

FISCAL 2017 IN BRIEF

Annual report 2017
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EDITORIAL

CHANGE MEANS DISRUPTION

BDO looks back on a successful fiscal year. We, like our sector peers, face challenges from the dynamic pace of change.



Rudolf Vogt, Chairman of the Board of Directors and Werner Schiesser, CEO

The 2017 reporting period went well for BDO. It was a year of rising revenue and growth in the advisory business. It's encouraging to see that all of our service lines and product groups contributed to the positive results.

Our personal highlight of 2017 was BDO's move to new premises in Zurich 'Schiffbau' in November. BDO has responded to the growth of recent years and created an exceptional working environment for our people by bringing together four branches under one roof at our new headquarters.

Digital transformation and digitisation are of key significance for BDO. Using data and process analysis tools drives even better audit quality.

Change means disruption - and new success stories if tackled appropriately. Or, in the words of the English naturalist Charles Darwin: "It is not the strongest of the species that survives, nor the most intelligent. It is the one that is most adaptable to change."

Werner Schiesser
CEO

Rudolf Vogt
Chairman of the Board of Directors

REVIEW AND OUTLOOK

"Disruption drives us to develop new solutions to support our clients' ongoing progress."

Werner Schiesser, CEO

In a challenging economic environment, BDO looks back on a successful year. BDO recorded revenue growth of 4.9 percent to CHF 204 million in 2017. All service lines contributed to this growth. Particularly noteworthy is the excellent development in Advisory.

The Swiss economy can look forward to positive growth prospects in 2018. Nevertheless, at the political level two major bills and reforms await approval: Tax Proposal 17 and the Pension Revision 2020.

Digital transformation will continue to progress in the future and is of key importance to BDO and their clients. In Audit, data and process

analyses are most impacted by the drive to go digital. Digitisation measures within Business Solutions & Outsourcing include the launch of "HelloNina". This digital portal for start-ups uses bot technology to deliver client services around the clock, seven days a week.

The blockchain buzz is set to be big in 2018. Already famous for cryptocurrencies like Bitcoin, this technology will revolutionise many processes such as data storage and analysis, both for BDO and their clients. Digital development also comes with risks, however, and it's important to ensure that these are identified and managed through appropriate control mechanisms and up-to-date hardware.

With a range of digital platforms and tools at their disposal, BDO is ideally equipped for effective client collaboration and interaction. BDO's proximity to clients through 33 offices in Switzerland will once again be a market success factor in 2018.

STEADY GROWTH

BDO's revenue surpassed the CHF 200 million mark for the first time in 2017. The increase of 4.9 percent confirms the company's continuing growth trajectory.

- ▶ Total revenue came to CHF 204.8 million in the reporting period, with growth of 4.9 percent attributable to a strong performance across the board.
- ▶ Revenue in the largest service line Audit increased by 4.7 percent to CHF 70.5 million.
- ▶ Business Solutions & Outsourcing saw growth of 1.8 percent to CHF 65.6 million.
- ▶ The development in Tax & Legal was extremely positive, with growth of 8.9 percent to CHF 23.2 million.
- ▶ Financial Services saw more modest revenue growth of 1.4 percent to CHF 16.9 million.

Other services also on growth course

All service lines and product groups once again contributed to the company's overall growth. Particularly noteworthy is the positive development in Advisory, which grew by 18 percent. Advisory was also instrumental in strengthening the BDO brand through numerous one-off projects and major acquisition activities.

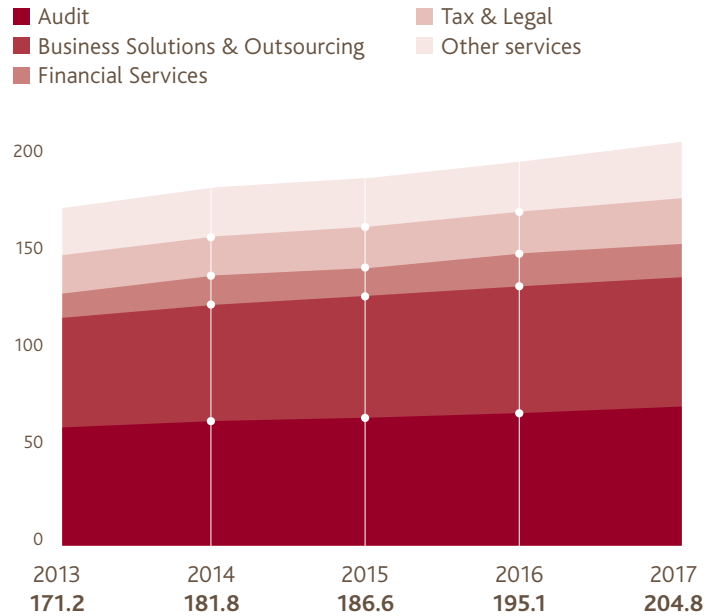
- ▶ ABACUS generated growth of 9.2 percent, while Real Estate posted an increase in revenue of 7.5 percent.

Strong development despite tough market

BDO's steady growth trajectory is attributable to various factors. The Swiss economy is stable with a positive growth outlook. In addition, BDO enjoys an excellent market position. Nevertheless, business is challenging for BDO, due to tightening regulatory requirements, the cost of investing in digitisation and a trend towards falling prices for services.

Income from services and fees

CHF million



FACTS AND FIGURES 2017

Clients

22 100 + 4.1%

People

1 261 + 5.1%

Proportion of women Percent

48.1 - 0.3%

Average age Years

36.8 + 0.8%

Trainees

81 - 1.2%

Audit Engagements

7 036 + 1.1%

Clients Internet-Accountant

2 679 + 64%