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## **Investor Relations Practice Survey May 2001**

A study conducted by  
Computershare Analytics Pty Ltd  
of Companies & Trusts in the  
S&P/ASX 200 Index

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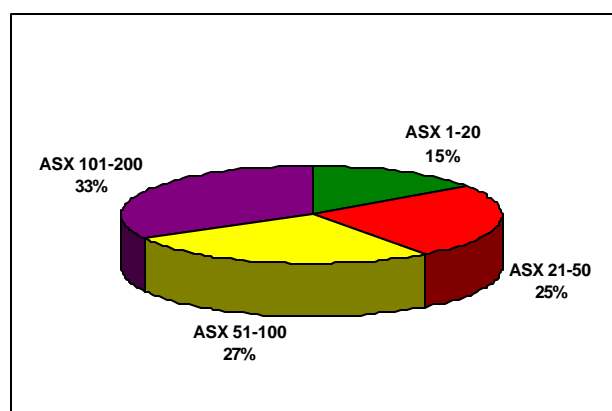
## 1. BACKGROUND

As part of its annual review, Computershare Analytics undertook to survey the 183 issuers who comprise the S&P/ASX 200 Index with regard to the release of their profit results during the year ending March 2001.

Responses were received from the following composition of issuers representing over \$279 billion by market capitalisation, being 49% by value of the S&P/ASX 200 Index as at 21 March 2001 and 34% by number of S&P/ASX 200 issuers.

### Survey Respondents by ASX Ranking

	March 2001 %	March 2000 %
ASX 1-20	15	22
ASX 21-50	25	27
ASX 51-100	27	30
ASX 101-200	33	21
	<b>100</b>	<b>100</b>



The Survey set out to identify what practices and technologies were being employed by Australian listed companies and trusts in the conduct of earnings results, shareholder meetings, analyst presentations and trends that have emerged since the March 2000 Survey.

The Survey examined the level, content and timeliness of the earnings results announcements posted by issuers on their websites, the use of technology for shareholder meetings and corporate practices regarding the conduct of analyst briefings and disclosure policies.

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## **2. RESULTS ANNOUNCEMENTS**

### **a) Financial Results**

#### ***Increased use of company websites for timely and efficient release of financial results***

- I. 98% of respondents posted their full financial results on their website. Of those, 89% posted information on the day of the announcement in 2001 compared to 83% in 2000.
- II. Making the full financials available on their website continues to be a standard disclosure procedure for most respondents, with 15% of respondents stating this was an innovation (compared to 16% in March 2000) on previous practice.

### **b) Results Presentation**

#### ***Increase in the release of results presentations to company websites on the same day as results announcement***

- I. 92% of respondents placed their results presentation on their website compared to 89% in March 2000.
- II. For ASX 50 respondents the result was 100%, being the same as the March 2000 survey.
- III. Of the 8% of respondents who did not post this information on their website, 40% were in the ASX 51-100 range and 60% were in the ASX 101-200 range.
- IV. 29% of respondents posted the results presentation on their website prior to the analyst briefing, being slightly less than the 33% of respondents last year, while 44% of respondents released later in the day, compared to 36% last year.
- V. Of those respondents who did include the analyst presentation on their websites, it was apparent that timeliness of release had become more standard with 24% of respondents stating that presentations had been posted more quickly than previously compared to 48% last year.

### **c) Transcript of Q&A Session**

#### ***Q&A transcripts from results presentations remain the least popular results information to be posted on company websites***

- I. The number of respondents who did not post Q&A transcripts on their websites has increased from 80% amongst the 2000 survey respondents to 85% amongst 2001 respondents.
- II. Of the 15% of respondents who made Q&A transcripts available this year, 56% of the respondents posted it to their websites on the day or following day compared to 43% in March 2000.

**d) Conference Calls*****Increase in usage of conference call facilities and audio replay available on websites***

- I. 50% of respondents offered conference call facilities as part of their results briefing compared to 29% in the March 2000 Survey, with 38% of these respondents confirming that this was an innovation (compared to 20% last year)
- II. Where conference calls were offered:  
73% of respondents confirmed that participants were able to ask questions (compared to 80% last year) and 32% offered audio replay on their websites (compared to 20% in March 2000).

**e) Webcasting*****Increased usage of webcasting for results presentations accompanied by video replay facilities on website***

- I. 32% of respondents offered webcasting of their analyst presentation (78% of these being ASX 50 issuers) compared to 11% in March 2000.
- II. 70% of respondents that provided a webcast service also provided video replay subsequently on their website. This equates approximately to double the proportion of companies providing this service compared to last year.

**f) Media Briefings*****Growing trend for companies to prefer hosting separate media briefings***

Respondents were asked whether they had a combined or separate media/analyst briefings. A greater proportion of respondents this year indicated a preference for separate media briefings (83% this year compared to 75% last year). The increase this year is primarily due to issuers outside the ASX 100 also now preferring to host separate media and analysts briefings – 95% this year vs 57% last year.

**g) Overseas Investors*****Change in trend – greater access for overseas investors to participate in the Australian briefing rather than separate conference calls***

- I. 61% of respondents made special arrangements for overseas investors in relation to the release of results compared to 38% last year.
- II. Of these, 40% of respondents this year indicated a preference for overseas investor participation in the Australian briefing, 33% webcasting and 27% undertaking separate conference calls. This reversed the trend of the prior year where separate conference calls were more popular (at 57%) than the Australian briefing or webcasting.

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**h) Retail Investors**

***Improved quality & timeliness of the release of financial results and analysts' briefing information on company websites is perceived to offset historic concerns over retail shareholder access to market sensitive information***

Retail investors were predominantly excluded from analysts' briefings, with 90% of respondents (all ASX 20 issuers) focussing their presentation on professional analysts and the financial media. The use of websites to post results and other company announcements is perceived by respondents to be of particular benefit to retail shareholders.

**i) Added Benefit**

**Sentiment remains consistent that innovations will improve flow & quality of information to investors & the broader market**

- I. 87% of respondents believe the added cost of using technology for results announcements and analyst briefing is of benefit to shareholders (compared with 100% of respondents last year).
- II. Sentiment remains consistent with last year with 90% of respondents of the opinion that these innovations over time will improve the flow and quality of information to investors and the market generally while 8% indicated that it was too early to assess if this will be the case.

**j) Additional Cost**

***Emerging trend that companies are spending more on webcasting &/or conference call facilities for their results presentations***

- I. Excluding the cost of maintaining the website, the majority of respondents last year estimated that the additional cost to the company in employing new technology for results announcement and subsequent analyst briefing was less than \$5,000.
- II. The trend this year was that more money was spent on webcasting &/ or conference calls with less than half of the respondents confirming expenditure of less than \$5,000, 31% of respondents spending between \$5,000-\$10,000 (last year 12.5%) and 13% spending between \$10,000-\$20,000 (last year 3%).
- III. 13% of respondents confirmed expenditure in excess of \$20,000, which was consistent with the level of respondents last year.

### 3. **SHAREHOLDER MEETINGS**

#### ***Overwhelming support from companies that innovations improve the flow and quality of information to investors and the market***

The majority of respondents (90%) indicated their support for the view that technological innovations are improving the flow and quality of information to investors and the market.

#### **Over the next 2 years:**

- I. 35% of respondents intend offering electronic proxy voting (including 10% intending to introduce it for their next AGM). Concerns over security and the computer literacy of retail shareholders were cited as the major impediments to introducing electronic voting.
- II. 45% of respondents intend offering a webcast of their shareholder meeting (including 21% intending to introduce for next AGM). Access / technology difficulties for retail shareholders is considered the primary impediment to webcasting.

### 4. **ANALYST MEETINGS**

#### **a) Analyst Models**

##### ***Common practice to review analysts' models and confirm the factual accuracy of previously disclosed information***

- I. The majority of respondents (79%) confirmed that they review analysts' models.
- II. For those that review models:
  - 96% of respondents indicated that the primary focus is on checking the factual accuracy of information already released in the public domain.
  - 49% also review assumptions material to the projection and this includes 29% who review both material and non-material assumptions.

#### **b) One-On-One Meetings**

##### ***Strong evidence of corporate best practice in line with ASIC principles regarding the conduct and frequency of one-on-one meetings with the investment community***

- I. 24% of respondents indicated that they are conducting a greater number of one-on-ones since the release of ASIC's guidance principles on better disclosure. 40% of respondents said they were uncertain whether their one-on-one activity had increased or reduced. Those respondents who indicated that they had reduced their level of one-on-one meeting activity (19%) had done so primarily with sell side analysts.

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- II. As part of standard meeting attendance practice with the investment community:
- 95% of companies (including all ASX 50 issuers) confirmed that a member of the investor relations department usually accompanies senior management when conducting one-on-one meetings with the investment community.
  - 84% of companies confirmed that where investor relations executives conduct one-on-one meetings, they also usually have someone else accompany them.

## **5. DISCLOSURE POLICY PRACTICES**

### ***Strong support to establish and maintain a formal company disclosure policy preferably in writing***

- I. 41% of respondents (being 79% ASX 100 issuers) confirmed that they have a written disclosure policy.
- II. Of the 59% of respondents who had no written policy, 60% indicated that they plan to establish a written policy while 40% (all being in the ASX 51-200 range) are not aware of any plan to establish a policy.
- III. Where no written policy was in place:
- 7% indicated that legal advice specifically recommends against a written policy.
  - 69% of respondents (85% being outside the ASX 50) had a disclosure policy however it was not set down in writing while the remaining 24% currently have disclosure policies under development.