

# Oslo Børs Holding ASA – fourth quarter 2003

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## Fourth quarter highlights:

- **High market activity and reduced costs brought a good result**
- **Profit: 4th qtr NOK 10.9m (7.9m); full year NOK 53.3m (43.0m)**
- **Earnings per share: 4th qtr NOK 2.19 (1.59); full year NOK 10.66 (8.60)**
- **Return on equity (ann.): 4th qtr 20.9% (14.0%) ; full year 28.4% (17.6%)**
- **Extraordinary dividend – NOK 12 per share – paid out in December 2003**
- **Proposed dividend: NOK 10 per share**

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## Business activities in the fourth of 2003 (4rd quarter 2002 figures in parenthesis)

### General

Oslo Børs Holding ASA recorded post-tax profit of NOK 10.9 (7.9) million in the fourth quarter of 2003. For the full year the post-tax profit came to NOK 53.3 (43.0) million

The relatively high activity in the market in the third quarter continued in the fourth quarter. The Oslo Børs Benchmark Index (OSEBX) measured 170.97 at year-end after an increase of about 19.9% over the quarter. The Benchmark Index rose 48.4% for the full year 2003.

Shares and primary capital certificates worth NOK 159 (108) billion changed hands in the fourth quarter. For the year as a whole trading totalled NOK 552 (444) billion. The number of transactions showed the same trend, totalling about 686,000 (550,000) in the fourth quarter and about 2,348,000 (2,048,000) for the full year 2003.

Activity in the business area Fixed Income Markets has stabilised. At quarter-end 826 (838) bonds were quoted. Trading in the derivatives market showed a positive trend compared with the previous year. In the fourth quarter traded contracts numbered about 1,089,000 (796,000), while for the full year 2003 traded contracts totalled about 3,824,000 (3,176,000). Premium for 2003 averaged NOK 7.0 compared with NOK 7.5 in 2002.

Activity in the primary equity market remains low. Shares worth NOK 3.1 (0.8) billion were issued in the fourth quarter. At end-2003 178 companies were listed on Oslo Børs. The number of listed companies fell by 26, net, in 2003. With few exceptions these companies paid an annual listing fee of NOK 110,000 (the minimum fee), and trading in their securities has been thin. The number of terminals with access to market data from Oslo Børs fell by about 8% in 2003.

### Revenues

Revenues totalled NOK 62.2 (54.7) million in the fourth quarter. The increase from the previous year's third quarter was largely due to increased trading and to accrual-accounting effects on sales figures for financial market data. For the full year 2003 revenues totalled NOK 228.5 (222.3) million. Higher trading revenues made up for lower revenues from sales of market data and reduced listing fee receipts.

## **Costs**

Oslo Børs's costs continued their positive trend. Total fourth-quarter operating expenses came to NOK 46.4 (44.1) million. Operating costs for the full year 2003 totalled NOK 159.4 (169.8) million.

Salary and staff costs came to NOK 24.4 (19.6) million in the fourth quarter, and to NOK 80.4 (73.2) million for the full year 2003. Changes in the financial premises underlying the calculation of pension commitments resulted in an increase of about NOK 1 million in the fourth quarter and about NOK 4 million for 2003 as a whole. In addition an incentive scheme was introduced for all employees. This entailed a cost increase in the region of NOK 3 million both for the fourth quarter and for 2003 as a whole. Salary and staff costs of about NOK 2.5 million were capitalised in connection with system projects in 2002, whereas no such capitalisations were carried out in 2003. When adjusted for the change in pension costs and for the provision made for the incentive scheme, salary and staff costs showed virtually no change on the fourth quarter of 2002 while for the year as a whole they fell by about NOK 2 million.

Other operating expenses came to NOK 16.7 (20.1) million in the fourth quarter, a decrease of NOK 3.4 million. For the full year 2003 other operating expenses come to NOK 58.8 (80.2) million, down NOK 21.4 million.

Rehabilitation of the stock exchange building entailed a cost of about NOK 12 million in 2002. Costs in 2003 were also positively affected by one-time factors, amounting to about NOK 2.6 million for the year as a whole.

## **Talks held with VPS (Norwegian Central Securities Depository)**

VPS Holding ASA and Oslo Børs Holding ASA announced in a joint press release of 21 November that they had started talks on merging the two holding companies, and that each of them had engaged a financial consultant to facilitate the process.

On 13 January 2004 the parties announced that after extensive and constructive discussions they had identified interesting strategic aspects of an integration between the VPS and Oslo Børs. However, the parties' negotiating teams failed to agree on the commercial terms for a possible integration, and the conversations ended in January 2004.

However, the parties intend to continue to maintain close contact in order to be able to resume discussions in the event of any change in the basis for negotiations.

## **HEX Integrated Markets included in NOREX Alliance**

In May 2003 the Swedish OM (which owns the Stockholm Stock Exchange) and the Helsinki Stock Exchange announced that the two companies had signed a merger agreement. In December 2003 it was announced that HEX Integrated Markets (OMHEX's marketplace) and NOREX had agreed the next step in the integration of the Nordic and Baltic markets, i.e. the inclusion of HEX Integrated Markets in the NOREX Alliance. A new NOREX agreement will be negotiated.

For Oslo Børs the merger between the Swedish OM and the Finnish bourse HEX - which includes both the Finnish bourse and central securities depository - brings a further enhancement of the Nordic bourse alliance Norex. The idea behind Norex was that the Nordic bourses should be perceived as a single marketplace for trading purposes. The Finnish bourse will in line with this install the same trading system as that used by the other Norex bourses. This will strengthen the distribution of all securities quoted on the Norex exchanges, thereby enhancing the attractiveness of Oslo Børs as a listing venue and of the Norwegian market as an arena for securities trading.

## **Outlook**

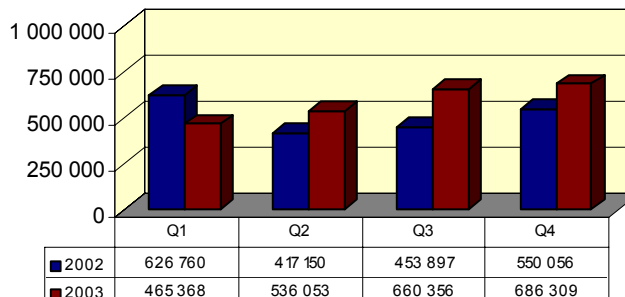
Activity was generally high in the Oslo Børs's marketplaces in the second half of 2003. The bourse's revenues for 2004 will vary in step with activity levels, above all with trading in the share market and the trend in sales of financial market data measured in the number of terminals.

Compared with 2003, Oslo Børs's operating expenses for 2004 will be adversely affected by certain factors. These include depreciation of the Norwegian krone, wage regulation effective from 1 January 2004 and one-time items which reduced the bourse's costs in 2003. Prices for 2004 have so far not been increased.

## Market development

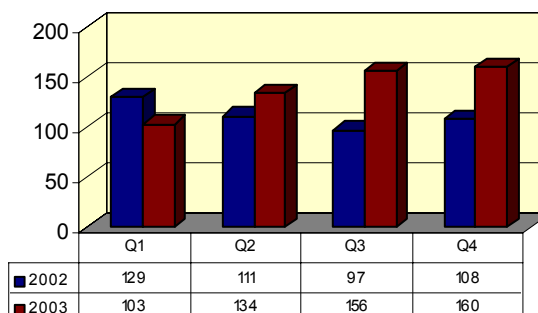
The number of share transactions in the fourth quarter was 4% higher than in the third quarter, and almost 25% higher than in the fourth quarter of 2002.

Equity market - number of transactions



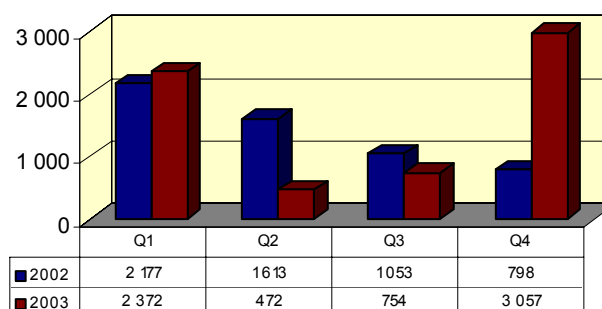
The value of equity market trades in the fourth quarter was 3% higher than in the previous quarter, and about 48% higher than in the same period of 2002.

Equity market - value of trades Billion NOK



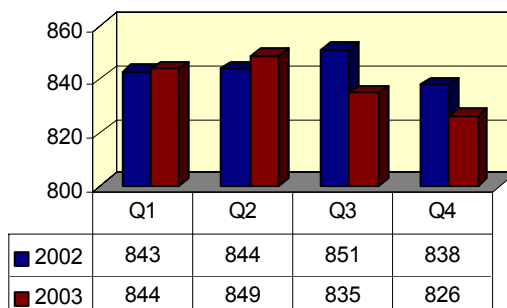
The primary equity market in the fourth quarter of 2003 showed a slight improvement in activity both on the previous quarter and on the same period of 2002.

Equity market - value of new issues Million NOK



### Bond market - number of listed issues

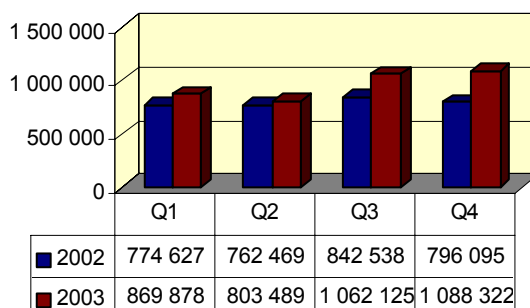
The number of listed issues in the fixed income market was down on the previous quarter and on the same period of 2002.



### Derivatives market - number of contracts traded

Activity in the derivative market is increasing. The number of traded contracts was 2% higher than in the previous period and 37% higher than in the same period of 2002.

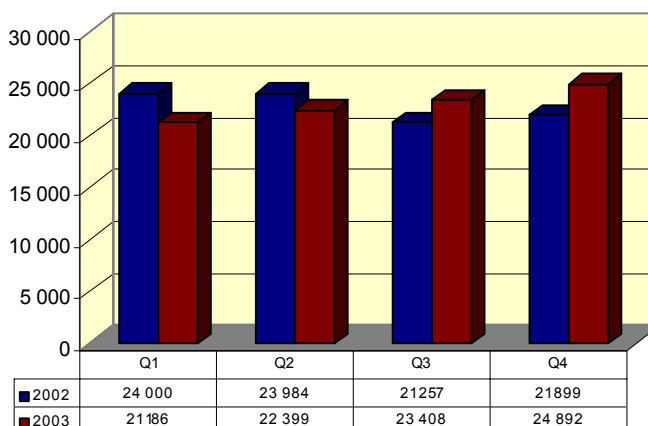
Premiums for the full year 2003 averaged NOK 7.0 compared with NOK 7.5 in 2002.



### Revenues from sales of financial market data

Fourth quarter revenues from sales of financial market data are affected by accrual effects. The number of terminals is at the same level as at the end of the third quarter of 2003.

Revenues in 2003 also was effected by changes in price structure that took effect in second quarter.



Please see [www.oslobors.no/ir](http://www.oslobors.no/ir) for further operational key figures. All figures are in thousands of Norwegian kroner and apply to the group Oslo Børs Holding ASA unless otherwise stated. The Group comprises Oslo Børs Holding ASA, Oslo Børs ASA and Oslo Børs Informasjon AS.

The interim report has been have been drawn up based on the same principles as the annual accounts and in accordance with NRS 11 - Interim Reporting.

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## Profit and loss account

	4th Quarter 2003	4th Quarter 2002	2003	2002
<b>Operating revenues</b>	<b>62 225</b>	<b>54 713</b>	<b>228 493</b>	<b>222 296</b>
<b>Operating expenses</b>				
Salary and other personnel expenses	24 432	19 626	80 375	73 187
Depreciation	5 249	4 289	20 238	16 439
Other operating expenses	16 741	20 142	58 762	80 179
<b>Total operating expenses</b>	<b>46 422</b>	<b>44 057</b>	<b>159 375</b>	<b>169 806</b>
<b>Operating profit</b>	<b>15 803</b>	<b>10 656</b>	<b>69 117</b>	<b>52 490</b>
Net financial items	943	1 830	6 477	8 670
<b>Ordinary pre-tax profit</b>	<b>16 746</b>	<b>12 486</b>	<b>75 595</b>	<b>61 160</b>
Tax	5 801	4 539	22 279	18 168
<b>Earnings for the period</b>	<b>10 945</b>	<b>7 947</b>	<b>53 316</b>	<b>42 992</b>
<b>Earnings per share (NOK)</b>	<b>2,19</b>	<b>1,59</b>	<b>10,66</b>	<b>8,60</b>

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## Balance sheet

At the end of the fourth quarter short-term receivables totalled NOK 37.2 million. Of this, prepaid expenses totalled NOK 11.5 million of which fees paid to OM Technology accounted for about NOK 8 million.

Cash and cash equivalents totalled NOK 101.1 million at quarter end.

Current liabilities amounted to about NOK 95.0 million at quarter end. This includes provision for dividends in an amount of NOK 50.0 million and tax payable in an amount of NOK 16.6 million.

The changes made in the financial premises underlying the calculation of pension commitments entailed an increase in deviation from estimate not shown in the profit and loss account. At the end of 2002 this item was about NOK 5.7 million, and at the end of 2003 about NOK 22.6 million. Just below NOK 20 million will be amortized over the remaining period of service (about 20 years), and has accordingly an effect on the profit and loss account of about NOK 1 million per year, 2003 included. Higher or lower increase in the market value of the pension fund than 6% in 2003 or the years going forward, significant changes in the interest rate levels in 2004 or the years going forward and changes in other premises for the calculations may affect the accumulated deviations.

	<b>2003</b>	<b>2002</b>
<b>Fixed assets</b>		
IT systems	45 571	57 857
Deferred tax assets	23 543	30 363
Tangible assets	40 443	44 350
Financial fixed assets	23 075	23 738
<b>Current assets</b>		
Receivables	37 216	35 848
Cash and liquid assets	101 058	112 766
<b>Assets</b>	<b>270 905</b>	<b>304 921</b>
<b>Equity</b>		
Contributed equity	113 405	173 405
Earned equity	46 051	42 734
<b>Liabilities</b>		
Provisions for liabilities	16 504	13 484
Current liabilities	94 945	75 298
<b>Equity and liabilities</b>	<b>270 905</b>	<b>304 921</b>

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## Cash flow

The Oslo Børs Group recorded a reduction of NOK 47.7 million in its cash holding in the fourth quarter. A capital reduction of Nok 60 million with payment to shareholders was carried out in December 2003. For the year as a whole cash and cash equivalents were reduced by NOK 11.7 million. This takes account of payments to shareholders totalling NOK 90 million over the year.

There were no major investments in systems in 2003 and cash flows from investment activities were therefore substantially lower than in 2002 when the implementation of Saxess and development of a new website were ongoing projects.

Cash and cash equivalents held at the end of the quarter came to NOK 101.1 million.

	<b>4th Quarter 2003</b>	<b>4th Quarter 2002</b>	<b>2003</b>	<b>2002</b>
<b>Cash flow from</b>				
- operational activities	13 347	8 925	82 337	65 528
- investment activities	-1 043	8 091	-4 045	-37 684
- financing activities	-60 000	0	-90 000	-90 000
<b>Cash and liquid assets at the start of the period</b>	148 754	95 750	112 766	174 922
Change in cash and liquid assets	-47 696	17 016	-11 708	-62 156
<b>Cash and liquid assets at the end of the period</b>	101 058	112 766	101 058	112 766
<b>Cash flow per share before financing activities (NOK)</b>	<b>2,46</b>	<b>3,40</b>	<b>15,66</b>	<b>5,57</b>
<b>Cash flow per share (NOK)</b>	<b>-9,54</b>	<b>3,40</b>	<b>-2,34</b>	<b>-12,43</b>

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## Equity

At quarter-end equity amounted to NOK 159.5 million, and the equity ratio was approximately 59%.

	<b>4th Quarter 2003</b>	<b>4th Quarter 2002</b>	<b>2003</b>	<b>2002</b>
<b>Equity at period's start</b>	258 511	238 192	216 139	273 149
Profit for the period	10 945	7 947	53 316	42 990
Dividends	-50 000	-30 000	-50 000	-30 000
Capital reduction	-60 000	0	-60 000	-70 000
<b>Equity at period's end</b>	159 456	216 139	159 455	216 139
<b>Equity ratio</b>	59 %	71 %	59 %	71 %

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## Segment information

The segmental overview shows revenues from the bourse's business areas together with operating expenses distributed on the respective areas. "Other" includes the bourse's course programmes (Oslo Børs Institute).

Revenues from derivatives cover direct costs and to some extent overheads.

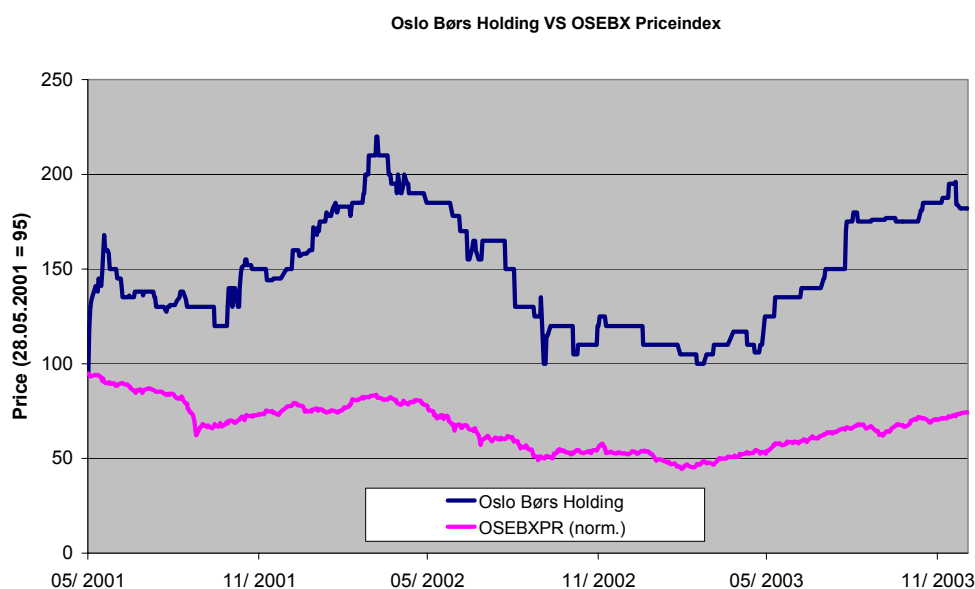
	<b>4th Quarter 2003</b>	<b>4th Quarter 2002</b>	<b>2003</b>	<b>2002</b>
<b>Equity Markets</b>				
Operating revenues	27 757	23 279	97 400	94 270
Operating profit	6 740	-409	24 565	13 069
<b>Fixed Income Markets</b>				
Operating revenues	6 320	5 858	25 565	24 045
Operating profit	1 932	1 200	10 008	8 515
<b>Derivatives Markets</b>				
Operating revenues	2 259	1 577	9 108	6 243
Operating profit	-3 342	-3 302	-9 766	-12 464
<b>Financial Market data</b>				
Operating revenues	24 892	21 899	91 885	91 741
Operating profit	10 822	12 230	44 659	41 709
<b>Other</b>				
Operating revenues	996	2 100	4 534	5 997
Operating profit	-351	937	-350	1 661
<b>Total operating revenues</b>	<b>62 225</b>	<b>54 713</b>	<b>228 493</b>	<b>222 296</b>
<b>Total operating profit</b>	<b>15 803</b>	<b>10 656</b>	<b>69 117</b>	<b>52 490</b>

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## Shareholder information

### Price trend Oslo Børs Holding ASA:

The graph shows the price trend for Oslo Børs Holding ASA, unadjusted for disbursed dividends or reduction of capital. The price trend is compared with the OSEBX price index, also unadjusted for dividends. Since May 2001 dividends have been distributed and capital reduced with payment made to shareholders, in a total amount of NOK 36 per share.



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### Oslo Børs Holding ASA – 20 largest shareholders as of 14 January 2004:

Name	Nationality	No. of shares held	Ownership in %
1. FIDELITY FUND EUROPE	LUX	500 000	10,00
2. ORKLA ASA	NOR	499 500	9,99
3. GJENSIDIGE NOR	NOR	483 512	9,67
4. MORGAN STANLEY (nominee account)	GBR	479 262	9,58
5. DEN NORSKE BANK ASA	NOR	433 213	8,66
6. NORSK HYDROS PENSJONSKASSE	NOR	355 206	7,10
7. DANSKE BANK A/S (nominee account)	DNK	200 000	4,00
8. KLP FORSIKRING	NOR	200 000	4,00
9. STATE STREET BANK (nominee account)	USA	191 500	3,83
10. RASMUSSENGRUPPEN	NOR	135 000	2,70
11. INDUSTRIFORSIKRING	NOR	130 000	2,60
12. NORDEA LIV ASA	NOR	116 100	2,32
13. THIRD AVENUE INTL	NOR	115 000	2,30
14. PARETO SECURITIES AS	NOR	100 000	2,00
15. PARETO AS	NOR	100 000	2,00
16. ERIK MUST A/S	NOR	68 824	1,38
17. VITAL FORSIKRING ASA	NOR	66 667	1,33
18. THE NORTHERN TRUST (nominee account)	GBR	47 000	0,94
19. TELENOR PENSJONSKASSE	NOR	46 800	0,94
20. ABG SUNDAL COLLIER ASA	NOR	45 000	0,90
<b>20 largest</b>		<b>4 312 584</b>	<b>86,24</b>

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## Key figures

	4th Quarter 2003	4th Quarter 2002	2003	2002
<b>Financial</b>				
Earnings per share (NOK)	2,19	1,59	10,66	8,60
Cash flow per share before dividends and capital reduction (NOK)	2,46	3,40	15,66	5,57
Change in cash per share (NOK)	-9,54	3,40	-2,34	-12,43
Return on equity	20,9 %	14,0 %	28,4 %	17,6 %
Return on total capital	22,3 %	16,1 %	26,3 %	18,8 %
Net operating margin	25,4 %	19,5 %	30,2 %	23,6 %
<b>Operational</b>				
Benchmark index at period's end	170,97	115,21	170,97	115,21
Change in period	19,9 %	4,1 %	48,4 %	-31,1 %
Equities - no. of transactions (1000s)	686	550	2 348	2 048
Equities - value of turnover (NOKbnl)	159	108	552	444
Equities - market value listed companies (NOKbn)			690	503
No. of companies listed			178	204
Change in period			-26	-8
Bonds - no. of listed issues			826	838
Derivatives - no. of contracts traded (1000s)	1 089	796	3 824	3 176
Earnings per share:	Profit for the year divided by the no. of shares			
Cash flow per share before dividends:	Net change in cash and cash equivalents plus dividends paid divided by the no. of shares			
Net cash flow per share:	Net change in cash and cash equivalents divided by the no. of shares			
Return on equity:	Profit for the year divided by the average of book equity at the start and end of the period			
Return on total capital:	Profit before tax divided by the average of total assets at the start and end of the period			
Net operating margin:	Operating profit divided by operating revenues			

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The Board of Oslo Børs Holding ASA/Oslo Børs ASA

28 January 2004