

# Taking it to heart

Exploring how investor relations is organized in companies pre and post IPO

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## Respondent data and methodology

This report is the product of a study conducted for EY by IR Insights, the research and intelligence unit of *IR Magazine*. As many as 876 IR professionals from around the world participated in the online survey that was conducted in Q2 2015.

Respondents were asked a series of questions relating to the structure of their IR function, their formal and informal relationships with both the board and other departments, and what aspects are important to the practice and assessment of investor relations. Each section of this report details our findings related to one or more of these questions.

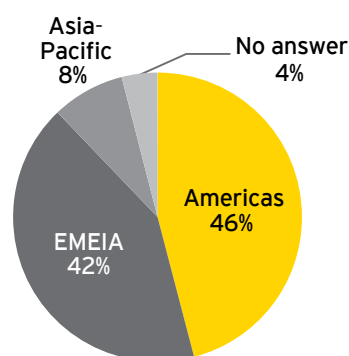
Findings are given both as a global figure and broken down according to company region and market capitalization. The three key regions we use for comparison are the Americas with 76% of the answers coming from the US, EMEIA\* with 73% from Western Europe, and Asia-Pacific with 39% from China, including Hong Kong, and 41% from Southeast Asia. The four market cap size brackets are small cap, mid-cap, large cap and mega-cap:

|           |                |
|-----------|----------------|
| Small cap | <US\$1b        |
| Mid-cap   | US\$1b-US\$5b  |
| Large cap | US\$5b-US\$30b |
| Mega-cap  | >US\$30b       |

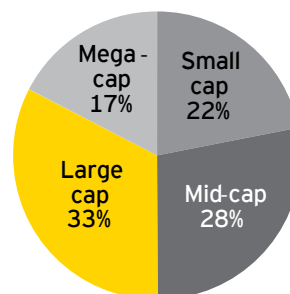


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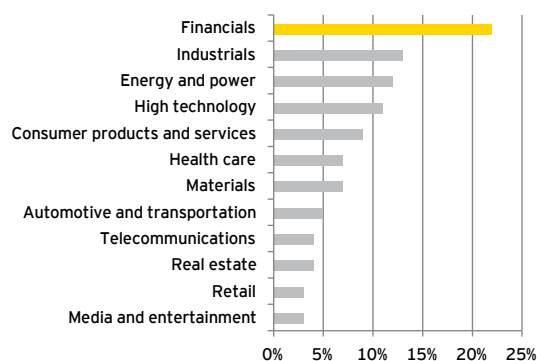
### Respondent base split by geographical area



### Respondent base split by market capitalization



### Respondent base split by industry sector



\*Europe, the Middle East, India and Africa



## Executive summary

Investor relations (IR) has been in existence for over half a century. For organizations in some regions, it is a well-established function. In other regions, however, it is less mature. Nonetheless, IR is as indispensable for companies preparing for an IPO as it is for listed companies.

- ▶ For companies getting ready for an IPO, financial communication to regulators, investors and analysts is critical. This would often involve introducing new roles, processes, infrastructure and systems around the IR function. EY has developed tools and frameworks to help companies that are considering an IPO with the aim of raising capital to grow. The EY 7 Drivers of Growth, for example, is a framework of key business drivers companies must address to achieve their growth ambitions and think broadly about their growth capabilities.
- ▶ A listed company, on the other hand, may need to improve its IR function to support the low cost of capital and a higher share liquidity in relation to its peer group, and also to mitigate risks in financial communication and disclosure.

Earlier this year, EY, with IR Insights, surveyed 876 IR professionals from around the world to get to the heart of IR. We asked them questions relating to the organization and structure of their IR functions, their relationship with the board and with other internal departments, and what aspects are important to the IR practice and for the assessment of investor relations.

Their responses give us insight into how listed companies around the world organize their IR functions internally, the typical role of IR, its tasks and responsibilities, IR strategy, manuals and audit, and IR's relationship with the board and with other departments in the organization.

Here is a summary of the inferences we made on the basis of the survey responses:

1. Need for strong relationships: IR's ability to build strong relationships with investors, and analysts, and the strength of the executive team, are factors considered most critical to the success of IR globally.
2. A seat at the top table: IR has a seat at the top table. It plays the role of a two-way communicator by acting as the voice of the company to the investment community and as the voice of the investment community to the management and board.

3. IR strategy and IR manual: a written IR strategy and manual support better preparing for an IPO and help ensure regulatory compliance post IPO. They cover investor targeting activities and the processes, infrastructures and responsibilities to support departments.
4. Interdepartmental connectivity: it's significant that IR departments in companies of all sizes consider interdepartmental connectivity to be vital to the good organization of the IR practice. Of highest importance is the cooperation of IR with the accounting and finance department and with the planning, budgeting and forecasting department.
5. The size factor: the way IR is internally organized depends on the size of the company. The organization of IR is also influenced by factors such as the size of the teams and how they are organized according to regional IR ecosystems, capital market trends, investor activity levels and peer group best practices.

We hope you find these inferences – and the regional and market capitalization-specific findings we've covered in the following pages – help you better understand and manage your IR functions. We would be happy to share further information and insight on request with companies preparing to list and also with those already established on the public markets.





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Although IR is not the decision-maker on strategy, M&A, messaging or responding to street feedback, it does provide the C-suite with the required information, candid feedback from the shareholder's point of view and suggestions on overall strategy.

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## 1. What is IR's role in your company?

We started out by trying to define the most important contribution the IR department makes to a company. Many of the IR professionals we surveyed responded by offering descriptions of the IR function in the form of succinct – and in some cases very similar – definitions, albeit with differences in emphasis. On the basis of their definitions, we've grouped the respondents into three.

### Response 1: Enabling two-way communication

Some respondents focused on the two-way nature of the IR's role, as in these examples:

- ▶ IR acts as the voice of the company to the investment community. It also acts as the voice of the investment community to the management and board of directors.
- ▶ IR ensures that the management is aware of investor concerns. It also ensures these concerns are addressed quickly and accurately.
- ▶ IR ensures that management knows how analysts and investors view the company. It also identifies misconceptions and tailors the messaging accordingly.
- ▶ IR helps establish a corporate-wide understanding of investor and shareholder concerns and how each colleague can affect the conversation.
- ▶ IR helps bring the CEO's and the CFO's attention to discuss strategy, M&A, messaging and street feedback. While IR is not the decision-maker on many of these aspects, it does provide the C-suite with the required information, candid feedback from the shareholder's point of view and suggestions on overall strategy.

### Response 2: Managing the management

For others, IR's key contribution is to help manage senior management's time and to keep them accessible to investors and analysts. "Providing access to C-level executives," one said, was the department's key contribution to the company. "Efficient use of management time while on the road," said another. References to the effective use of management time were plentiful, as were comments about "reducing the burden of IR on the CEO and CFO" and even the need to educate senior management and show them in the best light.

According to this category of respondents, IR's key responsibilities include:

- ▶ Attracting new long-term supportive shareholders and removing much of the burden of IR from the shoulders of the CEO and CFO
- ▶ Acting as a bridge between investors and senior management and giving valuable feedback to senior management
- ▶ Bringing discipline and structure in order to get the CEO and CFO out on non-deal road shows and providing education to upper-level management and the C-suite about the value of being proactive with investors and analysts

### Response 3: Achieving specific goals

For the third set of respondents, the IR contribution is all about achieving specific goals, such as fair valuation or increased analyst coverage. This set of respondents took a broader approach, explaining that the IR input involved "diversifying the investor base with increased focus on long-only institutional investors, explaining the rationale behind transformational acquisitions, and managing the information needs of a growing community of analysts and portfolio managers."





## 2. What do you think determines IR success?

IR practitioners were asked to pick the three factors they considered most critical to the success of the IR function from the following:

- ▶ IR's ability to build strong relationships with investors and analysts
- ▶ Strength of the executive team
- ▶ IR having a "seat at the table"
- ▶ Finance's ability to produce timely, accurate financial reports
- ▶ The company's ability to prepare timely, accurate forecasts
- ▶ IR assisting in driving valuation

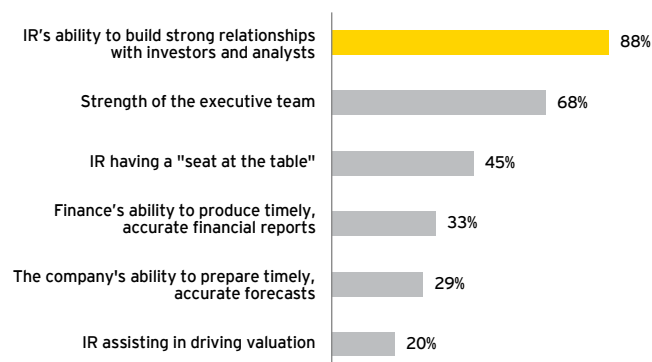
Almost 9 in 10 respondents chose IR's ability to build strong relationships with investors and analysts as a most critical factor. Strength of the executive team came next, with over two-thirds of the respondents choosing this as a most critical factor.

One in five selected IR's assistance in driving valuation as one of their top three, the lowest of any of the six. This reinforces other research indicating that driving valuation is not deemed to be a central function of IR.

When the data is broken down by region and cap size, notable differences include more mentions for strength of the executive team in the Americas and more for IR assisting in driving valuation in Asia-Pacific. IR having a seat at the table is a considerably less important factor for IR success in Asia-Pacific while, in terms of company size, it becomes more important as market cap increases.

However the data is broken down, the top two factors remain the same: IR's ability to build strong relationships with investors and analysts, and the strength of the executive team.

**Unsurprisingly, building relationships with investors is the most important factor to investor relations practitioners**



**IR's ability to build strong relationships with investors and analysts, and the strength of the executive team, were chosen as factors critical to the success of the IR function.**

**88%** of respondents chose IR's ability to build strong relationships with investors and analysts as a most critical factor.



### 3. How important is IR's seat at the top table?

In more than three-quarters (77%) of companies, an IR representative regularly attends board meetings. This is true in companies of all sizes, although it is a bit more common in Asia-Pacific and a bit less in EMEA (90% in Asia-Pacific, 74% in EMEA). It makes no difference whether the company has a two-tiered board structure or a single board. It also makes no difference whether the board has a high or low ratio of executive directors to non-executive directors.

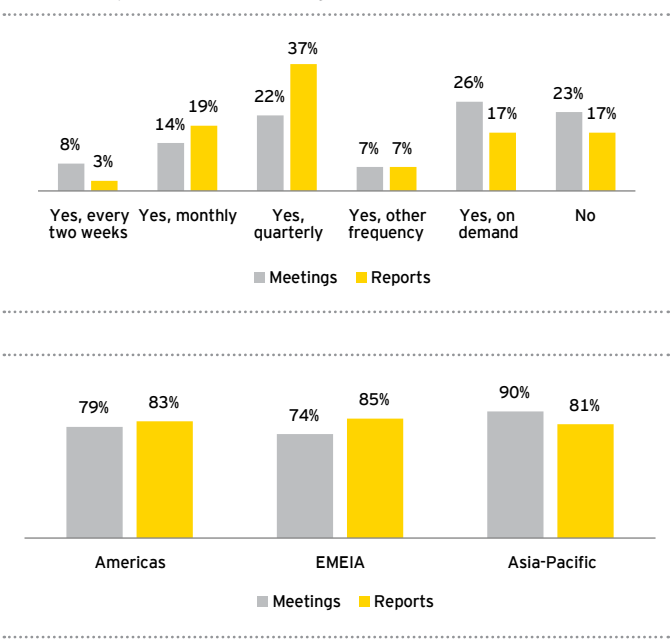
In 83% of the companies, the IR function provides a regular written report to the directors. Written reports to the board, on the other hand, are more likely in EMEA (85%) and least likely in Asia-Pacific (81%). In terms of size, 88% of large-cap companies provide written board reports compared with only 71% of small cap companies.

Written reports to the boards seem to be more frequent than personal appearances. Thirty-seven percent of IR departments provide a quarterly written report and 19% provide one monthly. However, IR representation at board meetings is more likely to be on an ad hoc or on-demand basis. This is the case in 26% of companies globally, with 22% having quarterly IR attendance at board meetings and 14% monthly attendance.

The frequency with which IR provides a written report to the board or sends an IR representative to board meetings increases with market cap size. A quarter of mega-cap companies has an IR representative attending board meetings on a quarterly basis and one-fifth on a monthly basis.

Our survey also found that small cap IR representatives are more likely to attend board meetings than provide a written report. This could be because there is greater likelihood that IR representatives from smaller companies are often members of senior management.

Most IR departments have regular contact with their boards



Small cap IR representatives are likely to attend board meetings. This could be because there is greater likelihood that IR representatives from smaller companies are often members of senior management.

**77%** of companies have an IR representative attending board meetings.

## Company size determines both the content of meetings and reports required.

### What's discussed with the board?

Both in writing and in person, stock market and investor sentiment is the topic covered most in the interactions between IR and the board. This topic is discussed in 85% of meetings and 86% of reports. Actual investor movements are covered more often in written reports (79%) than in meetings (62%). However, market liquidity of companies' shares trading is more likely to be covered in a report than at a meeting.

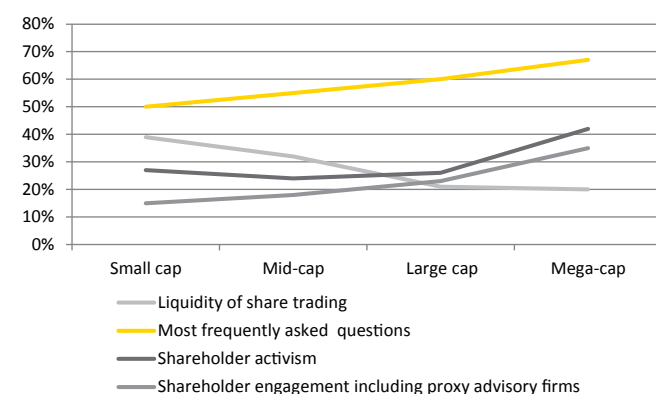
From a regional perspective, IR representatives are more likely to discuss shareholder activism and shareholder engagement in board meetings in the Americas than elsewhere. That's not surprising, given the levels of activism in the US and the growing tendency for companies to increase shareholder engagement in response. What is actually surprising is that the IR representatives and boards from the Americas are less likely to discuss recent regulatory changes in the region. This, however, may be because such matters are more often handled by the general counsel or the corporate secretary's department, especially in the US and Canada. Asia-Pacific IR departments are more likely to cover the most frequently asked questions and recent regulatory changes in their written reports to the board; they are less likely to cover investor movements and activity.

Company size is a large factor in determining the content covered at meetings and in reports. For instance, because liquidity is a more important issue for smaller companies, it is less likely to be covered in reports as company size increases. Shareholder engagement and most frequently asked investor questions are more commonly discussed in meetings as companies get larger; and market and investor sentiment is more commonly covered in reports. Shareholder activism is more likely to be discussed at mega-cap companies than at those of any other size and also more likely to be covered in reports than in meetings (although to a lesser degree).

### Market sentiment and activity are the top subjects for discussion



### Depending on market cap, different topics are discussed



**83%** of the companies have a regular written report provided by the IR function.





## The IR-board symbiosis

We also asked respondents both how boards could give IR more direction and how IR could give more direction to the board. These were open comment questions, so respondents could answer in any way they saw fit.

### How can the board provide more direction to the IR function?

Overall, a third (33%) of respondents said they'd like more direction from the board on insight into the company strategy. Not far behind, at 29%, is the group of respondents who specifically said there were no areas where the board could provide more direction. The third largest group (20%) felt the board could provide more guidance on IR goals, including ideal shareholder structure and engagement. After these three, there is a considerable drop, with just 6% of respondents citing company performance issues as the area on which IR needs more direction from the board.

There is little regional variation in the answers to this question, the exception being the Americas, where 40% want no additional direction from the board. Issues relating to IR goals is the second most common response in the Americas. Strategy and message development came at the third and fourth positions, respectively.

When the responses are grouped by company size, the number of respondents who do not require any more direction from the board falls to 10% for small cap companies, and issues relating to M&A becomes the fourth most common response for mega-caps.

## How can the IR function provide more direction to the board?

When asked what additional direction IR could give to the board, 44% said they think the board would like more investor feedback. This was far and away the most popular answer in every region and across all market cap sizes.

In addition to feedback, which IR departments typically gather via either formal or informal perception studies, or through corporate brokers, 18% believe IR could provide the board with more insight into wider investment market sentiment. This would include how the market feels about the stock, demonstrated, for instance, by sell-side forecasts and written research, as well as in their conversations with the investor relations officer (IRO). The third-largest group, with 17% of respondents, believes there is no additional direction the IR function can give to the board.

Smaller companies are less likely to think IR can't provide the board with more direction; they are more likely to mention governance as an area where IR could offer more direction to the board.

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**33%** of respondents said they'd like more direction from the board on company strategy.

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**44%** think the board would like more investor feedback.

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“The IR function is still relatively new in Asia-Pacific and Japan, and is taken very seriously, hence the need for a more formal IR strategy and IR manuals than may exist in some other areas.”

Ringo Choi, EY’s Asia-Pacific IPO Leader, and Shinichiro Suzuki, EY’s Japan IPO Leader

## 4. Do you have written strategies, manuals and IR audits?

### Written IR strategies

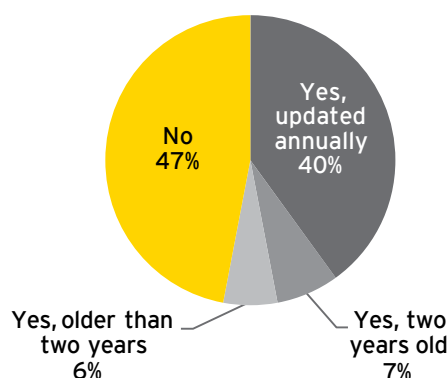
As part of the survey, we asked companies whether they had a written IR strategy. Globally, just more than half of the companies said they do. However, this figure rises to nearly two-thirds in Asia-Pacific and drops to exactly half in the Americas.

So why might this be? The intuitive answer is that US companies, which are the largest group of respondents in the Americas, have been doing IR for so long - in some cases, since the early 1950s - that they simply don’t see the need. At the other end of the scale, IR is a relatively new function in Asia-Pacific, so it’s reassuring to have things written down. That way, there’s less likely to be uncertainty or misunderstanding about what the company is seeking from its IR department.

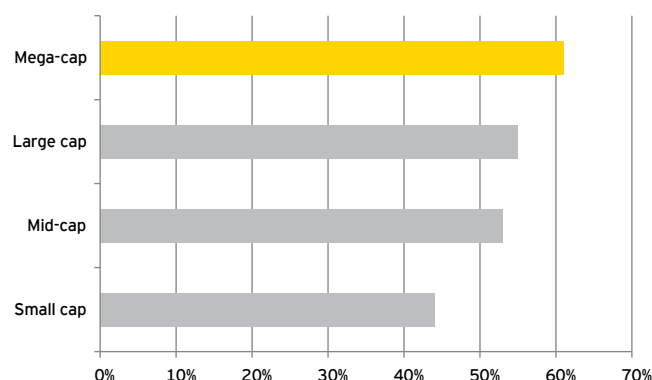
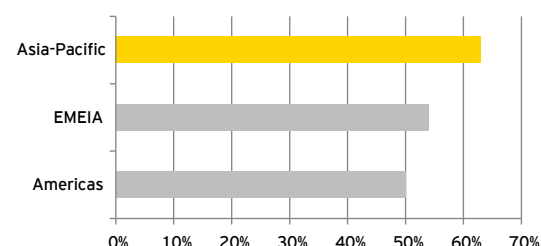
Geography isn’t the only determinant of the propensity for an IR strategy. An essential finding is that the larger the company, the more likely it is to have a written IR strategy. Only 44% of small cap companies have a written strategy. This figure rises steadily with company size, reaching a peak at mega-caps where 61% do.

We also found from our survey that three out of four with a written IR strategy review them on a yearly basis, while just an eighth of them have not reviewed their IR strategy for more than two years.

**In a fast-changing capital market environment, strategies need to be updated regularly**



The existence of IR strategy papers by geography, and their availability by market cap



### Formal IR manuals and audits

Formal IR manuals are much less common than written strategies. Just 17 % of companies globally have manuals. In the Americas, the figure is lower still, at 12%; it rises to 19% in EMEIA; and in Asia-Pacific, the region with the least developed IR, the figure is 29%.

The same pattern is evident with internal audits of the IR function. Globally, 32% conduct these audits, but this figure varies between 24% for American companies and 44% for those in Asia-Pacific. The key difference between EMEIA and Asia-Pacific is that, in the former, half the IR audits are unscheduled while, in the latter, most are scheduled annually.

While company size does not appear to impact the likelihood of a company having a formal IR manual, it does affect the likelihood of it having internal IR audits. The larger the company’s market cap, the more likely it is to have an internal audit of the IR function.





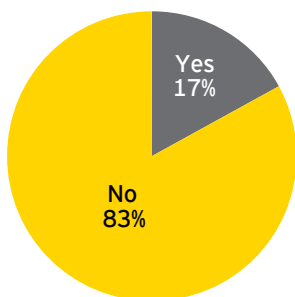
With the growing importance of financial communication, IR is also part of internal audits.

## What do IR manuals cover?

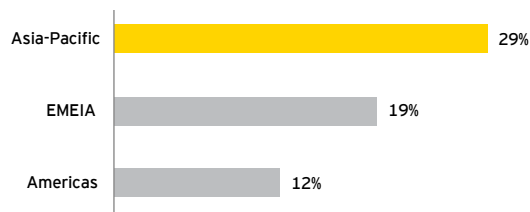
Ninety percent of formal IR manuals cover important internal processes. Other important topics include disclosure policy and the corporate calendar, setting out the disclosure periods. Companies in the Americas place less emphasis on competencies and disclosure policy in their formal manuals than those in the other two regions. Larger companies are more likely than smaller ones to cover competencies, sign-off policies and disclosure policy in their manuals.

Three quarters of the companies assess ad hoc disclosure processes during internal IR audits. Almost half assess statutory reporting, but only 15% assess forecasting. Regionally, the IR strategy is audited most in Asia-Pacific while, in EMEIA, it is statutory reporting that is most audited. Like Asia-Pacific, statutory reporting is less commonly audited in the Americas.

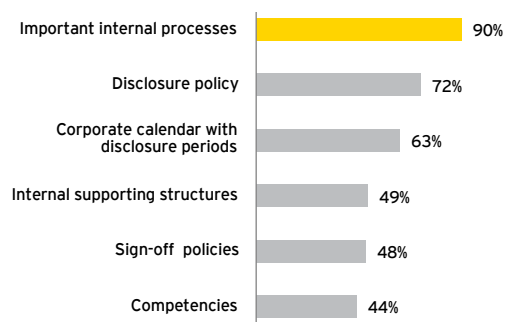
## The existence of written IR manuals supporting IR audits



### By region



### What does the formal IR manual cover?

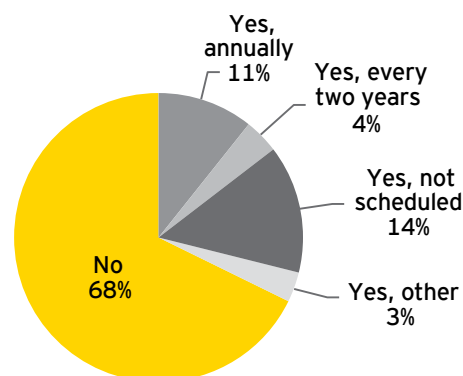


Ad hoc disclosure processes are more likely to be the subject of audits as company size increases. Small cap companies that audit their IR function internally are more likely to make IR strategy, IR effectiveness and the corporate calendar the subject of their audits than bigger companies.

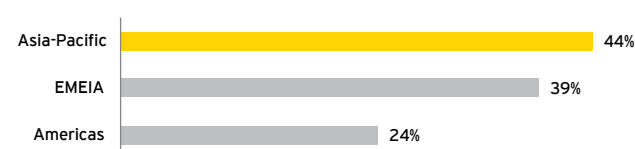
## Disclosure is the most scrutinized issue



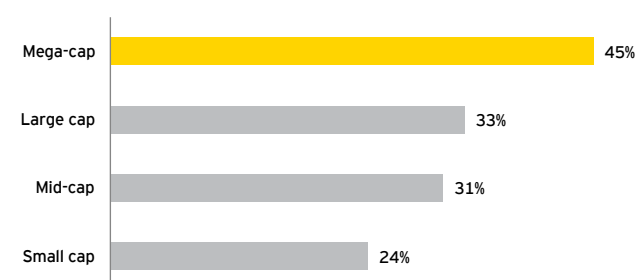
## Is your IR function internally audited?



### By region



### By size





## 5. How well connected is your IR function?

### Contact with other departments

A significant 97% of IR teams have regular contact with the accounting and finance department, followed by 84% with corporate communications. This is followed by corporate finance (75%) and planning, budgeting and forecasting (72%).

The least likely of the departments listed for IR to have regular contact with are HR, and risk and compliance management. Fewer than two in five IR teams have regular contact with each of these departments.

The likelihood of IR being in regular contact with accounting and finance remains the same across all regions and market cap sizes. There is, however, considerable variation in the likelihood of IR contact with other departments, depending on the size of the company and where they are based.

### Regional specifics

On a regional basis, American IR departments are notably more likely to be in contact with marketing, sales and operations, HR and corporate finance. EMEA IR is more likely to be in contact with risk and compliance management, but less likely to be in contact with marketing.

It is in Asia-Pacific IR that the interdepartmental contact differs most from the global norm. For all departments listed, the likelihood of Asian IR having regular contact is lower than the global average. Aside from accounting and finance, there are just two other departments – marketing and strategy – where that drop is less than 10 percentage points. Among Asia-Pacific IR departments, the likelihood of contact with legal and tax is 39 percentage points lower than the global average while the contact level with treasury is 30 percentage points lower than the global average.

### Differences by market cap

When there are deviations from the global norm according to company size, the likelihood of regular contact with other departments increases as cap size increases. For example, the likelihood of IR's contact with the treasury doubles from 41% in small cap IR to 82% in mega-cap IR. This is followed by corporate communications, which sees an increase from 66% at small caps to 96% at mega-caps and planning, budgeting and forecasting, where there is an increase from 62% to 86%.

The likelihood of regular contact with strategy is consistent among small and mid-cap companies as well as among large- and mega-cap companies. However, it shows a jump of 15 percentage points from mid to large cap.

Fifty-four percent of the IR departments contacting accounting and finance do so formally, while this is the case for 36% of those in regular contact with either marketing or M&A departments, and 38% of those in contact with HR departments. For all other departments, the contact percentage is between 40% and 50%.

### IR is most often in regular contact with the accounting and finance department



The best practice of IR contact with various departments is relatively consistent. This can be seen when looking at regional and cap size differences. In Asia, with the exception of treasury, contact with all departments is more likely to be formal than in other regions. According to company size, formal contact is more likely among small cap and mega-cap companies. With 9 of the 12 departments, formal IR contact is more likely for both small and mega-cap companies than it is for mid- and large-cap companies.

When IR is in regular contact with another department, it is most often on a monthly basis, except in the case of M&A and HR, where it is more likely to be on request. IR functions are most likely to have quarterly contact with risk and compliance (25%) and sales and operations (22%).

“Implementing the IR function is crucial to getting ready for an IPO, being regulatory compliant and ensuring a ‘one voice’ policy post IPO.”

Dr. Martin Steinbach, EY’s EMEA IPO Leader

Monthly contact is most common in the Americas. In Asia-Pacific, interdepartmental contact is more likely to be on request and, in EMEA, there is a slight trend toward quarterly contact.

Importance of interdepartmental connectivity

We asked IR functions that had regular contact with other departments to rate how important they thought interdepartmental cooperation was to the IR practice. They were asked to rate on a scale of 0 to 10, where 0 is not at all important and 10 is extremely important.

Except in the case of HR, which had an average score of 6.3, cooperation with all departments was rated as very important to good IR practice. Accounting and finance scored the highest, with an average of score of 9.3. Seventy-four percent of IR departments gave it a perfect 10 score (extremely important) and just 2% gave a score of 5 or less. The importance of cooperation with planning, budgeting and forecasting was slightly behind with an average score of 9.1.

Marketing had the second-lowest score, after HR, with an average score of 7.4. Here, 28% gave marketing a perfect 10, 52% gave it a score of 8 or more and 22% a score of 5 or less.

Regional specifics

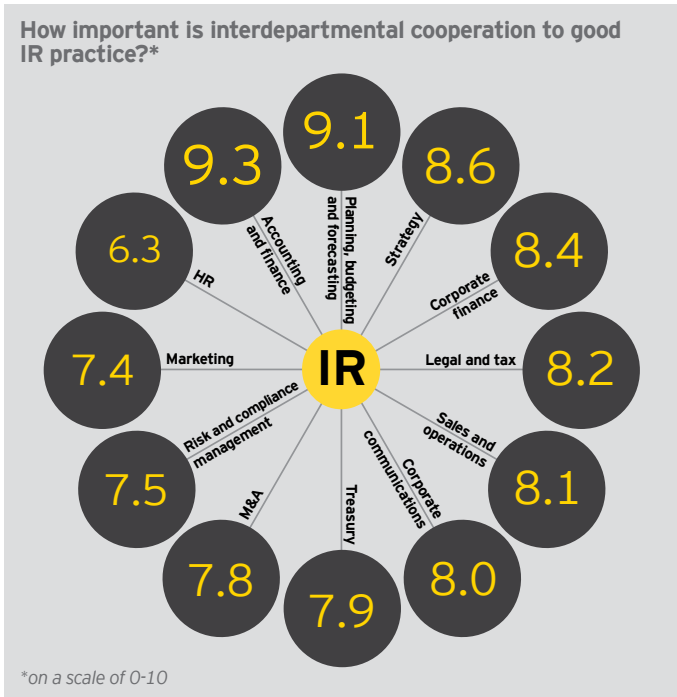
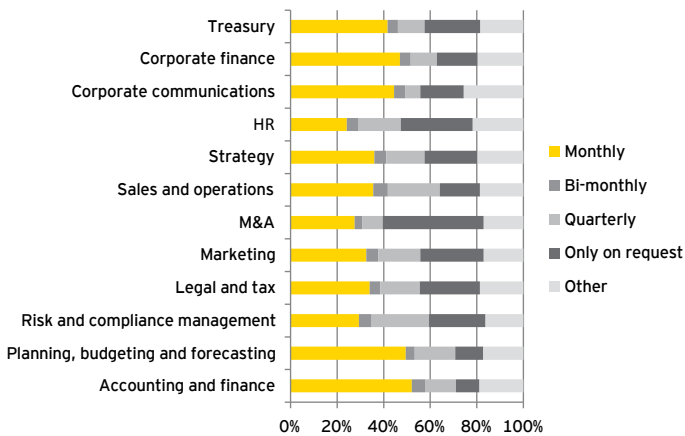
In Asia-Pacific, cooperation with HR (7.1) is rated notably higher than it is in the Americas and EMEA; cooperation with corporate communications is rated less highly (7.6). There are two departments with which cooperation is notably more valued in the Americas: legal and tax, with an average of 8.5 against 7.9 in EMEA and 7.7 in Asia-Pacific; and corporate communications, with an Americas average of 8.3 compared with 7.8 in EMEA and 7.6 in Asia-Pacific.

Differences by market cap

The importance of cooperation with HR increases as cap size increases, from 5.9 at small caps to 6.7 at mega-caps. Cooperation with marketing is notably more important to small- and mega-cap IR departments (7.6 and 8.0) than it is for mid- and large caps (7.2 and 7.1).

What is most remarkable about the importance of IR interdepartmental cooperation, however, is how little it varies according to a company’s market cap. Often, what is important to IR executives at small and large companies differs markedly as the nature of the job alters according to company size. So it is significant that IR departments in companies of all sizes consider interdepartmental cooperation to be vital to good IR practice.

Frequency of contact with other departments





“The US market has the longest history of investor relations and is now facing shareholder activism, making the IR function increasingly important.”

Jackie Kelley, EY’s Americas IPO Leader



## What’s discussed with whom and how often?

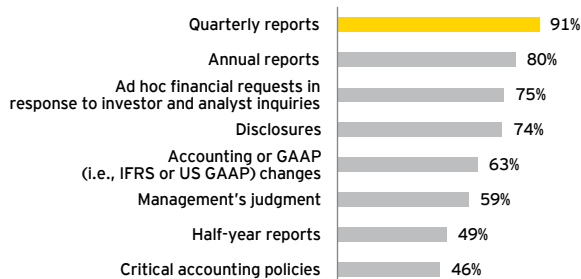
### Accounting and finance

Ninety-seven percent of IR teams are in regular contact with the accounting and finance department. For 54%, this is on a formal basis, 52% meet monthly and 13% quarterly.

Discussions with the accounting and finance department most often center on reporting, with 91% of IR departments in regular contact discussing quarterly reports and 80% discussing annual reports. Financial requests from investor queries and disclosure issues follow, being discussed by 75% and 74% respectively.

The key input to IR that can be provided by the accounting and finance team is accurate and timely financial data. However, IR teams do want context, insight and a bit of color for the presentation of this data.

#### The typical content and agenda of meetings with the accounting and finance department



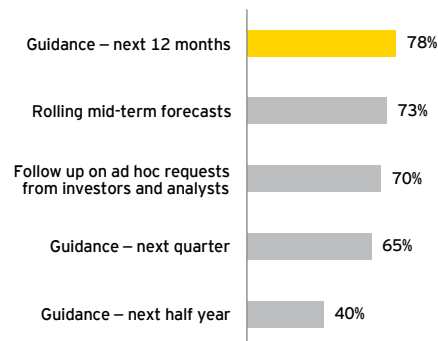
### Planning, budgeting and forecasting

Seventy-two percent of IR teams are in regular contact with the planning, budgeting and forecasting department. For 50%, this is on a formal basis, 49% meet monthly and 17% quarterly.

Discussions with planning, budgeting and forecasting are primarily about guidance. The level, focus and frequency of these discussions will depend on how regularly guidance is given. Rolling mid-term forecasts and follow-up from investor requests are also common topics for discussion, although less so among Asia-Pacific and small cap companies.

The key input for IR here is that they receive reliable company and sector forecasts to build the investor guidance.

#### The typical content and agenda of meetings with the planning, budgeting and forecasting department



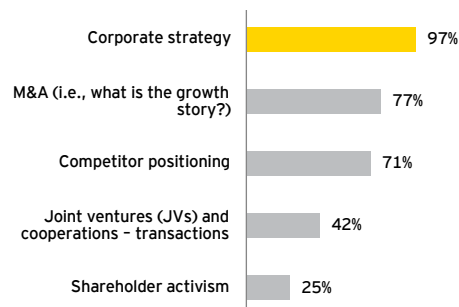
### Strategy

Sixty-six percent of IR teams are in regular contact with the strategy department. For 41%, this is on a formal basis, 36% meet monthly and 16% quarterly.

Corporate strategy is overwhelmingly the most common topic of discussion, with 97% citing it as a key issue. This is followed by discussions on M&A and competitor positioning. Just a quarter of companies discuss shareholder activism.

The most important outcome of IR’s discussions with strategy is an understanding of the company’s strategic goals and their underlying assumptions.

#### The typical content and agenda of meetings with the strategy department



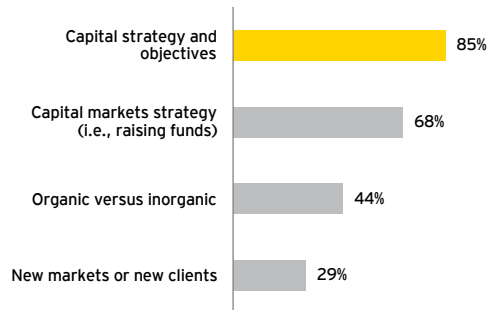


## Corporate finance

Seventy-five percent of IR teams are in regular contact with corporate finance. For 45%, this is on a formal basis, 47% meet monthly and 11% quarterly.

Corporate capital strategy and objectives are the main focus of discussions with the IR department. The next most common subject for discussion is capital markets strategy, especially between Asia-Pacific IR and corporate finance departments. Discussions about new markets and new clients are also more common in Asia-Pacific; it is also more common in smaller companies than their larger counterparts.

### The typical content and agenda of meetings with the corporate finance department



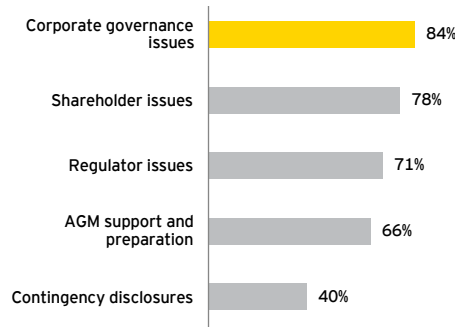
## Legal and tax

Sixty-eight percent of IR teams are in regular contact with legal and tax. For 42%, this is on a formal basis, 34% meet monthly and 17% quarterly.

Corporate governance issues are the most common subjects of discussion between IR, and legal and tax. Shareholder issues is the next most common topic, followed by regulatory issues.

The fact that support and preparation for annual general meetings (AGMs) is a relatively uncommon subject for discussion in the Americas (49%) between legal and tax and the IR, means that the global average figure does not demonstrate how common it is in other regions. In both EMEIA and Asia-Pacific, it is the most discussed subject between the two departments.

### The typical content and agenda of meetings with the legal and tax department

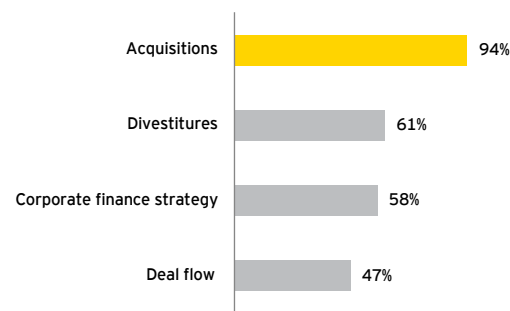


## M&A

Fifty-eight percent of IR teams are in regular contact with the M&A department. For 36%, this is on a formal basis, 27% meet monthly and 9% quarterly.

Acquisitions are overwhelmingly the most common topic for discussion, followed by divestitures and corporate finance strategy. The subject of divestitures becomes a more likely key topic as market cap size increases; it is most common in EMEIA and least common in Asia-Pacific. The likelihood of corporate finance strategy discussions lessens as cap size increases and is more prominent in Asia-Pacific than other regions.

### The typical content and agenda of meetings with the M&A department





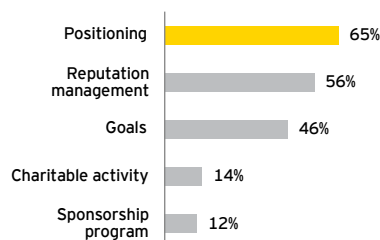
## Corporate communications

Eighty-four percent of IR teams are in regular contact with corporate communications. For 44%, this is on a formal basis, 44% also meet monthly and 6% quarterly.

Discussions with corporate communications tend to focus on message positioning and reputation management. This is followed by discussions on goals, although this issue is less relevant for IR departments in larger companies and in the Americas. Reputation management is the most discussed issue in Asia-Pacific, while positioning is less discussed in EMEA than in the other two regions. Half of the survey respondents who chose the "other" category specifically mentioned the coordination of press releases as a topic for discussion.

The main input from corporate communications identified by IR as key is instruction on the alignment of external messages.

### The typical content and agenda of meetings with the corporate communications department



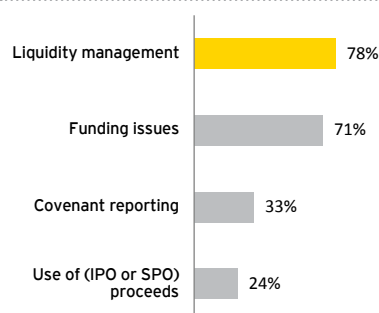
## Treasury

Sixty-two percent of IR teams are in regular contact with the treasury department. For 42%, this is on a formal basis, 42% also meet monthly and 11% quarterly.

The most common issue for discussion is liquidity management, followed by funding issues. Funding issues is a more common topic in Asia-Pacific and also among larger companies. In 59% of small cap companies where IR and treasury are in regular contact, covenant reporting will be a key discussion topic. Among mega-cap companies, this is just 8%.

The key inputs treasury can provide to IR are information on liquidity and debt strategy.

### The typical content and agenda of meetings with the treasury department



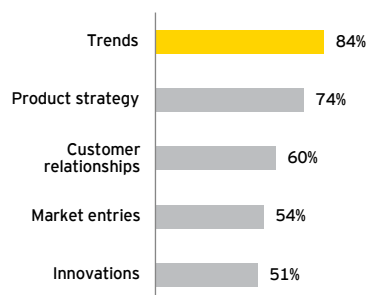
## Sales and operations

Forty-two percent of IR teams are in regular contact with sales and operations. For 40%, this is on a formal basis, 36% meet monthly and 22% quarterly.

Trends are the most mentioned subject for discussion, followed by product strategy. In Asia-Pacific, this situation is reversed with product strategy being the most common subject. Discussions about customer relationships are more likely in small cap companies, while the likelihood of discussions on innovations increases as cap size increases.

The key issues IR needs to know about from sales and operations are market trends, opportunities and threats.

### The typical content and agenda of meetings with the sales and operations department





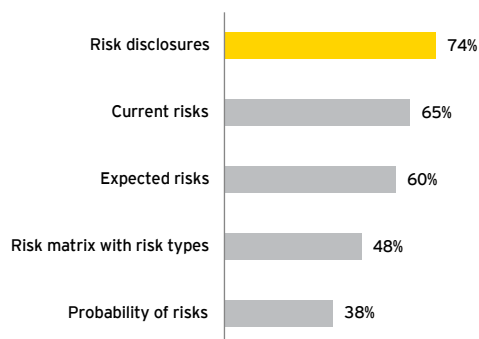


## Risk and compliance management

Thirty-eight percent of IR teams are in regular contact with risk and compliance. For 46%, this is on a formal basis, 29% meet monthly and 25% quarterly. Given the growing importance of risk and compliance management in most regions around the world, we expect this percentage will grow in the future.

Risk disclosures are the most commonly discussed topic, particularly among larger companies. There is considerably less discussion of current risks in Asia-Pacific (33%). The most important issues for IR are disclosure and profiling of risk.

### The typical content and agenda of meetings with the risk and compliance management department



## Marketing

Forty-one percent of IR teams are in regular contact with marketing. For 36%, this is on a formal basis, 32% meet monthly and 18% quarterly.

Marketing initiatives are the most common key discussion points, particularly in Asia-Pacific and among mega-cap companies. Media strategy and corporate communications are more likely to be discussed in smaller companies, most likely because marketing will have a closer involvement with this issue at these companies.

### The typical content and agenda of meetings with the marketing department



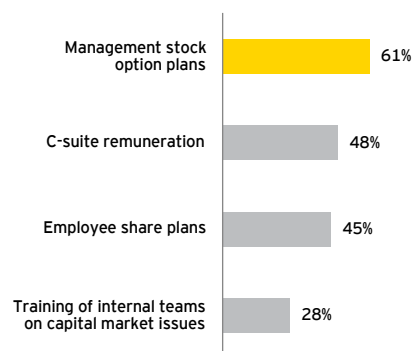
## HR

Thirty-two percent of IR teams are in regular contact with HR. For 38%, this is on a formal basis, 24% meet monthly and 18% quarterly.

Executive compensation is the key issue that IR wants to know about from HR.

The key area for discussion is management stock option plans, although this is discussed less in Asia-Pacific companies and more in mega-cap companies. Remuneration of the C-suite is less discussed by small cap companies and hardly discussed at all in the Asia-Pacific region.

### The typical content and agenda of meetings with the HR department





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5. Keep the equity story updated with a robust financial foundation
6. Maintain a "one voice" policy across the organization

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