



VZ Group

1H 2018

Results and Outlook

Appendix: Company Overview

Zurich, 15 August 2018

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Disclaimer



Forward-looking statements

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Agenda



1. Facts and figures

2. Financials

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Summary 1H18



Business development

- Continued growth despite challenging environment
 - More clients, unchanged marketing response
 - High volatility weighs on AuM-development
 - Positive cross-selling efforts
- AuM-margin remains under pressure
 - More all-in-fee models and passive mandates
 - Negative interest rates
- New initiatives
 - Bank in Germany: client migration on track
 - Opening of first branch office in Italian speaking part of CH (Lugano)
 - Mobile release of «VZ Finanzportal» planned for Q4/18
- Front-end capacity increase
 - Consulting FTEs +8.8% to 148 FTE (avg. 2018)
 - Target of 160 FTE for 2019 realistic
- Annualized NNM inflow per consulting FTE at CHF 17.6 million in 1H18

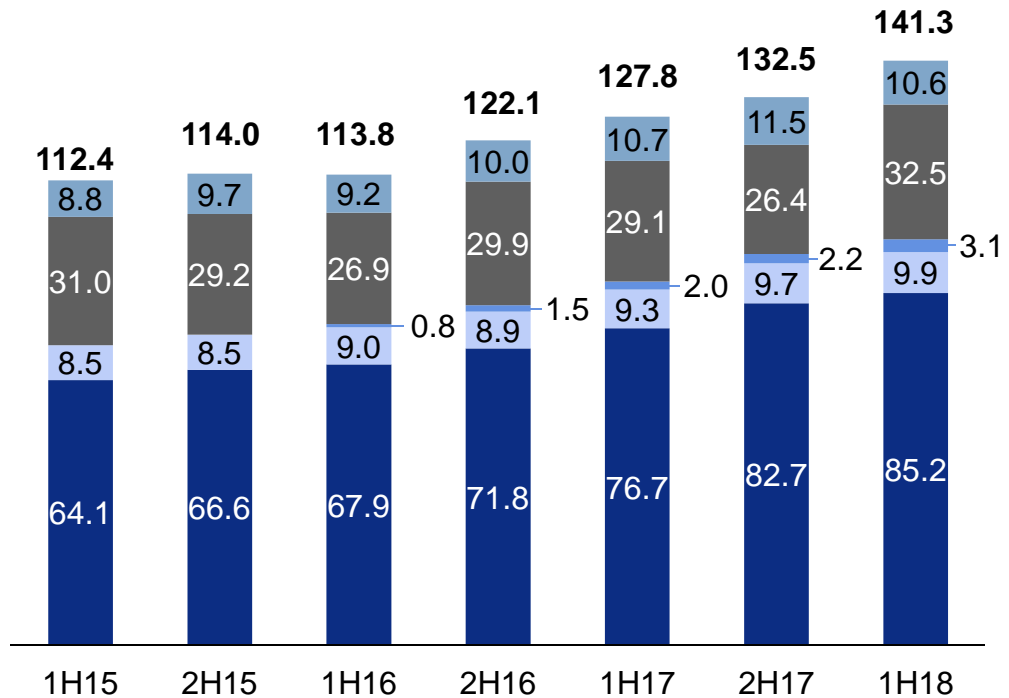
Financials

- Top line +10.6% yoy to CHF 141.3 million
- Operating expenses +10.5% yoy to CHF 78.6 million
 - Personnel expenses +9.8% yoy
 - Other operating expenses +9.6% yoy
- EBITDA margin: 44.4% (1H17: 44.4%)
- Bottom line +10.3% yoy to CHF 48.7 million
- Solid balance sheet
 - Equity ratio: 15.7%
 - BIS CET 1: 27.5%
- NNM: 1'303 million (1H17: 1'101 million)
- Assets under management: CHF 22'653 million (30.6.2017: CHF 19'982 million)



Revenues: +10.6% yoy

in CHF million¹



Total revenues +10.6% yoy

- Consulting revenues² -0.9% yoy
- Banking income from commissions and trading activities³ +11.6% yoy
- Net earned premiums +54.6% yoy
- Other Management fees +6.6% yoy
- Management fees on AuM +11.1% yoy

1 Numbers may differ slightly from the published income statements due to rounding differences. In 2018, the classification of revenues as «Management fees on AuM» and «Banking income from commissions and trading activities» was adjusted. For better comparability, the previous year's figures have been adjusted accordingly.

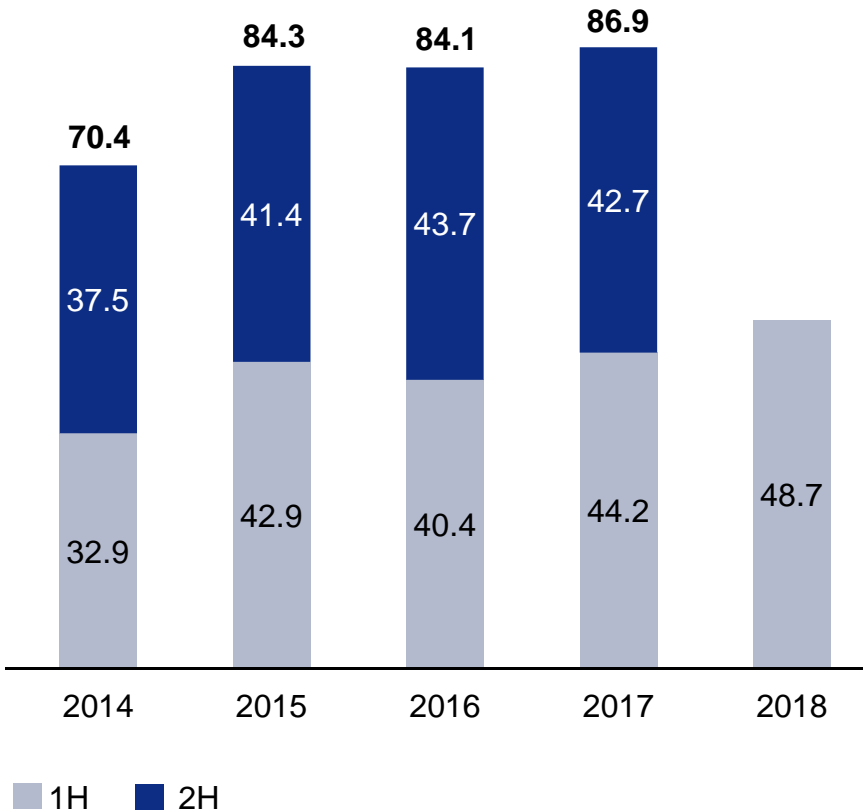
2 Incl. other revenues

3 Incl. banking income from interest operations



Net profit: +10.3% yoy

in CHF million¹



- Operating margin (EBITDA) at 44.4%, unchanged yoy (long-term target: 45%)
 - Revenues +10.6%
 - Operating expenses +10.5%
 - EBITDA +10.8%
- Depreciation +22.5% due to increased capex in digitalisation, «VZ Finanzportal» and general infrastructure
- Net profit margin at 34.5% vs. 34.6% yoy (long-term target: 35%)

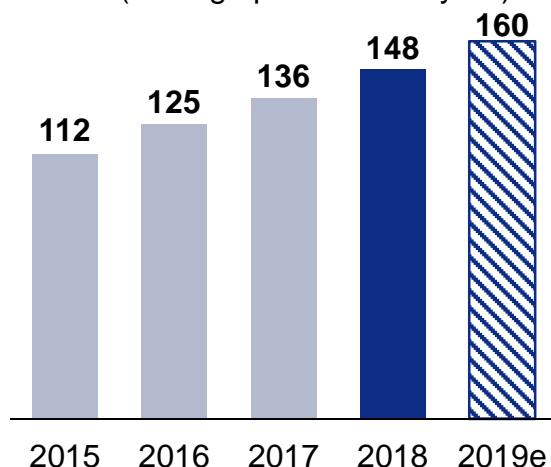
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Financial Consulting: NNM at lower end of target corridor



Capacity growth

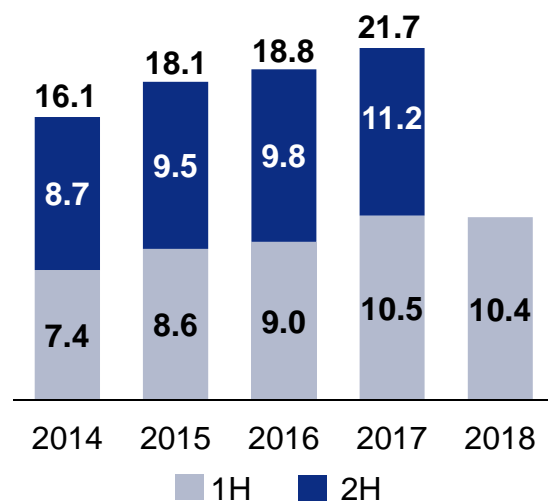
in FTE (average per calendar year)



- Full-time equivalents (FTE) with client and budget responsibility
- PCC-profile equals 50% FC-profile
- Wealth managers not included
- Further capacity increase planned

Consulting revenues

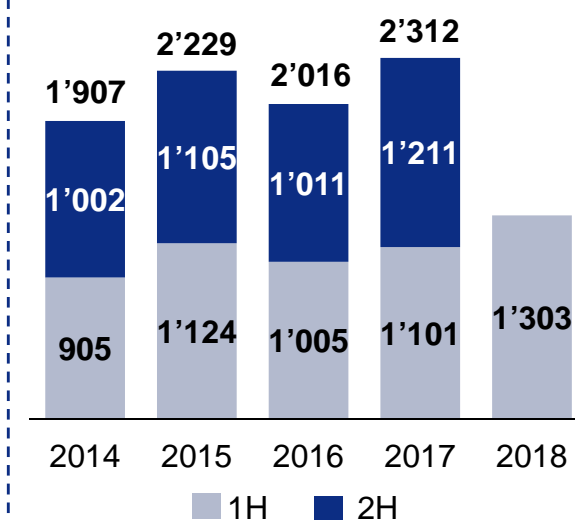
in CHF million



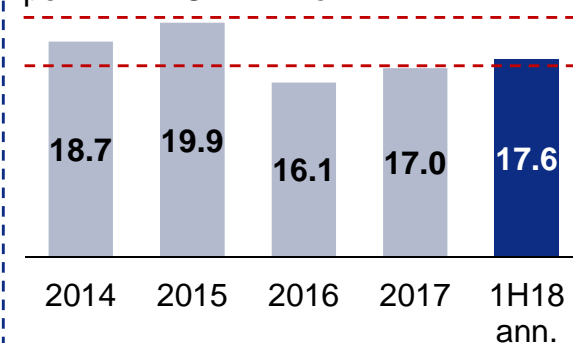
- Consulting projects enable introduction to wealth management services

Net new money (NNM)

in CHF million



per FTE in CHF million



--- target corridor 17-20 million per FTE



Wealth Management: AuM +13.4%

in CHF million

	30.06.16	31.12.16	30.06.17	31.12.17	30.06.18	yoy
AuM total	17'272	18'415	19'982	21'775	22'653	+13.4%
• PM mandates <i>Share of total AuM</i>	10'632 61.6%	11'116 60.4%	12'118 60.6%	13'136 60.3%	13'715 60.5%	+13.2%
• Others ¹ <i>Share of total AuM</i>	6'640 38.4%	7'299 39.6%	7'864 39.4%	8'639 39.7%	8'938 39.5%	+13.7%
NNM total (6 month)	1'005	1'011	1'101	1'211	1'303	+18.4%
# Wealth management clients	27'877	29'476	31'225	33'276	35'235	+12.8%

1 Incl. mortgages under management and portfolios under client management

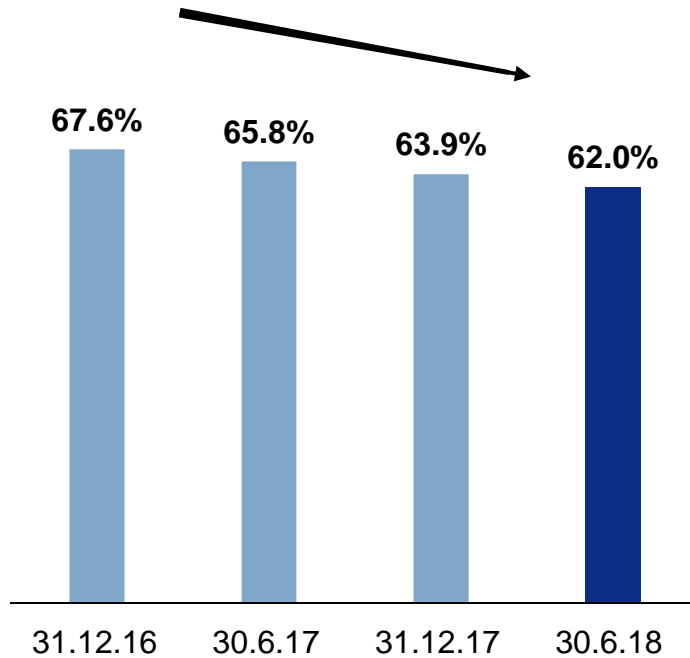


Platform usage among WM clients

CH clients only

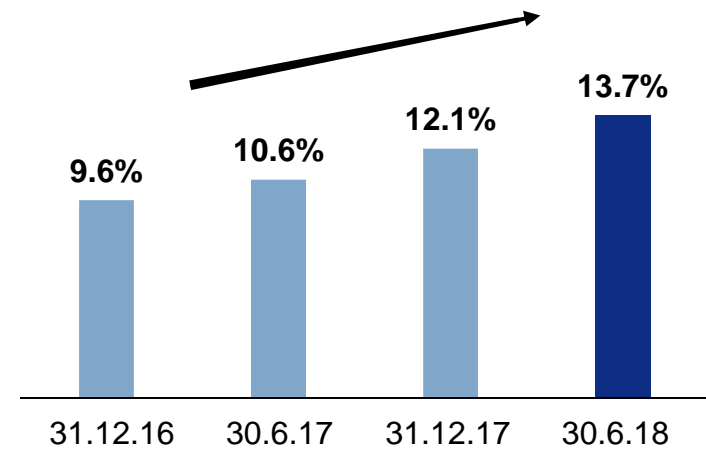
1 platform per client

Share of WM clients who use 1 platform only, in % of total WM clients



3+ platforms per client

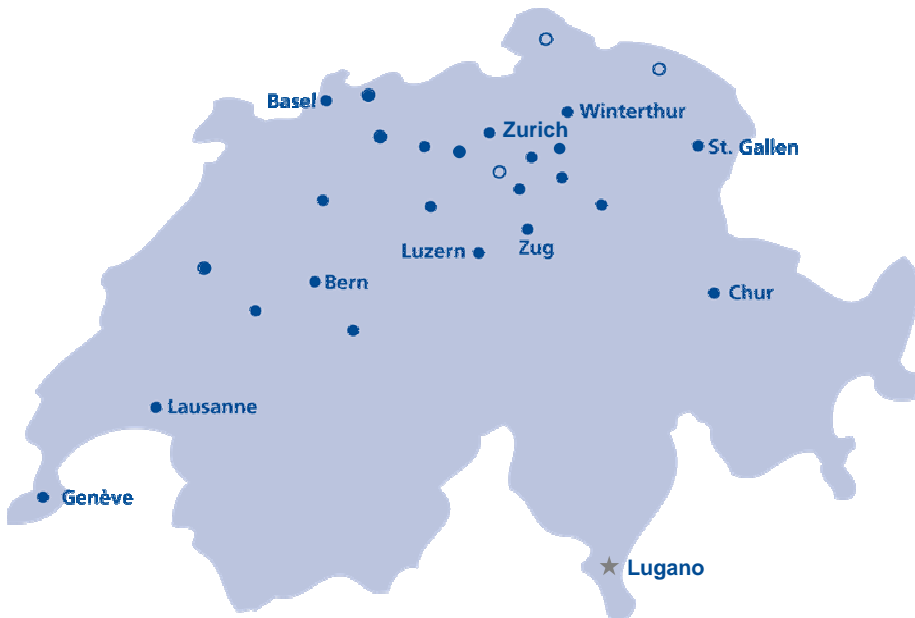
Share of WM clients who use 3+ platforms, in % of total WM clients



Branch offices

Switzerland

#: 28



- branch office
- satellite
- ★ new branch office in 1H18

Germany

#: 4



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Income statements – unaudited (1)

in CHF million¹

	1H 16	2H 16	1H 17	2H 17	1H 18	yoy
Consulting fees	9.0	9.7	10.5	11.2	10.4	-0.9%
Management fees: on AuM	67.9	71.8	76.7	82.7	85.2	+11.1%
others	9.0	8.9	9.3	9.7	9.9	+6.6%
Banking income ²	26.9	29.9	29.1	26.4	32.5	+11.6%
Net earned insurance premiums	0.8	1.5	2.0	2.2	3.1	+54.6%
Other operating revenues ³	0.2	0.3	0.2	0.3	0.2	n.m.
Total operating revenues	113.8	122.1	127.8	132.5	141.3	+10.6%
Personnel expenses	46.5	47.3	51.1	52.9	56.1	+9.8%
Other operating expenses	16.1	17.3	18.7	23.7	20.5	+9.6%
Expenses of insurance contracts	0.4	1.1	1.3	1.5	2.0	+52.0%
Total operating expenses	63.0	65.7	71.1	78.1	78.6	+10.5%
EBITDA	50.8	56.4	56.7	54.4	62.8	+10.8%

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2 Banking income from commissions and trading activities incl. income from interest operations

3 Net impairment losses/recoveries on financial assets



Income statements – unaudited (2)

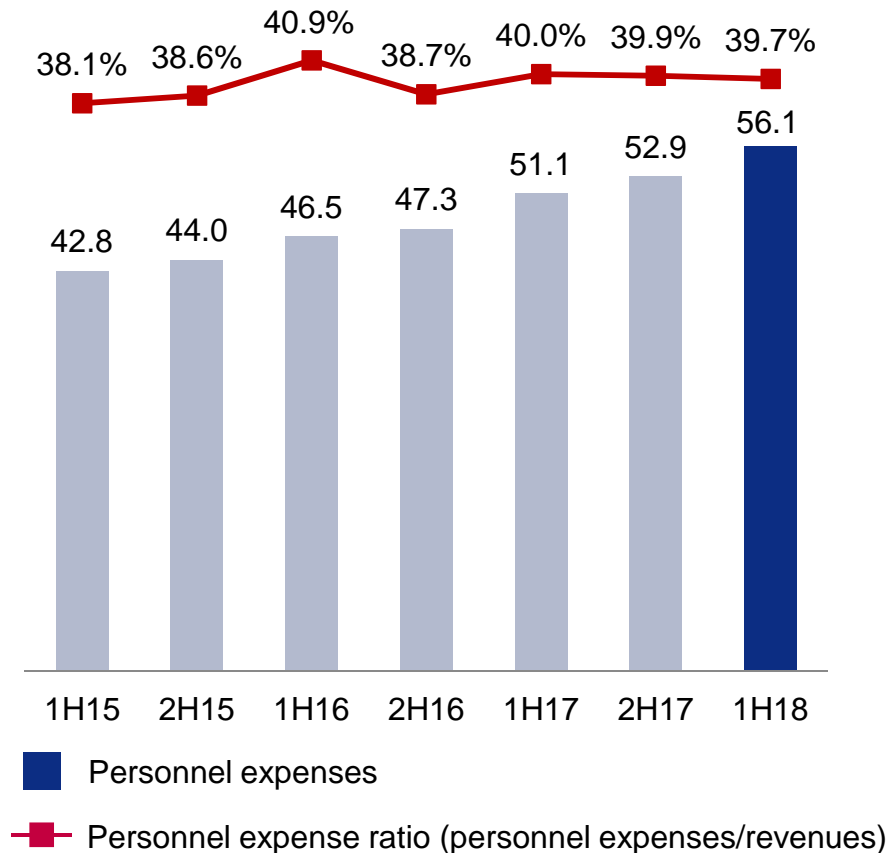
in CHF million¹

	1H 16	2H 16	1H 17	2H 17	1H 18	yoy
EBITDA	50.8	56.4	56.7	54.4	62.8	+10.8%
Depreciation and amortisation	3.2	3.6	4.1	4.4	5.0	+22.5%
EBIT	47.6	52.8	52.6	50.0	57.8	+9.9%
Net finance income	0.0	0.0	0.0	0.0	-0.1	-
Profit before income tax	47.6	52.8	52.6	50.0	57.7	+9.8%
Income tax	7.2	9.1	8.4	7.3	9.0	+7.5%
Net profit	40.4	43.7	44.2	42.7	48.7	+10.3%

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Personnel expenses

in CHF million¹



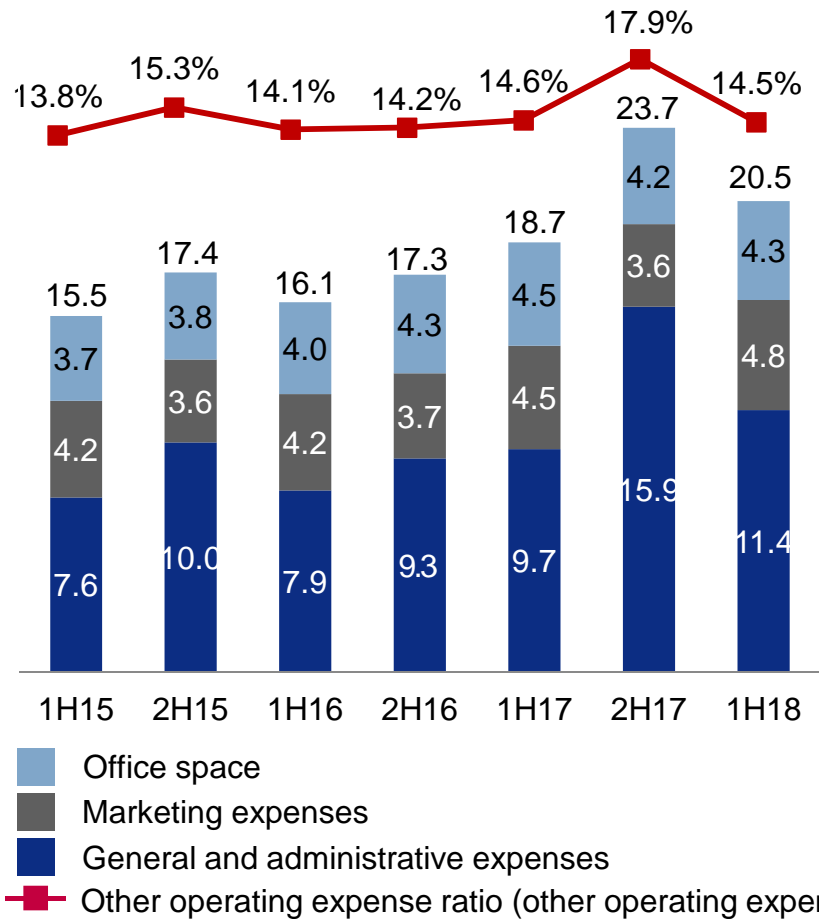
- +9.8% yoy
 - Personnel development
- | | 30.06.17 | 31.12.17 | 30.06.18 |
|------------------|----------|----------|----------|
| FTE ² | 793.7 | 840.4 | 872.7 |
- 2H17: +46.7 FTE
1H18: +32.3 FTE
 - Personnel expense ratio at around 40%

¹ Numbers may differ slightly from the published income statements due to rounding differences

² FTE: Full-time equivalent

Other operating expenses

in CHF million¹



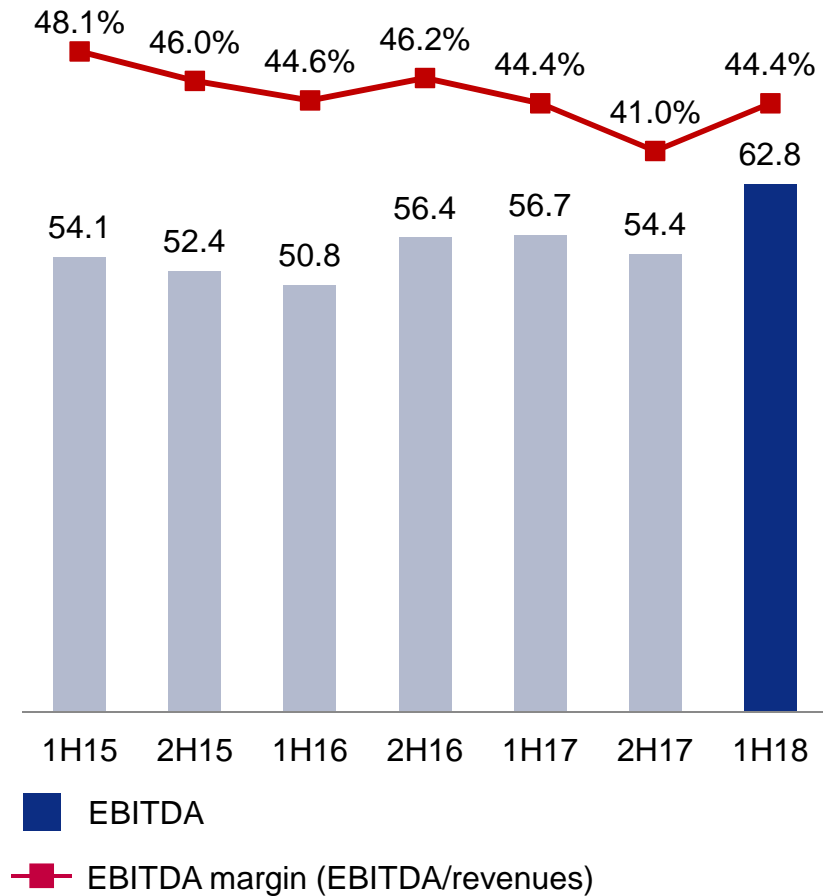
- Other operating expense ratio stable at around 13 to 15% (excl. tax provision and set-up costs VZ Depository Bank Germany in 2H17)
- Other operating expenses +9.6% yoy
 - Office space –4.9% yoy
 - Marketing expenses +5.4% yoy
 - General and administrative expenses +18.3% yoy
- Overproportionate increase in general and administrative expenses
 - Running costs of new Bank in Germany
 - Expanded functionalities of «VZ Finanzportal»

¹ Numbers may differ slightly from the published income statements due to rounding differences



EBITDA and margin

in CHF million¹



- EBITDA +10.8 yoy
- Margin long-term expectation 45% confirmed
- No significant leverage expected going forward

¹ Numbers may differ slightly from the published income statements due to rounding differences



Balance sheets

in CHF million¹

	30.06.17	31.12.17	30.06.18
Cash & cash equivalents	521.6	695.5	776.4
Short-term investments	168.6	215.5	270.4
Swiss prime residential mortgages	1'162.0	1'247.3	1'357.8
CHF bonds, marketable securities	369.2	372.3	388.2
Subtotal financial investments	2'221.4	2'530.6	2'792.8
Property, equipment and intangibles	23.6	81.8	84.3
Other assets	75.9	91.1	92.8
Total assets	2'320.9	2'703.5	2'969.9
Customer deposits	1'715.5	2'026.4	2'252.5
Long-term debts	123.2	133.7	159.3
Other liabilities	61.8	83.9	90.6
Total liabilities	1'900.5	2'244.0	2'502.4
Total equity	420.4	459.5	467.5

- Balance sheet total increase is coincidental and depends on the reporting date, it does not fully reflect the underlying business development
- Customer deposits and cash equivalents can fluctuate substantially due to shifts in the allocations of managed assets
- Financial investments:
 - Low risk profile
 - Average time to maturity
30.06.18: 1.3 years
(30.06.17: 1.7 years)

¹ Numbers may differ slightly from the published balance sheets due to rounding differences



Equity and payout ratios

Payout ratios	2015	2016	2017	Equity ratios	30.06.17	31.12.17	30.06.18
in CHF million							
Net profit	84.3	84.1	86.8	Total equity in CHF million	420.4	459.5	467.5
Retained earnings	50.9	50.7	52.3				
Dividend total	33.4	33.4	34.5	Equity ratio ¹	18.1%	17.0%	15.7%
<i>Dividend per share</i>	<i>4.20</i>	<i>4.20</i>	<i>4.35</i>	BIS CET 1	29.9% ²	30.4%	27.5%
Payout ratios	40%	40%	40%	BIS CET 1 & AT 1	29.9% ²	30.4%	27.5%

Treasury shares	30.06.17	31.12.17	30.06.18
Number (in '000)	49	58	69
Book value in CHF million	14.4	17.3	20.6

1 Equity compared to balance sheets' total (leverage ratio)

2 Adjusted due to implementation of Basel III

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Future growth in two equally important dimensions:

- New client inflow
 - Focus on 50+, wealthy, on-shore
 - Unrivalled expertise in retirement consulting and estate planning
- Develop existing client base along the 5 service platforms:
portfolio management, banking services, mortgages, 2nd and 3rd pillar, insurances
Long-term target: average client uses 3 platforms and «VZ Finanzportal»

Business development

- Further increase front-end consulting capacity (FC and PCC)
- Sustain NNM per front-end consultant within target range
- Increase number of service platforms used per client

Financials

- Higher AuM-base and increased number of clients support revenue growth
- Cross-selling efforts partially compensate pressure on AuM-margin
- Operational costs expected to grow in line with top line in 2018, depreciation and amortisation to grow disproportionately
- Long-term: Operational margin target levels confirmed
 - EBITDA margin: 45%
 - Net profit margin: 35%
- Payout ratio stable at 40% going forward

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What does VZ do?

Target clients...



- Homeowners
- Employees on management level
- Entrepreneurs

... seek expert advice...

- Retirement planning (employees) / succession planning (entrepreneurs)
- Estate planning
- Investment advice
- Real estate financing and development
- Tax planning
- Insurance optimisation

... and solid implementation

- ① Portfolio management
 - Discretionary mandates
 - Advisory mandates
 - ② Banking services
 - Custody, TX/FX
 - Payment services online / offline
 - ③ Mortgages
 - ④ Pension fund solutions and servicing, individualised tax deferred provision schemes
 - ⑤ Insurance coverage
- + Digital cockpit «VZ Finanzportal»

VZ advantage

**profound expertise,
no conflicts of interest**

**competitively priced, transparent,
comprehensive**

VZ Finanzportal



Mein Finanzportal x

https://finanzportal-secure.vermoegenszentrum.ch/vzdi.oginlogin

VZ

VZ Finanzportal

Grüezi Peter Muster, willkommen im VZ Finanzportal.
Sie haben keine neuen Benachrichtigungen.

- Vermögensübersicht
- Zahlungs- & Börsenaufträge
- Konto- & Depotübersicht
- Liegenschaften & Hypotheken
- Pensionskasse & 3. Säule
- Versicherungen
- Steuern
- Testament & Verträge

Mein Berater

Strong brand recognition



Brand associated with expertise, quality and independence

Books



Online/Newsletters



Seminars



VZ News



Media coverage

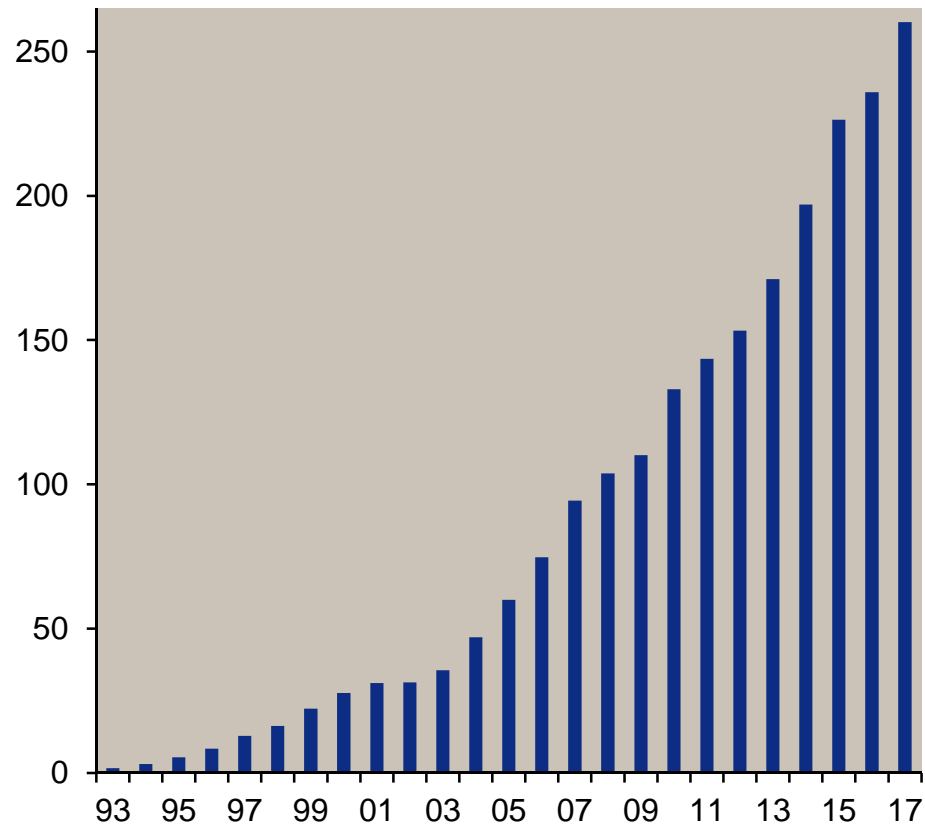




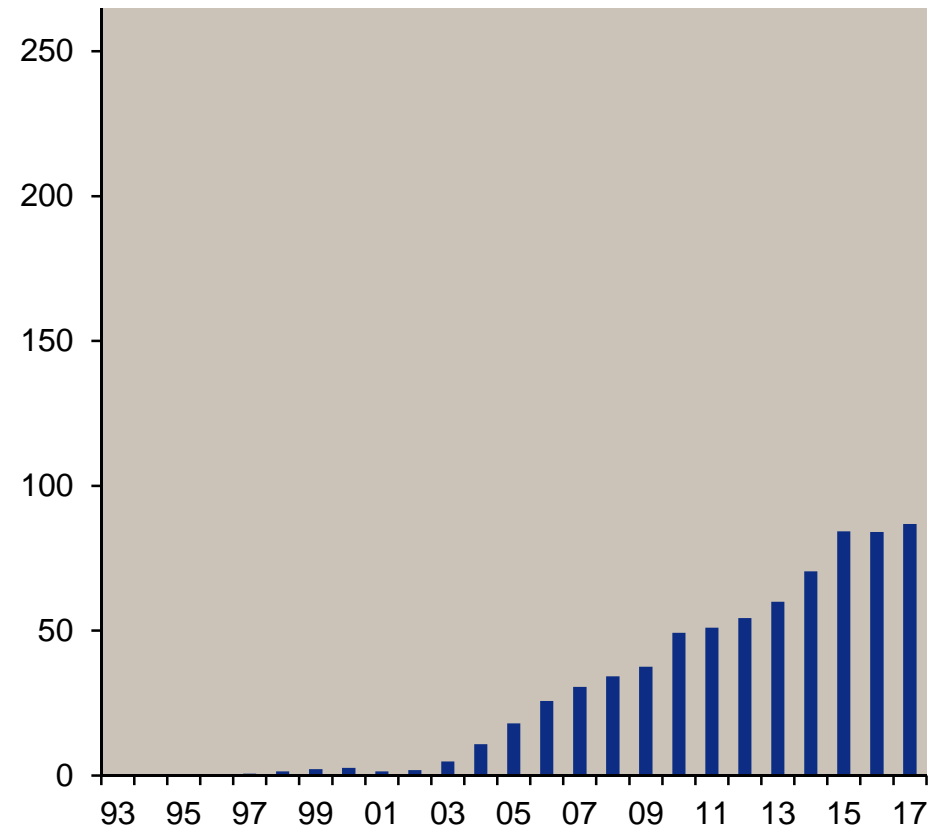
Long track record of organic growth and profitability

in CHF million

Operating revenues¹



Net profit¹



¹ 1993-2003 according to SWISS GAAP; 2004-2017 according to IFRS