

Effectiveness

of

the Investor Relations

Nick Demos

President HIRI

HIRI-IIRF Conference

April 14, 2005

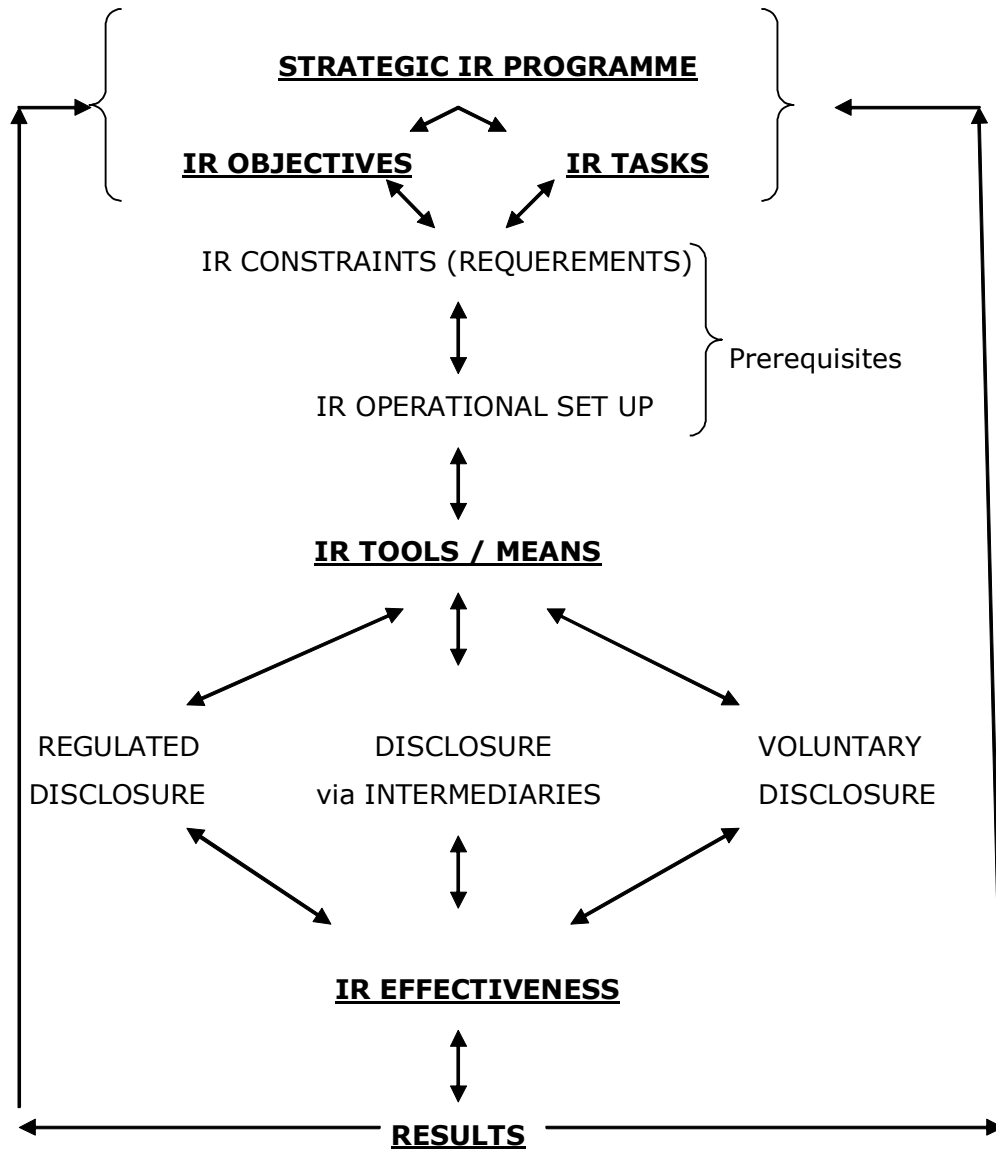


Figure 1: The IR Framework

Mandatory requirements:

- * Law 2190
- * Presidential decrees
- * CMC regulation (blue book, 5/204)
- * ASE guidelines and star system
- * Directives from EU, OECD, etc
- * Law 1036

Information Insiders:

Company Info:

Strategy
Financial Results
Quality of Management
Operational Efficiencies
Forward-looking
Soft Information
Non-Financials
Intangibles
Price Sensitive Information

Controlled by:

Chairman of the BoD
CEO
CFO
COO
Marketing Manager
PR Director
Union Members
Treasurer
Other Managers

Company's Characteristics:

- * IR Budget/Cost
- * Understanding IR by top management
- * Organizational issues
- * Integrated communication policies
- * Official media spokesperson
- * Use of direct private disclosure by the IRO
- * Mandatory vs Private Disclosure

INFORMATION INTERMEDIARIES

Processing
by the
Greek Media

Sell-side
Analysts

IROs'
Explanation

Shareholders-Buyers:

Fundamental Buyer
Strategic Buyer
Technical Buyer
Tactical Buyer
Pension, Mutual FM

RESULTS

Role of the IRO & Spokesperson

- * Perception
- * Politically motivated
- * Union policy
- * No coordinated effort
- * Member of the BoD

"NOISE"

Possible sources of bias & interference

External:

- * Misinformed traders and sales people
- * Competition by other companies
- * Misinformed and multiple firm's spokespersons
- * Politics and corporate finance by major banks
- * Short Sellers
- * Market bias

Internal:

- * Stress
- * Stamina
- * Strategic Inability
- * Incompetence
- * Inflexibility
- * Company's Politics

Figure 2: Disclosure via Intermediaries (as processors of info)

Measuring IR Effectiveness

1) IR Objectives & Goals

a. Shareholders

- i. Institutional Investors/Shareholders
 - 1. Increase # new Institutional Investors
 - 2. Increase # of larger Institutional Investors (>300,000 shares)
 - 3. No current (existing) Institutional Investor selling (of Dec 31)
 - 4. No existing Institutional Investor selling (>10%) (of Dec 31)
 - 5. Geographic location of Institutional shareholders
 - 6. Mix of investment style
 - a. Growth
 - b. Income
 - c. Dividend
 - d. Hedge
 - e. Pension
 - f. Momentum
- ii. Individual (Retail) Investors
 - 1. Increase from 25% to 35% of shares outstanding
 - 2. Promote geographic spread
 - 3. Good mix of Institutional Investors & Retail Investors
- iii. Employee Shareholders
 - 1. Increase from 2% to 5% of shares outstanding
- iv. Strategic Shareholders
 - 1. Increase cross shareholding with complimentary firms

b. Share price

- i. Effect on share price
- ii. Effect on cost of equity capital (coec)
- iii. Optimise share price
- iv. Increase share price

4) IR via Intermediaries

a. Analysts

i. Analysts reports / coverage

1. Increase Analyst coverage
2. Increase Analysts geographic origination (local & global)
3. Expand reports during year
4. Earnings forecasts
5. Earnings consensus
6. Analyst guidance (for company or industry model)
7. Analyst feedback
8. Minimise retaliation on analyst with a negative opinion/target
9. Minimise retaliation on analyst with sell recommendation

ii. Analysts recommendations

1. Upgrade recommendation (from Hold to Buy)
2. No recommendation downgrades

b. Media

i. Control media abuse

ii. Minimise company's retaliation on media/journalist

HIRI helps IROs'



EFFECTIVENESS