

Corporate websites: the good, the bad and the ugly

The research team asked 140-odd investors and analysts what they think of corporate IR websites and, in particular, what they find frustrating when searching for information. The first thing to say is that the biggest group, well over a third (36 percent), has no trouble finding what it wants. Of those less-than-perfectly satisfied, 18 percent want better access to past presentations and web conferences and 17 percent want to be able to find archive information.

There are other, more particular complaints, as well. 'I need more up-to-date information when a company expands operations and locations,' says one sell-side analyst. But perhaps most of the concerns relate to information about the past or the future. This comment covers both, and is typical: 'I find upcoming events are not updated sufficiently and press releases should go back as far as possible as we need to be able to look at the history.' That's the view of an investor but it echoes

Website issues	
What needs to be improved on corporate IR websites?	
Respondents	%
Latest web conferences or presentations	18
Archive information	17
Navigation issues	14
Upcoming events	7
IRO contact information	3
Seldom use websites	6
Nothing, all there	36

Note: Figures add to more than 100 percent due to rounding

the view of this sell-side analyst: 'I wish they would do a better job of posting archive information in Excel format.' And this one: 'Some companies provide historical data. I just wish more did.'

Many members of the investment community are pretty satisfied, however. This confident sell-side analyst has little difficulty: 'There's always an optimum way of using each website; it's just a case of working it out.' Similarly, this buy-sider generally knows how to find what he needs: 'Most of my companies have redone their sites in the past year or so and, as I have them all bookmarked, I can go straight to the pages I need. Some of the smaller companies are lacking in historical archive but, on the whole, it is fine.'

And then there are those who, hard though it may be to believe, have yet to catch up with the internet age. 'I stay away from the internet as much as I can,' says one buy-sider. 'I prefer to phone to find answers.' And he's not alone: 'I'm not a big fan of trawling websites. I prefer face-to-face or phone calls and just asking.'

negative

'Recent presentations are easy to find but some companies take them down too quickly' – SELL SIDE

'Past presentations, please: some companies take them down after six months' – BUY SIDE

'Past results in Excel format, please' – BUY SIDE

'Navigation can be a problem. Sometimes they mention information in a conference call but we can't find it. I wish they'd add it to the quarterlies instead of making us jump through hoops to find it' – BUY SIDE

'I want to click once on 'IR', then the relevant information should be easy to find but all too often the most important information is several clicks away' – BUY SIDE

'I think there should be a standard IR interface with all the information we need, including IR contact names, and all companies should use it' – SELL SIDE

'It's really annoying when companies don't post earnings presentations in PDF. This amounts to poor financial disclosure as it makes it difficult for us to use. They should leave it on there for a few years, too' – BUY SIDE

'I would like to see more disclosure, information on orders and geographical strengths in each segment. Many companies obscure this information by putting the segments together' – BUY SIDE

positive

'My sector (banks) is so highly regulated that firms have to put everything on the website' – SELL SIDE

'I use Yahoo Finance! You click on the company you want and it goes straight through to its website. It's mainly very good with drop-down screens. Most have them, some don't, so what?' – BUY SIDE

'It's all there – by which I mean it is, eventually!' – SELL SIDE

1 Covidien

AWARD WINNER (see below) | BEST IN SECTOR (see p93)

Listing information	Large cap NYSE Healthcare		
CEO	José Almeida		
CFO	Charles Dockendorff		
Head of IR	Coleman Lannum		
IR team	Todd Carpenter, Ann Broughton		
IR team size	Three		
IR awards	Grand prix for best overall investor relations program – large cap Best investor relations officer – large cap Best IR by a CEO or chairman – large cap Best investment community meetings Best investor relations during a corporate transaction Best in sector – healthcare		
Contact information	www.covidien.com	cole.lannum@covidien.com	+1 508 452 4343
Rank	2013: 1	2012: 1	
Investor/analyst feedback			
‘Covidien is always on the road getting in front of people, with the CEO and CFO ever-present, and it hosts the most frequent and best-presented investor days. The head of IR has a buy-side background, which is useful’ – buy side			
‘Covidien consistently communicates with the Street, whether the news is positive or negative’ – sell side			
‘There are very few surprises with Covidien, as it reaches out to us and makes sure we are well prepared, and that reduces uncertainty. The IR team gives out a very clear message’ – sell side			
... see page 23 for more			

Equal treatment

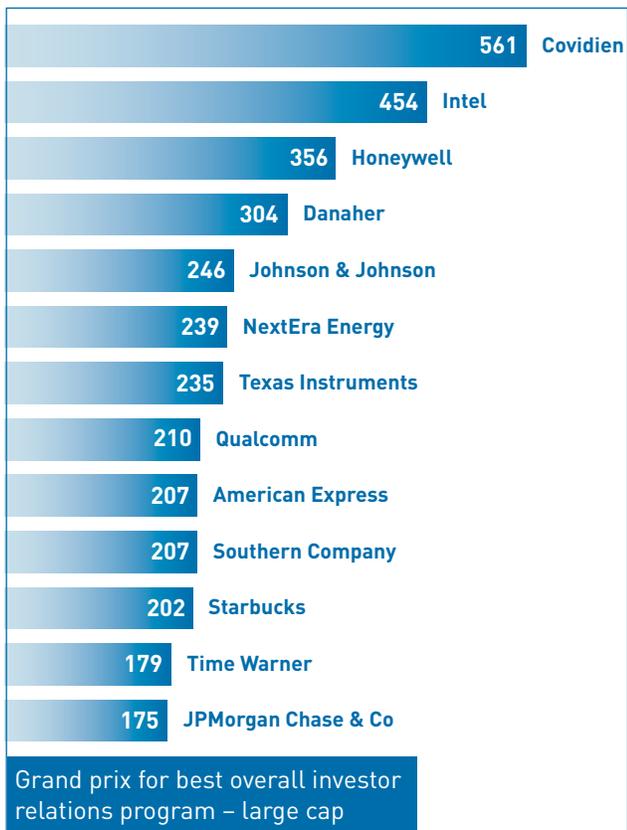
It's another year at the top of the pile for medical equipment supplier Covidien, as 2014 marks the company's fourth year in pole position in the US Top 100. Of the nine awards it is nominated for this year, Covidien walks away with six – double last year's tally – including the coveted grand prix for best overall investor relations at a large-cap company.

It's also the fourth year in a row that Cole Lannum, the company's head of investor relations of eight years, has been named as the best IR professional at a large cap. His close-knit, three-person team includes an administrative assistant and a rotating senior director of IR. 'I expect to have him around for another six to 12 months before I lose him to bigger and better things in the organization,' muses Lannum.

He adds that the rotational program is something that is supported at the executive level at Covidien, and that the IR position is treated as a 'cherished role' in any young executive's formative years. 'It's unusual in a lot of different ways for an up-and-coming career-minded person to come and learn IR for two or three years, and to get unprecedented exposure to the senior management team and the board,' he explains.

The support from above, Lannum continues, is keenly felt in IR: Covidien's CFO, Charles Dockendorff, is nominated for the award for best IR by a CFO, and the firm's CEO José Almeida wins this year's award for best CEO for IR among large-cap US companies. 'They get it when it comes to understanding the importance of the investment community as a constituency, and their roles

US TOP 100



in communicating with it,' explains Lannum.

Equally important, however, is the understanding that IR is Lannum's ultimate responsibility, and though Dockendorff and Almeida are involved, neither is a micro-manager. 'They let me handle IR and are available when needed, but they stay out of my way and let me deal with the day-to-day functioning of things,' Lannum says. 'I think the relationship works out really well because of that combination.'

The other side of this relationship means IR has become strategically far more important at Covidien, where it has become 'entwined' with the company's wider strategy, business development and other

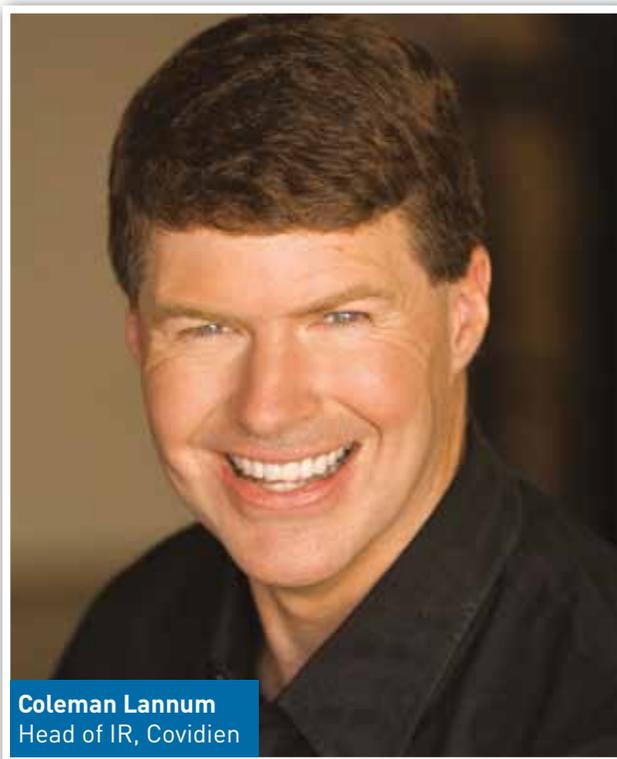


long-term projects. Senior management is mindful of what investors think about the company and want to happen, Lannum notes, and IR is used to inform high-level portfolio and strategy meetings as a matter of necessity. 'The flip-side is that this allows me to speak as someone with authority when answering investors' questions,' Lannum continues. 'Knowledge of a long-term project, for example, allows me to shape my answers a bit more appropriately and respond well.'

For Lannum, 2013 proved to be a year for consistency, not only when it came to maintaining his firm's high IR standards, but also for shaping the way in which he and his team interact with each investor. 'We think of the entire investment community, agnostically,' Lannum expands. 'Whether I've got someone I've never heard from before who runs \$10 mn of assets, or Fidelity or Capital Research or the Government of Singapore or a retail investor before me, we try to treat them all in exactly the same way. If you're interested in a piece of information on what we have, I don't think it's my job to try to judge what kind of investor you are.'

As a result, Covidien's team members don't spend an undue amount of time on shareholder targeting but try to maintain a mutual appreciation for each other's – and constituents' – time. The reality is, Lannum adds,





Coleman Lannum
Head of IR, Covidien

that IR is a 24/7 job. 'Particularly when portfolio managers or analysts are trying to make a decision and need a few facts to help them, if I'm the only one in the way of them coming to a conclusion then they're going to appreciate a quick and accurate response,' he explains. 'If I'm on the phone at 8.00 pm on a Sunday night, it's because an event has happened, something is going on and my constituents need answers.'

This involves a busy travel program, during which Lannum estimates his team participates in 40-45 IR events annually. 'If you exclude earnings and holidays, it works out at about one investor event a week, every week, over the past five years,' he calculates. These extend from multiple investor days and events at Covidien's plants and organizations around the world to non-deal roadshows and investor conferences. 'It's really across the board,' Lannum summarizes.

Covidien's shareholder base requires this kind of attention, however. Lannum describes his company's holding as 'widely institutional' among a fairly small pool of investors. Over the last few years, 'we've seen an uptick in western European ownership,' he notes. As an Irish public limited company – officially based in Dublin – Covidien enjoys many European investment firms holding a stake in the business, while US-only funds can also benefit from its NYSE listing. 'We didn't design the company to appeal to so many different organizations,'

125	Covidien Coleman Lannum
64	Intel Mark Henninger
60	American Express Rick Petrino
49	Discover Financial Services William Franklin
45	Danaher Matt McGrew
42	Texas Instruments Ron Slaymaker
39	Honeywell Elena Doom
38	Baxter International Mary Kay Ladone
38	Colgate-Palmolive Bina Thompson
38	UnitedHealth Group John Penshorn
37	McDonald's Chris Stent
36	Illinois Tool Works John Brooklier
36	Procter & Gamble John Chevalier
35	Johnson & Johnson Louise Mehrotra

Best investor relations officer – large cap

jokes Lannum. 'It's just a fringe benefit of the way we're structured.' Because of this, Covidien's management holds four to five board meetings in Dublin annually, and can jump across to mainland Europe for a few roadshows at the same time.

One event that dominated Covidien's 2013 was completing the spin-off of its dedicated pharmaceuticals business, Mallinckrodt, into a listed entity in its own right. After months of planning, the business was finally spun off and trading opened on July 1, 2013. Even though Mallinckrodt was well known in the specialist pharmaceutical industry, Lannum describes the process as one of investor education. To that end, bolstered with a new IRO hired just for the task, the spun-off business' relatively new CEO and CFO were brought to a number of meet-and-greet events and generally made available to inquisitive investors.

'We had to make sure they had a platform early, while they were still part of Covidien, so they could set their own communication objectives or their own meetings,' Lannum explains. Several quarters before the spin-off itself – in late 2012 and early 2013 – Mallinckrodt's IR contingent was meeting investors on non-deal roadshows and at sell-side conferences, while the firm's CEO was meeting with investors one-to-one

and answering their questions. Lannum, meanwhile, waited in the wings as an observer, both to help and to fulfill disclosure requirements.

New investors were also given an extensive shareholder deck compiled from both companies, produced to be above and beyond SEC requirements, and bursting with a complete history of both companies and a comprehensive view of the numbers involved. 'We put our heads together and thought about what we would need to make an appropriate valuation decision if we had never heard of the company before,' Lannum

recalls. The effort was appreciated by investors, and named by so many as a model for IR undertaken during a corporate transaction that Covidien picked up another IR Magazine Award for the way it communicated with investors during the spin-off.

In light of such a busy 2013, what are Lannum's plans for 2014? 'Nothing really earth-shaking,' he replies. 'I think it's going to be much the same as what you've seen in the past. We may be tweaking some of the events we do, but fundamentally we're going to remain focused on what people are really interested in.'

THE VIEW FROM THE TOP

Interview with José Almeida, chairman of the board, president and CEO at Covidien

What did you feel was the most important thing to communicate to investors in 2013?

The spin-off of our Mallinckrodt business was a big event for us this year and IR communications were critical. Additionally, it has been important for us to communicate about our agility in responding to the changing healthcare landscape. Ongoing shifts in healthcare are putting pressure on the entire industry and it is important for investors to understand how our strategy positions us to grow and drive shareholder value in the face of these changes. We are also seeing success in our investments in emerging markets where we are growing above the market in key areas, including more than 25 percent growth last year in Brazil, Russia, India and China.

Finally, our commitment to return on invested capital and capital deployment has been a major focus area. We remain committed to using our strong cash flow to fund business expansion, while returning at least 50 percent of our free cash flow to shareholders through dividends and share repurchases. We returned more than 130 percent of our free cash flow to shareholders last year.

What do you enjoy most about your role in IR?

I like hearing from the very smart people who follow our company. I am always learning and our investment community helps teach me many things about our business from an outsider's point of view.

Why is IR treated with such importance at Covidien?

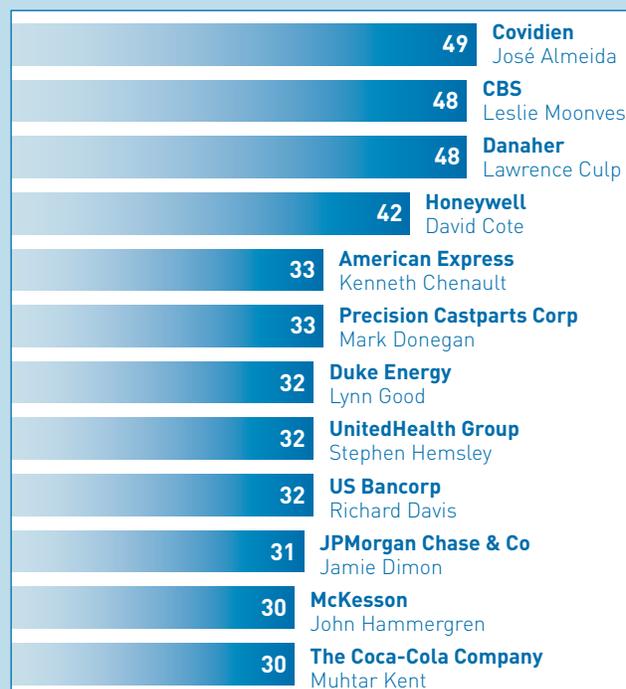
All of our constituencies are important and that certainly includes investors. We believe differentiated IR can add value over time: from day one when we

spun off as an independent company in 2007, we have viewed IR as a differentiator and have focused on it.

I believe a superior investor relations function enables our senior team to spend more time on running the company. One of the advantages of having a highly effective IR team is that I trust it to do much of the day-to-day communication, so neither I nor one of my senior operating managers is required to be present for every single meeting.

How would you describe the IR philosophy at Covidien in three words?

Transparent, credible and responsive.



Best IR by a CEO or chairman – large cap

BEST IN SECTOR

METALS & MINING



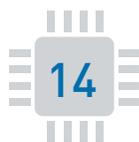
1	UNITED STATES STEEL	78 pts
2	Freeport-McMoRan Copper & Gold	75
3	Alpha Natural Resources	45
4	Carpenter Technology	42
5	Cliffs Natural Resources	34

OIL & GAS



1	ANADARKO PETROLEUM	148 pts
2	Noble Energy	106
3	Plains All American Pipeline	102
4	Southwestern Energy	89
5	Range Resources	83
6	ConocoPhillips	75
7	Chevron	72
8	Schlumberger	66
=9	Halliburton	63
=9	Noble Corp	63
11	Marathon Petroleum	60
12	EOG Resources	52

2014 TOP 100 BY SECTOR



2014 TOP 100 BY SECTOR



PHARMACEUTICALS & BIOTECH



1	JOHNSON & JOHNSON	246 pts
2	Eli Lilly and Company	151
3	Actavis	141
4	Celgene	128
5	Perrigo Company	109
=6	Herbalife	95
=6	ViroPharma (now part of Shire)	95
8	Abbott Laboratories	89
9	Allergan	88
10	McKesson	87
11	St Jude Medical	80
12	Bristol-Myers Squibb	77
13	Pfizer	65
14	AmerisourceBergen	61
15	AbbVie	60
16	Cubist Pharmaceuticals	55
17	Biogen Idec	53
=18	Cardinal Health	51
=18	Integra LifeSciences	51
=18	NPS Pharmaceuticals	51

REAL ESTATE



1	SIMON PROPERTY GROUP	137 pts
2	American Capital Agency	61
3	Standard Pacific Corp	58
4	SL Green Realty	43
5	American Tower	41
=6	Boston Properties	39
=6	Redwood Trust	39
8	Marriott Vacations Worldwide	36

Methodology

The sample group for this study consists of sell-side analysts, buy-side analysts and portfolio managers. Ipreo provided contact details of more than 23,000 buy-side analysts, sell-side analysts and portfolio managers based in the US and covering US equities. The first stage was to email all the contacts with an electronic version of the survey, programed by research firm Fox Insight. Fieldwork for this took place during October 2013 and 348 respondents completed the online survey. In October and November 2013 Mary Maude Research in London interviewed a further 352 people by telephone, taking the total responses to 700. On average, telephone interviews took 10-25 minutes.

Points, rankings and awards

POINTS

Each respondent was asked to make three nominations per award category: first, second and third. A first choice nomination earns six points, a second choice earns three and a third choice earns two. The total number of points is then calculated by multiplying by six the number of firsts, by three the number of seconds, and adding two points for each third. This points system is also used for all of *IR Magazine's* perception studies around the world.

RANKINGS

The points allow us to rank all companies in the entire investor perception study. This is done by adding together all the points in the 10 awards categories open to all companies (so excluding best investor relations during a corporate transaction, best crisis management, best IR for an IPO, the sector awards and the overseas company awards). The company with the highest number of points obtains the number one ranking. As companies' points decrease, so do their rankings. This year the lowest number of points any ranked company can have is 30.

AWARDS

There are a total of 40 awards in this report. Awards are given for each category asked within the survey. The company or individual with the most points in each category wins the award. Leading companies are also classified according to the following sectors:

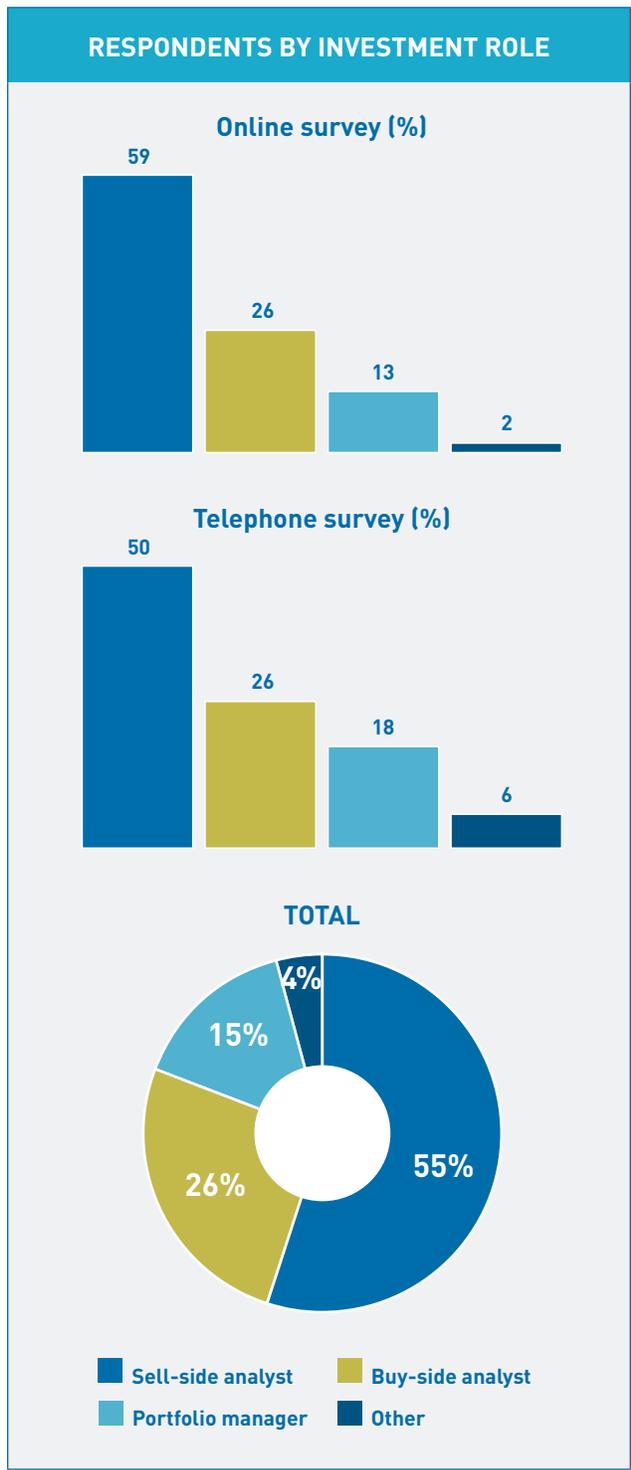
Chemicals
Consumer goods
Consumer services & business services
Diversified industrials
Finance & insurance
Healthcare
Leisure, media & restaurants
Metals & mining
Oil & gas
Pharmaceuticals & biotech
Real estate
Retail
Technology
Transport
Utilities

The winners of each of the sector awards are determined by adding together each company's points from all the other awards categories and ranking the firm within its sector. For best investor relations officer, best IR by a CEO or chairman, best IR by a CFO and the grand prix awards there are separate short lists for large-cap, mid-cap and small-cap companies. Using the NYSE and NASDAQ indices, a company's market cap was determined as of October 2, 2013 as follows:

<\$2 bn	Small cap
\$2 bn-\$20 bn	Mid-cap
>\$20 bn and over	Large cap

Respondents

In October 2013, 348 respondents completed the online survey. A further 352 were interviewed by telephone in October and November 2013.



RESPONDENTS BY SECTOR

	Online survey	Telephone survey
All or most sectors	44	80
Chemicals	13	6
Consumer & business services	36	13
Consumer goods	39	27
Diversified industrials	34	37
Financials	53	27
Healthcare	60	24
Leisure & media	28	23
Metals & mining	11	7
Oil & gas	26	26
Pharmaceuticals & biotech	17	14
Real estate	-	8
Retail	35	10
Technology	41	48
Transport	15	9
Utilities	16	14
Small & mid-cap companies	-	9
Other	30	-

- 1,150 US companies received one or more nominations
- The number of companies in the rankings (those with 30 or more points) has increased from 339 in 2013 to 448 in 2014
- Of the 2014 Top 100 companies, 90 have more than 100 points, compared with 51 companies in 2013

IR in the US

Q1 Is high-frequency trading (HFT) good or bad for long-term investors?

Q2a Have you used video for meetings with companies?

Q2b Do you think video can replace face-to-face meetings?

Q3 When trying to find information on corporate websites, what kind of searches are most often unsuccessful or otherwise frustrating?

Q4a Are you increasing or reducing your use of the sell side for research or corporate access?

Q4b If reducing, what are you doing instead?

THE AWARDS

Q1 BEST FINANCIAL REPORTING (annuals, quarterlies)
Which US companies do you think have the best financial reporting?

Q2 BEST USE OF TECHNOLOGY
Which US companies use technology best in support of their IR programs?

Q3 BEST USE OF SOCIAL MEDIA
Which US companies use social media well?

Q4 BEST INVESTMENT COMMUNITY MEETINGS
Which US companies hold the best meetings for investors and analysts?

Q5 BEST CORPORATE GOVERNANCE
Which US companies have the best corporate governance policy?

Q6 MOST PROGRESS IN INVESTOR RELATIONS
Over the last year, which US companies have most improved the quality of their overall investor relations program?

Q7 BEST SUSTAINABILITY PRACTICE
Which US companies have the best sustainability practice?

Q8 BEST IR DURING A CORPORATE TRANSACTION
Please name the US company you think conducted the best IR program, over the past year (2013), during a corporate transaction.

Q9 BEST CRISIS MANAGEMENT
Which US companies that faced specific crises in the past year (2013) handled them best in terms of communications with the investment community?

Q10 BEST IR FOR AN IPO
Which US company conducted the best IR during an initial public offering over the past year (2013)?
Company:
When?

Q11 BEST IR BY A CFO
Which US companies' CFOs do the best job of communicating with the investment community?

Q12 BEST IR BY A CEO OR CHAIRMAN
Which US companies' CEOs or chairmen do the best job of communicating with the investment community in support of their companies' IR?

Q13 BEST INVESTOR RELATIONS OFFICER
Which US companies have the best IR officers representing them?

Q14 GRAND PRIX FOR BEST OVERALL INVESTOR RELATIONS PROGRAM
Of all the US companies you are currently dealing with or have dealt with in the past year, which companies do you believe have the best overall IR?