



VZ Group

1H 2017

Results and Outlook

VZ Holding Ltd

Beethovenstrasse 24

8002 Zürich

Telefon +41 44 207 27 27

Fax +41 44 207 27 28

www.vzch.com

www.vzfinanzportal.com

Zurich, 11 August 2017

Disclaimer



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.

Agenda



1. Facts and figures

2. Financials

3. Outlook

Summary 1H17



Business development

- Growth pick-up continued in all business lines
 - More clients
 - Positive financial markets support AuM-growth
- AuM-margin remains under pressure
 - More all-in-fee models
 - Tougher competition
- New initiatives on track
 - Focus on cross-selling, PCC profile introduced
 - More functionalities on «Finanzportal» released
 - Banking license in Germany secured
- Capacity increase as planned
 - Consulting FTEs +9.6% to 137 FTE (average 2017)
 - Target of 160 by the end of 2018 confirmed
- Annualized NNM inflow per consulting FTE at CHF 16.1 million in 1H17 (target range: 17-20 million)

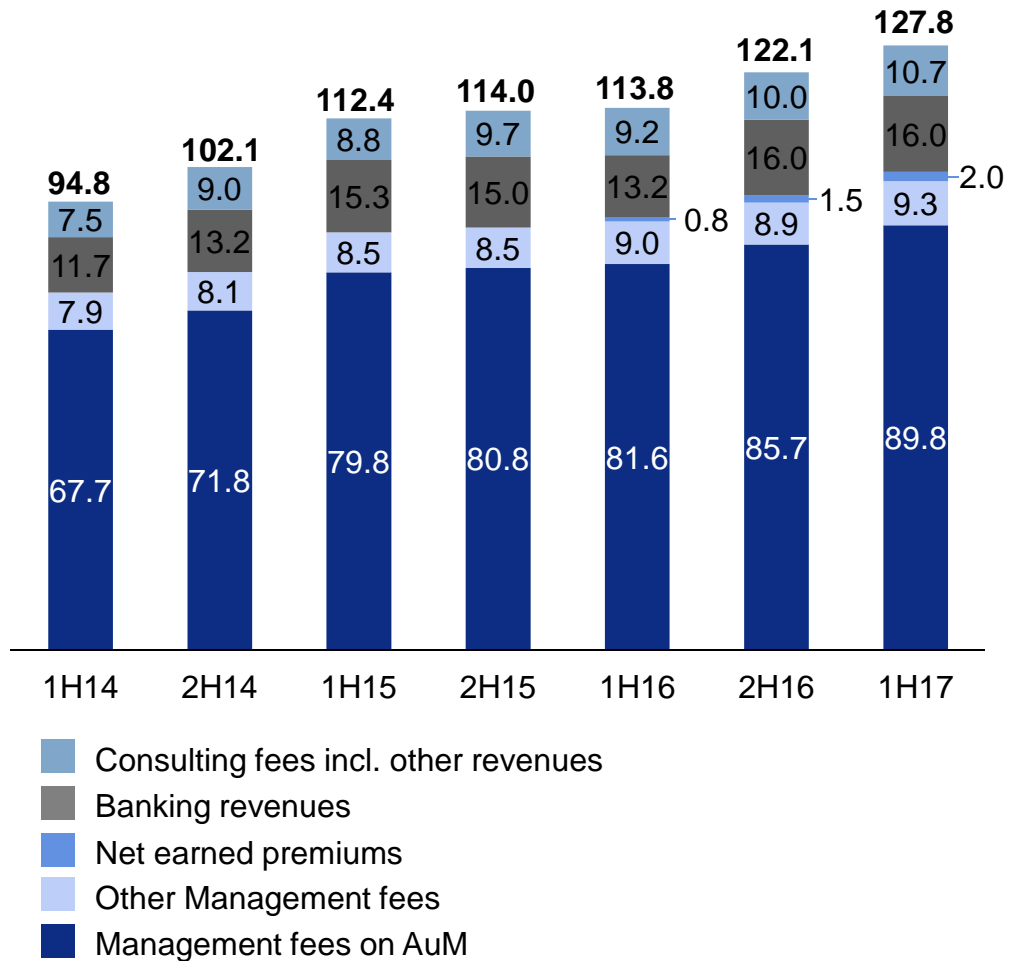
Financials

- Top line +12.3% yoy to CHF 127.8 million
- Operating expenses +12.8% yoy to CHF 71.1 million
 - Personnel expenses +10.0% yoy
 - Other operating expenses +20.9% yoy
- EBITDA margin: 44.4% (1H16: 44.6%)
- Bottom line +9.3% yoy to CHF 44.2 million
- Solid balance sheet
 - Equity ratio: 18.1%
 - BIS CET 1: 26.7%
- NNM: 1'101 million (1H16: 1'005 million)
- Assets under management: CHF 19'982 million (30.6.2016: CHF 17'272 million)



Revenues: Getting back on growth path

in CHF million¹



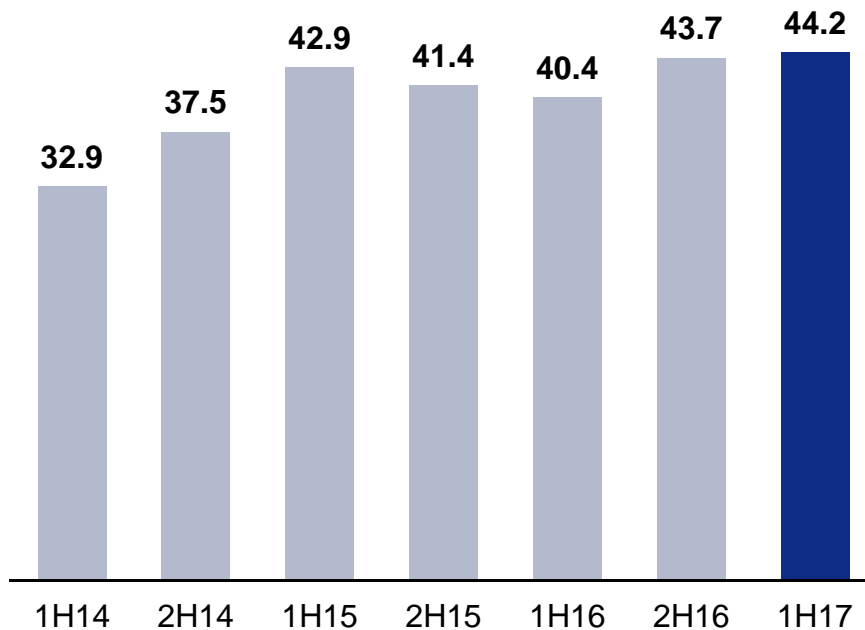
- Revenues +12.3% yoy
- Management fees on AuM +10.1% yoy
 - AuM +15.7% yoy (as per 30.6.)
 - Lower fee margin on AuM
 - PM-mandates: trend to attractively priced all-in-fee mandate offerings
 - Competitive environment
- Other Management fees +3.5% yoy
- Banking revenues +21.2% yoy
 - Lower impact of negative interest charges
- Consulting fees +16.3% yoy

¹ Numbers may differ slightly from the published income statements due to rounding differences



Net profit: New initiatives weigh on growth

in CHF million¹



- Net profit +9.3% yoy
- Operating margin (EBITDA) at 44.4% vs 44.6% yoy (long-term target: 45%)
 - Revenues +12.3%
 - Operating expenses +12.8%
- Depreciation +29.4% due to increased capex (digitalisation/«Finanzportal»)
- Net profit margin
 - 34.6% vs. 35.5% yoy
 - Long-term target 35%

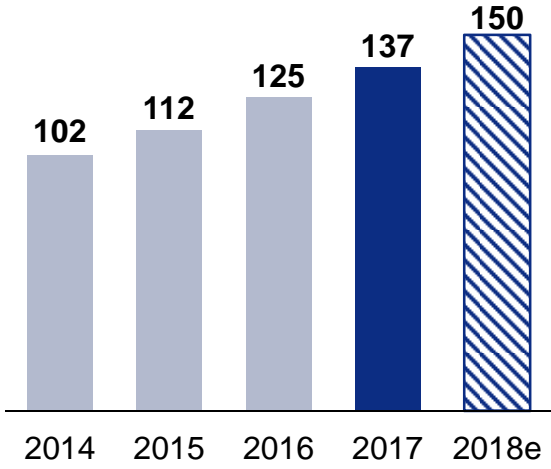
¹ Numbers may differ slightly from the published income statements due to rounding differences



Financial Consulting: NNM below target corridor

Capacity growth

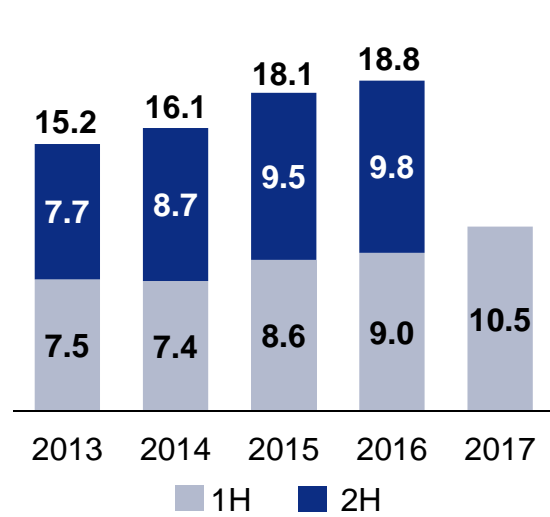
in FTE (average per calendar year)



- Full-time equivalents (FTE) with client and budget responsibility
- PCC-profile counts as a 50% FC-profile
- Wealth managers not included
- Target per year-end 2018: 160

Consulting revenues

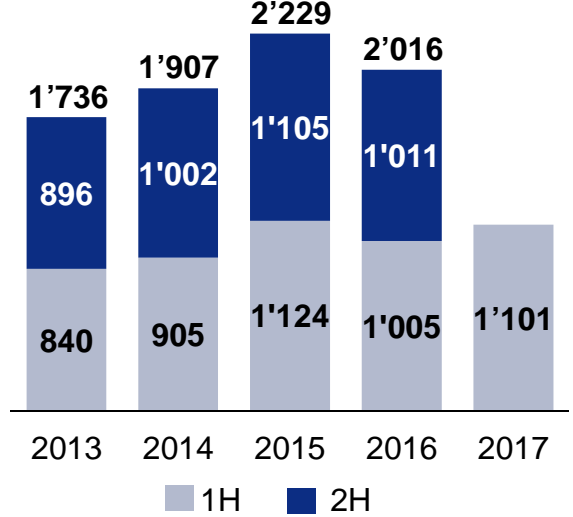
in CHF million



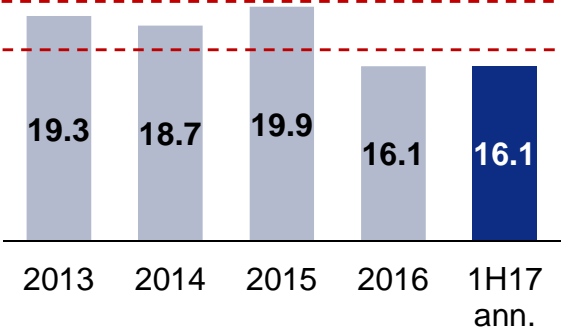
- Consulting projects enable introduction to wealth management services

Net new money (NNM)

in CHF million



per FTE in CHF million



--- target corridor 17-20 million per FTE



Wealth Management: AuM supported by performance

in CHF million

	30.06.15	31.12.15	30.06.16	31.12.16	30.06.17	yoy
AuM total	15'403	16'495	17'272	18'415	19'982	+15.7%
• PM mandates <i>Share of total AuM</i>	9'814 63.7%	10'277 62.3%	10'632 61.6%	11'116 60.4%	12'118 60.6%	+14.0%
• Others ¹ <i>Share of total AuM</i>	5'589 36.3%	6'218 37.7%	6'640 38.4%	7'299 39.6%	7'864 39.4%	+18.4%
NNM total (6 month)	1'124	1'105	1'005	1'011	1'101	+9.6%
# Wealth management clients	24'503	26'438	27'877	29'476	31'225	+12.0%

1 Incl. mortgages under management and portfolios under client management

Branch offices

Switzerland

#: 26



- Branch office
- Satellite
- ★ New branch office in 2H17

Germany

#: 4



Agenda



1. Facts and figures

2. Financials

3. Outlook



Income statements – unaudited (1)

in CHF million¹

	1H 15	2H 15	1H 16	2H 16	1H 17	yoy
Consulting fees	8.6	9.4	9.0	9.7	10.5	+16.3%
Management fees: on AuM	79.8	80.8	81.6	85.7	89.8	+10.1%
others	8.5	8.5	9.0	8.8	9.3	+3.5%
Banking revenues	15.3	15.0	13.2	16.1	16.0	+21.2%
Net earned insurance premiums	-	-	0.8	1.5	2.0	-
Other operating revenues	0.2	0.3	0.2	0.3	0.2	-
Total operating revenues	112.4	114.0	113.8	122.1	127.8	+12.3%
Personnel expenses	42.8	44.0	46.5	47.3	51.1	+10.0%
Other operating expenses	15.5	17.5	16.5	18.4	20.0	+20.9%
Whereof claims expenses	-	-	0.4	1.1	1.3	-
Total operating expenses	58.3	61.5	63.0	65.7	71.1	+12.8%
EBITDA	54.1	52.5	50.8	56.4	56.7	+11.7%

¹ Numbers may differ from the published income statements due to rounding differences



Income statements – unaudited (2)

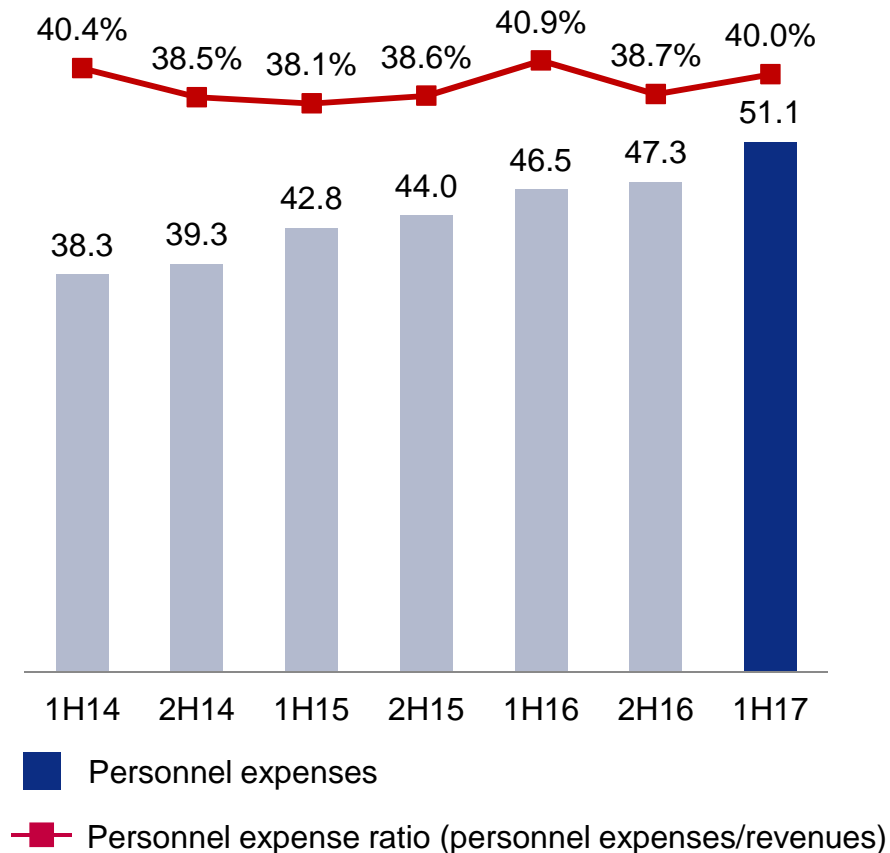
in CHF million¹

	1H 15	2H 15	1H 16	2H 16	1H 17	yoy
EBITDA	54.1	52.5	50.8	56.4	56.7	+11.7%
Depreciation and amortisation	2.9	3.0	3.2	3.6	4.1	+29.4%
EBIT	51.2	49.5	47.6	52.8	52.6	+10.5%
Net finance income	-0.2	0.0	0.0	0.0	0.0	-
Profit before income tax	51.0	49.5	47.6	52.8	52.6	+10.5%
Income tax	8.1	8.1	7.2	9.1	8.4	+17.3%
Net profit	42.9	41.4	40.4	43.7	44.2	+9.3%

¹ Numbers may differ slightly from the published income statements due to rounding differences

Personnel expenses

in CHF million¹



- +10.0% yoy
- Personnel development

	30.06.16	31.12.16	30.06.17
HC ²	830	892	915
FTE ²	718.3	771.5	793.7

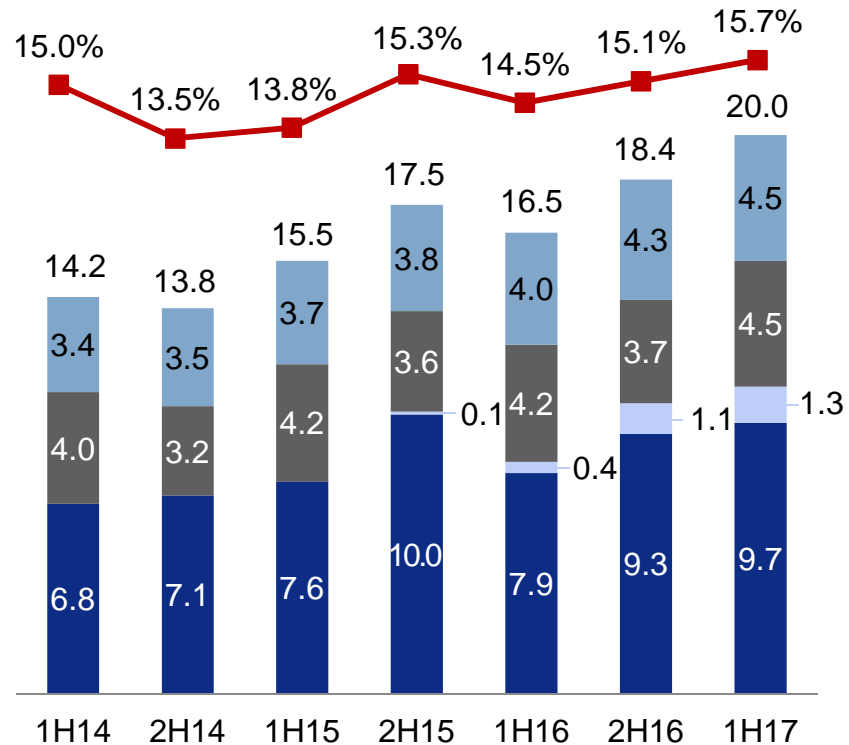
- 2H16: +53.2 FTE
1H17: +22.2 FTE
- Personnel expense ratio
 - 40.0% vs. 40.9% yoy
 - Long-term target 40%

¹ Numbers may differ slightly from the published income statements due to rounding differences

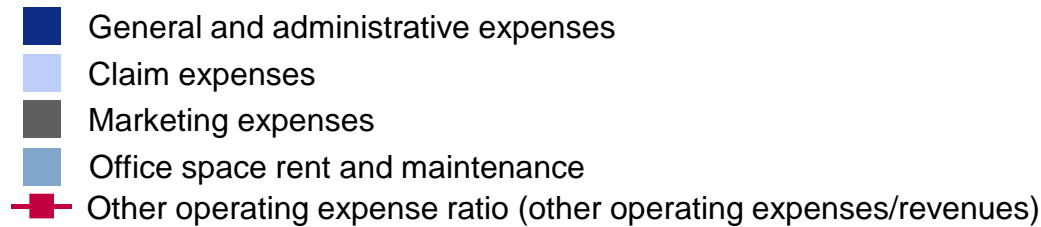
² HC: Headcount, FTE: Full-time equivalent

Other operating expenses

in CHF million¹



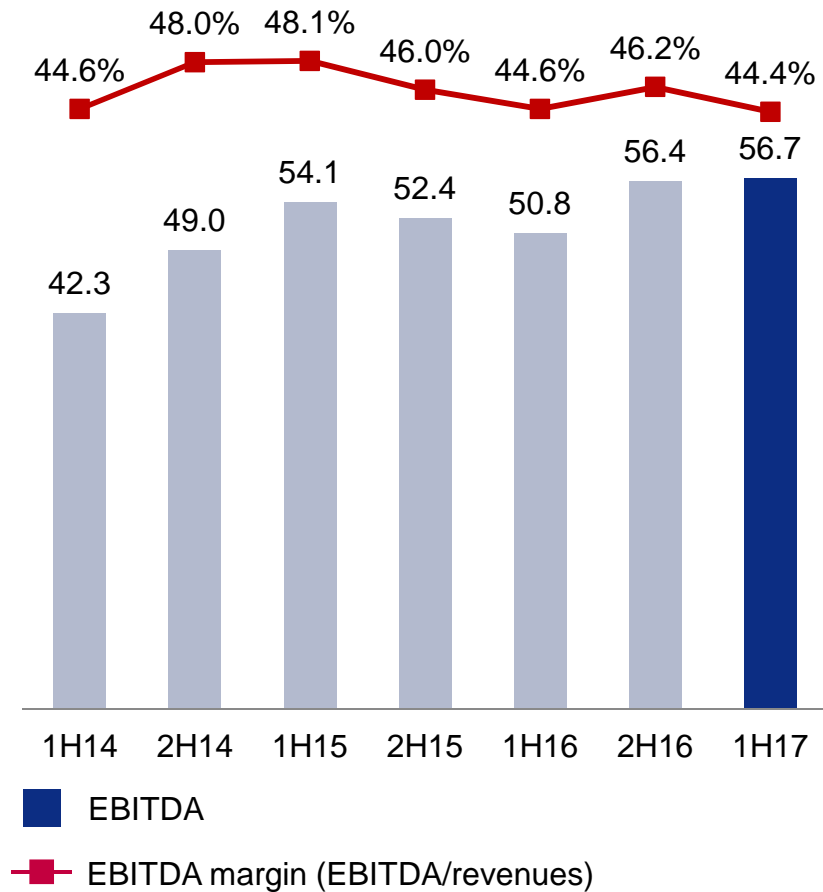
- +20.9% yoy
 - Incl. higher claim expenses in line with premium growth
 - Increased capacity
 - Investments in IT infrastructure
 - Online platform and other new initiatives
- Other operating expense ratio (excl. claim expenses) stable at around 13 to 15%



¹ Numbers may differ slightly from the published income statements due to rounding differences

EBITDA and margin

in CHF million¹



- EBITDA
 - +11.7% yoy
- EBITDA-margin
 - 44.4%
 - Long-term target 45%

¹ Numbers may differ slightly from the published income statements due to rounding differences



Balance sheets

in CHF million¹

	30.06.16	31.12.16	30.06.17
Cash & cash equivalents	694.9	758.3	521.6
Short-term investments	207.5	157.4	168.6
Swiss prime residential mortgages	1'001.6	1'110.8	1'162.0
CHF bonds, marketable securities	341.1	324.6	369.2
Subtotal financial investments	2'245.1	2'351.1	2'221.4
Property, equipment and intangibles	21.2	24.6	23.6
Other assets	66.5	58.9	75.9
Total assets	2'332.8	2'434.6	2'320.9
Customer deposits	1'793.5	1'842.8	1'715.5
Long-term debts	113.0	112.9	123.2
Other liabilities	42.7	58.8	61.8
Total liabilities	1'949.2	2'014.5	1'900.5
Total equity	383.6	420.1	420.4

- Financial investments:
 - Low risk profile
 - Average time to maturity
30.06.17: 1.7 years
31.12.16: 1.4 years
30.06.16: 1.5 years
- Net cash position of CHF 379m whereof CHF 342m vested with VZ Depository Bank
- Customer deposits and cash equivalents can fluctuate substantially due to shifts in the allocations of managed assets

¹ Numbers may differ slightly from the published balance sheets due to rounding differences



Equity and payout ratios

Payout ratios	2014	2015	2016	Equity ratios	30.06.16	31.12.16	30.06.17
in CHF million							
Net profit	70.4	84.3	84.1	Total equity in CHF million	383.6	420.1	420.4
Retained earnings	42.8	50.9	50.7				
Dividend total	27.6	33.4	33.4	Equity ratio ¹	16.5%	17.3%	18.1%
<i>Dividend per share</i>	<i>3.50</i>	<i>4.20</i>	<i>4.20</i>	BIS CET 1	26.5%	27.9%	26.7%
Payout ratios	39%	40%	40%	BIS CET 1 & AT 1	26.5%	27.9%	26.7%

Treasury shares	30.06.16	31.12.16	30.06.17
Number (in '000)	24	28	49
Book value in CHF million	6.5	7.4	14.4

¹ Equity compared to balance sheets' total

Agenda



1. Facts and figures
2. Financials
- 3. Outlook**

Future growth in two equally important dimensions:

- New client inflow
 - Focus on 50+, wealthy, on-shore
 - Unrivalled expertise in retirement consulting and estate planning
- Develop existing client base along the five service platforms: portfolio management, banking services, mortgages, 2nd and 3rd pillar, insurances.
Long-term target: average client onboarded on 3 platforms and on «Finanzportal»

Business development

- Further increase front-end consulting capacity (FC and PCC)
- Return to NNM target range per consultant
- Increase number of service platforms used per client
- Operational start of VZ Depository Bank and launch of «Finanzportal» in Germany

Financials

- Revenue growth due to higher AuM basis, despite lower AuM margin
- Full-year topline growth rate expected to be slightly below half-year growth rate
- Long-term: operational margin target levels confirmed