



Presentation to NIRF

IR: A central factor for pricing of
companies?

12 October, 2005

An independent Nordic investment bank

Isn't it just a "random walk"?

- All information is always factored in
- Results speak for themselves
- The media doesn't pay attention to announcements, and if they do,
- The media never conveys company announcements correctly
- Most investors and analysts don't understand the nature of the business
- No one really reads the annual report
- Bad news can always be framed as positive or hidden amongst good news

Or does building a track record in the capital markets have value?

Case: Jinhui

- On July 21, 2004 Jinhui Shipping & Transportation issued a profit warning about a loss of NOK 600M related to freight derivatives trades.
 - In previous annual and quarterly reports virtually there was virtually no information about the company's trades in freight derivatives. The OSE issued a statement concluding that the lack of information from the company made valuation impossible.



Case: Frontline

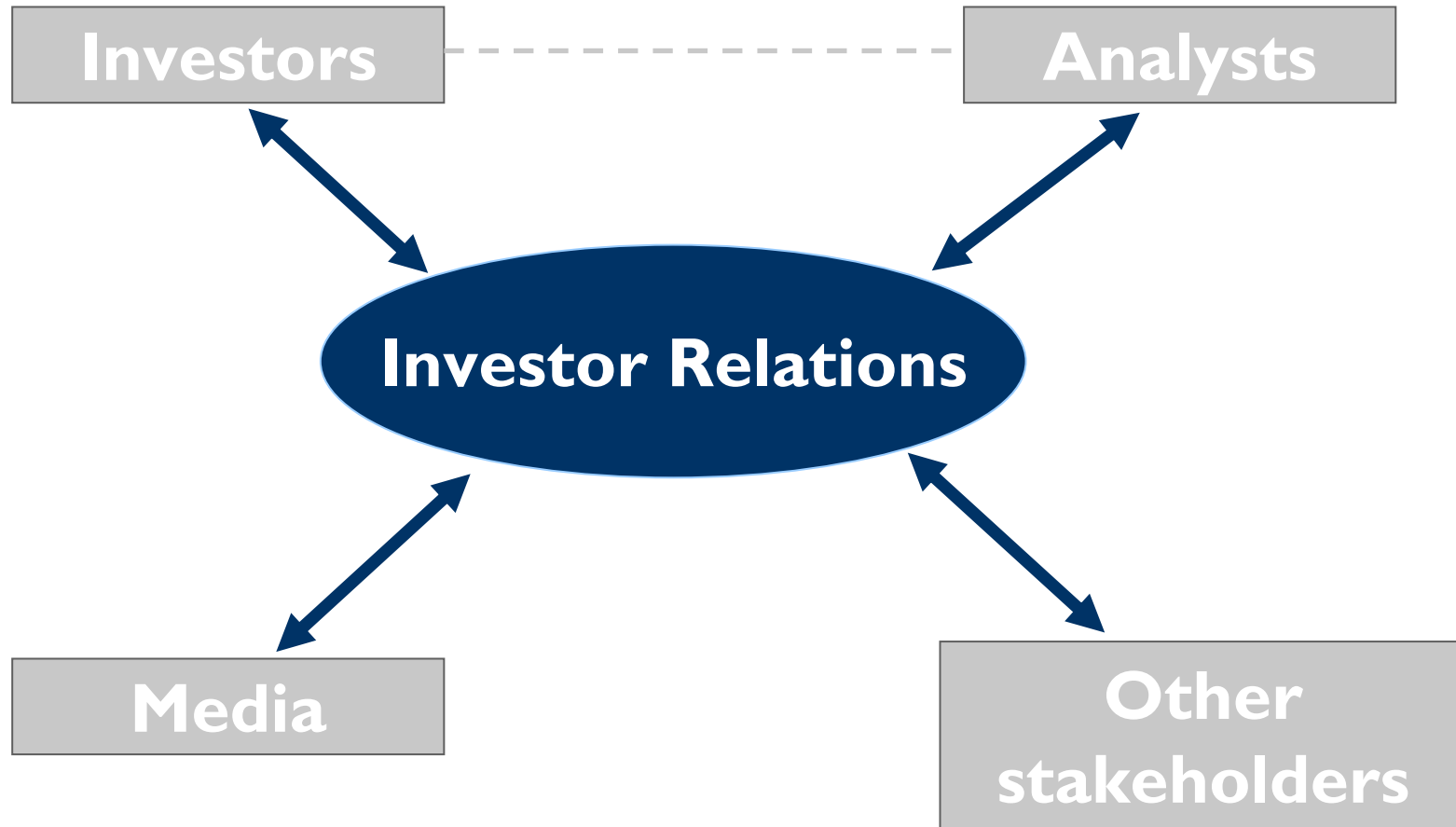
- Proactive self-marketer:
 - Key management “well-travelled”, visiting key investors and presenting the company in new markets
- Key company information well conveyed
 - Actively stated policy of maximising shareholder value
 - Predictable dividend policy



	Ev/EBITDA 06	Ev/EBIT 06	P/E 06
Frontline	6.4	9.3	9.3 x
Jinhui Shipping & Trans	4.3	5.3	5.3 x

Source: Carnegie Research

What is Investor Relations?



Consistent, predictable, accurate and active communication over time

There is a crucial difference between passive IR and active IR

Passive IR

- Adhering to OSE regulations
- Aware of Corporate Governance
- Glossy Annual Report
- All information is good and relevant (overwhelming with transparency)
- Internet is great – saves travel time
- Danish pastries at the AGM

**Hygiene factor
minimum standard**

Active IR

- Managing expectations
- Clear self-assessment of equity story and investment case (ex. income vs. value vs. growth)
- Targeting of shareholder base
- Consistent with capital markets transaction strategy
- Relentless travel, “in your face” strategy

**Active contribution to share
price performance and de
facto strategic flexibility**

Active IR creates value!

In deal situations

Tele Danmark / Netcom

- On June 23, 2000 Telia acquired NetCom although Tele Danmark controlled 40% of the equity.
 - Preceding the Telia raid Tele Danmark were vague about their position and the value of NetCom. Market observers estimated that Tele Danmark lost DKK 6.7B in strategic value caused by the incapacity to convey their true intention about NetCom.

Exploration Resources

- When Fugro announced bid of NOK 290, Exre's board followed textbook procedure to ensure higher value for shareholders
- Exre hired Carnegie as advisor. Information conveyed solely from one source
- No conflicting statements (from company officials) regarding the value of the company
- Exre subsequently sold to CGG for NOK 340

And over time...

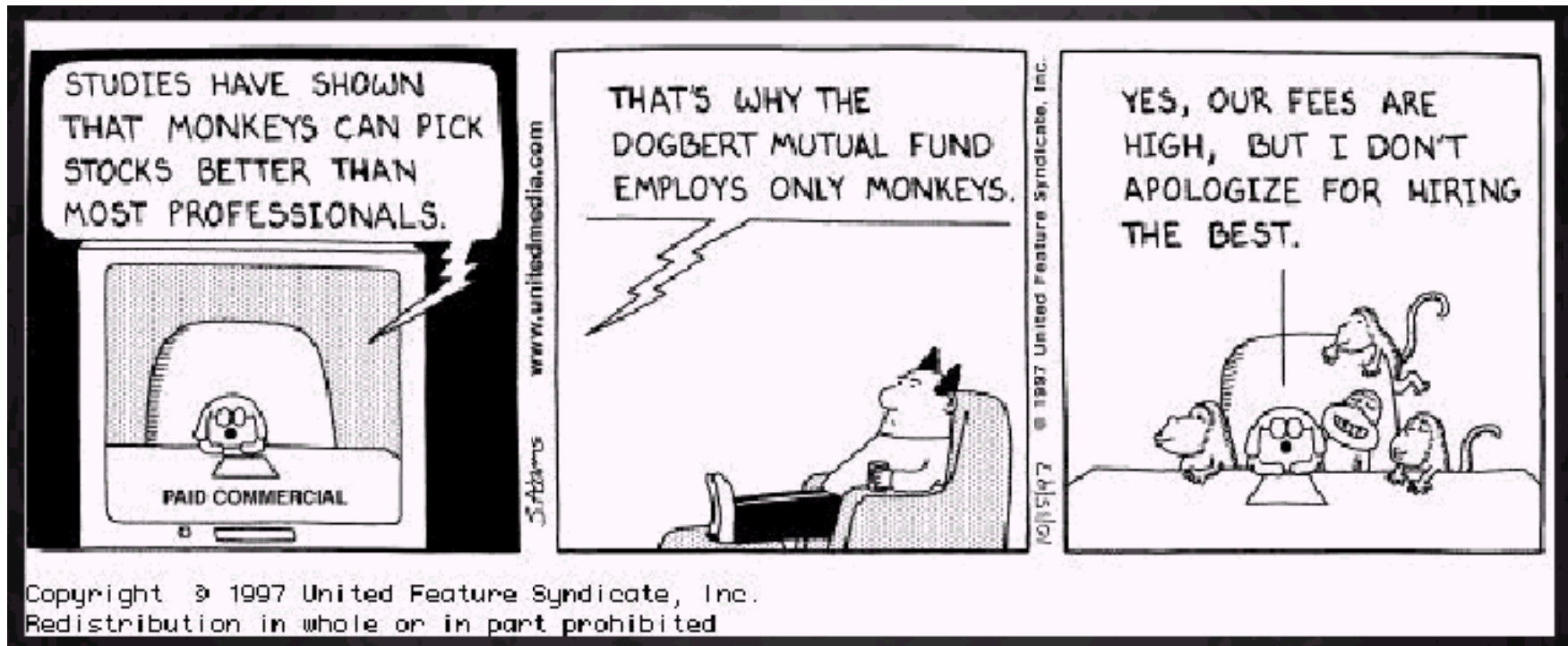
Yara



Aker Kværner



Active IR creates value!



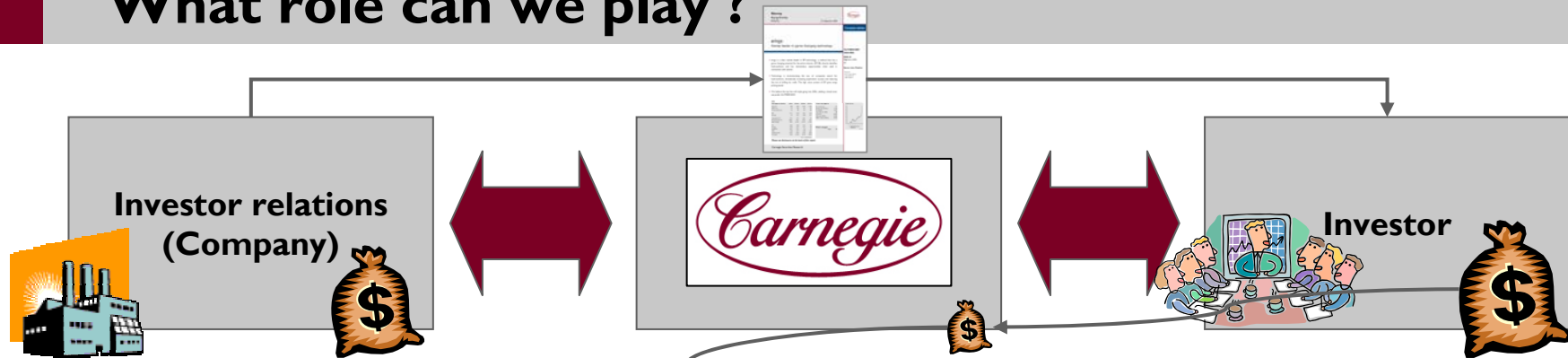
Does your share price matter?

- Best interest of shareholders
- Strong currency \Rightarrow strategic flexibility
- Weak currency \Rightarrow takeover target
- Lower equity cost of capital
- Capital market transactions as positive events

Why is IR becoming more demanding?

- Globalization of markets
 - Increased cross-border investments
 - Competition for capital that floats freely
 - Speed of information dissemination
 - Active investor group (i.e. Hedgefunds)
- OSE is becoming increasingly more important
 - Significant presence of international investors
 - Strong but very cyclical performance
 - ⇒ Greater need to manage expectation
 - ⇒ Potential and challenge to make Oslo an attractive and stable market place for foreign capital
- Corporate governance is here to stay
 - More complex reporting standards
 - Transparency and accountability for management and BoD (e.g. Sarbanes Oxley)
 - Alignment of incentives ⇒ Institutional investors willing to pay a premium for “good” corporate governance

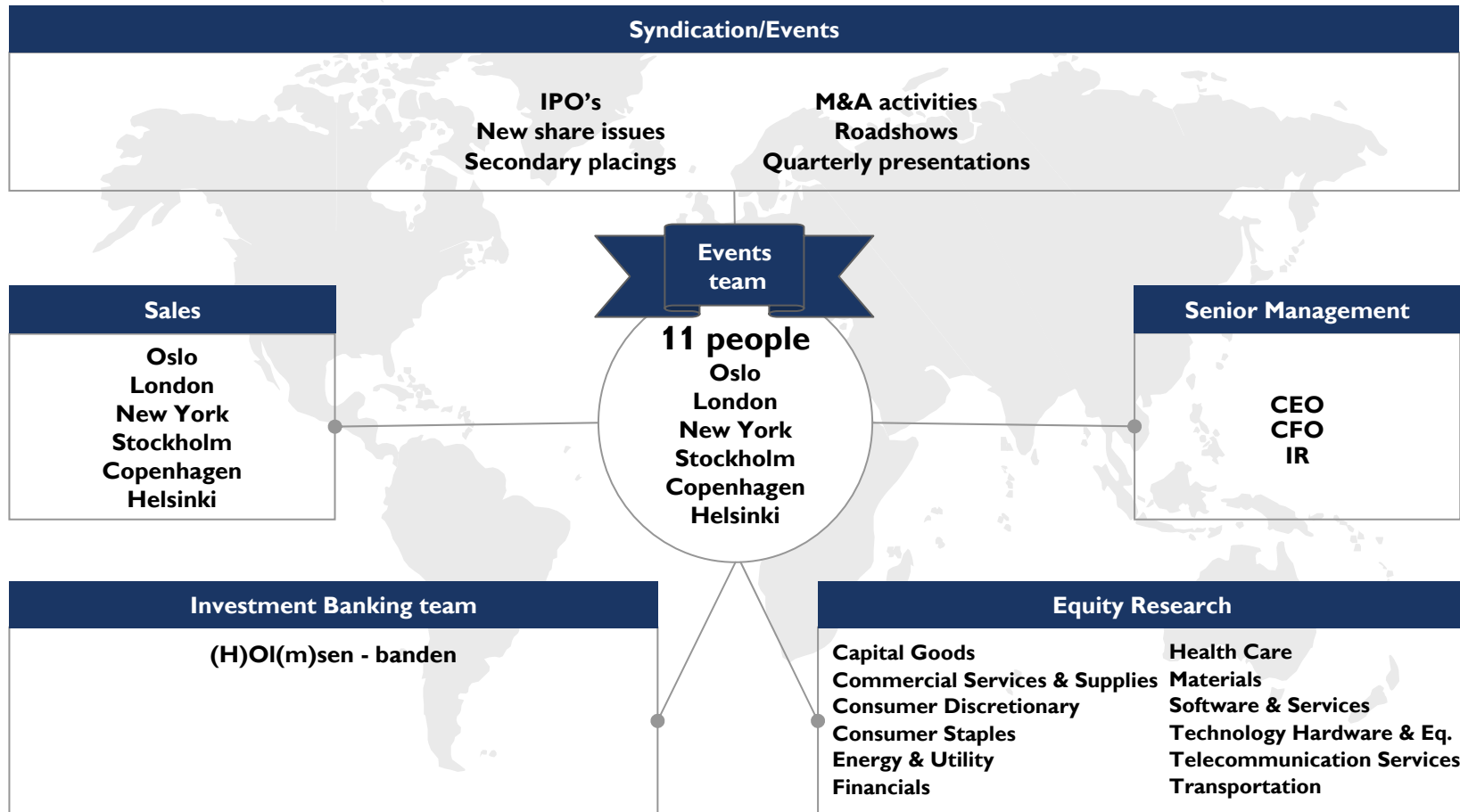
What role can we play ?



- IPO's and transactions
 - Work closely with management to build equity story and position investment case. (Advice on pricing)
 - Targeting optimal shareholder base, including LT institutions and more ST trading oriented investors
 - Advice on post-transaction IR strategy in the longer term
- Secondary markets
 - Closely follow company from a research perspective. Provide constructive and critical feedback & benchmarking, including assessment of expectation in the market place
 - Help facilitate roadshows in conjunction with Quarterly reports etc,

Clear equity story + consistent delivery + active IR ⇔ Superior pricing

The events team - an integral part of Carnegie



Highly motivated and experienced team.

Ever increasing activity

Primary Focus

- Arranging Road shows for Senior Management of Nordic companies travelling to the UK, Continental Europe, US and throughout the Nordic countries
- Over 600 Roadshows in 2002/3
- 346 Roadshows in 2004
- Carnegie has visited 14 countries and 25 cities this year to promote Norwegian companies

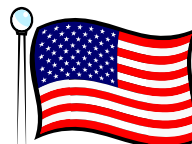
Secondary Focus

- Tailor made investor trips to the Nordic countries for investors
- Conference calls/Video conferences with Company Management
- Ad Hoc investor meetings with companies
- Working with Investment Banking on IPOs and secondary placings

Roadshow meeting YTD



774



798



804



1,200

Why do we provide this service?

For the companies' and investing clients' mutual interest

- **Companies need:**

- Frequent interaction with shareholders to sustain a stable and long term shareholder base
- To meet with high quality potential new investors

- **Investors need:**

- Shareholders - frequent updates with company Management
- Potential investors - meetings with management before investing in interesting companies

- **Bottom line:**

- It is a good opportunity to get more familiar with company management
- We get rating points from the institutions based on how many roadshows we offer
- International investors account for more than 50% of allocated demand in Carnegie placings in 2005

Competition is tough!

- Companies with good IR chose carefully with whom to travel, depending on:
 - Quality of our analyst and their coverage of the stock
 - Quality and relevance of our client base
 - Our rating and recommendation
 - Our Market share trading the stock
 - Track record – investors and company's have a good memory!

- Carnegie's events team ensures:
 - Well planned schedule and smooth logistics
 - Investor profile information – see new Roadrunner project
 - Prompt and constructive feedback after road shows (invaluable input to the company)

Out of sight, out of mind! For us, and for you

Norway can play an important role in many ways going forward

- Develop best practice for IR standards
 - Proactive and predictable communication
 - Strong focus on long term value creation

- Dare establish ourselves as a financial centre with strong focus on asset management
 - We have the funds
 - We are building the competence

MAYBE WE CAN MAKE IT AN INDUSTRY!



Dream or reality?

Recommended travel schedule



For The Coca Cola Company!