Results Meetings Recommendations

With 100 years+ experience of results meetings – we've seen it all. We share the best and worst practice points below.

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The challenge is getting the best out of your audience versus time and money invested in preparing the results meeting.

You are aiming to keep all of your audience engaged whilst keeping the meeting time efficient for you and your audience.

Please find below our key best practice recommendations:

Ideal/best practice - results meeting campaign structure - In an ideal set up results meetings should be broken into 3 or even 4 audience categories (and so meetings). These audiences are **analysts**; **institutional/professional investors**; **retail** investors; the **media**.

However, for many smaller companies the above is not practical - You may not have a large enough audience at this time to warrant creating and caring for 4 audiences. There are nevertheless, two golden rules for any size of company.

Retail Investors - retail investors should not be mixed with professional investors and analysts – their needs are very different.

The media – The media should **NEVER** be mixed with any investors or analysts' meetings; this would be considered a serious breach of etiquette and professionalism by all types of investors and analysts. If the media is mixed with capital markets professionals the capital markets audience will quickly stop attending.

There may also be serious **regulatory implications** in many jurisdictions if the media are involved in analyst/investor meetings.

1. **Never broadcast the set up** - You audience should never hear the set-up conversation and testing conversation before going live for the results meeting – this must be avoided.

2. **Never be caught talking in the background** – Your audience should never hear laughter or personal views or comments coming from the hosts 'behind the scenes' during the question session. Though generally unintentional, it unfortunately creates an impression that you are mocking the questioners – this must also be avoided at all costs with any audience.

(On the other hand, being able to make a joke or take a joke with the audience, though risky, appears self-deprecating, which is generally considered a positive quality).

3. **Dry runs** – do them. If you are not doing a dry run before the meeting and preparing for the more obvious questions that you would expect from a set of analysts and portfolio managers, we strongly recommend you do this – Dry runs can help in many ways, including testing logistics and AV kit and making sure there is time to talk through key slides so that these are not missed or given less attention than they deserve.

4. **One language** – The meetings must be consistently in one language – choose one and adhere to it. The obvious choice is English for business and capital markets reach, but the principle is about consistency.

5. **Dealing with those that ignore the one language rule** – If someone asks a question outside the stated language, in no case should this be rewarded by an answer in the language of the question – instead re-phrase the question in the language of the results meeting and answer it in the language of the results meeting – the Chair plays a critical role here by making sure that this rule is strictly adhered too.

One to one solution – If a participant really needs to ask questions and receive answers in a language different to that of the results meeting and that individual is significant enough to the company, a one-to-one briefing should be offered/organised – most analysts and fund managers should be de-facto considered important enough to the company to offer a one to one once or perhaps twice a year, if or as needed.

6. **Two concise questions only** – Guide analysts and investors at the beginning of every meeting and again before the start of the Q&A session that they are requested to pose just two questions in the language of the meeting and tell them what that language is again and again to effect change.

The long question masquerading as one question - If you get a long question that is really several questions, do not be afraid to say that, rephrase the first two parts of the question concisely. If you get a long rambling question from an audience member – rephrase it concisely for the rest of the audience and for the CXO team.

Do not allow analysts or investors to ask more than two questions at any one time. If they ask more, pick the two you want to answer or just answer the first two – they will soon learn.

Key role of the chair - The chair plays a key role in analyst and investor meetings by gently teasing and cajoling the participants if they 'break the rules' – it is critical that all participants are treated equally with respect to number of questions permitted. Do not humiliate anyone who breaks the rules, complement them for their interest and endeavours to get more out of the meeting, but equally tell them you will only be taking two of the questions – always use their first names when dealing with this.

The chair should also be perceived to be marginally on the side of the audience.

Initial perceived down sides - At the beginning of your changes to your results meetings you may find that this reduces the number of questions you get and shortens the meeting.

You can always allow an analyst or portfolio manager a further two questions later on if they have a burning desire or ask good concise questions, but really it is better to end the meeting early for all involved.

Results meetings take up a vast amount of time during the reporting season for your professional audience, cut the meetings shorter rather than extend them. In most cases they will 'thank you'.

7. **Introducing themselves** – Audience members asking questions should be invited to give their name, the firm/'interest' and create accountability before asking their question(s)- Ask participants asking questions to say which firm they are from or if they are private/retail investor to say so. Many analysts and some portfolio managers see the meetings as a marketing opportunity alongside their other professional activities at the meeting. They have put time aside for you and all analysts and investors have a lot of other demands on and opportunities to spend their time on other companies. You need them, they can be a challenge to deal with, but always provide the 'small things' for them.

i) Providing marketing opportunities for your professional audience encourages participation.

ii) Those audience members who have had or have chosen to identify themselves before asking questions tend to be more considered about what they ask and how they ask it – usually this means the questions are clearer and more concise.

8. **Record your results meetings / earnings calls** – a way to maximise investment in results meetings and build trust with the capital markets. Make recordings available of your earnings calls / results meetings. It is standard practice for good IR. Provide a video (if slides) or sound recording that is downloadable or at least rewatchable. This file should be placed beside the relevant report and accounts file.

9. **Editing recordings** – Don't do it. Companies we have known have sometimes edited out questions they do not like, this is very poor practice as a principle, but occasionally it is possibly justifiable (always context dependent).

10. **Permanent or temporary** - Some companies put the recordings up for a time limited period - that is a tactical rather than strategic decision.

Take Home Messages:

Our recommendations above form the basics of running a successful results meeting and they help build an audience over time. The 5 points below are the pillars to the platform that is a successful results meetings. These 5 take home messages will improve the probability of a positive ROI from your results meetings.

1. **Never underestimate how important results meetings are** to the capital markets community – they must add value to all participating members of this audience and they must be run in an effective manner.

2. **Be prepared - The IR handbook** - In the end you want to be in position where you can both predict and entice the questions you expect or want to answer. This does not mean that answers should come across as if they are from a set piece response or over-rehearsed.

The creation and construction of the IR handbook is often incremental and if this is not an item you already have, it must be planned.

3. **Difficult questions are an opportunity to build investor trust and confidence** - If you are seen to be tested and you take it in your stride, you build market trust.

The 'difficult question' benefit – The answers to difficult questions are unlikely to be captured by your internal IR handbook, unless they are 'difficult questions' you have already identified and really do not want to have to address in public (or at all). The difficult question is an opportunity to **show 'authenticity'**. The younger your professional audience is the more important 'authenticity' is to them in their assessment of you as a management team– you do not want every answer to seem prepared.

If you get questions outside the expected or prepared range, they should be treated with respect, no matter how difficult or testing the questions appear to be. It is the job of analysts and portfolio managers to test you and keep the CXOs feeling on their toes. If the professional community achieves this balance between cooperation and inspection, these participants are doing their jobs and you are **building credibility and trust**.

4. **The Finance Department must commit** - An effective IR handbook can only be achieved with full commitment, support and understanding of the importance of this book and of the capital markets audiences, from and by the finance team – in most firms newly intent on achieving fair market value, this often requires some internal culture change/education, this is to be expected.

5. **Add value to the audience and respect their time and energy limitations** - The take home is that to create effective results meetings they should be felt to be **i) adding value** (value delivered by you and value audience participants can create for themselves through attendance), **ii) fair**, **iii) reasonably open**, and **iv) considerate to everyone's time and energy** - participants and CXOs.

The baseline - The results meetings are a key element of what you do for markets and you can get considerably more sophisticated than the recommendations above. The recommendations above should form your baseline.