



2016 Results: €30.5m (up 26%) "Step Up 2019" Strategic Plan

The Board of Directors of ABC arbitrage, led by the Chairman, Dominique Ceolin, met on March 23, 2017 to approve the consolidated financial statements for 2016. Financial highlights for the year were as follows:

	31/12/2016 IFRS	31/12/2015 IFRS
Net revenues	€53.3m	€47.7 m
Net income	€30.5m	€24.2m
Earnings per share (EPS)	€0.53	€0.43
Return on equity (ROE)	19.7%	17.1%

Business performance

IFRS net income came to €30.5 million in 2016, up nearly 26% on the prior year.

Group companies enjoyed a combination of favorable factors early in the year before feeling the effects of a generally calm market environment, albeit marked by sudden, short-lived volatility spikes following various macroeconomic events (Brexit in June and the U.S. elections in November).

Once again, the Group demonstrated its ability to adapt, delivering a return on equity (ROE) of nearly 20% for the year in an environment characterized by low volatility and a decline in trading volumes in the second half. R&D spend was concentrated on developing low-volatility strategies and optimizing existing models to offset slow periods.

The sharp increase in net income successfully concludes the "Ambition 2016" plan with the establishment of new international locations and the development of new strategies.

Dividend policy

The Board of Directors will recommend a dividend of €0.25 per share at the annual shareholders' meeting on June 16, 2017. The payment date and procedure will be announced at a later date. The dividend is in addition to the €0.20 distribution paid in November 2016. If approved by the shareholders, the full distribution for 2016 will therefore amount to €0.45 per share, giving a net yield of 6.3% based on the share price at December 31, 2016 (€7.19).

Outlook

The "Step Up 2019" plan has been launched to build on the achievements of the "Ambition 2016" plan, with the primary objective of preparing for the next decade. This new plan focuses on the continued development of low-volatility strategies and sustained IT and R&D expenditure on the Group's historic strategies, in order to continually move forward against the backdrop of the market environment observed since 2012.

The planned investments are expected to progressively extend the Group's investment management capacities and improve recurring results in most market environments. To meet these objectives, the Group is anticipating a significant rise in expenses over the next three years, which will weigh on results. Nonetheless, ABC arbitrage confirms its determination to achieve significant returns, with the goal of generating at least €90 million in cumulative consolidated net income over the coming three-year period. This figure will be adjusted according to market conditions, as there is still a significant correlation between the Group's businesses and volatility.

Market volumes remained sluggish in early 2017 with volatility levels at their lowest since 1995. In spite of this, first-quarter business volumes were in line with the last three years of lows which, combined with a growth in assets under management to €428 million at March 1, 2017, is a positive sign for the Group's shareholders and clients.