

# Good Practices for Analyst Presentation

IR Professional Training 2017

*26 September 2017*

# What is Investor Relations?

“Investor relations is a **strategic** corporate **marketing** activity, combining the disciplines of communication and **finance**, providing present and potential **investors** with an accurate portrayal of a company’s performance and **prospects**.”

Louis M. Thompson  
(President, The National Investor Relations Institute)

# IR Constituencies



# IR World

Analysts  
Salesman

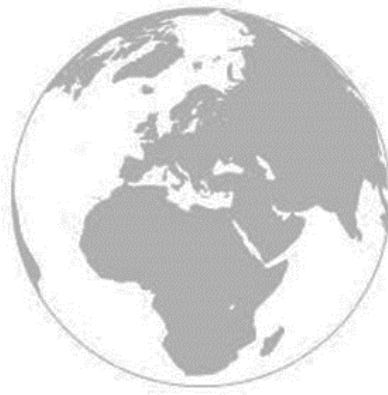
Sell-side



Buy-side



Analysts  
Investors



IRO



# IR World – Sell-Side Analyst

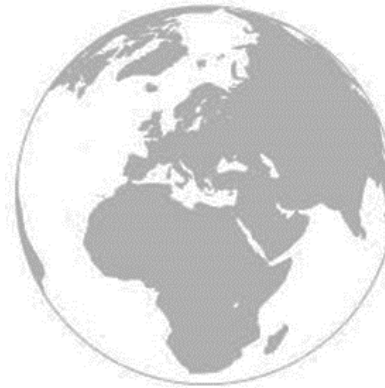
Analyst  
Salesman

Sell-side

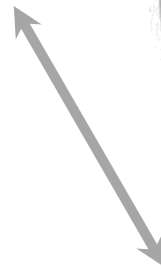


Buy-side

Analyst  
Investor



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- Hired in bull market & fired in bear markets
- Job security depends on the **accuracy of the profit projections** and stock recommendations
- Under constant pressure to generate **good stories** that the salesman can pass on to investors
- Stressed by **tight deadlines** for printed product, special requests from the salesman, and escorting institutional investors for company visits
- **Life is a blur**

# IR World - Salesman

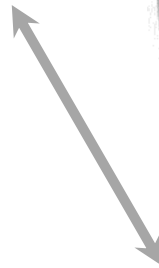
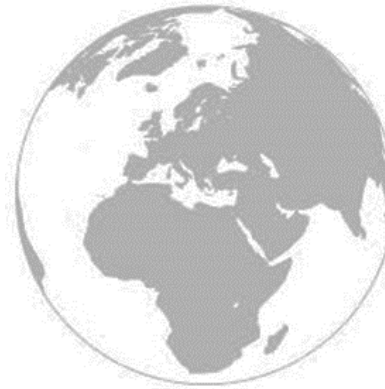
Analyst  
Salesman

Sell-side



Buy-side

Analyst  
Investor



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- Job security depends upon the volume of brokerage transactions he generates
- Must understand the specific needs of each investor and satisfy them
- **Life is stressful**

# IR World – Buy-Side Analyst

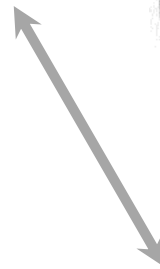
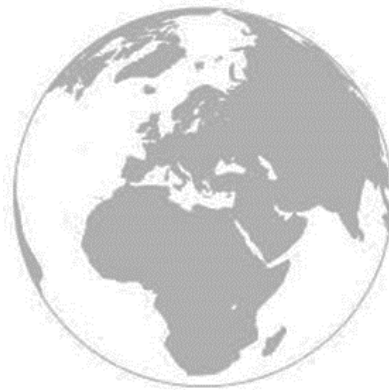
Analyst  
Salesman

Sell-side



Buy-side

Analyst  
Investor



IRO

- Career path depends upon the consistent demonstration of self discipline, hard work and financial intelligence
- Under constant pressure to generate **good original investment ideas** by filtering the recommendations of stock brokers and intelligently critiquing their **recommendations**
- Not stressed by deadlines, but expected to work long hours assisting institutional investors to monitor stocks
- **Life is grueling**

# IR World – Institutional Investor

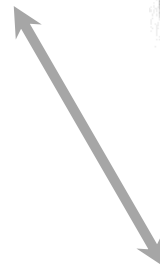
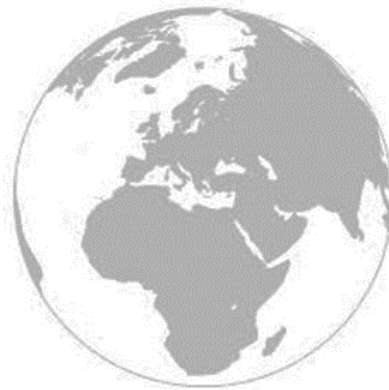
Analyst  
Salesman

Sell-side



Buy-side

Analyst  
Investor

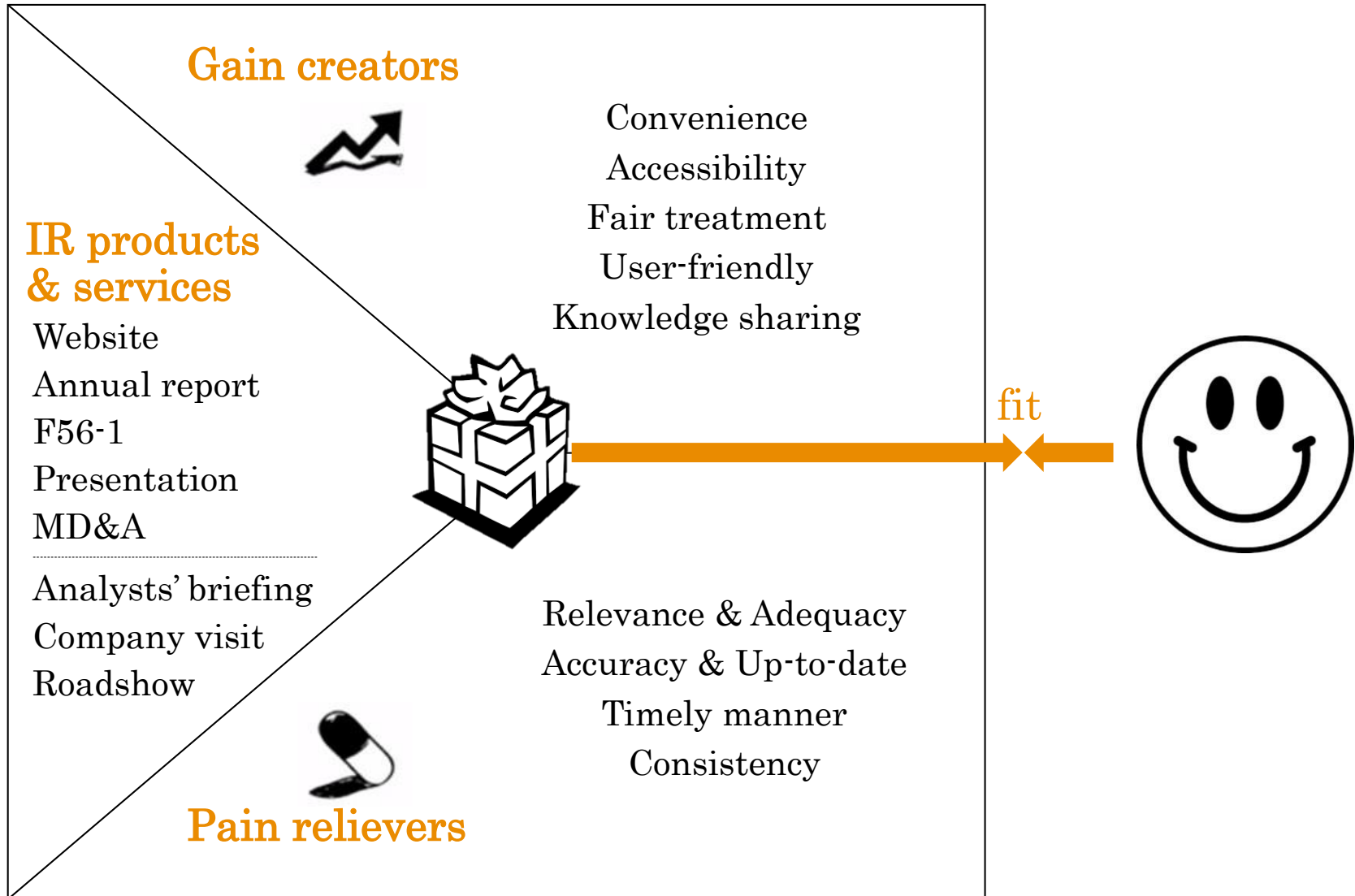


IRO

- Hired as fund manager after years of experience as an analyst or stock trader
- Job security depends upon the **performance** of the portfolios he manages
- Under constant pressure to generate good returns for the portfolios he manages
- Constrained in his investment choices by the strategy stated in the prospectus for the fund he manages
- **Life is stressful**



# How Can We Make Them Happy?



**What do analysts and investors  
want to know?**



# What is Investor Relations?

“Investor relations is the communication of information and insight between a company and the investment community. This process enables a full application of **the company’s business activities, strategy and prospects** and allows the market to make an informal judgement about the fair value and appreciate ownership of a company.”

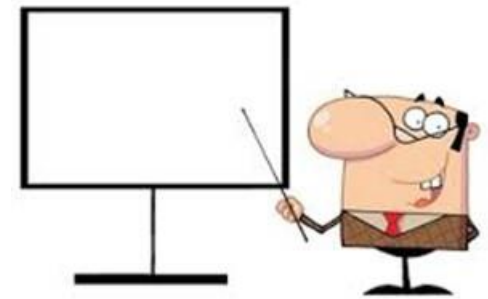
*The Investor Relations Society*

# What Do They Want to Know?

**Fair value  
of the company**



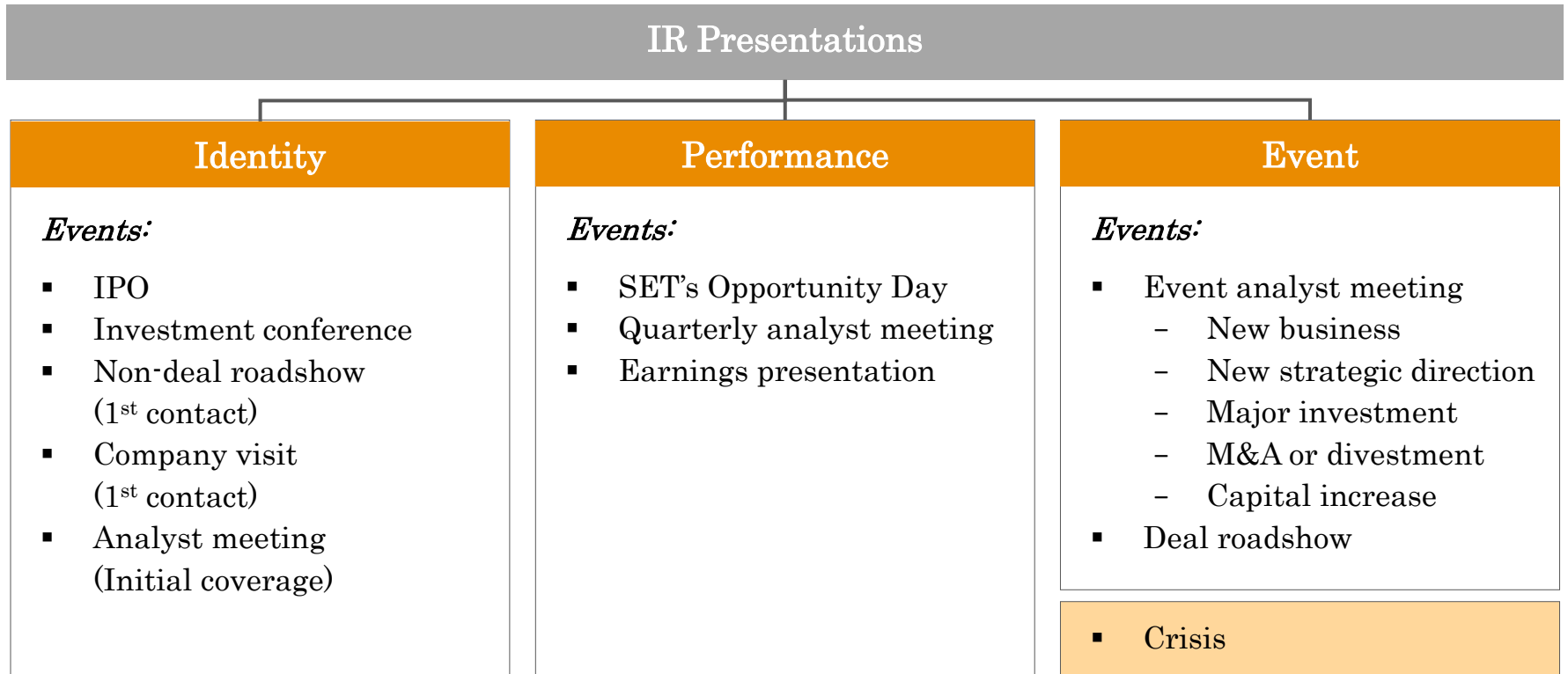
# IR Presentation – an effective tool to communicate the company story



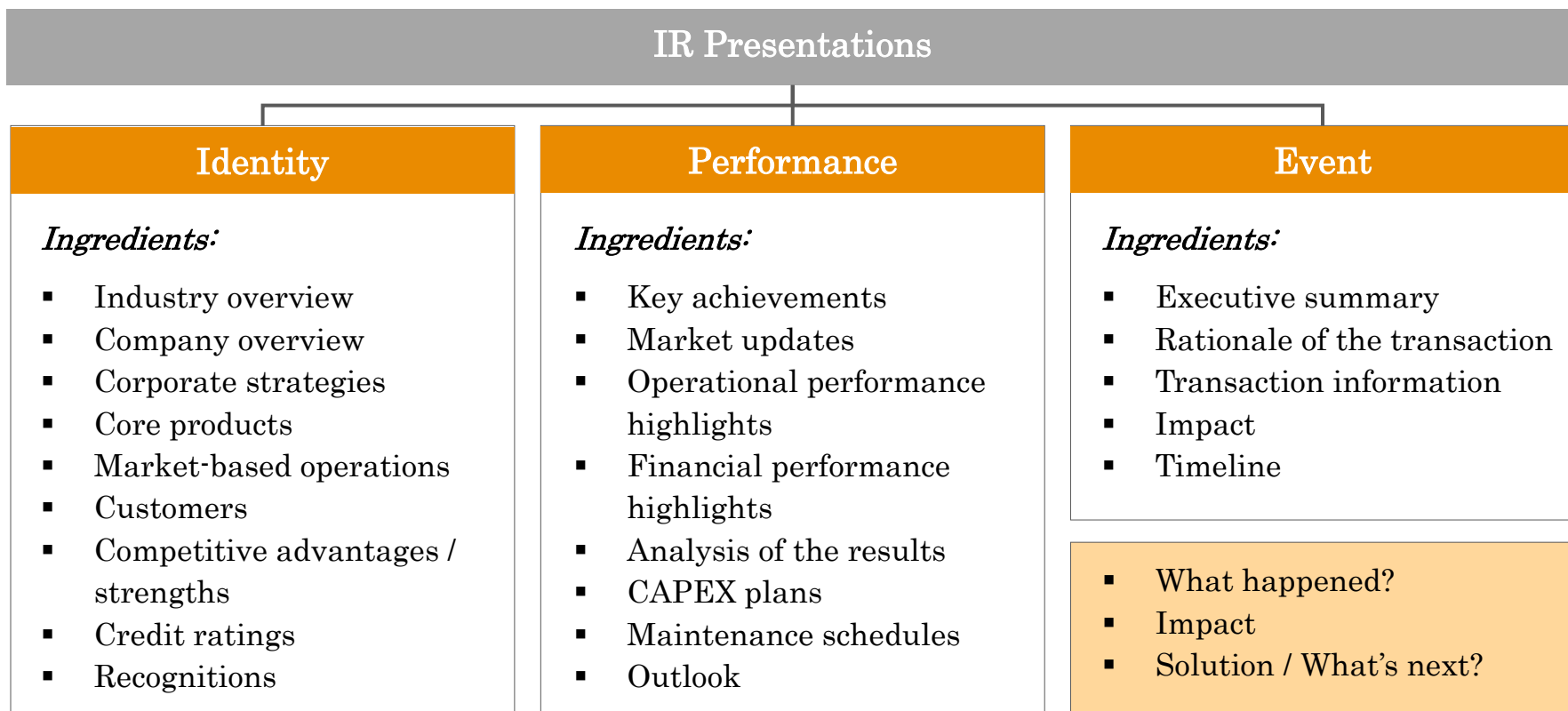
**“If I don’t know it in 5 to 10 minutes,  
then I’m not going to know it in 10 weeks.”**

*Warren Buffet*

# Three Types of IR Presentations



# Ingredients of the Presentations





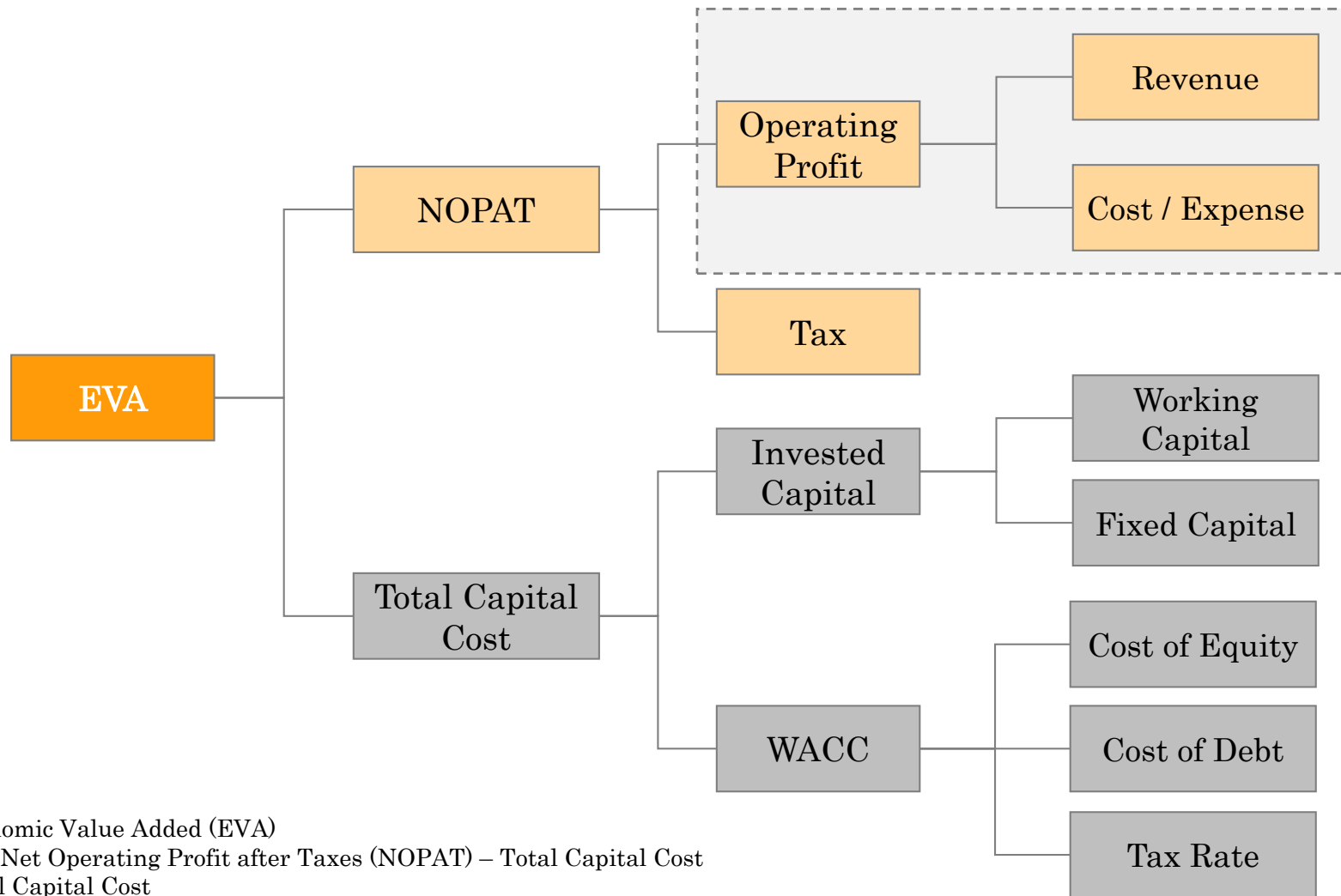
# What is Business Model?

**Business model** is a plan implemented by a company to generate revenue and make profit from operations. The model includes the components of businesses, as well as, the revenues it generates and expenses it incurs.



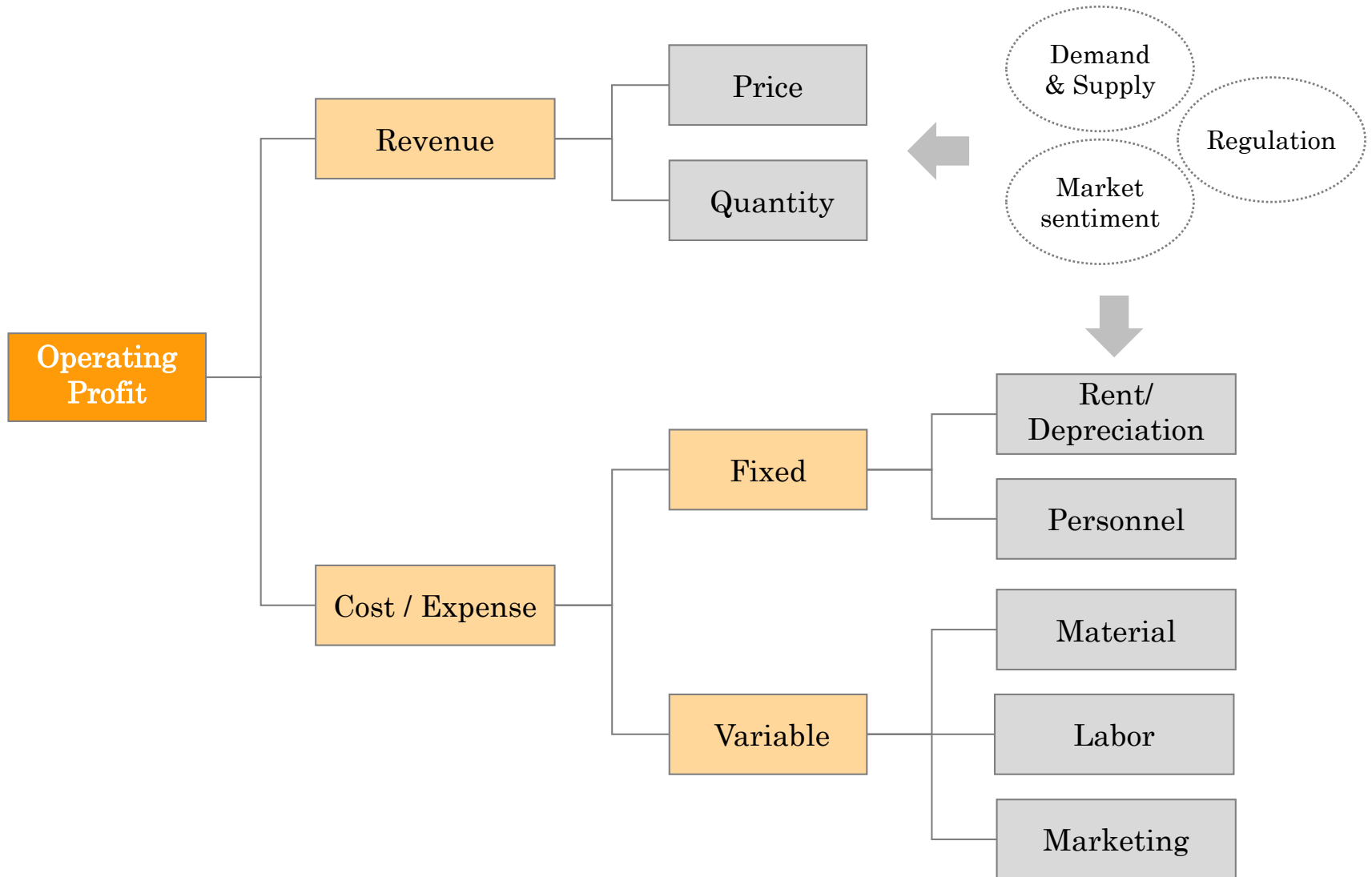
# What is Value Driver?

**Value driver** is anything that could materially affect either a company's earnings or share price of its stock.



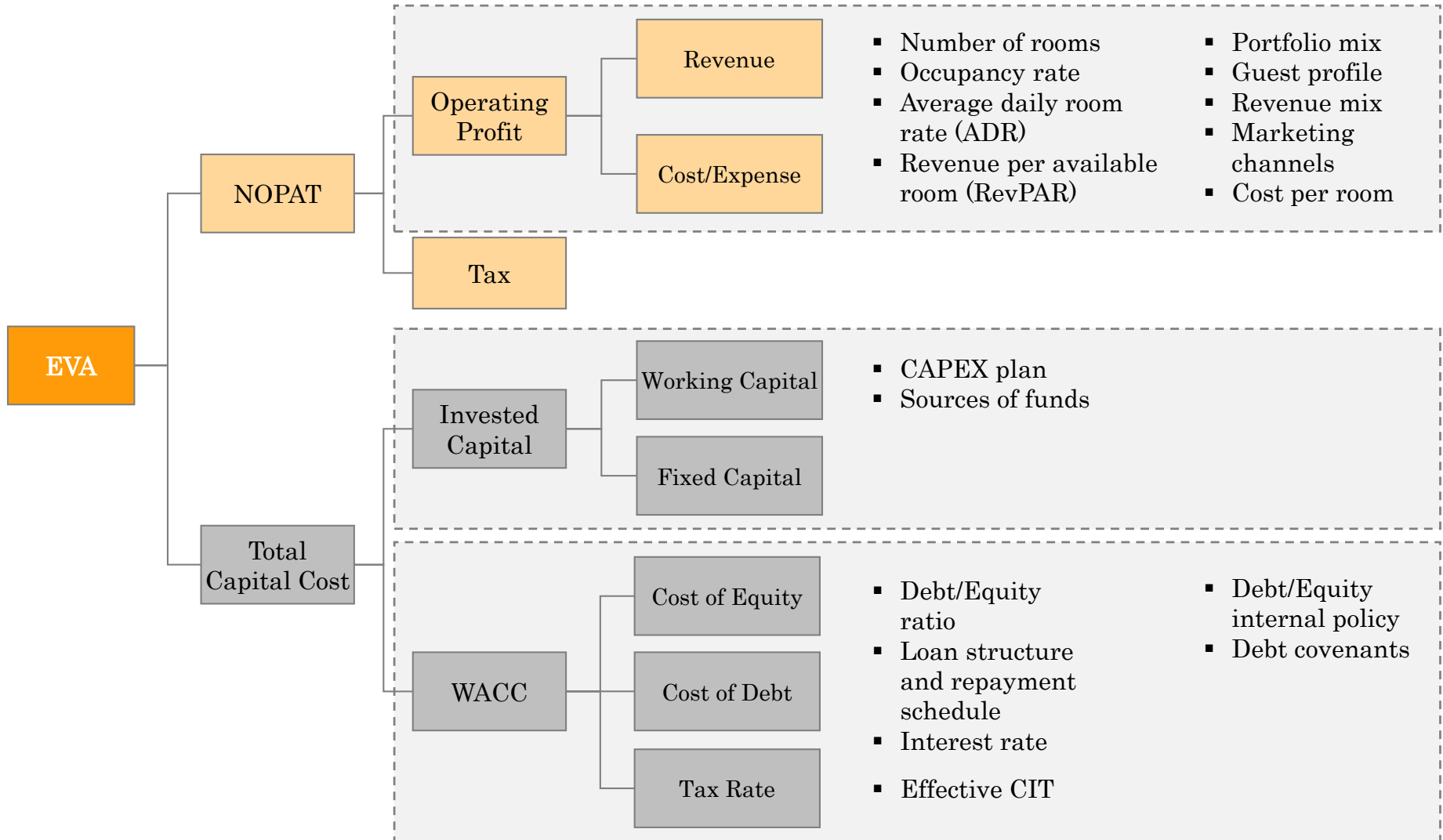
Economic Value Added (EVA)  
= Net Operating Profit after Taxes (NOPAT) – Total Capital Cost  
Total Capital Cost  
= Invested Capital x Weighted Average Cost of Capital (WACC)

# Key Profit Drivers



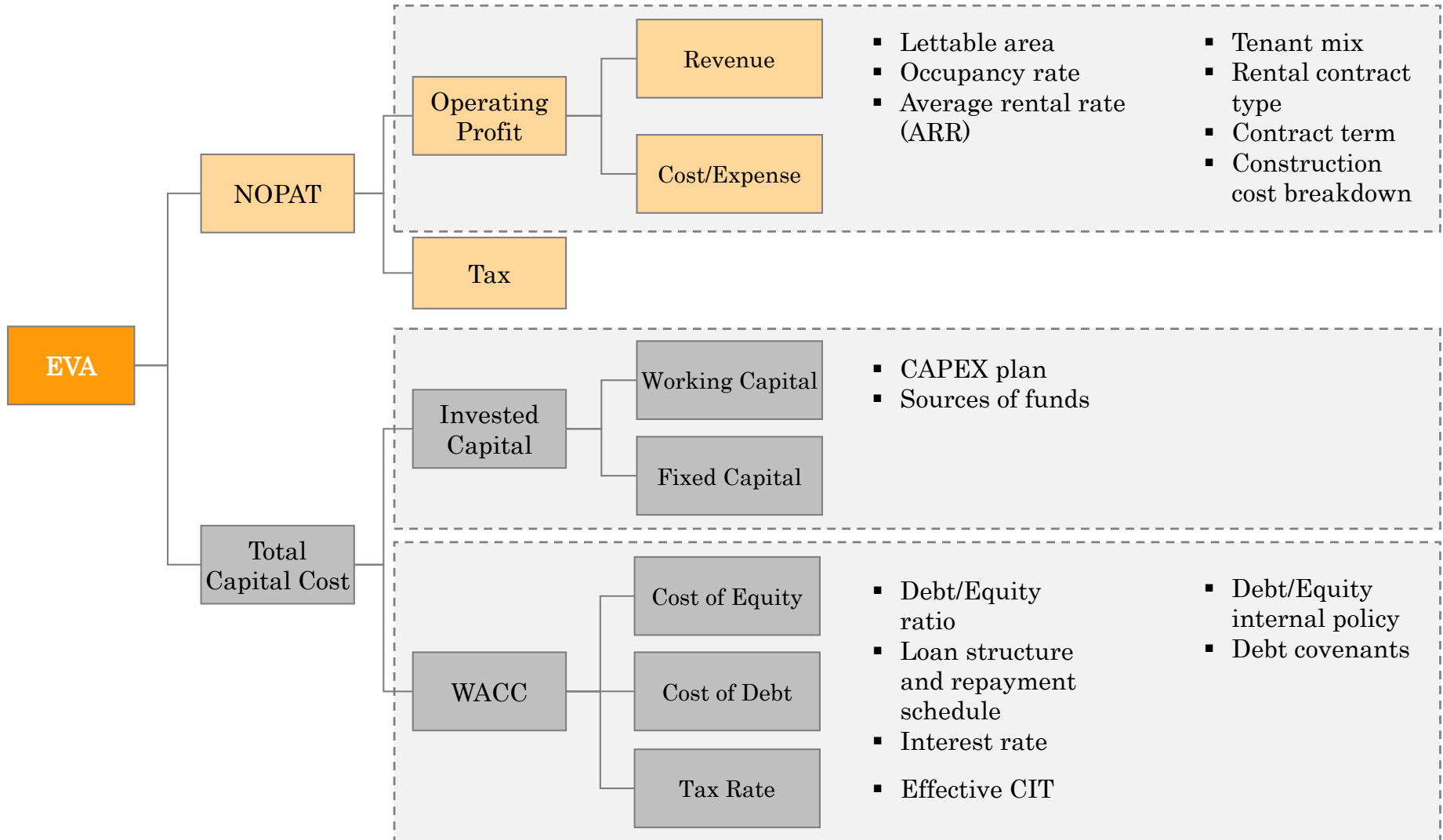
# Level of Value Driver

Sample – Hotel business



# Level of Value Driver

Sample – Retail property business



# Level of Value Driver

Sample – Manufacturing business

