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Truth Creates Light

# Edison Group

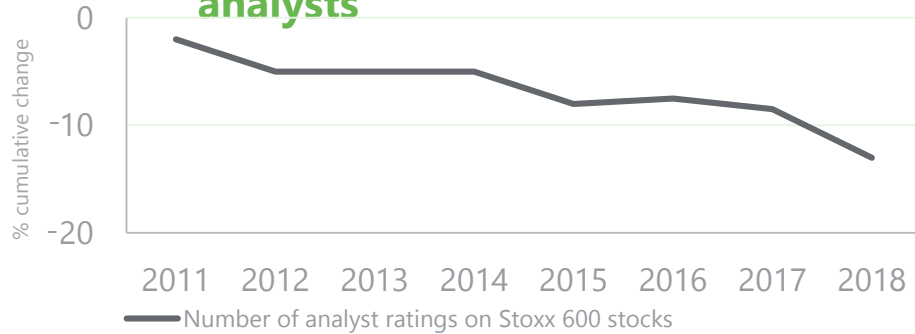
Investor Engagement –  
Developments & Trends





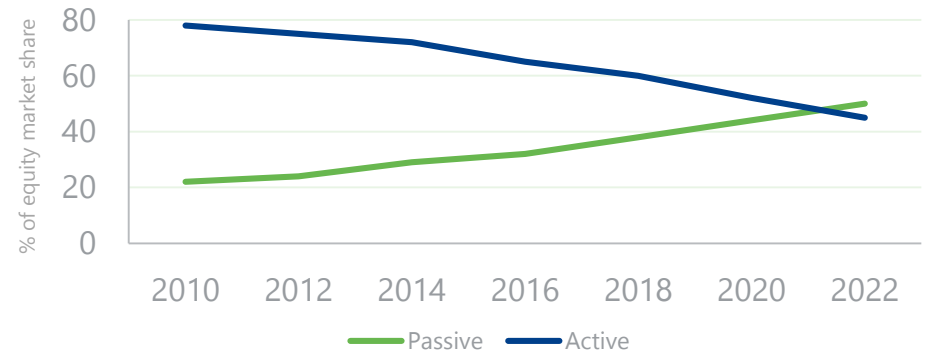
# Market pressures weigh increasingly on traditional broking

## Fewer research analysts



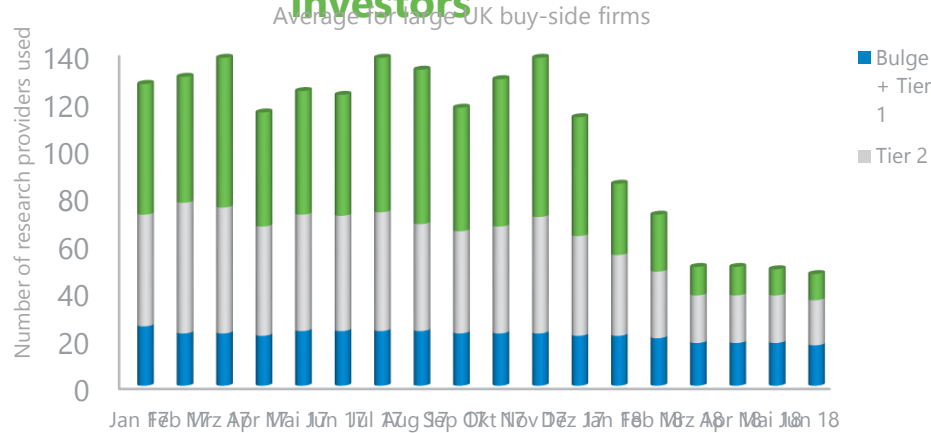
Source: Bloomberg

## Less active money being managed



Source: Morningstar, Moody's

## Less research available to investors



Source: Refinitiv

## Increasing regulatory pressures



# MiFID II and the importance of financial analysis for liquidity and volatility

Prof. Dr. D. Schiereck and D. Haefner, M.Sc.

## **The impact of MiFID II on EU capital markets**

- No change in analyst coverage
- Significant decrease in stock liquidity
- Significant increase in the bid-ask spread
- Significant increase in the level of asymmetric information and idiosyncratic risk

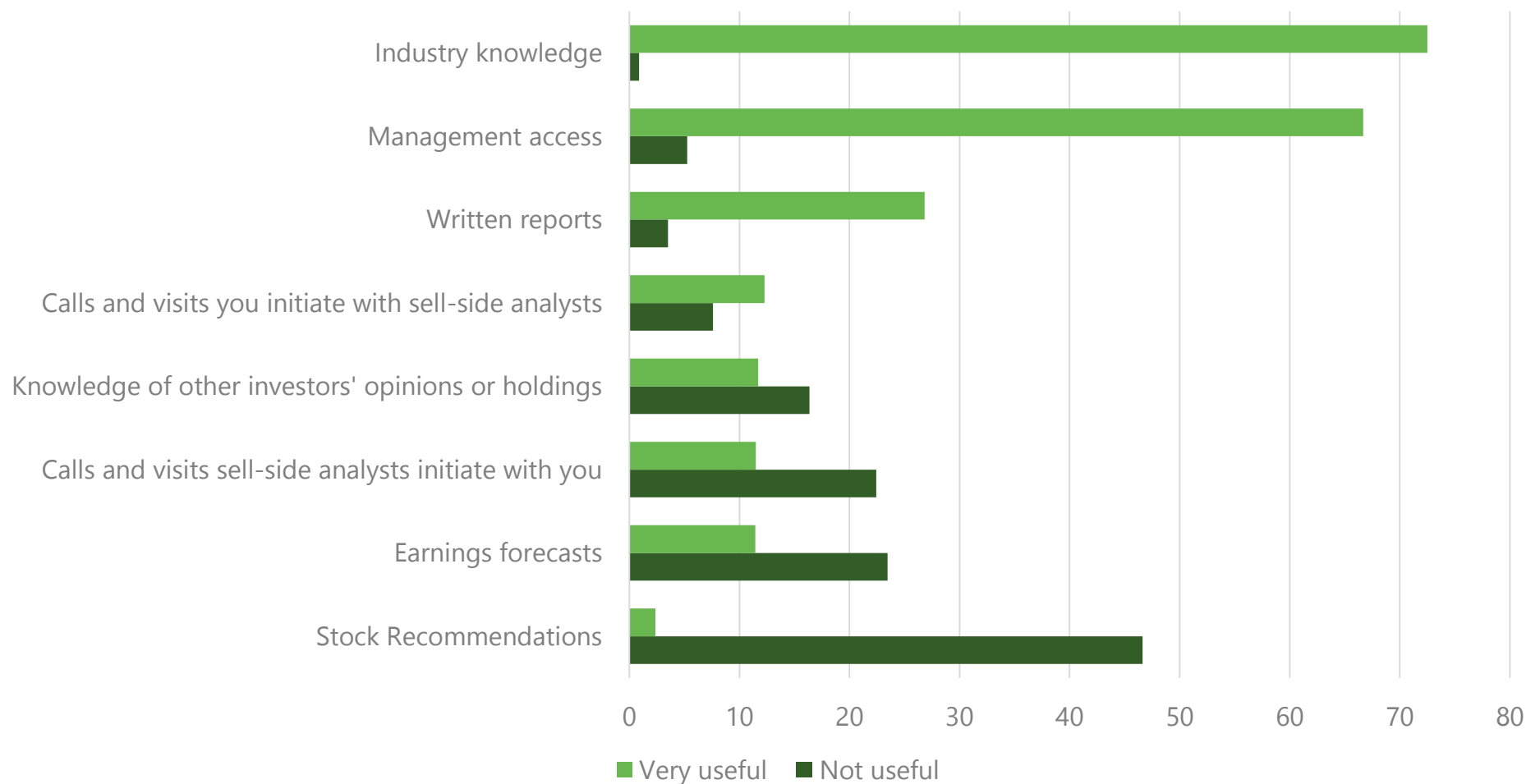
## **The role of financial analysts in capital markets**

- Analysts coverage significantly decreases bid-ask spread and idiosyncratic risk
- MiFID II significantly increases the effect of an increase in analyst coverage on the bid-ask spread and idiosyncratic risk
- More specifically, analyst coverage significantly reduces the asymmetric information costs component of the bid-ask spread



# The activities of Buy-side analysts and determinants of their stock recommendations

How useful to you are the following services provided by sell-side analysts  
Survey of 344 buy-side analysts



# What investors said companies should be doing post MiFID II

## Questions investors say companies should be asking their brokers

How widely does my broker distribute research?

How credible are my broker's analysts?

How much research is now being written on my firm?

## Increase your company's visibility with investors by...

41%

Holding a capital markets day

32%

Improving corporate website

28%

Commissioning research to be written on your company

25%

Undertaking an investor relations audit

25%

Working with investor relations advisors



# Investor engagement

## Yesterday

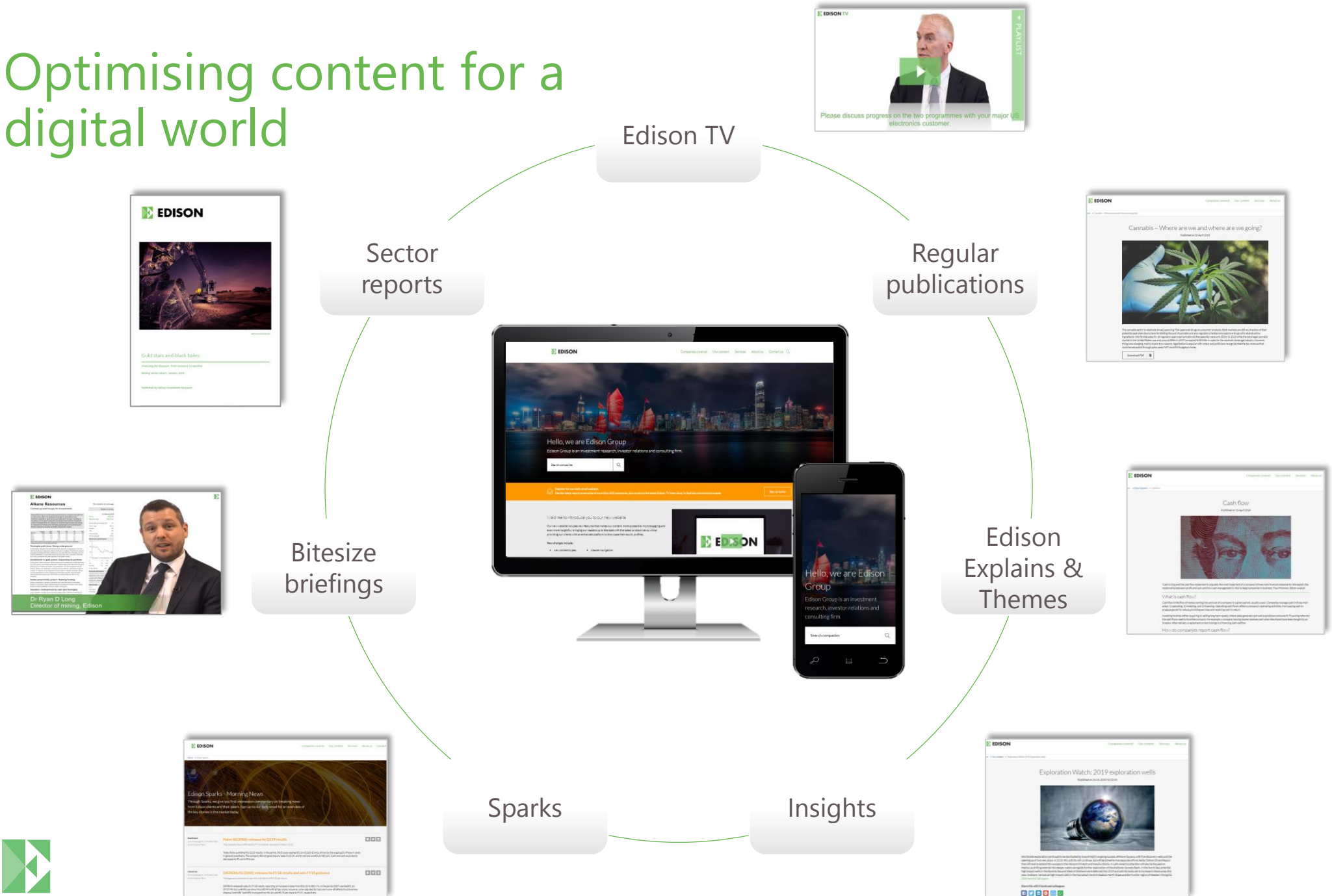
- Heavy reliance on sell side to market to institutional investors
- Mostly face to face meetings & phone calls
- PDF documents are format of choice
- Limited / no focus on digital social media

## Today

- 90% of investors use digital channel for their investment decision
- IROs need to fill the gap left by sell side
- Google is the platform of choice to find information
- IROs need a digital strategy to engage with all relevant investors



# Optimising content for a digital world



# Broking your equity story



Targeting tools

Share register snapshot

Name	Holdings	Share %	Market Value	Market %
Edinburgh City Council	1,000,000	1.00%	1,000,000	1.00%
Edinburgh City Council	1,000,000	1.00%	1,000,000	1.00%
Edinburgh City Council	1,000,000	1.00%	1,000,000	1.00%
Edinburgh City Council	1,000,000	1.00%	1,000,000	1.00%
Edinburgh City Council	1,000,000	1.00%	1,000,000	1.00%

Shareholder register analysis and targeting

Investor track analysis



Roadshows execution and feedback

Roadshow delivery



Geographic heat map

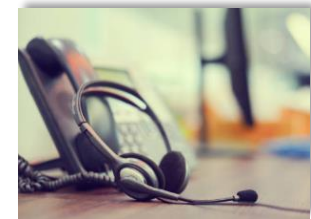
EDISON | NEMTSCHER

Gauging Demand in Scotland

High Interest & Confidence in Scotland

Location	Investment Type	Site	Size	Value	Interest	Confidence
Edinburgh	Real Estate Management	Princes Street	100k	100k	High	High
Edinburgh	Real Estate Management	Princes Street	100k	100k	High	High
Edinburgh	Real Estate Management	Princes Street	100k	100k	High	High
Edinburgh	Real Estate Management	Princes Street	100k	100k	High	High
Edinburgh	Real Estate Management	Princes Street	100k	100k	High	High

Ongoing broking



Advisory services

IR advisory document

Edison Research

BRLA readership breakdown continued

Country	Age Group	Gender	Income	Education	Occupation
USA	18-24	Male	\$10k-\$20k	High School	Student
USA	25-34	Female	\$20k-\$30k	College	Marketing
USA	35-44	Male	\$30k-\$40k	College	Software Engineer
USA	45-54	Female	\$40k-\$50k	College	Teacher
USA	55-64	Male	\$50k-\$60k	College	Business Owner

Market pulse



Broking the equity story





# Using new tools

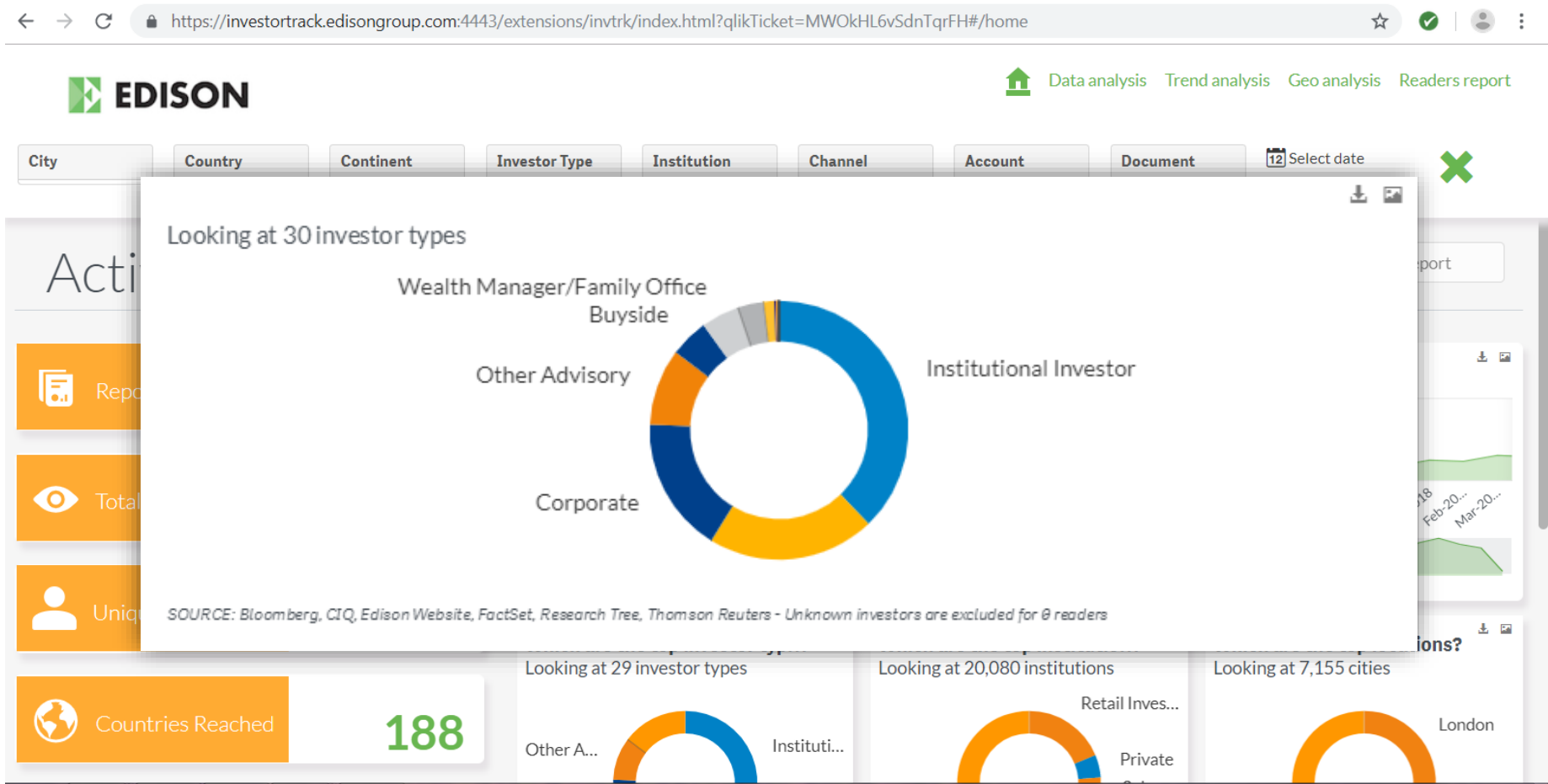
The screenshot displays the EDISON Activity Overview dashboard. At the top, there is a navigation bar with links for Data analysis, Trend analysis, Geo analysis, and Readers report. Below this, a filter bar includes dropdown menus for City, Channel, Account, and Document, along with a date range selector. The main content area features a large 'Activity Overview' panel on the left with six key metrics:

Metric	Value
Reports Published	4,476
Total Reads	635,321
Unique Readers	38,664
Countries Reached	188
New Readers	10,898
Countries Reached	188

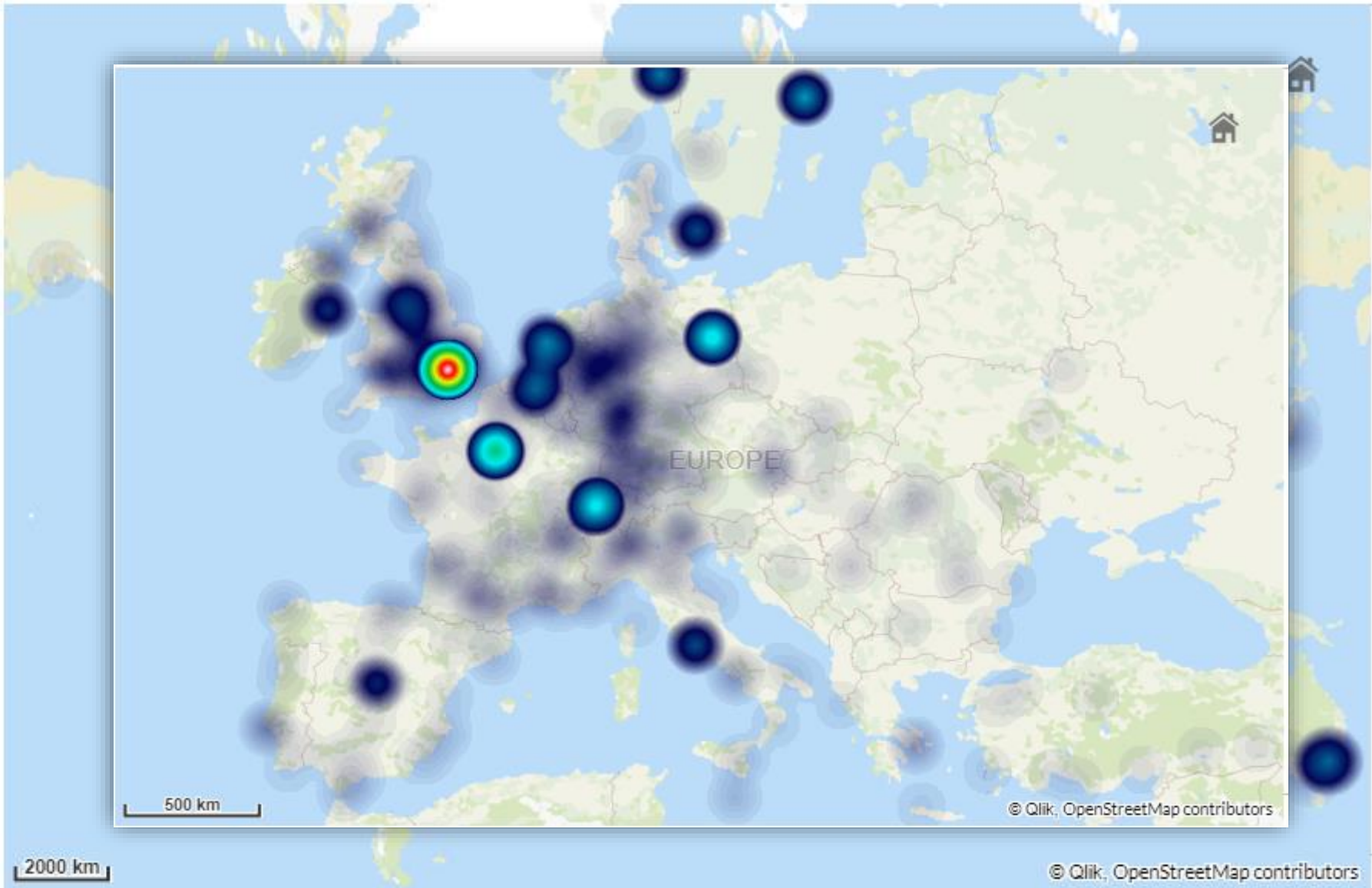
To the right of these metrics is a line chart titled 'over a period of 43 months' showing trends from June 2016 to March 2018. Below the chart are three summary cards: 'Which are the top institutions?' (20,080 institutions), 'Which are the top locations?' (7,155 cities), and a donut chart for 'Retail Invest...'.



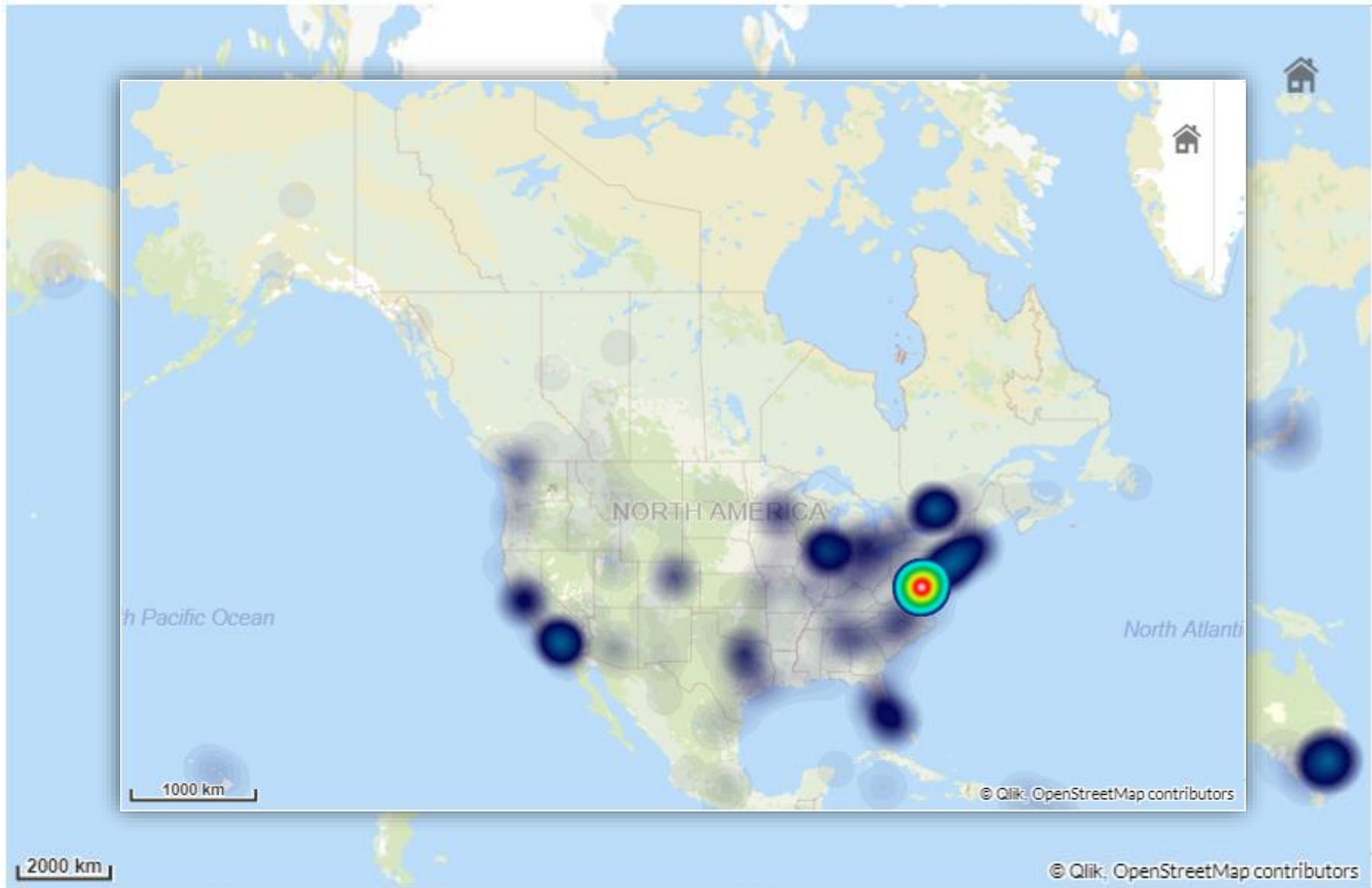
# Using new tools



# Readership by Location - Europe



# Readership by location – North America



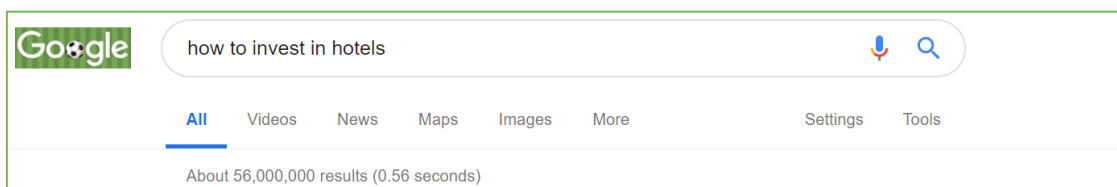
2000 km

© Qlik, OpenStreetMap contributors



# Case Study PPHE Hotel Group Ltd

- UK based research & IR client
- Aim: To be included in FTSE 250 Index
- Method: Increasing visibility and with that interest in the share
- Measurements: Digital Media, creating link to sector note highlighting benefits of PPHE's business model over peer group + hyperlink to company profile page



## How to invest in hotel stocks | The benefits of asset backing

**Ad** [www.edisongroup.com/investinhotels/assetlightmodel](http://www.edisongroup.com/investinhotels/assetlightmodel)

The asset-light trend by hotel companies masks the potential to create shareholder value. Exploring what the risks of an asset-light model are to investors.

[Equity Research](#) · [Investor Relations](#) · [Consulting](#)

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Edison > Edison Explains > The hotel asset light model

## The hotel asset light model

Published on 30 May 2019

The asset-light trend by hotel companies masks the potential for creating shareholder value through developing, owning and operating hospitality real estate. Fortunately this potential is gaining prominence thanks to increasing disclosure of fair value and thus true share price discount to NAV. Richard Finch, Leisure Analyst

Companies	Market cap (\$m)	Share price (\$)
Marriott International	41,191	123.7
Intercontinental Hotels Group (IHG)	11,861	65.0
AccorHotels	10,805	38.1
PPHE Hotel Group	989	23.3
International Hotel Investments (IHI)	579	0.9
Park Hotels & Resorts	5,826	28.9
Hilton Grand Vacations	2,307	25.4

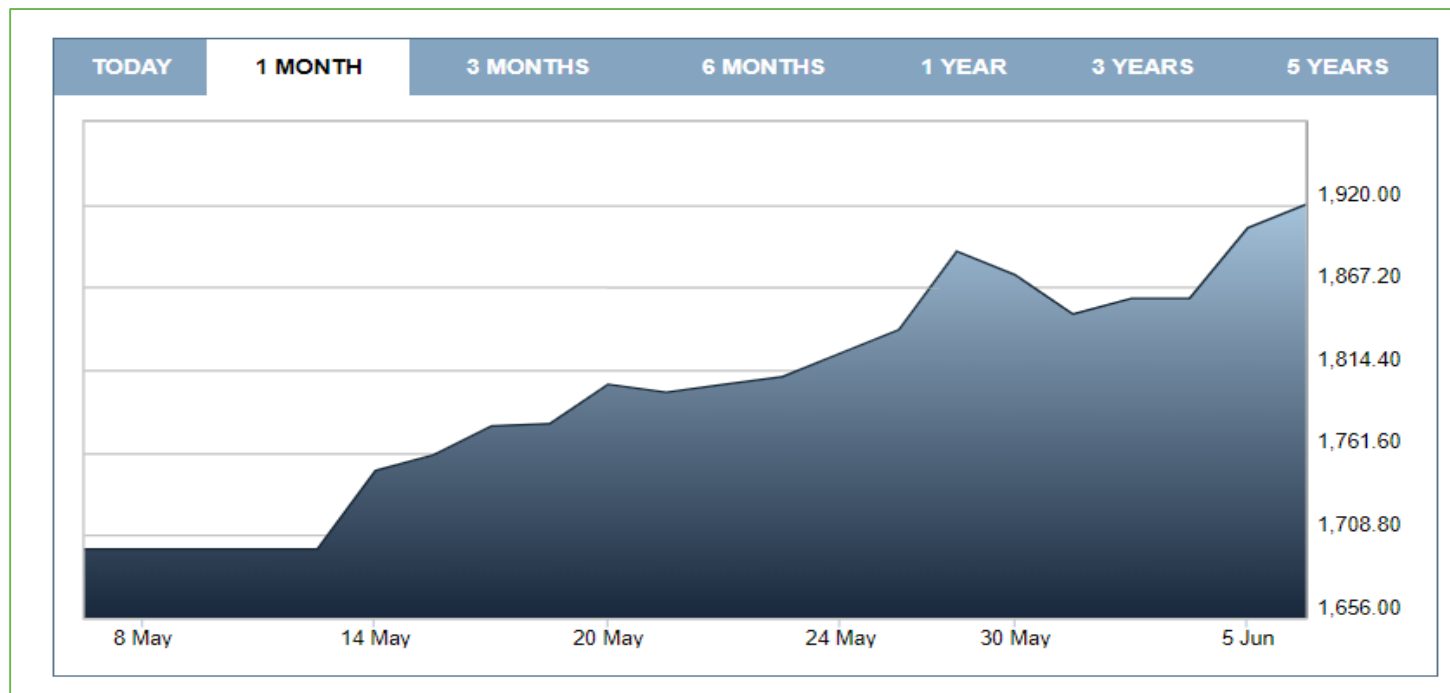
Source: Refinitiv at 29 May 2019

Why are hotels turning to an asset-light model?



# Case Study PPHE Hotel Group Ltd

- Outcome:
  - Using digital media helped attracting investors for hosting an retail investor evening and one on one meetings
  - After 5 weeks more visibility could be gained
  - share price developed positively
  - requirements to be included in the FTSE 250 index were met



# Support throughout the reporting cycle



## Contact us

Klaus Schinkel

Director

T: +49 69 78 80 7696 34

E: [kschinkel@edisongroup.com](mailto:kschinkel@edisongroup.com)

Daniela Ziegert

Account Manager Germany

T: +49 69 78 80 7696 31

E: [dziegert@edisongroup.com](mailto:dziegert@edisongroup.com)

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### London

+44 (0)20 3077 5700

280 High Holborn  
London WC1V 7EE  
United Kingdom

### New York

+1 646 653 7026

1185 Avenue of the  
Americas  
3rd Floor  
New York, NY 10036

### Frankfurt

+49 (0)69 78 8076 960

Schumannstrasse 34b  
60325, Frankfurt  
Germany

### Tel Aviv

+972 (0)54 978 4802

Medinat Yehudim 60  
Herzlia Pituach  
Israel 4676652

### Sydney

+61 (0)2 9258 1161

Level 4, Office 1205,  
95 Pitt Street  
Sydney, NSW 2000, Australia



[www.edisongroup.com](http://www.edisongroup.com)