

WHITE PAPER



Alpha IR Group

Investor Days

Alpha's Strategic & Tactical Tips for Differentiating Your Event



**Setting the
Long-Term
Vision**

**Building
Management
Credibility**

**Maximizing
Your Investment
Brand**

Investor Days

A Critical Tool in Maximizing Your Investment Brand

Investor Days have become critical strategic messaging events for public companies that are taking a proactive and thoughtful approach to their investor relations programs. Frustrations with the short-term nature of the discussion during quarterly earnings calls, as well as with investor conferences dominated by hedge funds, have driven both small and large companies alike to search for alternative ways to tell their long-term story and reinforce their investment brand. As a result, it has become critical for the management teams of companies with unique stories to effectively communicate their differentiating factors, redefine near-term investment catalysts, and articulate their long-term strategy and vision. Alpha IR has supported hundreds of these events, and we've institutionalized some of those learnings in this paper to help our friends and colleagues kickstart their I-day planning.

Tips From Wall Street...

The focus of an Investor Day is clearly on the buy-side, so what better way to start your learning than with tips from high profile Wall Street investors. Given our leading position and extensive experience in the IR space, we are in daily contact with influential buy-siders in support for many of our partnership clients and/or in the execution of strategic perception studies for our project clients. Here are some of the best I-Day related comments we have heard over time across a variety of our clients:

- α “You need to create an environment that fosters good discussion and builds relationships. I can get any presentation or webcast from multiple sources today. When I attend an event like this, I am looking for an opportunity to go a lot deeper into the issues that I am concerned about as an investor. Providing the proper learning environment, on top of a strong presentation and Q&A, is the perfect way to create a highly successful Investor Day.” – **Boston Growth Firm, \$75B+ AuM**
- α “The worst Investor Days I have attended are when a company gives the same presentation and presents the same people that they did at their last investor conference. Even worse is when they stick to their typical one-year approach to guidance, versus providing a long-term view of their financial goals and the strategy to bridge us there. This is a waste of time and I have already seen it. There needs to be a real, concrete reason for having the event.” – **NYC Value Shop, \$25B+ AuM**
- α “When I attend an Investor Day, I am looking to get in front of the people who I usually don't get a chance to meet. I want a chance to talk to the business line managers and/or segment heads. I have usually been in touch with the CEO and CFO before, so the Investor Day is an opportunity to gain some deeper exposure into the company.” – **Chicago Value Fund, \$35B+ AuM**
- α “If you are going to hold your Investor Day at your headquarters, give me a reason to be there. Show me the facilities and create an environment that is conducive to getting to know each other and fostering conversation in one-on-ones or small groups. Otherwise, bring the day to New York to drive your turnout.” – **California Growth Firm, \$1T+ AuM**

Timing Your Event is Critical...

There is growing competition for attendance at Investor Day events, so strategically timing your event when you have something new to say and your full team is ready to execute is critical. Here are a few compelling reasons to either do or don't do an event if you're contemplating the decision.

Yes, it's Time for an I-Day Event



You have an **updated strategy**, with Board approved, long-term financial goals



Your Board of Directors has approved new 3-to-5-year **financial goals** and/or a multi-year growth algorithm



New CEO? The Street will want to hear from him/her in 6 months (if internal hire) or 9-12 months (if external hire)



Misunderstood or different than your industry, I-day events can be the way to differentiate and stand out

No, You're Not Ready



Your **strategy is not signed off** at Board and extended executive levels



You **aren't prepared** to outline long-term, substantive financial and strategic goals beyond this year



The **team isn't prepared** to have more than CEO and CFO present; the Street wants to see leadership depth



There is **nothing new** or compelling to update the Street about

Remember Your Goals...

With every presentation proof, dry run, or messaging consideration, it's worth asking the following:

- α Does this strike the right balance to educate new investors, while providing enough depth for current ones?
- α Is the company proactively addressing the tough questions that your investors are asking?
- α Does the presentation reflect the depth and shared vision of the management team?
- α Does today reinforce the long-term investment thesis rather than simply addressing short-term concerns?

Budget Considerations...

Wall Street is here to learn, so there is no need to overdo it, but a few critical budget items include:

- | | |
|--|---|
| α Travel | α Video Production |
| α Catering | α Displays & product demonstration |
| α Hotel/Space Rental
<i>Note Stock Exchanges are generally free</i> | α Attendee Gifts |
| α AV Production | α IR Consultants |
| α Webcasting | α Perception Studies pre- &/or post-event |
| α Design/Creative Firm | |

All in, plan on at least \$200K+ baseline.

Alpha IR's Strategic Essentials...

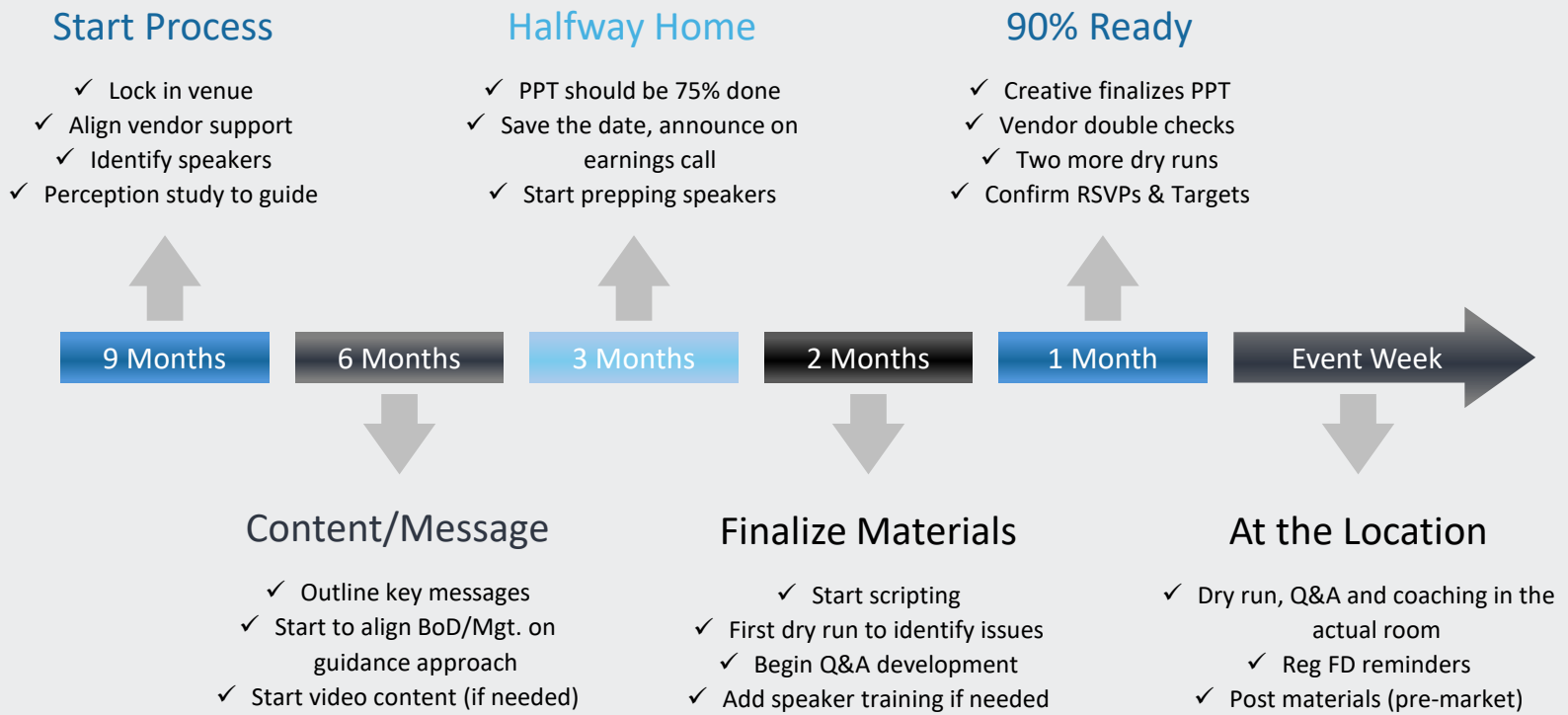
Here are some big picture strategic topics that to consider as you organize your event:

- α **Have a Hook:** The most successful I-Days are timed around a strategic inflection point and/or significant announcement. A hook provides a central theme and can be critical to success. Examples include a recent acquisition, new leadership, business transformation and/or the introduction of a 3-to-5-year strategic plan.
- α **Bring Your "A" Team:** You must demonstrate depth and a shared vision among your management ranks. Consider including segment leaders, head of sales, innovation/R&D, operations, and/or your ESG/Sustainability leader, are all advised.
- α **Proper Coaching:** Most non-CXOs have limited interaction with investors and need training that reinforces the difference between telling your story as a company vs. as a stock. Our team often uses small pre-event perception studies to educate the team, guide the content, and to be inclusive of the top shareholders.



- α **Discuss the Competitive Landscape:** An I-Day offers a platform (and the time) to properly position the company from a competitive standpoint. This includes a detailed discussion of your strengths and opportunities to improve, and how that correlates with your comparative performance.
- α **Other Critical Sections:** Investors expect deep dives into your growth strategy, capital allocation priorities, and a multi-year outlook for the business. Don't do an I-day if you can't talk to formalized discussions around all three topics.
- α **Q&A Timing:** We tend to prefer hosting your Q&A session at the end of the presentation, so investor do not front run critical topics. That said, we've supported successful events that broke the Q&A up into multiple windows.
- α **Don't Forget to Target:** An I-Day should help "close the deal" with investor targets management has invested time with during the year. Set a goal of including 30% prospects, many of which will likely join the webcast, but some will come in person.
- α **Can I Talk About Valuation?** The answer is yes. While we don't think that it's appropriate for companies to talk each quarter about their perception of their own valuation, an I-Day event provides a platform to frame that conversation correctly. Creatively framing a valuation discount is critical, and can include the concept of aspirational peers, how your business lines up with them today and tomorrow (assuming you execute against your vision), and frames your argument in terms the buy-side will understand and accept.

Key Milestone Dates...



Guidance Considerations...

Alpha IR strongly believes, based on decades of experience, that companies must provide a multi-year outlook for the business at Investor Days. The good news is there are lots of creative ways we've found to accomplish this goal, and appease your Board, management, and financial team. A few examples include:

- α **Growth Algorithm:** larger companies, with consistent businesses, often provide a more aspirational set of targets around key performance indicators, without a firm execution date (see the top example on the right).
- α **Three Year Outlook:** for mid- and small-caps, a three-year outlook is seen as within reach and will usually include 3-4 KPI ranges, such as revenue, margin expansion, EBITDA, and EPS (see the lower example on the right.)
- α **Five Year Outlook:** if you're coming out of a recession or transformative event, you may need a reset year for trends to normalize and thus you might consider using a five-year model.
- α **Multi-Scenario Approach:** Lastly, we've been forced to be creative in some situations. For example, for a highly acquisitive Company, we ended up presenting a set of guidance targets both with and without M&A, which helped us reinforce the kind of transformational acquisitions the Company was focused on. For another client that was launching a new high-potential product, we offered three-year projections with three different scenarios for how that product might be accepted in the market. To use a baseball analogy, we offered a single, a double or a home run in terms of our projections.

Long-Term Growth Algorithm Example

- Revenue Growth > GDP
- EBITDA Margin > 25%
- Adj. EPS Growth > 8%
- Dividend Growth > EPS Growth

3-Year Targets Example: By 2027

- Revenue CAGR 9 – 10%
- EBITDA Margin 13 – 15%
- FCF CAGR 15%+
- Adj. EPS Growth 12%+

Alpha IR's Tactical Advice...

A great message that gets lost in the execution can ruin your event. Here are some tactical considerations to maximize an Investor Day's impact:

- α **Be Respectful of Investors' Schedules:** Unless the company is a widespread conglomerate, three hours is enough to pull off a world-class event.
- α **Start in the AM:** Morning events are not only preferred, but are also more practical as they allow you to post your new material information pre-market.
- α **Dry Run Onsite Day Before:** It's been our experience that a final dry run the afternoon before acclimates everyone to the room and format. Save time for a team dinner, individual practice, and rest.
- α **Avoid Excessive Video Use:** Customer testimonials and other video training tools can be effective, in particular between speakers, but excessive or long videos tend to lose the audience.
- α **Invite Early & Often:** Wall Street has lots of events to choose from and thus you need to make sure they receive several reminders about your event.
- α **Seating Format:** Circular tables are a mistake, use classroom style seating and have power outlets for your attendees. Further, plan a few breaks.
- α **Include "Short" Product Demonstrations:** Investors tend to go beyond the numbers, thus local store/plant tours or smart display booths can be used for deeper dives during breakout sessions, cocktails, or breakfast.
- α **Leverage the Event:** Plan to ring the bell at your exchange and leverage the strategic nature of your discussion to land smart media coverage.
- α **Customers/Partners:** Investors rate access to customers and/or strategic partners highly. Consider their inclusion through a panel when possible.

Sample Agenda



How Alpha Can Help....

- α Alpha supports 20+ investor days per year on average across all market caps and sizes.
- α Our team has significant buy-side and sell-side experience, plus we have career IR professionals who have seen it all. We know what will work, what won't, and mostly important, why.
- α We have relationships with trusted vendors who will do a great job and work as one team.
- α Our goal is the same as yours – a successful event that resonates with Wall Street and in turn improves your valuation in both the short and long term.



Alpha IR's Three Customized Programs

<p>LEVEL 1 Outsourced Event</p>	<ul style="list-style-type: none"> • Pre-/post-event perception studies • Full strategy, tactics, targeting, and event management • Creative firm management • Day of event ownership
<p>LEVEL 2 IR Team Support</p>	<ul style="list-style-type: none"> • Pre-event perception study • Backup in-house IR team on strategy and tactics • Target investors and drive invites • Support all dry runs
<p>LEVEL 3 Backup Strategy & Coaching</p>	<ul style="list-style-type: none"> • Team to advise in-house professionals and guide all tactics • Proof strategic elements and guidance • Coaching as needed for presenters

About Alpha IR Group:



The Alpha IR Group is a holistic investor relations and transactions/crisis consulting firm that protects, enhances and builds the investment brands of America's leading companies. We bring over 150 years of collective Wall Street, financial, and large agency experience, while retaining a small company, holistic approach. With deep sector expertise and senior-driven programs, Alpha IR is the right choice to manage our clients' reputations, credibility, and ultimately, their valuation. For more information, please visit www.alpha-ir.com.



Senior Team Brings Over 150 Years of Collective IR, Wall Street & Consulting Experience



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