

A Comparative Analysis of IR Practices in the Middle East

Trends in Investor Relations

Introduction

The Global Trends in Investor Relations survey by BNY Mellon's Depository Receipts group commenced in 2004 with 34 companies from 14 countries. Only seven years later, this document - now including results provided by 650 companies from 53 countries - has become a benchmark for IR officers and practitioners around the world. Our IR specialists in New York, London and Hong Kong are proud to present you with our Middle East Analysis, as part of the Seventh Annual Global Trends in Investor Relations.

BNY Mellon has been able to supply our growing number of DR issuer clients with more advice and support to help them achieve their IR goals. BNY Mellon remains committed to working with our issuer clients to communicate their messages effectively and develop best practice IR strategies.

This year, we have uncovered interesting new facts and trends that we are excited to share with you. As the ongoing economic slowdown has continued to put pressure on Investor Relations teams to compete for increasingly scarce capital, companies are looking to tap new pools of liquidity by reaching out proactively to investors in new markets. Furthermore, companies are endeavouring to make more efficient use of both technology and their advisors to help them with this process. We are also seeing IR departments continuing to grow in size and salary allocation, an encouraging move. Finally, after a tumultuous year, more companies are implementing written crisis communication policies.

This study focuses specifically on the Middle East region and compares IR practices there with those of global peers. The survey was conducted from June through August 2011 and captures 42 on-line respondents from the Middle East. We compare the findings from this region with our global findings.

We would like to extend our special thanks to the Middle East Investor Relations Society for contributing to the success of the survey.

We hope the information contained in this survey will help formulate 2012 IR strategies in the region. As always, the team is happy to discuss these results and their implications with you and your team.

The full global survey can be downloaded from <http://www.adrbnymellon.com/IRSurvey.jsp>



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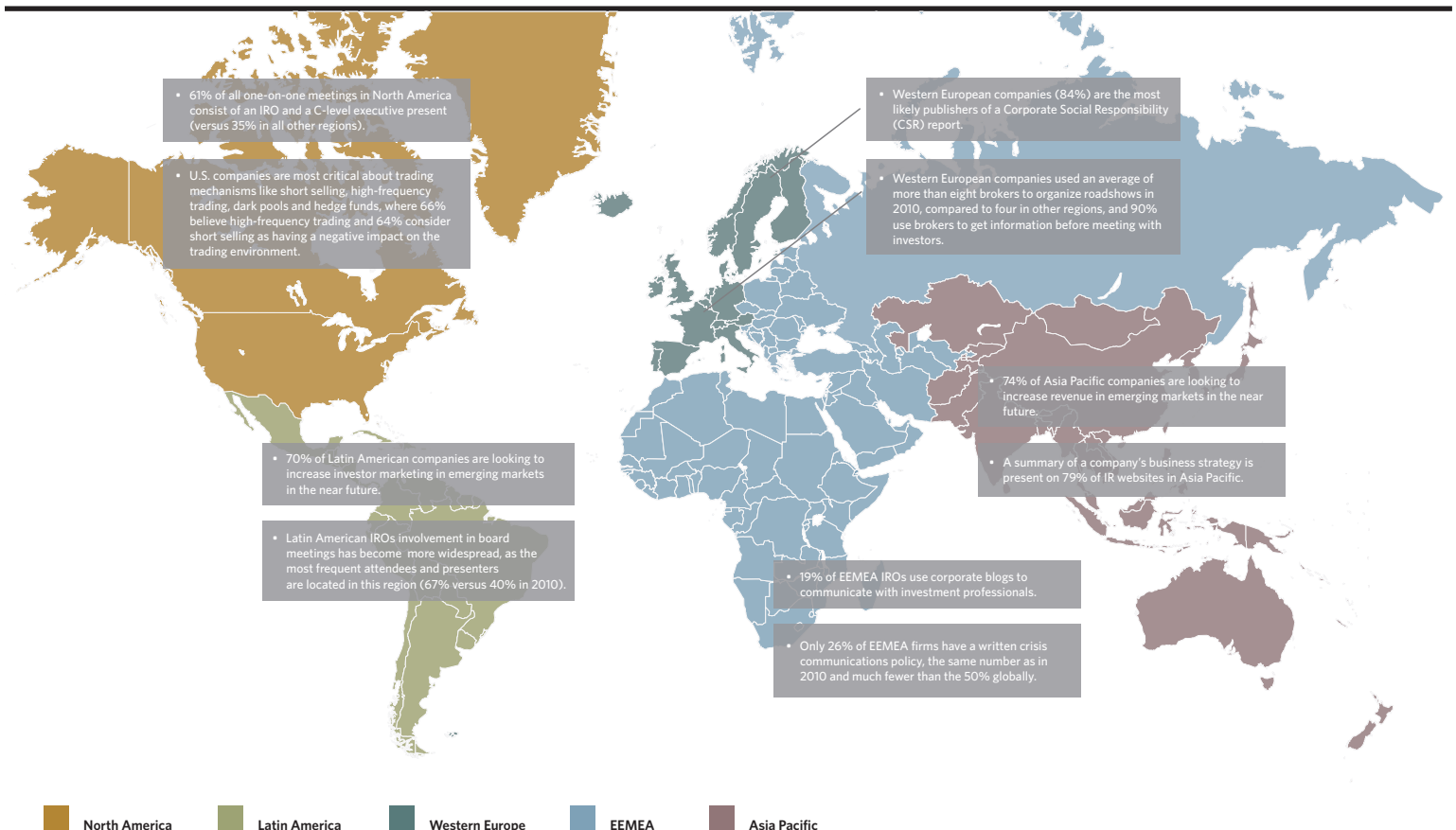
Methodology

BNY Mellon's Seventh Global Trends in Investor Relations Survey ("the Survey") was conducted between June and August 2011. The Survey was distributed to over 3,700 companies and captured 650 online respondents from 53 countries – a 75% increase from last year's 371 respondents. In addition, the Survey highlights 22 in-depth telephone interviews with senior global investor professionals conducted between July and September 2011.

Participants were sourced using internal and external databases and span all macro sectors and economy types, as defined by GICS and MSCI, respectively. Market cap classifications are defined as follows: Mega (over \$25bn), Large (\$5-\$25bn), Mid (\$1-\$5bn), Small (\$150mm-\$1bn) and Micro (under \$150mm).

Where applicable, historical references are provided using, in the main, results from the 2010 and 2009 Surveys. Graphs and tables provided throughout the Survey may not capture the entire respondent pool due to rounding and participant requests for anonymity.

World of Global Investor Relations



Summary of Findings

Investor Relations Personnel and Infrastructure

- IR professionals in the Middle East report an average of 6.7 years experience in the IR industry, fewer than the global average (7.7 years). However, this is above that of the EEMEA region's average of 5.8.
- IR departments in the Middle East typically have more than two employees (2.4), which is less than the global average (3.5) and the EEMEA region (3.2). Those figures also include support staff within the team.
- A significant number of IR departments in the Middle East (41%) are looking to add professional IR staff over the next 12 months, compared to 28% worldwide and 38% in EEMEA.
- Companies in the Middle East allocate roughly \$211,000 (median) to the IR budget, smaller than the global median (\$500,000), yet above what is common in the EEMEA region (median of \$175,000). Those figures exclude staff compensation.

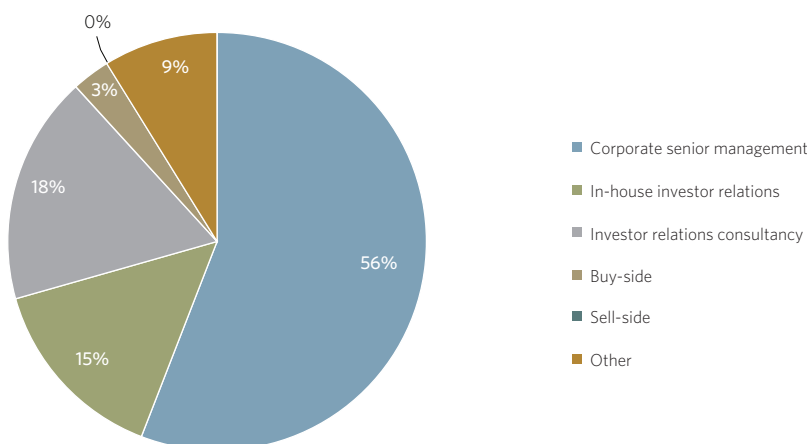
	Global	EEMEA	Middle East
Average budget 2011	\$788,000	\$498,000	\$457,000
Median budget 2011	\$500,000	\$175,000	\$211,000

- With regards to career progression, IR professionals in the Middle East are more likely to seek office in the C-suite (56%) versus continuing progression within in-house (15%). A number of respondents reported ambitions to move into IR consulting (18%). Those findings are broadly in-line with global findings.

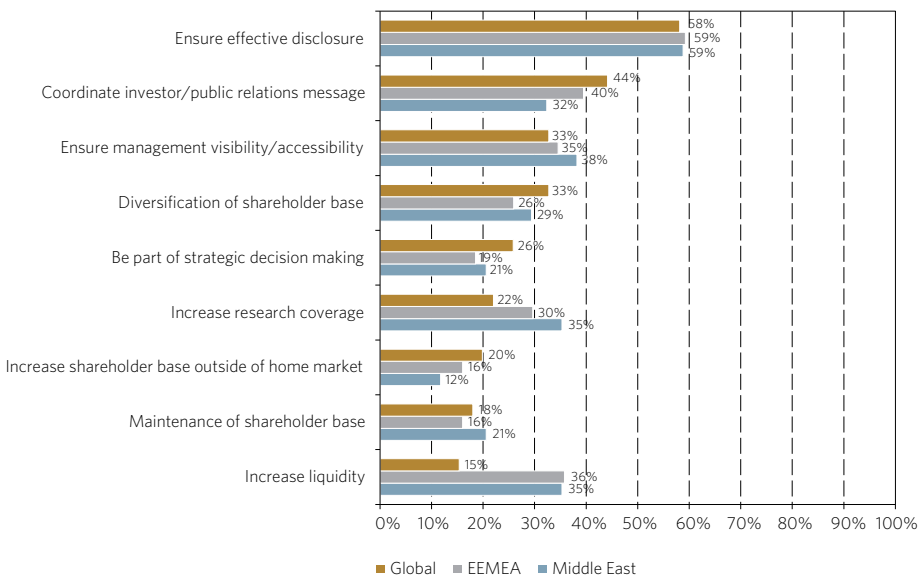
Strategy and IR Development

- The top goal for investor relations departments around the world, in the EEMEA and in the Middle East is ensuring effective disclosure. However, IR programs in the Middle East and EEMEA place more importance on increasing research coverage (Middle East: 35%; EEMEA: 30%) and on increasing liquidity (35%, 36%, respectively) than IR departments worldwide (22%, 15% respectively).
- More so than companies worldwide (52%), firms in the Middle East (65%) rely on informal feedback from the investment community to measure investor relations effectiveness.

Desired Future Career Path/Development



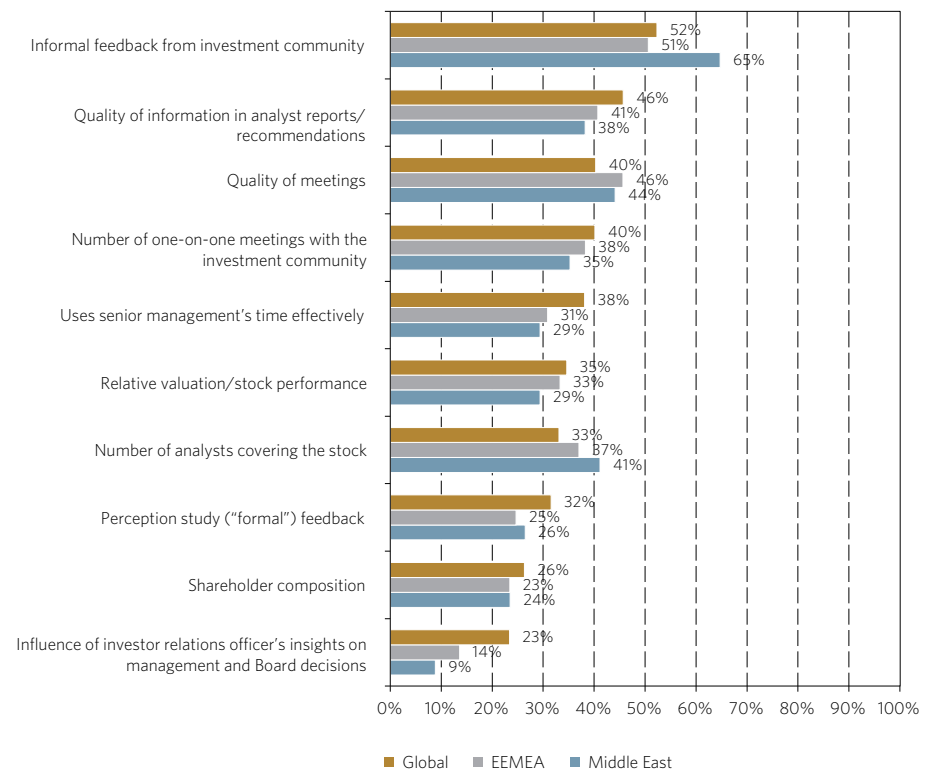
Top Goals for IR Program for 2011/2012



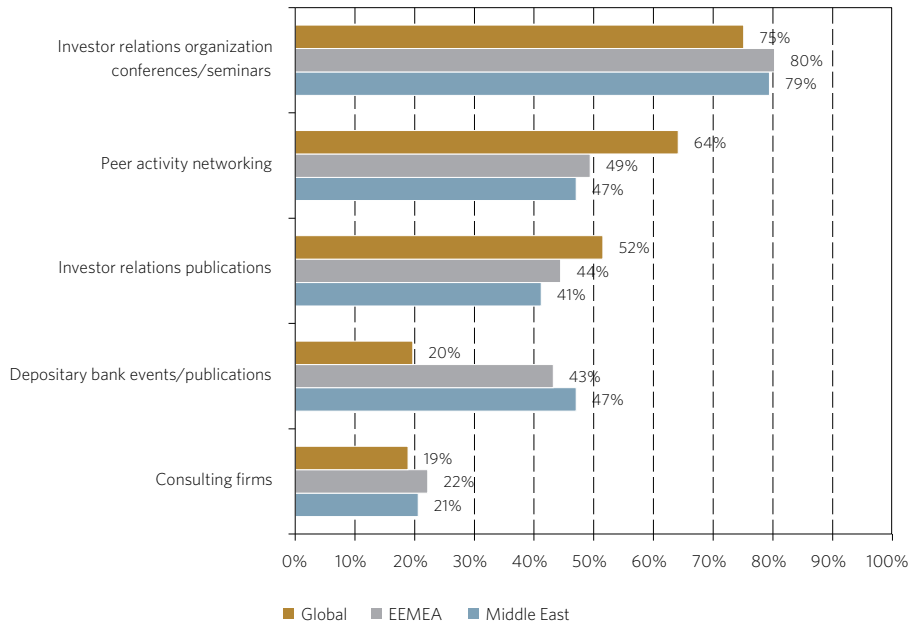
- Secondary metrics used to gauge IR's value in the Middle East are the quality of meetings the company has (44%) and the number of analysts covering the stock (41%), factors that are more common than globally (40% and 32%, respectively).
- IROs in both the Middle East (79%) and around the world (75%) find IR organization conferences to be the most effective mediums for gaining insight into trends in the IR industry. Nearly half of IR executives in the Middle East (47%) find depositary bank events and publications effective mediums of information, compared to 20% globally.

- The frequency with which an IR department in the Middle East gives counsel to the CEO is somewhat evenly split between daily or weekly (30%), monthly or quarterly (36%) or only as needed (32%). This differs from the worldwide trend where 41% of IROs give the CEO counsel daily or weekly, 39% monthly or quarterly and 19% as needed.
- Interaction with the CFO in the Middle East is more in line with the global averages - 64% of IROs in the Middle East give the CFO counsel on a daily or weekly basis, 27% monthly or quarterly and 9% as needed, compared to 68%, 21% and 11%, respectively, worldwide.
- CEOs in the Middle East meet face-to-face with investors from outside the home market 7.4 days per fiscal quarter (versus 5.6 globally and 5.9 in EEMEA). Similarly, CFOs in the Middle East (11.9 days) are meeting with these investment professionals more frequently than CFOs worldwide (8.9 days) and in EEMEA (9).

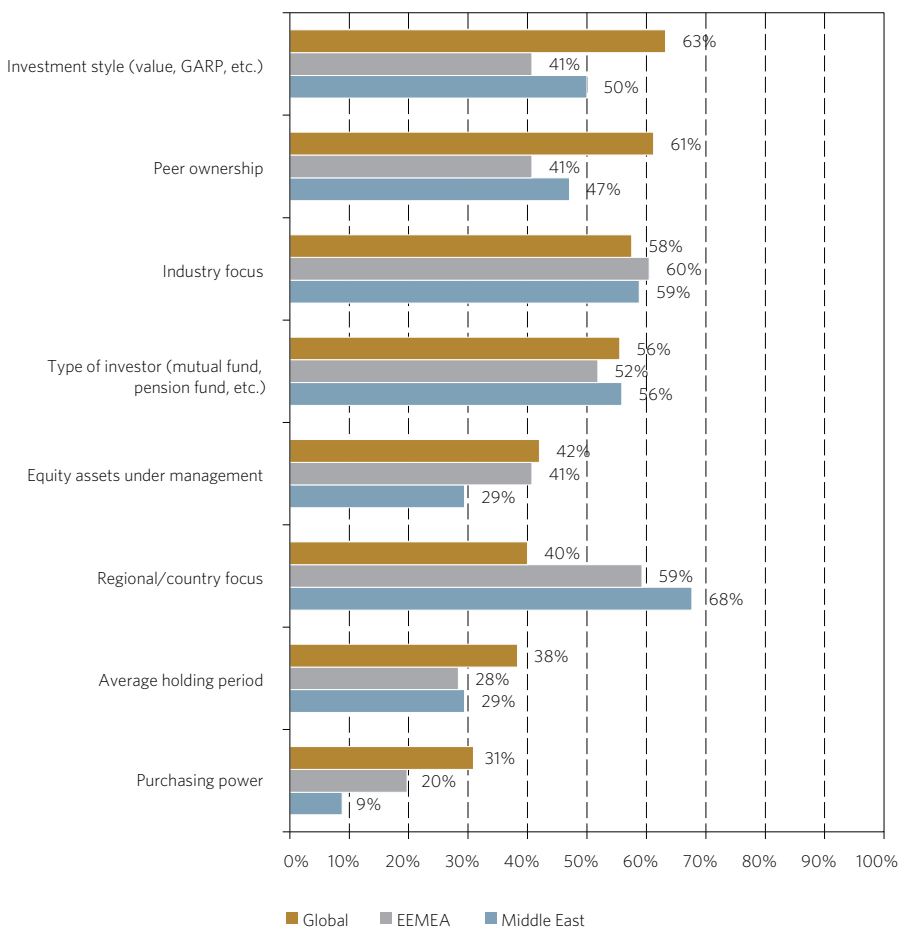
How IR Effectiveness is Measured



Most Effective Mediums for Finding Information on IR Trends

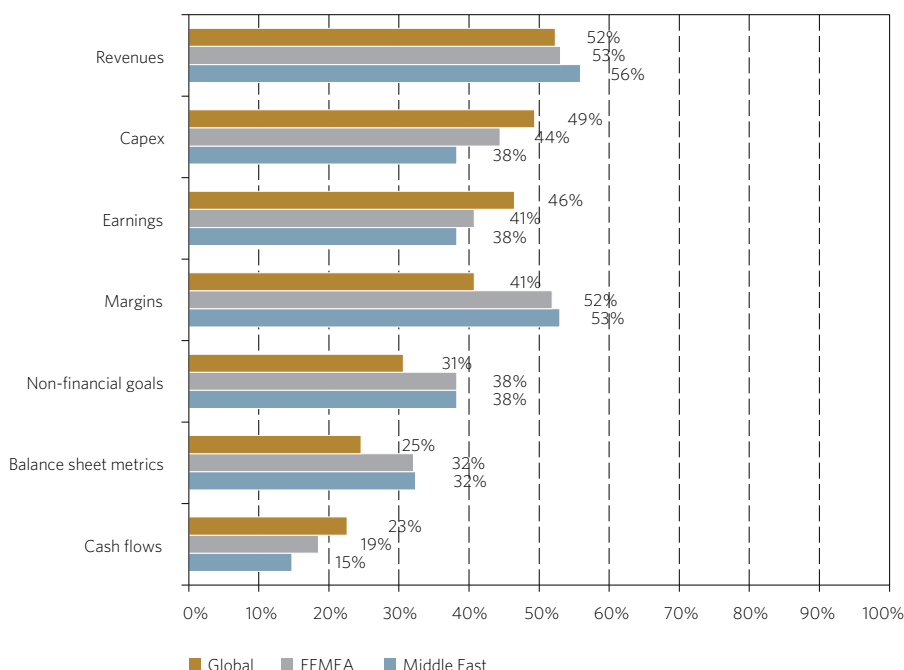


Criteria IR Departments Use to Target New Equity Investors



- 44% of IROs in the Middle East provide their Board of Directors with market intelligence, less than the worldwide trend of 64%. Also, 44% of IR executives in the Middle East attend the Board meeting (52% globally) and 41% present at least some of the time (46% globally).
- With regards to types of market intelligence provided to the board, most common in the Middle East is stock performance, sell-side analyst opinion summaries and peer information. Globally, in addition to sell-side analyst opinions and stock performance, investment community's feedback is an important aspect which is communicated to the boards.
- Middle Eastern companies devote a higher portion of their IR budget to external services than firms globally (21 vs 15%) and companies in EEMEA (17%). IR advisors are most commonly used to support Middle East companies with their media strategies (33%), peer tracking (33%) and importantly (51%) with logistics around events (conference calls).
- Companies in the Middle East use regional/country focus (68%) and industry focus (59%) as the primary criteria to target new equity investors. Firms globally also use industry focus (58%) and investor type (56%) for this exercise, but fewer companies worldwide look to an investor's regional/country focus (40%) in targeting.
- With regards to sources utilized to get information before meeting with investors, Middle East companies use internal (65%) and external (59%) databases as key sources. Globally, companies mainly utilize external databases (69%) and brokers (62%).

Types of Guidance Provided



- In terms of key metrics where guidance is provided to the market, Middle East firms most commonly provide figures on revenues and margins (56 and 53% respectively). 65% of Middle East respondents have a written disclosure policy (vs 72% globally).
- Globally, half of the companies surveyed have implemented a written crisis communications policy whereas 38% of Middle Eastern firms have such a policy (versus 26% in the EEMEA region as a whole).
- Corporate social responsibility reports are commonly published in the Middle East (59%), which is consistent with what is seen across the world (65%) and in EEMEA (58%).

Interaction between company and market

- CEOs in the Middle East split the amount of time allotted to the investment community, with 40% to existing shareholders, 27% to new/prospective investors and 24% to the sell-side, differing slightly to the 47%, 28% and 20%, respectively, by CEOs worldwide.
- CFOs at Middle Eastern companies devote their time more evenly between existing shareholders (34%), target investors (31%) and the sell-side (27%). This is in contrast to the 43%, 29%, 23% split CFOs worldwide devote to the investment community.
- Interestingly, IROs in the Middle East devote slightly more time to the sell-side (32%) and new/prospective investors (30%) than they do to existing shareholders (28%), which is somewhat different globally (31%, 28%, 35%, respectively).
- The number of one-on-one meetings a Middle Eastern company (238) holds in a typical year is well below the global norm (323), due primarily to the amount of one-on-ones the CEO is conducting in the Middle East (27) compared to worldwide (46).

	Most	Least	Global	EEMEA	Middle East
CEO			46	37	27
CFO			73	57	64
IRO			164	126	114
Other Sr. Company Representatives			40	30	32
Total			323	250	238

- One-on-one meetings in the Middle East are typically conducted by the IRO with C-level executives present (41%) or by the IR department alone (37%), which is roughly in line with what is seen worldwide (42% and 41%, respectively). Whereas, in the EEMEA region one-on-ones attended by IR and C-level executive is less prevalent (35%).

- Middle Eastern companies used, on average, 3 different brokers to organize non-deal roadshows in 2010, less than the number used worldwide (5) but more than in the EEMEA regions (2).
- Companies who answered the survey are not as widely covered (5 analysts) as those globally (16) or in EEMEA regions (11), and as such, the vast majority of IROs in the Middle East (71%) believe that they have too few analysts covering their companies. The number of analysts following the region has fallen in recent years.
- 16% of a Middle Eastern firm's investor meetings are with hedge funds, less than the 21% for companies across the world and 18% in EEMEA.
- While IR websites in the Middle East (74%) share a commonality with websites globally (71%) in not providing links to social media outlets, a large number also do not offer earnings call replays (41%) or links to conference calls (50%), compared to the trend worldwide (26% and 25%, respectively), and this is typical of companies in EEMEA regions (48%, 53%).

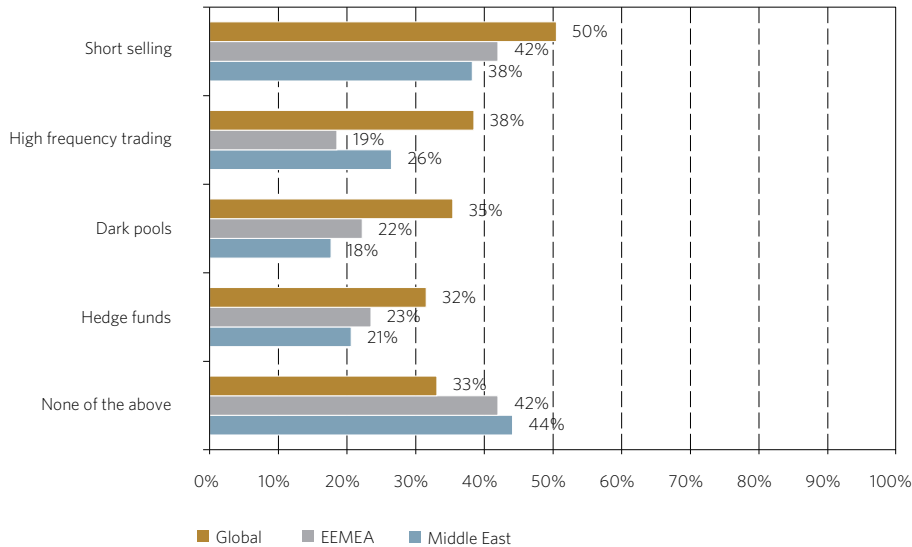
How many days of roadshows did you undertake in 2010 in each of the following regions

	Total	Middle East	Western Europe	Asia	Russia	Brazil	India
United States (net)	9.5	7.2	9.6	5.0	4.1	11.9	5.9
New York City Metro (including Connecticut and New Jersey)	4.3	4.4	4.0	2.2	2.7	7.1	3.1
Boston, MA	1.7	0.9	2.0	0.9	0.9	1.6	0.9
San Francisco, CA	0.9	0.5	1.0	0.9	0.3	0.7	0.7
Chicago, IL	0.7	0.3	0.8	0.3	0.1	0.5	0.3
Los Angeles, CA	0.6	0.4	0.7	0.3	0.1	0.7	0.5
Philadelphia, PA	0.3	0.1	0.3	0.0	0.0	0.1	0.1
Baltimore, MD	0.3	0.1	0.1	0.1	0.0	0.2	0.1
San Diego, CA	0.2	0.1	0.3	0.1	0.0	0.3	0.0
Dallas, TX	0.2	0.2	0.1	0.0	0.0	0.1	0.1
Houston, TX	0.2	0.1	0.1	0.1	0.1	0.2	0.1
Minneapolis, MN	0.1	0.1	0.1	0.0	0.0	0.1	0.0
Atlanta, GA	0.1	0.0	0.1	0.0	0.0	0.1	0.0
Fort Lauderdale, FL	0.1	0.1	0.1	0.0	0.0	0.3	0.0
Europe (net)	6.2	6.9	12.7	2.8	8.4	6.4	2.6
London, UK	3.9	6.5	7.0	1.8	6.1	4.2	2.1
Paris, France	0.8	0.2	2.2	0.2	0.7	1.0	0.1
Edinburgh, Scotland	0.6	0.0	1.4	0.6	0.0	0.7	0.3
Geneva, Switzerland	0.5	0.1	1.0	0.1	0.6	0.3	0.1
Stockholm, Sweden	0.4	0.0	1.2	0.0	1.0	0.2	0.1
Asia(net)	2.7	0.6	0.7	10.9	1.6	1.2	5.5
Hong Kong	1.4	0.1	0.2	6.5	1.0	0.5	2.2
Singapore	1.0	0.2	0.2	3.4	0.6	0.4	3.0
Tokyo	0.3	0.2	0.2	1.0	0.0	0.3	0.3
Canada	0.6	0.3	0.9	0.1	0.1	0.4	0.0
Middle East	0.4	5.4	0.1	0.1	0.1	0.3	0.6
Latin America	0.4	0.0	0.1	0.0	0.0	3.8	0.0
Africa	0.1	0.2	0.2	0.0	0.0	0.0	0.1
All other regions	1.2	0.3	1.9	0.6	1.7	0.0	2.8
Average (All Regions)	21.0	20.8	26.3	19.5	16.0	23.9	17.5

Capital Markets Developments

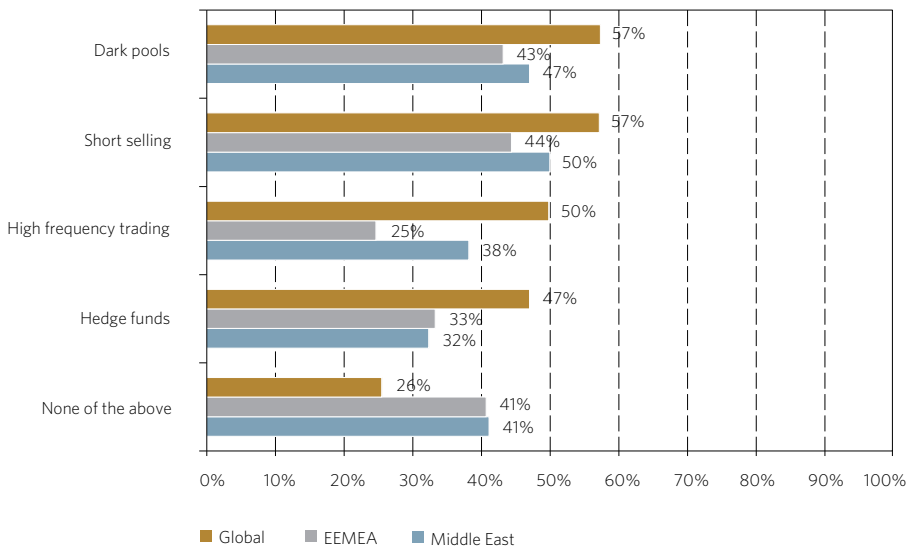
- More IROs in the Middle East (44%) do not believe recent developments in the trading markets have negatively affected the trading of equities than IROs globally (33%). However, a significant number of IR professionals in the Middle East (38%) do single out short selling as having an impact on the marketplace, though still fewer than the number worldwide (50%).

Percentage that Agree Various Trading Vehicles Negatively Impact Equity Trading



- With regard to implementing regulatory oversight for these trading vehicles, 50% of IROs in the Middle East believe short selling requires monitoring while 47% think dark pools should be regulated, although this is somewhat less than the number of IROs worldwide (57% and 57%, respectively).

Percentage that Agree Various Trading Vehicles Require Regulatory Oversight



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