



## 2014 Results 20th Straight Year of Profit

The Board of Directors of ABC arbitrage led by the Chairman, Dominique Ceolin, met on March 19 to approve the consolidated financial statements for 2014. Financial highlights for the year were as follows:

In EUR millions	Dec. 31, 2014 IFRS	Dec. 31, 2013 IFRS	Change
Net revenues *	€46.6M	€28.8M	61%
Income before tax	€27.9M	€14.3M	96%
Net income	€18.8M	€10.1M	87%
Earnings per share (EPS)	€0.34	€0.19	77%

\*Net gains on derivative financial instruments measured at fair value through profit or loss (€46.4 million) + provision expense (€0.2 million).

### Business performance

IFRS net income came to just under €19 million in 2014 and return on equity (ROE) stood at nearly 15%. The total includes portfolio valuation differences between French GAAP and IFRS. This adjustment is absorbed when the relevant arbitrage transactions are unwound.

Excluding the fair value adjustment to the securities portfolio required under IFRS (which was abnormally high in 2013), net revenues were up by more than 16.5% year-on-year, in a market environment that remained generally unfavorable for Group activities. Massive central bank intervention had a similar effect on financial markets as in 2012 and 2013, with volatility regularly at less than 5%, an artificial reduction in investors' perception of risk, and a decorrelation between global asset prices.

Implementation of the Ambition 2016 growth plan continued during the year, leading to additional investments in the plan's four key areas as announced in 2013.

- Staff: during the year, 14 new staff members were hired to strengthen the Group's research capabilities (either junior or more experienced).
- Geographical expansion: Quartys Limited, based in Ireland, began operations in July 2014 and ended its first year with a profit of €0.7 million, while ABC arbitrage Asset Management Asia was licensed by the Monetary Authority of Singapore (MAS) to operate as a Registered Fund Management Company (RFMC) on October 30, 2014 and began operations at the beginning of 2015.
- Innovation: work to develop new strategies and adapt existing strategies to the changed market environment enabled the Group to use available capital more effectively while keeping its risk ratios stable.
- Asset management: on July 22, ABC arbitrage Asset Management obtained approval as an AIFM (Alternative Investment Fund Manager) from the French securities regulator (AMF) and a new investment fund was launched. Fee income generated by the asset management business fell by 8% over the year to €4.4m, while assets under management stood at €243m at 1 March 2015.

### Dividend policy

The Board will recommend a dividend of €0.20 per share at the annual shareholders' meeting on 5 June 2015. Shareholders will be given the option of reinvesting all or part of their dividend in ABC arbitrage shares. The dividend payment procedure and date will be announced at a later date. The dividend is in addition to the €0.20 distribution paid in December 2014. If approved by the shareholders, the full distribution for 2014 will therefore amount to €0.40 per share, giving a net yield of 8.6% based on the share price at December 31, 2014.

### Outlook

In 2014, ABC arbitrage made good progress in adapting to the new financial market environment and new regulatory requirements, by completing the first phases of its Ambition 2016 plan.

The first months of 2015 have not benefited from the volatility that was a feature of the first two months of 2014 and continued to be adversely affected by Central Bank quantitative easing policies.

Historically, ABC arbitrage's activities have been closely linked to market volatility. In the last 20 years, the Group has consistently demonstrated its ability to generate significant profits through the engagement of its teams and the effectiveness of its trading models. In 2015, the Group will leverage its strong track record and assertively pursue its strategic plan, which will start to deliver results in the second half.

To watch the video interview (French version) of Dominique Ceolin, Chairman and Chief Executive Officer of ABC arbitrage, discussing these results, please [click here](#) or visit <http://www.abc-arbitrage.com/>, on the home page and in the Finance and Press/Multimedia sections.

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