



INVESTOR RELATIONS GUIDE

FOR THE GERMAN-SPEAKING AREA





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German IR-Guide

My name is Joachim Brunner and I am the founder and president of the news agency IRW-Press. I have been involved in the markets and investor relations business for more than twenty years. The first ten years I worked in a bank as a trader and analyst, where I gathered valuable experience that has helped shape my expertise in the field of investor relations. I know what type of information investors really need and what kind of mistakes companies can make by taking the wrong communication approach. After writing a master thesis on „Investor Relations and their impact on shareholder value“ and earning a university diploma in business administrations, I became self-employed and founded IR-WORLD.com Finanzkommunikation GmbH, based in Austria, in 1999. Apart from running IRW-Press, this company also publishes a successful stock market letter. With our news service, we support companies, mainly North American, in their communication with German-speaking investors. We don't see ourselves as a classical IR agency offering a full range of IR services. We rather seek to remain a news agency, specializing in the distribution of press releases announced by publicly listed companies.



The main reason why I wanted to write this IR-Guide for the German-speaking area was that I have seen many companies come to Europe - and here especially to Germany - with misguided expectations. And, I may be partly to blame for the boom of resource stocks in Germany. You see, five years ago I wrote about a small Canadian explorer in the Philippines in my stock letter „Smallcap-Investor“. The company’s news release was one month old and it was summer, a time when investor activity is traditionally low. In my article, I wrote about the potential of a porphyry deposit, and that the company I was writing about had most likely found one. Response was overwhelming. Within only two days, more than 20 million shares were traded, which corresponded to a trading volume of several million euros. The company’s share price increased by more than 50 percent, and they received a call from their home exchange asking about the market activity and the reasons for it! I was in a state of shock, but thankfully the experience turned out to be a positive one.





This incident triggered a real bull market for foreign companies to list their shares in Germany. The listings of foreign companies, mainly from North America, continued to soar over the next few years, and it became clear that the bullish market was nearing its peak.

The market was flooded with companies and their promotions, so that eventually more and more businesses became disappointed in a listing in Germany. While in the beginning one simple news release would suffice to apply for a listing in Germany and achieve double-digit stock price gains, it would become increasingly hard and pricy to launch promotion campaigns that generate moderate results at best. After that, the tides turned and a German listing became increasingly viewed as something negative, up to a point where companies even wanted to be de-listed.

But neither unmanaged expectations nor painting a doom-and-gloom picture of the German market would be, or is, the right approach - that's why I felt the need to write this brochure. I'd simply like to share my market experience with you and look at the hard facts as well as highlight the opportunities for IR in the German market.

Please understand that not all of your questions may be answered; if that's the case, don't hesitate to contact us at austria@irw-press.com. For your convenience, you may also find it useful to get in touch directly with our Canadian operations at canada@irw-press.com.

I hope you enjoy reading this brochure and look forward to a profitable future cooperation with you!

The German Market

When talking about the German market, it needs to be noted that we are talking about the German-speaking area, and this includes the countries Germany, Austria, Liechtenstein and Switzerland. This region is certainly one of the most advanced and economically stable in the world. The German-speaking population living in this region comprises some 100 million people with an average income that is substantially higher than in many other EU countries and definitely amongst the highest by global standards.

The Investor's Mind

The German investor is a long-term investor by nature. My personal experience is that 80 percent of the investors have an investment horizon of one year or longer. This investor habit has its roots in history as previously no income tax had to be paid in Germany for shares that were held longer than one year. This practice was abandoned in Germany effective January 2009. In Austria, however, this tax exemption is still in place.

There are, of course, a large number of traders seeking to make profits through short-term trades. These people are important as they pump money into the market - money which our markets urgently need.





The Listing

There are eight stock exchanges on the German market, the most important of which is the Frankfurt Stock Exchange (incl. XETRA and EUREX). Most foreign companies are traded on the so-called „Open Market“. This „Open Market listing“ has the advantage that it is cheaper compared to other stock markets, in terms of listing costs and regulatory requirements. As a rule, a company needs only one listing in one of the other renowned and regulated stock exchanges in Canada and US to be eligible for a listing on the Frankfurt Stock Exchange.

Besides, with an Open Market listing you are in good company: more than 10,000 foreign companies are listed on the Frankfurt Open Market, including renowned businesses like Microsoft, General Electric or BHP Billiton.

Of course, there are also stock exchanges in Switzerland and Austria. But a stock exchange listing there is much more expensive and unnecessary as investors are well connected wherever they live. Any bank or online broker in these four countries is free to engage in trading in all the different stock exchanges. It is therefore unnecessary to seek an additional listing in any of the other country's stock exchanges.





The recent years have seen a growing trend for German-speaking investors to buy shares directly from the stock exchange in the country where the company is based. As a rule, shares always achieve the best liquidity in their home market. Even though this leads to a lower trading volume on the German stock exchanges, it does not reduce the importance of a German listing. Without such a listing, it is practically impossible to draw investor attention as the shares do not appear in the banking and online systems. So the investor is no longer able to follow the share price development.

For this reason, a listing is simply a must to render investor relations efficient. The first case in point is the distribution of a company's news releases: without a listing an adequate distribution cannot be achieved.





The Market Maker

As a rule, market makers or financial service providers are the ones to apply, on a company's behalf, for a listing on the Frankfurt Stock Exchange. There is only one market maker per company in the Open Market, and a change in markets requires the market maker's approval. It is therefore of great importance that you know your market maker, as this is the only way to guarantee a fair trade in Germany. Talk to them and get to know them, this will make things much easier and is a fundamental prerequisite to a successful German listing.

It often happens that the company is listed on the Frankfurt Stock Exchange (or any other German stock exchange) without your consent, because consent is not always required, and without your knowledge. Market makers tend to do this when they expect active trading on the stock exchange. Once a market maker has listed a share under their name, you can no longer change the market maker and all stock exchange trades automatically „pass over their quote screens“.

If your shares are already listed, make sure to get in touch with your market maker immediately. If you are not satisfied with their services, there are specialists you can turn to who assume the role of a market maker and offer you their support.



Cost

Costs may vary considerably depending on the market maker or financial service provider you are choosing, and are usually in the range of 2,000 to 15,000 euros.

Delisting

It is also the market maker's job to carry out a delisting. However, if you want your shares to be taken off the stock exchange, but your market maker disagrees because your shares are trading well in Germany, you simply remain listed. Even if you manage to get delisted, there is no guarantee that the next market maker will not relist you on the stock exchange.



IR ACTIVITIES IN THE GERMAN-SPEAKING REGION

1. CLASSICAL IR

2. EASY IR



Imagine ...



you find the key to appeal new
financially strong shareholders in the
German-speaking area of Europe!

1. Classical IR

What I mean by „classical investor relations“ is hard work that takes up much time but guarantees success in the long run.

This strategy involves the use of conventional IR tools, including techniques for achieving a satisfactory share price performance but also setting up a database with contact details of existing and potential investors. This database is an indicator for successful IR activities and ought to be one of the prime targets of an excellent IR service.

Below is a list of the most important tools of classical IR and their relevance in the German-speaking market.

Translation and distribution of press releases

This is certainly the most important IR tool in classical investor relations. There are only a few measures as efficient as having your press releases translated and distributed. It assures you a permanent market presence and allows you to use each release to expand your database. So don't forget to include a newsletter registration feature.

Apart from being perfectly translated, your press release also requires an excellent distribution system. I am therefore very proud that IRW-Press is among the leaders in this field in the German-speaking market.



German website

While a German website is important, its impact should not be overestimated. No German investor would expect your entire website to be fully translated and fully integrated. However, be sure to offer a translation of the key items of your website: „home“, „press releases“, „newsletter registration“ and the latest company presentation. More importantly, your website should be updated. There is nothing worse than a website that fails to provide an online version of the latest press release, and all you can find are news releases that are several months old. The German investor will get the impression that they are not worth the effort, and this creates a very negative image in the long run.

How to register for a German newsletter

It is highly important that you give existing or potential investors the opportunity to register for a newsletter. Along with this newsletter the latest company announcements, such as translated press releases or invitations to trade fairs, should be distributed. It is also a way to gather valuable contact data, and continually expand your investor database.

Many companies make the effort to translate their press releases and part of their website, but they forget to add the German newsletter registration feature. Much of the investor retention potential gets lost this way.



Road show

A road show is important, but also expensive. It is therefore crucial to choose the right partners. Needless to say, a road show should always be targeted at professional market participants and institutional investors. Switzerland is the perfect location for a road show among the German-speaking countries. The German and Austrian markets boast only a few institutional investors and are largely dominated by retail investors.

Other places in Europe suited for a road show include London, Paris and Amsterdam.

Trade fairs

In Germany and Austria, there are a number of interesting trade fairs. The leading fairs worth mentioning here are the INVEST held in Stuttgart (April), the IAM held in Dusseldorf (September or October) and the Gewinnmesse in Vienna (October). These are the typical „money shows“ attracting between 10,000 and 20,000 visitors.

There are also several specialised exhibitions for the mineral resource industry such as the „Rohstoffmesse“ held in Frankfurt (spring & autumn) and the „Edelmetallmesse“ for precious metals in Munich (November).

The German audience does not expect the CEO and President of a company to be personally present at the company's booth. But the presence of a well-trained IR manager is a must. Make sure there is a German-speaking representative at your booth as



many investors tend to feel embarrassed when speaking English and so they may not talk to you. Wearing a badge which features the German flag will make things a lot easier.

Advertising

Of course, there are plenty of other ways to get yourself advertised, such as through magazines or daily newspapers. Stock market magazines such as „der Aktionär“, „Euro am Sonntag“, „Focus Money“ or „Börse Online“ enjoy great popularity. It generally needs to be said that the German-speaking countries boast a well-established market of stock exchange publications. There are 5 to 10 specialized stock exchange magazines plus an overwhelming variety of websites and stock market letters.

Investor SMS

Last year a new distribution channel for news releases appeared on the scene: Investor SMS. The great advantage of this new method is that press releases, or at least their headings, can be directly sent to investors' mobiles. Communication by means of text messages is extremely fast and efficient and increases customer loyalty.

Research

Research activities can, of course, also be contracted out in the German-speaking market. The most reputable research companies in this field are Performaxx, First Berlin, First Focus and Midas Research.



2. Easy IR

Easy IR imply the conception, development, preparation and execution of mostly short-term IR campaigns which are aimed at triggering a positive share price development. The primary aim of these campaigns is to introduce a foreign company to the German investor community and build a positive company image. The communication channels preferably used for this purpose are newsletters and research activities.

The basic idea is to feature the „story“ of a company in an interesting stock market letter. Once a stock market letter signals its interest and decides to publish a report, the usual procedure is to make an arrangement with the editors to distribute the press release as widely as possible, such as through databases and websites.

One difficulty is to find a stock market letter that takes a liking in the story, another is to then choose the right combination of databases and other advertising channels. There is a number of service providers on the market who specialize in „Easy IR“ and have the experience to be able to pull together a full-scale campaign including the search for an appropriate stock market letter.

One needs to bear in mind, however, that the market for stock market letters and advertising options is extremely volatile.



A stock market letter is only as good as its latest recommendations, and their subscribers response will vary according to the letter's latest stock picks.

Below is a list of reputable market letters (list is not complete)

Rohstoffraketen
Smallcap-Investor
Der Spekulant
Der Goldreport
Bullvestor
Smallcapscout
Stock Telegraph
Stockreport.de

Important databases (list is not complete)

Performaxx – approx. 370,000 subscribers
Aktie-X – approx. 200,000 subscribers
Smallcap-Investor – approx. 130,000 subscribers
Turboaktien – approx. 200,000 subscribers

Important websites

The most important promotion website still is „wallstreet-online“. But also other websites, such as „Finanztreff“, „small-cap news“, „Ariva“, „Onvista“, etc. may offer interesting advertising options.



Conclusion

I hope this information has helped to encourage you to take a step towards Europe. The German-speaking market offers ample opportunities and is less expensive than other markets. However, don't allow yourself to view the market as a cheap platform for selling off shares - this will only work once. Shareholders have a remarkable long-term memory and are very well connected through online boards; they will not take lightly to short-term promotion, especially in these markets. However, this does not mean that they are unwilling to forgive mistakes; you only need to explain to them why the share price didn't quite develop the way the company expected. Should this situation arise, constant communication with the German investor will keep them as shareholders.

We would be pleased to support you in becoming established in the European market and are happy to assist with any additional questions you may have.





Why should you use IRW-PRESS?

- It is important to communicate with investors in their native language.
- Translation & distribution form the basis for success for the German-speaking investment community.
- Communication with investors increases a company's value and image.
- The mutual trust between investor and company is reinforced.
- The company becomes a known commodity in the market.

Why is the German-speaking region so important?

- The German-speaking region is made up of Germany, Austria and Switzerland (DACH - D-Germany, A-Austria, CH-Switzerland).
- These three countries are among the 10 richest in the world.
- Around 100 million inhabitants.
- Represents a significant part of the financial community because of their relative level of prosperity.



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