

FINANSHUSET

**acta**



## **Acta Holding ASA**

**2<sup>nd</sup> quarter presentation 2010**

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**CFO Christian Tunge**

**18<sup>th</sup> August 2010**

*Disclaimer:*

*Unaudited 2Q and 1H figures. No forward-looking statements in this presentation must be understood as any guarantees for the future.*

## Agenda

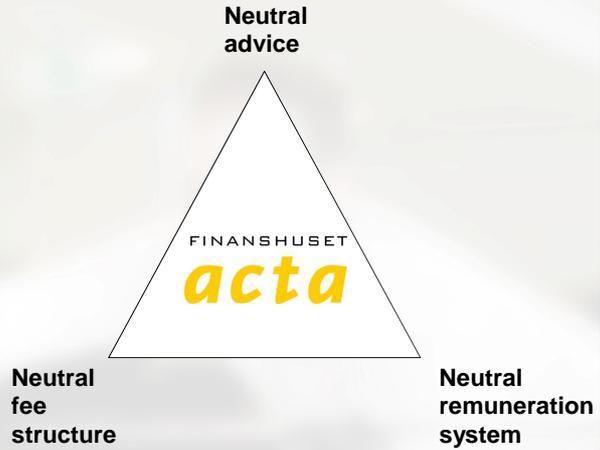
- ▶ Highlights second quarter 2010
- ▶ A changing industry – launch of portfolio account
- ▶ Subscriptions, clients and AuM
- ▶ Interim financial statements
- ▶ Segment information
- ▶ Outlook

## Highlights second quarter 2010

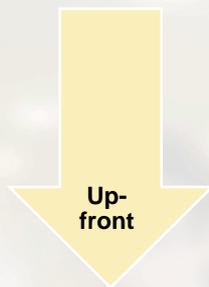
- ▶ Gross subscriptions of NOK 841 million
- ▶ Revenues of NOK 115 million
- ▶ Operating earnings of NOK 3 million
- ▶ Recurring revenues of NOK 67 million, coverage factor to fixed costs of 91%
- ▶ Assets under management of NOK 68 billion
- ▶ Successful launch of portfolio account in Norway

# A changing industry

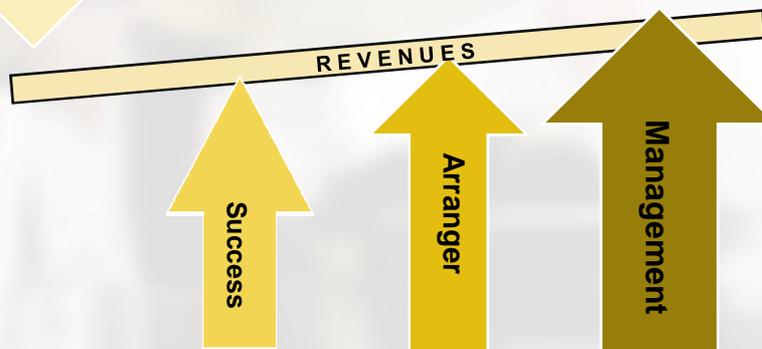
- Radical changes in industry**  
- MiFID – regulators interpretation
- Independent advice
- Remuneration
- Fee structure
- Financial crisis ex post**  
- Demand for liquidity and simple fund-structures



# Successful launch of portfolio account



- ▶ Launched in Norway 15 June
- ▶ A neutral alternative to the traditional transaction related fee structure
- ▶ In line with clients' demand and future industry standards
- ▶ Welcomed by clients: NOK 2.5 billion reallocated
- ▶ Swedish clients given the opportunity from 1 September



# Portfolio account

Assets under management (bnok)

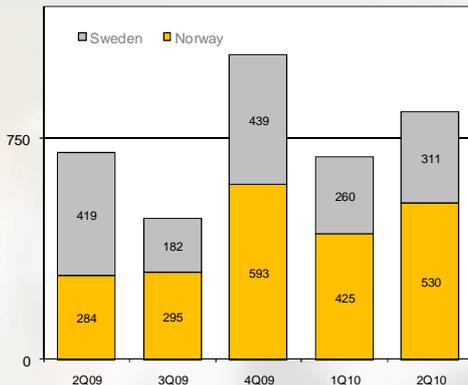


Net recurring revenues will increase by slightly more than 1 percentage point compared to the situation today

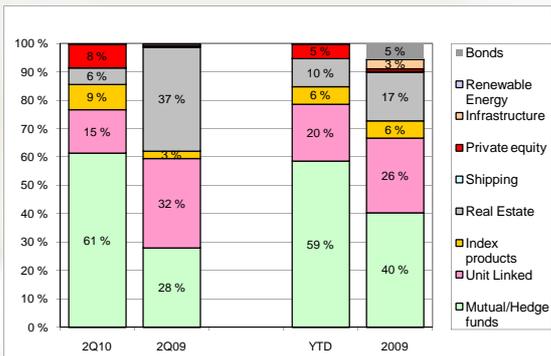
- ▶ No or low initial subscription costs
- ▶ Reallocation of portfolio free of charge
- ▶ Transaction fees under pressure
- ▶ Clients pay annual fees
  - From 1.25% to 2.25% of equity
- ▶ Clients receive credit amounts from suppliers
- ▶ Incentives between investor and advisor aligned → investment returns

# Subscriptions

Gross subscriptions (mnok)



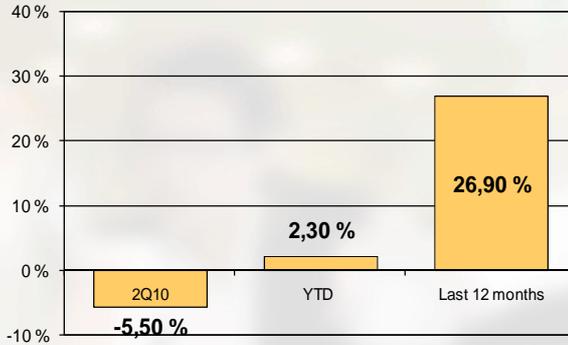
Gross subscriptions per asset class



- ▶ Gross subscriptions of NOK 841 million
- ▶ Mutual funds and Unit linked with highest demand

# Return on clients' assets and subscriptions

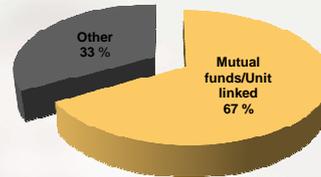
Average client portfolio mutual fund returns



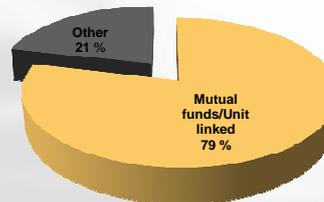
Return on assets for average client portfolio for 2Q10 is -0.6% and 0.4% for the first half of 2010

- Returns in NOK, not annualised
- Return on clients' investments within given fund selection

2009

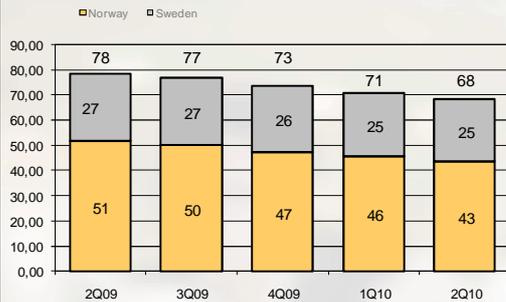


1H10

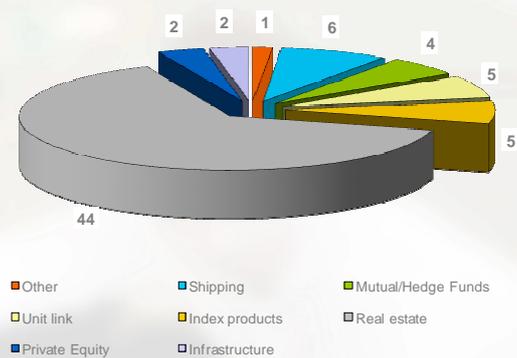


# Assets under management

Assets under management (bnok)



Assets under management per asset class<sup>1)</sup>



Decrease in AUM of NOK 2.3 billion compared to previous quarter

- Maturity of Index products of NOK 2.5 billion
- Partly offset by NOK 0.8 billion in gross subscriptions

1) Billion NOK

## Key financial data

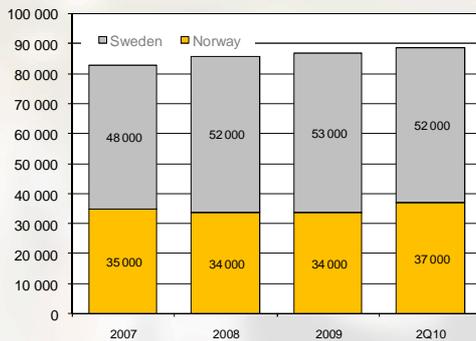
<i>mnok</i>	2Q 2010	2Q 2009	1-2Q 2010	1-2Q 2009	2009
Transaction revenues	47	61	74	125	195
Recurring revenues	67	71	135	148	293
Other revenues	1	0	2	0	2
<b>Total revenues</b>	<b>115</b>	<b>132</b>	<b>211</b>	<b>274</b>	<b>489</b>
Variable operating costs	12	14	20	26	47
Activity based costs	23	25	42	49	93
Fixed costs	73	114	150	210	359
Depreciation a.o.	4	12	11	18	27
<b>Operating earnings</b>	<b>3</b>	<b>-34</b>	<b>-12</b>	<b>-30</b>	<b>-36</b>
<b>Net income</b>	<b>5</b>	<b>-32</b>	<b>-5</b>	<b>-27</b>	<b>-36</b>
<b>EPS</b>	<b>0.02</b>	<b>-0.13</b>	<b>-0.02</b>	<b>-0.11</b>	<b>-0.14</b>
<b>ROE<sup>1)</sup> - annualised</b>	<b>6%</b>	<b>-37%</b>	<b>-3%</b>	<b>-15%</b>	<b>-21%</b>

1) After tax

- ▶ Total revenues down NOK 18 million compared to the second quarter of 2009
- ▶ Recurring revenues of NOK 67 million
- ▶ Reduction in revenues reflects lower margins and maturity of Index products
- ▶ Total costs reduced by NOK 54 million compared to second quarter 2009
- ▶ Net income in the second quarter was NOK 5 million (NOK -32 million), which translates to an EPS of NOK 0.02, compared with NOK -0.13 in the equivalent quarter of 2009.

## 89,000 clients

37,000 in Norway and 52,000 in Sweden

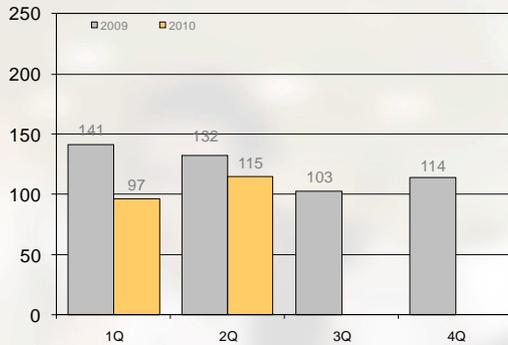


1) YTD - New clients defined as clients with no placed orders prior to 1st Jan 2010

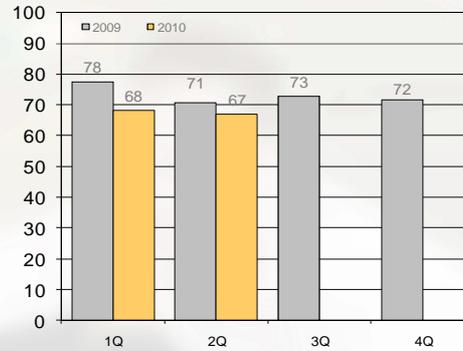
- ▶ Stable number of clients both in Norway and Sweden compared to previous quarter
- ▶ Average assets under management per client
  - Norway NOK 1.2 million
  - Sweden NOK 0.5 million
  - Average NOK 0.8 million
- ▶ Total revenues from existing clients<sup>1)</sup>
  - Norway 85 percent
  - Sweden 98 percent

# Revenues

Total revenues (mnok)



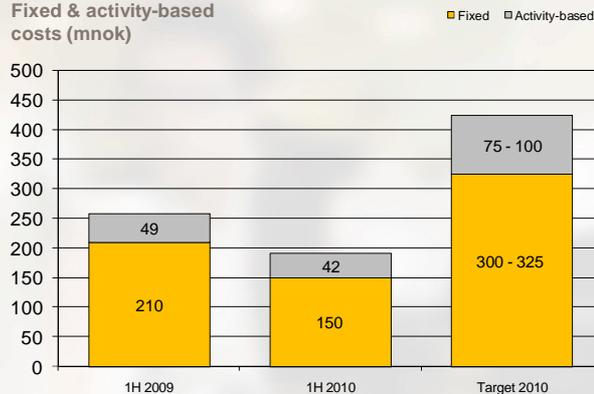
Recurring revenues (mnok)



- ▶ Quarterly revenues down NOK 18 million from 2Q09
  - Lower margins
  - Weak gross subscription volumes in Sweden
  
- ▶ Recurring revenues of NOK 67 million, down from NOK 71 million from 2Q09
  - Recurring revenues in line with budget

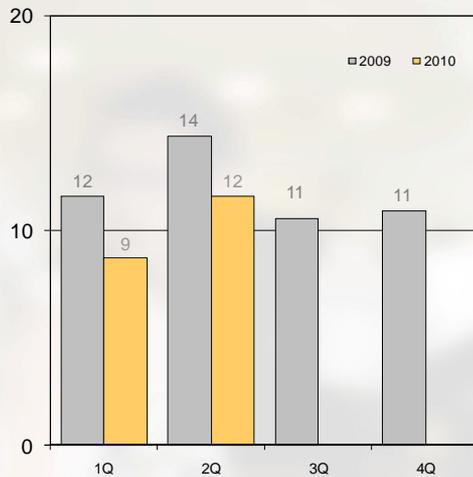
# Costs in line with target

Fixed & activity-based costs (mnok)



- ▶ Activity-based costs in 2Q10 ended at NOK 23 million
  
- ▶ Fixed operating costs were reduced by NOK 41 million or 36% compared with the second quarter in 2009
  
- ▶ 20 per cent of total second quarter operating costs are activity-based and thus scalable

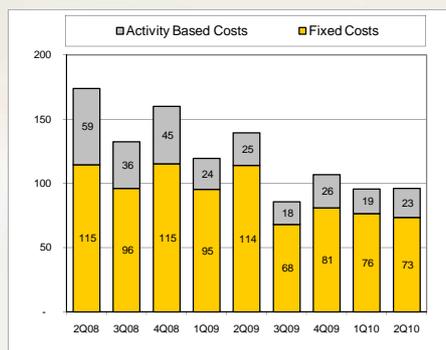
## Variable operating costs



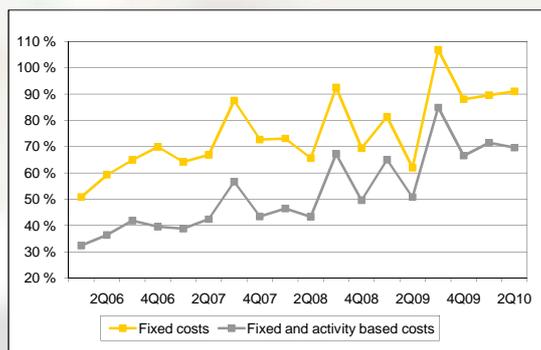
- ▶ Variable operating costs at NOK 12 million, compared to NOK 14 million in 2Q09
- ▶ Of total second quarter operating costs, 10% are variable
- ▶ New remuneration system from 3Q10

## Fixed & activity-based operating costs

Fixed & activity-based operating costs (mnok)



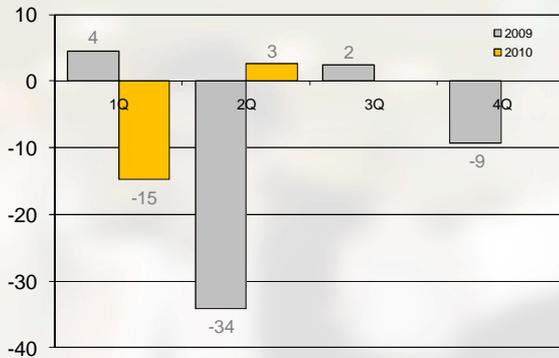
Recurring revenues/costs<sup>1)</sup>



- ▶ Fixed costs reduced by NOK 41 million from 2Q09
- ▶ Activity-based costs down NOK 2 million from 2Q09
- ▶ Recurring revenues covers 91% of fixed costs in the quarter

1) Strong third quarter ratio all years due to replacement of salaries with accrued vacation pay in Norway in July.

## Operating earnings



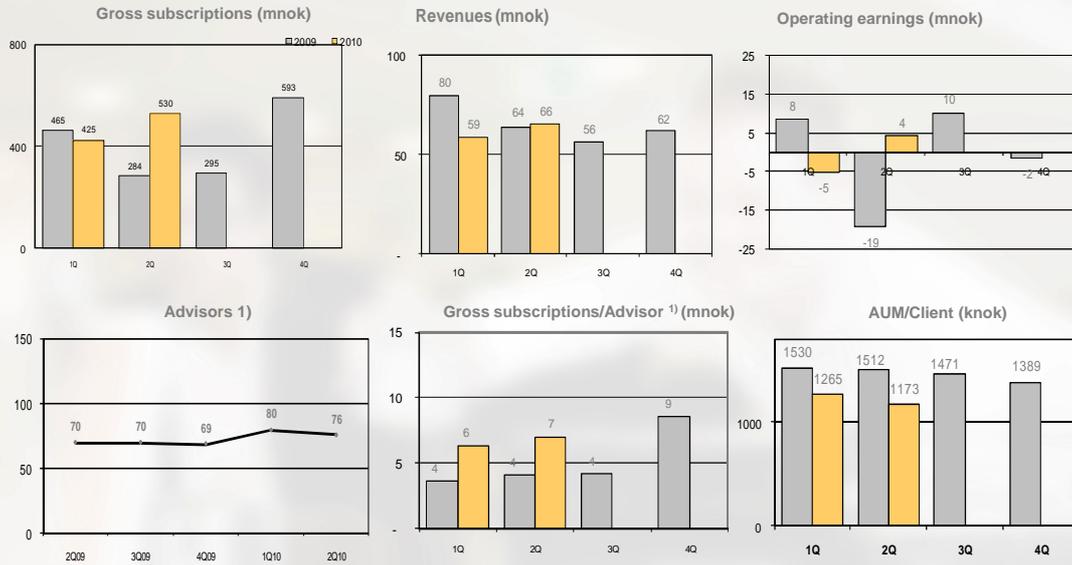
- ▶ Operating earnings of NOK 3 million
- ▶ The improvement in operating earnings is driven by lower operating costs as a result of the restructuring carried out in 2009, partly offset by lower revenues.
- ▶ Lower cost base and reduced operational risk make Acta well positioned to ensure future profitability

## Balance sheet

MNOK	30.06.10	30.06.09	31.12.09
Fixed assets	18	29	19
Goodwill	16	6	6
Other intangible assets	48	40	46
Deferred tax asset	25	27	13
Trade receivables	65	72	41
Other receivables	29	24	26
Bank deposits/Treasury bills	222	253	262
<b>Total assets</b>	<b>423</b>	<b>452</b>	<b>411</b>
<b>Equity</b>	<b>336</b>	<b>331</b>	<b>321</b>
Accounts payable	1	0	14
Taxes payable	11	10	0
Overdraft facility	0	0	0
Other taxes and duties payable	15	21	18
Salaries/commissions payable	24	48	27
Other short term debt	37	42	30
<b>Total debt</b>	<b>86</b>	<b>121</b>	<b>90</b>
<b>Total equity and debt</b>	<b>423</b>	<b>452</b>	<b>411</b>

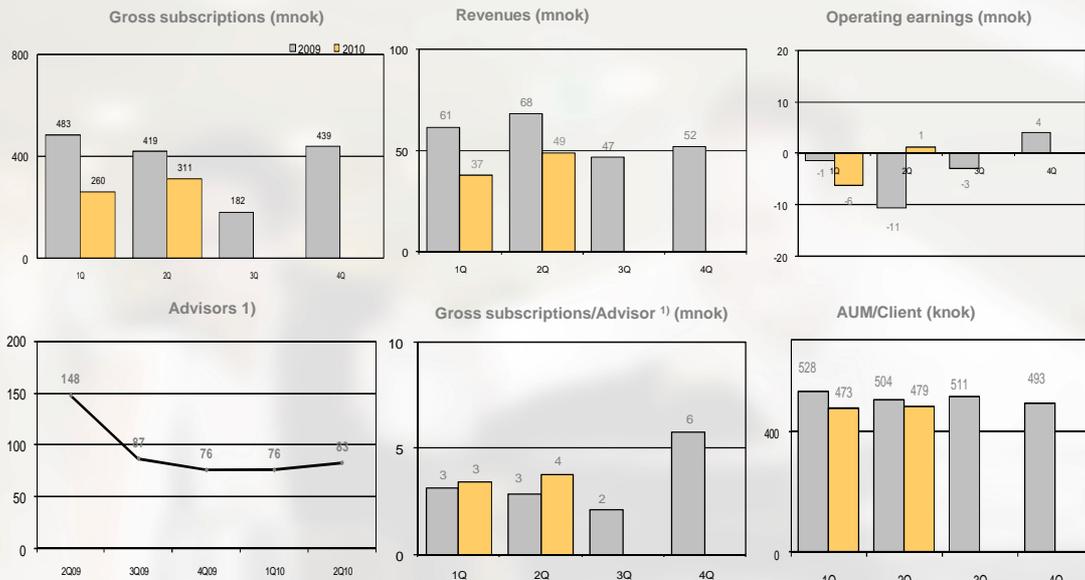
- ▶ Total assets at the end of the second quarter were NOK 423 million, up from NOK 415 million the previous quarter.
- ▶ Acta has very limited risk on its balance sheet
- ▶ The Group's liquidity situation is still strong, with net bank deposits of NOK 222 million at the end of the quarter
- ▶ The Group is financially robust

# Norway



1) Includes branch managers, advisors and brokers

# Sweden



1) Includes branch managers, advisors and brokers

# Outlook

▶ **Building a solid foundation for the future**

- Business idea: Provide clients with good long-term returns
- Vision: Acta is a leading Nordic financial services group

▶ **Short term – Q3**

- Recruiting existing and new clients to portfolio account
- Launch of portfolio account in Sweden
- Long term business model in focus

▶ **Medium term – 2011**

- Recruiting 40 new advisors/brokers

▶ **Long term**

- Within two years the ambition is to have 50 per cent of the client equity invested through portfolio account
- Within four years the ambition is to have 75 per cent of the client equity invested through portfolio account