



VZ Group

**2016**

# **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)

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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 2016



## Business development

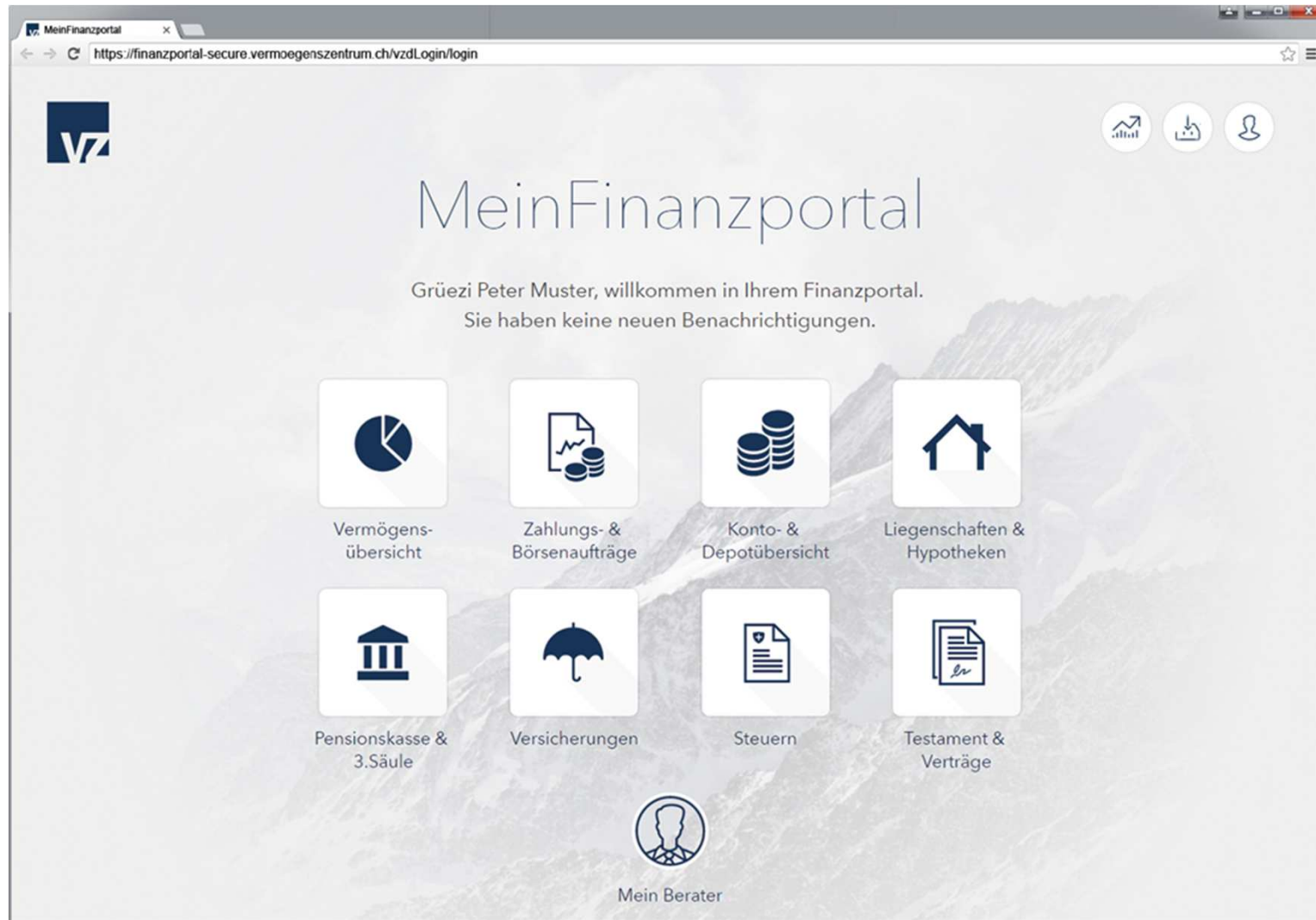
- Growth picks up in H2
  - Clients are still reluctant
  - Financial market volatility remains high
  - Unusually high revenues in 2015 / base effect
- Successful launch of *MeinFinanzportal*
  - Comprehensive online platform to conveniently oversee and manage all financial matters
  - Releases 1.0 (Q3) and 2.0 (Q4) with positive feedbacks
  - Continued development
- Capacity increase on track
  - Consulting FTE +11.6% to 125 FTE (avg. 2016)
  - Successful introduction of new consultant profile (PCC)
  - Target of 160 FTE by the end of 2018 realistic
- NNM inflow per FC-FTE at 16.1 million (target range: 17-20 million)
- Other milestones / new initiatives
  - 1 new branch office in CH in Q3/16
  - VZ InsurancePool completed its first operational year
  - Set-up of banking operation in Germany on track

## Financials

- Top line +4.2% to CHF 235.9 million
- Operating expenses +7.4% to CHF 128.7 million
  - Personnel expenses +7.9%
  - Other operating expenses +5.9%
- EBITDA margin: 45.5% (2015: 47.1%)
- Bottom line –0.2% to CHF 84.1 million
- Solid balance sheet
  - Equity ratio: 17.3%
  - CET1 capital ratio: 27.9%
- Dividend unchanged CHF 4.20 per share
- Assets under management: CHF 18.4 bn (31.12.2015: CHF 16.5 bn)



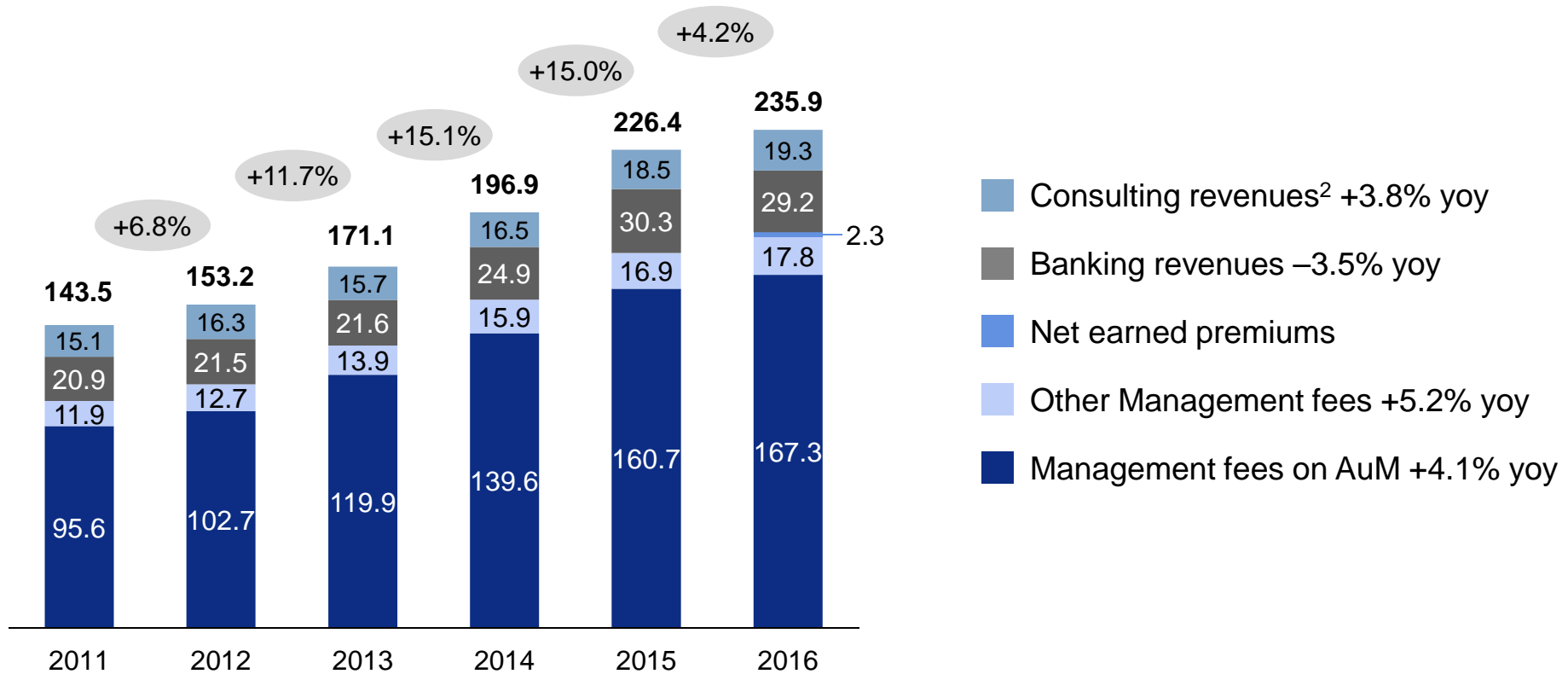
# MeinFinanzportal: Online since 1 August 2016





# Revenues: Full-year comparison

in CHF million<sup>1</sup>



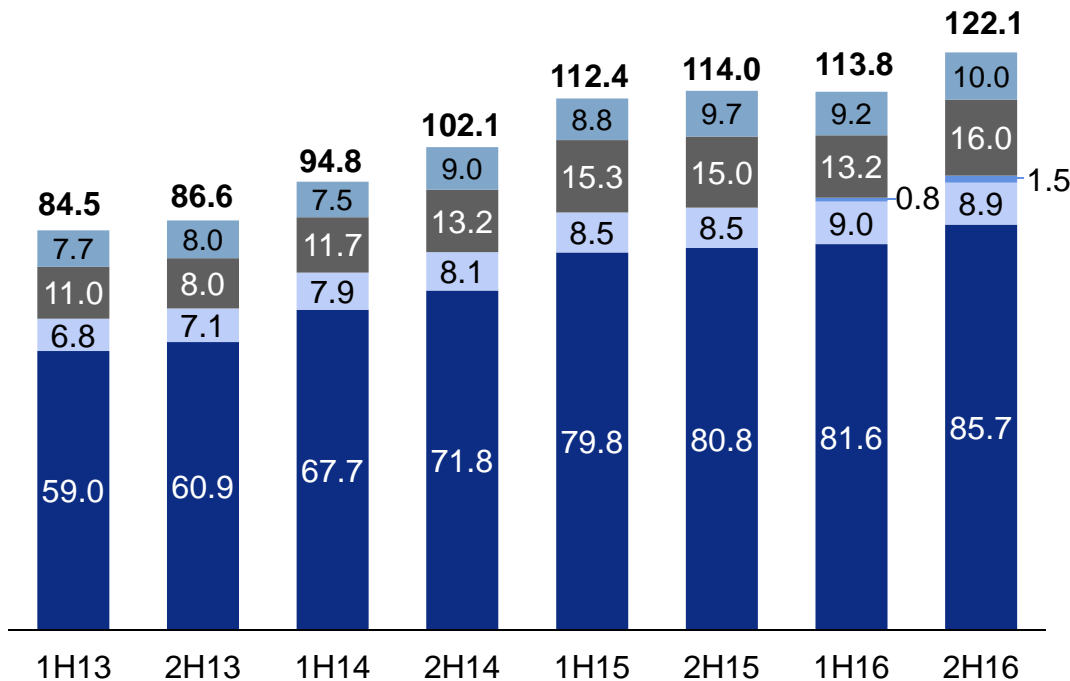
1 Numbers may differ from the published income statements due to rounding differences

2 Incl. other revenues



# Revenues: Half-year comparison

in CHF million<sup>1</sup>



## Total revenues

- 1H16: +1.2% yoy
- 2H16: +7.1% yoy

## Consulting revenues<sup>2</sup>

- 1H16: +4.8% yoy
- 2H16: +2.9% yoy

## Banking revenues

- 1H16: –14.1% yoy
- 2H16: +7.4% yoy

## Net earned premiums

## Other Management fees

- 1H16: +6.1% yoy
- 2H16: +4.4% yoy

## Management fees on AuM

- 1H16: +2.2% yoy
- 2H16: +6.0% yoy

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

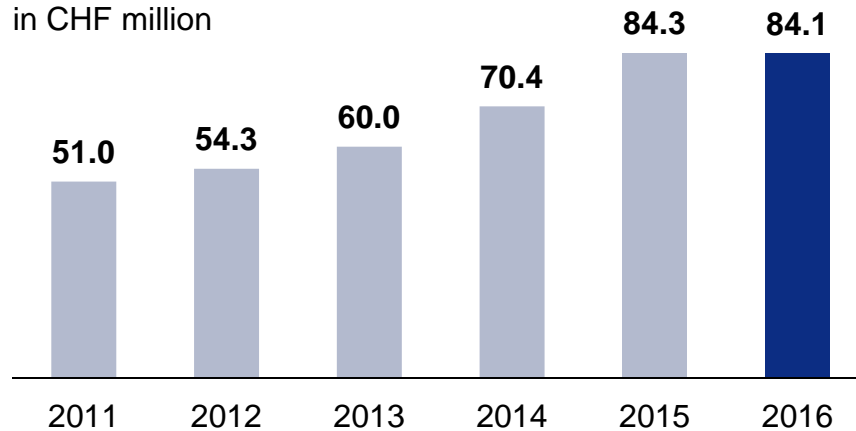
<sup>2</sup> Incl. other revenues



# Net profit: slight upturn in H2

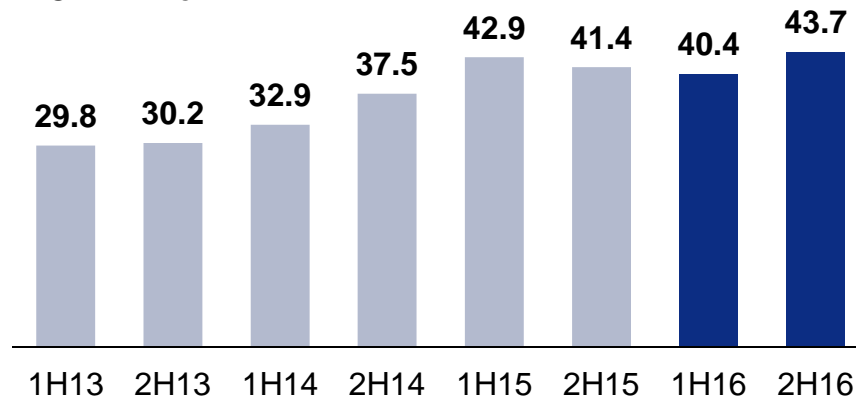
## Full years

in CHF million



## Half years

in CHF million



- Net profit  $-0.2\%$ 
  - 1H16:  $-5.8\%$  yoy
  - 2H16:  $+5.5\%$  yoy
- Net profit margin  $35.7\%$  vs.  $37.3\%$  in 2015 (long-term target:  $35\%$ )

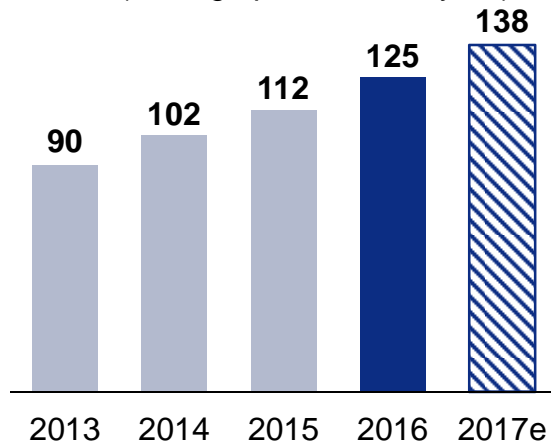




# Financial Consulting: NNM H2 equals H1

## Capacity growth

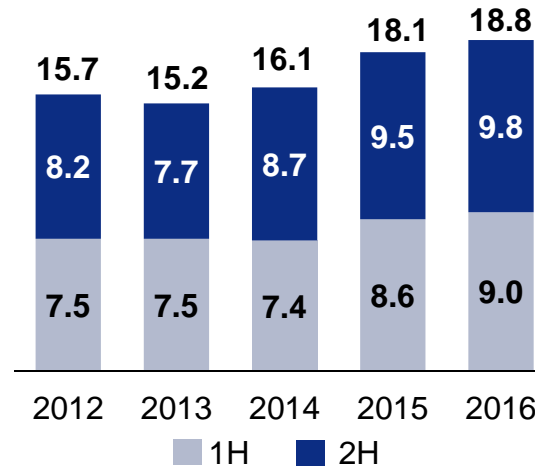
in FTE (average per calendar year)



- FC-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

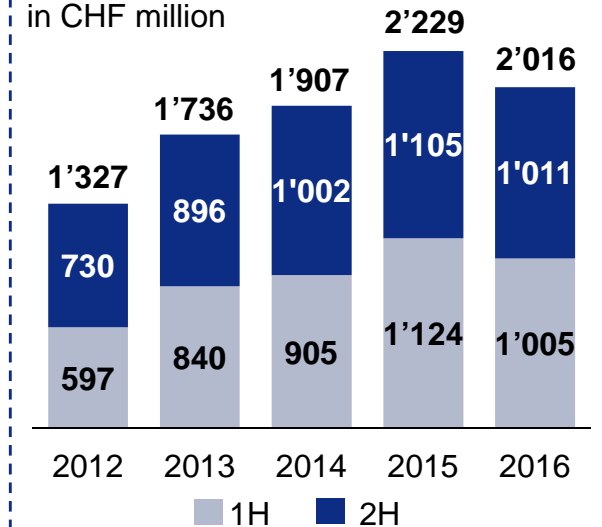
in CHF million



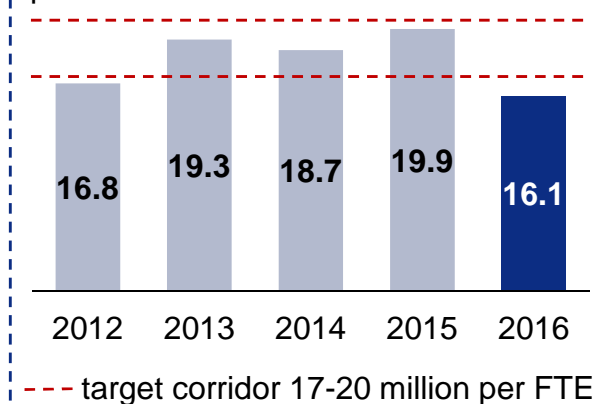
- Consulting projects enable introduction to wealth management services

## Net new money (NNM)

in CHF million



per FTE in CHF million





# Wealth Management: AuM +11.6%

in CHF million

	31.12.12	31.12.13	31.12.14	31.12.15	31.12.16	yoy
AuM total	10'082	12'114	14'549	16'495	18'415	+11.6%
• PM mandates <i>Share of total AuM</i>	6'531 64.8%	7'813 64.5%	9'319 64.1%	10'277 62.3%	11'116 60.4%	+8.2%
• Others <sup>1</sup> <i>Share of total AuM</i>	3'551 35.2%	4'301 35.5%	5'230 35.9%	6'218 37.7%	7'299 39.6%	+17.4%
NNM total	1'327	1'736	1'907	2'229	2'016	-9.6%
# Wealth management clients	16'991	19'949	22'973	26'438	29'476	+11.5%

1 Incl. mortgages under management and portfolios under client management

# Branch offices

## Switzerland

#: 26



- branch office
- satellite
- new branch office in 2H16

## Germany

#: 4



# Agenda

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



# Income statements (1)

in CHF million<sup>1</sup>

	2013	2014	2015	2016	yoy
Consulting fees	15.2	16.1	18.1	18.8	+3.8%
Management fees: on AuM	119.9	139.6	160.7	167.3	+4.1%
others	13.9	15.9	16.9	17.8	+5.2%
Banking revenues	21.6	24.9	30.3	29.2	-3.5%
Net earned premiums	-	-	-	2.3	-
Other operating revenues	0.5	0.4	0.4	0.5	-
<b>Total operating revenues</b>	<b>171.1</b>	<b>196.9</b>	<b>226.4</b>	<b>235.9</b>	<b>+4.2%</b>
Personnel expenses	69.6	77.6	86.8	93.7	+7.9%
Other operating expenses <sup>2</sup>	24.8	28.0	33.0	35.0	+5.9%
<b>Total operating expenses</b>	<b>94.4</b>	<b>105.6</b>	<b>119.8</b>	<b>128.7</b>	<b>+7.4%</b>
<b>EBITDA</b>	<b>76.7</b>	<b>91.3</b>	<b>106.5</b>	<b>107.2</b>	<b>+0.6%</b>

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

2 Incl. claims expenses



## Income statements (2)

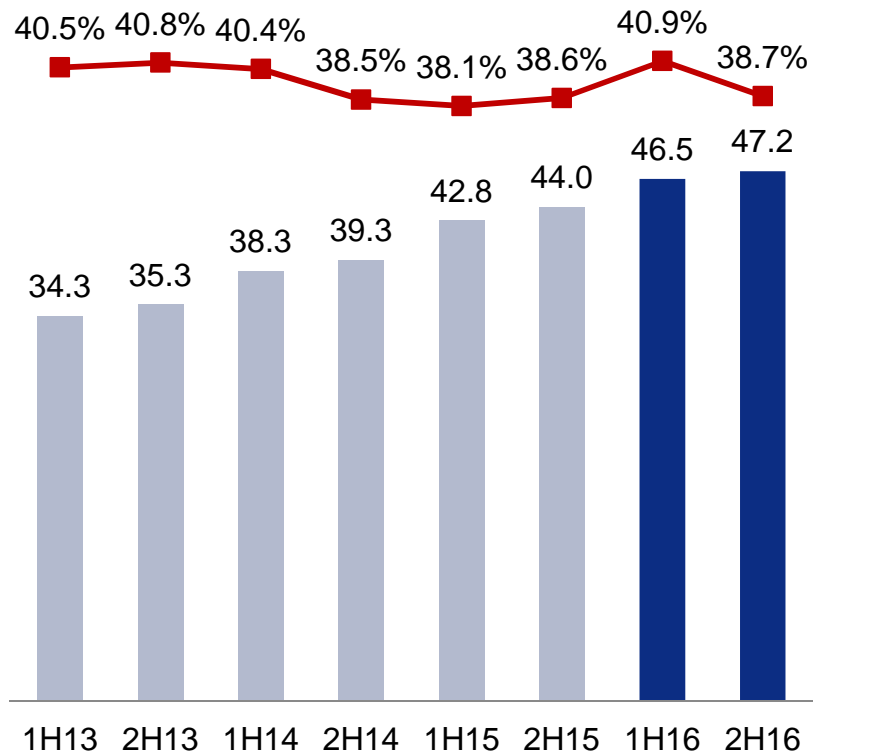
in CHF million<sup>1</sup>

	2013	2014	2015	2016	yoy
<b>EBITDA</b>	<b>76.7</b>	<b>91.3</b>	<b>106.5</b>	<b>107.2</b>	<b>+0.6%</b>
Depreciation and amortisation	4.0	5.1	5.8	6.8	+16.3%
<b>EBIT</b>	<b>72.7</b>	<b>86.2</b>	<b>100.7</b>	<b>100.4</b>	<b>-0.3%</b>
Net finance income	0.2	0.1	-0.2	0.0	-
<b>Profit before income tax</b>	<b>72.9</b>	<b>86.3</b>	<b>100.5</b>	<b>100.4</b>	<b>-0.1%</b>
Income tax	12.9	15.9	16.2	16.3	+0.5%
<b>Net profit</b>	<b>60.0</b>	<b>70.4</b>	<b>84.3</b>	<b>84.1</b>	<b>-0.2%</b>

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

# Personnel expenses

in CHF million<sup>1</sup>



- Personnel expenses
- Personnel expense ratio (personnel expenses/revenues)

- +7.9% yoy
- Personnel development

	31.12.14	31.12.15	31.12.16
HC <sup>2</sup>	708	812	892
FTE <sup>2</sup>	613.3	702.9	771.5

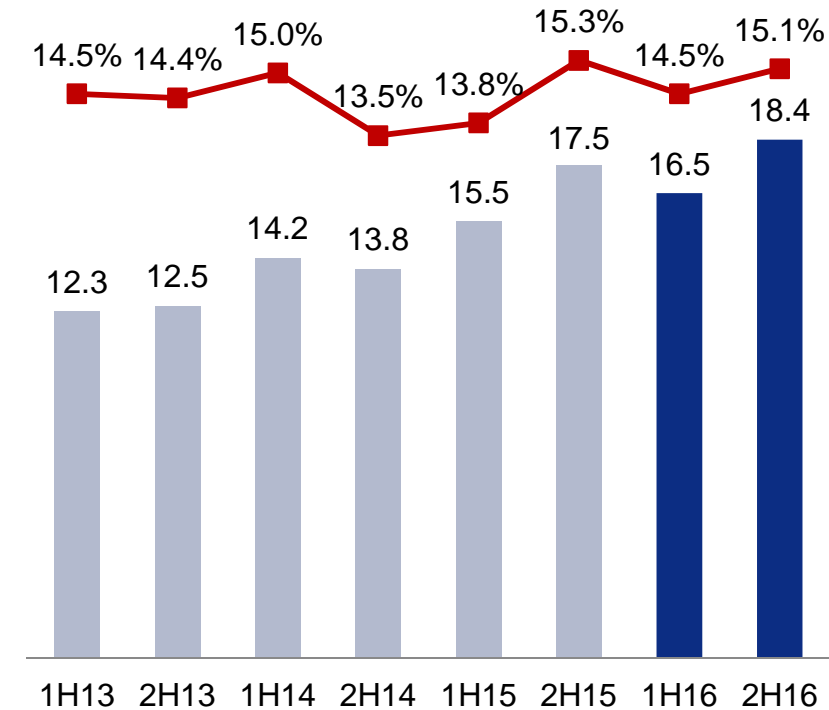
- 1H16: +15.4 FTE
- 2H16: +53.2 FTE
- Personnel expense ratio at around 40%

<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>



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

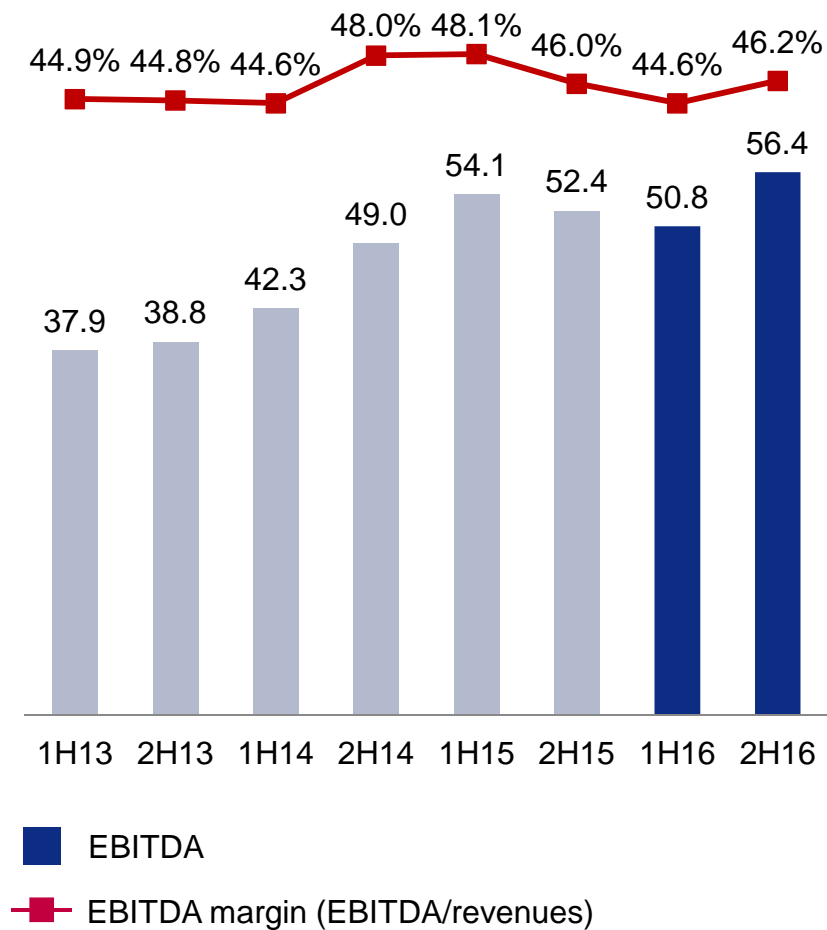
- +5.9% yoy
  - adjusted for last year's provision: +12.8%
  - adjusted: 1H16 +6.5% yoy  
2H16 +19.0% yoy
  - claims included in other operating expenses (CHF 1.1 mio. in 2H16)
  - running costs of *MeinFinanzportal*
- Other operating expense ratio stable at around 13% to 15%

<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>

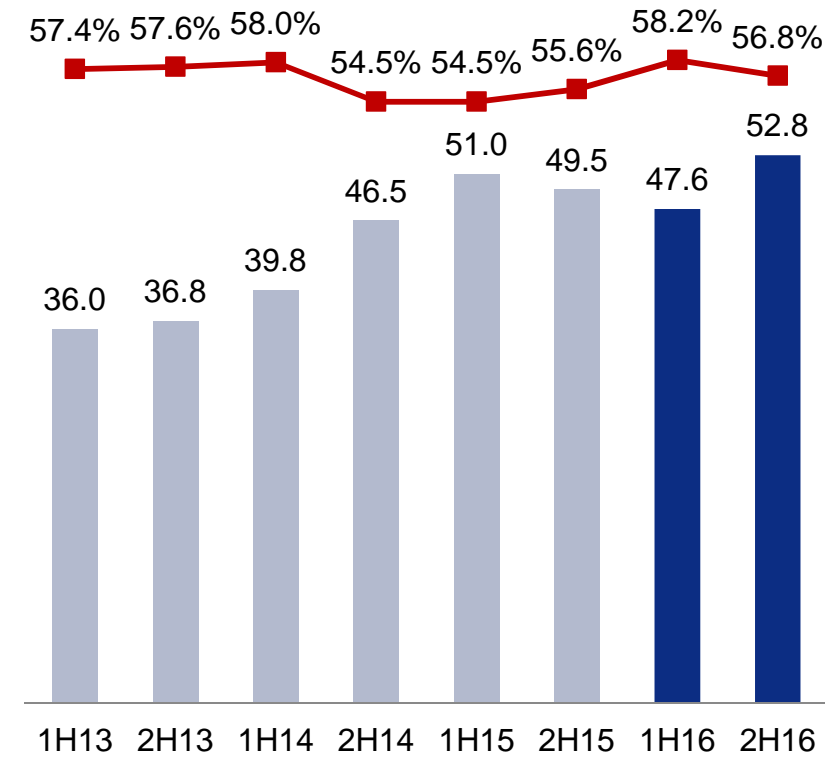


- EBITDA +0.6% yoy
  - 1H16: –6.1% yoy
  - 2H16: +7.5% yoy
- Margin long-term expectation 45%

<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<sup>1</sup>



- Long-term target 56%

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

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

# Balance sheets

in CHF million<sup>1</sup>

	31.12.15	31.12.16
Cash & cash equivalents	493.7	758.3
Short-term investments	197.0	157.4
Swiss prime residential mortgages	892.1	1'110.8
CHF bonds, marketable securities	353.5	324.6
<b>Subtotal financial investments</b>	<b>1'936.3</b>	<b>2'351.1</b>
Property, equipment and intangibles	20.4	24.6
Other assets	51.0	58.9
<b>Total assets</b>	<b>2'007.7</b>	<b>2'434.6</b>
Customer deposits	1'478.1	1'842.8
Long-term debts	114.1	112.9
Other liabilities	38.3	58.8
<b>Total liabilities</b>	<b>1'630.5</b>	<b>2'014.5</b>
<b>Total equity</b>	<b>377.2</b>	<b>420.1</b>

- Financial investments:
  - Low risk profile
  - Average time to maturity 1.4 years as at 31.12.16 (previous year: 1.9 years)
- Net cash position of CHF 390m whereof CHF 317m vested with VZ Depository Bank
- Customer deposits and corresponding cash equivalents can fluctuate massively due to shifts in asset allocations of managed portfolios

<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>31.12.14</b>	<b>31.12.15</b>	<b>31.12.16</b>
in CHF million							
Net profit	70.4	84.3	84.1	Total equity in CHF million	318.9	377.2	420.1
Retained earnings	42.8	50.9	50.6				
Dividend total	27.6	33.4	33.5 <sup>1,2</sup>	Equity ratio <sup>3</sup>	16.5%	18.8%	17.3%
<i>Dividend per share</i>	<i>3.50</i>	<i>4.20</i>	<i>4.20<sup>1</sup></i>	BIS CET1	28.0%	28.7%	27.9%
<b>Payout ratios</b>	<b>39%</b>	<b>40%</b>	<b>40%</b>	BIS T1 & T2	28.0%	28.7%	27.9%

<b>Treasury shares</b>	<b>31.12.14</b>	<b>31.12.15</b>	<b>31.12.16</b>
Number (in '000)	103	46	28
Book value in CHF million	14.6	9.4	7.4

1 Subject to the General Assembly's approval (6.4.2017)

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**

Future growth in two equally important dimensions:

- New client inflow
  - Focus on 50+, wealthy, on-shore
  - Unrivalled expertise in consulting retirement 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 *MeinFinanzportal*

Business development

- Further increase front-end consulting capacity (FC and PCC)
- Return to target range for NNM gathering per consultant FTE
- Cross-sell services to existing clients
- Launch Depository Bank and MeinFinanzportal in Germany

Financials

- Margin pressure reinforced by negative interest rates
- Nevertheless slightly stronger top line growth for 2017 compared to 2016
- Keep operational margins at long-term target levels