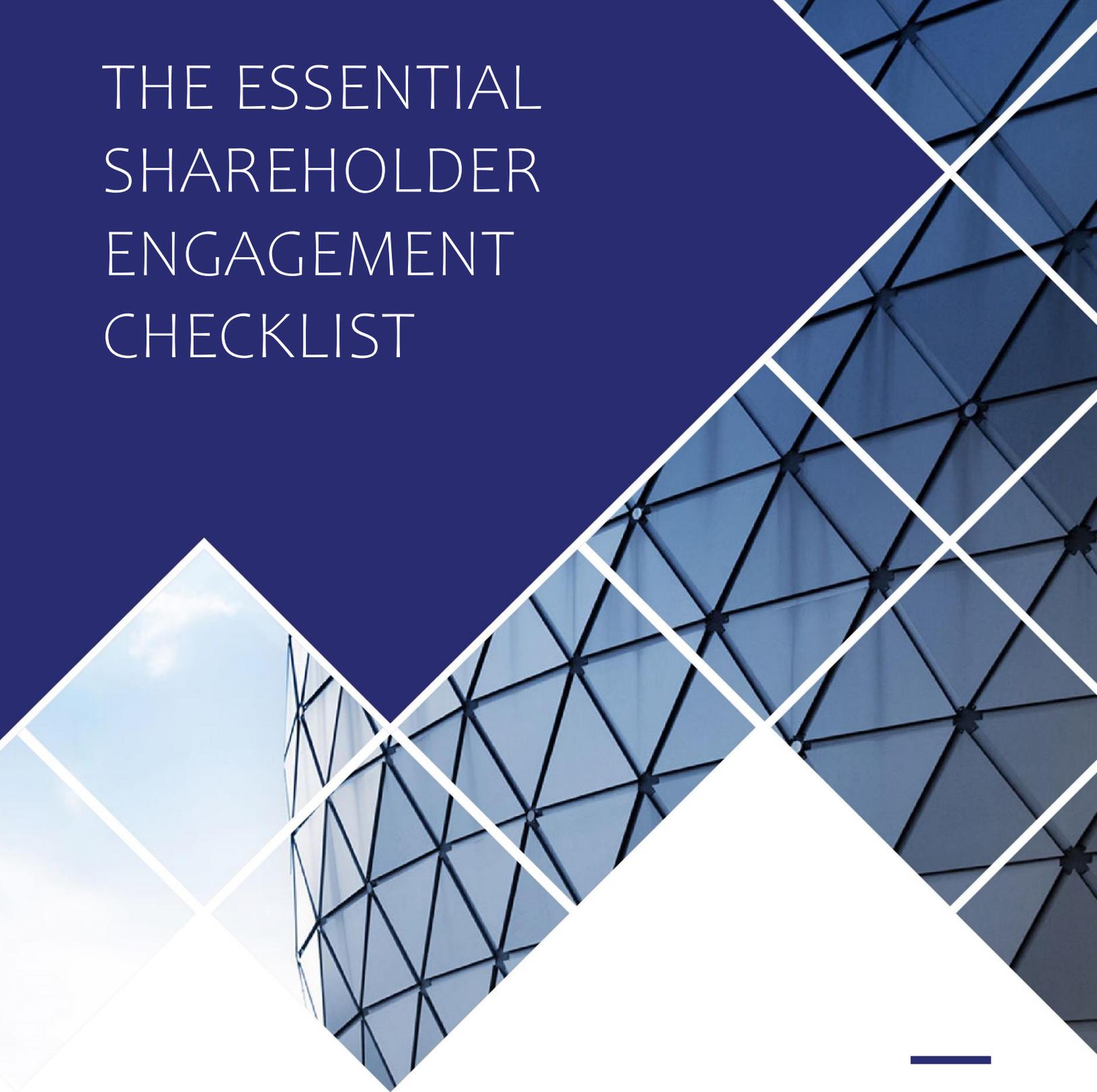


# THE ESSENTIAL SHAREHOLDER ENGAGEMENT CHECKLIST



ENGAGE AND RETAIN THE RIGHT  
INVESTORS TO OPTIMIZE YOUR VALUATION

FINEO INVESTOR RELATIONS ADVISORS  
[www.fineo.com](http://www.fineo.com)

How you interact with existing shareholders and potential investors can make or break your reputation on the capital markets. How's that? Because it is one of the most significant drivers of your valuation.

Whether you are a Chairman of the Board, a Chief Executive Officer, a Chief Financial Officer, an Investor Relations Officer or a Corporate Secretary, if:

- ❖ Your company just went public and you have never met with an investor before
- ❖ You are afraid to hurt your company's share price because you are not sure where to draw the line between disclosing too much and not enough
- ❖ You think the meeting will be a waste of your time and that you have more important things to do,
- ❖ You wonder why you have accepted this investor meeting in the first place,

Then, FINEO Investor Relations Advisors' checklist is what you need to successfully navigate this minefield.

We have consolidated decades of experience into just ten action items, so that you can walk confidently into your next investor meeting and:

- ❖ Own the conversation
- ❖ Stand out in the competition for capital
- ❖ Engage and retain the right investors for your company.

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Looking for support and advice from an unbiased sparring partner?

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**Schedule a strategy session now!**

Whether the starting point is an IPO, a reputation-threatening crisis, a profit warning or simply guiding a company through the complex and dynamic life as a listed company, at FINEO we make sure our clients get a top seat at the investors' table.

Based on the thousands of investor meetings we have attended, we know for a fact that **thriving companies lead the investor conversation**. They understand the difference between interrogation and engagement.

In every investor meeting lies the opportunity for your to create value.

Here are 10 action items you can start doing today to turn your next investor meeting into a value driver:

1. Know who your shareholders are
2. Research the investor's background
3. List your objectives for the meeting
4. Think dialogue, note Q&A
5. Prepare and rehearse
6. Craft the perfect elevator pitch
7. Enhance the investor experience with a robust website
8. Thank you and follow up
9. Debrief
10. Plan for continuous improvement.



# CHECKLIST ITEM #1

## KNOW WHO YOUR SHAREHOLDERS ARE

Do you have the right shareholder mix to support your long-term ambitions?

Are you sure that your company is immune from an attack from activist investors?

Will you have to prepare for the exit of a controlling shareholder in the coming months?

It is an understatement to say that this information is of paramount importance.

Without any thorough identification of your company's shareholders, you could fall prey to hostile takeovers and miss critical opportunities to engage the right investors. You can avoid this trap. Here is how:

- ❖ Make sure you are equipped to conduct a share ownership analysis on a very regular basis. Not just the top 20 largest shareholders. You need names, contact details you can reach out to.
- ❖ Have a strategic analysis of your shareholder base:
  - ◆ What is the current mix of your shareholders?
  - ◆ How does it compare with that of your competitors?
  - ◆ Does it contain a large proportion of activist investors? Pension funds? Individual shareholders?
  - ◆ Do you have the right mix of shareholders to support your company's long-term strategy, through good times and bad? If not, what are the gaps that need to be filled and how?



## CHECKLIST ITEM #2

### RESEARCH THE INVESTOR'S BACKGROUND

As you prepare for the meeting, you will want to be curious about the investor you are scheduled to have a conversation with. You should not let investment banks, brokerage firms or third-party intermediaries force meetings upon you without detailed information on whom is asking for your time. If you are the CEO, depending on the size of your organization, you may want to delegate a first meeting to your Chief Financial Officer or your Investor Relations Officer. This is part of the “homework” required to ensure you optimize your time. Here are a few questions to help you decide whether this meeting is relevant for you:

- ❖ Is this investor already a shareholder in your company or a prospective investor?
- ❖ Is this a first-time meeting? Or, on the contrary, have you met before? In that case, what have been the top 5 questions, areas of interest as well as of concern?
- ❖ Does he/she happen to be a large shareholder in your nearest competitor?
- ❖ Is this portfolio manager already invested in your country? Your industry?
- ❖ What does his/her LinkedIn profile say? Has he/she given any recent media interview?



## CHECKLIST ITEM #3

### LIST YOUR OBJECTIVES FOR THE MEETING

Setting your objectives for the investor meeting is going to radically change the way you approach the event and the way investors perceive you:

- ❖ Are you looking to gather intelligence on your competitors? On the market's appetite for the type of capital markets transactions that you are considering?
- ❖ Do you need to diversify, strengthen your shareholder base?
- ❖ Is it critical for your company's future that you turn the investor into an ally in the upcoming proxy battle?
- ❖ Are you keen on having a discussion about your valuation?
- ❖ Do you wish to make the most of the meeting to establish your credibility as the company's new Chairman / CEO / CFO?
- ❖ What are the catalysts for this investor to buy your company's shares?



## CHECKLIST ITEM #4

### THINK DIALOGUE, NOT Q&A

Does the thought of meeting with an investor send shudders down your spine? Well, it should not.

Did anybody ever forbid you to ask investors your own questions? No, obviously.

Very often, leadership teams and boards see investor meetings as “answering questions”. It is not surprising that they show little enthusiasm for such encounters. While the previous 3 items in this checklist were about getting you prepared, it is now time to adopt the right mindset: think dialogue, not Q&A.

Below are a few proven tips and tactics to help you effectively drive the conversation:

- ❖ List the top questions you want to ask the investor, so that you too have an agenda for this meeting.
- ❖ What is the amount of their firm’s assets under management ? Their investment philosophy and typical investment horizon?
- ❖ If the institutional investor is already a shareholder in your company, where do you sit in the firm’s portfolio?
- ❖ What do they think about the region, the competitive space you are operating in?
- ❖ What do they like about your company ... as well as what they don’t like?
- ❖ How does your Company rank in terms of their Environmental, Social and Governance criteria?
- ❖ What are the catalysts they are looking for before they take a stake in your company or increase their current position?
- ❖ Any strategic suggestion they would be willing to share with you, such as external growth or divestments opportunities?
- ❖ What does this investor view as your company’s key strengths, weaknesses, opportunities and/or threats?



# CHECKLIST ITEM #5

## PREPARE AND REHEARSE

Investors undeniably master the art of asking questions that can often be predictable, but only to some extent. Pitfalls abound when answering. Preparation and practice with a sparring partner such as your Investor Relations Officer and/or your advisor, will help you avoid them:

- ❖ Decide on which colleague(s) will be with you in the meeting. Ideally, do not go in alone. You need someone to take down notes, facilitate the flow of the exchange, provide additional insights, ask the questions you will not have raised and prevent selective disclosure, in particular.
- ❖ Understand the disclosure and inside information rules in place in your jurisdiction and in that of the investor you are going to meet with.
- ❖ List the top 10 most frequently asked difficult questions and refresh your memory about what your company has publicly disclosed on these. If need be, have your legal and Investor Relations department agree on a scripted response and stick to it.
- ❖ Do a proper rehearsal with your Investor Relations Officer (who should attend every meeting anyway) and/or your external advisors.
- ❖ Instead of responding by saying “no, we don’t disclose this”, practice a different style of response. For instance, say: “ we do not disclose this, because, actually, we don’t measure it. Let me take this opportunity to explain the metrics which we use to track our progress on our strategic objectives”.
- ❖ Keep your answers short and to the point. Never miss an opportunity to come back to your business model and your strategic directions with facts and figures. Exert extra caution if you are to comment on your business outlook.
- ❖ Be on top of your numbers. Or commit to follow-up.
- ❖ Remember that your body language, the tone of your voice can betray you.



# CHECKLIST ITEM #6

## CRAFT THE PERFECT ELEVATOR PITCH

There are tens of thousands of corporations that claim their goal is to create shareholder value by delivering sustainable, profitable growth. In a perfect world, all corporations would enjoy the trust and support of long term shareholders in this ambition.

Yet the reality can be somewhat different. And while they may entertain a legitimate hope to gain a fair share of the global capital pie, competition is fierce.

Winning the all-important battle for the investors “mind share” is going to require marketing skills not dissimilar to the customer-supplier engagement framework.

Embracing the sales mindset will go a long way towards differentiating you from the crowd of listed companies, providing you:

- ❖ Understand how the market views and values your company: what are financial analysts writing about your company to support their investment recommendations? What were the key findings in your most recent investor perception survey?
- ❖ Develop the three or four key messages you want the investor to take away from your meeting
- ❖ Make sure these are consistent with your investment case and latest financial disclosure.
- ❖ Rehearse this elevator pitch as if you were an equity salesperson with only a few minutes to convince a client.
- ❖ Have copies of latest earnings deck, investor presentations and annual report to hand, as you would with marketing materials.



## CHECKLIST ITEM #7

### ENHANCE THE INVESTOR EXPERIENCE WITH A ROBUST WEBSITE

Every listed company should have an investor relations website. This is the most important source of information for investors.

Whether outsourced to third-party vendors or managed internally, your IR website will have received the visit of the investor before you start your meeting. An easy way to befriend this investor, or at least minimize the risk of criticism, is to ensure that he/she can:

- ❖ Prepare for the meeting with access to a comprehensive, up-to-date, easy-to-navigate online library, containing the most recent information as well as the historical data about your Company.
- ❖ Reach out to an authorized, legitimate, knowledgeable Investor Relations Officer, whose name and contact details are available in all your communications collaterals. This officer will serve as a point of contact ahead of the meeting and for follow-ups.



## CHECKLIST ITEM #8

### THANK YOU AND FOLLOW UP

The meeting is now over and you will want to know how it went from the investor's perspective. Unfortunately, this information is hardly ever readily available. What's more, the evolution of your company's share price, that of your shareholder base are unlikely to provide a meaningful indication any time soon.

Unless you have reasons to believe that it would be misplaced, a thank you note and some follow-up can go a long way in nurturing the relationship you have now established with the right investor:

- ❖ Write a short, personalized email after each meeting to thank the investors for the (continued) interest shown in your company. Your team can certainly do it on your behalf. Just make sure it is sent out.
- ❖ Follow up with the additional information and answers you committed to provide.
- ❖ It is perfectly fine to solicit feedback on whether the investor found the meeting to be information and useful, on how you can further improve your investor communications efforts, your disclosure, etc. It is also free and may lead you to consider a full-fledged investor perception survey at a later stage.
- ❖ Track changes in your shareholder base. You should be able to calculate a 'hit ratio' measuring whether the meeting translated into a new position, an increase in an existing stake. If, on the contrary, the existing positing is sold off, then you have more reason to maintain the engagement, because it is not reasonable to operate without knowing what prompted the investor to divest: dissatisfaction with your strategy execution or the opportunity to cash in a substantial capital gain?



# CHECKLIST ITEM #9

## DEBRIEF

You have invested time and effort in this meeting. Sound management therefore requires that you too express your views on how you think the meeting (or the conference, the roadshow) went.

- ❖ Debrief internally with whoever attended the meeting with you and/or help arrange it. Include logistics issues, timetable, quality of participants, itinerary.
- ❖ Share with your organization the insights and market intelligence you gathered during the meeting.
- ❖ See how you can improve your elevator speech , key messages, your communications collaterals, your list of questions and answers.
- ❖ Reconsider the role and number of colleague(s) attending the meeting with you.
- ❖ Update your Investor Relations infrastructure immediately :
  - ◆ Contact database with the investor's details
  - ◆ The questions asked and the answers provided
  - ◆ Mailing list to include the investor if such a wish has been clearly expressed.



# CHECKLIST ITEM #10

## PLAN FOR CONTINUOUS IMPROVEMENT

The last item on this checklist is about your own assessment of this investor meeting in order to ace the next one, in a continuous improvement cycle:

How can your Investor Relations professional and/or advisor help you do even better the next time?

- ❖ Is there any area you wish you had spent more time on?
- ❖ Are your takeaways from this meeting up to your expectations?
- ❖ Revisit and enrich this checklist to make sure your next meeting is even more successful.



## Staying in the investors' sweet spot is a constant challenge.

Don't be a company that is undervalued.

At FINEO Investor Relations Advisors, we've created a strategic framework to help boards and leadership teams articulate shareholder value to help them engage and retain the right investors.

To discuss your IR ambitions further:

**Schedule a strategy session now!**