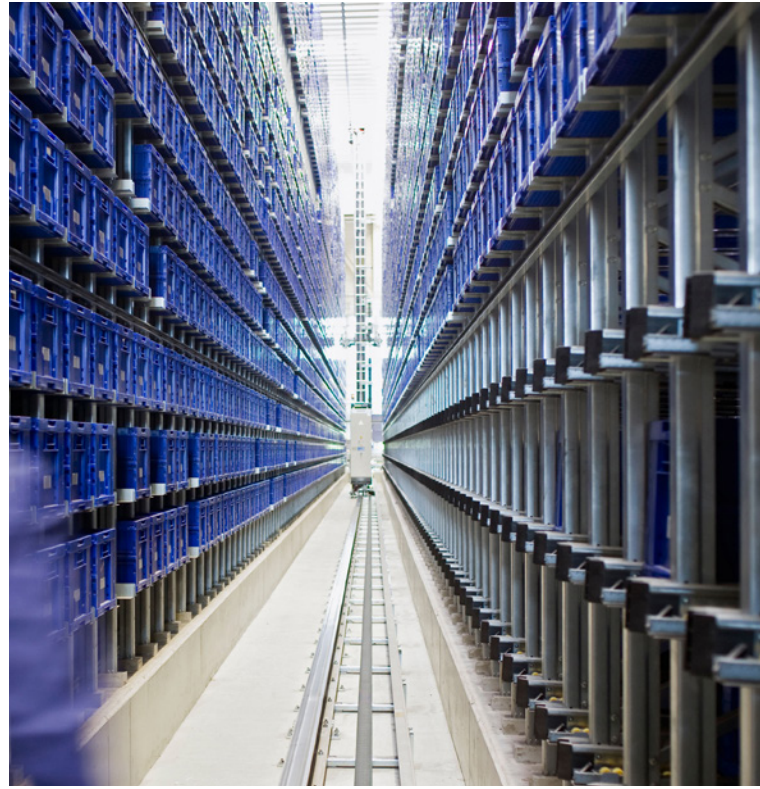


## Manufacturing Trends Quarterly Q3 2015



### Business risks

The strong Swiss Franc is still seen as the biggest threat, followed by increasing regulation in Switzerland, geopolitical risks, weaker foreign demand and talent shortage.

### Strategic priorities

The highest priorities are for control and reduction of costs, organic growth, introducing new products/services and bigger investment in R&D.

### 1 Deloitte CFO outlook

Following its sharp decline after the removal of the exchange rate floor, confidence of manufacturing CFOs has improved slightly, but remains low overall.

### 3 Business outlook

Manufacturing sector CFOs are now considerably more optimistic than three months ago about the outlook for their business.

### 5 Growth prospects

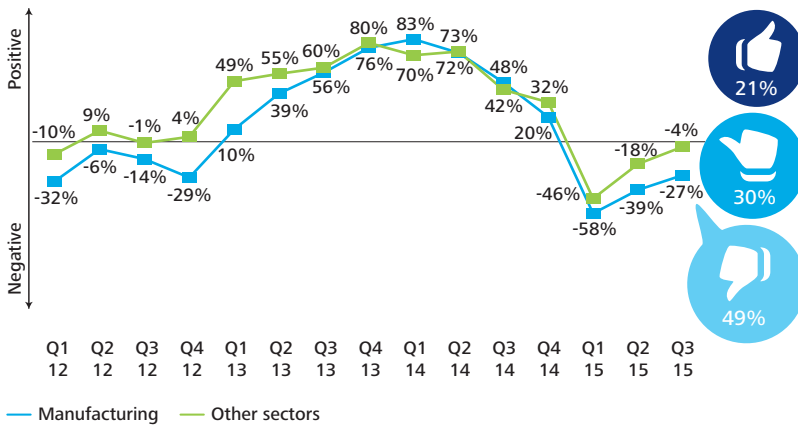
Manufacturing sector CFOs expect an improvement in revenues over the next 12 months, but deteriorating operating margins, lower CAPEX and a smaller work force.

# 1. Deloitte CFO outlook

Following its sharp decline after the removal of the exchange rate floor, confidence of manufacturing CFOs has improved slightly, but remains low overall.

## Economic outlook (net balance) (Q1 2012 – Q3 2015)

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



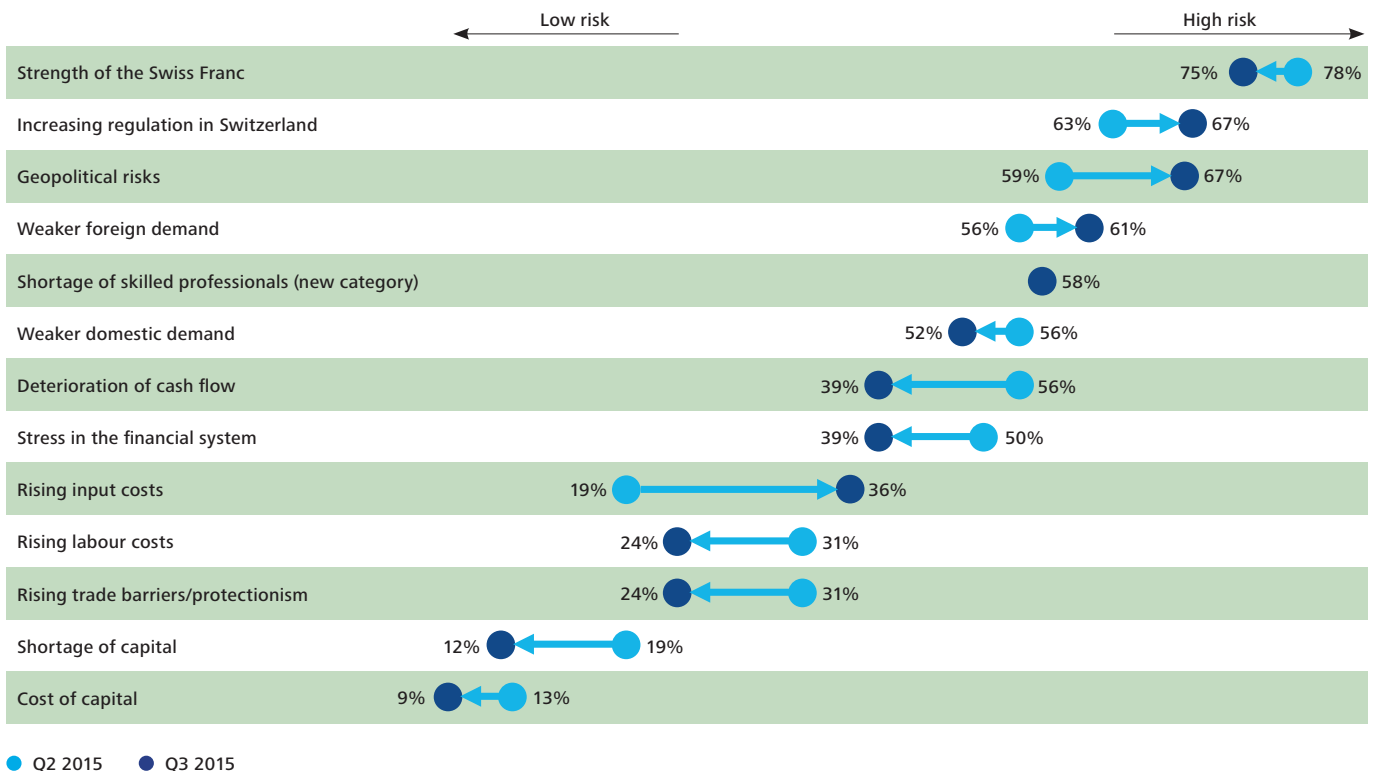
- Views of Swiss CFOs about the **economic outlook** have stabilised in Q3 2015, but remain negative overall.
- 21% of manufacturing sector CFOs are optimistic (previously 9%), but more remain pessimistic (49%, exactly the same percentage figure as in Q2 2015). Confidence is still low, with the net balance at -27%, compared to -39% in the previous quarter.
- The perception of the strong Swiss Franc as a key **business risk** remains high, at 75% in Q3 2015.
- Increasing regulation in Switzerland and geopolitical risks (each 67%) have increased compared to the previous quarter. Weaker foreign demand (61%) and shortage of skilled professionals (58%) are also seen as high risks.

# 2. Business risks

The strong Swiss Franc is still seen as the biggest threat, followed by increasing regulation in Switzerland, geopolitical risks, weaker foreign demand and talent shortage.

## Risk factors for the next 12 months (Q2 2015 vs. Q3 2015)

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



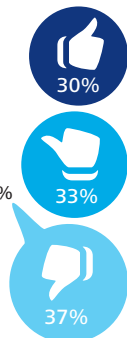
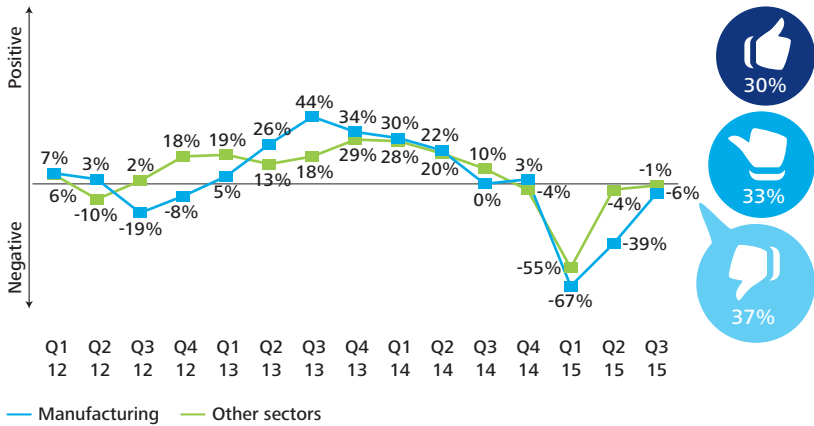
Notes: The net balance is the balance of positive (increase) and negative (decrease) assessments of the respondents. The figures for business risks are for the manufacturing sector only. The percentages indicate the number of responses that rate the respective risk as high.  
Sources: Deloitte CFO Surveys.

# 3. Business outlook

Manufacturing sector CFOs are now considerably more optimistic than three months ago about the outlook for their business.

## Business outlook (net balance) (Q1 2012 – Q3 2015)

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



- The **business outlook** for Swiss CFOs has improved in Q3 2015 compared to three months ago.
- Confidence of manufacturing sector CFOs about the financial prospects for their own company is now higher, but remains negative (net balance of -6%). 30% of manufacturing CFOs are currently optimistic (previously 12%) and 37% are pessimistic (previously 52%).
- Manufacturing CFOs (-6%) are slightly more pessimistic about the outlook for their business than CFOs in other sectors (net balance of -1%).
- The **strategic outlook** differs slightly between manufacturing CFOs and CFOs in other sectors.

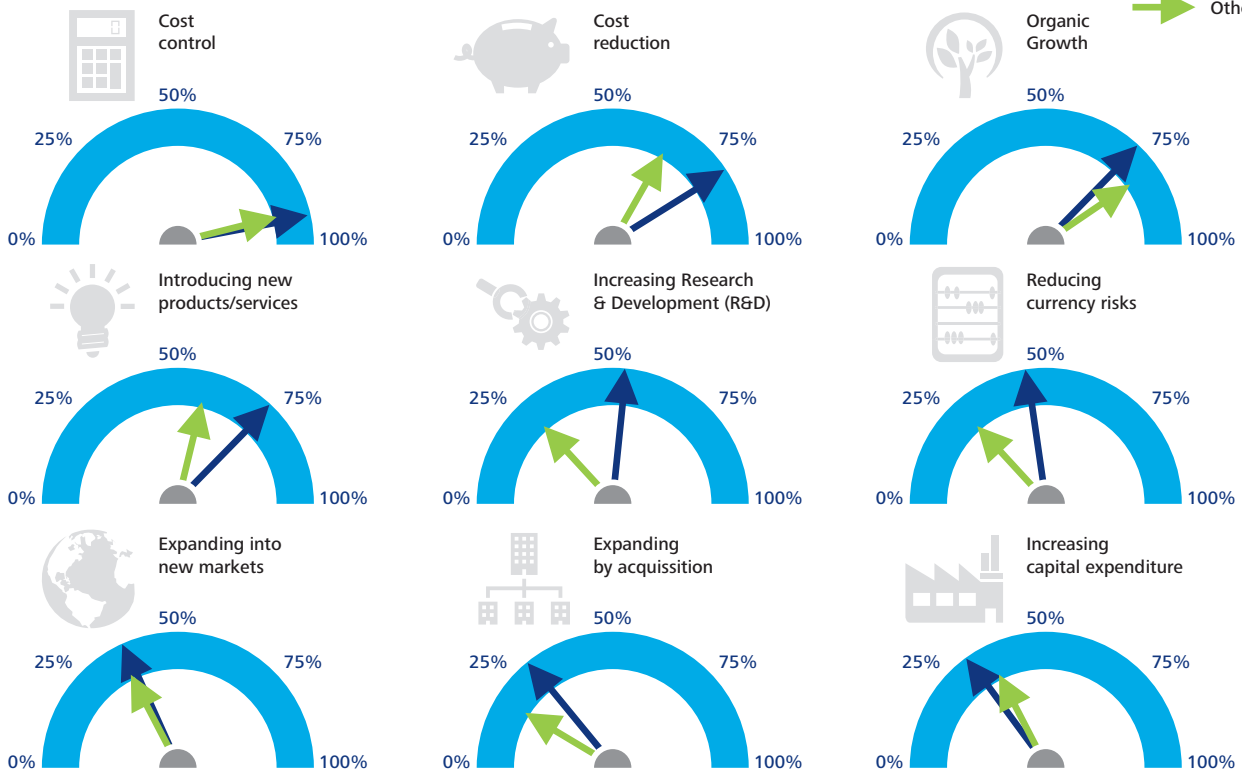
# 4. Strategic priorities

The highest priorities are for control and reduction of costs, organic growth, introducing new products/services and bigger investment in R&D.

## Strategic priorities (Q3 2015)

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

➡ Manufacturing  
➡ Other sectors



Notes: The net balance is the balance of positive (increase) and negative (decrease) assessments of the respondents. The percentages for the strategic priorities indicate the number of responses that rate the respective strategy as important.

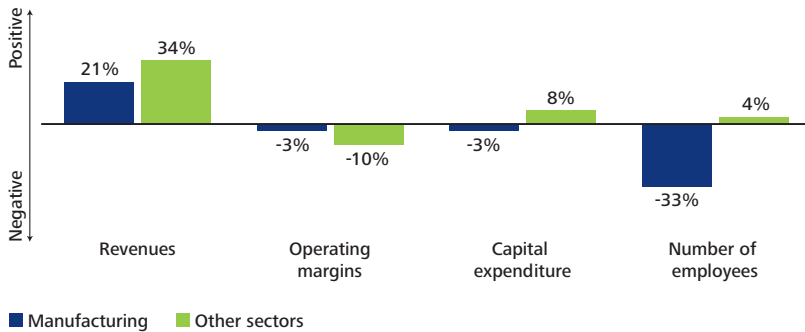
Sources: Deloitte CFO Surveys.

# 5. Growth prospects

Manufacturing sector CFOs expect an improvement in revenues over the next 12 months, but deteriorating operating margins, lower CAPEX and a smaller work force.

## Key metrics (net balance) (Q3 2015)

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



- With the exception of revenues, Swiss CFOs have a negative outlook for key metrics over the next 12 months.
- Manufacturing sector CFOs have a positive view about **revenues** over the next 12 months, but are less optimistic than CFOs in other sectors.
- Expectations for **operating margins** remain lower for CFOs in other sectors (-10%) than for manufacturing CFOs (-3%).
- Due to the strength of the Swiss Franc, cost pressures for manufacturing companies remain high. Spending plans are therefore constrained, and manufacturing CFOs expect lower **capital expenditure** and a **smaller workforce** than CFOs in other sectors.

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

Sources: Deloitte CFO Surveys.

## Key contacts

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