

An aerial view of a person walking a tightrope over a dense forest with autumn foliage. The person is seen from above, balancing on a thin wire. The forest below is a mix of green and yellow trees. A colorful, multi-colored line (yellow, orange, pink, blue) frames the left and top of the image.

Expectation management of risks in IR in a multi-risk environment

DIRK and EY market survey for the
Investor Relations function

Martin Steinbach

DIRK conference, 24 June 2025



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Content

Expectation management of risks in IR in a multi-risk environment

1	Multiple risks and crises affects day-to-day business	3
2	IR to keep balance in a complex risk environment	7
3	Expectation management of risks in IR practice	16
4	Conclusion	24
	Contact and IR thought leadership	27

Survey details

Expectation management of risks in IR in a multi-risk environment

Respondents

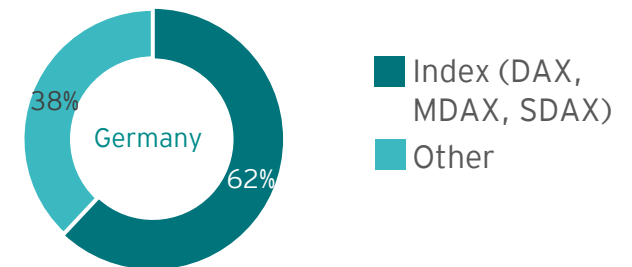
- ▶ Published by DIRK (German Investor Relations Association), initiated and sponsored by EY as co-publisher
- ▶ 134 responses from Investor Relations Officers in Germany, Austria and Switzerland
- ▶ Companies mainly listed in reg. markets
- ▶ Members of IR associations in Germany (DIRK), Austria (CIRA) and Switzerland (IR club)

Purpose of the survey

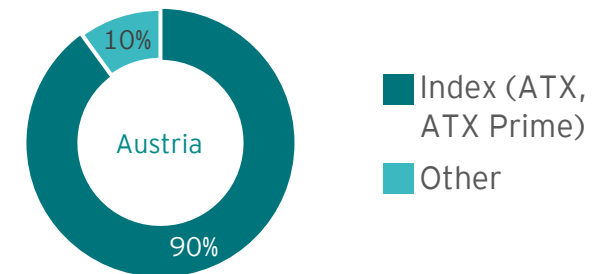
- ▶ Getting an insight of expectation management of risks in IR practice
- ▶ Providing an overview of the overall impact of the multi-risk environment on IR and identification of potentials and challenges



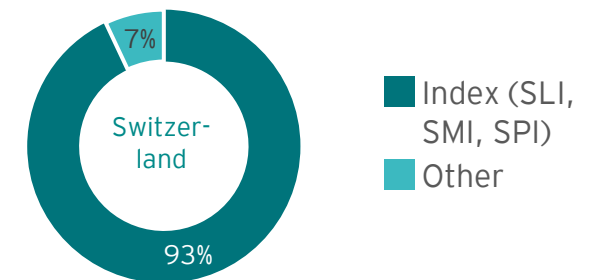
73 % DIRK members



16 % CIRA members



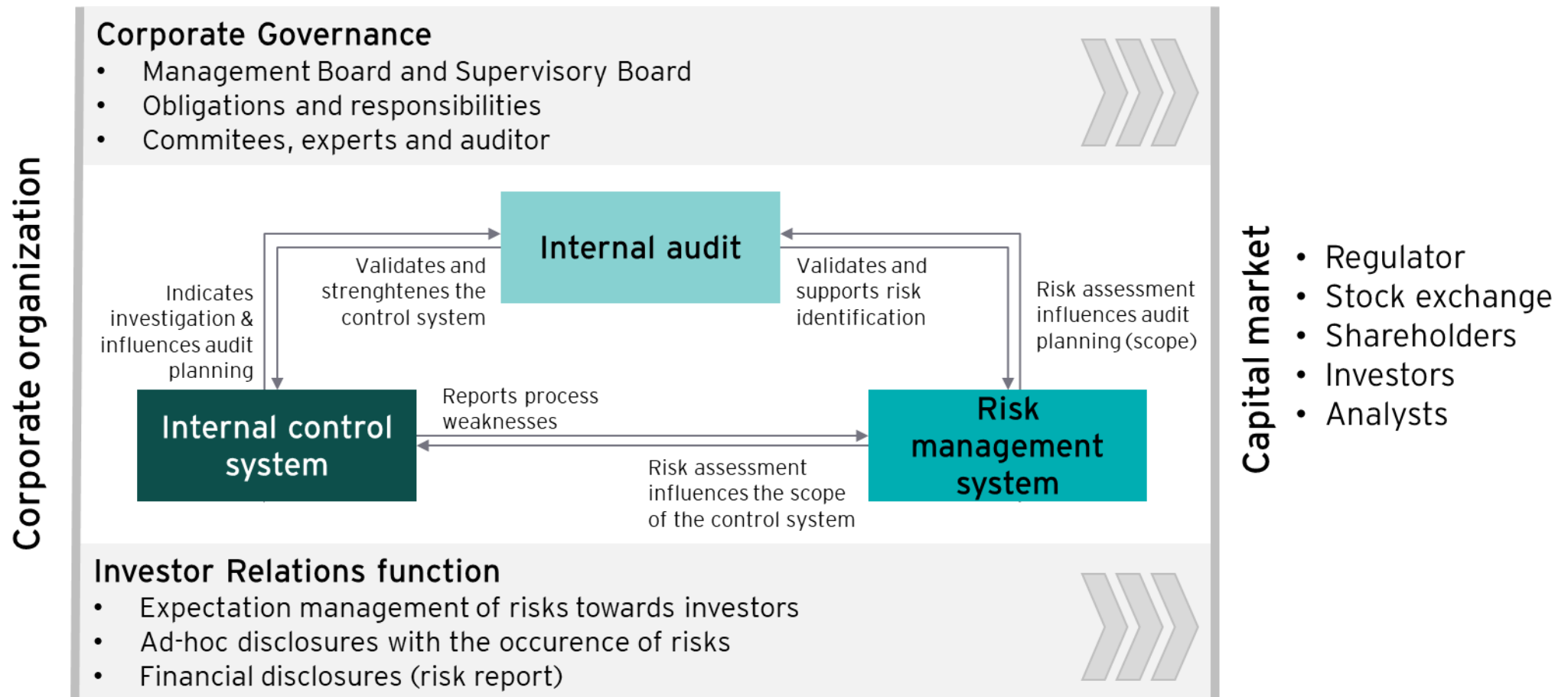
11 % IR club members



A black and white photograph of a person walking a tightrope high above a dense forest. The person is seen from behind, balancing on a thin wire. Their arms are outstretched to the sides for balance. The forest below is thick with various types of trees, and a small body of water is visible in the distance on the left. The overall mood is one of risk and precariousness.

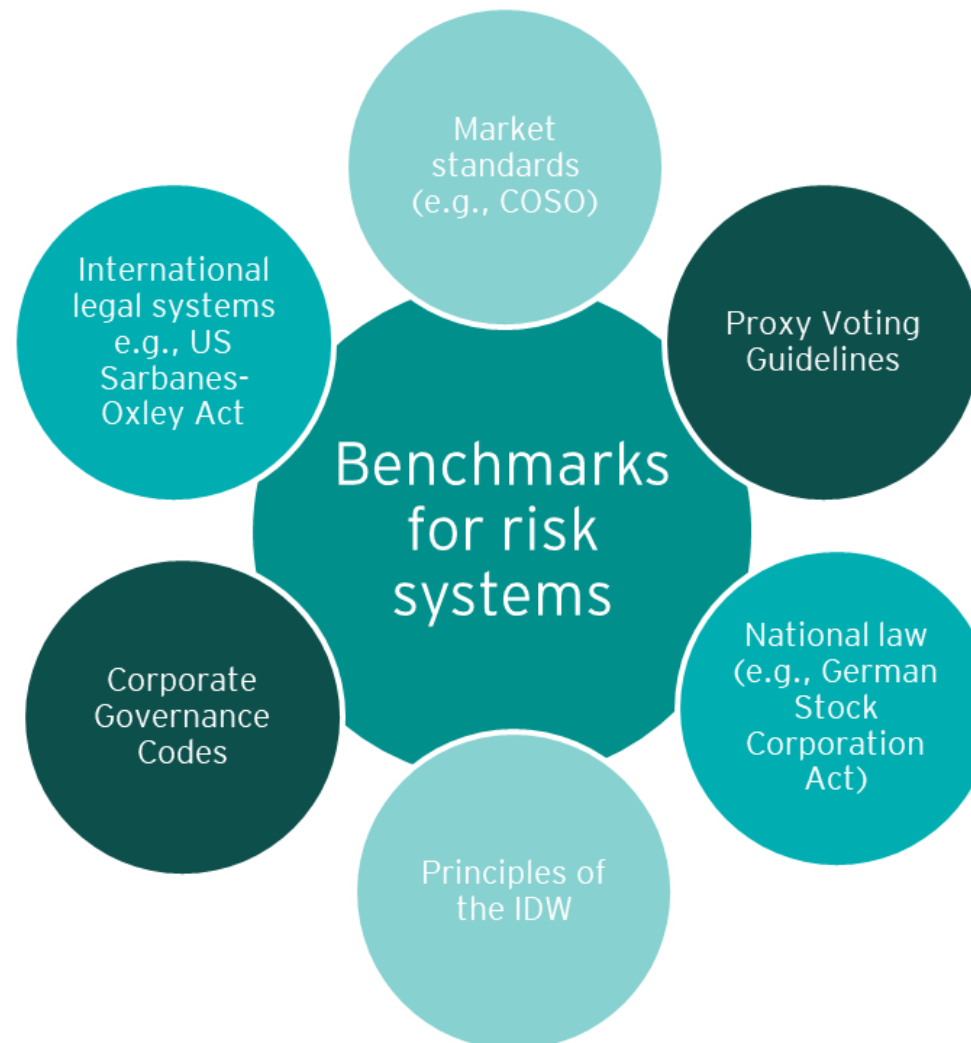
Multiple risks and crises affects
day-to-day business

Roles and responsibilities in the risk system as foundation for IR in expectation management



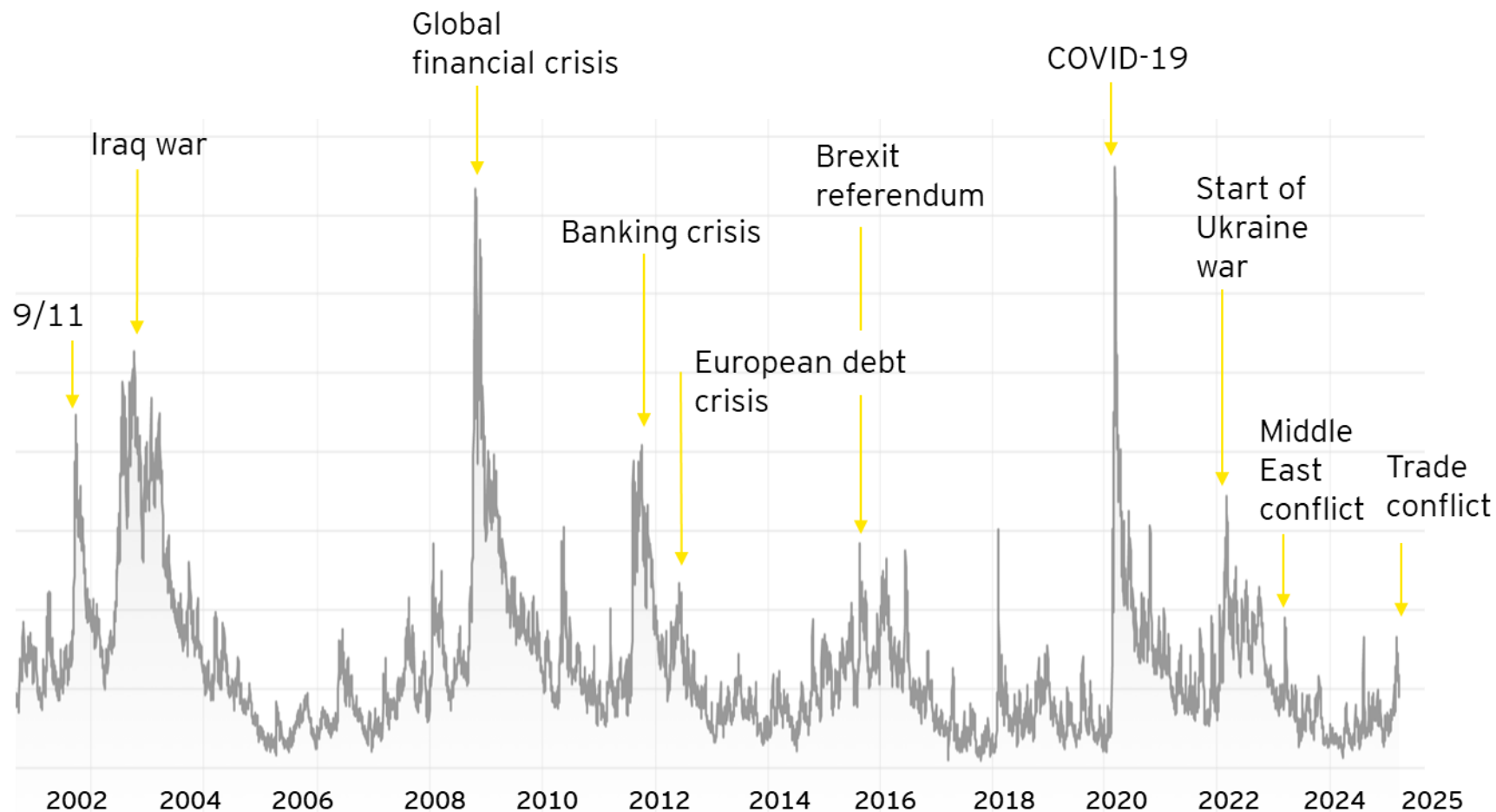
Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

International benchmarks and standards to organize risk systems in capital markets



Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

Enhanced risks & unprecedented uncertainties driving volatility and expectation management in IR in VDAX®



Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

A black and white photograph of a person balancing on a tightrope high above a dense forest. The person is seen from above, with their arms extended outwards to maintain balance. The forest below is thick with various types of trees, and a small body of water is visible in the distance. The overall scene conveys a sense of risk and the need for balance in a complex environment.

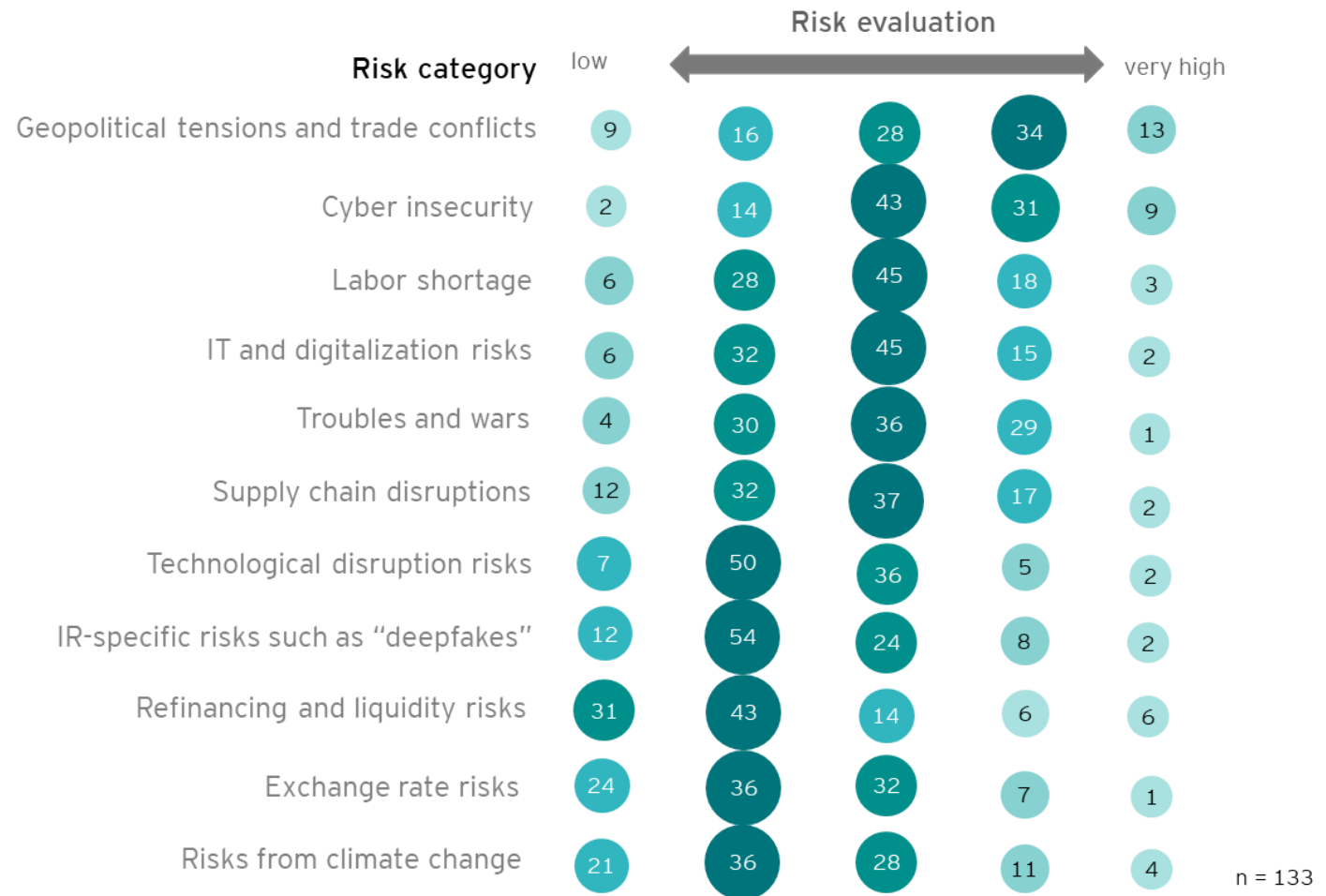
IR to keep balance in a complex
risk environment

Risk matrix ranks geopolitical uncertainties and transformational risks highest

Q From the perspective of IR, how do you assess the following risks, besides the economic risk, in the company-specific risk matrix?

Rank within
the risk category

- Rank 1
- Rank 2
- Rank 3
- Rank 4
- Rank 5

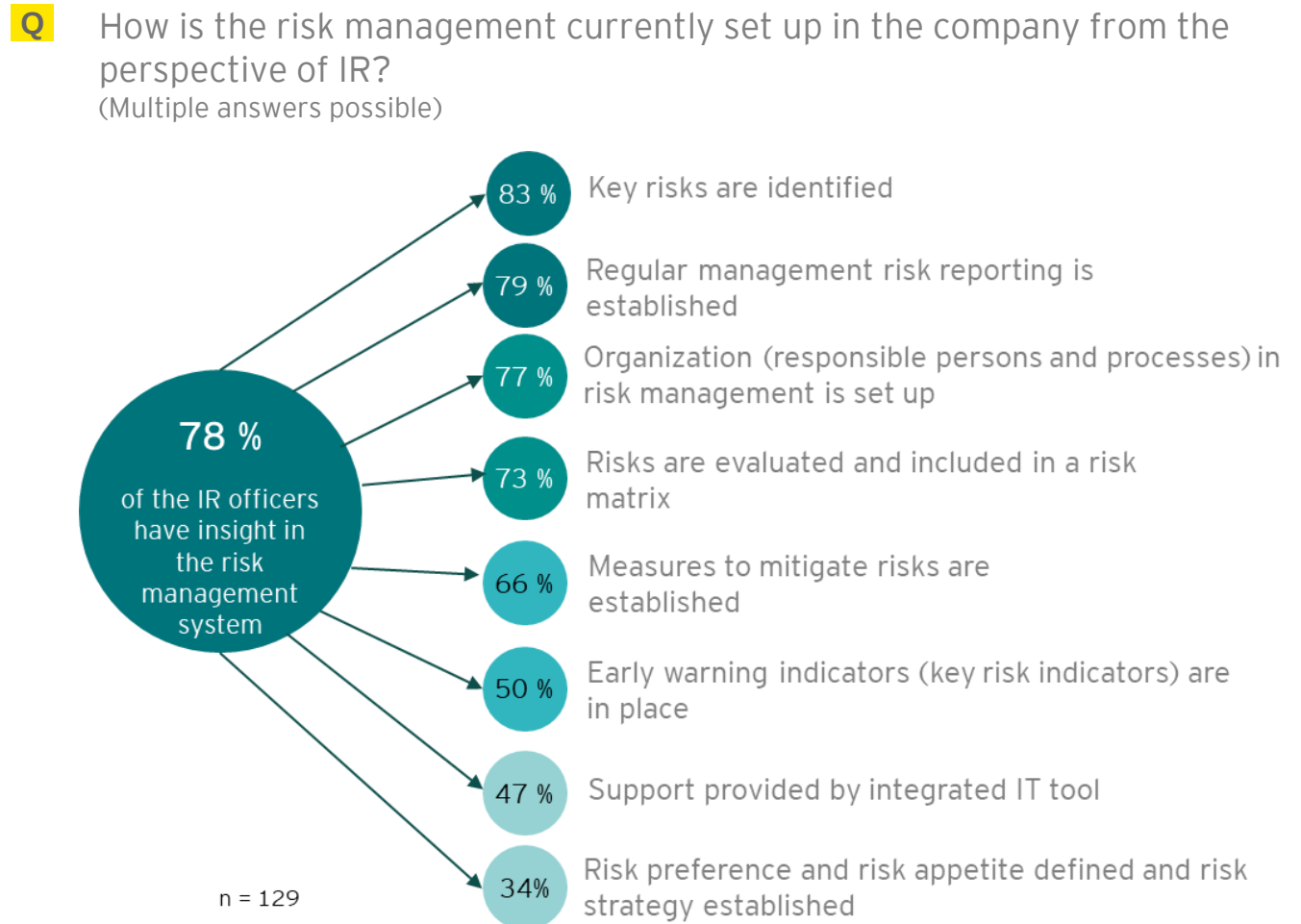


Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

Integration of IR in the risk system landscape enables expectation management of risks

Integration of IR in the risk system landscape

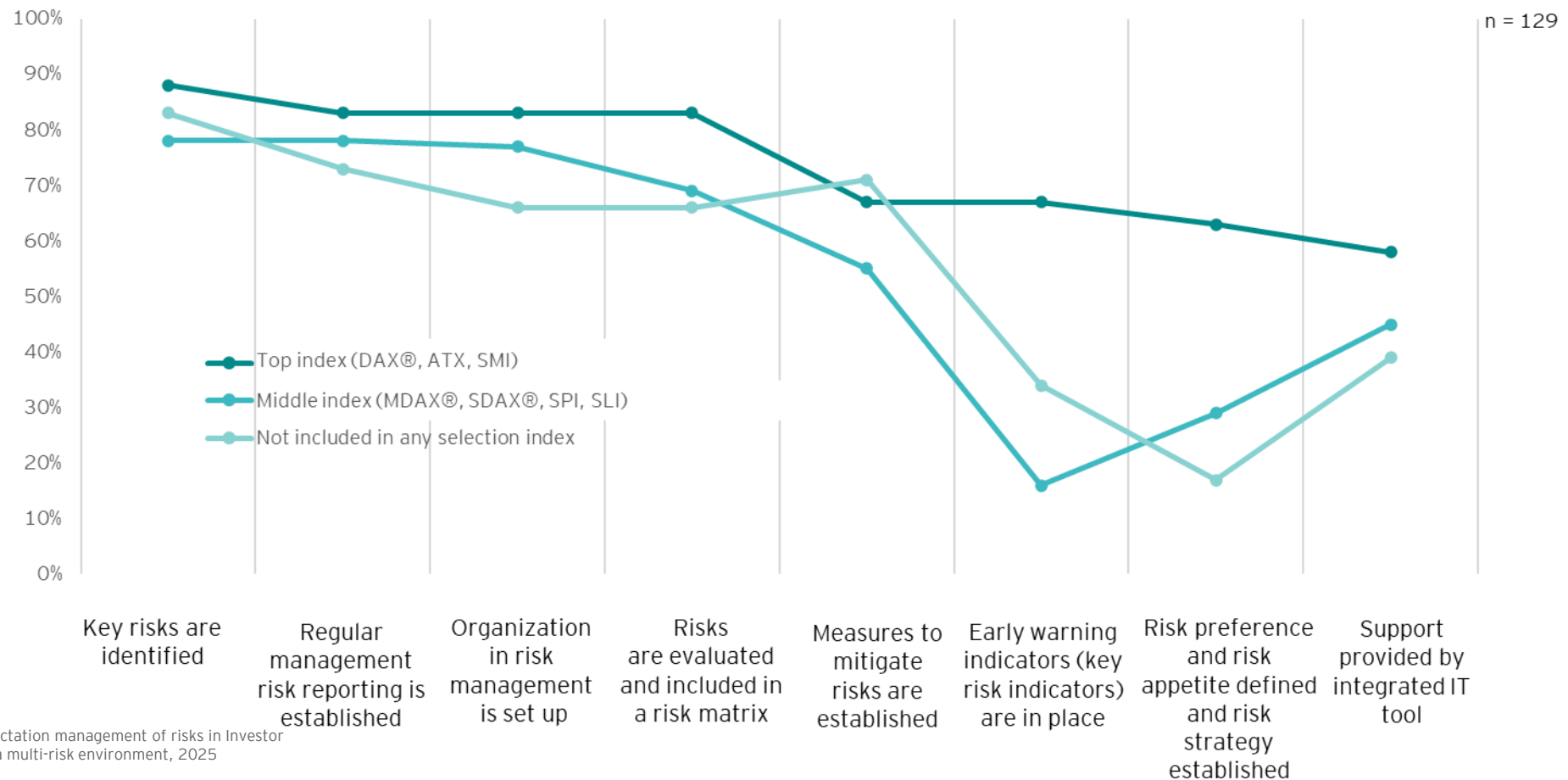
- ▶ 78% of IR officers have detailed insights in the company's risk management system
- ▶ For most of the companies, key risks are identified, a regular management risk reporting is established, an organization in risk management is set-up and risks are evaluated and included in a risk matrix
- ▶ Measures to mitigate risks are mostly established, particularly among non-index companies, but also among large companies
- ▶ Early warning indicators and a risk preference and risk appetite, which is defined, and a risk strategy that is established are more frequent at large companies



Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

Early warning risk indicators are a key element for the risk system and IR expectation management

Q How is the risk management currently set up in the company from the perspective of IR?
(Multiple answers possible)



Improved RMS and ICS address the increased complexity in the risk landscape

Q How is the risk management and internal control system set up in terms of corporate governance after the mandatory implementation and monitoring by FISG*, and what has changed?
(Multiple answers possible)



Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

n = 88

*Finanzmarktintegritätsstärkungsgesetz

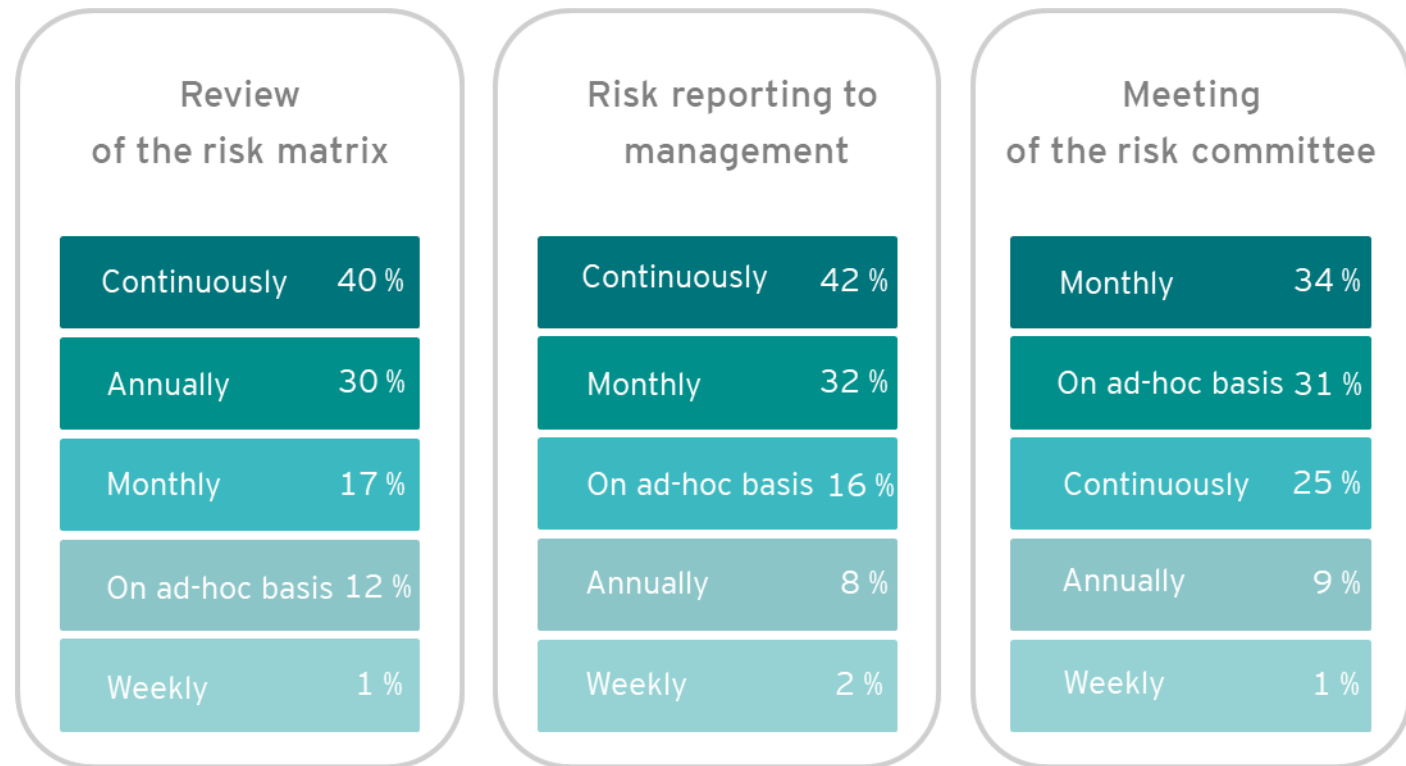
Importance to embed IR in the processes to regularly review, report and discuss risks

Importance to embed IR in the risk processes

- ▶ The risk matrix is mostly reviewed continuously (40%) and on an annual basis (30%)
- ▶ The risk reporting to the management is conducted continuously (42%), but also on a monthly basis (32%)
- ▶ According to the IR officers, the Risk Committee meets on a monthly basis (34%), particularly at larger companies, but also on an ad hoc basis (31%), especially for medium-sized and non-index companies
- ▶ A weekly review of risks does not play a role according to the IR officers



How frequently are risks reviewed?



n = 129

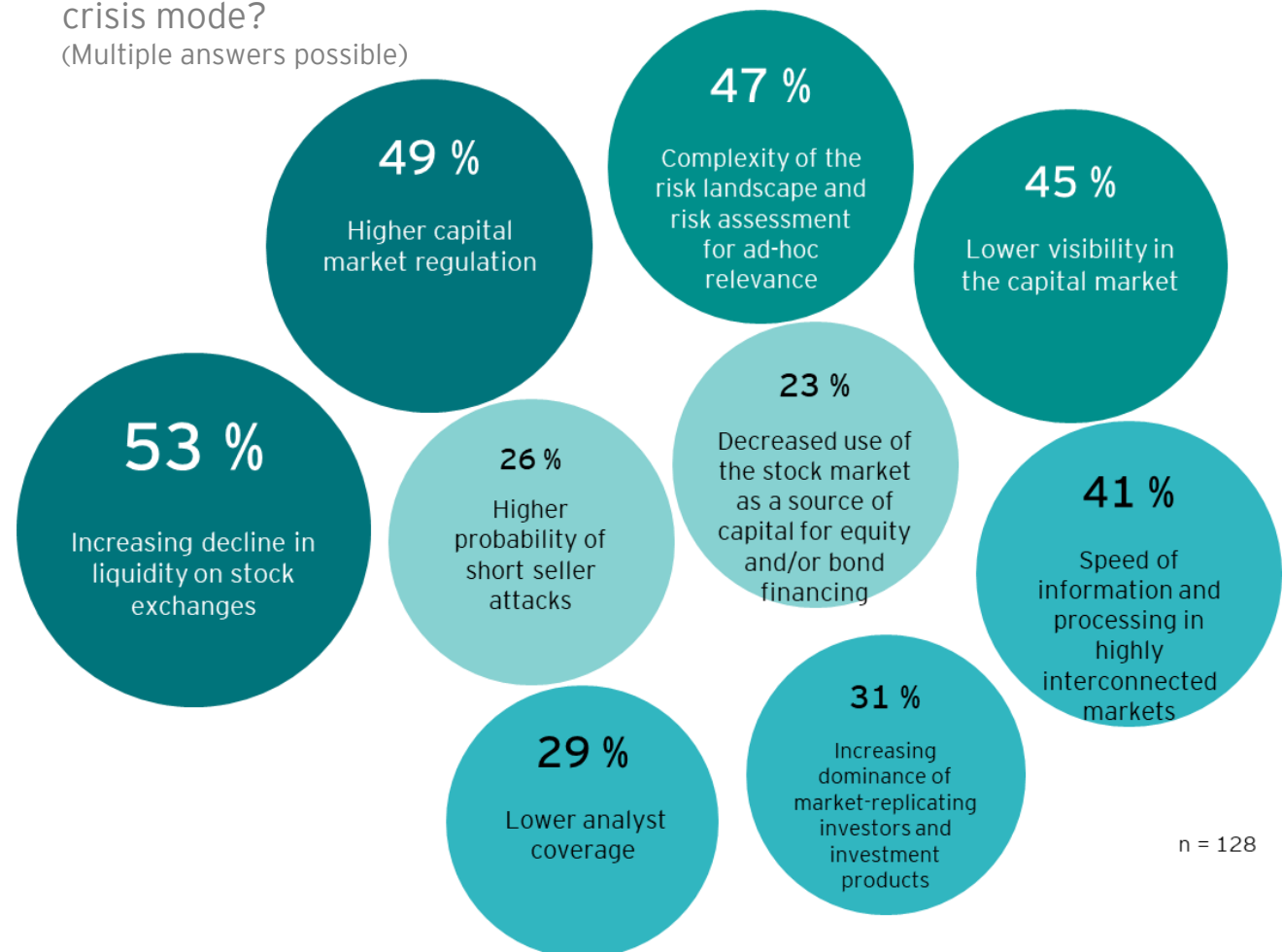
Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

Complexity of risk landscape has been one of the Top-3 challenges for IR

Biggest challenges for IR officers

- ▶ The IR respondents see the main challenges in an increasing decline in liquidity on stock exchanges (53%), followed by a higher capital market regulation with decreasing attractiveness of the stock exchange listing (49%) and the complexity of the risk landscape (47%)
- ▶ Other challenges mentioned are the lower visibility in the capital market (45%), and the speed of information and processing in highly interconnected markets (41%)
- ▶ Less significant challenges are the increasing dominance of market-replicating investors and products (31%), a lower analyst coverage (29%), a higher risk of short seller attacks (26%), and the decreasing use of stock exchanges for equity and/ or bond financing (23%)

Q What are the biggest challenges for IR officers in the multi-risk and crisis mode?
(Multiple answers possible)



Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

Regional specifics and ranking of challenges in IR

Q What are the biggest challenges for IR officers in the multi-risk and crisis mode?
(Multiple answers possible)



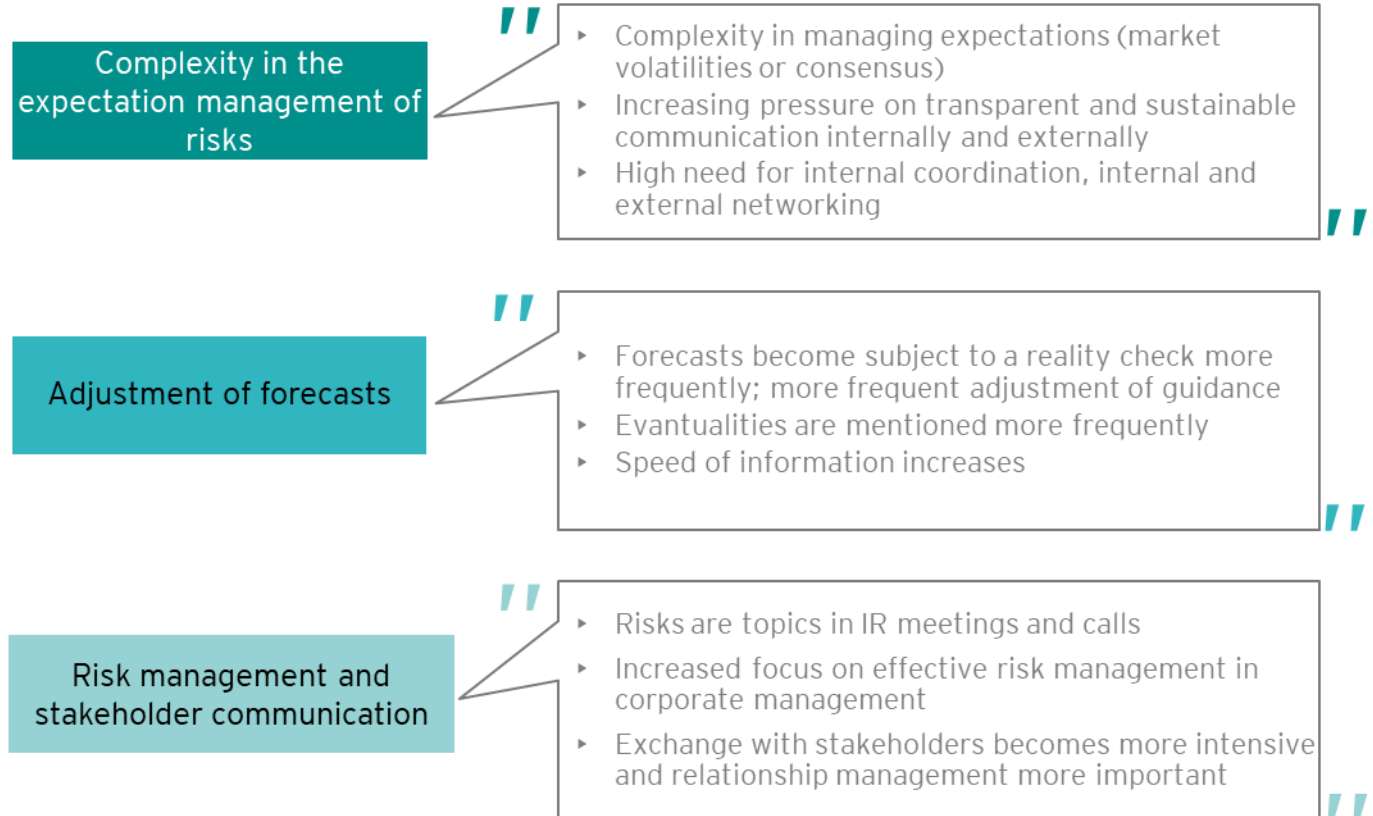
Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

Expectation management of risks is getting increasingly important for investors

Expectation management of risks is getting increasingly important for investors

- ▶ IR officers see the most significant changes in an increasing complexity in the expectation management of risks, e.g., in a high need for internal coordination, and internal and external networking
- ▶ Further changes mentioned are the need for the adjustment of forecasts, which are subjected to a reality check more often or because of the speed of information
- ▶ Risks are omnipresent in multi-risk and crisis mode and are now also a top topic in IR meetings and calls. The interaction and relationship with stakeholders is becoming increasingly important

Q In the multi-risk and crisis environment, what is the most significant change in expectation management for IR?
(Open question)



Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

n = 24



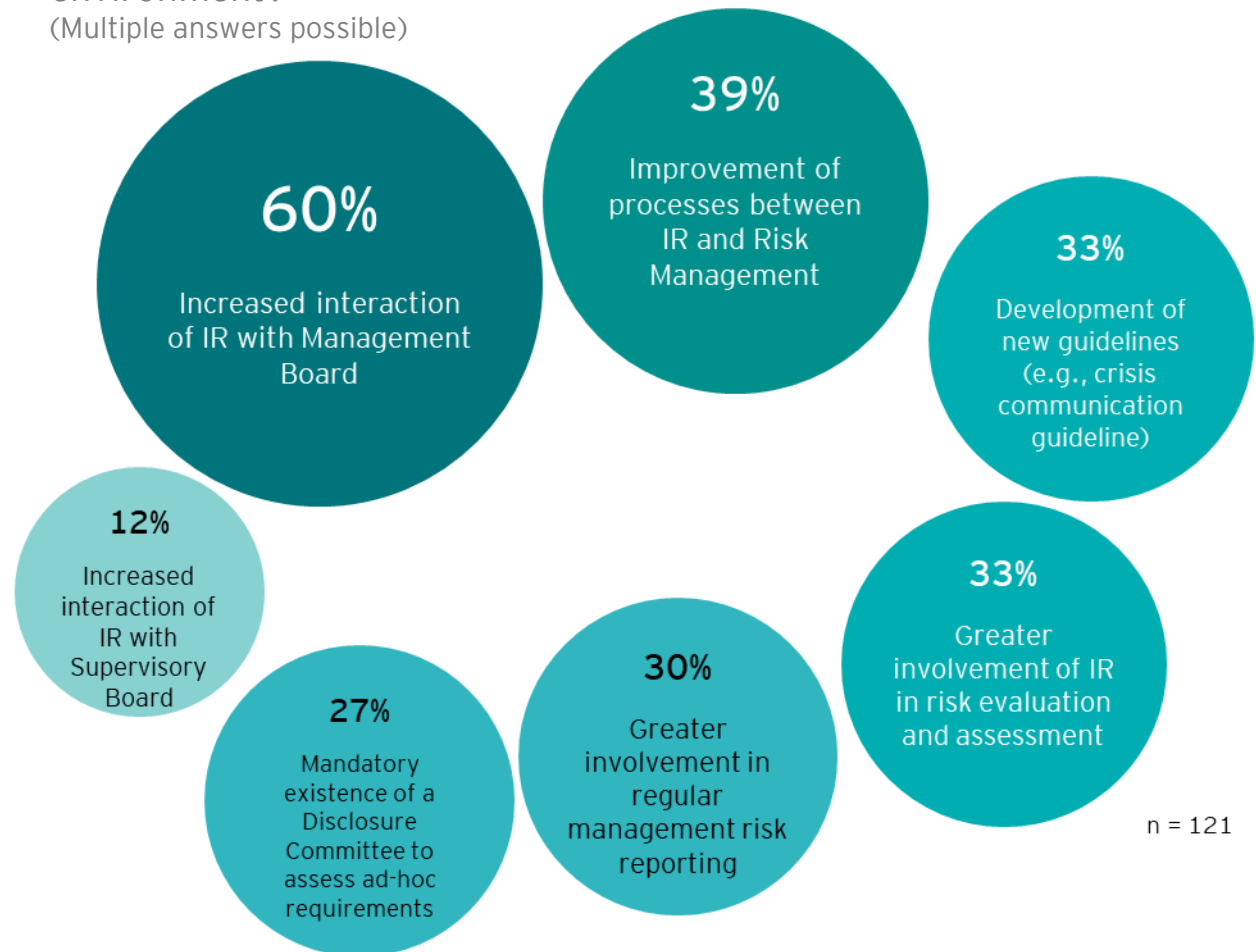
Expectation management of risks in IR practice

Increased interaction with the Board and improvement of processes between IR and Risk

Increased interaction with Mgmt. Board and improvement of processes between IR and Risk

- ▶ The IR organization is changing predominantly through an increased interaction between IR and the Management Board (60%)
- ▶ 39% of respondents see an improvement of processes between IR and risk management
- ▶ Also, new guidelines are developed (33%), e.g., a crisis communication guideline, and IR is more involved in the risk evaluation and assessment (33%) and regular management risk reporting (30%)
- ▶ The interaction of IR with the Supervisory Board is not changing substantially

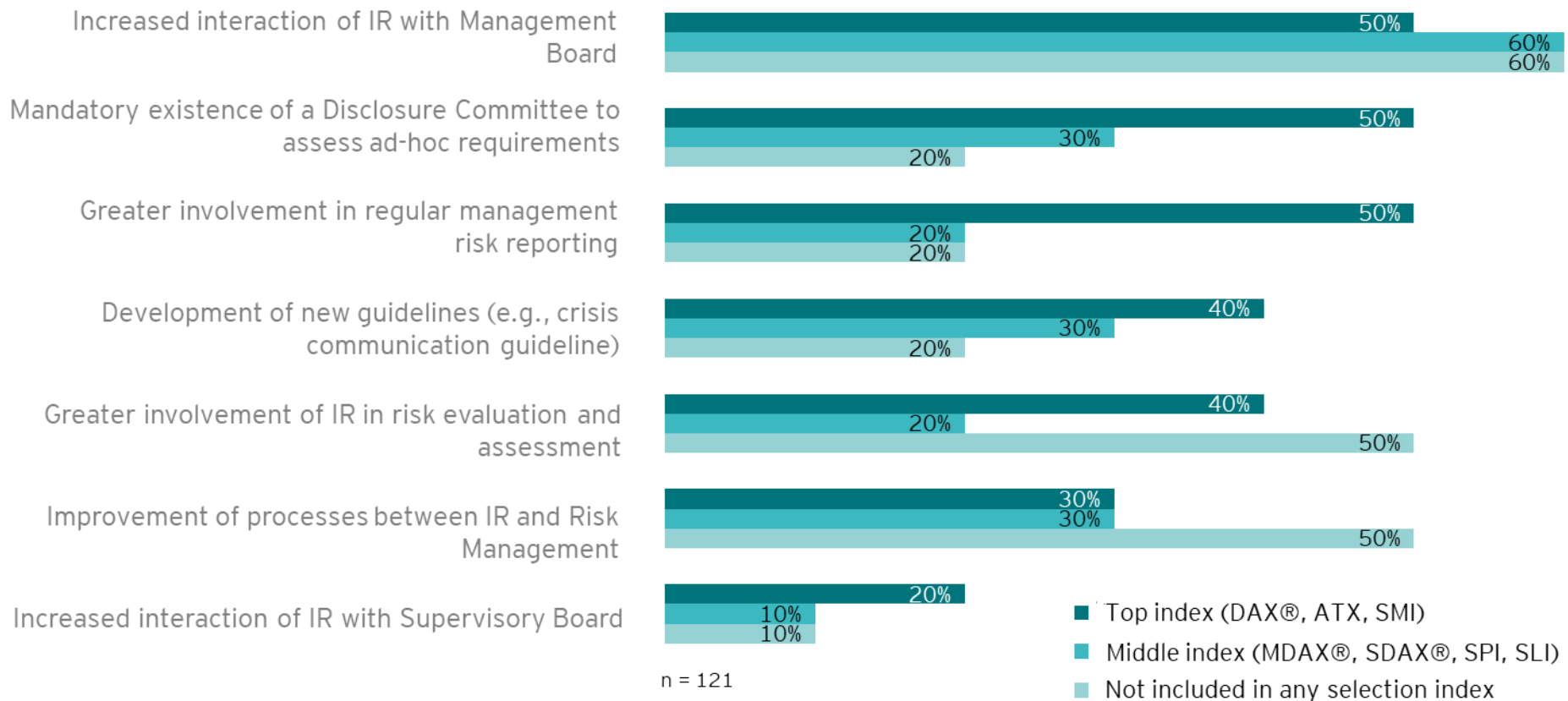
Q How does the IR organization change with regards to the increased risk environment?
(Multiple answers possible)



Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

Disclosure Committee and involvement in risk reporting gains importance for IR

Q How does the IR organization change with regards to the increased risk environment?
(Multiple answers possible)



Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

Collaboration and risk dialogue intensifies with most departments in the IR function

Q How does the collaboration of IR with other departments change in the expectation management of risks?
(Multiple answers possible)



Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

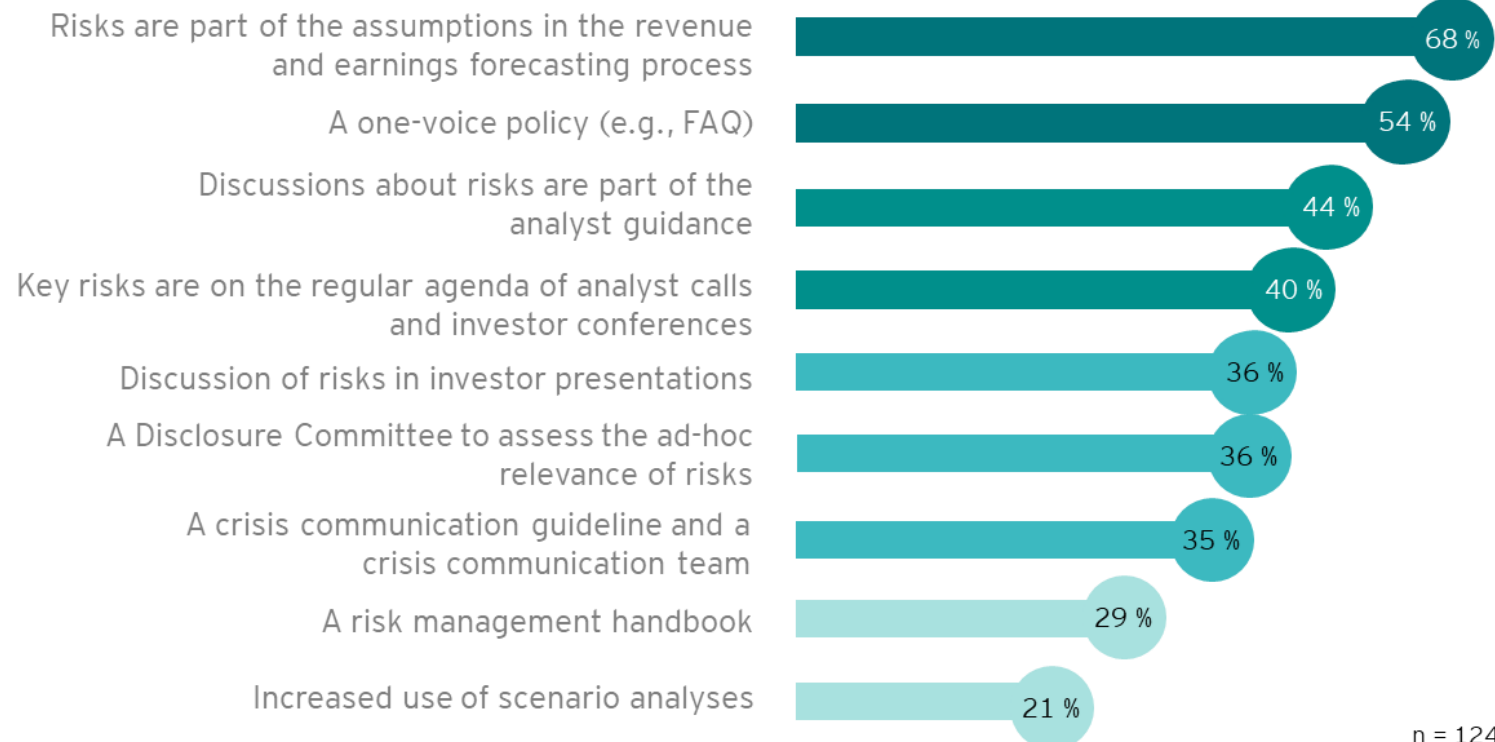
n = 124

Discussion about risks is an essential part in forecasting, one-voice policy and analyst guidance

Discussion about risks is an essential part in forecasting, one-voice policy and analyst guidance

- ▶ Most important IR tools are, that risks are part of the assumptions in the revenue and earnings forecasting process (68%) and the one voice policy (54%)
- ▶ Other important tools are, that risks are discussed in the analyst guidance (44%), that key risks are on the regular agenda of analyst calls and investor conferences (40%), that risks are discussed in investor presentations (36%) and that risks are assessed in a Disclosure Committee on ad-hoc relevance (36%) and a crisis communication guideline and team (35%)

Q What are the tools of successful expectation management of risks towards investors?
(Multiple answers possible)



n = 124

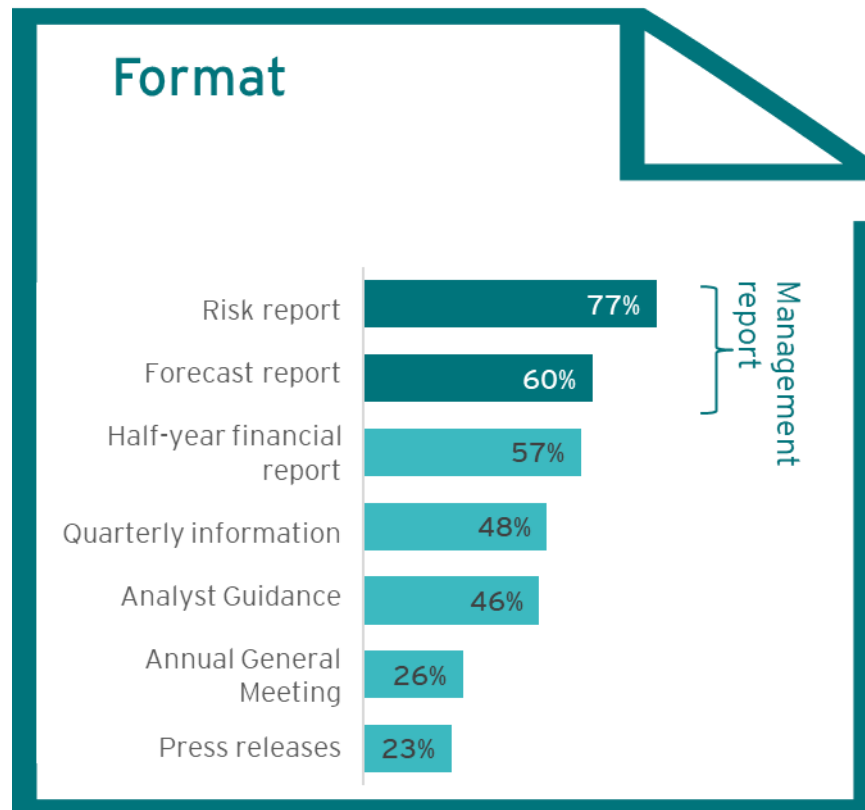
Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

Management report is the key disclosure format for expectation management of risks

Management report is the key disclosure format for expectation management of risks

- ▶ For the majority of IR officers, the most common used format for managing expectations of risks towards investors is the risk report (77%) and the forecast report (60%), which are both part of the management report
- ▶ Other frequently used formats are the half-year financial report (57%), the quarterly information (48%) and analyst guidance (46%)
- ▶ Annual general meeting (26%) and press releases (23%) are less used formats

Q Where does the management expectations of risks towards investors take place?
(Multiple answers possible)

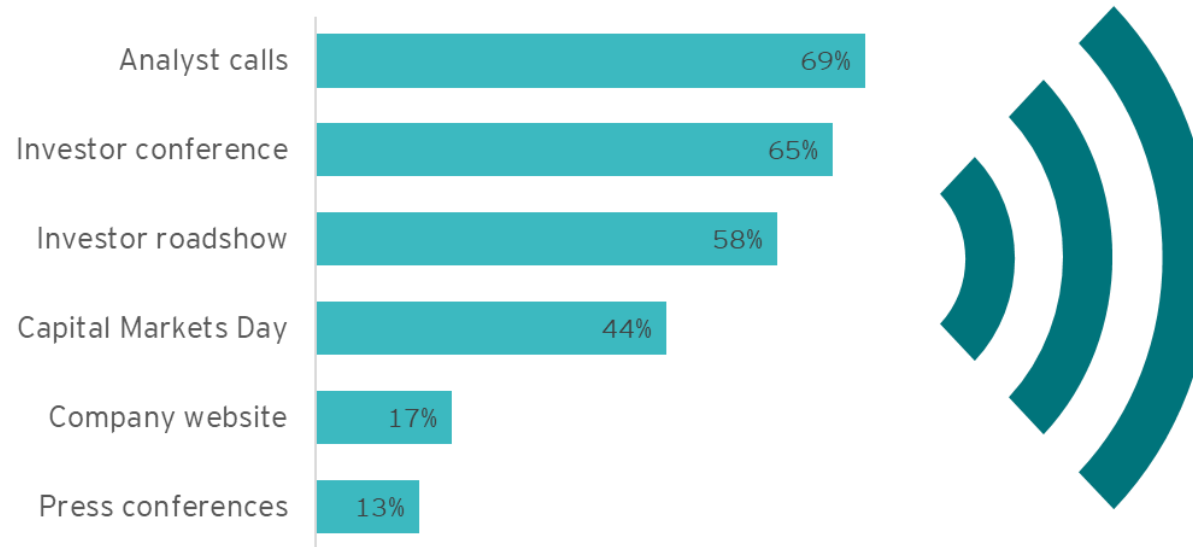


n = 121

Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

Analyst calls and investor events are key communication lines for expectation management

Q In your opinion, what is the best medium to conduct expectation management of risks?
(Multiple answers possible)



n = 121

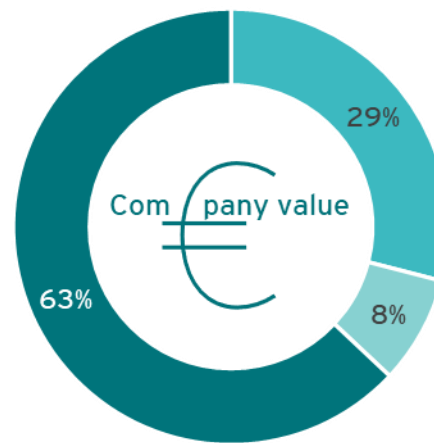
Source: Expectation management of risks in Investor Relations in a multi-risk environment, 2025

Reducing uncertainties with an effective expectation management decreases cost of capital

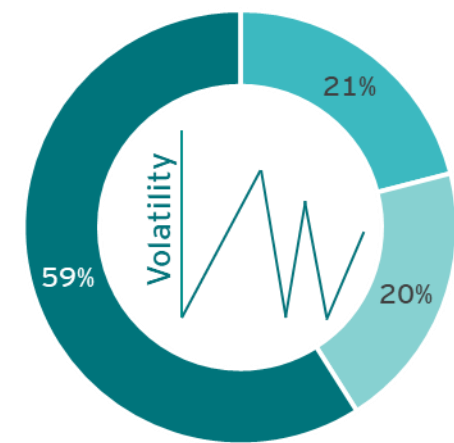
Reducing uncertainties with an effective expectation management decreases cost of capital

- ▶ 29% of IR officers see an increase in company value through increased transparency, the majority of IR officers, however, see no impact on the company's value (63%)
- ▶ Almost 60% of respondents see no effect on volatility due to increased transparency, for 21% of IR respondents an increasing transparency increases volatility, and for 20% of IR respondents, increasing transparency reduces volatility

Q What influence does the increased transparency on risk reporting have on company value and volatility in IR practice - ceteris paribus?



- Increases company value
- Reduces company value
- No effect on company value



- Increases volatility
 - Reduces volatility
 - No effect on volatility
- n = 121



Conclusion and checklist

Conclusion

Expectation management of risks in IR practice

IR is navigator in a more dynamic risk environment



In a dynamic risk environment, IR must effectively manage expectations to maintain the company's credibility, as unmet investor expectations can lead to distrust and skepticism. By proactively communicating potential risks, IR can mitigate the impact of negative market news and strengthen investor confidence.

Active involvement in improved risk assessment and reporting is necessary



The importance to embed IR in the processes to regularly review, report and discuss risks is getting more important. IR officers have insights into the risk management system and benefit from ongoing risk detection and reporting, improved risk management systems and internal controls systems.

Role of IR in expectation management of risks gains importance



Expectation management of risks has become more complex, with high demands for transparent and sustainable risk communication amid increasing internal and external coordination needs. Key challenges perceived are a decline in market liquidity, higher capital market regulation and a complex risk landscape increasing the frequency and dialogue between IR, the Board, Compliance, Legal and Disclosure Committee.

Established IR formats and media are available



Discussions about risks is an essential part in forecasting, one-voice policy and analyst guidance. The key disclosure format for expectation management of risks is the management report, with analyst calls and investor events identified as suitable communication lines.

A black and white photograph of a person walking a tightrope high above a dense forest. The person is seen from above, balancing on a thin rope that stretches horizontally across the frame. Their arms are outstretched to the sides, and they are wearing gloves. The forest below is a thick canopy of trees, with a small body of water visible in the upper left. The overall mood is one of balance and focus.

Contact and IR though leadership

Contact Dr. Martin Steinbach

Let's stay in touch!



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IR website structure and content

IR international benchmarking on setup, resourcing and IPO and IR budgeting

IR organizational set up and interdepartmental connectivity and implementation

IR manual to document disclosure processes

IR financial calendar to prepare disclosures

IR-officer IFRS and Tax training

Capital market compliance training for board and employees

Quarterly and segment reporting strategy

IR dashBOARD and capital market readiness training for board members



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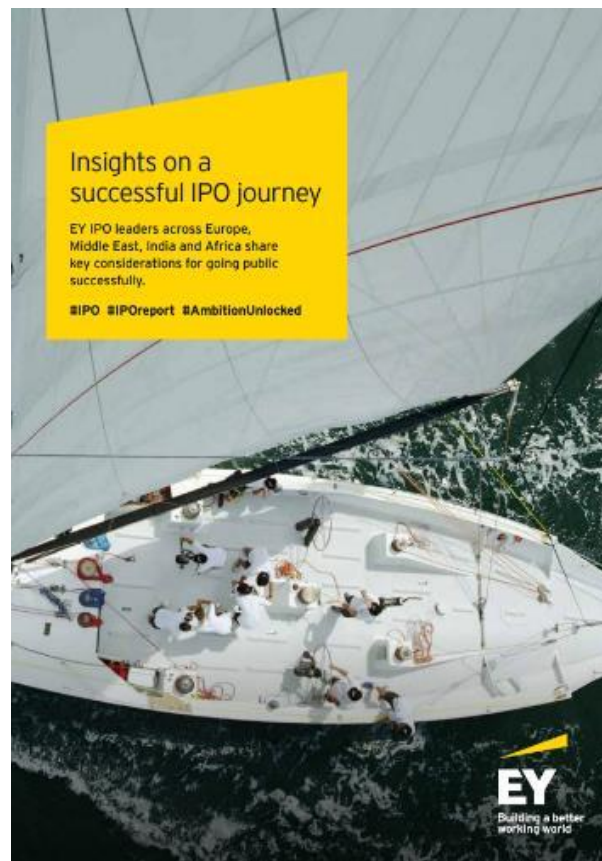
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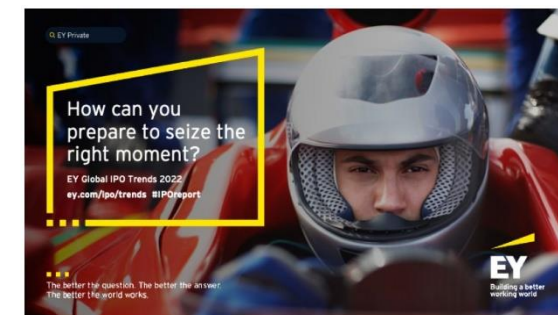
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