

Reggi[®]

Insights in focus

REGI IN SHORT

Research based analysis and consultation since 1997

Specialists at improving business- and relations processes

Over 200 clients among Nordic public companies, communication agencies and law firms

OUR SPECIALIST AREAS

INVESTOR RELATIONS



Financial communication
The financial brand
Equity story (Brand Equity)

ORGANIZATION & HR



Value/change work
Employer relations
Employer Branding

MARKET & CLIENTS



Customer relations, NKI
Brand identity
Positioning

RESEARCH COLLABORATION WITH STOCKHOLM SCHOOL OF ECONOMICS

- Initiated spring 2016
- Publications from June 2016 and onwards
- Behavioral Economics
 - The effect of top management's trustworthiness on earnings response coefficients
 - The Influence of CSR performance on financial analysts' trust for companies listed on Nasdaq OMX



Research
collaboration

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VALUE CREATION – LOST IN TRANSLATION?

Regi yearly evaluate 150 Nordic companies and more transparency is a reoccurring demand.

What is the reason for that, and will more transparency automatically lead to better communication around the company's value creation?

CHALLENGING LANDSCAPE

- The number of analysts is going down
- Cover more companies – less time for each company.
- A challenge to be up to date on every company's markets.
- Evaluations are getting softer. More feel on top of the numbers.
- Higher demands on the communication
- Higher demand for transparency

IR NORDIC MARKETS 2016 FACTS

- The study's 19th consecutive year
- 130 Nordic companies
- Data from 1200 company evaluations



**IR Nordic
Markets**

ANALYST SATISFACTION INDEX

INFORMATION CHANNELS

Annual Report – Content

Annual Report – Functionality

Capital Market Days

Continuous information – Content

Continuous information –
Frequency

Individual meetings – Frequency

Individual meetings – Quality

Other Meetings and Conferences

Quarterly Reports – Content

Quarterly Reports – Functionality

Roadshows

Website – Content

Website – Level of updates

Website – User Friendliness

INFORMATION SOURCES

CEO – Communication

CEO – Public performance

CEO – Trustworthiness

CFO – Competence

CFO – Relations management

IRO – Competence

IRO – Relations management

Top Management – Availability

Top Management – Openness

Top Management – Trustworthiness

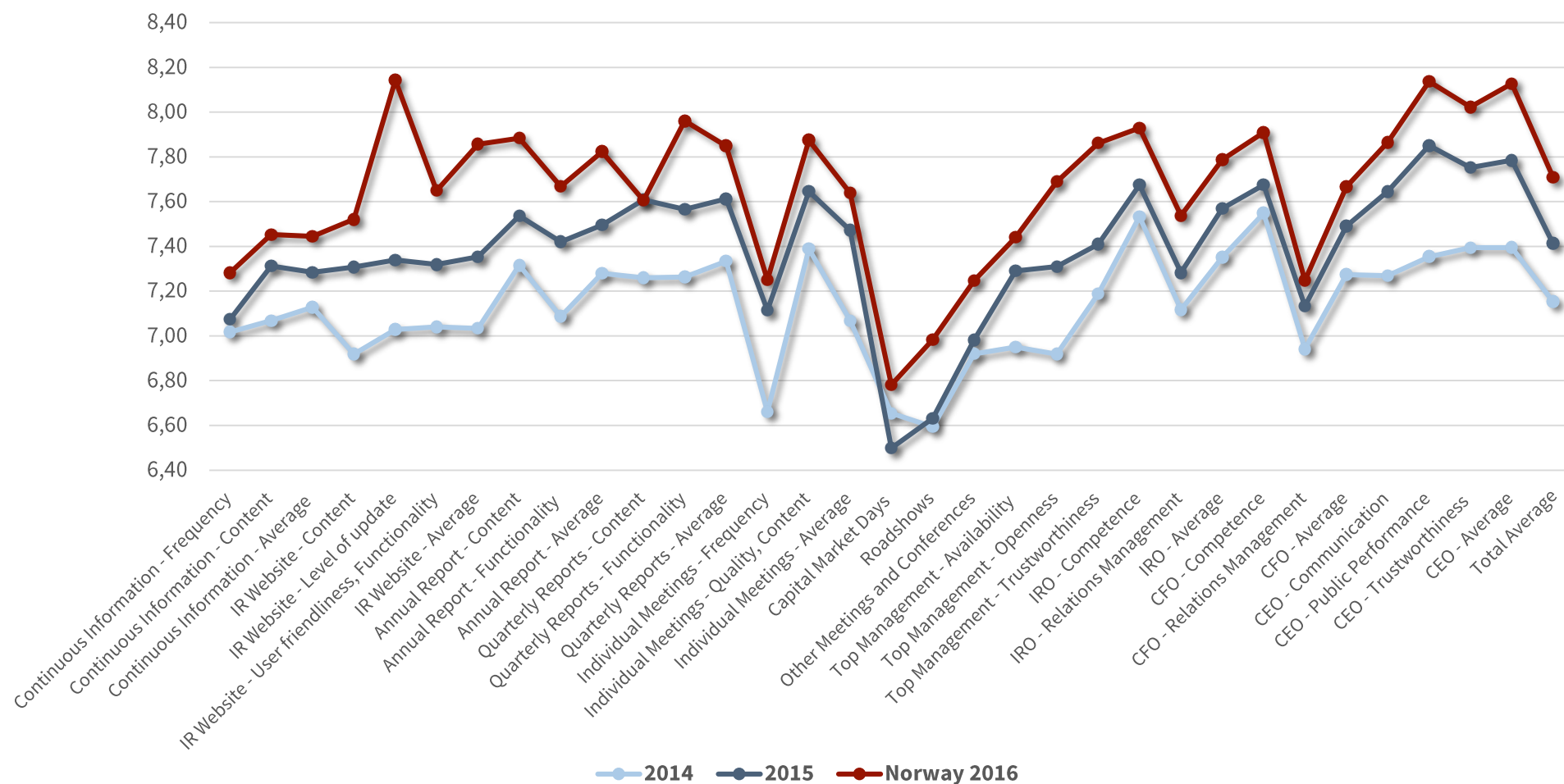


**IR Nordic
Markets**

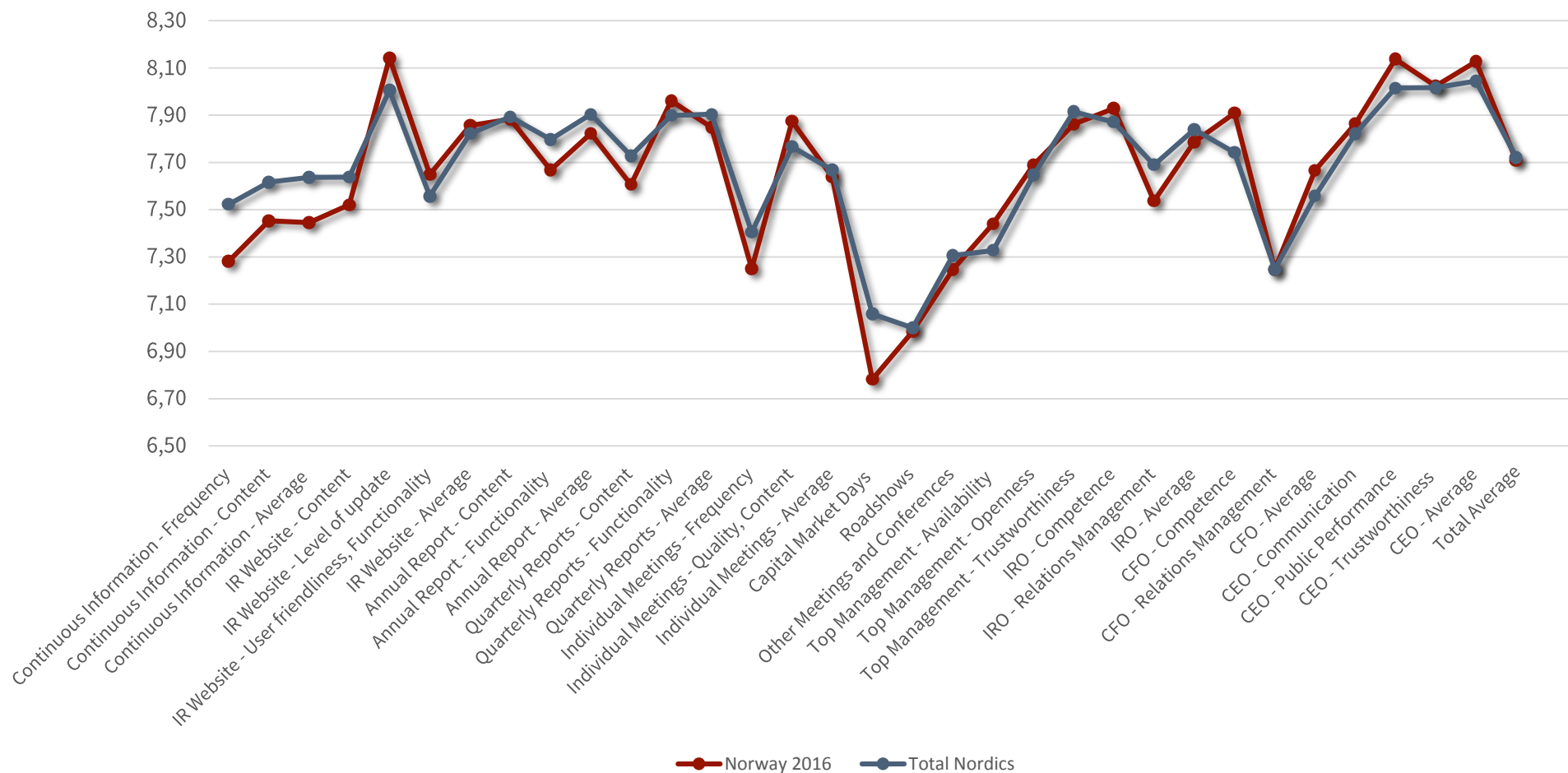
**Analyst
Satisfaction
Index**

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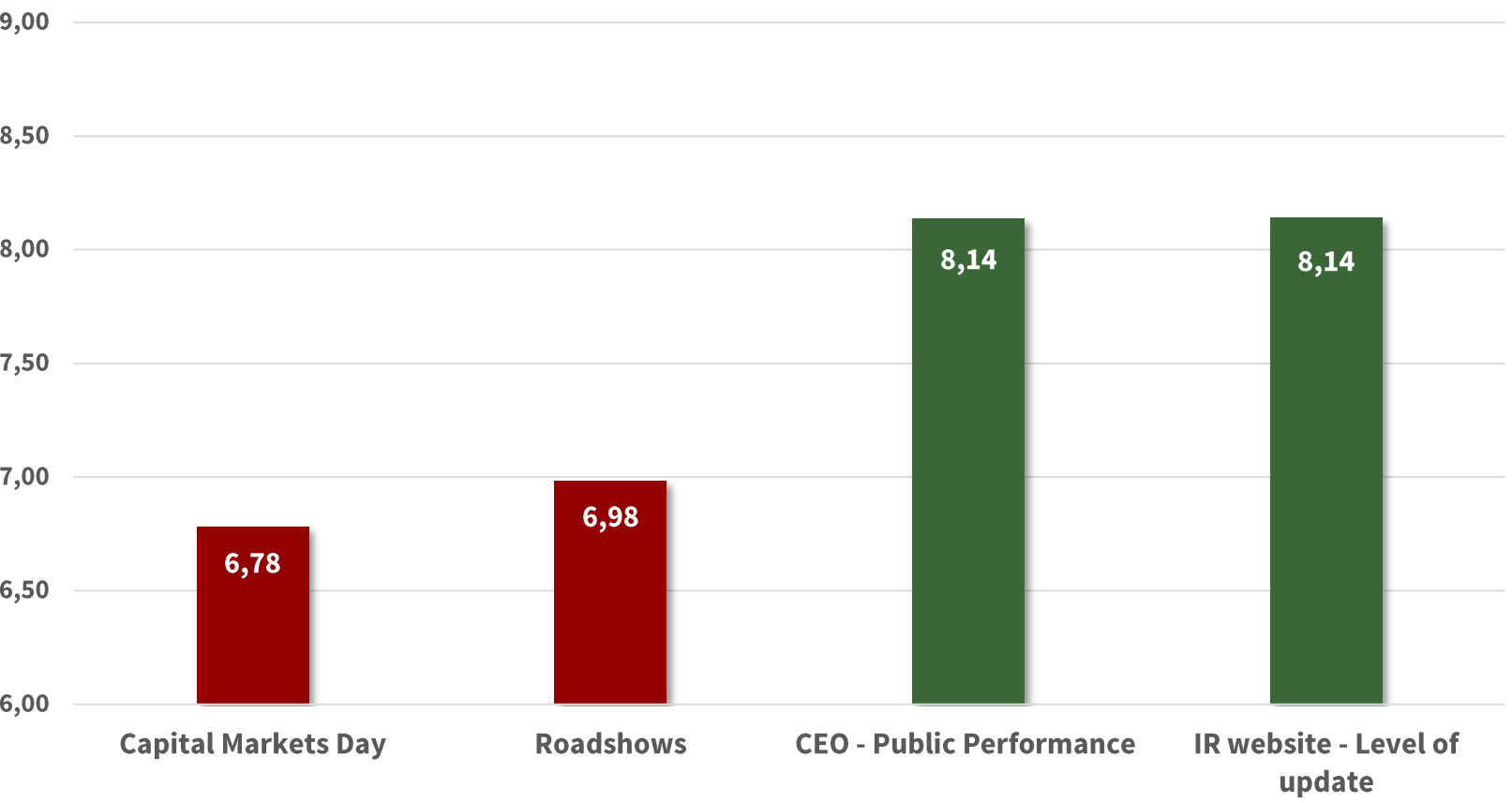
ANALYST SATISFACTION INDEX NORWAY 2016



ANALYST SATISFACTION INDEX NORWAY/TOTAL 2016

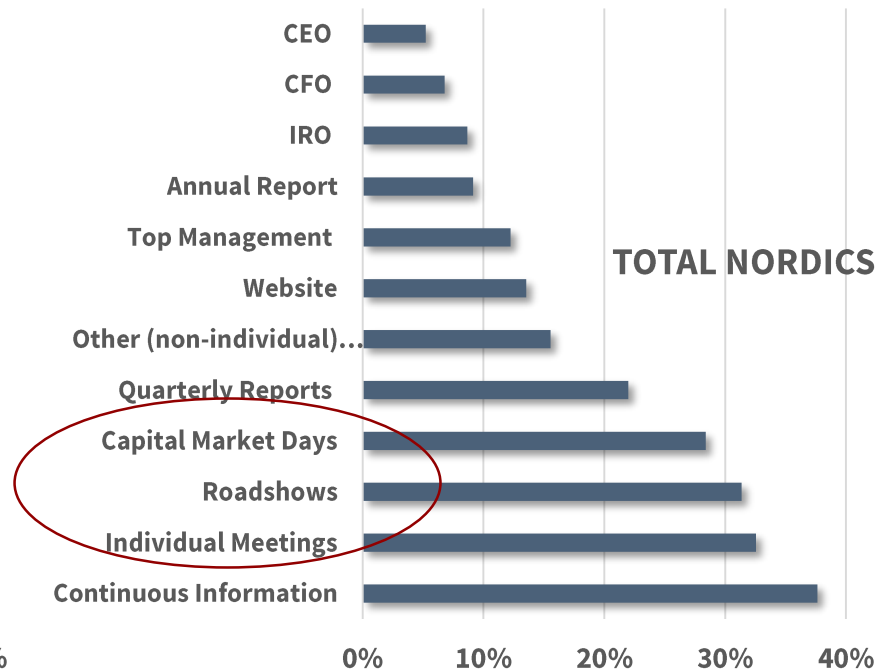
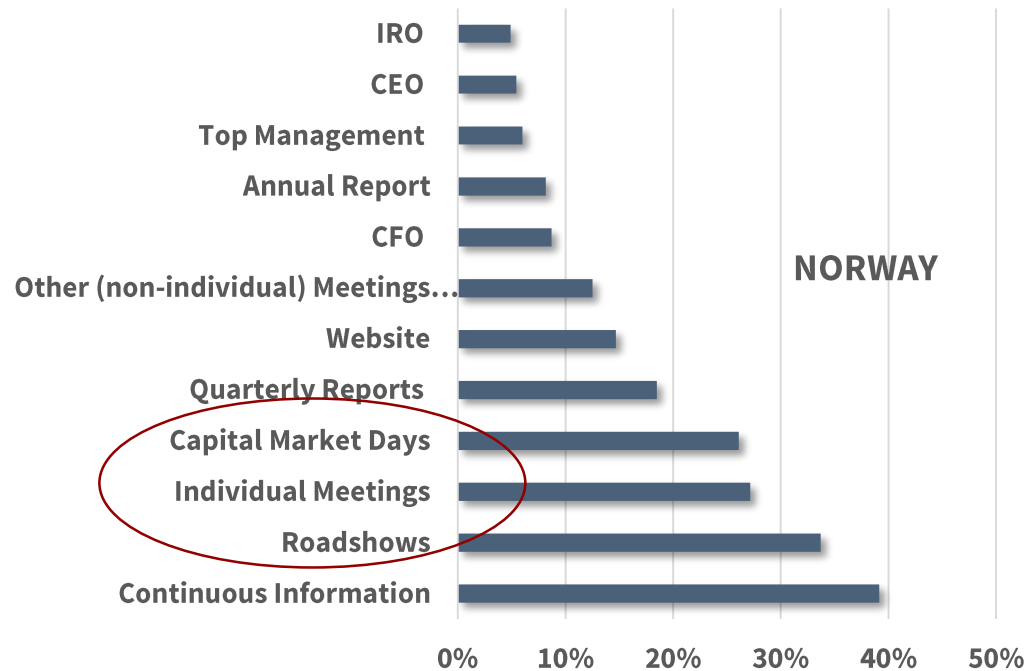


LOWEST AND HIGHEST GRADES (NORWAY)



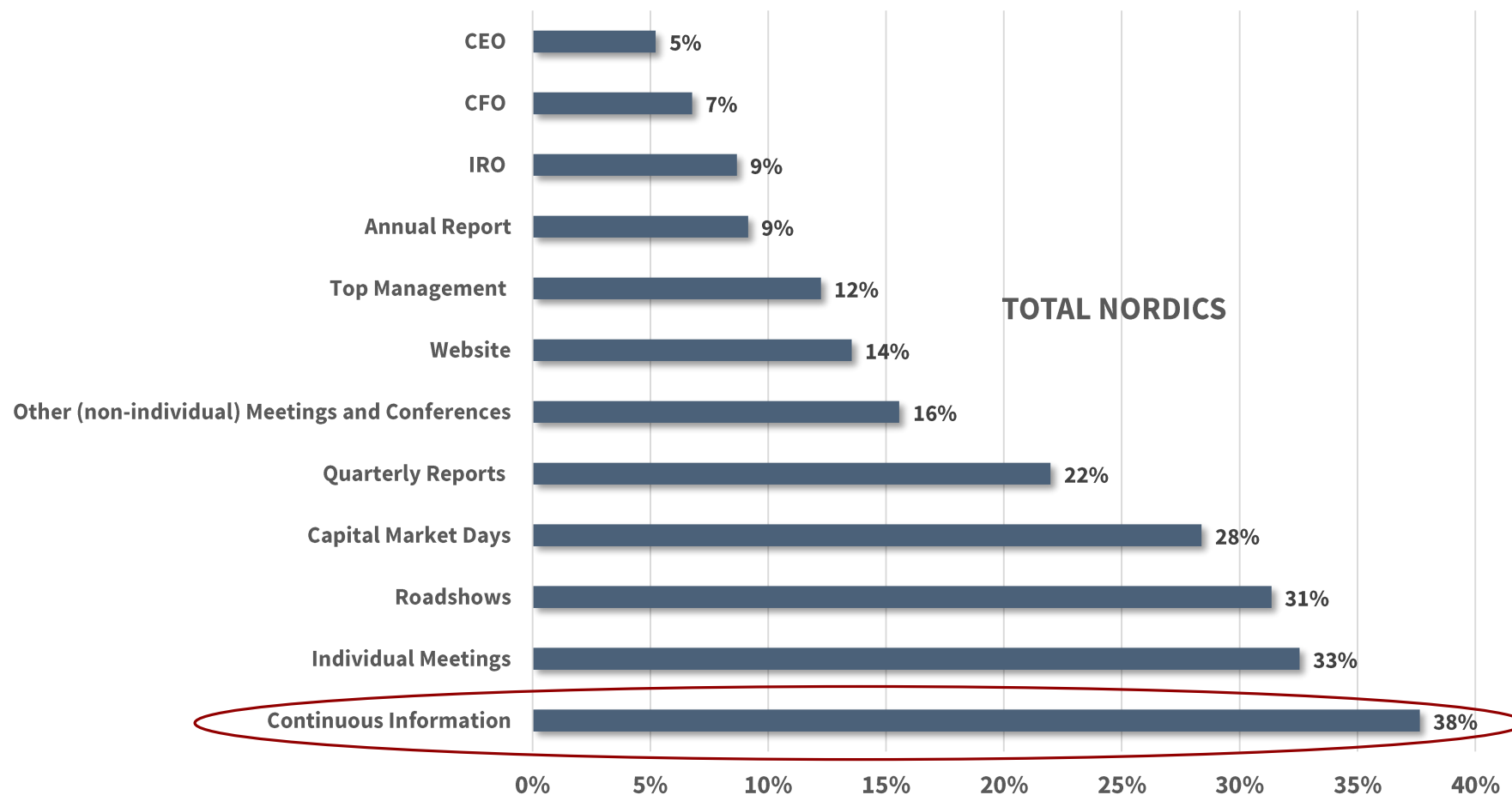
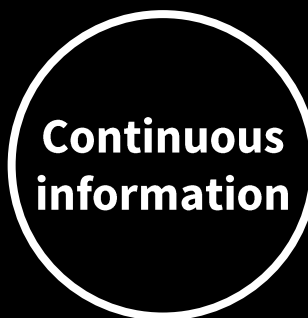
PERSONAL INFORMATION CHANNELS PRIORITY

Most
important
to
improve



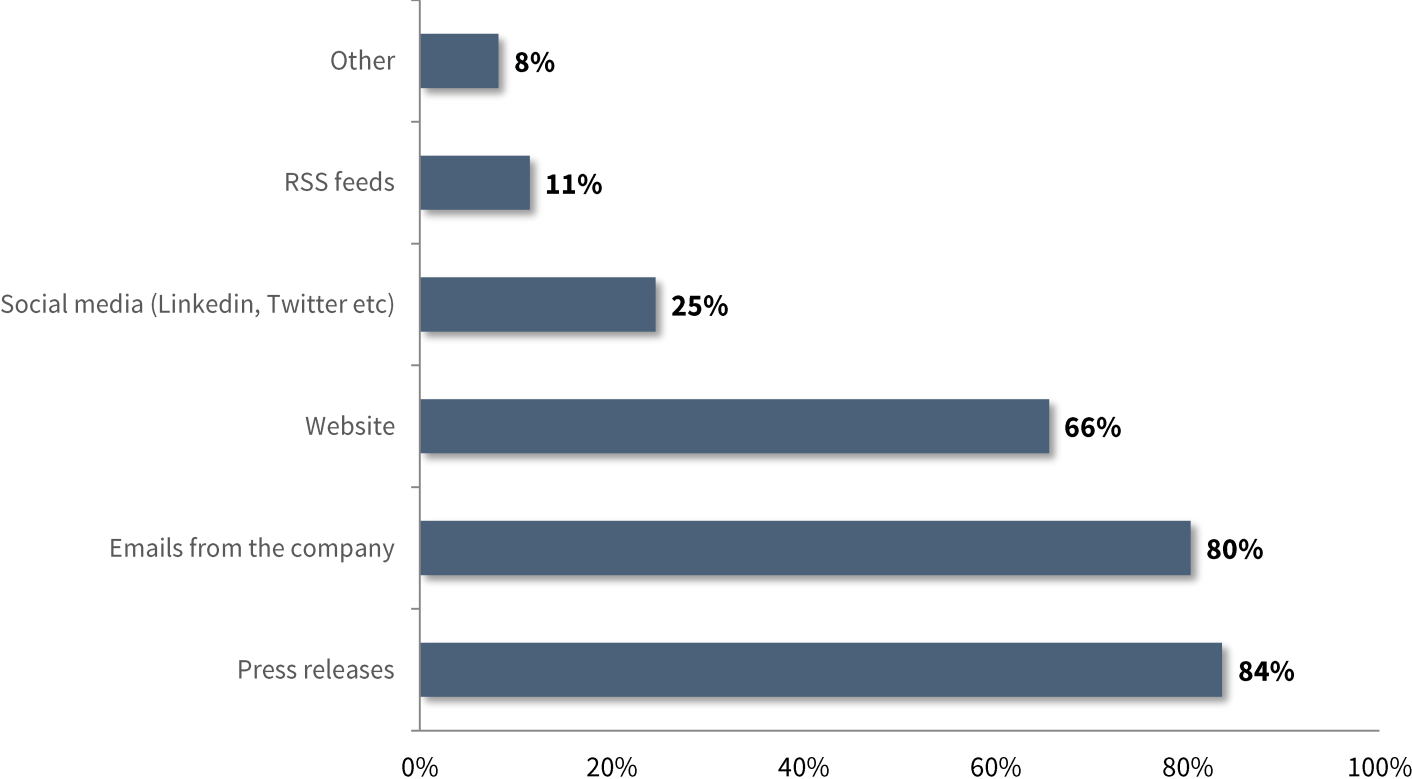
CONTINUOUS INFORMATION

MOST IMPORTANT TO IMPROVE – CONTINUOUS INFORMATION



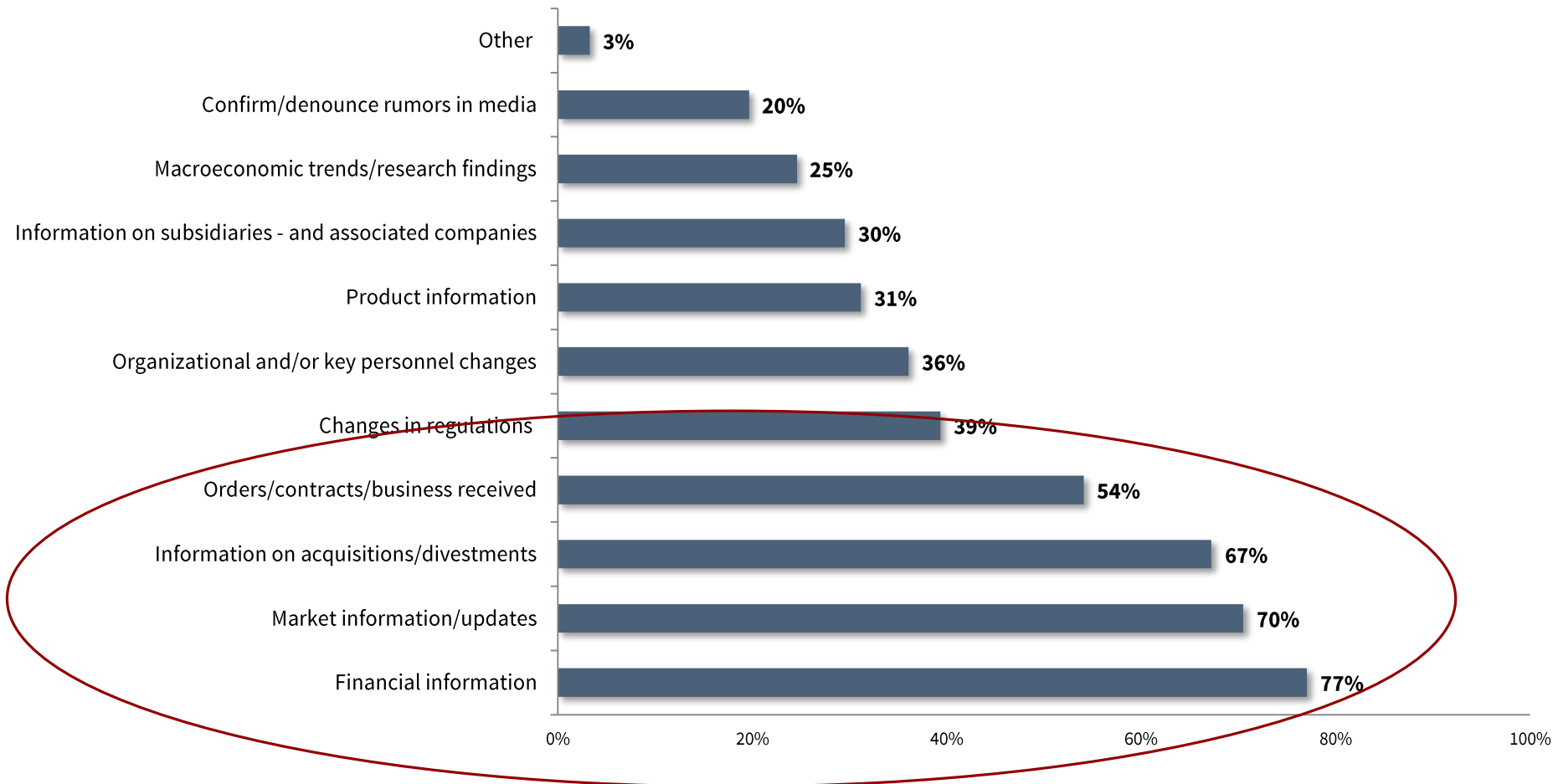
CONTINUOUS INFORMATION - TRACKING

Which of the following do you use to track the companies' continuous information?

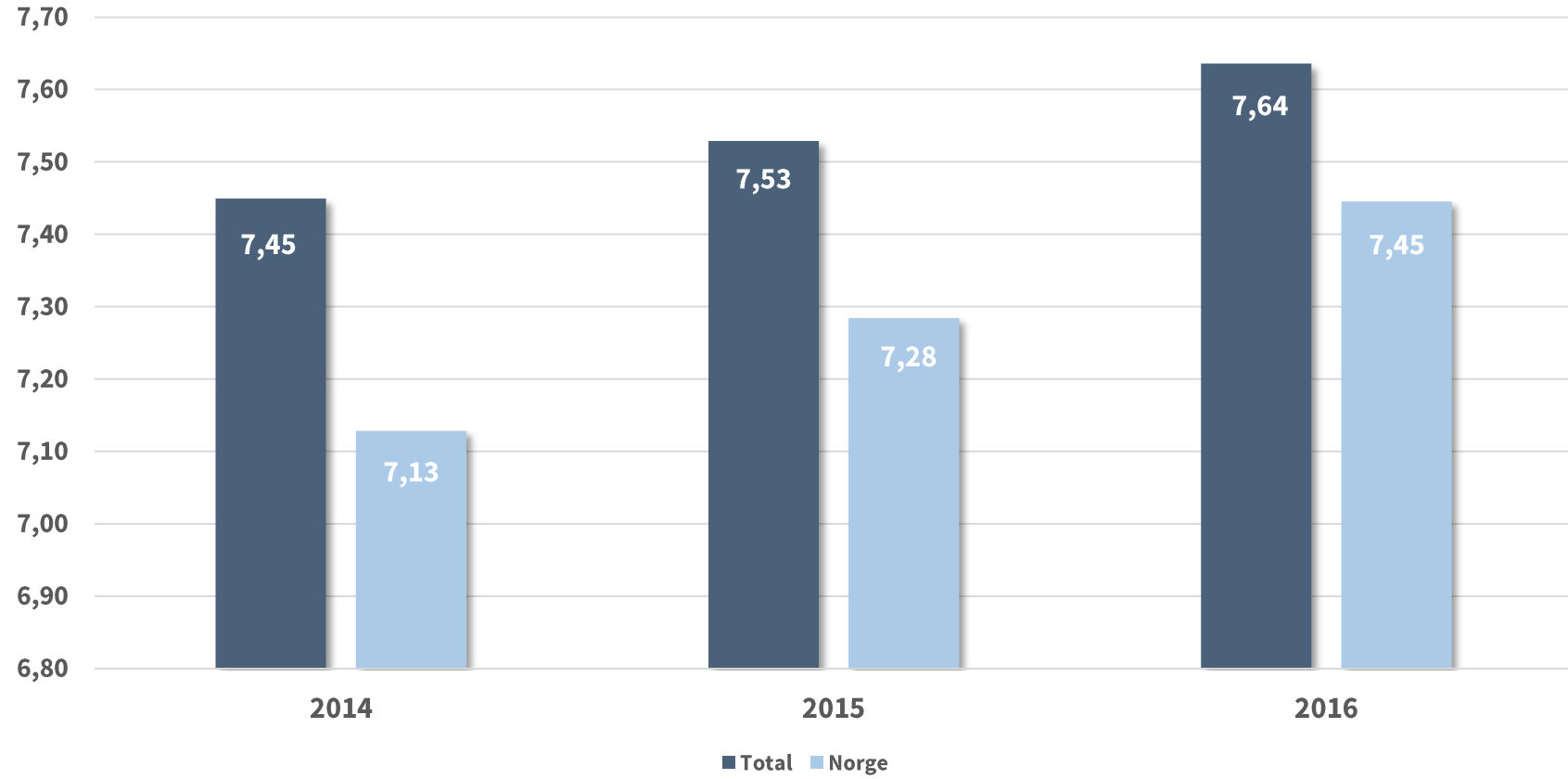


CONTINUOUS INFORMATION – WHAT CONTENT

What kind of continuous information are you primarily interested in from the companies you follow?

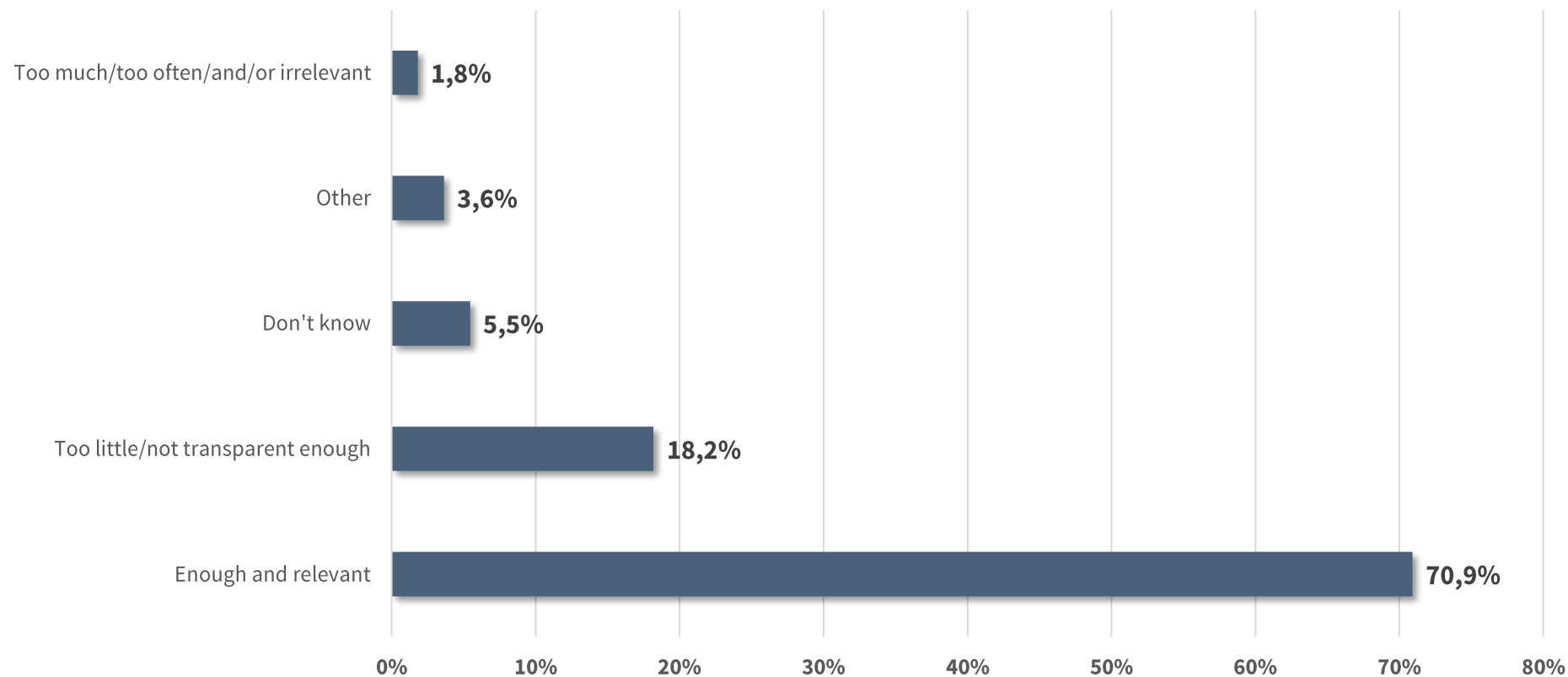


CONTINUOUS INFORMATION OVER TIME



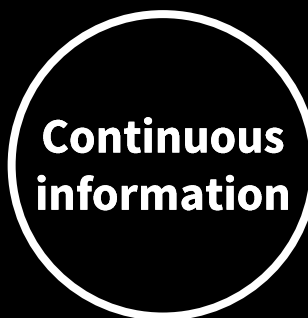
CONTINUOUS INFORMATION - QUALITY

On average, how is the quality of continuous information from the companies you follow?



Continuous
information

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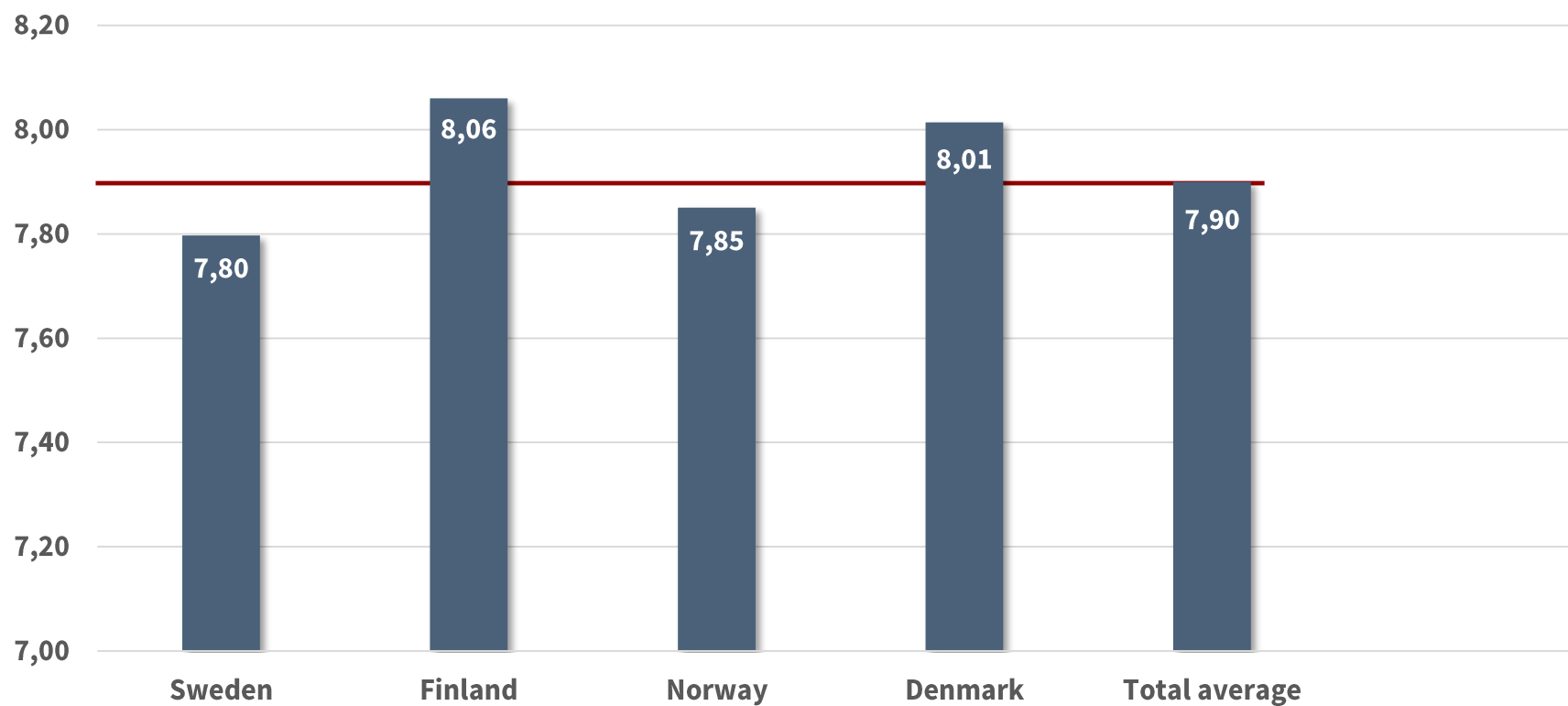


CONTINUOUS INFORMATION - MOST WANTED:

- **More help to understand and "feel" the value of the communication: "Comments", "Notes", "Color", "Granularity", "Summaries"**
- **Less frequency, more relevance**
- **Only publish orders with relevance for the valuation**
- **Transparency and help to understand the information fully**
- **Market updates**

THE QUARTERLY REPORTS

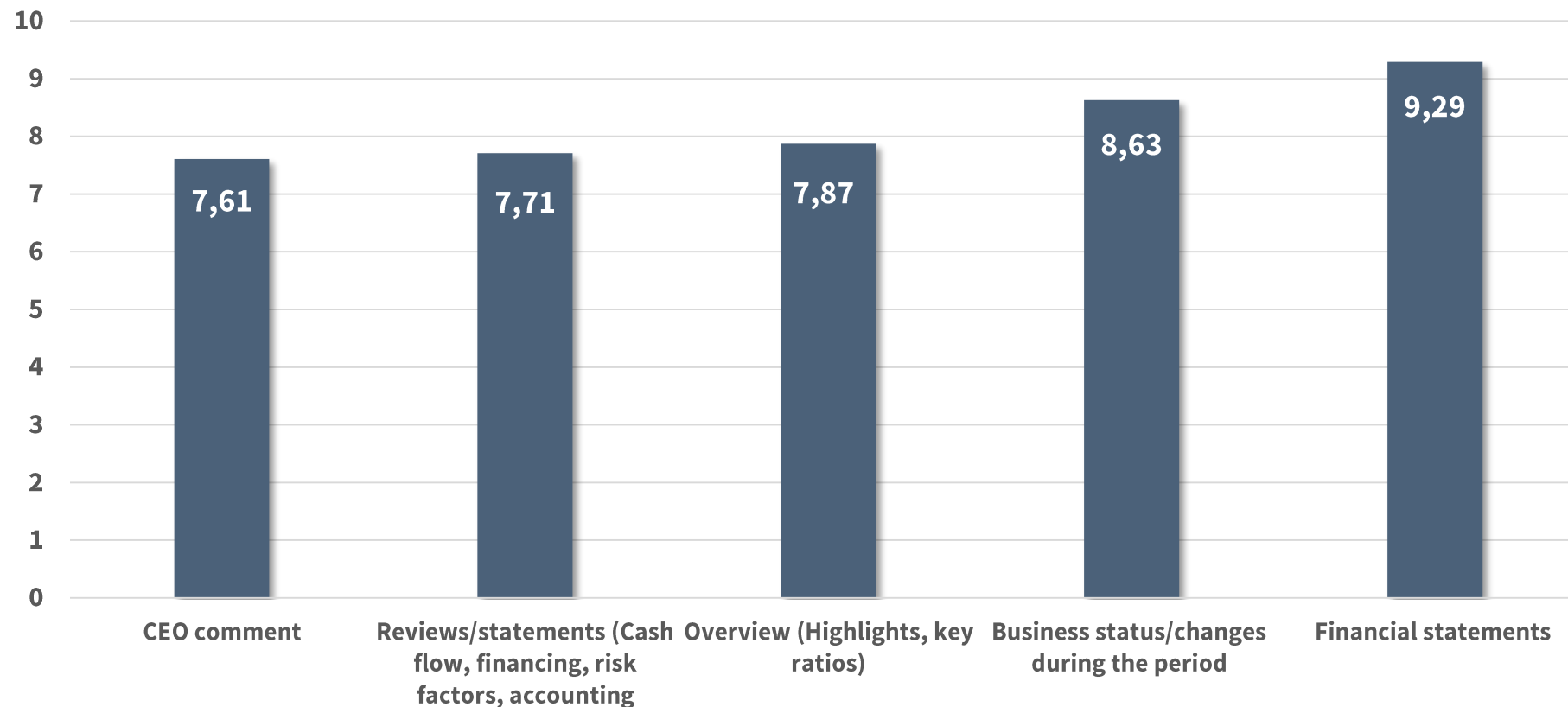
QUARTERLY REPORTS PER COUNTRY



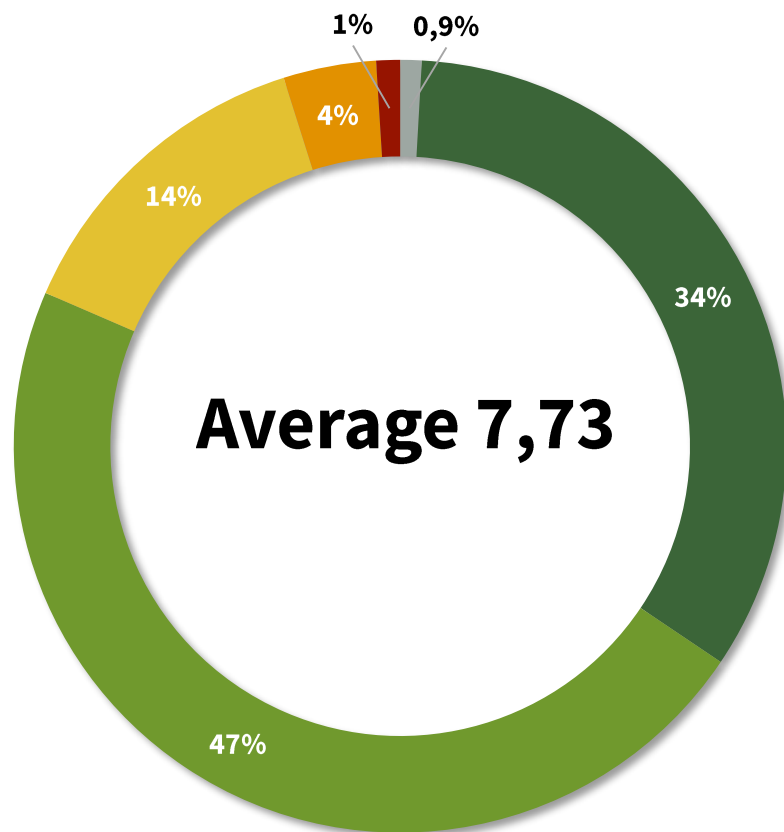
THE QUARTERLY REPORT IN PARTS

- **Overview (highlights, key ratios)**
- **CEO comment**
- **Business status/changes during the period**
- **Financial statements (operating income and result, segment reporting)**
- **Reviews/statements (cash flow, financing, risk factors, accounting principles)**

IMPORTANCE OF QUARTERLY REPORT PARTS



GRADES FOR QUARTERLY REPORT CONTENT

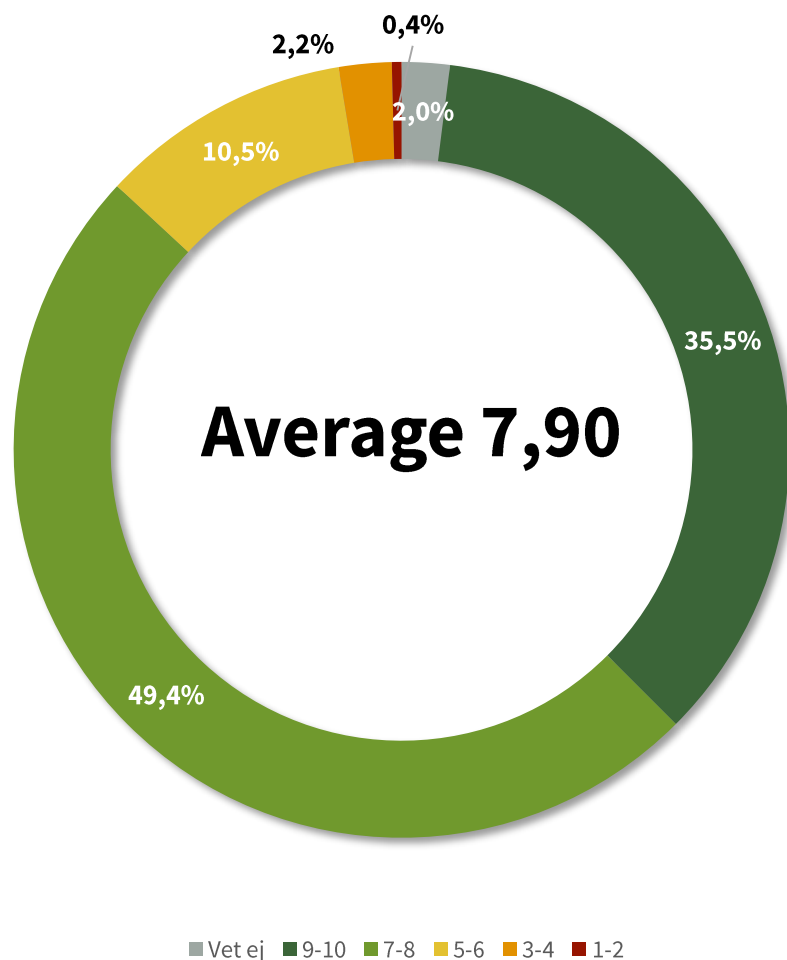


■ Vet ej ■ 9-10 ■ 7-8 ■ 5-6 ■ 3-4 ■ 1-2

To what degree do the quarterly reports contain relevant facts and figures and other important information?

GRADES FOR QUARTERLY REPORT FUNCTIONALITY

Quarterly
reports



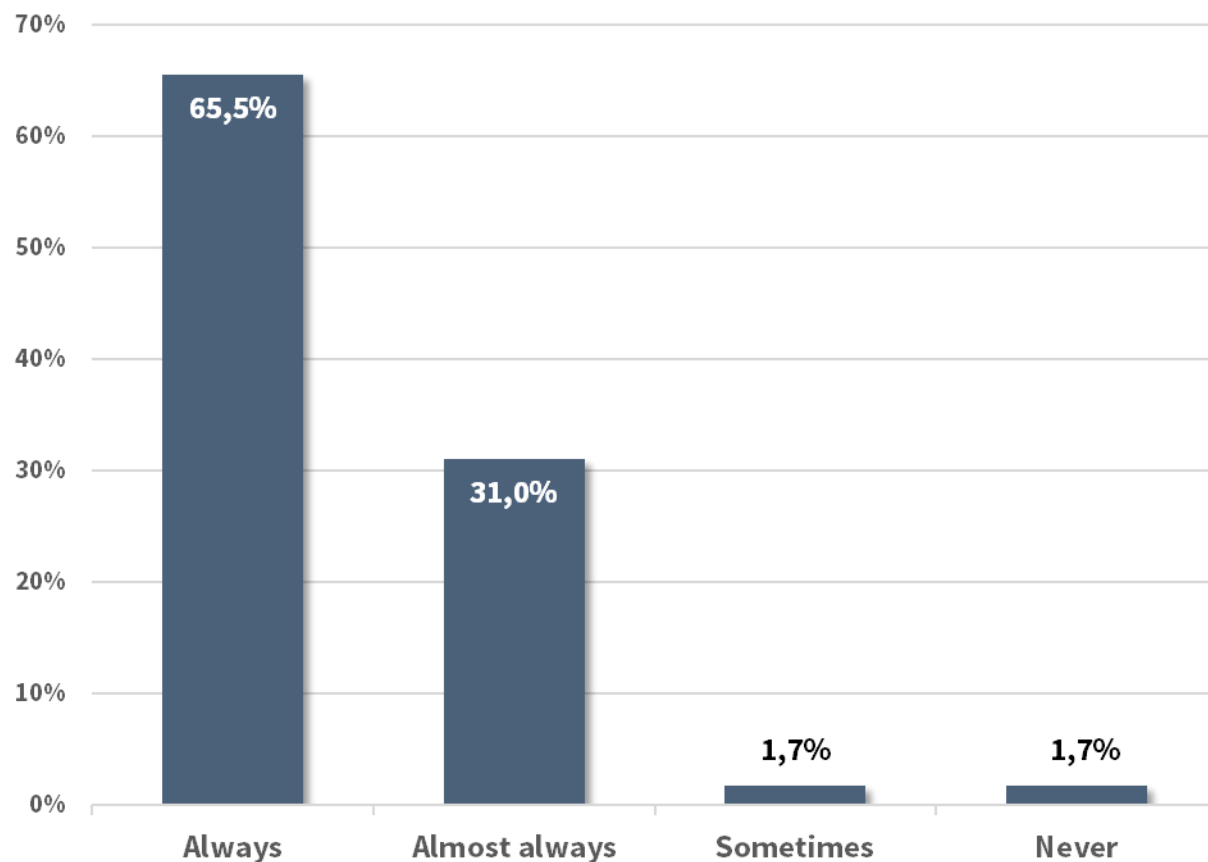
To what degree are the quarterly reports user friendly and produced in an easily accessible format?

CONTENT - MOST WANTED:

- **Breakdown split/info per division/business segment**
- **Clarity/color on EBIT bridge**
- **More market info/updates on trends and situation**
- **More color/flavor on numbers and impacting factors**
- **Numbers in tables, not in text**
- **Not large chunks of text. Paragraphs, bullet points, tables**
- **Don't repeat same information in several places**
- **Too much text**
- **Consistency**

QUARTERLY CONFERENCE CALLS ATTENDANCE

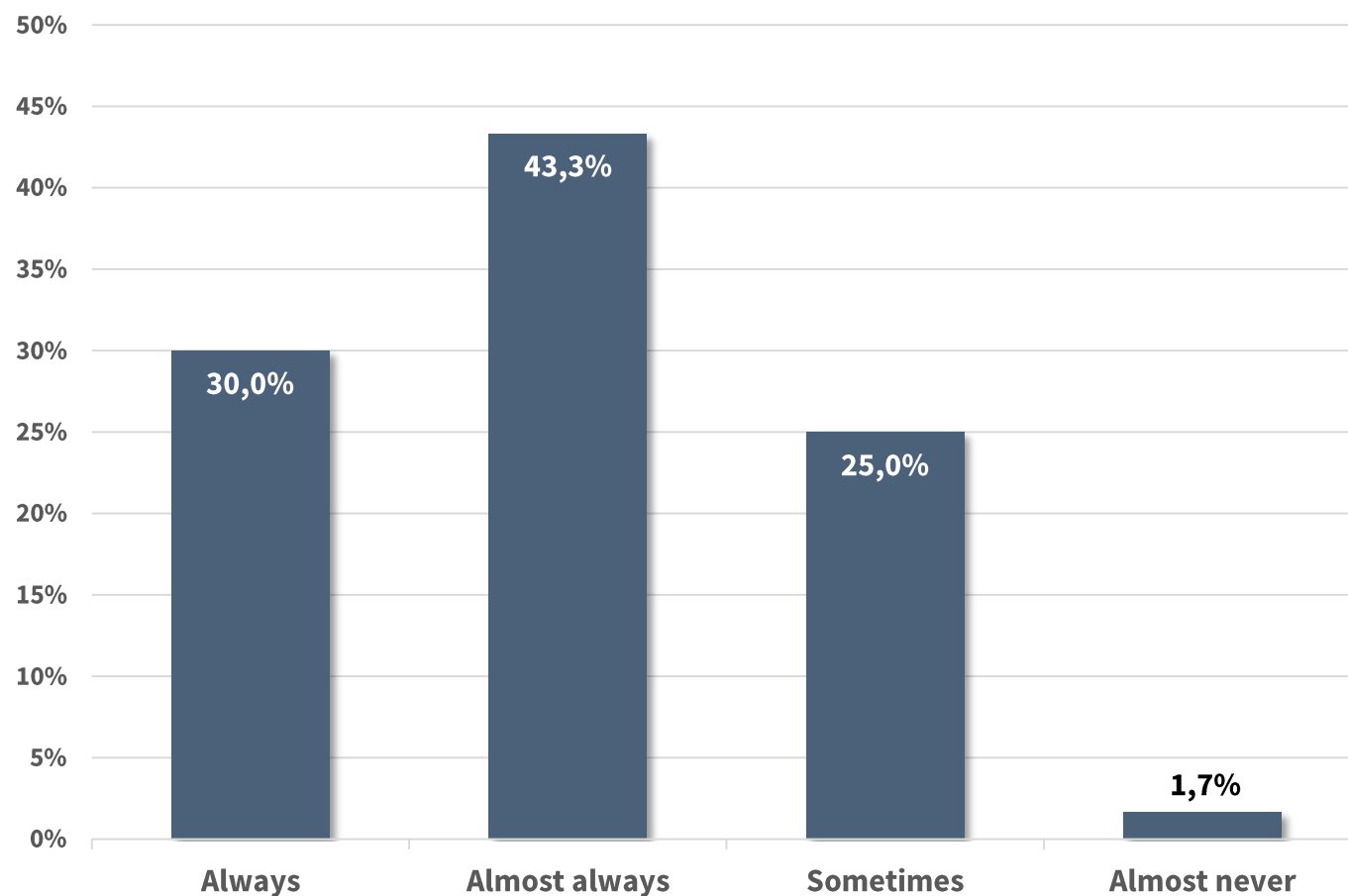
Quarterly
reports



*Do you attend the
Quarterly
presentations/
conference calls for the
companies you follow?*

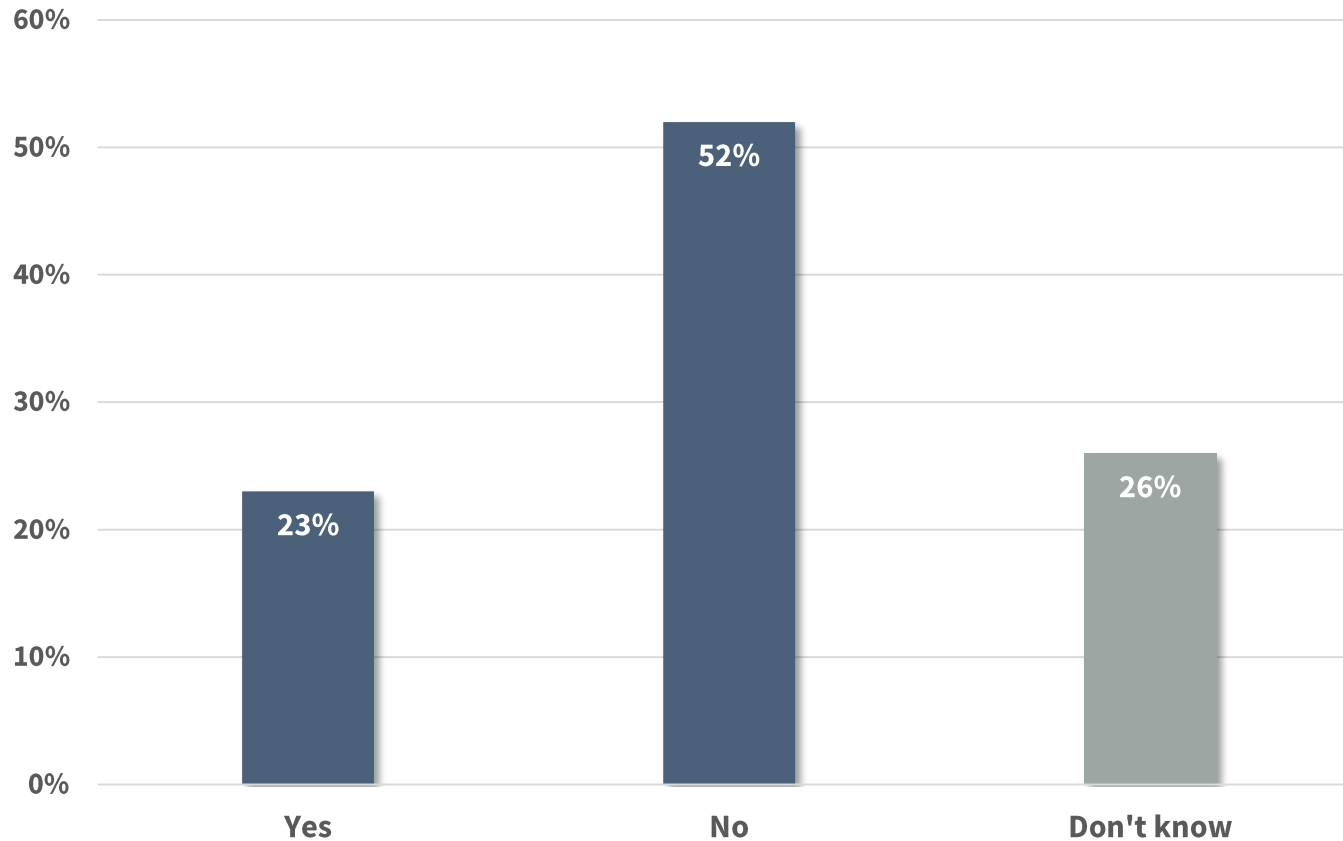
QUARTERLY CONFERENCE CALLS QUALITY

Quarterly
reports



To what extent do these presentations/conference calls in general give added insight and understanding for the report?

LIGHTER QUARTERLY REPORTING



*In your opinion,
will a change to
financial
statements in Q1
and Q3 make the
view of a company
more long term?*

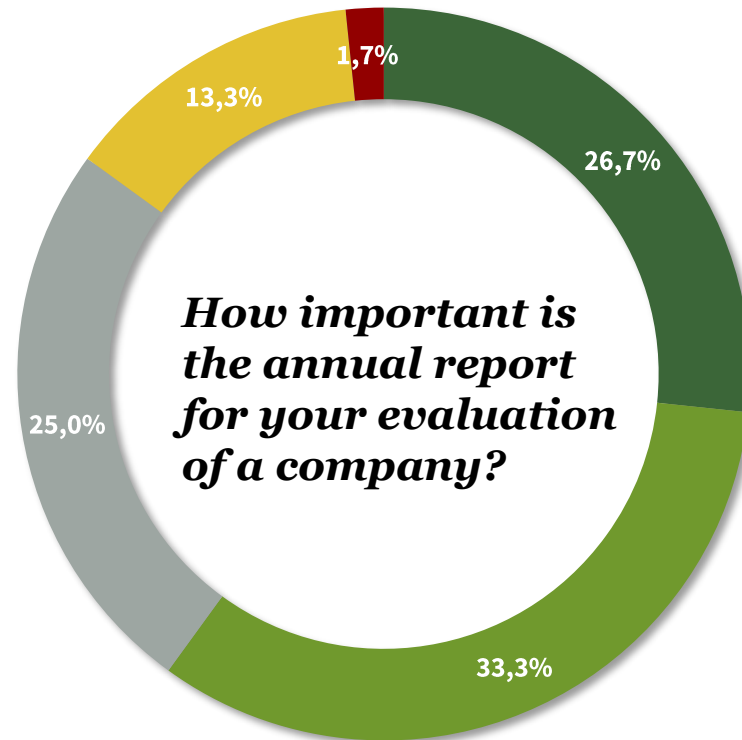
Quarterly
reports

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THE ANNUAL REPORT

THE VALUE OF THE ANNUAL REPORT

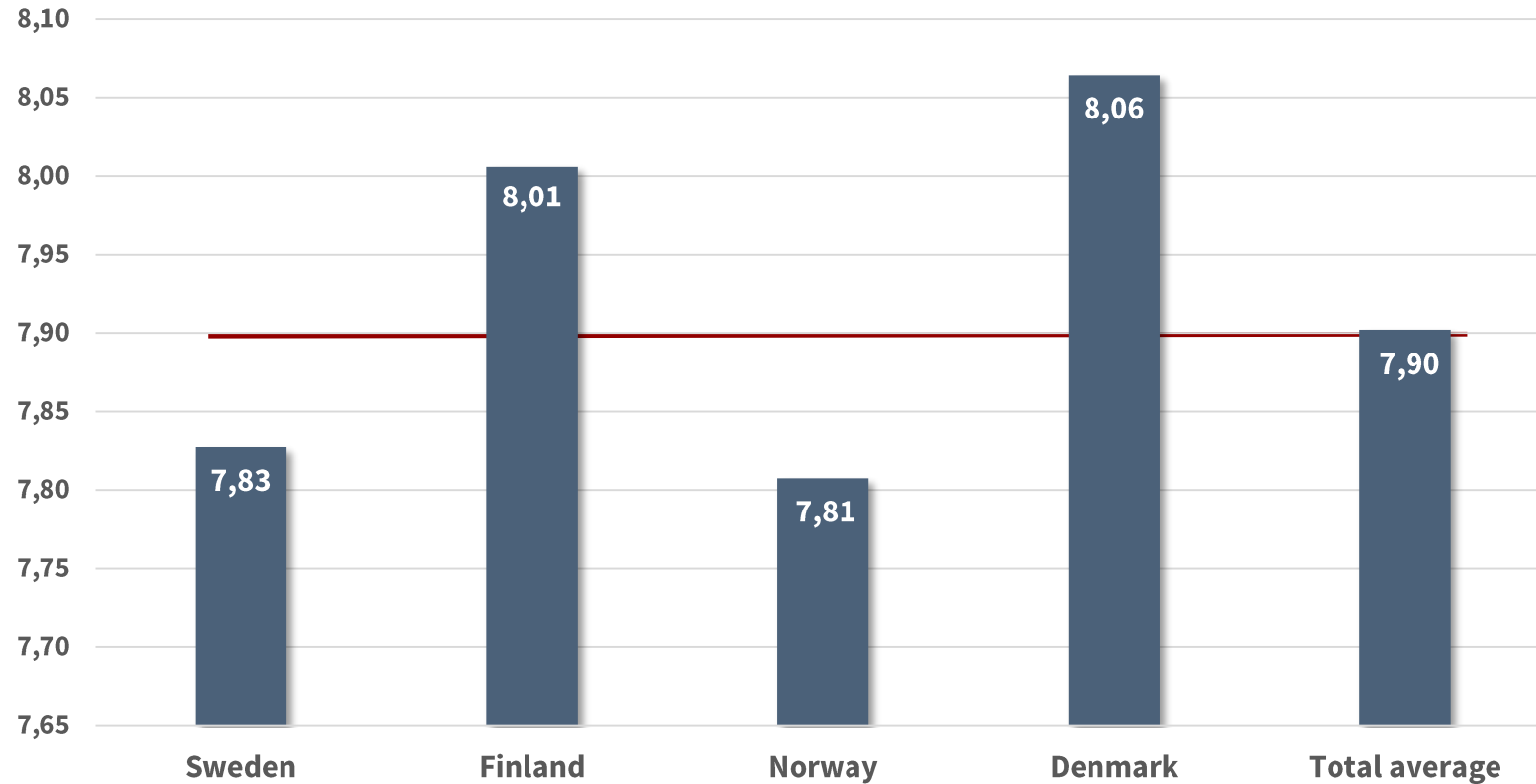
Annual
report



60% states the annual report is very, or rather important for their evaluation of the company.

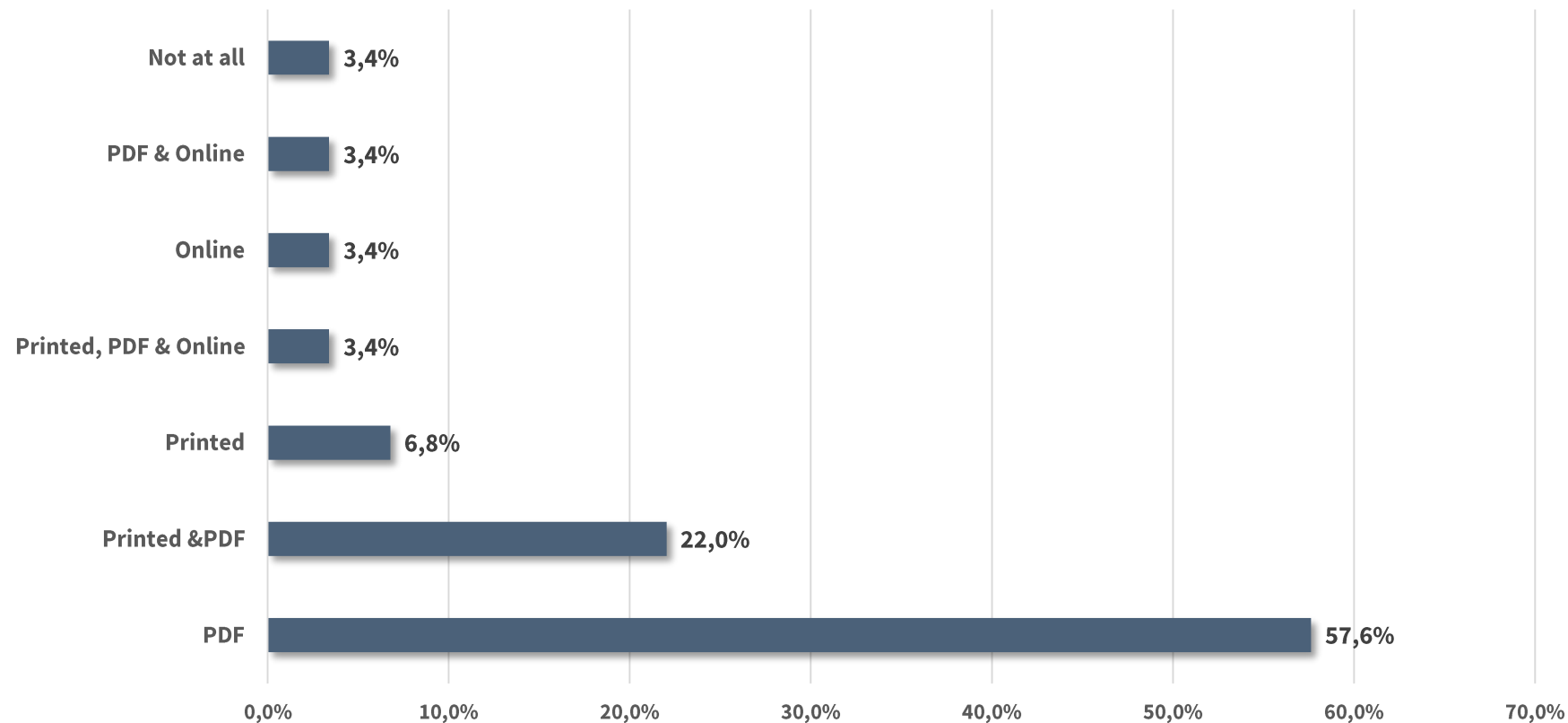
■ Very important ■ Rather important ■ Neutral ■ Rather unimportant ■ Not important at all

ANNUAL REPORT – AVERAGE GRADE PER COUNTRY 2016

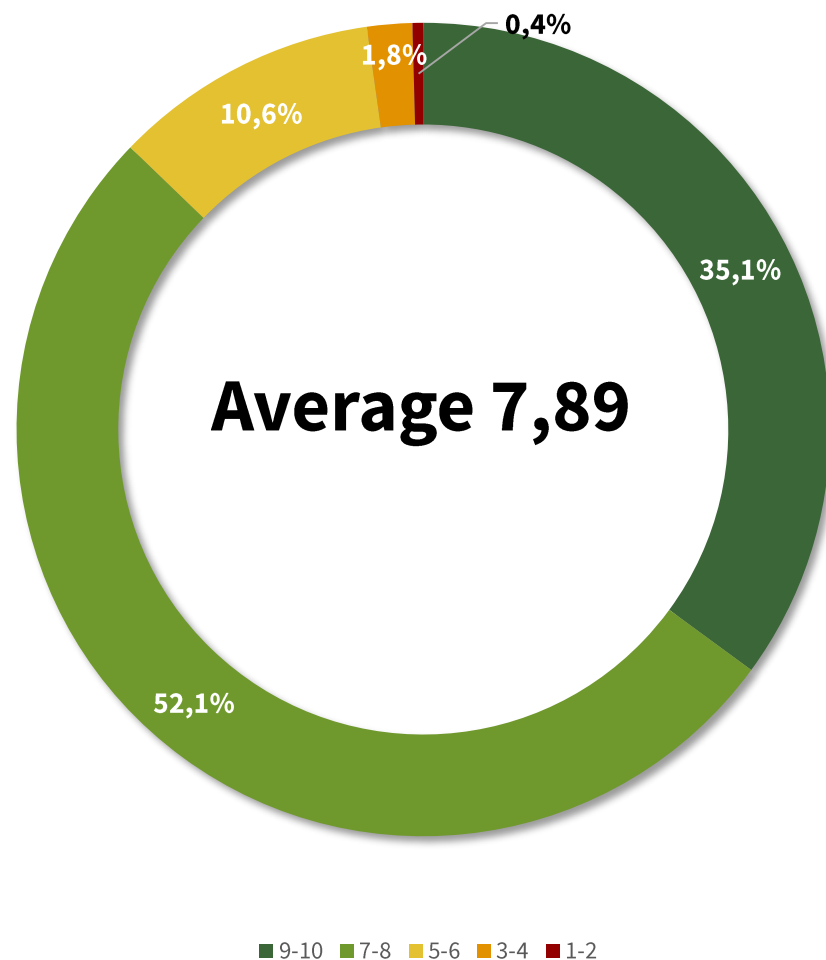


HOW DO YOU PREFER TO USE THE ANNUAL REPORT?

Annual
report

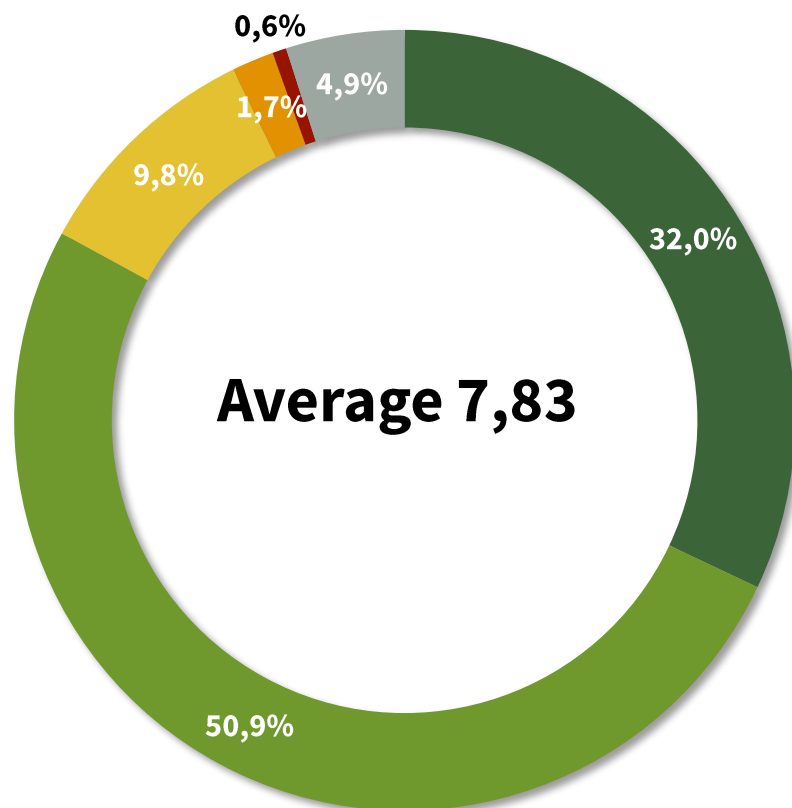


GRADES FOR ANNUAL REPORT CONTENT



To what degree does the annual report contain relevant facts, figures and other important information?

GRADES FOR ANNUAL REPORT FUNCTIONALITY



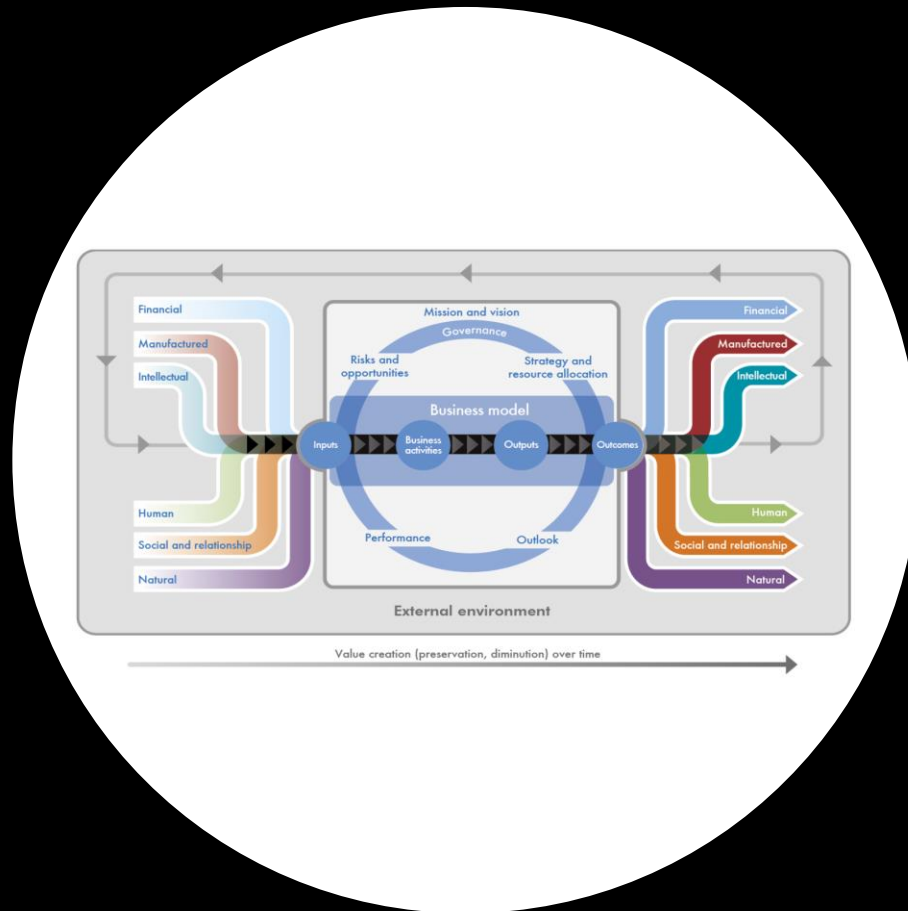
■ 9-10 ■ 7-8 ■ 5-6 ■ 3-4 ■ 1-2 ■ Vet ej

To what degree is the annual report user friendly and produced in an easily accessible format? (printed and electronic)

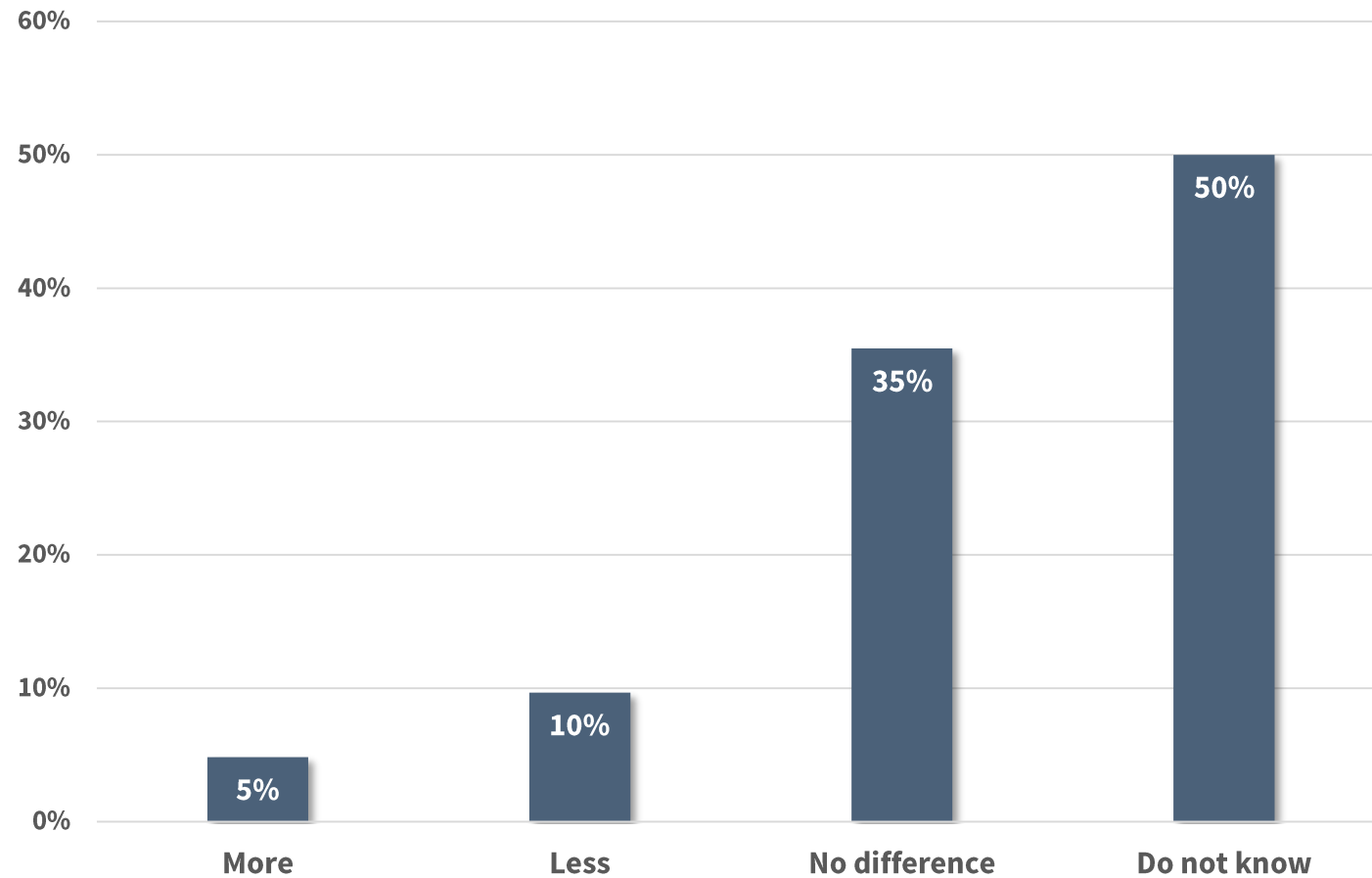
COMMENTS ON ANNUAL REPORT

- *It's a Finnish gap. They don't disclose as much as the Swedish, they would get you to report around business, segmental split. Also they don't give you regional or divisional profitability. Don't give you region orders. Same with quarterly statements. Not much information about where they make the money basically.*
- *It would be interesting to see more customer case studies. By this I mean a detailed story describing how a customers particular needs were met by a company product-to paint an example of picture of how the company provide added value for its customers, especially the ones with demanding problems that other competitors may not be able to solve as well because of product and or service levels.*

INTEGRATED REPORTING



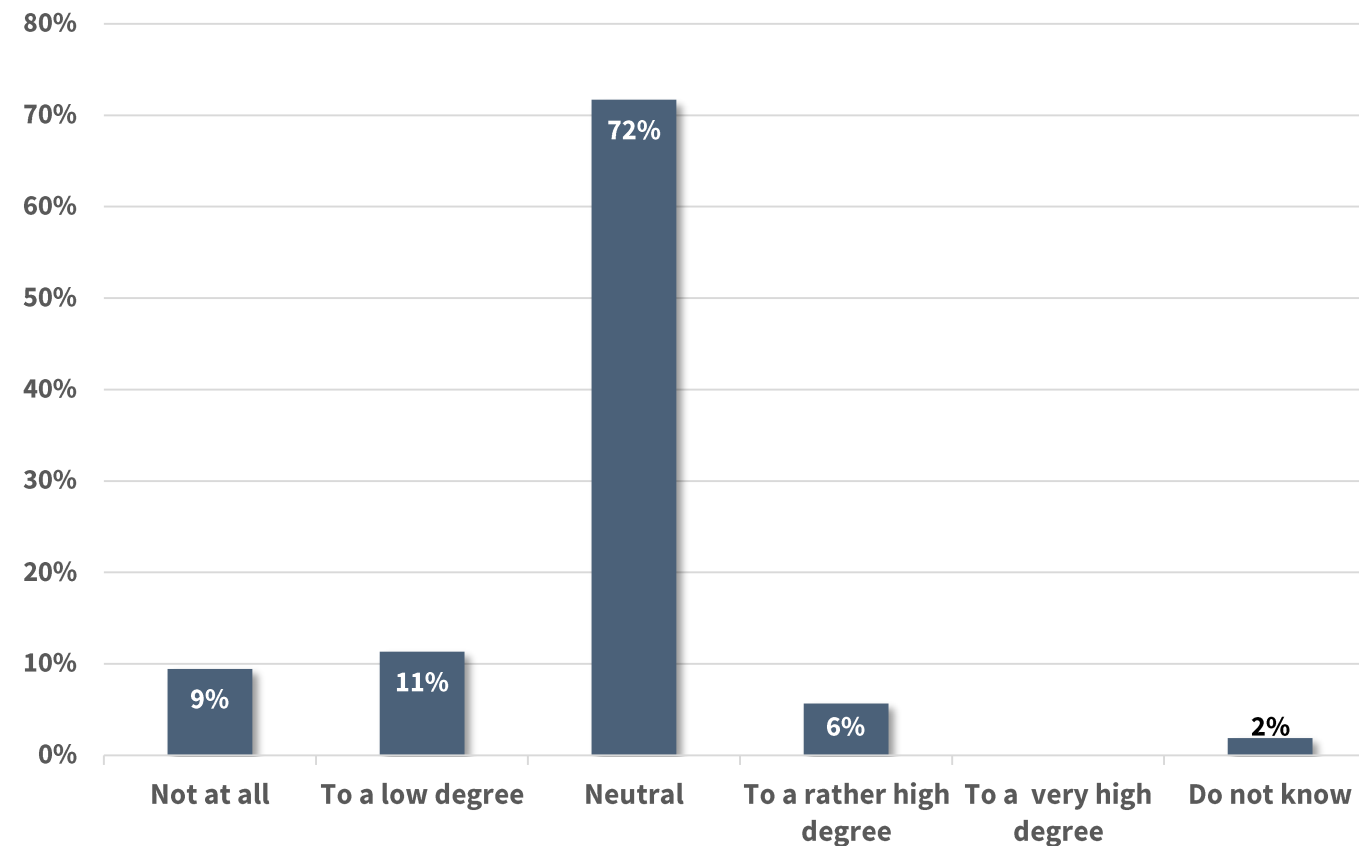
INTEGRATED REPORTING



Will integrated reporting make the annual report less or more valuable?



INTEGRATED REPORTING



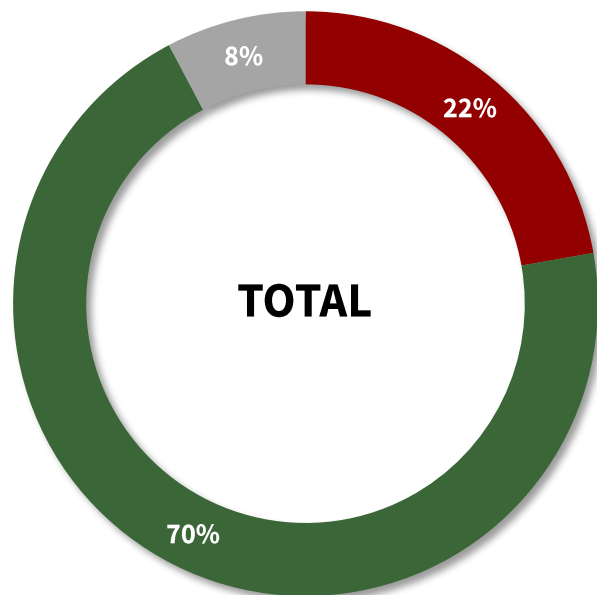
To what degree would integrated reporting help in clarifying or understanding the company's Equity Story?



INFORMATION DISCOUNT

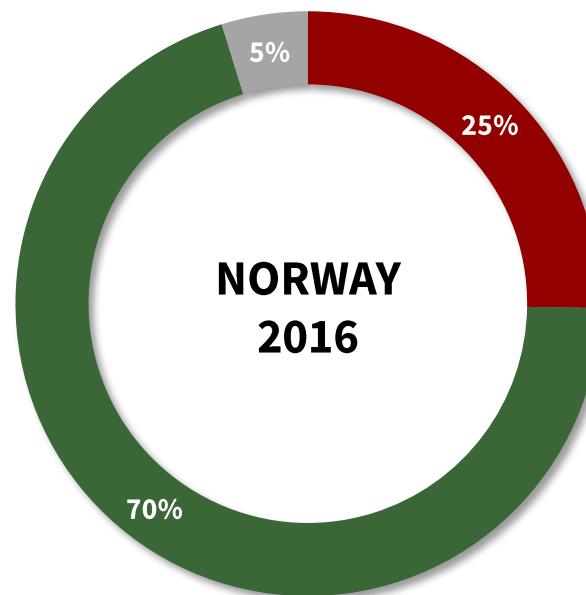
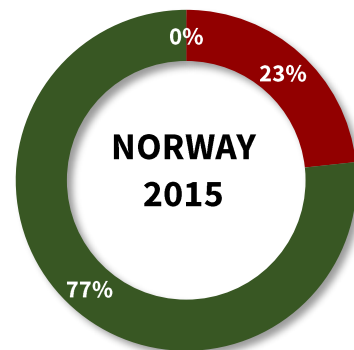
INFORMATION DISCOUNT

Information
discount
2016



■ 1. Yes ■ 2. No ■ 3. Do not know

*Do you consider
the company to
have an
information
discount?*

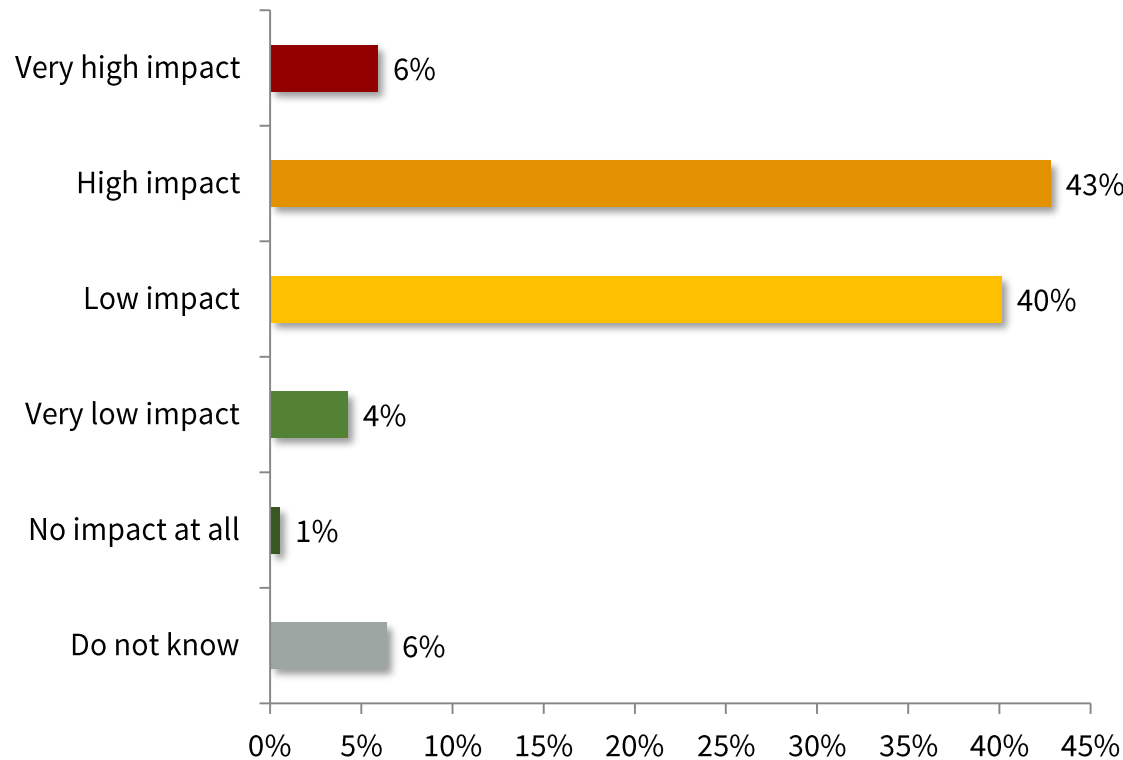


■ 1. Yes ■ 2. No ■ 3. Do not know

*Source: IRNM 2016

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WHAT IMPACT DOES THE INFORMATION DISCOUNT HAVE ON THE SHARE?



49% say the information discount has a high, or very high impact on the valuation

COMMENTS ON INFORMATION DISCOUNT

*“About **15%** information discount. To reduce the information discount the company could provide more details about the distribution of the division profitability“*

*“**10%** information discount. More regular updates. CMD once a year.”*

*“Information discount of **20-30%** (a feeling, not very scientific).”*

“Further details over EBIT moves (annually or quarterly)”

*“Ambiguous guidance, information discount possibly more than **20 Euros** if they meet this guidance.”*

*“P/E of **12** instead of **13**.”*

*“Up to **20%** information discount. Low evaluation (depends on weak communication and uncertainty in the market.)”*

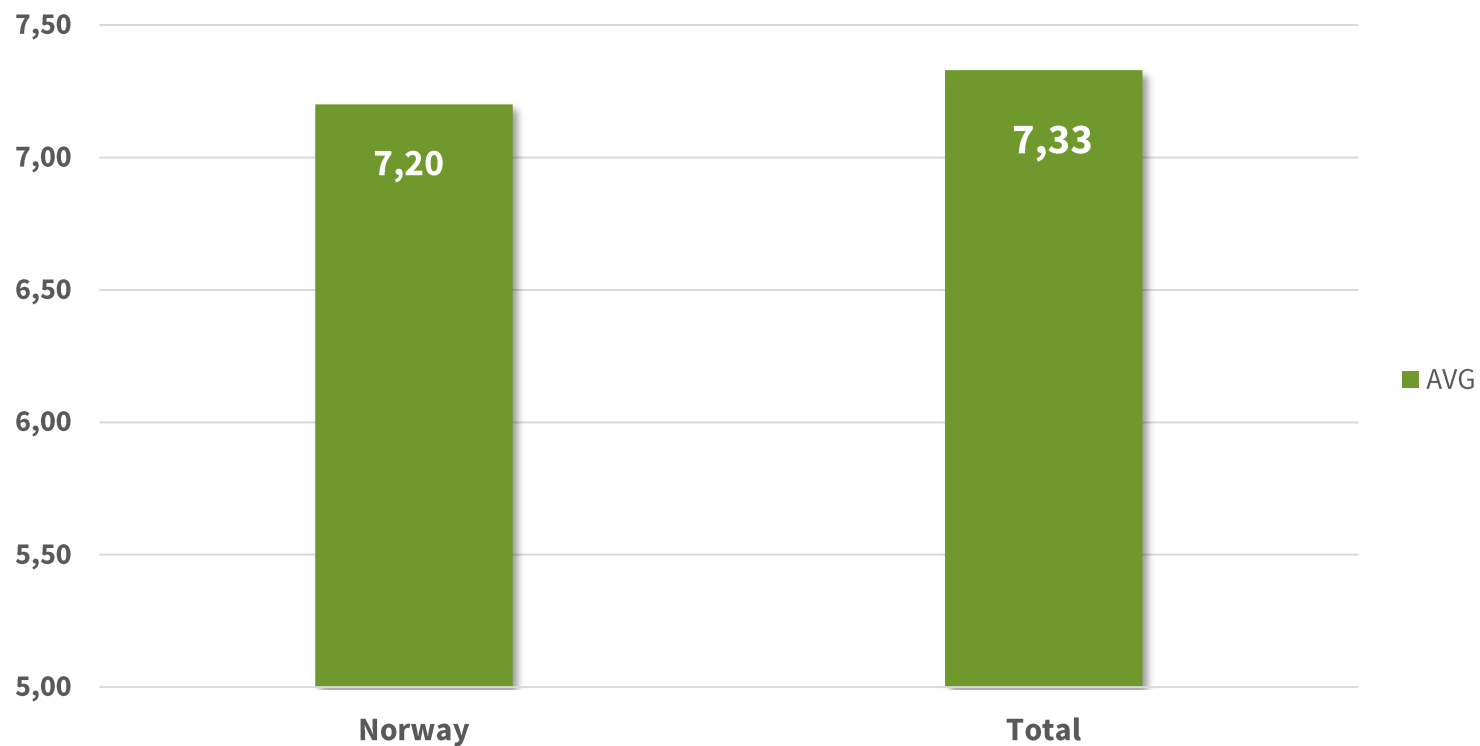
“Make the job easier for us analysts and start reporting like an international company rather than a Swedish one. Give out PIR on forehand. Disclose 10 year plans per unit. Disclose EBIT per unit on quarterly basis. Disclose production figures ahead of report. Disclose 5 year capex plan.”

“Strengthen the strategy and stake clearer goals for the future. Where are you going? People see facts you present and draw the wrong conclusions because the facts are complicated and its not clear where the company is going.”

IRNM 2015 - FOCUS ON EQUITY STORY

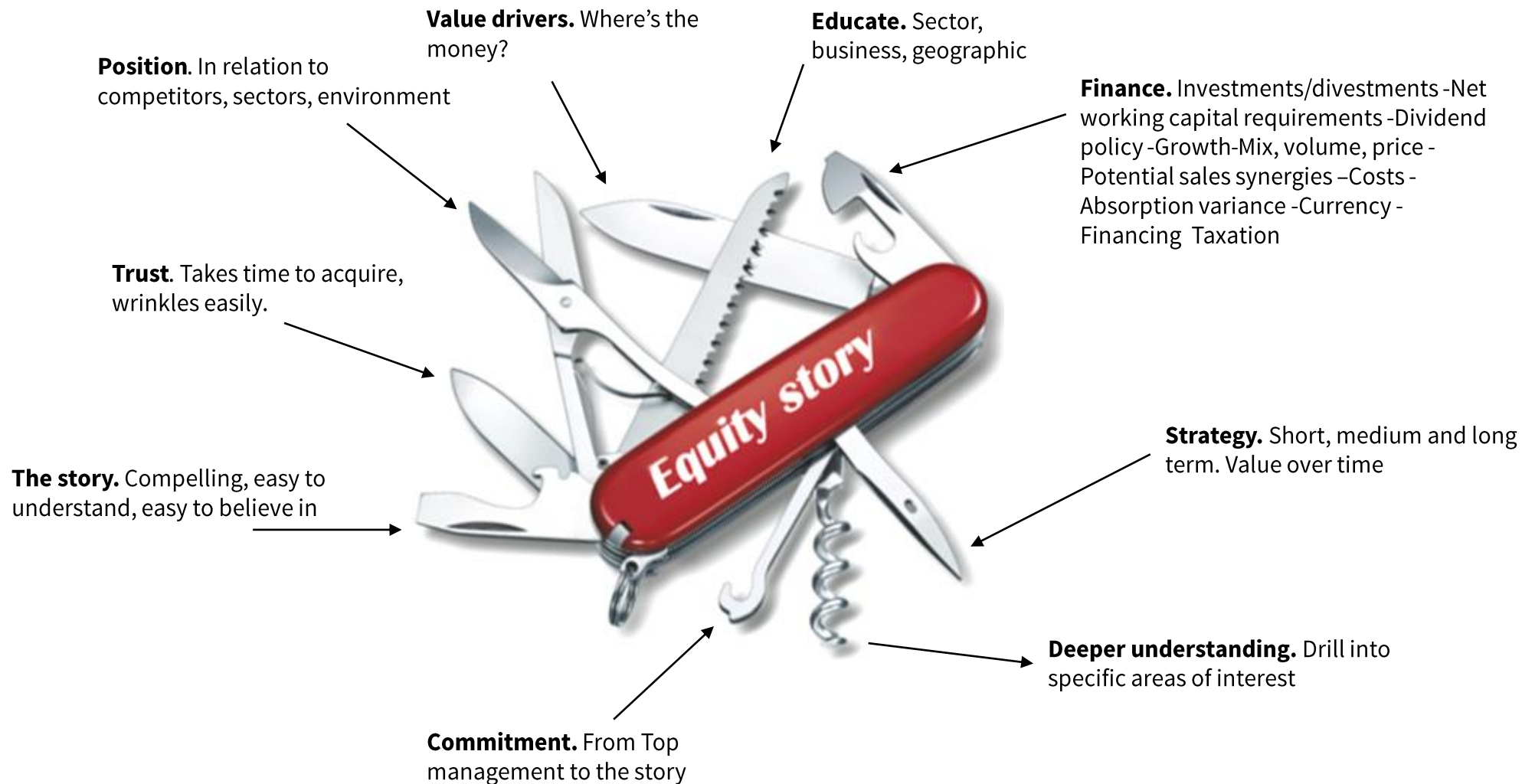


EQUITY STORY AVERAGE NORWAY/NORDICS



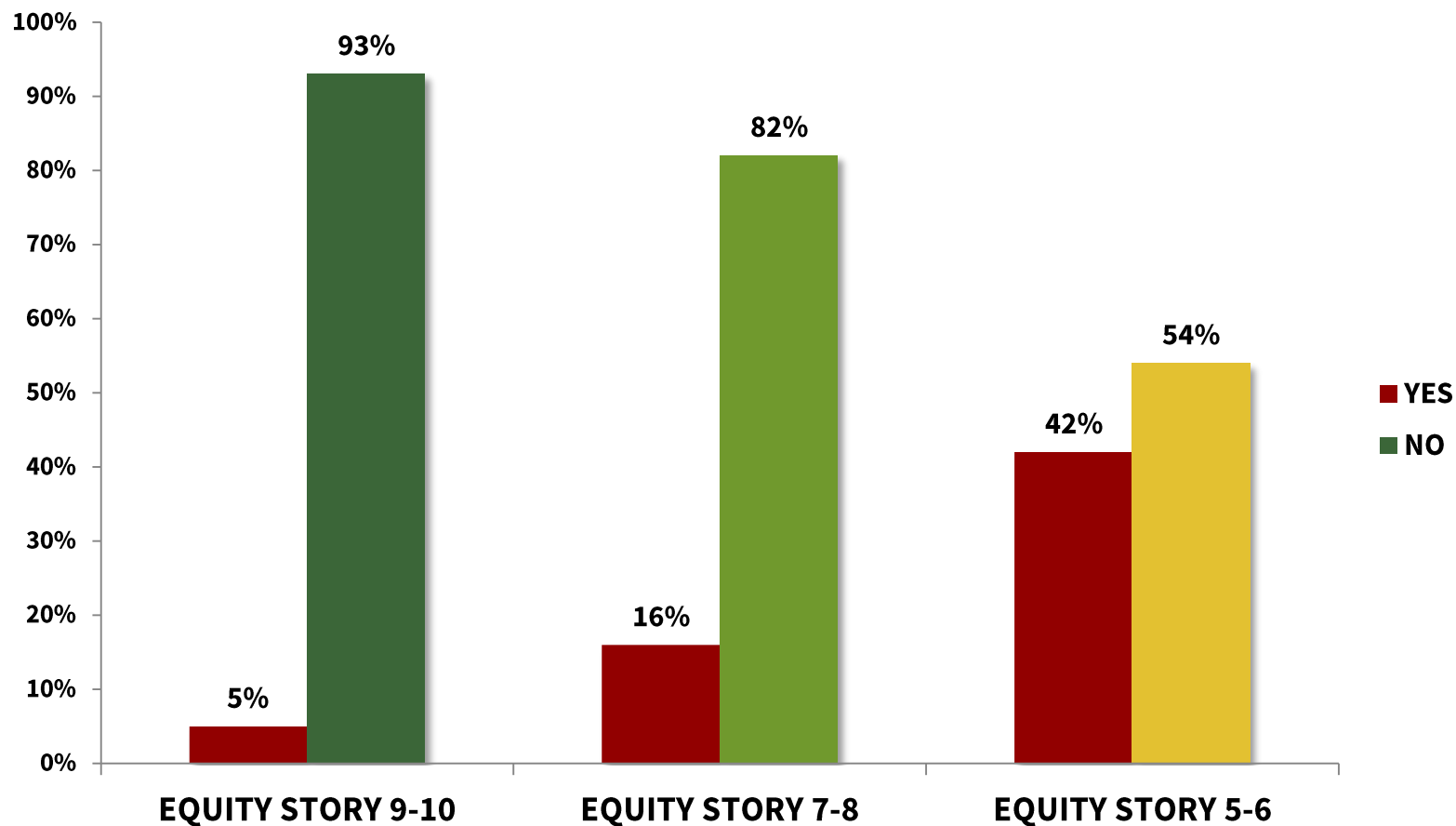
THE EQUITY STORY – AN IMPORTANT MULTI-TOOL

IR Nordic
Markets
focus area
2015



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STRONG CORRELATION BETWEEN INFORMATION DISCOUNT AND EQUITY STORY

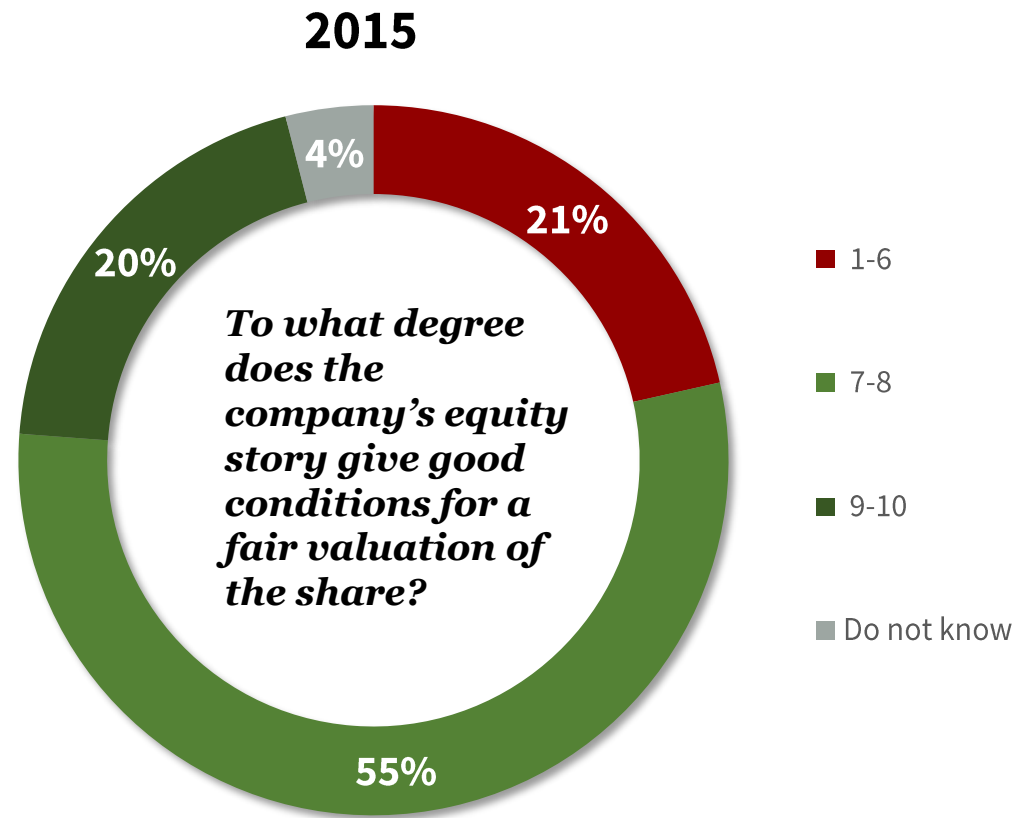


*All Nordic Markets

IR Nordic
Markets
focus area
2015

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THE EQUITY STORY IS CRUCIAL FOR A FAIR VALUATION OF THE SHARE



*All Nordic Markets



THE WELL COMMUNICATED EQUITY STORY

Story

Strategy

Positioning

Value drivers

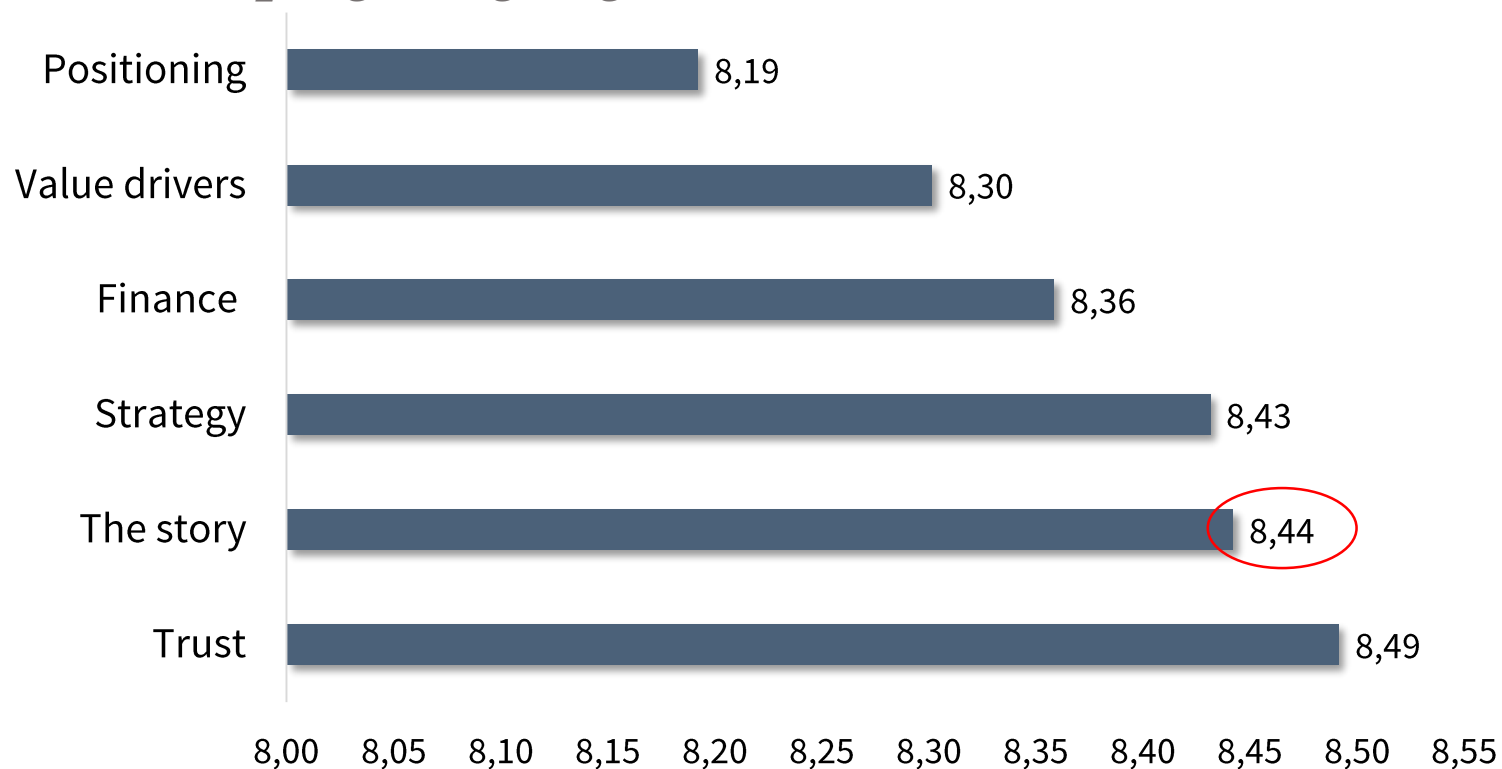
Finance

Trust



THE MISSION OF THE EQUITY STORY IS TO BUILD TRUST AND UNDERSTANDING

How important are the different parts of the Equity story to you?



*All Nordic Markets

THE STORY - COMMENTS



“The story is not too easy to understand, you have to listen to it carefully. Others see this as difficult, but they don’t simplify the story.”

“Missing “Growth” in the equity story.”

“The story is actually quite clear: They have said what they want to achieve and how, but the problem is not delivering that promise.”

“Needs to simplify. Too much “management consultant slides”. Needs to be “dumbed down”. Must look simpler. If you say something will be changed, give numbers, hard facts.”

“Their equity story is very clear but I feel like the market doesn’t feel the same. They focus too much on the short term and should tell their long term goals better.”

“Uncertainty around how the company develops.”

“They are restructuring and improving on increasing profitability, what I want to know is, where are they going and where will they be in 5 or 10 years.”

MARKET & POSITIONING - COMMENTS



“Market as a whole. They are explaining the pricing of contracts on volume growth but not very much on price growth or price pressure within contracts. Their whole sector need to address this more.”

“Be more coordinated with how the market is in relation to market outlook for their business.”

“Their strategic position is not optimal for current market position.”

“The wider market are less aware how well the product they are delivering is regarded by its customers.”

“Good to have comments about competition in their presentations.”

“Lack of communication about products.”

TOP EQUITY STORY TELLERS:

Finland Large cap

Citycon

Huhtamäki

Amer Sports

Sampo

Finland Mid cap

Lassila & Tikanoja

Oriola-KD

Cramo

Stockmann

Norway Large cap

Tomra Systems

Kongsberg Gruppen

Yara International

Norway Mid cap

Høegh LNG

Sweden Large cap

Betsson

Nobia

HEXPOL

BillerudKorsnäs

Sweden Mid cap

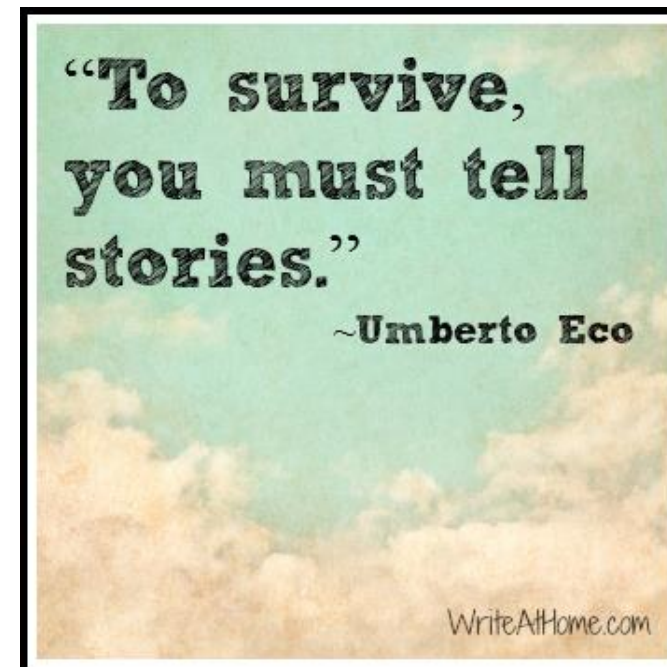
Haldex

Denmark Large cap

Genmab

DSV

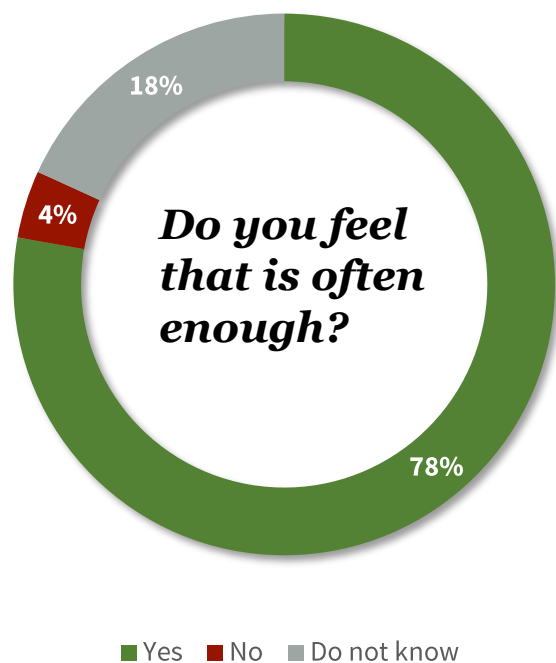
Pandora



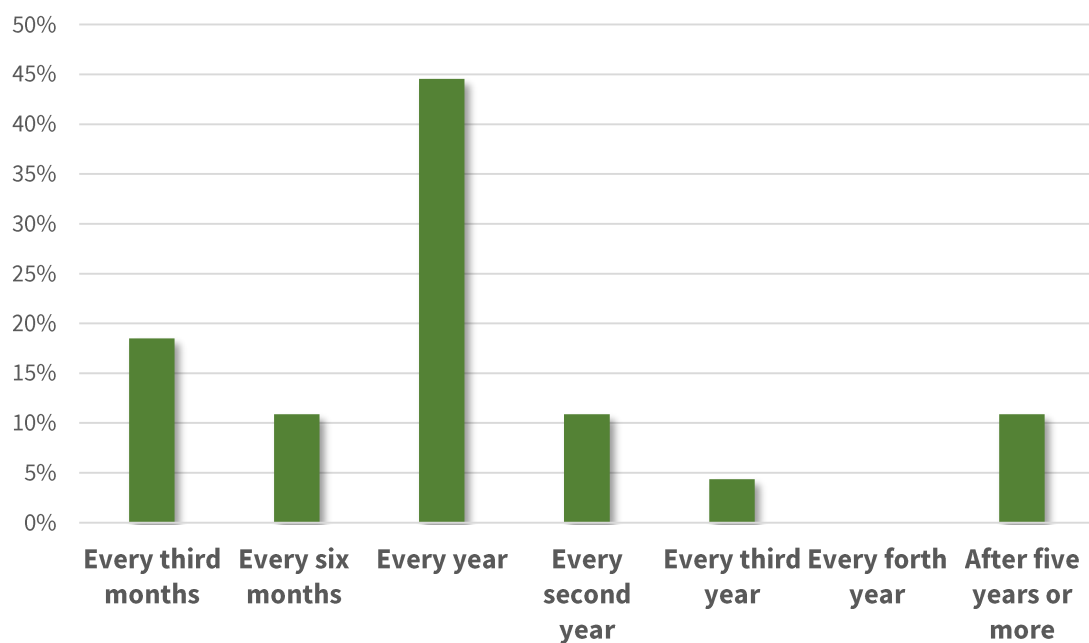
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IS THE EQUITY STORY UP TO DATE?



How often do you rework/update your equity story?



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