

News & Views

The importance of Investor Relations

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Over the past 10 years, the Middle East region has experienced significant movements in the capital markets, accompanied by changes in the structure of stakeholder engagement. Changes included: enhanced focus on emerging trends ranging from market classification inclusions, sustainability factors, to most importantly investor relations (IR). An effective investor relations programme can help deliver a fair valuation of the company and a resilient shareholder base. IR is an indispensable function for companies preparing for an IPO, as well as for listed companies. Fundamentally, the role of investor relations is to create an awareness and understanding of the company among the investor community, as well as to help listed companies gain access to capital, achieve liquidity in the market, and attain a fair valuation of the company.

Bahrain Bourse has initiated the steps to launch the MEIRA-Bahrain chapter to raise awareness on the importance of IR. In April 2019, Bahrain Bourse announced the establishment of MEIRA-Bahrain Chapter, which is committed to promoting effective two-way communication between listed companies and the financial markets. As the main founder of the MEIRA-Bahrain Chapter, Bahrain Bourse will be leading the Chapter and will contribute directly to running the operations, including hosting events and workshops and inviting key speakers to shed light on the latest trends in IR. The Chapter was inaugurated alongside our listed companies which include: Aluminium Bahrain ('ALBA'), Bank ABC, Bahrain Telecommunications Company ('Batelco'), Ithmaar Holding, National Bank of Bahrain, and SICO BSC (c), and Bahrain Bourse (Chapter Head). The objective of the Chapter is three-fold: raise awareness on the importance of IR as a strategic function across listed companies; offer professional certification within the IR field to create a strong professional talent pool; and leverage the role of IR internationally through corporate access days and roadshows. MEIRA-Bahrain Chapter will be an integral member of the wider network of regional chapters, which connect like-minded talented IR professionals who possess deep reserves of knowledge and experience in IR. The establishment of the Chapter is a fundamental area of Bahrain Bourse's strategy, which falls under the category of 'intensifying regional and global outreach' for both Bahrain Bourse and our listed companies.

In order to help achieve the second objective of the Chapter, Bahrain Bourse has spearheaded a tie-up between the Middle East Investor Relations Association ("MEIRA") and the Bahrain Institute of Banking & Finance ("BIBF") to roll-out the Certified Investor Relations Program ("CIRO") in the Kingdom of Bahrain. The CIRO program aims to offer professional talent a unique opportunity to acquire certification within IR, which is increasingly becoming an important function within listed companies. To help increase engagement levels, the CIRO programme will be fully supported by Tamkeen (Labour Fund) under their Training & Wage Support programme.

In a recent study conducted by EY Global^[1], surveying 876 IR professionals globally, one of the core success factors of IR function within a company is IRs ability to build strong relationships with investors, and analysts, and the second core success factor was the strength of the executive team. At Bahrain Bourse, we recognise the importance of engaging actively with key stakeholders and investors, and we strongly believe that continuous collaboration with our stakeholders is key to the successful delivery of Bahrain Bourse's strategy. To achieve the third tier of objectives for the Chapter, and as part of our ongoing efforts to enhance international IR practices, Bahrain Bourse aims to roll-out an active roadshow programme for its listed companies, which aims to create long term value for all stakeholders involved.

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[1] EY Global: Taking it to Heart: Exploring How Investor Relations is Organized in Companies pre and post-IPO, 2018