

RESEARCH REVIEW

The latest data on hot topics from Rivel's Research Database

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LEVERAGING IR'S IMPACT

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As 2022 closes amidst some of the most broad-based uncertainty experienced by the equity markets in quite some time, understanding the levers to pull in maximizing IR's impact becomes imperative. Over the years, our research has shown consistently that investors believe IR has a material impact on their company's market value – extending from a valuation premium of +10% for superb IR to a valuation discount of -20% for poor IR.

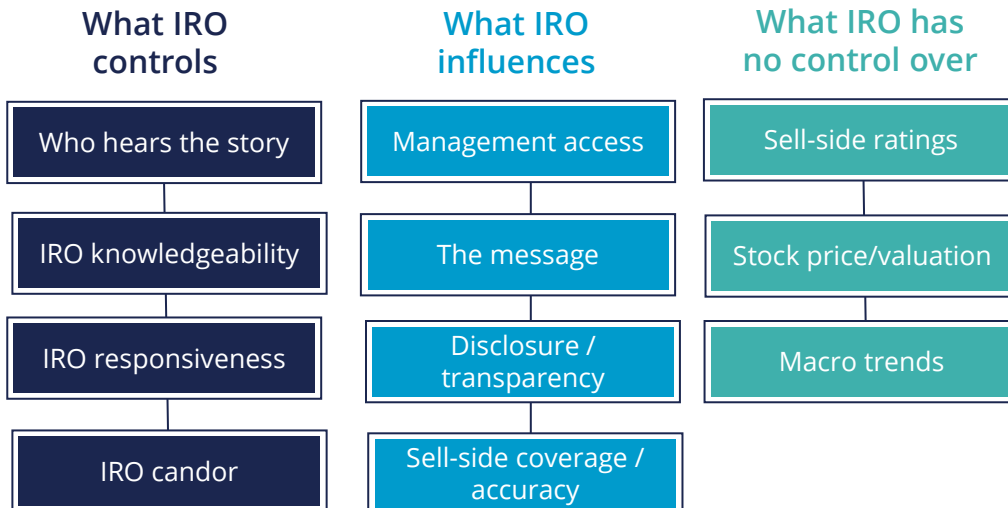
Moving toward the +10% premium side of this valuation delta means 1) setting goals in areas over which IROs have control, 2) recognizing where IR has influence and can advocate for change and 3) clarifying where IROs have no control and thus should not be judged on.

An IRO controls who they tell their story to and their command of the

strategy. Providing management with investor feedback is in their purview as well – as is the candor and responsiveness with which they interact with the investment community.

But at the end of the day, the message has to be owned by management. IROs can guide them with shaping it, picking investors and potential investors they need to get in front of and the levels of disclosure and transparency. But these are things IROs can only influence. And obviously, IROs have no control over macro issues, stock price, and sell-side ratings.

So, with increasing numbers of IROs on both sides of the Atlantic setting goals and putting metrics in place to measure their progress against those goals, it's important to be guided by the graphic at the lower left. IROs are headed into dangerous waters if they focus on the green column in measuring their effectiveness. Tread carefully around the light blue. It's the dark blue that they have control over.



Season's Greetings From Rivel

As we draw to the close of this year, we want to take this opportunity to wish you a warm and festive holiday season. Thank you for welcoming our research and we look forward to engaging with you in 2023!

Best wishes,
Rivel

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