

# SWISSQUOTE

FINANCE AND TECHNOLOGY UNPACKED



SPECIAL FEATURE

## INNOVATION

# 25

# SWISS GEMS

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BOSSARD | CICOR | COMET | DÄTWYLER  
FLUGHAFEN ZÜRICH | GENEURO  
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Piazza Giuseppe Motta/Lungolago

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Gübelin AG, Freie Strasse 27  
Seiler, Gerbergasse 89

### Bern

Zigerli+Iff, Spitalgasse 14

### Davos Platz

Chronometrie Stäuble, Promenade 71

### Gstaad

Villiger Gstaad AG, Promenade

### Interlaken

Kirchhofer Haute Horlogerie II,  
Höheweg 56

### Klosters

Maissen, Bahnhofstrasse 15

### Lugano

Gübelin AG, Via Nassa 27  
Mersmann SA, Via Nassa 5  
Somazzi SA, Via Nassa 36

### Luzern

Gübelin AG, Schwanenplatz

### St. Moritz

Gübelin AG, Via Serlas/Palace Galerie

### Vaduz/FL

Huber im Weissen Würfel

### Zermatt

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the next generation.



Annual Calendar Ref. 5205G



ICE CUBE PURE

ICE CUBE  
*Chopard*

# The Challenges of Being the Best



By Marc Bürki,  
CEO of Swissquote

**E**lite athletes know that it is very difficult to get to first place, but it appears that it is even more trying and more exacting to stay there. That's what makes the exceptional character of great champions.

As such, Switzerland can be proud of its consistent role as undisputed leader in at least one field: innovation. Different **rankings** every year highlight the assets which allow the country to shine in this field: the quality of training and research, business investments in R&D, the wealth of patents filed, as well as well-known favourable framework conditions (political stability, quality infrastructures, taxation, etc.).

All of this leads to an effective economic structure, made up of a great number of companies that put innovation at the heart of their strategy. Of these companies, many are active in niche sectors. To the point where they sometimes prosper under the radar. Yet, it's these more discreet **companies** who deserve attention from investors. As such, the special feature of this edition is putting them in the spotlight.

Our portrait gallery shows that these Swiss companies know how to question themselves to continuously optimise the way they work. Similar to the Zurich company Kardex or Bobst in Lausanne, which are part of our selection, almost all

of the companies mentioned have recently modernised their production to be more efficient. Their research and development activities remain in Switzerland but production has largely been decentralised, both for producing goods at a reduced cost and to overcome possible variations in exchange rates. So much so that the fear of the strong franc is almost no longer an issue for many of these listed companies, as **François Gabella**, CEO of the company LEM, notes.

A rosy picture? Not entirely. Weak signals are emerging from the international rankings, indicating that the digital economy is not (yet) Switzerland's strong point. We are certainly not the worst off concerning this but others are doing better, particularly the Scandinavian countries. You could argue that Swiss added value lies elsewhere, such as the prominent place of the pharmaceutical, engineering or microelectronics industries, as demonstrated in our edition. But that would be forgetting that the digital revolution also concerns these sectors... In other words, the assets which have built the Switzerland of today won't be enough for it to shine tomorrow. In such a context, maintaining the budgets allocated to research appears more vital than ever. This is essential for Switzerland to revise its range, raise its game, and take its place among the best – like a great champion.

Enjoy!

## DOSSIER

# SWITZERLAND BREAKS NEW GROUND



32

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# SCANS



**“Just left Frankfurt. Great meetings, great weather, really enjoyed it. Good, because I’ll be spending a lot more time there. #Brexit”**

Tweet from [Lloyd Blankfein](#), CEO of Goldman Sachs

aviation

BOEING DREAMS OF PILOTLESS PLANES



A mapping drone from Near Earth Autonomy, a start-up Boeing has invested in.

NEAR EARTH AUTONOMY

Boeing has invested in Near Earth Autonomy, a start-up developing technologies designed to equip a self-flying aeroplane. In particular, it developed surveillance drones that can fly along underground passages with no human intervention. Earlier this year, the aeronautics group also invested in Zunum

Aero, another start-up that is building an electric aeroplane for short flights on heavily-travelled routes, such as between New York and Boston. Boeing also announced that it acquired Aurora Flight Sciences, a company developing solutions for self-flying aeroplanes.

BA

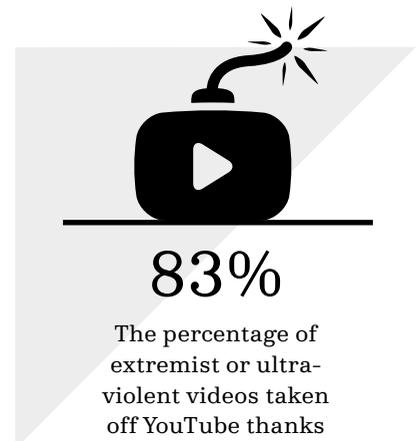
energy

CLARIANT WILL PRODUCE GREEN ETHANOL

In 2018, Clariant will begin construction of a factory in Romania that will produce cellulose-based biofuels. This fuel can be extracted from agricultural residue rather than cereals, which can be used for food products. The Basel-based group developed an almost entirely carbon-neutral process in which straw from local farmers is heated and fermented to extract the sugars. The new factory will begin production in 2020 and will have the capacity to generate 50,000 tonnes of ethanol per year. CLN



SHUTTERSTOCK



The percentage of extremist or ultra-violent videos taken off YouTube thanks to new artificial intelligence tools. Twitter and Facebook also use these tools to more effectively detect problematic content.

*banking***MARKS & SPENCER BREAKS INTO THE REAL ESTATE MARKET**

UK-based retail chain Marks & Spencer will offer property loans starting in 2018, through its M&S Bank division, a joint-venture with HSBC. This offer will target first-time buyers. M&S are hoping to gain a footing in a market worth £1,300 billion in the United Kingdom. M&S Bank isn't the only non-conventional bank to try its hand. Tesco Bank and Sainsbury's Bank, the financial divisions of the eponymous supermarkets, have offered property loans since 2012 and 2017, respectively. — MKS

**40%**

The percentage of European venture capital monopolised by UK fintechs in 2016. London has become the world leader in this field. But Brexit might undermine this ranking.

*materials***LIES FROM KOBE STEEL**

Kobe Steel CEO Hiroya Kawasaki apologises to journalists.

TORU HANAI / REUTERS

Japanese company Kobe Steel has been forced to admit to lying for years about the quality of its steel. The industrial giant falsified data included in reports provided to clients. The data concerns thousands of tonnes of steel sold to almost 500 companies over 10 years.

Some of the companies involved include automotive groups Toyota, Honda and Nissan, as well as aeronautics giants Boeing and Mitsubishi and high-speed train manufacturer Shinkansen. The scandal calls into question the durability and stability of Kobe Steel's products. — KST

**RANKING****HIGHEST-SELLING HARD LIQUOR BRANDS IN 2016**

(by number of 9 litre cases)

1. JINRO (HITEJINRO) 72 MILLION
2. OFFICER'S CHOICE (ABD) 32.9 MILLION
3. EMPERADOR (ALLIANCE GLOBAL GROUP) 28 MILLION
4. MCDOWELL'S NO.1 (UNITED SPIRITS) 25.5 MILLION
5. SMIRNOFF (DIAGEO) 25.5 MILLION

Source: IWSR

**TOP 5 ROBOTICS COMPANIES**

(as per a set of qualitative criteria)

- 1 ABB, SWITZERLAND
- 2 AETHON, UNITED STATES
- 3 ALPHABET, UNITED STATES
- 4 AMAZON ROBOTICS, UNITED STATES
- 5 ANKI, UNITED STATES

Source: Robotics Business Review

**5 LARGEST AIRLINES**

(by number of aeroplanes)

1. AMERICAN AIRLINES 960
2. DELTA AIR LINES 866
3. UNITED AIRLINES 747
4. SOUTHWEST AIRLINES 735
5. CHINA SOUTHERN AIRLINES 532

Source: The top 5 of Anything

SCANS



+50%

Growth recorded last year of photovoltaic solar energy. Close to half of new power plants using this type of green energy opened in China. Renewable energy now exceeds natural gas in terms of capacity.



Google Vice President for Southeast Asia and India, Rajan Anandan, during the launch of payment service Tez in India.

HINDUSTAN TIMES / NEWS.COM

health

CANNABIS: A SKIN TREATMENT

MGC Pharmaceuticals, an Australian medical marijuana company, has signed an agreement with Korean cosmetics brand Varm Cosmo. Each month, Varm Cosmo will purchase at least 15,000 kilos of cannabidiol – a derivative of cannabis – totalling \$31.3 million

annually. Cannabidiol will be used in the company’s hydrating and anti-ageing products. Some studies have shown that cannabidiol has curative properties for treating psoriasis and skin inflammations, which is a new market for the psychoactive plant. — MXC



ISTOCKPHOTO



**“When you have three or four years of oversupply, it takes time to rebalance the market”**

Patrick Pouyanné, CEO of Total, regarding the oil market

*digital*

## GOOGLE INVESTS IN INDIA'S ONLINE PAYMENTS MARKET

India has the largest biometrics database in the world. Known as Aadhaar, it has been compiling data from around the country since 2009. It will now launch an online payments interface developed by the government. This caught Google's attention, which just launched an electronic wallet system called Tez, based on this interface. But there is competition: several local companies such as Paytm and MobiKwik already offer this type of service. They all want a share of India's online payments market, which is expected to reach \$500 billion by 2020.

— ✓ GOOG

## BÂLOISE ADOPTS 3D MODELS

*insurance*

Insurance company Baloise has acquired US start-up Insurdata, which specialises in augmented reality and 3D modelling. The technology can generate data on the construction and surroundings of a building in order to better assess potential risks. For example, it is possible to predict if the building is in a flood zone or if it has structural defects that could make it unstable. This technology allows Baloise to more precisely calculate premiums for insurance purchasers, but also to implement preventative measures in order to avert a catastrophe. — ✓ BALN

## KICKSTARTER



EVSCOPE

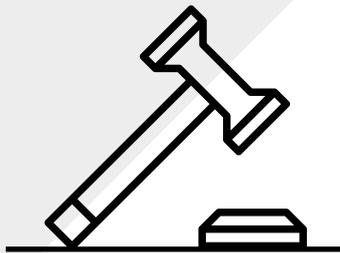
## EVSCOPE SEE THE STARS IN HD

The eVscope is the first consumer telescope with resolution close to that of professional telescopes. It uses technology that accumulates light over short periods of time using a low-light sensor, then runs the light through an algorithm to provide an extremely precise view of space. The telescope can also automatically detect and identify stars in the field of view using software to compare the data received with a database of 20 million star coordinates. Occasionally, eVscope users will receive a notification on their smartphones to use the telescope to look for a comet or an asteroid. Users can share their discoveries on a social network designed for amateur astronomers.

FUNDS RAISED  
CHF 2'128'093

AVAILABILITY  
NOVEMBER 2018

SCANS



**\$850 M**

The amount that hedge fund Red Kite is claiming from Barclays in a lawsuit taking place in London. The bank is accused of providing its traders with confidential information between 2010 and 2013 regarding the hedge fund's positions in order to bet on the price of copper.

*automotive*

**PEUGEOT GOES BACK TO BASICS**



Three years ago, Peugeot took back its pepper mills. This could be just the beginning.

SEBASTIEN BOZON / AFP

In the 19<sup>th</sup> century, Peugeot not only made cars, but pepper mills, springs and bicycles. Later, the French company manufactured razor blades and scooters. But most of its business lines were then delegated to other companies through franchising. Peugeot now wants some of them back. It has just acquired a 13.5%

stake in Sigma, a company producing Peugeot drills. Three years ago, it took back pepper mills that were sold under the Peugeot Saveurs brand. Will bicycles, manufactured by Cycleurope, and scooters, 51% owned by India-based Mahindra since end of 2014, know the same fate? *— UG*

*health*

**A MOLECULE TO CURE COCAINE ADDICTS**

Geneva-based pharma company Addex Therapeutics received a \$5.3 million grant from the US government to begin clinical trials on a new molecule called ADX71441. It has shown promising results in treating cocaine addicts by activating the GABAB neurotransmitter, which reduces nerve activity in the neurons it attaches to. It can also be used to help alcohol and nicotine addiction, as well as some forms of anxiety and depression. Clinical trials will begin in the first half of 2018.

*— APE*



**“If you’re stupid enough to buy bitcoin, you’ll pay the price for it one day”**

**Jamie Dimon,**  
CEO of JP Morgan Chase



DF

FLOP

## Dove loses some of its feminist appeal



Dove, owned by Unilever, is known for its feminist marketing approach. It created several adverts highlighting women with natural body types and received lots of praise. This spring, it hoped to repeat its success with a limited edition of its liquid soap in bottles of various heights and widths, designed to represent the diversity of women's body sizes. Critics instantly denounced

it on social media, saying the campaign was ridiculous and even insulting to women. Like Dove, Pepsi also paid for clumsily using a cause for marketing purposes, when the brand launched an advert with Kendall Jenner as the star of a protest that evoked the #BlackLivesMatter movement. Seen as a cynical appropriation of the movement, the advert was taken off the air.  UL



**“If I were a French student and I were 10 years old, I think it would be more important for me to learn coding than English”**

**Tim Cook,**  
CEO of Apple



### travel LAST CLASS

Five years ago, Delta Air Lines created “basic economy” class. Passengers who choose this class get their seats last, are not guaranteed seats next to their travel companions, and can’t even bring carry-on luggage aboard the plane. In early 2017, American Airlines and United Airlines, the two other big US air travel companies, introduced a similar offer. This mode of travel, sometimes dubbed “last class,” will expand: American Airlines and Delta announced that “basic economy” will be available on their international routes starting in 2018.

 OBSV  ACIU  SYMS

## DIY

## LAFARGEHOLCIM OPENS DIY RETAILERS

The first Disensa store in Mexico. The Swiss company will oversee 1,000 stores by the end of the year in Latin America.



LAFARGEHOLCIM

To sell as many products as possible, it's better to control the entire production and distribution chain. LafargeHolcim is well aware of this, investing in a huge network of DIY retailers in Latin America to sell its construction materials. The chain, named Disensa, is marketed to-

wards homeowners and small business owners and will be franchised. There will be 1,000 locations by the end of the year. The Swiss company even opened a training centre in Mexico for future store owners to learn business basics.

— LHN



**“We have a shadow committee made up of people below the age of 30, whose task is giving me ideas on different processes”**

Marco Bizzarri,  
CEO of Gucci



**\$9.2 BN**

The sum that military conglomerate Northrop Grumman spent to acquire Orbital ATK, one of the few companies who have a contract with NASA to transport cargo to the International Space Station.

## THE IPO

## CHINESE MICROCREDIT KING HITS THE NEW YORK STOCK MARKET

Chinese giant Qudian was just listed on the NASDAQ and raised \$900 million, making it the fourth-largest IPO of the year in the US. The company, founded in 2014, provides peer-to-peer loans. It specialises in small loans of less than \$200 and is well-regarded by students and other low-volume consumers that have trouble accessing traditional banking services. To gauge users' financial stability, Qudian analyses

their online purchasing history and information posted on social networks, relying heavily on data provided by Ant Financial, the financial branch of Alibaba. Over the first six months of the year, the Chinese company loaned \$5.6 billion to approximately 7 million people. It is benefiting from the boom in peer-to-peer loans in China, where 14% of the population have already used such loans. — LHN

60 YEARS OF ADVENTURE  
AND DISCOVERY



*SuperOcean*  
**HERITAGE**  
SINCE 1957

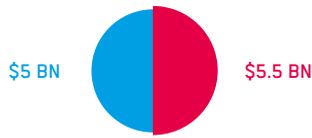
BREITLING BOUTIQUE  
AUGUSTINERGASSE 48  
ZÜRICH



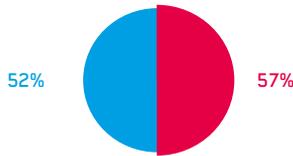
INSTRUMENTS FOR PROFESSIONALS™

THE MATCH

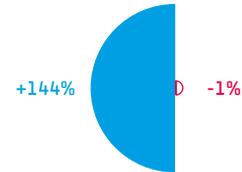
TURNOVER (2016)



NORTH AMERICAN SHARE OF SALES (H1 2017)



SHARE PRICE EVOLUTION OVER 5 YEARS (END-2011 TO END-2016)



OPERATING PROFIT (H1 2017)

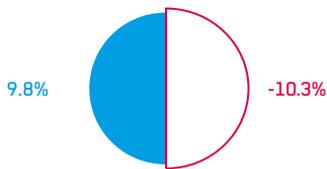


MARKET CAPITALISATION



HASBRO VS MATTEL

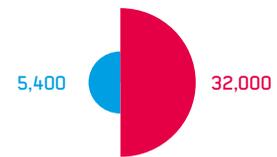
OPERATING MARGIN (H1 2017)



SHARE OF PROFITS INVESTED IN PRODUCT DEVELOPMENT (2016)



NUMBER OF EMPLOYEES



MOST VALUABLE TOY BRAND

NERF (\$297 M)



FISHER-PRICE (\$773 M)



BY BENJAMIN KELLER

US toy makers Mattel and Hasbro both want the same thing for Christmas: for Toys“R”Us to survive. The leading toy shop in the US, representing 10% of sales for Mattel and Hasbro, was declared bankrupt in September and has asked for protection to restructure its \$5 billion debt. For the moment, the toy store is still open, but its future is far from certain. Mattel is in trouble. The company, which owns Fisher-Price, Barbie and Hot Wheels,

is in receivership. Its profits haven't stopped falling since 2013 and its share price has tumbled. Known for its cumbersome administrative processes, Mattel has seen its market share in its favourite segment – girls' dolls – whittled away by Hasbro. And Barbie, its star performer, is no longer as popular as she once was.

Hasbro, which is faring better, posted more than \$5 billion in turnover for the

first time in 2016. The company, which makes Monopoly and produces films that help its toys fly off the shelves (Transformers and G.I Joe, for example), is heavily into cinema and TV and is taking advantage of the appetite for board and digital games. Its stock is climbing steadily, even though it underwent a recent correction related to the setback of Toys“R”Us.

— HAS — MAT

Sources: annual financial reports, Bloomberg, Brand Finance Toys 25 2017.



# ESCAPE & BREATHE



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Photo: Niels Ebel

# TRENDS



the figure

PETER BELLEW

## An expert at Ryanair's sickbed

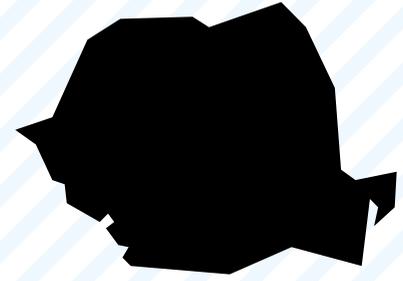
Peter Bellew, former Malaysia Airlines CEO, is returning to the fold. He was recently appointed COO of Ryanair, the low-cost Irish airline where he spent most of his career. He joined Ryanair in 2006, wearing various hats, including flight operations director, sales and marketing head, as well as recruitment and training manager. As COO, one of his major

responsibilities will be managing the fallout of the scandal concerning the cancellation of 20,000 flights as a result of pilot shortages. Mr Bellew took the reins of the Malaysian airline in 2015 – first as COO, then as CEO – in the aftermath of a double air disaster that left over 500 dead a year earlier. He put in place a massive restructuring plan, which led to 6,000 lay-offs. — RYA

**Position**  
Ryanair COO

**Age**  
52 years old

**Nationality**  
Irish



the land

ROMANIA

## This corner of Europe is on a roll

Romania is doing incredibly well. Its economy grew by 5.7% in the second quarter of 2017, versus 2.4% in the rest of the EU. In 2016, it had a growth rate of 4.8%. The country owes the robust health of its economy to the presence of a workforce that's well trained, especially in maths and science – a legacy of the Communist era. Another advantage: its people learn and speak Romance languages – from which Romanian is derived – with ease. Furthermore, salaries there are low: €318 minimum. After Bulgaria, it's the least expensive country in Europe.

These favourable conditions have led to a booming tech sector that employs around 150,000 people. It is fed by an abundance of engineers and IT professionals, as well as the widespread availability of super-fast internet. Fitbit recently inaugurated its largest R&D centre outside the United States in Bucharest, and has tripled its employees in the country this year. The manufacturing industry is also well-established: Siemens, Bosch, and Ford all have large operations in Romania.

**Population**  
19.6 million

**Per capita GDP**  
\$9,465

**Growth in 2016**  
4.8%

**Main sectors of the economy**  
Food processing, automobiles, IT, chemicals, metallurgy, pharma



*the innovation*

5G

## Huawei set to launch 5G

The latest generation of mobile-phone technology, 5G, is getting ready for launch. This standard will give users faster connectivity and more bandwidth. The Chinese company Huawei is at the forefront of this new technology. The telecommunications network giant, with a presence in 170 countries, started developing its 5G offering in 2009. This year, it has started pilot tests in Hong Kong with Hutchinson Telecommunications, and in Berlin with Deutsche

Telekom. The Berlin test allowed a 2 GB/s connection to be put into service. The Shenzhen-based company will roll out the network on a larger scale in the world's major cities by 2019. By 2020, data speeds should reach several gigabytes per second, which is 100 times faster than current 4G speeds. This technology will have particular benefits for the development of cloud computing, self-driving vehicles, virtual reality and the Internet of Things.  002502

**Company**  
Huawei

**Launch**  
2019

**Cost**  
In 2003, the company announced an investment of \$600 million



A Deliveroo rider on the streets of Edinburgh. The record losses posted by the company last year didn't stop them from raising \$385 million in September.

# Food-delivery: a race to the table

The sheer amount of funds raised by food delivery companies is proof of investor appetite for the industry.

BY JULIE ZAUGG AND BERTRAND BEAUTÉ

**W**ith smartphones, you're never more than a click and a few minutes away from a meal. As its name suggests, foodtech is where algorithms and food converge, all in an endeavour to manage your meal delivery in record time. We're not talking about the dicey pizza delivery guy in your neighbourhood but high-tech companies, and they're sprouting up all over the world.

The industry is already valued at over \$100 billion, and this is just the beginning. According to a study by Research and Markets, foodtech should be worth \$250 billion by 2022. "From 2017 to 2020, the food delivery market should grow 20% per year," explains Christoph Bast, an analyst at the private German bank Bankhaus Lampe.

Enter: investors, carrot and stick. With the exception of US-based Blue Apron's disastrous attempt to go public, recent IPOs show that food delivery companies are thriving on the stock market.

**"The only profitable markets are dense, wealthy populations like those in the UK or the Netherlands"**

Bob Liao, analyst at Macquarie Group

The German company Delivery Hero raised nearly €1 billion with its Frankfurt IPO last June. Dutch Takeaway.com launched its IPO on Euronext Amsterdam in September ▶

of 2016, and its share price has risen 75% since then. Another example is UK-based Just Eat, whose valuation has tripled since 2014. More recently, HelloFresh raised €318 million with its IPO last November.

But not all foodtech is created equal. On the one hand, there are companies such as Delivery Hero, Just Eat, GrubHub and Takeaway.com which act as intermediaries between customers and restaurateurs, who deliver the food themselves. According to Bob Liao, an analyst at Macquarie Group, “most of these food delivery platforms’ margins are 40% or even 60%.” On the other hand, there are websites like Deliveroo and Foodora that take your order, and deliver it too, which makes it much harder to bring home the bacon.

Deliveroo posted €129.1 million in losses last year, outweighing its €128.6 million in revenue (which had actually increased six-fold). But that didn’t stop the London-based company from raising \$385 million in September—a sign of strong investor confidence in the industry.



LORENZO APRA / NEWSCOM

## THREE COMPANIES TO KEEP AN EYE ON

### DELIVERY HERO

#### Best overall

Listed on the Frankfurt Stock Exchange since June 2017, the German group increased its revenue by 66% in the first half to €246.5 million. Analyst Christoph Bast at Bankhaus Lampe issued a “buy” recommendation, stating that “its profit should increase 47% per year on average between now and 2019. By then, Delivery Hero should become profitable.” The company has locations in 41 countries and is the number one player in 35 of them.

HEADQUARTERS: BERLIN (GERMANY)

EMPLOYEES: 6,848

REVENUE (2016): €297 M

— DHER

### JUST EAT

#### The most European

Just Eat focuses its business on a handful of markets in which its reign is untouchable, including the UK, Denmark and Australia. “This company earns the best profits and the highest margins in the industry—over 50%,” explains Liao.

HEADQUARTERS: LONDON (UK)

EMPLOYEES: 1,621

REVENUE (2016): £376 M

— JE

### GRUBHUB

#### The American dream

GrubHub is a leading player in the US. “Its revenue rose an average of 57% per year from 2012 to 2016,” states Christoph Bast. GrubHub’s EBIT is 76% on pick-up orders and 31% on orders it delivers. Following the acquisition of Seamless in 2013 and Eat24 in 2017, the company has been able to expand its once weak presence along the east and west coasts.

HEADQUARTERS: CHICAGO (US)

EMPLOYEES: 1,518

REVENUE (2016): \$493 M

— GRUB



Foodora employees protested against their working conditions in Turin, Italy, on 16 October 2016. Considered independent workers for the most part, delivery men and women have a poorly paid, exhausting and dangerous job.

## THE WORST JOB IN THE WORLD

To minimise employee costs and avoid purchasing vehicles, most food delivery platforms have adopted a crowdsourcing model. Specifically, companies like Deliveroo and UberEATS pay independent workers for each trip they make to pick up food at restaurants and deliver it to customers. It's a well-oiled machine – companies use their algorithms to find the person most apt to deliver in the shortest time using a car, scooter or bike. For part-time couriers, however, it's a poorly paid, exhausting and rather dangerous job. According to an article published by *the Guardian*, Deliveroo couriers have been targeted for attacks in northern London. The worst of it is that the bikes, phones and cash stolen don't belong to the company, they belong to the courier. Deliveroo offers no sick leave for couriers who have been injured in altercations during deliveries because they are not salaried employees.

### PROFIT: CERTAINLY NOT A PIECE OF CAKE

Deliveroo and Foodora are in a bind: they have to charge restaurants a commission of 30% and target high-end establishments to get out of the red. "The only profitable markets are dense, wealthy populations like those in the UK or the Netherlands," says Liao. "You can't make money in a sparsely populated or emerging market."

Moreover, people who order food online tend to pick one website and stick with it. It's usually the site that offers the greatest number of restaurants. Foodtech expert Tim

Eckert from McKinsey asserts that "there's often only enough room for one major player per country."

### Amazon is currently testing a food delivery service in the US

Vying for the biggest piece of the pie, companies increase spending on ads and marketing, thereby narrowing their margins in equal measure. But that knee-jerk reaction can lead to some fierce showdowns, like the one currently underway between Delivery

Hero and Takeaway.com in Germany. The problem is that everyone is rushing to eat up market share before the major players get to the table. Amazon is currently testing a food delivery service in the US and Uber has been running a similar service dubbed UberEATS since 2015. And now Facebook is looking to join the feast. The social network started offering its American users the opportunity to submit food orders directly on its website which are then directed to partner companies such as Delivery.com, EatStreet, DoorDash, ChowNow and Olo. Existing food delivery companies certainly won't get a free lunch in this business. ◀

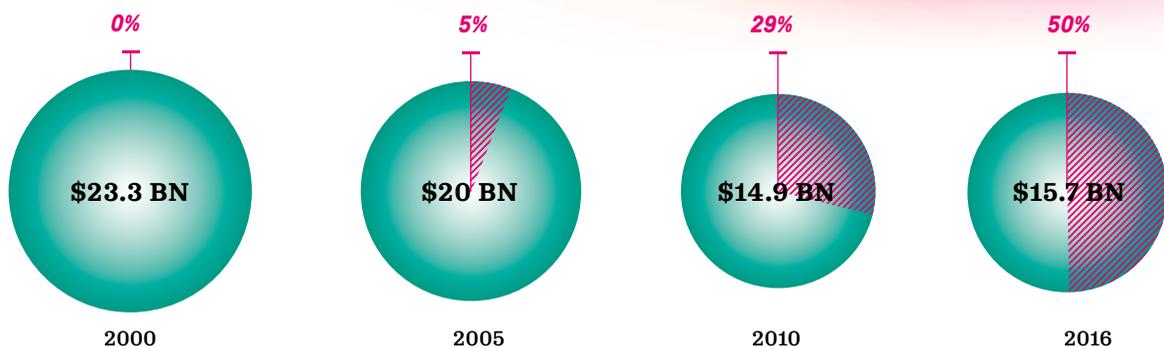
# Music streaming: who benefits?

The music industry is making a comeback with the widespread surge in streaming. The upward trend is music to the ears of major record labels like Universal Music Group, while streaming platforms such as Spotify are racking up losses.

BY BERTRAND BEAUTÉ

## THE MUSIC INDUSTRY'S ROLLER COASTER RESULTS

● Turnover (in \$)    ■ Digital share (streaming and downloading)



**I**t's a broken record that is finally coming to an end. The struggling music industry started changing its tune in 2016, posting turnover of \$15.7 billion, a 5.9% growth compared with 2015. This is the strongest moment since the International Federation of the Phonographic Industry (IFPI) started publishing worldwide music figures in 1997. "After years in the red, the industry is recovering," says an overjoyed Ivo Sacchi, president of the IFPI's Swiss subsidiary and managing director of Universal Music Switzerland. "All current figures illustrate a consistent upward trend, and I am persuaded that growth in 2017 will be even better."

Grégoire Revenu, managing partner at the investment bank Bryan, Garnier & Co. shares Sacchi's opinion. According to Revenu, "we are witnessing a market reversal. After being the biggest losers in the first wave of the digital revolution, major labels like Warner, Sony and Universal are the first to benefit from rising profits linked to the boom in streaming."

With the various streaming platforms available, the most popular of which are Spotify, Apple Music, Amazon Music and Deezer, music streaming rose 60.4% last year to reach \$4.6 billion in turnover. CD sales, however, continued to plummet over the period.

## **At Universal Music, the revenue jumped 15.2% for the first half of the year**

"2016 figures are noteworthy in more ways than one," Sacchi says. "First of all, the music industry became stable again for the first time since 2000. Digital sales overshadowed physical album sales, and, within

digital sales, streaming replaced downloading. Streaming sales have become the primary growth driver for our industry and they will only continue to rise."

Growth potential appears to be colossal. At end-2016, a mere 112 million people paid for subscriptions to music streaming platforms worldwide, whereas there were 900 million using free services, with YouTube in the lead. "The challenge is getting consumers to pay for streaming services," explains Guillaume Leblanc, managing director of SNEP, the representative body for the French recording industry. "I'm pretty confident, however, because the technology encourages people to subscribe." It's certainly divine intervention for the holy trinity of record labels—

Universal, Sony and Warner—who lay claim to two-thirds of the world's music revenue. As a result, their turnover has sky-rocketed: at Sony Music, it shot up 18.8% year-on-year in Q1 2017; at Universal Music, it jumped 15.2% for the first half of the year; and at Warner Music, it was up 13% in Q2. Just like Credit Suisse, Societe Generale issued a memo in May 2017 (see inset below) including a "buy" recommendation for Vivendi, which owes 49% of its turnover to Universal Music Group (UMG), its subsidiary. Analysts claim that Vivendi "should profit from current upward trends in the music industry."

But there's a catch. "The upturn is real, but it's standing on shaky ground," warns Xavier Filliol, co-president of the Audio Digital commission ▶

### **ANALYST ADVICE**

#### **FULL STREAM AHEAD FOR VIVENDI**

Credit Suisse has changed its tune with regard to Vivendi. The bank has completely upended its recommendation, upgrading the company from an "underperform" to an "outperform" rating, with a target price of €23.40. "Vivendi's main business is music thanks to its subsidiary Universal Music Group, and with its positioning in the streaming industry we expect its revenues to soar in the coming years," says Julie Saussier-Clement, analyst at Credit Suisse. "While the physical market continues to contract, streaming is on the rise. Universal holds 30% of the global market and is well positioned to benefit from this trend."

As in many sectors, China could play a major role. "Streaming is already the preferred way to listen to

music over there, with very few people actually paying for it," continues Julie Saussier-Clement. "Nonetheless, the desire of the Chinese government and major record labels to fight against piracy could benefit Universal, especially as the label is looking to develop the careers of local artists. China's impact on Universal's business will thus be a major, long-term one." Credit Suisse's figures show that the market of users who pay for streaming services in China should jump from \$60 million in 2016 to \$1 billion in 2024.

The bank also has an optimistic outlook on Vivendi's second source of revenue: the pay-TV channel Canal+. "Despite a few difficult years, we believe this channel's situation will stabilise, rather than drag the group down," says Julie Saussier-Clement.



## SCRUTINY FOR YOUTUBE

According to Guillaume Leblanc, managing director of SNEP, the representative body for the French recording industry, “YouTube is the most popular streaming platform in the world, and yet, paradoxically, it pays labels the least.” With 900 million users listening to music on YouTube, labels made only \$553 million last year. When compared to the \$3.9 billion in income from 212 million subscribers paying for streaming services (source: IFPI), the system appears to require some fine-tuning. “This situation is unacceptable for the music industry,” insists Leblanc. “Google can’t be allowed to pay us peanuts.”

at GESTE, a French group of online service editors. There has to be some perspective on the industry’s performance, which still falls very short of that registered in its heyday. At the apex of its success, the music industry generated nearly \$24 billion a year, a far cry from last year’s \$15.7 billion (see chart on p. 70).

Additionally, analysts have doubts regarding whether or not the streaming business model is sustainable. “Deezer, Tidal, Spotify, Pandora and all of the other streaming companies are losing money,” underscores Filliol. “It’s not as obvious with Apple Music, Amazon Music and Google Music because their parent companies have other businesses that compensate their losses.”

Grégoire Revenu maintains that this scenario is the product of two problems: “Firstly, streaming platforms have to pay a fortune in royalties. Spotify has paid out over \$5 billion since it was founded, and has promised to pay a minimum of \$2 billion for 2017 and 2018. Secondly, customer onboarding costs are particularly high in this business, to the tune of \$20-\$40 in marketing per user. Margins are therefore non-existent.”

In this context, despite soaring subscriber figures and €3 billion in turnover, up 50% year-on-year, Spotify—the no. 1 streaming service worldwide—keeps burying itself deeper in operating losses. What’s more, that figure leapt from €231 million in 2015 to €539 million in 2016. Spotify’s competitors are in the same



The creator of Spotify, Daniel Ek, at a press conference in Tokyo in 2016. The Swedish streaming platform posted a turnover up 50% last year, but continues to bury itself deeper in losses.

boat. “As long as streaming platforms are in the red, the future of the music industry is a house of cards,” insists Filliol.

But Ivo Sacchi disagrees. “Many of the world’s biggest companies started out accruing debt. It’s only a matter of time before streaming platforms start making money. We believe Spotify has a future.”

#### PLAYING IT BY EAR

But what business model would that future be based on? “In the long-term, the distribution of turnover between major record labels and streaming platforms may become more balanced,” suggests Grégoire Revenu. “I think platforms will evolve through diversification, especially in digital marketing, which involves

suggesting products according to users’ music preferences,” he says. In practice, listening to music on apps like Spotify enables companies to create individual music profiles for each customer. These profiles are then used to suggest other artists for the user to listen to as well as other products completely unrelated to music that the user can buy. It’s a “tell me what you listen to and I’ll tell you what you buy” philosophy.

“Turnover from Spotify’s digital marketing went from \$100 million to \$300 million in just two years,” Revenu continues. “We’re only starting to scratch the surface of what this business is worth. It could ultimately bring in billions.” In the meantime, streaming plat-

forms are whistling in the dark. Microsoft announced that it’s pulling out of the sector, pulling its streaming service Groove Music on 31 December 2017. Pandora Media, which is listed on the NYSE, is seeking a lifeline, rapper Jay-Z’s streaming company Tidal is struggling to lure subscribers, and SoundCloud was bailed out at bankruptcy’s door in August 2017 after having let go 40% of its employees. Who will make the cut and who’ll be sent packing? “Nothing is written in stone,” highlights Revenu. For the time being, Spotify—which is set to launch a direct listing soon—is way ahead of Apple Music and Amazon Music. This triad represents 80% of the market. As for the others, industry consolidation appears to be unavoidable.” ▲

**“Turnover from Spotify’s digital marketing went from \$100 million to \$300 million in just two years”**

Grégoire Revenu, managing partner at Bryan, Garnier & Co.



#### PIRACY STRIKES A SOMBRE CHORD

According to an IFPI report published in September 2016, 40% of consumers listen to music illegally by “stream-ripping”, or stealing content from streaming platforms. That figure rises to 53% among consumers aged 16–24. Needless to say, labels are less than thrilled. They managed to close down the website YouTube-MP3.org this year after a long legal process. As its name suggests, this platform enabled its 60 million single visitors per month to convert YouTube videos into audio mp3s. And there are many others.

“Copyright infringement is still a huge problem and we will keep fighting against piracy,” reiterates

Ivo Sacchi, president of the IFPI’s Swiss subsidiary and managing director of Universal Music Switzerland. “What we need are stricter laws that make web hosts liable when they encourage copyright infringement.”

According to the study, search engines “play a key role in copyright infringements”, as 54% of illegal downloads start with a Google search for the right website to download from. “Search engines have a major role to play in this fight,” asserts Guillaume Leblanc, managing director of SNEP, the representative body for the French recording industry. “They need to filter illegal sites from their search results.”





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# ANALYSIS

THE POINT OF VIEW OF SPECIALISTS

FOCUS

## The emergence of humanitarian finance

Impact investing provides the opportunity for attractive returns whilst financing environmental or social projects. And it's millennials and women who are the greatest fans of this type of finance.

BY JULIE ZAUGG

**D**o good whilst getting good financial returns. This is the aim of impact investment products. "This term appeared a decade ago but the sector didn't really take off until three or four years ago," explains Ben Thornley, a managing partner at Tideline – a consulting firm specialised in this type of investment.

The large institutions started to offer this type of product as they were facing increasing demand from investors. "UBS, Deutsche Bank, Morgan Stanley and Blackrock all created funds or departments dedicated to impact investment,"

adds Thornley. He estimates that the market is currently worth approximately \$140 billion, and specifies that this is a low estimate.

**In a financial crisis, impact investments are less risky than other types of investment products**

In real terms, this sector includes all investments in products that have a

positive social, humanitarian or environmental impact. "Impact investing can take many forms, such as taking a stake in the debt of an emerging country, a loan to an NGO that is aiming to provide better access to clean water, an investment in a micro-finance company or an investment in a company that manages affordable housing," explains Jed Emerson, a financial advisor specialised in this sector. Moreover, there are funds that enable investment in a raft of projects linked to reducing CO<sup>2</sup> emissions and green energy, such as the one launched in 2015 by the Californian-based group DBL Partners.





MARI MORTVEDT / CICR

The International Committee of the Red Cross has launched a bond to finance rehabilitation centres in three African countries.

In the same vein, social impact bonds also enable investment in social or humanitarian projects. The returns generated rely entirely on the success of the initiatives, which is measured by an independent body.

#### THE ICRC LEADS THE WAY

The International Committee of the Red Cross has just launched a bond that is intended to finance its rehabilitation centres in the DRC, Mali and Nigeria for victims of war. If the organisation reaches its objectives for the number of prosthetics provided, investors will receive an annual return of 7%. If this objective is not met, investors could stand to

lose up to 60% of their investment. The ICRC will also be penalised. At a global level, the World Bank launched a bond this summer to raise 500 million dollars of funding for an organisation that coordinates the international response to a pandemic.

Who is interested in impact investing? “More and more millennials and women are investing, and they are particularly enthusiastic about impact investment products,” says Ben Thornley. Institutional investors, such as insurance companies and pension funds, are also amongst those investing in impact investment,

as are certain wealthy families who are “ready to take more of a risk if they can invest in areas or projects that match their values,” explains Jed Emerson.

Choosing this type of investment could also be an intelligent way of diversifying your portfolio. In a financial crisis, impact investments are less risky than other types of investment products. “The performance of social impact bonds or investments linked to microfinance are not directly linked to the markets,” says Emerson. “These investments are barely affected by sudden movements on the stock markets.” ▲

## INVESTOR INTERVIEW

# “Long-standing players in the energy industry were wrong”

Power companies involved in the transition towards renewable energy have exceeded performance expectations. Swiss companies, however, are navigating a difficult road.

BY BERTRAND BEAUTÉ

Investing in power companies involved in renewable energy is a good idea. This is the main thrust of a study published in October by the Institute for Energy Economics and Financial Analysis (IEEFA). The authors came to this conclusion by studying the strategy and stock-market performance of 11 power companies worldwide. Their results show that the eight companies that delayed the most in turning towards renewable energy lost a cumulative two-thirds of their market capitalisation – or \$185 billion – between 2007 and 2016. **In contrast, the three companies most committed to renewable energy – the Italian firm Enel, the US firm NextEra and the Australian firm AGL – increased their market cap by \$27 billion over the same period, for a total average gain of 29.5%.** Fabien Roques, executive vice president of the US consulting firm Compass Lexecon and an expert on energy who previously worked for SwissElectric and other Swiss power companies, explains the decline.

## Do the Institute for Energy Economics and Financial Analysis' numbers shock you?

No. Most of Europe's energy giants have missed the boat when it comes to renewable energy. A decade ago, these companies still thought that solar and wind energy would take a long time to really get going. They were wrong. The decrease in production costs for renewable energy happened much quicker than they anticipated. For the past few years, these companies have been trying to make up lost ground by investing heavily in renewable energy. But they have missed a rapidly growing market. They now face competition from new players in the wind- and solar-energy industries, as well as from consumer-producers who have installed their own photovoltaic panels. Plus, subsidies for renewable energy have caused the price of electricity in Europe to tumble. As a result, the value of long-standing players has taken a considerable beating.

## What is the situation in Switzerland?

From an environmental point of view, we can't say that Swiss firms have missed the boat when it comes to the energy transition, because the starting point isn't the same. Unlike its European neighbours, a large part of Switzerland's electricity already comes from non-fossil-fuel sources, thanks to its hydroelectric dams. Investment in wind and solar energy was therefore less justified than in Germany, for example. Plus, Switzerland isn't known for being a particularly windy or sunny country... But in the end, Swiss power companies, like their European counterparts, are feeling the full impact of renewable energy's rise in popularity and the reduction in electricity prices on the markets.

## How do you explain such a debacle?

The electricity market in Switzerland was partially liberalised on 1 January 2009, meaning that large clients with annual consumption greater than 100 MWh can now freely purchase their power on the market. But the price per kWh tumbled on the European stock markets, due in particular to the development of renewable energy. At current prices, the electricity produced by dams is no longer profitable, and Swiss power companies that depend on the wholesale market – such as Alpiq and Axpo – have a very difficult path to walk. However, companies that supply captive clients, for whom prices are fixed, have been able to mitigate the impact of changes in the market. ▲



**Fabien Roques**  
Executive Vice-President  
Compass Lexecon



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## DOSSIER

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# SWITZERLAND IS BREAKING NEW GROUND

**The big names in Swiss industry aren't the only ones investing in R&D. In the shadow of the giants, less prominent companies are leaving the beaten track and performing well on the stock exchange.**

“ You could have a brilliant idea, an amazing technology, but completely miss a market.” Interviewed in this issue, André Kudelski, Switzerland's new “Mr Innovation”, makes a good point. A great concept does not necessarily lead to commercial success. Thankfully, this is not the case for the companies featured in this dossier. Their innovative aspect is clearly contributing to the country's economic success.

It must be said that in terms of innovation, Switzerland is a global >

role model. It placed at the top of the Global Innovation Index in 2017, for the seventh consecutive year. The country largely owes its good technological health to its national giants, such as Novartis, Roche, Nestlé and Syngenta, which invest heavily in research and development. But there's more to it than that. Numerous smaller or less well-known businesses are also developing disruptive technologies.

For this edition's dossier, we have decided to put aside the big names. Instead, we have chosen 25 hidden Swiss treasures that should continue to enjoy growth in 2018. A selection of promising small businesses, but also some "hidden champions", or simply leaders in their field.

Our panel lists the forces that contribute to Switzerland's success. Unsurprisingly, the pharmaceutical industry is over-represented, featuring companies such as Basilea and ObsEva, which are developing revolutionary treatments. Precision engineering and electronics also feature strongly. One example is LEM, which develops current and voltage transducers. Another is Komax, specialised in manufacturing and testing electrical cables. Both of these companies are benefiting from current market demand in areas such as the development of electric and hybrid cars.

But, more to the point, would the firms on our list make good investments? To help us decide, we have divided them into three categories. The "wild cards" are risky stocks, whose prices could rise significantly in 2018, but which could equally meet a less fortunate fate. The "safe bets" are reasonable options for investors, especially for the long-term. And as for the "best picks" – a rather subjective selection – these are the firms which our editorial team have fallen in love with, and which we believe represent great opportunities for investment. ▽

## GLOBAL RANKINGS

# SWITZERLAND IN FIRST PLACE

Switzerland tops the charts for competitiveness, but not without showing a few signs of weakness

BY BENJAMIN KELLER

## PATENTS BY THE THOUSANDS

Patent applications by country in 2016

by millions of residents



Sources: European Commission, European Innovation Scoreboard 2017; Swiss Secretariat for Education, Research and Innovation (SERI) 2016; OFS; European Patent Office; WIPO, Insead, Johnson Cornell University, Global Innovation Index 2017; IMD, World Digital Competitiveness Ranking 2017

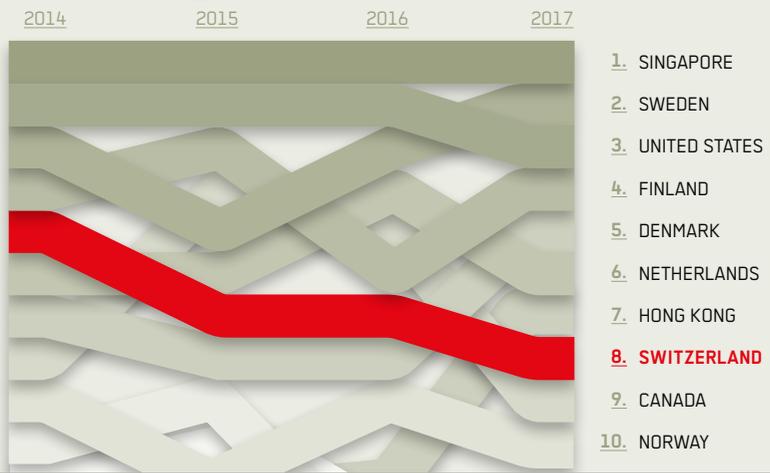
## UNDISPUTED LEADER OF THE GLOBAL INNOVATION INDEX

This annual ranking established by the World Intellectual Property Organization (WIPO) considers many criteria, such as political stability, education spending, R&D investments, level of tertiary education, ease of getting credit and environmental performance



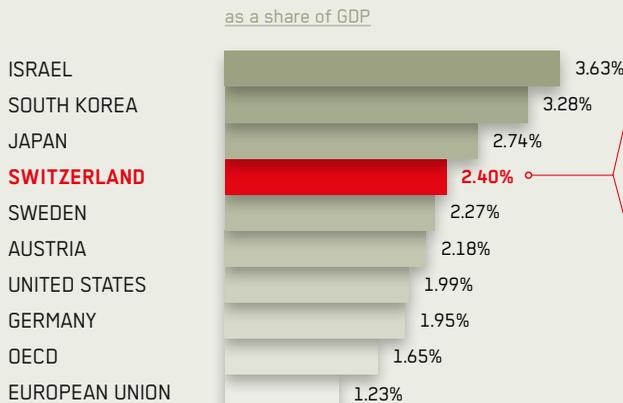
## LAGGING BEHIND IN DIGITAL TECHNOLOGIES

Results of the IMD World Digital Competitiveness 2017 rankings show that Scandinavian countries are beating Switzerland. Denmark is making huge strides.



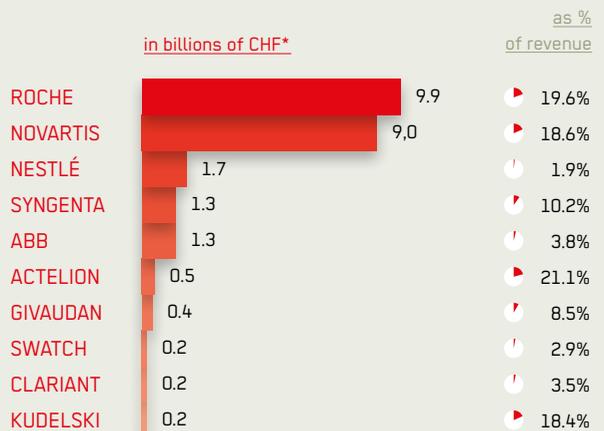
## MAJOR R&D INVESTMENTS

Domestic spending in research and development by private companies in 2015, by country



## FIGURES BOOSTED BY PHARMAS

R&D spending by company in 2016



\*Dollar amounts have been converted into CHF (exchange rate as of 28.10.2017)

# 25 SWISS GEMS

Many Swiss companies shine in niche sectors. Here is our selection.

BY BERTRAND BEAUTÉ AND LUDDVIC CHAPPEX

 **Best pick**

 **Safe bet**

 **Wild card**

 **OBSEVA**

## HELPING WOMEN

The Geneva-based start-up has everything it needs to become an American success story

From the ashes of Merck Serono rose what could be a gem: ObsEva. “This start-up has everything it needs to succeed,” said Raghuram Selvaraju, analyst at H.C. Wainwright & Co. “In particular, its management team is very effective.”

Founded by former employees of the now-defunct big pharma company, ObsEva develops treatments for

illnesses specific to women. One of the three molecules in its pipeline is particularly promising. Dubbed OBE2109, this drug candidate aims to treat endometriosis, a gynaecological condition in which uterine tissue grows outside the uterus.

**“THE POTENTIAL MARKET IS VERY LARGE”**

“This condition currently has no treatment other than surgery. It’s not fatal, but can be extremely debilitating for patients,” explained Selvaraju. “Furthermore, endometriosis affects millions of women.

The potential market for this drug is very large.” OBE2109 is waiting to receive market authorisation. “The failure rates seem quite small,” said Selvaraju. “The

initial studies showed no side effects and it looks like it will get the green light.”

Investors made the right choice. In January 2017, ObsEva raised close to \$100 million when it went public

on NASDAQ. In terms of competition, two Anglo-Saxon companies (Myovant and AbbVie)

develop compounds similar to OBE2109. “But in my opinion, ObsEva is the best of the three,” said Selvaraju. He recommends taking advantage of the opportunity, especially since the company “doesn’t have a high profile.” “American investors aren’t aware of ObsEva because it’s based in Switzerland,” said Selvaraju.

“Compared to an identical company based in New York, ObsEva is undervalued.”  **OBSEVA**

<b>FOUNDED</b> 2012
<b>HEADQUARTERS</b> PLAN-LES-OUATES (GE)
<b>EMPLOYEES</b> 27
<b>2016 REVENUE</b> NONE
<b>CAPITALISATION</b> \$350 MILLION



KARDEX

**FOUNDED**  
1977

**HEADQUARTERS**  
ZURICH  
(ZH)

**EMPLOYEES**  
1,550

**2016 REVENUE**  
€358.5 MILLION

**CAPITALISATION**  
CHF 870 MILLION

## MADE-TO-MEA- SURE LOGISTICS

This firm develops automated storage and material handling solutions

How can you optimise warehouse and factory storage space, while also organising the automated sorting and handling of goods? The Kardex group has the answer to this question. It develops made-to-measure machines and solutions for its clients, which include large companies such as BMW, Gillette, Caterpillar and British American Tobacco. This business sector, known as intra-logistics, has benefitted from the boom of e-commerce, which forces companies to optimise the management of their sorting centres, and, most importantly, reduce employee numbers as far as possible. The vertical carousel (goods lifts) market in particular is developing exponentially. A new study shows that this sector should grow by 6% every year between now and 2021.

“Kardex is a very interesting long-term investment opportunity. In the space of a few years, the group’s management has done great work and put the company on the right track,” states Michal Lichvar from Vontobel. In addition to designing and manufacturing carousels and automatic sorting systems, Kardex manages the installation of its tools, along with the corresponding software optimisation, which are adapted to its clients’ needs. These training and maintenance services are a real boon to the Zurich-based company: “28% of Kardex’s revenue comes from services,” notes Robin Seydoux from Research Partners. “It’s clearly a company that merits recommendation, although, for the moment, it’s a little expensive in my opinion.”

— KARN

**“THE GROUP’S MANAGEMENT HAS DONE GREAT WORK AND PUT THE COMPANY ON THE RIGHT TRACK”**

Kardex systems are used by major companies such as BMW, Gillette and Caterpillar.

KARDEX



**BASILEA PHARMACEUTICA**

## PROMISING ANTIBIOTICS

The Basel-based firm is marketing two new drugs to treat infections

The World Health Organization (WHO) made it a priority to combat the spread of antibiotics-resistant bacteria by urging companies to quickly develop new molecules. “There is an urgent need for more investment in research and development for antibiotic-resistant infections, otherwise we will be forced back to a time when people feared common infections,” said Dr Tedros Adhanom Ghebreyesus, director-general of WHO, in a report from September 2017.

“Basilea is one of the few companies in the world committed to developing new antibiotics and antifungals,” said Bob Pooler,

analyst at ValuationLAB. Since 2016, the Basel-based laboratory has marketed two new drugs: Cresemba (an antifungal) and Zevtera/Mabelio (an antibiotic). The company’s books, however, are in the red, with a loss of 51.3 million Swiss francs in 2016. But Bob Pooler isn’t concerned: “I recommend this company, because its molecules will be successfully marketed worldwide thanks to solid partnerships like the ones it has with Astellas and Pfizer.

Basilea also has two cancer drugs in its pipeline, which are currently undergoing clinical trials. “If the development of these drugs is successful, Basilea’s share price will increase substantially,” said Pooler.

— BSLN

**“IT’S ONE OF THE FEW COMPANIES THAT IS DEVELOPING NEW ANTIBIOTICS”**

<b>FOUNDED</b> 2000
<b>HEADQUARTERS</b> BASEL (BS)
<b>EMPLOYEES</b> 230
<b>2016 REVENUE</b> CHF 66 MILLION
<b>CAPITALISATION</b> CHF 911 MILLION

Autoneum is the world leader in acoustic and thermal insulation components for the automotive industry.

**“AUTONEUM OUTPERFORMS ITS COMPETITION IN TERMS OF R&D”**

AUTONEUM



**AUTONEUM**

## THE ELECTRIC CAR CHALLENGE

The vehicle components manufacturer turns to electric mobility

Autoneum, the global leader in acoustic and thermal solutions for vehicles, is now facing a new market. The expected disappearance of combustion engines and the arrival of electric and hybrid vehicles is forcing it to alter its offering. “Autoneum should expect some of its products, such as noise



**FOUNDED**  
2011

**HEADQUARTERS**  
WINTERTHUR  
(ZH)

**EMPLOYEES**  
11,725

**2016 REVENUE**  
CHF 2.15 BILLION

**CAPITALISATION**  
CHF 1.2 BILLION

and heat insulators for combustion engines, to gradually become obsolete. However, it will win new markets," states Michal Lichvar from Vontobel bank. "In electric vehicles there are other noises, such as those made by the chassis. Autoneum develops a whole range of parts, including vehicle underbodies which also enhance aerodynamics."

This solidly-managed company is

considered extremely innovative, as much for its production processes as its constant development of new products, which are increasingly light and more noise absorbent. Moreover, they use more and more parts made from recycled materials. "Autoneum's leading position enables it to substantially outperform its competition in terms of R&D," asserts analyst Torsten Sauter from Kepler Cheuvreux. "We expect

growth above the market average, of 4% to 5%, with an EBIT margin of over 8%." There is still the difficult economic situation in the US to overcome, where vehicle sales are falling and Autoneum is particularly exposed in terms of production. This latter aspect has momentarily inspired restraint among analysts, even though the company's fundamentals are not in question.

— AUTN

♥ U-BLOX

# THE EXPERT IN WIRELESS TECHNOLOGIES

The Zurich-based electronic parts developer is banking on the smart objects boom

This EPFZ spin-off isn't very well-known, despite its market capitalisation that now exceeds 1.3 billion Swiss francs. Based in Thalwil in the canton of Zurich, U-Blox develops chips and modules designed for geolocalisation and other wireless technologies.

The products are used both in mass consumer products and industrial tools.

“As smart objects gradually enter the market in the coming years, particularly

self-driving cars, U-Blox is a unique long-term opportunity,” said Torsten Sauter, analyst at Kepler Cheuvreux. “It is the leading company in the geolocalisation market (ed. note: with a market share of around 45%, excluding smartphones and tablets)

and a rival when it comes to other wireless solutions.”

The high added value of U-Blox's products allows

for a very significant gross margin of over 40%. But to maintain its

rank at the top, U-Blox invests a substantial portion of its profits into research and development – currently 18%, according to CEO Thomas Seiler.

Despite promising outlooks, analysts are careful in the short term, particularly because the company is highly sensitive to exchange rates. A full 85% of its revenue is in dollars, but it produces products primarily in Switzerland. “This isn't a risk-free investment,” said Sauter. “But we believe that the current share price reflects this.” 

**“U-BLOX IS A UNIQUE LONG-TERM OPPORTUNITY”**

U-BLOX



<b>FOUNDED</b>	1997
<b>HEADQUARTERS</b>	THALWIL (ZH)
<b>EMPLOYEES</b>	900
<b>2016 REVENUE</b>	CHF 360.2 MILLION
<b>CAPITALISATION</b>	CHF 1.3 BILLION

U-Blox's chips and modules are integrated into consumer products as well as industrial tools.

The company, headed by Marco Gadola, is one of the most profitable in the medical field.



**STRAUMANN**

**FOUNDED**  
1954

**HEADQUARTERS**  
BASEL  
(BS)

**EMPLOYEES**  
3,800

**2016 REVENUE**  
CHF 917.5 MILLION

**CAPITALISATION**  
CHF 11 BILLION

## A LEADER HUNGRY FOR MORE

The dental implants manufacturer has seen incredible growth

Year after year, things are becoming quite similar for Straumann. In this case, that's a very good thing. After tripling its profits in 2016, up to 230 million Swiss francs compared to 72 million in 2015, the global leader in dental implants, with a 23% market share in 2016, is having an excellent 2017. Over the first nine months, its revenue was up 18.7%, even though the industry was only expected to grow by 3% or 4% in 2017. "Straumann is one of the most profitable companies in the medical industry, with a margin close to 20%," said Jérôme Schupp, independent analyst. "On the stock market, it is one of Switzerland's biggest successes." Over the last five years, its share price increased seven-fold.

To what does Straumann owe its success? The Basel-based company

that manufactures teeth replacement solutions is better positioned than its competition. Its offerings include both premium and more affordable products, making it possible to bring in revenue from all over the world.

"Straumann is also highly innovative in order to stay on the cutting edge of new technologies," said Schupp. "That's important because even though it may seem insignificant, the dental replacement sector is actually a rather technical industry." The company recently launched new products, notably the Bone Level Tapered (BLT) implants. Furthermore, when a potential competitor develops a new procedure, the Swiss company doesn't hesitate to get involved. In June 2017, Straumann took a 35% stake in Rapid Shape, a German manufacturer of 3D implants for the dental market. 

**"STRAUMANN IS ONE OF SWITZERLAND'S BIGGEST SUCCESSSES"**



After a difficult period following the 2009 crisis, the family business has done brilliantly in the past five years.



**“BOBST IS HEAD AND SHOULDERS ABOVE THE COMPETITION”**



**BOBST**

## PACKAGING 4.0

The renowned packing machine manufacturer has managed a spectacular technological reinvention

“An undervalued share and an underestimated company, including by professional investors.” This is how Remo Rosenau from Neue Helvetische Bank describes Bobst. “This company has an excellent track record, it never stops innovating and its management is extremely competent,” continues the analyst. “Bobst is head and shoulders above the competition.”

The family firm from Vaud, currently being run by family heir Jean-Pascal Bobst, has a glowing track record. It has done brilliantly for the past five years, after surviving a delicate restructuring period in the shadow of the 2009 crisis. Last year, its turnover grew by 8.7% and its operating profit is currently close to 8%. In other words, Bobst easily dominates its segment; the machines sold by the Swiss man-

ufacturer currently produce more than 50% of the world’s cardboard packages and plastic containers. In addition, they can be used to produce labels, bags, or adhesive strips.

In just a few years, this company from Mex, in the Vaud region, has totally revamped its production system. Two-thirds of its machines are now assembled abroad, in its factories



BOBST

**FOUNDED**  
1890

**HEADQUARTERS**  
MEX  
(VD)

**EMPLOYEES**  
5,055

**2016 REVENUE**  
CHF 1.45 BILLION

**CAPITALISATION**  
CHF 1.7 BILLION

in China, Brazil, Europe or India. In addition, Bobst is positioning itself as a pioneer in digital innovation: the myBobst platform allows its clients to order spare parts and to access technical advice – an optimised after-sales service that helps the Swiss firm to distinguish itself even further from the competition. It's a winning strategy: the service sector currently makes up over a fourth of its revenues. 

**FOUNDED**  
2006

**HEADQUARTERS**  
PLAN-LES-OUATES  
(GE)

**EMPLOYEES**  
30

**2016 REVENUE**  
€5.9 MILLION

**CAPITALISATION**  
€85 MILLION



**GENEURO**

## A REVOLUTIONARY DRUG

GeNeuro is developing an unprecedented treatment for multiple sclerosis

It was a big disappointment: on 28 August, GeNeuro published clinical trial results showing no statistical difference between its drug and a placebo. The consequences were felt immediately: the share price dropped by 50% on Euronext. "The company will have to start another phase II trial," said Olivier Garnier, co-founder of Bryan, Garnier & Co, the bank that assisted GeNeuro during its IPO. "This means the drug won't be on the market until 2024 at the earliest."

But analysts remain positive. "Even though it's risky, I think it's a good investment," said David Sherman of LifeSci Capital. "GeNeuro is developing a radically innovative treatment. It's a pioneer in the industry." The Geneva-based company is testing a drug to treat multiple sclerosis – a disease that causes neural degeneration. But unlike treatments currently available that attack patients' immune systems and only reduce the progression of the disease, GeNeuro's drug seems to fight the actual cause of multiple sclerosis.

"I really like this company in particular because it offers a ground-breaking, innovative approach," said Garnier. "If its treatment reaches the market, this terrible disease could be cured." GeNeuro would also conquer a gigantic

market: as the second leading cause of disability among young people after road accidents, multiple sclerosis affects 2.5 million people around the world. According to estimates, the market is worth \$20 billion a year. 

**"THE COMPANY IS A PIONEER"**


**SANTHERA PHARMACEUTICALS**

## FIGHTING RARE ILLNESSES

For this laboratory active in a niche market, 2018 is going to be a pivotal year

“I would recommend buying shares, but only to investors who can bear the risk,” warns Bob Pooler, analyst at ValuationLAB. As with many pharma companies, Santhera greatly depends on the results of its clinical trials. For example, in September 2017, the Committee for Medicinal Products for Human Use (CHMP) rejected Santhera’s flagship product, Raxone, which made its stock plummet by 60%. This is certainly bad news but could also be an opportunity: “At today’s price, the Santhera pipeline is practically free,” continues Pooler. “If the CHMP’s next decision (expected early 2018) is positive, we could see a sharp revaluation.”

After all, the Santhera pipeline looks promising. The Basel-based laboratory is developing two compounds designed to treat rare illnesses. The first, Omigapil, is still in the development stage. The second, Raxone, was approved in 2015 for the treatment of Leber’s Hereditary Optic Neuropathy (LHON). In 2016, it generated a revenue of 19 million Swiss francs. Santhera now wishes to expand its application to treat other pathologies, in particular Duchenne Muscular Dystrophy (DMD). “This is the only laboratory in the world that is currently testing a molecule to fight against DMD. It’s very promising,” emphasises Dr David Sherman, analyst at LifeSci Capital. “But

researchers at Santhera don’t yet have enough data. The only question is: when will their research end?”

— SANN

**“AT TODAY’S PRICE, THE SANTHERA PIPELINE IS PRACTICALLY FREE”**

Santhera: a risky bet but one that can pay off big.

**FOUNDED**  
2004

**HEADQUARTERS**  
LIESTAL  
(BL)

**EMPLOYEES**  
80

**2016 REVENUE**  
CHF 19 MILLION

**CAPITALISATION**  
CHF 215 MILLION



ANDREAS MEIER / REUTERS

# “Swiss firms could reap benefits from the fourth industrial revolution”

The new digital wave could open many doors for Swiss companies. The president of EPFL explains.

BY BENJAMIN KELLER

A true expert in the current climate of the Swiss economy, the head of EPFL, Martin Vetterli, sees great opportunities in digital innovation, particularly artificial intelligence. The following is an interview with him.

**American and Asian firms dominate the digital sector, and particularly artificial intelligence. Switzerland is lagging behind. Why is this?**

We are paying for our shortcomings in the past. Like in the rest of Europe, Switzerland undertook its digital transformation far too late. In the United States, computer science departments boasting leading researchers have been around since the 1960s. In Switzerland, we waited until the 1980s for small departments to see the light of day. We are now trying to make up for lost time. But there is a fair amount of catching up to be done.

**Do you think the solution lies in schools?**

Schools are part of the solution, but so are the environment and frame-

work conditions for start-ups. There is much need for an eco-system, and it is currently in the process of being set up. I am optimistic.

**How many students take classes in this field at EPFL?**

More than 400 students are enrolled in the machine learning course (editor's note: automatic learning, one of the fields of study in artificial intelligence). It is one of the biggest courses ever given at EPFL. This autumn, we also launched our first master's programme in data science, which already has 65 students.

**In which sectors of activity is there a distinct lack of experts, and in which fields are more students needed?**

Data science, cybersecurity and fintech (editor's note: financial technologies) are disciplines that touch on various domains. The need is not limited to hard-line IT, but also covers quantitative methods that can be applied to different areas of industry and the economy. Students in these kinds of fields find work before even finishing their degrees. I have met a large

number of people from industry and the need for digitalisation seems to be widespread.

**What are the most promising prospects?**

Switzerland can play a significant role if it manages to combine the fourth industrial revolution with the sectors in which its companies have historically been very successful, such as complex systems, medtech and the pharmaceutical industry. After all, the digital transformation has also affected these fields. There are also significant opportunities in the human-machine interface and in personalised health. This is evident in firms such as Mindmaze (editor's note: the only "unicorn" in Switzerland, which combines virtual reality, neuroscience and machine learning) and Sophia Genetics (editor's note: the Lausanne-based medical company focused on data has raised 60 million Swiss francs since it was created in 2011). Large groups such as Google are rather out of their depth when it comes to pure software design. This is where Swiss firms can step in.



**“SONOVA IS  
BENEFITTING FROM  
AN AGEING POPULATION”**

Sonova focuses on high-end products where margins are most important.

SONOVA

## SONOVA

# THE HEARING AID MARKET GETS AN UPGRADE

The Zurich-based company has developed a wireless chip. It's a first on this market

Sonova, the leader in the hearing aid and cochlear implants sector, holds a quarter of the global market and could afford to rest on its laurels. But it is showing no signs of doing so. The Swiss company, which is now celebrating its 70th anniversary, is still innovating. In August 2017, it launched a wireless chip called Sword. The chip makes it possible to pair Phonak Audio hearing aids with the majority of telephones via a Bluetooth connection, thus helping the hard of hearing to communicate.

“Sonova has the advantage of being the first player on the hearing aid market to sell such a product,” highlights Alex Morozov, analyst at Morningstar. “All of its competitors have chosen to wait for the Bluetooth Low Energy standard, which should come into effect in late 2018 or early 2019. This means the Swiss company is a good step ahead and shows that it is among the best in its field in terms of innovation.”

Like its main opponent, the Danish company William Demant, Sonova focuses on top-of-the-line products with the highest profit margins. “The whole sector has excellent growth potential,” continues Morozov. “Sonova, just like its competitors, is benefitting from some favourable trends, such as an ageing population, increasing noise pollution and low market penetration, which guarantee it healthy long-term prospects.” Nonetheless, the analyst doesn't recommend the stock: “At the moment, Sonova stock seems particularly expensive, but it's a good investment for current shareholders to hang on to.”  **SOON**

**FOUNDED**  
1948

**HEADQUARTERS**  
FLAMATT  
(FR)

**EMPLOYEES**  
1,230

**2016 REVENUE**  
CHF 332.4 MILLION

**CAPITALISATION**  
CHF 1.1 BILLION



## X-RAYS, SEMI-CONDUCTORS AND STERILISATION

The Fribourg-based group, which provides solutions for the automobile and aeronautics industries, is expanding on several fronts

High-tech, precision, enviable industrial expertise... Comet is the gold standard for Swiss companies. This Fribourg-based company is known for its X-ray solutions. They are used by several automobile and aeronautics firms, from Mercedes to Boeing, to test the quality of their materials and components, as well as to check merchandise and baggage in border crossing points and airports.

However, this is only one aspect of Comet's business. The Swiss company has two other irons in the fire. The first is a product known as the e-beam, which allows surfaces to be sterilised without the use of chemicals – and therefore in a more eco-friendly way – by treating them with electron beams. The second are products known as vacuum capacitors, targeted at semi-conductor manufacturers and used to make electronic chips, LCD and LED screens, and in solar panels. Over the last few years, vacuum capacitors have been performing excellently and driving the group's growth, making up nearly 50% of revenues.

**“THE VALUATION OF THE FIRM IS ALREADY RATHER HIGH”**

“The outlook for the future is generally positive,” notes Reto Amstalden of Baader Helvea, “but most of all because of the boom in the semi-conductor sector.” In contrast, the future of the e-beam is less certain. “Comet has made major investments in building partnerships and developing this market, but without any tangible results for the moment. Given that the valuation of the firm is already rather high, we currently recommend holding on to the share.” COTN



Comet is riding the wave in the semi-conductor industry.

Cicor's stock market performance has taken off since the end of 2016.



CICOR

**FOUNDED**  
1966

**HEADQUARTERS**  
BOUDRY  
(NE)

**EMPLOYEES**  
1,900

**2016 REVENUE**  
CHF 186.49 MILLION

**CAPITALISATION**  
CHF 147 MILLION



CICOR

## LOW-COST MICROELECTRONICS

This company managed to successfully outsource production

A quick glance at Cicor's stock market results over the past decade does not exactly lead to unbridled enthusiasm. It looks like a desperately low, smooth curve. Then, at the end of 2016, thanks to encouraging results... lift-off!

Before long, a bright spell happened for the company that specialises in the manufacture of electrical components, such as circuit boards. Sales grew 17% in the first half of 2017 and net profit tipped over into the black, rising by \$2.3 million during this period.

Cicor targets its products at the automobile, aerospace and defence industries, as well as the medical sector. It produces a diverse range of products, from cardiac defibrillators to electronic modules for home sewing machines, to LED road signs for public transport.

The Swiss firm's excellent results over the past two years are also, in part, a consequence of the massive outsourcing of its production to Asia (China, Indonesia, Singa-

pore and Vietnam) and Romania. In addition, it benefits from excellent connections in the medtech sector, which requires reliable miniaturised technology. "Cicor is a very innovative company, one which positions itself on niche markets," notes Panagiotis Spiliopoulos from Vontobel. "For

example, it offers high-quality circuit boards, called PCB, for a lower cost than before. Share value already seems high to us. We recommend holding on to it."  **CICN**

**"A VERY INNOVATIVE COMPANY"**


**BELIMO**

## THE BEST FIELD DEVICES IN THE WORLD

This company's field devices are used in buildings all over the world

**FOUNDED**  
1975

**HEADQUARTERS**  
HINWIL  
(ZH)

**EMPLOYEES**  
1,440

**2016 REVENUE**  
CHF 533.7 MILLION

**CAPITALISATION**  
CHF 2.6 BILLION

Belimo: another jewel on the Swiss Stock Exchange that is little known to the general public. The company develops field devices for professionals providing HVAC (heating, ventilation and air conditioning) solutions. Belimo products measure temperature and air pressure and can even activate valves. This last usage is part of the "actuators" market, in which Belimo holds a 50% market share in Europe and the United States.

### "BELIMO IS AN EXCEPTIONAL COMPANY"

Belimo sells 45% of its products to equipment manufacturers, who are sometimes its competitors as well. French giant Schneider Electric is an example of this. Analyst Marta Bruska of Baader Helvea is fond of the company: "Belimo is an exceptional company in many respects. It does business in a niche market with true added value and the management team is very astute and knowledgeable, thinking with a long-term vision."

The Hinwil-based company is taking advantage of the digital technologies boom, counting on the rise in smart objects to offer remote monitoring for its solutions, which are all optimised for maximum energy efficiency. "Currently, Belimo is making the leap to Big Data," said Bruska. "The company's growth strategy is clear for the next 10 years. We believe that profitable and sustainable organic growth of 6%–7% will result in increased returns." Strong structural drivers including urbanisation and the growing trend towards energy-efficiency – for example, construction of green and smart buildings – have seen Belimo remain on a solid growth path. In addition, "the company's light and efficient business model combined with truly amazing operational excellence even in the time of crisis – sales during 2009's financial crisis dropped by only 1.5% on a currency adjusted basis" – make Belimo a highly attractive share. 



MAJID IN GENEVA

## "Switzerland's lead is slipping away"

Author of a recent study on innovation in Switzerland, Aline Yazgi believes Switzerland's top spots in competition rankings need to be put into perspective

### Switzerland is consistently ranked among the top countries for international innovation.

#### Does it deserve its reputation?

Yes, the rankings are justified in the sense that Switzerland has incredible advantages and its companies are innovative. Swiss companies benefit from an excellent education, training and research system, as well as a high level of technology transfer. But it's not all smooth sailing... In recent years, other countries are progressing rapidly and gaining on Switzerland's lead, even if Switzerland has recovered in 2017. This is happening particularly in Scandinavian countries.

#### How can we promote the supply of venture capital?

Pension funds could be more involved in supporting innovation. Their status allows for allocating a part of their assets under management (editor's note: which amounts to 850 billion Swiss francs) to alternative projects. At the moment, very few funds are doing this, since the risk is high on an individual level. It's important to remember that this money comes from pensions. But if there was a common fund, the risks would be mitigated. This solution, which is very popular in the United States, consolidates the Swiss economic structure while simultaneously diversifying investments coming from pension institutions.

#### Are there projects that are headed in this direction?

The Renaissance fund at EPFL includes about forty pension funds. We need to expand on this idea. The upcoming *Fonds suisse pour l'avenir* fund is headed in the right direction; it aims to allocate one per cent of pension fund savings to innovative start-ups. This is also the case with the private fund launched recently by the Swiss Entrepreneurs Foundation. The fund brings together La Mobilière and Helvetia in particular, with the specific goal of financing the industrialisation of new projects.

Ralf Retzko, chief financial officer of ALSO.



ENRICO LENZA / KEYSTONE

**FOUNDED**  
1984

**HEADQUARTERS**  
EMMEN  
(LU)

**EMPLOYEES**  
3,700

**2016 REVENUE**  
€7.98 BILLION

**CAPITALISATION**  
CHF 1.69 BILLION

**ALSO**

## AN IT SOLUTIONS DISTRIBUTOR

This Lucerne-based firm – a wealth of information technologies – is on the rise

“We recommend purchasing this share because its business model not only guarantees substantial margins – those margins are growing,” says Panagiotis Spiliopoulos, head of research at Vontobel.

He’s right: from 2012 to 2016, Also Holding’s revenue increased by 26.7% while its profit after tax jumped a staggering 82.9%.

That’s not all. In H1 2017, sales rose 9.5% and profits shot up by 32.4% year-on-year.

Also Holding is the number one IT solutions provider in Europe. The firm is an online supermarket for companies looking to find IT goods and services. Its platform features 188,000 products from 500 different service providers including HP, Microsoft, Apple, Huawei, Lenovo and Samsung. Also Holding has roughly 100,000 customers from

15 countries. The company is taking advantage of new fields that have risen considerably in popularity, including big data, 3D printing and cloud computing (particularly cloud storage services).

**“I RECOMMEND  
PURCHASING  
THIS SHARE”**

Furthermore, due to the ever-increasing speed with which IT

evolves, an increasing number of companies would rather rent their hardware and software instead of buying it. Also met this demand by developing a designated offering. According to Spiliopoulos, “this licensing revenue model provides excellent insight into the company’s future revenue.” Its main competitor is the US-based firm Tech Data, but the industry is tough to delocalise and Also has the advantage of being number one in Europe. 

♥ YPSOMED

# THE HIGH-TECH SYRINGE

Insulin pumps specialist, the company is growing steadily

With three new subsidiaries (in Belgium, Spain and Poland) opened in October, Ypsomed continues to expand. Its products are now available in approximately 40 countries, including the United States and China. "Ypsomed is successfully carrying out its international growth strategy," said Jérôme Schupp, independent analyst. "This ensures a regular increase in revenue."

The medtech company manufactures syringe systems designed for diabetics. "This is a potentially enormous market," said Schupp. According to the World Health Organization (WHO), 440 million people suffer from

diabetes worldwide. This number is expected to increase, reaching 650 million by 2040.

To stand out from the competition, Ypsomed is developing new wireless products that can better monitor blood sugar levels. "This type of innovation is positive, but Ypsomed's main focus is its trustworthy relationship with its clients," said Schupp. "When patients who wear a permanent insulin pump like a certain brand, they remain loyal to that brand. Ypsomed has proved that its injection systems work well. That's the company's biggest strength."

The only foreseeable problem is the break from US distributor Insulet, as the distribution agreement between the two will end in mid-2018. The partnership brought in as much as 120 million Swiss francs for Ypsomed in 2016. The end of the agreement will have consequences for 2018 profits. But Schupp isn't concerned: "Ypsomed is a safe bet. It is a good investment, with a vision in the mid to long term." 

<b>FOUNDED</b> 2003
<b>HEADQUARTERS</b> BURGDORF (BE)
<b>EMPLOYEES</b> 1,350
<b>2016 REVENUE</b> CHF 389.6 MILLION
<b>CAPITALISATION</b> CHF 2.3 BILLION

**“YPSOMED’S POTENTIAL MARKET, TARGETING DIABETICS, IS ENORMOUS”**



Ypsomed has a successful internationalization strategy.

PETER KUNZNER / KEYSTONE

# “Switzerland isn’t slowing down, but others are catching up”

François Gabella, CEO of LEM, discusses the specific features that Swiss industries share

BY LUDOVIC CHAPPEX

Since 2010, François Gabella has been CEO of the highly successful company LEM, which has posted record profits in recent years (see opposite). He has many years of experience with the Swiss industrial structure. Before LEM, he held management positions at other large companies, including ABB and Areva, and was CEO of Tesa, a company specialised in metrology. Now 59, François Gabella has announced that he will leave the management of LEM on April 1, 2018.

**For the past several years, Switzerland has really made a name for itself in the pharmaceutical industry when it comes to innovation. Are other industries losing ground?**

Correct, Swiss pharma and biotech companies have made significant progress in recent decades. Twenty years ago, Switzerland was already known for its companies active in the microtechnical and machine industries in particular. But that doesn't mean that the more traditional industries haven't evolved. In reality, there is no such thing as a mature industry! All industries continue to reinvent themselves and

progress. Take renewable energy, for example. Solar panels are becoming increasingly powerful and their yield is continuously improving, much like electric cars. This trend can be seen in all industries, including agriculture. If we look at the Swiss GDP, several “traditional” industries are still significant contributors.

**What makes Swiss companies more competitive?**

The main principle is always to distinguish themselves. To break away from the competition, companies have to find a way to stand out. That's something that Swiss companies have understood and we do the same at LEM. Improving profitability can mean more efficiency, innovative products or quality services. These advantages make it possible to sell a product at a premium price. Many Swiss companies make a significant amount of their revenue and profits from the turnkey installation and maintenance services they offer.

**Does being from Switzerland constitute an advantage?**

Not necessarily. At LEM, where we don't market to consumers, we don't

emphasise that aspect at all in the sense that we manufacture our products all over the world and especially for the automotive industry. We've reached a place where the label “made by LEM” is enough to guarantee high quality, regardless of where the product was manufactured. This is the case for many global companies. But it's true that being a Swiss company has a positive connotation for clients; it guarantees a certain standard and professionalism in doing business. As long as companies are making good on this promise, they can benefit from it.

**In terms of innovation, Switzerland continues to top international rankings, but several countries are catching up quickly. Should we be concerned?**

I don't think that Switzerland has slowed down. But I will say that other countries have caught up very quickly. Take China, for example, which is extremely interested in the Swiss model. The way that Switzerland – a tiny country that made cheese 200 years ago – has reached the highest level of innovation in just a few decades



LEM

## HIGH VOLTAGE

This leading company develops meters that measure electric currents

With close to 50 new products launched over the past five years, LEM has put a lot of work into research and development to establish its position as number one in its segment. The Geneva-based company develops products to measure current and voltage that are used in many industrial sectors, for example, electric vehicles as well as trains, solar panels and air conditioning systems.

In November, LEM announced its best earnings in its history, with an EBIT margin of more than 20%, far higher than its competitors. The Swiss company takes advantage of its dominant position in a niche market in which product reliability and privileged client relationships play a critical role. In order to keep Asia-based competition at a safe distance, R&D investments have increased significantly year-on-year. They currently exceed 6% of the turnover.

Given the ever-increasing number of cables and electric parts – notably due to the boom in electric cars, robotics and automation – LEM is favoured by analysts, who stress that the company's share price keeps rising. Furthermore, shareholders are seeing dividends higher than 3.5% since 2009. "Innovation is in this company's DNA," said Reto Huber of Research Partners. "LEM already seems decently valued."

— LEHN

**FOUNDED**  
1972

**HEADQUARTERS**  
PLAN-LES-OUATES  
(GE)

**EMPLOYEES**  
1,540

**2016 REVENUE**  
CHF 265 MILLION

**CAPITALISATION**  
CHF 1.6 BILLION

interests a lot of people who are inspired by the way we do things. Simply speaking, global competition has become more intense.

### **In your industry, is it easy to recruit specialised employees who are from Switzerland?**

We do lack some skillsets, particularly in the automotive sector. In the past few years, the top Swiss schools may have neglected more traditional industrial tracks compared to other training programmes.

### **What about the appreciation of the franc, which Swiss companies were worried about? Is it still a concern?**

It's still a problem for small companies that produce mainly in Switzerland, and whose products are in direct or indirect competition with goods made abroad. The weight of the franc does a number on their profits, and usually the first consequence is reducing their investments in research and development. However, larger companies that are already established internationally have generally been able to overcome this obstacle because they often produce their products internationally and also sell outside of Switzerland. For example, LEM makes only 2% of its products in Switzerland and manufactures mainly in China and Bulgaria. This geographic spread of skills doesn't just concern production; for example, we opened an R&D centre in France, which gives us access to specialised micro-electronics skills. Labour costs there are very competitive.

LEM



## SUCCESS VIA VACUUMS

The company creates valves that are needed to produce semi-conductors

“A hidden gem” is a perfect phrase to describe VAT Group. While little known in Switzerland, the St. Gallen-based company is a global reference in its field and is experiencing massive growth. “The share price has risen significantly since 2016, but it will probably continue to increase,” said Remo Rosenau of Neue Helvetische Bank. “VAT Group is benefitting from an unprecedented cycle in the semi-conductor and screens industry.”

The company produces vacuum valves which are needed to build

microchips, flat screens and solar panels and used in many industrial applications. Producing electronic components requires working in a location without dust, and this production environment guarantees the quality of VAT products.

The growing demand for electronic components gives the Swiss company a positive growth outlook. Revenue went from 411 million Swiss francs in 2015 to 508 million in 2016 and the Group expects a 30% increase in sales in 2017.

The boom is coming primarily from Asia, where the company sells 70% of its valves. As a result, the company is investing heavily to expand its production capacities in Malaysia. “VAT is a particularly strong, well-positioned company,” said Rosenau. “With the increase in production capacities, its momentum will continue in 2018.”  VACN

**FOUNDED**  
1965

**HEADQUARTERS**  
HAAG  
(SG)

**EMPLOYEES**  
1,439

**2016 REVENUE**  
CHF 508 MILLION

**CAPITALISATION**  
CHF 3.8 BILLION



**“THE SHARE PRICE WILL CONTINUE TO INCREASE”**

On his departure, the boss Heinz Kundert, may have something to smile about: VAT shows a very strong growth, boosted by Asia.


**INTERROLL**

## GLOBAL LEADER IN INTRALOGISTICS

Interroll equips the factories of the largest companies in the world

Amazon, Coca-Cola, Nestlé, Walmart, Siemens, DHL and Zalando are some of its regular clients. Interroll, the leading company in its industry, provides these prestigious brands with solutions for the flow of goods in their factories, such as high-speed sorters, roller conveyors and storage systems. There are many outlets for the company's products, including postal services, e-commerce, airports, automotive, agro-food, etc. Interroll is therefore an essential safe bet in our selection and one of the rare companies able to boast a double-digit growth.

"Interroll is one of the long-term investments I recommend," said Michal Lichvar of Vontobel bank. "The management team is very skilled and has shown extraordinary long-term vision, which partly explains why the company has been so successful for over 10 years. Interroll is considered a qualitative reference in the intralogistics market."

Interroll is consistently a step ahead of its competition, whether in reducing its environmental footprint by using more economical 24V motors in its rollers, innovating with magnetic rollers – to counteract gravity – or making wise acquisitions, such as the purchase of US firm Portec in 2013. Moreover, no other company in the industry invests as much in research and development.

— INRN

**FOUNDED**  
1959

**HEADQUARTERS**  
BELLINZONA  
(TI)

**EMPLOYEES**  
2,000

**2016 REVENUE**  
CHF 401.5 MILLION

**CAPITALISATION**  
CHF 1.15 BILLION

## Multinationals aren't choosing Switzerland for its innovation

Many innovative companies are headquartered in Switzerland, but mainly for tax purposes

It's hardly a secret that many foreign companies choose Switzerland for their headquarters. Some are even listed on the Swiss Exchange (SIX). Several of these companies could have been included in our selection, given their investments in research and development or their booming growth. But we decided to only profile the truly Swiss companies, especially since the companies who choose Switzerland rarely do so because of our excellent innovation. According to a KPMG study published in November 2016, the main reason that foreign companies establish their headquarters in Switzerland is to take advantage of the low tax rate.

Indeed, an attractive tax structure is why 68% of the foreign companies in the country established their headquarters in Switzerland. Another important criteria is flexible labour laws. However, even though Switzerland tops the charts in many research and development rankings, only 44% of multinationals believe they will be more innovative as a result of being located in Switzerland. Only 30% of the 850 companies surveyed by KPMG see Swiss universities and specialist schools as an essential advantage for the future of their company.

<b>FOUNDED</b> 2017
<b>HEADQUARTERS</b> ALLSCHWIL (BL)
<b>EMPLOYEES</b> 600
<b>2016 REVENUE</b> -
<b>CAPITALISATION</b> CHF 2.3 BILLION



**IDORSIA**

## ACTELION'S LITTLE SISTER

The biotech firm has an extensive pipeline of drug candidates

Is Idorsia the new Actelion? On paper, the start-up could be mistaken for its little sister: same locations, same team, same founders... And for good reason: when Actelion was acquired by Johnson & Johnson, the acquirer abandoned around 10 molecules in development. The founder of Actelion, Jean-Paul Clozel, created Idorsia to transform these molecules into drugs. "It's surprising that Johnson & Johnson didn't want to take advantage of this pipeline," said Jérôme Schupp, an independent analyst. "If the US group thought it was promising, it would have kept these molecules."

So is Idorsia a risky bet? "Idorsia's management team is exemplary. What other team can say they built a company like Actelion from scratch and then sold it for \$30 billion?" said Bob Pooler of ValuationLAB. "Moreover, Idorsia is backed by the knowledge and experience of 600 scientists and a billion in assets."

This becomes quite intriguing for investors. Sold at 10 Swiss francs at the time of the IPO in June 2017, the share price is now approximately 20 francs. But a word of caution: shares are highly speculative. "I recommend purchasing shares, but it's risky," said Pooler. Lorenzo Biasio from Credit Suisse disagrees: "We advise selling shares, as we believe

that the market is overestimating its chances for success." Intended to combat diverse pathologies

such as hypertension, insomnia and epilepsy, the molecules developed by Idorsia are still in the early stages of development and far from being put on the market. 

**"IDORSIA'S MANAGEMENT TEAM IS EXEMPLARY"**



Idorsia: growing nugget or overestimated start-up?

Bossard is a pioneer in what we call “smart factories”, or Industry 4.0.



<b>FOUNDED</b>	1831
<b>HEADQUARTERS</b>	ZUG (ZG)
<b>EMPLOYEES</b>	2,100
<b>2016 REVENUE</b>	CHF 695 MILLION
<b>CAPITALISATION</b>	CHF 1.63 BILLION

**BOSSARD**

## TESLA’S PROVIDER

This company, specialising in fastening techniques, logistics and engineering services, is currently one of the most innovative in its industry

Being an ironmonger can lead to anything, even working with the most high-tech firms in Silicon Valley. But there was nothing to suggest that this would happen for Bossard, founded in 1831. Today, the fastening parts supplier (screws, nuts, rivets, etc.) counts electric car manufacturer Tesla, as well as many Californian start-ups in the industry, as some of its clients. It also supplies parts to the aerospace industry.

“We believe that Bossard is a long-term winner,” said Marta Bruska of Baader Helvea. “The company is at the forefront of industry trends.

Furthermore, its high-quality service stands out and its clients are loyal.”

The Swiss company is also a pioneer in “smart factories”, or Industry 4.0: Bossard rolled out “smart bins” to its clients that can automatically detect the amount of stock and place orders to replenish the supply before it runs out (screws, for example). The entire process is optimized: Bossard processes the order and immediately sends the product

**“A LONG-TERM WINNER”**

directly to the production site with no intervention from the client.”

It’s worth noting that Tesla’s recent production concerns with its Model 3 don’t seem to bother analysts, who believe that the pace will progressively increase. In the electric car segment, Bossard can rely on its many partner start-ups that are growing in the United States, such as Proterra, Gogoro, Alta Motors and Lucid Motors, which produce coaches, scooters, motorcycles and luxury cars, respectively. BOSN

<b>FOUNDED</b> 1975
<b>HEADQUARTERS</b> DIERIKON (LU)
<b>EMPLOYEES</b> 1,709
<b>2016 REVENUE</b> CHF 373 MILLION
<b>CAPITALISATION</b> CHF 1.1 BILLION

♥ **KOMAX**

## THE ELECTRIC CABLES EXPERT

The Lucerne-based company is a key supplier to the automotive industry

Komax machines are used to create, cut and test electric cables – tasks which are becoming increasingly automated – mainly for the automotive and aeronautics industries. In this niche market, known as wire processing, the Swiss company is the undisputed leader. Komax provides its services to the vast majority of automotive companies and also offers training on how to use its machinery and software.

The Swiss group is far ahead of the competition, with double the market share of its closest competitor. “With the electric and self-driving car boom, Komax ticks all the boxes it needs to generate significant organic growth in the

coming years,” said Michal Lichvar of Vontobel bank. “We recommend purchasing shares.” Moreover, electric cables are becoming increasingly smaller and complex, meaning that new machines will be needed to process them.

The outlook is very good. Not to mention that in November, the Lucerne-based group landed its first major order from the aerospace industry, totalling more than 10 million Swiss francs. The name of the client was not disclosed.

Confident in its abilities, Komax has set ambitious goals for the 2017-2021 period, aiming to pay its shareholders between 50% and 60% of earnings after taxes (EAT). 

**“KOMAX TICKS ALL THE RIGHT BOXES”**



Komax has set ambitious targets for 2017-2021.

# “Switzerland cannot rest on its laurels”

André Kudelski, president of Innosuisse, the future Swiss Innovation agency, wants to boost the capacity of Swiss companies

BY BERTRAND BEAUTÉ

**On 1 January 2018, Innosuisse will take over the functions of the current Commission for Technology and Innovation (CTI). This new entity, independent of the Swiss government, aims to be better equipped to tackle the economic challenges Switzerland will face in the future. The Federal Council named André Kudelski as CEO. Chairman of the Board and CEO of the eponymous information security firm, Vaud-native Kudelski seeks to encourage groundbreaking innovations. He will have the means to do so, with close to 1 billion Swiss francs for 2017–2020.**

**With Innosuisse, Switzerland has a new body to promote and support innovation. What will change?**

In terms of substance, Innosuisse has the same mission as the Commission for Technology and Innovation (CTI), namely to tackle future economic challenges. But in practical terms, we can expect significant changes. The governance structure, for example, will be refined to include an executive board, which will be in charge of the strategic vision, and an Innovation Council which will choose which projects to support. Until now, there was some confusion between these two roles.

**In concrete terms, what is Switzerland lacking when it comes to innovation?**

We're very skilled at solving technological problems, but we often don't pay enough attention to the economic consequences. Someone could have an excellent idea, or a wonderful technology, but completely miss a market if they didn't consider the added value of the product. We must therefore work on our ability to create new business models like Google and Facebook did. Furthermore, we tend to be somewhat risk-averse here in Switzerland. The problem is that when we mitigate danger, we also risk missing out on breakthrough innovations.

**How can Innosuisse change this?**

We can support innovation in two ways. First, we can help universities find outlets for their technologies by creating start-ups. Second, we can offer companies better access to university research. The focus of Innosuisse is to provide SMEs – the primary employers in Switzerland – with access to the brainpower of universities as well as the economic world's reflections on new business models.

**Switzerland is always at the top of international innovation rankings. Aren't universities and companies already connected?**

Nothing lasts forever. We can't rest on our laurels because the rest of the world is moving very quickly. Currently, our companies and universities are successful but the universe in which they are evolving is very competitive. Digital technologies, for example, will profoundly change many economic industries. Switzerland could be a major player in this digital revolution. But for SMEs, the investments necessary for this type of transformation can sometimes be too high. So we must help them take on the challenge of digitalisation.

**What are some other risks for Swiss companies?**

In my opinion, the biggest danger would be to only look inwards or even to think that Europe protects us. The Swiss market is too small for our companies and the European market is too skittish. We must look beyond our borders. Speaking of which, the CTI was mainly focused on Switzerland, whereas Innosuisse has a more global approach. We're going to seek collaborations with universities and companies all over the world.



AC IMMUNE

FOUNDED  
2003HEADQUARTERS  
LAUSANNE  
(VD)EMPLOYEES  
802016 REVENUE  
CHF 23.2 MILLIONCAPITALISATION  
\$616 MILLION

## ALZHEIMER'S WITHIN THE LINE OF SIGHT

The Lausanne-based firm develops treatments and diagnostic tools to combat neurodegenerative diseases

Will a small Lausanne-based company succeed in an area where pharma giants have been stuck for years? In 2016, two big US laboratories, Eli Lilly and Merck, announced, one right after the other, that they were giving up on their most advanced treatment for Alzheimer's following inconclusive clinical trials. Since then, AC Immune has been in a perfect position to become the first pharma to market an Alzheimer's drug.

**“AC IMMUNE HAS A PORTFOLIO OF MOLECULES AGAINST ALZHEIMER'S”**

“We recommend purchasing shares in AC Immune,” said Lorenzo Biasio, analyst at Credit

Suisse, “as we like its diversified pipeline of treatments for Alzheimer's, one of the most expensive diseases in the world, one that currently does not have decent treatment options.” Characterised by a progressive destruction of neurons, Alzheimer's disease affects approximately 30 million people around the world, according to the World Health Organization. This number is expected to triple by 2050, notably because of the ageing global population.

Compared to its competitors, the company is ahead, with five molecules in development: “AC Immune stands out because it has a portfolio of several drug candidates that correspond with the various expected treatments,” said Biasio. The company also tests diagnostic tools for Alzheimer's and Parkinson's, as well as molecules – at a lesser stage of development – to treat Parkinson's, Down's Syndrome and glaucoma. 

The growth of air traffic is expected to continue to benefit Zurich Airport.

**“DUTY-FREE SHOPS WILL PAY HIGHER TAXES STARTING IN 2018”**

FLUGHAFEN ZÜRICH



FLUGHAFEN ZÜRICH

## A SHARE THAT'S HEADED SKY-HIGH

This company's shareholders have made a pretty penny over the past few years

It may not be common knowledge, but Zurich Airport is listed on the Swiss stock market. Over the last five years, the share has sky-rocketed from nearly 80 Swiss francs to its current



**FOUNDED**  
2000

**HEADQUARTERS**  
KLOTEN  
(ZH)

**EMPLOYEES**  
1,773

**2016 REVENUE**  
CHF 1.01 BILLION

**CAPITALISATION**  
CHF 6.7 BILLION

price of 215 Swiss francs. We selected this company due to its unique profile and the currently favourable Swiss environment.

The boom in air travel is an ongoing blessing for Zurich Airport, which benefits from its location as a hub right in the centre of Europe. Last year, passenger traffic rose by a further 5.3% to 27 million compared to the 16.5 million passengers

who travelled through Genève Aéroport (also known as Genève Cointrin International Airport). Zurich Airport has a broad international reach, currently boasting 178 destinations. The quality and reliability of its services are also awarded on a regular basis, and it is usually ranked among the top three airports in Europe. The administration is even known for its outstanding cost management.

Analysts from Zurich Cantonal Bank are convinced, pointing to the growth in commercial activity over the past few months in spite of recent renovation works. Pascal Furger de Vontobel is also optimistic, stating that “higher taxes will apply to duty free shops as of the 2018 financial year, which should increase profitability”.

— FHZN



DÄTWYLER

## THE MANUFACTURER OF NESPRESSO CAPSULES

This company specialises in packaging technology

Historically, Dätwyler has based its business model on two flagship divisions. The first is the Technical Components Division, which manufactures electronic components and accessories. It is undergoing restructuring and is not popular amongst analysts at the moment. Then there's the Sealing Solutions Division, which develops hermetic packaging technology and is seen as a real gem in the Swiss industry.

"Dätwyler's situation is paradoxical," explains Vontobel's Michal Lichvar. "We have the stock on 'hold at present because there are too many undefined variables regarding the Technical

Components Division.

But the Sealing Solutions Division generates very high margins and offers truly innovative products. It can also handle large order volumes reliably and in no time. The fact that Nespresso hired the

division to manufacture its aluminium capsules – a very high margin business – is proof enough."

Over the last few years, Dätwyler has been especially innovative in pharmaceutical packaging, an industry that represents 40% of its revenue. Drugs often need to be perfectly hermetically sealed when packaged.

Dätwyler is one of the irrefutable heavyweights in the industry, as its major competitor is US-based West Pharmaceutical Services. By the end of 2018, a new state-of-the-art plant will enhance the Swiss group's manufacturing capacity to meet growing demand in the United States.

— DAE

**"VERY HIGH MARGINS AND INNOVATIVE PRODUCTS"**

**FOUNDED**  
1902

**HEADQUARTERS**  
ALTDORF  
(UR)

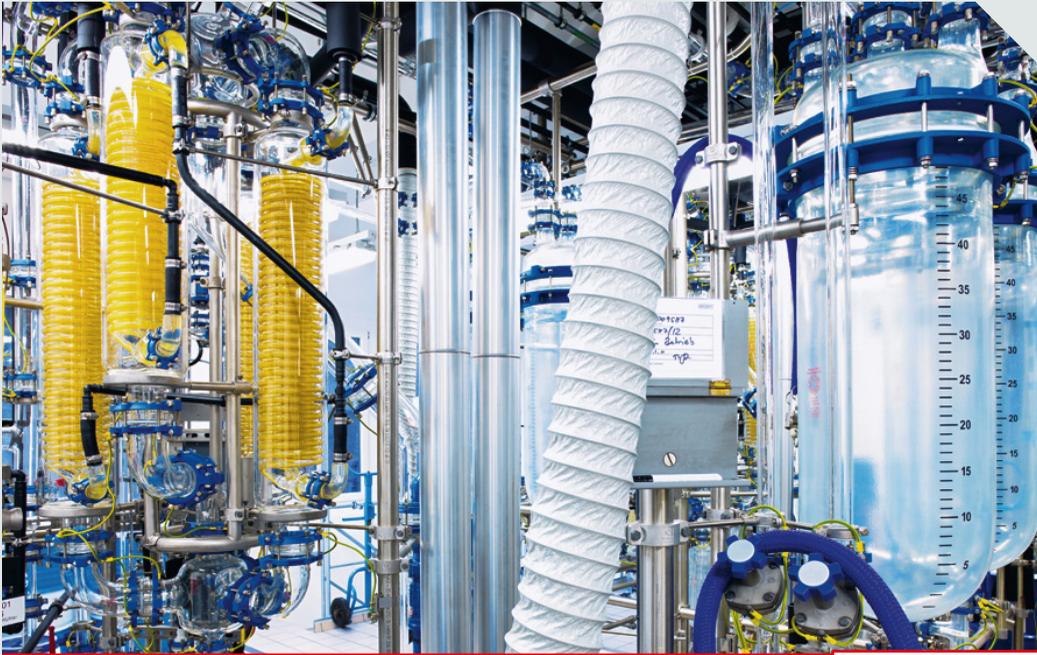
**EMPLOYEES**  
7,000

**2016 REVENUE**  
CHF 1.22 BILLION

**CAPITALISATION**  
CHF 2.7 BILLION

Presently, Dätwyler is particularly innovative in the field of pharmaceutical packaging.

BACHEM



Bachem operates in a \$21 billion market.



**BACHEM**

## KING OF PEPTIDES

A supplier to the pharma industry, the Basel-based company is one of last year's biggest winners

For a long time, Bachem's share price seemed DOA. But that was then. Since January 2016, its stock market value has shot up, from 50 to 125 Swiss francs. And that's not all: both Vontobel and Zürcher Kantonalbank recommend buying shares in the company. ZKB sang the company's praises during an investment study, applauding the fact that Bachem only produces "top quality products".

For nearly 50 years, Bachem has synthesised peptides – in other words, protein fragments. It's a market that's growing rapidly. "Demand for peptide-based medications, which are the bedrock of our future growth, is higher than ever," says Stephan Schindler, Bachem's CFO. Over the past few years, these tiny molecules have become a promising source

**"BACHEM ONLY SUPPLIES TOP QUALITY PRODUCTS"**

of new therapeutic strategies. Already used for treating breast, prostate, ovarian and pancreatic cancer, they could also have a number of other applications. This means that the global market, which was worth \$21 billion in 2016, should grow by 9%–9.5% annually between 2017 and 2023, according to a study published in September by the Research and Markets consultancy firm. Bachem is poised to take full advantage.

Currently, 50% of global production is handled by pharma companies such as Novartis, Eli Lilly and Sanofi. Next to these giants, Bachem is the sector's top pure player with 30% of global production and best placed to profit from possible outsourcing of this line of products by Big Pharma.

— BANB

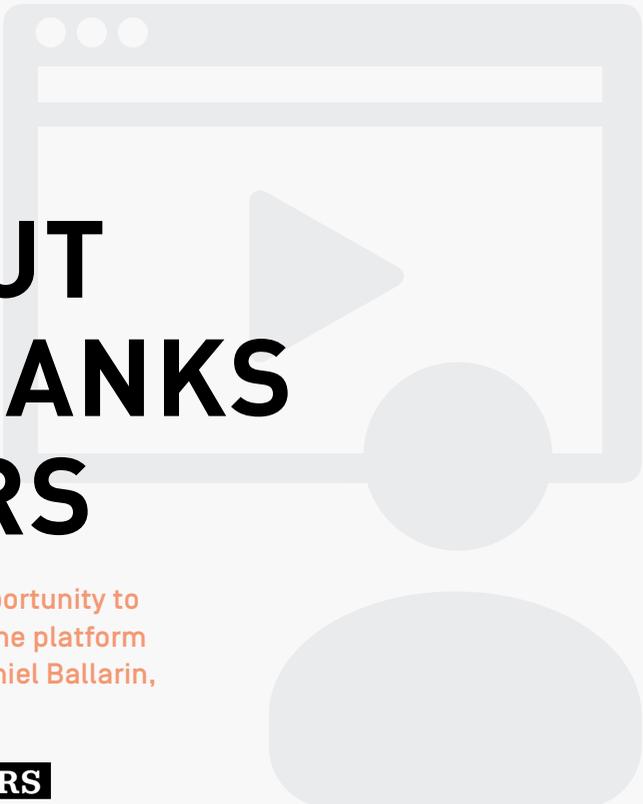
**FOUNDED**  
1971

**HEADQUARTERS**  
BUBENDORF  
(BL)

**EMPLOYEES**  
1,022

**2016 REVENUE**  
CHF 236.5 MILLION

**CAPITALISATION**  
CHF 1.7 BILLION



# LEARN ABOUT TRADING THANKS TO WEBINARS

Our interactive online seminars give you the opportunity to familiarise yourself with Swissquote Bank's online platform and discuss current issues. Comments from Daniel Ballarin, training manager.

**[WWW.SWISSQUOTE.COM/WEBINARS](http://WWW.SWISSQUOTE.COM/WEBINARS)**

## **Who are Swissquote's webinars aimed at?**

The webinars are designed for anyone who wants to learn more about our platform's functions and the services we offer. We also offer webinars on current financial issues, which are run by renowned speakers and which attract wider audiences. Participants have the opportunity for live interaction with our moderators via the chat function.

## **What are the main advantages of this format?**

For the attendees, going to a traditional seminar often means expending a considerable amount of time and effort. On the other hand, webinars make it possible to overcome any geographical constraints – internet users can log in from anywhere. Our webinars are also

recorded and later made available in the form of videos\*. Each webinar will last no longer than 45 minutes. It is an effective way to keep informed about the updates to our platform, as well as market developments. It is also worth mentioning that this service is completely free.

## **Which topics will be discussed?**

There is a wide variety of subjects. Our webinar entitled "From the trading platform to the stock exchange", which runs every two months, is a great beginner's introduction to our platform. For example, you learn how to individually configure your account, find important information about listings, enter trading orders and build your portfolio. Some events also attract financial professionals. On 20 March, the German-speaking Swiss public will have the opportunity

to converse with famous Swiss investor Felix Zulauf, a world-renowned expert. Many other videos will also be available on our website, such as a seminar on bitcoin investment. ▲

\* [swissquote.com/trading/replay](http://swissquote.com/trading/replay)  
[swissquote.com/forex/replay](http://swissquote.com/forex/replay)

## **DEFINITION**

A webinar is an interactive conference or training session that takes place over the internet. Listeners can ask questions and comment on the speakers' presentations.

PLENITUDE DEUXIEME **P2** DEEPER AND BEYOND



When Dom Pérignon blesses its Vintage with a second life.

Dom Pérignon  
♣



# WHAT TO WATCH IN 2018

Peter Rosenstreich, head of market strategy at Swissquote, shares his economic outlook for the coming year.



**FED "LOADED FOR BEAR"**

As critics said about The Clash's self-titled debut album, central bank monetary policy is the "only thing that matters" right now. And the US Federal Reserve has top billing. The movement of global asset prices will be directly linked to the policy decisions of the Fed and other central banks. In our view, expansionary monetary policy is the primary reason for current stretched valuations. But until there is a concentrated effort towards "normalization" by a group of central banks, risk appetite will be blindly supported. While many developed market central

banks are asking markets to patient, the Fed is coiled, ready to spring into action should inflation pick up. We anticipate 2.2% GDP growth for the US economy in 2018, and a tightening labour market should push core PCE inflation back to 2.0%. So far, despite the strong economy, specifically tight labour markets, inflation has perplexingly not appeared. The Fed is also concerned, in relation to the inflation trend, by higher than usual risks linked to the fiscal policy outlook, and an uncertain trade policy, given Trump's control of policy setting. After a widely anticipated interest rate hike in December, we expect to see three more rate hikes from the Fed in 2018. However, despite the subdued outlook, the Fed has been in constant action mode, expecting a sudden kick from ultra-tight labour markets to boost wage growth and consumer inflation. Rather than stand idly by, the Fed will be slowly tightening via interest rates and balance sheet roll-off. In addition to the Fed's paranoia over a pick-up in inflation, though to a lesser extent, is the desire to regain control of policy tools that have been exhausted in fighting the global financial crisis and resulting stagnation.



**UNIFIED EUROPE WILL EMERGE FROM SPAIN**

It is hard not to view the recent events in Catalonia as a turning point in the European Union experiment. Despite calls from Catalonia and the international community to condemn the brutal police crackdown on the independent referendum, Brussels and most member states have not denounced the violence. There was a hard shift towards integration, as minority voices were structurally suppressed by the majority. These unnerving events come on the heels of victories by Europe's national foundations – Macron in France and Merkel in Germany, both of whom are pushing for deeper and faster EU integration. The start of 2017 brought fears of EU demise, as rising political populism suggested an end to EU federalism. But heading into 2018, Europe is improving economically, despite what may be the end of Merkel's era. Historically, the EU has been plagued by concerns of fragmentation, with fears that small issues would eventually break up the union. However, we believe that is no longer the case thanks to the powerful trio of Macron, Merkel and Draghi. It is a theory that will have a profound effect on pricing in events such as the Italian elections.



## EMERGING MARKETS LEAD THE GROWTH CHARGE

Emerging markets (EM) have continued to grow faster than developed markets, with higher returns in 2017. The trend will likely continue in 2018. GDP growth in emerging markets for 2017 is expected to be 4.5% – its highest point since 2015 – versus 2.10% for developed markets. Protectionism was a buzzword for early 2017, as Trump quickly withdrew from the TPP and challenged NAFTA. The rhetoric quickly died down, however, and global trade picked up pace. The Baltic Dry Index came off its lows, hitting a two-year high on rising demand. The global growth forecast increased to 3.6% for 2018, as the outlook for developed markets has been upgraded. But the story for EM in 2018 will be the further increase in international trading. Following a trend, China has reached 15 free-trade agreements with 23 countries and regions. Protectionism will continue to take up room in the headlines but real action will be limited, even out of President Trump's administration. Inter-EM trade will provide some protection against growth deceleration, a stronger USD and policy uncertainty in the US, EU and Japan.



## CRYPTO CURRENCIES ARE THE REAL "TRUMP TRADE"

The surprise election of Donald Trump as president of the United States was seen as largely reactionary – less about electing the individual, and more about voicing an opinion on the broken system. The rise of crypto currencies is, in our view, driven by a similar sentiment. The actions of global central banks over the last 40 years – which have accelerated over the last 10 years – have totally eroded people's confidence in government's monopoly over money. The Fed created \$4 trillion out of thin air as part of \$20 trillion globally in balance-sheet expansion. Government is no longer limited by market-based supply, as real commodities – such as gold and silver – have been known to abuse the trust. We recognize that part of the appreciation of alt-coins is due to speculative trading and revolutionary technologies, but most users are average people who no longer trust the government to protect their wealth. The decentralized aspect of alt-coins is allowing Venezuelans and Zimbabweans to escape oppressive and economically careless regimes. While corrections are unavoidable, alt-coins are here to stay.



## CHINA GRABS THE POLITICAL VOID

China's economy is expected to slow slightly in 2018 from 6.6%, due to a prudently managed monetary policy tightening, which is targeting slowing lending through China's "shadow" financial system. Yet, empowered by the volatile behavior of President Trump, China has embraced its new role as regional and global leader. In the 1980s, Deng stated that China must "bide its time and hide its light" in foreign policy while the country grew. Judging from the 2017 World Economic Forum in Davos and the Chinese Communist party congress, Xi Jinping and China are ready to step into the light. Heading into 2018, the world needs to work with a confident and economically massive China. We anticipate direction and pace of market reforms with further veer from the guidance of external nations/supranational organizations and increased internal efforts to entrench China's hybrid model, which includes politics and economics. In addition, the latest political developments evident at the Party Congress suggest a growing role of centralized planning to avoid cyclical downswings which could undermine the Communist Party's power privilege. ▲

# Upmarketing champagne



To set themselves apart from other sparkling wines, champagne producers are targeting the export market and premium segment

BY BERTRAND BEAUTÉ

**T**he Christmas and New Year festivities are nearly upon us, and that means it's time for appetizers, gigantic meals and the sound of corks popping. Is there any better way to celebrate this time of year than with a good bottle of champagne?

But rather than going to your wine merchant for a bottle, what if this year we got our champagne from... the stock market? The choice is much smaller than in the shops, with only four players on the market. But buying into a champagne producer is a lot less risky in the long term than selecting a bottle of champagne willy nilly, as the entry bar into this market is almost impossible to breach for new producers. "At 34,300 hectares, the area where champagne is produced is the size of a postage stamp, i.e. only 0.4% of the global wine-growing area," says Thibault Le Mailloux, communications director for the Comité Interprofessionnel du Vin de Champagne (CIVC). "In terms of volume, production cannot increase indefinitely."

Add to this a strictly regulated expertise and more than 300 years experience, and the champagne sector appears to be a solid bet. However, it's not time for the champagne producers to start celebrating yet. The persistent weakness of the French

market and the shock of Brexit, which led to a fall of almost 10% in exports to the UK – the leading country for champagne exports in terms of volume – are behind this.

The result of these factors is that the number of bottles sold around the world fell by 2.1% to 306 million bottles last year compared to 2015. This is significantly down on the 2007 record of 339 million bottles sold. Turnover is also slightly down at 4.71 billion euros (-0.6% compared to 2015).

### Exports outside of the EU have doubled in the last 20 years

The difficult local context is counterbalanced by the strong performance of champagne around the world: in America (+4.9% in value in the US, +9.4% in Canada, +12% in Mexico), Africa (+15.1% in South Africa), Oceania (+25.4% in New Zealand), and Asia (+14.2% in South Korea). "Exports outside of the EU have doubled in the last 20 years," enthuses Le Mailloux. "But it is fair to say that producers that are highly exposed to mature markets, in particular in France and northern >

### THE 10 LARGEST MARKETS IN 2016

(in number of bottles)

1. France	157.9 M
2. United Kingdom	31.2 M
3. United States	21.8 M
4. Germany	12.5 M
5. Japan	10.9 M
6. Belgium	8.3 M
7. Australia	7.4 M
8. Italy	6.6 M
9. Switzerland	5.7 M
10. Spain	4.0 M

Source: Comité Interprofessionnel du Vin de Champagne (CIVC)

Europe, are suffering.” In champagne terms, this means that producers and cooperatives are having a hard time, unlike the champagne “houses”, which have made gains since 2009. And it is these houses that are listed on the Paris stock exchange. The major player that is leading the way is the wines and spirits arm of luxury group LVMH, which owns prestigious brands such as Dom Pérignon, Ruinart, Krug and Veuve Clicquot. In a declining market, LVMH sold 63.2 million bottles of champagne in 2016 (a 3% increase over 2015) and 2017 confirms the company’s good state of health. For the first nine months of the year, volumes were up by 4%. But it is difficult to play the stock market when it comes to LVMH on its (good) champagne alone. With the group on track for a record-breaking 2017, the wine and spirits arm makes up less than 13% of the group’s revenue.

This leaves three other players – Laurent-Perrier, Lanson-BCC and Vranken-Pommery Monopole – all with similar strategies. “As volumes cannot increase indefinitely,

producers are improving the quality by increasing the number of special, rosé and vintage cuvées which provide much higher profit margins,” explains Thibault Le Mailloux. “This strategy is even more pertinent given that top-quality champagnes are selling better abroad where new sources of growth are being found, than in France.” France consumes 51.6% in terms of volume, which only represents 44% in terms of value.

**“As volumes cannot increase indefinitely, producers are improving the quality”**

Thibault Le Mailloux, communications director for the CIVC

In 2016 Lanson, for example, marketed “Clos Lanson” its top-quality champagne whilst Laurent-Perrier launched its new “La Cuvée” bottle across all markets. “With this

launch, we are continuing our strategy of upmarket positioning,” explains Sezai Özkan, regional director at Laurent-Perrier for Germany, Switzerland and Austria. The result is that the share of turnover for Laurent-Perrier’s upmarket products stands at 39.9%, versus 20% for the rest of the sector. This has enabled the group to improve its operating profit (+0.6% in 2016, after exchange rate effects) despite a reduction in volumes.

As well as increasing profit margins and prioritising internationalism, there is also another objective behind upmarket positioning: restoring the image of champagne, which has lost some of its sparkle for European consumers due to mass retail promotion. “Entry-level products can often suffer from functional competition with other sparkling wines, such as Prosecco,” explains Le Mailloux. “But it appears that cannibalisation is marginal; we don’t drink champagne and sparkling wine at the same time. What’s more, prestigious brands and vintage cuvées are protected because they are not in the same price range.”

## BOTTLES SOLD AROUND THE WORLD



1950

30  
million



1980

150  
million



2007

339  
million

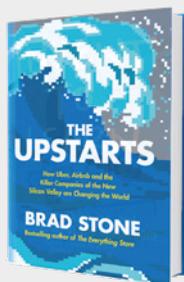


2016

306  
million

The few analysts who follow this sector advise reducing your positions in Lanson-BCC and Vranken-Pommery Monopole, whose brands are still not very prestigious. They advise maintaining positions in Laurent-Perrier. “To make up for the depreciation of the pound sterling, Laurent-Perrier is negotiating price increases. The risk is that this affects the company’s volumes,” suggest analysts from Oddo Securities who follow this sector. “We prefer to take a neutral stance and wait and see more clearly how the market volumes develop.” In any case, the champagne houses appear to be stable stock that aren’t at risk of falling flat or reaching spectacular highs... unlike their champagne corks. ◀

# TO READ, TO DOWNLOAD



From CHF 14.-

## THE UPSTARTS

By Brad Stone  
(Little, Brown and Company, 2017)

### THE REIGN OF THE "SHARING ECONOMY"

Ten years ago the idea of getting into a stranger's car or renting a holiday apartment from someone you have never met seemed bizarre. Not anymore! Companies that are part of the badly-named "sharing economy", like Uber and Airbnb, have based their business models on marketing other people's property. In his new book, American journalist Brad Stone, who has already written a book on the rise of Jeff Bezos and his online store Amazon (*The Everything Store*, 2013), describes the advent of this new generation of Silicon Valley firms that use technology to turn entire industries upside down.



From CHF 21.-

## SOONISH

By Kelly and Zach Weinersmith  
(Penguin Press, 2017)

### TEN TECHNOLOGIES, FOR BETTER OR WORSE

From virtual reality to printing organs in 3D, fusion energy, robotics and space conquest, US biologist Kelly Weinersmith and her illustrator husband Zach Weinersmith explore 10 fields of the technology of the future that are intended to improve our day-to-day lives but which also have the potential to take us into the abyss. Based on a series of interviews with scientists, this book takes both a serious and funny look at what these innovations are needed for, how they work and the hurdles that they still have to overcome.



## NYT VR

### THE NEW YORK TIMES IN VIRTUAL REALITY

Free  
App Store,  
Google Play

Join Iraqi forces as they retake the city of Fallujah from Islamic State or climb the World Trade Center in Manhattan with professional climber Jimmy Chin. The *New York Times* app dedicated to virtual reality fully immerses you in the articles from the New York-based paper. Use with a virtual reality headset for smartphones.



## LASTPASS

### THE ULTIMATE PASSWORD

Free  
App Store,  
Google Play

Nowadays passwords have to include at least one capital letter, a special character, a number and be different to the user name. Which is all well and good, but hard to remember! LastPass manages and stores all passwords in the same place, so all you need to do is just remember one password.



## RUNTASTY

### HEALTHY COOKING

Free  
App Store,  
Google Play

The company behind the well-known running app Runtastic has now launched Runtasty. This app has 40 healthy recipes, accompanied by video tutorials. This app has something for everyone, sporting vegan, sugar-free and lactose-free meals that can be prepared in just 15 minutes, as well as breakfast and snack ideas.



## TODOIST

### THE DIGITAL TO-DO LIST

Free  
App Store,  
Google Play

Sticking post-it notes everywhere is one way of remembering the tasks you need to do at the office, personal appointments and bills that need to be paid. This has a certain charm but isn't very efficient in the long-term. Todoist (a contracted form of "to-do list") is one of the best apps of its kind and offers the solution to post-it notes via an intuitive and aesthetically-pleasing interface.



CARS

## Hybrid grand tourers

SCIENCE FICTION IS DRESSED TO THE NINES

BY PHILIPP MÜLLER

LC 500H: A LEXUS NAMED DESIRE



**ENGINE:** V6 3,456 CM<sup>3</sup> + ELECTR.  
**POWER:** 359 HP  
**0 TO 100 KM/H:** 5 SEC  
**STARTING PRICE:** CHF 15,900.-

Way up in the North Pole, Santa Claus has stored away Nintendo Switches, iPhone Xs and – in all likelihood – quite a few of these premium tourers: the Range Velar, the Audi RS5 and the Lexus LC. But is this Japanese GT really at the top of wish lists? Absolutely! Toyota's conservative dullness is now a thing of the past, for its premium model is daring and bold. After coming out swinging with the LFA supercar and then the RC race coupe, Toyota proves that the third time is indeed

the charm with this LC. This true Grand Tourer is unlike anything else on the market and is a real attention-grabber. The LC is just about 1.34 m high and 1.92 m long. It's even available in canary yellow! But there are so many other impressive features, such as angular tail lights and their exquisite holographic infinity lighting effect. The aggressive lines perfectly complement its snarling sound. The 5-litre V8 in the standard version, with its 10-speed transmission, growls like the mythical Stentor.

The hybrid version, starting at the same price, is a perfect example of the silence the Lexus brand is known for. Well-placed silence is worth its weight in gold, with a hybrid

consumption of only 6.5 l/100 km. But the 3.5-litre V6 also stands out, especially when assisted by its electric counterpart. The sophisticated 2+2 produces up to 359 hp with drive to the two rear wheels only. At 2,020 kilograms empty, it isn't a lightweight model, but it can still handle turns skilfully thanks to the new multi-stage system, which pairs a continuously variable transmission with true gear changes for an optimal driving experience. Between the paddles, the door handles and the analogue clock, the passenger compartment is as unique as its exterior. Not to mention mysterious, with its "climate concierge" setting with hydrating and purifying ions! Not a bad gift at all. ▲



**BMW I8, THE RECHARGEABLE GT**

Carbon shell, scissor doors, electric front axle and 3-cylinder 1.5 litre turbo in the rear: this plug-in hybrid four-seater with 362 hp can reach up to 100 km/hr in 4.4 seconds and will take you wherever you want to go on very little petrol. Starting at CHF 158,200.-



**HONDA NSX, SUPERCAR 2.0**

The supercharged 3.5-litre V6 and three electric motors produce 581 hp, with a top speed of 308 km/hr and acceleration from 0 to 100 km/hr in 3 seconds. Incredible efficiency, surprising comfort and controlled consumption. Starting at CHF 216,000.-



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Marcus Rashford and Henrikh Mkhitaryan.



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TRAVEL

# Jazz and voodoo in New Orleans

Once you've been to New Orleans, you'll never be the same again. A Caribbean enclave nestled in the Gulf of Mexico, Louisiana's largest city is a real rarity on the US map.

BY SALOMÉ KINER



ISTOCKPHOTO

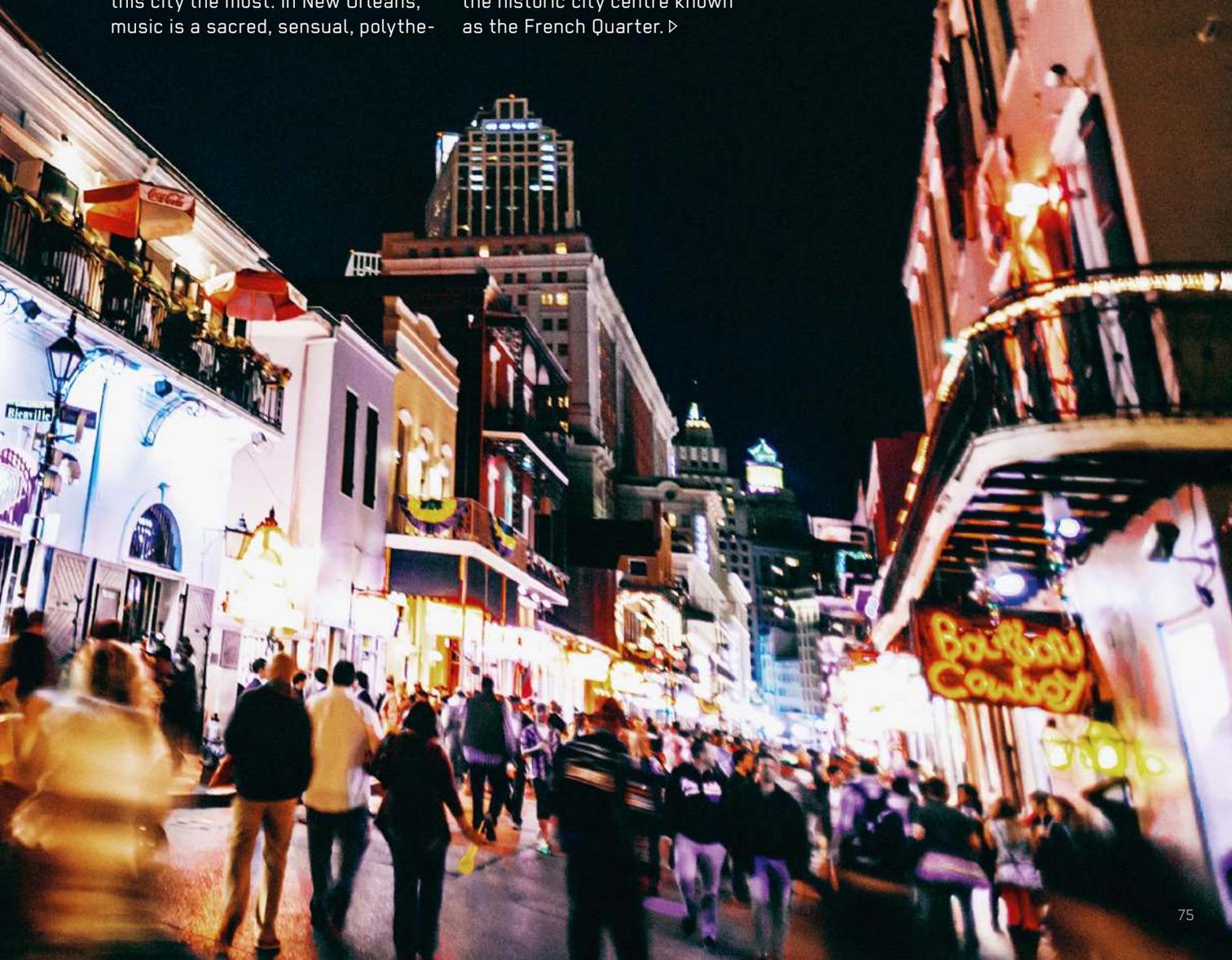
NEW ORLEANS



Liberal and crazy, the "Big Easy"'s streets are where the good times roll.

**T**hanks to its status as a city of refuge for freed slaves in the 19<sup>th</sup> century, the time spent under Spanish and French rule and its striking originality, New Orleans is a vibrant cultural melting pot. Known as the "Big Easy" by Americans, New Orleans is proud to show off its assets. You can wander the city, amazed by the beauty of the multicoloured houses and try gumbo, po'boy sandwiches and oyster gratin, but it's your ears that will enjoy this city the most. In New Orleans, music is a sacred, sensual, polythe-

istic, contagious kind of religion. Congo Square is where the first notes of jazz were born. Each Sunday, from the end of the 18<sup>th</sup> century, this square welcomed a festive gathering of slaves who were enjoying the greater degree of freedom that New Orleans had to offer them. Now part of the Louis Armstrong park, this place popular with music-lovers and those practising voodoo ceremonies, is the border between the Treme neighbourhood and the Vieux Carré, the historic city centre known as the French Quarter. >





A typical jazz night on Frenchmen Street.

8



## CARNIVAL CULT

It can be amazing to see New Orleans' trees and doorways decorated with strings of pearls. These are left over from Mardi Gras, when they are flung into the crowds from floats – along with slews of medals, sweets and coconuts. The carnival, which is the highpoint of the city's festive calendar, is a truly unique spectacle that rivals those of Venice and Rio. The different “krewes” (King krewes, Zulu krewes, Black Indian krewes, Bacchus krewes, etc.) parade on customised floats in a wonderful abundance of finery, masks and pomp. The festivities culminate by savouring a piece of King Cake, a multicoloured yellow, green and purple cake – the colours of the carnival.

Outside this Mardi Gras period, Second Lines – held on Sundays – provide a small glimpse into the feverish carnival atmosphere. These funeral processions, which according to tradition pay homage to the dead through music, take place amid much pomp and ceremony. The cortège grows as it passes from street to street, and ends in a mix of dance, sweat and joy.

► The next Mardi Gras carnival will take place on 13 February 2018

► More information at [www.mardigrasneworleans.com](http://www.mardigrasneworleans.com)

► The Second Lines calendar is available at tourist offices

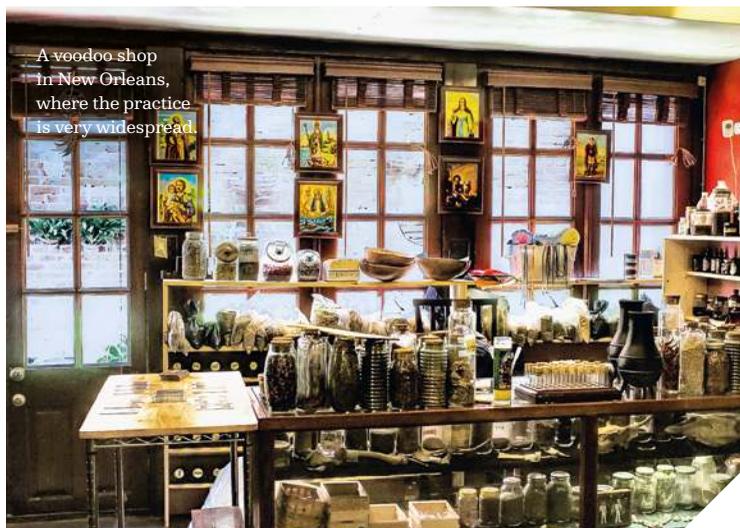
The Maison Dupuy hotel, built on the site of the first cotton press, is ideally located for exploring both quarters. With an indoor swimming pool and private concerts, the hotel offers a relaxing place to avoid the hordes of tipsy tourists who arrive at dusk – because you can drink in the streets in this city where anything goes; a city that is more liberal and crazy than its puritan cousins. That's why New Orleans attracts crowds determined to embrace the city's charms.

For breakfast, make your way to the Café du Monde, where food-lovers come to wolf down fried doughnuts and milky coffee, best eaten by the banks of the Mississippi whilst keeping your eyes out for paddle steamers and your ears tuned to the first street concerts. Tom Sawyer fanatics can experience a musical dinner on board

the Steamboat Natchez and discover the city from the water.

Those who prefer dancing on dry land, should head to Frenchmen Street. The pavements are a monument in themselves that you have to cross, making your way between the improvised musical groups, voodoo priestesses, hip-hop demonstrations and bouquets of Spanish moss. And then there are the jazz clubs – Blue Nile, Spotted Cat, The Apple Barrel or the d.b.a. which can be devoured according to your mood and how busy they are. And when you're ready to leave, don't forget to leave the musicians a token of your appreciation when they pass the hat.

You can also spend a day wandering the streets in the Garden District, the residential area that has the



A voodoo shop  
in New Orleans,  
where the practice  
is very widespread.

WILLIAM SINDA

prettiest houses in the city. You can pig out on seafood at Casamento's, on pancakes at Slim Goodies or multicoloured snoballs at Hansen's Sno-Bliz, an establishment unrivalled since it opened in 1939. To end the evening with some music, you'll need to choose between Tipitina's and Le Bon Temps Roule, or the more hardy amongst you could frequent both establishments in the same evening.

### The voodoo museum features gris gris and instructions for curses

Another captivating aspect of this mishmash of New Orleans culture is the Black Indians, who have a special place in Treme as well as in the carnival's ranks. Recognisable by their flamboyant costumes decorated with pearls and feathers, this "tribe" has its own codes, dances, music, chiefs and even a museum. Found in a typical local house – a shotgun house, so-called because its rooms are lined up one behind the other – the Backstreet Museum provides a rare, authentic glimpse into the treasures

of the local culture. In the same spirit, the voodoo museum features gris gris, instructions for curses and a huge number of offerings. This is an unmissable port of call for those who want to find out about this mystic folklore that continues to attract practitioners. ▽



### A TV SERIES TO HELP YOU PREPARE YOUR TRIP

In August 2005, Hurricane Katrina burst the levees and a devastating tidal wave surged through the streets of New Orleans. The city, heavily damaged by the hurricane, fought to recover and rebuild. Music played a key role during this painful recovery period. It gave hope to the survivors and enticed tourists back with the haunting sound of the brass instruments. David Simon, producer of *The Wire*, paid homage to this incredible resilience in his series *Treme*. It's a must-see programme!



The "Indians of Mardi Gras" parade in costumes inspired by Native American ceremonies at the carnival.

ALEXIS PAZOUNIAN / HANS LUCAS / AFP

# BOUTIQUE



## TIME TO GO RACING

The Apple Watch Hermès Series 3 has had a makeover. As well as integrating 4G, the most recent edition of the connected watch from the Parisian saddler features a collector's bracelet in punched Noir Gala leather, reminiscent of the brand's famous driving gloves. These three models, which will be available shortly, sport a unique face with a highly graphic design, paying homage to the lines of the Carrick series launched in 1993 by Henri d'Origny.

[www.hermes.com](http://www.hermes.com)  
From CHF 1,349.-

## CHIC AND COSY

For its winter collection, Z Zegna, a secondary line from the luxury Italian designer for men, takes its inspiration from 70s skiwear. We especially like the ultra-fine anthracite grey Merino wool jacket. Sporting vintage white stripes, the jacket also features a padded, removable lining.

[www.zegna.ch](http://www.zegna.ch)  
CHF 2,665.-



## BLACK GOLD FROM THE CANTON OF VALAIS

"Caviar with life," that's the motto of Kasperskian, a company based in the Canton of Valais. And its philosophy? To produce caviar without killing sturgeon. With a first-rate ecological track record, the start-up from La Souste takes great care of its fish, which are raised without antibiotics or any other treatments. Tagged and named, each adult female can even be adopted so that regular customers can have priority over the eggs produced by their favourite fish.

[www.kasperskian.com](http://www.kasperskian.com)  
From CHF 70.-





### THE FLASHY HI-FI SPEAKER

Reputed for its audiophile products that marry craftsmanship with cutting edge technology, the French firm Focal has just launched Kanta No. 2. This hi-fi speaker reinvents and modernises proven technologies used in the brand's other models, such as Flex or Beryllium used in the tweeter. Its radical design can be personalised, a first for the market, with several colours and finishes on offer. This is one of the audio innovations of the year!

[www.focal.com](http://www.focal.com)

CHF 8,300.-

### A TRIO OF SUPERHEROES

To celebrate the release of the film *Justice League*, Caran d'Ache has designed a collection of three pens, inspired by the three legendary icons of the DC Universe: Superman, Batman and Wonder Woman. The limited edition collection – only 60 pens available either as a fountain pen with a nib made from 18 carat gold or as a roller pen – contains the three pens that have been redesigned by the master-craftsmen at the Geneva-based factory and which feature the three superheroes' signature colours.

[www.carandache.com](http://www.carandache.com)

From CHF 2,970.-



### THE KEYBOARD WITH A DIAL

Logitech has added an innovative touch to the relatively uncontentious world of computer keyboards. Luxurious, well-finished and wireless, the Craft keyboard is a 100% premium model. What sets it apart? An input dial located at the top left of the keyboard that adapts according to the software you're using and operates in conjunction with certain keyboard shortcuts. Practical for quickly accessing shortcuts and adapting settings, especially in Photoshop.

[www.logitech.com](http://www.logitech.com)

CHF 229.-

### GOING GREEN ON THE SLOPES

Swiss equipment manufacturer Stöckli is advocating the production of ecological skis. Its new 0 Tree model has been manufactured in an environmentally-friendly way. Made from strips of bamboo and natural rubber, this comfortable set of skis offers skis 70 mm wide with a radius of 15.7 metres, ensuring incredible versatility.

[www.stoeckli.ch](http://www.stoeckli.ch)

From CHF 1,170.-



**VIRGINIE BASSELOT**  
 FEMALE CHEF OF THE YEAR 2018  
 BORN 21 APRIL 1979 IN DEAUVILLE

## CARDOON, FIGHTER PILOTS AND LAS VEGAS

### A KEY EVENT FROM YOUR CHILDHOOD?

When I helped my father in the kitchen. He ran an inn near Pont-l'Évêque in Normandy. I remember the smells of fish and shellfish and the mussels that I shelled.

### THE JOB YOU WOULD HAVE LIKED TO DO?

Fighter pilot.

### YOUR SECRET HOBBY?

It's no secret, I like scuba diving.

### SOMETHING THAT INSPIRED YOU RECENTLY?

Cartoons from Geneva (editor's note: a vegetable typical of Geneva, from the same family as the artichoke), that I cook like a carbonara.

### A PLACE THAT MADE AN IMPACT ON YOU – AND WHY?

Las Vegas, for its diverse gastronomy.

### THE FILM WHOSE UNIVERSE IN WHICH YOU WOULD HAVE LIKED TO HAVE LIVED?

*Le Fabuleux destin d'Amélie Poulain.*

"Immense knowledge, consistent and impressive awareness of flavours, combined with a large dollop of enthusiasm that comes through in every dish": the Gault&Millau Switzerland gastronomy guide certainly doesn't hold back on compliments for French chef Virginie Basselot, named Female Chef of the Year 2018. An award that's all the more valuable since it is only rarely given as "so few women reach the heights of professional cuisine," adds the guide.

It's obvious this chef from Normandy is very talented. Her culinary masterpieces can now be savoured in Geneva. Having already achieved great renown in France (she received a Michelin star at the Saint James in Paris and is one of only two female chefs to have obtained the prestigious title of Meilleur Ouvrier de France – "best French artisan"), Virginie Basselot took over the Loti at the five-star hotel and spa La Réserve on Lake Geneva's right bank in 2016. The marine influences of Basselot's Norman roots followed her to the lake's edge: lucky diners can enjoy sea bass, oysters, cod and turbot as part of the menu at Loti, awarded 16/20 by Gault&Millau. But that doesn't mean freshwater fish have been forgotten; they're also on the menu!

### A SONG WHICH SUMS YOU UP?

*Être une femme*, by Michel Sardou.

### THE IDEAL WOMAN?

Simone Veil (editor's note: female politician and French feminist who fought to get abortion legalised), for her strength of character.

### THE IDEAL MAN?

Antoine de Saint-Exupéry.

### THE IDEAL ANIMAL?

The horse. I started riding when I was six.

### SOMETHING CRAZY YOU DID RECENTLY?

Bought a sports car.

### A BOOK THAT YOU RECOMMEND?

*A marche forcée (The Long Walk)*, by the author Sławomir Rawicz.

### YOUR FAVOURITE EXPRESSION?

"Plaît-il?" (French for "I beg your pardon?") ◀

TO BREAK THE RULES,  
YOU MUST FIRST MASTER  
THEM.

THE VALLÉE DE JOUX. FOR MILLENNIA A HARSH, UNYIELDING ENVIRONMENT; AND SINCE 1875 THE HOME OF AUDEMARS PIGUET, IN THE VILLAGE OF LE BRASSUS. THE EARLY WATCHMAKERS WERE SHAPED HERE, IN AWE OF THE FORCE OF NATURE YET DRIVEN TO MASTER ITS MYSTERIES THROUGH THE COMPLEX MECHANICS OF THEIR CRAFT. STILL TODAY THIS PIONEERING SPIRIT INSPIRES US TO CONSTANTLY CHALLENGE THE CONVENTIONS OF FINE WATCHMAKING.



ROYAL OAK  
CHRONOGRAPH  
IN TITANIUM  
AND PLATINIUM

# AUDEMARS PIGUET

*Le Brassus*

AUDEMARS PIGUET BOUTIQUES:  
GENÈVA | ZÜRICH



# What better time to thank you?

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Make 5 more trades in December than in November and you will receive the goodie of your choice\*:

- One bottle of Dom Pérignon
- Trading Credit worth CHF 150
- One TUMI suitcase

[swissquote.com/christmas](https://swissquote.com/christmas)

 **Swissquote**

\*See offer conditions