

Layoffs hit oil industry

WTI rally falters

M&A activity on the increase

TSX down
on energy stocks

While cutting costs, retaining shareholders and motivating employees are increasingly top priorities for companies, communicating during economic downturns must never be forgotten. As you review ways to do things more effectively (doing the right things) and more efficiently (doing things right), consider running some diagnostics on your communications program.

Depending on where you live, 2015 may feel like either the best of times or the worst of times. In Western Canada, with oil prices currently around \$50 per barrel and natural gas prices below \$3 per million cubic feet, organizations are scrambling to survive what could be a very difficult period.



During tough economic periods, communications are important to a company's ability to reduce the impact on its share price, while maintaining its social licence and reputation. Engaged and timely communications can help ease anxiety, prevent overreaction, reinforce a commitment to transparency and maintain your brand and value proposition.

CONSIDER THE FIVE F'S:

- The **Future** has changed. You need to ensure that your stakeholders know that you "get" this, are taking active steps to deal with the current situation and can articulate where your company is going.
- The **Frequency** of your communications may need to be stepped up. Stakeholders need more reassurance and studies show that a message may need to be communicated five to 10 times before people remember it.
- **Feedback** is important. Your communications plan should have mechanisms to ensure you are listening and responding to concerns and criticisms.
- Ensure you include **Facts** to support your value proposition. Demonstrate that your response is having an impact.
- Consider the **Framework** of your communications. Now may be the time to have more face-to-face sessions or lever your ability to talk to the media about the changes facing your industry and company.

INVESTORS AND THE MARKET

During periods of economic turmoil, no news may be seen as bad news. You need to assume an active voice to ensure your company's value proposition is top of mind and understood by investors and the market.

Make sure your key messages are being heard frequently by your shareholders, analysts and the media.

During economic downturns most investors are playing defence. They are looking for reasons to sell and to conserve cash – but they can also recognize, as Baron Rothschild

once said, "when there's blood in the streets, buy." You may be able to convince existing shareholders to double-down for a once-in-cycle opportunity to generate superior returns. This is also an ideal time to reach out to a whole new range of value-based investors who are looking for bargains.

The best way to improve shareholder perception is by ensuring that your investor relations team has a communications plan that sets solid deliverables, develops clear, concise and compelling messages, and targets your core stakeholders. The key communication rule during times of hardship is to communicate clearly, regularly and honestly.



CLEARLY — Periods of economic slowdown allow your company a unique opportunity to get ahead of the curve and provide thought leadership.

- Keep your key messages short and simple. What is your brand – and why should investors hold your stock? Your investors may not remember a 15-point plan to improve profitability.
- Demonstrate that you understand the macro environment, causes and effects, and where you are in the business cycle. During this period investors may want to spend as much time picking your brain about the economic environment as they do about your company.
- Show that you understand both the threats (e.g., lack of growth) and potential opportunities (e.g., cost cutting) that the situation brings. Keep restating your unique value proposition, focus on your vision and highlight the steps that will get you there.

Revisit your key messages. Are they current? Do they address shareholder concern and restate your value proposition? Develop fact sheets on your strategy and core assets, and keep your Q&A list up to date.

“A common theme amongst shareholder activists is the need for improved shareholder communications”



REGULARLY – There is a proven correlation between share of voice and market share.

- In times of downturn, fear and greed dominate the space. If you communicate regularly, your investors will look to you for news about your company and will be less likely to react to rumours.
- There is a lot of noise and competing news right now. Many CEOs get tired of going on the road and repeating the same story, but remember you are just one of many accounts. Messaging must be repeated to be remembered.
- Ongoing communication allows you to dominate the narrative, painting your company as adaptive to the latest conditions and transparent towards its audience. The more often investors hear from your company, the more they're likely to buy into your current direction and strategy.

Make sure you have a comprehensive IR calendar, plan regular news flow and take advantage of opportunities to speak to media and reach out to shareholders.



HONESTLY – Investors want transparency and CEO’s need honest feedback.

- When changes to your company’s direction, abilities or profitability become apparent, explain them to the market as soon as possible. You reduce the consequences by demonstrating transparency. It also provides an opportunity to positively address tough

decisions you are making in order to preserve or protect shareholder interests.

- Pay attention to who is buying and selling your stock, what shareholders really think (perception surveys), and analyst and media stories (including social media).

- Acknowledge that times are tough and demonstrate empathy for shareholders. A shareholder may call just to vent – the best thing you can do is acknowledge their issues, repeat your value proposition and not take it personally.

Update your stakeholder list and make sure you are calling or meeting with major shareholders, analysts and media on a regular basis. Listen to what people are saying about your company.

MEDIA

This is an ideal time to review your media and internal communications planning, processes and structure.

Take advantage of the fact that your company (and industry) has a better chance of making the business pages when times are bad. Journalists know that low prices, cuts in spending, layoffs and increased shareholder activism are news.

This may be an opportune time to sit down with a reporter and provide them with an in-depth overview of your industry and

your company's story. This is your chance to strengthen a relationship with a key ally and build a beneficial connection that will continue beyond the current downturn.

Ensure you have an up-to-date media list, understand who is covering your company (or industry), what their perspective is, what they are writing about, and pro-actively monitor all media. Consider media training for those executives that are designated spokespeople.

EMPLOYEES

It's time to revisit your employee engagement strategy and communications efforts.

Employees will be concerned about their jobs, career opportunities and the survival of the company. They may be distracted from their work causing productivity to slide, compounding the effects of tough economic conditions.

Employee communications should focus on motivation, retention of good people and ensuring your short-term business objectives are

understood. Re-examine your tactics and tools. Consider more "high touch" versus "high tech" communications. Set up channels for feedback and listen to ideas and concerns. This includes monitoring what current and former employees are saying about your company on social media.

Lever your leadership. Surveys show that most employees trust their immediate supervisor more than they do senior executives. Explain the causes for the current situation and the steps you are taking, keeping a positive but factual view.



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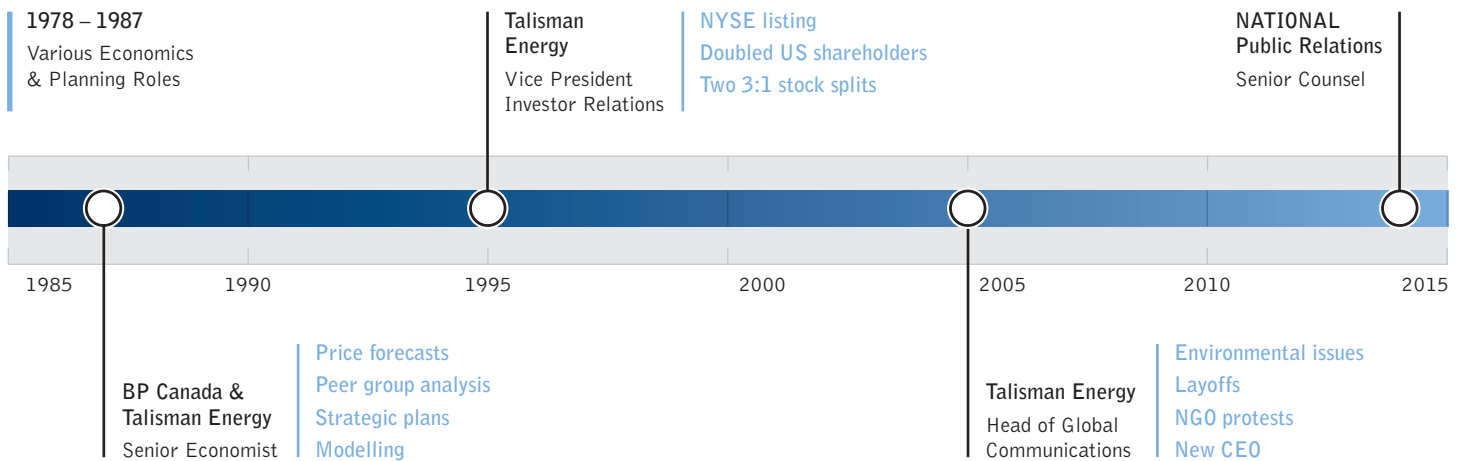
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NATIONAL Public Relations is the exclusive Canadian partner in the AMO Global Network. AMO represents leading financial communication consultancies, with more than 950 professionals operating globally on M&A and capital market transactions, investor relations, media relations and corporate crises.

David provides communications planning advice and writing support. His forte is financial communications, investor relations support and executive speech writing.



DAVID MANN: SENIOR COUNSEL



David joined NATIONAL in the summer of 2014 after a very successful 30-plus year career in the oil and natural gas sector.

He was Head of Global Communications at Talisman Energy, leading approximately 40 team members in 16 countries. His remit included external communications (media, news releases, annual and corporate responsibility reports, crisis communications), and internal communications (employee

engagement, intranet). Previous roles include Vice President Investor Relations and Senior Economist.

David has an MBA (Finance), Bachelor of Commerce (Economics), and Canadian Securities Institute diploma. He has been a member of CIRI since 1996 and served as President of the Alberta Chapter.

BY THE NUMBERS

600+ NEWS RELEASES, INCLUDING EARNINGS RELEASES

50+ EXECUTIVE SPEECHES, CHAIRMAN, CEO, CFO

100+ INVESTOR & RATING AGENCY PRESENTATIONS

RESTRUCTURED IR & COMMUNICATIONS ORGANIZATIONS DURING DOWNTURNS

30+ ANNUAL & CR REPORTS, INCLUDING SEVERAL AWARDS

1,000+ MEDIA INTERVIEWS

800+ INVESTOR & ANALYST MEETINGS

COMMUNICATIONS STRATEGIES TO DEAL WITH ACTIVIST SHAREHOLDERS