



Media Release

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SIX implements growth strategy successfully. Achieves strong results in international environment

SIX achieved excellent results in the 2014 financial year. All four business areas boosted their earnings, with some of them increasing their profits significantly. At the same time, SIX developed its international business substantially, particularly through the acquisition of PayLife and the expansion of the clearing business. Adjusted for acquisitions, operating income rose by 2.6% to CHF 1,802.2 million. Thanks to strict cost discipline, earnings before interest and tax (EBIT) went up 18.5% to CHF 290.0 million. SIX ended the 2014 reporting year with a Group net profit of CHF 247.2 million, up 17.6% on the previous year.

Urs Rügsegger, Group CEO: "2014 was a very successful financial year for SIX. It is gratifying that all business areas increased their revenues, a result of the consistent implementation of our strategy. In addition, the improved mood on the financial markets compared with the previous year, together with strict cost discipline and the successful turnaround in the Financial Information business area, all contributed to a sizable increase in earnings."

Growth in all areas

SIX boosted revenues in all business areas for the second year in a row. Total operating income rose by 13.9% or CHF 219.5 million to CHF 1,802.2 million. Organic growth was 2.6%. The first-time full consolidation of Austrian bank PayLife, which SIX acquired in September 2013, made a significant contribution to this increase. Growth of 9.3% in post-trading was well above expectations. This development was primarily attributable to volume growth in the clearing business, as well as higher trading activity. In exchange trading, the introduction of a new price model pushed up the market share for trading in Swiss blue chip stocks from 66.0% to 68.1%. The increasing regulation of the financial sector opened up new business opportunities, especially in the Financial Information business area. The proportion of revenue generated abroad rose from 29.2% to 37.5% across all business areas. About a quarter of all revenue originates in Austria and Luxembourg, which now both count as domestic markets of the Payment Services business area. In 2014 SIX thus made a significant step forward in the implementation of its growth strategy.

Significant improvement in profitability

SIX faces persistently high pressure on margins and costs in all areas. In order to remain profitable, SIX is therefore committed to rigorous cost control. For the Group as a whole, operating expenses rose by a total of CHF 185.9 million to CHF 1,572.4 million, of which CHF 172.0 million was spent on



the integration of PayLife. Adjusted for the acquisition effect, expenses increased by just 1.0%. The Financial Information business area made the largest contribution to the increase in profits. Thanks to the latter's successful turnaround, its EBIT shot up over 400% to CHF 45.8 million. This business area's profitability gap was therefore reduced further. The Swiss Exchange business area generated the largest EBIT, at CHF 104.1 million (+9.7%). Payment Services recorded a drop in EBIT owing to increasing pressure on margins in the Swiss acquiring business and the cost of the PayLife integration. Securities Services also reported a decline in EBIT as a result of an impairment on Oslo Clearing, which was acquired in 2012. The encouraging trend on the equity markets led to the net financial result increasing to CHF 33.6 million (previous year: CHF 24.0 million). Group net profit for 2014 climbed by an extremely pleasing 17.6% to CHF 247.2 million.

Major strategic projects taken forward

The financial year just ended was also very successful in terms of strategy implementation. In May 2014, SIX became responsible for operating another key piece of infrastructure: the trading platform for SNB money market transactions and the repo interbank market. It was pleasing to note the wide range of market participants who connected to the new system within a short period. The functionality of the platform is now being progressively expanded with the aim of making a modern, efficient infrastructure available for securities lending and borrowing within three years. Decisive progress was also made on the major project to update the Swiss Interbank Clearing system (SIC). The fully modernized version of this core component of the financial center infrastructure is scheduled to be introduced to the market in 2016. At the other end of the payments value chain, the pilot phase of a solution for person-to-person (P2P) transfers via cell phone was launched in December.

Outlook

The beginning of 2015 was notable for high, and in some cases record-breaking, stock exchange trading volumes. The post-trade area also enjoyed a corresponding rise in clearing and settlement volumes. This development was triggered mainly by the Swiss National Bank's decision to stop capping the Swiss franc against the euro. In view of the growing proportion of foreign business, SIX will increasingly notice the effects of the strong Swiss franc on revenue generated in other currencies. A number of regulatory issues that will have a significant business impact for SIX are on the agenda for the current financial year. First and foremost is the passage of the Financial Market Infrastructure Act (FinfraG) through the Swiss parliament.

In 2015 SIX will continue to pursue its current strategy rigorously in order to develop the business further. The main focus for SIX will be on bringing additional activities together on its proven platform. The primary aim is to relieve the banks from the burden of non-differentiated activities. In addition, the pooling of these activities will achieve positive economies of scale and improve quality, therefore strengthening the competitiveness of the financial center and its participants.



Key figures SIX (in CHF m)	2014	2013	Dev. %
Income statement			
Total operating income	1'802.2	1'582.7	13.9
Total operating expenses	-1'572.4	-1'386.6	13.4
Operating profit	229.8	196.2	17.1
Share of profit of associates	26.6	24.4	9.0
Net financial result	33.6	24.0	39.9
Earnings before interest and tax (EBIT)	290.0	244.6	18.5
Group net profit	247.2	210.2	17.6
Balance sheet			
Total Assets	9'758.6	7'985.0	22.2
Total liabilities	7'501.8	5'800.3	29.3
Total equity	2'256.8	2'184.7	3.3
Cash flows			
Cash flow from operating activities	1'581.0	232.1	581.1
Cash flow from investing activities	71.7	-435.7	-116.5
Cash flow from financing activities	-119.9	-291.5	-58.9
Workforce (in full-time equivalents)			
Total SIX	3'824.8	3'777.3	1.3
Key ratios			
Earnings per share (in CHF)	12.95	10.87	19.1
EBIT margin (in %)	16.1	15.5	4.1
Return on equity (in %, average ¹)	11.1	9.4	18.2
Equity ratio ² (in %, average ¹)	72.5	77.4	-6.3

¹ Average balance sheet items in the reporting period

² Total equity / (total adjusted liabilities + total equity)



Segment information (in CHF m)	2014	2013	Dev.	Dev. %
Operating income				
Swiss Exchange	201.4	198.5	2.9	1.5
Securities Services	284.0	259.9	24.1	9.3
Financial Information	400.5	387.9	12.5	3.2
Payment Services	938.2	743.6	194.6	26.2
Corporate and elimination	-21.8	-7.2	-14.6	-201.6
Total operating income	1'802.2	1'582.7	219.5	13.9
Earnings before interest and tax (EBIT)				
Swiss Exchange	104.1	94.9	9.2	9.7
Securities Services	29.9	31.5	-1.6	-5.0
Financial Information	45.8	8.2	37.6	455.9
Payment Services	87.7	89.6	-1.9	-2.2
Corporate	22.5	20.4	2.1	10.3
Total EBIT	290.0	244.6	45.4	18.5

Should you have any questions, please feel free to contact Dr Alain Bichsel,
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SIX

SIX operates Switzerland's financial market infrastructure and offers on a global scale comprehensive services in the areas of securities trading, clearing and settlement, as well as financial information and payment transactions. The company is owned by its users (approximately 140 banks of various size and orientation) and, with its workforce of more than 4,000 employees and presence in 25 countries, generated an operating income of 1.8 billion Swiss francs and a Group net profit of CHF 247.2 million in 2014.

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