

Results for the first nine months of 2005

Strong growth from Swissquote – net profit doubled

Swissquote posted a record result in the 3rd quarter, achieving strong year-on-year gains in the first nine months of 2005: revenues rose by 24.1 percent to CHF 32.6 million, net profit doubled to CHF 9.3 million. The number of clients grew by 25.0 percent to 46,251 and client assets under custody increased by 37.8 percent to CHF 2.6 billion. Swissquote is reiterating its forecast of 25 percent growth in both the number of clients and the volume of client assets under custody for the 2005 financial year.

Sustainable growth

The steady growth witnessed by Swissquote is being largely driven by a continual increase in the number of clients, with quarterly rises in the region of 5 to 6 percent. The number of clients increased year-on-year by 9,242 to 46,251. Since stock market performance was comparable in the first nine months of both 2004 and 2005, each witnessing one strong quarter and two weaker quarters, the number of transactions per client per year was virtually on a par at 20 and 19 percent respectively. The 24.1 percent increase in revenues to CHF 32.6 million (CHF 26.2 million) therefore directly reflects the increase in the number of clients. This trend is also confirmed in the rise in client assets under custody, up 37.8 percent year-on-year to CHF 2.6 billion (CHF 1.9 billion) on a net inflow of new money of CHF 419 million. The 3rd quarter saw some record results thanks to a favourable market environment, with quarterly revenues in excess of CHF 12 million for the first time.

Solid earnings situation

Margins improved on the back of a significantly stronger increase in earnings compared with operating costs. In the first nine months of 2005, EBITDA rose by 55.0 percent to CHF 10.3 million (CHF 6.6 million) compared with the corresponding year-earlier period, and net profit doubled, rising 97.1 percent to CHF 9.3 million (CHF 4.7 million). This translates into earnings margins of 31.6 percent (EBITDA) and 26.6 percent (net profit). The constant progress made in terms of productivity in the first nine months of 2005 is borne out by the figures for expenses and revenues per client: compared with the same period of 2004, annualized revenues per client remained stable at CHF 1,012 (CHF 1,030), while expenses per client for the same period decreased by 10 percent to CHF 696 (CHF 770).



New services

Swissquote launched its platform-based online bond trading service at the beginning of September. The offering covers more than 9,000 bonds from 90 countries in 17 different currencies. The new service is actively used by larger private clients in particular, to no small degree because of the reasonable transaction costs.

Plans to expand our Online Wealth Management services progressed to schedule in Q3 2005. The Value at Risk tool (a risk and earnings indicator) has been upgraded with further functionalities. It originally went live this spring. Trade Signals, a new chart analysis tool which shows purchase and sale signals on individual securities in a portfolio, was released for use by clients several days ago. Sales of the Swissquote Box on offer at 90 Swisscom shops since the end of August have proven a success. Several hundred new clients grasped the opportunity to open an online account with Swissquote at one of the Swisscom shops without having to go through an otherwise time-consuming procedure. The buyer's identity is verified directly in the shop and client data is entered by the Swisscom sales advisor – within 24 hours the new client is ready to engage in online exchange trading.

Financial report for the 3rd quarter of 2005

The complete financial report for the first nine months of 2005 is available on:

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

Swissquote – Swiss leader in online trading

Swissquote has 125 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 special trading platform for portfolio managers, Swissquote also offers a wide range of online financial information tools. Swissquote Group Holding AG shares (SQN) are quoted on the SWX.

For further information

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Agenda 2005/2006

24.02.06 Balance sheet press conference Zurich (SWX)

15.03.06 Annual General Meeting in Zurich

Key figures : First 9 months 2005

2004-Q4 ⁴	% chge	2005-Q1	% chge	2005-Q2		2005-Q3	All Amounts in CHF'000	9m 2005		9m 2004 ⁴
8'030	25.9%	10'108	-0.9%	10'020	24.1%	12'431	Net Revenues	32'559	24.1%	26'243
(6'451)	10.8%	(7'149)	1.5%	(7'259)	8.7%	(7'892)	Operating Expenses	(22'300)	13.6%	(19'624)
1'579	87.4%	2'959	-6.7%	2'761	64.4%	4'539	EBITDA	10'259	55.0%	6'619
908	153.0%	2'297	-11.1%	2'043	83.2%	3'743	Operating Profit¹	8'083	70.9%	4'729
420		-		-		-	Extraordinary	-		-
1'328	89.5%	2'517	-2.7%	2'450	77.8%	4'356	Net Profit²	9'323	97.1%	4'729
							Amounts at End of Period			
39'531	5.1%	41'541	5.0%	43'609	6.1%	46'251	Number of Accounts	46'251	25.0%	37'009
2'017	11.3%	2'244	2.7%	2'304	13.4%	2'612	Assets under Custody³	2'612	37.8%	1'896
50'086	5.3%	52'757	4.8%	55'303	12.5%	62'195	Equity	62'195	29.2%	48'154

Notes

¹ Operating Profit excludes extraordinary items and taxes.

² Net profit includes extraordinary items and taxes. Since 1st January 2005, the Company is progressively releasing the provision for impairment of deferred tax assets on tax losses carried forward. The release of provision amounted to CHF 1.2m in 2005 (2004: nil).

³ Assets under Custody consist of cash and securities deposited by the customers [in Million CHF]

⁴ 2004 figures are restated in order to reflect IFRS 2 that came into force on 1 January 2005.