

IR4U: Applications of Investor Relations

Introduction

Applications of Investor Relations workbook helps you to implement your Company's Investor Relations (IR) strategy in simple, practical steps. If you already have an IR strategy in place, this is a good opportunity for you to review it with fresh eyes.

Why IR, and why you need IR?

- i. Communicating with stakeholders in an efficient manner
- ii. Helping analysts and the media to understand your story
- iii. Attract new investors and retain shareholders
- iv. Disclosure is part of the Listing Requirements, guided by the Malaysian Code of Corporate Governance

It's all about telling people what they need to know about your Company.

'No comment' is NOT an acceptable response.

When leaks, rumours and reports occur, act decisively by providing accurate information about your Company. Similarly, any inaccuracy in analysts' reports, press articles and other communication should be rectified immediately. When in doubt, consult the Exchange immediately.

For more information, refer to chapter 10: Disclosure and Managing Material Information

Before You Start:

A public listed company (PLC) is legally obliged to give timely and accurate information on matters that will affect its share price, trading activity in its shares as well as issues that may affect an investor's decision to buy or sell shares in the company.

Some of the issues that need disclosure are as follows:

- A change in shareholders which might affect control of the company;
- A new issue of securities by the company, or a change in the terms of existing securities;
- Information concerning dividends;
- A reorganisation or reconstruction of the company;
- Material litigation and court decisions;
- Mergers, acquisitions and other major corporate developments;
- Significant company borrowings and ratings of those borrowings;
- An event of default in respect of a material financial obligation of the company;
- The acquisition or loss of any material contract;
- Material new products;
- Material changes in the company's business, strategy and investment plans;
- Reports of interim financial results, and the company's annual audited accounts; and
- Other events that may be expected to have a material effect on the company's operations, financial condition or future prospects

The IR policy of a PLC should adhere to the corporate disclosure policy as outlined in the Listing Requirements of Main, ACE and LEAP Market, respectively.

Is Your Company Worth More?

The fair value of a PLC may not always be reflected in its share price as it is dependent on various factors, among others, market sentiment and outlook, and investor's perception on the PLC's prospects.

A well-informed investor is able to make better judgements and decision about your company.

For more information, refer to chapter 2: Understanding Valuation

A specific IR website is a cost-effective communication tool. If you do not have one, consider setting one up. If you have a corporate website, remember to promote it in your literature and keep it up-to-date!

If you do not have any IR Personnel, make sure you elect someone in your company to act as your spokesperson, and ensure that the individual has all the required up-to-date information. This workbook is a good repository.

Remember that you are writing for:

- Retail Investors
- Institutional Investors
- Analysts
- The Media
- Your Employees
- Your Customers
- The community that your business operates in
- Your stakeholders: creditors, suppliers, etc

For more information, refer to chapter 3: Targeting Investors

Note: You might have to add a Disclaimer to any forward looking statement you disclose / publish

About Your Company

Affix Your
Company
Logo Here

Company address (physical location):

Does your company have a website? (URL address)

Contact person for IR-related queries:

Does your company have a website? (URL address)

Name : _____

Telephone number : _____

Fax : _____

Email : _____

In 50 words, describe your business:

What excites you about your business?

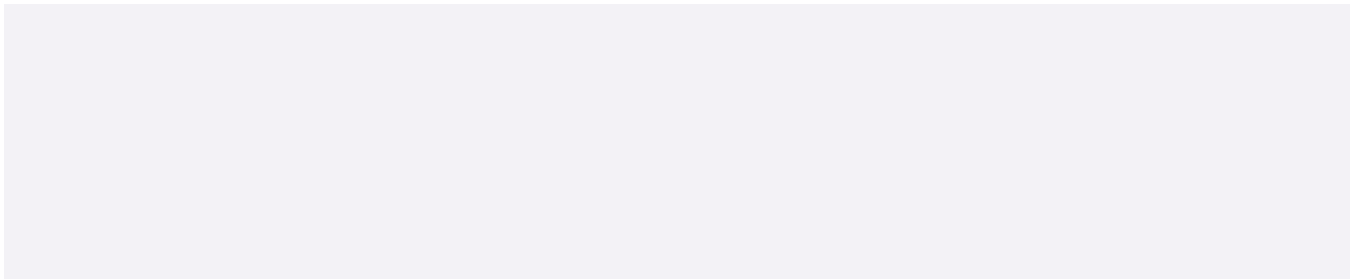
What's coming in the next 12 months?

Value Drivers

Investors need to understand what is creating growth in your Company.

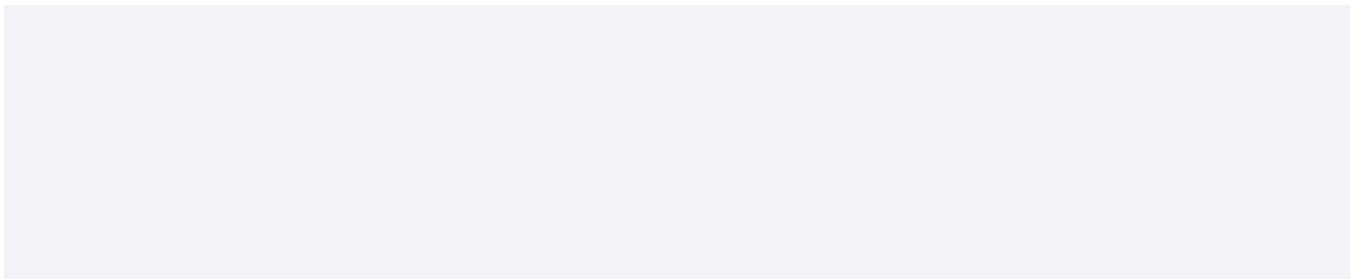
- Descriptions of markets
- Competitive positions
- Drivers for future growth

What is your strategy for future growth?

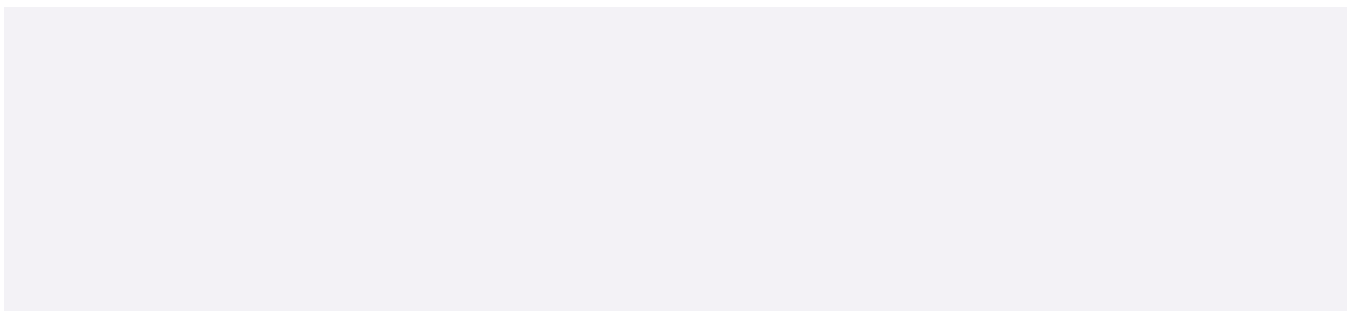


What are the key risks to your strategy?

(Describe principle risks and uncertainties faced by your Company)



What are the main trends and factors likely to affect future development and performance in your Company?



About Your Market

What does your business do?

1. _____
2. _____
3. _____
4. _____
5. _____

What is your revenue contribution from each product line?

1. _____
2. _____
3. _____
4. _____
5. _____

What market is your business in?

(eg. retail, manufacturing, services, etc)

Who are your customers?

Who is the market leader, and where are you positioned relative to the market leader?

A large, empty rectangular box with a light gray background, intended for the user to provide an answer to the question above.

Who are your main competitors?

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What is your market share?

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What is your unique value proposition?

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Shareholders Are Not Data Miners; Do Not Bury Key Financial Data Under A Lot Of Figures!

Make important financial data easy to find in all materials – your website, presentations or annual reports.

If your Company has a corporate website, consider providing up-to date share price and other relevant information such as results announcement dates and key financial data.

Important dates: Diarise and advertise this

Quarter 1 : _____ Quarter 3 : _____

Quarter 2 : _____ Quarter 4 : _____

Annual General Meeting : _____

Reminder: Every PLC must announce results no later than 2 months from the end of the accounting period being reported. **quarterly results for Main and ACE Market, semi-annual results for LEAP Market*

For more information, refer to chapter 7 : Planning the IR Programme

About Your Accounts

From your Company's last audited accounts, provide the following (including previous years data for comparison):

Return on Capital Employed (ROCE) : _____ Cash Flow Per Share : _____

Return on Equity (ROE) : _____ Earnings Per Share (EPS) : _____

Total Shareholders' Return : _____ Price/Earnings (PE) : _____

Price / Earnings-to-growth (PEG) : _____ Debt / Equity : _____

Current Ratio : _____ Dividend Yield : _____

Capital changes (if any) with dates and details:

Qualitative Reporting Often Gives Investors More Insight to Your Company Than Figures

Remember, good communication need not be expensive – what you must provide is QUALITY INFORMATION

Remember to support each statement with actual figures and % movement from last year/quarter
You may wish to include your auditor's statement:

Note: Any information provided here that is not included in the Annual Report should be clearly stated.

Financial Highlights & Summary

To excite, or simply to communicate honestly! Examples of financial highlights & summary:

Profitable growth across all businesses

Strong operating performances

Strong cash flows and capital growth from retained earnings

Decline in retail business in the first quarter

What's your story?

The objective: fair and accurate representation of the Company

Understand the Liquidity Story of Your Company for Investor Targeting

Identify Fund Style

What is the relative weight of institutional investors and retail investors in your register?

For all institutional investors, identify and list down their respective fund style.

Fund Name	Style <small>(Growth, value, pension, index, hedge etc)</small>	Shareholding value	% Shareholding

Based on the list, identify the following:

Top buyers and their holdings movement:

Top sellers and their holdings movement:

Top holders and their holdings:

Inactive portion of share i.e. substantial shareholders with no change in holdings for the past 3-4 quarters, excluding promoters of the company

Estimate free float of your company: Based on the total shareholding minus the inactive portion of share and promoter's shares, what is the remaining portion of share that is available for trade?

**This free float estimation serves as a general guide and may not accurately represent the actual free float of your company share as calculated by index providers.*

Comparative Analysis

Who are your closest peers in the public market? What are their free float, valuation, analyst coverage and ratings? Are they included in any key indices?

Setting the Goal

Now that you have a clear picture of your company's position versus your peers, it is time to set a goal for your IR programme. The goal can vary from increasing institutional presence in the register, achieving higher valuation, increasing analyst coverage or improving free float for index inclusion. Ultimately, all efforts should translate into achieving the desired shareholding mix.

Next step: Investor Targeting and Prioritisation

1. Tier your shareholders based on:

- Loyal shareholders: Shareholders who have grown with the company and have held for long term (includes early investors)
- Leaving shareholders: Shareholders who have been selling down and paring down their stakes
- Potential shareholders: Targeted shareholders which have yet to own a stake in the company but assume a vital role in achieving your desired shareholding mix
- Trading Shareholders: Shareholders that trades

Note: the list is not exhaustive

2. Prioritise your engagement with investors that are more important in the register. While you should deliver a consistent IR message to all investors, you may reasonably tailor to suit the needs and requirements of the shareholders and investors.

3. Engage with investors: Craft your IR presentation deck and plan for physical visitations for different segments of shareholders. Regular briefings for analysts are encouraged to convey messages to the investment community. Closed door meetings can be arranged for priority shareholders and investors for updates. Active pitching to potential shareholders and active retention meeting for leaving shareholders can be arranged to retain shareholders.

Your Board Is The “Command Centre” Of Your Company; A Company Is Only As Good As Its Board

Ideally, a Board should have the following characteristics:

Separation of the roles of Chairman and Chief Executive

Independent majority

Members who can actively contribute to the company

Members who have enough time to dedicate to the company

The size of a Board depends on the size of the company

Institutional investors, in particular, look closely at Board composition, especially the calibre of Independent, Non-Executive Directors. These people provide the checks and balances. Investors, especially minority shareholders, depend on this group to represent their best interests on the Board.

On a separate sheet of paper, provide a brief biography and a personal statement by every member of your Board.

Note: Asking Directors to write a 500 word statement on their contributions to the company on an annual basis is a good way of focusing their minds and can form part of the Board Evaluation process.

Executive board:

- 1. _____
(Chief Executive)
- 2. _____
- 3. _____
- 4. _____
- 5. _____

Non-executive board:

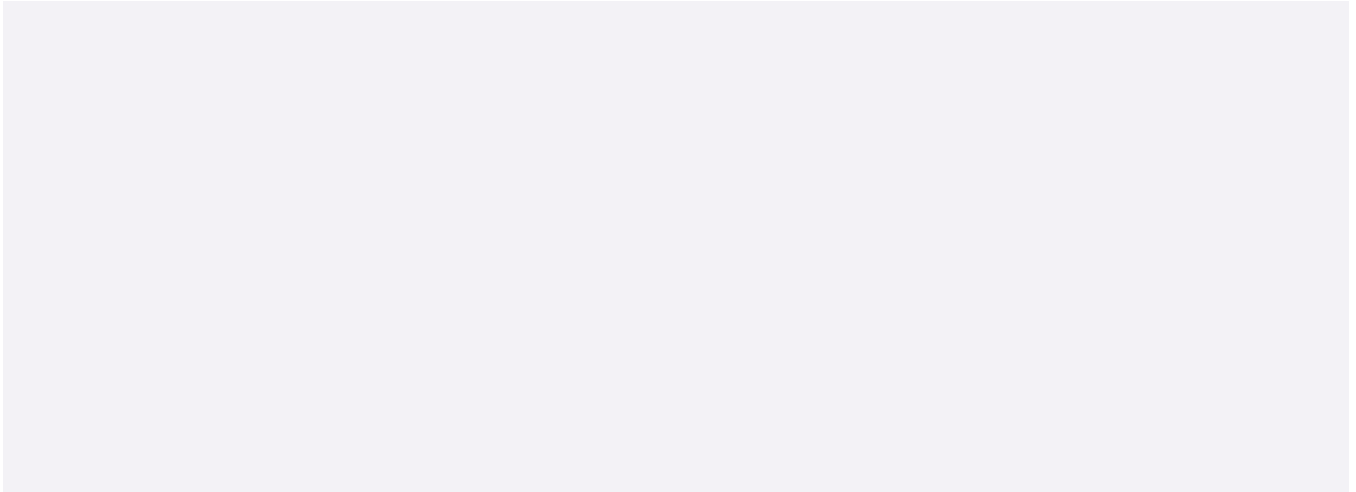
- 1. _____
(Chairman)
- 2. _____
(Senior Independent Non-Executive)
- 3. _____
- 4. _____
- 5. _____

Audit committee

Nominations committee

Remunerations committee

Use this section to sketch out your ideas:



Taking Stock...

What is your Unique Value Proposition?

What differentiates your Company from others in the same sector?

How is this translated into your corporate identity? Does your logo reflect this?

What is your mission statement?

What is your vision?

Result

There is no standard outcome from implementing an IR strategy. A commendable IR strategy would reach all stakeholders of your Company, with a message so powerful and effective that all parties would respond in line with management's aims.

Some common parameters to measure the success of an IR strategy are as follows:

The ease of capital raising

Changes in the shareholding register in line with management's aims and company's growth

Positive external opinion on the Company

Demand from sell-side analysts for coverage

Increased liquidity and trading in the company's shares

More requests from investors for meetings with the Company

For more information, refer to chapter 9: Measuring Success

Review

You have now gathered the necessary information required to implement a basic IR strategy for your Company. The communication channel to present the message depends on your targeted community:

Analysts

- Arrange a meeting / presentation
- Arrange a site visit / meet management session

Institutional Investors

- Arrange a meeting / presentation, either directly or by going through your analysts
- Arrange a site visit / meet management session

Retail Investors

- Put information on the Web
- Fact Sheet containing the information in this Workbook to be mailed to all shareholders
- The Media

Stakeholders

- Arrange a meeting / presentation
- Put information on the Web
- Fact Sheet provided on request

For more information, refer to chapter 4: Analysts and Media and chapter 6: The Public Face

Your IR Target Segments

Communicating effectively with each segment: The action plan

Retail Investors

Action:

Institutional Investors

Action:

Analysts

Action:

Media

Action:

Employees

Action:

Customers

Action:

Stakeholders

Action:

Community

Action:

Your IR Calendar For The Next 12 Months:

Event	Scheduled Date	Person Responsible	Notes
Quarter 1			
Quarter 2			
Quarter 3			
Quarter 4			
Annual General Meeting			
Reporting			
Analyst Briefing			
Press (release statements)			
Press (briefing)			
Company Day (site visit, meet management)			
Roadshow / Investor Day			
Website updates <i>*ensuring all info are timely / up to date</i>			
Shareholder letters / notices			

Index Inclusion

It is not a bad idea to consider getting the company included in major indices if your company is not in one. Inclusion into index improves your company's visibility among institutional investors and helps to achieve fair valuation.

Some of the considerations to prepare for index inclusion:

- Understand the index providers' criteria;
- Assess the company's eligibility, this includes assessing the company's free float, market capitalisation, liquidity, and other factors depending on the index provider;
- Develop a plan to meet the eligibility for inclusion.

Index calculation methodology is complex and can be confusing. You may always engage with index providers or Bursa Malaysia representatives to discuss the company's progress towards meeting the index providers' criteria.

Sustainability Report

Sustainability Reporting Framework ([refer to Sustainability Reporting Guide 3rd Edition](#))

We know that it can be tedious to prepare a Sustainability Report. Here are some widely accepted principles or conventions of good reporting practice:

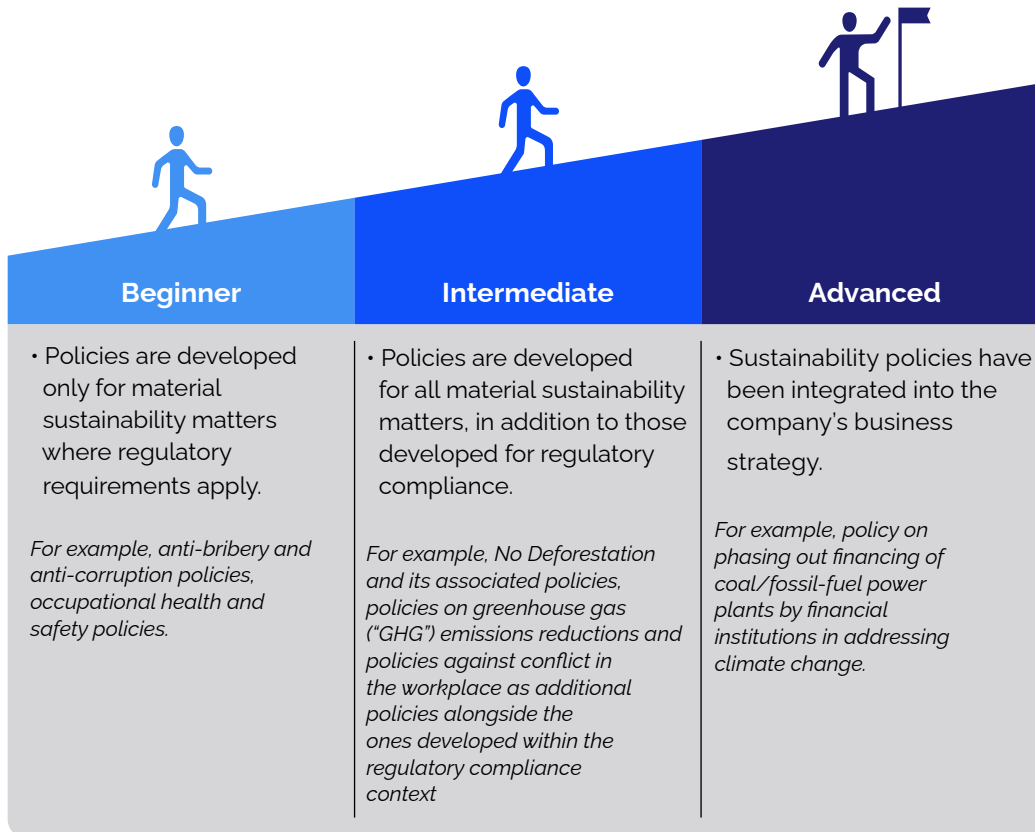
Convention	Description	Example
Balanced	Information has to be in an unbiased manner and provide a fair representation of the company's positive and negative impacts.	Company should present information in a way that allows information users to compare year-on-year impacts over time, whether improving or worsening
Comparable and meaningful disclosures	Comparable impacts over time and with other companies.	Company should present information for the current and at least two previous reporting periods, as well as any goals and targets that it has set. It should also use international metrics (e.g., kilograms, litres) and standard methods and rules, where applicable, for compiling and reporting
Materiality	Information and risks that matters	Companies should look at a wide range of sustainability matters i.e. how its operations and activities affect sustainability and create risks and opportunities for the company and its stakeholders, and focus on the ones that are most relevant and important.

Materiality Assessment Process

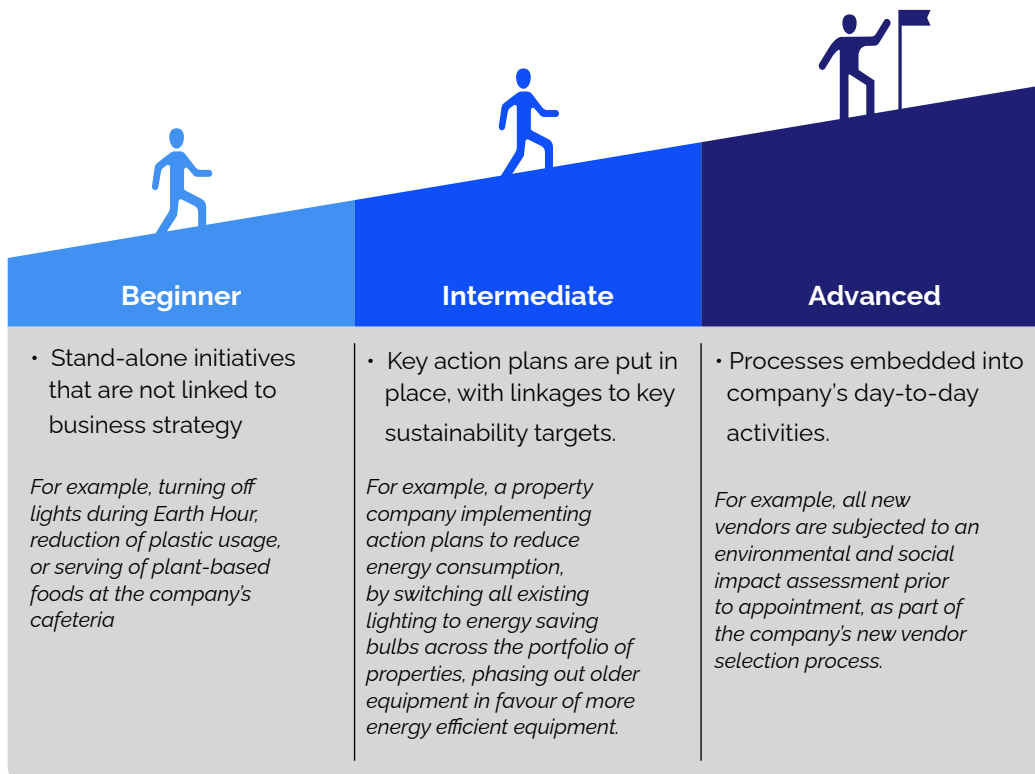


Management of material matters:

Policies

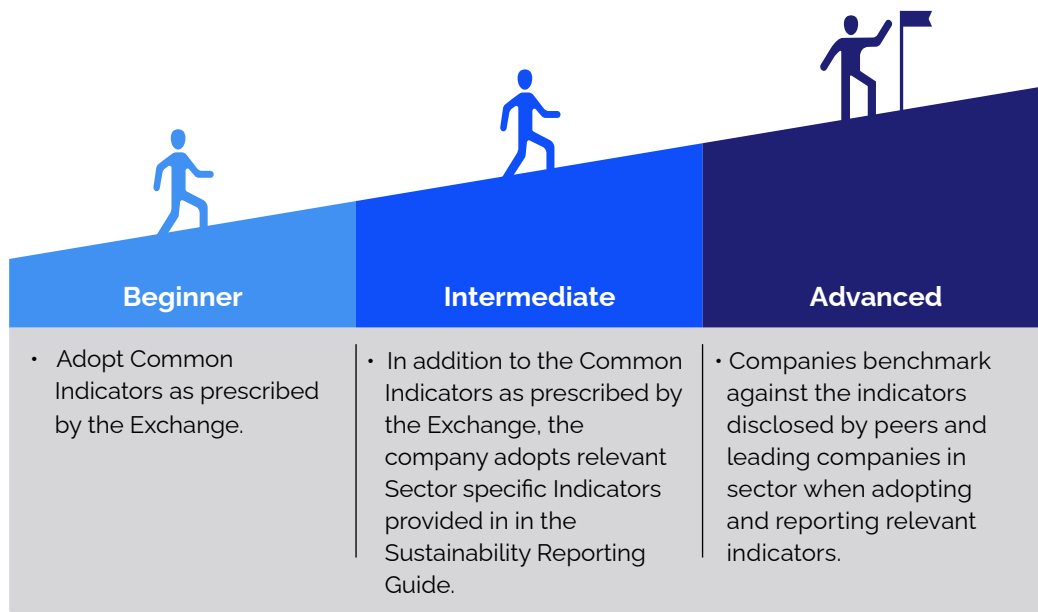


Procedures/Action plans



Reporting on relevant indicators

Sustainability Indicators



Finally These Are The Five Golden Rules:

Rule One:

Simplicity

Keep everything simple - from words, to website layout and, most importantly, financial information.

Rule Two:

Timeliness

Information should be made available to all categories of investors and stakeholders at the same time, providing equal access to data or news that may affect investor sentiment. Tell the Exchange first. After that, press releases should be published at the same time as they are uploaded on your corporate website.

Rule Three:

Accuracy & Consistency

Ensure all information from your Company is both accurate and consistent. To be prudent, only authorised spokespersons should speak to investors, analysts or the media. Ensure all spokespersons tell the same story. Supply the same information consistently to all stakeholders. When you notice inaccuracies and inconsistencies, rectify them immediately. Be Proactive; Don't wait for queries.

Rule Four:

Honesty

Don't communicate good news only. Be honest about your challenges, so that there will be no nasty surprises in store for investors. Open dialogue wins trust.

Rule Five:

Commitment

The most important rule of all is that you must be committed to IR. There is nothing worse than a company which communicates only when it wants something. "On and off" communications destroy credibility. Develop a strategy, implement an IR programme, and stick with it.

Sign and date this Workbook when you have completed it:

Signed:

Date:

Disclaimer:

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