

intellidex[®]

Top Investor Relations

South Africa 2023

Ranking South Africa's
Top Investor Relations
Professionals



in collaboration with



Summary Report



EXPERTS WITH IMPACT™

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional.

fticonsulting.com/locations/south-africa

© 2023 FTI Consulting, Inc. All rights reserved.



CONTENTS

About Intellidex	4
Introduction	5
Methodology.....	6
Bespoke reports. Order yours – see how you rank	8
Guest column.....	8
Key findings from the survey	10
Results.....	14
Acknowledgements	18

About Intellidex

Intellidex is a 15-year-old research and consulting firm specialising in capital markets and financial services in Africa. We operate through three main divisions:

- **Specialist market research.** We have a primary research division which conducts on-the-ground research to support financial services clients. We serve financial services companies, governments, NGOs and DFIs by helping them answer complex strategic questions about markets, customers, products, and services. Intellidex analysts have extensive academic and practical experience in research design, operations and publishing. Methodologies range from digital surveys through to face-to-face interviews.
- **Capital markets.** In this division we produce analysis of equity and bond markets in South Africa and the rest of sub-Saharan Africa for global institutional investors and South African retail and institutional investors. We also take on consulting assignments, work with capital markets providers to develop their services, and produce expert reports for litigators and valuation reports for acquirers of assets.
- **Financial services strategy research.** In this division we consult to financial services companies, governments, NGOs and DFIs regarding the development of strategy in sub-Saharan Africa's financial services markets. We study local and global best practices, assess local and global regulatory developments, advise on policy developments, assess political risks, track technological developments and consult for C-Suite executives to enhance their understanding of their evolving marketplaces.

Introduction

In this second edition of the Top Investor Relations Survey, many of the findings from the inaugural survey last year were confirmed: Absa retains top spot in the overall award, followed by Nedbank. Many of the top-ranked companies in the various category awards are also repeat winners.

What we're seeing is recognition from the analysts who use their services that these companies have high-quality investor relations teams that meet their needs. These IR teams are setting the standard and establishing themselves as the ones to beat in future years. Similarly, the underperformers, which include some big companies, no doubt will assess their areas of weakness as identified by our survey respondents and work to climb the rankings.

Intellidex has witnessed such a process play out in two of our other financial sector surveys where users of services are asked to rank their service providers: the Top Securities Brokers and Top Private Banks & Wealth Management surveys. Both have been running for longer than 11 years but at the start, some of the results were startling in that some of the major players were found wanting by their clients. But in subsequent years the improvement in their scores was remarkable while those who came out on top also worked hard to improve even further. Standards improved year after year, increasing the levels of competitiveness in those market segments and Intellidex is confident we'll see a similar process play out in the investor relations segment of the financial services market.

Already such trends are evident with Growthpoint and Vodacom – both unranked last year – surging into third and fourth places in this year's overall rankings.

The results of this year's IR survey 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. In that context Transaction Capital deserves special recognition for making into the overall top 10 rankings as does mining and materials company Afrimat, which beat off some of the major mining houses to top the resources category. Incidentally, Afrimat is one of the top picks of Intellidex's equity research team in its 2023 outlook report.

Investor relations play an essential role in the success of listed companies and are now more important than ever in the present environment of inflationary concerns, economic uncertainty and geopolitical challenges against the South African backdrop of high levels of poverty, unemployment and inequality. As FTI Consulting MD Max Gebhardt explains elsewhere in this publication, the role of IR practitioners is becoming increasingly more complex as they have to explain company policies across a variety of measurables that investors are demanding. Both investors and legislators are demanding more insight and information from C-suites every year and IR is there to facilitate this.

By shining a spotlight on the IR sector and the increased transparency it brings, this survey will, Intellidex believes, help IR practitioners to fulfil the important role they play in enabling investors to make informed decisions.

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.

We look forward to your feedback: TopIR@intellidex.co.za.

Methodology

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

The survey was conducted from 3 November 2022 to 7 February 2023. 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 R100 for each completed 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. A total of 146 analysts participated in the survey (up from 69 last year) with 86 from the buy side, 48 from the sell side and 12 who have other roles. For charity payouts there were 113 completed surveys and R11,300 was donated to the charities on behalf of respondents.

The survey has three components:

Component 1:

- A ranking of the top five listed companies in South Africa based on IR performance
- A ranking of the five listed companies in South Africa whose IR performance is most in need of improvement

Respondents had to submit at least one company under each. Respondents were asked to provide the main issues they wish these companies would address in their investor communications.

Component 2:

Respondents were then asked to rate each of the companies submitted in component 1 on 12 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. Disclosure of ESG metrics
7. Sufficiency of information to interpret the annual financial statements
8. Insight into operations and key earnings drivers presented in annual financial statements
9. Detail of notes to the annual financial statements, particularly in comparison to peers
10. Overall clarity of investment commentary
11. Overall quality of investor relations
12. 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:

- How important is a company's investor relations quality for you to be able to assess potential investments into that company?
- The importance of ESG disclosure by companies

Scoring

The awards are determined from the data collected through the survey.

The top five nominations from each respondent were scored – 100% for first, 80% for second, 60% for third, 40% for fourth, 20% for fifth. These scores were summed across the response set. This implied that bigger companies may score well only because they have a large following, 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.

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 12 different factors from component 2 (above) 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; and 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; and disclosure of ESG metrics.)

We will continue to develop this methodology for future years. Feedback is welcome at

TopIR@intellidex.co.za.

Bespoke reports. Order yours – see how you rank

Our team is ready to help your business succeed. Based on the data we've collected for this survey and our extensive industry expertise, we are able to develop reports for companies¹ in this report to gain a deeper understanding of market feedback. Reports will contain the following:

1. Detailed analysis of feedback
 - a. Ratings on 12 aspects of investor relations
 - b. Free form comments
 - c. Analysis of responding voters – buy-side vs sell-side
2. Peer comparisons including detail on score differentials per major metric
3. Pricing is based on response volume and company size

Guest column

Evolving landscape increases the complexity of the IR function

By Max Gebhardt

I can begin by saying what an honour and privilege it is to be the sponsor of this year's Intellidex Top Investors Relations 2023 awards, which it is, but everyone reading this knows we paid for this privilege. So why then did we do it? Many of you might be wondering who we are and why we spent this money for a couple of lines in a report?

These are all good questions. The answer is, because we as a company understand how to help our clients mitigate risk and navigate and manage their most pressing financial, regulatory and reputational challenges. As one of the largest financial communications practices in the world, we have 200+ dedicated professionals managing strategic financial communications.

So, what do we bring? What is the value we offer and how do we help you navigate a changing world?

The role of the investor relations head is fundamentally changed. You are not there just to provide details on the company's performance. Your remit has expanded beyond being an interface between the investment community and management.

Increasingly IR managers are having to explain the company's policies across a variety of measurables that investors are demanding. From how a company is transitioning to more sustainable energy use, to how much money is being spent on diesel (which has an impact on ESG and profitability), and how you are engaging with broader communities and key stakeholders, including government, to mitigate risks, such as fiscal interventions.

There is also added pressure from providers of capital, demanding to know how companies are complying with increasing regulatory and codified requirements in terms of how you are performing against their sustainability goals.

The threat is, if you don't show measurable performance, don't expect funding. And this is just one, critical important issue that IR managers need to manage. There is a list of others:

Executive remuneration

Bonuses and salary increases in the context of the cost-of-living crisis are becoming more important. In light of rising inflation, the cost-of-living crisis and a general level of uncertainty in the macroeconomic environment, companies need to "sensitively" balance the need to continue to incentivise executive performance with the experience of shareholders, employees and stakeholders who are most affected by wider market turbulence – a similar lens to considering the impact on stakeholders during the Covid-19 pandemic.

¹ For companies that have received sufficient votes, both positive and negative.

In line with this guidance, the CEO of Aviva Investors has written to the boards of the companies in which it is invested, stating: "It would be inappropriate for highly paid executives to be fully insulated from the impacts of inflation. We expect any increases to executive base salaries to be below the average for the wider workforce."

ESG metrics in executive remuneration

While there has been growth in the use of ESG metrics in variable remuneration generally, certain investors have voiced their expectation that all executive remuneration structures should include ESG targets and measures. Other investors consider it necessary only when the ESG metrics are material, are clearly linked to business strategy and can be effectively measured and disclosed.

Diversity and inclusion

While board racial and gender diversity have been on the agenda for institutional investors for several years, there has been growing momentum in the last two years.

Board composition and effectiveness

In addition to diversity considerations, institutional investors and proxy advisors continue to focus on the potential overcommitment of directors, and the nomination committee's role in succession planning – issues which are viewed as central to (or could have a significant impact on) board effectiveness.

So where does this lead us? In light of the increasing responsibilities and expectations from boards, the number of director positions held by board members has been subject to growing scrutiny by shareholders over the past decade. During Covid-19, boards saw an increase in the number of meetings and calls throughout the pandemic, to support leadership in navigating that crisis.

While the impact of the pandemic has subsided, the workload for boards had already increased due to the complexity of modern business and stakeholder expectations, particularly as companies are faced with an inflationary economic environment as well as a cost-of-living crisis that has affected the workforce.

As an example, in BlackRock's 2023 proxy voting guidelines, the institution states it may vote against a director who sits on more than four public company boards (down from five) or is a non-executive board chair on one public company board, and as a non-executive director on more than two other public company boards.

Shareholder advisory firm ISS has a limit of five mandates, where a non-executive directorship counts as one mandate, a non-executive chair position counts as two and a position as executive director is counted as three.

US-based Glass Lewis, an international governance consultancy, posits that that individuals should not take on more than five non-executive director roles or, in the event of being an executive director at a public company, should limit their external non-executive director positions to one.

In conclusion, while the corporate governance landscape continues to evolve, these issues and others continue to remain priorities for investors. And who knows what's next on the agenda?

The current macroeconomic context is expected to have a significant impact on institutional investor action this year, across all aspects of an organisation's corporate governance structures. Additionally, ensuring that boards have the appropriate diversity, skills, experiences and gender to promote effective oversight of businesses has never been as important in the eyes of investors. As with material financial issues, expectations for clear and meaningful reporting on climate and wider sustainability risks have become more evident.

In this environment there is no possible way for an IR manager to be on top of all these conflicting challenges. While they might be an advisor to the CEO, the company and shareholders, it has become increasingly obvious they will need to lean on outside help to navigate these challenges.

And that is why we are sponsoring these awards. Because we are here to support you.

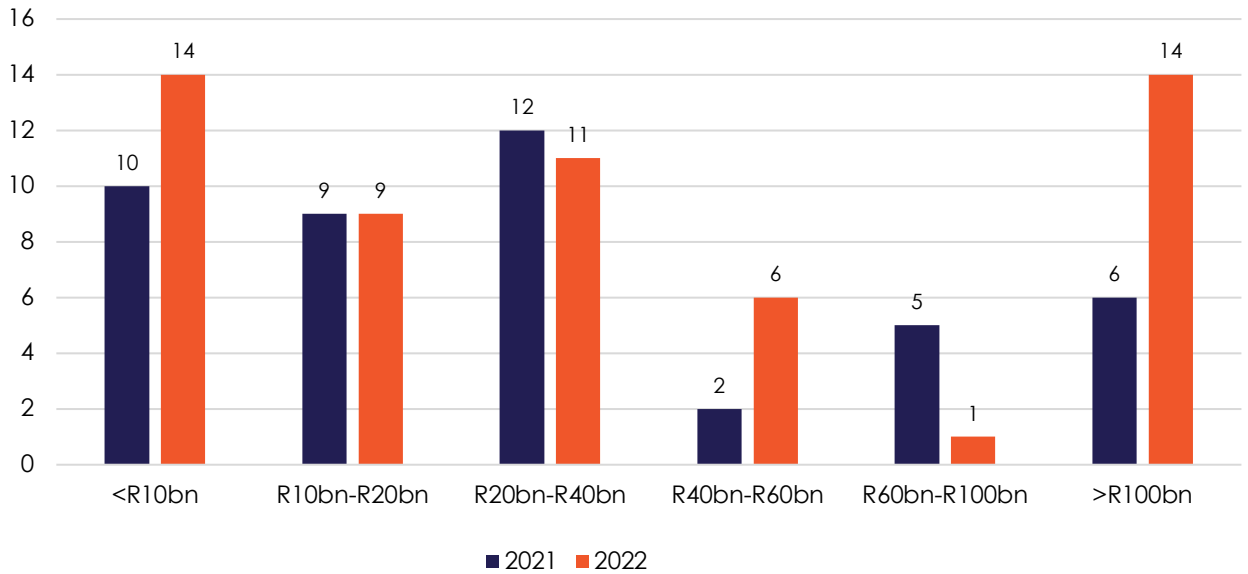
To all the winners, congratulations – you deserve the recognition in this complex environment.

Gebhardt is MD: FTI Consulting

Key findings from the survey

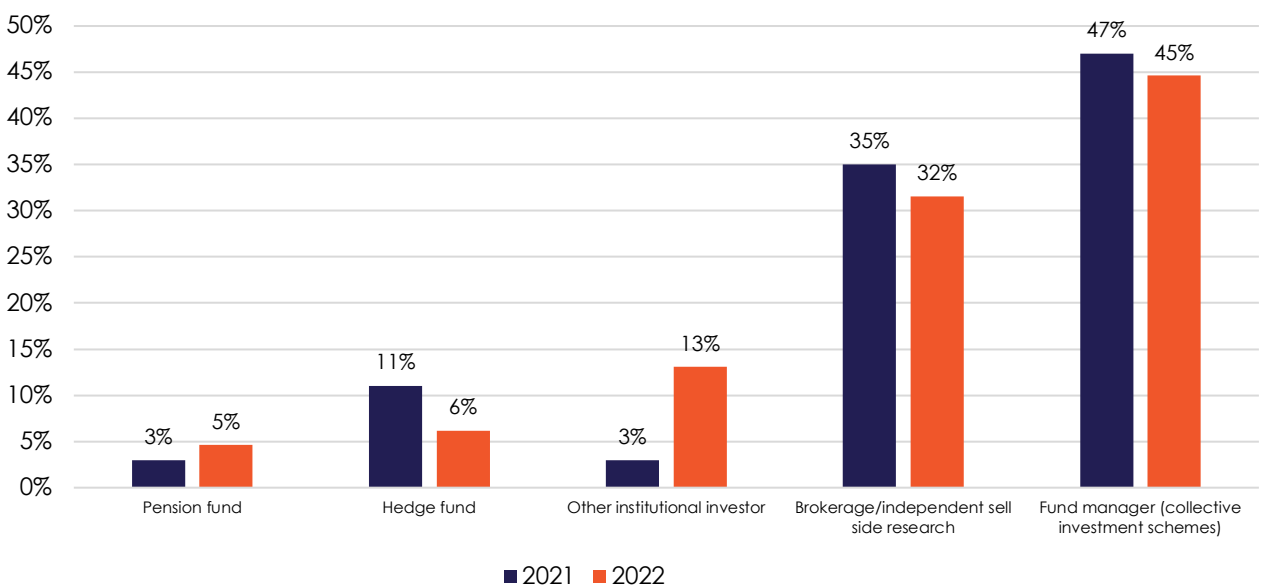
In total, 146 analysts participated in the study: 86 buy-side analysts, 48 sell-side analysts and 12 analysts who have other roles. However, please note that not all of these analysts completed the survey in full.

Figure 1: If you are on the buy-side, what is the AUM you have decision making input on? (This can include funds you are an analyst making input on, as well as funds you have decision-making authority on.)



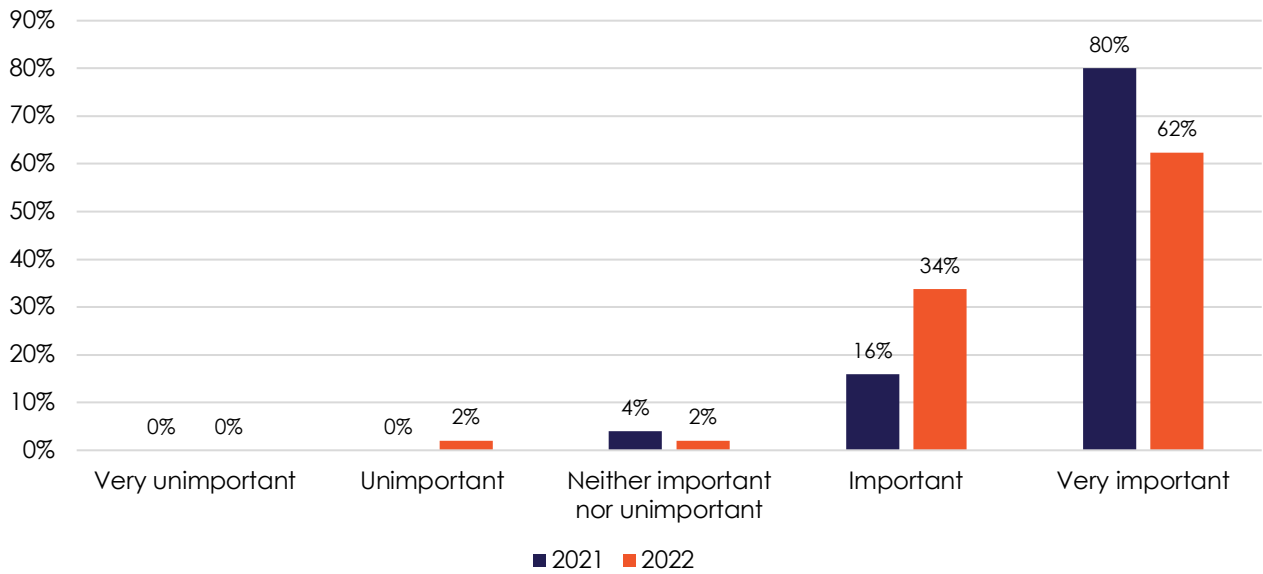
This year there is a big jump at both ends of this table – with more respondents having AUM of under R10bn and more than R100bn.

Figure 2: What type of firm do you work for?



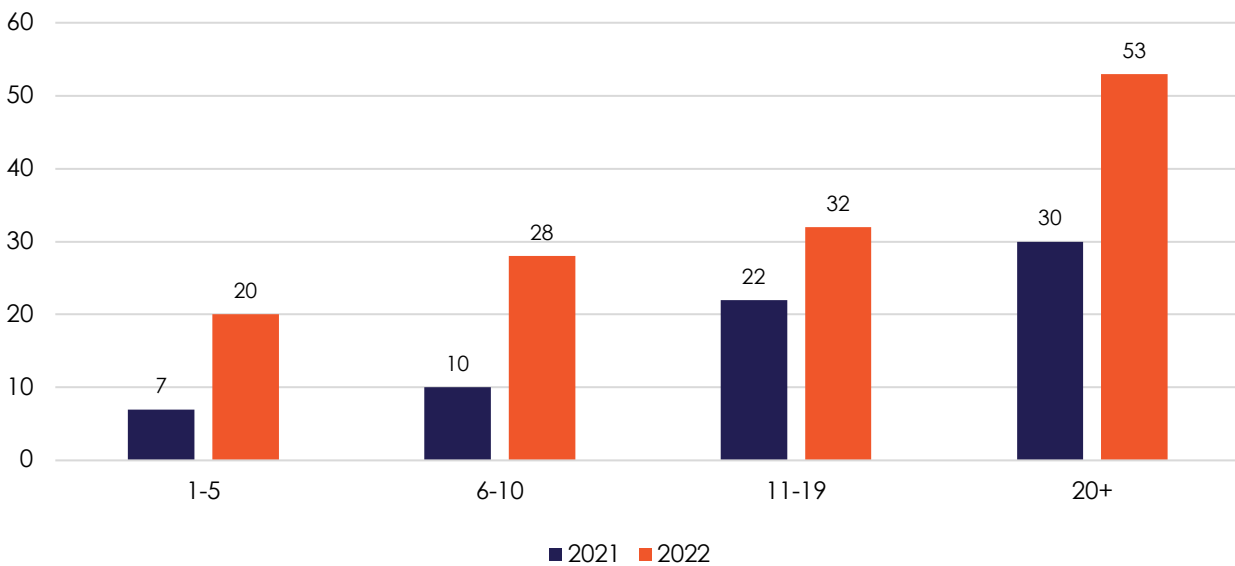
As in 2021 the majority of analysts participating in the survey are fund managers.

Figure 3: How important is a company's investor relations quality for you to be able to assess potential investments into that company?



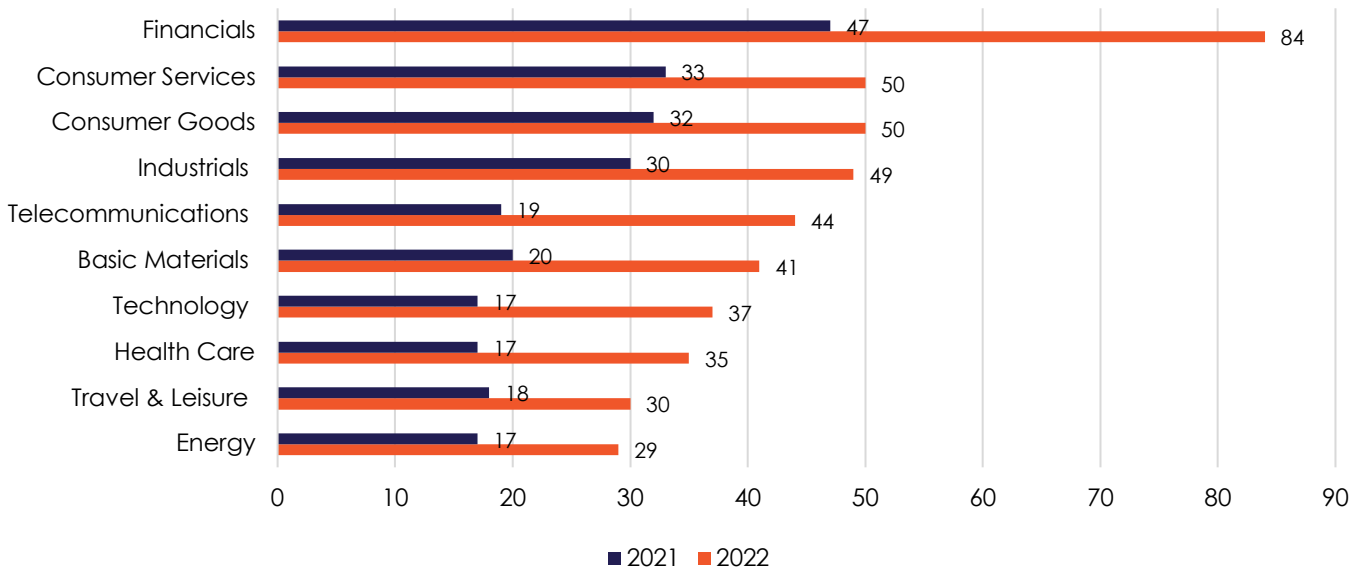
Although the quality of investors relations remains important to analysts, there is a significant decrease in the percentage of those who reckon it is "very important". Also, 2% are unfazed by IR quality and feel that it is not a factor when potential investments into a company are considered.

Figure 4: How many JSE-listed companies do you regularly cover?



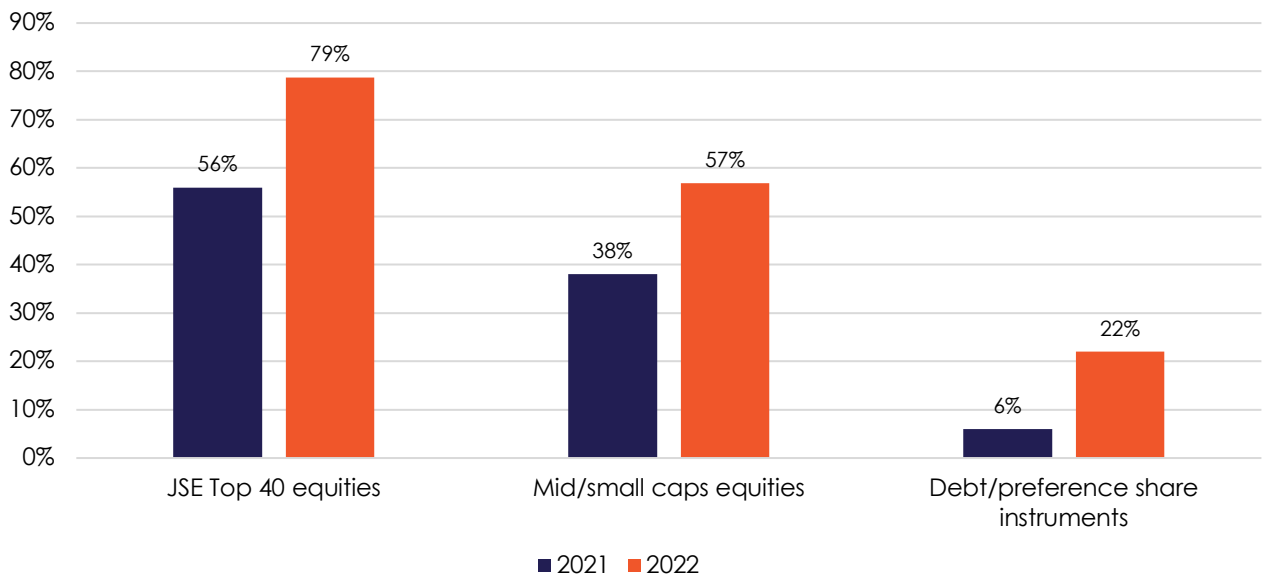
There is an increase in the number of analysts in all segments.

Figure 5: Which sectors do you cover? (You can choose more than one option.)



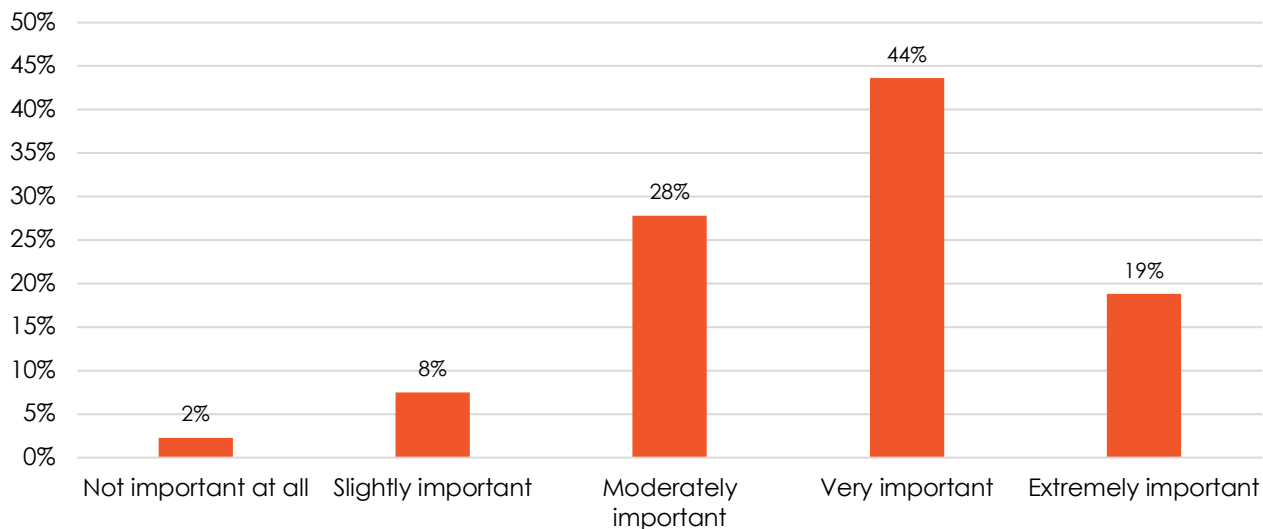
Most analysts cover the financial sector with a huge increase in this sector since 2021. There are increases in sector coverages across the board.

Figure 6: Which instruments do you focus on? (You can choose more than one option)



Almost 80% of analysts focus on top 40 stocks while more than half focus on mid and small caps.

Figure 7: How important do you consider ESG disclosure by companies?



Most analysts believe that ESG disclosure by JSE-listed companies is important but a surprising 10% regard it as insignificant. (This is a new question and no historical data is available.)

Results

Overall top 10 rated firms

Firm (2022)	Score (2022)	Firm (2021)	Score (2021)
Absa	32,8	Absa	22,4
Nedbank	26,4	Nedbank	16
Growthpoint	13,6	MTN	5,4
Vodacom	11	Afrimat	5,4
MTN	10,4	Firststrand	5,2
Mr Price	8,4	Clicks	5,2
Woolworths	8,2	Transaction Capital	4,8
Transaction Capital	6,8	Woolworths	4,6
Vukile Property Fund	6,4	Mr Price	4,4
Bidvest	5,4	Shoprite	4

Absa and Nedbank retain their top two rankings with Absa ahead by a considerable margin. But there has been considerable movement elsewhere, with Growthpoint and Vodacom, which didn't make it into the top 10 last year, surging into third and fourth respectively. And last year's third-ranked company, MTN increases its score even though it drops to fifth. Vukile and Bidvest are also newcomers to the top 10.

Please note that number of responses have an influence on the overall score received by a firm which makes year-on-year comparisons a challenge. The relatively higher scores are due to more respondents in the survey. Hence, year-on-year comparisons should emphasise the overall rank the firm received relative to other firms instead of absolute score comparisons.

Overall top 10 firms in need of improvement

Firm (2022)	Score (2022)	Firm (2021)	Score (2021)
Capitec Bank	-7,4	Truworths	-7,4
Dis-Chem	-7,2	Pick n Pay	-5,8
Coronation Fund Managers	-6,2	Naspers	-5,2
Fortress REIT A	-6	Standard Bank Group	-4,2
Truworths	-5,8	Dis-Chem	-4
Blue Label Telecoms	-5,2	Capitec Bank	-3,6
Naspers	-5,2	Remgro	-3,2
Resilient REIT	-4,8	Coronation Fund Managers	-3
Telkom	-4,8	PSG Group	-2,6
Remgro	-4,2	Libstar Holdings	-2,4

In this table where no one wants to be, there have already been major movements this year with Capitec receiving the highest number of net negative ratings. Dis-Chem drops from fifth to second company most in need of improvement.

Already we're seeing improvements by some companies with last year's lowest-ranked three, Truworths, Pick n Pay and Standard Bank, either improving its ranking or falling out of this table completely.

Top five: Financial

Firm (2022)	Score (2022)	Firm (2021)	Score (2021)
Absa	32,8	Absa	22,4
Nedbank	26,4	Nedbank	16
Transaction Capital	6,8	Firststrand	5,2
Investec	5	Transaction Capital	4,8
Sanlam	4,4	Quilter Plc	2,2

Hats off here to Transaction Capital, the smallest of the companies on this list, improving to third from fourth last year, with all other places taken by major financial services companies.

Top five: Consumer

Firm (2022)	Score (2022)	Firm (2021)	Score (2021)
Mr Price	8,4	Clicks	5,2
Woolworths	8,2	Woolworths	4,6
Clicks	4,2	Mr Price	4,4
Shoprite	4,2	Shoprite	4
Life Healthcare	2,6	Spar	2,4

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

Top five: Industrial

Firm (2022)	Score (2022)	Firm (2021)	Score (2021)
Growthpoint Property	13,6	MTN	5,4
Vodacom	11	Vodacom	3,4
MTN	10,4	Distell Group	3
Vukile Property Fund	6,4	Growthpoint Property	3
Bidvest	5,4	Redefine Properties	2

Growthpoint jumps to first from third while Vukile and Bidvest move into the top five for the first time.

Top five: Resources

Firm (2022)	Score (2022)	Firm (2021)	Score (2021)
Afrimat	4,8	Afrimat	5,4
Anglo American Platinum	4	Anglo American	2,6
Anglogold Ashanti	2,4	Anglo American Platinum	1,8
Anglo American	2,2	Northam Platinum	1,8
BHP Group	1,8	BHP Group	1,2

For the second consecutive year, open pit mining specialist and materials producer Afrimat beats out some heavyweight mining companies for this award with Anglogold Ashanti a newcomer to the rankings.

Top five: Large caps

Firm (2022)	Score (2022)		Firm (2021)	Score (2021)
Absa	32,8		Absa	22,4
Nedbank	26,4		Nedbank	16
Vodacom	11		MTN	5,4
MTN	10,4		Firststrand	5,2
Woolworths	8,2		Clicks	5,2

The scores here are broadly similar to the overall rankings with Vodacom and Woolworths moving into the top five.

Top five: Mid caps

Firm (2022)	Score (2022)		Firm (2021)	Score (2021)
Transaction Capital	6,8		Afrimat	5,4
Vukile Property Fund	6,4		Super Group	1,8
Afrimat	4,8		Brait	1,8
Redefine Properties	4		Momentum Metropolitan	1,6
Motus Holdings	3		Attacq	1,6

Unranked last year, Transaction Capital and Vukile surge into the top two spots with Afrimat the only company to make it from last year's top five.

Top five: Small caps

Firm (2022)	Score (2022)		Firm (2021)	Score (2021)
Murray & Roberts	2,8		EPE Capital Partners	1,2
Renergen	1		Long 4 Life	1
Dipula Income Fund	1		Renergen	0,8
Mpact	0,8		Master Drilling	0,8
Allied Electronics	0,8		Metrofile	0,6

Murray & Roberts takes first place with Renergen, the only small-cap company from last year's top five, in second position.

Most accessible senior management

Firm (2022)	Score (2022)		Firm (2021)	Score (2021)
Transaction Capital	4,77		Transaction Capital	4,86
Afrimat	4,71		BHP Group	4,20
Vukile Property Fund	4,63		Foschini	4,14
Pepkor Holdings	4,60		Momentum Metropolitan	4,00
Absa	4,51		Dis-Chem Pharmacies	3,83
Bidvest	4,50		MultiChoice	3,83
Nedbank	4,38		Barloworld	3,71
Growthpoint Property	4,38		Sanlam	3,71
Impala Platinum	4,33		Nedbank	3,67
Quilter	4,33		Mr Price	3,63

Transaction Capital remains in first place with Afrimat and Vukile, that didn't feature in this category in 2022, in second and third place.

Best integrated annual report

Firm (2022)	Score (2022)	Firm (2021)	Score (2021)
Nedbank	2,96	Transaction Capital	4,57
Growthpoint Property	2,72	BHP Group	4,40
Clicks	2,71	Mr Price	4,28
Vukile Property Fund	2,71	Bidvest	4,11
Absa	2,67	Nedbank	3,94
Sanlam	2,62	Barloworld	3,82
Motus Holdings	2,56	MultiChoice	3,79
Firststrand	2,55	Woolworths	3,78
Anglo American Platinum	2,55	Absa	3,69
Italtile	2,54	Dis-Chem	3,67

Nedbank surges from the fifth spot last year into first this year while Growthpoint Property and Clicks take the second and third spots. Absa also sees an improvement in this category – from ninth position to fifth position.

Best market communication

Firm (2022)	Score (2022)	Firm (2021)	Score (2021)
Nedbank	4,59	Transaction Capital	4,75
Growthpoint Property	4,43	BHP Group	4,45
Clicks	4,41	Mr Price	4,25
Absa	4,36	Bidvest	4,18
Transaction Capital	4,35	Nedbank	3,83
Vukile Property Fund	4,31	Barloworld	3,71
Vodacom	4,30	Absa	3,70
Anglo American Platinum	4,29	Sanlam	3,68
Woolworths	4,25	MultiChoice	3,67
Investec	4,23	Momentum Metropolitan	3,65

As in the previous category, Nedbank, Growthpoint Property and Clicks take the top three positions.

Best disclosure of ESG metrics

Firm (2022)	Score (2022)
Anglo American Platinum	4,75
Nedbank	4,41
Clicks	4,40
Growthpoint Property	4,33
Woolworths	4,31
Absa	4,24
Vodacom	4,20
Impala Platinum	4,17
Shoprite	4,09
Standard Bank	4,05

The rankings of disclosure of ESG metrics were introduced this year, given the increasing importance of this issue to investors. We have included a table showing the ratings given specifically on this measure, though these results also factor into the ratings for best market communications.

Anglo American Platinum is first, but once again Nedbank, Clicks and Growthpoint Property excel in this inaugural category.

Acknowledgements

This research and report wouldn't have been possible without the hard work and support of:

1. FTI Consulting (Event sponsor)
2. Jennifer Kann (Lingo Communications)
3. Debbie Millar (Investor Relations Society of SA)
4. CFA Society South Africa
5. Intellidex team
6. Everyone who voted!



Find out more

Intellidex produces detailed reports on the performance of investor relations based on the client feedback we collect. If you would like to commission such a report, please contact Heidi Dietzsch, email heidi@intellidex.co.za or telephone **083 276 0435**.

Give us feedback

We would like to know what you think of the Investors relations survey. If you have any thoughts or feedback, please email TopIR@intellidex.co.za.



www.intellidex.co.za



Follow us on **Twitter**



Follow us on **LinkedIn**



Follow us on **Facebook**

Subscribe to our **monthly market research newsletter** and ensure you are always in touch.