

## PRESS RELEASE | LEONTEQ ANNOUNCES ESTIMATED KEY RESULTS FOR 2016

Zurich, 19 December 2016

**Leonteq AG (SIX: LEON), a leading independent provider of structured investment products and related services, today announced that it expects an estimated pre-tax profit of approx. CHF 17 million for the full year 2016. This reflects significantly lower revenues in the second half year, strategic investments in line with previous communication, as well as one-off costs. Leonteq confirms its 2020 targets announced at the Investor Day.**

After a difficult start into the second half of 2016 in the context of a sharp drop in volatility levels and a seasonally slow summer period, Leonteq's client activity improved from September to early November, with the platform partners business growing strongly, while own issuances continued to decrease, as communicated at the time of the Investor Day. However, in the run-up to the year-end, revenue production and contributions from hedging activities came in significantly lower than expected but were still positive. As a result, total operating income for 2016 is expected to decline by around 5% year-on-year to approx. CHF 207 million.

At the same time, total operating expenses are expected to increase by around 27% to approx. CHF 190 million in 2016. This primarily reflects hires made in 2015 and in the first half of 2016 (accounting for a year-on-year increase in personnel expenses of approx. CHF 20 million) as well as higher office rental expenses (approx. CHF 7 million), in line with previous communication; and one-off costs in the second half of the year (approx. CHF 10 million). The latter include approx. CHF 5 million for strategy review-related expenses such as external consulting fees as well as upfront recognition (in line with IFRS accounting rules) of deferred bonuses from prior years to former members of the executive committee, with vesting conditions remaining unchanged; approx. CHF 3 million in additional accruals following a reassessment of Swiss VAT obligations for the years 2012 to 2015; and upfront recognition (in line with IFRS accounting rules) of approx. CHF 2 million in remaining rental charges for Leonteq's previous premises in Zurich.

Profit before taxes is expected to be at approx. CHF 17 million for the full year of 2016, versus CHF 69 million in 2015. Taking responsibility for these results, the entire executive committee has offered to forgo their variable compensation for the year 2016 which the board of directors has accepted. In addition the board of directors will agree an adequate reduction in its compensation.

Leonteq has already initiated plans to reduce costs in the amount of approx. CHF 10 million in 2017, including a reduction of approx. 50<sup>1</sup> FTEs globally with expected full P&L effect by the end of the first quarter of 2017 (none in 2016), as announced in the context of the Investor Day. Leonteq will evaluate further cost reduction measures over the coming weeks, and at the same time reassess its dividend policy for the year 2016. Further details will be announced on 9 February 2017 with Leonteq's final 2016 financial results.

Jan Schoch, CEO of Leonteq: "We were unfortunately not able to keep up our revenue growth rates in the second half of 2016, which would have allowed us to better offset strategic investments that in hindsight reflect too ambitious growth expectations under the prevailing market conditions. We will now assess further cost initiatives, but remain confident about our business and reconfirm our recently announced targets, including an annual growth in turnover of 15% on average from 2017 until 2020 in our Investment Solutions business and continued onboarding of new partners in the other business lines. Our capital position is strong, and with our re-focused business model we believe we are well positioned for further growth."

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<sup>1</sup> Such reduction of staff includes redundancies and other personnel fluctuation.

**CONTACT**

**Media Relations**  
+41 58 800 1031  
media@leonteq.com

**Investor Relations**  
+41 58 800 1031  
investorrelations@leonteq.com

**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.  
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**LEONTEQ AG**

Brandschenkestrasse 90 | P.O. Box 1686 | CH-8027 Zurich | Phone +41 58 800 1000 | Fax +41 58 800 1010 | info@leonteq.com | www.leonteq.com