



ZURICH, 25 JULY 2019

LEONTEQ AG

RESULTS PRESENTATION | HALF-YEAR 2019



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All figures in this presentation that are part of the consolidated IFRS financial statements for the six months ended 30 June 2019 and 2018 are reviewed. All figures in this presentation that are part of the consolidated IFRS financial statements for the twelve months ended 31 December 2018, 2017 and 2016 are audited.

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AGENDA

- OVERVIEW
- FINANCIALS H1 2019
- STRATEGIC UPDATE
- SUMMARY & OUTLOOK
- APPENDIX

RESULTS PRESENTATION | HALF-YEAR 2019
ZURICH, 25 JULY 2019

OVERVIEW

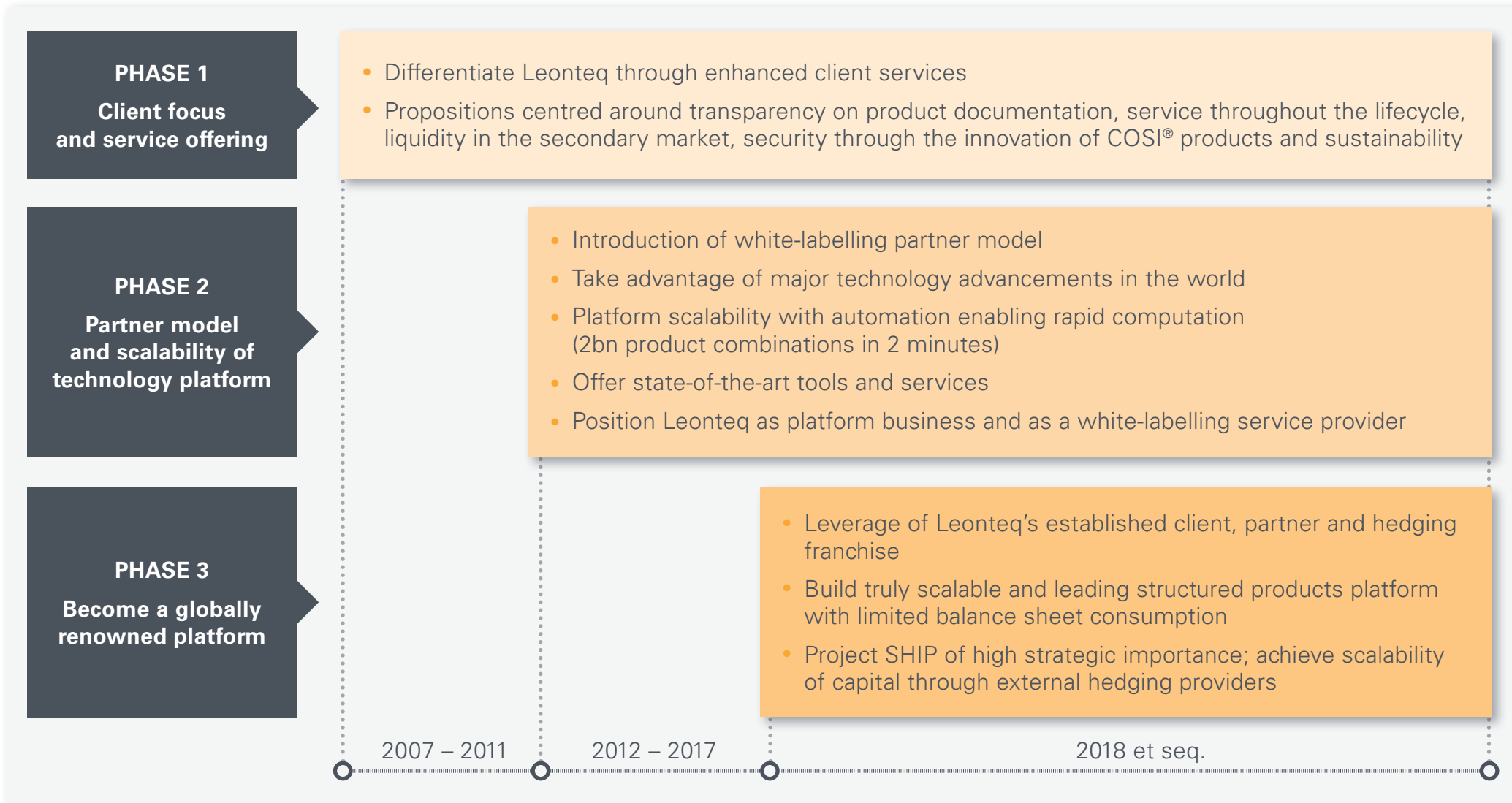
LEONTEQ DELIVERS SOLID PERFORMANCE IN DIFFICULT MARKET ENVIRONMENT

- Solid performance with net profit of CHF 30.2 million despite subdued start to the year
- Controlled cost base while further investing in hiring and key strategic initiatives
- Growth in platform assets of 16% to a record CHF 13.8 billion
- Number of unit-linked products outstanding went up by 8% to 44,287 products
- Strong capital position maintained with total BIS eligible capital CHF 633.5 million
- Investment grade rating assigned by Fitch (BBB-/positive) and JCR (BBB+/stable)
- Raiffeisen to fully retain its 29% stake in Leonteq as anchor shareholder

FOCUSED EXECUTION ON KEY STRATEGIC INITIATIVES OVER THE PAST 12 MONTHS

	PRIORITIES DEFINED	UPDATES & ACHIEVEMENTS
1 Reduce complexity	Increase efficiency, reduce functional overlaps and clarify roles and responsibilities	<ul style="list-style-type: none"> Simplified organisational structure Product organisation implemented resulting in a more agile and systematic approach to project management
2 Enable scalability	Initiate Smart Hedging Issuance Platform (SHIP) to reduce hedging exposure	<ul style="list-style-type: none"> Third hedging counterparty connected to the platform On average 20% of all relevant transactions are externally quoted daily Project on track to be fully operational by mid-2020
3 Invest in growth	Take targeted steps to grow business through additional investments in innovation and technology	<ul style="list-style-type: none"> New digital marketplace initiative launched Improved AMC Gateway for asset managers Advanced late stage discussions with potential new issuance partners
4 Strengthen capital base	Strengthen capital base to facilitate and support continued growth in business volumes	<ul style="list-style-type: none"> Shareholders equity increased by CHF 196.1 million (+45%) to CHF 631.2 million since end-June 2018 Strong capital position with BIS total capital ratio of 21.3%

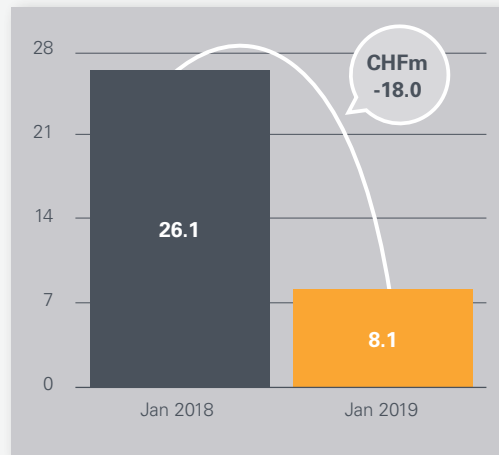
ON TRACK TOWARDS BECOMING THE LEADING MARKETPLACE FOR STRUCTURED INVESTMENT SOLUTIONS



FINANCIALS H1 2019

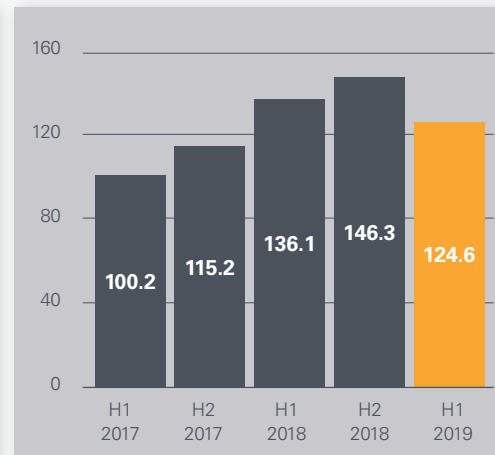
COMMUNICATED SUBDUED START WEIGHTS ON INCOME AND PROFIT IN H1 2019

Economic revenues Jan 2019 vs Jan 2018
(CHFm)



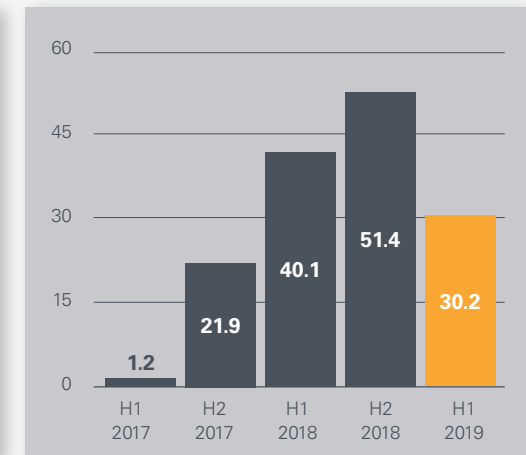
- As communicated with full-year 2018 results, Leonteq had a subdued start to the year
- January 2019 was characterised by market, economic and political uncertainties in many parts of the world and decreased levels of client activity

Total operating income
(CHFm)



- Total operating income reduced by CHF 11.5 million to CHF 124.6 million in H1 2019 compared to H1 2018

Group net profit
(CHFm)



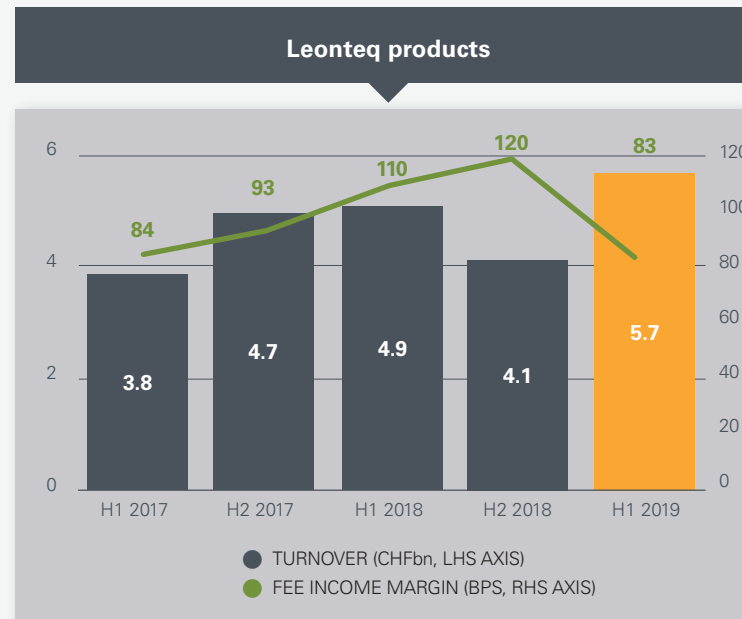
- Group net profit totalled CHF 30.2 million in H1 2019, a decrease of 25% compared to the prior year period

SOLID PERFORMANCE DESPITE CHALLENGING START AND COST LINE UNDER CONTROL

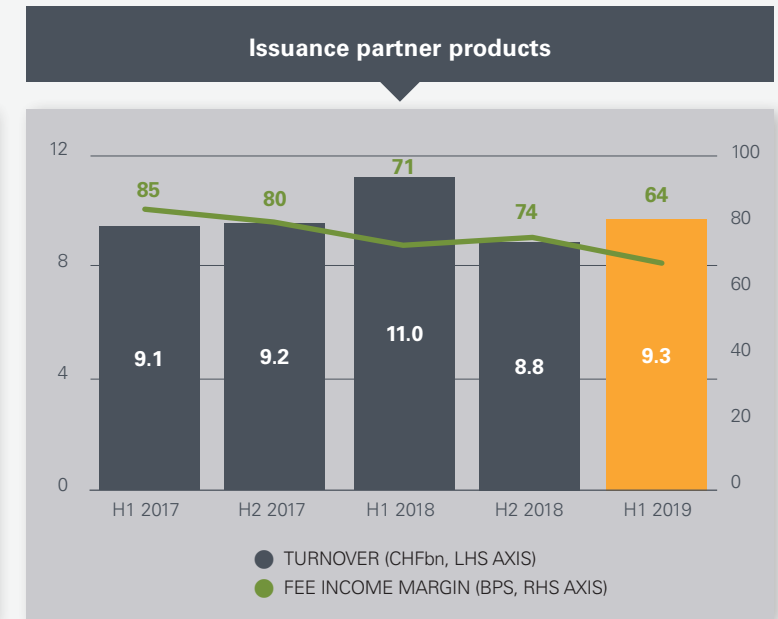
- Decrease in net fee income reflecting subdued start and increased competitive environment
- Net trading income increased due to higher hedging contributions and an improved treasury result
- Adoption of IFRS 16 "Leases" resulted in CHFm 5 shift from other operating expenses to depreciation

CHFm	H1 2019	H2 2018	H1 2018	Change y-o-y
Net fee income	120.9	126.8	145.7	(17%)
Net trading result	7.5	25.1	(3.7)	N/A
Net interest result	(5.2)	(7.4)	(7.5)	(31%)
Other ordinary income	1.4	1.8	1.6	(13%)
Total operating income	124.6	146.3	136.1	(8%)
Personnel expenses	(58.8)	(55.0)	(60.7)	(3%)
Other operating expenses	(19.3)	(28.8)	(24.4)	(21%)
Depreciation	(14.3)	(8.6)	(8.1)	77%
Changes to provisions	(1.7)	(1.0)	(2.5)	(32%)
Total operating expenses	(94.1)	(93.4)	(95.7)	(2%)
Profit before taxes	30.5	52.9	40.4	(25%)
Taxes	(0.3)	(1.5)	(0.3)	0%
Group net profit	30.2	51.4	40.1	(25%)

NEWLY OBTAINED CREDIT RATING DRIVES DEMAND FOR LEONTEQ ISSUED PRODUCTS



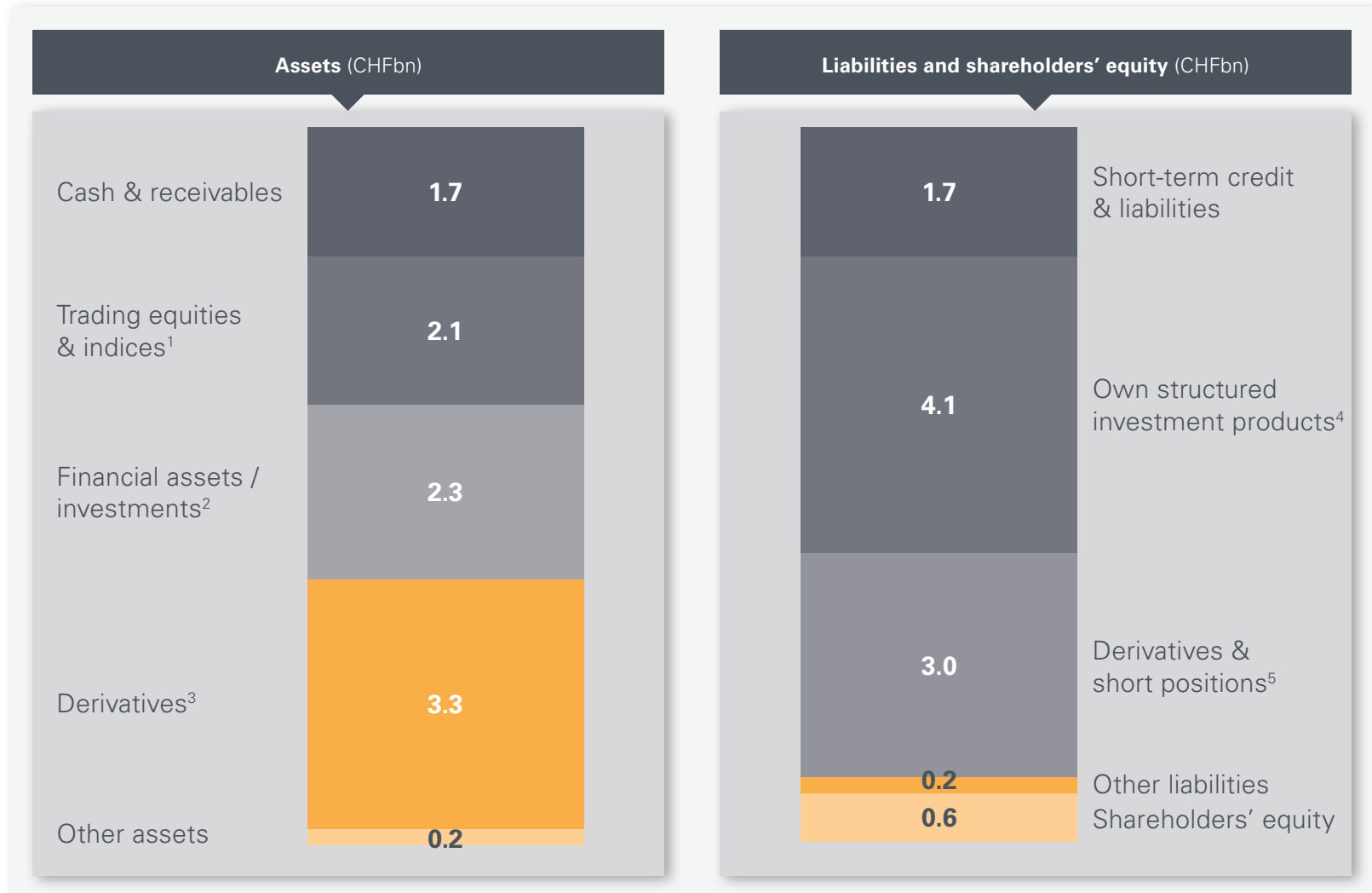
- Ratings obtained from Fitch and JCR unlocked new demand for Leonteq's own issued products, resulting in an increase in turnover by 16% year-on-year
- Margin in H1 2019 declined due to increased competition, change in product mix and reduced number of large ticket transactions



- In line with management guidance, the trend of decreasing margins continues on the back of an intensified competitive environment, regulatory changes and change in cooperation mix of issuance partners
- Structured products business is expected to continue to become a volume-driven business

SOLID BALANCE SHEET WITH LOW RISK PROFILE AND LEVERAGE RATIO OF 7.7%

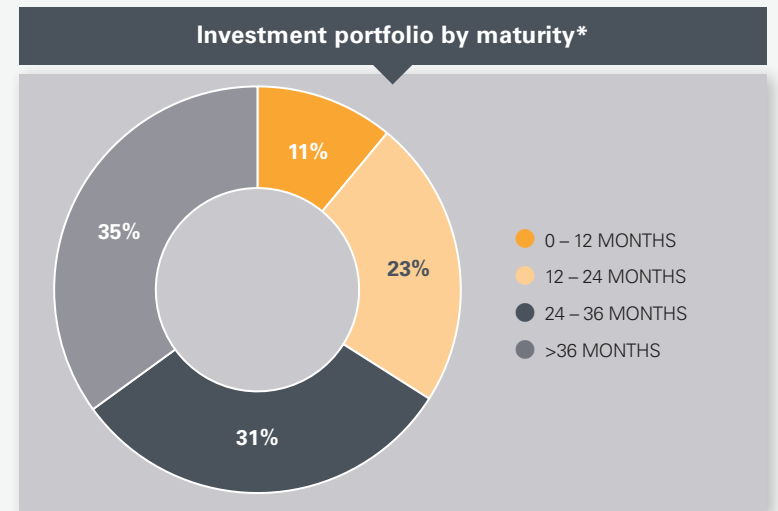
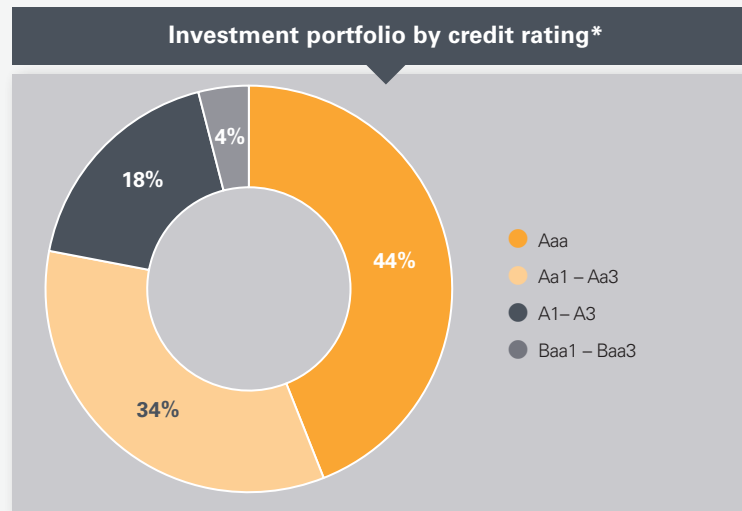
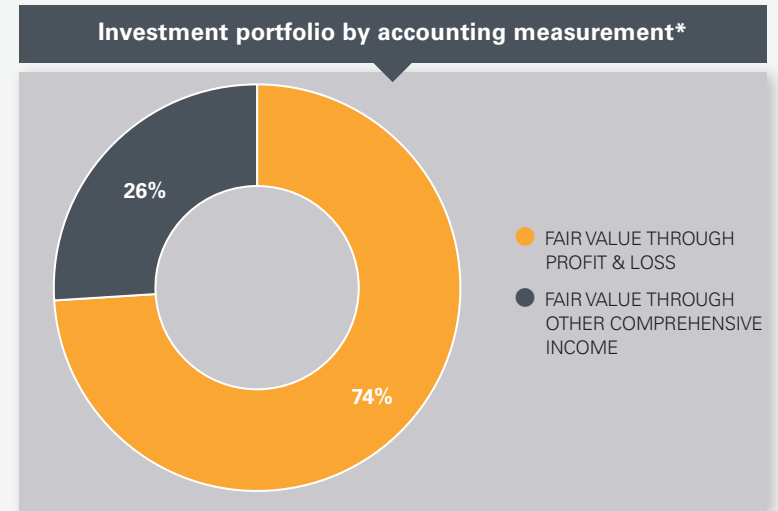
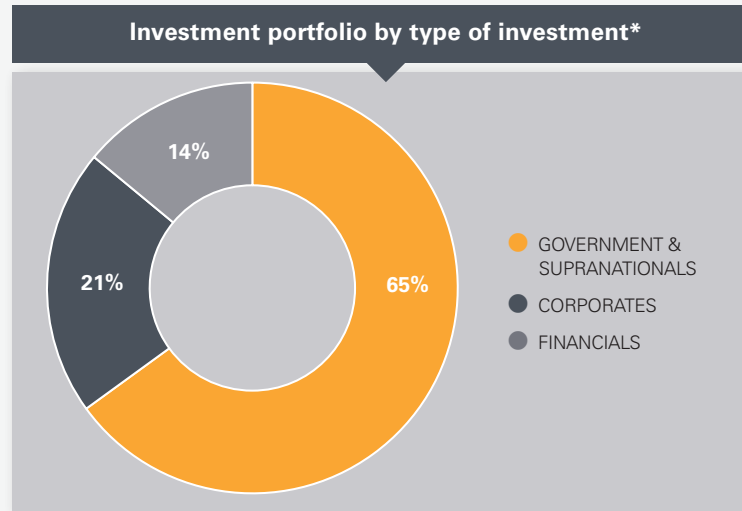
- Total assets decreased by 10% to CHF 9.6 billion
- Decrease in both assets and liabilities primarily driven by a reduction in positive and negative replacement values of derivative financial instruments on the back of calmer equity markets



¹ Trading financial assets CHFbn 2.0 & trading inventories CHFbn 0.1
² Other financial assets designated at fair value through profit and loss CHFbn 1.8; Financial investments measured at FVOCI CHFbn 0.5
³ Positive replacement values of derivative financial instruments
⁴ Other financial liabilities designated at fair value through profit or loss
⁵ Negative replacement values of derivative financial instruments CHFbn 2.8; Trading financial liabilities CHFbn 0.2

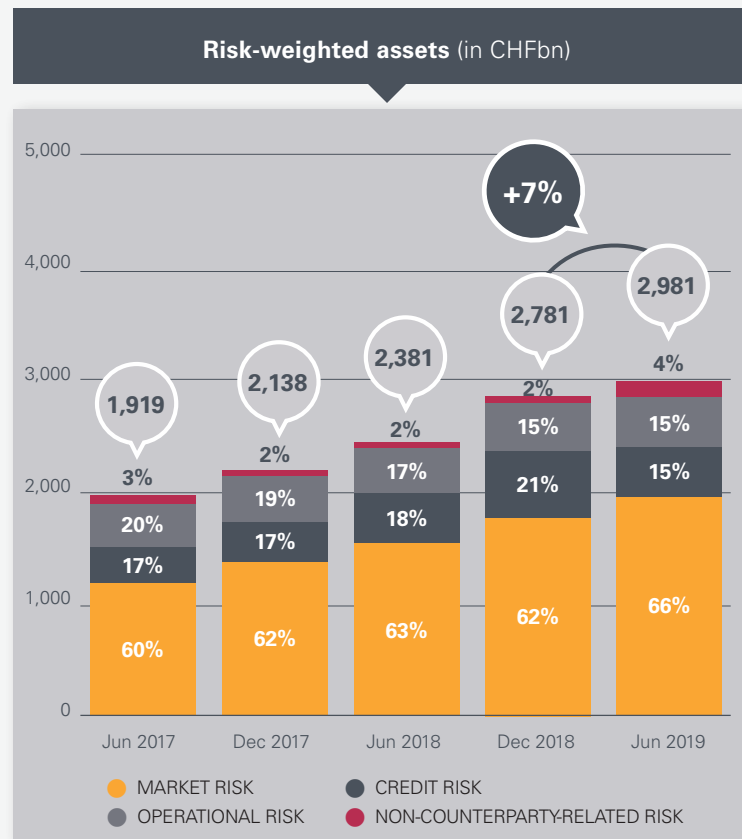
EXCESS LIQUIDITY INVESTED IN CASH AND CONSERVATIVE INVESTMENT PORTFOLIO

- New Guernsey branch was established to manage portfolio of mainly US dollar denominated bonds with US dollar the functional currency
- Newly purchased debt instruments are now measured at fair value through other comprehensive income instead of at fair value through profit and loss



*CHFbn 2.14 as of 30.06.2019

STRONG CAPITAL POSITION WITH TOTAL BIS ELIGIBLE CAPITAL OF CHF 633.5 MILLION



- Risk-weighted assets increased by 7% mainly driven by higher market risk exposure as a result of growth in platform assets (+16%) and related investment activities

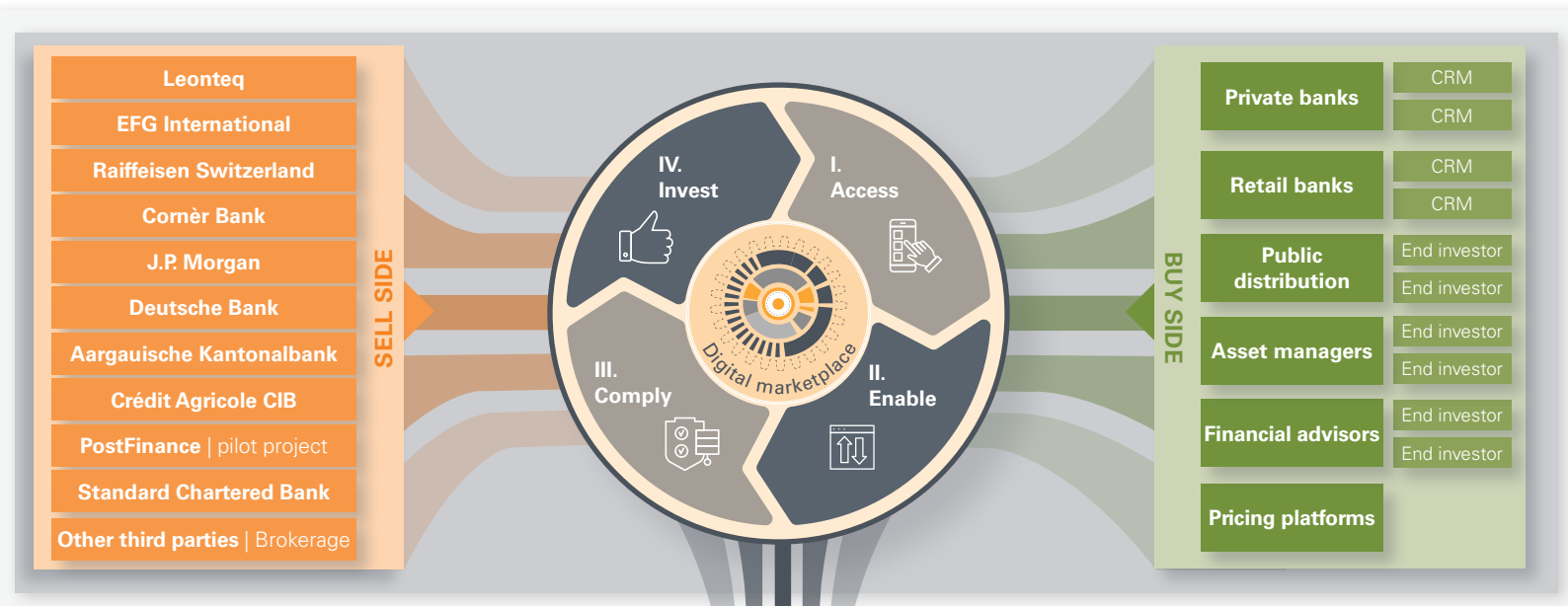


- FINMA requirement: 10.5%
- BIS total capital ratio well above 20% as of 30.06.2019

STRATEGIC UPDATE

NEW DIGITAL MARKETPLACE WILL REDEFINE INVESTMENT EXPERIENCE OF LEONTEQ'S CLIENTS AND PARTNERS

- Digital access to one of the largest structured product universes
- New modules and features will be added in stages



Leonteq's digital marketplace is built on four pillars to create value for the structured product market

I. ACCESS

- Price discovery
- Smart hedging (SHIP)
- AMC* gateway
- Exchange connections
- Distribution channels



II. ENABLE

- Issuance entity services
- Issuance automation
- Lifecycle management
- Secondary markets
- Product website



III. COMPLY

- PRIIP KiDs Portal
- Product documentation
- Product suitability
- Controlled processes
- Regulatory & financial reporting



IV. INVEST

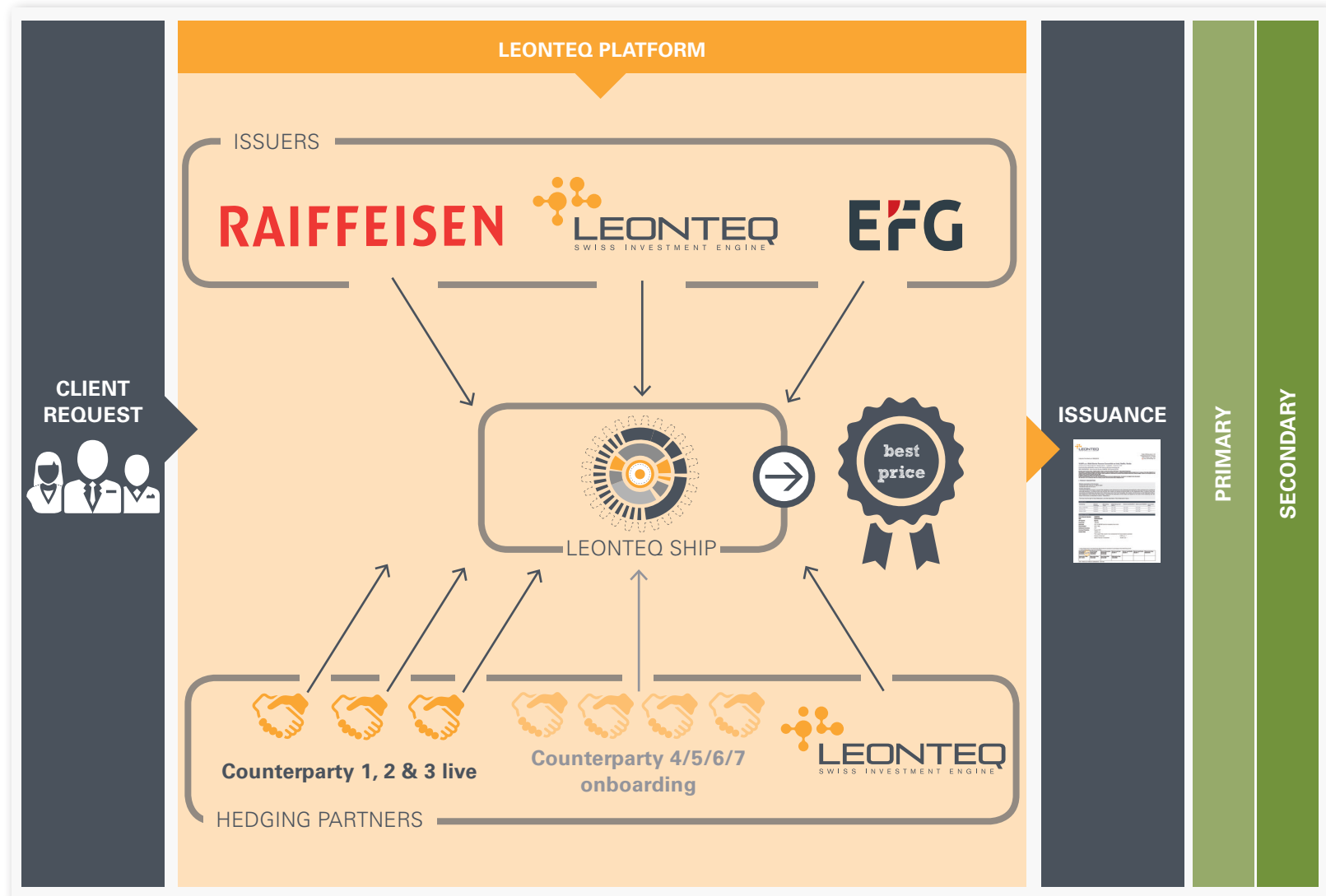
- Investment ideas
- Structuring
- Pricing optimisation
- Portfolio optimisation
- Smart workflows



* Actively Managed Certificates

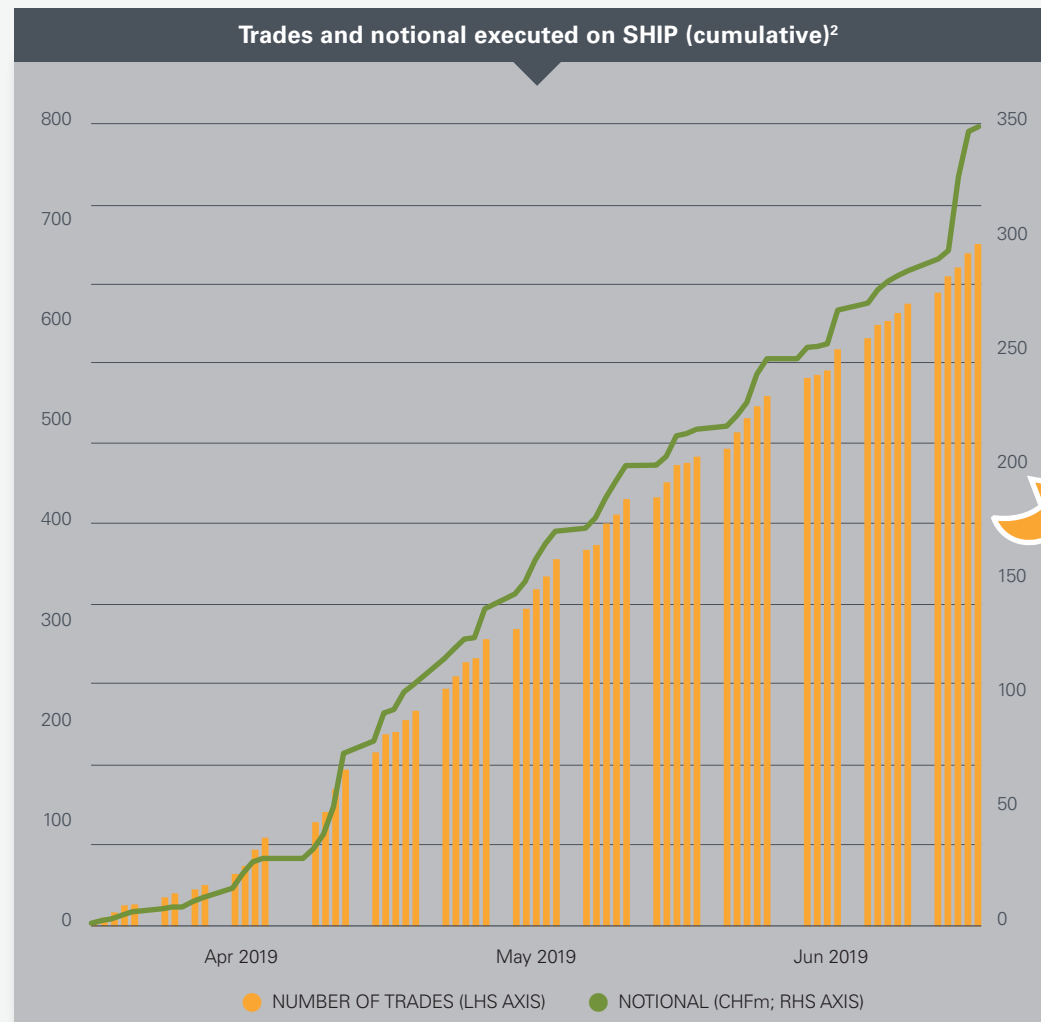
SHIP IS MAKING GOOD PROGRESS & PROJECT IS ON TRACK TO BE FULLY OPERATIONAL BY MID-2020

- 3rd hedging counterparty connected to SHIP
- Autocallables and barrier reverse convertibles with equity underlyings available
- All major currencies available
- Secondary market trading automated with one counterparty



MORE THAN 600 TRADES WITH A NOTIONAL OF CHF 350 MILLION¹ RAN THROUGH SHIP IN Q2 2019

- Today, SHIP covers approx. 40% of Leonteq's product universe (autocallables and barrier reverse convertibles with underlying equity securities)
- Currently, SHIP receives external quotes for 20% of transactions in autocallable and barrier reverse convertible products on average each day
- Majority of trades running through SHIP still hedged by Leonteq



Focus areas to keep positive momentum

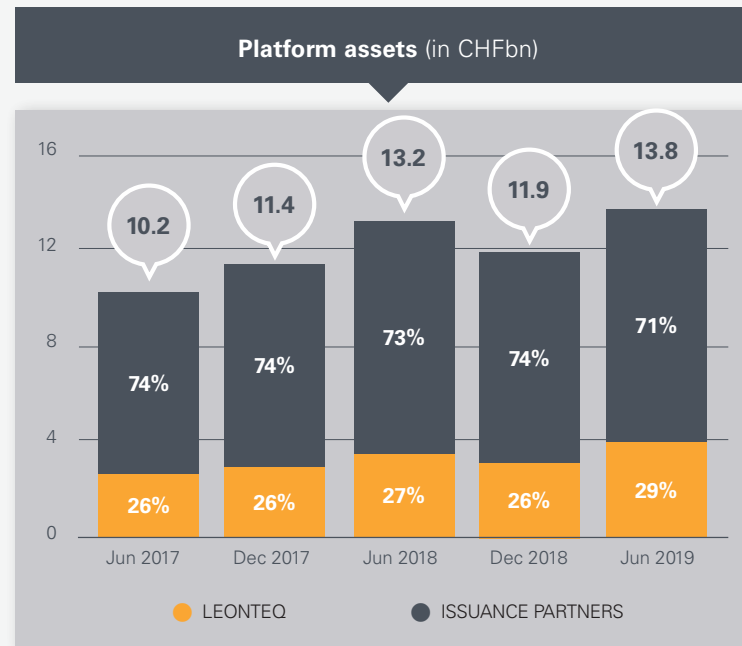
- Add more product features (mainly Leonteq internal process)
- Enhance capabilities of existing hedging partners; automate secondary market
- Connect additional hedging partners (dependency on external parties)

¹ Total platform turnover was CHFb 15.0 for H1 2019

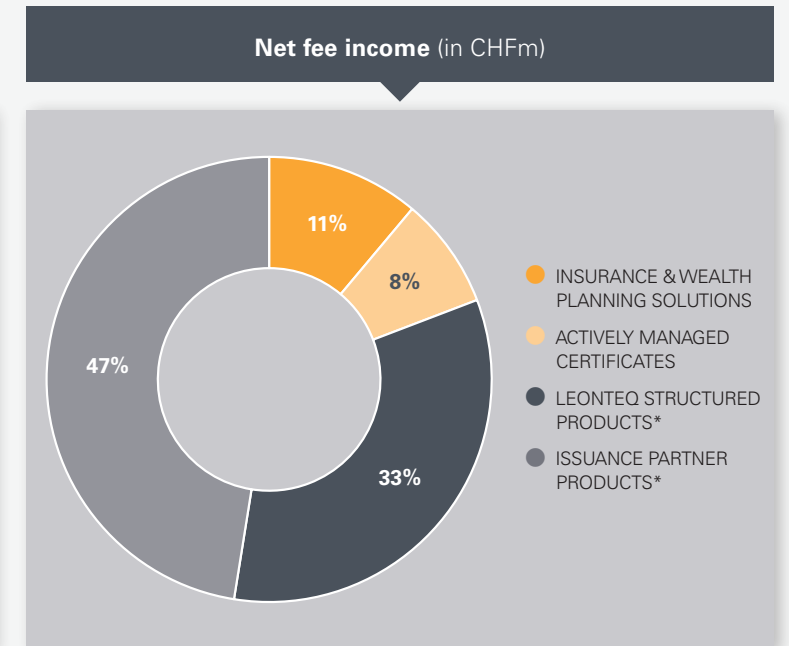
² Data shows SHIP volume hedged both by Leonteq and external counterparties (transactions always hedged by the party quoting the best price)

BUSINESS DIVERSIFICATION THROUGH INSURANCE SOLUTIONS AND ACTIVELY MANAGED CERTIFICATES (AMC)

Improved level of automation and enhanced white labelling platform for several issuance partners by adding additional functionalities and features



- Platform assets increased by 16% to a record CHF 13.8 billion on the back of new products issued by Leonteq and strong equity market performance
- Demand for Leonteq issued products increased due to investment grade rating received



- Insurance & Wealth Planning Solutions generates fee income on the back of unit-linked insurance policies with an average life-time of 30+ years
- AMC business is similar to asset management but with recurring management fees and open-end certificates

* Excluding AMCs

SUMMARY & OUTLOOK

FOCUS ON INITIATIVES THAT WILL SHAPE LEONTEQ'S FUTURE AND TRANSFORM ITS BUSINESS MODEL

- Leonteq made important steps towards becoming a globally renowned platform for structured investment products
- Solid performance in H1 2019 despite challenging start into the year
- Focused execution of key strategic initiatives over the past 12 months
- SHIP on track to be fully operational by mid-2020
- Further basis created to deliver 2020 financial targets

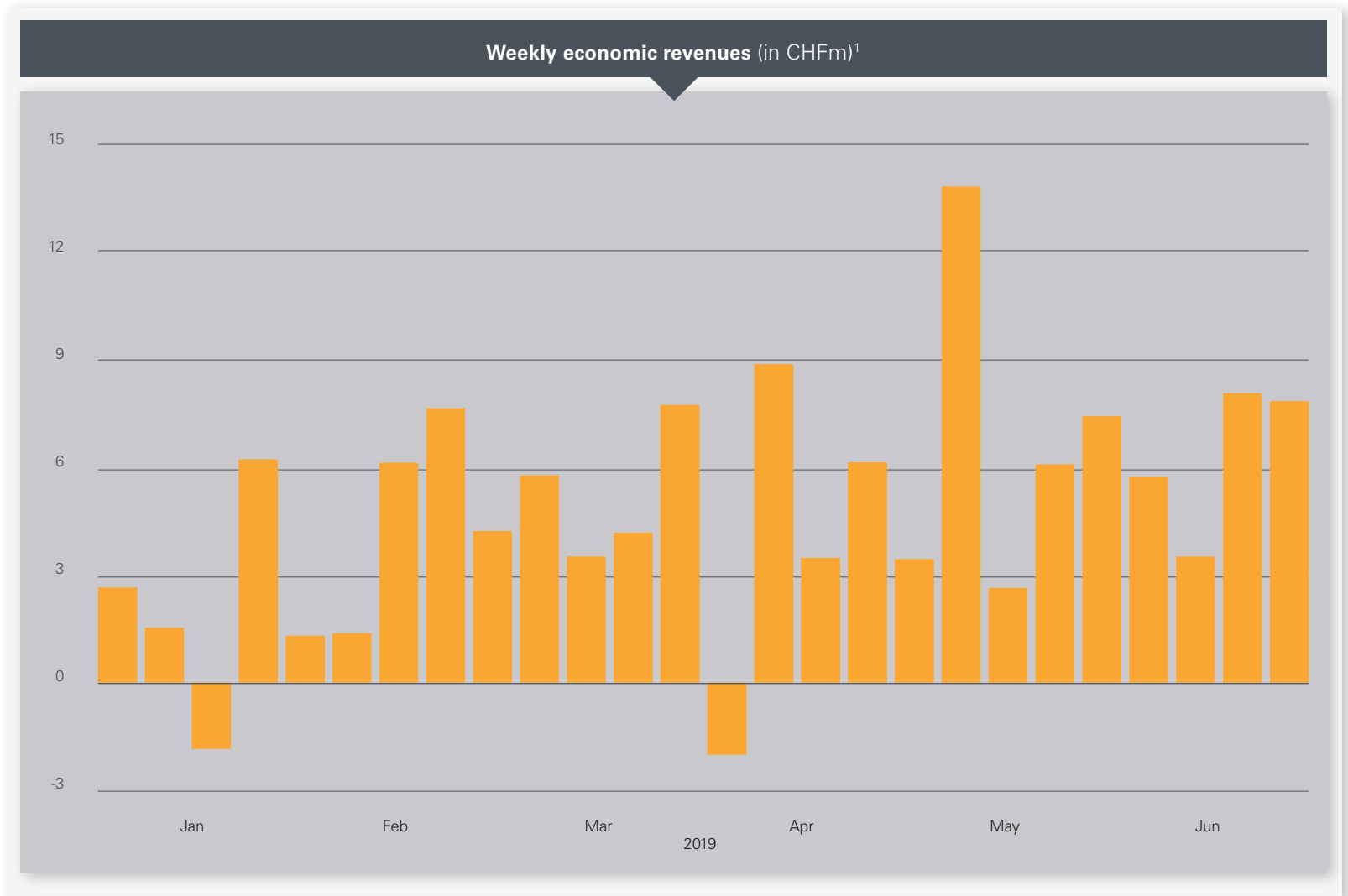
APPENDIX

KEY PERFORMANCE INDICATORS

Group KPIs	FY 2016	FY 2017	FY 2018	H1 2018	H2 2018	H1 2019
Cost-income ratio	91%	89%	67%	70%	64%	76%
Return on equity	4%	6%	18%	19%	20%	10%
Investment Solutions						
Platform assets (CHFbn) ¹	9.2	11.4	11.9	13.2	11.9	13.8
Whereof platform partner business (CHFbn)	6.8	8.4	8.8	9.7	8.8	9.8
Whereof Leonteq business (CHFbn)	2.4	3.0	3.1	3.5	3.1	4.0
Turnover (CHFbn)	20.9	26.8	28.8	15.9	12.9	15.0
Whereof issuance partner business (CHFbn)	15.6	18.3	19.8	11.0	8.8	9.3
Whereof Leonteq business (CHFbn)	5.3	8.5	9.0	4.9	4.1	5.7
Fee income margin (bps)	94	84	86	83	88	71
Issuance partner margin (bps)	85	82	72	71	74	64
Leonteq margin (bps)	121	89	115	110	120	83
Insurance & Wealth Planning Solutions						
Number of outstanding policies ¹	26,781	33,388	41,195	37,150	41,195	44,287

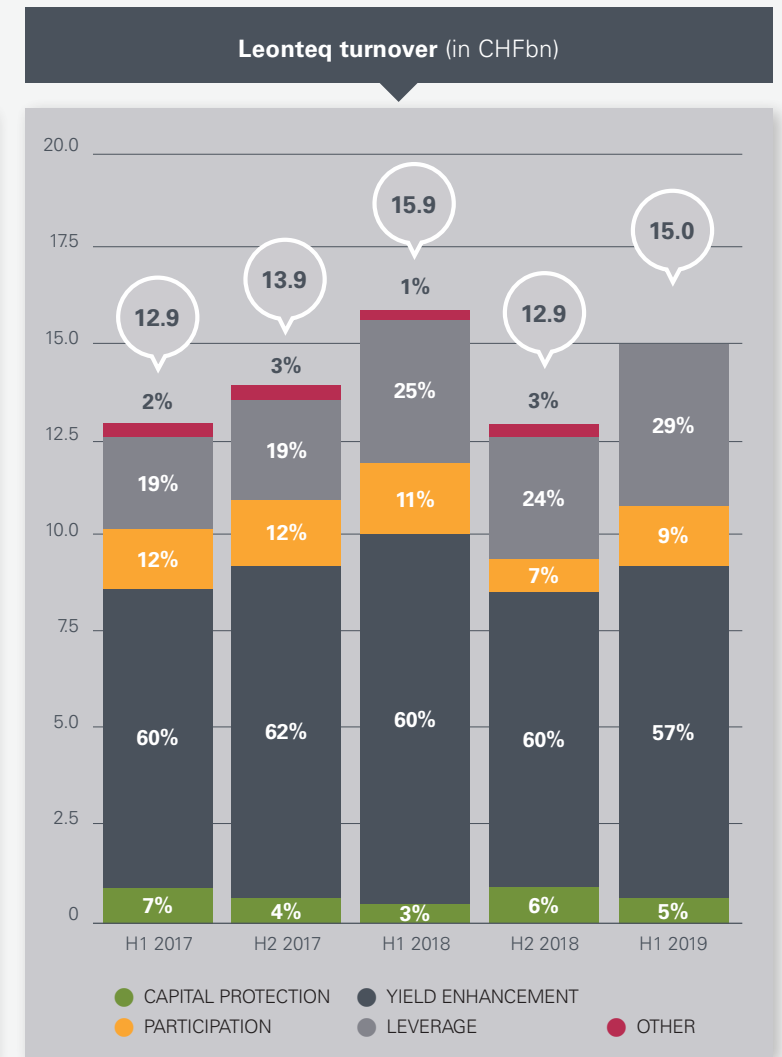
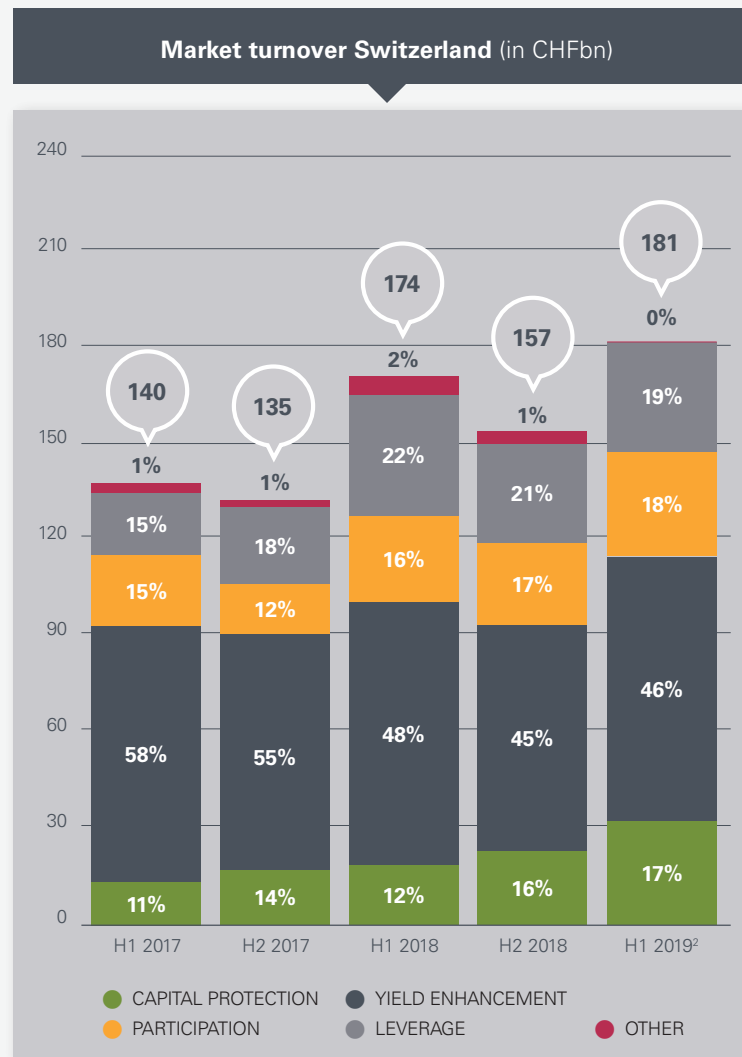
¹ At the end of the respective period

REVENUE DEVELOPMENT H1 2019



¹ Economic revenues are defined as sales and trading income earned and are considered as recognized at trade date without applying IFRS revenue recognition rules; economic revenues do not include certain other income components such as partner project cost reimbursements

STRUCTURED PRODUCT MARKET SWITZERLAND¹

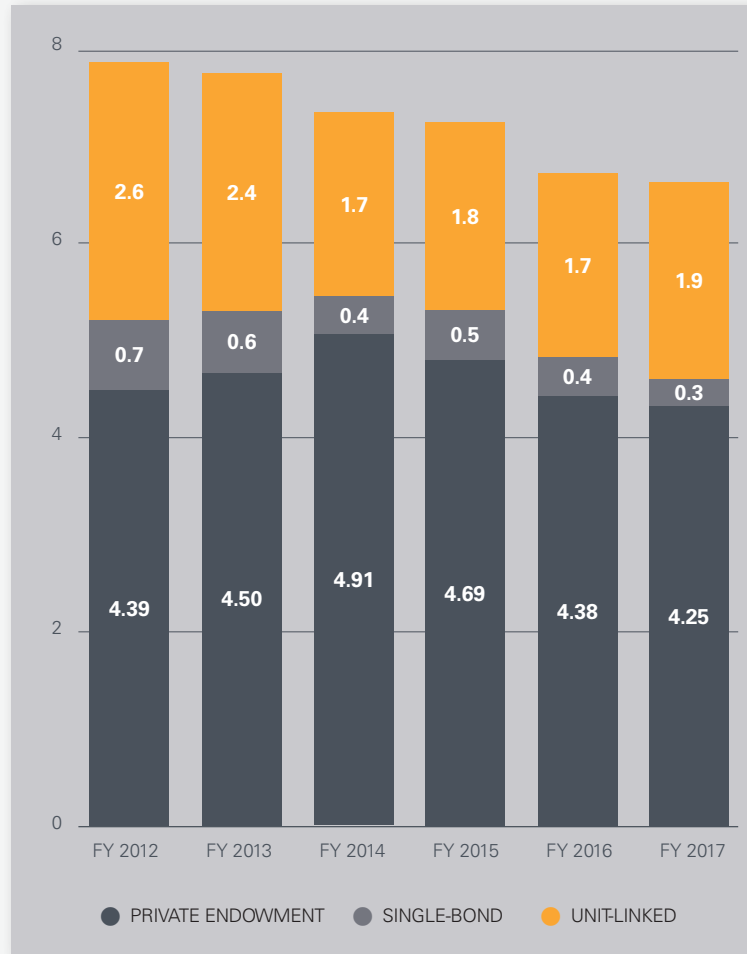


¹ Source: Swiss Structured Products Association (SSPA)

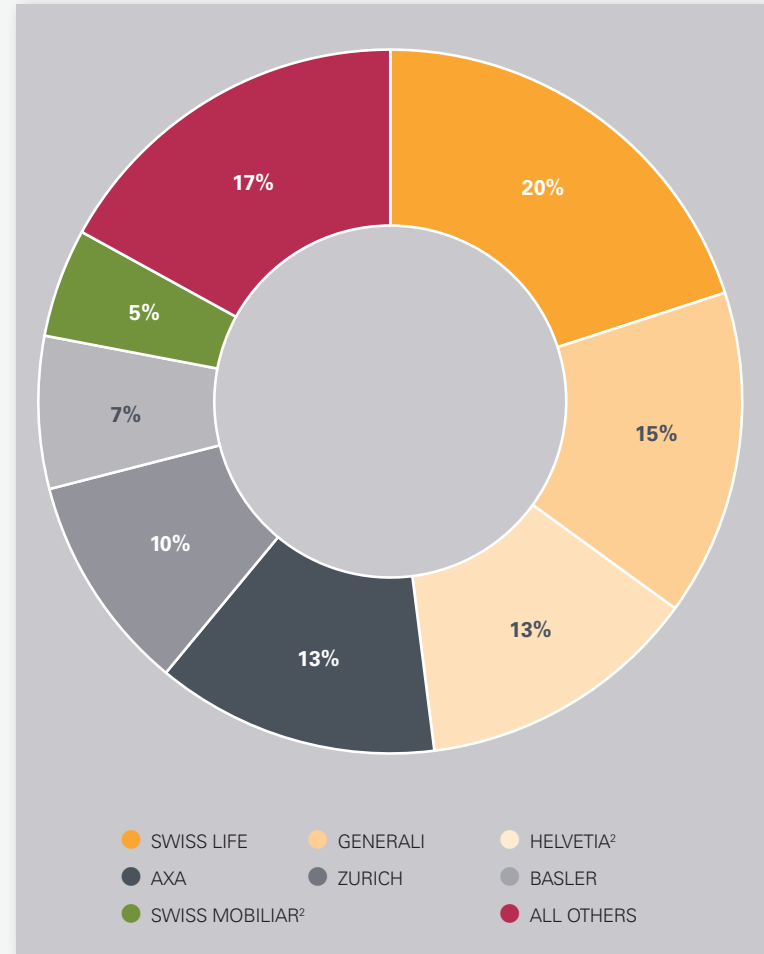
² Calculated based on SSPA Q1 2019 reported figures

INDIVIDUAL LIFE INSURANCE SAVINGS MARKET SWITZERLAND

Individual life insurance market (Switzerland)
(Booked gross premiums in CHFbn)¹



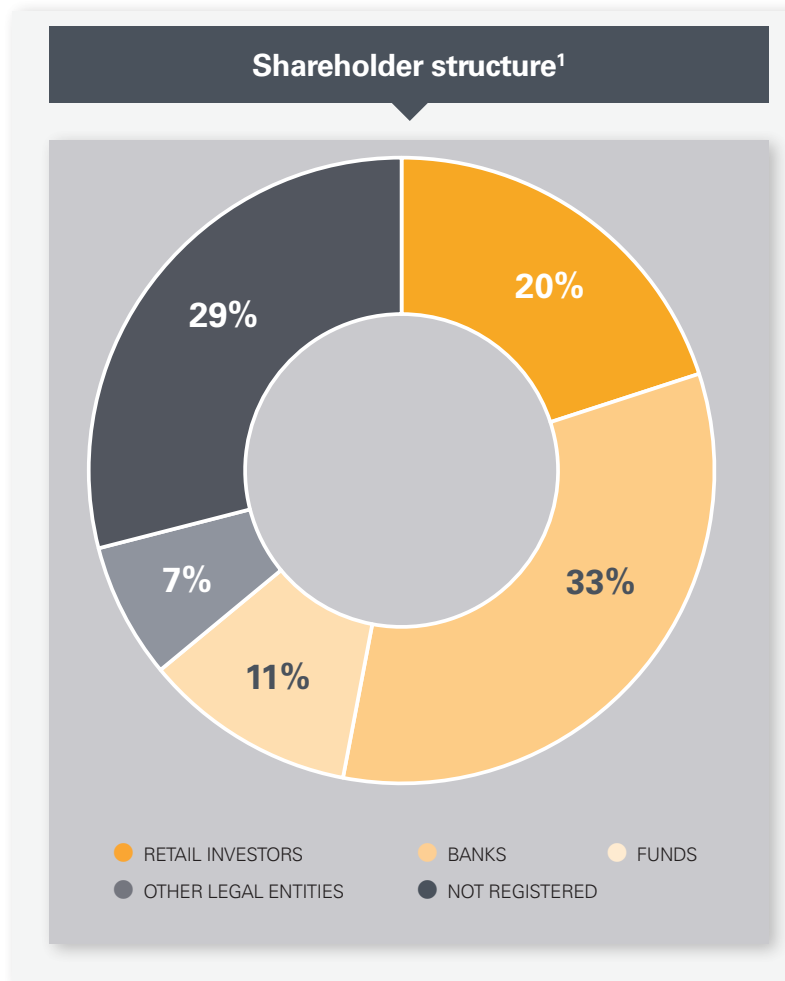
Market shares in Switzerland 2017



¹ Source SIA 2017 (Market for individual life insurance savings defined as total premiums of private endowment and single-bond insurance premiums and unit-linked life insurance premiums)

² Insurance partners of Leonteq

SHAREHOLDER STRUCTURE¹



Significant shareholders²

Raiffeisen Switzerland ³	29.02%
Lukas Ruffin family interests ⁴	8.15%
Sandro Dorigo	2.45%
Subtotal shareholders' agreement	39.62%
Rainer-Marc Frey ^{5,6}	12.15%
Credit Suisse AM ⁷	3.02%
Directors and Executives ⁸	0.93%
Total	55.72%

¹ As per Leonteq share register on 30 June 2019

² As per significant shareholding disclosures on SIX Swiss Exchange

³ Includes 2.9% of shares subject to call options held by the Lukas Ruffin family interests

⁴ 670,688 shares are subject to a lock-up until October 2025; Lukas Ruffin family interests additionally hold call options in relation to 2.9% share held by Raiffeisen

⁵ H21 Macro Limited / creation of obligation to notify: 29 March 2019

⁶ Includes written put options, representing 2.14% of the outstanding shares

⁷ Credit Suisse Funds AG / creation of obligation to notify: 25 February 2019

⁸ Excluding shareholdings of Lukas Ruffin