

Media release

## Successful first half of 2017 for the Aduno Group

**The Aduno Group, Swiss specialist in cashless payments, continues on its growth track in the first half of 2017. Positive consumer sentiment and the increasing popularity and use of card payments lifted the cards business. The digital transformation was driven forward with customer-friendly and secure digital services. In Consumer Finance, new pricing models and attractive leasing options resulted in a positive business performance.**

Zurich, 28 July 2017 – The Aduno Group posted revenue of CHF 263.9 million in the first half of 2017. The result from operating activities reached CHF 47.0 million and net profit totalled CHF 42.3 million. At first glance, these figures are below the numbers for the same period in 2016. However, that is attributable to the fact that last year the Aduno Group received a substantial one-off payment as a result of the acquisition of Visa Europe Ltd. by Visa Inc. After adjusting for this exceptional item, all financial key figures were above their prior-year level. Martin Huldi, CEO of the Aduno Group: “In the first half of 2017, the Aduno Group achieved robust growth in all areas of business. The number of issued cards increased to 1.46 million. That represents a further expansion in our market share in Switzerland. In the Consumer Finance division, personal credit continued with the successful performance of previous years. The trend turnaround in leasing is particularly pleasing. After losing ground in previous years in this business, we achieved considerable growth by offering new services.”

### **Result from operating activities significantly increased**

Both the cards business (Payment division) and the personal credit and leasing business (Consumer Finance division) posted growth compared to the prior-year period. In Payment, transaction volumes and the processed volume from issued cards were significantly above the prior-year figures, reflecting positive consumer sentiment and the increasing popularity of cards as a day-to-day means of payment. Consumer Finance achieved gratifying growth rates in new business in a market that remained challenging. The Aduno Group's result from operating activities for the first half of 2017 was CHF 47.0 million. The drop against the figure of CHF 89.6 million posted in the prior-year period was attributable to a one-off exceptional item. The adjusted result from operating activities was a significant 30.9 per cent above the prior-year result. The operating margin was also comfortably above the margin of 14.8 per cent for the prior-year period, at 17.8 per cent. As at mid-2017, the Aduno Group employed 823 staff (full-time equivalents).

### **Payment division achieves further growth**

The Payment division, which comprises the two complementary segments of card Issuing (Viseca Card Services SA) and card acceptance and processing (Acquiring; Aduno SA) as well as the guarantee deposit business (AdunoKauton AG and SmartCaution SA), increased its revenue in the first six months of the year by 6.9% to CHF 8.5 billion.

In Issuing, Viseca recorded a transaction volume of CHF 4.3 billion, 7.7 per cent more than in the first half of 2016. The volume of business rose more sharply in Switzerland than abroad, at 8.9 per cent and 6.4 per cent respectively. The sharp growth in domestic transaction volume reflected the increasing use of credit cards. There is also greater use of credit cards in e-commerce. New sales of credit cards were maintained at the high level recorded in the prior-year period, particularly through solid collaboration with partner banks in distribution as well as successful marketing activities. With a 6.0 per cent increase in volumes to CHF 4.2 billion, the Acquiring business of Aduno likewise posted a pleasing performance in the first half.

### **Successful digital services**

Payment pushed forward with the digital transformation in the reporting period. VisecaOne in particular is a complete success: more than half of all Viseca customers have now registered for VisecaOne and the app has been downloaded more than 580,000 times. That means that, since it was introduced in 2015, the VisecaOne app has been one of Switzerland's most downloaded and most heavily used finance apps. Its users benefit from a simple yet secure two-factor authentication system for making 3-D Secure online payments. They can check their expenditure and their available amount at any time using the app and subscribe to push notifications on their smartphone for all card transactions. The very high standards of security provided by the

VisecaOne app and further investment in preventive solutions have resulted in a sustained reduction in risk costs. The surprize rewards programme, which is popular with cardholders and merchants, was linked up with the VisecaOne app in the first half of 2017. That means customers can see the latest offers in the surprize rewards shop at any time using the app. At the same time, additional retail, hotel and consumer goods partners were brought into the surprize network, further increasing the selection of attractive rewards for cardholders. The personal finance management (PFM) solution developed by the Aduno Group in collaboration with the Swiss fintech start-up Contovista AG was also well received by customers and partner banks. When customers activate this financial assistant, they can view a list of their credit card transactions on their bank's e-banking portal, create charts to represent them visually and keep track of their expenditure very easily. In the current year, further Aduno Group partner banks have opted for this solution.

#### **Consumer Finance division back on a growth track**

The Consumer Finance division, with the personal credit and leasing operations of cashgate AG, increased its new business by 10.7 per cent to CHF 461.1 million. This growth meant that the division was able to hold on to its market share despite fiercer competition. In personal credit, the volume of new business rose by 7.0 per cent and the credit portfolio expanded by 5.2 per cent. A particular driver of this positive performance was the attractive interest rate of 4.9 per cent for customers with residential property, which was introduced last year. The resultant increase in volume enabled cashgate to some extent to make up for the lower margins caused by the maximum interest rate brought in in 2016. The leasing segment increased its new volumes by a considerable 15.5 per cent in the first half of 2017. The portfolio as at the end of June 2017 was slightly smaller than in the prior-year period. The new stock vehicle financing service among other things generated the growth in revenue. This means that dealers can finance their stock of vehicles through cashgate. The service was well received by both existing and potential customers and enabled new dealers to be acquired.

#### **Expectations for the second half of 2017**

The Aduno Group looks towards the second half of 2017 with confidence. Assuming a stable economic environment, business performance is likely to continue to benefit. There are no signs of a weakening in consumer sentiment, interest rates are likely to remain low and exchange rates will probably remain stable. In addition, it is to be expected that the trend towards cashless payments will continue. A negative effect will derive from the reduction in the Swiss interchange fee from the current 0.7 per cent to 0.44 per cent as at 1 August 2017. This will doubtless put margins under pressure. The Aduno Group plans to compensate for this mostly by enhancing its efficiency.

The complete online Half Year Report 2017 is available at <https://reports.aduno-gruppe.ch/hyr17/en>

#### **Aduno Group – the smart way to pay**

The Aduno Group offers the entire range of products and services for cashless payment from a single source: from card issuing activities (Viseca Card Services SA) and card acceptance, to payment terminals (Aduno SA), personal loans and leasing (cashgate AG) as well as deposit guarantees (AdunoKautio AG and SmartCaution SA). As a leading company for private and commercial clients the Aduno Group is a fair and transparent partner. The Aduno Group is wholly owned by the largest Swiss retail and cantonal banks (Raiffeisen Group, all the cantonal banks, Migros Bank, Bank Cler and a number of commercial and private banks).

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