



VZ Group

2018

Results and outlook

Appendix: company overview

Zurich, 1 March 2019

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Disclaimer



Forward-looking statements

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Agenda



1. Facts and figures

2. Financials

3. Outlook

4. Appendix

Summary 2018



Business development

- Unchanged inflow of new clients seeking advice on retirement and estate planning issues
- Increasing demand for platform offerings: more consulting clients converted and higher platform usage per client
- Negative financial markets weigh on AuM growth and impact client behaviour
- New initiatives
 - Ongoing digitalisation of client interface (Finanzportal, e-consulting)
 - New branch offices in Lugano (2018), Burgdorf and Brig (2019)
 - Bank in Germany: first full year in operation
 - Insurance business starts delivering
- Front-end capacity increase
 - Consulting FTEs +8.8% to 148 FTE (avg. 2018)
 - 160 FTE for 2019 realistic

Financials

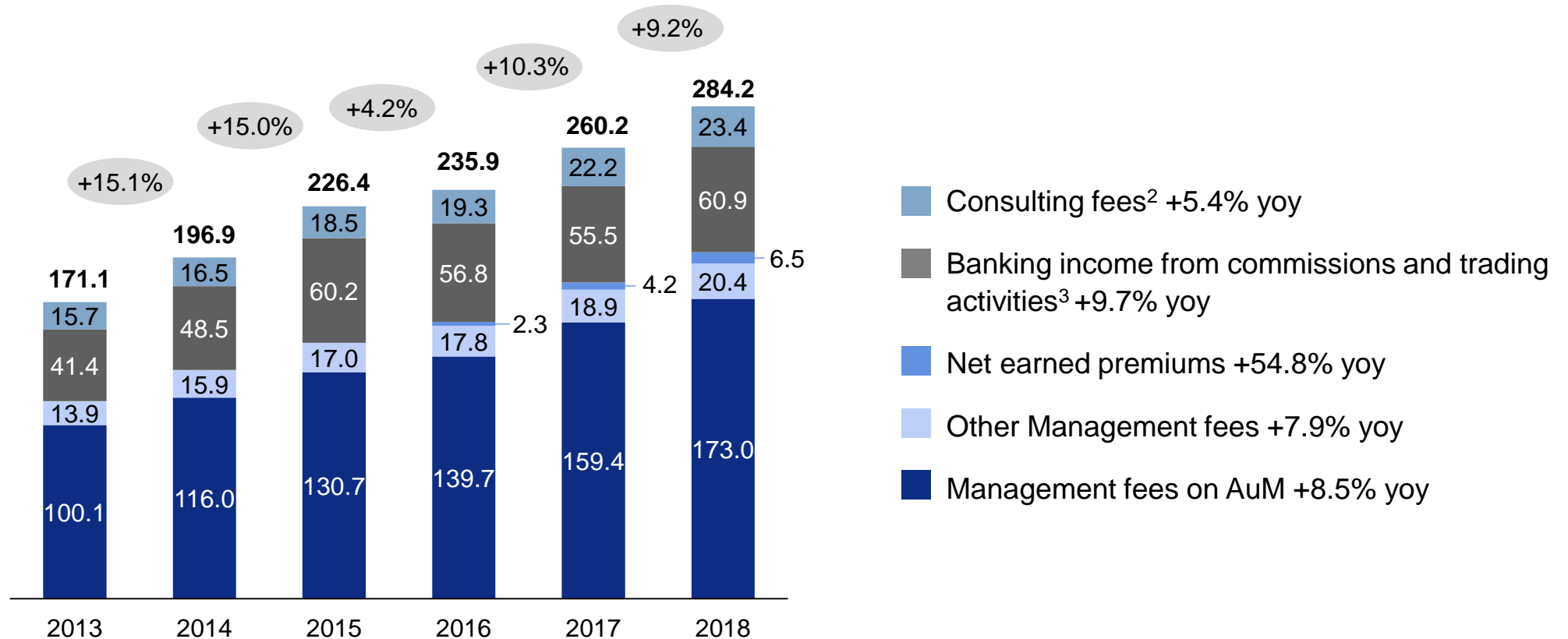
- Top line +9.2% to CHF 284.2 million
- Operating expenses +5.2% to CHF 157.0 million (adjusted¹ +9.0% yoy)
 - Personnel expenses +8.8% yoy
 - Other operating expenses –5.4% yoy (adjusted¹ +7.8% yoy)
- EBITDA margin: 44.8% (2017: 42.7%, adjusted¹ 44.7%)
- Bottom line +13.1% to CHF 98.2 million (adjusted¹ +8.1%)
- Solid balance sheet
 - Equity ratio: 16.6%
 - BIS CET 1: 30.1%
- NNM: CHF 2'566 million (2017: CHF 2'312 million)
- Assets under management: CHF 23.1 billion (31.12.2017: CHF 21.8 billion)
- Dividend: CHF 4.90 per share

¹ Adjusted for VAT provision in 2017



Revenues: continued path of growth

in CHF millions¹



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.

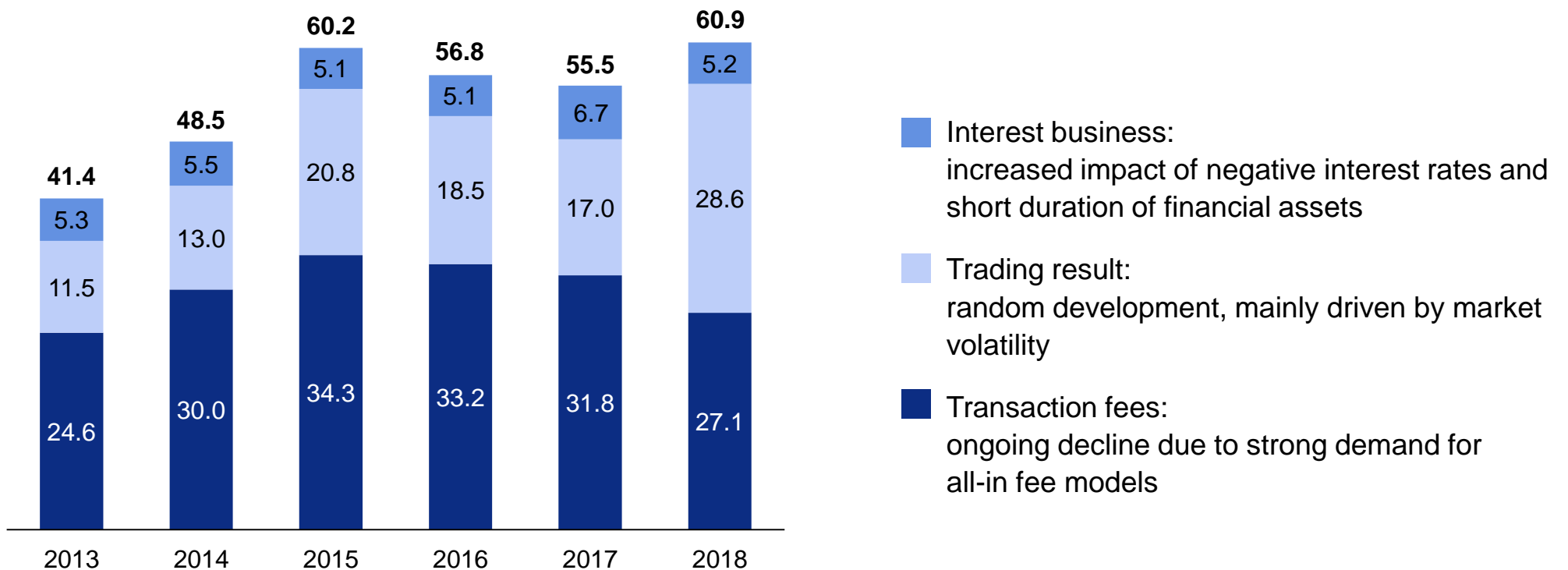
2 Incl. other revenues

3 Incl. banking income from interest operations



Banking income: random & structurally under pressure

in CHF millions¹

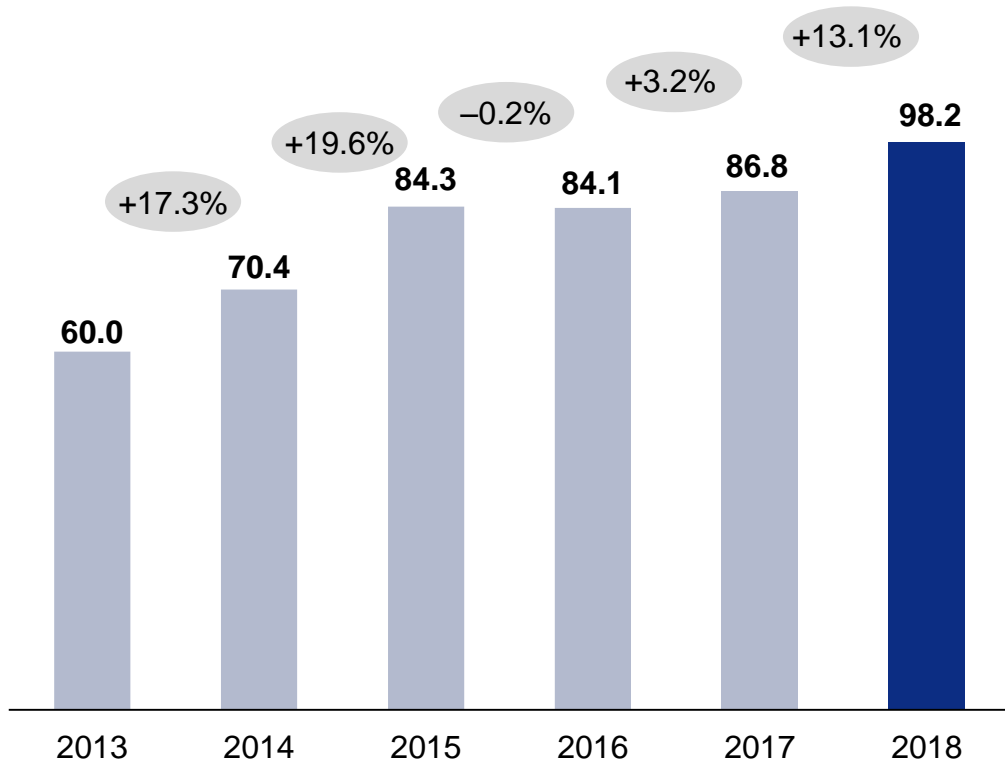


¹ Numbers may differ slightly from the published income statements due to rounding differences



Net profit: growth affected by tax provision in 2017

in CHF millions¹



- Net profit: +13.1% (adjusted² +8.1%)
- Operating margin (EBITDA) at 44.8% (2017: 42.7%, adjusted² 44.7%, long-term target: 45%)
 - Revenues +9.2%
 - Operating expenses +5.2% (adjusted² +9.0%)
 - EBITDA +14.6% (adjusted² +9.5%)
- Depreciation +23.8% due to increased capex in digitalisation, VZ Finanzportal and general infrastructure
- Net profit margin 34.6% vs 33.4% in 2017 (adjusted² 35.4%, long-term target: 35%)

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

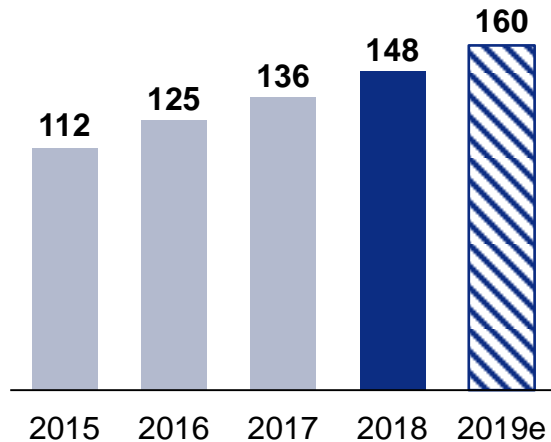
² Adjusted for VAT provision in 2017



Financial Consulting: unchanged performance

Capacity growth

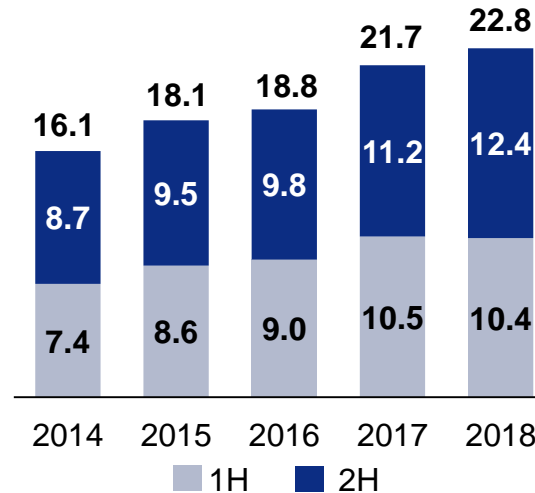
in FTE (average per calendar year)



- FC 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

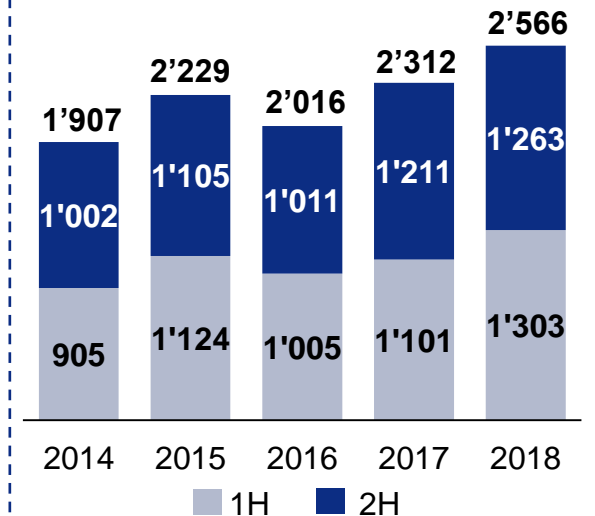
in CHF millions



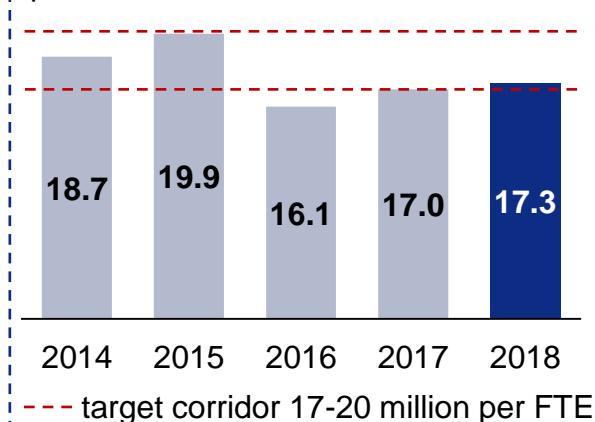
- Consulting projects enable introduction to wealth management services

Net new money (NNM)

in CHF millions



per FTE in CHF millions





Wealth Management: AuM +5.9%

in CHF millions

| | 31.12.14 | 31.12.15 | 31.12.16 | 31.12.17 | 31.12.18 | yoy |
|---------------------------|----------|----------|----------|----------|----------|---------------|
| AuM total | 14'549 | 16'495 | 18'415 | 21'775 | 23'056 | +5.9% |
| • PM mandates | 9'319 | 10'277 | 11'116 | 13'136 | 13'641 | +3.8% |
| <i>Share of total AuM</i> | 64.1% | 62.3% | 60.4% | 60.3% | 59.2% | |
| • Other ¹ | 5'230 | 6'218 | 7'299 | 8'639 | 9'415 | +9.0% |
| <i>Share of total AuM</i> | 35.9% | 37.7% | 39.6% | 39.7% | 40.8% | |
| NNM total | 1'907 | 2'229 | 2'016 | 2'312 | 2'566 | +11.0% |
| # WM clients | 22'973 | 26'438 | 29'476 | 33'276 | 37'803 | +13.6% |
| Δ WM clients | +3'024 | +3'465 | +3'038 | +3'800 | +4'527 | +19.1% |

1 Incl. mortgages under management and portfolios under client management

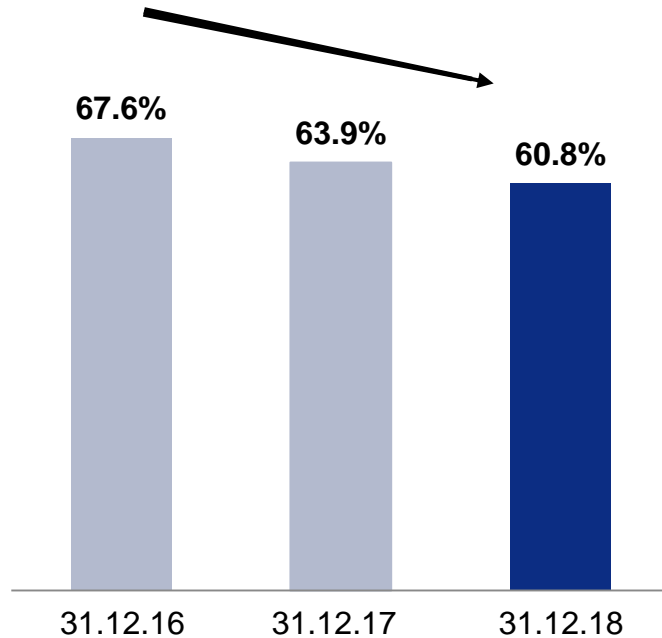


Platform usage among WM clients

CH clients only

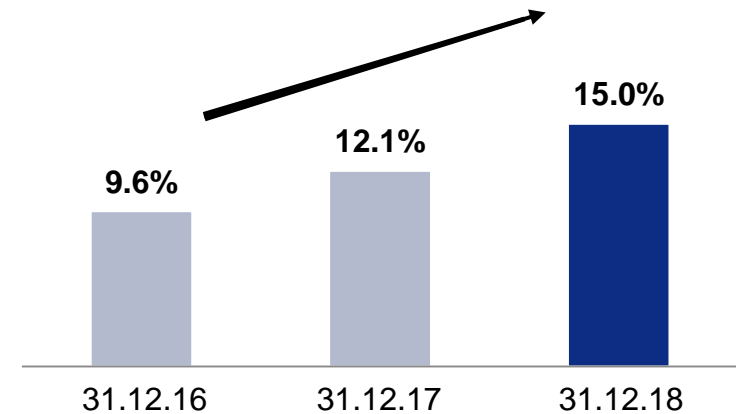
1 platform per client

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



3+ platforms per client

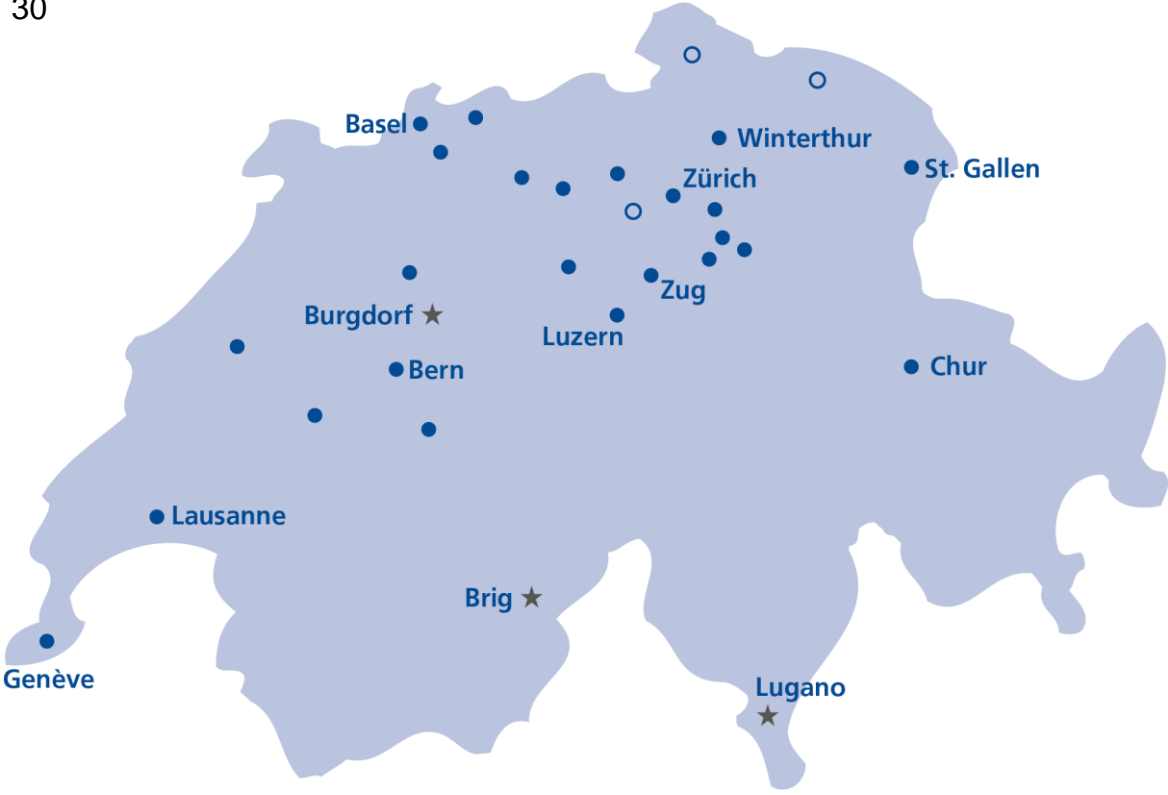
Share of WM clients who use 3+ platforms, in % of WM clients



Branch offices

Switzerland

#: 30



- branch office
- satellite
- ★ new branch office in 2018/19

Germany

#: 4



Agenda



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Income statements (1)

in CHF millions¹

| | 2015 | 2016 | 2017 | 2018 | yoy |
|---------------------------------------|--------------|--------------|-------------------|--------------|---------------|
| Consulting fees | 18.1 | 18.8 | 21.7 | 22.8 | +5.1% |
| Management fees: on AuM | 130.7 | 139.7 | 159.4 | 173.0 | +8.5% |
| other | 17.0 | 17.8 | 18.9 | 20.4 | +7.9% |
| Banking income ² | 60.2 | 56.8 | 55.5 | 60.9 | +9.7% |
| Net earned premiums | - | 2.3 | 4.2 | 6.5 | +54.8% |
| Other operating revenues ³ | 0.4 | 0.5 | 0.5 | 0.6 | n.m. |
| Total operating revenues | 226.4 | 235.9 | 260.2 | 284.2 | +9.2% |
| Personnel expenses | 86.8 | 93.7 | 104.0 | 113.1 | +8.8% |
| Other operating expenses | 33.0 | 33.4 | 42.4 ⁴ | 40.1 | -5.4% |
| Expenses of insurance contracts | - | 1.6 | 2.8 | 3.8 | +35.7% |
| Total operating expenses | 119.8 | 128.7 | 149.2 | 157.0 | +5.2% |
| EBITDA | 106.6 | 107.2 | 111.0 | 127.2 | +14.6% |

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

3 Including net impairment losses/recoveries on financial assets

4 Incl. CHF 5.2 million provisions for tax claims



Income statements (2)

in CHF millions¹

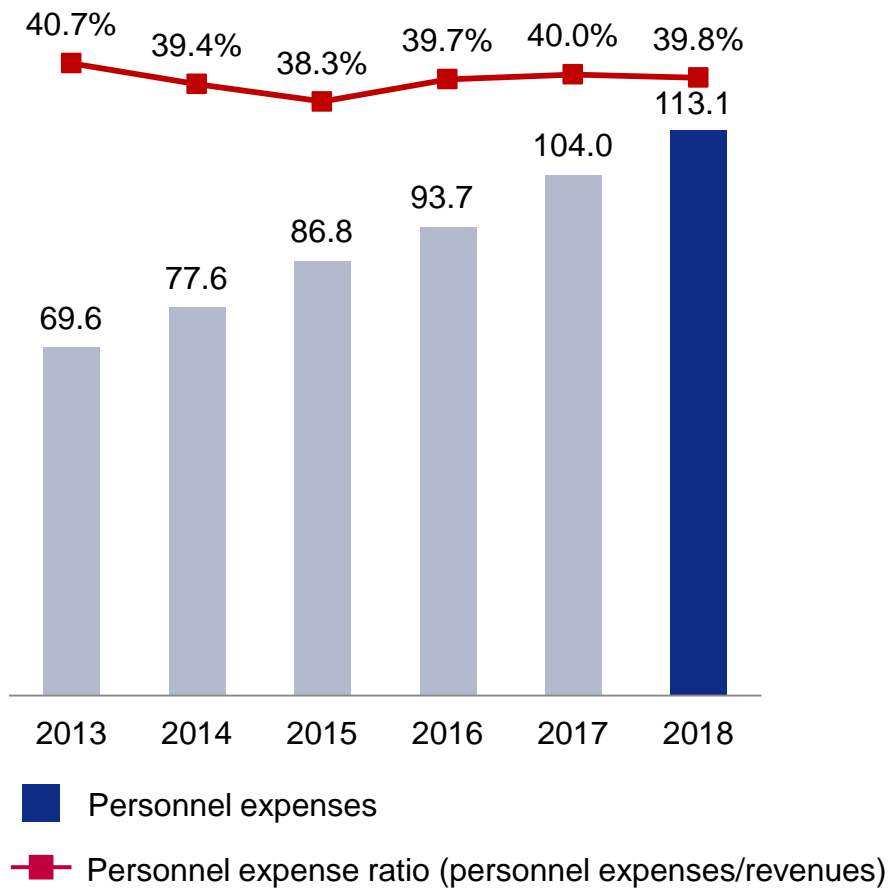
| | 2015 | 2016 | 2017 | 2018 | yoy |
|---------------------------------|--------------|--------------|--------------|--------------|---------------|
| EBITDA | 106.6 | 107.2 | 111.0 | 127.2 | +14.6% |
| Depreciation and amortisation | 5.9 | 6.8 | 8.4 | 10.4 | +23.8% |
| EBIT | 100.7 | 100.4 | 102.6 | 116.8 | +13.8% |
| Net finance income | -0.2 | 0.0 | 0.0 | -0.1 | |
| Profit before income tax | 100.5 | 100.4 | 102.6 | 116.7 | +13.7% |
| Income tax | 16.2 | 16.3 | 15.8 | 18.5 | +17.1% |
| Net profit | 84.3 | 84.1 | 86.8 | 98.2 | +13.1% |

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



Personnel expenses

in CHF millions¹



- +8.8% yoy
- Personnel development

| | 31.12.16 | 31.12.17 | 31.12.18 |
|------------------|----------|----------|----------|
| FTE ² | 771.5 | 840.4 | 897.5 |

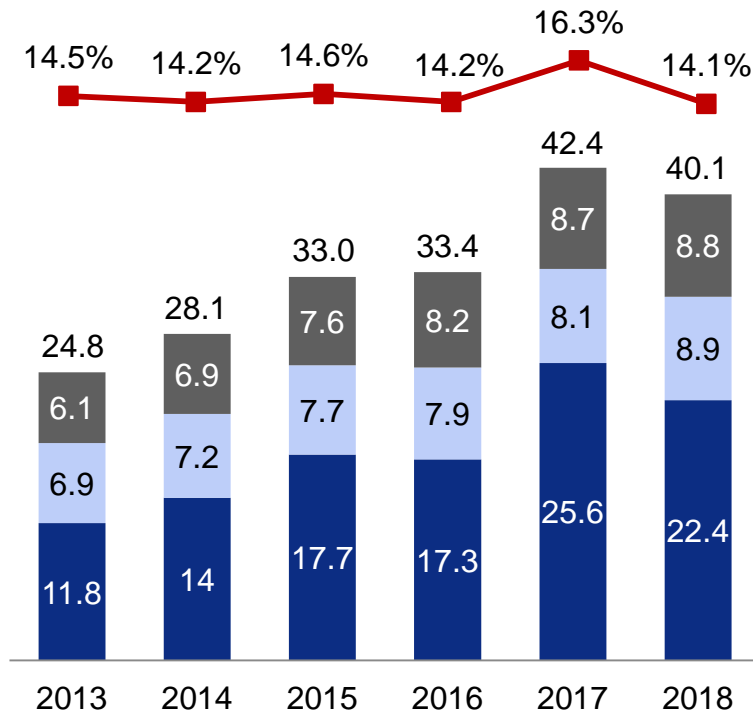
- 1H18: +32.3 FTE
2H18: +24.8 FTE
- Personnel expense ratio at around 40%

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

² FTE: Full-time equivalent

Other operating expenses

in CHF millions¹



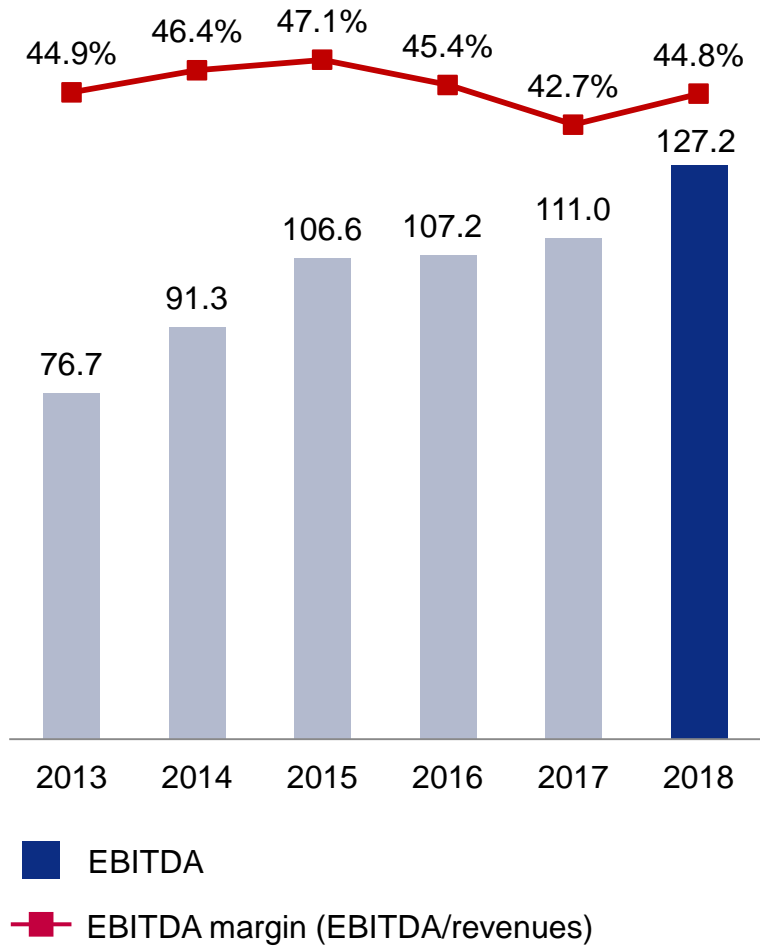
- Office space rent and maintenance
- Marketing expenses
- General and administrative expenses
- Other operating expense ratio (other operating expenses/revenues)

- Other operating expense ratio stable at around 13% to 15%
- Other operating expenses –5.4% yoy (adjusted for VAT provision in 2017 +7.8% yoy)
 - Office space +1.1% yoy
 - Marketing expenses +9.9% yoy
 - General and administrative expenses –12.5% yoy
- Disproportionate 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 millions¹



- EBITDA +14.6% yoy (adjusted for VAT provision in 2017 +9.5% yoy)
- Margin long-term expectation 45% unchanged
- No leverage expected going forward

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

Balance sheets

in CHF millions¹

| | 31.12.17 | 31.12.18 |
|---------------------------------------|----------------|----------------|
| Cash & cash equivalents | 695.5 | 724.3 |
| Short-term investments | 215.5 | 276.5 |
| Swiss prime residential mortgages | 1'247.3 | 1'508.6 |
| CHF bonds, marketable securities | 372.3 | 416.3 |
| Subtotal financial investments | 2'530.6 | 2'925.7 |
| Property, equipment and intangibles | 81.8 | 85.3 |
| Other assets | 91.1 | 76.9 |
| Total assets | 2'703.5 | 3'087.9 |
| Customer deposits | 2'026.4 | 2'261.5 |
| Long-term debts | 133.7 | 224.4 |
| Other liabilities | 83.9 | 89.7 |
| Total liabilities | 2'244.0 | 2'575.6 |
| Total equity | 459.5 | 512.3 |

- Balance sheet total on the reporting date is coincidental; it does not reflect the underlying business development
- Customer deposits and cash equivalents can fluctuate significantly due to shifts in asset allocation of managed portfolios
- Financial investments:
 - Low risk profile
 - Average time to maturity
31.12.2018: 1.3 years (31.12.2017: 1.4 years)
 - Increase of maturity via interest rate swaps under examination

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



Equity and payout ratios

| Payout ratios | 2016 | 2017 | 2018 | Equity ratios | 31.12.16 | 31.12.17 | 31.12.18 |
|---------------------------|-------------|-------------|--------------------------|---------------------------------|--------------------|-----------------|-----------------|
| in CHF millions | | | | | | | |
| Net profit | 84.1 | 86.8 | 98.2 | Total equity in CHF millions | 420.1 | 459.5 | 512.3 |
| Retained earnings | 50.6 | 52.3 | 59.4 | | | | |
| Dividend total | 33.5 | 34.5 | 38.8 ^{1,2} | Equity ratio ³ | 17.3% | 17.0% | 16.6% |
| <i>Dividend per share</i> | <i>4.20</i> | <i>4.35</i> | <i>4.90</i> ¹ | BIS CET1 | 31.7% ⁴ | 30.4% | 30.1% |
| Payout ratios | 40% | 40% | 40% | BIS T1 & T2 | 31.7% ⁴ | 30.4% | 30.1% |

| Treasury shares | 31.12.16 | 31.12.17 | 31.12.18 |
|-------------------------------|-----------------|-----------------|-----------------|
| Number (in '000) | 28 | 58 | 85 |
| Book value in CHF millions | 7.4 | 17.3 | 24.6 |

1 Subject to the General Assembly's approval (9.4.2019)

2 Subject to the number of treasury shares as per dividend payment date

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

4 Adjusted due to implementation of Basel III

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Outlook



- Business development
- Focus on new client inflow, consulting capacity, client conversion and platform usage
 - Extend branch network in Switzerland with Burgdorf and Brig
 - Further develop VZ Finanzportal with additional functionalities, including professional e-trading features
 - Broaden offering in Germany through the new banking platform
 - Long-term: seek entry opportunities in UK

- Financials
- Increased client inflow expected, thanks to higher capacity and attractive offerings
 - AuM related revenues with difficult starting point due to market decline in 2018
 - Banking revenues: further decline in TX income, potentially lower trading result, interest rate business slightly increasing
 - Operational costs continue to grow, although at a slower pace
 - Top-line growth expected to slow down in 1H19 due to base effects before returning to normal in 2020

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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



MeinFinanzportal x

https://finanzportal-secure.vermoegenszentrum.ch/vzdl.ogin/login

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



Periodical



Media coverage

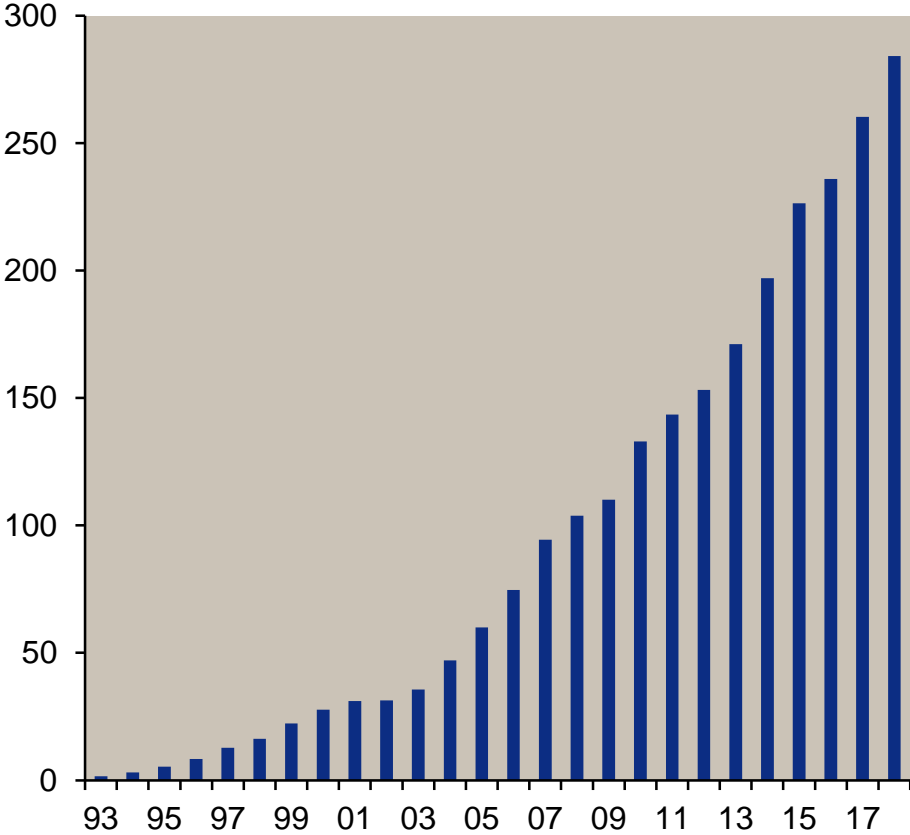




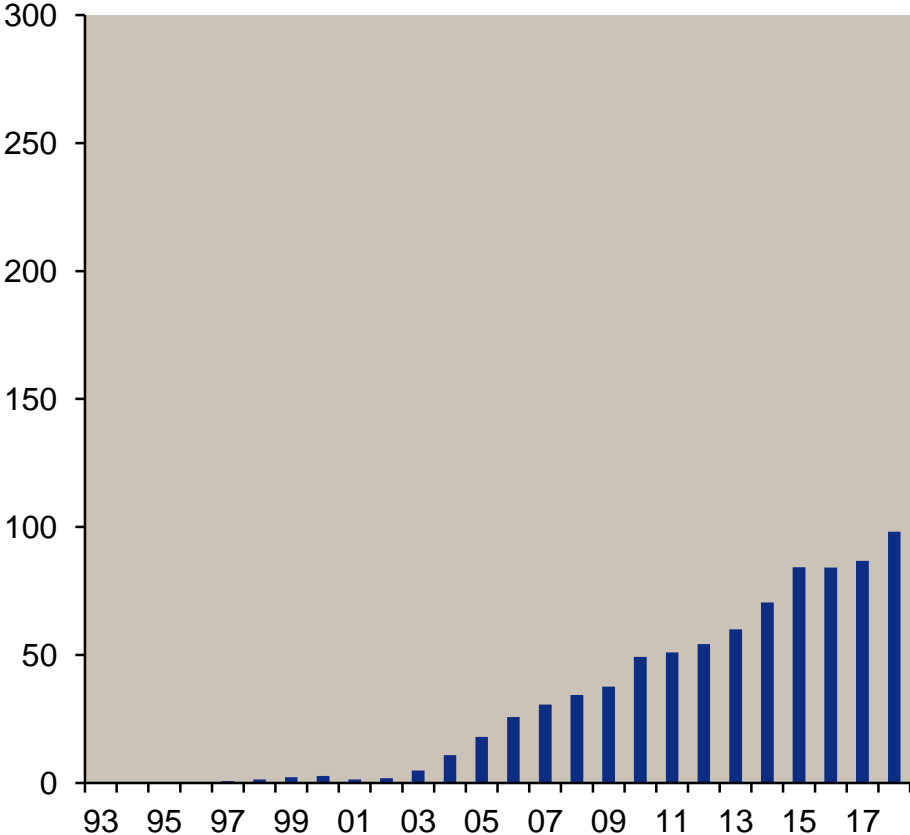
Long track record of organic growth and profitability

in CHF millions

Operating revenues¹



Net profit¹



¹ 1993-2003 according to SWISS GAAP; 2004-2018 according to IFRS