



VZ Group

**1H 2014**

# **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 1H14



## Business development

- Continued growth in 1H14
  - unchanged new client inflow
  - market environment volatile and not supportive
- Capacity increase on track
  - consulting FTEs +13.3% to 102 FTEs (avg. 2014)
  - mid-term target of 120 FTEs by the end of 2015 realistic
- Annualized NNM per FTE at 17.8 million (target range: 17-20 million)
- Strong demand for rule-based portfolio management mandates implemented via ETFs
- Launch of [www.vzfinanzportal.de](http://www.vzfinanzportal.de)
- Promising demand for newly initiated occupational benefits solution for corporates

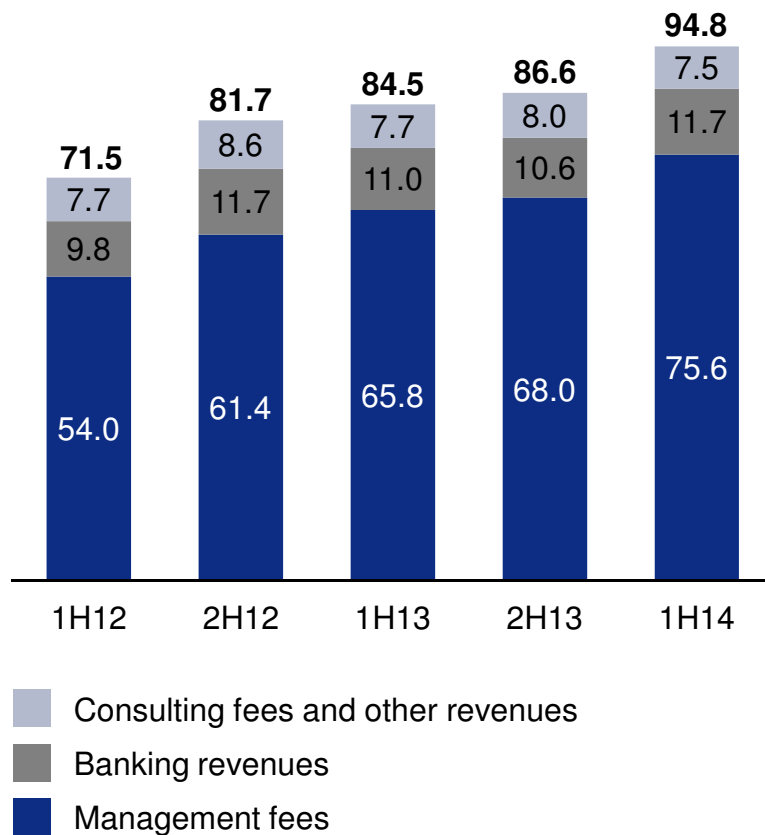
## Financials

- Top line +12.2% to CHF 94.8 million yoy
- Operating expenses +12.9% to CHF 52.5 million yoy
  - personnel expenses +11.8%
  - other operating expenses +16.1%
- EBITDA margin: 44.6% (1H13: 44.9%)
- Bottom line +10.5% to CHF 32.9 million yoy
- Solid balance sheet
  - equity ratio: 19.5%
  - BIS Tier I & II: 25.4%
- NNM: 905 million (1H13: 840 million)
- Assets under management: CHF 13'290 million (30.6.2013: CHF 11'002 million)



# Revenues: Growth picks up

in CHF million

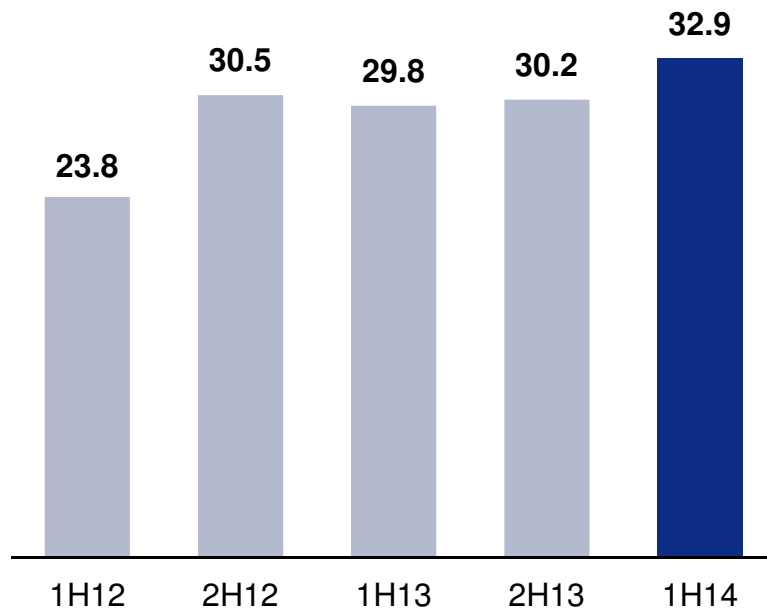


- Top line +12.2% yoy
- Management fees +14.9% yoy
  - AuM +20.8% yoy (as per 30.6.)
  - portfolio management mandates +18.3%
  - other AuM +25.4%
- Banking revenues +5.9% yoy
  - increased number of clients
  - persistently low interest margin
- Consulting fees -1.6% yoy
  - increasing client interactions free of charge
  - measures initiated to re-energize consulting activities
- 91% of total revenues generated in private client segment, 9% in corporate client segment



# Net profit: Positive development

in CHF million



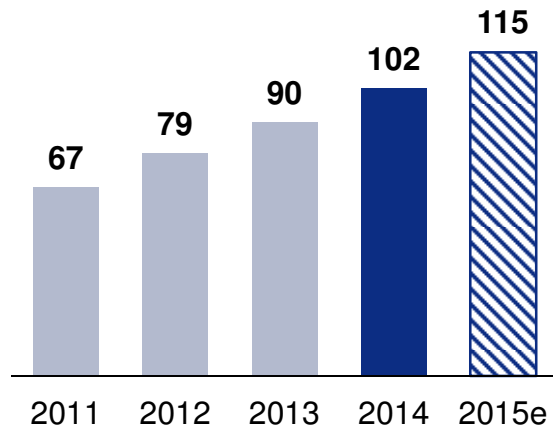
- Net profit +10.5% yoy
- Operating margin (EBITDA) at 44.6% vs 44.9% yoy (long-term target: 45%)
  - revenues +12.2%
  - operating expenses +12.9%
- Net profit margin at 34.7% vs 35.3% yoy (long-term target: 35%)



# Financial Consulting: NNM within target corridor

## Capacity growth

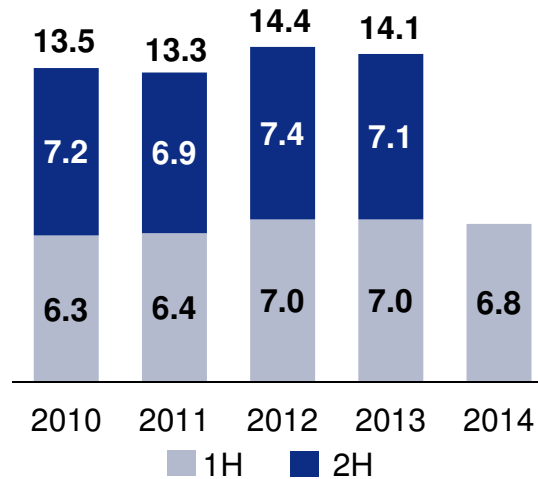
in FTE (yearly average)



- Full-time equivalents (FTE) with client and budget responsibility (average per calendar year)
- Wealth managers not included
- 120 FTE per year-end 2015 realistic

## Consulting revenues

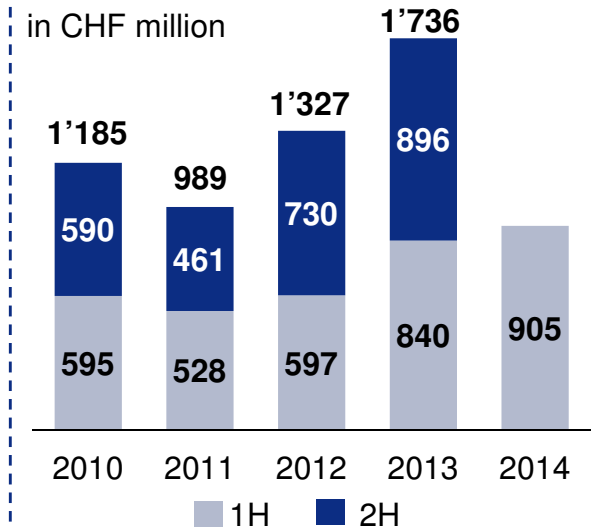
in CHF million



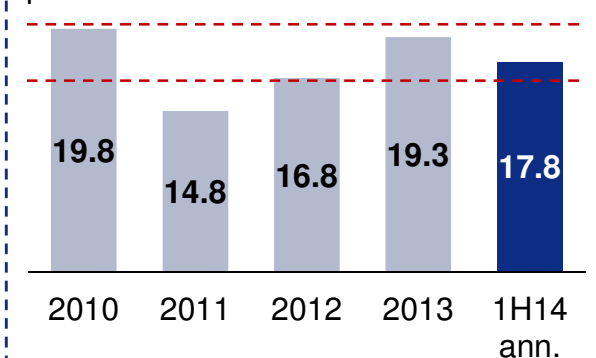
- Consulting projects enable introduction to wealth management services
- Initial meetings +8.7% yoy

## Net new money (NNM)

in CHF million



per FTE in CHF million



--- target corridor 17-20 million per FTE



# Wealth Management: continued AuM growth

in CHF million

	30.06.12	31.12.12	30.06.13	31.12.13	30.06.14	yoy
AuM total	9'149	10'082	11'002	12'114	13'290	+20.8%
• PM mandates <i>Share of total AuM</i>	6'000 65.5%	6'531 64.8%	7'169 65.2%	7'813 64.5%	8'483 63.8%	+18.3%
• Others* <i>Share of total AuM</i>	3'149 34.4%	3'551 35.2%	3'833 34.8%	4'301 35.5%	4'807 36.2%	+25.4%
NNM total (6 month)	597	730	840	896	905	+7.7%
Wealth management clients	15'787	16'991	18'384 **	19'949	21'318	+16.0%

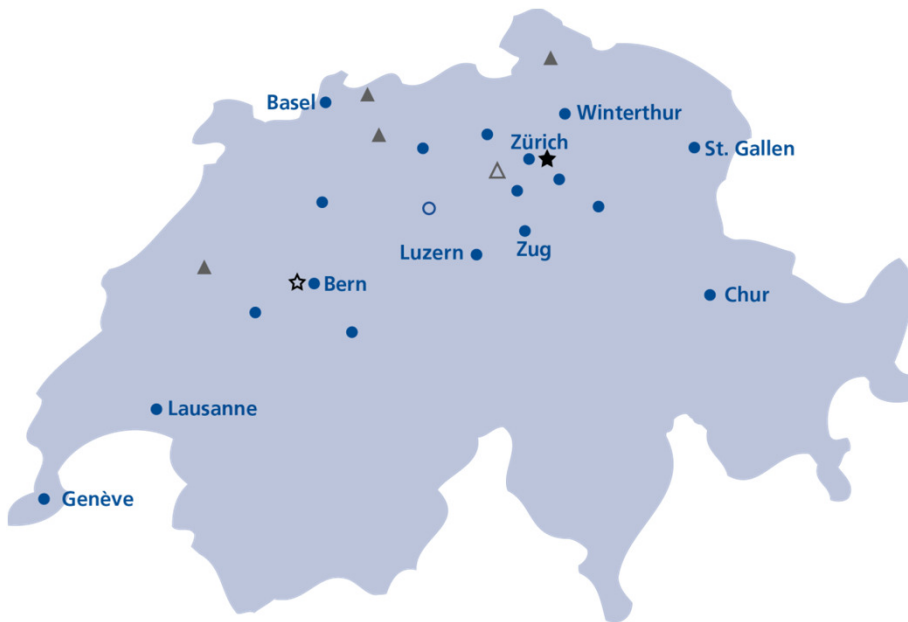
\* Incl. mortgages under management and portfolios under client management

\*\* Amended due to adjusted attribution



# Branch offices

## Switzerland



- branches
- new branch
- ▲ satellites
- △ new satellite
- ★ VZ financial portal lounge
- ☆ new VZ financial portal lounge

## Germany



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# Income statements – unaudited (1)

in CHF million\*

	1H 12	2H 12	1H 13	2H13	1H 14	yoy
Consulting fees	7.5	8.2	7.5	7.7	7.4	-1.6%
Management fees	54.0	61.4	65.8	68.0	75.6	+14.9 %
Banking revenues	9.8	11.8	11.0	10.6	11.7	+5.9 %
Other operating revenues	0.2	0.3	0.2	0.3	0.1	-
<b>Total operating revenues</b>	<b>71.5</b>	<b>81.7</b>	<b>84.5</b>	<b>86.6</b>	<b>94.8</b>	<b>+12.2 %</b>
Personnel expenses	30.5	31.7	34.3	35.3	38.3	+11.8 %
Other operating expenses	10.4	10.8	12.3	12.5	14.2	+16.1 %
<b>Total operating expenses</b>	<b>40.9</b>	<b>42.5</b>	<b>46.6</b>	<b>47.8</b>	<b>52.5</b>	<b>+12.9 %</b>
<b>EBITDA</b>	<b>30.6</b>	<b>39.2</b>	<b>37.9</b>	<b>38.8</b>	<b>42.3</b>	<b>+11.4 %</b>

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



## Income statements – unaudited (2)

in CHF million\*

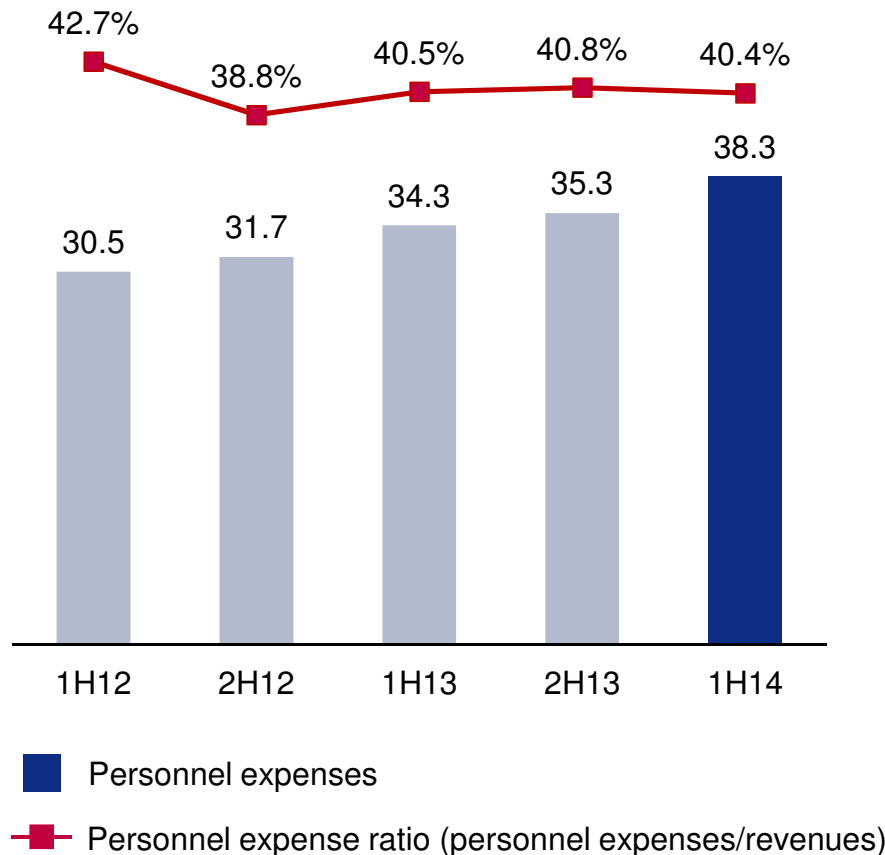
	1H 12	2H 12	1H 13	2H13	1H 14	yoy
<b>EBITDA</b>	<b>30.6</b>	<b>39.2</b>	<b>37.9</b>	<b>38.8</b>	<b>42.3</b>	<b>+11.4%</b>
Depreciation and amortisation	1.7	1.7	1.9	2.1	2.5	+25.8 %
<b>EBIT</b>	<b>28.9</b>	<b>37.5</b>	<b>36.0</b>	<b>36.7</b>	<b>39.8</b>	<b>+10.6 %</b>
Net finance income	0.1	0.3	0.0	0.1	0.0	-
<b>Profit before income tax</b>	<b>29.0</b>	<b>37.8</b>	<b>36.0</b>	<b>36.8</b>	<b>39.8</b>	<b>+10.6 %</b>
Income tax	5.2	7.3	6.2	6.6	6.9	+11.1 %
<b>Net profit</b>	<b>23.8</b>	<b>30.5</b>	<b>29.8</b>	<b>30.2</b>	<b>32.9</b>	<b>+10.5 %</b>

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# Personnel expenses

in CHF million\*



- +11.8% yoy
- Personnel development

	30.06.13	31.12.13	30.06.14
HC**	617	674	686
FTE**	547.1	586.0	600.0

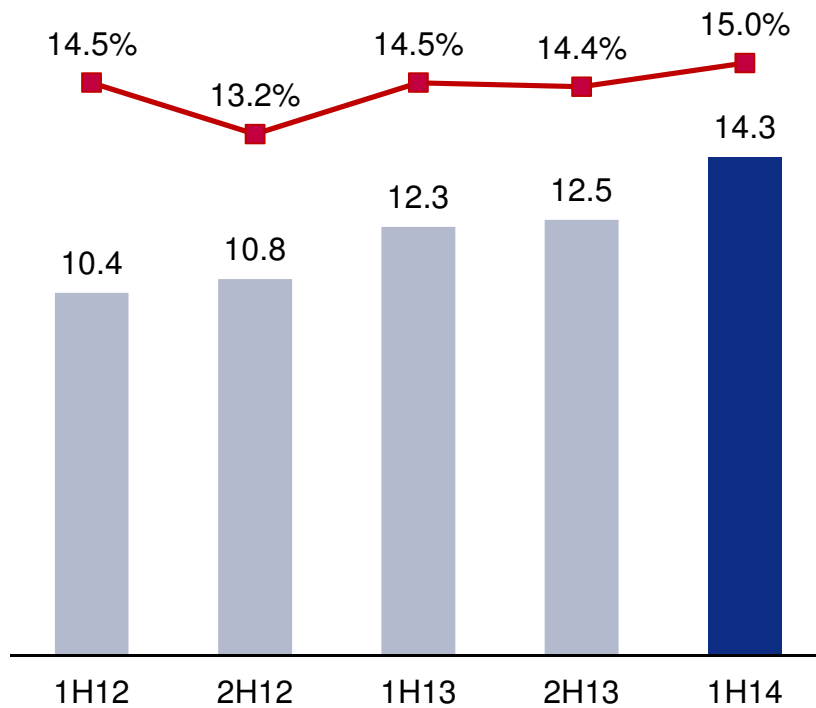
- 2H13: +38.9 FTE  
1H14: +14.0 FTE
- Personnel expense ratio stable at around 40%

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\*\* HC: Headcount, FTE: Full-time equivalent

# Other operating expenses

in CHF million\*



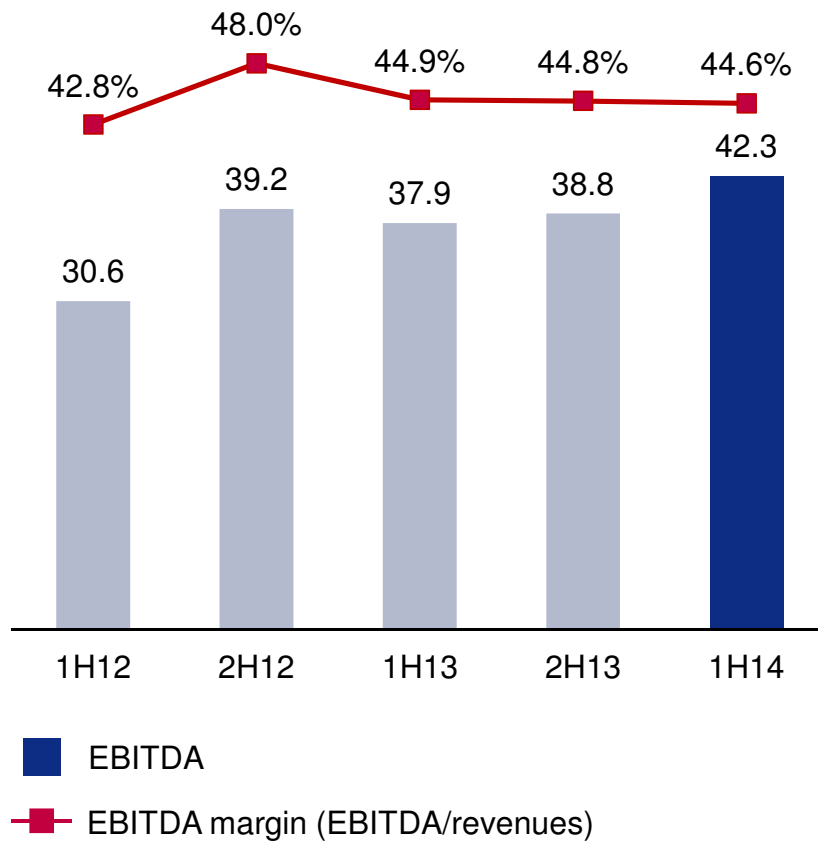
- Other operating expenses
- Other operating expense ratio (other operating expenses/revenues)

- +16.1% yoy
  - growing IT costs
  - outsourced services
  - increased leasing costs
  - unchanged marketing costs
- Other operating expense ratio between 13-15% (at upper target range)

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

# EBITDA and margin

in CHF million\*

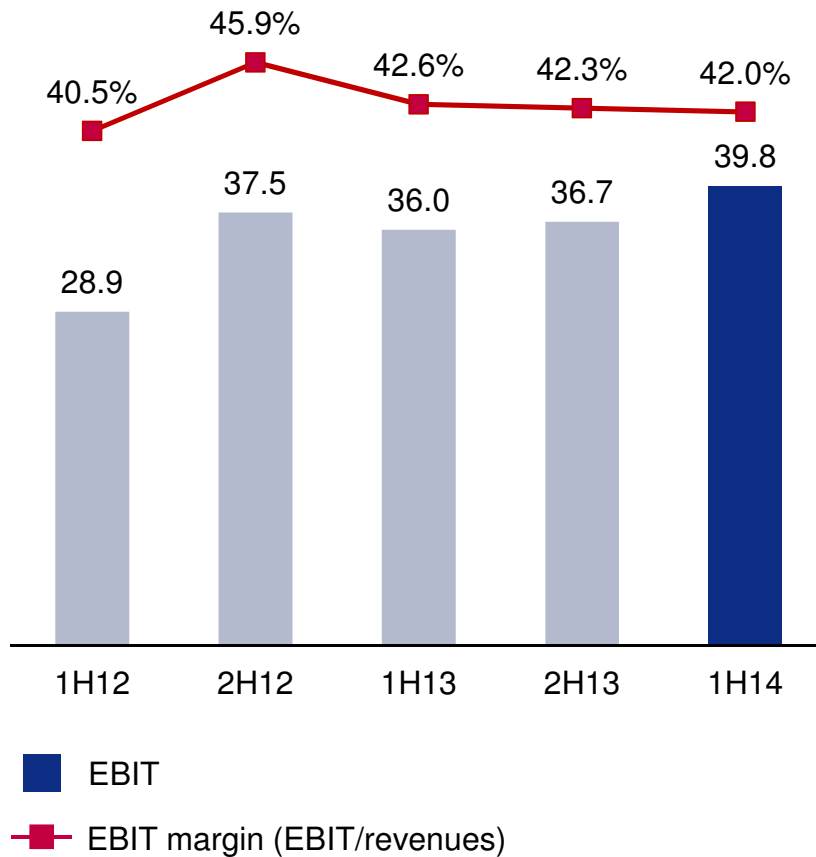


- EBITDA +11.4% yoy
- Margin in line with long-term expectation (45%)

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# EBIT and margin

in CHF million\*



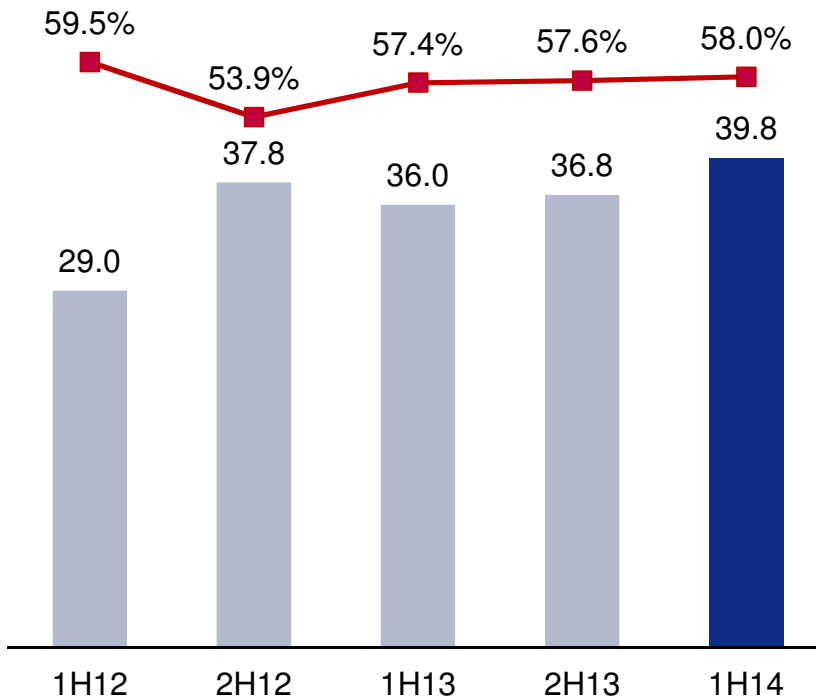
- EBIT +10.6%
- Margin in line with long-term expectation (43%)

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# Profit before income taxes and C/I ratio

in CHF million\*



- Cost/income ratio according to financial industry standards (IFRS)

■ Profit before income taxes  
 ■ cost/income ratio (expenses + depreciation and amortisation/revenues + net finance income)

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



# Balance sheets

in CHF million\*

	30.06.13	31.12.13	30.6.14
Cash & cash equivalents	268.0	410.3	217.2
Short-term investments	243.4	287.9	399.5
Swiss prime residential mortgages	449.7	546.0	594.4
CHF bonds, marketable securities	163.4	166.0	173.0
<b>Subtotal financial investments</b>	<b>1'124.5</b>	<b>1'410.2</b>	<b>1'384.1</b>
Property, equipment and intangibles	10.2	12.7	13.1
Other assets	39.8	38.0	48.7
<b>Total assets</b>	<b>1'174.5</b>	<b>1'460.9</b>	<b>1'445.9</b>
Customer deposits	836.1	1'080.4	1'036.6
Other liabilities	93.3	102.5	128.1
<b>Total liabilities</b>	<b>929.4</b>	<b>1'183.0</b>	<b>1'164.7</b>
<b>Total equity</b>	<b>245.1</b>	<b>278.0</b>	<b>281.2</b>

- Financial investments:
  - low risk profile
  - average time to maturity 1.6 years (unchanged)
- Net cash position of CHF 249m whereof CHF 221m vested with VZ Depository Bank

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



# Equity and payout ratios

<b>Payout ratios</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Equity ratios</b>	<b>30.06.13</b>	<b>31.12.13</b>	<b>30.06.14</b>
in CHF million							
Net profit	51.0	54.3	60.0	Total equity in CHF million	245.1	278.0	281.2
Retained earnings	32.1	33.5	36.3				
Dividend total	18.9	20.8	23.7	Equity ratio	20.9%	19.0%	19.5%
<i>Dividend per share</i>	<i>2.40</i>	<i>2.65</i>	<i>3.00</i>	BIS CET 1	27.1%	28.9%	25.4%
<b>Payout ratios</b>	<b>38%</b>	<b>39%</b>	<b>40%</b>				

<b>Treasury shares</b>	<b>30.06.13</b>	<b>31.12.13</b>	<b>30.06.14</b>
Number (in '000)	107	86	108
Book value in CHF million	10.9	9.4	14.5

# Agenda

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1. Facts and figures

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- Focus on clients 50+ pays off
  - steady and growing inflow of new clients
  - attractive portfolio of services
  - promising new initiatives
- Business development
  - increase front-end consulting capacities
  - roll-out financial portal lounge concept
  - broaden portfolio management services
  - market all-in-one solution for occupational benefits
  - GER: broaden marketing activities
- Financials
  - sustain NNM inflow per consultant FTE within target corridor (17-20 million)
  - top and bottom line expected to grow further on
  - unchanged targets for operational margins in 2014