



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)

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

# 2007 Results and Outlook

Matthias Reinhart, Chairman & CEO  
Philipp Marti, CFO

Zurich, 11 March 2008

# Agenda

---



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

# Highlights 2007

---



## Milestones

- IPO: strong market response
- VZ Depository Bank: successful launch in Q2 well accepted within existing client base
- Increase in financial consulting capacity from 30.7 FTE (2006) to 37.4 FTE (2007)
- Three new branches in Switzerland:
  - Aarau (January)
  - Winterthur (June)
  - Thun (October)
- One new branch in Germany:
  - Frankfurt am Main (October)

## Financials

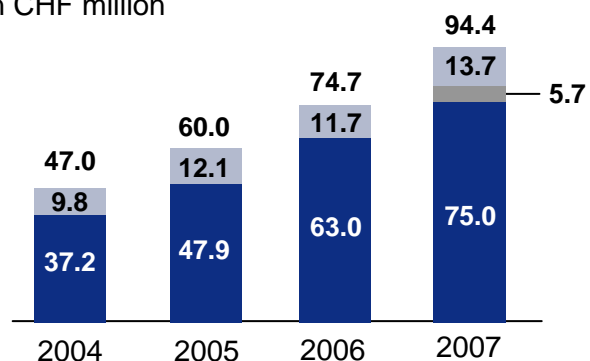
- Increased growth momentum in 2H07 based on new revenue stream of banking operation
- One-time costs in 1H07 of CHF 2,9 million related to IPO and bank start-up
- Balance sheet changed significantly due to bank start-up
- Funds under management (31.12.2007)
  - assets under management: CHF 5'760 million (+ CHF 924 million compared to 31.12.2006)
  - insurance premium: CHF 203 million p.a. (+ CHF 31 million compared to 31.12.2006)



# Revenues: continued growth

## Full years

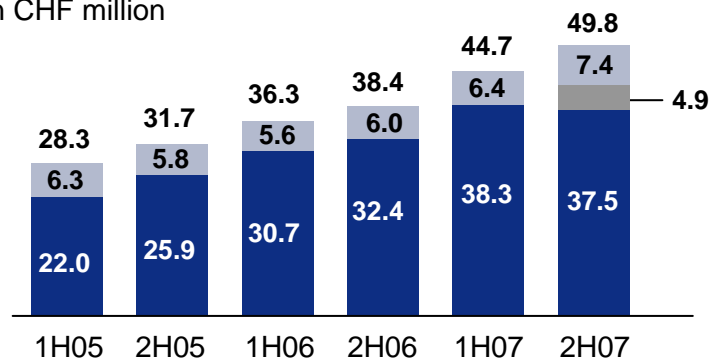
in CHF million



- + 26% 2007 vs. + 24% 2006
- Banking operation contributed 6% to total revenues 2007
- Management fees +19% yoy 2007

## Half years

in CHF million



- + 30% 2H07 yoy vs. + 23% 1H07 yoy
- Banking operation contributed 10% to total revenues 2H07
- Management fees +16% 2H07

■ Consulting fees and other revenues

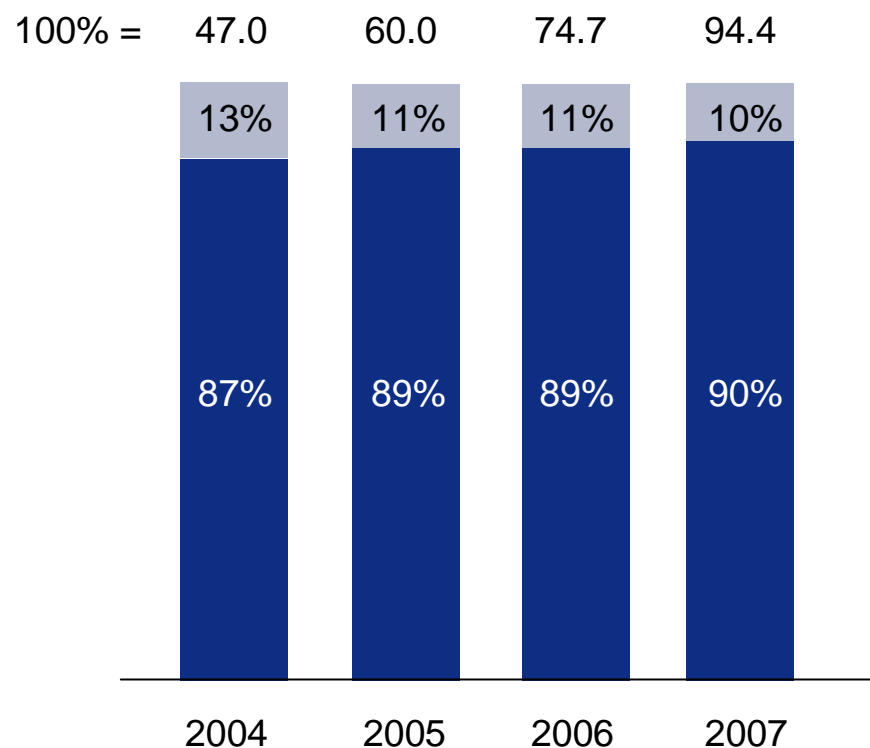
■ Management fees

■ Banking revenues



# Revenues: stable segment distribution

in CHF million



- Slight increase of portion of private client segment due to new revenue streams of banking operation
- Stable growth in both segments

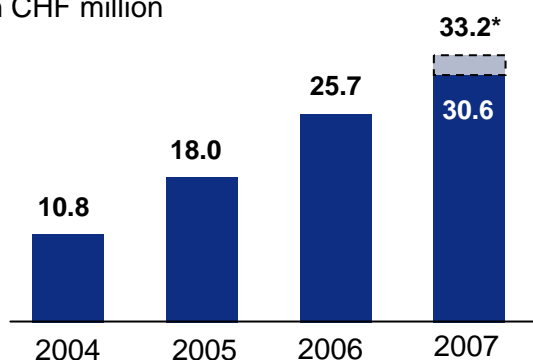
■ Corporate client segment  
■ Private client segment



# Net profit: slight margin improvement

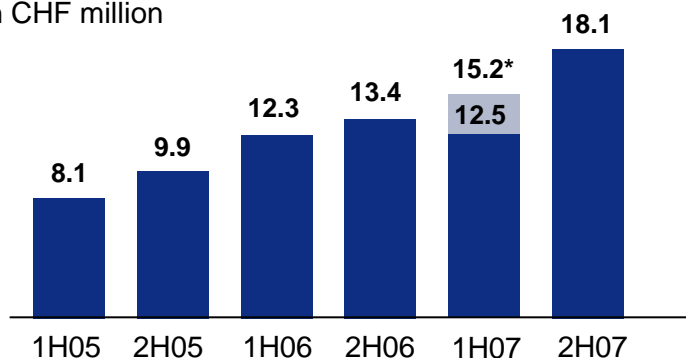
## Full years

in CHF million



## Half years

in CHF million



- + 19% yoy 2007 (+ 29% adjusted)
- One-time costs (pre tax) of CHF 2.9 million for bank start-up and IPO
  - IPO costs of CHF 2.3 million (pre tax)
    - 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
  - Bank start-up costs (pre tax) of CHF 0.6 million in Q1
- + 35% yoy 2H07 vs. + 2% 1H07 yoy (+ 23% adjusted)
- Profit margin improvement in 2H07 + 1% point yoy

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

# Agenda

---



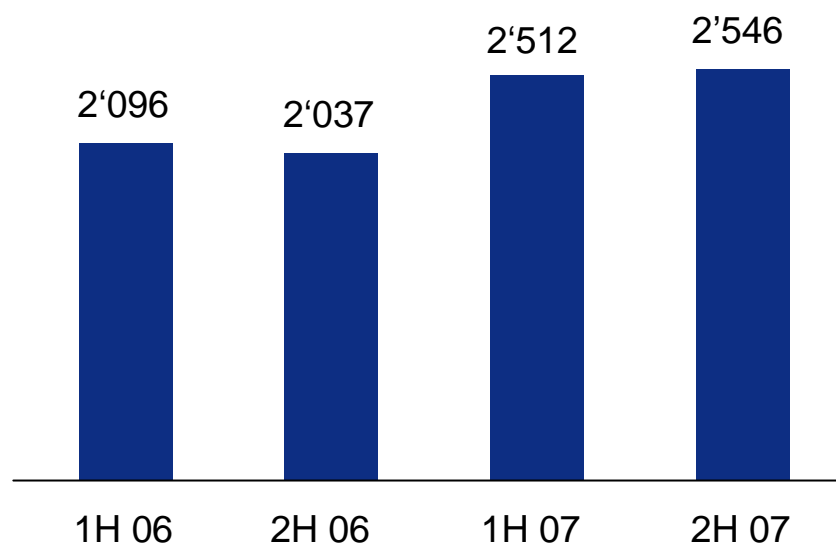
1. Facts & figures
  - ▶ 1.1 Private client segment
  - 1.2 Corporate client segment
2. Financials
3. Outlook



# Private client segment: 90% of total revenues

## Financial consulting

# of consulting projects

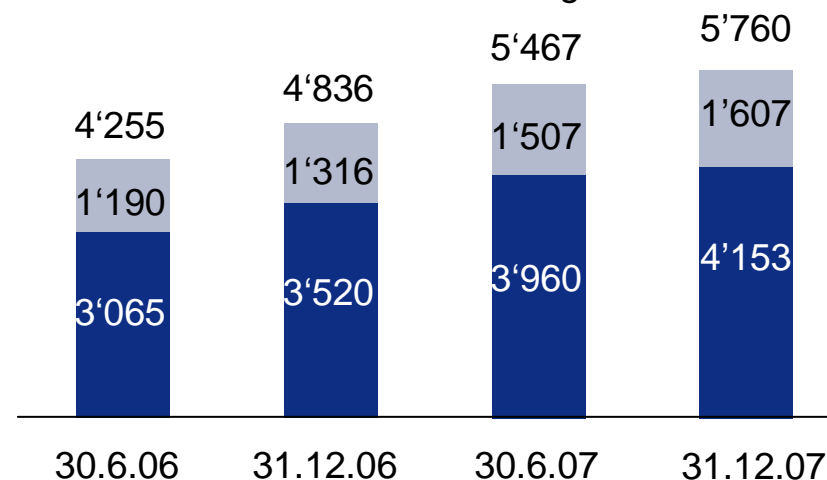


- 19% increase in billable hours (full year)
- Retirement planning: n°1 consulting topic with >60% of total consulting projects

## Wealth management

Assets under management in CHF million

- Portfolio management mandates
- Other assets:
  - Mortgages under management
  - Portfolios under client management



- Reduced increase of assets with a portfolio management mandate in 2H07 due to market turbulences



# 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 an important driver behind the VZ business model
- Existing staff base in training assures future capacity increase

## Geographic expansion



- New branches in 2007:  
Switzerland: Aarau, Winterthur and Thun  
Germany: Frankfurt am Main
- ▶ New branches projected in 2008: Rapperswil, Neuchâtel



# VZ Depository Bank: successful launch in Q2

---

## 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 31.12.2007

- Operational since April 2007
- >3'200 existing and >700 new portfolio management clients opened an account and mandated VZ to transfer their assets
- 600 cash accounts opened for clients without a portfolio management mandate
- 2H07 Banking revenues: 11% of total segment revenues (full year: 7%)

# Agenda

---



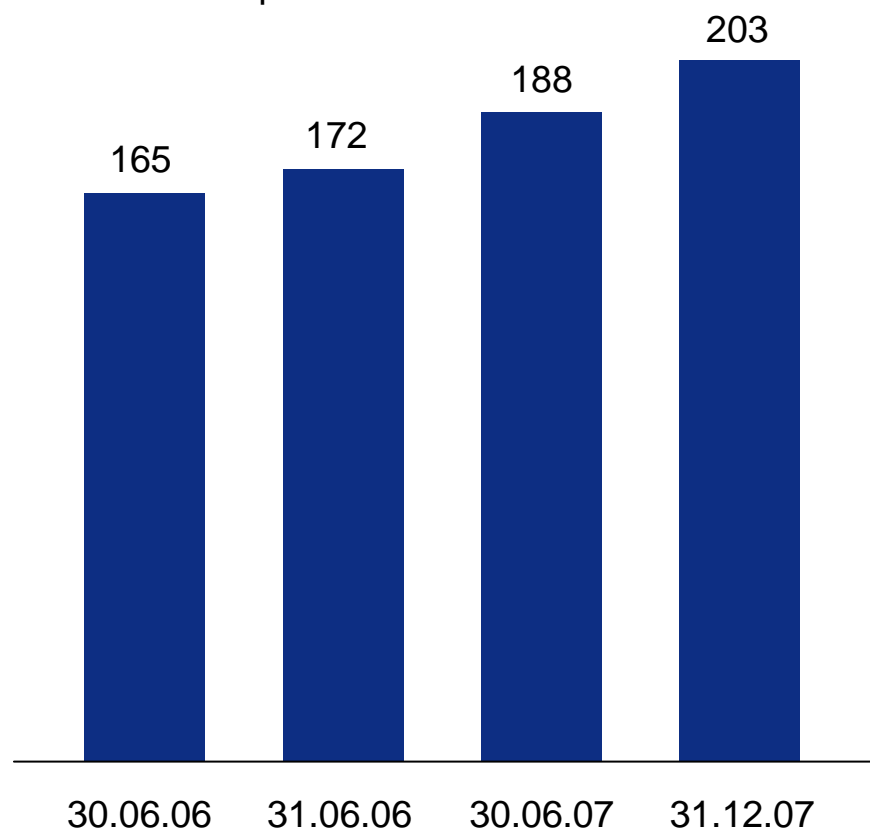
1. Facts & figures
  - 1.1 Private client segment
  - ▶ 1.2 Corporate client segment
2. Financials
3. Outlook



# 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)
  - 88% 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

# Agenda

---



1. Facts & figures
  - 1.1 Private client segment
  - 1.2 Corporate client segment

- ▶ 2. Financials
3. Outlook



# Financials: income statements (1)

in CHF million

	2005	2006	2007	Adjusted results* 2007	yoy
Consulting fees	11.6	11.0	13.0	13.0	18.3%
Banking revenues	n/a	n/a	5.7	5.7	n/a
Management fees	47.8	63.0	75.0	75.0	19.0%
Other operating revenues	0.6	0.7	0.7	0.7	5.5%
<b>Total operating revenues</b>	<b>60.0</b>	<b>74.7</b>	<b>94.4</b>	<b>94.4</b>	<b>26.4%</b>
Personnel expenses	(27.3)	(30.7)	(40.8)	(37.7)	22.7%
Other operating expenses	(9.8)	(11.4)	(14.3)	(13.7)	20.4%
<b>Total operating expenses</b>	<b>(37.1)</b>	<b>(42.1)</b>	<b>(54.3)</b>	<b>(51.4)</b>	<b>22.1%</b>
<b>EBITDA</b>	<b>22.9</b>	<b>32.6</b>	<b>40.1</b>	<b>43.0</b>	<b>31.9%</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 (2)

in CHF million

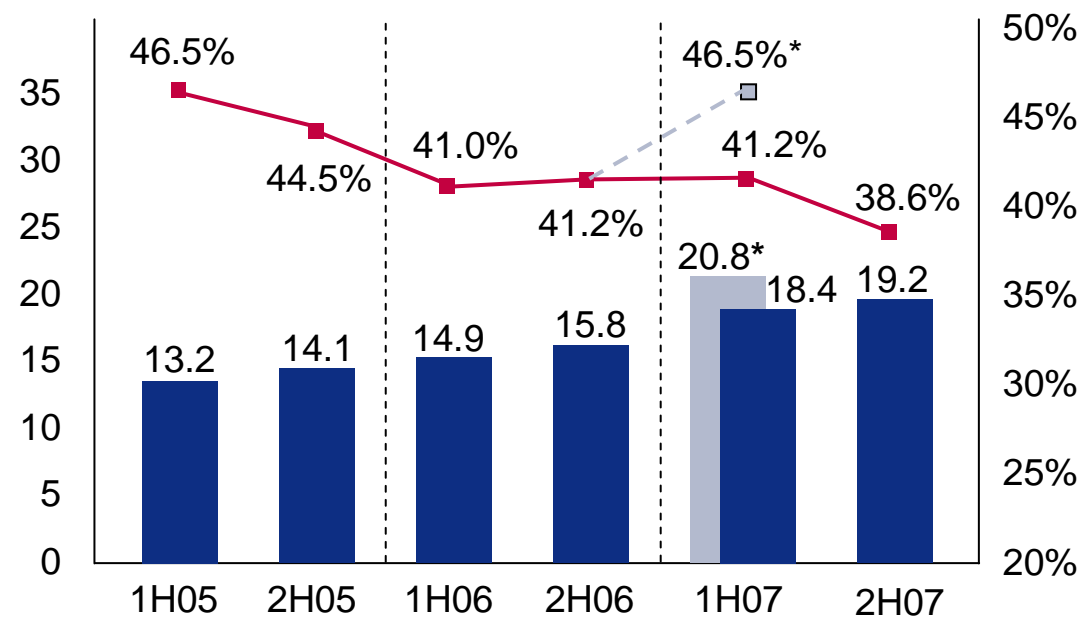
	2005	2006	2007	Adjusted results* 2007	yoy
<b>EBITDA</b>	<b>22.9</b>	<b>32.6</b>	<b>40.1</b>	<b>43.0</b>	<b>+31.9%</b>
Depreciation and amortisation	(1.0)	(1.3)	(1.9)	(1.9)	+47.7%
<b>EBIT</b>	<b>21.9</b>	<b>31.3</b>	<b>38.2</b>	<b>41.1</b>	<b>+31.3%</b>
Net finance income	0.3	0.4	0.3	0.3	-28.8%
<b>Profit before income tax</b>	<b>22.2</b>	<b>31.7</b>	<b>38.5</b>	<b>41.1</b>	<b>+30.4%</b>
Income tax	(4.2)	(6.0)	(7.9)	(8.2)	+35.8%
<b>Net Profit</b>	<b>18.0</b>	<b>25.7</b>	<b>30.6</b>	<b>33.2</b>	<b>+29.2%</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: operating expenses (1)

## Personnel expenses

in CHF million



- Underproportional growth compared to operating revenues when adjusted for one-time costs
- Despite of investment in additional personnel capacity decreasing ratio (personnel costs/ total revenues)
  - 2007: 39.9% (full year/adjusted)
  - 2006: 41.1% (full year)

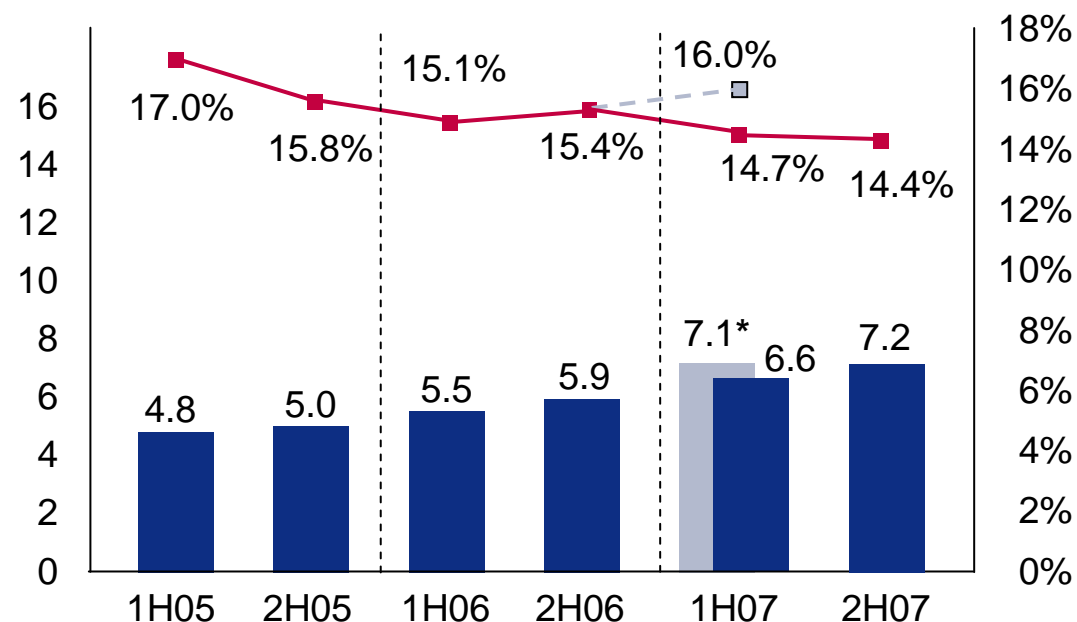
\* including one-time costs (IPO and VZ Depository Bank)



# Financials: operating expenses (2)

## Other operating expenses

in CHF million



■ Other operating expenses

■ as % of total revenues

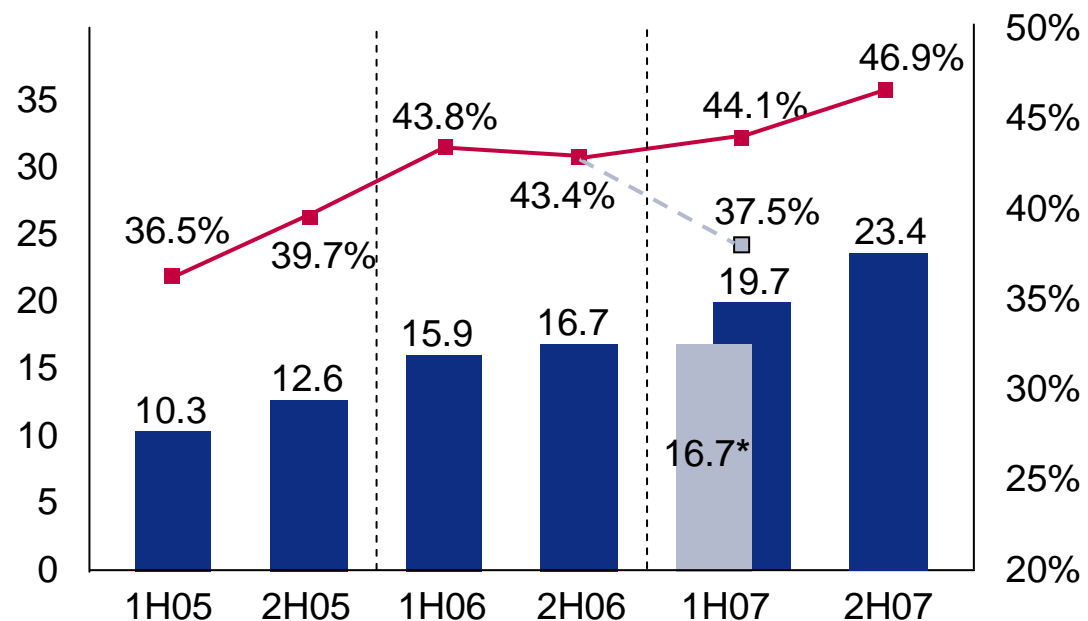
\* including one-time costs (IPO and VZ Depository Bank)

- Costs under control, no negative impact of
  - four additional branches in 2007
  - higher cost base since Q2 07 due to launch of VZ Depository Bank
- Ratio "other operating expenses/total revenues" improved:
  - 2007: 14.6% (full year/adjusted)
  - 2006: 15.3% (full year)

# Financials: EBITDA and margin

## EBITDA

in CHF million



■ EBITDA  
 ■ EBITDA margin

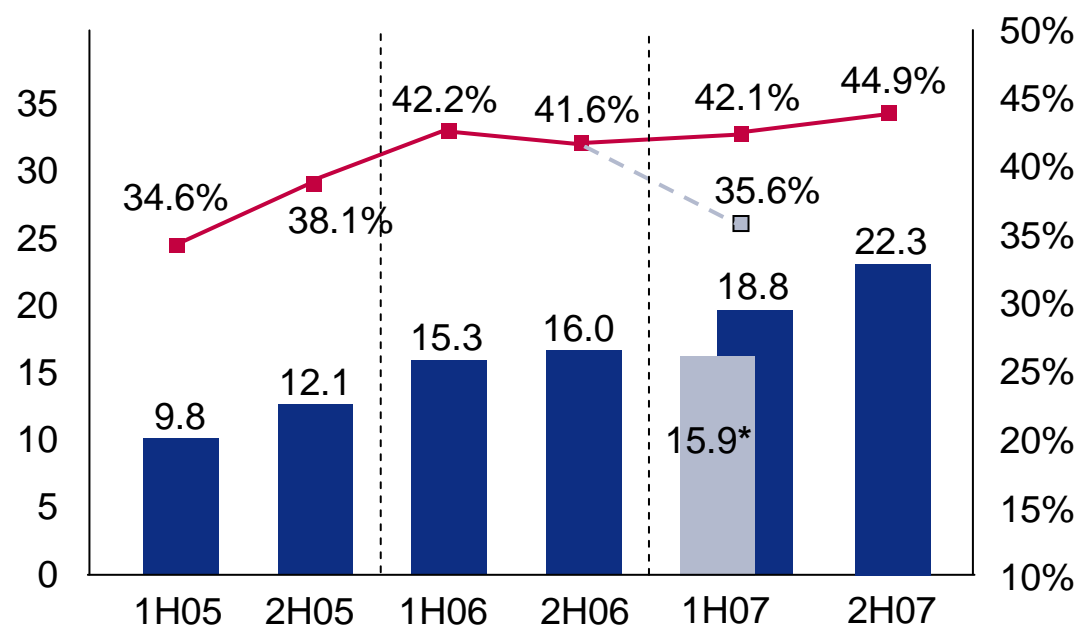
- Margin on a high and sustainable level
  - 2007: 45.5% (full year/adjusted)
  - 2006: 43.6% (full year)

\* 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 0.6 million in 2007 (+ 47.7%)
  - primarily due to bank start-up and
  - secondarily due to expansion of branch network
- One-time costs (IPO/bank) do not affect depreciation and amortisation
- EBIT margin: improved
  - 2007: 43.5% (full year/adjusted)
  - 2006: 41.9% (full year)



# Balance sheets

in CHF million	2006	2007
Net cash position*	39.1	80.8
MM investments client money	3.0	433.6
Other current assets	23.9	25.1
<b>Total current assets</b>	<b>66.0</b>	<b>539.5</b>
Financial assets	6.9	0.2
Property, equipment, intangibles	5.5	8.1
Other non-current assets	1.7	1.1
<b>Total non-current assets</b>	<b>14.1</b>	<b>9.4</b>
<b>Total assets</b>	<b>80.1</b>	<b>548.9</b>
Current liabilities due to clients	3.1	433.6
Other current liabilities	14.4	23.5
Non-current liabilities	0.2	0.2
<b>Total liabilities</b>	<b>17.7</b>	<b>457.3</b>
<b>Total equity</b>	<b>62.4</b>	<b>91.6</b>
<b>Total liabilities and equity</b>	<b>80.1</b>	<b>548.9</b>

- Strong growth of balance sheet in 2007 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, net of current liabilities due to customers

# Agenda

---



1. Facts & figures
  - 1.1 Private client segment
  - 1.2 Corporate client segment

2. Financials

 3. Outlook

## Business development

- Focus on strengthening the banking operation
  - 90% of new portfolio management clients opt for VZ Depository Bank (experience 2007)
  - By end of 2008: 70-75% of total portfolio management clients with VZ Depository Bank
- 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

## Impact of financial turbulences

- Consulting fees: low
- Banking revenues: low
- Assets under management: medium
  - one third of total assets invested in equity,
  - one third exposed to FX-risks (mainly EUR/USD)
  - two thirds in bonds and mortgages
- Management fees insurance portfolios: Low to medium
  - impact of a possible downturn of the economic cycle