



THE 21ST ANNUAL ICR CONFERENCE

ICR 2019 CONFERENCE

DISCOVERING AREAS
OF GROWTH AMONGST
THE TRADE TURBULENCE

SURVEY FINDINGS OF ATTENDEES'
VIEWPOINTS

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ICR would like to thank all of its generous 2019 conference sponsors whose valuable partnership and support helped define ICR and contribute to its solid runway record of success. Some sponsors have been here annually over ICR's 21-years strong history of hosting this conference. ICR's success was created by the quality of the links forged with entities that are in the master class of what they offer. ICR is proud to be aligned with this prestigious network and grateful for the continued belief and faith in us to service investors together.

Tom Ryan
Founder & Chief Executive Officer

Connecting
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**January 14 – 16, 2019
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Wall Street's premier growth company event

One of the premier investment conferences in the world, ICR's annual event is a unique platform that brings together public and private company management teams, institutional investors, sell-side research analysts, investment bankers, private equity professionals and select members of the media. It's a forum for exchanging insights into current consumer and economic trends that translate into a business advantage for both emerging and established companies.

Over 2,500 individuals registered to attend the ICR Conference this year. In October and November of 2018, ICR conducted a poll of registered 2019 ICR Conference attendees. They included corporate executives and some of the financial industry's top influencers. ICR asked questions probing views on the market outlook, on management, and on innovation and growth. In the following pages, we capture, summarize and share the themes of the results of the respondents' views.*

*189 Respondents



Photos from ICR Conferences

PROCEED WITH CAUTION FOR 2019 ECONOMY

WITH TRADE WARS, A TIGHTENING FEDERAL RESERVE, VOLATILITY AND UNCERTAINTY IN WASHINGTON, D.C., INVESTORS ARE EYES-WIDE-OPEN. MANY INVESTORS ARE NOT FEELING AS OPTIMISTIC FOR 2019 AS THEY WERE FOR 2018.

1 Which of the following choices best describes your outlook for the economy in 2019?

WHAT SOME INDUSTRY INFLUENCERS ARE SAYING:

Motley Fool BY JEREMY BOWMAN WRITING, JAN. 12

"With the consumer economy remaining strong and both technological advances and shopping habits continuing to favor online sales, 2019 is shaping up to be another strong year for e-commerce stocks."

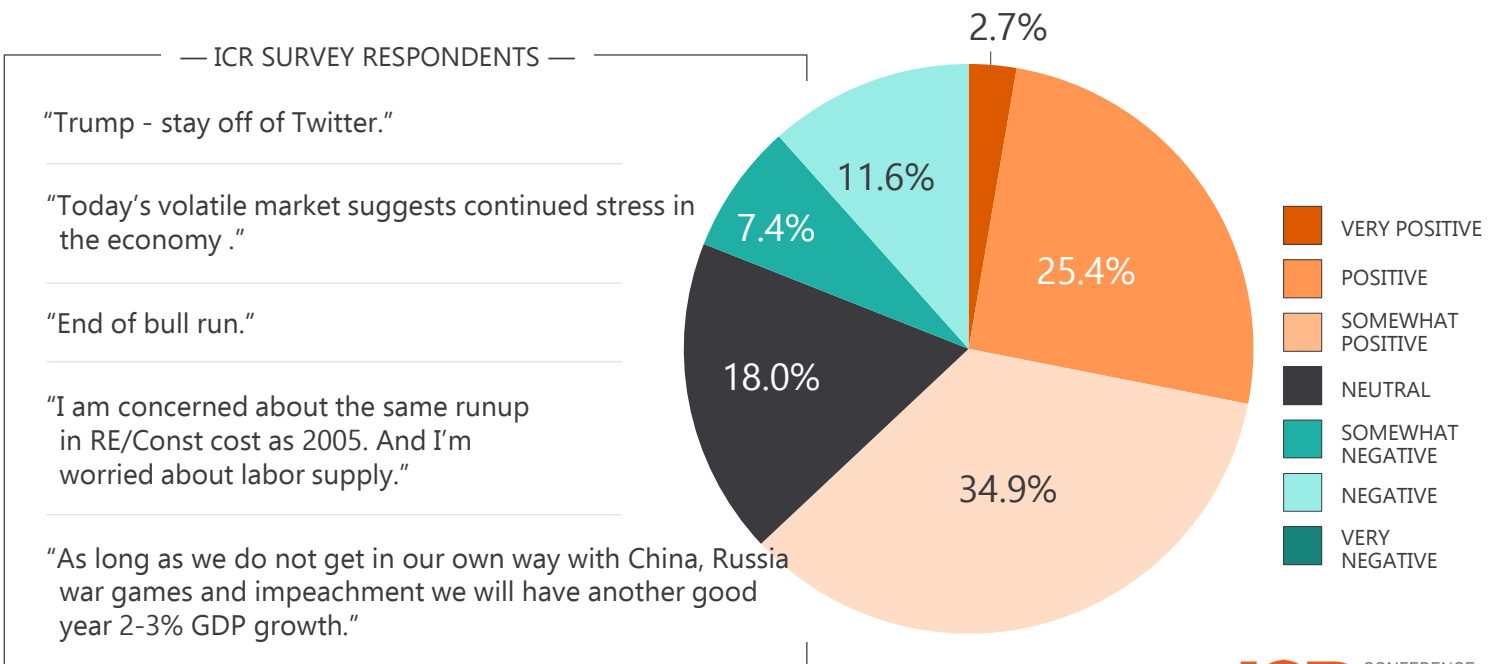
Aaron Bush: "Even though the Chinese trade wars and economic slowdowns will continue to generate headlines, I predict that in 2019, we'll see the largest technology acquisition in which a Chinese company buys a U.S. company."

"Maybe Alibaba acquires eBay as a way to get into U.S. e-commerce. Maybe Didi, which is larger than Uber at their last valuation, acquires Lyft as a way to get to the U.S. markets and get a partnership with Waymo."

WHAT ICR 2019 REGISTRANTS WHO RESPONDED TO THE SURVEY SAID:

Most of the respondents are significantly less optimistic than they were at this time last year. positive on the outlook for the economy for the year ahead, with 63.0% responding in the positive range; "Very Positive", "Positive", or "Somewhat Positive" (orange shades); a significant 29.8% decrease from last year's survey which had 92.8% of respondents in the positive range. 19% were in the negative territory; "Somewhat Negative" or "Negative". No one responded "Very Negative" up from 2.1% last year.

Six of you cited that the trade war or tariff issue is a concern. And six of you mentioned the administration, or "Trump" is a concern. Respondents expressed no geopolitical concerns this year as opposed to last year where there were concerns over North Korea and The Middle East. Concern topics put forth for 2019 are: trade, tariffs, rising interest rates and administration issues.



HOW MUCH DOES MANAGEMENT INFLUENCE BUSINESS PERFORMANCE?

“WALMART UNDER THE CURRENT LEADERSHIP VS. PAST LEADERSHIP IS A GREAT EXAMPLE.”

— ICR SURVEY RESPONDENT

2 Which of the following choices best describes your view on the following statement: Management has a tremendous influence over business performance.?

WHAT SOME INDUSTRY INFLUENCERS ARE SAYING:

Harvard Business Review, NOVEMBER – DECEMBER 2018 ISSUE
 “In turbulent times, steadiness and stability can be significant virtues. These qualities are evident in the 100 men and women who’ve achieved a spot in HBR’s 2018 ranking of the world’s top-performing CEOs.”

Entrepreneur.com, DECEMBER 26, 2018
 “Socially irresponsible firms will struggle. Corporate social responsibility has been gaining steam for years, but 2018 saw a star-studded vindication of the movement.”

Inc., BY MAUREEN KLINE
 Companies that fully integrate social responsibility into their business operations are well placed for healthy financial returns on their investments, [a new study shows](#)
 Research and consulting firm IO Sustainability.

WHAT ICR 2019 REGISTRANTS WHO RESPONDED TO THE SURVEY SAID:

It is still overwhelmingly agreed that management exerts a tremendous influence over business performance. 51.3% of the respondents answered “Strongly Agree”, with 96.8% of respondents answering “Strongly Agree”, “Agree” or “Somewhat Agree”.

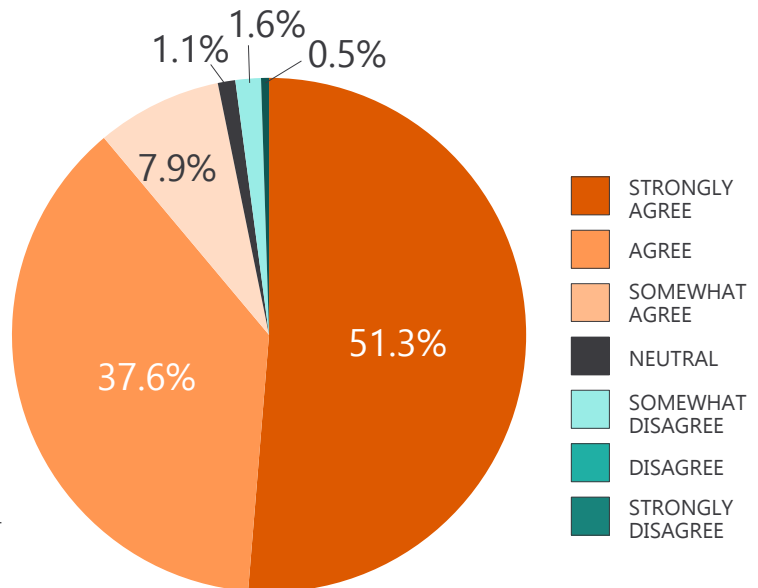
— ICR SURVEY RESPONDENTS —

“Management has little influence over the economy, but can drive market share gains and profitability with a sound strategy and strong execution.”

“Good Ownership + Good Management = Best Performance”

“Positioning and adjusting to market conditions are key”

“It is one of, if not the most, important factors in long-term business performance and value creation.”



— ICR SURVEY RESPONDENTS —

“Management decisions are almost always the key value creator/destroyer.”

“They should control what they can - like product quality, costs etc. They can't control the competitive environment so they have to adjust to maintain sales and profitability.”

AS AN INVESTOR, WHO DO YOU NEED TO MEET?

“Sometimes the answer is in the cycle turn or management will lie anyway (shorts), so meeting them is less important”

“Depends on Management's ability to communicate outlook and performance clearly/effectively/efficiently/broadly”

3 It is critically important to meet management before making an investment?

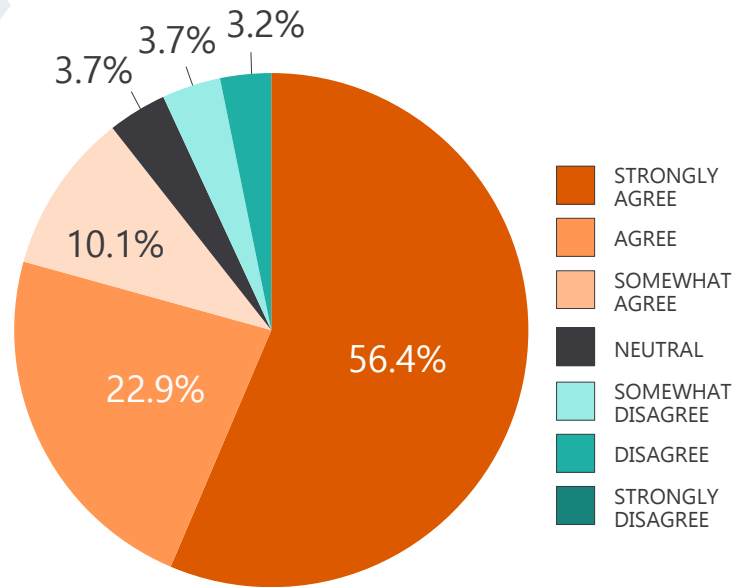
WHAT SOME INDUSTRY INFLUENCERS ARE SAYING:

INVESTOPEDIA, BY GLENN CURTIS, MARCH 27, 2018
There are many benefits to having a one-on-one conversation with those at the head of your investments, including:

- Receiving information without a middle man
- Sensing whether management's voice is unsteady or suspicious
- Building a rapport with the managers

WHAT ICR 2019 REGISTRANTS WHO RESPONDED TO THE SURVEY SAID:

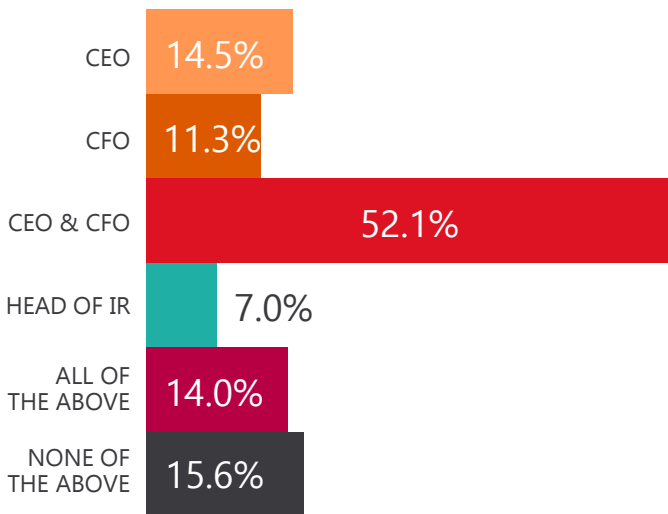
A convincing 89.4% of you “Strongly Agreed”, “Agreed”, or “Somewhat Agreed” (orange shades) that it's critical to meet management before making an investment, with 3.7% neutral and an equal 6.9% of respondents disagreeing to some level (4.4% disagreeing last year).



4 Prior to investing in a company, I need to meet a company's:?

WHAT ICR 2019 REGISTRANTS WHO RESPONDED TO THE SURVEY SAID:

52.1% agreed on the importance of a meeting with BOTH the CEO & CFO prior to an investment. 25.8% thought a meeting with either one was important. 7% responded that they need to meet with Head of IR only before investing. 14.0% responded that they would need to meet “All of the Above”. This is down a significant 7.5% from the prior year's results. Only 15.6% thought meeting “None of the Above” was important.



“Head of Ops, Marketing/Sales leads.”

— ICR SURVEY RESPONDENT

WHAT DEFINES A GROWTH COMPANY?

5 What rate of sales growth does a company need in order to be considered a “growth company”?

WHAT SOME INDUSTRY INFLUENCERS ARE SAYING:

Investopedia. BY MARK KOLAKOWSKI,
UPDATED JAN 11, 2019

A slowing economy and soaring volatility are tamping down expectations for corporate growth in 2019. Based on consensus estimates reported by Goldman Sachs, the S&P 500 Index (SPX) now is expected to post 6% sales growth and 7% EPS growth in 2019. However, a short list of stocks expected to deliver superior growth of 10% or higher in both sales and earnings in 2019: Adobe Inc. (ADBE), Alphabet Inc. (GOOGL), PayPal Holdings Inc. (PYPL), Broadcom Inc. (AVGO), Mastercard Inc. (MA), Microsoft Corp. (MSFT), and Intuitive Surgical Inc. (ISRG) (See table below). While earnings and sales growth are only two factors in determining whether a stock outperforms, they are key drivers.

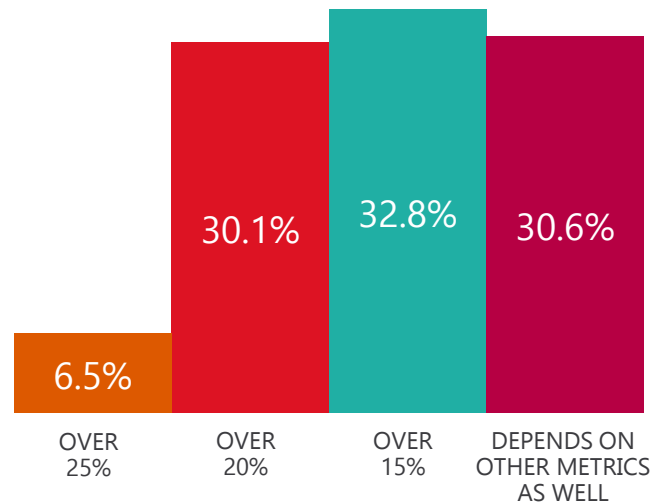
7 Stocks Offering Fast Growth In 2019

- Adobe, +25% sales, +16% EPS
- Alphabet, +19% sales, +11% EPS
- PayPal, +17% sales, +20% EPS
- Intuitive Surgical, +15% sales, +15% EPS
- Broadcom, +15% sales, +11% EPS
- Mastercard, +13% sales, +17% EPS
- Microsoft, +12% sales, +14% EPS

Source: Goldman Sachs

WHAT ICR 2019 REGISTRANTS WHO RESPONDED TO THE SURVEY SAID:

32.8% of respondents thought that a growth rate of “Over 15%” needed to be achieved before a company could be defined as a “Growth Company”, This is down 16.1% of respondent’s answering this same way last year. 30.1% thought that number needed to be “Over 20%”, and 6.5% thought it should be “Over 25%”, up from 3.7% the year before. 30.6% thought it “Depends on other metrics as well”.



— ICR SURVEY RESPONDENTS —

“It depends on the sector, but over 10% in retail seems reasonable.”

“I would consider 2x global nominal GDP growth as a growth company.”

“But also depends on strategy; could be influenced by planned disruption; e.g. for valuation.”

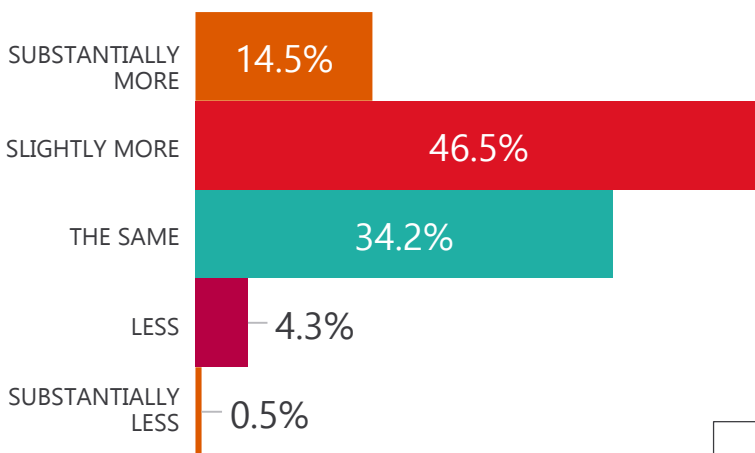
“Depends what the duration of that growth is. The industry competitive position. Lots of factors other than just the absolute sales growth.”

“Ideally 25%, but would consider 20% depending on the industry vertical.”

“15% growth in revenue. Higher % in earnings.”

INVESTING IN INNOVATION

6 How should investments in innovation compare in 2019 vs 2018?



WHAT ICR 2019 REGISTRANTS WHO RESPONDED TO THE SURVEY SAID:

60% thought innovation will matter "Substantially More" or "Slightly More" in 2019 than in 2018. It was That's down 23.0% from last year's survey which was at 83%. 34.2% said it would matter the same amount.

WHAT SOME INDUSTRY INFLUENCERS ARE SAYING:

Fortune: BY MATTHEW HEIMER, NOVEMBER 19, 2018
Catherine Wood, CEO of ARK Invest, a firm whose investments focus on "disruptive innovation": "What we've seen with visionary leaders leading innovation, whether it's Jeff Bezos or Steve Jobs or Elon Musk, is behavior that is really born out of the frustration associated with short-term thinking in the equity markets. And they just don't understand how we can't understand.

If you look at the investment itself, what's going to make Tesla move is a three-year lead in chip technology, battery technology, and data collection. And there's also the concept that is going to get it catapulted into the world: mobility as a service, which many companies are just starting to think about."

— ICR SURVEY RESPONDENTS —

"Expect innovation to be at least similar in 2019 to last year."

"Don't see a reason for any increase or decrease, other than perhaps some companies that accelerated spending in 2018 due to tax savings."

"Innovation is as much about product as it is about consumer engagement and other processes."

"Valuation still uncertain."

"Could be slightly more if the economy stays on track."

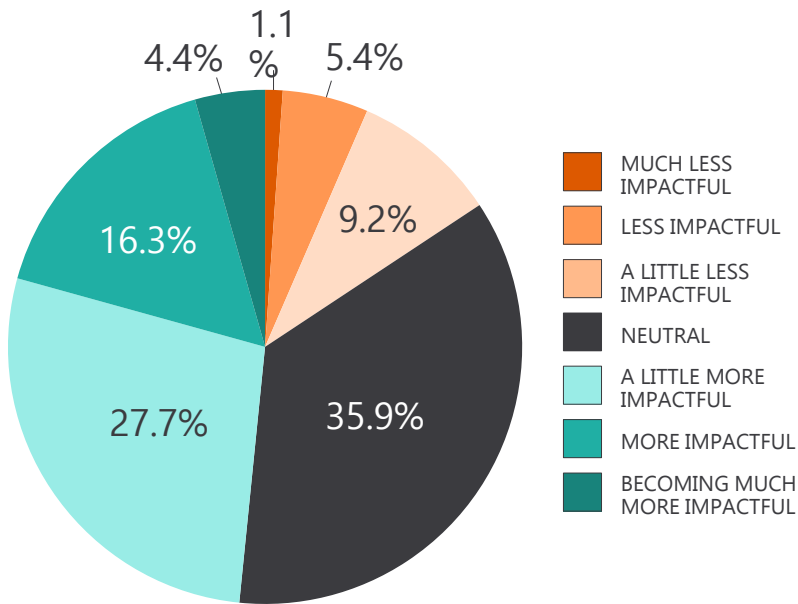
"Competition will drive need to differentiate."

"No tax windfall to reinvest in initiatives."

VIEWS ON SHAREHOLDER ACTIVISM

THE 2018 TREND OF SHAREHOLDER ACTIVISM ON TOPICS SUCH AS: BOARDROOM DIVERSITY, DIRECTOR COMPENSATION DISCLOSURE, DIRECTOR SUCCESSION and CEO OVERCOMMITMENT LIKELY TO CONTINUE.

7 What is your view on how much **shareholder activism** will impact shareholder returns in 2019 and 2020 versus a year or two ago?



WHAT SOME INDUSTRY INFLUENCERS ARE SAYING:

Broadridge Report: 2018 Proxy Season Review

Institutional shareholder support for social and environmental proposals increased over the past five years (from 19% in 2014 to 29% in 2018).

NYC Comptroller Scott Stringer and the NYC pension funds continued to advance their Boardroom Accountability Project 2.0, aimed at pushing for diverse, independent and climate-competent boards. They called on the boards of 151 US companies to disclose the race and gender of their directors, as well as their skills in a standardized "matrix" format. At least 35 of these companies are now disclosing director gender and race.

Forty-nine of the 151 boards have appointed 59 new directors who are either female or people of color.

WHAT ICR 2019 REGISTRANTS WHO RESPONDED TO THE SURVEY SAID:

In this survey, 35.9% of respondents answered that they felt "Neutral" on this topic. 48.4% answered "Becoming Much More Impactful" (4.4%), "More Impactful" (16.3%) or "A Little More Impactful" (27.7%). 15.7% answered "A Little Less Impactful" (9.2%), "Less Impactful" (5.4%), or "Much Less Impactful" (1.2%).

— ICR SURVEY RESPONDENTS —

"As the economy slows and the demand for return on investment remains the same, activism will increase."

"Hard to be an activist if stock market is negative b/c the relative underperformance is not as glaring."

"Seems to be a growing trend which I'd expect to continue."

"Several large activists have lost credibility because of a mixed track record."

"Tougher market probably means shareholders get more active."

ACTIVE COMMUNICATION WITH ALL AUDIENCES

THE DATA POINTS TO THE IMPORTANCE FOR MANY COMPANIES OF ENGAGING WITH ALL OF THEIR SHAREHOLDERS.

– BROADRIDGE REPORT: 2018 PROXY SEASON REVIEW

8 Which of the following choices best describes your view on the following statement: It is **important for Companies to actively communicate with all of its audiences**, including investors, in today’s market.

WHAT SOME INDUSTRY INFLUENCERS ARE SAYING:

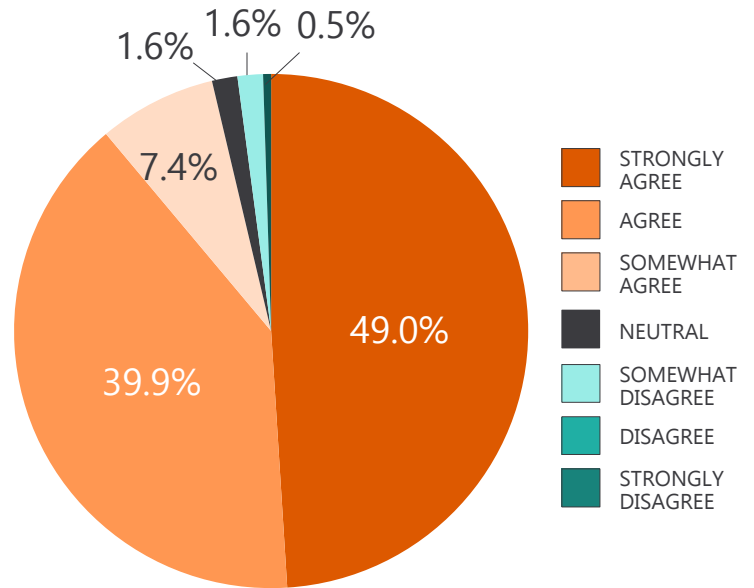
Business Insider, BEN GOULD, GROWTH LEAD, WORKPLACE BY FACEBOOK, MAR 19, 2018

We’ve been hearing from CEOs across all types of organizations that nobody reads the communications they send to employees by traditional methods like email.

Mobile first is a strategy that we’re now used to in our personal lives and it’s currently being encouraged across the enterprise space as well.

CEOs that are adopting this new world of work are becoming more engaged with their employees – a simple response to an all company announcement such as a ‘like’ or a small comment saying ‘great share, really authentic!’ is a wonderful way to measure employee engagement.

In the initial months of rolling out Workplace by Facebook, The Campbell Soup Company in the US receive twice as many people reading internal communications messages than they’d ever received before.



WHAT ICR 2019 REGISTRANTS WHO RESPONDED TO THE SURVEY SAID:

96.3% of survey respondents “Strongly Agree”, “Agree” or “Somewhat Agree” that it is important for companies to actively communicate with all of its audiences. 1.6% were “Neutral” and 2.1% either “Somewhat Disagree” or “Strongly Disagree”.

E-COMMERCE STRATEGIES TO FIGHT OFF DECLINE OF BRICK & MORTAR SALES

MILLENNIALS PREFER TO BUY PRODUCTS THEY DISCOVER ON INSTAGRAM AND SNAPCHAT. THIS CALLS FOR DEEP INTEGRATION ACROSS ALL CHANNELS: WEBSITES, SOCIAL MEDIA AND BRICK-AND-MORTAR.

– Forbes, by Jia Wertz, CEO of Studio 15

9 Which of the following choices best describes your view on the following statement: Retail and consumer companies have developed effective e-commerce strategies to fight the decline of brick and mortar sales.

WHAT SOME INDUSTRY INFLUENCERS ARE SAYING:

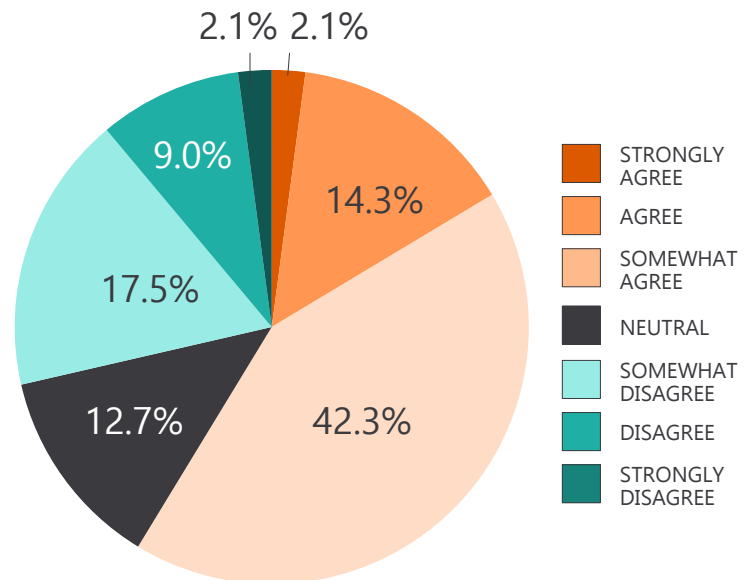
Forbes, by Jia Wertz, *5 Trends That Will Redefine Retail In 2019*, NOVEMBER 28, 2018

Faster, and Faster Shipping

A recent study found that the amount of time people are willing to wait for free shipping has dropped from 5.5 days in 2012 to 4.5 days on average. Programs like Amazon Prime have made two-day shipping the standard, so cutting down on shipping time is vital for any e-commerce business looking to stay afloat.

The Rise of Subscription e-commerce

Today's buyers are also increasingly seeking shopping that is tailored to their preferences and delivered directly to their doors. The sector has been witness to explosive expansion since 2010, growing from \$57 million in sales to more than \$2.6 billion by 2016. According to a report by McKinsey & Company, 15% of online consumers signed up for subscription services in 2017.



WHAT ICR 2019 REGISTRANTS WHO RESPONDED TO THE SURVEY SAID:

58.7% of survey respondents "Strongly Agree", "Agree" or "Somewhat Agree" that retail and consumer companies have developed effective e-commerce strategies to fight the decline of brick and mortar sales, up from 30.8% in 2018. 12.7% of respondents were "Neutral" while 28.6% answered "Somewhat Disagree", "Disagree" or "Strongly Disagree" down from 55.2% in 2018.

— ICR SURVEY RESPONDENTS —

"Mall traffic declines."

"the retailers who we see surviving and thriving will be those with effective omni-channel strategies."

"Not aggressive enough."

"Some companies have developed effective online businesses and are leveraging stores. Others still have a lot of work to do to catch-up."

2019 OUTLOOK FOR TRADITIONAL RETAILERS

THE RETAILERS THAT SCORE WITH SHOPPERS AND INVESTORS IN 2019 WILL BE THE ONES THAT OFFER APPEALING ALTERNATIVES TO AMAZON.

– Bloomberg, by Sarah Halzack
DECEMBER 28, 2018

10 Which of the following choices best describes your view on the following statement: The competitiveness of, and outlook for **traditional retailers** is more positive than it was a year ago.

WHAT SOME INDUSTRY INFLUENCERS ARE SAYING:

Forbes, by Jia Wertz, *5 Trends That Will Redefine Retail In 2019*, NOVEMBER 28, 2018

Brick and Mortar Still Play a Key Role

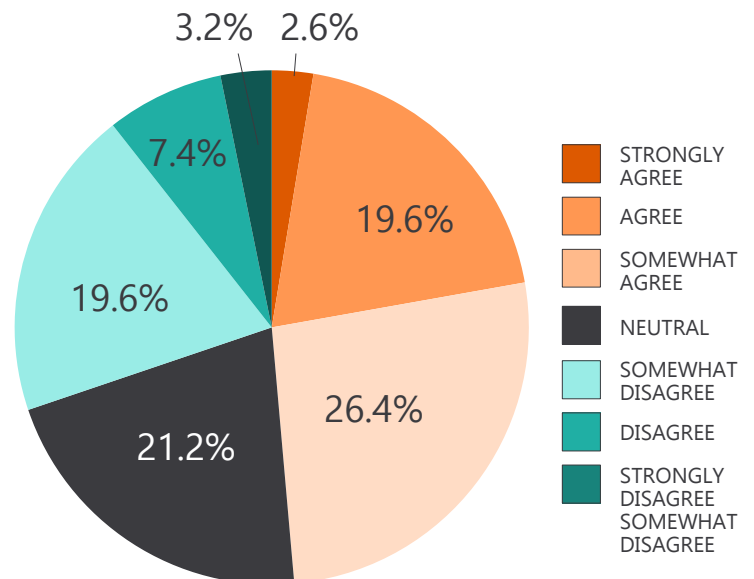
One of the interesting dichotomies of the current retail model is that despite their alarming closure rates, brick-and-mortar stores still play a key role in the sales process. Nevertheless, it has transitioned from the primary point of sales to being part of a broader retail strategy. Instead of a single touchpoint for consumers, the trend in retail over the past few years has been to widen the net that brands use to catch leads and convert them.

Experiential Retail

The old model of in-store (and even online) retail strictly focused on products being sold. However, consumers have slowly but surely been moving away from strictly shopping for products, instead seeking a more engaging experience. The trend has been driven largely by millennials and their preference for experiences over things.

WHAT ICR 2019 REGISTRANTS WHO RESPONDED TO THE SURVEY SAID:

48.6% of survey respondents "Strongly Agree", "Agree" or "Somewhat Agree" that the competitiveness of, and outlook for traditional retailers is more positive than it was a year ago. 21.2% of respondents were "Neutral" while 30.2% disagreed to some level.



— ICR SURVEY RESPONDENTS —

"Retailers have been investing heavily to fend off online competition and have made improvements that make for a better experience for the consumer."

"While the consumer is healthy, not all retailers are. There will still be many to file as they have not evolved fast enough."

"Fewer competitors due to bankruptcies/liquidations."

"The retailing competitive landscape will continue to be fierce as the consumers demand service AND value."

A COMPANY'S USE OF CASH

11 If it was up to you, what would a company's #1 use of cash be?

WHAT SOME INDUSTRY INFLUENCERS ARE SAYING:

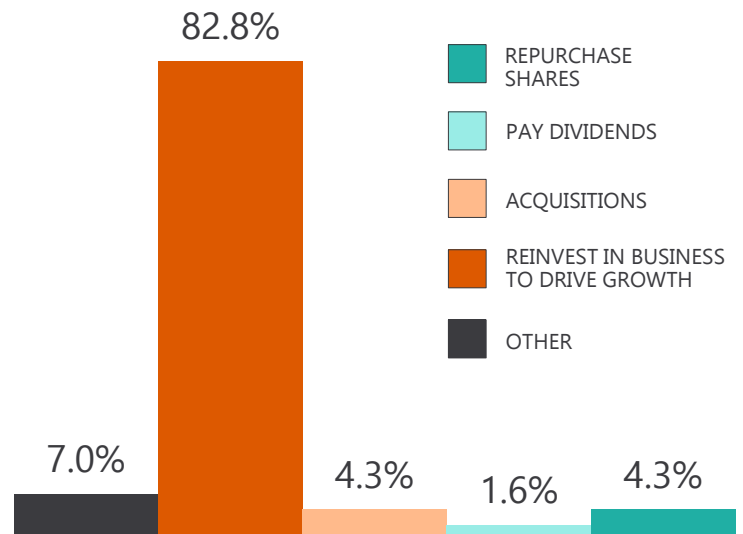
Investor's Business Daily, PATRICK SEITZ,
DECEMBER 17, 2018

Apple to Invest in Streaming Video Service

The big services story for Apple in 2019 will be the expected launch of a streaming video service to compete with the likes of Netflix (NFLX) and Amazon (AMZN) Prime Video.

Apple's video offering is likely to debut as a stand-alone service in the second half of the year, Ives said. It has ordered TV series from such big-name producers as Steven Spielberg, J.J. Abrams and M. Night Shyamalan.

To compete, Apple will need to ramp up its spending on video content from the current \$1 billion to \$1.5 billion a year to maybe \$4 billion or \$5 billion a year for the next couple of years, Ives said. Apple might decide to acquire an independent movie studio like A24, he said.



WHAT ICR 2019 REGISTRANTS WHO RESPONDED TO THE SURVEY SAID:

The majority of respondents, 82.8%, said they would "Reinvest in Business to Drive Growth". 4.3% said they would use cash for "Acquisitions", another 4.3% said they would "Repurchase Shares" and only 1.6% said they would use it to "Pay Dividends"

— ICR SURVEY RESPONDENTS —

"Reinvesting in the business should always be a priority with dividends and repurchases used if there is excess cash."

"1) reinvest in the business, 2) pay and consistently grow the dividend 3) maintain appropriate leverage ratios (i.e repurchase debt if necessary), 4) equal parts opportunistic share buyback and strategic acquisitions."

"Invest in on-demand commerce."

"Launch PR attacks on Amazon."

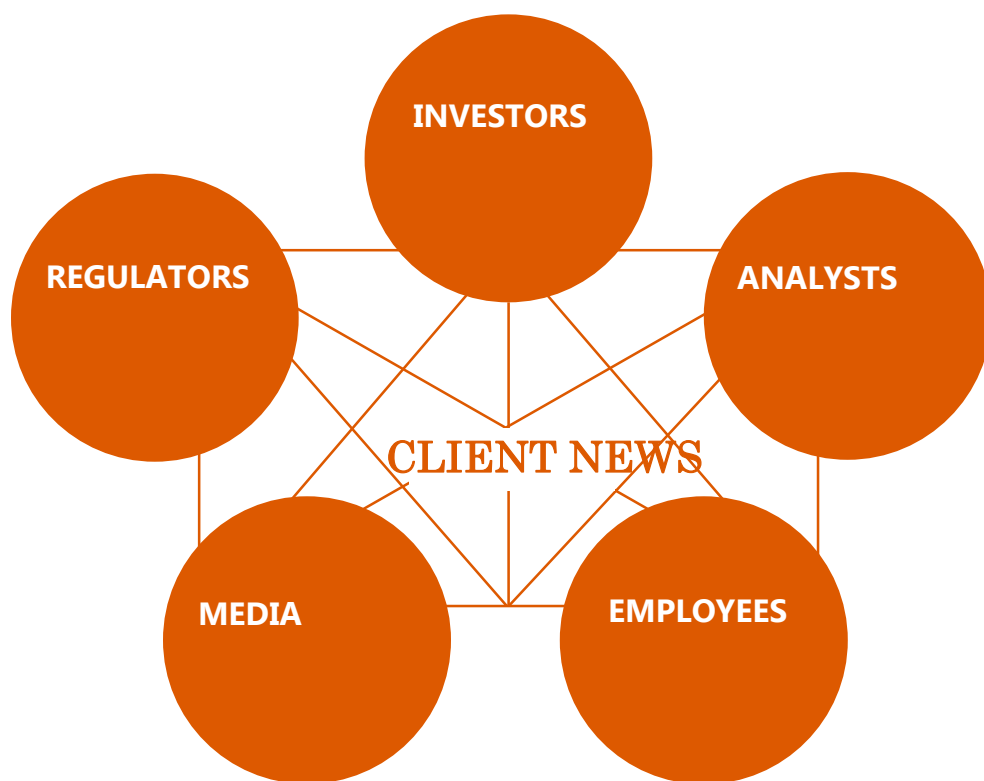
"Technology investments related to increase in customer satisfaction."

"Debt repayment."

THE ICR DIFFERENCE



While most agencies are rooted exclusively in public relations, ICR is led by former Wall Street analysts who are industry focused. That expertise is coupled with senior level, communications agency veterans. The upshot is a one-of-a-kind firm that understands the power of perception, the role it plays in determining a company's value, and most importantly how to shape it. We draw upon decades of experience and industry relationships to manage the long-term narrative and consistently elevate your reputation among those who matter – when you mean business.



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