



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](http://www.vzch.com)

[www.vzfinanzportal.com](http://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)

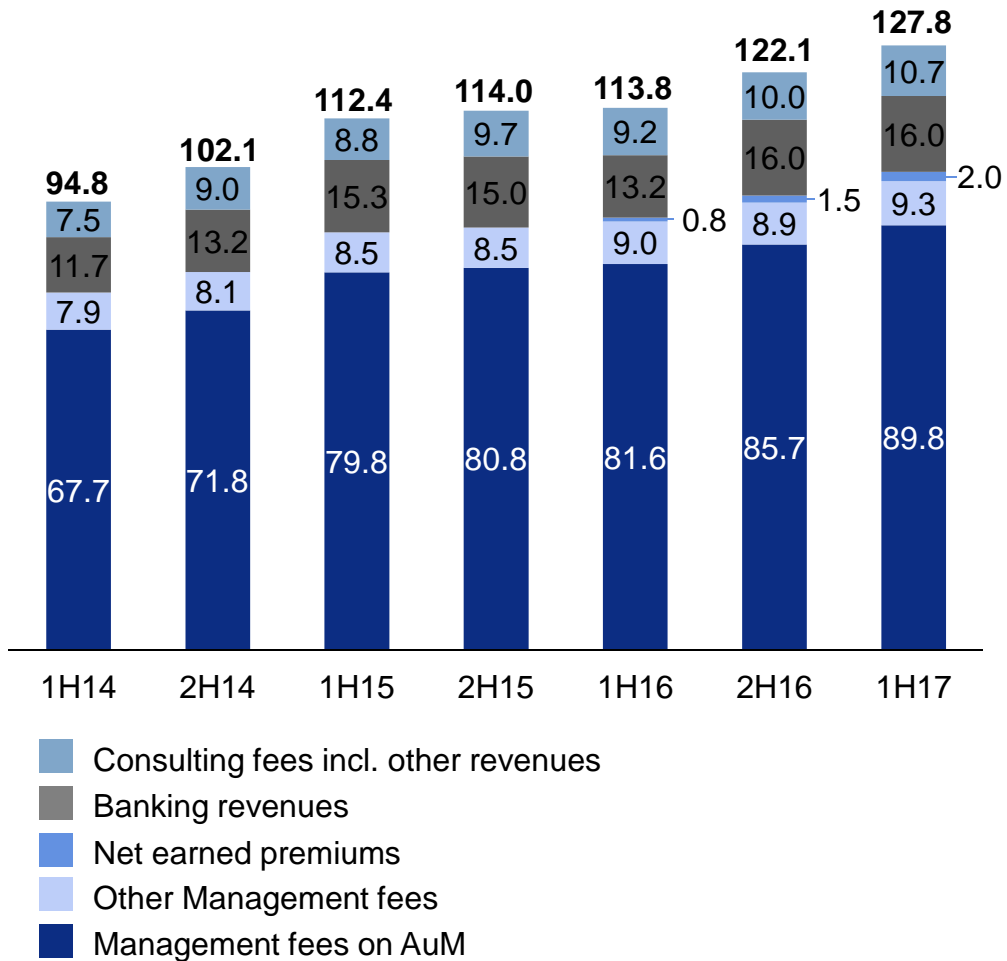
## Financials

- 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 million<sup>1</sup>



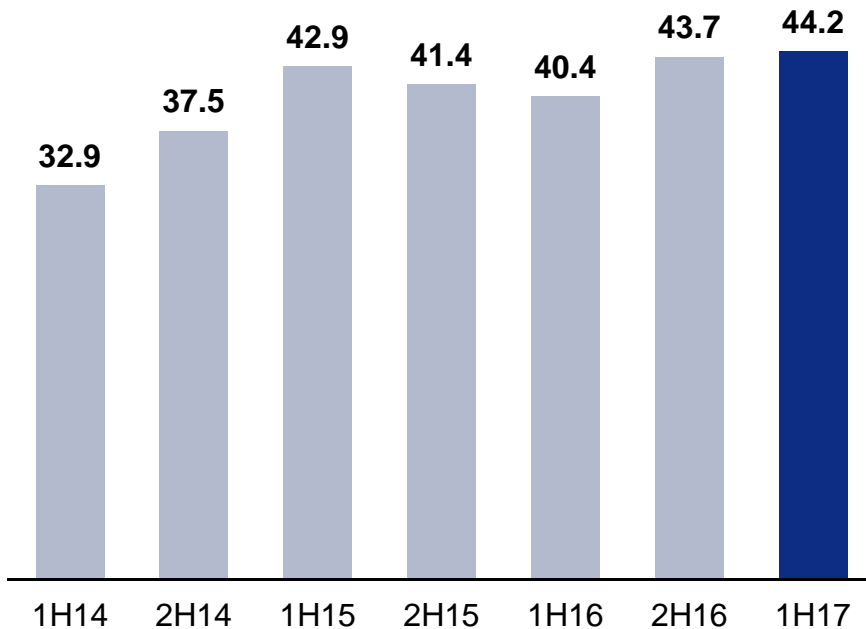
- Revenues +12.3% yoy
- Management fees on AuM +10.1% yoy
  - AuM +15.7% yoy (as per 30.6.)
  - Lower fee margin on AuM
    - PM-mandates: trend to attractively priced all-in-fee mandate offerings
    - Competitive environment
- Other Management fees +3.5% yoy
- Banking revenues +21.2% yoy
  - Lower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

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



# Net profit: New initiatives weigh on growth

in CHF million<sup>1</sup>



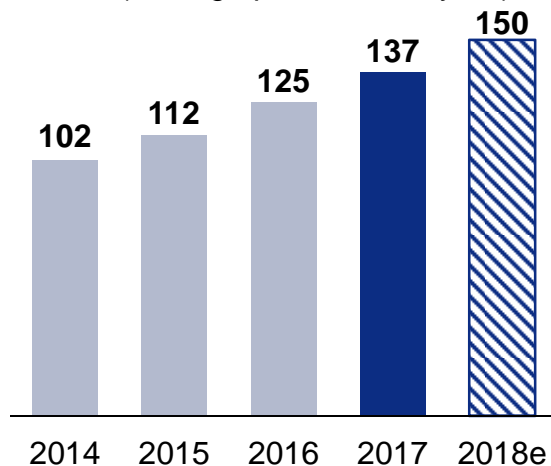
- Net profit +9.3% yoy
- Operating margin (EBITDA) at 44.4% vs 44.6% yoy (long-term target: 45%)
  - Revenues +12.3%
  - Operating expenses +12.8%
- Depreciation +29.4% due to increased capex (digitalisation/«Finanzportal»)
- Net profit margin
  - 34.6% vs. 35.5% yoy
  - Long-term target 35%

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

# Financial Consulting: NNM below target corridor

## Capacity growth

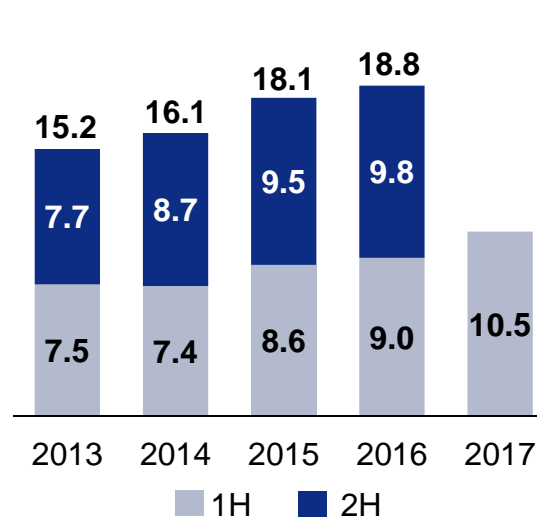
in FTE (average per calendar year)



- 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

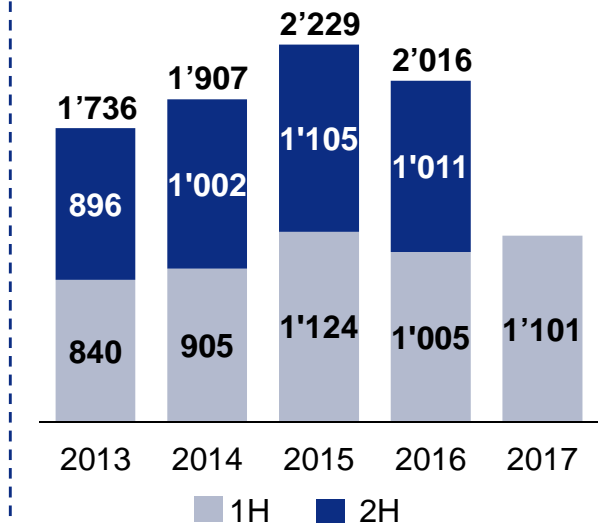
in CHF million



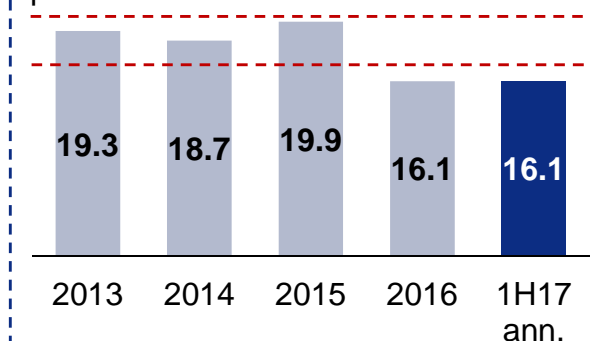
- Consulting projects enable introduction to wealth management services

## 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	9'814	10'277	10'632	11'116	12'118	+14.0%
<i>Share of total AuM</i>	63.7%	62.3%	61.6%	60.4%	60.6%	
• Others <sup>1</sup>	5'589	6'218	6'640	7'299	7'864	+18.4%
<i>Share of total AuM</i>	36.3%	37.7%	38.4%	39.6%	39.4%	
<b>NNM total</b> (6 month)	1'124	1'105	1'005	1'011	1'101	+9.6%
<b># Wealth management clients</b>	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 million<sup>1</sup>

	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	-
<b>Total operating revenues</b>	<b>112.4</b>	<b>114.0</b>	<b>113.8</b>	<b>122.1</b>	<b>127.8</b>	<b>+12.3%</b>
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	-
<b>Total operating expenses</b>	<b>58.3</b>	<b>61.5</b>	<b>63.0</b>	<b>65.7</b>	<b>71.1</b>	<b>+12.8%</b>
<b>EBITDA</b>	<b>54.1</b>	<b>52.5</b>	<b>50.8</b>	<b>56.4</b>	<b>56.7</b>	<b>+11.7%</b>

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



## Income statements – unaudited (2)

in CHF million<sup>1</sup>

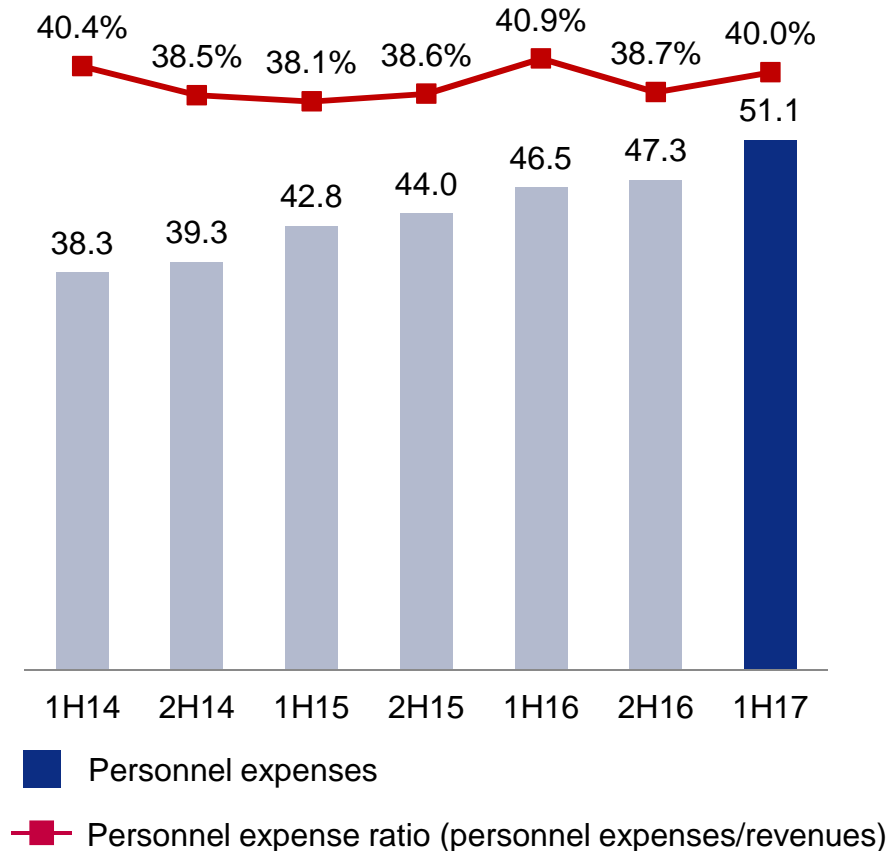
	1H 15	2H 15	1H 16	2H 16	1H 17	yoy
<b>EBITDA</b>	<b>54.1</b>	<b>52.5</b>	<b>50.8</b>	<b>56.4</b>	<b>56.7</b>	<b>+11.7%</b>
Depreciation and amortisation	2.9	3.0	3.2	3.6	4.1	+29.4%
<b>EBIT</b>	<b>51.2</b>	<b>49.5</b>	<b>47.6</b>	<b>52.8</b>	<b>52.6</b>	<b>+10.5%</b>
Net finance income	-0.2	0.0	0.0	0.0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

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



# Personnel expenses

in CHF million<sup>1</sup>



- +10.0% yoy
- Personnel development

	30.06.16	31.12.16	30.06.17
HC <sup>2</sup>	830	892	915
FTE <sup>2</sup>	718.3	771.5	793.7

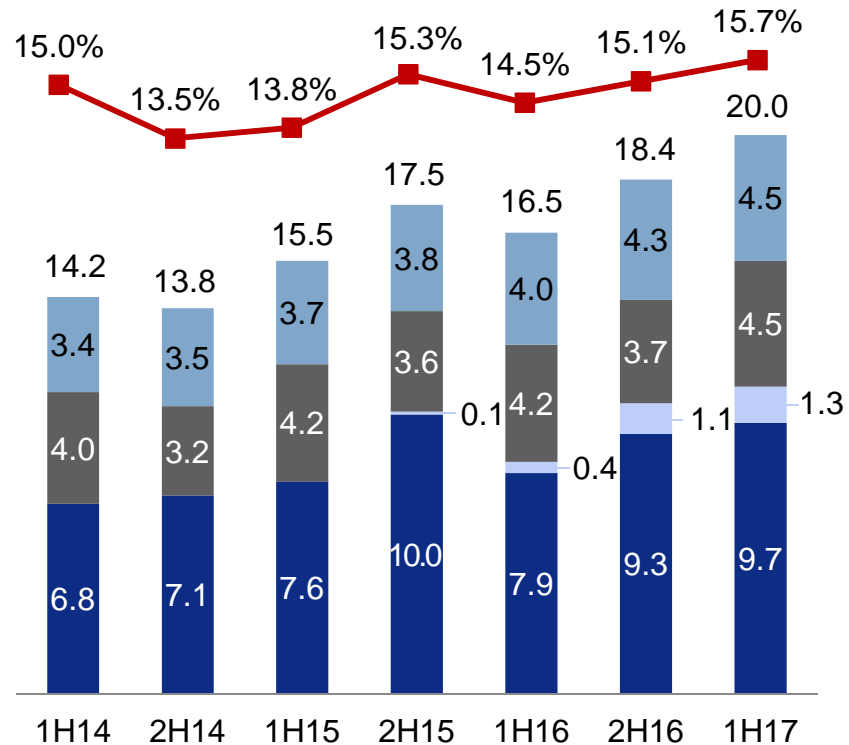
- 2H16: +53.2 FTE  
1H17: +22.2 FTE
- Personnel expense ratio
  - 40.0% vs. 40.9% yoy
  - Long-term target 40%

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

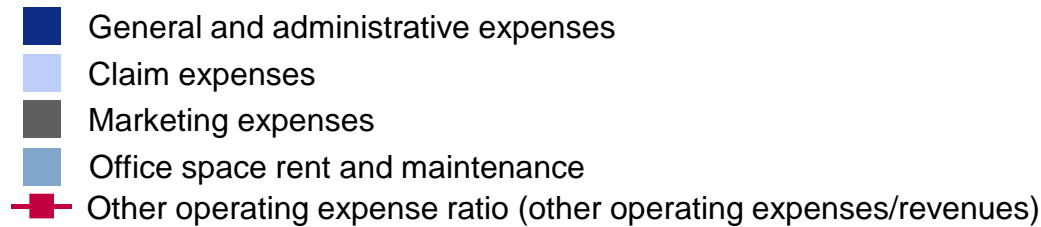
2 HC: Headcount, FTE: Full-time equivalent

# Other operating expenses

in CHF million<sup>1</sup>



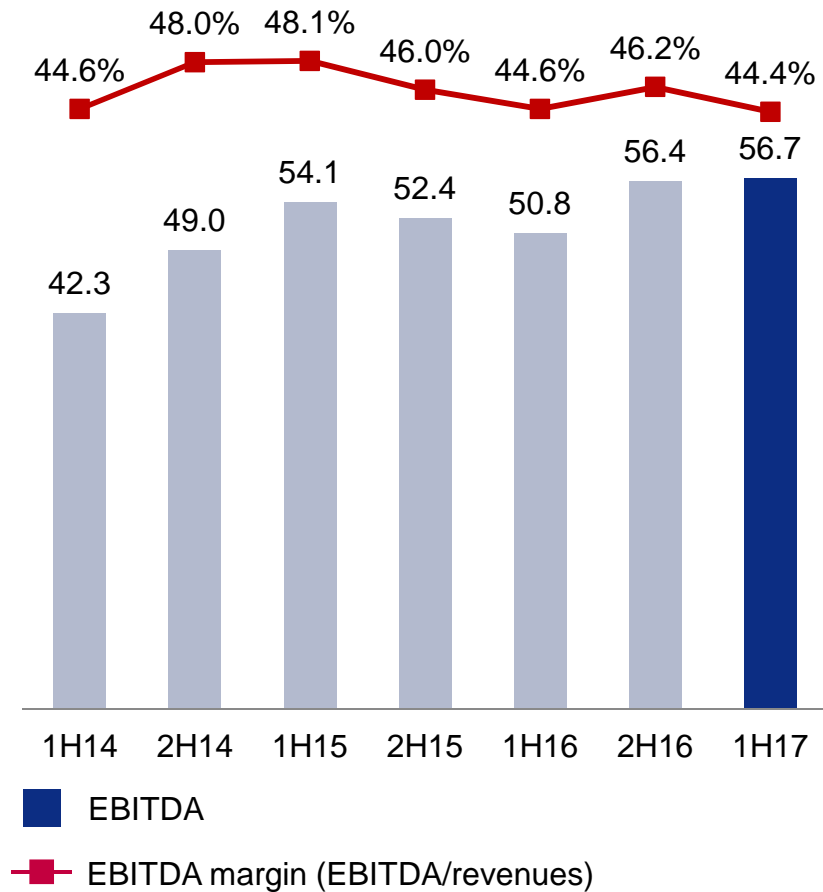
- +20.9% yoy
  - Incl. higher claim expenses in line with premium growth
  - Increased capacity
  - Investments in IT infrastructure
  - Online platform and other new initiatives
- Other operating expense ratio (excl. claim expenses) stable at around 13 to 15%



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

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



# Balance sheets

in CHF million<sup>1</sup>

	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
<b>Subtotal financial investments</b>	<b>2'245.1</b>	<b>2'351.1</b>	<b>2'221.4</b>
Property, equipment and intangibles	21.2	24.6	23.6
Other assets	66.5	58.9	75.9
<b>Total assets</b>	<b>2'332.8</b>	<b>2'434.6</b>	<b>2'320.9</b>
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
<b>Total liabilities</b>	<b>1'949.2</b>	<b>2'014.5</b>	<b>1'900.5</b>
<b>Total equity</b>	<b>383.6</b>	<b>420.1</b>	<b>420.4</b>

- 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

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





# Equity and payout ratios

<b>Payout ratios</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Equity ratios</b>	<b>30.06.16</b>	<b>31.12.16</b>	<b>30.06.17</b>
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 <sup>1</sup>	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%
<b>Payout ratios</b>	<b>39%</b>	<b>40%</b>	<b>40%</b>	BIS CET 1 & AT 1	26.5%	27.9%	26.7%

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

<sup>1</sup> 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, 2<sup>nd</sup> and 3<sup>rd</sup> 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