

Debt and equity IR: Learning from both sides of the capital structure



Matt Lee explores the differences in approach between debt and equity IR and examines how both disciplines can learn from one another.

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Investor relations is often seen as a split discipline – on one side are equity investors focused on growth and returns, and on the other, debt investors prioritising stability and risk management. While these audiences do have different objectives, they share a common reliance on clear and transparent strategic communication.

Yet, in many companies – and from my own first-hand experience working across both equity and debt IR – it is the debt side that has traditionally taken a back seat. Often managed as part of the treasury function, and on a more reactive basis, debt IR has long been viewed as a ‘nice to have’, rather than a business priority.

This perspective, however, is changing. As debt investors seek deeper engagement and companies recognise the benefits of a more integrated approach, IR itself is evolving.

Understanding the investor mindset

Understanding the investor mindset, and the nuanced differences between debt and equity investors, is essential to shaping effective engagement strategies with these two groups.

Equity investors seek potential, focusing on growth, profitability, and capital distribution, with a higher rate of return on investment always top of mind – ‘sell the dream’, as they say. They are typically comfortable with some degree of risk and volatility, provided there is a compelling long-term vision for the business.

Debt investors, however, have a different perspective. They prioritise a steady, risk-adjusted yield. For them, risk mitigation is key, and financial discipline is non-negotiable. Their primary concern is a company’s ability to generate stable cash flows and meet its debt obligations – precisely how that is achieved often comes secondary.

These differing priorities highlight the importance of tailoring your communication – one size definitely does not fit all. By

recognising and adjusting for these nuances it can lead to more productive and targeted interactions with both investor groups.

The role of disclosure and communication

Many of us will be used to the steady rhythm of equity IR – earnings calls, investor days and a constant flow of interactions with sell-side analysts eager to dissect forward guidance.

The focus is on telling a compelling story: Where is the company headed? What will drive future value? How does it plan to outperform competitors? Disclosures in this space are many and often and are designed to reinforce confidence in the long-term growth potential of the business.

Debt IR, by contrast, tends to be more event-driven, although should never be purely reactive. While disclosures in this area place greater emphasis on capital requirements, balance sheet strength and cash flow, investors and analysts will still need insight into the growth trajectory of the business.

As with equity IR, relationship building is key. In particular, developing strong ties with credit rating agencies as their assessments can profoundly influence market perceptions and cost of capital.

Indeed, engagement with rating agencies should not be limited to ratings reviews. Providing strategic updates and preemptively addressing potential concerns can strengthen relationships and positively influence rating outcomes.

Bridging the gap

Ultimately, it is the most effective IR teams that recognise the value of bridging the gap between debt and equity IR, as each can benefit from adopting aspects of the other's approach.

Integrating elements of equity-style storytelling into debt IR can support a more cohesive narrative, making financial stability and risk management as engaging as growth and expansion. At the same time, providing transparent, forward-

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looking insights on financial resilience bolsters investor trust and confidence across both debt and equity markets – demonstrating that valuable lessons can be drawn from both sides of the capital structure.

Making credit ratings and their underlying drivers more transparent is another area where improvement is possible. While full rating reports may not always be public, summarising agency feedback and highlighting the rationale behind rating changes can provide useful insights.

Some companies have taken this a step further by incorporating key credit rating factors into their earnings presentations to ensure alignment between debt and equity messaging.

Another area for improvement is investor relations websites. Debt IR pages are often less comprehensive and informative than their equity counterparts. In companies with both listed debt and equity, web sections frequently lack integration, with debt-related content buried behind multiple clicks and harder to access. A more cohesive approach better reflects the needs of today.

While some companies are beginning to incorporate debt IR language into key sections such as the investment case, it remains the exception and not the norm.

A strong investment case should address not only equity-focused themes but also debt-relevant considerations like the company's capital allocation policy – ensuring the messaging is relevant for all investor audiences.

A more strategic approach

Ultimately, all investors seek to make informed decisions, yet debt and equity IR have long operated in silos. Nevertheless, companies are increasingly recognising the need for a more unified and strategic approach – one that ensures consistency in messaging across the capital structure.

A company's strategic vision, financial resilience, and long-term growth prospects are just as relevant to debt investors as they are to equity holders, and a well-balanced IR strategy plays a crucial role in reinforcing trust and market stability.

Debt and equity IR are not opposing forces, they are two sides of the same financial coin. In a cautious market, where investor confidence remains fragile, companies that successfully bridge the gap between these disciplines may unlock significant benefits, building credibility and fostering deeper, more enduring relationships across the capital markets. ■

Debt IR best practice

Integrated IR messaging

Ensure consistency of messaging to maintain credibility and align communication across the capital structure.

IR website

A dedicated debt IR section with information on outstanding debt, credit ratings, bondholder materials, and key metrics.

Relationship building

Engagement with debt investors should not be purely event-driven. Regular touchpoints help reinforce transparency and trust.

Rating agency engagement

Ensure credit rating agencies fully understand the company's business model, risk management, and strategic outlook.

Investor targeting

Understanding your ownership base is crucial and debt IR teams should directly engage existing and potential bondholders.