

# Investor Relations

## Structuring & Resourcing



# IR at Mid-cap Canadian Public Companies\*

- 58% of Canadian mid-cap companies have more than one full-time employee dedicated to IR
- 90% of Canadian large-cap companies have more than one full-time employee dedicated to IR
- The average IR budget in 2014 for companies with a market cap of > \$1 billion was \$1.2 million
- The average total cash compensation for a VP level IRO in 2013 was \$295K
- The IR function reports directly to the CEO or CFO for 64% of mid-cap companies

\* Source: CIRI Investor Relations Compensation and Responsibility Survey 2014

# What is Investor Relations?

Investor Relations is the communications function through which management interacts with the Company's shareholders. This dialogue flows directly – by publishing corporate filings, arranging non-deal-roadshows and one-on-one meetings, scheduling investor conferences and responding to investor inquiries; and indirectly – through the ongoing support that the Company provides to the sell-side analysts who publish independent research on the Company. The IR function also provides strategic intelligence to senior management concerning the Company's publicly-traded peer group, significant changes in ownership positions, daily trading activity and insight into general “street” sentiment toward the stock. IR has regular interactions with the Company's securities regulators, investment bankers, auditors and trading exchanges creating interdependencies with Legal, Financial Reporting and Treasury as well as the Board of Directors.

The primary IR activities fall into four functional areas:

1. Content Development & Production
2. Event Planning & Logistics
3. Relationship Development & Management
4. Analysis & Strategic Counsel

# Investor Relations – Content Development & Production

Publicly traded companies are governed by strict rules concerning the dissemination of material information that is likely to have an impact on the trading price of the company's shares. Compliance with these rules is necessary, but is not sufficient to ensure that investors comprehend the broad strategic meaning behind this information. Content Development & Production includes the following IR activities that result in the delivery of information to the Company's shareholders and intermediaries (analysts, brokers, media outlets):

- News release writing & dissemination
- Investor presentation development, maintenance & production
- Digital content writing & production
- Investor website maintenance
- Social media content writing & distribution

# Investor Relations – Event Planning & Logistics

Through shareholder meetings, conference calls, roadshows, site visits and investor days, the Company has a broad number of statutory and discretionary opportunities to engage shareholders and intermediaries. All of these meetings consume valuable senior management time and access needs to be allocated to priority investors. At the same time the Company needs to ensure that it does not violate the rules concerning selective disclosure. Effective investor events require the careful selection of meeting participants, sponsoring brokers and the preparation of specific investor-focused content. Post meeting follow-up is also critical to complete any outstanding requests for information and to ensure that there is a record of any highlights from the meeting that will be helpful in preparing for subsequent meetings with the same investor.

- Quarterly conference calls
- Annual & special shareholder meetings
- One-on-one investor meetings
- Broker-sponsored investor conferences
- Non-deal roadshows
- Analyst days
- Site visits

# Investor Relations – Relationship Development & Management

Shareholder relationship development and management allows the Company to maintain a regular dialogue with its shareholders outside of planned meetings and events. This activity includes engaging new institutional shareholders with foundation briefings that allow them to gain a clear understanding of the Company's business fundamentals and strategy through to responding to inbound inquiries from retail shareholders, brokers, sell-side analysts, buy-side analysts and portfolio managers.

- Sell-side analyst inquiries
- Institutional shareholder inquiries
- Retail shareholder inquiries
- Proactive outreach
- Investor targeting
- Contact list management

# Investor Relations – Analysis & Strategic Counsel

Investor Relations, by virtue of the regular contact that it has with shareholders, brokers, analysts and portfolio managers, is in a unique position to gather, analyse and report on information concerning the composition of and changes to the Company's shareholder base. Similarly, the public markets also provide line-of-sight to information on the Company's publicly-traded competitors, partners, suppliers and customers. This information is critical to managing the Company's strategic interaction with the capital markets. Activities in this area include:

- Analyst identification and outreach
- Consensus estimate review
- Corporate development transaction communications
- Shareholder surveillance
- Share ownership research
- Trading oversight
- Comparable valuation analysis
- Equity syndicate composition

# Investor Relations – Resource Allocation

The allocation of IR time and resources between these four functional areas will depend on many factors starting with the expectations and demands of senior management. The number of analysts covering a stock, the turnover of the investor base, the density of institutional versus retail shareholders, and the velocity of corporate development will all have an impact on where the IR resource is best allocated. The following is typical allocation of IR resource for a mid-cap TSX listed company:

	<u>Estimated Allocation</u>
Content Development & Production	25%
Event Planning & Logistics	20%
Relationship Development & Management	40%
Analysis & Strategic Counsel	15%

# Investor Relations – Outsourced Services

External services are typically engaged by Investor Relations to fulfil a wide range of both ongoing and one-time requirements including:

- News release dissemination
  - SEDAR filings
  - Translation
  - Conference calls
  - Transcripts
  - Trading data
  - Ownership data
  - Comparable analysis
  - Consensus analysis
  - Targeting analysis
  - Research
  - Perception studies
  - Proxy solicitation
- 
- ~\$100K per year



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