



Compagnie Financière Tradition

Growth of adjusted revenue by 12.5% in constant currencies to CHF 558.0m

Adjusted operating profit before exceptional items of CHF 75.5m

Net profit Group share up 50.0% to CHF 48.7m

CHF m	H1 2020	H1 2019	Variation in current currencies	Variation in constant currencies
Reported (IFRS)				
Revenue	512.8	474.3	+8.1%	+13.6%
Operating profit	58.1	39.5	+47.1%	+54.2%
Operating margin	11.3%	8.3%		
Profit before tax	60.9	45.9	+32.6%	+39.7%
Net profit Group share	48.7	34.2	+42.7%	+50.0%
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Adjusted*				
Revenue	558.0	520.5	+7.2%	+12.5%
Operating profit before exceptional items	75.5	57.4	+31.7%	+37.7%
Operating margin before exceptional items	13.5%	11.0%		

* with proportionate consolidation method for joint ventures ("Adjusted")

Overview

Business activities in the first half of 2020 took place against an unfolding health crisis caused by the COVID-19 pandemic, which generated increased volatility in the financial markets, particularly in March. The significant increase in activity volumes and the positive impact on the Group's revenues demonstrate, once again, the essential nature of Compagnie Financière Tradition's core business, which ensures global liquidity across the various asset classes, while optimising prices for its clients.

Faced with the COVID-19 outbreak, the Group has opted for a regional approach depending on the spread of the pandemic and national measures, prioritising both the health of its employees and maintaining services to clients. Global and progressive measures have been implemented in the different regions with massive recourse to teleworking or, for those working in offices, the requirement to respect social distancing between employees. The interdealer broking business (IDB) also benefited from efforts to recruit specialised brokers to reinforce our presence in a number of regions and asset classes.

Against this backdrop, adjusted consolidated revenue for the first six months reached CHF 558.0m compared with CHF 520.5m in the first half of 2019, a rise of 7.2% at current exchange rates, or 12.5% in constant currencies. Adjusted revenue from IDB business rose 12.8% in constant currencies to CHF 537.7m while the forex trading business for retail investors in Japan, Gaitame.com, was up 5.9% to CHF 20.3m.

Adjusted operating profit before exceptional items was CHF 75.5m against CHF 57.4m in the first half of 2019, a rise of 37.7% in constant currencies for an operating margin of 13.5% and 11.0% respectively. Exceptional costs represented CHF 5.6m against CHF 6.9m in the previous period.

Reported revenue and operating profit

The Group reported consolidated revenue (IFRS) of CHF 512.8m against CHF 474.3m in the first half of 2019, up 13.6% in constant currencies.

Reported operating profit was CHF 58.1m compared with CHF 39.5m in 2019, an increase of 54.2% in constant currencies for an operating margin of 11.3% against 8.3% in the previous period.

Net profit

Net financial expense was CHF 7.5m for the period compared with CHF 4.4m in the first half of 2019. Net foreign exchange results due to exchange rate fluctuations negatively impacted the Group's financial income and represented a loss of CHF 1.6m for the period against CHF 0.2m in 2019. Interest expense on bank borrowings and bonds, net of interest income from short-term cash investments, totalled CHF 4.3m against CHF 2.7m in the previous period. An additional interest expense of CHF 1.6m was recognised on lease liabilities in the first half of 2020 compared with CHF 1.5m in 2019.

The share in the results of associates and joint ventures was CHF 10.3m against CHF 10.8m in first-half 2019, down 1.6% in constant currencies.

The Group's tax expense amounted to CHF 9.4m against CHF 9.1m in first-half 2019 for an effective tax rate of 19% against 26% in the previous period.

Consolidated net profit was CHF 51.5m compared with CHF 36.8m in the first half of 2019 with a Group share of CHF 48.7m against CHF 34.2m in 2019, an increase of 50.0% at constant exchange rates.

Balance sheet

The Group maintained its focus on a sound balance sheet with a strong capital position while keeping a low level of intangible assets and a strong net cash position. Before deduction of treasury shares of CHF 17.4m, consolidated equity amounted to CHF 416.6m at 30 June 2020 with adjusted cash of CHF 222.9m, including Group share of net cash held by joint ventures.

At 30 June 2020, consolidated equity stood at CHF 399.2m (31 December 2019: CHF 416.5m) of which CHF 378.5m was attributable to shareholders of the parent (31 December 2019: CHF 396.9m). Total adjusted cash, including financial assets at fair value, net of financial debt, was CHF 119.5m at 30 June 2020 against CHF 77.4m at 31 December 2019.

Outlook

After a good first-half performance compared with the previous year, the Group experienced a slowdown in activity in August. Compagnie Financière Tradition will pursue its growth strategy whilst maintaining its focus on cost management.

Half year report

The 2020 half-year report of Compagnie Financière Tradition SA is now available on the Company's website at <http://tradition.com/financials/reports.aspx>

ABOUT COMPAGNIE FINANCIERE TRADITION SA

Compagnie Financière Tradition SA is one of the world's largest interdealer brokers in over-the-counter financial and commodity related products. Represented in 29 countries, Compagnie Financière Tradition SA employs more than 2,300 people globally and provides broking services for a complete range of financial products (money market products, bonds, interest rate, currency and credit derivatives, equities, equity derivatives, interest rate futures and index futures) and non-financial products (energy and environmental products, and precious metals). Compagnie Financière Tradition SA (CFT) is listed on the SIX Swiss Exchange.

For more information, please visit www.tradition.com.

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