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RUSSIA INVESTOR RELATIONS SURVEY

JULY 2017

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EXECUTIVE SUMMARY

The 2017 Russia Investor Relations Survey was undertaken between 22nd March and 28th April, 2017 by Extel, working in association with IR magazine Russia & CIS.

The continuing growth in participation from the buy-side and sell-side, to evaluate IR excellence presents tangible evidence of the importance of investor relations.

Data, results and rankings for Russian IR come from the Extel Pan-European 2017 survey, which collected sentiment and views from over 16,000 investment professionals across 93 countries worldwide. Whilst the main aggregate and headline results for Extel 2017 were announced on 7th June 2017, the specially prepared Russian IR results and rankings were announced at the Russia IR awards in Moscow. Full rankings are on the Extel website - www.extelsurveys.com.

Extel has delivered IR rankings, ratings and best practice data & insights on the Russian investor relations world for over a decade, and 2017 represents a high water mark in votes received. In Extel 2017, some 66 Russian corporates, 115 IR professionals, 56 CEOs and 50 CFOs collected qualifying nominations.

Extel has been conducting professional studies within the institutional investment community for over 40 years, and has run specific surveys measuring investor relations capabilities - on both firms and individuals – since 2001. We now run such studies across

Europe and additionally for individual markets such as UK and the Middle East.

In undertaking the Extel Europe survey, we adopted the same fundamental approach for treating the votes received, and methodology applied, as for all our professional surveys. For investor relations performance, votes were requested separately for firms and company representatives, with participation primarily online at www.extelsurveys.com.

Votes were only verified and accepted from legitimate investment professionals investing in, or covering, the pan-European equity market. Looking specifically at the voting for Russian IR, responses from 69 organizations were included in the results. The 'Methodology and Process' section of this report provides more detailed information.

We would like to formally thank all participants for their contributions to the Survey, and of course IR magazine Russia & CIS for their advice, guidance and input throughout the Survey. We look forward to working with IR magazine Russia & CIS and the investment community to continue to measure the impact and development of investor relations in Russia.

THE LEADING FIRMS AND INDIVIDUALS

RUSSIA - LARGE CAPS

LEADING CORPORATE FOR INVESTOR RELATIONS

Sberbank

BEST INVESTOR RELATIONS PROFESSIONAL

Maria Shevtsova, Sberbank

RUSSIA - MID CAPS

LEADING CORPORATE FOR INVESTOR RELATIONS

Mobile TeleSystems OJSC

BEST INVESTOR RELATIONS PROFESSIONAL

Albert Avetikov, Lenta Ltd

RUSSIA - SMALL CAPS

LEADING CORPORATE FOR INVESTOR RELATIONS

Tinkoff Bank (TCS Group)

BEST INVESTOR RELATIONS PROFESSIONAL

Kirill Bagachenko, Etalon Group

METHODOLOGY AND PROCESS

Responses were received from asset management firms or brokerage houses, with the geographic breakout of weighted votes as follows:

FIRMS	%
Russia	52.24
UK	25.37
Europe	11.94
USA	5.97
Rest of the World	4.48

FIRMS	%
Buy-side	62.69
Sell-side	37.31

All respondents were encouraged to participate at www.extelsurveys.com. Additionally we issued soft copy questionnaires and we received email responses utilizing this soft copy forms. When voting online, participants were asked to rank up to ten companies for overall quality and direction of their IR, and separately rank up to six IR professionals, CEO or CFO. No votes for the same firm or individual were allowed to be cast more than once.

Responses were only accepted from legitimate individuals at brokerage firms or asset managers, and virtually all responses came from individuals on our original target audience list.

All responses were then treated as follows in order to calculate results from each category

- Votes from multiple individuals at the same company were consolidated to form

a single submission in all cases where multiple individuals had voted in the same category

- All votes once consolidated were weighted to score a first place vote as 5 points, 2nd place as 4 points and so on to a 5th place vote being worth 1 point
 - Votes were then additionally weighted
- Brokerage votes weighted based on the brokerage firms' position in the 2017 Extel Pan-European Survey
 - Buy-side votes weighted on Pan-European (including Emerging Europe) equity assets under management.

The weighting tables are as follows:

FUND MANAGEMENT (buy-side)

EUROPEAN EQUITY AUM	WEIGHTING
US\$ 0-1 Billion	1
US\$ 1-3 Billion	2
US\$ 3-5 Billion	3
US\$ 5-10 Billion	5
US\$ 10-20 Billion	7
US\$ 20-40 Billion	10
US\$ 40-60 Billion	14
US\$ 60-80 Billion	18
US\$ 80-100 Billion	24
US\$ 100 Billion+	30

BROKERAGE (sell-side)

FIRM RANKINGS IN SECTOR	WEIGHTING
1st to 5th	20
6th to 10th	16
11th to 20th	12
21st to 40th	7
41st Plus	3

The particular nature of the Russian equity market, with a number of major companies, with a high profile and significant following, both sell-side and buy-side, can present issues when collecting the type of sentiment and IR approval data implicit in these rankings.

Added to that is the dominance of the natural resources sectors in the Russian economy, and in the equity market, most notably oil & gas and metals & mining. The abiding fundamental principles in all Extel studies are

- The votes must be from legitimate individuals at legitimate and relevant organizations
- All votes must be checked, verified and then treated with care, to ensure they are both consolidated, and then weighted appropriately
- If these above steps are done, then the votes cannot be adjusted or reviewed. Essentially - they are what they are

Having said that, we remain cognizant of the issues relating to the Russian equity market, as noted above. We have sought, within the limitations of our overall Extel principles, to respond to those issues in two ways

- The breakout of results across large caps, mid caps and small caps stocks – this ensures that not only the largest, most

influential companies will be ranked, but that smaller companies, often operating in different market sectors, can also receive recognition for excellence in investor relations. Rankings for large caps include fifteen biggest companies by market capitalization, mid caps rankings consist of following 20, and the rest are small caps. Market capitalisation as of 16.05.2017; source: Thomson Reuters Eikon.

- A particular focus, in the vote process, and in contacting individuals and firms to request their participation, on sectors outside of oil & gas, and metals & mining. This is to seek to ensure that the preponderance of these two sectors does not exclude companies in other sectors from receiving the opportunity to earn recognition.

Alongside this, we believe, and much experience in our studies worldwide supports this, that the Extel process of separation of nominations for firms as opposed to individuals, and the consolidation of votes from multiple individuals at the same firm into a 'firm vote', contributes significantly to a more equitable vote process, and set of results.

SECTOR RANKING

SECTOR	BEST RUSSIAN IR PROFESSIONAL
BANKS	Maria Shevtsova, Sberbank
CHEMICALS	Alexander Seleznev, PhosAgro
METALS & MINING	Vladimir Zaluzhsky, Severstal
OIL & GAS	Andrey Gromadin, Rosneft
REAL ESTATE	Kirill Bagachenko, Etalon Group
RETAILERS (FOOD)	Albert Avetikov, Lenta Ltd
TELECOMMUNICATIONS SERVICES	Joshua Tulgan, Mobile TeleSystems OJSC
TRANSPORT	Andrey Napolnov, Aeroflot
UTILITIES	Larisa Sadovnikova, InterRAO

The rankings for Russian IR professionals across the sectors above are derived from overall data from over 16,000 investment professionals from 3,199 buy-side firms and 283 brokerage houses/research providers in Extel 2017 survey. From experience in the past, the level of participation and rankings for Russian IR are stronger and more complete, than requesting separate rankings only on 'Russia-based' sectors. This is both because the wider remit allows for a wider, more geographically diverse response, and as investors and analysts are therefore encouraged to view Russian IR against an international framework.

MARKET TRENDS

Within the Extel 2017 study, an extensive range of data on IR functions and best practice was collected. The following graphics illustrate some of the key components and findings of this research. In all cases the data presents information for Russia compared with data for pan-Europe overall, enabling easy and clear analysis.

All data presented here, and much more besides, is available in the online Extel IR Benchmarks service. This is a unique set of data, giving you a complete view on market sentiment and IR best practices, from the perspective of the opinion formers and market practitioners. All data is based only on Extel information, votes and sentiment gathered from all three sides of the investment community.

An access to full results and data for your country and sector is available at €4,000. If you would like to know more, please contact Mariola Mandla either by email mariola.mandla@weconvene.com or by telephone +44 (0)20 3567 1365.

FIELD TRIPS

Companies were asked how many field trips/site visits they organise annually.

	None	1-2	3-5	Over 5
Russia	10.8%	69.9%	7.5%	11.8%
Pan-Europe	20.2%	40.2%	17.4%	22.1%

MEASURING IR EFFECTIVENESS

Companies were asked which of the following factors are important to them in measuring IR effectiveness.

	Russia	Pan-Europe
1 = Low, 5 = High	Score	Score
Board Satisfaction	4.5	4.0
Relative Stock Price	3.1	2.9
Volatility	2.6	2.9
Investor/Analyst Feedback	4.8	4.6
Composition of Investor Base	3.6	3.7
Market Surveys	3.2	3.2
Perception Studies	3.7	3.3

ROADSHOW PROGRAMMES

Companies were asked what do brokers get wrong in a roadshow programme.

	Russia	Pan-Europe
1 = Low, 5 = High	Score	Score
Meetings with Wrong Buy-side	3.9	3.5
Meetings with ill-informed Buy-side	3.0	3.4
Wrong advice on C-Suite presence	4.5	3.5

ANALYST DAYS

Companies were asked if they release new information to the market at analyst days.

	Yes	No
Russia	98.8%	1.2%
Pan-Europe	64.1%	35.9%

WECONVENE

As of 1st of July, 2014 Extel is part of WeConvene, a global web-based platform designed to enhance corporate access for the global investment community.

WeConvene is a global corporate access platform for the sell side, buy side and IR community. It offers clients a complete web-based solution that makes organising, managing, tracking and valuing corporate access more efficient and effective. The platform supports analyst marketing, roadshows, corporate days, fieldtrips and other investor interactions.

WeConvene IR streamlines the management of corporate access events by enabling online collaboration between all three sides of the investment community, on a centralized online platform.

Manage events directly with investors.

IR teams can create and distribute meetings invites directly to the buy-side. You have advanced tools to fully manage every aspect of your event including the meeting schedule and travel and accommodation itineraries for participants.

Engage efficiently with new and existing investors.

Intelligent targeting tools make event targeting quick and simple. Create customized investor invite lists or broaden your reach and distribute to the entire WeConvene buy-side network – controlling exactly who receives your invites and when.

The power of the WeConvene platform is now accessible via **Bloomberg's Corporate Events Calendar** (via EVTS <GO>), so IR teams can promote their full IR calendar to the largest community of buy-side traders and portfolio managers globally.

Fast and efficient online booking.

Online booking enables investors to confirm their attendance online. The entire booking process is automated, eliminating the cumbersome and administrative burden associated with trying to organize meeting times with investors.

Powerful event promotion.

Promote events directly with the buy-side using the WeConvene Event Marketing Tool. Create branded email campaigns for single or multiple events in minutes and keep track of campaign engagement in real time.

Analytics and reporting on demand.

Statistics are captured in real-time and can be visualized or downloaded on-demand for an instant view of all event interactions. Whether it's live viewing demand for your event or the latest itinerary - you'll have the information on-demand to ensure optimum effectiveness of all your events.

Learn more and play a video [here](#).

EXTEL ACTIVITIES

- Extel Pan-European survey
- SRI (socially responsible investing)
(undertaken in conjunction with UKSIF – the UK industry group for social investing)
- UK IR Survey in cooperation with UK IR Society
- Middle East IR Survey in cooperation with ME-IR
- Extel Asia & Japan
- Consultancy projects on behalf of sell-side firms, buy-side houses and quoted companies.

CONTACTS

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