



# FINANCIAL RESULTS

## H1 2008

1 AUGUST 2008



# AGENDA

- 1 HIGHLIGHTS
- 2 INTERIM FINANCIAL STATEMENTS
- 3 FINANCIAL SERVICES
- 4 INVESTMENTS
- 5 OUTLOOK

LÝÐUR GUÐMUNDSSON  
EXECUTIVE CHAIRMAN

## FINANCIAL RESULTS IN Q2 2008

- After-tax loss €38 million
- Loss of fair value assets €64 million
- Trading revenue €21 million
- Total revenue €90 million
- Net foreign exchange gain €9 million
- Equity ratio 37% - excluding operating leverage 40%

## FINANCIAL RESULTS IN H1 2008

- After-tax loss €82 million
- Net profit from financial services €66 million
- Net loss from investments €149 million
- Total assets €6.9 billion, decreased 14%
- Total equity €2.3 billion, decreased 4%
- Total liabilities decreased by €1 billion

# AGENDA

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- 1 HIGHLIGHTS
- 2 **INTERIM FINANCIAL STATEMENTS**
- 3 FINANCIAL SERVICES
- 4 INVESTMENTS
- 5 OUTLOOK

**SIGURÐUR VALTÝSSON**  
CEO

# INCOME STATEMENT JANUARY TO JUNE

(€ million)	1H 2008	1H 2007	Change
Financial assets measured at fair value	-237.1	73.5	-310.6
Financial assets held for trading	79.1	147.3	-68.1
Dividends	11.2	12.0	-0.7
Interest revenues	56.5	37.8	18.8
Insurance premium	53.6	65.8	-12.2
Share of profits of associates	132.4	615.3	-482.9
Other revenues	10.0	6.6	3.4
<b>Total revenues</b>	<b>105.7</b>	<b>958.2</b>	<b>-852.5</b>
Claims cost	-50.1	-51.0	1.0
Operating expenses	-32.3	-32.2	0.1
<b>Profit (loss) before financial expenses</b>	<b>23.4</b>	<b>875.0</b>	<b>-851.6</b>
Interest expenses	-205.5	-134.6	-70.9
Net foreign exchange gain (loss)	97.5	81.8	15.8
<b>Profit (loss) before tax</b>	<b>-84.6</b>	<b>822.1</b>	<b>-906.7</b>
Income tax	2.4	39.9	-37.6
<b>Profit (loss) for the period</b>	<b>-82.2</b>	<b>862.1</b>	<b>-944.3</b>

## KEY POINTS

- Losses in fair value assets due to weak equity markets
- Trading assets generated gain of €79m
- Dividend income of €11.2m while €167m dividend from associates recorded as a reduction in book value in balance sheet
- Interest revenue and insurance premium amount to €110m
- Stable operating expenses

# INCOME STATEMENT BY QUARTER

(€ million)	Q2 08	Q1 08	Q4 07	Q3 07	Q2 07
Financial assets at fair value	-63.9	-173.2	-104.6	32.0	35.3
Fin. assets held for trading	20.6	58.5	-156.3	-37.3	36.4
Dividends	6.9	4.4	0.0	0.7	6.9
Interest revenues	28.0	28.5	30.3	23.2	19.3
Insurance premium	24.8	28.8	31.2	32.0	30.6
Share of profits of associates	67.8	64.6	48.4	92.5	158.3
Other revenues	5.4	4.6	7.2	4.2	3.3
<b>Total revenues</b>	<b>89.6</b>	<b>16.1</b>	<b>-143.8</b>	<b>147.1</b>	<b>290.2</b>
Claims cost	-21.2	-28.8	-28.3	-25.1	-24.5
Operating expenses	-15.8	-16.4	-18.8	-14.5	-15.5
<b>Profit (loss) before fin. exp.</b>	<b>52.5</b>	<b>-29.2</b>	<b>-190.8</b>	<b>107.5</b>	<b>250.2</b>
Interest expenses	-100.4	-105.1	-109.4	-106.2	-78.2
Net foreign exchange gain(loss)	9.1	88.4	-6.2	8.7	52.7
<b>Profit (loss) before tax</b>	<b>-38.7</b>	<b>-45.8</b>	<b>-306.5</b>	<b>10.0</b>	<b>224.7</b>
Income tax	0.3	2.0	10.9	-2.6	-3.3
<b>Profit (loss) for the period</b>	<b>-38.4</b>	<b>-43.8</b>	<b>-295.6</b>	<b>7.4</b>	<b>221.4</b>

## KEY POINTS

- Impact of continued volatility in the financial markets evident in the last three quarters
- Stream of solid revenues from operational entities continues
- Exchange rate of the ISK affects insurance premium and claims cost in EUR terms

# BALANCE SHEET

(€ million)	30 Jun 2008	31 Dec 2007	Change
Financial assets measured at fair value	943.6	1,123.4	-16%
Financial assets held for trading	157.6	210.2	-25%
Loans and accounts receivable	793.0	785.0	1%
Goodwill and other intangible assets	341.4	469.4	-27%
Investments in associates	4,298.2	4,737.6	-9%
Cash and equivalents	303.4	567.6	-47%
Other assets	87.4	117.3	-25%
<b>Total Assets</b>	<b>6,924.7</b>	<b>8,010.5</b>	<b>-14%</b>
<b>Total Equity</b>	<b>2,284.2</b>	<b>2,368.7</b>	<b>-4%</b>
Borrowings	4,143.6	5,123.7	-19%
Hybrid securities	260.9	250.0	4%
Technical provision	180.5	221.5	-18%
Deferred income tax liability	8.3	18.8	-56%
Other liabilities	47.0	27.8	69%
<b>Total Liabilities</b>	<b>4,640.5</b>	<b>5,641.8</b>	<b>-18%</b>
<b>Total Equity and Liabilities</b>	<b>6,924.7</b>	<b>8,010.5</b>	<b>-14%</b>

## KEY POINTS

- Assets €6.9bn declined 14% H1 08
- Cash and equivalents €303m at end of H1 08
- Total equity €2.3bn decreased 4% in the first half
- Borrowings decreased by €1bn or 19% during H1 08
- Total liabilities €4.6 billion decreased by 18%

# QUALITY OF GOODWILL

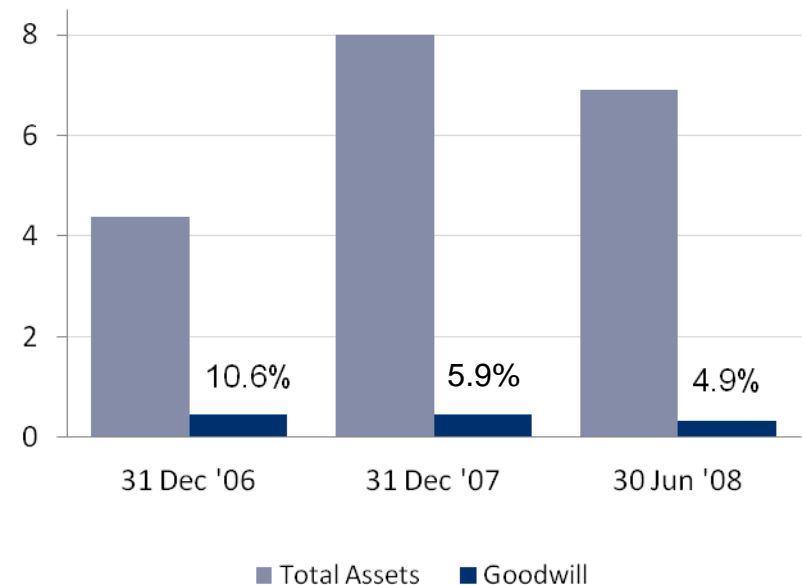


## GOODWILL SUPPORTED BY OPERATIONS

- Goodwill accounts for less than 5% of total assets and less than 15% of total equity
- Incorporated in 2006 in relation to the acquisition of subsidiaries in insurance underwriting and asset finance
- Supported by strong market position of subsidiaries and solid operations
- In accordance with IFRS the goodwill is allocated to the subsidiaries and regularly tested for impairment
- Amounted to €341m at 30 June
- Declined by 28% during H1 08 due to the depreciation of the ISK

## GOODWILL / ASSETS

€ billions





# INVESTMENTS IN ASSOCIATES



## EQUITY ACCOUNTING

- As at 1 January 2007 the associates, Sampo Group and Kaupthing Bank, are accounted for by the equity method
- Exista is by far the largest owner of Kaupthing and Sampo with 24.75% and 19.98% respectively
- Equity accounting reflects Exista's emphasis on financial services as its core business and the long term nature of the holdings
- By definition, market prices of associates will fluctuate above or below book value at any given time
- At 30 June 2008, book value exceeded market value by €1,347 million

## MARKET VALUE COMPARED WITH BOOK VALUE

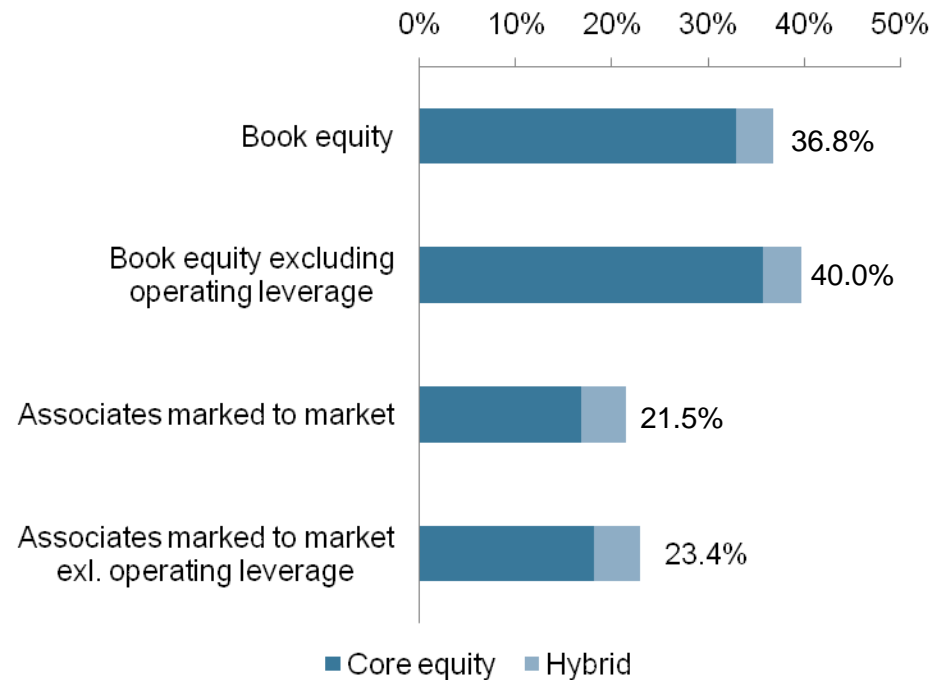
(€ millions)	30 June 2008
Book value of associates	4,298
Market value of associates	2,951
Book value in excess of market value	1,347

- Associates are regularly tested for impairment in accordance with International Accounting Standards (IFRS)
- Current book value reflects the robust operations and strong fundamentals of the associates which better represents long-term outlook than prevailing volatile markets

# VARIOUS INTERPRETATIONS OF EQUITY RATIOS



## EQUITY RATIOS AS AT 30 JUNE 2008



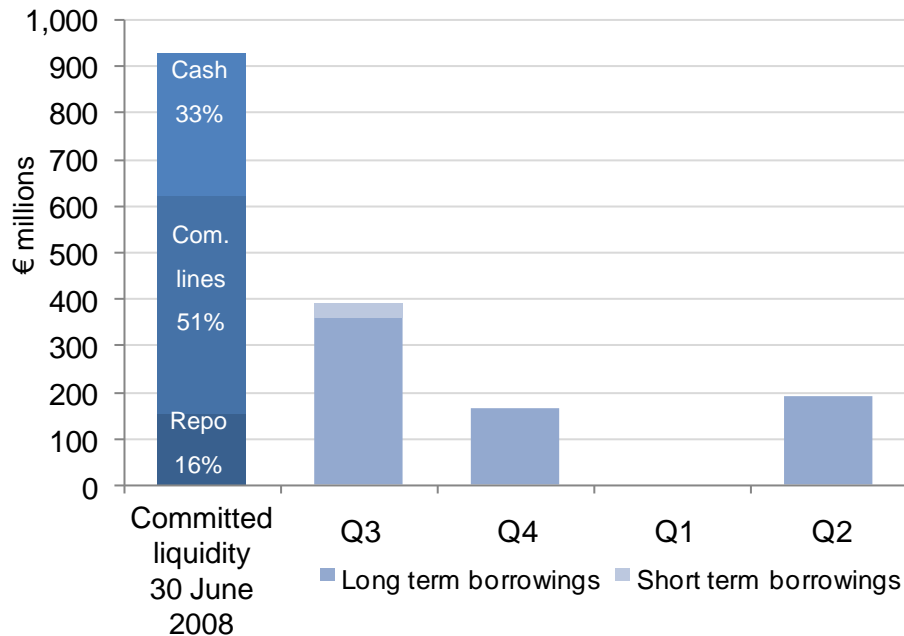
## EQUITY RATIO ADJUSTMENTS

- Equity ratio at 30 June 2008 was 37%
- Equity ratios can be calculated in different ways depending on given assumptions
- Leaving out the asset finance activities, run at around 11% CAD ratio, book equity ratio was 40%
- Restating all assets at market value at 30 June 2008, adjusted equity ratio was 21.5% and 23.4% excluding the operating leverage of the asset finance operations

# LIQUIDITY AND FUNDING MATURITY PROFILE

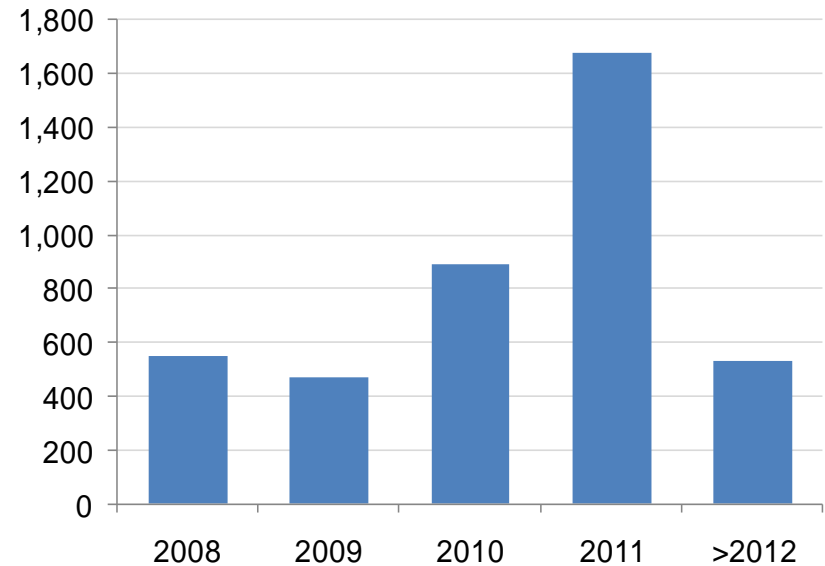


## COMMITTED LIQUIDITY AND MATURITIES



- Committed liquidity covers refinancing obligations until end of 2009
- Well positioned for continued market volatility

## MATURITY PROFILE AT END OF H1

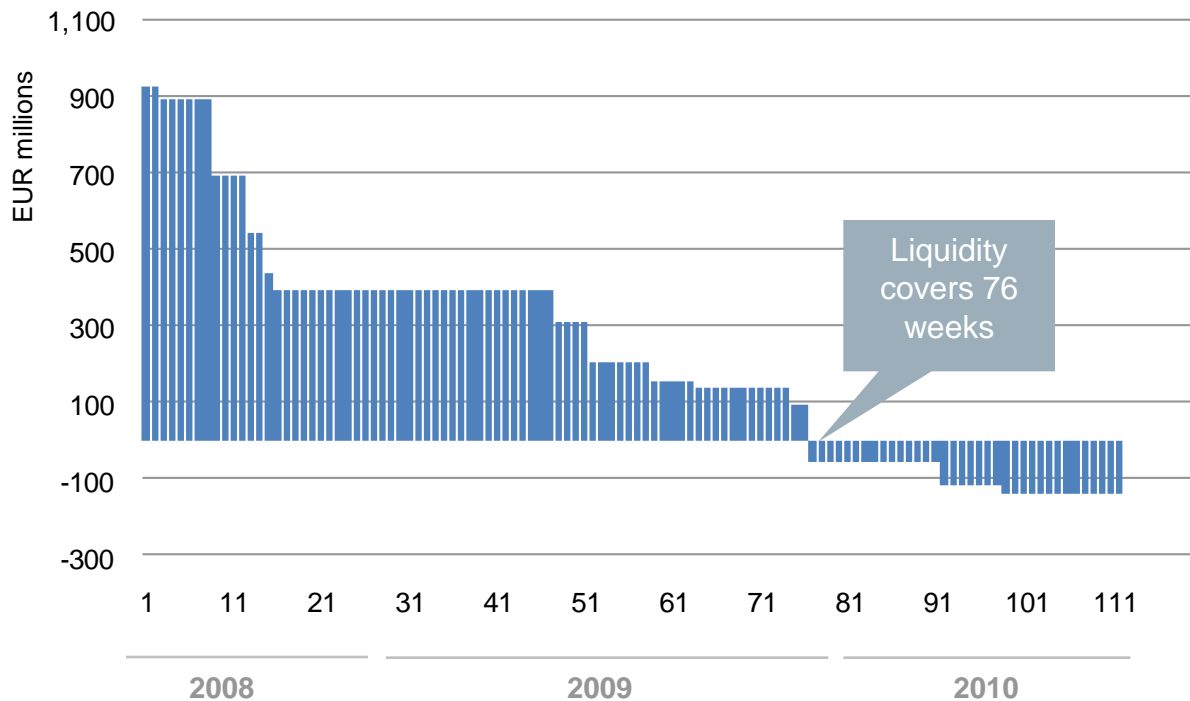


- Light redemption profile through 2010
- Maturing debt in 2008 and 2009 decreased by half during the course of H1

# LIQUIDITY REMAINS STRONG



## COMMITTED LIQUIDITY IN WEEKS



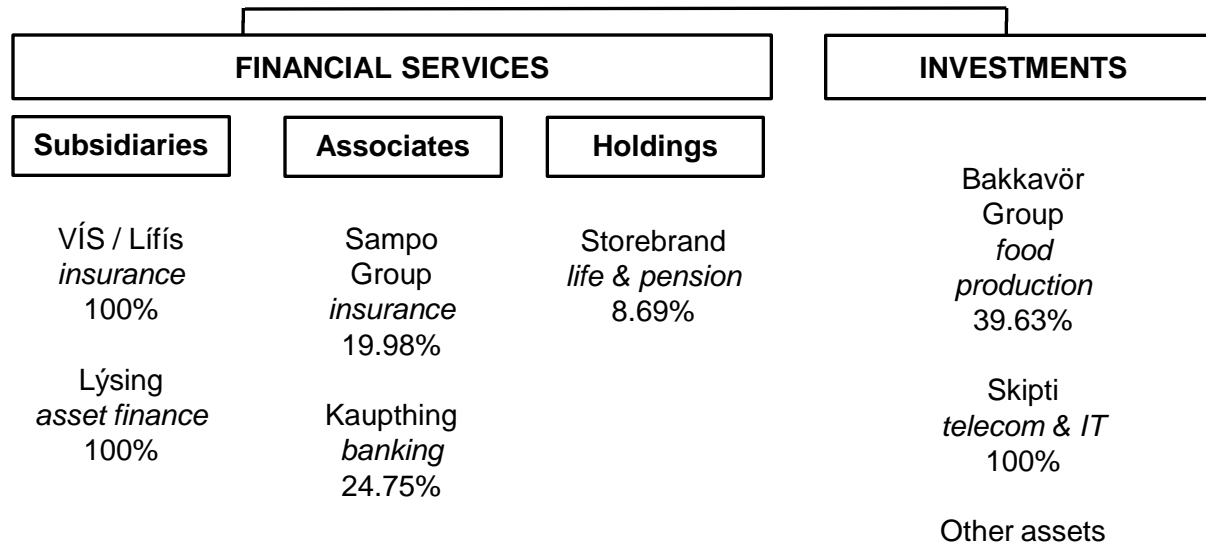
## KEY POINTS

- Committed liquidity €926 m as 30 June 2008
- Covered refinancing obligations for 76 weeks, or until December 2009
- Committed liquidity includes:
  - Cash
  - Committed lines
  - Repo-eligible securities
- Not included in committed liquidity:
  - Liquid assets
  - Income from operating subsidiaries
  - Pending dividends

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**ERLENDUR HJALTASON**  
CEO



## BUSINESS SET-UP

- Storebrand will be moved and classified as a holding in Financial Services as opposed to an Investment
- Financial Services will be divided into Subsidiaries, Associates and Holdings
- Storebrand continues to be a long-term fair value holding
- Further underlines commitment to financial services and Exista's position within the financial services sector across the Nordic area

# FINANCIAL SERVICES – SUBSIDIARIES

## FINANCIAL SERVICES

## INVESTMENTS

### Subsidiaries

VÍS / Lífis  
*insurance*  
100%

Lýsing  
*asset finance*  
100%



- Insurance underwriting
  - Combined ratio
    - 113% in H1 2008
    - 107% in Q2 2008



**LÝSING**

- Asset finance
  - Return on equity 25.3%
  - CAD 11.4% at 30 June 2008
  - Cost-income ratio 24.0% in H1 2008

Bakkavör  
Group  
*food*  
*production*  
39.63%

Skipti  
*telecom & IT*  
100%

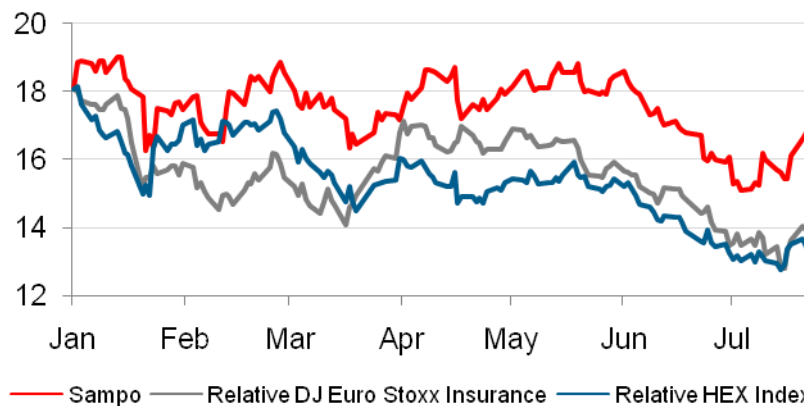
Other assets

# FINANCIAL SERVICES – ASSOCIATES

FINANCIAL SERVICES	
<b>Subsidiaries</b>	<b>Associates</b>
VÍS / Lífís <i>insurance</i> 100%	Sampo Group <i>insurance</i> 19.98%
Lýsing <i>asset finance</i> 100%	Kaupthing <i>banking</i> 24.75%

## SAMPO GROUP

- Current market cap €9.2bn
- Sampo holds 10.4% in Nordea – €135m dividend to Sampo tax free in H1 2008
- Robust balance sheet of €26bn with significant excess capital
- Insurance premium around €4.5bn per annum
- Defensive characteristics have supported share price out-performance in volatile markets





# FINANCIAL SERVICES – ASSOCIATES

## FINANCIAL SERVICES

### Subsidiaries

VÍS / Lífís  
insurance  
100%

Lýsing  
asset finance  
100%

### Associates

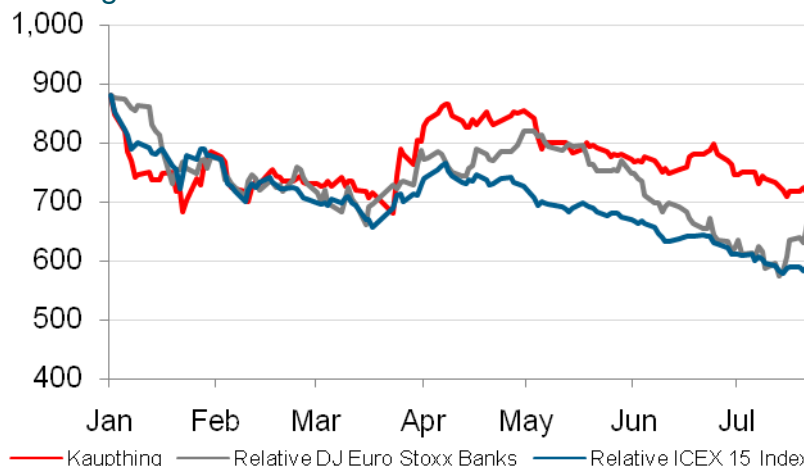
Sampo Group  
insurance  
19.98%

Kaupthing  
banking  
24.75%



## KAUPTHING BANK

- Current market cap €4.2bn
- The Bank has grown earnings and delivered ROE in excess of 20% in each of the last 5 years
- H1 2008 earnings of €313m and an annualised ROE of 20% highlight the resilience of Kaupthing's business within volatile markets
- The business is supported by a well capitalised balance sheet and healthy funding profile. This is evidenced by a CAD ratio of 11.2% and secured liquidity equivalent to 360 days of maturing obligations

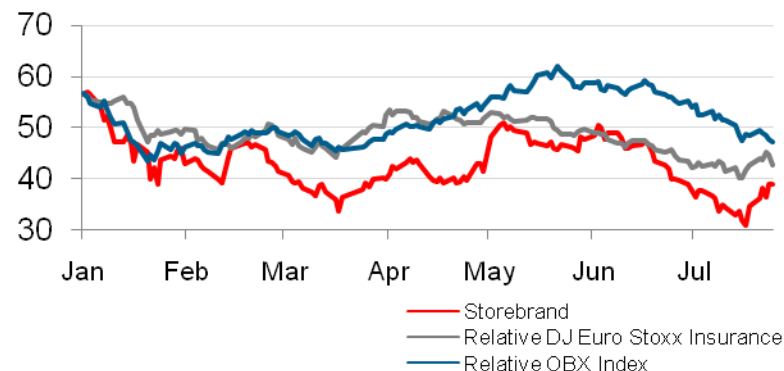


# FINANCIAL SERVICES – HOLDINGS

FINANCIAL SERVICES		
Subsidiaries	Associates	Holdings
VÍS / Lífís <i>insurance</i> 100%	Sampo Group <i>insurance</i> 19.98%	Storebrand <i>life &amp; pension</i> 8.69%
Lýsing <i>asset finance</i> 100%	Kaupthing <i>banking</i> 24.75%	



- Current Market Cap €2bn
- Storebrand is the largest provider of life assurance products in the Nordic region
- The company has grown earnings and ROE in each of the last 5 years. For 2007 the business reported record profits of NOK 2bn and an ROE of 20.7%
- Positive trends continued in Q1 2008 when the company reported a 37.5% increase in pre tax profit to NOK 535m
- Currently trading around half times embedded value



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# INVESTMENTS



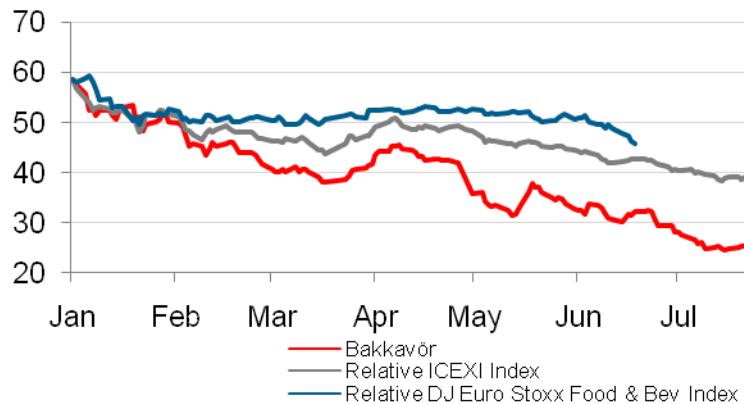
Subsidiaries

VÍS / Lífís  
insurance  
100%

Lýsing  
asset finance  
100%



- Current Market Cap €445m
- Bakkavor has immense experience of operating through several business cycles in the food sector and across the wider economy
- It is a market leader in the fast growing fresh prepared food markets
- Accelerating expansion into global markets which exhibit similar characteristics to the more developed fresh prepared food markets of the UK
- Long standing and excellent relationships with a number of world class food retailers



## INVESTMENTS

Bakkavör  
Group  
food  
production  
39.63%

Skipti  
telecom & IT  
100%

Other assets



## INVESTMENTS

### Subsidiaries

VÍS / Lífís  
insurance  
100%

Lýsing  
asset finance  
100%

- A voluntary offer for all shares in Skipti completed on the quarter followed by delisting of the company
- Exista has engaged Kaupthing and MP Investment Bank to prepare a sale of Skipti shares at appropriate timing
- In relation to this and refinancing part of Exista's share in Skipti, an agreement pertaining to a transfer of voting rights has been made
- Exista will remain a strategic shareholder in Skipti
- Exista's telecommunication and IT assets merged
  - Skipti acquires from Exista 8.25% share in a holding company with:
    - 39% stake in T-Mobile Czech Republic (TMCZ)
    - 100% stake in Ceske Radiokommunikace (CRa)
- All telecom assets consolidated under Skipti

Bakkavör  
Group  
food  
production  
39.63%

Skipti  
telecom & IT  
100%

Other assets

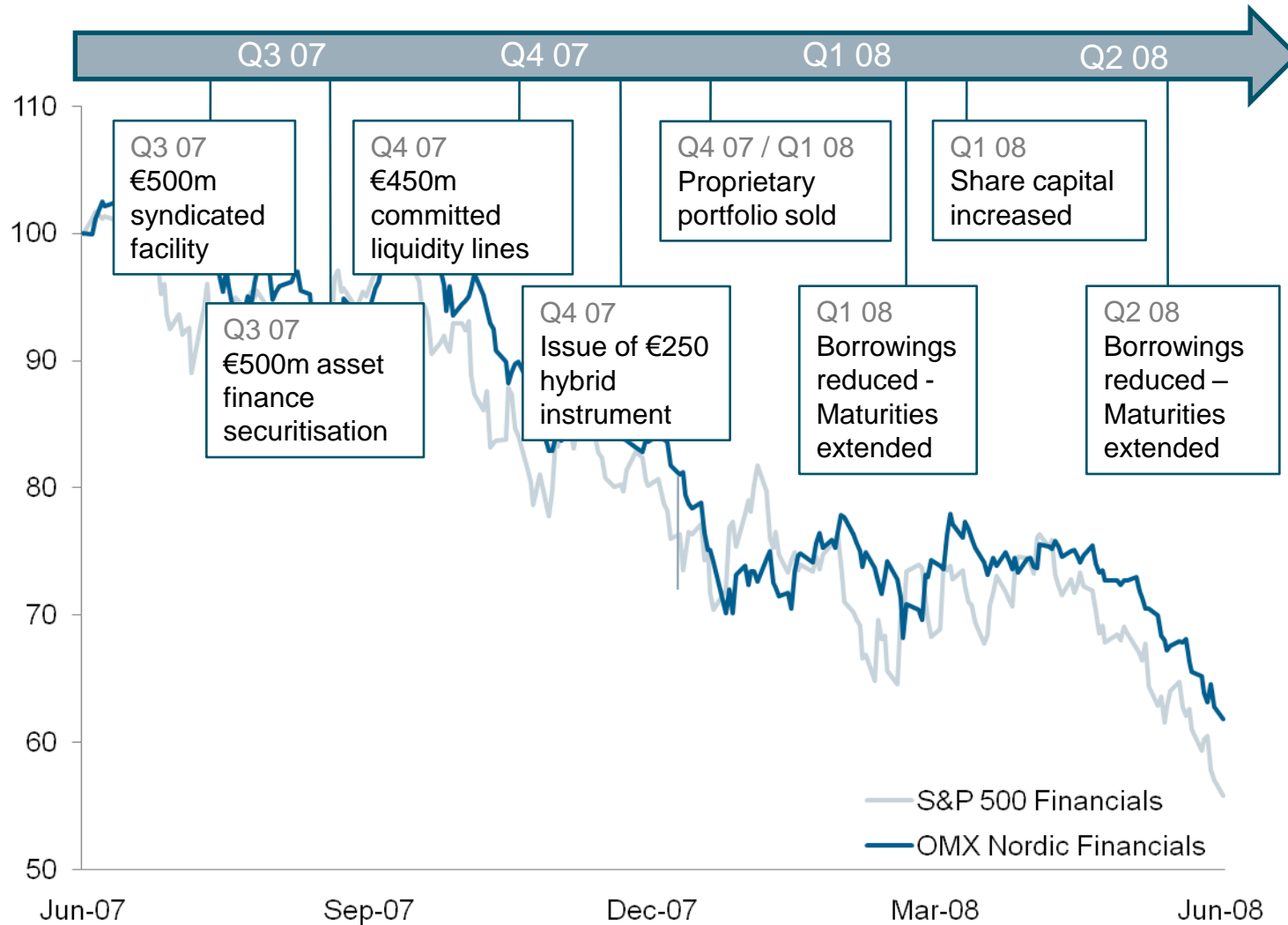
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**LÝÐUR GUÐMUNDSSON**  
EXECUTIVE CHAIRMAN

# ACTIONS TAKEN DURING MARKET TURMOIL



## Exista continues to focus on long-term prospects

- Market environment likely to remain challenging
- Continued evidence of market leading position of subsidiaries and associates
- Solid fundamentals and strong liquidity position
- Committed to solid footprint in financial services across the Nordic region
- Exista positioned to emerge with strength when markets stabilise



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