

First-half results 2016

Consolidated revenue: €405.6m
Operating profit: €30.2m
Group share of net profit: €17.1m

| €m | H1 2016 | H1 2015 | Change 2015/2016 |
|--------------------------|---------|---------|------------------|
| Consolidated revenue | 405.6 | 423.2 | -4.2% |
| Operating profit | 30.2 | 36.1 | -16.5% |
| Profit before tax | 34.2 | 37.2 | -8.1% |
| Consolidated net profit | 25.9 | 25.8 | +0.4% |
| Net profit - Group share | 17.1 | 16.8 | +1.7% |
| Minority interests | 8.8 | 9.0 | -1.9% |

Core business activities

Interdealer broking (IDB)

The market environment remained on an even keel in the first half after stabilising in 2015, and the CFT Group maintained activity levels globally. There were still differences among the geographic regions while some markets, particularly in Europe, remained under pressure. Moreover, the prolonged low interest rates and a continued evolving market structure as a result of regulatory developments affected certain asset classes.

Against this backdrop, CFT Group posted consolidated revenue of CHF 425.2m for the first six months of 2016, a decline of 0.3% at current exchange rates compared with CHF 426.6 in H1 2015.

In this market environment, the Group remained focused on cost management which is now embedded in the day-to-day operations. The measures implemented continued to prove effective in reducing fixed costs and increasing flexibility in the first half of 2016, while minimising reorganisation costs. At the same time, the Group maintained its investments in technology, essential to respond to the new regulatory landscape, in particular as part of Tradition SEF activities, and especially through Trad-X, Tradition's market leading hybrid trading platform for interest rate swaps. Reported operating profit declined 4.4% in constant currencies to CHF 34.2m compared with CHF 35.9 in the first half of 2015. The Group maintained its focus on a sound balance sheet with a strong capital position while keeping a low level of intangible assets, as well as a strong net cash position. VIEL & Cie is active in all the major financial markets and operates in a number of currencies. Its results are therefore affected by movements in exchange rates used to translate into the consolidation currency.

Online trading

Bourse Direct faced strong headwinds in the first half driven by bearish equity markets and a significant decline in trading volumes in the capital markets. In comparison with the strong performance in 2015, business was down 15.9% in terms of number of trades executed which declined to 2,090,000 from almost 2,485,000 in H1 2015.

However, the recruitment of new customers continued its momentum and exceeded 112,000 accounts at 30 June 2016.

Although trading volumes were hit by the sharp slowdown throughout the online trading sector in Europe, Bourse Direct held up better than most of its European counterparts. Its operating margin improved by 10.8% QOQ in the second quarter, precipitated mainly by improved profitability of brokerage income. This trend should continue in the second half.

The Company's revenue declined by 9.6% in the first half to €17.6m, compared with €19.5m in the equivalent period in 2015.

Private banking and asset management

SwissLife Banque Privée, in which Viel & Cie holds a 40% interest, posted net banking income of €19.6m in the first half, a decline of 25.7%. This was mainly due to comparison with a particularly buoyant 2015 and to lower income from broking activities and structured products, as market developments instilled investor reticence and a general attitude of wait and see. Operating results again showed a profit for the period.

Consolidated results

The Group reported first-half consolidated revenue from its operating subsidiaries of €405.6m, compared with €423.2m in H1 2015, a decline of 4.2% at current exchange rates. In constant currencies, consolidated revenue was down 1.9%.

Quarterly consolidated revenue by business segment at current exchange rates was as follows:

| €m | 2016 | | | 2015 | | |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q1 | Q2 | Total | Q1 | Q2 | Total |
| IDB business | 200.3 | 187.7 | 388.0 | 211.9 | 191.8 | 403.7 |
| Online trading | 8.9 | 8.7 | 17.6 | 10.1 | 9.4 | 19.5 |
| Consolidated revenue | 209.2 | 196.4 | 405.6 | 222.0 | 201.2 | 423.2 |

The Group's consolidated operating profit was down 16.5% to €30.2m compared to €36.1m in same period in 2015, reflecting lower revenue and other operating income which was not entirely offset by the reduction in operating expenses at the end of the period.

Consolidated net profit remained stable at €25.9m compared with the first half of 2015 (H1 2015: €25.8m) due to an improved financial result.

Group share of net profit was up 1.7% to €17.1m in the first six months, compared with €16.8m in 2015.

This result brought consolidated shareholders' equity to €458.3m at 30 June 2016, €352.1m of which was the Group's share, net of the gross value of directly held treasury shares amounting to €27.3m.

Outlook

In a consolidating industry, the CFT Group is positioning itself as one of the three global leaders of the IDB sector. Backed by a sound balance sheet, the Group will focus on external and organic growth opportunities resulting, on the one hand, from the evolving regulatory environment putting pressure on smaller players and on the other, the industry consolidation. The Group will also maintain its focus on cost management including the optimisation of its investments in technology, against a backdrop of a market environment which has remained stable for some 18 months.

Bourse Direct will pursue its development policy as part of its commitment to provide an expanding and consistently innovative service offering. The Company will continue to improve the quality of its services by adapting its products to technological developments. At the same time it will enhance the range of training possibilities offered to customers to help them improve their knowledge of the markets, while maintaining the most competitive fee structure on the market.

VIEL & Cie is an investment company comprising three core businesses in the financial sector: Compagnie Financière Tradition, an interdealer broker with a presence in 28 countries, Bourse Direct, a major player in the online trading sector in France, and a 40% stake in SwissLife Banque Privée, present in the private banking sector in France.

VIEL & Cie shares (codes: FR0000050049, VIL) are listed in Compartment B of Euronext. For more information on our Group, please visit our website at www.viel.com.

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