

# SPECIAL REPORT: Intellidex Top Investor Relations Awards 2021

## Shining a light on SA's investor relations sector

● Absa Group takes overall top spot in inaugural survey on how investment professionals rate local companies on their IR, write Janice Roberts and Colin Anthony

We believed, when initiating this inaugural survey of SA's investor relations sector, that standards were already high and globally competitive. Obviously, those high standards are not prevalent across the market. This survey attempts to gauge the depth of quality in IR while honouring those who were rated best in their categories through the awards. To do so, we asked those who make use of their services.

SA's auditing and reporting standards have consistently ranked highly in the World Economic Forum's Global Competitiveness Index. One IR practitioner said it stood out particularly against other emerging markets and pointed out that South Africans regularly received high rankings in the annual Extel global rankings of IR professionals.

"Many South African IR heads are former analysts (often sell-side), so they know their sector and clients well – though that's also the case overseas."

The results must be considered in the context that while all JSE-listed companies were included, smaller companies struggle to get coverage by analysts while the top 40 constituents need large IR teams to cope with the huge interest from fund managers and institutional stockbrokers.

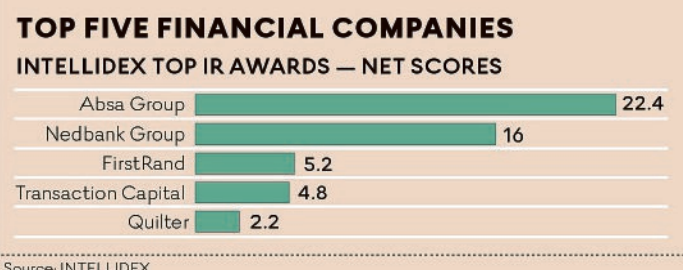
The big companies therefore dominate the rankings with the financial and retail sectors showing exceptional quality. The top 10 overall rankings are headed by two banks, Absa followed by Nedbank, with FirstRand in fifth, Transactional Capital in seventh adds to the financial sector's top 10 weightings. Retailers are also strong with Clicks in sixth and Woolworths in eighth, followed by Mr Price and Shoprite. MTN in third and Afrimat in fourth put the telecoms and mining sector in the race. Here Afrimat must get a special mention as the only mid-cap in the top 10.

Intellidex runs two similar surveys where users of services are asked to rank their service providers: the Top Securities Brokers and Top Private Banks & Wealth Management awards. Both have been running for longer than 10 years and when they started, it'd be fair to say that some of the established stockbrokers and wealth managers were caught napping. What was remarkable was how standards improved year after year – reflected through the increasingly higher rankings provided by their clients on service levels and product quality.

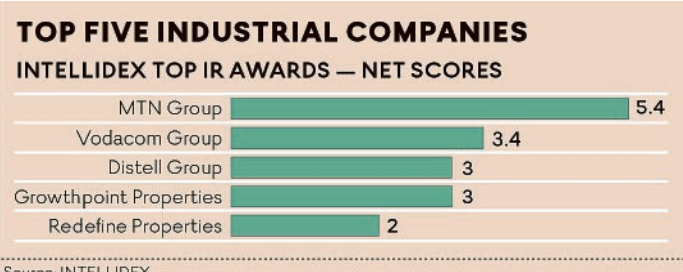
We believe we will see a similar phenomenon in SA's IR market with some surprising names in the worst-rated group. Investor relations are important to investor professionals (more than 80% of our respondents said so). There was clear and consistent feedback on their ability to assess investments and maintain exposure to different companies which depended on the overall quality of investor relations.

The core of investor relations is improving the ability of investors to analyse all aspects of a company's prospects to identify value and opportunity. That improves the efficiency and effectiveness of capital markets overall. That means identifying best practice – and that's done by talking to the people who matter, the ones making investment decisions – to get their views.

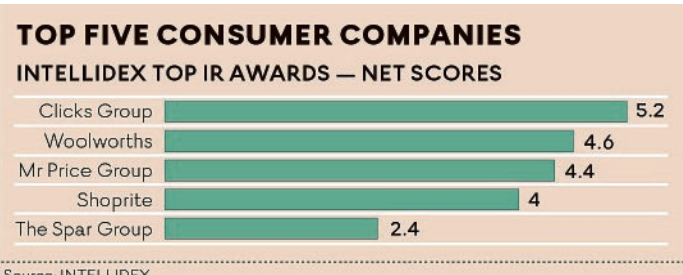
That really was the prime



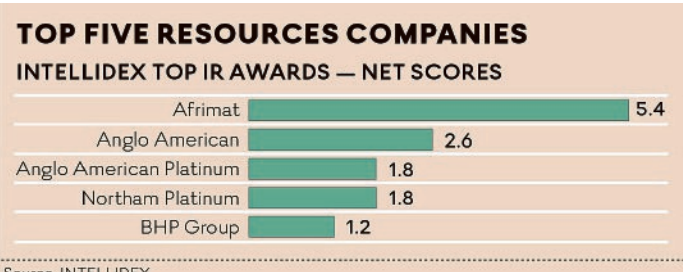
**Top five financial:** With the top places dominated by big banks, two niche players have done well to make the top five. Transaction Capital specialises in financing the taxi industry and it is also active in the risk services space. Quilter Plc is the former Old Mutual Wealth Management with headquarters in the UK.



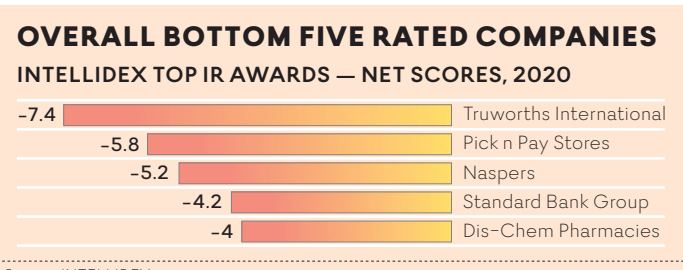
**Top five industrial:** Telecoms companies take the top spots in this category that pits a diversified range of companies as competitors for this award. MTN beats Vodacom to the top spot but one respondent says both "communicate excellently and are accessible". The Distell IR team was commended for its accessibility, particularly "during the uncertainty of the Heineken acquisition".



**Top five consumer:** Three competitors in the supermarket space – Woolworths, Shoprite and Spar – make the top five but it is pharmaceutical retailer Clicks that takes the top ranking with apparel and home goods retailer Mr Price in third place.



**Top five resources:** Open-pit mining specialist Afrimat beats out some heavyweight mining companies for this award by a substantial margin. Fifth-placed BHP got acknowledged for its clarity on ESG-related issues.



**Overall bottom five rated firms:** The unwanted gong goes to Truworths. Many of these companies in this inaugural list of the worst performers are large-cap stocks and it'll be interesting to see in our future surveys whether they continue to get negative ratings.

motivation for our survey: to talk to investors so we could put together a comprehensive assessment of SA's IR sector.

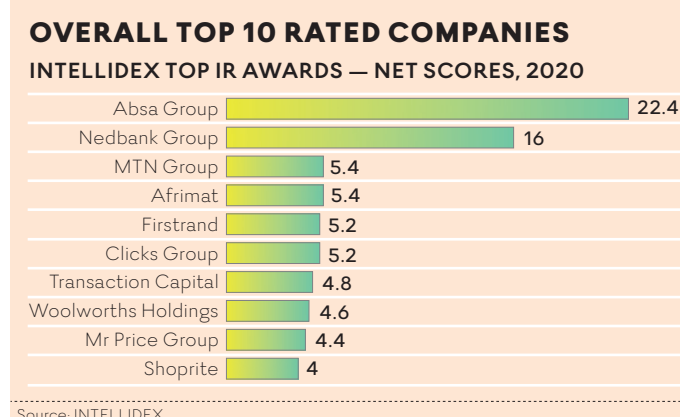
The fieldwork for the survey was done in the fourth quarter of 2021 and its broad design was to ask respondents to name the five companies that provided the best investor relations in the universe of companies they covered, as well as the five worst. We then asked 11 questions relating to each of those companies, ranging from the quality of engagement with senior management, the quality of annual reports and the quality of notes to the financial accounts, presentations, earnings booklets and so on.

The categories of companies covered by respondents include financials, consumer services, consumer goods, industrials, basic materials, telecommunications, travel and leisure, technology, energy and

health care. The insights from investment professionals informed public awards at an online ceremony on March 31. We believe these awards will become critical barometers of companies' investor relations practices and that these firms will strive for recognition from the industry.

**AWARDS**  
Absa was a clear winner, securing by far the biggest number of positive rankings. One respondent said the financial services giant's investor relations are characterised by "clarity and consistency of messaging". Company targets are "clearly defined" and "the company articulated on how it was progressing to achieve them".

The group also wins the Financial Services and Large Cap awards. Health care retailer Clicks takes the Top Consumer



**Overall top 10 rated firms:** Absa wins the inaugural Top Investor Relations award. The banking group is a clear winner, securing by far the biggest number of positive rankings, with second-placed Nedbank also enjoying a large gap over MTN and Afrimat in third. One respondent says: "Absa IR in the context of the financial sector is strong. There is clarity and consistency of messaging, clearly defined company targets and they articulate on how they are progressing to achieving them." Another described both Absa's and Nedbank's IR heads as being knowledgeable "and respond timeously to queries".

Services award. Sue Hemp of the Clicks Group's IR team says historical constraints in SA meant companies outside the banking and mining sectors generally used to be reluctant to invest sufficiently in investor relations expertise "but Clicks Group management has been highly supportive of the investor relations function for the past 20 years, and I think most companies now appreciate the value that this can add".

Hemp says that reaching out to offshore funds takes a lot of effort and can take a while to gain traction, "but Clicks Group has worked hard on that side which has resulted in an offshore shareholding of close to 70% by long-term funds that are supportive of the business".

She adds that the group would like to see the Intellidex Investor Relations survey expanded in future to include international fund managers as this would provide a benchmark for the performance of local companies relative to their international peers.

"This is particularly relevant for South African companies that have large offshore shareholder bases."

MTN Group wins the Top Industrial Sector award and its IR group executive Thato Motlanthe describes the feedback as "invaluable" in driving the group's investor relations programme and journey of progress.

One respondent says the group's investor relations have improved dramatically under Motlanthe. "His predecessor was very difficult to communicate with and rarely responded to investor concerns." Another said: "MTN is actively engaging its various stakeholders – the levels of frequency and the quality of updates are superb, while their responses are very prompt."

The Top Resources Sector and Top Mid Cap awards go to open-pit mining company Afrimat. CEO Andries van Heerden says he's noticed a marked increase in investor communications over the past few years as independent consultancies became larger and more companies appointed in-house IR teams. "The initiative by Intellidex to measure and rate investor relations in SA will certainly move the bar higher," he says.

Investment holding company EPE Capital Partners wins the Top Small Cap award. Rohan Dyer, Head of Investor Relations, says the IR team operates seamlessly with several members based in different physical locations and that "putting together results presentations and financials was not affected by the Covid pandemic".

Outside of overall rankings, companies were also ranked on the quality of numerous segments of investor relations and SA's biggest taxi financier Transaction Capital walks away with three of these awards: Most Accessible Senior Management, Top Integrated Annual Report and Top Market Communications.

A respondent says: "Transaction Capital delivers relevant updates timeously and provides excellent access to management and the investor relations team. Its business model and updates are always clearly communicated."

We also asked respondents to identify underperformers and the scores for negative votes were then subtracted from the scores for positive votes and Truworths receives the unwanted lowest ranking.

able to respond to many questions in great detail within 12 hours of receipt.

"Although we found this experiment has worked well for us we acknowledge it has caused frustration to some shareholders who prefer one-on-ones at conferences and in general interaction with management. However, we are reviewing our experiment and are planning to reintroduce the one-on-one format in a hybrid form together with urgent written responses to questions and queries from analysts.

"We have no doubt the next time you do this worthwhile survey we will dramatically improve our rating."

### COPING WITH SA'S PECULIARITIES

Transaction's IR team says SA's challenges with electricity blackouts, high unemployment and inadequate infrastructure, against a backdrop of global economic shocks, raise many concerns for international investors who are not always able to assess the real risks on the ground.

"These factors mean that South African investor relations teams need to apply greater effort in communicating the investment case for SA, before presenting their company's prospects."

The global economic shocks have been severe ones, including the Covid lockdowns and restrictions, rising inflation concerns and the Russia-Ukraine war.

Transaction believes that in rapidly evolving global catastrophes, investors have a greater need for information, particularly on the viability of a business and how it is positioned for recovery.

"During these times of crisis, it has been critical for our management teams to respond decisively to the strategic, financial and operational implications of the situation and communicate these plans effectively. To this end, we have sought to maintain an open dialogue with investors and brokers by increasing the frequency and depth of market updates."

The company believes SA is in some ways further along the path to post-Covid recovery than other emerging markets. "This is a strong alternative for investors looking to diversify away from the uncertainty in Russia. During Transaction Capital's recent international roadshows to the UK and US, we noted that an increased number of investors have shifted their focus to SA, looking particularly at companies with a strong structural position within the South African context, a competitive advantage, strong management teams and high growth rates."

### POST-COVID: VIRTUAL VS FACE-TO-FACE

There's no doubt that the Covid pandemic brought immense changes to the way in which all companies communicate, but many IR practitioners were already using a hybrid online/face-to-face model before the pandemic hit.

However, Clicks' Hemp says the ability to conduct investor and analyst meetings virtually has been tremendously useful over the past two years and will enable easier and more frequent contact in the future. However,



they don't quite match up to live events. "We have found they don't have the same quality of engagement as a face-to-face meeting so we are delighted that offshore fund managers are starting to visit SA again, and we are looking forward to doing our first roadshow in two years to the UK and US this June."

Transaction will continue with a hybrid approach. "Virtual meetings have been a good substitute for in-person meetings as travel restrictions were implemented and remain a means of facilitating easier access to management given their convenience. We have effectively increased the number of investor engagements through this communication channel.

However, many investors have indicated their plans to resume in-person conferences and international trips to emerging markets in the next few months, showing that there remains a need for in-person investor engagements."

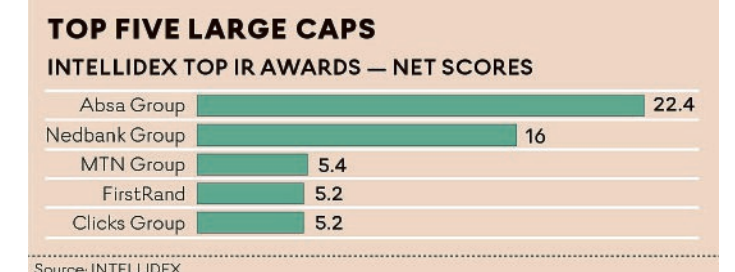
Transaction's senior management and investor relations team recently conducted in-person international roadshows to the UK and US which were very

the effect of the pandemic on the Brait and Ethos Capital portfolios. The focus initially was on developing plans to resolve liquidity challenges, stabilise performance and then ramp up as lockdown containment measures began to ease."

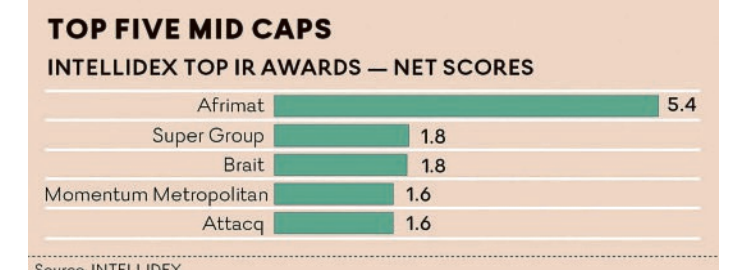
He believes that virtual roadshows are more efficient time-wise in that it is possible to host more one-on-one discussions with investors per day online. "However, in-person meetings are far better from a relationship-building perspective in our view.

Interacting with investors in-person is our preference but we are happy to continue with online meetings if some investors prefer that. "Looking ahead, we believe that investor relations teams will have to spend even more time on ESG considerations. ESG is a megatrend that has become very important for the market in the past three years and will only increase in importance, with ESG credentials becoming something that is no longer just 'nice to have'."

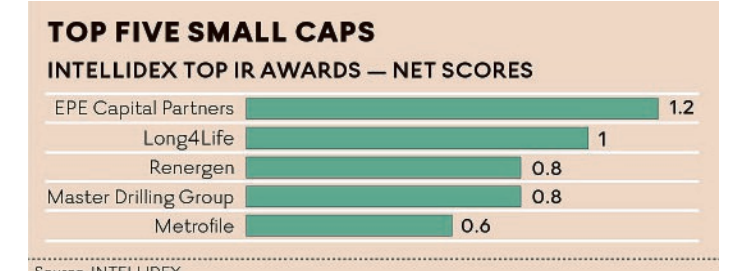
The Covid-19 pandemic has pushed ESG even further up the agenda with companies feeling



**Top five large caps:** The scores here are broadly similar to the overall rankings but without Afrimat, and FirstRand and Clicks move up one place.



**Top five mid caps:** Afrimat is well ahead of the other firms but the other rankings are extremely competitive.



**Top five small caps:** Investment holding company EPE Capital Partners slightly outperforms its small-cap peers.

successful, "as these were the first in-person engagements many investors had attended with an international company since March 2020".

Van Heerden says Afrimat communicated with shareholders during the pandemic via virtual roadshows and virtual one-on-one meetings. "In fact, the virtual platforms garnered as much support as previous in-person interactions did."

However, he believes the value of in-person interactions is extremely important to gauge opinion towards the company.

"Afrimat will be embarking on a results roadshow during May 2022 and this will be a hybrid format of both in-person and webinar-based interactions. Given the flexibility that the web-based platforms provide, it is likely Afrimat will continue with a hybrid version of roadshows going forward, and in instances where shareholders and analysts prefer an in-person meetings, this will be accommodated."

EPE Capital's Dyer says that during the lockdowns, discussions over Zoom or MS Teams became the norm.

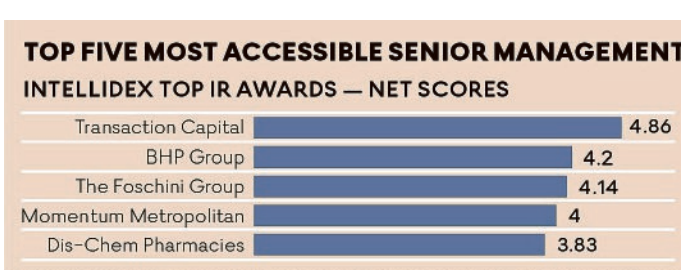
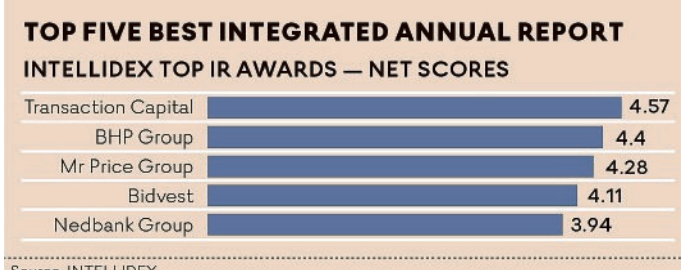
"Particularly in the first year of Covid, it was imperative to keep investors updated about

pressure from investors and other groupings. Conveying a company's ESG credentials requires a powerful strategy and transparent targets.

It is fair to say SA is recognised internationally for the sophistication of its financial markets which attract global investment flows but there are also areas with scope for improvement. A significant part of the success is the transparency and information provided by our listed companies to the investment community. Through the Top Investor Relations survey, Intellidex will keep engaging directly with these investment professionals to track how the quality of investor relations evolves in future years.

The survey is, of course, a work in progress. While we have learnt so much from this inaugural edition, we are eager to obtain feedback from the investment community and issuers.

Our methodology will develop as we work towards more detailed insight into what the key investment professionals, including portfolio managers, asset allocators and sell-side analysts, experience in interacting with companies in our market.



## SPECIAL REPORT: Intellidex Top Investor Relations Awards 2021

# Awards determined by data collected

● Three components used to rate companies from feedback received

The Intellidex Top Investor Relations project is based on an online survey of investment professionals on the buy-side and sell-sides.

The survey was conducted in Q4 2021. Responses were solicited through direct contact with asset managers, investment banks and sell-side analysts. In addition, the CFA Society South Africa promoted the survey to its members. The Investor Relations Society of SA also publicised the survey.

Intellidex made a donation to charity of R50 for each response, with the respondent choosing between:

- Financial Services Consumer Education Foundation
- Médecins Sans Frontières
- StopRhinoPoaching.com

All respondents were assessed and only bona-fide analysts were included in the cleaned dataset. This dataset consisted of 69 respondent forms. Ultimately, R3,450 was donated to the charities on behalf of respondents.

The survey has three main components:

- Component 1:**
- A ranking of the top five listed companies in SA based on IR performance
  - A ranking of the bottom five listed companies in SA based on IR performance

Respondents had to submit at least one company under



each. Respondents were given freeform space to provide comments justifying the rankings they had provided.

### Component 2:

Respondents were then asked to rate each of the companies submitted on 11 different factors:

- 1. Usability of results booklets and presentations
- 2. Accessibility of senior management
- 3. Timeliness of trading updates and earnings releases
- 4. Quality and appropriateness of information in the integrated annual report
- 5. Clarity of guidance on future performance
- 6. Sufficiency of information to interpret the annual financial

statements

- 7. Insight into operations and key earnings drivers presented in annual financial statements
- 8. Detail of notes to the annual financial statements, particularly in comparison to peers
- 9. Overall clarity of investment commentary
- 10. Overall quality of investor

relations

- 11. Ability to communicate effectively through the Covid-19 crisis

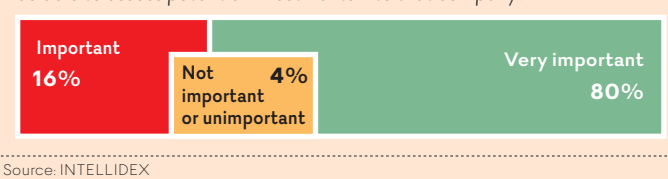
Each of these had a Likert scale range of responses from 1 (very poor) to 5 (very good).

### Component 3:

We collected general feedback from respondents including:

### IMPORTANCE OF QUALITY INVESTOR RELATIONS

How important is a company's investor relations quality for you to be able to assess potential investments into that company?



Source: INTELLIDEX



that companies with a large following may score well for no other reason, though we tested for this result and were confident there was a diverse range of selections (this is true of the bottom ranked five too).

The scores for negative votes (bottom five) were then subtracted from the scores for positive votes (top five) resulting in a net score. This formed the basis of the rankings for these categories:

- 1. Overall top 10
- 2. Top five: Financial
- 3. Top five: Consumer
- 4. Top five: Industrial
- 5. Top five: Resources
- 6. Top five: Large caps
- 7. Top five: Mid caps
- 8. Top five: Small caps

The company size categories were determined as follows:

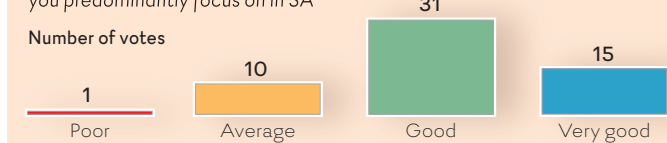
- Large caps: FTSE/JSE Top 40 index companies
- Mid caps: outside the Top 40 with a market cap above R5bn
- Small caps: market cap below R5bn.

These were assessed as of March 1 2022.

The factor scores were the basis of three "special rankings". These were limited to companies that had been rated by at least five respondents. The

### OVERALL QUALITY OF INVESTOR RELATIONS

Rate the quality of investor relations of the listed companies in the sectors you predominantly focus on in SA



Source: INTELLIDEX

### ETHICS OF INVESTOR RELATIONS

Rate the ethics of investor relations professionals employed at listed companies



Source: INTELLIDEX

11 different factors were fed into these three awards, with the mean score out of five used for rankings:

- Most accessible management (average of ratings on "accessibility of senior management")
- Best integrated annual report (average of ratings on "Quality and appropriateness of information in the integrated annual report", "Sufficiency of information to interpret the AFS", "Detail of notes to the

annual financial statements", "Insight into operations and key earnings drivers presented in annual financial statements".

- Best market communications (average of ratings on "Timeliness of trading updates and earnings releases", "Clarity of guidance on future performance", "Overall clarity of investment commentary")

We will continue to develop this methodology for future years. Feedback is welcome at TopIR@intellidex.co.za

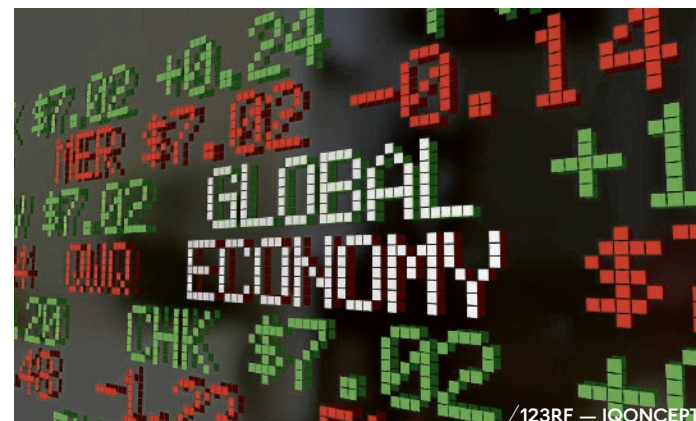
## Does engagement make a difference?

Stuart Theobald

Many listed companies put extensive effort into their investor relations.

Some take pride in delivering world class presentations and documents. They put countless hours of management time into engaging with shareholders. But many others do not. What difference does it ultimately make to their performance?

This is a question we are finally able to answer. We surveyed the analyst community on the buy and sell sides to find out what they think. There are some strong views – some companies were praised as outstanding while others were berated for treating shareholders with disdain. Before we undertook this work, one of the risks we anticipated was that IR would simply be rated highest for those companies that are the best performers. A good



investment is, after all, one that delivers returns at reasonable risk, rather than one that puts on good grub at results presentations. But our findings were different – indeed, some of those ranked worst for IR happen to be among the most highly rated from a valuation perspective.

It is tempting therefore to conclude that good IR doesn't matter. But that would be wrong – good IR makes

decisions easier for investors, effectively lowering their transaction costs and reducing information risks. Companies with good IR benefit from a premium that arises just from the effort to provide information to the market in an appropriate way.

This is the first edition of what we hope will become a major event on the investor calendar in SA. The country rightly is praised internationally

for the sophistication of its financial markets. These attract global investment flows. An important part of that is the transparency and information that investors find about our listed companies. Our process engages directly with those investors to identify what works for them. We hope this provides useful insights for investor relations teams, as well as other investors.

### WORK IN PROGRESS

This is, of course, a work in progress – we have learnt much from this first year and we are eager to hear feedback from the investment community and issuers. Our methodology will evolve as we work towards a detailed and reliable insight into what the key investment decision-makers, including portfolio managers, asset allocators and sell-side analysts experience in interacting with companies in our market.

## Survey aims to 'change the dialogue and increase profile of the profession'

Debbie Millar

Chairperson, Investor Relations Society of South Africa

What an exciting time for investor relations in SA. Not only is the market demanding more than financial metrics as sustainability becomes front and centre, but there has been a change in the way capital is moving within our market.

This is evidenced by the high level of private equity, the increased number of retail investors and boutique asset managers as well as the increased number and types of exchanges available for companies to list their capital market instruments.

Within this dynamic environment, the role of investor relations is more relevant than ever. There is a need for companies to consider brokers, a diverse set of investors, new and old regulation and management, all

the while aligning with marketing and communications functions. Management time is valuable and, depending on the style of management, it is important to find a balance between running the business and explaining it to the market.

This is the complexity and reality of investor relations and is also where the opportunity to create value lies. Investor relations should be a facilitator, an aggregator and a voice of reason providing counsel to management on market issues relevant to how the company is presented as well as providing

**THE JSE IS THE OLDEST EXCHANGE AND THE LARGEST BY MARKET CAPITALISATION. THE SURVEY INCLUDED ALL 318 JSE-LISTED COMPANIES**

insight and understanding to the market about the company in language and terms it understands.

However, in many instances IR is not yet at the exco or C-suite level but considered a support function. This makes its potential contribution to value creation more difficult to unlock and its role misunderstood.

Regardless, IR remains one of the most interesting and cutting-edge segments in any business, with a direct line to the C-suite and a full 360° view of the business from the inside out as well as the outside in.

It's appropriate that the first independent review of the effectiveness of investor relations' functions undertaken by Intellidex starts with those companies listed on the JSE. The JSE is the oldest exchange and still the largest by market capitalisation. The survey included all 318 JSE-listed companies with a market

capitalisation of \$1.36-trillion.

The survey, which was sent to all buy- and sell-side analysts, was uncomplicated. Analysts were asked to rate companies around a number of basic parameters used to engage investors including access to management, annual reports and overall communications. Individuals or outsourced companies providing the support were not called out at this stage, however management effectively was.

I expect the results to be both insightful and helpful to the various market participants.

I look forward to seeing the awards go from strength to strength as the profession finally finds its place and adds increasing value to the markets and indeed our country. I believe surveys and awards such as these will change the dialogue and increase the profile of the profession and, ultimately, the market.

## IN LIFE, IT'S THE SMALL (AND MID) THINGS THAT COUNT.

**Ethos, the Advisor to Ethos Capital and Brait, is proud of the recognition of both these companies in the Intellidex Top Investor Relations Awards 2022.**

We value our relationships with all our stakeholders and these awards are testament to the emphasis we place on the quality of our engagement with investors and the level of disclosure in the financials of both Brait and Ethos Capital.

**EPE CAPITAL PARTNERS - WINNER (Small Cap category)**

**BRAIT - TIED 2nd PLACE (Mid Cap category)**

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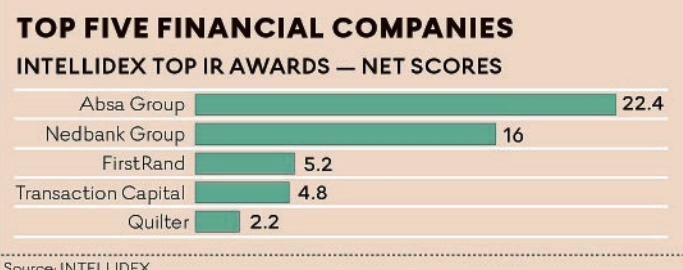
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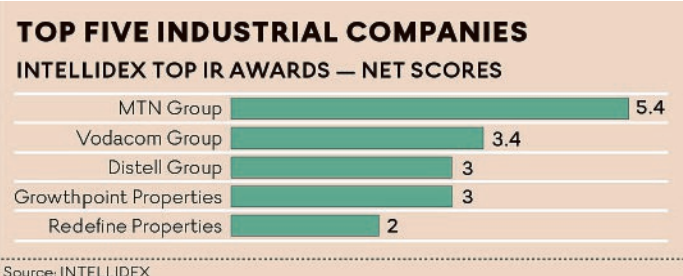
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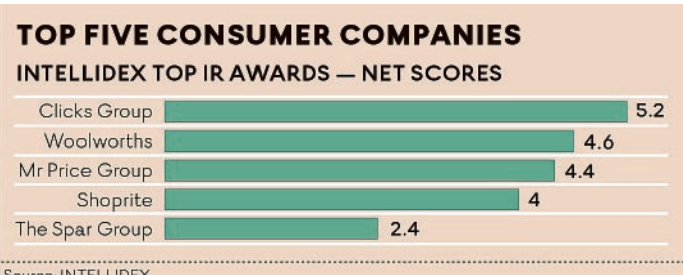
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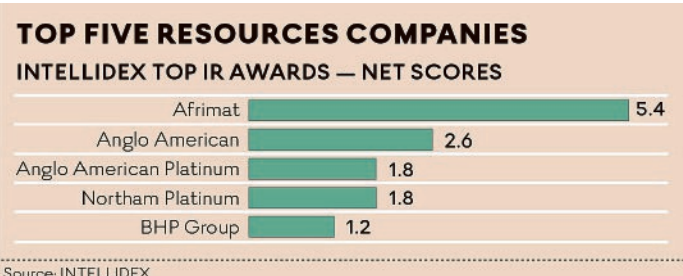
**Top five financial:** With the top places dominated by big banks, two niche players have done well to make the top five. Transaction Capital specialises in financing the taxi industry and it is also active in the risk services space. Quilter Plc is the former Old Mutual Wealth Management with headquarters in the UK.



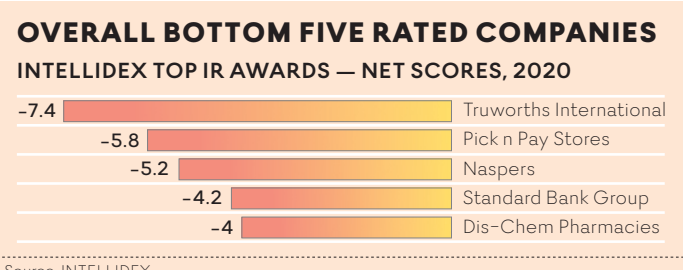
**Top five industrial:** Telecoms companies take the top spots in this category that pits a diversified range of companies as competitors for this award. MTN beats Vodacom to the top spot but one respondent says both "communicate excellently and are accessible". The Distell IR team was commended for its accessibility, particularly "during the uncertainty of the Heineken acquisition".



**Top five consumer:** Three competitors in the supermarket space – Woolworths, Shoprite and Spar – make the top five but it is pharmaceutical retailer Clicks that takes the top ranking with apparel and home goods retailer Mr Price in third place.



**Top five resources:** Open-pit mining specialist Afrimat beats out some heavyweight mining companies for this award by a substantial margin. Fifth-placed BHP got acknowledged for its clarity on ESG-related issues.



**Overall bottom five rated firms:** The unwanted gong goes to Truworths. Many of these companies in this inaugural list of the worst performers are large-cap stocks and it'll be interesting to see in our future surveys whether they continue to get negative ratings.

motivation for our survey: to talk to investors so we could put together a comprehensive assessment of SA's IR sector.

The fieldwork for the survey was done in the fourth quarter of 2021 and its broad design was to ask respondents to name the five companies that provided the best investor relations in the universe of companies they covered, as well as the five worst. We then asked 11 questions relating to each of those companies, ranging from the quality of engagement with senior management, the quality of annual reports and the quality of notes to the financial accounts, presentations, earnings booklets and so on.

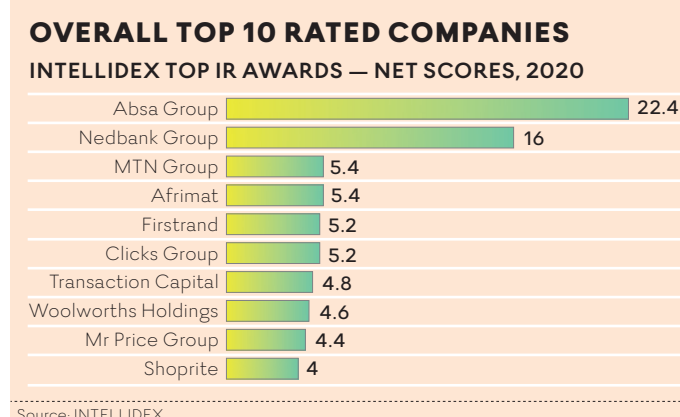
The categories of companies covered by respondents include financials, consumer services, consumer goods, industrials, basic materials, telecommunications, travel and leisure, technology, energy and

health care. The insights from investment professionals informed public awards at an online ceremony on March 31. We believe these awards will become critical barometers of companies' investor relations practices and that these firms will strive for recognition from the industry.

**AWARDS**  
Absa was a clear winner, securing by far the biggest number of positive rankings. One respondent said the financial services giant's investor relations are characterised by "clarity and consistency of messaging". Company targets are "clearly defined" and "the company articulated on how it was progressing to achieve them".

The group also wins the Financial Services and Large Cap awards.

Health care retailer Clicks takes the Top Consumer



**Overall top 10 rated firms:** Absa wins the inaugural Top Investor Relations award. The banking group is a clear winner, securing by far the biggest number of positive rankings, with second-placed Nedbank also enjoying a large gap over MTN and Afrimat in third. One respondent says: "Absa IR in the context of the financial sector is strong. There is clarity and consistency of messaging, clearly defined company targets and they articulate on how they are progressing to achieving them." Another described both Absa's and Nedbank's IR heads as being knowledgeable "and respond timeously to queries".

Services award. Sue Hemp of the Clicks Group's IR team says historical constraints in SA meant companies outside the banking and mining sectors generally used to be reluctant to invest sufficiently in investor relations expertise "but Clicks Group management has been highly supportive of the investor relations function for the past 20 years, and I think most companies now appreciate the value that this can add".

Hemp says that reaching out to offshore funds takes a lot of effort and can take a while to gain traction, "but Clicks Group has worked hard on that side which has resulted in an offshore shareholding of close to 70% by long-term funds that are supportive of the business".

She adds that the group would like to see the Intellidex Investor Relations survey expanded in future to include international fund managers as this would provide a benchmark for the performance of local companies relative to their international peers.

"This is particularly relevant for South African companies that have large offshore shareholder bases."

MTN Group wins the Top Industrial Sector award and its IR group executive Thato Motlanthe describes the feedback as "invaluable" in driving the group's investor relations programme and journey of progress.

One respondent says the group's investor relations have improved dramatically under Motlanthe. "His predecessor was very difficult to communicate with and rarely responded to investor concerns." Another said: "MTN is actively engaging its various stakeholders – the levels of frequency and the quality of updates are superb, while their responses are very prompt."

The Top Resources Sector and Top Mid Cap awards go to open-pit mining company Afrimat. CEO Andries van Heerden says he's noticed a marked increase in investor communications over the past few years as independent consultancies became larger and more companies appointed in-house IR teams. "The initiative by Intellidex to measure and rate investor relations in SA will certainly move the bar higher," he says.

Investment holding company EPE Capital Partners wins the Top Small Cap award. Rohan Dyer, Head of Investor Relations, says the IR team operates seamlessly with several members based in different physical locations and that "putting together results presentations and financials was not affected by the Covid pandemic".

Outside of overall rankings, companies were also ranked on the quality of numerous segments of investor relations and SA's biggest taxi financier Transaction Capital walks away with three of these awards: Most Accessible Senior Management, Top Integrated Annual Report and Top Market Communications.

A respondent says: "Transaction Capital delivers relevant updates timeously and provides excellent access to management and the investor relations team. Its business model and updates are always clearly communicated."

We also asked respondents to identify underperformers and the scores for negative votes were then subtracted from the scores for positive votes and Truworths receives the unwanted lowest ranking.

able to respond to many questions in great detail within 12 hours of receipt.

"Although we found this experiment has worked well for us we acknowledge it has caused frustration to some shareholders who prefer one-on-ones at conferences and in general interaction with management. However, we are reviewing our experiment and are planning to reintroduce the one-on-one format in a hybrid form together with urgent written responses to questions and queries from analysts.

"We have no doubt the next time you do this worthwhile survey we will dramatically improve our rating."

### COPING WITH SA'S PECULIARITIES

Transaction's IR team says SA's challenges with electricity blackouts, high unemployment and inadequate infrastructure, against a backdrop of global economic shocks, raise many concerns for international investors who are not always able to assess the real risks on the ground.

"These factors mean that South African investor relations teams need to apply greater effort in communicating the investment case for SA, before presenting their company's prospects."

The global economic shocks have been severe ones, including the Covid lockdowns and restrictions, rising inflation concerns and the Russia-Ukraine war.

Transaction believes that in rapidly evolving global catastrophes, investors have a greater need for information, particularly on the viability of a business and how it is positioned for recovery.

"During these times of crisis, it has been critical for our management teams to respond decisively to the strategic, financial and operational implications of the situation and communicate these plans effectively. To this end, we have sought to maintain an open dialogue with investors and brokers by increasing the frequency and depth of market updates."

The company believes SA is in some ways further along the path to post-Covid recovery than other emerging markets. "This is a strong alternative for investors looking to diversify away from the uncertainty in Russia. During Transaction Capital's recent international roadshows to the UK and US, we noted that an increased number of investors have shifted their focus to SA, looking particularly at companies with a strong structural position within the South African context, a competitive advantage, strong management teams and high growth rates."

### POST-COVID: VIRTUAL VS FACE-TO-FACE

There's no doubt that the Covid pandemic brought immense changes to the way in which all companies communicate, but many IR practitioners were already using a hybrid online/face-to-face model before the pandemic hit.

However, Clicks' Hemp says the ability to conduct virtual and analyst meetings virtually has been tremendously useful over the past two years and will enable easier and more frequent contact in the future. However,



they don't quite match up to live events.

"We have found they don't have the same quality of engagement as a face-to-face meeting so we are delighted that offshore fund managers are starting to visit SA again, and we are looking forward to doing our first roadshow in two years to the UK and US this June."

Transaction will continue with a hybrid approach. "Virtual meetings have been a good substitute for in-person meetings as travel restrictions were implemented and remain a means of facilitating easier access to management given their convenience. We have effectively increased the number of investor engagements through this communication channel.

However, many investors have indicated their plans to resume in-person conferences and international trips to emerging markets in the next few months, showing that there remains a need for in-person investor engagements."

Transaction's senior management and investor relations team recently conducted in-person international roadshows to the UK and US which were very

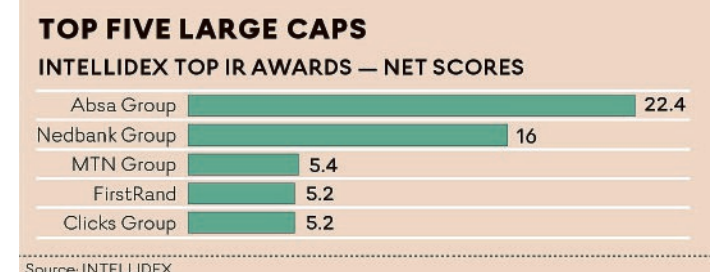
the effect of the pandemic on the Brait and Ethos Capital portfolios. The focus initially was on developing plans to resolve liquidity challenges, stabilise performance and then ramp up as lockdown containment measures began to ease."

He believes that virtual roadshows are more efficient time-wise in that it is possible to host more one-on-one discussions with investors per day online. "However, in-person meetings are far better from a relationship-building perspective in our view.

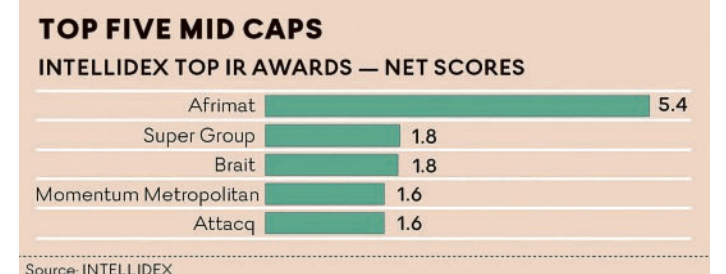
Interacting with investors in-person is our preference but we are happy to continue with online meetings if some investors prefer that.

"Looking ahead, we believe that investor relations teams will have to spend even more time on ESG considerations. ESG is a megatrend that has become very important for the market in the past three years and will only increase in importance, with ESG credentials becoming something that is no longer just 'nice to have'."

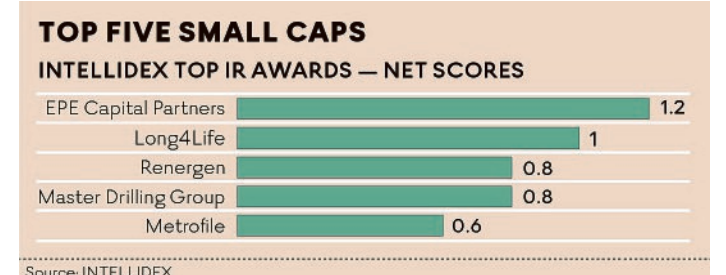
The Covid-19 pandemic has pushed ESG even further up the agenda with companies feeling



**Top five large caps:** The scores here are broadly similar to the overall rankings but without Afrimat, and FirstRand and Clicks move up one place.



**Top five mid caps:** Afrimat is well ahead of the other firms but the other rankings are extremely competitive.



**Top five small caps:** Investment holding company EPE Capital Partners slightly outperforms its small-cap peers.

successful, "as these were the first in-person engagements many investors had attended with an international company since March 2020".

Van Heerden says Afrimat communicated with shareholders during the pandemic via virtual roadshows and virtual one-on-one meetings. "In fact, the virtual platforms garnered as much support as previous in-person interactions did."

However, he believes the value of in-person interactions is extremely important to gauge opinion towards the company.

"Afrimat will be embarking on a results roadshow during May 2022 and this will be a hybrid format of both in-person and webinar-based interactions. Given the flexibility that the web-based platforms provide, it is likely Afrimat will continue with a hybrid version of roadshows going forward, and in instances where shareholders and analysts prefer an in-person meetings, this will be accommodated."

EPE Capital's Dyer says that during the lockdowns, discussions over Zoom or MS Teams became the norm.

"Particularly in the first year of Covid, it was imperative to keep investors updated about

pressure from investors and other groupings. Conveying a company's ESG credentials requires a powerful strategy and transparent targets.

It is fair to say SA is recognised internationally for the sophistication of its financial markets which attract global investment flows but there are also areas with scope for improvement. A significant part of the success is the transparency and information provided by our listed companies to the investment community. Through the Top Investor Relations survey, Intellidex will keep engaging directly with these investment professionals to track how the quality of investor relations evolves in future years.

The survey is, of course, a work in progress. While we have learnt so much from this inaugural edition, we are eager to obtain feedback from the investment community and issuers.

Our methodology will develop as we work towards more detailed insight into what the key investment professionals, including portfolio managers, asset allocators and sell-side analysts, experience in interacting with companies in our market.

