

IRF survey on the financial guidance practices of listed Swiss companies

- **Approximately two-thirds of the companies surveyed provide guidance**
- **About 80% of the respondents specify quantitative targets, 45% qualitative targets**
- **With regard to time frames, more than 90% of the companies surveyed choose a time frame of one year**

Zurich, January 14, 2015 – A survey of all companies listed in Switzerland conducted by IRF Communications in December 2014 showed a significant majority provide financial guidance over a time horizon of one year. Quantitative guidance is usually given. 38% of the respondents provide no financial guidance whatsoever.

A substantial majority of the companies that participated in the survey provide qualitative or quantitative guidance when reporting on full-year results. 38% of survey participants do not make any statements regarding expected future developments. The reasons for providing no guidance include uncertain, external factors (57% of the “no guidance” respondents) and the lack of perceived benefit from providing financial guidance (44% of the “no guidance” respondents).

Approx. 80% communicate quantitative targets

Among the companies that give financial guidance, 78% name quantitative targets. 44% adhere to qualitative criteria, which includes the 22% that provide both quantitative and qualitative targets. Of the various quantitative targets given, the most common is operating profit (EBIT/EBITA/EBITDA), cited by 78% of the respondents, followed by sales revenues (56%) and net income/earnings per share (39%).

The qualitative guidance criteria are subdivided into external and internal categories. The most commonly addressed external factors are the anticipated market environment and market developments. More than 90% of the companies that provide qualitative guidance give a commentary on the general market outlook. General statements on the economic outlook are also quite common (56%). Far less common are currency forecasts (25%). Turning to internal factors, the picture was less homogeneous. 58% give descriptive qualitative statements on the anticipated sales or profit developments. Internal efficiency improvements ranked second in frequency (42%).

About one-third of the participating companies (34%) mention additional, non-financial Key Performance Indicators (KPIs) in their comments on strategy or the company’s outlook. 77% report on social indicators, 71% on quality criteria and standards and 59% on environmental targets.

Guidance frequency declines over longer time horizons

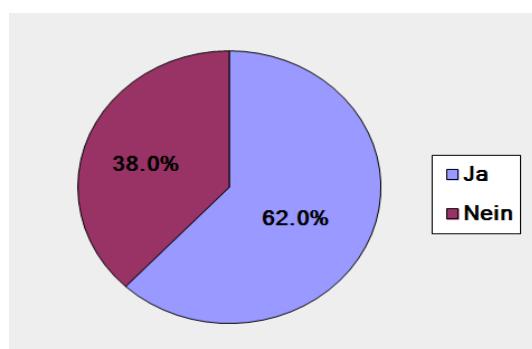
92% of the survey respondents who indicated they give financial guidance provide commentary on prospective developments over a 12 month period. Far fewer respondents issued statements about company expectations of operating results in the medium-term (2 to 3 years out). Only 32% of the companies in this group make such statements and a mere 8% comment on their long-term (3 to 5 years out) expectations.

Details of survey findings

IRF Communications AG surveyed the financial guidance practices of all listed Swiss companies in December of 2014. One-quarter of the approximately 220 companies listed on the Swiss stock market participated in its survey.

Details of the findings are given below:

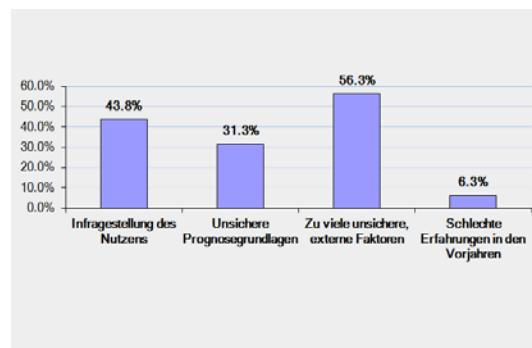
1. During the presentation of full-year results do you include financial guidance in your commentary on the outlook for the current fiscal year?



A majority of the respondents (62%) give financial guidance when reporting full-year results. 38% of the respondents refrain from giving any such projections.

2. What are the reasons for not giving any financial guidance?

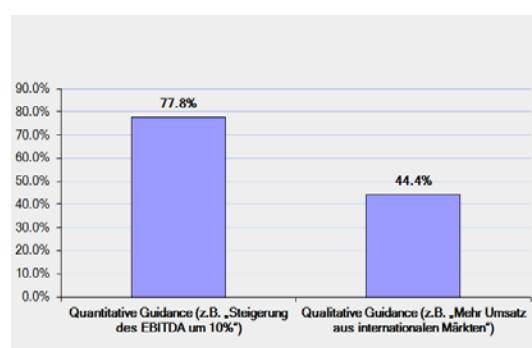
(multiple answers can be selected)



Of the 38% of the respondents who do not give any financial guidance, 43% see little value or benefit in doing so while 31% cited uncertainties regarding the forecast basis. 56% refrain from giving guidance due to uncertain, external factors. 6% attribute their decision to undesired consequences from such action in previous years.

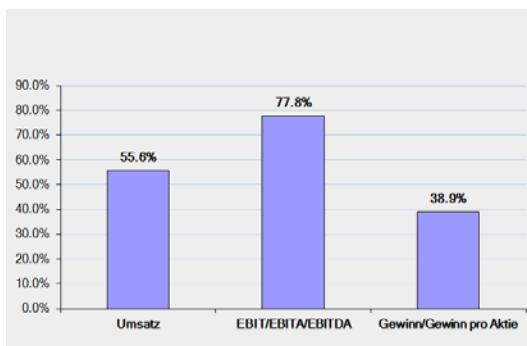
3. What kind of financial guidance do you give?

(multiple answers can be selected)



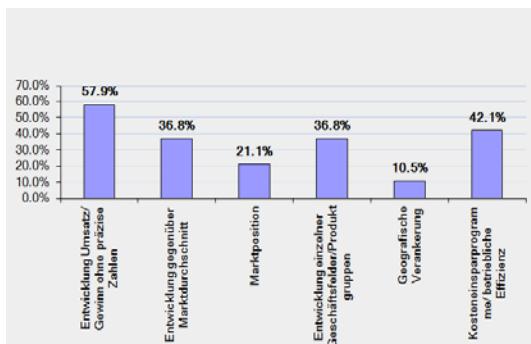
Of the 62% of respondents who give guidance, 78% provide quantitative guidance. 44% provide qualitative guidance. Both qualitative and quantitative projections are made by 22% of the respondents who give guidance.

4. What is your quantitative guidance based on?
(multiple answers can be selected)



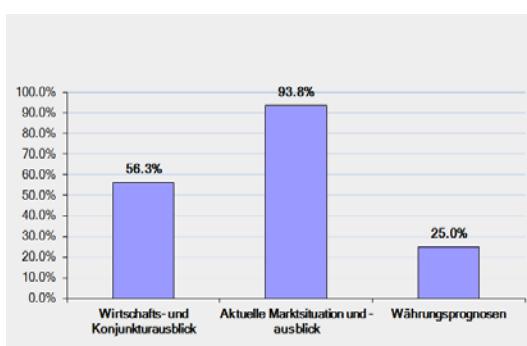
When giving quantitative guidance, companies primarily refer to EBIT /EBITA / EBITDA (78%), followed by sales revenues (56%) and then net income or earnings per share (39%).

5. What internal performance parameters does your qualitative guidance include?



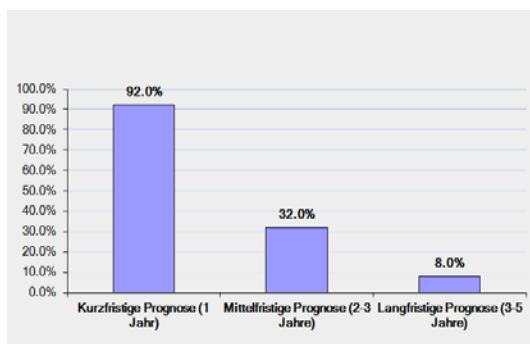
58% of the respondents who give qualitative guidance refer to anticipated sales or profit trends. 37% comment on expected developments in comparison with the general market, 21% on their market position and 37% on the expected performance of individual business areas or product groups. 11% comment on geographic reach while 42% refer to cost-savings programs or plans to improve operating efficiency.

6. What are the general external factors addressed in your qualitative guidance? (multiple answers can be selected)



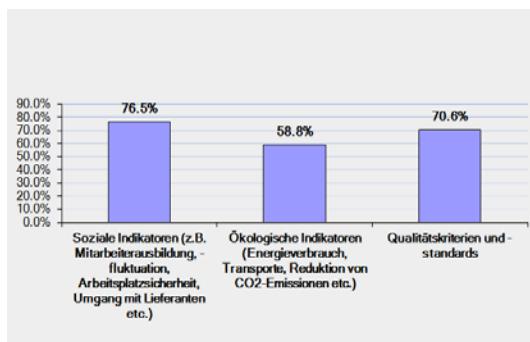
With regard to the external factors described in qualitative guidance, 57% of the respondents give an outlook for the economy or their business. 94% describe the current market situation and the market outlook. Currency forecasts are made by 25% of the respondents.

7. What time frame do you use in your guidance?
(multiple answers can be selected)



With regard to time frames, 92% use a time frame of one year. 32% provide medium-term guidance (2-3 years) and 8% long-term guidance (3-5 years).

8. Further question: Do you also define and address non-financial KPIs in your commentary on strategy or outlook? If so, in what areas?



One-third of the respondents also comment on non-financial matters or objectives. Within this category, 77% comment on social indicators such as employee training and turnover, workplace safety and supplier relationships. 59% mention environmental indicators such as energy consumption, transport data, reduction in carbon emissions. 71% also refer to quality criteria and standards in their outlooks.