

**Ad hoc announcement pursuant to Art. 53 of the SWX Listing Rules**

Zurich, February 28, 2023

**2022 annual results**

Bellevue reports market-driven decline in net profit to CHF 25.3 mn – dividend proposal underscores the solid business model and confidence

- **Reduction in assets under management to CHF 9.4 bn reflects market turbulence in the first half – stabilization in the second half thanks to loyal clientele**
- **Market weakness results in approximately 25% lower earnings to CHF 104 mn and unrealized losses of CHF 10 mn on investments in own investment products and on financial assets related to equity-based compensation plans – consolidated operating income down 32% to CHF 95.9 mn from record-high level in 2021**
- **Expenses lowered by 24% thanks to entrepreneurial compensation model – higher cost/income ratio of 64% still within short-term target range**
- **Dividend yield of 5.3% based on the proposed ordinary dividend of CHF 2.00 per share**
- **Steady expansion of “Bellevue Private Markets” unit – investment volume growing as planned**

André Rüegg, CEO Bellevue Group, on the annual results for 2022: “In what was the most difficult investment year of the past 15 years, Bellevue Group was confronted with extreme market turbulence. Multiple crises triggered steep corrections in the stocks of innovative small and mid sized companies in the healthcare sector, Bellevue’s tried-and-true investment focus. Resulting earnings fell short of our ambitions, although they were still on a par with pre-pandemic levels. Thanks to our entrepreneurial compensation model, we were able to reduce pressure on the cost side very quickly. We are confident that, as a specialist asset manager with a straightforward and time-tested business model, we are well-positioned to leverage the long-term megatrend of healthcare as well as selected niche themes to the benefit of our clients and shareholders. At the same time we are broadening our revenue streams by expanding our Private Markets franchise, an area that offers promising, additional recurring and performance-driven earnings potential.”

**Stable client assets in the second half of the year – loyal clients appreciate investment expertise**

Investor interest in the healthcare sector soared during the COVID-19 pandemic and ultimately led to Bellevue’s record earnings in 2021, but market turbulence during the past year under review resulted in a significant contraction in assets under management, particularly during the extremely challenging first half of the year. In the second half, the asset base was fairly stable overall. Pressure from the interest rate front subsided, fueling a brief recovery in stock prices, especially in the small and mid cap segments of the global healthcare sector, but a sustained rebound has not yet been seen. Despite the negative market performance, asset outflows of CHF 577 mn represented less than 5% of client assets under management. Overall assets under management declined by 26% to CHF 9.4 bn from the record level reported in 2021. Thanks to Bellevue’s much-appreciated investment expertise, its broad base of international clients remained very stable.

### **Earnings decline to pre-pandemic level – very flexible cost base**

Earnings were clearly impacted by the lower average asset base. Income from asset management services declined by about one-quarter to CHF 104 mn. At the same time, unrealized losses of CHF 10 mn due to market declines were recognized on investments in own investment products and on financial assets related to equity-based employee compensation. Total operating income thus declined by about 32% year-on-year to CHF 95.9 mn. Thanks to an entrepreneurial compensation model, the cost base was quickly brought into alignment with the general business environment, resulting in a 29% decline in personnel expenses that is comparable with the reduction on the income side. General operating expenses were largely unchanged, resulting in an overall decline in expenses of 24%. The cost/income ratio rose to 64% but is still within the short-term target range of 60-65%. Consolidated net profit declined by 41% to CHF 25.3 mn. The return on equity is 23.2% (previous year: 38.6%).

### **Ordinary dividend of CHF 2.00 proposed thanks to the Group's financial solidity**

Bellevue's equity situation remains strong, and its balance sheet is uncomplicated and debt-free. Surplus equity of CHF 39 mn and management confidence in Bellevue's robust business model make a predictable and attractive dividend policy possible. Accordingly, the Board of Directors will propose an ordinary dividend of CHF 2.00 per share at the Annual General Meeting on March 21, 2023. This is well above the pre-pandemic dividend payout and corresponds to a dividend yield of 5.3% based on the 2022 closing price.

### **Further earnings diversification via steady expansion of "Bellevue Private Markets"**

Bellevue has systematically expanded its activities in the structural growth market of private market investments during the past three years and sharpened its profile as a specialist asset manager. Bellevue Private Markets is now active in the three areas of direct equity investments, co-investment funds, and private equity secondary strategies. Direct investments are made with a "deal-by-deal" investor club, which today has 30 members (entrepreneurs, families and selected institutions). This business activity is focused on minority stakes in successful, privately owned SMEs in the DACH region that support future growth. There are currently 14 active investments in the portfolio, representing an investment volume of more than CHF 270 mn. During the past year seven new members were admitted to the investor group and three new deals were arranged. In view of the maturity of the investments in the portfolio, initial exits along with attractive earnings potential can be realistically expected over the next 6 to 18 months.

Bellevue offers co-investment vehicles to give a broader range of investors access to the deal flow of the aforementioned investor group as well as other exclusive investment opportunities. The first co-investment fund, "Bellevue Entrepreneur Private I", was launched beginning of 2021 for this purpose. It was successfully closed in the summer of 2022 after raising CHF 63 mn in funds. In the ensuing short period Bellevue already managed to build a portfolio with seven promising investments in successful companies based in Switzerland, Germany and Austria, accounting for 50% of the committed capital. As soon as this first co-investment fund is largely invested, a second co-investment fund will be launched.

The direct investment and the co-investment franchises are rounded off with scalable special strategies. Leveraging the expertise of the highly experienced team for the private equity secondary market that joined Bellevue in December of last year, "Bellevue Global Private Markets" was launched in January of 2023, a strategy focused on the niche segment of so-called secondaries. This investment vehicle is focused on small transactions of less than USD 30 mn within the small and mid sized market. The target size of the secondaries fund is USD 200 mn, which is expected to be reached during the first half of 2024. Initial investment transactions are pending. With the selective expansion of activities in the private markets business, Bellevue is striving to further diversify its current business model and establish a source of supplementary income of high quality.

### **Ongoing investment in core competencies and infrastructure**

In addition to expanding its capabilities and product offering in the "Private Markets" segment, Bellevue is steadily investing in its asset management capabilities as well as in the enhancement of its investment product quality and growth. The recent enlargement of the Investment Team for the flagship product BB

Biotech AG through the recruitment of specialists in data analytics and in the therapeutic field of neurology serves as an example here. Bellevue is also investing in the modernization of its infrastructure and work tools, such as the planned implementation of a modern portfolio and risk management tool. Sales teams will be strengthened to bolster the company's presence in its core markets of Switzerland, Germany, and the UK. At the same time growth opportunities in strategic secondary markets such as Austria, Spain, the Benelux and Nordic countries as well as in selected Latin American countries. The recently established operations in Singapore will enhance the existing relationships with local clients and create further opportunities for growth in Asia.

Bellevue expects the general market environment to remain very volatile and challenging. High inflation rates, the prospect of more interest rate hikes, and geopolitical uncertainty are unlikely to brighten investor sentiment in the short term. Healthcare will remain an investment megatrend. As a "House of Investment Ideas", Bellevue will act agilely to identify and exploit investment opportunities as they emerge in the best interests of the clients it serves. Bellevue management reiterates its long-term guidance, provided markets are constructive.

The 2022 annual report and presentation slides are available at [www.bellevue.ch](http://www.bellevue.ch) and <https://report.bellevue.ch/2022>.

#### **Financial calendar 2023:**

<b>March 21, 2023</b>	<b>Annual General Meeting 2023</b>
<b>July 27, 2023</b>	<b>Publication of H1 2023 results</b>

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#### **Bellevue**

Bellevue is a specialized asset manager listed on the SIX Swiss Exchange with core competencies covering healthcare strategies, alternative investments (including private equity) and selected niche strategies. Established in 1993, Bellevue, a House of Investment Ideas staffed by 100 professionals, generates attractive investment returns and creates value added for clients and shareholders alike. Bellevue managed assets of CHF 9.4 bn as of year-end 2022.