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IR Power Playbook: Building and Defending Value in An Era of Macro Disruption and Investor Recalibration

2026 Edition

Today's Speakers

Matt Joanou

CEO and Co-Founder
Stakeholder Labs

Amy Wakeham

SVP, Investor Relations & External Finance Communication
Solventum Corporation

Jennifer Parmelee Witt

Managing Director
Breakwater Capital Markets

Mark Hayes

Founding Partner
Breakwater Capital Markets

Three themes define the path forward: risk & macro shifts, investor recalibration, and the playbook to build and defend value

1

Outline Risk & Macro Shift

AI, energy, geopolitics, inflation, policy divergence

2

Frame Investor Recalibration

8–22% valuation discounts, demand for new engagement

3

The Playbook

3 pillars: Future-Ready Strategy, Dynamic Communication, Precision Engagement

Content, communication and engagement translates directly into valuation discounts when not addressing key investor concerns

5 - 15%

Compression in valuation multiples when communications fail to demonstrate resilience, adaptability, or long-term strategic clarity.

7.5 - 20%

Valuation discount driven by lower investor confidence, particularly in times of uncertainty.

15 - 30%

Delay in investor re-engagement following earnings shocks or macro dislocations, slowing capital inflows and hampering strategic recalibration.

Change in investor macro inputs are critical to understand for content, communication and engagement strategies

Macro Inputs	+	Sector Sensitivities	+	Company Model	+	Valuation Range	+	Portfolio Decision
Discount rate & growth envelope: Show insulation from macro shocks and participation in upside drivers		Revenue & margins: Demonstrate pricing power and demand durability		Cash flows & balance sheet: Deliver predictable, flexible free cash flow		Multiples/ DCF: Justify a quality premium through stable returns and secular growth alignment		Positioning: Offer downside protection with upside convexity

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Risks & Macro Shifts Influencing Valuation Models

Macro outlook is driving the need for increased scenario planning, content, communication and engagement

Rank	Prediction	Global Impact (%)
1	Moderating global growth	98%
2	Soft patch, later recovery	95%
3	Weak economic outlook	92%
4	Rising inflation risks	90%
5	Labor market slowdown	88%
6	Broad equity rally, but margin concerns	85%
7	Cautiously confident businesses	83%
8	Deglobalization/Trade Blocks	80%
9	Supply-chain shifts	78%
10	Regional divergence	75%

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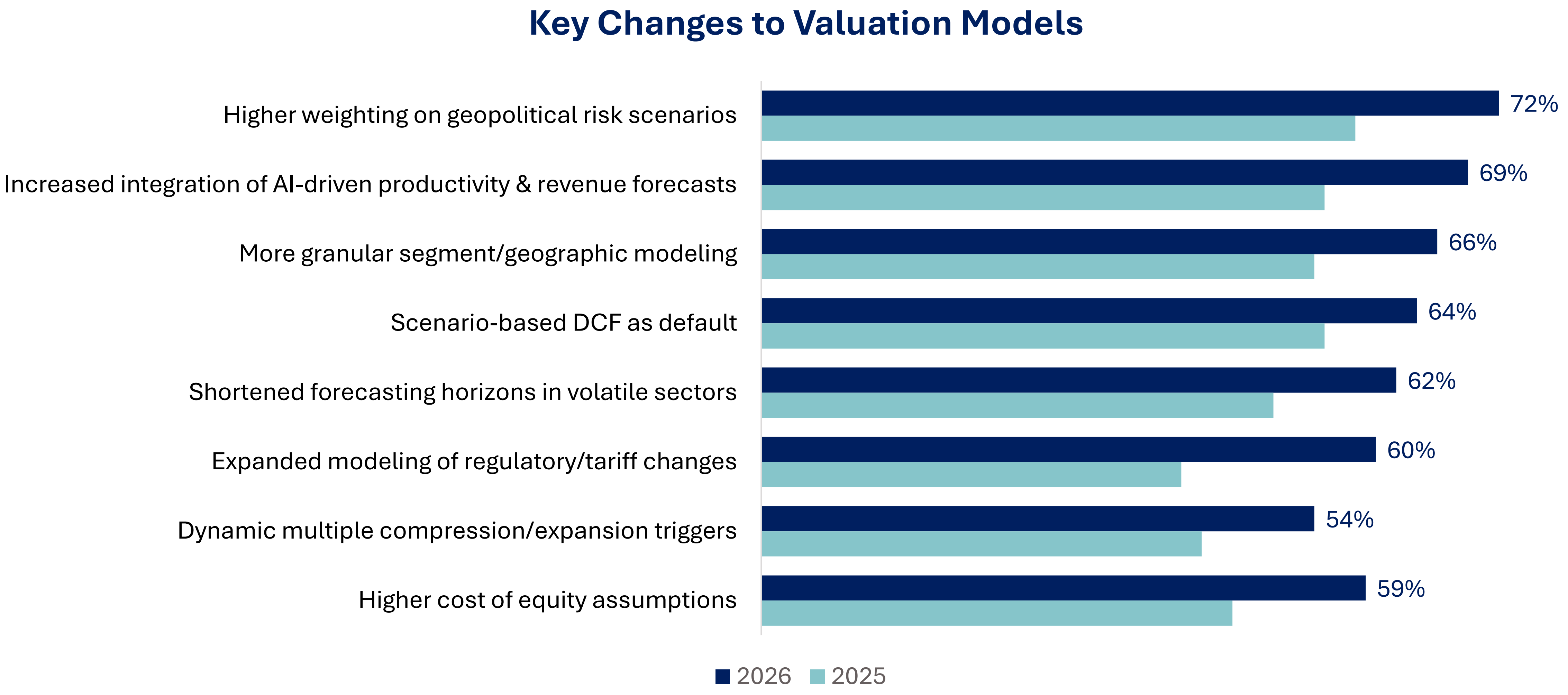
Source: Breakwater Capital Markets proprietary analysis, 2025.

Valuation models continue to evolve



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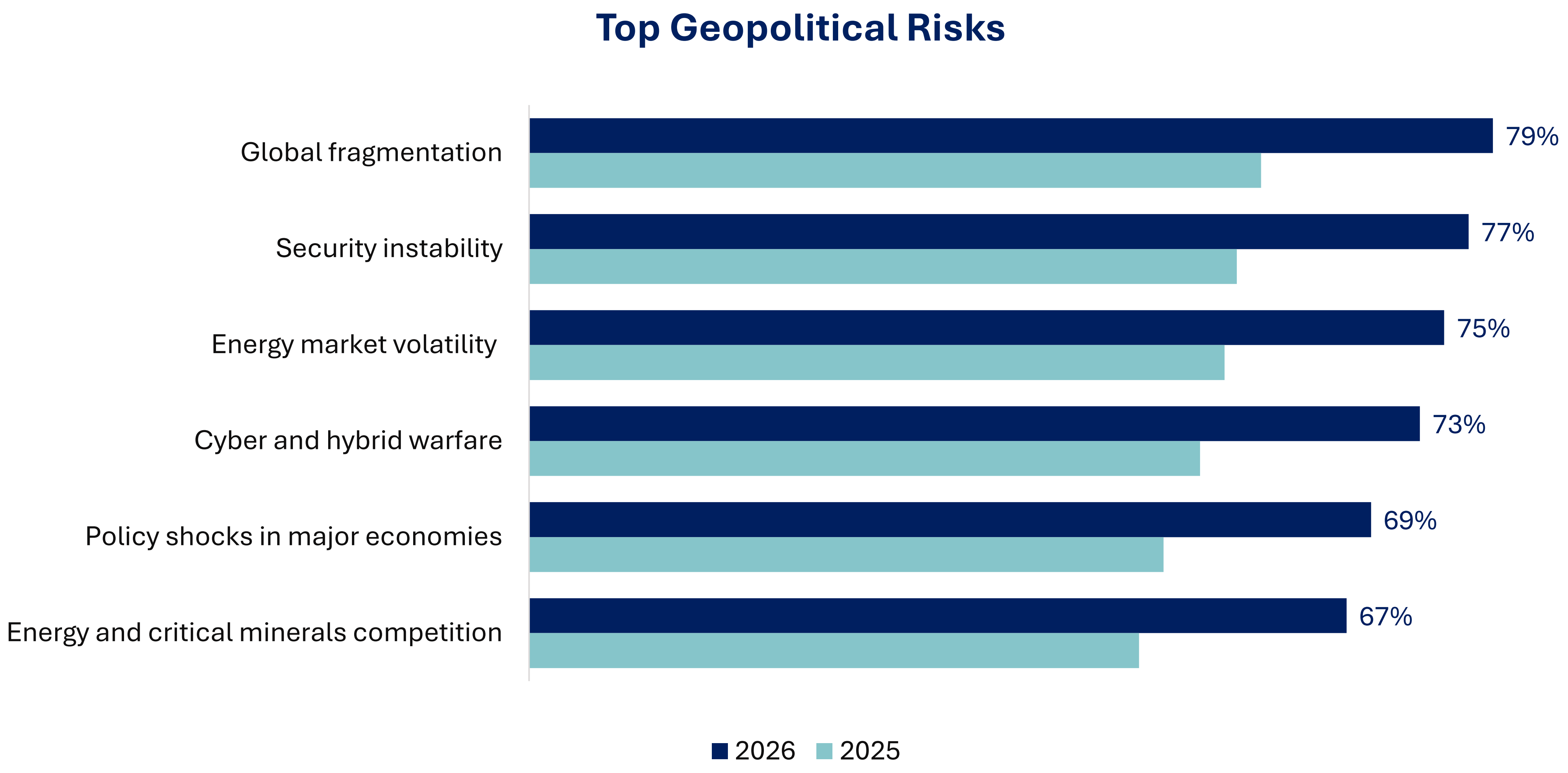
Source: Breakwater Capital Markets proprietary analysis, 2025.

And investors are rewriting the valuation playbook

Risk/Change Area	Concern % 2026 vs 2025	Cash Flow Impact	Growth Assumption Impact	Risk Premium Impact	Valuation Framework Integration
Higher weighting on geopolitical risk scenarios	**14%**	Possible revenue loss in risky regions; higher compliance and supply chain costs	Lower long-term growth in high-risk markets	+50-150 bps country/ sovereign risk premium	Adjust DCF discount rates; apply regional scenario-weighted multiples
Increased integration of AI: productivity & revenue	**14%**	Lower SG&A via automation; new revenue from AI offerings	Slightly higher near-term growth; long-term growth uplift if adoption sustains	Minimal risk premium change; execution risk adjustment	Include AI impacts in P&L and capex in DCF; innovation premium
Shortened forecasting horizons in volatile sectors	**13%**	Less speculative terminal value; reliance on near-term cash flows	Terminal growth rates trimmed	Slight increase in discount rates for higher uncertainty	Reduce forecast horizon in DCF; adjust multiple selection
Greater emphasis on climate transition	**12%**	Compliance capex; higher opex; new green product revenue	Neutral to slightly positive if market share in green sectors expands	+25-75 bps cost of capital for laggards; potential reduction for leaders	Factor carbon pricing into margins; adjust multiples for climate leadership
Scenario-based DCF as default	**12%**	Cash flow paths vary under base/upside/downside	Growth rates vary with scenario weighting	Risk premium implicit in probability weights	Formalize scenario inputs into valuation outputs
Supply chain resilience as a financial factor	**11%**	Higher short-term CapEx; lower volatility long-term	Growth more stable over time	Small short-term premium increase; long-term decrease	Resilience investments as one-time costs; lower beta after
Dynamic multiple triggers	**11%**	No direct cash flow change; valuation flexes with KPIs	Growth perception changes drive multiple adjustments	Market-implied risk premium shifts	Link relative valuation multiples to KPI performance bands
Alternative data integration for forecasts	**10%**	Better revenue and margin forecasts	Faster recognition of growth inflection points	Potential reduction in perceived uncertainty	Use alternative data to adjust DCF inputs and relative comps
More granular segment modeling	**9%**	Better identification of high-margin vs. low-margin segments	Growth differentiated by segment/region	Refined WACC by segment/region	Segmented DCF or sum-of-the-parts valuation
Higher cost of equity assumptions	**8%**	No direct cash flow change; lower PV via higher discount rate	Growth unchanged	+50-100 bps cost of equity	Adjust WACC in models

Source: Breakwater Capital Markets proprietary analysis, 2025.

Geopolitics and Tail Risks: Navigating the unknowns



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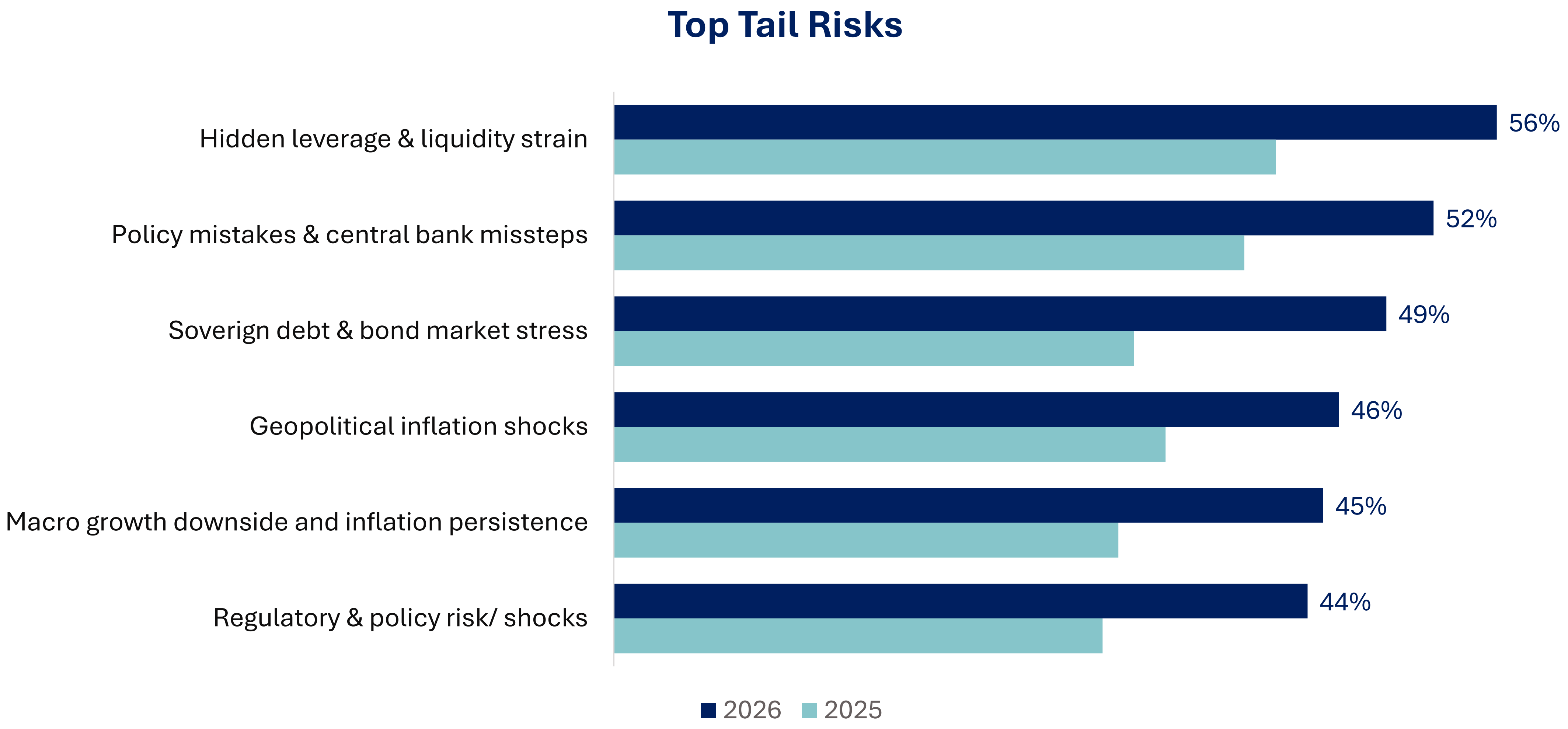

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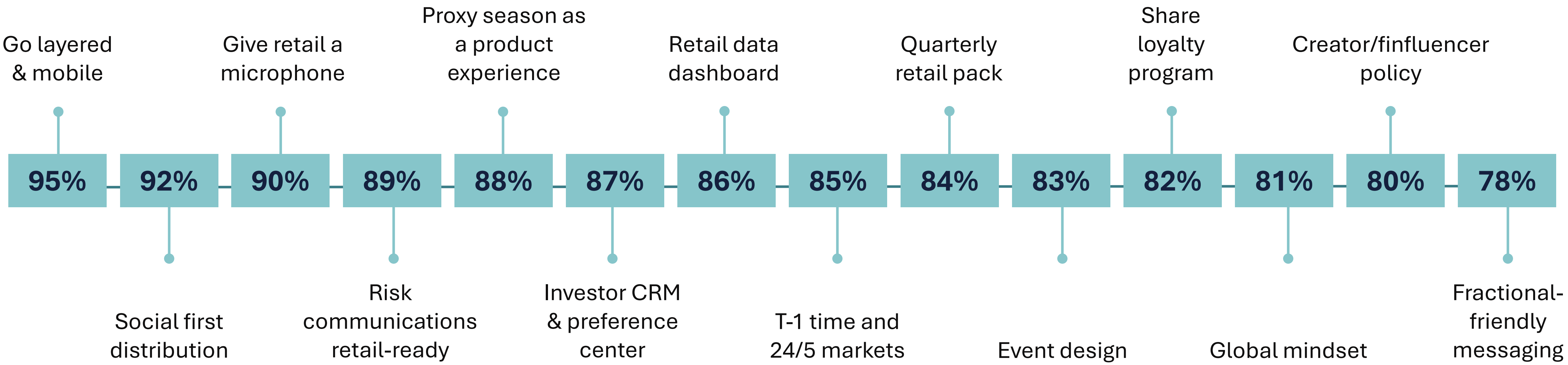
Source: Breakwater Capital Markets proprietary analysis, 2025.

Retail Investors Reimagined: Engagement That Builds Loyalty

Retail Investor Roadmap



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Source: Breakwater Capital Markets proprietary analysis, 2025.

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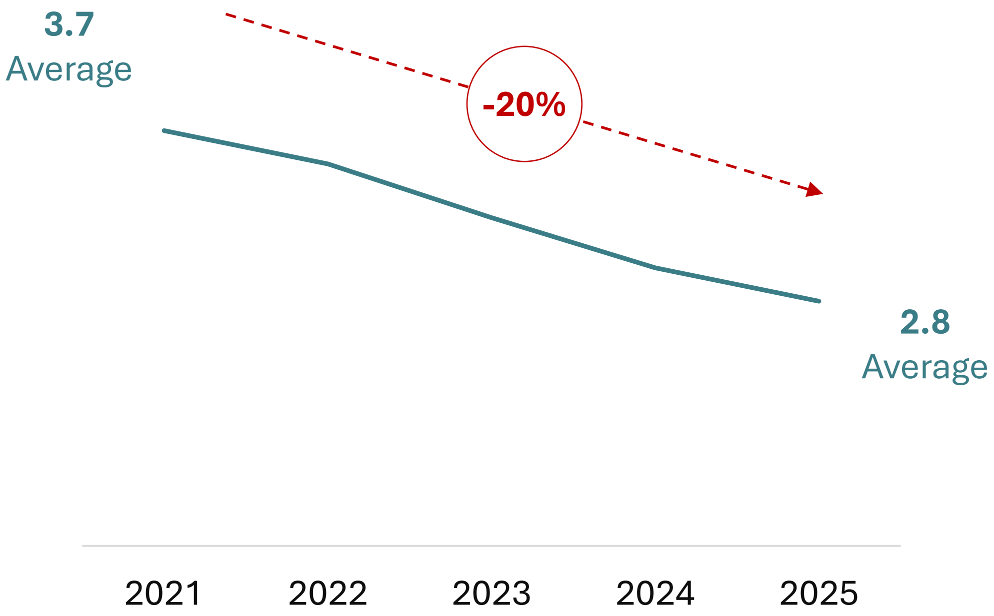
Investor Recalibration

Earnings Calls Rewired: From Erosion to Resilient Valuation

Investor Satisfaction with Earnings Calls



What's Missing for a Resilient Valuation

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Source: Breakwater Capital Markets proprietary analysis, 2025.

Scenario-based guidance is rising expectation for investors

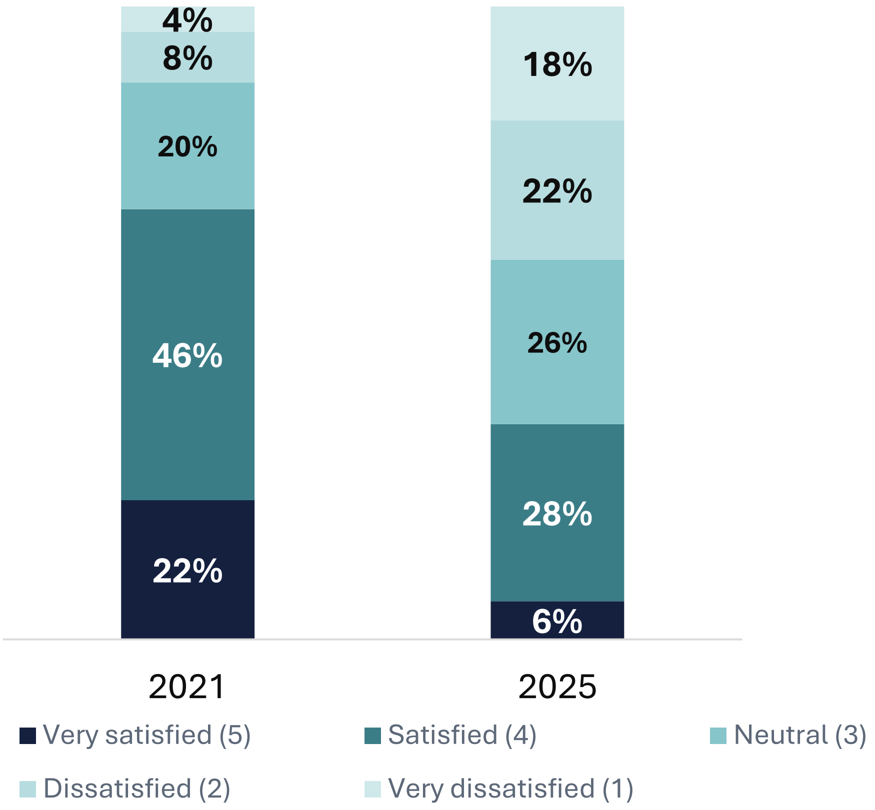
Most Impactful Guidance Changes for 2026

Scenario-based Guidance & Ranges	97%	Provide base, upside, and downside cases that are probability-weighted ranges
Explicit Sensitivity Analyses	95%	Show the financial impact of key variables (rates, commodity costs, volume/mix, wage inflation) across multiple outcomes
Clear Assumption Disclosure	94%	Outline macro and company-specific assumptions embedded in guidance
Volatility & Stress-Test Disclosure	92%	Share how the business holds up under adverse scenarios: liquidity runway, breakeven demand levels, downside protection levers
Cash Flow Resilience Framework	91%	Beyond EPS, give free cash flow conversion rates under different demand or rate environments, plus capital allocation flexibility
Granular Segment & Geographic Breakdowns	90%	Disaggregate performance by business line, geography, or customer type, highlighting where uncertainty is highest
Event-Driven Contingency Planning	89%	Outline playbooks for shocks (supply chain disruption, cyber incidents, geopolitical sanctions) and quantify likely financial impacts
Consistency & Back-Casting of Metrics	87%	Maintain stable KPI definitions over time; if changes occur, provide historical back-series so investors can model without disruption
Transparency on External Dependencies	85%	Disclose concentration risks: top customers, suppliers, platforms, regulators. Show investors where uncertainty could cluster & mitigation
Timely Interim Updates	83%	Between quarters, issue brief updates when assumptions break (e.g., tariffs, rates, demand shifts)

Source: Breakwater Capital Markets proprietary analysis, 2025.

Investor Days Rebuilt: Credibility, Clarity, and Conviction

Investor Satisfaction Investor Days



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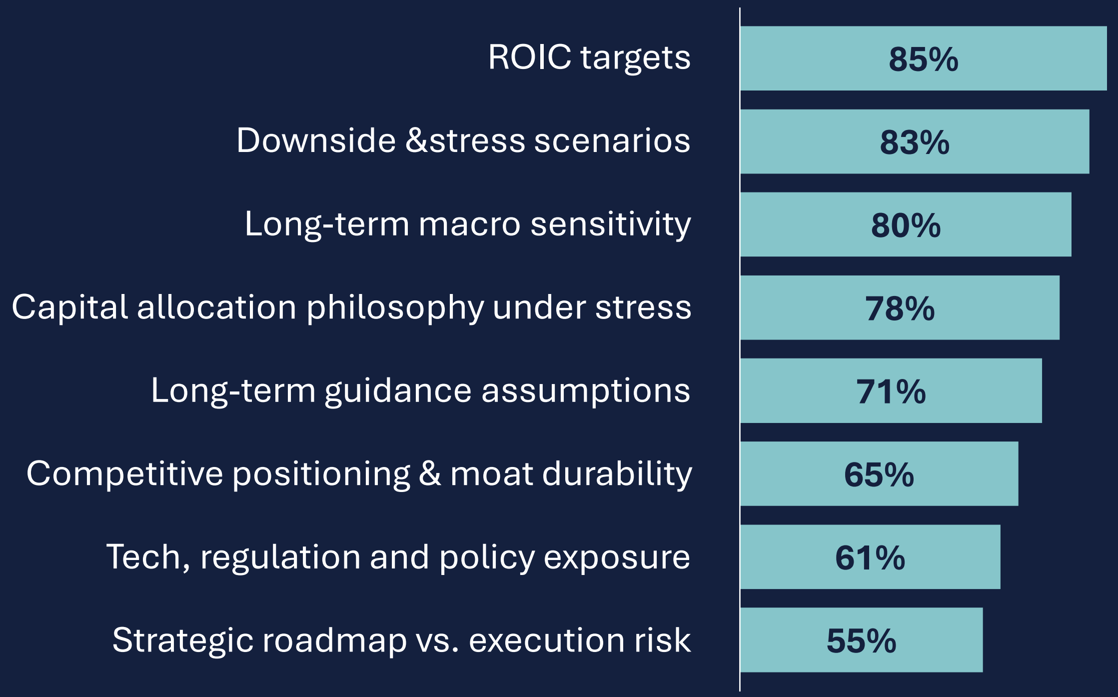

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Source: Breakwater Capital Markets proprietary analysis, 2025.

Text-heavy slides undermine a resilient valuation

Why Text-Heavy Doesn't Work

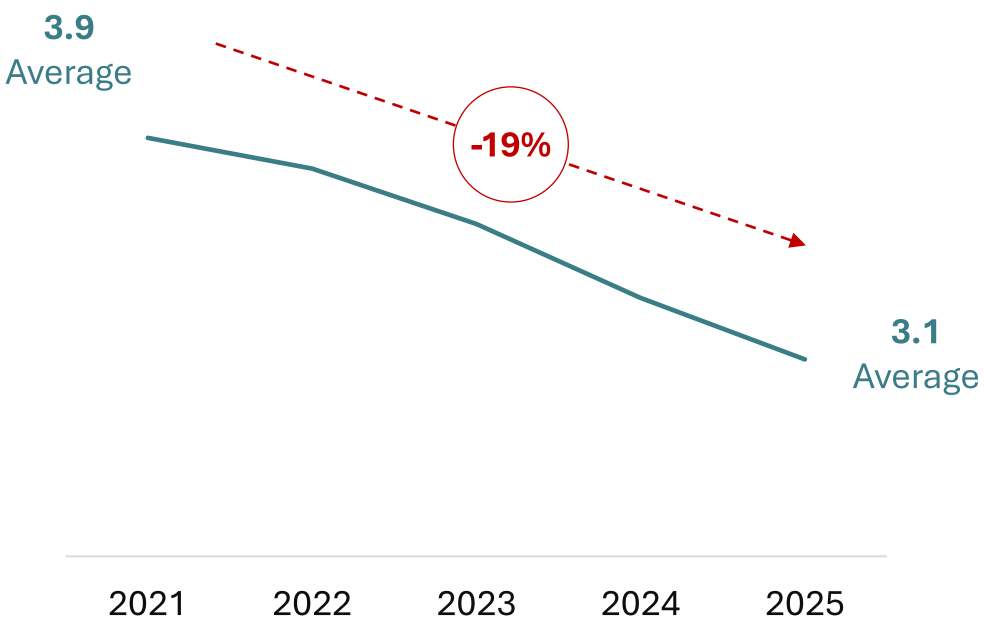
1. Cognitive Overload and Limited Processing Capacity
2. Short Attention Spans
3. Poor Retention of Key Messages
4. Distracting from the Presenter
5. Inefficient Communication of Complex Ideas

Future Checklist

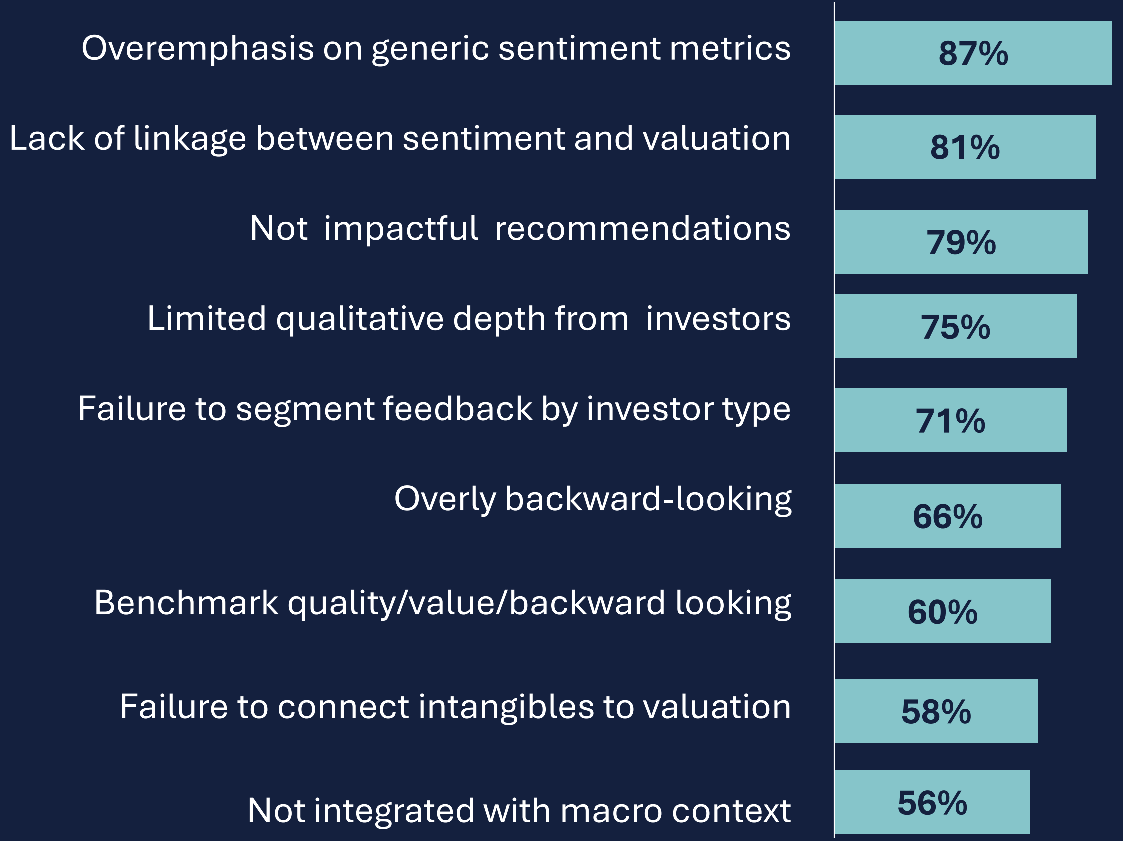
1. Follow the 6x6 Rule
2. Use Visuals as the Primary Medium
3. Leverage Headlines and Subheaders
4. Move Details to Appendices
5. Use Speaker Notes Instead of Overloading Slides

Management Teams Are Dissatisfied with Legacy Perception Studies

Management Satisfaction with Legacy Perception Studies



Top Management Concerns



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Source: Breakwater Capital Markets proprietary analysis, 2025.

Together, these forces create the case for on-going reinvention in 2026.

Macro ➕ 96% Demand ➕ Dissatisfaction ➕ Valuation Penalties

Source: Breakwater Capital Markets proprietary analysis, 2025.

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The IR Power Playbook

The IR Power Play Book

1. **The Elevated IRO as a Strategic Leader:** The Investor Relations Officer is the architect of trust, influence, and long-term value creation.

2. **Thriving Amid Constant Disruption:** In a world defined by rapid and nonlinear change, market volatility, technological acceleration, and shifting stakeholder expectations, the IRO must adapt rapidly—bringing clarity, foresight, and resilience to the capital markets.

3. **From Insight to Action:** The IR Power Playbook is built for execution, equipping IROs with practical frameworks and tactical strategies to elevate performance today.

4. **A Living Playbook for Evolving Markets (Updated Quarterly):** As conditions shift, so too does the guidance—ensuring the playbook remains dynamic, relevant, and grounded in the realities of investor content, communication and engagement today.

5. **Empowering Enduring Leadership:** By focusing on what drives impact now, the playbook enables IROs to lead with confidence, influence the agenda, and continuously sharpen their strategic edge for value creation.

Eight levers anchor the Valuation Operating System (VOS)

Valuation Eight: Communication, Content, and Engagement

Strategic Optionality & Real Options Thinking
15%

Anticipatory Vision
20%

Strategic Trajectory
10%

Market Position & Moat Durability
15%

Capital Structure & Strategic Finance
10%

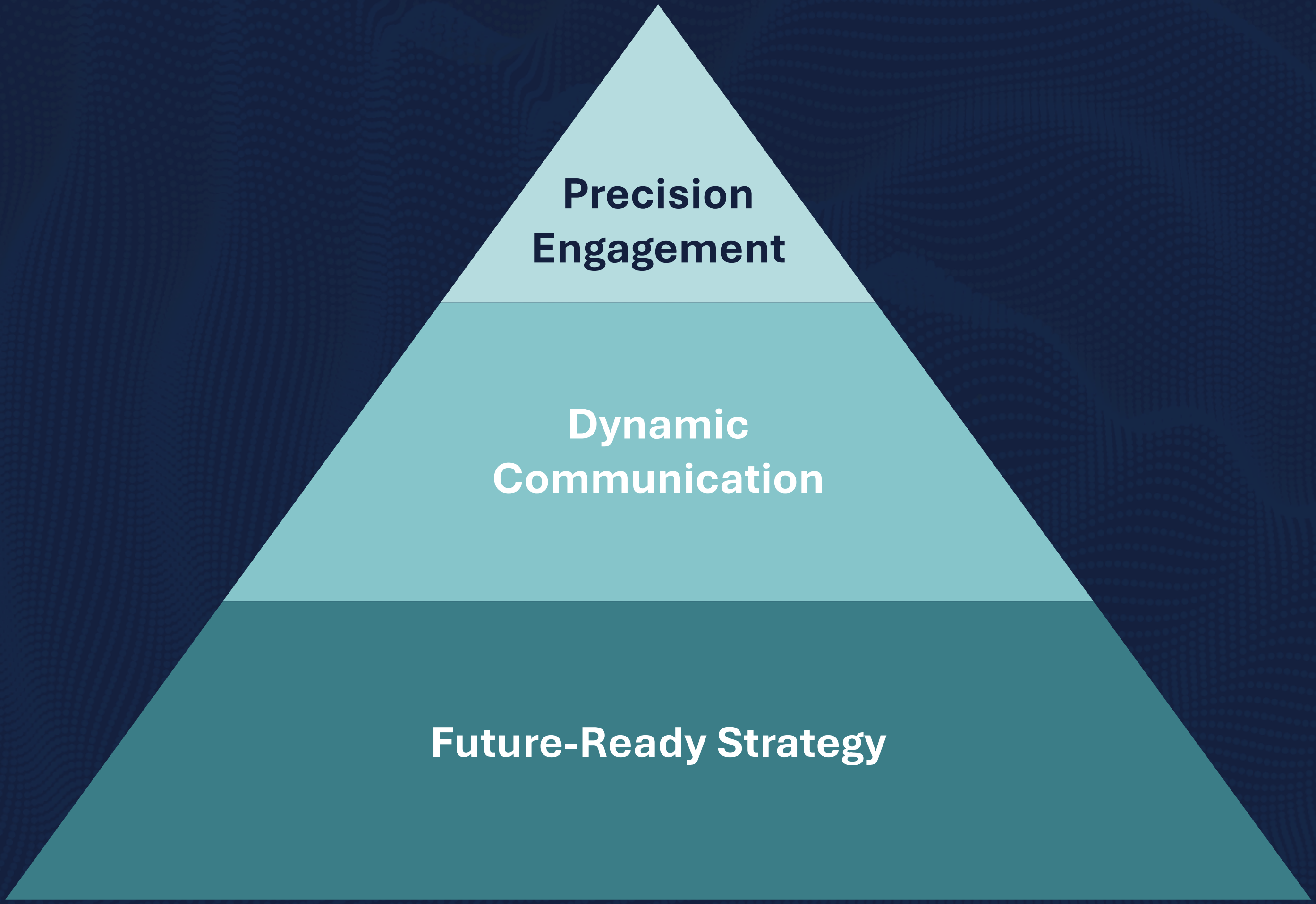
Execution Excellence & Operational Agility
10%

Accelerated Reinvention
20%

Intangible Value Stewardship
10%

Source: Breakwater Capital Markets proprietary analysis, 2025.

Future-ready IR strategy rests on dynamic communication and precision engagement.



10 Powers of the IRO 2026: Architect of conviction and resilience

1. **Real-Time Narrative Orchestrator**
   Curates a living, adaptive equity story, instrumented with real-time feedback and dynamic scenario modeling.

2. **Scenario & Sensitivity Architect**
   Delivers probability-weighted, scenario-based guidance with assumptions and triggers for updates.

3. **Stakeholder Ecosystem Mobilizer**
   Engages a broader investor base (including retail), leveraging digital and social platforms for reach or resonance.

4. **Trust & Transparency Champion**
   Builds confidence through granular, machine-readable data, frequent updates, and visible leadership engagement.

5. **Experience Designer**
   Delivers modular, AI-powered, interactive events with global access, deep dives, and real-time investor participation.

6. **Intelligence Integrator**
   Runs continuous, actionable investor intelligence, linking sentiment directly to valuation impact and strategic priorities.

7. **Insightful Storyteller**
   Translates strategy into quantifiable proof points, tailoring depth and detail by segment, region, and audience.

8. **Dynamic Comparator**
   Uses alternative data and AI to benchmark in real-time, highlighting competitive positioning and innovation ROI.

9. **Risk Translator & Scenario Modeler**
   Quantifies macro, geopolitical, and cyber risks—showing direct impact on cash flow, margins, and valuation.

10. **Value Creation Partner**
    Drives capital allocation messaging, links KPIs to value drivers, and defends and builds valuation through uncertainty.

Future Ready:
Reimagined Earnings Calls Accelerate Re-Engagement and Reduce Volatility

Actions to Take

- Show Return on Invested Capital (ROIC)
- Disclose Downside & Stress Scenarios
- Quantify Macro Sensitivities
- Tie Capital Allocation to Macro Conditions
- Increase Transparency of Guidance Assumptions
- Integrate Competitive Dynamics & Moat Durability
- Quantify Regulatory & Policy Exposure

Evolution

- Moves to scenario-based discussions that link strategy, capital allocation, and risk directly to long-term valuation

Results

- Speeds investor re-engagement by 20–30% during times of crisis
- Deeper management credibility, and improved transparency
- Top concerns addressed in real time
- Net satisfaction uplift of +20%
- Improves modeling efficiency

Resilient Valuation Impact

Faster multiple recovery and reduced post-earnings volatility

Over Baseline

+5-14% valuation uplift over time

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Source: Breakwater Capital Markets proprietary analysis, 2025.

Dynamic Communication: Rebuild Investor Day As Decision-Useful, Modular and Interactive

Actions to Take

- Macro sensitivity and scenario analysis/ROIC
- Risk-adjusted strategic roadmap w/execution points
- Capital allocation philosophy under varying macro conditions
- Competitive positioning and moat durability over the cycle
- Quantified impact of technology, regulation, and policy changes
- Transparent long-term guidance assumptions with sensitivities
- Candid downside and stress scenarios investors can model

Evolution

- Valuation-focused sessions that provide ROIC targets, macro sensitivities, capital allocation discipline, and stress-tested scenarios investors can directly model

Results

- Greater investor confidence in long-term cash flow durability on terminal value
- Reduced valuation fragility to macro shocks lower equity risk premium (ERP)
- Higher credibility and trust premium
- Clearer linkage between strategy and shareholder value creation
- Broader investor engagement and alignment multiple expansion

Resilient Valuation Impact

Multiple expansion with clear long-term frameworks

Over Baseline

+5 - 18% valuation uplift overtime

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Source: Breakwater Capital Markets proprietary analysis, 2025.

Precision Engagement: Modernize Perception Studies to Link Sentiment Directly to Valuation

Actions to Take

- Design valuation-linked questions
- Incorporate scenario-based and forward-looking areas
- Benchmark with transparency and relevance
- Integrate intangible factors into valuation analysis
- Tie recommendations directly to disclosure strategy and value creating actions
- Build follow-up measurement to track impact over time for valuation

Evolution

- Moves from generic, lagging surveys to real-time, valuation-anchored investor intelligence with actionable perspective aligned to key management processes

Results

- Alignment to investor priorities, reducing valuation mispricing
- Boosts decision quality tied directly to valuation drivers
- Lowers equity risk premium and supporting multiple expansion
- Integrates investor insights into capital allocation, reinforcing ROIC vs cost of capital discipline
- Increases management and board confidence in valuation resilience

Impact

Boosts decision quality tied to valuation by over 85%

Over Baseline

+7-19% valuation uplift overtime and reduced equity risk premium

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Source: Breakwater Capital Markets proprietary analysis, 2025.

Discussion: Translating Insights into Action