



ANNUAL REPORT 2019

CONTENTS

2019 at a Glance	3
President message for the community	4
About ARIR	5
Strategic directions in 2019	6
ARIR Board of Directors in 2019	6
Business review 2019	7
Members	7
Events Report	9
VEKTOR Indicator	17
Perception Studies	18
Training	19
1 year of ARIR – Members’ View	21

2019 AT A GLANCE



8 new members



Organized FIRST AR&IR Forum

20 SPEAKERS

90+ PARTICIPANTS

8+ HOURS OF CONTENT



600+ media mentions during the year



20 events for the capital market community



Launch VEKTOR indicator – to evaluate the communication of listed companies with investors



First perception study among individual investors



Partnership with IR Society to offer IR Training & Certification



FIRST GALA to recognize best practices in IR

BEST CEO for IR 2019

BEST CFO for IR 2019

BEST IRO 2019

BEST COMPANY in IR 2019

BEST COMPANY in IR 2019 – Retail choice

PRESIDENT MESSAGE FOR THE COMMUNITY



Dear ARIR Community,

Thank you all for your support and for being part of building the first IR platform in Romania. Over 100 professionals representing leading companies of the Romanian economy, listed on the stock exchange, got together in November 2018 to shape ARIR. We are the youngest IR association, but also one of the most active ones on a global scale and we are proud of our achievements. In 2019 we succeeded to double our members, organized 20 events for the capital market community, the first AR&IR Forum with more than 10 international speakers, relaunched VEKTOR project and concluded several international projects. By launching VEKTOR indicator, the companies listed on the BSE have made unprecedented efforts to improve the communication with investors and their corporate governance. Nevertheless, we are proud to have acknowledged the best professionals on the capital market for the first time in Romania during our Gala.

We started with the purpose of making the Romanian capital market more transparent and led by a better corporate governance. Thus, we aim with enthusiasm, every day, through projects and ideas to contribute to a better communication of companies with investors, an improved corporate governance and finally more developed capital markets.

Daniela Serban

ARIR PRESIDENT

ABOUT ARIR

ARIR is a non-governmental and non-profit organization set-up in November 2018 to provide current and potential issuers a platform for the development of Investor Relations (IR) professionals and contribute to the implementation of best practices in investor communication and corporate governance. At the initiative of Daniela Șerban, first Investor Relations (IR) representative of the Bucharest Stock Exchange, since 2010, and among most known capital markets' professionals, was set up the Romanian Investor Relations Association (ARIR) with the aim of putting IR first. The founding members of ARIR are Bucharest Stock Exchange, ALRO, Franklin Templeton Management – Bucharest Branch, Electromagnetica, Hidroelectrica, Nuclearelectrica, Teraplast, Transelectrica, Daniela Șerban, Cosmin Raduta and Tony Romani. Starting with 2019, ARIR welcomed 8 new members: OMV Petrom, Electrica, Antibiotice, Purcari Wineries Group, Idea Bank, BRK Financial Group and Banca Transilvania as Associated Members and INNOVA Project Consulting joined the association as Affiliated Member.

ARIR is about building a strong community sharing same values around the same goal - to further develop the Romanian capital markets. ARIR's mission is to provide current and potential issuers a platform for the development of Investor Relations (IR) professionals; contribute to the implementation of best practices in investor communication and corporate governance; represent members' interest with regulatory bodies, investors' community and public authorities. Our mission to raise awareness about IR best practices translated into concrete projects bringing a turnaround in how IR is perceived in Romania and putting it first.

Strategic directions in 2019

The activity of the Association followed 5 key strategic directions in 2019, having the following objectives: **evaluation** (Conduct regular investor perception studies), **presentation** (Advancing IR presentation know-how), **regulations** (Legislative monitoring & advocacy), **communication** (Strengthen relations with analysts & investors), **recognition** (Encourage & award companies with best IR practices).

FIVE STRATEGIC DIRECTIONS



EVALUATION



PRESENTATION



REGULATIONS



COMMUNICATION



RECOGNITION

ARIR Board of Directors in 2019

2018 – MAY 2019

President: **Daniela Șerban**

Members:

- **Adrian Tănase**, Bucharest Stock Exchange
- **Ioana Bîrsu**, Fondul Proprietatea
- **Tony Romani**, Independent
- **Viorel Vasiu**, Transelectrica

MAY 2019 – MAY 2020

President: **Daniela Șerban**

Members:

- **Adrian Tănase**, Bucharest Stock Exchange
- **Adrian Șuța**, Transelectrica
- **Ioana Bîrsu**, Fondul Proprietatea
- **Valentina Dinu**, Nuclearelectrica
- **Tony Romani**, Independent

ARIR Executive team in 2019

- **Daniela Șerban**, ARIR President
- **Daniela Aldescu**, Deputy CEO starting July 2019
- **Camelia Isaic**, Executive Adviser

BUSINESS REVIEW 2019

Members

In 2019, ARIR welcomed **8 new members**: Electrica, OMV Petrom, Antibiotice, Purcari, Idea Bank, BRK Financial Group and Banca Transilvania as Associated Members and INNOVA Project Consulting as Affiliated Member.

ARIR Founding members:

- Bucharest Stock Exchange: the market operator, leading capital market institution
- ALRO: one of the largest vertically integrated aluminum producers in Europe, by production capacity
- Franklin Templeton Management – Buch. Branch: one of the largest independent asset management companies in the world with offices in 30 countries
- Electromagnetica: established as a leading manufacturer of telecommunication equipment in Romania
- Hidroelectrica: the largest Romanian company, state-owned, leading power producer
- Nuclearelectrica: state-owned company producing nuclear power
- TeraPlast: the largest Romanian producer of construction materials
- Transelectrica: transport and system operator in Romania, state-owned, with a key role in the Romanian electricity market

7 more companies have joined ARIR as Associated Members in 2019, some of the largest players in the CEE, namely:

- OMV Petrom: the largest energy company in Southeastern Europe, double listed at BVB & LSE
- Electrica: key player in the electricity distribution and supply market in Romania, double listed at BVB & LSE
- Antibiotice: one of the most important Romanian manufacturers of generic drugs from the pharmaceutical industry
- Purcari Wineries Group: leading player in the wine and brandy segments in the Central and Eastern Europe
- Idea Bank: is a young bank offering financial and banking products and services to individuals and SMEs
- BRK Financial Group: one of the largest brokerage companies in Romania
- Banca Transilvania: the largest bank in South East Europe in terms of total assets and profit

1 company has joined ARIR as Affiliated Member in 2019 – Innova Project Consulting



Events Report

1. ARIR launch – November 2018

The launch of the Association took place on November 18, 2018 with an Official Opening of the trading session of the Bucharest Stock Exchange. The event was attended by representatives of 25 companies listed on the Bucharest Stock Exchange, the Romanian Government representative, Minister of Business Environment, Radu Oprea, as well as by numerous industry advisers & professionals. The launch was accompanied by the widest media campaign on Investor Relations up until then, with 130+ media references in 2 weeks.

2. AR&IR Forum – May 2019

The first Analyst Relations & Investor Relations Forum, a conference dedicated to best practices in investor relations and corporate governance took place on May 23rd, 2019 in Bucharest. In line with the theme „Winning strategies for attracting investors and capital”, the event program included insightful presentations on the current status of investor relations in Romania, upcoming European capital markets projects, as well as multiple case studies and international best practice reviews in financial and non-financial reporting.

An amazing lineup of speakers included international and national experts in investor relations, corporate governance, financial analysis and CSR reporting professionals. The event was attended by the representatives of 25 companies listed on the Bucharest Stock Exchange, as well as by numerous industry advisers & professionals.

AR&IR FORUM - FIRST EDITION IN A NUTSHELL



20 SPEAKERS



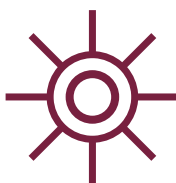
90+ PARTICIPANS



25 REPs OF
LISTED COMPANIES



3 WORKSHOPS



1 FULL DAY



42 MEDIA
APPARENCES



8+ HOURS
OF CONTENT



LOCAL AND
INTERNATIONAL
SPEAKERS

Impressive feedback from speakers & participants

"Thank you very much for presentations and photos, as well as the opportunity to participate in the Forum."

Mircea Ilie

Hidroelectrica SA

"You have given us a remarkable event where the quality of speakers and presentations was far above expectations. I can say it was the most comprehensive IR event I have ever participated in."

Mihaela Susan

Expert External Relations
- Communication SIF
Transilvania

"Congratulations to the ARIR team for the organization. Everything was done very professional (materials, feedback, etc.)"

Mugur Popescu

Board Member CFA
Society Romania

3. AR&IR Gala – November 2019

For the first time, The Romanian Investor Relations Association (ARIR) in collaboration with Institutional Investor – industry leader in global benchmark research on corporate issuers – recognized Best Practice in Investor Relations (IR), during its inaugural AR&IR Gala on November 25th.



First award ceremony
to acknowledge **Best Practices in IR**



Independent Third-Party voting system: Over **500** votes cast across the key categories from global buy and sell-side professionals



Leading media covering the event
60+ mentions



Over 100 participants including media, consultants and authorities' representatives, international IR services providers



Representatives of **15 listed companies** – Top management and IROs

Global buy and sell-side professionals, active on the Romanian capital market, have carefully assessed the companies listed on Bucharest Stock Exchange through the Extel platform. The research was based on over 500 votes cast across the key categories Best CEO, Best CFO, Best Company in IR and Best IR Professional, which produced following ranking results:

BEST CEO for IR 2019

Omer Tetik, Banca Transilvania
Cristina Verchere, OMV Petrom
Adrian Volintiru, SNGN Romgaz
Corina Popescu, Electrica

BEST CFO for IR 2019

George Călinescu, Banca Transilvania
Mihai Darie, Electrica
Stefan Waldner, OMV Petrom
Marius Lupean, Transgaz

BEST IRO 2019

Mihaela Nădășan, Banca Transilvania
Diana Mazurchievici, Banca Transilvania
Adriana Marin, OMV Petrom
Mihaela Urzică, OMV Petrom

BEST COMPANY in IR 2019

Banca Transilvania
OMV Petrom
Transgaz
Nuclearelectrica

Individual investors had as well the opportunity to assess Romanian companies vote until November 21. The vote was carried out through the ARIR website. Participants were asked to rate companies on transparency, quality of communication, availability and pro-activity of their Investor Relations team.

The winners for
BEST COMPANY IN IR 2019
- RETAIL CHOICE:

TeraPlast
Nuclearelectrica
BRK Financial Group
Purcari Winery





Impressive feedback from speakers & participants

"I want to congratulate Daniela and her entire team for organizing a wonderful event at a historical site; we are very very delighted to have collaborated with ARIR, they have done a phenomenal job at organizing the event"

Amani Korayeim

Director, EMEA – II and Extel Research

"I like to thank you in particular for organizing this event and for all the hard work that your Association is already doing around IR & best practices in Romania; We look forward to working with you in the future as well "

Goran Mandic

Head of Policy, British Embassy Bucharest

"Congratulation for this event. I am very pleased to be here on this evening and thank you for the awards."

Corina Popescu

CEO Electrica

"Congratulation to the Association! This year was a lot of work for you, you brought lots of interesting projects, relevant for us"

Ioana Birta

CFO TeraPlast

4. „Business over Breakfast” quarterly gathering



Part of the Association's strategy to improve the communication between analysts and the representatives of listed companies, in the second part of 2019, ARIR developed a new event concept to bring analysts face to face with listed companies.

The first edition of the event was with BT Capital Partners analysts, Irina Răilean and Daniela Chilari, who discussed with ARIR members topics of interest for our community, as:

- analysts' expectations regarding the communication of the operational indicators realized by the listed companies few weeks before the publication of the financial results and regarding the dialogue with the company after the publication of the financial results
- the stages of the analysis process, the collaboration with the listed companies to substantiate the analysis model, the need for dialogue with the management and communication subsequent to the publication of the initiation of coverage report of the company, the importance of permanently keeping in touch with the analysts
- examples of best practices and how the analyst – listed companies' relation can be further developed, via e-mail, telephone, meetings

Irina Răilean, Head of Research BT Capital Partners: "We are glad to see that such an event was initiated and we consider that it addresses the analyst needs, giving him/her the opportunity to convey the key points that improve the market perception towards the listed companies, mainly regarding receptivity and promptness, openness towards dialogue."

5. Debates

According to its strategic objective "Regulations", ARIR organized several debates together with the representatives of the Bucharest Stock Exchange, of the business environment, lawyers and listed companies representatives to address different topics related to the European directives and regulations, as well as non-financial reporting. The debates addressed main provisions and novelties of proposed projects of the law, as well as the potential impact on the listed companies and understanding which are the best practices.

6. Meetings between companies and investors

Throughout the year, ARIR supported listed companies in engaging with institutional and retail investors by organizing & facilitating 2 meetings, as follows:

- "Companies Pitch to Investors: ALRO, Antibiotice, BVB & Purcari representatives meeting with individual investors"

The top management and the Investors Relations professionals of the most active issuers from the Bucharest Stock Exchange, ALRO, Antibiotice Iasi, Bursa de Valori Bucuresti & Purcari Wines engaged in discussions with investors, giving them the opportunity to better understand the company's activity and future plans. Great feedback was given by the individual investors who appreciated the openness of the companies and their interest towards explaining the business model. After meeting the representatives in person, the investors mentioned that they have now a better understanding of companies' strategies and how they will be able to create sustainable growth.

It was highlighted also the importance of further developing the relationship between the individual investors and the listed companies as an important step in attracting more engagement and interest from the Romanian investors.

- "How is seen the market promotion by the active institutional investors at BVB and what counts in the investment process", a discussion between ARIR members & Waldemar Mozes, Director of Investments, Portfolio Manager and Partner at Cedar Street Asset Management, an independent value-oriented investment management firm from US.

VEKTOR Indicator

At the beginning of 2019, ARIR announced the new methodology of VEKTOR indicator (former named "The Whitebook on communication of Romanian listed companies").

What is VEKTOR?

VEKTOR – is the measure of the communication of listed companies with investors, published on the Bucharest Stock Exchange

VEKTOR is calculated based on a methodology developed by ARIR members, financial analysts, IR professionals, academia and consultants, in line with international best practices in Investor Relations (IR). The assessment of the communication of the listed companies with investors is done annually in December, or anytime at the request of a listed company.

The first evaluation of the publicly available information, of the website and investor relations (IR) section was carried out between December 1-20, 2019 by ARIR and the Project Committee, consisting of 15 people (corporate governance consultants, IR professionals, academia, non-financial reporting consultants).

The indicator was calculated based on a methodology that comprises 15 criteria that includes information on the following topics: investor relations team, corporate governance disclosure, engaging IR approach, interactive IR tools, analyst coverage and non-financial reporting. The methodology seeks to promote a proactive approach in communicating with investors. This approach is key in order to enhance company visibility and build investor trust in today's increasingly competitive capital markets.

The first results were published in January 2020 on the Bucharest Stock Exchange and ARIR websites.

To find more about VEKTOR indicator, check our website
<https://www.ir-romania.ro/vektor/>.

Perception Studies

Since its launch in November 2018, ARIR carried out 2 perception studies among institutional investors and retail investors.

1. The first perception study among institutional investors was carried out at the initiative of the founding members of the Romanian Investor Relations Association (ARIR) between November 5th & 23rd, 2018. The responses were collected online, on a sample of 30 institutional investors with total assets under management of EUR 5.7 bn and an exposure to Romania of EUR 689 mn.

Main results

- The Romanian companies listed on BVB are highly responsive to institutional investors' questions and concerns according to **84%** of investors
- **76%** of investors said that they communicate most often with listed companies through dedicated events, but also by email or phone (56% of them mentioned these means)
- **60%** of the answers stated that the transparency and the quality of reporting of the companies listed at Bucharest Stock Exchange correspond to their expectations

2. The individual investors' perception study regarding the communication and the transparency of the listed companies was carried out by ARIR between March 21st, 2019 and April 15th, 2019 and included a sample of 104 individual investors, 51% of them investing for over 5 years and 57% have a portfolio of over 50 thousand lei (~10.6 k EUR).

Main results

- **84%** of investors say that their main information source is the companies' financial reports
- **43%** of the retail investors do not communicate directly with the companies
- **89%** of the respondents mention that they would recommend investing on the stock exchange to other investors
- Financial results & business strategy – considered to be the most important factors that determine the decision to invest
- Expectations: more transparency and better communication from listed companies

Training

Webinars

In line with its strategic goals, ARIR delivered throughout the year several webinars to support the development of the Investor Relations professionals according with the needs identified.

- “Enhance your investor presentation skills” a professional workshop focused on high-impact presentations in front of investors, delivered by Andrei Dunuta, public-speaking coach and founder of SelfTrust Academy.
- “Strategic IR”, a webinar focused on how to develop and implement a successful investor relations strategy, delivered by Camelia Isaic, ARIR Consultant.
- “How to sell in IR?”, one day workshop to discuss how to approach sales in IR, delivered by Mr. Colin Lovering, ISM from the Institute of Sales Management (ISM)
- “European Single Reporting Format (ESEF) Implementation Status”, a serial of discussions with Andrey Kozhevnikov, CEO Zebra Communications to find out the latest updates regarding the implementation of the ESEF by the listed companies, as well as the implementation schedule.

Certificate in Investor Relations

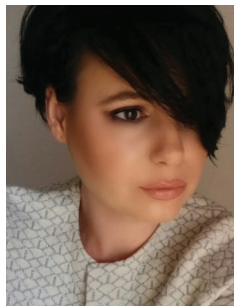
In 2019 ARIR signed an exclusive collaboration with The IR Society to offer to the Romanian IR professionals access to IR Society’s courses and Certificate in Investor Relations (CIR).

CIR is an internationally recognized qualification for investor relations profession and is a comprehensive, stretching test of the competency in IR, providing the tools to further develop in this field.

Daniela Șerban, ARIR President:

“ARIR mission is to offer our members a platform for professional development of the Investor Relations (IR) professionals. IR Society has guided us in the process of setting up the Romanian Investor Relations Association and with this new collaboration we add an essential pillar in implementing best practices in Romania. We are enthusiastic to facilitate to the Romanian capital market professionals access to an internationally recognized qualification.”

1 YEAR OF ARIR - MEMBERS' VIEW



Valentina Dinu

**Head of Communication
and Investor Relations Department,
Nuclearelectrica, Founding Member**

„Currently ARIR has over 15 members, solid listed companies, with good results, oriented towards achieving a standard of excellence in investor relations and an advantageous positioning on the capital markets. Corporate governance, with all its implications, is an important criterion for evaluating the issuers, directly proportional to the increasing activity of institutional investors, development of the capital markets, active environment policies and digitization.

Setting-up ARIR, an excellent idea of Daniela Șerban, the President of the Association, proofs in the first place the growing awareness towards the importance of transparency, of the accuracy of information and of corporate governance in Romania, and secondly, with a rapid increase in the number of members in just one year, a sustained course of action in this regard."



Ioana Birta

**CFO TeraPlast,
Founding Member**

„At the initiative of ARIR, we were involved this year in concrete projects such as draft of the regulations concerning the remuneration policy, the transactions with affiliates and the financial reporting in electronic format. As founding member, we congratulate ARIR's team for their activity so far and we wish them success in facilitating the communication between companies and investors, contributing as well as to strengthening the links between companies and analysts."



Anamaria Acristini-Georgescu

CSO, Electrica, Associate Member

„On behalf of Electrica team, we congratulate ARIR for the evolution it had in the first year of existence. All the projects initiated in this period show the willingness to be near the listed companies or the ones with potential to become listed, in order to support them in adopting the highest standards of corporate governance and communication with investors. The rapid development of ARIR is the proof of a strong team, one that is ready to face the challenges. Moreover, it is a team that surprised us both by dedication and by initiating some major projects for the development of the capital market and of the listed companies by offering them training, all aiming to improve the investors' perception of the Romanian capital market.

We are pleased that Electrica is part of the continuing growing community created by ARIR, as an Associate Member, and we wish to contribute together to the evolution and consolidation of this area in Romania. Congratulations on the initiative and much success!”

Thank you to the whole ARIR community for their involvement and support!

On behalf of ARIR team,

Daniela Șerban
ARIR President

Daniela Aldescu
Deputy CEO

Romanian Investor Relations Association
E-mail: contact@ir-romania.ro
Website: www.ir-romania.ro
Follow us on: [LinkedIn](#) | [Facebook](#) | [Instagram](#)

