



## **The Deloitte CFO Survey**

Growth outlook: Switzerland still good,  
Europe returns to mediocrity

First half-year 2019 | Results of the Swiss and European CFO Surveys

# About the Deloitte CFO Survey

## About the Swiss and European CFO Surveys

Deloitte conducts CFO Surveys in more than 60 countries around the world. Since 2009, the Swiss CFO Survey has been gauging the attitudes of Chief Financial Officers towards the outlook for business, financing, risks and strategies. The 36th Survey – the first half-year 2019 Survey – was conducted between 27 February and 27 March 2019. A total of 102 CFOs participated.

Since 2015, results from up to 20 European countries have been compiled into a single report. A total of 1,473 CFOs took part in the current European survey. This edition presents the results for selected questions and countries. You can find the full results and country comparisons at [www.deloitte.com/europeancfosurvey](http://www.deloitte.com/europeancfosurvey)

## 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.

## Countries taking part in the first half-year 2019 European CFO Survey



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# Summary and key findings of the Swiss CFO Survey

CFOs' expectations for the Swiss economy and their own company have declined from autumn 2018 but remain positive overall. CFOs expect investment and recruitment to continue, but concerns about geopolitical risk, weakening demand and digitalisation are of increasing.



## Financial prospects for companies remain strong, but down slightly

**65%**  
5 pp ▼

rate the financial prospects for their company over the next 12 months as positive.



## Economic outlook declines further but remains positive overall

**53%**  
26 pp ▼

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



## Investment and recruitment set to continue

**35%**  
4 pp ▼

expect investment to increase over the next 12 months, while 21% expect it to fall.



## Rising concerns about weakening demand

Weaker domestic demand is the second most frequently cited risk to companies, with weaker foreign demand in fifth place. Geopolitical risk remains the major risk, with Brexit cited much more frequently than in the previous survey.

**42%**  
0 pp ►

expect employee numbers to rise over the next 12 months, with 22% expecting them to fall. Switzerland bucks the trend across Europe, where employment prospects have worsened.



## Digitalisation is third most frequently cited risk and second most frequently cited strategy

CFOs see digitalisation as a risk in the guise of cyber-crime, new competitors and challenges from new business models. However, most CFOs are also increasingly planning to use digitalisation to improve efficiency.



## Negative interest rates until 2021

**41%**

41% of CFOs expect the Swiss National Bank to maintain its negative base rate over the next two years. 31% expect rates to rise above 0% and 28% expect 0% rates.

Note: % of Swiss CFOs in first half-year of 2019 compared with second half-year of 2018 in percentage points (pp) where available.



# Summary and key findings of the European CFO Survey

Prospects for growth in Europe have slipped back into the mediocre band. The decline in optimism is reflected in most indicators and most of the countries surveyed. However, despite a further decline, the outlook remains positive in a majority of countries. A few very pessimistic countries – and in particular, the United Kingdom – are pulling the European average down.



**24%**  
1 pp ▼

## Gloomier business outlook

on average rate the financial prospects for their own company as more positive than three months previously, while 27% are more pessimistic. CFOs in the United Kingdom are most pessimistic, but their German counterparts are more pessimistic than previously. However, a majority of CFOs remain positive in more than half the countries surveyed.



**63%**  
1 pp ▲

## High levels of uncertainty

rate uncertainty in the economic and financial environment as high. This is particularly true in the UK, where 96% of CFOs rate insecurity as high.



**60%**  
0 pp ►

## Expectations for revenue and operating margins decline but remain good in a majority of countries

expect revenues to increase over the next 12 months as against 21% who expect them to decrease.



**36%**  
3 pp ▼

## Expectations for investments and employee numbers only just on the positive side

expect investment to increase over the next 12 months as against 28% who expect it to decrease.

**37%**  
5 pp ▼

expect operating margins to increase over the next 12 months as against 31% who expect them to decrease. Expectations for margins are gloomier than those for revenues, and the European average is lower than the figure for Switzerland.

**32%**  
3 pp ▼

expect employee numbers to increase over the next 12 months as against 31% who expect them to decrease. In most countries, CFOs expect employee numbers to continue to grow, but fewer are now optimistic about this outcome.



**20%**  
4 pp ▼

## Low risk appetite

of CFOs are willing to take greater risk onto their balance sheet. Risk appetite is low across Europe: 39% of Austrian CFOs are willing to take greater risk, the highest figure in the Survey. Risk appetite is in single figures in Iceland, Turkey and the UK, while in Germany, it is only slightly higher, at 11%.

# CFOs less optimistic about economic outlook

Swiss CFOs expect the country's economy to continue to perform well, but there has been a decline in their expectations from the previous Survey. 53% of CFOs rate Switzerland's economic outlook over the next 12 months as positive, with 10% rating it as negative. This represents a decline from the consistently higher ratings from Q4 2016 and a record 88% in the first half-year of 2018. Nevertheless, the percentage of CFOs who are optimistic is still slightly higher than the average since 2009 (51%), while the proportion of those who are pessimistic remains substantially below the average over the same period (18%).

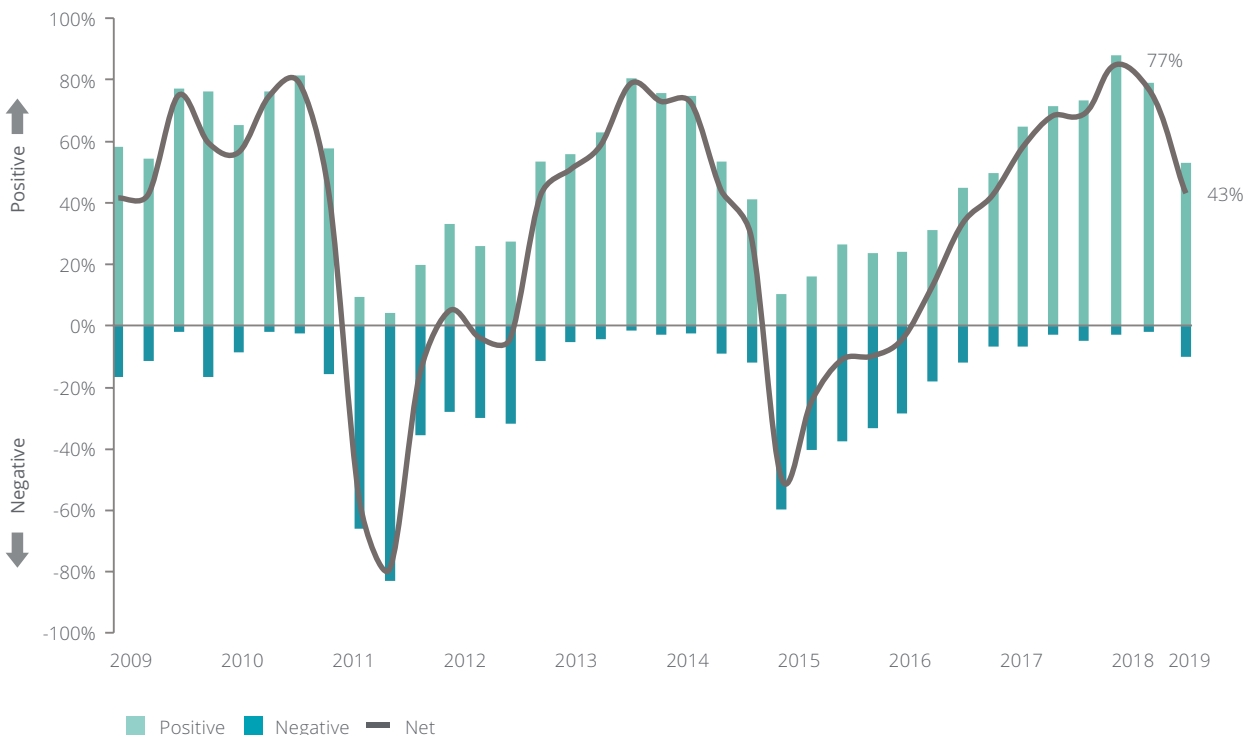
Although uncertainty has risen somewhat, I am positive about the outlook for the next few quarters: the Swiss economy has repeatedly proved its ability to adapt and innovate rapidly, although this requires good framework conditions, of course.

Adrian Widmer, CFO Sika Gruppe

These findings mirror the official economic growth forecasts issued by the Swiss State Secretariat for Economic Affairs (SECO). Its 2019 growth forecast (as at April 2019) is 1.1%, substantially below actual growth of 2.5% in 2018. However, SECO expects growth to pick up again as early as 2020 to 1.7%, the average growth rate in Switzerland since the end of the financial crisis in 2011.

**Chart 1. Economic outlook for Switzerland**

Net balance of CFOs rating Switzerland's economic prospects over the next 12 months as positive/negative

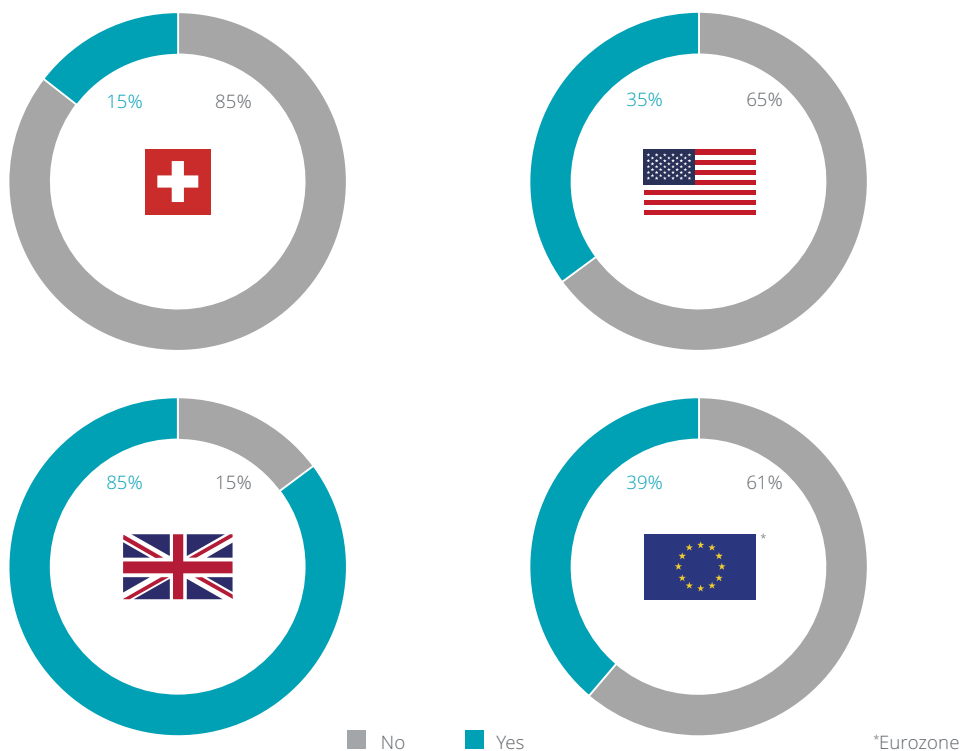


# Switzerland bucks the trend in relation to fears of recession

CFOs’ expectations for a recession in Switzerland over the next two years mirror those for the country’s economy: gloomier than in the previous Survey, but still good. 15% of Swiss CFOs now expect a recession, the highest figure since Q4 2015. However, the vast majority do not expect a recession, particularly in their own country: 35% expect a recession in the US, for example, 39% expect one in the Eurozone and as many as 85% expect one in the United Kingdom. All results for the UK in the current survey – the views of CFOs in both Switzerland and the UK – are likely to be substantially affected by the continuing uncertainty surrounding Brexit. Compared with their counterparts in other European countries, Swiss CFOs are among the most optimistic about their own country’s economic outlook: only CFOs in Norway, Spain, Luxembourg and Poland are less likely to predict a recession (1%, 8%, 8% and 10% of CFOs respectively). Their responses relate to the next 18 months, however, a slightly shorter period than the Swiss survey.

A majority of Swiss CFOs assume that the country would be able to manage the impact of a recession in one of its major trading partners. However, such a recession would be a challenge, particularly if it affected the country’s largest trading partner, the Eurozone, which could cause exchange rate volatility. However, Switzerland has successfully overcome similar challenges in the past, including in 2012-13, when the Eurozone economy contracted for two consecutive years while the Swiss economy grew by 1.0% and 1.9% respectively. Most European CFOs share their Swiss counterparts’ assessment of the likelihood of a Eurozone recession, with 35% rating it as possible. However, European CFOs are more optimistic than their Swiss counterparts about the likelihood of a recession in the US: just 20% believe the US will face a recession.

**Chart 2. Swiss CFOs’ expectations for a recession in the next two years**



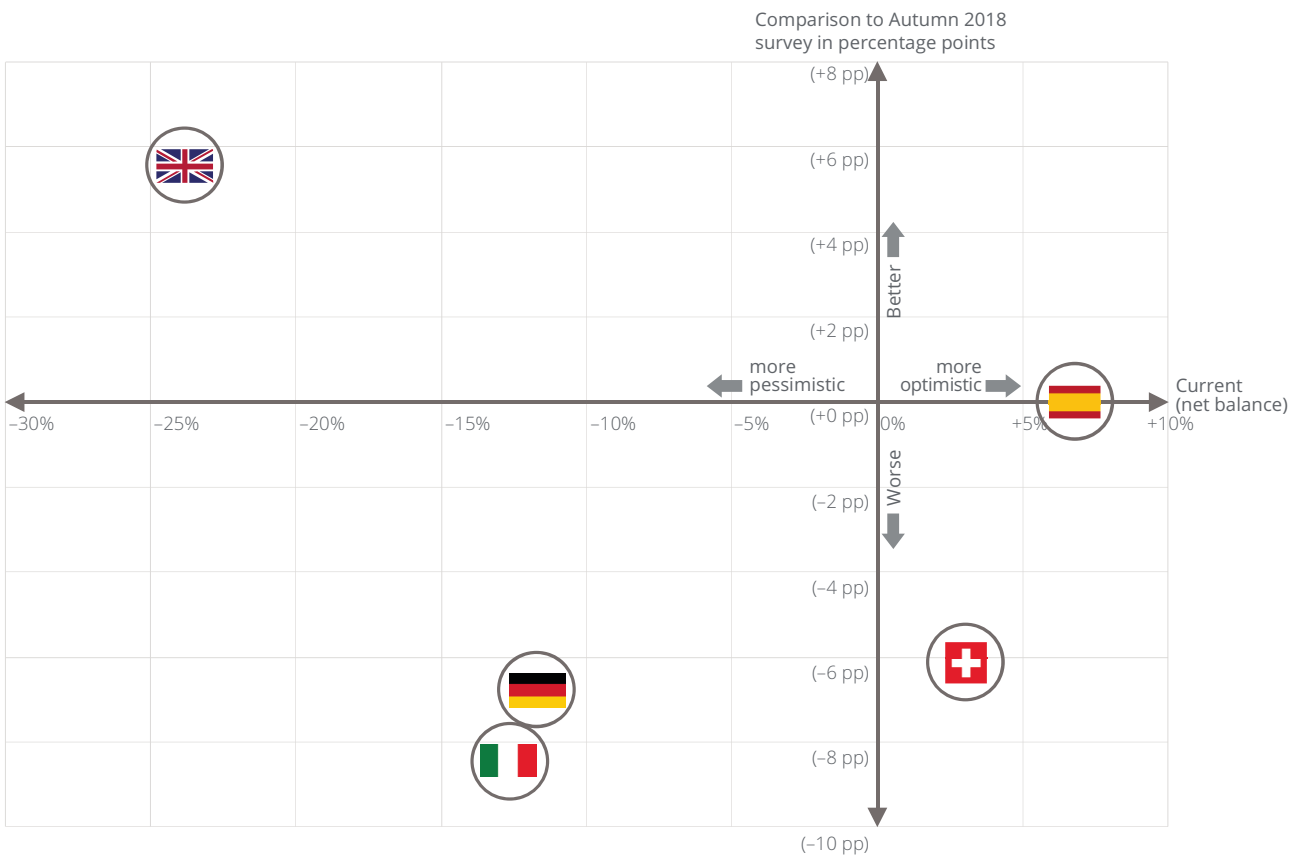
# Slight decline in financial outlook for companies across Europe...

Both Swiss CFOs and their counterparts in most European countries rate the outlook for companies as slightly more negative than three months ago. A very small majority of Swiss CFOs are more optimistic (26%, as against 23% who are more pessimistic). This gives a net balance of 3%, the lowest since the end of 2015 but higher than the average net balance across Europe (-2%). The net balance in Germany is down 7 percentage points, to -12%, while that for Italy

is down 8 percentage points, to -13%. The net balance for the UK is up 6 percentage points, the only indicator in the current Survey that reflects an improvement in the responses of British CFOs. Nonetheless, the net balance in the UK (-24%) remains very negative. Just 14% of British CFOs are more optimistic than they were in the previous quarter, while 38% are more pessimistic.

### Chart 3. Financial outlook for companies across Europe

How do CFOs rate their company's financial prospects compared with three months ago and comparison to the autumn 2018 survey, results for selected European countries. Spain did not participate in the previous survey





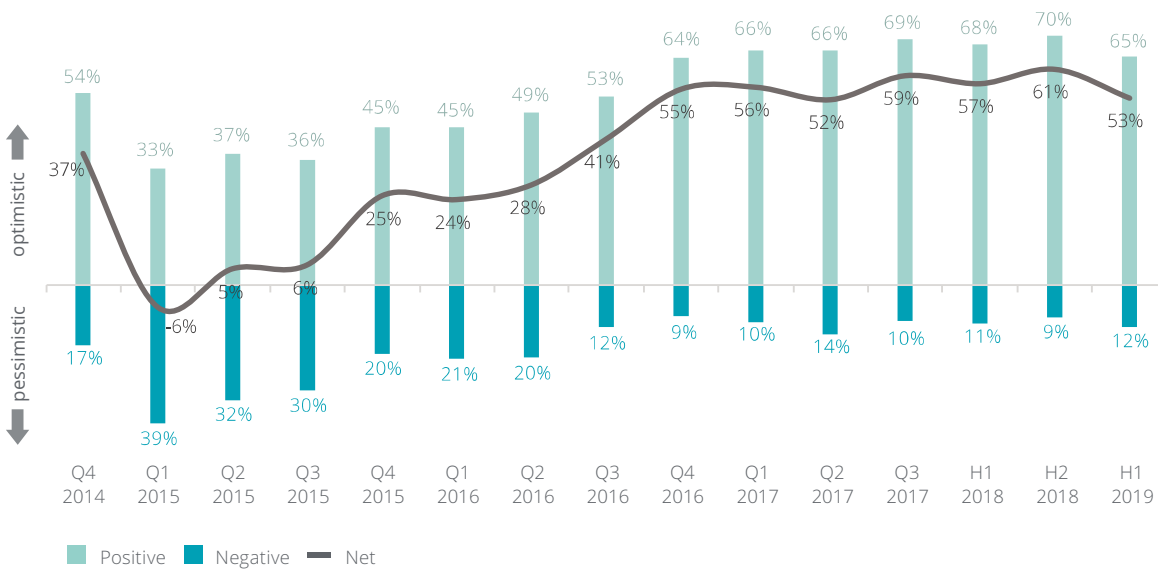
# ... but outlook remains positive for Swiss companies

A significant majority of Swiss CFOs continue to rate the financial outlook for their company over the next 12 months as positive, although there has been a dip here, too. Almost two-thirds (65%) now rate the outlook for their company as positive, down from 70% in the previous Survey. This means that considerably more CFOs are optimistic about the prospects for their own company than are optimistic about the outlook for the Swiss economy as a whole. To some extent, CFOs see the outlook for their company separately from the prospects for the economy.

The decline in their rating of Switzerland’s economic prospects in particular initially looks dramatic, but CFOs’ ratings remain positive, especially their perceptions of the outlook for their own company.

**Chart 4. Financial outlook for Swiss companies compared with the previous quarter**

How do you rate your company's financial prospects over the next 12 months?

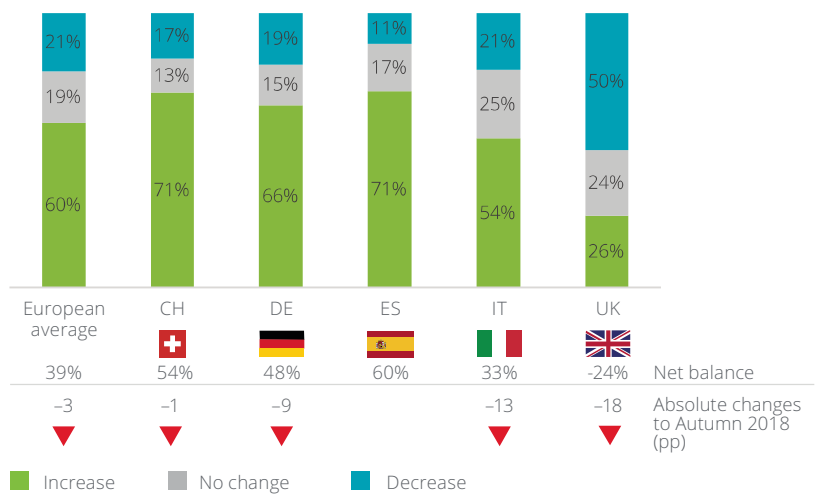


# Corporate indicators: Revenue expectations remain positive

Detailed corporate indicators also paint a positive picture despite declines in some ratings. In most countries, the overall mood remains one of optimism despite a decline since the second half-year 2018. Only a small proportion of countries in the Survey remain very pessimistic, but these countries – and especially the United Kingdom – pull the European average down. Revenue expectations in particular remain substantially positive, both in Switzerland and across Europe. 71% of Swiss CFOs expect revenues to increase over the next 12 months, compared with 66% of German CFOs and a European average of 60%. A majority of CFOs in most of the countries surveyed expect revenues to increase, with Spanish CFOs the most optimistic of the major European economies. The United Kingdom is an outlier here and, as in recent surveys, its CFOs consistently have the lowest expectations. The uncertainty surrounding Brexit continues to have a very negative impact. Just 26% of British CFOs expect revenues to increase, while almost twice as many (50%) expect them to decrease. The net balance for the UK is by far the lowest of all the countries surveyed. Compared with other indicators, however, British CFOs' revenue expectations remain optimistic; the proportion of positive ratings for all other corporate indicators is in single figures.

**Chart 5. Revenue expectations across Europe**

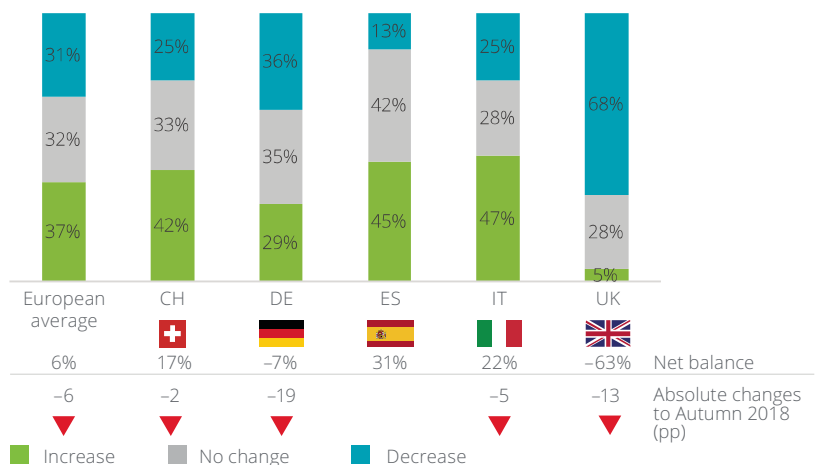
Percentage of CFOs who expect their company's revenues to increase/decrease over the next 12 months; results for selected European countries. Spain did not participate in the previous Survey.



Expectations for operating margins are lower than for revenue expectations. The net balance is smaller, and there has been a more marked decline since the previous Survey. This is the case in Switzerland and for the European average. In both, however, the net balance remains positive, and in Switzerland, it is actually considerably higher than the European average. This means that despite the continuing strength of the Swiss Franc, Switzerland is still in a stronger position than many other European countries, including Germany. As noted above, the figures for the UK are very negative and pull down the European average: just 5% of British CFOs expect operating margins to increase, while 68% expect them to decrease.

**Chart 6. Expectations for margins 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. Spain did not participate in the previous Survey.

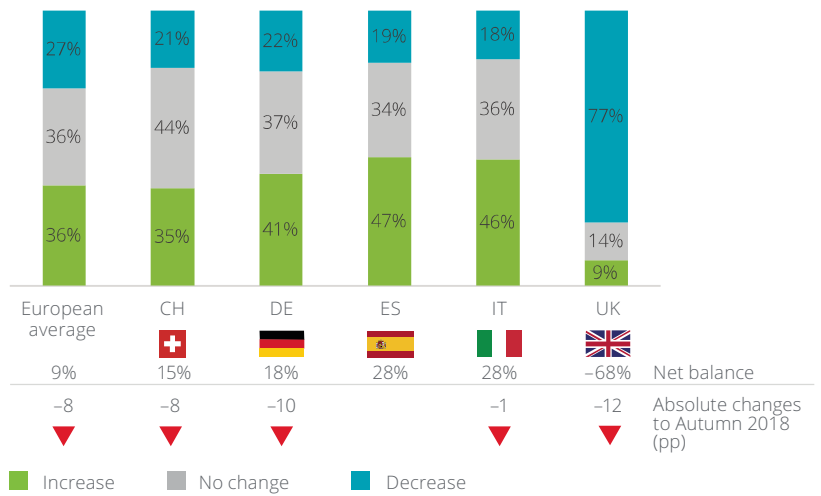


# Swiss recruitment plans unchanged

Investment expectations have declined slightly more than expectations for operating margins but remain positive, both in Switzerland and across Europe. Overall, companies remain willing to invest but are markedly less willing to do so than in 2018. Nevertheless, a majority of CFOs in most countries expect investment to increase, although these majorities are often relatively small and down on the previous Survey. As with other indicators, the single-figure European average reflects a few very pessimistic countries, above all the UK. However, a majority of CFOs in Finland, Israel and Turkey are also pessimistic about investments over the next 12 months.

**Chart 7. Investment expectations across Europe**

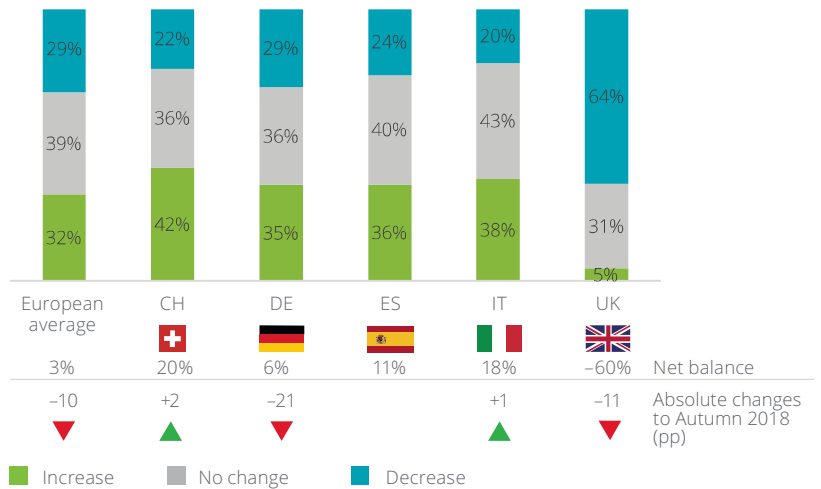
Percentage of CFOs who expect their company's investments to increase/decrease over the next 12 months; results for selected European countries. Spain did not participate in the previous Survey.



On average, across Europe expectations for employee numbers are lower than for investment, and the decrease is more marked than in the previous Survey. For the second consecutive half-year, Switzerland bucks the trend: the net balance of expectations for employee numbers is up on the previous Survey and exceeds the European average. A majority of Swiss companies intend to continue to create jobs (a net balance of 20%). This broadly reflects the current SECO forecasts for unemployment in Switzerland, which assume a 2.4% decrease in the jobless total this year. In most countries, a majority of CFOs expect employee numbers to increase, although more slowly in some cases. For example, in Germany, where the unemployment rate has dropped significantly over recent years, the net balance has fallen by 21 percentage points to just 6%.

**Chart 8. 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. Spain did not participate in the previous Survey.

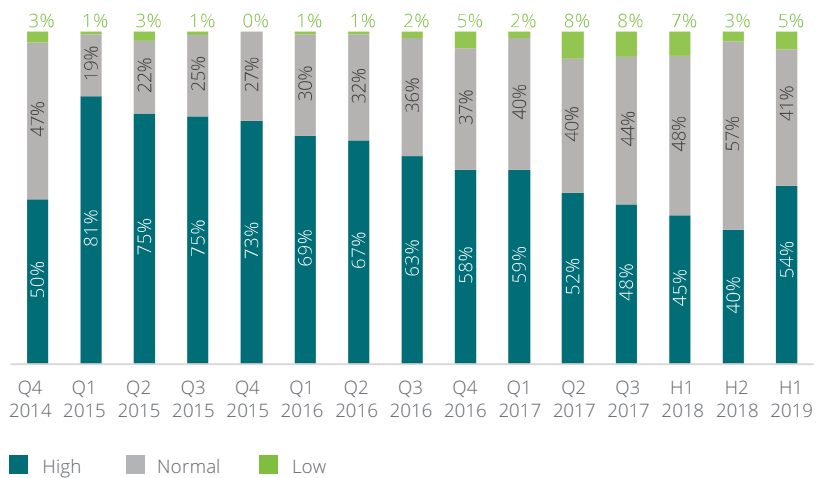


# Perceptions of uncertainty on the rise after a prolonged decline

For the first time since Q1 2015, Swiss CFOs report perceptions of greater uncertainty in the economic and financial environment. The increase is marked (14 percentage points), and the perception is shared by CFOs in most of the countries surveyed. In some countries, in fact, perceived uncertainty is even higher. In Germany and the UK, for example, nearly every CFO – 91% and 96% respectively – perceive uncertainty as high (however, the question is asked slightly differently in these countries).

**Chart 9. Swiss CFOs' perceptions of uncertainty**

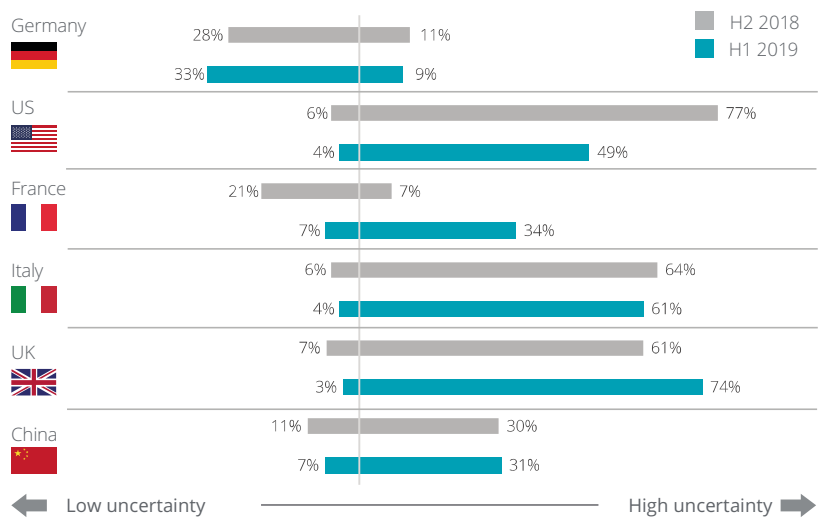
How do you rate the current level of uncertainty in the economic and financial environment?



Among Switzerland's major trading partners, the UK has now overtaken the US in the perceived level of political uncertainty, according to Swiss CFOs. This largely reflects the continuing uncertainty surrounding Brexit. Meanwhile, the temporary relaxation of trade restrictions and the end of the US government shut-down have reduced CFOs' perception of uncertainty in the US. Long-running protests and the absence of reform in France have, by contrast, fuelled perceptions of uncertainty there. Unsurprisingly, Italy still represents a high level of uncertainty because of a return to recession and the absence of structural reforms. From the perspective of Swiss CFOs, Germany is the only major trading partner where political uncertainty is not an issue.

**Chart 10. 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?



As a global company, we have long been aware of these changes and the challenges they represent. However, this kind of business environment also offers scope for growth, and we plan to make use of that scope.

Stephan Zehnder, CFO Bossard Gruppe

# Concerns grow over weakening demand

Which risks do Swiss CFOs consider as increasing uncertainty further? Geopolitical risk is the most frequently cited risk, up from second place in the previous Survey. Swiss CFOs are now much more likely to cite the risk resulting from Brexit. There has also been a marked increase in concerns about weakening demand, particularly in Switzerland. Weaker domestic demand is now the second most frequently cited risk, and concern about weaker foreign demand also features in the top five risks. Many CFOs perceive digitalisation as a risk rather than an opportunity, especially in the form of cyber-crime and the challenges posed by new business models and new competitors. However, few CFOs view the strength of the Swiss Franc as a major risk as many Swiss companies have adapted very well to the strong Franc. CFOs in other European countries, including Germany, frequently cite the skills shortage as the major risk to their companies. CFOs in many other countries, including Italy, see weaker demand as the major risk. Turkey and the United Kingdom report country-specific risks as posing the major challenge to their companies, for example currency volatility in Turkey and Brexit in the UK.

Perceptions of high levels of uncertainty are having an impact on CFOs’ risk appetite. There was relatively little risk appetite in autumn 2018 and it has fallen further, both on average and in most individual countries. Indeed, CFOs reporting a high risk appetite are in the minority in every country surveyed. Turkish CFOs are least likely to be willing to take greater risk onto their balance sheet (4%), while CFOs in Iceland and the United Kingdom also report weak risk appetite (8% and 9% respectively), marginally below the figure for their German counterparts (11%). This compares with 21% in Switzerland, almost double the German figure, putting Switzerland slightly above the European average. The decline among Swiss CFOs is greater than in the previous Survey with the proportion willing to take greater risk onto their balance sheet down 18 percentage points, the largest drop in Switzerland since Q4 2014.

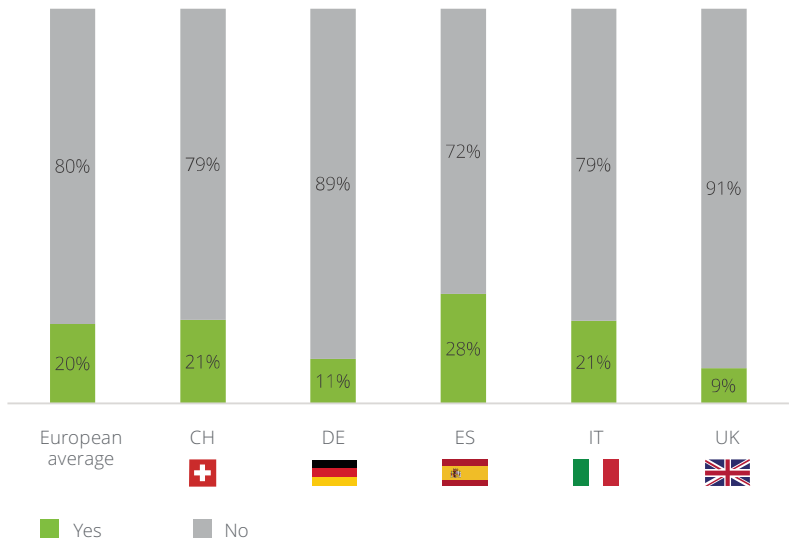
**Chart 11. Top risks in Switzerland**

What do you see as the largest internal and/or external risks to your company over the next 12 months? (Up to three responses)

	Rank	Risks
	1	Geopolitical risks
	2	Weakness in demand
	3	Digitalisation/technological change
	4	Regulation
	5	Foreign demand
	6	Price/cost/margin pressure
	7	Trade barriers
	8	Skills shortage
	9	Currency risks
	10	Internal problems

**Chart 12. Comparative risk appetite across Europe**

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

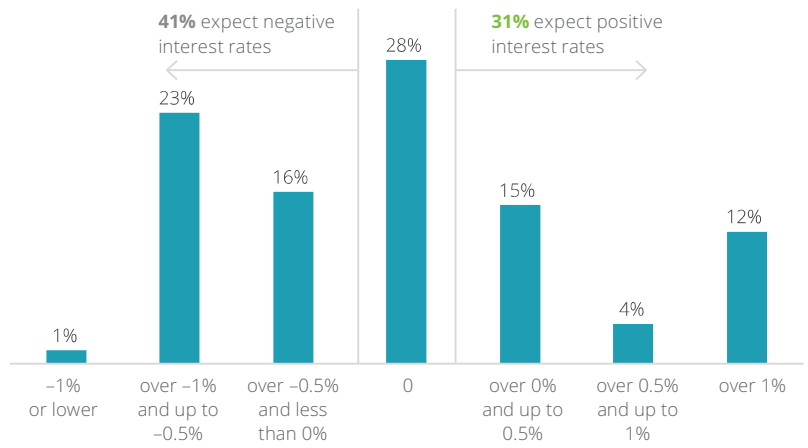


# Most CFOs expect negative interest rates to continue until 2021

A relative majority of Swiss CFOs expect negative interest rates still to be in place in two years' time (41%, as against 28% who expect 0% rates and 31% who expect rates above 0%). Both the Federal Reserve and the European Central Bank have deferred interest rates changes for the foreseeable future, the ECB most recently until at least the end of 2019. Given the strength of the Swiss Franc, the Swiss National Bank is also unlikely to raise rates in the near future.

**Chart 13. Interest rate expectations in Switzerland**

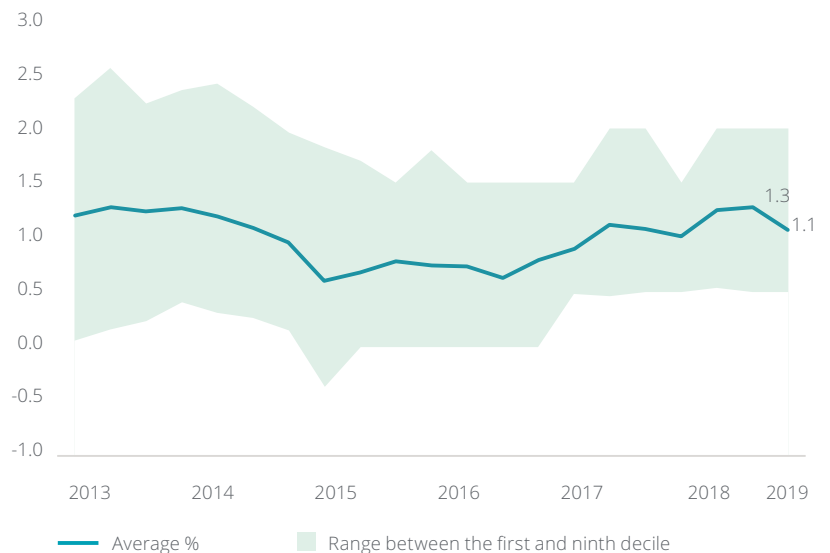
What do you think will happen to Swiss interest rates over the next two years (mid-point in the target range for the Swiss National Bank's base rate)?



Swiss CFOs' expectations for inflation over the next two years are slightly lower than in the previous Survey and, at 1.1%, are close to the long-term average since 2010 (1.2%). Swiss CFOs' expectations are the lowest of all the countries surveyed. German CFOs, for example, expect a rate of 1.7%, while Eurozone CFOs expect 1.5%. Turkish CFOs' expectations are the highest of all the countries surveyed (19%).

**Chart 14. Inflation expectations in Switzerland**

What inflation rate do you expect in two-years' time? (Average and range between first and ninth deciles)

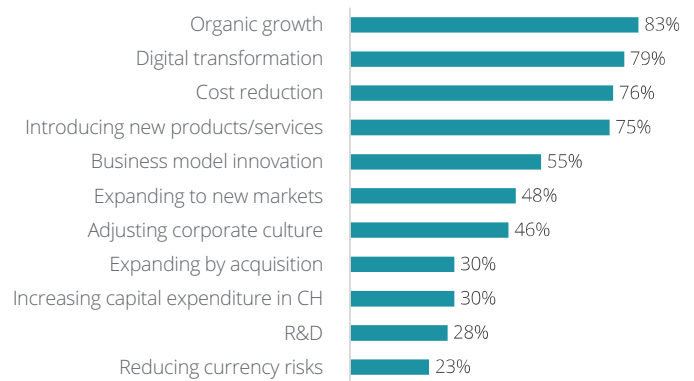


# Strategies and measures

How are CFOs adapting to the above mentioned challenges? A majority of Swiss CFOs are relying on strategies for expansion, with most citing organic growth and the introduction of new products and services as (standard) strategies. Digital transformation is important to nearly all the companies surveyed, in many cases so that they can both implement growth strategies and put efficiency programmes in place. Business model innovation is important for more than half of all companies, but while high, this figure lags substantially behind the most frequently cited strategies.

**Chart 15. Corporate strategies**

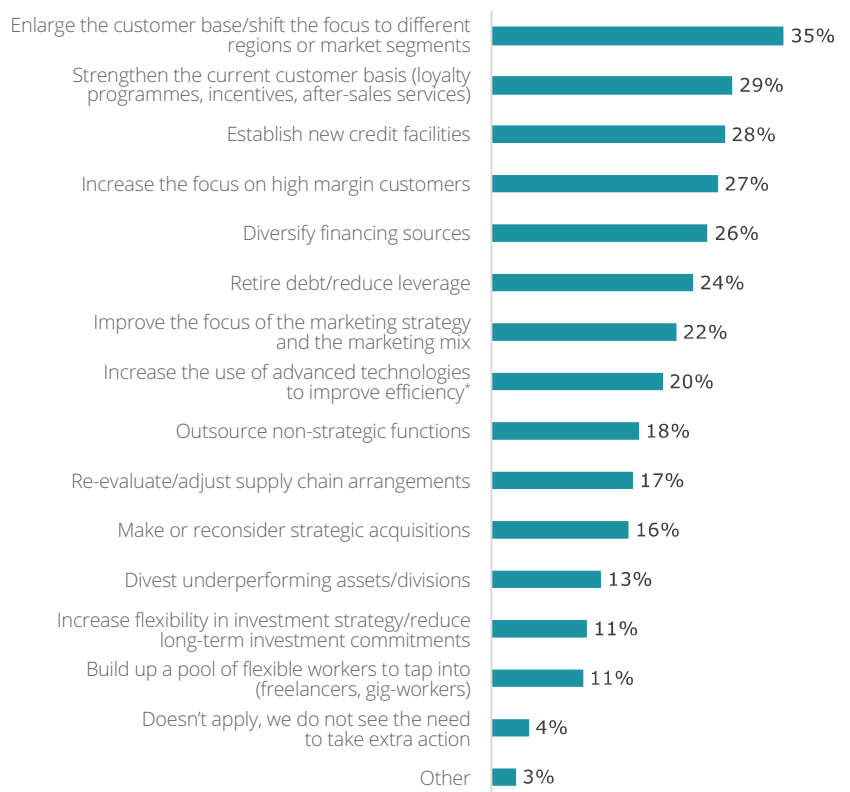
How important do you expect the following strategies to be for your company over the next 12 months? (Percentage of 'Important' and 'Very important' responses)



Much the same picture as with strategies emerges in responses to the question about the major measures European CFOs are currently taking to make their company more resilient to a possible economic downturn. The two most commonly cited major measures in Switzerland are increasing efficiency and/or reducing costs and the greater use of technology. These are often combined, with Swiss CFOs seeking to increase efficiency by means of digitalisation. Less frequently cited are the use of digitalisation to expand the business, business model innovation and customer-oriented programmes. European CFOs are more likely to opt for customer-oriented programmes but less likely to make use of advanced technology (however, the question was asked differently in Switzerland). This demonstrates the scope to make wider use of digitalisation, both in Switzerland and across Europe.

**Chart 16. Measures undertaken by European CFOs to make companies more resilient**

What is the most important measure you are currently taking to make your company more resilient to a possible deterioration in the economic environment? (Multiple responses possible)



Over recent years, we have proved that our business model is resilient. One of the core roles of a CFO is to ensure a solid financing strategy and capital structure.

Tobias Knechtle, CFO Valora Gruppe

\* (predictive analytics, Internet of Things, augmented/virtual reality, advanced robotics, 3D printing, cloud computing)

# Interviews with CFO of the Year award winners 2019



What impact are the trends discussed on the previous pages 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 2019 share 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. The awards cover three categories:

- Swiss Market Index Expanded (SMIEXP)
- Swiss Performance Index Extra (SPIEX) excluding SMIEXP
- Member of CFO Forum Schweiz

Several factors are considered 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 2019 award winners are:

**Adrian Widmer** of Sika AG

**Stephan Zehnder** of Bossard Holding AG

**Tobias Knechtle** of Valora Holding AG

Further information on the award, the categories and the CFO Forum Schweiz is available at <https://cfos.ch/swiss-cfo-day-2019/cfo-of-the-year-award/>



# Interview with Adrian Widmer, Sika AG

CFO of the Year 2019 | SMIEXP category

## About Adrian Widmer:

Adrian Widmer studied economics at the University of Zurich and then held a number of posts, including with Textron Inc. in the US and the UK. In 2000, he joined Degussa as Manager, Corporate Finance in the Construction Chemicals Division, holding further posts within Degussa, including CFO of Degussa AG in Switzerland. Between 2005 and 2007, Adrian Widmer was CEO of Construction Systems, Germany, Switzerland and Austria for BASF (Degussa). In 2009, he joined Sika as Head of Group Controlling and was given responsibility for its global M&A activities two years later. Since 2014, Adrian Widmer has been Sika's CFO and a member of its management team. In this role, he has created a successful financial management system, supported the company's dynamic growth strategy and overseen a number of acquisitions and successful funding measures as part of resolving conflict within the shareholder body.



## How do you rate Switzerland's economic outlook and the outlook for your most important foreign markets?

Q1 economic growth was relatively stable and broad-based. The slowdown we saw towards the end of 2018 was short-lived, and Swiss industry continues to make normal use of its capacity. Although uncertainty has risen somewhat, I am positive about the outlook for the next few quarters: the Swiss economy has repeatedly proved its ability to adapt and innovate rapidly, although this requires good framework conditions, of course.

Sika also earns more than 90% of its revenue outside Switzerland: our main sales market – the construction sector – remains a local one. Our most important national markets are China, Japan, the US, France, Germany and the UK, which together account for around 45% of our revenue. And we have wholly-owned subsidiaries in more than 100 countries.

## Customs tariffs, trade wars, technology wars – the business environment has become tougher. How have these changes affected your company? Do you see the international environment deteriorating?

Yes, the business environment has become tougher, and there is greater uncertainty in some sectors, but for the moment, I wouldn't go so far as to say that there has been a fundamental deterioration. Sika has a broad strategy based on five pillars, particularly structural areas for growth that are driven by megatrends. This means we are able to grow even in a more difficult economic environment. Having wholly-owned subsidiaries in more than 100 countries around the world gives us a further counterweight to weakness in various economies. And our applications are used in the maintenance and repair sector as well as in construction; that often helps to offset weaknesses in the new-build and infrastructure sectors.

**The economic environment may become more turbulent in future. What can CFOs do to make their company more resilient?**

In an uncertain economic environment, it is more important than ever for companies to remain agile and responsive. That is one of management's core roles. And CFOs also have an important role to play in a number of areas, such as managing risk, including risk-based financing, implementing ongoing process improvements, and ensuring a high level of transparency to enable rapid decision-making.

**Which of your company's recent digital innovations are you most proud of?**

Sooner or later, the trend towards digitalisation is going to take over the whole of the value chain and our entire economy and society. It is impacting on all aspects of the construction sector and the life-cycle of buildings, from design to efficient construction and beyond, to maintenance. Sika has developed a 3D printing process that makes it possible to produce more varied concrete items more rapidly and more accurately, for example. The core of the process is a patented printer head that mixes special mortars with a range of additives that harden very quickly and allow subsequent layers to be 'printed' immediately. The first commercial projects are just getting under way, but this technology combines many different aspects of knowhow and will help revolutionise the construction industry.

# Interview with Stephan Zehnder, Bossard Group

CFO of the Year 2019 | SPI EXTRA (excluding SMIEXP) category

## About Stephan Zehnder:

Before joining Bossard, Stephan Zehnder worked in a number of international companies and in a range of financial roles. He joined Bossard in 1996, initially as Controller within the Corporate Finance Team. From 1998 to 2004, he took over as Head of Group Controlling and since 2005, he has been CFO of the Bossard Group. Stephan Zehnder has made a major contribution to the company's development in this role, including a successful capital increase and a large number of smaller and larger acquisitions as part of Bossard's growth strategy.



## How do you rate Switzerland's economic outlook and the outlook for your most important foreign markets?

One indicator that we depend on is the trend in the Purchasing Managers' Index (PMI). It is clear that over recent months, the headline number in our key markets and in Switzerland has been moving steadily to around 50, suggesting a decline in the rate of economic growth. We are already feeling the impact of that in a number of areas.

## Customs tariffs, trade wars, technology wars – the business environment has become tougher. How have these changes affected your company? Do you see the international environment deteriorating?

Such factors always create uncertainty, and in many cases, this can hamper business and investment and have a negative impact on industrial production – and on our customers. As a global company, we have long been aware of these changes and the challenges they represent. However, this kind of business environment also offers scope for growth, and we plan to make use of that scope.

## The economic environment may become more turbulent in future. What can CFOs do to make their company more resilient?

You need to make provision during good times so as to have a buffer for less good times. Net working capital management and the company's debt ratio and self-financing capacity are ongoing concerns. We have clear indicators of what we can afford: we need to ensure that we can remain afloat, even if the sea gets rougher.

## Which of your company's recent digital innovations are you most proud of?

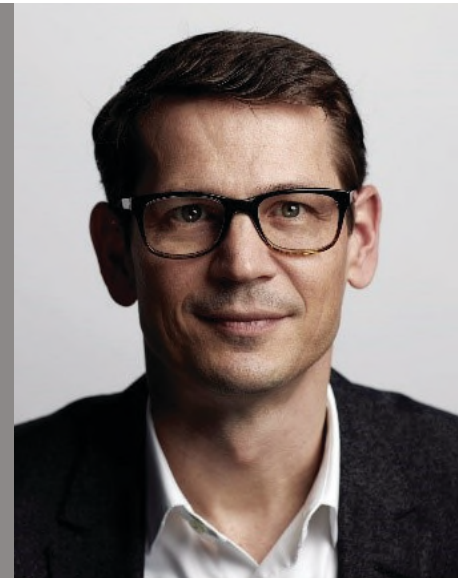
Our Smart Factory logistics solutions are a unique system for managing goods that fulfils orders completely automatically by using weighing sensors. Our most recent innovation is 'last mile management', which conducts the internal goods flow from a central storage point to assembly work stations efficiently and in a time saving way – automated and transparent.

# Interview with Tobias Knechtle, Valora Holding AG

CFO of the Year 2019 | CFO Forum Schweiz (CFOs) category

## About Tobias Knechtle:

After studying business administration at the University of Bern, Tobias Knechtle worked in international roles at Nestlé, the Boston Consulting Group and the private equity company Cinven. From 2009 to 2014, he was Senior Vice President Finance at the Kudelski Group with responsibility for M&A and controlling, among other areas. Since 2014, Tobias Knechtle has been CFO and a member of the management team at Valora Holding AG. In this role, he also takes responsibility for business transformation, human resources, investor relations and the Group's M&A activities. Tobias Knechtle has played a key role in ensuring that Valora focuses on its core business, developing the company into a leading foodvenience supplier and repositioning it on the financial market.



## How do you rate Switzerland's economic outlook and the outlook for your most important foreign markets?

We believe that the economic environment in our two key markets – Switzerland and Germany – will continue to be positive. A key factor for us, however, is the irreversible trend towards greater convenience and eating on the go as people become more mobile, the number of micro-households increases and lifestyles evolve. This is having a direct impact on our core business, which involves a dense network of sales outlets at transport hubs. We also expect growth in demand for pretzels and for new markets, such as the US. As a result, we are currently substantially expanding our production capacity.

## Customs tariffs, trade wars, technology wars – the business environment has become tougher. How have these changes affected your company? Do you see the international environment deteriorating?

Valora's advantage is that it runs its foodvenience business on a predominantly local scale and, with the exception of a few international standard products, we procure most of our materials locally. In response to the high level of demand for pretzels in the US, we have set up a local production plant, meaning that we can operate there irrespective of tariffs.

## The economic environment may become more turbulent in future. What can CFOs do to make their company more resilient?

Over recent years, we have proved that our business model is resilient. One of the core roles of a CFO is to ensure a solid financing strategy and capital structure and to make optimal use of what is still a very good financing environment. We need to continue to develop this solid foundation so that we can go on responding flexibly to opportunities. Valora plans to continue to grow, so we are investing heavily in new products and services and new technologies. And, of course, we are constantly looking out for potential new acquisitions. Ultimately, a company's CFO is responsible for ensuring its internal fitness, for working with his or her team to identify scope for improvement and for supporting implementation of improvements, whether in process optimisation or in-house digitalisation.

## Which of your company's recent digital innovations are you most proud of?

Launching two new formats in early April this year: the avec box, and our innovation lab avec X. We've built a lot of technology into both formats, and both manage without checkouts. Customers download an app, which is their digital key to the business, and then use it to scan products and pay at the end of the process. It's a whole new shopping experience – and customers are very enthusiastic about it.

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## Acknowledgement

We would like to thank all participating CFOs for their support in completing the Survey.

The Deloitte CFO Survey is supported by the CFO Forum Schweiz, the independent association of Chief Financial Officers in Switzerland.



## 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](mailto:cfosurvey@deloitte.ch)

You can find all the survey results since Q3 2009 on our website at [www.deloitte.com/ch/cfosurvey](http://www.deloitte.com/ch/cfosurvey)

# Notes

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