

EXFEED – ADDING NEW DATA CHANNELS

“In connection with the Quotematch project, EXFEED will offer its customers an additional, high-frequency data channel that can marshal several thousand quote updates per second at peak capacity and send them to end-users.”

Werner Bürki, CEO, EXFEED



Business in the price data segment picked up considerably during the first quarter of 2004, with Internet e-trading portals largely contributing to the comeback. Owing to low market volatility throughout much of the rest of the year, however, the uptrend did not last.

EXFEED served a total of 130 customers last year. Most of these were vendors (who sell data acquired from EXFEED further down the line) and e-trading portals. Fourteen data vendors operated one or more direct connections with the company's realtime ticker plant during the reporting period. All the other customers were subvendors, who received EXFEED data from a vendor with a direct connection. Among the biggest purchasers of EXFEED realtime data, a decline was seen in the number of level-1¹ customers due to cost-cutting measures affecting end-users. Fortunately, the number of level-2² customers (with access to depth-10 market information) continued to grow in 2004. Based on surveys, we can assume that the consolidation process in the financial data segment is now over.

¹ Level-1 (inside-market) data include the best bid and ask and the last trade price for each security, with time and trade size.

² Level-2 (depth-10) data include the inside-market data plus the next nine bid and ask prices for each security. All this information – the 10 best bids/asks, last trade price, time and trade size for all securities – is contained in the aggregate order book.

Better results than in previous year

Connection fees, which consist of technical tie-in costs and the flat fees paid by vendors for data distribution licences, rose by 47.6% to CHF 975 000. This encouraging increase is explained by the first-ever sale of TIF data (non-listed investment funds), generating revenue of CHF 213 000. Another factor was the use of additional backup connections by a number of customers during the migration from the X.25 to the TCP/IP feed. User-dependent exchange fees rose by CHF 190 000 to CHF 15.5 million. The total number of users in the professional segment declined from 63 000 in 2003 to 58 000 in the reporting year.

Total revenue was up 11.7% to CHF 18.7 million. Operating expenses grew by 2.5% to CHF 8.5 million, with two projects completed in the reporting period accounting for the entire increase: the TCP/IP migration and web-based client end-user reporting. Basic operating costs actually fell again slightly. Operating profit before licence fees and taxes totalled CHF 10.1 million, as against CHF 8.4 million in 2003. Net earnings after licence fees and taxes

OVERVIEW OF RESULTS

Revenue	CHF 18.7 million	(+11.7%)
Operating Expenses	CHF 8.5 million	(+2.5%)
Operating Profit	CHF 10.1 million	(+20.9%)
Net Earnings After licence Fees and Taxes	CHF 1.2 million	

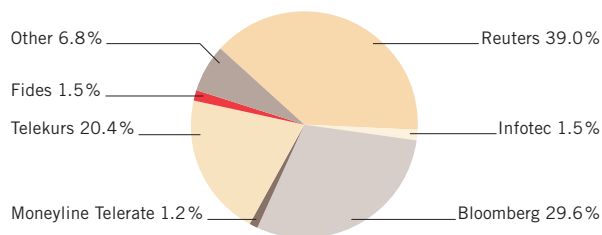
amounted to CHF 1.2 million, compared with a year-earlier figure of CHF 40 000.

The programming and other preparatory work for delivery of SMF (Swiss Market Feed) and PEX-MF (Pan-European Exchange Market Feed) realtime data according to the TCP/IP standard had been completed by end-2003. A major focus of EXFEED's operations throughout 2004 was to ensure uninterrupted service during the migration to TCP/IP. Gearing up for the new system also required a complete overhaul of the telecommunications infrastructure between the company and its customers around the globe. They were frequently consulted in connection with the migration, which was implemented with no snags of any consequence in August 2004. This project has laid the necessary technological foundations for the significant enhancements of data throughput that will be necessary in the years ahead.

Adapting to higher trading capacity on SWX and virt-x
EXFEED's efforts in the latter half of 2004 were directed at making the adjustments required to handle the data flows generated by the extensions to the SWX and virt-x trading platforms. As a first step (EM6.4), trade-type codes and off-order-book functions were expanded and additional information was made available on the operating systems. From the beginning of 2005, this additional information content was also offered to EXFEED data flow users.

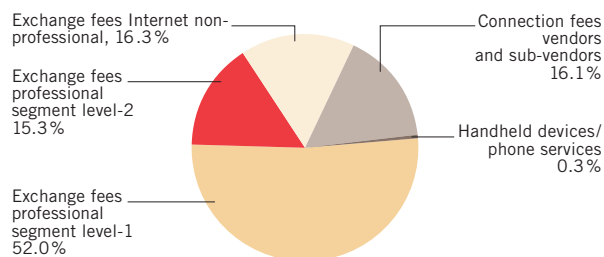
The next stage of the upgrade is aimed at significantly boosting trading capacity in quote-driven product segments. Responding to the new market-making functions and substantially higher quoting capacity resulting from the Quotematch project, EXFEED will offer its customers an additional, high-frequency data channel. In its final version, this new facility will marshal up to several thousand quote updates per second at peak capacity and send them to end-users.

AVERAGE SHARE OF MAJOR VENDORS IN PROFESSIONAL SEGMENT IN 2004



Source: EXFEED

INCOME IN 2004



Source: EXFEED