



Compagnie Financière Tradition

Growth of adjusted revenue by 3.4% in constant currencies to CHF 520.5m

Adjusted operating profit before exceptional items of CHF 57.4m

Net profit Group share up 7.9% to CHF 34.2m

<i>CHF m</i>	H1 2019	H1 2018	Variation in current currencies	Variation in constant currencies
Reported (IFRS)				
Revenue	474.3	459.8	+3.2%	+3.1%
Operating profit	39.5	41.5	-4.9%	-5.1%
Operating margin	8.3%	9.0%		
Profit before tax	45.9	45.7	+0.5%	+0.8%
Net profit Group share	34.2	31.8	+7.6%	+7.9%
Adjusted*				
Revenue	520.5	502.7	+3.5%	+3.4%
Operating profit before exceptional items	57.4	57.0	+0.7%	+0.4%
Operating margin before exceptional items	11.0%	11.3%		

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

Overview

The Group's activity grew in the first half of 2019 compared with last year, in a changing market environment from one month to another and from one region to another. The interdealer broking business (IDB) also benefited from the recruitment efforts in specialised brokers to reinforce the Group's presence in a number of regions and asset classes.

Against this backdrop, adjusted consolidated revenue for the first six months reached CHF 520.5m compared with CHF 502.7m in the first half of 2018, a rise of 3.5% at current exchange rates, or 3.4% in constant currencies. Adjusted revenue from IDB business rose 3.1% in constant currencies to CHF 501.0m while the forex trading business for retail investors in Japan, Gaitame.com, was up 11.3% to CHF 19.5m.

Adjusted operating profit before exceptional items was CHF 57.4m against CHF 57.0m in the first half of 2018, a rise of 0.4% in constant currencies for an operating margin of 11.0% and 11.3% respectively. Exceptional costs represented CHF 6.9m against CHF 7.3m during the previous period.

Reported revenue and operating profit

The Group reported consolidated revenue (IFRS) of CHF 474.3m against CHF 459.8m in the first half of 2018, up 3.1% in constant currencies.

Reported operating profit was down 5.1% in constant currencies to CHF 39.5m compared with CHF 41.5m in 2018 for an operating margin of 8.3% against 9.0% for the previous period.

Net profit

Net financial expense was CHF 4.4m for the period compared with CHF 2.3m in the first half of 2018. Net foreign exchange results due to exchange rate fluctuations negatively impacted the Group's financial income and represented a loss of CHF 0.2m for the period against a gain of CHF 0.5m in 2018. Interest expense on bank borrowings and bonds, net of interest income from short-term cash investments, totalled CHF 2.7m against CHF 2.6m in the previous period. However, following the adoption of IFRS 16 Leases on 1 January 2019, an additional interest expense of CHF 1.5m was recognised on lease liabilities in the first half of 2019.

The share in the results of associates and joint ventures was CHF 10.8m against CHF 6.5m in the first half of 2018, a rise of 66.7% at constant exchange rates, thanks to the Group's strong performance in Continental China and that of Gaitame.com in Japan.

The Group's tax expense amounted to CHF 9.1m against CHF 11.8m in first-half 2018 for an effective tax rate of 26% against 30% in the previous period.

Consolidated net profit was CHF 36.8m compared with CHF 33.9m in the first half of 2018 with a Group share of CHF 34.2m against CHF 31.8m in 2018, an increase of 7.9% at constant exchange rates.

Balance sheet

The Group maintained its sound balance sheet with a strong capital position while keeping a low level of intangible assets and a significant net cash position. Before deduction of treasury shares of CHF 20.9m, consolidated equity amounted to CHF 415.8m at 30 June 2019 with adjusted cash of CHF183.9m, including Group share of net cash held by joint ventures.

At 30 June 2019, consolidated equity stood at CHF 395.0m (31 December 2018: CHF 401.3m) of which CHF 375.5m was attributable to shareholders of the parent (31 December 2018: CHF 383.3m). Total cash, including financial assets at fair value, net of financial debt, was CHF 91.6m at 30 June 2019 against CHF 96.7m at 31 December 2018.

Taking advantage of attractive market conditions, the Group refinanced by anticipation its next coming maturity by raising CHF 130m in July through the placement of a new bond, with a coupon of 1.75%, maturing in 6 years.

Outlook

The second half started on the front foot with a sustained level of activity in July and August compared with last year. In the coming months, the Group will pursue its development strategy by seeking new talent in order to further enhance its product portfolio across its geographic footprint. It will also remain focused on external growth opportunities, against a backdrop of advanced consolidation in the industry around three global players, including Compagnie Financière Tradition.

Half year report

The 2019 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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