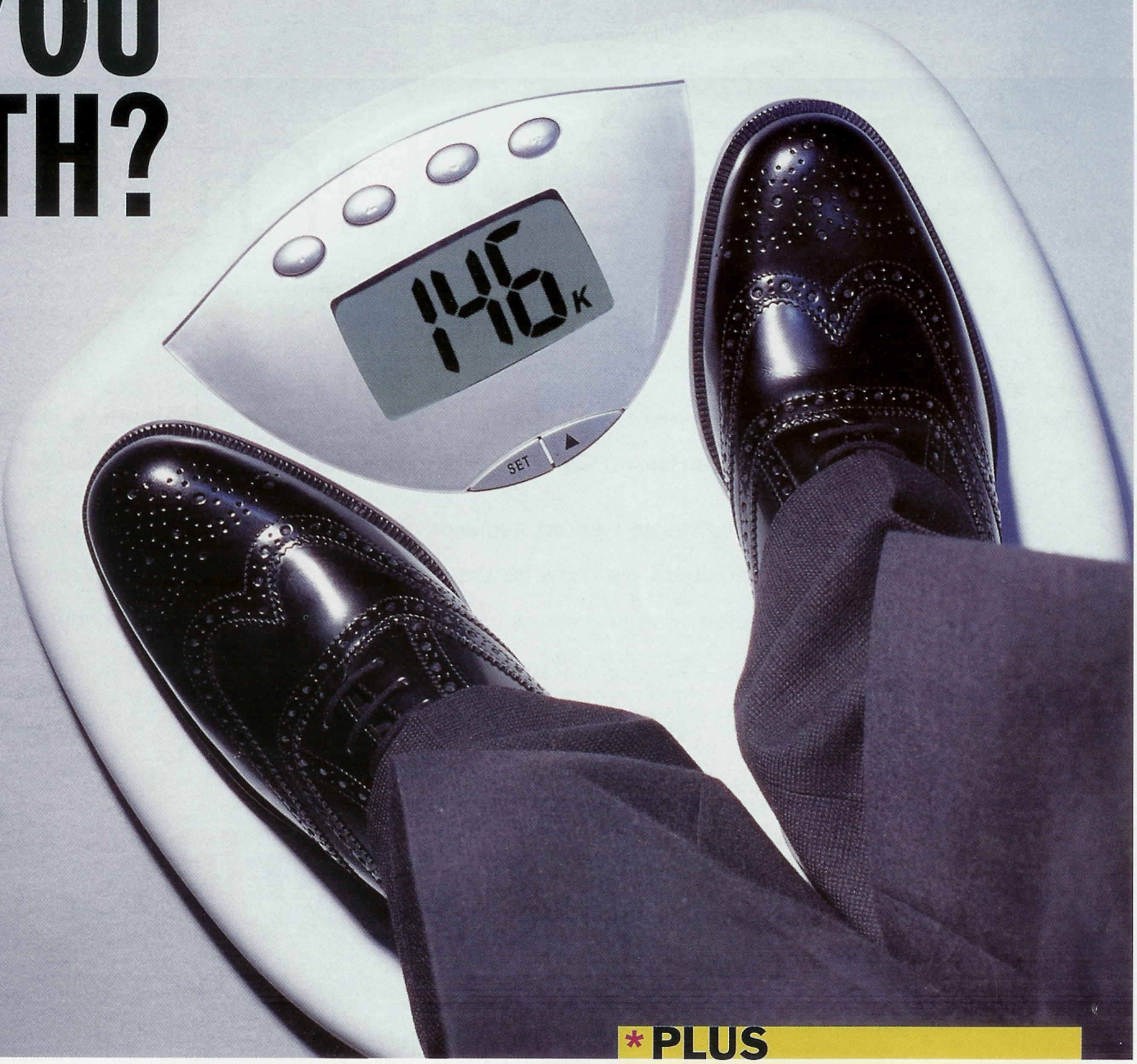
REAL IR
EUROPE'S INVESTOR RELATIONS MAGAZINE
December 2005/January 2006 * www.realir.net

Dual listings: handling the conflicts between US and European regulations p27

Putative bids: why are firms wasting millions on third-party advice? p10

WHAT ARE YOU WORTH?

The most comprehensive survey of IROs' salaries. Exclusively in Real IR p14



OIL ANALYST

Sanford C Bernstein's Neil McMahon pushes oil giants to open up on the big issues p22

DEVOLVED POWER

Regional IR offices offer priceless local knowledge – so long as they remain in the loop with HQ news p34

* PLUS

NEWS & ANALYSIS: shareholder voting reform, the OFR U-turn and other top stories

COMMENT: Chris Blackhurst, Philip Coggan and Bulgarian IR pioneer Bogomila Hristova

BETTER RELATIONS: IR advice from consumer goods firms, wireless communication and more

FMCG

For IR teams working in the fast moving consumer goods (FMCG) sector, the demands of customers and analysts alike create plenty of challenges, as well as job satisfaction.

The increasingly global marketplace creates huge opportunities for FMCG companies to operate internationally. Not surprisingly, therefore, businesses such as Unilever, Procter & Gamble and L'Oreal are highly focused on developing a strong customer base in emerging markets. If the Western economies experience a slowdown, there are plenty of growth opportunities elsewhere that investors want to hear about.

Investors are also keen to explore progress in the development of new brands and product lines, seeking detailed information across regions and business groups. IR teams need to meet these data demands as best they can, preferably also demonstrating sound knowledge of the wider market and their competitors' shares of it.

Consumers can, of course, be fickle. Coping with analysts' questions about shifting tastes, let alone unexpected events such as factory fires, is all part of the routine for FMCG IROs.

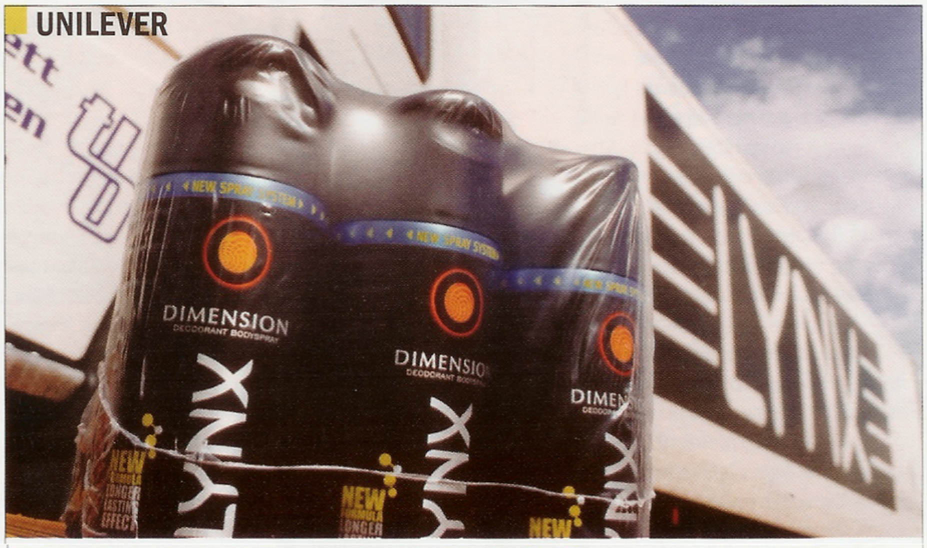
JAMES AMOROSO, EUROPEAN FOOD & BEVERAGE ANALYST AT HELVEA, PART OF THE PICTET GROUP

"I look for evidence of 'non-short-termism' on an ongoing basis. For example, Unilever was getting quite strong growth during the 2002/2003 period but it was partly due to investment in a lot of promotional activity. It got them a big bang for their buck, but it wasn't sustainable. I look for sustainable investment and sustainable growth once those investments have been made. That also has to do with the individual product category and competitor positioning.

"I also look for the company to provide sufficient information on their advertising, promotional spend and competitive environment to let the outsider form his own opinion, as opposed to having to rely on what the company is saying. I am a little suspicious if a company keeps its cards too close to its chest.

"If I'm coming fresh to a company I would be grateful to IR departments if they were able to provide things like market share, market growth and to really talk through some of the minuses as well as the pluses. I prefer a totally candid approach."

UNILEVER



IRO AND HEAD OF M&A: John Rothenberg
REVENUES: £40,366m (2004)
MARKET CAPITALISATION: £16,331m (December 2, 2005)

MARKET TRENDS: "The continued globalisation of our business, the rise of the D&E [developing and emerging] consumers, and the increasing segmentation of consumers. Demographic trends – the ageing population in the developed world and young people in the D&E markets.

"Also, speed of communication with investors. The regulatory environment has become more difficult for everyone, so we have to make sure information is made available to all investors at the same time. And there is also the segmentation of our investors: fund managers looking at the long term and hedge funds looking increasingly at the short term."

WHAT ANALYSTS/INVESTORS WANT TO KNOW: "The key questions for traditional, longer-term fund managers include: What is the strategic direction of the business? How are we placed against our competitors? What are the capabilities of our people?

"Some investors like to understand short-term trends – they want to see if there is anything that could happen that may influence next quarter's results."

TOUGHEST IR CHALLENGE: "We recently had a five-year programme, Path to Growth, and set ourselves a lot of targets. We were very open about what our targets were, but we reported in too much detail on individual targets, which restricted our ability to react to the marketplace."

"We now aim to give people information on the longer term, without tying ourselves to too many long-term targets. Getting the balance right is an ongoing challenge."

WHAT YOU ENJOY ABOUT FMCG: "The fact that it is fast moving in many ways. Consumers tell us every day whether we are getting it right or wrong. I also like working in a global business. Ideas come from South Africa, Chile, Vietnam... It also involves real team work."

HOW DID YOU GET HERE? "I have been working at Unilever for 35 years, in seven countries, on four continents. I have also worked in many different divisions of the company, including finance, general management and operations. Coming towards the end of my career, it's rewarding to work in investor relations and to put that knowledge of the business to use, bringing the Unilever world to investors."