Press release

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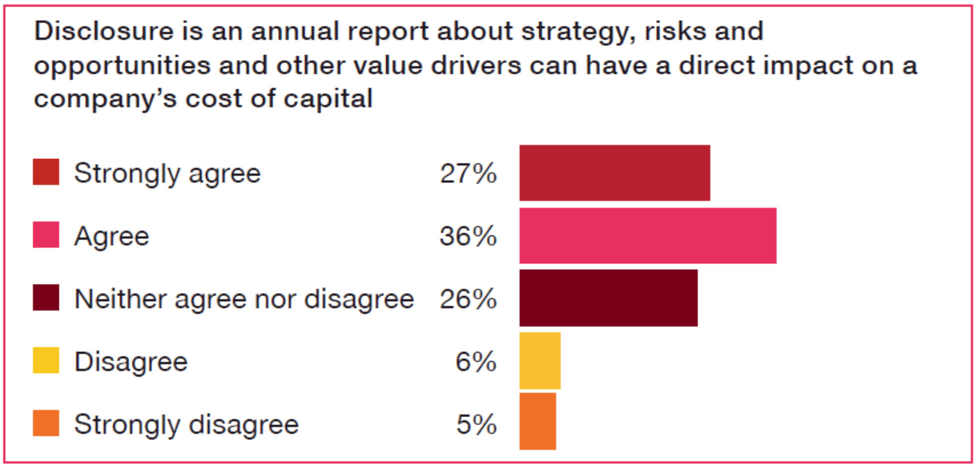
More integrated reporting can enhance investment professionals' analysis

80% of investment professionals agree that the quality of a company's reporting impacts their perception of management quality. Nearly two-thirds of investment professionals (63%) say that the quality of a company's reporting could have a direct financial impact on its cost of capital.

These are just some of the insights revealed in a global survey of 85 investment professionals on what constitutes useful corporate reporting and where they see opportunities for management teams to improve on today's reporting.



Other insights investment professionals reveal in this survey include:

- 82% of respondents say when companies report information clearly and concisely, they feel more confident in their analysis.
- Explaining the business model is an important part of high-quality reporting. 70% of investment professionals primarily want business model explanations to focus on how a company generates cash and generates value that will become cash in the future.

- 80% of investment professionals told us that in order to be meaningful, an explanation of a company's business model needs to link to its overall strategy.
- Only 14% of investment professionals think that companies generally disclose enough information on future strategic plans for them to feel comfortable with the judgements they need to make.
- There are a number of 'effectiveness gaps' in the reporting of key risks to the business model. Investment professionals want to know how these risks are managed or mitigated. However, although understanding management's view of potential risks and their mitigation strategies is important, too much boilerplate disclosure is impeding that understanding.
- Investment professionals like to see linkage between different elements of company reporting. 87% say that clear links between a company's strategic goals, risks, KPIs and financial statements is helpful for their analysis.
- The annual report remains a valuable source document, not only for financial information but also in relation to governance matters and environmental, social and human capital topics. It is also important for explaining strategy, risks and opportunities. The reliability and comprehensiveness of the annual report are its key strengths. 91% of investment professionals said they typically review the annual reports of companies they follow.

This is the second report in a series that covers investment professionals' views on corporate reporting. The first addressed their opinions on the disclosure of alternative performance measures; the final edition will look at financial statement note disclosures. The series aims to help management teams understand the needs and opinions of investment professionals, which is crucial if they are to prepare truly useful financial reports and accounts.

Notes to editors:

To view the report, click here or visit pwc.com/corporatereporting

About integrated reporting – Integrated reporting is a process that results in a communication, most visibly a periodic 'integrated report', about value creation over time. It is underpinned by integrated thinking and the fundamental concept of examining an organisation's strategy and performance in terms of financial and broader outcomes. An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term.

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