

# IRO FLASHPOINT

## Targeting

Feedback Report to Respondents



# KEY TAKEAWAYS

## Companies are putting more of a focus on targeting than ever.

- Over half of issuers assert they are spending more time on targeting than two to three years ago.

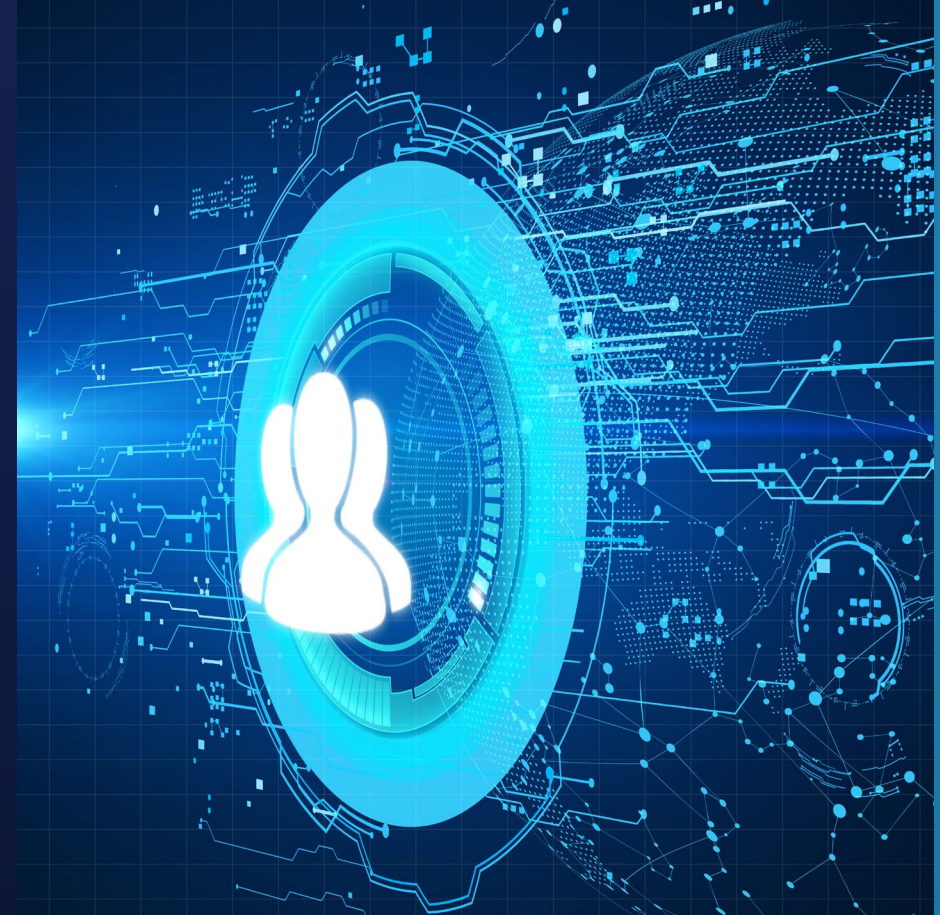
## What targeting looks like today.

- More time spent by IROs on expanding and diversifying their shareholder base.
- Targeting activity is almost entirely focused on finding new institutional investors and underweights—retail investors are virtually an afterthought to most. As always, finding the right potential investor to engage with is the leading challenge to productive conversations.
- Companies look first to who is holding their peers over many other criteria when it comes to identifying prospects.
- The criteria of successful targeting have not changed—robust engagement with appropriate and high-quality investors, followed by an increase in new holders.

## Spending and vendors.

- North American companies set aside an average of 13% of their annual IR budget for targeting, while European issuers allot 17%; most feel an appropriate amount is being earmarked for this purpose.
- Most companies do not attempt targeting on their own. Two-thirds rely on an outside vendor to identify targets; Nasdaq/IR Insight and S&P Global are the leading providers mentioned.
- Most are relatively satisfied with their provider's services.

# TARGETING TODAY



# A COMMON PRACTICE

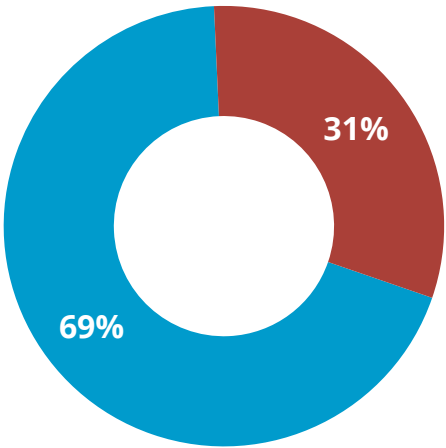
TAKEAWAY:

## Targeting: A Common Practice

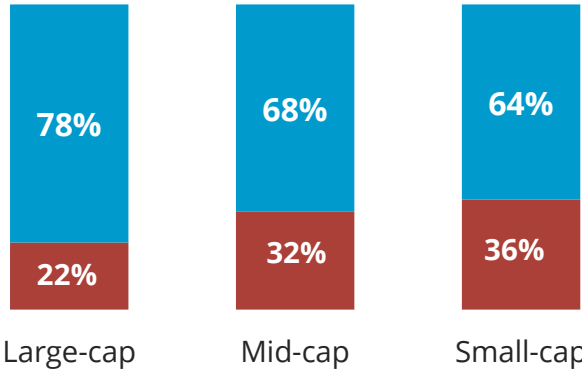
- Nearly seven in 10 companies overall say they actively target, in the sense of reaching out to the investment community with the goal of expanding their company’s shareholder base.
- This practice is somewhat less prevalent among smaller and European companies.
- Among 14 Latin American companies surveyed, only three (21%) say they are currently actively targeting.\*



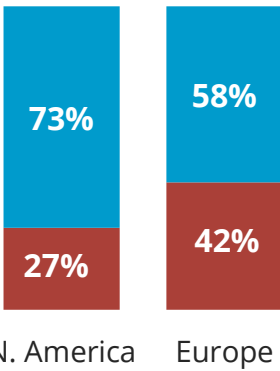
WHETHER ACTIVELY TARGET THE INVESTMENT COMMUNITY <sup>(1)</sup>



BY MARKET CAP



BY REGION



<sup>(1)</sup> North American and European companies, June-July 2024 (n=327)  
\*Note: Latin American company data is mentioned for contextual purposes only and does not appear as a key subgroup throughout this report.

# TARGETING AUDIENCES

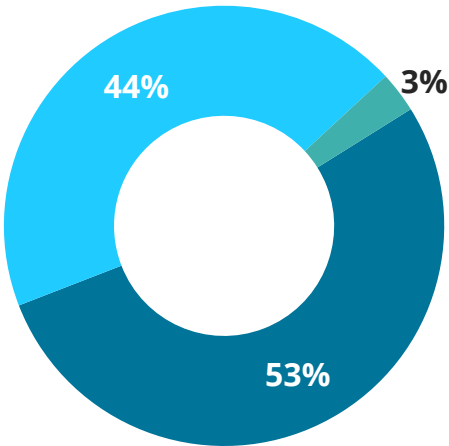
TAKEAWAY:

## Institutional Investors Take Priority

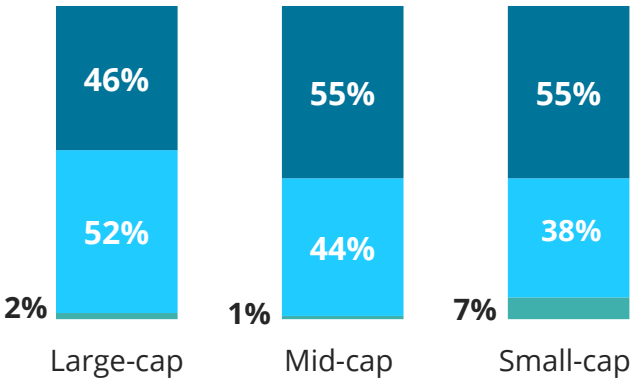
- Companies expend the most effort on courting new institutional investors and underweight institutional shareholders.
- Retail investors are a distant third in terms of where energies are focused.



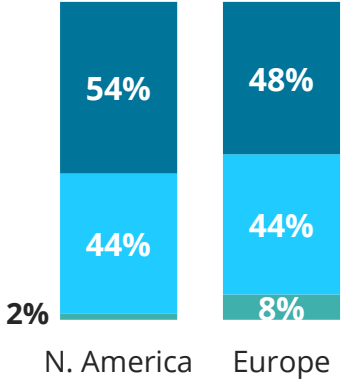
AVERAGE PERCENTAGE OF TIME SPENT ON TARGETING KEY AUDIENCES <sup>(1)</sup>



BY MARKET CAP



BY REGION



<sup>(1)</sup> North American and European companies that actively engage in targeting, June-July 2024 (n=227)

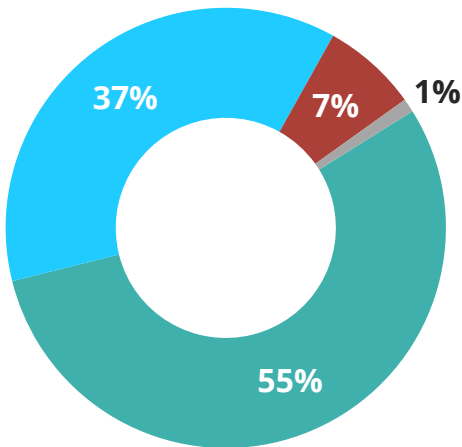
# MORE TIME BEING INVESTED

## TAKEAWAY: A Greater Need

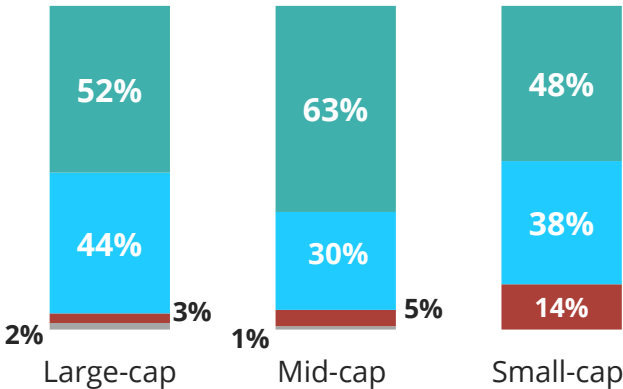
- More than half of IROs say they spend more time targeting now than a few years ago.
- This is particularly true among European companies.



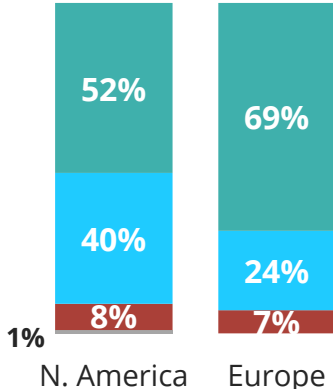
TIME SPENT TARGETING VS. TWO TO THREE YEARS AGO <sup>(1)</sup>



BY MARKET CAP



BY REGION



<sup>(1)</sup> North American and European companies that actively engage in targeting, June-July 2024 (n=227)

# BIGGEST TARGETING CHALLENGES

Difficulty reaching the right contacts, opening a dialogue and reliability of data present ongoing barriers to effective targeting.

## TOP 5 BIGGEST CHALLENGES

- 1 Finding the right person or contact at firm
- 2 Lack of responsiveness/difficulty in gaining attention of investors
- 3 Time constraints/lack of resources
- 4 Data reliability
- 5 Identifying new investors/generalists

*"Investors are more dispersed post-pandemic. At the same time, long-onlys don't respond to sell-side analysts and corporate access personnel require more time from me."*

**Industrials, North America**

*"We've noticed variations in our shareholder base across different providers, which is concerning. Additionally, at the fund level, we have faced challenges in fully identifying shareholders."*

**Communication Services, Europe**

*"Finding an efficient and repeatable way to translate various targeting data (peer ownership, sector buying/selling, etc.) into a ranking of target prioritization."*

**Financials, North America**

*"Current targeting programs offered by leading firms are predominantly focused on underweight shareholders rather than new investors. Geographic/regional bias in targeting platforms is often not accounted for."*

**Financials, North America**

*"Finding the right person to target at each firm. It is not sufficient to only know which firm you are targeting, you also need to know who really is the person you should talk to."*

**Consumer Staples, Europe**

# COUNTRIES/REGIONS TARGETED

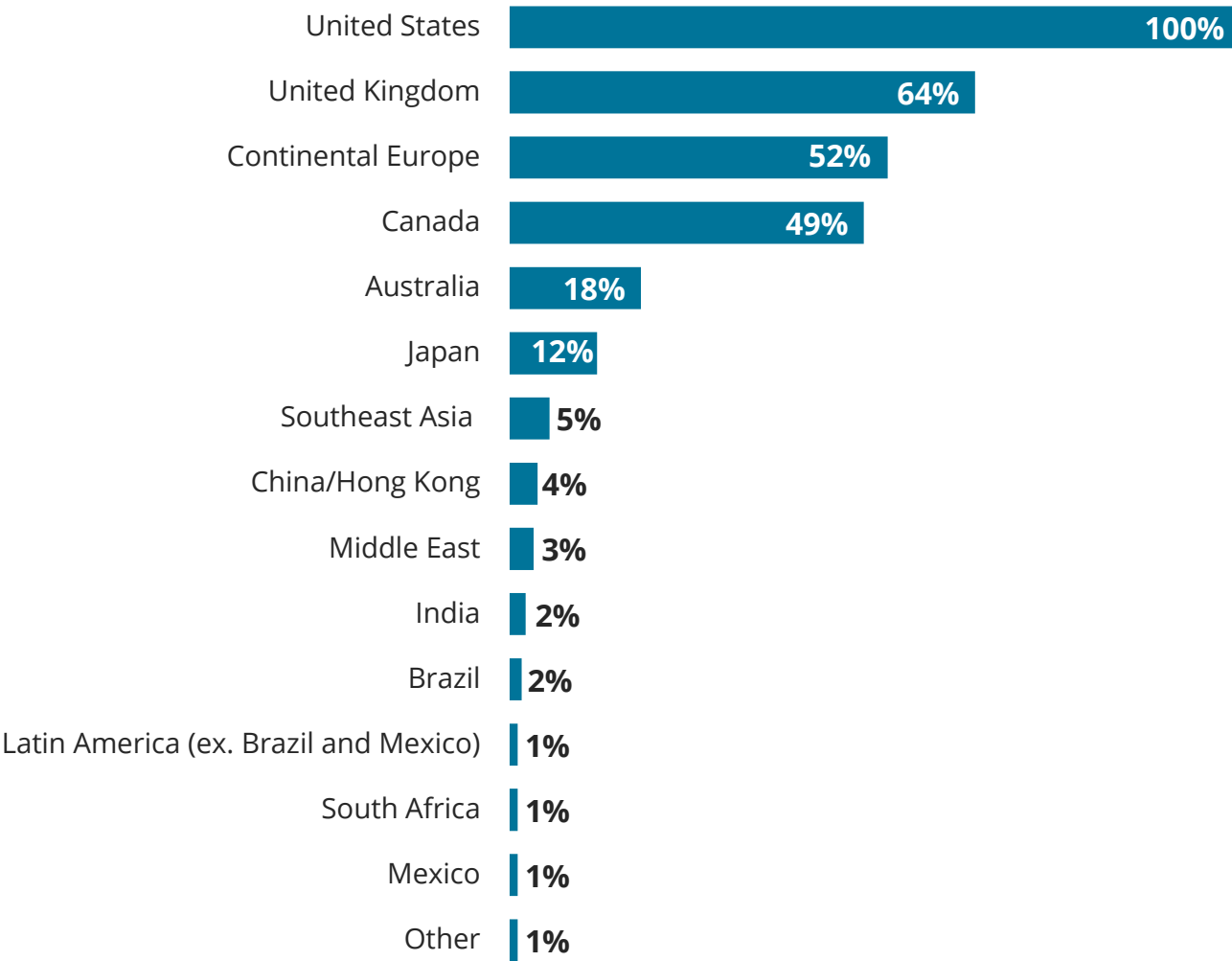
## TAKEAWAY:

### US a Prime Target for North American Issuers

- The US, UK and Continental Europe are the key targeting areas for North American companies.

## WHERE NORTH AMERICAN COMPANIES TARGET INVESTMENT PROFESSIONALS <sup>(1)</sup>

Aided list



<sup>(1)</sup> North American companies that actively engage in targeting, June-July 2024 (n=182)



# COUNTRIES/REGIONS TARGETED

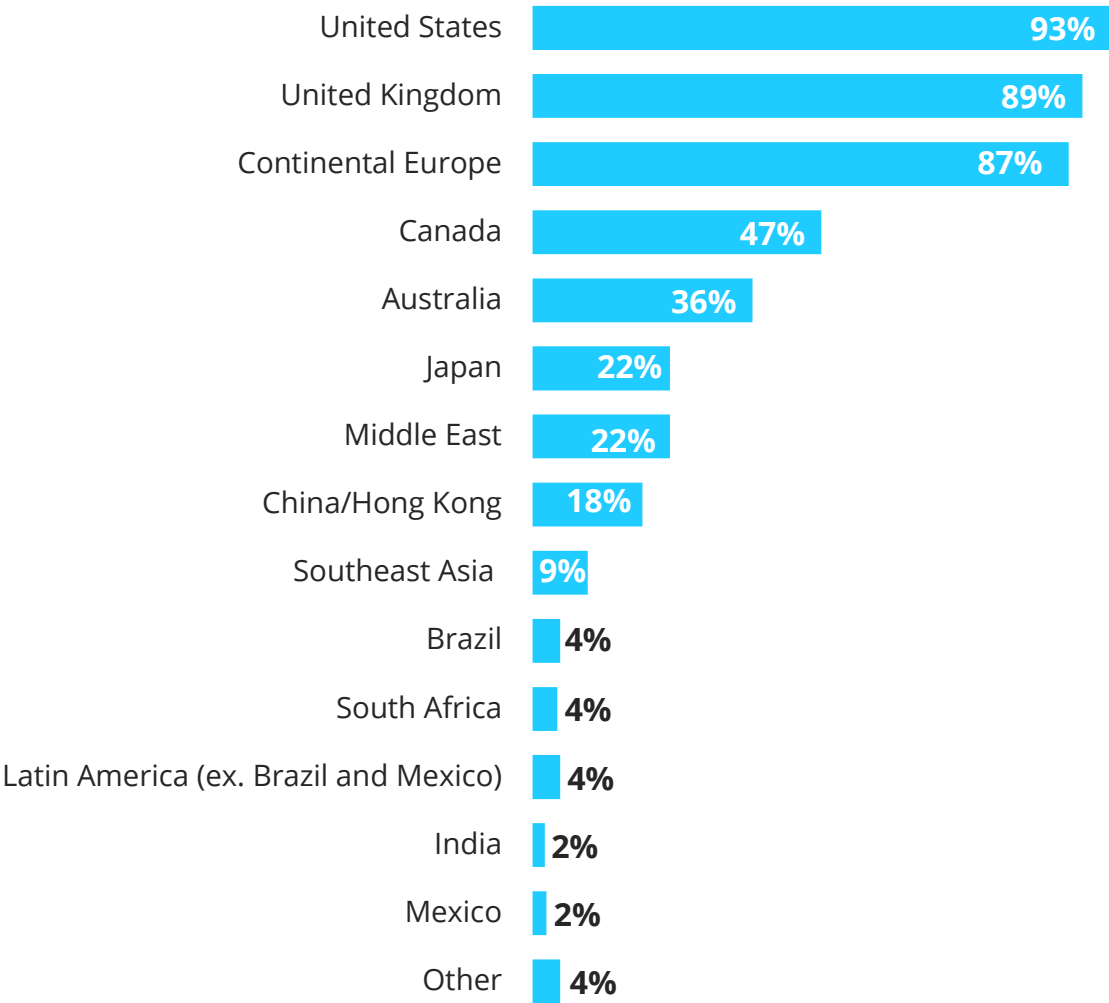
TAKEAWAY:

## European Companies Seek Similar Targets

- Areas targeted by European companies are comparable with those of their North American counterparts.

### WHERE EUROPEAN COMPANIES TARGET INVESTMENT PROFESSIONALS <sup>(1)</sup>

Aided list

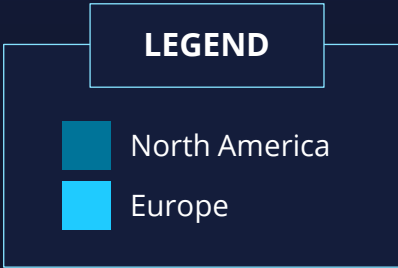


<sup>(1)</sup> European companies that actively engage in targeting, June-July 2024 (n=45)

# CHOOSING PROSPECTS

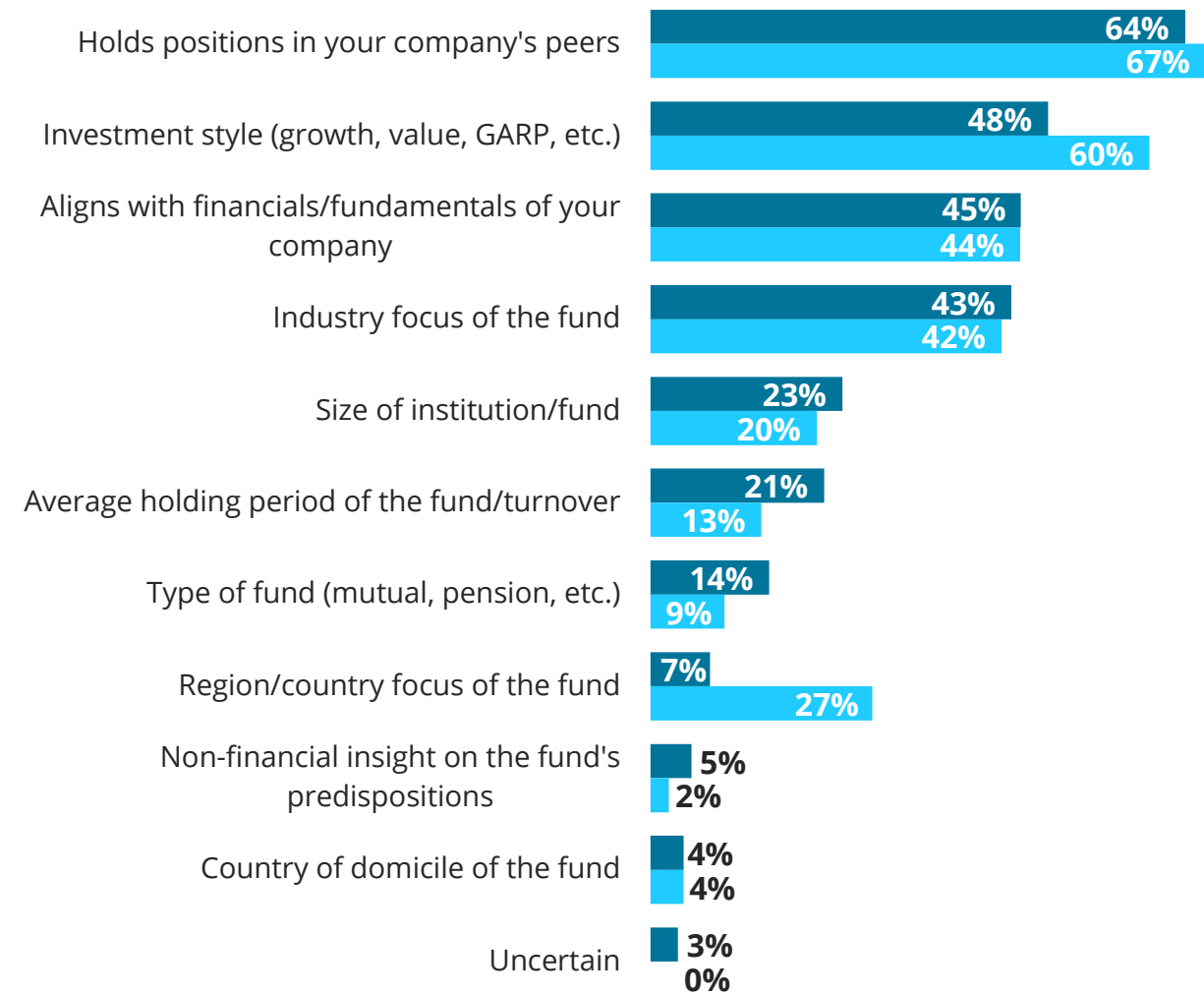
## TAKEAWAY: Looking at Similar Criteria

- Many targeting criteria do not differ materially by region; peer ownership, investment style and “fit” with the issuer are leading drivers.
- European companies place more importance on a fund’s region/country focus than do their North American counterparts.



### MOST EFFECTIVE CRITERIA FOR IDENTIFYING APPROPRIATE INVESTORS <sup>(1)</sup>

Aided list



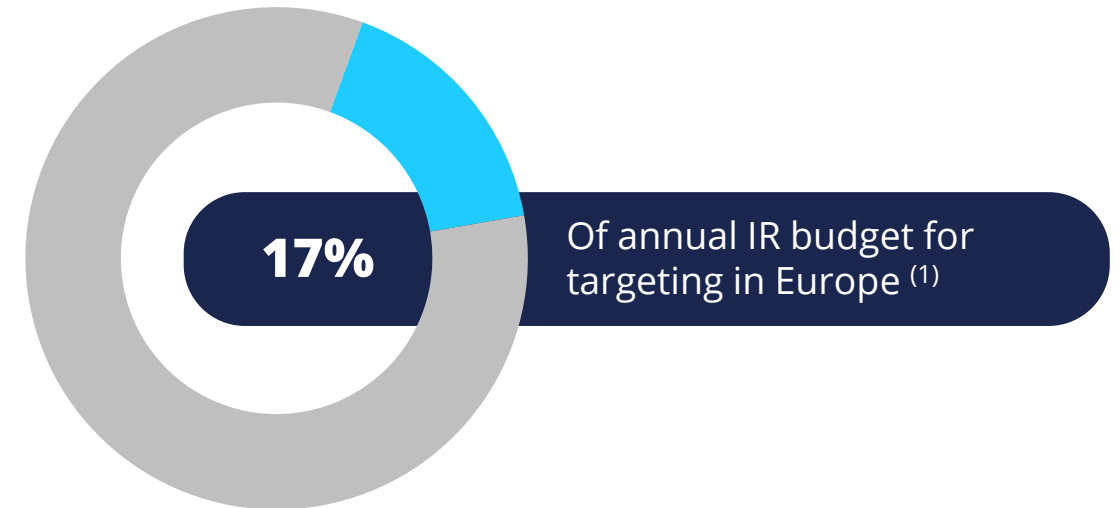
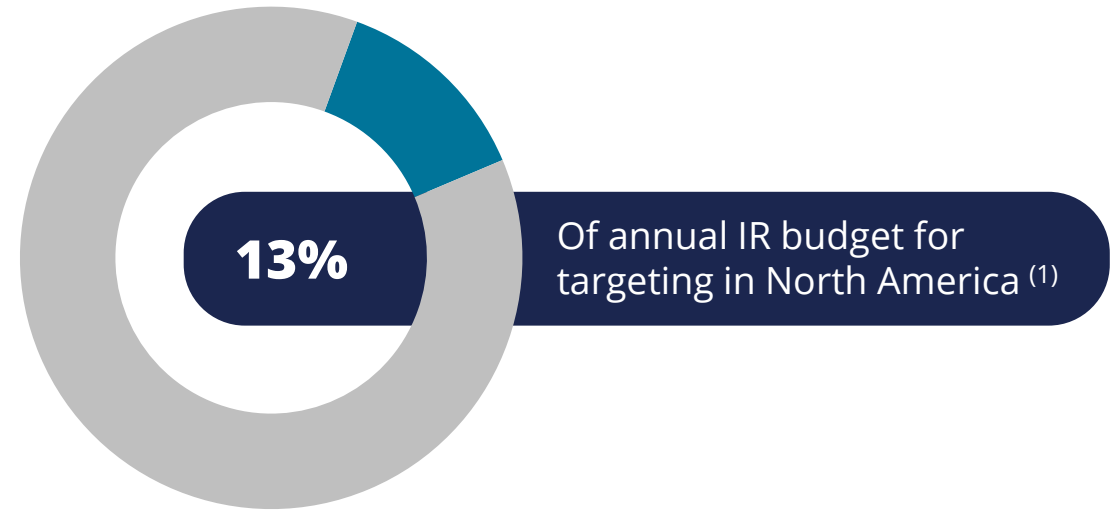
<sup>(1)</sup> North American and European companies that actively engage in targeting, June-July 2024 (n=227)

# BUDGET ALLOTMENT

## TAKEAWAY:

### 13%-17% Is the Norm

- North American companies report that investor targeting represents an average of **13%** of their annual IR budget.
- European companies report that investor targeting represents an average of **17%** of their annual IR budget.



<sup>(1)</sup> North American and European companies that actively engage in targeting, June-July 2024 (n=227)

# VIEW OF TARGETING BUDGET

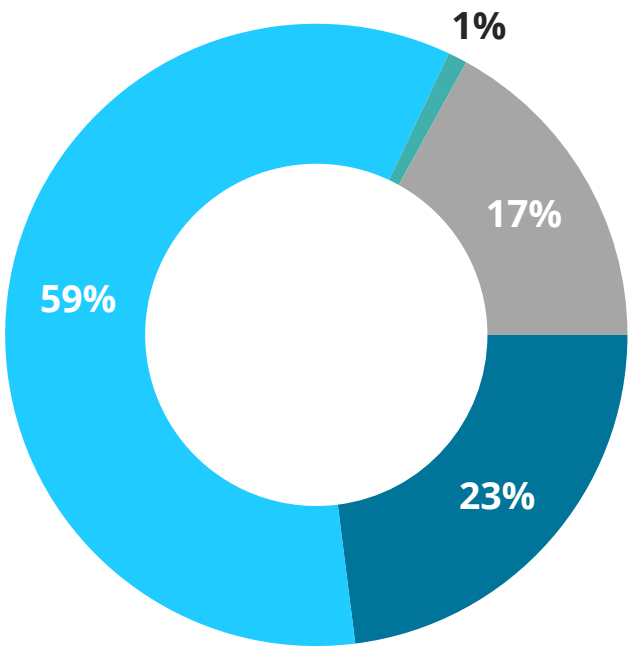
TAKEAWAY:

## An Appropriate Amount for Need

- IROs are generally satisfied with the money set aside for targeting.
- More than half believe their department spends an appropriate amount of their annual budget on targeting. Nearly a quarter (23%) would like to see a greater allocation.
- These breakdowns remain consistent across regions and size of company.



### ASSESSMENT OF ALLOCATION FOR INVESTOR TARGETING <sup>(1)</sup>



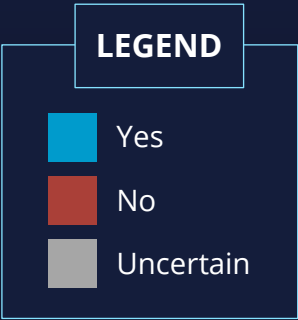
<sup>(1)</sup> North American and European companies that actively engage in targeting, June-July 2024 (n=227)

# THIRD-PARTY VENDORS

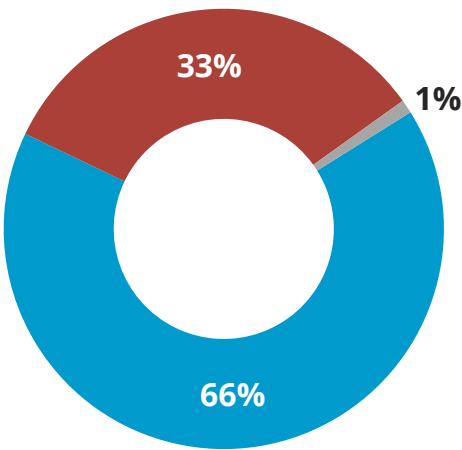
TAKEAWAY:

## Assistance Is Typical

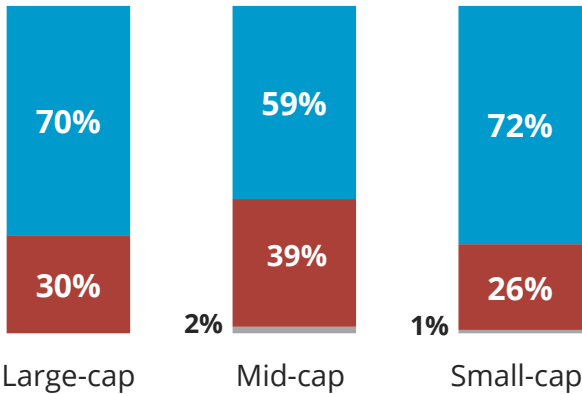
- Assistance is often needed.
- Only one in three companies go it alone when targeting.
- Most (66%) engage an external vendor for help.



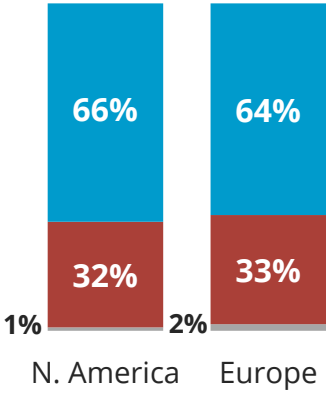
WHETHER USE EXTERNAL VENDOR FOR TARGETING ASSISTANCE <sup>(1)</sup>



BY MARKET CAP



BY REGION



<sup>(1)</sup> North American and European companies that actively engage in targeting, June-July 2024 (n=227)

# LEADING PROVIDERS

## TAKEAWAY:

Nasdaq/IR Insight and the S&P Global collection of vendors are the most-cited outside sources for targeting assistance.

## TOP MENTIONS FOR OUTSIDE TARGETING PROVIDERS USED <sup>(1)</sup>

- 1 Nasdaq/IR Insight
- 2 S&P Global (includes IHS, Ipreo, BD Corporate)
- 3 Brokers/bankers
- 4 Irwin
- 5 Valuation Metrics/Citadel
- 6 Rose & Company

<sup>(1)</sup> North American and European companies that use outside targeting provider (and cited name), June-July 2024 (n=120)

# SATISFACTION WITH VENDOR

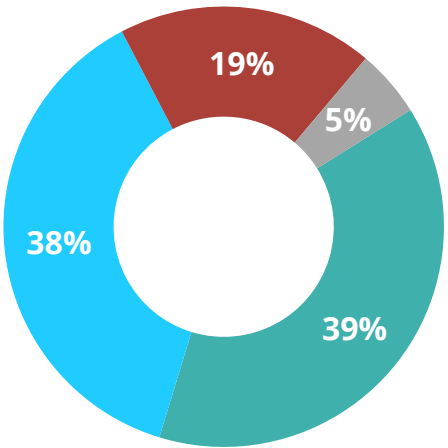
TAKEAWAY:

## Vendors Delivering on Promise

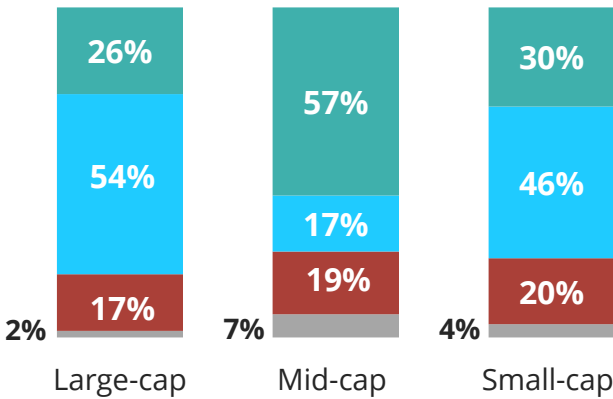
- Relatively few companies are dissatisfied with their current targeting providers' services.



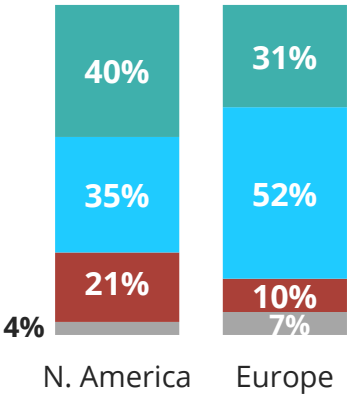
LEVEL OF SATISFACTION WITH VENDORS' ABILITY TO IDENTIFY RIGHT INVESTORS <sup>(1)</sup>



BY MARKET CAP



BY REGION



<sup>(1)</sup> North American and European companies that use outside targeting vendor, June-July 2024 (n=150)

# TARGETING GOALS

## TAKEAWAY:

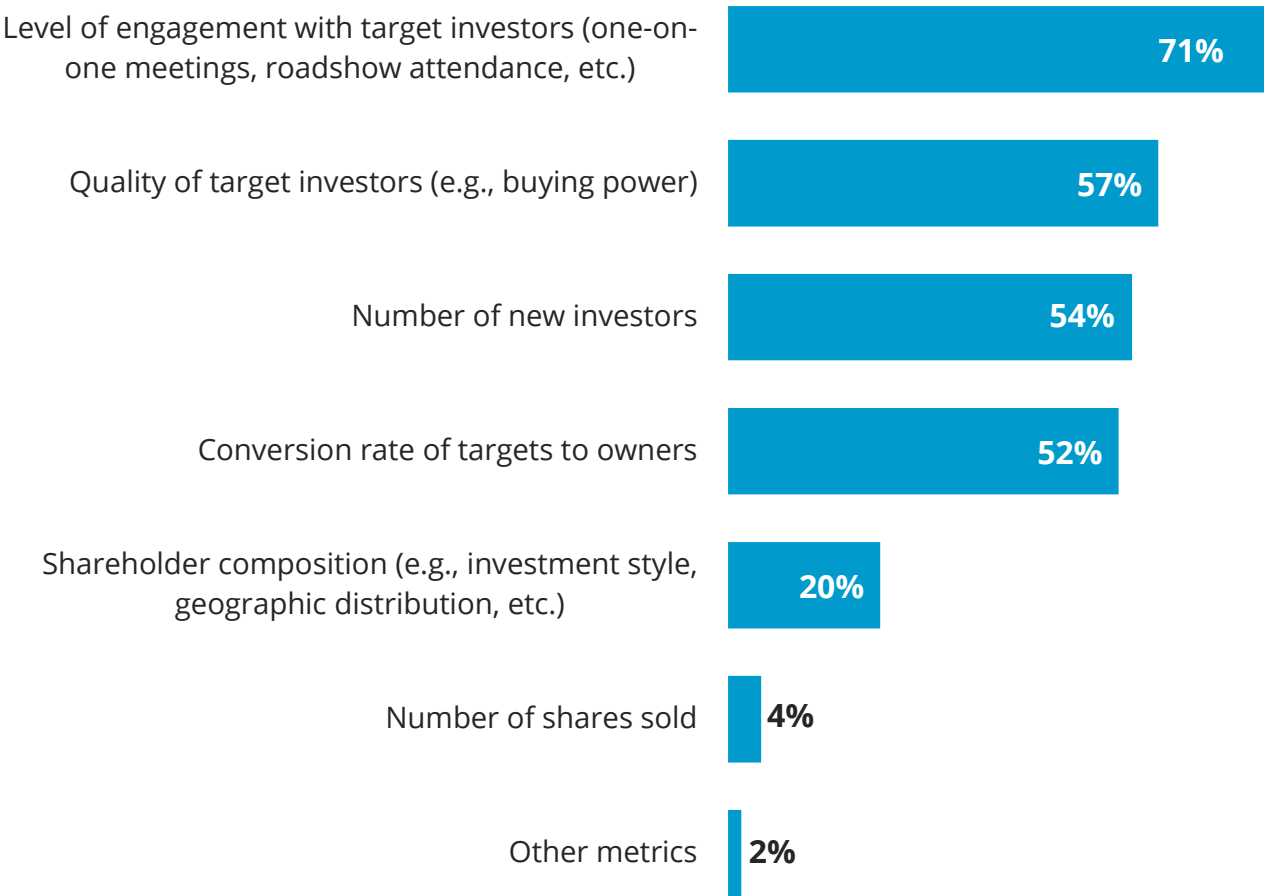
## What Good Targeting Looks Like

The telltale signs of targeting success remain the same:

- Frequency and quality of engagement
- Identifying the best possible targets
- Bringing in new investors

## HOW TARGETING PROGRAM SUCCESS IS MEASURED <sup>(1)</sup>

*Aided list*



<sup>(1)</sup> North American and European companies that actively engage in targeting, June-July 2024 (n=227)



# Background and Methodology

## IRO Flashpoint Research Series

Comprehensive and ongoing monitoring of international investor relations sentiment is a regular feature of Rivel's GuideLign program.

Completed among globally representative samples of IROs, Rivel's Flashpoint Research Series incorporates brief and targeted surveys for a rapid turnaround of the findings. The program is designed to provide IR professionals with insights in coping with broad investor communications issues and challenges.

### Market cap classifications:

- Large-cap (\$10B+)
- Mid-cap (\$2-9.9B)
- Small-cap (<\$2B)

**327** Online surveys among senior IROs globally\*

**250**  
North America

**77**  
Europe

**85**  
Large-cap

**135**  
Mid-cap

**107**  
Small-cap

\*June-July 2024 interviewing