

The background of the entire page is a dark red color with several 3D models of COVID-19 virus particles. These particles are spherical with numerous small, cone-shaped protrusions (spikes) on their surface, characteristic of coronaviruses. They are scattered across the frame, with some appearing larger and more detailed than others.

IR

magazine

Covid-19 and IR

How investor relations is affected by the Covid-19 pandemic and the social measures to combat it

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Introduction

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Introduction

The Covid-19 pandemic has affected public health in a manner unparalleled in modern times. The measures taken to combat it have dramatically impacted the global economy and working practices, creating insecurity for businesses in the short, medium and long term.

This report looks at how the pandemic has affected investor relations so far and what the perceived prospects are for its future. For this we have interviewed members of the IR and investment communities to see how resources and working practices have changed, and to evaluate the effectiveness of communication in terms of both logistics and message.

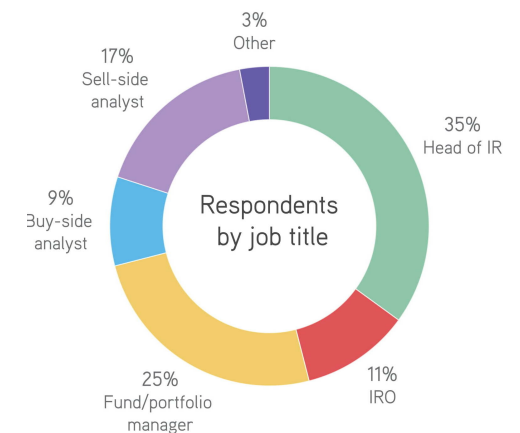
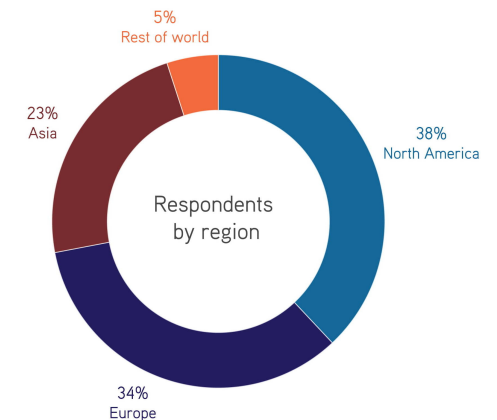
The findings in this report are taken from 187 online interviews conducted with members of our research panel,

which consists of IR heads, IROs, fund managers and analysts. Fieldwork for this survey was conducted between May 12 and May 21, 2020.

During the course of the report we refer to ‘investors’ and ‘IROs’ for shorthand purposes. In this, ‘investors’ refers to findings from the investment community (fund managers, buy-side analysts, sell-side analysts) while ‘IROs’ refers to both IR heads and IR officers.

We also refer to ‘larger’ and ‘smaller’ companies to mean companies with more than \$5 bn in market cap and companies with less than \$5 bn in market cap, respectively. Data is further broken down geographically according to region.

Respondents by region



IR resources

Budgets may fall but team sizes expected to hold



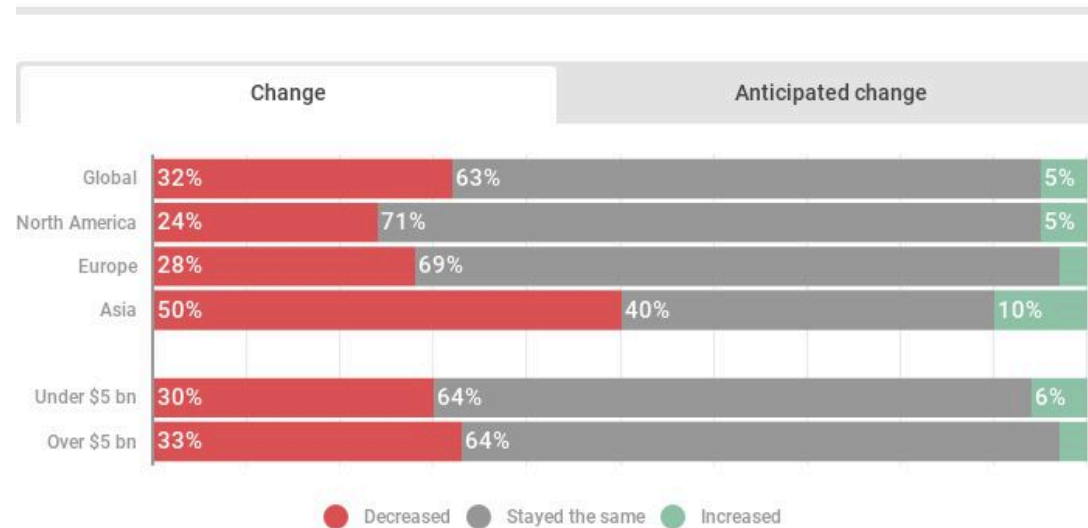
IR budgets

Almost a third of IR teams have seen a drop in their budgets since the outbreak of Covid-19, with 35 percent anticipating a budget decrease in the coming months. Nearly half (45 percent) of IR teams either already have seen or expect to see a fall in their budgets in this period.

Regionally, it is in Asia, where the outbreak was first experienced, that IR teams are most likely to see a decrease in budgets. Half of Asian IR teams have already seen a fall in their budgets, with 55 percent expecting an initial or further fall in the coming months. In North America, less than a quarter of teams have seen a drop in budgets.

There are few differences in budgetary changes according to company size so far. But notably more IROs at smaller companies anticipate budget cuts in the coming months than do IROs at larger firms.

How has your IR budget changed since the outbreak of Covid-19? How do you anticipate it will change in the coming months?



IR team sizes

The size of IR departments globally has been largely unaffected by Covid-19, with just 2 percent seeing an increase and 2 percent seeing a decrease in numbers since the outbreak. Nor do IR teams expect to see changes to their numbers in the short term, with just 6 percent anticipating an increase and 4 percent a decrease in the coming months.

There are no real differences in these findings according to region or company size, with the vast majority across the board expecting IR team sizes to stay the same over the course of this pandemic.

How has your IR team size changed since the outbreak of Covid-19? How do you anticipate it will change in the coming months?

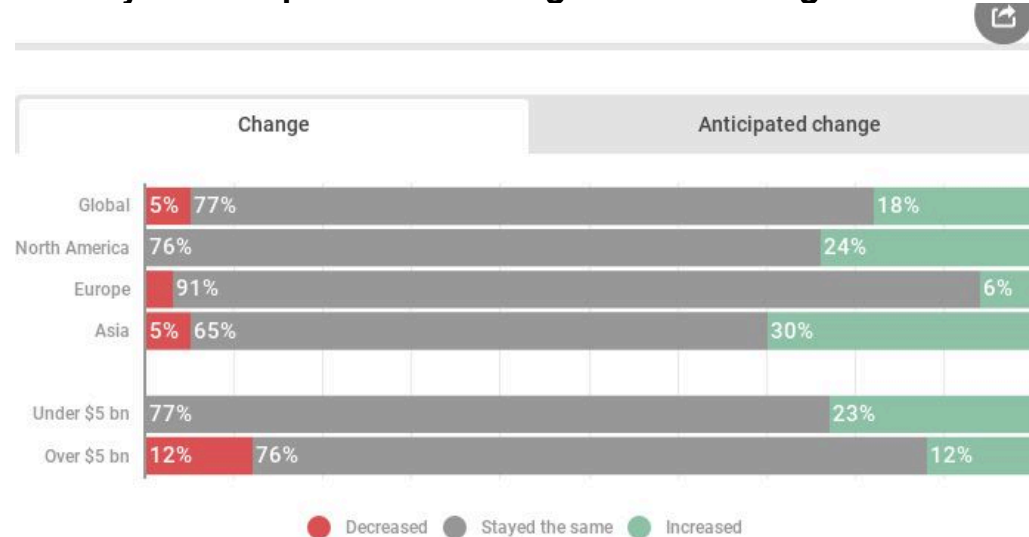


Senior management IR involvement

There has been a slight increase in senior management involvement in IR since the outbreak of Covid-19: nearly one in five IROs has noticed an increase in senior management IR involvement, while one in 20 has witnessed a decrease. Three quarters of IROs expect to see no change in senior management involvement in the coming months.

Increased senior management involvement in IR is seen more in Asia and North America than in Europe, where only 6 percent of IROs have witnessed an increase. IROs at smaller firms are almost twice as likely as those at larger companies to have seen greater engagement by senior management. Both these trends in senior management IR involvement according to region and market cap are matched when IROs are asked whether they anticipate changes in the coming months.

How has senior management involvement in IR changed since the outbreak of Covid-19? How do you anticipate it will change in the coming months?



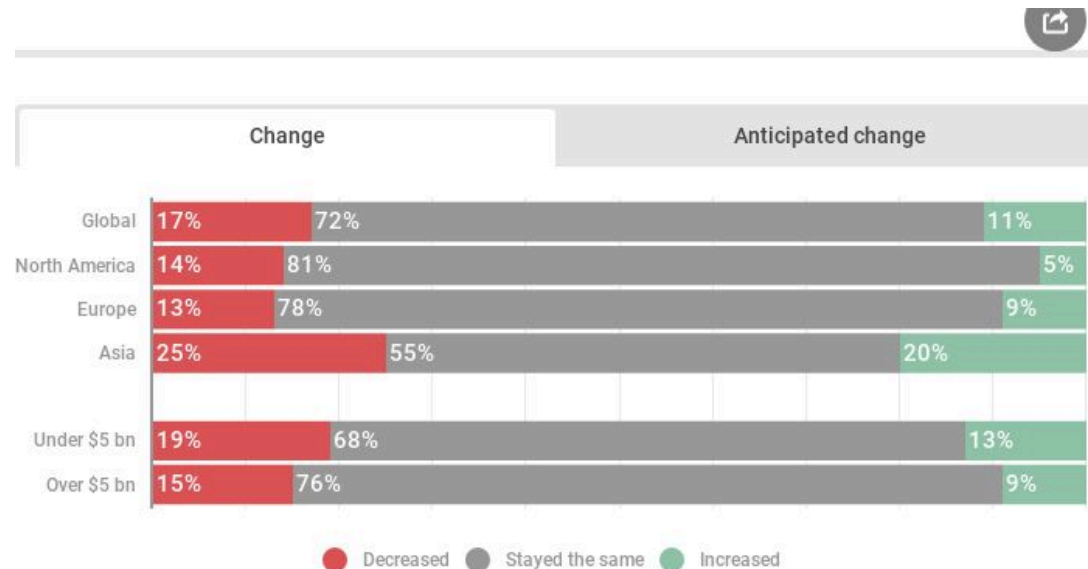
Use of external services

More IR teams have seen a decrease in the use of external services since the outbreak of Covid-19 than have seen an increase, although the majority of IROs have seen no change. But more IROs anticipate an increase in outsourcing in the coming months than expect a decrease.

A quarter of Asian IROs have seen a drop in outsourcing levels and a quarter expect to see a drop in the coming months. While more North American and European IROs have seen a decrease than an increase initially, roughly a quarter of each expect to see an increase in external service use over the next few months.

Smaller companies have seen greater change in outsourcing than larger companies, with just over half expecting outsourcing levels to remain the same in the coming months.

How has your use of external services changed since the outbreak of Covid-19? How do you anticipate that will change in the coming months?



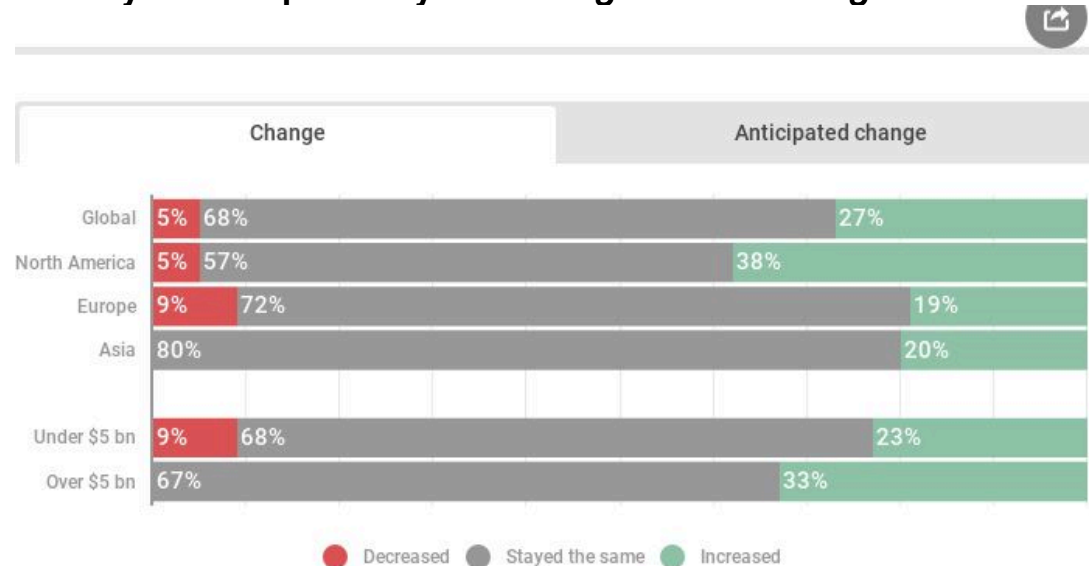
IR discussions at board meetings

More than a quarter of companies globally have seen an increase in discussions about IR at board meetings since the outbreak of Covid-19. This is expected to continue with three in 10 IROs expecting an increase in IR discussions with the board in the coming months and no one expecting a decrease.

Board engagement with investor relations has grown most in North America, with 38 percent of IROs seeing an increase in discussions of IR at board level and the same percentage anticipating an increase in the coming months. A third of IROs at larger companies have seen more IR board discussions compared with less than a quarter of those at smaller companies, although more IROs at smaller companies anticipate an increase in IR board discussions in the coming months.

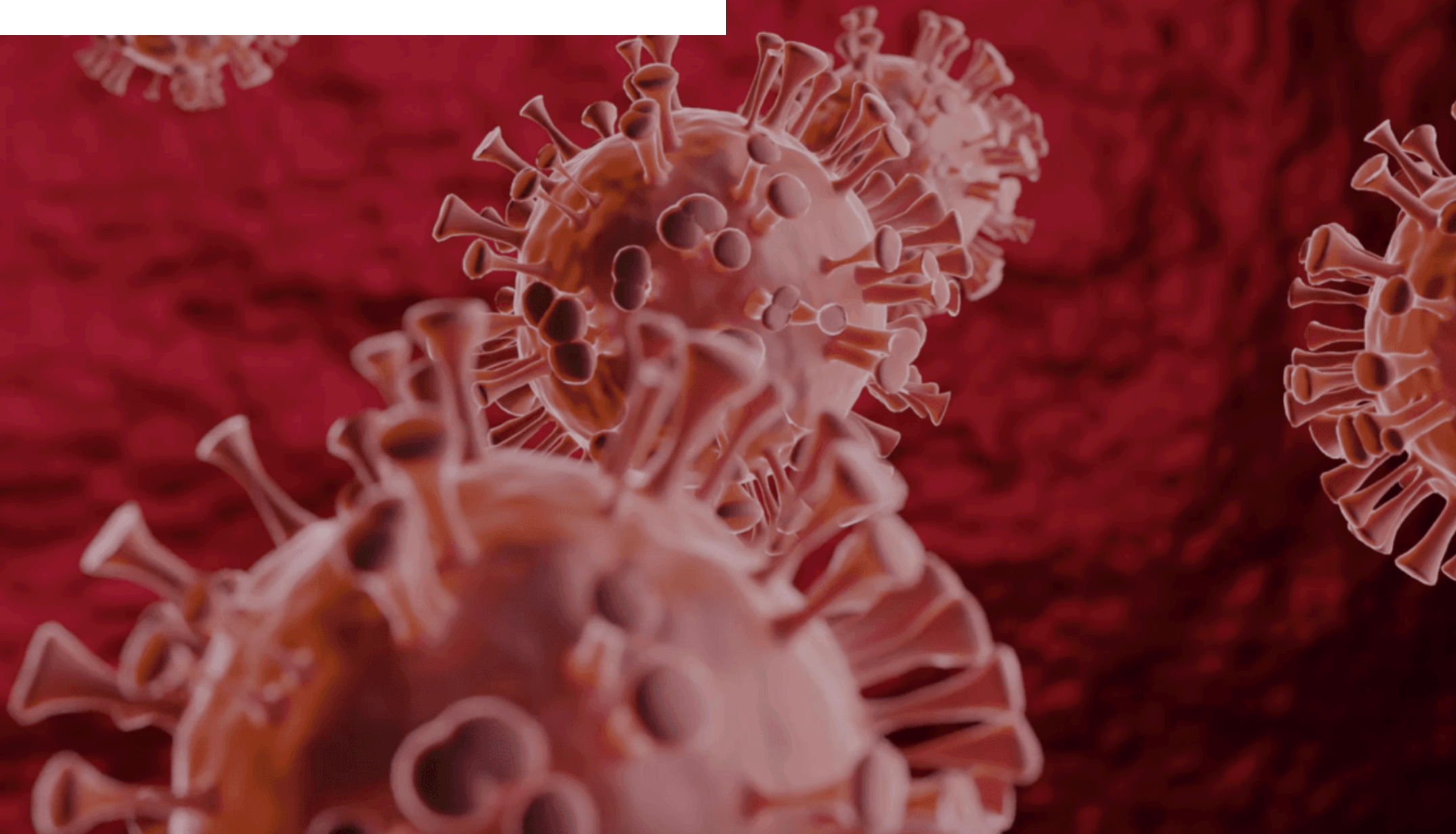
How have IR discussions at board meetings changed since the outbreak of Covid-19?

How do you anticipate they will change in the coming months?



Working practices

Adapting to remote working



Key changes to working practices

The first question we asked in our survey was: 'What are the key changes to your working practices since the outbreak of Covid-19?' We asked this initially as we wanted to get instinctive responses unprompted by any of our subsequent questions.

The overwhelming majority of our panel, both IROs and investors, mention increased and mainly full-time working from home. With this change comes the increased use of technology as remote working necessitates all internal and external meetings to be virtual.

Also commonly mentioned is the lack of travel and the attendance at virtual events to compensate for this. More IROs than investors mention this but it is still a common theme among investors. To a small degree investors tend to have a more negative approach than IROs to the lack of real-space interpersonal contact.

Investor comments

'Ability to attend more conferences as they're now virtual, so lower costs involved and less time-consuming' – fund/portfolio manager, Europe

'Acceptance of work-from-home arrangements, switching company visits with videoconferences or calls' – buy-side analyst, Asia

'Being more forward-looking, focusing more on liquidity and otherwise being more qualitative' – buy-side analyst, Europe

'Focusing more on health-related regulatory intensification' – sell-side analyst, Europe

'More frequent publication of research to update outlooks and views as new information becomes available' – sell-side analyst, Canada

'No lunch & learn meetings with company executives' – fund/portfolio manager, Canada

'We are looking at actions being taken by our portfolio companies to ensure the wellbeing of their workers, including in the supply chain. We have been impressed by how our companies with higher ESG ratings have been very resilient during this crisis' – buy-side analyst, US

'Working from home, fewer deals, keeping higher levels of cash in case of redemptions' – fund/portfolio manager, Asia

'Working partly from home, have stopped full coverage of some oil-service companies due to drop in market cap/reduced interest from clients. Instead, have taken up coverage of one company within materials sector where interest is higher due to ESG focus' – sell-side analyst, Europe

Key changes to working practices

IRO comments

'Everyone working from home. More communications needed and more co-ordination with other communications within the company' – head of IR, Canada, financials

'Everything is remote! No more face-to-face meetings, no more travel. Change of focus on what is important for investors to hear and how often, far more frequent reporting on trading conditions, liquidity, and so on' – head of IR, UK, financials

'Global population is working from home for now, and doing so fairly effectively. Exploring what the future looks like in terms of office structure and how virtual to go. I expect more virtual meetings to happen in future, which could reduce the number of roadshows every year' – head of IR, US, consumer discretionary

'Remote work, only virtual investor interaction, more ad-hoc requests, additional unforeseen projects to handle, limited working time due to

home-schooling at same time' – head of IR, Switzerland, consumer staples

'Intensification of interaction with investors and targets, and using virtual tools to enhance' – head of IR, Brazil, consumer discretionary

'Large funds have reduced investment in the whole oil & gas sector' – head of IR, China, energy

'More virtual engagement, additional reporting, less focus on numbers vs trends. Increased volume of incoming interest, from both current and prospective holders, globally' – IRO, UK, technology

'Most of team working from home, investor meetings via video or audio conference, analyst briefings via web and audio' – IRO, Austria, financials

'Restricted access to information as no presence in office and no conferences with information exchange' – head of IR, Austria, real estate

'Trying to stick to a regular schedule and not mix private life and work 24/7' – IRO, France, technology

'Working-from-home challenges on quarterly reporting and earnings calls. Virtual meetings and events are not that effective' – head of IR, US, energy

'Working from home. The demand has only increased, especially given the increase in video calls/conferences' – head of IR, US, technology

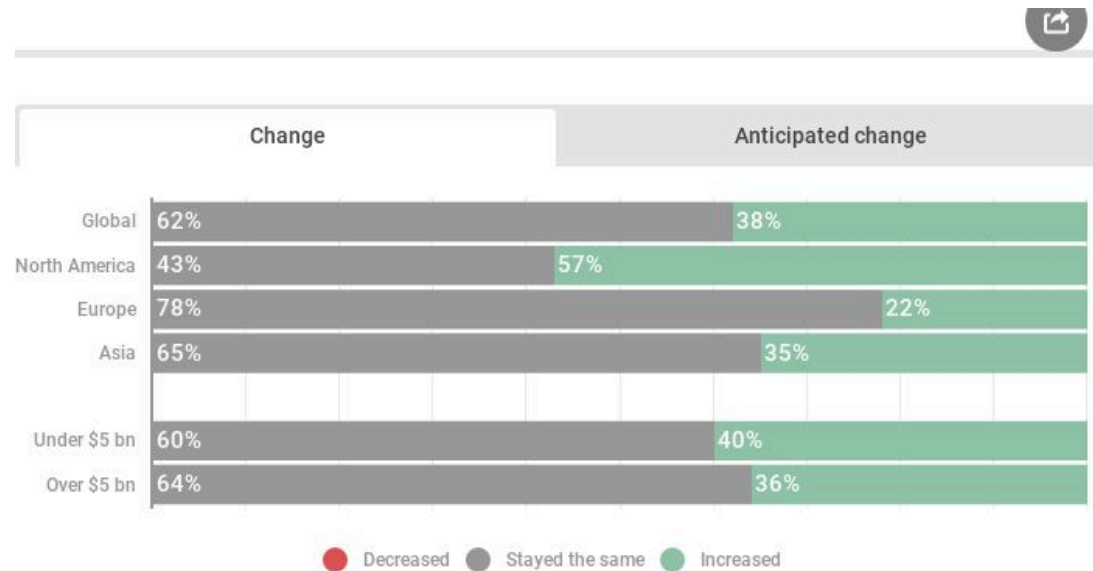
'Working from home with technology. It is business as usual otherwise, as have Zoom, Bloomberg and full server access from home' – head of IR, Singapore, industrials

Additional responsibilities for IROs

For many IROs, a key change in their working practices has been the taking on of additional responsibilities. Nearly four in 10 IROs have seen an increase in their non-IR-related responsibilities since the outbreak of Covid-19 and more than four in 10 expect to see an increase in the coming months. No IROs have had their non-IR responsibilities cut.

The taking on of additional responsibilities is most common in North America, where 57 percent of IROs have experienced an increase and 57 percent also expect to gain more responsibilities in the coming months. IROs at smaller companies have seen a greater rise in non-IR responsibilities than those at larger companies, with nearly half (48 percent) of IROs at companies with a less than \$5 bn market cap expecting further additional responsibilities in the coming months compared with a third at companies of more than \$5 bn in market cap.

**How have your non-IR responsibilities changed since the outbreak of Covid-19?
How do you anticipate they will change in the coming months?**

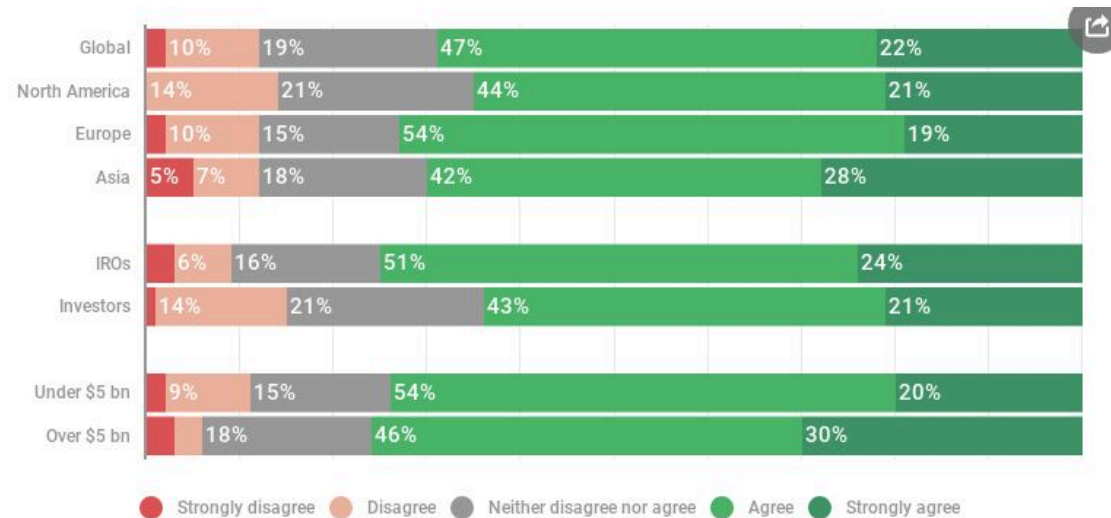


Permanent changes to working practices

More than two thirds of our research panel believe the experience of Covid-19 will have a lasting effect on the way they work. Three quarters of IROs and 64 percent of investors agree with the statement: 'The Covid-19 pandemic will lead to a permanent change in my working practices'. Nearly a quarter of IROs and 21 percent of investors strongly agreed with this statement, while just 12 percent of the panel disagreed.

The widely held view that we are witnessing a permanent change in working practices for both IROs and investors is consistent across the world. Regionally the level of agreement ranges from 65 percent in North America to 73 percent in Europe. Among IROs, three in 10 at larger companies strongly agree we are seeing a permanent change.

How much do you agree with the statement: 'The Covid-19 pandemic will lead to a permanent change in my working practices'?



Positive changes

The final question we asked respondents in this survey was: 'What positives, either personal or professional, have you found in the changes to your working practices as a result of the Covid-19 outbreak?' We asked this question in the hope of bringing some light to what we perceived as dark and challenging times.

In fact, of all the open-comment questions we asked, this is the one most enthusiastically answered by our panel. While no one is attempting to downplay the seriousness of these times, there are many positives that both IROs and investors take from the changes to their working practices.

The most common positive is how panel members have adapted to working from home. Many have found this experience as – if not more – productive than office work. Respondents are often impressed with how the technology available to them at home has enabled them to do their job effectively. On a personal level, many comment on how much they have enjoyed the changes to their work/life balance.

Another commonly cited positive is not having to travel, whether commuting day-to-day or more extended time traveling away to meetings and events. Both IROs and investors mention this as a positive outcome, although it is cited more often by IROs because they no longer have to spend so much time on roadshows.

Although panel members are impressed by virtual engagement, the importance of face-to-face interpersonal communication is still mentioned. Investors are somewhat more split on the positives of current working practices. While there are some who feel there are no real positives to take from the current situation, others are very enthusiastic about their new working environment, believing it may change the institutional culture of office presenteeism in the capital markets.

Positive changes

Investor comments

'More flexibility allowed by employers, higher degree of collaboration among colleagues and greater use of technology' – buy-side analyst, Asia

'I love working from home as I have more time to spend with my children and husband. The meetings are shorter than before, and I also have more time to read' – buy-side analyst, Europe

'I am personally grateful for having my family near and allowing us to share in simple pleasures. Professionally, our work as ESG investors has gained recognition for the lower risk/higher return potential it offers, as well as the positive impact on society' – buy-side analyst, US

'It has broken the myth that working from home is not possible in financial services. I reckon a lot of investment banking does not need late hours in the office. This has blown a hole in the entire Facetime culture the industry seems to pride itself on' – buy-side analyst, US

'My younger employees have started to appreciate the fact that no one owes them a living, no matter how smart they are' – fund/portfolio manager, Asia

'Staff are actually better connected when forced to do it digitally. Working from home is more practical, productive and more efficient than I thought it would be' – fund/portfolio manager, Canada

'The air is visibly clearer, which supports the renewables trend. Risk assessment will be different in the future as the real risks are the ones most investors do not think about' – fund/portfolio manager, Europe

'Working from home is a good working model if it's used in addition to office work' – fund/portfolio manager, Europe

'Not many changes, if any at all, because of implementation. Some concepts may be good in the long term, but execution is everything' – sell-side analyst, Asia

'Working from home, my entire team is 30 percent more productive and reports being happier' – sell-side analyst, Europe

'Been with my kids and family more and am in better physical shape' – sell-side analyst, US

Positive changes

IRO comments

'Engaging and co-ordinating with more departments internally' – head of IR, Canada, financials

'Everyone is working under the same conditions so there is no easy way to navigate through this: we just have to keep trying various strategies and find something that works' – head of IR, Canada, consumer discretionary

'Flexibility and work/life balance: we may be looking at a future world of three to four days in the office and one or two days at home' – head of IR, US, consumer discretionary

'Shorter commute time, more ability to be creative. It has reset the bar for market communications in some ways that will hopefully persist' – IRO, UK, technology

'Has forced the company to respond to external changes faster and confront old practices that weren't working' – head of IR, US, real estate

'For communication, it's positive. But for the business itself, it's negative' – CEO, China, energy

'I have largely continued to work in the office so no real change, although less traffic and quieter office have been benefits' – IRO, Australia, financials

'Increased interest and alignment with sustainability/ESG' – head of IR, Philippines, industrials

'Less travel and working from home enables us to see clearly what really matters' – head of IR, Germany, materials

'Working for a subsidiary, my co-workers at headquarters are no longer any better off in terms of proximity to senior management and other teams. We are all equal now' – IRO, France, technology

'Seeing my family more. Time working has been the same, but have been able to be at home for mealtimes' – head of IR, UK, industrials

'Mobile working and virtual meetings work!' – head of IR, Switzerland, industrials

'More public focus on healthcare industry' – IRO, China, healthcare

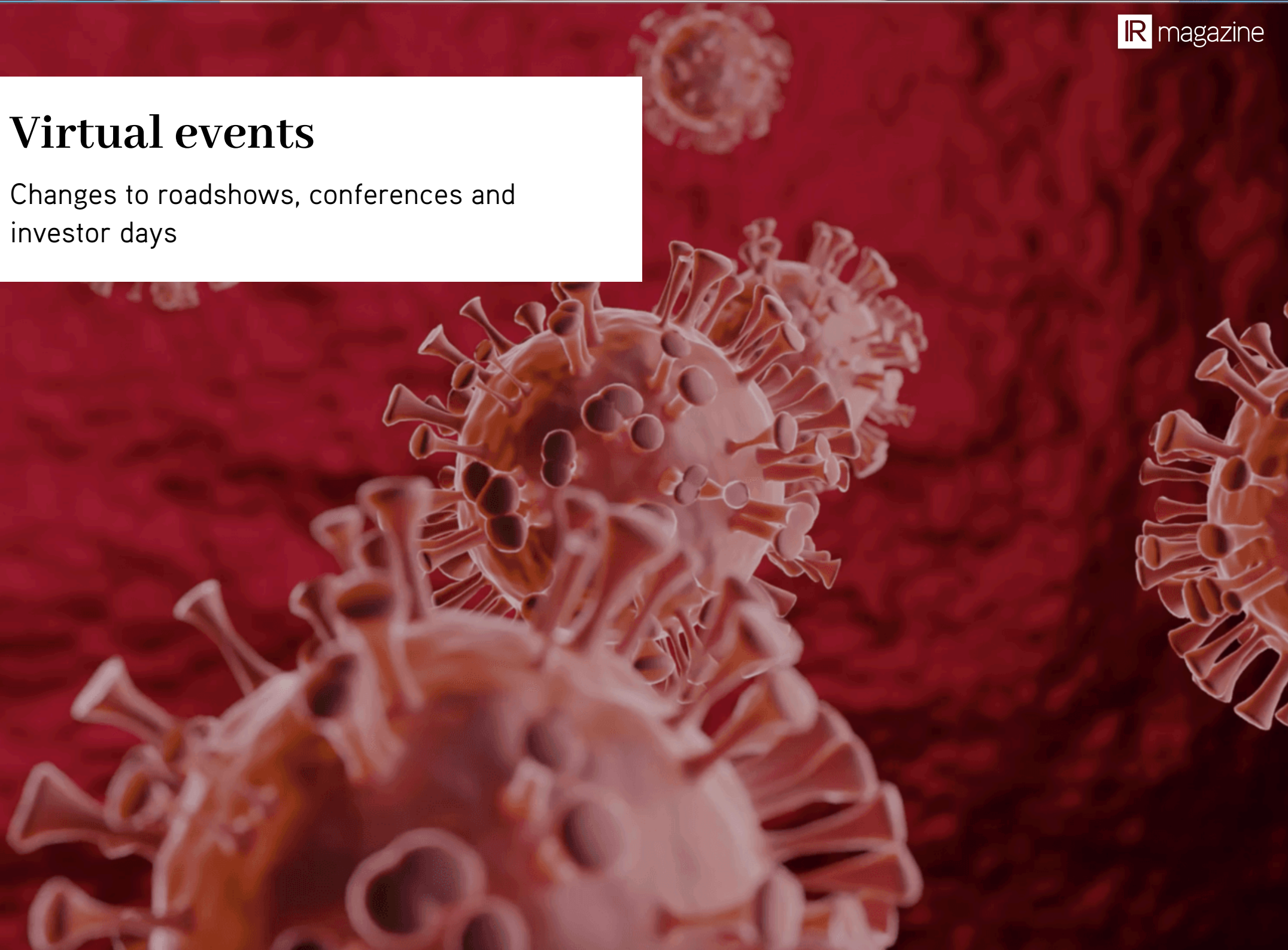
'Investors are looking more closely at the company and its initiatives to deal with the pandemic' – head of IR, Brazil, consumer discretionary

'There is nothing positive about this pandemic. People are dying and the economy is in a coma' – CFO, rest of world, healthcare

'Working from home will be more acceptable in future due to Covid-19 experience. I've enjoyed more time spent with kids and family' – head of IR, Malaysia, communications

Virtual events

Changes to roadshows, conferences and investor days



Virtual roadshows

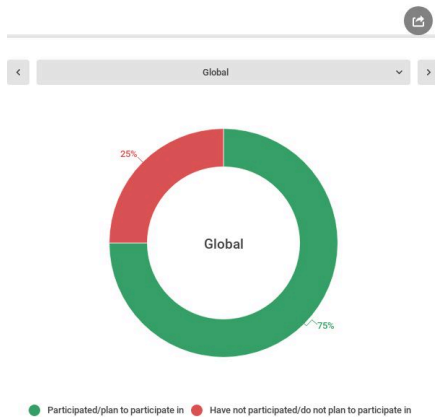
Three quarters of IROs have either already participated or plan to participate in a virtual roadshow this year, with IR teams having taken part in an average of 2.1 virtual roadshows so far in 2020. Almost half of IROs intend to participate in more virtual roadshows this year than before the outbreak of Covid-19, with just 24 percent planning fewer.

Regionally, the number of IR teams participating in virtual roadshows is highest in Europe, where 83 percent are doing so. The number of virtual roadshows is highest for Asian IR teams, which have attended an average of six so far this year. North American IR teams participate in the fewest virtual roadshows and are the least affected by Covid-19, with as many IROs saying they plan to attend fewer virtual roadshows this year as say they plan to attend more.

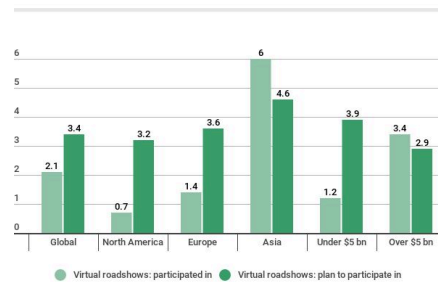
Larger companies are more engaged in virtual roadshows than smaller firms. More than eight in 10 IR teams at larger companies plan to participate in virtual roadshows this year, attending almost three times as many as IR teams at smaller companies.

How many virtual roadshows have you participated in, or do you plan to participate in, this calendar year?

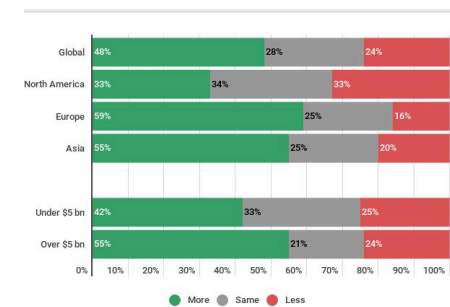
Percentage who have participated/plan to participate in virtual roadshows



Number of virtual roadshows



Are these numbers more, less or the same as you planned prior to the Covid-19 outbreak?



Virtual investor conferences

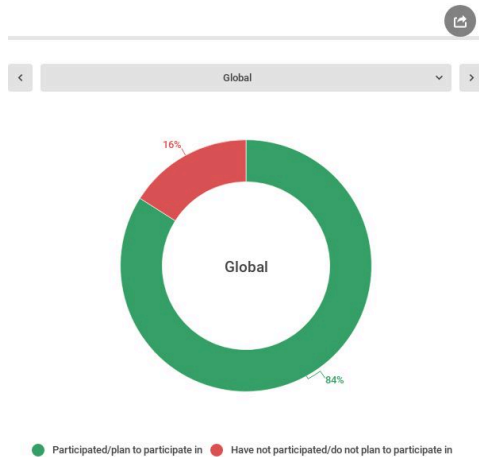
Just 16 percent of IROs do not plan to participate in virtual investor conferences this year, with 54 percent having already done so. Globally, IR teams have participated in an average of 2.5 virtual investor conferences so far this year, with 56 percent saying they are planning to participate in more this year than in 2019.

There is considerable variation according to region, however, with Asian IR teams having already participated in nearly eight virtual conferences this year, compared with just over one for European teams and less than one for North American teams. The only notable difference according to company size is that nearly two thirds of IR teams at larger companies intend to increase their virtual investor conference participation this year, compared with just half of IR teams at smaller companies.

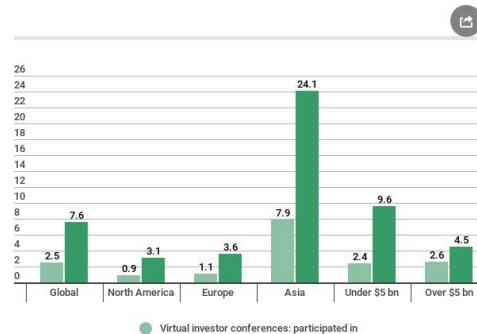
companies intend to increase their virtual investor conference participation this year, compared with just half of IR teams at smaller companies.

How many virtual investor conferences have you participated in, or do you plan to participate in, this calendar year?

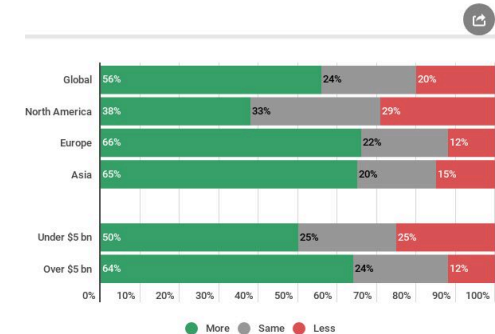
Percentage who have participated/plan to participate in virtual investor conferences



Number of virtual investor conferences



Are these numbers more, less or the same as you planned prior to the Covid-19 outbreak?



Virtual investor days

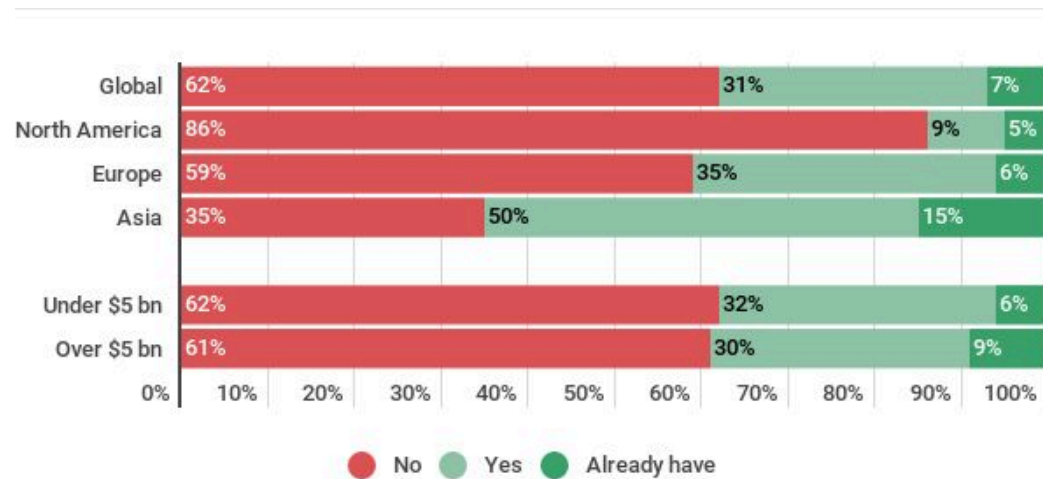
Almost a third of companies globally are planning to hold a virtual investor/analyst day over the course of this year, with 7 percent having already done so.

There are big regional differences here, with half of Asian companies planning an investor day this year and a further 15 percent having already done so.

This compares with just 14 percent of North American companies who have had, or are planning, an investor day this year.

There are no notable differences according to company size, with slightly more larger companies already having had a virtual investor day this year.

Do you plan to hold a virtual analyst/investor day this year?



Benefits of virtual events

The key benefit of virtual events for IROs is their efficiency. Many mention the lack of need to travel for such events and the subsequent saving on time and cost. There is greater flexibility with these events and they are easier to manage around with less interruption for senior management members, should they participate.

Another notable advantage of virtual events is that they are not bound by geography. Some IROs participating in these events say they are able to reach a wider range of investors based in different and often more distant locations.

IRO comments

'Much better communication with investors' – CEO, China, energy

'Best use of management time, given there's no need to travel' – head of IR, rest of world, healthcare

'Higher number of investors participating' – head of IR, Singapore, financials

'Huge time savings, more executives enabled (I can't get my CEO and CFO out on the road that often)' – head of IR, US, consumer discretionary

'Broader engagement per meeting, can fit in more in less time, more flexibility around otherwise 'pre-set' conferences' – IRO, UK, technology

'Can quickly reach many investors globally' – head of IR, Philippines, industrials

'Can reach a much greater audience and record the content' – IRO, Bulgaria, technology

'Can reach more investors, even in remote areas' – head of IR, Switzerland, consumer staples

'Easy organization, better availability of C-suite' – head of IR, Germany, consumer staples

'More time-effective and cost-effective as we don't need to travel anywhere' – IRO, France, technology

'No longer geographically limited in investor outreach or limited to a specific time window' – head of IR, US, real estate

'Scalability: a group call sometimes has the same attendance as a full day of meetings at a conference' – head of IR, Russia, financials

'It's surprising just how useful and intimate people have been in virtual conferences' – head of IR, UK, industrials

'The show must go on and there's more opportunity to engage with distant investors' – head of IR, Canada, financials

'Very efficient use of time, easy to interact with people in different geographies' – head of IR, UK, real estate

'Wider net to cast across the US investor base' – head of IR, US, financials

Challenges of virtual events

The key challenge for IROs in virtual event participation is developing relationships with investors. Interpersonal interaction is harder online than at live events. Virtual events are less social and sociable than face-to-face meetings.

There are also technological challenges, especially with group meetings. Most teleconferencing software operates in a way that makes it easier for more vociferous individuals to dominate, which is harder to moderate virtually than in real life. The nature of most platforms means conversations flow less naturally than they do in face-to-face meetings.

IRO comments

'It's hard to make an emotional connection with investors' – CFO, rest of world, healthcare

'The joy of meeting and travel is not there' – CFO, India, energy

'Don't get the same vibe as if sitting in an office and looking someone in the eye. I think there will be a

place for in-person events because of this' – head of IR, US, [no sector cited]

'No personal contact is especially challenging when meeting for the first time' – head of IR, Switzerland, industrials

'Lack of ability to use handouts and presentations in a dial-in call, which some investors prefer' – head of IR, Canada, financials

'Communications with investors is more challenging. Less informal networking' – head of IR, Canada, materials

'Finding the time to meet all requests. Quality of conference attendees not great' – head of IR, Australia, financials

'More difficult to co-ordinate if you have multiple speakers: one person ends up leading the conversation and it's harder to interject' – head of IR, UK, real estate

'Harder to get feedback; getting the tone right; makes targeting more important' – head of IR, US, consumer discretionary

'Investors are dropping out at the last minute' – IRO, France, technology

'Investors do not like to be on calls with others so you have to do more one-on-ones and small group meetings versus larger groups' – head of IR, US, consumer discretionary

'Lack of personal touch. Less interest on the part of new investors, seems to be existing investor focus' – head of IR, US, financials

'Lack of physical interaction, keeping meetings timely and in order, technical issues may prevail' – head of IR, Thailand, real estate

'We miss the face-to-face interaction. Group meetings are tougher as people speak over one another' – head of IR, US, real estate

'Most investors don't use video, but even with video it's hard to ascertain people's body language. Dominant participants in group meetings can be even more dominant on calls' – head of IR, rest of world, materials

'Not meeting face to face you lose important casual interactions' – head of IR, Sweden, financials

'Social interaction, ability to 'read' the extent of the room, group meetings incrementally harder to build engaged discussion among varied participants' – IRO, UK, technology

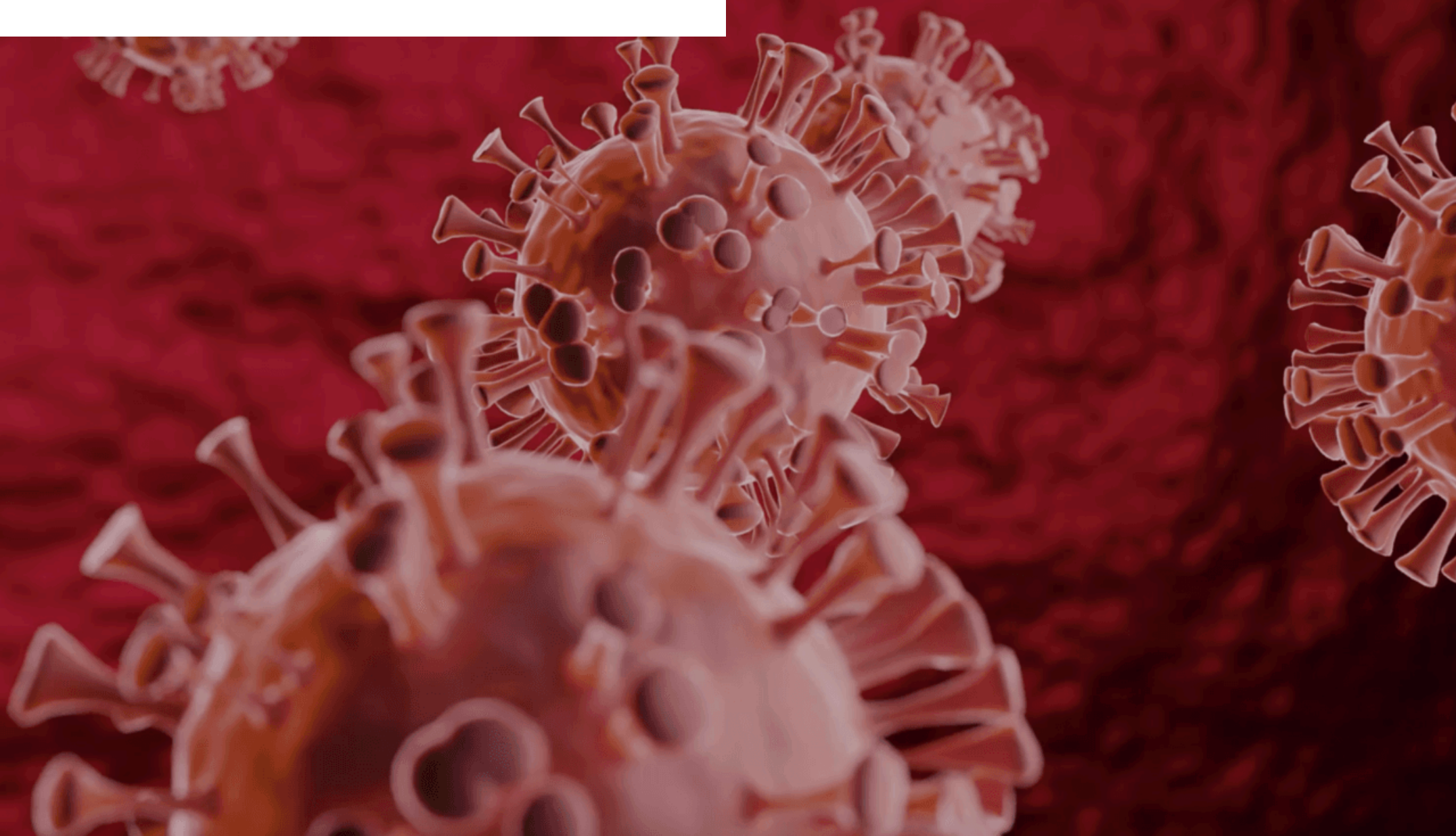
'The challenges were the same with on-site conferences, especially how to manage concerns of analysts/investors' – IRO, Indonesia, utilities

'The personal contact is, in my opinion, very important, especially for new and potential investors' – head of IR, Switzerland, technology

'You can't see the body language of the participants' – head of IR, Switzerland, utilities

Investor communication

The do's and don'ts during Covid-19

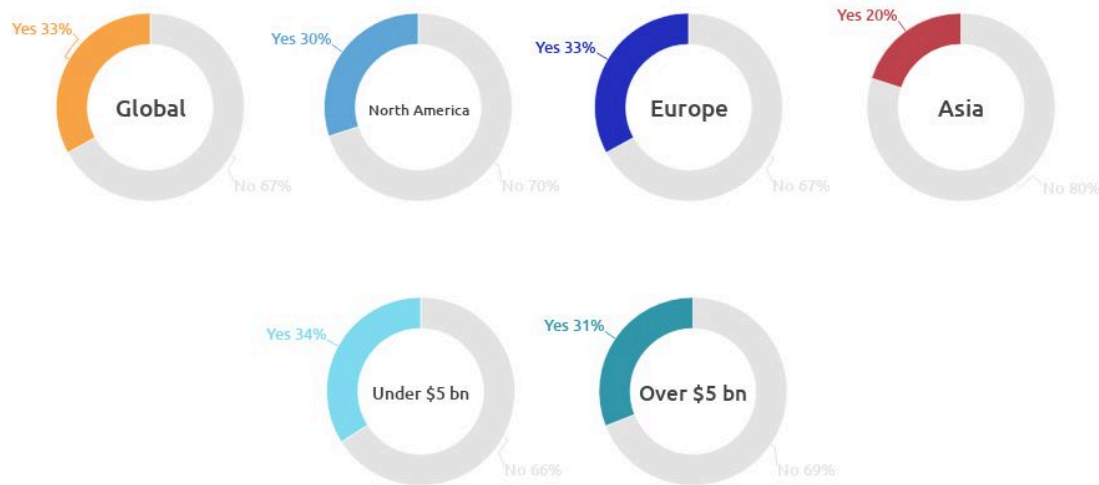


Targeting strategy

A third of companies have changed their targeting strategy as a result of Covid-19. This is most common among European companies and least common

among Asian firms. There is no notable difference according to company size as to whether they have changed their strategy.

Has your targeting strategy changed as a result of the Covid-19 pandemic?



IRO comments

'More focus on targeting. By not traveling, we have fewer group meetings and have to stay on top of how often we are speaking with top holders and targets' – head of IR, US, consumer discretionary

'Given less interest from new investors in this environment, we are trying to hone our messaging with existing investors and reiterate our long-term strategy' – head of IR, US, financials

'We still target the same kind of investors, though we proactively reach out to investors that were previously interested but waiting for opportunity' – head of IR, Switzerland, consumer staples

'Direct contact instead of brokers' – head of IR, Germany, materials

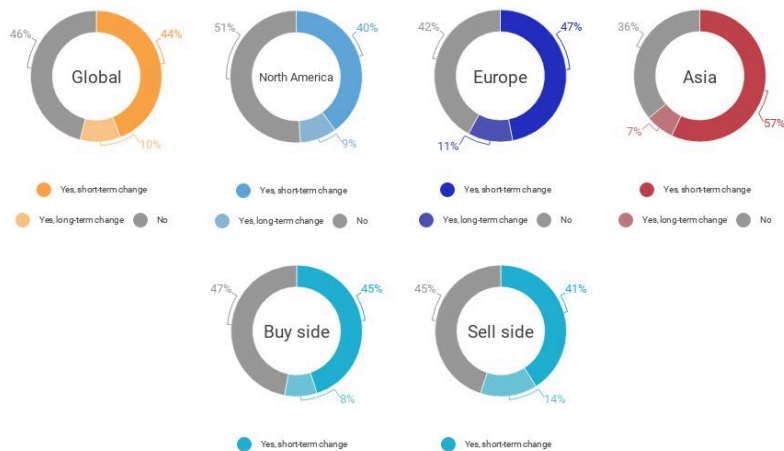
'Slight change as we now look for longer-term investors in new and existing geographies that like the longer (beyond Covid-19) story' – head of IR, Ireland, materials

Investment approach

The majority of investors and analysts have changed their investment approach as a result of Covid-19. While 44 percent have adapted their approach for the short term, one in 10 says Covid-19 has altered the investment approach for the long term.

In North America there is a 49/51 split between investors and analysts who have changed their approach and those who have not. In Asia, approaching two thirds of the investment community have changed their approach.

Has your investment approach changed as a result of Covid-19?



Investor comments

'Cautious short term, but focusing on long term' – sell-side analyst, US

'Contingency and sustainable plans must be established for the long term' – fund/portfolio manager, US

'Focus on Covid-19 has insulated sectors and investments' – fund/portfolio manager, Europe

'Focus on financial strength, no debt' – fund/portfolio manager, Europe

'I am typically a long-term investor and don't trade much. Now I have to trade more purely due to the volatility in the markets and the level of uncertainty' – fund/portfolio manager, US

'I buy stocks in downturns and there are a lot of companies to look at. Investing in those with large turnaround potential' – fund/portfolio manager, US

Investment approach

'Less reliant on fundamentals, more on momentum'
– buy-side analyst, Asia

'Looking for investment opportunities where stocks have been sold off based on sharp decline in business due to Covid-19' – buy-side analyst, US

'Market reset in certain companies and sectors has boosted the number of companies that could potentially have increased margins of safety' – buy-side analyst, US

'More focused on short-term trading and trying to rotate capital' – buy-side analyst, Asia

'More trading activity, focus on cash and balance sheet, focus on risk mitigation. Less position concentration, more cash' – fund/portfolio manager, US

'Much greater concerns for liquidity and bankruptcy as well as structurally different winners and losers'
– sell-side analyst, US

'No real change as I am fundamental in my analysis and so focused on quality stocks' – fund/portfolio manager, Europe

'Outlook for oil and gas is much more uncertain due to significant drop in demand. It is a short-term issue, but I assume it could also have impact longer term. I am now more positive on some defensive stocks' – sell-side analyst, Europe

'Refocus on visibility and operating cash flow, and increased focus on leverage' – fund/portfolio manager, US

'For now, we are staying out of travel, tourism, restaurants, hotels, airlines, energy and banking, and avoiding high-yield debt exposure' – sell-side analyst, Europe

'Short term, looking for companies that will benefit from Covid-19, or at least not have material negative effects. Strong balance sheets are much more important' – sell-side analyst, Canada

'Tail-risk protection is highly undervalued when considering existential threats to the business' – buy-side analyst, US

'The value of certain sectors – travel, leisure, hospitality, and so on – have permanently changed'
– sell-side analyst, US

'Waiting until volatility recedes and normal growth investing returns. Staying sidelined in risk environment' – sell-side analyst, Europe

'We have become short-term investors' – buy-side analyst, Europe

'Willing to hold more cash. More balance sheet-focused' – fund/portfolio manager, US

'Short-term focus: liquidity. Long-term focus: ESG' – sell-side analyst, Europe

What investors want to hear from companies

When investors are asked what they want to hear from companies during this pandemic, there is no one specific answer that stands out. Clearly, they want to know what impact Covid-19 is having and what measures companies are taking in response.

Issues here include how exposed the company is and what costs are incurred, plus the effect upon employees, supply chain and customers. Additional key topics are balance sheet issues, liquidity, solvency and financial sustainability during an ongoing pandemic.

Investors want to hear about long-term prospects and what plans there are for post-pandemic recovery, as well as how companies' long-term strategy will change as a result of Covid-19, what their plans are for customer retention and what opportunities there are for business and sustainability in the post-pandemic future.

Investor comments

'Actions taken to protect workforce and customers, and immediate actions to protect balance sheet' – fund/portfolio manager, Europe

'Actual data observed by the company that illustrates the impact Covid-19 is having on the business' – sell-side analyst, Canada

'Cost and capital discipline, ability to take advantage of opportunities in a difficult market' – sell-side analyst, Europe

'Just be transparent on what is happening internally in the business, whether operationally or strategically. More frequent contact with the market along with transparency should improve investor confidence to invest in the company' – buy-side analyst, Australia

'How the recovery after the pandemic will be used to shape the company for better sustainability' – fund/portfolio manager, Europe

'How much sales have fallen. And provide as much guidance as you can. Compare yourself with competitors regarding what they are doing to respond to the crisis' – buy-side analyst, Asia

'Liquidity, longer-term strategy changes, opportunities that arise due to the pandemic, innovative thinking' – buy-side analyst, US

'Managements need to be transparent about recent trends and changes to their strategy, and make themselves available to investors' – fund/portfolio manager, US

'Measures taken to protect employees, impact on profits in the short and the long term' – buy-side analyst, Europe

'What they are doing to keep their employees engaged while not employed. How they are restructuring to operate in a more digital world that will likely have less globalization and more financial disruptions' – fund/portfolio manager, Canada

What investors want to hear from companies

'Provide the best guidance they can. No guidance should not be an option' – sell-side analyst, US

will stay open' – fund/portfolio manager, US

'We want to hear how companies' business practices allow them to remain resilient for the long term. This generally includes respect for employees and supply chain, attention to environmental issues that may impact business, and sound corporate governance to lead' – buy-side analyst, US

'The impact on their business and how much management has cut salaries if the company has been hurt by the pandemic' – fund/portfolio manager, US

'Very few companies have any visibility, so the key way to instill confidence is by showing they have done enough work and scenario planning' – sell-side analyst, Europe

'What their major problems are in getting their customers back, what they can do to overcome these problems and, if they can't overcome them, how they

Common mistakes from IROs

We asked investors what common mistakes IROs can make in communicating during this pandemic. The key mistake is to not communicate and replace the lack of sure guidance with silence.

As with every crisis, communication is vital. During this pandemic, every company is to one degree or another in a crisis and investors are respectful of this. Being too optimistic or showing a lack of concern may prove to be counterproductive. Attempts to hide negative information will not fool the skeptical investor.

A few investors warn against being too pessimistic and too bearish in outlook. While they require a realistic account of the problems faced, they want a pragmatic approach, not a counsel of despair.

Investor comments

'Avoiding the topic, withdrawing guidance for conservatism. Investors value companies that can offer articulate insights into their scenario planning and continue to provide financial guidance' – fund/portfolio manager, US

'Being very pessimistic during the pandemic, then optimistic after reopening' – buy-side analyst, Asia

'Delayed communication: be quick to engage even if it is not a complete update. Observations and actions taken to date are still useful' – fund/portfolio manager, Europe

'Excessively focusing on short-term Covid-19 issues' – fund/portfolio manager, Europe

'Infrequent or reactive communication with analysts, saying it is too early to tell the impact – make an attempt or help bridge the gap! Being backward-looking rather than forward-looking' – sell-side analyst, Canada

'Focusing too much on short-term disruptions, taking on debt, believing the previous environment will return, letting culture and ethical standards slip' – fund/portfolio manager, US

'Giving up on any guidance and not disclosing company's response regarding the pandemic' – buy-side analyst, Asia

'Need to mix it up and try new tools and styles' – sell-side analyst, US

'Not being candid about the challenges being faced, being emotional or overly patriotic' – buy-side analyst, Europe

'Not talking to the investment community. Giving unrealistic guidance where true estimates are not possible' – buy-side analyst, Asia

'Not communicating: being not specific enough or being overly optimistic' – sell-side analyst, Europe

Common mistakes from IROs

'Removing guidance and saying they have no idea what the future will bring' – fund/portfolio manager, US

'Failure to be bold' – sell-side analyst, US

'Saying all is OK without the slightest sign of concern' – fund/portfolio manager, Asia

'Trying to deflect attention away from the current situation by resolutely focusing discussion on the long-term growth drivers of the business' – buy-side analyst, US

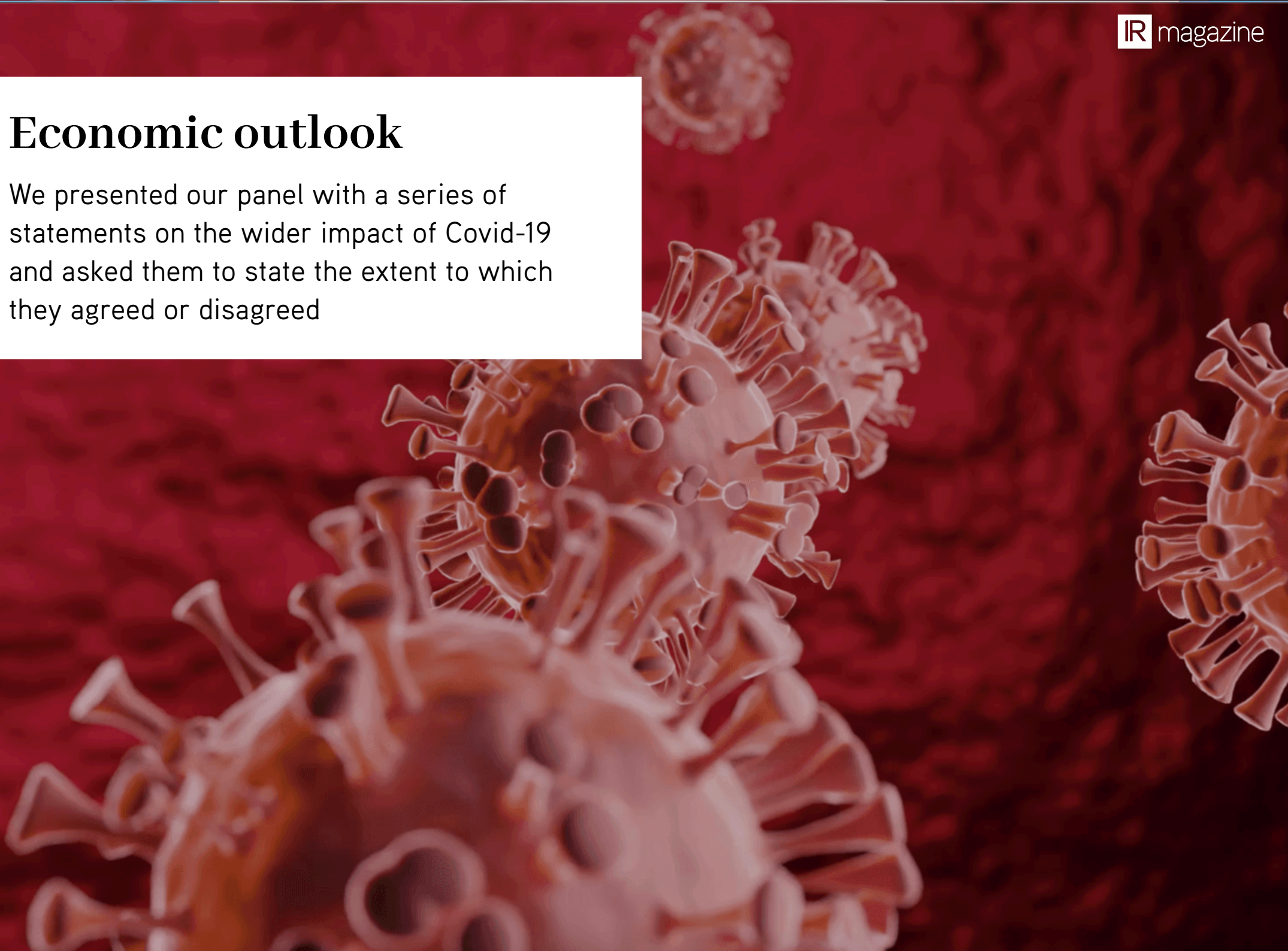
'Trying to give guidance; being too optimistic and/or overpromising' – sell-side analyst, Europe

'Underestimating the future' – fund/portfolio manager, US

'Withdrawing guidance shouldn't equate to withdrawing from discussion of current business conditions' – fund/portfolio manager, US

Economic outlook

We presented our panel with a series of statements on the wider impact of Covid-19 and asked them to state the extent to which they agreed or disagreed



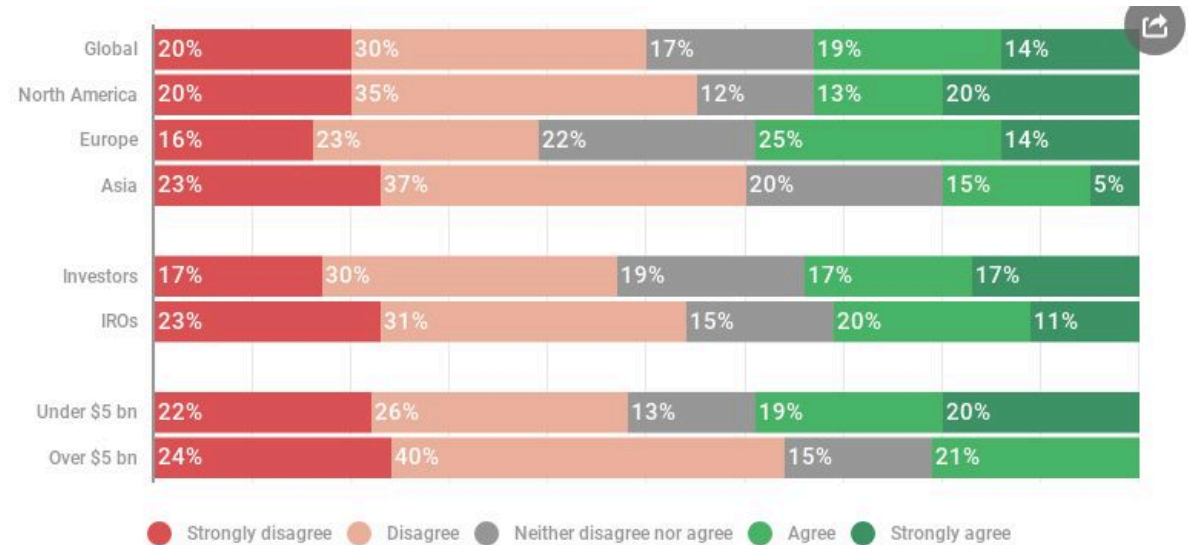
Measures against Covid-19

'The social measures introduced to combat Covid-19 have been excessive and could prove more damaging than the virus itself'

While a third of our panel agree with this statement, a solid half disagree, with one fifth strongly disagreeing. Both investors and IROs more broadly disagree than agree with this statement, although there are slightly more investors agreeing than IROs.

There are notable regional differences here. The same number of European panel members agree as disagree with this statement, while support for social measures is stronger among Asian and North American panel members. Although 64 percent of IROs at larger firms disagree with this statement, there is a lower level of disagreement among IROs at smaller companies, which could suggest they feel more vulnerable to the economic outlook.

'The social measures introduced to combat Covid-19 have been excessive and could prove more damaging than the virus itself'



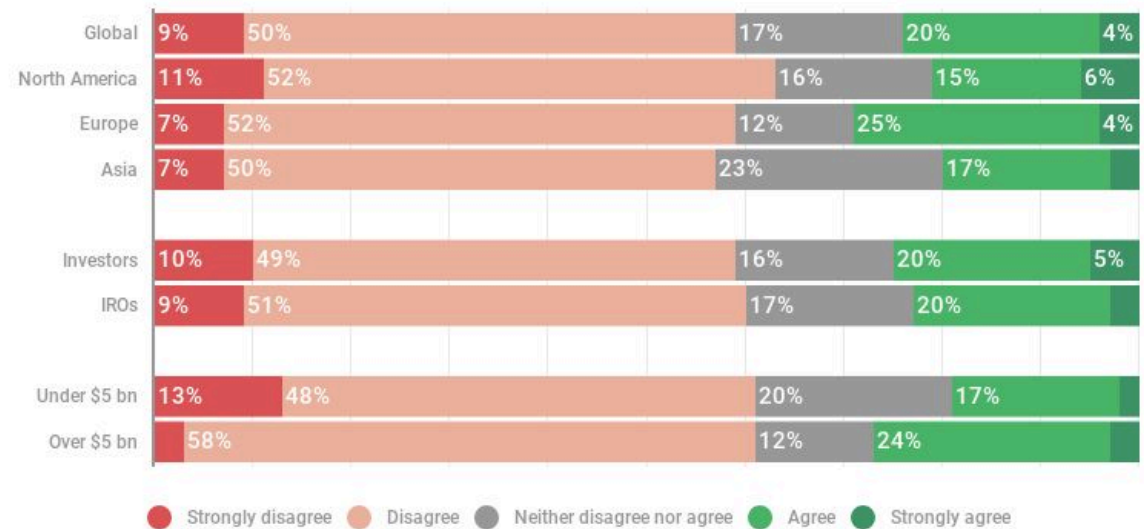
Economic recovery

'Although we are seeing a considerable drop in economic activity during this outbreak, the economy will be quick to recover'

A clear majority of our panel actively disagree with this statement, with 24 percent agreeing and 59 percent disagreeing. These views are not firmly held, however, as just 4 percent strongly agree and only 9 percent strongly disagree.

European panel members are slightly more optimistic about economic recovery than their North American and Asian counterparts, and there is little difference between the views of investors and IROs on the possible pace of economic recovery. Fewer IROs at smaller companies are optimistic about economic recovery than are those at larger firms.

'Although we are seeing a considerable drop in economic activity during this outbreak, the economy will be quick to recover'



ESG

'Covid-19 has increased the importance of ESG issues'

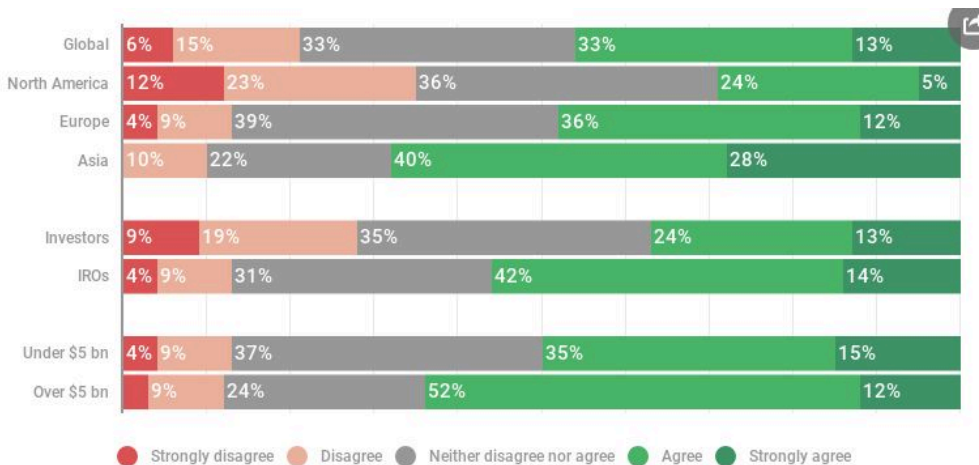
Globally, 46 percent of panel members agree that Covid-19 has increased the importance of ESG issues while 21 percent disagree. One third of panel members have no firm opinion on this issue, neither agreeing nor disagreeing.

There are strong regional variations on this issue, though. More than two thirds of Asian panel members agree with this statement, with just one in 10 disagreeing. Views differ drastically in North America, to the point where more panel members based there believe Covid-19 has not increased the importance of ESG than those who believe it has.

Clear differences appear between the opinions of investors and IROs on this issue, too. There is generally broad agreement from both sides, but with IROs there is a 43 percentage-point difference between the number who agree and those who disagree, while with investors the difference is just 11

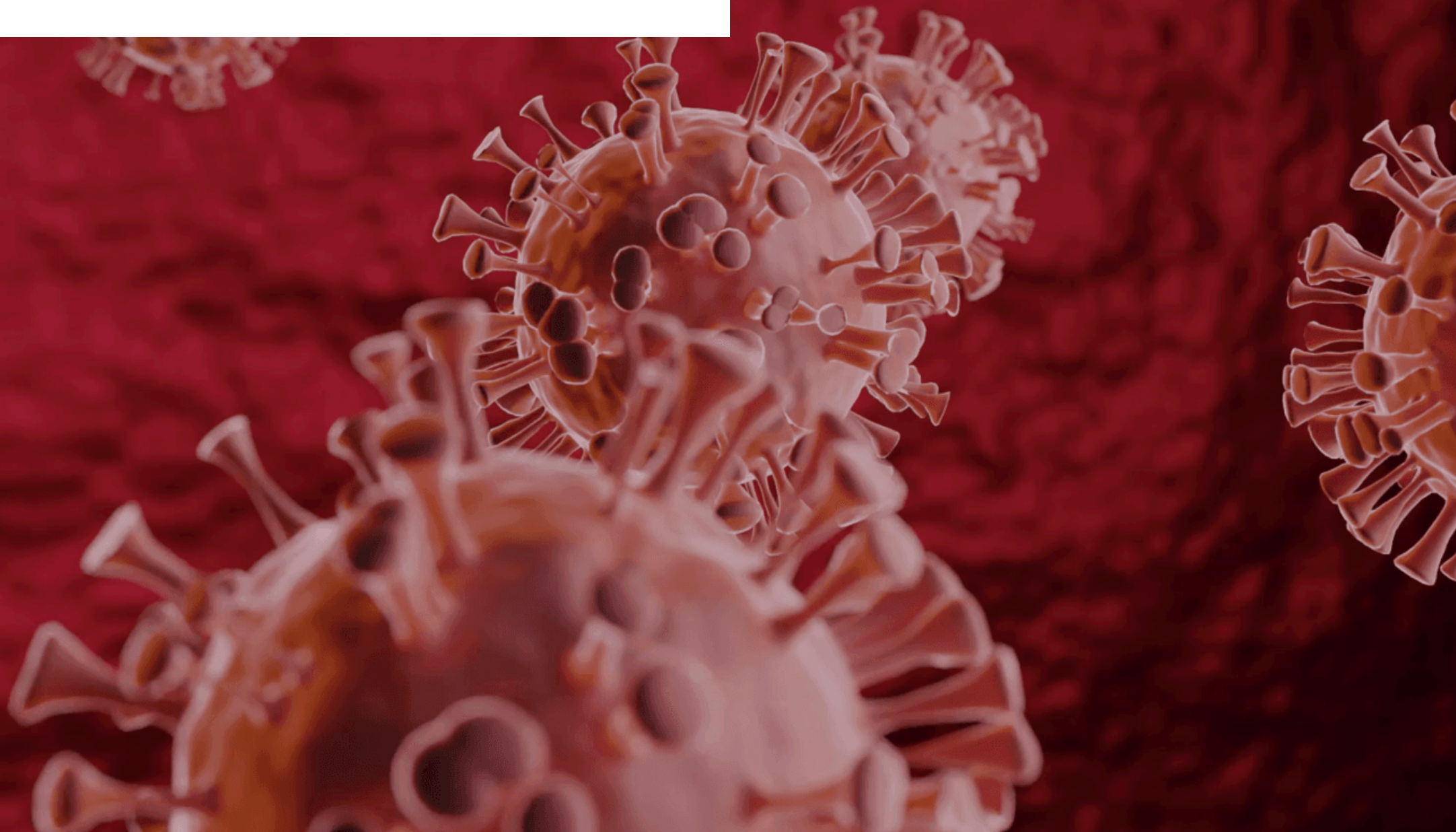
percentage points. More IROs at larger companies agree that Covid-19 has increased the importance of ESG than do IROs at smaller companies.

'Covid-19 has increased the importance of ESG issues'



Sponsor's statement

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Covid-19 and IR research report