

## MEDIA RELEASE

11 April 2017

### **2016 Valartis Group consolidated financial statements – business performance and economic situation**

*In FY 2016, Valartis Group focused on its core objectives and successfully rose to the challenges it faced. Divestment of the two private banks, Valartis Bank (Austria) AG and Valartis Bank (Liechtenstein) AG, were closed in 2016. The only remaining holding in the private banking sector is the minority holding of 25 per cent in Norinvest Holding SA, the parent company of Banque Cramer & Cie SA.*

*Valartis Group's financial basis is very stable. The balance sheet total amounts to CHF 188.7 m, and total shareholders' equity of the shareholders of Valartis Group AG amounts to CHF 112.4 m (previous year: CHF 117.9 m). The new equity ratio is 69.4 per cent. The Board of Directors will propose a dividend of CHF 0.20 per bearer share at the General Meeting on 16 May 2017.*

*The 2016 Valartis Group consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) and taking into consideration a number of non-recurring, exceptional factors, show a Group loss of CHF 38.1 m for continued and discontinued operations (previous year on a comparable basis: Group loss of CHF 58.4 m).*

This is made up of a loss amounting to CHF 12.0 m for continued operations resulting from high operating expenditure in connection with the successful recovery in 2016 (31.12.2015: loss of CHF 50.4 m), together with a loss amounting to CHF 26.1 m for discontinued operations (31.12.2015: loss of CHF 8.0 m). The latter is mainly a result of a currency translation adjustment (CTA) on the Austrian divestment. In 2016, Valartis Bank (Austria) AG, which had been acquired in 2008, was divested to Wiener Privatbank SE within the framework of an asset deal. As a result, exchange rate losses on the EUR participation amounting to CHF minus 40.1 m, which had formerly been posted to equity capital, were transferred to the profit and loss account in FY 2016, in accordance with IFRS. This non-recurring factor has no impact on Valartis Group's consolidated equity capital and, thus, no effect on the net asset value of Valartis Group shares.

### **Successful divestment of private banks in Austria and Liechtenstein**

The sale of assets of the Austrian bank within the framework of an asset deal (APA) on 1 April 2016 achieved a net cash income of EUR 11.9 m. Further, equity capital amounting to EUR 66 m was freed up. Based on this transaction, a participation of 49.9 per cent of the associated company «Gebäudebesitz Rathausstrasse 20» in Vienna resulted. This real estate had a value of CHF 21.8 m. Valartis Group has received in March 2017 the considerations from the sale of the share of this real estate in the amount of EUR 4.8 m. At 31 December 2015, the Austrian bank had a total capital ratio of 18.9 per cent according to Basel III.

The divestment of the Liechtenstein-based banking group within the framework of a share purchase agreement (SPA) was closed on 20 September 2016. The purchase price for 70 per cent of the capital of the bank was CHF 82.4 m (therefore, total purchase price was CHF 117.6 m for 100 per cent). By the end of 2017, Valartis Group will receive another CHF 4.1 m from this transaction. The bank in Liechtenstein had a total capital ratio of 18.3 per cent according to Basel III at 31 December 2015.

Divestment of the private banking business in Austria and the sale of the holding in Valartis Bank (Liechtenstein) AG, mean that, as of 20 September 2016, all prerequisites for consolidated supervision by the Financial Market Authority Liechtenstein (FMA) have been eliminated at the level of Valartis Finance Holding AG, Liechtenstein. At 31 December 2015, this finance holding company had an eligible capital of CHF 91.2 m whereas the required capital amounted to CHF 37.1 m. The total capital ratio was 19.7 per cent according to Basel III at 31 December 2015 (regulatory requirement was 10.5 per cent).

### Loss from discontinued operations

As a result of the divestments in 2016, IFRS provisions governing continued and discontinued operations apply to the Valartis Group 2016 Annual Report (Discontinued Operations, IFRS 5). The loss from discontinued operations which amounts to CHF 26.1 m (31.12.2015: loss of CHF 8.0 m), reflects the following:

- Loss amounting to CHF 40.1 m from reposting of currency translation differences on the Austrian divestment previously posted to equity capital (see also page 1, 2<sup>nd</sup> section, CTA). This non-recurring factor has no impact on Valartis Group's consolidated equity capital and, thus, no effect on the net asset value of Valartis Group shares.
- Profit from divestment of the Liechtenstein-based banking group (share purchase agreement) amounting to CHF 26.2 m.
- Net loss from the sale of assets in the Austrian bank (asset purchase agreement) amounting to CHF 2.4 m.
- Revaluation of the IFRS book value of the Darsi Group amounting to CHF 9.8 m (amortisations, 2016 loss contributed from the profit and loss account, advisory costs and local capital gains taxes at 15 per cent). The minority participation in the shopping, leisure and business center in Algeria (SCCA) has been sold to another investor within the framework of a share purchase agreement (SPA).

### Profit and loss account

In continued operations, the loss decreased to CHF 12.0 m (31.12.2015: loss of CHF 50.4 m) on the back of the positive result from trading income (from CHF -3.5 m in 2015 to CHF +4.7 m in 2016) and positive other ordinary income (from CHF -15.0 m in 2015 to CHF +8.1 m in 2016). Trading income in 2016 was considerably improved over the previous year as a result of raised rouble and USD valuations on private equity holdings and ENR Russia Invest SA's securities portfolio.

Profit from commissions and services comprises income from management services. From a purely operational viewpoint, profit from commissions and services – although still at a low level – were up at CHF 5.1 m (31.12.2015: CHF 3.5 m).

Operating expenditure was lower – despite the costs related to the recovery process – at CHF 19.8 m (31.12.2015: CHF 20.9 m). Personnel expenditure was up over the previous year from CHF 8.4 m to CHF 9.0 m due to slightly higher variable personnel costs. In 2017, personnel expenditure will be significantly reduced as a result of the new organisational structure and the substantially lower number of Valartis Group employees in Switzerland. Material expenditure was down to CHF 10.8 m (31.12.2015: CHF 12.5 m), despite the very high non-recurring expenditure for advisory costs relating to the reorganisation and divestments of the banking participations and the recovery process.

Following divestment of banking activities in Liechtenstein and in Austria, the former business segment «Private Clients» has been eliminated. Business activities and holdings which are grouped in the segment «Institutional Clients» remain in place. Within the framework of the new business activities, the Corporate Centre segment, as a business unit, no longer generates its own income. Valartis Group, thus, now only has one single segment and reporting will be in accordance with IFRS 8 for that one business segment only.

### Dividend

The overall positive financial circumstances put Valartis Group in a comfortable situation and that is reflected in the dividend policy. The Board of Directors will propose a dividend of CHF 0.20 per bearer share to the General Meeting on 16 May 2017. The Board of Directors wants to express that it values its shareholders and thanks them for the trust they have shown.

### Valartis Group

Following the divestment of its private banking business model, Valartis Group is now a holding company. Its new business model is founded on the core competencies of «Finance & Banking» and «Real Estate Project Management» with the main focus on active management of participations, management of third-party assets within the framework of participations and identification of new opportunities. The organisational structure has been correspondingly realigned and the Board of Directors was reduced to three members in January 2016. Executive management responsibilities were delegated by the Board of Directors to its Chairman, Gustav Stenbolt, who acts in a double function as President of the Board of Directors and as CEO.

**Gustav Stenbolt, Chairman and CEO:** «In the course of new investments, we are targeting profit-oriented majority and minority holdings in selected companies. We are confident that Valartis Group is well-prepared to face future challenges and that the Group will return to sustainable corporate success.»

The 2016 Annual Report can be found online and as pdf under [www.valartisgroup.ch](http://www.valartisgroup.ch) (Investor Relations).

### Agenda

Results media conference 2017	11 April, 2017 <b>10.00 a.m.</b> Login details for participation via conference call can be obtained here: <a href="mailto:mediarelations@valartis.ch">mediarelations@valartis.ch</a>
General meeting 2017	16 May 2017
Half-yearly report 2017	29 August 2017

For further information, please contact:  
 Kim-My Schefer, Head Corporate Communications & Marketing, Valartis Group AG  
 Tel. +41 44 503 54 02, [mediarelations@valartis.ch](mailto:mediarelations@valartis.ch)

## Valartis Group

Valartis Group is an international finance group with offices in Switzerland, Luxembourg, as well as Moscow and St. Petersburg. Valartis Group AG (Baar, Switzerland) is listed on the Swiss stock exchange, SIX Swiss Exchange. Continued operations include the fields of financial services, Real Estate Project Management and Private Equity.

[www.valartisgroup.ch](http://www.valartisgroup.ch)

## KEY FIGURES

### Key Figures – shown as continued and discontinued operations

in CHF million	31.12.2016	31.12.2015
<b>Total operating income</b>	<b>16.7</b>	<b>-17.2</b>
Income from interest and dividend	-1.2	-2.2
Income from commission and service fee	5.1	3.5
Income from trading book	4.7	-3.5
Other ordinary income	8.1	-15.0
Administrative expense	-19.8	-20.9
Personnel expense	-9.0	-8.4
General expense	-10.8	-12.5
Gross loss	-3.1	-38.1
Depreciation, valuation adjustments and provisions	-6.2	-13.8
Income taxes	-2.8	1.4
<b>Net loss from continued operations</b>	<b>-12.0</b>	<b>-50.4</b>
<b>Net loss from discontinued operations</b>	<b>-26.1</b>	<b>-8.0</b>
<b>Net loss</b>	<b>-38.1</b>	<b>-58.4</b>
attributable to shareholders of Valartis Group AG	-43.2	-57.2
attributable to non-controlling interests	5.1	-1.2
Total assets	189	2,207
Total liabilities	58	2,047
Total shareholders' equity (including non-controlling interests)	131	160
Closing price of VLRT bearer shares, in CHF	6.80	8.45
Dividend per share, in CHF	0.20	0.00
Dividend yield	2.9%	n/a