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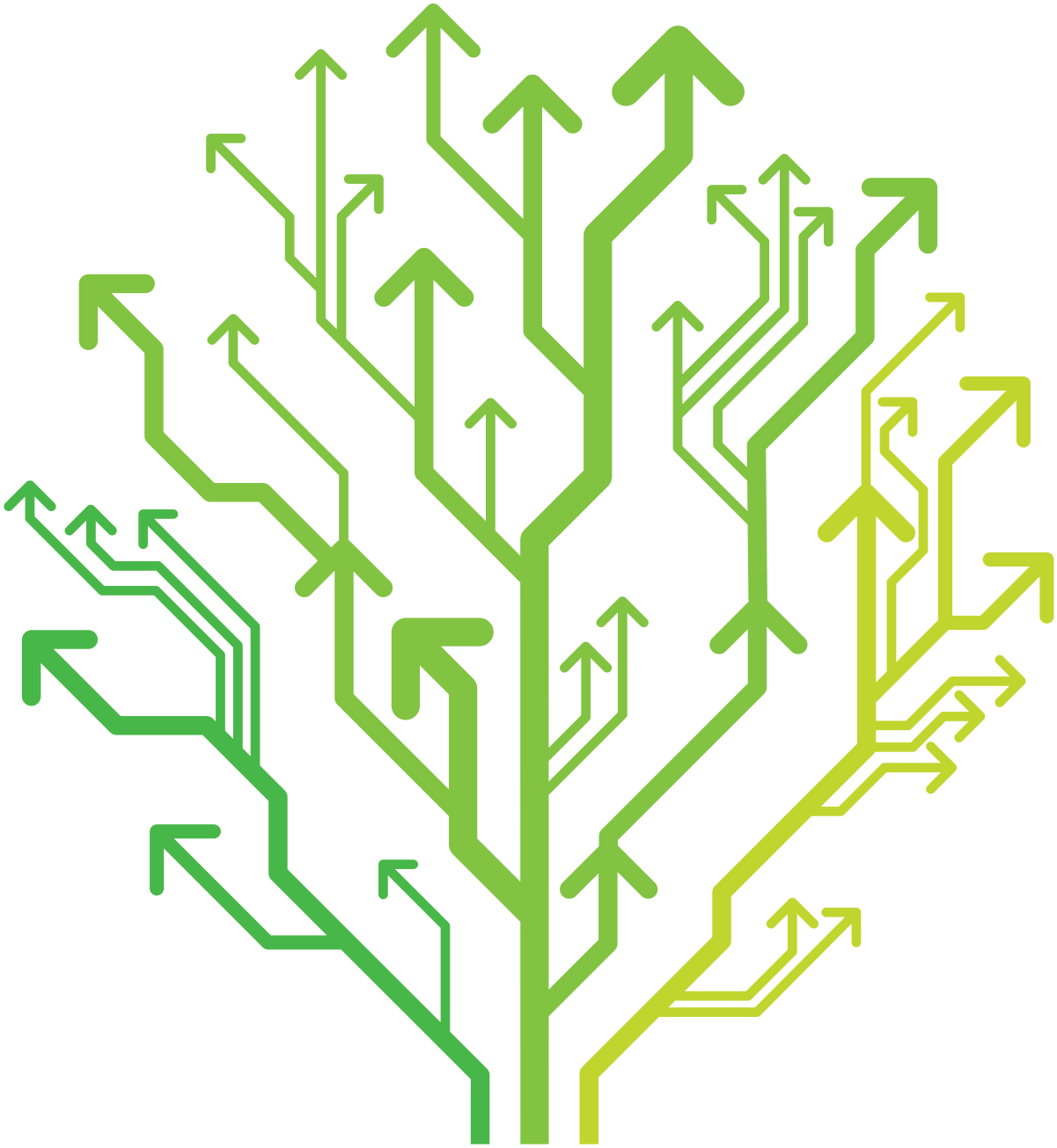


The Deloitte CFO Survey

Summer in Switzerland: a mini-boom, negative interest rates and skills shortages

First half-year 2018 | Results of the Swiss and European CFO surveys

Summary and key findings of the Swiss CFO Survey

Themes this quarter

The outlook for Swiss companies is good: optimism among CFOs is at its highest since the CFO Survey was first conducted in autumn 2009. Expectations for both revenues and operating margins are positive, and most CFOs also expect investment to increase, although they are a little less optimistic about growth in employee numbers.

This positive outlook has, however, increased concerns about the growing skills shortage, which Swiss CFOs now see as the fourth most significant risk facing their company, after geopolitical risk, internal risks (including the ability to meet project deadlines) and greater regulation. Regulation in particular is now perceived as a much greater risk than in the previous Survey, in autumn 2017. However, CFOs are less concerned about currency risks.

Swiss CFOs believe they are well prepared for most external risks. Their greatest concern is about the possible impact of another Eurozone crisis but do not think that this is very likely to occur. They see increased protectionism as the external risk most likely to materialise, but one that would have only a moderate impact on Swiss businesses.

Chart 1. Positive and negative indicators in the Swiss Survey

Negative indicators

- Expectations for employee numbers remain broadly positive but are weakening
- Greater focus on increasing regulation and skills shortages
- Many additional risks; protectionism seen as most likely to occur but expected to have only a moderate impact
- Perception of cyber-crime as highly likely to occur but with only moderate impact

Positive indicators

- Optimism about the economic outlook at its highest since the Survey began in 2009
- Optimistic expectations for CFOs' own companies
- Very positive expectations for revenues
- Improved expectations for operating margins and profits
- Risk appetite unaffected
- Slight decline in perceptions of uncertainty
- CFOs see currency risks as less immediate

Optimistic economic outlook

88% 15 pp ▲

rate the prospects for the Swiss economy over the next 12 months as positive.

Improved profits outlook

77% 2 pp ▼

expect revenues to increase.

46% 4 pp ▲

also expect operating margins to increase.

Slight decrease in uncertainty

45% 3 pp ▼

rate the current level of uncertainty in the economic and financial environment as high.

Note: % of Swiss CFOs, first half-year of 2018 compared with Q3 2017

Summary and key findings of the European CFO Survey

The findings of the CFO Survey in 19 other European countries also paint a positive picture. European economic recovery continues in 2018, and while CFOs are slightly less optimistic than in autumn 2017 about the outlook for their companies, they remain positive. Across Europe, expectations for revenues and operating margins continue to improve, and expectations for investment and employee numbers are also positive.

However, the European averages conceal some marked differences between individual countries. In the findings for the first half-year 2018, France emerges as one of the most optimistic countries on most indicators and the United Kingdom as one of the most pessimistic. Recent political decisions in both countries – the election of President Macron in France and the outcome of the Brexit referendum in the UK – are having an impact on CFOs' attitudes, for the time being at least. The longer term impact is impossible to predict. While the optimism in France implies that the risk of an unexpected negative reversal is large, the opposite is true in the UK. CFOs in Switzerland's most important trading partner, Germany, are largely optimistic, which is a good sign for Switzerland's reinvigorated export sector. However, risks persist, although those cited by European CFOs – particularly protectionism – are, in their view, only moderately likely to occur.

Chart 2. Positive and negative indicators in the European Survey

Negative indicators

- Net balance for corporate outlook down slightly but remains positive
- Risk appetite remains relatively low
- Wide range of risks
- Wide divergence between countries: 71 percentage points separate the most and least optimistic on corporate outlook (France 67%; United Kingdom -4%)

Positive indicators

- All detailed corporate indicators are positive and improving, though to different extents
- Revenue expectations are most optimistic and have improved most since autumn 2017
- Expectations for investment are second most optimistic and improving rapidly
- Expectations for operating margins very optimistic but improving only slowly
- By contrast, expectations for employee numbers improving, with second highest increase since last Survey
- CFOs perceive most probable risks as having only moderate impact

Slight dip in corporate outlook

38% **5 pp** ▼

rate the prospects for their own company as positive.

Operating margin expectations unchanged

45% **0 pp** ▶

have positive expectations for operating margins over the next 12 months.

Uncertainty unchanged

52% **0 pp** ▶

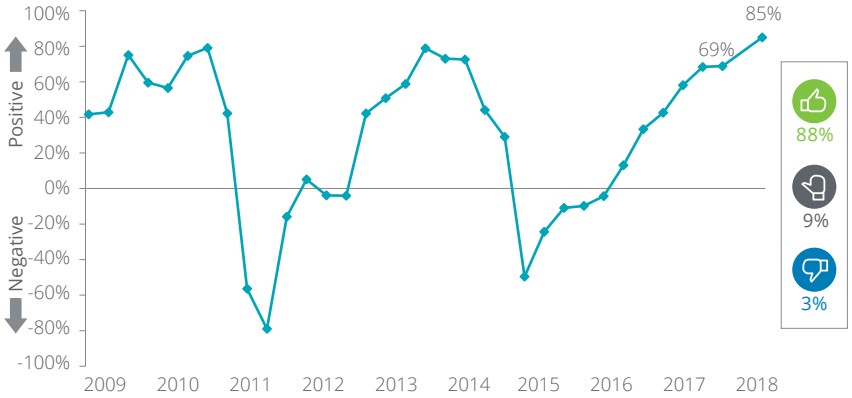
rate the current level of uncertainty in the economic and financial environment as high.

Note: % of European CFOs, weighted by GDP, first half-year of 2018 compared with Q3 2017

The exchange rate as soothing balm – provided companies have worked on their competitiveness

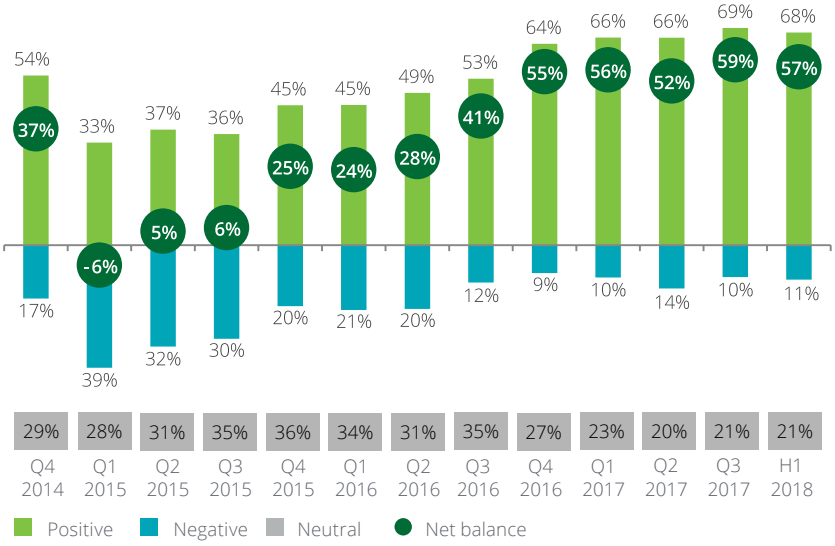
Ratings by Swiss CFOs of the country's economic prospects are at their highest since the Survey was first conducted in Q3 2009. 88% rate Switzerland's economic prospects over the next 12 months as positive and just 3% as negative, a net balance of 85%. The weaker Swiss Franc and recovery in the Eurozone economy, which had been languishing for some time, have benefited the country's export sector, and companies have been largely successful in boosting their competitiveness despite the challenges presented by the financial crisis and the removal of the exchange rate floor. As a result, exporting companies are now well positioned to benefit from a more favourable environment. Exports had previously hampered growth in the Swiss economy, but the sector is now once again in a position to help boost it.

Chart 3. Economic outlook for Switzerland
Net balance of CFOs rating Switzerland's economic prospects over the next 12 months as positive/negative



Ratings by CFOs of their own company's financial prospects over the next 12 months are slightly lower than in autumn 2017 but still represent the second-highest positive rating since this question was first asked in the Q4 2014 Survey. More than two-thirds of all CFOs – 68% – rate their company's prospects as positive, with 11% rating them as negative and 21% as neutral. In fact, with only minor variations, CFOs have been very positive in the rating of their company's financial prospects since Q4 2016.

Chart 4. Financial outlook for Swiss companies
How do you rate your company's financial prospects over the next 12 months?

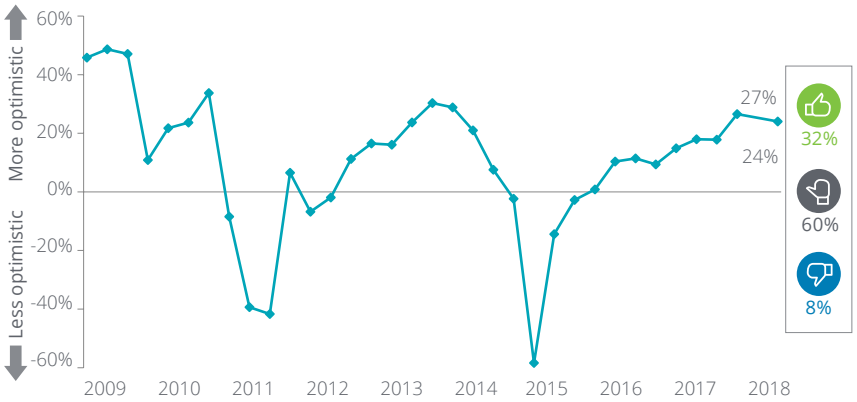


Economic recovery on track

A majority of Swiss CFOs are positive about their company's financial prospects compared with three months ago. The net balance is slightly lower than in autumn 2017 but remains positive, signalling ongoing improvement. This optimistic mood has been sustained since Q1 2016.

Chart 5. Financial outlook for Swiss companies compared with the previous quarter

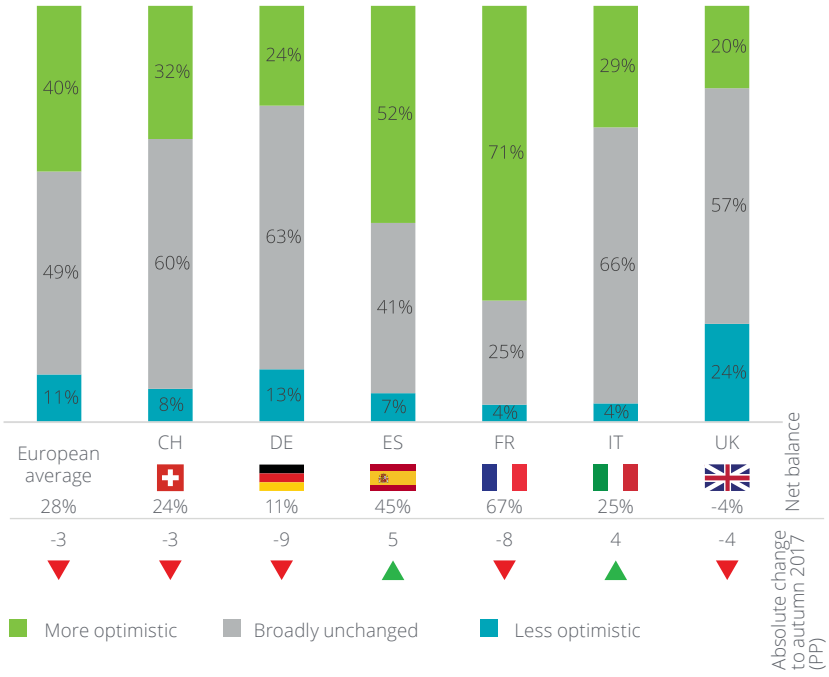
Net balance indicating how Swiss CFOs rate their company's financial prospects compared with three months ago



A similar picture emerges from a comparison with other European countries. The average net balance is lower than in autumn 2017 but remains positive at 28%. On average, CFOs in Europe rate their company's prospects more positively compared with three months ago; however, there are marked differences between individual countries. French CFOs are the most optimistic, reflecting the 'Macron effect' with a positive impact not only from the new President's election in 2017 but also from the initial successes with his reform programme. At the same time, the potential for this positive outlook to be reversed unexpectedly is greater in France than anywhere else: the country cannot afford to rest on its laurels for long, and there remain a number of obstacles to achieving much-needed reforms. Unexpected negative reversals are not, however, something about which the United Kingdom – the country at the other end of the scale – has much need to be concerned. The UK outlook is already largely negative. Its CFOs continue to report the most pessimistic ratings of their companies' financial prospects of all the countries in the Survey. With less than a year before the UK exits the EU, there is still considerable uncertainty about the future business environment. While the survey questions are worded slightly differently in the UK (also for charts 7-10), the British net balance is not only negative but continues to deteriorate. Only Iceland, with -5%, records a lower net balance than the UK, and no other country has a negative net balance in terms of the outlook for companies.

Chart 6. Financial outlook for companies across Europe

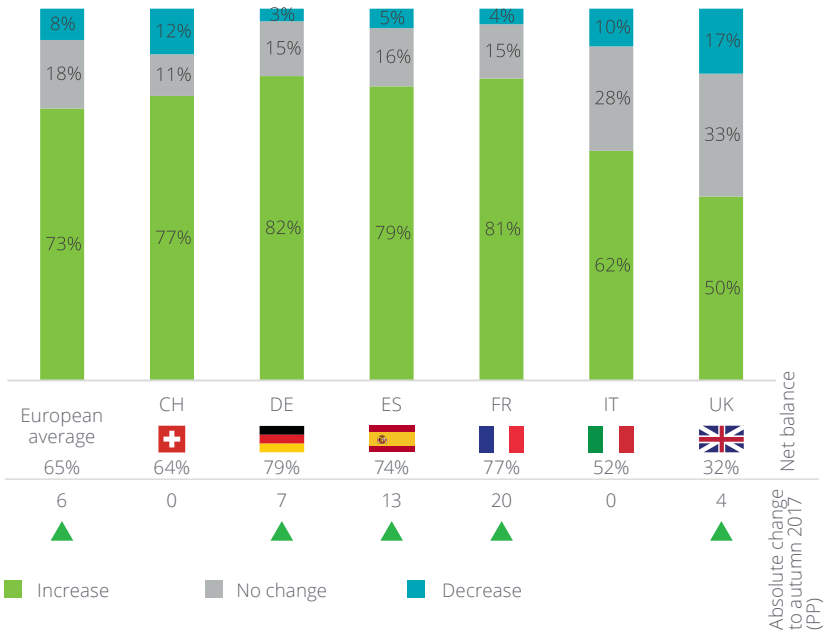
Net balance indicating how CFOs rate their company's financial prospects compared with three months ago; results for selected European countries



Good prospects for profits

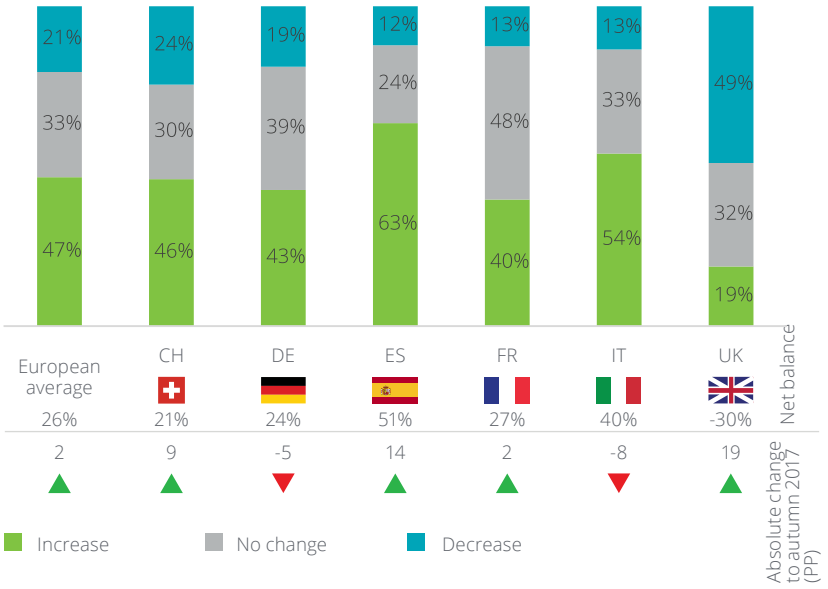
This picture is largely the same in the Survey results for individual company indicators: the average is positive, with French CFOs particularly optimistic and those in the UK particularly pessimistic. Revenue expectations are very positive across the board, with even CFOs in the UK showing a positive net balance of 32% between those expecting revenues to increase and those expecting a fall. Germany heads the table, with a net balance of 79%, followed closely by France, with 77%. Economic recovery in Europe is having a positive impact on revenues, and it is particularly pleasing that the overall net balance among European CFOs has risen by six percentage points since autumn 2017.

Chart 7. Revenue expectations across Europe
Percentage of CFOs who expect their company's revenues to increase/decrease over the next 12 months; results for selected European countries



Average expectations for operating margins are also positive and continue to improve, although not to the same extent as for revenues. The net balance (26%) is lower than in autumn 2017 and the improvement since the previous Survey, 2 percentage points, is also lower. There has been a decline in expectations in some countries, including Germany and Italy, although the net balance remains positive. There has been a marked improvement in Switzerland, where the net balance is now 9 percentage points higher than six months ago, at 21%. This is especially welcome news, given the particularly intense pressure on operating margins that followed removal of the exchange rate floor. Swiss companies now stand to benefit from improvements in revenues and operating margins.

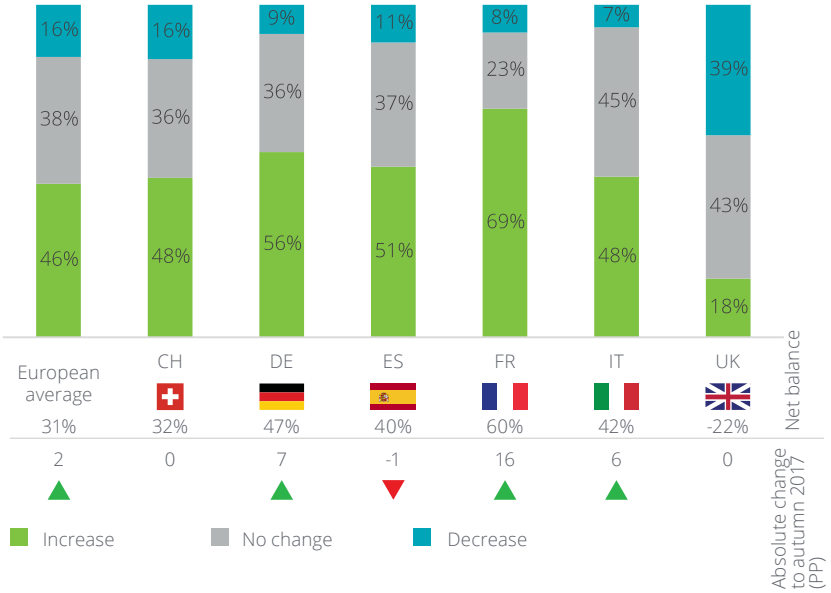
Chart 8. Operating margin expectations across Europe
Percentage of CFOs who expect their company's operating margins to increase/decrease over the next 12 months; results for selected European countries



Optimism about investment and employee numbers

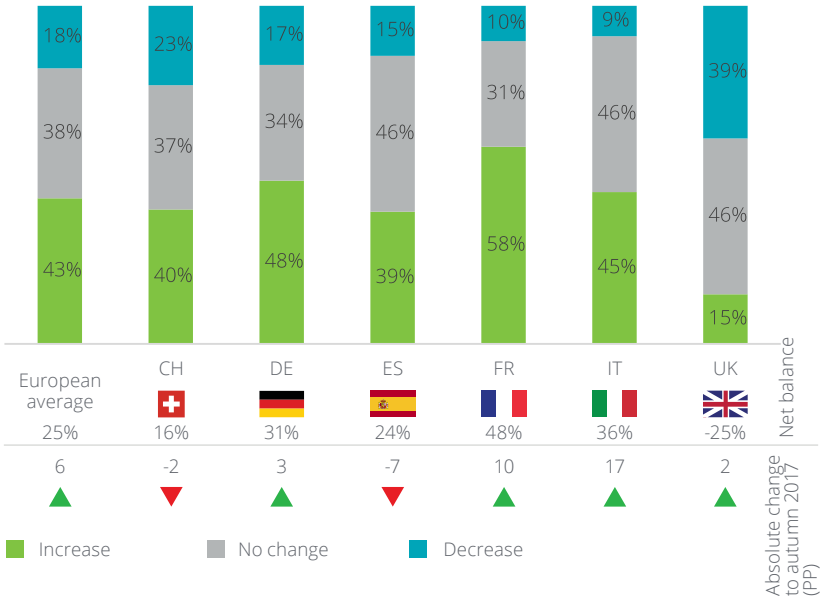
The optimistic outlook of European CFOs for the economy and their own company is reflected in their expectations for investment and employee numbers, which are generally positive and up on autumn 2017. The net balance between CFOs expecting investment to increase and those expecting a decline is up by 4 percentage points to 31%. France heads the table, followed by Germany, while the United Kingdom brings up the rear with a negative net balance. The net balance among Swiss CFOs is slightly better than the European average.

Chart 9. Investment expectations across Europe
Percentage of CFOs who expect investments to increase/decrease for their company over the next 12 months; results for selected European countries



Expectations for employee numbers are more cautious than for investment but have improved slightly on autumn 2017. Here, too, France leads the field, although among Swiss and Spanish CFOs the net balance, although still positive, has fallen. Alongside general caution and concerns about costs, this may be attributable in the case of Switzerland to a growing skills shortage. Highly skilled staff are particularly hard to find, and companies are becoming increasingly concerned about the skills shortage (see also page 10).

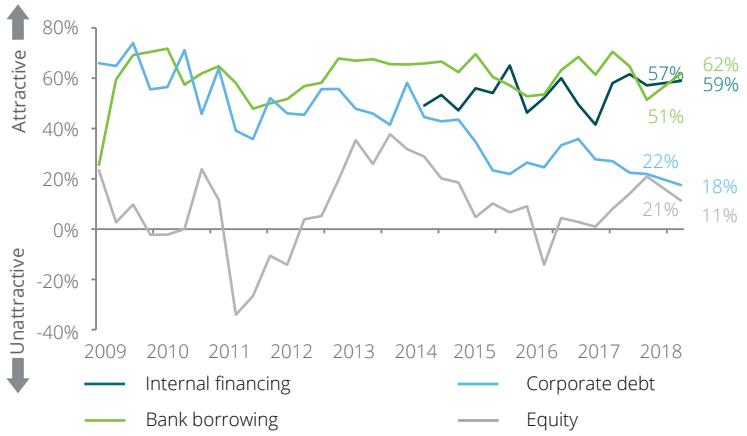
Chart 10. Expectations for employee numbers across Europe
Percentage of CFOs who expect employee numbers for their company to increase/decrease over the next 12 months; results for selected European countries



The Swiss financing environment remains attractive, but inflation expectations rise

The corporate financing environment in Switzerland remains healthy, with CFOs rating bank borrowing as the most attractive source of financing, followed by internal financing. Corporate debt and equity issuance are rated as less attractive. Despite negative interest rates, the attractiveness of long-term corporate debt compared with bank borrowing has declined. This may be attributable to demand, which has fallen as a result of low interest rates.

Chart 11. Financing environment
How do you currently rate the following sources of financing for Swiss companies?

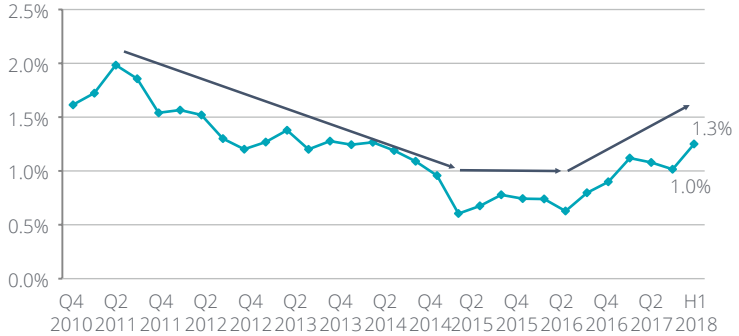


CFOs continue to rate both the cost and the availability of bank borrowing positively. Given the negative rates of interest, this is unsurprising.

Chart 12. Cost and availability of credit
How do you rate the current overall cost and availability of credit for Swiss companies?

While the interest rate environment remains unchanged, expectations about inflation are rising again. Since Q4 2016, CFOs have increasingly been expecting the rate of inflation to rise. In this Survey, their expectations for inflation in two years' time are up again slightly, at 1.3%. In Switzerland, a weaker exchange rate and higher prices for raw materials are already fueling the rate of inflation, which year on year averaged 0.65% for the first two months of 2018 up from 0.45% over the same period in 2017.

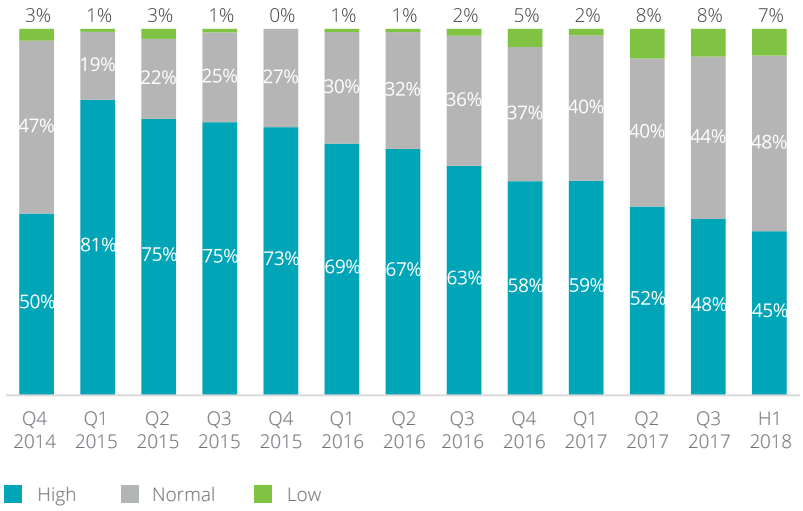
Chart 13. Shift in inflation expectations confirmed
What inflation rate do you expect in two years' time as measured by the Swiss Consumer Price Index?



Less uncertainty

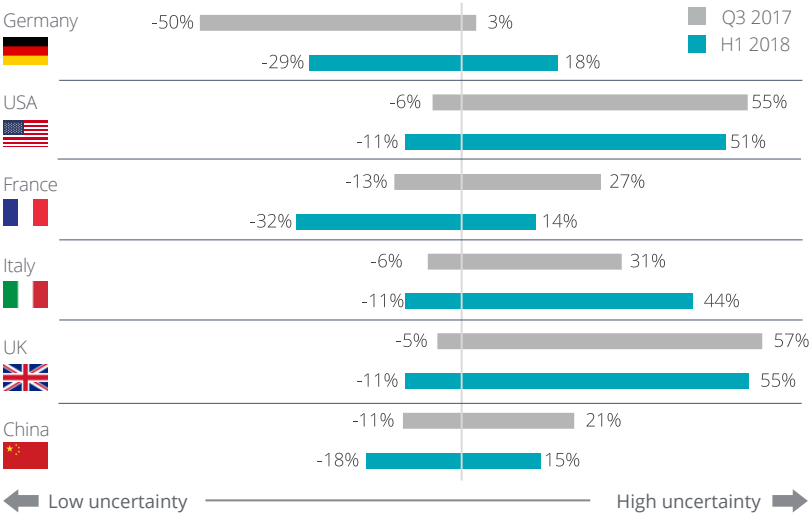
Perceptions of uncertainty among Swiss CFOs have fallen for the 11th consecutive Survey. 45% still see high levels of uncertainty in the economic and financial environment, though this is probably attributable largely to the weaker Swiss Franc. However, a number of other factors are also involved (described below). The share of Swiss CFOs who see high levels of uncertainty is slightly less than the European average of 52%. Among the major European countries, French CFOs have the lowest perceptions of uncertainty (29%), while at the other end of the spectrum, UK CFOs have the highest (86%). This is unsurprising, given the slow progress being made towards Brexit, and among all the other countries surveyed, only CFOs in Greece show similar pessimism (83%). The biggest increase was in Italy, where the uncertainty rating is up 54 percentage points to 55%, possibly as a result of the outcome and impact of the Parliamentary election in March.

Chart 14. Uncertainty from the perspective of Swiss CFOs
How do you rate the current level of uncertainty in the economic and financial environment?



Swiss CFOs also perceive greater uncertainty in Italy: 44% (up by over one-third from 31% since autumn 2017) now believe the level of uncertainty in the country is high. This places Italy third in the table of risk represented by Switzerland's major trading partners. The greatest perceived level of uncertainty is in the UK, followed by the US. Ratings of uncertainty for Switzerland's largest trading partner – Germany – are higher than in autumn 2017. Lengthy coalition negotiations, which ultimately produced a broadly unchanged government, may have fueled some of this pessimism, given Germany's reputation as a stable anchor for the European economy. However, at 18%, the level of perceived uncertainty in Germany is only slightly higher than in France. Most Swiss CFOs seem to have become accustomed to uncertainty in China, with a majority giving it a neutral rating for political uncertainty.

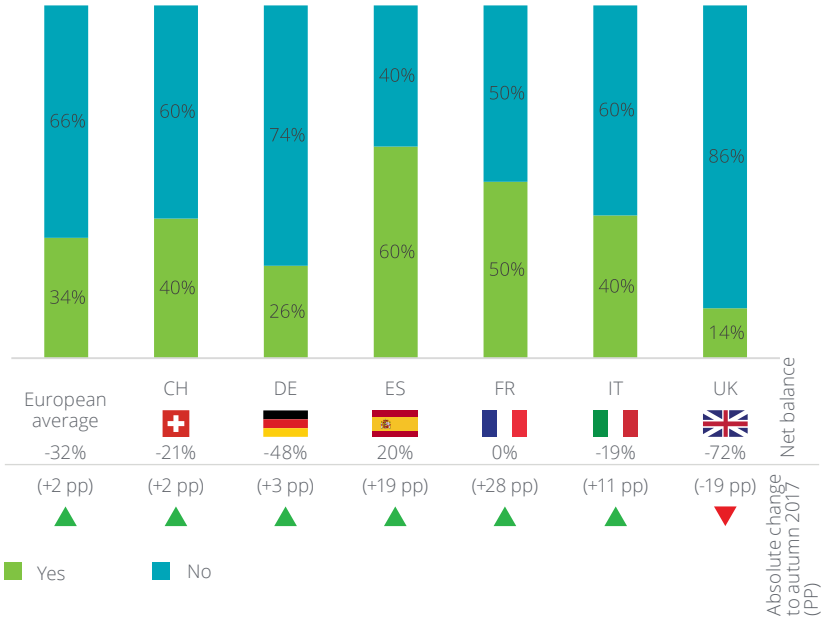
Chart 15. Risk represented by Swiss trading partners
How do you rate the current level of political uncertainty in the following major Swiss trading partners, as it affects your company?



Risk appetite modest, with a continued focus on risk

Despite a fall in the level of uncertainty among CFOs, their appetite for risk remains moderate. In almost all European countries, including Switzerland, a majority are against taking greater risk on to their balance sheet, and risk aversion is only slightly lower (down 2 percentage points) compared with autumn 2017. Among Swiss CFOs, a slightly lower percentage think it is not a good time to take on extra risk compared to the European average (60% compared with 66%). The findings for the major European countries reflect the general message about CFOs' perceptions: UK CFOs are least likely to take on greater risk (86%) and French CFOs are most likely to do so (50%). Among the European countries, only Spain and Finland are less risk averse (40% and 36% respectively). However, excluding the UK, risk appetite is higher than in autumn 2017 in all major European countries, which is a positive sign. Nevertheless, CFOs still perceive a range of risks.

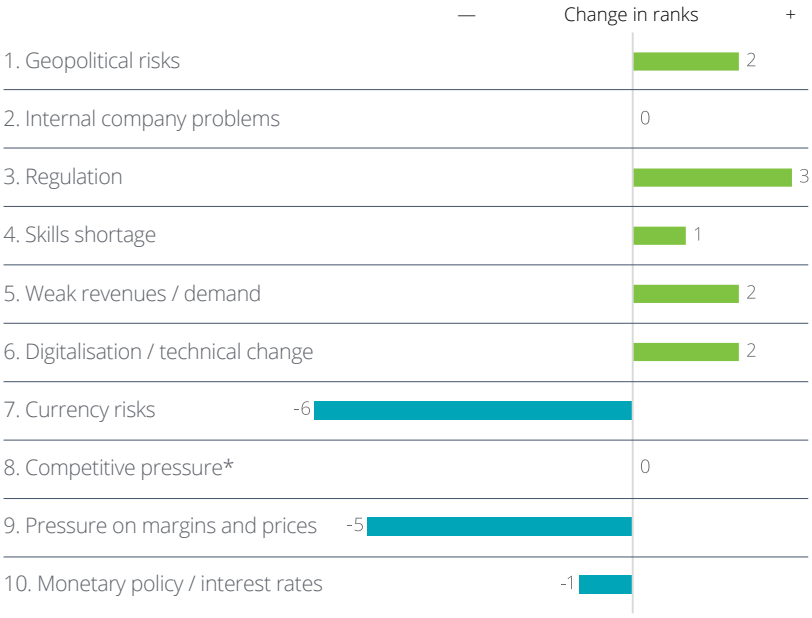
Chart 16. Comparative risk appetite across Europe
Is this a good time to be taking greater risk on to your balance sheet?



For Swiss CFOs, the greatest risk is geopolitical risk, followed by internal company issues, with increasing concerns about regulation and the skills shortage. The skills shortage is probably a consequence of favourable economic prospects: as unemployment falls, recruitment bottlenecks tighten. In the list of perceived risks, currency risks are now less of a concern for Swiss CFOs, ranking only seventh, demonstrating how much the position has improved. Monetary policy and the interest rate environment feature slightly lower down the list, in tenth place, but the nature of the underlying concerns has shifted markedly: in previous Surveys, the main concern of Swiss CFOs was about negative rates of interest, but this has now shifted to concerns about a premature rise in interest rates.

The biggest risks perceived by German CFOs are the skills shortage and geopolitical risk. For French CFOs, they are European tax and social policy and economic growth within Europe, and for Italian CFOs the shape of national regulation and political uncertainty. UK CFOs see weak domestic growth and the impact of Brexit as the greatest risks.

Chart 17. Risks in Switzerland
Ranking of the greatest internal or external risks to Swiss companies over the next 12 months (up to three responses possible)



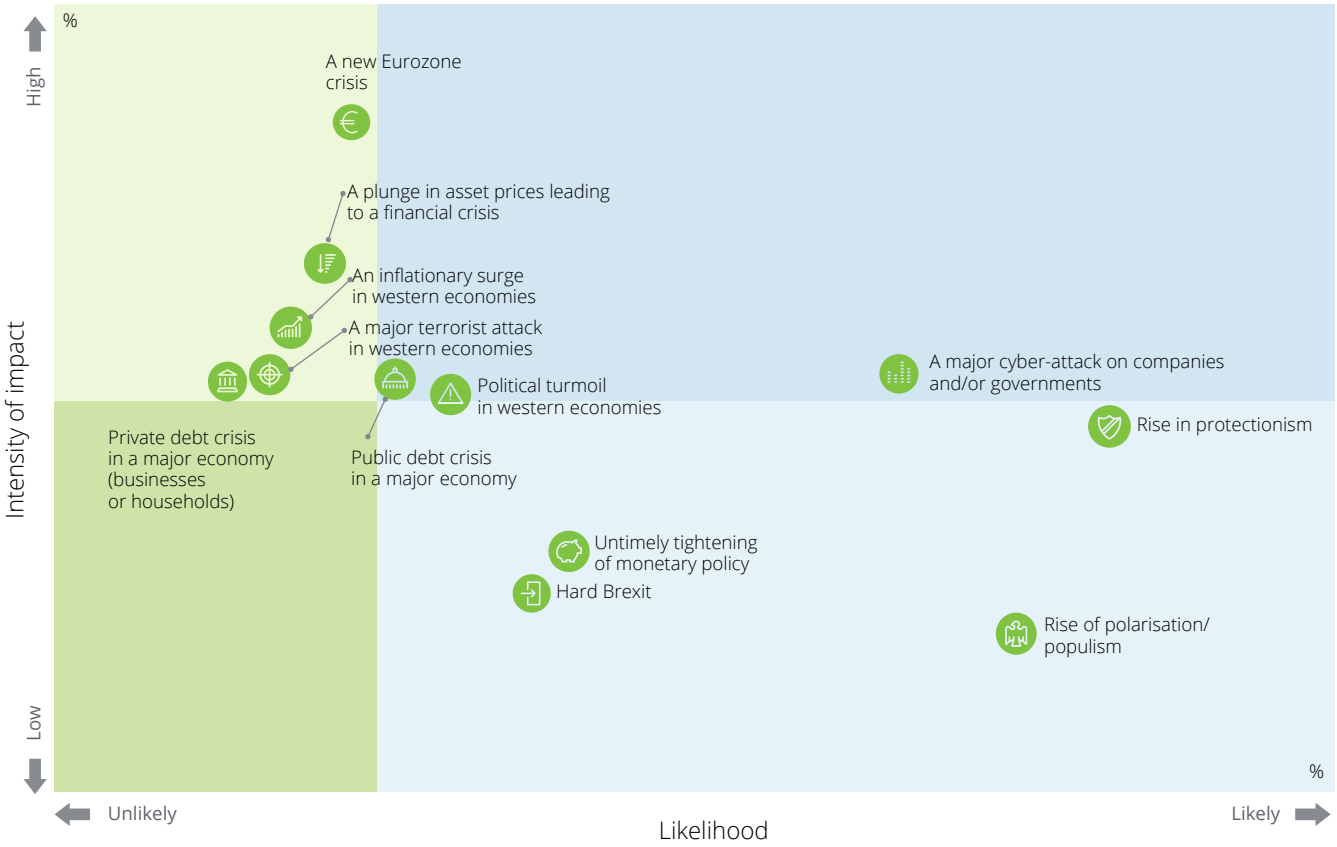
* not among top 10 risks in previous quarter

Risk perceptions across Europe

The risks perceived by CFOs need to be seen in the context of how likely they are expected to occur and their expected impact if they did. Chart 18 illustrates the European averages for perceptions of a number of global risks. It is striking that the greater likelihood of a risk event occurring, the lower is its perceived impact, and vice versa. Risks with a high expected impact have a low perceived likelihood of occurring. European CFOs believe that the greatest impact from a risk event would come from a further Eurozone crisis, although the likelihood of this actually occurring is considered only moderate. By contrast, CFOs perceive growing protectionism as most likely to occur but rate its impact as only moderate. CFOs also feel well prepared for other risks, such as a premature tightening of monetary policy, but rate their potential impact as only moderate.

Cyber-risk is also perceived as a moderate risk across Europe despite being considered very likely to occur. Given the extent and severity of recent cyber security incidents, however, CFOs should not underestimate cyber-risk, which in our view should be considered as both very likely to occur and very likely to cause serious damage to businesses. Awareness of cyber-risk varies widely between individual countries. Swiss CFOs show an above-average expectation of such risks occurring but a below-average perception of their impact. In many countries, CFOs in general still appear to underestimate the impact of cyber-attacks. French, Portuguese and Turkish CFOs perceive cyber-risk as having the greatest impact, and those in Belgium, Norway, Poland and Sweden rate its impact lowest.

Chart 18. European CFOs' views of the likelihood and impact of specific risks
Net balances

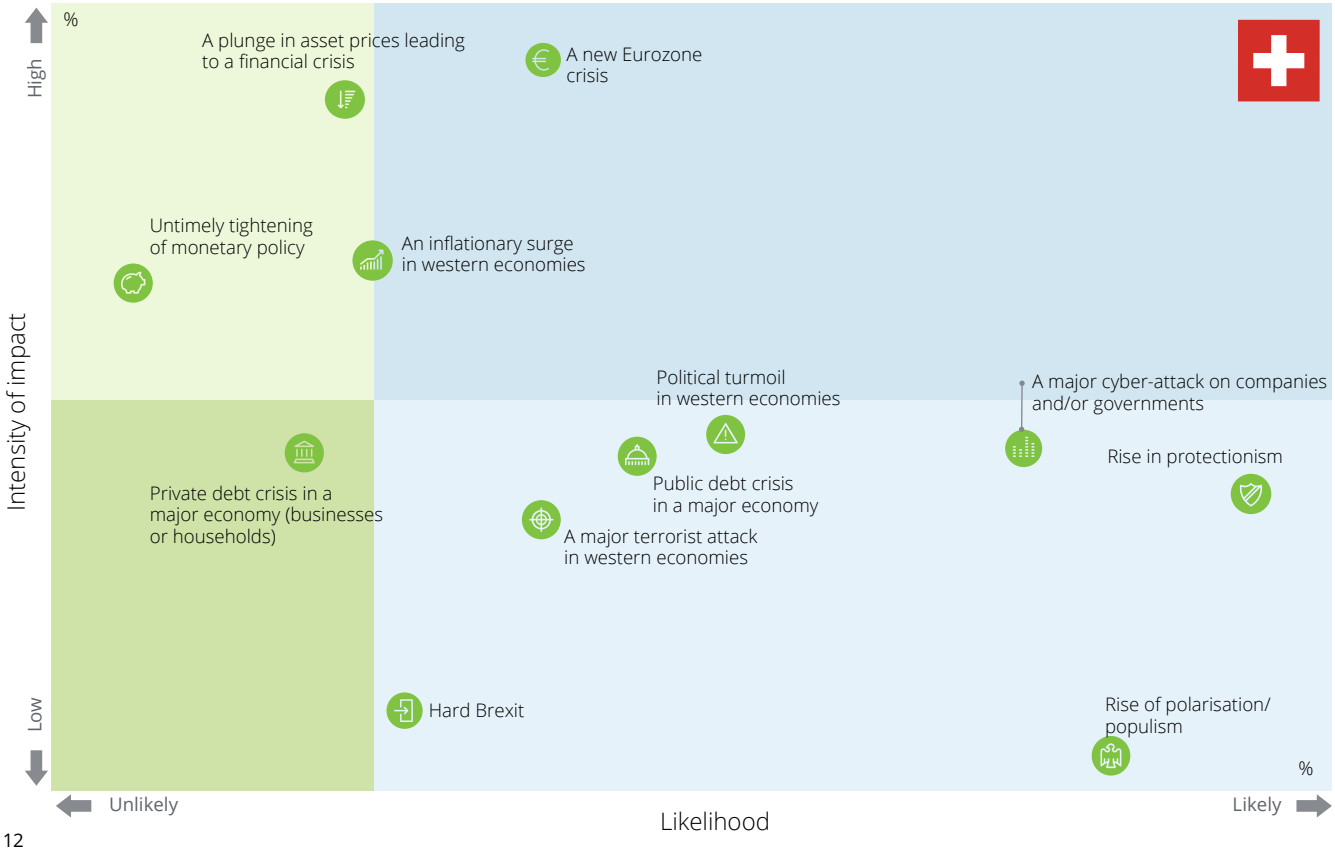


Swiss companies: less vulnerable to risk, with some exceptions

Perceptions among Swiss CFOs of the likelihood and impact of various risks broadly mirror those of their European counterparts, although with some marked differences. Overall, Swiss CFOs rate global risks as more likely to occur but less likely to have a serious impact. Although they view global risks as being of greater concern, they think that Swiss companies are less likely to be affected by them. For example, a net balance of 81% of Swiss CFOs believe that greater trade protectionism is probable, compared to 69% across Europe, and 70% believe that growing populism in politics is a risk, compared to 60% across Europe. In both these examples, however, Swiss CFOs rate the impact of a risk event lower than their European counterparts (net impact balances of -11% and 4% respectively on protectionism and of -51% and -28% respectively on populism).

Swiss CFOs give a lower likelihood rating than their European counterparts to two risks. The first is the risk of a hard Brexit, where the net balance among Swiss CFOs is 3%, compared with 16% on average across Europe. Swiss CFOs are also relatively relaxed about the impact of Brexit, with the net balance between those expecting a large impact and those expecting only a small impact is -41% compared with -23% on average across Europe. The second risk about which they are less concerned than their European counterparts is the likelihood of a premature tightening of monetary policy. This is not surprising because, despite a weakening of the exchange rate, the Swiss National Bank's leeway for raising interest rates before the European Central Bank is very limited, and such a measure would risk a further rise in the value of the Swiss Franc. Swiss CFOs also rate the impact of a premature tightening of monetary policy as considerably more serious than the European average (12% and -18% respectively). This may well also be attributable to the expected effect of the exchange rate and is consistent with the rating of the risk of a further crisis in the Eurozone: Swiss CFOs rate this risk as more likely and associated with greater impact than their European counterparts.

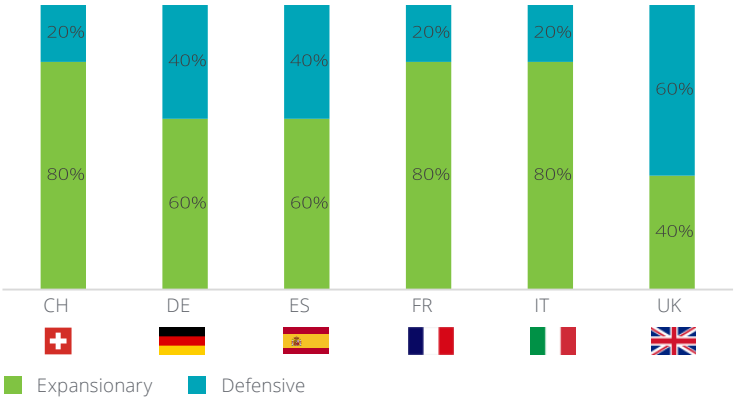
Chart 19. Swiss CFOs' views of the likelihood and impact of specific risks
Net balances



Corporate strategy and the role of digitalisation

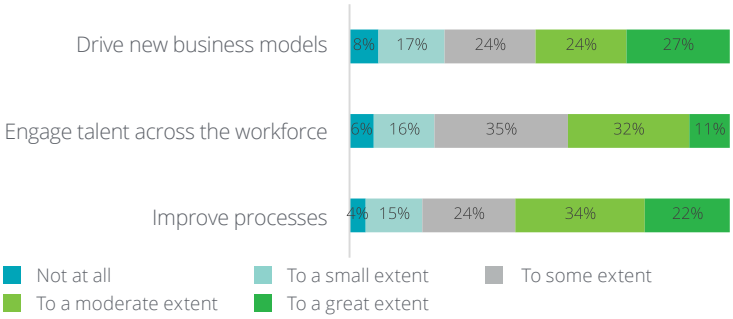
Reflecting the positive economic and business outlook, a majority of CFOs both in Switzerland and across Europe in general are now giving greater consideration to considering expansionary corporate strategies. Organic growth is the most frequently cited strategy, heading the list of top strategies in eight of the 20 countries covered by the Survey, including Switzerland. In Switzerland, introduction of new products/ services is the second most frequently cited strategy (expansionary), followed by cost reduction (defensive).

Chart 20. Expansive and defensive corporate strategies across Europe
Percentage share of the top 5 strategies given by CFOs in first half-year 2018



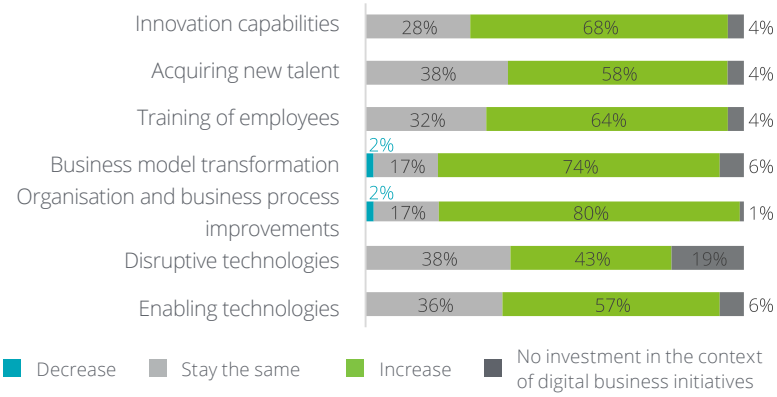
Digital technologies are already playing a major part in enabling Swiss companies to implement their corporate strategies. This is particularly the case in the area of process improvements, where 56% of CFOs say their company is relying on digital technologies at least to a moderate extent. Business model transformation scores almost as highly, with 51% of CFOs indicating that their company uses digital technologies for this purpose. For talent the proportion is slightly lower, at 43%.

Chart 21. Use of digital technologies
To what extent does your company use digital technogies and capacity to...



Investment in digital technologies looks set to increase substantially in Switzerland. This is particularly true in the area of organisational and process improvements, where 80% of Swiss CFOs expect investment to increase over the next 12 months compared with the previous year. Investment in business model transformation again follows in second place with 74% of Swiss CFOs expecting investment to increase. Disruptive technologies occupy the last place, although still with a considerable 43%.

Chart 22. Investment in digital technologies
How will your company's investments in the following digital areas and technologies change over the next 12 months compared with the previous 12 months?



Interviews with CFO of the Year award winners 2018

What impact are these trends having on Swiss companies? And to what extent does the impact differ from company to company? In the following pages, the three winners of the CFO of the Year Awards 2018 give their reactions to some of the major findings of the Survey.

Since 2010, the CFO Forum Schweiz has recognised the achievements of Swiss CFOs with its CFO of the Year awards. As of this year, the awards cover three categories:

- Swiss Performance Index (SPIEX) excluding SMIEXP
- Swiss Market Index Expanded (SMIEXP)
- CFO Forum Schweiz (CFOs)

A range of factors are involved in judging the awards, including personality, specialist expertise, stand-out achievements, familiarity with the company's business, and reputation among analysts and investors. A panel of judges ensures that the many facets of CFOs' achievements and skills are reflected appropriately. Deloitte is represented on the judging panel, along with other leading Swiss companies and experts.

The 2018 award winners are:

- Dr. Martin Zwyssig of Autoneum Holding AG
- Mario Rossi of Swisscom AG
- Andreas Lindner of the Ricola Group

Further information on the award, the categories and the CFO Forum Schweiz is available at https://cfos.ch/swiss-cfo-day-2018/cfo-of-the-year-award/

Interview with Dr. Martin Zwyssig, Autoneum Holding AG | CFO of the Year 2018 | SPI EXTRA (excluding SMIEXP) category

About Dr. Martin Zwyssig:
Dr. Zwyssig is 52 and has a PhD in economics from the University of St. Gallen. He has been CFO of Autoneum since April 2014 and was previously Director of Finance at Ascom (from 2008) and, before that, at Schaffner (from 2003). Earlier in his career, he worked in the finance departments of manufacturing companies including Ems-Togo (now the Ems-Eftec business area of the Ems Group) and Sarna.

The current economic outlook for Switzerland is relatively good. Is this improvement having an effect on your day-to-day business and, if so, how?

Only one of our 55 plants is located in Switzerland, and that exports its entire output to neighbouring countries. The positive outlook for the Swiss economy therefore has little, if any, influence on our day-to-day business.

The likelihood of higher interest rates in Switzerland, and elsewhere, seems to be gradually increasing. Is your company discussing the issue of higher interest rates, and what sort of measures have you already taken in case they happen?

We constantly monitor changes in exchange rates, but they have only limited impact on our financing costs. We have secured most of our long-term financing on favourable terms in the capital market.

Are there any risks for Swiss companies that you believe are currently being underestimated?

Yes, I think we may have taken our eye off the ball in terms of fluctuations in the value of the Swiss Franc against the euro. If crises around the world create uncertainty on the financial markets, resulting in a further flight into the Swiss Franc, then the economic climate in Switzerland could well change again rapidly. A further major unknown in my view is the attitude of the US towards tariffs – this could have a major impact on Swiss companies.

The favourable situation on the Swiss labour market may be exacerbating the skills shortage. Do you believe this will also affect the finance function in future?

That is very possible. We've been facing this problem for some time – and not only in the finance function. We are trying to address it with measures at company level.

Everyone is talking about digitalisation. What specific impact do you see it having on the work of CFOs – in terms both of current developments and of what is likely to happen in this area over the next two years?

Unfortunately, in my view, digitalisation has become a fashionable buzzword. Internally, we include it in our finance department under the heading of "Smart finance", although for the moment, it is driven only partly by more or more intelligent IT solutions. We are currently automating our processes and defining the accompanying organisational measures we need to take. By the end of the year, we will also have drawn up a strategy for finance within the company.

Interview with Mario Rossi, Swisscom AG | CFO of the Year 2018 | SMIEXP category

About Mario Rossi:
Born in the Obertoggenburg region, Mario Rossi (57) has worked for Swisscom for 20 years, starting on 1 August 1998 as Head of Group Controlling. He took over as Director of Finance and a member of the senior management team in 2013. He has also held a variety of other posts within the group, including CFO for its Swiss business, its Italian subsidiary Fastweb and its landline division. He says that working for Fastweb between 2007 and 2009 – when it was "like a start-up" – was a challenge but also extremely rewarding both personally and professionally. Rossi has also worked for the construction company Karl Steiner, the chocolate producer Lindt & Sprüngli, and the industrial group Elco Looser. He is a certified Federal professional trustee and a certified auditor.

The current economic outlook for Switzerland is relatively good. Is this improvement having an effect on your day-to-day business and, if so, how?

We saw a strong increase in corporate projects business in Q4 2017, a clear indicator of a favourable economic and business environment. However, the consumer market remains under considerable price pressure.

The likelihood of higher interest rates in Switzerland, and elsewhere, seems to be gradually increasing. Is your company discussing the issue of higher interest rates, and what sort of measures have you already taken in case they happen?

We have been fortunate in being able to refinance more than 50% of our debt portfolio long term while interest rates were very low. That means we have not had to take any direct steps and we are well protected against higher interest rates.

Are there any risks for Swiss companies that you believe are currently being underestimated?

The export sector has certainly performed extremely well despite the strong Swiss Franc. However, I am not sure what indirect impact the looming trade war between the US and China might have on the Swiss economy.

The favourable situation on the Swiss labour market may be exacerbating the skills shortage. Do you believe this will also affect the finance function in future?

We have no difficulty recruiting good people for the finance function. What continues to be difficult is recruiting IT specialists.

Everyone is talking about digitalisation. What specific impact do you see it having on the work of CFOs – in terms both of current developments and of what is likely to happen in this area over the next two years?

The CFO sector also stands to benefit from digitalisation. Cross-cutting processes are gradually being automated and digitalised, while repetitive tasks and non-value creating areas are being 'robotised'. At Swisscom, the CFO area is currently working on a digital supply chain and makes consistent use of process mining and automation using robot process automation (RPA). The core business of the CFO sector will remain unchanged, but the sector is increasingly becoming that of a business partner

Interview with Andreas Lindner, Ricola Group | CFO of the Year 2018 | CFO FORUM SCHWEIZ (CFOs) category

About Andreas Lindner:
After studying economics and working at the University of Basel as a tutor in business information systems, Andreas Lindner moved to the pharmaceutical company Roche, working for the company in Buenos Aires and Montevideo. He was about to relocate to Brussels when he was offered a job at the crisis-hit Mövenpick Foods. Colleagues tried to dissuade him from accepting, but after working for the well-structured Roche, he saw rescuing a business as a welcome challenge. Lindner describes the four years he spent as CFO of the Fine Foods Division of Mövenpick as crucial to his development and career path. He now oversees the Finance Department, Human Resources and IT at Ricola.

The current economic outlook for Switzerland is relatively good. Is this improvement having an effect on your day-to-day business and, if so, how?

Over 90% of our sales are outside Switzerland, so we are benefitting from the positive consumer mood, particularly in North America and Asia. Our Swiss business is stable, and there is a positive economic outlook, in particular on the labour market: it is becoming more difficult to fill some skilled posts quickly.

The likelihood of higher interest rates in Switzerland, and elsewhere, seems to be gradually increasing. Is your company discussing the issue of higher interest rates, and what sort of measures have you already taken in case they happen?

Normalisation of the interest rate situation should be in the interests of all companies, including pension funds. We were not impacted by the temporary low interest rate policy, so we are relaxed about any normalisation and do not need to take any particular measures.

Are there any risks for Swiss companies that you believe are currently being underestimated?

I think international companies are gradually recognising the regulatory risk and increasing barriers to trade in many countries. Switzerland is a small, independent country, and it is a challenge for its exporters to compete on equal terms in international markets.

The favourable situation on the Swiss labour market may be exacerbating the skills shortage. Do you believe this will also affect the finance function in future?

The finance function cannot escape demographic change and tensions on the labour market. Experienced experts in finance and IT are increasingly difficult to recruit from the labour market pool, so our recruitment catchment area is expanding as we increasingly look outside our borders.

Everyone is talking about digitalisation. What specific impact do you see it having on the work of CFOs – in terms both of current developments and of what is likely to happen in this area over the next two years?

At Ricola, we are gradually digitalising and automating key processes, starting with incoming customer order (EDI interface and automated processing), including creditor workflow, which is now completely digital. We are also switching to S4/Hana and hope to make further progress with the new version of SAP. We hope that this will enable us to do considerably more volume and transactions with the same staff numbers.

About the Deloitte CFO Surveys

Swiss CFO Survey
The Deloitte CFO Survey gauges the attitudes of Chief Financial Officers and Group Financial Directors of major companies in Switzerland towards the outlook for business, financing, risks and strategies. It is designed to identify trends and key themes in the Swiss corporate sector. The Swiss CFO Survey is the only survey of its kind in Switzerland and has been conducted since autumn 2009. From 2018, it has been conducted every six months.

The 34th survey, the First Half-Year 2018 Survey, was conducted between 26 February and 6 April 2018. A total of 100 CFOs took part, representing listed companies as well as privately owned firms from every major sector of the Swiss economy.

The Deloitte CFO Survey is written and produced by Dr. Michael Grampp, Chief Economist, and Dennis Brandes, Senior Economic Analyst, Deloitte Research.

European CFO Survey
Deloitte conducts CFO Surveys in more than 60 countries. Since 2015, results from up to 20 European countries have been compiled into a single report. This edition presents the results for selected questions and countries. You can find the full results and country comparisons at:
www.deloitte.com/europeancfosurvey

The European CFO Survey for the first half-year of 2018 reports findings from 1,652 CFOs in 20 European countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey and the United Kingdom. The Survey was conducted between February and April 2018.

The European CFO Survey and report are coordinated and written by Dr. Michela Coppola, European CFO Survey Lead and Kate McCarthy, EMEA Research Lead.

A note on the methodology
Some of the charts in the Survey show results as an index value (net balance). This is calculated by subtracting the percentage of respondents giving a negative response from the percentage giving a positive response; responses that are neither negative nor positive are deemed to be neutral.

Because of rounding, percentages may not add up to 100. To improve readability, only questions related to the current financial and economic situation have been included in the published Survey. If you would like to receive information about unreported questions, please contact us.

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Participating in our Survey and accessing previous surveys
If you would like to take part in our Survey or would like to receive further copies of this report, please contact us at **cfosurvey@deloitte.ch**

You can find all the survey results since Q3 2009 on our website at
www.deloitte.com/ch/cfosurvey

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