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Research Article

Earnings conference calls and annual reports, similar or different information?

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Abstract

Nearly half of the questions raised in the Q&A part of earnings conference calls is related to topics which are not discussed in the presentation part. The difference between the Q&A and the annual report is even larger. The majority of topics in the Q&A is not raised in the annual report. Interviews with investor relation officers indicate that they consider the conference calls and annual reports as information channels with a different purpose, where conference calls are meant to inform the markets about the progress in executing the strategy and to reinforce key messages.

Relevance to practice

The Q&A part of conference calls should not be ignored by investors. Although annual reports and presentations are important sources of information for investors, lenders and other creditors, the Q&A part of conference calls addresses different topics. Hence, for a complete set of information the Q&A should be taken into account as well.

Keywords

Earnings conference calls, annual reports, investor relations officer

1. Introduction

An earnings conference call is an event where a company's management presents the results of the previous quarter and/or year and answers questions raised by equity analysts. In general, earnings conference calls happen shortly after the release of a quarterly or annual earnings announcement. Earnings conference calls are different from 1-to-1 as more than one analyst can raise questions during the calls and also others can follow the call. An important feature of the conference calls is the question-and-answer part ('Q&A') which distinguishes the calls from podcasts and other one-way-communication.

Earnings conference calls are not a new phenomenon. In fact, they are around for more than thirty years. During this period, earnings conference calls have developed into a widely used channel for listed companies to share information with investors.

The earnings conference call is a voluntary information event in addition to mandatory information sources like annual reports. Prior studies have demonstrated that in both the presentation by management and the question-and-answer section with analysts, meaningful new information is conveyed to investors. However, research into the link between the presentation and Q&A part of conference calls and between earnings conference calls and annual reports is scarce. We extend current research by investigating whether the topics raised in the Q&A are different from the topics addressed in the presentation and/or annual report.

Overall, our findings indicate that the topics discussed in the Q&A are largely different from the topics addressed in the annual report. Hence, the added value of the conference calls is not only more timely communication, but also the discussion of different topics. There is also a difference between the topics raised in the Q&A and topics addressed in the presentation during the conference call. Interviews with investor relation officers reveal that they consider earning conference calls and annual reports as information channels with a different purpose which could be an explanation for the different content.

Section 2 contains a review of the research on earnings conference calls. The research questions and research design are discussed in section 3 and 4. Sections 5 up to 9 present the results, while section 10 summarizes the interviews with investor relation managers. The conclusions are included in Section 11.

2. Literature review

Soon after the introduction of earnings conference calls in the 1990s, accounting researchers started investigating the phenomenon. Early papers demonstrated that earnings conference calls contain information over and above the corresponding press release (Frankel et al. 1999), affect analyst forecasts (Bowen et al. 2002), and reduce post-earnings announcement drift (Kimbrough 2011). In another study, researchers showed that earnings conference calls have democratized the flow of information to investors (Brown et al. 2004). Overall, this research suggests that earnings conference calls make information discovery by capital markets more efficient.

With the advent of Regulation Fair Disclosure in the year 2000, transcripts of conference calls became widely available, offering new opportunities for research. The first papers to use these transcripts showed that both the presentation part and the question-and-answer part, provide new information to investors (Matsumoto et al. 2011). Earnings conference calls move stock markets within minutes after the information is conveyed. With respect to the presentation section of conference calls this might come as a surprise. After all, the factual information that is provided in the presentation part, has normally already been reported in the preceding press release.

One explanation is that linguistic “soft” information is used by investors in their investment decisions. This includes linguistic features, but also the tone and sentiment of conference calls. An example of a linguistic feature is reported by Larcker and Zakolyukina (2012) who show that trading strategies can be developed based on the amount of deceptive language that is used in a conference call. Allee and Deangelis (2015) show that investors are affected by the narrative structure of earnings conference calls. Other studies show that linguistic complexity in conference calls, potentially reflecting obfuscation, increases information asymmetry and reduces liquidity (Chen et al. 2018b).

Another plausible explanation of the information content of the presentation, is that investors observe the tone and sentiment of conference calls and distill information from it. Price et al. (2012) provide evidence that investors trade based on the linguistic tone of conference calls.

The extent to which investors use the tone of language in conference calls, differs between sophisticated and unsophisticated investors (Blau et al. 2015). Mayem and Venkatachalam (2012) use audio files of conference calls to measure the managerial affective state in the voice of the executives and find that vocal cues have an impact on analyst recommendations. Chen et al. (2018a) find that the time of day has an impact on the mood of the executives and analysts who participate in a conference call. The tone of conference calls deteriorates markedly over the course of the trading day. Another interesting study by Call et al. (2024) reveals that the use of humor in conference calls results in more positive stock market returns and positive analyst revisions, primarily because of a muted response to negative news. The positive returns do subsequently not reverse, indicating that executives use humor to signal private information. In other words, managers may sometimes be aware that bad news is not as severe as it appears, but they are unable to disclose this information yet. In such cases, they may use humor to subtly allude to their insights, allowing the market to catch on.

The evidence that the question-and-answer part of conference calls move stock markets, suggests that executives are not fully aware of the information needs of investors, or that executives strategically convey certain information only in response to questions from analyst (Matsumoto et al. 2011). Refusing to answer a question, however, also provides information to investors. About 11% of the questions in conference calls remain unanswered (Gow et al. 2019). Hollander et al. (2010) show that not answering questions during earnings conference calls, is interpreted as a negative signal by investors. Some managers use prepared scripts when responding to questions in earnings conference calls, particularly when they want to avoid the disclosure of bad news (Lee 2016). Investors, however, are able to detect this from the lack of spontaneity in the language, and the stock price responds negatively. More recent research shows that a large part of the stock market responses to the question-and-answer section of the conference call is explained by the tone of the comments made by sell-side analysts, particularly when their tone is negative (Chen et al. 2018). The order in which questions are asked by analysts is not necessarily a first-come-first-served order. Mayew (2008) provides evidence that favorable and prestigious analysts have a higher probability to ask questions.

Although sell-side analysts are the most active in the question-and-answer part of the earnings conference call, the buy-side is often present in the call, particularly when sell-side coverage is low, or when sell-side earnings forecasts are widely dispersed (Jung et al. 2017). Interestingly, Heinrichs et al. (2019) show that investors who do not hold a position in the firm are leading consumers of earnings conference calls. Buy-side non-holders who consume calls are more likely to hold positions in competitors and to purchase the stock in the future. In contrast, investors that hold large long positions only attend calls periodically.

Research into the link between earnings conference calls and the financial statements is scarce. One of the few papers to explicitly address this link is also one of the first papers studying earnings conference calls. Tasker (1998) found that firms that have less informative financial statements were more likely to conduct earnings conference calls.

3. Research questions

Both research into the link between the presentation and Q&A part of earnings conference calls and research into the link between earnings conference calls and annual reports are scarce. While there is evidence that information is revealed during the Q&A, it is not clear whether the additional information is a further clarification of topics already addressed in the presentation or whether the additional information relates to different topics. In addition, it has not been investigated how the topics discussed in the Q&A relate to the contents of the annual report. In case the annual report is released before the conference call, the Q&A could be a further clarification of the topics discussed in the annual report or relate to different topics. If the annual report is released after the earnings conference call, analysts may use the Q&A to get access to information which otherwise will be revealed at a later stage in the annual report. Alternatively, they may raise questions on topics which will not be addressed in the annual report. We extend current research by addressing the following questions:

- Are the topics addressed in the Q&A already raised in the presentation? And does this depend on the type of topic?
- Are the topics addressed in the Q&A also discussed in the annual report? And does this depend on the type of topic and on the timing of the annual report relative to the conference call?

Answers to these questions will provide a possible explanation for the added value of conference calls which has been documented in prior research. Hence, our study does not provide evidence that conference calls have added value but provides an explanation why the calls have added value.

4. Research design

Our population consists of all AEX entities in 2023 excluding financial institutions. We exclude financial institutions as the questions raised during conference calls of these entities are different from questions in conference calls of other entities. Appendix 1 shows the names of the twenty entities selected, the annual report publication date and the date of the related earnings conference call. The transcripts of the conference calls are retrieved from SeekingAlpha.com. These conference calls are public calls relating to the publication of the Q4-2023 quarterly report or 2023 annual report. Hence, our research does not cover 1-to-1 meetings, investor days or other meetings for a specific group.

5. Timing of the conference calls and annual reports

Figure 1 shows the number of weeks between the end of the fiscal year and the date of the conference call and the publication date of the annual report, respectively. The

Figure 1. Timing conference calls and annual report.

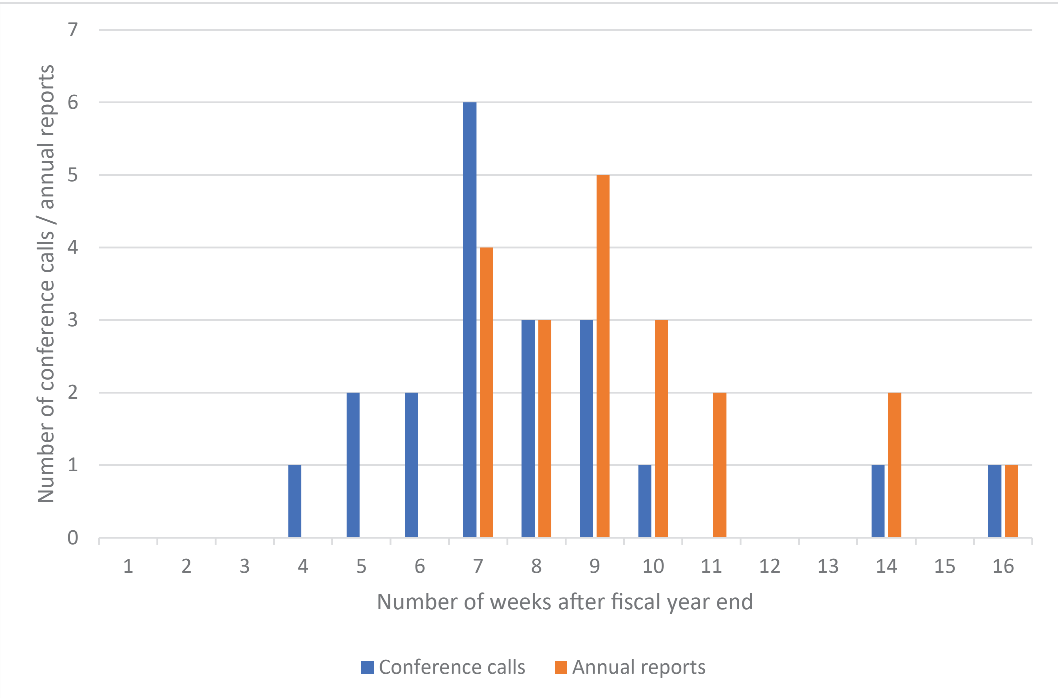
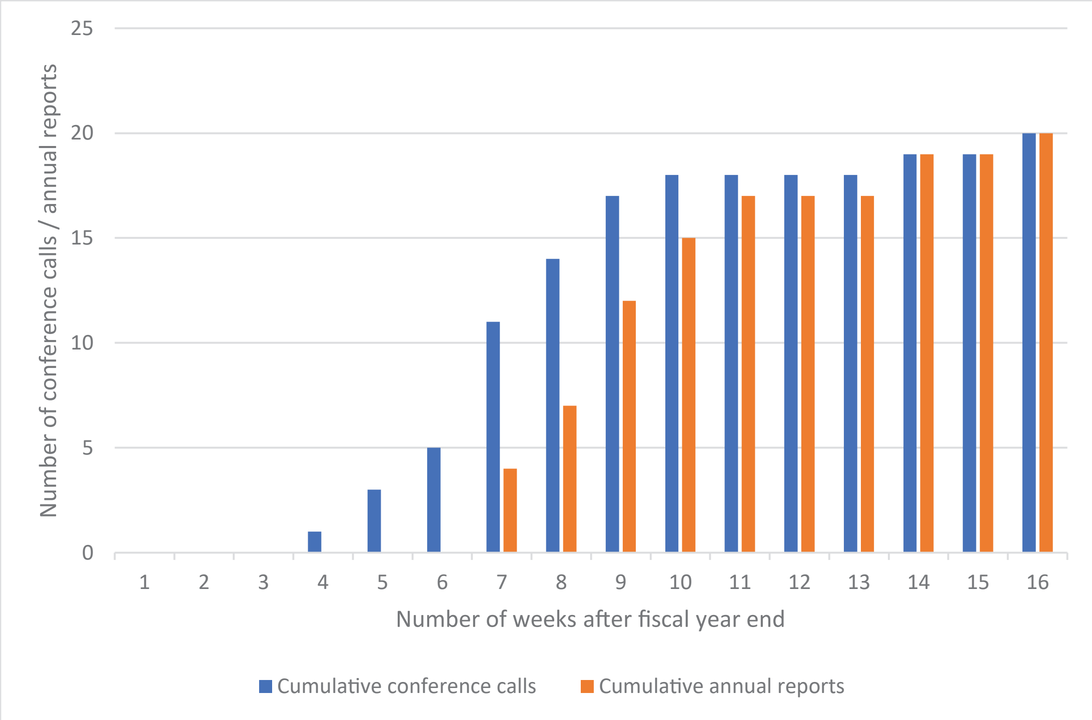


Figure 2. Timing conference calls and annual report – cumulative.



first conference call is in the fourth week after the fiscal year end while the publication of the first annual report is in the seventh week.

Figure 2 shows the number of conference calls and annual reports which have been published in or before a certain week. The figure clearly shows that the conference calls occur on average earlier than the release of the annual reports.

Looking at the timing of the conference call and annual report per entity, we notice that 65% of the entities held the conference call before the publication of the annual report with an average time gap of twenty days. In the seven cases in which the conference call was held after the publication of the annual report, the conference call happened on the same day or the next day.

6. Content of the conference calls

6.1. Participants

The transcripts indicate that in all cases the CFO is present in the conference call. The CEO was present in 95% of the calls and the investor relations officer actively participated in 60% of the calls. In 15% of the calls also some other entity participant joined, such as an executive chairman, chief digital officer or chief investment officer.

Figure 3 shows the composition of the company participants. In half of the cases the entity is represented by the CEO, CFO and investor relation officer. In 30% of the calls only the CEO and CFO are actively participating.

The transcripts indicate that on average nine analysts participate in a conference call with a minimum number of four and a maximum number of eighteen.

6.2. Duration

The average duration of the conference calls is 64 minutes. The shortest call is 35 minutes and the longest 95 minutes.

Figure 4 depicts the duration of the presentation and the Q&A separately. In general, the length of the presentation is shorter than the length of the Q&A. On average, a presentation lasts 23 minutes while the Q&A takes 41 minutes. Hence, on average 36% of the conference call is spent on the entity's presentation and 64% on the Q&A session. One entity had a presentation of only 8 minutes, while two entities took around 45 minutes to present the results. The duration of the Q&A varies from 21 to 62 minutes.

6.3. Number of questions

Figure 5 shows the number of questions per conference call. The average number of questions per conference call is 19.3 questions, with a maximum of 33 questions and a minimum of 10 questions. 60% of the conference calls has between 16 and 22 questions.

6.4. Type of questions

In total, 385 questions were raised in the twenty conference calls. 158 (41%) questions relate to financial information, such as revenue, EBITDA, margins, CAPEX, working capital, expenses, free cash flow, foreign currency effects, impairment and depreciation and amortisation.

Figure 3. Composition of company participants.

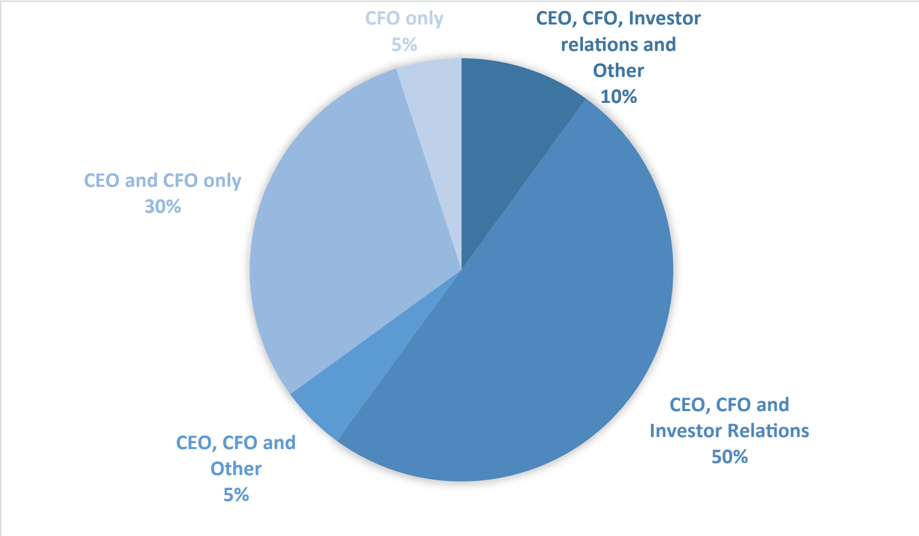


Figure 4. Duration of the presentation and Q&A.

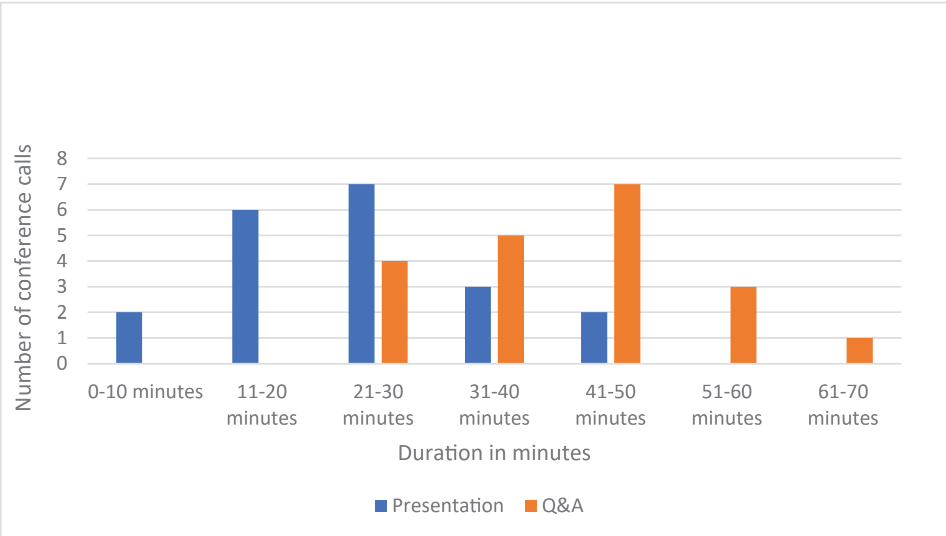
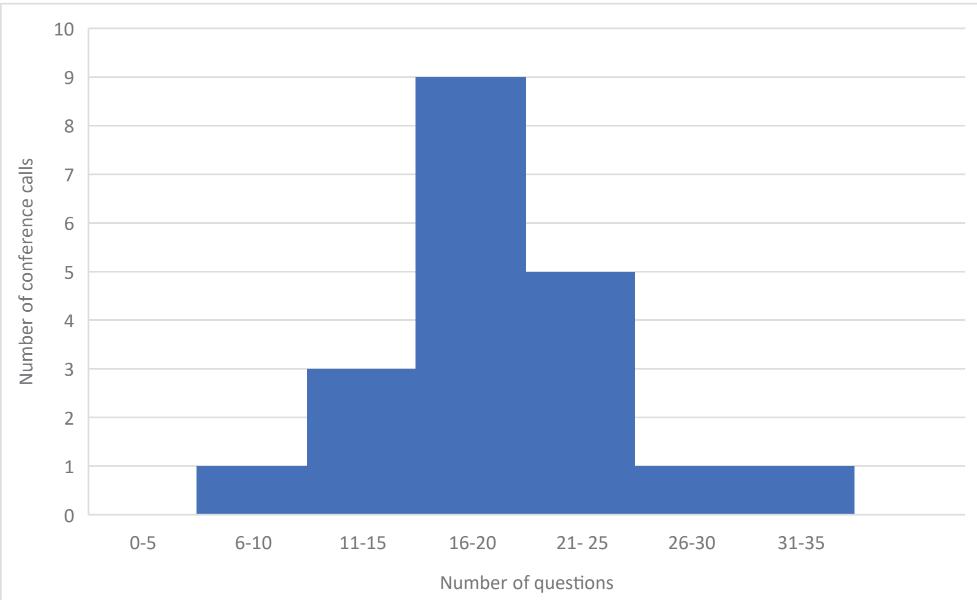


Figure 5. Number of questions per conference call.



227 (59%) questions have a different focus which we describe below as non-financial questions.

In Table 1 we classify the financial oriented questions in several ways. 74% of the questions focuses on the entity as a whole, whilst 26% of the questions relates to a specific segment of the entity. The majority of the financial questions (56%) relates to future developments, followed by questions about the current situation (26%). 59% of the financial questions relates to a measure as defined in IFRS, whilst 41% relates to non-GAAP measures (measure not defined by IFRS). Lastly, 79% of the financial questions relates to performance.

Table 1. Classification of questions on financial information.

Type of financial question	Number of questions	As a % of all financial questions
Company	117	74%
Segment	41	26%
Past	28	18%
Present	41	26%
Future	89	56%
GAAP	94	59%
Non-GAAP	64	41%
Performance	125	79%
Financial position	6	4%
Investments	15	9%
Other cash flows	12	8%

Table 2 classifies the non-financial questions. The majority (70%) of these questions also relates to the entity as a whole. Interestingly, conversely to the financial questions, the non-financial questions are mainly focused on the current situation instead of the future developments. Splitting the questions into the categories operational, financing, governance, marketing and sustainability reveals that the majority of the non-financial questions relates to operational type questions.

Only two questions directly relate to sustainability. These questions are:

- Unilever: 'And the second one is sustainability, you talked about it at priorities and it's been an ongoing theme, but also see a lot of kind of new European Union laws coming in moving the bar higher and higher. There's more news about far more supposedly sustainable, but not being that sustainable. Should we start expecting material inflation in terms of really paying for truly sustainable commodities in the next coming years? Should that be part of our margin modelling going forward?'
- Shell: My first question is really one of clarification, where you indicated that, with your forthcoming annual ESG event next month, you intend to cover the energy transition strategy. At last year's CMD, obviously, you retired all the many operational targets relating to that transition. We kind of lost visibility on what the path looks like. Can we expect you will restore that visibility at this ESG Day, please, and will present the new sort of longer-term transition strategy?

In addition, Wolters Kluwer has six questions related to their new segment 'Corporate Performance & ESG' which sells enterprise software to drive financial and sustainability performance and manage risks, meet reporting requirements, improve safety and productivity, and reduce environmental impact. ArcelorMittal has one question on their new segment 'Sustainable Solution'. As these questions are more focused on the operations and governance of these segments, we classified them accordingly.

This lack of questions does not imply that equity analysts are not interested in sustainability related information. It is possible that the analysts do not consider these calls the right moment to talk about sustainability. In fact, the question in the conference call of Shell is referring to another ESG related meeting.

Table 2. Classification of questions on non-financial information.

Type of non-financial question	Number of questions	As a % of all non-financial questions
Company	160	70%
Segment	67	30%
Past	11	5%
Present	154	68%
Future	62	27%
Operational	183	81%
Financing	4	2%
Governance	10	4%
Marketing	28	12%
Sustainability	2	1%

7. Relationship between questions and presentation

One of our research questions is whether the questions in the Q&A are follow up questions on topics already raised or discussed in the presentation part of the conference call or are questions on different, new topics. 55% of the questions raised relates to topics mentioned or discussed in the presentation, while 45% of the questions raised relates to topics which are not included in the presentation.

For the 158 financial questions, 63% of the questions relates to topics mentioned in the presentation. For most of the categories of financial information with more than 15 questions (as depicted in Table 1), the percentage of follow up questions is between 62% and 68%. The only exception is the category with questions on the current situation. In that category the percentage of follow up questions is 51%. Some examples of follow up questions regarding financial information are:

- Akzo Nobel: 'What is the driver behind the 2024 Q1 EBITDA guidance? Volume or more net pricing benefit?'
- KPN: 'The deployment of the 3.5 GHz strategy, is that expected to come from the capex budget, or is it considered to form part of ordinary business operations (not an opportunity that will extract additional value than normal)?'

- Shell: 'How will the disposal of onshore Nigeria impact the earnings cash flow going forward?'

Some examples of questions regarding financial information on new topics are:

- Akzo Nobel: 'What sort of cost inflation are you budgeting for in 2024, and how much do you anticipate being able to offset?'
- DSM Firmenich: 'Any thoughts on organic growth for 2024?'
- Heineken: 'Peers have indicated recently that over the medium term they expect to recover their gross margins to pre COVID levels. Is this something that Heineken is also expecting, or are there some structural issues that impose challenges in achieving this?'

For the 227 non-financial questions, 50% of the questions relates to topics mentioned in the presentation. Hence, the non-financial questions are less often follow up questions. For most of the categories of non-financial questions with more than 15 questions (as depicted in Table 2), the percentage of follow up questions is between 43% and 53%. The only exception is the category with segment related questions. In this category the percentage of follow up questions is 67%. Some examples of follow up questions regarding non-financial information are:

- Ahold Delhaize: 'Can you provide some more detail on the mentioned reset in Stop & Shop please?'
- BE Semiconductor: 'Are all of the hybrid bonding orders for standalone bonding tools, or are you seeing an increased interest for the integrated tools?'
- DSM Firmenich: 'Can you speak a bit about the potential options explored with the carve out of A&H?'

Some examples of questions regarding non-financial information on new topics are:

- Adyen: 'From a technical perspective, can you give insight on the maintenance level of resources required to achieve what is needed going forward?'
- Akzo Nobel: 'Can you shed some light on how the Red Sea is changing your purchasing patterns, what you're seeing in terms of invoicing etc?
- ASM International: 'If you need to, in the medium-long term, add additional capacity, will this be easily achieved?'

8. Relationship between questions and annual report

Another research question is whether the questions in the Q&A are related to topics addressed in the annual report, which includes the financial statements, director's report, report of the supervisory board and similar information. Out of the 385 questions asked in the conference calls, 26% relates to topics raised (whether briefly raised or discussed in detail) in the annual report. Hence, the majority of the questions relates to different, new topics.

Of the financial questions, 30% relates to topics that are addressed in the annual report. The questions on segment (34%), past (46%) and present (41%) are relatively more often related to topics that are raised in the annual report and the questions on the future less often (20%).

Some examples of questions regarding financial information on topics which are included in the annual report are:

- Akzo Nobel: 'Can you give some colour on the connection between the P/L and the very strong working capital improvement seen in Q4?'
- ArcelorMittal: 'What have been the loss contributions to the associates and joint venture line, not taking into account the impairment of Ilva?'
- Heineken: 'Can you provide some colour on which areas you pulled back on in the 2nd half of the year that reduced in the selling and marketing expenses to 9.1% of sales? Additionally, how should we look at this going forward?'

Some examples of questions regarding financial information on topics which are not mentioned in the annual report are:

- Adyen: 'What are the expectations for gross EBITDA margin going forward in context of hiring?
- Akzo Nobel: 'Can you breakdown how much of pricing in Q4 is actually driven by the hyperinflationary economies? Is that incorporated into the earnings headwind?'
- Relx: 'Thompson has indicated an organic growth rate of around 9%, and given historically Relx is aligned with that, can the same be anticipated for Relx?'

Of the non-financial questions 23% relate to topics that are addressed in the annual report which is lower than the 30% for financial questions. There are no meaningful differences across the categories of non-financial questions. Some examples of questions regarding non-financial information on topics which are included in the annual report are:

- BE Semiconductor: 'The new in-line flip chipped 2.5D application, what is the significance of this tool, and what (if any) is it replacing? Can you give further colour on this new application tool.'
- IMCD: 'Can you share what your findings have been in terms of employee turnover? And what (if any) plans there are in place to address this?'
- Prosus: 'Can you provide some context and insight around the strategic decision of exiting OLX Autos segment?

Some examples of questions regarding non-financial information on topics which are not addressed in the annual report are:

- Wolters Kluwer: ‘Has the appetite for M&A increased?’
- Akzo Nobel: ‘Can you shed some light on the significant gap in the raw material chain?’
- BE Semiconductor: ‘Do you see yourself becoming a preferred supplier at Intel, or would that be too ambitious.’

264 questions relate to entities with a conference call before the publication of the annual report. Of those questions, 23% relates to topics which are addressed in the annual report. For the entities with a conference call after the publication of the annual report, 31% of the questions relates to topics which are addressed in the annual report. For the financial questions these percentages for conference calls before or after the publication of the annual report are 28% and 35%, respectively. For the non-financial questions, the percentages are 21% and 28%, respectively. Although the timing of the conference call has some impact, the majority of the questions relates to topics which are not raised in the annual report. In addition, the results suggest that analysts do not use the conference calls to retrieve information which will later be communicated through the annual report.

For most of the categories of financial information with more than 15 questions (as depicted in Table 1), the percentage of questions on topics which are not addressed in the presentation and/or annual report is between 19% and 21%. The only exceptions are the questions regarding segments, GAAP measures, non-GAAP measures and the questions regarding the past. In these categories the percentage of questions not addressed in the presentation and/or annual report is 15%, 15%, 25% and 11%, respectively. Hence, the questions regarding segments, GAAP measures and the past relate more often to topics addressed in the other communication, while non-GAAP questions are relatively often new questions.

For most of the categories of non-financial information with more than 15 questions (as depicted in Table 2), the percentage of questions on topics which are not addressed in the presentation and/or annual report is between 37% and 46%. The only exceptions are the questions regarding segments and the questions regarding marketing. In these categories the percentage of questions not addressed in the presentation and/or annual report are 31% and 54%, respectively, suggesting that questions regarding segments are relatively more often addressed in the other communication and marketing related questions less often.

9. Relationship between questions, presentation and annual report

Figure 6 indicates whether the questions relate to topics addressed in the presentation, annual report or both. 14% of the questions relates to topics addressed in both the presentation and the annual report, 42% to topics only included in the presentation, 12% to topics only included in the annual report and 32% to topics which are neither included in the presentation nor annual report. Hence, even if presentation and annual report are combined, still 32% of the questions raised in the Q&A is not addressed in the other communications.

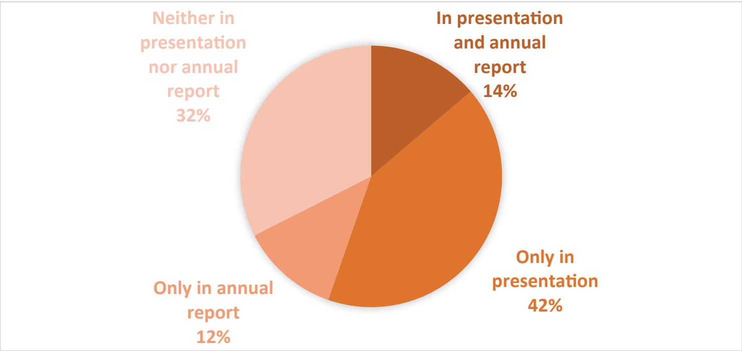
As expected, based on the previous findings, there is a difference between the financial and non-financial questions. 19% of the financial questions is related to topics not addressed in the presentation and/or annual report compared to 42% of the non-financial questions.

10. Interviews with investor relation managers

To get a better understanding of the purpose and use of conference calls, we also interviewed three investor relations officers (IROs) of AEX firms.[1] Several insights emerged from these interviews that are relevant in the context of this paper.

Earnings conference calls are perceived by each of the IROs as a key element of their investor communications. Whilst the capital markets day is the most significant event on the investor relations calendar because it provides an update on the overall strategy, the earnings conference calls are also a key event to inform the markets about the progress in executing the strategy and to reinforce key messages. Although each of the IROs consider the annual report an important document, in their view the role of the annual report is mostly confined to a post hoc docu-

Figure 6. Relationship between questions, presentation and annual report.



mentation and a compliance document. It serves as a reference document for investors but is not a key document to convey new information. This is reflected in the roles and responsibilities surrounding the preparation of the annual report. In contrast to the earnings conference calls, the accounting and reporting departments are generally in the lead to prepare the annual report. The investor relations department typically reviews the document and provides input, but does not have a key role in determining the content of the annual report. The feedback in earnings conference calls, may have an impact on some of the content in the annual report, but there is no explicit feedback loop.

Some firms have a pre-closing call that is conducted just before the closed period preceding the earnings announcement. In this call the firm already provides an update on the quarter. As a result, the earnings surprise at the date of the earnings announcement will be reduced. Other firms just provide a written trading update, but do not conduct a call.

All IROs say that there is a script for the presentation part of the call and a briefing of the executives speaking on the call. Part of the briefing includes the questions that are anticipated. None of the companies scripts word-for-word responses to these questions, but normally the investor relations department provides talking points and, if relevant, key data that the executives may need in answering the questions. The IROs are aware that linguistic tone and tone of voice can be interpreted by investors. There is some variance between firms in the extent to which this is explicitly being considered in the preparation for the call. Some IROs believe that tone and demeanor become more relevant now that there is a trend that earnings conference calls include video. The demeanor of executives will become more salient to investors as a result of this. Also, with the inclusion of videos, there is another trend where companies do not just script the presentation, but also screen prepared videos. These videos may provide additional soft information to investors.

Each of the IROs says that they do not select analysts who are allowed to ask a question based on how favourable their recommendation is. Hence, they do not confirm the finding by Mayew (2008). However, the firms divide their sell-side analysts in a tier 1 and a tier 2, based on the perceived impact of their analysis in the overall information environment. The first tier will normally be allowed to ask questions first. Some firms do not allow the buy-side to ask questions, whereas other firms do not have such a policy. The latter do, however, observe that there are very few questions from buy-side participants. The IROs agree that the main rationale for this is that the buy-side does not want to make other participants in the call more informed than they already are. The buy-side wants to avoid that the fruits of their analysis become known to other investors before they have benefited from it themselves. They also want to avoid that they signal information about their own intentions to market participants.

Some of the IROs say that they listen to the earnings conference calls of peer companies to gather intelligence about these other companies. The extent to which this is done varies per firm. The most typical method is to review the transcripts of the earnings conference calls of peers.

Finally, the IROs are aware that earnings conference calls are moving the markets in real time. They believe that the main investors who trade based on conference calls are traders who are pursuing to make relatively short-term gains. Algorithmic trading based on automated analysis of real time transcripts may develop further with the rise of AI. At the same time, IROs are not too concerned about this, because how communication affects the stock price is a key concern in all the interactions they have. From that perspective, conference calls are not different.

11. Concluding remarks

Our findings reveal that 45% of the questions raised during the Q&A relates to topics which are not included in the presentation. Hence, the Q&A is not only used to get further clarification on topics already covered by management in the presentation, because there are topics which analysts consider important but are not discussed during the presentation part. These questions are more often non-financial in nature.

Regarding the relationship between the Q&A and the annual report, 26% of the questions relates to topics raised (whether briefly raised or discussed in detail) in the annual report. These results suggest that the type of topics discussed in the annual report and Q&A are clearly different. Hence, conference calls are not only used to get a further clarification of the content of the annual report (if the annual report is released before the conference call) or get information earlier (if the annual report is released after the conference call). Even if the presentation and annual report are combined, still 32% of the questions raised in the Q&A is not addressed in the other communications.

The interviews with the IROs reveal that entities do not strive to address the same topics in the conference call and the annual report. The conference calls are meant to inform the markets about the progress in executing the strategy and to reinforce key messages. The IROs consider the annual report more as a post hoc documentation and a compliance document and the responsibility of other departments. Hence, the IROs see the earnings conference call as a distinct disclosure event in its own right, rather than just a further clarification of the press release or annual report. In addition, there is no explicit feedback loop between the content of the earnings conference call and the annual report.

Overall, the findings indicate that earnings conference calls are an important source of information for investors. The added value is not only more timely communication or further clarification, but also the discussion of different topics. Although the IROs indicate that there is no explicit feedback loop between the earnings conference calls and annual reports, it would be interesting to investigate whether over time the content of the presentation and the annual report changes due to questions raised in previous conference calls.

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Note

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Appendix 1

Table A1. Population of companies surveyed.

Company	Date conference call	Date annual report
Adyen N.V.	08-02-2024	01-03-2024
Koninklijke Ahold Delhaize N.V.	14-02-2024	27-02-2024
Akzo Nobel N.V.	07-02-2024	26-02-2024
ArcelorMittal S.A.	08-02-2024	28-02-2024
ASM International NV	28-02-2024	01-03-2024
ASML Holding N.V.	24-01-2024	14-02-2024
BE Semiconductor Industries N.V.	22-02-2024	21-02-2024
DSM-Firmenich AG	15-02-2024	28-02-2024
Exor N.V.	11-04-2024	12-04-2024
Heineken N.V.	14-02-2024	13-02-2024
IMCD N.V.	01-03-2024	29-02-2024
Koninklijke KPN N.V.	31-01-2024	28-02-2024
Koninklijke Philips N.V.	29-01-2024	20-02-2024
Prosus N.V.	27-06-2023	27-06-2023
Randstad N.V.	13-02-2024	12-02-2024
RELX N.V.	15-02-2024	14-02-2024
Shell PLC	01-02-2024	13-03-2024
Unilever PLC	08-02-2024	07-03-2024
Universal Music Group N.V.	28-02-2024	28-03-2024
Wolters Kluwer N.V.	21-02-2024	20-02-2024