

# Janne Larma – CEO of eQ Group

*21.8.2013*



# eQ Group today

*Full-service asset manager and leading corporate finance advisor*

Private Equity  
Corporate Finance  
Asset Management



## Asset management

### Full service asset manager

- Full range of mutual funds
- Private equity
- Hedge funds

AUM € 6.3 bn

## Corporate finance

### Advium

- Mergers and acquisitions
- Large real-estate transactions
- ECM transactions

Over 100 closed transactions

## Investments

### From own balance

- Investments in 20 private equity funds and 5 fund of funds

€ 35 million invested

eQ  
Group

- Main owners are domestic and committed
- Key personnel owns some 33 % of the shares
- OMXH –listed, market cap €85 million (14.8.2013)
- CEO: Janne Larma
- Chairman: Ole Johansson
- Total personnel: 81



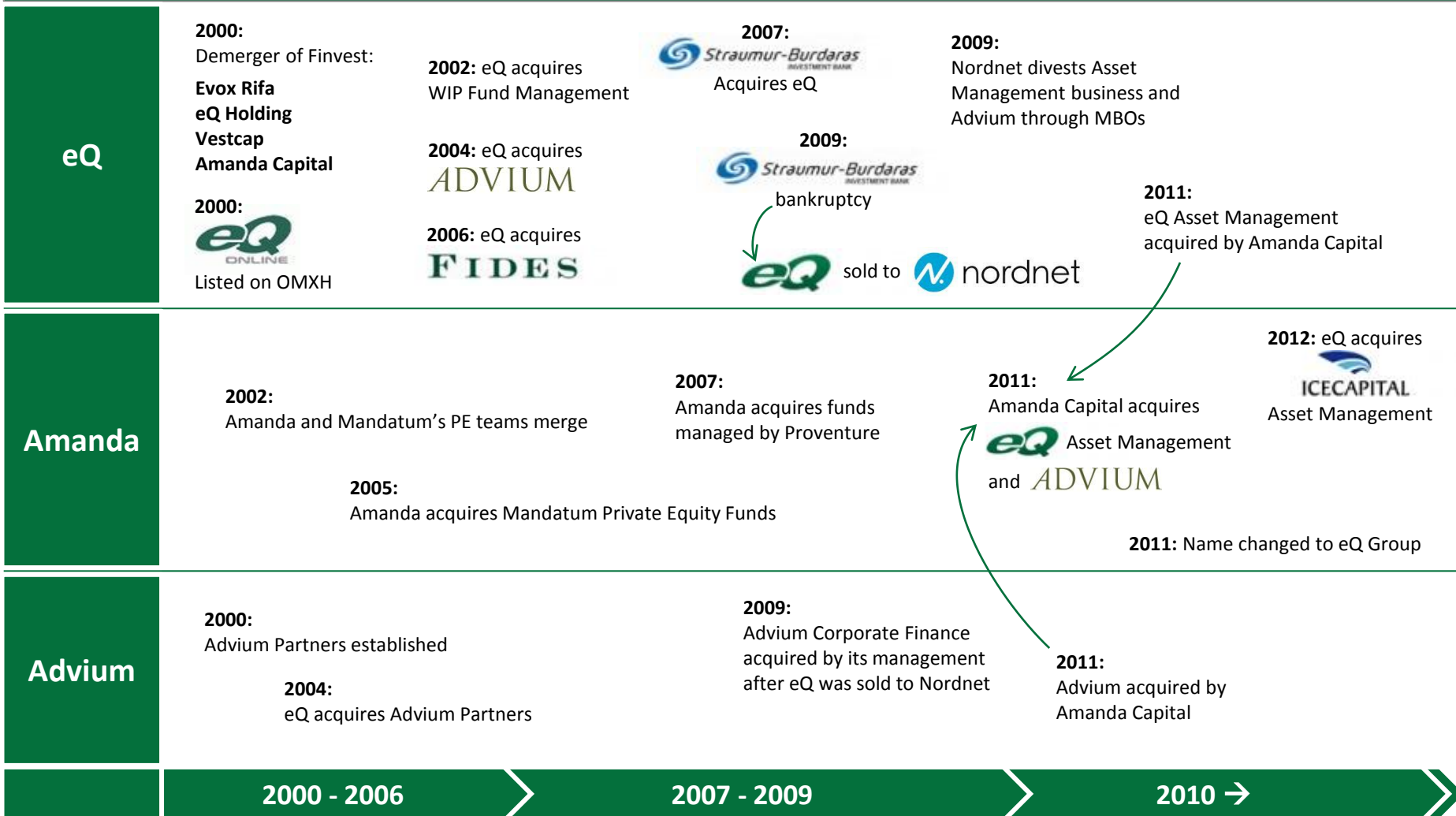
# eQ Group timeline

High level of activity

Private Equity  
Corporate Finance  
Asset Management



## Key events in eQ Group's history



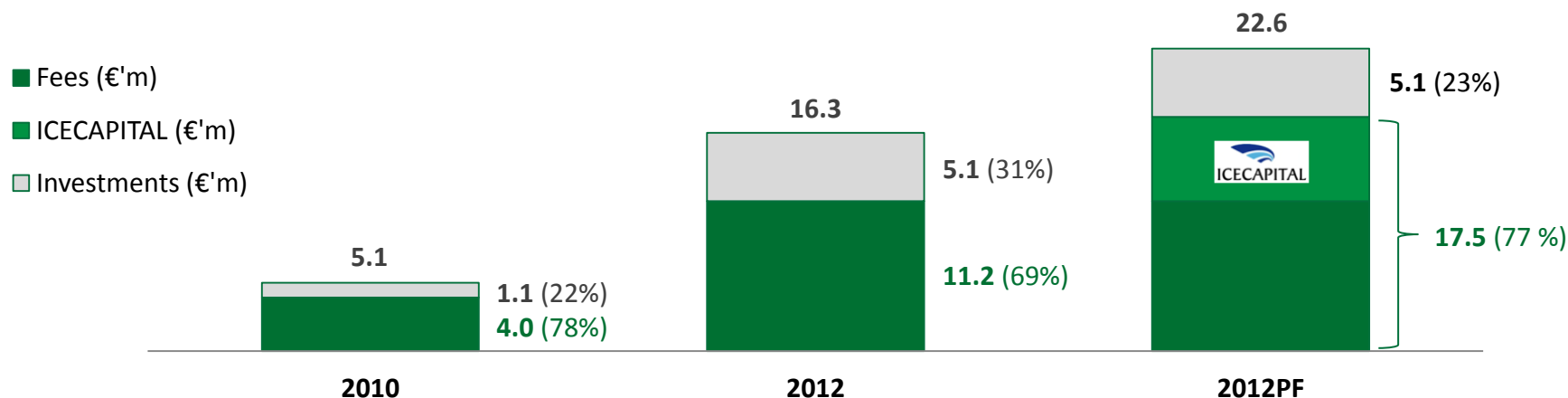
# From an investment company...

... to a financial services company

Private Equity  
Corporate Finance  
Asset Management



## Considerable increase in fee income



## Key financial data (€'m)

(€'m)	2010	2012	2012PF
Fee income	4.0	11.2	11.2
ICECAPITAL AM			6.3
Investments	1.1	5.1	5.1
Personnel	13	80	80
IB debt	5.8	4.0	4.0
Cash & equivalents	4.1	10.8	10.8
Net debt	1.7	-6.8	-6.8
Investments (in BS)	40.6	39.1	39.1

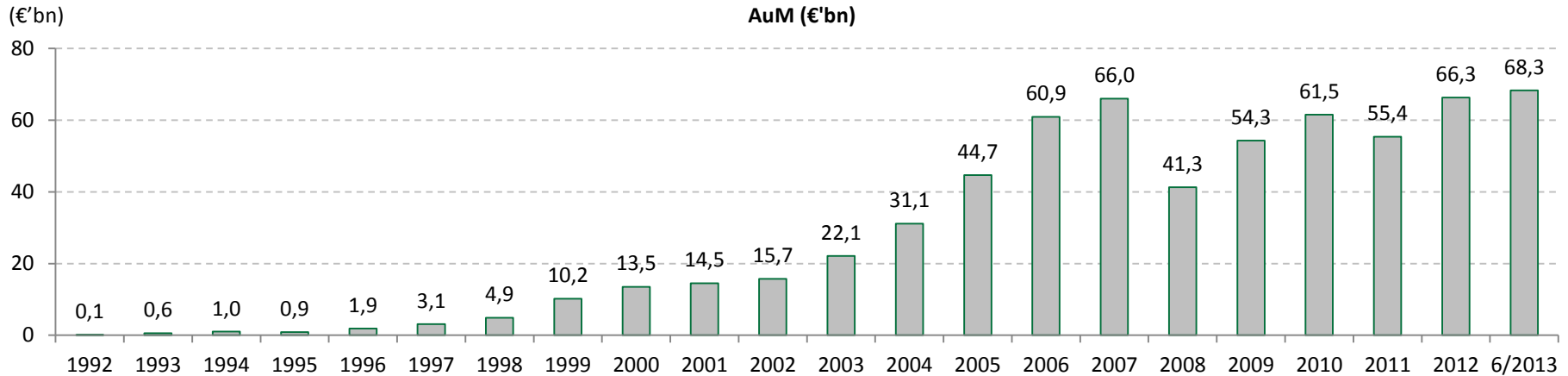
# Asset management in Finland

*Finnish asset management has grown significantly...*

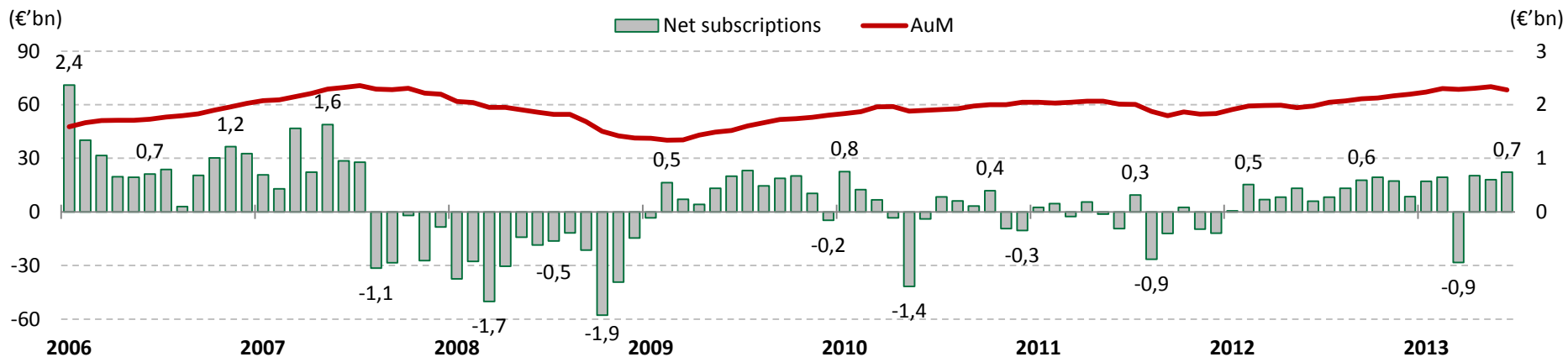
Private Equity  
Corporate Finance  
Asset Management



## AuM development 1992 →



## Monthly net subscriptions



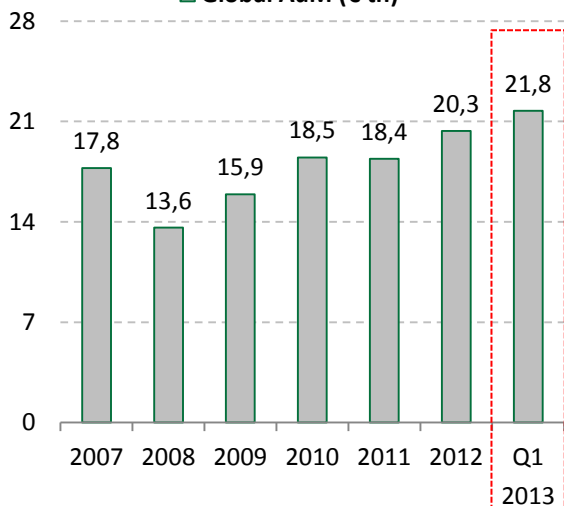
Source: Investment research Finland – Mutual fund reports 6/2013

# Asset management globally

## AuM development 2007 - 2013

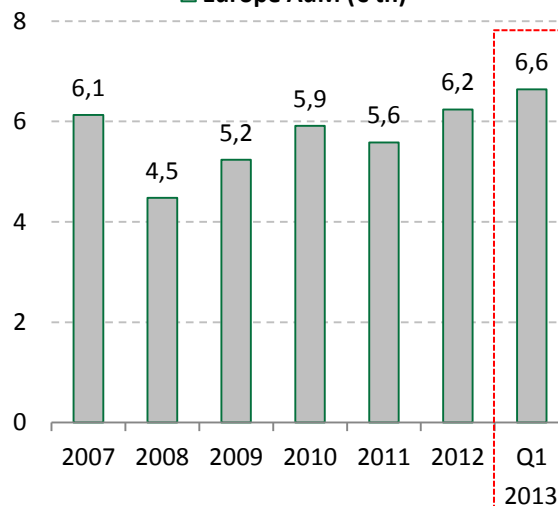
### Global AuM

Global AuM (€'tn)



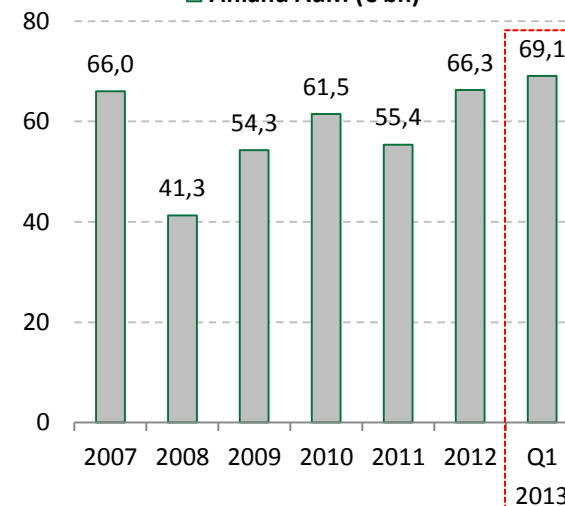
### European AuM

Europe AuM (€'tn)

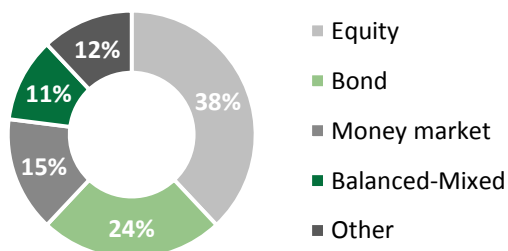


### Finnish AuM

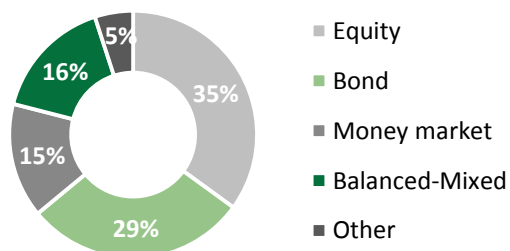
Finland AuM (€'bn)



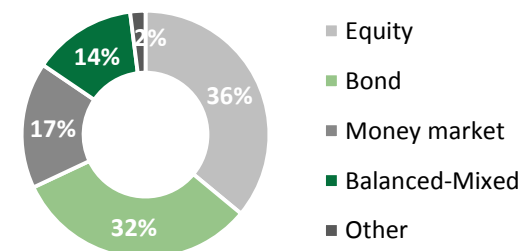
### Asset allocation per Q1/2013



### Asset allocation per Q1/2013



### Asset allocation per Q1/2013



Source: European Fund and Asset Management Association (EFAMA) – statistics release Q1/2013 (UCITS)

Source: European Fund and Asset Management Association (EFAMA) – statistics release Q1/2013 (UCITS)

Source: Finanssialan Keskusliitto ry – Rahastoraportti monthly reports 2007 - 2013

# Low market penetration in Finland

... and continued growth is expected

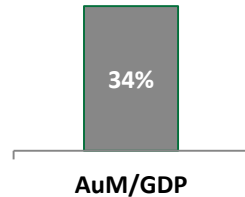
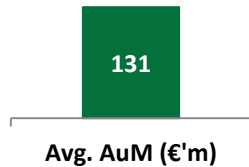
Private Equity  
Corporate Finance  
Asset Management



## Finland

507 funds

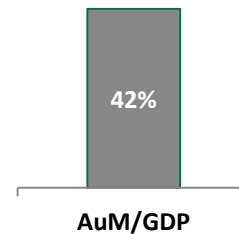
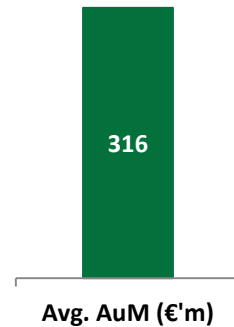
2012 AuM: €66bn  
2012 GDP: €194bn



## Sweden

546 funds

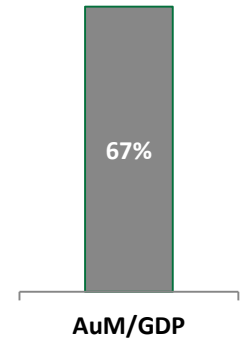
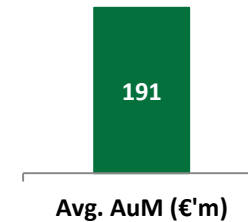
2012 AuM: €172bn  
2012 GDP: €408bn



## Denmark

859 funds

2012 AuM: €164bn  
2012 GDP: €244bn



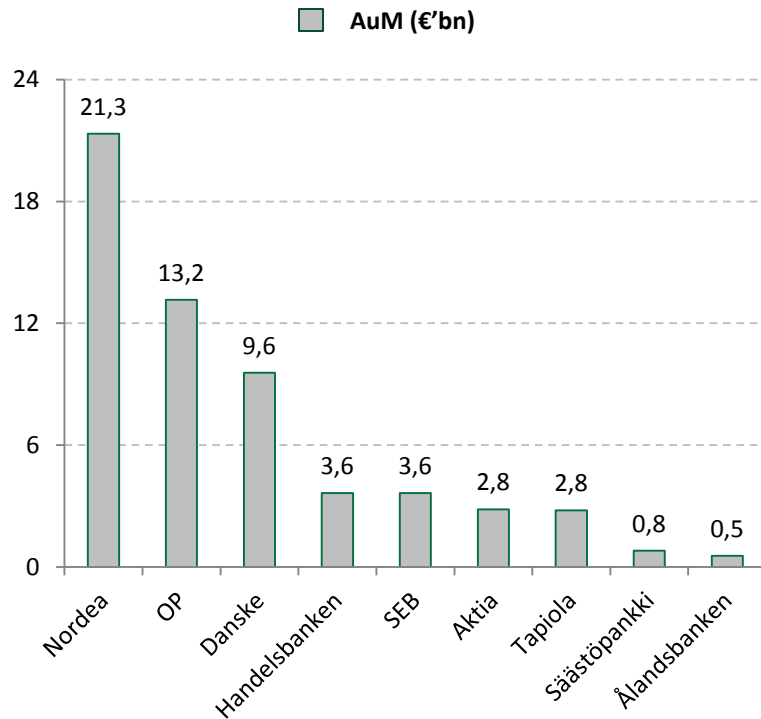
- Finnish asset management AuM at 34 % of GDP – far lower than the Nordic peers Sweden and Denmark
  - Sweden's corresponding ratio at 42 %, Denmark's at 67 %
- In relation to total AuM, Finnish mutual funds are considerably smaller than Nordic peers
  - Finland's avg. AuM €130m, Denmark's €191m and Sweden's €315m

Source: European Fund and Asset Management Association (EFAMA) – statistics release Q4/2012. GDP per 2012 in nominal euros, obtained from EUROSTAT

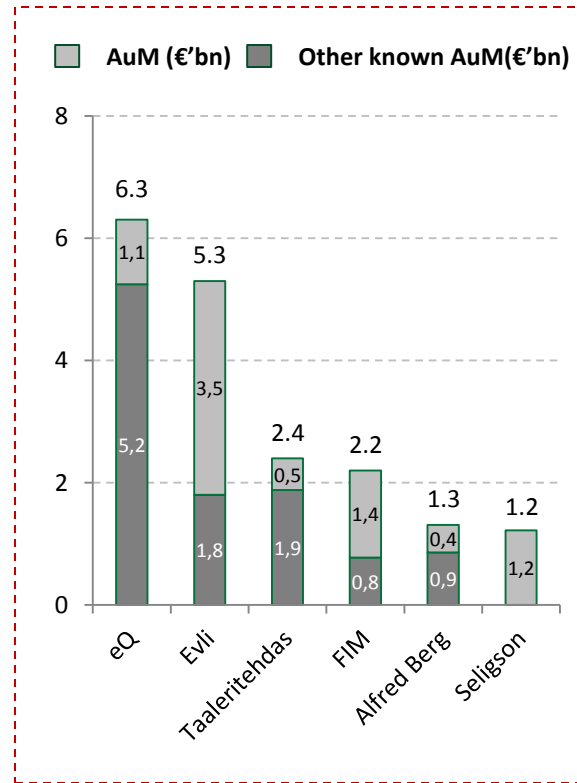
# Market participants

## Overview of the largest Finnish asset management companies

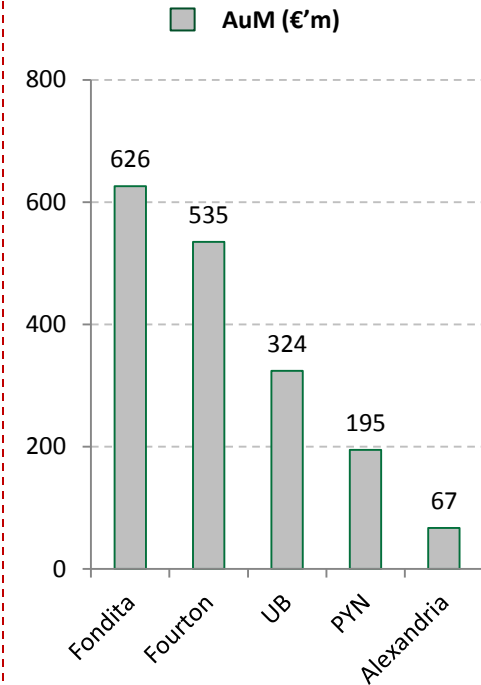
### Commercial banks\*



### Independent



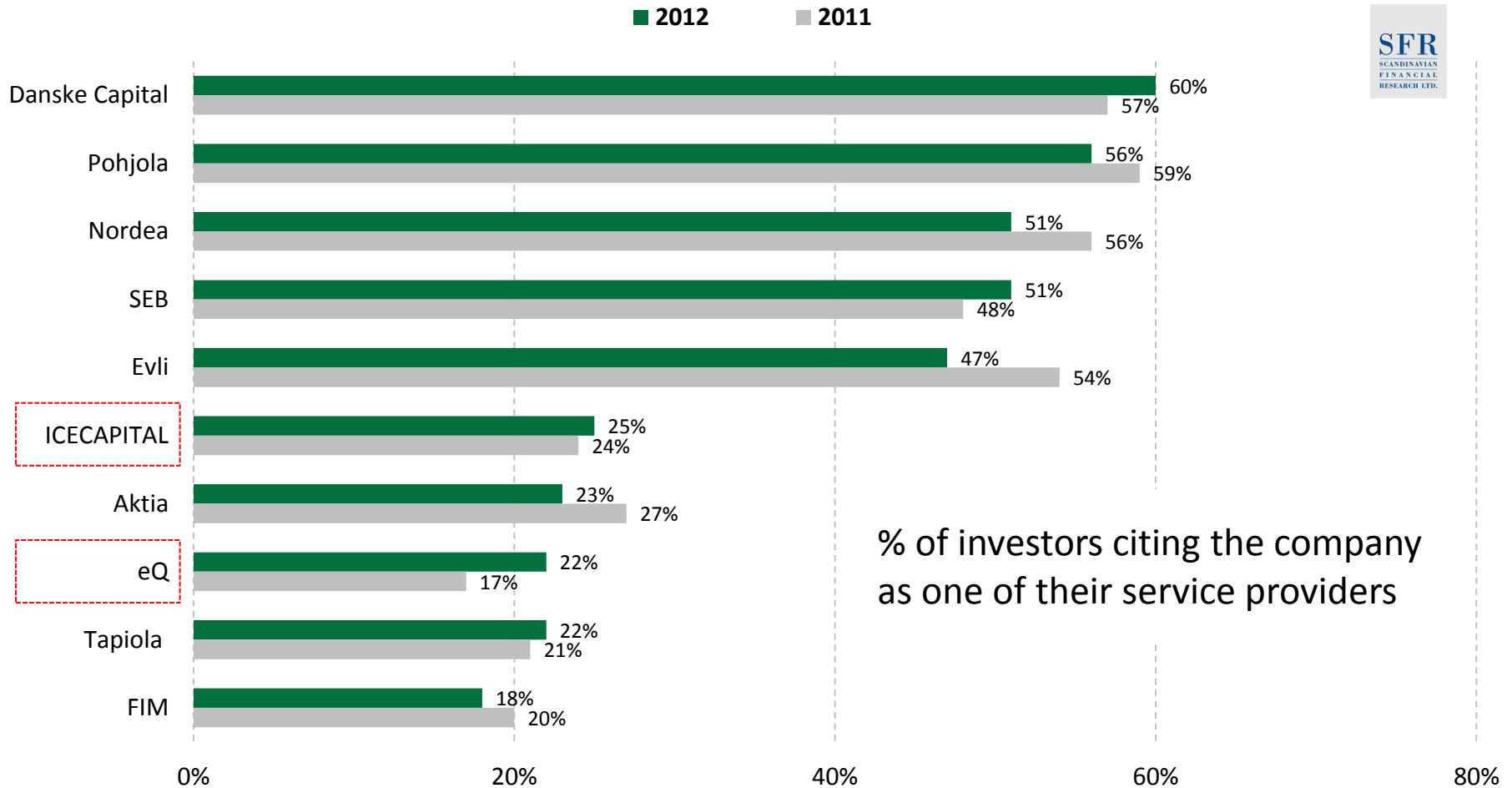
### Independent\*



- eQ by a good margin Finland's largest independent asset management company, with AuM exceeding €6.3bn



## Top investment services companies



Source: Scandinavian Financial Research Ltd

## Important aspects of a successful asset management business

### Reputation

- Always in the best interest of the clients
- Delivering good client outcome
- Having a good relationship with the regulators
- Working with integrity
- Highest code of ethical standards

### Product portfolio

- Complete offering
- Standard products falling in profitability
- New and innovative products required
- Open architecture
- Excellence in client experience, including advice and reporting

### Operational efficiency

- IT
- Back office
- Cost / income ratio

### Personnel

- CRM
- Attract new talent, keep the current talent
- Regulation / remuneration

# Consolidation of Finnish asset management

*Too many players on too small a playing ground*

## Reasons why Finnish asset management companies continue to consolidate?

- **Institutions want less asset managers**
- **Asset managers will need an increasingly wide product palette**
- **Economies of scale business – to get cooperation agreements with 3rd party asset managers**
- **Relative fixed cost base must be kept to a minimum**
- **FIVA compliance**
- **Increased competition for competent and experienced personnel**
- **During 1995 – 2010, the total amount of brokerage companies decreased substantially**
  - **Similar development is expected for the Finnish asset management companies**

# Recent market development

*Strong sector consolidation within the asset management business*

Private Equity  
Corporate Finance  
Asset Management



## Significant transactions 2012 – 2013

2012



acquires the asset management business of



2012



takes ownership of



2012

ELITE.

merges with



2013

S-Pankki

merges with



2012



acquires the asset management business of



2012



TAALERITEHDAS

acquires speciality asset management company



2013

S-Pankki

acquires a majority stake in



# eQ service offering

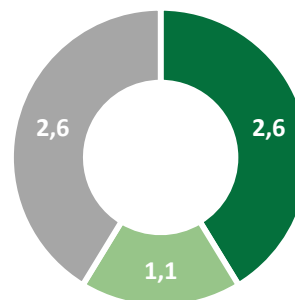
A full-service asset management company

Private Equity  
Corporate Finance  
Asset Management



## Assets under management EUR 6.3 billion

- Main focus on institutional clients and wealthy individuals
- Superior fund performance during the last 24 months



- Private equity 2.6bn
- eQ mutual funds 1.1bn
- 3rd party mutual funds 2.6bn

### Equity funds

#### Finland and Nordic countries:

eQ Finland  
eQ Nordic Small Cap

#### Europe:

eQ Europe Dividend  
eQ Europe Stock Index  
eQ Europe Property

#### Global:

eQ Global Sectors  
eQ Japan Stock Index  
eQ US Stock Index  
**Emerging markets:**  
eQ Africa  
eQ Emerging Asia  
eQ Emerging Markets Stock Index  
eQ Emerging Dividend  
eQ Frontier Markets  
eQ Russia

#### East Capital Funds

East Capital Russian Fund  
East Capital Turkish Fund

#### Sector funds:

eQ Global Consumer  
eQ Global Financials  
eQ Global Healthcare  
eQ Global Industrials  
eQ Global Materials  
eQ Global Technology  
eQ Global Telecom  
eQ Global Utilities & Energy

#### AS Trigon Funds

eQ Emerging Agri  
eQ Emerging Financial  
eQ CEE Small Cap  
eQ CEE  
eQ Russian Top Picks

### Fixed income funds

#### Money market:

eQ Money Market  
eQ Short-Term Money Market

#### Government Bonds:

eQ Euro Government Bond  
eQ Euro Government Bond Index

#### Corporate Bonds:

eQ Euro Investment Grade  
eQ High Yield  
eQ Euro Floating Rate  
eQ Euro Investment Grade Bond Index

#### Emerging markets:

eQ EM Corporate Bond HC  
eQ EM Corporate Bond LC

### Alternative investments

eQ Hedge  
eQ Care  
eQ Commodity

### Private equity funds

The First European Fund Inv. UK L.P. (EFI I)  
European Fund Investments L.P. (EFI II)  
Mandatum PE Fund I L.P.  
Mandatum PE Fund II L.P.  
Amanda III Eastern PE L.P.  
Amanda IV West L.P.  
Amanda V East L.P.

# A closer look...

Innovative investment solutions to maintain eQ's momentum

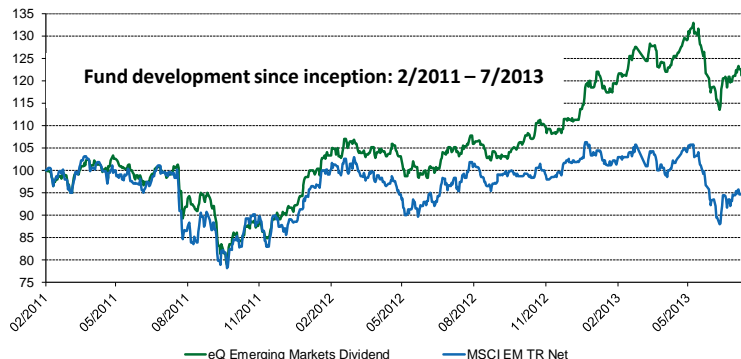
Private Equity  
Corporate Finance  
Asset Management



## eQ Emerging Dividend

**"20.4 % outperformance since inception  
18.4 % outperformance in 12 months"**

- Invests in publicly traded companies with high dividend yield
- Avg. market exposure and avg. fixed-income investment duration not limited. Fund may use derivatives for hedging purposes
- Fund manager: Jukka-Pekka Leppä
- Net subscriptions 1 – 6/2013: €53.9m



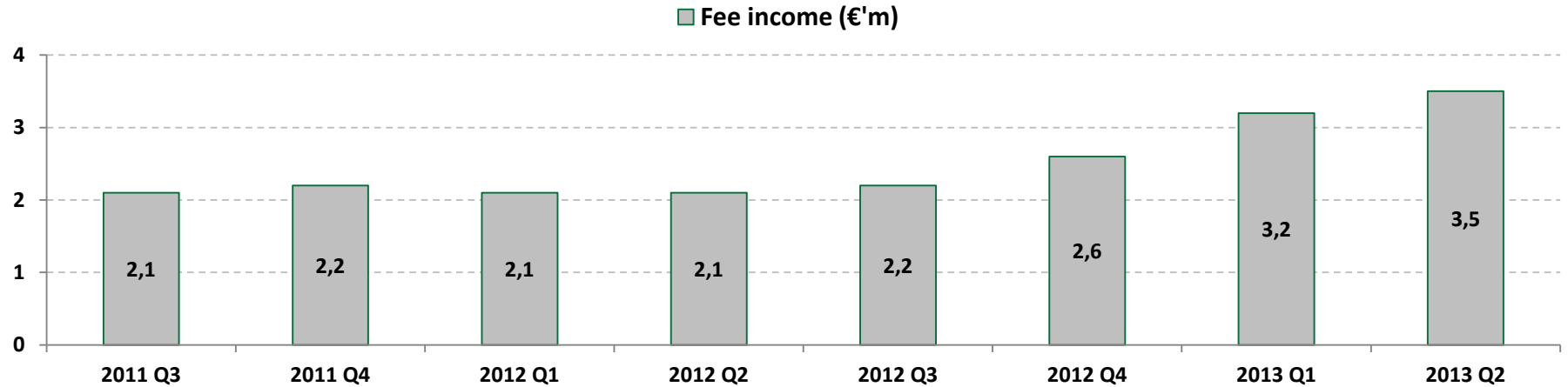
## eQ Care

**"Finland's first mutual fund investing  
directly in care real estate assets"**

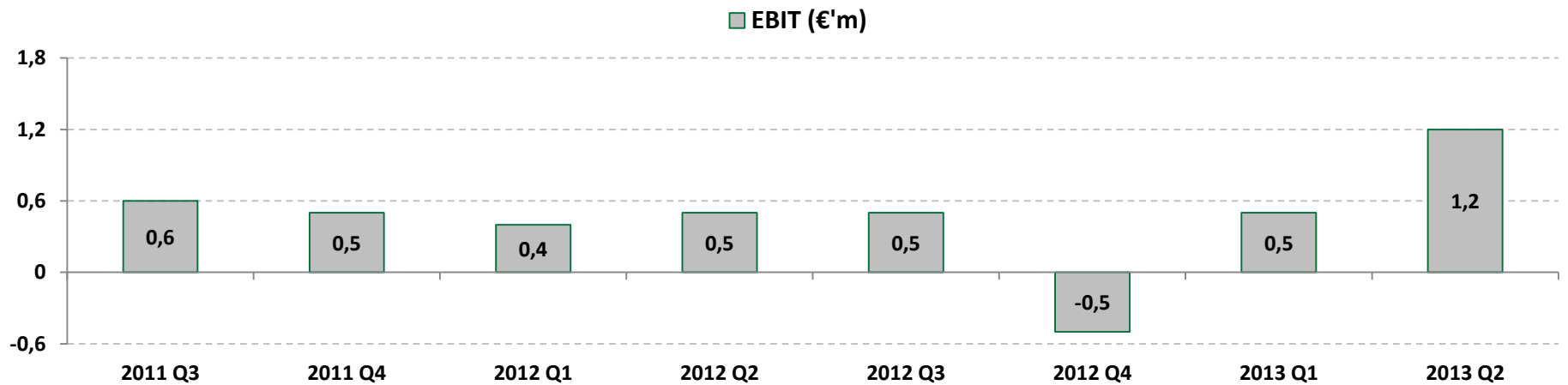
- Invests in Finnish high quality care properties, forming a diversified portfolio for the fund
- Moderate leverage and long rental agreements to yield stable and predictable returns, targeted at over 8 % annually
- Fund manager: Finnreit Rahastoyhtiö Oy
- €31m in equity, €62m investment capacity
- 12 month return 9 %\*
- Net subscriptions 1-6/2013: €22.8m

\*Source: Investment research Finland – Mutual fund reports 6/2013

### Quarterly fee income



### Quarterly EBIT



# Advium Corporate Finance

*Leading corporate finance advisor in Finland*

Private Equity  
Corporate Finance  
Asset Management



- Advium Corporate Finance Ltd. is a leading Finnish corporate finance advisor having advised in more than 100 transactions with a deal value in excess of 9 billion euro

## Mergers & Acquisitions

*"The leading advisor in Finland 2009-2012"  
(Mergermarket)*

## Real Estate Transactions

*"The market leader in large real estate transactions"  
(Transactions over €50 million)*

## Equity Capital Markets

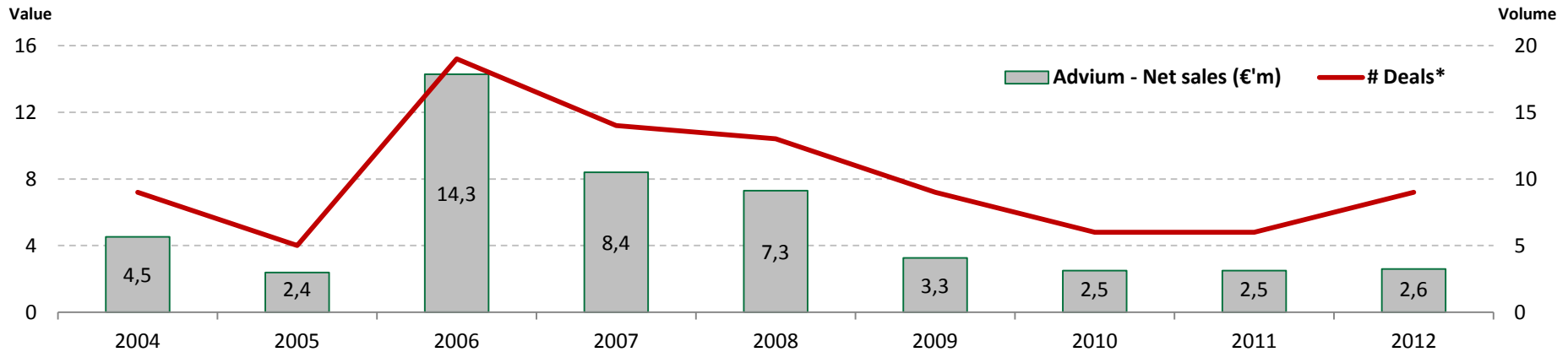
*"Extensive experience in planning and arranging equity capital market transactions such as private placements, IPOs and new issues"*

- Clients are typically companies based in or seeking exposure to the Finnish market
- Advium's personnel consists of 12 professionals with significant experience from Corporate Finance, Private Equity and Real Estate Finance

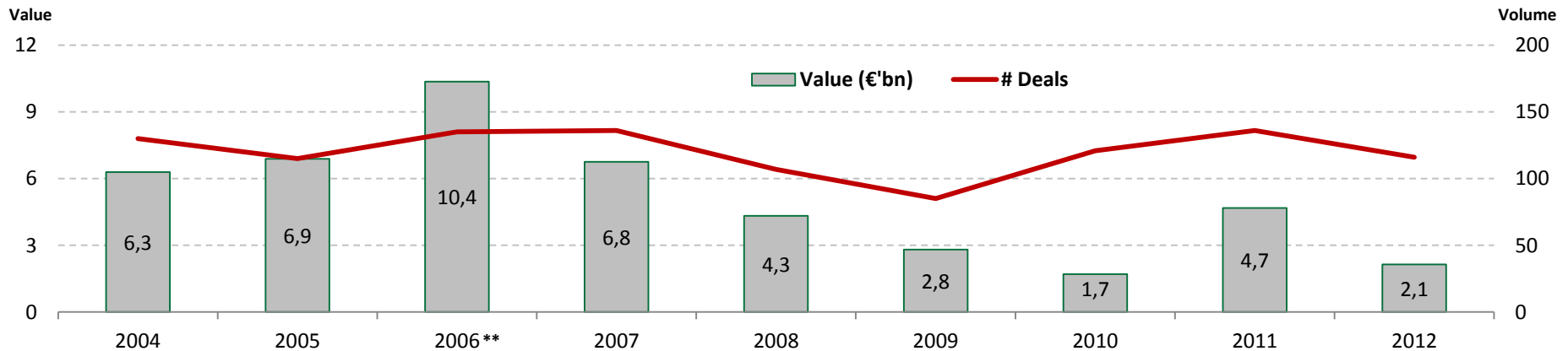


# Advium net sales vs. Finnish deal volume

## Advium Corporate Finance – net sales and deal volume



## Finnish M&A data – deal value and volume



Source: Mergermarket \*Including real estate transactions \*\*Excludes NSN -deal

# Advium Corporate Finance

## Examples of completed transactions

Private Equity  
Corporate Finance  
Asset Management



### Mergers & Acquisitions

<p>10/2012</p> <p><b>MIDINVEST</b> sold</p> <p><b>PRODUAL</b></p> <p>to</p> <p><b>VAAKA PARTNERS</b></p> <p>Advisor to the sellers</p>	<p>5/2011</p> <p>Pääkaupunkiseudun Partiosäätiö and Hämeen Partiosäätiö sold</p> <p><b>PARTIOAITTA</b></p> <p>to</p> <p><b>FENIX OUTDOOR</b></p> <p>Advisors to the Seller</p>	<p>8/2010</p> <p><b>RETTIG</b></p> <p>increased its ownership from 49% to 100%</p> <p>in</p> <p><b>Nordkalk</b></p> <p>Advisors to the Seller</p>	<p>7/2010</p> <p><b>STAPLES</b> acquired</p> <p><b>LINDELL</b> - TEHOKAS TOIMISTO</p> <p>Advisors to the Seller</p>	<p>10/2009</p> <p><b>RAISIO</b> sold its Margarine business</p> <p>for €80 million to</p> <p><b>BUNGE</b></p> <p>Advisors to the Seller</p>	<p>1/2009</p> <p><b>CLOETTA FAZER</b> demerged into two separate companies</p> <p>Advisors to Fazer</p>	<p>4/2008</p> <p><b>FORCIT</b> sold</p> <p><b>FINDISP</b> POLYMER DISPERSIONS</p> <p>for €60 million to</p> <p><b>ROHMIHAAS</b></p> <p>Advisors to the Seller</p>
--	--	---	---	---	---	---

### Real Estate Transactions

<p>5/2013</p> <p><b>DEXTRA</b> sold a medical centre property in Helsinki for app. €14m to</p> <p><b>Fennia</b></p> <p>Advisor to the Seller</p>	<p>12/2012</p> <p><b>NOKIA</b> sold its Head office property for € 170 million to</p> <p><b>exilion</b></p> <p>Advisor to the Seller</p>	<p>4/2011</p> <p><b>SPONDA</b> acquired the Fennia Quarter for €122m from</p> <p><b>SUOMI-YHTIÖ</b></p> <p>Advisor to the Buyer</p>	<p>3/2010</p> <p><b>Holiday Club</b> sold Holiday Club Saimaa Project for € 64 million to</p> <p><b>VARMA</b></p> <p>Advisor to the Seller</p>	<p>12/2009</p> <p><b>KESKO</b> sold a portfolio of 13 retail properties for € 156 million to</p> <p><b>VARMA</b></p> <p>Advisor to the Seller</p>	<p>3/2008</p> <p><b>NORTHERN EUROPEAN PROPERTIES</b> sold a portfolio of 39 hotels for € 805 million to a fund managed by</p> <p><b>CapMan</b></p> <p>Advisor to the Seller</p>	<p>10/2006</p> <p><b>MINISTRY OF FINANCE Finland</b> sold</p> <p><b>KAPITEELI</b></p> <p>for € 1.3 billion to</p> <p><b>SPONDA</b></p> <p>Advisor to the Seller</p>
--	--	---	--	---	---	---

### Equity Capital Markets

<p>4/2013</p> <p><b>STX Finland</b></p> <p>Assisting in financial arrangement</p> <p>Advisor to the Ministry of Employment and the Economy</p>	<p>4/2012</p> <p><b>VAAHTO GROUP</b></p> <p>Raised capital by issuing shares</p> <p>Advisor to Vaahato Group</p>	<p>12/2010</p> <p><b>VAAHTO GROUP</b></p> <p>Accepted a combination of share properties</p> <p>Advisor to Vaahato Group</p>	<p>8/2009</p> <p><b>SEB</b> sold 16% in <b>ALMA</b> to <b>KALEVA</b></p> <p>Advisor to the Seller</p>	<p>7/2009</p> <p><b>FISKARS</b> Accepted the combination of share series and the merger of Agrofin Oy Ab into Fiskars</p> <p>Advisor to Virala Oy Ab</p>	<p>3/2008</p> <p><b>FISKARS</b> Accepted the combination of share series in</p> <p><b>WÄRTSILÄ</b></p> <p>Advisor to Fiskars</p>	<p>3/2005</p> <p><b>EVOK RIFA</b> Raised financing by issuing a € 5.6 m convertible loan listed on OMX</p> <p>Advisor to Evok Rifa</p>
--	--	---	---	--	--	--

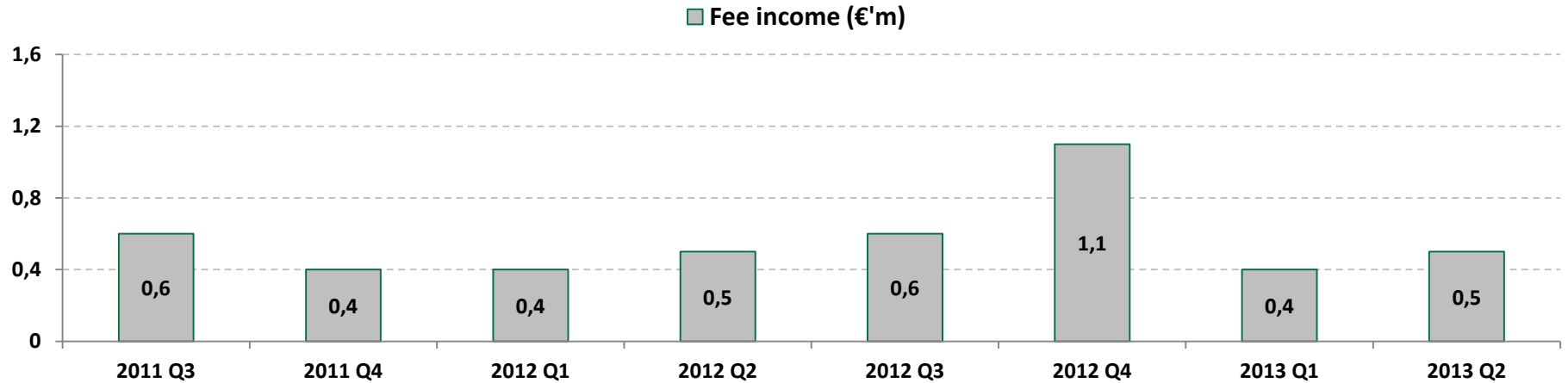
# Advium Corporate Finance

Financial development 2011 - 2013

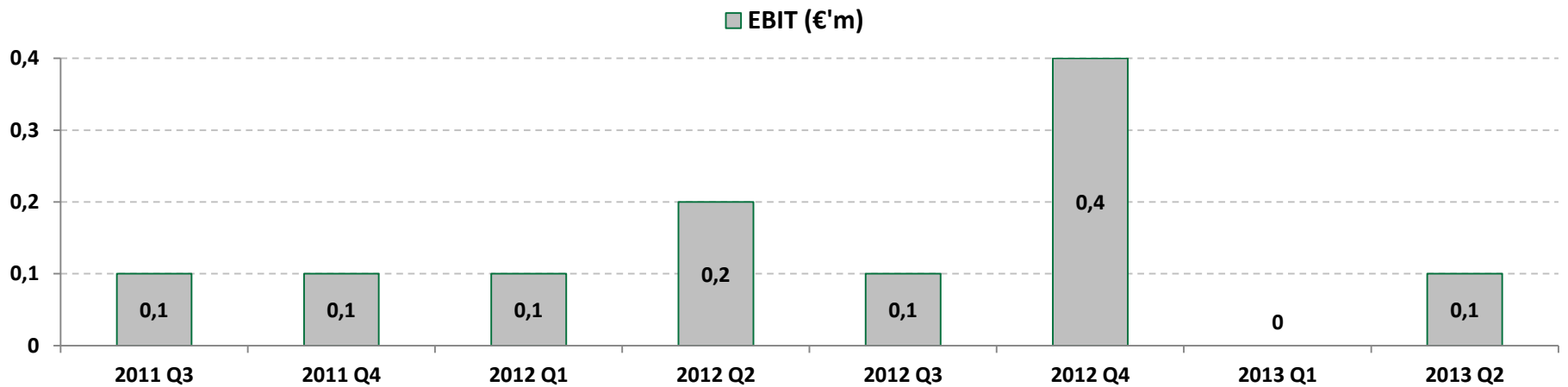
Private Equity  
Corporate Finance  
Asset Management



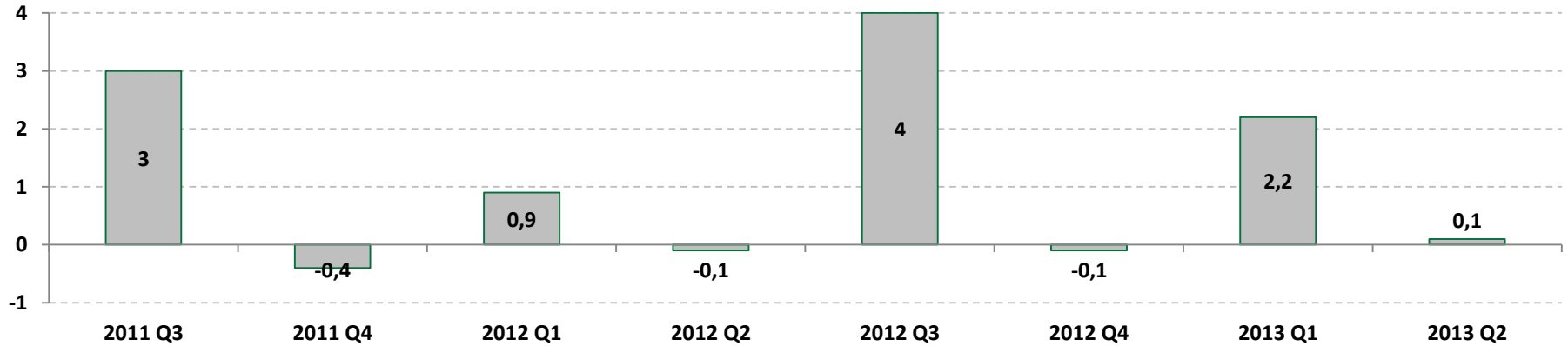
## Quarterly fee income



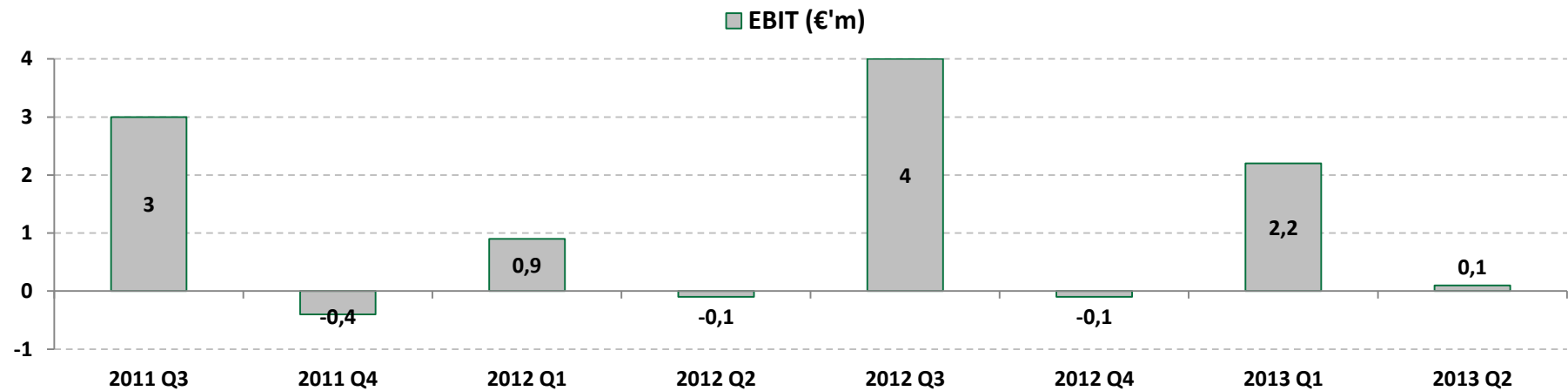
## Quarterly EBIT



### Quarterly net investment income



### Quarterly EBIT























# Investments from balance sheet

Long history of private equity investments

Private Equity  
Corporate Finance  
Asset Management



eQ has investments in 20 private equity funds

 EQT V L.P. 2006	 Gresham Fund IV L.P. 2006	 Permira Europe IV L.P. 2006	 Triton Fund II L.P. 2006	 EQT IV (No. 1) L.P. 2004	 Montagu III L.P. 2005	 PAI Europe IV 2005
 Gresham Fund III L.P. 2003	 Permira Europe III L.P. 2003	 Charterhouse Capital Partners VII L.P. 2002	 Atlas Venture VI L.P. 2001	 Balderton Capital L.P. 2000	 Merlin Biosciences Fund L.P. 2000	 Innovacom 4 FCPR 2000
 Nexit Infomcom 2000 Fund L.P. 2000	 Permira Europe II L.P. 2000	 Finnventure Rahasto V Ky 1999	 Industri Kapital 1997 L.P. 1997	 Fenno Rahasto Ky 1997	 MB Equity Fund II L.P. 1997	

# eQ Group today

Full-service asset manager and leading corporate finance advisor

Private Equity  
Corporate Finance  
Asset Management



EUR millions	1-6/2013	1-6/2012	2012
Net revenue	9.8	6.0	16.3
Operating profit	3.2	1.3	4.7
Profit for the period	2.2	1.0	3.4
Earnings per share	0.06	0.03	0.10
Shareholders' equity	71.1	68.5	73.6
Total balance sheet	76.2	72	84.3
Net receivables	-5.9	-6.0	-6.7
Equity ratio	93.3 %	95.1 %	87.3 %
Investments in private equity funds	35.8	45.1	38.7
Remaining commitments	10.3	12.8	10.8

- Strong balance sheet with an equity ratio of 93 % (30.6.2013)
- ICECAPITAL Asset Management acquired in November 2012, net sales of € 7.3m in 2011 and operating profit of €1.3m
- ICECAPITAL Asset Management consolidated since 20.11.2012

# eQ ownership and share price development

33 % of shares held by key personnel

Private Equity  
Corporate Finance  
Asset Management



#	Shareholders 31.7.2013	Shares	%
1	Fennogens Investments S.A.	5,794,307	15.9 %
2	Chilla Capital	4,271,637	11.7 %
3	Ulkomarkkinat Oy	3,690,466	10.1 %
4	Veikko Laine Oy	3,665,302	10.1 %
5	Oy Hermitage Ab	2,295,693	6.3 %
6	Mandatum Henkivakuutusosakeyhtiö	2,053,296	5.6 %
7	Oy Cevante Ab	1,419,063	3.9 %
8	Teamet Oy	1,200,000	3.3 %
9	Fazer Jan Peter	1,064,815	2.9 %
10	Linnalex Ab	881,652	2.4 %
11	Louko Antti Jaakko	747,918	2.1 %
12	Vh-Holding 3 Oy	550,000	1.5 %
13	Pinomonte Ab	529,981	1.5 %
14	Rettig Asset Management Oy Ab	524,931	1.4 %
15	Viskari Jyri	450,000	1.2 %
16	Ab Kelonia Oy	405,500	1.1 %
17	Leenos Oy	400,000	1.1 %
18	Änkilä Petteri Juha Väinämö	346,500	1.0 %
19	Liikesivistysrahaston kannatusyhdistys	276,800	0.8 %
20	Piela Ventures Oy	228,430	0.6 %
	<b>Top 20 total</b>	<b>30,796,291</b>	<b>84.5 %</b>
	<b>Total shares outstanding</b>	<b>36,442,198</b>	<b>100.0 %</b>

