

Ad hoc announcement in accordance with Art. 53 LR

Investor Day 2021

Cembra presents updated strategy for 2022–2026

- Cembra aims to achieve an ROE of 13–14% in 2022/2023 and above 15% starting in 2024; pay a dividend of CHF 3.75 for 2021, at least CHF 3.75 for 2022 and thereafter increasing based on sustainable earnings growth; and will target a Tier 1 capital ratio target of above 17%
- Cembra's strategic ambition is to leverage technology to provide the most intuitive customer solutions in consumer finance in Switzerland
- The company will increase efficiency significantly, accelerate growth in core businesses and seize new growth opportunities, particularly in the emerging 'buy now pay later' business
- Cembra will radically simplify its operating model and invest in transforming the technology landscape to deliver at least CHF 30 million in annual cost savings, paving the way for profitable growth
- Trading update: robust business performance expected for full year 2021; net income forecast to come in between CHF 159 million and CHF 162 million

Zurich – During today's Investor Day, CEO Holger Laubenthal and other members of the Management Board will present Cembra's updated strategy for the 2022–2026 period.

Holger Laubenthal, CEO Cembra: "Since our IPO in 2013, we have successfully strengthened our leading market position and consistently exceeded our financial targets. In the next strategy cycle, we will continue on this track by capitalising on the strengths of our proven credit factory, significantly increasing our efficiency, accelerating growth in our core businesses and seizing new growth opportunities, particularly in the 'buy now pay later' business. Our strategic programmes will be supported by a transformation in our culture as we become a more customer-centric, agile, learning-oriented and collaborative organisation."

Cembra operates in an attractive market where demand is robust and growing. The pandemic has accelerated the shift from cash to other payment options. There is also a trend towards more flexible payment and financing options that are directly embedded in the purchasing process (embedded finance). As a market leader and with its unique expertise, Cembra is excellently positioned to tap into these trends. Cembra's strategic ambition is to provide consumers and business partners with the most intuitive payment and financing solutions in Switzerland through its use of technology and continued strong customer service.

Four strategic programmes to achieve ambitions

Drawing on its strengths – its proven credit factory, a customer base of over one million customers in Switzerland and decades of experience in the consumer finance business – Cembra has defined four strategic programmes to achieve its strategic and financial ambitions.

Operational Excellence: radical simplification and technology transformation

As part of the already started Operational Excellence programme, Cembra will radically simplify its operating model and transform its technology landscape. The aim is to deliver a seamless digital customer experience and to significantly increase efficiency through standardisation and automation. This transformation will be facilitated by the use of cloud-based infrastructure and lead to more data-driven innovation. The changes will require investments of CHF 55 million up to 2025 and generate annual cost savings of at least CHF 30 million from 2026 on, with a positive net impact on the income statement as early as 2024. As a result, the cost-income ratio will remain largely unchanged at about 50% to 52% until 2023 and then gradually decrease to below 39% by 2026.

Business Acceleration: improved value proposition and enhanced market reach

The Business Acceleration programme will focus on accelerating growth and improving performance in Cembra's three core businesses. In personal loans, Cembra aims to: further increase differentiation through flexible offerings; remain consistently aligned with changing customer needs, in particular through an improved digital customer experience; and expand its partner network. In the auto leases and loans business, Cembra will significantly simplify and shorten the onboarding process, introduce a new technical platform for leasing by the end of 2022, expand the distribution network and position the business for growth.

In the credit card business, a new self-service app will be launched in the first quarter of 2022. Cembra will also launch a new proprietary credit card with innovative services and attractive features. In addition, it aims to increase penetration in existing partnerships and to seek out additional ones. With a customer base of over one million customers, Cembra has valuable insights into customer behaviours and can leverage this to differentiate its value proposition. In combination, these actions will serve to retain profitability of the cards portfolio post a temporary reduction as per earlier guidance, and revenues and financing receivables in the credit card business are expected to come in at least at pre-Covid (FY 2019) levels in the 2023 financial year.

New growth opportunity: 'buy now pay later' as an attractive new business

With the 'buy now pay later' (BNPL) concept, customers can choose to pay at purchase or if they want to pay on invoice and in instalments. The annual transaction volume in this business is currently growing at a double-digit rate in Switzerland, and Cembra estimates that it will reach CHF 3 to 4 billion by 2025. With its subsidiary Swissbilling, Cembra is already well positioned to tap into this growth and has successfully implemented initial BNPL solutions for IKEA and other business partners. Swissbilling plans to expand its value proposition in the first half of 2022.

Cultural Transformation: towards an agile, learning-oriented and collaborative organisation

The strategy execution is supported by a cultural transformation programme fostering an uncompromising customer-first mindset with cross-disciplinary teams and empowered people. The aim is to create an agile and learning-oriented organisation in which people work together with confidence and trust.

Organisational changes

As part of its updated strategy, Cembra is combining its client-facing units in the newly created Sales and Distribution division. Peter Schnellmann, an experienced sales and distribution expert who has already worked for Cembra in leading positions from 2009 to 2018, has been appointed Chief Sales and Distribution Officer and member of the Management Board as of 1 January 2022. The current members of the Management Board, Daniel Frei, Managing Director B2C, and Jerry Fohringer, Managing Director B2B, have decided to leave the company. CEO Holger Laubenthal: “We are delighted to welcome Peter Schnellmann, a proven industry expert with deep market knowledge, back to the team. We would like to thank Daniel and Jerry for their great commitment and valuable contributions over many years and wish them all the best for their future.”

Financial targets: ROE target of 15% and a growing dividend in the medium term

The successful implementation of the strategy will enable Cembra to deliver 1–3% annual growth in financing receivables and increase commissions and fees to at least 30% of net revenues (FY 2020: 25%). The company expects to achieve a return on equity above 15% in the medium term (i.e. from 2024 on). Due to the forecast impact of the termination of the Migros partnership, as previously announced, and the investments needed to transform the technology landscape, a slightly lower ROE target of 13–14% has been set for 2022 and 2023. The company plans to pay a dividend of CHF 3.75 per share for 2021. The dividend is expected to be at least CHF 3.75 for 2022. Thereafter, Cembra expects the dividend to increase based on sustainable earnings growth, subject to a minimum of the prior year dividend per share. The target for the Tier 1 capital ratio remains 17%, and excess capital above this target will be used to finance growth or returned to the shareholders.

Trading update

In connection with the Investor Day, Cembra has updated its guidance on its key financial indicators for the 2021 financial year. Owing mainly to a continued rebound in the credit card business and an excellent loss rate, Cembra expects net profit to come in between CHF 159 million and CHF 162 million, against the prior-year figure of CHF 153 million.

Investor Day 2021

Today’s Investor Day in Zurich, starting at 9.00 a.m. CET, will be held in English and broadcast live on the Cembra website: www.cembra.ch/investors

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About Cembra

Cembra is a leading Swiss provider of financing solutions and services. Our product range includes consumer credit products such as personal loans and auto leases and loans, credit cards, the insurance sold in this context, invoice financing, and deposits and savings products.

We have over 1 million customers in Switzerland and employ more than 1,000 people from 41 different countries. We have our headquarters in Zurich and operate across Switzerland through our network of branches and our online distribution channels, as well as our credit card partners, independent intermediaries and car dealers.

We have been listed as an independent Swiss bank on the SIX Swiss Exchange since October 2013. Cembra is rated A- by Standard & Poor's and is included in the SXI Switzerland Sustainability 25 Index and in the 2021 Bloomberg Gender Equality Index.

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