

Websites of leading European companies fall short of the needs of the capital market

The majority of the 500 largest European companies by market cap included in the Financial Times Europe 500 list lack critical IR content on their corporate website. Findings from KWD Webranking 2011 show that market information, financial goals and risks are scarce, and few present their debt maturity structures. The more worrying as this is the kind of information financial markets are looking for in these troubled times.

Only 10 companies mention their financial targets and achievements

The most apparent gap between stakeholder demands and actual performance occurs for financial targets and achievements. Among surveyed capital-market stakeholders, 87% want information on targets and 77% on financial achievements. Only 10 companies of the Europe 500 list provide both - **Telecom Italia**, the winner of KWD Webranking 2011, is one of them.

Few mention loans and repayment plans

Across Europe, the mention of interest bearing liabilities is also far below stakeholder demands. 3 out of 4 want information about loans and bonds. Only 40% of European companies present their liabilities and slightly less (37%) inform about repayments and maturity structure.

Fast facts

For the fifteenth consecutive year, KWD has surveyed corporate websites of the largest listed companies to evaluate how they address the online information needs of the capital market.

Prior to the ranking, KWD Webranking asked 296 investors and analysts what they want to find on corporate websites.

Companies' financial targets and target achievements, debt maturity structure and interest-bearing liabilities as well as market shares are their main areas of interest.

When doing sector analysis¹, 'Gas, water & multiutilities' ranks best in information on interest bearing liabilities (82% give at least some information). Not a single company in either 'Software & computer services' or 'Household & luxury goods' provides this information.

'Telecommunications' is the sector which has the best average score for debt maturity structures (48%). Here again, the 'Software & computer services' sector provides no information.

Tobacco and Telecommunications companies reveal market shares

Virtually all companies (95%) have some information about their business operations but very few talk about market share - only 32%. For instance, in both the 'Oil equipment & services' and 'Real estate' sectors, only one company in each gives this data: the UK energy supporting company **Wood Group** and the French real estate company **Klepierre**.

¹ KWD Webranking's sector categorization is based on the Industry Classification Benchmark (ICB), an industry classification taxonomy developed by Dow Jones and FTSE. The ICB uses a system of 10 industries, partitioned into 20 supersectors, which are further divided into 41 sectors. KWD Webranking has consolidated ICB's 41 sectors into 28 sectors. ICB's 'Banks' sector has been divided into two sectors in KWD Webranking (1) Large international banks and (2) Other banks.

The sectors with most transparency regarding markets, market shares and competitors are 'Beverages & Tobacco' and 'Telecommunications', followed by 'Software and computer services'.

From a geographical perspective, companies in Finland, the United Kingdom and Sweden are the most open ones on this topic.

Clear investor propositions are rare

Investors want a rationale for investing in a given company, but only 8% provide an investor proposition on their website. Of these, 46% are from the UK, 13% Germany and 8% France.

"Our results show that only a few of the biggest companies across Europe take the time and effort to clearly outline their investment case on the corporate website. All the others expect the visitor to do the work – to piece it together from random bits of information sprayed around the site. The 8% that do it properly are surely at an advantage – as a potential investor I can understand the key strengths of the company in just a few seconds," says Phil Marchant, Managing Director (UK) of KWD.

Financial and operational risks are left out

The majority of the capital market (80%) finds it either important or very important with a risk management section with details on how well the company is prepared for risks and how they intend to react, should risks become a reality. Only 30% of the companies, however, present information about financial or operational risks.

Out of the 30% with risk management on their website, the following sectors have a higher proportion of companies giving this information: 'Insurance', 'Oil and gas producers', 'Beverages & Tobacco'.

Best Sector	Average score	Worst sector	Average score
Insurance	44.00%	Software & computer services	6.60%
Oil & gas producers	40.60%	Industrials, transport	10.00%
Beverages & Tobacco	33.30%	Healthcare equipment & services	10.60%

A sensitivity analysis is also highly sought after by financial analysts. Only 10% of the companies, however, present an estimate of how individual risk factors, such as fluctuations in currency or oil price, affect the company's business.

Telecom Italia has the best corporate website in Europe

Telecom Italia wins the annual survey of corporate websites performed by KWD Webranking (previously H&H Webranking) with an impressive 89 points, thereby pushing the Italian energy company Eni (87 points) down to second place after three consecutive years on the throne.

Winner in 2007, Telecom Italia has been in the top five of KWD's ranking of Europe 500 companies ever since. By further developing their presence in social media channels and providing a high level of interactivity with their website visitors, Telecom Italia managed to climb past Eni and regain first position. The integrated communication project, the "avoicomunicare" blog, presents several corporate social responsibility issues and is a good example where Telecom Italia stimulated open online discussions regarding major issues regarding the environment, sustainable development, biodiversity, potential synergies between cultures.

Another recipe for success is Telecom Italia's perceptiveness in understanding target group needs and providing a content rich corporate website. The Press- and Financial Reporting sections are particularly outstanding, both receiving top scores in the survey.

The German chemical company **BASF** breaks the Italian dominance in the top spots and claims third place with 83 points, one notch better than in 2010. A second energy company secures position in the top five, namely **Repsol** (81.75 points). The Spanish company makes an impressive leap from 10th place in 2010 to 4th. And for the first time, Swedish **SCA** becomes a member of the big five with 80.5 points.

Gas and Pharmaceuticals improve websites the most

When looking at the percentage change in rank of the 28 sectors in Europe 500 compared to 2010, two sectors outshine by far: 'Gas, water & multiutilities' and 'Pharmaceuticals & biotechnology'.

The 'Gas, water & multiutilities' sector makes a major leap from 4th place to 1st. Italian **Snam Rete Gas**, German **RWE** and English **Centrica** are the strongest in the sector. The Gas sector is especially strong in the Corporate Responsibility section of the corporate website, providing information about supply chain standards and sustainability index as well as working actively with membership and sponsorship programs, community involvement and charity. The majority of the companies also have the latest CR report online and a CR contact.

Treading on their heels, Pharmaceuticals & biotechnology goes from 9th place to 3rd. The sector's key competence is providing enticing yet functional home pages, comprehensive and accessible general information about the company and its business principles as well as creating an attractive Career section to draw the attention of new talents. Finnish **Metso** and **Wärtsilä** as well as Swedish **SKF** are the best in the sector.

Worth mentioning is the 'Electricity' sector which has climbed 9 places, from 26th to 17th. The main improvement lies in corporate transparency, where Electricity companies have increased and provided more detailed information in corporate governance related topics. For instance management and board share transactions as well as board and committees work. Best in this sector are Finnish **Fortum** and the two Italian companies **Enel** and **Terna**.

The only sector without a change is 'Large international banks' clutching steadily on to 5th position.



Russian Bashneft – this year’s climber

Climbing with 17.75 points, The Russian oil and gas producer Bashneft has improved their score the most since 2010 in the ranking of the 500 largest companies in Europe. Since the 2010 Webranking, Bashneft has re-launched their website and now has a promising well-structured site which can easily be expanded with more information requested from the capital market and job seekers.

What the capital market wants

Each year the KWD Webranking survey taps into the demands of the financial marketplace via a questionnaire which is sent out to analysts, investors, business journalists and jobseekers. 296 professionals from the capital market replied to the questionnaire, which investigates how they use the web and what content and functionalities they require of corporate websites. The capital market have requested the below information the most:

1. Financial report, Annual reports and interim reports
2. Presentations from summits, general meetings and capital markets
3. Market shares, market statistics and company’s competitors
4. Financial calendar
5. Archive; for annual reporting, interim reports and press releases. Even broader more general archives are requested.
6. Financial targets and target achievements
7. Latest press release, clearly labelled on the home page
8. Growth drivers, an indication of future performance
9. Contact details, personal contacts are more requested than general
10. Company’s debt maturity structure and Interest-bearing liabilities

About KWD Webranking

KWD Webranking is the established international yardstick for companies that want to benchmark their corporate website performance both nationally and internationally. The collected data is compiled into reports that are widely used by listed companies as a reliable tool to improve their online communications performance. This year 950 websites in 40 countries have been included. KWD Webranking has ranked companies included in the FT Europe 500 and the 100 largest companies in FT Global 500, as well as complementary country lists (a total of 749 companies in Europe). For more information go to www.kw-digital.com

About KWD

KWD is a division of King Worldwide - the leading global financial communications and stakeholder management company employing over 900 staff and serving more than 1,000 clients from offices in New York, Chicago, London, Stockholm, Madrid, Moscow, Dubai, Hong Kong and Taipei. For more information about KWD please visit our website www.kw-digital.com or www.king-worldwide.com

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