

# Financial information - 1<sup>st</sup> quarter

## 2015/2016

### Revenue at similar levels to last year due to strong Wealth and Asset Management performance and translations gains

- Global Financing Advisory: steady revenue, continuing momentum seen last year
- Wealth and Asset Management: strong rise of revenue due to higher Assets under Management
- Merchant Banking: lower revenue due to reduced investment gains as anticipated

<i>In € million</i>	1 <sup>st</sup> Quarter Revenues		
	2014/2015	2015/2016	% Var
Global Financial Advisory	216.2	208.3	(4%)
Asset Management	114.4	121.8	+6%
<i>Of which Wealth &amp; Asset Management</i>	76.4	94.4	+24%
<i>Of which Merchant Banking</i>	38.0	27.4	(28%)
Other <sup>1</sup>	16.7	19.6	+17%
<b>Total before IFRS reconciliation</b>	<b>347.3</b>	<b>349.7</b>	<b>+1%</b>
IFRS reconciliation	-	(9.3)	n/a
<b>Total Group revenue</b>	<b>347.3</b>	<b>340.4</b>	<b>(2%)</b>

Revenue in first quarter 2015/2016 benefited from €30 million of currency translation effects versus first quarter 2014/2015.

<sup>1</sup> Other comprises legacy businesses and other

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 revenue for the three months to June 2015 was €208.3 million, compared to €16.2 million for the same period in the prior year (which was our best Q1 since the financial crisis) and €216.4 million for the three months to March 2015. This reflects a continuation of the momentum seen last year in both M&A and Financing Advisory, as well as particularly strong completions activity during the quarter in our UK and US businesses.

We remain among the top M&A advisers in the world, ranking 5<sup>th</sup> globally by number of completed transactions in the quarter<sup>2</sup>. In Europe, we continue to be the market leader, advising on more M&A deals than any of our competitors – a position we have held for more than a decade. In Financing Advisory, we ranked 4<sup>th</sup> globally by number of completed restructuring transactions during the quarter<sup>3</sup>, and maintained our position as adviser on more European equity assignments than any other independent financial adviser<sup>3</sup>.

We are currently working on some of the largest and most complex announced transactions globally, including acting as financial advisor to Intel on its US\$16.7 billion acquisition of Altera; China National Tyre & Rubber on its acquisition of a controlling stake in Pirelli for an implied enterprise value of €8.8 billion; Melrose on its £3.3 billion cross-border disposal of Elster to Honeywell; Lion Capital on the €2.3 billion disposal of a 49% stake in Picard, with a put option for the remaining 51%; and Nikkei on its £844 million acquisition of The Financial Times Group from Pearson.

Rothschild advised the following clients on significant M&A and Financing Advisory assignments that completed in the quarter to June 2015:

- Visteon, a leading automotive supplier, on the sale of its 70% stake in Halla Visteon Climate Control (US\$3.6 billion, United States and South Korea)
- Norbert Dentressangle, the transport, freight and logistics company, on its disposal to XPO Logistics (€3.2 billion, France and United States)
- TSB, the British bank, on its recommended cash offer by Banco de Sabadell (£1.7 billion, United Kingdom and Spain)
- CITIC Environment, a subsidiary of CITIC, the largest Chinese conglomerate, and CKM, a special purpose vehicle joint-owned by CITIC and KKR, on their voluntary general offer for United Envirotech (US\$1.5 billion, Singapore and China)
- Clayton Dubilier & Rice and BCA, Europe's leading used-vehicle marketplace, on the sale and LSE listing of BCA (£1.2 billion, United Kingdom)
- NII Holdings, a telecoms company covering Latin American, on its chapter 11 restructuring (US\$6 billion, United States)
- Canada GEN, an investment vehicle of the Canadian Government, on the block trade of its remaining ownership stake in General Motors (US\$2.6 billion, Canada and United States)
- Serco, a services company focusing on the public sector, on its recapitalisation (£2 billion, United Kingdom)

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<sup>2</sup> Source : Thomson Reuters

<sup>3</sup> Source : Dealogic

## Asset Management

### Wealth & Asset Management

During the first quarter of 2015/2016, Wealth & Asset Management generated revenue of €94.4 million, up 24% compared to the same quarter last year (€76.4 million), driven by the rise in Assets under Management. The pipeline for new assets remains strong. Assets under Management have slightly decreased by 0.6% to €51.8 billion as at 30 June 2015 (€52.1 billion as at 31 March 2015) due to net inflows of €0.6 billion offset by market depreciation and negative exchange rate effects of €0.9 billion.

The first quarter has seen a lot of macroeconomic activity related to the Greek bailout and also central bank intervention in Europe and Asia. However, this has not translated into the same level of market volatility seen during the previous year.

In Switzerland, the negative interest rates introduced by the central bank, along with the removal of the Swiss franc currency peg, have impacted revenues. However, we have taken action to offset some of the effect on revenue.

The table below presents the AuM progression over the quarter on a comparative basis.

<i>In € billion</i>	1 <sup>st</sup> Quarter	
	2014/2015	2015/2016
<b>AuM opening for the period</b>	<b>42.3</b>	<b>52.1</b>
Net new assets	0.8	0.6
Market and exchange rate impact	0.9	(0.9)
<b>AuM closing for the period</b>	<b>44.0</b>	<b>51.8</b>

### Merchant Banking

During the first quarter Merchant Banking generated revenues of €27.4 million compared to €38.0 million in the same period last year. The year-on-year decrease is largely attributable to lower investment gains made in our proprietary investments portfolio.

These revenues include:

- €9.2 million of management fees (€9.1 million for Q1 2014/2015),
- €13.4 million of net investment gains (€25.7 million for Q1 2014/2015),
- €4.8 million of interest and dividends (€3.9 million for Q1 2014/2015);
- less €0 provisions (€0.7 million for Q1 2014/2015).

The Group's share of the investment made by the division during the first quarter was €19.8 million, of which €18.7 million was the Group's own investments in funds managed by Merchant Banking and €1.1 million was in proprietary investments. Disposals generated proceeds of €56.7 million resulting in €13.4 million of net investment gains, notably, one proprietary investment in SIACI Saint Honoré – a leading provider of brokerage and consulting services in the French insurance market – generating proceeds of €40 million and a profit of €10 million.

As noted at the time of the full year results, Merchant Banking held a third closing of Five Arrows Principal Investments II ("FAPI II"), which is expected to hit its revised target amount of €750 million in September 2015, less than nine months after its first closing. Meanwhile, FAPI II made its first investment in a leading Scandinavian data provider for legal and accounting professionals.

Within the Private Equity funds' side, during the first quarter FAPI I made its third distribution, amounting to 3% of committed capital, and Five Arrows Secondary Opportunities made one new investment in AC Capital Premier II, a small-cap buy-out Spanish fund.

Within the Private Debt funds' side, during the first quarter, Oberon I (the first in the senior debt fund series) has started to pay down to investors, whilst its successor fund, Oberon II, has held its final closing at €250 million. Contego III, the latest in the division's CLO series, has started to build up its portfolio which, at the end of June 2015, stood at €85 million.

### **Medium-term outlook**

The Group had satisfactory revenues in the first quarter, capitalising on the depth of its market position and signs of economic improvement. However, some of our businesses are volatile and dependent to a high degree on prevailing and expected market conditions which remain uncertain and have become more challenging recently due to macro uncertainties.

In Global Financial Advisory, although the M&A market is strong globally, there is no certainty that this will continue and regional variations will affect our business. Our current global pipeline for the year to March 2016, at constant exchange rates, is stable with last year.

In Merchant Banking we continue to grow our Assets under Management across our different product offerings. However, it should be noted that investment profits will be clearly lower than in 2014/2015 where we took the benefit of selling a number of investments that realised high profits which will not be present in the current financial year, as previously announced.

In Wealth and Asset Management we expect to see continuing growth in Assets under Management from improving client flows.

### **Financial calendar**

- 24 September 2015 – 10:30 am - CET Annual Shareholders General Meeting
- 1 October 2015 Payment of dividend
- 24 November 2015 after market close Results of the first half-year of FY 2015/2016
- 11 February 2016 after market close Publication for the third quarter of FY 2015/2016
- 22 June 2016 after market close Results of the financial year 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 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. Paris Orléans share is PEA-PME eligible*

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