



Investor Relations

Investor Relations is the art and science of positioning and communicating a company's story and investment proposition to investors. The National Investor Relations Institute (NIRI) defines IR as a strategic management responsibility that integrates finance, communication, marketing and securities law compliance to enable the most effective two-way communication between a company, the financial community and other constituencies which ultimately contributes to a company's securities achieving fair valuation (niri.org).



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Investor Relations

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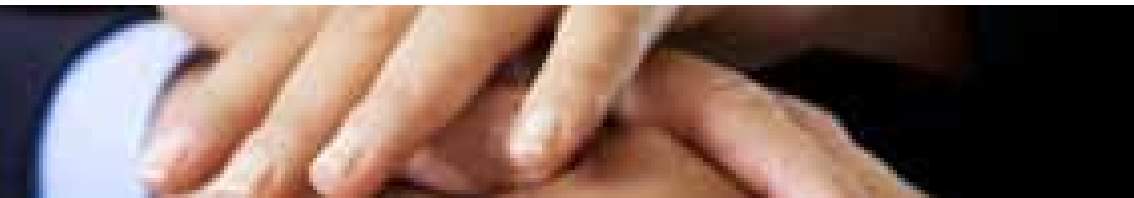
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What is IR?

What is IR?

- Does IR have economic value?
- How long will it take to achieve results?



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Does IR have economic value?

Yes. Quantitative and qualitative research correlates an effective IR strategy with fair valuation and reduced cost of capital (LSE 2010):

1. Access to capital

An active IR program builds familiarity with the company and its investment proposition enabling it to more readily access capital from both existing and potential shareholders.

2- Liquidity

A commitment to continuous and timely flow of information creates awareness and promotes the climate of trust needed for a deep and active shareholder base.

3- Fair valuation

Achieving fair valuation of the company's stock is the ultimate goal of any IR program. An active communication strategy enables managers to better align investor expectations with corporate goals.



In today's Palestine, IR is an especially crucial endeavor. Despite unique restrictions that challenge economic growth, the Palestinian economy is surging forward, its crest led by some of the region's most dynamic, resourceful and promising companies. Concurrently, faced with financial upheaval, international investors are eager to find new investment opportunities. Hence effective investor relations offers a gateway to international capital pools and an opportunity to correct misperceptions about Palestine in the financial community.



How long will it take to achieve results?

It often takes years. Time is an essential ingredient in building trust, and IR must be an ongoing process. Creating awareness is the first step in a continuous relationship with the financial community, a relationship that bears fruit in the form of a fair valuation, greater share liquidity and reduced cost of capital.



IR Stakeholders

IR Stakeholders

- Investors
- Analysts
- Media
- Legal Advisors
- Consultants



As Figure (1) shows, a number of stakeholders interact with the IR function:



Figure (1): IR stakeholders

Investors

Investors, either existing or potential, are usually categorized as either Institutional or Retail.

Institutional Investors:

Institutional investors manage a pool of assets into which individuals or other investment firms collectively invest. They include venture capital trusts, mutual funds, unit trusts, life assurance and pension plans. Institutional investors are categorized according to their style or investment type and it is important to differentiate between the various styles as each seeks a unique value proposition (Corbin 2004):



1 **Value:** Investors that look for companies whose share price is less than the company's asset value or that trade at multiples well below the industry average. These investors focus on the company's balance sheet.

2 **Growth:** Investors concentrating on firms with rapid growth potential. These investors focus on the income statement and usually look for annual growth that outpaces the overall market or other investments with similar risk profiles.

3 **Growth at Reasonable Price (GARP):** Focusing on both value and growth, these investors seek companies trading at discounted multiples so they can capture the value and long-term growth opportunity. GARP investors will often sell a company's shares if they feel it has achieved a fair market value or multiple in line with its peers.

4 **Markets and Industry Specialists:** These investors specialize in particular sectors and industries such as real estate or technology. Others specify investment location such as MENA or GCC investors. These sorts of investors could have any investment style.

5 **Income:** These investors are interested in dividends. They are keen to know its size, how often is it paid, and how long the company can afford to pay it. In sum, they want to understand a company's dividend policy and cash flow statements.

6 **Benchmark:** These investors look to have returns above a target benchmark. These benchmarks are usually based on a stock market index. For example, in international markets, these investors might be benchmarking against the FTSE All Share Index. Regional investors could benchmark against MSCI Barra Middle East, and local investors against each local market index. Palestine's is the Al Quds Index.



What about Hedge Funds?

While considered institutional investors, hedge funds are not heavily regulated and only offer products to sophisticated investors. Hedge funds invest across various asset classes and geographies. They may leverage their portfolios and adopt short selling strategies (LSE 2010).

Retail Investors:

Individual investors who make decisions based on their own valuations or with the guidance of a broker.

These investors, who may or may not be professional, also vary in investment styles. Some may seek income while others look for value. Their presence is vital in any shareholder base as they provide liquidity to the market (Corbin 2004).

What is a company's optimal shareholder mix?

There is no definitive answer. Both retail and institutional investors play important roles in any shareholder base. By virtue of their size, institutional investor trading can have a major impact on share price. Often long-term holders, they can nevertheless sell once the stock reaches a pre-determined price. Income-oriented investors, on the other hand, are less influenced by stock price. For their part, retail investors, who tend to buy and hold small parcels of stock, are also often interested in dividends. Several factors govern a company's investor mix:



- **Size and liquidity:** Institutional investors usually prefer highly liquid companies to facilitate large trades.
- **Industry type:** Utilities companies, for example, frequently attract retail investors due to the dividends they pay.
- **Fundamentals:** Needless to say, good fundamentals in terms of cash flow statement and balance sheet attract all kinds of investors.



Must a company focus its efforts on attracting specific investors?

Yes. Engaging with investors whose style does not match a company's investment proposition is a waste of time and resources. For example, an estab-

lished utility with a healthy dividend would not woo investors interested in only growth stories. Similarly, a company with a growth story would not attract the interest of income-oriented investors. Investor targeting is critical for a productive roadshow. Indeed, any meeting with prospective investors benefits from due diligence into their investment styles, needs and expectations. Companies should begin by constructing a valuation model of their shares with an eye on identifying value drivers. For example,

if your company is in expansionary mode, why address income investors when value investors are more likely to be interested in your story? On the other hand, a utility company with average growth rates and abundant cash would be better off avoiding value and growth investors in favor of targeting income investors.

The type of investor a company targets is essential to its overall IR success and to achieving the highest possible valuation.

Analysts

Analysts play a pivotal role in the relationship between a company and its investors. As intermediaries, they provide non-biased views about the company's financials and future projections that feed into stock valuation. They usually publish their equity research and are important information conduits in the market (LSE 2010).



Analysts are divided into:

- 1 Sell side analysts:** These usually work with brokerage firms or investment banks. Their job is to publish equity research on a company with a view (Sell, Neutral, Buy) to generate trading in its stock. Their research is used by institutional and some retail investors to make investment decisions. These analysts are remunerated based on the commissions they raise from trading in the covered stock. They are, therefore, attracted to liquid stocks with large trading volumes.
- 2 Buy side analysts:** They work within large intuitional investors such as pension funds or life insurers. Their influence has been growing due to investor skepticism of sell side coverage. Buy side analysts tend to be less sector focused than their sell side counterparts and devote less time to individual stocks. Their research is not published but rather used internally to make investment decisions.
- 3 Paid-for research (sponsored by the covered company):** These sorts of analysts are paid for their work by the company being covered. Some criticize such reports as biased since the company itself pays for them. For their part, research companies argue biased research would affect their reputation and ability to add value for clients. Whatever the case, this kind of research has proved vital for small, uncovered companies looking to attract attention within the regional and international investment communities.



Do analysts cover all traded companies?



Many factors influence an analyst's decision to initiate research. Among the most important are the company's market capitalization, daily average trading volume and overall liquidity. For example, a company with market capitalization of US\$500 mn may be covered by four analysts while

a company with US\$1 bn market cap might be followed by ten. Small companies with illiquid markets (as is the case in Palestine) can find it very difficult to attract analyst coverage.

As a first step toward sparking interest, PEX-listed companies may wish

to consider paid research. As familiarity within the investment community grows, sell and buy side analysts may be more tempted to show interest. In addition, local brokerage firms should be leveraged to generate research for their clients.

Media

Media, whether print, broadcast or online, play an important role defining a company's reputation. Financial journalists worldwide can have significant effect on investor perceptions. These journalists often publicly question a company's investor communication.

In Palestine, financial media remains embryonic, confined to reporting investment community news without adding much investigative analysis or commentary. This situation is expected to change. Companies must begin now to build an effective relationship with financial journalists.



Media Types

Print	Broadcast	Online
Newspapers	TV	Newswires
Magazines	Radio	Financial websites
Newsletters		Social media
		Webcasts

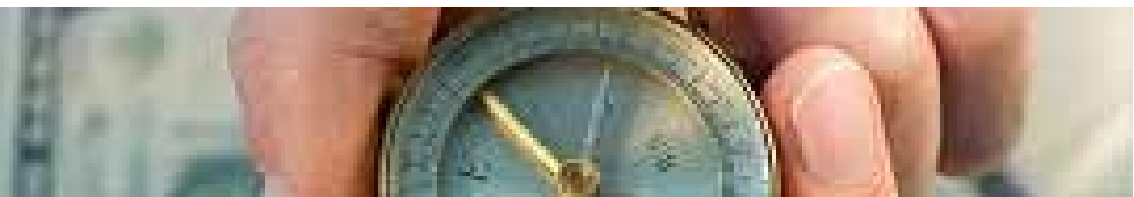
Legal Advisors

There must always be open communication between the IR person and the company's legal team to ensure adherence to PEX disclosure regulations.



Consultants

IR consultant firms provide various services to corporations operating in regional and international markets. These include shareholder register analysis, perception studies, advice on investor communication materials and road show organization (me-irsociety.com 2010). Palestinian companies interested in attracting a regional or international shareholder base usually engage an experienced IR consultant.



Building an Effective IR Strategy

Building an Effective IR Strategy

- Market Research
- Formulate the Investment Proposition
- Formulate the message/content
- IR Tools



To construct a solid link with investors, IR practitioners must weave together several complex tasks. They usually begin with market research and analysis to understand investor perceptions and formulate an investment story. With this in hand, they move on to identifying investors most likely to respond to a tailored and well-crafted message about their company's investment proposition. Once identified, the strategy should be revised annually to ensure it remains valid (Corbin 2004).





Market Research

Market research involves three main activities:

- 1 Market intelligence:** This enables the company to understand how it is viewed in the market. Perception information can be gathered from brokers and other market contacts. Observations on daily trading volume, price vs peers or an index, investor confidence and comparisons of relative performance measures can all be useful.
- 2 Audience analysis:** This entails investigation of the company's shareholders, potential investors, brokers and analysts; who they are,

why they invest in the stock, what would cause them to sell and buy the stock, what are their expectations? The audience analysis should answer questions about the following:



- How well the company's strategies and operations are being recognized and accepted.
- Extent to which investors, brokers and analysts have absorbed the investor information supplied by the company.
- Investment community attitudes towards the company.
- Investors' evaluation of the company's management and its communication program.
- Actions that trigger a stock purchase or sale.

3 Benchmarking: These studies track changes in investor knowledge levels, perceptions and attitudes. Correlating valuation and stock price, they can show the effect of strategic business decisions as well as communications efforts. Such studies should be conducted annually.

Formulate the Investment Proposition

Target it to the Right Audience.

Any company, publicly-traded or not, should know its Investment Proposition. This entails thorough study of the company's medium- and long-term business plan with a view to identifying its thematic characteristics (value, growth, income). Management teams must understand the various valuation techniques employed by investors and analysts so they can best determine their story and communicate a unique and resonant investment proposition.

For example, a company that determines it offers a value investment proposition (undervalued in the market, the stock does not reflect the value of cash flows or growth potential), should concentrate on the following parameters:

- Price/Book value
- Price/Earnings ratio
- Price/Cash flow
- Enterprise Value/Free cash flow
- Enterprise Value/EBITDA
- Price/cash
- DCF analysis.



However if the company identified itself as a growth proposition (it is certain to see accelerated earnings growth in the medium term), the following should be highlighted:

- PE/Growth rate
- P/E expansion
- Earnings growth
- Revenue growth
- Relative strength

Of course, value and growth propositions are not mutually exclusive. A company offering both can target a wider investor pool. The key lies in knowing how to best position your company to attract the most suitable investors.



Formulate the message/content

In formulating the message, IR practitioners should refer to the company's mission, business plan, long-term strategy and value drivers. The message must be simple and clear and answer questions such as:

Why should I invest in this company?

Why should I continue to hold this company's stock?

Why should I, as an analyst, recommend this company's shares?

The Board of Directors along with the Executive Management needs to have an active role in this task. Without consensus, the company may end up sending different or even conflicting messages which, over time, can erode market confidence.



What kind of information does my company need to generate?



In Palestine, our special circumstances mean investors demand detailed and timely information not only on the company (financials, future projects, governance etc), but also on how it is managing risks related to political and economic fluctuations. This information may include:

A

Macroeconomic Brief

This brief should be updated quarterly and include macroeconomic indicators such as GDP growth rate, inflation and unemployment rate along with basic investment indicators such as bank indicators and FDI flows. Investors are keen to know the economy's growth drivers and future projections. An overview of key sector indicators helps investors put company operations in context. Always ensure information is referenced and credible.

Every company has a business plan and a growth strategy, thus the company needs to communicate its business plan and growth strategy in a simple and clear manner to attract investors. Laying the foundations of where the company is going in the medium and long term gives confidence that the company is focused, and will give investors the roadmap to return and compare the results and success of the company execution (Corbin 2004).

B**General Company Brief**

This brief includes the company's vision, mission, investment/business model and strategy, its comparative advantage over peers, and historical milestones and achievements. It should feature a detailed description of related businesses (e.g. a holding company's description of its subsidiaries, affiliates and available for sale investment should be included). Corporate Governance should be addressed including information on the function of the board of directors, its relation with the executive management, and so on.

**C****Operational and Financial Brief**

This should include a three-year snapshot of the balance sheet, income and cash flow statements with all related growth, leverage and profitability ratios in addition to stock ratios. Forward looking statements and projections should be included to give guidance to investors about where the company is heading. This is vital for the stock's valuation and serves to manage investment community expectations.

IR Tools



First, bear in mind:

- 1 Be **consistent** in describing the company, its goals, objectives, achievements and financials.
- 2 Communicate in a **timely** manner to all stakeholders in both good and bad times.
- 3 **Compare** achievements with promises. Do not shy away from communicating both good and bad news. This helps build confidence and manages expectations.

Many tools are available to help IR practitioners effectively communicate the company's message. These fall within three basic categories:

- 1- Print material
- 2- Electronic material (websites, emails, webcasts, etc)
- 3- Face-to-face meetings



Print

Print can take many forms including:

Annual Reports

The Annual Report is a company's most powerful print-based tool. It is the story of the year and roadmap to the future. It caters to a wide segment of stakeholders from employees, to shareholders, potential investors, suppliers and the community at large.

It communicates a company's story both visually and with text and features financial information with commentary on the firm's strategy, operations and future outlook.

Annual Report Content:

a. Shareholder Letter: In regional and international markets, this is the most widely read section of the report. It contains the company's investment story, strategic direction, achievements and challenges along with its outlook.

b. Operational Review: Elaborates, with segmented data, the company's business models and strategies.

c. Financial Section: This important section reviews the company's historical financial performance. It should be simple and clear while taking advantage of graphic aids to help compare results with previous years. Avoid jargon.

d. Management Discussion and Analysis: This section is an excellent opportunity for a company to analyze its business from a financial point of view. It includes data on

Annual reports communicate the company's fundamental strengths and long-term outlook.

operations, capital resources, liquidity and risk management.

e. Governance: This section outlines the relation between the board and executive management, compensation and other related matters.

f. Corporate Social Responsibility: Outlines the company's environmental and socially responsible activities.

The Palestine Exchange has detailed information on creating clear and compliant annual reports.

Press Releases

Press releases come in two kinds – mandatory quarterly disclosure of financial performance, and voluntary updates on new developments. Press releases should be kept short and written in plain language. The headline must clearly indicate the subject or event and a contact person inside the company be made available to answer further questions. Disclosure regulations in Palestine call for simultaneous dissemination to the Palestine Exchange and media. Companies with international investors often use the services of a commercial newswire.

Investor Presentation

A presentation, usually with visual aids, aimed at potential investors, shareholders, brokers and analysts. It communicates the company story and perspective on recent developments. It contains a general company overview highlighting financials and growth potential.

A company stock could be undervalued because:

- *Lack of information in the market place*
- *Doubt about what the company is doing or saying!!!*

Thus the opportunity to change awareness, perception, attitude and knowledge levels through IR is very real (LSE 2009).

Newsletters

Often produced quarterly, IR newsletters can include a variety of information and news such as macroeconomic updates, operational news, stock movement and commentary from top-level management on current issues.

Fact Sheets

These are usually two- to four-page documents summarizing the annual report. They are supplied to brokers, who in turn offer them to their customers. The fact sheet usually includes:

- Business summary highlighting strengths, value drivers and comparative advantage
- Recent developments
- Key financial data with ratios
- Stock data
- IR contacts



Should a company produce all these print materials?

The answer depends on each company's individual circumstances in terms of operations, budget and news availability. Usually, companies compile an investor kit which includes key documents such as the annual report, fact sheet and investor presentation.

Website

Any company serious about IR knows the value of a dedicated IR website. The Investor Relations section should be easily accessible from the home page and include detailed corporate and financial information, events, investor presentations, stock information and an investor contact. Some firms webcast General Assemblies as a way to update stakeholders on company news.

The key to a successful IR website is in keeping content current. That encourages repeat visits.



The table offers examples of ‘tabs’ often found in the IR section of a corporate website (LSE 2010, Buchanan 2008):

Menu section	Typical pages
About the company	<ul style="list-style-type: none">• Business overview• Strategy• Fact sheet
Governance	<ul style="list-style-type: none">• Board of directors (biographies and responsibilities)• Board committees (with explanations of duties)• Directors' shareholdings• Risk management
News and Events	<ul style="list-style-type: none">• Financial and non-financial press releases• Disclosure announcements• Financial calendar
Financial results	<ul style="list-style-type: none">• Quarterly results• Key financial data (summary)• Annual reports• Investor presentations
Share price	<ul style="list-style-type: none">• Share chart, with charting tools
Shareholder Information	<ul style="list-style-type: none">• General Assembly Meeting information• (archive and webcasts)• Key shareholders• Dividends
Contacts	<ul style="list-style-type: none">• Company contact details



What about email?

Email is an excellent communication channel. Companies can keep databases of analysts, shareholders and potential investors and cost-effectively provide them with timely updates on financial and other company news.

Remember: Many investors and analysts receive hundreds of emails per day. Unless they know and are already interested in your company, they are unlikely to read your mail! Unsolicited email to investors and analysts is not an effective marketing tool.





Meetings

Companies can look great on paper and disappoint in person and vice versa. Thus there is no substitute for face-to-face meetings -- one-on-ones with company management, General Assembly meetings, road shows, investment conferences or press briefings (Corbin 2004).

In these sorts of meetings, it is usually preferable to hear from the CEO, especially if the company is small and not well known.

Keep in mind intangible variables can affect the stock price. These include the investment community's perception of the company story and management. Fairly or not, management is often perceived through the lens of the financial news media. That is why company management often meets with reporters. Altogether, some authorities estimate about 30 percent of management time should be devoted to IR.





Relationship Building

Relationship Building

- Shareholders
- Potential Investors/Analysts
- Media



Building positive relations with stakeholders is essential and takes time. This section aims to pinpoint the steps needed to build that relationship from scratch with shareholders, potential investors, analysts and the media.



Shareholders

Most Palestinian companies fail to communicate regularly with their shareholders. Contact is often confined to (poorly attended) General Assembly Meetings, annual reports and occasional press releases (published in local newspapers). This lack of steady communication often leads to inactive shareholders. Companies should regularly analyze their shareholder base so management stays informed about activity in the shareholder mix.

To communicate effectively with shareholders:

Institutional shareholders: Companies need an up-to-date email list to provide news updates, quarterly reports, annual reports etc.

Bi-yearly meetings can help answer shareholder questions and concerns and help put them in the comfort zone regarding the company's performance.

Retail shareholders: Companies can use their website for news updates and financial disclosure. PEX regulations require companies disclose press releases, financial reports or material information that may affect share price simultaneously on the PEX website. Companies should ensure the registrar has accurate shareholder phone number and address information for annual report distribution. The IR person's name and contact information should be prominently displayed so shareholders can contact him/her with questions. General Assembly Meeting presentations can walk retail shareholders through the year's achievements and challenges and answer questions. General Assembly Meetings should be discussion forums and executive management must be well prepared with harmonized and logical answers on issues such as risk management, operations and financial performance. In addition, these meetings should be available via webcasts to reach the widest possible audience.

A perception analysis should be done yearly to gauge shareholder attitudes and get feedback on their communication needs and expectations from the company.

Potential Investors/Analysts

After identifying potential investors, regular efforts are needed to educate, inform and continue to attract them:

- Organize bi-yearly road shows to familiarize investors and analysts with the company. Many companies contract a financial communication or IR consulting firm familiar with the country or city within which the company is targeting investors. These firms

have databases of varying sophistication and can assist in follow-ups, advise on marketing and prepare perception/feedback reports.

- If investors or analysts show interest, invite them for an onsite visit.
- Add all potential investors/analysts to your mailing list.
- Follow-up meetings are essential to showcase company progress in strategy execution.
- Newswire providers can be used if investors or analysts are outside the company's home country.
- Corporate governance should always be highlighted. This is a major factor for attracting international institutional investors.

Media

While still at a relatively immature stage, the financial media in Palestine nonetheless remains an important factor in managing stakeholder expectations. Any media initiative (whether local or international) should educate reporters about the company, offering background when there is no immediate breaking news. Don't count on immediately generating stories, but outreach activities ranging from lunch briefings, executive meetings, project and onsite tours and so on give reporters the knowledge needed to accurately report on the company and to critically evaluate rumors and perceptions.



Where the IR team fits in the organizational chart

Where the IR team fits in the organizational chart

- What are an IR manager's qualifications?
- An IR Manager Job Description
- IR Core Functions
- The relationship between IR and other departments



Each company is unique but newer IR departments tend to be under the Chief Financial Officer. This relationship encourages efficient transfer of messaging and financial disclosure. More mature IR departments in larger companies are often found within the communication division. This allows financial specialists greater access to corporate communication resources. In both cases, an open communication channel should be maintained also between the IR person and the CEO.





IR departments in small companies often consist of two people -- an IR manager and a specialized assistant. In big corporations, the IR team sometimes ranges from six to 10 people, including professionals in management, shareholder register analysis, financial PR, website administration and so on.

What are an IR manager's qualifications?

IR managers bring a wide skill set to bear on a complex task. They must understand financial analysis, capital markets, laws and regulations, and have excellent communication and networking skills. While a blend of skills is necessary, knowledge of financial analysis is essential. You do not want to have a meeting with an investor and not be able to predict questions or answer them sufficiently! With these skills in hand, the IR manager is responsible for developing marketing materials, crisis communications and overall investor communications strategy.





An IR Manager Job Description

Develop, maintain and improve relations and communications between the organization and its shareholders, including financial analysts and institutional investors to increase the value and marketability of the company's stock. Monitor and assess changes and trends in ownership of the company's stock. Establish, align and guide investor relation policies and procedures. Shape the perception and awareness of the company in the investment community. In coordination with the Chief Executive Officer assist in the continued growth of the company.

What is the relationship between IR and PR?

IR and PR once operated in separate silos. PR officers were perceived as news release writers; IR officers as disclosers of company numbers and organizers of investor meetings.

That paradigm has changed. Today, combined IR/PR teams are viewed as strategic corporate assets.

Both disciplines now often work together to formulate an appealing story, develop the annual report, and assist management in delivering a consistent message, whether at the General Assembly, on a roadshow or meeting with reporters.

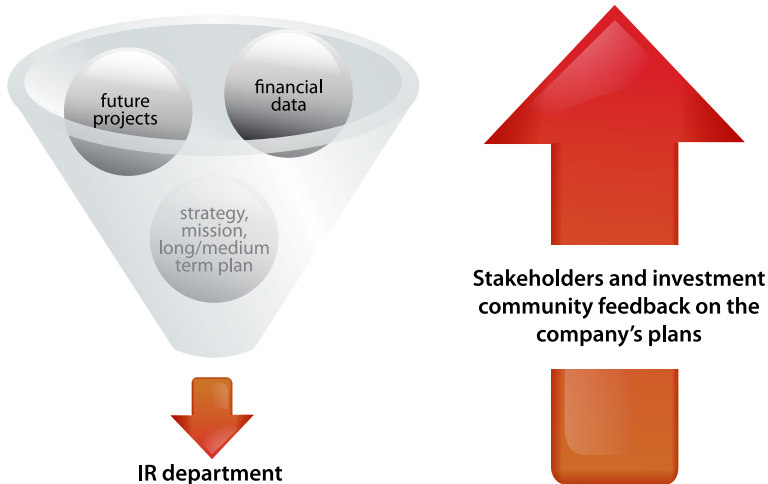
A co-ordinated IR/PR effort avoids sending conflicting messages to stakeholders thus boosting their confidence and your company's reputation (Caywood 1997).

IR Core Functions

- Develop strategies and implement investor relations initiatives that target and attract new long-term investors.
- Create initiatives to increase shareholder value and positively impact share price.
- Reinforce favorable corporate identity in the financial markets and with the business media.
- Maintains up-to-date contacts with financial analysts through private/group meetings, conferences, perception studies, inquiries and feedback analysis.
- Write and distribute quarterly financial reports and news releases.
- Conduct investor/analyst meetings.
- Coordinate internal financial reporting sources for meaningful interpretation of data
- Partner with internal financial group on disclosure issues.
- Ensure consistent corporate image for internal and external investor relations communications.
- Enhance and expand the investor relations presence on the corporate website.

The relationship between IR and other departments within the company

As has been stated, the IR function is a strategic management role within a public corporation. The relationship with other departments should be open and two-way. The IR department must stay abreast of all opportunities and challenges facing the company. Therefore all operational and financial departments should share their news with the IR department allowing for transparent and timely communications of all material information likely to affect the price of the company's stock.





Crisis Management

Crisis Management



No company escapes crisis. Whether in the form of poor financial performance, accidents, natural disasters, employee or shareholder dissatisfaction, regulatory problems or political instability, each crisis has the potential to drive down the company's stock price. To manage crisis effectively, each company must do "pre-crisis" preparations, and have early warning systems. This is primarily related to the perception and feedback audits that include monitoring and networking with various stakeholders. And when a crisis happens, prepare and organize a crisis team, including the IR officer, PR officer, CFO and the corporate lawyer. This group, responsible for formulating a message and providing information in a realistic manner, should bear in mind how the company will be perceived after the crisis (Nasdaq, 2008).





Measuring IR Performance

Measuring IR Performance



IR is a long-term process but its value can be measured.

Three ways to assess IR success:

1 **Measuring effectiveness with the buy side:**

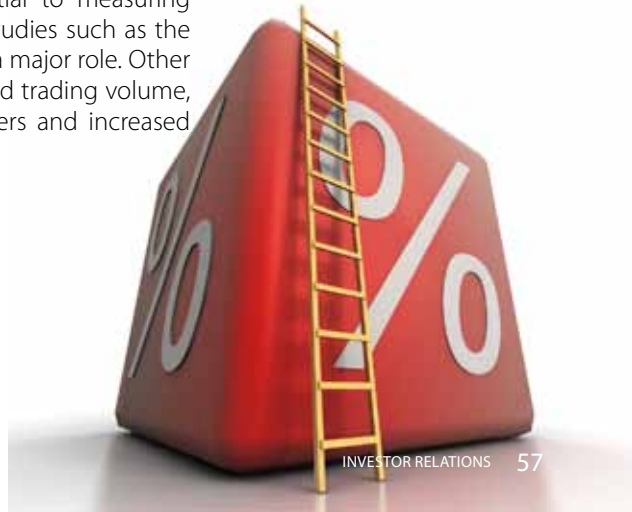
- Increased positions of current investors (both retail and institutional)
- Broadening the base of institutions holding the stock
- Changes in the shareholder mix

2 **Measuring effectiveness with the sell side:**

- More analysts following the company
- Recommendations of analysts already covering the company

3 **Community Feedback:**

Stakeholder feedback is essential to measuring IR department performance. Studies such as the perceptions and feedback play a major role. Other indicators could be the increased trading volume, increased P/E compared to peers and increased liquidity.



Relevant Topics

IR and bonds

Traditional IR departments cater to shareholders not bondholders. Nonetheless, IR departments are now taking a more proactive approach regarding bondholders as this ultimately reduces the cost of funding and preserves the ability to issue further debt.

In the Palestinian market, establishing a two-way communication channel between the company and debt holders is vital. To some extent, this is an easier task in Palestine than other regional markets since bondholders currently are only known institutional investors who trade in the market.

Bondholders need to be updated about:

- The company's business plan implementation
- Revenue streams and updates on related projections
- Cash flow streams and their projections
- Change in the company's asset base

Timely and continuous information gives comfort to bondholders and encourages them to buy more bonds (Donnelly 2009).

Financial Calendar

Because of the regulatory requirements of the Palestine Exchange, a number of events and corporate obligations in the financial calendar can be used as opportunities to further IR such as (Buchanan 2008):

- Annual report
- Preliminary and interim financial statements
- General Assembly meeting
- Listing obligations



Here is a sample financial calendar for a company operating in Palestine:

Time	Action
January-February	Preliminary financial disclosure of year-end results
March	Annual Report
April	Disclosure of First Quarter Results General Assembly Meetings Possible analyst meetings
May	General Assembly Meetings
June-July	First half financial disclosure
August- September	Regional road shows
October	Third quarter financial disclosure
November	International road shows
December	Fiscal year end

IR during Initial Public Offerings

Many young and growing companies aim at an IPO. IR plays a key role in the IPO process producing investor presentations, identifying suitable investors, and following up after the listing. Features of good pre-IPO investor relations include:

- A focus on direct presentations to potential investors and influential analysts
- Raising of the company's media profile
- A focus on real results and achievable future goals
- Avoidance of hype or the creation of unrealistic expectations

Note that once listed, investors will be looking for actual performance and comparing it to promises. Disillusioned investors will inevitably mark down the value of the company. Once lost, credibility with the market is hard to regain. Thus, the company must disclose its plans in a timely fashion and be realistic about challenges and opportunities (Cole 2004).



المصادر وروابط ذات علاقة

Resources and related links

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