

## Manufacturing Trends Quarterly Q2 2014



**Business outlook**  
Manufacturing CFOs are more positive in their business outlook

**Growth prospects**  
Revenues and margins are expected to increase over the next 12 months

**Business risks**  
Geopolitical risks, rising labour costs and weaker foreign demand are biggest threats

**1 Deloitte CFO outlook**  
Swiss CFOs are optimistic about the economic outlook

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Manufacturing CFOs believe it is the right time to increase risk

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**5 Strategic priorities**  
Increasing cash flow, organic growth and reducing costs are of highest priority

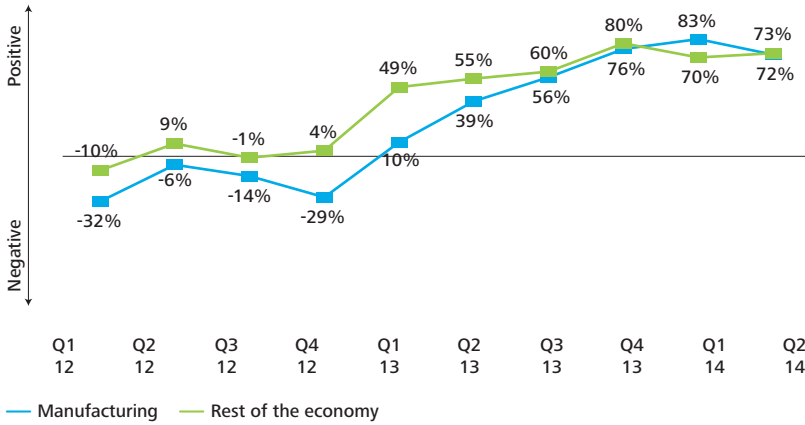
**6**

# 1. Deloitte CFO outlook

## Swiss CFOs are optimistic about the economic outlook

### Development of economic outlook (net balance) (Q1 2012 – Q2 2014)

Question: How do you judge the economic outlook for Switzerland over the next 12 months?



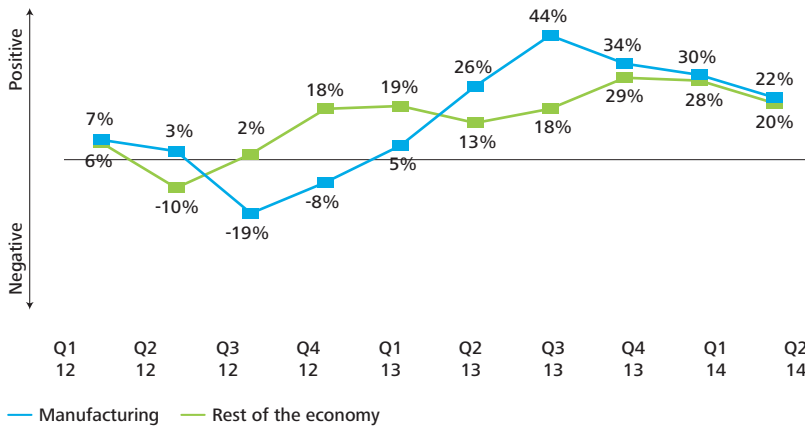
- Swiss manufacturing and the rest of the economy remain in recovery mood.
- Manufacturing CFOs and CFOs of the other economic sectors judge the current **economic outlook** (Q2 2014) equally positive.
- 72% of manufacturing CFOs and 73% of CFOs of the other economic sectors are optimistic about the economic outlook.

# 2. Business outlook

## Manufacturing CFOs are more positive in their business outlook

### Development of business outlook (net balance) (Q1 2012 – Q2 2014)

Question: Compared to three months ago, how do you feel about the financial prospects for your company?



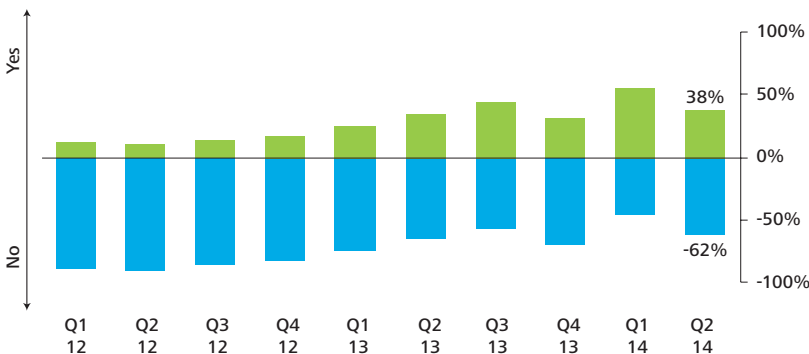
- Manufacturing CFOs are slightly more positive in their **business outlook** in Q2 2014 than CFOs of the other economic sectors.
- This situation can be observed since Q2 2013.
- The negative assessments of the Swiss manufacturing outlook that dominated in 2012 have disappeared completely.

# 3. Risk approach

## Manufacturing CFOs believe it is the right time to increase risk

### Planned change of risk on corporate balance sheets (Q1 2012 – Q2 2014)

Question: Is this a good time to be taking greater risk onto your balance sheet?



- 38% of manufacturing CFOs believe it is the right time to **increase risk**.

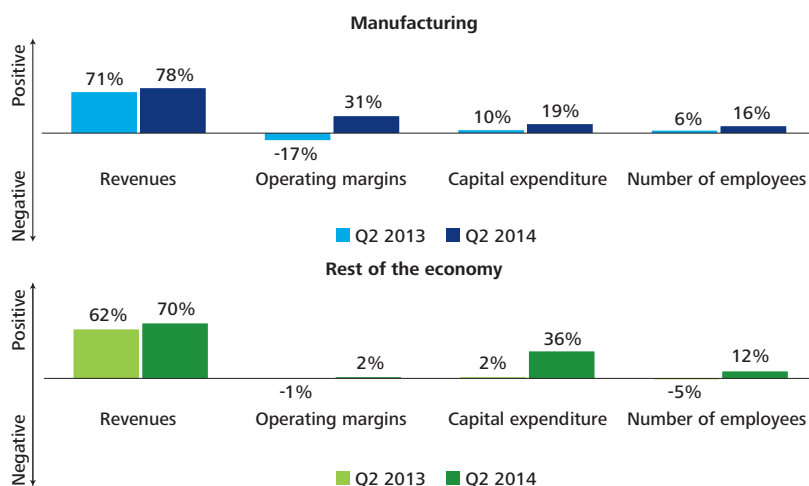
Notes: The net balance is the balance of positive (increase) and negative (decrease) assessments of the respondents.  
Sources: Deloitte CFO Surveys.

# 4. Growth prospects

Revenues and margins are expected to increase over the next 12 months

Development of key metrics (net balance) (Q2 2013 vs. Q2 2014)

Question: In your view, how are the following key metrics for Swiss corporates likely to change over the next 12 months?



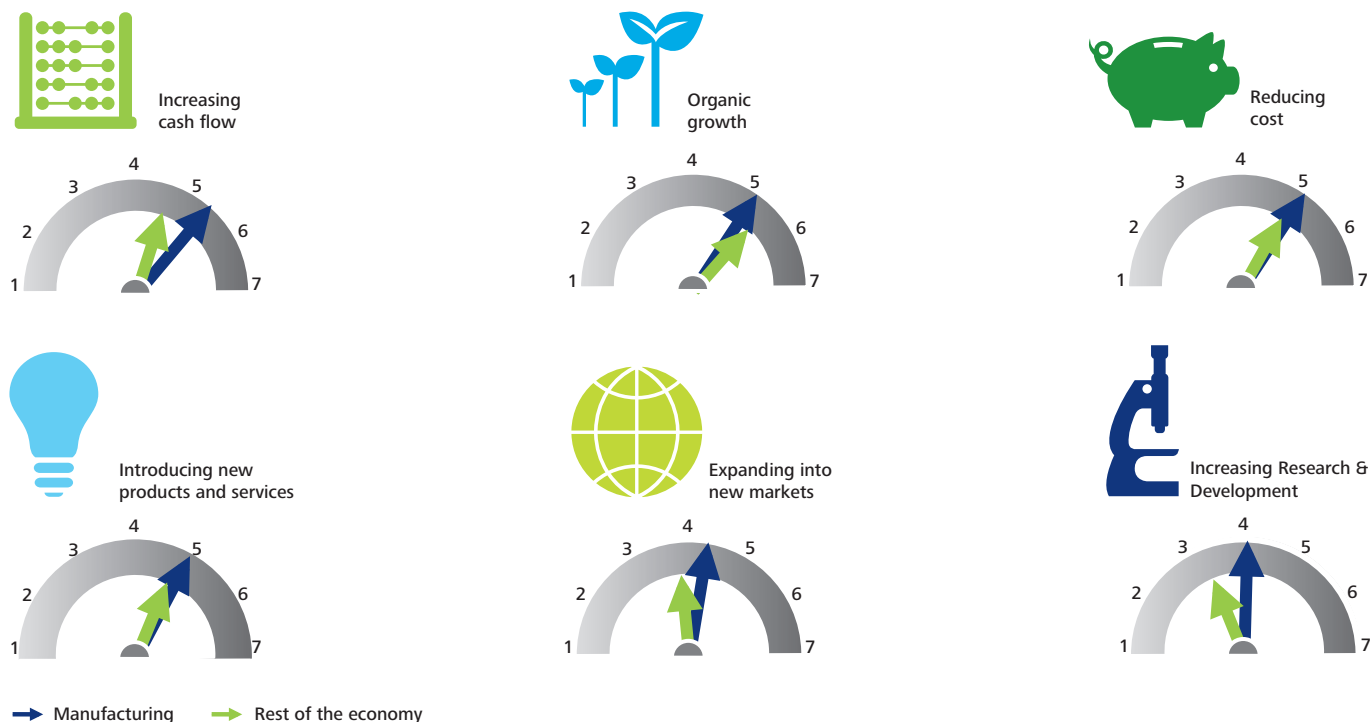
- Manufacturing CFOs have higher expectations for **revenue increases** in Q2 2014 with 78% – compared to one year ago (71% in Q2 2013).
- Revenue expectations for the other economic sectors are lower.
- Expectations for **operating margins** of manufacturing CFOs have increased from -17% in Q2 2013 to 31% in Q2 2014.
- Margin expectations are higher than for the rest of the economy.
- With regards to **capital expenditure** expectations, the other economic sectors are ahead of manufacturing.
- The **number of employees** are rated slightly higher by manufacturing CFOs.

# 5. Strategic priorities

Increasing cash flow, organic growth and reducing costs are of highest priority

Strategic priorities (scale value) (Q2 2014; scale 1-7, 1 = no priority and 7 = very high priority)

Question: Please state to what degree the following strategies are likely to be a priority for your business over the next 12 months?



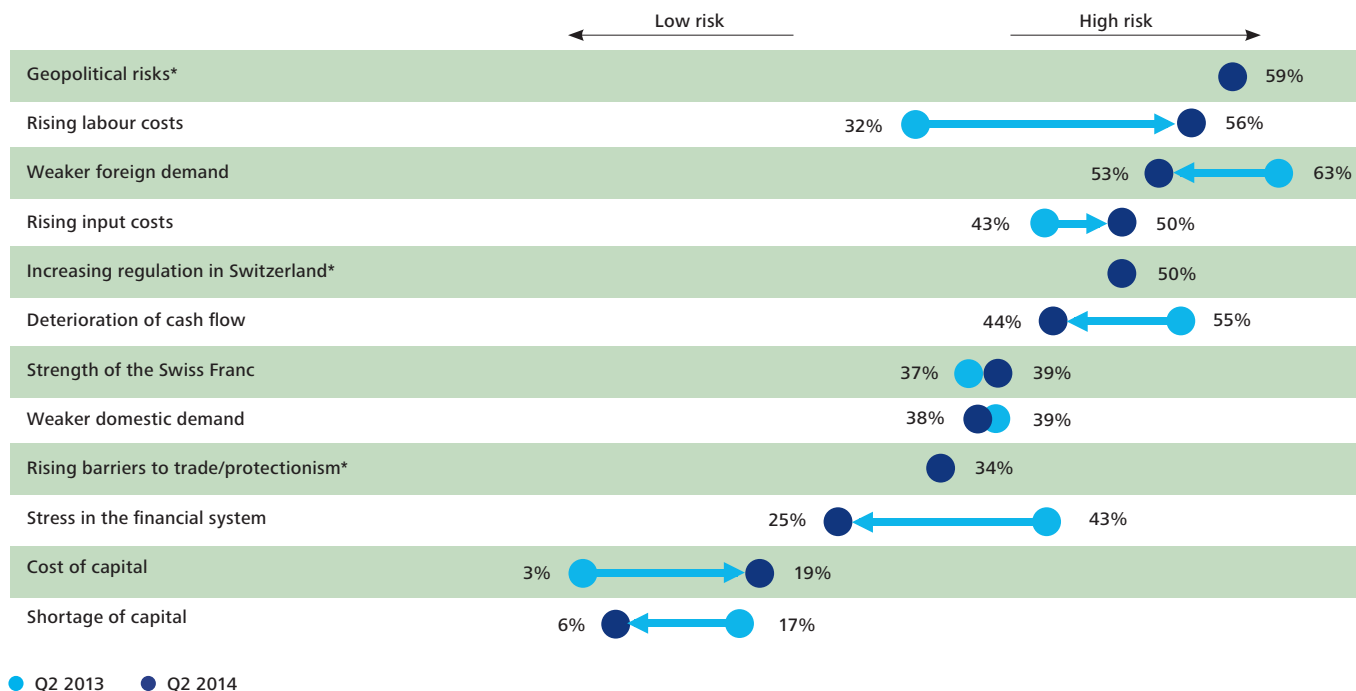
Notes: The net balance is the balance of positive (increase) and negative (decrease) assessments of the respondents. The scale value indicates the average of responses, with which the respondents ranked their strategic priorities on a scale. Sources: Deloitte CFO Surveys.

# 6. Business risk

## Geopolitical risks, rising labour costs and weaker foreign demand are biggest threats

Risk factors for the next 12 months (Q2 2013 vs. Q2 2014)

Question: Which of the following factors are likely to pose a significant risk to your business over the next 12 months?



Notes: The figures are only for manufacturing, excluding the rest of the economy. The percentages indicate the number of responses that rate the respective risk as high. \*Not asked in Q2 2013. Sources: Deloitte CFO Surveys.

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