

Bellevue Group half-year results 2023

Kusnacht, July 27, 2023

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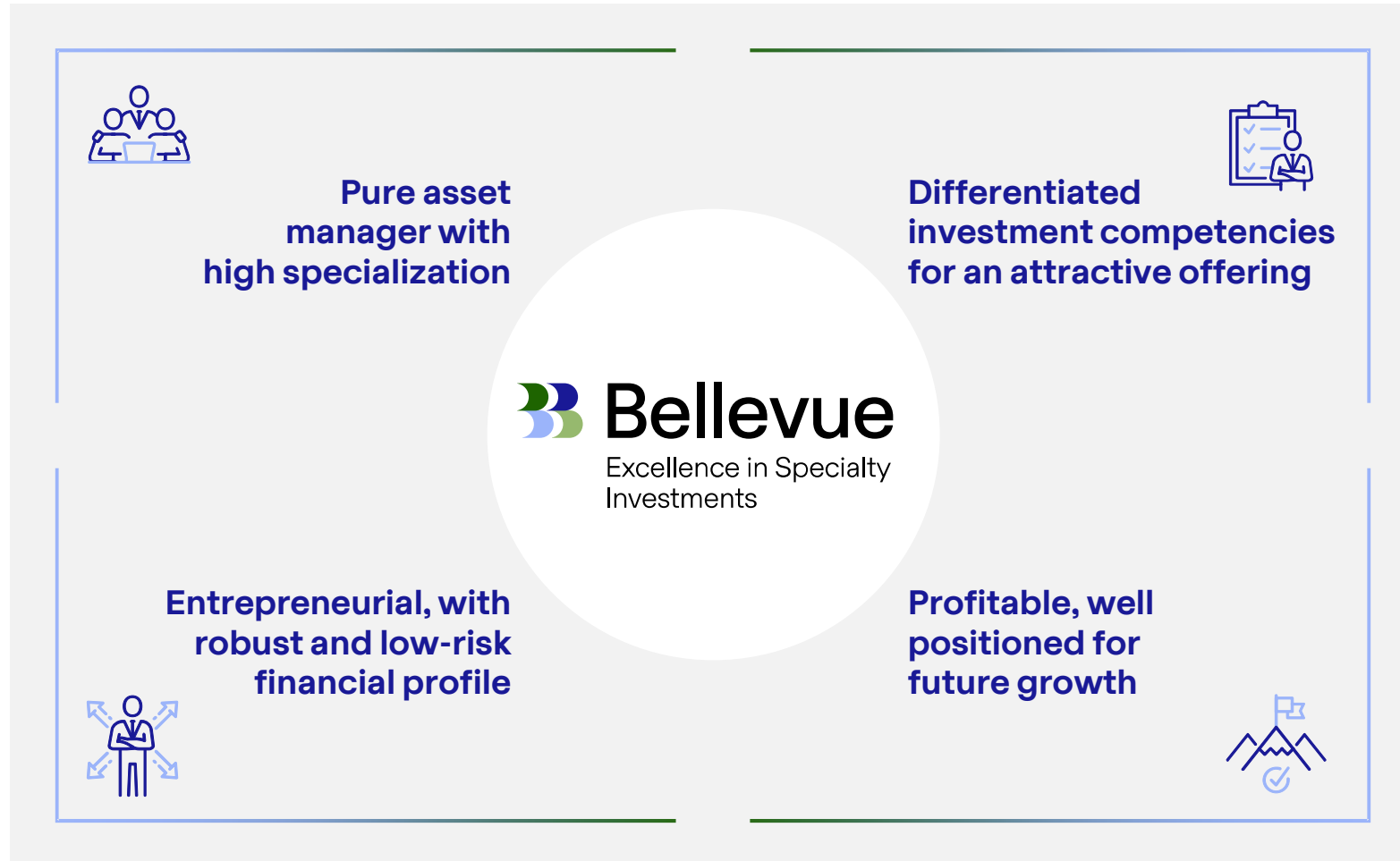
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Overview of H1 2023

André Rüegg, Group CEO

Bellevue – specialized asset management

Company profile



Established

1993

Credo

“We eat our own cooking”

Market cap.

CHF 357 mn

Number of employees (in FTE)

101.5

AuM

CHF 8.1 bn

Shareholders' equity

CHF 116 mn

Shares held by anchor shareholders & employees

47.3%

Key figures for H1 2023

High exposure to stocks in core investment area of Healthcare is reflected in key performance criteria



Assets under management

CHF 8.1 bn

(31.12.2022: CHF 9.4 bn)



Operating income

CHF 41.3 mn

(prev. period: CHF 46.8 mn)



Operating profit (EBTDA)¹

CHF 12.3 mn

(prev. period: CHF 19.1 mn)



Group net profit

CHF 8.0 mn

(prev. period: CHF 14.3 mn)



Cost/Income ratio (CIR)

70.1%

(prev. period: 59.1%)



Return on equity²⁾

14.8%

(prev. period: 25.2%)

Key results reflect specific stock-market developments

- Disappointing AuM performance, largely due to adverse market conditions
- Linear development of operating income attests solid margin
- Decline in core earnings power cushioned by high variability of cost structure
- Still acceptable CiR and RoE
- Recovery of healthcare market allows significant improvement in all key figures thanks to high scalability of business model

1) Earnings before taxes, depreciation and amortization

2) Based on reported net profit and average equity for the preceding 6-month period after distribution of the respective dividends

Attractive business model with a strong foundation

Navigating the «perfect storm» – with substance!



Attractive business base

- AuM-based business model ensures **clear earnings visibility** with high **scalability**
- Strong **positioning in healthcare** entails dependency, but offers **high structural growth potential**
- Focus on other attractive niche strategies in market areas «**Public**» and «**Private**» provides **attractive margins**
- Broad and steadily growing **client base** will unleash new growth momentum over the long term



Healthy financial structure

- Straightforward **balance sheet with high degree of transparency**
- Strong **Equity Ratio of 80%** (no leverage)
- **Lean but strong capital base** ensures a high level of financial efficiency
- Considerable **variability of cost structure** thanks to entrepreneurial profit-sharing model
- High payout ratio ensures an **attractive dividend yield**



Strong platform

- Small but robust organization demonstrates **high adaptability**
- Pronounced **expert/talent pool** with high attractiveness and low fluctuation ensures **high levels of quality and continuity**
- Steady investments in **new tools and technologies** keeps competitive edge sharp
- **Entrepreneurial responsibility** and **solid governance** build trust

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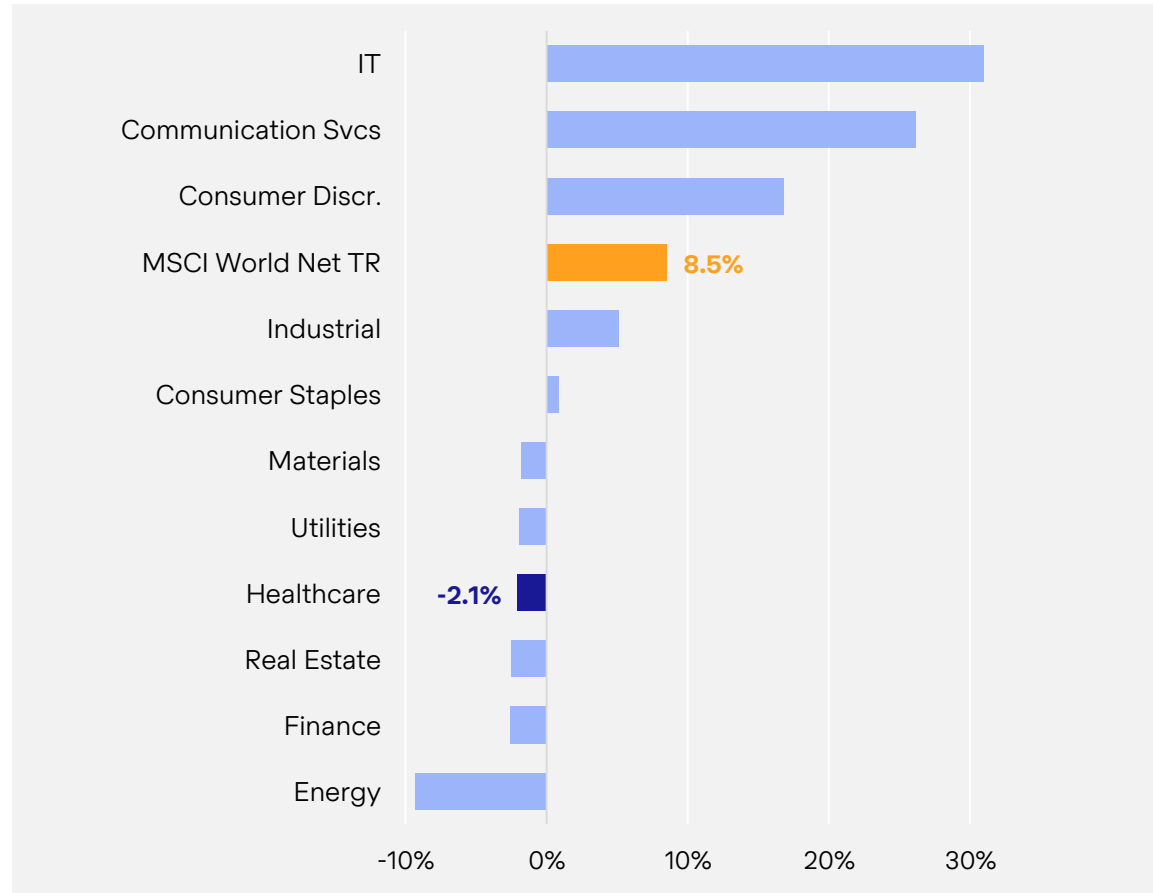
Bellevue in the grip of capital markets

Markus Peter, Head Investments & Products

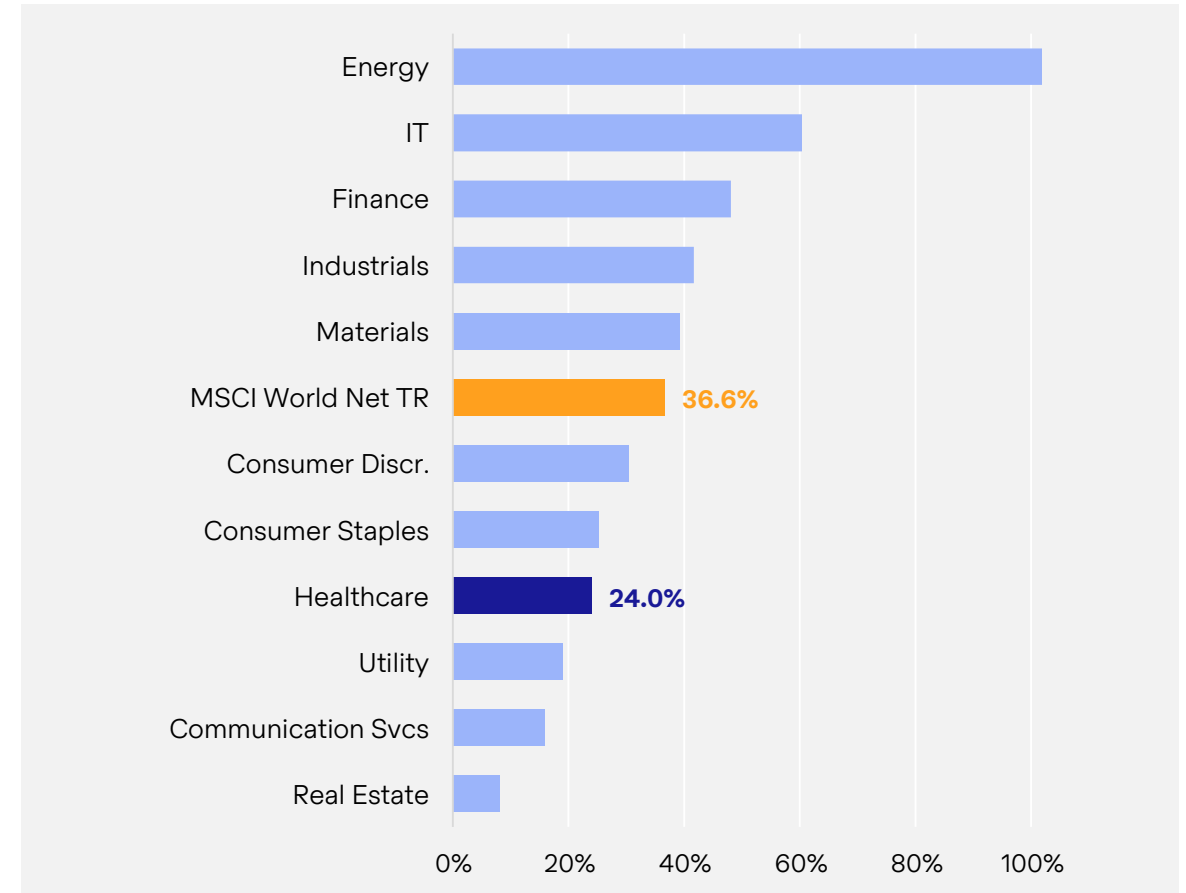
Persistent weakness in healthcare sector since H1 2021

Momentum remained weak in H1 2023: Losers of 2022 are today's winners – and particularly «AI-stocks»!

Total return of GICS sectors (in USD) 2023 YTD



Total return of GICS sectors (in USD) 3 years

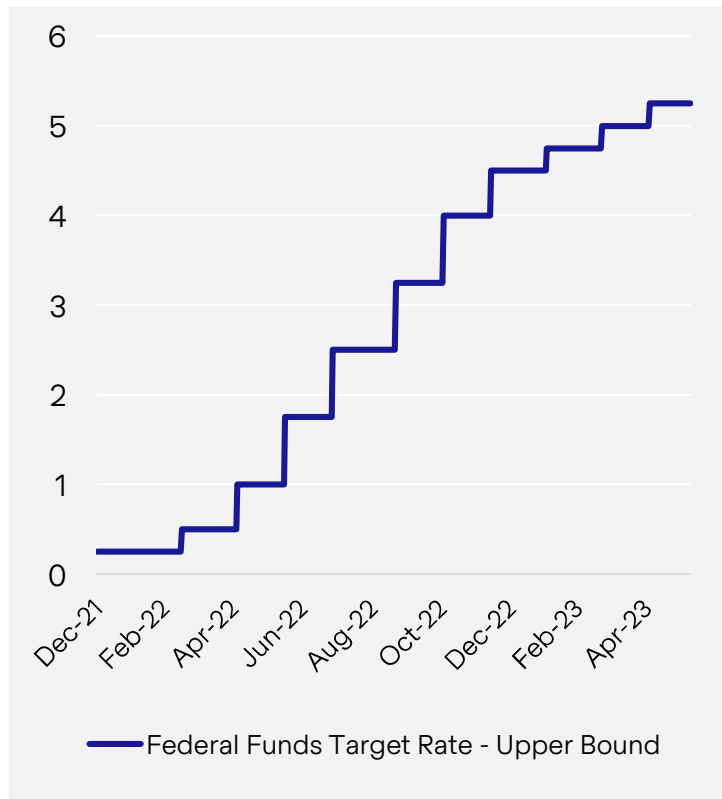


Source: Bloomberg, Bellevue Group, as at May 31, 2023 (in USD)

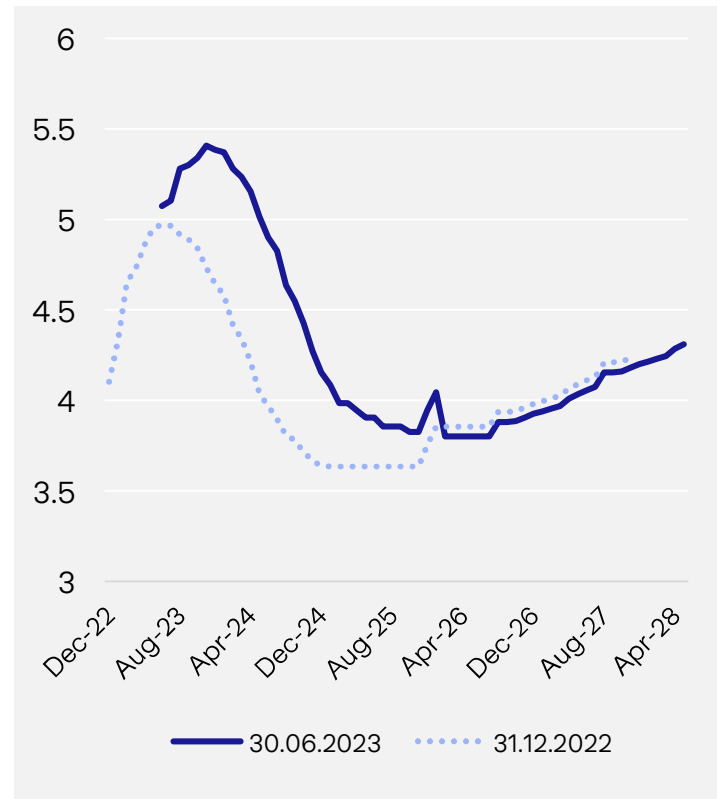
Major shift in interest rates has created market headwinds since early 2022

Pressure from interest rates remains high – but relief is in sight!

10 rate hikes – bringing target range above 5%! US fed funds rates



Interest rate pressure remains high Federal Funds Futures (31.12.22 vs. 30.06.23)



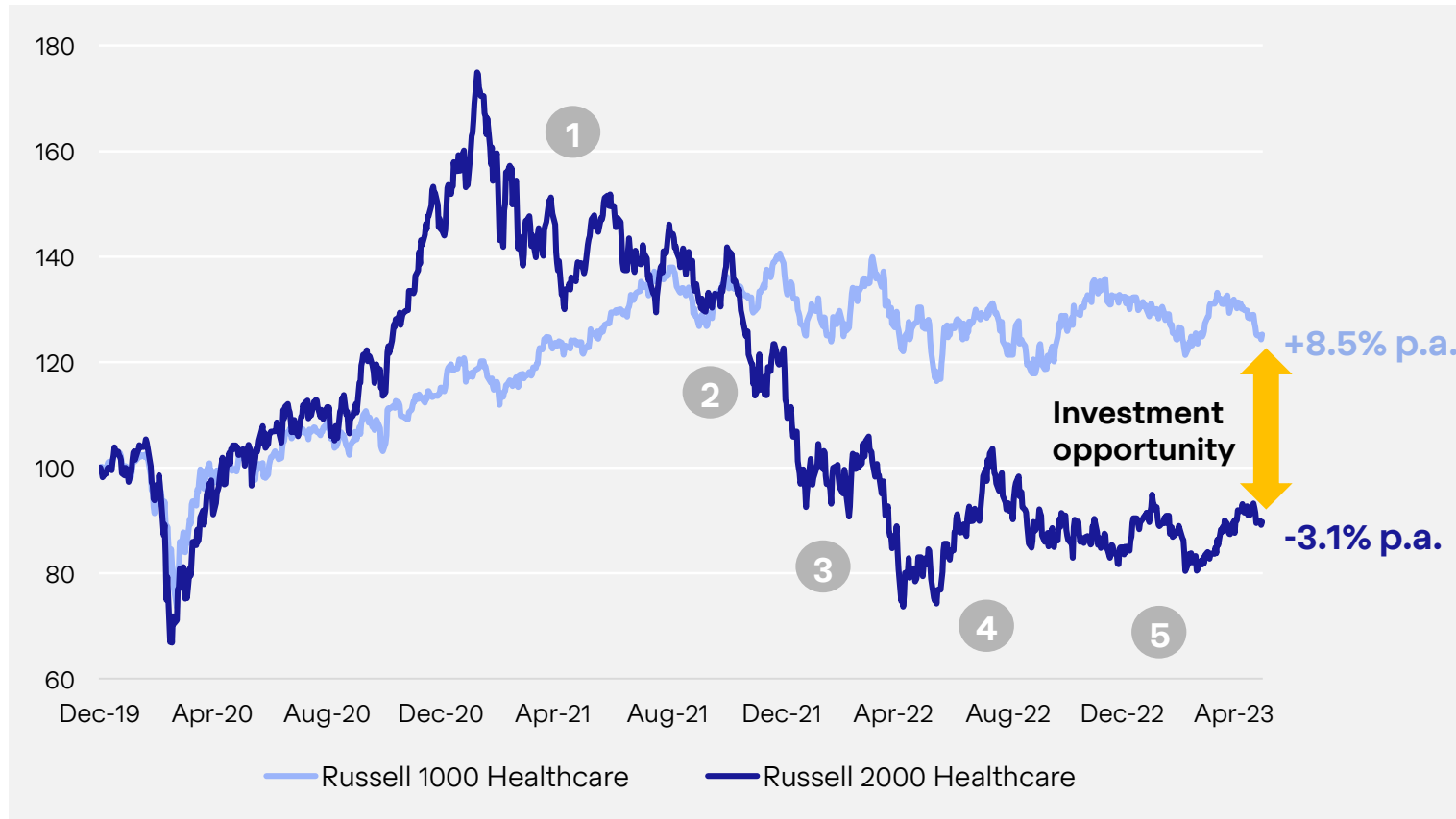
Outlook for H2 2023/24 Summary

- More rate hikes are expected to be announced in H2 2023 – but at a more moderate pace
- Rates could peak in Q4 – the fed funds rate at the end of the year is expected to be around today's level
- Monetary policy easing not likely before Q1/Q2 2024
- Situation on the interest rate front in Europe and Switzerland remains opaque due to unclear inflation dynamics
- History has shown that stock markets discount a monetary policy reversal about 6 months in advance – is there a market upswing on the horizon?

Monetary policy pressures expected to abate

Possible turning point for small/mid caps – also in the healthcare sector!

Performance Russell 1000 HC (Large Caps) vs. Russell 2000 HC (Small- und Mid-Caps)
 Rebased, in USD, December 31, 2019 – May 31, 2023



- 1st phase:** Correction of «COVID-19-booster» (digital health services, systems providers, etc.) and start of pharma rally
- 2nd phase:** Inflation worries arise, initial tapering by US Federal Reserve and economic growth uncertainties put SMID caps under more pressure
- 3rd phase:** First rate hikes by the US Federal Reserve. Russia invades Ukraine, risk-off environment
- 4th phase:** Subsiding interest rate dynamics triggers an initial rebound in SMID caps
- 5th phase:** A crisis of confidence in global banking system

Attractive valuation of healthcare versus overall market

Valuation of Healthcare vs. Total market, measured by P/E and PEG ratios



Subsector	US Biotech	US Generics	US Pharma	US Medtech	US Services	MSCI World HC
P/E 2024E	14	6	18	19	13	16
PEG 2024E	1.1	0.8	2.3	2.3	0.9	1.8

S&P 500 Index

P/E 2024E	18
PEG 2024E	2.4

MSCI World

P/E 2024E	16
PEG 2024E	2.5

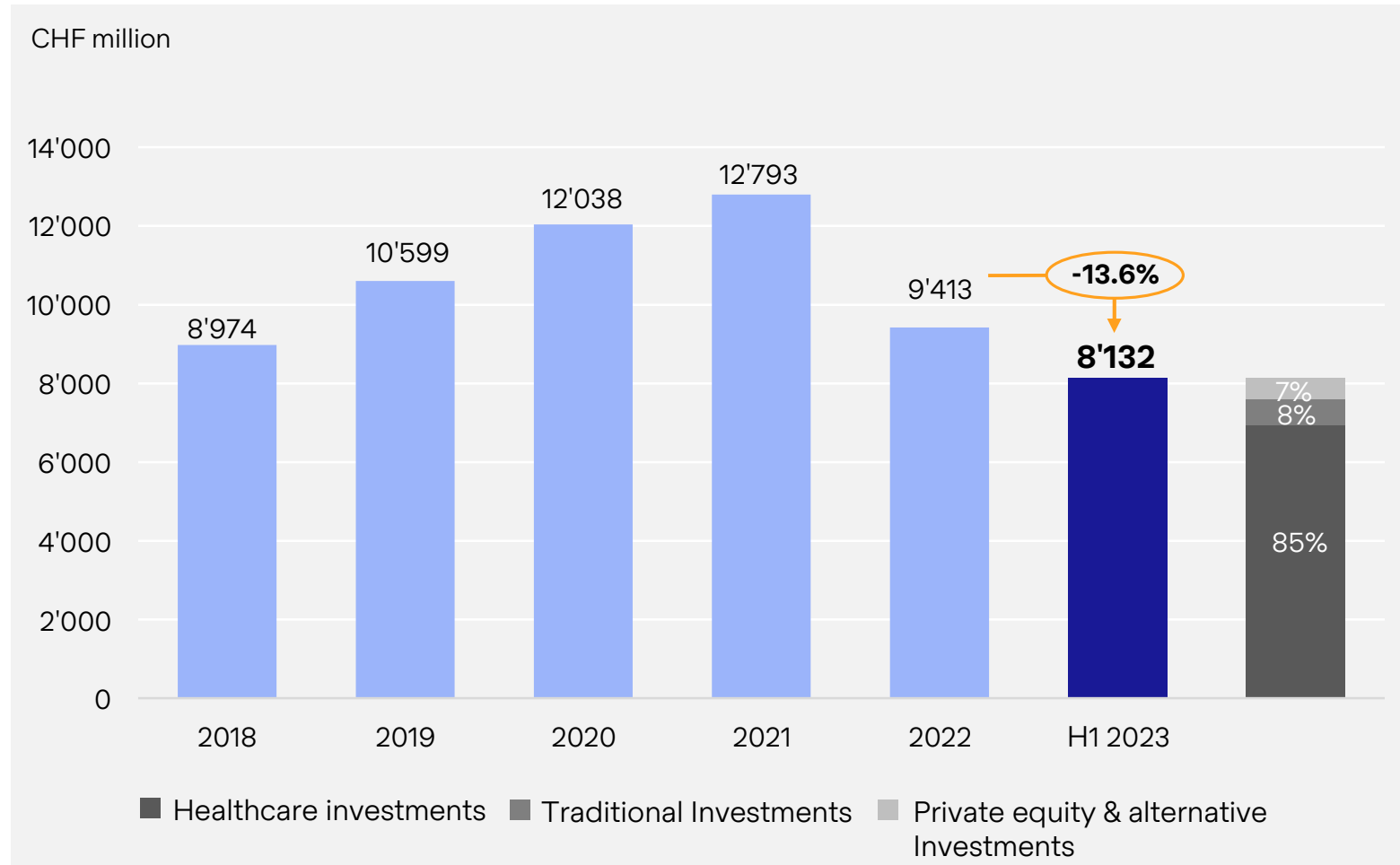
The valuations multiples above are not a reliable indicator of the future performance of any subfunds. There is no guarantee that the investment objective will be achieved or that a positive return will be generated. Source: Bloomberg, BAM Research; PEG = PE 2024/ Earnings growth 2021-2025e, data as of June 6, 2023

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H1 2023 Results
Michael Hutter, Group CFO

Contraction in AUM base accentuated by positioning

Change in AuM 2018 – H1 2023

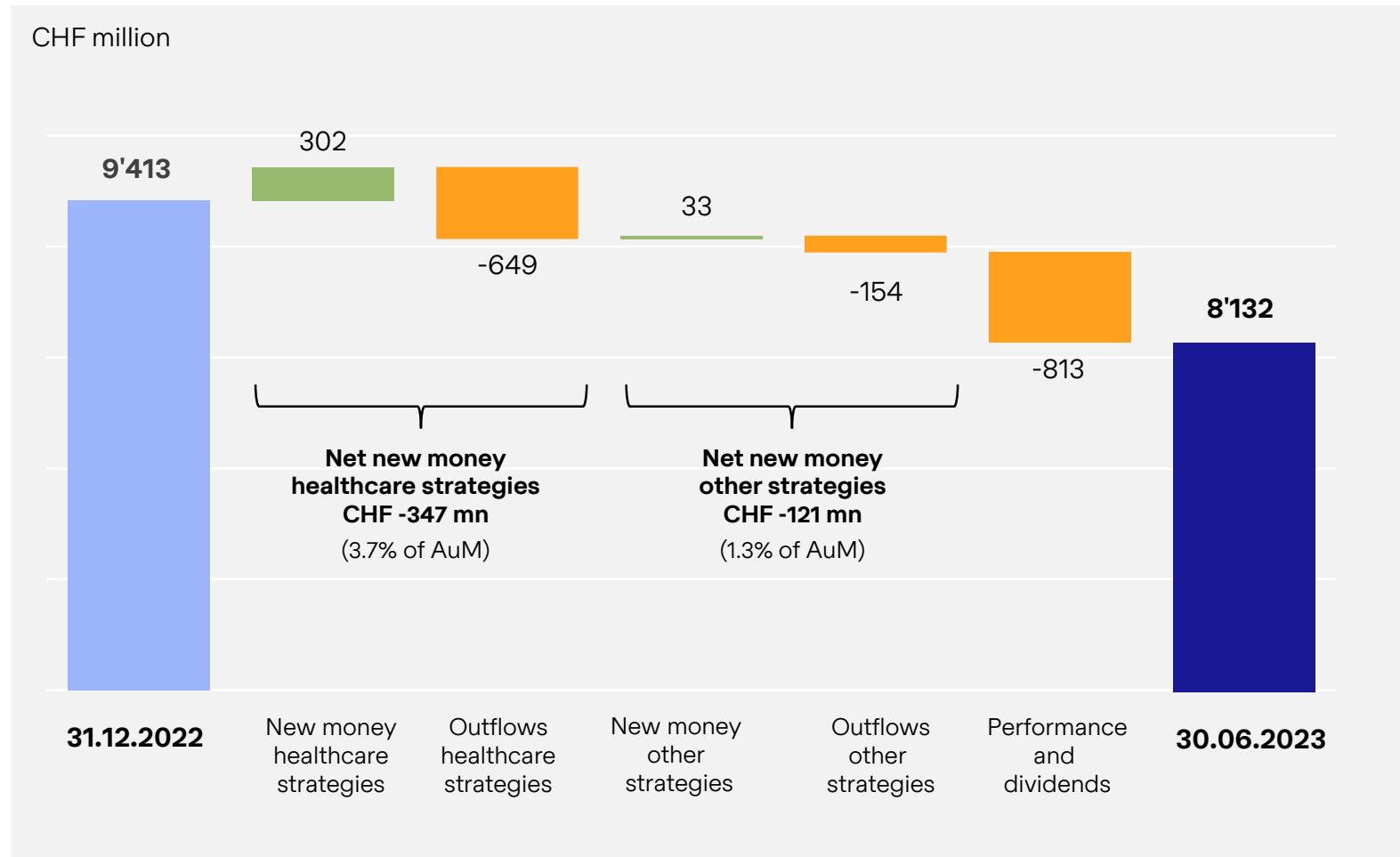


Sustainable growth path until 2021 interrupted due to adverse market conditions since H1 2022

- Renewed decline in AuM of approx. CHF 1.3 bn or 14% in the first half of 2023
- More than CHF 0.8 bn or almost two-thirds of the overall decline attributable to lower market valuations
- Situation with interest rates and inflation remains unfavorable for our product offering
- Despite considerable market distortions, customer base remains stable so far, first signs of recovery in the healthcare sector are visible
- Well-diversified AuM base with steadily attractive margins

Stable client base – marginal outflows

Development of AuM base in H1 2023

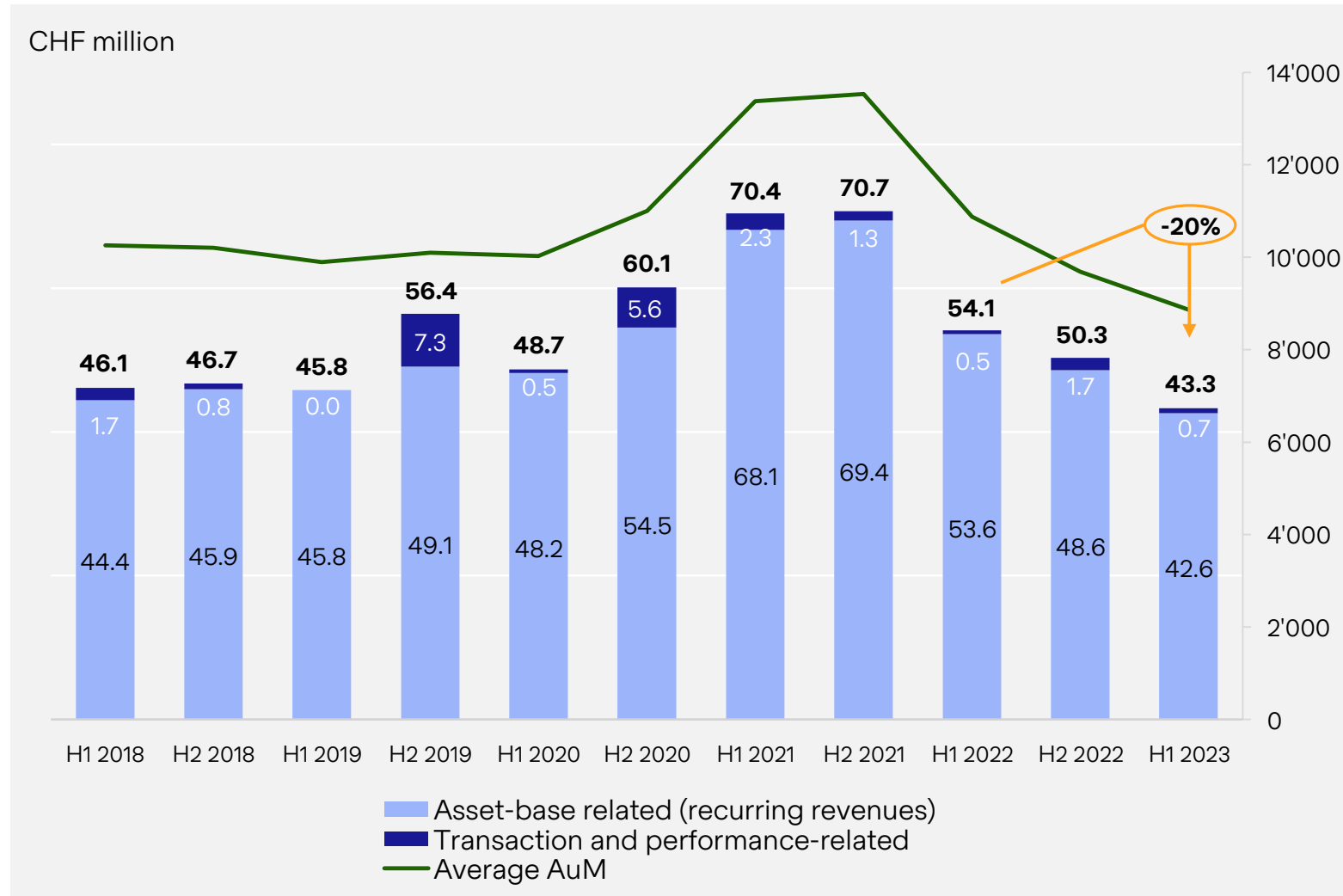


Solid client base reflects high level of trust and long-term orientation

- Sharp decline in AuM base largely attributable to negative performance
- Sustained tension in the healthcare sector has triggered substantial outflows – but attractive entry points have also led to new inflows
- Other business areas remains stable despite difficult market environment
- Net money outflow comparatively low given adverse market conditions in our specific investment areas (<5% of AuM base)

Earnings power in step with AuM base

Development of income from asset management activities, 2018 – H1 2023

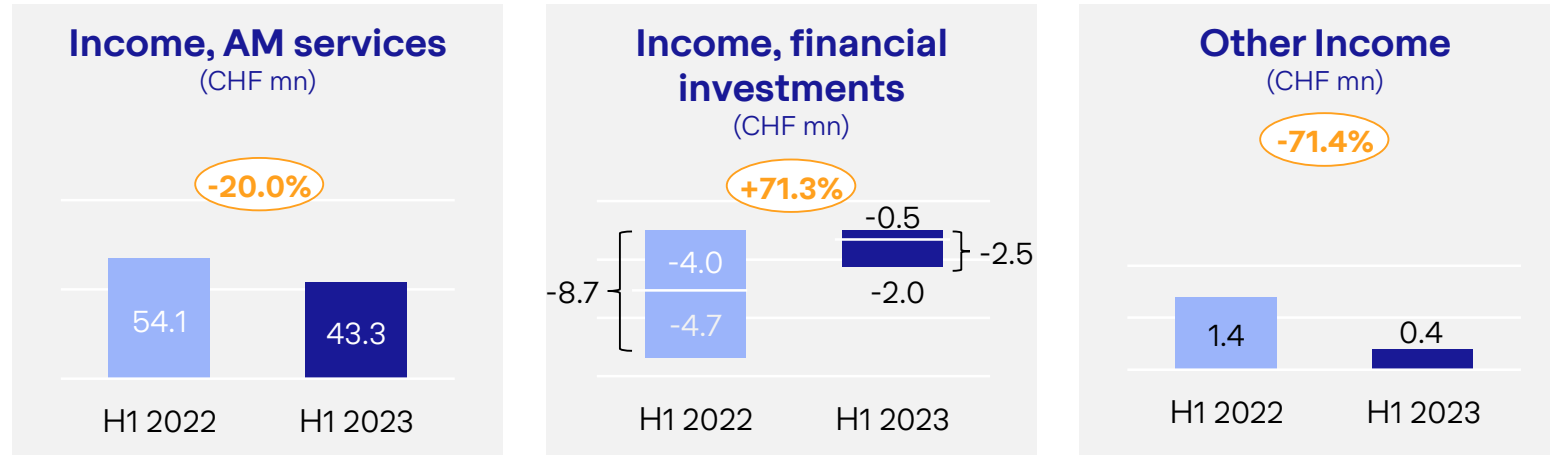


Traceable period-on-period decline in profitability of 20%, in step with Ø AuM base

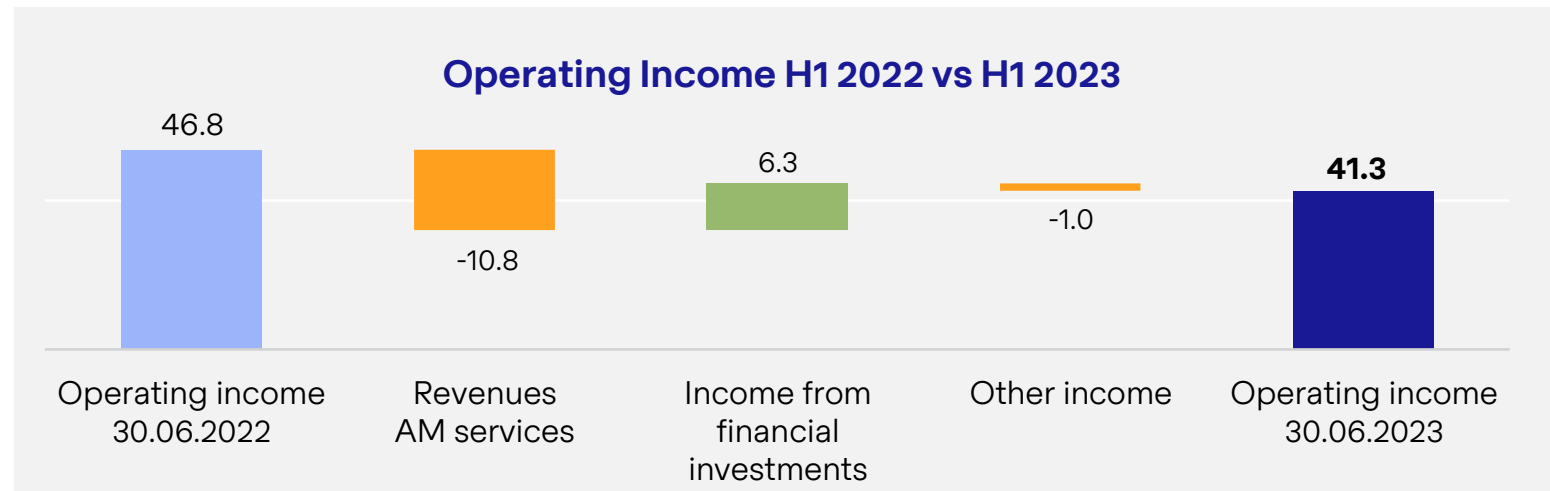
- Earnings power down to 2017/2018 levels
- High percentage of recurring revenues reflects high-quality AuM base at stable margins
- Contribution from transaction at low level, but solid pipeline provides room to the upside
- Well developed and mature portfolio of private equity direct investments creates potential for performance fees on exit (carried income)

Consolidated results

Operating income



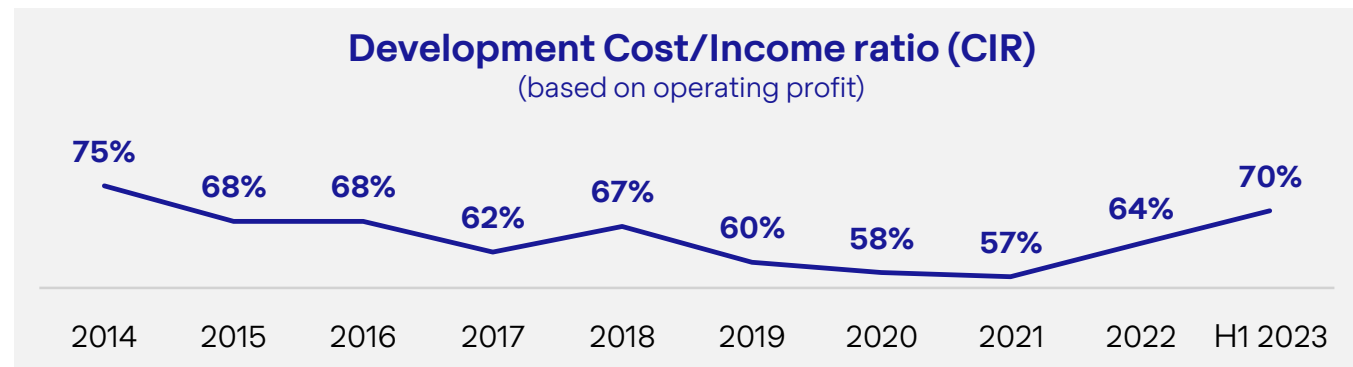
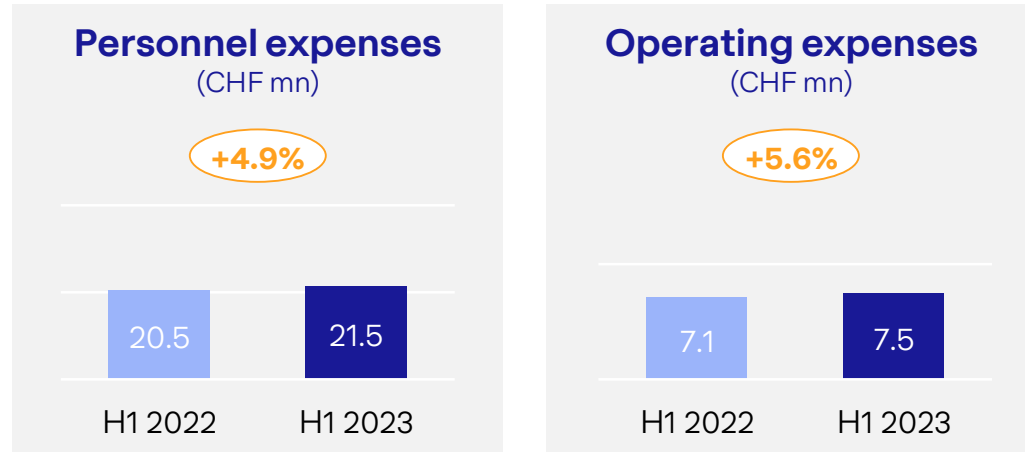
- Reduction in income from AM services attributable to lower AuM
- Unrealized loss of CHF 0.5 mn on investments in proprietary products and CHF 2.0 mn on financial investments substantially lower compared to previous period



- Deviation in total income of CHF 5.5 mn in absolute terms driven by:
 - Decline of management of CHF 10.8 mn due to lower average level of AuM (with unchanged margins)
 - Reduction of unrealized loss from financial investments of CHF 6.3 mn compared to previous period
 - Decrease in other income due to currency translation losses and lower dividend income

Consolidated results

Operating expenses



- Entrepreneurial compensation model leads to significantly lower compensation as a result of lower earnings
- This reduction was offset by an increase in costs for share programme plans and by deferred compensation payments from previous year (service conditions)
- Investments in new talent lead to y-o-y increase in fix personnel expenses
- Only slight increase in non-personnel expenses despite substantial investments in technology and infrastructure, thanks to other cost savings
- Temporary increase in cost/income ratio (CIR) to 70% due to lower earnings base
- Entrepreneurial compensation model helps to smooth out the CIR during difficult periods
- Ongoing increase in efficiency possible thanks to scalable business model

Consolidated results

Group results and balance sheet

Consolidated results (in CHF 000, earnings per share in CHF)

	1.1.-30.06.2023	1.1.-30.06.2022	Change
Operating income	41 253	46 784	- 5 531
Personnel expenses	- 21 464	- 20 534	- 930
Other operating expenses	- 7 457	- 7 104	- 353
Total operating expenses	- 28 921	- 27 638	- 1 283
Operating income	12 332	19 146	- 6 814
Depreciation and impairment	- 1 785	- 1 760	- 25
Group profit before tax	10 547	17 386	- 6 839
Taxes	- 2 539	- 3 110	+ 571
Group net profit	8 008	14 276	- 6 268
Earnings per share	0.60	1.07	- 0.47

Balance sheet (as of June 30, 2023)

15.2
CHF million
Cash

116.3
CHF million
Shareholders' equity

80%
Equity ratio*

14.8%
Return on equity

* Balance sheet without leverage, debt relates to operating liabilities, accruals and deferrals

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Business Update & Outlook

André Rüegg, Group CEO

Priorities for H2 2023/2024

Focus on new growth opportunities

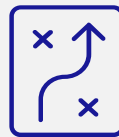
1 Positioning sharpen and further develop

- Focus on attractive niche strategies with high growth potential («**active growth**»)
- **Healthcare** - consequently strengthen and develop
- **Regional niches** - focus and scale up
- **Liquid alternative strategies** - revitalize and build out
- **Private Markets** - targeted development and expansion



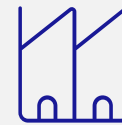
2 Growth drivers manage consistently

- Improve and sustain **investment performance quality**
- Dynamization of the **acquisition of new clients** by strengthening sales activities
- **Further improve client retention** through superior services
- **Enter and develop new markets**
- **Product care and innovation**
- Maintain and defend **solid reputation**



3 Competitiveness maintain and increase

- **Deploy new technologies (AI/Big Data)** to improve investment decisions and processes
- Ongoing implementation of modern **infrastructure and tools**
- Maintain and leverage attraction and retention of **new talent**
- Ensure attractiveness of value creation through high **scalability** of organization and capital
- Nourish and encourage **strong culture**

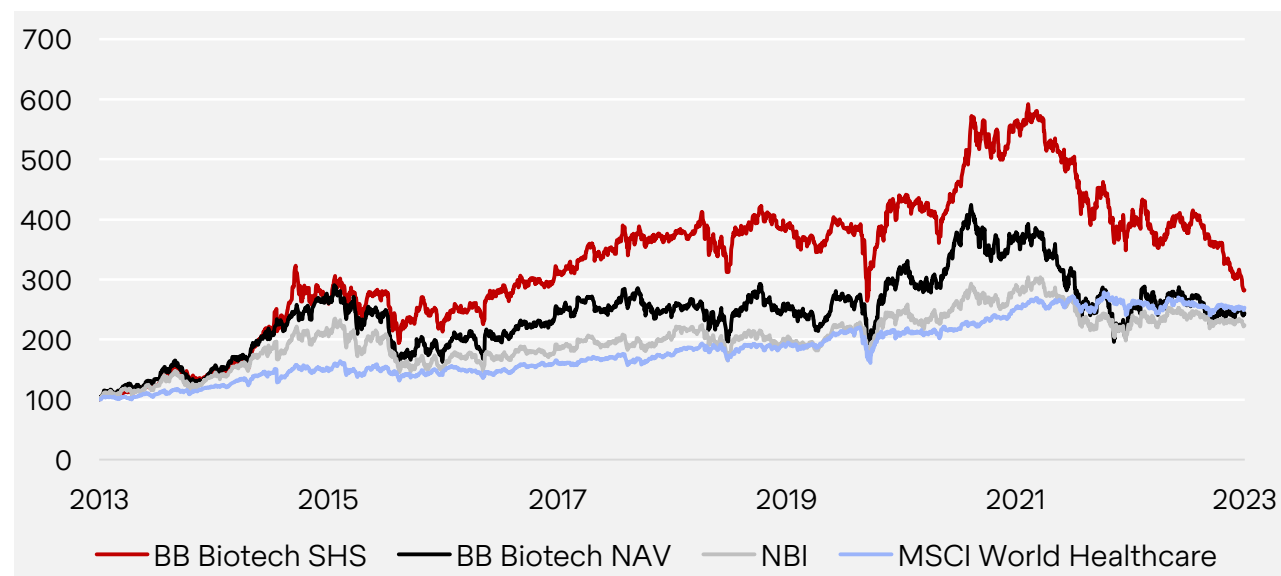


BB Biotech AG – Difficult first half despite positive news flow

2023 has been disappointing for biotech investors, rotation out of the sector observed during the second quarter

Total return (rebased) over 10 years

June 30, 2013 – June 30, 2023, in CHF



	YTD	1 year	3 year (p.a.)	5 year (p.a.)	10 year (p.a.)
BB Biotech shares	-25.2%	-27.1%	-13.1%	-5.3%	10.9%
Net Asset Value (NAV)	-9.8%	-3.5%	-8.6%	-0.9%	9.2%
NBI	-5.7%	2.8%	-2.9%	1.9%	8.4%
MSCI World HC	-2.2%	-0.3%	6.5%	7.8%	9.7%

Source: Bellevue Group, as at June 30, 2023

Note: Past performance is not a guide to future performance and can be misleading.

- Portfolio (NAV) failed to keep pace with benchmark in Q1 due to clear positioning – NAV with outperformance vs NBI in Q2
- Reduction of premium from >20% to single-digit discount led to significant share price decline
- More than half of underperformance due to non-participation in M&A activities in H1 2023
- Selected companies (e.g. Black Diamond Therapeutics) have succeeded in raising substantial funds on the back of positive news, which makes us positive
- Considerable catch-up potential thanks to intact fundamentals, attractive valuation and high substance of the biotech sector
- Targeted expansion of resources and technologies in the field of «AI/Big Data» completed

Other developments in healthcare field

Healthcare small & mid caps catching up with large caps, Asia lagging again this year

Bellevue Healthcare Trust plc

- Significant outperformance vs. lagging MSCI World Healthcare Index
- Benchmark-unconstrained, high-conviction portfolio with a high active share unleashes considerable growth potential over the mid to long term

Medtech & Services Digital Health

- Rising number of surgical procedures leads to strong growth and upgraded sales and profit guidance across the medical technology sector
- Product launches, initial reimbursement and clinical data are driving positive investor sentiment

Global/Regional Healthcare Strategies

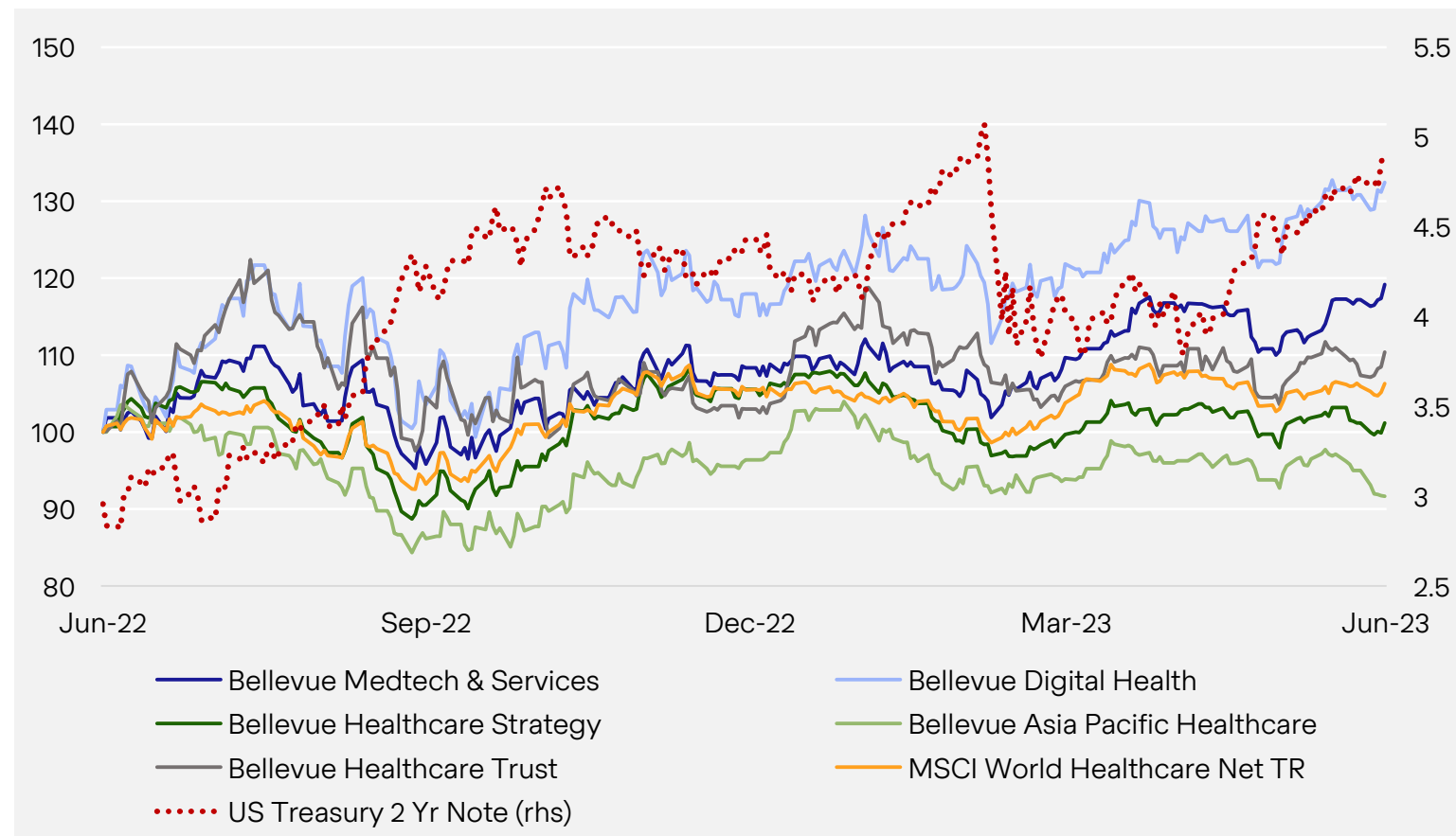
- High weighting of Biotech and Asia (especially China) has diminished the performance and asset base of the global healthcare funds
- Regional healthcare strategies (Asia-Pacific, Emerging Markets) also under pressure despite attractive valuations and intact outlooks

Other developments in the healthcare field – initial signs of a recovery

Medtech & Services, Digital Health and Healthcare Trust display positive momentum, Asia remains under pressure

Rebased performance of Bellevue Healthcare strategies

June 30, 2022 – June 30, 2023, in USD



Performance in USD	H2 2022	H1 2023
Medtech & Services	+8.3%	+10.3%
Digital Health	+17.9%	+12.6%
Healthcare Strategy	+5.5%	-3.9%
Asia Pacific Healthcare	-3.7%	-4.6%
Healthcare Trust	+3.0%	+7.2%
MSCI World Healthcare	+5.5%	+0.8%

Source: Bloomberg, Bellevue Group, as at June 30, 2023

Note: Performance of I2 share classes. Past performance is not a reliable indicator of future results and can be misleading.

Developments beyond the healthcare field

Positive dynamics in Entrepreneur and liquid alternative strategies

Entrepreneur strategies

- Equity strategies with regional focus overall with low demand, clients favoring Swiss equity funds over European strategies
- H1 2023 performance shows a continuation of the recovery initiated in September 2022
- Robust corporate data and long-term promising global trends (e.g. «re-shoring») provide positive momentum

Liquid alternative investment strategies

- Rising interest rate level opens up attractive return opportunities again for the historically important Bellevue Global Macro fund after a long phase of low returns
- Bellevue Option Premium, the volatility strategy launched in 2021, is performing well and offers investors a defensive source of income
- Product category with attractive growth potential and high scalability

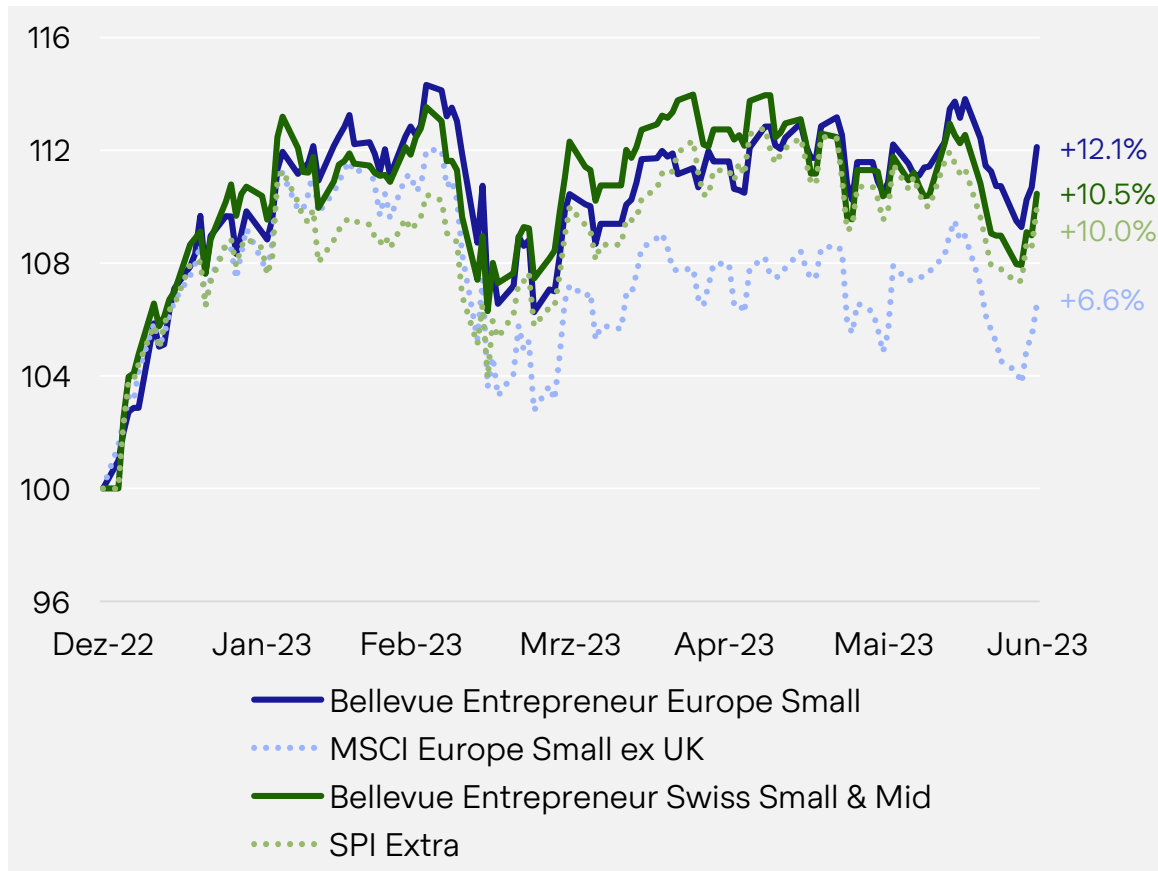
Other investment strategies

- Competitive positioning (differentiation, market demand and investment performance) determines the growth prospects of the individual strategies
- Appropriate review and streamlining (repositioning or closure) of the product range in progress

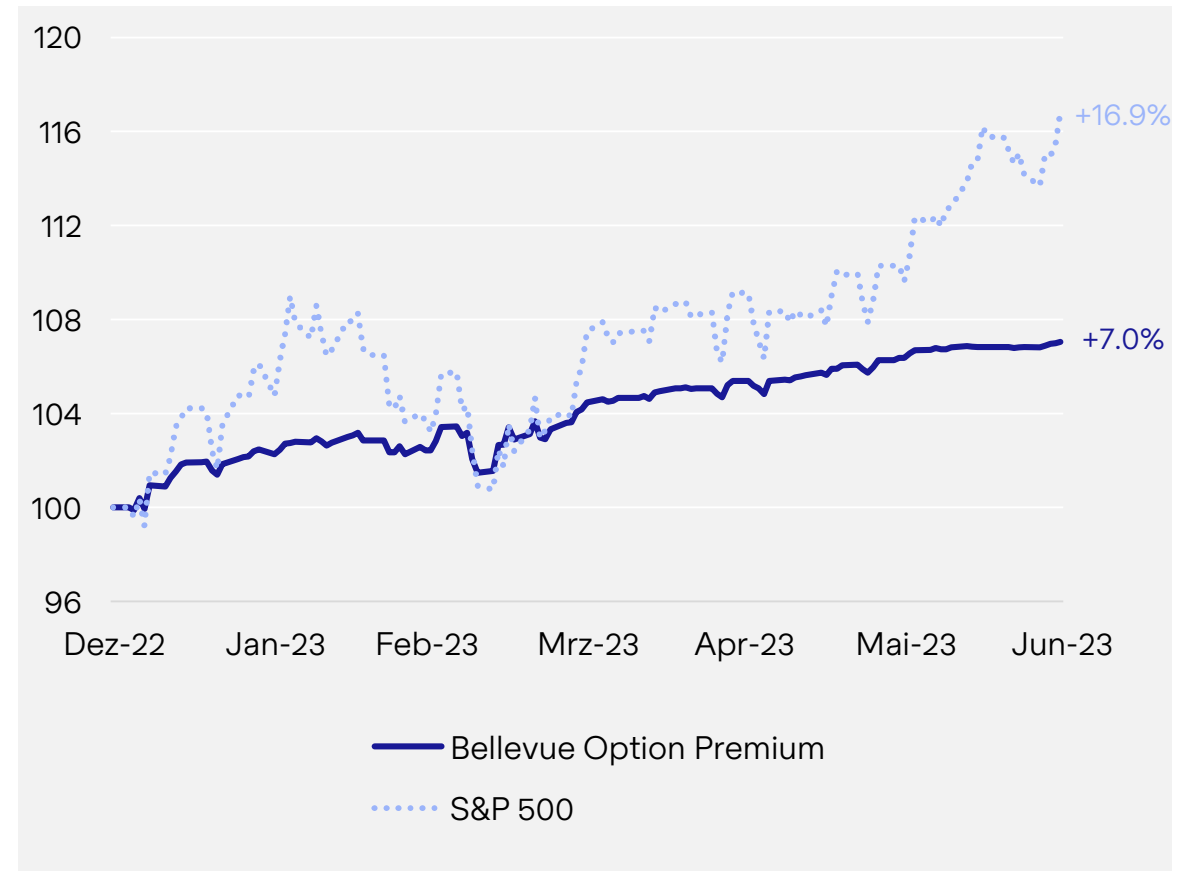
Attractive return potential of established and new investment strategies

SMID cap Entrepreneur funds outperform and Option Premium strategy offers stable returns in challenging times

Selected Entrepreneur Strategies - 2023 YTD (CHF & EUR)



Bellevue Option Premium – 2023 YTD (EUR)



Source: Bloomberg, Bellevue Group, as at June 30, 2023
 Note: Past performance is not a reliable indicator of future results and can be misleading.

Developments in Private Markets segment

Three-pronged strategic initiative, fueled by structural market growth (1/2)

Private Markets as new growth opportunity

- Democratization of private markets is fueling structural market growth
- Clearly defined niche strategies ensure differentiation in the face of growing competition and secure attractive margins
- High focus on profitability and entrepreneurial value creation as the basis for quality
- Earnings power most driven by performance fees, and not by management fees (AuM-based)

Direct equity investments

- Very pleasing developments in the direct investment portfolio – quantitative (15 deals reached) and qualitative (very positive performance of the investments)
- Steady expansion and strengthening of the investor group to now 35 families/entrepreneurs
- «Proof of concept» has been achieved: Proven sourcing – value-creating investment management – exits in sight

Co-investment funds

- «Entrepreneur Private I» 2020 successfully launched and already more than 50% invested
- Very positive performance will be further boosted by foreseeable exits
- Completion of investment phase in 2024 allows launch of «Entrepreneur Private II» in 2025

Developments in Private Markets segment

Multi-pronged initiative fueled by structural market growth (2/2)

Scalable niche strategies

- «Bellevue Global Private Equity 2023» launched – first closing with a volume of >USD 50 mn planned for Q3 (target volume Q1 2025: USD 150-200 mn)
- Distinctive strategy with a clear focus on so-called «inflection buyout portfolios» in the small/mid-cap segment
- High experience of the specialized team is reinforced by targeted use of innovative technologies and proprietary tools
- Expansion of strategies and solution approaches is being planned

Consistent further development of the platform

Ongoing investments to secure a sustainable growth path

First-class expansion of the «Talent-Pools»

- Dedicated team of 3 data scientists in the fields of AI/big-data and Neurology for BB Biotech team established
- Healthcare team strengthened with recruitment of 3 young talents for Medtech, Healthcare Services and Digital Health
- Successful recruitment of 4 experienced specialists in the field of private equity secondaries
- Reinforcements in the area of private equity direct investments with additional analysts as well as experienced experts in investment management (with exit target) completed
- Strengthening of sales capabilities in Switzerland and Germany as well as in private markets

Deployment of modern technology & infrastructure

- Targeted deployment of AI-based solutions (data purchasing/management, analysis, infrastructure and applications) in segments of biotechnology, private markets and other fields
- Development and deployment of new digitalization (document management, processes, etc.) and automation systems
- Comprehensive upgrade of core applications in the areas of portfolio management, risk management and reporting proceeding as planned

ESG highlights H1 2023

Sustainability as an important factor in Bellevue Group's business strategy



CO2 emissions

- Targeted 30% reduction by 2030 in emissions per FTE compared to base year
- Total CO2 emissions 2022: 617 t (2021: 248 t; base year 801 t)
- Increase from previous year is due to normalization in the wake of the COVID-19 pandemic in 2021 (less business travel and employee commuting).
- The targeted reduction for 2022 has been exceeded

ESG Working Group

- Establish a formal ESG working group with representatives from all core functions
- Management of relevant issues relating to sustainability issues at the company and product level
- Reports to Executive Board and Board of Directors

Sustainability reporting

- Ongoing refinement of sustainability reporting in accordance with the full form of GRI
- Survey of all Bellevue stakeholders regarding key sustainability issues from the perspective of double materiality (how Bellevue is affected by sustainability issues / how Bellevue impacts the outside world)
- Basis for strategic business process management

Product-based initiatives

- Amendment of LUX prospectuses in accordance with EU SFDR Art. 8 and MiFID II
- Measurement of sustainability indicators (ESG characteristics and sustainable investments)
- Refinement of ESG risk management processes
- Update ESG engagement policy

**Third year in a row
for Bellevue Group!**



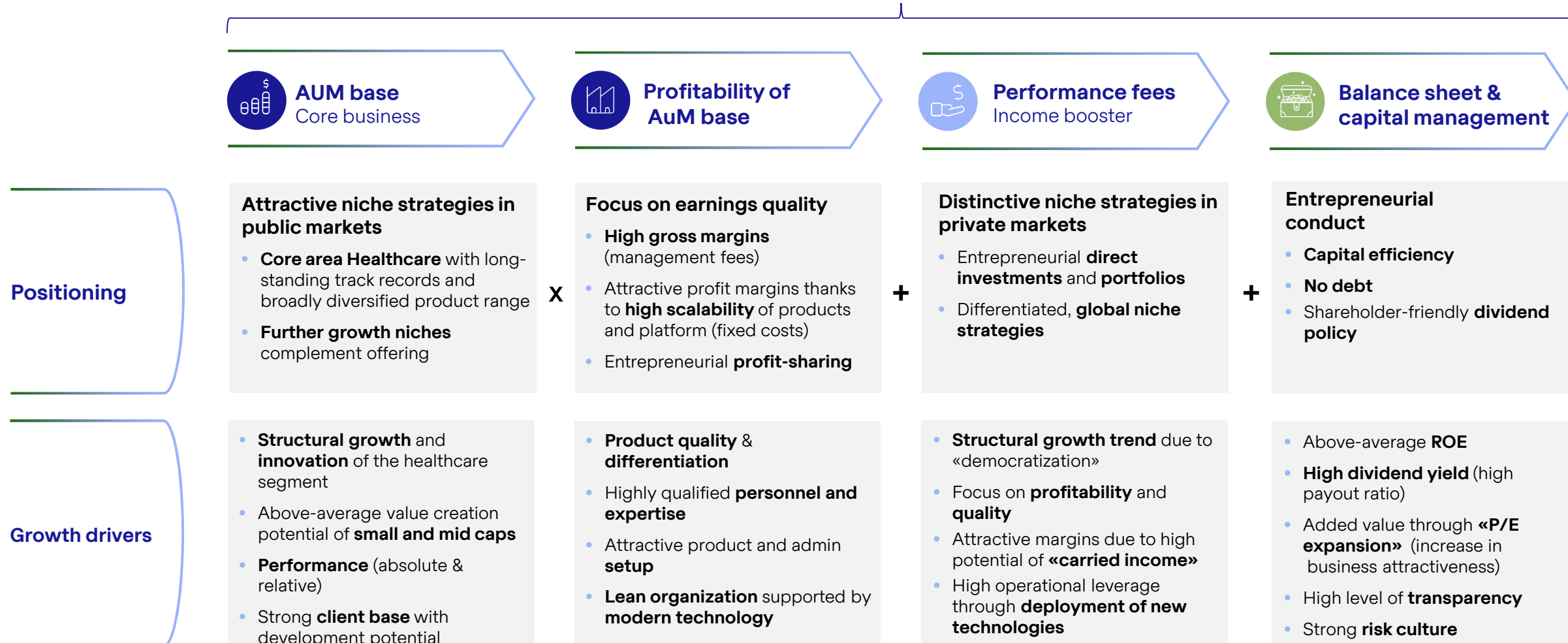
**Bellevue Group is a member of
Swiss Sustainable Finance**



Strategic growth prospects of the business model

Positioning and growth drivers translate into long-term value creation

Elements of value creation



Outlook for H2 2023

Long-term targets confirmed – but market-driven contraction in 2022/23 has clearly left a mark

Long-term goals

1 AUM base

- Organic growth in the target range of 5-10% p.a.
- Highly dependent on specific markets

2 Profitability

- Recurring income («core») mirrors development of AuM base (sustained high margin quality)
- Continuously increasing share of performance fees

3 Cost/Income ratio (CIR)

- Target range of 60-65%
- Temporary setbacks conceivable (market-related)

4 Return on equity & dividend yield

- ROE: >20%
- Payout ratio: >75%
- Target yield: > 5% p.a. (depends on earnings)

5 Performance quality

- >50% of investment strategies above benchmark
- >50% of investment strategies within 1st and 2nd quartile of competitors universe

Outlook for 2023

- Marked market-related setback makes 2023 growth target impossible
- Expectations of significant recovery in H2 2023 to be clearly dampened
- Earnings in line with AuM contraction
- First (small) performance fees about to be realized
- Mid-term earnings growth slowed by base effect
- Long-term target range currently not achievable due to drop in earnings and anti-cyclical investments
- <70% remains realistic, thanks to ongoing cost-cutting
- Target with ROE of 15% in H1 2023 not achieved
- Payout ratio and target yield achievable
- Both target areas currently not achieved, but clear improvements in progress

A large, white, sans-serif capital letter 'A' is centered on a dark green background. The letter is the primary focus of the left side of the slide.

Appendix

Additional details of H1 2023 results

Consolidated financial statements 2023

Consolidated income statement

CHF 1,000	1.1.-30.06.2023	1.1.-30.06.2022	Change
Revenues from asset management services	43 330	54 119	- 10 789
Income from financial investments	- 2 472	- 8 733	+ 6 261
Net other income	395	1 398	- 1 003
Operating income	41 253	46 784	- 5 531
Personal expenses	- 21 464	- 20 534	- 930
Other operating expenses	- 7 457	- 7 104	- 353
Depreciation and amortization	- 1 785	- 1 760	- 25
Operating expenses	- 30 706	- 29 398	- 1 308
Taxes	- 2 539	- 3 110	+ 571
Group net profit	8 008	14 276	- 6 268

Consolidated financial statements 2023

Key figures (1/2)

	1.1.-30.06.2023	1.1.-30.06.2022	Change
Consolidate income statement			
Cost/Income ratio	70.1%	59.1%	-
Earnings per share (in CHF)	0.60	1.07	- 43.9%
	30.06.2023	31.12.2022	Change
Asset under management (in CHF million)			
Total managed assets	8 132	9 413	- 13.6%
Net new money (1.1. to 30.6.)	- 469	- 326	- 43.9%
Consolidate balance sheet (in CHF 1 000)			
Total assets	145 584	185 211	- 21.4%
Total liabilities	29 323	51 324	- 42.9%
Total equity	116 261	133 887	- 13.2%
Equity per share (in CHF)	8.64	9.95	- 13.2%
Return on equity (1.1. to 30.6.)	14.8%	25.2%	-

Consolidated financial statements 2023

Key figures (2/2)

	30.06.2023	31.12.2022	Veränderung
Staff (FTEs)			
Number of staff (at cutoff date)	101.5	96.9	+ 4.7%
Share price			
Closing price, Bellevue Group registered shares (in CHF)	26.55	37.40	- 29.0%
High / Low (in CHF, 1.1. to 31.12.)	25.30 / 40.90	30.80 / 43.70	-
Market capitalization (in CHF million)	357	503	- 29.0%

Corporate Events & Contact

Corporate Events

February 27, 2024	Publication annual report 2023
March 20, 2024	Annual General Meeting 2024, AURA Zurich
July 25, 2024	Publication Half-year results 2024

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