



## 2017 Results: €18.3 m 2017 ROE: 11.5%

The Board of Directors of ABC arbitrage, led by the Chairman, Dominique Ceolin, met on March 22, 2018 to approve the consolidated financial statements for 2017. Financial highlights for the year were as follows:

	31/12/2017 IFRS	31/12/2016 IFRS
Net revenues	€38.5 m	€53.3 m
Net Income	€18.3 m	€30.5 m
Earnings per share (EPS)	€0.32	€0.53
Return on equity (ROE)	11.5%	19.7%

### Business performance

Following on from the end of 2016, 2017 provided adverse market conditions for the Group's businesses, especially in the second semester. Markets were characterized by historically calm activity and record low volatility. Over the year, intraday volatility averaged under 5% with a record number of days under 4%. 2017 alone represents 98% of the 58 such days identified over the last 35 years.

The Group has been able to demonstrate its resilience in particular during the first semester, showing its ability to operate in such a challenging context. The Group has relied on its investment in R&D by emphasizing the development of strategies suited to this type of market. Nonetheless, the gross return of 24% on capital employed, even if satisfactory, is below the Group's expectations and objectives for 2017.

### Dividend Policy

The Board of Directors will recommend a dividend of €0.20 per share at the annual shareholders' meeting on June 15, 2018. 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 2017. If approved by the shareholders, the full distribution for 2017 will therefore amount to €0.40 per share, providing a net yield of 6.4% based on the share price at December 31, 2017 (€6.28). Total distributions for 2016 and 2017 will be close on a 100% payout ratio of earnings per share, in line with Group practices.

### Outlook

2017 net income highlights one more time the importance of volatility and its ability to explain the Group's activity levels. As of today, ABC arbitrage is not equipped to achieve its ambitions in weak volatility environments such as 2017, in particular the record low second semester. All the same, the financial results for full year 2016 and the first semester of 2017 demonstrate that the achievements in R&D, both realised and in process under the "Step Up 2019" program, are concretely contributing to Group performance, generating an ROE in excess of 11%.

The start of 2018, especially February, further illustrates that the Group's strategies have the capacity to be very successful in normalized situations. The phase-out of "Quantitative Easing" and the programmed rate hikes during 2018 should provide for a more favorable market environment for the Group's businesses.

With all of the above in mind, the Group stands by its "Step Up 2019" plan and associated investments, in order to continue its strategic development. ABC arbitrage reinforces its objective of building a combined offer of "attractive performance" and "capital protection" for its clients and shareholders as demonstrated by the last 23 years of significant income.

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