

ONE

GLOBAL

FORCE

Compagnie Financière Tradition SA

FY 2012 result presentation

March 2013 - Zurich

Global Leaders In Interdealer Broking

 **Tradition**

Executive summary

Market conditions

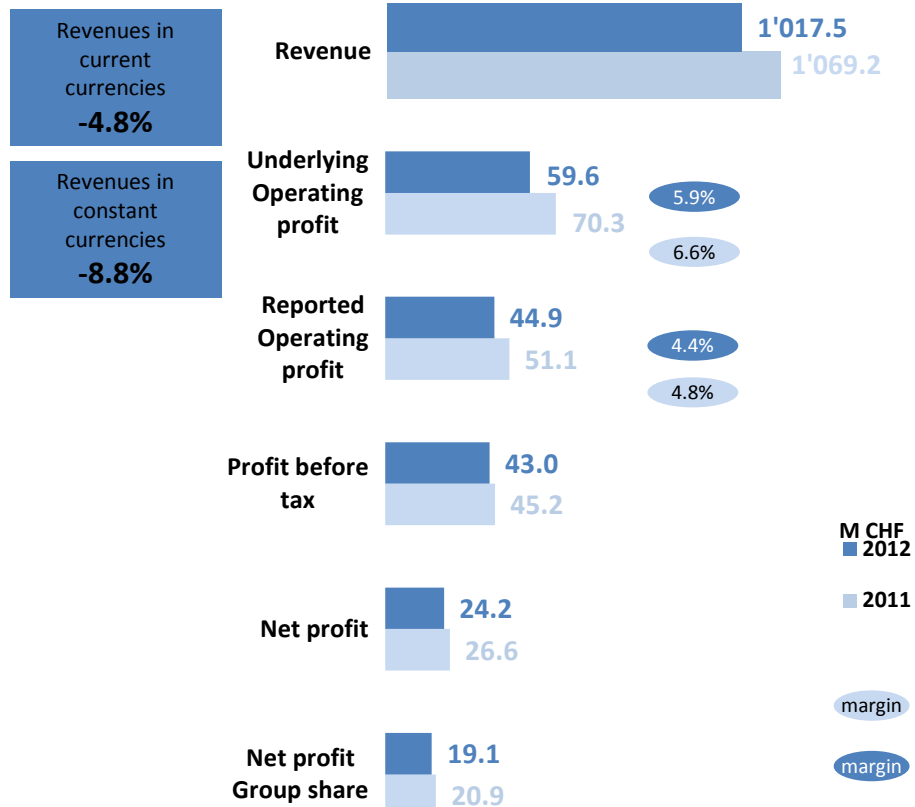
- Continuation of a period of adjustment to a new landscape for market participants in general and IDBs in particular
- Banks' business models evolving
- Regulatory uncertainty around the OTC derivative markets remain important
- Challenging market conditions through out the year

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

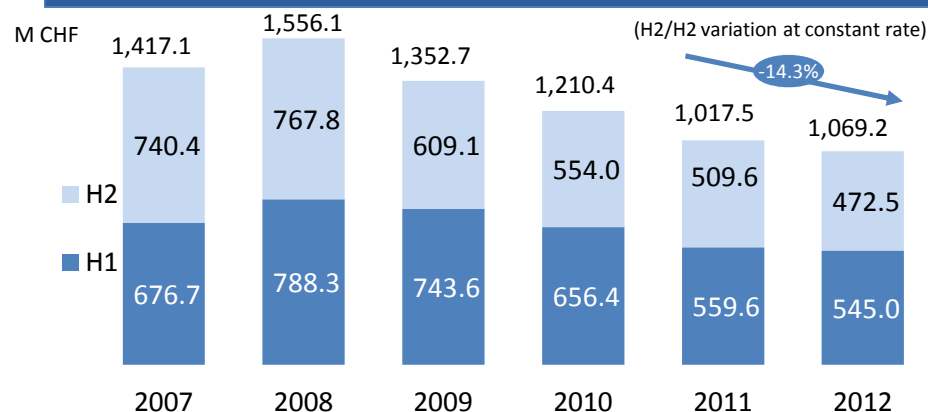


Results at a glance

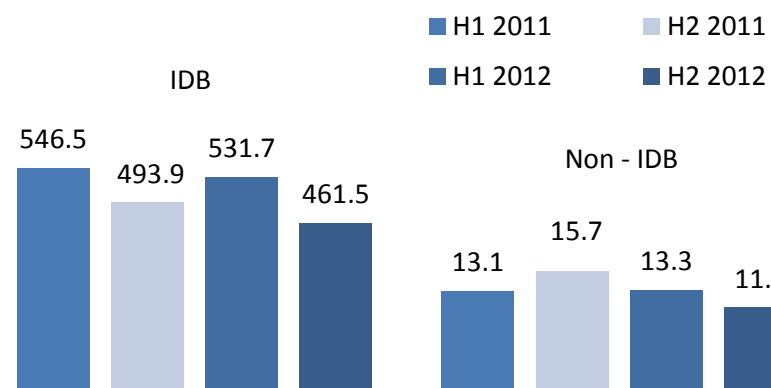
- Revenue down 8.8% in constant currencies including a decrease of 14.3% in the second half yoy
- Net exceptional costs for an amount of CHF 14.7m
 - Primarily severance and legal costs
- Underlying operating margin of 5.9%
- Net profit Group share at CHF 19.1m down 10.7%
- Continued investments in new 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

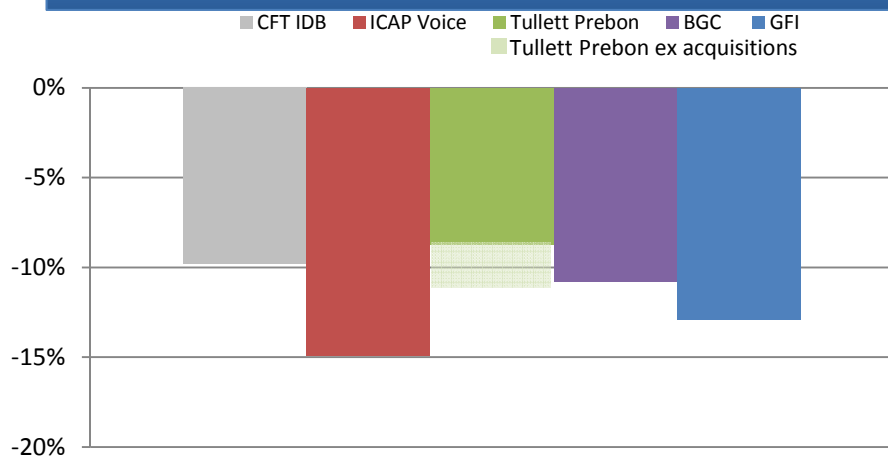
Half-yearly / yearly revenue trend



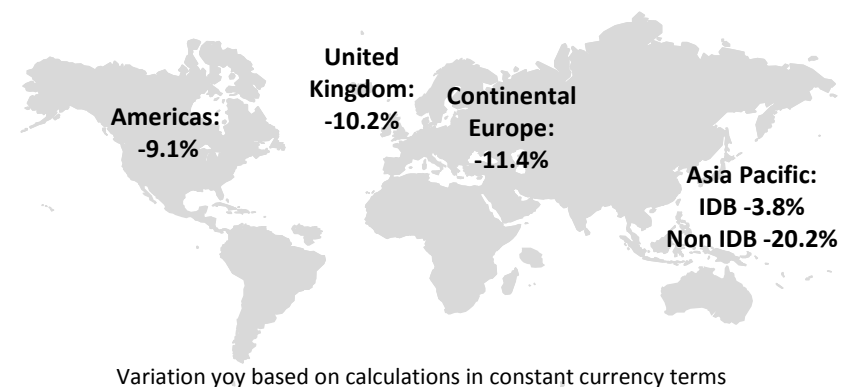
Half-yearly revenue trend by business



Peer group – YoY variation*



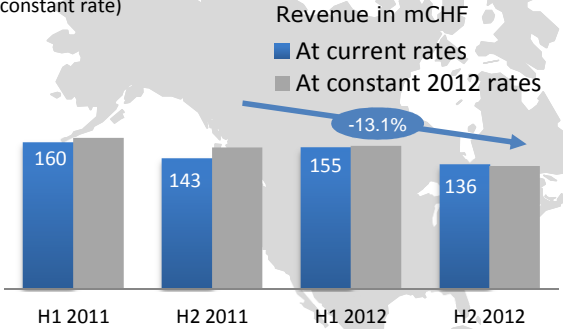
Revenue change by region



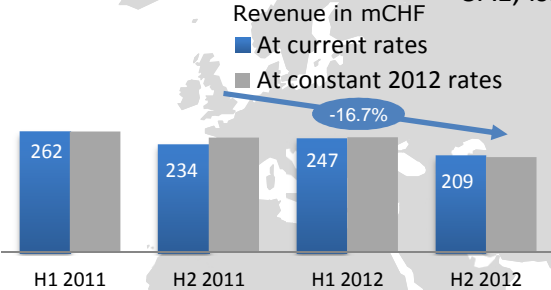
Revenue by region

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

(H2/H2 variation at constant rate)

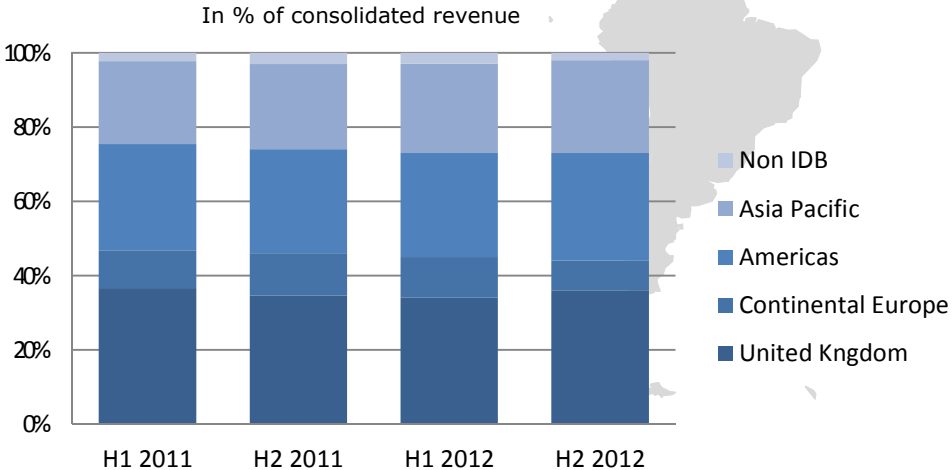
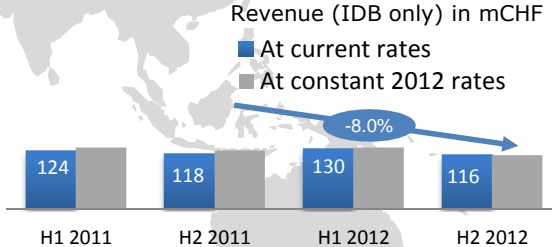


Europe:
UK, France, Belgium, Denmark, Germany, Italy, Luxembourg, Russia, Spain (Minority), Switzerland



Middle East / Africa:

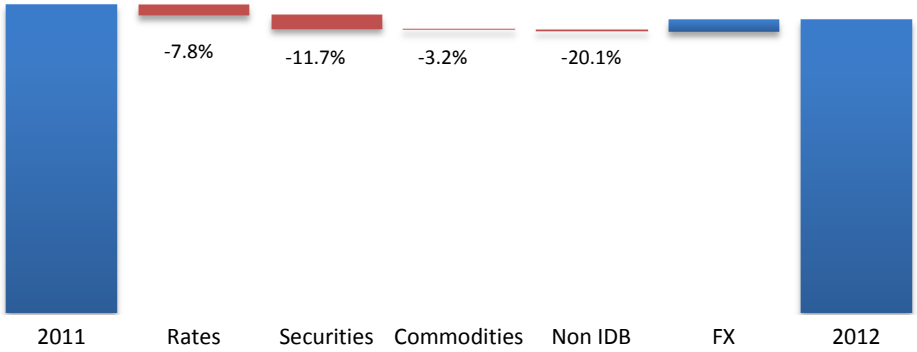
UAE, Israel, South Africa



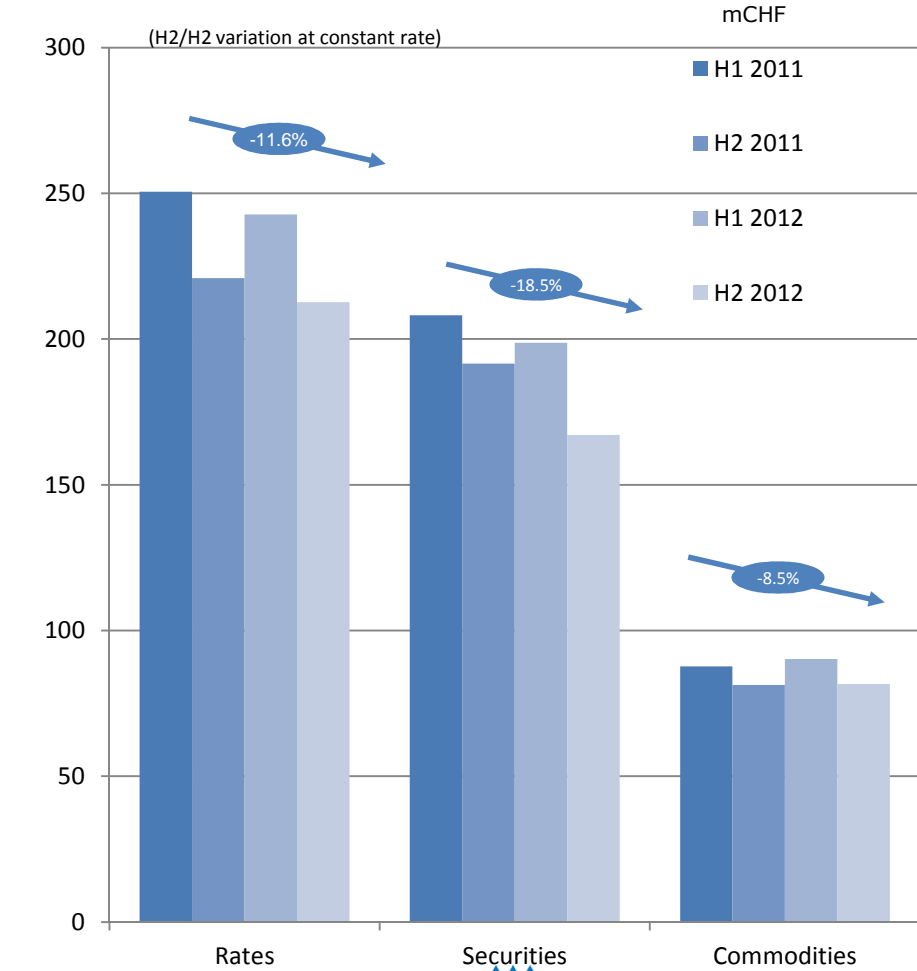
Asia-Pacific :
Japan, China Mainland, China Hong Kong, India, Malaysia, Singapore, South Korea, Australia, Philippines, Thailand, Indonesia

Revenue by asset classes

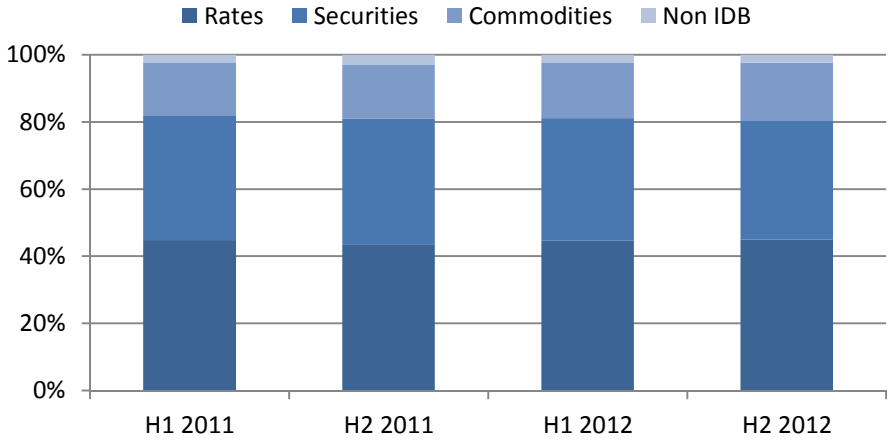
Revenue bridge



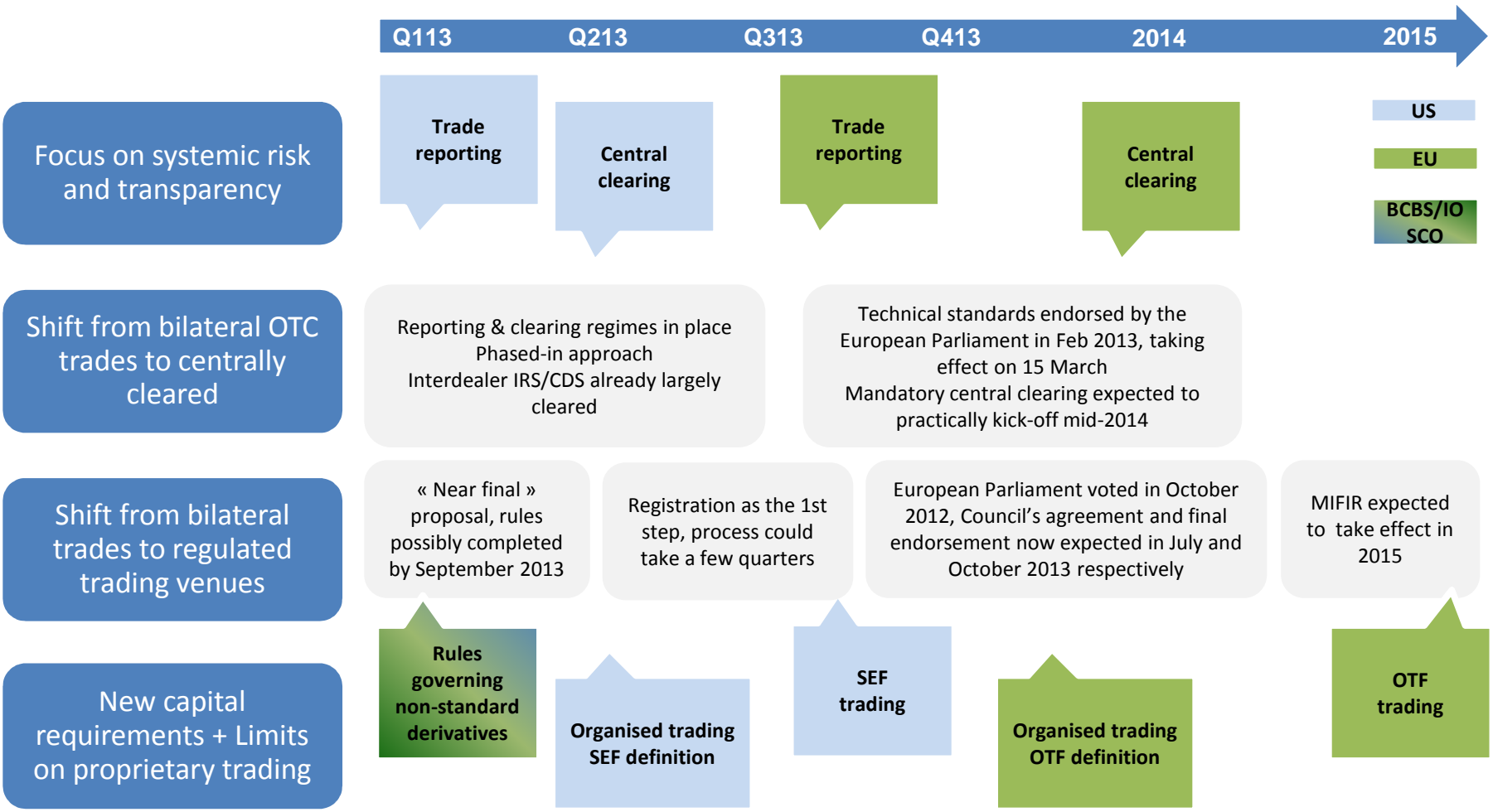
IDB Revenue trend



Revenue breakdown



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

Ensure that its services are provided as cost effectively as possible

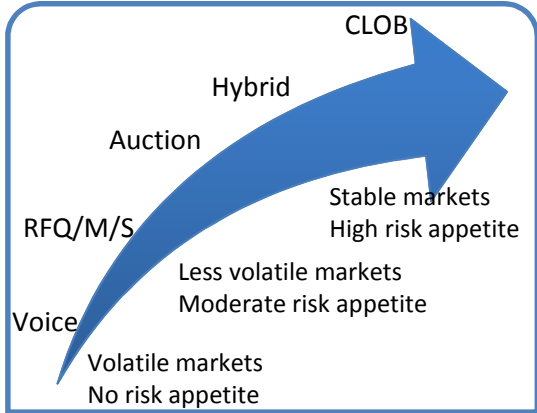
Deliver electronic or hybrid capability across all relevant products

Focus on delivering liquidity to any electronic initiatives

Partner with key liquidity providers when appropriate

Electronic global strategy

Flexible execution methodology



Market leading proprietary technology

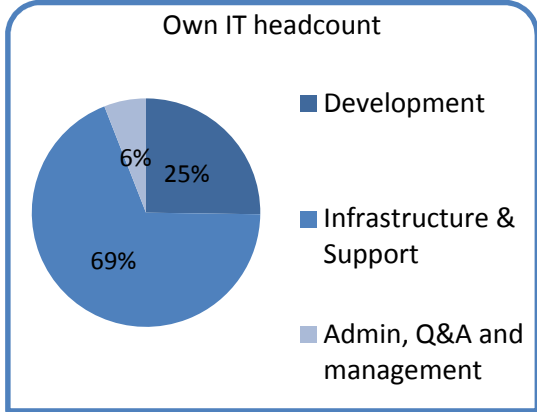
Fully electronic order entry and matching engine

Multi asset class, rich and flexible functionalities

Platform designed with the trading community's help

Proprietary technology

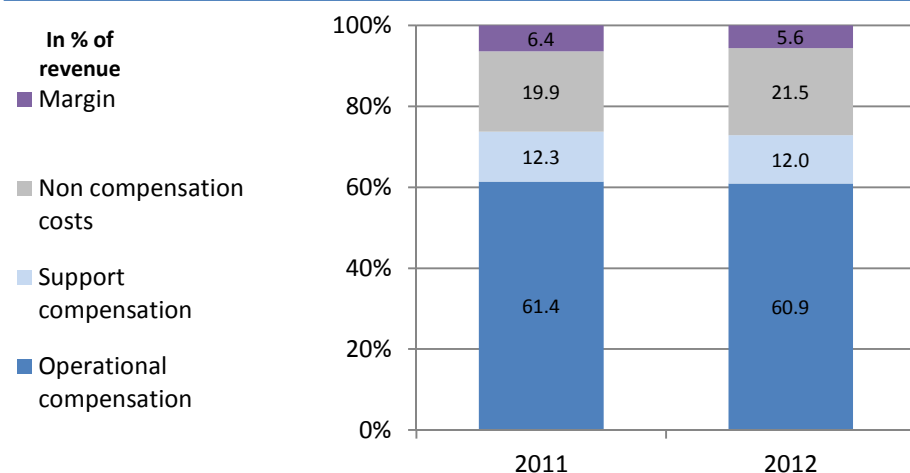
Continued investments in 2012



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%
Reported operating profit	44.9	51.1	-14.7%	-12.1%
<i>Reported operating margin</i>	4.4%	4.8%		
Amortisation and impairment of intangibles	3.2	8.5		
Exceptional expenses	16.2	17.1		
Exceptional income	-4.7	-6.4		
Net exceptional expenses	14.7	19.2	-30.2%	-23.4%
Underlying operating profit	59.6	70.3	-19.0%	-15.2%
<i>Underlying operating margin</i>	5.9%	6.6%		

Underlying IDB operating ratios

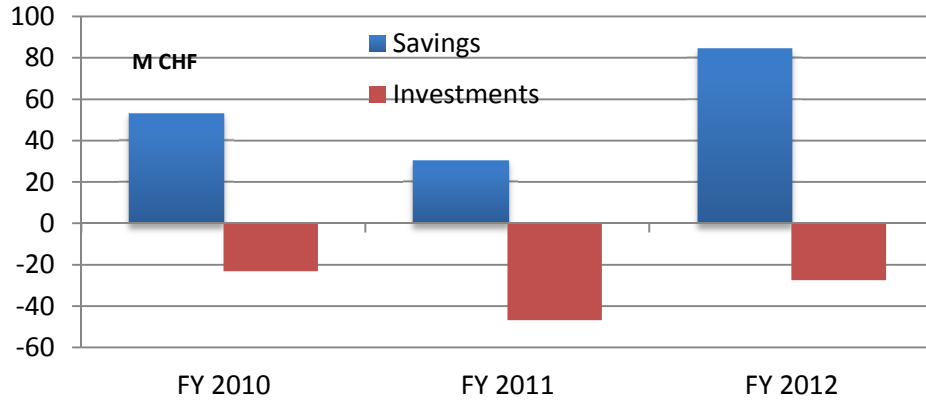


Other IDB KPIs

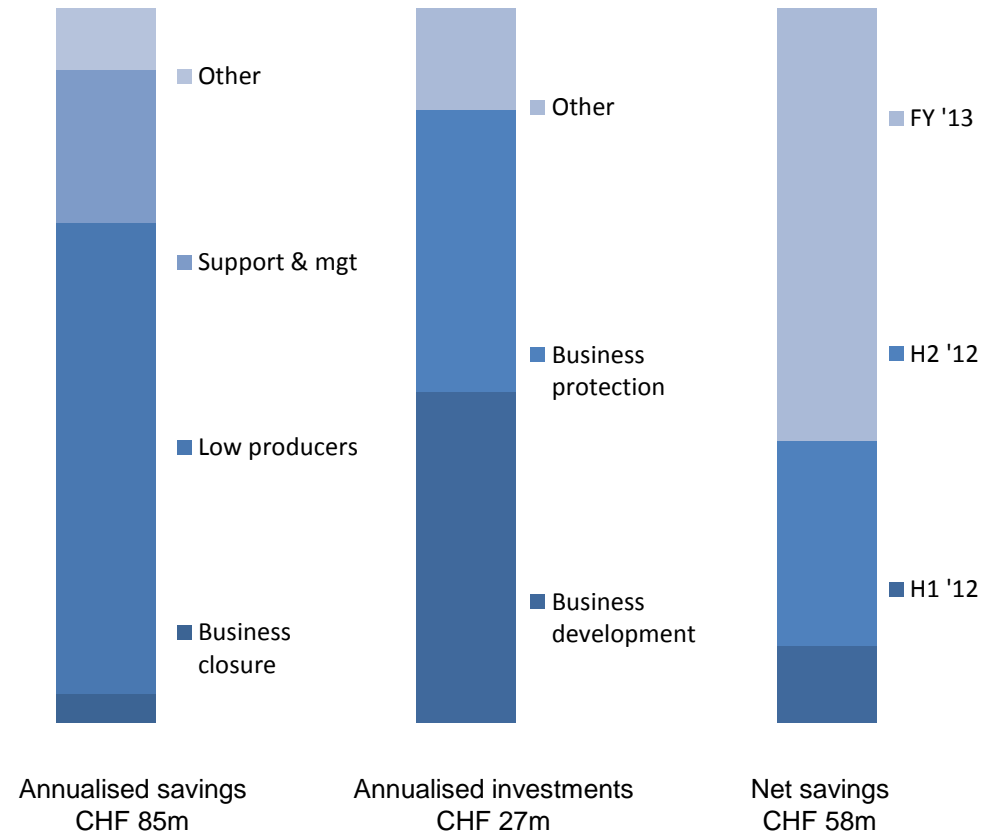
	2012	2011
Broker headcount	1 394	1 499
Average broker productivity (CHF)	593k	616k
Broker variable on total compensation	40%	43%
Support headcount	911	938
<i>Of which other front office support</i>	233	227

Savings and investments update

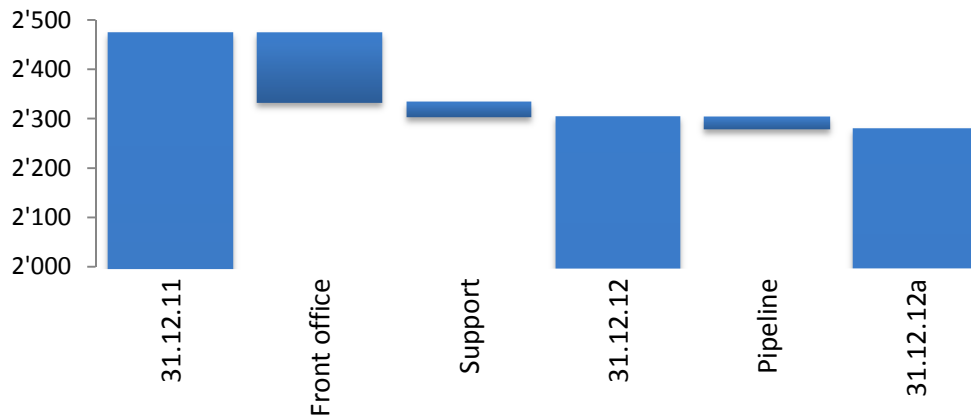
Track record



Savings and investments breakdown



Headcount evolution



Net profit – Group share

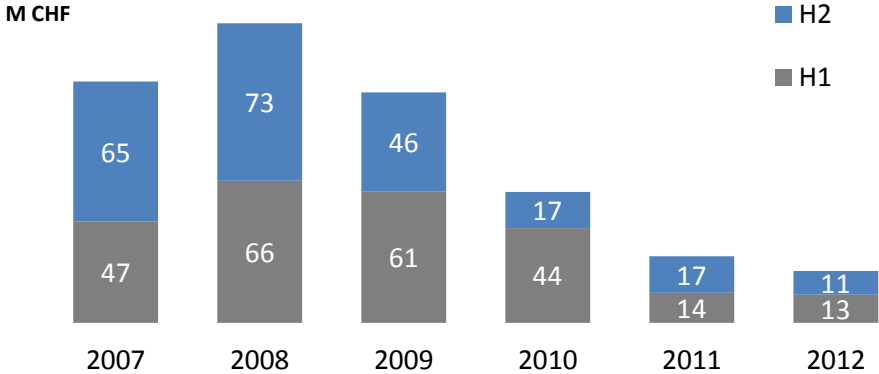
M CHF	2012	2011	Var cst.	Var cur.
Reported operating profit	44.9	51.1	-14.7%	-12.1%
Net financial result	-2.2	-5.8		
Share of profit of associates	0.3	-0.1		
Profit before tax	43.0	45.2	-7.8%	-4.7%
Income tax	-18.9	-18.6	-2.2%	1.5%
<i>Underlying effective tax rate</i>	<i>47%</i>	<i>47%</i>		
Net profit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

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		
Net financial result	-2.2	-5.8	62.9%	63.6%

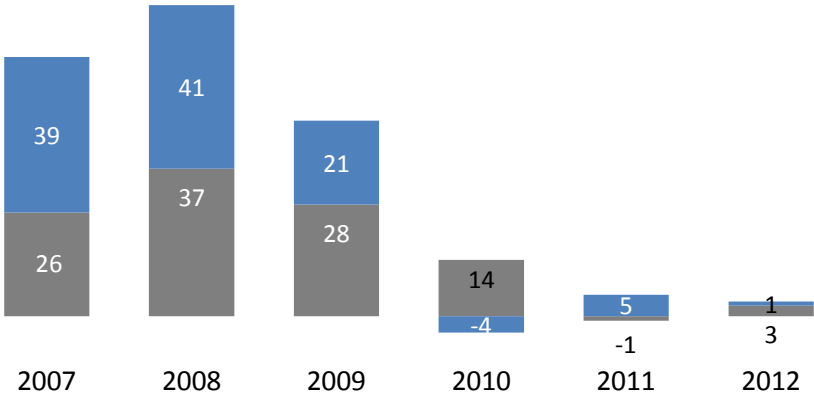
Non IDB business performance

Gaitame's revenue – Pro Forma¹

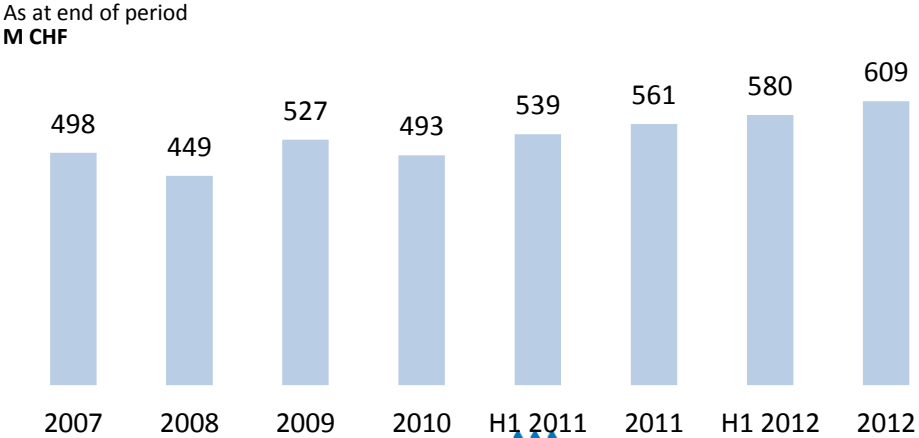


- Revenue down 20.2% with a pick up in activity toward the fourth quarter
- Underlying profit in line with last year
- Client deposit continue to increase

Gaitame's underlying operating profit – Pro Forma¹



Gaitame's clients deposits – Pro Forma¹

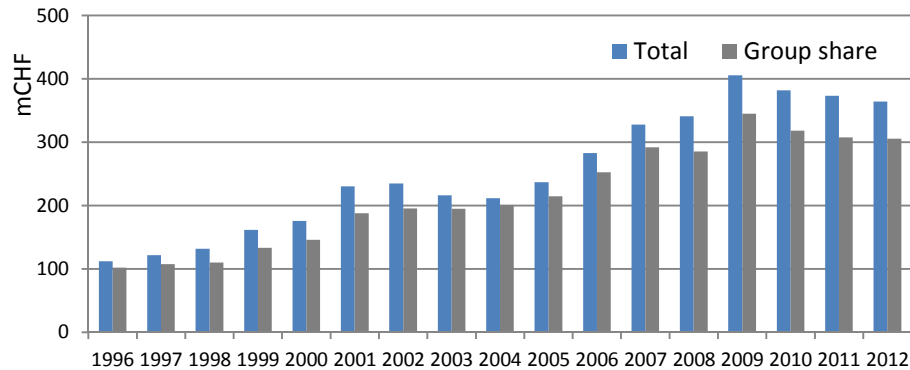


Simplified balance sheet

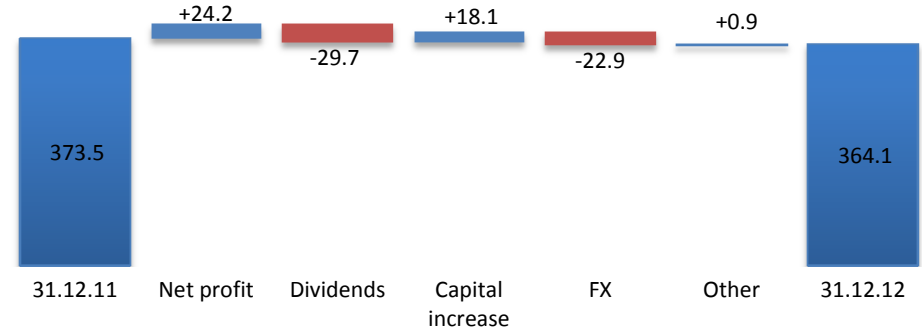
M CHF	Assets		M CHF	Liabilities	
	31.12.12	31.12.11		31.12.12	31.12.11
Property, Plant & Equipment	26.9	30.4	Capital	16.2	15.4
Intangible assets	72.3	77.3	Share premium	47.9	55.6
Investments in associates	39.8	40.3	Treasury shares	-6.5	-6.1
Available-for-sale financial assets (AFS)	7.2	8.9	Currency translation	-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

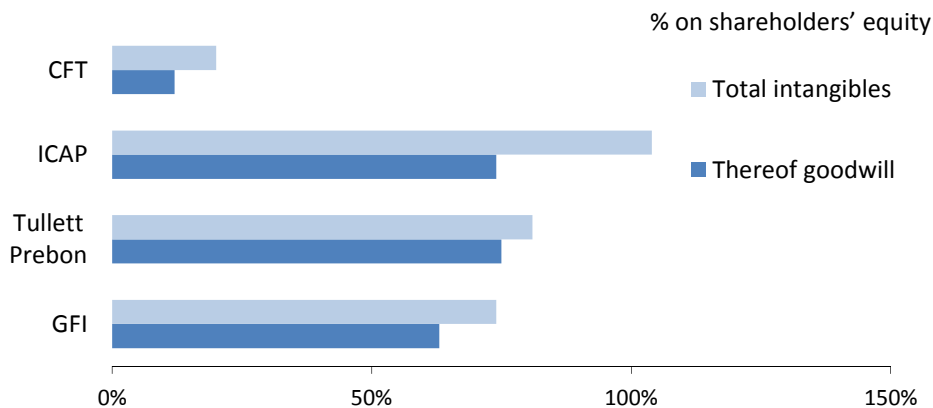
Shareholders' equity trend



Shareholders' equity bridge



Capital structure comparison¹



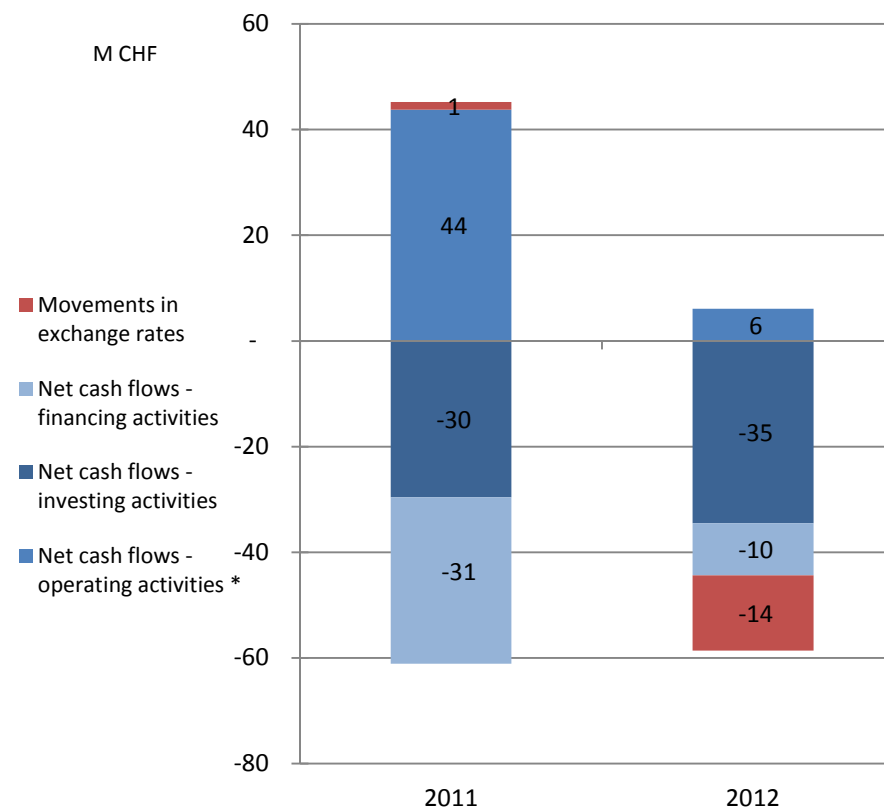
- Capital structure that reflects the Group organic growth strategy
- CFT goodwill represents only 12% of shareholders' equity

Net cash position

Adjusted net cash ¹⁾

<i>mCHF</i>	31.12.12	31.12.11
Cash and cash equivalents	272.2	333.0
Bank overdraft	-5.2	-5.1
Adjustments related to changes in AH & MP activities	+5.7	-2.7
Adjusted gross cash for cash flow statement	272.7	325.2
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
Adjusted net cash at end of period	138.5	193.5
<i>* Excluding bank overdrafts</i>		
<i>1) Non current – Non available cash excluded</i>	49.9	34.0

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

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