



CASE STUDY: IR ROADMAP

A HEALTHCARE GROWTH STORY PARTNERED WITH IPREO TO RESHAPE
THEIR ANNUAL INVESTOR RELATIONS STRATEGY

www.ipreo.com



SECTOR: Healthcare

EXCHANGE: NYSE

MARKET CAP: Mid-Cap

IDENTIFYING THE OBJECTIVE

Ipreo's Client sought to reshape the IR program for their Healthcare growth story and partnered with the IR Roadmap team to:

- 01** Shift from the prior reactive IR approach to a proactive annual plan for a metric driven executive team
- 02** Analyze causality of five year underperformance vs. the peer group, and identify areas for investor relations improvement on messaging, investor outreach and access
- 03** Create a systematic, predictable calendar to target top buy-side investors, influence the company's growth/value shareholder mix, and expand international holdings

The Company's objective was to establish and maintain a Retention, Acquisition, and Development (R.A.D.) framework for shareholder engagement, while also keeping C-suite and Board of Director stakeholders educated and informed through a quarterly reporting structure.

Coming into the position and forming their team right at the height of annual planning, Ipreo's client needed to assess the prior program, identify areas for correction, and devise a forward-looking plan during a short window ahead of an upcoming FY earnings release and annual Board meeting. For this purpose, the Company brought in the IR Roadmap team to perform a historical stock and shareholder analysis, joined with a retrospective IR audit. Based on those findings, the team designed a global targeting plan, annual investor relations KPIs, sell-side engagement initiative, CRM strategy and custom quarterly reporting.

IPREO'S APPROACH

To best form a forward-looking strategy, the Ipreo team first looked backwards and engaged in an analysis on vital components of the Client's historical trading and IR activity.

This retrospective analysis included:



Five and Ten Year Competitive Stock Performance Analysis



Bespoke Sector Competitor and Fundamental Peer Benchmarking



Twelve Year Institutional Shareholder Style and Geographic Shift Spotlight



Investor Relations Activity Audit



Short Interest Analysis



Sell-Side Sentiment Focus

BUILDING THE IR ROADMAP

With the goal of covering the most salient factors driving current valuation, and highlighting areas for increased IR and senior management efficiency and impact, the Ipreo team sought to answer key tactical questions:

 What were the key factors driving underperformance against the peer group and market on a five-year basis?

 How does the Client's IR engagement strategy stack up, when benchmarked against sector and market cap peers?

 Historically, has the Company optimally allocated IR and management time towards asset managers driving share price performance and valuations in the Company and broader sector?

 Historically, has the Company executed successful non-deal roadshows and conference participation? What were the initial opportunities presented and what was the return on this time?

Moreover, with the findings of this initial retrospective analysis, the Ipreo team was able to engage in an annual shareholder targeting initiative covering:

- Top Shareholder Relationship Retention
- Domestic & International Roadshows
- Prioritized Conference Attendance
- Situational Contingency Targeting
- Company HQ and Site Visits
- Management Access Prioritization
- Influential Sell-Side Analyst Targeting

STUDY RESULTS – RETROSPECTIVE ANALYSIS & IR AUDIT

After analyzing the Client's history, the study revealed:

- 1** The Company was underperforming the peer group on a five-year basis, as a worse-than-expected quarterly earnings report and guidance revision led to a shareholder exodus from a concentrated shareholder base of Growth-minded domestic funds and overweight European fund managers.
- 2** This move was exacerbated by a lack of supportive Value- and GARP-biased investors moving in to provide share price stability.
- 3** Below average historical engagement with key domestic asset managers left a void of investors willing to step in and buy the dip, forcing the Company to provide a bottom for the share price via an aggressive share repurchase program.
- 4** Analysis of FY 2017 IR activity exhibited total activity trailing benchmarks (Sector peer & S&P Market Cap peers), on the basis of total investors engaged, management exposure, NDRs and conference attendance (against sector peers).
- 5** A shortage of domestic NDRs, HQ meetings, IR events, and targeted conference meetings had led to an absence of IR contact with 53% of the active institutional float.
- 6** The percentage of time spent with mutual funds/hedge funds was a sub-optimal split of 55%/45%, a figure that needed to make an optimal move to a 70%/30% mix, with closer focus on meeting planning (80%/20% mix for management).

FY IR ACTIVITY AUDIT

47% 

INVESTOR CONTACT
W/ XYZ

53% 

NO INVESTOR CONTACT
W/ XYZ

45% 

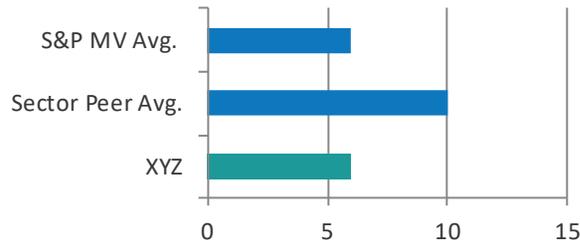
IR EXPOSURE
HEDGE FUNDS

55% 

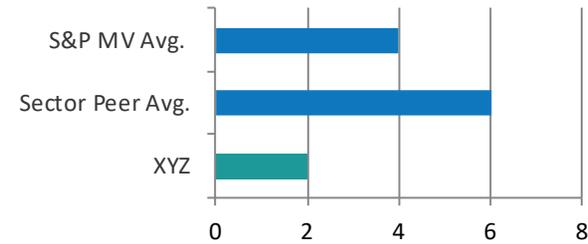
IR EXPOSURE
MUTUAL FUNDS

XYZ IR ACTIVITY VS. BENCHMARKS

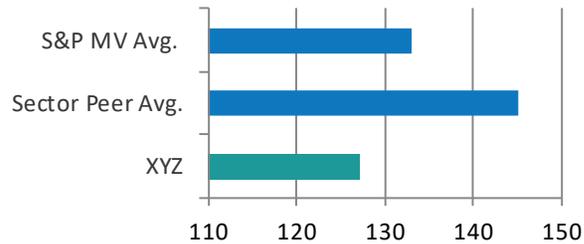
Conference Attendance



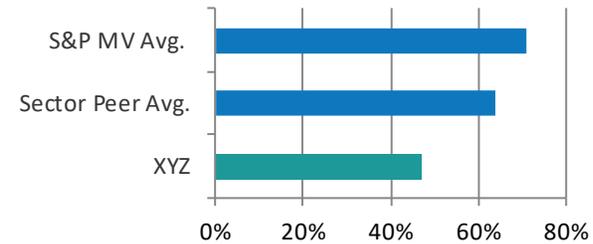
Non-Deal Roadshows



Unique Investor Exposure



Mgmt. Investor Exposure



* Benchmark Criteria: S&P Market Value Average (15) - \$8-\$11B Market Cap, one investor facing IRO. Sector Peer Average (15) - U.S. Small-Mid Cap. Sector, one investor facing IR team member

ANNUAL IR ROADMAP STRATEGY

The IR Roadmap laid out an annual strategy based on bringing the IR initiative in-line with industry benchmarks through efficient investor targeting, data-based event selection and potential forward-looking investment scenario shifts. The goals of this strategy were:

- Developing relationships and analyzing decision making factors for top underinvested and non-invested targets
- Expanding sell-side coverage by influential analysts to assist in market education and awareness of the Company investment story
- Reinforcing the selection and broadening the bench of management team members to best engage with the investment community to facilitate optimal understanding of the strengths of the Company investment story
- Establishing bespoke KPIs as the basis of measurement for the metric driven IR and C-Suite teams

+70% 

IR CONTACT W/ ACTIVE INSTITUTIONAL FLOAT

 YOY GAIN: 23 PTS

+70% 

GROWTH/VALUE MUTUAL FUND PRIORITIZATION

 YOY GAIN: 15 PTS

\$7.7b 

PURCHASING POWER EXPOSURE

 YOY GAIN: 54%

+6 

TOTAL ROADSHOWS

 YOY GAIN: 200%

+9 

CONFERENCE ATTENDANCE

 YOY GAIN: FLAT

+10 

XYZ Co. HQ HOSTED INVESTOR MEETINGS

 YOY GAIN: 233%

150 

UNIQUE INVESTOR EXPOSURE

 YOY GAIN: 18%

+4 

XYZ Co. IR EVENTS (SITE VISITS, BUS TOURS)

 YOY GAIN: 300%

IMPLEMENTATION

- The IR Roadmap team delivered the initial report and held meetings at the Client's HQ, where KPIs were discussed and agreed upon and a reporting package for the Board of Directors was finalized
- The Client presented to the C-suite and Board on the findings of the retrospective analysis and how the investor relations team would be shifting its strategy towards a proactive approach where the Company would 'engage in investor relations on purpose', with all decisions rooted in data and measurement of the program linked to clearly defined metrics
- The Client established a process of vetting all corporate access NDR and conference meeting lists, with time prioritized for top shareholders and targeted non-holders, while investors that fell outside this list were either removed or grouped for time efficiencies

- The IR Roadmap team collaborated with the Client to define an Event Analyzer to score each event with a letter rating (A-F)
- Through adherence to the roadshow and conference vetting process with the Ipreo team, the Client was able to optimize events and demonstrate a clear quantitative shift in the level of meetings management was engaging in
- With the help of BD's Account Manager, the Client implemented a regular program of uniform CRM entry to maximize retrospective analytics

IPREO SERVICES USED

- ▶ IR Roadmap
- ▶ BD Corporate
- ▶ Premium Targeting
- ▶ Global Markets Intelligence

FOR MORE INFORMATION ABOUT THIS STUDY CONTACT

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