

Termsheet

Capital Protection Certificate with Coupon on Nestle, Novartis, Roche, Zurich Insurance

90.00% Capital Protection | Conditional Coupon Amounts

Final Fixing Date 29/06/2020; issued in CZK; listed on Börse Frankfurt Zertifikate AG (Open Market)

ISIN CH0416715875 | Swiss Security Number 41671587 | WKN LTQ032

Investors should read the section "Significant Risks" below as well as the section "Risk Factors" of the relevant Programme.

In the European Economic Area this product may only be offered to qualified investors as defined in the Prospectus Directive or in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer shall require the publication of a prospectus or supplement pursuant to the Prospectus Directive.

This Product is a derivative instrument according to Swiss law. It does not qualify as unit of a collective investment scheme pursuant to art. 7 et seqq. of the Swiss Federal Act on Collective Investment Schemes (CISA) and is therefore neither registered nor supervised by the Swiss Financial Market Supervisory Authority FINMA. Investors do not benefit from the specific investor protection provided under the CISA.

In addition, investors are subject to the credit risk of the Issuer.

This Product may be distributed in or from Switzerland only to qualified investors within the meaning of art. 10 of the CISA, as amended from time to time, and only marketing efforts commonly deployed for the market with such a selected investors' universe may be used.

This document is not a prospectus within the meaning of article 1156 of the Swiss Code of Obligations (CO).

I. PRODUCT DESCRIPTION

Market expectation of the Investor

Underlyings trade slightly higher.

Product description

This Product offers the Investor a periodic opportunity to receive a Conditional Coupon Amount. In addition the Investor will receive on the Redemption Date a Cash Settlement equal to the Issue Price multiplied by the Capital Protection and by the $FX_{Performance}$.

UNDERLYING

Underlying	Related Exchange	Bloomberg Ticker	Initial Fixing Level (100%)*
NESTLE SA-REG	SIX Swiss Exchange AG	NESN SW	CHF TBA
NOVARTIS AG-REG	SIX Swiss Exchange AG	NOVN SW	CHF TBA
ROCHE HOLDING AG-GENUSSSCHEIN	SIX Swiss Exchange AG	ROG SW	CHF TBA
ZURICH INSURANCE GROUP AG-REG	SIX Swiss Exchange AG	ZURN SW	CHF TBA

PRODUCT DETAILS

Swiss Security Number	41671587
ISIN	CH0416715875
WKN	LTQ032
Issue Price	CZK 1'000.00 (USD TBA, will be determined on 29/06/2018 and based on the $FX_{Rate_{Start}}$)
Issue Size	1'000'000 Certificate(s) (can be increased at any time)
Settlement Currency	CZK
Capital Protection	90.00%

DATES

Initial Fixing Date	23/05/2018
Issue Date	29/05/2018
First Exchange Trading Date	29/05/2018 (anticipated)
Last Trading Day/Time	29/06/2020 / Exchange market close
Final Fixing Date	29/06/2020 (subject to Market Disruption Event provisions)
Redemption Date	06/07/2020 (subject to Settlement Disruption Event provisions)

* will be determined on the Initial Fixing Date (levels are expressed in percentage of the Initial Fixing Level)

Initial Fixing Date 23/05/2018	Final Fixing Date 29/06/2020	Redemption Date 06/07/2020				

Conditional Coupon Observation and Conditional Coupon Payment Dates

	Coupon Observation Date	Coupon Trigger Level ^a	Coupon Payment Date	Conditional Coupon Amount
1	29/06/2020*	95.00%	06/07/2020**	CZK 150.00
2	29/06/2020*	100.00%	06/07/2020**	CZK 150.00
3	29/06/2020*	105.00%	06/07/2020**	CZK 200.00

^alevels are expressed in percentage of the Initial Fixing Level

*the Coupon Observation Date equals the Final Fixing Date

**the Coupon Payment Date equals the Redemption Date

If any of the above-mentioned Coupon Observation Dates is not an Exchange Business Day for an Underlying, the next following Exchange Business Day for that Underlying shall be the respective Coupon Observation Date. General Terms and Conditions apply also to the Coupon Observation Dates as if they were Final Fixing Dates. If any of the above-mentioned Coupon Payment Dates is not a Business Day, the next following Business Day will apply.

REDEMPTION

The Investor is entitled to receive the Conditional Coupon Amount on the relevant Coupon Payment Date, subject to the Conditional Coupon Amount provisions.

In addition the Investor is entitled to receive from the Issuer on the Redemption Date per Product a Cash Settlement in the Settlement Currency according to the following formula:

Issue Price x Capital Protection x $FX_{Performance}$

Initial Fixing Level

Official close of the Underlying on the 29/06/2018 on the Related Exchange, as determined by the Calculation Agent.

Final Fixing Level

Official close of the respective Underlying on the Final Fixing Date on the Related Exchange, as determined by the Calculation Agent.

Coupon Trigger Event

A Coupon Trigger Event shall be deemed to occur, if on any Coupon Observation Date all Underlyings close above their respective Coupon Trigger Level, as reasonably determined by the Calculation Agent. For the avoidance of doubt, there could be more than one Coupon Trigger Event per Coupon Observation Date.

FX Rate_{Start}

Means the CZK price for 1 USD at the trading time on 29/06/2018, as reasonably determined by the Calculation Agent: TBA

FX Rate_t

Means the CZK price for 1 USD on the Final Fixing Date, as reasonably determined by the Calculation Agent and described in the section Detailed Exchange Rate Fixing Description, herein.

FX_{Performance}

$FX Rate_t / FX Rate_{Start}$

DETAILED EXCHANGE RATE FIXING DESCRIPTION

Base Currency	Quote Currency	Fixing	Fixing Source	Fixing Location	Fixing Time
USD	CZK	BFIX	BFIX (Bloomberg)	New York	10:00 AM

GENERAL INFORMATION

Issuer	Leonteq Securities AG, Guernsey Branch, St Peter Port, Guernsey (Rating: n/a, Supervisory Authority: FINMA / GFSC)
Lead Manager	Leonteq Securities AG, Zurich, Switzerland
Calculation Agent	Leonteq Securities AG, Zurich, Switzerland
Paying Agent	Leonteq Securities AG, Zurich, Switzerland
Distribution Fees	Relevant Fees (incl. VAT, if any. Reference is made to section "Remunerations to Third Parties" herein and to the General Terms and Conditions of the Programme)
Listing/Exchange	Frankfurter Wertpapierbörse (Freiverkehr); traded on Börse Frankfurt Zertifikate AG (Open Market) Listing will be applied for.
Secondary Market	Daily price indications will be available from 09:00 - 17:30 CET on www.leonteq.com , Thomson Reuters [SIX Symbol]=LEOZ or [ISIN]=LEOZ and Bloomberg [ISIN] Corp or on LEOZ.
Resale	Products may only be sold to a third party with the prior consent of the Lead Manager and only in form of a private placement. Thus, Investors must contact the Lead Manager before they resell the Products.
Quoting Type	Secondary market prices are quoted dirty; accrued interest is included in the prices.
Quotation Type	Secondary market prices are quoted in the Settlement Currency, per Product.
Settlement Type	Cash Settlement
Minimum Investment	1 Certificate(s)
Minimum Trading Lot	1 Certificate(s)
Selling Restrictions	This Product may be distributed in or from Switzerland only to qualified investors within the meaning of art. 10 of the CISA, as amended from time to time, and only marketing efforts commonly deployed for the market with such a selected investors' universe may be used. No action has been or will be taken to permit a public offering of the Products or possession or distribution of any offering material in relation to the Products in any jurisdiction, where such action for that purpose is required. Consequently, any offer, sale or delivery of the Products, or distribution or publication of any offering material relating to the Products, may only be made in or from any jurisdiction in compliance with applicable laws and regulations not imposing any obligations on the Issuing Parties or the Lead Manager. Possible limitations resulting from legal restrictions with regard to cross-border communication and cross-border business concerning the Products and related information remain reserved. Most important jurisdictions where the Products may not be publicly distributed are EEA, UK, Hong Kong and Singapore. The Products may not be offered or sold within the United States or to, or for the account or benefit of US persons (as

defined in Regulation S).

Detailed information on Selling Restrictions is published in the Programme which is available on www.leonteq.com.

Clearing	SIX SIS Ltd, Euroclear, Clearstream
Depository	SIX SIS Ltd
Public Offering	N/A
Form	Uncertificated Security / Book-entry
Governing Law / Jurisdiction	Swiss / Zurich

The definition “Issuing Party/Parties” as used herein, means the Issuer, as indicated in section “General Information”.

TAXATION

Investors and prospective Investors are advised to consult with their tax advisers with respect to the tax consequences of the purchase, ownership, disposition, lapse or exercise or redemption of a Product in light of their particular circumstances. The Issuing Parties and the Lead Manager hereby expressly exclude any liability in respect of any possible tax implications.

PRODUCT DOCUMENTATION

The Termsheet contains a summary of information of the Product and is for information purposes only. **Only the Final Termsheet together with the Issuance and Offering Programme of the relevant Issuer valid as per the Initial Fixing Date containing all further relevant terms and conditions, as such is amended from time to time (the "Programme"), shall form the entire and legally binding documentation for this Product ("Product Documentation"),** and accordingly the Final Termsheet should always be read together with the Programme. Definitions used in the Final Termsheet, but not defined therein, shall have the meaning given to them in the Programme. **Even though translation into other languages might be available, it is only the Final Termsheet and Programme in English which are legally binding.**

Notices to Investors in connection with this Product shall be validly given in accordance with the terms and conditions of the Programme.

During the whole term of this Product, the Product Documentation can be ordered free of charge from the Lead Manager at Europaallee 39, 8004 Zurich (Switzerland), via telephone (+41-(0)58-800 1000*), fax (+41-(0)58-800 1010) or via e-mail (termsheet@leonteq.com). Please note that all calls made to numbers marked with an asterisk (*) are recorded. By calling such number, your consent to the recording is deemed given.

II. PROSPECTS FOR PROFIT AND LOSS

This product falls within the category “Capital Protection”. Depending on whether the Product is capped or not, the profit an Investor could realize with this Product at redemption is limited (with cap) or unlimited (without cap). Any profit is composed of the invested capital (excluding any transaction or other costs) multiplied by the Capital Protection plus any additional (guaranteed and/or conditional) payments such as coupon or participation payments, bonuses or others.

On the downside the Investor’s exposure to the Underlying(s) is floored at the Capital Protection level.

Please refer to the sections “Product Description” and “Redemption” for more detailed information on the characteristics of this Product.

III. SIGNIFICANT RISKS

RISK FACTORS RELATING TO THE PRODUCT

The risk of loss related to this Product is limited to the difference between the purchase price (if higher than the Capital Protection) and the Capital Protection. However, during the life of the Product, its price can fall below the protection level.

ADDITIONAL RISK FACTORS

Prospective Investors should ensure that they fully understand the nature of this Product and the extent of their exposure to risks and they should consider the suitability of this Product as an investment in the light of their own circumstances and financial condition. Products involve a high degree of risk, including the potential risk of expiring worthless. Potential Investors should be prepared in certain circumstances to sustain a total loss of the capital invested to purchase this Product. Prospective Investors shall consider the following important risk factors and see the section “Risk Factors” of the Programme for details on all other risk factors to be considered.

This is a structured product involving derivative components. Investors should make sure that their advisors have verified that this Product is suitable for the portfolio of the investor taking into account the investor's financial situation, investment experience and investment objectives.

The terms and conditions of the Product may be subject to adjustments during the lifetime of the Product as set out in the Programme.

Investors whose usual currency is not the currency in which the Product is redeemed should be aware of their possible currency risk. The value of the Product may not correlate with the value of the Underlying(s).

Market Risks

The general market performance of securities is dependent, in particular, on the development of the capital markets which, for their part, are influenced by the general global economic situation as well as by the economic and political framework conditions in the respective countries (so-called market risk). Changes to market prices such as interest rates, commodity prices or corresponding volatilities may have a negative effect on the valuation of the Underlying(s) or the Product. There is also the risk of market disruptions (such as trading or stock market interruptions or discontinuation of trading) or other unforeseeable occurrences concerning the respective Underlyings and/or their stock exchanges or markets taking place during the term or upon maturity of the Products. Such occurrences can have an effect on the time of redemption and/or on the value of the Products.

No dividend payment

This Product does not confer any claim to receive rights and/or payments of the underlying, such as dividend payments, unless explicitly stated herein, and therefore, without prejudice to any coupon or dividend payments provided for in this Termsheet, does not yield any current income. This means that potential losses in value of the Product cannot be compensated by other income.

Credit Risk of Issuing Parties

Investors bear the credit risk of the Issuing Parties of the Product. The Products constitute unsubordinated and unsecured obligations of the relevant Issuing Party and rank pari passu with each and all other current and future unsubordinated and unsecured obligations of the relevant Issuing Party. The insolvency of an Issuing Party may lead to a partial or total loss of the invested capital.

Potential Investors should note that the Issuer is not rated by the credit rating agencies, i.e. there is no credit rating for the Issuer.

Secondary Market

The Issuer and/or the Lead Manager or any third party appointed by the Issuer, as applicable, intends, under normal market conditions, to provide bid and offer prices for the Products on a regular basis (if specified in the section "General Information"). However, the Issuer and/or the Lead Manager, as applicable, make no firm commitment to provide liquidity by means of bid and offer prices for the Products, and assume no legal obligation to quote any such prices or with respect to the level or determination of such prices. In special market situations, where the Issuer and/or the Lead Manager is/are unable to enter into hedging transactions, or where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks of the Issuer and/or the Lead Manager.

Illiquidity Risk

One or, if applicable, more of the Underlyings might be or become illiquid over the life time of the Product. Illiquidity of an Underlying might lead to larger bid/offer spreads of the Product and/or to an extended time period for buying and/or selling the Underlying respective to acquire, unwind or dispose of the hedging transaction(s) or asset(s) or to realise, recover or remit the proceeds of such hedging transaction(s) or asset(s) which might implicate a postponed redemption or delivery and/or a modified redemption amount, as reasonably determined by the Calculation Agent.

ADDITIONAL INFORMATION / DISCLAIMER

Prudential Supervision

Leonteq Securities AG is authorised as securities dealer and subject to prudential supervision by FINMA. Leonteq Securities AG, Guernsey Branch is regulated by the Guernsey Financial Services Commission ("GFSC").

Conflict of Interests

The Issuing Parties and/or the Lead Manager and/or any third party appointed by them, as the case may be, may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market as well as be active on both sides of the market at the same time in any securities, currencies, financial instruments or other assets underlying the products to which this document relates. The Issuer's and Lead Manager's and/or the appointed third party's trading and/or hedging activities related to this transaction may have an impact on the price of the Underlying and may affect the likelihood that any relevant Barrier Level, if any, is reached.

Remunerations to Third Parties

Depending on the circumstances the Issuer and/or Lead Manager may sell this Product to financial institutions or intermediaries at a discount to the Issue Price or reimburse a certain amount to such financial institutions or intermediaries (reference is made to section "General Information" herein). For open-end products such fees will be split linearly over ten years.

In addition, for certain services rendered by distribution partners and to increase quality and services relating to the Products, the Issuer and/or Lead Manager may from time to time pay trailer fees to such third parties.

Further information is available on request.

Payment of a Coupon

If the Product stipulates the payment of a Coupon, the Investor is only entitled to receive the respective coupon payment, if he has purchased/not sold the Product at the latest on the Business Day preceding the respective Coupon Ex-Date for the then prevailing price.

No Offer

The indicative Termsheet is primarily provided for information purposes and does not constitute a recommendation, an offer or a solicitation of an offer to buy financial products.

No Representation

The Issuer, the Lead Manager and any third party appointed by them make no representation or warranty relating to any information herein which is derived from independent sources.

ADDITIONAL INFORMATION WITH REGARDS TO THE PRIVATE OFFERING IN THE EEA

The following terms apply only to the non public offering in the European Economic Area (EEA) and are to be understood in addition to the afore-mentioned provisions.

Product Documentation

This document does not constitute a prospectus within the meaning of the Directive 2010/73/EU of the European Parliament and of the Council amending the Directive 2003/71/EC of the European Parliament and Council (Prospectus Directive).

Secondary Market

The Issuer and/or the Lead Manager or any third party appointed by the Issuer, as applicable, will, under normal market conditions, provide bid and offer prices for the Products on a regular basis. In special market situations, where the Issuer and/or the Lead Manager is/are unable to enter into hedging transactions, or where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks of the Issuer and/or the Lead Manager.

No Offer

The indicative Termsheet has been prepared for discussion purposes only. It is not an offer to buy the Product described within or enter into any agreement. Neither the Issuer nor any of their officers or employees is soliciting any action based upon it. The Final Termsheet is subject to further discussion and negotiation and also subject to internal approval.

No Representation

The Issuer and/or Lead Manager makes no representation or warranty relating to any information herein which is derived from independent sources. Furthermore, the Issuer makes no representations as to (i) the suitability of the Product for any particular Investor and (ii) the appropriate accounting treatment or possible tax consequences of investing in the Product or (iii) the future performance of the Product either in absolute terms or relative to competing investments.

No Advice

This Termsheet should not be construed as investment, financial, strategic, legal, regulatory, accounting or tax advice. It does not take into account the particular investment objectives, financial situation or needs of individual Investors. Certain transactions, including those involving futures, options and high yield securities, give rise to substantial risk and are not suitable for all investors. Accordingly Investors should consider whether the Product described herein is suitable for their particular circumstances and should consult their own accounting, tax, investment and legal advisors before investing. The Issuer does not accept any responsibility to update any opinions or other information contained in this Termsheet.

EEA Selling Restrictions

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each purchaser of the Products represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of the Products to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Products which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, and the Issuer has consented in writing to the use of the prospectus for the purpose of that offer, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Products in that Relevant Member State:

- solely to legal entities which are qualified investors as defined in the Prospectus Directive,
- at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Lead Manager; or,
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Products shall require the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Products to the public" in relation to any Products in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Products to be offered so as to enable an investor to decide to purchase or subscribe the Products, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

FOR DISTRIBUTION IN SWITZERLAND

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