



ir2020

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POSITIONING IR FOR THE NEXT RECESSION

INSIGHTS FROM THE RIVEL EXECUTIVE INTELLIGENCE COUNCIL

(IR BEST PRACTICES PROGRAM)

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Ongoing, global investment community research

Thousands of interviews since February 2011

Structured lines of inquiry, telephone interviewing

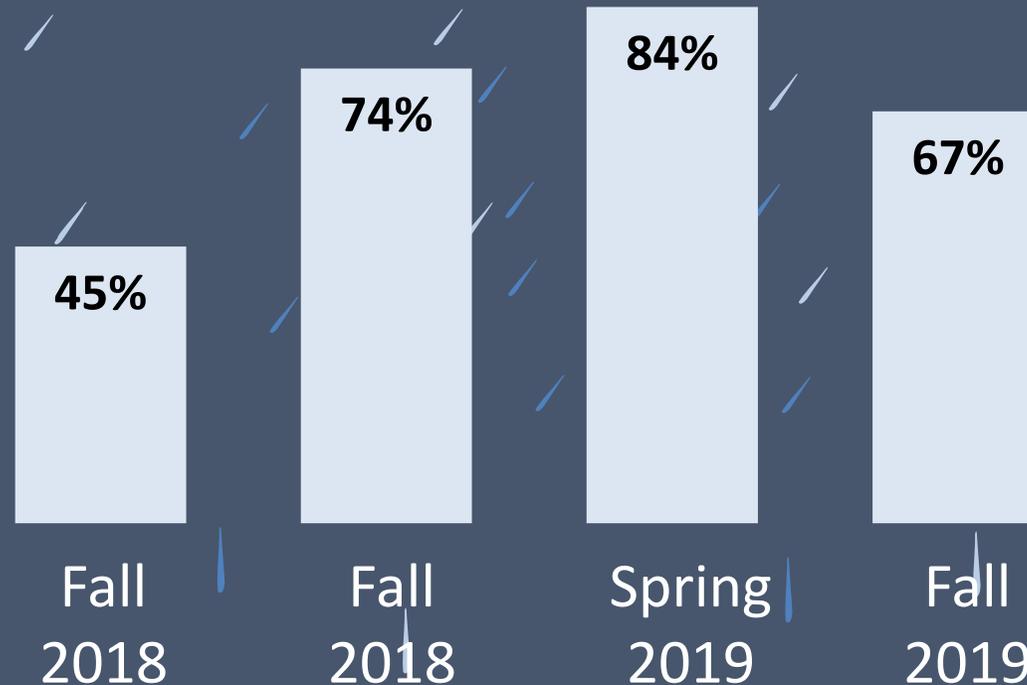
Representative

LOOMING RECESSION IS A FREQUENT TOPIC OF NEWS COVERAGE

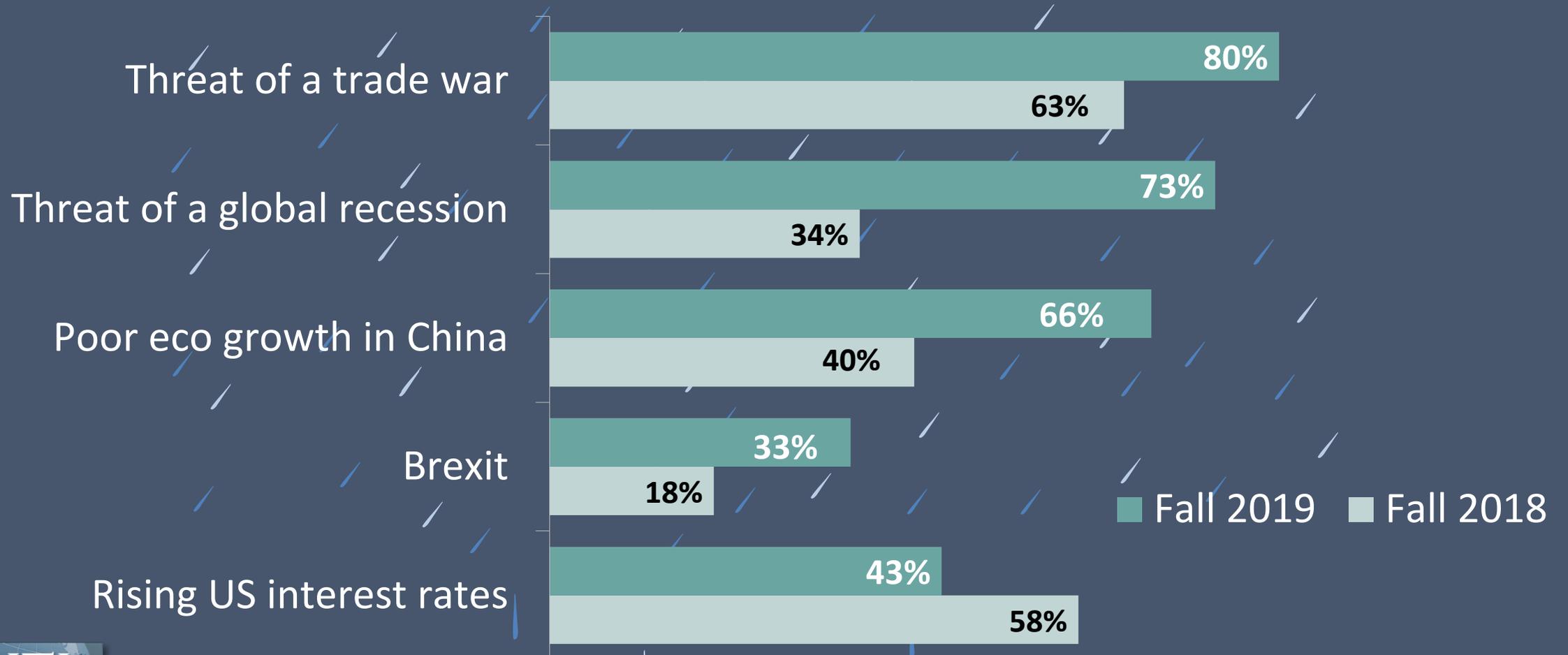
Top stories

		
<p>Larry Summers: Chance Of A Recession In 2020 At Almost 50%</p>	<p>Absolutely no economic reason for a recession, but 'we'll probably have o...</p>	<p>Will the world experience a global recession in 2020?</p>
<p>Forbes</p>	<p>MarketWatch</p>	<p>Newsbook</p>
<p>2 days ago</p>	<p>2 days ago</p>	<p>1 day ago</p>

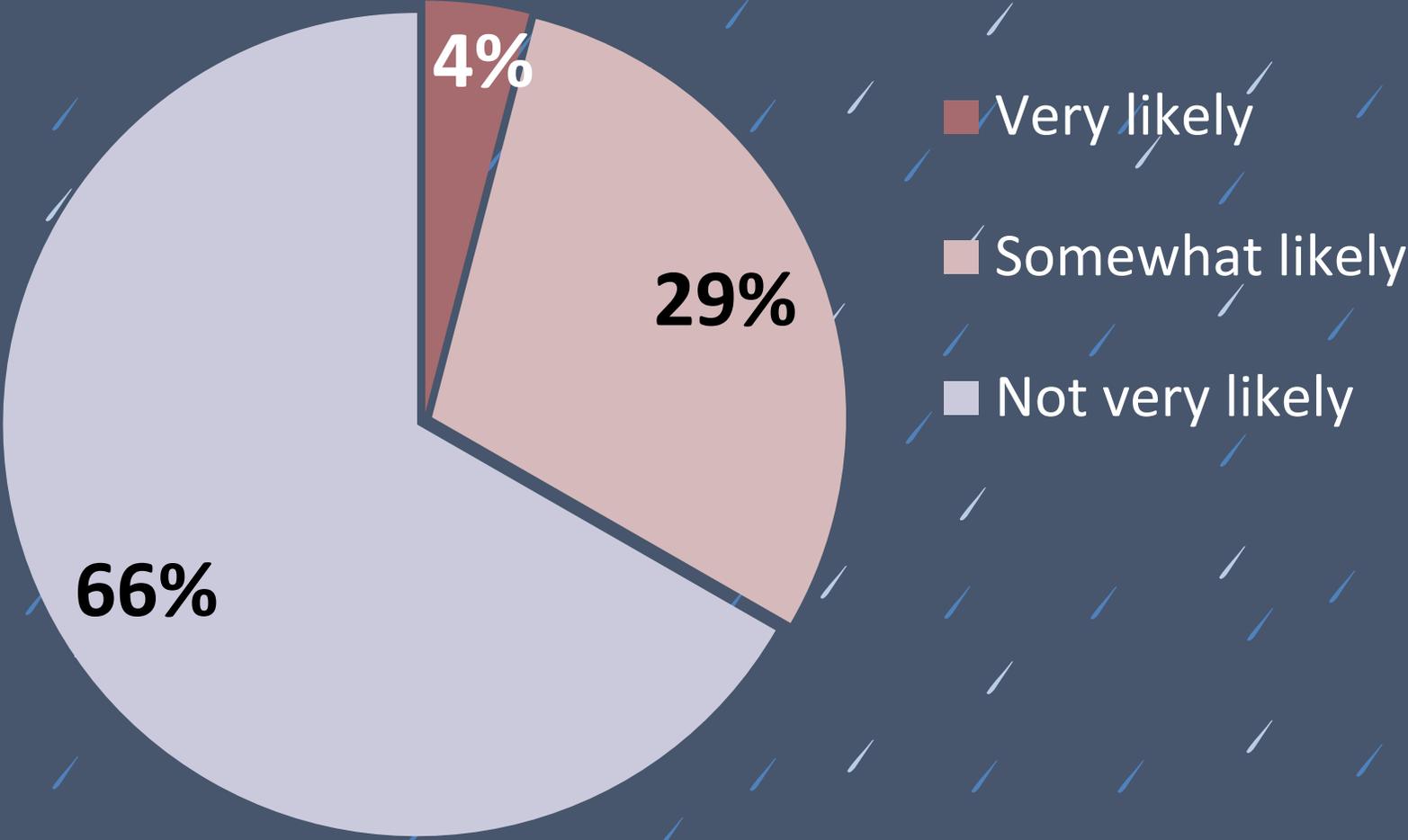
Global investment community expects economic conditions to stay the same or decline in the next 6 months ...



Global risks are driving much of the tension



MORE THAN HALF BELIEVE A BEAR MARKET IS LOOMING



* Among the global investment community

What are the most important aspects of management credibility?

68%

Meeting or exceeding
articulated goals

43%

Being honest,
forthright and open

74%	Management Credibility
73%	Effective Business Strategy
71%	Good ROIC
67%	Sound Capital Deployment
65%	Reliable Cash Flow
64%	Sustainable Margins
56%	Strong Balance Sheet
56%	Attractive EPS Growth
56%	Revenue Growth Potential

IRO's TOP Job

Combatting uncertainty

Sustaining credibility

- Easy when the tide is rising
- Difficult when the tide is going out



What's at stake ... valuation!



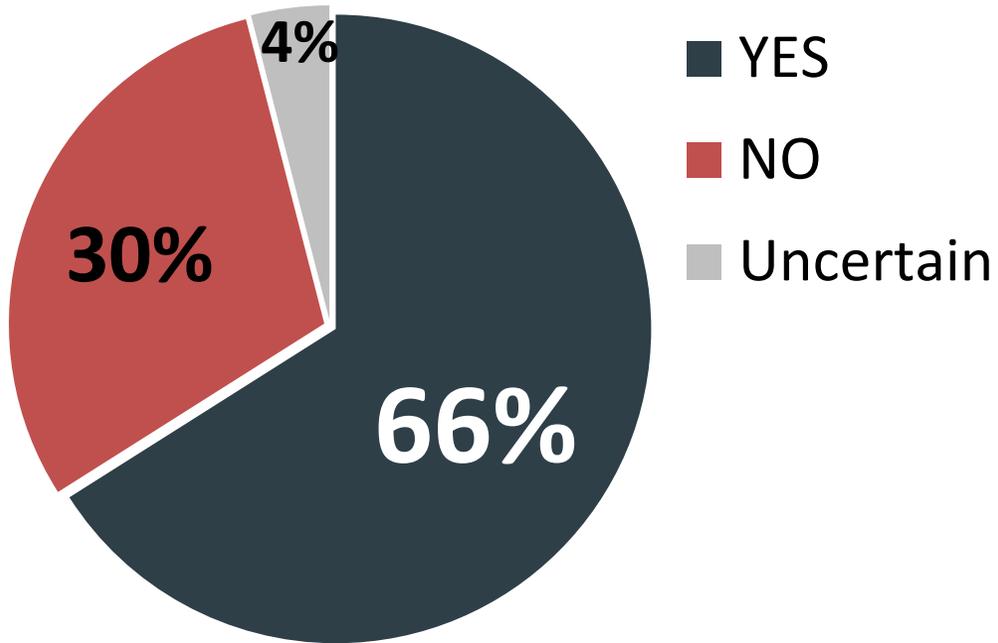
Access

Guidance

49%

Will NOT buy/
recommend a stock
without first meeting
senior management

Is management more forthcoming in private meetings?

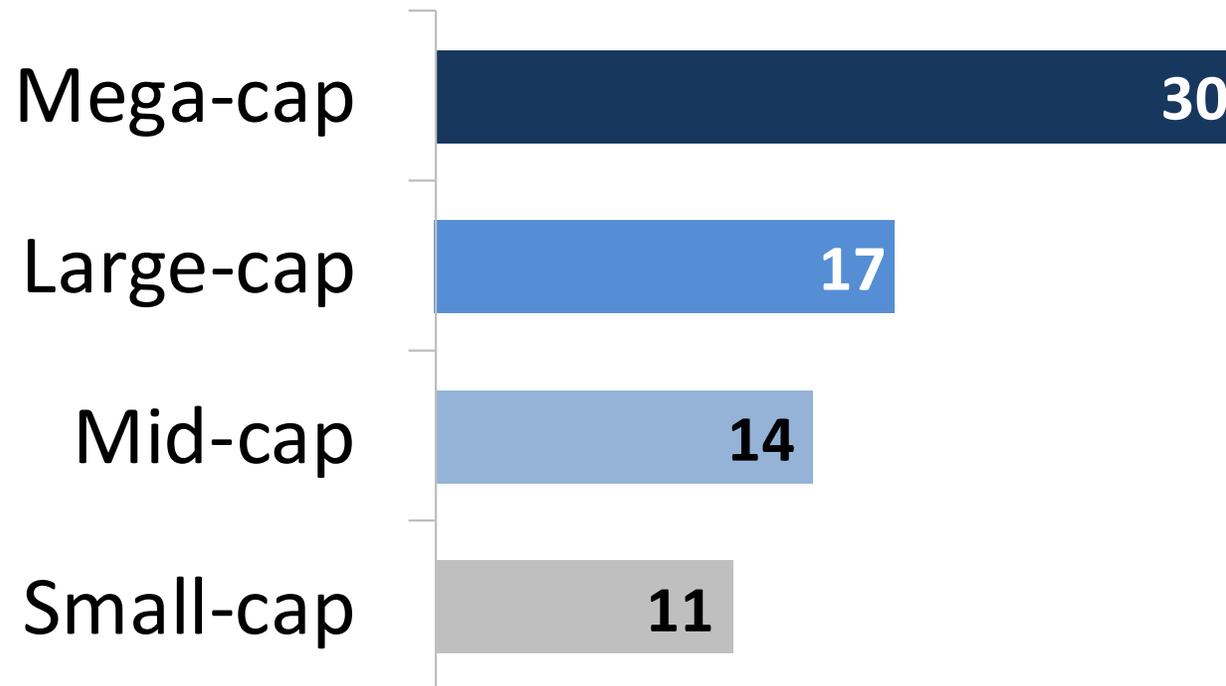


"In private settings, the company is a bit more forthcoming with progress and struggles and are more candid ... a face-to-face is always much better."



-Buy-side analyst

Average Number Of Non-Deal Roadshow Days Conduct Annually



Time allocated to IR activities

11% CEO's time

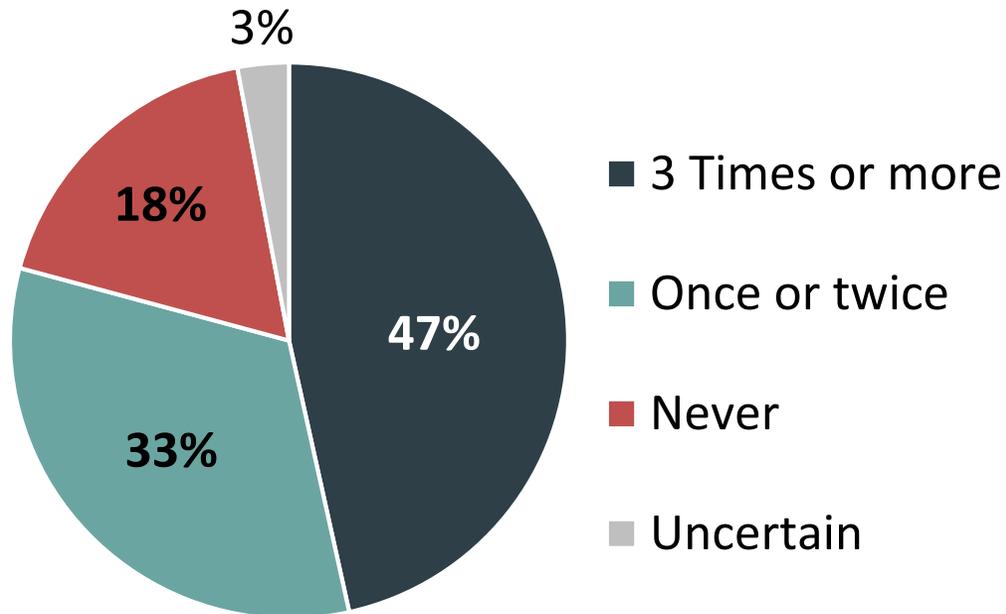
17% CFO's time

Average Annual Investor Interactions

137 Buy-side Firms

17 Sell-side Firms

of times investors meet with management PRIOR to investing



times to meet AFTER investing

CEO
Annually

CFO
Bi-annually

Building
credibility is
not easy ...

*“You have to make a promise
in order to keep a promise.”*



**Guidance is the implied
promise ... and bridge
to credibility**



Key Elements

- Succinct strategy
- Not just the “what” but also the “how”
- Cash and capital uses

NEW YORK TO L.A. – ARTICULATING THE ROADMAP

Strategic Plan

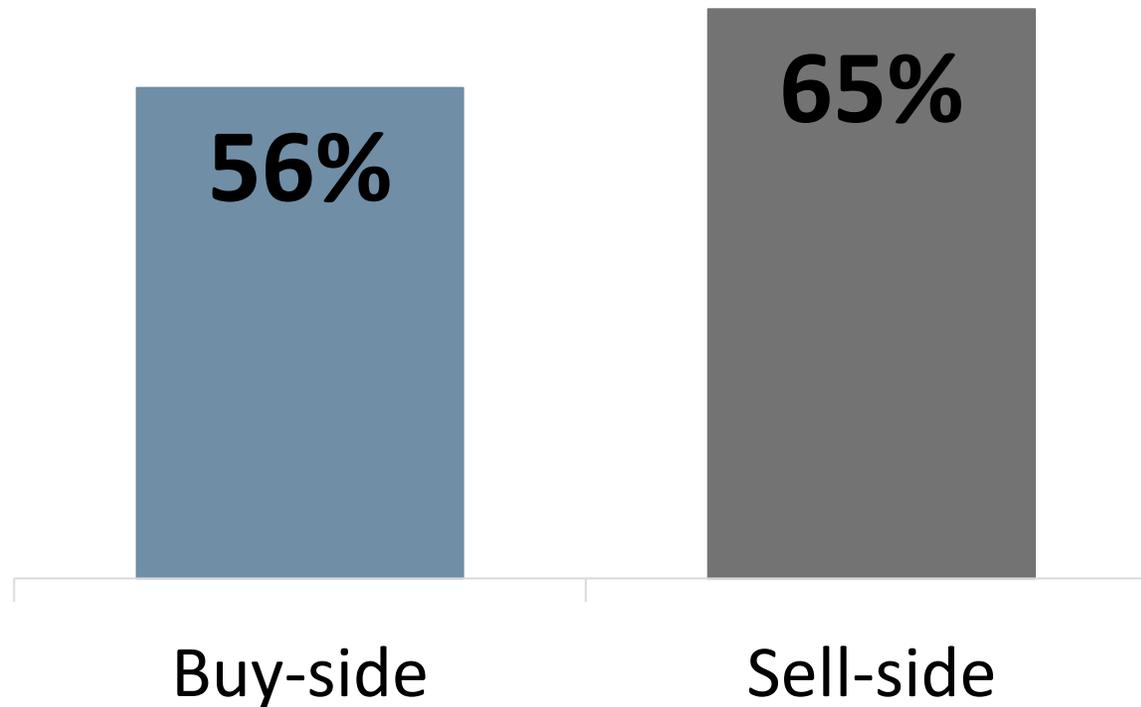




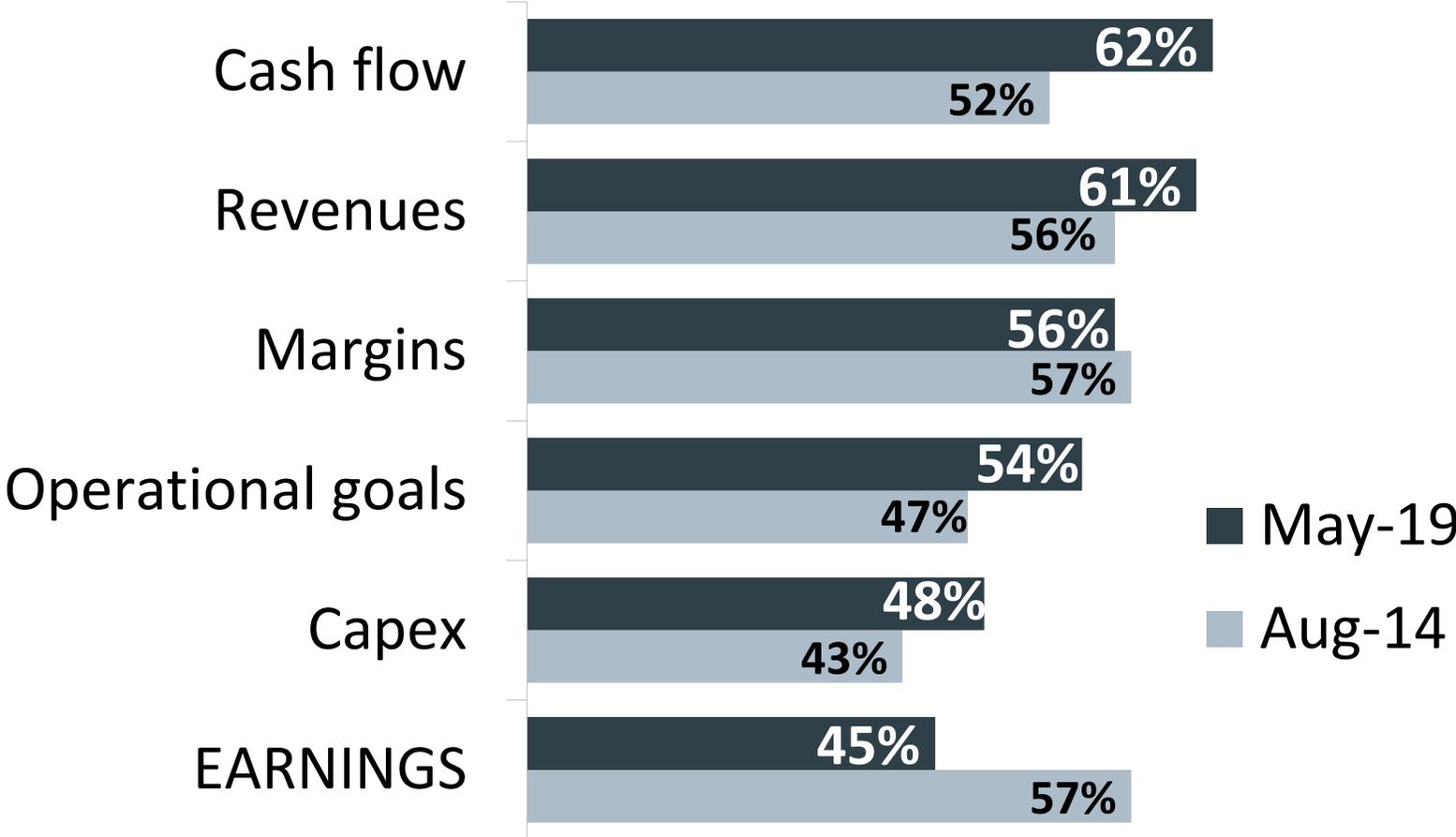
77%

Believe management credibility increases
when companies continue to give guidance
over the cycle

Investors believe no guidance warrants a lower multiple



Preferred Guidance Metrics



* Among the global buy-side



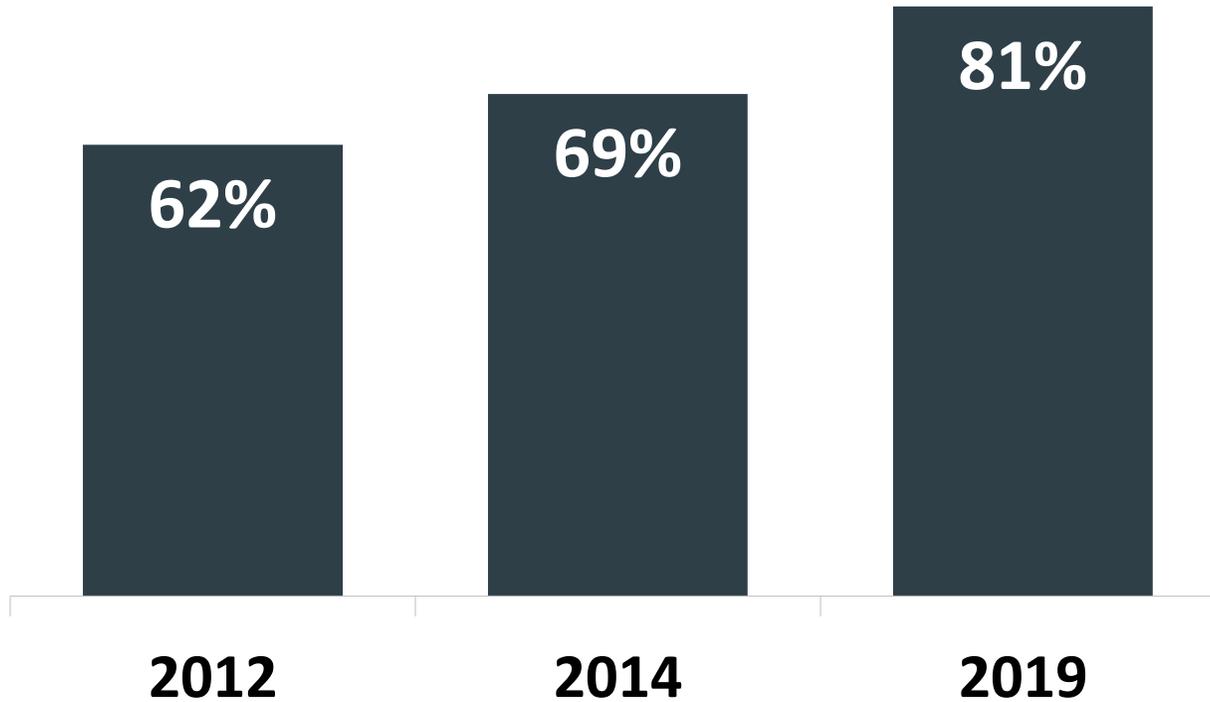
They want:

- Annual
- With quarterly updates

They would like:

- Multi-year
- At least two years out

Investors believe good IR affects a company's valuation



The IR Delta

+/- 30%!

+10%

Superb IR premium

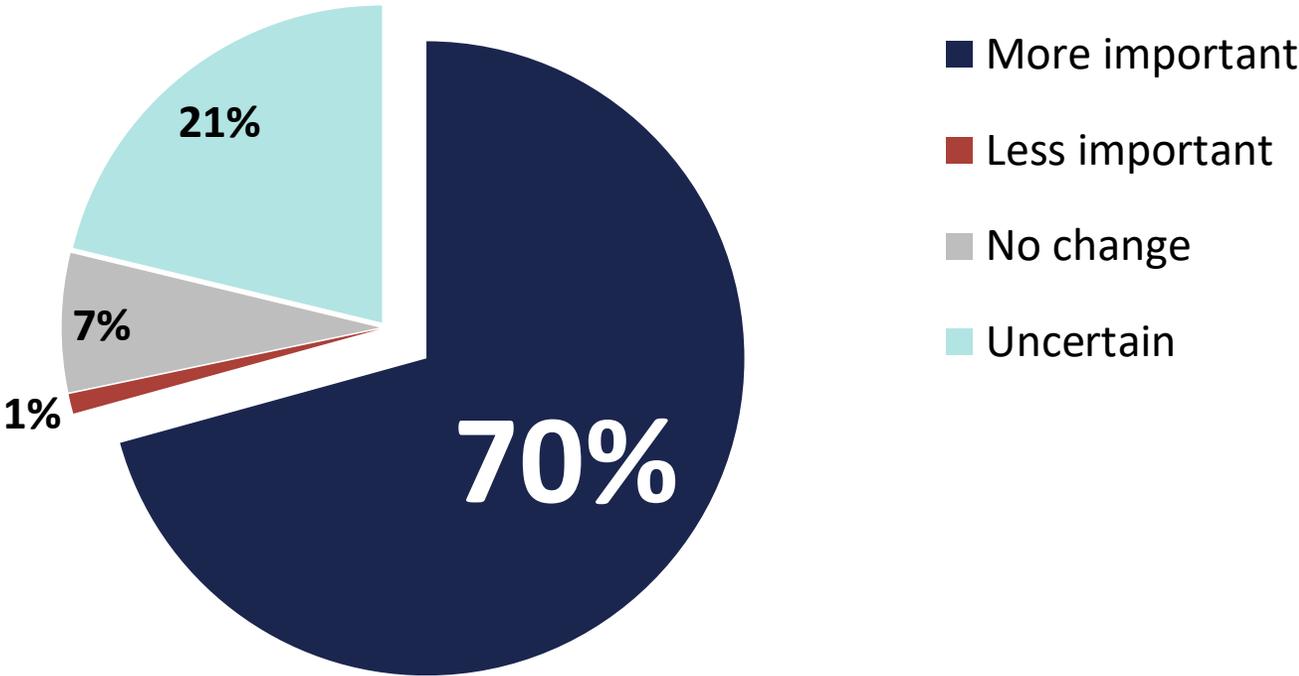
-20%

Poor IR discount

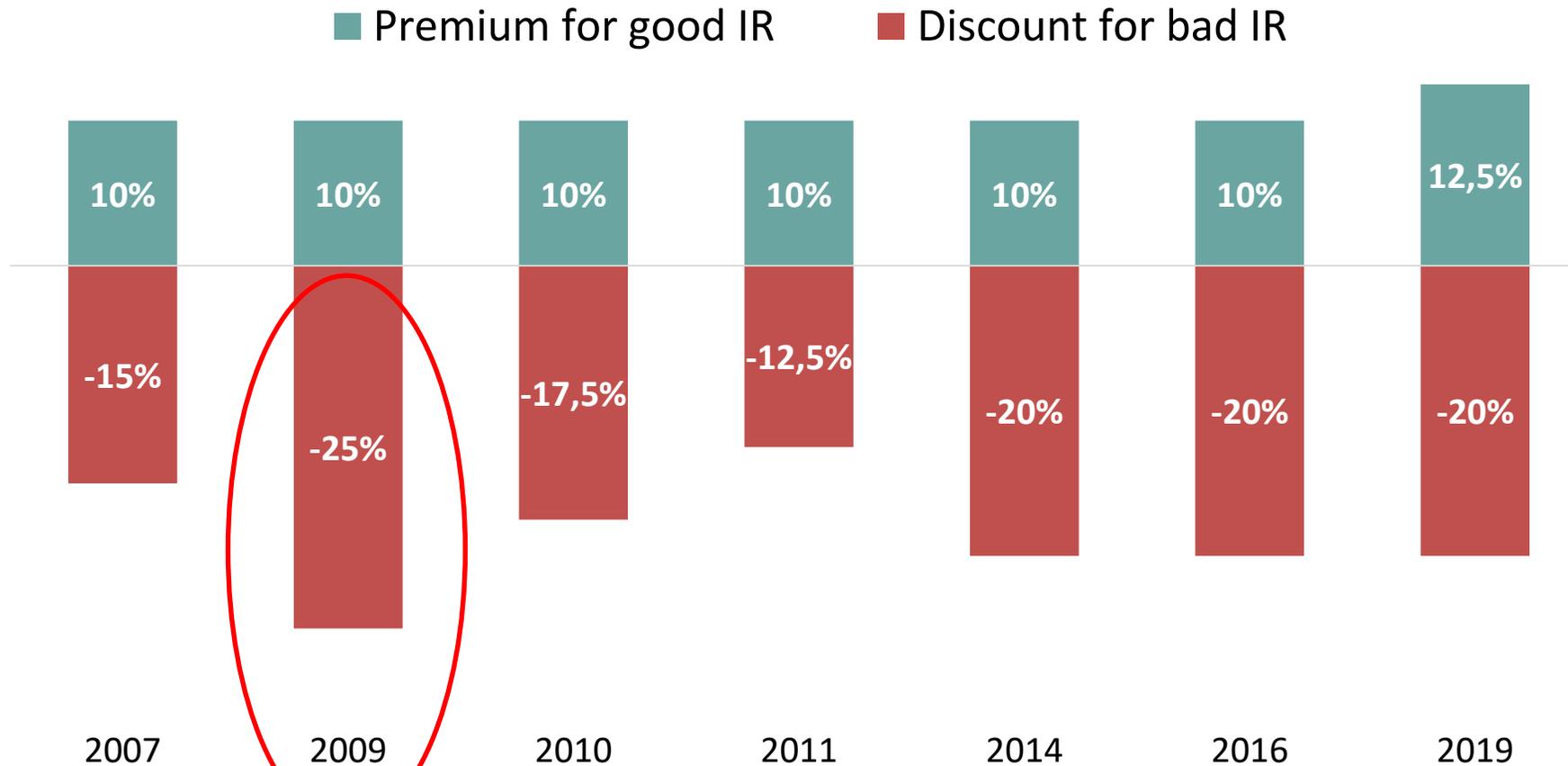
IR expected to step up ...

Importance of Proactive IR (Post MiFID II)

(Among the Global Buy-side)



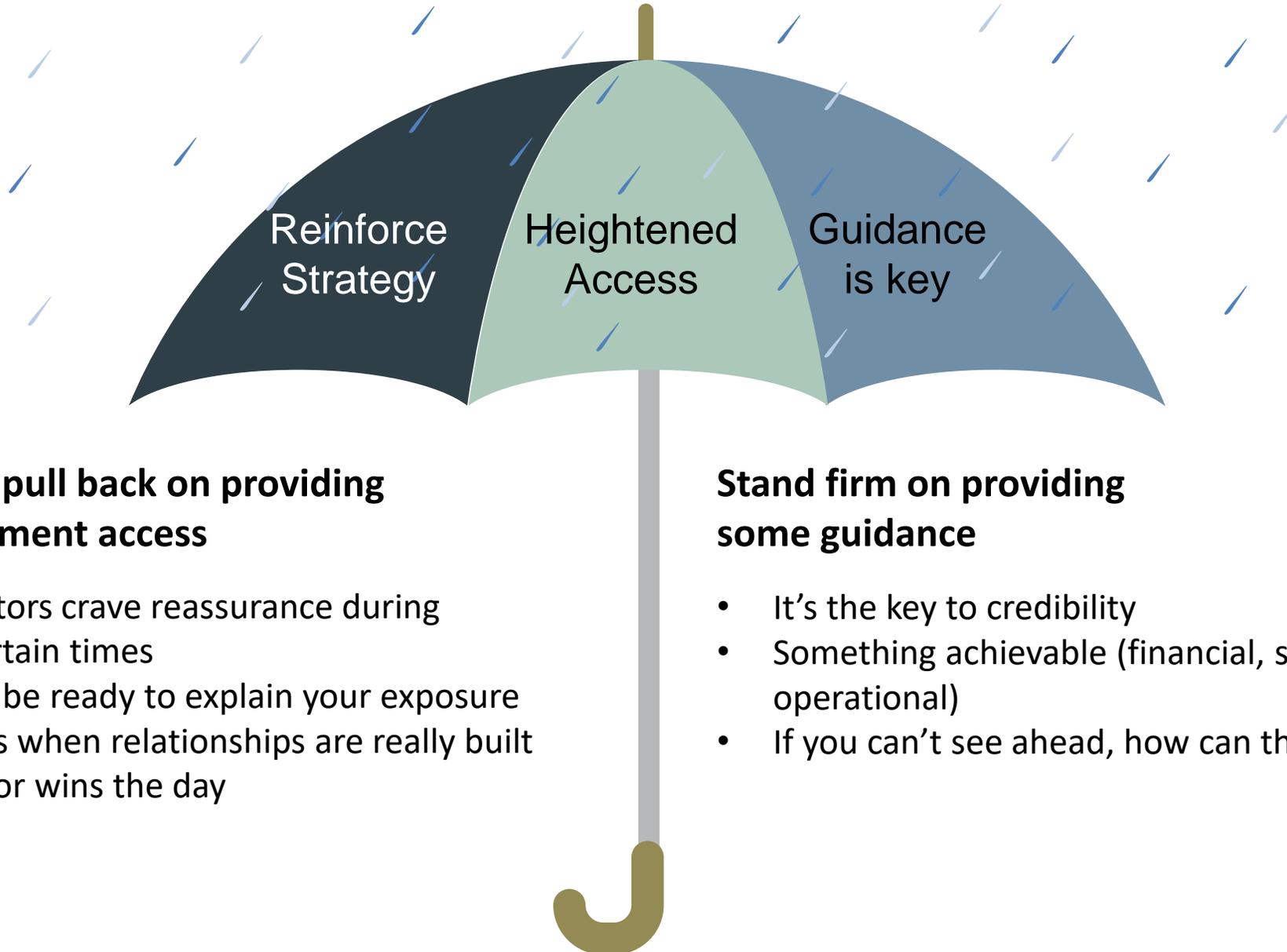
How much can IR impact valuation?



companies an analyst typically owns/covers/follows

128

- They are looking to cross your name off their list



Do NOT pull back on providing management access

- Investors crave reassurance during uncertain times
- Must be ready to explain your exposure
- This is when relationships are really built
- Candor wins the day

Stand firm on providing some guidance

- It's the key to credibility
- Something achievable (financial, strategic or operational)
- If you can't see ahead, how can they?

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