

Global Corporate Access Survey

Presented by Ipreo

What's Inside?

Event Activity Levels	1-2
Management Participation	3
Organizer Trends	4
Sponsor Success Factors	5
Satisfaction Levels	6-7
Regional Highlights	7-8
Conclusions	9

About Ipreo

Ipreo is a leading global provider of financial services technology, data and analytics. We support all participants in the capital-raising process including banks, public and private companies, institutional and individual investors, as well as research, asset management and wealth management firms. Our unique, cross-asset class solutions equip our clients with the information and tools they need for more effective decision-making and a more efficient workflow. Ipreo is private-equity held by Blackstone and Goldman Sachs Merchant Banking Division, and has more than 800 employees serving clients in every major financial hub around the world.

Ipreo is pleased to present results from our 2014/2015 Corporate Access Survey. Now in its fifth year, the survey aims to monitor activity levels, management participation, sponsor strengths and weaknesses, overall satisfaction levels, and notable regional variations of the interactions between public companies and the investment community.

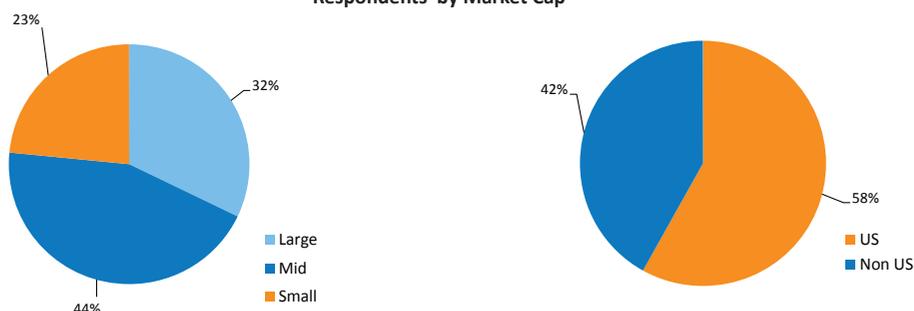
Key Findings

- Large-cap companies attended fewer conferences, freeing up room on the dance cards for small caps, which experienced significant growth in conference participation. Larger companies did not make up for the decline in conference participation by increasing their activity in other areas, as the total number of one-on-one meetings also declined. However, in this year's sample, large companies were smaller and small companies were larger than in previous years. Therefore, we will need to confirm this observation in the next survey.
- Mid-cap companies attended somewhat fewer conferences, with the decline offset completely by an increase in the number of roadshows along with an increase in the number of one-on-one meetings.
- Companies relied less on independent corporate access firms and IR consultants to arrange their events. In the process of paring the total number of events, large caps prioritized covering brokers. Small caps also utilized services from brokers more often.

Survey Scope

The 2014/2015 sample included approximately 400 respondents from 38 countries, spanning all market caps and sectors. An increase in participation by large and mid-cap companies offset a decrease in participation by small-cap companies.

Figure 1 - Participants Respondents by Market Cap



Event Activity Levels

Across our global sample, this year's overall average one-on-one meeting level increased to 127 meetings from 108 meetings in the year-ago period.

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Quotable

"Any help in putting management in front of new investors is appreciated. Often times at conferences, you see the same set of investors on every 1x1 request list."

— Large Cap, Financials

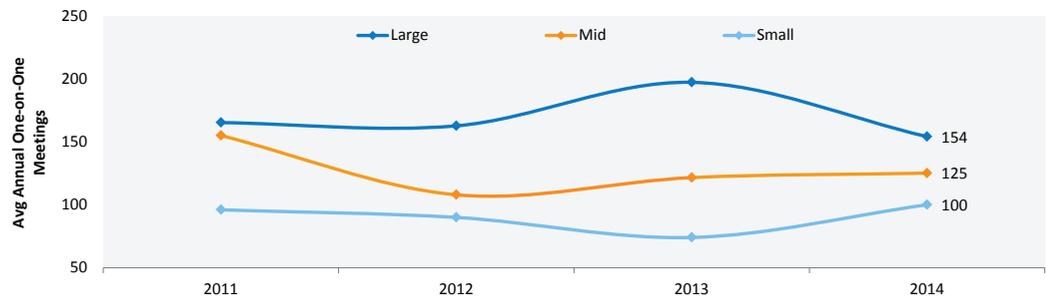
"Real-time client feedback post meetings is the biggest area for a broker to excel. We want to hear truthful, unvarnished feedback - even if it is critical of the company/management."

— Large Cap, Technology

"Corporate access time is ours and it's a precious asset everyone wants. We allocate it strictly to our advantage, i.e. to those brokers whose sell-side analysts help us by having active coverage of our company."

— Small Cap, Health Care

Figure 2 - One-on-One Meeting Trends (2011—2014)



Overall, large caps had fewer meetings on average, small caps had significantly more, while mid-cap activity was flat (Figure 2). Commentary from respondents indicates large caps are becoming more discerning, freeing up corporate access resources for smaller companies. However, the change could be partially due to our sample containing smaller large caps and larger small caps than in prior years, as noted above. Activity by large caps was down, while activity by small caps increased in both the U.S. and globally (Figure 3). U.S. mid caps recorded an increase in the number of meetings (reversing a downtick from the prior year), while global mid caps participated in fewer meetings for the second straight year.

Focusing on investor conferences, we observe a similar trend: overall, large caps and mid caps attended fewer conferences, while small caps attended more (Figure 4). Plausibly, sponsors invited more small caps to attend their conferences in order to fill holes vacated by large caps.

Mid-cap and small-cap U.S. companies significantly increased roadshow activity by approximately 1.5 events per year, with large caps flat (Figure 5). Non-U.S. mid caps and small caps maintained prior year levels. Non-U.S. large cap companies decreased roadshow activity by 1.6 events, reversing the increase from last year.

Figure 3 - One-on-One Meetings

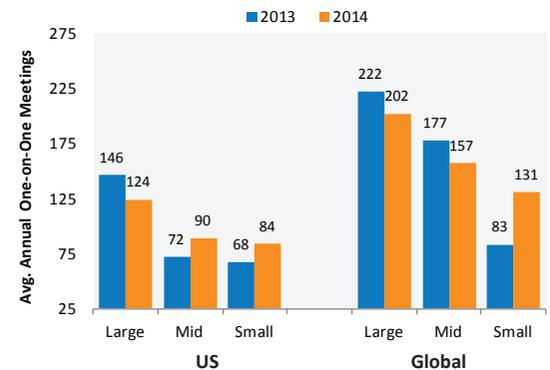


Figure 4 - Investor Conferences

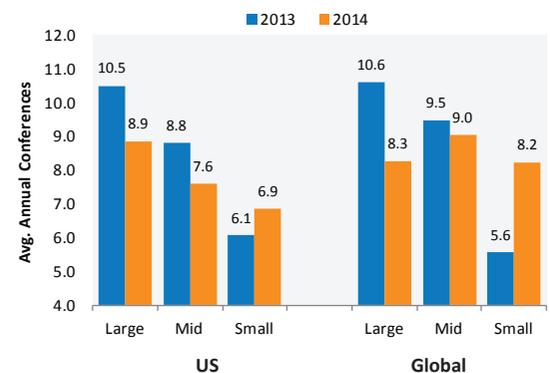
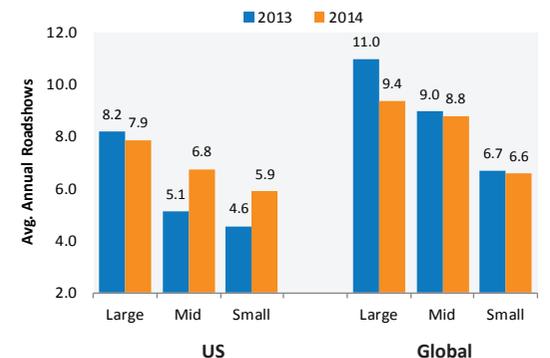


Figure 5 - Roadshows



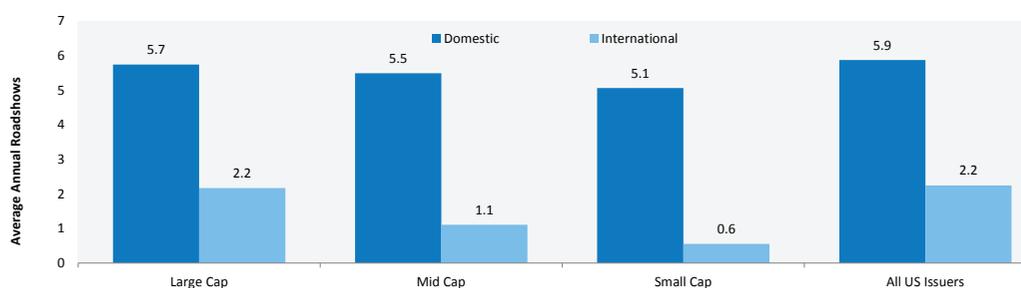
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International Activity

Consistent with prior surveys, we analyze roadshow frequency with a breakdown on domestic vs. international travel. Since this breakdown applies mainly to US issuers, we focus Figure 6 on US issuers only, documenting the prevailing domestic vs. international benchmarks by market cap. Large-cap issuers showed decreased year-over-year international marketing levels at 2.2 roadshows from 2.4 a year ago. Mid-cap and small-cap companies increased their international roadshows by about 50% each off of a low base — mid-caps from 0.7 to 1.1 events per year and small caps from 0.4 to 0.6 events per year.

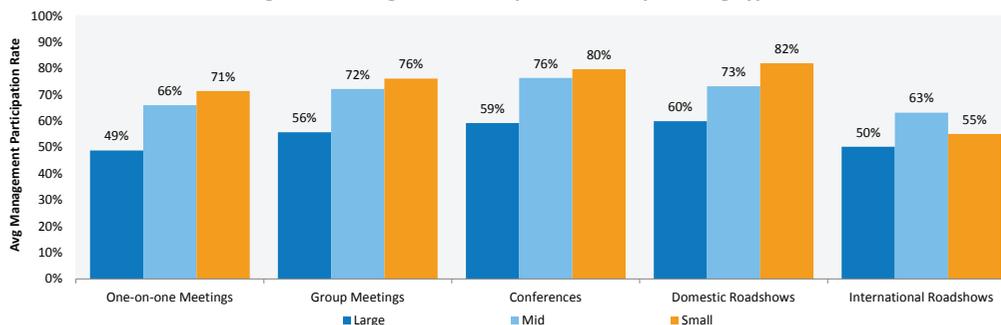
Figure 6 - Domestic vs. International Roadshow Frequency (US Issuers Only)



Management Participation

Management participation rates were similar to prior years. Rates were highest for conferences and domestic roadshows (Figure 7). Compared to small and mid caps, large-cap IROs continued to attend significantly more meetings without executive management present.

Figure 7 - Management Participation Rates by Meeting Type



Consistent with prior years, overall management participation was lowest on international roadshows. Due to the larger travel burden, companies are more opportunistic about who represents them in investor meetings including local business managers, global operations executives in the area for site visits, investor relations officers, and executive management. Even so, large caps showed a decline in management participation from 59% to 50% (data not shown). Our survey did not ask for an explanation, nor do comments from respondents provide insight. However, we note that the result is consistent with an overall trend of companies desiring to have more transparency and control over their investor marketing events. After many years of increasing momentum for global campaigns, are C-Suite executives beginning to ask for the ROI? We will pay close attention in future surveys.

Top Non-Domestic Metro Destinations

North American Issuers

1. London
2. Toronto
3. Frankfurt
4. Zurich
5. Edinburgh

European Issuers

1. London
2. New York
3. Boston

Asian Issuers

1. New York
2. London
3. Hong Kong

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Quotable

"There is still too much desire by sell-side to schedule meetings with hedge funds/high turnover investors."

— Large Cap, Industrial

"Corporate access is still pushing highest commission accounts over quality. It makes the IR waste too much time reviewing all suggested attendees."

— Mid Cap, Consumer Services

"Having a system in which all of the buy side used an open access system, with the company prioritizing the accounts, would help improve targeting efforts. Seems logical that the buy side and companies would find value in that. The sell side could still sponsor the trip, handling logistics and pre-meeting preparation."

— Mid Cap, Financials

Organizer Utilization Trends

For the past five years, we have consistently asked about the breakdown of events executed with covering brokers vs. non-covering brokers. Covering brokers extended their corporate access dominance with 85% of the 2014/2015 participants indicating that they "Always" or "Most of the Time" go on the road with a bank that covers their company.

Increased loyalty to covering brokers came at the expense of non-covering brokers and consultants/corporate access firms, reversing a three-year trend. Figure 9 shows the combined share of "Always" and "Most of the Time" declining to 4% of respondents from 10% last year for non-covering brokers, and from 11% of respondents to 5% for consultants/corporate access firms. "Never" responses also increased for both groups. Outside of sell-side sponsored corporate access, we found a moderate overall decline in self-directed activity (Figure 11), though self-directed outreach is trending upwardly somewhat for large caps (data not shown).

Organizer Utilization Trends (% of Respondents)

Figure 8- Sell-side banks that provide research on your company

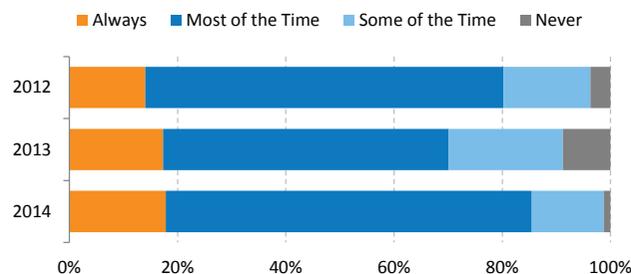


Figure 9- IR Consultant / Corporate Access Service Firms

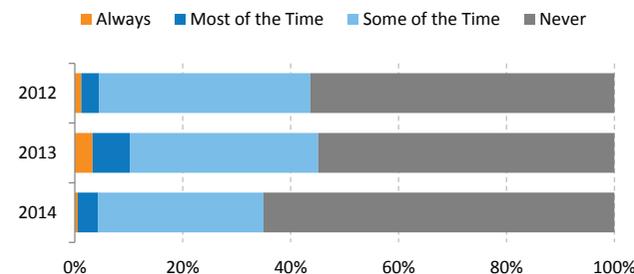


Figure 10- Sell-side banks that do not provide research on company

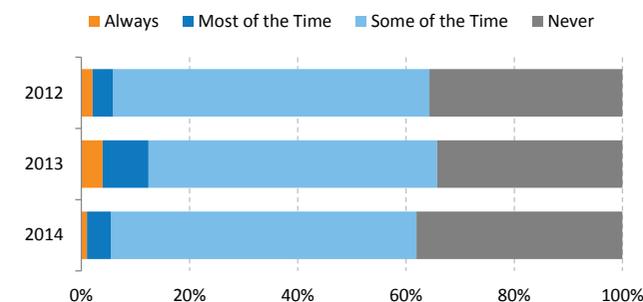
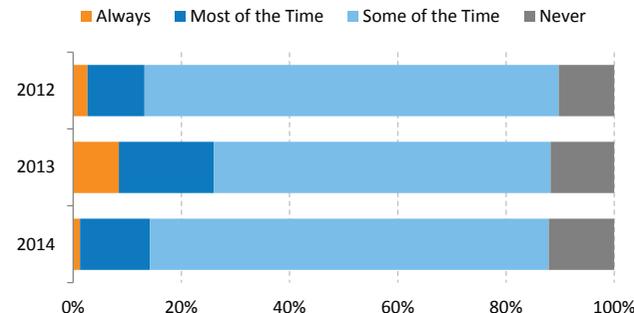


Figure 11- Entirely Self Directed



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Quotable

"It does not always feel that we are getting matched with the clients we want or should be in front. Too many meetings where we are either 'getting them up to speed' or filling their industry database."

— Large Cap, Industrial

"Good and efficient access provided and we are able to work with brokers to determine the investors we want to meet with."

— Mid Cap, Technology

"I am satisfied with the corporate access providers that I use in terms of logistics and support for my small IR dept. In terms of who we meet with, however, I have to stay intimately involved to make sure we meet with the right investors, although I do try to compromise on a meeting or two. But no one seems able to get much good feedback from investors - especially in the US."

— Large Cap, Consumer Services

Sponsor Success Factors

"Suitability of Investors in Meetings" continues to be the most highly valued service provided by corporate access sponsors with a total of 81% investors ranking this service category as a high priority (Extremely Important or Very Important). "Quality of Relationship with Sell-side Analyst" was given a high priority by 65% of issuers and scored slightly higher than "Quality of Research" which 64% of respondents gave a high priority.

Figure 9 - What do Issuers look for in a Sponsor?

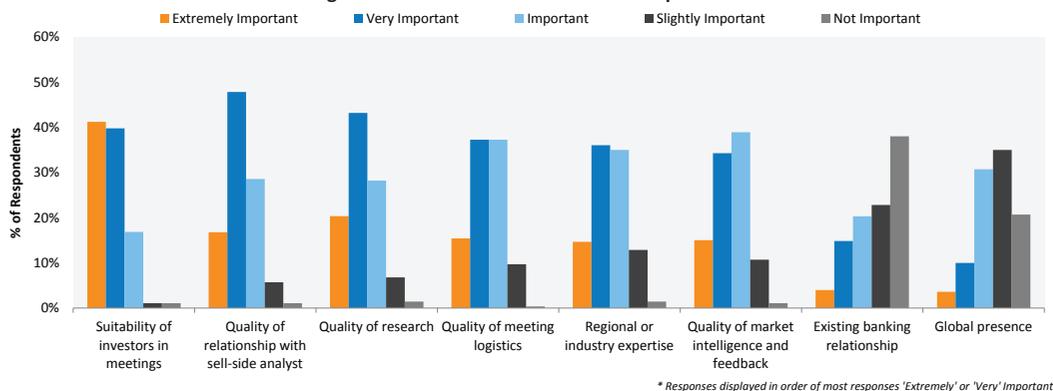
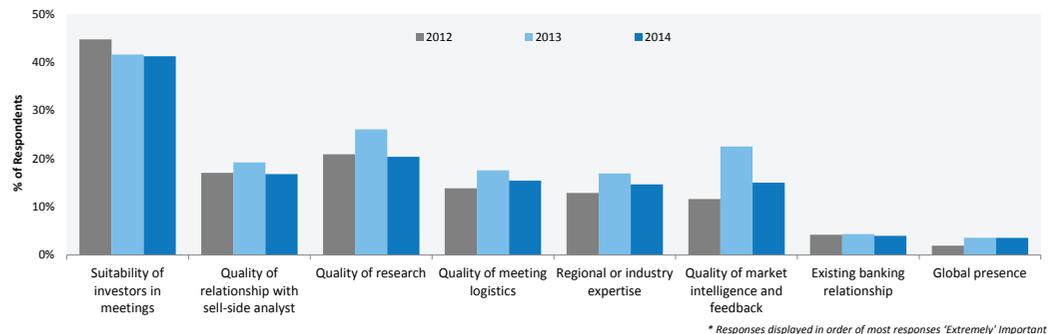


Figure 10 shows percentages of respondents indicating "Extremely Important" across each survey year where data exists. Investor suitability remains the leading importance factor and maintains a stable edge relative to other factors over time. Issuer relationships with their analysts come in close second. While several other categories are important to overall satisfaction, their importance comes nowhere near rivaling the importance of filling a schedule with suitable investors.

Figure 10 - Trends in "Extremely Important" Responses by Service Category



Issuers appear resigned to not receiving quality feedback, the category that experienced the largest decline in "Extreme" importance. However, comments indicate that respondents would be very pleased to see improvement in this area.

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Quotable

“There are too many firms trying to provide corporate access, many of which do a very poor job. Having robust CRM and prospecting tools are essential for any IRO to do his/her own research.”

— Large Cap, Industrial

“It is what it is — a give and take process and if we can reach at least our fair share of meetings we deem important, we are satisfied.”

— Large Cap, Consumer Goods

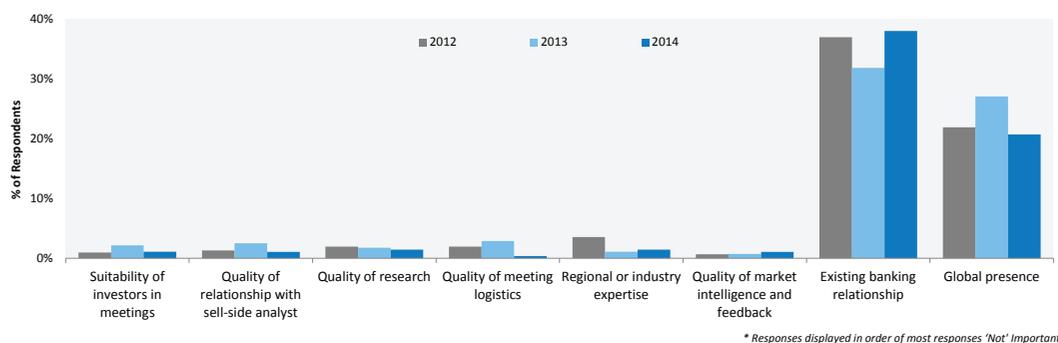
“Don’t underestimate how important it is to get the basics right-- the logistics. The last thing you want to do is send your CEO to the wrong building in a new city for the first meeting and then be late for all your subsequent meetings, which happened to us. It was clear to me that the corporate access team was overwhelmed and did not have the resources to appropriately handle the logistics.”

— Small Cap, Financials

“Sell-side firms are always pushing to take us on the road. However, we are more concerned about getting in front of the right investor rather than traveling for traveling’s sake. Very few firms put true thought into planning a roadshow from a targeting and demand point of view.”

— Small Cap, Financials

Figure 11 - Trends in “Not Important” Responses by Service Category

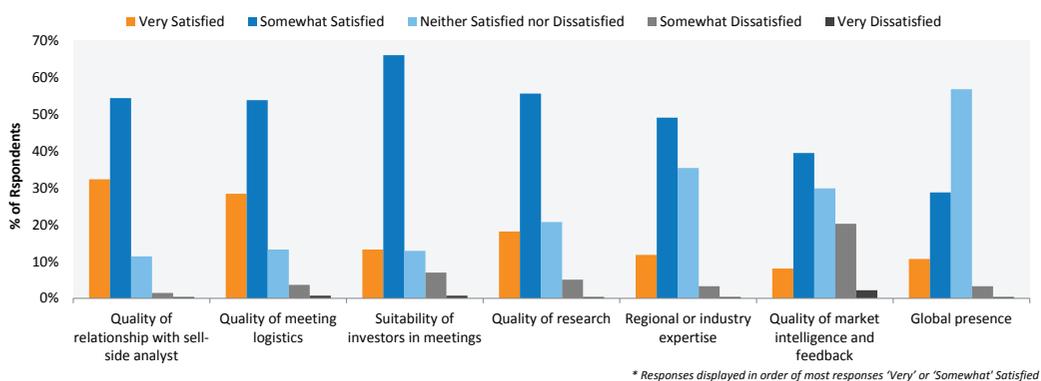


Consistent with previous reports, we surveyed factors deemed “Not important” (Figure 11). “Presence of Existing Banking Relations” and “Global Presence” are considered lower priority among issuers. In Europe, the importance of “Global Presence” among issuers declined from 28% citing “Not Important” in 2013 to 18% in 2014/2015.

Satisfaction Levels

Consistent with our 2013 survey, issuers are most satisfied with their analyst relationship and meeting logistics, and least satisfied with market intelligence and feedback (Figure 12). Attitudes were mixed with respect to investor suitability, research quality, and regional or industry expertise, while global presence does not appear to weigh heavily when broadly evaluating satisfaction. Rankings were mostly consistent across regions and cap sizes, though notable exceptions included Asian issuers’ lowered satisfaction with meeting logistics, and mid-cap issuers’ higher marks on research quality (data not shown).

Figure 12 - Satisfaction Levels by Service Category



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Looking at overall corporate access satisfaction levels over time, Figure 13 tells a positive story with “Very Satisfied” and “Somewhat Satisfied” responses rising from 72% in 2013 to 77% of our sample in 2014/2015. Strengthening satisfaction levels were driven predominantly by small- and mid-cap issuers, while large-cap responses have remained consistent. Small- and mid-cap issuers have demonstrated a three-year trending decrease in “Somewhat Dissatisfied” responses, from 9% in 2013 to 3% in 2015 (data not shown).

Quotable

“I’ve had corporate access providers contact me ahead of time to obtain a list of institutional investors that we would like to meet. I appreciate this approach instead of only filling our day with their largest traders.”

— Small Cap, Technology

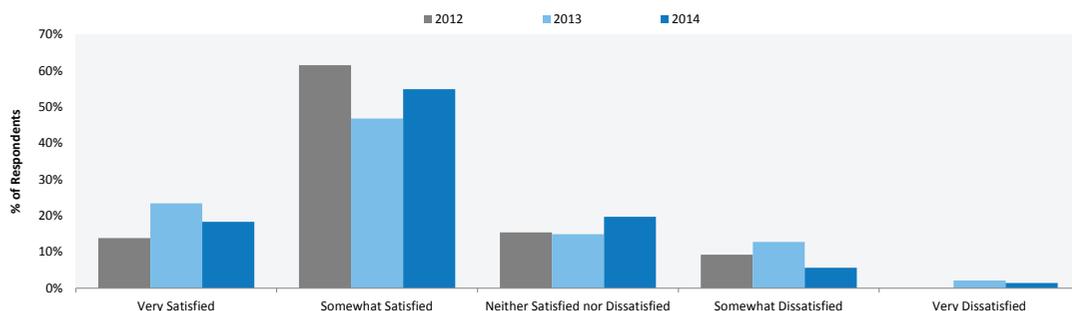
“The equities business is getting less profitable as time goes by, making NDRs less appetizing for brokerages. But there has yet to arise a means of replacing the current system to educate investors about corporates.”

— Mid Cap, Financials

“We are a large-cap company with over 30 covering analysts, so a disproportionate amount of my time is spent trying to keep all of the various covering banks happy.”

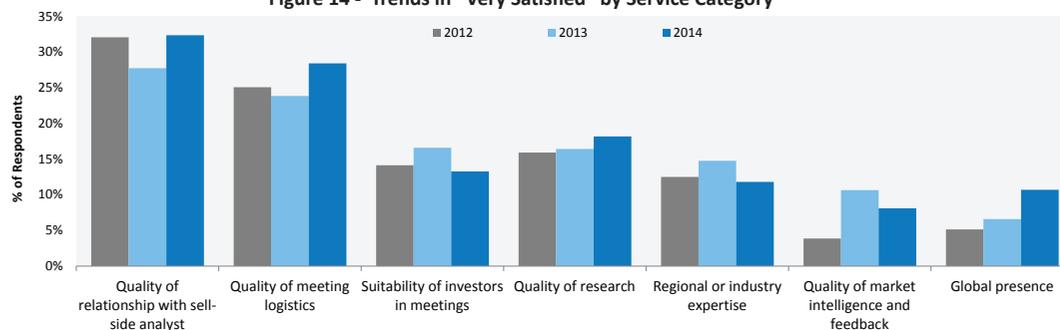
— Large Cap, Consumer Services

Figure 13 - Trends in Overall Satisfaction



Examining what factors are contributing to satisfaction over time, in Figure 14, yields two positive trends; issuers are more satisfied with quality of relationships with sell-side analysts and quality of meeting logistics.

Figure 14 - Trends in “Very Satisfied” by Service Category



* Responses displayed in order of most responses “Very” Satisfied

Regional Highlights

Looking at importance factors and satisfaction levels across regions paints an interesting picture of what matters to IROs around the globe. Europe and Asia align closely in rankings of importance factors, with suitability of investors and research quality ranking highest (Figure 15).

Figure 15 - Importance Factor Rankings by Region

Importance Factor	North		
	America	Europe	Asia
Suitability of investors in meetings	1	1	1
Quality of relationship with analyst	2	4	3
Quality of research	3	2	2
Quality of meeting logistics	4	6	5
Regional or industry expertise	5	5	6
Quality of market intelligence and feedback	6	3	4
Existing banking relationship	7	7	8
Global presence	8	8	7

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Quotable

"We do the best we can with what we are given -- in the land of SMid-Cap, you leverage every opportunity you get to broaden your reach."

— Small Cap, Industrials

"Technology will begin to change how Corporate Access will be conducted in the future and while we have seen some changes there is no clear best solution yet."

— Large Cap, Financials

While investor suitability also holds as the #1 factor for North America, quality of relationship with analyst emerges as a #2 ranking – a notable contrast to Europe and Asia. North American issuers also appear to hold less interest in quality of market intelligence and feedback, ranking this factor sixth relative to European and Asia placement in the top three.

Figure 16 - Satisfaction Category Rankings by Region

Satisfaction Category	North		
	America	Europe	Asia
Quality of relationship with analyst	1	2	1
Quality of meeting logistics	2	1	4
Suitability of investors in meetings	3	3	2
Quality of research	4	4	3
Regional or industry expertise	5	5	5
Quality of market intelligence and feedback	6	6	7
Global presence	7	7	6

Examining satisfaction level rankings, we see similar alignment between North American and European issuers apart from an interesting variation on meeting logistics (Figure 16). Europeans may have lower expectations when it comes to tight planning and expedience, or brokers may

simply be providing better service to the European market. Pivoting to Asia, we observe variations against North American and European respondents. Asian issuers ranked satisfaction with their meeting logistics fourth, and give their second and third highest marks to suitability and research, respectively.

New Questions

This year's survey included a few new questions:

- Most U.S. companies were unaware of the U.K. rule to prohibit broker commissions for corporate access. Few non-U.S. companies reported that the regulation has caused them to change their investor outreach. The few comments that we did receive did not sound alarms – the general theme was if it wasn't broke, why did the FCA try to fix it?
- Almost unanimously, respondents agreed that past experience with a broker very much influenced their decision to repeat the affair the following year. Set all else aside, if you had a good experience at a particular event last year, you're likely to try it again this year. Whether obvious or not, the result is important for corporate access departments to internalize. In an era of scarcity and scrutiny, treating your customers well pays dividends.
- Relatively few companies (36%) are satisfied with the level of share purchasing subsequent to their events, placing it last among all areas of corporate access satisfaction. This result strikes a contrast with respondents' overwhelming desire to meet suitable investors, and represents the most promising opportunity for corporate access departments to differentiate their service in the future.

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Conclusions

Stepping back from the detailed trends in investor events and sponsor success factors, an overarching pattern emerges: issuers are increasingly scrutinizing their investment in investor outreach. Executive time is scarce – its value mirroring its opportunity cost.

1. We observe a shift away from conferences toward roadshows and other meeting opportunities where issuers have more control over the audience. This is reinforced, on the one hand by the consistently high level of importance placed on brokers delivering a suitable audience, and on the other hand by persistent complaints that brokers are falling short on delivering on this top priority, particularly at conferences. It is reinforced as well by a rise in the number of large-cap companies who in general limit event participation to covering brokers with whom they have a strong relationship.
2. We observe an emerging tendency to favor direct interaction with diversified portfolio managers, evidenced by the resource reallocation to roadshows and away from conferences, together with the decline in importance in industry expertise.
3. We see small caps gaining more access to conferences, potentially due to a decline in conference participation by large caps. Being much more receptive to event invitations from non-covering brokers, small caps are natural invites when large caps decline invitations.
4. Consistent with a desire for control, the importance of global events, where historically more of the planning is outsourced due to language, cultural and time zone challenges, appears to have plateaued if not declined. The number of cross-border events has declined, as has the importance of global expertise as a factor in choosing hosts.

All of these points do not equate to a prediction that the role of the sell-side is diminishing. Sell-side relationships remain very important – the second most important variable in an issuer's decision to participate in an event, trailing suitability of investors. And coverage (presumably positive coverage though we did not ask the question) is likely the most decisive variable of all, even more so than in previous years.

For more information or additional survey data extracts please contact survey@ipreo.com