



VZ Group

2014

Results and Outlook

VZ Holding Ltd

Beethovenstrasse 24

8002 Zürich

Telefon 044 207 27 27

Fax 044 207 27 28

www.vzch.com

www.vzfinanzportal.com

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Disclaimer



Forward-looking statements

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Agenda



1. Facts and figures

2. Financials

3. Outlook



Summary 2014

Business development

- Growth picked up in 2H14
 - Volatile market environment
 - Unchanged new client inflow
 - Promising results with new services
- Capacity increase on track
 - Consulting FTEs +13.3% to 102 FTEs (avg. 2014)
 - 116 FTEs by the end of 2015 forecast (avg. 2015: 112)
- NNM inflow per FC-FTE at 18.7 million (target range: 17-20 million)
- Demand for rule-based portfolio management mandates remains strong
- New initiatives
 - Occupational benefits solution for corporates
 - 2 new branches and 1 new FP lounge in CH
 - Financial portal Germany
 - Succession planning for SME

Financials

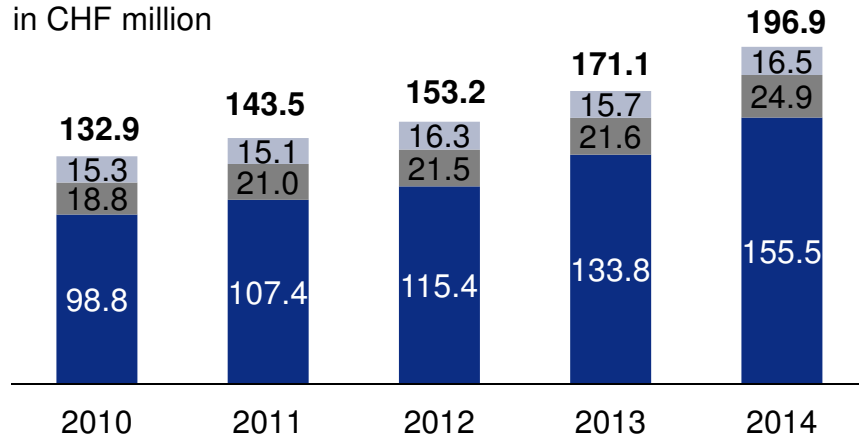
- Top line +15.1% to CHF 196.9 million
- Costs +11.9% to CHF 105.6 million
 - Personnel expenses +11.4%
 - Other operating expenses +13.3%
- EBITDA margin: 46.4% (2013: 44.9%)
- Bottom line +17.4% to CHF 70.4 million
- Strong ratios
 - Equity ratio: 16.5%
 - BIS ratios: 28.0%
- Assets under management: CHF 14'549 million (31.12.2013: CHF 12'114 million)



Revenues: Growth rate in-line with mid-term target

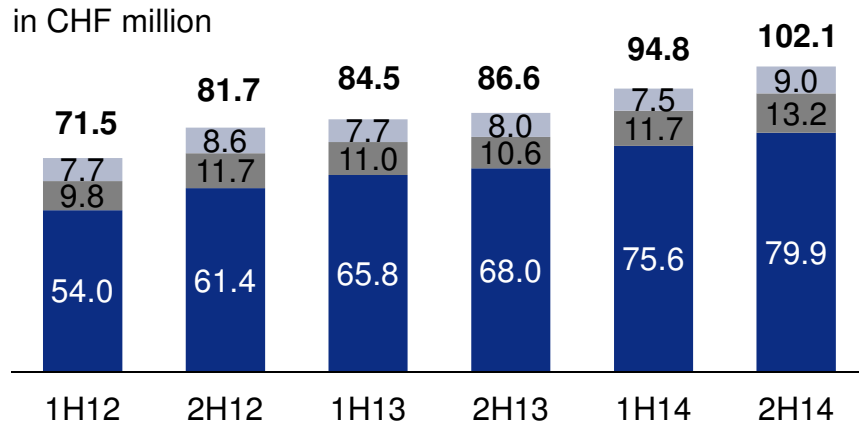
Full years

in CHF million



Half years

in CHF million



- Total revenues +15.1%
 - 1H14: +12.2% yoy
 - 2H14: +17.9% yoy
- Management fees +16.3%
 - 1H14: +14.9% yoy
 - 2H14: +17.6% yoy
- Banking revenues +15.0%
 - More clients on banking platform
 - Interest margin close to zero
- Consulting fees +5.4%
 - 1H14: -1.6% yoy
 - 2H14: +12.3% yoy
 - Refocus in 2H14 of marketing efforts to retirement topics

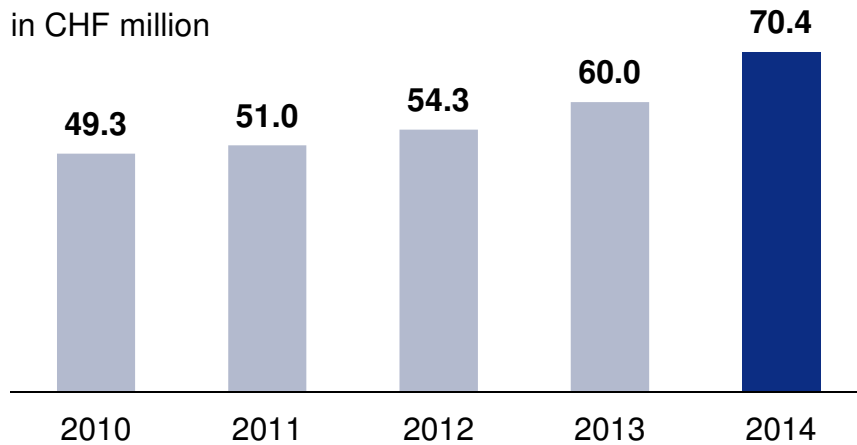
- Consulting fees and other revenues
- Banking revenues
- Management fees



Net profit: Leverage effect in H2

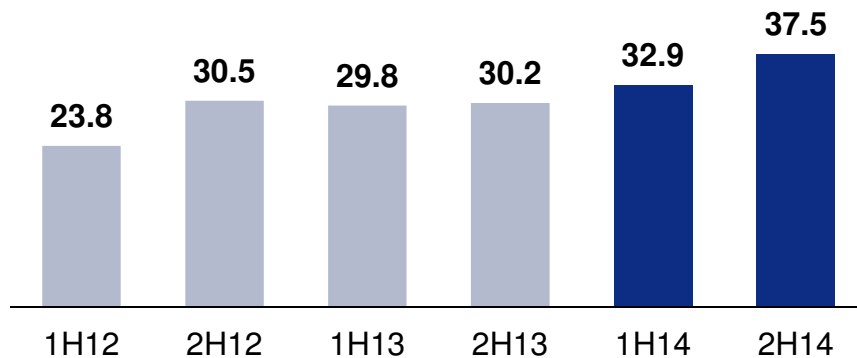
Full years

in CHF million



Half years

in CHF million



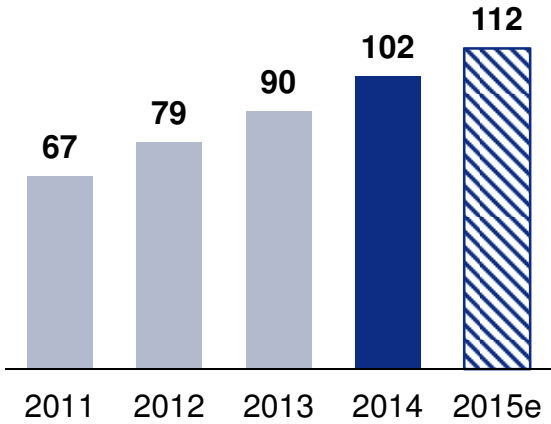
- Net profit +17.4%
 - 1H14: +10.5% yoy
 - 2H14: +24.2% yoy
- Net profit margin 35.8% vs. 35.1% in 2013 (long-term target: 35%)



Financial Consulting: NNM/FTE in target corridor

Capacity growth

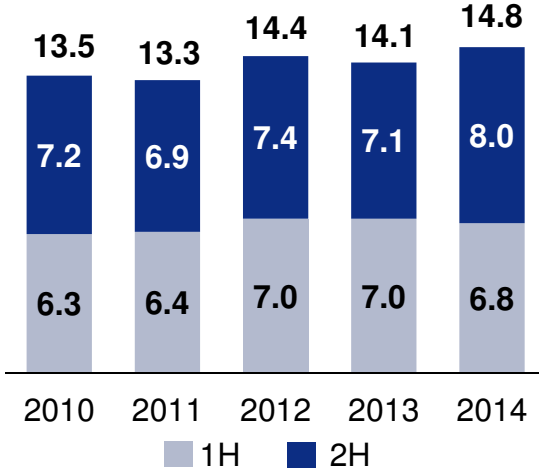
in FTE



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

Consulting revenues

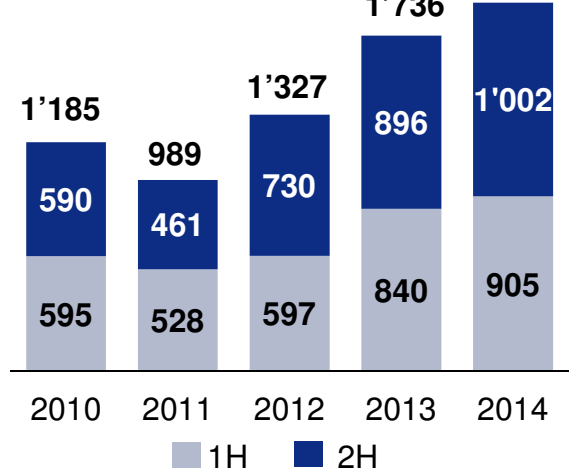
in CHF million



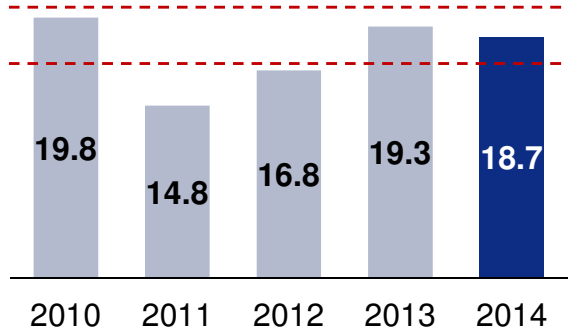
- Consulting projects enable introduction to wealth management services
- Initial meetings +4%

Net new money (NNM)

in CHF million



per FTE in CHF million



--- target corridor 17-20 million per FTE



Wealth Management: AuM +20%

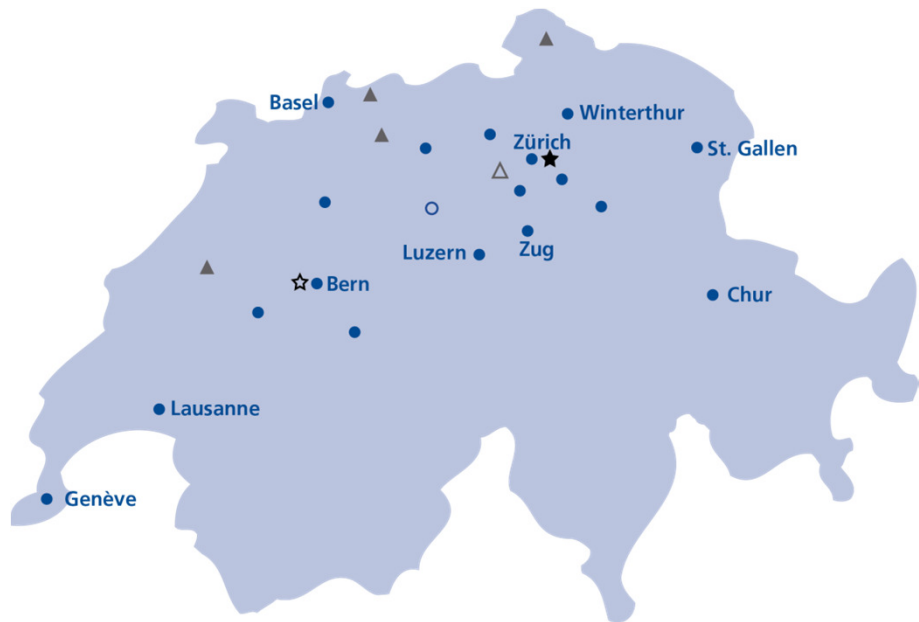
in CHF million

	31.12.10	31.12.11	31.12.12	31.12.13	31.12.14	yoy
AuM total	7'758	8'432	10'082	12'114	14'549	+20.1%
• PM mandates	5'413	5'595	6'531	7'813	9'319	+19.3%
<i>Share of total AuM</i>	69.8%	66.4%	64.8%	64.5%	64.1%	
• Others*	2'344	2'837	3'551	4'301	5'230	+21.6%
<i>Share of total AuM</i>	30.2%	33.6%	35.2%	35.5%	35.9%	
<hr/>						
NNM total	1'185	989	1'327	1'736	1'907	+9.9%
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# Wealth management clients	12'612	14'785	16'991	19'949	22'973	+15.2%
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* Incl. mortgages under management and portfolios under client management

Branch offices

Switzerland



- Branche office
- New branch
- ▲ Satellite
- △ New satellite
- ★ VZ financial portal lounge
- ☆ New VZ financial portal lounge

Germany



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Income statements (1)

in CHF million*

	2011	2012	2013	2014	yoy
Consulting fees	14.6	15.7	15.2	16.1	+5.4%
Management fees	107.4	115.5	133.8	155.5	+16.3%
Banking revenues	21.0	21.5	21.6	24.9	+15.0%
Other operating revenues	0.5	0.5	0.5	0.4	-
Total operating revenues	143.5	153.2	171.1	196.9	+15.1%
Personnel expenses	57.9	62.2	69.6	77.6	+11.4%
Other operating expenses	19.6	21.2	24.8	28.0	+13.3%
Total operating expenses	77.5	83.4	94.4	105.6	+11.9%
EBITDA	66.0	69.8	76.7	91.3	+19.0%

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



Income statements (2)

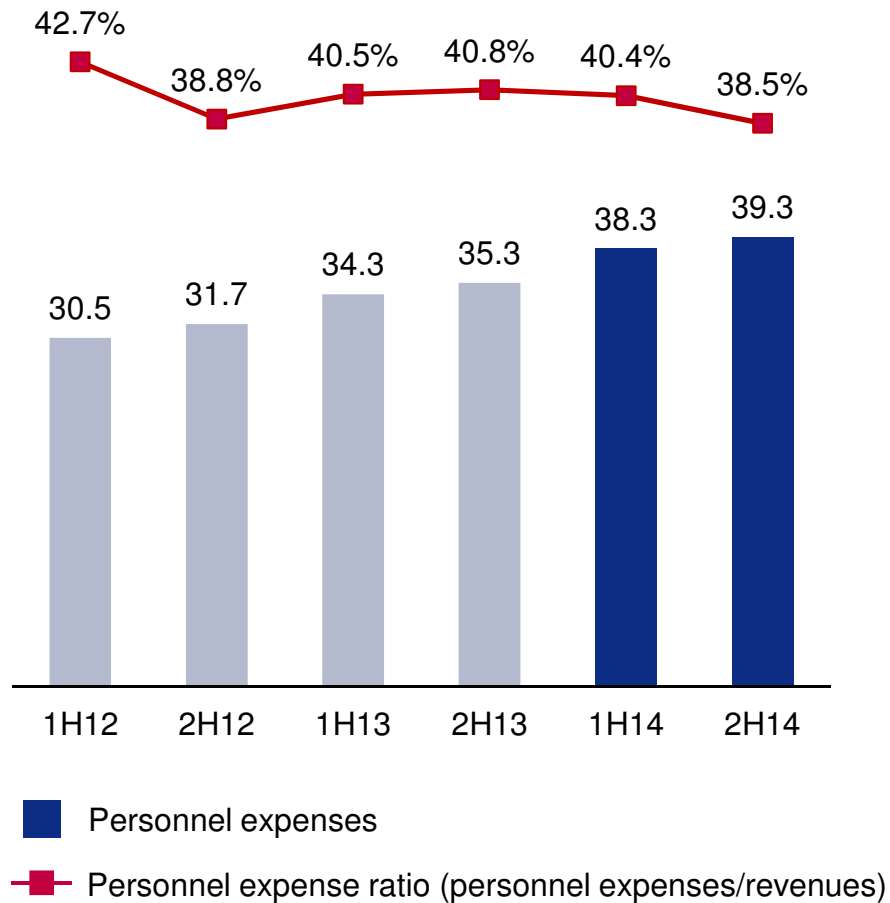
in CHF million*

	2011	2012	2013	2014	yoy
EBITDA	66.0	69.8	76.7	91.3	+19.0%
Depreciation and amortisation	2.9	3.3	4.0	5.1	+24.7%
EBIT	63.1	66.5	72.7	86.2	+18.7%
Net finance income	0.0	0.3	0.2	0.1	-
Profit before income tax	6.1	66.8	72.9	86.3	+18.5%
Income tax	12.1	12.5	12.9	15.9	+23.7%
Net profit	51.0	54.3	60.0	70.4	+17.4%

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

Personnel expenses

in CHF million*



- +11.4% yoy

- Personnel development

	31.12.12	31.12.13	31.12.14
HC**	603	674	708
FTE**	529.8	586.0	613.3

- 1H14: +14.0 FTE

- 2H14: +13.3 FTE

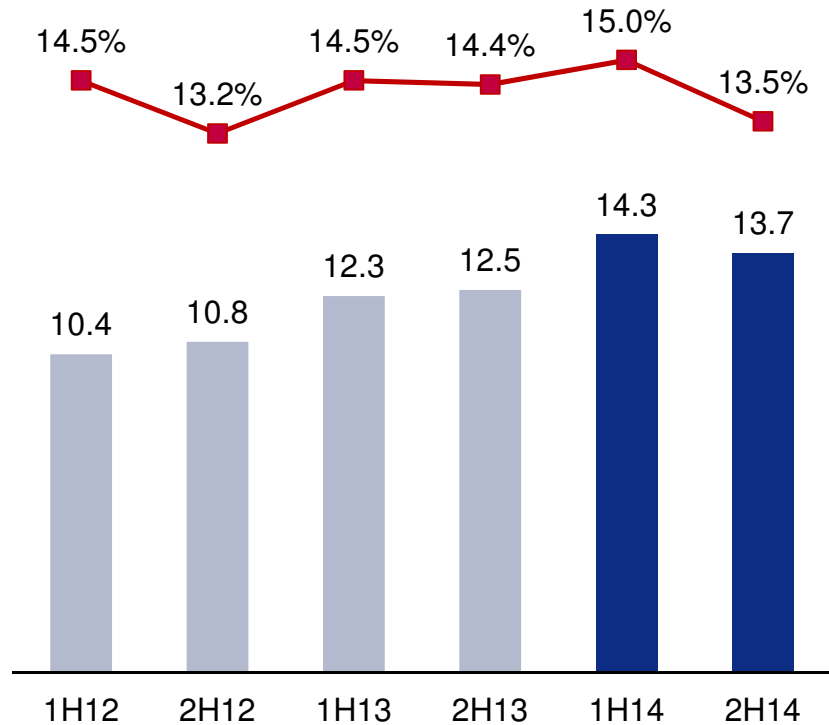
- Personnel expense ratio stable at around 40%

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

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

Other operating expenses

in CHF million*



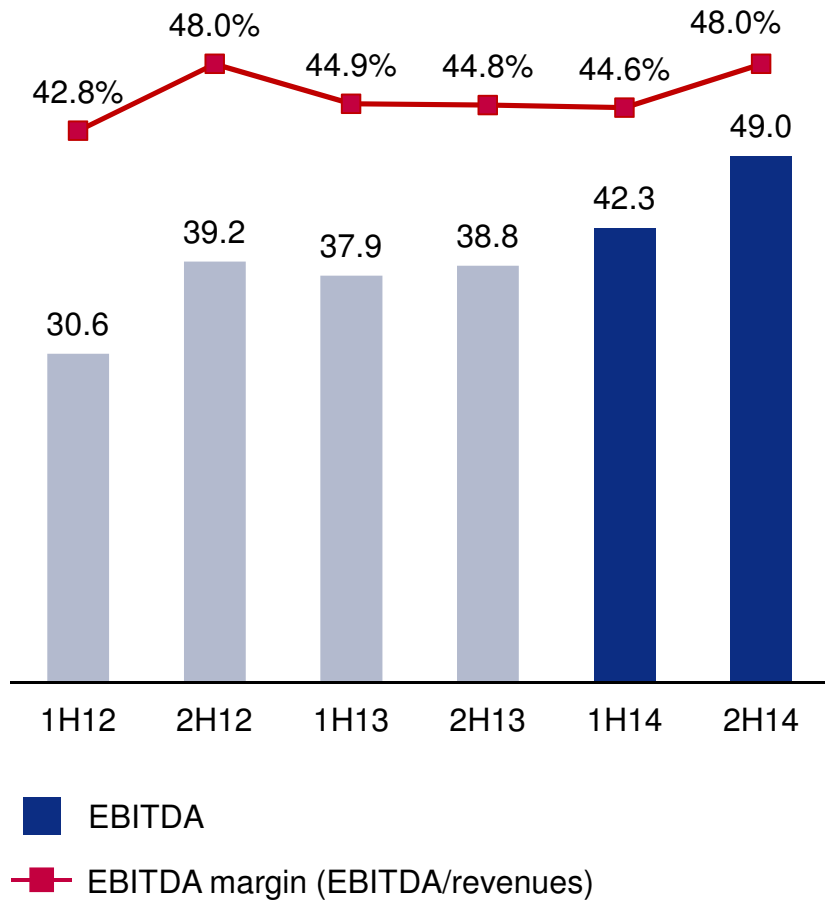
- +13.3% yoy
 - Increased capacity
 - New branch offices
 - Investments in IT infrastructure
 - Online platform
- Other operating expense ratio stable at around 13% to 15%

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

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

EBITDA and margin

in CHF million*

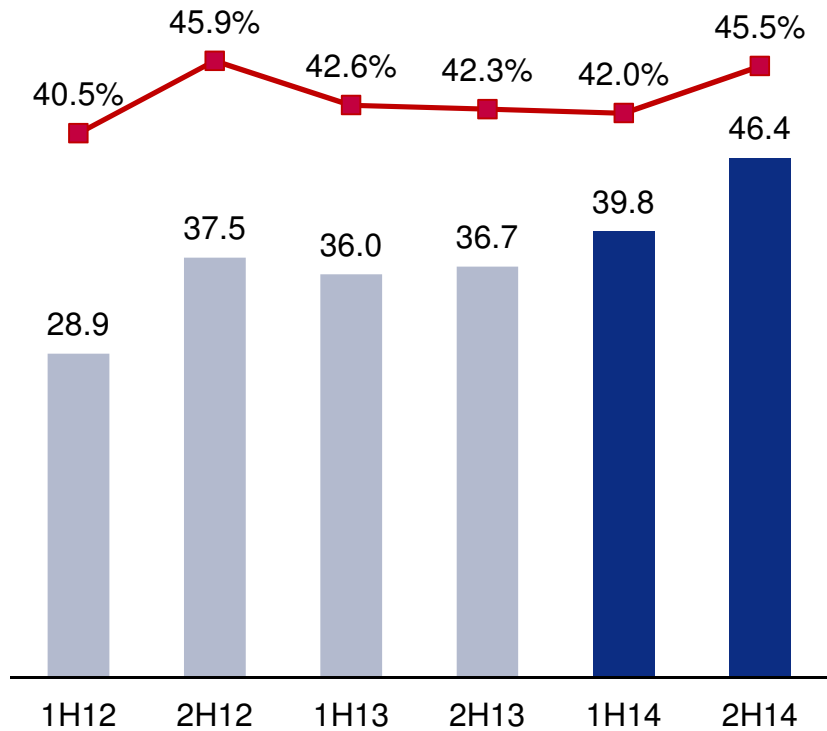


- EBITDA +19.0% yoy
 - 1H14: +11.4% yoy
 - 2H14: +26.4% yoy
- Margin long-term expectation 45%

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

EBIT and margin

in CHF million*



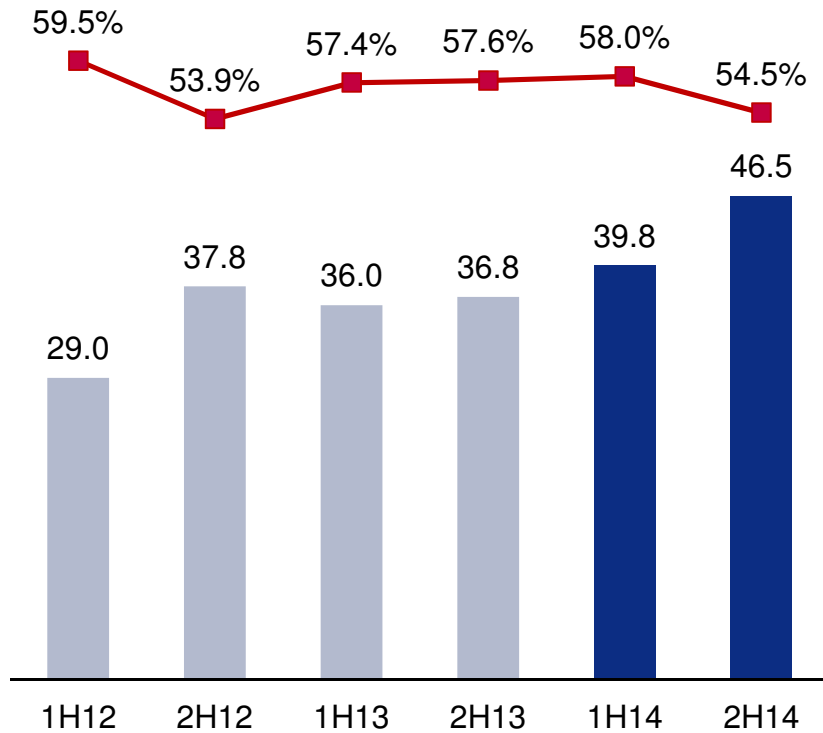
- EBIT
- EBIT margin (EBIT/revenues)

- EBIT +18.7% yoy
 - 1H14: +10.6% yoy
 - 2H14: +26.5% yoy
- Margin long-term expectation 43%

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

Profit before income taxes and C/I ratio

in CHF million*



- Long-term target 56%

- 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*

	31.12.13	31.12.14
Cash & cash equivalents	410.3	607.9
Short-term investments	287.9	438.8
Swiss prime residential mortgages	546.0	624.0
CHF bonds, marketable securities	166.0	200.3
Subtotal financial investments	1'410.2	1'871.0
Property, equipment and intangibles	12.7	15.6
Other assets	38.0	42.2
Total assets	1'460.9	1'928.8
Customer deposits	1'080.4	1'472.1
Long-term debts	74.9	106.2
Other liabilities	27.6	31.6
Total liabilities	1'182.9	1'609.9
Total equity	278.0	318.9

- High customer deposits inflow
- Financial investments:
 - Low risk profile
 - Average time to maturity 1.3 years as at 31.12.14 (previous year: 1.5 years)
- Net cash position of CHF 293m whereof CHF 238m vested with VZ Depository Bank

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



Equity and payout ratios

Payout ratios	2012	2013	2014	Equity ratios	31.12.12	31.12.13	31.12.14
in CHF million							
Net profit	54.3	60.0	70.4	Total equity in CHF million	233.6	278.0	318.9
Retained earnings	33.5	36.3	42.8				
Dividend total	20.8	23.7	27.6 ^{1,2}	Equity ratio ³	22.5%	19.0%	16.5%
<i>Dividend per share</i>	<i>2.65</i>	<i>3.00</i>	<i>3.50¹</i>	BIS CET1	29.3%	28.9%	28.0%
Payout ratios	39%	40%	39%	BIS CET1 & AT1	29.3%	28.9%	28.0%

Treasury shares	31.12.12	31.12.13	31.12.14
Number (in '000)	153	86	103
Book value in CHF million	14.1	9.4	14.6

1 Subject to the General Assembly's approval (10.4.2015)

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

3 Equity compared to balance sheets' total

Agenda



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- Positioning in the market
 - Unchanged strategy with focus on 50+/wealthy/on-shore
 - Outstanding consulting expertise in retirement topics
 - Attractive wealth management services
- Business development
 - Further increase front-end consulting capacities
 - Sustain NNM inflow per consultant FTE within target corridor
 - Develop all-in-one solution for occupational benefits to a major business pillar
 - Launch p&c insurance offerings for private clients
- Financials
 - Higher AuM basis enables further growth in revenues
 - End of EUR/CHF minimum exchange rate with limited impact on top and bottom line
 - Unchanged targets for operational margins in 2015