



VZ Group

**2017**

# **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 2017



## Business development

- Unchanged growth across all business lines despite increasing competition
  - Supported by positive financial markets
  - Strong new client inflow due to uncertainties linked to discussions around Swiss pension system
- AuM-margin remains under pressure
  - More all-in-fee models, less TX-revenues
  - Negative interest rates
- Capacity increase on track
  - Consulting FTEs +9.0% to 136 FTEs (average 2017)
  - PCC-profile successfully introduced
- NNM inflow per consulting FTE at 17.0 million in 2017 (target range: 17-20 million)
- Other milestones
  - VZ Depository Bank Germany operational
  - 1 new branch office in CH in 2H17

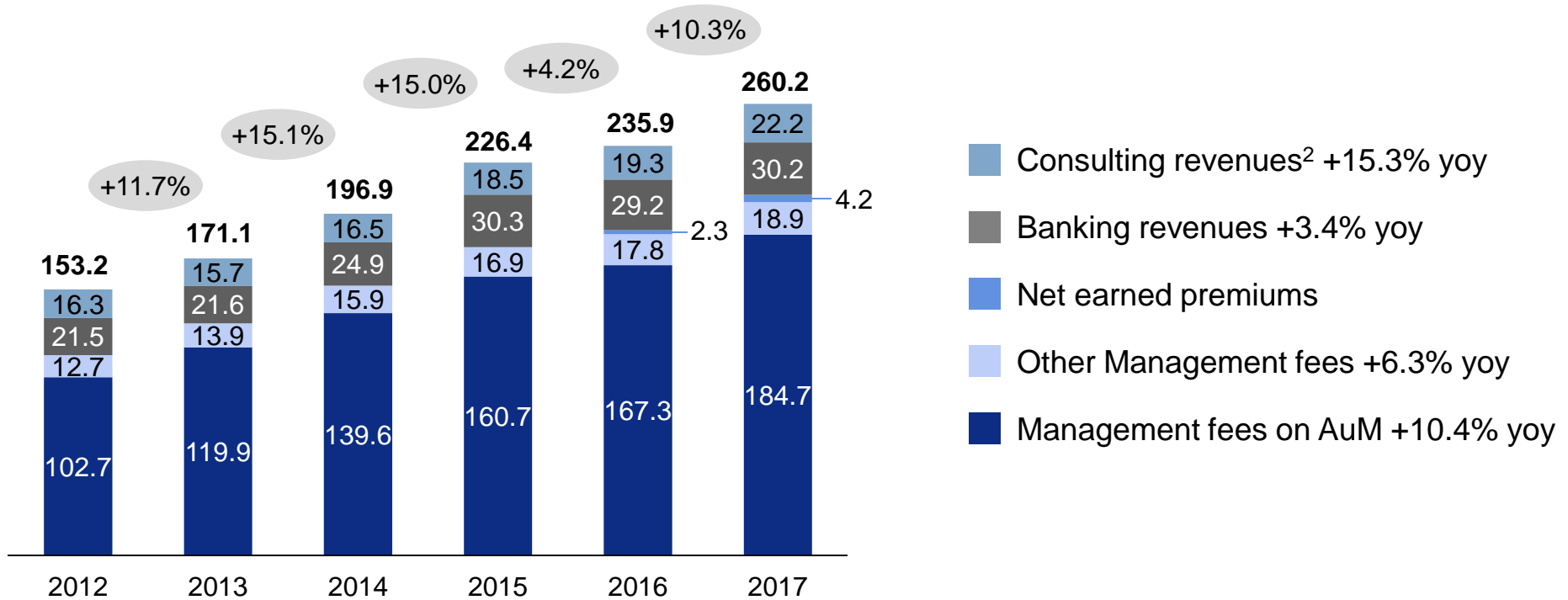
## Financials

- Top line +10.3% to CHF 260.2 million
- Operating expenses +16.0% to CHF 149.2 million
  - Adjusted for tax provision +11.9%
  - Includes operational setup costs of VZ Depository Bank Germany
- EBITDA margin: 42.7%, adjusted 44.7% (2016: 45.5%)
- Bottom line +3.2% to CHF 86.8 million
- Solid balance sheet
  - Equity ratio: 17.0%
  - CET1 capital ratio: 30.4%
- NNM: 2'312 mio. (2016: 2'016 mio.)
- Assets under management: CHF 21.8 bn (31.12.2016: CHF 18.4 bn)
- Dividend: CHF 4.35 per share



# Revenues: Full-year comparison

in CHF million<sup>1</sup>



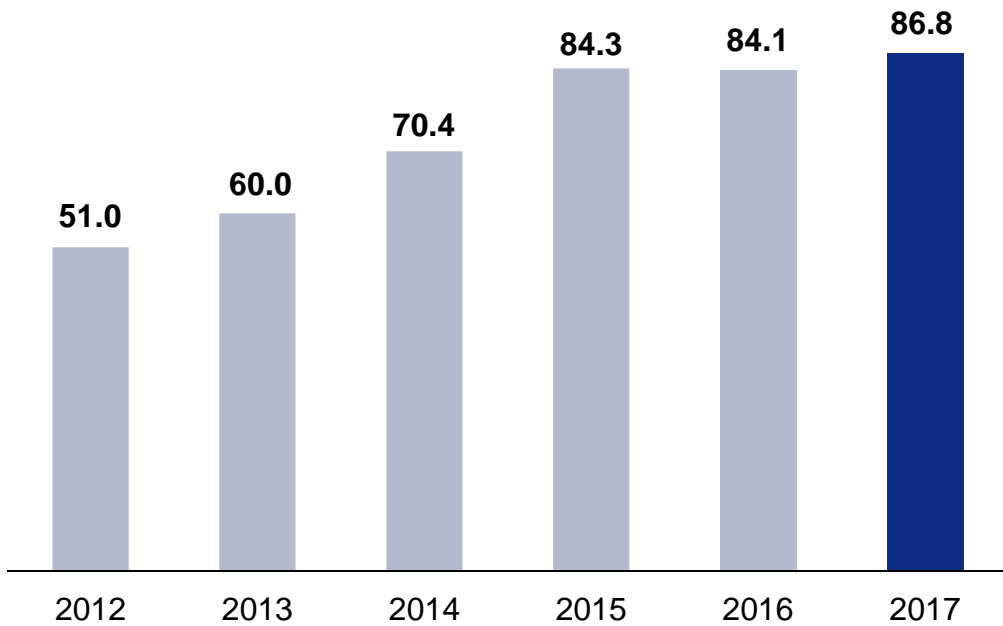
1 Numbers may differ from the published income statements due to rounding differences

2 Incl. other revenues



# Net profit: Affected by VAT-provision

in CHF million



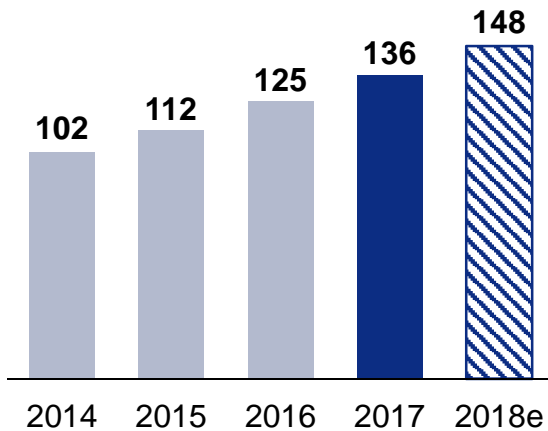
- Net profit +3.2% yoy
- Adjusted for tax provision +8.1%
- Considering the tax provision and the set-up costs for VZ Depository Bank Germany, net profit and top line growth are in line
- Net profit margin 33.4% vs. 35.7% in 2016 (long-term target: 35%)



# Financial Consulting: Improved performance in 2H

## Capacity growth

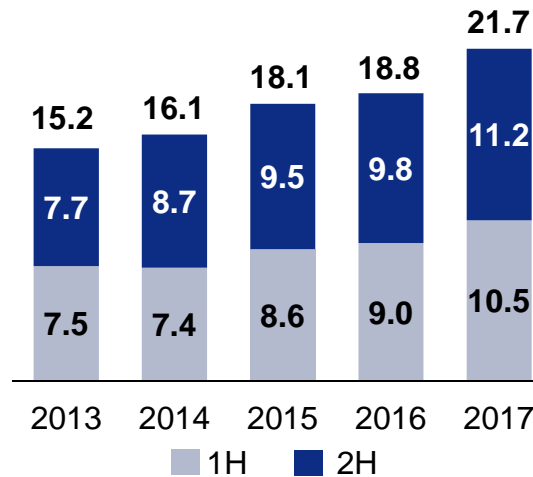
in FTE (average per calendar year)



- FC full-time equivalents (FTE) with client and budget responsibility
- PCC-profile equals 50% FC-profile
- Wealth managers not included
- Further capacity increase planned

## Consulting revenues

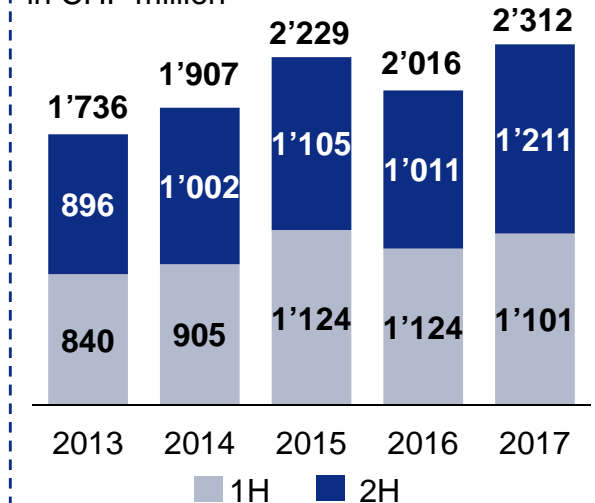
in CHF million



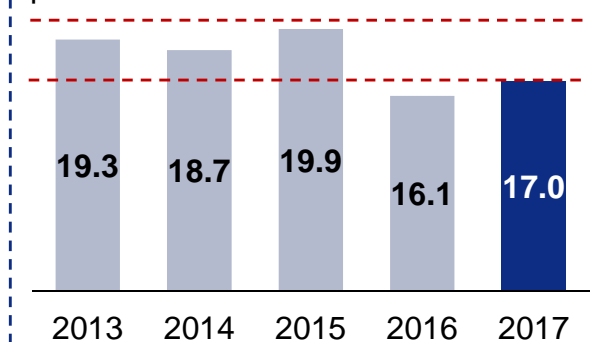
- Consulting projects enable introduction to wealth management services
- Leap in consulting activities due to intensified discussions on reforms of the Swiss pension system

## Net new money (NNM)

in CHF million



per FTE in CHF million



--- target corridor 17-20 million per FTE



# Wealth Management: AuM +18.3%

in CHF million

	31.12.13	31.12.14	31.12.15	31.12.16	31.12.17	yoy
AuM total	12'114	14'549	16'495	18'415	21'775	+18.3%
• PM mandates	7'813	9'319	10'277	11'116	13'136	+18.2%
<i>Share of total AuM</i>	64.5%	64.1%	62.3%	60.4%	60.3%	
• Others <sup>1</sup>	4'301	5'230	6'218	7'299	8'639	+18.4%
<i>Share of total AuM</i>	35.5%	35.9%	37.7%	39.6%	39.7%	
NNM total	1'736	1'907	2'229	2'016	2'312	+14.7%
# WM clients	19'949	22'973	26'438	29'476	33'276	+12.9%

1 Incl. mortgages under management and portfolios under client management



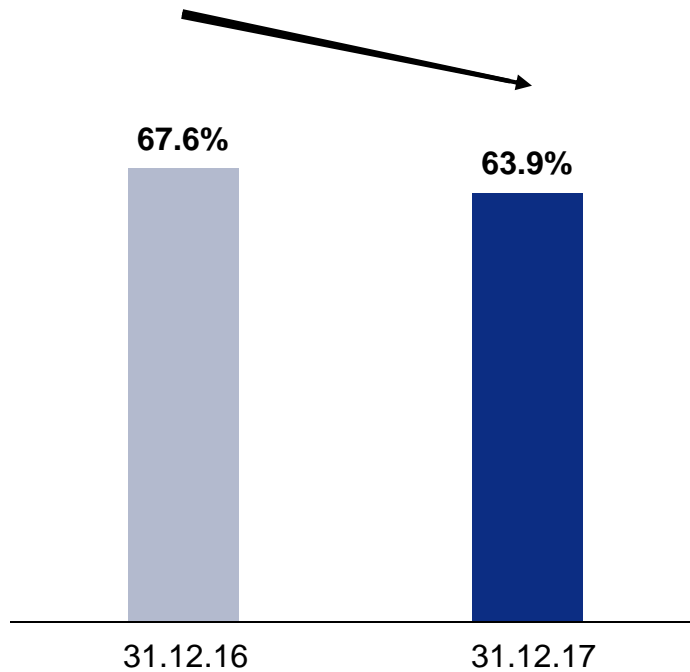


# Platform usage among WM clients

CH clients only

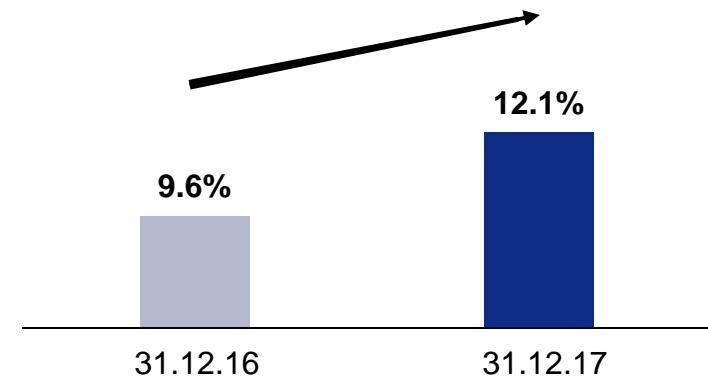
## 1 platform per client

Share of WM clients who use 1 platform only, in % of total WM clients



## 3+ platforms per client

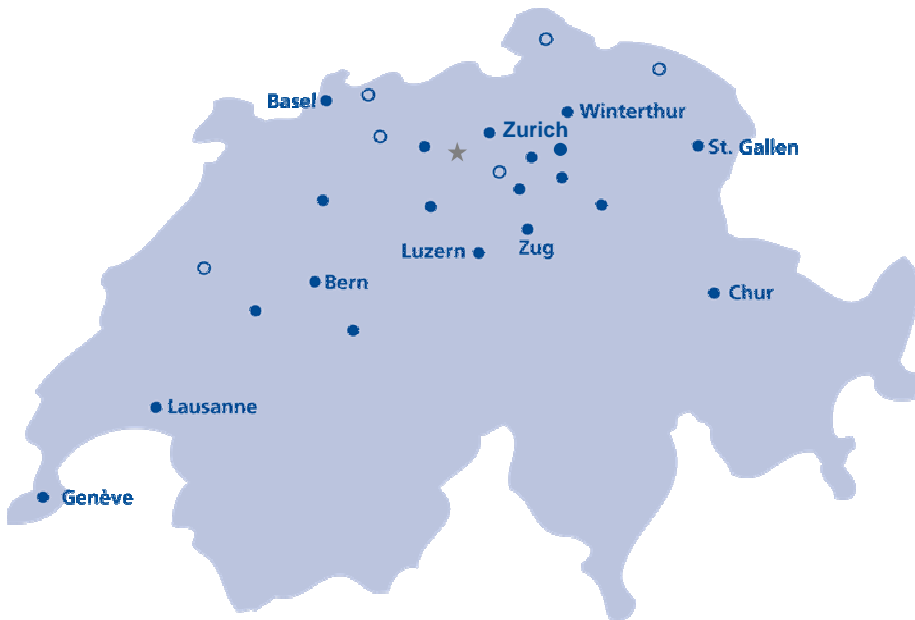
Share of WM clients who use 3+ platforms, in % of total WM clients



# Branch offices

## Switzerland

#: 27



- branch office
- satellite
- ★ new branch office in 2H17

## Germany

#: 4



# Agenda

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1. Facts and figures
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# Income statements (1)

in CHF million<sup>1</sup>

	2014	2015	2016	2017	yoy
Consulting fees	16.1	18.1	18.8	21.7	+15.8%
Management fees: on AuM	139.6	160.7	167.3	184.7	+10.4%
others	15.9	16.9	17.8	18.9	+6.3%
Banking revenues	24.9	30.3	29.2	30.2	+3.4%
Net earned premiums	-	-	2.3	4.2	n.m.
Other operating revenues	0.4	0.4	0.5	0.5	-
<b>Total operating revenues</b>	<b>196.9</b>	<b>226.4</b>	<b>235.9</b>	<b>260.2</b>	<b>+10.3%</b>
Personnel expenses	77.6	86.8	93.7	104.0	+11.0%
Other operating expenses	28.0	33.0	35.0	45.2 <sup>2</sup>	+29.3%
Whereof claims expenses	-	-	1.5	2.8	-
<b>Total operating expenses</b>	<b>105.6</b>	<b>119.8</b>	<b>128.7</b>	<b>149.2</b>	<b>+16.0%</b>
<b>EBITDA</b>	<b>91.3</b>	<b>106.5</b>	<b>107.2</b>	<b>111.0</b>	<b>+3.6%</b>

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

2 Incl. CHF 5.2 million provisions for tax claims



# Income statements (2)

in CHF million<sup>1</sup>

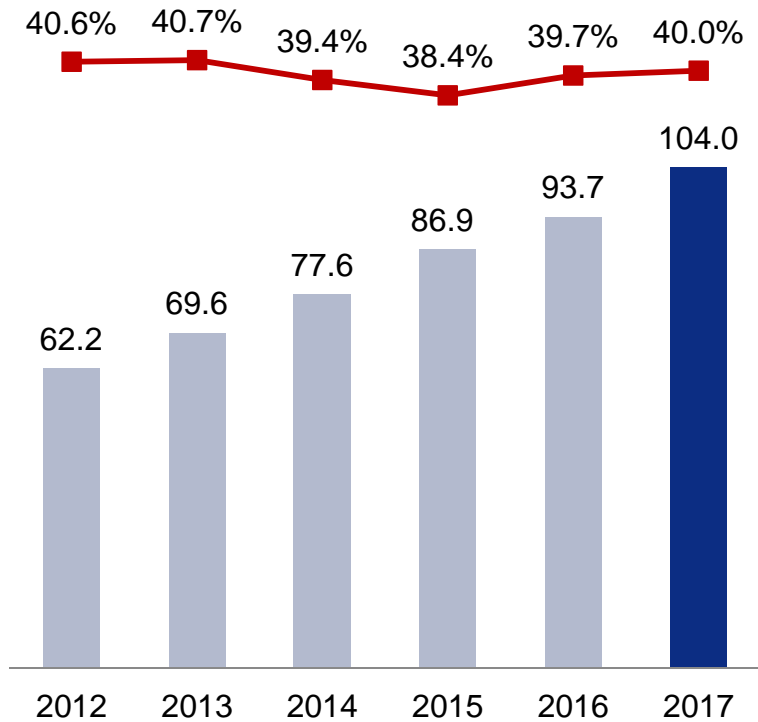
	2014	2015	2016	2017	yoy
<b>EBITDA</b>	<b>91.3</b>	<b>106.5</b>	<b>107.2</b>	<b>111.0</b>	<b>+3.6%</b>
Depreciation and amortisation	5.1	5.8	6.8	8.4	+23.7%
<b>EBIT</b>	<b>86.2</b>	<b>100.7</b>	<b>100.4</b>	<b>102.6</b>	<b>+2.2%</b>
Net finance income	0.1	-0.2	0.0	0.0	-
<b>Profit before income tax</b>	<b>86.3</b>	<b>100.5</b>	<b>100.4</b>	<b>102.6</b>	<b>+2.2%</b>
Income tax	15.9	16.2	16.3	15.8	-3.2%
<b>Net profit</b>	<b>70.4</b>	<b>84.3</b>	<b>84.1</b>	<b>86.8</b>	<b>+3.2%</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)

- +11.0% yoy
- Personnel development

	31.12.15	31.12.16	31.12.17
FTE <sup>2</sup>	702.9	771.5	840.4

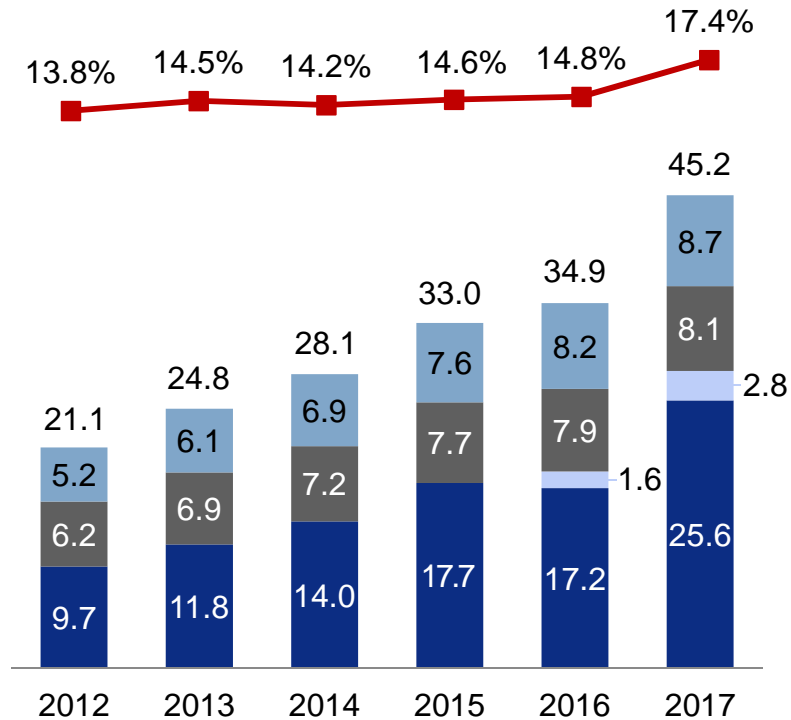
- 1H17: +22.2 FTE  
2H17: +46.7 FTE
- Personnel expense ratio at around 40%

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

<sup>2</sup> FTE: Full-time equivalent

# Other operating expenses

in CHF million<sup>1</sup>



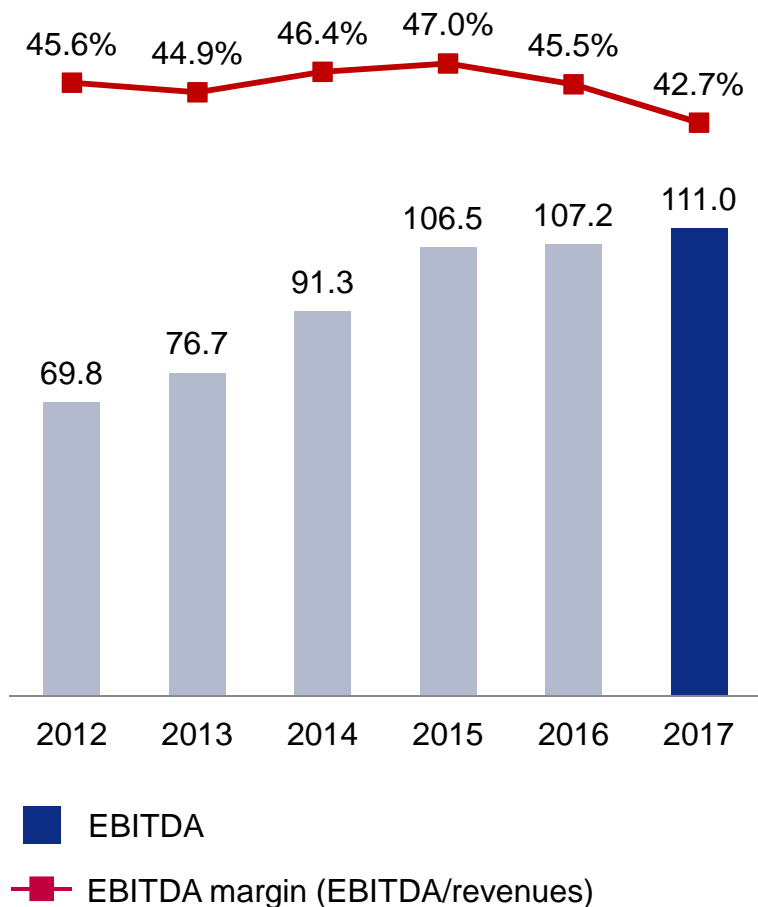
- General and administrative expenses
- Claim expenses
- Marketing expenses
- Office space rent and maintenance
- Other operating expense ratio (other operating expenses/revenues)

- +29.3% yoy
- Claims included in other operating expenses (CHF 2.8 mio. in 2017)
- Adjusted for tax provision +14.4%
- Other operating expense ratio stable at around 13% to 15%, considering the two special effects (VAT, bank Germany)

<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 +3.6% yoy
- Adjusted for tax provision +8.4%
- Adjusted for tax provision and set-up costs VZ Depository Bank Germany +10.6%
- Margin long-term expectation 45% confirmed

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

2 Adjusted for provisions for tax claims.



# Balance sheets

in CHF million<sup>1</sup>

	31.12.16	31.12.17
Cash & cash equivalents	758.3	695.5
Short-term investments	157.4	215.5
Swiss prime residential mortgages	1'110.8	1'247.3
CHF bonds, marketable securities	324.6	372.3
<b>Subtotal financial investments</b>	<b>2'351.1</b>	<b>2'530.6</b>
Property, equipment and intangibles	24.6	81.8
Other assets	58.9	91.1
<b>Total assets</b>	<b>2'434.6</b>	<b>2'703.5</b>
Customer deposits	1'842.8	2'026.4
Long-term debts	112.9	133.7
Other liabilities	58.8	83.9
<b>Total liabilities</b>	<b>2'014.5</b>	<b>2'244.0</b>
<b>Total equity</b>	<b>420.1</b>	<b>459.5</b>

- Financial investments:
  - Low risk profile
  - Average time to maturity  
31.12.17: 1.4 years (unchanged)
- Customer deposits and cash equivalents can fluctuate significantly due to shifts in asset allocation 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>2015</b>	<b>2016</b>	<b>2017</b>	<b>Equity ratios</b>	<b>31.12.15</b>	<b>31.12.16</b>	<b>31.12.17</b>
in CHF million							
Net profit	84.3	84.1	86.8	Total equity in CHF million	377.2	420.1	459.5
Retained earnings	50.9	50.6	52.3				
Dividend total	33.4	33.5	34.5 <sup>1,2</sup>	Equity ratio <sup>3</sup>	18.8%	17.3%	17.0%
<i>Dividend per share</i>	<i>4.20</i>	<i>4.20</i>	<i>4.35<sup>1</sup></i>	BIS CET1	28.7%	31.7% <sup>4</sup>	30.4%
<b>Payout ratios</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	BIS T1 & T2	28.7%	31.7% <sup>4</sup>	30.4%

<b>Treasury shares</b>	<b>31.12.15</b>	<b>31.12.16</b>	<b>31.12.17</b>
Number (in '000)	46	28	58
Book value in CHF million	9.4	7.4	17.3

1 Subject to the General Assembly's approval (10.4.2018)

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

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

4 Adjusted due to implementation of Basel III

# Agenda

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1. Facts and figures
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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 5 service platforms: portfolio management, banking services, mortgages, 2<sup>nd</sup> and 3<sup>rd</sup> pillar, insurances  
Long-term target: Average client uses 3 platforms and «VZ Finanzportal»

Business development

- Further increase consulting capacity (FC and PCC)
- Sustain NNM per consultant within target range
- Focus on cross-selling platforms, increasing multi-platform usage
- Germany: Migrate existing clients to VZ Depository Bank Germany

Financials

- Higher AuM-base supports revenue growth and compensates pressure on margin
- Operational costs expected to grow in line with top line in 2018, depreciation and amortisation to grow disproportionately