

The Telekurs Group further strengthens its market position in 2006

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The year 2006 saw the Telekurs Group hold its own convincingly in a challenging environment. As Walter Wirz, CEO of the Telekurs Group, puts it “The SIS Group’s computer centers were integrated into Telekurs’s computer center operations, Switzerland’s two largest retailers were supplied with the new davinci payment terminals, and data input operations in India were expanded. The Group’s major financial performance indicators all showed positive progress on the year.” Sales rose 8% to CHF 697.8 million. Operating earnings were up 12%, at CHF 64.2 million, while consolidated Group net income climbed 38% to CHF 77.7 million. These encouraging results confirm the Telekurs Group’s dynamism in all its three business areas (Card-based Payment Systems, Electronic Payment Systems and Financial Information Services).

The *Card-based Payment Systems* business area – comprising Telekurs Multipay, Telekurs Card Solutions, Telekurs Multi Solutions and Telekurs Card Solutions (Deutschland) – generated operating revenues of CHF 386.5 million, a 6.4% increase on the figure for 2005. While this growth is partly the result of the healthy economic environment prevailing in Switzerland, notably in the retail and tourism sectors, this business area’s success in 2006 is also due to the high level of acceptance enjoyed by Telekurs products. This is particularly true of the new davinci payment terminals, which utilize the most recent chip-based technology. Dynamic Currency Conversion (DCC), the application providing automatic currency conversion at the point of sale, also met with resounding retail approval.

The *Electronic Payment Systems* business area was able to make significant cuts in the prices charged to customers. Prices for the new LSV⁺ service, which provides direct debit services “with right of objection”, were nearly halved compared to those for the old direct debit system. Furthermore, in July 2006, prices in the SIC system were reduced by some 15% on average. Because of these significant price cuts and the fact that the previous DTA service was replaced with e-

Media Relations

Telekurs Group

Bernhard Wenger
Media spokesman
Hardturmstrasse 201
P.O. Box
CH-8021 Zurich
Tel. +41 44 279 22 20
Fax +41 44 279 23 36
bernhard.wenger@telekurs.com
www.telekurs.com

banking solutions the previous year, 2006 operating revenues reached CHF 31.7 million, 15.2% less than in 2005. In volume terms, this business area achieved record results. During 2006, the SIC interbank payments system processed some 317 million transactions, representing a volume increase of 23.7% versus 2005. The euroSIC system processed 3.1 million transactions, a 10.7% increase on the year. Telekurs PayNet succeeded in signing up additional banks and invoice issuers for its electronic payments services, as well as further strengthening its position in the B2B and B2C markets.

International *Financial Information Services*, the Telekurs Group's third business area, generated operating revenues of CHF 243.1 million, an increase of 5.8% on the year. Most of these additional revenues were earned outside Switzerland. Telekurs Financial sees the UK, Ireland, France, the US, Japan and Singapore as the markets offering the greatest growth potential for market and financial information services. In Switzerland, Telekurs Financial was once again able to demonstrate its competence in compliance matters – this time by preparing the data which financial institutions will need in order to comply with the regulatory requirements of the EU directive on markets in financial instruments (MiFID).

The Telekurs Group strengthens its economic efficiency

During 2006, Telekurs Services, which is primarily an internal service provider, took over the operations of the SIS computer centers, integrating them and their workforce of some 70 employees into Telekurs. 2006 also saw the successful implementation of the agreement with a major financial services company for reciprocal use of computer center floor space, the contract for which had already been negotiated in 2005. Innovative measures of this kind to make optimal use of high-cost computer center facilities and IT resources, as well as other decisively implemented measures to boost efficiency, have substantially increased the Telekurs Group's economic efficiency while maintaining its high levels of data systems security.

Key financial data for 2006

	2006	–	2005	–	Change
	CHF	–	CHF	–	in %
	mm	–	mm	–	
–	–	–	–	–	–
Card-based Payment Systems	386.5	–	363.2	–	6.4
Electronic Payment Systems	31.7	–	37.4	–	–15.2
International Financial Services	243.1	–	229.7	–	5.8
Other operating revenues	36.5	–	18.0	–	102.8
Total operating revenue	697.8	–	648.3	–	7.6
Cash flow from operations	77.6	–	55.6	–	39.6
Earnings Before Interest and Taxes	64.2	–	57.4	–	11.8
–	–	–	–	–	–
Annual net income	77.7	–	56.2	–	38.3
–	–	–	–	–	–
Total assets at December 31	982.3	–	834.2	–	17.8
Shareholders' equity at December 31	381.0	–	328.9	–	15.8
–	–	–	–	–	–
Total employees (own staff, annual average weighted)	1,722	–	1,698	–	1.4