



Jyske Preferred

There are no changes to Jyske Preferred this week and, accordingly, we still see good potential in Kerling, Frigoglass, Abengoa and Santos.

The Jyske Preferred companies are based on a fundamental approach. Jyske Preferred is NOT a model portfolio and is solely a reflection of high expectations of the performance of the individual companies for the short/medium term. If the bonds are removed from the list, this does not reflect a general SELL recommendation.

See www.jyskemarkets.com for the underlying research reports and the risk categories of the products.

STRATEGY

Our expectations for the first period of 2014 are that the market will continue the trend from 2013. This means low default rates (both realised and expected), supported by massive refinancing of bank debt and bond debt, improving debt profiles and better macro-economic growth in 2014 than what was seen in 2013. At the same time, the ECB has managed to lower the stress level in the euro zone, which also had a positive impact on the high yield market.

We recommend investors, relative to index level, to overweight B rated bonds to BB rated bonds due to our bullish view of the market and the fact that B rated bonds will be less affected by any increase in government bond yields.

The earnings season is in its initial stage for the major listed companies while the high yield companies will not begin to deliver their financial statements until February.

COMPANY RECOMMENDATION: KERLING

Kerling and Solvay plan to enter into a joint venture which the European competition authorities are looking into at the moment. Kerling's management expects this process to last until March/June. We therefore do not expect Kerling to redeem its EUR 10.625%@17 issue until 1 July 2014, at the earliest. This corresponds to a yield to expected call of 7.0% and will therefore give investors a holding-period return of 3.1%. We find this return attractive and this is the reason behind our BUY recommendation.

COMPANY RECOMMENDATION: ABENGOA

Abengoa has received an order for delivery of a 110MW solar power plant in Chile. The plant will be run by a series of mirrors which concentrate solar radiation and which via a turbine will generate power. The order, which has a value of USD 1bn, emphasises Abengoa's position as global leader within development of utility-scale solar power plants. We restate our BUY recommendation for the company's EUR 8.875%@18 issue since we expect Abengoa to continue to strengthen the cash flow from operations and to reduce capex with the target of reducing the leverage.

Jyske Preferred

Kerling 10.625% 2017

Frigoglass 8.25% 2019

Abengoa 8.875% 2018

Santos 8.25% 2070

Important events

Tuesday Euro zone PMI (preliminary)

Senior Analyst, Corporate Bond Research,
Bo Andersen

+45 89 89 76 87

boandersen@jyskebank.dk

Senior Analyst, Corporate Bond Research,
Jens Houe Thomsen

+45 89 89 76 88 – jht@jyskebank.dk

Analyst, Corporate Bond Research,
Rasmus Justesen

+45 89 89 76 86

rasmus.justesen@jyskebank.dk

Jyske Markets, Vestergade 8-16
DK-8600 Silkeborg

Disclaimer:

Please see the last page

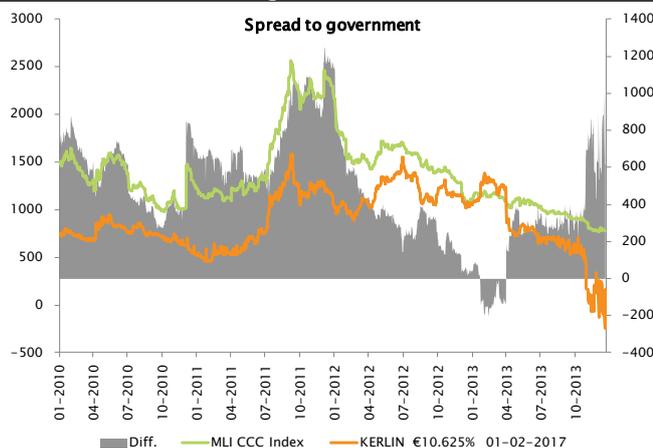
Overview: Jyske Preferred

| Bond | Investment case |
|------------------------------|--|
| Kerling 10.625% 2017 | Kerling is trading at an attractive yield since we find it unlikely that the issue will be redeemed. |
| Frigoglass 8.25% 2018 | The slip after the Q3 results is clearly exaggerated and we see an opportunity to pick up. |
| Abengoa 8.875% 2018 | Abengoa focuses on strengthening the cash flow and reducing capex and the leverage. |
| Santos 8.25% 2070 | Santos has managed to control the LNG projects, which is important to both capex and cash flow. |

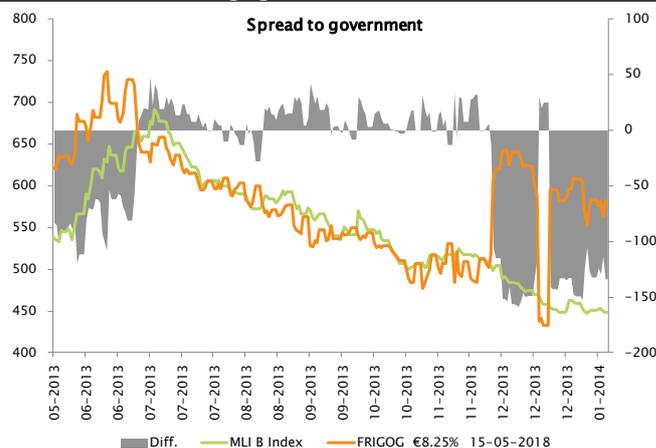
| Bond | Rating | Offer | Yield | Spread | Adj. Leverage | Spread per leverage unit | ISIN | Min. Trade size |
|------------------------|--------|--------|--------|--------|---------------|--------------------------|--------------|-----------------|
| KERLIN 10 5/8 02/01/17 | CCC+ | 107,25 | 7.0% * | 688 | 6.7x | 103 | XS0480857415 | 50,000 / 1,000 |
| FRIGOG 8 1/4 05/15/18 | B | 107,00 | 5.7% | 605 | 4.2x | 144 | XS0932291007 | 100,000 / 1,000 |
| ABGSM 8 7/8 02/05/18 | B | 113,25 | 5.2% | 498 | 3.0x | 166 | XS0882237729 | 100,000 / 1,000 |
| STOAU 8 1/4 09/22/70 | BB | 114,25 | 4.0% | 382 | 4.0x | 96 | XS0543710395 | 50,000 / 1,000 |

* Yield if called 1 July 2014 (return in period 3.1%)

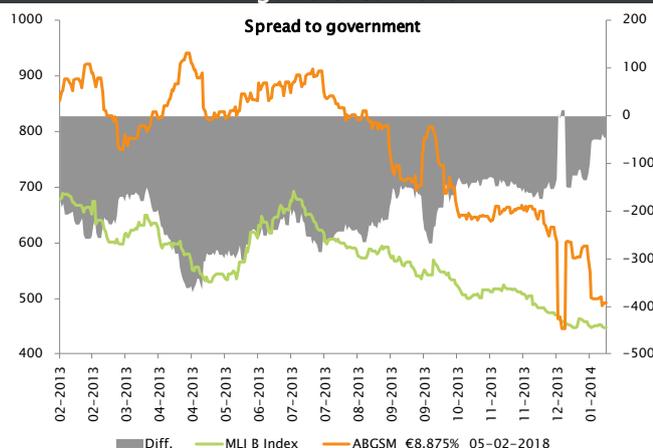
Kerling 10.625% 2017



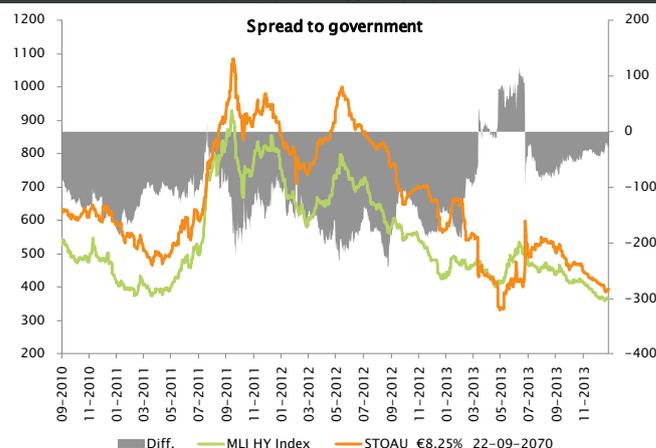
Frigoglass 8.25% 2018



Abengoa 8.875% 2018



Santos 4.25% 2070



Disclaimer & Disclosure

Jyske Bank is supervised by the Danish Financial Supervisory Authority.

The research report is based on information which Jyske Bank finds reliable, but Jyske Bank does not assume any responsibility for the correctness of the material nor any liability for transactions made on the basis of the information or the estimates of the report. The estimates and recommendations of the research report may be changed without notice. The report is for the personal use of Jyske Bank's customers and may not be copied.

This report is an investment research report.

Conflicts of interest

Jyske Bank has prepared procedures to prevent and preclude conflicts of interest thus ensuring that research reports are being prepared in an objective manner. These procedures have been incorporated in the business procedures covering the research activities of Jyske Markets, a business unit of Jyske Bank.

Jyske Bank's corporate-bond analysts may not hold positions in the instruments for which they prepare research reports. If an analyst takes over for the responsible analyst in connection with illness, business travels, etc. this analyst cannot trade in the relevant corporate bond on the day of publication of the research report and the following day. Jyske Bank may, however, hold positions, have interests in or business relations with the companies that are analysed. The research report has not been presented to the company prior to its release. Analysts receive no payment from persons interested in individual research reports.

Read more about Jyske bank's policy on conflicts of interest at www.jyskebank.dk/terms.

Jyske Bank's corporate bond recommendations - current breakdown

Breakdown of recommendations, corporate bonds (number)



Source: Jyske Bank

Financial models

Jyske Bank models the expected development of the analysed company's income statement and balance sheet. A number of key figures for the company is calculated on the basis of these models, and the key figures are compared with those of comparable companies and the company's past performance. From this we infer the spread at which the bonds will trade for the period ahead. The recommendation and the price target are moreover adjusted for the expected news flow and the market sentiment based on knowledge of the industry and company-specific circumstances. Jyske Bank's recommendations take into account the expected development in the corporate-bond market, the various sectors and company-specific circumstances.

Risk

Investment in this corporate bond is associated with risk. The risk can be measured directly via the spread at which the bond trades relative to a 'risk free' investment with the same maturity. The spread reflects the probability of default, the recovery rate, and the liquidity of the corporate bond. Movements in the credit market, the sector and/or news flows, etc. regarding the company may affect the price of the bond. See the front page of the research report for our view of the risk associated with the corporate bond. The risk on the corporate bond is stated as Very Low, Low, Medium, High or Very High and is relative to the high-yield market for corporate bonds. The risk factors stated and/or calculations of sensitivities in the research report are not to be considered all-encompassing.

If the corporate bond is denominated in a currency other than the investor's base currency, the investor accepts an FX risk.

Update of the research report

The planned update of the report will be prepared immediately upon the release of the company's financial statements. In addition, there may be prepared research reports on special themes specifically for the company or research reports where the company is part of the special theme. These research reports are published on an ad-hoc basis.

See the front page for the initial date of publication of the report.

The prices stated are the latest prices quoted by Jyske Bank before the publication of the research report, unless otherwise stated.

Recommendation concepts

Our recommendations are based on market developments and an assessment of the expected return within the next twelve months. A BUY recommendation or a Strong BUY recommendation is based on expectations that investment in the bond will generate a return above that of the general corporate-bond market. On the other hand, a SELL recommendation implies that we expect investment in the bond to generate a return below that of the general corporate-bond market.

Since our recommendations are relative and risk-adjusted, it is possible to compare our recommendations across sectors and risk categories. In addition, the potential is stated in absolute terms via our return target.

The future and historical returns estimated in the research report are stated as returns before costs and tax-related circumstances since returns after costs and tax-related circumstances depend on a number of factors relating to individual customer relations, custodian charges, volume of trade as well as market-, currency- and product-specific factors. It is not certain that the bond will yield the stated expected future return/s. The stated expected future returns exclusively express our best assessment.

Investment Centre North

Toldbod Plads 1
DK - 9000 Aalborg
Tlf: 89 89 30 23

Investment Centre MidWest

St. Torv 1
DK - 7500 Holstebro
Tlf: 89 89 06 60

Investment Centre SouthWest

Torvet 21
DK - 6700 Esbjerg
Tlf: 89 89 98 31

Investment Centre East Jutland

Østergade 4
DK - 8000 Århus C
Tlf: 89 89 96 55

Investment Centre Triangle Region

Hjulgagervej 8 F
DK - 7100 Vejle
Tlf: 89 89 80 75

Jyske Bank (Schweiz) AG

Tel. +41 44 368 7373

Berben's Effectenkantoor B.V.

Tel. +31 (0)495 456000

PBC Hamburg

Tel. +49 40 309 510 24

Investment Centre Copenhagen

Vesterbrogade 9
DK - 1780 København V
Tlf: 89 89 10 49

Investment Centre Zealand

Nørregade 6
DK - 4100 Ringsted
Tlf: 89 89 10 45

Investment Centre Funen

Mageløs 8
DK - 5100 Odense C
Tlf: 89 89 93 40

Investment Centre Silkeborg

Vestergade 8-10
DK - 8600 Silkeborg
Tlf: 89 89 86 66

Jyske Bank (France)

Tel. +33 493 39 39 00

Jyske Bank (Gibraltar) Ltd

Tel. +350 20072782

Private Banking Copenhagen (PBC)

Tel. +45 89 89 62 32