

INVESTOR PERCEPTION STUDY



Ian Robinson
DuplexIR



DuplexIR investor perceptions report for *Trifast* plc

As part of its compliance with the UK Governance Code, *Trifast* engaged DuplexIR to undertake an investor perceptions study. The broader purpose of the study was to ensure that *Trifast's* directors, both executive and non-executive had a full and clear understanding of how the investment community views and understands *Trifast*. At a more detailed level the objectives were to:

- Examine how the equity market understands *Trifast's* operations, finances and strategy – considering in greater detail the mix between manufacturing and distribution, and also the role that acquisitions play
- Understand how the market views *Trifast* as an investment – to understand whether all areas of value are being appreciated, that broader expectations are not unrealistic, and that areas of risks and uncertainty are not being ignored
- Review how investors and analysts regards management and their performance
- Consider what can be done to improve investor communications and shareholder engagement

The study was conducted over a period of four weeks, from 26 September to 21 October 2016, in two parts. The first part was a web based survey of institutional investors and broking investment analysts using the DuplexIR investor feedback platform. The second was a number of one to one discussions with a selection of these investors and analysts. The questions were set out by DuplexIR, in consultation with the senior management of *Trifast*. Survey responses were obtained from all but two of *Trifast's* leading active institutional shareholders, seven analysts, and four non-holding institutions. The one to one interviews were conducted with three analysts and three institutional shareholders.

The results of the survey and the one to one conversations suggested that the balance between manufacturing and distribution appears to be well understood by both current investors and analysts. The role of acquisitions within the company also appears to be appreciated. Importantly, there was no evidence that *Trifast* is seen by investor or analysts as simply an industry consolidator. Although current investors and analysts generally expect further acquisitions at some point, the impression was not given that anything was anticipated or demanded or required in the short term. Even though they are not seen as a necessary part of the business model, acquisitions are clearly seen as part of the longer term investment case, and something that management are good at.

With regard to how the investor and analysts assess the value of *Trifast*, there was a clear bias towards distributors rather than manufacturers as valuation comparators. Manufacturing business are typically more highly valued by institutional investors than distributors and it appears some aspects of *Trifast's* value could well be being overlooked by the market as a whole. The responses to questions regarding what extra information investors and analysts require also suggest that some aspects of the business, such as the strength of the relationships with customer and value add of working at design stages, might be given greater value by the market, if further supporting evidence was presented.

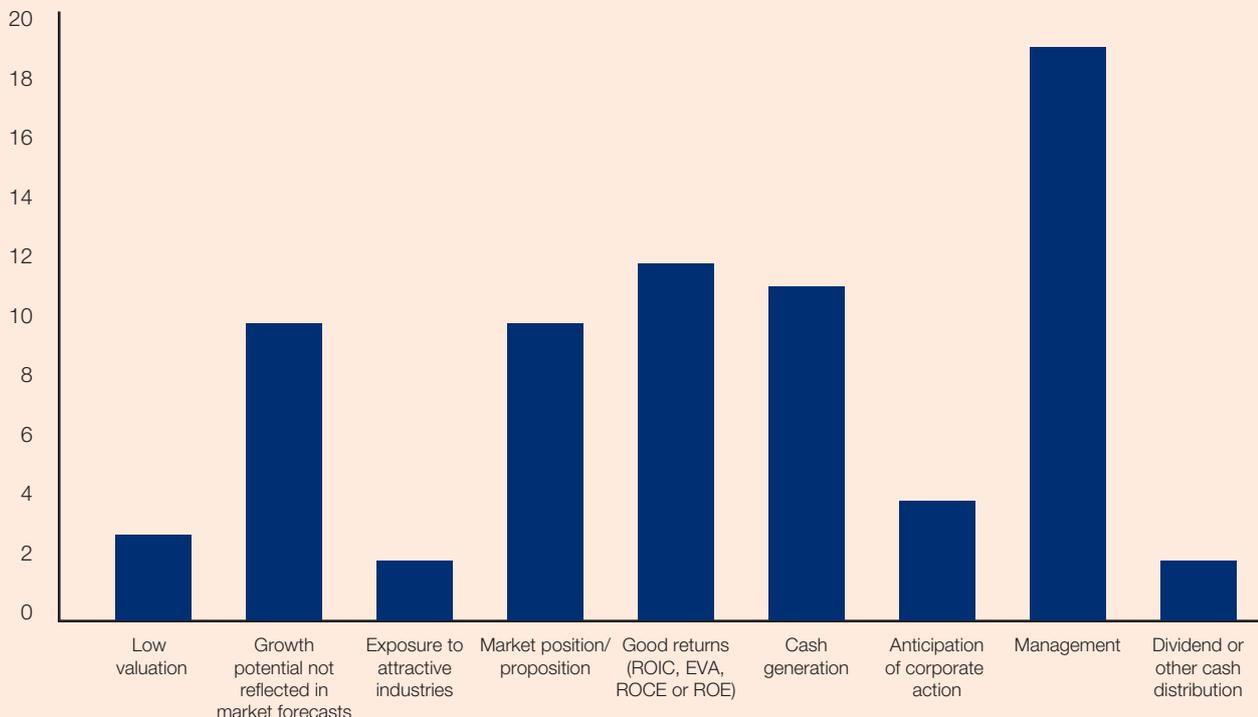
As shown in the chart below, the survey responses showed that the management are one of the main investment attractions of *Trifast* and the one to one discussions reaffirmed this. Perhaps inevitably, given his historical role in the growth and success of *Trifast*, Malcolm Diamond was mentioned more often than the current management in on line comments and one to one discussion. The overall message was that investors and analysts alike were happy to see the baton passed, but a number of participants expressed a wish for Malcolm to remain involved in some way going forward.

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Across the survey and interviews there were no significant issues identified with the way that *Trifast* communicates with investors. Those suggestions that there were for improvement in investor relations mainly related to the potential benefits of a capital markets day or site visit, and to the desire for some greater visibility into exactly where *Trifast* is adding value for its customers.

All participants in the study were happy with the amount of access to management and there was a clear view that strategy, operational objectives and guidance have all been well set and communicated in recent years.

Survey question – Which of the following (maximum 5 selections) are key investment attractions of Trifast?



Source: DuplexIR survey