

Downtrend halted – export sentiment picking up again

SME Export Outlook | Q3 2019



 **SWITZERLAND
GLOBAL
ENTERPRISE**

enabling new business

Downtrend halted – export sentiment picking up again

- **The trend in export sentiment among Swiss SMEs is turning increasingly positive following the downtrend of recent months, as illustrated by the latest survey on exporters' mood conducted by Switzerland Global Enterprise (S-GE). 49% of all SMEs expect exports to rise in the third quarter, while 39% anticipate stagnation.**
- **However, the Credit Suisse Export Barometer has fallen again slightly. At 0.35 points, while the barometer is still above the growth threshold it has dropped to its lowest level since October 2013.**
- **In the view of Swiss SMEs, finding suitable business partners in the destination country is the biggest challenge when it comes to exporting their goods and services.**

Growth in exports down slightly

At 0.35 points, the Credit Suisse Export Barometer, which reflects foreign demand for Swiss products, now stands only marginally above the growth threshold and is well below its long-term average of 1.0 points. The barometer is at its lowest level since October 2013. Nevertheless, at the global level Credit Suisse expects demand for Swiss goods exports to continue its upward trajectory, though not on the same scale or at the same pace as we saw last year. According to Credit Suisse, the demand situation in Europe has at least stabilised, while there has been a modest deterioration in the US. Credit Suisse does not anticipate a decline in the overall export volume.

At present the European purchasing managers' indices (PMI) do not suggest that momentum in Europe will strengthen appreciably in the near term. Demand for Swiss goods from European industry was correspondingly weak in the first quarter of 2019. The Swiss mechanical, electrical and metal (MEM) industry was hit hard by this trend, with its exports falling by the considerable margin of 2.6%. However, the MEM industry is still posting higher exports to the US, though this positive differential has halved from its peak in autumn 2018.

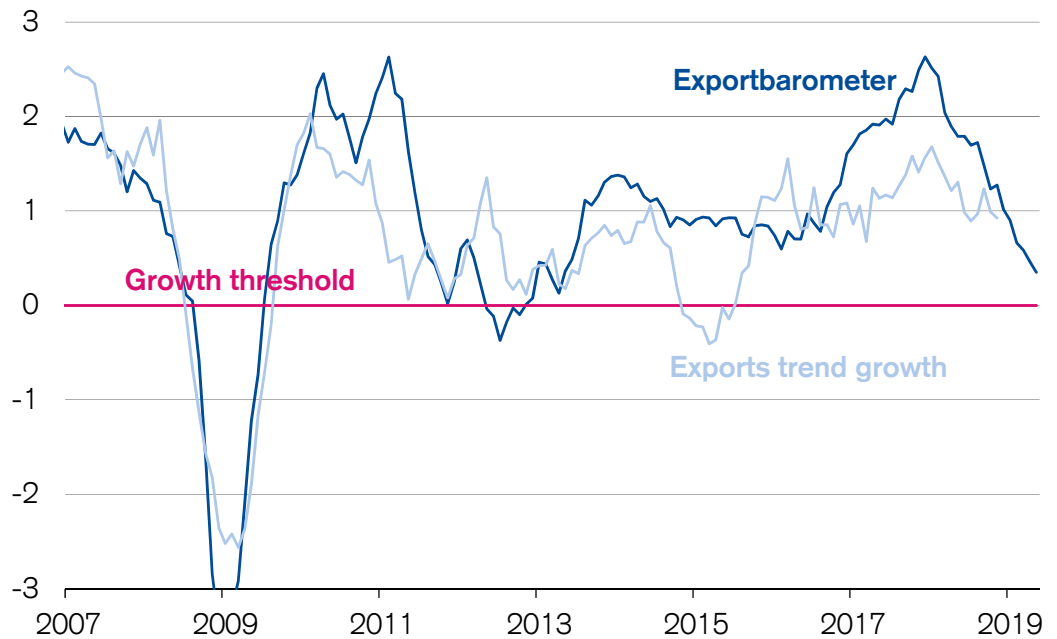
After export growth in the watch industry more or less ground to a halt around the turn of the year, exports have since picked up again. With growth of 76.4%, the UK in particular is now importing significantly more Swiss watches than it did in the corresponding quarter last year. Credit Suisse attributes this rise to many watch dealers building up their inventories ahead of Brexit.

Dynamic export growth in the pharmaceutical industry

It is a very different picture in the pharmaceutical industry, which is still posting dynamic export growth (up 10.1% in the first quarter of 2019 versus the same quarter last year) and therefore continues to make by far the largest contribution to growth in Swiss goods exports. The most important drivers of demand are the US and the Netherlands.

Credit Suisse Export Barometer

In standard deviations, growth threshold = 0



Source: Bloomberg, Datastream, PMIPremium, Credit Suisse/IDC

Improvement in export sentiment

According to Switzerland Global Enterprise (S-GE), export sentiment among SMEs has risen slightly, reaching a level of 69 points as at the start of the third quarter of 2019 – three points more than in the prior quarter. The value on a scale of 0 to 100 is calculated from the expected exports of SMEs for the third quarter of 2019 and effective exports in the preceding quarter.

Half of Swiss SMEs surveyed by S-GE believe that exports will increase over the coming quarter. While 35% anticipate export growth of 1 to 10%, 11% are looking for an increase of 10 to 25%. 3% are even hoping for growth of 25% or more. 39% of SMEs expect their export volumes to stagnate, with 12% anticipating a fall in volumes.

Germany still top of the table

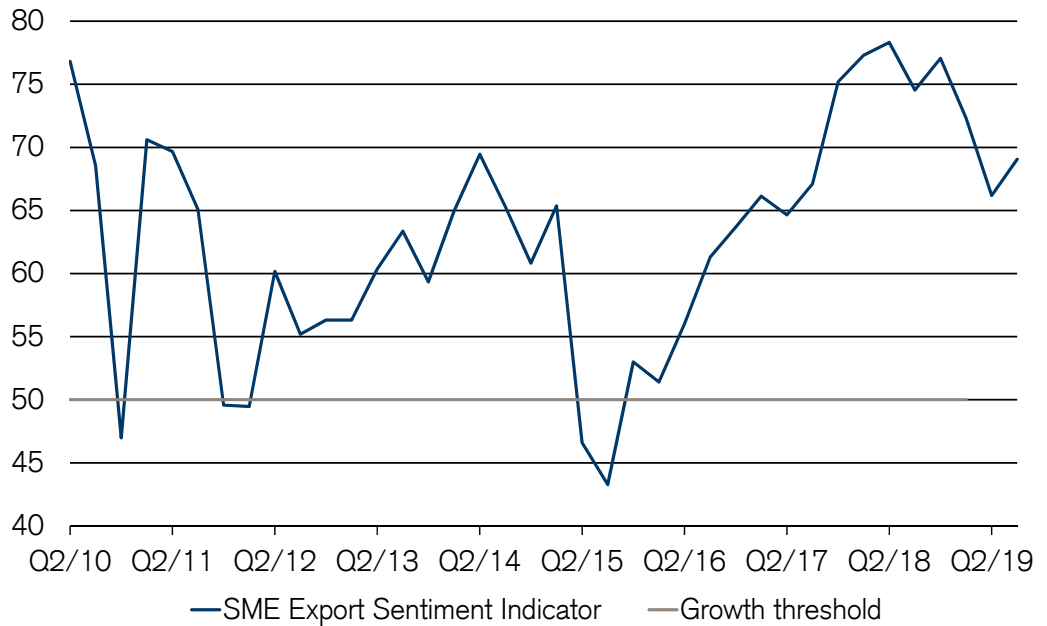
Germany remains Switzerland's most important export market by some distance. 83% of SMEs surveyed plan to export goods or services to Germany in the next six months, followed by France and Austria, at 61%, with the US coming in fourth with 56% of respondents planning to export across the Atlantic. 52% of SMEs expect to be exporting to Italy and China, and 43% to the Netherlands. Spain comes in eighth with 42%.

15% of the SMEs surveyed stated that they intended to start exporting to Russia over the next half-year, followed by the Gulf states at 13%. 11% of respondents plan to begin exporting to Scandinavia and Japan, while 9% cited the US, France, Spain, India and China as new export destinations.

In terms of the importance of the export destinations, the situation is virtually unchanged: Germany is well ahead at 58%, followed by the US at 20% and China at 16%. 11% of the SMEs surveyed said that France was their main export destination, while this was Austria for 10% of respondents.

Switzerland Global Enterprise SME Export Sentiment

Weighted value of Q2 2019 and Q3 2019, growth threshold = 50



Source: Survey of a panel of around 200 Swiss SMEs

Finding the right business partner

Success doesn't come easy for export-oriented Swiss SMEs, which have to overcome various challenges in order to gain recognition and establish themselves in their target markets. The greatest challenge by far facing the SMEs surveyed is in finding a suitable business partner in the destination country, while getting the marketing right for their products or services is the second biggest hurdle. Establishing a network ranks third among the main challenges cited by SMEs. However, currency fluctuations and overcoming trade barriers also pose difficulties for the companies surveyed. Cultural differences or issues relating to the implementation of free trade agreements are currently less problematic according to the survey.

At 53%, the majority of SMEs have created a skills framework in their firms to meet the challenges of exporting. In this regard, 26% of respondents depend on the experience and expertise of external experts or consultants, while 9% attempt to find a way around these challenges.

The potential for major pitfalls in the export business is reflected by the fact that 35% of SMEs claim to have abandoned export projects in the past as they found certain challenges too difficult to overcome. Meanwhile, 58% of SMEs have never encountered such problems.

Trade barriers

Trade barriers are playing an increasingly important role against the backdrop of economic policy conflicts. 31% of the SMEs surveyed by S-GE report higher barriers in trading with the US. 21% of those surveyed have had similar experiences with China, compared to 17% with regard to Russia, while 14% see increasing barriers to trade with Germany and Brazil. Conversely, 42% state that trade barriers are decreasing in China, while 16% report the same of Germany and 14% see lower restrictions in the US.

Methodology

Credit Suisse Export Barometer

The Credit Suisse Export Barometer takes as its basis the dependence of Swiss exports on foreign export markets. In constructing the export barometer, we have drawn together important leading industry indicators in Switzerland's 28 most important export countries. These indicators generally have a forecast horizon of approximately one to two quarters. The values of these leading indicators are weighted on the basis of the share of exports that goes to each country. The export barometer consolidates this information to produce a single indicator. Since the values in question are standardized, the export barometer is calibrated in standard deviations. The zero line corresponds to the growth threshold. The long-term average growth of Swiss exports of approximately 5% is 1.

The chart on page 3 underlines the nature of the Credit Suisse export barometer as a forecasting tool: The correlation between export growth (6-month moving average) and the barometer with a lead time of one quarter is a good 0.82. In addition to providing forecasts for exports as a whole, the export barometer also makes forecasts about specific sectors or regions.

For more detailed information:

Credit Suisse (2009), External Trade Switzerland – Facts and Trends, Swiss Issues: Industries, available at: www.credit-suisse.com/research

Switzerland Global Enterprise SME Export Sentiment Indicator

Enterprise's SME export sentiment indicator is quite simple: SMEs indicate whether they expect growth, stagnation or a decline in exports in the current quarter compared with the previous one. The same question is put with regard to export expectations for the following quarter compared with the current one. To emphasize the forecast nature of the SME export sentiment indicator, expected export activity in the following quarter is weighted at 60% with exports in the current quarter being weighted at 40%. The SME export sentiment indicator can range from 0 to 100, whereby figures between 0 and 50 show an expected decline in exports and figures of 50 to 100 an expected rise in exports.

The SME export sentiment indicator is based on a quarterly survey of a fixed panel of around 200 Swiss SMEs. Participants represent the pharmaceuticals/chemicals industry, machinery, consumer goods, the metals industry, paper, electrical engineering, the precision instruments industry, services, ICT and food. Participants provide further information on export volumes, for instance the reasons behind a change in their export volume, export markets, etc. This information gives an accurate picture of the export activities of Swiss SMEs.

Imprint

For more detailed information:

<https://www.s-ge.com/en/article/news/export-outlook>

Please note: From 2010 through 2015, this publication bore the title "SME Export Indicator".

Contacts

Credit Suisse AG:

Claude Maurer, Economist
Tel. +41 44 333 41 90, claudio.maurer@credit-suisse.com

Switzerland Global Enterprise:

Silvana Giger, PR+Multimedia Manager
Tel. +41 44 365 55 12, sgiger@s-ge.com

Copyright

This publication may be reproduced, provided that the source is quoted.
Copyright © 2019 Credit Suisse Group AG
and Switzerland Global Enterprise.
All rights reserved.

Credit Suisse AG

Credit Suisse AG is one of the world's leading financial services providers and is part of the Credit Suisse group of companies (referred to here as 'Credit Suisse'). As an integrated bank, Credit Suisse offers clients its combined expertise in the areas of private banking, investment banking and asset management. Credit Suisse provides advisory services, comprehensive solutions and innovative products to companies, institutional clients and high-net-worth private clients globally, as well as to retail clients in Switzerland. Credit Suisse is headquartered in Zurich and operates in over 50 countries worldwide. The group employs approximately 46,840 people. The registered shares (CSGN) of Credit Suisse's parent company, Credit Suisse Group AG, are listed in Switzerland and, in the form of American Depositary Shares (CS), in New York. Further information about Credit Suisse can be found at www.credit-suisse.com.

Switzerland Global Enterprise

Switzerland Global Enterprise (S-GE) guides its clients on the path to new markets. On behalf of the Swiss Confederation (State Secretariat for Economic Affairs SECO) and the Swiss cantons, S-GE promotes exports and investments by helping its clients to realize new potential for their international businesses and thus to strengthen Switzerland as an economic hub. As the driver of a global network of experts and as a trusted and strong partner to clients, cantons and the Swiss government, S-GE is the first point of contact in Switzerland for all questions relating to internationalization. More information can be found at www.s-ge.com.

Important Information

This report represents the views of the Investment Strategy Department of CS and has not been prepared in accordance with the legal requirements designed to promote the independence of investment research. It is not a product of the Credit Suisse Research Department even if it references published research recommendations. CS has policies in place to manage conflicts of interest including policies relating to dealing ahead of the dissemination of investment research. These policies do not apply to the views of Investment Strategists contained in this report.

Risk warning

Every investment involves risk, especially with regard to fluctuations in value and return. If an investment is denominated in a currency other than your base currency, changes in the rate of exchange may have an adverse effect on value, price or income.

For a discussion of the risks of investing in the securities mentioned in this document, please refer to the following Internet link:

<https://investment.credit-suisse.com/gr/riskdisclosure>

This document may include information on investments that involve special risks. You should seek the advice of your independent financial advisor prior to taking any investment decisions based on this document or for any necessary explanation of its contents. Further information is also available in the information brochure "Special Risks in Securities Trading" available from the Swiss Bankers Association.

Past performance is not an indicator of future performance. Performance can be affected by commissions, fees or other charges as well as exchange rate fluctuations.

Financial market risks

Historical returns and financial market scenarios are no reliable indicators of future performance. The price and value of investments mentioned and any income that might accrue could fall or rise or fluctuate. Past performance is not a guide to future performance. If an investment is denominated in a currency other than your base currency, changes in the rate of exchange may have an adverse effect on value, price or income. You should consult with such advisor(s) as you consider necessary to assist you in making these determinations.

Investments may have no public market or only a restricted secondary market. Where a secondary market exists, it is not possible to predict the price at which investments will trade in the market or whether such market will be liquid or illiquid.

Emerging markets

Where this document relates to emerging markets, you should be aware that there are uncertainties and risks associated with investments and transactions in various types of investments of, or related or linked to, issuers and obligors incorporated, based or principally engaged in business in emerging markets countries. Investments related to emerging markets countries may be considered speculative, and their prices will be much more volatile than those in the more developed countries of the world. Investments in emerging markets investments should be made only by sophisticated investors or experienced professionals who have independent knowledge of the relevant markets, are able to consider and weigh the various risks presented by such investments, and have the financial resources necessary to bear the substantial risk of loss of investment in such investments. It is your responsibility to manage the risks which arise as a result of investing in emerging markets investments and the allocation of assets in your portfolio. You should seek advice from your own advisers with regard to the various risks and factors to be considered when investing in an emerging markets investment.

Alternative investments

Hedge funds are not subject to the numerous investor protection regulations that apply to regulated authorized collective investments and hedge fund managers are largely unregulated. Hedge funds are not limited to any particular investment discipline or trading strategy, and seek to profit in all kinds of markets by using leverage, derivatives, and complex speculative investment strategies that may increase the risk of investment loss.

Commodity transactions carry a high degree of risk, including the loss of the entire investment, and may not be suitable for many private investors. The performance of such investments depends on unpredictable factors such as natural catastrophes, climate influences, hauling capacities, political unrest, seasonal fluctuations and strong influences of rolling-forward, particularly in futures and indices.

Investors in real estate are exposed to liquidity, foreign currency and other risks, including cyclical risk, rental and local market risk as well as environmental risk, and changes to the legal situation.

Private Equity

Private Equity (hereafter "PE") means private equity capital investment in companies that are not traded publicly (i.e. are not listed on a stock exchange), they are complex, usually illiquid and long-lasting. Investments in a PE fund generally involve a significant degree of financial and/or business risk. Investments in private equity funds are not principal-protected nor guaranteed. Investors will be required to meet capital calls of investments over an extended period of time. Failure to do so may traditionally result in the forfeiture of a portion or the entirety of the capital account, forego any future income or gains on investments made prior to such default and among other things, lose any rights to participate in future investments or forced to sell their investments at a very low price, much lower than secondary market valuations. Companies or funds may be highly leveraged and therefore may be more sensitive to adverse business and/or financial developments or economic factors. Such investments may face intense competition, changing business or economic conditions or other developments that may adversely affect their performance.

Interest rate and credit risks

The retention of value of a bond is dependent on the creditworthiness of the Issuer and/or Guarantor (as applicable), which may change over the term of the bond. In the event of default by the Issuer and/or Guarantor of the bond, the bond or any income derived from it is not guaranteed and you may get back none of, or less than, what was originally invested.

Investment Strategy Department

Investment Strategists are responsible for multi-asset class strategy formation and subsequent implementation in CS's discretionary and advisory businesses. If shown, Model Portfolios are provided for illustrative purposes only. Your asset allocation, portfolio weightings and performance may look significantly different based on your particular circumstances and risk tolerance. Opinions and views of Investment Strategists may be different from those expressed by other Departments at CS. Investment Strategist views may change at any time without notice and with no obligation to update. CS is under no obligation to ensure that such updates are brought to your attention.

From time to time, Investment Strategists may reference previously published Research articles, including recommendations and rating changes collated in the form of lists. The recommendations contained herein are extracts and/or references to previously published recommendations by Credit Suisse Research. For equities, this relates to the respective Company Note or Company Summary of the issuer. Recommendations for bonds can be found within the respective Research Alert (bonds) publication or Institutional Research Flash/Alert – Credit Update Switzerland. These items are available on request or from <https://investment.credit-suisse.com>. Disclosures are available from www.credit-suisse.com/disclosure.

Global disclaimer / Important Information

This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject CS to any registration or licensing requirement within such jurisdiction.

References in this document to CS include Credit Suisse AG, the Swiss bank, its subsidiaries and affiliates. For more information on our structure, please use the following link:
<http://www.credit-suisse.com>

NO DISTRIBUTION, SOLICITATION, OR ADVICE: This document is provided for information and illustrative purposes and is intended for your use only. It is not a solicitation, offer or recommendation to buy or sell any security or other financial instrument. Any information including facts, opinions or quotations, may be condensed or summarized and is expressed as of the date of writing. The information contained in this document has been provided as a general market commentary only and does not constitute any form of regulated financial advice, legal, tax or other regulated service. It does not take into account the financial objectives, situation or needs of any persons, which are necessary considerations before making any investment decision. You should seek the advice of your independent financial advisor prior to taking any investment decisions based on this document or for any necessary explanation of its contents. This document is intended only to provide observations and views of CS at the date of writing, regardless of the date on which you receive or access the information. Observations and views contained in this document may be different from those expressed by other Departments at CS and may change at any time without notice and with no obligation to update. CS is under no obligation to ensure that such updates are brought to your attention. **FORECASTS & ESTIMATES:** Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. To the extent that this document contains statements about future performance, such statements are forward looking and subject to a number of risks and uncertainties. Unless indicated to the contrary, all figures are unaudited. All valuations mentioned herein are subject to CS valuation policies and procedures. **CONFLICTS:** CS reserves the right to remedy any errors that may be present in this document. CS, its affiliates and/or their employees may have a position or holding, or other material interest or effect transactions in any securities mentioned or options thereon, or other investments related thereto and from time to time may add to or dispose of such investments. CS may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investments listed in this document or a related investment to any company or issuer mentioned. Some investments referred to in this document will be offered by a single entity or an associate of CS or CS may be the only market maker in such investments. CS is involved in many businesses that relate to companies mentioned in this document. These businesses include specialized trading, risk arbitrage, market making, and other proprietary trading. **TAX:** Nothing in this document constitutes investment, legal, accounting or tax advice. CS does not advise on the tax consequences of investments and you are advised to contact an independent tax advisor. The levels and basis of taxation are dependent on individual circumstances and are subject to change. **SOURCES:** Information and opinions presented in this document have been obtained or derived from sources which in the opinion of CS are reliable, but CS makes no representation as to their accuracy or completeness. CS accepts no liability for a loss arising from the use of this document. **WEBSITES:** This document may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the document refers to website material of CS, CS has not reviewed the linked site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through this document or CS's website shall be at your own risk. **DATA PRIVACY:** Your Personal Data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, Credit Suisse Group AG and its subsidiaries may process your basic Personal Data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can opt-out from receiving these materials at any time by informing your Relationship Manager.

Global disclaimer / Distribution Information

Distributing entities

Except as otherwise specified herein, this report is distributed by Credit Suisse AG, a Swiss bank, authorized and regulated by the Swiss Financial Market Supervisory Authority. **Austria:** This report is distributed by CREDIT SUISSE (LUXEMBOURG) S.A. Zweigniederlassung Österreich (the "Austria branch") which is a branch of CREDIT SUISSE (LUXEMBOURG) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The Austria branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), 283, route d'Arlon, L-2991 Luxembourg, Grand Duchy of Luxembourg, as well as of the Austrian supervisory authority, the Financial Market Authority (FMA), Otto-Wagner Platz 5, A-1090 Vienna, Austria. **Bahrain:** This report is distributed by Credit Suisse AG, Bahrain Branch, authorized and regulated by the Central Bank of Bahrain (CBB) as an Investment Business Firm Category 2. Related financial services or products are only made available to professional clients and Accredited Investors, as defined by the CBB, and are not intended for any other persons. The Central Bank of Bahrain has not reviewed, nor has it approved, this document or the marketing of any investment vehicle referred to herein in the Kingdom of Bahrain and is not responsible for the performance of any such investment vehicle. Credit Suisse AG, Bahrain Branch, a branch of Credit Suisse AG, Zurich/Switzerland, is located at Level 21-22, East Tower, Bahrain World Trade Centre, Manama, Kingdom of Bahrain. **DIFC:** This information is being distributed by Credit Suisse AG (DIFC Branch). Credit Suisse AG (DIFC Branch) is licensed and regulated by the Dubai Financial Services Authority ("DFSA"). Related financial services or products are only made available to Professional Clients or Market Counterparties, as defined by the DFSA, and are not intended for any other persons. Credit Suisse AG (DIFC Branch) is located on Level 9 East, The Gate Building, DIFC, Dubai, United Arab Emirates. **France:** This report is distributed by Credit Suisse (Luxembourg) S.A. Succursale en France (the "France branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The France branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the French supervisory authority, the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and of the Autorité des Marchés Financiers. **Germany:** This report is distributed by Credit Suisse (Deutschland) Aktiengesellschaft regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht („BaFin“). **Guernsey:** This report is distributed by Credit Suisse AG Guernsey Branch, a branch of Credit Suisse AG (incorporated in the Canton of Zurich), with its place of business at Helvetia Court, Les Echelons, South Esplanade, St Peter Port, Guernsey. Credit Suisse AG Guernsey Branch is wholly owned by Credit Suisse AG and is regulated by the Guernsey Financial Services Commission. Copies of the latest audited accounts are available on request. **India:** This report is distributed by Credit Suisse Securities (India) Private Limited (CIN no. U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India as Research Analyst (registration no. INH 000001030), as Portfolio Manager (registration no. INP000002478) and as Stock Broker (registration no. INZ000248233), having registered address at 9th Floor, Ceejay House, Dr. Annie Besant Road, Worli, Mumbai – 400 018, India, T- +91-22 6777 3777. **Italy:** This report is distributed in Italy by Credit Suisse (Italy) S.p.A., a bank incorporated and registered under Italian law subject to the supervision and control of Banca d'Italia and CONSOB. **Lebanon:** This report is distributed by Credit Suisse (Lebanon) Finance SAL ("CSLF"), a financial institution incorporated in Lebanon and regulated by the Central Bank of Lebanon ("CBL") with a financial institution license number 42. Credit Suisse (Lebanon) Finance SAL is subject to the CBL's laws and regulations as well as the laws and decisions of the Capital Markets Authority of Lebanon ("CMA"). CSLF is a subsidiary of Credit Suisse AG and part of the Credit Suisse Group (CS). The CMA does not accept any responsibility for the content of the information included in this report, including the accuracy or completeness of such information. The liability for the content of this report lies with the issuer, its directors and other persons, such as experts, whose opinions are included in the report with their consent. The CMA has also not assessed the suitability of the investment for any particular investor or type of investor. Investments in financial markets may involve a high degree of complexity and risk and may not be suitable to all investors. The suitability assessment performed by CSLF with respect to this investment will be undertaken based on information that the investor would have provided to CSLF and in accordance with Credit Suisse internal policies and processes. It is understood that the English language will be used in all communication and documentation provided by CS and/or CSLF.

By accepting to invest in the product, the investor confirms that he has no objection to the use of the English language. **Luxembourg:** This report is distributed by Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. Credit Suisse (Luxembourg) S.A. is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF).

Mexico: Banco Credit Suisse (México), S.A., Institución de Banca Múltiple, Grupo Financiero Credit Suisse (México) and C. Suisse Asesoría México, S.A. de C.V. ("Credit Suisse Mexico"). This document is elaborated for information purposes only and does not constitute a recommendation, advice or an invitation to execute any operation and does not replace direct communication with your relationship manager at Credit Suisse Mexico before the execution of any investment. The people who elaborated this document do not receive payment or compensation from any entity of the Credit Suisse Group other than the one employing them. The prospectuses, offering documentation, term sheets, investment regimes, annual reports and periodical financial information contained useful information for investors. Such documents can be obtained without any cost, directly from the issuer of securities and investment fund managers or at the securities and stock market web page, as well as from your relationship manager at Credit Suisse Mexico. The information herein does not substitute the Account Statements, the INFORME DE OPERACIONES or/ and confirmations you receive from Credit Suisse Mexico pursuant to the General Rules applicable to financial institutions and other persons that provide investment services. C. Suisse Asesoría México, S.A. de C.V., is an investment advisor duly incorporated under the Securities Market Law ("LMV") and is registered before the National Banking and Securities Commission ("CNBV") under folio number 30070 and therefore is not a bank, is not authorized to receive deposits nor to custody any securities, is not part of Grupo Financiero Credit Suisse (México), S.A. de C.V.. Under the provisions of the LMV, C. Suisse Asesoría México, S.A. de C.V. is not an independent investment advisor pursuant to its relationship with Credit Suisse AG, a foreign financial institution, and its indirect relationship with Grupo Financiero Credit Suisse (Mexico), S.A. de C.V. The people who produced this document do not receive payment or compensation from any entity of the Credit Suisse Group other than the one employing them.

Netherlands: This report is distributed by Credit Suisse (Luxembourg) S.A., Netherlands Branch (the "Netherlands branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The Netherlands branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the Dutch supervisory authority, De Nederlandsche Bank (DNB), and of the Dutch market supervisor, the Autoriteit Financiële Markten (AFM). **Portugal:** This report is distributed by Credit Suisse (Luxembourg) S.A., Sucursal em Portugal (the "Portugal branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The Portugal branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the Portuguese supervisory authority, the Comissão do Mercado dos Valores Mobiliários (CMVM). **Qatar:** This information has been distributed by Credit Suisse (Qatar) L.L.C., which is duly authorized and regulated by the Qatar Financial Centre Regulatory Authority (QFCRA) under QFC License No. 00005. All related financial products or services will only be available to Business Customers or Market Counterparties (as defined by the QFCRA), including individuals, who have opted to be classified as a Business Customer, with net assets in excess of QR 4 million, and who have sufficient financial knowledge, experience and understanding to participate in such products and/or services. Therefore this information must not be

delivered to, or relied on by, any other type of individual. **Saudi Arabia:** This information is being distributed by Credit Suisse Saudi Arabia (CR Number 1010228645), duly licensed and regulated by the Saudi Arabian Capital Market Authority pursuant to License Number 08104-37 dated 23/03/1429H corresponding to 21/03/2008AD. Credit Suisse Saudi Arabia's principal place of business is at King Fahad Road, Hay Al Mhamadiya, 12361-6858 Riyadh, Saudi Arabia. Website:

<https://www.credit-suisse.com/sa>. **South Africa:** This information is being distributed by Credit Suisse AG which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 9788 and / or by Credit Suisse (UK) Limited which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 48779. **Spain:** This report is distributed in Spain by Credit Suisse AG, Sucursal en España, legal entity registered at Comisión Nacional del Mercado de Valores. **Turkey:** The investment information, comments and recommendations contained herein are not within the scope of investment advisory activity. The investment advisory services are provided by the authorized institutions to the persons in a customized manner taking into account the risk and return preferences of the persons. Whereas, the comments and advices included herein are of general nature. Therefore recommendations may not be suitable for your financial status or risk and yield preferences. For this reason, making an investment decision only by relying on the information given herein may not give rise to results that fit your expectations. This report is distributed by Credit Suisse Istanbul Menkul Degerler Anonim Sirketi, regulated by the Capital Markets Board of Turkey, with its registered address at Levazim Mahallesi, Koru Sokak No. 2 Zorlu Center Terasevler No. 61 34340 Besiktas/ Istanbul-Turkey. **United Kingdom:** This material is distributed by Credit Suisse (UK) Limited. Credit Suisse (UK) Limited, is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Where this material is distributed into the United Kingdom by an offshore entity not exempted under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 the following will apply: To the extent communicated in the United Kingdom ("UK") or capable of having an effect in the UK, this document constitutes a financial promotion which has been approved by Credit Suisse (UK) Limited which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority for the conduct of investment business in the UK. The registered address of Credit Suisse (UK) Limited is Five Cabot Square, London, E14 4QR. Please note that the rules under the UK's Financial Services and Markets Act 2000 relating to the protection of retail clients will not be applicable to you and that any potential compensation made available to "eligible claimants" under the UK's Financial Services Compensation Scheme will also not be available to you. Tax treatment depends on the individual circumstances of each client and may be subject to changes in future.

USA: NEITHER THIS REPORT NOR ANY COPY THEREOF MAY BE SENT, TAKEN INTO OR DISTRIBUTED IN THE UNITED STATES OR TO ANY US PERSON (WITHIN THE MEANING OF REGULATIONS UNDER THE US SECURITIES ACT OF 1933, AS AMENDED).

This report may not be reproduced either in whole or in part, without the written permission of Credit Suisse. Copyright © 2019 Credit Suisse Group AG and/or its affiliates. All rights reserved.

19C013A_IS

