

# BNP Paribas Wealth Management

## GLOSSARY

### **Affiliates**

Profit from equity-accounted companies.

### **Annual results/interims**

Expected date of full-year and interim results publications.

### **Balance sheet highlights**

The summary balance sheet includes the main assets and liabilities items.

Capital employed = net operating assets (including gross goodwill) + WCR.

Liabilities = shareholders' funds (group share) + Minority interests + Provisions + Financial debt/(cash).

### **Bancassurance and/or banking ratios**

Expense ratio = Costs / Revenues.

BIS (Tier 1) solvency ratio.

### **Bank deposits**

All deposits written in the balance sheet. This item does not include assets managed on behalf of clients (UCITs, discretionary management, life assurance). Inter-bank transactions are likewise excluded of which in home country: Deposits by residents.

### **BIS ratio (Tier I)**

Tier 1 equity/Risk Weighted Assets. This international statutory ratio assesses a bank's solvency. The legal minimum regulatory capital ratio is 4%.

### **BVPS**

Book value per share (based on the number of shares at the end of the financial year). Includes tangible and intangible assets (goodwill, brands, patents, etc.).

**CAGR (CFPS)**

Percentage compound average growth rate of cash flow per share.

**CAGR (EPS adjusted)**

Percentage compound average growth rate of EPS adjusted.

**Capital employed (CE) - incl. gross goodwill**

Capital employed is the book value of the company's assets that generate operating cash flow. It is defined as net tangible assets + net intangible assets excluding goodwill + gross goodwill + WCR at year-end. It is restated for acquisitions not consolidated over the full year so as to not distort the calculation of ROCE.

**Cash flow, group share**

Cash flow (before change in WCR), excluding the portion attributable to minorities.

**CFPS**

Cash flow, group share per share calculated in the same way as EPS.

**Depreciation and amortisation (excl. goodwill)**

Expresses the depreciation of durable assets.

**Dividends paid**

Total amount paid as dividends to major and minority shareholders during the year for the previous year.

**EBITDA / Financial charges (interest cover)**

Interest cover is defined as EBITDA in relation to net financial items. It is not calculated where there is a EBITDA loss or net financial income.

**Embedded value per share (insurance)**

NAV per share + "in force", i.e. discounted future profit on Life policies (only) in the portfolio.

**EPS, adjusted**

Adjusted attributable net profit (see definition) per share, calculated on the average number of shares and fully diluted for convertible bonds, stock options and warrants, except where conversion or exercise is very unlikely, and excluding treasury stock. Goodwill amortization is added back for the pre IFRS years.

## **EPS (% change)**

Percentage increase or decrease in EPS+goodwill, annualised where the financial year is not twelve months. For sector averages, it is based on net profit in EURm, restated for the change in the number of shares.

## **EV: Enterprise value**

Enterprise value (EV) = market price for all company's operating assets. The estimated market value of affiliates and other financial asset is excluded from market capitalisation in order to ensure consistency with data on Capital employed, sales, EBITDA, Op Free Cash Flow and EBITA. The EV calculation is restated in the event of an acquisition not consolidated over the full year.

Formula: EV = Market capitalisation

- + Restated net debt (see definition)
- + Estimated Market value of minority interests
- + Other on- and off-balance-sheet liabilities (see definition).
- Estimated Market value of Affiliates and financial assets.

## **EV/CE (including gross goodwill)**

Enterprise value/Capital employed.

This ratio is a measure of the market's valuation (EV) of capital employed (accounting data). If the figure exceeds 1, the market expects ROCE to exceed WACC.

## **EV/EBITA**

Enterprise value/adjusted EBITA.

## **EV/EBITDA**

Enterprise value/EBITDA

This ratio uses adjusted EBITA before depreciation and amortisation. It eliminates distortion stemming from differences in depreciation methods. It compares companies of similar capital intensity.

## **EV/OpFCF**

Enterprise value / Operating free cash flow (OpFCF).

## **EV/Sales**

Enterprise value/sales.

**FCF Yield**

FCF / (Market capitalisation + revalued minority interests).

**Free cash flow (FCF)**

Cash flow - capital expenditure +/- change in WCR.

**Free float (EURm)**

Free float in millions of euros.

**Gearing**

Net debt (restated) as a percentage of shareholders' funds. The ratio is calculated only when shareholders' funds are positive. A negative figure implies a net cash position.

**General banking reserve fund**

General provisions regarded as equity for the purpose of capital adequacy calculations.

**Goodwill amortisation**

Amortisation of the difference between the price paid for a company and the net book value of its assets, after restatement of some balance sheet items.

**GOPPS**

Gross operating profit per share.

**Gross operating profit (GOP)**

Net banking income - operating expenses.

**Gross premiums / premiums net of reinsurance**

Premium income before/after amount ceded to reinsurers.

**Increase (decrease) in net financial debt**

For past years, the cash flow highlights reflect the increase or decrease in net financial debt as stated on the balance sheet.

## **Life ratios**

Cost ratio expressed as a percentage of technical provisions = (Acquisition costs + Administration costs) / Technical provisions net of reinsurance.

Pre-tax profit as a percentage of technical provisions = (Profit before tax and goodwill amortisation) / Technical provisions net of reinsurance.

## **Loans outstanding**

Total loans to clients written on the balance sheet, less provisions. Inter-bank lending and bonds are not included. However, finance leases are included.

## **Median**

The median is used to calculate ratios by sector, except for changes in EPS and CFPS, where absolute figures are used. When the universe is small, the median, which is the middle value of the sample, is of limited significance and should be regarded with caution.

## **Minorities**

Proportion of fully-consolidated subsidiaries' shareholders' funds owed to minority shareholders rather than the parent company.

## **Mkt cap.**

Market capitalisation of ordinary shares and all other categories of shares (preference, certificates of investment) whether listed or not.

## **Net Attributable Profit, restated**

Net Attributable Profit is adjusted for capital gains/losses, impairment charges, fair value adjustments, exceptional restructuring charges, capitalized R&D, pension credits. Tax rate is normalised.

## **NAVPS (insurance companies)**

Net asset value per share = Shareholders' funds + Unrealised capital gains net of tax and of policyholders' share, less intangible assets +/- all other accounting restatements (under- or over-provisioning, hidden wealth or losses, etc.).

## **NBIPS**

Net banking income per share.

## **Net banking income (NBI)**

Sum of operating profit:

+ Net interest income

+ Commissions and associated fees

+ Trading income.

### **Net dividend**

Net dividend (excluding tax credit) related to the current year.

### **Net exceptional items and other**

In pre IFRS years, reported profit (loss) from the company's non-operating activities. Reported profit (loss) for discontinued activities post IFRS.

### **Net financial debt (cash)**

Financial debt as per balance sheet (including TSDIs, equity notes, convertible bonds, launch aid) net of cash and cash equivalents.

### **Net financial debt (cash), adjusted**

Net financial debt (net cash) is increased (decreased) by securitised/discounted receivables, earn-outs, and treasury stock (years pre IFRS). The company's other net commitments (on- and off-balance-sheet) are included in 'Other liabilities and commitments'. Average net debt (cash) over the year may be substituted for the year-end figure where there is a marked seasonal impact or acquisitions not consolidated over the full year.

### **Net financial income (charges)**

Financial charges + other financial gains/losses.

### **Net financial investments**

Financial investments net of disposals. This includes the debt (or cash) of companies acquired or sold.

### **Net yield**

Net dividend in respect to the given year divided by the share price, expressed as a percentage.

The historical average is applied for previous years.

### **Non-life ratios**

Claims ratio = (Claims paid + Change in provisions for identified or probable future claims net of reinsurance) / Premiums written net of reinsurance.

Cost ratio = (Acquisition and administration costs) / Premiums written net of reinsurance.

Combined ratio = Claims ratio + Cost ratio.

Pre-tax profit as a percentage of net premiums = (profit before tax and goodwill amortisation) / Net premiums.

### **Number of shares, diluted, restated for treasury stock**

The number of diluted shares includes ordinary shares (excluding treasury stock), other categories of shares, and those liable to be created by conversion or exercise of derivatives (bonds with warrants attached, convertible bonds, stock options, warrants, etc.).

### **Number of shares outstanding at year-end**

Number of shares issued by the company at year-end, including treasury stock. Previous years are adjusted for financial transactions (share splits, bonus shares, and Rights Issues).

### **Operating assets (including gross goodwill)**

Includes all tangible and intangible assets, taken at their net amount, apart from goodwill (gross amount to show the actual cost of acquisitions).

### **Operating cash flow (OpCF)**

Operating cash flow comprises all operating flows after change in WCR but before capex, financial flows and tax.

### **Operating free cash flow (OpFCF)**

Operating free cash flow comprises all operating flows after change in WCR and capex, but before financial flows and tax.

### **Organic sales growth**

Sales growth excluding acquisitions and currency effects.

### **Other**

Corresponds to adjustments made between the cash flow statement and change in net debt on the balance sheet, mainly related to forex.

### **Other items (cash flow highlights)**

Adjustments in the cash flow highlights to reflect provisions and write-backs.

### **Other liabilities and commitments**

Deficits related to pensions & medical charges, provisions for decommissioning, for restructuring, litigation costs, and any other risk that will result in payments.

**Payout**

Dividend related to the current year as a percentage of EPS + goodwill.

**P/BV**

Price / Book value.

**P/CF**

Price / Cash flow, group share.

**P/E**

Price / Adj. EPS (+ goodwill amortization for pre IFRS years)

For past years, calculated according to the historical average for the year; for the present year and future years calculated according to the last closing price.

**P/E relative**

Compares the P/E of a given stock to that of the reference index.

**Price**

Closing price at a given date or average over the financial year (see note at top of page).

**Provisions**

Provisions for contingencies used to cover identified risks and charges at year-end, although not ascribed to a specific asset category.

**Provisions for bad loans**

Covers credit risk only.

**Reported attributable net profit (loss)**

Reported attributable net profit (loss) as per group calculations after goodwill amortisation.

**Reported operating profit (loss)**

Operating profit (before net financial items and tax) as per company definition.



### **Restated attributable net profit (loss)**

Attributable net profit (loss) after goodwill amortisation and restated for one-off items liable to distort EPS (e.g. capital gains).

### **Restated earnings per share (EPS)**

Restated attributable net profit per share after amortisation of goodwill, calculated on the average number of shares and fully diluted for convertible bonds and warrants, except where conversion or exercise is very unlikely, and excluding treasury stock.

### **Restated earnings per share + Gdw (EPS+Gdw)**

EPS before amortisation of goodwill (group share), also calculated on the average number of shares and diluted for convertible bonds and warrants and excluding treasury stock.

### **Restated EBITA (before goodwill)**

Operating profit before financial items, tax, goodwill and exceptionals. The charge related to pensions and other employee benefits is restated for financial items (interest cost, expected return, actuarial gains and losses). Contributions from equity-accounted affiliates are not included in EBITA.

### **Restated EBITDA**

Restated EBITA + depreciation and amortisation (excluding goodwill). The figure is net of operating provisions.

### **Restated net financial debt (cash)**

To calculate enterprise value, net financial debt (net cash) is increased (decreased) by securitised/discounted receivables, lease-backs, earn-outs, and treasury stock. The company's other commitments (on- and off-balance-sheet) are included in 'Other liabilities and commitments'. Average net debt (cash) over the year may be substituted for the year-end figure where there is a marked seasonal impact or acquisitions not consolidated over the full year.

### **ROCE including gross goodwill, ROCE excluding goodwill**

Return on capital used in operations: Adjusted EBITA after tax (standard tax rate) is divided by the year's capital employed, as a percentage. ROCE including gross goodwill reflects the company's industrial and acquisition profitability (acquisition policy). ROCE excluding goodwill measures industrial profitability only (capital employed = net tangible assets + WCR).

### **ROE**

Return on equity based on reported net profit before goodwill, i.e. reported net profit before goodwill/shareholder's funds, group share.

### **RORWA**

Return on risk-weighted assets = (attributable net profit + minority interests + goodwill)/average risk-weighted assets over the period.

## **Sector rating**

Assessment by BNP Paribas WM's strategist of the sector's future performance relative to the MSCI Sector index (level 2) over a 12-month investment horizon. BNP Paribas WM has three ratings:

Positive (+)

Neutral (=)

Negative (-)

## **Shareholders' funds, group share**

Funds belonging to the company's shareholders, less the share of minority shareholders in subsidiaries.

## **Sum-of-parts (SoP) per share (insurance)**

Capital allocated to the various activities (traditional life insurance, unit-linked policies, traditional Non-life insurance, large risks, credit insurance, reinsurance, banking, asset management) is valued as a function of return and cost of allocated capital of each activity. This valuation is restated for excess/deficit capital (the difference between reported shareholders' funds and allocated shareholders' funds), unrealised capital gains, intangibles and all other accounting restatements (e.g. under- or over-provisioning, hidden wealth or losses).

## **Tax**

Income tax owed for the financial year + deferred taxation.

## **Tax rate**

Rate of corporation tax as a percentage of pre-tax profit (after tax deductible items, such as goodwill and profit sharing).

## **Tier 1 equity**

Total equity calculated according to the BIS method. Includes the reserve for general banking risk. However, goodwill and treasury stock are deducted in the calculation, which is solely regulatory.

## **WACC**

Weighted Average Cost of Capital. Evaluates the weighted cost (market cap and debt) of refinancing the company.

## **WCR**

Working capital requirements, including operating items (inventories, trade debtors and creditors, tax, personnel charges, prepaid expenses/deferred revenues) and non-operating items (deferred charges, foreign exchange translation gains and losses).

**12-month high / low**

Highest and lowest closing prices over the previous twelve months.