



VZ Group

2019

Results and outlook

Appendix: company overview

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Disclaimer



Forward-looking statements

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Roundings

Numbers may differ slightly from the published income statements due to rounding differences. All financial information in this presentation ended 30 June is unaudited and is prepared under the same recognition and measurement principles applied for the audited annual financial statements.

Adjustments and Alternative Performance Measures (APMs)

In 2018, the classification of revenues as «Management fees on AuM» and «Banking income from commissions and trading activities» was adjusted. For better comparability, the previous year's figures have been adjusted accordingly.

For reasons of comparability, some 2018 ratios were pro-forma adjusted to IFRS 16. These 2018 values are unaudited and unreported in 2018.

The SIX Exchange Directive on the Use of Alternative Performance Measures does not apply on this investor presentation.

Agenda



1. Facts and figures

2. Financials

3. Outlook

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Summary 2019



Business development

- Continued growth of new clients seeking advice on retirement and estate planning issues.
- Increased demand for platform offerings: 5'000 consulting clients converted to platform services.
- Steady improvement of platform usage per WM client.
- Unchanged pressure on AuM-margin: Negative interest rate environment, more passive investments, all-in-fees, greater share of AuM in pension plan solutions.
- NNM inflow per consulting FTE at CHF 16.9 million (1H: CHF 16.3 million; 2H: CHF 17.5 million).
- Growth of front-end consulting capacity
 - 2019: +8.1% to 160 FTE (avg. 2019)
 - 2020e: 171 FTE.
- New initiatives
 - Enhancing digital client interface (Finanzportal)
 - UK: project organisation on site.

Financials

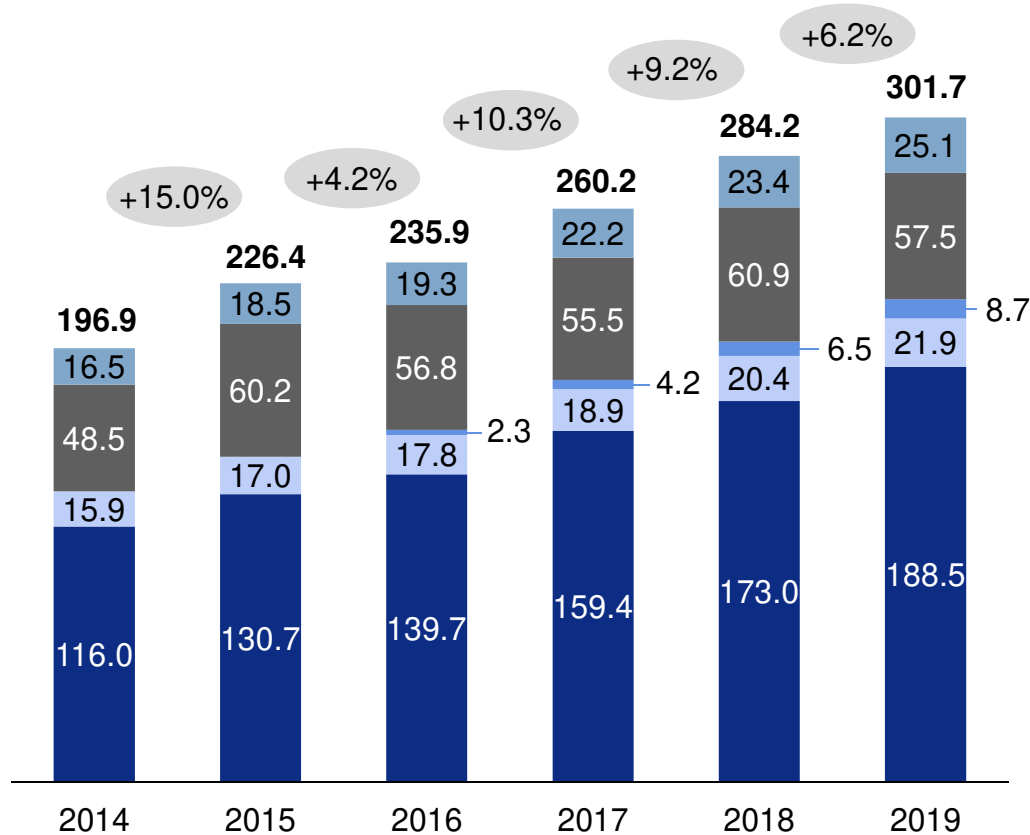
- Top line: +6.2% to CHF 301.7 million
- Operating expenses: +1.5% to CHF 159.3 million
 - Personnel expenses: +5.9% yoy
 - Other operating expenses: –12.5% yoy (including IFRS 16 impact)
- EBITDA margin: 47.2% (2018: 44.8%, adj. 46.8%¹)
EBIT margin: 41.4% (2018: 41.1%)
- Bottom line: +4.2% to CHF 102.3 million
- Solid balance sheet
 - Equity ratio: 13.6%
 - BIS CET 1: 27.7%
- NNM: CHF 2'708 million (2018: CHF 2'566 million)
- Assets under management: CHF 27.6 billion (2018: CHF 23.1 billion)

¹ Adj.: for reasons of comparability, 2018 ratios are pro-forma IFRS 16 adjusted proportionally



Revenues: continued path of growth

in CHF million¹



Total revenues +6.2% yoy

- Consulting fees¹ +7.3% yoy
- Banking income from commissions and trading activities² -5.6% yoy
- Net earned premiums +33.8% yoy
- Other management fees +7.4% yoy
- Management fees on AuM +9.0% yoy

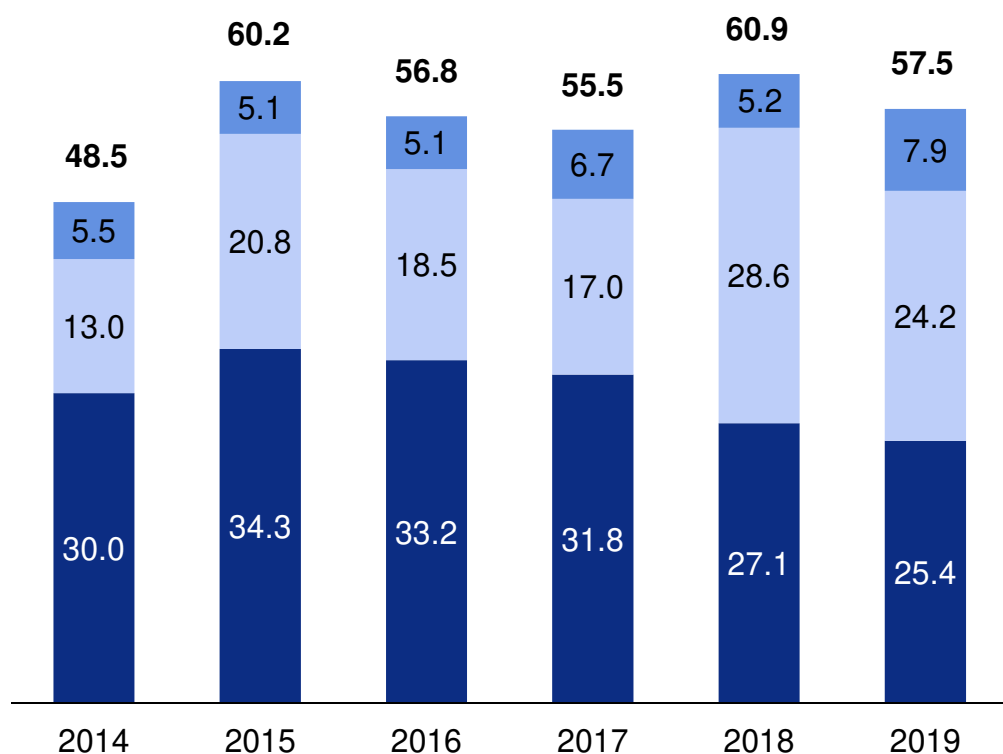
1 Incl. other revenues

2 Incl. banking income from interest operations

Banking income: random & structurally under pressure



in CHF million

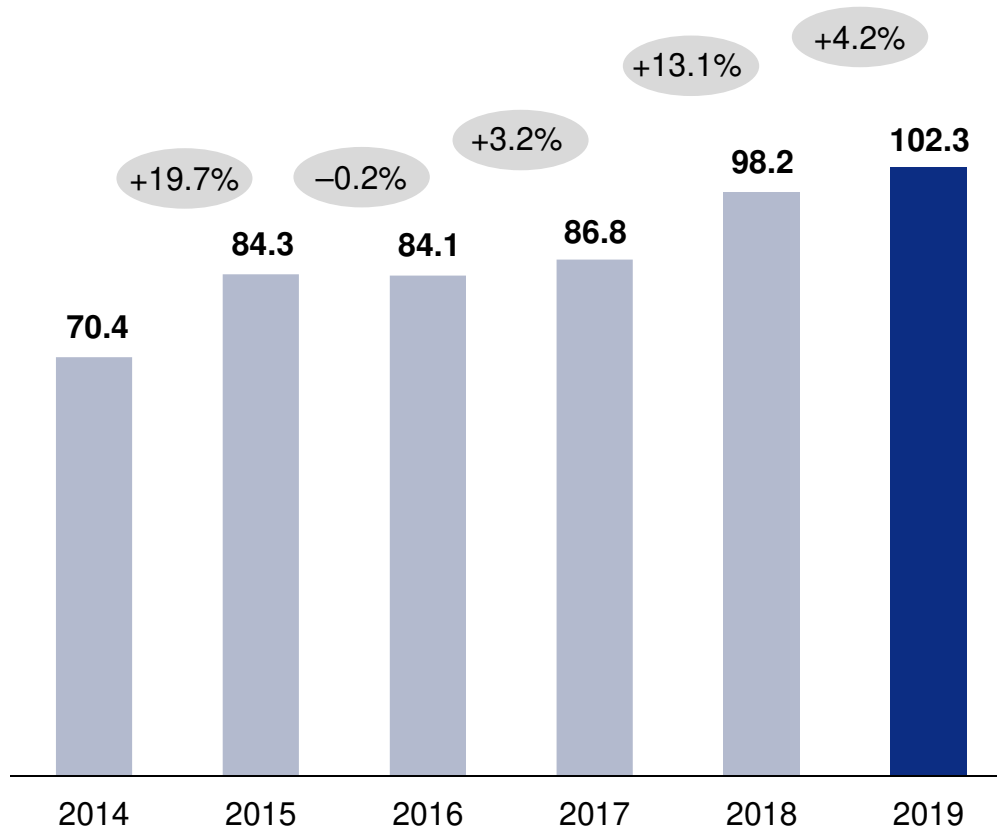


- Interest business:**
Higher SNB exemption threshold and higher duration of financial assets start showing results
- Trading result:**
Random development, mainly driven by market volatility and investment style
- Transaction fees:**
Ongoing decline due to strong demand for all-in fee models



Net profit: Full-year comparison

in CHF million



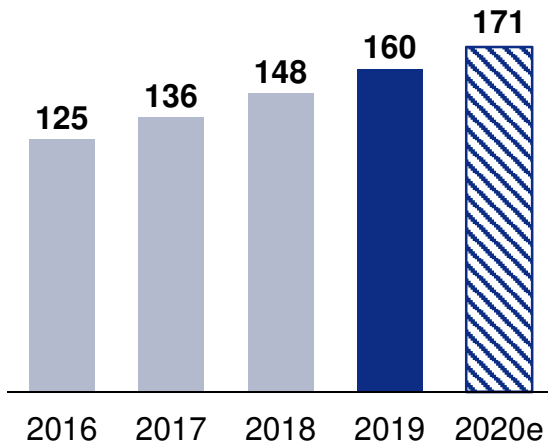
- Operating margin (EBITDA) at 47.2% (2018: 44.8%, adjusted 46.8%, revised long-term target: 47%)
 - Revenues +6.2%
 - Operating expenses +1.5%
- Depreciation from capex in digitalisation, VZ Finanzportal and general infrastructure increased (+12.5% without IFRS 16, +69.2% after IFRS 16 impact)
- Net profit margin 33.9% vs 34.6% in 2018 (long-term target: 35%)
- Higher income tax of CHF 2.5 million due to uncertainties in relation with intercantonal allocation of taxes (adj. net profit growth +6.7%)



Financial Consulting: improved performance in 2H

Capacity growth

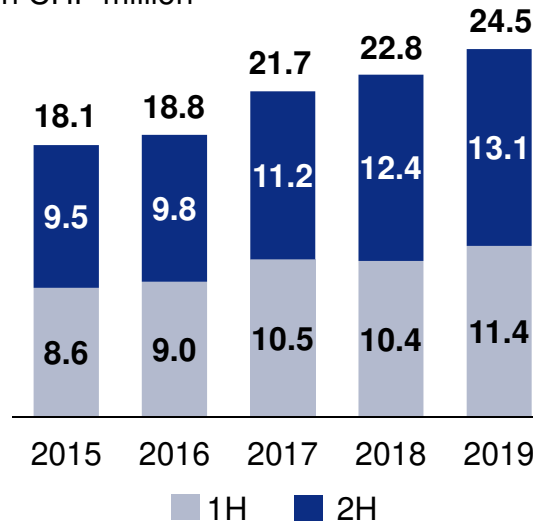
in FTE (average per calendar year)



- 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

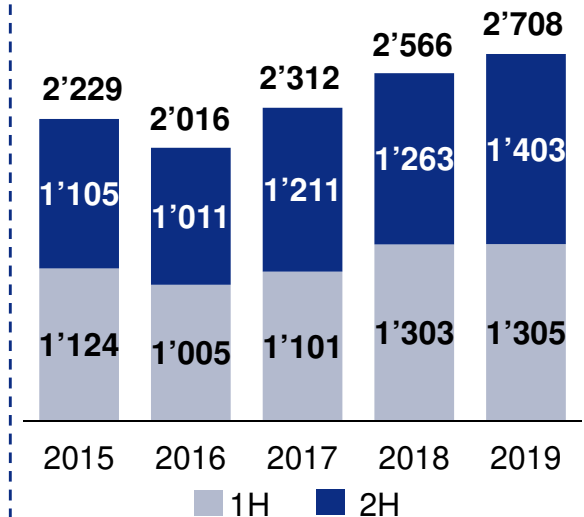
in CHF million



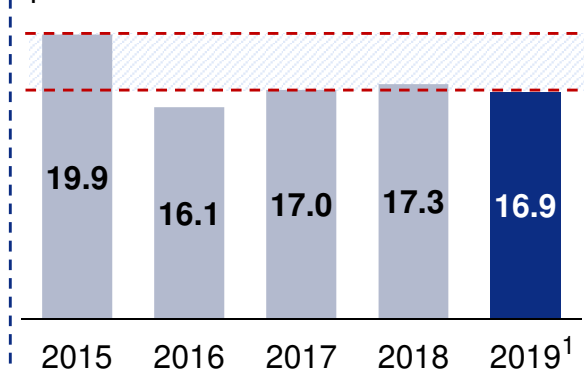
- Consulting projects enable introduction to wealth management services (“platforms”)

Net new money (NNM)

in CHF million



per FTE in CHF million



--- target corridor 17–20 million per FTE

¹ 1H: CHF 16.3 million annualized; 2H: CHF 17.5 million annualized



Wealth Management: AuM +19.8%

in CHF million

	31.12.15	31.12.16	31.12.17	31.12.18	31.12.19	yoy
AuM total	16'495	18'415	21'775	23'056	27'627	+19.8%
• PM mandates	10'277	11'116	13'136	13'641	16'715	+22.5%
<i>Share of total AuM</i>	62.3%	60.4%	60.3%	59.2%	60.5%	
• Others ¹	6'218	7'299	8'639	9'415	10'912	+15.9%
<i>Share of total AuM</i>	37.7%	39.6%	39.7%	40.8%	39.5%	
NNM total	2'229	2'016	2'312	2'566	2'708	+5.5%
# WM clients	26'438	29'476	33'276	37'803	42'776	+13.2%
Δ WM clients	+3'465	+3'038	+3'800	+4'527	+4'973	+9.9%

1 Incl. mortgages under management and portfolios under client management

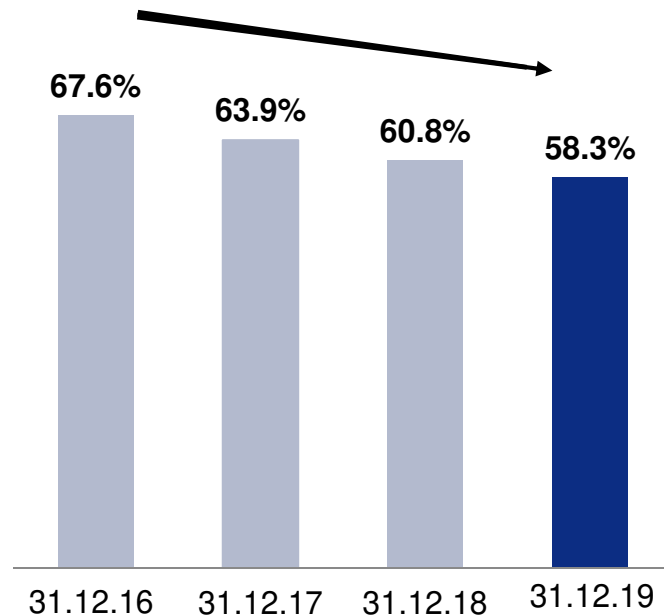


Platform usage among WM clients

CH clients only

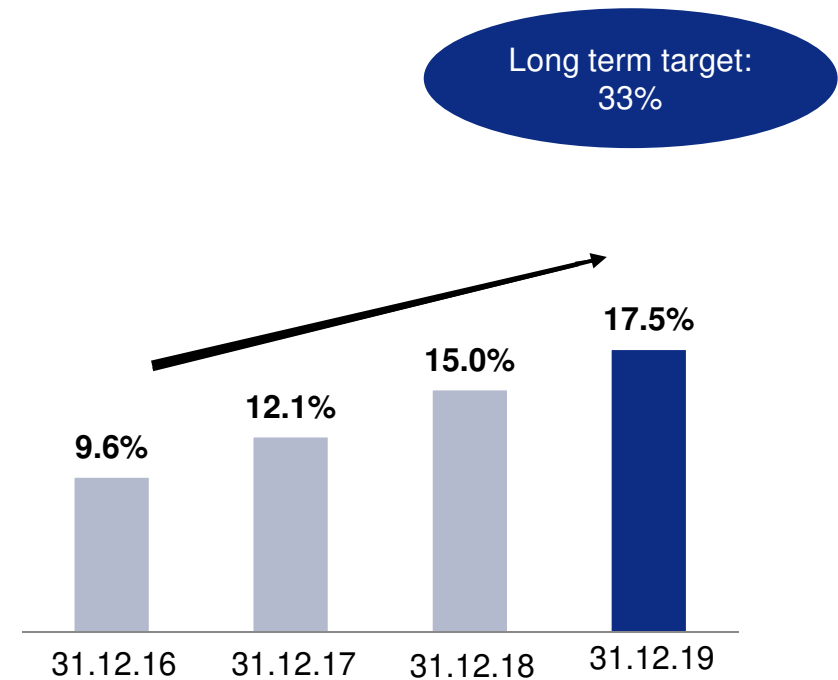
1 platform per client

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



3+ platforms per client

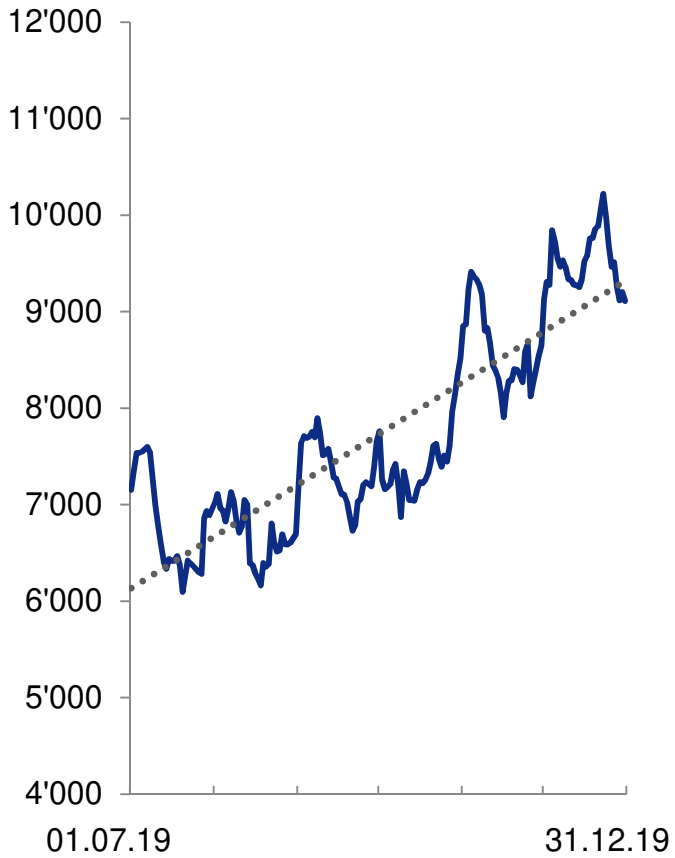
Share of WM clients who use 3+ platforms, in % of WM clients





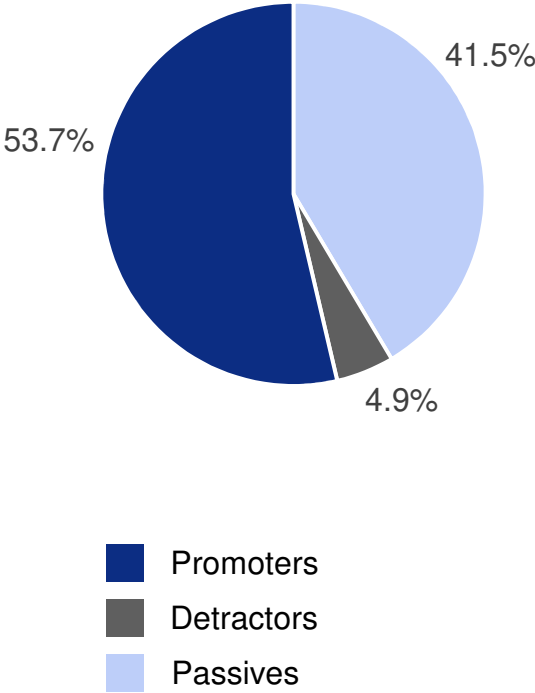
Finanzportal Usage: Overview 2H 2019

Weekly active users



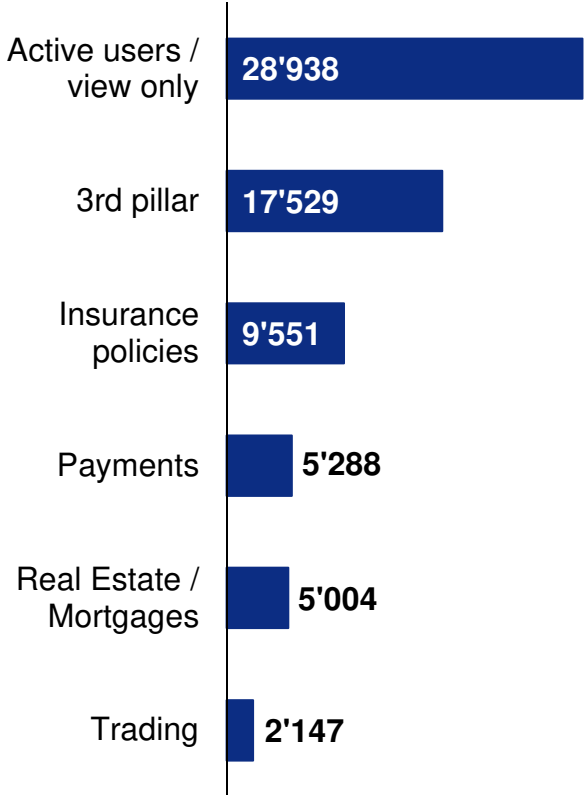
User satisfaction

Net Promotor Score (NPS): 48.8



User activities

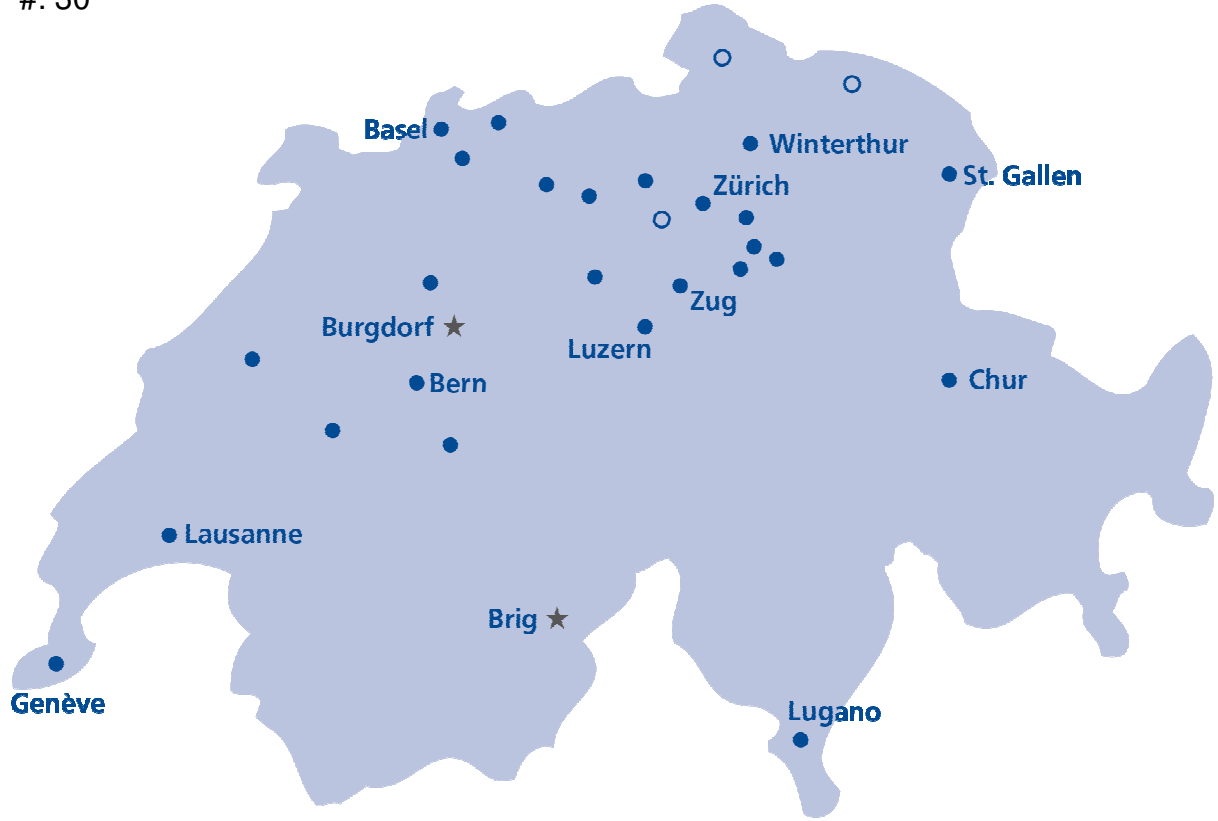
of users over 6 months as of 31.12.19



Branch offices

Switzerland

#: 30



- branch office
- satellite
- ★ new branch office in 2019

Germany

#: 4



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Income statements (1)

in CHF million

	2016	2017	2018	2019	yoy
Consulting fees	18.8	21.7	22.8	24.5	+7.5%
Management fees: on AuM	139.7	159.4	173.0	188.5	+9.0%
other	17.8	18.9	20.4	21.9	+7.4%
Banking income	56.8	55.5	60.9	57.5	-5.6%
Net earned premiums	2.3	4.2	6.5	8.7	+33.8%
Other operating revenues ¹	0.5	0.5	0.6	0.6	n.m.
Total operating revenues	235.9	260.2	284.2	301.7	+6.2%
Personnel expenses	93.7	104.0	113.1	119.8	+5.9%
Other operating expenses	33.4	42.4 ²	40.1	35.1 ³	-12.5%
Expenses of insurance contracts	1.6	2.8	3.8	4.4	+15.8%
Total operating expenses	128.7	149.2	157.0	159.3	+1.5%
EBITDA	107.2	111.0	127.2	142.4	+11.9%

1 Incl. net impairment losses/recoveries on financial assets

2 Incl. CHF 5.2 million provisions for tax claims

3 IFRS 16 impact on other operating expenses: CHF 5.9 million



Income statements (2)

in CHF million

	2016	2017	2018	2019	yoy
EBITDA	107.2	111.0	127.2	142.4	+11.9%
Depreciation and amortisation	6.8	8.4	10.4	17.6 ¹	+69.2%
EBIT	100.4	102.6	116.8	124.8	+6.8%
Net finance income	0.0	0.0	-0.1	-0.5	n.m.
Profit before income tax	100.4	102.6	116.7	124.3	+6.5%
Income tax	16.3	15.8	18.5	22.0 ²	+18.9%
Net profit	84.1	86.8	98.2	102.3	+4.2%

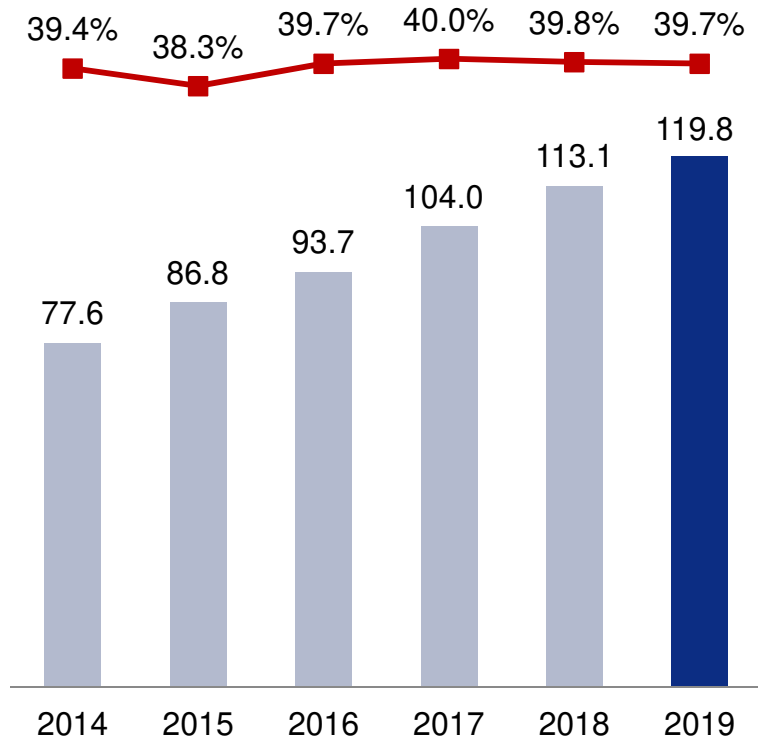
1 IFRS 16 impact on depreciation and amortisation: CHF 5.9 million

2 Incl. CHF 2.5 million provision in relation with intercantonal allocation of taxes



Personnel expenses

in CHF million



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

- +5.9% yoy
- Personnel development

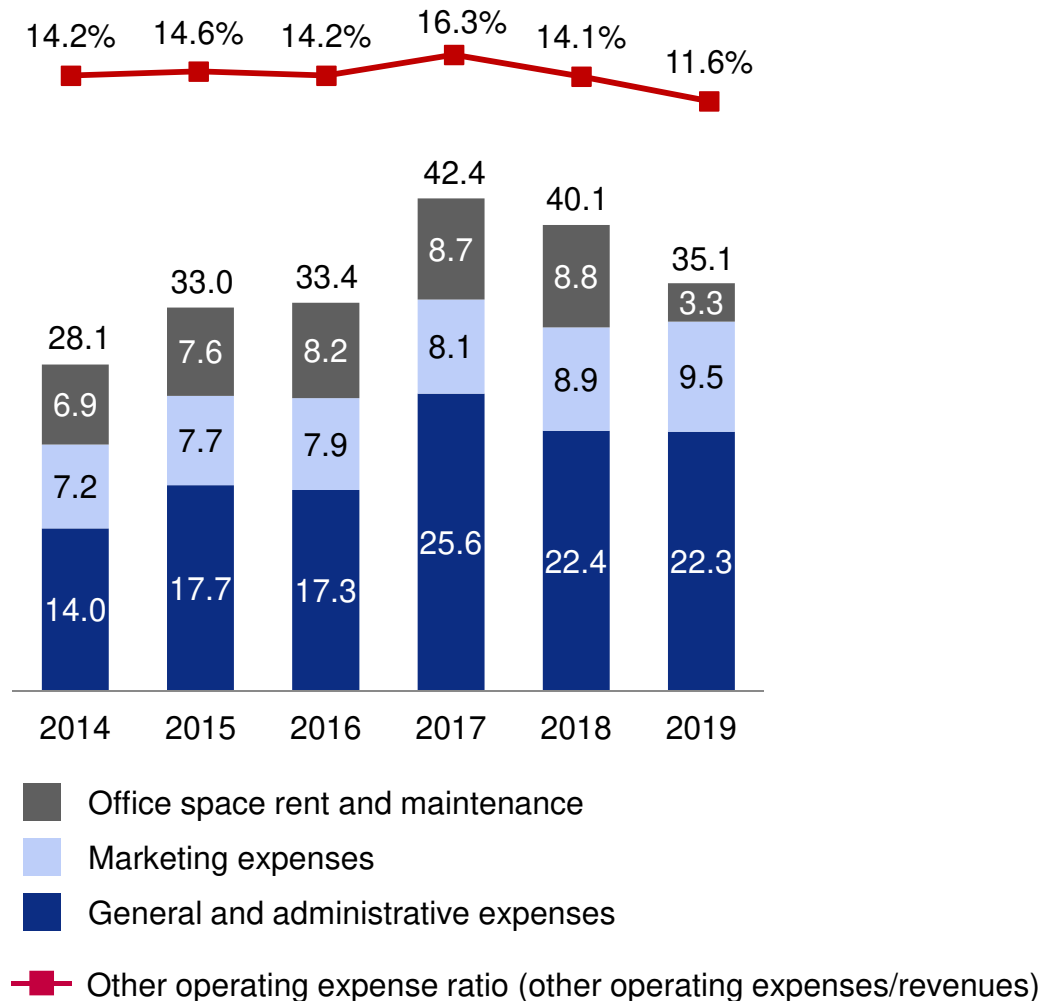
	31.12.17	31.12.18	31.12.19
FTE ¹	840.4	897.5	944.8

- 1H19: +26.7 FTE
2H19: +20.6 FTE
- Personnel expense ratio at around 40%

1 FTE: Full-time equivalent

Other operating expenses

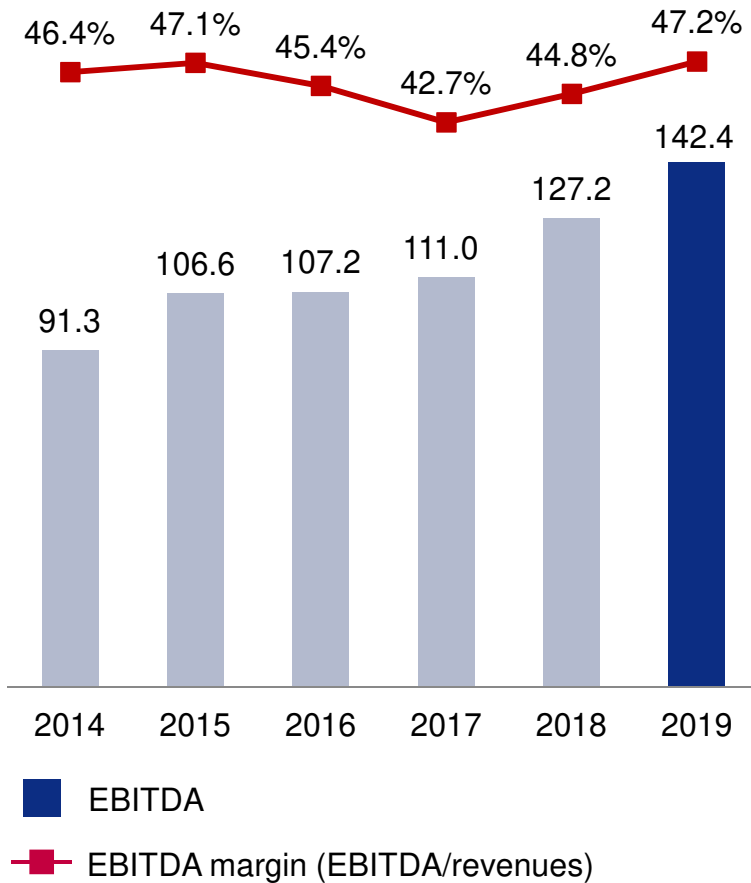
in CHF million



- Long-term other operating expenses ratio expected between 11% and 13% going forward (revised down from 13% to 15%, due to IFRS 16)
- Other operating expenses –12.5% yoy
 - Office space –62.5% yoy (adj. for IFRS 16: +4.9%)
 - Marketing expenses +6.7% yoy
 - General and administrative expenses –0.4% yoy

EBITDA and margin

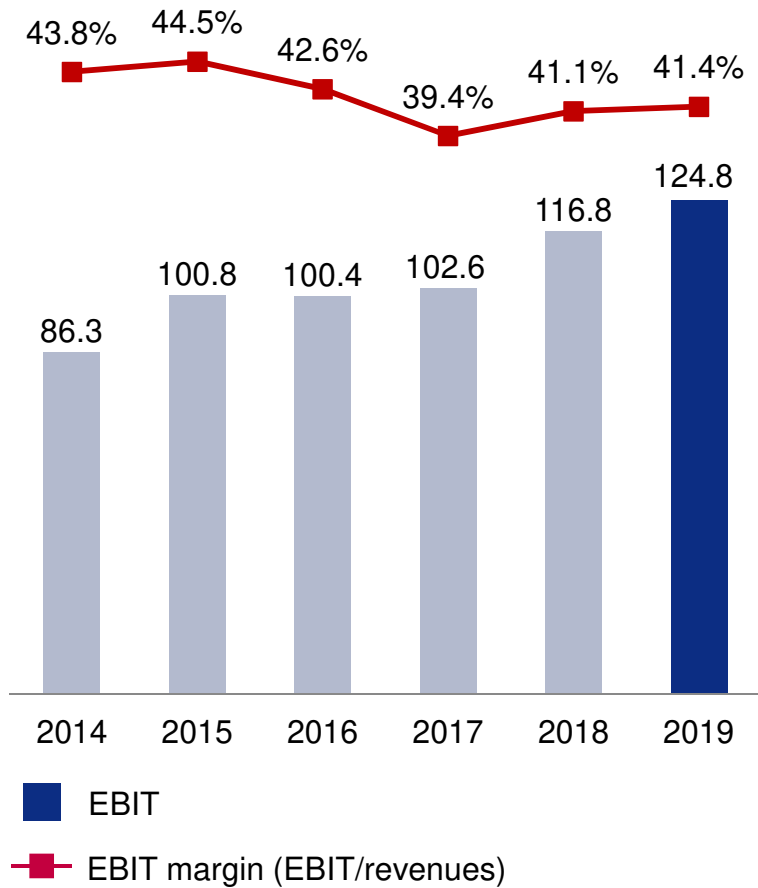
in CHF million



- EBITDA +11.9% yoy (adj. for IFRS 16: +7.3%)
- EBITDA long-term margin target: 47% (revised up from 45% due to IFRS 16)
- No significant leverage expected going forward
- Adoption of IFRS 16 reclassifies CHF 5.9 million long-term costs from office space to depreciation

EBIT and margin

in CHF million



- EBIT +6.8% yoy
- EBIT long-term margin target: 43% (unchanged)
- No significant leverage expected going forward

Balance sheets

in CHF million

	31.12.18	31.12.19
Cash & cash equivalents	724.3	1'242.5
Short-term investments	276.5	207.5
Swiss prime residential mortgages	1'508.6	1'917.4
CHF bonds, marketable securities	416.3	450.1
Subtotal financial investments	2'925.7	3'817.5
Property, equipment and intangibles	85.3	140.8
Other assets	76.9	97.9
Total assets	3'087.9	4'056.2
Customer deposits	2'261.5	2'860.7
Long-term debts	224.4	406.2
Other liabilities	89.7	239.5 ¹
Total liabilities	2'575.6	3'506.4
Total equity	512.3	549.8

- Balance sheet total on the reporting date is coincidental; it does not reflect the underlying business development.
- Customer deposits and cash equivalents can fluctuate significantly due to shifts in asset allocation of managed portfolios.
- Increase in cash due to balance sheet optimisation relating to SNB exemption threshold.
- Financial investments:
 - Low risk profile
 - Average time to maturity 2019: 1.8 years (2018: 1.3 years)
 - Increase of maturity via interest instruments implemented in 2019

¹ Change in other liabilities of CHF +149.8 million, whereof Due to banks CHF +124.2 million and change of deferred pension costs (IAS 19) CHF +17.4 million



Equity and payout ratios

Payout ratios	2017	2018	2019	Equity ratios	31.12.17	31.12.18	31.12.19
in CHF million							
Net profit	86.8	98.2	102.3	Total equity in CHF million	459.5	512.3	549.8 ³
Retained earnings	52.3	59.4	62.1				
Dividend total	34.5	38.8	40.2 ^{1,2}	Equity ratio ⁴	17.0%	16.6%	13.6%
<i>Dividend per share</i>	<i>4.35</i>	<i>4.90</i>	<i>5.10¹</i>	BIS CET1	30.4%	30.1%	27.7%
Payout ratio	40%	40%	40%	BIS T1 & T2	30.4%	30.1%	27.7%

Treasury shares	31.12.17	31.12.18	31.12.19
Number (in '000)	58	85	122
Book value in CHF million	17.3	24.6	33.4

1 Subject to the General Assembly's approval (8.4.2020)

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

3 Total equity increase of CHF +37.5 million: net profit CHF +102.3 million, dividends CHF -38.9 million, treasury shares CHF -11.5 million, change in pension obligations (IAS 19) CHF -14.5 million

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

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

Business development

- Increase new client inflow, consulting capacity, client conversion and platform usage.
- Make VZ Finanzportal more powerful with additional functionalities, including professional e-trading and real-estate valuation features.
- Germany: increase marketing efforts to enhance new client inflow.
- UK: ongoing work on market entry.

Financials

- Consulting and AuM related revenues expected to steadily increase.
- Banking revenues: further decline in TX and trading income, increase of interest results expected due to higher SNB exemption threshold.
- Amortisation costs: flat over the next 12 months.
- Tax ratio estimated to be reduced from 17.7% (2019) to around 14%.
- Dividend payout policy: step by step increase from 40% to max. 50% over the next couple of years.

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What does VZ do?

Target clients...



- Homeowners
- Employees on management level
- Entrepreneurs

... seek expert advice...

- Retirement planning (employees)/ succession planning (entrepreneurs)
- Estate planning
- Investment advice
- Real estate financing and development
- Tax planning
- Insurance optimisation

... and solid implementation

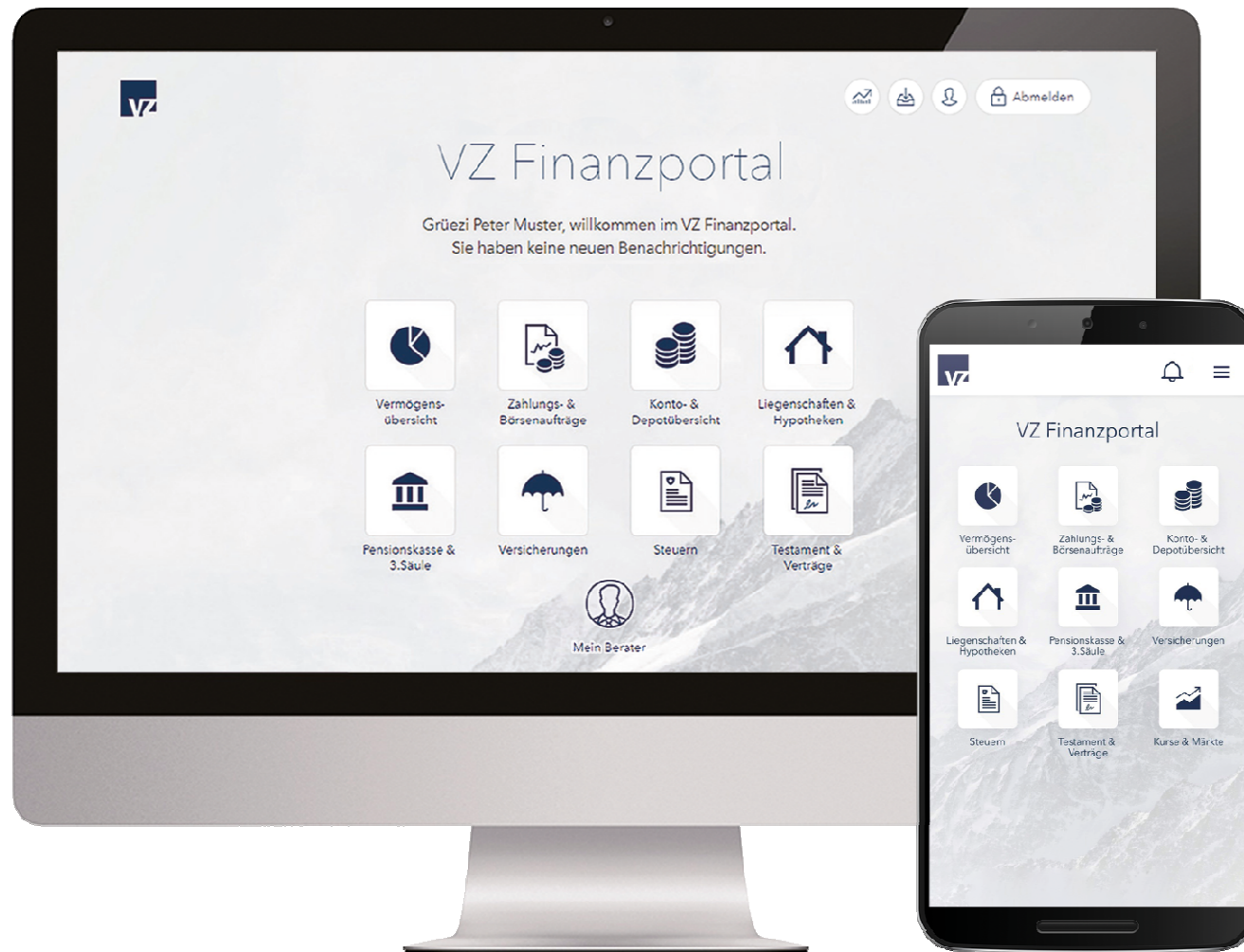
- ① Portfolio management
 - Discretionary mandates
 - Advisory mandates
 - ② Banking services
 - Custody, TX/FX
 - Payment services online / offline
 - ③ Mortgages
 - ④ Pension fund and 3rd pillar solutions, individualised tax deferred provision schemes
 - ⑤ Insurance coverage
- + Digital cockpit VZ Finanzportal

VZ advantage

**profound expertise,
no conflicts of interest**

**competitively priced, transparent,
comprehensive**

VZ Finanzportal



Strong brand recognition



Brand associated with expertise, quality and independence

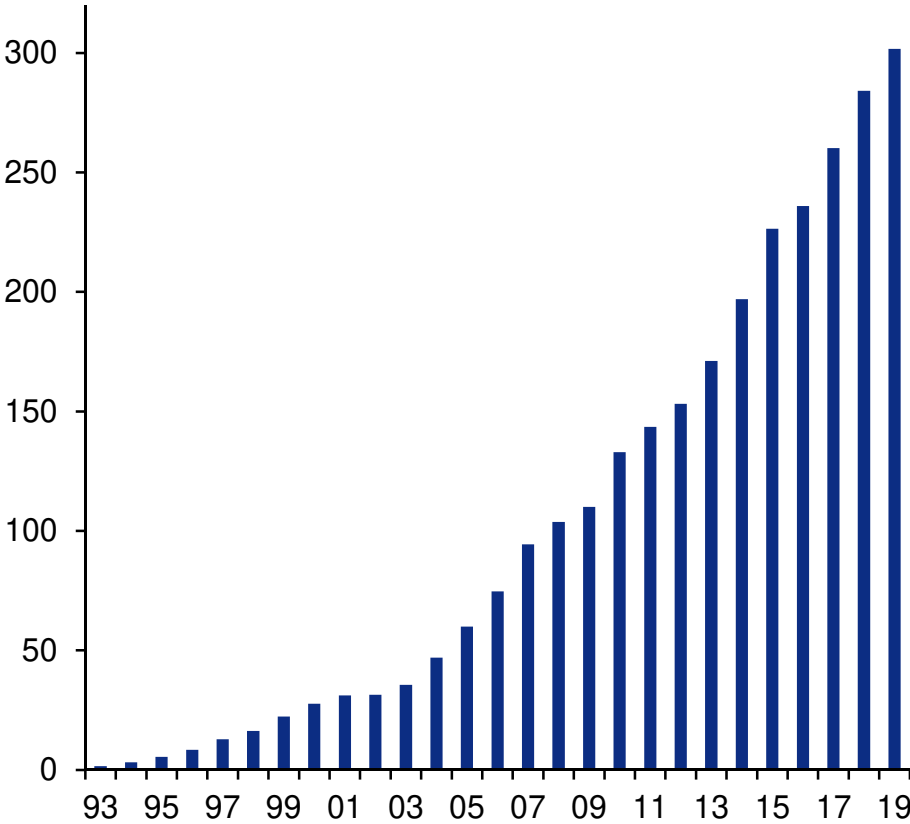




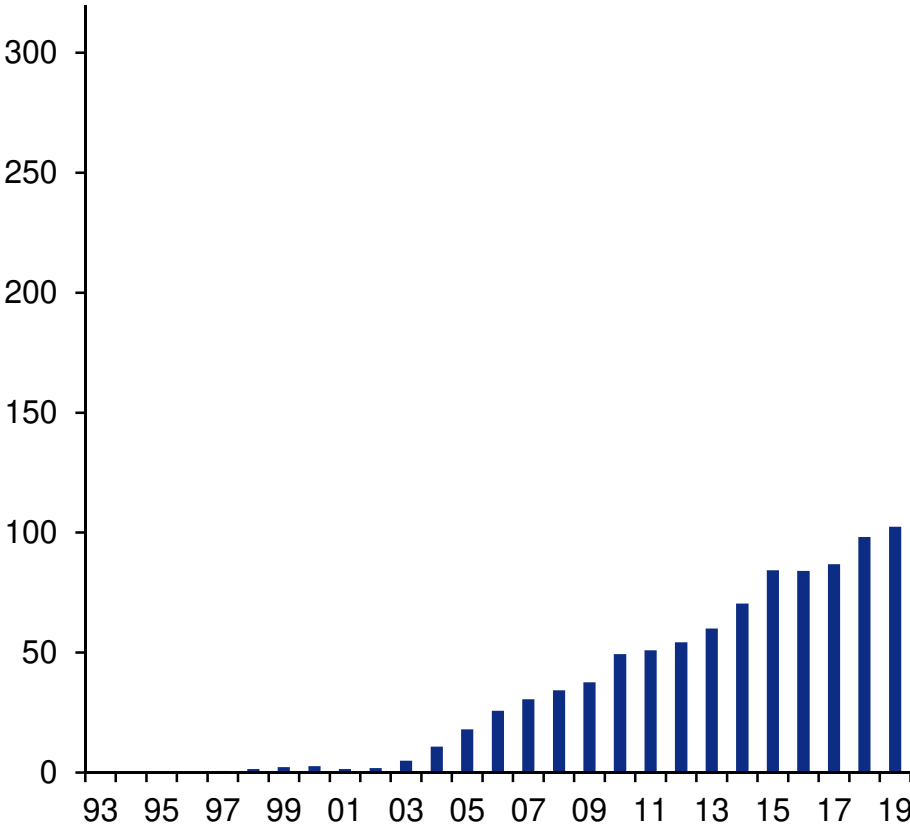
Long track record of organic growth and profitability

in CHF million

Operating revenues¹



Net profit¹



¹ 1993–2003 according to SWISS GAAP; 2004–2019 according to IFRS