



VZ Group

**2015**

# **Results and Outlook**

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# Disclaimer

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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.

# Agenda

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## **1. Facts and figures**

2. Financials

3. Outlook



# Summary 2015

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## Business development

- Unchanged growth momentum
  - Challenging market environment
  - Underlying business model well under way
  - Positive new client inflow
  - Consulting expertise and cost saving implementation platforms as ongoing competitive advantage
- Capacity increase on track
  - Consulting FTEs +9.8% to 112 FTEs (avg. 2015)
  - Mid-term target of 160 by the end of 2018 realistic
- NNM inflow per FC-FTE at 19.9 million (target range: 17-20 million)
- Milestones/ new initiatives
  - 1 new branch office in CH
  - Operational start of VZ InsurancePool
  - Encouraging demand for occupational benefit solution

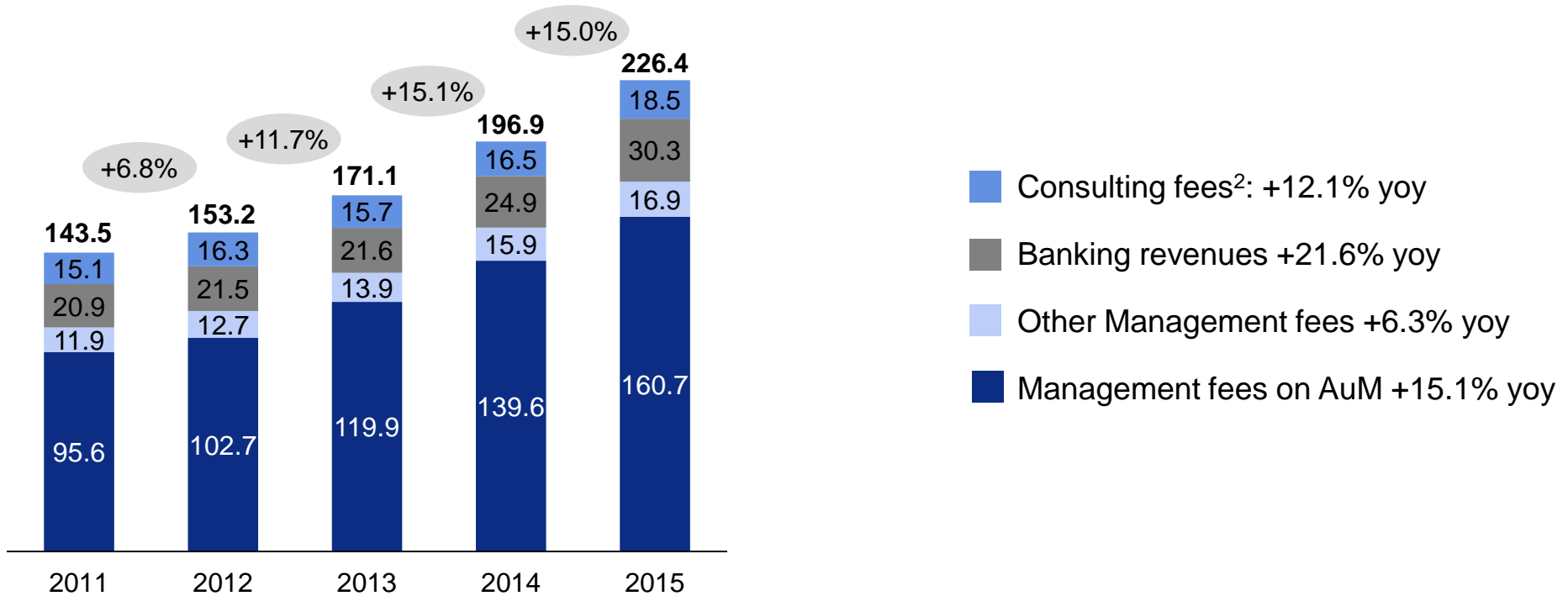
## Financials

- Top line +15.0% to CHF 226.4 million
- Operating expenses +13.5% to CHF 119.8 million
  - Personnel expenses +12.0%
  - Other operating expenses +17.6%
- EBITDA margin: 47.1% (2014: 46.4%)
- Bottom line +19.7% to CHF 84.3 million
- Solid balance sheet
  - Equity ratio: 18.8%
  - CET1 capital ratio: 28.7%
- Dividend +20% to CHF 4.20 per share
- Assets under management: CHF 16.5 bn (31.12.2014: CHF 14.5 bn)



# Revenues: Full-year comparison

in CHF million<sup>1</sup>

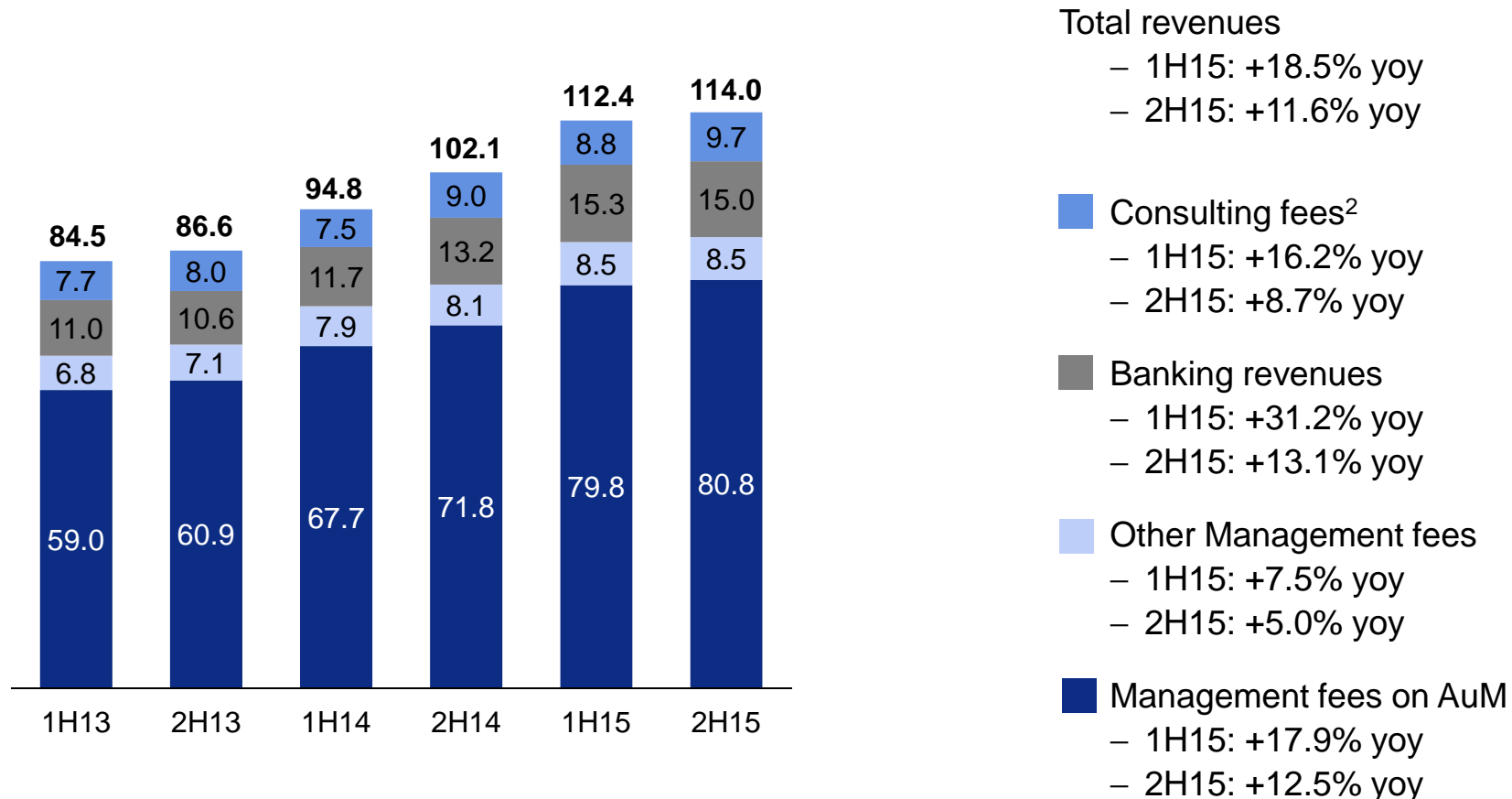


1 Numbers may differ from the published income statements due to rounding differences

2 Incl. other revenues and net earned premiums

# Revenues: Half-year comparison

in CHF million<sup>1</sup>



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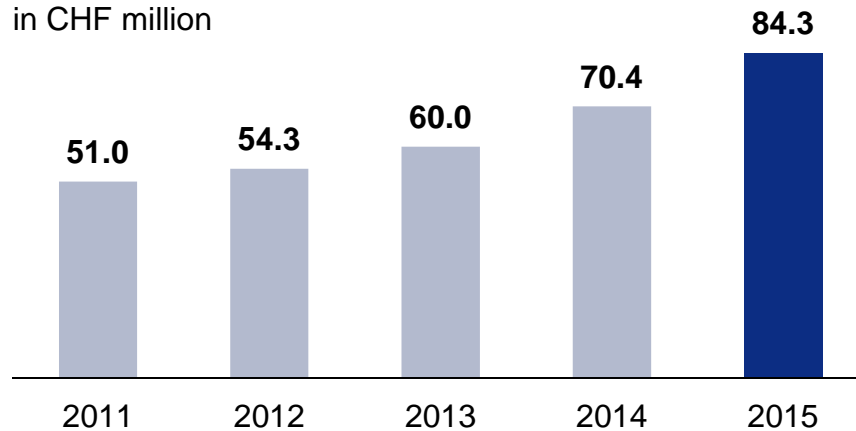
2 Incl. other revenues and net earned premiums



# Net profit: One-off boosts H1

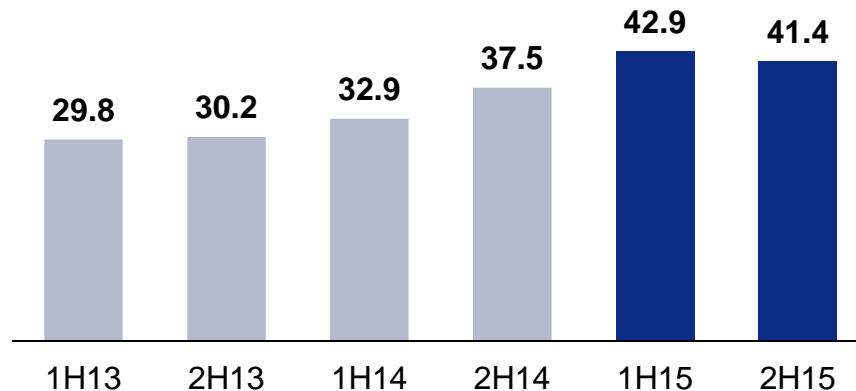
## Full years

in CHF million



## Half years

in CHF million



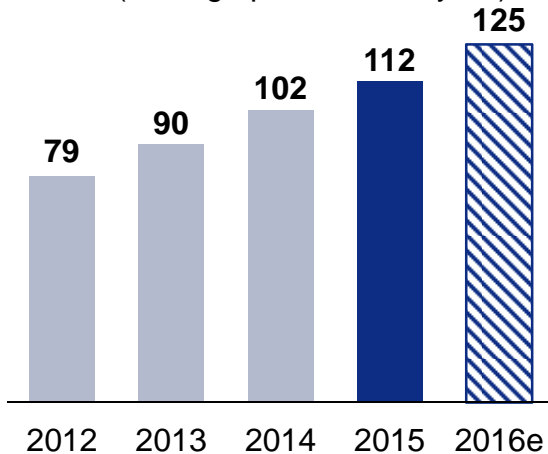
- Net profit +19.7%
  - 1H15: +30.4% yoy
  - 2H15: +10.3% yoy
- Net profit margin 37.3% vs. 35.8% in 2014 (long-term target: 35%)



# Financial Consulting: NNM/FTE in target corridor

## Capacity growth

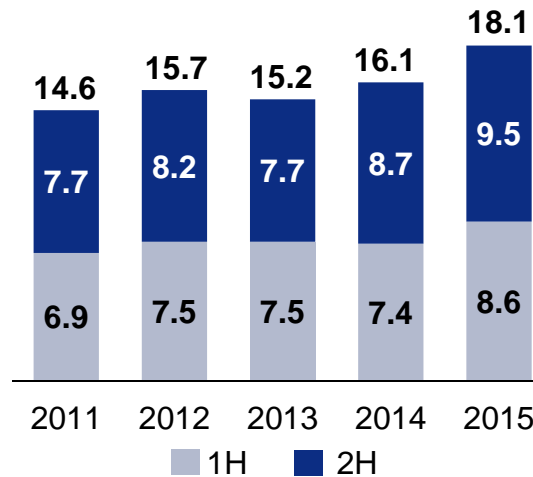
in FTE (average per calendar year)



- Full-time equivalents (FTE) with client and budget responsibility
- Wealth managers not included
- Target per year-end 2018: 160

## Consulting revenues

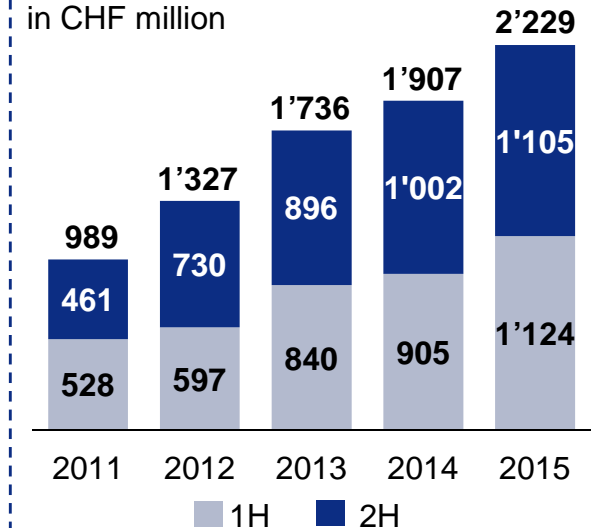
in CHF million



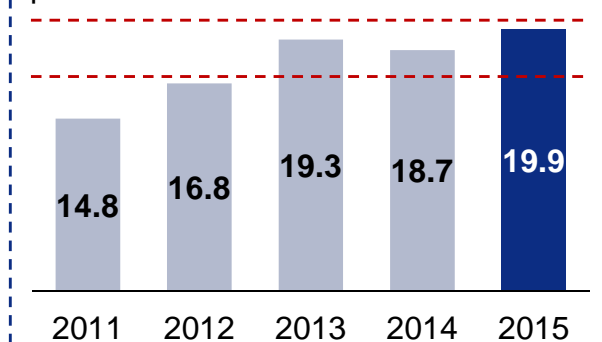
- Consulting projects enable introduction to wealth management services

## Net new money (NNM)

in CHF million



per FTE in CHF million



--- target corridor 17-20 million per FTE





# Wealth Management: AuM +13.4%

in CHF million

	31.12.11	31.12.12	31.12.13	31.12.14	31.12.15	yoy
AuM total	8'432	10'082	12'114	14'549	16'495	+13.4%
• PM mandates <i>Share of total AuM</i>	5'595 66.4%	6'531 64.8%	7'813 64.5%	9'319 64.1%	10'277 62.3%	+10.3%
• Others <sup>1</sup> <i>Share of total AuM</i>	2'837 33.6%	3'551 35.2%	4'301 35.5%	5'230 35.9%	6'218 37.7%	+18.9%
NNM total	989	1'327	1'736	1'907	2'229	+16.9%
# Wealth management clients	14'785	16'991	19'949	22'973	26'438	+15.1%

1 Incl. mortgages under management and portfolios under client management

# Branch offices

## Switzerland



- branch office
- satellite

## Germany



# Agenda

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



# Income statements (1)

in CHF million<sup>1</sup>

	2012	2013	2014	2015	yoy
Consulting fees	15.7	15.2	16.1	18.1	+12.5%
Management fees: on AuM	102.8	119.9	139.6	160.7	+15.1%
others	12.7	13.9	15.9	16.9	+6.3%
Banking revenues	21.5	21.6	24.9	30.3	+21.6%
Other operating revenues <sup>2</sup>	0.5	0.5	0.4	0.4	-
<b>Total operating revenues</b>	<b>153.2</b>	<b>171.1</b>	<b>196.9</b>	<b>226.4</b>	<b>+15.0%</b>
Personnel expenses	62.2	69.6	77.6	86.8	+12.0%
Other operating expenses <sup>3</sup>	21.2	24.8	28.0	33.0	+17.6%
<b>Total operating expenses</b>	<b>83.4</b>	<b>94.4</b>	<b>105.6</b>	<b>119.8</b>	<b>+13.5%</b>
<b>EBITDA</b>	<b>69.8</b>	<b>76.7</b>	<b>91.3</b>	<b>106.5</b>	<b>+16.7%</b>

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

2 Incl. net earned premiums

3 Incl. claims expenses



## Income statements (2)

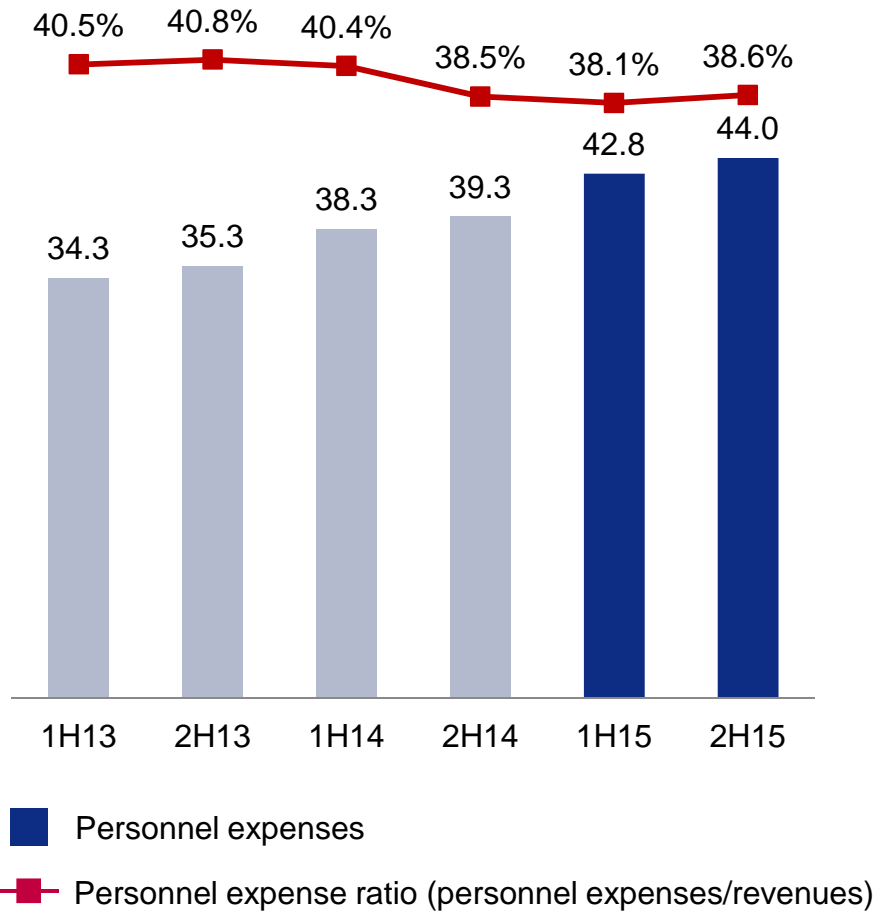
in CHF million<sup>1</sup>

	2012	2013	2014	2015	yoy
<b>EBITDA</b>	<b>69.8</b>	<b>76.7</b>	<b>91.3</b>	<b>106.5</b>	<b>+16.7%</b>
Depreciation and amortisation	3.3	4.0	5.1	5.8	+15.9%
<b>EBIT</b>	<b>66.5</b>	<b>72.7</b>	<b>86.2</b>	<b>100.7</b>	<b>+16.7%</b>
Net finance income	0.3	0.2	0.1	-0.2	-
<b>Profit before income tax</b>	<b>66.8</b>	<b>72.9</b>	<b>86.3</b>	<b>100.5</b>	<b>+16.4%</b>
Income tax	12.5	12.9	15.9	16.2	+1.9%
<b>Net profit</b>	<b>54.3</b>	<b>60.0</b>	<b>70.4</b>	<b>84.3</b>	<b>+19.6%</b>

<sup>1</sup> Numbers may differ from the published income statements due to rounding differences

# Personnel expenses

in CHF million<sup>1</sup>



- +12.0% yoy
- Personnel development

	31.12.13	31.12.14	31.12.15
HC <sup>2</sup>	674	708	812
FTE <sup>2</sup>	586.0	613.3	702.9

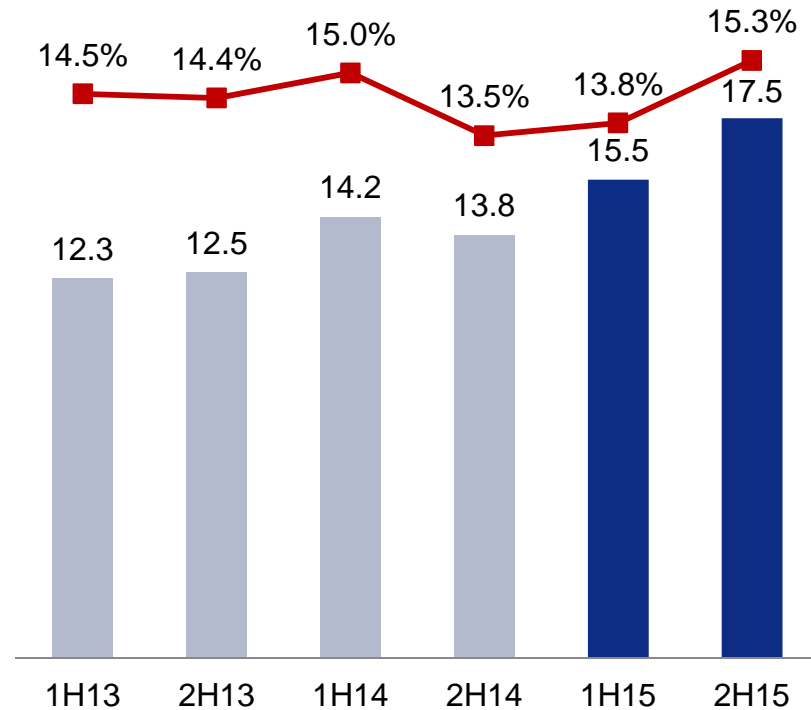
- 1H15: +53.2 FTE  
2H15: +36.4 FTE
- Personnel expense ratio at around 40%

<sup>1</sup> Numbers may differ slightly from the published income statements due to rounding differences

<sup>2</sup> HC: Headcount, FTE: Full-time equivalent

# Other operating expenses

in CHF million<sup>1</sup>



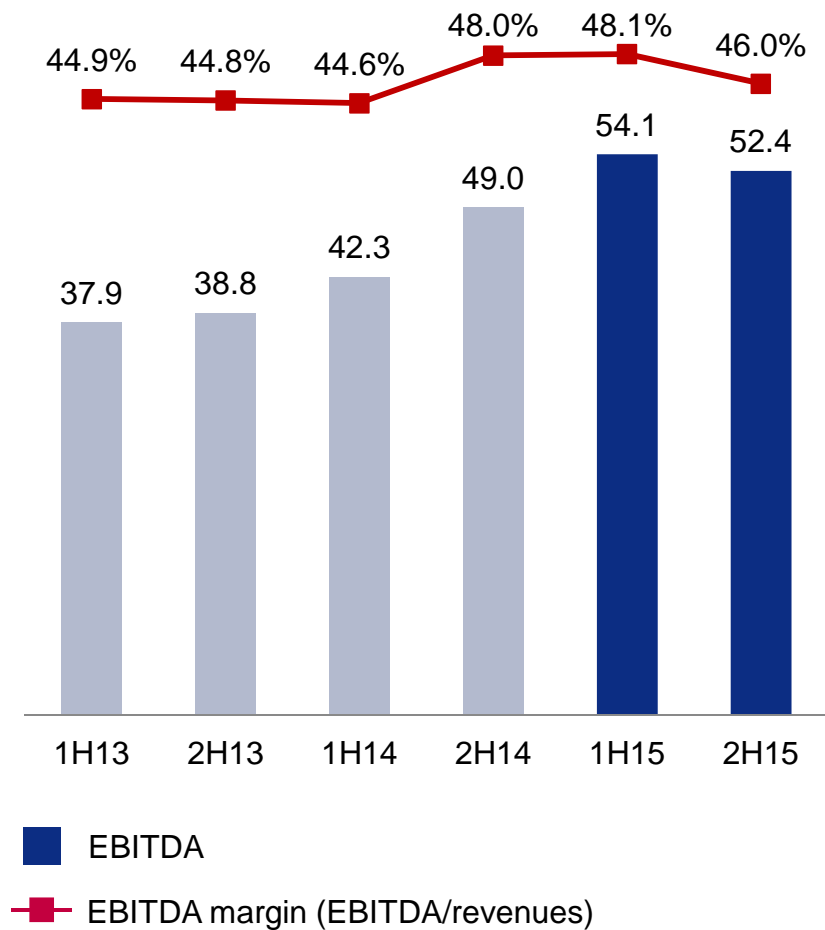
- +17.6% yoy
  - Opening of new HQ for Depository Bank in Zug
  - Provision for tax risks
  - Ongoing investments in IT infrastructure and software applications
- Other operating expense ratio stable at around 13% to 15%

■ Other operating expenses  
 ■ Other operating expense ratio (other operating expenses/revenues)

<sup>1</sup> Numbers may differ slightly from the published income statements due to rounding differences

# EBITDA and margin

in CHF million<sup>1</sup>



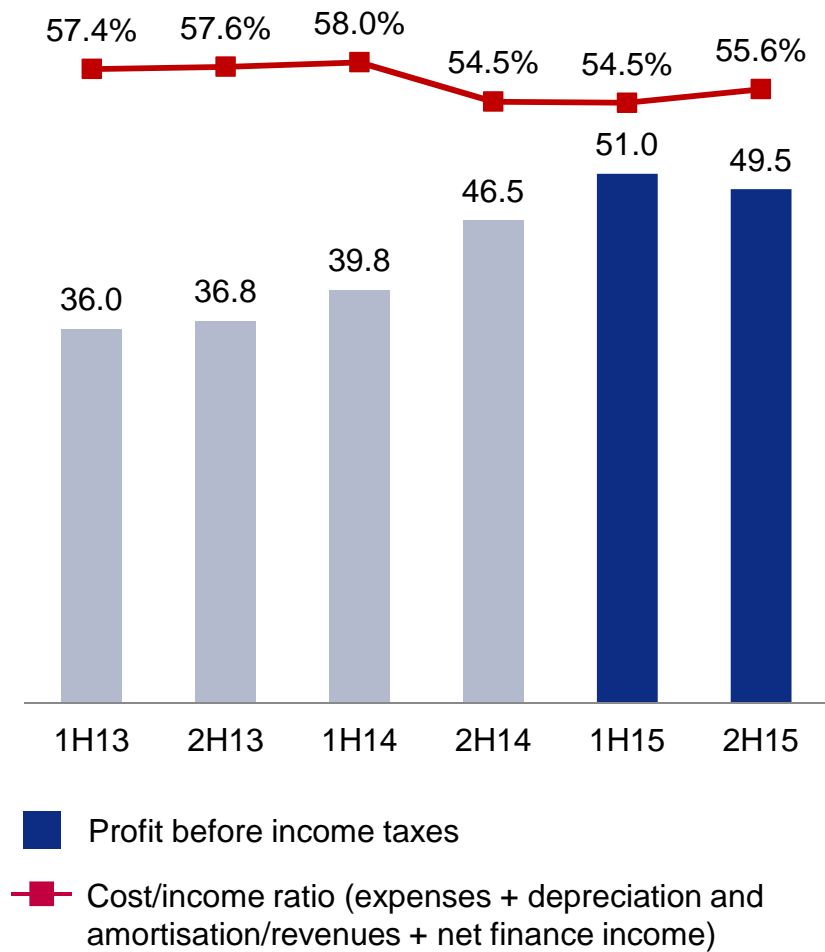
- EBITDA +16.7% yoy
  - 1H15: +27.9% yoy
  - 2H15: +7.0% yoy
- Margin long-term expectation 45%

<sup>1</sup> Numbers may differ slightly from the published income statements due to rounding differences



# Profit before income taxes and C/I ratio

in CHF million\*



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



# Balance sheets

in CHF million\*

	31.12.14	31.12.15
Cash & cash equivalents	607.9	493.7
Short-term investments	438.8	197.0
Swiss prime residential mortgages	624.0	892.1
CHF bonds, marketable securities	200.3	353.5
<b>Subtotal financial investments</b>	<b>1'871.0</b>	<b>1'936.3</b>
Property, equipment and intangibles	15.6	20.4
Other assets	42.2	51.0
<b>Total assets</b>	<b>1'928.8</b>	<b>2'007.7</b>
Customer deposits	1'472.1	1'478.1
Long-term debts	106.2	114.1
Other liabilities	31.6	38.3
<b>Total liabilities</b>	<b>1'609.9</b>	<b>1'630.5</b>
<b>Total equity</b>	<b>318.9</b>	<b>377.2</b>

- Financial investments:
  - Low risk profile
  - Average time to maturity 1.9 years as at 31.12.15 (previous year: 1.3 years)
- Net cash position of CHF 344m whereof CHF 283m vested with VZ Depository Bank
- Customer deposits and corresponding cash equivalents can fluctuate massively due to shifts in asset allocations of managed portfolios

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



# Equity and payout ratios

<b>Payout ratios</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Equity ratios</b>	<b>31.12.13</b>	<b>31.12.14</b>	<b>31.12.15</b>
in CHF million							
Net profit	60.0	70.4	84.3	Total equity in CHF million	278.0	318.9	377.2
Retained earnings	36.3	42.8	50.9				
Dividend total	23.7	27.6	33.4 <sup>1,2</sup>	Equity ratio <sup>3</sup>	19.0%	16.5%	18.8%
<i>Dividend per share</i>	<i>3.00</i>	<i>3.50</i>	<i>4.20<sup>1</sup></i>	CET1	28.9%	28.0%	28.7%
<b>Payout ratios</b>	<b>40%</b>	<b>39%</b>	<b>40%</b>				

<b>Treasury shares</b>	<b>31.12.13</b>	<b>31.12.14</b>	<b>31.12.15</b>
Number (in '000)	86	103	46
Book value in CHF million	9.4	14.6	9.3

1 Subject to the General Assembly's approval (12.4.2016)

2 Subject to the number of treasury shares as per dividend payment date

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

# Agenda

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

- Positioning in the market
  - Unchanged strategy with focus on 50+/wealthy/on-shore
  - Outstanding consulting expertise in retirement topics
  - Attractive wealth management platforms and services
- Business development
  - Further increase front-end consulting capacities, sustain NNM inflow per consultant FTE within target range
  - Multiple initiatives to cross-sell platform solutions amongst existing wealth management clients
  - Digitalise as many services as possible over time;  
step 1: “MyFinancialPortal” – a digital cockpit to manage all financial needs of a private household (release 1.0 in 2Q16)
  - Set up Depository Bank in Germany, operational as of mid 2017
- Financials
  - Reduced expectations on 2016 growth rates for AuM management fees and banking revenues (market conditions, negative interest rates, volumes, trend towards all-in-fees)
  - Growth of non AuM-related revenues unaffected by market conditions
  - Unchanged targets for operational margins in 2016