

**ONE**

**GLOBAL**

**FORCE**

# Compagnie Financière Tradition

## FY 2013 results presentation

Zurich  
14 March 2014

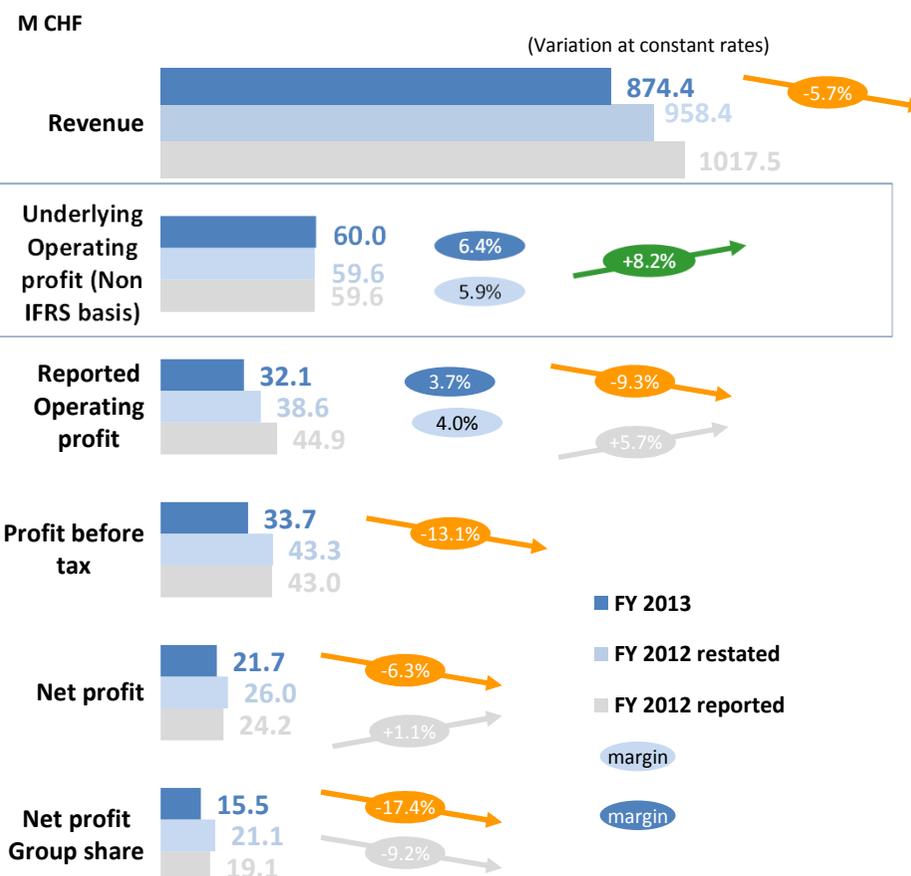
# Challenging environment, market structure in transition

## *Underlying operating margin up from 5.9% to 6.4% despite reduction in revenue*

### Results at a glance

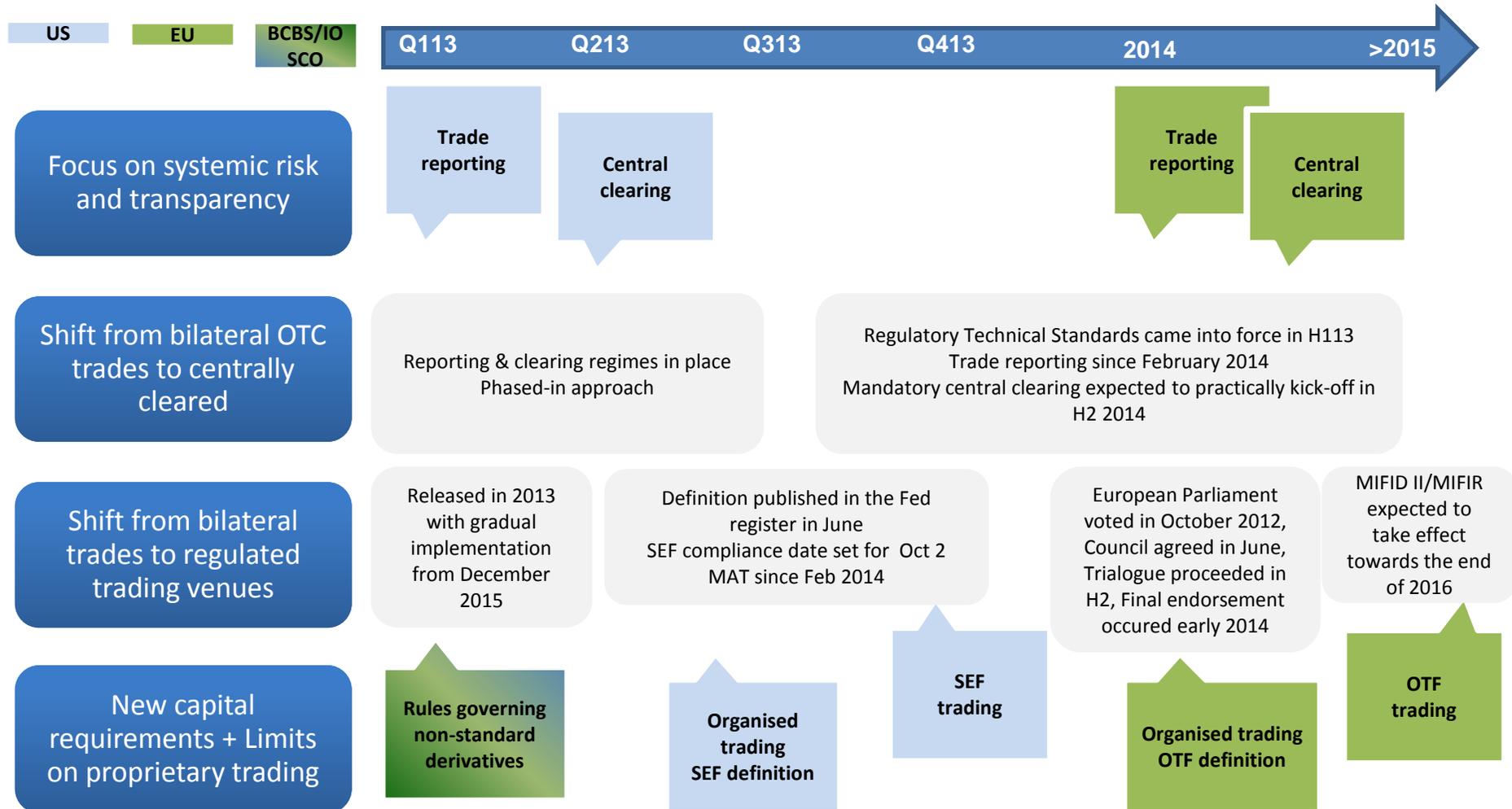
- Introduction of new accounting standards (IFRS) as of 1st January 2013
  - IFRS 11 : Performance presentation changed without impact on net profit
  - IAS19R : 2012 net profit increased by CHF 1.9m
- Activity level remains impacted by regulatory uncertainties affecting our clients
  - Key milestone in the US with the publication of the Final Rules related to the Swap Execution Facilities (SEFs)
  - Early days of SEF operations since 2 October 2013
- Continued investments in our electronic brokerage services through our hybrid proprietary technology and development of partnerships
  - Successfully launched additional electronic initiatives covering also new asset classes
  - New partners joining Trad-X and ParFX as founders
- Effective cultural change in cost management
  - Costs reduction efforts to continue in 2014
- Proposed dividend of CHF 2.50 per share

### FY 2013 Performance



# Regulatory reform overview

## Implementation of the 3 G20 commitments in 2013 in the United States



# Ongoing investments in distinctive technology

## *Partnership with increasing number of key liquidity providers*

- Ensure that its services are provided as cost effectively as possible
- Deliver electronic or hybrid capability across all relevant products
- Focus on delivering liquidity to any electronic initiatives
- Partner with key liquidity providers when appropriate

Electronic global strategy

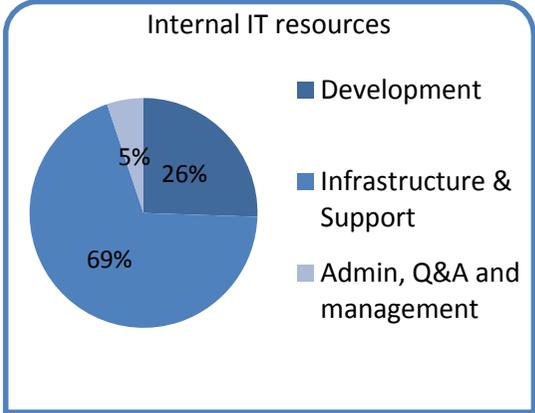
Flexible execution methodology

- Modes of intermediation: Voice / Electronic/ Hybrid
- Functionalities: Central limit order book / Request for quote / Auction

- Market leading proprietary technology
- Fully electronic order entry and matching engine
- Multi asset class, rich and flexible functionalities
- Platform designed with the trading community's help

Proprietary technology

Continued investments



# Successfully launched new electronic initiatives

## *New currencies and products*

### Tradition-ICAP

- Pioneer and global market leader in FX options in partnership with Volbroker consortium
- CLOB, RFQ, Auction, Hybrid
- New developments include
  - Logical trading arenas allowing ON/OFF SEF price segregation as well as forming the basis for credit control
  - VolCall, fully electronic broking service replicating voice processes
  - Constellation data mapping tool employing google maps technology allowing clients to visualise open interests mapped against their own risk profiles
- Further deployment in light of MIFIR, EMIR, DFA

### Trad-X LIQUIDITY AT A TOUCH

- IRS Euro: Live since May 2011
- Launch of IRS USD in February 2013 and IRS GBP and IRO EUR/GBP in June 2013
- Since launch, Trad-X has matched more than 30,000 orders amounting to a notional matched of approximately CHF 1.7tn
- Largest number of streaming participants producing an average of 10M orders volume per day
- CLOB, Auction service, Hybrid, Implied order generation
- Positive impact on existing business with increased voice volumes

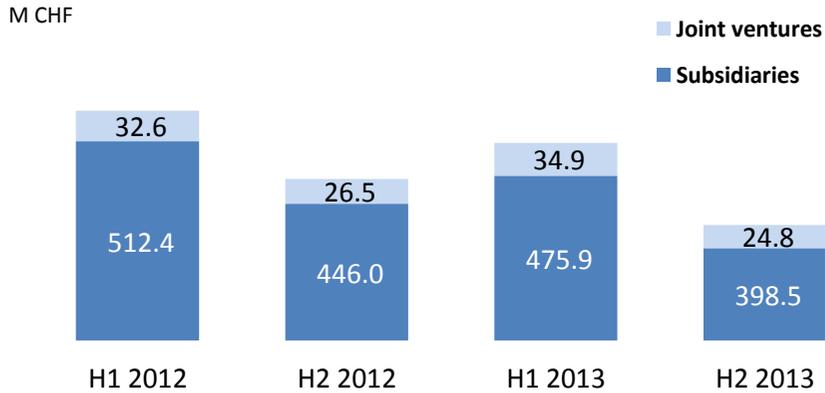
### ParFX PURE BY DESIGN

- Successfully launched April 2013. Increased support from 14 founder banks
- Sales penetration continues with top 20 global banks expected live end of Q1
- Price discovery and trading experience remains encouraging as expected
- Volumes equally encouraging although currently challenged in line with competitors due to market conditions
- Technology performing well with no issues
- Second phase (Prime Brokerage) currently in test. First buy-side client expected live in June

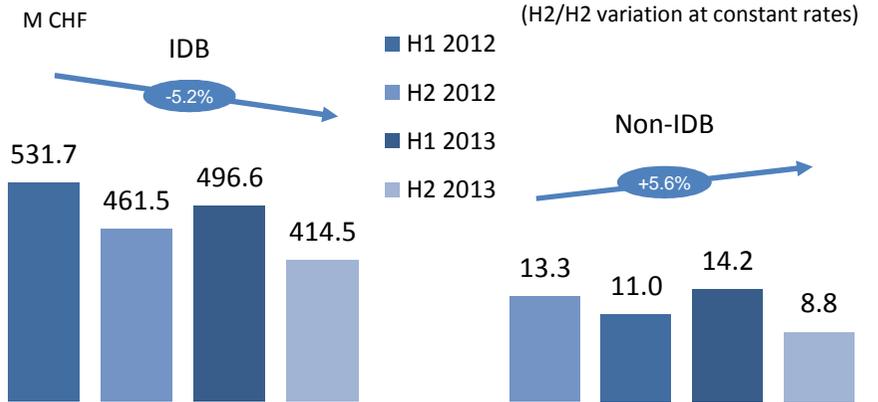
# Revenue overview

YoY variation in line with peer group

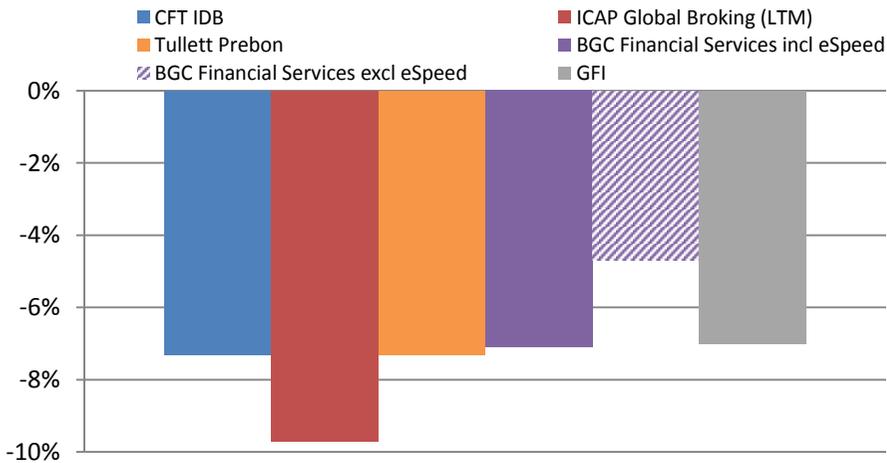
## Group half-year revenue



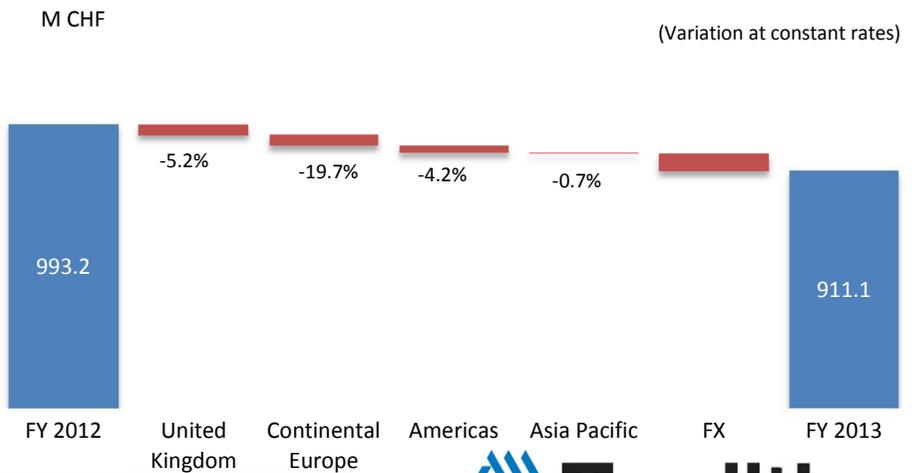
## Half-year revenue by business



## Peer group – YoY variation\*



## IDB revenue by region



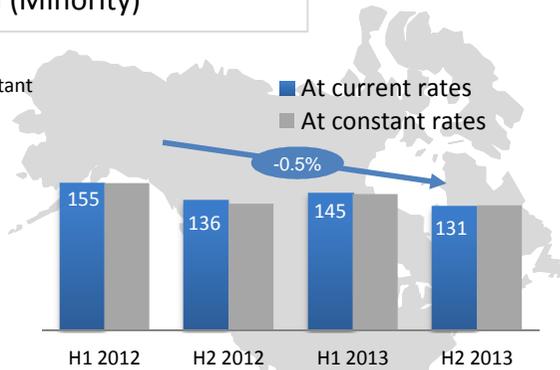
\* revenue figures converted in \$ @ current FX rates - Total excluding IS&RMS for Tullett Prebon – GFI & BGC : Net brokerage excluding market data/software services - BGC : excluding "Real estate" division – BGC : eSpeed sold in 2013 - ICAP LTM Oct/Sept

# Revenue by region

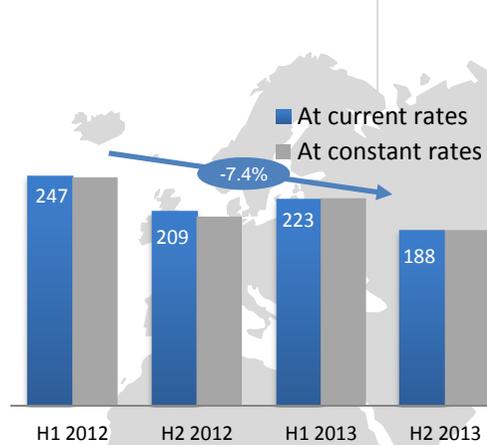
*Strategic positioning through diversified geographical presence*

**Americas:**  
USA, Argentina, Chile, Colombia, Mexico, Brazil (Minority)

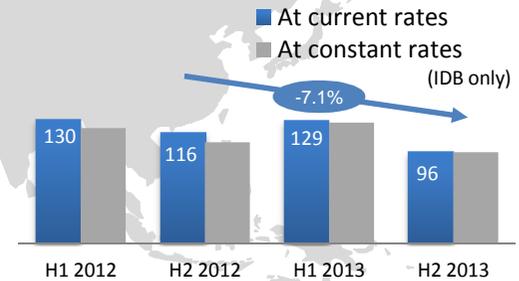
Revenue in mCHF  
(H2/H2 variation at constant rates)



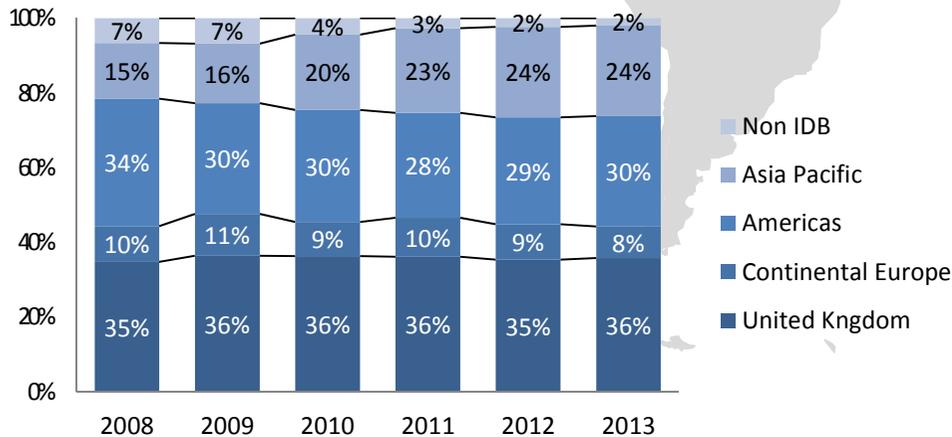
**Europe:**  
UK, France, Belgium, Germany, Italy, Luxembourg, Russia, Spain (Minority), Switzerland



**Middle East / Africa:**  
UAE, Israel, South Africa



In % of consolidated revenue

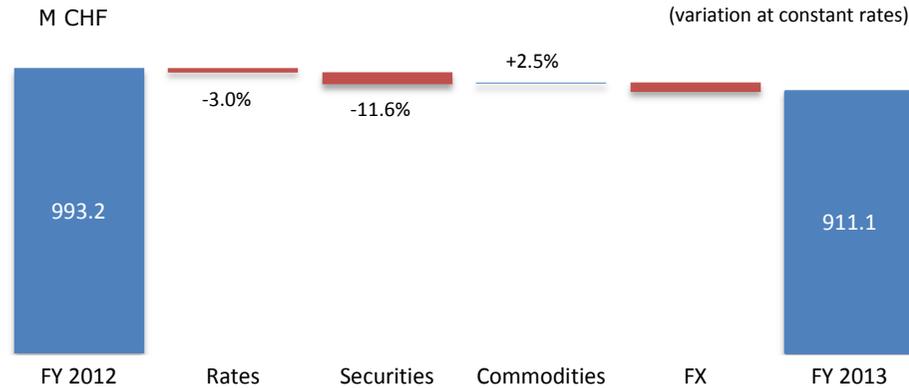


**Asia-Pacific :**  
Japan, China Mainland, China Hong Kong, India, Malaysia, Singapore, South Korea, Australia, Philippines, Thailand, Indonesia

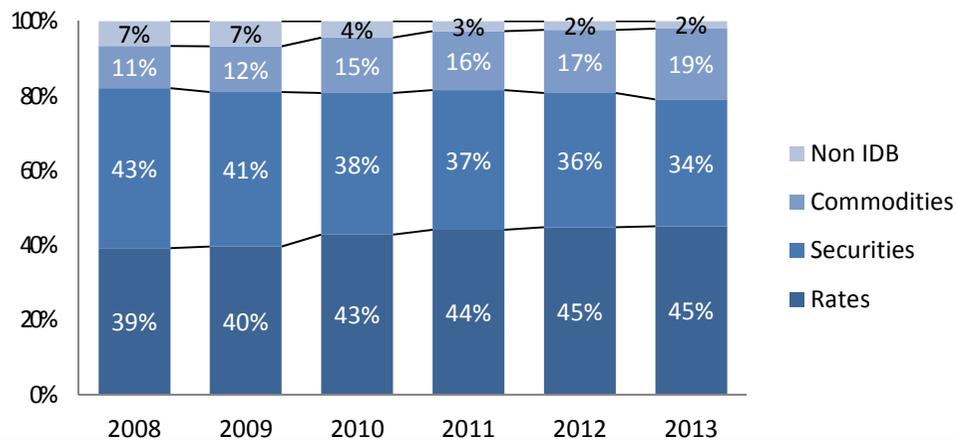
# Revenue by product

## Mixed impact of regulation uncertainties

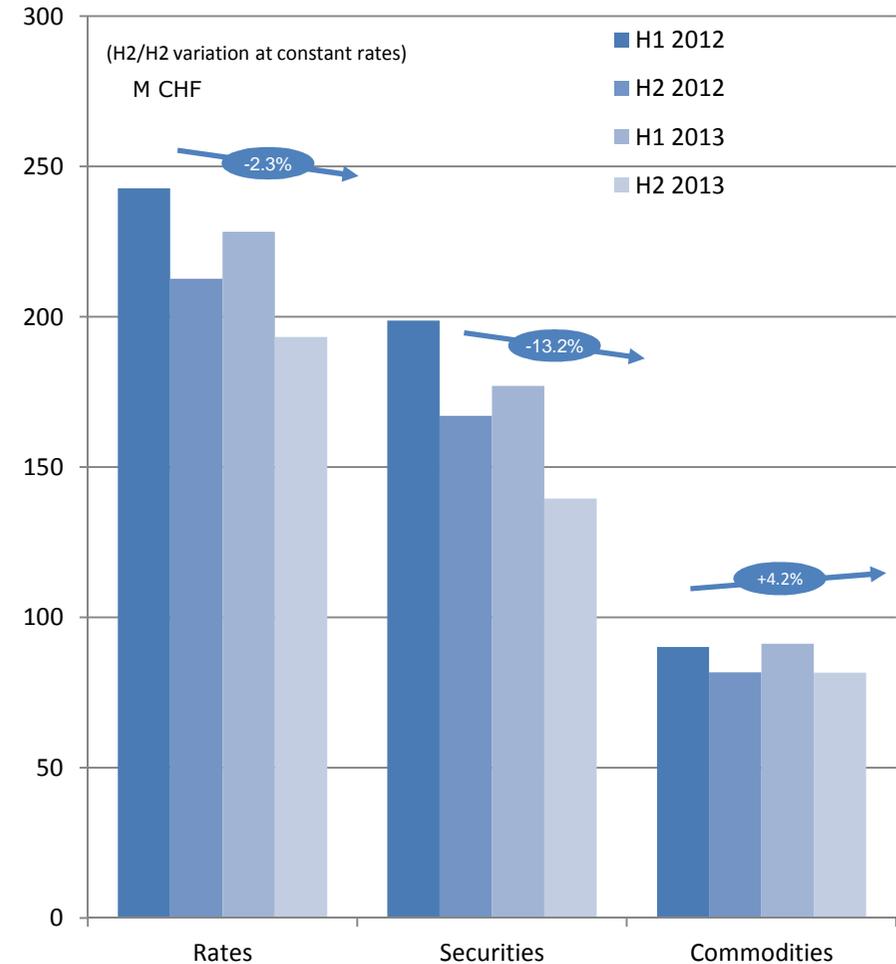
### IDB revenue by product



### Revenue breakdown



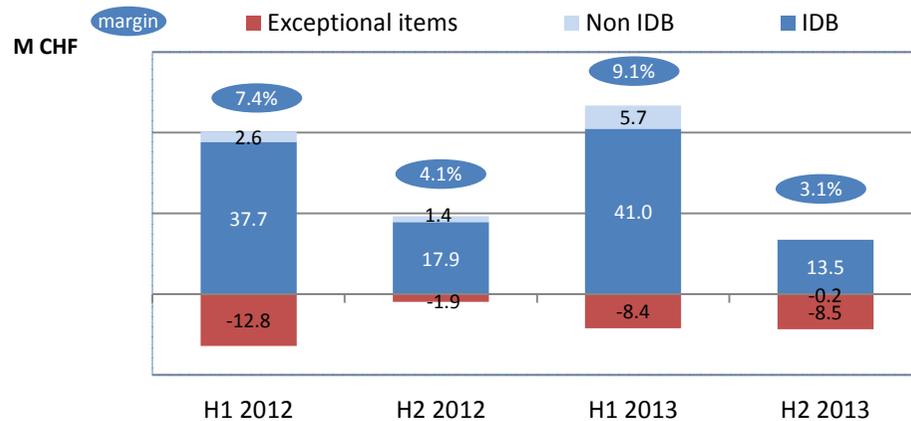
### IDB Revenue trend



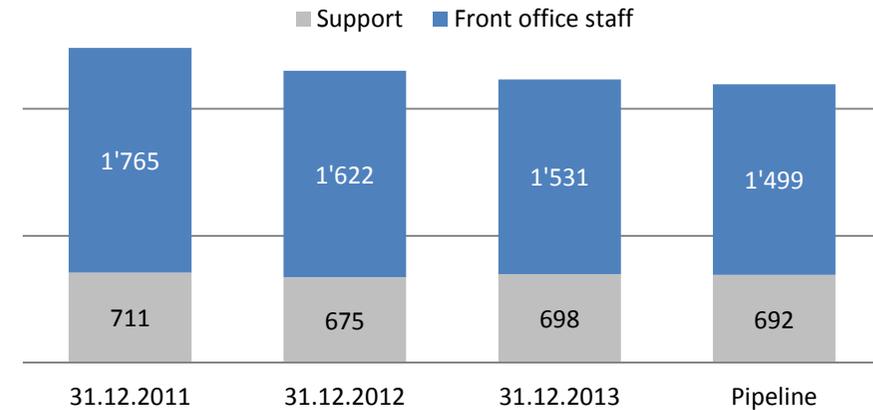
# Underlying operating margin up from 5.9% to 6.4%

## *Continued focus on costs reduction*

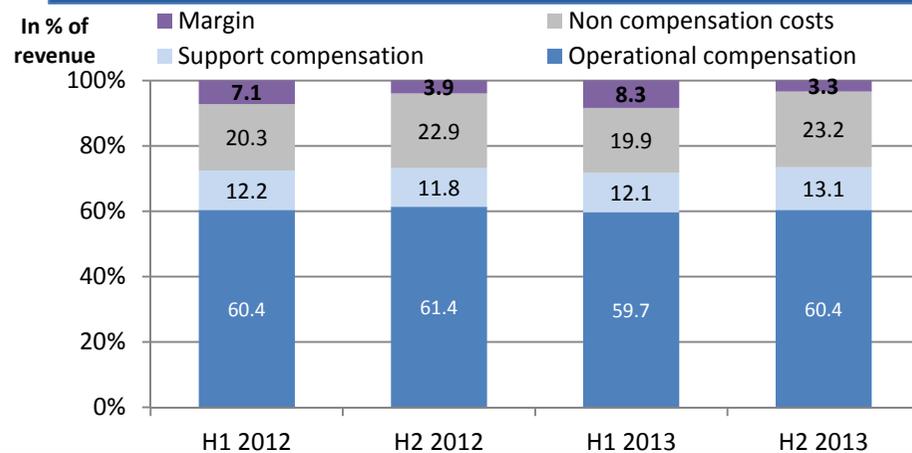
### Underlying operating profit



### IDB Headcount



### IDB underlying operating ratios



### Other IDB KPIs

	FY 2013	FY 2012
Average Front office staff	<b>1 579</b>	1 676
Average broker annual productivity (CHF)	<b>672k</b>	687k
Broker variable on total compensation	<b>42.5%</b>	40.0%
Average support headcount	<b>688</b>	695

# Net profit – Group share of CHF 15.5m

## *Impact from net financial result*

### Reported operating profit

M CHF	FY 2013	FY 2012	Var cst.	Var cur.
<b>Underlying operating profit</b>	<b>60.0</b>	<b>59.6</b>	<b>+8.2%</b>	<b>-0.6%</b>
Amortisation of intangibles	-3.2	-3.2		
Exceptional expenses	-13.7	-16.2		
Exceptional income	-	+4.7		
<b>Operating profit (Non-IFRS)</b>	<b>43.1</b>	<b>44.9</b>	<b>+5.7%</b>	<b>-4.0%</b>
Impact of IAS19 revised	-	+2.1		
Equity method for joint ventures	-11.0	-8.4		
<b>Operating profit as reported</b>	<b>32.1</b>	<b>38.6</b>	<b>-9.3%</b>	<b>-16.8%</b>

### Net profit – Group share

M CHF	FY 2013	FY 2012	Var cst.	Var cur.
<b>Reported operating profit</b>	<b>32.1</b>	<b>38.6</b>	<b>-9.3%</b>	<b>-16.8%</b>
Net financial result	-6.2	-2.5		
Share of profit of associates and joint ventures	7.8	7.2		
<b>Profit before tax</b>	<b>33.7</b>	<b>43.3</b>	<b>-13.1%</b>	<b>-22.1%</b>
Income tax	-12.0	-17.3	-23.3%	-30.7%
<i>Effective tax rate</i>	46%	48%		
<b>Net profit for the period</b>	<b>21.7</b>	<b>26.0</b>	<b>-6.3%</b>	<b>-16.4%</b>
<b>Net profit - Group share</b>	<b>15.5</b>	<b>21.1</b>	<b>-17.4%</b>	<b>-26.6%</b>

### Net financial result

M CHF	FY 2013	FY 2012
Net foreign exchange gains/(losses)	-3.4	-1.6
Net interest income/(expense)	-3.3	-2.1
Gains/(losses) on financial assets at fair value	0.1	1.2
Other financial income/(expense)	0.4	-
<b>Net financial income/(expense)</b>	<b>-6.2</b>	<b>-2.5</b>

# Consistent focus on sound balance sheet and capital position

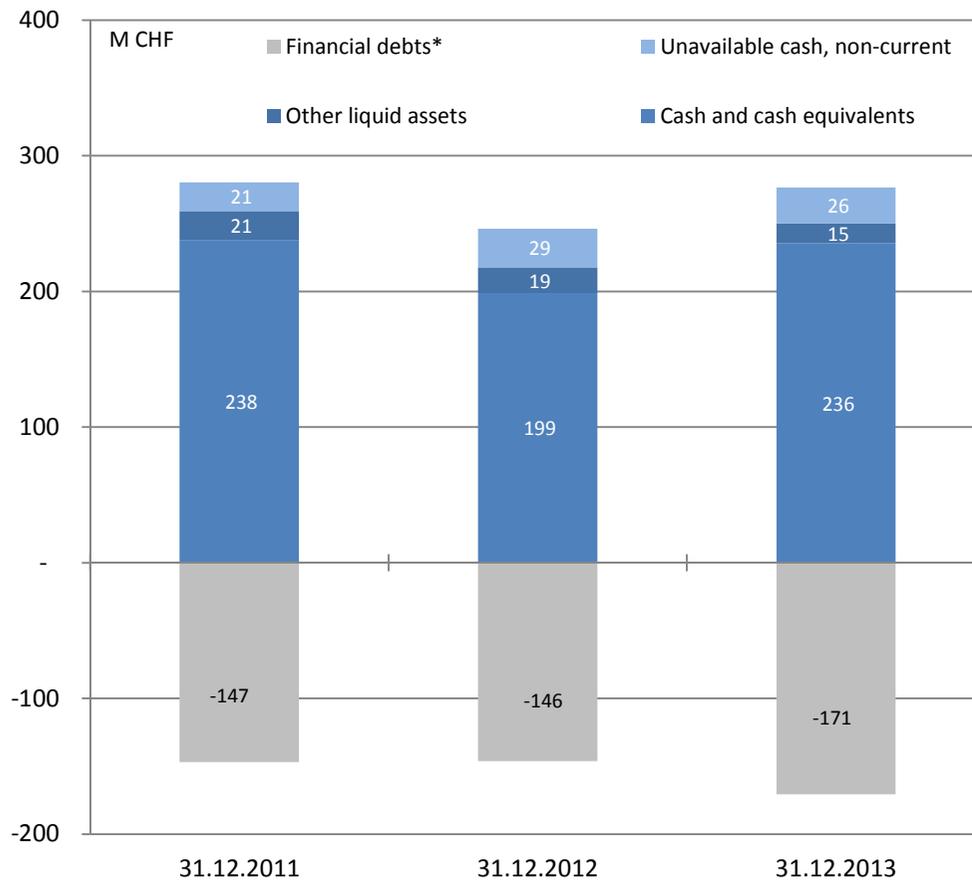
*Organic growth strategy reflected in net cash position and low intangible assets*

M CHF	Assets		M CHF	Liabilities	
	31.12.13	31.12.12 restated		31.12.13	31.12.12 restated
Property, Plant & Equipment	20.5	25.6	Capital	16.8	16.2
Intangible assets	48.6	50.1	Share premium	44.2	47.9
Investments in associates and joint ventures	127.5	164.0	Treasury shares	-9.9	-6.5
Available-for-sale financial assets (AFS)	7.4	7.2	Currency translation	-132.5	-106.3
Unavailable cash	26.5	28.5	Consolidated reserves	363.4	342.1
Other non-current assets	29.6	31.4	Minority interests	50.5	57.3
<b>Non-current assets</b>	<b>260.1</b>	<b>306.8</b>	<b>Equity</b>	<b>332.5</b>	<b>350.7</b>
Receivables related to MP activities	156.2	283.8	Non-current liabilities	153.0	43.4
Receivables related to AH activities	18.1	18.5	Short term financial debts	57.1	151.1
Trade & other receivables	190.0	200.6	Payables related to MP activities	147.5	275.9
Financial assets at fair value and AFS	7.2	11.8	Payables related to AH activities	18.1	20.6
Cash & Cash equivalents	235.5	198.7	Trade & other payables	178.0	192.2
Other current assets	19.1	13.7	<b>Current liabilities</b>	<b>400.7</b>	<b>639.8</b>
<b>Current assets</b>	<b>626.1</b>	<b>727.1</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>886.2</b>	<b>1,033.9</b>
<b>TOTAL ASSETS</b>	<b>886.2</b>	<b>1,033.9</b>			

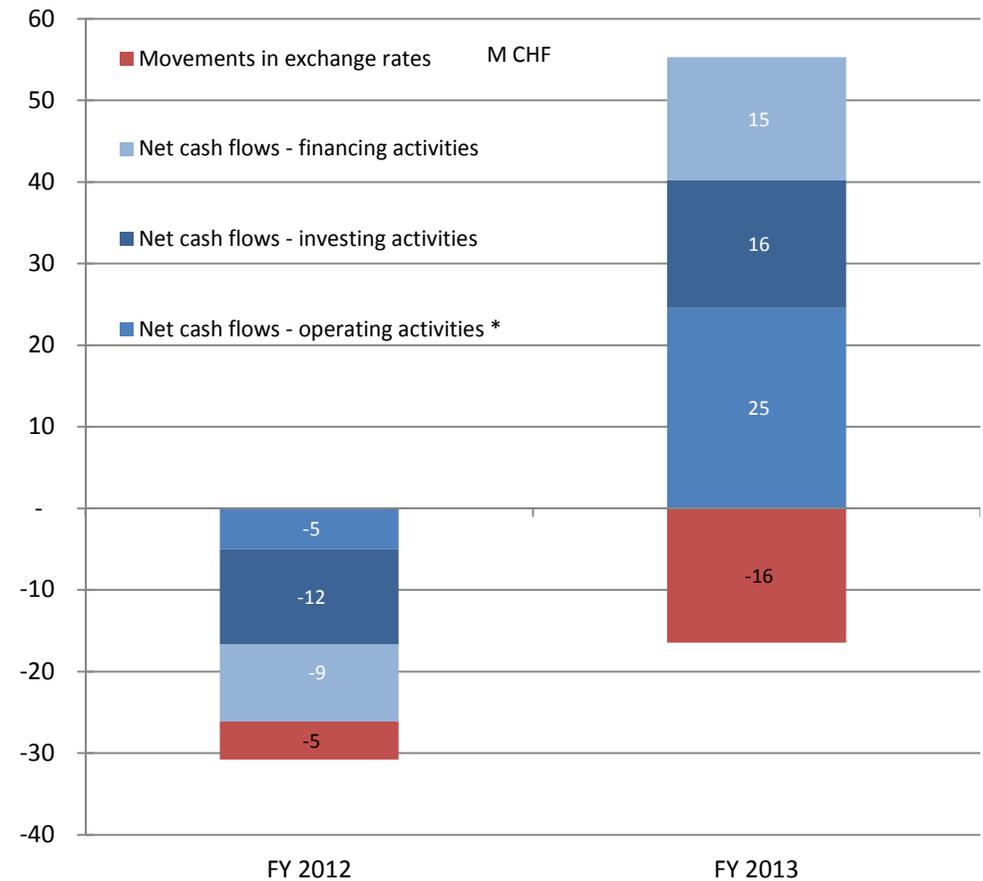
# Net cash position

## *Improved operating cash flows*

### Net cash position trend



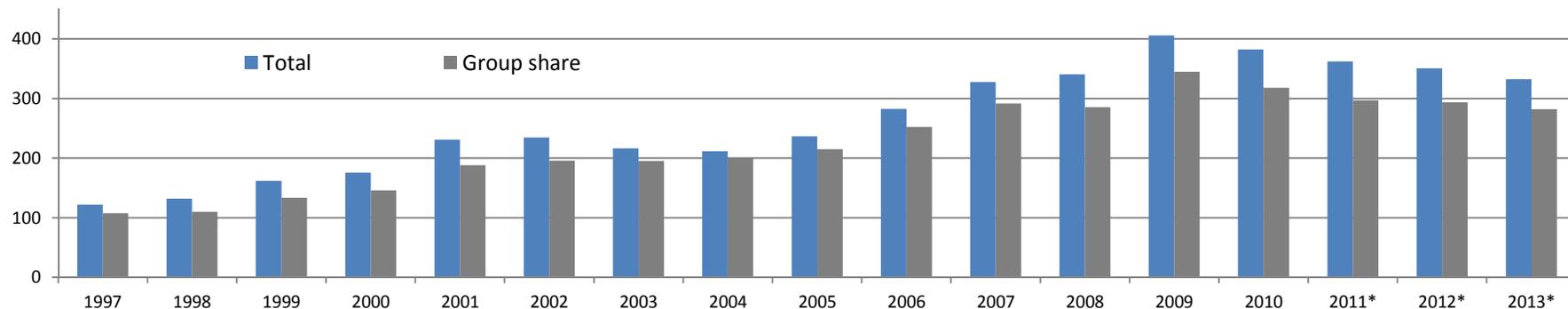
### Net adjusted cash flows trend\*



# Shareholders' equity and capital structure

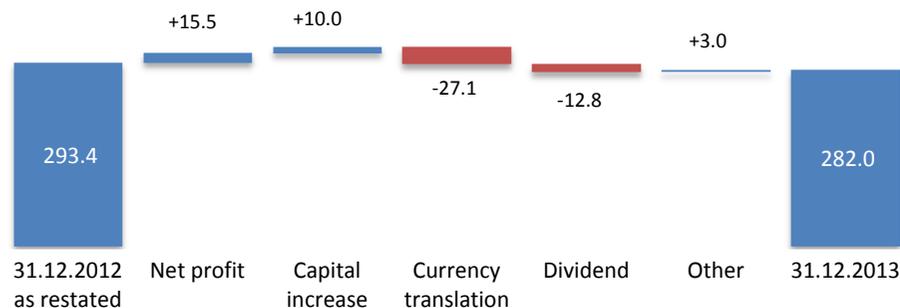
## *Significantly differentiates the Group from its competitors*

### Shareholders' equity trend

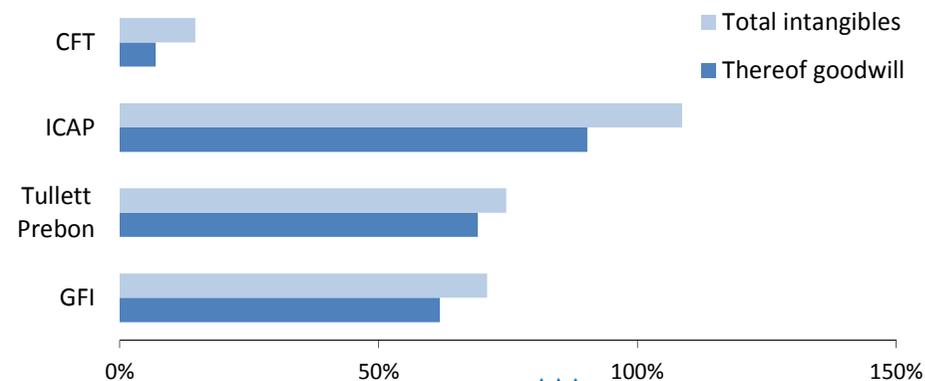


\*Restated for IFRS 11 and IAS 19R

### Shareholders' equity – Group share bridge



### Capital structure comparison<sup>1</sup>



# Outlook

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- Leverage on key electronic initiatives to deploy the Group's electronic strategy
- Continue to reduce costs while maintaining investments in technology
- Consider growth opportunities arising from regulatory evolution
- Maintain consistent focus on sound balance sheet and capital position
- Shape tomorrow's IDB industry thanks to our top tier positioning

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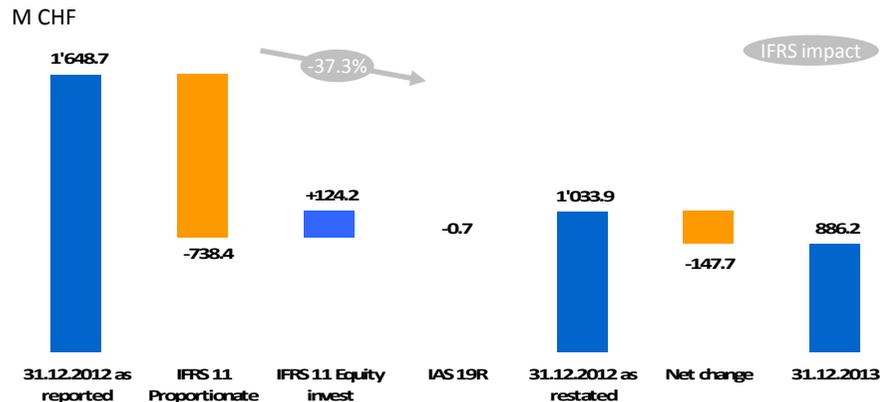


# Appendix

# Implementation of new accounting standard

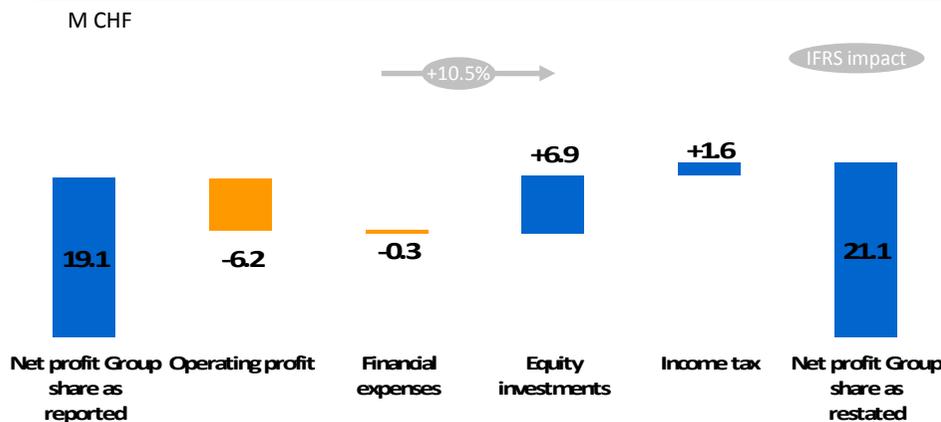
## Reduce total assets with an increase of net profit Group share

### Total assets bridge



- Total assets at 31.12.12 reduced by a net amount of CHF 614.8m or 37.3%
  - Net assets now presented as equity investments which increased by CHF 124.2m
  - Main impact from Gaitame's clients deposits

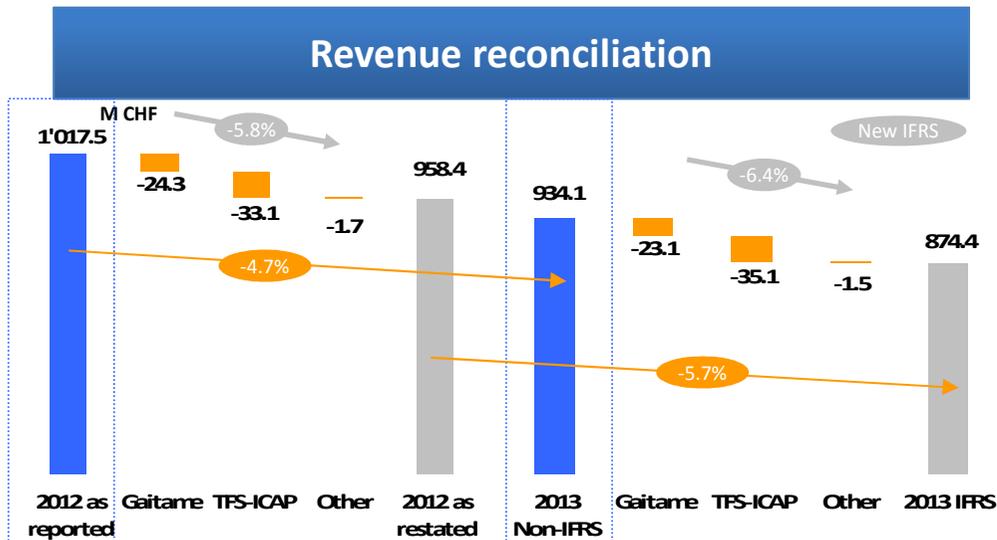
### Net profit Group share bridge



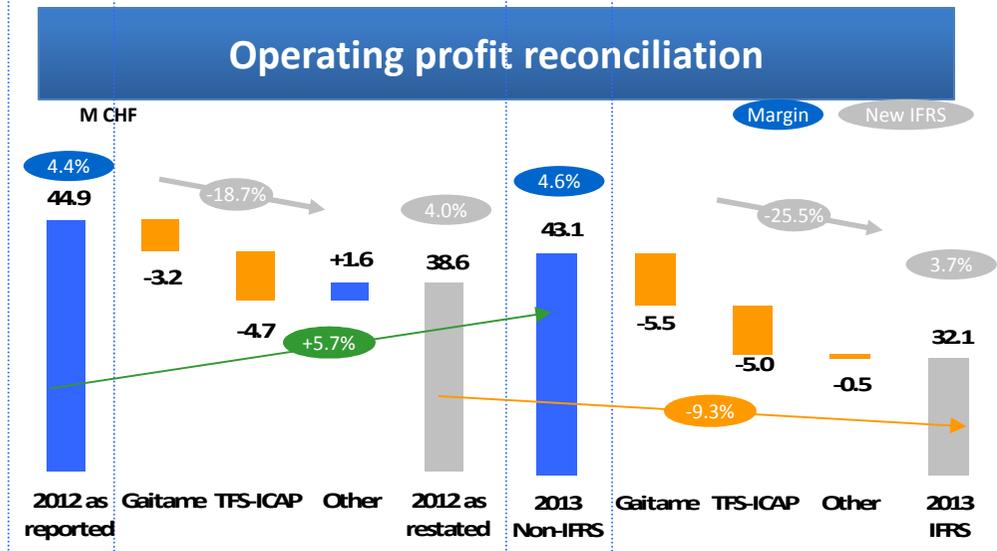
- IFRS 11 reduced most income statement line items without impacting net profit Group share as the net amount of joint ventures is now presented on a single line in P&L below operating profit.
- Net impact of CHF 2.0m resulting from 1<sup>st</sup> application of IAS19R in 2012
- For instance, the change in operating profit is explained by :
  - Reduction of operating income by CHF 61m (6.0%) and operating expenses by CHF 55m (5.6%)

# Implementation of new accounting standard

## Reconciliation of revenue and operating profit



- Change in consolidation method from proportionate to equity led to an overall decrease in revenue of 6.4% or CHF 59.7m in 2013 (5.8% or CHF 59.1m in 2012)
- Main entities impacted by the change are Gaitame and Tradition-ICAP joint ventures
- On same basis as previously reported (Non-IFRS), revenue are down 4.7% in constant terms



- IFRS Impact: Decrease of operating profit by 25.5% or CHF11.0 in 2013 (18.7% or CHF 8.4m in 2012)
  - IFRS 11 impact on operating profit driven by improved profitability of Gaitame
  - 2012 : Other items include a gain of CHF 2.1m from IAS19R
- IFRS 2013 operating profit down CHF 6.5m or 9.3% in constant currencies for a margin of 3.7%
- On same basis as previously reported (Non-IFRS), operating profit is up 5.7% for a margin of 4.6%

# Shareholding structure

## Founder background

Patrick Combes currently serves as the Chairman of the Board and CEO of VIEL et Compagnie Finance, VIEL & Cie and Compagnie Financière Tradition

1978 - MBA from Columbia University

1979 - Acquires VIEL & Cie, a small scale money broker with 3 employees

1996 - Takes control of Compagnie Financière Tradition

Patrick Combes has led the development of his group into a global financial market player while remaining a majority shareholder

Chevalier de la Légion d'Honneur

### VIEL & Cie's other investments:

Bourse Direct: largest online retail broker in France in market share. Around 75,000 clients. Track record of organic growth and acquisitions. VIEL & Cie played a key role in the consolidation of this sector since the launch of Capitol.fr in 1999. Listed on Euronext

SwissLife Banque Privée (France): Acquisition of a 40% stake in 2007

## Simplified legal structure

At 31 December 2013

