

## PRESS RELEASE | LEONTEQ TO HOLD ITS 2016 INVESTOR DAY: VISION 2020 – FOCUS, GROW AND SCALE

Zurich, 16 November 2016

**Leonteq AG (SIX: LEON), a leading independent provider of structured investment products and related services, is holding an Investor Day in Zurich today, where it will update about the results of its recent strategic review and current business developments:**

- **Strategic review confirmed overall strength of Leonteq's business model based on its market-leading technology platform – organization will be simplified, processes streamlined and management accountability strengthened**
- **With a view to further scale the business and exploit further growth potential, company will be set up along three businesses "Investment Solutions", "Banking Solutions" and "Insurance & Wealth Planning Solutions"**
- **Introduction of new key performance indicators reflecting new business setup, with four KPI targets to be reached by the end of financial year 2020**
- **More focused business model will allow further cost savings**
- **Strengthening of the management including two appointments to the Executive Committee**
- **Significant step-up in scale by go-live of Raiffeisen Switzerland and Aargauische Kantonalbank as new platform partners**
- **Update on year-to-date business development**
- **Full investor presentation available at <https://ch.leonteq.com/news/investor-day-2016>**
- **Live webcast of the Investor Day today from 14:00 CET to approx. 17:00 CET at <http://services.choruscall.eu/links/leonteq161116/index1.html>**
- **Media briefing under dial-in number +41 58 310 50 00 today at 08:30 CET**

Jan Schoch, CEO of Leonteq: "Leonteq has delivered an impressive entrepreneurial growth story, enabled by our expert staff and leading technology platform. For the next stage of growth, we have developed a clear plan that we will execute over the next four years, and our progress can be measured against the newly set KPI targets. We want to empower our clients and partners with an unparalleled manufacturing and distribution platform, setting new standards in agility, speed and efficiency on the structured investment products and pension market globally. This will make us partner of choice and secure future growth."

Since its inception, Leonteq has built up an independent highly-scalable automated platform that allows to manufacture structured investment products at higher speed and lower costs. As a second step since the IPO in 2012, Leonteq manufactures products not only under its own name, but also from the balance sheets of its partner banks, thus reaching issuance scalability. In addition to these activities (now to be pooled in the new business "Investment Solutions"), Leonteq will offer distinct platform services for banks that prefer to manufacture and distribute structured investment products through their own channels (new business "Banking Solutions"). With this extended network, Leonteq will enhance its distribution scalability to achieve further growth.

Leonteq's new setup with three distinct businesses will be effective as from 1 January 2017<sup>1)</sup>:

The **Investment Solutions** business will focus its capabilities to manufacture and distribute Leonteq's and its partner banks' products on key European and Asian markets, including Switzerland, France, Germany, Italy, Singapore, Hong Kong and Taiwan. In addition, it is planned to open an office in Japan to gain a foothold in the largest structured products market worldwide. At the same time, planned market entries in UK onshore, Norway, Finland, China onshore and Korea onshore will be discontinued. Growth initiatives include the implementation of a sales-force effectiveness program, and an upgrade of Leonteq's digital client interface, to improve efficiency, scale and reach of its distribution. Investment Solutions encompasses around 76% of Leonteq's 2015 operating income. It targets an average annual growth in turnover of 15% by the end of 2020, which is to be reached through an increase in its current number of partners, an extension of its client base (financial intermediaries and institutions), and by leveraging the potential of its existing business.

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<sup>1)</sup> Subject to FINMA approval

The **Banking Solutions** business will leverage Leonteq's complete range of platform services to help mid-size retail and private banks establish or enhance their own structured investment products manufacturing and distribution. To this end, Leonteq will deliver them modular IT solutions for structured investment products as well as add-on services such as sales advisory training or regulatory and risk management support. Banking Solutions encompasses around 12% of Leonteq's 2015 operating income. In addition to building up a standalone highly scalable business, its team will act as a competence center for the key account management of all of Leonteq's partner banks, including those of the Investment Solutions business. Banking Solutions targets to have ten partner banks by end-2020.

The **Insurance & Wealth Planning Solutions** business will continue to offer products and services to life insurers and other providers of long-term investment solutions. Its partners are benefiting from modular, automated solutions that allow fast adoption of almost any investment concept, enabling them to offer products with attractive risk-return profiles and capital protection options. Insurance & Wealth Planning Solutions aims to grow by gaining further Swiss partners and driving expansion in Germany and the UK. Further growth initiatives include the set-up of a policy administration platform and implementation of a more rigorous onboarding management. The business encompasses around 12% of Leonteq's 2015 operating income, and targets to have five insurance partners by end-2020.

#### KPI TARGETS BY THE END OF 2020

Leonteq has defined top-line growth oriented KPI targets for its three businesses, while for the group overall, cost-income ratio is targeted to be below 65% by the end of 2020. In terms of distribution to shareholders, Leonteq intends to pay a minimum dividend of CHF 1.75 per share for 2016 onwards.

KPI targets 2017-2020, to be reached by the end of the financial year	2020	Compared to 2015
<b>Businesses</b>		
Investment Solutions: average annual growth in turnover	15%	14%
Banking Solutions: number of active platform partners <sup>2)</sup>	10	3
Insurance & Wealth Planning Solutions: number of active platform partners <sup>2)</sup>	5	1
<b>Group</b>		
Target cost-income ratio	<65%	69%

As a result of the strategic review and in view of the committed cost income ratio target, Leonteq plans to reduce costs in the amount of approx. CHF 10 million by the end of 2017, including a reduction of approx. 50 FTEs globally<sup>3)</sup> with expected full P&L effect by the end of the first quarter of 2017. This is in addition to the already completed CHF 10 million (announced with 2016 half-year results), which predominantly included savings against budgeted hirings. In view of the planned increased operating efficiency of the organization, no staff growth is envisaged in 2017 (with the overall staff base expected to stand at approx. 480), and net hiring rate is expected to be at approx. 5% p.a. as of 2018. Capital expenditure rate is expected to remain at historic and current levels of 12.5% of total operating income.

#### STRENGTHENING OF THE MANAGEMENT

Leonteq's Board of Directors has appointed Tobias Wohlfarth, currently Head of Platform Partners Integration & Relationship Management at Leonteq, as member of the Executive Committee and Head of Banking Solutions. In addition, Rüdiger Assion, currently Managing Director Group Communications at Deutsche Börse, has been appointed as member of the Executive Committee and Chief Communications Officer. Subject to FINMA approval, these appointments will be effective as of mid-November 2016 and January 2017, respectively. With the appointment of a Chief Communications Officer, the Board reflects the growing importance of transparent and strategic communication for capital markets. Rüdiger Assion will take over responsibility for Internal and External Communications, Investor Relations, and act as internal advisor.

<sup>2)</sup> Including future additional partners that will support Investment Solutions in reaching its KPI target, Leonteq continues to aim for an overall range of approx. 30 partners by end-2020. Leonteq currently has 7 banking platform partners (including Raiffeisen substituting Notenstein, and AKB, as announced today) and 1 insurance platform partner.

<sup>3)</sup> Such reduction of staff includes redundancies and other personnel fluctuation.

The new Executive Committee will be composed as follows<sup>1)</sup>:

Jan Schoch	Chief Executive Officer
Marco Amato	Chief Financial & Risk Officer
Justin Arbuckle	Chief Technology Officer
Rüdiger Assion	Chief Communications Officer
Sandro Dorigo	Head of Business Development
Steven Downey	Head of Markets
Jochen Kühn	Head of Insurance & Wealth Planning Solutions
Manish Patnaik	Chief Operating Officer
Ulrich Sauter	General Counsel
David Schmid	Head of Investment Solutions
Tobias Wohlfarth	Head of Banking Solutions

In the context of the combination of finance and risk under joint leadership on Executive Committee level, it has been mutually agreed that the current Chief Risk Officer Daniel Cangemi will step down from his function with immediate effect, and leave the company around mid-2017 to ensure a smooth transition. In addition, Yann Besnard, currently Head of Business Innovation, has decided to step down, but will continue to serve as an external senior advisor to the CEO until mid-2018, with a focus on supporting the execution of Leonteq's strong pipeline of partner banks. The Board of Directors thanks both Mr Cangemi and Mr Besnard for their valuable contribution as members of the Executive Committee and wishes them all the best in their future endeavours.

#### RAIFFEISEN AND AKB NEW PLATFORM PARTNERS

As announced in February 2016, Leonteq and Raiffeisen Switzerland have underpinned their strategic cooperation with a ten-year agreement, under which Leonteq is acting as core provider of technology and services for the manufacturing and distribution of structured investment products. The first Raiffeisen structured investment products are expected to be launched by the end of November 2016. Raiffeisen will be in charge of product distribution into its own channels, while Leonteq will be responsible for distribution to non-Raiffeisen channels in Switzerland, and for distribution in Europe and Asia. Notenstein La Roche Private Bank, a subsidiary of Raiffeisen Switzerland, will cease to issue structured investment products under its own name, but will continue to offer Raiffeisen products to its clients.

In addition, Aargauische Kantonalbank (AKB), one of the leading Swiss cantonal banks with total assets of CHF 24.3 billion as of 31 December 2015, and Leonteq are today launching their cooperation in the area of structured investment products. Under their agreement, Leonteq is acting as the manufacturer and issuer, while AKB with its Standard & Poor's AA+ rating is the guarantor of the products. They will be distributed by both AKB and Leonteq in Switzerland, and by Leonteq internationally.

#### BUSINESS UPDATE

Since the announcement of its half-year 2016 results, Leonteq further expanded its market share despite a challenging market environment. Turnover generated with products of Leonteq's platform partners continued to grow strongly while own issuances continued to decrease, in line with the first half of the year. As previously announced, personnel and other operating expenses increased, reflecting the impact of hires made in the first half of 2016 and higher office rents. Almost no staff was hired in the second half of the year to date. With the results of the strategic review announced today, Leonteq is confident to be well positioned for further growth.

#### LEONTEQ INVESTOR DAY 2016 – LIVE WEBCAST

- The investor presentation and the CVs of the new Executive Committee members are available at <https://ch.leonteq.com/news/investor-day-2016>
- A live webcast transmission of Leonteq's Investor Day from 14:00 to approx. 17:00 CET will be provided at <http://services.choruscall.eu/links/leonteq161116/indexl.html>
- A webcast replay will be available approx. four hours after the presentation at <http://services.choruscall.eu/links/leonteq161116/indexl.html>
- A media briefing will take place at 08:30 CET under dial-in number +41 58 310 50 00

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**LEONTEQ**

Leonteq is a leading independent provider of structured investment products and related services. Headquartered in Zurich, Leonteq operates globally with offices in Geneva, Monaco, Guernsey, Frankfurt, Paris, London, Amsterdam, Singapore and Hong Kong. The core of Leonteq's offering is a proprietary and innovative IT and investment services platform designed to maximize flexibility, transparency and service for the company's platform and distribution partners. Leonteq's registered shares (LEON) are listed on SIX Swiss Exchange.  
www.leonteq.com

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