A network diagram with dark blue circular nodes connected by thin lines, set against a light blue gradient background. The nodes are arranged in a non-uniform pattern, with some having multiple connections.

# Guideline Analyst Presentations

Version 2.0

June 2020

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# Introduction

Analyst presentations, as we all know, are a way of reaching the main goals in investor relations, i.e., among others, to enable the company to achieve the optimum share price that reflects the fundamental value of the company, to provide financial information to retail and institutional investors in a timely and accurate way, and to provide financial and non-financial data to support company valuations. With academic research confirming in countless scientific papers and meta papers that companies with outstanding IR practices tend to have a higher premium and lower costs of capital, investments in analyst presentations seem to be a very reasonable use of funds.

Notwithstanding the omnipresence of analyst presentations in professional Investor Relations (IR), very little attention has been given by academics, standard setters, regulators, and the investment community to the instrument per se. Since DVFA – The Association of Investment Professionals – has been assisting companies in optimising their investor relations for decades now, we felt obliged to publish an update of the previous analyst presentation guidelines which were originally published in cooperation with PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft almost a decade ago. What you have in your hands right now is a long-overdue update of this first version.

Although the instrument is typically referred to as “analyst” presentation, the addressees are more than “just” financial analysts. Analyst presentations are made for investment professionals from the buy-side e.g. fund managers, asset managers, equity strategists, and also for investment decision intermediaries such as rating analysts, M&A, and corporate finance staff, sustainability analysts, wealth managers, and advisors from the audience of analyst presentations and, last but not least, private investors. For the description of the instrument and for historic reasons the term analyst presentation might be sufficiently precise, but one should keep in mind that the audience is far wider and more diverse than the name suggests.

The word presentation also seems to suggest that the main purpose of an analyst presentation is to serve as the vehicle with which corporate senior managers structure the content of a live presentation to an audience e.g. in an analyst meeting. However, analyst presentations are also disseminated through webpages that are independent of any physical meeting, they often serve as complementary information in the context of conference calls e.g. when companies report quarterly performance data and they are often also the type of brief information package used by investment professionals when quickly scanning the corporate for concise performance data (“what is new at company XYZ?”).

While the pitfalls of analyst presentations seem to be easy to identify – no convincing storyline, no structure, lack of facts, no clear message, and sections that are not clearly linked together – a best practice guide for how-to-do-it-properly does not exist. Therefore, the aim of these analyst presentation guidelines is to make recommendations for improving analyst presentations through applying standardisation.

Peter Thilo Hasler, Member of the Board of DVFA and Deputy Head of the DVFA Commission Corporate Analysis

# Language of Analyst Presentations

The language of capital markets is English. Even German-speaking investment professionals consult English publications. Analyst conferences and conference calls with international participants are already held almost exclusively in English. It would thus be inefficient to arrange for a German translation of the analyst presentation.

The language on the slides should also reflect the customs and needs of investors and analysts, i.e. the language on the slides should be concise, and should be set out in bullet points rather than in lengthy prose. The language style used in analyst reports should be used as a guide. The aim should be to ensure that the wording in the updates and reports of analysts is reproduced and thus multiplied in the market.

In their verbal communication, speakers should communicate their messages using short sentences, with as few digressions as possible. Good English should be taken for granted. Capital markets like to see specialist knowledge communicated authentically.

# Use of Charts, graphs, and tables

Even the most interesting piece of information can look dry or dense when written down in text. In order to avoid what is among millennials known as “TL; DR” or “Too Long, Didn’t Read” many speakers turn to charts, graphs, and tables. They are effective tools for helping people visualize and comprehend large amounts of data and make any financial analysis readable. Today, there is hardly a single slide with no charts and graphs on it. Therefore, it is necessary to be aware of what good charts and bad charts look like and how to avoid the latter when telling a story with data.

Firstly, let us talk about the wording. Charts present information in the form of graphs, diagrams, and tables. Graphs show the mathematical relationship between sets of data, i.e. graphs make pictures of numerical information. Graphs are one type of chart, but not the only type of chart. In other words, all graphs are charts, but not all charts are graphs. Charts are a group of methods for presenting information, while graphs provide one of those methods by presenting data in a visual format.

The importance of charts and graphs comes from the fact, that recipients can quickly see what’s going on with the data presentation, saving the speaker time for deciphering their actual meaning. Graphs can be simple, or they can be quite complicated, but they should always be selected to present their data as clearly as possible. More importantly, great visuals facilitate business decision-making because their goal is to provide persuasive, clear, and unambiguous numeric communication.

While incorporating data visualization into analyst presentations is essential when working with statistics, there is only one best option for the presentation of the data. It all begins with selecting the right chart. While bar charts should be used for comparisons, line charts work better for trends. Scatter plot charts are good for relationships and distributions, and pie charts should only be used for simple compositions, but never for comparisons or distributions. Tables, on the other hand, are essentially the source for all the charts. Therefore, tables are best used for comparison, composition, or relationship analysis when there are only a few variables and data points. It does not make much sense to create a chart if the data can be easily interpreted from the table.

The next decision to make is about the title, an often-neglected element of charts. A good title is short, clear, and tells a story on its own (see also the comments on action titles). For example, “Revenues were up by 8.9%, significantly outperforming market growth” is one of those clear titles, demonstrating that sometimes a more “dry” and “technical” title should be preferred. If a speaker wants to give out more information, the headline can be separated into a title (“story information”) and a subtitle (“technical information”). In this case, the subtitle should be less prominent than the title, f. ex. by decreasing font size, or changing the font colour (or both).

# Procedure for Publication

Based on the clearly expressed needs and expectations of investors, on our own professional experience, and on the good practices we have observed during our research work, we recommend the following procedures:

## 1. Timing

On the date of publication, the presentation should be placed on the Internet and sent by email at least 30 minutes before the start of the analyst conference, irrespective of whether the analysts attend the conference in person or whether the conference is a conference call. The same set of slides should be used. The typical time for presenting the documents on the reporting date (release, report, analyst presentation, etc.) is and should be between 07:00 a.m. and no later than 08:00 a.m. Analysts and investors are then able to evaluate and communicate the data in their morning meetings and morning notes. If the information is published later, the result is a lower level of attention on the reporting date (see also DVFA Principles for Effective Financial Communication Version 2.1 as of May 2007).

## 2. Online Presentation and Archiving

In addition to the analyst presentation, the annual report or interim report, Excel® documents and the link to the live streaming should be placed online at a point where they can easily be found and are then archived in a meaningful structure. An attractive additional element is the availability of a transcript of the conference, which enables participants to read management comments, answers to questions, etc., and to integrate them in written reports (see also DVFA Principles for Effective Financial Communication Version 2.1 as of May 2007).

## 3. Duration and Time Considerations

The optimum time for holding the analyst conference (attended by participants in person or a call conference) is the late morning or early afternoon; this enables players from the East Coast of the USA to join the conference.

The pure speaking time is approx. 45 minutes, with time equally split between the CEO and CFO. The overall time of the presentation should not exceed 50 minutes. The Q&A session is of crucial importance to many players, and lasts between 30 and 60 minutes, depending on the contents that have been reported. One hour should always be planned for Q&A. And, of course, all speakers must be available to answer questions until the end of the conference.

## 4. Recording and Transmission of the Analyst Presentation

The analyst presentation should always be transmitted via a telephone or video conference. The following set-up has proved to be best practice:

- Before the presentation, investment professionals are notified of log-in data and a password which they can use to log into the transmission of the conference call or video conference in parallel with those participants who attend the conference in person;
- The spoken word of the company's management is transmitted simultaneously into the telephone conference or distributed via videoconference channels;
- Logged-in participants can contribute to the proceedings, and can take part in the Q&A session;
- A service provider, e.g. US-based Premiere Global Services Inc. or German EQS Group AG (formerly known as Equity Story AG, can be used to make the presentation slides available online so that slides in the physical conference room are forwarded simultaneously. The spoken word is transmitted to participants via a telephone line, and the slide presentation is transmitted in parallel via the Internet.

The analyst presentation, including the question and answer session, should always be recorded and made available in the form of an MP3 file or as a transcript file via the company's homepage for at least 12 months (see also DVFA Principles for Effective Financial Communication Version 2.1 as of May 2007).



# Formats: Definition, Interaction, and Overlaps

We have observed that companies use a variety of presentations similar to the analyst presentation, depending on the event, occasion, and target group. However, some companies use "one for all", or none of them, and others mix them up. To ease and support analysts for investors' choice of the relevant presentation, we opt for a more standardised usage of IR presentations.

These are the prevalent formats with the common definitions and terms:

## 1. Full Version and Live Version

Some companies distinguish between the complete information package for analysts and investors on the one hand and the set of slides which accompanies the management presentation on the other. The latter is thus a considerably compressed subset of the complete package. This is very meaningful particularly in the case of very large analyst presentations (> 40 slides), as management can thus concentrate on the essential aspects. However, the slides should be provided with references to the full package.

## 2. Special Events

It is considered good practice to organise conference calls, where possible with management board involvement, in the case of events and news which, when published, stimulate the particular interest of market participants and which give rise to open questions, i.e. situations which usually lead to the obligation to publish an ad-hoc release. This call is accompanied by a special analyst presentation which provides an extensive explanation of the situation and which is made available to everybody when placed online. The following are examples of special events:

- M&A transactions
- Capital measures
- Business results not in line with expectations that lead to a revision of forecasts (a.k.a. profit warnings)
- Market events which may have a material impact on the company's business model

## 3. Roadshow Handout

Unlike the analyst presentation, the sets of slides for individual investor meetings (also called "General IR Presentation") include the current quarterly information and also fundamental information concerning the company and its equity story. These investors are dealing with the company for the first time and are looking for slides with up-to-date data (e.g. financials, market data or the outlook).

As always, all handouts should be made available to all market participants and should be archived on the IR online sites of the issuer.

## 4. Factbook

A factbook is a compendium of slides which in general is updated permanently. Therefore, the factbook should be dated, so that investors know immediately when the factbook was published. It could almost be described as an "annual report translated into PowerPoint"; this is because the factbook features all figures, data, and facts that are relevant for capital market players. Not only financials but also operating data, information concerning the market, risk data, ESG, and CSR data are featured in the factbook.

Accordingly, it is not so much an instrument for the first investor meeting or for the quarterly update; instead, it is used mainly as a backup for research. Because of its comprehensive nature, the factbook is particularly suitable for coverage initiation by sell-side analysts.

#### **5. Interaction with Annual Report**

All information and statements should be derived from (audited) data from financial statements and the management report. The annual report should accordingly be used as a master version for all contents made available to the market. On the other hand, the analyst presentation with information being tailored for investment professionals is a trigger for annual reports, which should adapt these visual representations.

# Structure of Analyst Presentations: Best Practice Example

In the following, we propose an example structure for analyst presentations. The relevance of the individual items proposed differs among industries.

## The Use of Action Titles

Before we begin, some important remarks about the headlines. Have you ever heard of Nicolas Boileau-Despréaux? Born in 1636, the French author made an interesting observation that provides the key to a good PowerPoint slide title. He said that “what is conceived well is clearly expressed”. Transferred to the modern age it means that well-phrased titles attune an audience to the content and purpose of each slide, providing rapid orientation, and keeping the audience focused on the presentation.

This sort of slide title is called an “Action Title”. An action title is the main message that summarises exactly what the speaker wants to say with this slide. Delivered at the top of the slide and read one after the other, action titles form the “story line” of the presentation, also known as “golden thread”. A good action title is understood immediately. Action titles summarize the slide’s contents and give the audience security by providing a clear message.

## Best Practice Example No. 1: adidas AG

### CONTINUED PROGRESS IN STRATEGIC GROWTH AREAS GREATER CHINA AND E-COM UP DOUBLE-DIGITS IN 2019

**ADIDAS NORTH AMERICA**  
Added more than € 2.5 billion since 2015

+7%

**GREATER CHINA**  
Added more than € 2.7 billion since 2015

+15%

**E-COMMERCE**  
Added more than € 2.1 billion since 2015

+34%



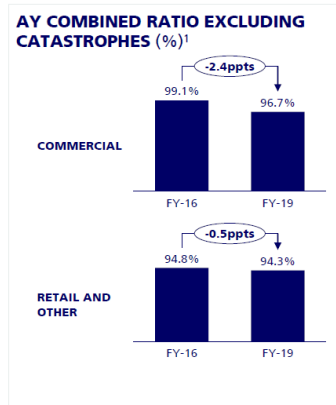
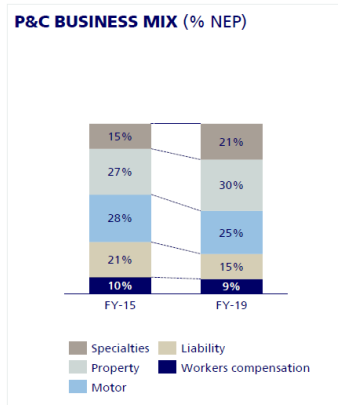
Currency-neutral.

13

**Source:** Presentation for the publication of the 2019 results, 11 March 2020, slide 13

Best Practice Example No. 2: Zurich Insurance Group

Improved P&C profitability and reduced volatility, with strong improvement in Commercial



<sup>1</sup> Accident year combined ratio excludes prior year reserve development (PYD). Catastrophes (Cat) include major and mid-sized catastrophes including significant weather-related events.  
<sup>2</sup> Volatility is measured as difference between lowest and highest ratio for the indicated period.

Source: Credit Investor Update, February 2020, p. 5

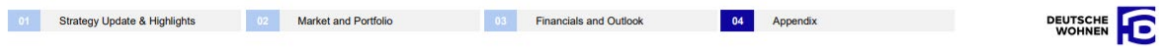
I Highlights (CEO)

A Introduction





**Relevance:** It is one of the basic forms of human interaction to introduce oneself to others. Nevertheless, many board members at investment or video conferences assume that everyone present knows them and their responsibilities. Newcomers among analysts and investors are often confused because it can be embarrassing for them to ask who is presenting.

**Presentation:** 1 diagram will suffice to introduce the names, functions, and responsibilities of those presenting, especially on Capital Market Days. Detailed CVs are not necessary at this point of the presentation.

Best Practice Example No. 3: Deutsche Wohnen AG



Management board and areas of responsibilities

			
<b>Michael Zahn</b>	<b>Philip Grosse</b>	<b>Henrik Thomsen</b>	<b>Lars Urbansky</b>
<b>Chief Executive Officer</b> <i>(Appointed until 31.12.2023)</i>	<b>Chief Financial Officer</b> <i>(Appointed until 31.08.2024)</i>	<b>Chief Development Officer</b> <i>(Appointed until 31.12.2023)</i>	<b>Chief Operating Officer</b> <i>(Appointed until 31.03.2023)</i>
<i>More than 20 years in the firm</i>	<i>Since 2013 at Deutsche Wohnen, since 2016 CFO</i>	<i>Since 2019 at Deutsche Wohnen</i>	<i>Since 23 years with Deutsche Wohnen, previously Gehag, since 2014 Managing Director rent development</i>
<b>Areas of responsibility:</b> <ul style="list-style-type: none"> <li>• Strategy</li> <li>• Asset Management</li> <li>• M&amp;A/ Disposals</li> <li>• Corporate Communication</li> <li>• Procurement &amp; Strategic Participations</li> <li>• HR</li> <li>• Marketing</li> <li>• IT</li> </ul>	<b>Areas of responsibility:</b> <ul style="list-style-type: none"> <li>• Corporate Finance &amp; Treasury</li> <li>• Accounting/ Tax</li> <li>• Risk Management</li> <li>• Internal / Audit</li> <li>• Investor Relations</li> <li>• Legal/Compliance</li> </ul>	<b>Areas of responsibility:</b> <ul style="list-style-type: none"> <li>• Property Development &amp; Technical Maintenance</li> <li>• Technology Investments</li> <li>• Neighborhood Development</li> </ul>	<b>Areas of responsibility:</b> <ul style="list-style-type: none"> <li>• Property Management</li> <li>• Rent Development</li> <li>• Customer Service</li> <li>• Property Development &amp; Technical Maintenance</li> </ul>
deutsche-wohnen.com			49

**Source:** Presentation for the publication of the 2019 results, 25 March 2020, slide 49

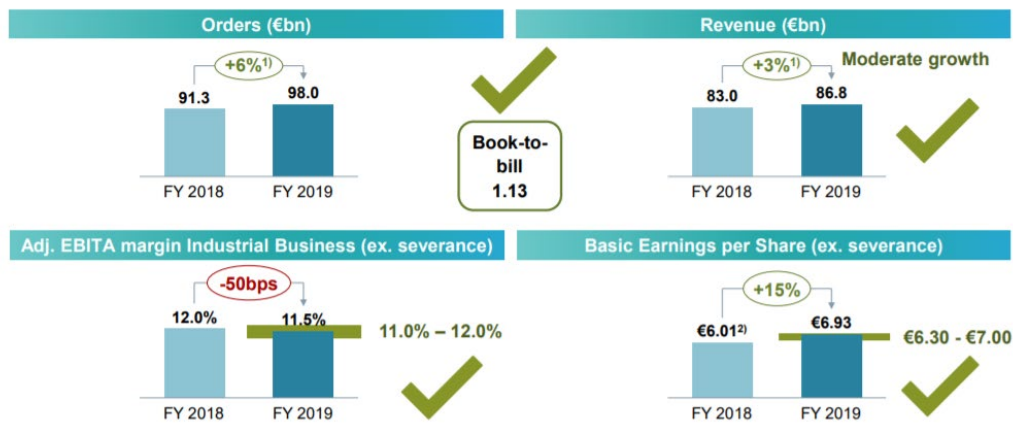
**B Executive Summary**

**Relevance:** Market players wish to access the key financials as quickly as possible on the morning of publication; under ideal conditions, they wish to access the key financials right at the beginning of the analyst presentation without having to search for them in the income statement or balance sheet.

**Presentation:** 3-4 diagrams to show selected key indicators (e.g. revenues, EBITDA, ROCE), including a comparison with previous year figures.

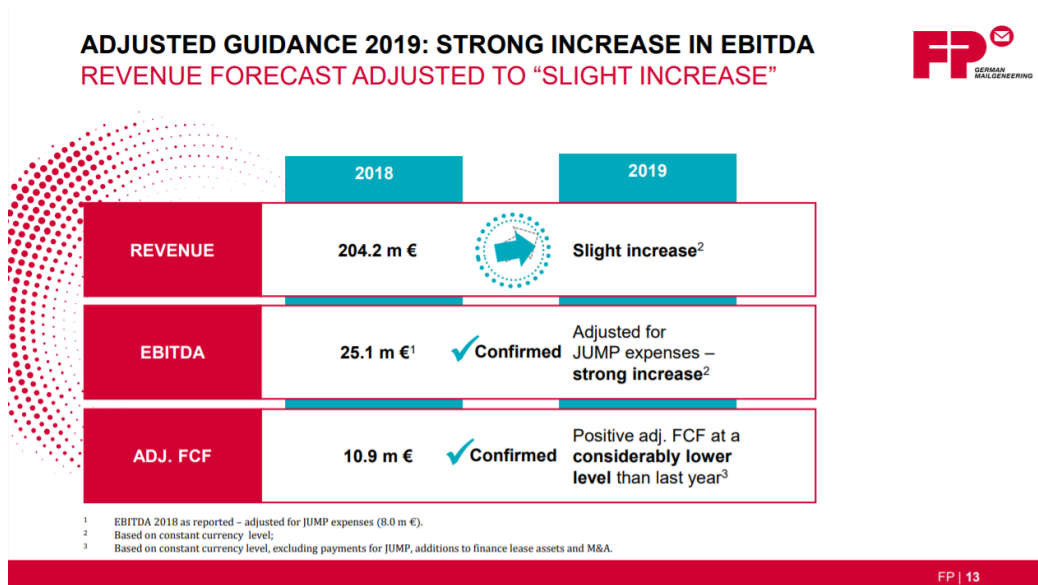
**Best Practice Example No. 4: Siemens AG**

**FY 2019 – Initial guidance achieved on all metrics**



**Source:** Presentation of the publication of the FY 2019 results, 07 November 2019, slide 4

**Best Practice Example No. 5: Francotyp-Postalia Holding AG**



**Source:** Presentation for the publication of the H1/2019 results, slide 13

**Best Practice Example No. 6: BT Group plc**

**2018/19 – a year of solid execution and delivery against core pillars**

- Solid financial and operational results
- Differentiated customer experience:
  - continued improvement in Group NPS<sup>1</sup>
  - launched BT Plus and 4G Assure, our first converged offerings
- Creating the best converged network:
  - doubled FTTP<sup>2</sup> footprint to 1.2m
  - continued recognition for the quality of our 4G network
  - preparing for imminent 5G launch
- Creating a simple, lean and agile organisation:
  - formed Enterprise and employees transferred to Openreach Limited
  - reduced gross roles by 4,000
  - outsourced facilities management
  - increased procurement savings
- More constructive and collaborative relationship with external stakeholders



<sup>1</sup>Net Promoter Score  
<sup>2</sup>Fibre-to-the-Premises

**Source:** Presentation for the publication of the Q4 and FY 2018/19 results, 09 May 2019, slide 6

**C Achievements**

**Relevance:** Investors and analysts wish to compare delivered figures with the given outlook since this is the main criterion for measuring the performance of companies and management. Companies should confidently document that they have achieved their original targets (a.k.a. guidance), or that they have even been able to provide a positive surprise. If the guidance has not been met; management should provide precise reasons why the original guidance needs to be lowered.

**Presentation:** A very clear solution is to provide a table setting out the main indicators, including the announced outlook, actual figures, a symbol (tick) indicating as delivered as well as the new guidance for the following year. Of course, not only financial but also qualitative targets can be disclosed at this point.

**Best Practice Example No. 7: Adidas AG**

**P&L HIGHLIGHTS**  
DELIVERED ON 2019 GUIDANCE

	Outlook 2019	Results 2019
Net sales*	Increase of 5% – 8%	Increase of 6%
Gross margin	Increase to around 52.0%	Increase to 52.0%
Operating margin	Increase of 0.5pp – 0.7pp to 11.3% – 11.5%	Increase to 11.3%
Net income from continuing operations	Increase of 8% – 12% to € 1.845 – € 1.915 billion	Increase of 12% to € 1.918 billion
Basic EPS from continuing operations	-	Increase of 15% to € 9.70

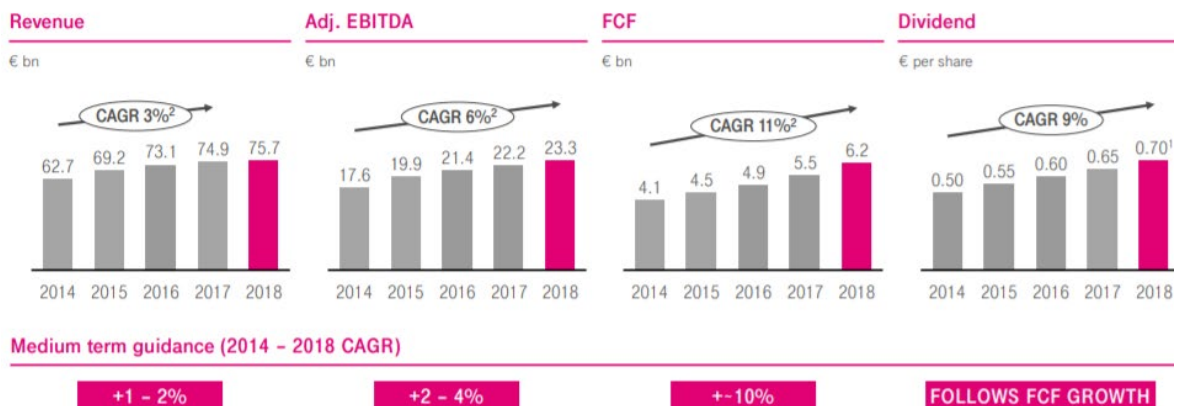
**Source:** FY 2019 results, March 11, 2020, slide 12

Best Practice Example No. 8: Deutsche Telekom AG

2018 FINANCIALS: GUIDANCE BEAT

€ bn	Revenue	Adj. EBITDA	FCF
2014 – 2018 CAGR <sup>1</sup>	+1 – 2%	+2 – 4%	≈+10%
Initial 2018 Guidance (\$/€: 1.13) Group	Slight Increase	Around 23.2 bn	Around 6.2 bn
Final 2018 Guidance (\$/€: 1.13) Group	Slight Increase	Around 23.6 bn	Around 6.3 bn
<b>Results 2018 Group</b> (at \$/€ 1.13 and adjusted for consolidation changes)	<b>77.1 (+3.1%)</b> ✓	<b>23.7 (+7.2%)</b> ✓	<b>6.3 (+18.9%)</b> ✓
Results 2018 Group actual at \$/€ 1.18	75.7 (+0.9%)	23.3 (+5.0%)	6.2 (+13.7%)
Guidance 2018 DT excl. US		13.2	
<b>Results 2018 DT ex US</b> (adjusted for consolidation changes and f/x)		<b>13.2 (+2.4%)</b> ✓	
Results 2018 DT ex US actual		13.2 (+2.6%)	

2014 – 2018 FINANCIALS: MEDIUM TERM GUIDANCE BEATEN



Source: Presentation for the publication of the Q4/2018 results, slides 8, 9

D Outlook

**Relevance:** Apart from the fact that DRS (Deutscher Rechnungslegungsstandard) 15 requires the issuers to publish a two-year forecast in the management report, a meaningful and quantifiable outlook is essential to all capital market communication. Even in very difficult times where a quantified outlook may not be possible, the market expects to be provided with support to enable the development of realistic assumptions for valuation. Without such guidance, investors lose confidence in the company and will turn to a different investment option.

**Presentation:** The slides should first set out the assumptions for the outlook, f. ex. the management's expectations for the development of GDP, commodity prices, or interest rates.



Best Practice Example No. 9: AB Electrolux

Electrolux business outlook

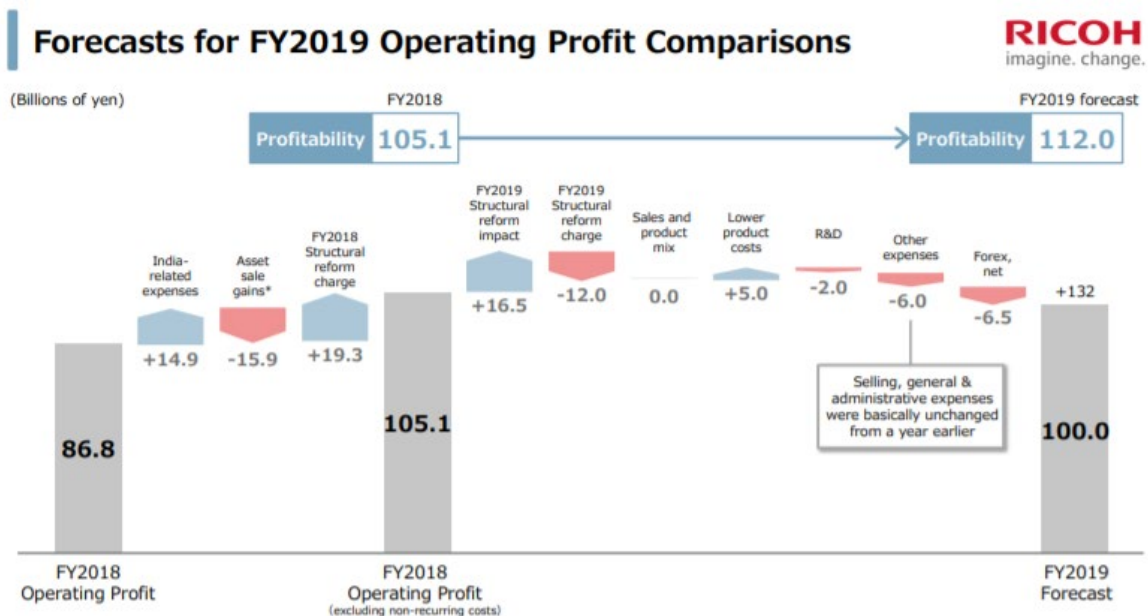


Business outlook*, y-o-y	Q1 2020	FY 2020	Comments for the full year 2020
Volume/price/mix	Unfavorable	Favorable	Mix improvements combined with targeted volume growth
Raw material costs & trade tariffs	SEK -0bn	Decrease of SEK 0-0.5bn	Raw material tailwind partly offset by tariffs
Net cost efficiency**	Unfavorable	Unfavorable	Higher innovation/marketing investments and manufacturing transition costs, partly offset by cost-efficiencies
Currency effect***	SEK -150m	SEK -150m	
Capex	Increase	SEK -7bn	

\*Business outlook range: Favorable - Neutral - Unfavorable.  
 \*\*Efficiencies in variable costs (excl. raw materials and trade tariffs) and structural costs.  
 \*\*\*Impact on operating income for the full year 2020, whereof currency transaction effects of SEK -150m and currency translation effects of SEK 0m. The calculation is based on currency rates as per January 22, 2020.  
 Note: Business outlook in the above table excludes non-recurring items.

Source: Presentation for the publication of the Q4/2019 results, slide 26

Best Practice Example No. 10: Ricoh Company



Source: Presentation for the publication of the FY 2019 results, slide 21

## Best Practice Example No. 11: Deutsche Telekom AG

## OUTLOOK 2019/20 (1/2)

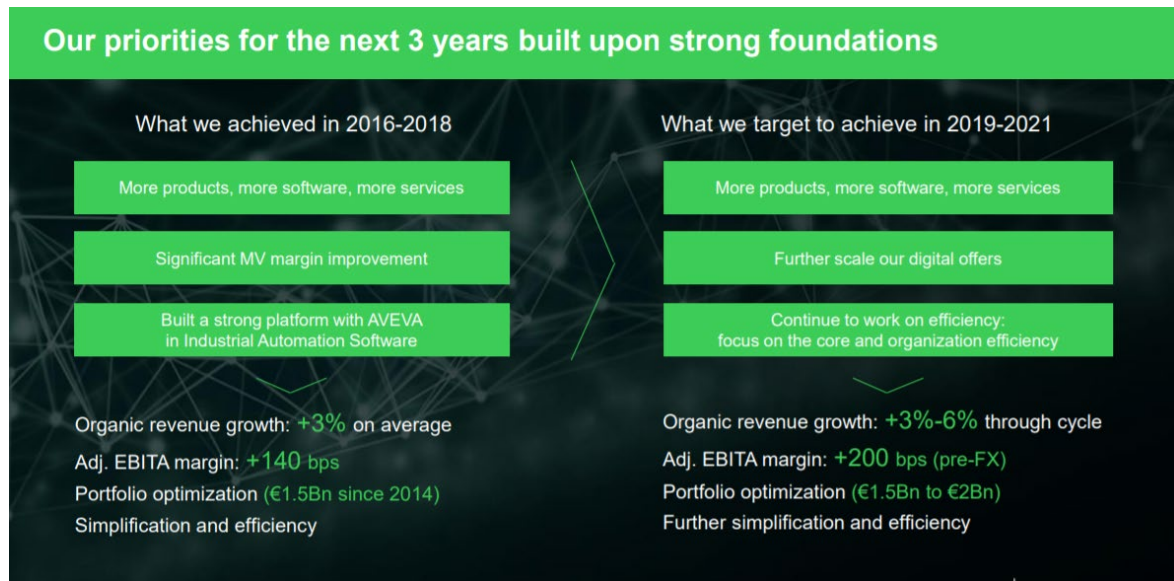
€ bn	2018 reported	2018 pro forma	2019e	2020e
<b>Revenue Group</b>	<b>75.7</b>	<b>76.4</b>	<b>Slight increase</b>	<b>Increase</b>
Germany	21.7	21.7	Slight increase	Slight increase
US (in USD)	43.1	43.1	Increase	Increase
Europe	11.9	12.1	Slight increase	Slight increase
Systems Solutions	6.9	6.9	Stable	Slight increase
Group Development	2.2	2.7	Increase	Increase
<b>Adj. EBITDA AL Group</b>	<b>23.3</b>	<b>23.2</b>	<b>23.9</b>	<b>Increase</b>
Germany	8.6	8.5	8.7	Increase
US (in USD)	11.9	11.9	12.4	Increase
Europe	3.9	3.9	4.0	Slight Increase
Systems Solutions	0.4	0.4	0.5	Increase
Group Development	0.9	0.9	1.0	Increase

## OUTLOOK 2019/20 (2/2)

€ bn	2018 reported	2018 pro forma	2019e	2020e
<b>Cash Capex Group</b>	<b>12.2</b>	<b>12.4</b>	<b>12.7</b>	<b>Stable</b>
Germany	4.2	4.2	Stable	Slight decrease
US (in USD)	5.2	5.2	Increase	Stable
Europe	1.9	1.9	Decrease	Stable
Systems Solutions	0.5	0.5	Strong decrease	Stable
Group Development	0.3	0.4	Strong Increase	Strong Increase
<b>FCF AL Group</b>	<b>6.2</b>	<b>6.0</b>	<b>6.7</b>	<b>Strong Increase</b>
Dividend per share (in €)	0.7	0.7	reflecting adj. EPS growth, minimum 0.50€	reflecting adj. EPS growth, minimum 0.50€
Adj. EPS	0.96		Increase	Increase
Net debt/adj. EBITDA	2.4		2.25 - 2.75	2.25 - 2.75

Source: Presentation for the publication of the Q4/2018 results, slides 33, 34

**Best Practice Example No. 12: Schneider Electric SE**



**Source:** Capital Markets Day, 26 June 2019, slide 43

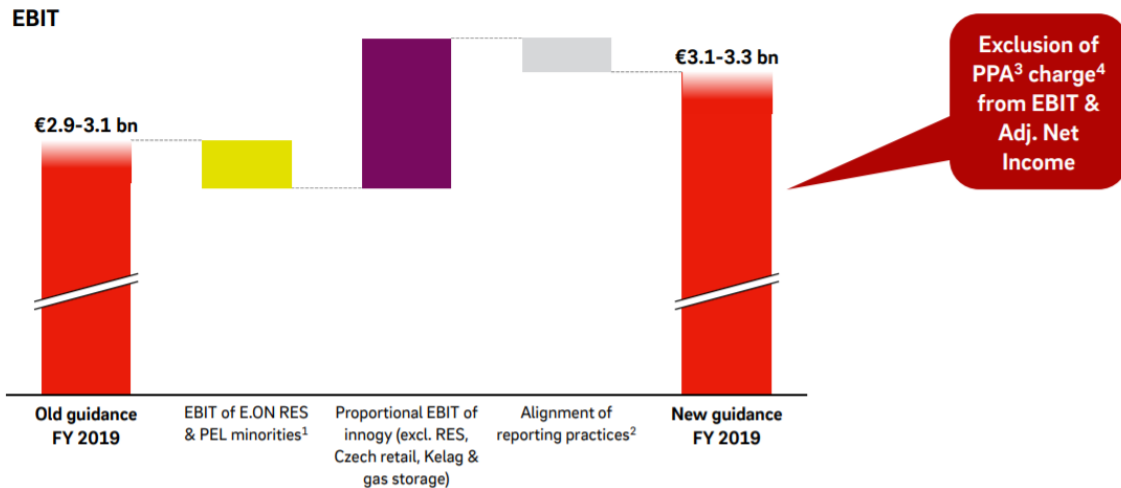
The outlook itself should contain two-year forecasts (quantitative where possible) for the main share price relevant indicators. Typical examples are as follows:

- Operations (e.g. sales, subscribers, PAX)
- Sales (also broken down according to segment)
- EBIT/EBITDA
- EBIT/EBITDA Margin
- Net income
- Cash flows
- Value/yield indicators, e.g. ROCE
- Payout ratio

Ideally, the management provides an outlook history over the recent quarters, where adjustments to the guidance are justified in a meaningful manner. A useful tool in this respect is an adjustment bridge which makes this background information quantifiable.

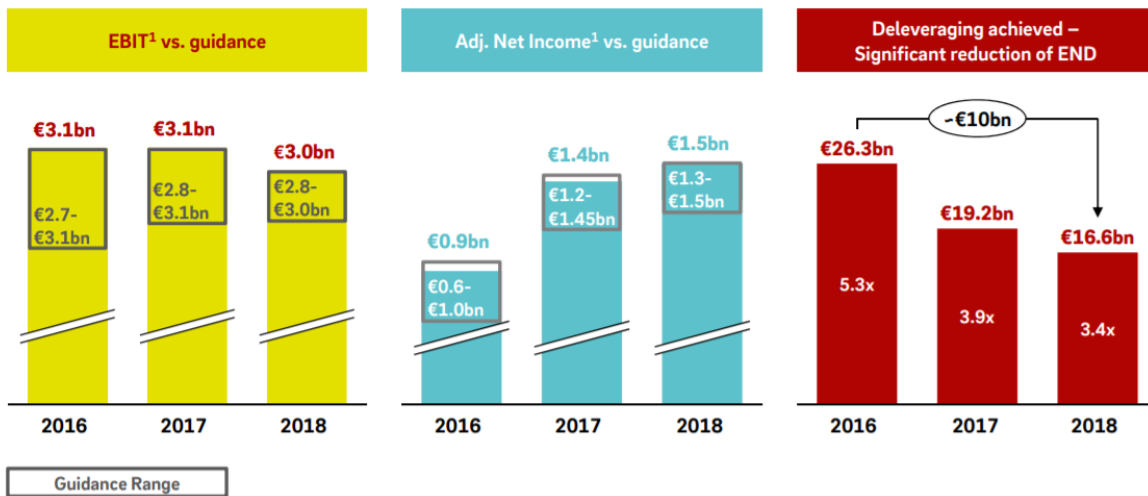
Best Practice Example No. 13: E.ON SE

### Adjustment of full year EBIT 2019 guidance



1. PreussenElektra assets include participations in power plants Gundremmingen C and Emsland 2. Includes alignment of E.ON and innogy reporting and accounting guidelines  
 3. Purchase Price Allocation 4. Preliminary PPA charge: 2019: -€0.2bn, thereafter roughly €0.7bn on average

### Continuous track record of delivery



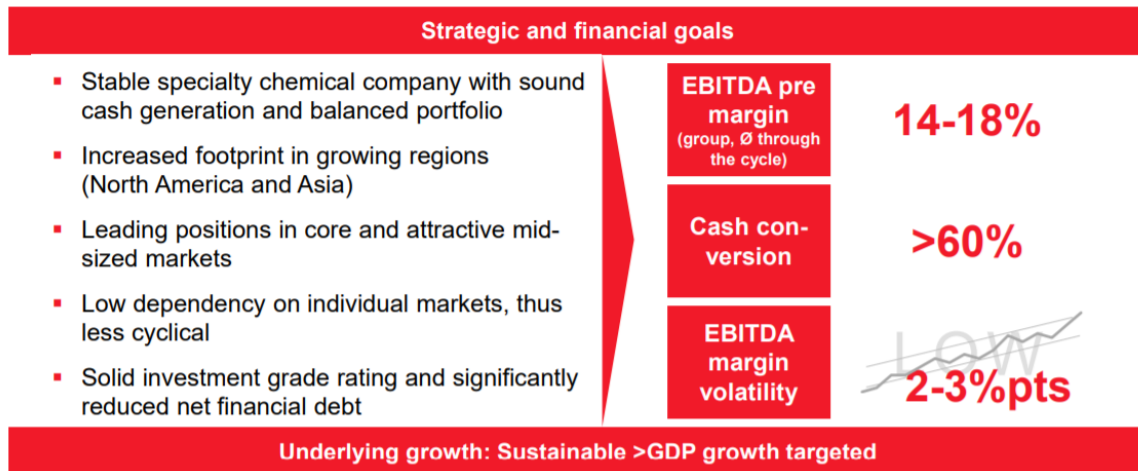
1. Adjusted for non operating effects.

Source: Roadshow Presentation, December 2019, slides 21, 27

Investors with a longer-term focus, in particular, are interested in information and targets beyond the next two years. Medium-term targets indicate that a company is far-sighted in financial and strategic terms, and document reliable planning systems.

Best Practice Example No. 14: Lanxess AG

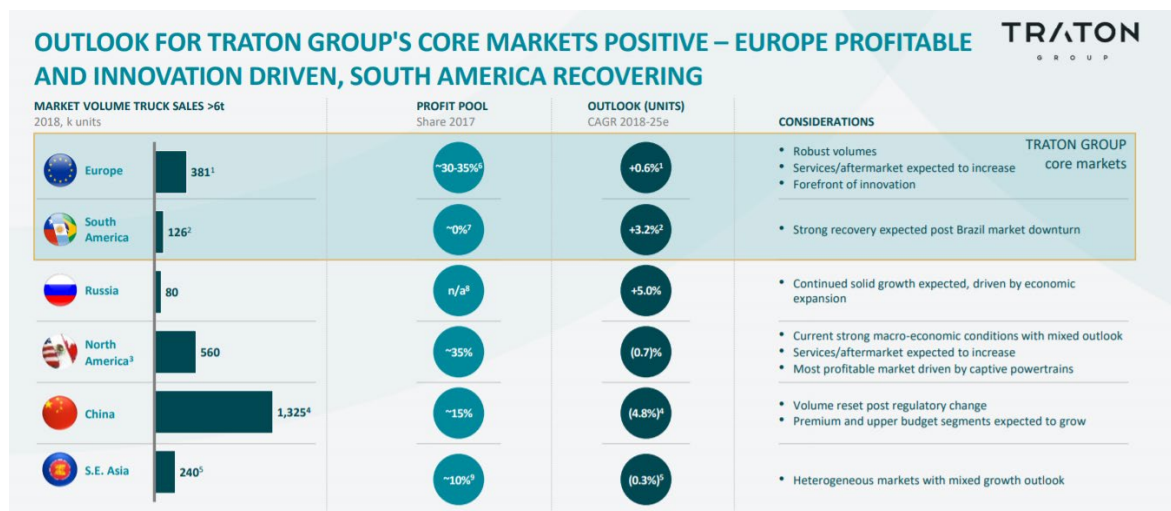
**LANXESS' target 2021:**  
**Leading, balanced and strongly cash generative**



\* Cash conversion: (EBITDA pre – capex) / EBITDA pre

Source: Presentation for the publication of the FY 2018 results, slide 41

Best Practice Example No. 15: Traton Group SE



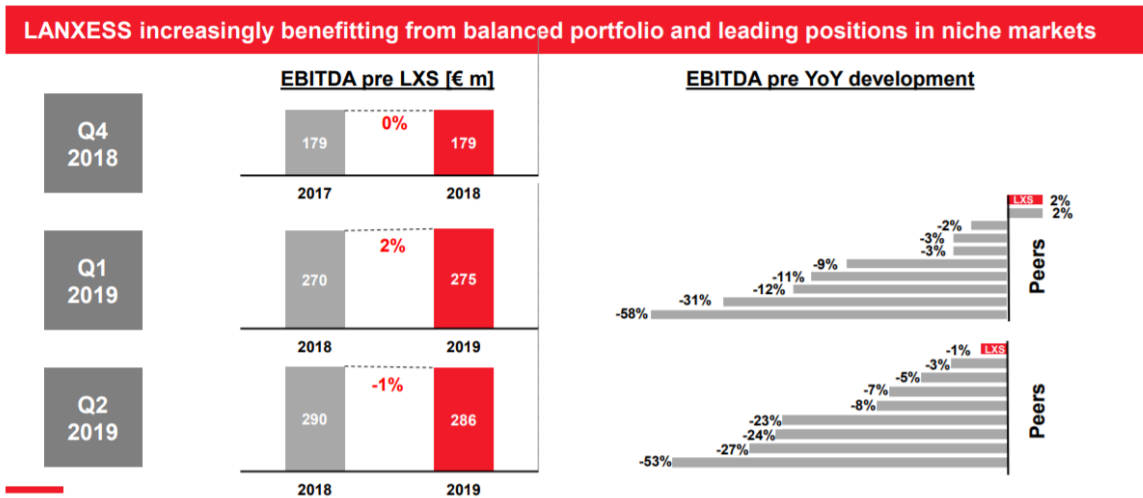
Source: Investor Presentation, 03 June 2019, slide 47

**E Peer comparison**

**Relevance:** Apart from service for analysts and investors, such a peer comparison documents research orientation and confident transparency, assuming that the data are consistently disclosed.

**Presentation:** Selected margins (e.g. EBITDA, EBIT, gross margin) should be shown in numeric and graphic form so that they can be compared with the main peers. The chart could be rounded off by the peer group average and the prior year comparison.

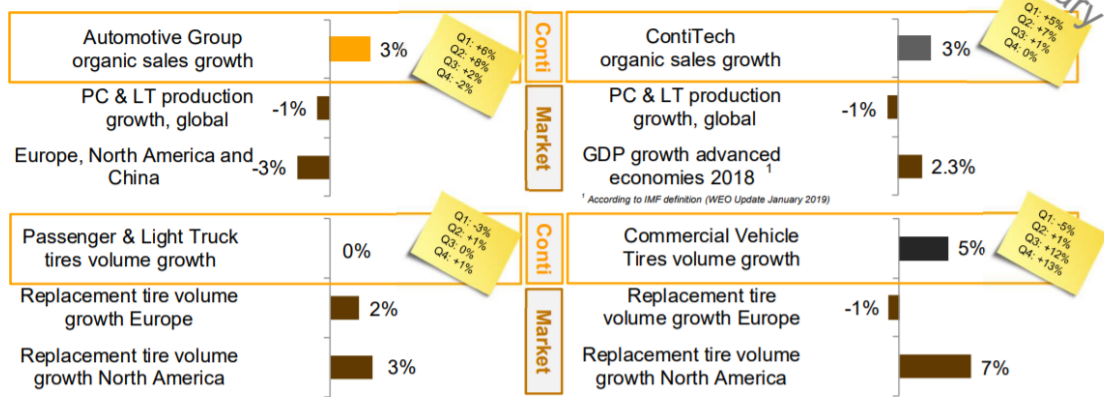
**Best Practice Example No. 16: Lanxess AG**



Source: Presentation for the publication of the Q2/2019 results, slide 9

**Best Practice Example No. 17: Continental AG**

**1) Corporation Highlights**  
Growth Profile of the Corporation FY 2018



Preliminary FY 2018 Results - March 7, 2019  
EDMR - Equity and Debt Market Relations

Source: Presentation of the publication of the FY 2018 preliminary results, 07 March 2019, slide 7

**F Milestones of the financial year in chronological order**

**Relevance:** A list of highlights focuses attention on the main events for the company in the reporting period especially for those, who are not familiar with the company. Therefore, business highlights and financial results can be linked more easily.

**Presentation:** All relevant events should be listed in chronological order. Companies convince with credibility if they list critical points alongside positive milestones. If they are meaningful, the events can also be linked to the share price performance.

**Best Practice Example No. 18: RWE AG**

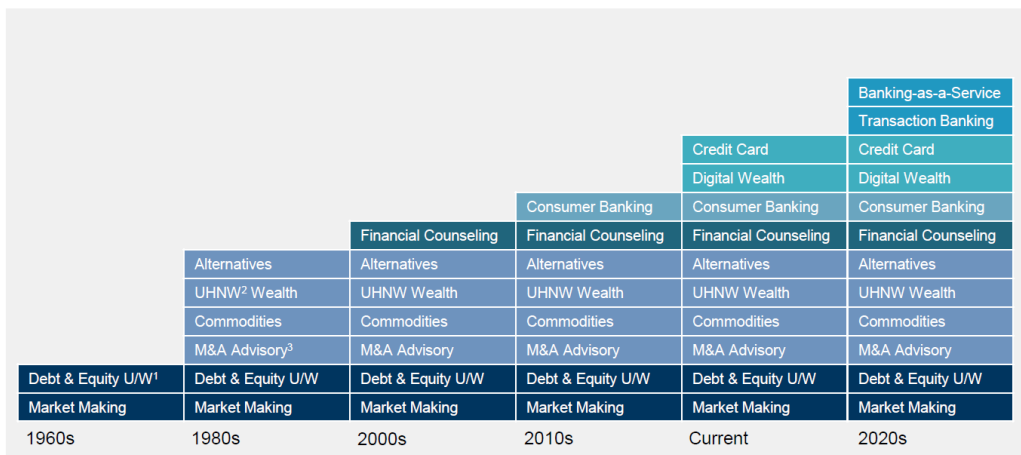
**Successful launch of the ‘new’ RWE rounds off very good first nine months of 2019**

- Successful execution of transaction and launch of RWE Renewables business operations
- Progress in Renewables growth plans – construction of 2.6 GW under way. Recent contract awarded to Sofia offshore wind farm in the UK (~1.4 GW) and development pipeline further progressing by acquisition of 1.5 GW offshore pipeline in Poland and preparation of full market entry in Japan
- Ambitious CO<sub>2</sub> reduction plan at centre of our purpose ‘Our energy for a sustainable life’
- Very good Q1-Q3 earnings with an adj. EBITDA of €1.5 bn on the back of an extraordinary Supply & Trading performance
- Full-year outlook revised upwards as a result of the announcement regarding reinstatement of GB capacity market, new scope of activities and extraordinary contribution by Supply & Trading

**Source:** Investor Presentation, November 2019, slide 19

**Best Practice Example No. 19: Goldman Sachs**

**Track Record of Change and Innovation**



**Source:** Investor Day Presentation, 29 January 2020, p. 23

## G Share price development compared with peers

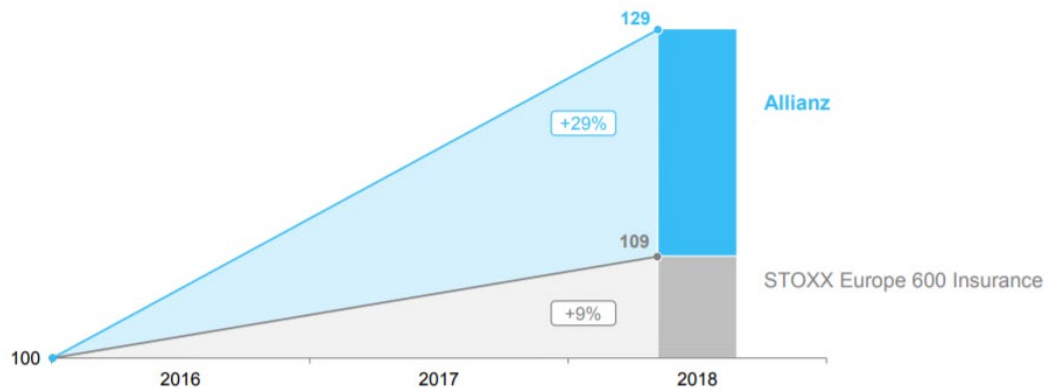
**Relevance:** With a share price chart, the company underlines not only its capital market orientation but also the importance of the external valuation, also in comparison with the peer group.

**Presentation:** The performance of the share price in the reporting period is shown on a chart and is compared with the main peers and the main benchmark (index). Further information regarding the valuation can also be provided at this point (e.g. market capitalisation, enterprise value, volumes traded, etc.).

### Best Practice Example No. 20: Allianz SE

#### Result: outstanding total shareholder return

Total shareholder return<sup>1</sup> in %  
Indexed to 100



**Source:** Capital Markets Day 2018, November 2018, slide A8

## II Strategy – Business Update (CEO)

### A Strategy

#### a. Presentation of the strategic direction, focusing on the current financial year

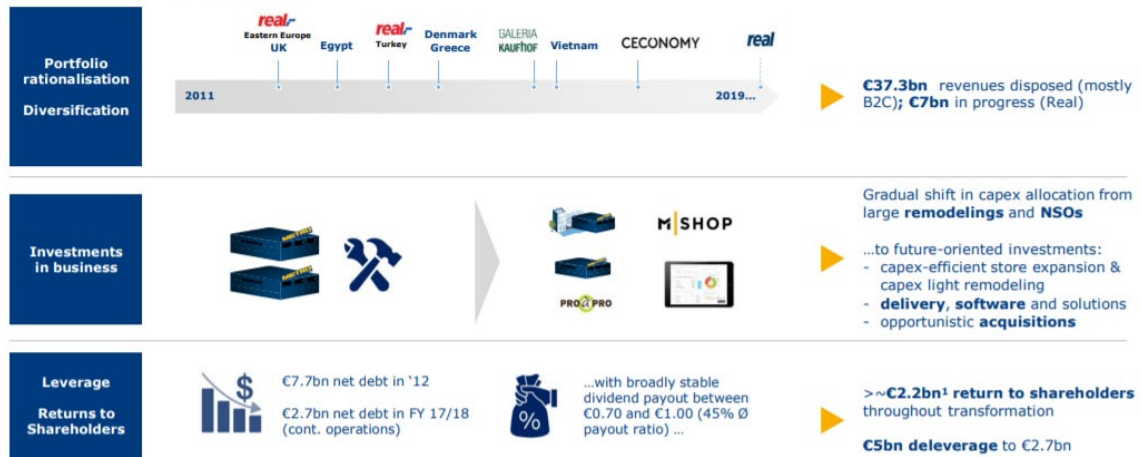
**Relevance:** Investment professionals use strategic information as the basis for obtaining a picture of the future allocation of capital. The business model which is presented is the basis of all entrepreneurial decisions, and thus has a major impact on the direct development of the enterprise value.

**Presentation:** The fundamental aspects of the strategy should be specified, together with the key financial and non-financial performance indicators. The strategic direction (e.g. strengthening of the company's domestic market) should be used as the basis for detailing the key measures initiated by management.



Best Practice Example No. 21: Metro AG

# REPOSITIONING AS OMNICHANNEL WHOLESALER



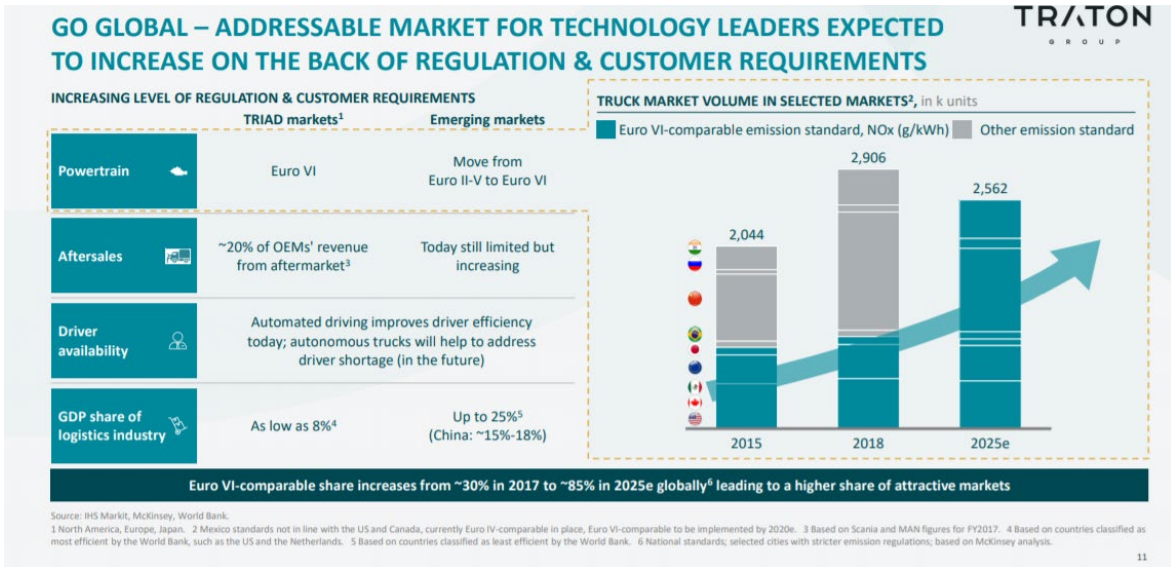
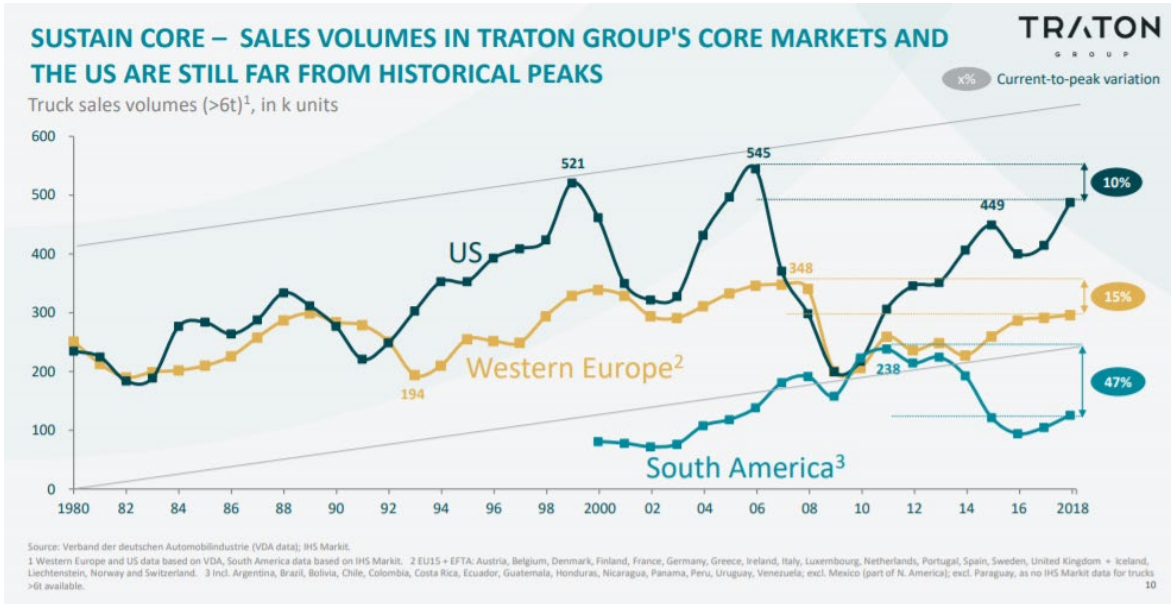
Source: Corporate Conference Presentation, 23 September 2019, slide 4

Best Practice Example No. 22: Traton Group SE



Source: Investor Presentation, 03 June 2019, slides 9, 10, 11

Best Practice Example No. 23: Traton Group SE (contd.)



Source: Investor Presentation, 03 June 2019, slides 9, 10, 11

**b. Specify and update the strategic targets, measurable (financial and non-financial)**

**Relevance:** When it specifies strategic targets, the company commits the intended development. In this way, the company creates transparency and provides investment professionals with key indications for valuing the development of the company. This also means that the company’s success and management performance can be measured. Targets which have been set in the past can be compared with the current situation, and a more realistic assessment can be made.

**Presentation:** Strategic targets should be specified, with an indication of the time expected until achievement. Investment professionals should be able to derive short-term and long-term targets and compare targets of previous periods with actual performance towards target achievement. It is advisable to concentrate on the key targets – which, however, should be presented in a specific manner.

**Best Practice Example No. 24: Allianz SE**

**Strategy based on strong track record and ambitious targets**



1) 2021e versus 2018. Actual results, performance or events may differ materially from these forward-looking statements. The company assumes no obligation to update any information or forward-looking statement contained herein  
 2) Allianz' stated dividend policy (50% payout ratio plus ratchet) may be revised in the future. Also, the decision regarding dividend payments in any given year is subject to specific dividend proposals by the management and supervisory board, each of which may elect to deviate from the dividend policy if appropriate under the then prevailing circumstances, as well as to the approval of the annual general meeting. The entire dividend policy is subject to a sustainable SII ratio >160%  
 3) RoE calculation excludes unrealized gains/losses on bonds, net of shadow accounting; previous 3ys = average 2016 – 2018  
 4) CO₂ reduction target = 2020e versus 2018

**Source:** Investor Presentation for the London Roadshow, September 2019, slide 4

**B Efficiency programs**

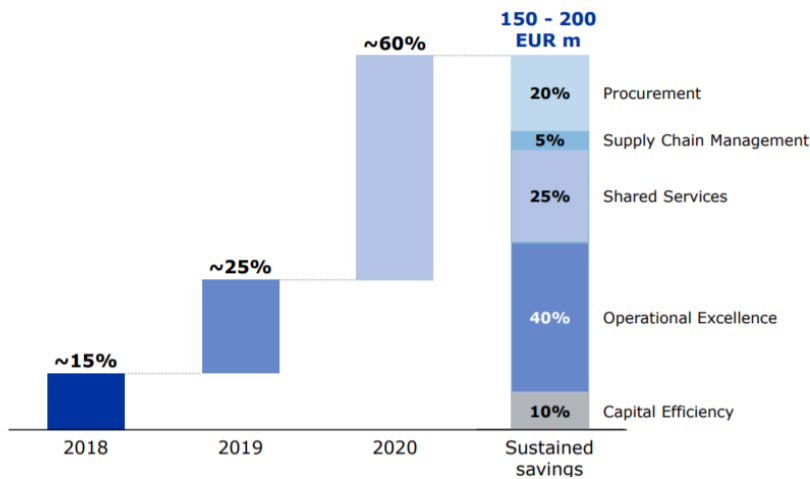
**Relevance:** Efficiency programs are closely linked with strategy and, in the form of a catalogue of strategic measures, aim specifically to boost enterprise value. Because of this aspect, and because of their project character, these programs attract the particular interest of investment professionals.

**Presentation:** The type of presentation depends on the nature and purpose of the program. The target and key measures should be known or should be presented. It is a particularly important aspect for analyst presentations that the status quo of the program is communicated. The presentation should emphasise what has already been achieved and whether the company is still in line with its own targets and milestone planning. Reasons for positive as well as negative deviations should be specified.

**Best Practice Example No. 25: Fresenius Medical Care AG & Co. KGaA**

**GLOBAL EFFICIENCY PROGRAM II**

SUSTAINED SAVINGS 2018 - 2020

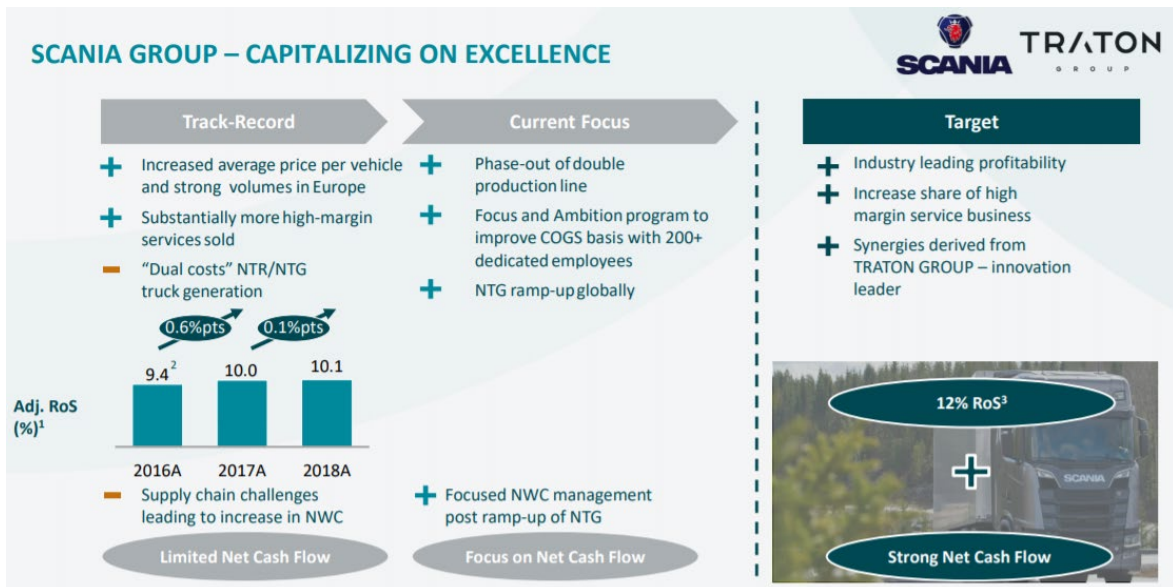


**2018 AHEAD OF SCHEDULE**

- Projects already positively contributed in the first year of the program
- 15% sustained savings generated in 2018 instead of originally targeted 10%

Source: New York Roadshow Presentation for the Q3/2019 results, 07 November 2019, slide 12

Best Practice Example No. 26: Traton Group SE



### TRATON GROUP – KPI AND OUTLOOK ON GROUP LEVEL

TRATON GROUP	2016A	2017A	2018A	2019E	Over-the-cycle RoS target
Volume (Units; Growth in %)	183.6k	204.9k 11.6%	233.0k 13.7%		
Sales revenue (in €bn; Growth in %)	€21.9bn	€24.4bn 11.2%	€25.9bn 6.4%	slightly above previous year	
Adj. return on Sales (in %, Adj. operating profit in €bn)	5.4% €1.2bn	6.0% €1.5bn	6.4% €1.7bn	6.5% – 7.5% <sup>1</sup>	9% over-the-cycle RoS

Source: Investor Presentation, 03 June 2019, slides 21, 24, 25

C Value-based figures

**Relevance:** To measure management success and to assess company profitability, value-based figures are essential. Since these indicators are the basis for the future direction of the company and assuming its consistency, they are essential for understanding the company.

**Presentation:** Management should provide details of the past and expected development of the key value indicators ROCE and WACC. Further details could be provided in the appendix of the presentation.

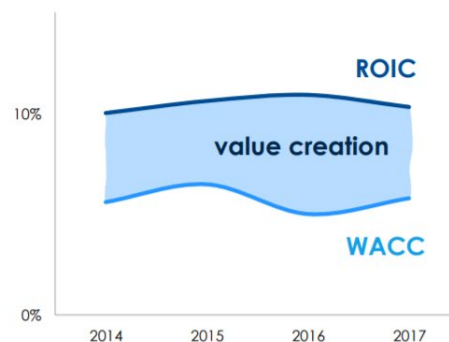
Best Practice Example No. 27: Danone SE



Sustainable value creation  
ROIC >> WACC

ROIC – rounded figures

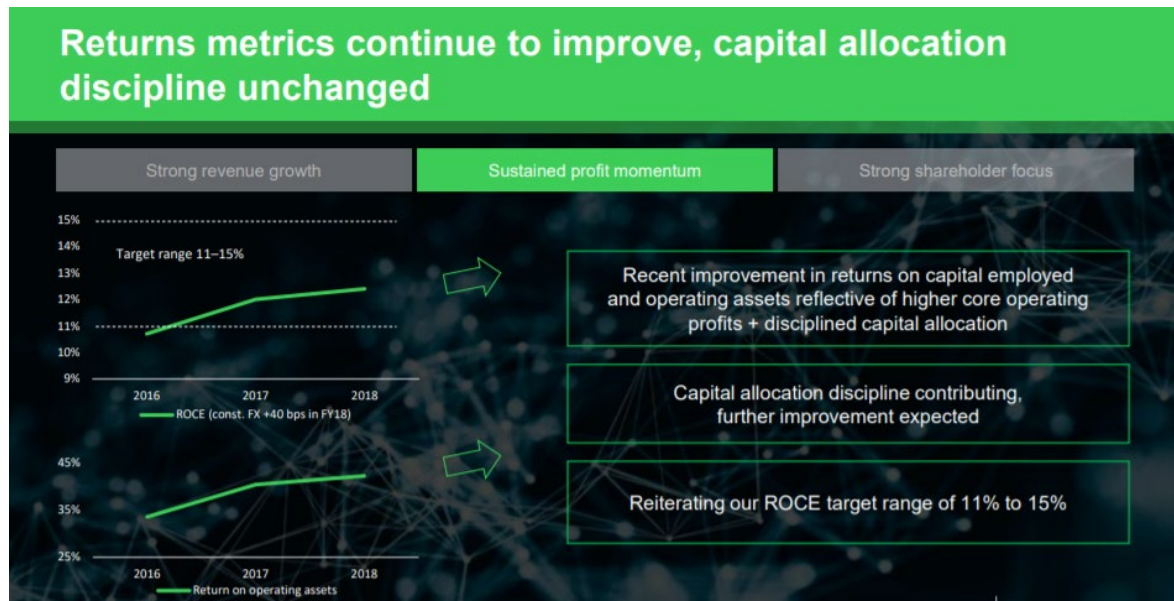
	2008	2013	2017
Waters	22	25	23
AMN	4	4	7
ELN	4	7	12
China	-	> 15	> 20
Dairy CIS	-	9 <small>Unimilk acquisition in 2011</small>	17 > 25
EDP	65	30	30 → 12



Source : Danone, Bloomberg

Source: Investor Seminar, 22 October 2018, slides 19, 20

Best Practice Example No. 28: Schneider Electric SE



Source: Capital Markets Day, 26 June 2019, slide 13

**D Markets, Customers, and Suppliers**

**a. Market position in key markets for main products**

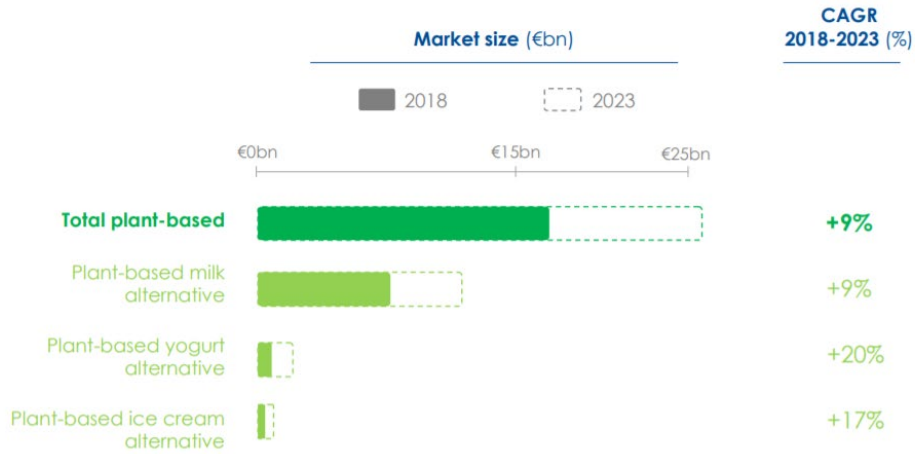
**Relevance:** The market situation is an indication of successful business in previous years. However, for investors, it is also an indication of sales opportunities and a company’s position as compared to the competition. The market share is associated with advantages and disadvantages compared with competitors. Accordingly, changes in existing circumstances, in particular, have an impact on the development of the enterprise value.

**Presentation:** The presentation should provide an impression of the current and potential position of the company in the market. In addition to information regarding the market volume, percentage figures concerning the past, current and future distribution of the market together with the main competitors should also be provided.

Further, the effects of changed drivers should be highlighted and quantified where possible. Further information should be included in the appendix of the presentation.

**Best Practice Example No. 29: Danone SE**

**Flexitarian diets becoming a prominent feature of mainstream food culture  
Large growth opportunities ahead**



Source: Euromonitor, World excl. China; Total plant-based defined as of Free from Dairy, Ice Cream, Milk, Yogurt and Meat

**Unparalleled scale, footprint and relative exposure  
2018 estimated revenues**



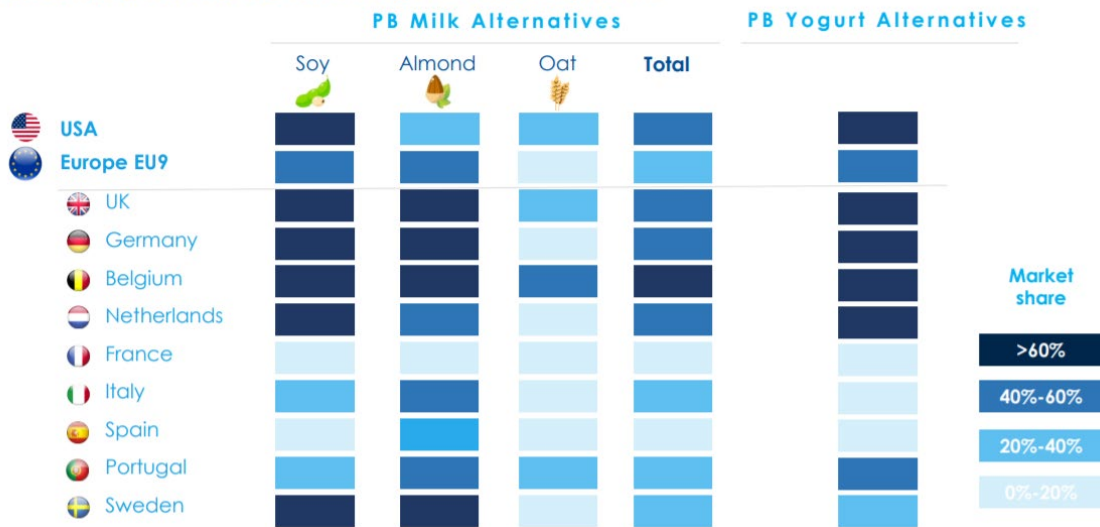
Source: Based on internal estimates and Euromonitor, retail value for FY2018, plant-based defined as of Free from Dairy, Ice Cream, Milk, Yogurt and Meat

**Source:** Investor Presentation, 04 September 2019, slides 18, 25, 26



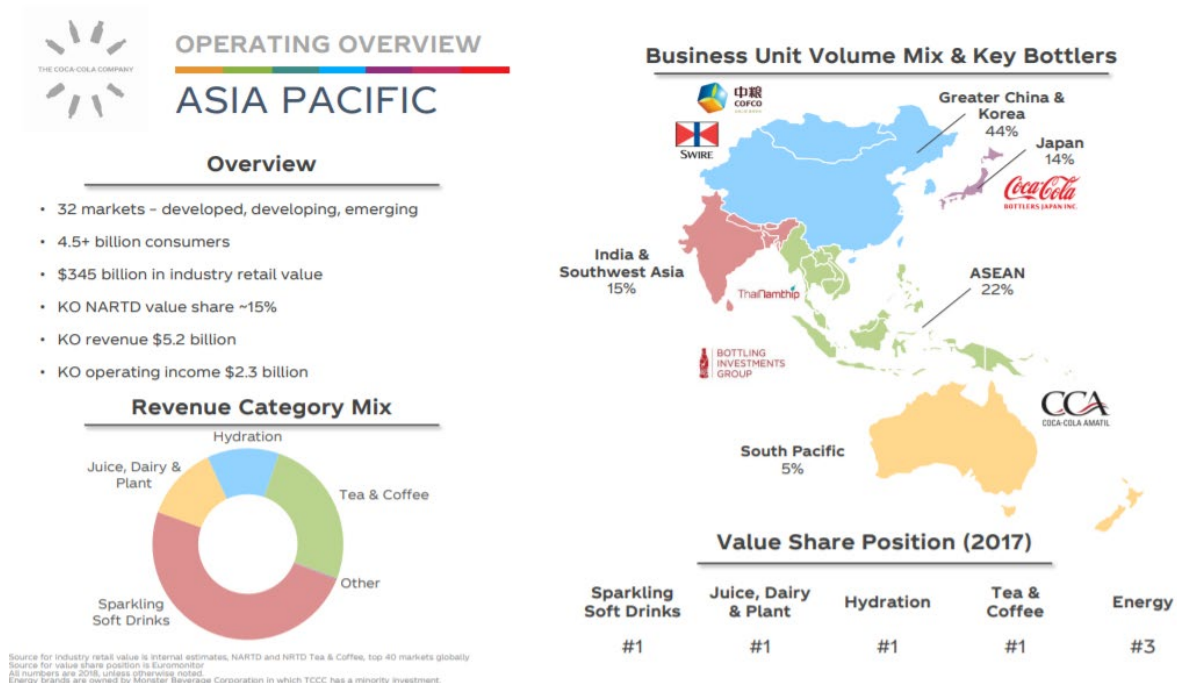
Best Practice Example No. 30: Danone SE (contd.)

A pioneer and leader in plant-based  
Leadership positions across categories and segments



Source: Investor Presentation, 04 September 2019, slides 18, 25, 26

Best Practice Example No. 31: The Coca-Cola Company



Source: Investor Overview, updated for 3<sup>rd</sup> Quarter 2019, slide 55

Best Practice Example No. 32: Lanxess AG

**Advanced Intermediates: Solid backbone with focus on organic growth**



	All	SGO	
Market positions <sup>1</sup>	TOP 3	# 1	
Expected growth	~3-4%	Recovery in 2019	
Development focus	Rather organic	Organic & External	
Growth drivers	<ul style="list-style-type: none"> <li>Invest €100 m into debottleneckings</li> <li>Ramp up profitability of Organometallics to peer level (around 15%)</li> </ul>	<ul style="list-style-type: none"> <li>Best prepared for agro recovery</li> <li>Expand fine chemicals business</li> </ul>	

**Performance Chemicals: Expect structural changes!**

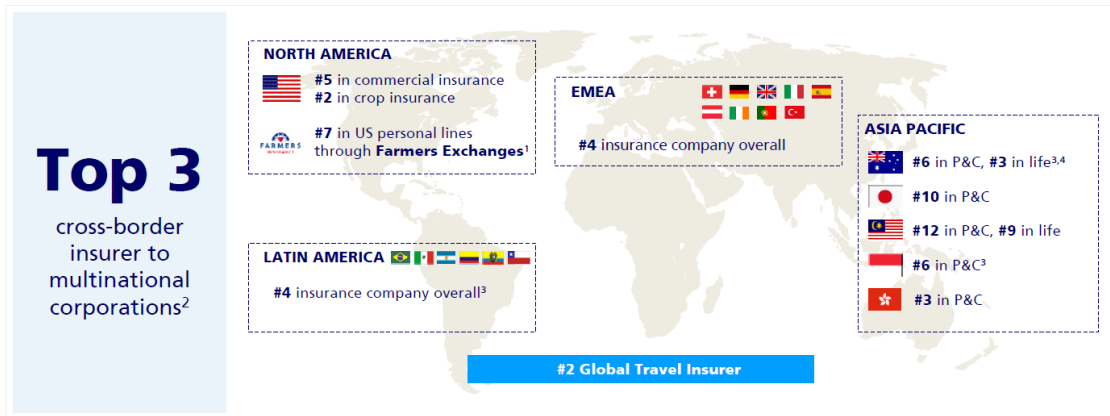


	IPG	LEA	MPP	LPT
Market positions <sup>1</sup>	# 1	TOP 2	TOP 3	TOP 3
Expected growth	~ 2%	1 - 2%	3%	4 - 10%
Development focus	Organic	Restructuring	Organic & external	Organic & External
Growth drivers	<ul style="list-style-type: none"> <li>Benefit from industry consolidation</li> <li>Further penetrate and develop North American market</li> </ul>	<ul style="list-style-type: none"> <li>Trimmed chrome value chain</li> <li>Potential partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Expand and enrich regulatory organization to penetrate global markets</li> <li>Benefit from disinfection trends</li> </ul>	<ul style="list-style-type: none"> <li>Option to build-up production footprint (new assets) in North America or China</li> <li>Further develop high-value market applications</li> </ul>

Source: Presentation for the publication of the Q2/2019 results, slides 43, 45

Best Practice Example No. 33: Zurich Insurance Group

Genuinely global franchise with distinct capabilities



Source: Axco, Company reports and presentations, local statistics (2017 or most recent available), SNL Financial, Strategic Insight, Zurich internal data.

<sup>1</sup> See disclaimer.

<sup>2</sup> Estimate based on annual reports and investor presentations.

<sup>3</sup> Pro-forma for the acquisition of the QBE operations in Latin America, OnePath Life in Australia and Adira Insurance in Indonesia.

<sup>4</sup> #2 in individual Life, #6 in group life.

© Zurich

February 2020

Credit investor update

5

Source: Credit Investor Update, February 2020, p. 5

**b. Customer differentiation**

**Relevance:** Customers are value drivers and an integral part of the value-add chain. Their relationship with the company is crucial for the company’s position in the market and is an indication of the company’s sales strength. The resulting advantages and disadvantages are integrated into management strategies and company valuations.

**Presentation:** The presentation should provide a differentiated view of customers. Major customer groups should be listed. Performance data are linked to specific customers to identify any excessive exposure of the company to individual customers. This comprises the following:

- A list of top customers including their revenue share, when appropriate anonymised
- Customer profitability (sales / customer [group])
- New customer rate/churn rate

**Best Practice Example No. 34: Deutsche EuroShop AG**

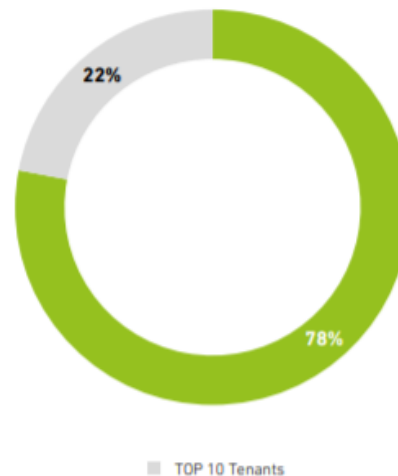
COMPANY PRESENTATION | DECEMBER 2019



**Tenant Structure: Top 10 Tenants<sup>1</sup>**

	2018	2017
H&M	3.5%	3.5%
Ceconomy	2.7%	2.7%
Deichmann	2.5%	2.5%
New Yorker	2.4%	2.3%
Peek & Cloppenburg	2.3%	2.3%
C&A	2.0%	2.0%
Rewe	1.8%	1.6%
Douglas	1.8%	1.8%
Metro	1.8%	1.7%
DM	1.4%	1.4%
<b>Total</b>	<b>22.2%</b>	<b>21.8%</b>

**LOW LEVEL OF DEPENDENCE ON THE TOP 10 TENANTS**



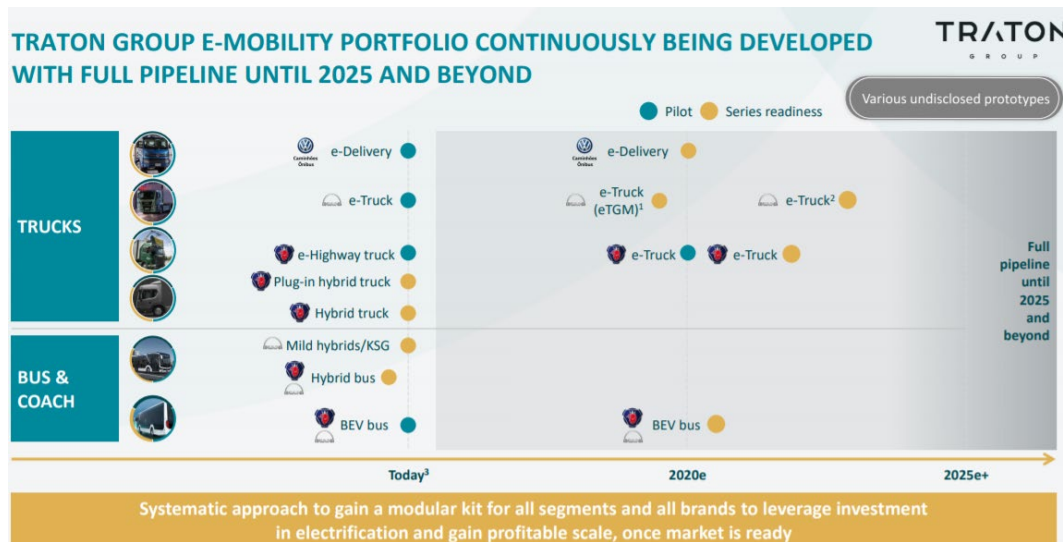
Source: Company Presentation, December 2019, slide 15

**c. Expansion by developing new areas of operation or geographical markets**

**Relevance:** The process of developing new areas of operation and geographical markets has an impact on the business model and the structure of the company. The assumed success and the associated investments are included in the assessment of investment professionals and have a considerable impact on the enterprise value, depending on the specific dimension.

**Presentation:** Intended expansions should be presented including a time scale. Capex volumes and planned sales figures should be specified. Major risks and opportunities should be, at least, explained in the appendix.

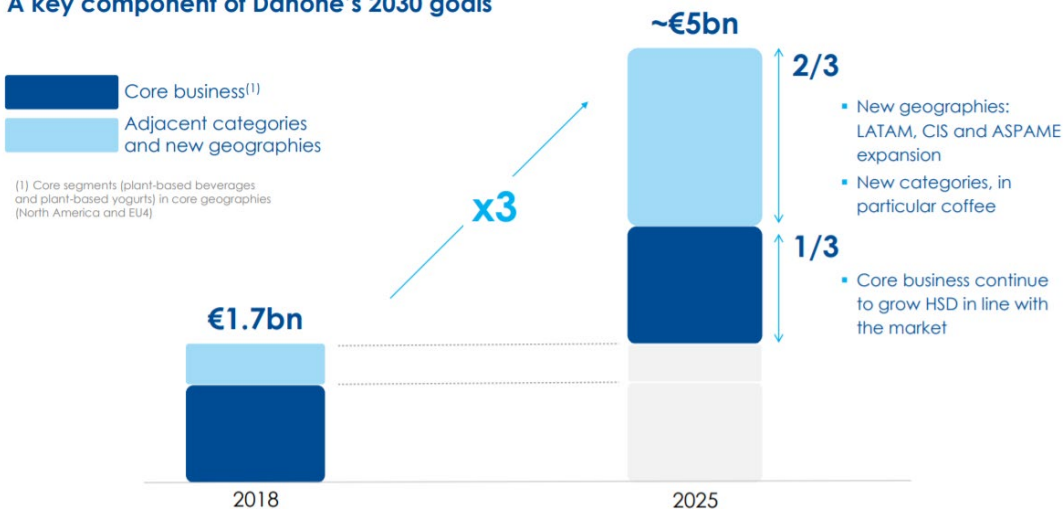
**Best Practice Example No. 35: Traton Group SE**



Source: Investor Presentation, 03 June 2019, slide 16

**Best Practice Example No. 36: Danone SE**

**Our route to €5bn plant-based revenue by 2025**  
A key component of Danone's 2030 goals



Source: Investment Conference Presentation, 04 September 2019, slide 43

**E Operating highlights**

**Relevance:** The success of operations confirms the business model and is of crucial importance for the future development. Major changes and indicators should be presented by management because they form the basis for strategic decisions and forecasts.

**Presentation:** The development of the following components should be detailed. This means that current data are compared with historic data. Analyses of forecast variances and the identification of major effects are also useful for investment professionals.

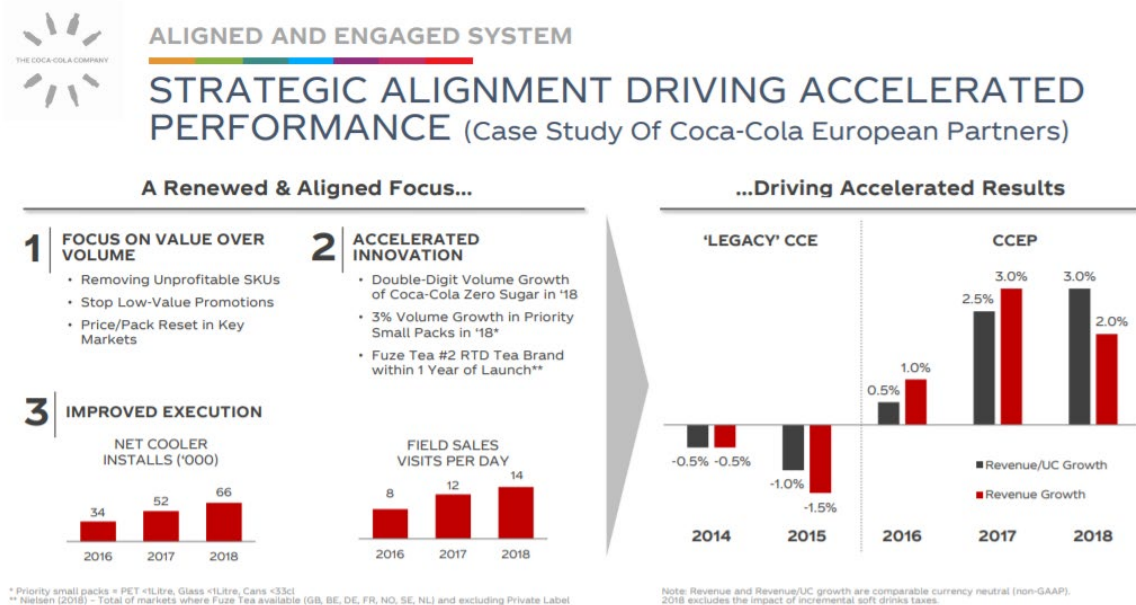
- Order intake (orders in hand and order range)
- Sales (products – units)
- Development of market prices (impacting sales or operating expenses)

**F Brand management**

**Relevance:** Depending on the industry, brands can be crucial for the success or failure of a company. In this case, investors require information concerning the performance of such brands to make a realistic assessment of sales strength and market position.

**Presentation:** The brands should be listed with performance-related data (e.g. sales/brand). Depending on the size of the presentation, the information should be provided concerning the brand strategy, namely how existing brands are protected and expanded and also how new brands are established.

**Best Practice Example No. 37: The Coca-Cola Company**



**Source:** Investor Overview, Updated for 3<sup>rd</sup> Quarter 2019, slide 29

**G R&D**

**Relevance:** For certain companies – for instance in the pharmaceutical or automotive industries – success in the field of research and development is crucial for the company’s future. A first-class performance in this respect is subsequently reflected in the market. Investors and analysts take account of this by anticipating costs and projects with the expected market success.

**Presentation:** Even if the future success of R&D activities cannot be stipulated in relation to the investment volume, it is at least an indication and should be specified. Percentage of completion and sales expectations should be quoted in relation to current projects. Although this is difficult, it is possible through showing various scenarios. Performance-related data for new products are an indicator of the quality of past R&D activities (e.g. percentage of overall sales, margins, new product rate).

**H M&A / Investments / Capex programs**

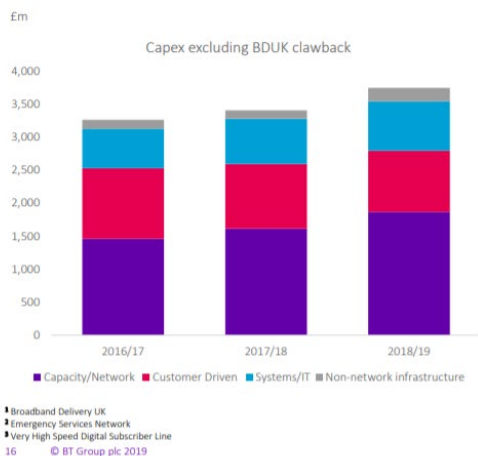
**Relevance:** This aspect is relevant for the presentation because major transactions are involved and also because returns enable conclusions to be made regarding the future development and quality of management.

**Presentation:** According to the following

- Capex - split according to segment/project/expansion (acquisitions) – maintenance
- Capex - result effect
- Capex - planning (5 years, projects, splits)
- Acquisition strategy and plans
- For acquisition (also sale): Pro forma combined for sales and EBITDA
- For acquisition (also sale): Profile target – transaction volume – further investment – expected cash flows – financing – interest – percentage – term (e.g. franchise) – key aspects of the transaction – valuation – decision-making criteria – key aspects – KPIs for the target – description of the synergies (complementary aspects as well as overlaps) – planning integration

**Best Practice Example No. 38: BT Group plc**

**Capex – increased further but headroom to be created**



- 2018/19 reported capex of £4.0bn, increase driven by:
  - increase in base case take-up assumption under BDUK<sup>1</sup> programme
  - incremental FTTP programme spend
- Several programmes will scale back over next 2-3 years:
  - ESN<sup>2</sup> deployment capex passed its peak
  - expansion of VDSL<sup>3</sup> capacity
  - energy efficient cooling equipment in exchanges
- Creates headroom to fund current FTTP build rate as build costs and connection volumes rise over time
- Ramping up FTTP build rate beyond current plans will require increased annual capex




**Source:** Presentation for the publication of the Q4 and FY 2018/19 results, 09 May 2019, slide 16

Best Practice Example No. 39: Vonovia SE

### Scalable B-to-C Business Beyond the Bricks


Opportunistic Increase of Scalability via Mergers & Acquisitions



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Equity Story & Q1 Performance Update
Business Overview
Q1 2020 Results
Additional Information

#### Portfolio evolution by number of apartments ('000)



Category	Change ('000)	Total ('000)
IPO	180	180
Sales	-84	96
Acq.	+316	412
New construction	+3	415
Q1 2020	-	415

#### Major transactions since IPO

<b>DeWAG</b> ~11k units	04/2014	First sizeable portfolio acquisition
<b>vitus</b> ~30k units	10/2014	First sizeable corporate acquisition
<b>GAGFAH</b> ~145k units	03/2015	Mixed cash/stock public takeover
<b>SUDEWO</b> ~19k units	07/2015	Sizeable all equity financed portfolio acquisition
<b>conwert</b> Immobilien Invest SE ~23k units	01/2017	Public takeover and first acquisition outside Germany
<b>BUWOG</b> group ~48k units	03/2018	Public takeover and acquisition of critical mass in Austria
<b>VICTORIA PARK</b> ~14k units	06/2018	Public takeover and acquisition of "nucleus" in Sweden
<b>hembla</b> ~21k units	12/2019	Acquisition of critical mass in Sweden

#### Acquisition criteria

**Strategic Rationale**

Long-term view of the portfolio with a focus on urban growth regions

**Financial Discipline**

At least neutral to investment grade rating (assuming 50% equity/50% debt financing)

**Earnings Accretion**

Accretive to EBITDA  
Rental yield

**Value Accretion**

Adj. NAV/share or similar<sup>1</sup>

<sup>1</sup> EPRA has published new Best Practice Recommendations to replace EPRA NAV with a revised but broadly similar metric

Investor Presentation - June 2020 page 19

Source: Investor Presentation, June 2020, slide 19



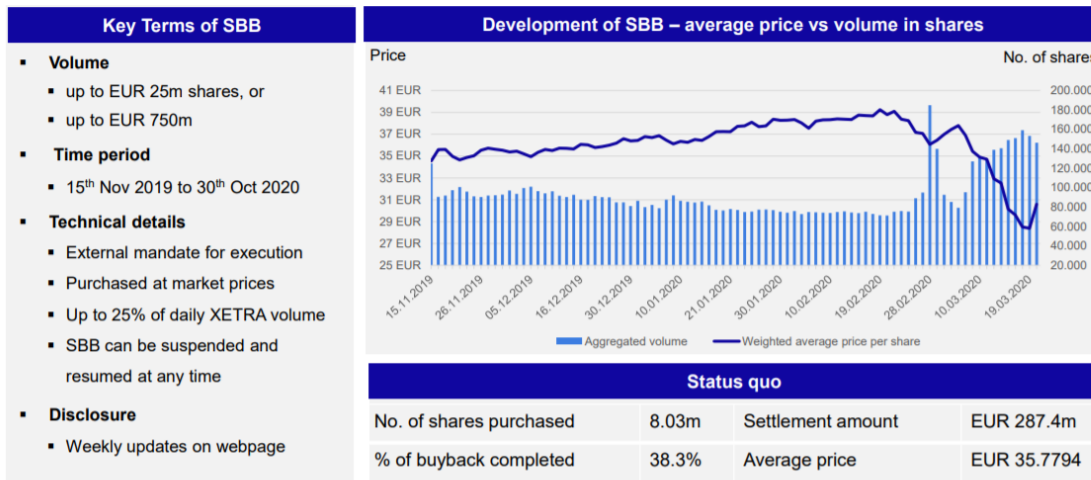
I Capital measures

- Bond issue (Volume – Maturity – Coupon – Spread – Yield)
- Payout – Share buy-back program

Best Practice Example No. 40: Deutsche Wohnen AG



Update on Share Buyback program (as of 20 March 2020)



deutsche-wohnen.com

25

Source: Presentation for the publication of the 2019 results, 25 March 2020, slide 25

## J Environmental, Social, and Corporate Governance (“ESG”)

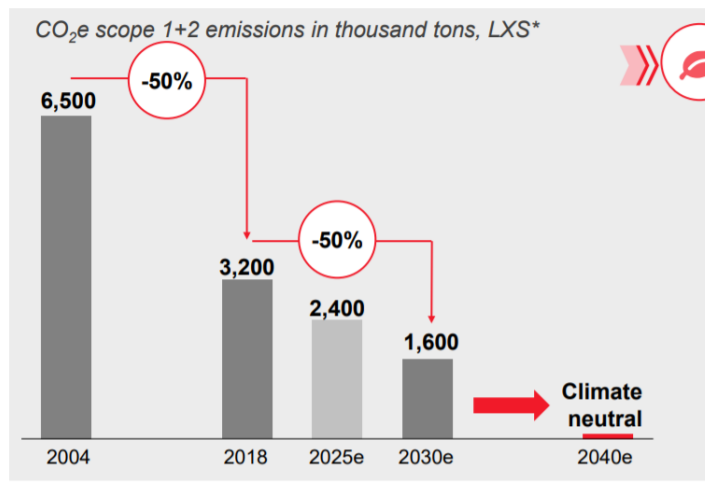
**Relevance:** Inadequate coordination of corporate responsibility activities may result in internal information problems, encourage misrepresentations of the company in public. Using the presentation of CR management, investment professionals are interested in assessing the probability of any damage to the reputation of the company.

However, they are also particularly interested in the opportunities arising from sustainable management. ESG targets are formulated for the future based on business success.

**Presentation:** It is useful to provide a visual presentation of the main sustainability issues; a table of the relevant CR targets which the company aims to meet in the course of the next few years as well as a presentation of management structures in the form of organigrams. Details of the main ESG indicators (greenhouse-gas emissions, energy consumption in relation to sales, staff fluctuation, etc.) compared with previous year figures indicate the importance of tracking sustainability targets in the company.

### Best Practice Example No. 41: Lanxess AG

## LANXESS goes climate neutral by 2040 – New long-term commitment



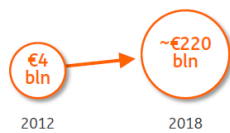
- Clearly defined measures to reduce today's emissions
- Compensate growth effects with efficiency
- Majority of projects with reasonable investment costs
- Sustainable management is seen as a competitive advantage
- In 2019, we further reduced absolute Scope 1+ 2 emissions to ~3,060 kt – around 5% of total volume.
- **Good for LANXESS, good for our customers, good for our planet!**

Source: Q1 2020 Roadshow, slide 52

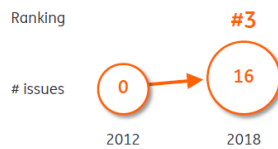
Best Practice Example No. 42: ING Bank N.V.

We are a leader in the growing ESG debt market

Global annual sustainable debt issuance\*



Euro Green Bond League Table (Ex-SSA)\*

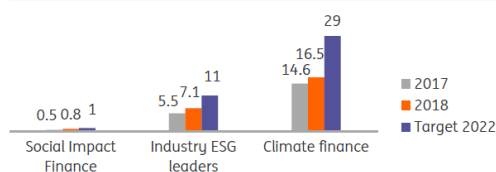


Strong momentum with WB clients

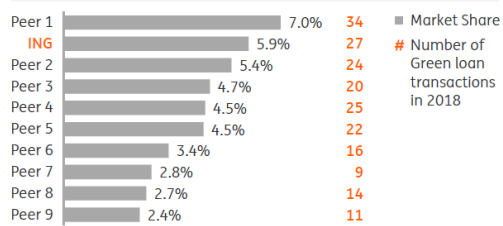
> 40 Sustainability improvement loan mandates since 2017\*\*



We aim to double our Responsible Finance portfolio by 2022 (in € bln)



FY2018 Global Green Loans League Tables\*



\* Source: Bloomberg  
\*\* Product launched in 2017; +50% of mandates in a role as sustainability coordinator



Source: Investor Day Presentation, 25 March 2019, slide 15

Best Practice Example No. 43: Schneider Electric SE

SCHNEIDER SUSTAINABILITY IMPACT		Schneider Sustainability Impact 2018 – 2020, Results as of Q3 2019				
		Objective 12/2019	Beginning 01/2018	Results Q2 2019	Results Q3 2019	
Our megatrends 2015 – 2020 and targets 2018 – 2020		Overall Score of 10	7/10	3	6.78	7.08
CLIMATE	80% renewable electricity	--	40%	45%		
	10% CO <sub>2</sub> efficiency in transportation	--	11.0%	8.8%		
	120 million metric tons CO <sub>2</sub> saved on our customers' end thanks to our EcoStruxure offers	--	70	88	★	
	25% increase in turnover for our Energy & Sustainability Services	--	18.4%	20.2%		
CIRCULAR ECONOMY	75% of sales under our new Green Premium program		30.5%	49.7%	46.7%	★
	200 sites labeled towards zero waste to landfill		140	185	185	
	100% cardboard and pallets for transport packing from recycled or certified sources		50%	88%	96%	
	120,000 metric tons of avoided primary resource consumption through ECOFIT™, recycling and take-back programs		--	65,570	77,732	★
HEALTH & EQUITY	70% scored in our Employee Engagement Index		65%	67%	64%	
	0.88 medical incident per million hours worked		1.15	0.74	0.70	★
	90% of employees have access to a comprehensive well-being at work program		13%	20%	20%	
	100% of employees are working in countries that have fully deployed our Family Leave policy		--	75%	75%	
	100% of workers received 15 hours of learning in the year with 30% digital learning		--	44%	57%	★
	90% of white collars have individual development plans		32%	72%	79%	
ETHICS	95% of employees are working in a country with commitment and process in place to achieve gender pay equity		89%	92%	92%	
	5.5 pts /100 increase in average score of ISO26000 assessment for our strategic suppliers		--	+2.30	+2.60	★
	350 suppliers under Human Rights & Environment vigilance received specific on-site assessment		--	196	244	★
DEVELOPMENT	100% of sales, procurement, and finance employees trained every year on anti-corruption		--	14%	68%	
	x4 turnover of our Access to Energy program		--	x1.42	x1.46	
	400,000 underprivileged people trained in energy management		148,145	220,739	236,491	★
	15,000 volunteering days thanks to our VolunteerIn global platform		--	8,012	9,622	★

Indicators amplified in Q1 2019 to upgrade Schneider Electric's sustainability ambitions are marked with a ★

Source: Presentation for the publication of the Q3/2019 results, 24 October 2019, slide 27

### III Financials (CFO)

#### A Financial highlights (Quarterly information/YTD/LTM)

**Relevance:** A more analytical presentation of the key indicators compared with the dashboard is the traditional starting point for the CFO before he presents individual aspects in greater detail (income statement, balance sheet, segments).

**Presentation:** Sales, earnings and cash flow parameters are shown on a quarterly, YTD (Year To Date) or LTM (Last Twelve Months) basis compared with the previous year. Balance sheet indicators as of the reference date.

#### B P&L indicators

**Relevance:** With the income statement, a company reports on the financial performance achieved in the course of the last financial year. In their analysis, investors and analysts are reliant on information concerning the development and the drivers of sales, cost structure, results (EBITDA/EBIT with corresponding margins), depreciation, financial results, taxes, and EPS. This is the only way they can make a sound valuation.

**Presentation:** The (max. 5) most relevant income statement indicators are shown compared with the previous year. The text highlights the main drivers which, for instance, have resulted in operational costs increasing disproportionately to sales.

#### Best Practice Example No. 44: Lanxess AG

### Q4 2018: Solid financials



[€ m]	Q4 2017	Q4 2018	yoy in %
Sales	1,635	1,766	8%
EBITDA pre	179	179	0%
margin	10.9%	10.1%	
EPS (group)	-0.54	1.08	>100%
EPS pre (continuing) <sup>1</sup>	0.43	0.61	42%
Capex	194	240	24%

[€ m]	31.12.2017 <sup>2</sup>	30.09.2018	31.12.2018	Δ seq%
Net financial debt <sup>3</sup>	2,252	2,514	1,381	-45%
Net working capital	1,948	1,535	1,455	-5%

- Higher sales driven by strong pricing and volume increases
- Flat EBITDA pre due to price pass-through of increased raw material prices; higher volumes offset by rise in energy and freight costs
- Margin dilution reflects price pass-through
- EPS boosted by book gain from ARLANXEO divestment, reduced exceptionals and in 2017 negative U.S. tax effect
- Higher capex resulting from investments in debottleneckings
- Reduced net debt due to proceeds from ARLANXEO divestment

**Source:** Presentation of the publication of the Q4/2019 results, slide 17

#### C Sales or earnings bridge compared with the prior year

**Relevance:** A sales bridge or earnings bridge enables the main factors which have influenced the development of sales or earnings compared with the previous year to be quickly recorded and allocated.

**Presentation:** The delta compared with the previous year is illustrated using a bridge where the main factors are shown. These may include volume, prices, currency effects, consolidation as well as segment sales. Such a bridge is also suitable for EBITDA, EBIT, cash flows, etc.

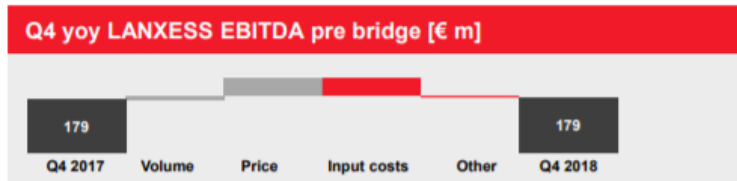
Best Practice Example No. 45: Lanxess AG

Q4 2018: Positive price and volume growth offset by higher operating costs



Q4 yoy sales variances	Price	Volume	FX	Portfolio	Total
Advanced Intermediates	+8%	+11%	1%	0%	+20%
Specialty Additives	+3%	-2%	+0%	+4%	+4%
Performance Chemicals	-1%	-4%	+1%	-1%	-5%
Engineering Materials	+5%	+9%	+1%	0%	+15%
<b>LANXESS</b>	<b>+4%</b>	<b>+3%</b>	<b>+1%</b>	<b>+1%</b>	<b>+8%</b>

- Sales growth driven by successful raw material price pass-through (esp. BUs AII, ADD and HPM) and increased volumes in segment Advanced Intern. and BU HPM
- Effect from acquisition of Solvay's phosphorus additives mitigated by divestment of chlorine dioxide business



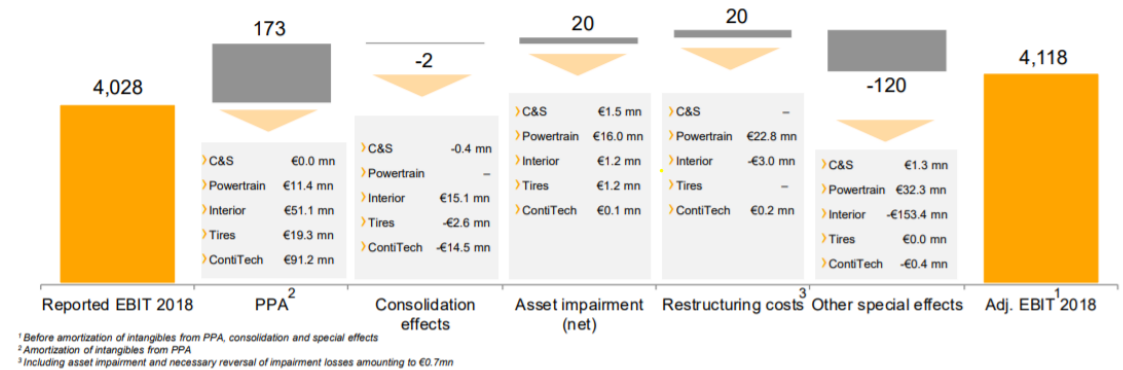
- Flat EBITDA pre: higher volumes offset by higher operating costs (e.g. energy, freight)
- "Other" cost items mitigated by positive FX effects

Source: Presentation of the publication of the Q4/2019 results, slide 17

Best Practice Example No. 46: Continental AG

1) Corporation Highlights  
Adjusted EBIT<sup>1</sup> Bridge (€ mn)

Preliminary



Source: Presentation of the publication of the FY 2018 preliminary results, 07 March 2019, slide 8

**D Sales split according to regions**

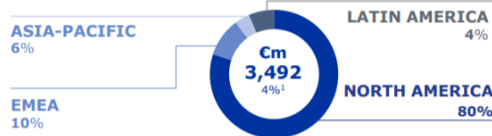
**Relevance:** A sales split according to regions not only documents the international footprint and the presence of a company in global markets. It also provides market participants with information concerning the company's exposure to certain regions, or information concerning the extent a company can participate in growth markets.

**Presentation:** A pie chart with the sales split according to the main regions or countries is the most efficient way of providing an initial overview. In addition to the relevant percentage of overall sales, further interesting aspects are absolute sales and the development of absolute sales compared with the previous year. The presentation is rounded off by details of the currency-adjusted development.

**Best Practice Example No. 47: Fresenius Medical Care AG & Co. KGaA**

**Q3 2019 SERVICES: CONTINUED SOLID GROWTH**

Revenue	Q3 2019 € million	Q3 2018 € million	Growth in %	Growth in %cc	Organic growth in %	Same market treatment growth in %
<b>Health Care Services</b>	<b>3,492</b>	<b>3,258</b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>4</b>
North America	2,795	2,628	6	2	3	4 <sup>2</sup>
of which Care Coordination	273	300	-9	-13	-12	
EMEA	343	314	9	8	7	4
Asia-Pacific	223	194	15	9	8	7
of which Care Coordination	64	54	20	16	9	
Latin America	131	122	8	26	20	3

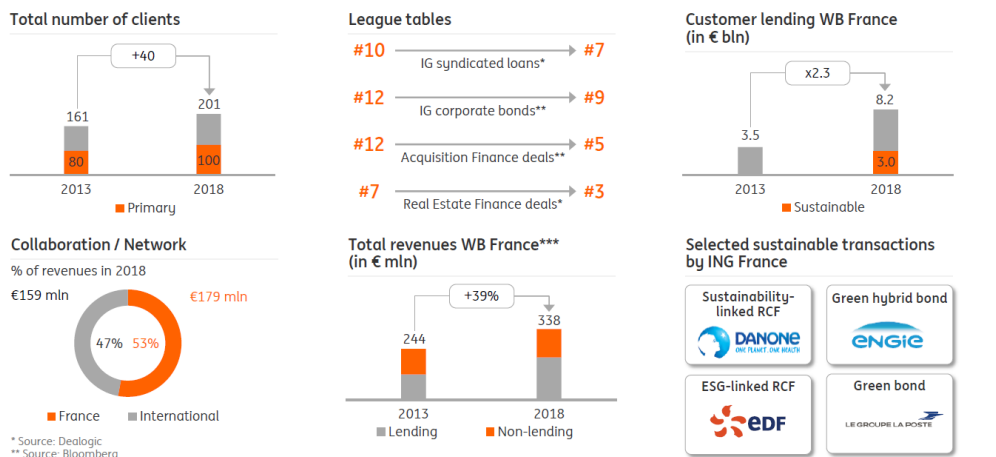


- North America**  
 Growth driven by same market treatment growth but negatively affected by adjustments for accounts receivable in legal dispute
- EMEA**  
 Positive development due to same market treatment growth and organic revenue per treatment growth
- Asia-Pacific**  
 Growth driven by same market treatment growth and contributions from acquisitions

Source: Roadshow Presentation, 11 July 2019, slide 19

**Best Practice Example No. 48: ING Bank N.V.**

**Illustrative country example - WB France performance**



\* Source: Dealogic  
 \*\* Source: Bloomberg  
 \*\*\* Revenues made on French clients in France and their subsidiaries across WB network

Source: Investor Day Presentation, 25 March 2019, slide 15

**E Group KPIs: Development and illustration**

**Relevance:** Analysts and investors need to receive more detailed information particularly regarding key indicators. Companies can meet this need by illustrating 2-3 indicators on a chart with increased transparency.

**Presentation:** Increased transparency is achieved by clearly highlighting the breakdown, main factors, and special effects. Of particular interest are operating results (EBITDA, EBIT, and the corresponding margins) as well as cash flow components (e.g. operating cash flow, Capex, working capital).

**Best Practice Example No. 49: RWE AG**

**Strong adj. EBITDA of €1.5 billion driven by continued extraordinary earnings from Supply & Trading**

RWE stand-alone: Adj. EBITDA 2019 vs 2018 (€ million)



<sup>1</sup> innogy dividend as contractually agreed with E.ON.

- **Lignite & Nuclear:** Earnings at previous year's level as a result of higher realised margins despite lower generation volumes
- **European Power:** Weak earnings due to lower production volumes, lower earnings from commercial optimisation and absence of GB capacity payments
- **Supply & Trading:** Extraordinary earnings on the back of outstanding trading performance and strong gas & LNG business
- **innogy** as part of RWE stand-alone: dividend of €700 million<sup>1</sup> in Q2 2019
- **Other, consolidation:** Mainly project costs, e.g. execution of transaction and separation from innogy IT

**European Power – new FY 2019 outlook of €450 to €550 million includes suspended GB capacity payments**

Key financials

€ million	Q1 - Q3 2019	Q1 - Q3 2018	change
UK	79	88	-9
Continental Europe	52	144	-92
<b>Adj. EBITDA<sup>1</sup></b>	<b>130</b>	<b>234</b>	<b>-104</b>
t/o non-recurring items <sup>2</sup>	-	-	-
Depreciation	-235	-220	-15
<b>Adj. EBIT</b>	<b>-105</b>	<b>14</b>	<b>-119</b>
t/o non-recurring items <sup>2</sup>	-	-	-
<b>Capex</b>	<b>-129</b>	<b>-132</b>	<b>+3</b>
<b>Cash contribution<sup>3</sup></b>	<b>1</b>	<b>102</b>	<b>-101</b>

<sup>1</sup> Total adj. EBITDA includes further income from other subsidiaries. | <sup>2</sup> Non-recurring items not included in non-operating result. | <sup>3</sup> Cash contribution = adj. EBITDA minus capex with effect on cash; before changes in provisions.

Q1 - Q3 2019 versus Q1 - Q3 2018:

- ⊖ Lower production volumes
- ⊖ Less earnings from commercial optimisation
- ⊖ Absence of capacity payments due to suspension of GB capacity market (-€47 million y-o-y)<sup>4</sup>

Outlook for FY 2019 adj. EBITDA: between €450 and €550 million (prev. €250 - €350 million)

- ⊕ Income from GB capacity payments of c. €230 million<sup>4</sup> after announcement of planned reinstatement of GB capacity market
- ⊖ Less earnings from commercial optimisation

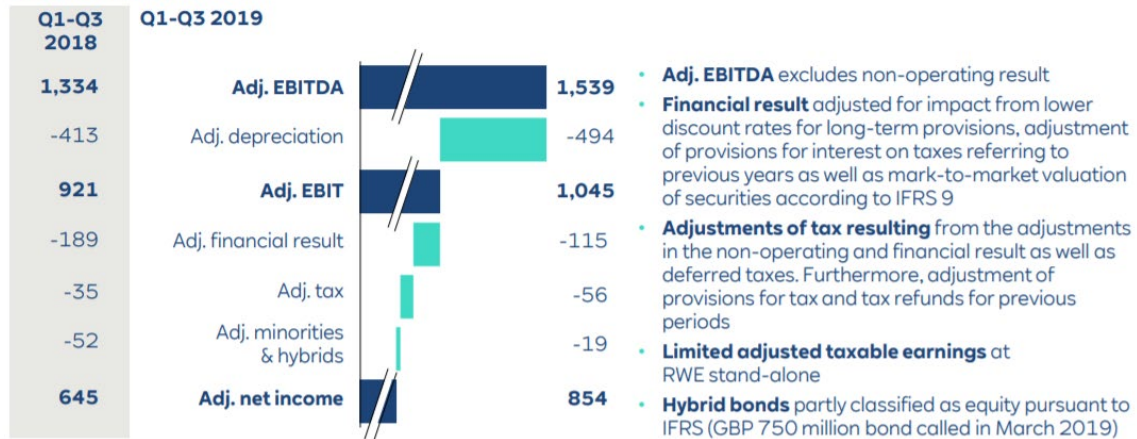
<sup>4</sup> Under the GB capacity market regime RWE had secured capacity payments of c. €100 million for fiscal year 2018 and c. €180 million for fiscal year 2019. The payments had been suspended after the decision of the General Court of the European Court of Justice from November 2018. For 2018, RWE has received capacity payments of c. €50 million for Q1-Q3 2018. The EC has concluded that the GB capacity market is compliant with State Aid rules as of 24 Oct 2019. Given the planned reinstatement, guidance for 2019 is updated accordingly. The figures still include the Aberthaw plant for which we have two transfer agreements in place starting 1 Oct 2019.

Source: Investor Presentation, November 2019, slides 20, 22, 25

Best Practice Example No. 50: RWE AG (contd.)

## Adj. net income for Q1-Q3 2019 reaches €854 million

Adj. net income (€ million)



Source: Investor Presentation, November 2019, slides 20, 22, 25



F Segments / divisions

**Relevance:** Valuation models for analysts generally have a bottom-up structure. This means that the models are “fed” with the maximum depth of detail. Accordingly, there is a corresponding need for extremely detailed financial information.

**Presentation:** Therefore, companies should show indicators and explanations at the segment level. Concise income statements (if procurable right through to EBIT) are the basis in this respect. There is always a demand for further indicators such as cash flow figures or information concerning value management. Textual explanations for the main factors should, where possible, be formulated in the concise style of analyst reports. A consistent and reliable sales sub-split is always very well received in the market.

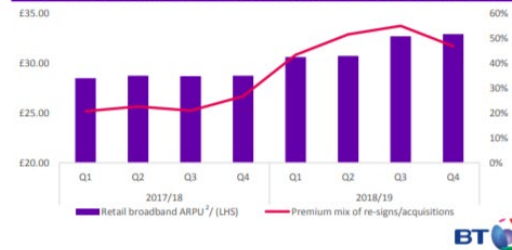
Best Practice Example No. 51: BT Group plc

Enterprise – legacy pressures, strong cost control

- Revenue down 5% due to:
  - continued declines in traditional voice and other legacy products and lower equipment sales
  - partly offset by growth in networking, IP and Ventures messaging volumes
- EBITDA down 3%:
  - reflects revenue decline, partly offset by 6% decline in operating costs
  - MAPS<sup>1</sup> achieved EBITDA growth
- Good growth in retail broadband ARPU<sup>2</sup> with improving mix
- Enterprise NPS improved each quarter in 2018/19
- FY order intake declined reflecting some large contracts and re-sign timing in 2017/18; good mix of retail orders in Q4 2018/19

	Q4 2018/19	Change	FY 2018/19	Change
Revenue	£1,564m	(7)%	£6,292m	(5)%
EBITDA	£504m	(6)%	£1,990m	(3)%
Capex			£501m	2%

Retail broadband ave. revenue per user and premium share



<sup>1</sup> Major and Public Sector  
<sup>2</sup> Average Revenue Per User  
 12 © BT Group plc 2019

Global Services – continued progress against strategy

- Revenue down 6% driven by:
  - de-emphasis of low-margin business
  - divestments of non-core businesses
- EBITDA up 17% due to:
  - 8% reduction in operating costs
  - one-offs in the year
- Rolling 12-month order intake down 15% reflecting:
  - shift to shorter contract lengths and increased usage-based terms
- Progress against strategy:
  - shifting focus to 800 global MNC<sup>1</sup> customers
  - NPS score up 39 points from 2016/17 baseline
  - Security business revenue growth of 19% YoY

	Q4 2018/19	Change	FY 2018/19	Change
Revenue - underlying <sup>2</sup>	£1,201m	(3)% (2)%	£4,735m	(6)% (4)%
EBITDA	£150m	11%	£505m	17%
Capex			£245m	(12)%

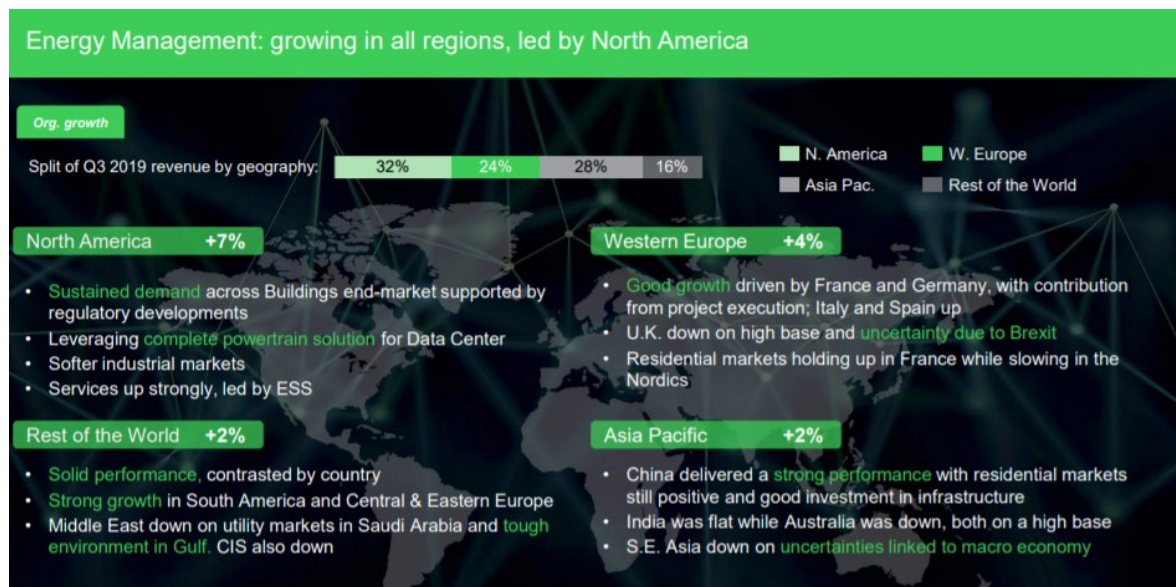
Global Services' FY revenue and EBITDA movements



<sup>1</sup> Multi-National Corporations  
<sup>2</sup> excludes specific items, foreign exchange movements and the effect of acquisitions and disposals  
<sup>3</sup> Global Wholesale Voice  
 13 © BT Group plc 2019

Source: Presentation of the publication of the Q4 and FY 2018/19 results, 9 May 2019, slides 12, 13

Best Practice Example No. 52: Schneider Electric SE

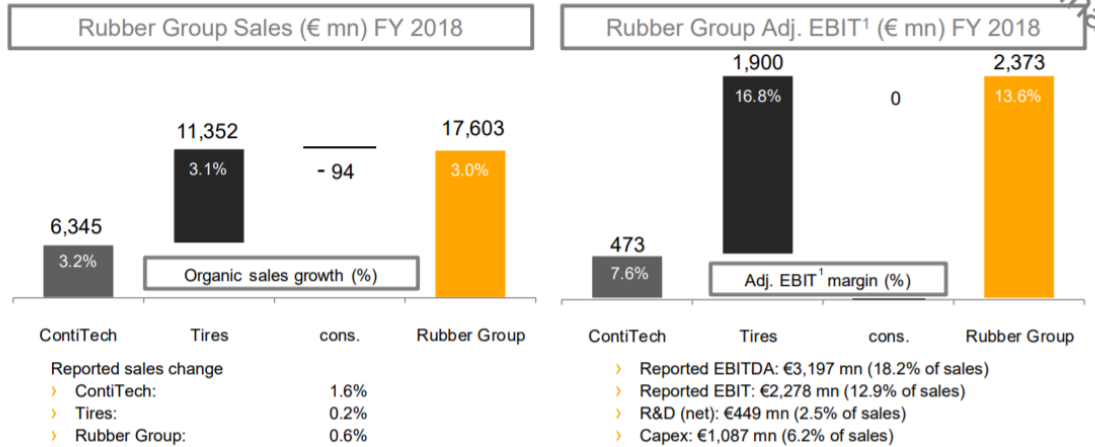


Source: Presentation of the publication of the Q3/2019 results, 24 October 2019, slides 17, 18

Best Practice Example No. 53: Continental AG

3) Rubber Group

Profitability Impacted by Rise in Raw Material Costs

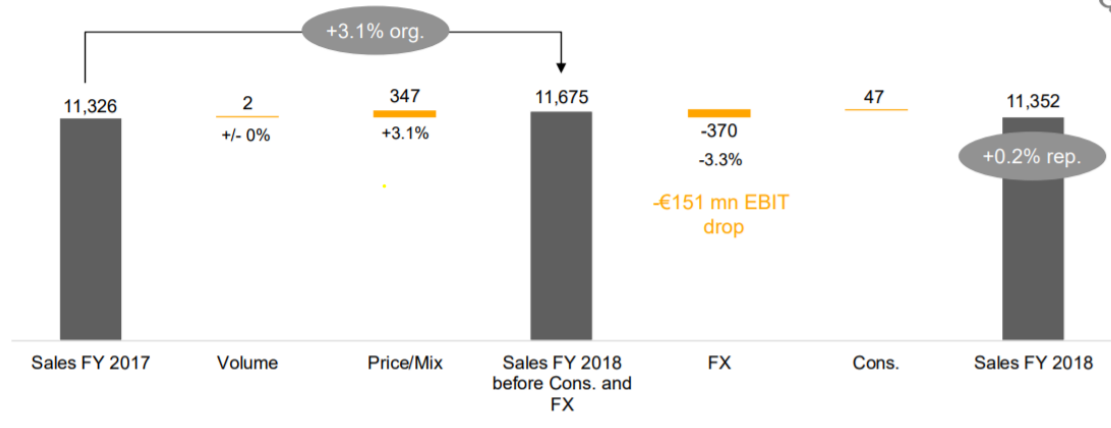


<sup>1</sup> Before amortization of intangibles from PPA, consolidation and special effects



3) Rubber Group

Tires Sales Bridge (€ mn) FY 2018



Source: Presentation of the publication of the preliminary FY 2018 results, slide 16, 18

## G Highlights of the main investments and subsidiaries










**Relevance:** Generally, investments and subsidiaries are a fixed component of the business model and thus have an impact on the development and success of the business. It may be very useful to provide a separate presentation for investments and subsidiaries to permit an isolated assessment.

**Presentation:** In addition to the key operating data, this presentation shows the key financials and the degree of consolidation. Reference points also illustrate the highlights and business drivers.

### Best Practice Example No. 54: Fraport AG

## Traffic Performances

### Passenger Momentum remains robust

Airport operations		Fraport Share	OCT 2018	Δ previous year	YTD 2018	Δ previous year	FY 2017	Δ previous year
Frankfurt		100%	6,372	+5.2%	59,341	+8.0%	64,500	+6.1%
Brasil		100%	1,274	+5.2%	12,121	+5.7%	13,939	+4.4%
Ljubljana		100%	161	+5.1%	1,586	+9.3%	1,683	+19.8%
Greek regionals		73.4%	2,494	+6.1%	28,439	+8.6%	27,583	+10.3%
Lima		70.01%	1,931	+3.3%	18,460	+7.8%	20,607	+9.3%
Twin Star		60%	155	+26.2%	5,415	+12.8%	4,953	+8.4%
Antalya		51%	3,749	+29.2%	30,203	+22.6%	26,346	+38.5%
St. Petersburg		25%	1,547	+15.2%	15,563	+11.5%	16,125	+21.6%
Xi'an		24.5%	3,973	+6.8%	37,468	+7.4%	41,856	+13.1%

**Source:** Presentation of the publication of the 9M/2018 results, slide 7, 28

## Best Practice Example No. 55: Fraport AG (contd.)

## Detailed Financials

### Performance of Major Airport Investments

## Fully consolidated Group companies

€ million	Share in %	Revenue <sup>1)</sup>			EBITDA			EBIT			Result		
		9M 2018	9M 2017	Δ %	9M 2018	9M 2017	Δ %	9M 2018	9M 2017	Δ %	9M 2018	9M 2017	Δ %
Fraport USA	100	41.4	48.9	-15.3	4.2	10.2	-58.8	0.9	-2.0	-	0.6	3.2	-81.3
Fraport Slovenija	100	35.5	31.4	+13.1	15.0	12.6	+19.0	7.7	5.3	+45.3	6.5	4.7	+38.3
Fortaleza + Porto Alegre <sup>2)</sup>	100	139.8	-	-	28.5	-	-	18.7	-	-	6.2	-	-
Fraport Greece <sup>3)</sup>	73.4	307.8	181.4	+69.7	132.3	106.2	+24.6	97.9	84.8	+15.4	19.4	29.0	-33.1
Lima	70.01	256.1	244.2	+4.9	92.1	91.3	+0.9	81.3	78.4	+3.7	53.8	47.8	+12.6
Twin Star	60	68.4	62.5	+9.4	42.5	40.2	+5.7	33.6	31.6	+6.3	27.3	25.0	+9.2

## Group companies accounted for using the equity method

€ million	Share in %	Revenue <sup>1)</sup>			EBITDA			EBIT			Result		
		9M 2018	9M 2017	Δ %	9M 2018	9M 2017	Δ %	9M 2018	9M 2017	Δ %	9M 2018	9M 2017	Δ %
Antalya	51/50 <sup>4)</sup>	264.2	215.7	+22.5	230.2	187.8	+22.6	148.4	106.2	+39.7	70.4	42.4	+66.0
Pulkovo/Thalita	25	212.9	205.7	+3.5	125.3	123.5	+1.5	99.4	95.3	+4.3	-6.7	-15.0	-
Xi'an	24.5	187.3	173.4	+8.0	83.0	87.4	-5.0	48.2	50.1	-3.8	40.4	41.2	-1.9

Figures refer to IFRS accounting before consolidation, not local GAAP, percent changes based on unrounded figures

<sup>1)</sup> Revenue adjusted by IFRIC 12: Lima 9M 2018: €232.9 million (9M 2017: €230.6 million); Q3 2018: €84.0 million (Q3 2017: €79.2 million); Fraport Greece 9M 2018: €221.8 million € (9M 2017: €172.0 million); Q3 2018: €129.5 million (Q3 2017: €115.2 million); Fortaleza + Porto Alegre 9M 2018: €66.1 million, Q3 2018: €22.3 million; Antalya 9M 2018: €258.3 million; Q3 2018: €148.5 million.

<sup>2)</sup> Sum of the Group companies Fortaleza and Porto Alegre. Operations from January 2, 2018.

<sup>3)</sup> The Group companies Fraport Regional Airports of Greece A and Fraport Regional Airports of Greece B are collectively referred to as "Fraport Greece". Operations from April 11, 2017.

<sup>4)</sup> Share of voting rights: 51%, Dividend share: 50%.

Source: Presentation of the publication of the 9M/2018 results, slide 7, 28

## H Balance sheet and balance sheet structure

**Relevance:** Although the capital market does not normally devote its primary attention to the balance sheet, and mainly considers the income statement and cash flow statement, the balance sheet is nevertheless essential for the work of investment professionals because it provides information concerning the source and application of the capital employed.

**Presentation:** In addition to a simplified balance sheet (assets and liabilities compared with the prior year), indicators, and in particular indicators relating to the capital structure should also be shown. These include the equity ratio, gearing, net debt as well as a target capital structure.

In connection with the capital structure, the medium-term dividend policy should also be considered. Dividend targets are best formulated using typical indicators such as payout ratio, dividend yield or dividend per share.

### Best Practice Example No. 56: Lanxess AG

## Balance Sheet: Solid!



[€ m]	31.12.2017 <sup>1</sup>	30.09.2018	31.12.2018
<b>Total assets</b>	<b>10,411</b>	<b>10,545<sup>1</sup></b>	<b>8,687</b>
Equity (incl. non-controlling interest)	3,413	3,626 <sup>1</sup>	2,773
<b>Equity ratio</b>	<b>33%</b>	<b>34%<sup>1</sup></b>	<b>32%</b>
<b>Net financial debt</b> (incl. Treasury Financial Assets)	<b>2,252</b>	<b>2,514</b>	<b>1,381</b>
Near cash, cash & cash equivalents	588	181	797
<b>Pension provisions</b>	<b>1,490</b>	<b>1,247</b>	<b>1,083</b>
<b>ROCE<sup>2</sup></b>	<b>9.3%</b>	<b>-</b>	<b>11.4%</b>
<b>Net working capital</b>	<b>1,948</b>	<b>1,535</b>	<b>1,455</b>
DSI (in days) <sup>3</sup>	65	68	69
DSO (in days) <sup>4</sup>	51	46	46

- Reduced total assets due to deconsolidation of ARLANXEO
- Substantially reduced net financial debt resulting from ARLANXEO divestment
- Cash proceeds partly included in treasury financial assets
- Significantly lower pension provisions due to €200 m funding
- Improved ROCE reflects higher return of New LANXESS
- Seasonal improvement in net working capital

**Source:** Presentation of the publication of the FY 2018 results, slide 25

I Finance and liquidity

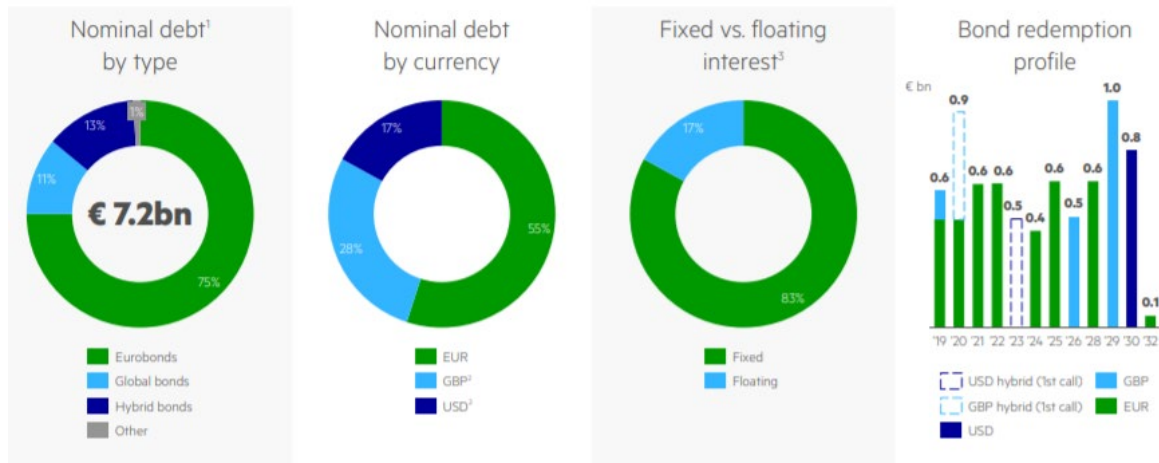
**Relevance:** Investors devote special attention to the liquidity situation and debt. Maturity structures, as well as the ability of companies to service their debt, are of particular importance.

**Presentation:** Investors obtain an initial picture of the liquidity situation using a simplified cash flow statement and working capital management. Overviews of the breakdown of debt with financing type or instrument, volume, maturity, and average interest rates provide useful transparency. So-called “maturity profiles”, can also be added to the presentation.

Traditional liquidity indicators are Times Interest Earned, Net Debt/EBITDA or Debt/EBITDA, are still of interest.

Best Practice Example No. 57: KPN NV

## Debt portfolio



Source: Presentation of the publication of the Q4 and FY 2018 results, 30 January 2019, slide 26

Best Practice Example No. 58: RWE AG

### Solid capital structure with high financial flexibility

**Investment grade rating:**  
 Moody's Baa3 stable  
 Fitch BBB stable

RWE Group net debt (€ bn, as of 30 Sep 2019)<sup>1</sup>

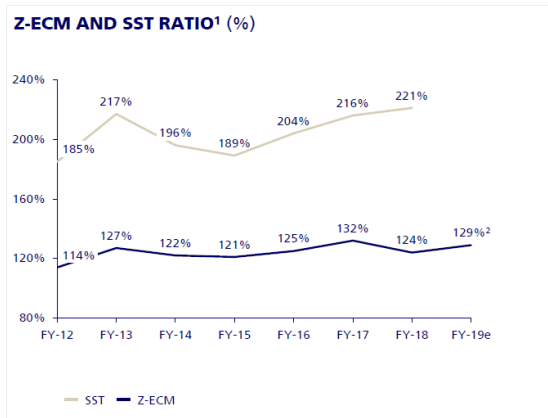
<b>Financial assets and receivables</b>	<b>11.3</b>
<b>Financial liabilities<sup>2</sup></b>	<b>7.3</b>
• Bonds and bank debt, commercial paper <sup>2</sup>	3.5
• Of which hybrid capital	1.1
• Of which hybrid adjustments	-0.6
• Other financial liabilities	3.8
• Of which tax equity	0.8
• Of which leasing liabilities	1.0
<b>Net financial assets<sup>2</sup></b>	<b>4.1</b>
<b>Long-term liabilities</b>	<b>14.1</b>
• Pension provisions	3.7
• Nuclear provisions	6.8
• Mining provisions	2.6
• Provisions for dismantling of wind farms	1.0
<b>Total net debt</b>	<b>10.0</b>

- Improvement of equity ratio due to innogy transaction from 17.8% to 27.4%
- Net financial asset position
- Majority of debt characterised by long-term provisions
- Financial position commensurate with RWE's target to maintain investment grade ratings
- Sensitivity of interest rates (+/-10 bps change in real discount rates):  
 Pension provisions (gross): c. +/-€0.2 billion  
 Nuclear provisions: c. +/-€50 million  
 Mining provisions: c. +/-€70 million
- Financial holdings (E.ON, Amprion, Urenco) not included in net debt

Source: Investor Presentation, November 2019, slide 14

Best Practice Example No. 59: Zurich Insurance Group

### Strong capital position and cash generation



<sup>1</sup> The Swiss Solvency Test (SST) ratio is calculated based on the Group's internal model, as agreed with the Swiss Financial Market Supervisory Authority (FINMA).  
<sup>2</sup> FY-19 Z-ECM reflects midpoint estimate with an error margin of +/-5ppt.

Source: Credit Investor Update, February 2020, p. 12



**J Handling crisis**

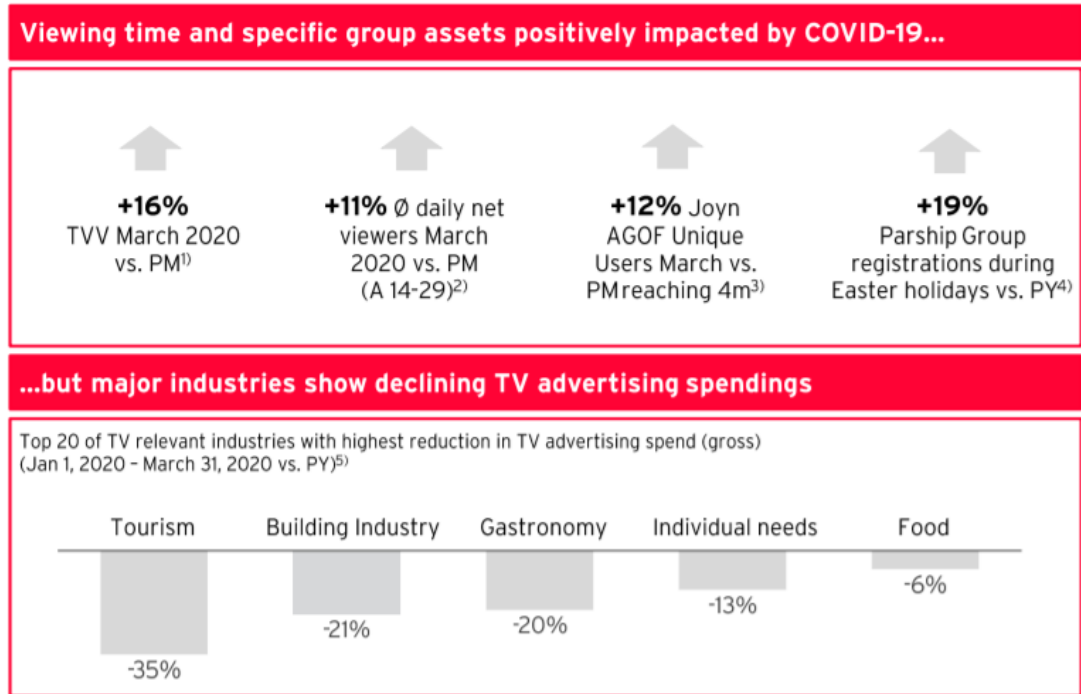
**Relevance:** In times of crisis, with investors seeking more trust than in times of stability, communication becomes more important. This is not just because of the outbreak of the Covid-19 pandemic.

**Presentation:** In addition to the expected development of key operating data, the presentation should address the development in certain strategic markets which may have been affected by the crisis more than others.

**Best Practice Example No. 60: ProSiebenSat.1 Media SE**

STATUS QUO

**CURRENT CRISIS LEADING TO CONTRARY DEVELOPMENTS**



ProSiebenSat.1 Media SE

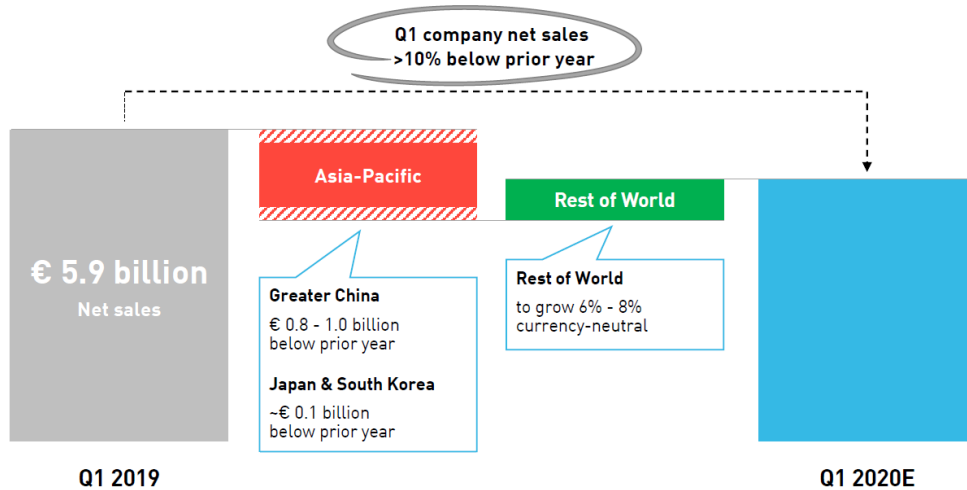
1) Basis: TV, TVC (Web, Mobile, Smart TV, HbbTV), 7TV/Joyn, Studio71 (TV-DE); 2) Basis: All German Households, Mon-Sun, 3-3h, viewers in m. 1min of consecutive viewing; Source: AGF in cooperation with GfK/videoScope/ProSiebenSat.1 TV Deutschland; 3) Basis: 16+, Source: AGOF Daily Digital Facts/ProSiebenSat.1 TV Deutschland; 4) April 19 - April 22, 2019 vs. April 10 - April 13, 2020; 5) © 2020 The Nielsen Company (Germany) GmbH

Source: Company Presentation

**Best Practice Example No. 61: Adidas AG**

**ASSESSMENT OF CORONAVIRUS IMPACT IN THE FIRST QUARTER**

COMPANY'S NET SALES EXPECTED TO BE MORE THAN 10% BELOW PRIOR YEAR LEVEL IN Q1



Source: Presentation of the publication of the FY 2019 results, 11 March 2020, slide 50

**Best Practice Example No. 62: Vonovia SE**

2020 Guidance Confirmed for Adj. EBITDA Total and Group FFO



Equity Story & Q1 Performance Update | Business Overview | Q1 2020 Results | Additional Information

- > **Organic rent growth guidance slightly reduced** by 20bps due to COVID-19 as a result of lower fluctuation and delayed completion of some investment projects.
- > **All other elements of our guidance remain unchanged.**

	2019 Actuals	2020 Initial Guidance before COVID-19 (Nov. 2019)	2020 Guidance Update (from June 2020)
Organic rent growth <sup>1</sup> (eop)	3.9%	~3.5 - 4.0%	~3.3 - 3.8%
Rental Income	€2,074.9m	€~2.3bn	€~2.3bn
Recurring Sales (# of units)	2,607	~2,500	~2,500
FV step-up Recurring Sales	41.3%	~30%	~30%
Adj. EBITDA Total (€m)	1,760.1	1,875 - 1,925	1,875 - 1,925
Group FFO (€m)	1,218.6	1,275 - 1,325	1,275 - 1,325
Dividend (€/share)	1.57 <sup>2</sup>	70% of Group FFO per share	70% of Group FFO per share
Investments (€m)	1,489.5	1,300 - 1,600	1,300 - 1,600

<sup>1</sup> If the one-off reduction of rents in Berlin to 120% of the rent ceiling is implemented in November, as currently planned, we expect to come out at the lower end of the range; similarly, if it is not implemented we expect to come out at the higher end of the range. <sup>2</sup> To be proposed to the AGM on June 30, 2020.

Source: Investor Presentation, June 2020, slide 13

IV Appendix / Backup

The following data are fixed components of external reporting and form the basis of research. Therefore, they do not need to be specifically emphasised by management. However, as they are primarily accessible via other sources (e.g. annual report, the Internet), they are included in the appendix of the analyst presentation for the sake of completeness.

- A Income statements for the previous eight quarters
- B 5-year income statement
- C List of non-recurring items per segment

Best Practice Example No. 63: Traton Group SE

### LIMITED AMOUNT OF ADJUSTMENTS TO HISTORICAL OPERATING PROFIT FOR TRATON GROUP

Operating Profit to Adj. Operating Profit table (€m)

in €m	2016A	2017A	2018A
Operating Profit	727	1,512	1,513
RoS in %	3.3%	6.2%	5.8%
Provision for Scania antitrust fine	403	-	-
Release of restructuring provision at MAN T&B	-	(50)	-
Expense in relation to Indian market exit at MAN T&B	-	-	137
Restructuring expense at VWCO	58	-	-
<b>Adj. Operating Profit</b>	<b>1,188</b>	<b>1,462</b>	<b>1,650</b>
<b>Adj. RoS in %</b>	<b>5.4%</b>	<b>6.0%</b>	<b>6.4%</b>

#### Commentary

- Scania provisioned €403m in relation to the European Commission's antitrust fine in 2016A
- Lower than expected restructuring expenses at MAN T&B leading to €50m reversal of respective provision in 2017A
- Adjustment of €137m reflected in 2018A with regards to market exit/plant closure of MAN T&B in India

Source: Company Presentation, 03 June 2019, slide 32

- D Balance sheet, complete
- E Cash flow statement
- F Objectives and principles of financial management, e.g. liquidity, integration
- G Hedging strategy
- H Risks and risk strategy

**Relevance:** Risk reporting is frequently considered to be a mandatory measure which is dealt with once a year in the management report.

Risk reporting and communication have taken on new importance since the outbreak of the financial market crisis. At roadshows, the significance of risk issues has increased tremendously. Risks relating to liquidity and covenants are aspects which are the subject of, particularly intensive discussions.

**Presentation:** External risks, e.g. list of the main customers, and suppliers with default risk, are always issues which are subject to attention.

There is also an increasing demand for the potential detriment, which is calculated based on the probability of the loss occurring and potential loss. Therefore, it would make sense to create a table listing the individual risks with probability and expected loss. These two dimensions can also be classified as “low”, “medium” and “high”. This table could also indicate if the significance of a particular risk has changed. As a matter of course, such a list refers explicitly to the risk report in the management report.

**I Intangibles**

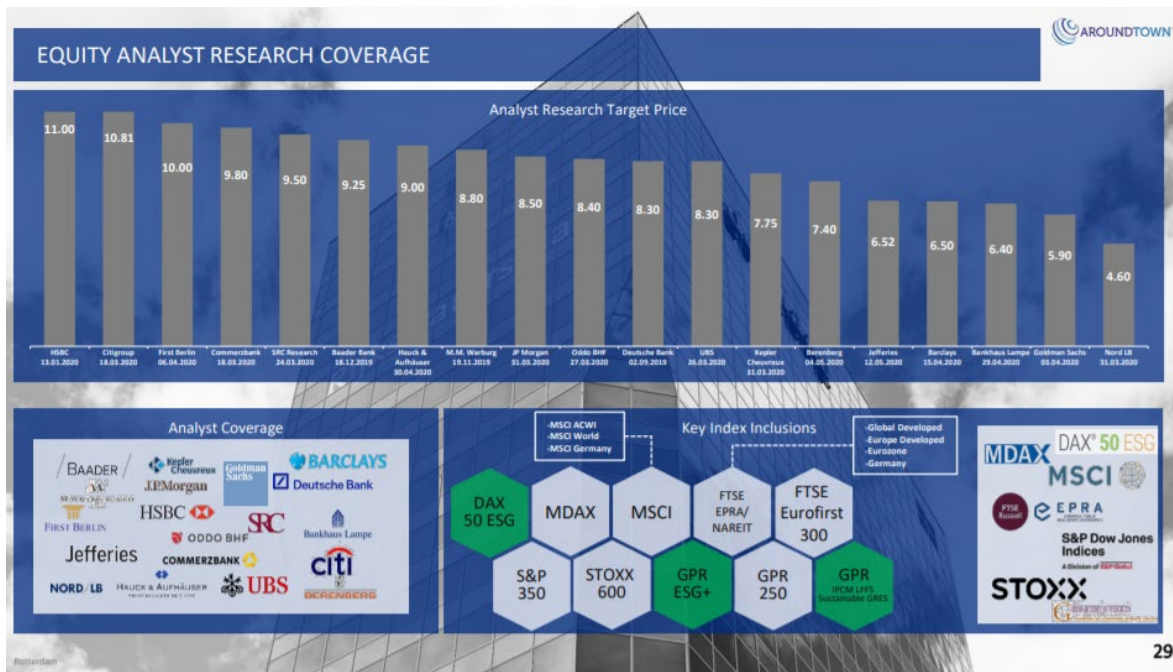
**J Shareholder structure: Main investors and free float**

**K Research coverage**

**Relevance:** The majority of both institutional and private investors rely on some formal analysis when making their investment decisions. Apart from an extensive quantitative and qualitative analysis, sell-side research analysts provide investors with earnings forecasts, a stock recommendation (such as buy, sell, or hold), and a price target. Supporting such claims.

**Presentation:** 1-slide presentation of the names and the organisations of sell-side equity research analysts including their stock recommendations and price targets.

**Best Practice Example No. 64: Aroundtown SA**



Source: Presentation for the publication of the Q1/2020 results, May 2020, slide 29

**L Management compensation**

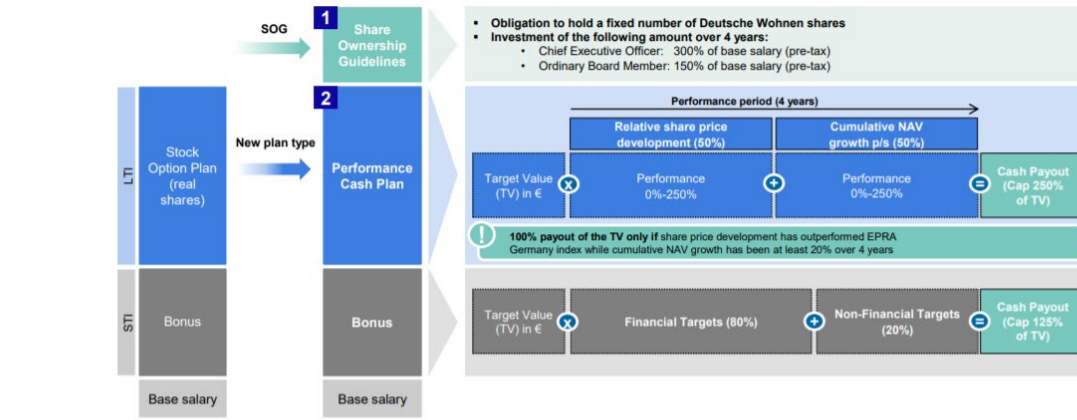
**Relevance:** Of increasing importance, not just from an ESG perspective, is the appropriate design of management compensation systems. Concerns regarding the level of executive pay, the debate over stock options, the emphasis by the International Accounting Standards Board on the accounting for share-based compensation challenge investors regarding the design of compensation mechanisms.

**Presentation:** Compensation mechanisms, their benefits, and limitations, and their related financial, tax, and managerial accounting implications should be made clear.

**Best Practice Example No. 65: Deutsche Wohnen AG**

**Executive Board compensation system – as of 1 January 2018**

- 1 Introduction of Share Ownership Guidelines (SOGs)
- 2 Conversion of the Stock Option Plan into a Performance Cash Plan
- ➔ Reduction of the plan's complexity and meeting of investor and proxy advisor expectations



STI = Short Term Incentive; LTI = Long Term Incentive  
deutsche-wohnen.com

50

**Source:** Presentation for the publication of the 2019 results, 25 March 2020, slide 50

**M Financial calendar with conference and roadshows**

**N Value management system**

- Explanation of the company's own management system, providing details of key indicators for valuing the company (incl. adjustment bridge)
- Intended yields and values, with details of medium and long-term targets (DVFA)
- Calculation and components of WACC compared with the previous year

**O Macro-economic and sector conditions**

**Relevance:** Companies depend on a complex system of a wide range of external factors. The effects of these conditions on the performance of companies are thus extremely important for investment professionals. Management performance and the position of the company can only be realistically assessed if these factors are known.

**Presentation:** Macro-economic and sector factors have to be specified or forecast for last year and also for the next two financial years. The focus is on the impact of these factors on the company in the form of opportunities and risks (e.g. sensitivities between GDP growth and revenues).

In addition to the above, it is also necessary to provide information concerning the development of commodity prices, demographic developments, economic performance data, and economic policy measures in the following categories:

- Economic background
- Market potential and outlook for relevant sectors and regions
- Development of market volumes / according to region / according to product
- Details of the procurement market, indicating key suppliers and relations

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