



VZ Group

**1H 2009**

# **Results and Outlook**

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## **Forward-looking statements**

This presentation contains forward-looking statements that involve known and unknown risks, uncertainties or other factors that may cause the actual results to be materially different from any future results, performance, or achievements expressed or implied by such statements. Against the background of these uncertainties, readers should not rely on such forward-looking statements. The company assumes no responsibility to up-date forward-looking statements or to adapt them to future events or developments.

- ▶ 1. Facts & figures
  - 1.1 Private client segment
  - 1.2 Corporate client segment
- 2. Financials
- 3. Outlook



## Milestones

- Number of new clients increases despite economic downturn
- Promising results with ongoing efforts to capitalise on existing client base (systematic wake-ups and follow-ups by centralised support unit)
- NNM inflow back on track, especially in Q2
- Financial consulting capacity up from 43,8 FTE to 52,6 FTE while headcount is unchanged since autumn 2008
- Funds under management (30.6.2009)
  - assets under management: CHF 5'912 million (+ CHF 456 million compared to 31.12.2008)
  - insurance premium: CHF 247 million p.a. (+ CHF 4 million compared to 31.12.2008)

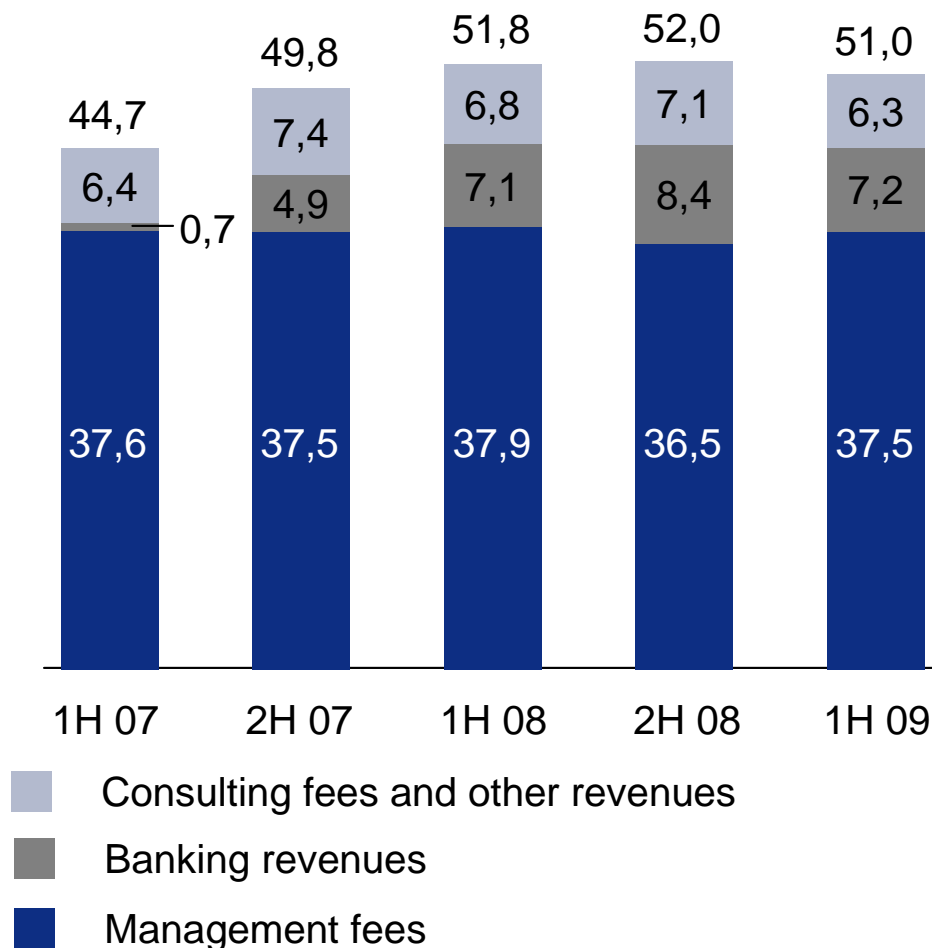
## Financials

- Top line -1,4%, bottom line -6,4%
- Management fees stable
- Banking revenues barely changed despite additional clients; reduced interest margin hurts
- Consulting fees (12% of total revenues) sensitive to economic development
- Costs on track as forecast at the beginning of the year:
  - personnel expenses grow slower thanks to stable headcount
  - other operating expenses unchanged
- Balance sheet: low risk profile, no need to revalue assets, excellent equity ratio

# Revenues: stable despite economic downturn

## Revenues by type

in CHF million

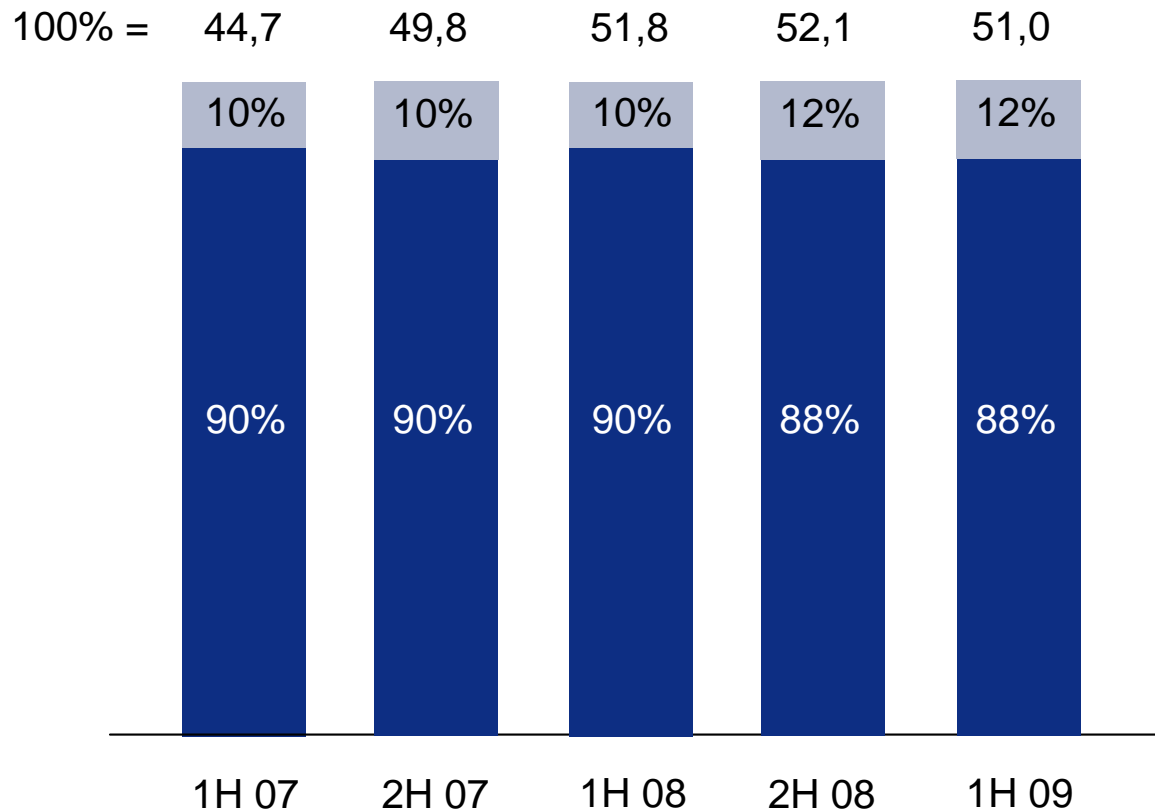


- -1,4% year-on-year
- Financial markets upturn in March 2009 led to significantly different results Q1 vs. Q2
- Management fees stable overall – strong rebound in Q2
- Banking revenues: slower growth due to interest rate margin squeeze
- Consulting fees affected by economic downturn
- No performance fees since 2H 07



# Revenues: greater share of corporate segment

in CHF million



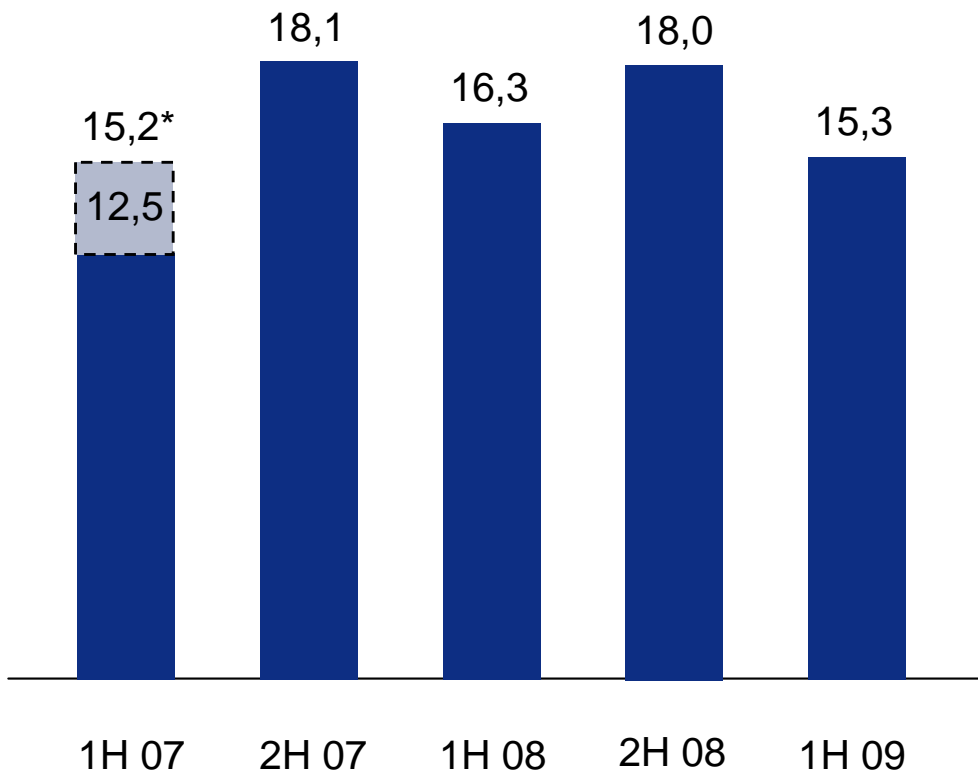
- Share of corporate client segment: 2%-points increase
  - 12% growth of corporate client segment
  - 3% decrease of private client segment
- Banking revenues reported in private client segment

■ Corporate client segment  
■ Private client segment

# Net profit: economy curbs growth

## Net profit

in CHF million



- -6,4% year-on-year
- Operational margin (EBITDA) reduced from 41,0% to 39,1%
  - revenues -1,4%
  - costs +1,8%
- Net profit margin down from 31,6% to 29,9%
- Significantly improved results in Q2

\* adjusted for one-time costs (IPO and VZ Depository Bank)

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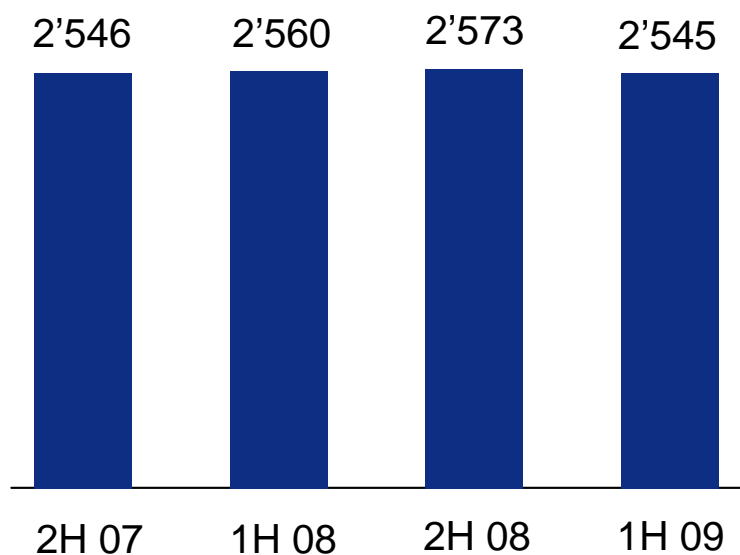


# Private client segment: affected by market turbulences



## Financial consulting

# of consulting projects



- 8% increase in initial meetings (potential new clients)
- Consulting projects stable
- 8% decrease in billable hours due to temporary shift in consulting topics

## Wealth management

in CHF million

	31.12.07	30.6.08	31.12.08	30.6.09
AuM total	5'760	5'631	5'456	5'912
- PM mandates	4'153	3'984	3'751	4'083
- Other*	1'607	1'647	1'705	1'829
NNM total (6 months)**	462	307	283	410
Number of WM clients total	8'183	8'819	9'541	10'013

\* Incl mortgages under management and portfolios under client management

\*\* NNM inflow during the 6 months preceding the reporting date

# Private client segment: capacity growth on track

## Capacity growth

Full-time equivalents (FTE) with client and budget responsibility

	2007	2008	2009
<b>Financial consulting</b>	37,4	43,8	52,6
<b>Wealth management</b>	23,5	29,0	30,0

- Financial consulting capacity is the main driver behind the VZ business model
- Wealth management: responsible for long-term relationship with portfolio clients
- Existing staff base in training assures future capacity increase

## Geographic expansion in 2009



- ▶ New branches and satellites in 2H 09: Baden (CH), Schaffhausen (CH)

# VZ Depository Bank: strong pillar in VZ business model



## Benefits

- Benefits for clients
  - lower transaction fees
  - lower custody fees
  - attractive interest rates on cash account balances
- Benefits for VZ
  - custody fees avoided
  - operational leverage effect
  - entry ticket for potential institutional asset management mandates

## Status as at 30.6.2009

- Banking revenues account for 16% of segment revenues (14% of total revenues)
- More than 80% of all portfolio management clients use VZ bank's custodian services:
  - 73% of mandates dating back before the bank launch
  - 92% of new portfolio management clients
- Decrease of cash deposits to CHF 569 million (31.12.08: CHF 641 million), due to higher investment ratio within the client portfolios
- Assets: low risk profile, short time to maturity
  - 64% CHF money market
  - 27% Swiss prime residential mortgages
  - 4% bonds
  - average time to maturity: 0,75 years

# Agenda

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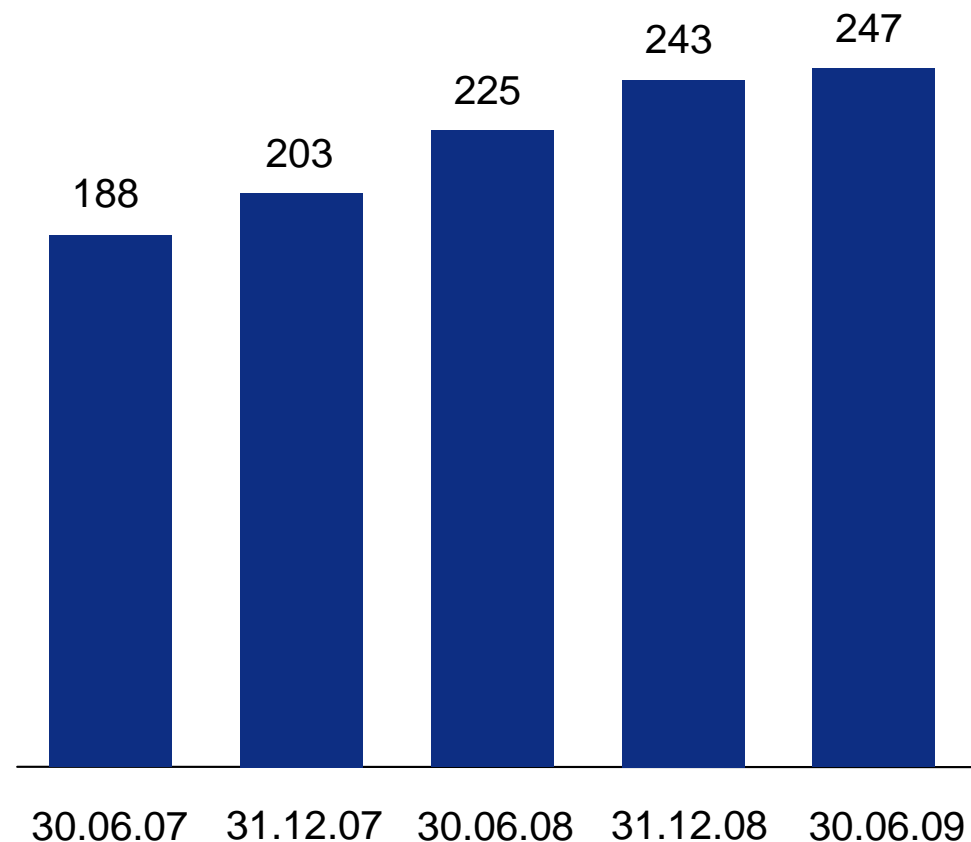


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# Corporate client segment: important synergies

## Premium volume under management

in CHF million p.a.



- Good results despite economic slowdown and soft insurance market
  - revenue growth of 12% yoy
  - contribution to overall results
    - 12% to total revenues (1H 08: 10%)
    - 6% to total EBIT (1H 08: 5%)
  - EBIT margin improved to 20% (1H 08: 17%)
- Synergies with private client segment
  - know-how transfer on pension fund and benefit planning topics
  - referrals of management members and employees to our financial consulting services
  - innovative executive benefit solutions for entrepreneurs and senior management
    - individual investment strategies
    - tax optimisation

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# Financials: income statements – unaudited (1)

in CHF million\*

	1H 07	1H 07 <i>adjusted**</i>	2H 07	1H 08	2H 08	1H 09	yoy 1H 08
Consulting fees	6,0	6,0	7,0	6,5	6,8	6,1	-7,4%
Banking revenues	0,7	0,7	4,9	7,1	8,5	7,2	+2,1%
Management fees	37,6	37,6	37,5	37,9	36,5	37,5	-0,9%
Other operating revenues	0,4	0,4	0,4	0,3	0,3	0,2	-11,5%
<b>Total operating revenues</b>	<b>44,7</b>	<b>44,7</b>	<b>49,8</b>	<b>51,8</b>	<b>52,1</b>	<b>51,0</b>	<b>-1,4%</b>
Personnel expenses	(20,8)	(18,4)	(19,2)	(21,9)	(21,2)	(22,6)	+3,4%
Other operating expenses	(7,2)	(6,6)	(7,2)	(8,7)	(7,8)	(8,4)	-2,3%
<b>Total operating expenses</b>	<b>(28,0)</b>	<b>(25,0)</b>	<b>(26,4)</b>	<b>(30,6)</b>	<b>(29,0)</b>	<b>(31,0)</b>	<b>+1,8%</b>
<b>EBITDA</b>	<b>16,7</b>	<b>19,7</b>	<b>23,4</b>	<b>21,2</b>	<b>23,1</b>	<b>20,0</b>	<b>-6,0%</b>

\* numbers may differ slightly from the published income statements due to rounding differences

\*\* adjusted for one-time costs related to IPO (CHF 2.2 million after tax) and VZ Depository Bank (CHF 0.5 million after tax)



# Financials: income statements – unaudited (2)

in CHF million\*

	1H 07	1H 07 <i>adjusted**</i>	2H 07	1H 08	2H 08	1H 09	yoy 1H 08
<b>EBITDA</b>	16,7	19,7	23,4	21,2	23,1	20,0	-6,0%
Depreciation and amortisation	(0,8)	(0,9)	(1,1)	(1,1)	(1,2)	(1,2)	+4,3%
<b>EBIT</b>	15,9	18,8	22,3	20,1	21,9	18,8	-6,5%
Net finance income	0,3	0,3	0,0	0,0	0,4	0,0	–
<b>Profit before income tax</b>	16,2	19,1	22,3	20,1	22,3	18,8	-6,7%
Income tax	(3,7)	(3,9)	(4,2)	(3,8)	(4,3)	(3,5)	-7,7%
<b>Net Profit</b>	12,5	15,2	18,1	16,3	18,0	15,3	-6,4%

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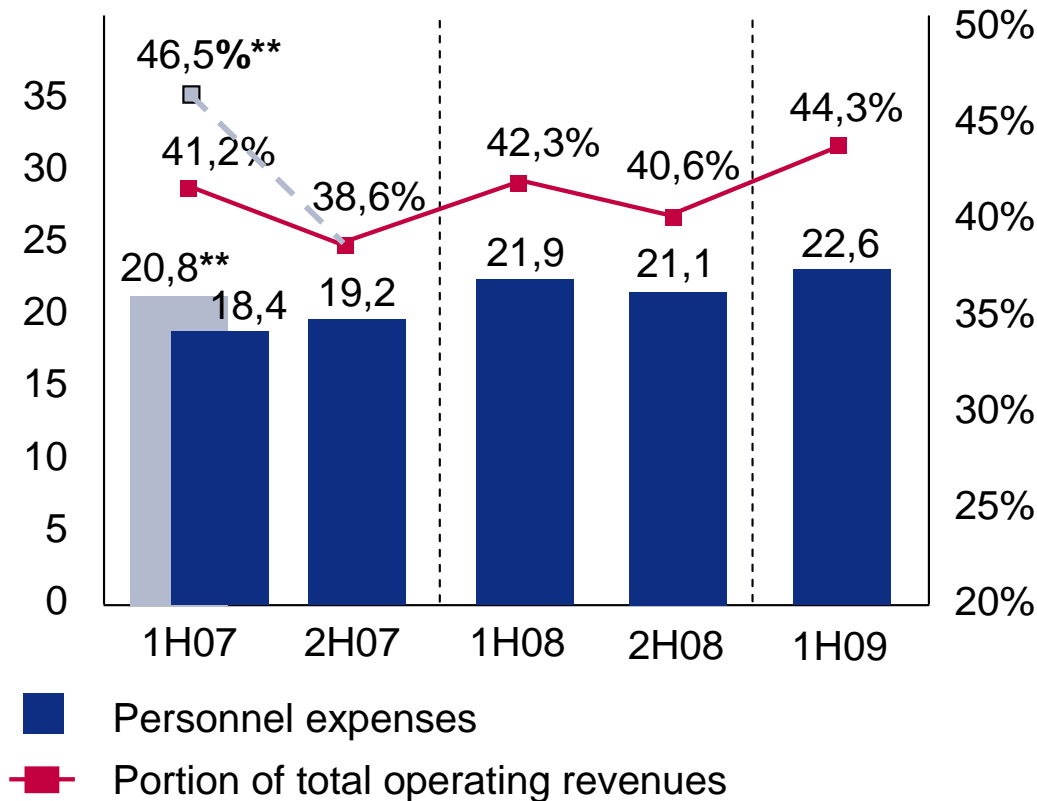
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# Financials: operating expenses (1)

## Personnel expenses

in CHF million\*



- +3,4% year-on-year
- Stable headcount since autumn 2008
- Personnel expenses expected to grow by max 10% for the whole year 2009
- Personnel expense ratio temporarily higher due to difficult Q1

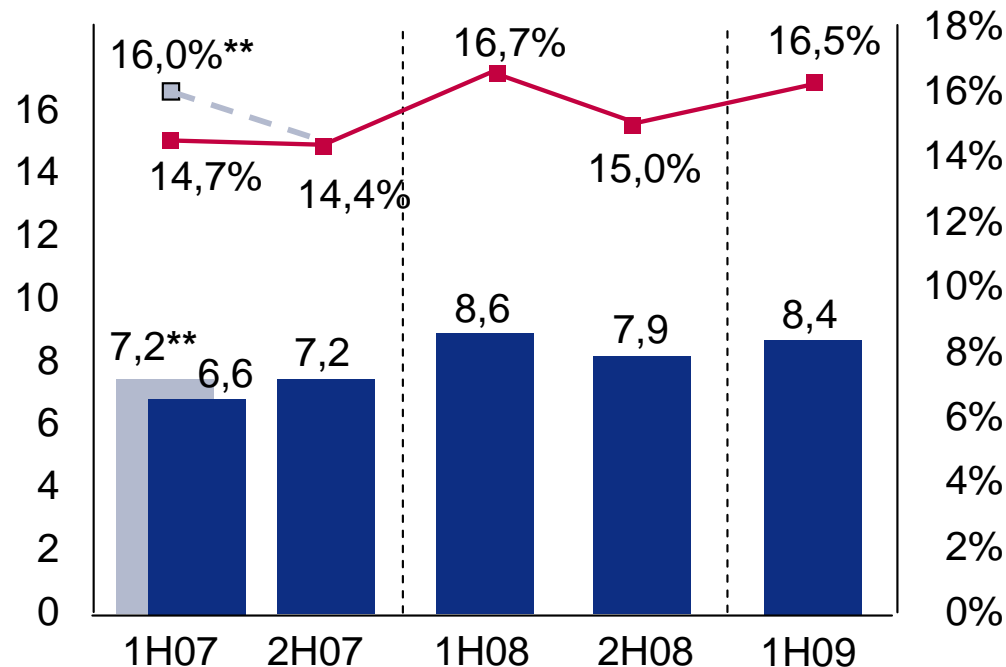
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# Financials: operating expenses (2)

## Other operating expenses

in CHF million\*



■ Other operating expenses

—■ Portion of total revenues

- -2,3% year-on-year
- Reduction of other operating expenses as a result of ongoing cost efficiency initiatives
- Other operating expenses expected to match previous year level

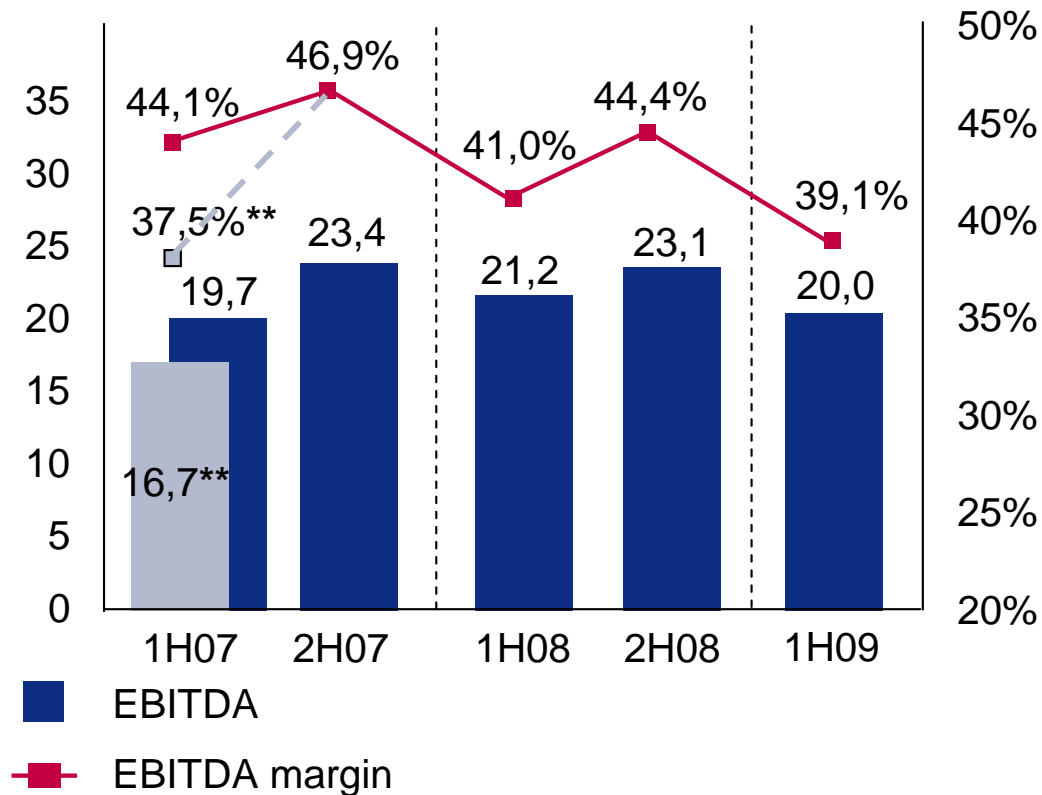
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# Financials: EBITDA and margin

## EBITDA

in CHF million\*



- Temporary margin decline due to
  - negative effects of the financial market crisis in Q1
  - slight increase of cost base
- 45% margin realistic in the long term

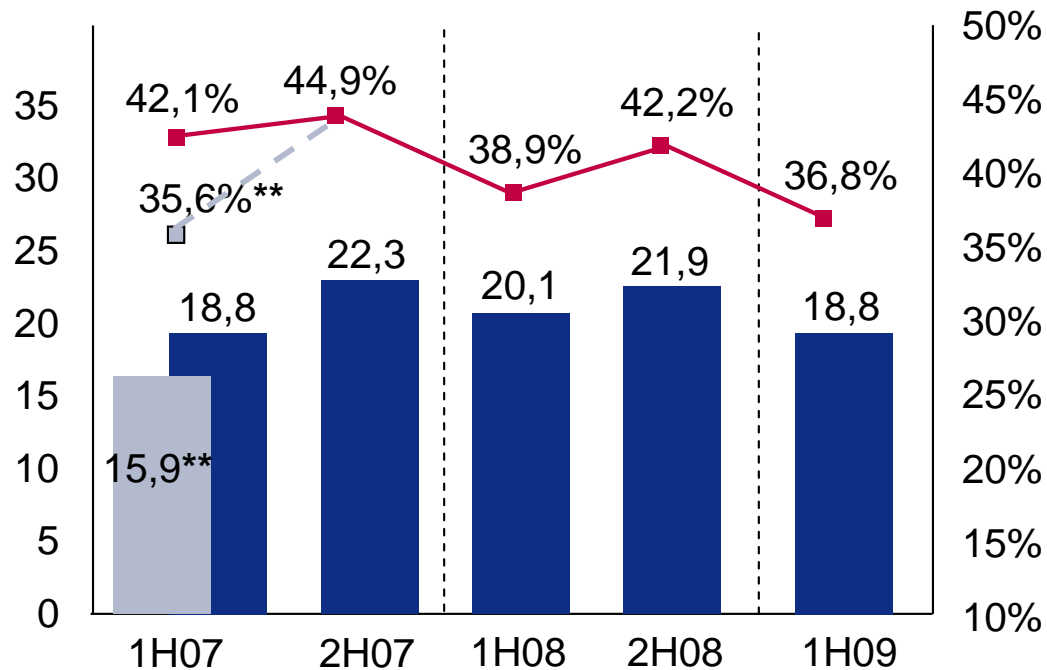
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# Financials: EBIT and margin

## EBIT

in CHF million\*



■ EBIT  
 ■ EBIT margin

- Level of depreciation and amortisation expected to remain stable
- 43% margin realistic in the long term

\* numbers may differ slightly from the published income statements due to rounding differences

\*\* including one-time costs (IPO and VZ Depository Bank)



# Balance sheets

in CHF million\*

	30.6.09	31.12.08	30.6.08
Cash & cash equivalents	347,3	265,6	435,6
Short term investments	99,0	353,5	267,4
Marketable securities	0,9	0,8	16,1
Financial assets**	220,7	121,4	0,2
<b>Subtotal financial investments</b>	<b>667,9</b>	<b>741,3</b>	<b>719,3</b>
Property, equipment and intangibles	6,9	7,7	8,0
Other assets	23,3	22,1	25,7
<b>Total assets</b>	<b>698,1</b>	<b>771,2</b>	<b>753,0</b>
Customer deposits	568,9	641,4	632,6
Other liabilities (non interest-bearing)	17,4	18,2	25,6
<b>Total liabilities</b>	<b>586,3</b>	<b>659,6</b>	<b>658,2</b>
<b>Total equity</b>	<b>111,8</b>	<b>111,6</b>	<b>94,8</b>
Equity ratio	16,0%	14,5%	12,6%
BIZ Tier I	21,4%	22,7%	17,1%
BIZ Tier II	21,4%	22,7%	17,1%

- Balance sheet decrease 1H 09 due to higher investment ratio with portfolio management mandates

- No interest-bearing liabilities besides client money with VZ Depository Bank

- Financial assets:
  - Swiss prime residential mortgages (CHF 190,5 million)
  - bonds (CHF 30,0 million)

- Excellent equity ratio

\* numbers may differ slightly from the published balance sheets due to rounding differences

\*\* Financial assets comprise swiss prime residential mortgages, bonds and other financial assets

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## Business development

- Private client segment
  - keep up marketing efforts to attract new clients
  - increase initiatives to capitalise on existing clients
  - bring NNM inflow back on track as investor sentiment normalises
- Corporate client segment
  - further promote executive benefit solutions
  - overcompensate the impact of the economic downturn with new clients
- Increase overall efficiency
  - restrictive cost management
  - create new business opportunities across the existing client base

## Financial targets (unchanged)

- Revenues
  - private client segment: low increase, provided that markets stabilise
  - corporate client segment: slower but solid growth expected
- Operating expenses
  - personnel expenses: increase of around 10%
  - other operating expenses: stable
- Other P&L positions:  
no significant changes expected
- Net profit: stable, provided that markets stabilise
- Mid-term targets: unchanged, provided that markets and economies normalise