

Media release

Communication of intangible values drives a company's valuation

Zurich, 2 November 2006 - A qualitative survey carried out by The Investor Relations Firm AG among analysts, investors and financial journalists confirms the importance of soft, intangible factors in the interpretation of key financial figures and earnings forecasts. For the first time, an empirical study shows the extent to which intangible values such as management competence, strategy implementation or communications and transparency influence the recommendations and decisions of investors and opinion-makers and how they are weighted in the overall context.

Historical financial results provide a complete picture of a company's current situation. But that information alone is not enough to enable a reliable estimate of the future development. It is exactly that estimate of the future which is of central importance for the valuation of a company and therefore, ultimately, for every investment decision. Intangible values have to be included for the assessment. Values which offer strong clues as to future corporate developments are given particular attention. Conversely, values are neglected in the investor's evaluation whose causal relations to financial results is either assumed to be weak or too much of a long term nature

The core findings of the 2006 study:

- **A communication track-record serves to built trust**
Trust is built primarily on the fulfilment of investor expectations in the past and a comprehensive, transparent communication policy.
- **Two categories of intangible values need to be differentiated**
Under the title of "Management strength" there are values such as management competence, implementation of strategy, communication and transparency. In the second category, "intrinsic values", there are factors which, under certain circumstances, can be clearly identified, e.g. the brand, innovation potential, etc.
- **Intangible values serve to explain and verify the key financial figures**
The more comprehensive the information is with regard to objectives and management activities, the stronger all the target-groups trust in statements regarding future results.
- **Criteria of management strength play a superordinate role**
The qualities of the senior management team are regarded by the respondents to the survey as the most important investment criterion, clearly ahead of key financial figures.

THE
INVESTOR RELATIONS
FIRM AG

Investor Relations
Media Relations
Transaktionen
Publikationen
Websites

Michael Düringer
Jan Gregor
Martin Meier-Pfister

Rämistrasse 4, Postfach
CH-8024 Zürich
Phone +41 43 244 81 44
Fax +41 43 244 81 45

info@irfirm.biz
www.irfirm.biz

- **Communication of intangible values is an indispensable element of Investor Relations**

Information on intangible factors enables investors to formulate their expectations of how the company is going to develop in the future and to understand the company's current situation. A high level of transparency can positively influence the costs of capital and therefore the valuation of the company.

The results of the survey “The relevance of intangible factors in the investment process” have been put together in a study. It is available in German (with a summary in English) and can be obtained from:

The Investor Relations Firm AG
Rämistrasse 4
Postfach
8024 Zürich

For further information

Barbara Galliker, The Investor Relations Firm AG
Tel. +41 43 244 81 48, info@irfirm.biz

Brief profile of the IR Firm

IRFirm supports listed and financial services companies in the conceptualization and implementation of their communications with the capital market participants. The company has extensive experience in developing and maintaining investor and media relations, in handling the communicative challenges of special situations (capital market transactions such as public offerings, rights issues and mergers & acquisitions) and in the conceptualization and implementation of publications and IR websites. IR Firm is the market leader in Switzerland and is the Swiss partner of Financial Dynamics. Further information under www.irfirm.biz