

Media Release

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Annual results 2019: Focus on Asset Management as the continuing business¹

Bellevue Group increases operating profit by 31% to CHF 39.8 mn – solid foundation for growth thanks to rise in client assets to CHF 10.6 bn

- **Strong increase in assets under management by 18.1% to CHF 10.6 bn, partly due to net new money growth of 7.3%²**
- **Revenues up 12% to CHF 103.9 mn (with 92% recurring revenues), leading to a 31% improvement in operating performance to CHF 39.8 mn³**
- **Valuation adjustments and impairment losses amounting to CHF 10.9 mn reduce Asset Management's profits after taxes to CHF 16.9 mn – normalized profit of CHF 27.8 mn**
- **Bank reports loss of CHF 5.4 mn due to one-off restructuring costs and impairment losses – corresponding impact on consolidated Group net profit after tax of CHF 11.4 mn⁴**
- **Continuation of shareholder-friendly dividend policy with proposal of an ordinary dividend of CHF 1.25 per share (+13.6%) and a special dividend of CHF 2.75 per share following the sale of the SIX stake**

André Rüegg, CEO of Bellevue Group, commented on the 2019 results as follows: “2019 was an eventful and trailblazing year for Bellevue Group. With the upcoming sale of Bank am Bellevue, and thereby placing the strategic focus on our internationally renowned asset management business, we have embarked on an important change in course that realigns Bellevue. The sharp rise in the profit of Asset Management underlines the promising basis from which we intend to further develop as a pure asset manager. As an institution reliant on innovative investment ideas, we want to grow above all through first-class, sustainable investment performance, a solid inflow of new money, and further targeted acquisitions, thereby creating added value for investors and shareholders alike.”

Strategic focus on successful and continually expanded asset management business

Asset Management, which has been successfully positioned and expanded in a targeted way in recent years, continued its growth trajectory in the reporting year. In a generally positive market environment, assets under management rose by more than 18% to CHF 10.6 bn. In Asset Management, new client assets amounting to CHF 1 058 mn were brought on board thanks to the successful healthcare and alternative investment strategies in particular. The pleasing development of new money was mitigated by declining investor interest in traditional fixed income and mixed strategies, as evidenced by outflows of CHF 635 mn. The net new money inflow amounted to CHF 422 mn, equivalent to net new money growth of 7.3%².

In 2019, Bellevue once again delivered proof of its broad investment expertise. The performance contribution of CHF 1.2 bn reflects the attractive growth potential of the product spectrum. In a competitive comparison, 90% of the investment strategies ranked in the first and second quartiles, and more than 70% of assets under management benefited from above-average investment performance. In addition to the very successful healthcare investments, the entrepreneur strategies developed particularly well. The strongest rise in value in the reporting year was recorded by the BB Entrepreneur Switzerland Fund

¹ The reporting of the 2019 annual results focuses on the continuing business activities as a stand-alone asset manager; the sale of Bank am Bellevue was announced on August 20, 2019; the Bank's results are reported in summary form (reported as discontinued operations)

² For funds and mandates, excluding the investment company BB Biotech AG

³ Result of continued business activities excluding discontinued operations

⁴ Consolidated Group net profit from all business areas

(+30.2% in CHF). The two investment companies and flagships of Bellevue Group – BB Biotech AG and BB Healthcare Trust – provided investors with impressive added value of 18.6% (in CHF) and 22.6% (in GBP) respectively, with the London-based trust likewise outperforming the benchmark by 4.2%. The most impressive outperformance (12.1%) was recorded by the BB Adamant Emerging Market Healthcare Fund, which recorded absolute growth of 15.7% (in USD).

Strong earnings base thanks to steady rise in client assets – significantly higher operating profit

The continuous increase in assets under management provides a solid platform for the further growth of Bellevue Group. This is also reflected in the 12% rise in income to CHF 103.9 mn. The most important income pillar remains recurring management fees, which rose by around 4% to CHF 95.4 mn. These now account for 92% of total operating revenues and stabilize the income side. Performance-related income improved significantly in the reporting year to CHF 6.3 mn, thanks in particular to the strengthened “Alternative Investments & Private Equity” area.

On the cost side, personnel expenses rose by some 11% to just under CHF 51 mn due to higher performance-related compensation, while other operating expenses also rose due to application of a new IFRS standard. Total operating expenses rose by 3% to CHF 64.1 mn. This results in an operating profit figure of CHF 39.8 mn – a sharp rise of more than 31% on the previous year. The operating cost/income ratio for the year amounted to 62% thanks to a combination of greater earnings momentum and a below-average rise in expenses. This metric of efficiency therefore improved further and now lies in the medium-term target bandwidth of 60-65%. Due to one-off valuation adjustments and impairment losses on goodwill and illiquid treasury positions of CHF 10.9 mn, profit after taxes in the continued asset management business amounted to CHF 16.9 mn. Normalized profit excluding extraordinary impairment losses amounted to CHF 27.8 mn.

At CHF 1.8 bn, the client assets of Bank am Bellevue remained stable even after the announced sale of the Bank. In the reporting year, the Bank recorded a loss after taxes of CHF 5.4 mn as a result of one-off restructuring costs and value adjustments in connection with the Bank transaction. Consolidated Group net profit after taxes amounted to CHF 11.4 mn in 2019.

Distribution of proceeds from sale of SIX stake – sustainable shareholder-friendly dividend policy

As previously announced, in the summer of 2019 the Bellevue Group decided to sell its stake in SIX Group AG – which it had held since 2007 – to another SIX shareholder. This attractive sale opportunity was seized not least due to the size of the position, which was not a strategic holding for Bellevue. The bulk of the proceeds will now be distributed to shareholders. Accordingly, the Board of Directors will propose to the general meeting of shareholders on March 24, 2020 that a special dividend of CHF 2.75 per share be paid.

The steady increase in earnings power in Asset Management in recent years will allow Bellevue to adhere to its shareholder-friendly dividend policy, which generates lasting added value for shareholders. The general meeting of shareholders will be asked to approve an increase of just under 14% in the dividend from continuing operations to CHF 1.25 per share. This is equivalent to a 60% payout ratio (based on normalized profit) and a dividend yield of more than 5% on the year-end closing price. Thanks to a disciplined deployment of capital, the return on equity works out at the attractive level of over 19% after the proposed distributions, based on the normalized profit figure of CHF 27.8 mn.

Personnel adjustments due to strategic focus

Following the successful acquisition of the private equity boutique adbodmer, Jan Kollros joined Bellevue’s Group Executive Board with effect from mid-July 2019. In December, Patrik Gilli, who was heavily involved in the upcoming divestment of Bank am Bellevue, was appointed as the Group’s new CFO. Owing to the sale of the Bank, Thomas Pixner – who had managed the build-up of Wealth Management activities since the start of 2018 as CEO of Bank am Bellevue and a member of the Group Executive Board – decided to

relinquish his management role. He will continue to support both the Bank and its clients during the implementation of this transaction and thereby ensure a constructive transition for all parties. The Board of Directors and the Group Executive Board would like to thank Thomas Pixner for his great dedication and support in the Bank's transition.

Having sharpened the focus of its business operations, Bellevue Group's Board of Directors is also being adjusted to the Group's new operational profile. Dr. Rupert Hengster, a director since 2017, has decided not to stand for reelection at the pending Annual General Meeting. The Board of Directors thanks Dr. Rupert Hengster for his valuable, constructive services on behalf of Bellevue Group. Four of the board's currently serving directors, Veit de Maddalena (Chairman), Dr. Daniel H. Sigg, Dr. Urs Schenker and Katrin Wehr-Seiter, will be standing for reelection. Due to the Group's reduced complexity, the individual compensation of the members of the Board of Directors will also be reduced by approximately 10%.

Outlook

The Bellevue Group has positioned itself unmistakably as a pure asset manager over the last year, clearly sharpening its profile as a "house for ideas". Its acknowledged strengths in the development and implementation of selected strategies for sustainable asset growth provide a promising platform for Bellevue's future growth as a finance boutique for innovative investment solutions. The offering, with its three distinct pillars – specialized healthcare strategies, alternative investment strategies, and traditional investment strategies – has proven itself, and is appropriately balanced for all market phases.

Indeed, Bellevue Group has made its investment expertise even more broad-based with its takeover of private equity boutique adbodmer AG. Entrepreneurial and exclusive direct stakes will be increasingly in demand, making them an ideal supplement to the existing spectrum of services. The task now is to gradually accelerate this business. An initial step to strengthen this area has already been taken with the acquisition of Realwerk AG, which offers customized financing and participation solutions. The aim is to expand investment opportunities in German-speaking countries in particular. Thanks to the internationally established network, a wider client base can gain access to these unique investments. Drawing on this expertise, a new private equity fund is set to be launched this year.

The full annual report 2019 can be found at www.bellevue.ch

Events calendar:

March 24, 2020: Annual General Meeting
July 30, 2020: Publication of half-year results for 2020

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Bellevue Group

Bellevue Group is an independent Swiss financial boutique focused on the asset management business. Its shares are listed on SIX Swiss Exchange. Established in 1993, the activities of the pure-play asset manager and its 100 or so employees are focused on a select and diversified spectrum of services in three main areas: specialized healthcare strategies, alternative investment strategies, and traditional investment strategies.