

# Q3 2017

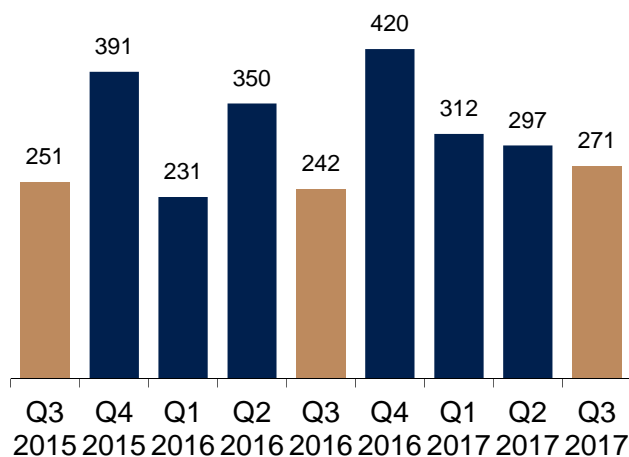
## Interim presentation



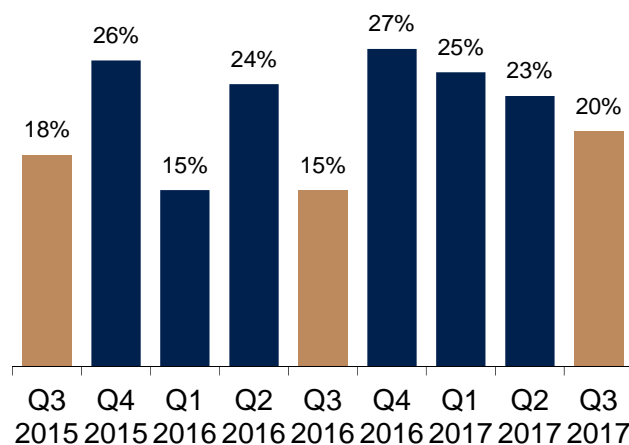
18 October 2017

# Highlights

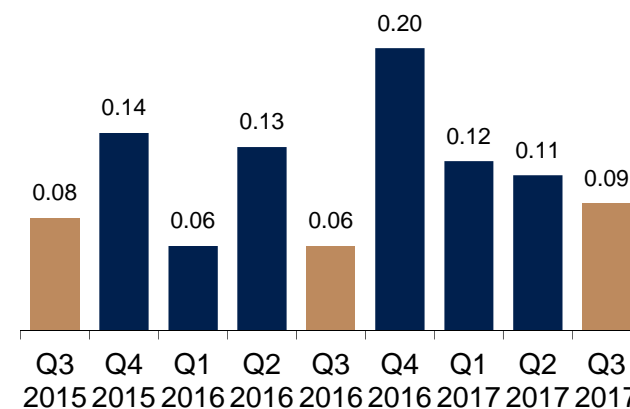
## Revenues (NOKm)



## Operating margin %



## EPS basic (NOK)



### Revenues of NOK 271m vs NOK 242m last year (+12%)

- YTD NOK 880m vs NOK 823m last year (+7%)

### EPS of NOK 0.09 compared to NOK 0.06 last year (+50%)

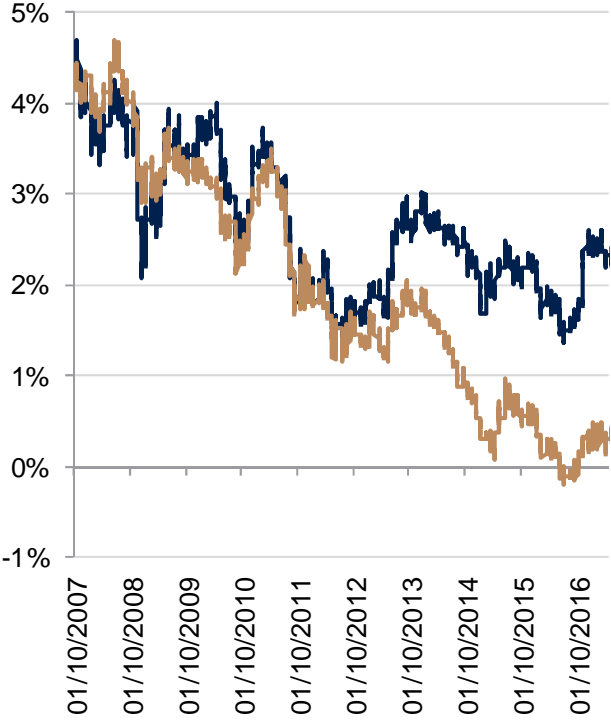
- YTD NOK 0.33 vs NOK 0.25 last year (+32%)

### Annualised Q3 return on equity of 23.2%

- Robust capitalisation (capital ratio of 17.2%) and liquid balance sheet

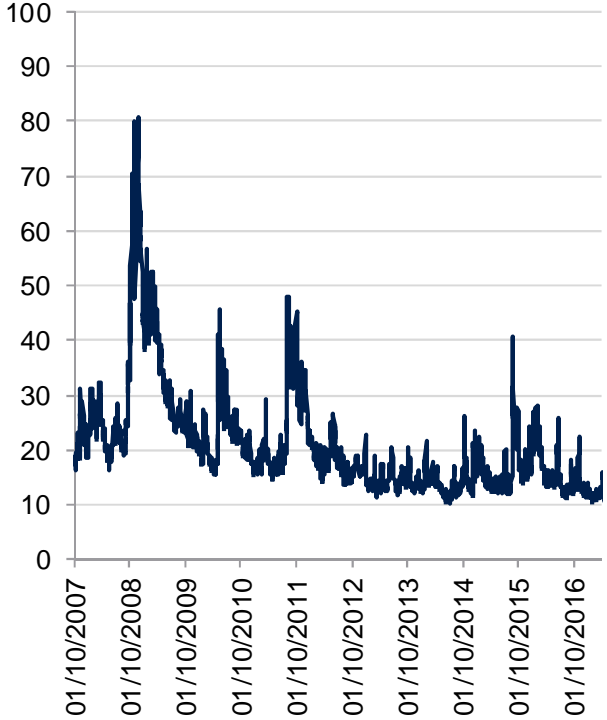
# Strong global macroeconomic momentum with low volatility across regions

### Interest rates



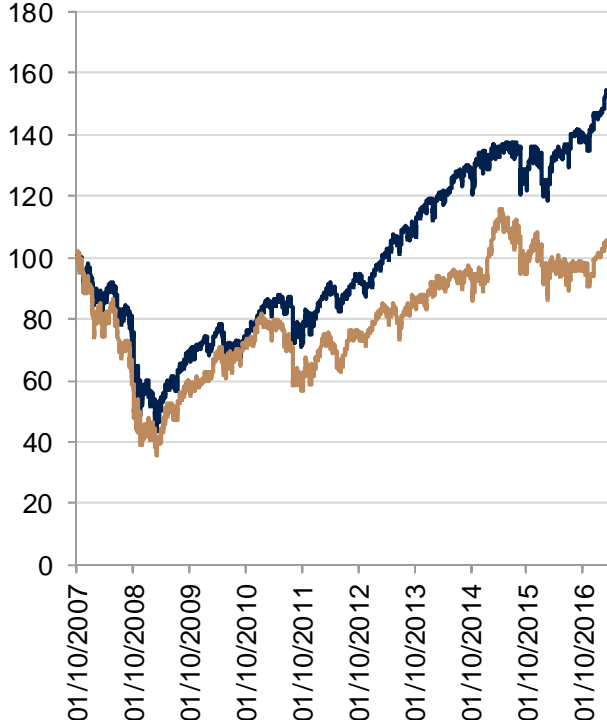
— 10 year US interest rate  
— 10 year German interest rate

### Equity market volatility



— VIX volatility index

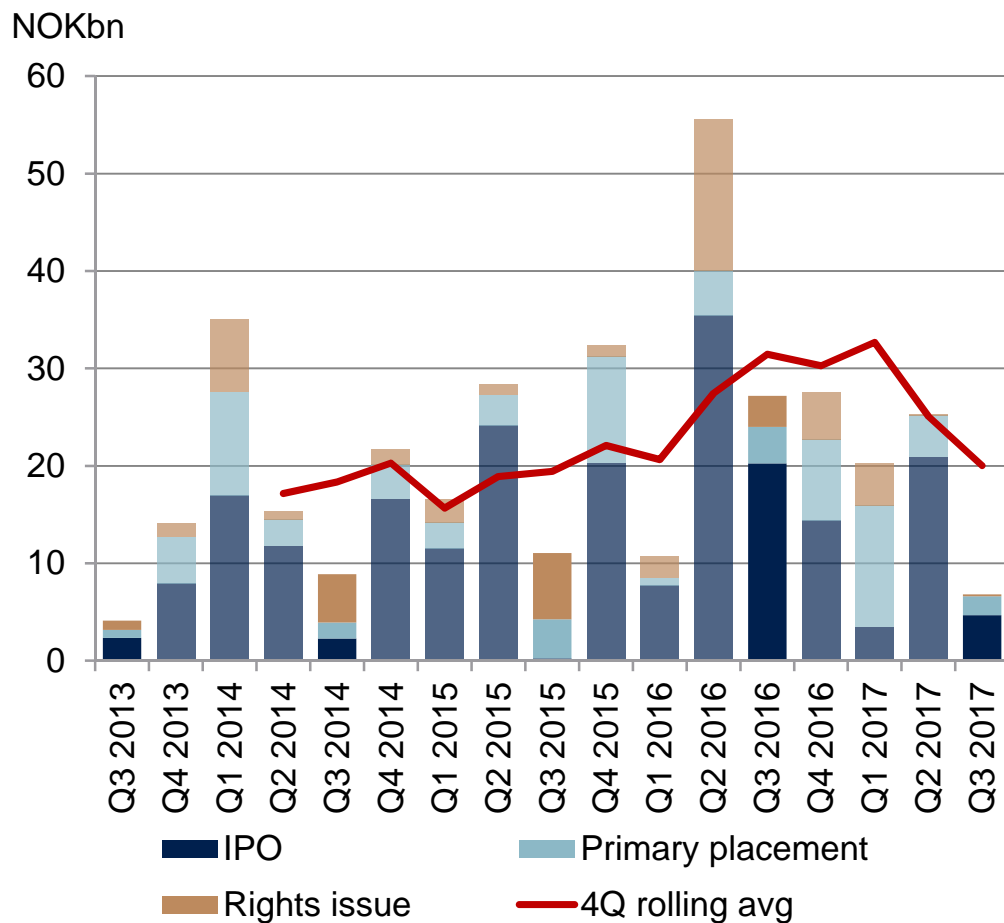
### Equity indices



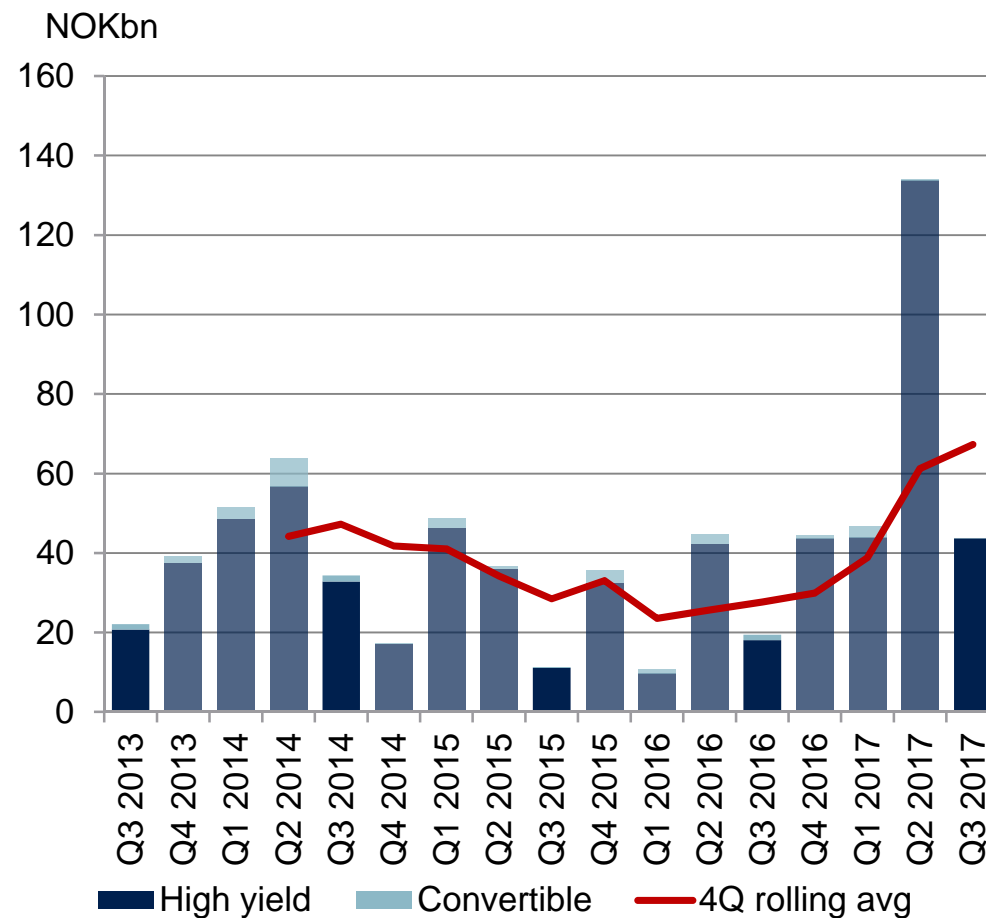
— S&P 500 — MSCI Nordic

# DCM market continued to improve, but very soft ECM market with pipeline building for Q4

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



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



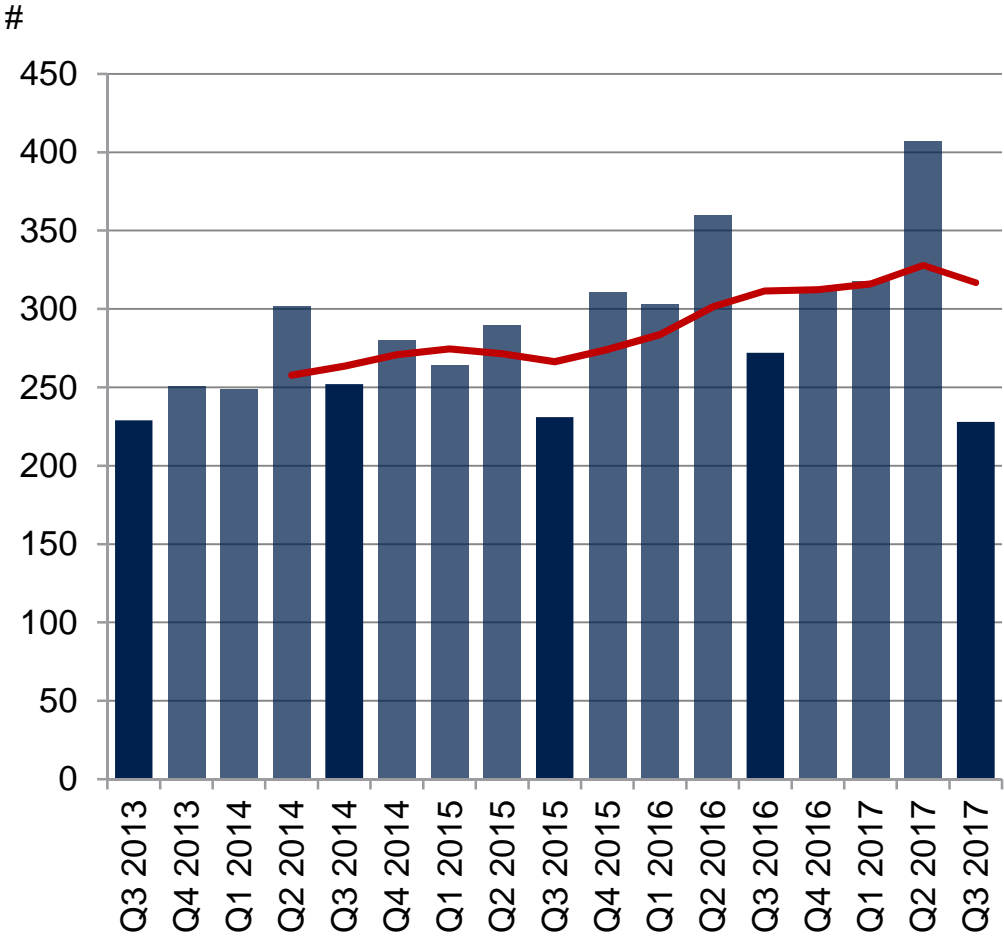
4 Source: ThomsonOne, Stamdata

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

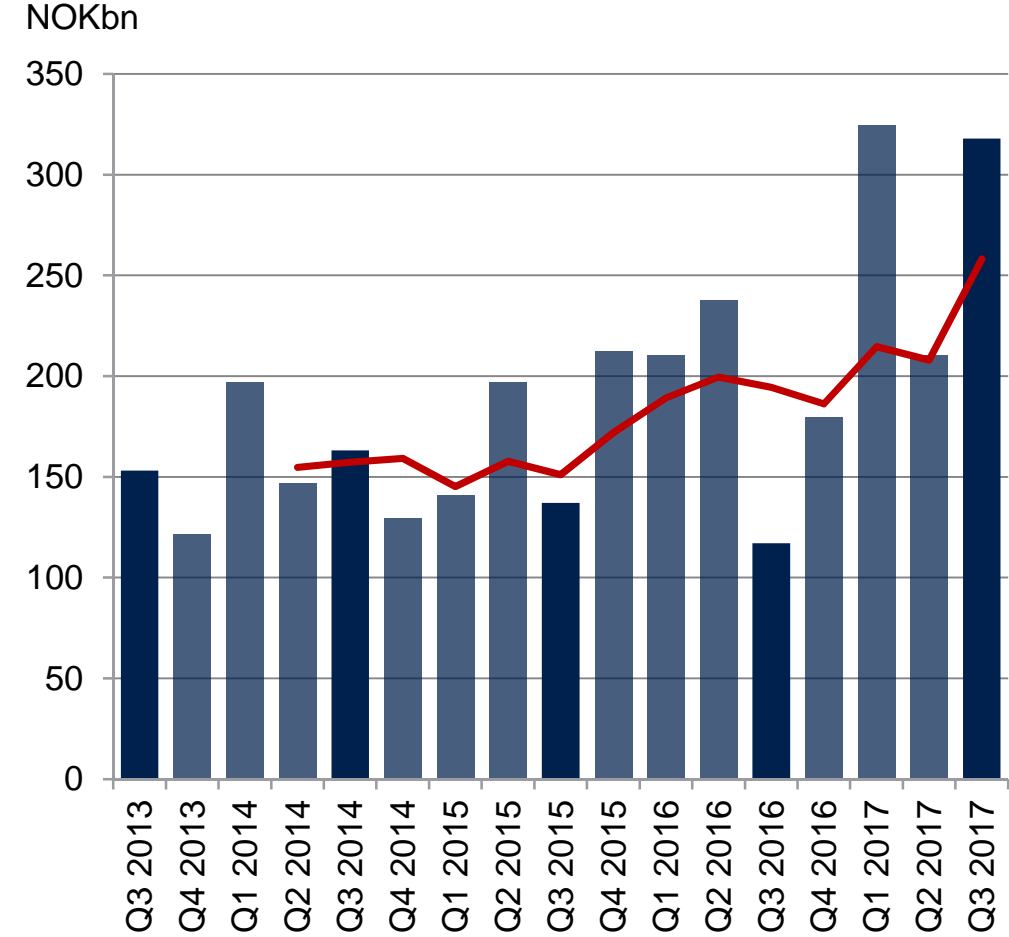
2) Corporate high yield and convertible bonds

# Few Nordic M&A transactions announced during the quarter, albeit volumes were inflated by some large-scale transactions

**Nordic M&A transactions<sup>2)</sup>**



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



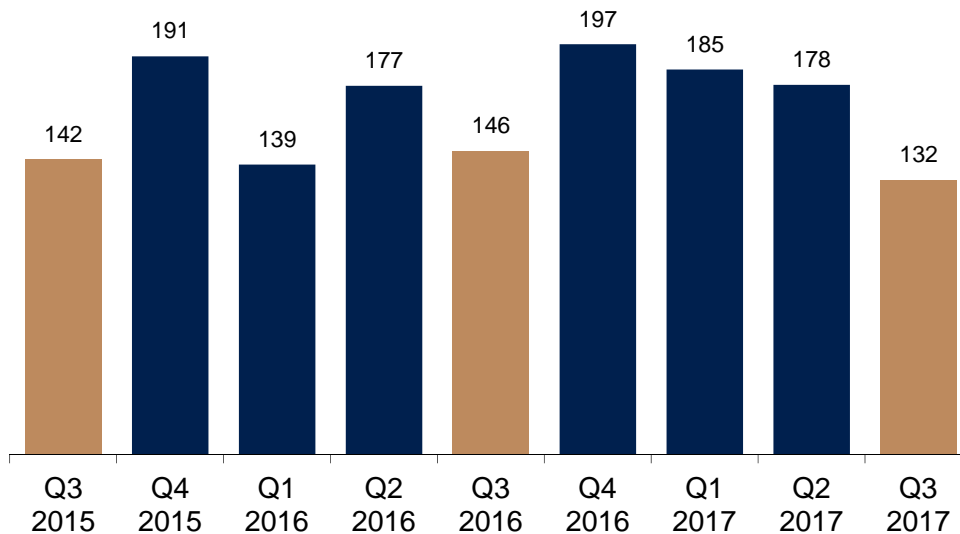
5 Source: Mergermarket, ABGSC

1) Nordic buyers or sellers, announced transactions

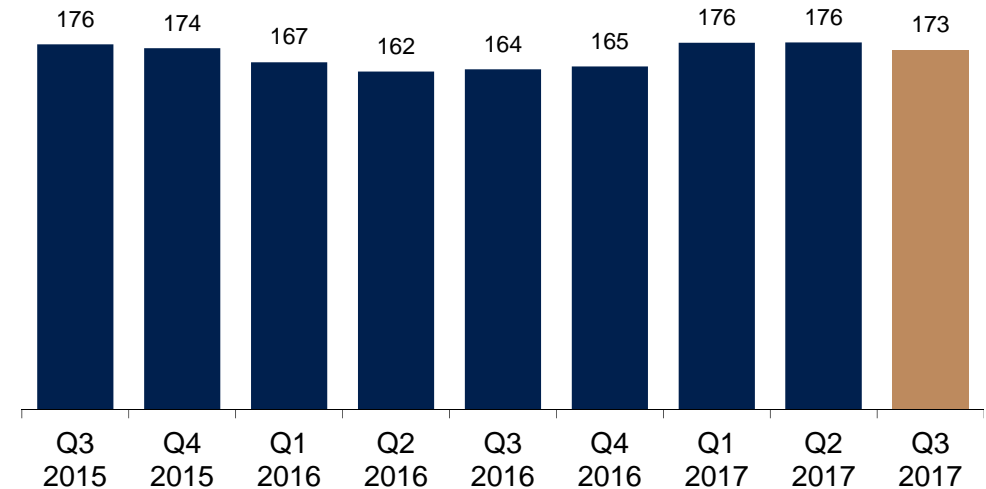
2) Q3 2017 volumes incl Visma transaction (NOK 45bn)

# Markets division: Seasonally slow quarter dampened by few primary transactions

Revenues (NOKm)



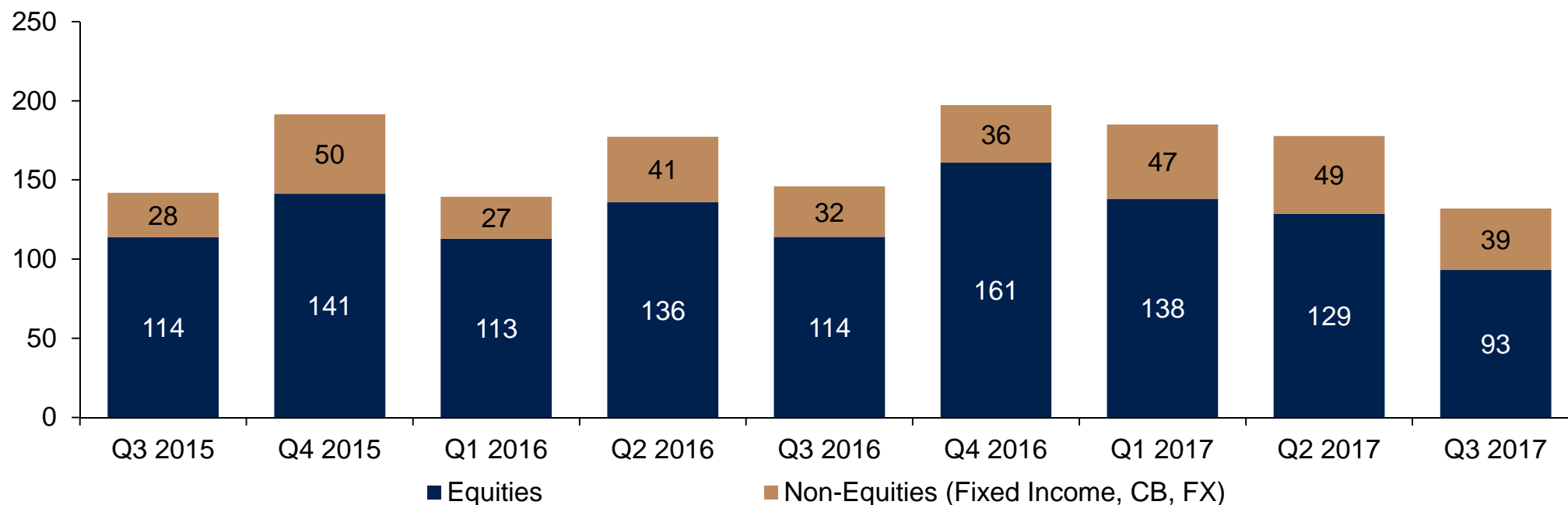
Revenues – 4 quarter rolling average (NOKm)



- Year to date revenues up to NOK 495m in 2017, up 7% compared to the same period in 2016
- Average headcount down 4%, while average revenue per head for the quarter decreased by 6% y-o-y

# Markets division: Non-equity revenues spurred by strong performance within Fixed Income

## Revenues (NOKm)

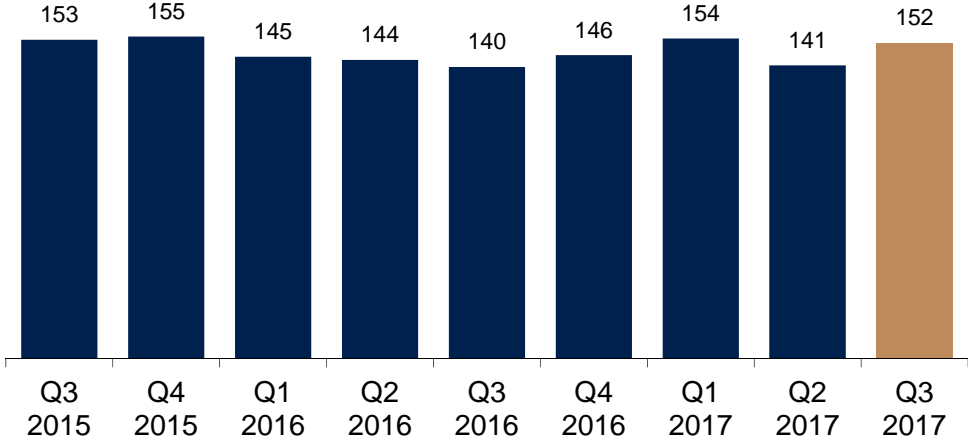
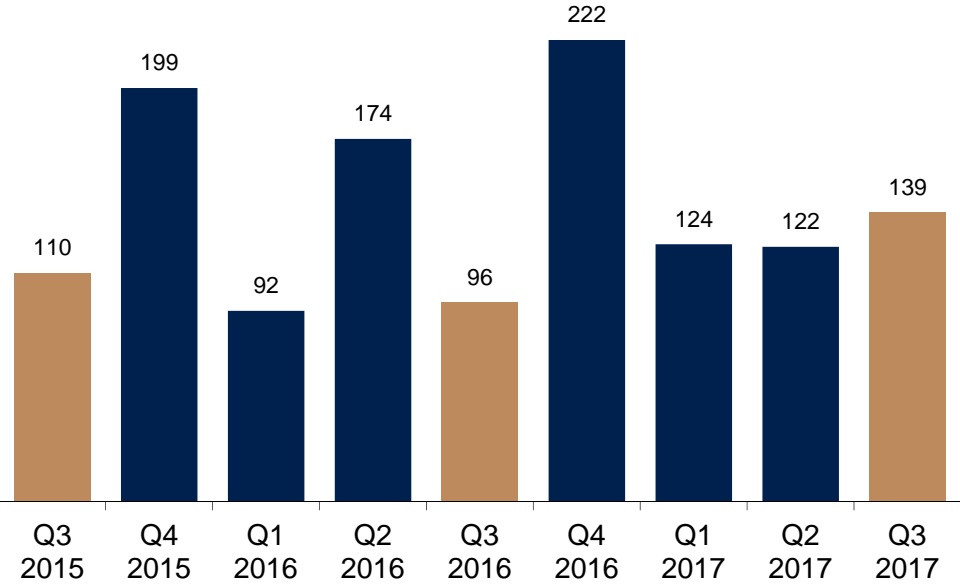


- Secondary activity within equities somewhat more than seasonally slow
- Non-equities revenues increased by 21% to NOK 39m in the quarter compared to the same quarter last year, helped by several primary DCM transactions

# Investment Banking division: Solid quarter with closing of several transactions

Revenues (NOKm)

Revenues – 4 quarter rolling average (NOKm)



















- Revenues up 45% y-o-y, while year to date revenues of NOK 385m were up 6% from NOK 362m
- DCM market continues to be strong with several primary transactions completed during the quarter



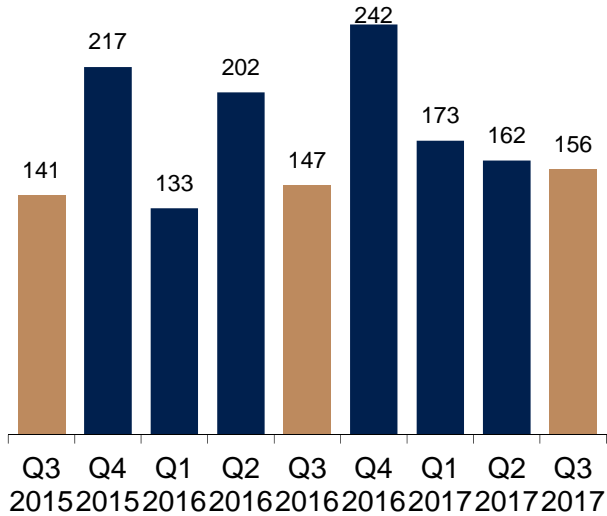
# ABGSC managed and advised in a broad range of transactions during the quarter

## Selected Q3 transactions

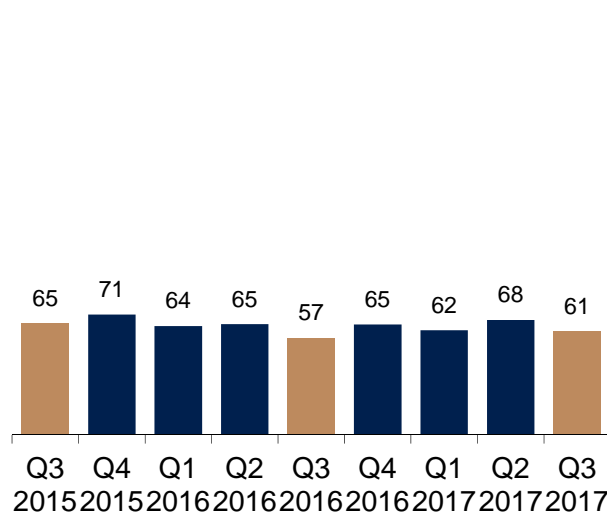
 <p>Infront</p> <p><b>NOK 307m</b> Initial public offering</p> <p>Joint global coordinator and joint bookrunner</p> <p>2017</p>	 <p>Acast</p> <p><b>USD 19.5m</b> Private placement</p> <p>Sole financial advisor</p> <p>2017</p>	 <p>Gaming Innovation Group</p> <p><b>SEK 250m</b> Tap issue of senior secured bonds</p> <p>Sole manager and bookrunner</p> <p>2017</p>	 <p>Seabird</p> <p><b>NOK 100m</b> Private placement</p> <p>Joint lead manager and joint bookrunner</p> <p>2017</p>	 <p>Optin Bank</p> <p><b>NOK 110m</b> Private placement</p> <p>Sole manager and bookrunner</p> <p>2017</p>	 <p>Net Gaming Europe</p> <p><b>SEK 375m</b> Senior secured bond</p> <p>Sole manager and bookrunner</p> <p>2017</p>
<p>MIKLA</p> <p>Miklagruppen</p> <p><b>Undisclosed</b> Sale to Hedin Bil</p> <p>Advisor to Miklagruppen and selling shareholders</p> <p>2017</p>	 <p>Storytel</p> <p><b>SEK 203m</b> Directed issue</p> <p>Joint bookrunner</p> <p>2017</p>	 <p>Seamless Distribution Systems</p> <p>Seamless distribution systems</p> <p><b>SEK 191m</b> Listing of shares</p> <p>Joint global coordinator</p> <p>2017</p>	 <p>Monobank</p> <p><b>NOK 100m</b> Issuance of Tier 1 and Tier 2 capital</p> <p>Joint manager and bookrunner</p> <p>2017</p>	 <p>Songa Offshore</p> <p><b>NOK 26,400m</b> Fairness opinion</p> <p>Advisor to Songa Offshore's Board of Directors</p> <p>2017</p>	 <p>Songa Bulk</p> <p><b>USD 63m</b> Tap issues</p> <p>Sole lead manager and bookrunner</p> <p>2017</p>
 <p>SBB</p> <p><b>SEK 300m</b> Hybrid bond issue</p> <p>Sole manager</p> <p>2017</p>	 <p>Volstad Maritime</p> <p><b>NOK 4,000m</b> Financial restructuring</p> <p>Advisor to Volstad Maritime</p> <p>2017</p>	 <p>TiZir</p> <p><b>USD 300m</b> Senior secured bond</p> <p>Joint lead manager and bookrunner</p> <p>2017</p>	 <p>Stendörren Fastigheter</p> <p><b>SEK 360m</b> Senior unsecured bond</p> <p>Joint bookrunner</p> <p>2017</p>	 <p>Visma</p> <p><b>NOK 45,000m</b> Sale to HgCapital, GIC, Montagu and ICG</p> <p>Advisor to Visma, KKR and Cinven</p> <p>2017</p>	

# Operating costs under tight control

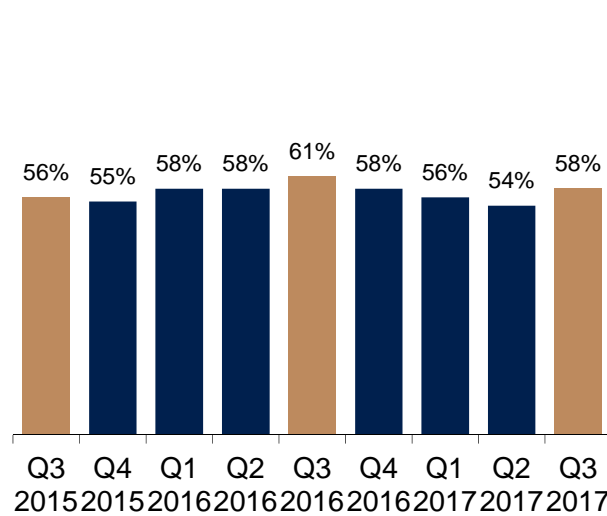
**Personnel costs (NOKm)**



**Non-personnel costs (NOKm)**



**Total personnel costs / Revenues**



- Total operating costs of NOK 217m in Q3, up 6% compared to same quarter last year
- Continued focus on identifying possible cost reductions, however current cost base close to the going rate for the Group

# Closing remarks

- MiFID II to be implemented from January 2018, which will contribute to further business consolidation as traditional business models comes under pressure. ABGSC is well positioned in this context
- World economic growth may support high valuations and may counter market effects of higher interest rates with market conditions still attractive for primary transactions within high-yield bonds and equities, and our distribution platform strengthened with the new Singapore office
- Ownership in Vika Project Finance allows for growth and generates synergies through the combination of raising equity and bond financing with ABGSC's longstanding and strong franchise
- ABGSC is well positioned for long term profitability as well as growth in market share and we will continue to hire young talent across the firm

# Appendix: Key figures

		Q3 2017	Q3 2016	Y-o-Y	YTD 2017	YTD 2016	Y-o-Y
<b>Revenues</b>	<b>NOKm</b>	<b>271</b>	<b>242</b>	<b>12%</b>	<b>880</b>	<b>823</b>	<b>7%</b>
Personnel costs	NOKm	-156	-147	6%	-491	-482	2%
Non-personnel costs	NOKm	-61	-57	6%	-190	-187	2%
<b>Total operating costs</b>	<b>NOKm</b>	<b>-217</b>	<b>-204</b>	<b>6%</b>	<b>-681</b>	<b>-669</b>	<b>2%</b>
<b>Operating profit</b>	<b>NOKm</b>	<b>54</b>	<b>37</b>	<b>45%</b>	<b>199</b>	<b>154</b>	<b>29%</b>
Net financials	NOKm	5	1	444%	10	4	148%
<b>Profit before tax</b>	<b>NOKm</b>	<b>59</b>	<b>38</b>	<b>54%</b>	<b>209</b>	<b>158</b>	<b>32%</b>
Taxes	NOKm	-15	-10	43%	-53	-43	24%
Non-controlling interests	NOKm	-1	0	NA	-1	0	NA
<b>Net profit</b>	<b>NOKm</b>	<b>43</b>	<b>28</b>	<b>55%</b>	<b>155</b>	<b>116</b>	<b>34%</b>
<hr/>							
EPS (basic)	NOK	0.09	0.06	50%	0.33	0.25	32%
EPS (diluted)	NOK	0.09	0.06	50%	0.32	0.24	33%
Book value per share	NOK	1.64	1.71	-4%	1.64	1.71	-4%
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Headcount (average)	#	255	251	2%	254	253	0%
Revenues per head (average)	NOKm	1.06	0.96	10%	3.46	3.25	6%
Operating costs per head (average)	NOKm	-0.85	-0.81	5%	-2.68	-2.64	2%
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Operating cost / Revenues	%	80.1%	84.6%		77.4%	81.3%	
Total compensation / Revenues	%	57.7%	60.9%		55.8%	58.6%	
Operating margin %	%	19.9%	15.4%		22.6%	18.7%	
Return on Equity (annualised)	%	23.2%	14.1%		25.5%	17.2%	

## Appendix: Consolidated income statement (unaudited)

NOKm	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016
Brokerage revenues	144.7	124.4	411.4	393.4	546.8
Corporate Finance revenues	126.1	117.1	468.7	429.8	696.2
<b>Total revenues</b>	<b>270.8</b>	<b>241.5</b>	<b>880.0</b>	<b>823.2</b>	<b>1,243.0</b>
Fixed personnel costs	-95.2	-102.5	-283.1	-313.8	-426.4
Other operating costs	-58.7	-55.5	-184.8	-181.3	-245.5
Depreciation	-2.0	-1.7	-5.4	-5.3	-6.3
<b>Total operating costs</b>	<b>-155.9</b>	<b>-159.7</b>	<b>-473.3</b>	<b>-500.4</b>	<b>-678.2</b>
<b>Operating profit before variable compensation</b>	<b>114.9</b>	<b>81.8</b>	<b>406.7</b>	<b>322.8</b>	<b>564.8</b>
Variable personnel costs	-60.9	-44.5	-208.0	-168.6	-297.9
<b>Operating profit after variable compensation</b>	<b>54.0</b>	<b>37.3</b>	<b>198.8</b>	<b>154.2</b>	<b>266.9</b>
Net financial result	4.9	0.9	10.3	4.2	15.0
<b>Profit before tax</b>	<b>58.9</b>	<b>38.2</b>	<b>209.1</b>	<b>158.4</b>	<b>281.9</b>
Taxes	-14.7	-10.3	-52.8	-42.5	-71.2
<b>Net profit</b>	<b>44.2</b>	<b>27.9</b>	<b>156.2</b>	<b>115.8</b>	<b>210.7</b>
Profit / loss to non-controlling interests	0.9	0.0	0.9	0.0	0.0
Profit / loss to owners of the parent	43.3	27.9	155.3	115.8	210.7

## Appendix: Consolidated balance sheet (unaudited)

NOKm	30/09/2017	30/09/2016	31/12/2016
Total intangible assets	112.6	53.0	53.8
Plant and equipment	20.4	18.1	19.3
Financial non-current assets	12.3	12.6	16.6
<b>Total non-current assets</b>	<b>145.3</b>	<b>83.7</b>	<b>89.7</b>
Receivables	2,530.7	2,537.0	1,728.6
Investments	198.5	227.8	246.7
Cash and bank deposits	684.8	727.8	748.5
<b>Total current assets</b>	<b>3,414.0</b>	<b>3,492.6</b>	<b>2,723.9</b>
<b>Total assets</b>	<b>3,559.2</b>	<b>3,576.4</b>	<b>2,813.6</b>
Paid-in capital	305.1	306.6	305.4
Retained earnings	461.2	495.4	570.6
<b>Equity attributable to owners of the parent</b>	<b>766.4</b>	<b>802.0</b>	<b>876.0</b>
Non controlling interests	53.4	0.0	0.0
<b>Total equity</b>	<b>819.7</b>	<b>802.0</b>	<b>876.0</b>
Long-term liabilities	16.2	18.1	16.8
Short-term liabilities	2,723.3	2,756.3	1,920.8
<b>Total liabilities</b>	<b>2,739.5</b>	<b>2,774.4</b>	<b>1,937.6</b>
<b>Total equity and liabilities</b>	<b>3,559.2</b>	<b>3,576.4</b>	<b>2,813.6</b>

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### Norway

ABG Sundal Collier ASA  
Pb. 1444 Vika  
Munkedamsveien 45E  
7th floor  
NO-0115 Oslo

Tel +47 22 01 60 00  
Fax +47 22 01 60 60

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### Sweden

ABG Sundal Collier AB  
Box 7269  
Regeringsgatan 65  
5th floor  
SE-103 89 Stockholm

Tel +46 8 566 28 600  
Fax +46 8 566 28 601

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### United Kingdom

ABG Sundal Collier Ltd.  
St Martins Court  
5th floor  
10 Paternoster Row  
London EC4M 7EJ

Tel +44 207 905 56 00  
Fax +44 207 905 56 01

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### Denmark

ABG Sundal Collier ASA  
Copenhagen Branch  
Forbindelsesvej 12, St.  
DK-2100 Copenhagen Ø

Tel +45 35 46 30 00  
Fax +45 35 46 30 10

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### Germany

ABG Sundal Collier ASA  
Frankfurt Branch  
Schillerstrasse 2  
5. Obergeschoss  
DE-60313 Frankfurt /Main

Tel +49 69 96 86 96 00  
Fax +49 69 96 86 96 99

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### USA

ABG Sundal Collier Inc.  
850 Third Avenue  
Suite 9-C  
New York  
NY 10022

Tel +1 212 605 38 00  
Fax +1 212 605 38 01

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### Singapore

ABG Sundal Collier Pte Ltd  
10 Collyer Quay  
Ocean Financial Center  
#40-07, Singapore 049315

Tel +65 6808 6082

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