

ZÜRICH, 07 FEBRUARY 2019

LEONTEQ AG

RESULTS PRESENTATION | FULL-YEAR 2018



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All figures in this presentation that are part of the consolidated IFRS financial statements for the six months ended 30 June 2018 and 2017 are reviewed. All figures in this presentation that are part of the consolidated IFRS financial statements for the twelve months ended 31 December 2018 and 2017 are audited.

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AGENDA

- OVERVIEW
- FINANCIALS 2018
- BUSINESS UPDATE
- STRATEGIC PRIORITIES
- SUMMARY & OUTLOOK
- APPENDIX

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OVERVIEW

HIGHLIGHTS 2018

- Record group net profit of CHF 91.5 million in 2018, up from CHF 23.1 million in 2017
- Cost/income ratio improved from 89% to 67%
- Structured products turnover grew by 7% to CHF 28.8 billion and the number of products issued rose by 7% to 28,360 resulting in a 9% increase in net fee income in Investment Solutions
- Unit-linked life insurance policies serviced on the platform increased by 23% to 41,195
- Significant investments in innovation and technology were made, supported by a headcount increase of 46 FTEs to 486 FTEs
- Strong capital position on the back of a capital increase and significant increase in retained earnings with total BIS eligible capital of CHF 610.6 million and common equity tier 1 ratio of 21.9% and total BIS capital ratio of 22.0%
- Return on equity at 18%
- Strategic milestone reached with recently obtained investment grade rating (long-term issuer default rating of 'BBB-' with a positive outlook) assigned by Fitch Ratings Ltd.
- New transparent compensation framework for members of the Executive Committee established

FOCUSED EXECUTION ON STRATEGIC PRIORITIES IN 2018

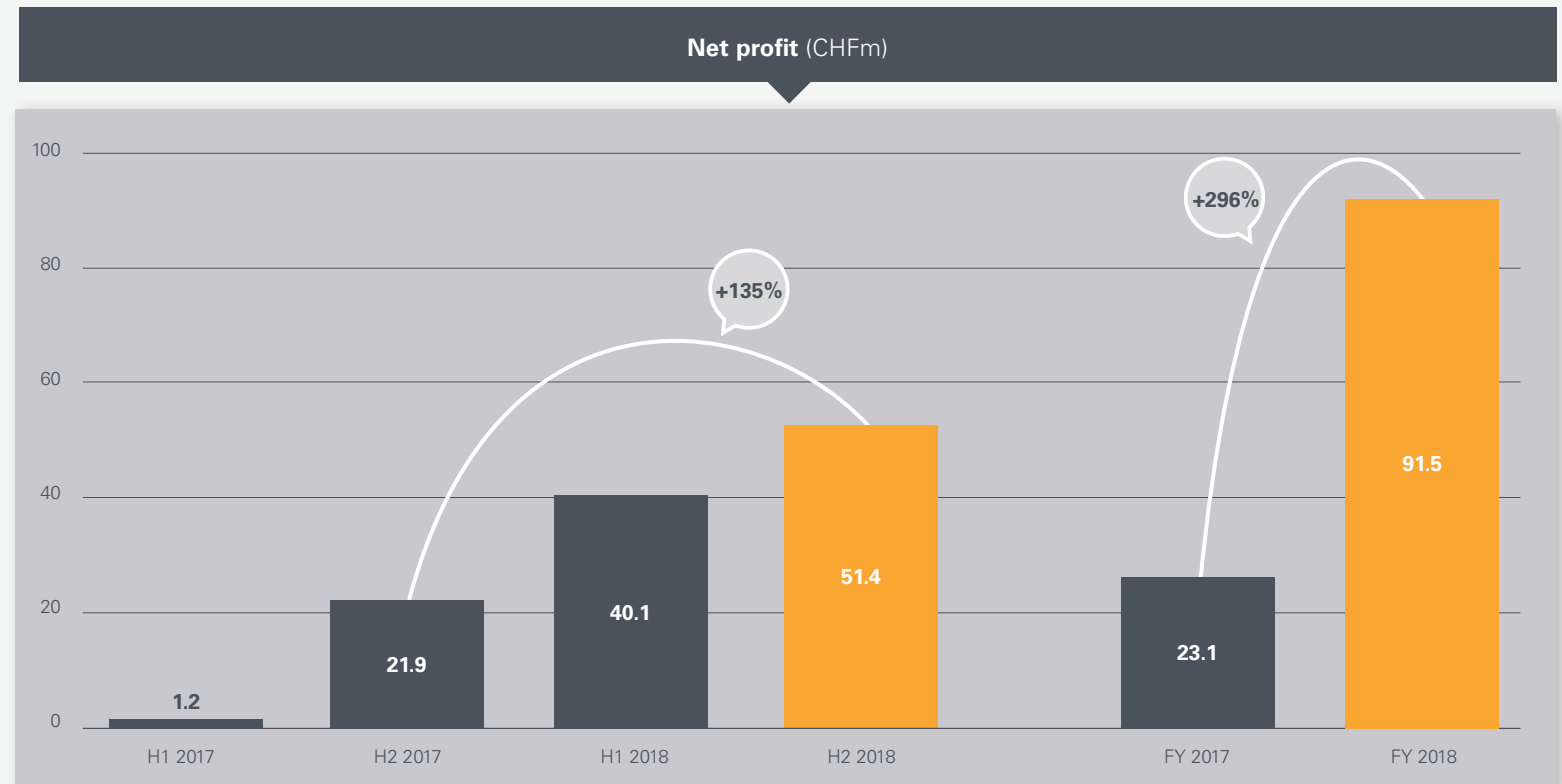
	PRIORITIES DEFINED IN H1 2018	UPDATES & ACHIEVEMENTS
1 Reduce complexity	Increase efficiency, reduce functional overlaps and clarify roles and responsibilities	<ul style="list-style-type: none"> Business line Investment Solutions and business line Banking Solutions merged Product organisation implemented resulting in a more agile and systematic approach to project management
2 Enable scalability	Initiate Smart Hedging and Issuance Platform (SHIP) to reduce hedging exposure	<ul style="list-style-type: none"> Project SHIP further advanced Testing phase with two hedging counterparties Selected products available on SHIP for a limited number of clients
3 Invest in growth	Take targeted steps to grow business through additional investments in innovation and technology	<ul style="list-style-type: none"> Expansion of product range and further improvement of automation level across all issuance partners New initiative launched to expand structured investment product platform
4 Strengthen capital base	Strengthen capital base to facilitate and support continued growth in business volumes	<ul style="list-style-type: none"> Capital increase completed by way of a rights offering with net proceeds of CHF 118.0 million No dividend proposed for the 2018 financial year and no dividend planned for the foreseeable future

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FINANCIALS 2018

FINANCIAL RESULTS 2018

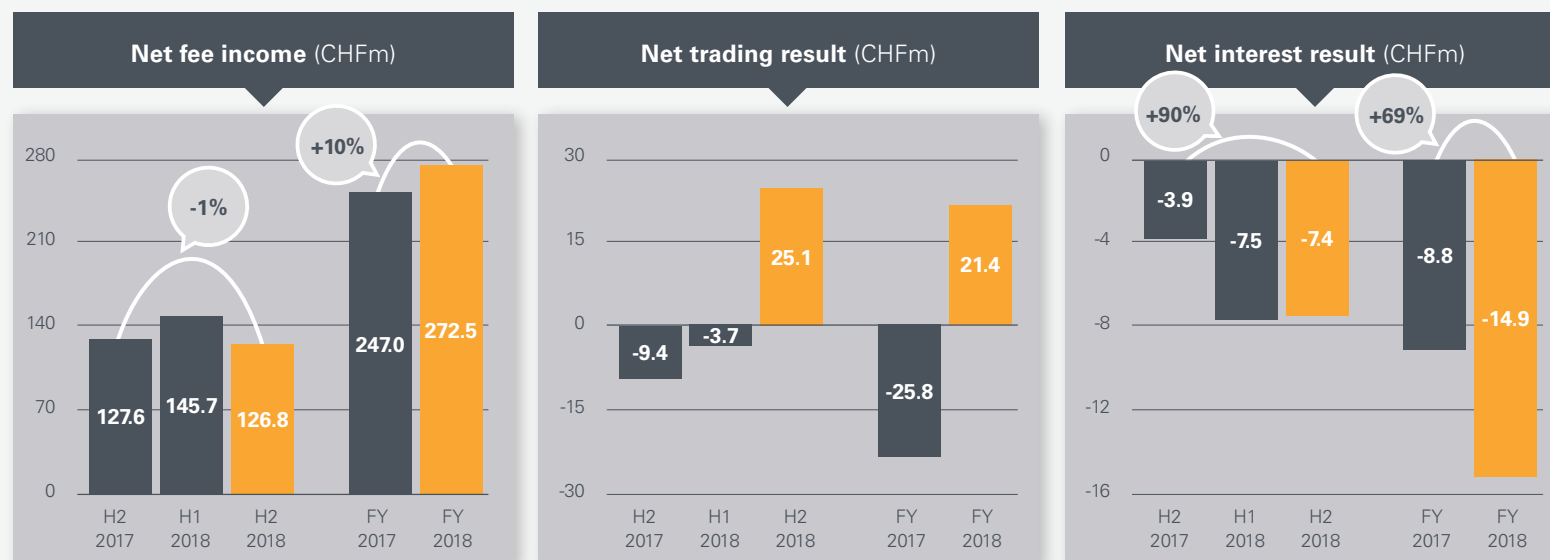
LEONTEQ DELIVERED A RECORD NET PROFIT



- Total operating income rose by CHF 67.0 million (+31%) driven primarily by a solid increase in net fee income and significantly improved net trading result
- Total operating expenses decreased by 2% to CHF 189.1 million slightly above previous cost guidance of approximately CHF 185 million
- Net profit improved to CHF 91.5 million in 2018 compared to CHF 23.1 million in the prior year
- EPS more than tripled to CHF 5.40

REVENUE DEVELOPMENT

HIGHER VOLATILITY LEVELS DRIVE TRADING RESULT



- Net fee income rose by CHF 25.5 million reflecting strong growth in the first half of 2018 and subdued client demand in the second half of 2018
- Large ticket transactions¹ accounted for 8%, or CHF 22.0 million, of net fee income in 2018, up from 4%, or CHF 9.3 million in 2017
- Hedging contributions increased by CHF 52.9 million on the back of an increase in volatility levels compared to 2017
- Negative treasury carry on Leonteq's own products was CHF -18.3 million compared to CHF -12.6 million in 2017 primarily as a result of an increase in Leonteq's own issued products
- Net interest result driven by increased costs relating to credit facilities, interest paid on higher collateral balances and increase in USD interest rates

¹ Large ticket defined as transactions where Leonteq earns a fee of CHF 0.5 million or more

COST DEVELOPMENT 2018

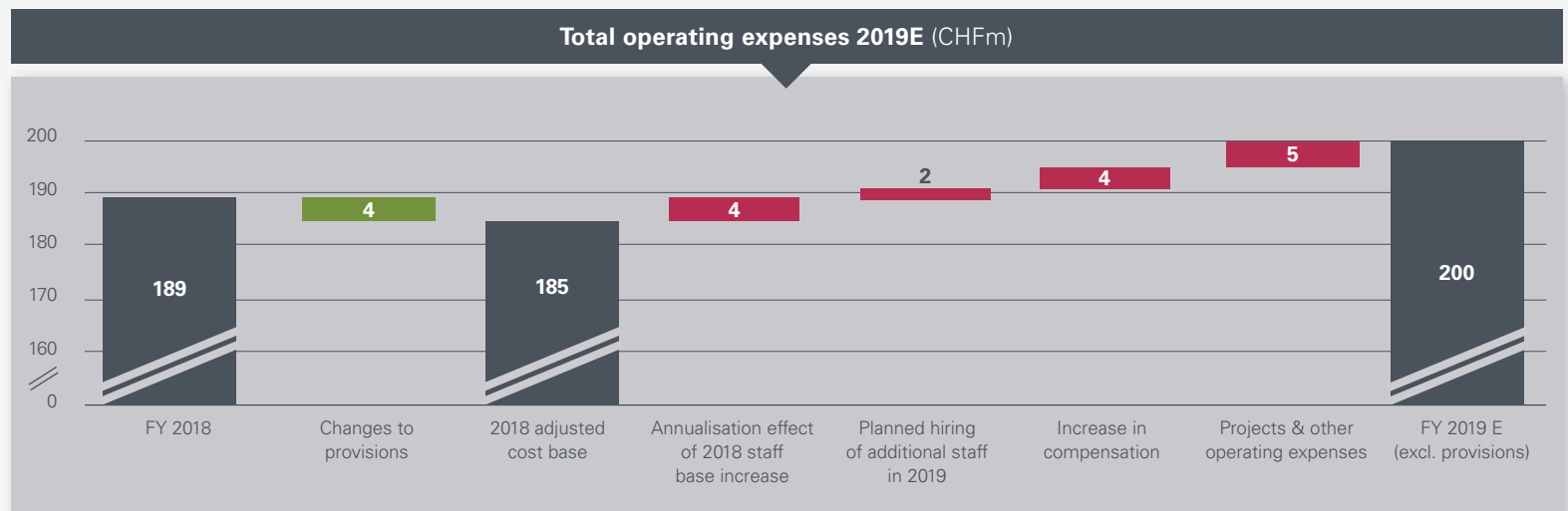
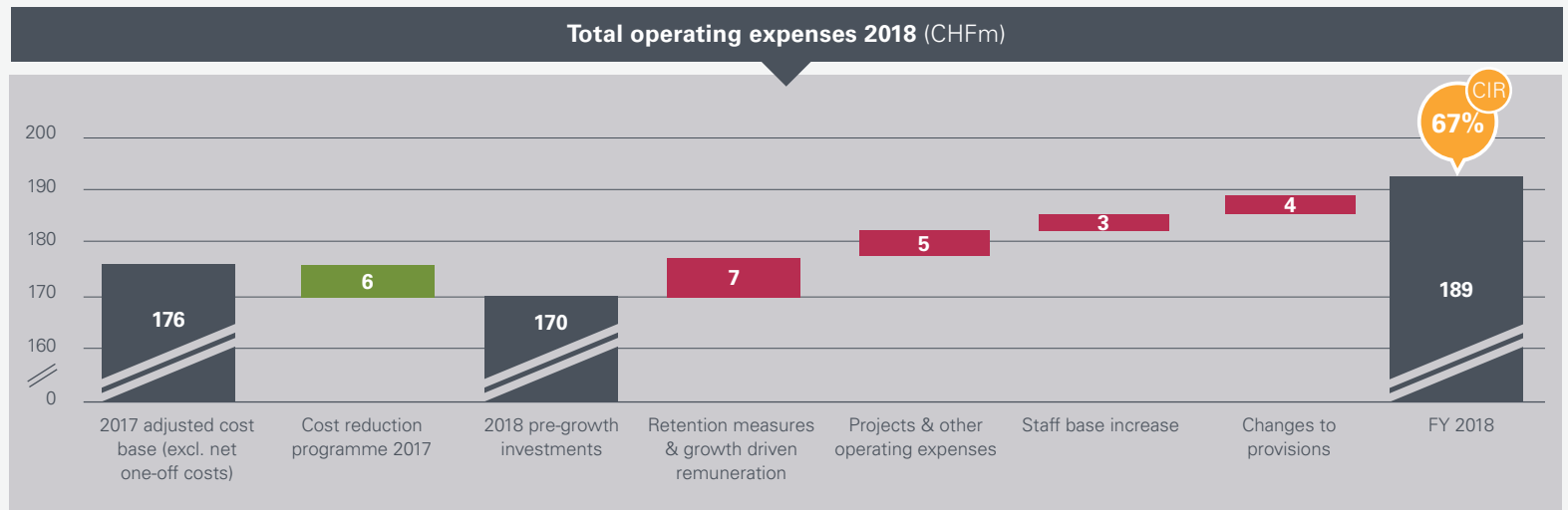
CONTROLLED COST BASE & SELECTED GROWTH INVESTMENTS

2018

- Hiring of additional staff, including IT specialists, initiated resulting in head-count increase of 46 FTEs
- Higher variable compensation on the back of strong financial performance

2019

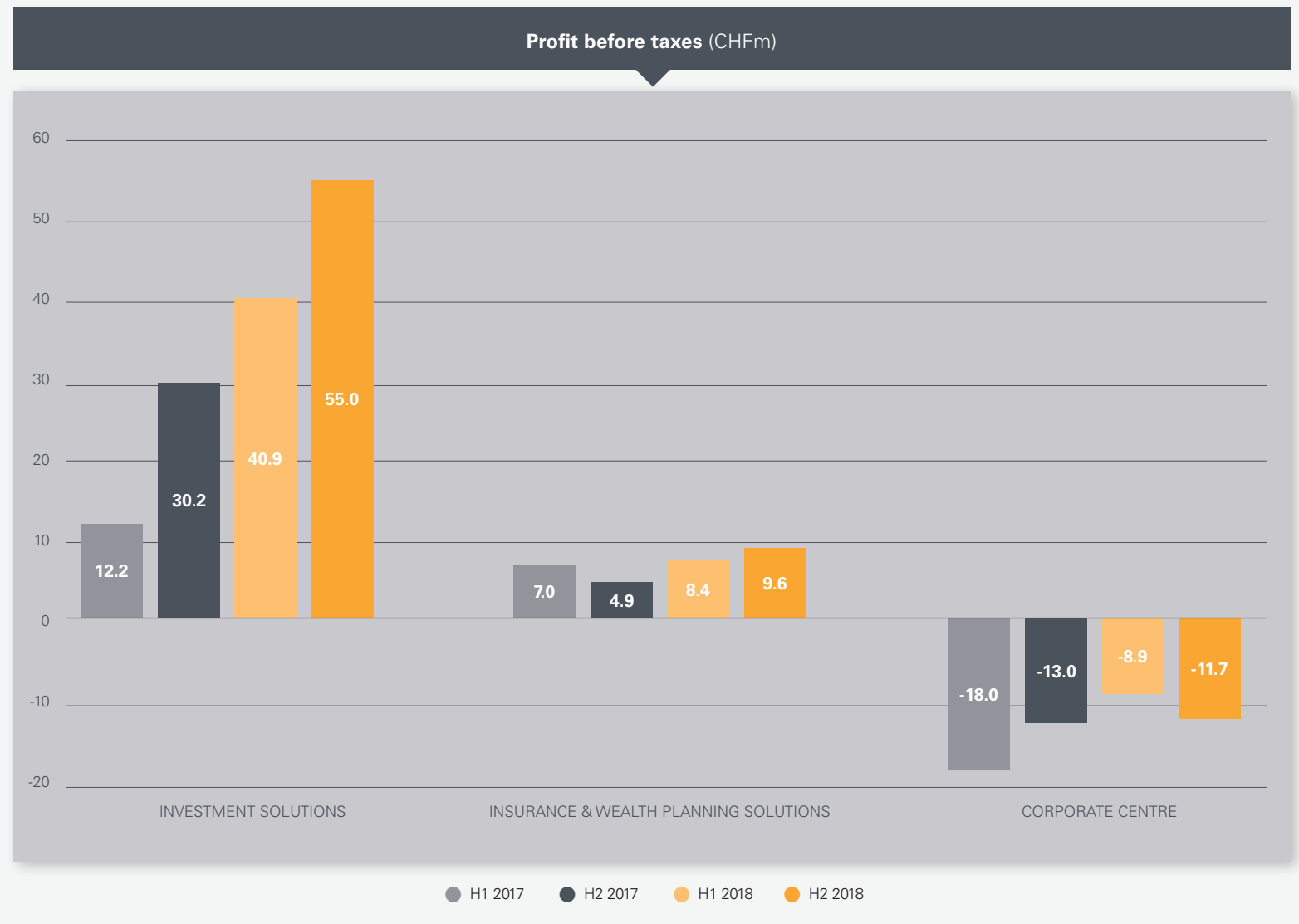
- Further increase in head-count by around 5% expected
- Target cost base 2019: ~ CHF 200 million



SEGMENT PROFITS

GROWTH IN PROFITS DESPITE CHALLENGING MARKET ENVIRONMENT

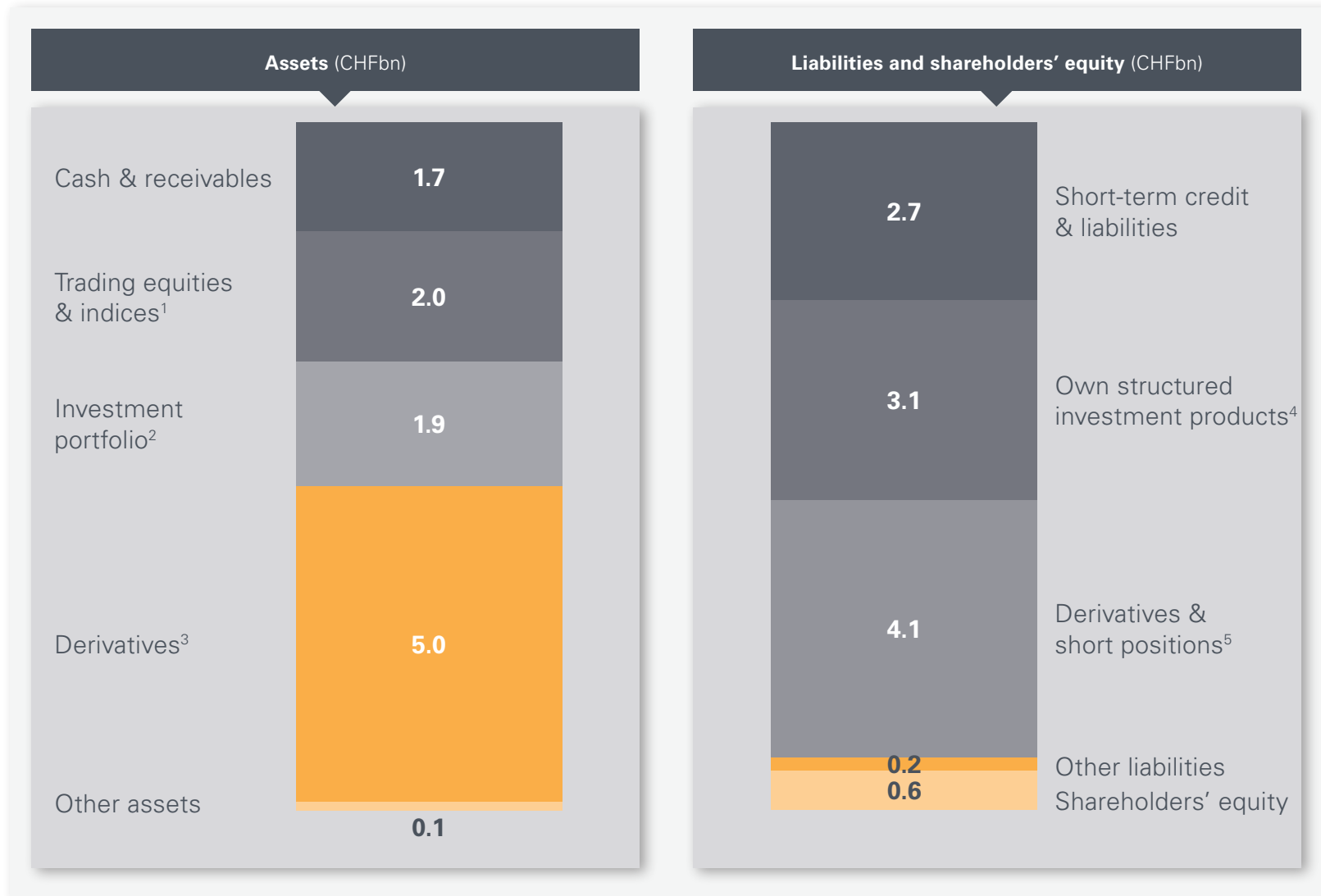
Growth in total operating income in both Investment Solutions and Insurance & Wealth Planning Solutions combined with controlled cost base resulted in year-on-year pre-tax profit increase of 126% and 51%, respectively



SOLID BALANCE SHEET WITH LOW RISK PROFILE

LEVERAGE RATIO IMPROVED TO 8.2 %

- Total assets rose by 68% to CHF 10.7 billion
- Increase in both assets and liabilities primarily driven by growth in positive and negative replacement values of derivative financial instruments and increase in collateral balances as a result of the negative capital market performance at end-2018



¹ Trading financial assets & trading inventories

² Other financial assets designated at fair value through profit and loss

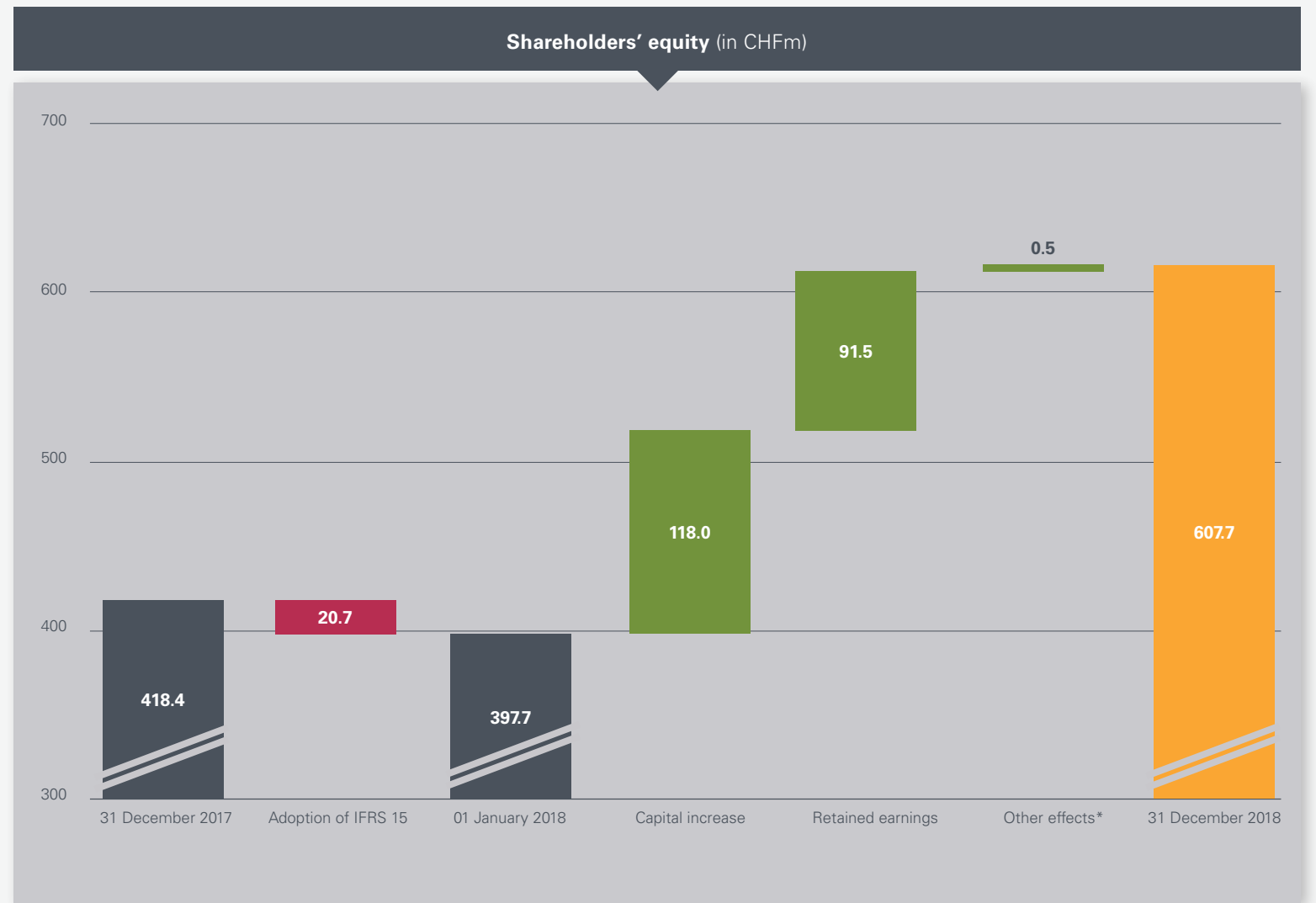
³ Positive replacement values of derivative financial instruments

⁴ Other financial liabilities designated at fair value through profit or loss

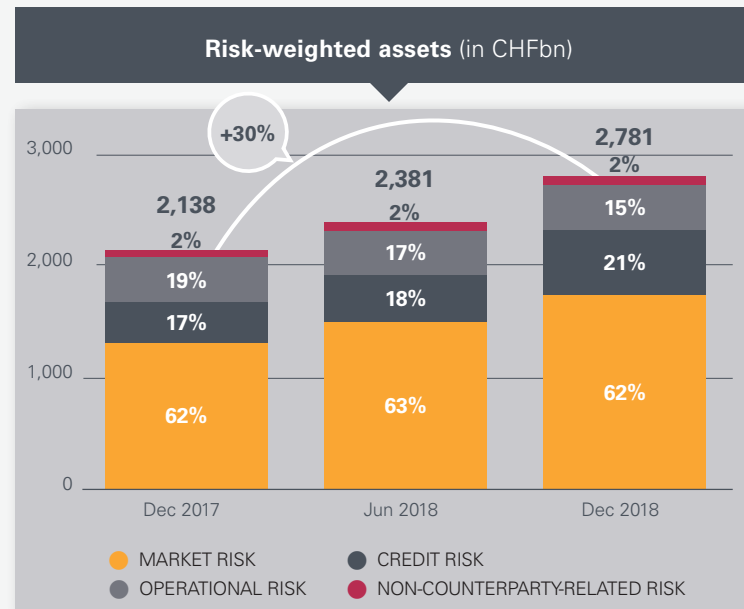
⁵ Negative replacement values of derivative financial instruments CHFbn 3.7; Trading financial liabilities CHFbn 0.4

SHAREHOLDERS' EQUITY CONTINUED BUILD-UP OF CAPITAL BASE

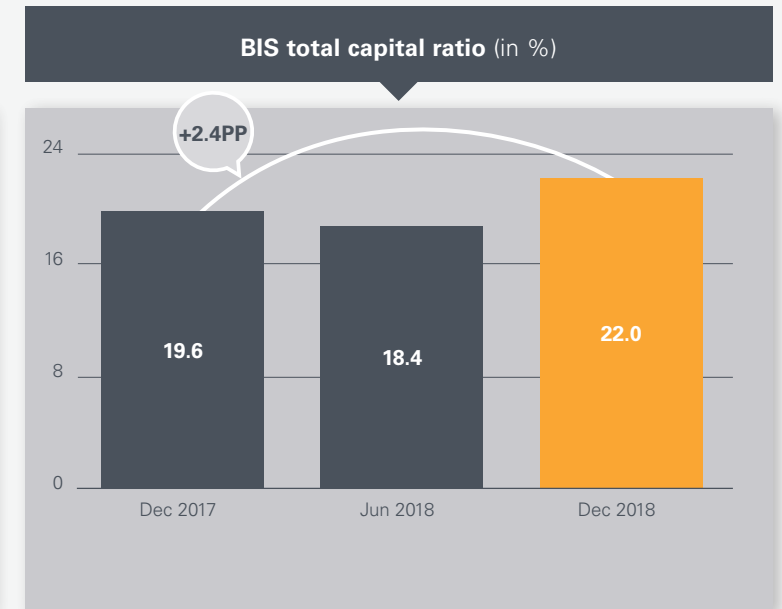
In line with the dividend policy announced with the half-year 2018 results, the Board of Directors will propose to shareholders that no dividend be distributed for the financial year 2018



REGULATORY CAPITAL STRONG CAPITAL POSITION



- Risk-weighted assets increased by 30% as a result of business growth, an increase in total assets and higher market and credit risk exposure



- FINMA requirement: 10.5%
- BIS total capital ratio well above 20% at 31.12.2018 due to capital increase of CHF 118.0 million and increase in retained earnings by CHF 91.5 million

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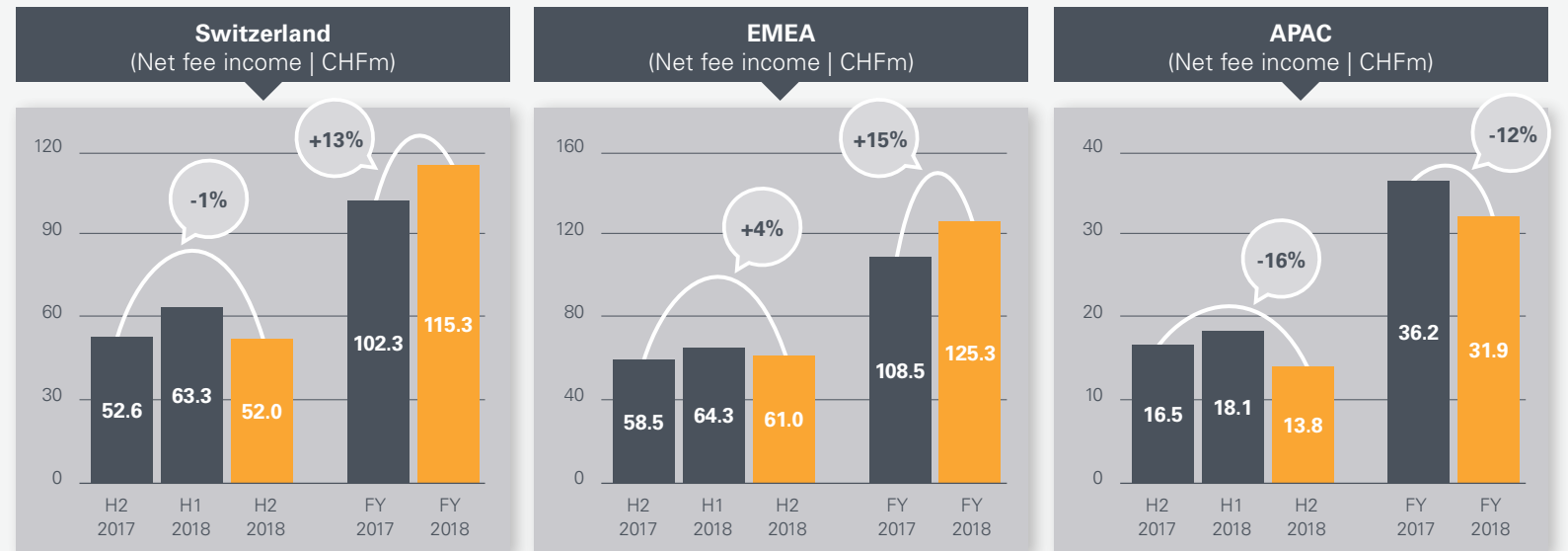
BUSINESS UPDATE

REGIONAL PERFORMANCE

SUSTAINED CLIENT DEMAND IN SWITZERLAND AND EUROPE

SWITZERLAND & EUROPE
Net fee income grew due to higher demand for structured products issued by Leonteq and an increase in long-term savings solutions with Swiss insurance partners

ASIA
Lower net fee income reflects reduced client activity on the back of macroeconomic uncertainty and increased competition



Awards

Swiss Derivative Awards

- Best Equity Product
- Best Product on Alternative Underlyings
- Best Market Maker Investment Products
- Top Service

European Structured Products & Derivatives Awards

- Best Distributor Switzerland

Italian Certificate Awards

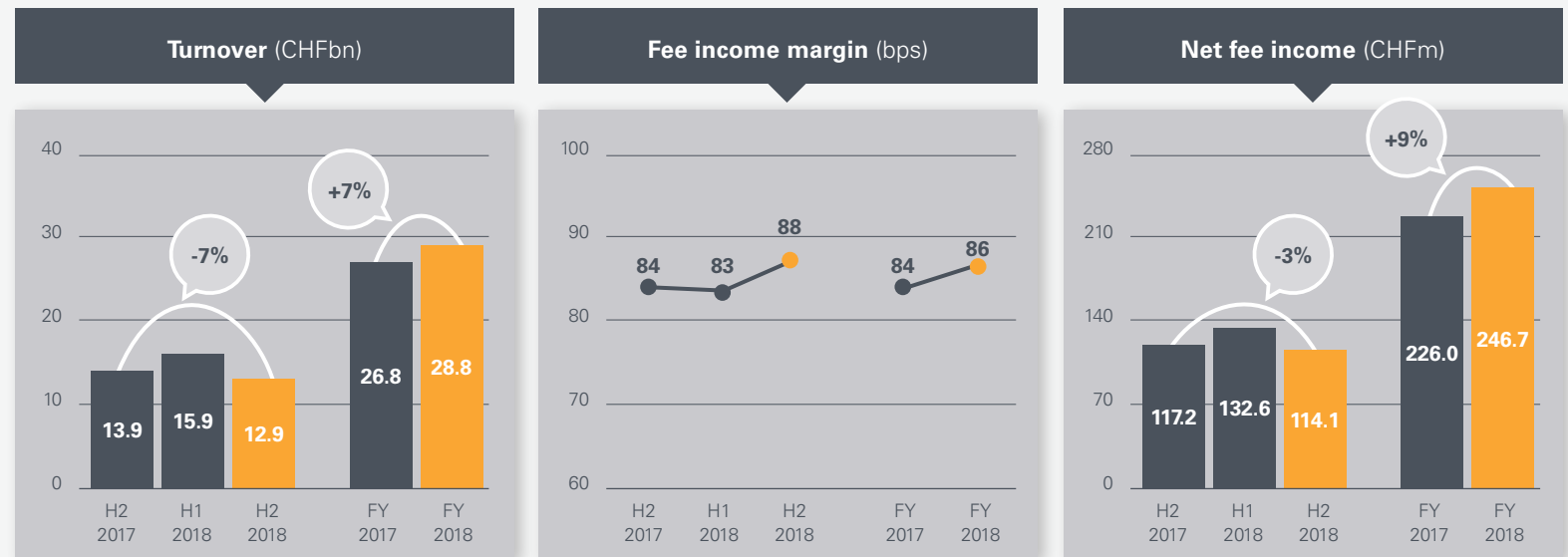
- 2nd: Certificate of the Year
- 2nd: Best Conditional Capital Protected Product
- 3rd: Innovation
- 3rd: Best Participation Product

Asian Private Banker Structured Products Awards

- Winner – Best Structured Products Provider to Independent Asset Managers

INVESTMENT SOLUTIONS

GROWTH DRIVEN BY INCREASE IN TURNOVER



- 28,360 structured products issued (+7%) in 2018
- Turnover with issuance partners increased by 8% to CHF 19.8 billion
- Turnover in own issued products increased by 6% to CHF 9.0 billion

- Overall fee income margin stable at 86 bps in 2018 compared to 84 bps
- Leonteq margin increased to 115 bps from 89 bps mainly due to change in product mix
- Issuance partner margin decreased to 72 bps from 82 bps due to pricing changes from issuance partners

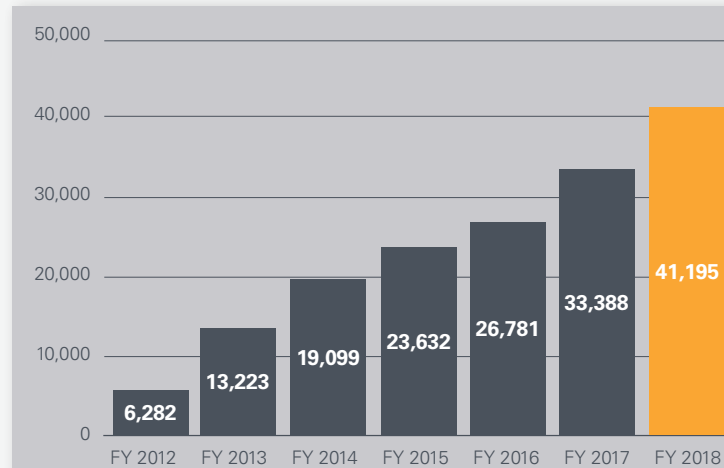
- Growth in net fee income driven by an increase in turnover and stable margin development
- Net fee income generated by issuance partners amounted to CHF 143.4 million in 2018 compared to 150.6 million in 2017 (-5%)

Net fee income increased by 23% to CHF 25.8 million and total operating income grew by 31% to CHF 29.7 million

INSURANCE & WEALTH PLANNING SOLUTIONS

UNIQUE PRODUCT CONCEPT INTRODUCED IN SWITZERLAND

Unit-linked products outstanding



- Favourable results reflect its competitive product design, which enables insurers to combine sought-after guarantee components with the advantages of unit-linked life insurance, in the prevailing low interest rate environment
- Unit-linked insurance products directly benefited from increasing market rates in 2018 while traditional insurance products are bound to the technical interest rates (currently at 25bps)

Example of product innovation in Switzerland

helvetia



- Drawdown plan for recurring premiums and guaranteed payments
- Guarantee provider Raiffeisen Bank Switzerland



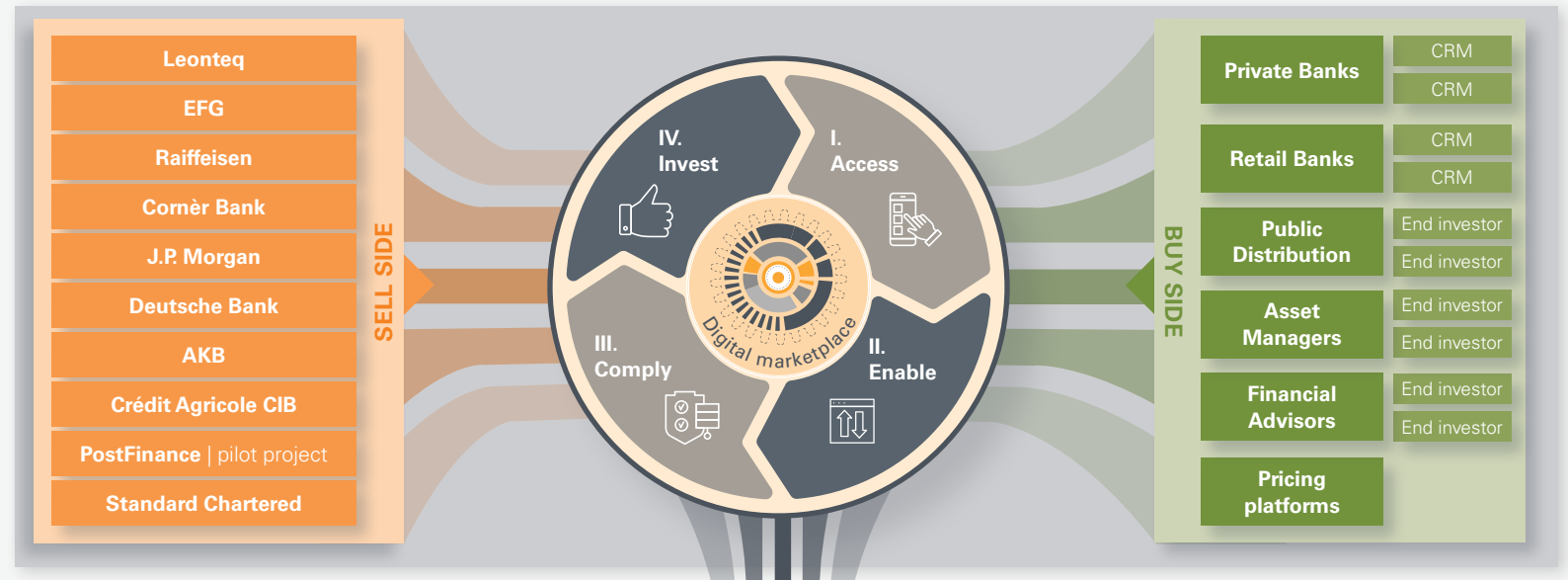
- Product offering further extended by introducing a new product concept in collaboration with Helvetia
- Combination of guarantee with drawdown plan
- During a selected build-up phase, capital can be accumulated through periodic investments.
- During the entire payout phase, the policy holder receives regular, guaranteed payouts, and profits from the investment strategy are automatically hedged and payouts are increased
- Guarantee provided by Raiffeisen

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STRATEGIC PRIORITIES

LEONTEQ'S STRUCTURED PRODUCTS ECOSYSTEM CREATE VALUE BY CONNECTING SELL- AND BUY-SIDE

- New initiative launched to expand structured products platform
- Completely new product experience
- More efficient implementation of new payoffs
- Created for buy- and sell-side



Leonteq's digital marketplace is built on four pillars to create value for the structured product market

I. ACCESS

- Price discovery
- Smart hedging (SHIP)
- AMC gateway
- Exchange connections
- Distribution channels



II. ENABLE

- Issuance entity services
- Issuance automation
- Lifecycle management
- Secondary markets
- Product website



III. COMPLY

- PRIIP KiDs Portal
- Product documentation
- Product suitability
- Controlled processes
- Regulatory & financial reporting



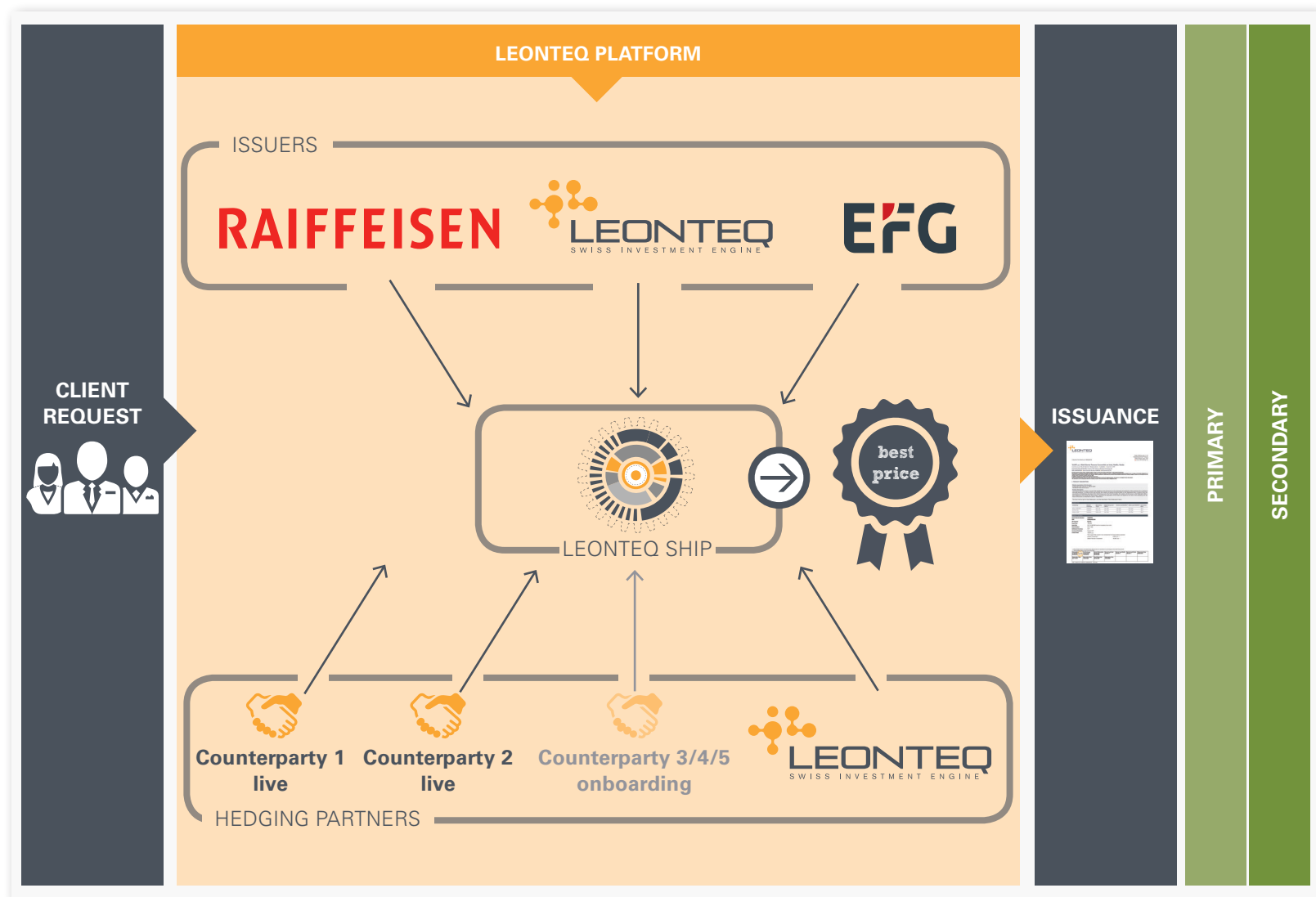
IV. INVEST

- Investment ideas
- Structuring
- Pricing optimisation
- Portfolio optimisation
- Smart workflows



SMART HEDGING AND ISSUANCE PLATFORM FURTHER PROGRESS IN H2 2018 ACHIEVED

- Project SHIP further advanced in 2018
- First platform to connect issuance partner with hedging partners
- First selected hedging counterparties onboarded
- Certain products are already available in a test environment for a limited number of clients

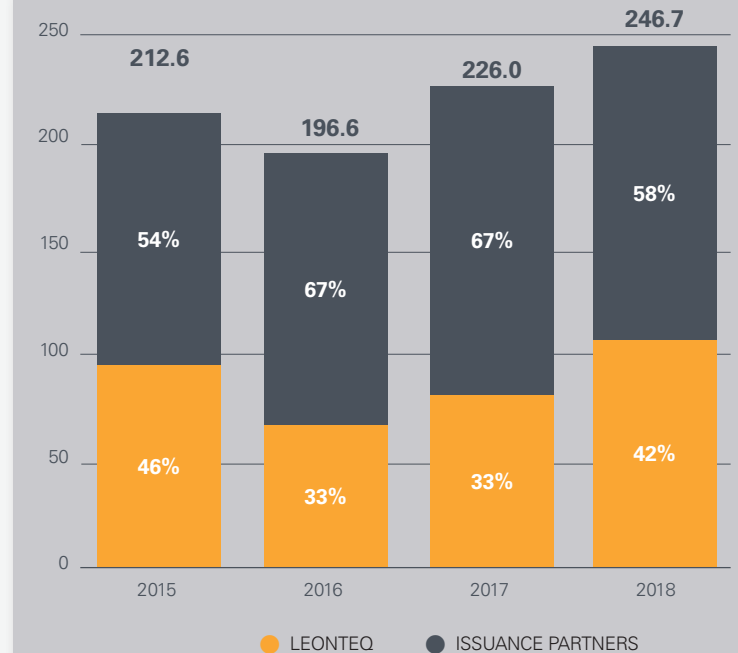


ISSUANCE PARTNER BUSINESS FOCUS ON REVENUE DIVERSIFICATION

Progress with issuance partners

- Web-based multi-issuer platform Constructor expanded by adding Cornèr Bank as a new automated issuer
- Range of products for EFG International increased by adding foreign exchange products to the platform
- Automated key product types such as fixed coupon notes and autocallable features for Standard Chartered Bank
- Improved level of pricing request automation for Crédit Agricole; further jurisdictions added to the Leonteq distribution scope
- Extended product range of Raiffeisen by adding additional currencies and payoffs

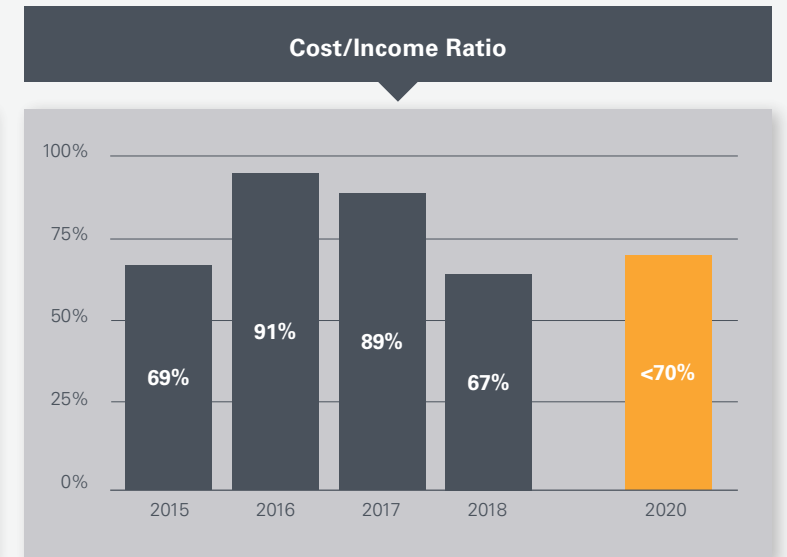
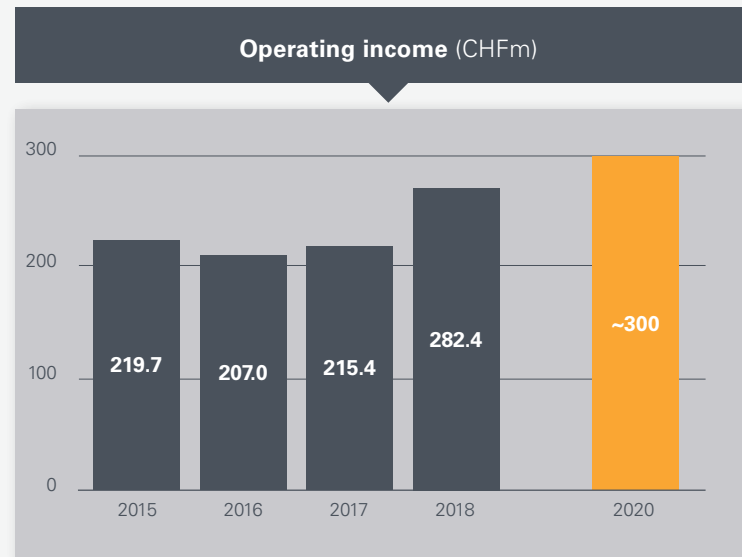
Net fee income (Investment Solutions; CHFm)



FINANCIAL TARGETS 2020

LEONTEQ MAINTAINS TARGET SET

Leonteq maintains its disciplined cost management while growing its topline

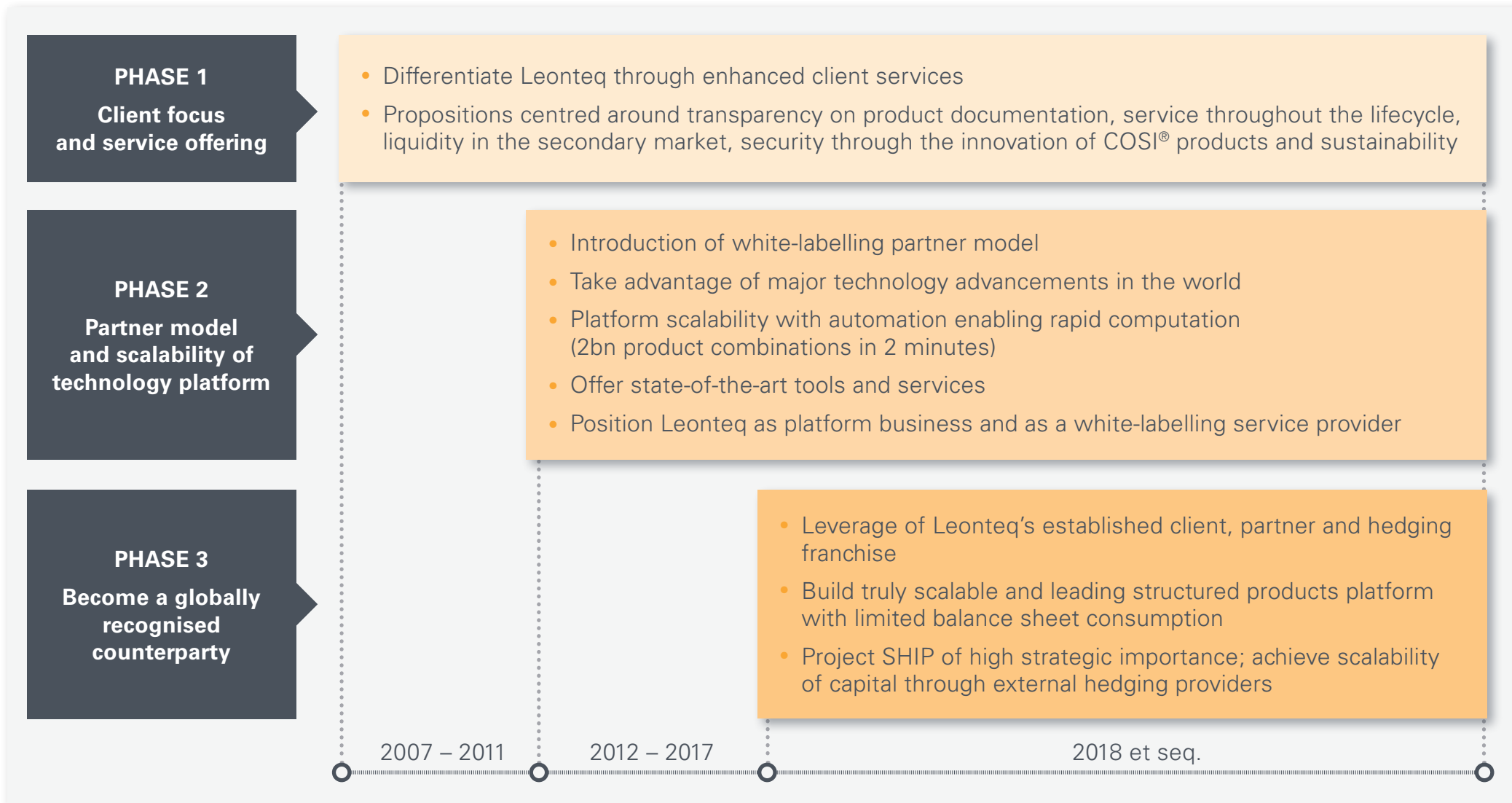


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SUMMARY & OUTLOOK

LEONTEQ BUSINESS MODEL

GLOBALLY RECOGNISED COUNTERPARTY FOR STRUCTURED INVESTMENT PRODUCTS



SUMMARY & OUTLOOK

- Leonteq delivered record financial result in 2018
- Strategic progress achieved and investment grade rating by Fitch obtained
- Continued implementation of project SHIP by onboarding additional hedging counterparties and increasing volumes traded on the platform
- Late stage discussions with several potential new issuance partners
- To capture growth opportunities, Leonteq anticipates to increase headcount by approx. 5%; total operating expenses of around CHF 200 million are expected for the full-year 2019
- Against the backdrop of market, economic and political uncertainty in many parts of the world, levels of client activity decreased at the beginning of 2019 and Leonteq therefore had a subdued start to the year
- Leonteq well positioned to further establish the firm as a globally recognised counterparty for structured investment products and insurance solutions

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APPENDIX

INCOME STATEMENT

CHFm	H2 2017	H1 2018	H2 2018	Change y-o-y	FY 2017	FY 2018	Change y-o-y
Net fee income	127.6	145.7	126.8	(1%)	247.0	272.5	10%
Net trading result	(9.4)	(3.7)	25.1	(367%)	(25.8)	21.4	(183%)
Net interest result	(3.9)	(7.5)	(7.4)	90%	(8.8)	(14.9)	69%
Other ordinary income	0.9	1.6	1.8	100%	3.0	3.4	13%
Total operating income	115.2	136.1	146.3	27%	215.4	282.4	31%
Personnel expenses	(57.0)	(60.7)	(55.0)	(4%)	(113.6)	(115.7)	2%
Other operating expenses	(24.1)	(24.4)	(28.8)	20%	(50.0)	(53.2)	6%
Depreciation	(9.9)	(8.1)	(8.6)	(13%)	(19.2)	(16.7)	(13%)
Changes to provisions	(2.1)	(2.5)	(1.0)	(52%)	(9.3)	(3.5)	(62%)
Total operating expenses	(93.1)	(95.7)	(93.4)	0%	(192.1)	(189.1)	(2%)
Profit before taxes	22.1	40.4	52.9	139%	23.3	93.3	300%
Taxes	(0.2)	(0.3)	(1.5)	650%	(0.2)	(1.8)	800%
Group net profit	21.9	40.1	51.4	135%	23.1	91.5	296%

DETAILS ON INCOME STATEMENT ITEMS

Net trading income (CHFm)	H2 2017	H1 2018	H2 2018	FY 2017	FY 2018
Negative treasury carry	(5.6)	(5.0)	(13.3)	(12.6)	(18.3)
Hedging synergies	(3.8)	1.3	38.4	(13.2)	39.7
Net trading result	(9.4)	(3.7)	25.1	(25.8)	21.4

One-off costs per expense line item (CHFm)	H2 2017	H1 2018	H2 2018	FY 2017	FY 2018
Personnel expenses	(2.0)	—	—	(3.6)	—
Other operating expenses	—	—	—	(1.1)	—
Depreciation	(1.0)	—	—	(1.9)	—
Provisions	(2.1)	(2.5)	(1.0)	(9.3)	(3.5)
Total one-off costs	(5.1)	(2.5)	(1.0)	(15.9)	(3.5)

STAFF BASE

FTE by region	30.06.2017	31.12.2017	30.06.2018	31.12.2018
Switzerland	317	305	309	335
Europe	80	70	71	77
Asia	67	65	65	74
Total FTEs	464	440	445	486

FTE by function	30.06.2017	31.12.2017	30.06.2018	31.12.2018
Business units	193	178	181	190
Whereof sales	99	88	85	90
Shared services	271	262	264	296
Whereof IT	101	99	108	117
Total FTEs	464	440	445	486

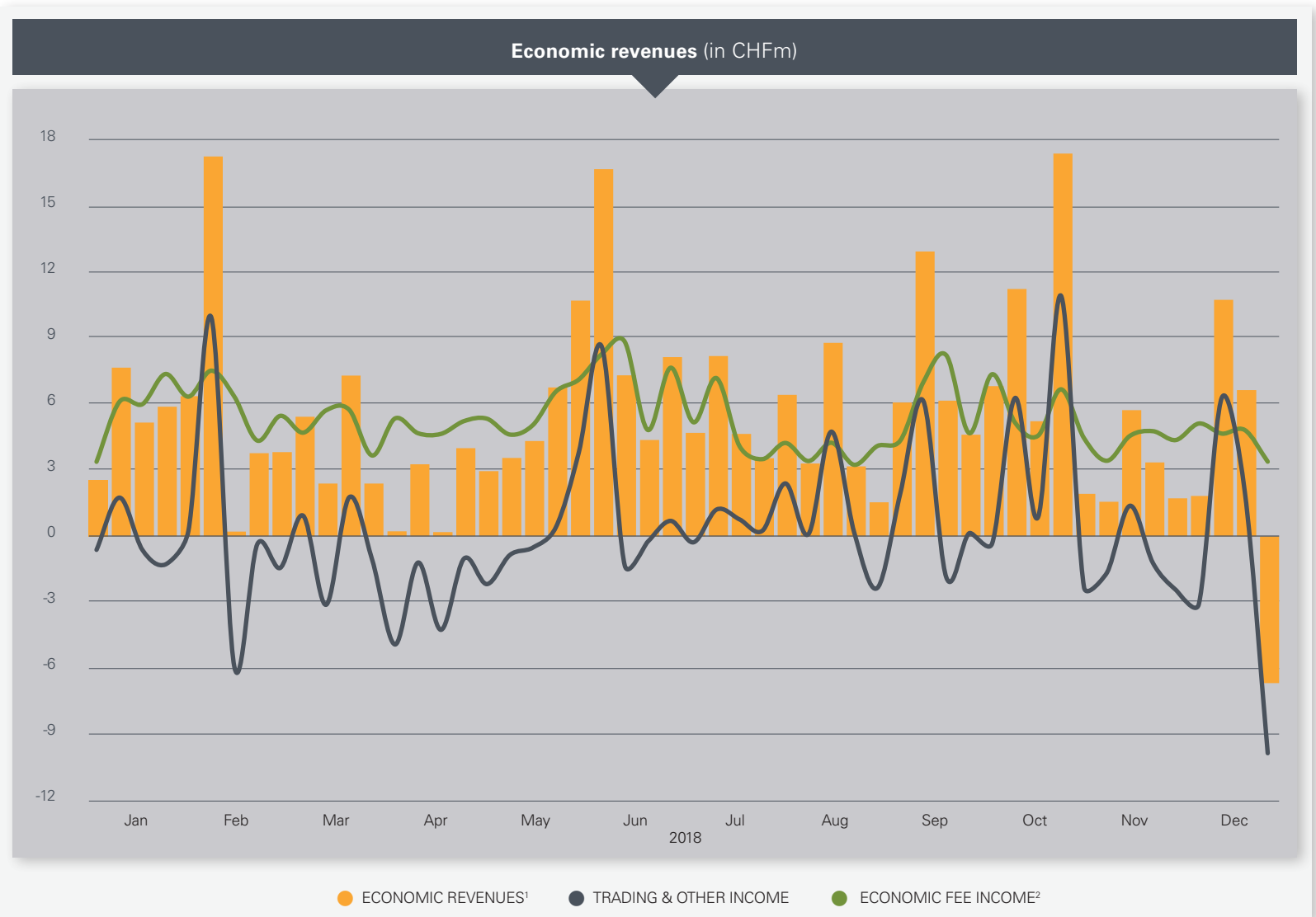
KEY PERFORMANCE INDICATORS¹

Group KPIs	H2 2017	H1 2018	H2 2018	FY 2017	FY 2018
Cost-income ratio	81 %	70 %	64 %	89 %	67 %
Return on equity	11 %	19 %	9 %	6 %	18 %
Investment Solutions					
Platform assets (CHFbn) ²	11.4	13.2	11.9	11.4	11.9
Whereof platform partner business (CHFbn)	8.4	9.7	8.8	8.4	8.8
Whereof Leonteq business (CHFbn)	3.0	3.5	3.1	3.0	3.1
Turnover (CHFbn)	13.9	15.9	12.9	26.8	28.8
Whereof issuance partner business (CHFbn)	9.2	11.0	8.8	18.3	19.8
Whereof Leonteq business (CHFbn)	4.7	4.9	4.1	8.5	9.0
Fee income margin (bps)	84	83	88	84	86
Issuance partner margin (bps)	80	71	74	82	72
Leonteq margin (bps)	93	110	120	89	115
Insurance & Wealth Planning Solutions					
Number of insurance partners ²	2	2	2	2	2
Number of outstanding policies ²	33,388	37,150	41,195	33,388	41,195

¹ See appendix, page 37 for detailed definitions of KPIs

² At the end of the respective period

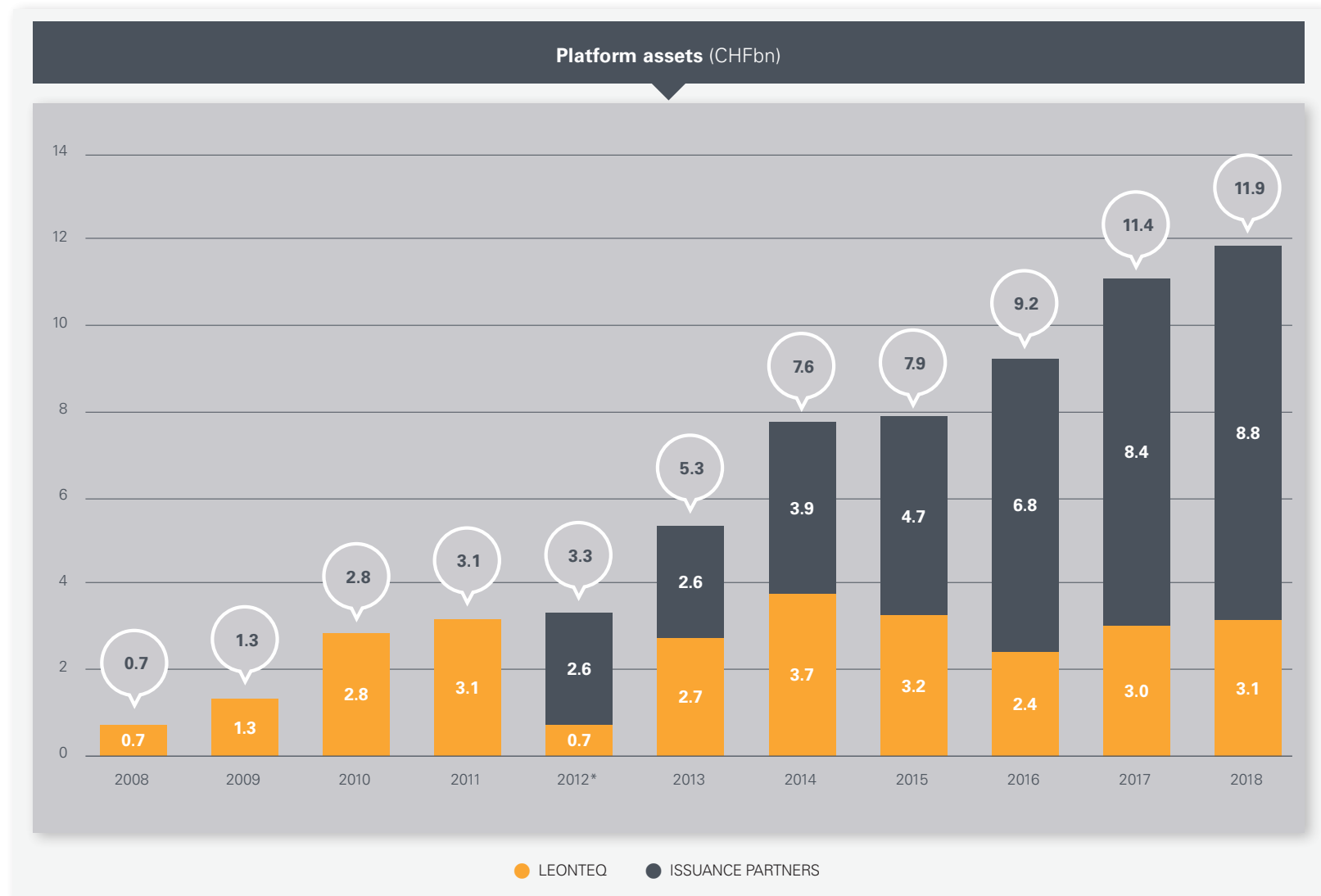
ECONOMIC REVENUES 2018



¹ Economic revenues are defined as sales and trading income earned and are considered as recognised at trade date without applying IFRS revenue recognition rules; economic revenues do not include certain other income components such as partner project cost reimbursements

² Economic fee income is defined as fees earned and is considered as recognised at trade date without any application of IFRS revenue recognition rules

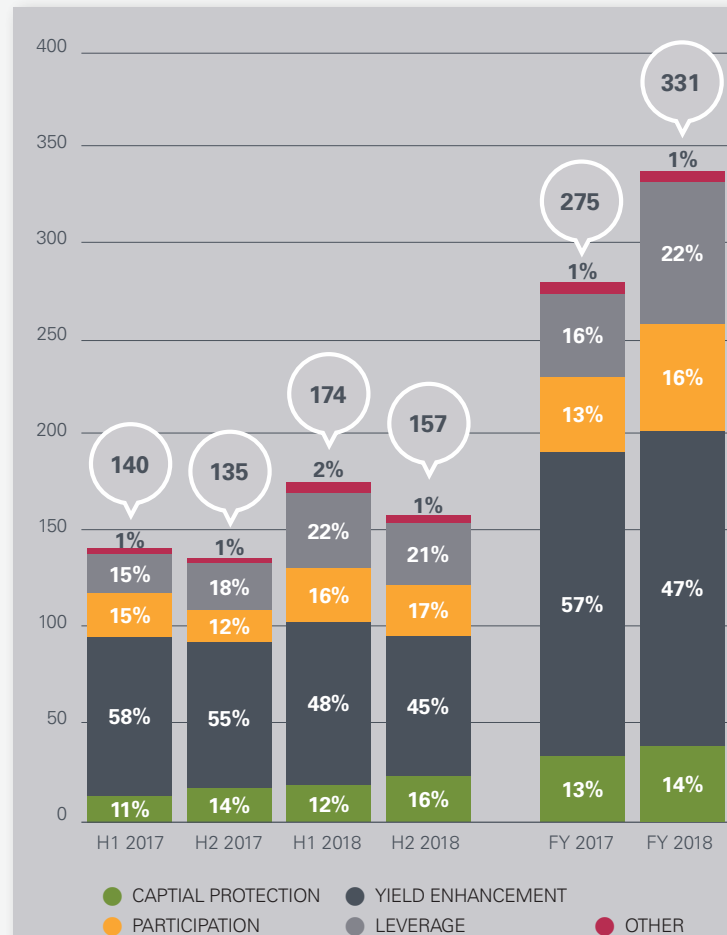
PLATFORM ASSETS SINCE INCEPTION



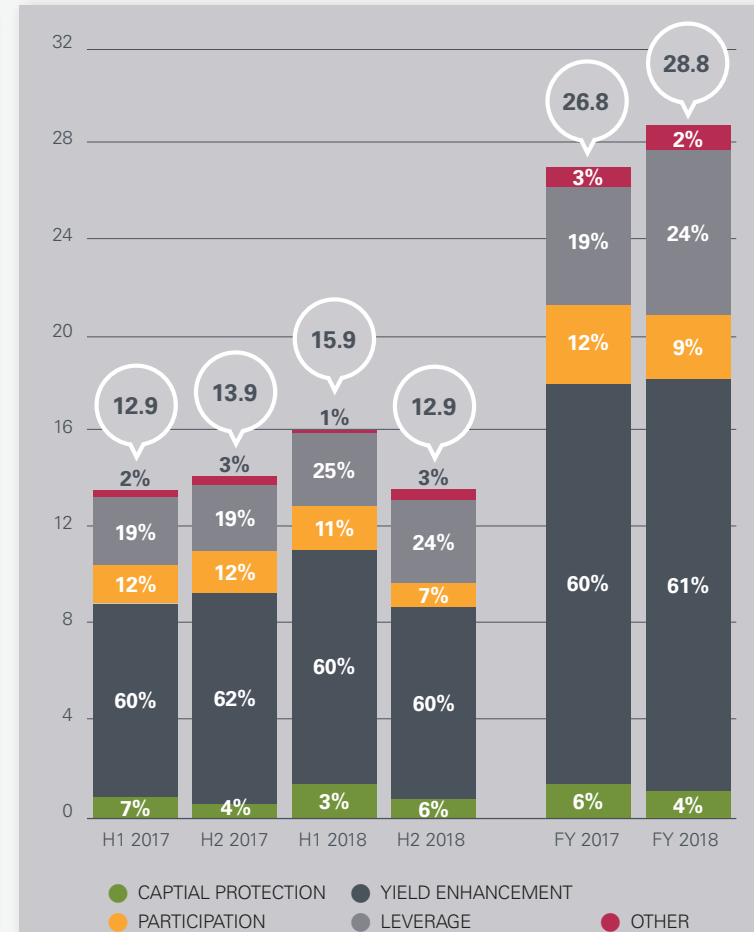
* Before 2012, products were issued under the name EFG Financial Products; at the time of the IPO in 2012, Leonteq sold its Guernsey operations to EFG International; after the rebranding, in 2013, Leonteq started issuing products under its own name

STRUCTURED PRODUCT MARKET SWITZERLAND FOCUS ON REVENUE DIVERSIFICATION

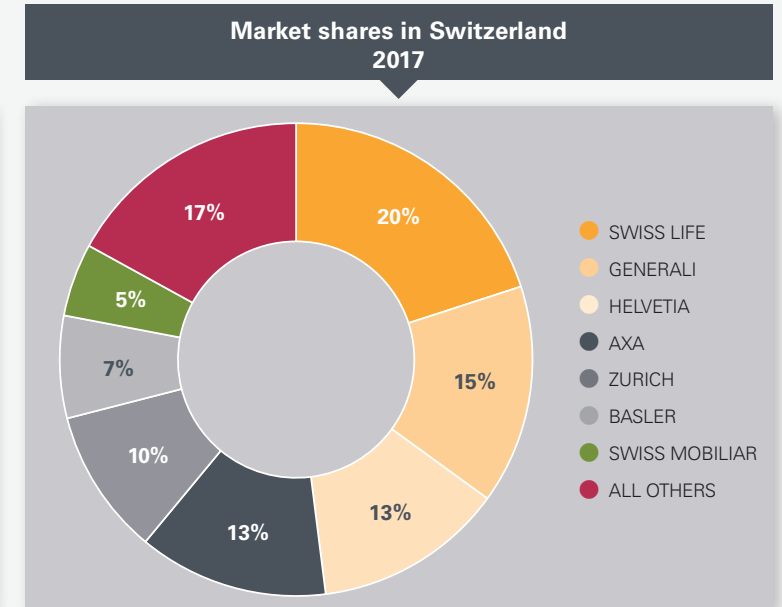
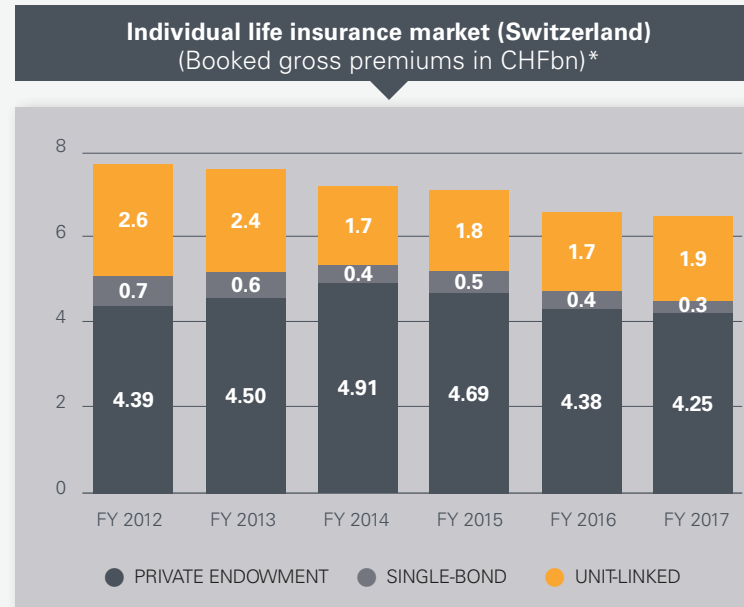
Market turnover Switzerland (in CHFbn)



Leonteq turnover (in CHFbn)



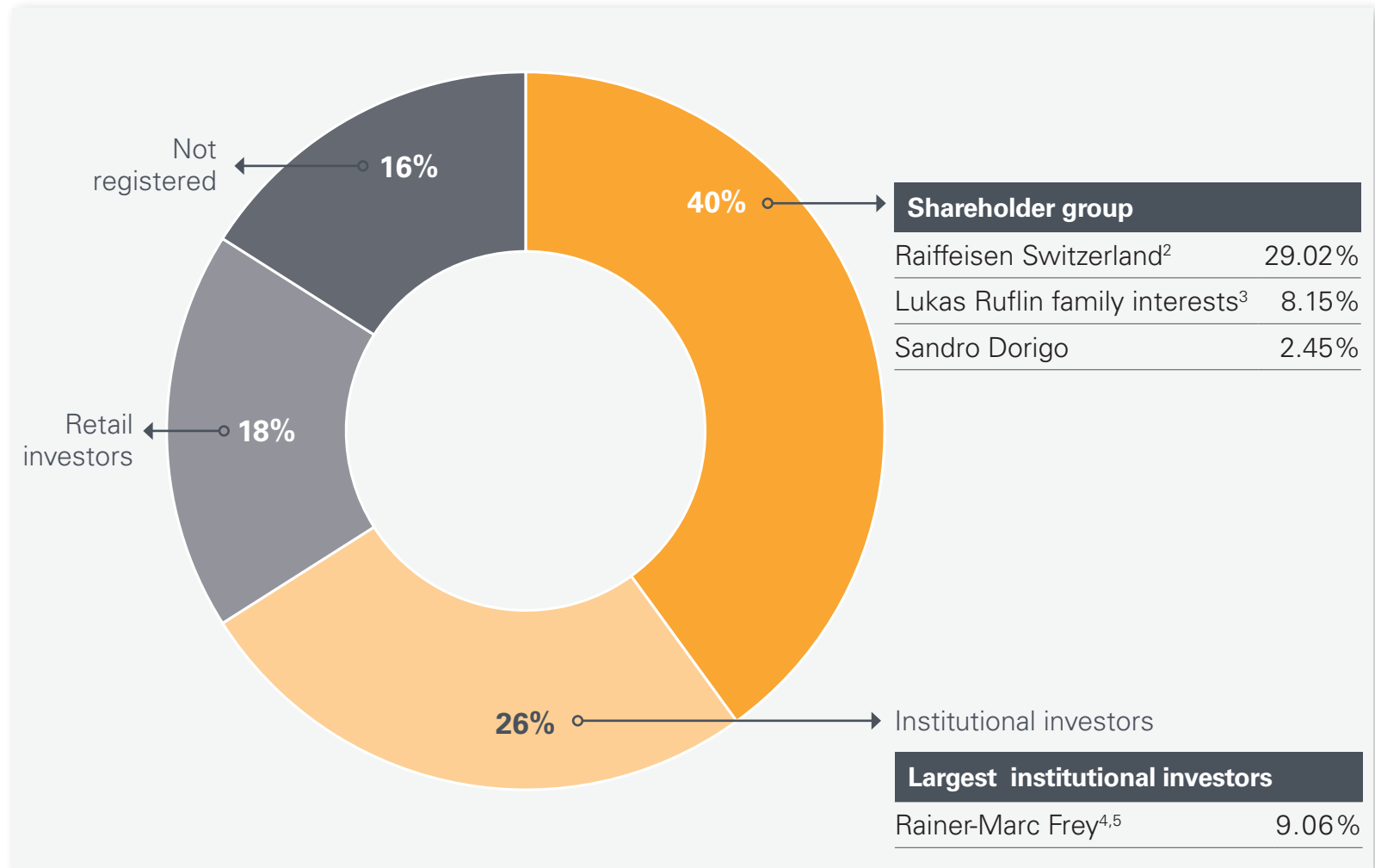
INDIVIDUAL LIFE INSURANCE SAVINGS MARKET SWITZERLAND



- Persistently low interest rates have dead-locked the technical interest rate in Switzerland for the years to come
- This restricts the maximum yield that life insurers can guarantee on their traditional general account products
- Decisive burden on life insurers as even their modern savings products with guarantees are affected

* Source SVA 2017 (Market for individual life insurance savings defined as total premiums of private endowment and single-bond insurance premiums and unit-linked life insurance premiums)

SHAREHOLDER STRUCTURE¹



¹ As per Leonteq share register at 31 December 2018 and significant shareholdings disclosures on SIX Swiss Exchange

² Includes 2.9% of shares subject to call options held by the Lukas Rufli family interests

³ 670,688 shares are subject to a lock-up until October 2025; Lukas Rufli family interests additionally hold call options in relation to 2.9% share held by Raiffeisen

⁴ H21 Macro Limited / creation of obligation to notify: 31 October 2018

⁵ Rainer-Marc Frey additionally holds written put options, representing 2.57% of the outstanding shares

KEY PERFORMANCE INDICATORS DEFINITIONS

Platform assets	Platform assets are defined as the outstanding volume of products issued and traded through Leonteq's platform
Return on equity	Return on equity has been calculated as the ratio of annualised group net profit to average shareholders' equity
Turnover	Turnover has been calculated as the aggregated notional amount of structured products issued through Leonteq's platform plus the aggregated notional amount of structured products traded through Leonteq's platform
Margin	Margin has been calculated as net fee income relative to turnover in basis points
Number of clients	Number of clients defined as clients (financial institutions, asset managers, insurance brokers, business introducers, institutional investors and insurance companies), which pursuant to a distribution agreement arranged or entered into with the Group, made at least one primary or secondary market transaction in the respective period on account of their respective clients or for their own account. Given the focus on distribution agreements, where global financial institutions of which two separate legal entities or locations of a global financial institution have entered into two separate distribution agreements with the Group, these are calculated as two separate clients
Issuance partners	Companies or company groups in the banking or financial service industry with which Leonteq has established cooperation arrangements relating to one or several of the following, depending on the scope of cooperation: hedging arrangements, distribution, market making, product lifecycle management, or further services related to issuance of structured products
Insurance partners	Companies or company groups in the insurance industry with which Leonteq has established cooperation arrangements relating to life insurance and capitalisation products, and where Leonteq, depending on the scope of cooperation, provides for a product platform that covers a range of product types for every lifecycle stage and enables the partner to launch and maintain tailor made products, as well as further services such as advice and provision of investment concepts for individual payment plans
Number of outstanding policies	Defined as number of outstanding unit-linked life insurance policies serviced on Leonteq's platform