

WELCOME



Fundamentals of Investor Relations

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THE BIG PICTURE: INVESTOR RELATIONS TODAY

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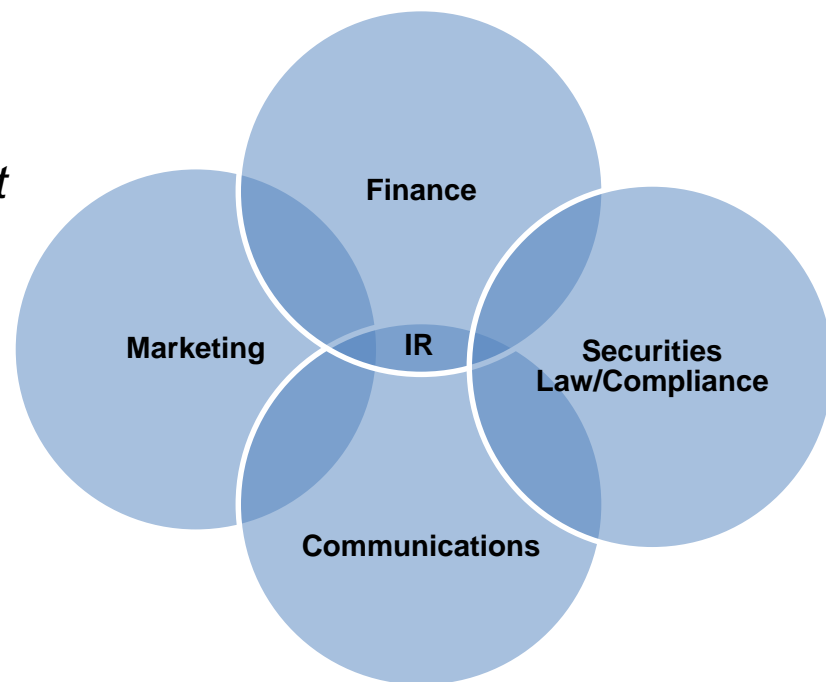
AGENDA

- What is Investor Relations and why is it impactful on valuation?
- What do you need to know to be competent at IR?
- Disruptive Trends
- What are the attributes of successful IR officers?
- Measuring results
- Helpful resources

ROLE OF INVESTOR RELATIONS - DEFINED

The National Investor Relations Institute (NIRI) defines investor relations 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.**”*



ROLE OF IR: OBTAIN FAIR VALUATION

Investor Relations is a *unique function* within a company

Its overall objective is to obtain *fair valuation* for company securities.

Its major role is to *communicate the value* of the company to *shareholders* and the *investment community*.



ROLE OF IR: OBTAIN FAIR VALUATION

FAIR VALUATION =

Market-based measurements that reflect investor expectations of *future* performance:

BASED ON COMPREHENSIVE STRATEGIC ANALYSIS

How the company positions itself in the marketplace and its *quantitative and qualitative value drivers* for growth.



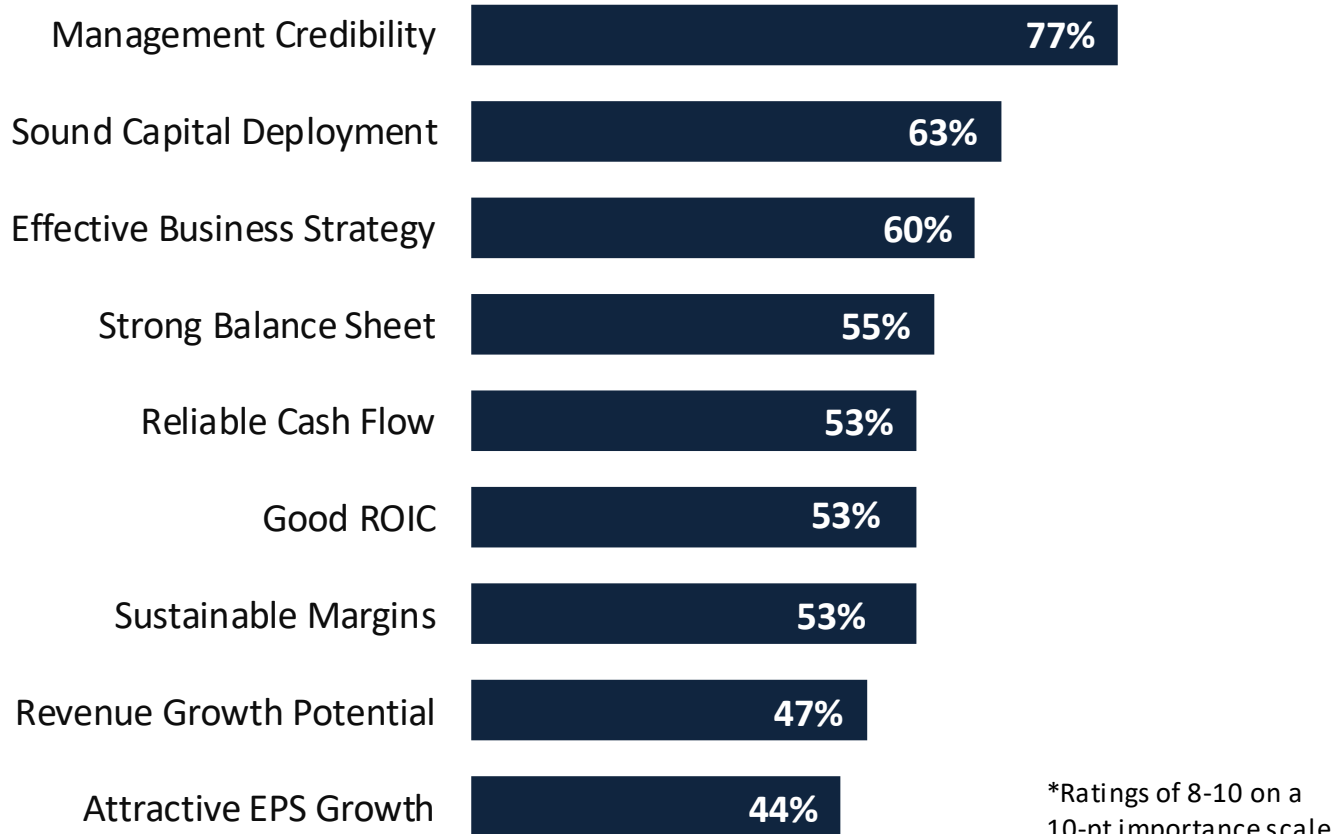
QUANTITATIVE AND QUALITATIVE VALUE DRIVERS

Cash Flow	EPS outlook/ multiple
Capital allocation	Profit margins
ROIC	Revenue growth
Macro-economics	Balance sheet

Business strategy	Management credibility
Market share/ competition	Corporate governance
Brand strength/ intangibles	ESG integration
Company messaging	Transparency

INSTITUTIONAL INVESTORS' KEY INVESTMENT DECISION DRIVERS

(Total Global Buy-Side)



*Ratings of 8-10 on a 10-pt importance scale

Source: Rivel Research Survey of Global Buy Side portfolio managers

QUANTITATIVE AND QUALITATIVE VALUE DRIVERS

Ranked by Institutional Investors

5 Cash Flow	9 EPS outlook/ multiple
2 Capital allocation	7 Profit margins
6 ROIC	8 Revenue growth
Macro- economics	4 Balance sheet

3 Business strategy	1 Management credibility
Market share/ competition	Corporate governance
Brand strength/ intangibles	ESG integration
Company messaging	Transparency

ROLE OF IR: KEY COMPANY SPOKESPERSON

*Insure two-way communication –
To external audiences*

- **Communicate business strategies and performance to shareholders and other constituencies**
- **Develop clear, understandable messages**
- **Provide relevant information and insight to help investors and analysts understand the company**
- **Function as credible stand-in for CEO and CFO**
- **Advocate transparency in all communication forms**
- **Attend *all* investor meetings, including those with management**



ROLE OF IR: KEY COMPANY SPOKESPERSON

*Ensure two-way communication –
To internal audiences*

- **Keep senior management apprised of investor sentiments and analysts' views**
- **Take investor issues forward even when unfavorable**
- **Advise the Board regularly on relative performance and street expectations**
- **Insure regulatory/disclosure compliance across all communications including social media**
- **Monitor activists and take-over threats**



ROLE OF IR: DISCLOSURE & COMPLIANCE

- **Take active role in disclosure and corporate governance process**
- **Oversee compliance with all regulatory disclosure rules – especially Reg FD and SEC filings**
- **Write and oversee the company disclosure policy**
- **Synchronize with the Disclosure Control Committee**
- **Identify specific corporate spokespeople and insure that they “speak with one voice”**
- **Monitor compliance across all communications including social media**



ROLE OF IR: NIRI'S 10 CORE COMPETENCIES

-  1. IR Strategy Formulation
-  2. IR Planning, Implementation and Measurement
-  3. Corporate Message Development
-  4. Marketing and Outreach
-  5. Corporate Financial Reporting and Analysis
-  6. Business Insight
-  7. Strategic Counsel and Collaboration
-  8. Capital Market & Capital Structure
-  9. Corporate Regulatory Compliance
-  10. Corporate Governance

NIRI “THINK TANK” FINDINGS ON THE FUTURE OF IR

Initial “Think Tank” survey of NIRI members in 2018

- Identified external forces impacting IR now and in the future
- Estimated the severity of impact and potential to change the profession

Findings analyzed disruptive structural and technological trends impacting

- the investment process
- the capital markets
- the investor relations profession

Bottom line: Think Tank recommendation for future IR

- Highest best concept: IR AS TRUSTED STRATEGIC ADVISOR

“INVESTOR RELATIONS: THE DISRUPTION OPPORTUNITY”
NIRI THINK TANK ON THE FUTURE OF INVESTOR RELATIONS

DISRUPTIVE TRENDS IMPACTING IR

INVESTMENT TRENDS	CAPITAL MARKETS	CAPITAL MARKETS	IR PROFESSION
Passive investing	Algorithmic trading	Private equity funding	Expanded IR skill set
Shareholder activism	AI/data analytics	Impact of MIFID II	IR as team function
ESG focus	Exchange proliferation	Communication speed/ social media	IR as strategic partner

Attributes of Successful IR Officers

Basic Skills

- Understanding of core finance, marketing and securities law fundamentals
- Comprehensive understanding of the Company, its direct peers, other industry participants and the competitive landscape
- Strong oral and written communication skills; ability to inform and persuasively influence the audience (both internal and external)
- Confidence in knowledge and competence in communication
- Passion

Attributes of Successful IR Officers

Advanced Skills

- Background/experience in related fields (finance, communications, marketing, business development or buy/sell-side) and/or company operations
- Industry experience and/or in-depth competitive intelligence capabilities
- Responsibility for additional functional areas within the Company (e.g. corporate communications, marketing, etc.)
- Strategic Thinker
- Be curious – love to learn

Attributes of Successful IR Officers

Superb Skills

- Thinking – and acting – as a Strategist
- Possessing gravitas and understanding organization dynamics
- Serving as a = Trusted advisor to management and the Board of Directors
- Influencing corporate strategy
- Ability and willingness to step into any role when called upon to serve

Attributes of Successful IR Officers

- From a Recruiters Perspective

Superb Skills

- Organizational influence
- Knowledge acquisition
- Psychological business partner
- Intuitive navigational abilities

Bonus Material Tips for the standout IRO

- Think like your CEO/Board – know the company & the industry
- Think like an analyst – don't just know the numbers, know what the numbers mean
- Know your audience – understand “their point of view”
- Think in terms of “what's material”
- Control access – drive meetings instead of letting others call the shots
- Simplify (Keep It Simple Silly)
- Be responsive – build your own 24-hour rule
- Rely on your network
- Keep current
- Make use of NIRI and your NIRI colleagues

Remember, we work in a fast-paced and ever-changing environment.



Measuring Results With great care...

Great caution should be exercised when choosing measurement metrics for your Investor Relation program...

- P/E premium
- Ownership stability
- New investors/“touches” – Quality over quantity
- Sell-side coverage/initiation – Quality over quantity (trust me...)
- Perception studies

.... A Rising Tide Lifts All The Boats

Source: 1963 J. F. Kennedy Address 25 June in Public Papers of Presidents of U.S. (1964)

Helpful Resources

- NIRI National
- NIRI local chapters or virtual chapter
- NIRI colleagues
- Vendor community (great for referrals)

Closing Thoughts

- Investor Relations is one of the most interesting – and rewarding – professions
- Your role is at the epicenter of corporate strategy, operations and communications
- Your responsibility is to interact with the Company's most important constituents
- You have the opportunity to affect meaningful change – and to create compelling shareholder value
- Every day will bring a new development and a new set of challenges
- Be thoughtful and strategic in your role – act with purpose and be willing to pivot

QUESTIONS?





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