

Swissquote: Breakeven in sight

Despite difficult market conditions, Swissquote Group succeeded in holding first-quarter 2003 sales steady at CHF 4.7 million, compared with CHF 4.9 million in Q4 2002. At the same time, it has cut its cost base by 20 percent from CHF 6.6 million to CHF 5.2 million. This has brought EBITDA closer to the breakeven point of CHF -0.5 million (CHF -1.7 million) and almost halved its loss from CHF -1.8 million to CHF -1.0 million (down by 46%). The takeover of Consors was completed on schedule as at the end of March, and the resulting client base of 25,895 now gives Swissquote a promising starting point from which breakeven point is likely to be reached in one of the upcoming quarters.

Client and sales growth

In line with expectations, quarter-on-quarter the number of bank clients increased by 3,395, or 15 percent. The stagnation in bank sales is explained by fewer transactions in January and February because of the situation on the stock markets. In fact, sales per client were an average of 13 percent lower than in the previous quarter. However, transaction figures for March and April lead Swissquote to anticipate a market recovery in the second quarter. In the first three months of the year client assets expanded by 24 percent to CHF 906 million, compared with CHF 733 million in Q4 2002.

Productivity and standards

Swissquote's cost base has stabilised at CHF 5.2 million, while operating costs per client have more than halved in the space of a year from CHF 452 to CHF 202. Swissquote aims to reduce this figure even further through sustained growth and the automation of manual processes. Standards, responsiveness and services are all to be improved in parallel. For example, the IAM tool has been created for independent asset managers, and the Equity Analyzer and the Portfolio Analyzer offer two tools based on technical analysis models. In addition, Swissquote has introduced a third level to its online security concept, so that logging in now involves three stages. This three-tier system reflects international standards and use of the third level provides clients with an optional extra safeguard.

Impressive year-on-year advance

A comparison of the figures for the first quarter of 2003 with those for the first quarter of 2002 reveals how impressively Swissquote Group has grown in just twelve months. Sales have rocketed by 88 percent while the cost base is just 9 percent larger. Furthermore, the shortfall in EBITDA (earnings before interest, taxes, depreciation and amortisation) has been cut from CHF 6.8 million to CHF 0.5 million. Client numbers have more than doubled (+145 percent), as have assets under custody, which have expanded by 169 percent to CHF 906 million.

Outlook

All in all, Swissquote sees itself on track, with its objective still to achieve profitability as soon as possible. Its priorities for the next stage of expansion are to strengthen its client base, develop the portfolio manager segment, expand its range of services and automate processes.

Attached:

- Overview of key figures

<i>(All amounts in CHF 1'000)</i>							3 months ended				
2002							31 March 2003				
Q2	% chge	Q3	% chge	Q4	% chge	Q1-2003	2003	2002	Chge	% chge	
1,833	23.3%	2,260	95.0%	4,407	0.1%	4,412	Banking revenues, net	4,412	2,119	2,293	108.2%
355	-15.2%	301	52.2%	458	-30.3%	319	Financial Information	319	396	(77)	-19.4%
2,188	17.0%	2,561	90.0%	4,865	-2.8%	4,731	Total revenues	4,731	2,515	2,216	88.1%
4,407	7.9%	4,754	38.3%	6,576	-20.4%	5,233	Total operating expenses	5,233	4,785	448	9.4%
(2,304)	-4.8%	(2,193)	-22.0%	(1,711)	-70.7%	(502)	EBITDA excluding restructuring	(502)	(6,770)	6,268	-92.6%
1,475	-100%	-	-	-	-	-	Restructuring	-	8,305	(8,305)	-100.0%
(2,983)	-18.9	(2,420)	-24.7%	(1823)	-45.6%	(991)	Net loss*	(991)	(8,085)	7,094	-87.7%
							At 31 March				
Q2	%chge	Q3	%chge	Q4	%chge	Q1-2003	2003	2002	Chge	%chge	
11,568	10.1%	12,734	76.7%	22,500	15.1%	25,895	Number of accounts	25,895	10,576	15,319	144.8%
300,000	-4.2%	287,300	155.1%	733,000	23.6%	906,000	Assets under custody**	906,000	337,400	568,600	168.5%
							Net cash***	26,383	49,563	(23,180)	-46.8%
							Total equity and minority interest	41,625	53,825	(12,200)	-22.7%

Notes:

*): Net loss includes depreciation, taxes and minority interests.

**): Assets under custody consist of cash deposited at the Bank and securities deposited in custody by the customers.

***): Net cash consists of cash and cash equivalents less cash deposits of customers.

Swissquote - Online Financial Services at its best

Swissquote Group (Swissquote Bank and Swissquote Info) has 82 employees in Gland (Vaud) and Schwerzenbach (Zurich). It is a leading provider of online trading services. Shares in Swissquote Group Holding AG (SQN) are listed on the SWX New Market. In addition to low-cost stock market access and a special trading tool for portfolio managers, Swissquote Bank also offers a wide range of online financial information tools. Swissquote Info specialises in financial information via the Internet



For additional information:

Marc Bürki, CEO Swissquote Bank

Route des Avouillons 16

CH-1196 Gland

Phone +41 22 999 98 50

Fax +41 22 999 94 54

marc.burki@swissquote.ch

<http://group.swissquote.com>