



IR Best Practice – in practice

Hints and tips for corporate IROs

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Outline

- Putting theory into practice
- Maximising the effectiveness of broker/bank relationships
- Roadshow planning and execution
- IR websites – worth investing in
- Measuring the performance of investor relations



Speaker's Background

- Founded own IR consultancy 2011
- Head of IR roles
 - Travelport – pre-IPO 1 year
 - Stora Enso 7 years
 - Kvaerner 3 years
- Investment banker (corporate finance) 17 years

Director of the IR Society of the UK since 2004



Putting theory into practice

- The essence of superior investor relations:
 - Knowledge
 - Proactivity
 - Effective interpretation
- Have a plan, but be flexible



Maximising the effectiveness of your broker/bank relationships

- The broker offering:
 - Qualified capital markets advice
 - Shareholder analysis and investor targeting
 - Plan, arrange and execute roadshows
 - Initiate reverse roadshows and site visits
 - Provide pre-meeting briefings and post-meeting feedback
 - Host investor conferences



Selecting a broker

- Criteria to use:
 - **Research** – Sales – Trading - Corporate Access

Hints

- *Prioritise quality research coverage*
- *Demand relevant inputs*
- *Corporate access should be knowledgeable and proactive*
- *Rank your brokers and reward them accordingly*

BEWARE THE 'BROKER BIAS' (understand who pays them)



The paid-for alternative: IR consultants and agencies

- Advantages:
 - Transparent remuneration model
 - They work only for you (the corporate)
 - May be more diligent than brokers: briefings, logistics and feedback
- Disadvantages:
 - Cost
 - Not 'in the flow' of securities trading



Roadshow planning and execution

- An annual roadshow plan based on:
 - Tiered targets
 - Availability of senior management
 - IR-only roadshows increasingly necessary
 - Review the plan regularly, and be willing to adapt it
- Determine who is to assist you
 - Consider DIY
- Make full use of non-roadshow events: salesforce briefings, **conferences**, Investor Days, reverse roadshows, site visits, etc.



Roadshows planning - practical tips

- Reserve senior management time well ahead - up to one year
 - Rehearse – particularly Q&A
- Consider using divisional heads and specialists, to supplement CEO/CFO time
- Cross-check your investor target list with that of key sell-side analysts
- Be flexible enough to accommodate unsolicited interest
- Make brokers accountable; reward good performance (transparently)



IR Websites – worth investing in

- Good IR websites reduce demands on the IR department. Examples:
 - E-mail alert functions
 - Analyst estimates
 - Complete ‘events’ section with Outlook calendar function
 - ‘IR Kit’
- Test functionality and solicit feedback
- Keep up-to-date and undertake periodic refreshes

See www.storaenso.com/investors



Measuring the performance of investor relations

- What NOT to measure as a gauge of IR performance:
 - Share price performance (too many variables away from IR)
 - Shareholder distribution (*may* be valid over a long period)
 - Share trading volatility (are **you** ever surprised by co news?)
 - What you **can** measure:
 - Activity level (IR meetings, calls, events, etc.)
 - Feedback from Investor Days and perception studies
 - Performance on third party surveys (such as Thomson Extel)
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Relating pay to IR performance

- Suggestions:
 - Do incorporate tangible, measurable targets in your agreed incentives (aspirational, yet reasonable)
 - Incorporate multi-year goals, where relevant

Remember who your customers are: their recognition *does* matter and may be the best measure of all



Questions?