



VZ Group

**1H 2021**

# **Results and outlook**

Appendix: company overview

Zug, 11 August 2021

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# Disclaimer

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## **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)**

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

# Agenda

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## **1. Facts and figures**

2. Financials

3. Outlook

4. Appendix

# Summary 1H 2021



## Business development

- Covid19-impact diminishing:
  - Consulting business recovering
  - Strong AuM-related revenues due to positive financial markets
  - Positive client behaviour
- Demand for platform services increasing: 4'000 consulting clients converted to platform services in 1H 2021 (+30.7% yoy).
- Pressure on AuM margin stabilised for the time being.
- Growth of front-end consulting capacity +9.3% to 188 FTEs (avg. 2021, 2022e: 204 FTE).
- Annualised NNM inflow per consulting FTE at CHF 26.7 million in 1H 2021 (target range 17-20 million).
- UK: acquisition of “Lumin Group” (independent financial advisor based in St. Albans/London).
- Finanzportal: Migration of existing clients to upgraded version.

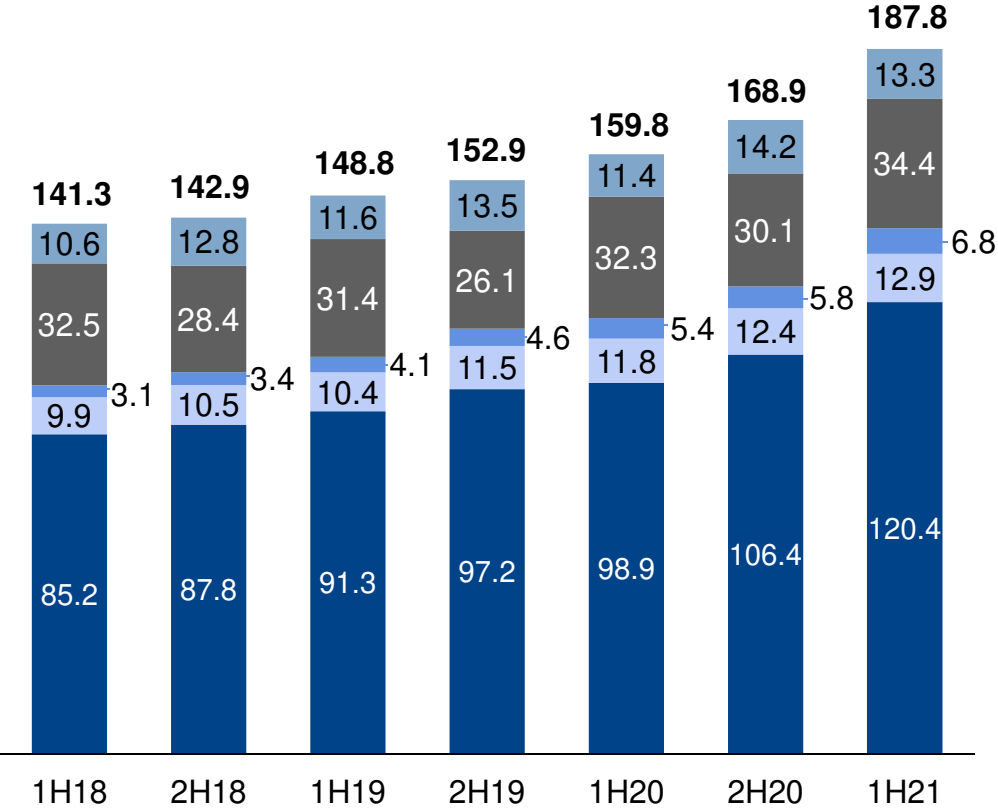
## Financials

- Top line +17.5% yoy to CHF 187.8 million
- Operating expenses +14.8% to CHF 97.8 million
  - Personnel expenses +11.2% yoy
  - Other operating expenses +20.4% yoy
- EBIT margin: 42.7% (1H 2020: 41.2%)
- Bottom line +21.3% yoy to CHF 68.4 million, Net profit margin: 36.4% (1H 2020: 35.3%)
- Solid balance sheet
  - Equity ratio: 11.6%
  - BIS CET 1: 23.2%
- NNM: CHF 2'510 million (1H 2020: CHF 1'640 million)
- Assets under management: CHF 36.4 billion (30.06.2020: CHF 28.6 billion), impact from UK acquisition CHF 0.8 billion



# Revenues: +17.5% yoy

in CHF million



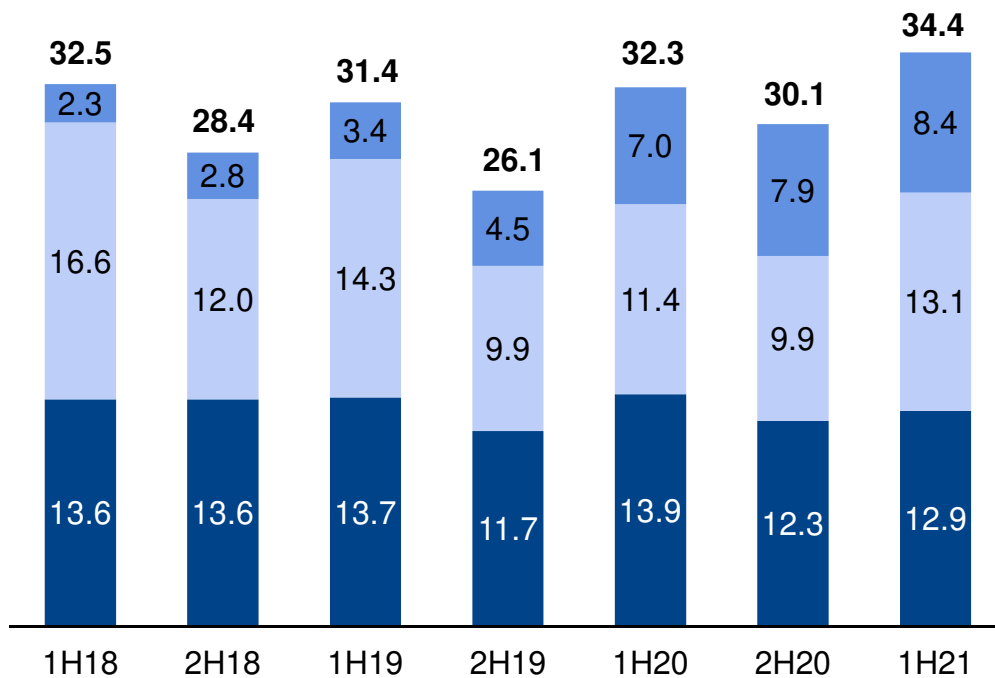
Total revenues +17.5% yoy

- Consulting revenues<sup>1</sup> +16.7% yoy
- Banking income from commissions, trading activities and interest business +6.5% yoy
- Net earned premiums +25.9% yoy
- Other management fees +9.3% yoy
- Management fees on AuM +21.7% yoy

1 Incl. other revenues

# Banking income: volatile and difficult to predict

in CHF million

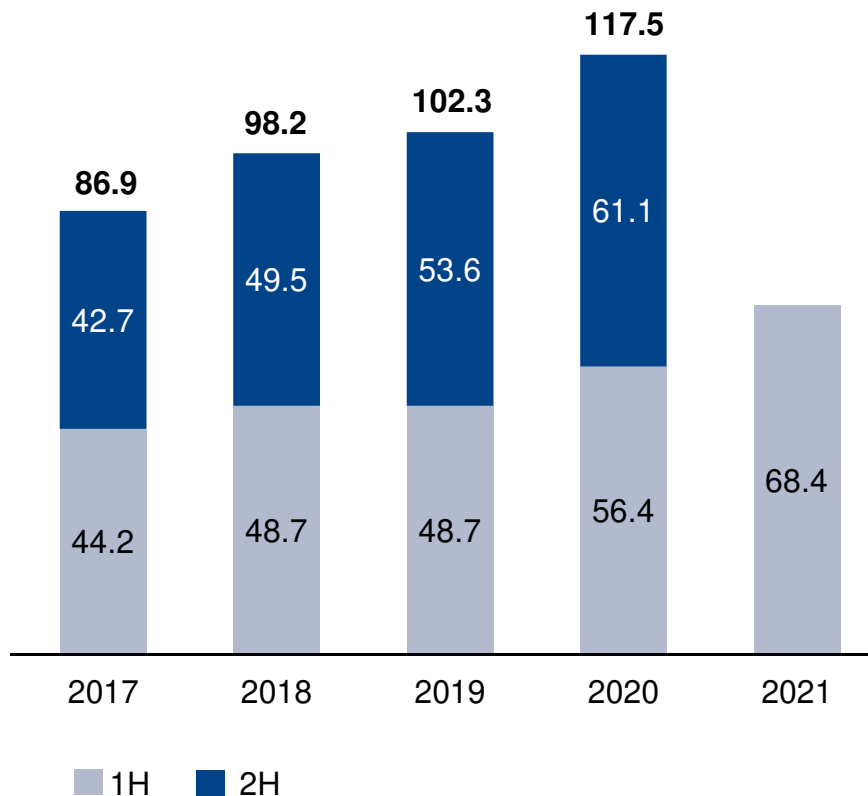


- Interest business:  
 Increasing SNB exemption threshold leads to higher net interest result.
- Trading result:  
 Random development driven by financial markets.
- Transaction fees:  
 General ongoing decline due to strong demand for all-in fee models.



# Net profit: +21.3% yoy

in CHF million

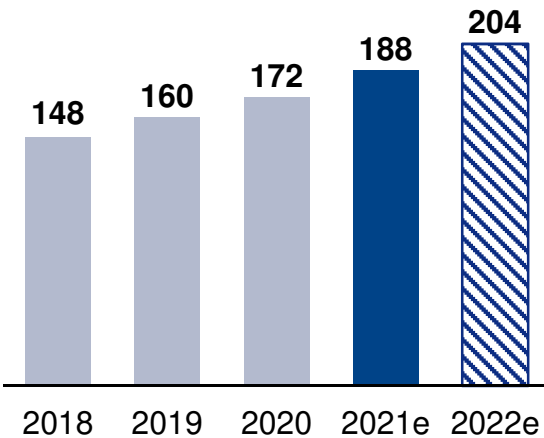


- Operating margin (EBIT) at 42.7%  
(1H 2020: 41.2%, long-term target: 42%)
  - Revenues +17.5%
  - Operating expenses +14.8%
- Net profit margin at 36.4% vs. 35.3% yoy  
(long-term target: 36%; revised from 35%)
- Overproportionate increase of net profit primarily driven by AuM-related revenues

# Financial Consulting: NNM above target corridor

## Capacity growth

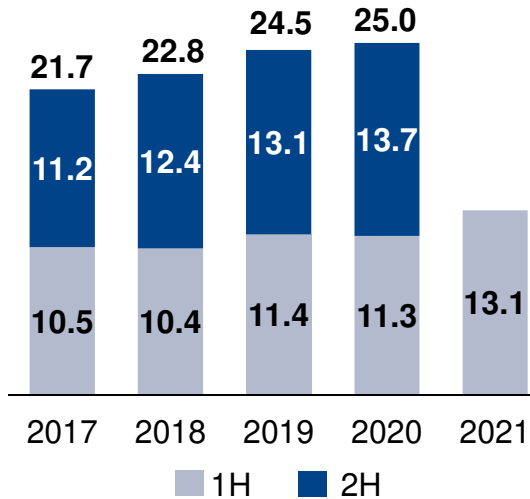
in FTE (average per calendar year)



- 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

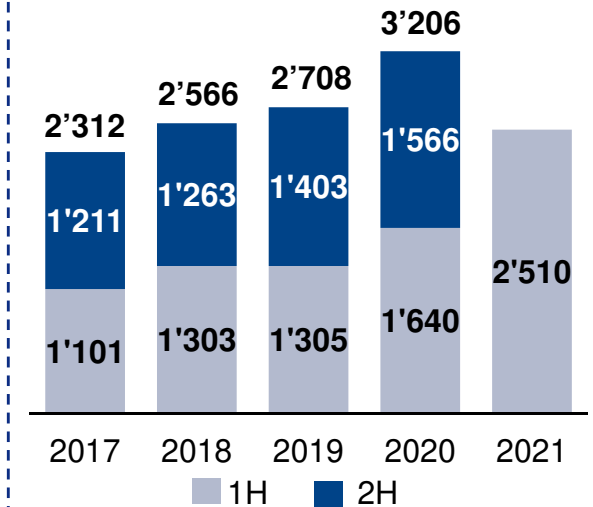
in CHF million



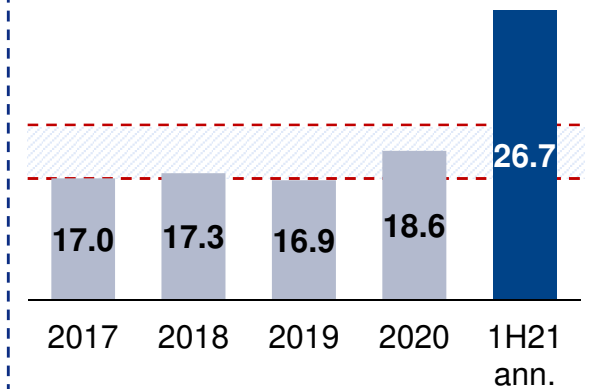
- Consulting projects enable introduction to wealth management services (“platforms”)

## Net new money (NNM)

in CHF million



per FTE in CHF million



--- target corridor 17–20 million per FTE





# Wealth Management: AuM +27.2%

in CHF million

	30.06.19	31.12.19	30.06.20	31.12.20	30.06.21	yoy
AuM total	25'623	27'627	28'585	31'459	36'354 <sup>1</sup>	+27.2%
• PM mandates <i>Share of total AuM</i>	15'444 60.3%	16'715 60.5%	17'103 59.8%	19'061 60.6%	22'975 63.2%	+34.3%
• Others <sup>2</sup> <i>Share of total AuM</i>	10'179 39.7%	10'912 39.5%	11'482 40.2%	12'398 39.4%	13'379 36.8%	+16.5%
NNM total (6 month)	1'305	1'403	1'640	1'566	2'510 <sup>3</sup>	+53.1%
# WM clients	39'880	42'776	45'858	49'194	53'222	+16.1%
Δ WM clients (6 month)	2'077	2'896	3'082	3'336	4'028	+30.7%

1 Incl. UK CHF 839 million

2 Incl. mortgages under management and portfolios under client management

3 Excl. UK-NNM

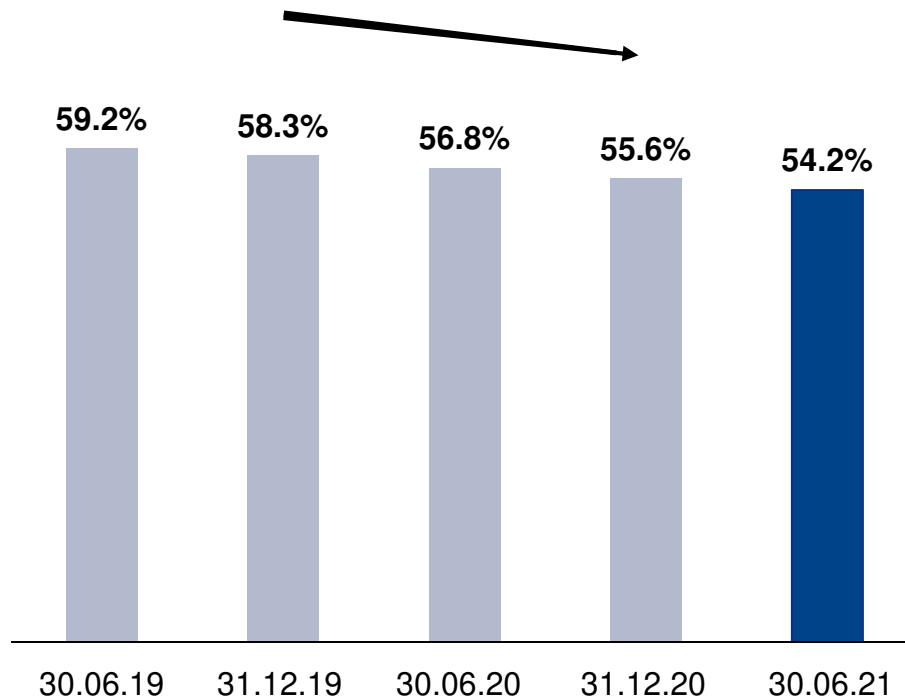


# Platform usage among WM clients

CH clients only

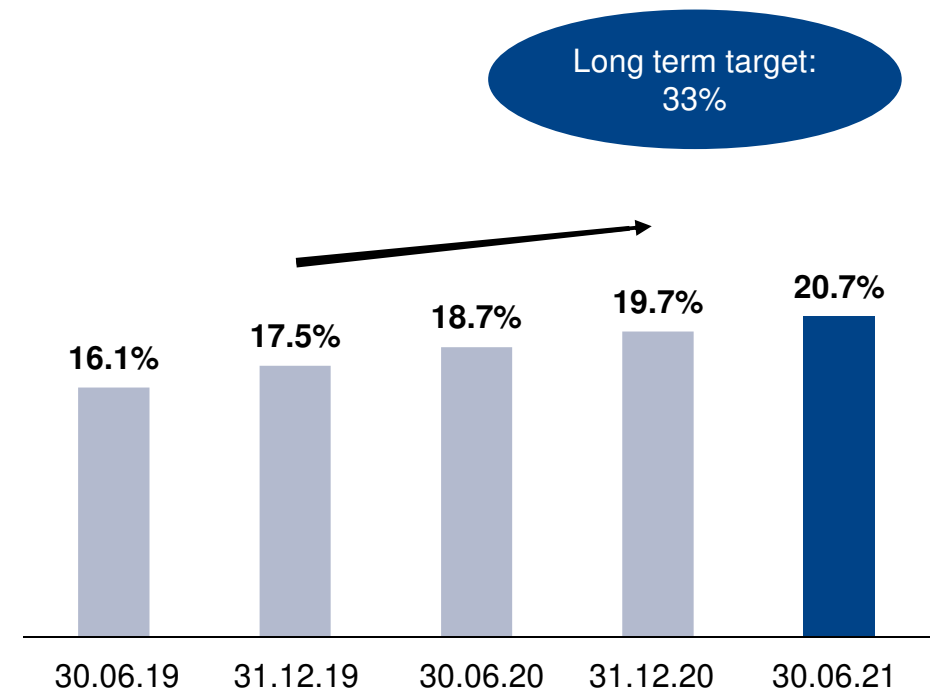
## 1 platform per client

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



## 3+ platforms per client

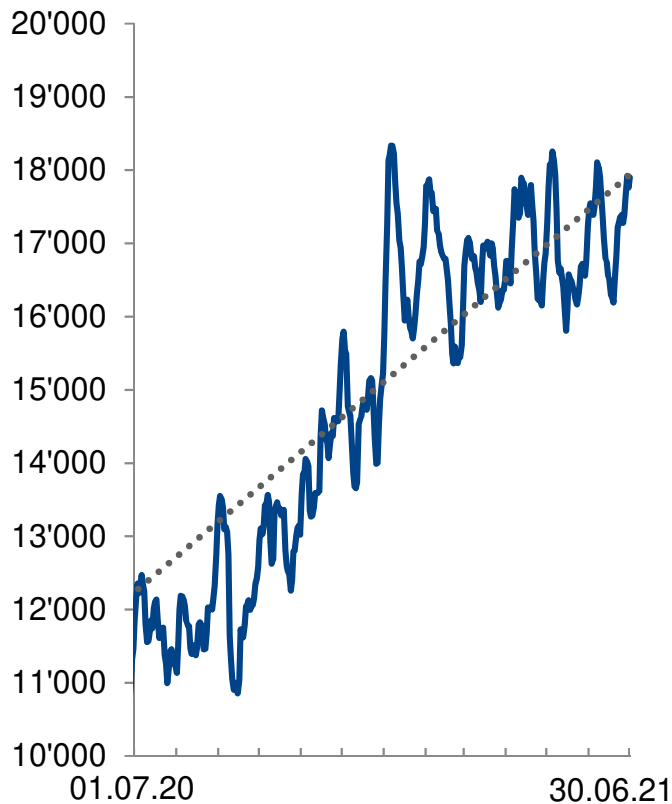
Share of WM clients who use 3+ platforms, in % of total WM clients



# Finanzportal Usage

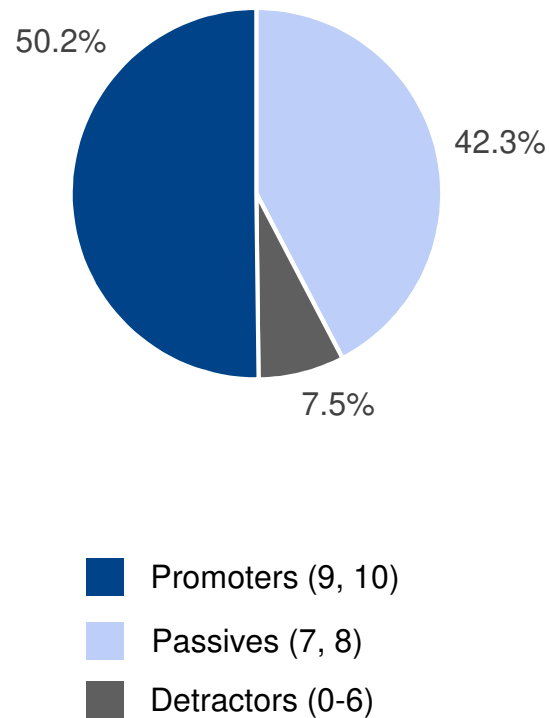


## Weekly active users



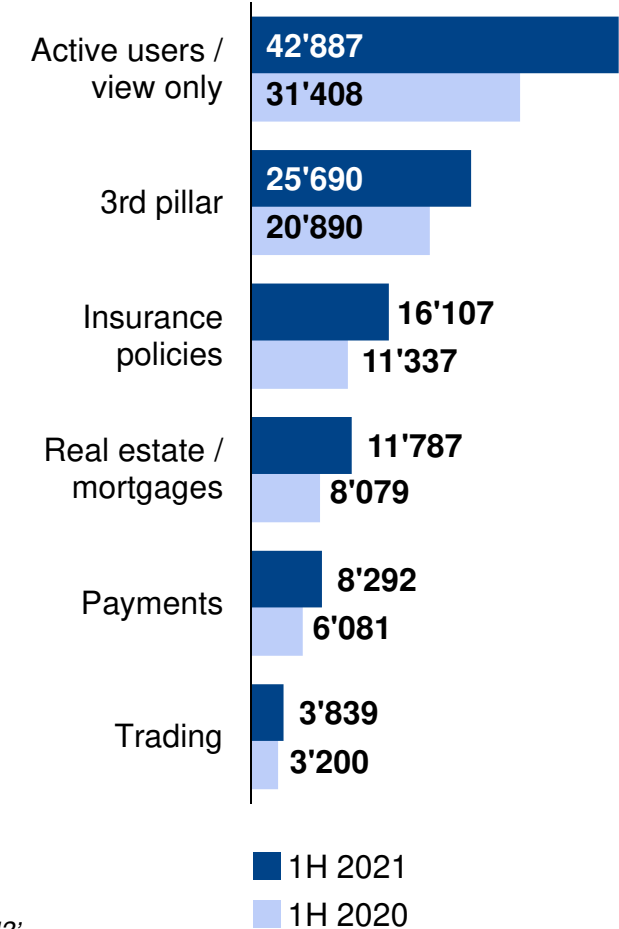
## User satisfaction

Net Promoter Score (NPS)<sup>1</sup>: 42.7



## User activity

# of users over 6 months

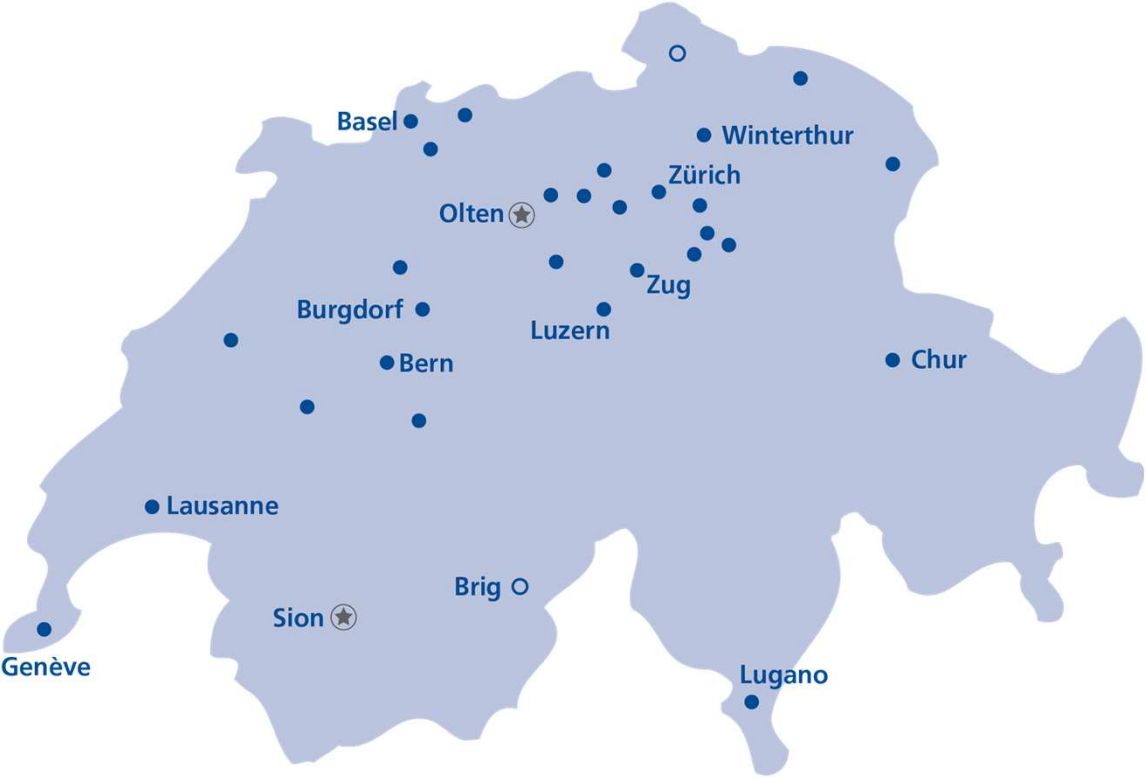


<sup>1</sup> Score based on a 0-10 scale answering the question 'how likely is it that you would recommend VZ Finanzportal?' (10 = extremely likely, 0 = not at all likely)

# Branch offices

## Switzerland

#: 32



- branch office
- satellite
- ★ new branch office in 2021

## Germany

#: 4



## England/United Kingdom

#: 2



# Agenda

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1. Facts and figures
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# Income statement (1)

in CHF million

	1H 19	2H 19	1H 20	2H 20	1H 21	yoy
Consulting fees	11.4	13.1	11.3	13.7	13.1	+15.9%
Management fees: on AuM	91.3	97.2	98.9	106.4	120.4	+21.7%
others	10.4	11.5	11.8	12.4	12.9	+9.3%
Banking income <sup>1</sup>	31.4	26.1	32.3	30.1	34.4	+6.5%
Net earned premiums	4.1	4.6	5.4	5.8	6.8	+25.9%
Other operating revenues <sup>2</sup>	0.2	0.4	0.1	0.5	0.2	n.m.
<b>Total operating revenues</b>	<b>148.8</b>	<b>152.9</b>	<b>159.8</b>	<b>168.9</b>	<b>187.8</b>	<b>17.5%</b>
Personnel expenses	59.5	60.3	63.6	65.3	70.7	+11.2%
Other operating expenses	17.3	17.8	19.1	20.0	23.0	+20.4%
Claims on insurance policies	2.7	1.7	2.5	3.1	4.1	+64.0%
<b>Total operating expenses</b>	<b>79.5</b>	<b>79.8</b>	<b>85.2</b>	<b>88.4</b>	<b>97.8</b>	<b>+14.8%</b>
<b>EBITDA</b>	<b>69.3</b>	<b>73.1</b>	<b>74.6</b>	<b>80.5</b>	<b>90.0</b>	<b>+20.6%</b>

1 Transaction, trading and interest business

2 Incl. net impairment losses/recoveries on financial assets



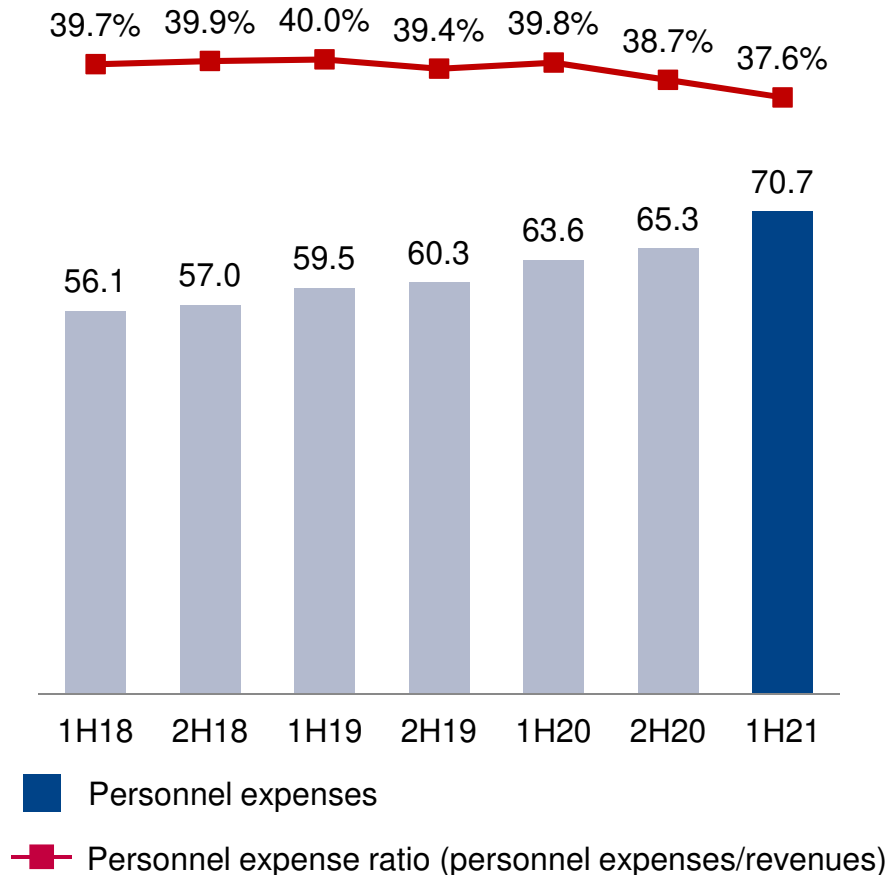
# Income statement (2)

in CHF million

	1H 19	2H 19	1H 20	2H 20	1H 21	yoy
<b>EBITDA</b>	<b>69.3</b>	<b>73.1</b>	<b>74.6</b>	<b>80.5</b>	<b>90.0</b>	<b>+20.6%</b>
Depreciation and amortisation	8.9	8.7	8.8	9.3	9.9	+12.5%
<b>EBIT</b>	<b>60.4</b>	<b>64.4</b>	<b>65.8</b>	<b>71.2</b>	<b>80.1</b>	<b>+21.7%</b>
Net finance income	-0.2	-0.3	-0.2	-0.2	-0.2	n.m.
<b>Profit before income tax</b>	<b>60.2</b>	<b>64.1</b>	<b>65.6</b>	<b>71.0</b>	<b>79.9</b>	<b>+21.8%</b>
Income tax	11.5	10.5	9.2	9.9	11.5	+25.0%
<b>Net profit</b>	<b>48.7</b>	<b>53.6</b>	<b>56.4</b>	<b>61.1</b>	<b>68.4</b>	<b>+21.3%</b>

# Personnel expenses

in CHF million



- Personnel expenses +11.2% yoy
- Improved personnel expense ratio due to tailwind of AuM-related revenues
- Personnel development
 

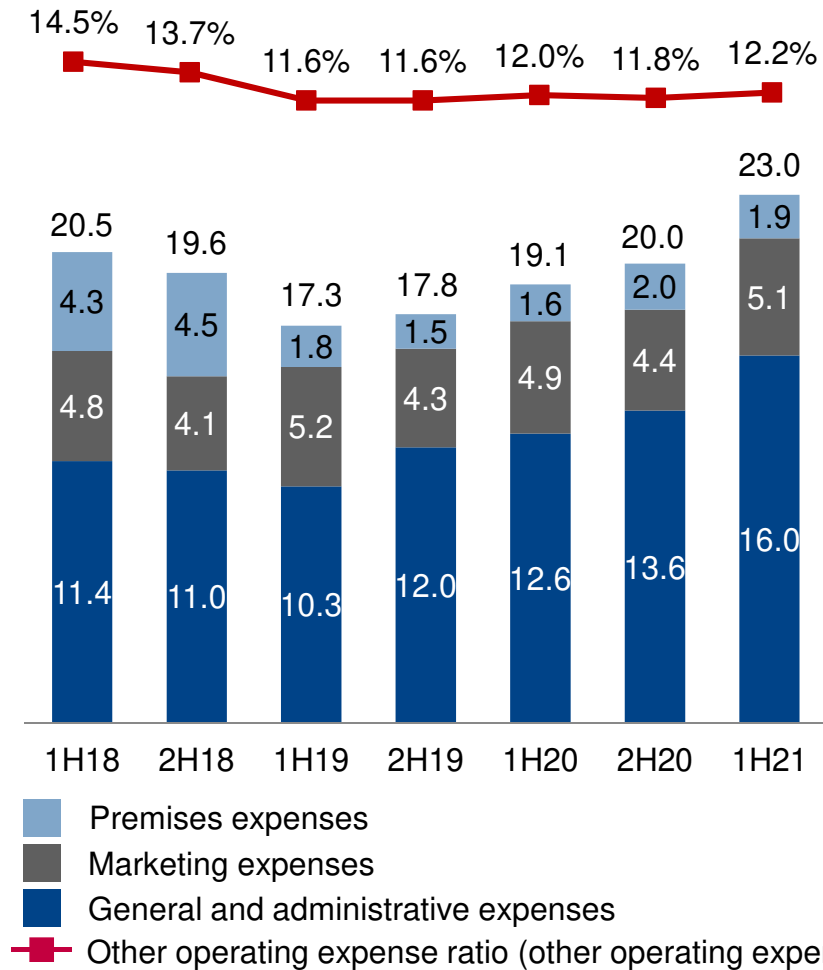
	30.06.20	31.12.20	30.06.21
FTE <sup>1</sup>	985.1	1'035.7	1'089.2
- 2H 2020: +50.6 FTE  
 1H 2021: +53.5 FTE (whereof +36.2 Lumin FTE)
- Long-term personnel expense ratio: 39%; revised from 40%

<sup>1</sup> FTE / Headcount-ratio: 0.86



# Other operating expenses

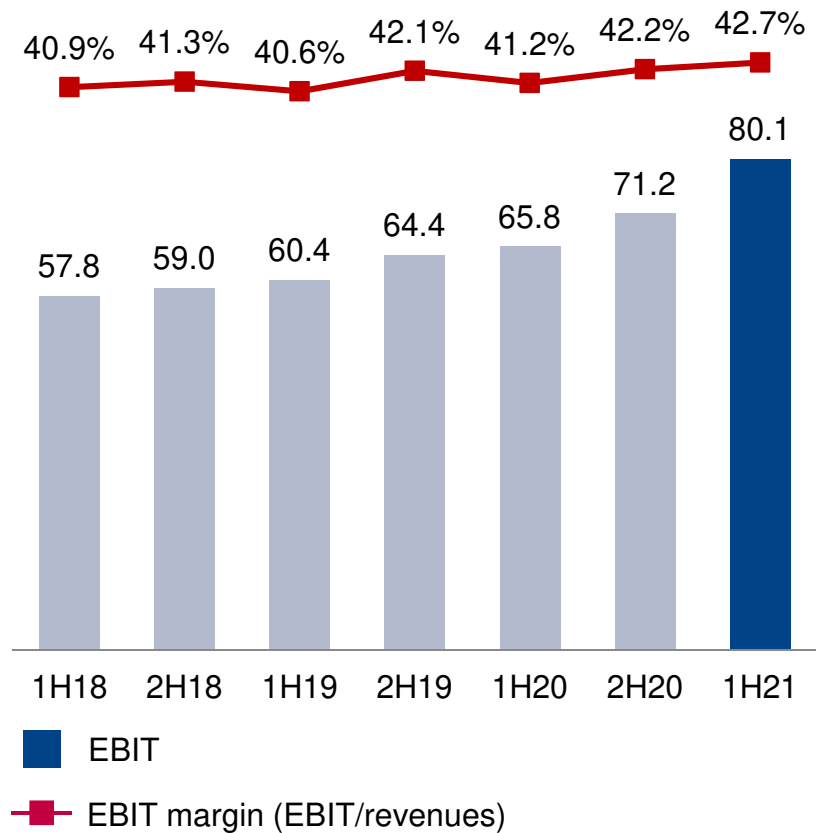
in CHF million



- Other operating expenses +20.4% yoy
  - Premises expenses +18.8% yoy related to new and enlarged offices and client meeting spaces
  - Marketing expenses +4.1% yoy
  - General and administrative expenses +27.0% yoy, mainly due to IT-related investments, UK-acquisition and upgraded financial portal
- Long-term other operating expenses ratio expected between 11% and 13% going forward

# EBIT and margin

in CHF million



- EBIT +21.7% yoy
- EBIT long-term margin target: 42%
- No significant leverage expected going forward

# Balance sheet

in CHF million

	30.06.20	31.12.20	30.06.21
Cash & cash equivalents	1'490.0	1'630.2	1'735.4
Short-term investments	131.3	116.4	97.6
Swiss prime residential mortgages	2'144.3	2'371.8	2'580.3
Bonds, other financial assets	525.2	600.5	687.4
<b>Subtotal financial investments</b>	<b>4'290.8</b>	<b>4'718.9</b>	<b>5'100.7</b>
Property, equipment and intangibles <sup>1</sup>	144.1	146.7	169.2
Other assets	156.2	107.6	145.5
<b>Total assets</b>	<b>4'591.1</b>	<b>4'973.2</b>	<b>5'415.4</b>
Customer deposits	3'113.0	3'289.9	3'736.4
Long-term debts	411.0	409.5	416.3
Other liabilities	506.1	657.1	635.4
<b>Total liabilities</b>	<b>4'030.1</b>	<b>4'356.5</b>	<b>4'788.1</b>
<b>Total equity</b>	<b>561.0</b>	<b>616.7</b>	<b>627.3</b>

- Balance sheet total on the reporting date is coincidental; it does not fully reflect the underlying business development.
- High cash & cash equivalents due to balance sheet optimisation relating to SNB exemption threshold.
- Financial investments:
  - Low risk profile
  - Average time to maturity  
30.06.2021: 1.4 years  
(30.06.2020: 1.7 years)

1 Incl. Goodwill



# Equity and payout ratios

<b>Payout ratios</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Equity ratios</b>	<b>30.06.20</b>	<b>31.12.20</b>	<b>30.06.21</b>
in CHF million							
Net profit	98.2	102.3	117.5	Total equity in CHF million	561.0	616.7	627.3
Retained earnings	59.4	62.2	69.2				
Dividend VZ Holding	38.8	40.1	48.3	Equity ratio <sup>1</sup>	12.2%	12.4%	11.6%
<i>Dividend per share</i>	<i>0.98</i>	<i>1.02</i>	<i>1.23</i>	BIS CET 1	24.7%	26.6%	23.2%
<b>Payout ratio</b>	<b>40%</b>	<b>40%</b>	<b>42%</b>	BIS CET 1 & AT 1	24.7%	26.6%	23.2%

<b>Treasury shares</b>	<b>30.06.20</b>	<b>31.12.20</b>	<b>30.06.21</b>
Number (in '000)	678	732	709
% of shares	1.7%	1.8%	1.8%
Book value in CHF million	39.3	44.3	45.0

<sup>1</sup> Equity compared to balance sheets' total (leverage ratio)

# Agenda

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2. Financials
- 3. Outlook**
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## Business development

- Continuous work on increasing new client inflow, consulting capacity, client conversion and platform usage
- VZ Finanzportal: Finalise migration to upgraded version and develop digital cockpit with additional features, including professional e-trading desktop and crypto-currency trading capabilities
- Germany: further work on marketing to increase new client inflow
- UK: integrate marketing approach to win new clients

## Financials

- All revenue components expected to develop positively in 2H 2021, provided stable development of financial markets
- Sole exception: transaction based revenues continue to be unpredictable
- Operating expenses expected to develop in line with total revenues in 2H 2021
- Balance sheet growth at same rate as in 1H 2021, no structural shifts, unchanged low risk profile
- Dividend payout: gradual increase from 42% to 50% over the coming 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 3<sup>rd</sup> pillar solutions, individualised tax deferred provision schemes
  - ⑤ Insurance coverage
- + Digital cockpit VZ Finanzportal

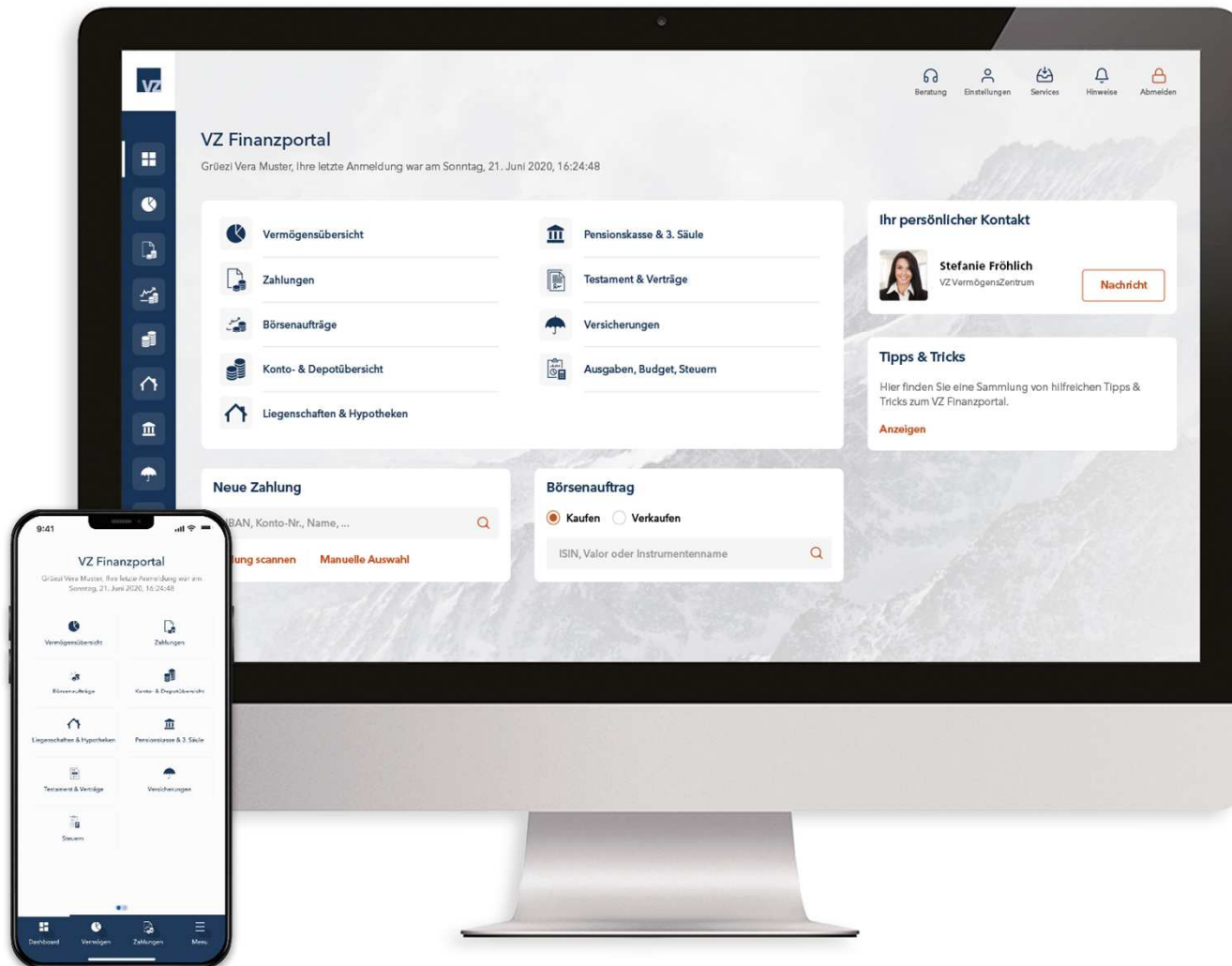
## VZ advantage

**profound expertise,  
no conflicts of interest**

**competitively priced, transparent,  
comprehensive**



# VZ Finanzportal





# Strong brand recognition

Brand associated with expertise, quality and independence

## Periodical



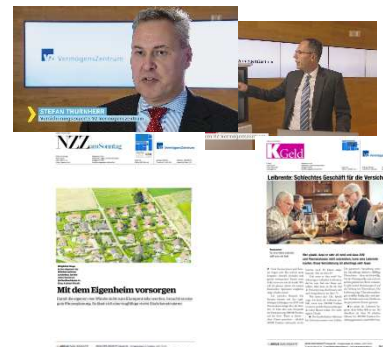
## Books



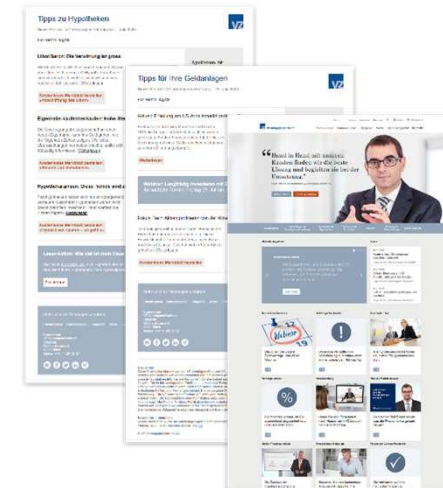
## Seminars



## Media coverage



## Online/Newsletters

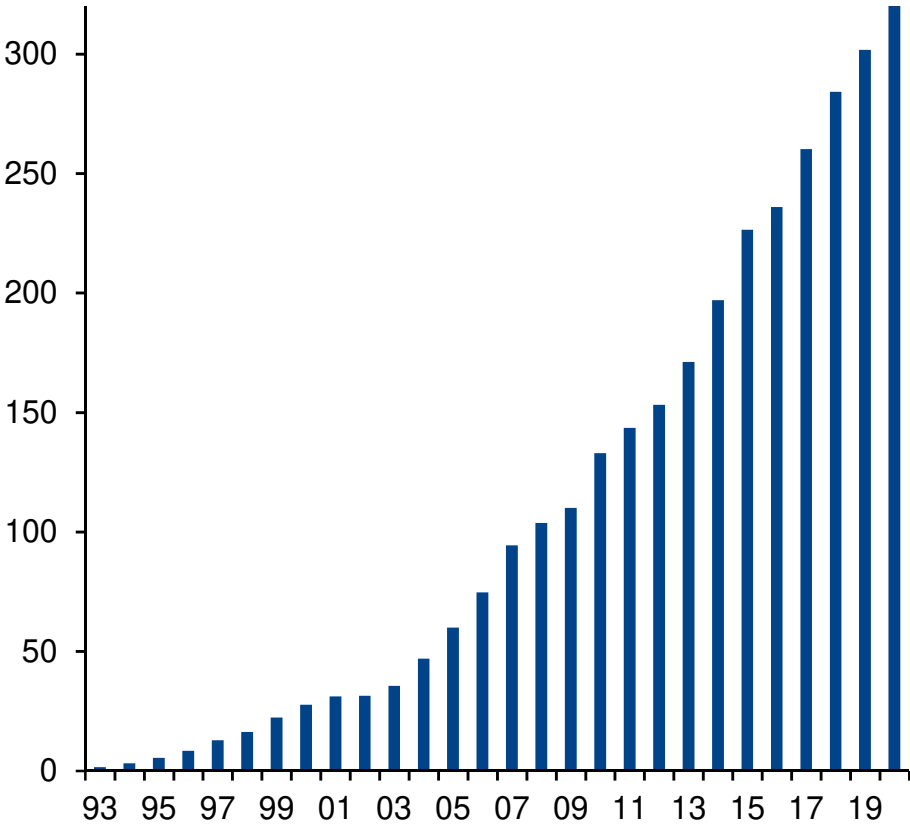




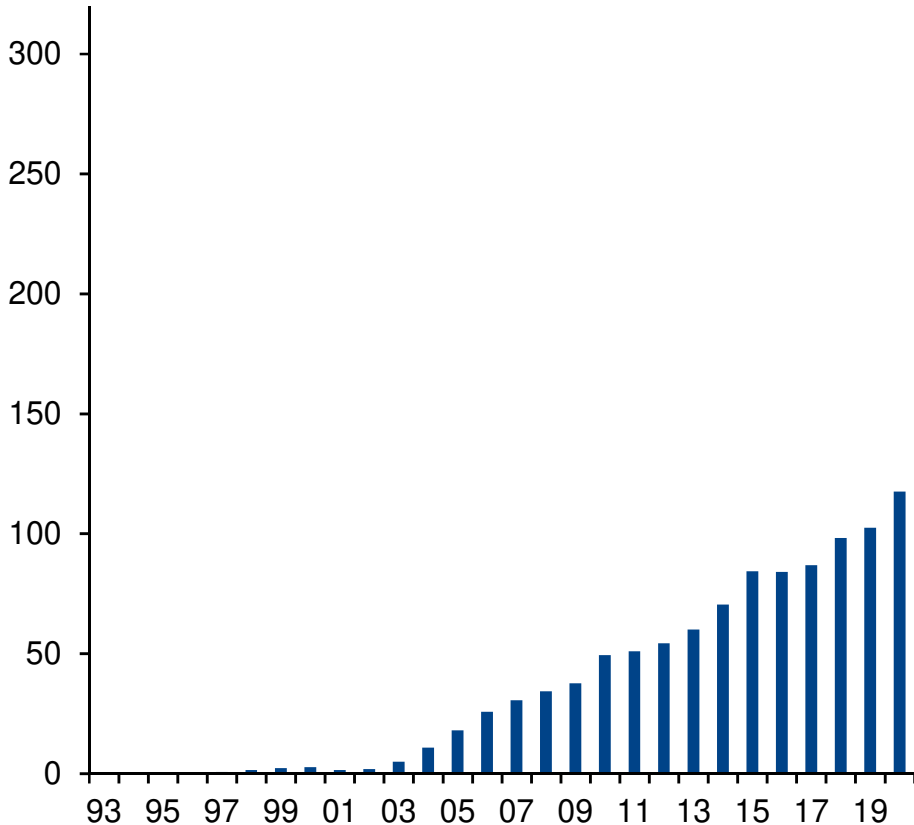
# Long track record of organic growth and profitability

in CHF million

## Operating revenues<sup>1</sup>



## Net profit<sup>1</sup>



<sup>1</sup> 1993–2003 according to SWISS GAAP; from 2004 according to IFRS