Listed companies

VISIBILITY

via

Group Presentations

Nick Demos

Sections

- Introduction
- Research questions
- Previous research
- Research methodology
- Results
- Conclusions

Corporate Communication & IR

Corporate Communication* (CC)

- ► Strategic corporate activity
- ► Bridge information gap & asymmetries

Investor Relations** (IR)

- ► Strategic positioning
- ► Communication, Strategy, Relations, Creativity, Technology
- ► Convert targeted potential investors to shareholders

***Healy and Palepou, 2001**
****Marston, 2004; 1999**

CC & IR can affect
Cost of capital & Firm evaluation

- Firm **Visibility** – *"Put it on the Radar Screen"*
- Management & Company **Credibility**
- Investors **Interest**
- Share **Liquidity**
- Attraction & Retention of **Capital**
- **Stock Price** & Capitalization

*Almazan, Banerji and DeMotta, 2008; Brennan and Tamarowski, 2000

Firm visibility

- "is a value relevance variable"

  (Isimbabi, 2003)

- is a non-financial variable that affects firm valuation, stock trading, equity shareholding and share price

  (Bushee and Miller, 2007; Brennan and Tamarowski, 2000)

Firm Visibility

Visibility* can affect

- Local and global market awareness
- Soft and hard information flows
- Knowledge and education of management
- Firm evaluation
- Stock liquidity, marketability, trading,…
- Stock price
- Equity shareholding
- Market players participation
- Industry knowledge
- Investment decisions

***Bushee and Miller, 2007; Huberman, 2001; Merton, 1987**

Corporate Communication Tools

CC/IR Tools

Regulated* Disclosure

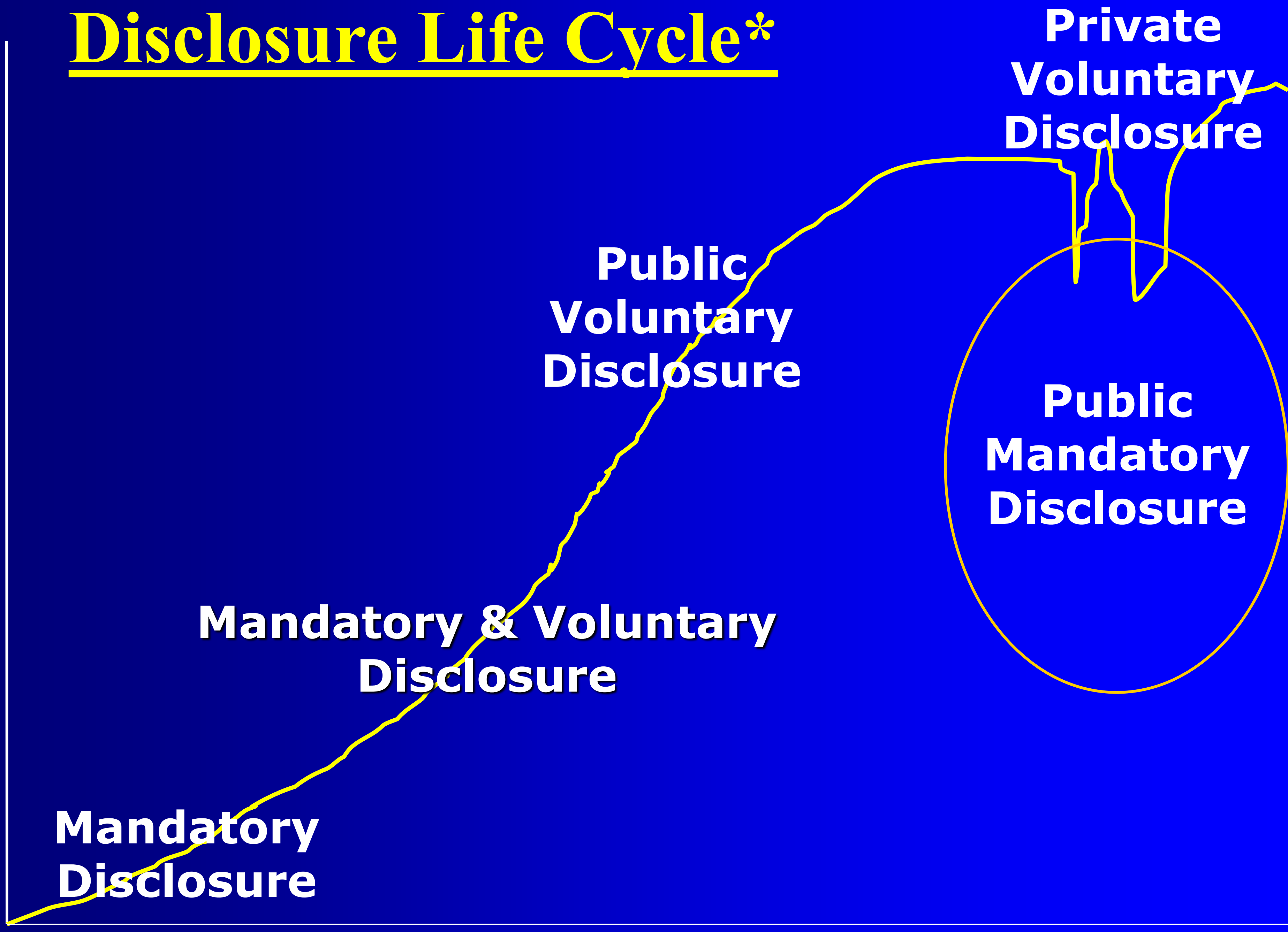
Intermediary Disclosure

Voluntary Disclosure

Corporate Disclosure

*** Healy and Palepou, 2001**

Disclosure Life Cycle*



* Demos, 2008; 2005

Discretionary IR Tools

Public Voluntary Disclosure

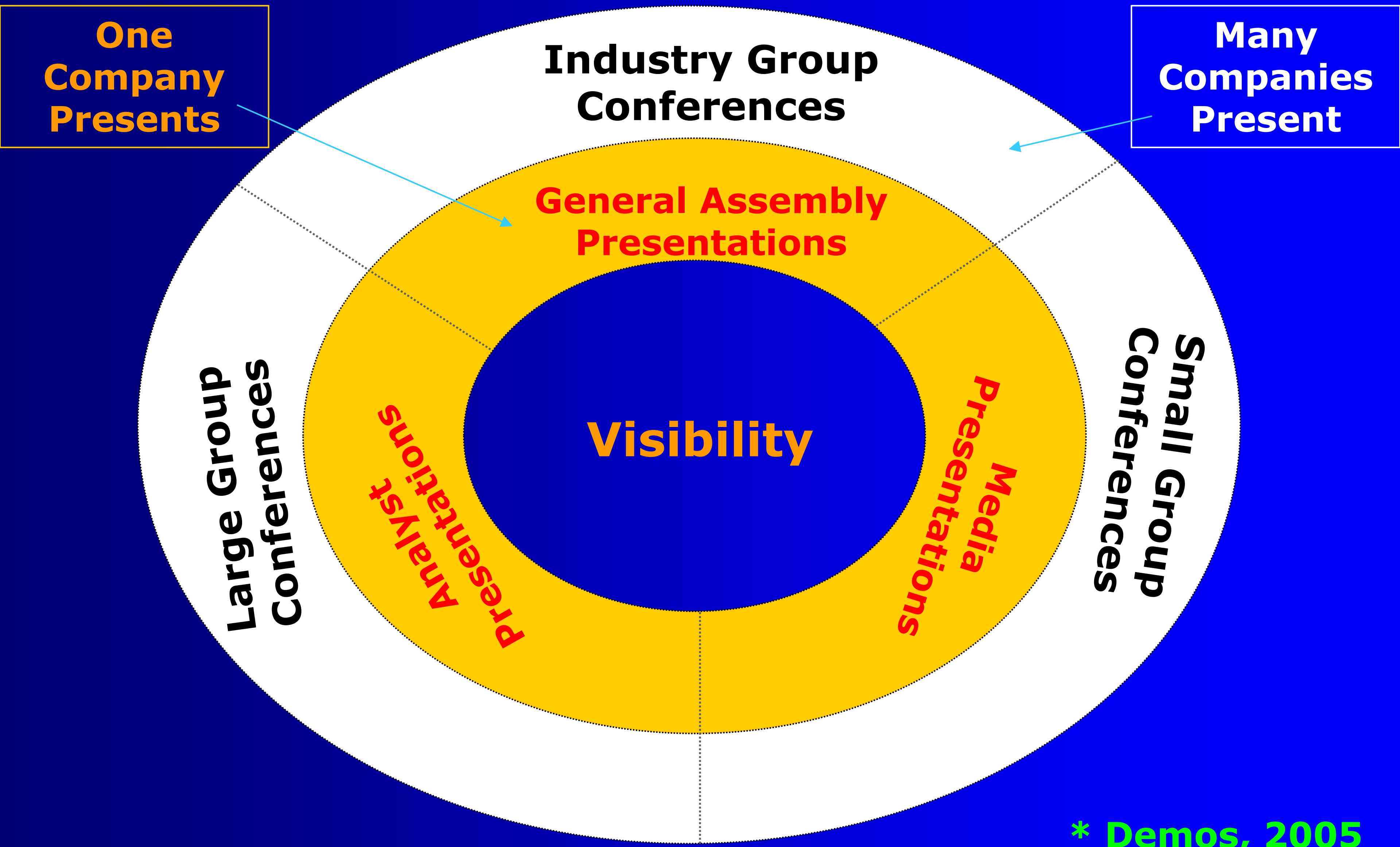
- **Group Presentations***
- Industry Conferences
- Country Presentations
- Analyst Presentations
- Group On-Site Visits

Private Voluntary Disclosure

- Roadshows
- One on One Meetings
- Private Conference Calls
- Telephone Conversations
- Feed back on Analyst Reports

*Francis, Hanna and Philbrick, 1997

Group Presentations Categories*



* Demos, 2005

Group Presentations or Conferences

Who & Whom	
	◆ Many companies present their investment cases ◆ One company presents its story ◆ Audience: Institutional Investors, Private Money ◆ Audience: Analysts, Brokers, Bankers, Media, etc

Where & What	
	▪ Major Global Financial Centres (London, NYC, …) ▪ Major Local Cities (Munich, Hamburg, Berlin, …) ▪ Targeted Investor Bases (Shipping – Singapore) ▪ Content: Overview, Financial Analysis, Industry,… ▪ Objective: Introduce, Update, Explain, Evaluate,..

* Demos, 2005

Research Questions

- What Greek listed companies do to improve their visibility in the local but most importantly in the global market place?
- How IR activities, by organizing group presentations affect company visibility?
- How to improve the impact of group presentations?

Previous Research

- Verrechia's (2001) disclosure literature taxonomy
  - "association-based disclosure"
  - "discretionary-based disclosure"
  - "efficiency-based disclosure"

- Bushee & Miller (2007) five identifiable strands of related literature
  - Disclosure
  - Visibility
  - Investor following and ownership
  - Analyst following
  - Media following

What affects information symmetry, firm visibility and investment behaviour?

- “company characteristics” Merton (1987)
- “multiple exchange listing” Kadlec and McConnell (1994)
- “advertising” Grullon, Kanatas and Weston (2004)
- “analyst following” O’Brien and Bushan (1990); Lang and Lundholm (1996)
- “analyst presentations” Lerman, Livnat and Mendenhall (2008); Bagnoli, Levine and Watts (2005); Hong and Huang (2003); Huberman (2001); Brennan and Tamarowski (2000); Francis, Hanna and Philbrick (1997)
- “media following” Carter (2006); Miller (2004); Falkenstein (1996)
- “stock trading” Chordia, Huh and Subrahmanvan (2008); NG and Wu (2007); Ackert and Athanasakos (2004)
- “cheap talk” Almazan, Banerrji and DeMotta (2008)
- “Hellenic related” Marston (2004); Leventis and Weetman (2004)

Research Methodology

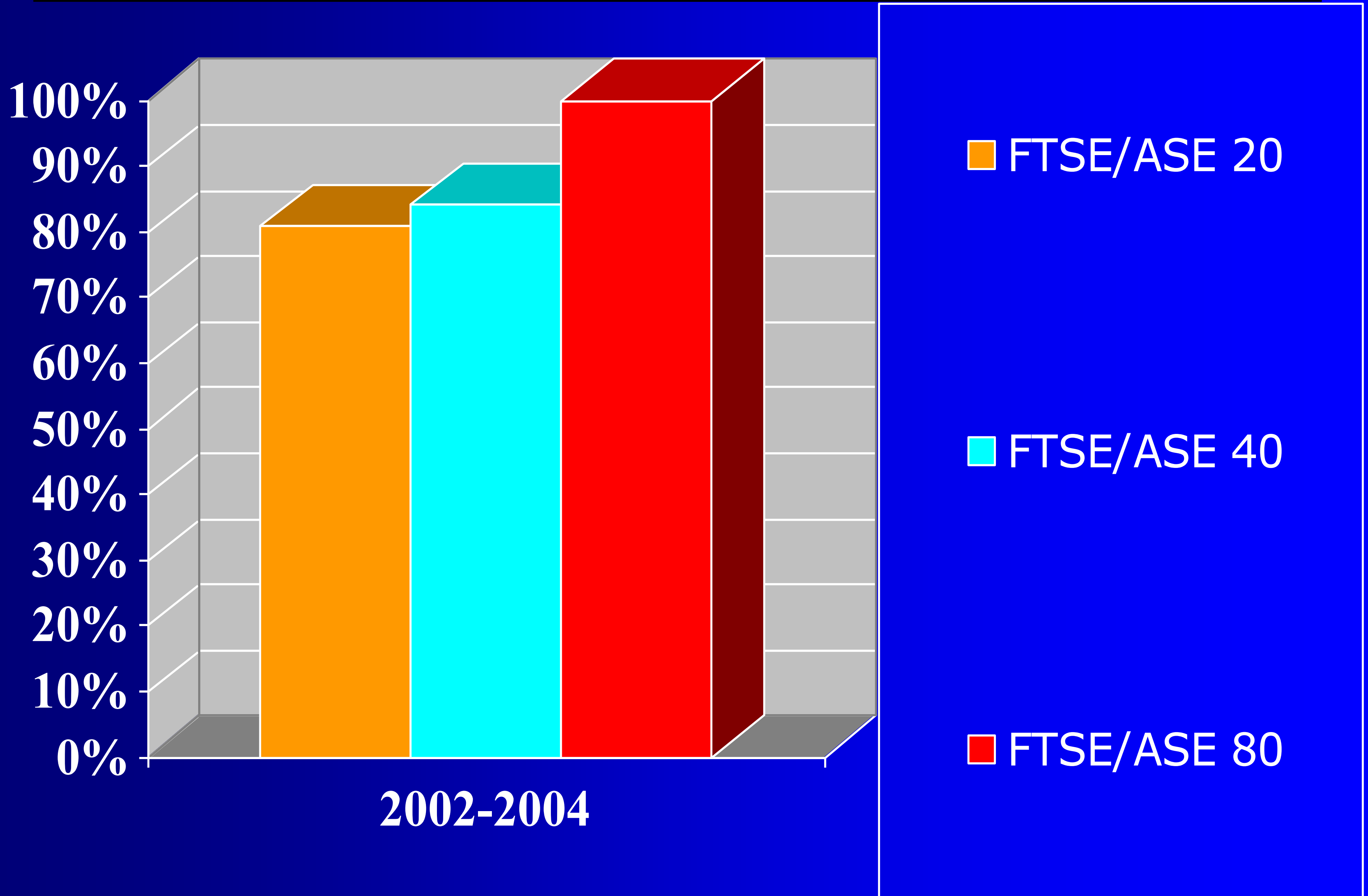
- **Grounded theory methodology**
  - Strauss and Glaser, 1967
  - Strauss and Corbin, 1990
  - Holland, 1997

- **Semi-structured interviews**
  - Marston, 1999
  - Holland, 1998
  - Barker, 1998

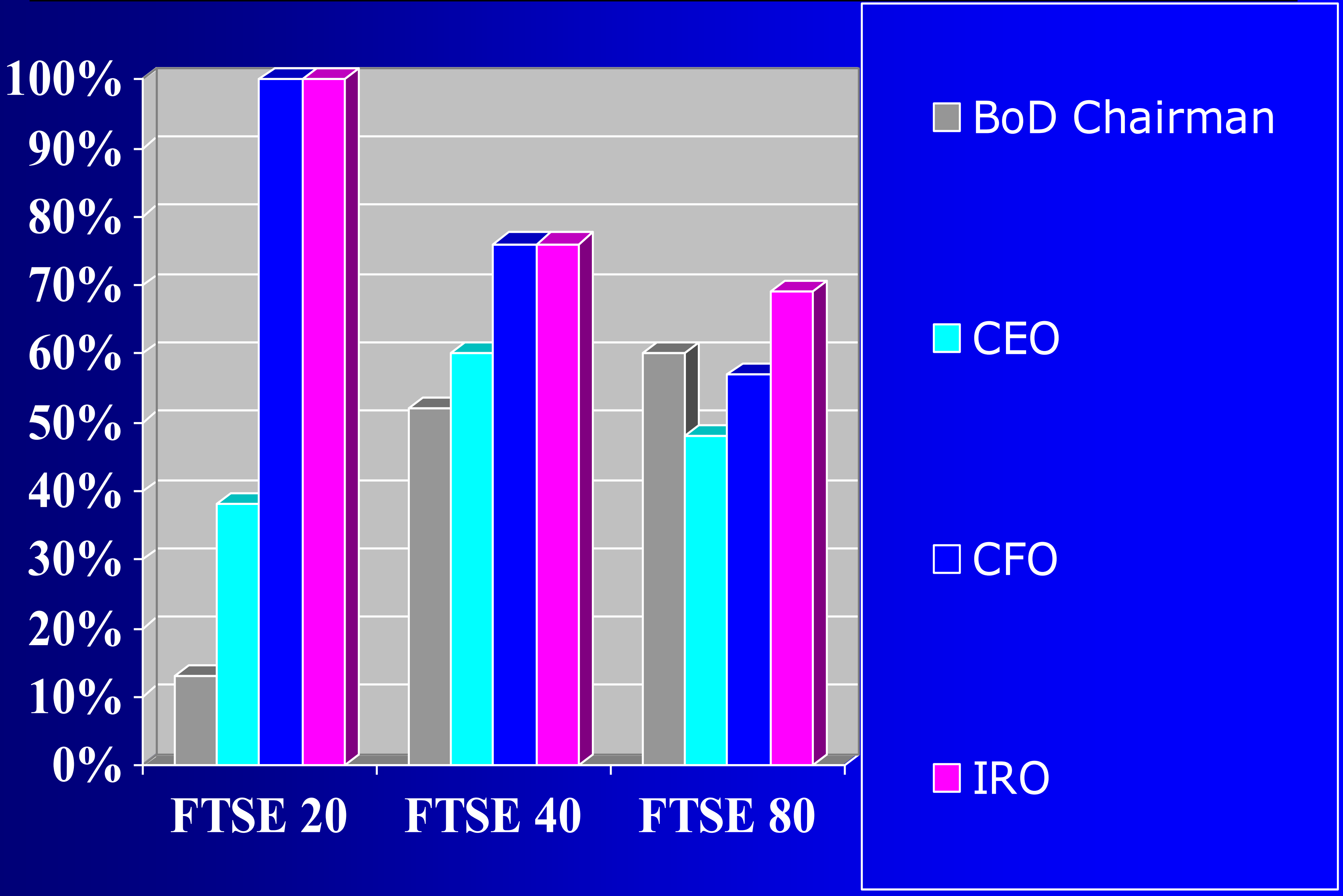
Response rate to Interviews 2002-2004

Response	Initial mailing		Interviews			FTSE/ASE Index Listed		
	No.	% of total	No.	% of total	% of Initial	Index Listed Firms	No of Firms	% of FTSE
Top Management								
Chairman of the BoD			14	8.5%		FTSE/ASE 20	16	80%
CEO			11	6.8%		FTSE/ASE 40	25	63%
CFO			15	9.2%		FTSE/ASE 80	35	44%
IRO			36	21.9%		Other	0	0
Subtotal	**250**	70.5%	***76***	46.4%	30.4%	*Subtotal*	**76**	**54.3%**
Analysts								
Locals	*35*	*9.8%*	34	20.7%	97.1%			
London based	*10*	*2.8%*	10	6.1%	100%			
Subtotal	**45**	12.6%	***44***	26.8%	97.8%			
Fund Managers								
Locals	*40*	*11.3%*	26	15.9%	65%			
London based	*20*	*5.6%*	18	10.9%	90%			
Subtotal	**60**	16.9%	***44***	26.8%	73.3%			
Research Total	**355**	100%	**164**	100%				

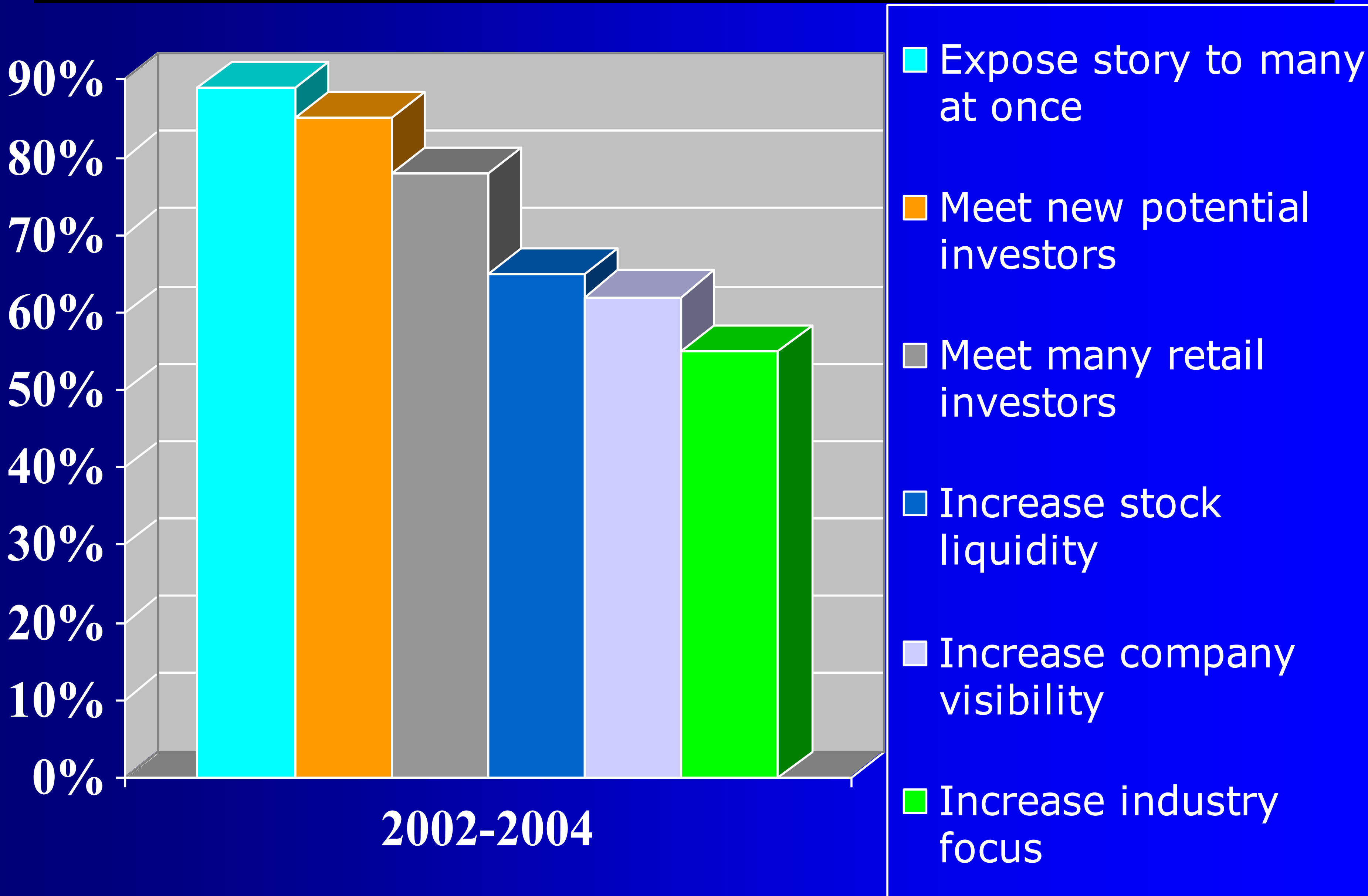
Companies communication via GPs



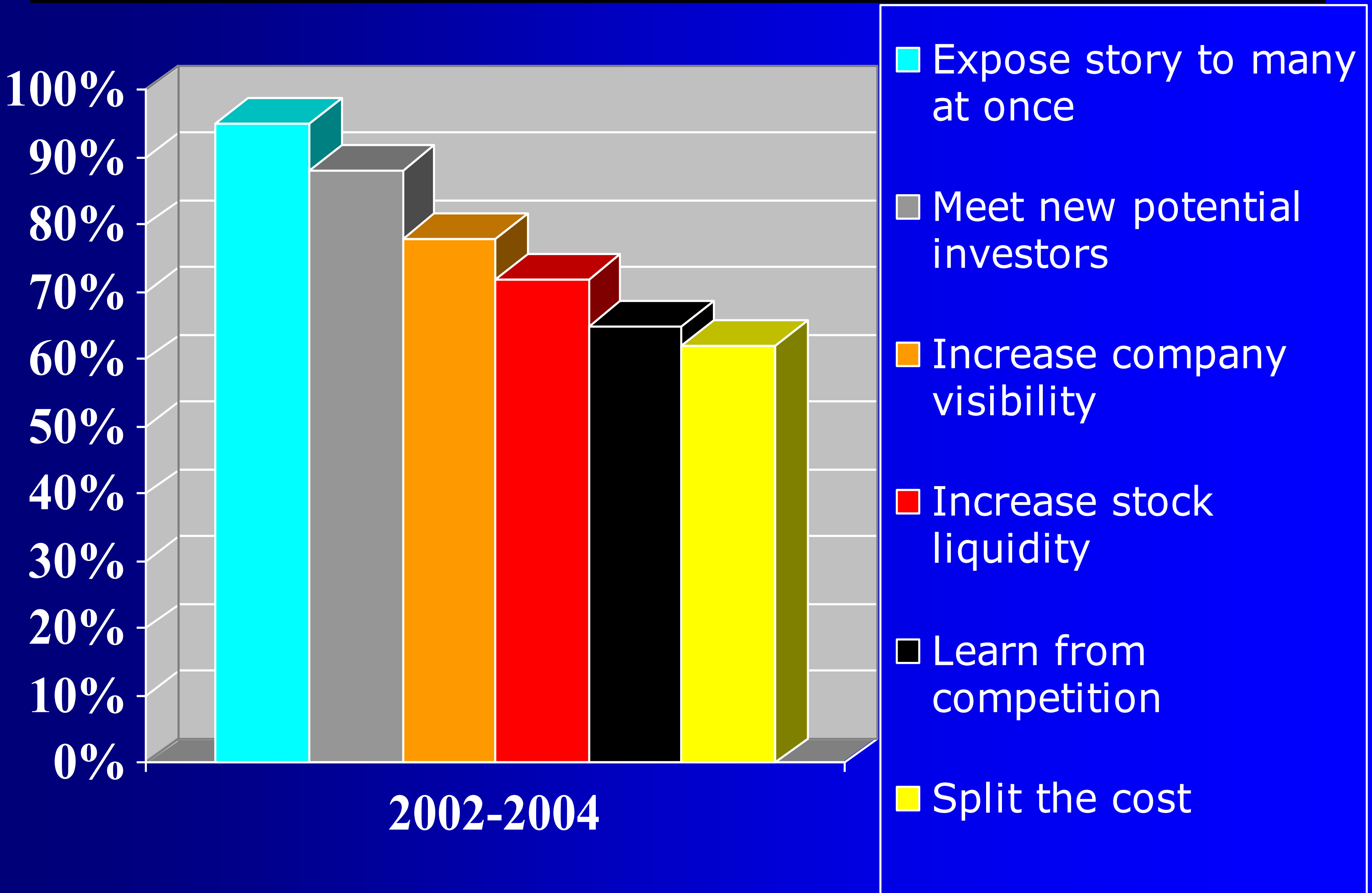
Companies participation in GPs



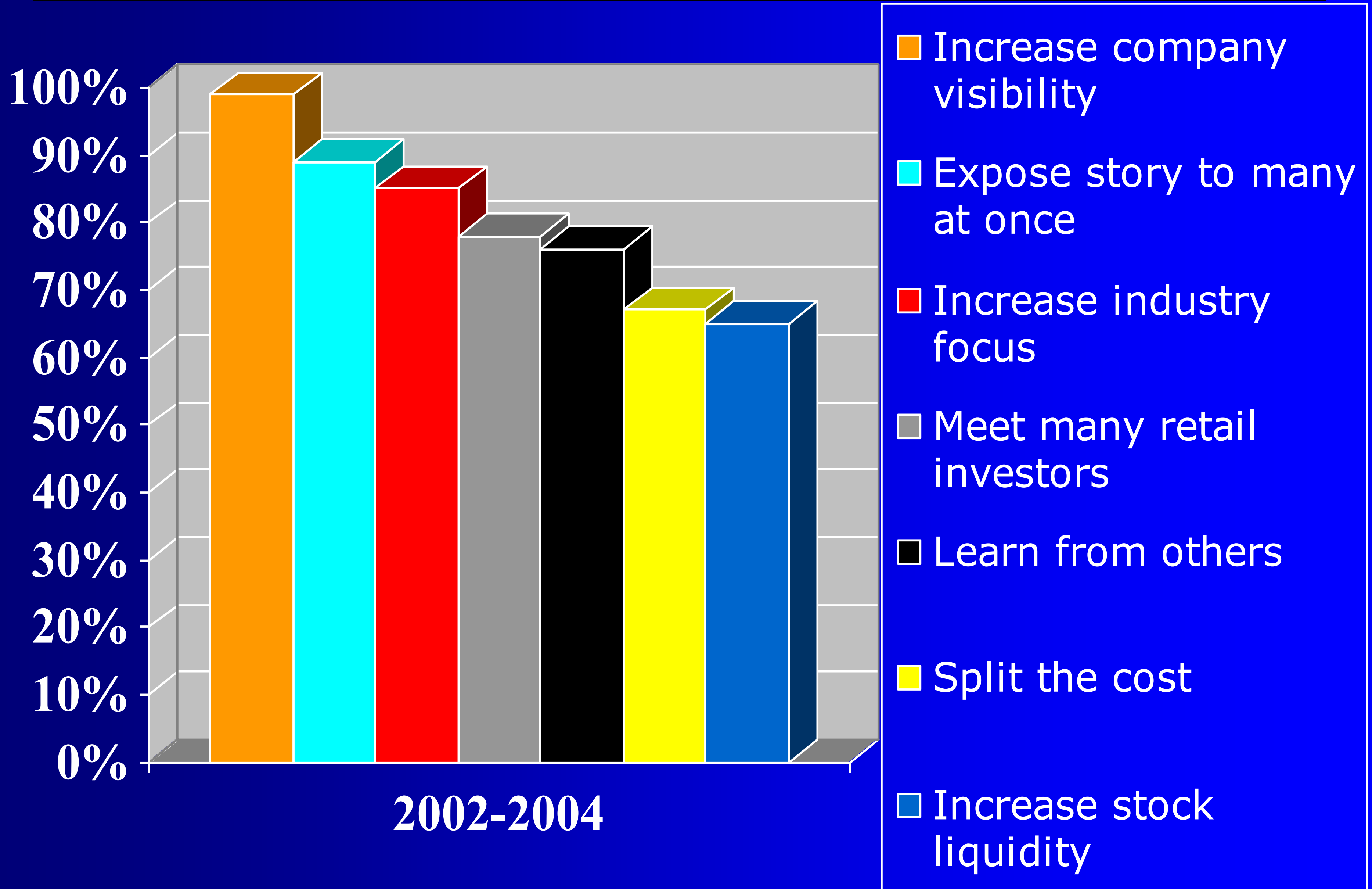
FTSE/ASE 20: Why Group Presentations?



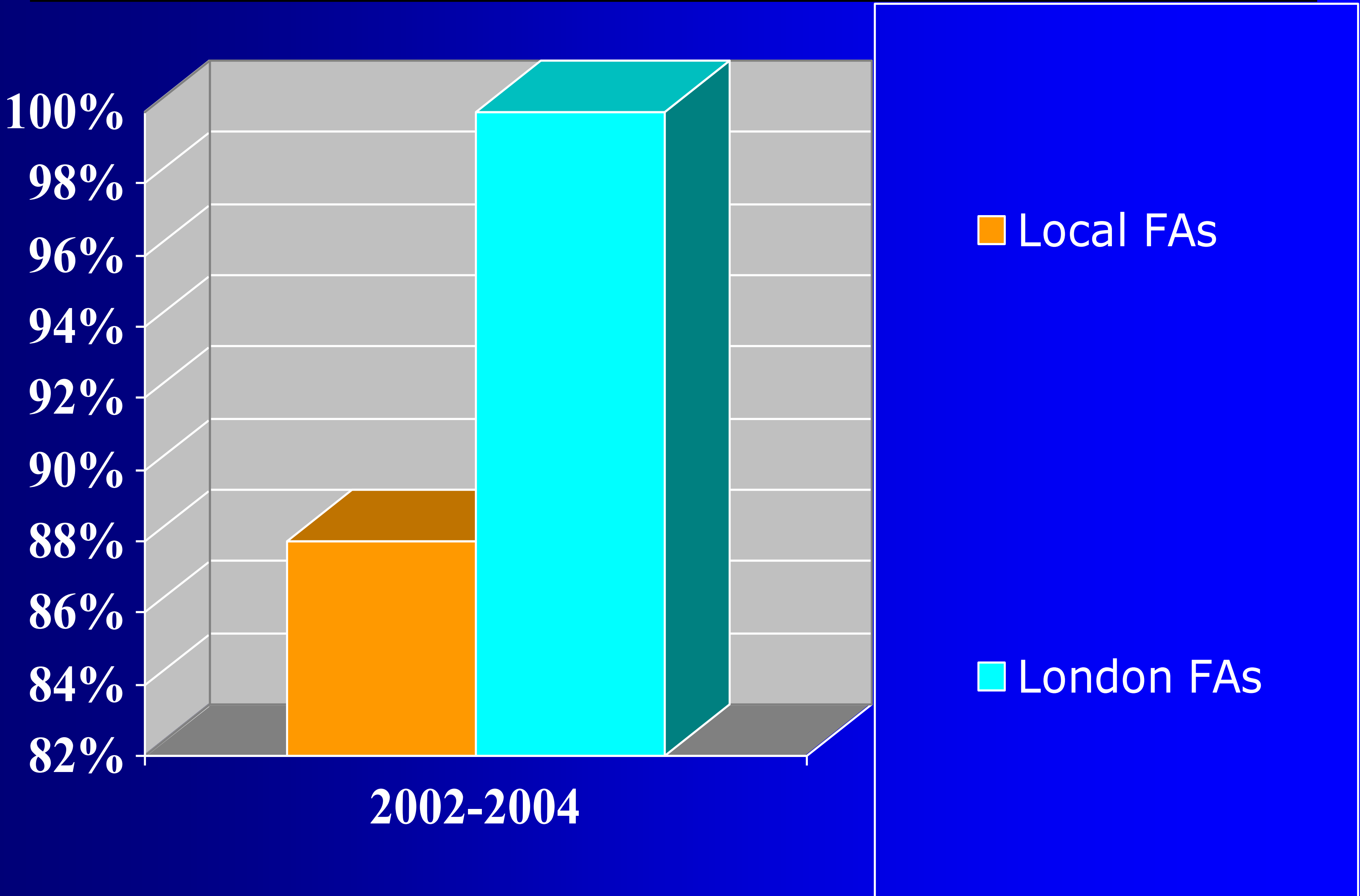
FTSE/ASE 40: Why Group Presentations?



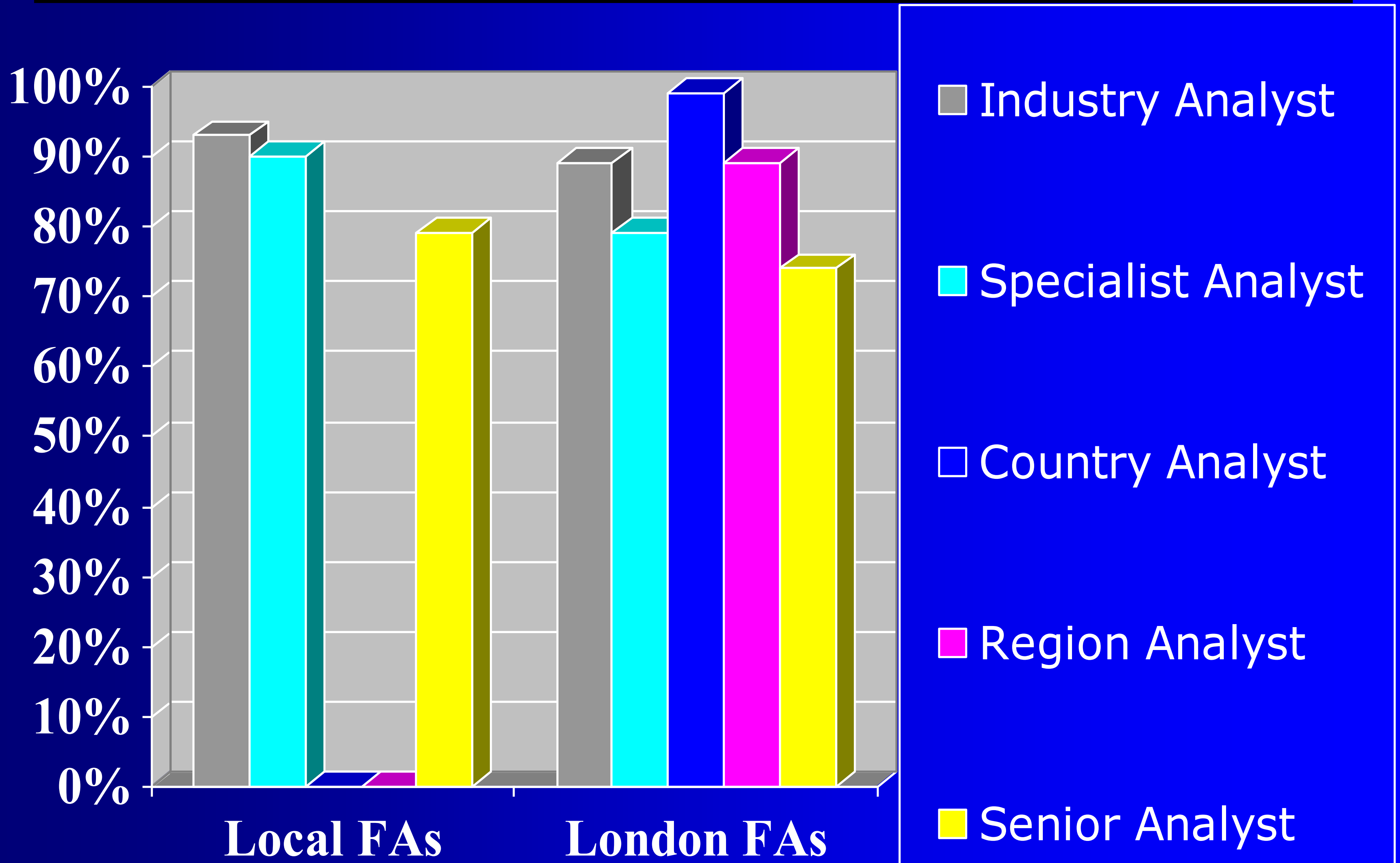
FTSE/ASE 80: Why Group Presentations?



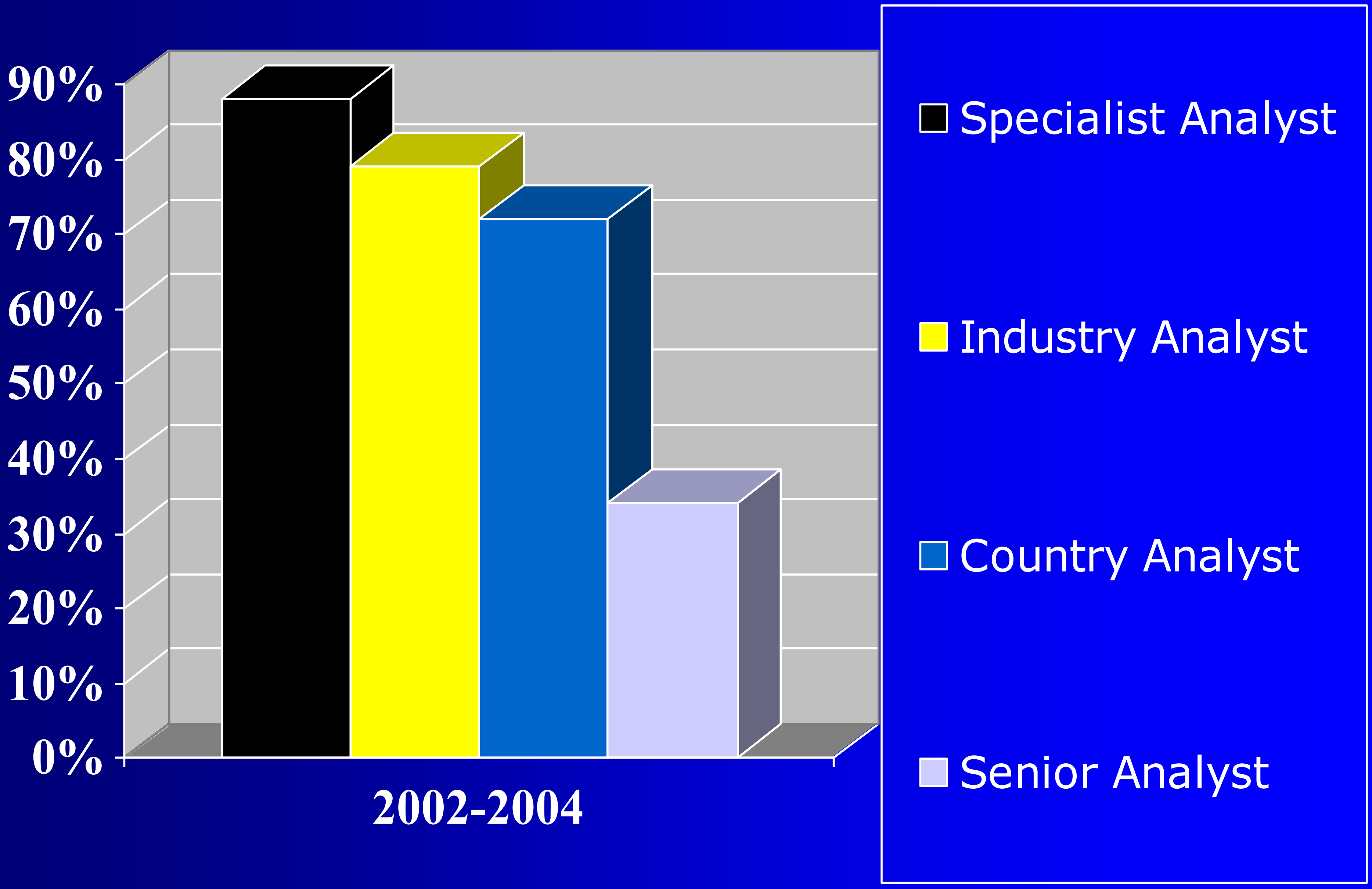
Analysts collect information via GPs



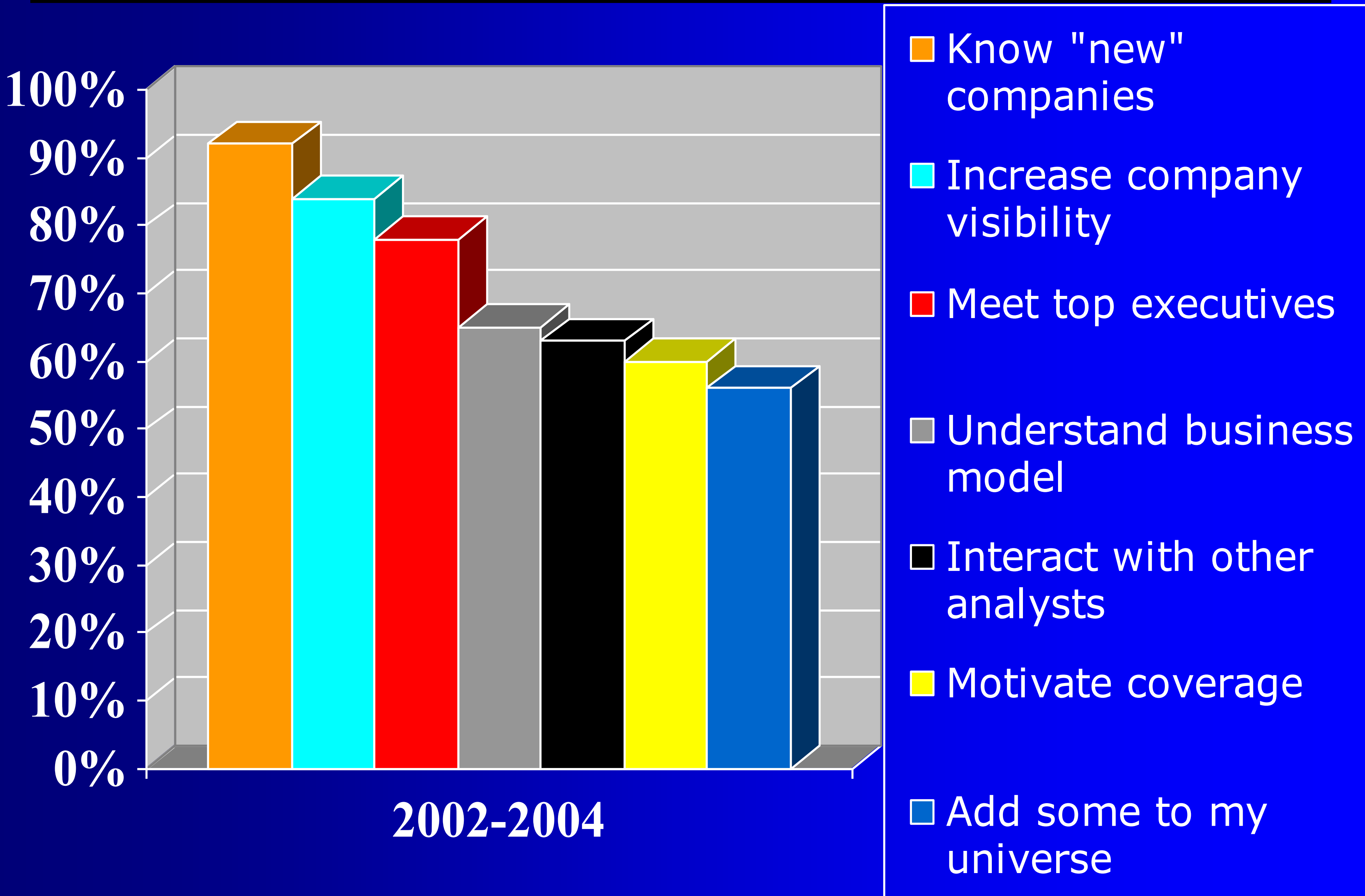
Companies participation in GPs



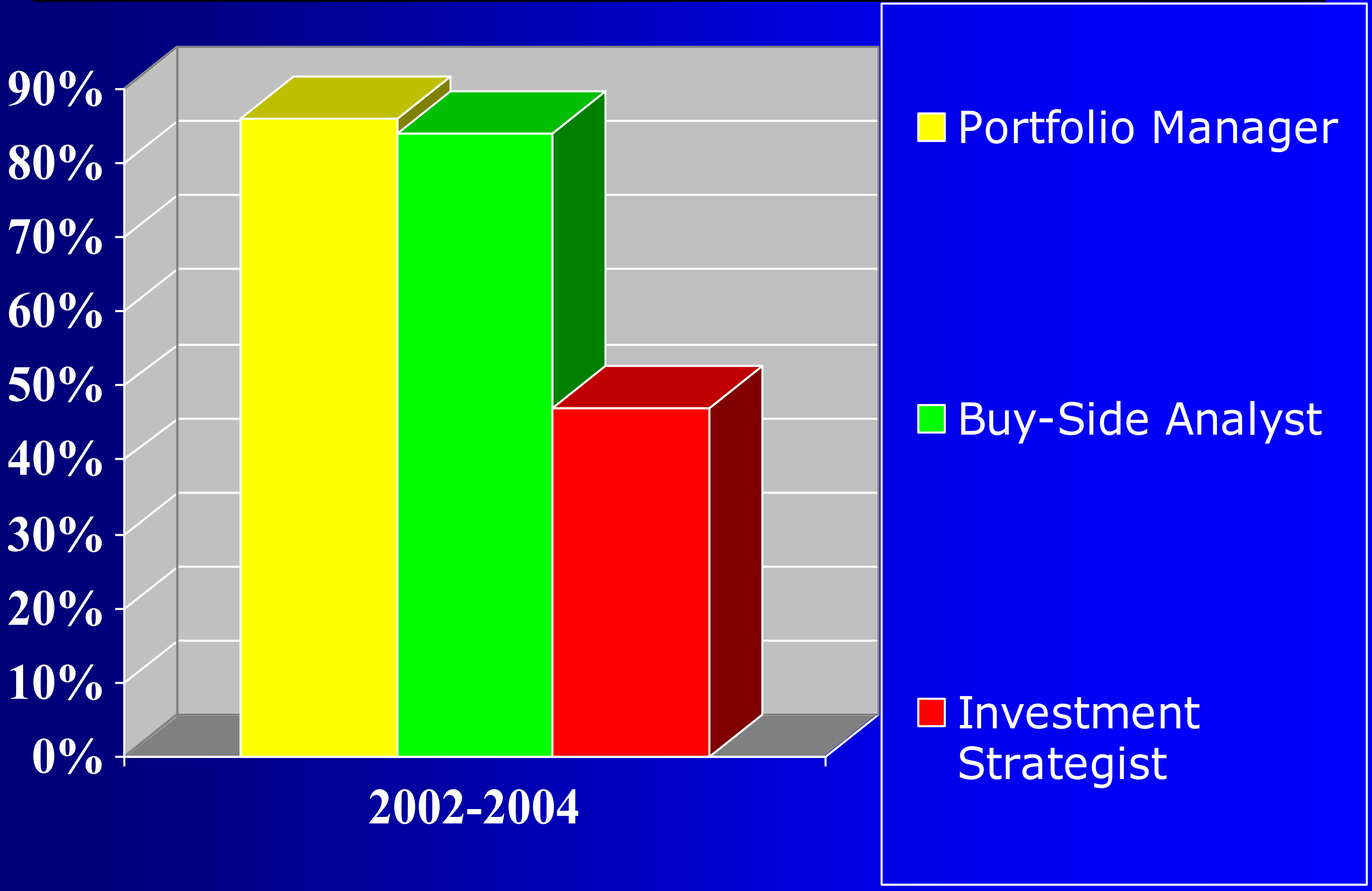
Analysts participate in GPs



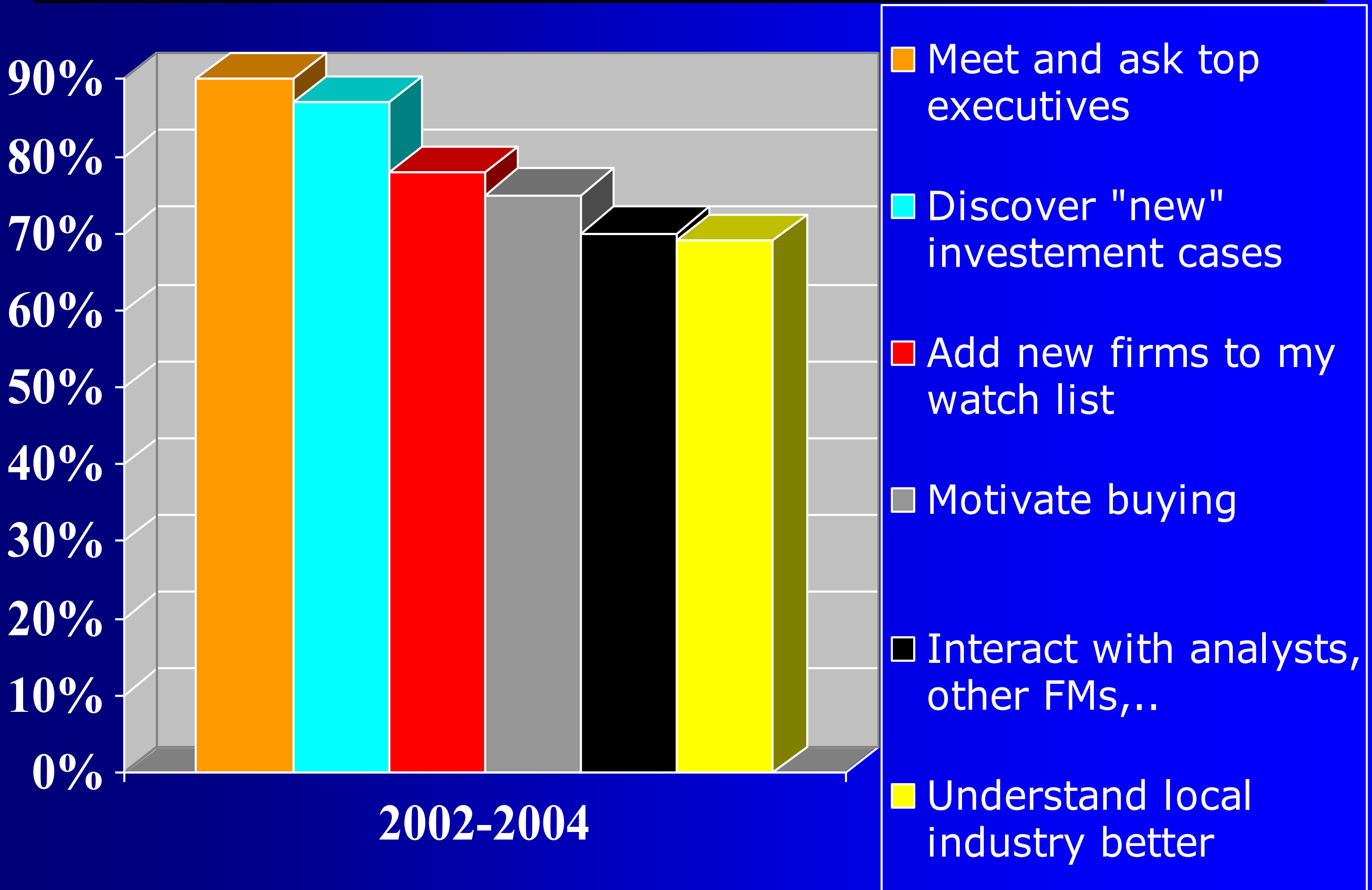
FAs: Why Group Presentations?



Fund Managers participate in GPs



FMs: Why Group Presentations?



Results

- Voluntary Disclosure → makes the difference
- Firm Visibility → puts companies on the map
- Group Presentations → make companies visible
- Group Presentations → bring investment

Group Presentations

- Put companies in front of
    - Potential Leading Investors
    - Influential Market Players
    - Local / Industry Opinion Leaders
- Increase companies visibility & liquidity
- Cement relationships
- Attract & motivate new investment
- capitalization….