



VZ Group

1H 2020

Results and outlook

Appendix: company overview

12 August 2020

VZ Holding Ltd
Innere Güterstrasse 2
6300 Zug
Telefon +41 58 411 80 00

www.vzch.com
www.vzfinanzportal.com

Disclaimer



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Roundings

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.

Adjustments and Alternative Performance Measures (APMs)

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.

The SIX Exchange Directive on the Use of Alternative Performance Measures does not apply on this investor presentation.

Agenda



1. Facts and figures

2. Financials

3. Outlook

4. Appendix

Summary 1H 2020



Business development

- Corona crisis dominated 2nd quarter 2020
 - Consulting business affected by lockdown
 - Growth of AuM-related revenues negatively impacted by financial markets, TX/trading-revenues decreased less than expected due to higher trading volume
- Demand for platforms remains high
 - More than 3'000 consulting clients converted to platform services in 1H 2020
 - Steady improvement of platform usage per WM client
- Pressure on AuM margin unchanged due to negative interest rate environment, more passive investments, all-in-fees, higher AuM-share of pension plan solutions
- Continuous increase of front-end consulting capacity to 172 FTEs (avg. 2020, +7.5%)
- Annualised NNM inflow per consulting FTE at CHF 19.0 million in 1H 2020 (target range 17-20 million)
- New initiatives:
 - VZ Finanzportal: develop add. new features
 - UK: ongoing work on market entry

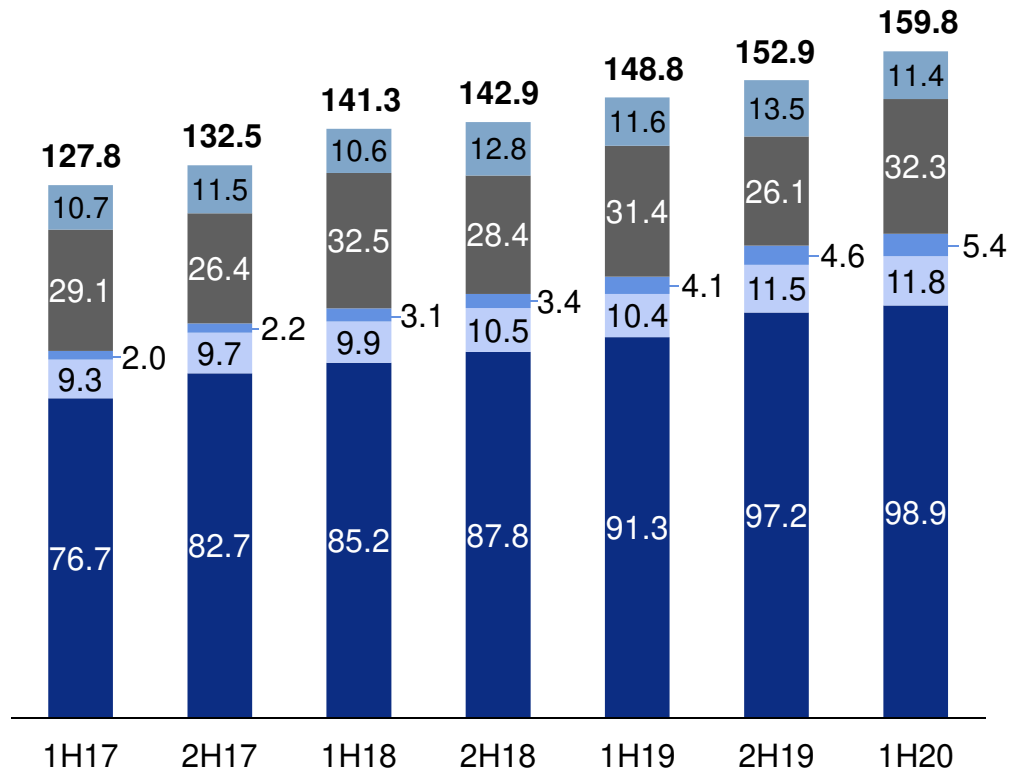
Financials

- Top line +7.4% yoy to CHF 159.8 million
- Operating expenses +7.2% to CHF 85.2 million
 - Personnel expenses +6.9% yoy
 - Other operating expenses +10.4% yoy
- EBIT margin: 41.2% (1H 2019: 40.6%)
- Bottom line +15.8% yoy to reach CHF 56.4 million, Net profit margin: 35.3% (1H 2019: 32.7%)
- Solid balance sheet
 - Equity ratio: 12.2%
 - BIS CET 1: 24.7%
- NNM: CHF 1'640 million (1H 2019: CHF 1'305 million)
- Assets under management: CHF 28.6 billion (30.06.2019: CHF 25.6 billion)



Revenues: +7.4% yoy

in CHF million



Total revenues +7.4% yoy

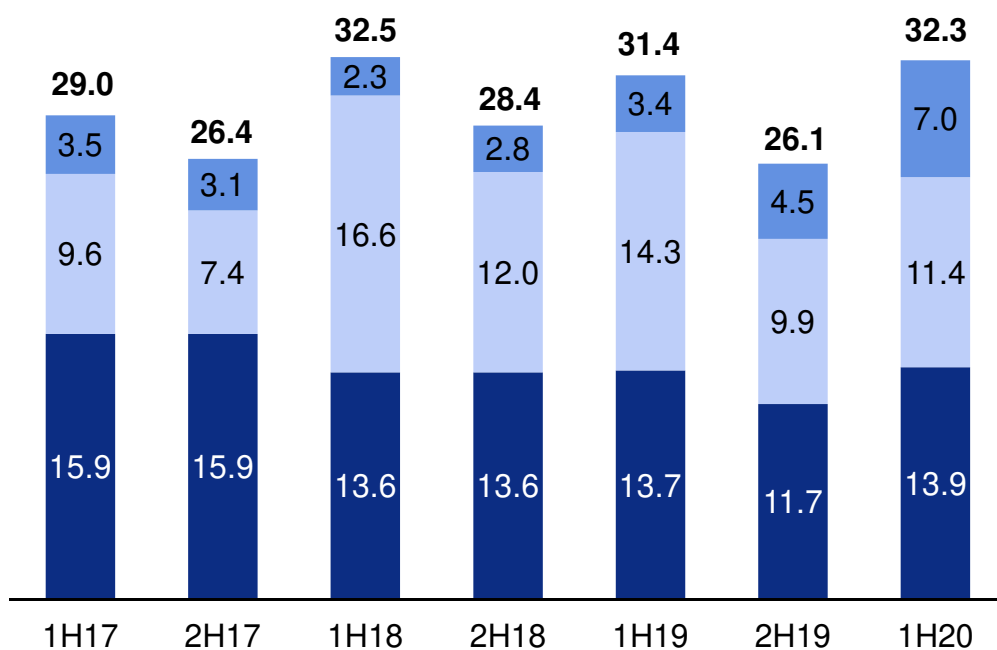
- Consulting revenues¹ -1.7% yoy
- Banking income from commissions, trading activities and interest business +2.9% yoy
- Net earned premiums +31.7% yoy
- Other management fees +13.5% yoy
- Management fees on AuM +8.3% yoy

1 Incl. other revenues

Banking income: random & structurally under pressure



in CHF million

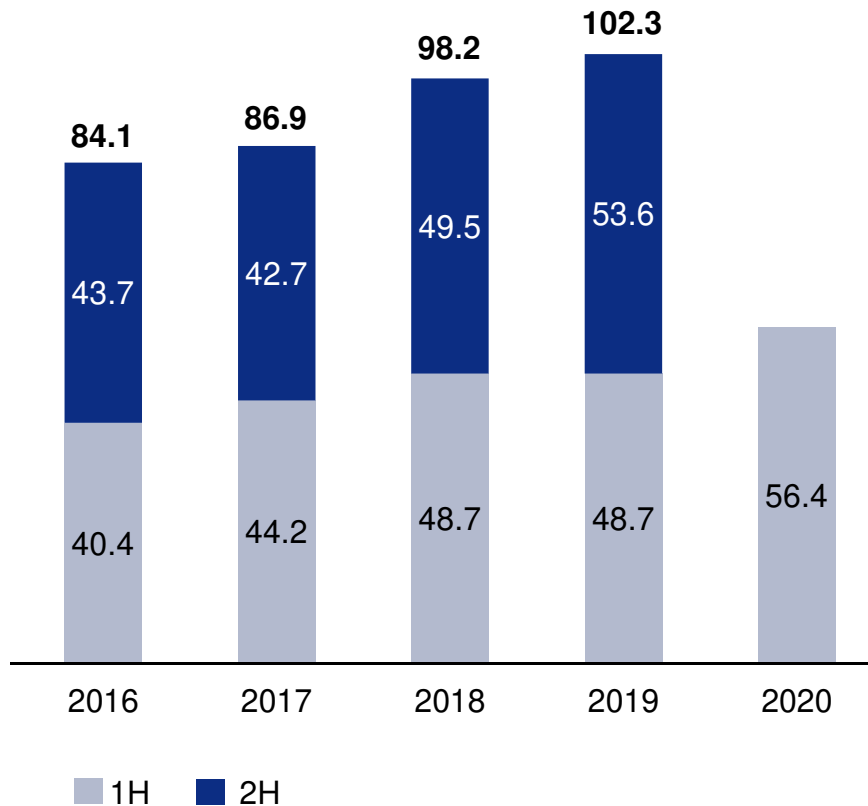


- Interest business:**
Increased SNB exemption threshold leads to higher net interest result.
- Trading result:**
Random development driven by market volatility. Downward pressure driven by passive investment styles.
- Transaction fees:**
High transaction volume caused by market volatility in 1H 2020 offsets ongoing decline due to strong demand for all-in fee models.



Net profit: +15.8% yoy

in CHF million



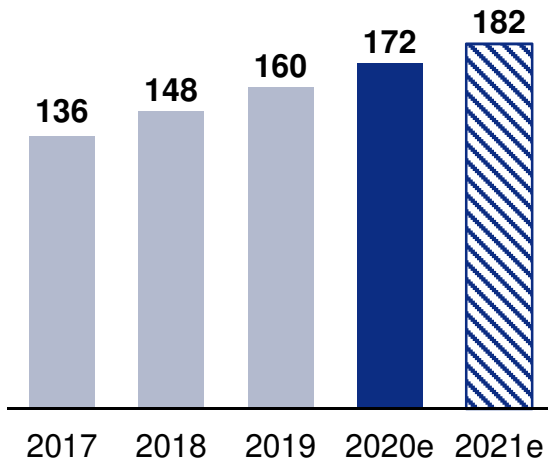
- Operating margin (EBIT) at 41.2%
 - Revenues +7.4%
 - Operating expenses +7.2%
- Net profit margin at 35.3% vs. 32.7% yoy (long-term target: 35%)
- Corporate tax reform leads to a decrease of the group's tax ratio to 14.0% for 1H 2020 (1H 2019: 19.1%)



Financial Consulting: NNM within target range

Capacity growth

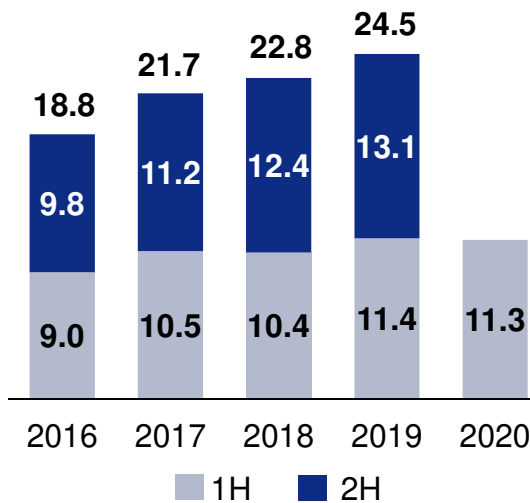
in FTE (average per calendar year)



- 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

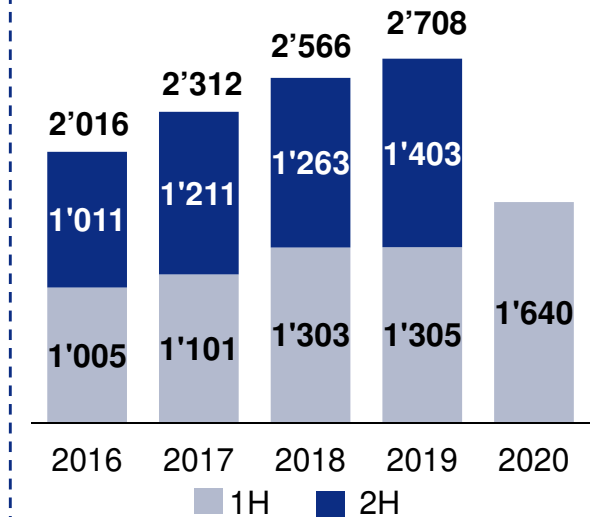
in CHF million



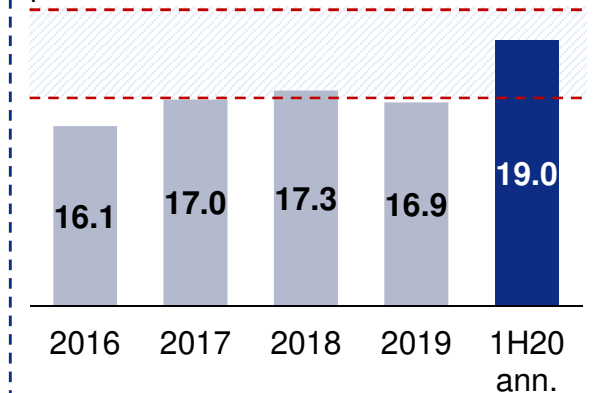
- Consulting projects enable introduction to wealth management services (“platforms”)

Net new money (NNM)

in CHF million



per FTE in CHF million



--- target corridor 17–20 million per FTE



Wealth Management: AuM +11.6%

in CHF million

	30.06.18	31.12.18	30.06.19	31.12.19	30.06.20	yoy
AuM total	22'653	23'056	25'623	27'627	28'585	+11.6%
• PM mandates	13'715	13'641	15'444	16'715	17'103	+10.7%
<i>Share of total AuM</i>	60.5%	59.2%	60.3%	60.5%	59.8%	
• Others ¹	8'938	9'415	10'179	10'912	11'482	+12.8%
<i>Share of total AuM</i>	39.5%	40.8%	39.7%	39.5%	40.2%	
NNM total (6 month)	1'303	1'263	1'305	1'403	1'640	+25.7%
# WM clients	35'235	37'803	39'880	42'776	45'858	+15.0%
Δ WM clients (6 month)	1'959	2'568	2'077	2'896	3'082	+48.4%

1 Incl. mortgages under management and portfolios under client management

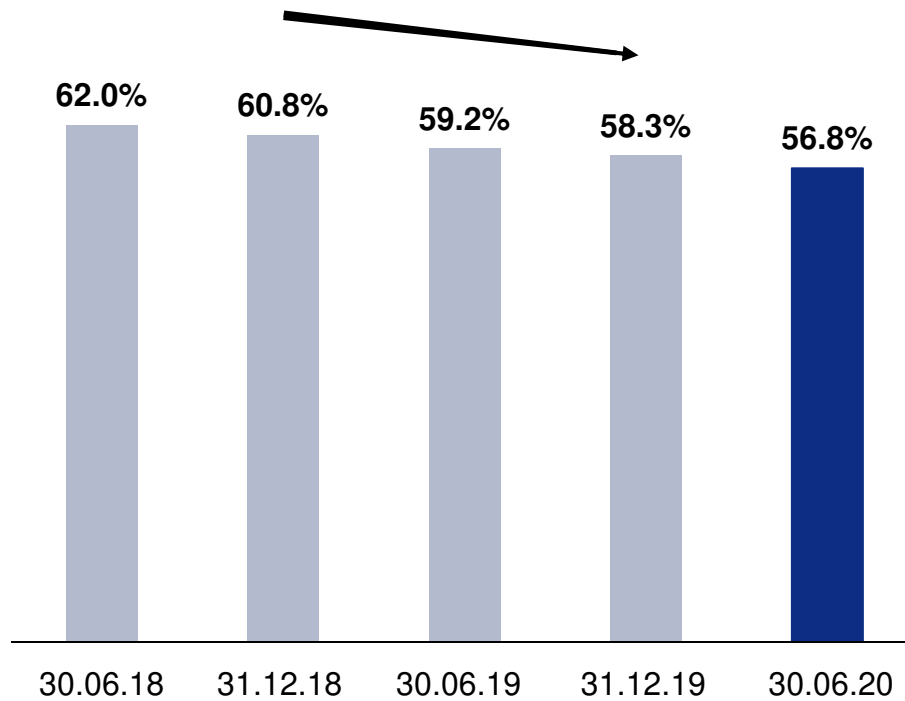


Platform usage among WM clients

CH clients only

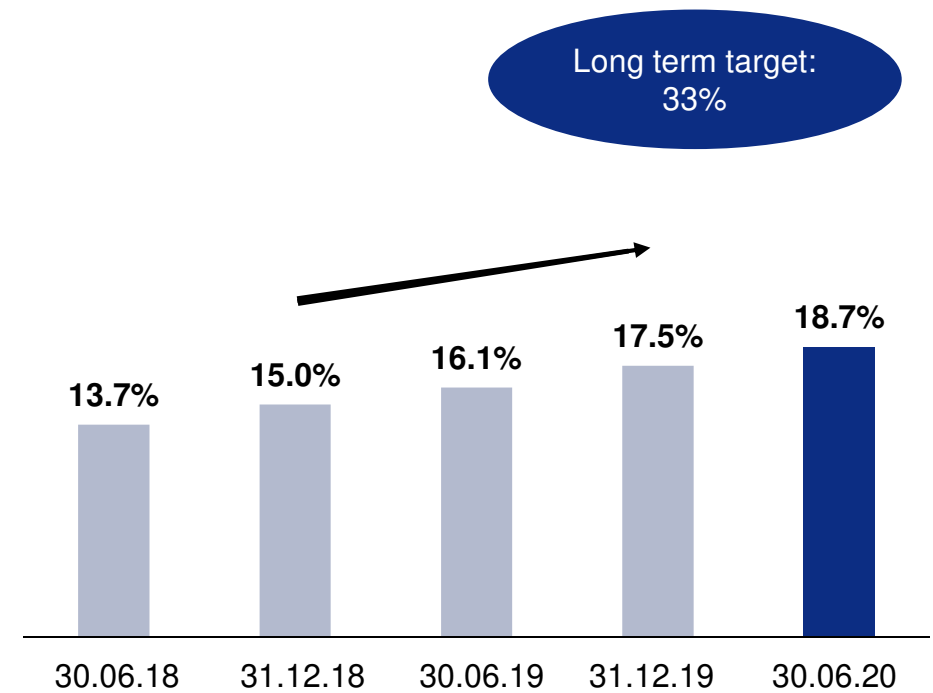
1 platform per client

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



3+ platforms per client

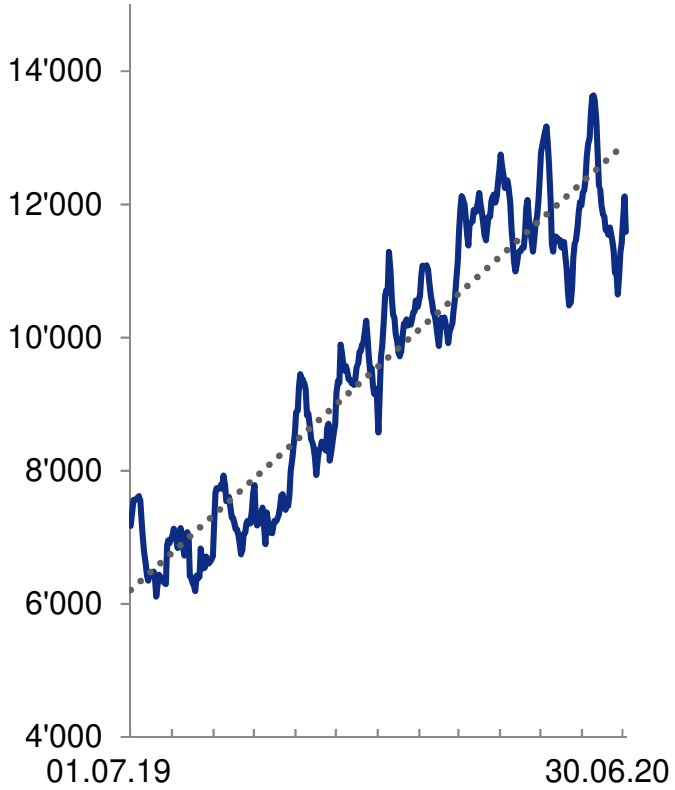
Share of WM clients who use 3+ platforms, in % of total WM clients





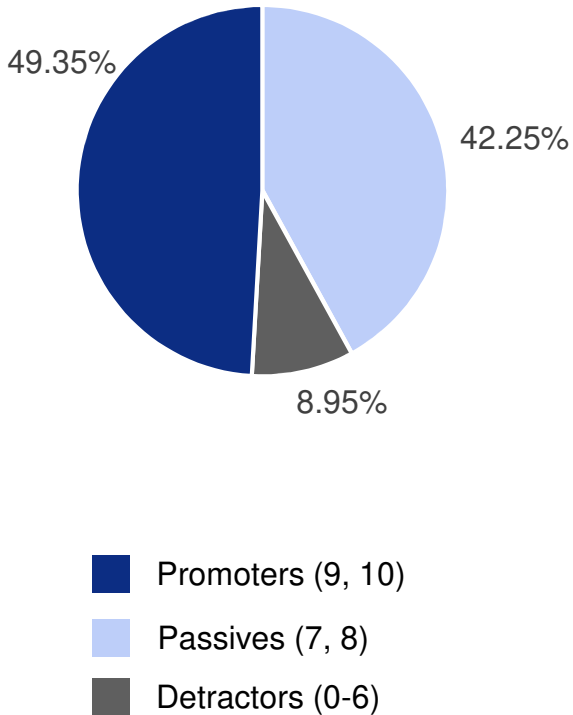
Finanzportal Usage

Weekly active users



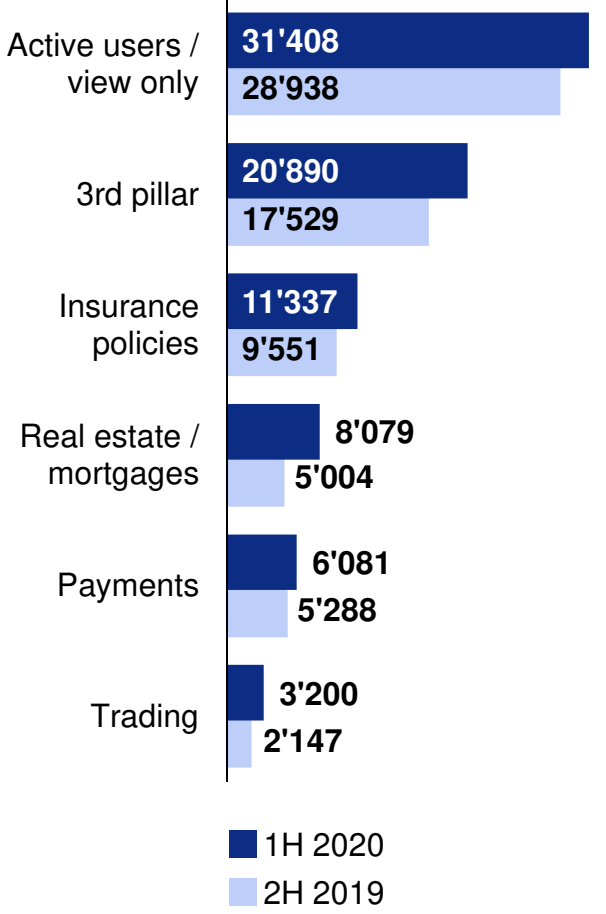
User satisfaction

Net Promoter Score (NPS)¹: 40.5



User activity

of users over 6 months

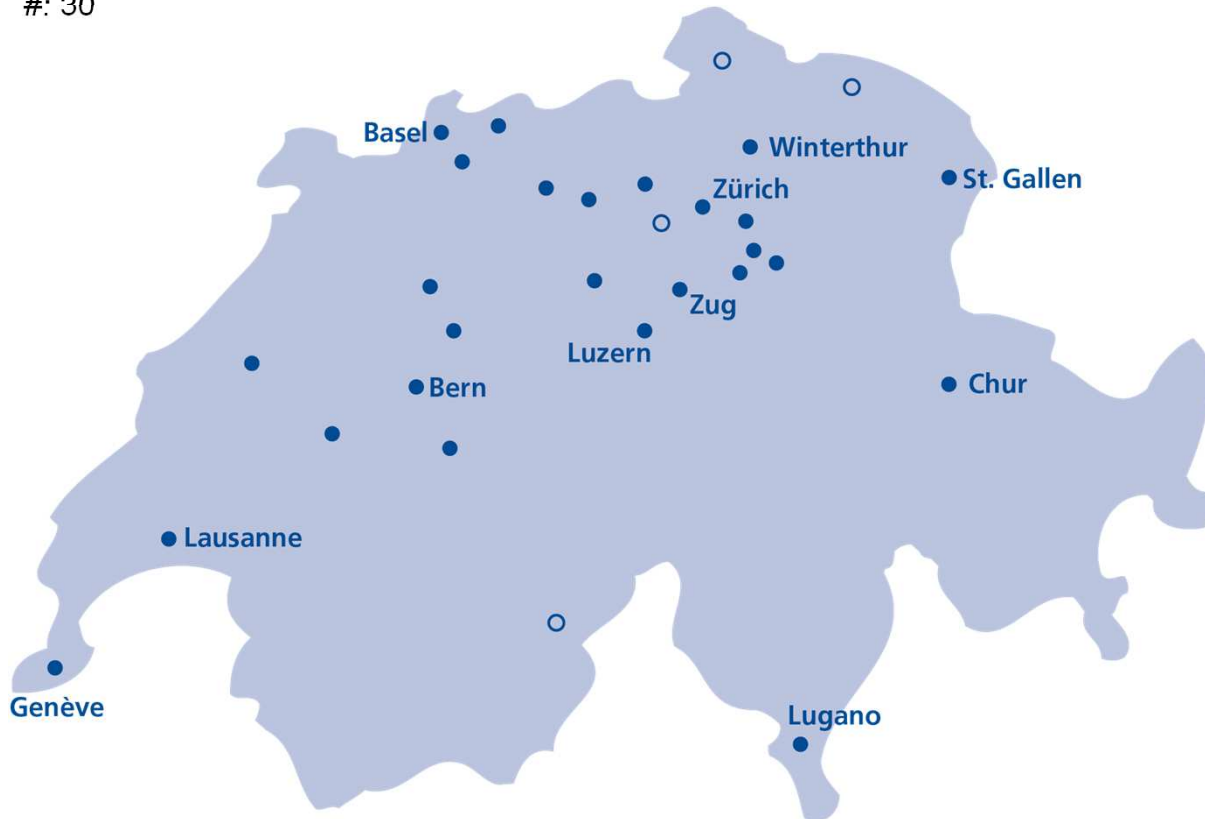


¹ Score based on a 0-10 scale answering the question 'how likely is it that you would recommend VZ Finanzportal?' (10 = extremely likely, 0 = not at all likely)

Branch offices

Switzerland

#: 30



- branch office
- satellite

Germany

#: 4



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Income statement (1)

in CHF million

	1H 18	2H 18	1H 19	2H 19	1H 20	yoy
Consulting fees	10.4	12.4	11.4	13.1	11.3	-0.9%
Management fees: on AuM	85.2	87.8	91.3	97.2	98.9	+8.3%
others	9.9	10.5	10.4	11.5	11.8	+13.5%
Banking income ¹	32.5	28.4	31.4	26.1	32.3	+2.9%
Net earned insurance premiums	3.1	3.4	4.1	4.6	5.4	+31.7%
Other operating revenues ²	0.2	0.4	0.2	0.4	0.1	n.m.
Total operating revenues	141.3	142.9	148.8	152.9	159.8	+7.4%
Personnel expenses	56.1	57.0	59.5	60.3	63.6	+6.9%
Other operating expenses ³	20.5	19.6	17.3	17.8	19.1	+10.4%
Claims on insurance policies	1.9	1.9	2.7	1.7	2.5	-7.4%
Total operating expenses	78.5	78.5	79.5	79.8	85.2	+7.2%
EBITDA	62.8	64.4	69.3	73.1	74.6	+7.6%

1 Transaction, trading and interest business

2 Incl. net impairment losses/recoveries on financial assets

3 IFRS 16 impact on other operating expenses: 1H20: CHF 3.1 million (1H19: CHF 2.9 million)



Income statement (2)

in CHF million

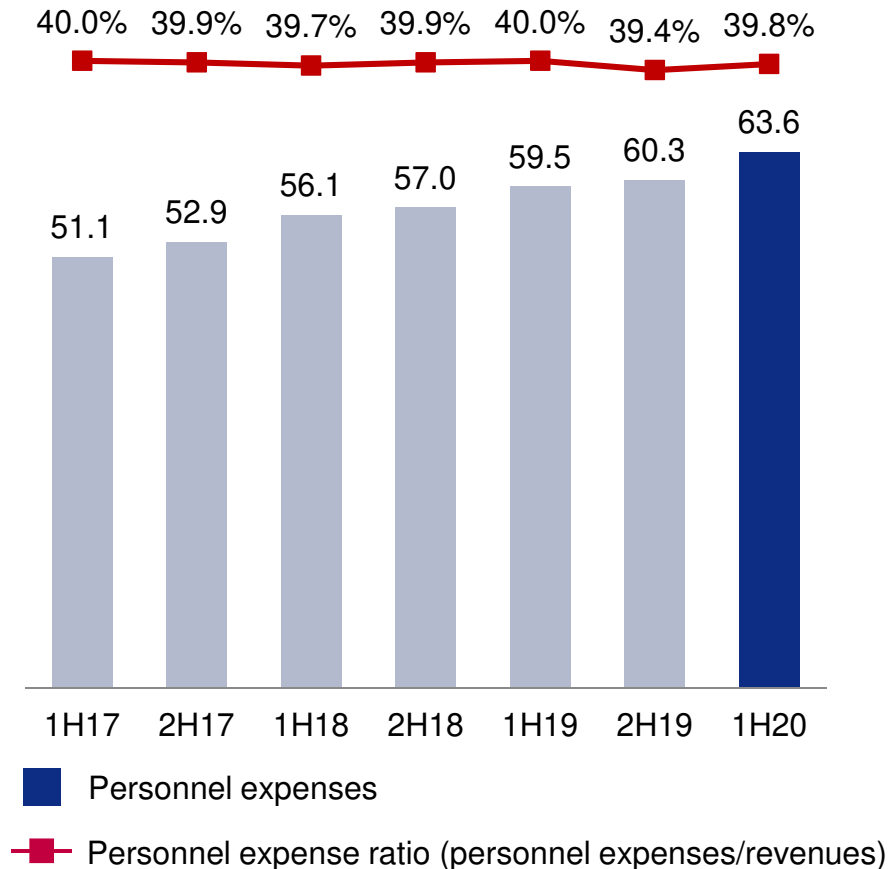
	1H 18	2H 18	1H 19	2H 19	1H 20	yoy
EBITDA	62.8	64.4	69.3	73.1	74.6	+7.6%
Depreciation and amortisation ¹	5.0	5.4	8.9	8.7	8.8	-1.1%
EBIT	57.8	59.0	60.4	64.4	65.8	+8.9%
Net finance income	-0.1	0.0	-0.2	-0.3	-0.2	n.m.
Profit before income tax	57.7	59.0	60.2	64.1	65.6	+9.0%
Income tax	9.0	9.5	11.5	10.5	9.2	-20.0%
Net profit	48.7	49.5	48.7	53.6	56.4	+15.8%

¹ IFRS 16 impact on depreciation and amortisation: 1H20: CHF 3.1 million (1H19: CHF 2.9 million)



Personnel expenses

in CHF million



- +6.9% yoy
- Personnel development

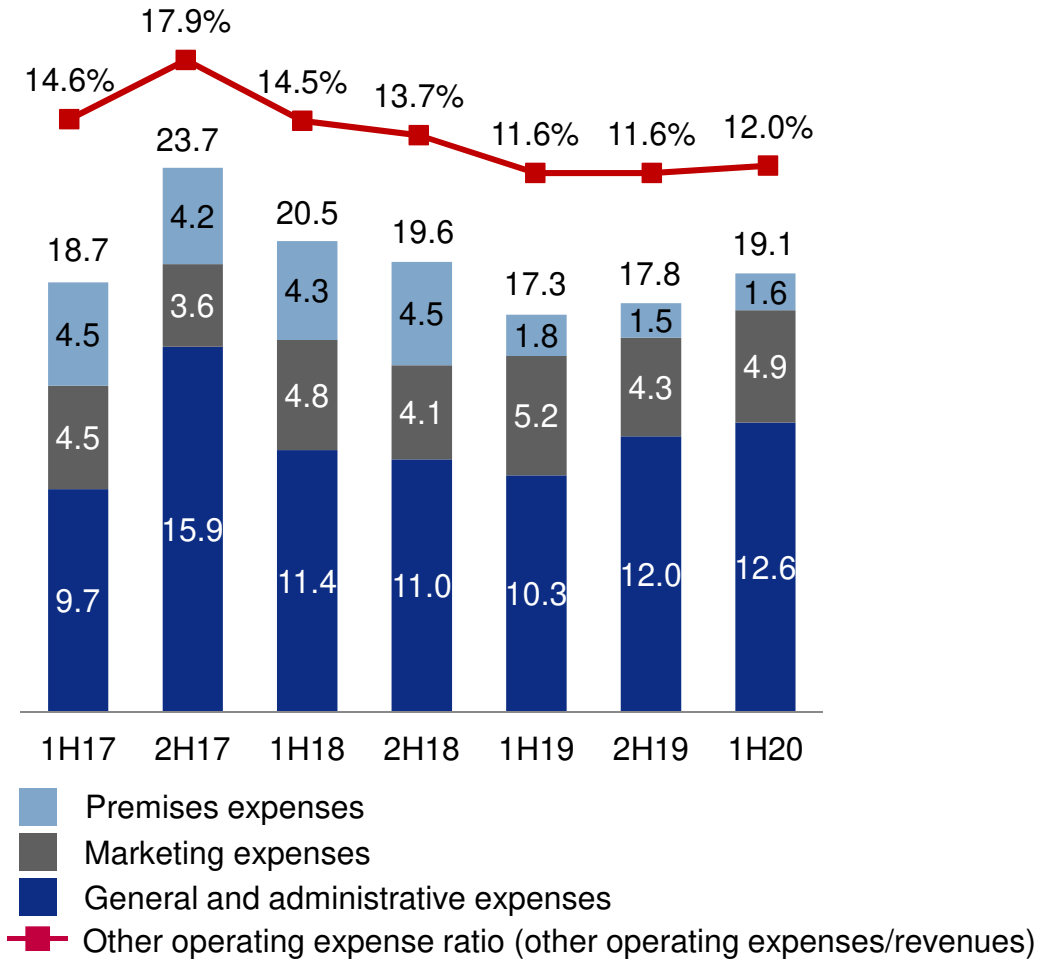
	30.06.19	31.12.19	30.06.20
FTE ¹	924.2	944.8	985.1

- 2H 2019: +20.6 FTE
1H 2020: +40.3 FTE
- Long-term personnel expense ratio: 40%

1 FTE: Full-time equivalent

Other operating expenses

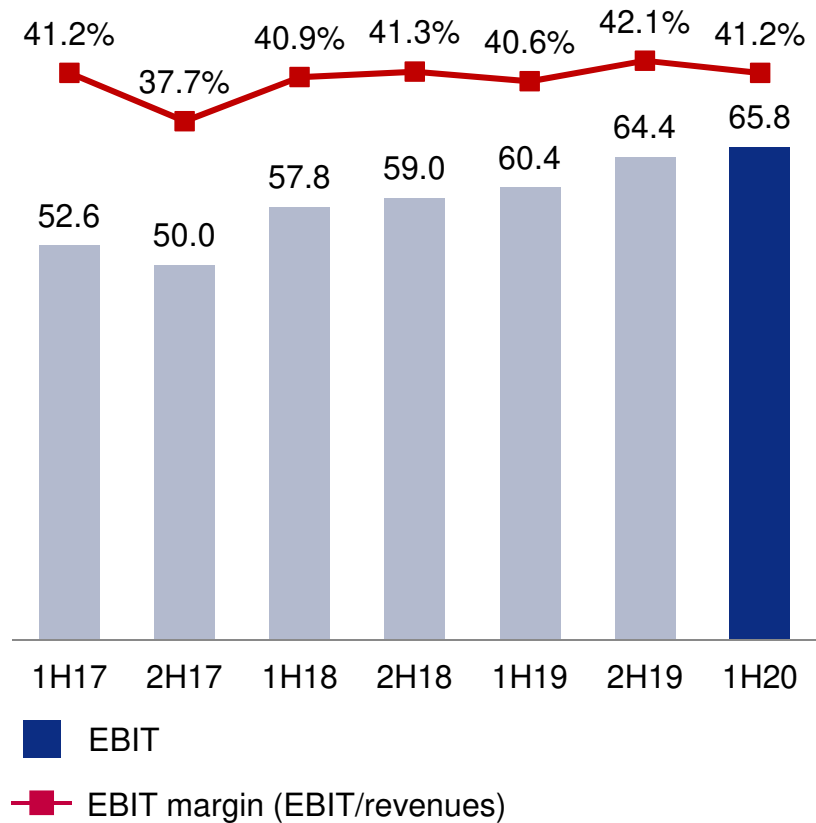
in CHF million



- Long-term other operating expenses ratio expected between 11% and 13% going forward
- Other operating expenses +10.4% yoy
 - Office space –11.1% yoy (adj. for IFRS 16 +0.1% yoy)
 - Marketing expenses –5.8% yoy
 - General and administrative expenses +22.3% yoy (adj. for one-off effects in 1H 2019 +8.9% yoy)

EBIT and margin

in CHF million



- EBIT +8.9% yoy
- EBIT long-term margin target: 42%
- No significant leverage expected going forward



Balance sheet

in CHF million

	30.06.19	31.12.19	30.06.20
Cash & cash equivalents	844.1	1'242.5	1'490.0
Short-term investments	301.1	207.5	131.3
Swiss prime residential mortgages	1'657.9	1'917.4	2'144.3
Bonds, other financial assets	423.5	450.1	525.2
Subtotal financial investments	3'226.6	3'817.5	4'290.8
Property, equipment and intangibles	138.0	140.8	144.1
Other assets	105.4	97.9	156.2
Total assets	3'470.0	4'056.2	4'591.1
Customer deposits	2'524.8	2'860.7	3'113.0
Long-term debts	336.8	406.2	411.0
Other liabilities	97.4	239.5	506.1 ¹
Total liabilities	2'959.0	3'506.4	4'030.1
Total equity	511.0	549.8	561.0

- Balance sheet total on the reporting date is coincidental; it does not fully reflect the under-lying business development
- Customer deposits and cash equivalents can fluctuate due to shifts in asset allocation of managed portfolios
- Increase in cash due to balance sheet optimisation relating to SNB exemption threshold.
- Financial investments:
 - Low risk profile
 - Average time to maturity
30.06.2020: 1.7 years
(30.06.2019: 1.8 years)

¹ Change in other liabilities CHF +266.6 million compared to 31.12.2019 mainly driven by increased SNB exemption threshold



Equity and payout ratios

Payout ratios	2017	2018	2019	Equity ratios	30.06.19	31.12.19	30.06.20
in CHF million							
Net profit	86.8	98.2	102.3	Total equity in CHF million	511.0	549.8	560.9
Retained earnings	52.3	59.4	62.2				
Dividend total	34.5	38.8	40.1	Equity ratio ¹	14.7%	13.6%	12.2%
<i>Dividend per share</i> ²	<i>0.87</i>	<i>0.98</i>	<i>1.02</i>	BIS CET 1	25.8%	27.7%	24.7%
Payout ratios	40%	40%	40%	BIS CET 1 & AT 1	25.8%	27.7%	24.7%

Treasury shares	30.06.19	31.12.19	30.06.20
Number (in '000) ²	517	608	678
Book value in CHF million	28.4	33.4	39.3

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

² The shares of VZ Holding were split in a ratio of 1:5 on 21st April 2020; prior period figures were adjusted accordingly

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2. Financials
- 3. Outlook**
4. Appendix

Business development

- Work on increasing new client inflow, consulting capacity, client conversion and platform usage
- Further develop digital interface VZ Finanzportal with additional features, including professional e-trading, real-estate valuation features and secure safe
- Germany: push marketing efforts to enhance new client inflow
- UK: ongoing work on market entry

Financials

- Consulting revenues and AuM-related revenues slightly above 1H 2020 figures, given no second lockdown and financial markets downturn
- Banking revenues: likely continued decline in TX and trading income
- Depreciation and amortisation costs: flat in 2020, growth in 2021 expected to be moderately above top line growth
- Tax ratio stable at around 14% going forward
- Dividend payout: gradual increase from 40% to 50% over the coming years

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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

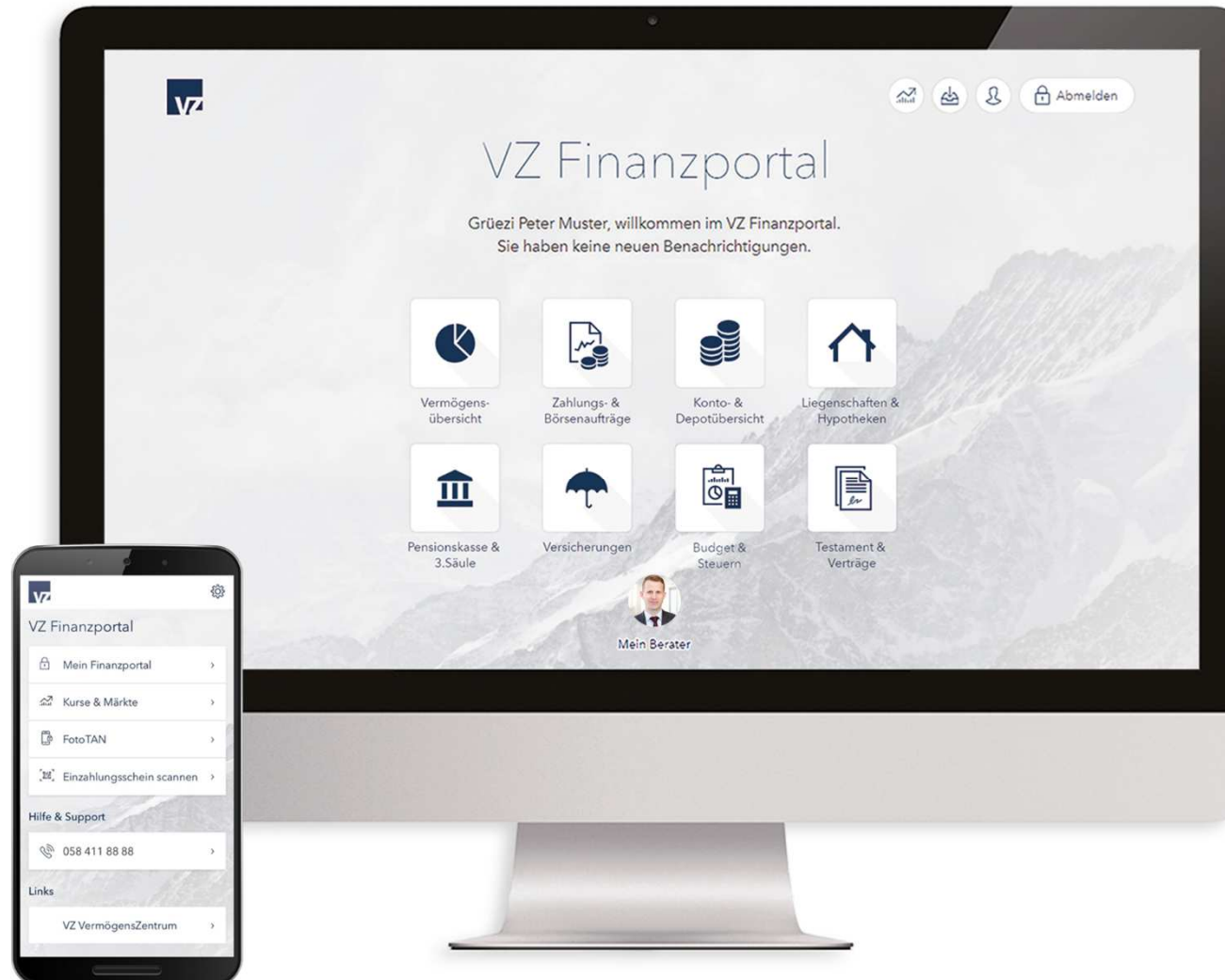
- ① Portfolio management
 - Discretionary mandates
 - Advisory mandates
 - ② Banking services
 - Custody, TX/FX
 - Payment services online / offline
 - ③ Mortgages
 - ④ Pension fund and 3rd pillar solutions, individualised tax deferred provision schemes
 - ⑤ Insurance coverage
- + Digital cockpit VZ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

Periodical



Books



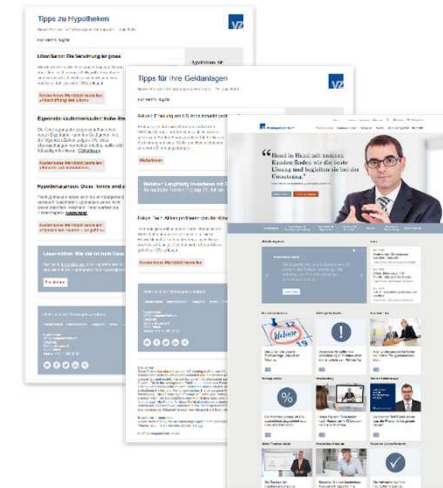
Seminars



Media coverage



Online/Newsletters

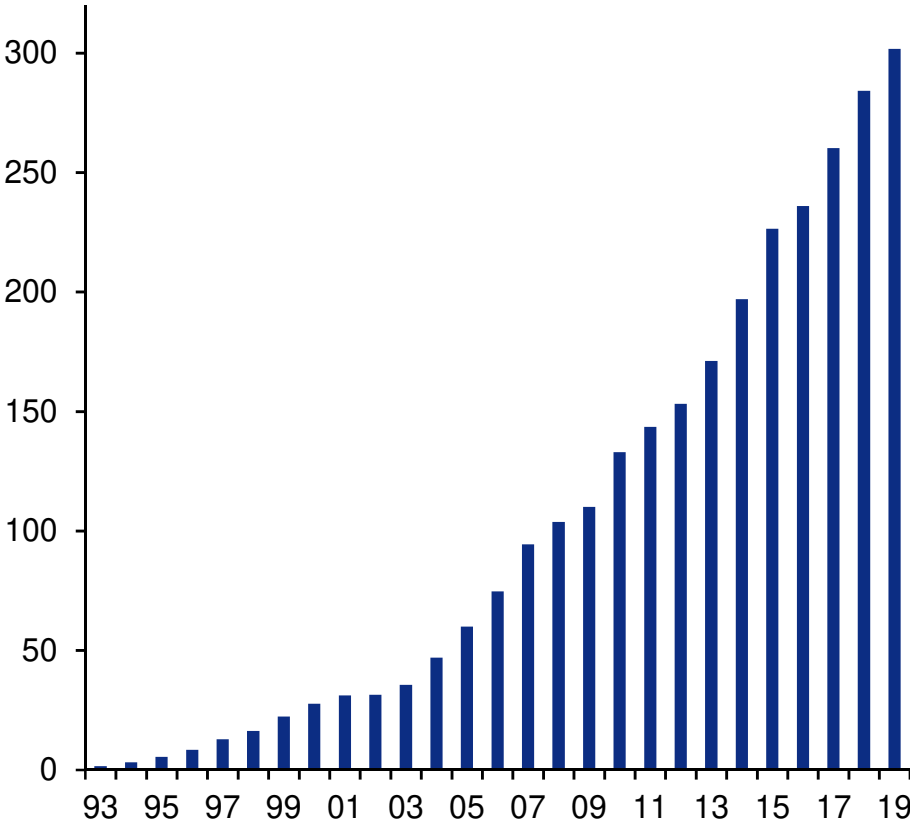




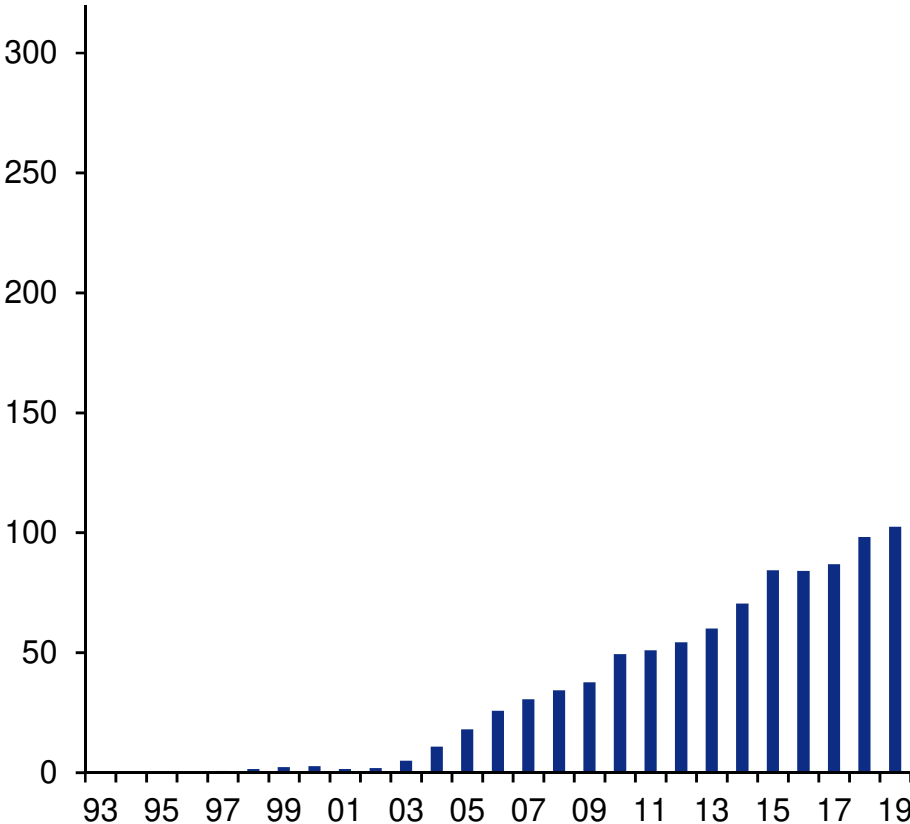
Long track record of organic growth and profitability

in CHF million

Operating revenues¹



Net profit¹



¹ 1993–2003 according to SWISS GAAP; 2004–2019 according to IFRS