

Results for the 2006 business year

## **Swissquote turns in another record result**

**2006 saw Swissquote significantly exceed the previous year's record figures: revenues jumped by 60 percent to CHF 74.7 million, while net profit soared by 149 percent to CHF 36.5 million. Client numbers increased by 31 percent to 64,067 and client assets grew by 50 percent to CHF 4.5 billion on an inflow of new funds amounting to just under CHF 1 billion. Swissquote also expects an inflow of new funds of at least CHF 1 billion in 2007, and by the end of the current year the number of clients should rise to 80,000.**

### **15,000 new clients, 60 percent revenue growth**

The higher-than-average 60.3 percent revenue growth is partly attributable to last year's excellent stock market environment and partly to the sharp rise in client numbers. This rise is a result of a mix of actions taken and success factors: targeted marketing and sponsorship activities, a continual increase in name recognition, the ongoing expansion of services and product range, and a strong showing in all comparative tests of online trading in Switzerland. The number of clients increased by 15,010, or 30.6 percent, which was significantly more than the 20 to 25 percent predicted. This growth – coupled with the fact that the high net worth clients segment is growing twice as fast as the other client segments – led to a net inflow of CHF 0.96 billion in new funds and a 50.4 percent increase in client assets to CHF 4.49 billion. At CHF 0.96 billion, the inflow of new funds was 87.7 percent higher than the previous year. Average customer assets under management rose by 15.2 percent to CHF 70,100.

### **Higher productivity led to a net profit margin of 49 percent**

In 2006, revenues rose by CHF 28.1 million year-on-year to CHF 74.7 million, whereas operating expenses (including the marketing spend) increased by just CHF 6.0 million to CHF 36.6 million. This lifted EBITDA by 138.5 percent to CHF 38.1 million, translating into an EBITDA margin of 51 percent. Net profit grew by 148.8 percent to CHF 36.5 million, and the net profit margin reached 48.9 percent. Productivity increased significantly in 2006, with revenues per client up by 25.5 percent to CHF 1,322 (2005: CHF 1,053), while costs per customer decreased by 6.4 percent to CHF 648 (CHF 692). Non-commission revenues (interest, trading, platform) rose by 89.9 percent to CHF 22.6 million (CHF 11.9 million).



### **Best quarter in Swissquote's history**

In the fourth quarter of 2006, Swissquote achieved its best results ever. At CHF 21.1 million, revenues were up 26.9 percent on the previous quarter, EBITDA rose by 47.2 percent to CHF 11.5 million, and net profit jumped by 50.1 percent to CHF 11.0 million. Client numbers rose by 4,036 (6.7 percent) and client assets grew by CHF 0.6 billion (+14.5 percent).

### **New jobs created, new premises in western Switzerland**

Swissquote's strong growth is also reflected on the personnel front, with the number of employees up 23 percent in 2006 to 156 (127). Roughly two thirds of the workforce are based at the head office in Gland in western Switzerland, while the remainder are based in Zurich's Glattzentrum, where all client related services are located, including the customer care centre and sales trading desk, along with the sales and marketing departments. The increase in the headcount is also having a direct impact on the office space requirements: a new building currently under construction in Gland will provide 250 workplaces, with staff due to move in this summer. CHF 16 million has been invested in the functional building which meets the highest safety standards. To keep up with the strong growth, 2007 will see a further increase in staff numbers, with the creation of another 40 jobs.

### **Distribution of profits to shareholders and share split**

In light of the successful 2006 annual result and the 39.6 percent increase in shareholders' equity to CHF 93.5 million (CHF 67 million), the Board of Directors will propose that the General Meeting of Swissquote Group Holding AG on 25 April 2007 make a further distribution to shareholders in the form of a capital reduction of CHF 3 per share and a dividend of CHF 2 per share. In addition, with a view to improving the liquidity of Swissquote's stocks, the Board of Directors will also be proposing a 10 for 1 split in the company's shares.

### **System expansion, new services, client growth**

In 2007, Swissquote will press ahead with the expansion of the banking systems and the information platform in order to meet the technical requirements stemming from the increase in client numbers, which are expected to continue to grow strongly in the future. Various new service offerings are also in preparation, including in the area of online wealth management. In 2007, Swissquote will be expanding its successful Swissquote Box partnership with Swisscom, in place for more than a year now. Available at all of Swisscom's ninety shops, the Swissquote Box is a kit containing everything that new clients need to open an online account without having to go through a time-consuming procedure. Swissquote's sponsorship commitment with Swiss Television (SF-Börse), which commenced last autumn, has been extended until autumn 2008.



Fully electronic trading on the Eurex futures exchange is to go live before the end of the first quarter of 2007. Swissquote's CEO Marc Bürki had this to say on the future outlook: "For 2007, we are once again expecting an inflow of new funds of at least CHF 1 billion, and an increase in clients to around 80,000. This year too, we intend to grow our business aggressively with key investments in the development of new services and in targeted marketing activities."

### **Annual Report 2006**

The complete 2006 Annual Report is available on:

<http://www.swissquote.ch> – THE COMPANY/Investor Relations/Reporting

#### ***Swissquote – Swiss leader in online trading***

*Swissquote has 160 employees in Gland (Vaud) and Wallisellen (Zurich). Swissquote is the Swiss leader in online trading. In addition to low-cost stock market access and a trading platform for portfolio managers, Swissquote also offers a wide range of financial and online wealth management tools. Swissquote Group Holding AG shares (SQN) are quoted on the SWX.*

### **For further information**

Marc Bürki, CEO Swissquote Bank, Route des Avouillons 16, CH-1196 Gland

Phone +41 22 999 98 50, fax +41 22 999 94 54, mobile +41 79 413 41 45

[marc.burki@swissquote.ch](mailto:marc.burki@swissquote.ch)

### **Calendar of events in 2007**

- 25.04.2007 Annual General Meeting in Zurich
- 25.04.2007 Publication of Q1 2007 figures (via conference call)
- 27.07.2007 Publication of H1 2007 figures in Zurich (SWX)
- 26.10.2007 Publication of figures for the first nine months of 2007 (via conference call)

**Key figures 2006**

CHF'000	Comparison with Previous Year				Comparison with Previous Quarter			
	2006	2005	Change	Change [%]	Q4-2006	Q3-2006	Change	Change [%]
Net Fee & Commission Income	52'112.3	34'744.9	17'367.4	50.0%	13'875.5	10'558.7	3'316.8	31.4%
Interest Spread	12'756.2	5'357.7	7'398.5	138.1%	4'109.4	3'740.1	369.3	9.9%
Trading Results	6'180.3	3'979.7	2'200.6	55.3%	2'115.3	1'204.8	910.5	75.6%
Other Income	3'698.5	2'545.8	1'152.7	45.3%	1'034.3	1'150.1	(115.8)	-10.1%
<b>Total Net Revenues</b>	<b>74'747.3</b>	<b>46'628.1</b>	28'119.2	60.3%	<b>21'134.5</b>	<b>16'653.7</b>	4'480.8	26.9%
Operating Expenses	(29'863.2)	(25'797.0)	(4'066.2)	15.8%	(7'718.4)	(7'295.4)	(423.0)	5.8%
Marketing Expenses	(6'775.1)	(4'849.5)	(1'925.6)	39.7%	(1'959.3)	(1'574.8)	(384.5)	24.4%
<b>EBITDA</b>	<b>38'109.0</b>	<b>15'981.6</b>	22'127.4	138.5%	<b>11'456.8</b>	<b>7'783.5</b>	3'673.3	47.2%
Depreciation	(3'316.2)	(2'988.6)	(327.6)	11.0%	(854.7)	(813.9)	(40.8)	5.0%
<b>Operating Profit <sup>(*)</sup></b>	<b>34'792.8</b>	<b>12'993.0</b>	21'799.8	167.8%	<b>10'602.1</b>	<b>6'969.6</b>	3'632.5	52.1%
Taxes <sup>(**)</sup>	1'736.0	1'690.0	46.0	2.7%	386.0	350.0	36.0	10.3%
<b>Net Profit</b>	<b>36'528.8</b>	<b>14'683.0</b>	21'845.8	148.8%	<b>10'988.1</b>	<b>7'319.6</b>	3'668.5	50.1%
EBITDA Margin	51.0%	34.3%			54.2%	46.7%		
Operating Profit Margin	46.5%	27.9%			50.2%	41.9%		
Net Profit Margin	48.9%	31.5%			52.0%	44.0%		
	<b>31.12.2006</b>	<b>31.12.2005</b>	Change	Change [%]	<b>31.12.2006</b>	<b>30.09.2006</b>	Change	Change [%]
Number of Clients	64'067	49'057	15'010	30.6%	64'067	60'031	4'036	6.7%
Increase of Clients in Period	15'010	9'526	5'484	57.6%	4'036	3'218	818	25.4%
Increase in %	30.6%	24.1%			6.7%	5.7%		
Assets under Custody <sup>1</sup>	4'492	2'986	1'506	50.4%	4'492	3'924	568	14.5%
Change [in Million CHF]	1'506	969			568	366		
Increase in %	50.4%	48.0%			14.5%	10.3%		
Net New Monies in Period [in Million CHF]	961.0	512.0	449.0	87.7%	245.0	225.0	20.0	8.9%
Equity [in Million CHF]	93.5	67.0	26.5	39.6%	93.5	82.3	11.2	13.6%
<b>Notes</b>								
(*) 2006: Excluding a CHF 3.0m reversal of goodwill								
(**) 2006: Amount, net of the expense of a CHF 3.0m relating to goodwill (IAS 12 paragraph 68)								