

Swissquote lifts revenue in third quarter

Significant cost reductions - Revenue to soar in Q4

In a persistently tight market, the Swissquote Group raised Q3 2002 revenue by 17 percent quarter-on-quarter to CHF 2.6 million (Q2/02: CHF 2.2 million). The number of banking customers was up by 10 percent to 12 734. In the same period, operating expenses excluding marketing costs were reduced further. In addition to organic growth, Swissquote expects revenue in Q4 2002 to soar to over CHF 4 million through the acquisition of Redsafe customers and the takeover of Consors (Switzerland) Ltd.

Revenue growth

The Swissquote Group's 17-percent increase in revenue during the third quarter of 2002 resulted from growth of 23 percent to CHF 2.3 million at Swissquote Bank, and a 15-percent decline in the financial portal to CHF 0.3 million. The bank's third-quarter expansion is due mainly to organic growth. The full impact of the acquisition of Redsafe customers will not be felt in revenue terms until the fourth quarter of 2002. The decline in the financial portal comes as a result of the sharp fall in advertising income on the Internet. The division of the financial portal into two services - free and subscription only - received a positive reception from the market, however. Subscription income from Swissquote Premium will be reflected in revenues from the fourth quarter of this year. On a year-on-year basis, revenues for the first nine months of 2002 were up by 29 percent to CHF 7.2 million (CHF 5.6 million).

Significant cost reductions

Despite investment in new banking services and additional tools on the financial platform, as well as much higher marketing costs in the third quarter 2002 (acquisition of Redsafe customers, new product launches), Swissquote achieved a massive CHF 6.4 million or 31 percent reduction in the cost basis of online financial services - this within a year. Operating expenses excluding marketing costs are narrowing steadily quarter after quarter. Thanks to its efficient organization, Swissquote is able actively to grasp external growth opportunities (Redsafe, Consors) and integrate new customers rapidly and smoothly on its platform. In spite of one-off restructuring costs of CHF 7.5 million, Swissquote's net loss in the first nine months 2002 decreased to CHF 13.5 million.

Revenue to soar in Q4

In the fourth quarter of 2002, Swissquote aims to leverage internal and external growth to raise revenues to over CHF 4 million. Internal growth will be driven by new banking services (cash management services, reference accounts, expanded range of funds, Lombard loans and access to German stock exchanges) and the introduction of additional tools on the Swissquote Premium financial platform (order book, theoretical opening prices, etc.). External growth will come mainly from the integration of Redsafe customers and the takeover of Consors (Switzerland) Ltd, effective retroactively as of 1 October 2002. Consors activities will be fully integrated

into Swissquote Bank by the end of March 2003. Once the migration is complete, the bank will have 21 000 customers and will thus have reached the critical mass for profitable growth.

<i>(Amounts in CHF 1'000)</i>											
2001		2002						9 months ending 30 September			
Q4	% chge	Q1	% chge	Q2	% chge	Q3		2002	2001	Chge	% chge
1,993	3.9%	2,070	-11.4%	1,833	23.3%	2,260	Banking revenues	6,163	3,745	2,418	64.6%
524	-24.4%	396	-10.4%	355	-15.2%	301	Advertising revenues	1,052	1,846	-794	-43.0%
2,517	-2.0%	2,466	-11.3%	2,188	17.0%	2,561	Total revenues	7,215	5,591	1,624	29.0%
(4,684)	-12.0%	(4,124)	-12.9%	(3,590)	-2.9%	(3,486)	Operating expenses (excluding marketing expenditure)	(11,200)	(16,460)	5,260	-32.0%
-		-		-		-	<i>in % of total revenues</i>	-	-294.4%		
186.1%		167.2%		164.1%		136.1%		155.2%			
(2,167)	-23.5%	(1,658)	-15.4%	(1,402)	-34.0%	(925)	EBITDA (before marketing expenditures)	(3,985)	(10,869)	6,884	-63.3%
-86.1%		-67.2%		64.1%		-36.1%	<i>in % of total revenues</i>	-55.2%	-194.4%		
(574)	15.2%	(661)	36.5%	(902)	40.5%	(1,267)	Marketing expenditures	(2,829)	(3,982)	1,153	-29.0%
-22.8%		-26.8%		-41.2%		(*1)	<i>in % of total revenues</i>	-39.2%	-71.2%		
						-49.5%					
(2,741)	-15.4%	(2,319)	-0.6%	(2,304)	-4.8%	(2,193)	EBITDA (excl. restructuring and discontinued operations)	(6,814)	(14,851)	8,037	-54.1%
		(7,500)	-100.0%	-	-	-	Other selected items of the statement of operations	(7,500)	-	(7,500)	
							Restructuring charge				
		(805)	72.0%	(1,385)	-100.0%	-	Result of discontinued operations	(2,190)	(4,177)	1,987	-47.6%
		(8,085)	-63.1%	(2,983)	-18.9%	(2,420)	Net loss	(13,488)	(14,130)	642	-4.5%
10,161	4.1%	10,576	9.4%	11,568	10.1%	12,734	Number of clients, end of period	12,734	10,800	1,934	17.9%

At 30 September				
	2002	2001	Chge	% chge
Cash and cash equivalents	110,542	97,349	13,193	13.6%
Customer deposits	(69,526)	(40,913)	(28,613)	69.9%
Net cash	41,016	56,436	(15,420)	-27.3%
Equity	37,821	57,249	(19,428)	-33.9%
Minority interest	8,313	10,112	(1,799)	-17.8%
Total equity and minority interest	46,134	67,361	(21,227)	-31.5%



Swissquote - Online Financial Services at its best

Swissquote Group is the leading independent provider of online financial services (online banking services and an Internet financial portal). The Group has a staff of 76, based in Gland (VD) and its Schwerzenbach (ZH) branch. Swissquote (SQN) is listed on the SWX New Market.

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