



Results and trends from the 20th annual Investor Relations study

To all analysts participating in the survey – we sincerely appreciate the time and effort put into evaluating the IR-performance of 100 Nordic companies.

Best wishes,

The IR Nordic Markets team
Regi Research & Strategi AB

Regi®

About the annual IR-study



More than 1,000 company specific evaluations have been collected from mid-August to October 2017. This has been done through an internet based survey and telephone interviews with sell-side analysts predominantly based in the Nordics, UK and US.

The overall results were presented at an event hosted by Nasdaq in Stockholm on November 29th.

IR Nordic Markets is run by Regi; an independent research and analysis consultancy, founded in Stockholm 1997. Our business involves the gathering, compiling and analysis of information. We specialize in the fields of Investor Relations, Corporate Communication and Business Law.

Through the years, we have delivered hundreds of reports based on syndicated research projects, enabling the continuous improvement of the areas we explore.

Again – our sincere thanks to all that have taken part in the survey. A sum based on the number of company specific evaluations has been made by us to Medecins sans frontiers.



100 Nordic companies included in the IR-study



Companies included are listed below in alphabetical order:

A.P. Møller–Mærsk, AAK, ABB, Ahlstrom-Munksjö, Aker BP, Aker Solutions, Alfa Laval, ASSA ABLOY, Atlas Copco, Autoliv, Axfood, BillerudKorsnäs, Boliden, Borregaard, Cargotec, Carlsberg, Chr. Hansen, Citycon, Coloplast, Com Hem, D/S Norden, Danske Bank, DNA, DNB, DNO, DSV, Electrolux, Elekta, Elisa, Ericsson, FLSmidth & Co, Frontline, Getinge, Gjensidige Forsikring, GN Store Nord, Gränges, Hexagon, Hexpol, Holmen, Huhtamäki, Husqvarna, Höegh, ICA Gruppen, Industrivärden, Investor, JM, Kemira, Kesko, Kinnevik, Kone, Kongsberg Gruppen, Lundin Mining, Lundin Petroleum, Metso, Metsä Board, Neste, Nokia, Nokian Tyres, Nordea Bank, Norsk Hydro, Novo Nordisk, Novozymes, Oriflame, Outokumpu, Outotec, Pandora, Peab, SAAB, Sampo, Sandvik, Sanoma, SAS, SCA, SEB, Skandiabanken, Skanska, SKF, SSAB, Statoil, Stora Enso, Storebrand, Subsea 7, Swedbank, Swedish Match, Svenska Handelsbanken, TDC, Tele2, Telenor, Thule Group, TOMRA, Topdanmark, Trelleborg, Tryg, UPM-Kymmene, Vestas Wind Systems, William Demant Holding, Volvo, Wärtsilä, Yara International, YIT

General observations



A continuously changing communications landscape, Mifid 2 and more have brought on change, more to come. During the 20 years that we have conducted the IR-study, change has been a constant, albeit the basis for financial communication remains the same.

More companies than ever have been listed on the Stock Exchange, albeit many of them small- and micro cap companies. Interestingly, Danish and Finnish companies have chosen to be listed in Sweden rather than on their home markets, mainly due to a larger interest from private investors large and small.

Seen to the overall grades in the study, *Continuous Information* and *Openness (Top Management)* have declined somewhat. Overall grades in the Nordics have not changed significantly, in some cases increased somewhat in comparison with the 2016 study. Norwegian companies are best in general and Swedish companies included in the study hold the lowest grades in general.

This does not mean grades are poor – apart from a couple of examples. Nordic listed companies' IR-functions hold a very high standard in general. According to analysts we've interviewed, Nordic companies in general are very good at IR. Having conducted the study for 20 years now, we can see many things have changed – for example that proficiency in IR is an imperative for listed companies. We have summarized a number of findings that may be of interest.



General observations

Building and maintaining professional relationships and managing interested parties' wants and needs is a big part of a successful IR. We have noticed that analysts in many cases need to grasp a broader picture, apart from "the usual" information provided.

For instance – a telecom analyst must also gain insights into how streaming of music (Spotify), IoT and telecommunications may cross-pollinate with new car models for example. This implies a broad pallet of information wants and needs, differing from one company to another.

The practical matters included in the study (*Annual and Quarterly Reports*) receive high grades in general which is not surprising as most is standardized – the amount of information provided, strategic outlook, etc. will tip the scales, as long as the basic functionality and coherent information can make analysts' work more efficient.

Capital Market Days may receive low or mediocre grades, this can mirror poor planning and content and/or a less than expected openness from the top management present at the event. Sometimes, not holding a CMD is better than to arrange on that comes off as a waste of time or even creates a larger degree of uncertainty than was the case to begin with.

General observations



Analysts explicitly express a need for more information and access to top management and the CEO along with more information between the quarterly reports. This has always been the case, where does one attain a balance adhering to rules and regulations on one hand; practical and operational matters on the other. The eternal challenge in IR.

Approximately 20 % of analysts state that companies they follow have an "Information Discount", which directly correlates with the *Degree of Trust for Top Management* and *Level of Competence* for the IRO. Business as usual in other words.

All in all – there is more to be done even though the basics are fundamentally sound and solid. Don't forget the Equity Story that may be vital in promoting the share, along with a strong investment case.

PS Big things are happening "out there". We're following the discussion pertaining to activist funds, special interests and more with great interest. A larger percentage of publically traded shares are now held by pension funds – many with an explicit mission rather than the obligatory credo "beat the market index". This won't mean that the need for qualitative analysis will diminish – quite the contrary!

We look forward to following the unfolding development!

General observations – what has changed in 20 years?



1. Our world is not the same in so many ways for better and for worse. Fundamental prerequisites remain in place, obviously.
2. New rules and regulations have been introduced, these are non-optional, like it or not, comply rather than complain. Obviously adequate resources must be allocated in order to handle continuous reporting and compliance.
3. 3. The number of financial analysts has decreased, many have also found new careers as IR-managers which makes sense in a lot of ways. Those still active as analysts have a larger workload and we don't really know yet what implications the new Mifid II may result in.
4. 4. Technical platforms have seen an explosive development. Most use the same or similar platforms for financial information on the IR-websites; the difference lies in how much information companies are willing to provide. Will AI become a significant factor in IR-communication? Perhaps to some extent in the future – but strategic decisions and business-crucial decisions will be handled by humans for the foreseeable future.
5. 5. Social Media has created a space in the communications mix – like it or not. Approximately 20% of the analysts that participated in the study state they follow companies on some kind of social media. Grades are far below average and range from 1-10, the average 6,14 (for all companies in the Nordics) is a clear verdict. Social Media is not a “must have”, but if it is one “must manage and make the best of it”.

General observations – what has NOT changed in 20 years?



1. Analysts crave more information than companies want/can/may provide. All parties respect the rules of the game of course and the importance of confidentiality and timing. Analysts have always, in our study, expressed the need for a larger degree of openness and more detailed information. In some cases more insights into the market in general, in many cases a breakdown of figures seen to divisions, business areas etc.
2. We notice many analysts still express a wish for updated figures and financials in Excel-format. This may be instrumental in making analysts' job easier and enable a larger degree of focus on other matters. Again, the explicit wish for more details seen to divisions, business areas and such is still adamant and may impact analysis and valuation.
3. The explicit wish to meet with CEO and top management. IR may in worst case be perceived as "just" a gatekeeper by some analysts which is unfortunate. The best IROs know everything there is to know, but cannot in all instances replace a meeting with CEO and top management.
4. The workload entails 24/7, 365 readiness. A crisis never takes vacation and is very difficult and demanding.
5. The importance of good professional relations – the essence of what we measure in the IR-study. Let's assume all regular and practical issues work flawless. Building and maintaining solid relations is hard currency when something happens. Not if, things happen, everyone realises this – it's how one handles a situation that matters in the end. Not necessarily the fact that it happened. Relations are based on trust and take time to build, they can be eroded with time or demolished in an afternoon.

General observations – what has NOT changed in 20 years?



The overall level for companies included in our study is high and mirrors the professionalism that is significant for Nordic listed companies. However, some companies receive poor grades, why?

- Scandals, wrongdoings, illegalities or even the suspicion of such occurrences (albeit extremely rare)
- Change of CEO* and/or top management due to the above or other unclear circumstances.
- Considerable (and repeated) misses with regards to prognosis, earnings estimates etc.
- (Repeated) errors in financial information, facts and figures.
- Poor and/or erroneous continuous information.

Naturally, transparency is key, along with good relations with the most important individuals. Swedish industrialist Hans Cavalli Björkman once said “If I see a a journalist I’ll run – most often I’ll be able to catch up with him!” The opposite is not a very desirable scenario...

Given the fact the number of analysts is decreasing and the number of information/media channels is growing rapidly this puts higher pressure on IR-departments to handle more with less. Journalists also experience a tougher climate and often contact analysts directly for questions and information, which of course should not be a problem.

** A new CEO that is unknown (for the financial markets) may need some time to build trust and a positive perception. A CEO that is already well-known, perhaps recruited from a listed company in the same sector, may have an edge.*

Changes are inevitable, the reasons why and the selection of the successor is what one tends to scrutinize.

Tips and pointers for successful Investor Relations



The most common advice we give our clients based on experience from 20 years of conducting the IR Nordic Markets study:

1. Make sure to have an “open line” to top management and CEO, the lack thereof is apparent.
2. Work (lobby) for an enhanced internal understanding of why IR is so important internally. The importance of cooperation between departments will increase with the augmented plethora of media and communication channels. Also “real-time” really is “real-time” nowadays and accelerates the overall tempo.
3. Thoroughly map all key interested parties and prioritise accordingly. Make sure that IR gets ample resources and “air time” – also see 1 and 2 above.
4. Set clear and measurable goals for the IR-department and follow up regularly. Train crisis management and involve others internally. Better safe than sorry!
5. Convey confidence based on trust and solid relations. Never lie or tell half a truth. Provide guidance, be patient and pedagogic, follow all rules and regulations.

In essence – practice COMMUNICATIVE LEADERSHIP!



IR in practice – according to the professionals

Dagens Opinion



← André Löfgren, SVP Investor Relations, Skanska

What is significant of a skilled and proficient IRO?

- Well, to begin with, one man is not an army – we are a dedicated team working together for the purpose. An IR-manager should be a good coach internally and manage a network of interested parties such as analysts and investors. It is imperative to have people skills and to be able to listen. Obviously; we have a message to deliver, but we must always be attentive, interested and curious, there is always room for improvement and fine-tuning. We must be clear, concise and on top of things. This demands a lot from our team, we have routines in place for continuous analysis, apart from the ongoing work with regular reporting and such.

What are the most common challenges and potential pitfalls?

- It's more difficult to simplify things than it may seem; we must however do our best in order to be efficient. Moreover, you cannot assume that what has worked before will work forever, try to continuously reassess how you handle information.



IR in practice – according to the professionals

Dagens Opinion



← André Löfgren, SVP Investor Relations, Skanska

Do you see any trends on the horizon?

– As always, we need to be alert with regards to market developments and be prepared for anything, for example a real estate bubble. The investors' collective holds sustainability as a highly prioritized issue, we are of course attentive to this and similar issues.

What challenges are you facing?

– The IR-function will become even more important in handling content and information aimed towards investors. More chatter in all channels does not make things easier, also we have not seen the full extent of Mifid 2 and how it will affect the number of financial analysts etc. Getting the right information out quickly and accurately will be more of a challenge than previously.

The article was first published in "[Dagens Opinion](#)" on November 24th 2017; credit Mr. Rolf van den Brink. Translation by Regi.





IR in practice – according to the professionals

Dagens Opinion



← Björn Tibell, Head of Investor Relations, SAS

What is significant of a skilled and proficient IRO?

- It's all about basic communications skills – be available, answer questions and follow up. External contacts should not have to remind you for an answer. Internally, we must facilitate an understanding of the business and what creates profit and value. A team effort is essential for the purpose of explaining facts and figures in a coherent manner.

The IR-function has a high level of flexibility and a broader scope in comparison with other departments within the company. Inquiries range from detailed questions from investors to questions regarding strategic issues. You cannot hide from difficult and/or new situations, they pop up all the time as each quarter holds a different set of questions than before.



IR in practice – according to the professionals

Dagens Opinion



← Björn Tibell, Head of Investor Relations, SAS

What are the most common challenges and potential pitfalls?

– There are a lot of them to be sure. A common mistake is to get tangled in details. Grasp the big picture and don't get stuck in short-term reasoning. Keep to a consistent “red thread” that can carry the message from quarter to quarter. Don't over-promise or under-promise. Continuity is a prerogative for successful IR. When tricky situations arise, you must prove you are trustworthy and always be available, carry on communicating, take meetings and hold a long-term perspective.

Do you see any trends on the horizon?

– We've seen a trend in that investors to a larger extent have their own analytical capacity. This has resulted in a larger extent of direct contacts with us.



IR in practice – according to the professionals

Dagens Opinion



← Björn Tibell, Head of Investor Relations, SAS

What challenges are you facing?

- Most importantly, always see to it that correct information is conveyed accurately. The challenge of getting through the static is a never-ending challenge. Another is to maintain analysts' interest in the company; external coverage is paramount for the purpose of getting our equity story to investors. Also, as the company has challenges, this will influence how I can handle my job – if the company does well, my job is much easier.



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IR in practice – according to the professionals

Dagens Opinion



← Christer Johansson, SVP, Investor Relations, Volvo

What is significant of a skilled and proficient IRO?

Well, that question should probably be answered by analysts and investors... I would say that it is very important to be knowledgeable and available. One must be à jour with ongoing happenings pertaining to the business and that demands a well-functioning network within the company and all relevant departments. You need to grasp sales, what's going on in production, R&D and subcontractors, future technologies and more.

Moreover, you need to understand what's happening in the trade in general and what drives the customers and competition. If you cannot answer questions from well-read investors or analysts, you risk becoming an event- and roadshow manager for top management.



IR in practice – according to the professionals

Dagens Opinion



← Christer Johansson, SVP, Investor Relations, Volvo

What challenges are you facing?

A challenge is to prioritize and handle the extreme amount of continuous information, both internal and external. Moreover, the IR-function has been extended to supporting the treasury department and participate in dialogues with credit institutes.

Do you see any trends on the horizon?

- Information that used to be contained locally is rapidly spread globally – which must be factored in when local launches or such are planned. In some cases, we’ve seen that a relatively small happening can be enlarged in the media and create headlines that are spread globally with extreme speed.



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AWARDS

& HONORS



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Award-winning IR-performance

The overall results were presented at an event hosted by Nasdaq in Stockholm on November 29th. Tomra was awarded the prestigious "Best Company – Nordics" award. Autoliv and Atlas Copco received Honorary Awards for best company during the 20 years that the study has been conducted. Emmett Harrison, SVP Investor Relations Swedish Match, was presented an Honorary Award for Best IRO. Mr. Harrison has won the individual award seven times. Congratulations!



*From left:
Björn Tibell, SAS
Fredrik Erlandsson, Thule Group
Hanna-Maria Heikkinen, Cargotec
Daniel Althoff, Atlas Copco
Anders Christensson, Volvo*





Best Swedish companies in the IR-study

Best Company

1. Volvo
2. SEB
3. SAS

Best CEO

1. Thule Group, Magnus Welander
2. Volvo, Martin Lundstedt
3. Sandvik, Björn Rosengren

Best IRO

1. SAS, Björn Tibell, Head of Investor Relations
2. Skanska, André Löfgren, SVP Investor Relations
3. Swedish Match, Emmett Harrison, SVP Investor Relations



Best Norwegian companies in the IR-study

Best Company

1. TOMRA (also best overall in the Nordics)
2. Borregaard
3. DNB

Best CEO

1. Borregaard, Per A. Sørlie
2. TOMRA, Stefan Ran-strand
3. Norsk Hydro, Svein Richard Brandtzæg

Best IRO

1. Höegh LNG, Erik Folkesson, Head of IR
1. SAS, Björn Tibell, Head of Investor Relations
3. Borregaard, Jørn Syvertsen, Director Investor Relations



Best Finnish companies in the IR-study

Best company

1. Kemira
2. Huhtamäki
3. Cargotec

Best CEO

1. Huhtamäki, Jukka Moisio
2. Sampo, Kari Stadigh
3. Elisa, Veli-Matti Mattila

Best IRO

1. Cargotec, Hanna-Maria Heikkinen, VP Investor Relations
2. Kemira, Olli Turunen, VP Investor Relations
3. Sampo, Jarmo Salonen, Head of Investor Relations
3. Nordea Bank, Rodney Alfvén, Head of Investor Relations



Best Danish companies in the IR-study

Best Company

1. Tryg
2. SAS
3. FLSmidth & Co

Best CEO

1. Danske Bank, Thomas F. Borgen
2. Tryg, Morten He
3. FLSmidth & Co, Thomas Schulz

Best IRO

1. SAS, Björn Tibell, Head of Investor Relations
2. Tryg, Gianandrea Roberti, Investor Relations Officer
3. Nordea Bank, Rodney Alfvén, Head of Investor Relations

The annual survey will commence after summer!

We hope to see as many participants as possible. Your professional opinion and qualitative evaluations contribute to enhancing IR-proficiency.

Please don't hesitate in contacting us if you have any questions or would like more information from the study.

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Insights in focus