

## **Swissquote Group 2001: Expectations met, Swissquote Bank established, restructuring measures initiated**

For the Swissquote Group, 2001 was dominated by the extremely difficult situation in the financial markets and the successful launch of Swissquote Bank. Our results are close to the estimates announced in mid-2001: sales amounted to CHF 13.2 million (forecast: CHF 13 million) and net loss to CHF 17.9 million (CHF 18 million). Due to our 2001 results and a conservative assessment of the current year, Swissquote is initiating extensive measures to achieve a substantial reduction of losses in 2002 and a steady profit development starting in 2003.

### **Swissquote meets expectations in 2001**

Expecting a recovery of the financial markets in the second half of 2001, Swissquote Group forecast annual sales in the range of CHF 30 million and a net loss of about CHF 10 million in early 2001. However, the market failed to recover and continued its decline, hitting bottom on 11 September 2001. When presenting the semi-annual figures, Swissquote corrected its expectations for 2001 to sales of CHF 13 million and a net loss of CHF 18 million. Our results for 2001 confirm that revised forecast. The Online Financial Services segment (banking services and advertising income from the financial portal) contributed CHF 8.1 million (CHF 8.9 million) to annual sales of CHF 13.2 million, and the Web Intelligence segment (Marvel Communications Ltd) posted sales of CHF 5.1 million (6.1 million). Despite an unsatisfactory operating result, the Group enjoys a solid financial base: As of 31 December 2001, the consolidated balance sheet of Swissquote Group showed equity of CHF 51.2 million and net liquidity of CHF 55.2 million.

### **Swissquote Bank successfully launched**

In 2001, special attention was given to the successful debut of Swissquote Bank in May 2001 - the first Internet bank in Switzerland launched on schedule and within budget (CHF 20 million). Our electronic banking services are focused on online securities trading (SWX, virt-x, NYSE, NASDAQ, AMEX), sale of investment funds, and foreign currency trading. As of the end of 2001, Swissquote Bank had 10,199 customers and assets of CHF 308 million. In 2001, the bank increased its share of the online trading market (SWX and virt-x) from 15 to 20 per cent, establishing itself as a leading independent provider of trading services. Furthermore, Swissquote was rated best Swiss Online Broker by CASH. Despite dealing with a stagnating market and the entry of additional providers, the Internet financial portal increased its market share in online advertising and maintained its number of page views (3 million per working day), making Swissquote by far the most frequently visited Swiss financial portal.

### **Web Intelligence and return to profit**

At Marvel Communications Ltd, which is specialized in the development of integrated Web solutions for Internet communications and e-business, demand increasingly shifted from production (design, programming) to strategic consulting and concept development. By mid-year, staffing was capped at 50 positions, and consulting activity was increased at the cost of production capacity. Based on these measures and the acquisition of major new clients, Marvel once again broke even in the 4th quarter.

### **Conservative assessment, decisive action**

Swissquote Group does not expect to see a significant improvement of the market for Online Financial Services in 2002. Swissquote has launched extensive measures intended to cut the losses in the current year. The necessary actions will be completed by June 2002 and a steady profit increase is expected starting in 2003. The full impact of these measures will be apparent in the 2003 results.

- The focus of activity will be systematically placed on Online Financial Services (financial services and financial information). Swissquote plans to strengthen its position by increasing Swissquote Bank's market share in online brokerage and expanding the range of banking services and the financial portal offering.

- In the future, the Online Financial Services companies will each be managed by one of the two founders: Swissquote Bank by Marc Bürki, Swissquote Info Ltd (Internet financial portal) and Swissquote Group by Paolo Buzzi.

- All technical and back-office activities of Swissquote Bank will be consolidated in Gland. Customer service will be handled by the Call Center in Schwerzenbach, as more than 80 per cent of all customers are located in the German-speaking part of Switzerland.

- As a consequence, the staff will be reduced sharply from 159 to 110. The two sites in Gland and Schwerzenbach will be affected equally. Departing employees will receive a voluntary severance package and will be actively supported in finding a new position.

- Effective 1 March 2002, Swissquote Bank will be managed by Marc Bürki (CEO), Beat O. Trinkler (COO) and Michael Ploog (CFO). Current CEO Alfred Moeckli and CIO Alfred Dubach will leave Swissquote Bank on 1 March 2002 but will continue to assist the company in the transitional phase until 30 June 2002. Marc Bürki will resign from the Board of Directors of Swissquote Group Holding Ltd, as Swiss banking legislation does not permit him to remain a member of the Board while holding a management position at Swissquote Bank. The group Bod and management would like to thank Alfred Moeckli and Alfred Dubach for their excellent work performed for the development of the bank.

### **2003 in the black**

The one-time restructuring costs of CHF 8 million will be fully charged to the Swissquote Group



accounts in the first quarter 2002. Swissquote Group intends nevertheless to reduce its losses compared to the 2001 figures. In 2003, when restructuring measures feed through fully, Swissquote expects a balanced EBITDA (earnings before interest, taxes, depreciation, and amortization).

For detailed information on the 2001 annual financial statements and the restructuring measures:

<http://group.swissquote.com>

**Swissquote - Online Financial Services at its best**

Swissquote Group is a leading provider of online financial services (online banking services and Internet financial portal). After the planned measures have been completed, Swissquote Group will have a combined total of 110 employees at its offices in Gland (Vaud) and Schwerzenbach (Zurich). Swissquote is listed on the SWX New Market (SQN).

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