

ADUNO GROUP RECORDS ROBUST GROWTH IN THE FIRST HALF OF 2018

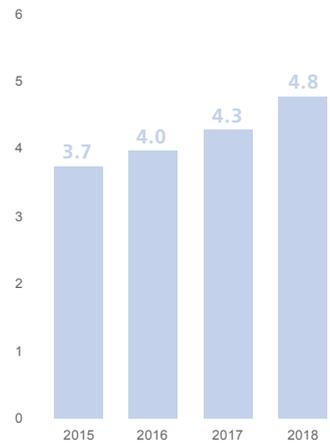
The Aduno Group recorded a successful performance in the first half of 2018. Bolstered by positive consumer sentiment and strong international business, the Payment business grew significantly and for the first time exceeded the 1.5 million mark in cards issued. The Consumer Finance business posted growth in both its personal credit and its leasing business. The low interest rate environment was utilised to place another bond.

In the first half of 2018 the Aduno Group increased its turnover by 6.9 per cent compared to the prior-year period to reach CHF 236.9 million (on a like-for-like basis, without the acquiring business divested in 2017). Both divisions – Payment with the issuing business of Viseca Card Services SA (Viseca), the rental deposit business of AdunoKaution AG and SmartCaution SA, and the finance management solutions and analytics in which Contovista AG specialises, as well as the Consumer Finance division with cashgate AG (cashgate) – recorded growth compared to the same period last year.

The main engine of growth was Payment with a significant expansion in business volumes. This also brought an increase in commission income, despite the domestic interchange fee of 0.44 per cent applying for a full half-year for the first time after being reduced by the regulator. New sales in the cards business remained at a gratifyingly high level, which creates a good basis for future earnings growth. More cards were sold within a half-year period than at any time since Viseca was established. Income from annual fees was below that in the prior-year period despite record new sales, though this is attributable solely to the switch to two differing bank remuneration models and the income is therefore recorded differently. This means that comparability is limited. The main driver of the significant growth in other income was remuneration for services that the Aduno Group is still providing temporarily to the buyer of the acquiring business.

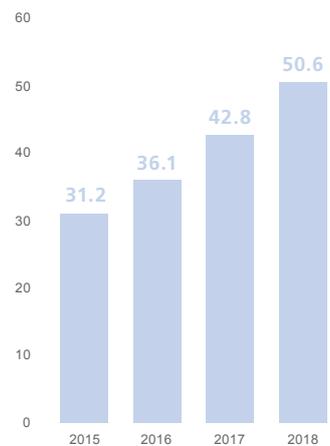
Net operating income for the first half of 2018 amounted to CHF 59.7 million, compared to CHF 54.4 million in the prior-year period. The operating margin also improved over the prior-year level, from 24.5 per cent to 25.2 per cent. Net profit in the first half of 2018 amounted to CHF 49.4 million.

Transaction volume
[in CHF billion]



● Issuing

Card transactions
[in million transactions]



● Issuing

As at mid-2018, the Aduno Group employed 731 staff (full-time equivalents), compared to 823 staff as at mid-2017. Personnel expenses were nonetheless higher in the first half of 2018, resulting from the fact that last year's basis for comparison has been reduced to remove the expenses for all employees of the divested acquiring business. Those employees performing central services such as IT or call centre services were transferred back to the Aduno Group up to the end of 2017. Accordingly, personnel expenses for the first half of 2018 derive from a different personnel basis and cannot be compared with the first half of last year.

Payment business benefits from cash substitution and online commerce

In the first six months of 2018 the Payment business registered robust growth and increased its transaction volume by 11.3 per cent to CHF 4.8 billion. While domestic volumes were up by 9.5 per cent, volumes abroad rose by 13.3 per cent. This considerable expansion reflected both the increase in the euro exchange rate and, in particular, above-average growth in the consumer, transport, entertainment and tourism sectors. A large part of this growth was achieved through online business. In the domestic bricks-and-mortar business, a significant rise in contactless transactions was recorded.

Consumers like being able to make quick and easy contactless payments for their everyday purchases using a card, including for relatively small amounts. While 28.8 per cent of all transactions at payment terminals were contactless in 2017, the proportion rose to 38.5 per cent in the first half of 2018. The average transaction volume per card rose, too, which underlines ongoing cash substitution.

New sales of credit cards were also at a record level, with credit card package solutions in particular enjoying increasing popularity with bank customers. Thanks to a solid performance in new sales, the number of cards in circulation rose above the 1.5 million mark for the first time.

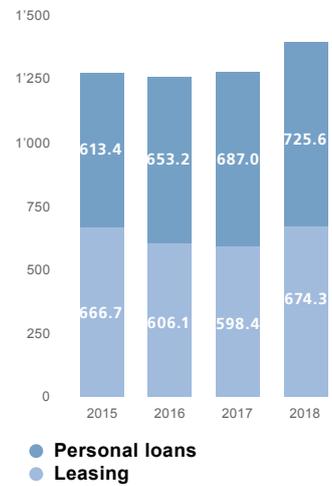
Consumer Finance business defies challenging market environment

The Consumer Finance division, with the personal credit and leasing products offered by cashgate, posted an increase in new business in the first half of 2018 of 8.2 per cent to CHF 499.2 million. This enabled cashgate to maintain its position in a hard-fought market. In view of the fierce competition, strict cost control remained a focal point of attention. Through systematic digitisation and automation of processes, cashgate aims to handle expanding business volumes with existing resources.

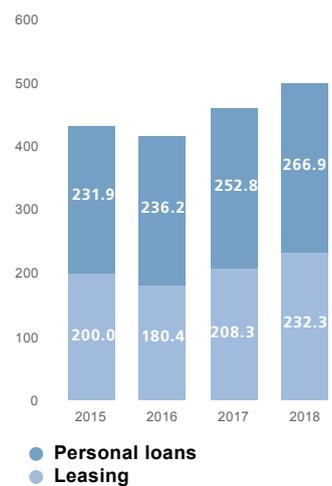
In the personal credit segment, the volume of new business rose by 5.5 per cent. Overall volumes rose by 5.6 per cent, a somewhat sharper increase than in the prior-year period. Branch and direct business as well as new business coming via the credit broker channel registered particularly gratifying rates of expansion.

The leasing segment increased the volume of new business by 11.5 per cent in the first half of 2018, while the growth in overall volumes accelerated appreciably at 12.7 per cent. The collaboration with an innovative car producer launched last year proved particularly fruitful. Overall, the leasing business remains under heavy competitive pressure owing to the strong position of producers' own leasing companies (captives).

Consumer Finance portfolio
[in CHF million]



Consumer Finance new business
[in CHF million]



Bond placed for CHF 150 million

Aduno Holding AG made use of the favourable environment on the capital market and in June 2018 placed a bond privately for CHF 150 million. The bond has a coupon of 0.0 per cent and a term lasting until May 2019.