



IT STARTS AT THE TOP

Frequent contact with investors sets top CEOs apart from their peers.

If there's one thing professional investors look for in the companies in which they invest, it's the effectiveness of the CEO. MarketMeter's early 2022 research, which canvassed 115 Australian super funds, investment managers and equities analysts, has revealed for the second year running that the calibre of a corporation's top executive is the most important of the 27 key performance indicators (KPIs) assessed by institutional investors in the study.

These same investors scored ASX 200 companies out of 10 across those 27 KPIs covering ESG, financial, management,

strategy and shareholder engagement themes. When it came to scoring a company on the effectiveness of its CEO, investors were asked to consider areas of a CEO's performance including earnings quality, growth prospects, clarity and strength of strategy, credibility, succession planning and shareholder value focus.

With these attributes in mind, the Australian institutional investment community has rated the CEO of Goodman Group, Greg Goodman, the highest across the leaders of S&P/ASX 200 listed companies. Goodman and other CEOs who

ASX 100 – Top 10 CEOs

- 1 Goodman Group
- 2 CSL Limited
- 3 REA Group Ltd
- 4 Wesfarmers Limited
- 5 Macquarie Group Limited
- 6 carsales.com Limited
- 7 Xero Limited
- 8 Computershare Limited
- 9 Transurban Group
- 10 Aristocrat Leisure Limited

ASX 101-200 – Top 10 CEOs

- 1 Chorus Limited
- 2 Codan Limited
- 3 Graincorp Limited
- 4 Arena REIT
- 5 Domain Holdings Australia Limited
- 6 AVZ Minerals Limited
- 7 Flight Centre Travel Group Limited
- 8 Corporate Travel Management Limited
- 9 Liontown Resources Limited
- 10 Breville Group Limited



featured in the top 10 CEO league tables were interviewed to see what sets them apart and what else matters to investors.

Communication counts

The regularity of their interactions with the market is a commonality among these top-ranked CEOs. All the CEOs interviewed used results briefings and AGMs as their primary forms of communication with the market. They also went several steps further by making themselves available for one-on-one meetings with institutional investors, presenting at broker-hosted conferences and showcasing their business and management team via corporate investor days.

The workload involved in keeping investors apprised of how business is tracking has stepped up since the COVID pandemic with Goodman noting investor contact has significantly increased through the use of technology and virtual meetings. Mid-cap electronics solutions company Codan's CEO, Alf Ianniello, says, "we aim to ensure investors of all sizes, retail and institutions are provided timely updates as they occur."



Nicholas Coles
managing director
MarketMeter

Investor insights

Investors focused on a number of macro concepts in their most recent interactions with top-rated CEOs. Biotech leader CSL's CEO Paul Perreault notes, "our investors have focused on the business' ability to bounce back from COVID-related interruptions. In light of this, they are interested in our growth outlook and ability to grow plasma collections, and continue to supply patients with the medicines they need."

Several CEOs cited supply chain disruptions and inflationary pressures as particular areas of investor concern. Jim Clayton, the CEO of kitchen appliance company, Breville Group says, "supply chain disruptions and Breville's ability to mitigate by building inventory has been the major theme in 2022, alongside how consumers are reacting to inflationary pressures."

Digital take-up

Technology has brought CEOs, management and investor relations teams closer to investors than ever before. It has also played a growing role in the companies led by the CEOs interviewed.

Goodman Group's Greg Goodman says, "we've been working with technology providers and our customers to see how we can enable our customers to get more out of their warehouses. Understanding and improving productivity in warehouses has been a key focus, particularly around robotics and digitisation that improves speed and lowers costs."

Codan's Alf Ianniello says, "as a technology company we are constantly evaluating ways to make the business smarter, faster and more efficient while

saving costs. Investments in business technology to connect our global sites to provide greater security and accessibility regardless of location has helped the company remain agile in an everchanging global environment."

COVID conversion

COVID's challenges created trends Goodman Group had already been seeing and were leveraging as part of its business strategy. "The surge in online shopping reinforced demand for increased supply chain efficiency for our customers. Strategic locations became even more important as customers were looking for properties that were closer to consumers, to provide faster speed to market," says Goodman.

Breville Group's changes have been more tactical than strategic in COVID's wake. "Our strategy of increased investment in R&D, marketing and tech services, accompanied by geographic expansion to drive top line growth while maintaining double digit EBIT growth has been unchanged. Tactically we have adjusted our inventory position and type of marketing investment during COVID," Clayton says.

Sustainability strategy

Investors have demonstrated a growing interest in sustainability. Goodman says investors want to discuss how the business is making progress on strategy and initiatives. "We have ambitious yet tangible ESG targets that are integrated into our business. These include using renewable energy and storage, reducing carbon emissions and creating carbon-neutral buildings, investing in regenerative agriculture and carbon sequestration, among others."

At Breville, Clayton says Sustainable packaging is important to teams and customers. "Our ESG focus also includes key societal initiatives such as the launch of our Reconciliation Action Plan and our Aboriginal Culinary Journey art range."

With common attributes such as being a clear and regular communicator, having an appetite for technology, being strategically agile and having a sustainability focus, it's not hard to see why these CEOs are finding favour with investors.



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