

# OSLO BØRS VPS

## 3rd quarter 2017

Oslo Børs VPS Holding ASA

25 OCTOBER 2017

# 3rd quarter at a glance

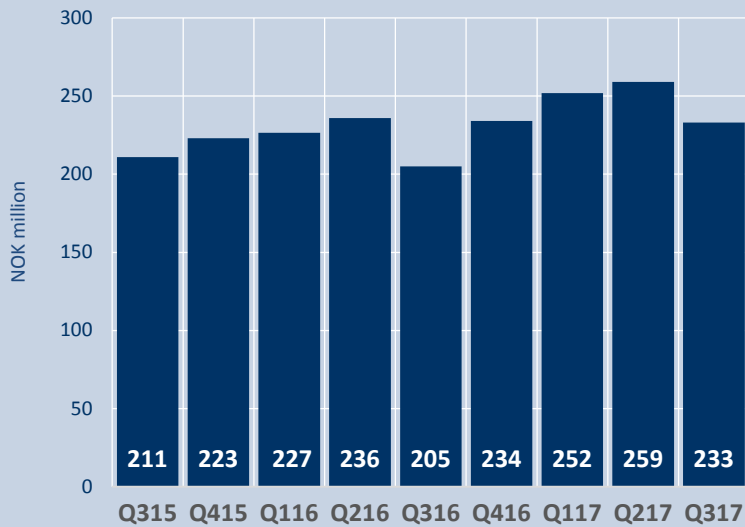
OSLO BØRS VPS

- Continued high level of activity in both the primary and secondary markets
- Four companies admitted to listing on Oslo Børs, two new companies registered on the NOTC list and 18 new equity issuers registered with VPS
- 125 new fixed income issues admitted to listing, 433 new fixed income issues registered with VPS
- Oslo Børs and the Stock Exchange of Thailand have signed a MoU
- Share savings accounts available from 1 September 2017 – circa 75,000 accounts set up with VPS in September
- New tax-efficient scheme for individual pension saving from 1 November 2017

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## Revenues Oslo Børs VPS

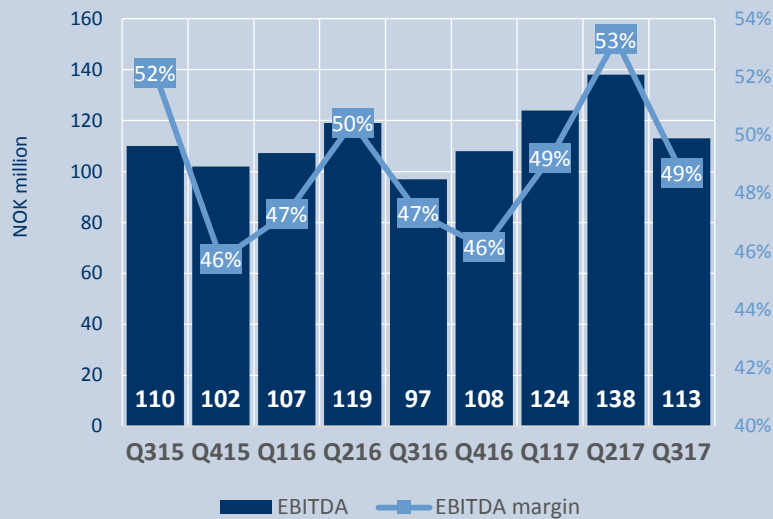


## OSLO BØRS VPS

# 3rd quarter at a glance

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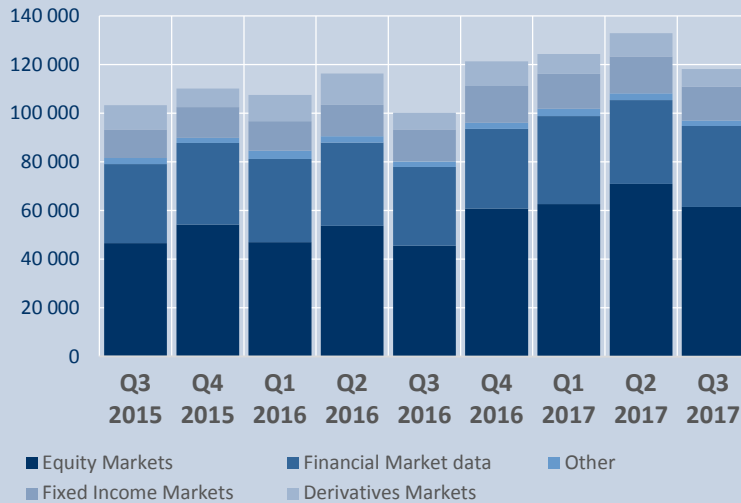
## EBITDA and EBITDA-margin Oslo Børs VPS



- Revenues up NOK 28 million to 233 million from Q316
- Expenses up NOK 12 million to NOK 120 million from Q316
- EBITDA up NOK 16 million to NOK 113 million from Q316

Oslo Børs

## Revenues Oslo Børs, NOK 1000

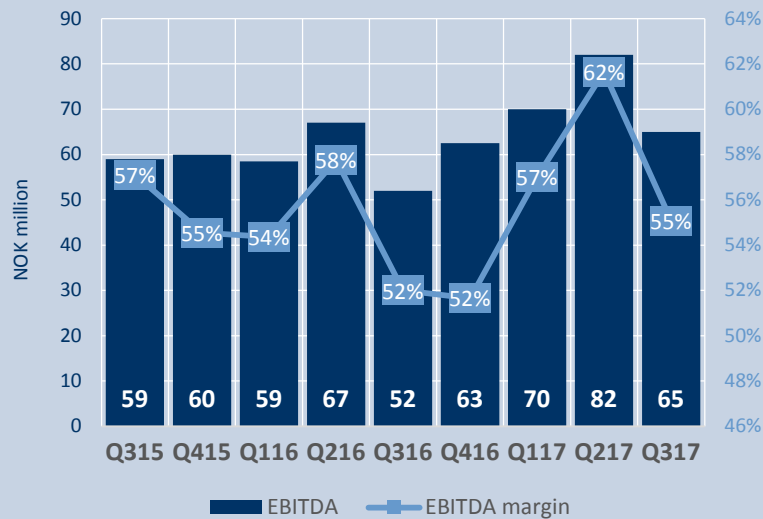


## OSLO BØRS VPS

# Revenues and EBITDA

OSLO BØRS

## EBITDA and EBITDA-margin Oslo Børs

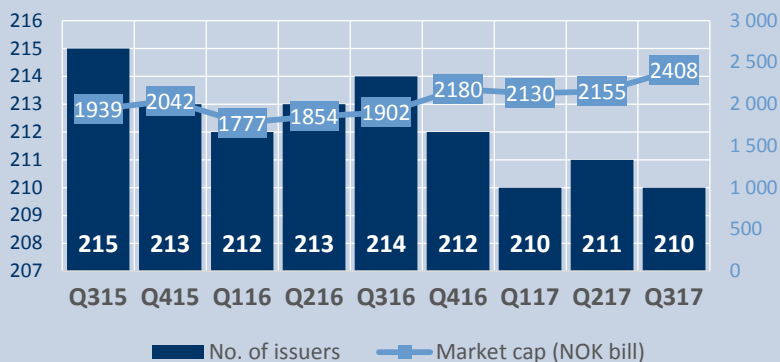


- Revenues up NOK 18 million to NOK 118 million from Q316
- EBITDA up NOK 13 million to NOK 65 million from Q316

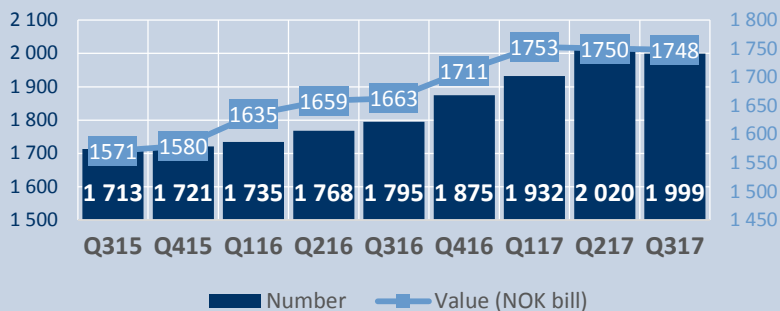
## Revenues primary market, NOK 1000



## Listed equities



## Listed bonds and certificates



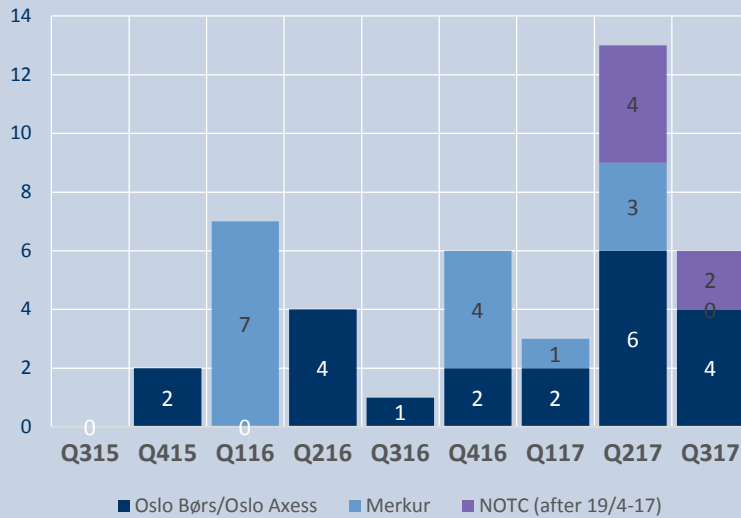
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# Primary market

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- Steady increase in number of listed bonds and certificates
- Fixed fees from issuers NOK 32 million – up NOK 5 million from Q316
- 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

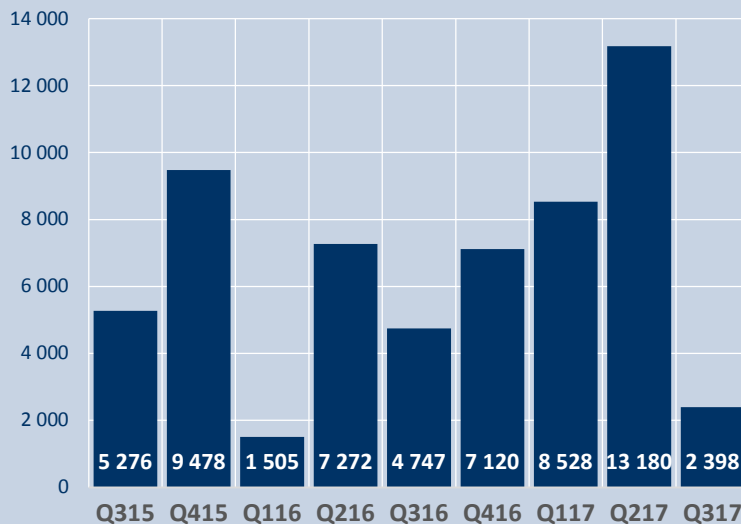


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# Primary market equities

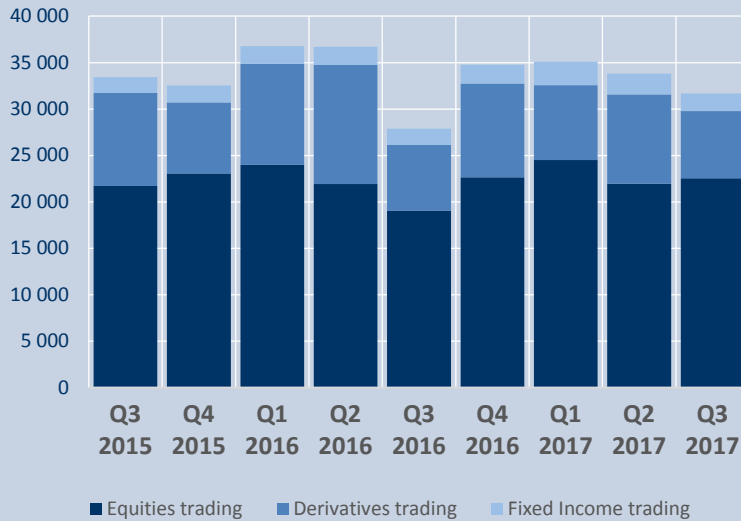
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## Issues of equity, NOK mill



- Prospectus and admission fees up NOK 8 million to NOK 16 million from Q316
- Revenues driven by number and size of IPOs and issues
- Four new equity listings on Oslo Børs and Oslo Axess in Q317 (including two transfers)
- Two new equities registered on NOTC
- Continued interest for listing of both equities and fixed income

## Revenues secondary market

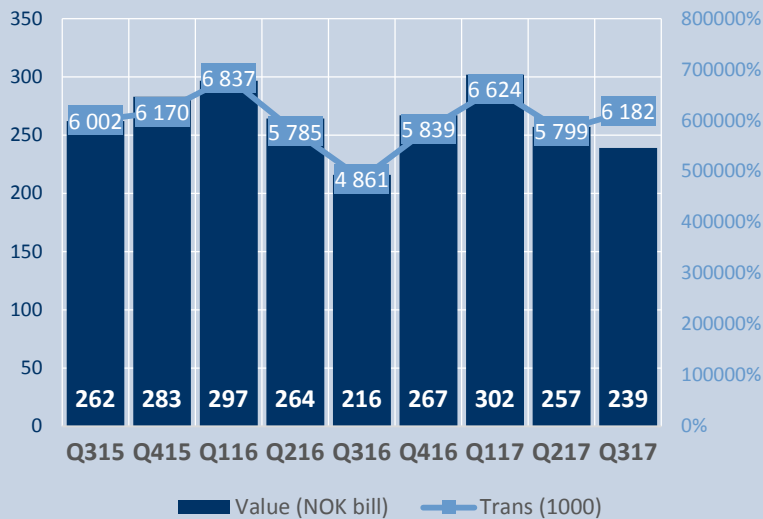


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# Secondary market

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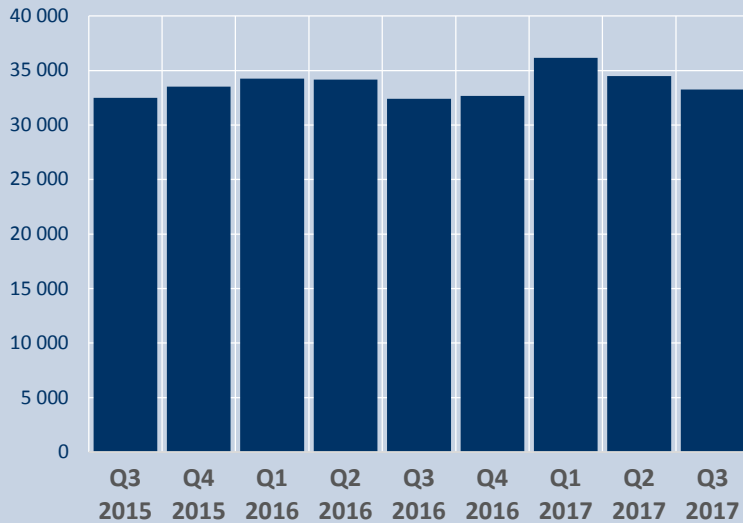
## Equities: turnover and transactions



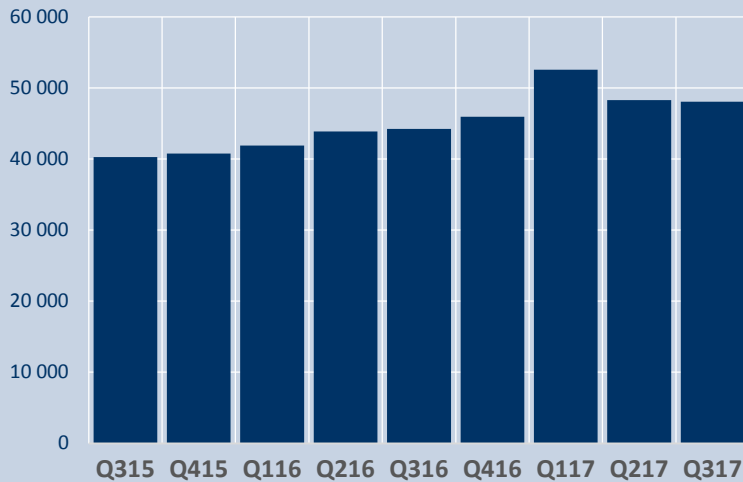
- Revenues from trading on Oslo Børs and Fish Pool up NOK 4 million to NOK 32 million from Q316
- Value of equity turnover on Oslo Børs up 17% from Q316
- Revenues up NOK 4 million
- Derivatives revenues driven by activity level and composition of derivatives trading
- No of contracts on Oslo Børs up 1% from Q316
- Volume on Fish Pool up 60% from Q316
- Revenues unchanged from Q316



## Revenues market data



## Market data - number of end-users (professional and private)



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# Market data

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- Revenues up NOK 1 million from Q316 to NOK 33 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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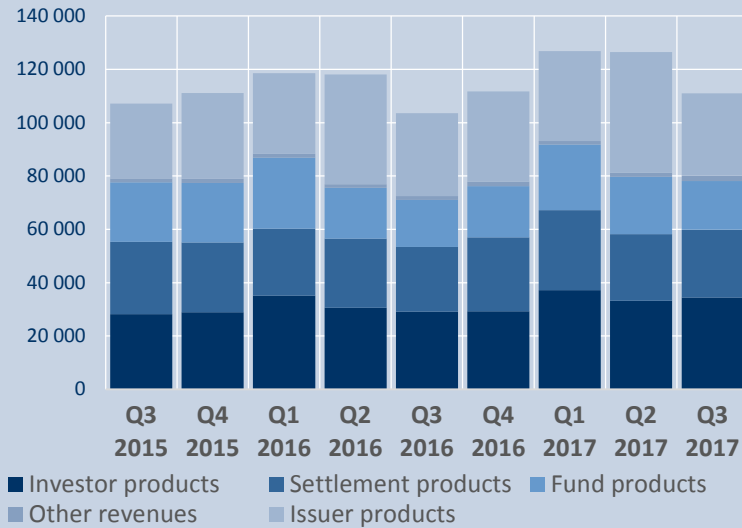
## Key market activities

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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



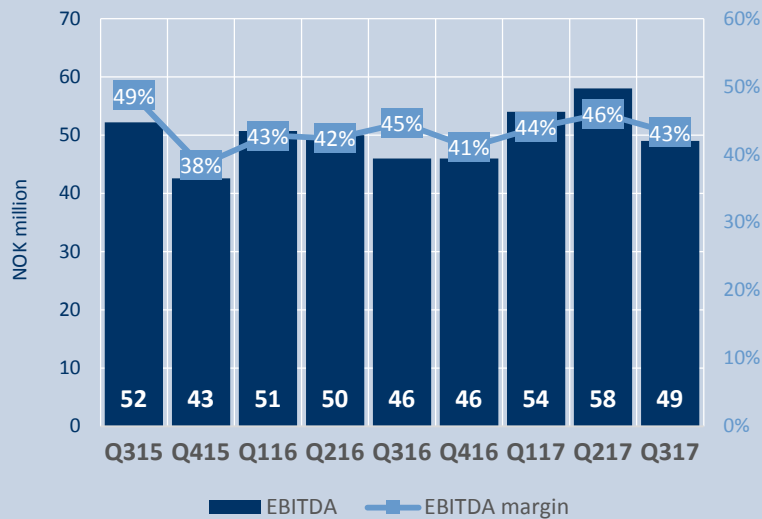
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# Revenues and EBITDA

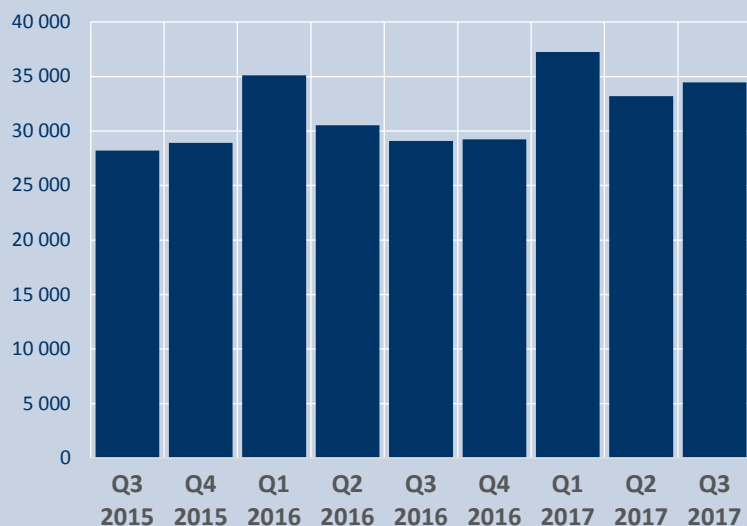
VPS

- Revenues up NOK 10 million to NOK 113 million from Q316
- EBITDA up NOK 3 million to NOK 49 million from Q316

## EBITDA and EBITDA-margin VPS



## Revenues investor products, NOK 1000

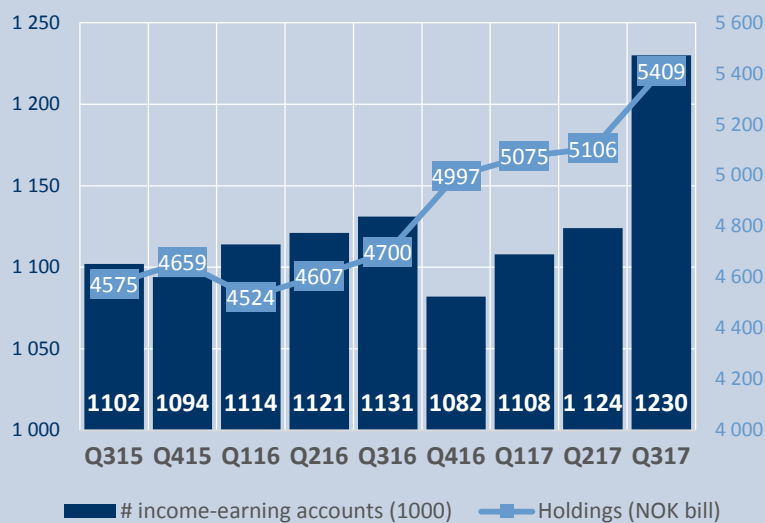


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## Investor products

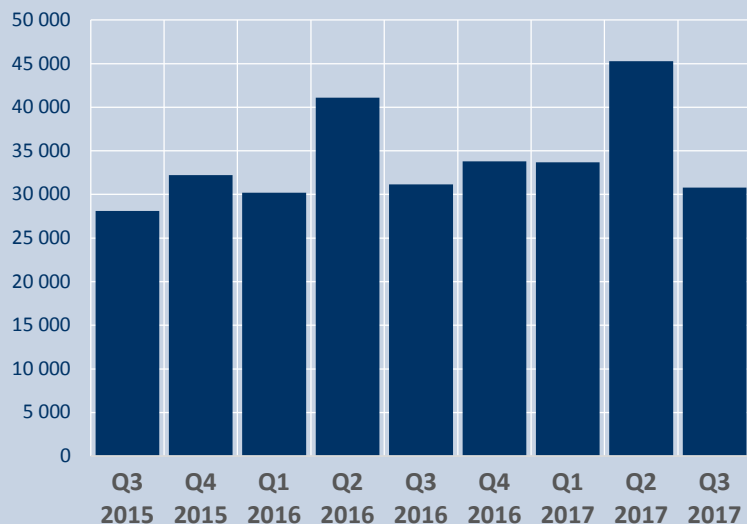
VPS

## Investor accounts and value of holdings



- Revenues up NOK 5 million to NOK 34 million from Q316
- Revenues primarily driven by number of VPS accounts and market value of holdings January 1
- Share savings account from 1 September
  - Approximately 75.000 accounts established in VPS in September
  - Revenues NOK 1 million in September

## Revenues issuer products, NOK 1000

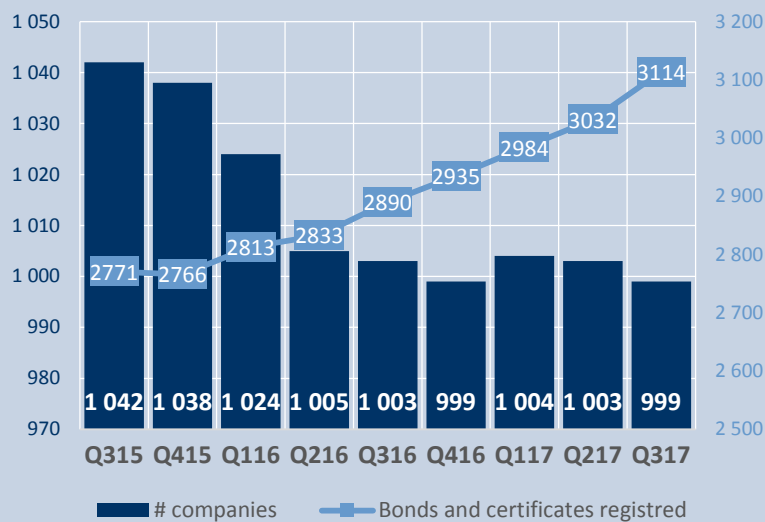


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## Issuer products

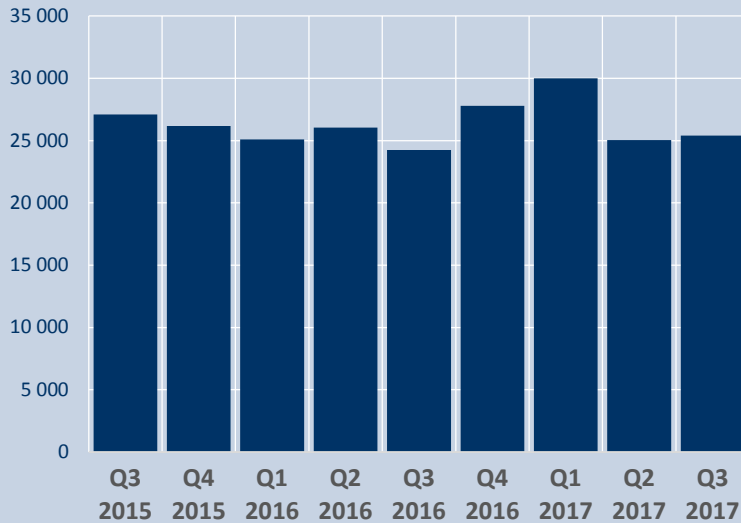
VPS

## Number of companies and issues

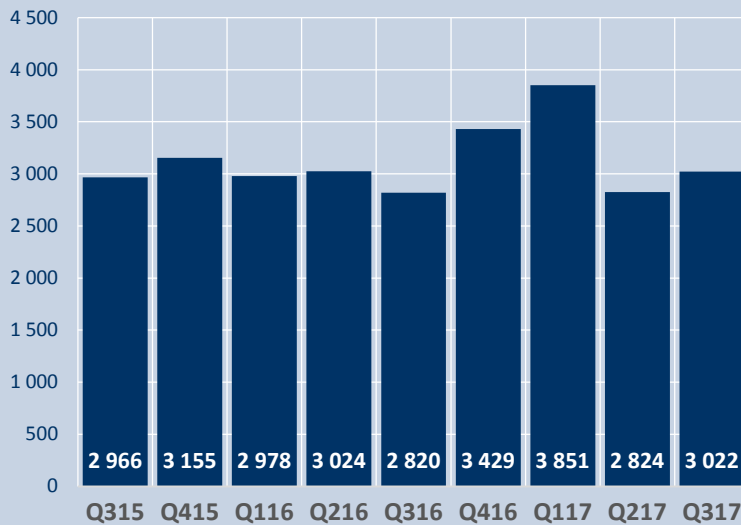


- Revenues in line with Q316 - NOK 31 million
- Revenues driven by number and composition of issuers and level and composition of corporate activity
  - AGM-season in Q2
- Additional revenue from value added products
  - AGM-services
  - Bond holders' meeting
  - Stock purchase programs
  - Nominee-ID

Revenues settlement products, NOK 1000



Number of trade transactions (1000)



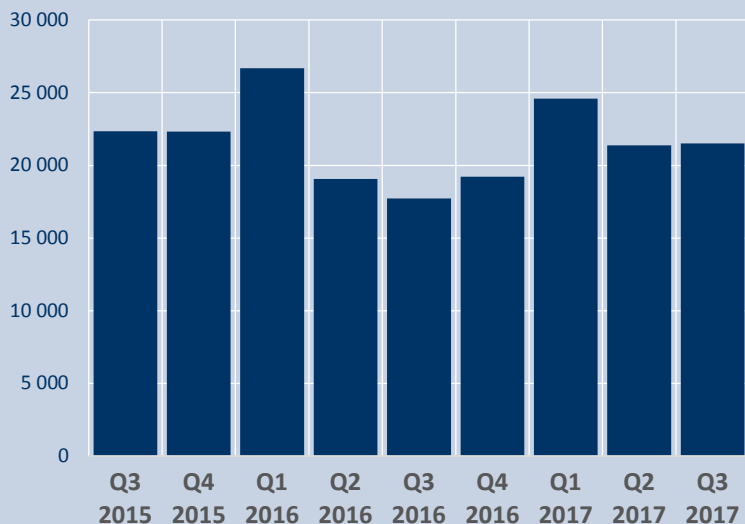
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## Settlement products

VPS

- Revenues up NOK 1 million to NOK 25 million from Q316
- Revenues driven by number of participants and number of settlement transactions
- No of transactions processed up 7% from Q316
- No of investor transactions up 20% as a result of higher retail activity

Revenues fund products, NOK 1000

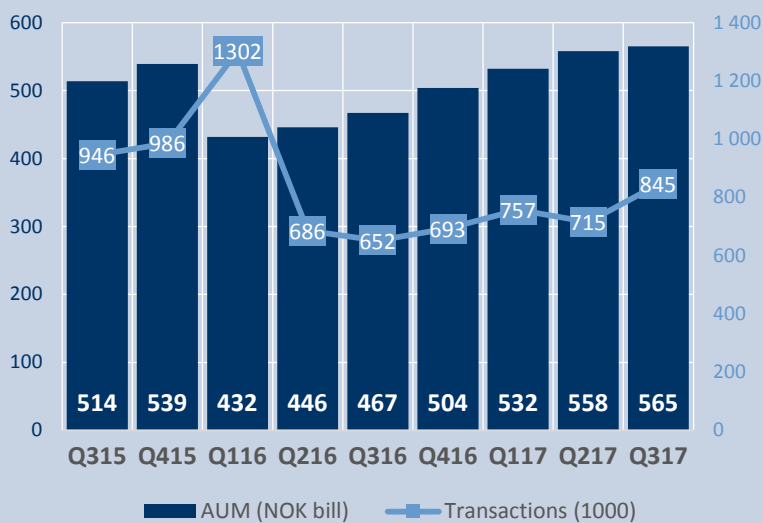


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## Fund products

VPS

Asset under management and transactions



- Revenues up NOK 4 million to NOK 22 million from Q316
- 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

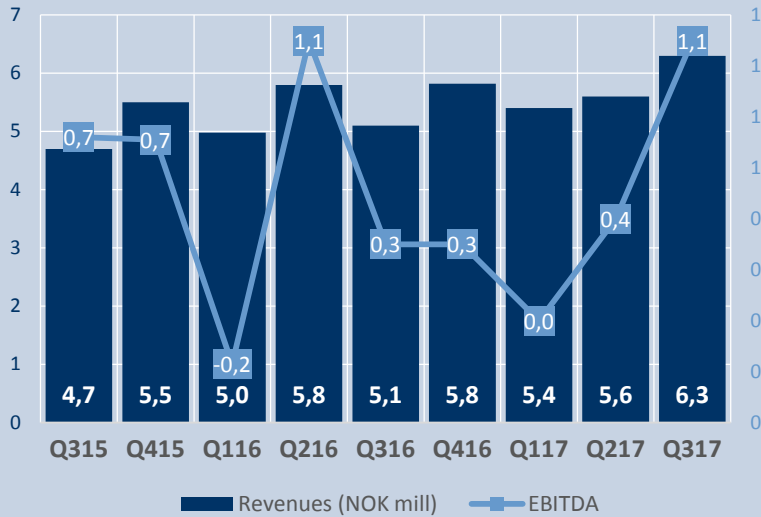
VPS

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- Market activities to attract settlement participants - domestic and international
- Realisation of VPS Road Map
  - Q317 milestones delivered according to plan
- 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
- VPS has started the development of a new Issuer Portal

OMS

## Oslo Market Solutions



OSLO BØRS VPS

# Revenues and EBITDA

OSLO MARKET SOLUTIONS

- Revenues up NOK 1.2 million from Q316
- EBITDA up NOK 0.9 million from Q316

# 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
  - Implementation of new regulation

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# Appendix

# P&L

## OSLO BØRS VPS

	3rd Quarter 2017	3rd Quarter 2016	Change in %	30 Sept 2017	30 Sept 2016	Change in %	2016
<b>Operating revenues</b>	<b>232 645</b>	<b>204 834</b>	<b>14 %</b>	<b>743 310</b>	<b>667 422</b>	<b>11 %</b>	<b>901 052</b>
<b>Operating expenses</b>							
Salary and other personnel expenses	70 126	65 136		218 646	201 803		278 304
Other operating expenses	49 421	42 906		149 938	143 029		192 571
Depreciations and write-downs	7 248	10 326		23 314	65 012		77 248
Amortisations	940	940		2 819	2 819		3 759
<b>Operating expenses before capitalisation of internal resources, depreciations and amortisations</b>	<b>119 547</b>	<b>108 042</b>	<b>11 %</b>	<b>368 584</b>	<b>344 832</b>	<b>7 %</b>	<b>470 875</b>
<b>Total operating expenses</b>	<b>127 735</b>	<b>119 308</b>	<b>7 %</b>	<b>394 717</b>	<b>412 663</b>	<b>-4 %</b>	<b>551 881</b>
<b>EBITDA</b>	<b>113 098</b>	<b>96 792</b>	<b>17 %</b>	<b>374 726</b>	<b>322 590</b>	<b>16 %</b>	<b>430 177</b>
<b>Operating profit (EBIT)</b>	<b>104 911</b>	<b>85 526</b>	<b>23 %</b>	<b>348 593</b>	<b>254 759</b>	<b>37 %</b>	<b>349 171</b>
Net financial items	1 980	2 199		20 783	6 009		9 507
<b>Ordinary pre-tax profit</b>	<b>106 891</b>	<b>87 725</b>		<b>369 376</b>	<b>260 768</b>		<b>358 678</b>
Tax	26 684	21 739		88 573	65 002		89 257
<b>Earnings for the period</b>	<b>80 207</b>	<b>65 986</b>	<b>22 %</b>	<b>280 803</b>	<b>195 766</b>	<b>43 %</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>80 207</b>	<b>65 986</b>	<b>22 %</b>	<b>280 803</b>	<b>195 766</b>	<b>43 %</b>	<b>263 672</b>
Earnings per share (NOK)	1,87	1,53	22 %	6,53	4,55	43 %	6,27
Diluted earnings per share (NOK)	1,87	1,53	22 %	6,53	4,55	43 %	6,27
Earnings per share (NOK) before amortisations and write-down	1,88	1,55	21 %	6,58	5,20	27 %	6,93



# Breakdown revenues – Oslo Børs segment

## OSLO BØRS VPS

Revenues per area	Q3 2017	Q3 2016	30.09.2017	30.09.2016	2016
Equity Markets	61 510	45 543	195 151	146 304	207 195
Fixed Income Markets	14 039	13 127	43 483	38 065	53 221
Derivatives Markets	7 239	7 072	24 931	30 750	40 832
Financial Market data	33 249	32 410	103 884	100 838	133 518
Other	2 199	2 188	7 978	8 246	10 776
<b>Total Oslo Børs</b>	<b>118 237</b>	<b>100 340</b>	<b>375 428</b>	<b>324 203</b>	<b>445 542</b>
Revenues per category	Q3 2017	Q3 2016	30.09.2017	30.09.2016	2016
Fixed fees- issuers	32 343	27 386	93 239	78 990	107 138
Trading fees	31 675	27 899	100 592	101 403	136 174
Prospectus and admission fees	15 640	7 330	60 043	25 344	45 361
Financial market data	33 249	32 410	103 884	100 838	133 518
Other income	5 330	5 315	17 670	17 628	23 351
<b>Total Oslo Børs</b>	<b>118 237</b>	<b>100 340</b>	<b>375 428</b>	<b>324 203</b>	<b>445 542</b>

# Breakdown revenues – VPS segment

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VPS	Q3 2017	Q3 2016	30.09.2017	30.09.2016	2016
Investor products	34 415	29 094	104 838	94 743	123 976
Issuer products	30 785	31 164	109 746	102 442	136 225
Settlement products	25 448	24 249	80 483	75 368	103 157
Fund products	21 503	17 729	67 486	63 465	82 682
Other revenues	1 198	1 368	4 071	4 154	5 838
<b>Total VPS</b>	<b>113 348</b>	<b>103 604</b>	<b>366 624</b>	<b>340 172</b>	<b>451 878</b>

# Balance sheet

OSLO BØRS VPS

	30 Sept 2017	30 Sept 2016	31 Dec 2016
<b>Fixed assets</b>			
IT-systems	28 819	50 573	41 235
Registrations	6 200	6 200	6 200
Goodwill	534 459	491 551	491 569
Deferred tax assets	51 934	52 813	53 413
Tangible assets	54 158	40 431	40 261
Financial fixed assets	8 217	16 989	18 913
<b>Current assets</b>			
Receivables	110 203	90 137	106 524
Cash and cash equivalents	714 303	651 225	603 862
<b>Assets</b>	<b>1 508 293</b>	<b>1 399 919</b>	<b>1 361 977</b>
<b>Equity</b>			
Contributed equity	1 105 340	1 034 152	989 916
Non-controlling interests	481	433	459
Total equity	1 105 821	1 034 585	990 375
<b>Liabilities</b>			
Pension liabilities	163 248	157 885	164 348
Deferred tax liabilities	2 584	3 411	3 204
Current liabilities	236 640	204 038	204 050
<b>Equity and liabilities</b>	<b>1 508 293</b>	<b>1 399 919</b>	<b>1 361 977</b>

# Cash flow

OSLO BØRS VPS

	3rd Quarter 2017	3rd Quarter 2016	30 Sept 2017	30 Sept 2016	2016
<b>Cash flow from</b>					
- <i>operational activities</i>	46 911	69 652	307 735	256 837	323 844
- <i>investment activities</i>	2 280	666	-30 953	-5 383	-6 819
- investments in systems and tangible assets	227	-1 930	-27 808	-13 947	-17 650
- investments in subsidiaries	0	0	-13 706	0	0
- financial income	2 053	2 596	10 561	8 564	10 831
- <i>financing activities</i>	1 112	278	-166 341	-178 711	-291 645
<b>Cash and cash equivalents at period's start</b>	<b>664 001</b>	<b>580 629</b>	<b>603 862</b>	<b>578 482</b>	<b>578 482</b>
Change in cash and cash equivalents	50 302	70 596	110 441	72 743	25 380
<b>Cash and cash equivalents at period's end</b>	<b>714 303</b>	<b>651 225</b>	<b>714 303</b>	<b>651 225</b>	<b>603 862</b>
<b>Cash flow per share (NOK)</b>	<b>1,17</b>	<b>1,64</b>	<b>2,57</b>	<b>1,69</b>	<b>0,59</b>

# Equity

## OSLO BØRS VPS

	3rd Quarter 2017	3rd Quarter 2016	30 Sept 2017	30 Sept 2016	31 Dec 2016
<b>Equity at period's start</b>	1 024 589	968 466	990 375	<b>1 018 111</b>	<b>1 018 111</b>
Total comprehensive income	80 207	65 986	280 803	195 766	269 421
Dividends	0	0	-165 535	-178 395	-290 170
Purchase of own shares	1 185	676	100	239	-284
Actuarial gains/losses in the period	0	0	0	0	-5 749
Change in non-controlling interests	-160	-543	78	-1 136	-953
<b>Equity at period's end</b>	<b>1 105 821</b>	<b>1 034 585</b>	<b>1 105 821</b>	<b>1 034 585</b>	<b>990 375</b>
<b>Equity ratio</b>	<b>73 %</b>	<b>74 %</b>	<b>73 %</b>	<b>74 %</b>	<b>73 %</b>

# Largest shareholders 24 October 2017

OSLO BØRS VPS

Investor	Number of shares	% of top 20	% of total	Type	Country
DNB LIVSFORSIKRING ASA	8,522,045	25.46%	19.82%	Comp.	NOR
KOMMUNAL LANDSPENSJONSKASSE	4,300,200	12.85%	10.00%	Comp.	NOR
PARETO AS	3,662,230	10.94%	8.52%	Comp.	NOR
ARENDALS FOSSEKOMPANI ASA	1,996,000	5.96%	4.64%	Comp.	NOR
MORGAN STANLEY & CO. INT. PLC.	1,987,181	5.94%	4.62%	Nom.	GBR
STATE STREET BANK AND TRUST COMP	1,790,121	5.35%	4.16%	Nom.	USA
J.P. MORGAN SECURITIES LLC	1,129,569	3.37%	2.63%	Nom.	USA
ARMOR QUALIFIED, LP	1,128,744	3.37%	2.62%	Comp.	USA
UBS AG	1,088,657	3.25%	2.53%	Nom.	GBR
THE NORTHERN TRUST COMP, LONDON BR	1,045,452	3.12%	2.43%	Nom.	GBR
FRANKLIN MUTUAL FIN SERV FUND	911,000	2.72%	2.12%	Comp.	USA
ARMOR CAPITAL PARTNERS, LP	720,670	2.15%	1.68%	Comp.	USA
MUST INVEST AS	708,520	2.12%	1.65%	Comp.	NOR
ARMOR CAPITAL OFFSHORE MASTER, LTD	706,078	2.11%	1.64%	Comp.	CYM
SPAREBANKEN VEST	700,000	2.09%	1.63%	Comp.	NOR
GOTHIC CORPORATION	666,114	1.99%	1.55%	Comp.	USA
MP PENSJON PK	632,389	1.89%	1.47%	Comp.	NOR
BNP PARIBAS SECURITIES SERVICES	631,871	1.89%	1.47%	Nom.	LUX
NORDEA NORDIC SMALL CAP FUND	594,841	1.78%	1.38%	Comp.	FIN
J.P. MORGAN BANK LUXEMBOURG S.A.	550,007	1.64%	1.28%	Nom.	LUX
<b>Total number owned by top 20</b>	<b>33,471,689</b>	<b>100%</b>	<b>77.83%</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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