



VZ Group

1H 2019

Results and outlook

Appendix: company overview

Zurich, 14 August 2019

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Disclaimer



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Roundings and adjustments

Numbers may differ slightly from the published income statements due to rounding differences. All financial information in this presentation ended 30 June is unaudited and is prepared under the same recognition and measurement principles applied for the audited annual financial statements.

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.

For reasons of comparability, some H1 2018 ratios were pro-forma adjusted to IFRS 16. These 2018 values are unaudited and unreported in 2018.

Agenda



1. Facts and figures

2. Financials

3. Outlook

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Summary 1H 2019



Business development

- Unchanged inflow of new clients seeking consulting expertise
- Growth temporarily restricted, due to negative financial markets at the end of 2018
- 16.1% of all WM clients use 3+ platforms (long-term target 33%)
- New initiatives
 - Successful releases of new «VZ Finanzportal» features, including mobile app
 - New branch offices in Burgdorf and Brig
 - UK: project organisation on site
- Front-end consulting FTEs +8.1% to 160 FTE (avg. 2019)
- Annualized NNM inflow per consulting FTE below target at CHF 16.3 million in 1H19 (target range 17–20 million)

Financials

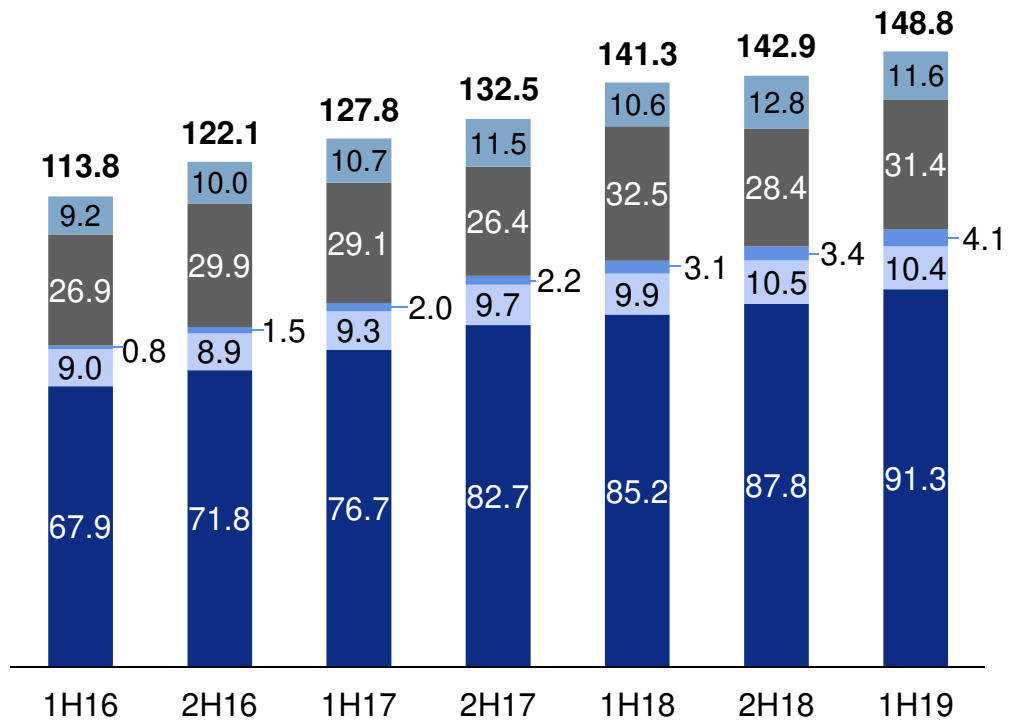
- Top line +5.3% to CHF 148.8 million
- Operating expenses +1.3% to CHF 79.5 million
 - Personnel expenses +6.1% yoy
 - Other operating expenses –15.6% yoy (including IFRS 16 impact)
- EBITDA margin: 46.6% (1H 2018: 44.4%, adj. 46.3%¹)
EBIT margin: 40.6% (1H 2018: 40.9%)
- Bottom line unchanged at CHF 48.7 million, due to temporarily increased income tax
- Solid balance sheet
 - Equity ratio: 14.7%
 - BIS CET 1: 25.8%
- NNM: CHF 1'305 million (1H 2018: CHF 1'303 million)
- Assets under management: CHF 25.6 billion (30.06.2018: CHF 22.7 billion)

¹ Adj.: for reasons of comparability, H1 2018 ratios are pro-forma IFRS 16 adjusted proportionally



Revenues: +5.3% yoy

in CHF million



Total revenues +5.3% yoy

- Consulting revenues¹ +9.4% yoy
- Banking income from commissions and trading activities² -3.4% yoy
- Net earned premiums +32.3% yoy
- Other Management fees +5.1% yoy
- Management fees on AuM +7.2% yoy

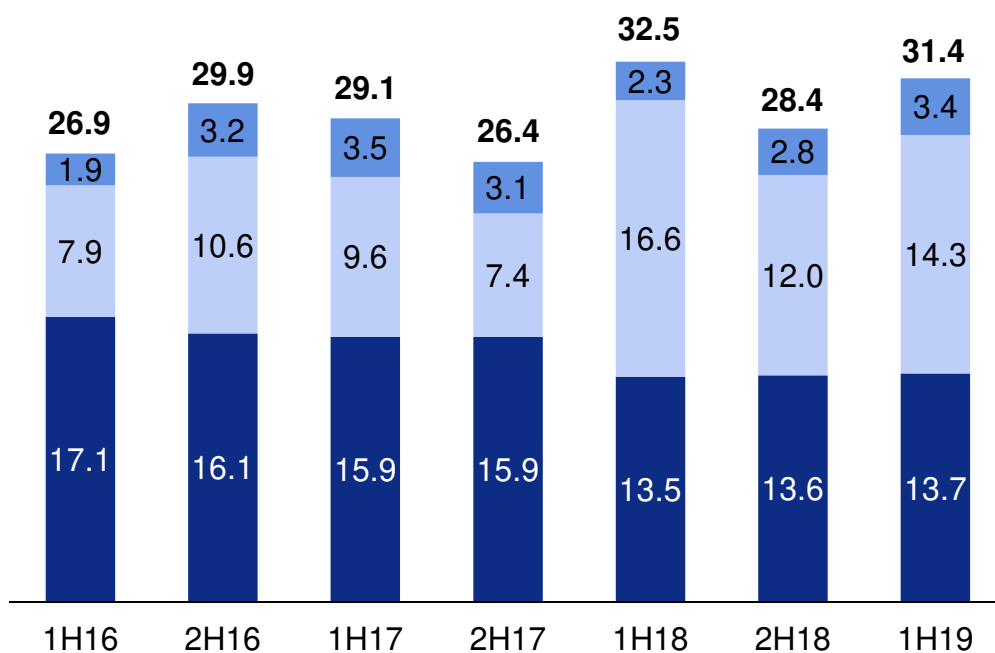
1 Incl. other revenues

2 Incl. banking income from interest operations

Banking income: random & structurally under pressure



in CHF million

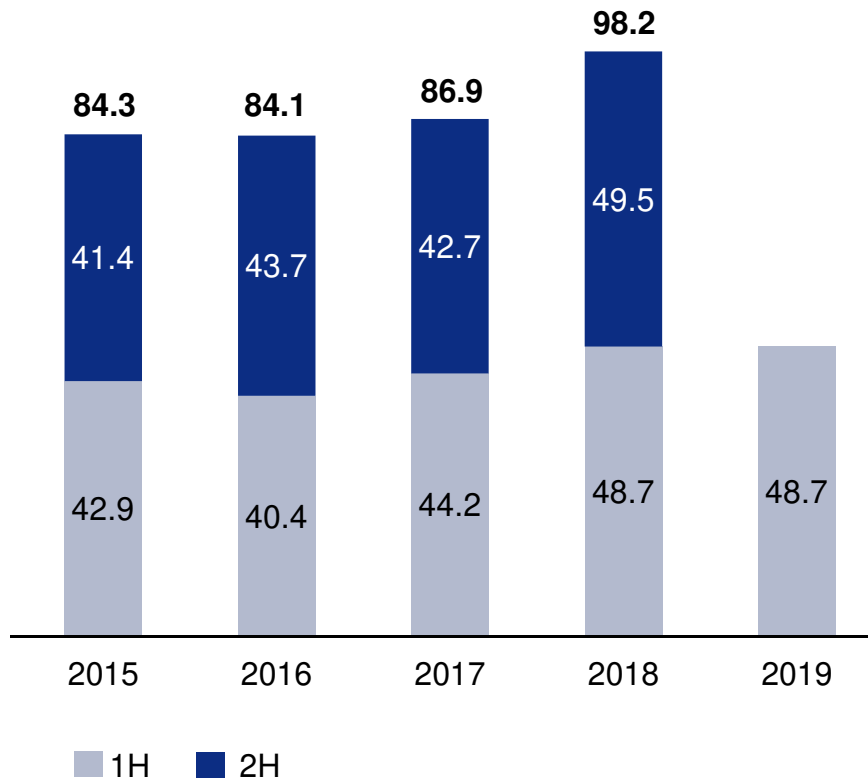


- Interest business:
increased impact of negative interest rates and short duration of financial assets
- Trading result:
random development, mainly driven by market volatility
- Transaction fees:
ongoing decline due to strong demand for all-in fee models



Net profit: unchanged at CHF 48.7 million

in CHF million



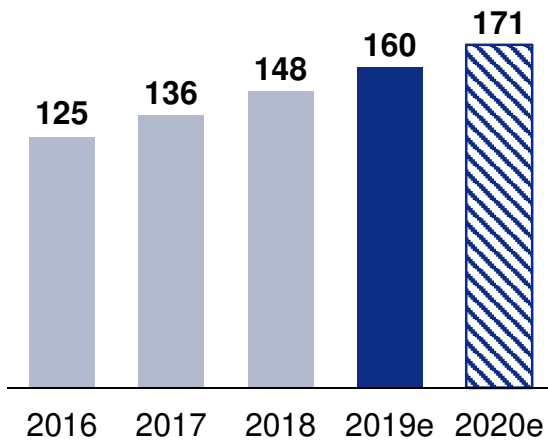
- Operating margin (EBITDA) at 46.6% (revised long-term target: 47%)
 - Revenues +5.3%
 - Operating expenses +1.3%
- Net profit margin at 32.7% vs. 34.5% yoy (long-term target: 35%)
- Depreciation from capex in digitalisation, VZ Finanzportal and general infrastructure increased (+21.3% without IFRS 16, +78.0% after IFRS 16 impact)
- Higher income tax of CHF 1.7 million due to uncertainties in relation with intercantonal allocation of taxes



Financial Consulting: NNM below target corridor

Capacity growth

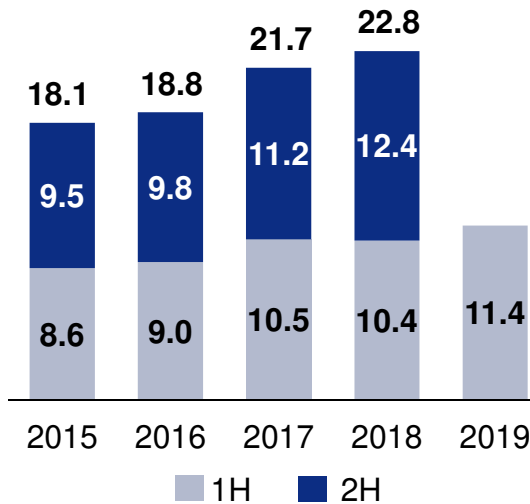
in FTE (average per calendar year)



- 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

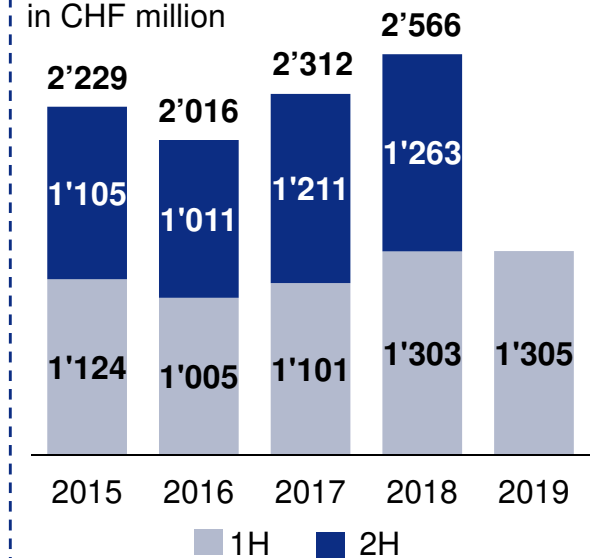
in CHF million



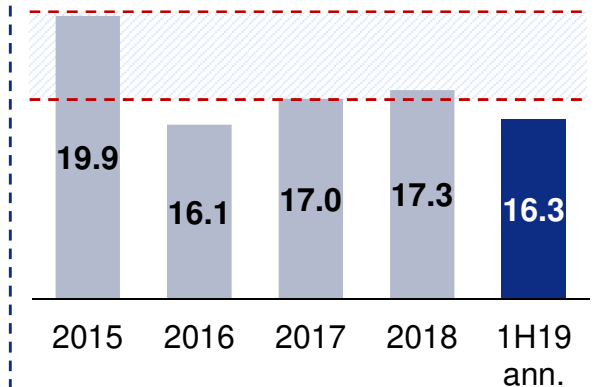
- Consulting projects enable introduction to wealth management services

Net new money (NNM)

in CHF million



per FTE in CHF million



--- target corridor 17–20 million per FTE



Wealth Management: AuM +13.1%

in CHF million

| | 30.06.17 | 31.12.17 | 30.06.18 | 31.12.18 | 30.06.19 | yoy |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|--------|
| AuM total | 19'982 | 21'775 | 22'653 | 23'056 | 25'623 | +13.1% |
| • PM mandates <i>Share of total AuM</i> | 12'118 60.6% | 13'136 60.3% | 13'715 60.5% | 13'641 59.2% | 15'444 60.3% | +12.6% |
| • Others ¹ <i>Share of total AuM</i> | 7'864 39.4% | 8'639 39.7% | 8'938 39.5% | 9'415 40.8% | 10'179 39.7% | +13.9% |
| NNM total (6 month) | 1'101 | 1'211 | 1'303 | 1'263 | 1'305 | +0.2% |
| # WM clients | 31'225 | 33'276 | 35'235 | 37'803 | 39'880 | +13.2% |
| Δ WM clients (6 month) | 1'749 | 2'051 | 1'959 | 2'568 | 2'077 | +6.0% |

¹ Incl. mortgages under management and portfolios under client management

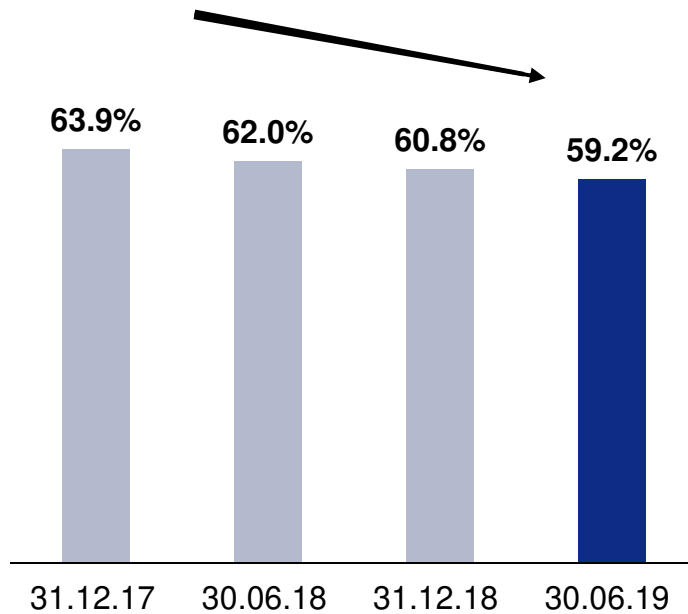


Platform usage among WM clients

CH clients only

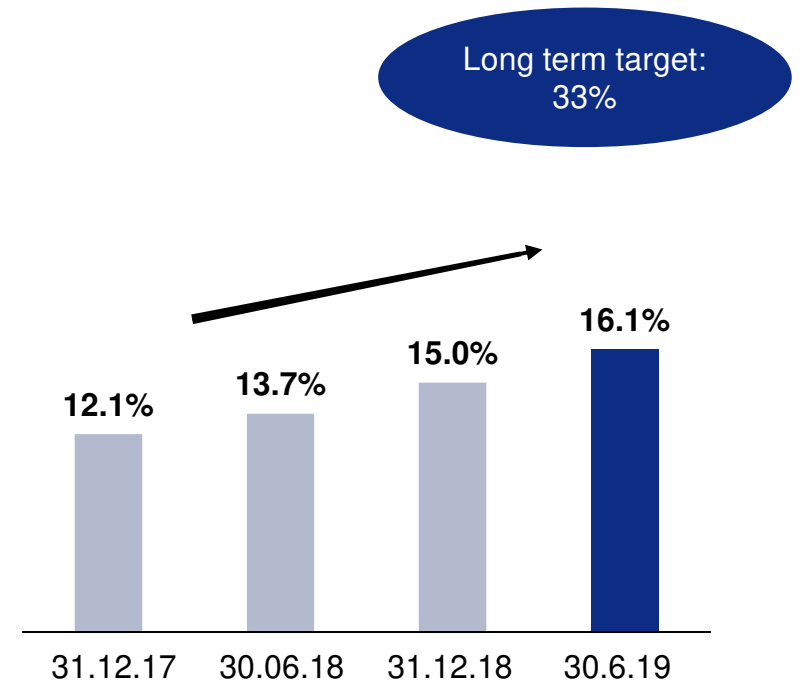
1 platform per client

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



3+ platforms per client

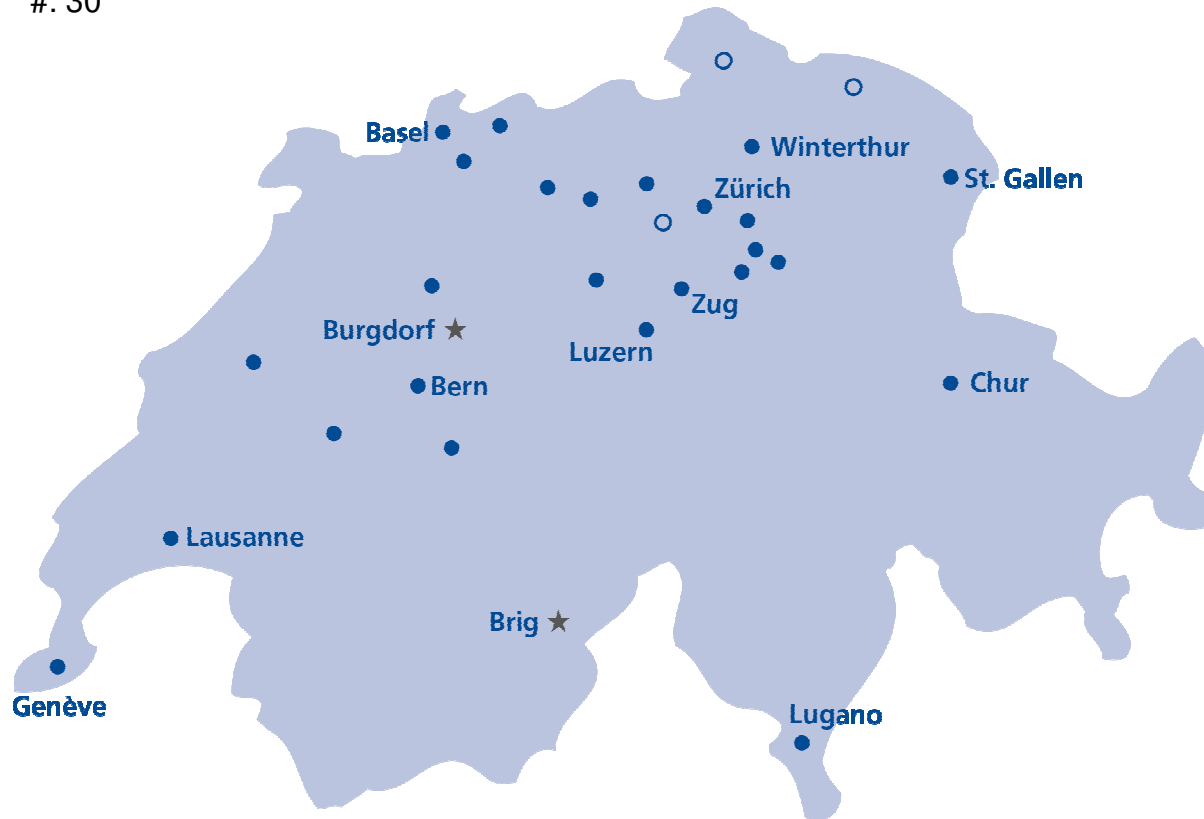
Share of WM clients who use 3+ platforms, in % of total WM clients



Branch offices

Switzerland

#: 30



- branch office
- satellite
- ★ new branch office in 2019

Germany

#: 4



Agenda



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Income statement (1)

in CHF million

| | 1H 17 | 2H 17 | 1H 18 | 2H 18 | 1H 19 | yoy |
|---------------------------------------|--------------|-------------------|--------------|--------------|-------------------|---------------|
| Consulting fees | 10.5 | 11.2 | 10.4 | 12.4 | 11.4 | +9.6% |
| Management fees: on AuM | 76.7 | 82.7 | 85.2 | 87.8 | 91.3 | +7.2% |
| others | 9.3 | 9.7 | 9.9 | 10.5 | 10.4 | +5.1% |
| Banking income | 29.1 | 26.4 | 32.5 | 28.4 | 31.4 | -3.4% |
| Net earned insurance premiums | 2.0 | 2.2 | 3.1 | 3.4 | 4.1 | +32.3% |
| Other operating revenues ¹ | 0.2 | 0.3 | 0.2 | 0.4 | 0.2 | n.m. |
| Total operating revenues | 127.8 | 132.5 | 141.3 | 142.9 | 148.8 | +5.3% |
| Personnel expenses | 51.1 | 52.9 | 56.1 | 57.0 | 59.5 | +6.1% |
| Other operating expenses | 18.7 | 23.7 ² | 20.5 | 19.6 | 17.3 ³ | -15.6% |
| Expenses of insurance contracts | 1.3 | 1.5 | 1.9 | 1.9 | 2.7 | +42.1% |
| Total operating expenses | 71.1 | 78.1 | 78.5 | 78.5 | 79.5 | +1.3% |
| EBITDA | 56.7 | 54.4 | 62.8 | 64.4 | 69.3 | +10.4% |

1 Incl. net impairment losses/recoveries on financial assets

2 Incl. CHF 5.2 million provisions for tax claims

3 IFRS 16 impact on other operating expenses: CHF 2.9 million



Income statement (2)

in CHF million

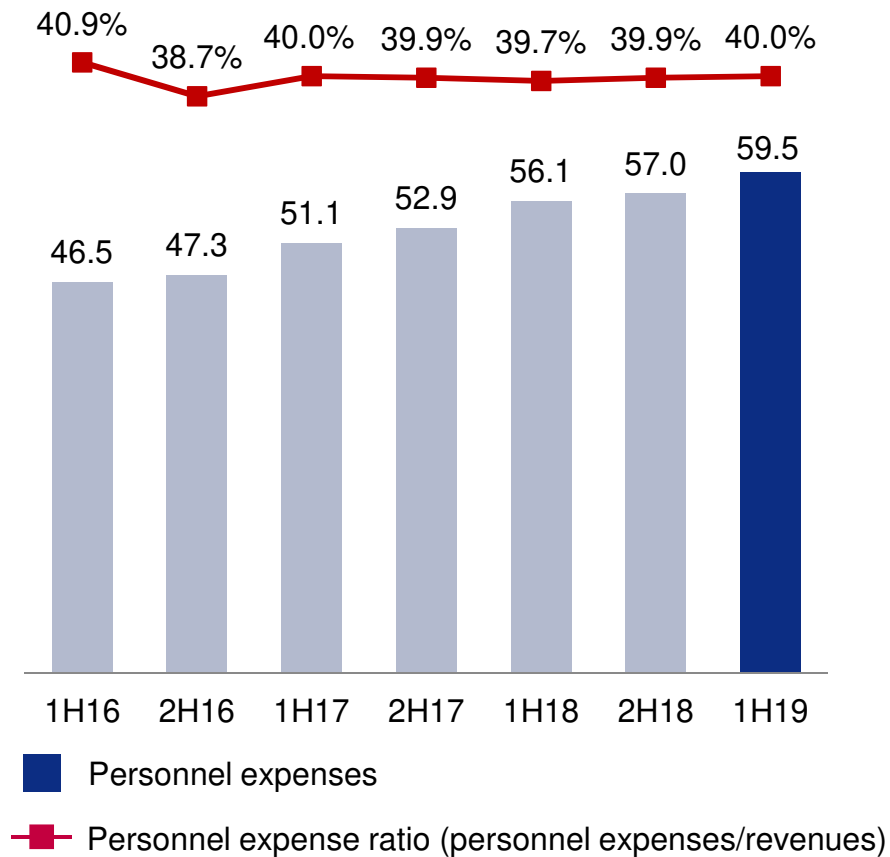
| | 1H 17 | 2H 17 | 1H 18 | 2H 18 | 1H 19 | yoy |
|---------------------------------|-------------|-------------|-------------|-------------|------------------|---------------|
| EBITDA | 56.7 | 54.4 | 62.8 | 64.4 | 69.3 | +10.4% |
| Depreciation and amortisation | 4.1 | 4.4 | 5.0 | 5.4 | 8.9 ¹ | +78.0% |
| EBIT | 52.6 | 50.0 | 57.8 | 59.0 | 60.4 | +4.5% |
| Net finance income | 0.0 | 0.0 | -0.1 | 0.0 | -0.2 | n.m. |
| Profit before income tax | 52.6 | 50.0 | 57.7 | 59.0 | 60.2 | +4.3% |
| Income tax | 8.4 | 7.3 | 9.0 | 9.5 | 11.5 | +27.8% |
| Net profit | 44.2 | 42.7 | 48.7 | 49.5 | 48.7 | +0.0% |

1 IFRS 16 impact on depreciation and amortisation: CHF 2.9 million



Personnel expenses

in CHF million



- +6.1% yoy
- Personnel development

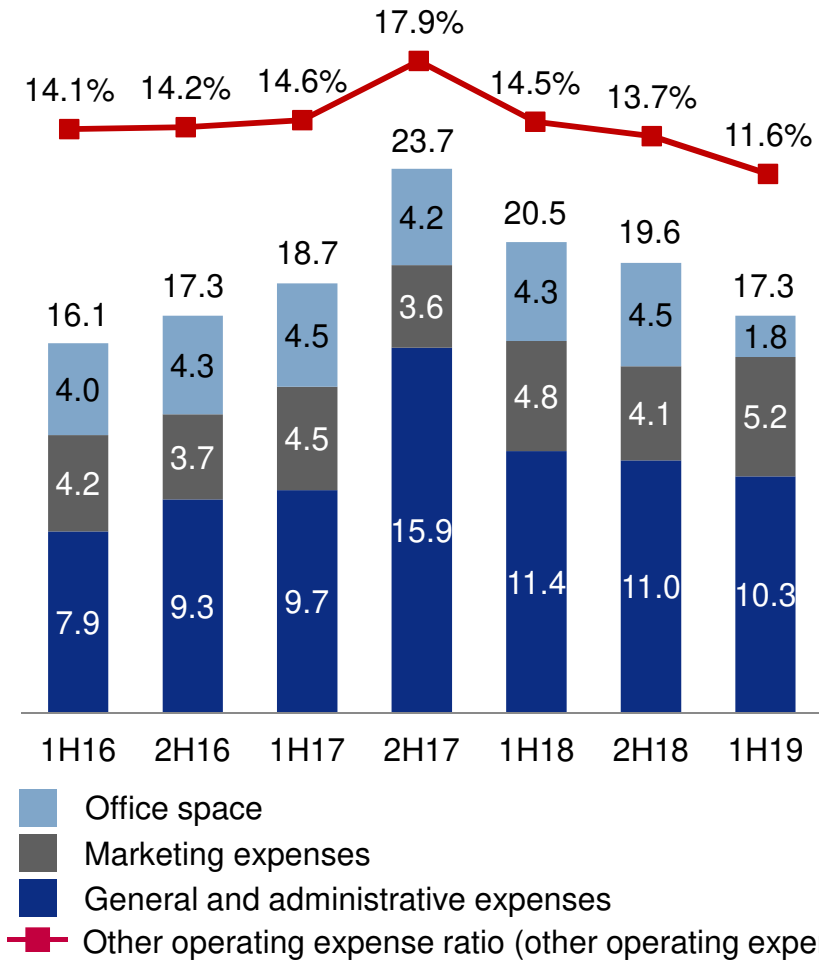
| | 30.06.18 | 31.12.18 | 30.06.19 |
|------------------|----------|----------|----------|
| FTE ¹ | 872.7 | 897.5 | 924.2 |

- 2H 2018: +24.8 FTE
1H 2019: +26.7 FTE
- Long-term personnel expense ratio: 40%

1 FTE: Full-time equivalent

Other operating expenses

in CHF million

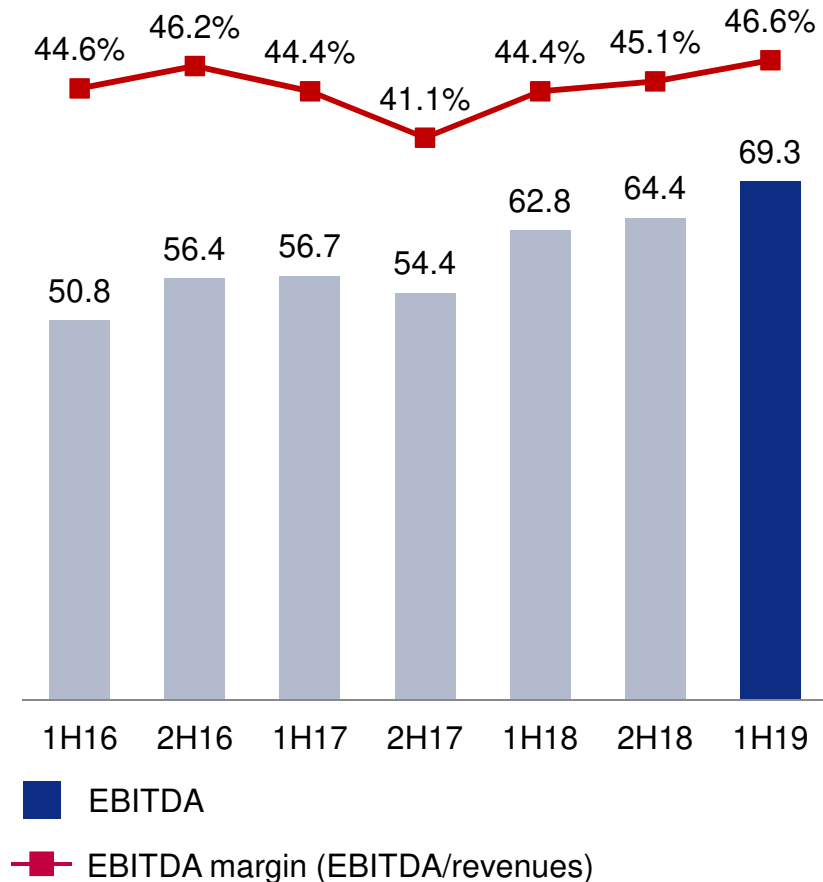


- Long-term other operating expenses ratio expected between 11% and 13% going forward (revised down from 13% to 15%, due to IFRS 16)
- Other operating expenses –15.6% yoy
 - Office space –58.1% yoy (adj. for IFRS 16: +12.0%)
 - Marketing expenses +8.3% yoy
 - General and administrative expenses –9.6% yoy



EBITDA and margin

in CHF million

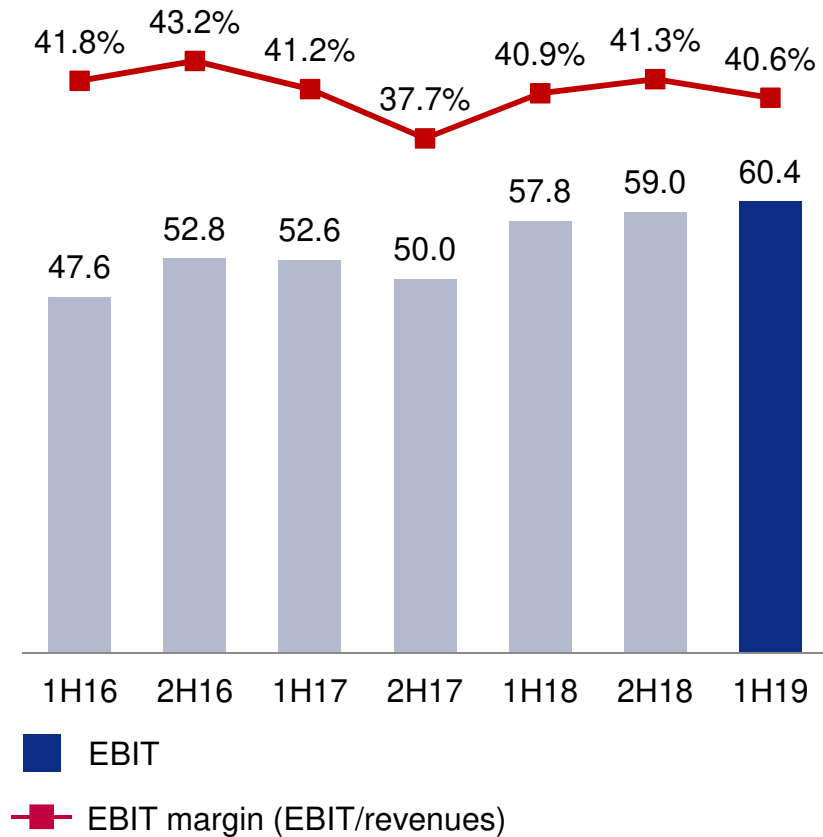


- EBITDA +10.4% yoy (adj. +6.0%¹)
- EBITDA margin target: 47% (revised up from 45% due to IFRS 16)
- No significant leverage expected going forward
- Adoption of IFRS 16 reclassifies CHF 2.9 million long-term costs from office space to depreciation

¹ Adj.: for reasons of comparability, H1 2018 ratios are pro-forma IFRS 16 adjusted proportionally

EBIT and margin

in CHF million



- EBIT +4.5% yoy
- EBIT margin target: 43% (unchanged)
- No significant leverage expected going forward



Balance sheet

in CHF million

| | 30.06.18 | 31.12.18 | 30.06.19 |
|---------------------------------------|----------------|----------------|----------------|
| Cash & cash equivalents | 776.4 | 724.3 | 844.1 |
| Short-term investments | 270.4 | 276.5 | 301.1 |
| Swiss prime residential mortgages | 1'357.8 | 1'508.6 | 1'657.9 |
| CHF bonds, marketable securities | 388.2 | 416.3 | 423.5 |
| Subtotal financial investments | 2'792.8 | 2'925.7 | 3'226.6 |
| Property, equipment and intangibles | 84.3 | 85.3 | 138.0 |
| Other assets | 92.8 | 76.9 | 105.4 |
| Total assets | 2'969.9 | 3'087.9 | 3'470.0 |
| Customer deposits | 2'252.5 | 2'261.5 | 2'524.8 |
| Long-term debts | 159.3 | 224.4 | 336.8 |
| Other liabilities | 90.6 | 89.7 | 97.4 |
| Total liabilities | 2'502.4 | 2'575.6 | 2'959.0 |
| Total equity | 467.5 | 512.3 | 511.0 |

- 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
30.06.2019: 1.8 years
(30.06.2018: 1.3 years)
 - Increase of maturity via interest instruments implemented in 2019



Equity and payout ratios

| Payout ratios | 2016 | 2017 | 2018 | Equity ratios | 30.06.18 | 31.12.18 | 30.06.19 |
|---------------------------|-------------|-------------|-------------|--------------------------------|-----------------|-----------------|-----------------|
| in CHF million | | | | | | | |
| Net profit | 84.1 | 86.8 | 98.2 | Total equity in CHF million | 467.5 | 512.3 | 511.0 |
| Retained earnings | 50.6 | 52.3 | 59.4 | | | | |
| Dividend total | 33.5 | 34.5 | 38.8 | Equity ratio ¹ | 15.7% | 16.6% | 14.7% |
| <i>Dividend per share</i> | <i>4.20</i> | <i>4.35</i> | <i>4.90</i> | BIS CET 1 | 27.5% | 30.1% | 25.8% |
| Payout ratios | 40% | 40% | 40% | BIS CET 1 & AT 1 | 27.5% | 30.1% | 25.8% |

| Treasury shares | 30.06.18 | 31.12.18 | 30.06.19 |
|------------------------------|-----------------|-----------------|-----------------|
| Number (in '000) | 69 | 85 | 103 |
| Book value in CHF million | 20.6 | 24.6 | 28.4 |

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

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Business development

- Focus on new client inflow, consulting capacity, client conversion and platform usage
- Further develop VZ Finanzportal with additional functionalities, including professional e-trading features
- Germany: increase marketing efforts to communicate broadened offerings in combination with new banking platform
- UK: determine entry strategy on the spot

Financials

- Overall: slightly higher revenues and moderate operating cost increase in 2H19, provided stable development of financial markets and considering volatile banking revenues
- Consulting and AuM related revenues expected to improve
- Banking revenues: further decline in TX income, lower trading result, unchanged weak interest rate business
- Amortisation cost: flat over the next 12–18 months; long-term tax ratio estimated to stabilise around 14% in 2020 (1H 2019: 19%)

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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

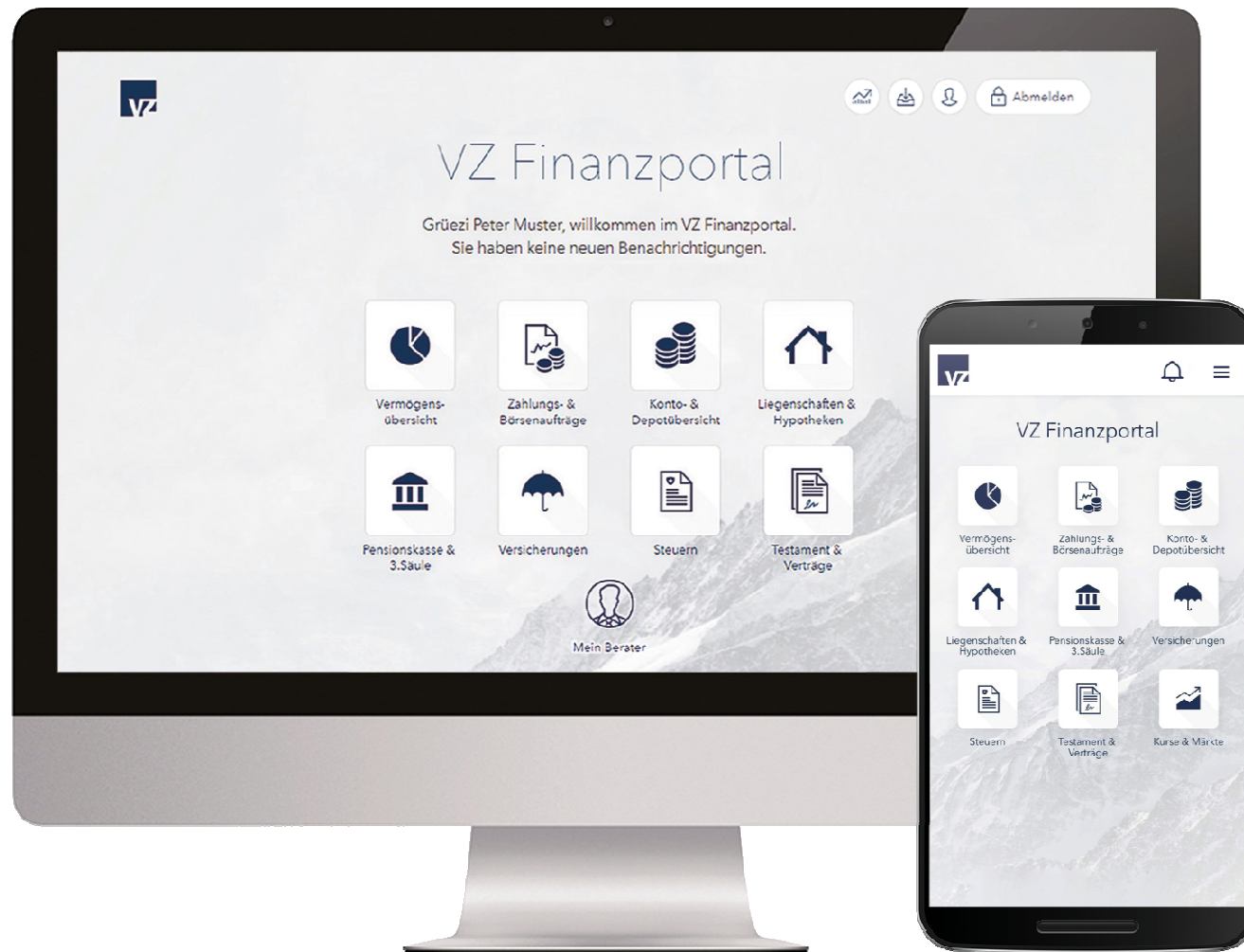
- ① Portfolio management
 - Discretionary mandates
 - Advisory mandates
 - ② Banking services
 - Custody, TX/FX
 - Payment services online / offline
 - ③ Mortgages
 - ④ Pension fund solutions and servicing, individualised tax deferred provision schemes
 - ⑤ Insurance coverage
- + Digital cockpit VZ Finanzportal

VZ advantage

**profound expertise,
no conflicts of interest**

**competitively priced, transparent,
comprehensive**

VZ Finanzportal



Strong brand recognition



Brand associated with expertise, quality and independence

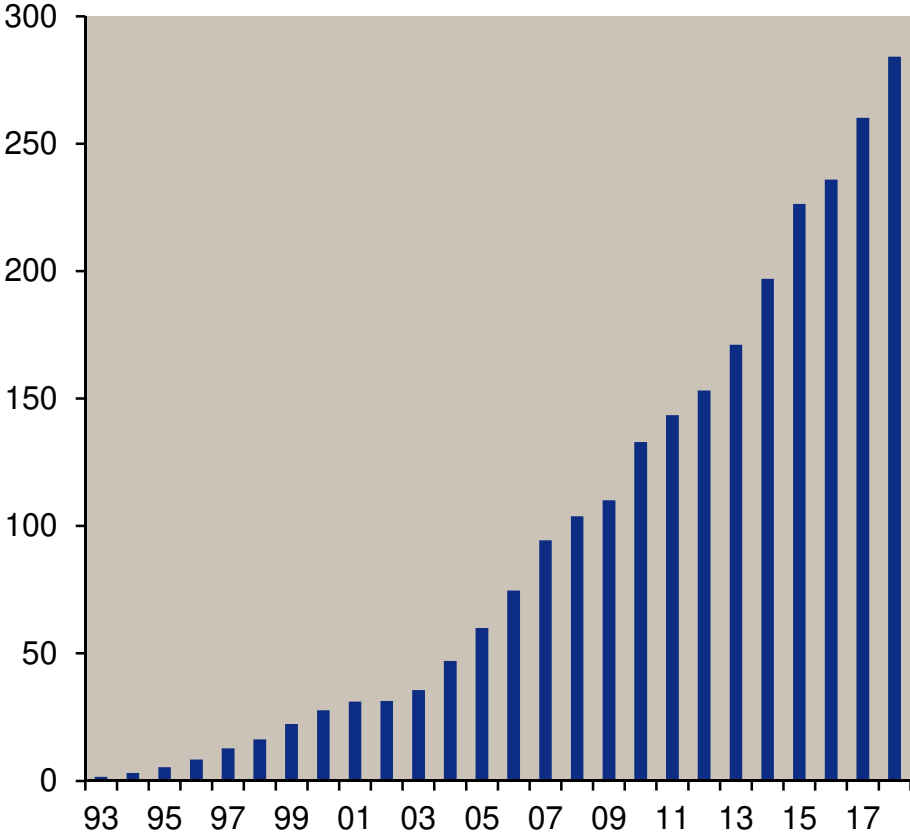




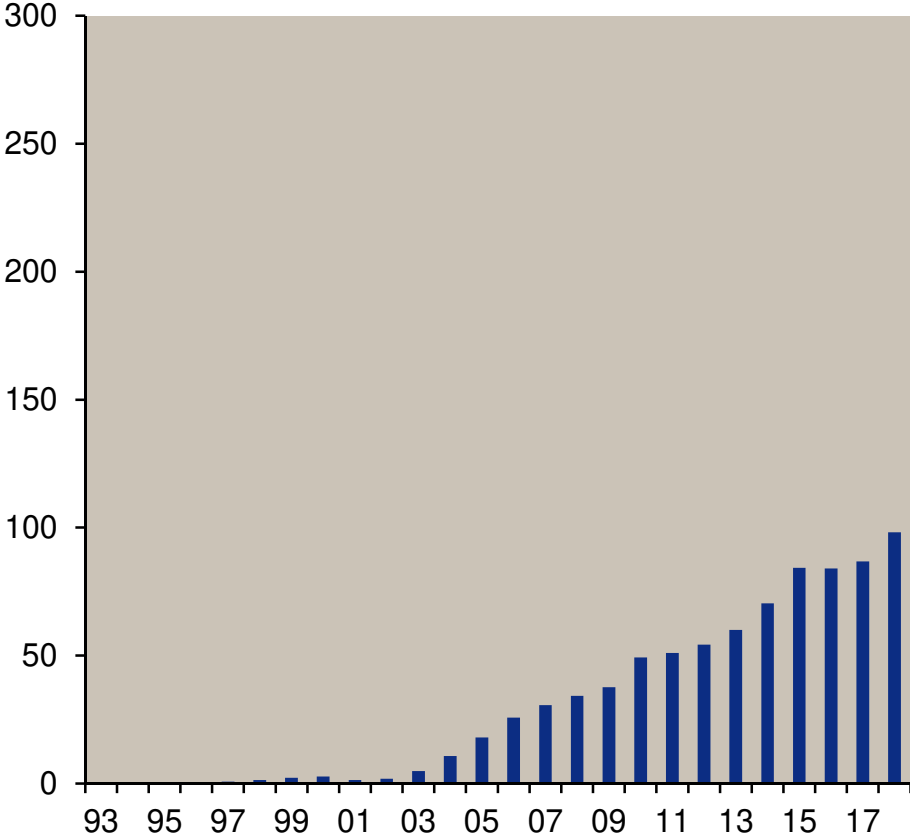
Long track record of organic growth and profitability

in CHF million

Operating revenues¹



Net profit¹



¹ 1993–2003 according to SWISS GAAP; starting 2004 according to IFRS