

IIIPREO

GLOBAL CORPORATE ACCESS STUDY

DETAILED INTELLIGENCE ON THE VALUE OF VARIOUS CORPORATE ACCESS SERVICES
IN THE FAST-EVOLVING WORLD OF INVESTOR RELATIONS

SPECIAL REPORT MAY 2011



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Ipreo is pleased to present the updated and enhanced 2011 Corporate Access Survey. The purpose of the survey is to offer detailed intelligence on the value of various corporate access services in the fast-evolving world of investor relations, in addition to providing benchmarks for corporate access activity.

Survey Scope

Following our initial 2010 survey, Ipreo has expanded polling significantly. The current survey canvassed IROs at over **400 companies** with respondents hailing from **33 countries** and representing over **\$4.5T** in combined market value. Participants were diversified by sector and size, providing actionable benchmarking intelligence for the full spectrum of issuers and access providers.

Survey Respondents by Size & Geography				
Mkt Cap Group	Mkt Cap Range	All	U.S.	Non-U.S.
Large-Cap	>\$8 Billion	28%	25%	32%
Mid-Cap	\$2 - \$8 Billion	35%	31%	43%
Small-Cap	<\$2 Billion	37%	44%	24%
All Caps	All	100%	64%	36%

Content

For comparison purposes, we asked each IRO the same set of core questions used in 2010. These questions are meant to identify:

- z The number and types of investor meetings each company typically conducts
- z The types of partners companies use to conduct investor outreach
- z The number of distinct brokers/corporate access teams each company uses
- z The value each company assigns to each characteristic of a broker when selecting partners for investor outreach (e.g. quality of meetings, quality of logistics, meeting feedback)

Expanding upon the existing core question set, Ipreo's 2011 survey also includes:

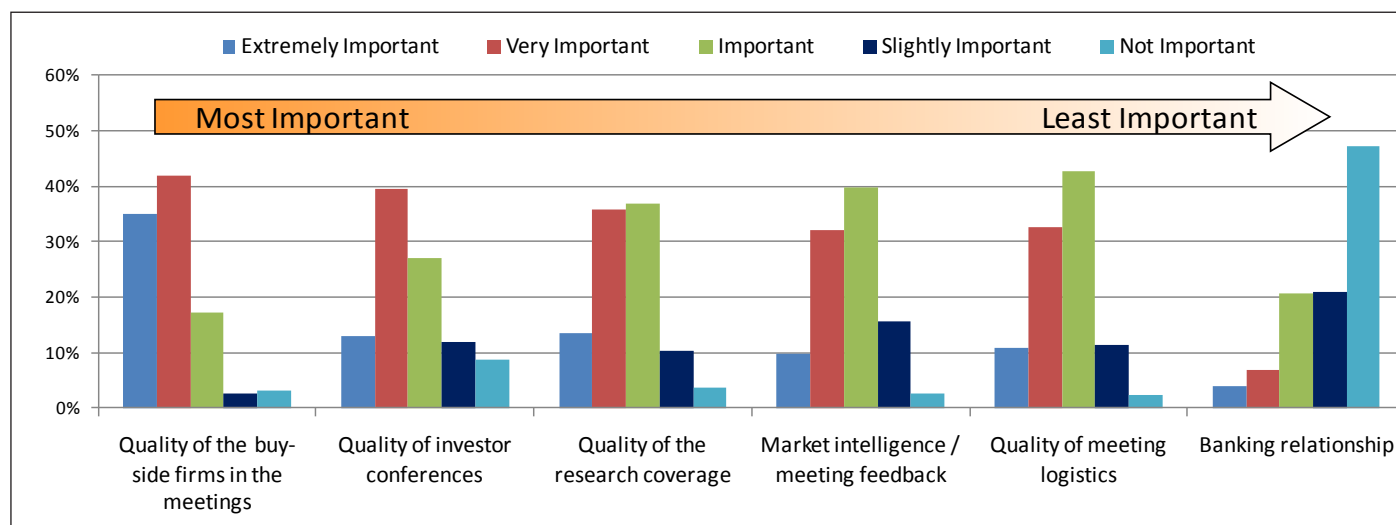
- z Detailed comparison of responses between U.S. and non-U.S. issuers
- z Trend analysis across companies based on market capitalization (e.g. large cap firms hold more investor meetings per year, highly value the quality of meeting logistics)
- z Identification and exploration of outliers in responses by company size, region, and sector (e.g. mid cap non-US firms give higher priority to meeting feedback than their US counterparts)
- z 2010 vs. 2011 results comparison section

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Ipreo posed a variety of questions to our sample group in this survey. In the following pages, we review the responses to the most pertinent questions and discuss the most relevant findings.

Question - How important are the following factors in determining which sell-side firm you select to organize your investor meetings?

Respondents were asked to rate the importance of six categories listed below. Overwhelmingly, companies tend to select corporate access partners based on the **quality of buy-side firms** scheduled for meetings. The results showed that contextual factors such as **banking relationship** and the quality of the meeting **logistics** were less important to respondents.



While this view allows us to see which factors are most important overall, certain groups of respondents varied in their preferences. For example:

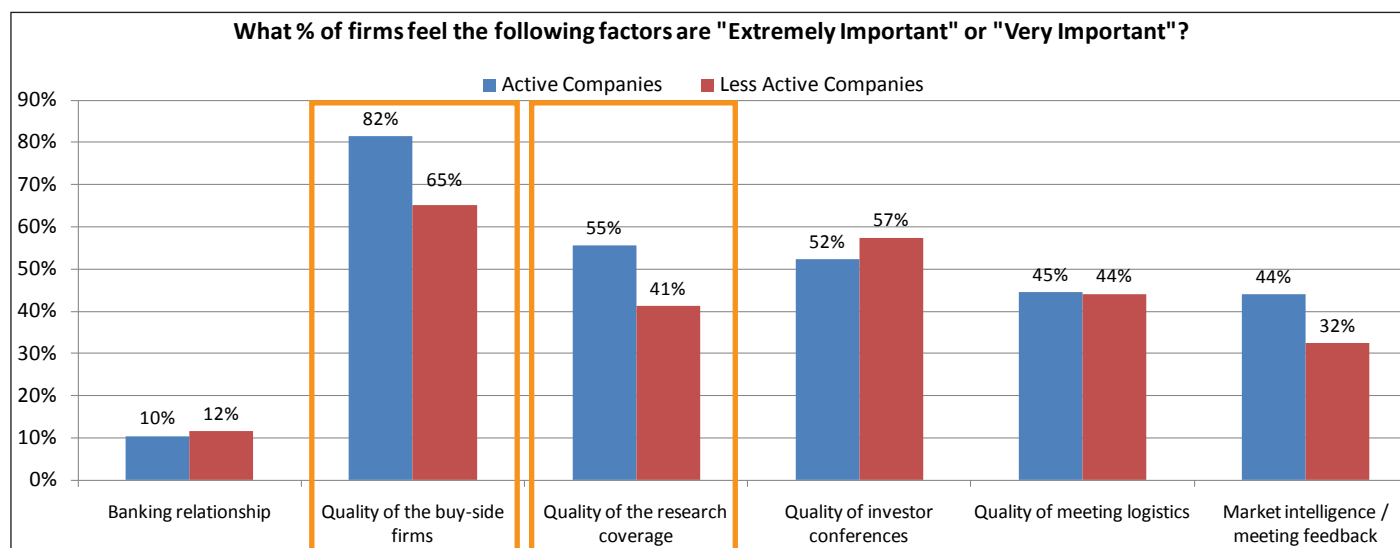
- z **Large caps** place more weight on the quality of meeting logistics and quality of market intelligence than other cap groups, while quality of the research coverage is considered less important.
- z **Mid caps** are more likely to use brokers that provide high-quality investor conferences and research coverage than large caps.
- z While **small caps** also place the most importance on the quality of buy-side firms, they tend to place a higher value on investor conferences and a banking relationship compared to larger firms. On the other hand, small caps place less emphasis on the importance of market intelligence/meeting feedback.

Cap Groups: Small: <\$2B; Mid: \$2B - \$8B; Large: >\$8B

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Question - How important are the following factors in determining which sell-side firm you select to organize your investor meetings?

Looking at the same question, Ipreo found some notable differences between the responses of companies based on how many 1-on-1 meetings they did per year. The below chart compares the responses between “active” and “less active” companies.



“Active Companies” refers to companies that conduct greater than 100 1-on-1 investor meetings per year

“Less Active Companies” conduct fewer than 25 per year

The results show that less active companies place a lower value on **the quality of the buy-side firms** in meetings. This is not surprising given that many of the less active firms are smaller companies that have more difficulty getting in front of investors, and as such these firms tend to be less discerning about the quality of the investors when compared to more active firms.

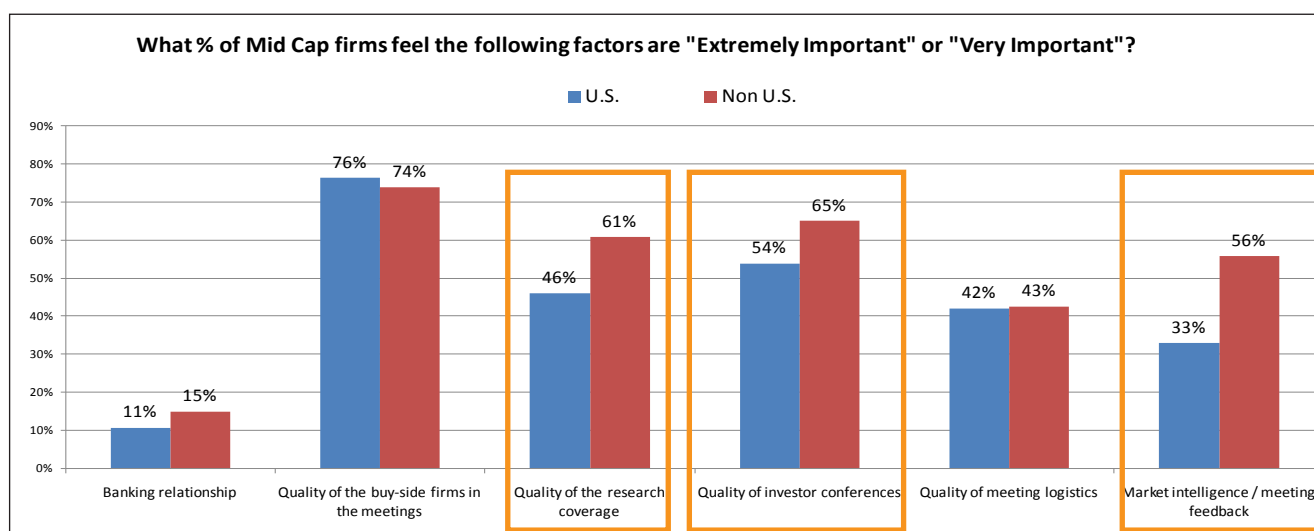
We also found that active companies view **quality research coverage** to be more important than their less active counterparts. Made up mostly of mid- and large-cap firms, the active companies tend to have more analyst coverage in general, helping to explain these results. With an average of 17 broker recommendations per company, these companies are seeking corporate access firms who can provide thorough research that resonates with the challenges corporates face in the market. Less-active firms, on the other hand, have an average of 12 recommendations per company.

Aside from a slight preference for **market intelligence/meeting feedback** by active firms, the remaining differences were not meaningful.

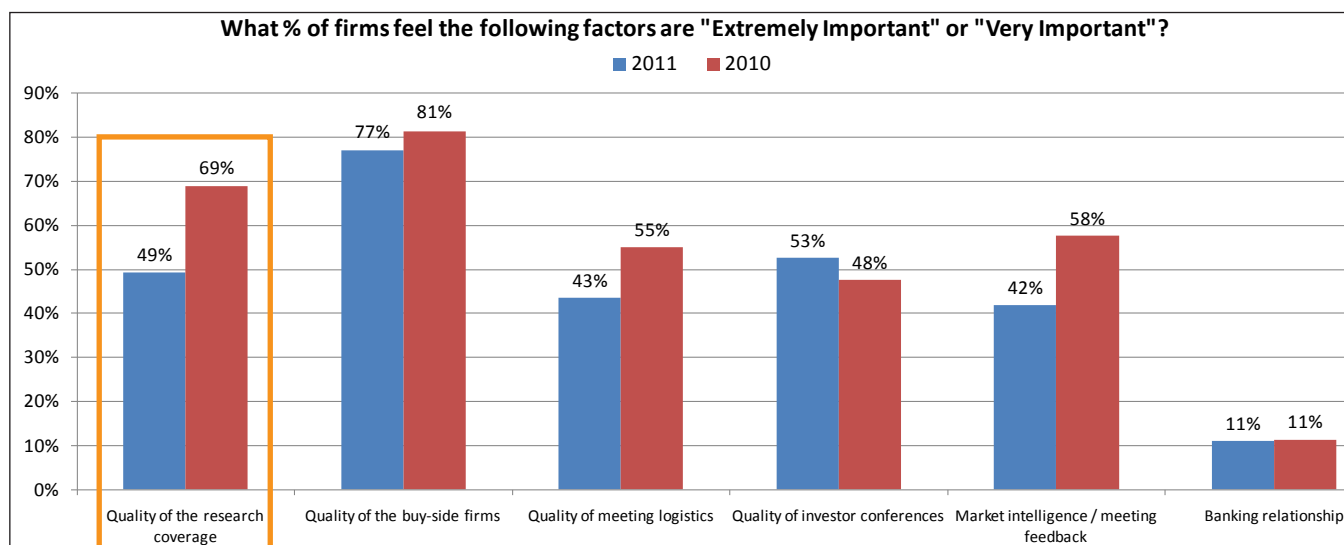
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Question - How important are the following factors in determining which sell-side firm you select to organize your investor meetings?

When we compared the preferences of U.S. and non-U.S. firms, some of the largest differences could be seen in mid cap firms. The chart below specifically compares the responses between U.S. and non-U.S. **mid-cap firms** (market cap between \$2B and \$8B). We can see that non-U.S. mid cap firms place much more importance on the quality of research coverage, investor conferences, and market intelligence/meeting feedback versus their U.S. counterparts.



Finally, we compared the responses to this question with the results from our 2010 survey and found that firms are placing *less importance* on the **quality of the research coverage** this year (see chart below). This decline was largely driven by **Consumer** companies and **Financials**, while **Utilities** and **Basic Materials** firms placed *more importance* on the quality of research coverage this year.

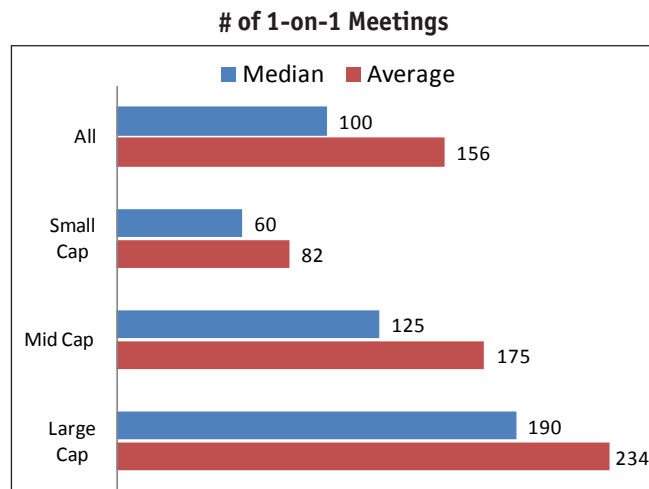


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Question - How many 1-on-1's do you hold each year?

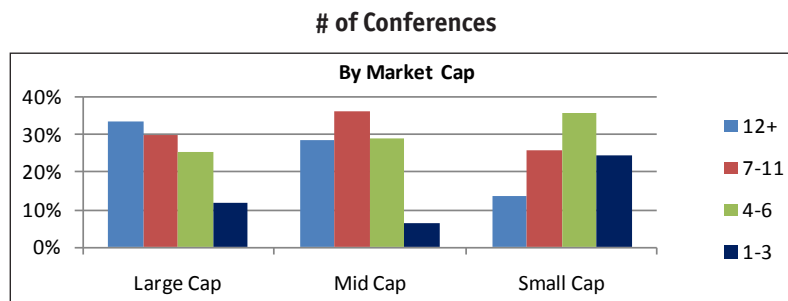
As the global equity markets continued to move higher, the rate that companies utilize 1-on-1 investor meetings to promote their company moved in tandem. This year, **large cap companies** tend to be the most active with the median figure approaching **200 meetings per year**.

Mid cap companies, defined as firms with a market cap range between \$2B and \$8B, held 125 meetings per year according to the median figure from the results, with **small caps** coming in at 60 meetings in the past 12 months.

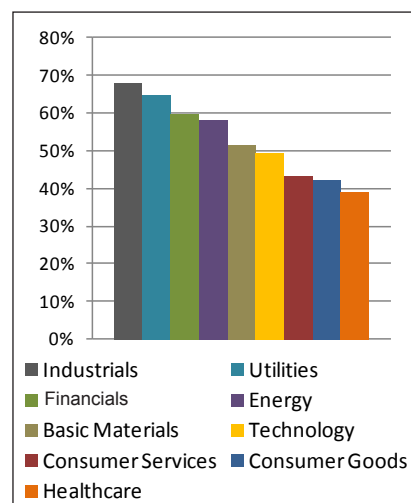


Question - How many investor conferences do you attend each year?

Though it depends widely on the sector in question, the results show that nearly a third of **large caps** attend greater than 12 conferences per year, while about 35% of **mid caps** fall in the "7-11" range. Unsurprisingly, **small caps** attend the fewest conferences with nearly a quarter only attending 1-3 per year.



What % of firms in each sector feel that investor conferences are "Extremely Important" or "Very Important"?



Sector variances are not surprising given that certain sectors simply have more conferences devoted to their industry. Anecdotally we know that Tech, Energy, and Healthcare firms attend many conferences per year for this reason.

However, as seen in the chart to the left, **Healthcare** companies were the least likely to assign a high value to these conferences. In such a specialized industry full of niche market players, conferences may not be seen as an ideal venue for connecting with investors that are not already very familiar with the company's story.

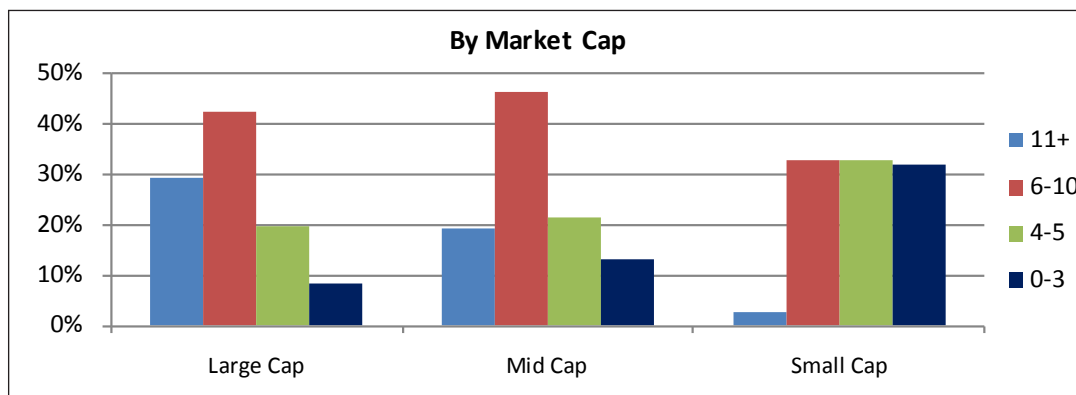
Meanwhile, over 65% of **Industrials** and **Utilities** firms found these conferences to be highly valuable in their investor relations efforts.

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Question - In the last 12 months, how many sell-side banks have you used for corporate access services?

Ipreo asked the survey participants to list how many sell-side banks they used for all corporate access services, ranging from “0-3” at the low end, and up to “11+” banks. At 40% of the results, a plurality of the respondents indicated that they use “6-10” banks for these services, although the responses varied by issuer size.

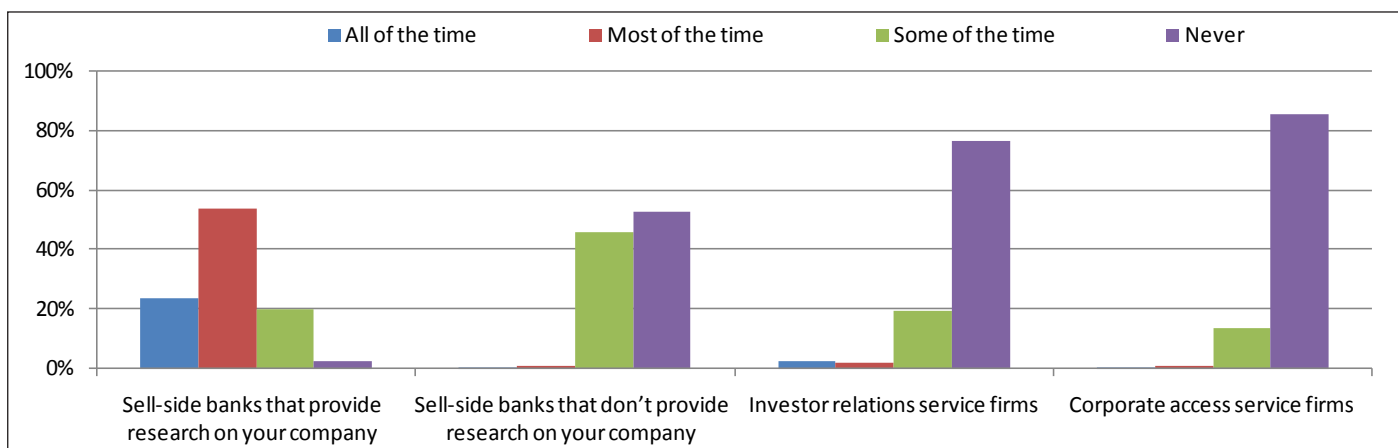
Large and **mid caps** use more banks in this process, unsurprisingly, while small caps are equally split among all but the 11+ category. In fact, only 3% of **small caps** indicated they use more than 10 separate brokers, while 30% and 20% of large and mid caps, respectively, indicated they use 11+ distinct firms.



Question - How often do you use any of the following to organize investor meetings?

Overall, a vast majority of respondents utilize brokers that are providing research on their company to organize investor meetings. In fact, 77% indicated that they use these brokers either **all of the time** or **most of the time**.

However, a lack of research coverage does not fully eliminate a broker from consideration, despite over 50% of respondents indicating they *never* use brokers that **do not provide coverage**. Nearly 45% of respondents said they will use brokers without coverage **some of the time**. Nevertheless, it is clear that research coverage significantly influences a company’s decision on which broker it will use to organize investor meetings.





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About Ipreo

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