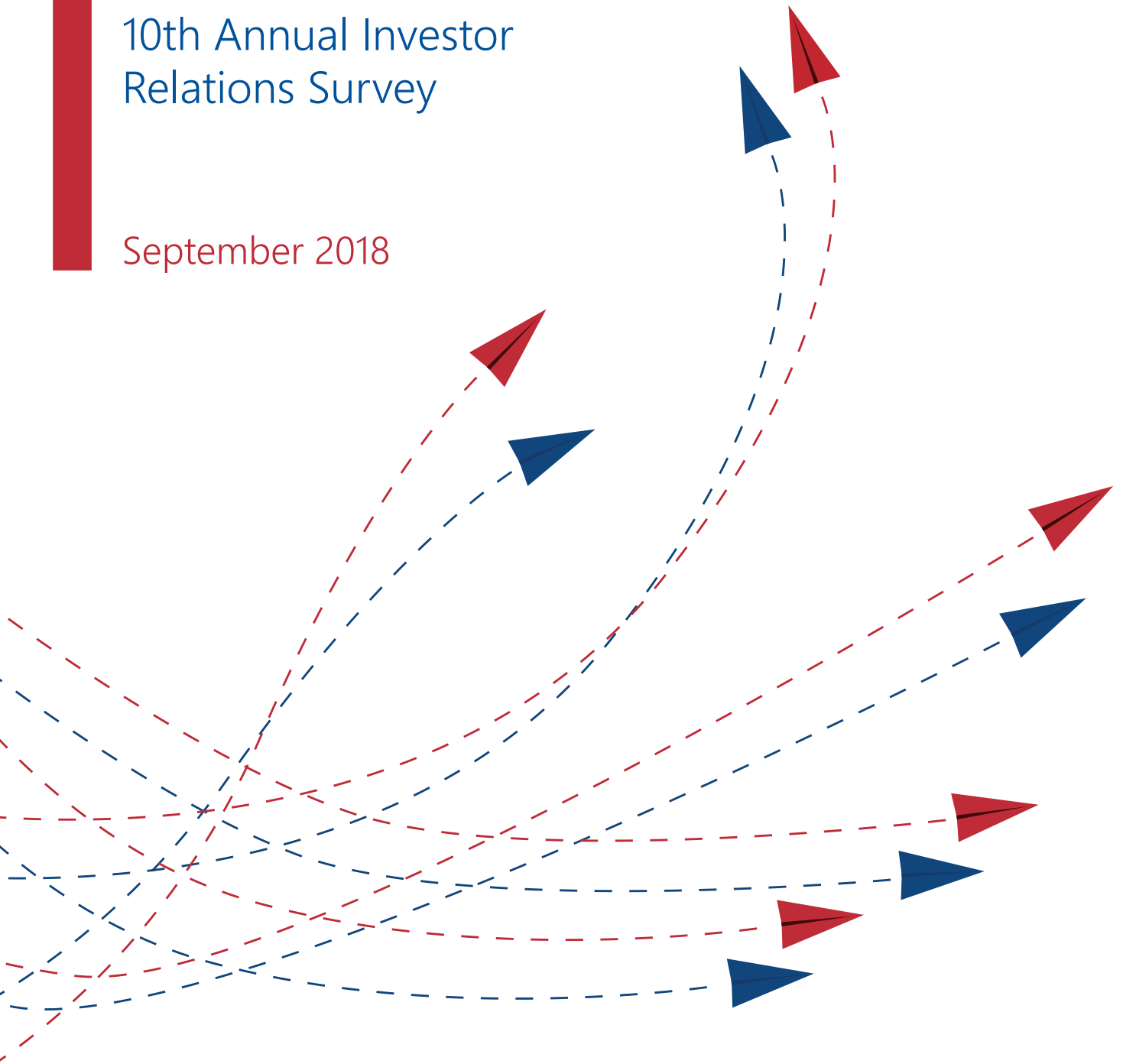


The evolving landscape

10th Annual Investor Relations Survey

September 2018



Introduction

Investor Relations Officers (IROs) from leading companies around the globe were invited to participate in our 10th Annual IR Survey. Citigate Dewe Rogerson sought their views on how the latest trends in the financial markets were affecting their investor relations strategies. Specifically, we examined the key IR objectives for the coming year, the level of board engagement with investors, approach to dealing with activist investors, changes to reporting and expectation management, investor engagement and the use of technology.

This year, 221 IROs contributed to our survey, representing companies from 36 countries, with a combined market value of over \$100 trillion.

We would like to thank all our respondents for their continued support and contribution.

CONTENTS

Foreword	04
Highlights	05
Communications context	06
Governance	09
Shareholder activism	12
Reporting and information materials	15
Investor engagement	16
Expectation management	21
The role of technology in IR	25
IR function	27
Respondent profiles	29

Foreword

It gives me great pleasure to introduce the 10th Annual Investor Relations Survey by Citigate Dewe Rogerson.

The nature of engagement between companies and their shareholders is evolving in response to trends driven by changes in market structure, regulation and technology. It is both an exciting and challenging time for companies as investors demand more regular dialogue with board directors whilst IR teams take on greater responsibility for direct communication with existing and potential shareholders.

From my own experience as an IRO and the subsequent years spent at the helm of the UK IR Society, I have great sympathy for my fellow IR practitioners. Many remain excluded from board meetings but are expected to deliver a clearer message to an increasing pool of investors identified with less support from brokers and enticed into meeting management without the benefit of quality sell-side research. All without any increase in internal or external resources.

At the same time, board directors, who are typically looked after by the company secretariat, are often disconnected from their shareholders and unaware of the increasing vulnerability of the companies they govern to shareholder revolt.

In this context, I hope this report will not only provide valuable insights into issues, concerns and trends that are shaping effective shareholder communications but will inspire the boards

and senior management of those companies that may have fallen behind to both adopt a more proactive approach and set aside additional resources for their investor relations functions going forward.

John Gollifer

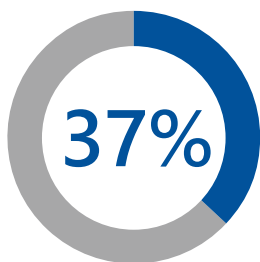
John Gollifer was the General Manager and an executive director of the Board of the UK's Investor Relations Society from 2012 to 2018. Prior to this, John spent 11 years at the Singapore Exchange where he was Senior Vice President and responsible for investor relations, among other roles in corporate strategy and communications. He established and ran the IR Professionals Association of Singapore from 2006-2008, is a multiple IR award winner and he created and taught an IR course at the Singapore Management University from 2009 to 2012.

John was trained as a banker and spent 15 years in Asia and Europe in corporate finance and equity capital markets. Since joining the IR Society, which works in partnership with other IR associations, John has led IR training, including for the International Certificate in IR (ICIR), in Chile, Indonesia, Japan, Nigeria, Singapore, Thailand and Turkey, as well as in the Middle East and UK. John was awarded an Honorary Fellowship of the IR Society in 2018 in recognition of his services to IR.

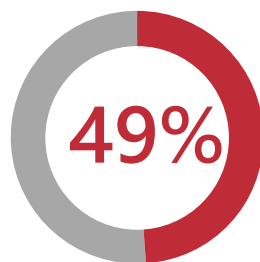


Highlights

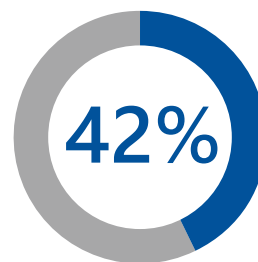
Despite the rise in shareholder activism and passive investment, there remains a lack of regular board engagement with shareholders



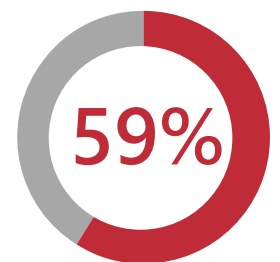
of chairmen do not engage with investors outside the AGM



of companies do not offer investors the opportunity to meet non-executive directors

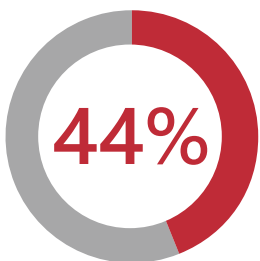


of board directors (excluding the chairman, CEO and CFO) never meet investors outside the AGM

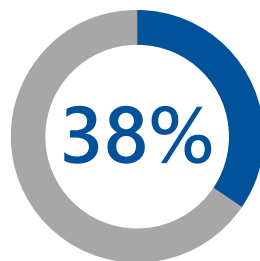


of companies do not have an activist response strategy in place

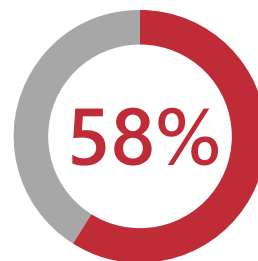
Following the implementation of MiFID II, IR teams are under increasing pressure to deliver more with the same level of resources



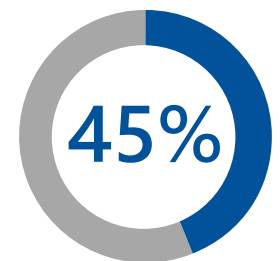
plan to refine their investment case



plan to take greater control of investor targeting

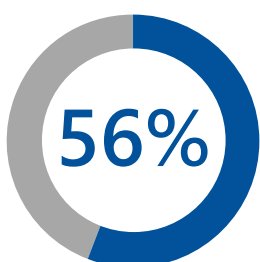


plan to make significant changes to their IR website

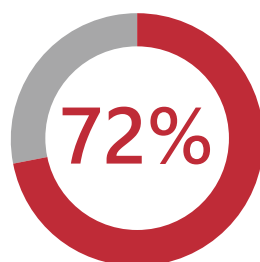


are increasing non-deal roadshow activity

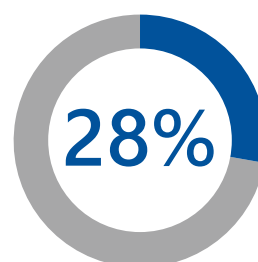
With the decline in the quantity and quality of sell-side research, company guidance and sentiment monitoring will play an increasingly important role in assessing and managing expectations



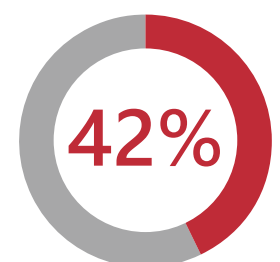
do not produce an analyst consensus



have no plans to implement changes in their approach to guidance



do not formally track market sentiment



commission in-depth perceptions surveys

Communications context

Changing nature of sell-side research

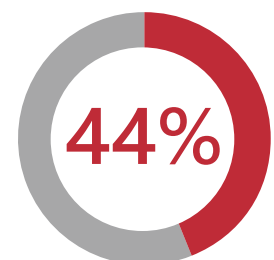
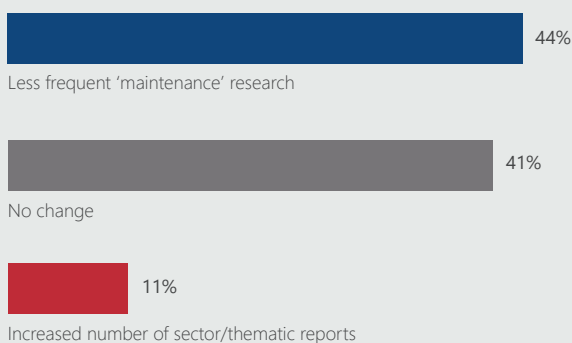
Following the introduction of MiFID II on 3 January 2018, in this year's survey we sought to identify the implications of the new regulation for sell-side research as brokers increase efforts to differentiate their research offering.

One of the anticipated trends was a decline in straightforward reporting on the back of company financial results or 'maintenance' coverage, as thematic and in-depth sector reports rise in popularity.

Within our research sample, 44% of IROs noted a year-on-year decrease in 'maintenance' research on their company. As expected, changes in research coverage are more pronounced among smaller companies, with 57% of small-cap IROs noting such a decline against 26% of large-cap respondents.

Inclusion in thematic reports, which 11% of respondents believe are on the rise, also appears largely dependent on company size. Only 2% of small-cap IROs have noticed an increased number of such reports featuring their company against 12% of mid-cap and 17% of large-cap respondents.

Fig 1: Have you noticed any changes in the nature of sell-side analyst research on your company?

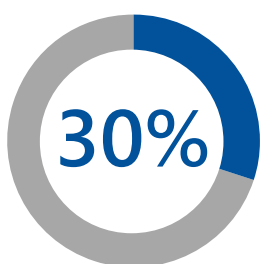


note a decline in 'maintenance' research on their company

Buy-side research focused on mid caps

As the volume and quality of equity research produced by the sell side continues to decline, we have in previous years observed a steady increase in internal research generated by investment managers.

Whilst 30% of our research sample note an increase in buy-side research on their company in 2018, the decline in this figure from 47% in 2017 suggests that investors are becoming more selective when it comes to resource allocation.



note an increase in buy-side research on their company

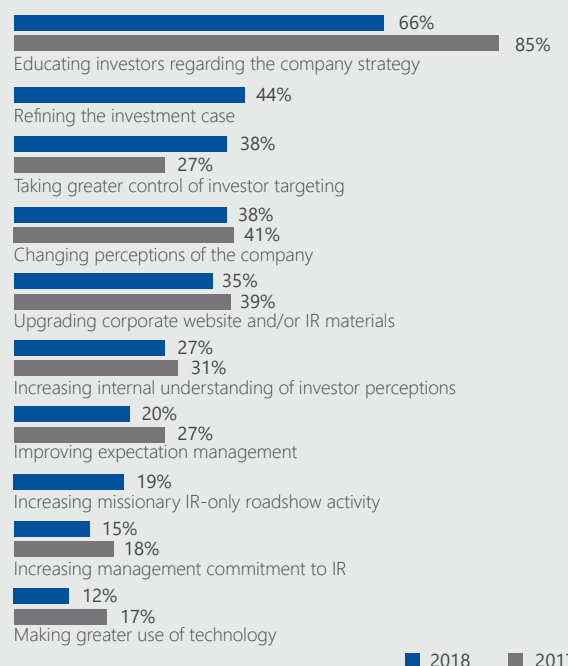
As discussed above, large-cap companies continue to enjoy the highest level of sell-side attention and, as such, require less buy-side research. Equally, investor interest in small-cap companies remains limited with 23% noting an increase in buy-side research over the past 12 months. This leaves mid caps as the most likely beneficiaries of this trend with 35% noting a year-on-year increase in buy-side research on their company.

Enhancing the investment case among key priorities for 2018/19

In this ever-changing market landscape investor education remains a top priority for companies across the world and 44% of IR teams have identified scope for improvement in how their investment case is communicated to the market.

In a European context, this percentage rises to 61% among UK companies against just 20% of those based in France. Furthermore, enhanced clarity of message can play an important role in changing investor perceptions of a company, which is a priority for 38% of respondents to our survey.

Fig 2: Key priorities for 2018/19



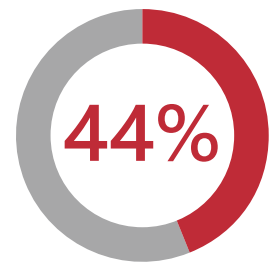
Communications context (continued)

Increasing effectiveness of IR materials and engagement

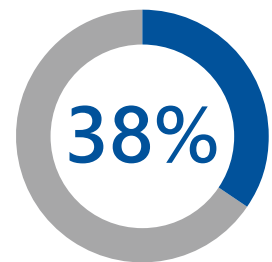
Our findings also reflect an increased focus on conveying refined messages to investors through both the corporate website and IR materials, as well as via direct engagement. For over a third of IR teams upgrading their corporate website and/or IR materials is a key priority for the coming year, slightly fewer than last year.

However, increasing the effectiveness of investor engagement is rising in importance. This is evident in the significant year-on-year increase in the percentage of companies taking greater control of investor targeting, from 27% in 2017 to 38% in 2018. In Europe, UK companies lag behind, with just 22% declaring this as a key objective for the coming year, against 54% of German companies.

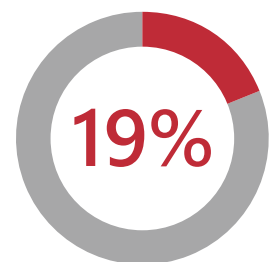
In addition, 19% of companies plan to increase missionary IR roadshow activity, which is critical in prequalifying potential investors for subsequent meetings with the management team. North American IROs are slightly ahead in this respect (24%) in a global context whilst German companies lead the way in Europe (31%).



plan to refine their investment case



plan to take greater control of investor targeting

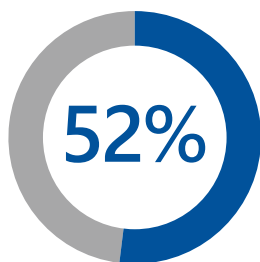


are increasing missionary IR-only roadshow activity

Governance

Rise in passive investment drives increased focus on corporate governance

Over the past 10 years, the share of passive investments has increased significantly, from 15% to 35% in the US and 14% to 26% in Europe (source: Investment Company Institute and Broadridge Global Market Intelligence, respectively). Our survey findings support this trend - 52% of respondents have observed an increase in the share of passive holdings in their company over the last 12 months.



have noticed an increase in passive holdings

Passive investment is expected to continue its growth trajectory, with Moody's estimating that passive investments in the US will overtake active investment between 2021 and 2024. This trend has important implications for investor relations.

As stewards of capital that cannot sell underperforming assets, passive managers are contributing to ever-increasing pressure on companies to ensure good corporate governance. With the rise in corporate governance standards, board responsibilities are coming under increased scrutiny.

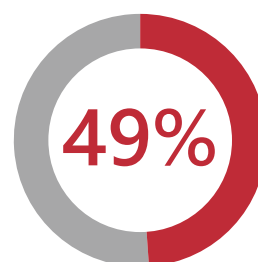
Limited access to board members

While active fund managers typically engage with senior management, passive holders usually raise their concerns with chairmen and non-executive directors (NEDs).

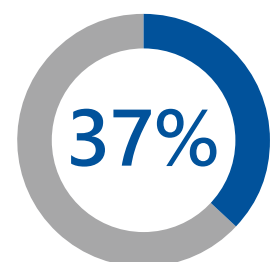
Among our survey respondents, 46% sometimes offer investors the opportunity to meet NEDs while only 5% do so on a regular basis. This leaves 49% who do not proactively offer any opportunities for investors to voice frustrations regarding remuneration, management of the company or specific executive directors with NEDs. Regional differences are stark; in North America, only 38% offer access to NEDs, compared with 59% in Europe and 68% in the rest of the world.

Compared to NEDs, chairmen are more likely to be engaged with investors - 63% spend time with investors outside the AGM, a marginal increase from 62% last year. Again, North America stands out in sharp contrast, with 59% of chairmen never meeting investors outside the AGM, compared with just 25% in Europe and 24% in the rest of the world.

When engaging with investors outside the AGM, 26% of chairmen dedicate three days or more, 16% two days and 21% up to one day per year.



do not offer investors the opportunity to meet NEDs



of chairmen only meet investors at the AGM

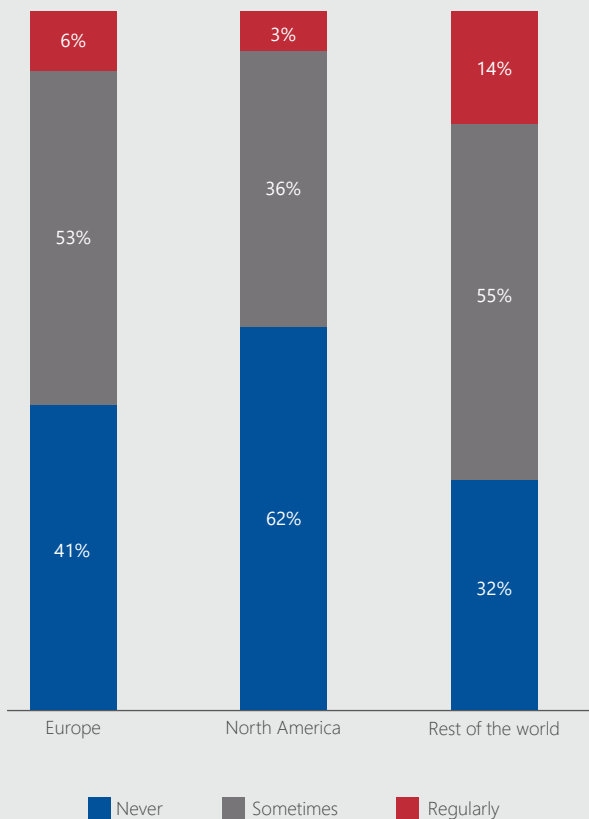
Governance

(continued)

Limited access to board members (continued)

Meetings with board directors largely focused on governance

Fig 3: Companies that offer investors the opportunity to meet NEDs



Governance is by far the single most discussed topic between investors and chairmen/NEDs (70% of conversations). In comparison, other topics such as broader ESG issues (17%), risk management (16%), technology (13%) or strategy (11%), all of which are highly relevant to the long-term sustainability of a business, are raised less frequently. Our survey findings also show that governance is a particularly popular topic among investors meeting chairmen or NEDs of large-cap companies - 84% of their conversations focus on governance, compared with 67% in meetings with mid caps and 61% with smaller companies.

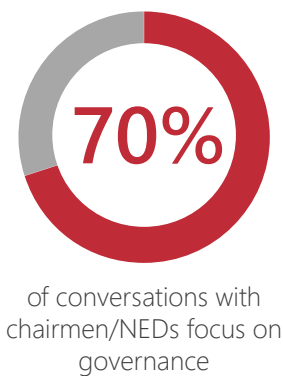


Fig 4: Days spent by chairmen meeting investors outside the AGM

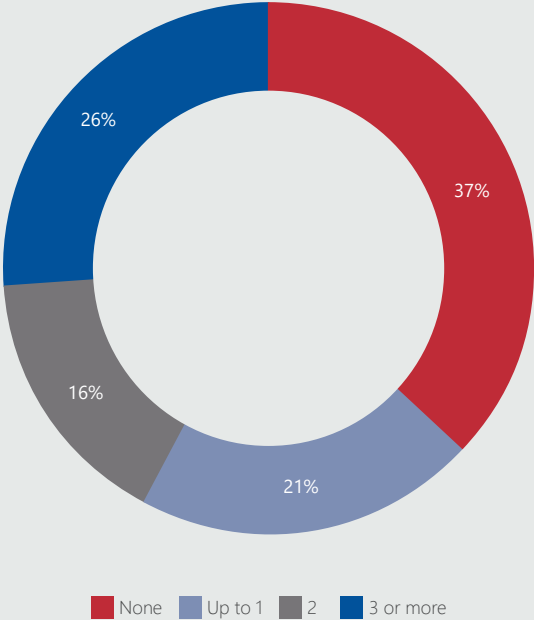
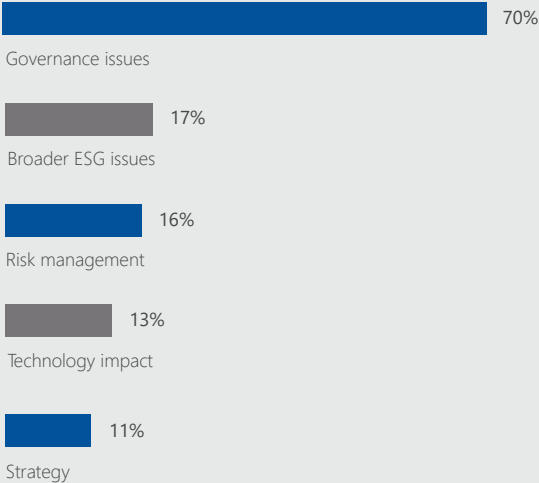


Fig 5: Topics of conversation between investors and chairmen/NEDs

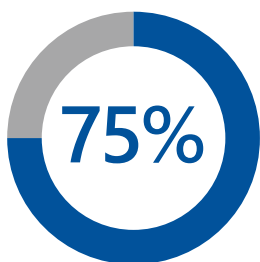


Shareholder activism

Growing apprehension as activist campaigns go global

According to Activist Insight, 805 activist campaigns were executed worldwide in 2017, a 40% increase from 573 campaigns in 2013. Approximately \$22 billion went into new European campaigns in 2017 versus an average of just c.\$10 billion annually between 2013–16. Among our survey respondents, 12% of companies faced an activist approach in the past 12 months, broadly in line with last year's findings (2017: 13%).

Overall, 75% of companies monitor their shareholder base for activist investors, up marginally from 73% a year ago. While this reflects a high degree of apprehension overall, we observe notable disparities among our sample. A more detailed analysis by sector shows that healthcare (93%) and technology (91%) companies are particularly anxious whilst those in the financial (70%) and basic materials (67%) sectors appear slightly more relaxed. Similarly, companies in North America (90%) are more concerned than those in Europe (68%) or elsewhere in the world (62%), an unsurprising result given where activist campaigns have historically been initiated. Interestingly, with activist approaches now spreading across the world, company size is becoming less of a determining factor when it comes to vulnerability to an approach. Our research shows that, if anything, mid caps (81%) are feeling more at risk than both large (70%) and small (70%) caps.



monitor their shareholder base for activist investors

Fig 6 (i): Companies monitoring shareholder base for activist investors (by region)

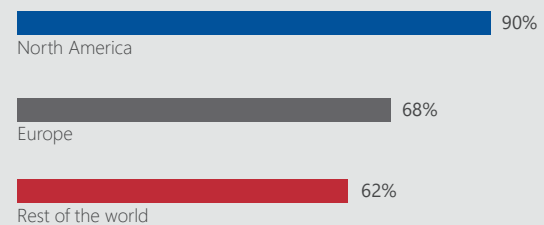
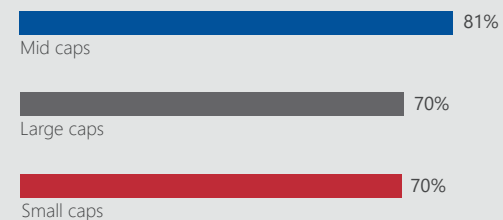
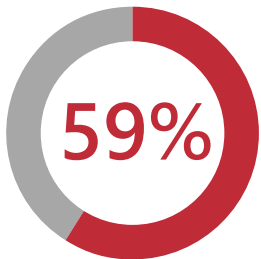


Fig 6 (ii): Companies monitoring shareholder base for activist investors (by company size)



European companies unprepared

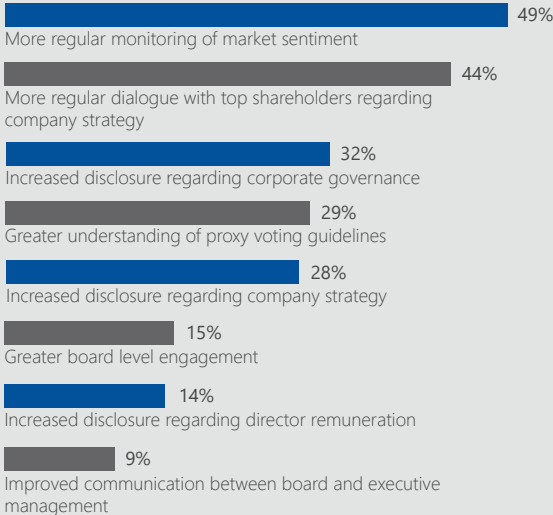
Despite the majority of companies monitoring their shareholder base for activist investors, only 41% have a response strategy in place. This is much more common in North America where 64% of companies are ready to respond to an activist approach against only 29% in Europe. Despite displaying similar levels of anxiety regarding shareholder activism, our research shows that technology companies are much less prepared than healthcare companies (38% vs. 60% respectively). Equally, larger companies have invested more resources in response planning (52%) compared to both small (36%) and mid (38%) caps.



do not have a response strategy in place

IR strategies evolving in response to activism

Fig 7: In what way has the growth of shareholder activism impacted your IR strategy and approach?

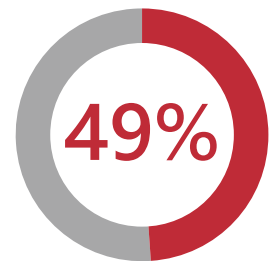


Shareholder activism (continued)

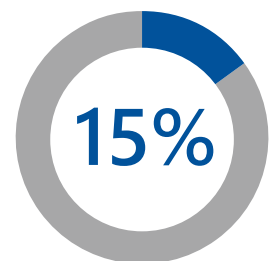
IR strategies evolving in response to activism (continued)

In response to the rise in activism, 49% of respondents have increased their efforts in monitoring market sentiment, alongside engaging in more dialogue with top holders regarding company strategy (44%) and providing more disclosure on various topics such as strategy (32%), governance (28%) and, to a lesser extent, remuneration (14%). It should be noted that, while the latter undoubtedly remains a contentious governance topic, it is rarely the sole rationale behind an activist campaign.

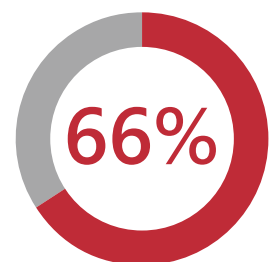
However, while many activist campaigns focus on board composition, only 15% of respondents report a greater level of board engagement and just 9% mention improved communication between the board and executive management. The main reason behind these somewhat surprising findings perhaps resides in the fact that only 34% of the IROs we surveyed regularly attend board meetings, an issue discussed in more detail on p. 28.



more intensely track market sentiment because of the rise in activism



note more board engagement because of the rise in activism



of IROs do not regularly attend board meetings

Reporting and information materials

Optimising the corporate website and information materials

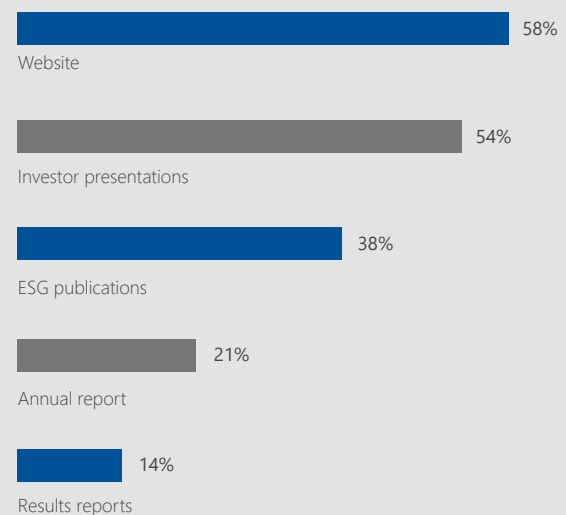
As efforts to educate investors continue, the majority of companies (58%) in our research sample are planning significant improvements to their corporate websites over the coming year. This appears to be a universal trend, with our findings showing a consistent picture across market caps, geographies and sectors.

Investor presentations, which are among the most popular documents on IR websites, are getting a revamp too, with 54% of IR teams focusing their efforts on optimising their slide decks.

With both investors and regulators paying more attention to non-financial performance, 38% of companies are planning to improve their ESG disclosure over the coming year. A regional analysis shows that non-financial KPIs are less of a focus for North American companies, 30% of which are planning to work on their ESG reporting, against 41% of European companies and 50% of those based in countries outside these regions. The level of attention given to ESG reporting is also largely dependent on company size, with 48% of large-cap companies planning improvements against 38% of mid caps and 27% of small caps.

Just over a fifth of companies will also focus on improving their annual reports over the coming year. As the strategic report becomes more relevant in setting out a company's investment case and online report summaries become more dynamic, annual reports are increasingly seen as more than just a historical reference document.

Fig 8: Are you planning to make significant improvements to any of the following information sources this year?



Investor engagement

Roadshows and targeting

Increasingly proactive direct engagement

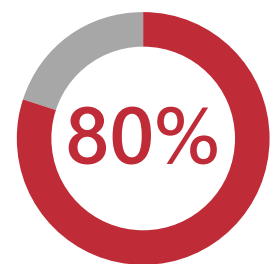
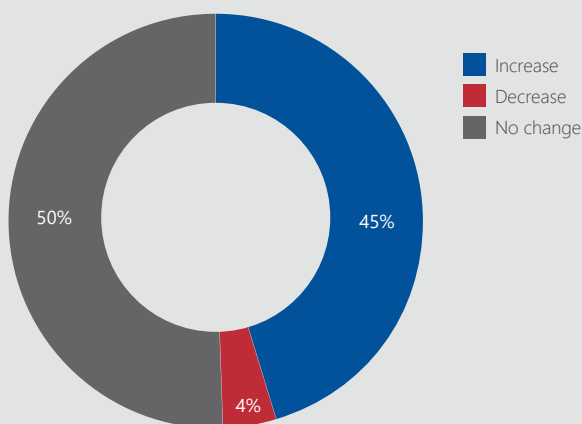
Despite companies gradually developing a better understanding of what is required of them in the new market landscape, uncertainty around corporate access persists. As such, companies are striving to do more to ensure they achieve the right level of engagement with existing and potential investors.

With investor education front of mind for many IROs, facilitating more in-person meetings is high on the agenda over the coming year. 45% of respondents confirmed that they are planning to dedicate more time to non-deal roadshows, with 40% of European companies stating that this was their intention, and more than half of North American respondents confirming the same.

The vast majority (80%) surveyed said that they proactively approach potential investors directly to arrange meetings (2017: 76%), either regularly or on an ad-hoc basis (only 20% said all meetings were set up by brokers).

North American companies lead the way in this direct approach, with 85% of companies surveyed in this region stating that they reach out to investors directly. Countries outside Europe and North America lag behind at 71%.

Fig 9: Are you planning to devote more/less time to investor roadshows over the next 12 months?



proactively approach potential investors to set up meetings

Small-cap companies, constrained by leaner IR functions and lack of resource, rely most heavily on brokers, with 28% using them exclusively to set meetings, against 13% of large caps.

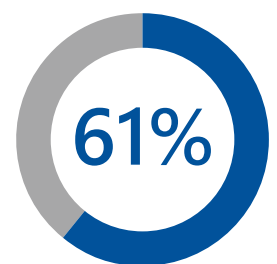
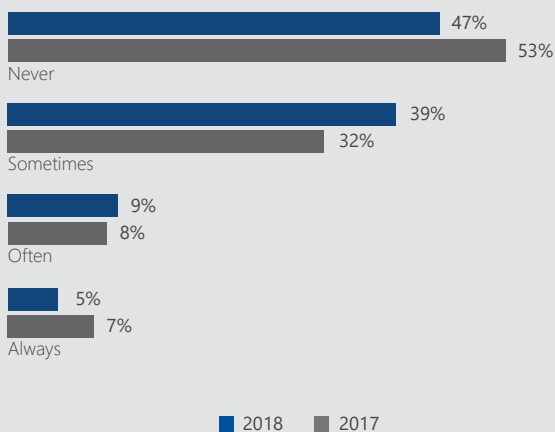
However, it appears that some corporates are missing the opportunity to ensure these meetings are as fruitful as possible, with only 5% contacting investors ahead of meetings as a matter of course (down from 7% last year) and 47% confirming they never do this. Encouragingly, though, the number of corporates occasionally reaching out to establish interest has risen year-on-year, from 32% to 39%.

Investors reaching out

A significant 61% said they had noticed an increase in direct requests from potential investors for meetings with the company. 65% of European respondents highlighted this trend, suggesting that this could be a consequence of the MiFID II implementation earlier this year.

As detailed communication of company strategy becomes increasingly important, investors expect direct access to management during roadshow meetings and as such, 47% of corporates confirmed that fewer than 25% of their roadshow and conference meetings were conducted by IR alone.

Fig 10: Frequency of preparatory calls to investors ahead of meetings



have noticed an increase in direct requests from potential investors for meetings

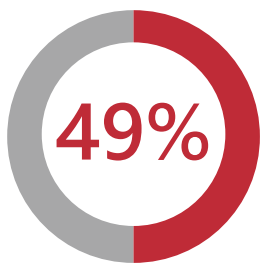
Roadshows and targeting (continued)

Greater focus on investor targeting

While most respondents still do much of their investor targeting through brokers, a number of companies appear unsatisfied with targeting efforts on their behalf and are increasingly becoming involved in this process. 38% of those surveyed are taking greater direct control in this area, and outside of Europe and North America, 50% stated this was their intention.

Just over 49% now use third party investor databases to identify appropriate targets, a marked increase on last year (36%) and a clear indicator that companies are taking a greater interest in identifying potential investors. For further information on the use of online tools for investor targeting, please see *The Role of Technology in IR* section of this report on p. 25.

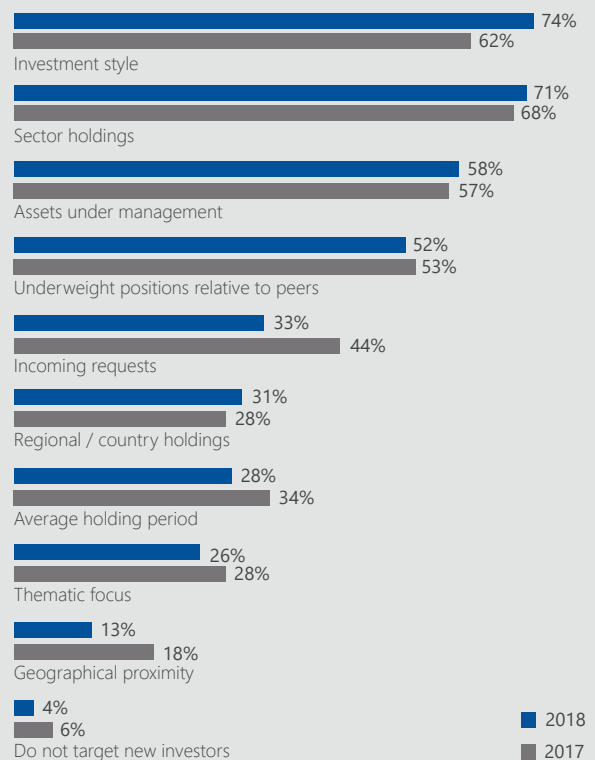
When it comes to criteria used by corporates in investor targeting, despite a slight shift away from sector holdings at the top of the chart to the right, our research findings once again point to a relatively simple methodology deployed across the market.



of companies now use third party databases for investor targeting

Our survey also reveals that IR teams are increasingly overwhelmed by the continued rise in incoming requests from investors – only 33% of these are considered during investor targeting against 44% in 2017.

Fig 11: Which of these criteria do you use in investor targeting?



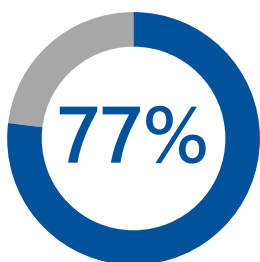
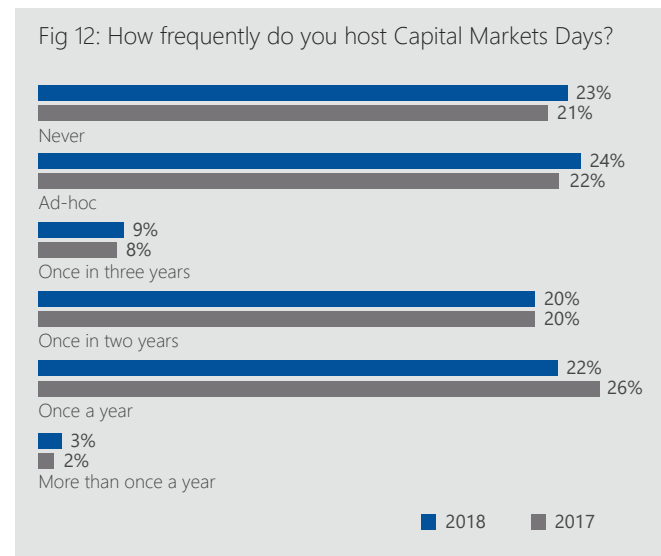
Group events

Rising popularity of Capital Markets Days

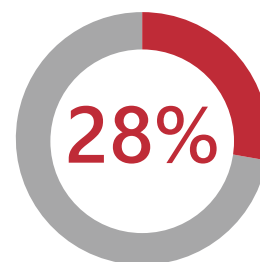
Although Capital Markets Days have historically been an event most frequently hosted by large-cap companies, our research shows that mid and small caps are increasingly recognising the value of such events. 28% of respondents confirmed that they plan to increase the number of Capital Markets Days or other group events over the coming year, a move which supports the shift towards companies taking more direct responsibility for investor education. This trend is largely being driven by European companies, 38% of which are planning more events in the coming year.

A sector breakdown shows that healthcare companies remain the most frequent hosts of group events and 60% state they are planning to utilise Capital Markets Days more going forward.

Although at present just over a fifth of companies hold Capital Markets Days once a year, with greater resources being dedicated to company-hosted events, we expect the frequency of these to increase in the future.



of companies hold Capital Markets Days

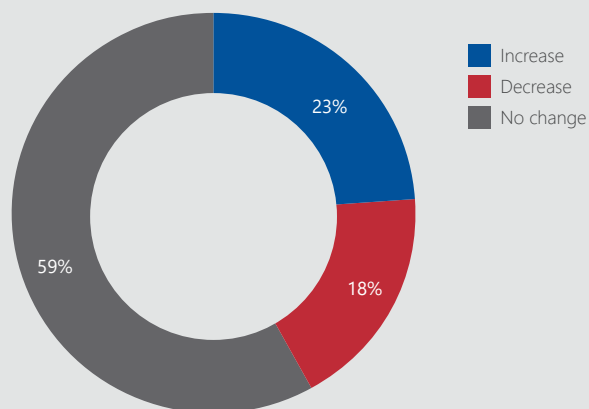


plan to host more Capital Markets Days or group events in the coming year

Group events (continued)

Broker-hosted conferences remain a key element of IR programmes

Fig 13: Are you planning to devote more/less time to broker-hosted conferences over the next 12 months?



Despite the anticipated decline in the number of broker-hosted conferences as a result of MiFID II, the majority of companies expect such events to remain an integral part of their IR programmes going forward. Small caps, in particular, see these as an efficient way of reaching out to a range of investors and 33% plan to devote more time to such events in the coming 12 months.

Expectation management

Earnings remain broadly in line with consensus

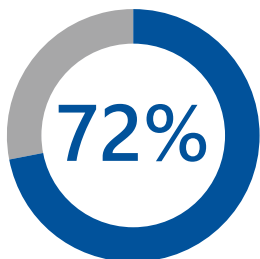
72% of companies report that their earnings have been broadly in line with analyst consensus over the past 12 months, virtually unchanged compared to last year's survey results (74%). More importantly, 74% feel that analyst consensus correctly reflects the long-term outlook for their company.

The fact that large caps are reporting higher rates of earnings in line with consensus and feel that analyst consensus accurately reflects their long-term outlook is no doubt due to these organisations receiving a higher volume of coverage, allowing for the collation of a more meaningful and accurate consensus.

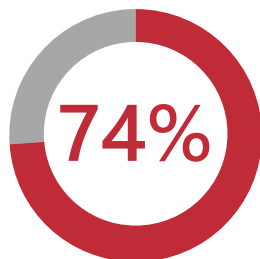
Financial targets continually adjusted

Whilst most company results remain in line with market consensus, significant effort is going into managing expectations throughout the year. Within our sample, 38% of companies have had to revise targets during their most recent financial year, down slightly from 44% last year.

Our findings show that half of the companies operating in the consumer services and industrials sectors have had to revise their guidance, with 50% of companies in each of these industries citing macroeconomic pressures as the reason for this.



reported earnings
in line with analyst
consensus



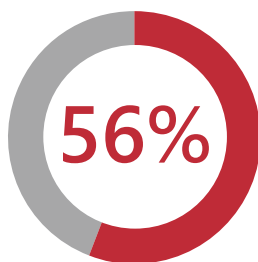
feel analyst consensus
reflects their long-term
outlook

Expectation management (continued)

Diminishing value of analyst consensus

A number of questions have been raised recently around the value of analyst consensus as an expectation management tool.

In response to the continued decline in the quantity and quality of sell-side research, an increasing number of companies do not produce a consensus, up from 46% in 2017 to 56% in 2018. While this practice has historically been less common among North American companies, we note an increase in the number of European companies that do not produce a consensus (up from 21% in 2017 to 32% in 2018).



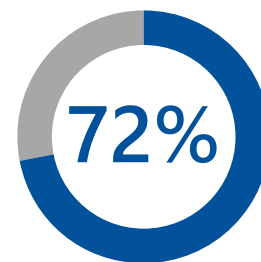
do not produce analyst consensus

Company guidance to the fore

Looking to the future, as equity research continues to decline, company guidance is expected to take greater prominence, especially among companies with limited research coverage. As a result, these companies may need to review and refine their approach to expectation management.

However, our research shows little evidence of such changes taking place this year - 72% of our survey respondents state that they currently have no need, or intention, to implement changes in their approach to expectation management.

Among those that do intend to make changes in their approach to guidance, the changes are focused on the provision of additional quantitative metrics, qualitative commentary and a broadened time horizon.



have no plans to change approach to guidance

The challenge of tracking investor sentiment

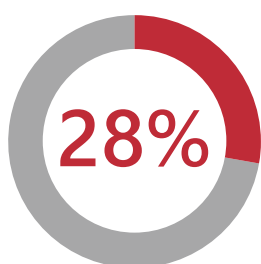
As analyst consensus becomes less helpful in determining market expectations, proactive assessment of market sentiment is expected to gain in importance. In addition to maintaining insight into investor expectations and the motivations behind shareholder movements, this will help maximise the effectiveness of investor relations activities and keep senior management informed of emerging issues.

Our survey findings show that an increasing number of companies are not formally tracking investor sentiment, up from 19% in 2017 to 28% in 2018.

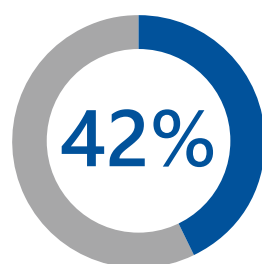
With diminishing support from brokers when it comes to post-roadshow feedback, limited resources available to track sentiment internally, and low granularity offered by more cost-effective automated systems, it appears an increasing number of IR teams are struggling to find an adequate solution.

Nevertheless, in-depth perceptions studies - which are widely considered to provide the most comprehensive portrayal of market sentiment - are gaining in popularity with 42% of companies commissioning such surveys, against 36% in 2017. This trend is likely responsible for a gradual increase in the number of companies tracking market sentiment through IR consultancies, up from 22% in 2017 to 25% in 2018.

Overall, large-cap companies are once again in the best position, with higher levels of service received from brokers and greater resources to track perceptions internally and through IR consultants. However, given that mid- and small-cap companies are experiencing a faster decline in sell-side coverage, those that commit additional resources to tracking sentiment are likely to gain an advantage over their investment peers.

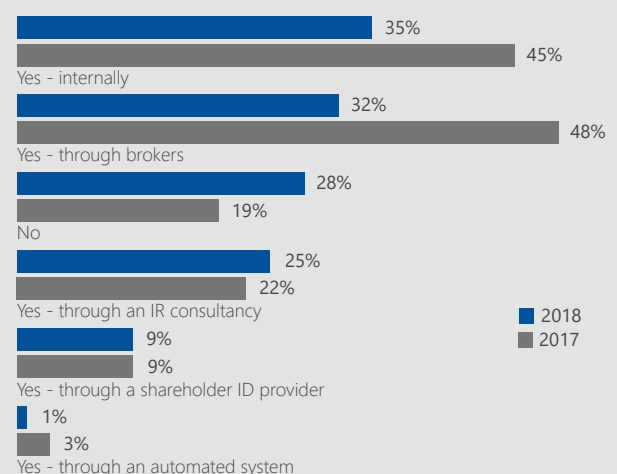


do not formally track market sentiment



commission in-depth perceptions studies

Fig 14: Do you formally track analyst/investor perceptions about your company?



Expectation management

(continued)

Fig 15: Do you formally track analyst/investor perceptions about your company?

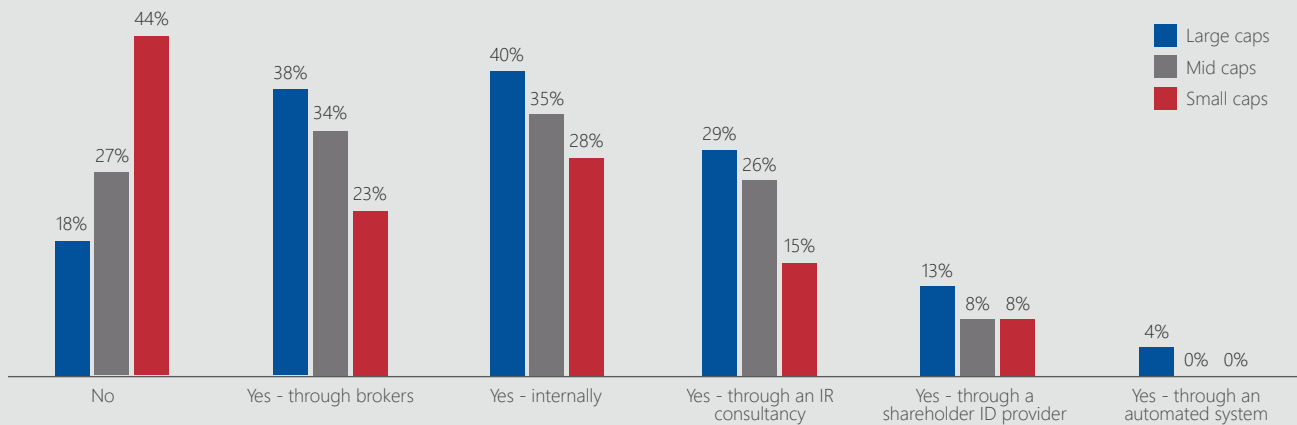


Fig 16: What type of surveys do you carry out?

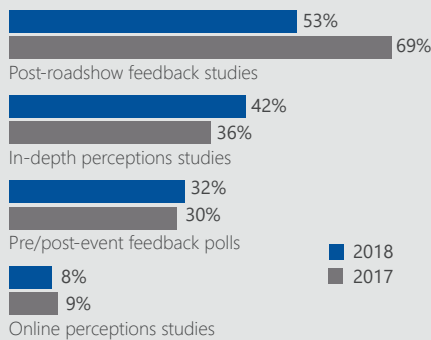


Fig 17: Companies conducting post-roadshow feedback polls

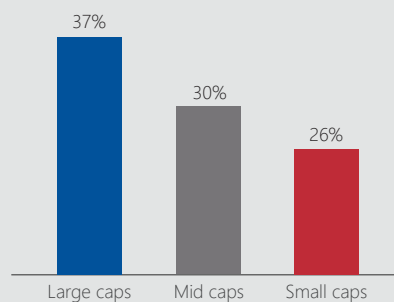
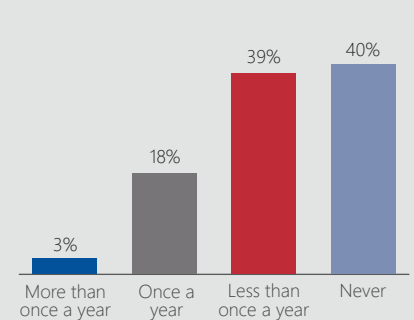


Fig 18: How frequently do you undertake in-depth investor perceptions studies?



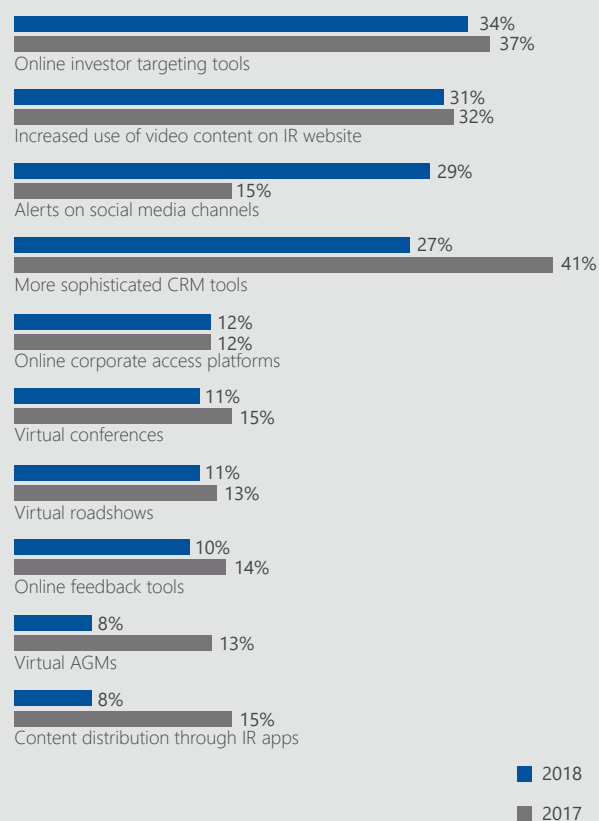
The role of technology in IR

Online tools facilitate proactive investor outreach

The results of our survey show that, despite the growing number of tools available, IR teams appear unable to determine the most effective of emerging technologies. This is reflected in the fact that making greater use of technology is at the bottom of the priority list for 2018/19 with only 12% of companies citing this as a key focus for the coming year (down from 17% in 2017).

Looking at the value placed on technological tools available, online investor targeting tools are particularly popular with 34% of IROs citing these as a key technological tool within their organisation. Such tools are essential in supporting a more proactive approach to investor targeting, in line with key objectives set for 2018/19, particularly given the absence of additional human resources available to meet this goal (as discussed in more detail in the next section on p. 27). Similarly, 12% continue to use online corporate access platforms for direct engagement with investors, unchanged from last year, whilst 27% (2017: 41%) are finding the increasingly sophisticated CRM tools helpful in enhancing the efficiency and effectiveness of their investor relations function.

Fig 19: Which of these technological tools are shaping the way you communicate with your investors?



The role of technology in IR

(continued)

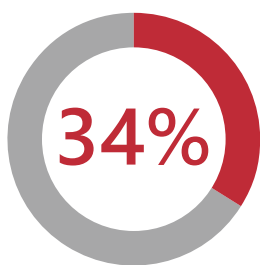
Corporate website: the most valuable digital channel

As discussed earlier in this report, the wave of corporate website upgrades continues across the world. In an effort to achieve differentiation from their peer group, companies are not only refining their messages but also the way in which these are delivered. Efforts to make the investment case more engaging have led to a steady rise in the use of video content on IR websites. 31% of our survey respondents state that video content is one of the key tools shaping the way they communicate with their investors.

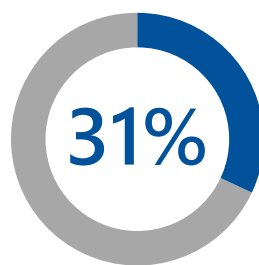
Whilst over the past few years our research showed a steady decline in the use of social media for investor relations, 29% (2017: 15%) of our respondents see the value in alerts distributed via such channels. These are not time-intensive to implement and represent a useful tool for driving traffic to new and improved corporate websites.

Virtual events fail to take off

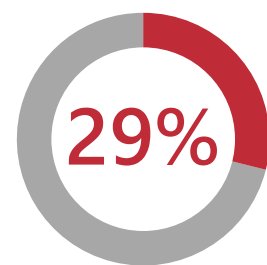
Despite much debate and excitement around virtual conferences, roadshows and AGMs, our findings show a year-on-year decline in the perceived value of these meeting formats. Whilst virtual events remain a part of many IR programmes, unsurprisingly, both companies and investors remain in favour of face-to-face meetings whenever possible.



value online targeting tools



value increased video content on IR website



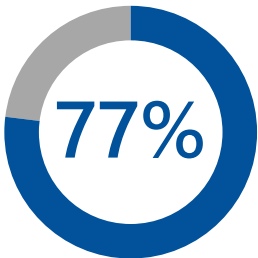
find social media alerts beneficial

IR function

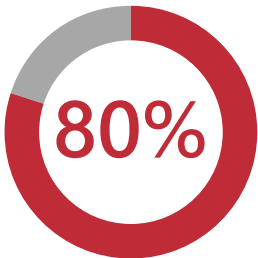
Resource constraints for those hit hardest by market developments

A striking finding from this year's survey is that, despite considerable structural change in the capital markets environment which has prompted companies to increase IR efforts in a number of areas, 77% of respondents confirmed they have no plans to increase the size of their IR team over the coming 12 months, and 80% confirmed that their IR budget has either been reduced or remained unchanged over the last 12 months.

These figures are even higher among small- and mid-cap companies, which represent segments of the market expected to be hit hardest by further research decline and broker disintermediation. 90% of small caps confirmed they have no plans to increase the size of their IR team versus 81% of large caps. Equally, 93% of small caps confirmed that their IR budget has remained flat or decreased over the past 12 months, against 74% of large caps.



have no plans to increase the size of their IR team



said their IR budget had either been cut or remained unchanged

Fig 20: Proportion confirming no plans to increase team size

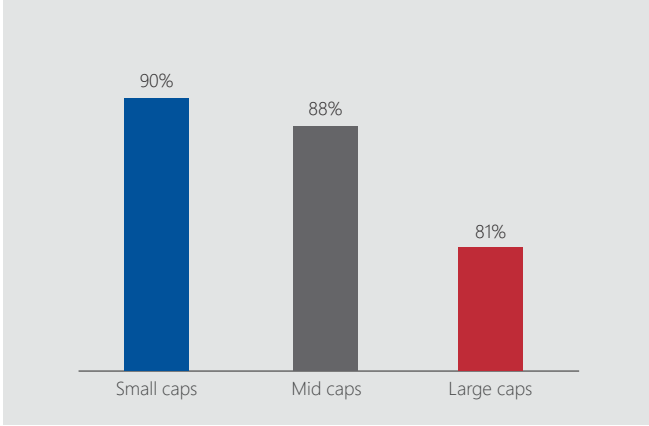
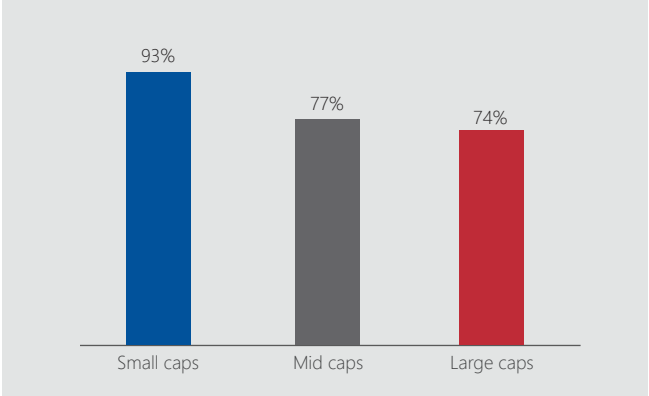


Fig 21: Proportion confirming budget remained flat or decreased



IR function

(continued)

IROs rarely present at board meetings

Despite continued evolution of the IR role and increasing sophistication of in-house teams, 66% of IROs remain excluded from board meetings. This restricts their ability to keep board members informed directly regarding market sentiment and likely reactions to potential changes in strategic direction.

Our findings show that, once again, European companies stand out with only 21% of European IROs regularly attending board meetings, compared with 34% of those based in North America and 45% elsewhere in the world. Similarly, only 27% of small-cap IROs regularly attend board meetings, less than both mid- and large-cap IROs (36% and 35%, respectively).

Fig 22 (i): Share of IROs regularly attending board meetings by company size

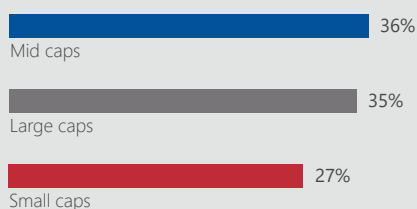
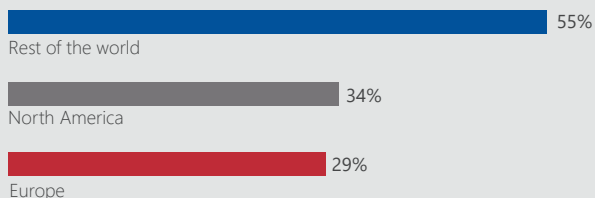


Fig 22 (ii): Share of IROs regularly attending board meetings by region



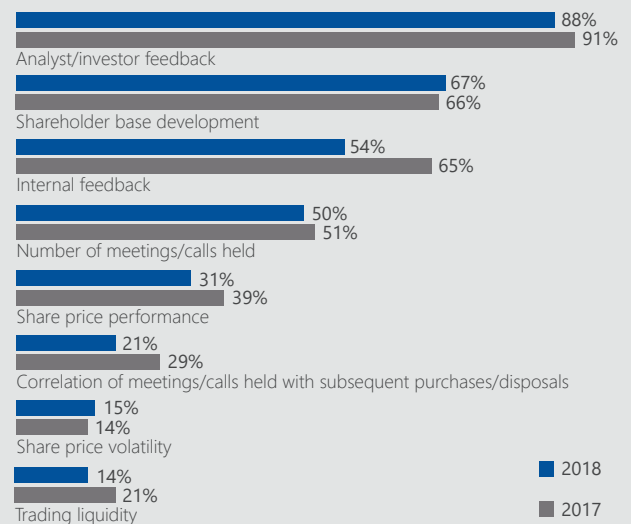
Market feedback: a key tool for measuring success

Analyst and investor feedback remains by far the most popular way of measuring effectiveness of an IR programme, followed by shareholder base development (cited by 67% of respondents).

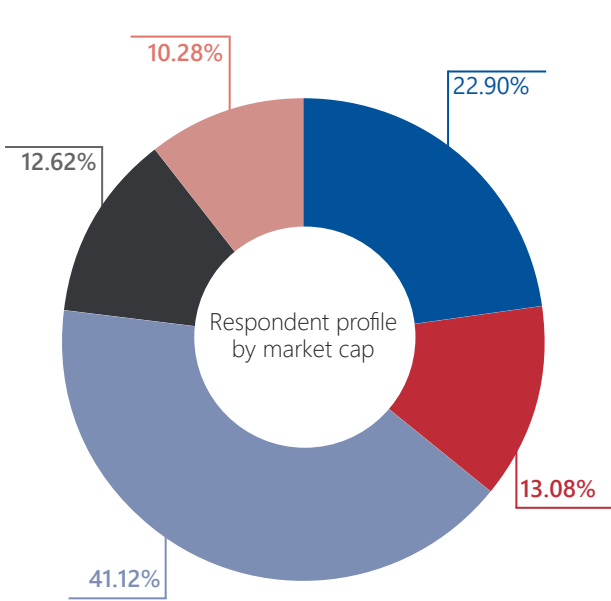
As discussed earlier in this report, monitoring market sentiment is becoming increasingly important given the diminishing value of analyst consensus in assessing expectations and in response to the rise in activist investment globally.

Whilst the number of meetings held and, to a lesser extent, the correlation of meetings with subsequent purchases, remains among the key criteria for measuring success, it is encouraging to see less emphasis placed on factors outside any IR team's control, such as share price and trading liquidity, compared to last year.

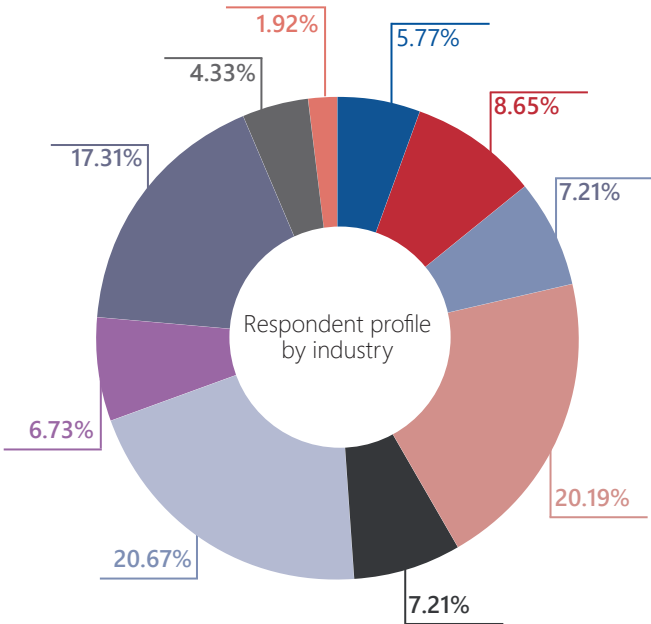
Fig 23: How do you measure the success of your IR programme?



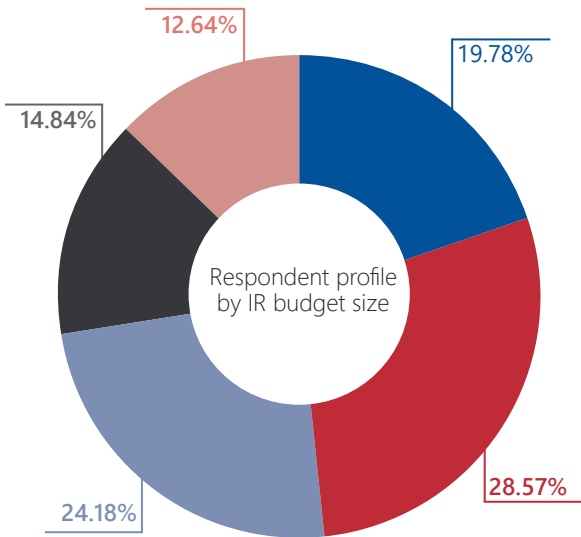
Respondent profiles



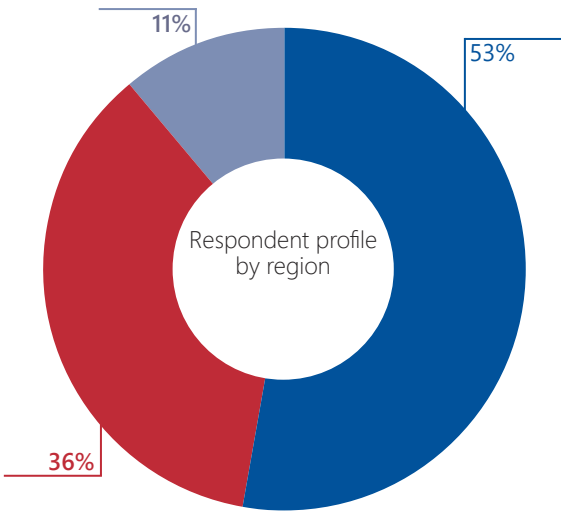
- >\$10bn
- \$500m - \$1bn
- \$5bn - \$10bn
- \$1bn - \$5bn
- <\$500



- Basic materials
- Consumer goods
- Consumer services
- Financials
- Healthcare
- Industrials
- Oil & Gas
- Technology
- Telecommunications
- Utilities



- <\$100,000
- \$100,000 - \$249,999
- \$250,000 - \$499,999
- \$500,000 - \$750,000
- >\$750,000



- Europe
- North America
- Rest of the world

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Citigate Dewe Rogerson is one of the most respected names in financial communications. We are experts in our fields, combining the expertise of bankers, fund managers, in-house investor relations, former journalists and creative communications professionals as well as sector and transaction specialists.

We are London-based but our business and perspective are international. We serve over 500 clients from new start-ups to some of the world's largest listed companies, governments and other organisations from our offices in London and in the US, Europe, the Gulf and Asia.

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Our dedicated investor relations team has a track record of 30 years in advising boards, senior executives and IROs worldwide to build their profiles amongst the investment community and nurture relationships with key decision makers.

Our full-service capability covers the three core areas of IR consultancy: strategic advice, data and analytics, and programme execution.

Whether you are looking to attract debt or equity investors, enhance your investment case or gain a better understanding of how your key messages are being received and interpreted by the investment community, we can help.

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