



Navigating Investor Relations in Türkiye: Insights from a German IRO

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As a German Investor Relations professional working as an expat in Türkiye for a publicly listed company, my first year has been both challenging and enlightening at the same time. Navigating Türkiye's unique business culture, particularly in the IR function, has revealed significant differences from European practices, while also highlighting opportunities for growth and development. Below, I share my personal insights on business culture, communication, disclosure practices, and how to manage market sentiment based on my experiences.

Business Culture and IR Dynamics

One of the most striking aspects of Turkish business culture is its flexibility and results-oriented mindset, shaped by a tough market environment that demands adaptability and quick decision-making. However, this approach contrasts with the structured, process-driven methodologies I was accustomed to in Germany.

Task Management and Ownership: In the Turkish business culture, I experienced, that tasks are often approached with less emphasis on predefined processes rather than a solution and results oriented mindset driven by a strong cohesion that is also reflected across team boundaries. Even that responsibilities can sometimes be unclear, and team members may exhibit a lower level of ownership and proactiveness, the positive "togetherness" approach was overwhelming to observe. Despite the mentioned challenges, the flexibility of the Turkish business environment often ensures that outcomes are delivered with high quality, albeit through last-minute changes. For the IR function that means especially during peak times, all team members must fully rely on each other and need to work towards a common goal. Poor coordination among each other is hardly forgivable in these times and can endanger the success of projects.

Therefore, teams that ensure increased effectiveness by well-defined responsibilities will be able to meet relevant deadlines and ensure high quality results at the same time.

Role of IR Professionals: Unlike in Europe, where IR teams are typically well-integrated into investor communications, in Türkiye, less experienced IR colleagues seem to be rarely involved in direct conversations with investors or analysts. Instead, these interactions are often reserved for Directors and C-level executives. This practice can limit the development of junior IR professionals, reducing their exposure to market dynamics. The earlier IR professionals can work across the entire "value chain" and will be exposed to the outside world, the earlier they can apply one of the most important roles that IR can shape, bringing the outside-in view into the company. Especially working together with a less experienced C-level regarding Capital Market communication, the IR function can deserve its true recognition. In addition, my observations are characterized by the fact that there is often a strong willingness of neighbouring departments to play a significant role in shaping the communication of the equity story. I have been impressed by the openness of divisional management to play an active role in investor communication.

In that win-win situation companies can further increase the attractiveness of the IR role when it comes to new hires. I have already experienced this myself when building my team.

Communication Between Stakeholders

Effective communication is the cornerstone of any IR function. In Türkiye, I observed a predominantly reactive and passive approach to stakeholder engagement so far.

- **Engagement Levels:** Compared to Europe there is generally a low level of proactive outreach from IR teams to analysts and investors and vice versa. IR teams often wait for stakeholders to initiate contact rather than actively building relationships. However, when discussions are initiated, they are highly appreciated by market participants. Still today I observe analysts updating estimates without talking to the IR team upfront. This opportunity must be seized. After my first observations, our team implemented pre- and post-earnings calls with the analysts that are covering our company. Also, on the day of results announcement, a quick call to the most important sell- and buy sides can help clearing up misunderstandings or being used for the IR team to massage the most important highlights and messages into the market. This indicates an untapped potential for IR professionals to enhance engagement and build stronger relationships with counterparts. A more proactive strategy could include regular company updates, targeted outreach campaigns, and offering more frequent access to C-level via a dedicated sell-side briefing on the day after results publication. With shifting to this proactive approach, our team has successfully contributed to almost doubling the sell-side coverage within less than one year.
- **Bridging the Gap:** The lack of regular communication often leads to a gap in expectations and understanding between companies and investors. Strengthening these relationships requires a consistent effort to anticipate stakeholder needs and provide timely, relevant updates. Building trust through continuous dialogue can also mitigate the reactive tendencies observed in the current environment.
- **Availability of Data:** Access to operational data seems often limited and not easily accessible. Information is frequently hidden within company websites, creating barriers for investors seeking clarity. Especially in times where most companies want to attract non-domestic investors, the disclosure should be available in Turkish and English at the same time. Offering factbooks could be a suitable compromise to embed data into the business strategy. It could help to bridge the gap between the investor presentation and excel based data sheets that are available for download.
- **Low-Hanging Fruits:** Simple tweaks, such as offering live video webcasts for earnings calls, synchronized publication of Annual and Sustainability reports, or personalized communications for investors, could significantly improve transparency. Currently, earnings publications are often released late at night, and the personal messaging from CEO or CFO is missing. For instance, video messages from the C-suite could be incorporated in the quarterly updates to also offer a more personal access to the company and the management. To reach a wider audience, even quarterly podcasts could be a suitable means of communication.
- **KAP Announcements:** The Public Disclosure Platform (KAP) is highly regulated and time-consuming for many departments. However, it is a wide-spanning platform that ensures consistency and comparability in the disclosure. Whereas in Europe investors are lost in individual tailored corporate communication channels, KAP is accessible for everyone and ensures timely information flow amongst all stakeholders. Ensuring to comply with communication via this platform often goes hand in hand with utilizing the capacities of smaller IR teams as a downside. Here, Artificial Intelligence will be the next big thing to help smaller teams coping with that effort.

Disclosure Practices and Transparency

Transparency and accessibility of information are vital in maintaining investor confidence. In Türkiye, I observed several areas that can be used as a best practice for other markets and some that require improvement:

- **Best practices:** The average size of IR teams in Türkiye is smaller compared to the European average. However, departments manage to cope with a bunch of activities that are either necessary from a regulatory standpoint or entail the creation of Annual or Sustainable Reports, are related to investor communication or belong to other core and non-core IR tasks. This leaves a remarkable impression on the diverse skillset of IR professionals in the Turkish market. I want to connect that also to how quickly and easy I was able to grow my network of IR professionals in the first months being here. This community is open for exchanging best practices unlike any other. Frequent and open discussions across different companies and different sectors was helpful to apply best practices and top-notch processes for my young team. TÜYİD is making a big difference here to facilitate the growing network in our profession being a state-of-the-art backbone to foster a continuous improvement amongst all stakeholders.

Sentiment and Market Composition

The composition of Türkiye's investor base presents unique challenges for IR professionals. Market sentiment and rumour can unpleasantly impact short term stock performance. And this needs to be managed from IR with utmost care.

- **Retail Investor Dominance:** A high proportion of private investors, many of whom lack financial literacy comparable to institutional investors, significantly influences market dynamics. This retail-heavy base increases the impact of unregulated communication channels, such as social media, making it difficult for companies to manage sentiment effectively.
- **Impact of Social Media:** The prevalence of social media as a communication tool for retail investors introduces a layer of unpredictability. Unregulated discussions, misinformation, and speculation can rapidly influence market sentiment.

IR professionals must actively monitor these platforms and address inaccuracies promptly to maintain trust and credibility. A solution could be to either use the corporate social media channel or an own IR presence to also launch capital market relevant information.

- **Opportunities for Education:** Educating this audience and tailoring communications to enhance understanding can build a more informed and stable investor base over time. Initiatives such as webinars, FAQs, and educational videos can demystify complex financial concepts and foster better engagement with retail investors (and also institutional investors)
- **Institutional vs. Retail Investors:** Striking the right balance between addressing the needs of institutional and retail investors is crucial. While institutional investors demand detailed, data-driven insights, retail investors often seek simplified and accessible information. Tailoring communication strategies to cater to both groups can strengthen overall market sentiment.

Insights from the IR Community

Recent findings from the 2024 Investor Relations Employee Profile Survey conducted by the Turkish IR Society (TÜYİD) underscore the evolving role of IR in Türkiye:

- **Increased Specialization:** Over the past five years, IR departments have become more specialized, with a growing emphasis on independent structures and higher public float rates.
- **Rising Professionalism:** The proportion of IR professionals holding advanced certifications, such as the Capital Markets License (SPL), has increased significantly.
- **Opportunities for New Hires:** An increase in new hires with 0-2 years of experience indicates a focus on developing future talent in the IR field.

This is an extremely helpful trend to make Türkiye's IR community future proof for domestic as well as international funds.

Conclusion

My journey as an IR professional in Türkiye has been marked by contrasts between European and Turkish business practices. While challenges such as limited transparency and reactive communication exist, they also present opportunities for improvement. By leveraging the unique strengths of Türkiye's dynamic market environment and adopting best practices from global IR standards, companies can unlock the full potential of their IR functions and foster stronger relationships with the investment community. The ongoing transformation of the IR sector in Türkiye signals a bright future, not only for companies but also for professionals committed to representing their organizations in the international arena. I am already looking forward to be part of this transition.