

On-site Investor Events

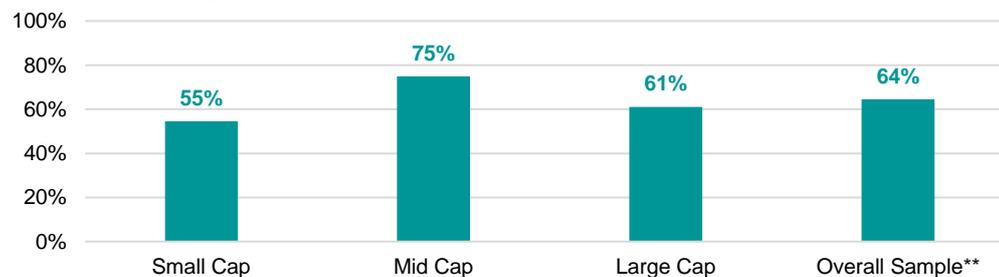
The benefits of directly reaching out to the buy-side for an on-site visit

Overview

IHS Markit reached out to 45 IROs across several sectors spanning the entire range of market cap sizes, regarding on-site hosted investor interactions in early 2019, finding a few common underlying themes. Broadly speaking, beyond the “analyst day” format or sell-side driven “bus tour”, the majority of IR departments (64%) currently host meetings with shareholders on corporate campuses, and those that didn’t were largely open to implementing the idea moving forward. Mid-cap companies were the most likely to report holding on-site events, with only ~50% of small caps doing so.

Judging from some of the responses, it is easy to see why hosted visits have become a popular tool of IR practitioners. They found these interactions and meetings to be less scripted than sell-side sponsored group meetings, and the company and investors were able to have more detailed discussions. The prevailing sentiment from the participating IROs that spoke with IHS Markit was that hosting shareholders was a great way to build and strengthen relationships with the buy-side. This is an increasingly important point given the changing sell-side landscape cited by our client base this year.

Rate of IR Hosting Self-Directed *On-Site** Shareholder Events



*We are referring to On-Site in the context of the location of the event being at company HQ or on company property.

**Our sample for this analysis is based on responses from 45 total issuers from a diverse range of industries, market caps and regions.

Respondents cited the opportunity to hold tours of labs or facilities as one of the top reasons to bring investors in-house. From the standpoint of the investor, these events are equally as beneficial as it allows for access to various members of the management team and often allows for a more candid conversation and Q&A. Respondents to our survey noted that they were able to deepen their relationship with the buy-side through this social component which allowed for a heightened level of trust and candor in their interactions; both important aspects of investor relationships.

More importantly, the issuer is able to dictate the shareholder threshold and quality of investor that comes through the office. The results of our survey showed that IRO’s most commonly limit these interactions to top 20 shareholders and tier 1 targets.

“For the REIT space this is a no brainer. The buy-side constantly wants to see what properties we are working on and the stage it is in. We are fortunate to be able to show our product to the investment community. We stay away from the sell-side for these visits. What they like to do is wrap a bunch of different properties into one trip and then take around the buy-side. The major problem with this is the group is not specific to us or our subsector. When we control the invite list we make sure they are quality investors of ours.”

- IRO at a Midcap Office REIT

“Yes. We do this occasionally. I’d say it is about 50/50 between us hosting on our own and some with the sell-side hosting. For years, we have periodically invited investors to come to our offices to meet with management. Sometimes we ask a sell-side analyst to host and invite ~10 or so top investors. We don’t have a set cadence, but on average we do this once or twice per year. This was not MIFID-driven – it’s more about management convenience.”

- AVP, IR at a Large Cap Insurer

For more information ipreo.com/corporate or IRinfo@ihsmarkit.com

Authored by the Corporate Thought Leadership Committee- Brian Benson, Brian Graham, Robert Jones, Thomas McNamara, Frank Story and Austin Zuech