

# OSLO BØRS VPS

## 2nd quarter 2017

Oslo Børs VPS Holding ASA

10 AUGUST 2017

# 2nd quarter at a glance

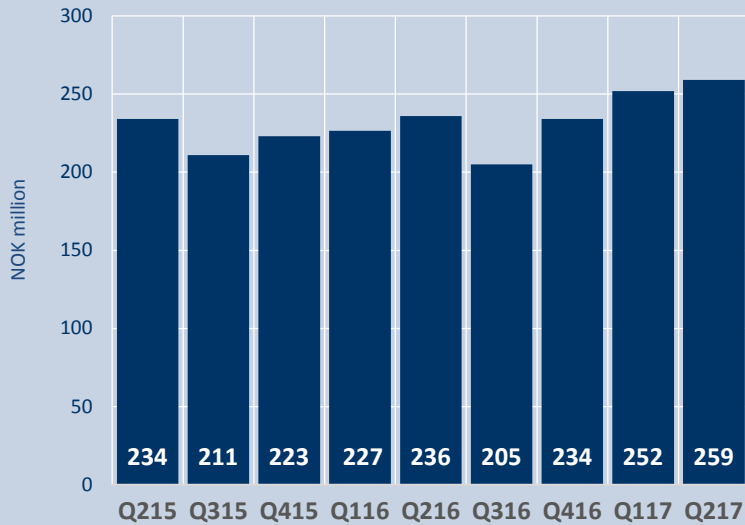
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- Continued high level of activity in the primary market in the second quarter
- Nine companies admitted to listing in the quarter, 29 new equity issuers registered with VPS
- 185 new fixed income issues admitted to listing, 470 new fixed income issues registered with VPS
- Share savings accounts from 1 September 2017
- New tax-efficient scheme for personal pension saving
- Audun Bø to be the new Chief Executive Officer of VPS as of 1 October 2017

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## Revenues Oslo Børs VPS

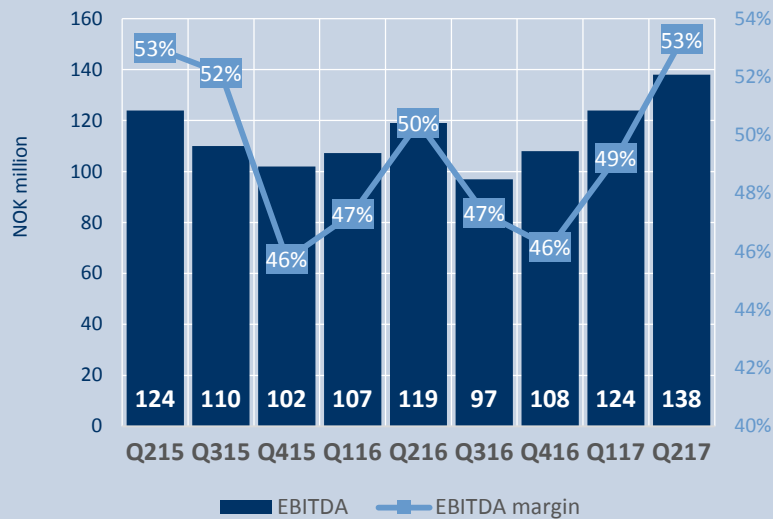


## OSLO BØRS VPS

# 2nd quarter at a glance

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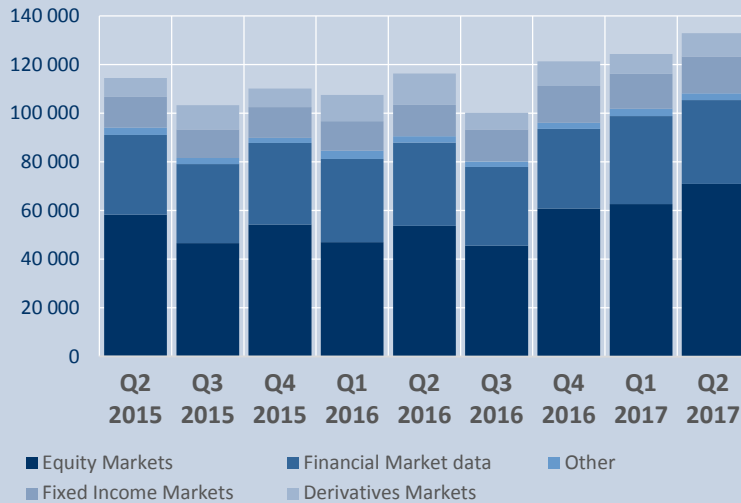
## EBITDA and EBITDA-margin Oslo Børs VPS



- Revenues up NOK 23 million to 259 million from Q216
- Expenses up NOK 4 million to NOK 121 million from Q216
- EBITDA up NOK 19 million to NOK 138 million from Q216

# Oslo Børs

## Revenues Oslo Børs, NOK 1000

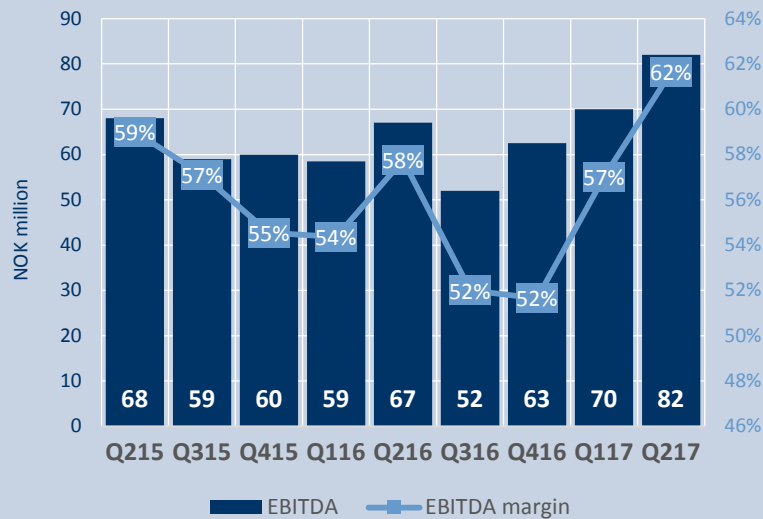


## OSLO BØRS VPS

# Revenues and EBITDA

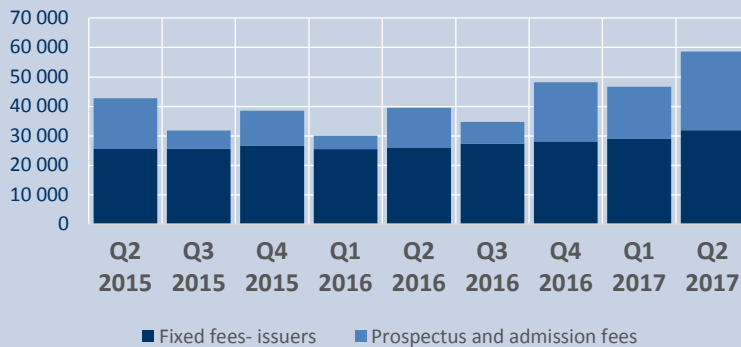
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## EBITDA and EBITDA-margin Oslo Børs

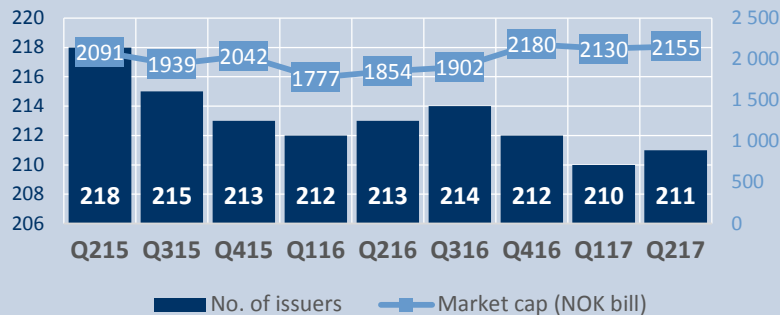


- Revenues up NOK 17 million to NOK 133 million from Q216
- EBITDA up NOK 15 million to NOK 82 million from Q216

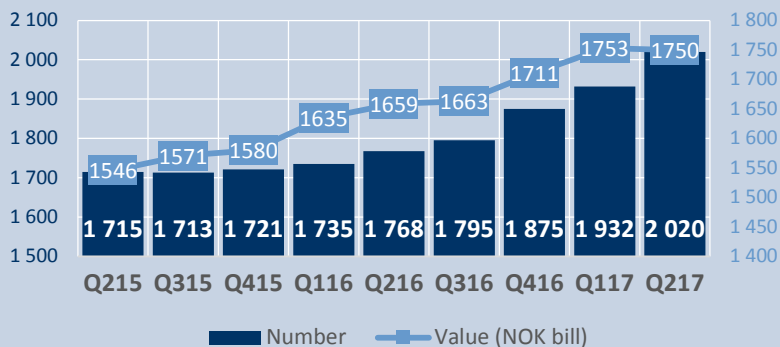
## Revenues primary market, NOK 1000



## Listed equities



## Listed bonds and certificates



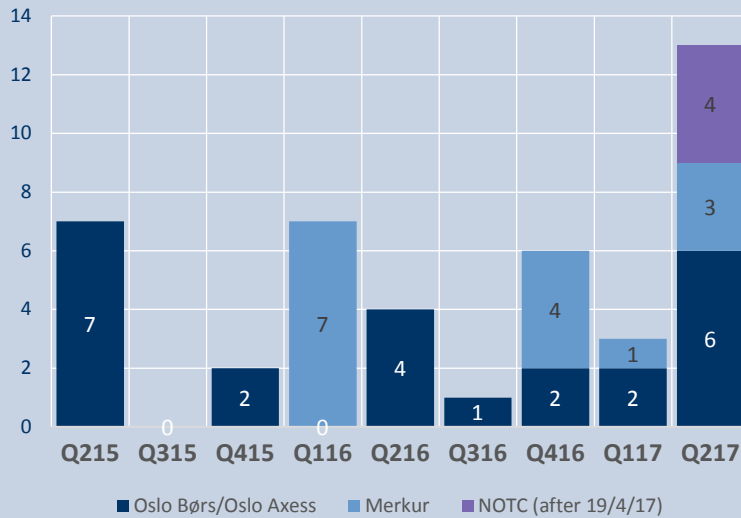
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# Primary market

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- Steady increase in number of listed bonds and certificates
- Fixed fees from issuers NOK 30 million – up NOK 4 million from Q216
- Fixed fees driven by number of issuers and market capitalisation January 1
- Market cap. equity issuers 1 January 2017 up 7% from 2016

## New listings

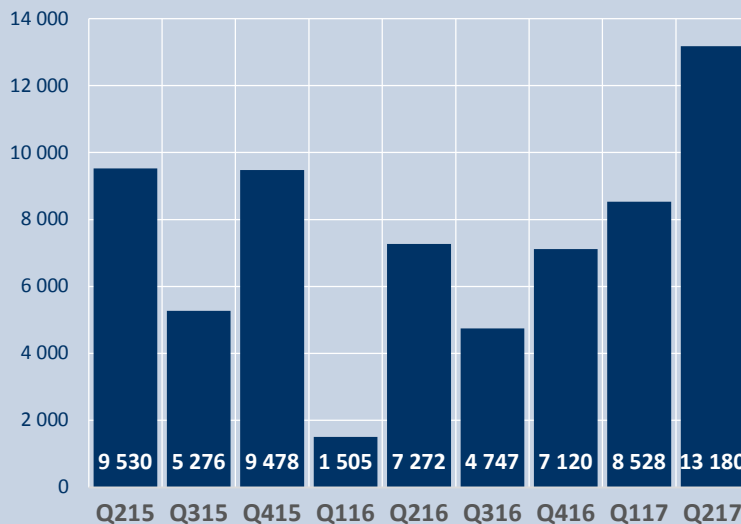


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# Primary market equities

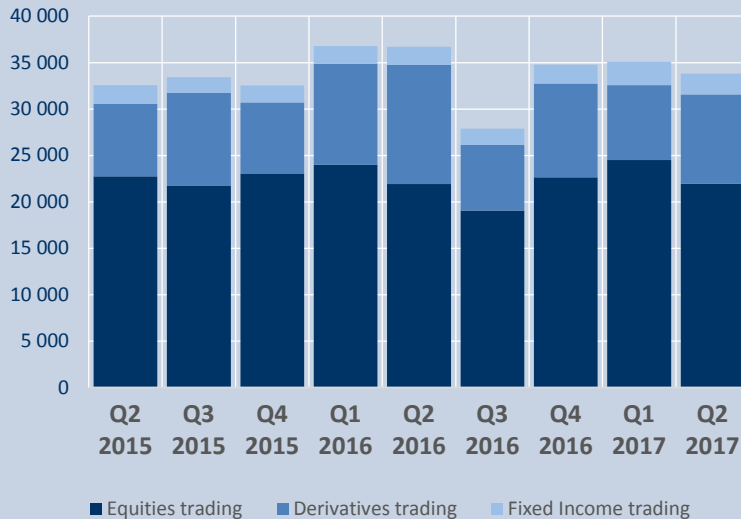
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## Issues of equity, NOK mill



- Prospectus and admission fees up NOK 13 million to NOK 27 million from Q216
- Revenues driven by number and size of IPOs and issues
- Six new equity listings on Oslo Børs and Oslo Axess in Q217 (including one transfer)
- Three new equities admitted to trading on Merkur Market in Q217
- Four new equities registered on NOTC
- Continued interest for listing of both equities and fixed income

## Revenues secondary market

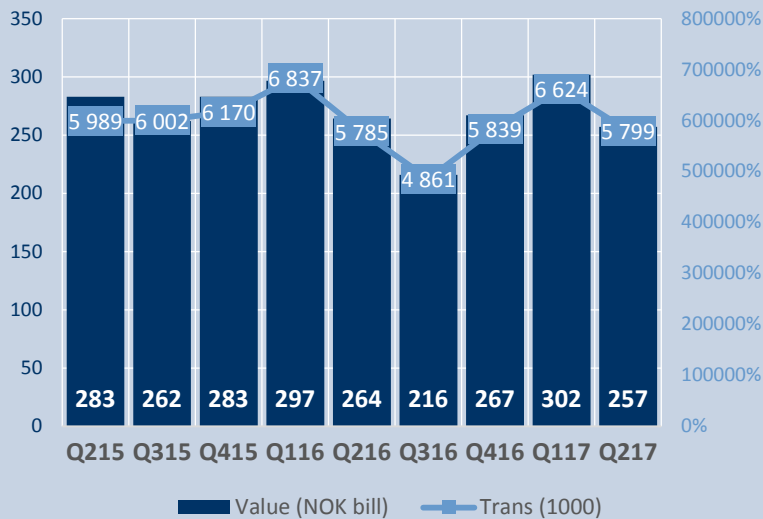


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# Secondary market

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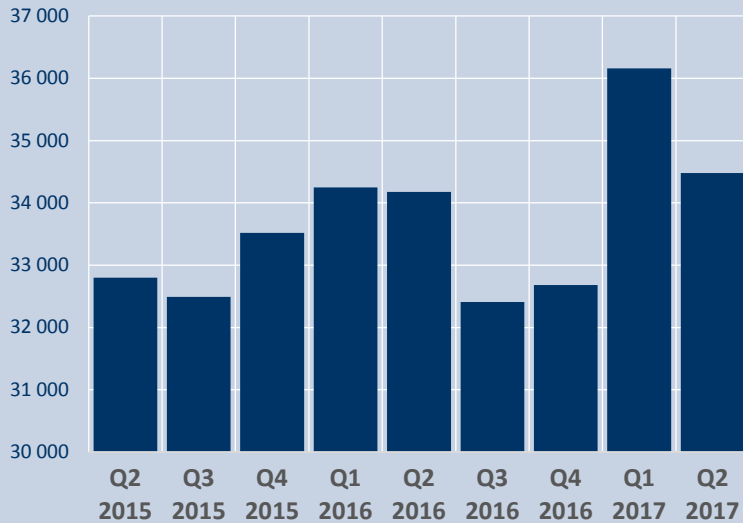
## Equities: turnover and transactions



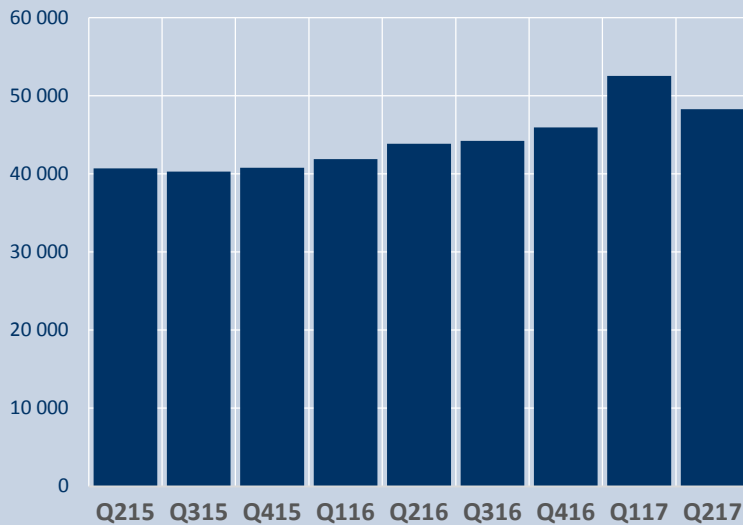
- Revenues from trading on Oslo Børs and Fish Pool down NOK 3 million to NOK 34 million from Q216
- Value of equity turnover on Oslo Børs down 3% from Q216
- Revenues unchanged from Q216
- Derivatives revenues driven by activity level and composition of derivatives trading
- No of contracts on Oslo Børs down 20% from Q216
- Volume on Fish Pool down 47% from Q216
- Revenues down NOK 3 million from Q216



## Revenues market data



## Market data - number of end-users



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# Market data

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- Revenues in line with Q216 - NOK 34 million
- Revenues primarily driven by number of professional end users of data from Oslo Børs
- Reduction in number of professional users
- Increase in non-display use of data



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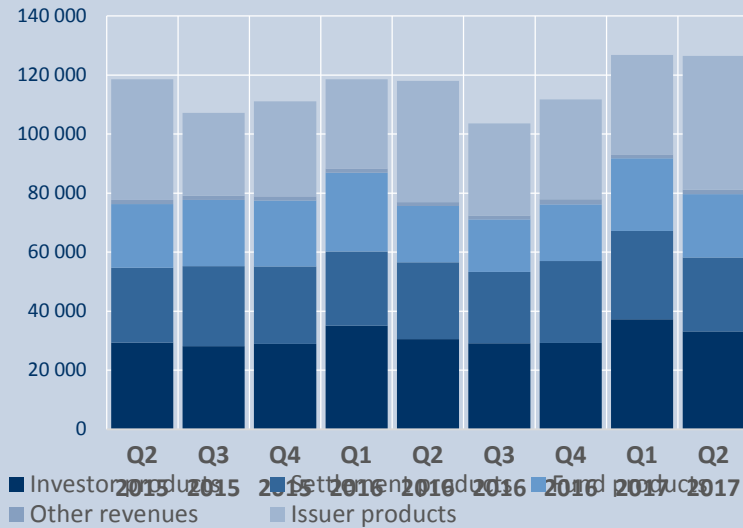
## Key market activities

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- Market activities to attract issuers on all listing venues
  - Domestic and international
  - Equities and fixed income
- Market activities to attract new trading members and increase market share in trading
  - Continuous improvement of microstructure
  - Efficient post trade
- Millennium Exchange MiFID 2 release – Q4 2017
- Preparing for MiFID 2 and MAD/MAR

VPS

## Revenues VPS, NOK 1000

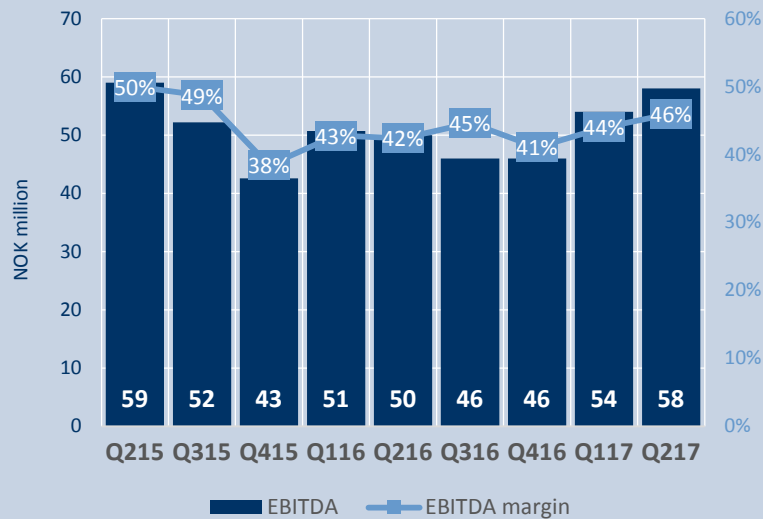


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# Revenues and EBITDA

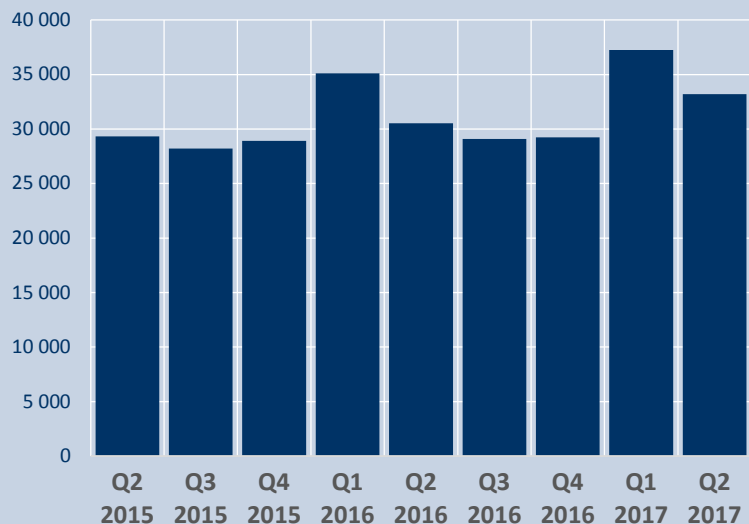
VPS

## EBITDA and EBITDA-margin VPS



- Revenues up NOK 8 million to NOK 126 million from Q216
- EBITDA up NOK 7 million to NOK 58 million from Q216

Revenues investor products, NOK 1000

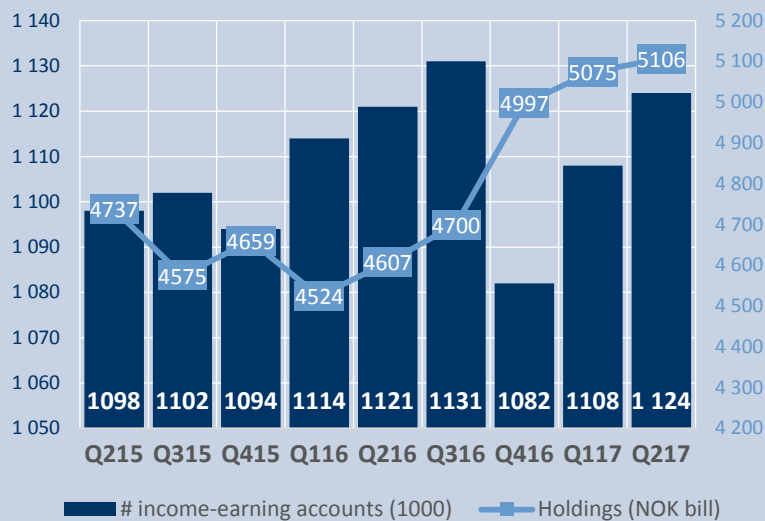


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# Investor products

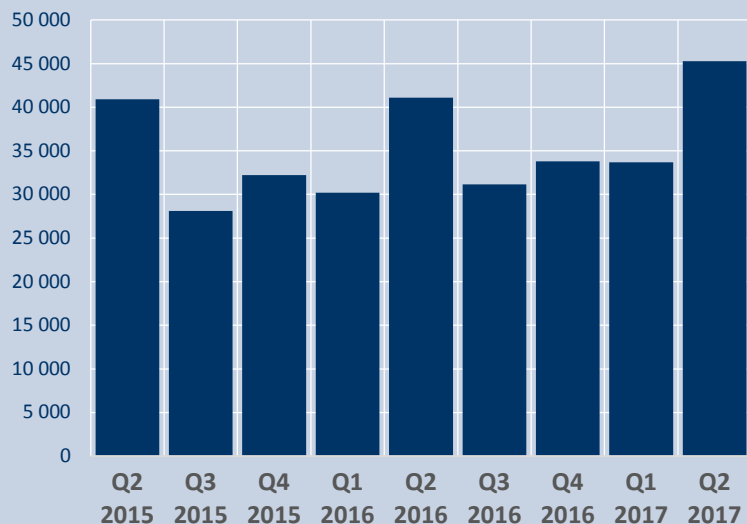
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Investor accounts and value of holdings



- Revenues up NOK 3 million to NOK 33 million from Q216
- Revenues primarily driven by number of VPS accounts and market value of holdings January 1

## Revenues issuer products, NOK 1000

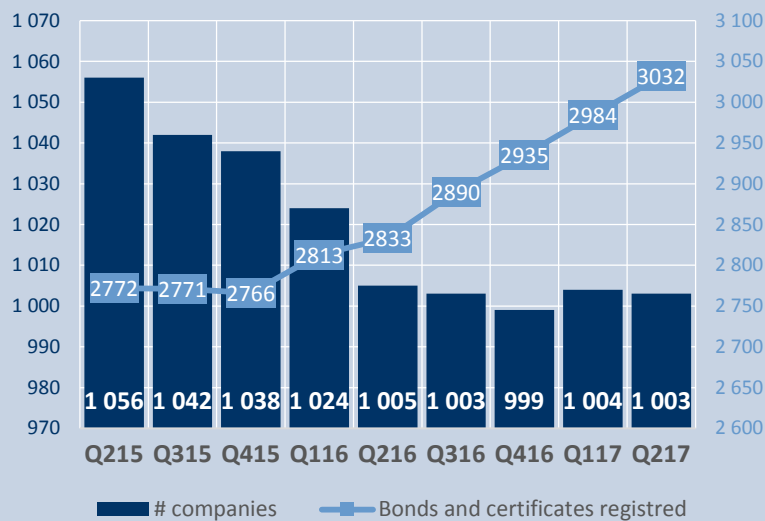


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## Issuer products

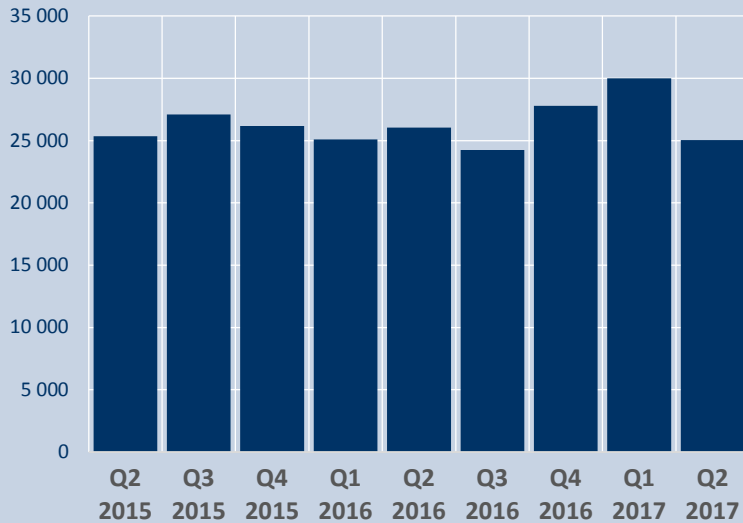
VPS

## Number of companies and issues

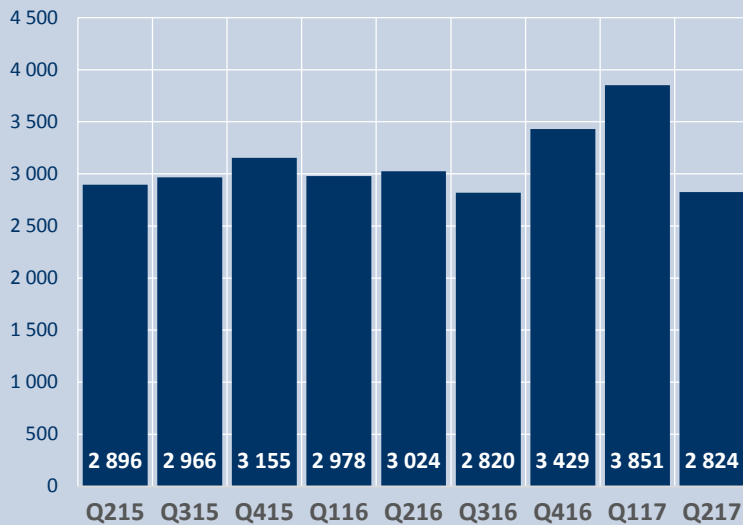


- Revenues up NOK 4 million to NOK 45 million from Q216
- Revenues driven by number and composition of issuers and level and composition of corporate activity
  - AGM-season in Q2
- Additional revenue from value added products
  - AGM-services
  - Bond holders' meeting
  - Stock purchase programs
  - Nominee-ID

Revenues settlement products, NOK 1000



Number of trade transactions (1000)



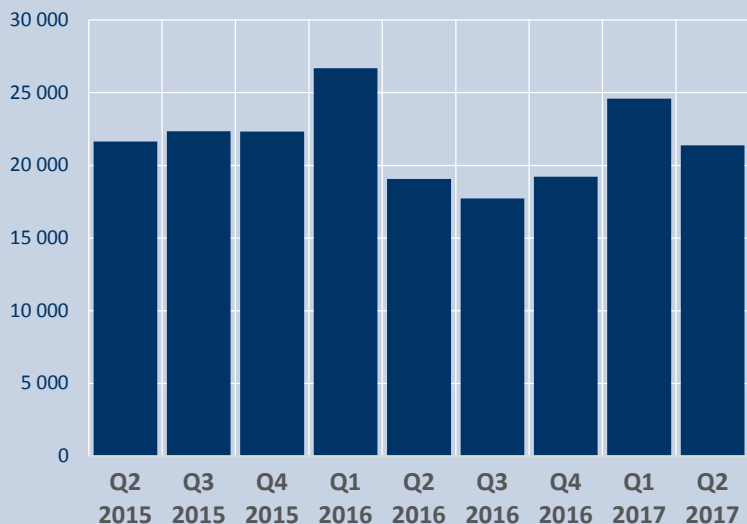
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## Settlement products

VPS

- Revenues down NOK 1 million to NOK 25 million from Q216
- Revenues driven by number of participants and number of settlement transactions
- No of transactions processed down 7% from Q216

Revenues fund products, NOK 1000

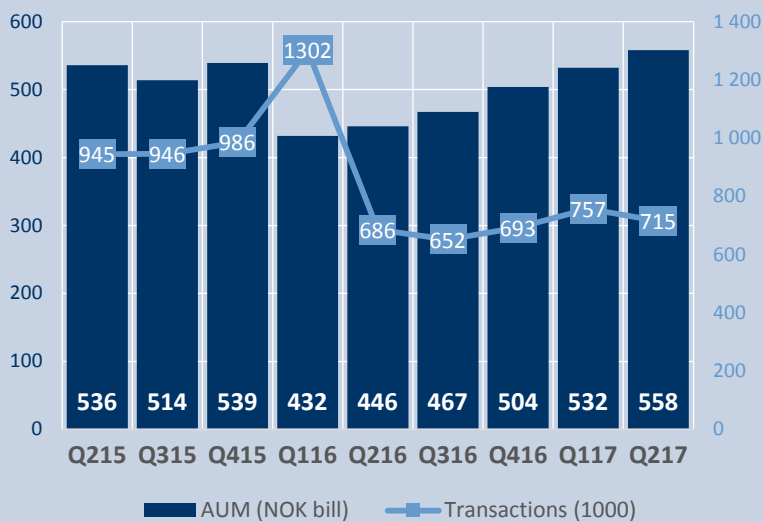


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## Fund products

VPS

Asset under management and transactions



- Revenues up NOK 2 million to NOK 21 million from Q216
- Revenues in VPS primarily driven by assets under management and number of transactions
- Strong competition from international providers and internal IT in targeted markets



# Key market activities

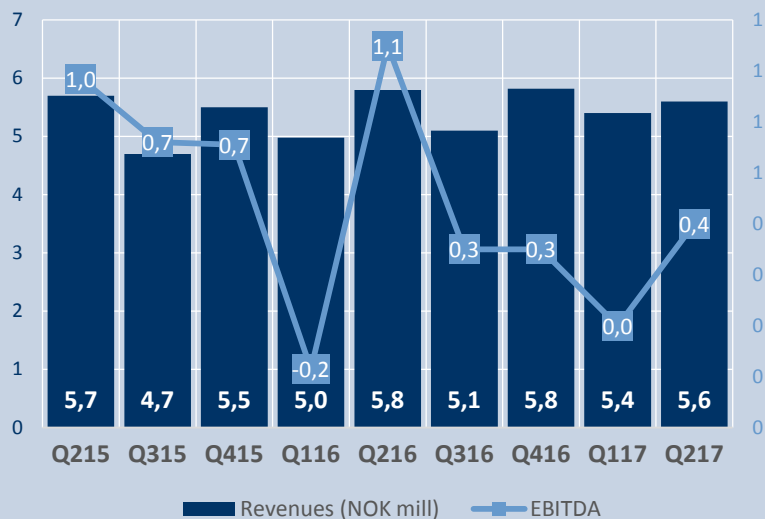
VPS

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- Market activities to attract settlement participants - domestic and international
- Realisation of VPS Road Map
  - Q217 milestones delivered according to plan
- VPS will deliver solution for Share Savings Account to the market participants from September 1<sup>st</sup>
- VPS will deliver solution for Individual Pension Savings scheme (IPS) to the market participants from November 1<sup>st</sup>
- Preparing for CSDR
  - VPS expects to file application for authorization during 2. half of 2018

OMS

## OMS



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# Revenues and EBITDA

OSLO MARKET SOLUTIONS

- Revenues down NOK 0.2 million from Q216
- EBITDA down NOK 0.7 million from Q216

# Summary



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# Summary

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- Relatively good activity in the capital markets
- Intense competition and pressure on market share
- Attract more retail investors to the market providing solutions for Share Savings Account and Individual Pension Savings (IPS)
- Continuous focus on operating costs
- Continuous assessment of new products and new positions in order to adapt to challenging competitive environment
- Focus forward
  - Attract new listings/registrations and members
  - Increased sale to existing customers
  - Strengthen competitive position in secondary market
  - Deliver VPS Road Map 1.0
  - Implementation of new regulation

# OSLO BØRS VPS

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# Appendix

	2nd Quarter 2017	2nd Quarter 2016	Change in %	30 June 2017	30 June 2016	Change in %	2016
<b>Operating revenues</b>	<b>259 052</b>	<b>235 982</b>	<b>10 %</b>	<b>510 665</b>	<b>462 588</b>	<b>10 %</b>	<b>901 052</b>
<b>Operating expenses</b>							
Salary and other personnel expenses	69 756	63 382		148 520	136 667		278 304
Other operating expenses	51 458	54 071		100 517	100 123		192 571
Depreciations and write-downs	7 378	10 223		16 067	54 686		77 248
Amortisations	940	939		1 879	1 879		3 759
<b>Operating expenses before capitalisation of internal resources, depreciations and amortisations</b>	<b>121 214</b>	<b>117 453</b>	<b>3 %</b>	<b>249 037</b>	<b>236 790</b>	<b>5 %</b>	<b>470 875</b>
<b>Total operating expenses</b>	<b>129 532</b>	<b>128 615</b>	<b>1 %</b>	<b>266 983</b>	<b>293 355</b>	<b>-9 %</b>	<b>551 881</b>
<b>EBITDA</b>	<b>137 838</b>	<b>118 530</b>	<b>16 %</b>	<b>261 628</b>	<b>225 798</b>	<b>16 %</b>	<b>430 177</b>
<b>Operating profit (EBIT)</b>	<b>129 521</b>	<b>107 368</b>	<b>21 %</b>	<b>243 682</b>	<b>169 233</b>	<b>44 %</b>	<b>349 171</b>
Net financial items	17 393	1 919		18 803	3 810		9 507
<b>Ordinary pre-tax profit</b>	<b>146 914</b>	<b>109 287</b>		<b>262 485</b>	<b>173 043</b>		<b>358 678</b>
Tax	33 028	27 324		61 889	43 263		89 257
<b>Earnings for the period</b>	<b>113 886</b>	<b>81 963</b>	<b>39 %</b>	<b>200 596</b>	<b>129 780</b>	<b>55 %</b>	<b>269 421</b>
Actuarial gains/losses defined benefit pension plans	0	0		0	0		-7 665
Tax-effect	0	0		0	0		1 916
<b>Total comprehensive income</b>	<b>113 886</b>	<b>81 963</b>	<b>39 %</b>	<b>200 596</b>	<b>129 780</b>	<b>55 %</b>	<b>263 672</b>
Earnings per share (NOK)	2,65	1,91	39 %	4,66	3,02	55 %	6,27
Diluted earnings per share (NOK)	2,65	1,91	39 %	4,66	3,02	55 %	6,27
Earnings per share (NOK) before amortisations and write-down	2,66	1,92	39 %	4,70	3,65	29 %	6,93



# Breakdown revenues – Oslo Børs segment

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<b>OSLO BØRS</b>					
<b>Revenues per area</b>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>2016</b>
Equity Markets	70 931	53 723	133 641	100 761	207 195
Fixed Income Markets	15 112	12 882	29 444	24 938	53 221
Derivatives Markets	9 620	12 797	17 692	23 678	40 832
Financial Market data	34 477	34 178	70 635	68 428	133 518
Other	2 739	2 710	5 779	6 058	10 776
<b>Total Oslo Børs</b>	<b>132 879</b>	<b>116 291</b>	<b>257 191</b>	<b>223 863</b>	<b>436 063</b>
<b>Revenues per category</b>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>2016</b>
Fixed fees- issuers	31 892	26 115	60 896	51 604	107 138
Trading fees	33 824	36 716	68 917	73 504	136 174
Prospectus and admission fees	26 719	13 398	44 403	18 014	45 361
Financial market data	34 477	34 178	70 635	68 428	133 518
Other income	5 967	5 884	12 340	12 313	23 351
<b>Total Oslo Børs</b>	<b>132 879</b>	<b>116 291</b>	<b>257 191</b>	<b>223 863</b>	<b>436 063</b>

# Breakdown revenues – VPS segment

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<b>VPS</b>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>2016</b>
Investor products	33 183	30 530	70 423	65 649	123 976
Issuer products	45 292	41 095	78 961	71 278	136 225
Settlement products	25 050	26 036	55 035	51 119	103 157
Fund products	21 386	19 063	45 983	45 736	82 682
Other revenues	1 576	1 304	2 873	2 786	5 838
<b>Total VPS</b>	<b>126 487</b>	<b>118 028</b>	<b>253 275</b>	<b>236 568</b>	<b>454 698</b>

# Balance sheet

OSLO BØRS VPS

	30 June 2017	30 June 2016	31 Dec 2016
<b>Fixed assets</b>			
IT-systems	32 042	56 409	41 235
Registrations	6 200	6 200	6 200
Goodwill	534 459	491 551	491 569
Deferred tax assets	51 934	52 707	53 413
Tangible assets	59 349	43 931	40 261
Financial fixed assets	8 217	16 989	18 913
<b>Current assets</b>			
Receivables	122 507	112 588	106 524
Cash and cash equivalents	664 001	580 629	603 862
<b>Assets</b>	<b>1 478 709</b>	<b>1 361 004</b>	<b>1 361 977</b>
<b>Equity</b>			
Contributed equity	1 024 117	968 041	989 916
Non-controlling interests	472	425	459
Total equity	1 024 589	968 466	990 375
<b>Liabilities</b>			
Pension liabilities	162 878	157 799	164 348
Deferred tax liabilities	2 790	3 617	3 204
Current liabilities	288 452	231 122	204 050
27			
<b>Equity and liabilities</b>	<b>1 478 709</b>	<b>1 361 004</b>	<b>1 361 977</b>

# Cash flow

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	2nd Quarter 2017	2nd Quarter 2016	30 June 2017	30 June 2016	2016
<b>Cash flow from</b>					
- <i>operational activities</i>	44 053	15 080	260 826	187 185	323 844
- <i>investment activities</i>	-20 982	1 731	-33 233	-6 049	-6 819
- investments in systems and tangible assets	-13 944	-2 308	-28 035	-12 017	-17 650
- investments in subsidiaries	-13 706	0	-13 706	0	0
- financial income	6 668	4 039	8 508	5 968	10 831
- <i>financing activities</i>	-167 005	-179 225	-167 454	-178 989	-291 645
<b>Cash and cash equivalents at period's start</b>	<b>807 935</b>	<b>743 043</b>	<b>603 862</b>	<b>578 482</b>	<b>578 482</b>
Change in cash and cash equivalents	-143 934	-162 414	60 139	2 147	25 380
<b>Cash and cash equivalents at period's end</b>	<b>664 001</b>	<b>580 629</b>	<b>664 001</b>	<b>580 629</b>	<b>603 862</b>
<b>Cash flow per share (NOK)</b>	<b>-3,35</b>	<b>-3,78</b>	<b>1,40</b>	<b>0,05</b>	<b>0,59</b>

# Equity

OSLO BØRS VPS

	2nd Quarter 2017	2nd Quarter 2016	30 June 2017	30 June 2016	31 Dec 2016
<b>Equity at period's start</b>	1 077 130	1 065 581	990 375	<b>1 018 111</b>	<b>1 018 111</b>
Total comprehensive income	113 886	81 963	200 596	129 780	269 421
Dividends	-165 535	-178 395	-165 535	-178 395	-290 170
Purchase of own shares	-1 066	-711	-1 085	-437	-284
Actuarial gains/losses in the period	0	0	0	0	-5 749
Change in non-controlling interests	175	29	239	-593	-953
<b>Equity at period's end</b>	<b>1 024 589</b>	<b>968 466</b>	<b>1 024 589</b>	<b>968 466</b>	<b>990 375</b>
<b>Equity ratio</b>	<b>69 %</b>	<b>71 %</b>	<b>69 %</b>	<b>71 %</b>	<b>73 %</b>

# Largest shareholders 3 August 2017

OSLO BØRS VPS

Investor	Number of shares	% of top 20	% of total	Type	Country
DNB LIVSFORSIKRING ASA	8,522,045	25.41%	19.82%	Comp.	NOR
KOMMUNAL LANDSPENSJONSKASSE	4,300,200	12.82%	10.00%	Comp.	NOR
PARETO AS	3,662,230	10.92%	8.52%	Comp.	NOR
STATE STREET BANK AND TRUST COMP	2,059,288	6.14%	4.79%	Nom.	USA
ARENDALS FOSSEKOMPANI ASA	1,996,000	5.95%	4.64%	Comp.	NOR
MORGAN STANLEY & CO. INT. PLC.	1,893,006	5.64%	4.40%	Nom.	GBR
J.P. MORGAN SECURITIES LLC	1,365,319	4.07%	3.17%	Nom.	USA
ARMOR QUALIFIED, LP	1,134,795	3.38%	2.64%	Comp.	USA
THE NORTHERN TRUST COMP, LONDON BR	1,133,697	3.38%	2.64%	Nom.	GBR
FRANKLIN MUTUAL FIN SERV FUND	911,000	2.72%	2.12%	Comp.	USA
ARMOR CAPITAL PARTNERS, LP	731,708	2.18%	1.70%	Comp.	USA
MUST INVEST AS	708,520	2.11%	1.65%	Comp.	NOR
SPAREBANKEN VEST	700,000	2.09%	1.63%	Comp.	NOR
ARMOR CAPITAL OFFSHORE MASTER, LTD	688,989	2.05%	1.60%	Comp.	CYM
UBS AG	687,372	2.05%	1.60%	Nom.	GBR
SUNDT AS	657,500	1.96%	1.53%	Comp.	NOR
MP PENSJON PK	632,389	1.89%	1.47%	Comp.	NOR
NORDEA NORDIC SMALL CAP FUND	594,841	1.77%	1.38%	Comp.	FIN
BNP PARIBAS SECURITIES SERVICES	581,871	1.73%	1.35%	Nom.	LUX
GOTHIC CORPORATION	581,731	1.73%	1.35%	Comp.	USA
<b>Total number owned by top 20</b>	<b>33,542,501</b>	<b>100%</b>	<b>78.00%</b>		
<b>Total number of shares</b>	<b>43,004,000</b>		<b>100%</b>		

# Share price Oslo Børs VPS Holding ASA

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