

IR'S GROWING CLOUT

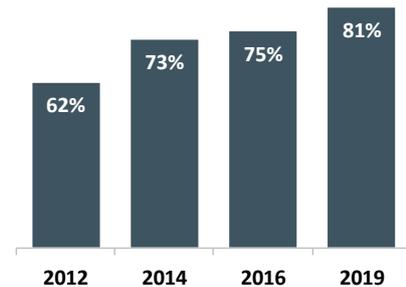
As the Brexit drama continues and summer heats up (and up and up), investment professionals' thirst for every last possible investment insight or future omen is intensifying. To many, the post-2008 global expansion hangs in the balance with investors of all stripes looking around the corner for any signs of a major economic downturn and trying to model its possible impact. Dare one say, global recession? The opportunity for IROs to prove their mettle is manifest. As we all know, anxiety and uncertainty drive valuations down. IROs will need to stand up and help investment professionals understand how their companies are responding to changing circumstances and, to the extent possible, provide reassurance to counter downside risk.

Proactive investor communication has rarely carried more clout. Rivel has been interviewing the global buy-side for years on the perceived importance of good IR relative to valuation and the top chart to the right shows the extent to which conviction in this correlation has been growing. Among investors surveyed in North America, Europe and the Asia-Pacific region, increasing numbers have been reporting that they believe "good" IR impacts a company's valuation. No matter where you look, the upward progression of the data is indisputable.

But, as can well be imagined, the impact of IR is not uniformly positive. In fact, poor IR has a greater detrimental impact than good IR. Overall, superb IR, on average, is judged to add a 10% premium to the stock price while poor IR can be quite costly, on average reported to account for a 20% discount in the valuation. In sum, a delta of fully $\pm 30\%$! And in the UK the opportunity (and risk) held by IR is especially profound as Brexit nears fruition. The delta between good and bad IR among analysts and investors domiciled in the UK is ($\pm 41.5\%$)!

Believe Good IR Affects Valuation

(Among Global Buy-side over Time)

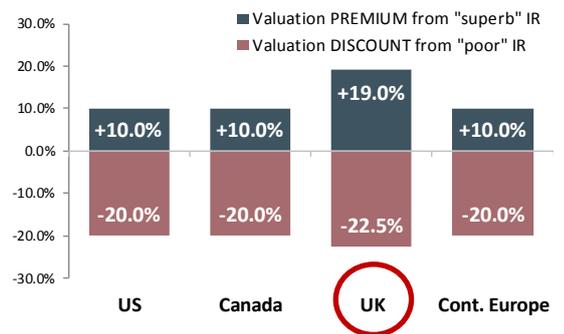


IR's Estimated Impact on Valuation (2019)

(Among the Total Global Investment Community)



IR Impact by Region (2019)



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Rivel Research is the leading investor perception market research firm globally. Our services create greater alignment between the board, C-Suite, IR and the investment community. We capture qualitative feedback and create quantitative measurements, providing actionable insights to mitigate risk and improve valuation. To learn more please feel free to contact us.

THE EXECUTIVE INTELLIGENCE COUNCIL

This data has been selected from **Rivel's Executive Intelligence Council**, the only programme of its kind that pairs the perspective of the global buy-side with that of IROs worldwide in the discussion of what is best-in-class IR. Learn more at rivel.com or contact Claire Lavery.