



Media Release

9 March 2017

SIX Management Ltd
Selnaustrasse 30
P.O. Box 1758
CH-8021 Zurich
www.six-group.com

Media Relations:
T +41 58 399 2227
F +41 58 499 2710
pressoffice@six-group.com

SIX remains firmly on track in a difficult environment

SIX remained on track in 2016, continuing to hold its position in an increasingly challenging market environment. Operating income was up 1.5% and operating profit rose 2.9% to CHF 287.1 million. SIX generated earnings before interest and tax (EBIT) of CHF 297.1 million and group profit of CHF 221.1 million, which was a good result following the strong comparative numbers, enhanced by one-off items, posted the previous year. The results showed SIX's diversified business model, rigorous cost discipline and strategy implementation continue to pay off.

After an exceptional year in 2015, when SIX achieved a record result thanks to the sale of its shares in STOXX and Indexium, together with its highest-ever levels of trading activity, SIX generated good results in 2016 on a long-term comparison. While all other business areas posted growth, less volatility in financial markets impacted the results of Swiss Exchange. Overall, SIX recorded a 1.5% increase in operating income, while operating profit rose 2.9% to CHF 287.1million. Adjusted for the extraordinary items in 2015 (CHF 480.3 million) and 2016 (CHF 28.7 million), EBIT was CHF 268.4 million, 5.0% below the record posted in the previous year. SIX has increased EBIT by 73.8% since 2012 after adjustments. At CHF 221.1 million (-69.0% versus 2015) Group net profit was once again within the long-term trend.

Urs Rügsegger, Group CEO SIX commented: "SIX held its position in 2016 in an increasingly challenging environment and generated a pleasing result. The environment in which SIX operates will remain challenging, as will the margin and cost pressure. SIX will take these circumstances into account as it continues its growth path. The development and provisioning of new products and services are just as important as continuing our strict cost discipline."

Performance of the business areas

Following the record levels of trading activity in 2015 and the decrease of volatility in global financial markets in 2016, trading turnover on SIX Swiss Exchange reverted to a stable long-term level with an average daily turnover of CHF 5.0 billion in the year under review. This return to "normality" and the fact that STOXX did not contribute to earnings, had an impact on the EBIT of the **Swiss Exchange** business area. It totaled CHF 69.3 million, 18.6% lower than in the previous year. At 64.6% (67.9%), the market share for trading in Swiss blue chips was once again significantly better than that achieved by comparable European markets. Five successful IPOs were testimony to the continued attractiveness of the Swiss capital market.



In the **Securities Services** business area, operating income was up 6.6% over the previous year, and EBIT was 50.2% higher to CHF 70.6 million. The increase was due to a property sale in Zurich. Adjusted for this special effect, operating income remained largely stable, despite the strong results achieved in the previous year. Securities Services benefited from its broad range of services, which support the entire post-trading value chain and also bundle volumes from Europe and other countries on the platforms operated by SIX. With the start of the new repo trading platform and the successful relaunch of the SIC interbank payment system, Securities Services has upgraded two central components of the infrastructure that contribute to the high level of efficiency of the Swiss financial center.

In the **Financial Information** business area, the product range was streamlined and rigorously focused on reference data, display products based on this data and value added services. Simultaneously with the successful launch of services in the regulatory area, the global organization was also rolled out, continuing the transformation course of the past few years. While operating income rose 3.5%, EBIT fell by 50.5% to CHF 26.7 million, which was due primarily to the restructuring costs arising from the integration of France into the global functional organization. Adjusted for special effects, EBIT rose by 9.0% to CHF 57.3 million.

The **Payment Services** business area was once again the most profitable part of SIX. EBIT rose by 4.2% to CHF 91.8 million. Payment Services benefited from the dynamic growth in cashless payments. The number of transactions is rising continuously – in the acquiring business of SIX throughout Europe, transactions are up 10.6% over the previous year.

Due to the good results and the excellent liquidity and capital situation, the payment of a lower ordinary dividend proportionate to the decline in Group net profit (adjusted for the sales success of STOXX and Indexium in 2015) of CHF 7.30 (previous year: CHF 8.25) per share will be proposed to the Board of Directors and the Annual General Meeting. This corresponds to a total amount of CHF 142.5 million.

Central services under one roof

The financial services industry is undergoing deep-reaching change. As a main player in the industry, SIX has responsibility to develop solutions that support the entire Swiss financial center and help tackle the challenges ahead. SIX already offers banks the option of optimizing their business processes through targeted outsourcing, such as operating ATM machines for banks. The medium-term goal is to bring together undifferentiated activities on the central infrastructure of SIX. Work in this area is following a two-pronged approach. On the one hand, SIX is expanding its central services on a project basis or developing them further. On the other hand, it is working with its owners and partners to test the possibility of setting up a central back office in Switzerland.

Regulation as an opportunity and risk

At the start of 2018, a European regulatory framework that directly affects the financial industry will come into effect: MiFID II / MiFIR (Markets in Financial Instruments Directive or Regulation) and the PRIIP-KID ordinance (Packaged Retail and Insurance-based Investment Products). For SIX, these regulations are driving the development of new products that support banks in fulfilling the new



regulatory requirements and also make the corresponding processes cheaper (platform for providing basic information sheets, KID). In addition, the equivalence of Swiss regulations with EU law is vital in order to maintain the international attractiveness of the Swiss capital market and the importance of Switzerland as a trading venue in Europe. The EU must recognize Swiss financial market regulation as equivalent by the end of 2017 so that participants based in an EU country can continue to trade on a Swiss stock exchange. SIX is working hard on implementing the requirements.

Innovation for the future

Together with its partners, SIX is pressing ahead with innovations, making an active contribution to the international attractiveness, competitiveness and security of the Swiss financial center. SIX has successfully opened its FinTech incubator and accelerator F10 to other companies in the financial services industry. Prototypes for new solutions are being developed in close cooperation with partners. At the same time, SIX is also supporting selected start-ups with an accelerator program. In a partnership with Digital Asset, SIX is reviewing the commercial use of distributed ledger technology. SIX is placing special emphasis on the security of the Swiss financial center through its 12-year partnership with the Zurich Information Security and Privacy Center (ZISC) at ETH Zurich.

Key figures SIX (in CHF m)	2016	2015	Dev. %
Income statement			
Total operating income	1'838.6	1'810.9	1.5
Total operating expenses	-1'551.5	-1'531.9	1.3
Operating profit	287.1	279.0	2.9
Share of profit of associates	-0.3	15.5	-102.2
Net financial result	10.4	468.4	-97.8
Earnings before interest and tax (EBIT)	297.1	762.9	-61.1
Earnings before interest and tax (EBIT) adjusted ¹	268.4	282.6	-5.0
Group net profit	221.1	713.7	-69.0
Balance sheet			
Total assets	10'279.5	8'755.8	17.4
Total liabilities	7'725.1	6'310.6	22.4
Total equity	2'554.4	2'445.3	4.5
Cash flows			
Cash flow from operating activities	953.2	-1'025.7	192.9
Cash flow from investing activities	-93.7	729.7	-112.8
Cash flow from financing activities	-157.3	-539.7	70.9
Workforce (in full-time equivalents)			
Total SIX	3'807.1	3'858.2	-1.3
Key ratios			
Earnings per share (in CHF)	11.66	37.63	-69.0
EBIT margin (in %)	16.2	42.1	-61.6
EBIT margin (in %) adjusted ¹	14.8	15.6	-5.1
Return on equity (in %, average ²)	8.8	30.4	-70.9
Equity ratio ³ (in %, average ²)	79.3	76.4	3.8

¹ The special effects in 2016 amount to CHF 28.7 million and include the gain from the sale of real estate (CHF 26.0 million), the gain from the sale of SIX SAG Ltd (CHF 5.4 million), the gain from the sale of the companies belonging to the sub-group SIX Payment Services (Luxembourg) Ltd. (CHF 3.9 million), the impact of the reorganization in France (CHF -34.4 million), the IAS 19 impact of the changes to the Swiss pension plan (CHF 26.8 million) and the other financial results (CHF 1.1 million). The special effects in 2015 amount to CHF 480.3 million and include the profit contribution of STOXX Ltd and Indexium Ltd in 2015 (CHF 476.8 million) and the other financial results (CHF 3.5 million). The shares in STOXX Ltd and Indexium Ltd have been sold in 2015.

² Average balance sheet items in the reporting period

³ Total equity / (total adjusted liabilities + total equity)



Segment information (in CHF m)	2016	2015	Dev.	Dev. %
Operating income				
Swiss Exchange	188.5	207.4	-18.9	-9.1
Securities Services	377.4	353.9	23.5	6.6
Financial Information	402.6	389.0	13.6	3.5
Payment Services	885.0	882.8	2.2	0.3
Global IT	405.3	328.0	77.4	23.6
Corporate and elimination	-420.3	-350.1	-70.3	-20.1
Total operating income	1'838.6	1'810.9	27.6	1.5
Earnings before interest and tax (EBIT)				
Swiss Exchange	69.3	85.1	-15.8	-18.6
Securities Services	70.6	47.0	23.6	50.2
Financial Information	26.7	53.9	-27.2	-50.5
Payment Services	91.8	88.1	3.7	4.2
Global IT	9.2	0.0	9.2	n/a
Corporate	29.6	488.8	-459.3	-94.0
Total EBIT	297.1	762.9	-465.8	-61.1

Should you have any questions, please feel free to contact Stephan Meier, Head Media Relations.

Phone: +41 58 399 3290
 Fax: +41 58 499 2710
 E-mail: pressoffice@six-group.com

SIX

SIX operates the infrastructure underpinning the Swiss financial sector and offers a comprehensive range of services around the world in the fields of securities trading and settlement, financial information and payment transactions. The company is owned by its users (approximately 130 banks of various orientation and size). Its workforce of over 4,000 employees and presence in 25 countries throughout the world generated operating income of CHF 1.8 billion and a Group net profit of CHF 221,1 million in 2016.

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