

ONE

GLOBAL

FORCE

# Compagnie Financière Tradition SA

## FY 2012 result presentation

March 2013 - Zurich

# Executive summary

## Market conditions

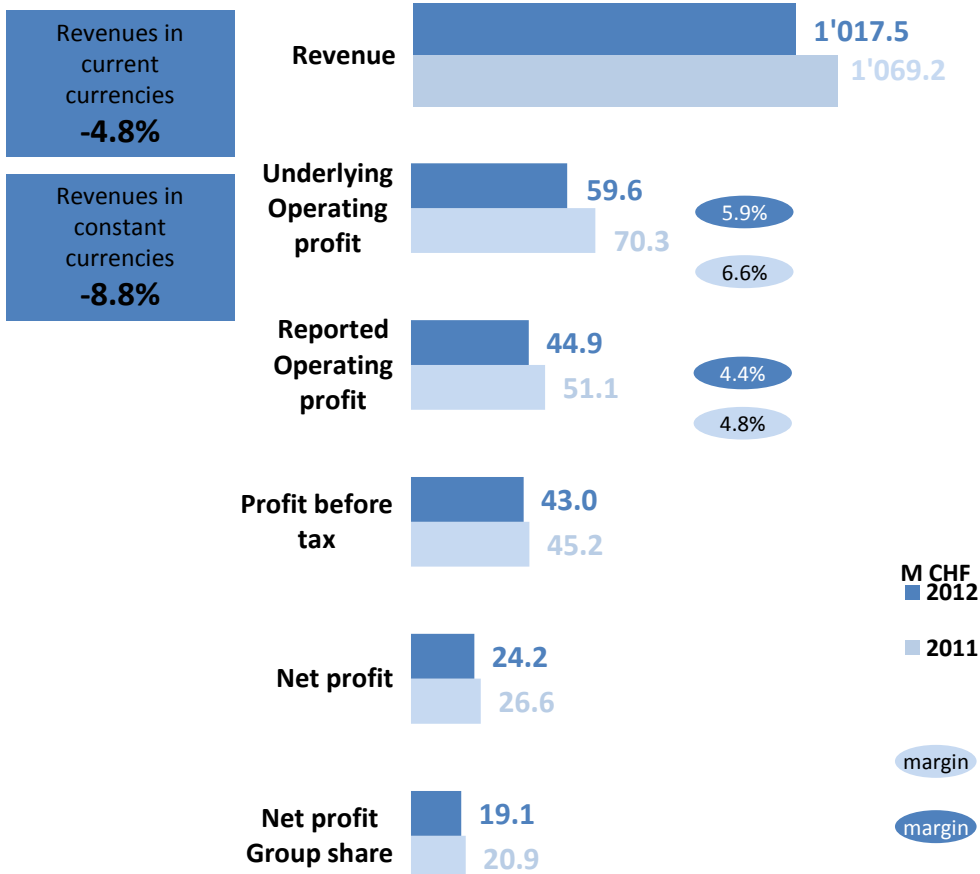
- Continuation of a period of adjustment to a new landscape for market participants in general and IDBs in particular
- Banks' business models evolving
- Regulatory uncertainty around the OTC derivative markets remain important
- Challenging market conditions through out the year

## Group performance

- Successfully defended its market share especially in Asia pacific
- Resilience in net profit
- Increased efforts in cost reduction
- Group technological migration continued

# Performance overview

## 2012 performance

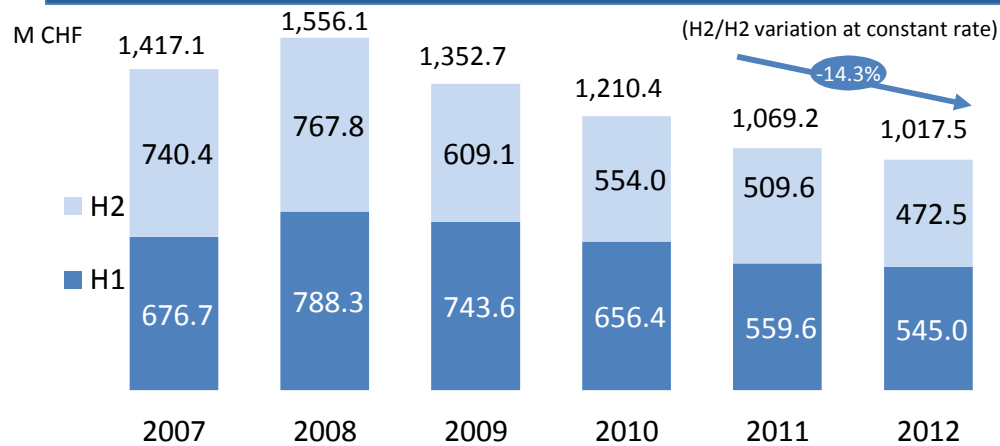


## Results at a glance

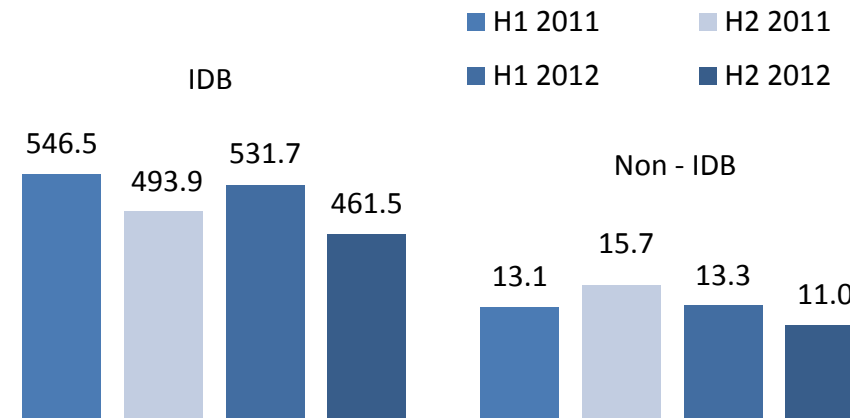
- Revenue down 8.8% in constant currencies including a decrease of 14.3% in the second half yoy
- Net exceptional costs for an amount of CHF 14.7m
  - Primarily severance and legal costs
- Underlying operating margin of 5.9%
- Net profit Group share at CHF 19.1m down 10.7%
- Continued investments in new electronic initiatives in excess of CHF 20m in 2012
- Gross annualised savings of CHF 85m
  - Headcount reduction of close to 200 staff
- Proposed dividend of CHF 2.0 per share
- 2013 YTD activity down on last year but in line with market
  - Cost reduction measures fully kicking in during 2013

# Group revenue

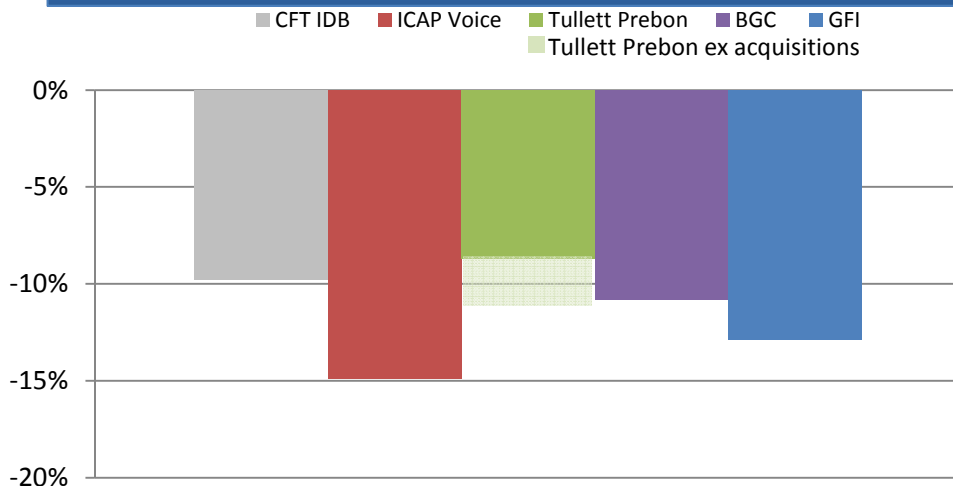
## Half-yearly / yearly revenue trend



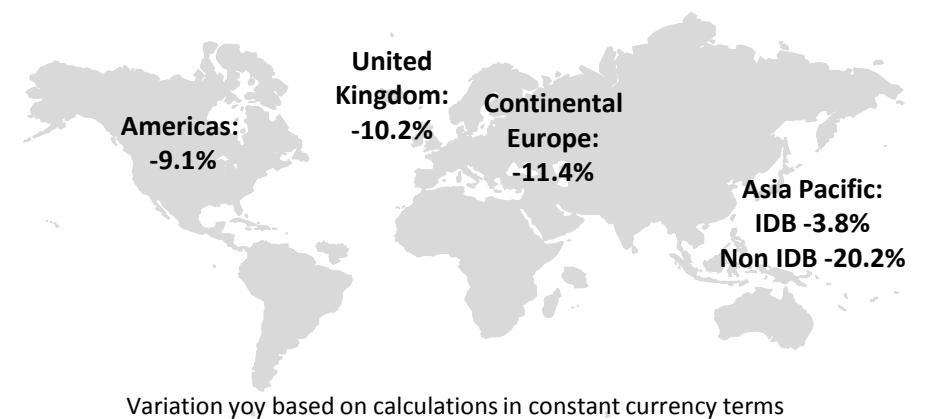
## Half-yearly revenue trend by business



## Peer group – YoY variation\*



## Revenue change by region

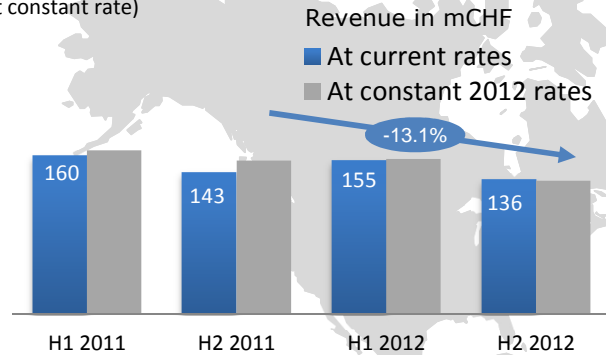


# Revenue by region

## Americas:

USA, Argentina, Chile, Colombia, Mexico, Brazil (Minority)

(H2/H2 variation at constant rate)

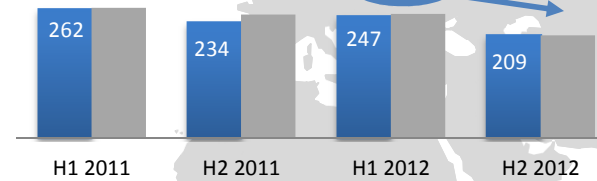


## Europe:

UK, France, Belgium, Denmark, Germany, Italy, Luxembourg, Russia, Spain (Minority), Switzerland

Revenue in mCHF

- At current rates
- At constant 2012 rates

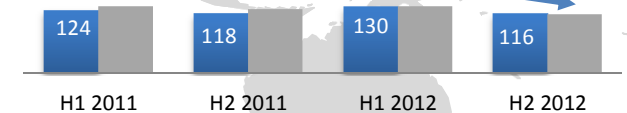


## Middle East / Africa:

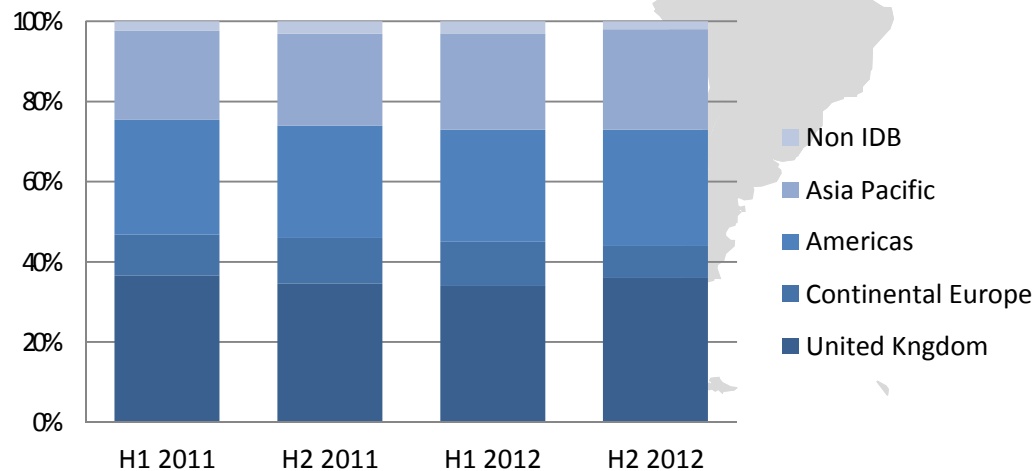
UAE, Israel, South Africa

Revenue (IDB only) in mCHF

- At current rates
- At constant 2012 rates



In % of consolidated revenue

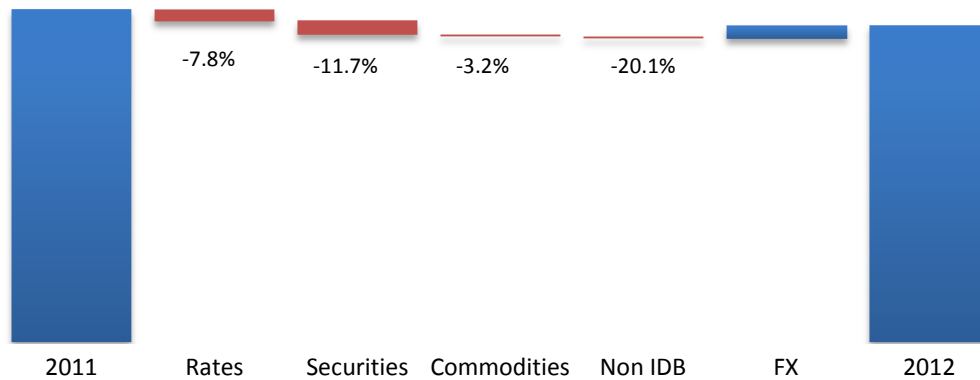


## Asia-Pacific :

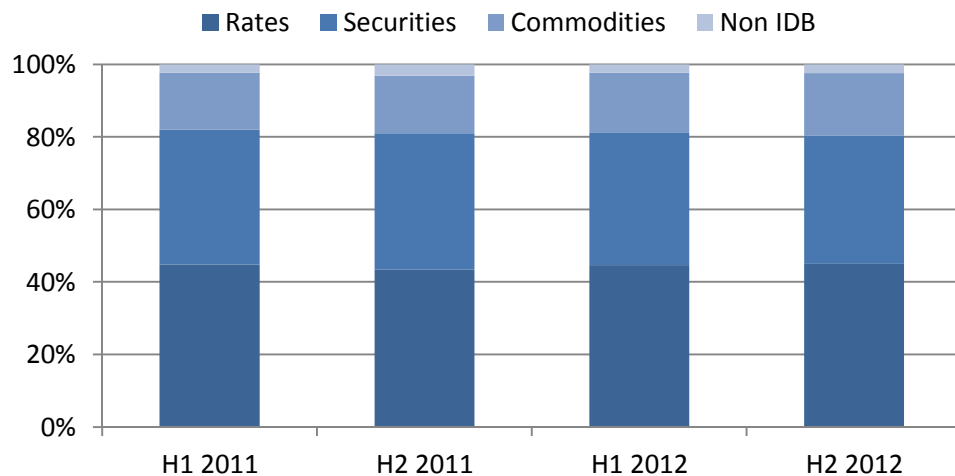
Japan, China Mainland, China Hong Kong, India, Malaysia, Singapore, South Korea, Australia, Philippines, Thailand, Indonesia

# Revenue by asset classes

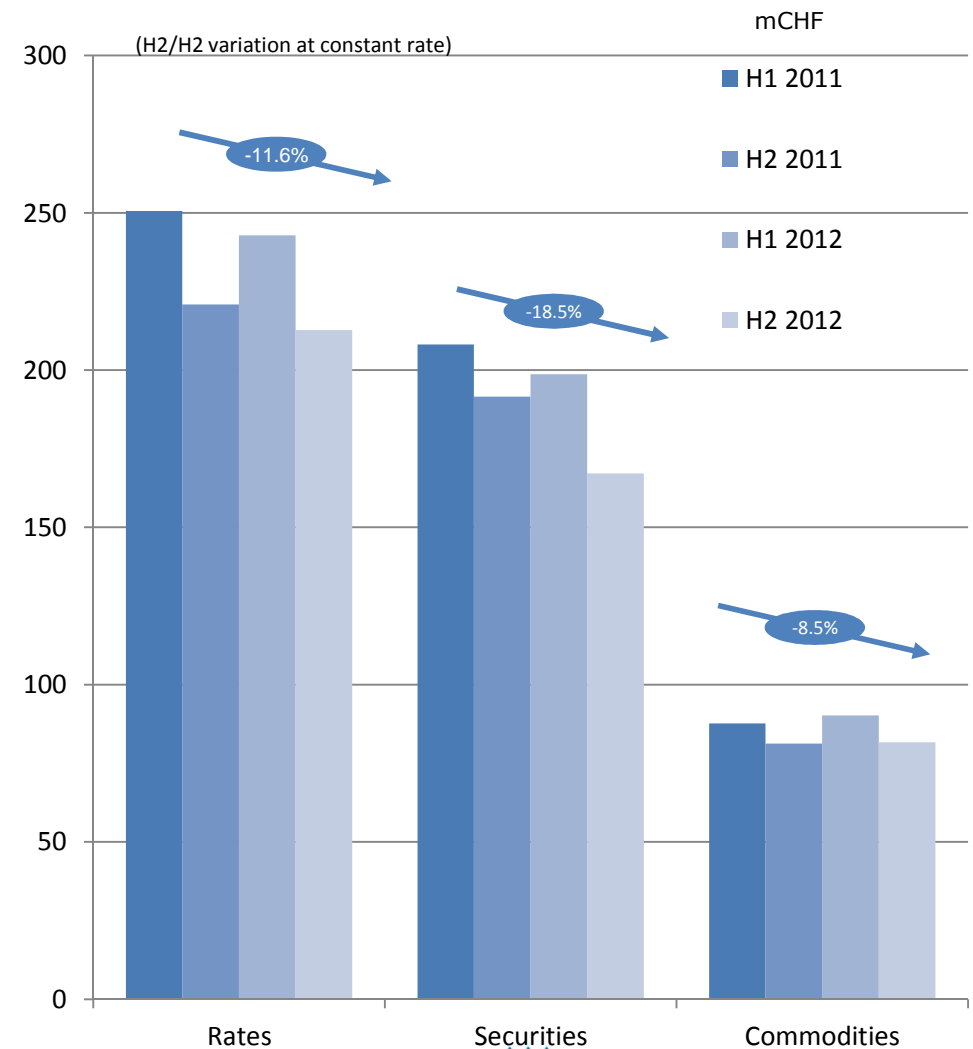
## Revenue bridge



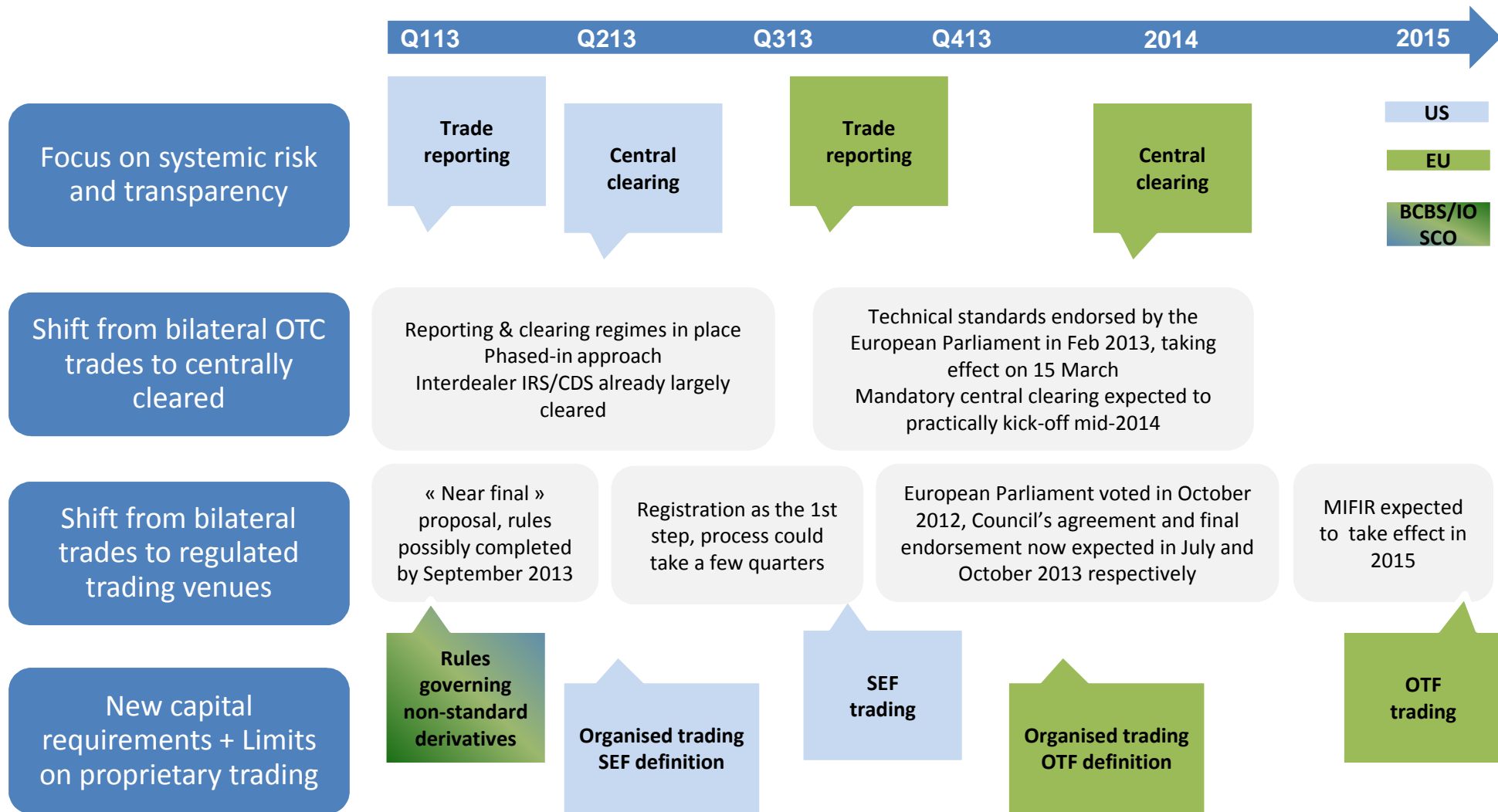
## Revenue breakdown



## IDB Revenue trend



# Regulatory reform in the final innings?



# Accelerated pace of launch of electronic initiatives since May 2011

## Tradition-Icap Volbroker

- Pioneer and long time global market leader in FX options
- CLOB, RFQ, Auction, Hybrid
- Further deployment in light of MIFIR, EMIR, DFA

## Trad – X

- IRS Euro: Live 1,5 year, revenue developing with marked improvement in towards end of 2012
- Largest number of streaming participants producing an average of 1.6bn message volume per day
- CLOB, Auction service, Hybrid, Implied message generation
- Positive impact on existing business with increased voice volumes
- IRS USD: Launched in February 2013

## ParFX

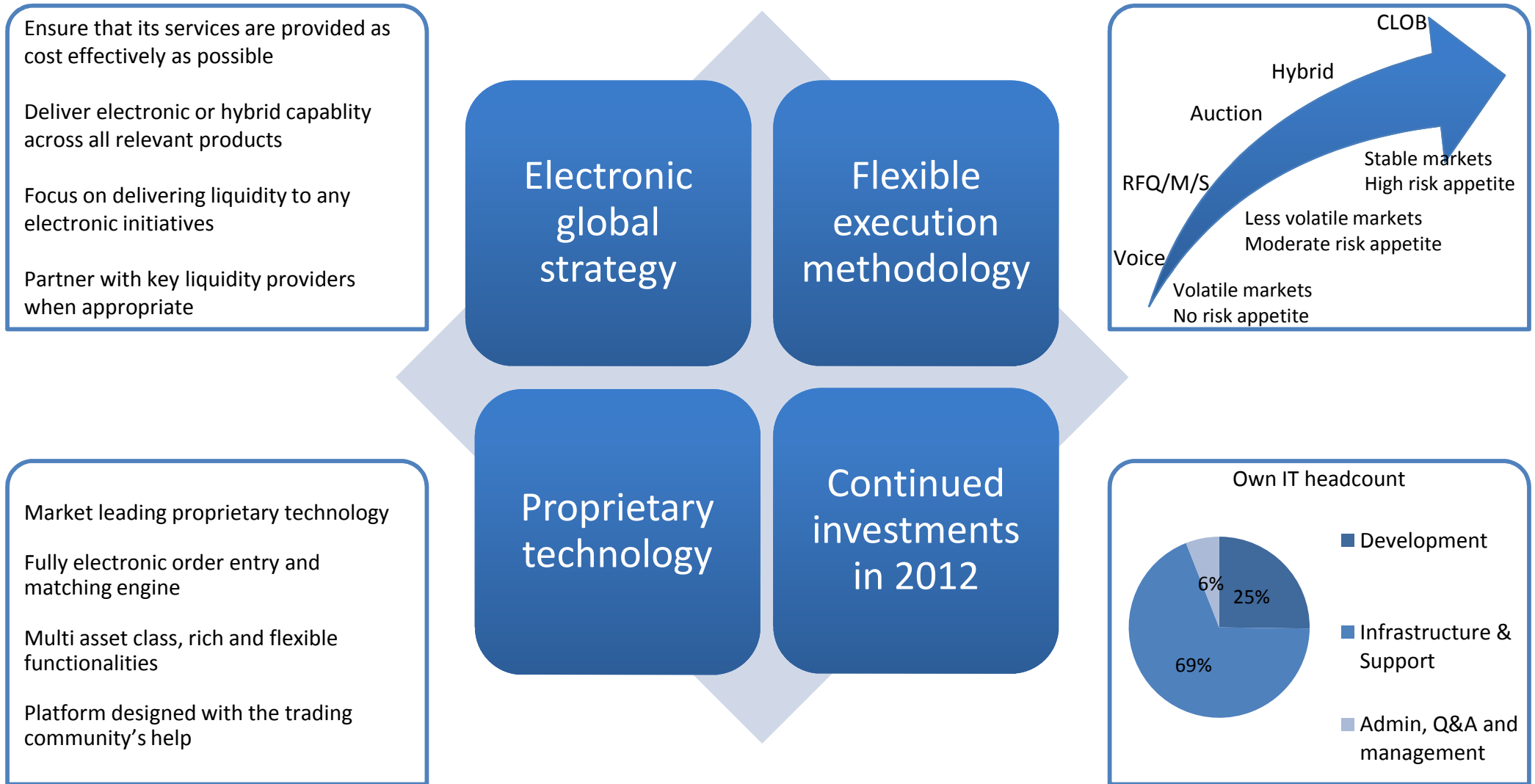
- Testing phase in process, senior management on board, numerous bank partners
- CLOB
- New totally electronically traded asset class for the Group with high volumes expected
- Bank of Tokyo Mitsubishi UFJ and Nomura Securities joined an existing group of nine founder members – Barclays, BNP Paribas, Deutsche Bank, Morgan Stanley, Royal Bank of Canada, SEB, Standard Chartered, State Street and UBS

## Projects' pipeline

- Further developments for Tradition-Icap Volbroker and Trad-X
- Demo and business model closed to be finalised in other asset classes with innovative offerings



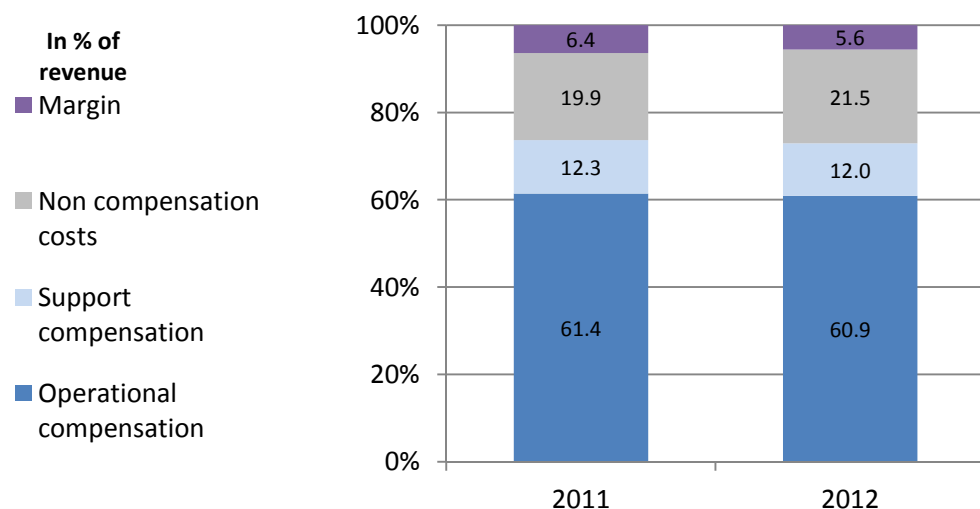
# Ongoing investments in distinctive technology



# Operating performance

M CHF	2012	2011	Var cst.	Var cur.
Net revenue	1,017.5	1,069.2	-8.8%	-4.8%
Net operating expenses	-972.6	-1,018.1	-8.5%	-4.5%
<b>Reported operating profit</b>	<b>44.9</b>	<b>51.1</b>	<b>-14.7%</b>	<b>-12.1%</b>
<i>Reported operating margin</i>	<i>4.4%</i>	<i>4.8%</i>		
Amortisation and impairment of intangibles	3.2	8.5		
Exceptional expenses	16.2	17.1		
Exceptional income	-4.7	-6.4		
<b>Net exceptional expenses</b>	<b>14.7</b>	<b>19.2</b>	<b>-30.2%</b>	<b>-23.4%</b>
<b>Underlying operating profit</b>	<b>59.6</b>	<b>70.3</b>	<b>-19.0%</b>	<b>-15.2%</b>
<i>Underlying operating margin</i>	<i>5.9%</i>	<i>6.6%</i>		

## Underlying IDB operating ratios

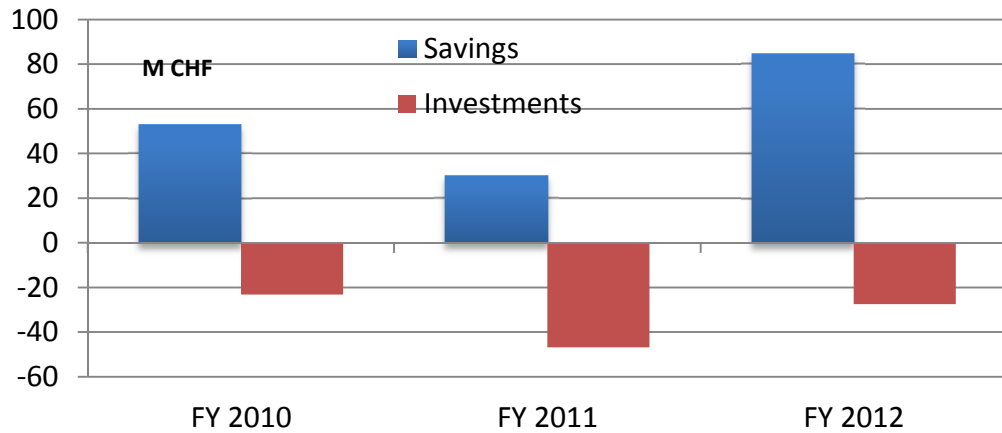


## Other IDB KPIs

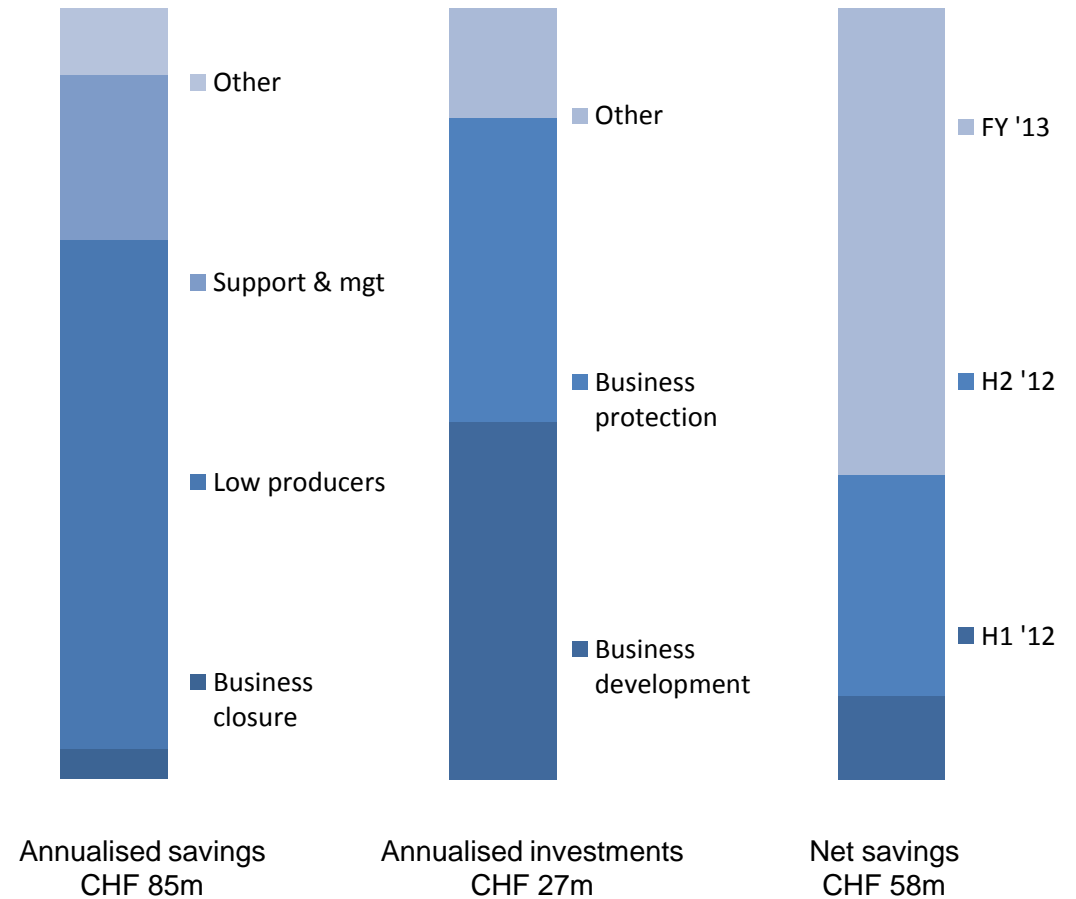
	2012	2011
Broker headcount	1 394	1 499
Average broker productivity (CHF)	593k	616k
Broker variable on total compensation	40%	43%
Support headcount	911	938
<i>Of which other front office support</i>	<i>233</i>	<i>227</i>

# Savings and investments update

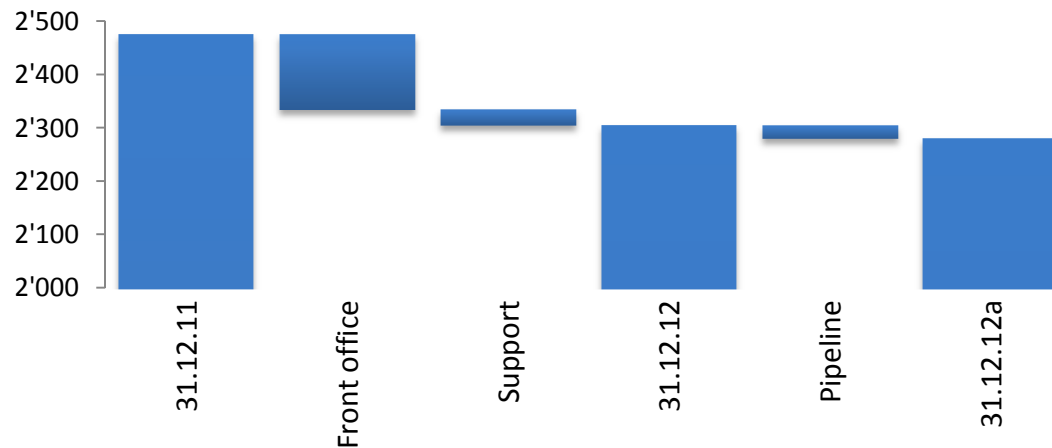
## Track record



## Savings and investments breakdown



## Headcount evolution



# Net profit – Group share

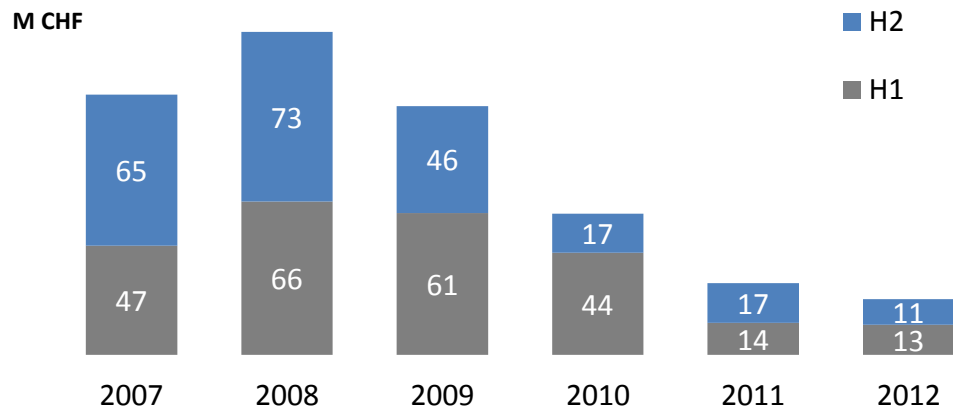
M CHF	2012	2011	Var cst.	Var cur.
<b>Reported operating profit</b>	<b>44.9</b>	<b>51.1</b>	<b>-14.7%</b>	<b>-12.1%</b>
Net financial result	-2.2	-5.8		
Share of profit of associates	0.3	-0.1		
<b>Profit before tax</b>	<b>43.0</b>	<b>45.2</b>	<b>-7.8%</b>	<b>-4.7%</b>
Income tax	-18.9	-18.6	-2.2%	1.5%
<i>Underlying effective tax rate</i>	47%	47%		
<b>Net profit for the period</b>	<b>24.2</b>	<b>26.6</b>	<b>-11.7%</b>	<b>-9.1%</b>
<b>Net profit - Group share</b>	<b>19.1</b>	<b>20.9</b>	<b>-10.7%</b>	<b>-8.5%</b>

Of which Net Financial result as follows:

M CHF	2012	2011	Var cst.	Var cur.
Interest income	2.0	2.2		
Gains/losses on financial assets at fair value	1.2	-0.7		
Interest expense	-3.9	-3.6		
Net exchange losses	-1.5	-4.1		
Other financial (expense)/income	0.0	0.4		
<b>Net financial result</b>	<b>-2.2</b>	<b>-5.8</b>	<b>62.9%</b>	<b>63.6%</b>

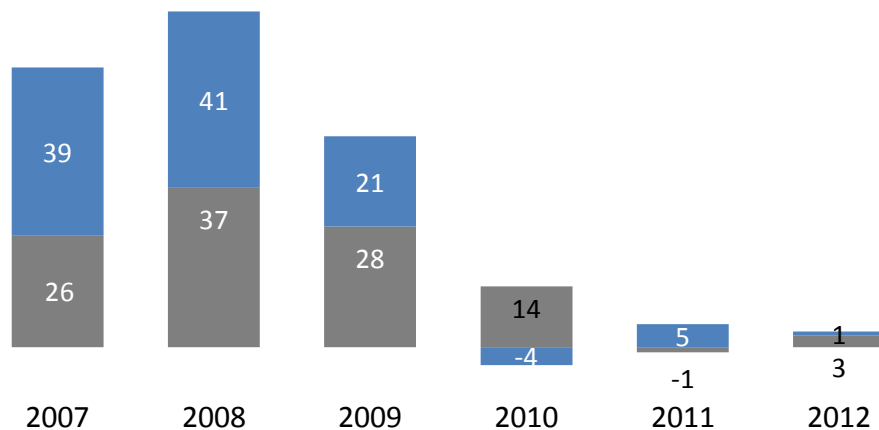
# Non IDB business performance

## Gaitame's revenue – Pro Forma<sup>1</sup>



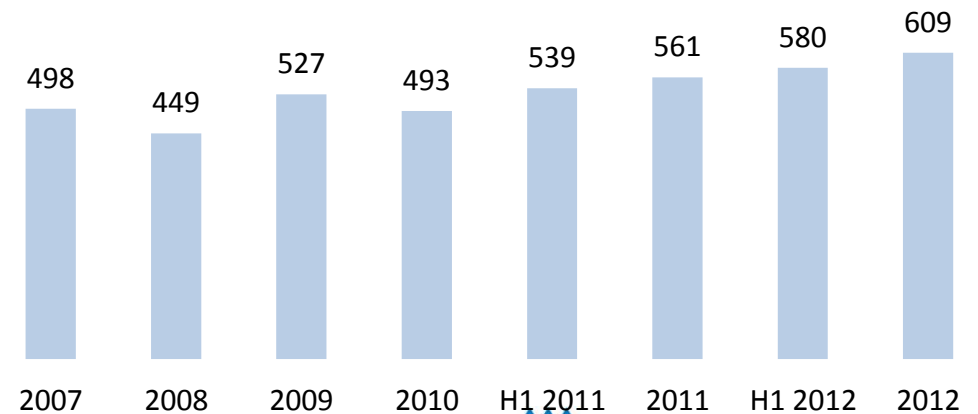
- Revenue down 20.2% with a pick up in activity toward the fourth quarter
- Underlying profit in line with last year
- Client deposit continue to increase

## Gaitame's underlying operating profit – Pro Forma<sup>1</sup>



## Gaitame's clients deposits – Pro Forma<sup>1</sup>

As at end of period  
M CHF

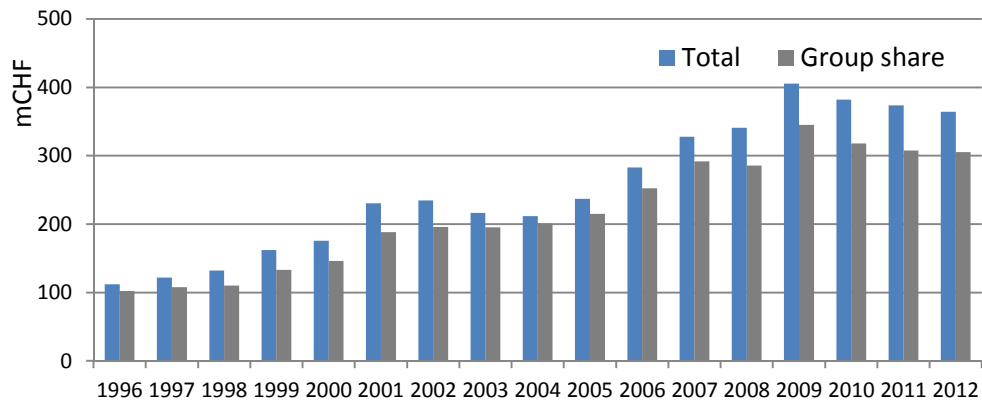


# Simplified balance sheet

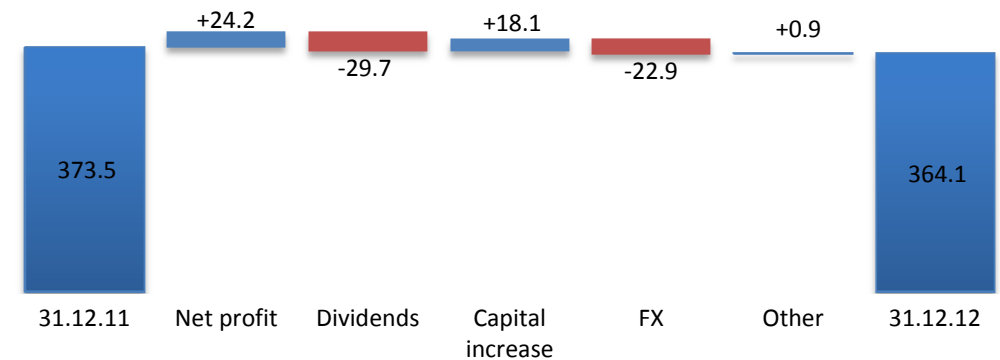
M CHF	Assets		M CHF	Liabilities	
	31.12.12	31.12.11		31.12.12	31.12.11
Property, Plant & Equipment	26.9	30.4	Capital	16.2	15.4
Intangible assets	72.3	77.3	Share premium	47.9	55.6
Investments in associates	39.8	40.3	Treasury shares	-6.5	-6.1
Available-for-sale financial assets (AFS)	7.2	8.9	Currency translation	-106.3	-90.7
Unavailable cash	49.9	34.0	Consolidated reserves	354.3	333.2
Other non-current assets	36.1	34.0	Minority interests	58.5	66.1
Non-current assets	232.2	224.9	Equity	364.1	373.5
Receivables related to MP activities	283.8	50.5	Non-current liabilities	32.6	43.9
Receivables related to AH activities	627.6	655.3	Short term financial debts	151.2	149.0
Trade & other receivables	203.9	209.9	Payables related to MP activities	275.9	52.4
Financial assets at fair value and AFS	11.9	12.6	Payables related to AH activities	629.7	656.0
Cash & Cash equivalents	272.2	333.0	Trade & other payables	195.2	234.1
Other current assets	17.1	22.7	Current liabilities	1,252.0	1,091.5
Current assets	1,416.5	1,284.0	TOTAL EQUITY AND LIABILITIES	1,648.7	1,508.9
TOTAL ASSETS	1,648.7	1,508.9			

# Shareholders' equity and capital structure

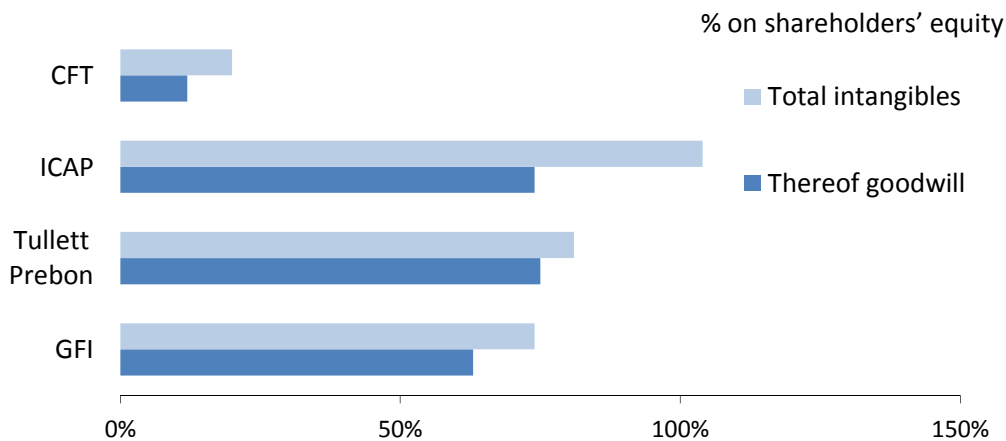
## Shareholders' equity trend



## Shareholders' equity bridge



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



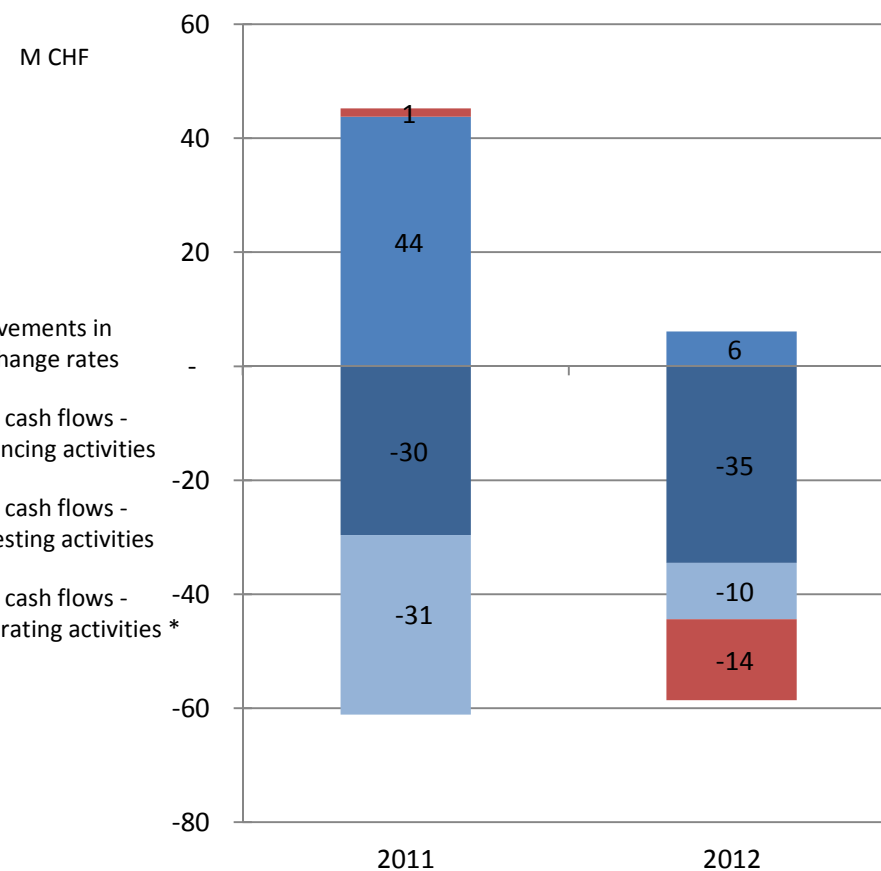
- Capital structure that reflects the Group organic growth strategy
- CFT goodwill represents only 12% of shareholders' equity

# Net cash position

## Adjusted net cash <sup>1)</sup>

<i>mCHF</i>	31.12.12	31.12.11
<b>Cash and cash equivalents</b>	<b>272.2</b>	<b>333.0</b>
Bank overdraft	-5.2	-5.1
Adjustments related to changes in AH & MP activities	+5.7	-2.7
<b>Adjusted gross cash for cash flow statement</b>	<b>272.7</b>	<b>325.2</b>
Financial assets at fair value and available-for-sale financial assets - current	11.9	12.6
<i>Less : non-current financial debts</i>	-0.1	-0.4
<i>Less : current financial debts*</i>	-146.0	-143.9
<b>Adjusted net cash at end of period</b>	<b>138.5</b>	<b>193.5</b>
<i>* Excluding bank overdrafts</i>		
<i>1) Non current – Non available cash excluded</i>	<b>49.9</b>	<b>34.0</b>

## Net cash flows



\* Adjusted from variation in MP activities



# Outlook

---

- Focus on technology and leverage on key electronic initiatives to deploy group electronic strategy
- Continue to reduce cost base while maintaining investments in technology
- Maintain consistent focus on sound balance sheet and capital position
- Shape tomorrow's IDB industry
- Take advantage of regulatory evolution in the US for growth opportunities

ONE

GLOBAL

FORCE

# Compagnie Financière Tradition SA

## FY 2012 result presentation

March 2013 - Zurich