

Battle of Britain



Sep, 2007

- Winners identified by research among more than 600 analysts and investors
- Strife and trouble bring out the best in an IRO
- Respect for IR doesn't depend on a rising stock price

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The best in UK IR braved a soggy Honourable Artillery Company gardens at the end of June for the 17th IR Magazine UK Awards. And the big names in UK IR have had a tricky year. Attempted private equity takeovers at Sainsbury's, CEO troubles at BP and Barclays' battle for ABN Amro have all helped keep the spotlight firmly on this year's winners.

It was undoubtedly Barclays' night. The bank won four awards, including the grand prix for best overall IR, best disclosure practice and best IRO at a FTSE 100 firm, which was collected by James Johnson. 'Our workload has certainly gone up a lot in the last few months because of our transaction activity,' notes Mark Merson, head of IR at Barclays.

The IR department prefers not to speak to the press, but the willingness of senior management has helped the company hugely. 'The CEO is prominent with investors and the media and we've had literally hundreds of meetings with shareholders over the past few months,' Merson adds. 'And we are very aware that the press, the buy-side market and the sell-side market are very closely linked, so you need to be consistent.'

Despite the constant pressure of being headline news, Merson is not complaining. 'Seeking to prosecute one of the largest banking mergers ever is the kind of stuff you really want to get engaged in as an IRO,' he enthuses.

Triumph from trouble

Whenever a company is in trouble and the share price takes a knock, one should spare a thought for the IRO at the front line. And this year our thoughts have been with BP. The past couple of years have seen the oil giant suffer a whole series of setbacks. 'We have had a serious explosion at our Texas refinery, a leak in Alaska – a very environmentally sensitive area – and issues with our chief executive,' confirms Peter Hall, vice president of IR at BP.

Lord Browne, who was forced to resign ahead of schedule after revelations about his private life, has won the award for best IR by a CEO for the past two years; needless to say, he was absent from this year's lineup. BP has always prospered at the IR Magazine UK Awards, however, and despite this recent period of controversy, it still racked up an impressive four wins, including best IR in the US market and best corporate governance.

'We have been much more proactive as a result of the events of the last couple of years,' comments Hall. 'The fundamental issue is that when things go wrong you get out and talk to people; investors and potential investors need to know what is going on.'

It's good to talk

Hall thinks the biggest mistake a company can make when facing difficulties is to bury its head in the sand. 'We're all of us only a headline away from our next greatest challenge,' he points out. 'No company should ever think it's immune.'

In fact, BP has shown how to capitalize on difficulties, fighting off stiff competition to pick up the award for best crisis management. 'I've always said we do our best IR when called upon to do it,' Hall says.

Perhaps that's also true of Sportingbet, the internet gaming company that was short-listed for the crisis award. Its share price took a pasting following trouble with US gambling legislation last year, leading to the company's eventual withdrawal from the US market. Yet it won this year's award for best IR by an AIM company – conclusive evidence that the fund managers and analysts surveyed don't just vote with their wallets.

Sportingbet has been courageous in the face of such a turbulent year. 'Our shares are now at 50p (\$1) compared with our peak of around £4.50,' says Sportingbet CEO Andrew McIver. 'When we won the award last year, 80 percent of our firm was US-facing. But after changes to the US law on gambling, we had to sell the business as fast as possible.'

Despite all this, the company has held on to Fidelity and other institutional holders. 'Our investors were very understanding,' says McIver. 'They didn't blame us, they said, You didn't see this coming and neither did we.'

'At its height our press contact was fielding 200 calls a day. The amount of work we had to do in a short space of time was very difficult. We were obviously trying to keep shareholders informed and to sell the US business in two weeks before the law came into force. The company did manage to sell its US operations to Jazette Enterprises for \$1 before the legislation was given formal assent by the president.'

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Storytelling at its best

Given the strife faced by winners like BP, Barclays and Sportingbet, one could be forgiven for concluding you have to have a tough year to win an award. Not so: HBOS, which picked up the award for best narrative reporting, avoided controversy and enjoyed a solid year.

'This was a year when we set out to go beyond box-ticking and minimal compliance on our annual report,' says Charles Wycks, head of IR at the company. 'Fine-tuning our internal key performance indicators (KPIs) into something that really encapsulates the essence of the business to investors is more difficult, especially when you run into the inevitable conflicts between our internal KPIs and what we don't want our competitors to know.' So honing the company's indicators was demanding and time-consuming – but it hasn't gone unnoticed.

Getting recognition when you're starting out isn't easy but Scott Wilson Group, which won best IR by a new issue, achieved just that. Since its IPO, the firm's performed well in the market.

'We went public in March 2006 at a share price of £1.50,' says Lak Siriwardene, head of corporate communications at Scott Wilson. 'It's now skyrocketed to about £3.24. It's not just a question of roadshows and financial calendar dates. I make a point of ensuring investors get information regularly.' Indeed, respondents to the investor perception study complimented the company for being accessible and well informed.

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Big gains for smaller companies

In the smaller-cap company categories, Detica did well, taking best IR by a CEO, while Tullow Oil won best IR by a CFO at a non-FTSE 100 firm. Former IR manager at Cookson, Isabel Luetgendorf, picked up the prize for best IRO at a non-FTSE 100 company for the second year running and Cookson also won the award for most progress in IR.

Other winners included RBS for most improved IR by a FTSE 100 company, Marks & Spencer for best practice of CSR and BG group's Frank Chapman for best IR by a CEO at a FTSE 100 firm. HSBC's CFO Douglas Flint was the clear winner of the award for best IR by a CFO at a FTSE 100 company, for his outstanding attention to detail and knowledge of the company and sector. One respondent said of him: 'It's impossible to catch the man out. He is always on top of his game and has an exceptional grasp of the business and numbers.'

US firms General Electric and Procter & Gamble were joint winners of the award for best IR in the UK market by a North American company.

The essential takeaway from all this is that while doing IR for a business in the spotlight can be daunting and exhausting, it can be a great way to cement your presence on investors' radar. So if you feel like you're having a difficult year, you can comfort yourself with the thought that you may well find yourself picking up one of our awards in 2008.

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