

## **High activity and solid earnings in Pareto**

In 2016, consolidated revenues for the Pareto group reached NOK 1.9 billion (2 billion in 2015). Net profit came in at NOK 738 million, down from 1 billion in the previous year. The decrease in net profit was primarily due to a decrease in realized gains on investments. Activity in the group companies was considerable, especially in shipping and real estate. Pareto's asset management operations gained healthy returns and the mutual fund Pareto Aksje Norge had a particularly good year with a return of 28.4% against the Oslo Børs Mutual Fund Index of 11.5%.

Pareto is a leading, independent operator in the Nordic market for financial services. The main areas of activity are securities broking, capital raising and project financing, asset/wealth management as well as ship/rig and insurance broking.

Pareto has offices in Stockholm, Malmö, Helsinki, Copenhagen, London, Aberdeen, Paris, Singapore, Perth, New York and Houston. In Norway Pareto is represented in Oslo, Stavanger, Bergen, Trondheim and Kristiansand.

## **Securities broking, capital raising and project financing**

The majority of the group's revenue comes from financial advisory, securities broking and project financing within Pareto Securities, which in 2016 registered revenues of approximately NOK 1.4 billion and a profit before tax of approximately NOK 370 million.

Pareto Securities was involved as adviser/manager in 55 equity issues, raising a total of NOK 21 billion in 2016. The company acted as adviser in eight IPOs, including Norway, Sweden, Finland and France. 2016 was yet another challenging year for the high-yield bond market, particularly in the energy and offshore sectors. Nevertheless, the company participated in arranging high-yield bond issues totalling more than NOK 20 billion. Furthermore, Pareto Securities assisted numerous issuers in connection with bondholders' meetings and debt restructuring. Pareto Securities also acted as adviser in a number of M&A transactions (sales, mergers and acquisitions) in 2016.

The Project Finance division yet again had a very strong year, with considerable activity in both real estate and shipping/offshore. The Project Finance division was involved in real estate transactions with a total value of more than NOK 15 billion, as well as shipping and offshore related transactions amounting to more than NOK 16 billion.

## **Asset management**

Turbulent stock markets produced a demanding start to the year for Pareto Asset Management, and debt problems in the oil services industry caused challenges in fixed income management. Further on in 2016, both markets improved significantly. The company's traditional Norwegian equity management had a particularly good year, with high returns in both absolute terms and relative to the Oslo Stock Exchange. Net subscriptions followed a similar pattern, with a weak first half and clear improvement in the second half. Total assets under management at Pareto Asset Management ended the year at about NOK 42 billion.

Pareto Wealth Management provides investment advice and wealth management for companies and high-net-worth individuals. The main products are diversified international fund portfolios. In 2016, the company achieved further growth in assets under management invested in listed securities. Total assets under management amounts to over NOK 10 billion.

Pareto acquired 72.66% of the Swedish asset management company Enter Fonder in 2016. Total assets under management at Enter Fonder ended the year at about NOK 9.2 billion.

In total, operating revenues from asset management operations amounted to NOK 426 million and profit before tax was NOK 114 million.

### **Ship/rig and insurance broking**

Despite a persistently poor offshore market, Pareto Shipbrokers AS with subsidiary Pareto Shipbrokers Ltd delivered satisfactory profits from offshore brokerage activities.

The market for dry bulk chartering bottomed in February 2016. From there the market gradually improved and although December again was challenging, Pareto Dry Cargo achieved a solid profit in 2016. Despite high activity in the market for tanker chartering, the rates were under pressure, but experienced a sharp rise in the fourth quarter. P.F. Bassøe improved profits compared to 2015.

Pareto Forsikringsmegling achieved profit growth in a challenging market characterized by strong competition. The company operates in the domestic market for casualty/pension insurance.

Revenues from these companies amounted to NOK 169 million. Profit before tax was NOK 17 million.

### **Pareto AS**

The Pareto group is a decentralized operation, operating through several fully independent legal units. Pareto AS, the parent company, is a holding/investment company that owns the subsidiaries alongside with key employees. In addition, Pareto AS holds a portfolio largely invested in the group's own investment funds. In 2016, booked gains and dividends in this portfolio amounted to NOK 397 million.

Group equity reached NOK 6.4 billion and the number of employees was 548 at year end.

Pareto has a 15.22 percent ownership in Pareto Bank, where total assets at the end of the year amounted to NOK 12.9 billion. Net profit increased to NOK 247 million from NOK 175 million. The net profit for 2016 is the Bank's best annual result thus far. The Bank's stock was listed on Oslo Axess on 27 May 2016 and on Oslo Børs on 12 December 2016.

### **The Pareto group, key figures**

	<b>2016</b>	<b>2015</b>
Revenues	1,941	2,038
Operating profit	513	588
Profit before tax	879	1,191
Net profit	738	1,032

*Consolidated figures in NOK million. Pareto Bank not included.*

The annual report will be made public later at [www.pareto.no](http://www.pareto.no).