

# Financial information

## 3<sup>rd</sup> quarter

2014/2015

### Very good performance across all our activities

- Global Financial Advisory - best quarter for revenue since 2008, up 25% compared to same quarter in the prior year supported by both strong M&A advisory and Financing advisory activity
- Wealth & Asset Management - stable quarterly revenues compared to same quarter in the prior year due to significantly lower performance fees, offset by better revenues on assets under management which increased by 6% thanks to strong net new assets of €1.1 billion during the third quarter
- Merchant Banking – third quarter revenues increase of 26% compared to same quarter in the prior year. The business continues to develop fund initiatives with launch of new funds

<i>In €m</i>	3 <sup>rd</sup> Quarter Revenues			9 Months Revenues		
	2013/2014	2014/2015	% Var	2013/2014	2014/2015	% Var
Global Financial Advisory	200.0	250.4	+25%	499.6	663.3	+33%
Asset Management	115.4	122.6	+6%	285.1	365.6	+28%
<i>Of which Wealth &amp; Asset Management</i>	86.8	86.6	0%	230.5	242.1	+5%
<i>Of which Merchant Banking</i>	28.6	36.0	+26%	54.6	123.5	+126%
Other <sup>1</sup>	16.4	16.1	-2%	42.4	45.0	+6%
<b>Total before statutory adjustments</b>	<b>331.8</b>	<b>389.1</b>	<b>+17%</b>	<b>827.1</b>	<b>1,073.9</b>	<b>+30%</b>
Statutory adjustments <sup>2</sup>	(9.9)	(9.9)	-	(12.3)	(21.4)	-74%
<b>Total Group revenues</b>	<b>321.9</b>	<b>379.2</b>	<b>+18%</b>	<b>814.8</b>	<b>1,052.5</b>	<b>+29%</b>

<sup>1</sup> Comprises Central cost, Legacy businesses, including Banking & Asset Finance, and other

<sup>2</sup> Statutory adjustments for revenues mainly represent reallocation of impairments, offset by various other IFRS adjustments. The segmental analysis is prepared from non-IFRS data used internally

We have two main activities within our Group: Global Financial Advisory which focuses on providing advice in the areas of M&A, debt, restructuring and equity; and Asset Management in a broad sense which comprises Wealth & Asset Management and Merchant Banking. In addition, we have a Banking & Asset Finance business which predominantly relates to the legacy banking business.

### ***Global Financial Advisory***

Global Financial Advisory revenues for the three months to December 2014 were €250.4 million, up 25% compared to the same period in the prior year (three months to December 2013 revenue was €200.0 million), and up 27% quarter on quarter.

Revenue for the nine months to December was €663.3 million, up 33% compared to the same period in the prior year (nine months to December 2013 revenue was €499.6 million). This represents our strongest nine months to December and third quarter revenue since financial year 2007/2008. In comparison, for the nine months to December 2014, global completed M&A deal values were up 19% and global completed deal numbers were up 6% compared to the same period in the prior year<sup>1</sup>.

For the nine months to December 2014, M&A advisory revenue was up 32% and Financing advisory revenue up 35% compared to the same period in the prior year. Revenue performance was particularly strong compared to the same stage last year in our European and Australian businesses. We saw significant improvements across all product areas.

In M&A advisory, we remain among the lead advisers by volume, ranking 5<sup>th</sup> globally by number of completed deals<sup>2</sup>. In Europe we continue to be the market leader, advising on more deals than any of our competitors – a position we have held for more than a decade<sup>2</sup>. We advised on many of the most high-profile transactions to complete during the nine months to December 2014, reflecting our integrated global model which provides us with a competitive advantage with regards to complex cross-border transactions.

In Financing advisory, during the nine months to December 2014 we advised on 23 IPOs (of which 4 were during the quarter to December 2014) and continued to advise on more European equity assignments than any other independent adviser<sup>3</sup>. We also continue to be highly active in large and complex debt advisory and restructuring situations.

For further examples of Rothschild's advisory assignments, please refer to Appendix 2.

### ***Asset Management***

#### ***Wealth & Asset Management***

Wealth & Asset Management revenues for the three months to December 2014 were €86.6 million, flat compared to the same period in the prior year, but up 9% quarter on quarter.

For the nine months to December 2014, Wealth & Asset Management generated revenues of €242.1 million, 5% better than the same period last year (€230.5 million). Revenue growth was driven by the rise of assets under management. The recent changes in monetary policy in Switzerland will have a modestly negative effect on Group profits.

Assets under management were €47.8 billion as at 31 December 2014 (€42.3 billion as at 31 March 2014 and €45.2 billion as at 30 September 2014). This represents an increase of €5.5 billion for the nine months (+€2.6 billion for the third quarter), thanks to net inflows of €2.6 billion and market appreciation and exchange rate effects of €2.9 billion. Net inflows were strong across our onshore

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<sup>1</sup> Source : Thomson Reuters

<sup>2</sup> Source : Thomson Reuters, completed basis in the 9 months to December 2014 excludes accounting firms

<sup>3</sup> Source: Dealogic

Wealth Management locations in the UK, France, Belgium, Germany and Switzerland (+ €2.0 billion) and in Asset Management (+€0.6 billion).

The table below presents the AuM progression over the third quarter and since the start of the financial year on a comparative basis.

<i>In € billion</i>	3 <sup>rd</sup> Quarter		9 Months	
	2013/2014	2014/2015	2013/2014	2014/2015
<b>AuM opening for the period</b>	<b>39.7</b>	<b>45.2</b>	<b>38.4</b>	<b>42.3</b>
Net new assets	0.3	1.1	0.4	2.6
Market and exchange rate impact	1.2	1.5	2.4	2.9
<b>AuM closing for the period</b>	<b>41.2</b>	<b>47.8</b>	<b>41.2</b>	<b>47.8</b>

Our European onshore Wealth Management business is growing in terms of assets under management and revenues, with strong asset inflows, combined with positive market performance. The recovery in equity markets had a positive impact on assets under management, as clients became more active.

Continuing pressures on our businesses, including those from increased regulation, have not changed our previously announced strategic focus of developing a more systematic approach to winning new clients as well as strengthening our organisation. Investments have been made in London in the Investment team and in Paris and Brussels in the Commercial teams. The pipeline for new assets remains strong.

Our Institutional Asset Management is reaping the rewards of its investment efforts in the development of its European product offering. Indeed, for the three months to December 2014, the inflow momentum has been positive in continental Europe, in the French institutional market, as well as in Switzerland, Italy and Benelux.

In the the nine months to December 2014, we have continued to strengthen our visibility and activity in continental Europe by reinforcing our dedicated sales teams, and by diversifying our product range available to local investors.

### *Merchant Banking*

Merchant Banking revenues for the three months to December 2014 were €36.0 million, up 26% compared to the same period in the prior year (€28.6 million).

During the first nine months to December 2014, Merchant Banking generated revenues of €123.5 million compared to €54.6 million the previous year. These revenues include:

- €22.4 million of management fees (€24.7 million for nine months to December 2013)
- €84.4 million of net investment gains after allowing for provisions (€17.0 million for nine months to December 2013)
- €16.7 million of other income, including interest and dividends (€12.9 million for nine months to December 2013)

During the first nine months to December 2014, this division invested €117.1 million, of which €44.0 million was in proprietary investments and €73.1 million was in funds managed by Merchant Banking. Disposal proceeds amounted to €199.2 million.

Good progress is being made towards a first close of Five Arrows Principal Investments II (FAPI II), the follow-on fund to the original €583 million Five Arrows Principal Investments – a 2010 vintage fund

focused on European mid-cap opportunities. A first closing at more than half the targeted final amount is scheduled for February 2015. A final closing is expected to take place during the summer.

During the quarter to December 2014 Merchant Banking's Debt Fund Business completed the securitization of its second Contego CLO vehicle – at €360m.

### ***Banking & Asset Finance***

The legacy banking book continues to reduce in line with our plans to exit this corporate lending business. Legacy drawings fell to €245 million as at 31 December 2014, down from €396 million as at 31 March 2014.

### **Outlook**

We expect revenues to continue to benefit from the good momentum seen in the first nine months of 2014 through to the end of the financial year. However, continuing economic uncertainty makes it difficult to predict the medium term outlook with any degree of confidence.

The Group is very well positioned for long term growth and success. We remain focused on our priorities of improving profitability, cost discipline and capturing the synergies between our three core businesses.

**Appendix 1: Quarterly progression of revenues**

<i>In €m</i>		<b>2013/2014</b>	<b>2014/2015</b>	<b>Var %</b>
Global Financial Advisory	1 <sup>st</sup> quarter	141.6	216.2	+53%
	2 <sup>nd</sup> quarter	158.0	196.7	+24%
	3 <sup>rd</sup> quarter	200.0	250.4	+25%
	<b>YTD</b>	<b>499.6</b>	<b>663.3</b>	<b>+33%</b>
Asset Management <sup>1</sup>	1 <sup>st</sup> quarter	82.9	114.4	+38%
	2 <sup>nd</sup> quarter	86.8	128.6	+48%
	3 <sup>rd</sup> quarter	115.4	122.6	+6%
	<b>YTD</b>	<b>285.1</b>	<b>365.6</b>	<b>+28%</b>
Other <sup>2</sup>	1 <sup>st</sup> quarter	13.3	16.7	+26%
	2 <sup>nd</sup> quarter	12.7	12.2	-4%
	3 <sup>rd</sup> quarter	16.4	16.1	-2%
	<b>YTD</b>	<b>42.4</b>	<b>45.0</b>	<b>+6%</b>
Statutory adjustments	1 <sup>st</sup> quarter	(0.6)	-	n/a
	2 <sup>nd</sup> quarter	(1.8)	(11.5)	n/a
	3 <sup>rd</sup> quarter	(9.9)	(9.9)	+0%
	<b>YTD</b>	<b>(12.3)</b>	<b>(21.4)</b>	<b>-74%</b>
<b>Total Group Revenues</b>	<b>1<sup>st</sup> quarter</b>	<b>237.2</b>	<b>347.3</b>	<b>+46%</b>
	<b>2<sup>nd</sup> quarter</b>	<b>255.7</b>	<b>326.0</b>	<b>+27%</b>
	<b>3<sup>rd</sup> quarter</b>	<b>321.9</b>	<b>379.2</b>	<b>+18%</b>
	<b>YTD</b>	<b>814.8</b>	<b>1,052.5</b>	<b>+29%</b>

<sup>1</sup> Asset Management comprises Wealth & Asset Management and Merchant Banking business

<sup>2</sup> Other comprises Central cost, legacy business, including Banking & Asset Finance, and other

## **Appendix 2: Global Financial Advisory track record**

### **Major transactions completed in the three months to 31 December 2014**

#### ***M&A and strategic advisory***

- Meda, a leading specialty pharma company, on its acquisition of Rottapharm | Madaus (€2.3 billion, Sweden and Italy)
- Almirall, a Spanish pharmaceutical company, on its respiratory transaction with AstraZeneca, plus royalties (US\$2.1 billion, Spain)
- Santé SA and Santé Développement Europe, controlling shareholders of Générale de Santé, a leading private healthcare services group in France, on the disposal of Générale de Santé to Ramsay Healthcare and Crédit Agricole Assurances (€1.6 billion, Luxembourg and France)
- Rabobank, a financial services provider, on its disposal of 98.5% stake in Bank BGZ to BNP Paribas (€1 billion, Netherlands and Poland)
- BC Partners, a leading private equity firm, on its disposal of Spotless Group to Henkel (€940 million, France)
- Co-operative Group, the UK's largest mutual business, on its disposal of the Co-operative Pharmacy business to the Bestway Group (£620 million, United Kingdom)
- Abbott Laboratories, a global healthcare company, on its acquisition of Veropharm (US\$631 million, USA and Russia)
- United Spirits, the leading spirits company in India, on its sale of Whyte & Mackay to Emperador (£430 million, India and United Kingdom)
- Shanghai Electric, one of the largest power/electro-mechanical equipment manufacturers in China, on its acquisition of a 40% stake in Ansaldo Energia from FSI and the establishment of two joint ventures (€400 million, China and Italy)

#### ***Financing advisory***

- Atos, an international information technology services company, on its new Revolving Credit Facility (€1.8 billion, France)
- Emaar Properties and Emaar Malls, a leading real estate development company in the Middle East and North Africa, on the IPO of Emaar Malls on the Dubai Financial Market (US\$1.6 billion, United Arab Emirates)
- Budapest Airport, Hungary's largest international airport, on its refinancing (€1.4bn) and its swap notional restructuring (€1.1 billion, Hungary)
- PHS, the UK's leading provider of contracted route-based workplace services, on the restructuring of its debt facilities (£945 million, United Kingdom)
- Broadcast Australia, the owner and operator of one of the most extensive wireless terrestrial transmission networks in the world, on its refinancing (A\$633.5 million, Australia)
- Seven Energy, an oil and gas exploration company operating in Nigeria, on its 10.25% 2021 public bond (US\$300 million) and its private placement with NSIA (US\$100 million, United Kingdom)
- Fingen, a leading Italian real estate company, on the restructuring of its financial indebtedness (€300 million, Italy)
- Blue Bird, the leading passenger land transportation company in Indonesia, on its IPO on the Indonesia Stock Exchange (US\$200 million, Indonesia)

**Financial calendar**

- 24 June 2015 after market close      Financial year 2014/2015 results
- 6 August 2015 after market close      Financial information for the 1<sup>st</sup> quarter of FY 2015/2016

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**About Paris Orléans, the parent company of the Rothschild Group**

*Paris Orléans operates in the following areas:*

- *Global Financial Advisory provides advisory services for mergers and acquisitions, debt financing and restructuring, and equity capital markets;*
- *Wealth & Asset Management, and*
- *Merchant Banking which comprises third party private equity and private debt business and proprietary investments.*

*Paris Orléans SCA is a French partnership limited by shares (société en commandite par actions) with a share capital of €142,274,072. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France. Paris Orléans is listed on NYSE Euronext in Paris, Compartment A - ISIN Code: FR0000031684*

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