The Call for Investor Days

NIRI Chicago – March 15, 2018



Insights from the Rivel Intelligence Council (Executive Best Practices Program)

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Who is Rivel Research Group?

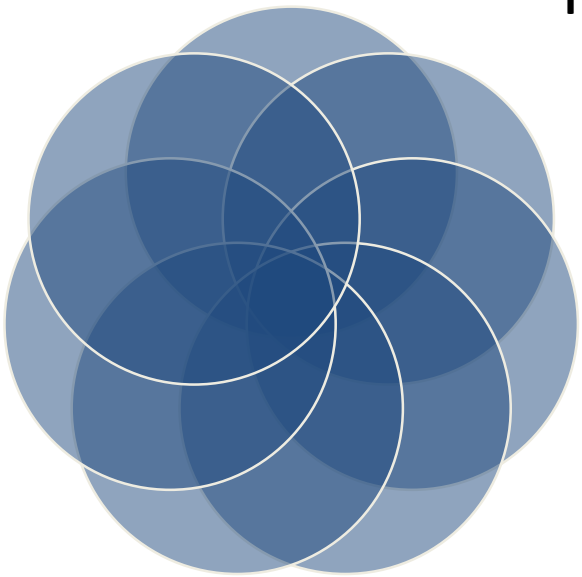
- Founded in 1991 – Art Rivel invented the IR Perception Study (circa 1972)
- Focused exclusively on investment community research
- We work with over half of the S&P 100 and just under half of the S&P 500
- Intelligence Council – broader investment research
- Over 9,000 investment community interviews conducted each year
- Over 4,000 IRO interviews conducted each year

Unprecedented Uncertainty

Geopolitical risks/Cyberattacks

Trump: A sustainable boom for equity markets?

MiFID II



Turmoil in the Middle East

Strong Economy/ How high will rates go?

War potential with North Korea?

$21 Trillion US budget deficit

What Calms Anxiety?

- Management credibility (#1 investment driver!)
- Effective business strategy (#2)
- Management access

52%

of global buy-side will not invest without first meeting management

Investor Days are a Prized Forum

Where Does the Global Buy-side Prefer to Hear Management Speak?

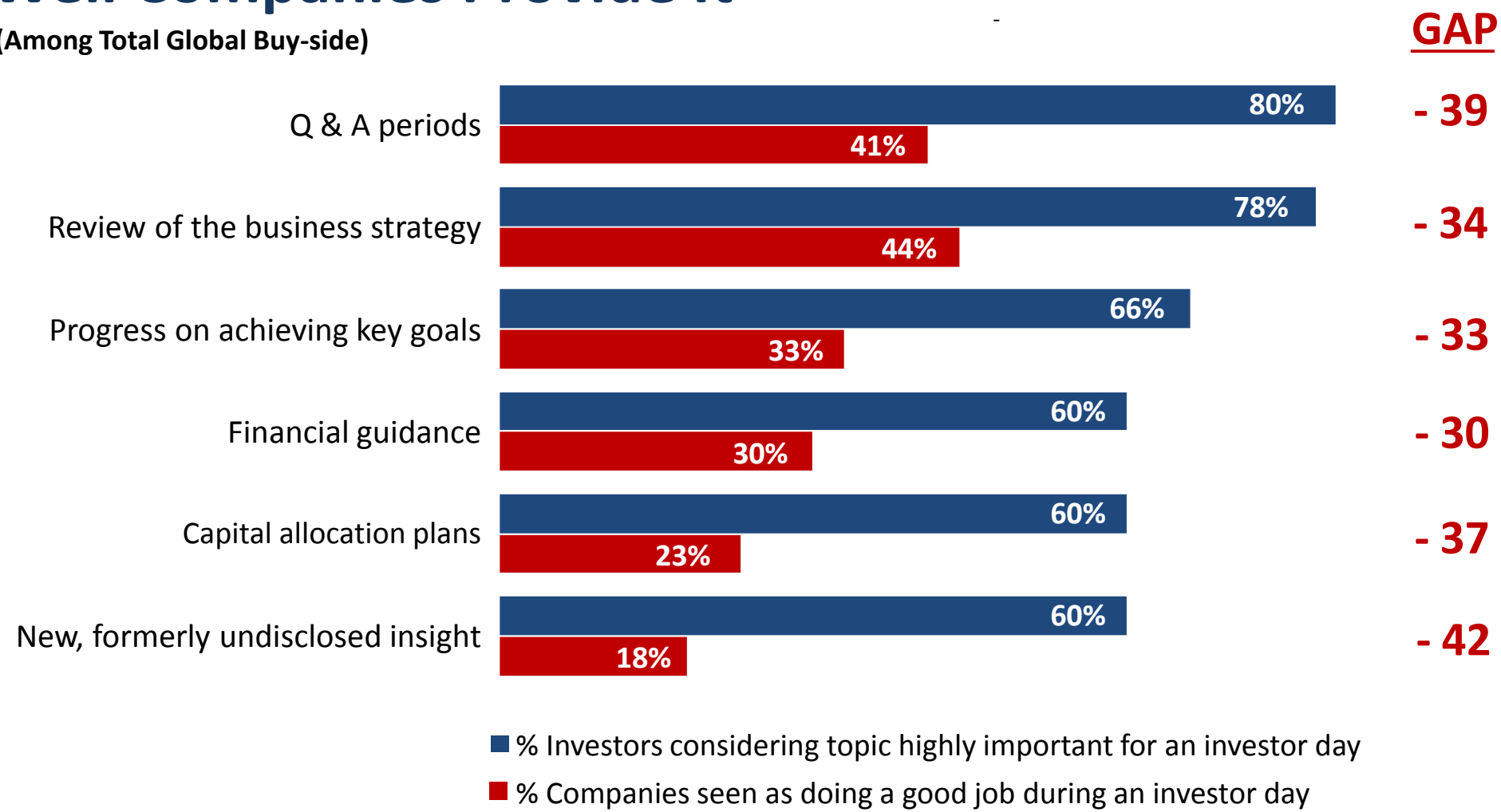


But they Come with Challenges

- Time and cost
- Anticipating the issues
- Getting management's buy-in
- Gaining consensus on core messages to stress
- The need to REHEARSE

Investor Day Gaps: What Investors Want Versus How Well Companies Provide It

(Among Total Global Buy-side)



Key Benefits

- Showcase mgm't credibility – setting and meeting goals
- Clarify strategy – navigating troubled waters
- Share the long-term vision
- Showcase bench strength
- The prep helps get management on the same page
- Reassured shareholders
- Positive differentiation

Investor Days Mismatch

28% of companies hold investor days annually

73% of the global buy-side thinks investor days should be held annually

fINE
communications inc.



Investor Day: Five Rules of Engagement for a Best in Class Investor Day

RULE #1

Understand Market Perception

- What are the perceived strengths and weaknesses and any misconceptions – address them head on
- Understand pre-existing perceptions



Top Five Issues Analyst Want to see Addressed at the November Investor Day

Example Avis Budget

1. **PERFORMANCE**:
   - Reinforce strong performance record / competitive strengths
2. **GROWTH OPPORTUNITIES:**
   - International - India, China, Zipcar, others
3. **TECHNOLOGY**
   - Clarify how the technology will change the financial model - cost structure and customer experience / sales – show impact metrics, demonstrate live user interface
4. **CHANGING LANDSCAPE**
   - Frank outline how the ride landscape is changing and impact on company
   - Discuss Uber threat realistically
5. **FUTURE ROADMAP**
   - Clarity on midterm financial goals (~3-5years out)

Clear Messages Drive Next Day Analyst Reports – Example Avis Budget

Example



MKM PARTNERS

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Company Update

Travel & Leisure: Car Rental

Avis Budget Group, Inc. (CAR, Buy, $47.00)

Reiterate Buy Post Investor Day: Technology Provides Margin Opportunity, Not Threat

November 16, 2016

Key Data

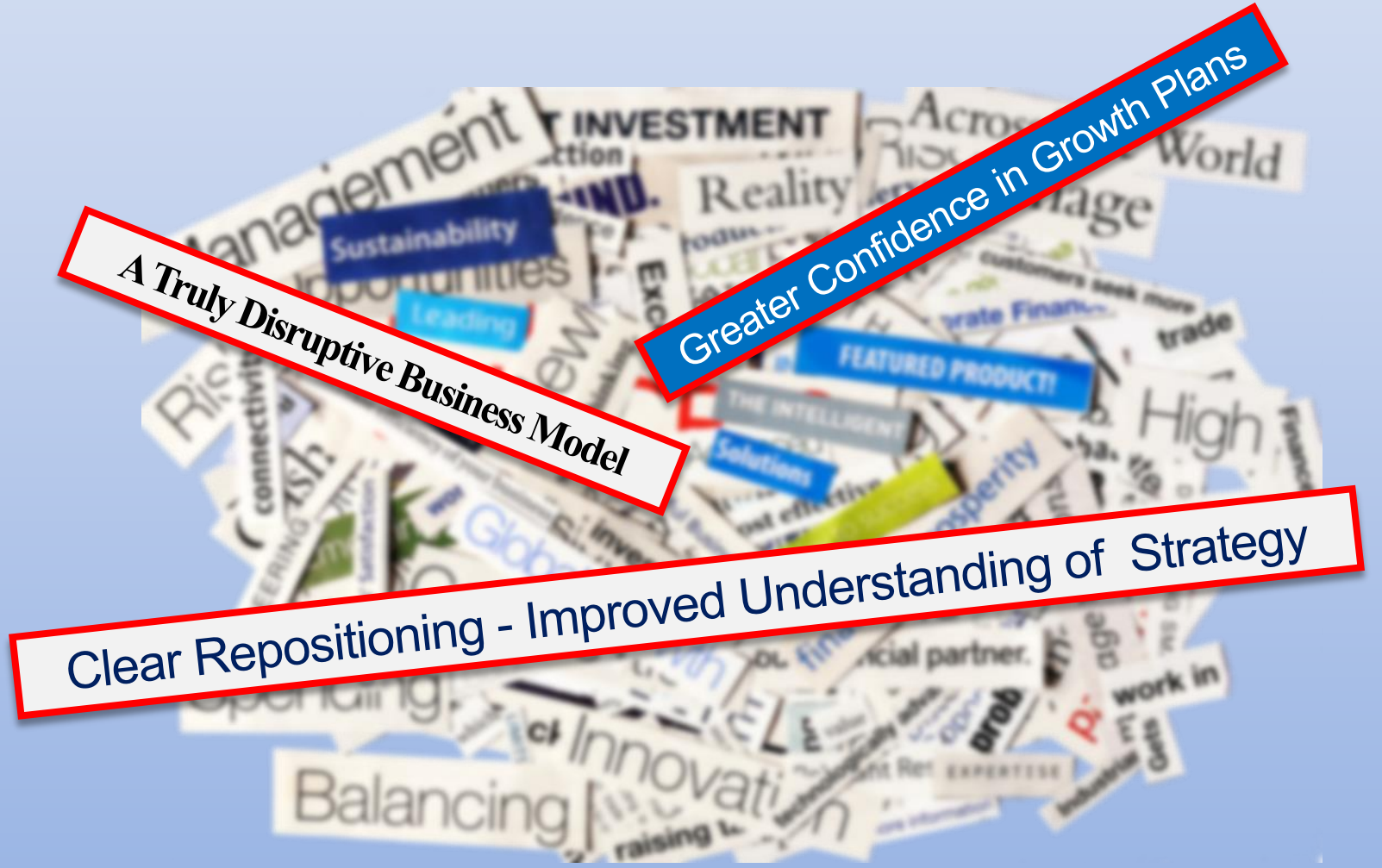
Rating	Buy
12-Mo Price Target	$47.00
Current Price	$39.98
52-Wk Range	$42.21 - $21.73
Avg. Vol. (3m)	2,605
Shares Out (mn)	91.8
Market Cap (mn)	3,670.2

Technology is an Opportunity for Car Rental, Not an Existential Threat. We reiterate our Buy rating following CAR's investor day in New York on November 15, 2016. **(1)** The company laid out 13%-15% EBITDA margin goals within five years. **(2)** Assuming the company achieves this goal within four years, we see $85-$103 of value per share ($61-$74 present value), based on current multiples. **(3)** We have increased conviction in the earnings story given the opportunity to leverage its technology investments: (i) its demand-fleet-pricing system (revenue and profit optimization tool), (ii) Avis Now (improved customer interface and fundamentally redesigned car rental process) and (iii) connected-car vehicle technology (which should deliver significant operational efficiencies). **(4)** Management

RULE #2

Focus on a Few Key Messages

Imagine the headlines you want in the analyst reports the day after



RULE #3

Create Compelling Presentations that Reflect the Four Best Practices

Find right balance between simplicity and meaningful content



RULE #4

Provide Future Roadmap for Business Including "Money" Slides of Key Metrics

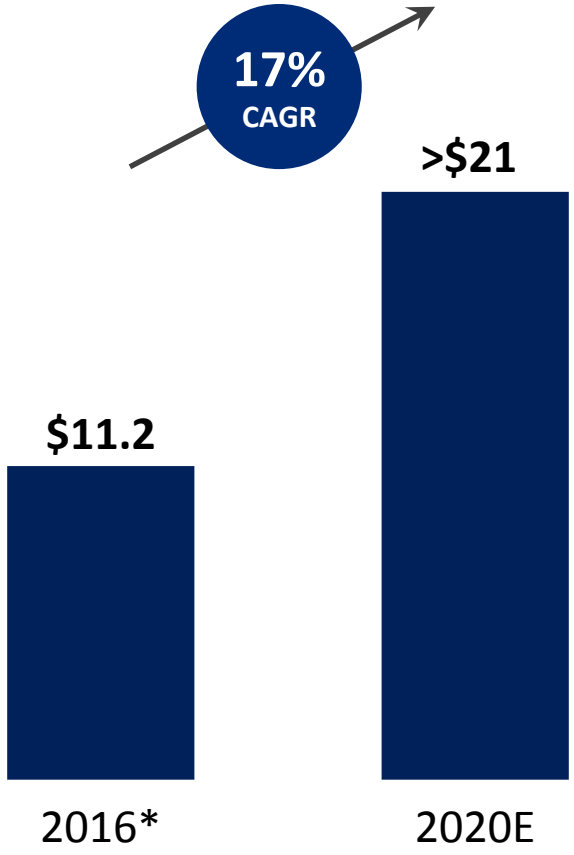
Need more than just lots of words – what does it all mean – i.e. mid-term guidance of key metrics



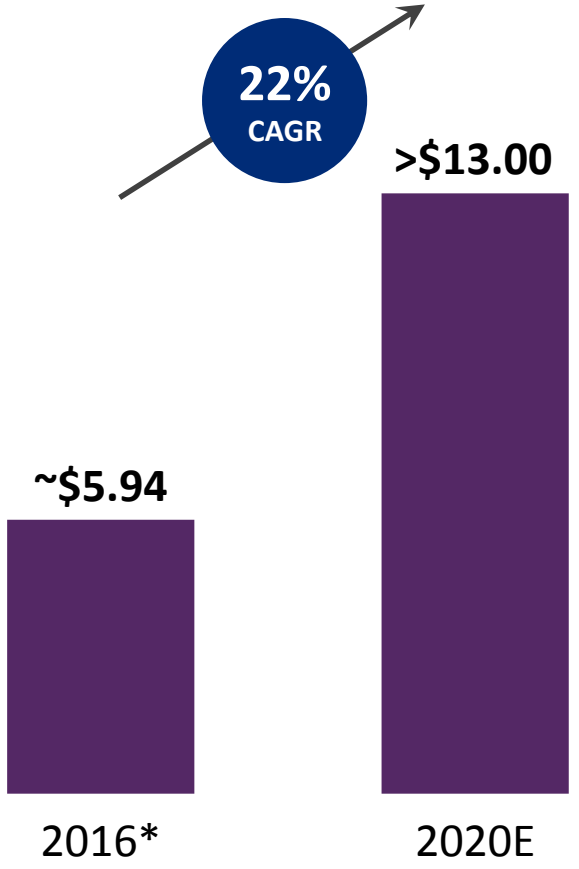
Delivering Industry-Leading, Volume-Driven Growth

Example

Total Revenue
($B)



Adjusted Diluted EPS
($)



*2016 amounts are preliminary and unaudited; 2020 targets at currency exchange rates on January 9, 2017

RULE #5

Rehearse: Delivery and Q&A

- 70% of impression is the delivery not the slides!
- Avoid pitfall “I’m a good speaker, don’t need to rehearse!”
- Minimum of 2 full-team rehearsals
- Rehearse Q&A – analysts want ~50% of time for Q&A



IN SUMMARY

The Five Rules of Engagement Help Debunk the Myth

MYTH

Investor days are fairly straightforward to organize and usually successful





Holding a Successful Investor Day:
Investor Day Presentation Best Practices

Four Best Practices to Create to a Successful Investor Day Presentation



Best Practice #1: Clear Messages:

Each speaker's presentation should be built around three to four clear messages and should be **SUMMARIZED ON THE LAST SLIDE** of their presentation – see example next slide

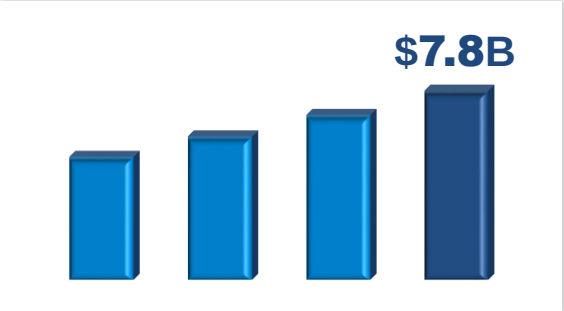
Example

IN SUMMARY

Repositioned with Stronger Financial Profile and Disciplined Execution

Repositioned and Strengthened

- 3 strategic actions
- More synergistic businesses



Attractive Financial Profile

- More predictable performance with strong cash flow
- Less cyclical



Disciplined Execution Focus

- Laser focus on execution
- Clear goals



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Best Practice #2: Logical Flow that Tells a Story

Each speaker's presentation should start with an **AGENDA SLIDE** which is then used as a **DIVIDER SLIDE** before each section

– see example next slide

Agenda

Electrical & Electronic Solutions Overview

Key Strengths

Growth Strategy











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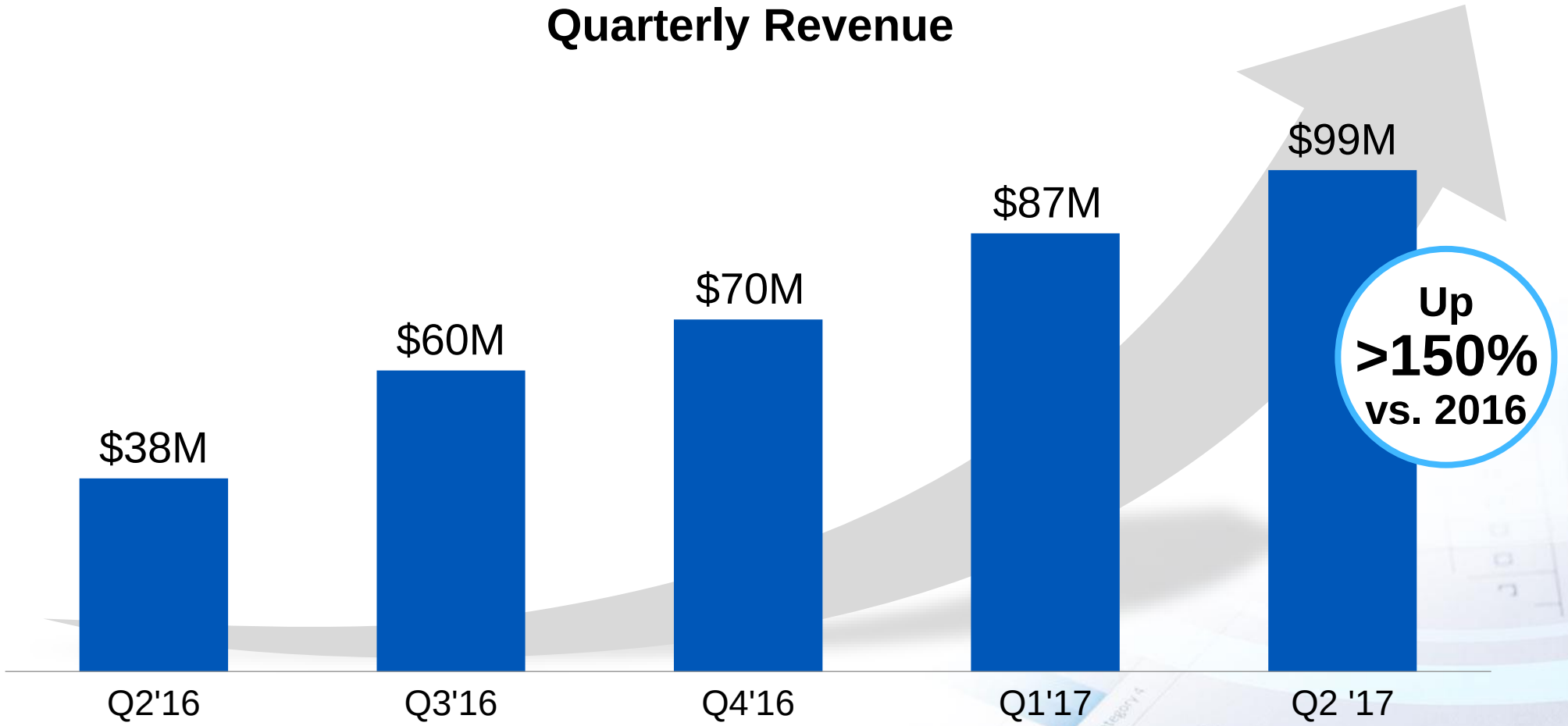
Best Practice #3: Effective Slides

Each slide should have **ONE CLEAR TAKEAWAY IN THE TITLE** and the content on the slide should support it in a simple clear way without excessive clutter

- see example next slide

Demonstrated Revenue Momentum



The 3 Second Rule:
A Fully Understandable Slide in 3 Seconds

Slide should be clear

and understandable within

3 seconds

of appearing



Presentation Best Practice Checklist: Does each Presentation Have…

- A summary slide with 3-4 messages ?
- An agenda slide used also as a divider slide ?
- A clear takeaway in the title of each slide ?
- Slide content that is simple, clear and supports the takeaway ?