



VZ Group

**VZ Holding Ltd**

Beethovenstrasse 24  
CH-8002 Zurich  
Telephone: +41 44 207 27 27  
Fax: +41 44 207 27 28

[vermoegenszentrum.ch](http://vermoegenszentrum.ch)  
[vzonline.ch](http://vzonline.ch)

# 1H 2007

# Results and Outlook

Matthias Reinhart, Chairman & CEO  
Philipp Marti, CFO

Zurich, 29 August 2007

Aarau  
Basle  
Berne  
Geneva  
Lausanne  
Lucerne  
Munich  
St. Gallen  
Winterthur  
Zug  
Zurich

# Agenda

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- ▶ 1. Facts & figures
- 2. Financials
- 3. Outlook

# Highlights 1H 2007

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## Milestones

- IPO: strong market response
- VZ Depository Bank: successful launch in Q2 and strong momentum
- Increase in financial consulting capacity from 30.7 FTE (2006) to 37.4 FTE (2007)
- Two new branches in Switzerland: Aarau (January) and Winterthur (June)

## Financials

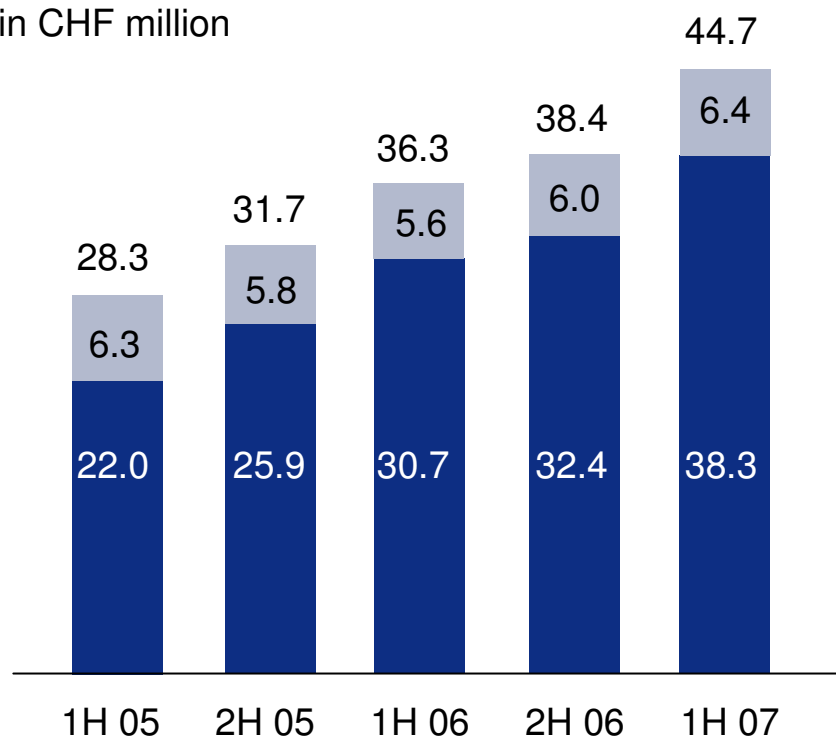
- Revenues: sustained dynamic growth
- P&L affected by one-time costs related to IPO and bank start-up of CHF 2.9 million
- Balance sheet changed significantly due to bank start-up
- Funds under management (30.6.2007)
  - assets under management: CHF 5'467 million (+ CHF 631 million compared to 31.12.2006)
  - insurance premium: CHF 188 million p.a. (+ CHF 16 million compared to 31.12.2006)



# Revenues: sustained dynamic growth

## Revenues by type of fee

in CHF million



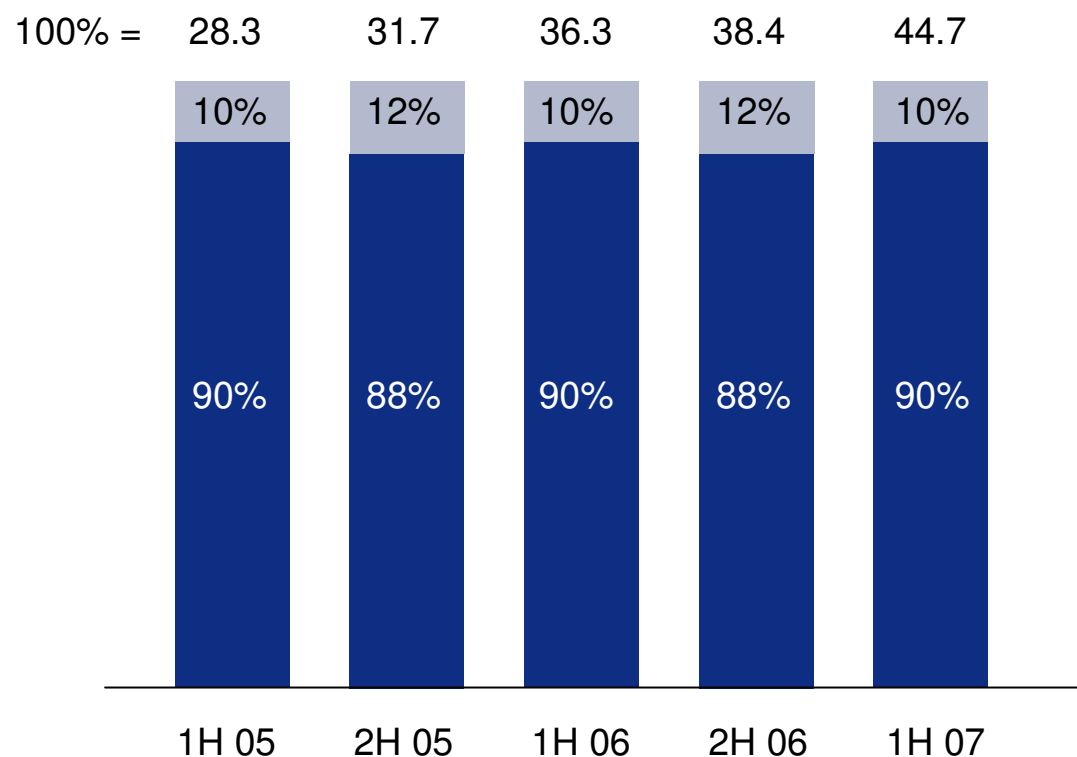
- Consulting fees and other revenues
- Management fees

- + 23% year-on-year
- Overproportionate increase in management fees (+ 25%)
- The former claims management services contributed to the consulting fees until the end of 2006



# Revenues: stable segment distribution

in CHF million



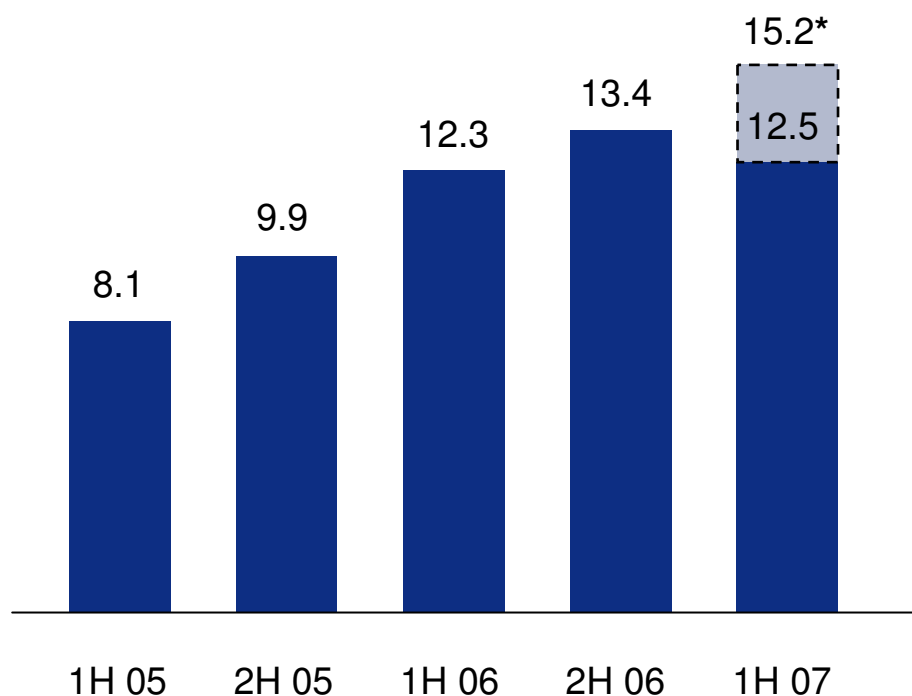
- Revenues in the corporate client segment tend to be stronger in the second half year

■ Corporate client segment  
■ Private client segment

# Net profit: impact of one-time costs in 1H 2007

## Net profit

in CHF million



- + 2% year-on-year (+ 24% adjusted)
- One-time costs (pre tax) of CHF 2.9 million for bank start-up and IPO
  - CHF 2.3 million IPO costs
    - CHF 1.8 million equity-settled personnel costs according to IFRS 2 (share-based payments)
    - CHF 0.4 million social security contributions related to share allotments to employees
    - CHF 0.1 million other costs
  - CHF 0.6 million bank start-up costs (pre tax) in Q1

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



# VZ Depository Bank: successful launch in Q2

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## Why launch our own depository bank?

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

## Status as at 30.06.2007

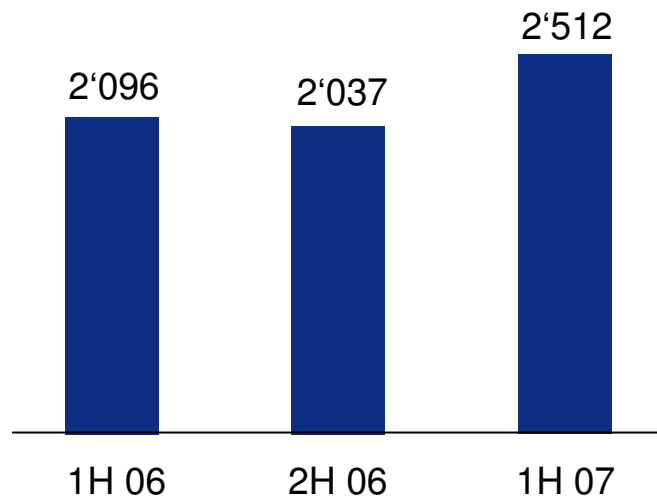
- Operational since April 2007
- Per 30.6. >1'500 existing management clients opened an account and mandated VZ to transfer their assets
- Marginal revenues in Q2 due to time-consuming securities transfer
- Demand exceeds current capacity

# Private client segment accounts for 90% of total revenues



## Financial consulting

# of consulting projects

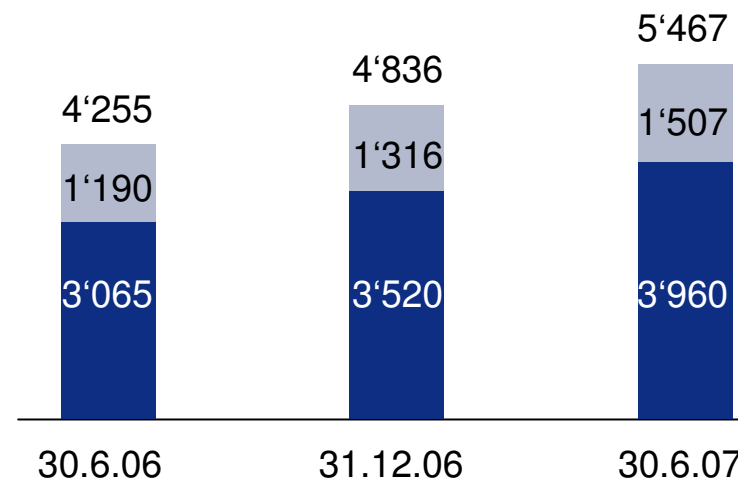


- 16% increase in billable hours
- Retirement planning: n°1 consulting topic

## Wealth management

Assets under management in CHF million

- Portfolio management mandates
- Mortgages under management and portfolios under client management



- Mix of assets under management unchanged
- Assets under management generate
  - 77% of total revenues (private + corporate clients)
  - 85% of private client segment revenues



# Private client segment: capacity growth on track

## Capacity growth

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

	2005	2006	2007
<b>Financial consulting</b>	25.3	30.7	37.4
<b>Wealth management</b>	16.1	19.9	23.5

- Financial consulting capacity is the main driver behind the VZ business model
- Existing staff base in training assures future capacity increase

## Geographic expansion in 2007



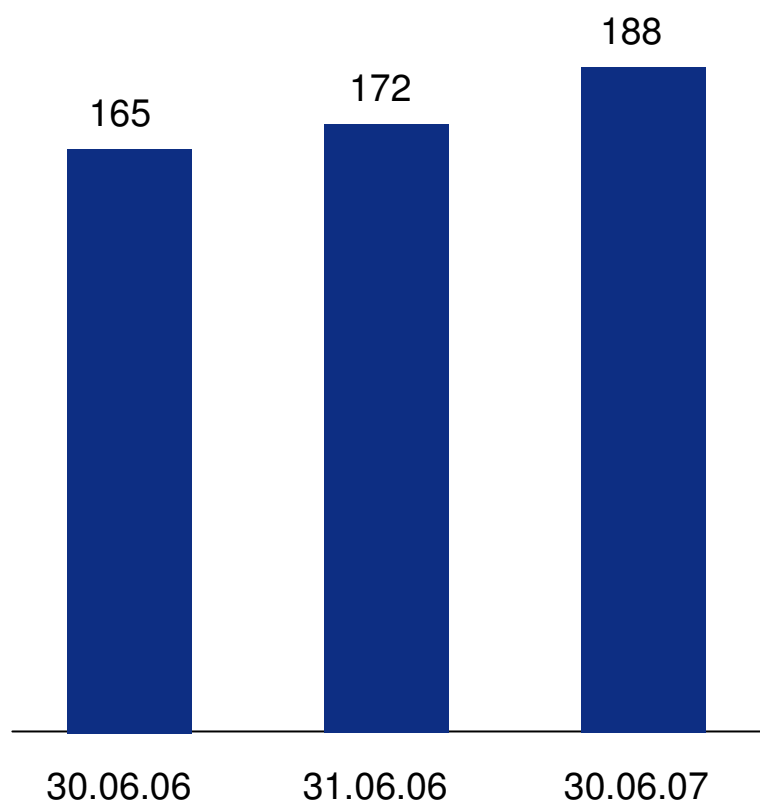
- New branches in 1H 07: Aarau and Winterthur (CH)
- ▶ New branches in 2H 07: Frankfurt (DE) and Thun (CH)



# Corporate client segment: important synergies

## Premium volume under management

in CHF million p.a.



- Insurance portfolios under management generate
  - 9% of total revenues (private and corporate clients)
  - 92% of corporate client segment revenue
- Synergies to private client segment
  - Knowledge transfer on pension fund and benefit planning topics
  - Referral of management members and employees to our financial consulting

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# Financials: income statements – unaudited (1)

in CHF million	1H 05		1H 06		1H 07	Adjusted results*	
	2H 05	2H 06	1H 07	1H 07		yoy	
Consulting fees	6.1	5.5	5.3	5.7	6.0	6.0	+13%
Management fees	22.0	25.9	30.7	32.4	38.3	38.3	+25%
Other operating revenues	0.2	0.3	0.3	0.3	0.4	0.4	+16%
<b>Total operating revenues</b>	<b>28.3</b>	<b>31.7</b>	<b>36.3</b>	<b>38.4</b>	<b>44.7</b>	<b>44.7</b>	<b>+23%</b>
Personnel expenses	(13.2)	(14.1)	(14.9)	(15.8)	(20.8)	(18.4)	+23%
Other operating revenues	(4.8)	(5.0)	(5.5)	(5.9)	(7.1)	(6.6)	+19%
<b>Total operating expenses</b>	<b>(18.0)</b>	<b>(19.1)</b>	<b>(20.4)</b>	<b>(21.7)</b>	<b>(27.9)</b>	<b>(25.0)</b>	<b>+22%</b>
<b>EBITDA</b>	<b>10.3</b>	<b>12.6</b>	<b>15.9</b>	<b>16.7</b>	<b>16.7</b>	<b>19.7</b>	<b>+24%</b>

\* 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)

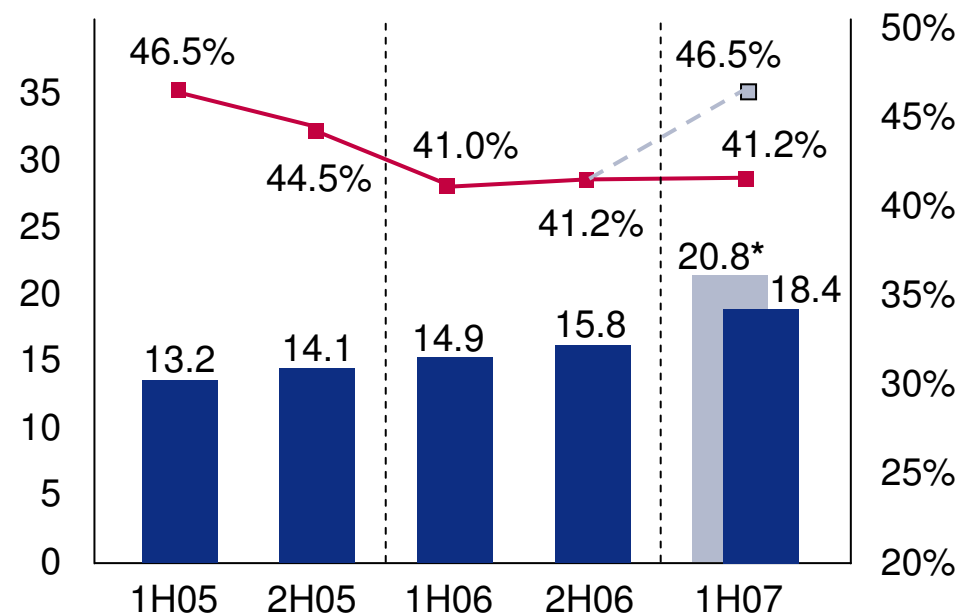
in CHF million	1H 05		1H 06		1H 07	Adjusted results*	
	2H 05	2H 06	1H 07	1H 07		yoy	
<b>EBITDA</b>	10.3	12.6	15.9	16.7	16.7	19.7	+24%
Depreciation and amortisation	(0.5)	(0.5)	(0.6)	(0.7)	(0.9)	(0.9)	+56%
<b>EBIT</b>	9.8	12.1	15.3	16.0	15.9	18.8	+22%
Net finance income	0.3	0.1	0.2	0.3	0.3	0.3	+94%
<b>Profit before income tax</b>	10.1	12.1	15.5	16.2	16.2	19.1	+23%
Income tax	(2.0)	(2.2)	(3.2)	(2.8)	(3.7)	(3.9)	+22%
<b>Net Profit</b>	8.1	9.9	12.3	13.4	12.5	15.2	+24%

\* 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: operating expenses (1)

## Personnel expenses

in CHF million



- Personnel expenses
- as % of total operating revenues

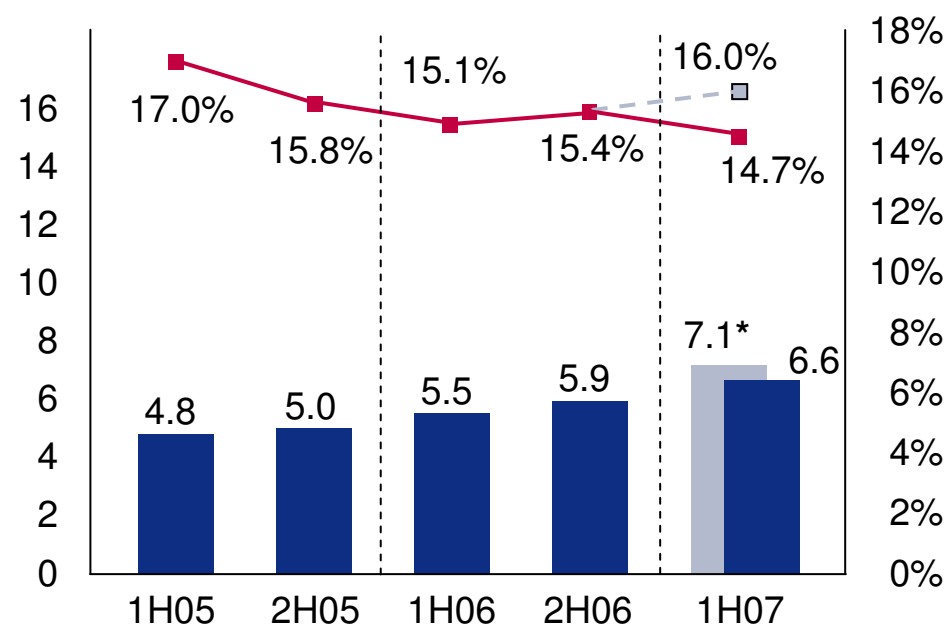
- Growth in line with total operating revenues when adjusted for one-time costs
- Stable ratio of personnel expenses as percentage of revenues in spite of investment in additional capacity (+ 20% FTE yoy)

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

# Financials: operating expenses (2)

## Other operating expenses

in CHF million



■ Other operating expenses

■ as % of total revenues

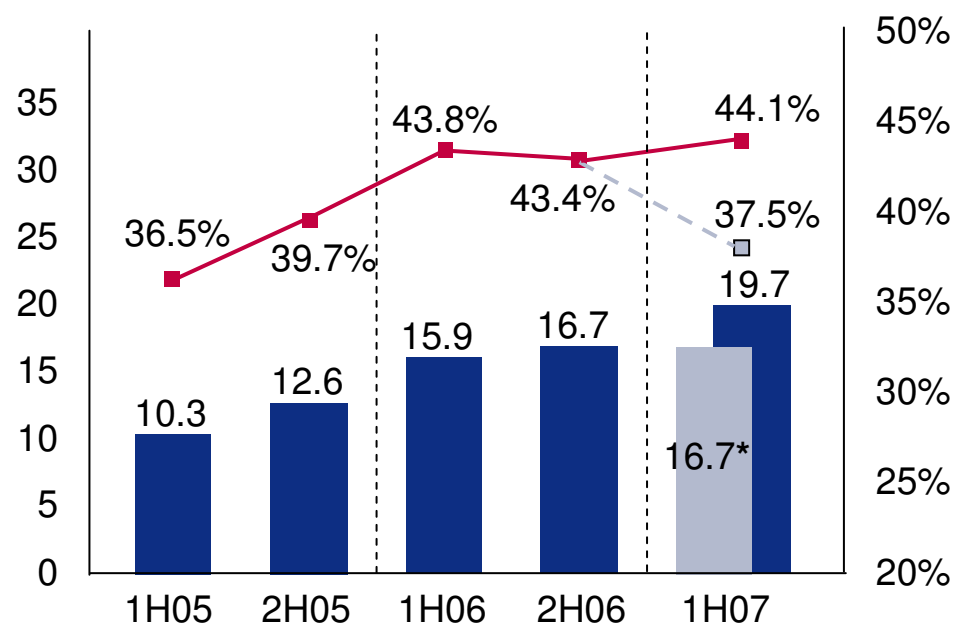
\* including one-time costs (IPO and VZ Depository Bank)

- Strong cost control, no negative impact of
  - two additional branches in 1H 07
  - higher cost base in Q2 07 due to launch of VZ Depository Bank
- Operational leverage effect in 1H 07: operational expenses adjusted for one-time costs decreased compared to total operating revenues

# Financials: EBITDA and margin

## EBITDA

in CHF million



- EBITDA
- EBITDA margin

- Margin on a high and sustainable level
- Adjusted for one-time costs: slight increase to 44.1%

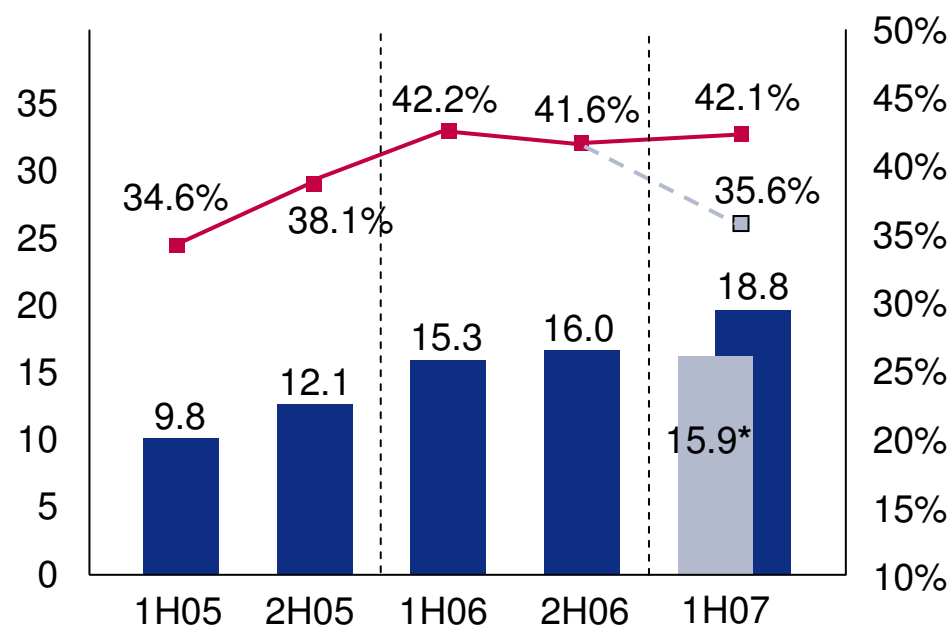
\* including one-time costs (IPO and VZ Depository Bank)



# Financials: EBIT and margin

## EBIT

in CHF million



■ EBIT  
 ■ EBIT margin

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

- Growth in depreciation and amortisation of CHF 0.3 million yoy (CHF 0.2 in 2H 06) due to bank start-up and expansion of branch network
- One-time costs (IPO/bank) do not affect depreciation and amortisation
- EBIT margin: adjusted 1H 07 slightly improved



# Balance sheets

in CHF million	1H 06	2H 06	1H 07
Net cash position*	33.6	39.1	53.6
Cash position due to customers	1.8	3.0	213.8
Other current assets	22.9	23.9	26.6
<b>Total current assets</b>	<b>58.3</b>	<b>66.0</b>	<b>294.0</b>
Financial assets	6.8	6.9	0.5
Property, equipment, intangible assets	4.0	5.5	7.2
Other non-current assets	1.9	1.7	1.2
<b>Total non-current assets</b>	<b>12.7</b>	<b>14.1</b>	<b>8.9</b>
<b>Total assets</b>	<b>71.0</b>	<b>80.1</b>	<b>302.9</b>
Current liabilities due to customers	1.8	3.1	213.8
Other current liabilities	20.2	14.4	17.1
Non-current liabilities	0.1	0.2	0.2
<b>Total liabilities</b>	<b>22.1</b>	<b>17.7</b>	<b>231.1</b>
<b>Total equity</b>	<b>48.9</b>	<b>62.4</b>	<b>71.8</b>
<b>Total liabilities and equity</b>	<b>71.0</b>	<b>80.1</b>	<b>302.9</b>

- Strong growth of balance sheet as per 30.06.07 due to VZ Depository Bank
- No interest bearing liabilities besides client money with VZ Depository Bank
- Decrease in non-current assets due to restructuring of financial positions (shift to net cash)

\* including cash & cash equivalents, short term investments and marketable securities, excluding current liabilities due to customers

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# Outlook 2H 2007

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## Business development

- Focus on strengthening the banking operation
  - transfer of 3'000 to 3'500 management clients initiated by year end (60% of 2006 client base)
  - use new banking services to revitalise relationships with former consulting clients
- Continue expansion of branch network
- Capacity growth: recruit additional graduates to meet increasing mid-term demand
- Establish estate planning as an equally important consulting topic as retirement planning

## Financial targets

- 2007 is a year of transition:
  - launch of banking operation
  - one-time costs related to IPO
- Banking fees difficult to project
- Sustainable growth of revenues and net profit projected