

Results H1 2014
Consolidated revenue in H1 2014: €368.3m
Operating profit: €23.0m (-2.5%)
Net profit Group share up 15.5%

" m	H1 2014	H1 2013 (restated)
Consolidated revenue	368.3	404.1
Operating profit	23.0	23.6
Profit before tax	27.5	29.7
Consolidated net profit	18.5	20.8
Net profit Group share	12.7	11.0
Minority interests	5.8	9.8

New reporting standards

The consolidated accounts of VIEL & Cie Group are prepared in accordance with International Financial Reporting Standards (IFRS). Until 2013, companies over which the Group exercised joint control with other partners were consolidated using the proportionate consolidation method. VIEL & CIE's equity holding in each of these jointly controlled entities was recognised on a line-by-line basis in the consolidated balance sheet and income statement.

As a result of the Group's adoption of IFRS 11 - Joint Arrangements as of 1 January 2014, the proportionate consolidation method has been replaced by the equity method. This transition will affect almost all line items in the financial statements, notably by decreasing consolidated revenues and expenses, assets and liabilities, but will not impact the net profit for the period and shareholders' equity Group share. The presentation change also required the restatement of financial information for the previous financial year.

Developments in core businesses

Compagnie Financière Tradition

The Tradition Group faced a challenging environment in the first half of 2014, with low volatility on significant asset classes as well as a continued evolving market structure as a result of regulatory developments and related uncertainties, in particular regarding OTC derivative markets. In the context of the regulatory developments in the United States, the Group successfully developed the activities and positioning of Tradition SEF, especially through Trad-X, Tradition's market leading hybrid trading platform for interest rate swaps.

Against this backdrop, the Group posted consolidated revenue for the first six months of CHF 425.4m against CHF 475.9m in the first half of 2013, a decline of 7.8% in constant currencies. After a first quarter decline of 2.8% compared with the equivalent period last year, consolidated revenue fell 12.8% at constant exchange rates during the second quarter. Operating profit for the period declined 3.4% in constant currencies to CHF 26.8m for a margin of 6.3% compared with 6.0% in the first half of 2013.

The Group remains focused on measures to adapt its cost base to this evolving market environment, through cutting fixed costs while increasing its flexibility. Over the past 24 months, net savings of more than CHF 100 million were achieved through fixed cost reductions. The pay ratio of brokers now stands at 58.7% of revenue with variable remuneration accounting for close to 44% of total pay. These measures will continue over the coming months.

At the same time, the Tradition Group continued its investments in technology, essential to the deployment of its electronic broking strategy to develop hybrid trading platforms using its proprietary technology. These platforms leverage innovative functionalities covering multi-asset classes and

have been designed as a logical extension to Tradition's voice broking services. These substantial investments have a negative impact on the Group's short-term profitability but are critical in order to fully benefit from opportunities driven by the regulatory developments. Tradition's industry award-winning platforms, Trad-X and ParFX, are at the core of its electronic strategy.

Bourse Direct

Bourse Direct achieved strong business growth in the first half of 2014. The number of trades executed exceeded the 2 million mark, a rise of 26.9% compared with the equivalent period in 2013. These figures confirm Bourse Direct's leadership position in the online trading sector in France in terms of the number of trades executed. The Company's clients averaged 4.2 trades per account per month during the reporting period.

Bourse Direct pursued its robust recruitment of new customers, achieving a 20.1% rise in the number of new accounts over a rolling one-year period, to reach 88,250 accounts at 30 June 2014. The Company's revenue grew 15.6% in the first half to "20.0m, compared with "17.2m in the equivalent period in 2013.

SwissLife Banque Privée

SwissLife Banque Privée, in which Viel & Cie holds a 40% interest, saw its net banking income rise sharply to "22.1m in the first half of 2014. This increase of 53.7% was mainly due to the integration of the company Prigest in its basis of consolidation. Operating results showed a profit for the period.

Revenue

IFRS consolidated revenue from VIEL & Cie's operating subsidiaries was "368.3m in the first half of 2014, compared with "404.1m in the equivalent period in 2013, a decline of 8.9% at current exchange rates. In constant currencies, IFRS consolidated revenue was down 6.7%.

Results

VIEL & Cie's consolidated operating profit for the period was "23.0m compared to "23.6m in the first half of 2013, a decline of 2.5%.

Consolidated net profit was down 11.1% to "18.5m in the first half of 2014 compared with "20.8m in the equivalent period last year.

Group share of net profit grew 15.5% to "12.7m in the first half of 2014, compared with "11.0m in 2013.

Shareholders Equity

This result brought consolidated shareholders equity to "358.9m at 30 June 2014, "273.9m of which was Group share, after deducting the gross value of treasury shares directly held by VIEL & Cie, amounting to "27.3m ("250m of Group share at 30 June 2013).

Outlook

In the Group's interdealer broking segment, Compagnie Financière Tradition will pursue its development and investments in technology in 2014 with the deployment of new electronic platforms. The financial markets are undergoing important changes which strongly impact the interdealer broker sector. Adapting the industry to technologies that will enable it to respond effectively to the changing regulatory landscape, and keeping a tight rein on costs, will be essential for improving the Group's overall performance.

In the online trading segment, Bourse Direct achieved strong growth during the period in its main activity indicators (order volume and new client recruitment). New mobile applications were rolled out for clients to enhance the quality of services offered. The range of training possibilities offered to clients will be extended, to help them improve their knowledge of the markets. Bourse Direct remains focused on its development as part of its commitment to provide an innovative and continually expanding service offering, at attractive prices.

In the Group's private banking and asset management segment, SwissLife Banque Privée, which achieved revenue growth and improved results, will also pursue its development policy through external and organic growth.

Half year report

VIEL & Cie's half year report 2014 is available on the Company's website: www.viel.com

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 NYSE Euronext. For more information on our Group, please visit www.viel.com.

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