

# Q1 2016

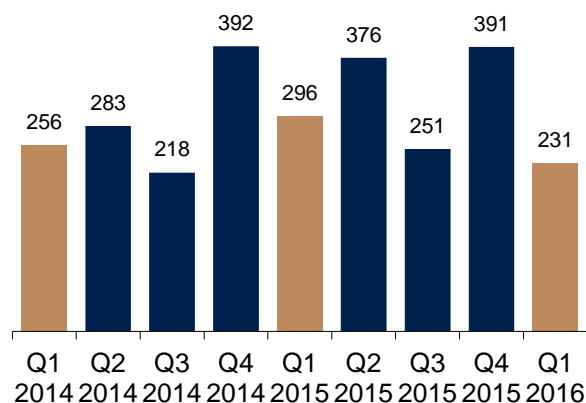
## Interim presentation



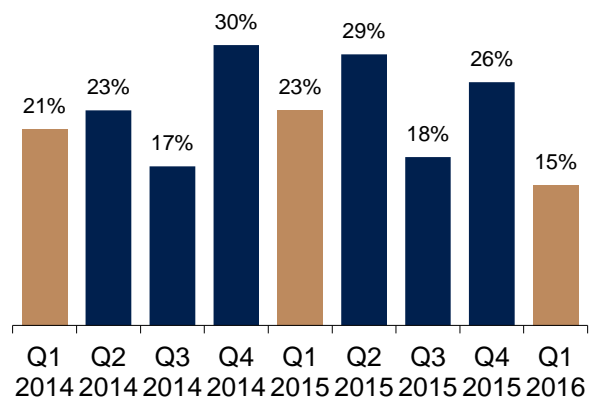
26 April 2016

# Q1 2016 highlights

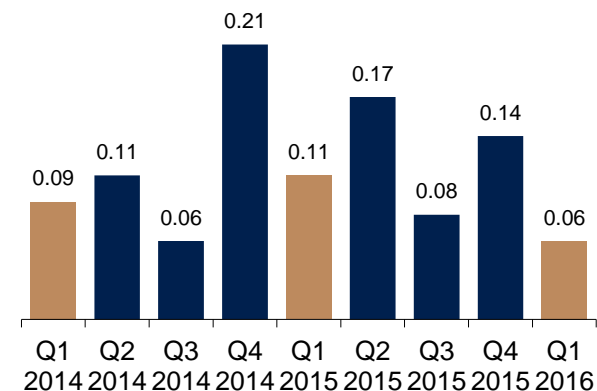
## Revenues (NOKm)



## Operating margin %



## EPS basic (NOK)



### Revenues of NOK 231m vs NOK 296m last year

- Challenging market conditions with few completed investment banking transactions, but pipeline building well

### EPS of NOK 0.06 compared to NOK 0.11 last year

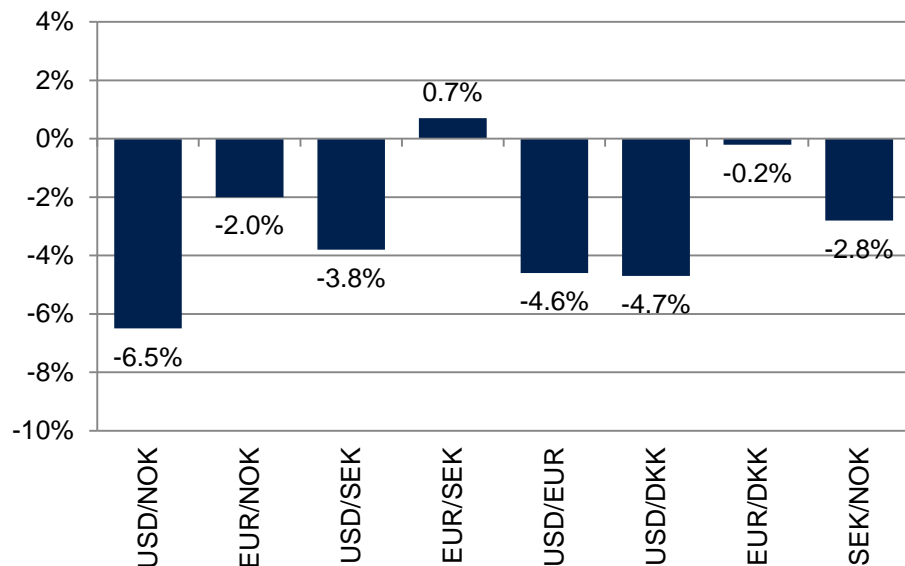
- Fixed operating costs in line with last year, variable compensation costs partly absorbing revenue loss

### Robust capitalisation and liquid balance sheet

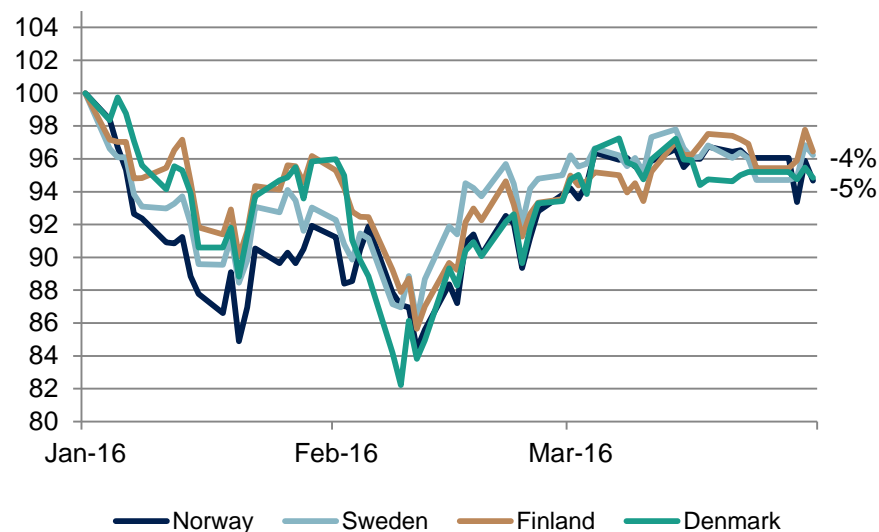
- Group capital adequacy ratio of 3 times the regulatory minimum requirement after the NOK 0.60 payment to shareholders

# Capital markets volatility continued in Q1

## Exchange rate changes during Q1 2016



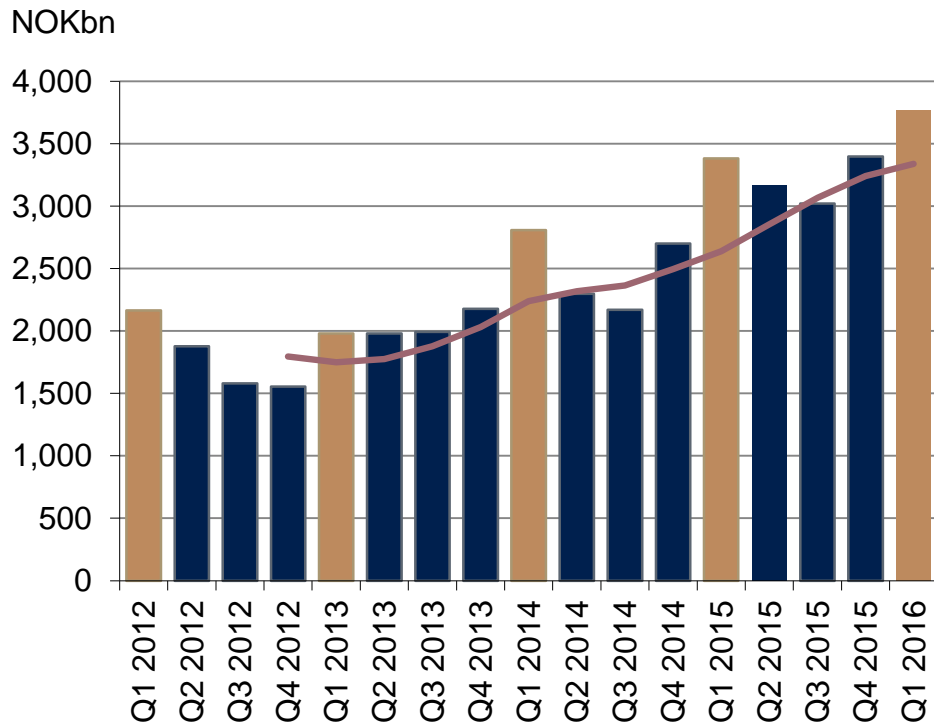
## Nordic equity market performance in Q1 2016



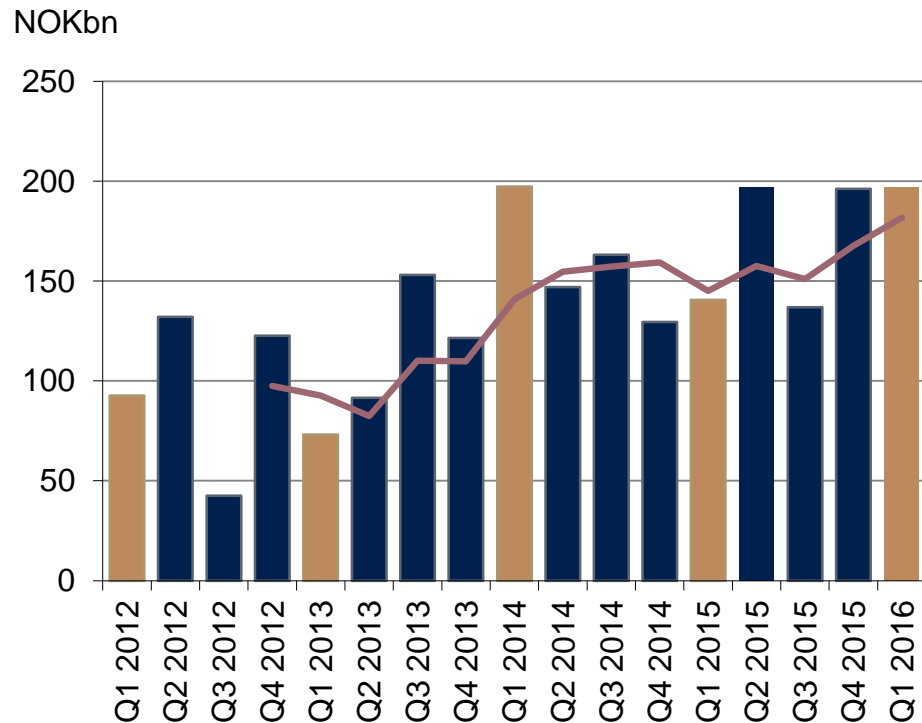
- **Nordics:** Capital markets were negative and volatile at the beginning of quarter, although with a good recovery from mid-February
- **Global:** Weaker growth in emerging markets, especially China, as well as softer commodity prices in general
- **Oil price:** Continued declining oil price has fuelled credit risk concerns, especially in the energy sectors, which had a generally negative impact on high-yield bonds.
- **Norway:** A weaker currency and a continued expansionary fiscal policy have had a dampening effect on the impact of the lower oil-related activity

# Secondary equity market volumes increasing in NOK, and decent Nordic M&A activity despite falling global activity

Nordic Equity trading volumes<sup>1)</sup>



Nordic M&A volumes<sup>2)</sup>



- Weakening of NOK relative to SEK, DKK and EUR a key explanation for secondary volume increase, although there is some increase when measuring in the respective local currencies as well

4 Source: Nordic stock exchanges, BATS, Mergermarket, ABGSC

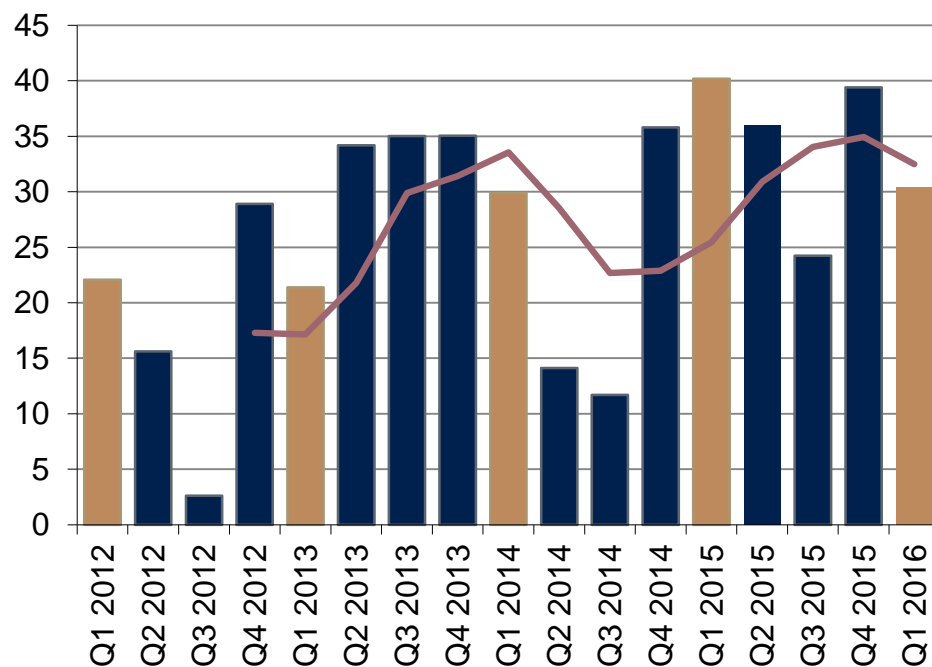
1) Including non-exchange market volumes

2) Nordic buyers or sellers, announced transactions

# Market volatility and uncertainty negatively impacted primary activity within both ECM and DCM segments

## Nordic ECM volumes<sup>1)</sup>

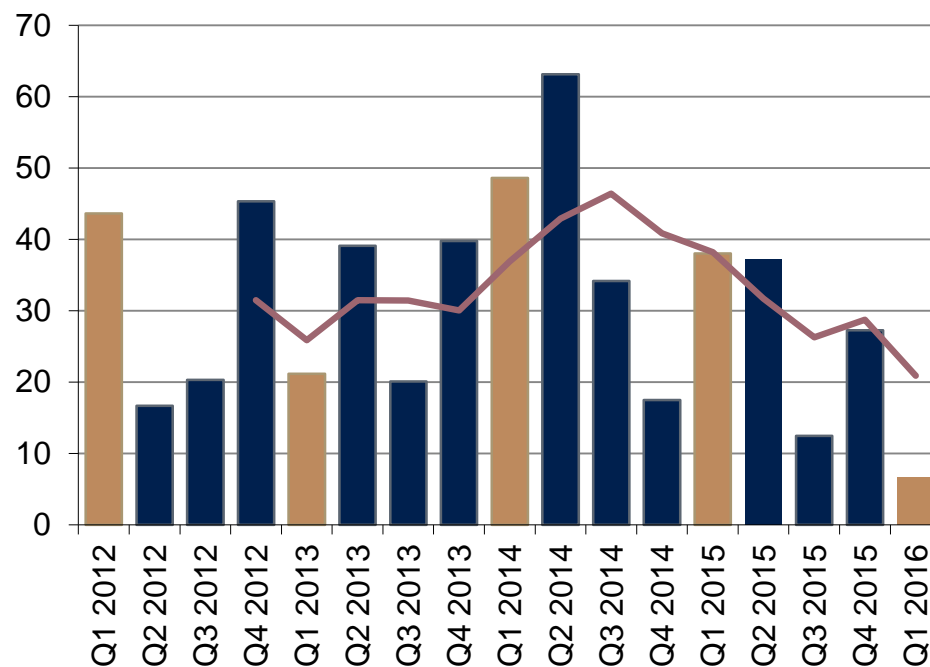
NOKbn



- Few completed IPOs during the quarter
- ECM volumes mainly comprise of secondary placements

## Nordic DCM volumes<sup>2)</sup>

NOKbn



- Main focus on restructuring and refinancing, very limited new issuance activity

5 Source: ThomsonOne, Stamdata

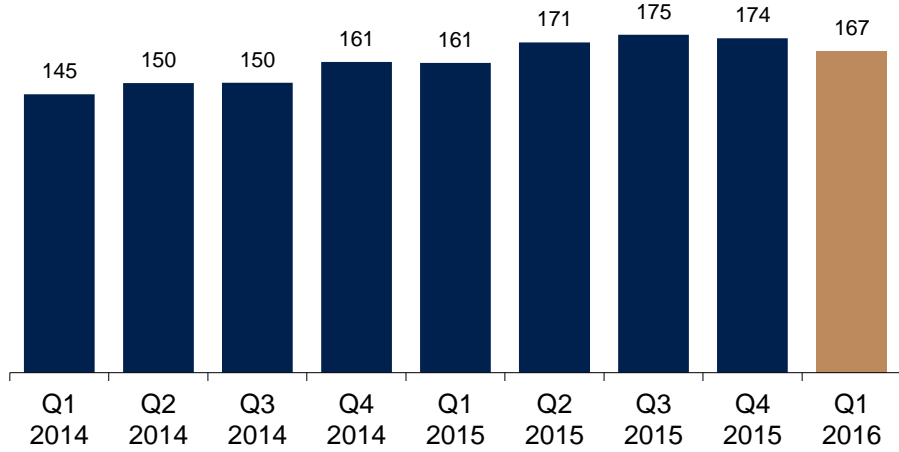
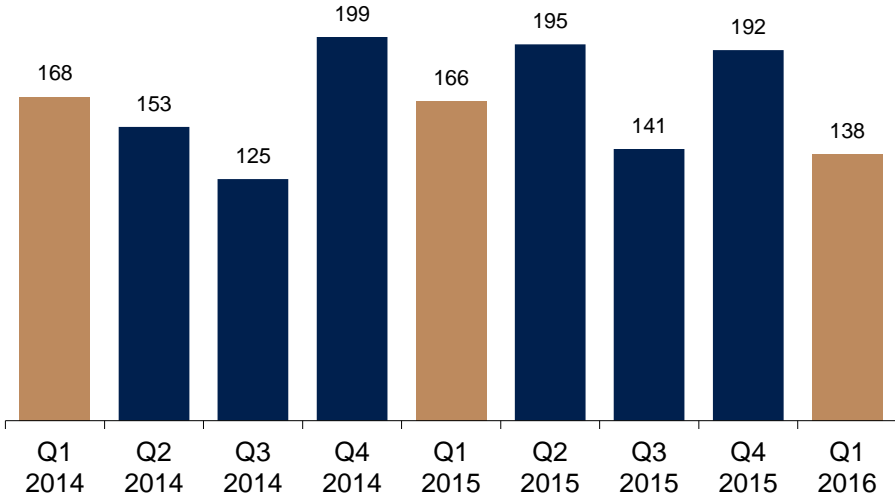
1) IPOs, rights issues, primary placements and secondary placements

2) Corporate high yield and convertible bonds

# Markets division: Revenues of NOK 138m, down 17% y-o-y

Revenues (NOKm)

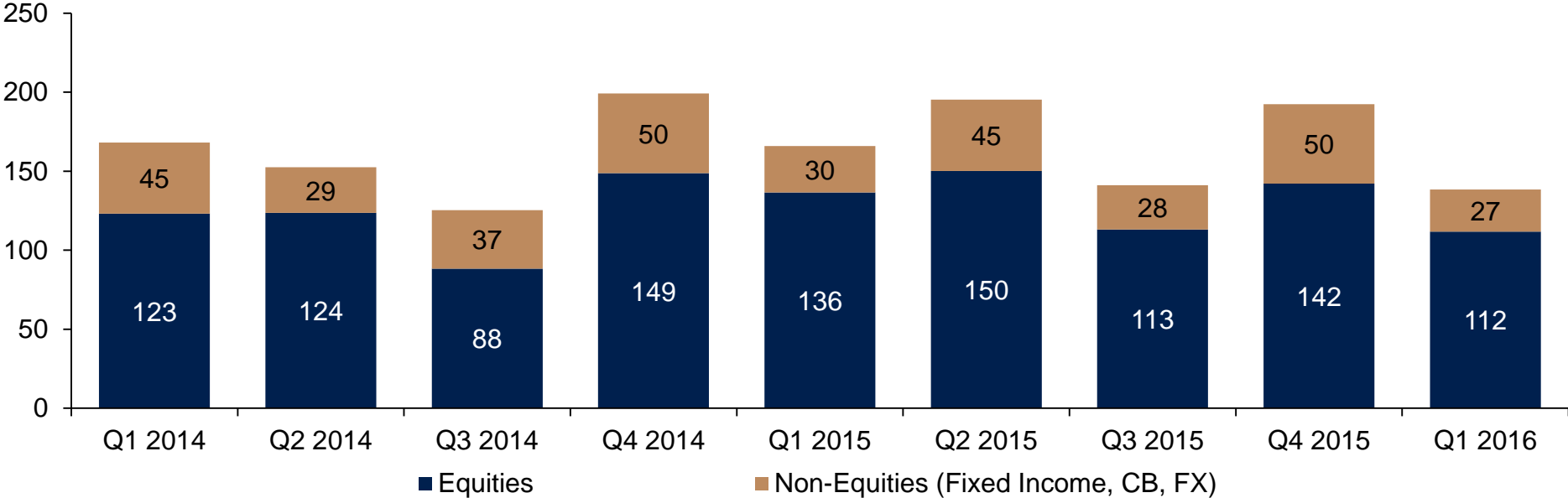
Revenues – 4 quarter rolling average (NOKm)



- Average number of staff during the quarter amounted to 73, down 8% y-o-y and average revenues per head down 10%

# Markets division: Both segments negatively impacted by reduced primary activity during the quarter

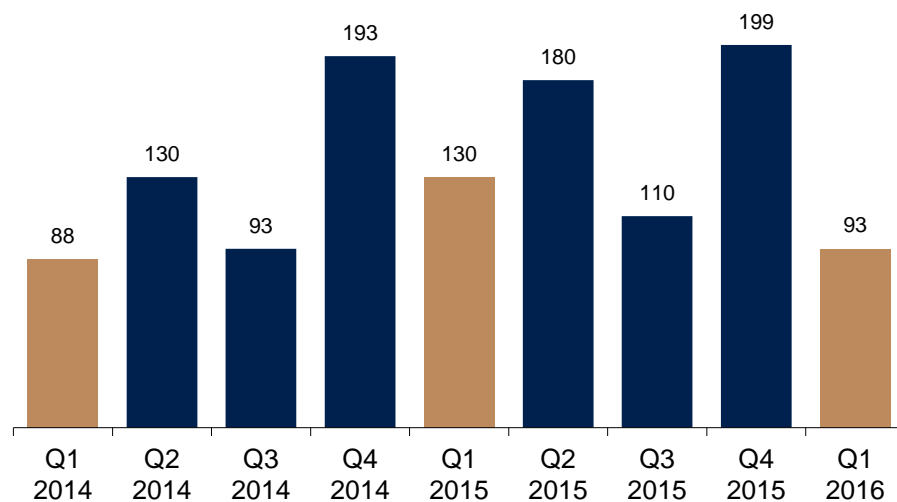
Revenues (NOKm)



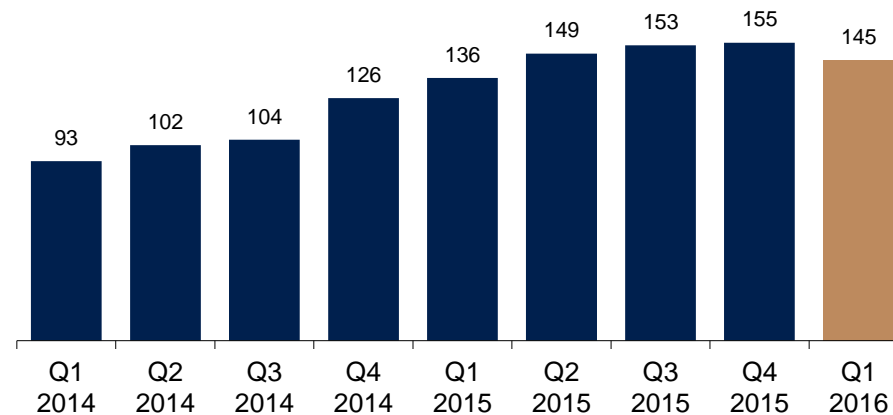
- Equity related revenues down from NOK 136m to NOK 112m, primarily driven by less activity in the ECM new issuance segment
- Non-Equities were also down, decreasing by 10% y-o-y, as the volumes in the high-yield bond primary transaction market were particularly low in the quarter.

# Investment Banking division: Revenues of NOK 93m, down 28% y-o-y

Revenues (NOKm)



Revenues – 4 quarter rolling average (NOKm)



- The average headcount for Investment Banking in the quarter was 73, up 6% y-o-y
- Improving market conditions within primary transactions towards the end of the quarter



# ABGSC managed and advised in a broad range of transactions during the quarter

## Selected Q1 transactions



MedPalett  
MedPalett

**Undisclosed**  
Sale to Evonik Industries

Advisor to MedPalett and Biolink Group

2016



Europris

**NOK 780m**  
Secondary placement

Joint bookrunner

2016




Amedia

**NOK 1,400m**  
Sale to Sparebankstiftelsen DNB

Advisor to LO and Telenor

2016



Polarcus

**Undisclosed**  
Financial restructuring

Advisor to Polarcus

2016




Songa Offshore

**USD 2,400m**  
Debt restructuring incl. USD 125m convertible bond issue

Joint lead manager and bookrunner

2016



Bonheur and Ganger Rolf

**Undisclosed**  
Fairness opinion

Advisor to Bonheur and Ganger Rolf

2016



Tobii

**SEK 437m**  
Secondary placement

Joint bookrunner

2016




Humana

**SEK 887m**  
Initial public offering

Joint bookrunner

2016




Allenex

**Undisclosed**  
Acquisition by CareDx

Advisor to CareDx

2016



Zymetech

**Undisclosed**  
Acquisition by Enzymatica

Advisor to Enzymatica

2016



Nordax Bank

**SEK 500m**  
Senior unsecured bond

Joint bookrunner

2016




Stendörren Fastigheter

**SEK 175m**  
Senior unsecured bond

Lead manager and bookrunner

2016



Oscar Properties

**SEK 200m**  
Preference share issue

Sole bookrunner

2016



Hansa Medical

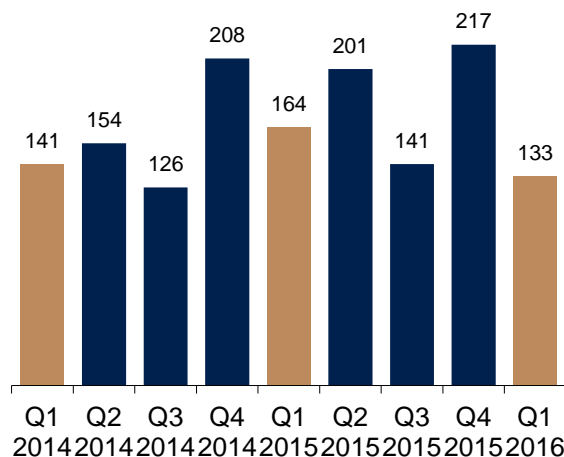
**SEK 121m**  
Secondary placement

Joint bookrunner

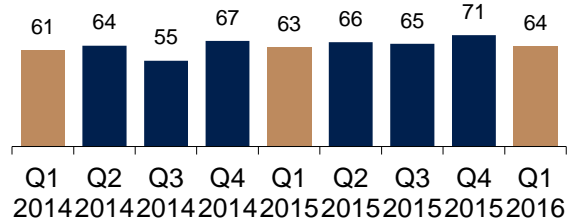
2016

# Operating costs was inflated by NOK depreciation

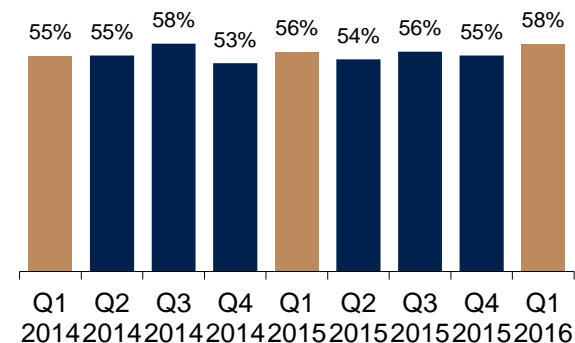
Personnel costs (NOKm)



Non-personnel costs (NOKm)



Total personnel costs / Revenues



- Total operating costs decreased by 13%, from NOK 228m in Q1 last year to NOK 198m. The y-o-y change is primarily driven by reduced variable remuneration costs being an indirect function of revenues
- Average headcount and underlying fixed costs in local currencies remained relatively flat, the continued depreciation of the NOK relative to foreign currencies increased the fixed cost base by approx. NOK 10m when translating from local currencies into NOK compared to same quarter last year
- Corresponding revenues in foreign currencies provided a natural hedge

# Closing remarks

- Q1 was a challenging market for the investment banking industry, locally and globally
- IPO markets are currently open and the ABGSC transaction pipeline is strong
- There is currently high activity in the Swedish DCM market, and ABGSC has a well established position within debt restructuring
- Broad client base within multiple sectors and strong and diversified product platform based on superior advisory and brokerage services will deliver results even in volatile markets
- Nordic strategy and position to form the basis for continuous growth for ABGSC in the future

## Appendix: Key figures

		Q1 2016	Q1 2015	Y-o-Y	YTD 2016	YTD 2015	Y-o-Y
<b>Revenues</b>	<b>NOKm</b>	<b>231</b>	<b>296</b>	<b>-22%</b>	<b>231</b>	<b>296</b>	<b>-22%</b>
Personnel costs	NOKm	-133	-164	-19%	-133	-164	-19%
Non-personnel costs	NOKm	-64	-63	1%	-64	-63	1%
<b>Total operating costs</b>	<b>NOKm</b>	<b>-198</b>	<b>-228</b>	<b>-13%</b>	<b>-198</b>	<b>-228</b>	<b>-13%</b>
<b>Operating profit</b>	<b>NOKm</b>	<b>34</b>	<b>68</b>	<b>-51%</b>	<b>34</b>	<b>68</b>	<b>-51%</b>
Net financials	NOKm	2	4	-52%	2	4	-52%
<b>Profit before tax</b>	<b>NOKm</b>	<b>36</b>	<b>72</b>	<b>-51%</b>	<b>36</b>	<b>72</b>	<b>-51%</b>
Taxes	NOKm	-10	-20	-52%	-10	-20	-52%
<b>Net profit</b>	<b>NOKm</b>	<b>26</b>	<b>53</b>	<b>-50%</b>	<b>26</b>	<b>53</b>	<b>-50%</b>
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EPS (basic)	NOK	0.06	0.11	-45%	0.06	0.11	-45%
EPS (diluted)	NOK	0.05	0.11	-55%	0.05	0.11	-55%
Book value per share	NOK	2.19	2.87	-24%	2.19	2.87	-24%
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Headcount (average)	#	253	255	-1%	253	255	-1%
Revenues per head (average)	NOKm	0.91	1.16	-22%	0.91	1.16	-22%
Operating costs per head (average)	NOKm	-0.78	-0.89	-12%	-0.78	-0.89	-12%
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Operating cost / Revenues	%	85.5%	77.0%		85.5%	77.0%	
Total compensation / Revenues	%	57.7%	55.6%		57.7%	55.6%	
Operating margin %	%	14.5%	23.0%		14.5%	23.0%	
Return on Equity (annualised)	%	10.4%	16.4%		10.4%	16.4%	

## Appendix: Consolidated income statement (unaudited)

NOKm	Q1 2016	Q1 2015	2015
Brokerage revenues	131.2	153.6	602.7
Corporate Finance revenues	100.0	142.2	711.2
<b>Total revenues</b>	<b>231.3</b>	<b>295.9</b>	<b>1,313.9</b>
Fixed personnel costs	-100.1	-96.2	-385.6
Other operating costs	-62.3	-61.0	-257.2
Depreciation	-1.9	-2.3	-8.8
<b>Total operating costs</b>	<b>-164.2</b>	<b>-159.5</b>	<b>-651.6</b>
<b>Operating profit before variable compensation</b>	<b>67.0</b>	<b>136.3</b>	<b>662.3</b>
Variable personnel costs	-33.4	-68.2	-338.0
<b>Operating profit after variable compensation</b>	<b>33.6</b>	<b>68.1</b>	<b>324.3</b>
Net financial result	2.1	4.4	17.1
<b>Profit before tax</b>	<b>35.8</b>	<b>72.5</b>	<b>341.4</b>
Taxes	-9.5	-19.9	-111.1
<b>Net profit</b>	<b>26.3</b>	<b>52.6</b>	<b>230.3</b>

## Appendix: Consolidated balance sheet (unaudited)

NOKm	31/03/2016	31/03/2015	31/12/2015
Total intangible assets	53.2	66.4	53.3
Plant and equipment	21.3	19.9	19.1
Financial non-current assets	22.7	44.9	27.0
<b>Total non-current assets</b>	<b>97.3</b>	<b>131.2</b>	<b>99.4</b>
Receivables	2,179.1	3,412.0	1,166.5
Investments	119.5	183.5	291.5
Cash and bank deposits	843.5	931.0	853.5
<b>Total current assets</b>	<b>3,142.1</b>	<b>4,526.5</b>	<b>2,311.5</b>
<b>Total assets</b>	<b>3,239.4</b>	<b>4,657.6</b>	<b>2,410.8</b>
Paid-in capital	288.7	268.9	288.7
Retained earnings	731.1	1,047.7	709.0
<b>Total equity</b>	<b>1,019.8</b>	<b>1,316.7</b>	<b>997.7</b>
Long-term liabilities	17.7	19.0	17.6
Short-term liabilities	2,201.8	3,322.0	1,395.5
<b>Total liabilities</b>	<b>2,219.6</b>	<b>3,341.0</b>	<b>1,413.1</b>
<b>Total equity and liabilities</b>	<b>3,239.4</b>	<b>4,657.6</b>	<b>2,410.8</b>

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