










Compagnie Financière Tradition

1H 2020 Results

Lausanne, August



Content

-  1 Who we are
-  2 What we do for our clients and our business model
-  3 Industry dynamics and the wider ecosystem
-  4 Our track record and strategic roadmap
-  5 Business and financial highlights
-  6 Conclusion
-  7 Appendix

3

1 Who we are

CFT a global transactional and data platform headquartered in Switzerland



Company founded

Lausanne,
1959



of employees

2'300



Geographies

29 countries



Annual notional
volumes

200'000+
billion

A number of growth opportunities arising in our core business, data and analytics and hybrid broking capabilities

4

A number of growth opportunities arising in our core and ancillary businesses but also through minority investments



Wholesale and Institutional brokerage

One of only 3 worldwide



- Organic growth from recruitment of new talent to complete the geographical and product portfolio
- Activity level supported by market volatility
- High marginal profitability
- Structural reshaping of clients' profile

5



Data & Analytics

From ancillary to core



- Starting from a low base
- Mid term objective to reach 5% of transactional revenue
- High growth and high margin business



Electronic trading platforms

In partnership with leading investment banks



- Award-winning platforms
- In partnership with major investment banks as liquidity provider to the platforms
- Trad-X: In response to expected regulatory changes



Gaitame.com

A top tier Retail FX online broker in Japan



- Currently # 4 in its sector
- Almost 500'000 retail customers
- 1H20: 49% EBITDA margin
- Mostly fixed costs basis

Tradition one of only 3 global Wholesale and Institutional brokerage firms

- Acting as a marketplace and an intermediary
- Critical market infrastructure component in sourcing liquidity and price discovery
- No position taking and associated balance sheet risk
- Largest banks and non bank institutions in the world as clients
- Business model of high volume annually with low commission rates
- Activities regulated by local authorities apart from few exceptions

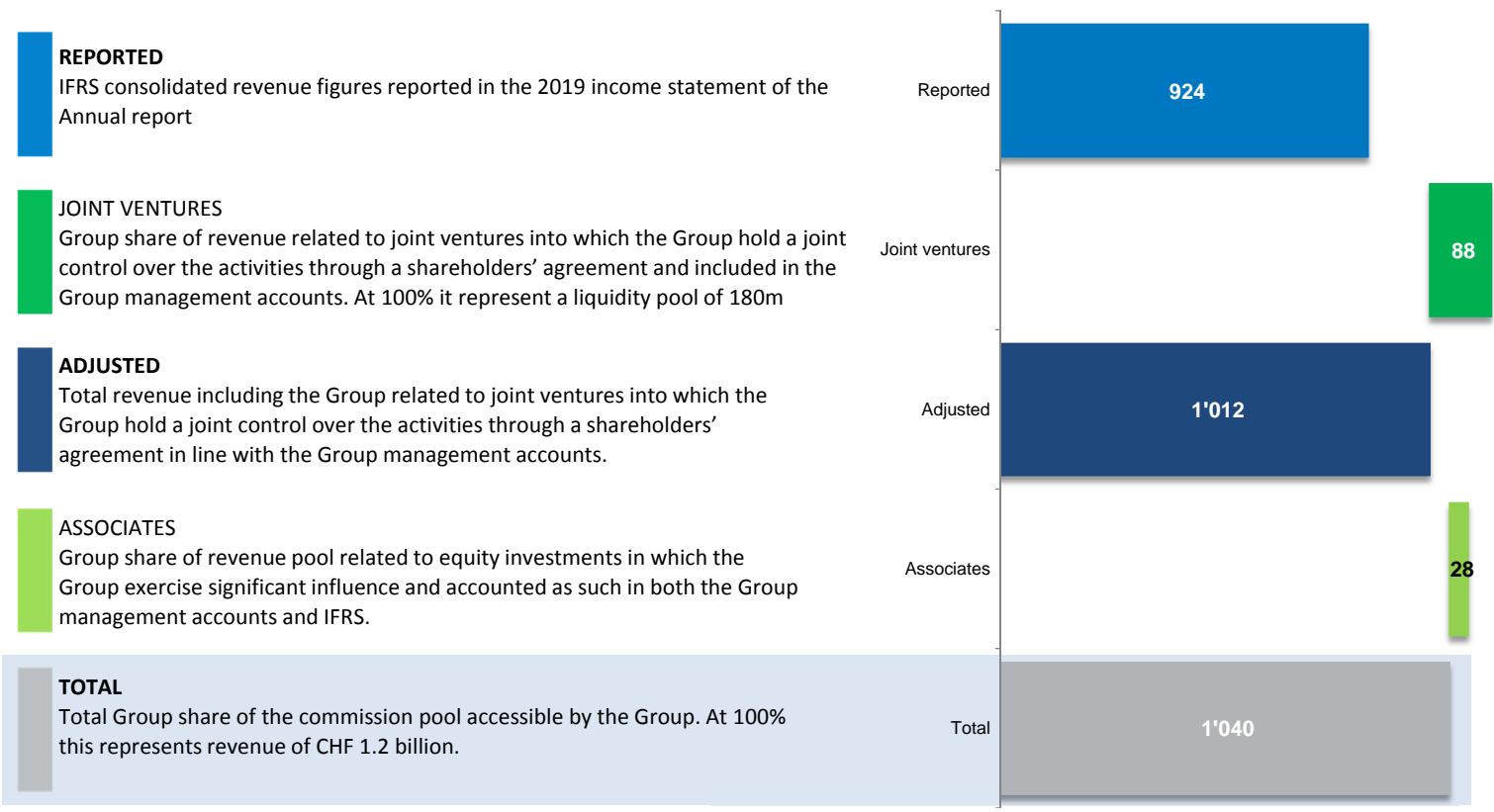
Tradition market place

<p style="font-size: 1.2em;">Clients 7'500+</p>	<p style="font-size: 1.2em;">Desks 300+</p>	
<p style="font-size: 1.2em;">Asset classes 5</p>	<p style="font-size: 1.2em;">Product groups 25+</p>	<p style="font-size: 1.2em;">Products 200+</p>
<p style="font-size: 1.2em;">Annual # of trades ~3 million</p>	<p style="font-size: 1.2em;">Currencies 80</p>	

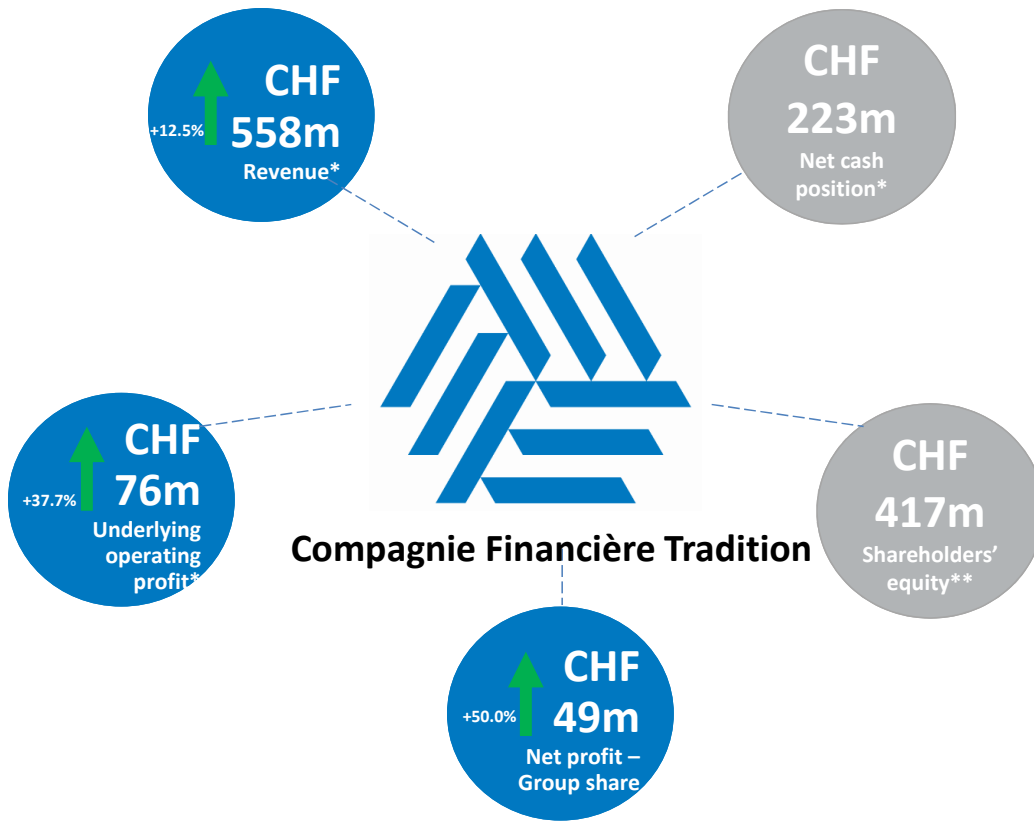
A global network with in-depth market intelligence and specialized knowledge of local markets and products



Altogether, Tradition generates a commission pool of close to CHF 1.2 billion of which more than CHF 1.0 billion is Group share



Key figures performance and financial position as of 30 June 2020



9

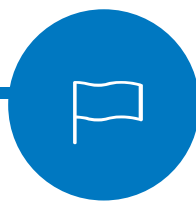
*Adjusted basis including group share of joint venture, variation in contant currencies **Before deduction of own shares of CHF 17.4m. Reported shareholders' equity amounts to CHF 399.2m as at 30 June 2020.

Offer best-in-class execution services for institutional clients through customized trading protocols



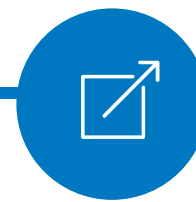
Adding value

- Organize price discovery in secondary markets in Over-The-Counter (OTC)
- Match transactions between buyers and sellers with a combination of voice (hi touch), hybrid and electronic execution
- Manage complex trades and protect clients interests
- Execute in customized trading protocols (RFQ, Auction, CLOB)



Independent

- No conflict of interest
- Sourcing liquidity with transparency
- Regulated activities



Scalable

- Strong operating upside
- Long established industry used to market cycles, competition with exchanges, new geographies, financial and commodity-related asset classes and product innovation

One stop shop of deep liquidity pools across all asset classes



Currencies and rates

- Interest Rate Swap
- Interest Rate Option
- Money markets (eg Deposits)
- FX forwards (o/w NDFs)
- FX options



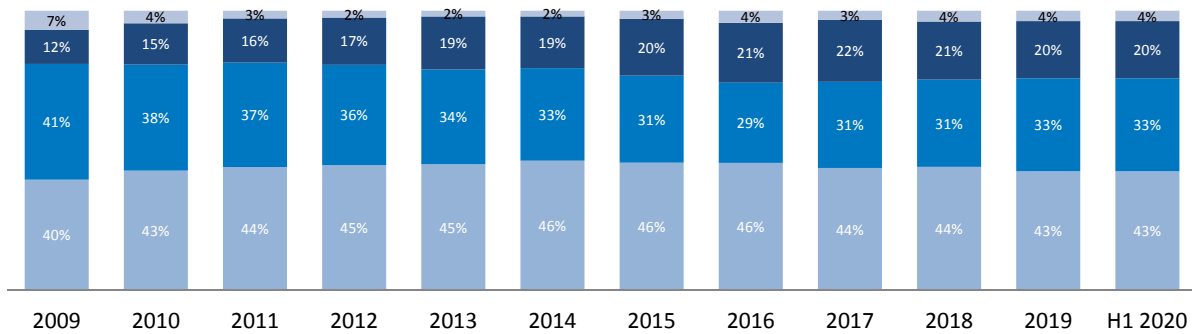
Securities and security derivatives

- Government bonds
- Corporate bonds
- Credit derivatives
- Repos
- Equities and equity derivatives
- Futures and options



Energy and commodities

- Oil
- Electricity
- Gas
- Metals
- Coal
- Energy C&I



Straightforward business model with strong operating leverage

Notional transacted annually in hundreds of USD trillion with low commission fee



Commission only revenue driven by cyclical and structural factors

Activity driven by trading volumes which are influenced by a range of factors:

- Macroeconomic performance
- Budget imbalances
- Interest rate environment
- Corporate and government bond issuance
- Commodities cycle
- Market volatility
- Emerging economies



Flexible F.O. cost base, performance driven

Flexibility driven by brokers' compensation scheme including :

- Variable compensation mainly production driven
- Performance clause
- Communication and market data
- Other F.O. costs (eg trading platform)



Highly scalable support structure

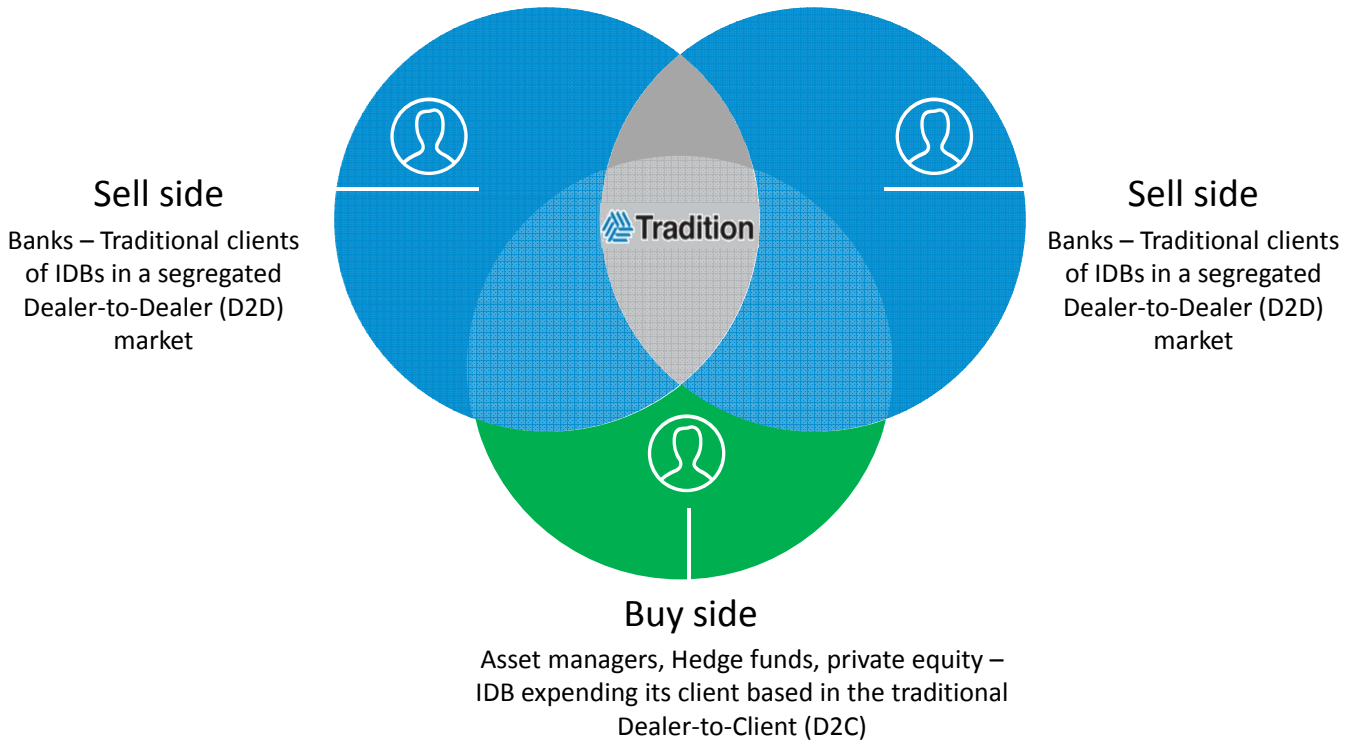
A range of administrative functions in support to the business:

- Management
- Information Technology
- Operations
- Accounting and Finance
- Legal, Human Resources, Compliance and Risk
- Facilities

Growth opportunities going beyond the theme of consolidation

At stake, a larger fee pool with the unfolding of a new market structure

OTC markets: A degree of convergence between D2D and D2C happening

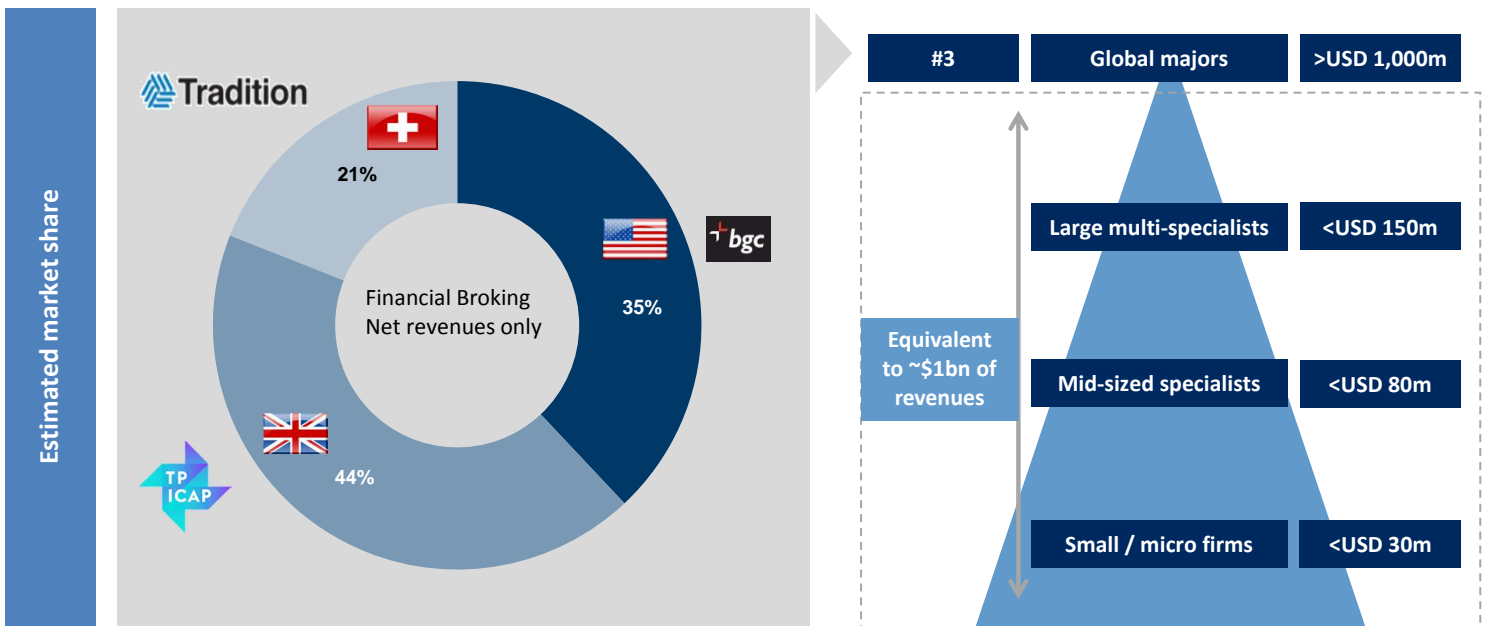


A sector with only 3 global players, of which Tradition

Tradition increasing its estimated market share

3 global players represents ~80% of sector revenues

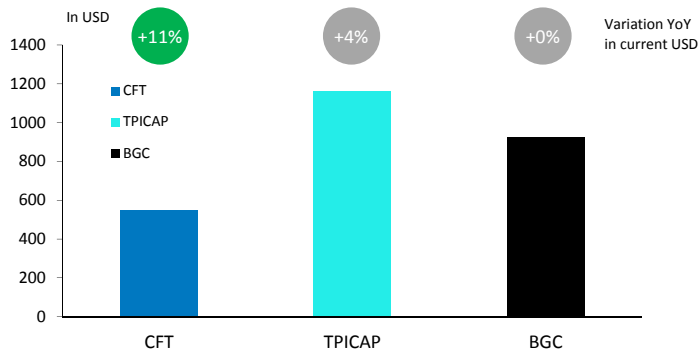
Further consolidation to be expected



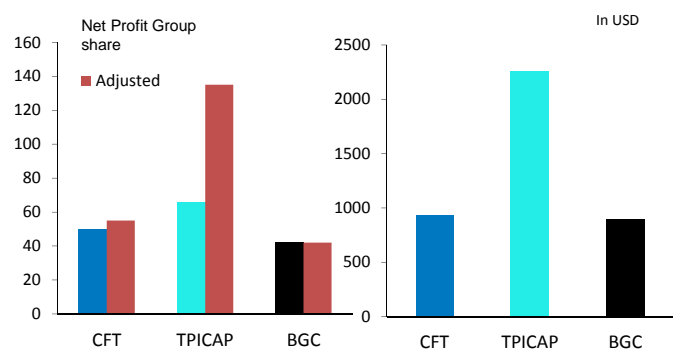
Tradition organic growth strategy reflected in the key metrics

Tradition best revenue growth, peers focus on non gaap reporting measures

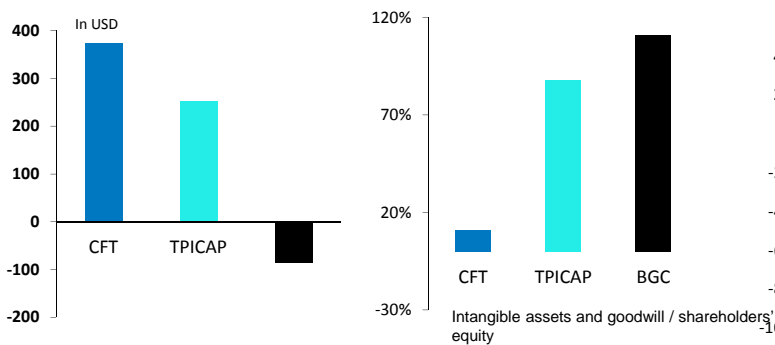
Revenue 1H20* - Net financial brokerage only



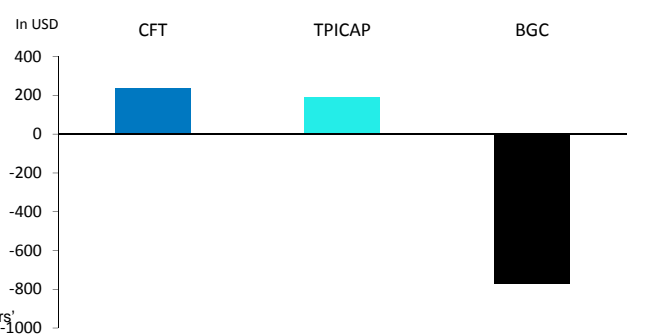
Net profit and Market capitalization*



Tangible shareholders' equity (USD and %)*



Net cash / debt*



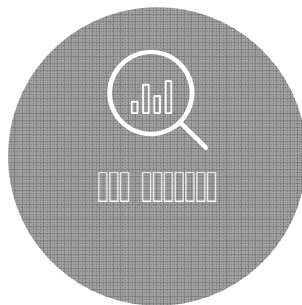
15

* Figures in USD converted at average rate for the period. Peers estimates based 1H20 disclosures.. Estimated market capitalization in UsD as of 28 August 2020

Moving Data and Analytics business from ancillary to core



Total Data and Analytics market



Addressable market for IDBs



Our market share
TraditionDATA

Important potential to increase revenues from OTC Data and Analytics for firms like Tradition with demand driven by:

- Changing regulation in areas such as compliance and risk management
- Increasing interest for scarce data notably on the Buyside
- Emerging data-hungry technologies

16

A long established Swiss group with proven track record

Focused on critical size and quality of balance sheet

Phase 1 – 1997 to 2008

Phase 2 – 2009 to 2015

Phase 3 – 2016 onwards

Consistent strategy since acquired by Viel & Cie in 1997

- Return to profitability
 - Built critical market share
- Focus on organic growth and sound financial position*

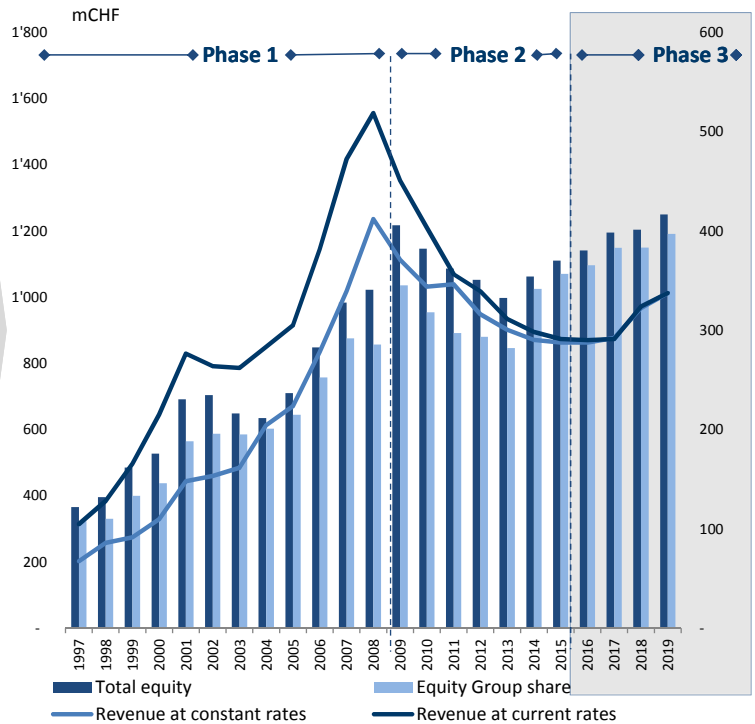
Post Lehman shake up

- Regulatory transformation with increased pressure on banks
 - Launch of electronic initiatives
- Focus on cost management and cultural changes*

Top line stabilisation and growth opportunities

- Final stage of industry consolidation and pressure on smaller scale brokers
 - Blurring of traditional market boundaries
 - Development of Data and Analytics business
- Focus on growth opportunities*

Consolidated revenue and shareholders' equity



Significant investments in award winning electronic trading capabilities

In partnership with banks

Key initiatives



Risk Awards 2019 Winner

Trad-X OTC trading platform of the year

Highlights

- Market co-pioneer
- In partnership with now 13 banks in response to expected regulatory changes
- Launched for Interest Rate Swaps (IRS) in EUR (2011), USD (2013) and GBP (2014)
- Since launch, close to 140'000 trades amounting to close to USD 20 Trillion executed
- Technology also available for JPY IRS since 2015

Founding partners

ParFX

PURE BY DESIGN



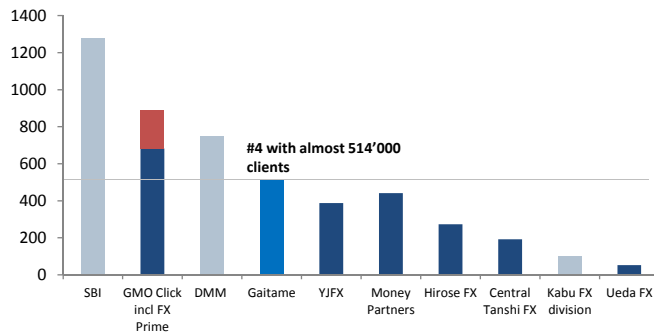
- Selected by a consortium of banks for a new spot FX concept
- Launched in June 2014
- In partnership with 12 banks
- Direct and indirect onboarding of non bank institutions
- Average 8 billion in notional daily

Within CFT, a significant minority stake in Gaitame.com

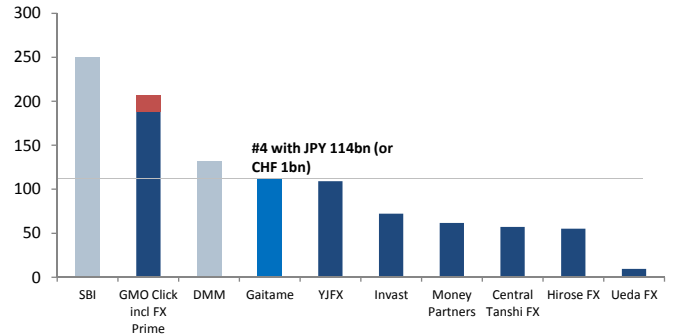


A leading online retail FX broker in Japan, the largest market in the world

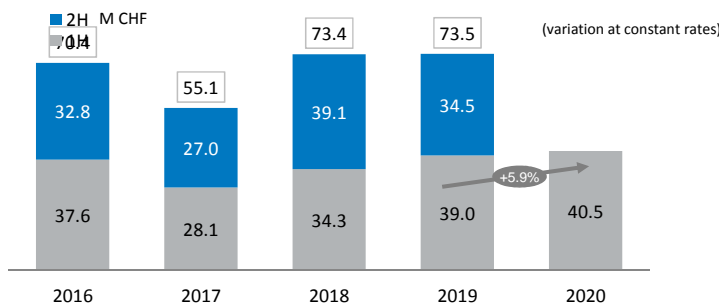
Number of clients (in thousands)



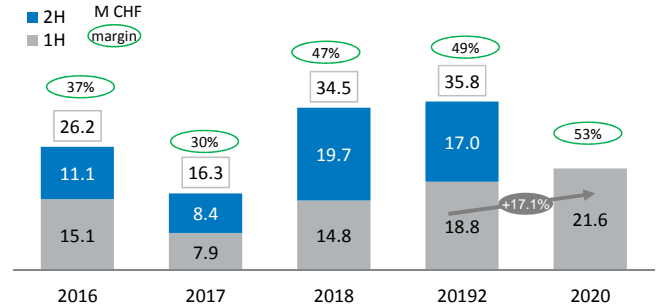
Clients' money (in billions JPY)



Yearly and half yearly Revenue trend*



Yearly and half yearly EBITDA trend*



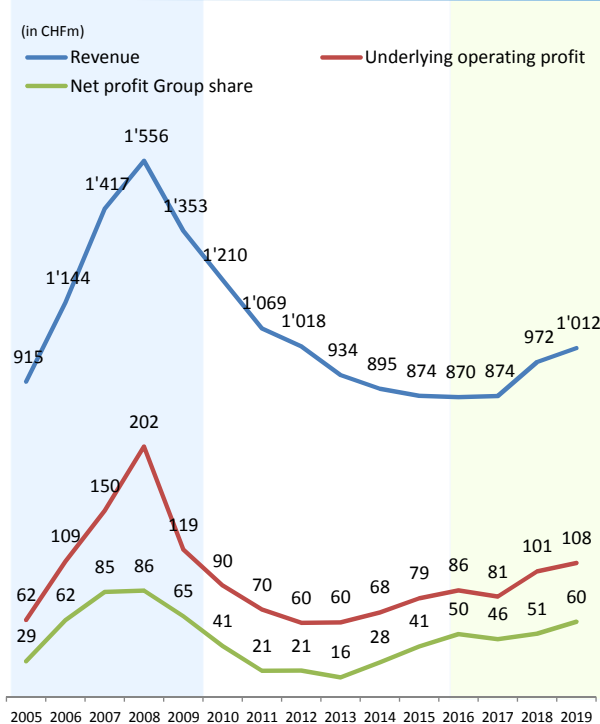
19

Note: *Key business metrics as of June 2020. – SBI/FTX no longer reports independently of SBI Securities, DMM data no longer available in 2020 (figures Dec 2020) – *Gaitame key figures presented at 100%. Group stake of 50% (accounted as an equity investment)

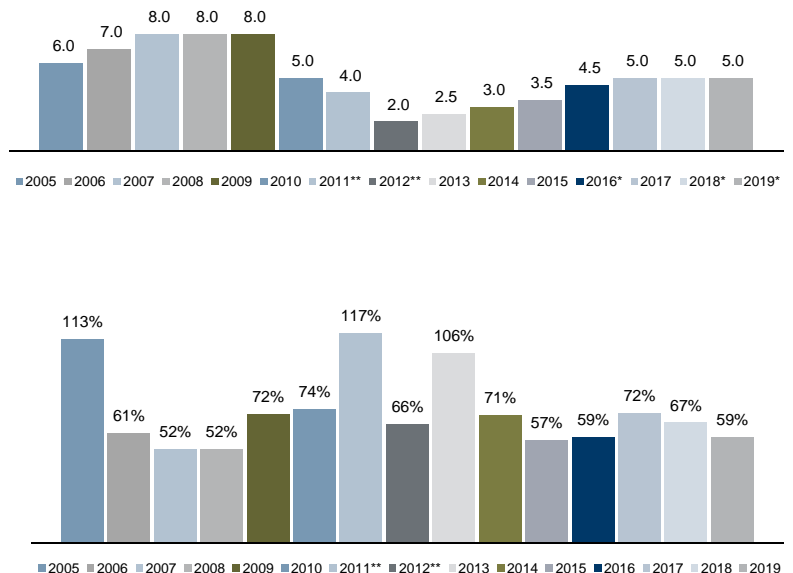
Business model incorporate a strong operating upside

Consistent dividend payout

Performance trend between 2005 to 2019*



Dividend payout trend 2005 to 2019



20

Global Leaders In Interdealer Broking

*Adjusted basis

*An additional distribution of one treasury share for each 50 shares held above the dividend in cash (2018 : 1:35; 2016 : 1:25)
** Paid in shares or cash at the shareholders' choice

Growth in adjusted revenue of 12.5% in constant currencies to CHF 558.0m with net profit Group share up 50.0% to CHF 48.7m

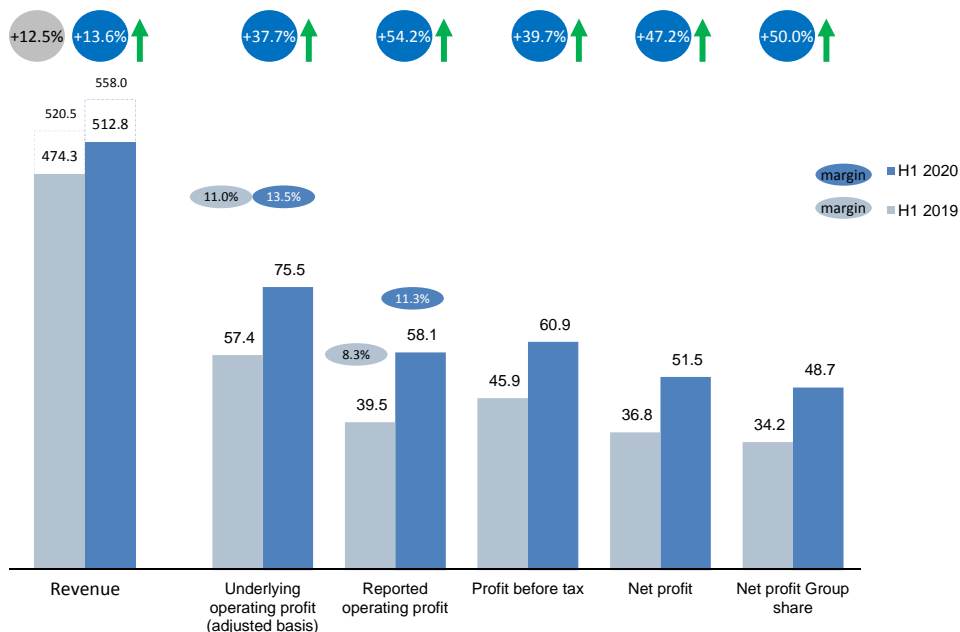
H1 2020 performance summary, in mCHF

Performance

- COVID-19 crisis demonstrate once again the essential nature of Compagnie Financière Tradition's core business which ensures liquidity in the financial markets across the different asset classes globally, while optimising prices for its clients
- Successful swift deployment of home working capabilities with a regional and/or national adapted approach
- Overall revenue growth 13.6%
 - Important market volatility (especially in March)
 - Benefits from recruitment efforts in specialised brokers
- Contribution margin of 33%
- Effective tax rate of 19% (2019: 26%)

Balance sheet

- Shareholder's equity of CHF 416.6m before deduction of own shares of CHF 17.4m. Adjusted net cash of CHF 223m*
 - Currency translation : FX losses of CHF 26m in H1
- Syndicated multi-currencies and fully committed credit facility renewed to CHF 172m for 5 years (Maturity : 30 April 2025)
- Repayment of 2015 bond at maturity for CHF 129.3m in June

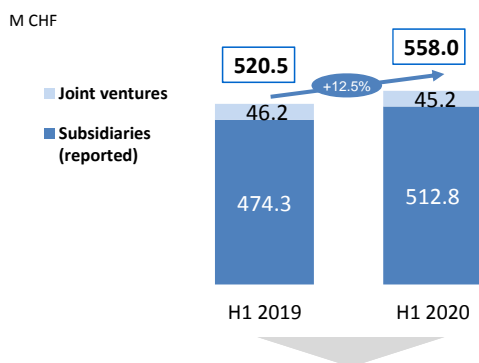


* Adjusted from variation in MP activities and including Group share of cash in JV

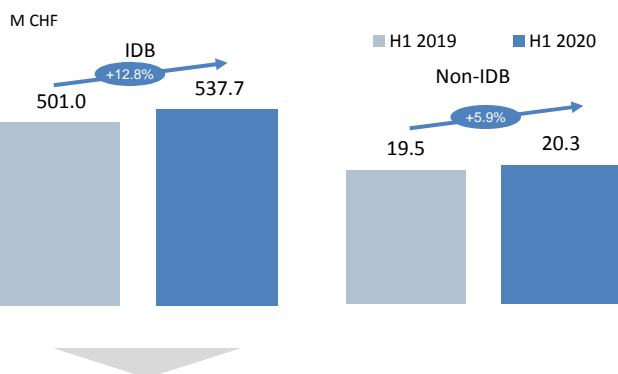
Revenue overview

Global and diverse product offering

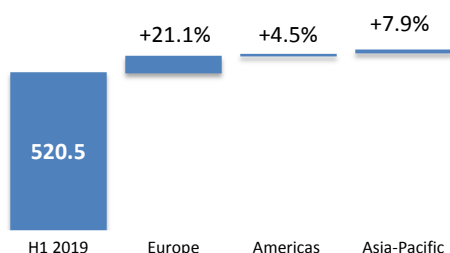
Group adjusted revenue



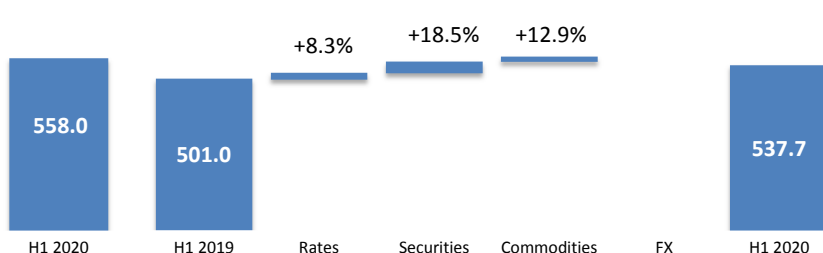
Adjusted revenue by business



Adjusted revenue by region

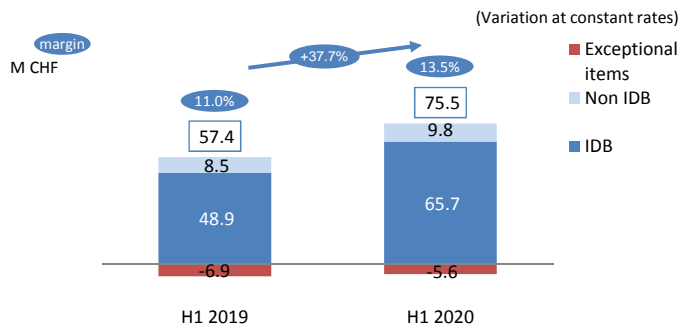


IDB revenue by product

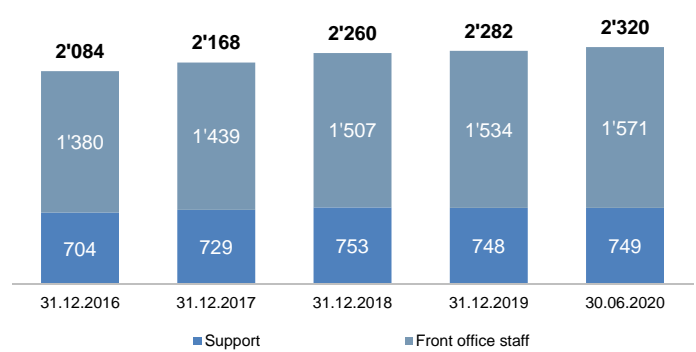


Adjusted underlying operating profit up 37.7% to CHF 75.5m

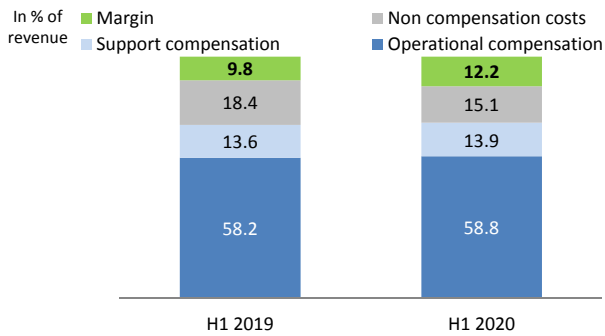
Adjusted underlying operating profit



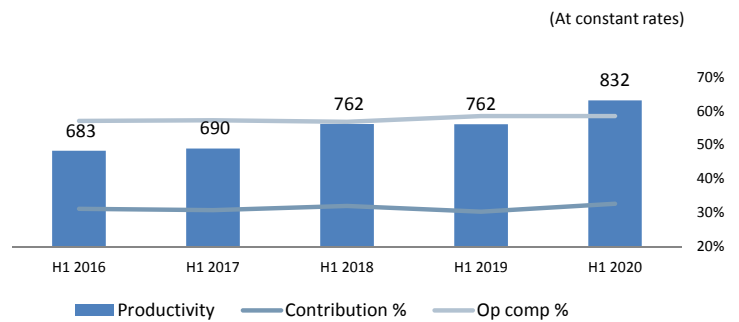
IDB headcount trend



IDB underlying operating ratios



IDB – Other KPI



Net profit – Group share up 50% to CHF 48.7m

Net profit – Group share

M CHF	H1 2020	H1 2019	Change at current exchange rates	Change at constant exchange rates
Operating profit as reported	58.1	39.5	+47.1%	+54.2%
Net financial result	-7.5	-4.4		
Share of profit of associates and joint ventures	10.3	10.8		
Profit before tax	60.9	45.9	+32.6%	+39.7%
Income tax	-9.4	-9.1	+2.4%	+9.5%
Effective income tax rate	19%	26%		
Net profit for the period	51.5	36.8	+40.1%	+47.2%
Group share	48.7	34.2	+42.7%	+50.0%

M CHF	H1 2020	H1 2019
Interest expense on bank borrowings and bonds (net)	-4.3	-2.7
Interest expense on lease liabilities	-1.6	-1.5
Net foreign exchange gains/(losses)	-1.6	-0.2
Total	-7.5	-4.4

% / M CHF	H1 2020	H1 2019
Normative income tax rate	21% ; 10.7m	19% ; 6.6m
Net unrecognized tax losses	-1% ; -0.5m	0% ; 0.1m
Non-deductible expenses	3% ; 1.4m	5% ; 1.6m
Prior year tax	-2% ; -0.8m	0% ; 0.1m
Other items	-2% ; -1.4m	2% ; 0.7m
Effective income tax rate	19% ; 9.4m	26% ; 9.1m

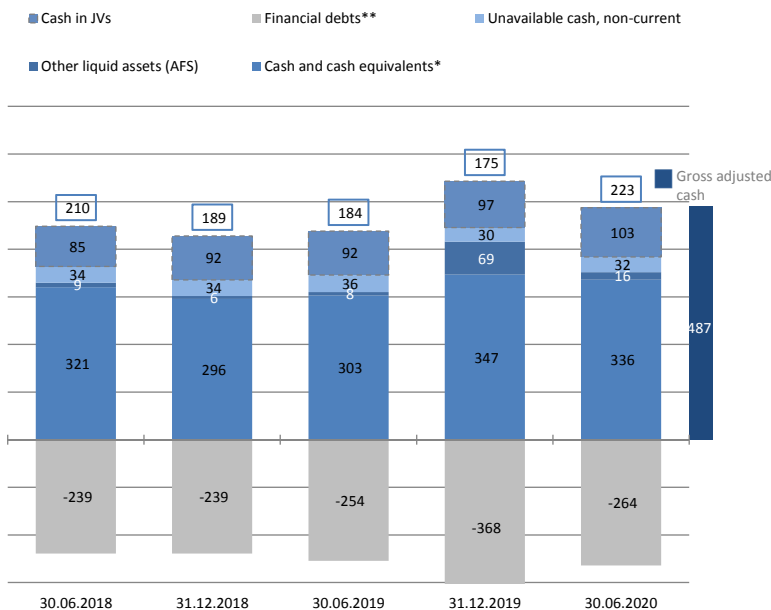
Shareholder's equity Group share of CHF 395.9m before deduction of own shares of CHF 17.4m. Adjusted net cash of CHF 223m.

	Assets	
M CHF	30.06.20	31.12.19
Property, Plant & Equipment	27.6	28.9
Right-of-use assets	55.3	59.3
Intangible assets	44.4	46.8
Investments in associates and joint ventures	148.2	150.0
Financial assets at fair value (FVTOCI & FVTPL)	6.5	6.7
Unavailable cash	32.0	29.8
Other non-current assets	47.6	50.0
Non-current assets	361.6	371.5
Receivables related to MP activities	705.8	563.6
Receivables related to AH activities	31.1	42.8
Trade & other receivables	289.2	280.7
Other financial assets	15.9	69.3
Cash & Cash equivalents	330.1	343.4
Other current assets	18.3	21.0
Current assets	1 390.4	1 320.8
TOTAL ASSETS	1 752.0	1 692.3

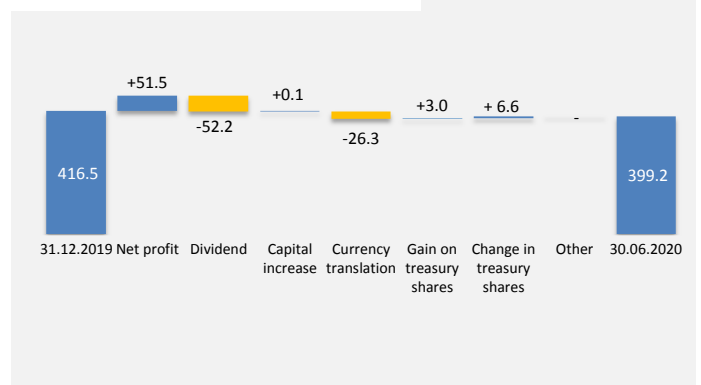
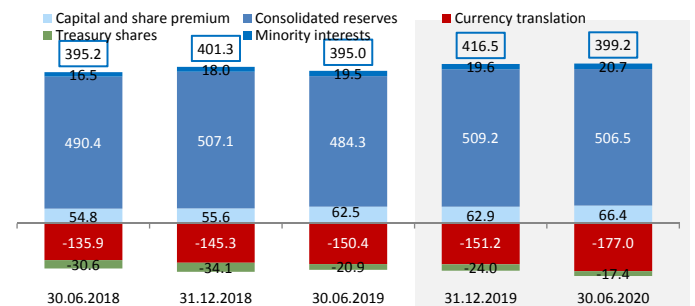
	Equity and Liabilities	
M CHF	30.06.20	31.12.19
Capital	18.7	18.6
Share premium	47.7	44.3
Treasury shares	-17.4	-24.0
Currency translation	-177.0	-151.2
Consolidated reserves	506.5	509.2
Equity – Group share	378.5	396.9
Minority interests	20.7	19.6
Equity - Total	399.2	416.5
Long term financial debts	239.2	239.1
Long-term lease liabilities	54.0	53.2
Other non-current liabilities	29.0	29.3
Short term financial debts	78.7	131.9
Short-term lease liabilities	13.9	15.5
Payables related to MP activities	646.3	557.7
Payables related to AH activities	31.1	42.8
Trade & other payables	260.6	206.3
Current liabilities	1 030.6	954.2
TOTAL EQUITY AND LIABILITIES	1 752.0	1 692.3

Shareholders' equity of CHF 416.6m and net cash position of CHF 223m¹⁾

Net cash position trend



Shareholders' equity breakdown



* Adjusted from variation in MP activities of CHF 6m as of 30 June 2020 compared to CHF 3m as of 31 December 2019
 ** Excluding lease obligations and overdrafts related to MP activities

1) Shareholders' equity before the deduction for own shares and net cash position including Group share of cash at JVs accounted as equity investments

CFT, a roadmap based on agility, growth and quality of balance sheet



Track record of agility to cope with market cycles and structural trends (growth, innovation, cost management, regulatory evolution)



Growth opportunities arising in our core business (volatility, consolidation, clients re-shaping), data and analytics business and hybrid broking capabilities



Consistent strategic roadmap founded on quality of financial position, with the objective to continue to grow shareholders' equity while serving a good dividend

Appendix

CFT shareholding structure, entrepreneurial with a long term vision

Founder background

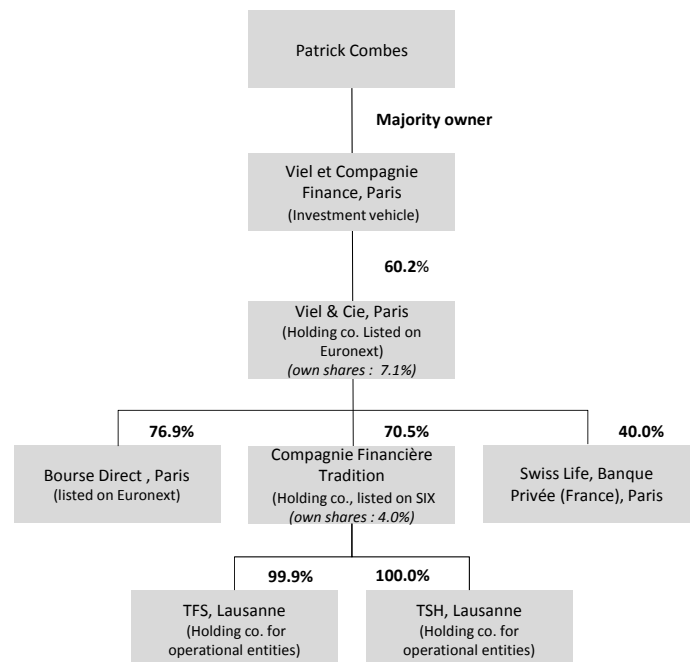
- Patrick Combes serves as the Chairman of the Board and CEO of VIEL et Compagnie Finance, VIEL & Cie and Compagnie Financière Tradition
- **1978** - MBA from Columbia University
- **1979** - Acquires VIEL & Cie, a small scale money broker with 3 employees
- **1996** - Takes control of Compagnie Financière Tradition
- Patrick Combes has led the development of his group into a global financial market player while remaining a majority shareholder

VIEL & Cie's other investments

- **Bourse Direct (France):** Largest online retail broker in France by market share. Now close to 200'000 accounts. 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

% ownership as of 31 December 2019



Thank you





Compagnie Financière Tradition

Compagnie Financière Tradition SA
11, Rue de Langallerie
CH 1003 Lausanne
Switzerland
www.tradition.com