

# Acta Holding ASA

## 1st quarter presentation 2009

CEO Simen Mørdre

CFO Christian Tunge

29th April 2009

## Agenda

- ▶ Highlights first quarter 2009
- ▶ Changes in Acta
- ▶ Clients
- ▶ Interim financial statements
- ▶ Segment information
- ▶ Company outlook

*Disclaimer:*

*No forward-looking statements in this presentation must be understood as any guarantees for the future.*

# Highlights 1st quarter 2009

- ▶ Gross subscriptions of NOK 949 million
- ▶ Revenues of NOK 141 million
- ▶ Recurring revenues of NOK 78 million, coverage factor to fixed costs of 81%.
- ▶ Operating results of NOK 4 million
- ▶ Assets under management of NOK 80 billion
- ▶ The Group has a robust financial standing and has a net liquidity position of almost NOK 300 million and no interest bearing debt.

*acta*

3

## Significant changes in Acta since MiFID

- Implementation of a new Securities Trading Act - MiFID (1st November 2007)
- Increased resources to the internal compliance function, and increased use of internal and external audits (KPMG), control and help (from November 2007)
- After clear signals from the Financial Supervisory Authority of Norway, stopped advising on index linked bonds both on equity and debt financed products (Norway March 08, Sweden June 2008)
- Several significant changes in internal policies for advisory services (through the spring of 2008)
- Three normative cases from supervisory inspections from the Norwegian FSA (spring 2008)
- Simplified and reduced fee structure for alternative investments (summer 2008)
- Transparent product information about fees and risk (summer 2008)
- Established central control prior to client transactions (from autumn 2008)
- Inspection in Acta Kapitalforvaltning ASA (autumn 2008)
- Certification of advisors in Norway during 2009

*acta*

# Customers, regulators and market trends

## Customer requests;

- ▶ Safe, open and competent
- ▶ Advisory – not product sale
- ▶ Return on investment
- ▶ Follow-up – agreed and as expected

## Regulatory requests;

- ▶ Reduce margins and prices
- ▶ Price the advisory as a service
- ▶ Simplified products
- ▶ Liquid products
- ▶ Increased protection of small private investors
- ▶ Strong companies with resources to work long term

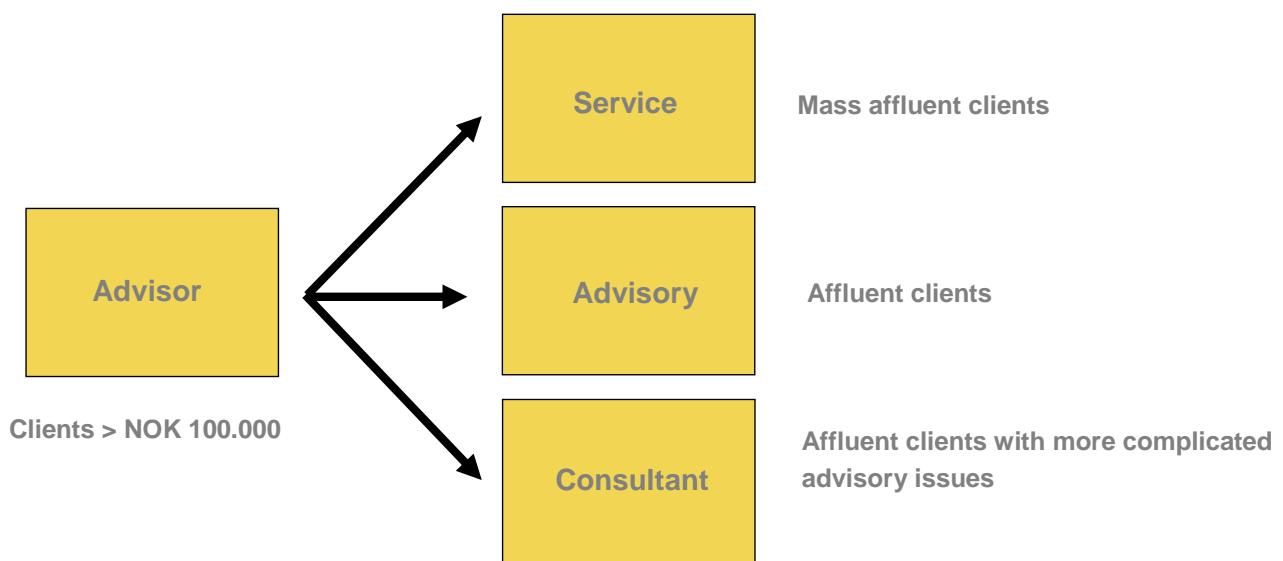
## Market trends;

- ▶ Reduced competition
- ▶ Pricing models
- ▶ Incentives

## acta

---

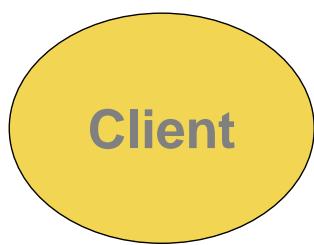
## New customer concepts in Acta



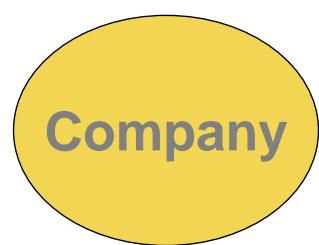
## acta

---

# Alternative business model for advisory and consultancy concepts



Neutral advice in relation to asset classes & products



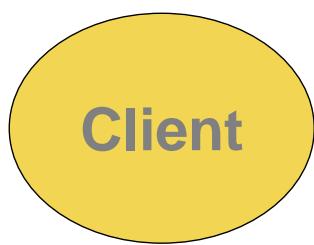
When ready, the company will offer new and existing advisory and consultancy clients a fixed annual management fee + profit split as an alternative to today's price model.

The company will also offer clients additional paid services.

*acta*

---

## Advisor incentives



Neutral advice in relation to asset classes & products



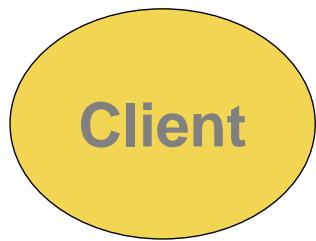
Advisor receive a fixed salary + portfolio salary.

Advisor task is to generate a good return on investment for the client, independent of asset classes, products and transactions.

*acta*

---

# Business model for the Service concept



- Follow-up and help
- Simple products
- Recommended portfolios
- Reception and intermediation of orders

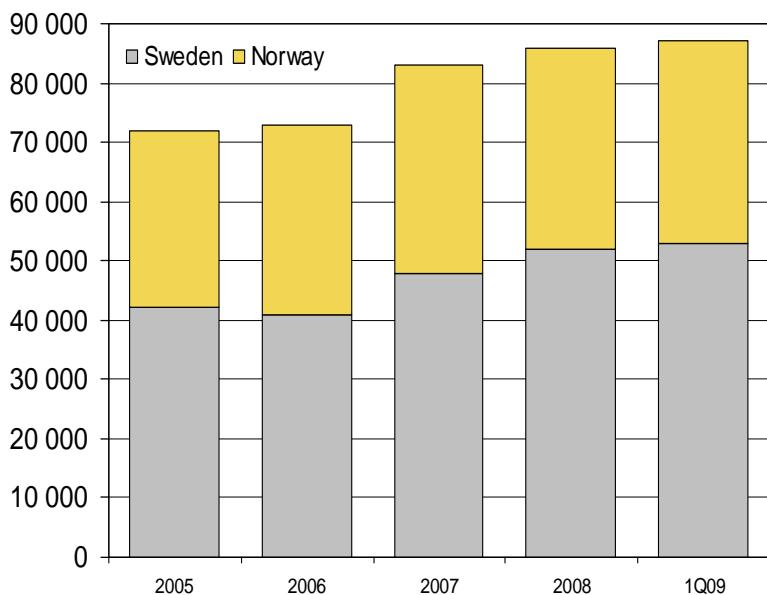


Clients will no longer receive 1:1 advisory, due to legal requirements and costs.  
Clients will contact or will be contacted by competent service personnel.  
Clients will regularly receive reports and information.  
Clients can execute required transactions by phone or online.

*acta*

---

**87,000 clients**  
34,000 in Norway and 53,000 in Sweden

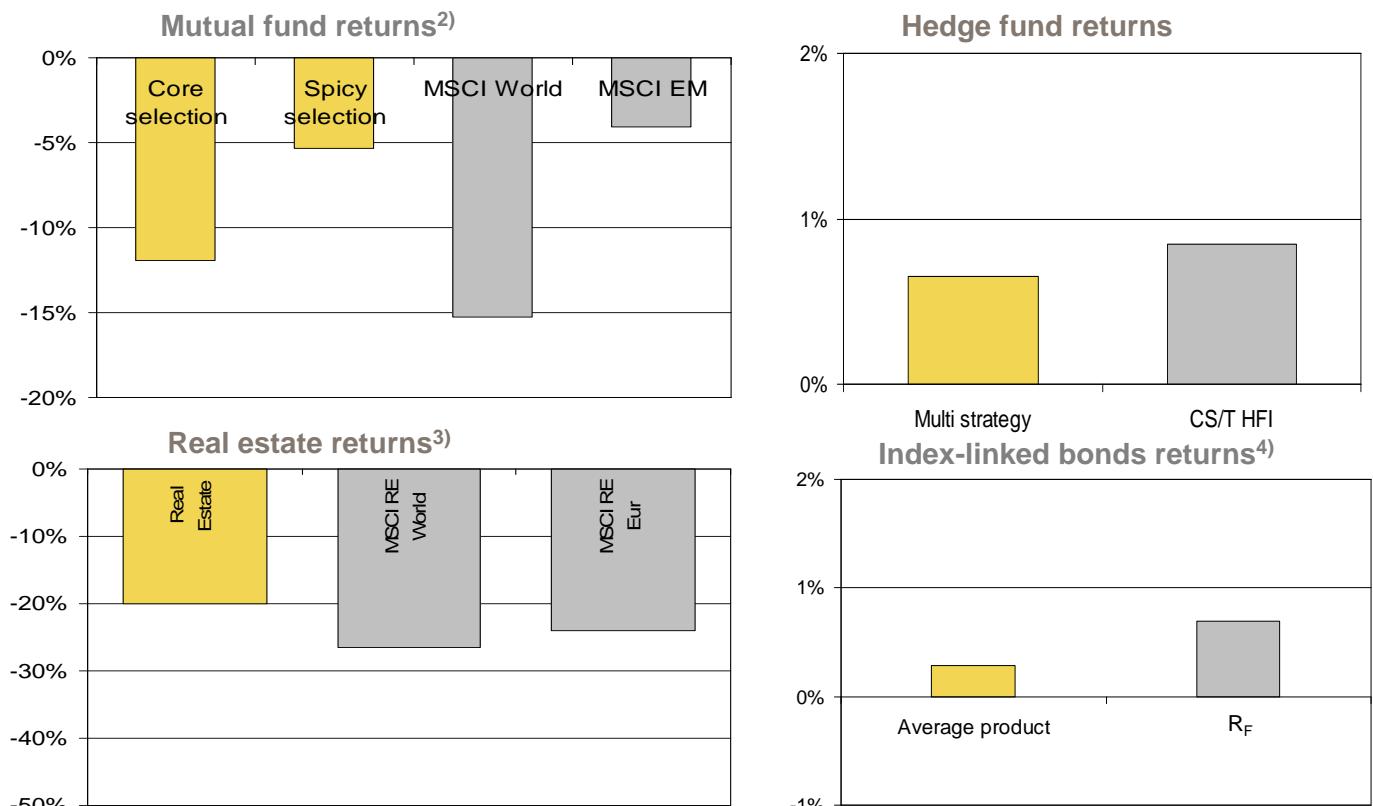


- ▶ Stable number of clients both in Norway and Sweden compared to previous quarter
- ▶ Average assets under management per client
  - Norway 1.5 million kroner
  - Sweden 0.5 million kroner
  - Average 0.9 million kroner
- ▶ Total revenues from existing clients<sup>1)</sup>
  - Norway 93 percent
  - Sweden 94 percent

*acta*

1) YTD - New clients defined as clients with no placed orders prior to 1st Jan 2009

# Return on clients' assets in first quarter<sup>1)</sup>



**acta**

1) Returns in NOK, not annualised

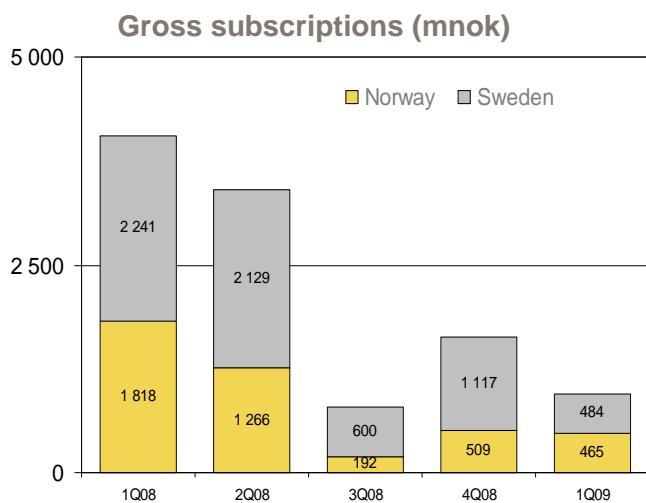
2) Return on clients' investments within given fund selection

3) Real estate project values are updated quarterly, based on estimates from independent brokers, or official bids for single properties or portfolios of properties. Volume weighted.

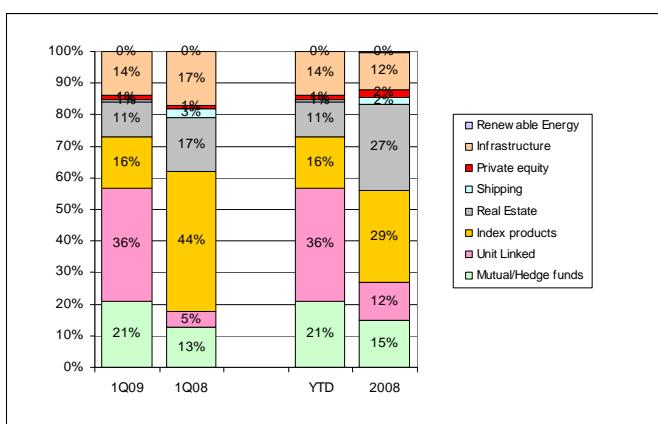
4) Excluding Lehman Brothers index linked bonds

11

# Gross subscriptions



## Gross subscriptions per asset class



- Total subscription volumes of 949 million kroner, down from record 4,059 million kroner in first quarter 2008.
- Subscription are well diversified between asset classes.
- Most popular asset classes are unit linked and mutual funds, with a 36 % and 21 % share of total subscription, respectively.

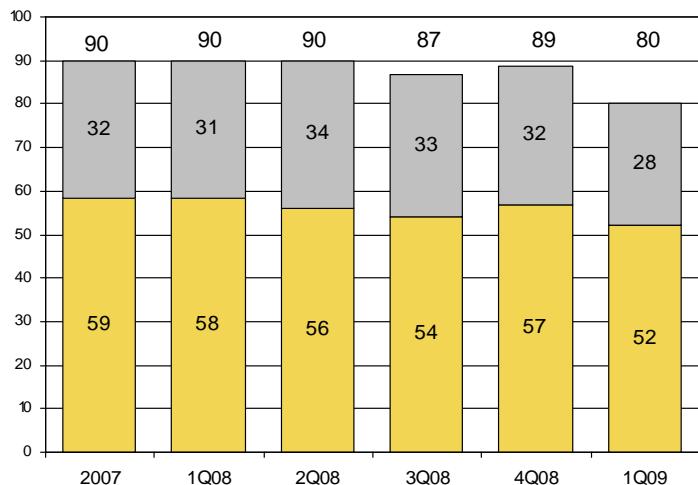
**acta**

12

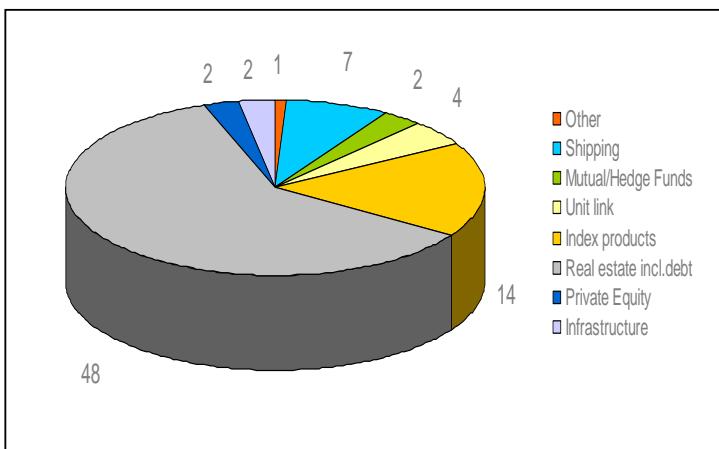
# Assets under management

## Assets under management (bnok)

■ Norway ■ Sweden



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



- Decrease in AUM of 8.6 bnok compared to previous quarter. AUM increased by subscriptions of 0.9 bnok, but offset by a decrease in AUM from Real Estate (5.1 bnok), Index products (2.1 bnok) and other asset classes (2.3 bnok).
- Real Estate AUM is reduced from previous quarter due to currency fluctuations (2.6 bnok) and a negative development in real estate values (2.3 bnok).
- AUM from Index products reduced due to the exclusion of bonds issued by Lehman Brothers (1.1 bnok), and maturity and buy-backs of Index products (0.3 bnok).

**acta**

1) Billion NOK

13

## Key financial data

mnok	1Q 2009	1Q 2008	2008
Transaction revenues from new clients <sup>1)</sup>	4	45	101
Transaction revenues from existing clients <sup>1,2)</sup>	60	243	514
<b>Total Transaction revenues</b>	<b>63</b>	<b>288</b>	<b>615</b>
Recurring revenues	78	78	320
Other revenues	0	1	3
<b>Total revenues</b>	<b>141</b>	<b>367</b>	<b>938</b>
Variable operating costs	12	69	159
Activity based costs	24	61	202
Fixed costs	95	107	432
<b>Operating earnings</b>	<b>4</b>	<b>126</b>	<b>125</b>
<b>EPS</b>	<b>0.02</b>	<b>0.40</b>	<b>0.44</b>
ROE <sup>3)</sup> - annualised	6%	43%	18%

1) New clients defined as clients with no placed orders prior to 1 Jan 2009

2) Assumed same split on revenues from structuring fees as for subscription fees.

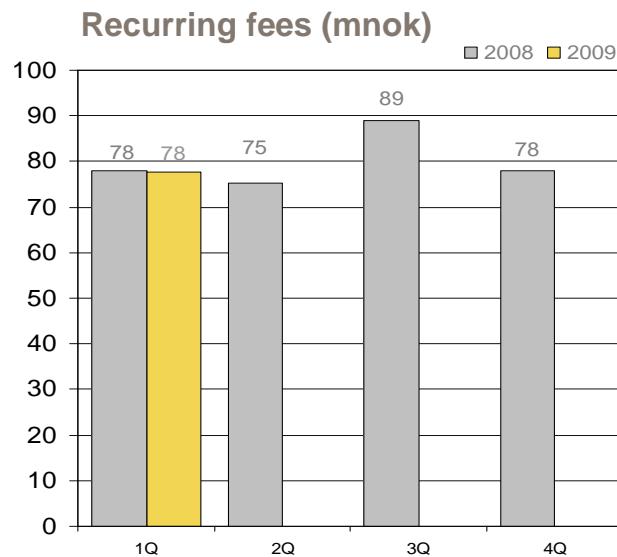
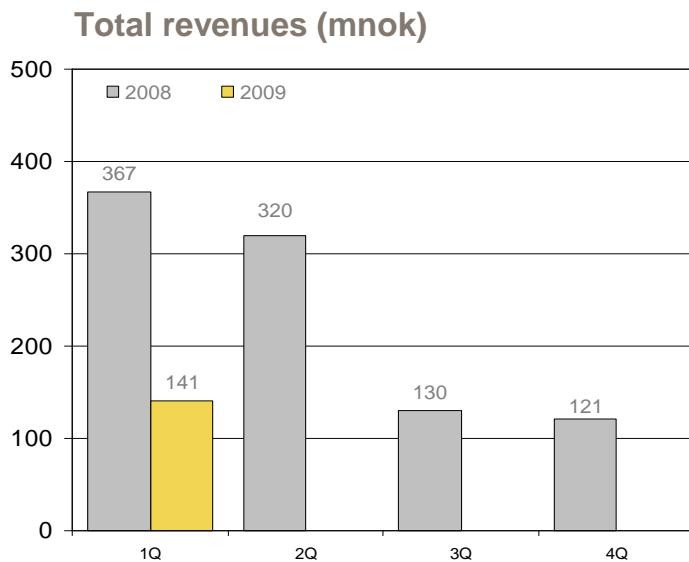
3) After tax

- Operating earnings positive 4 million kroner as indicated in guiding from the previous quarter
- Total revenues of 141 million kroner, down 226 million kroner compared to the first quarter 2008.
  - Significantly reduced subscription volumes main reason for decline.
  - Investments from Acta's client-owned companies are at low levels.
- Recurring revenues at same level as 1Q 2008.
- Lower subscription levels is also reflected in a reduction in activity based and variable costs
- Activity based costs reduced by 61 percent compared to the same quarter in 2008 and almost 50 percent compared to previous quarter.
- Fixed costs 12 million kroner lower than the 1st quarter of 2008, and 20 million kroner lower than previous quarter, both in line with the cost reduction programs entered into in 2008.
- Operating earnings positive 4 million kroner as indicated in guiding from the previous quarter

**acta**

14

# Revenues

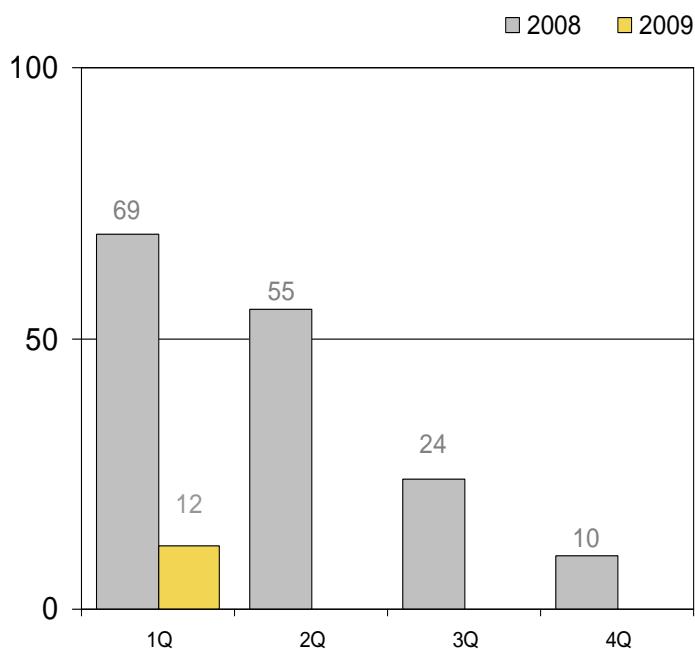


- ▶ Considerable reduction in subscription levels and low investment activities are the main reasons for the decrease in quarterly revenues compared to 1st quarter 2008.
- ▶ Recurring revenues at same level as comparable quarter 2008, and at the same level as previous quarter's recurring revenues.
- ▶ Annualized recurring revenues of approximately 300 million kroner.

*acta*

15

## Variable operating costs



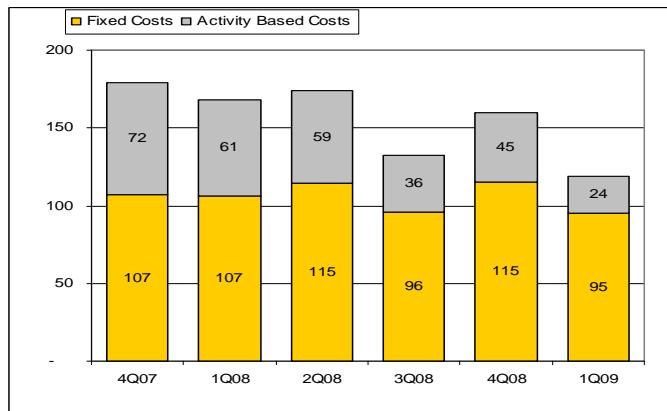
- ▶ Variable operating costs down more than 80 % compared to first quarter 2008. Advisor salaries and bonuses with the largest reductions.
- ▶ Reduced subscription volumes main reason for the decrease.
- ▶ This effect corresponds well with Acta's favourable business model; where costs are highly correlated to subscription levels and revenues

*acta*

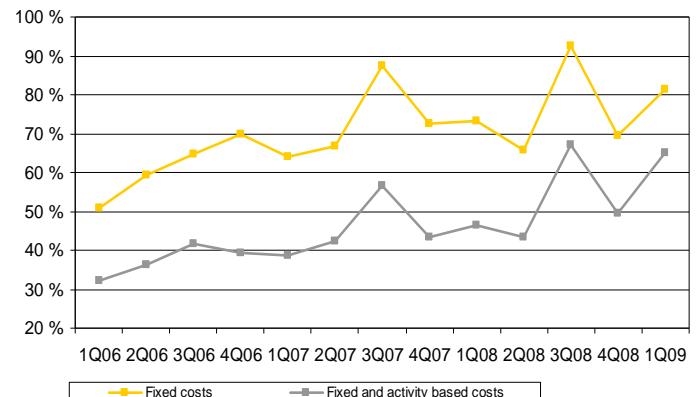
16

# Fixed & activity-based operating costs

## Fixed & activity-based operating costs (mnok)



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



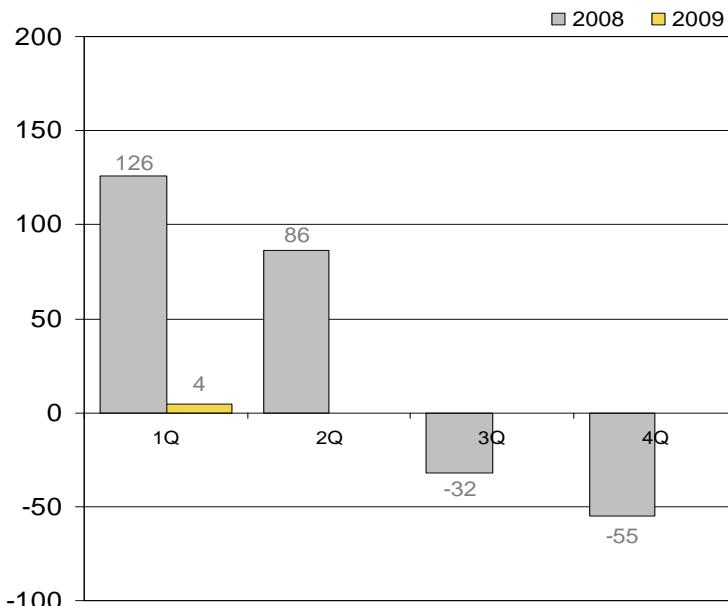
- ▶ Fixed costs down 11 million kroner from 1Q08, main reduction in fixed personnel costs (-13) and IT (-3), offset by an increase in office costs (+3) and other costs (+2).
- ▶ Activity-based costs down 37 million kroner from 1Q08. Activity-based personnel costs (-15 mnok), client acquisition (-9 mnok) and marketing (-12 mnok) being the main cost deltas.
- ▶ More than 80 % of fixed costs are covered by recurring revenues in the quarter.

**acta**

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

17

## Operating earnings



- ▶ Financial control – cost are balancing revenues
- ▶ Quarterly operating earnings of 4 million kroner – an increase of 59 million kroner from the forth quarter 2008, but a decrease of 122 million kroner from comparable quarter in 2008.
- ▶ Positive operating earnings for the first quarter is in line with the guiding given at the presentation of the previous quarter.

**acta**

18

# Balance sheet

MNOK	31.03.09	31.12.08
Goodwill	6	6
Other intangible assets	40	42
Deferred tax asset	6	6
Fixed assets	34	36
Trade receivables	77	61
Other receivables	20	24
Bank deposits/Treasury bills	288	439
<b>Total assets</b>	<b>472</b>	<b>614</b>
<b>Equity</b>	<b>362</b>	<b>357</b>
Accounts payable	-2	13
Taxes payable	20	90
Overdraft facility	0	35
Other taxes and duties payable	16	30
Salaries/commissions payable	48	54
Other short term debt	27	36
<b>Total debt</b>	<b>109</b>	<b>257</b>
<b>Total equity and debt</b>	<b>472</b>	<b>614</b>

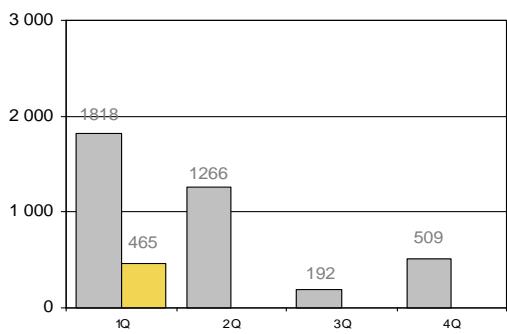
- ▶ Acta has very limited risk on its balance sheet.
- ▶ The group's liquidity situation is still strong, with net bank deposits of NOK 288 million at the end of the quarter.
- ▶ Bank deposits reduced by 116 mnok during the quarter, were 79 mnok relates to payment of taxes and other duties.
- ▶ The Group is financially robust.

*acta*

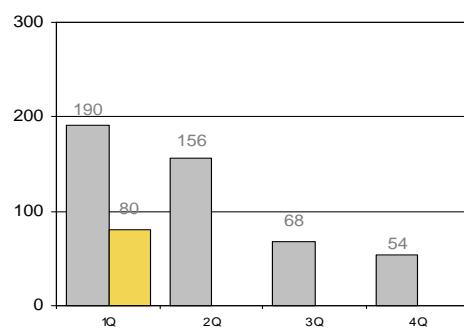
19

## Norway

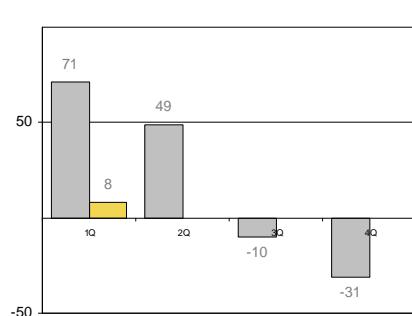
Gross subscriptions (mnok)



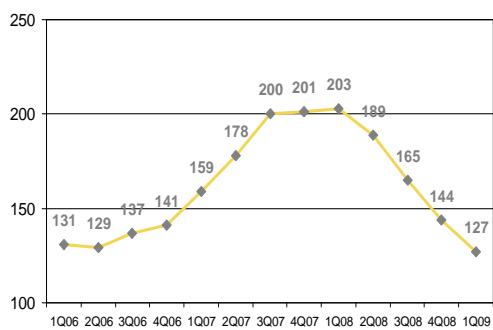
Revenues (mnok)



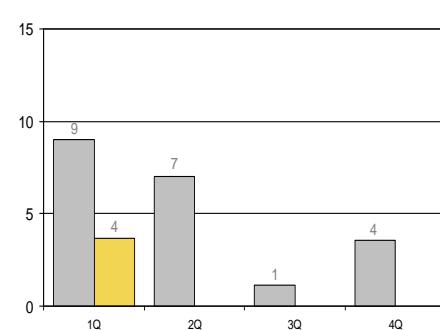
Operating earnings (mnok)



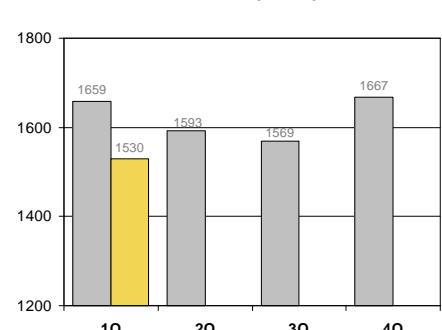
Advisors<sup>1)</sup>



Gross subscriptions/Advisor (mnok)



AUM/Client (knok)

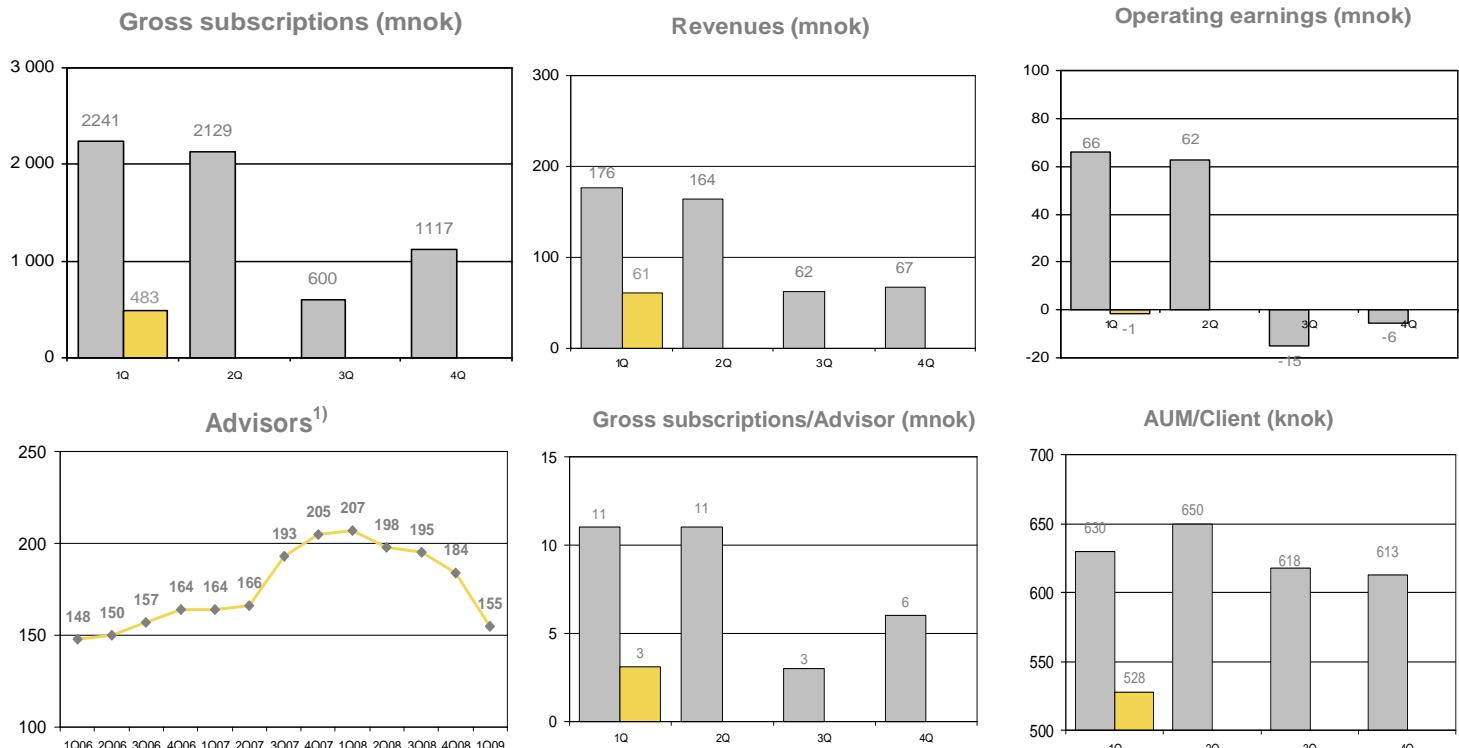


*acta*

<sup>1)</sup> Includes branch managers, advisors and trainees

20

# Sweden



**acta**

<sup>1)</sup> Includes branch managers, advisors and trainees

21

## Outlook

- ▶ Challenging media situation, especially in Sweden, based on unfortunate incidents like Lehman Brothers and real estate turbulence
  - Acta has focus on and has allocated resources to solving these challenges.
- ▶ Major changes in the customer concepts
- ▶ Strategic changes in Acta's business model are evaluated
- ▶ Balancing income and cost by adapting organisation and cost level
- ▶ Acta expects a good long term market
- ▶ Business opportunities
  - Low interest rates have traditionally increased sales
  - Less competition from other suppliers of investment advisory services
  - Many investment opportunities emerge as favourable priced
  - Focus on product innovation, London Opportunities launched end of March

**acta**