

Swissquote's performance reflects stock market mood

The mood of uncertainty that has dominated the financial markets over the past year deepened considerably in the first half of 2001. Online trading throughout Europe was unable to buck this trend. The first-half results for the Swissquote Group, no. 3 in the Swiss market, reflect this poor stock market sentiment. Sales were down slightly year-on-year at CHF 6.3 million (CHF 7.0 million), though they were well below expectations. By contrast the net loss of CHF 9.1 million (CHF 0.02 million) was higher than projected. The unsatisfactory operating result has to be set against the company's sound financial base: as per 30 June 2001, the Swissquote Group's balance sheet showed shareholders' equity of CHF 62.3 million and net liquidity of CHF 62.5 million.

Swissquote does not anticipate a change in the stock market climate in the second half of the year so it has revised its expectations for 2001. It now expects the full-year figures to be double the half-year figures. In other words, it is projecting sales of CHF 13 million and a net loss of CHF 18 million. About two-thirds of the net loss comprises one-off expenses (start-up costs of approx. CHF 8 million for Swissquote Bank and expenses of around CHF 3 million for the French operations), so the net ordinary operating loss at year end will be around CHF 7 million.

Two cost-cutting measures - withdrawal from the French market and adjustment of the headcount at Marvel Communications AG to 50 - should pave the way for the Swissquote Group to break even in 2002. Swissquote is convinced that its two lines of business - online financial services (Swissquote Bank, Swissquote financial portal) and web intelligence (Marvel) - are well positioned to participate actively in the market upswing forecast for 2002.

Successful launch of Swissquote Bank

The main event in the first half of this year was the successful launch of Swissquote Bank on May 25. The banking platform, which was developed in-house, was within the budget set (CHF 20 million). Company employees will be responsible for maintenance and operation of this sophisticated technical platform. The transfer of accounts from Bank Rüd, Blass & Cie AG, which previously managed accounts for Swissquote's clients, to Swissquote Bank, is taking place on the planned scale, and the integration of BBtrade clients has been completed successfully. The number of clients rose 18% to 9,981 in the first six months, and the market share remained unchanged at 15% of SWX online trading. Sales did not expand despite the increase in clients because the number of transactions per customer declined. A similar trend has been observed in all European countries as a result of the prevailing uncertainty, especially among private investors. At Swissquote the number of transactions decreased from 60 per client p.a. in 2000 to 22 in the first half of 2001.



Since the end of July, Swissquote Bank has offered clients access to the entire range of European stocks offered on virt-x, which trades 400 European blue chips, in addition to the SWX. Clients will be provided access to the US stock markets and an attractive range of investment funds very soon. 51% of the shares in the bank are held by Swissquote Group Holding AG and 49% are held by Bank Rüd, Blass & Cie AG, a wholly owned subsidiary of Zurich Financial Services. Equity was CHF 29 million on June 30, 2001.

Switzerland's leading financial portal

The information provided by the financial portal www.swissquote.ch was extended further in the first half of the year. The portal maintained page views per month (about 60 million), the number of unique visitors and its share of the Swiss online advertising market (7%).

Withdrawal from the French Market

Despite a positive development with 10 million page views per month, the French financial portal will cease operating at the end of 2001 because continuation could only be justified by entering the online brokerage market. However, in the present market conditions Swissquote does not wish to dissipate its resources and will therefore be concentrating all its energy on expanding its operations in Switzerland.

Web-based services to be adjusted to market conditions

The market for web-based solutions has become tougher since the start of this year and has, moreover, undergone a shift. While the deterioration in market conditions (unwillingness to invest, postponement or resizing of projects) is due to the present economic situation, the shift in the market is dominated by uncertainty about the type and scope of internet usage. Demand has therefore shifted from production (design, programming) to strategic advice and the development of concepts. In response to this, Marvel Communications AG is expanding its advisory capacity at the expense of production.

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