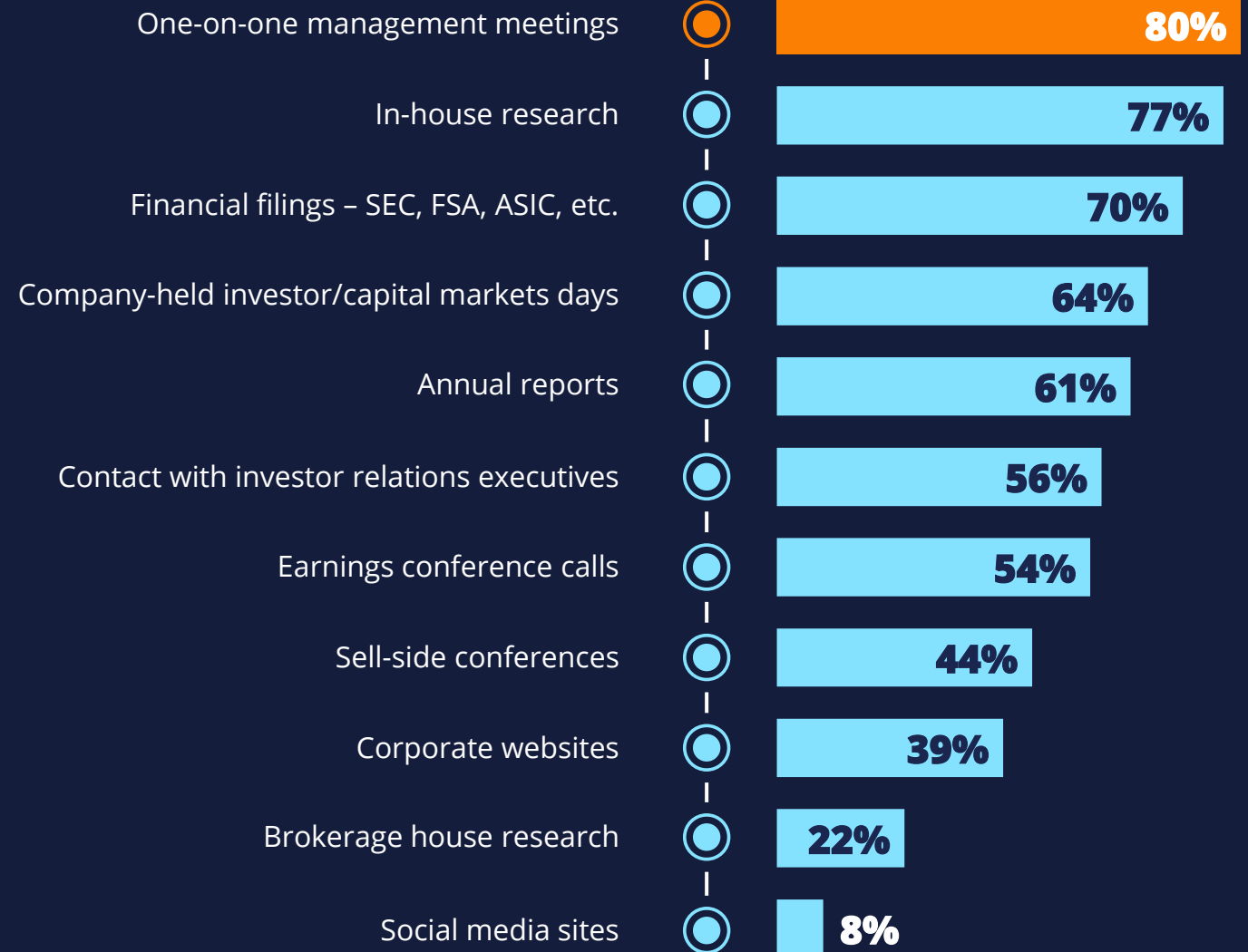
More feedback = **more wants** and **needs**



How to distinguish between a **want** and a **need**

MOST PERSUASIVE Source of Investment Insight

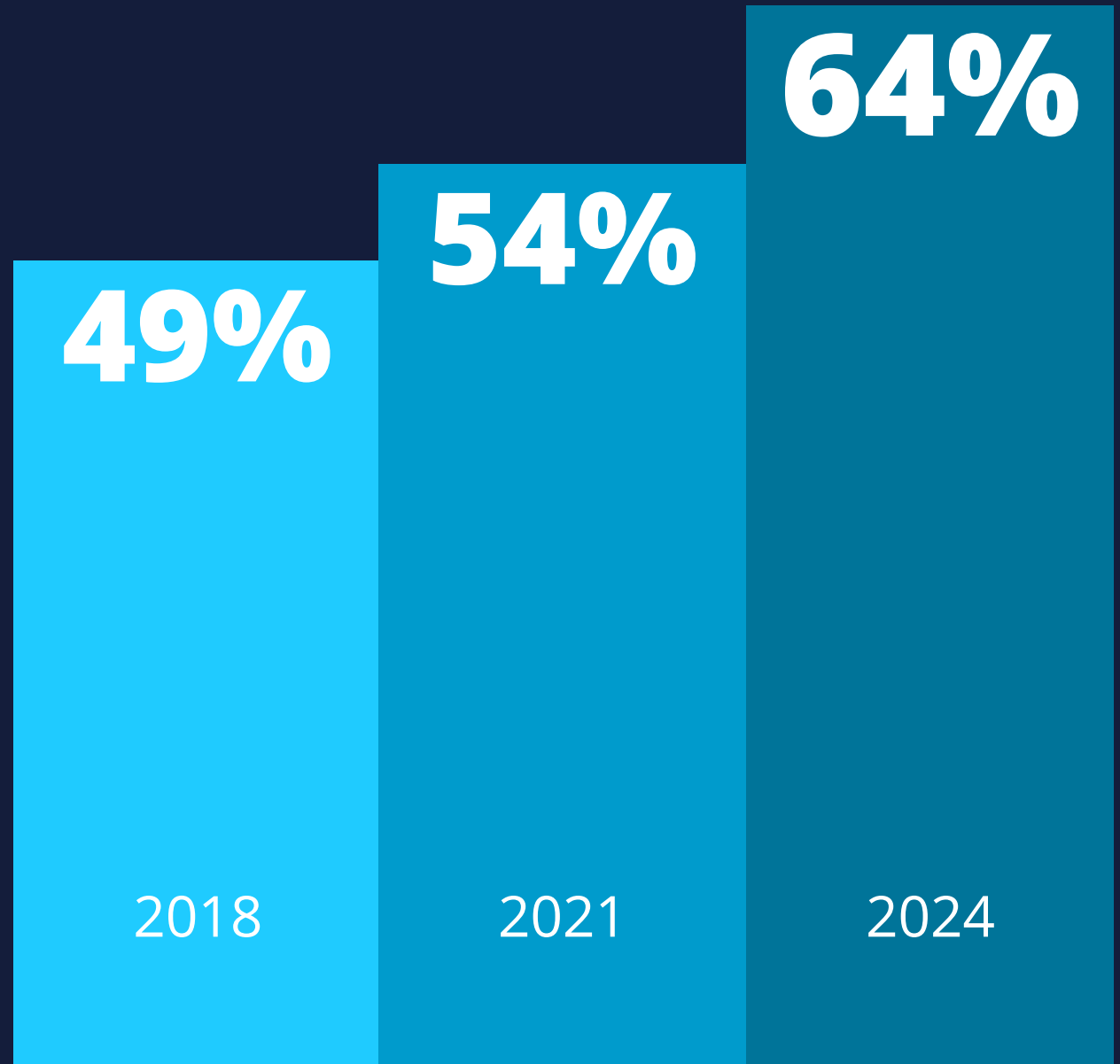
One-on-One Meetings



Ratings of 8, 9 or 10 on a 10-point scale where 10=extremely persuasive and 1=not at all;
Ranked in order of persuasiveness when making investment decisions
Among Total North American and European buy-side professionals, 2023

Investors

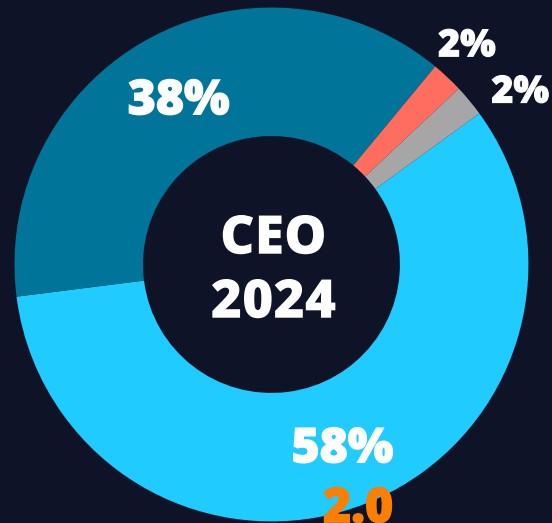
requiring a
management
meeting before
buying or
recommending
a stock



Repeat Engagement Is Expected

NUMBER OF MEETINGS EXPECT TO HAVE WITH CEO/CFO ANNUALLY

Among those holding a meaningful stake in a company

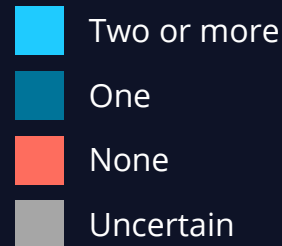


1.3

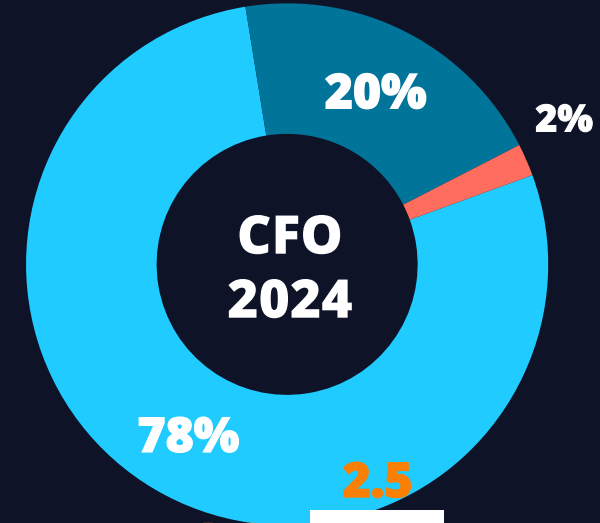
2018

2.0

2024



AVERAGES



1.4

2018

2.5

2024

Issuers Hear the Call

NUMBER OF ONE-ON-ONE/SMALL GROUP MEETINGS ISSUERS TYPICALLY CONDUCT

TOTAL

168

NORTH AMERICA

159

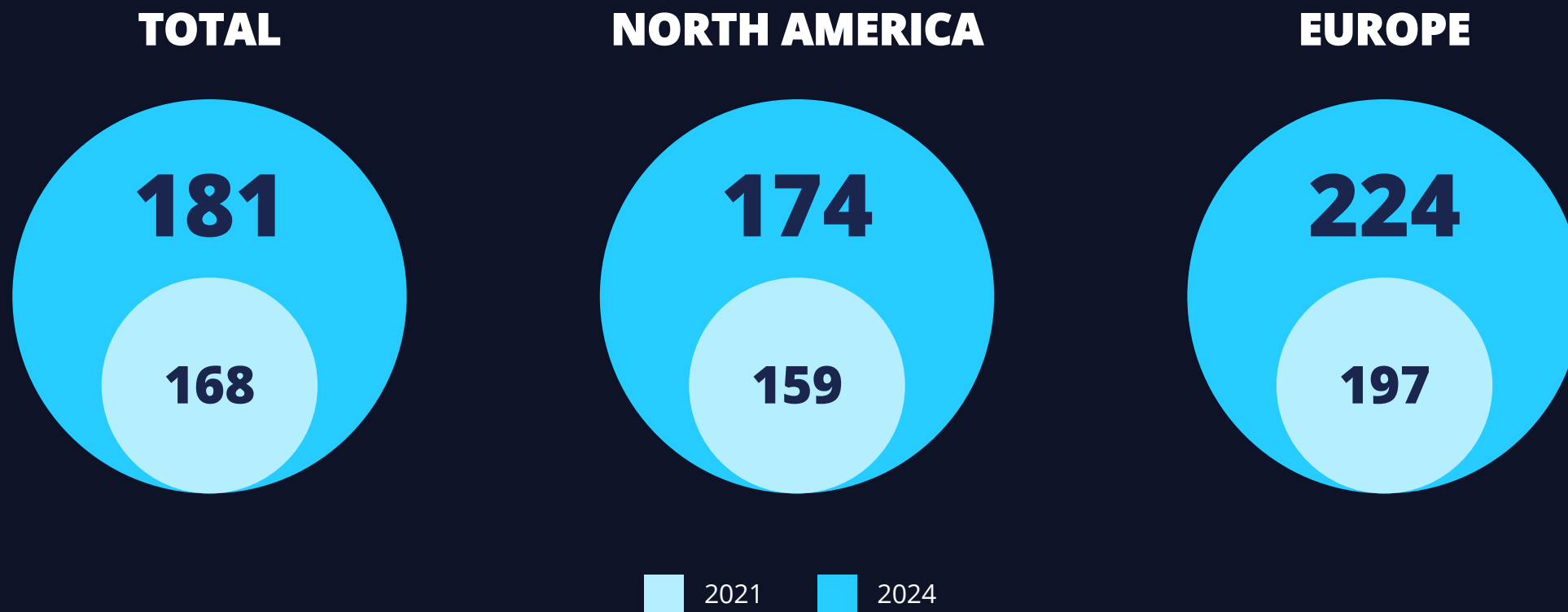
EUROPE

197

■ 2021

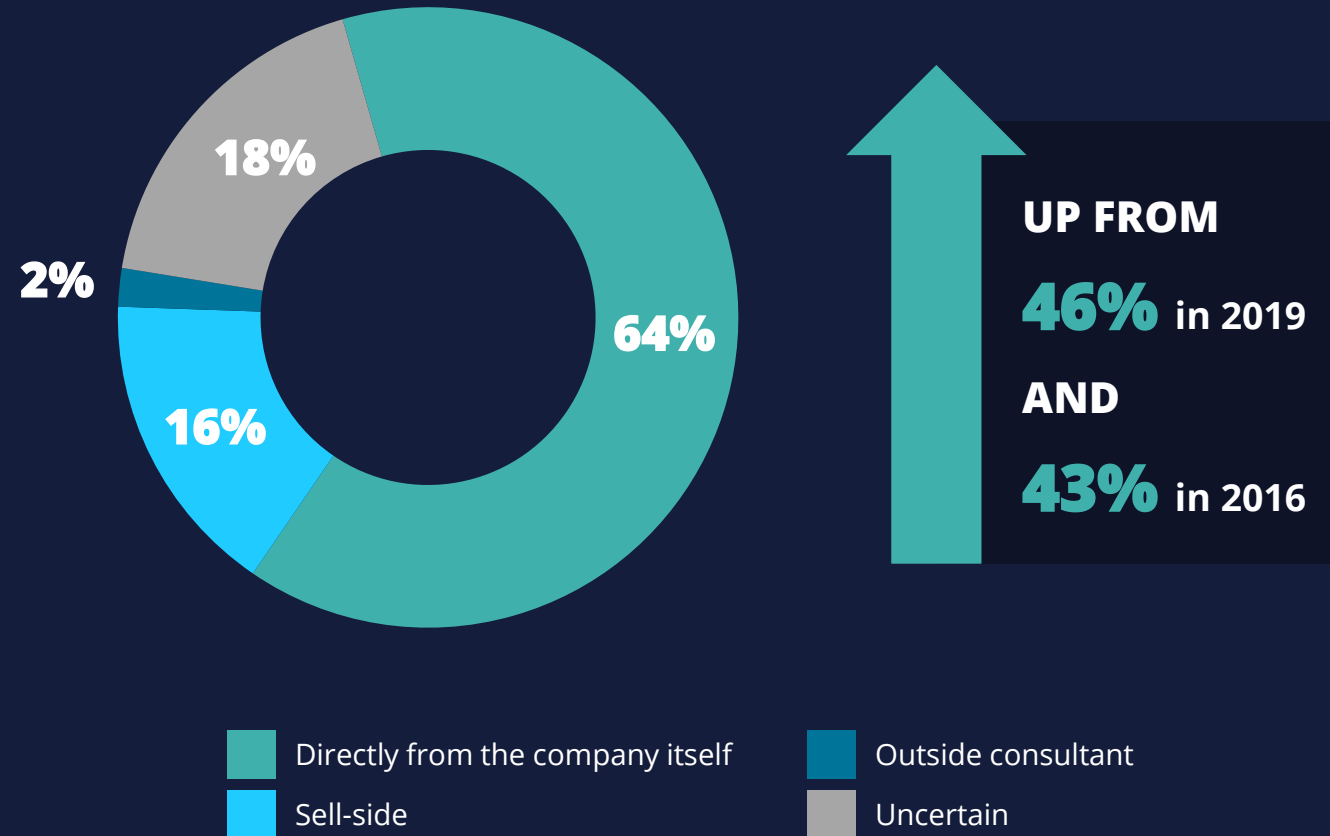
Issuers Hear the Call

NUMBER OF ONE-ON-ONE/SMALL GROUP MEETINGS ISSUERS TYPICALLY CONDUCT



**When Possible,
Go Direct**

HOW BUY-SIDE PREFERS COMPANIES REACH OUT TO SET UP MEETINGS





The portfolio mix should be simplified.

Why has the company not divested under-performing businesses?

Management should not pursue M&A.

What are the key drivers of future performance?

Transparency needs to improve.

Can you provide more detailed segment disclosures on margins?

More engagement leads to feedback and questions

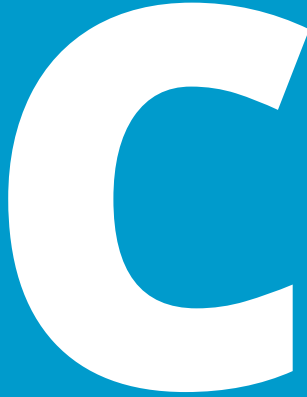


How Do You Sift Through the Avalanche to Filter Out the Noise?

Interpreting Feedback

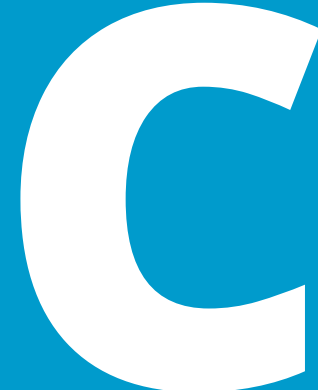
Best Practice

C A C



How credible is my
management team?

CREDIBILITY






A

Are internal
and external
stakeholders
aligned?



C

ALIGNMENT



C

Are investors confident
in seeing tangible
shareholder value?



CONFIDENCE

**Examine
Investor
Feedback
Objectively**



CAC

Guides to
what's most
important

Case Studies

Can you disclose margin
by business segment?

Investors

SCENARIO #1

C
Credibility

Confirmed



QUESTION:
Please rate management credibility on a scale of 1 to 6.

Company
Management
Credibility Rating

5.2

1st QUARTILE

Industry
Average

4.6

2nd QUARTILE

SCENARIO #1

A

Alignment

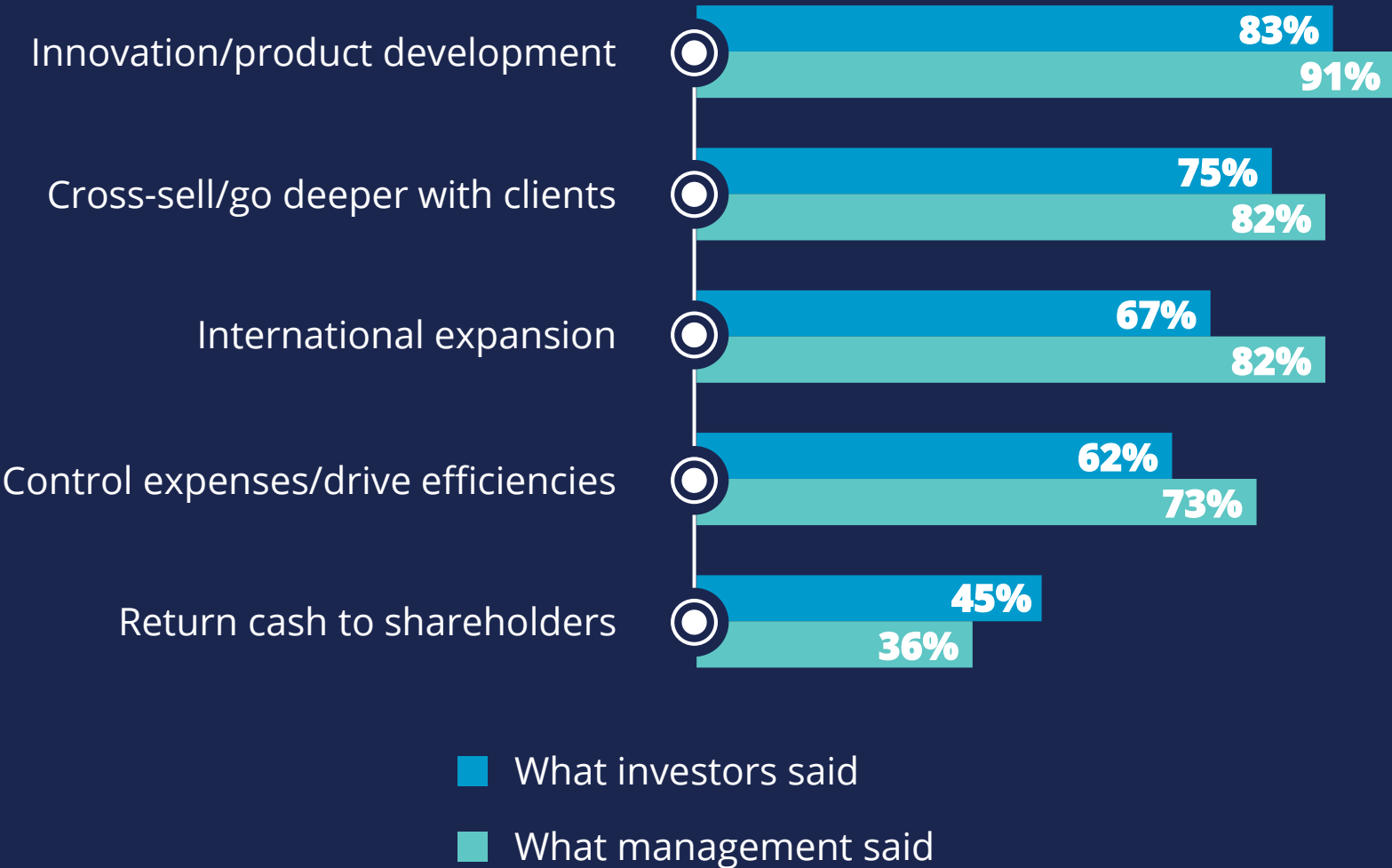
INTERNAL VS. EXTERNAL

Confirmed



QUESTION:

What are the main elements of our business strategy?



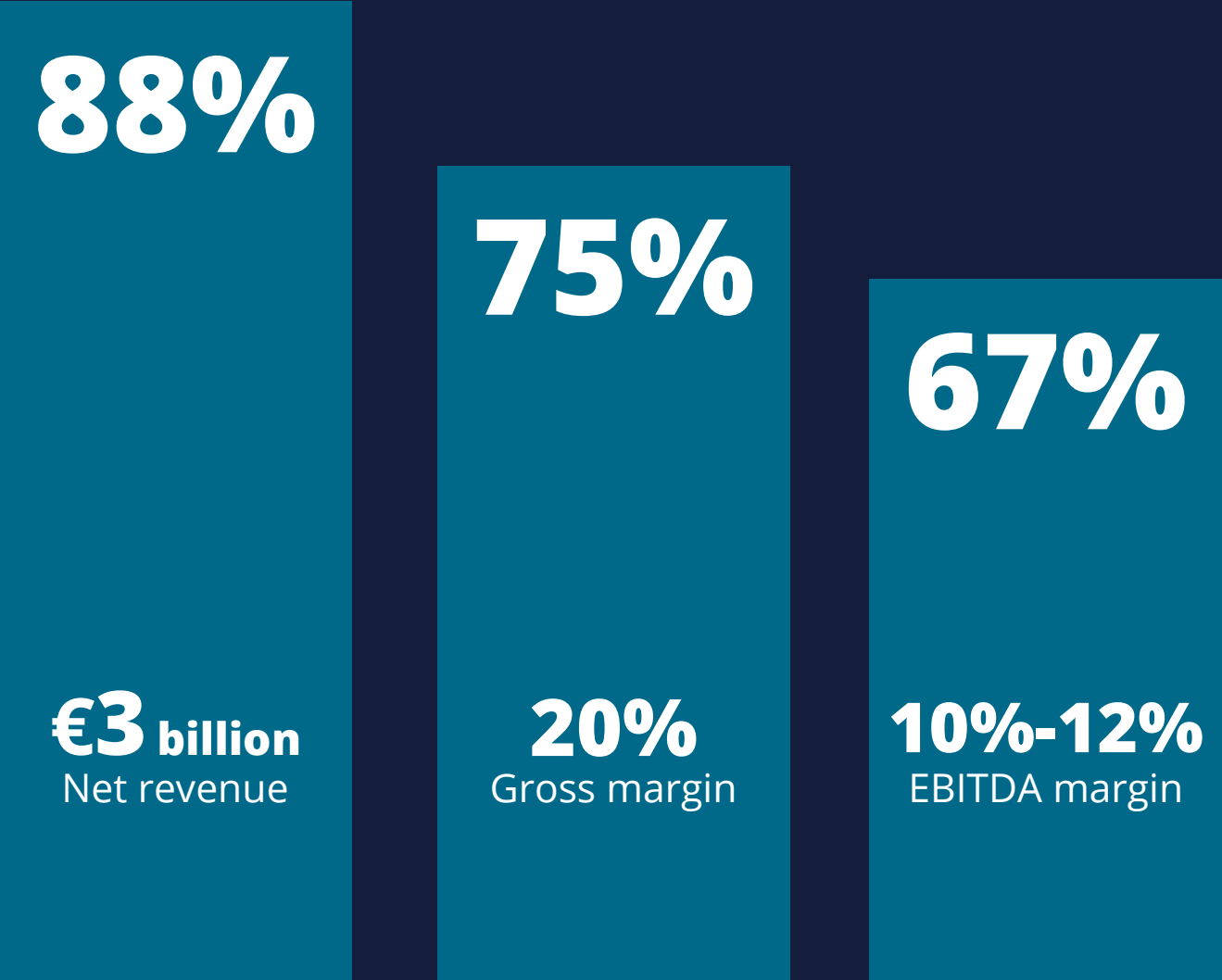
SCENARIO #1

C
Confidence

Confirmed



QUESTION:
How confident are you that management will deliver on financial targets?



€3 billion
Net revenue

20%
Gross margin

10%-12%
EBITDA margin

VERDICT:
NOISE

Do nothing

I need greater
transparency on how
capital will be allocated.

Investors

SCENARIO #2

C

Credibility

Not credible



QUESTION:
What are the company's biggest weaknesses?



Losing market share



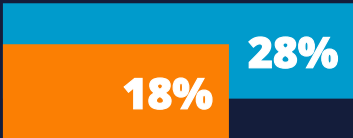
Poor execution



Financial underperformance



Mismanaging expectations



- Investment community
- Industry average

SCENARIO #2

A

Alignment

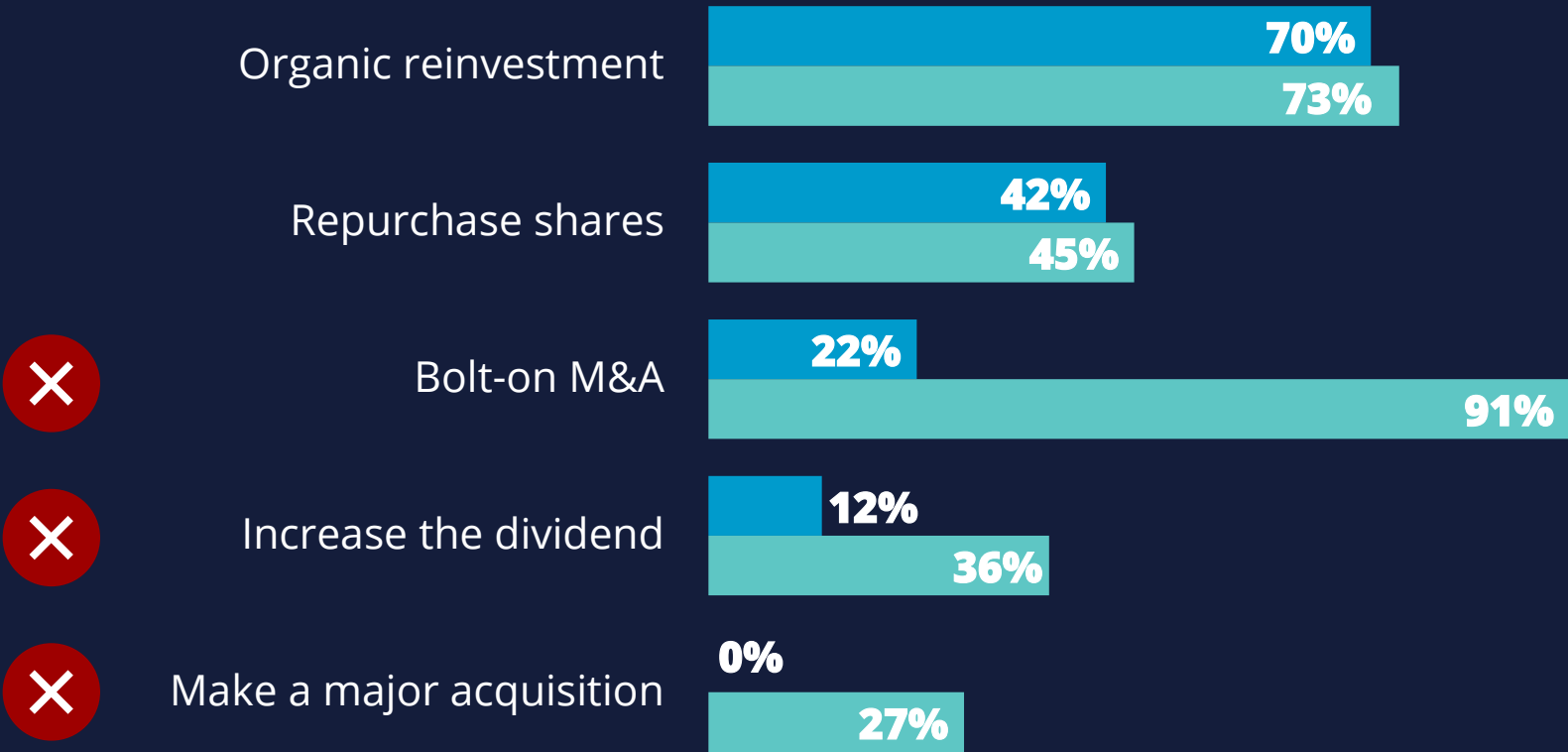
INTERNAL VS. EXTERNAL

Not aligned



QUESTION:

How important are the following capital deployment initiatives?



■ What investors said
■ What management said

SCENARIO #2

C
Confidence

Not confident



QUESTION:

How much confidence is there that management will deliver shareholder value?

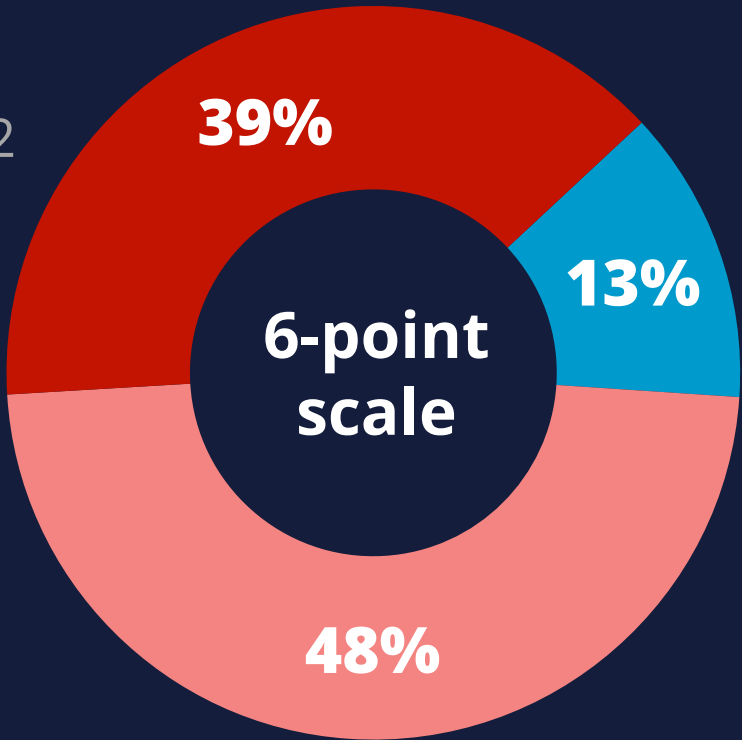
Low

Ratings of 1 or 2



High

Ratings of 5 or 6



Lacks Conviction

Ratings of 3, 4 or uncertain

VERDICT: **NECESSARY ACTION**

You **need** to provide incremental
transparency on how cash will be allocated

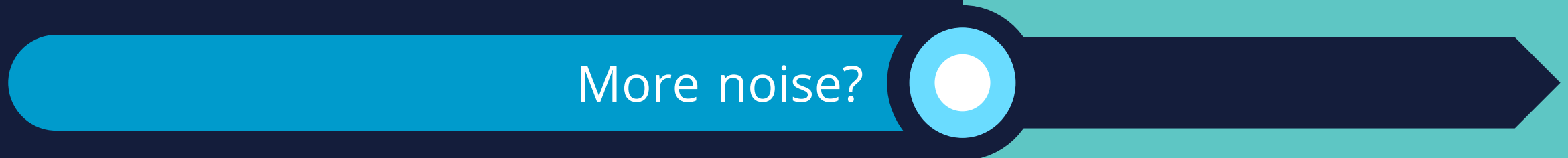
What's the Secret?

MEASURING "CAC"

- Investor perception studies
- Post-meeting notes
- Ad hoc online surveys

Investment Community:

Calling for more engagement



Mission Critical

**Accurate,
Objective
Interpretation**

Q&A





Thank you!

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