

Industry 4.0 Performance Index

Bringing the fourth industrial revolution to your portfolio

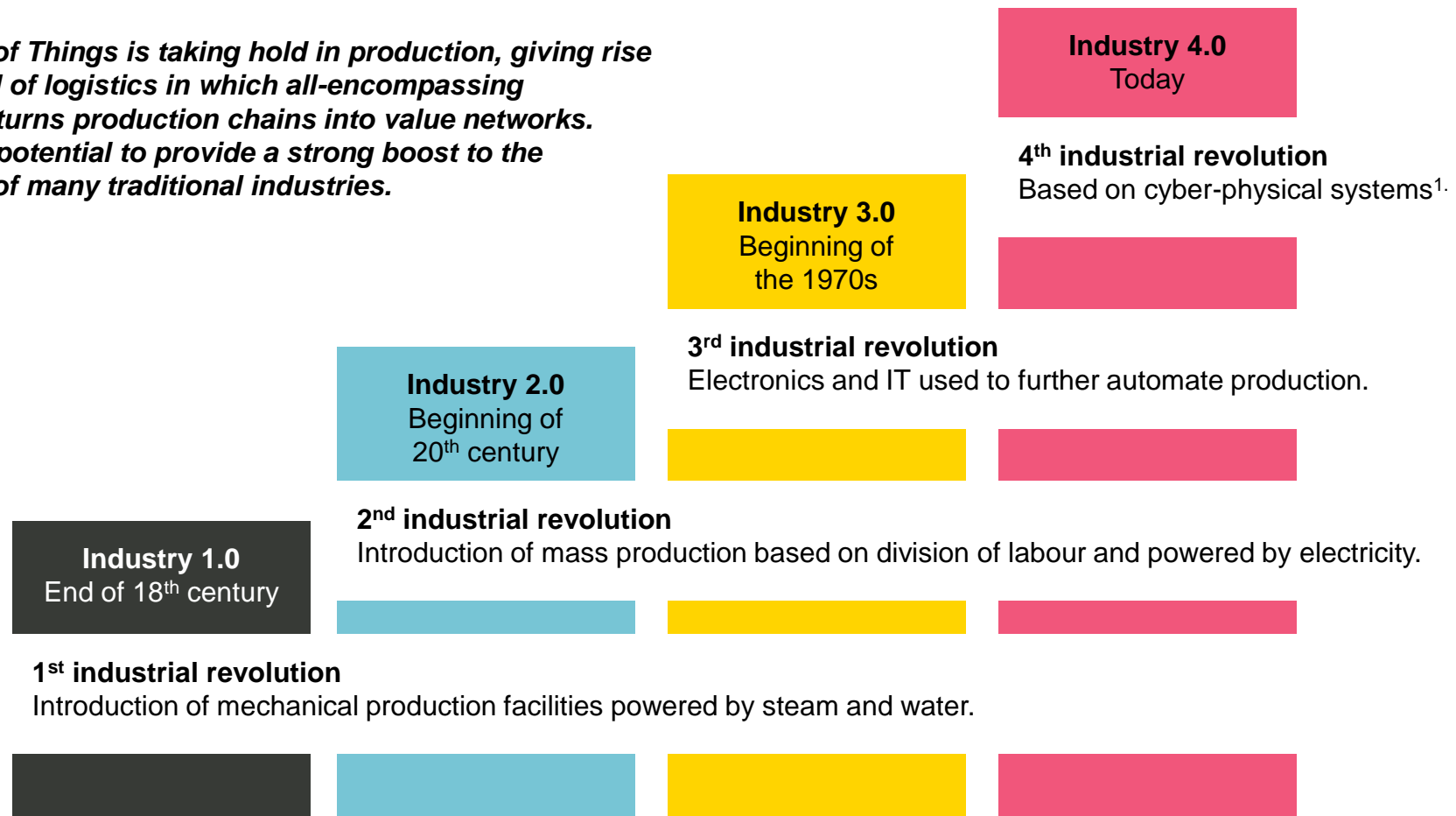
Financial Products
Advisory & Distribution
18. September 2017

Investment theme

"Industry 4.0 – the fourth industrial revolution"

Industry 4.0 is no longer just a theory

The Internet of Things is taking hold in production, giving rise to a new kind of logistics in which all-encompassing connectivity turns production chains into value networks. This has the potential to provide a strong boost to the productivity of many traditional industries.



Source: Braincourt quoted in computerwoche.de

1: Cyber-physical systems are systems where IT and software components are linked to mechanical / electronic components, with the transfer and exchange of data as well as monitoring and steering taking place in real time via infrastructure such as the internet (for more information see gabler.de).

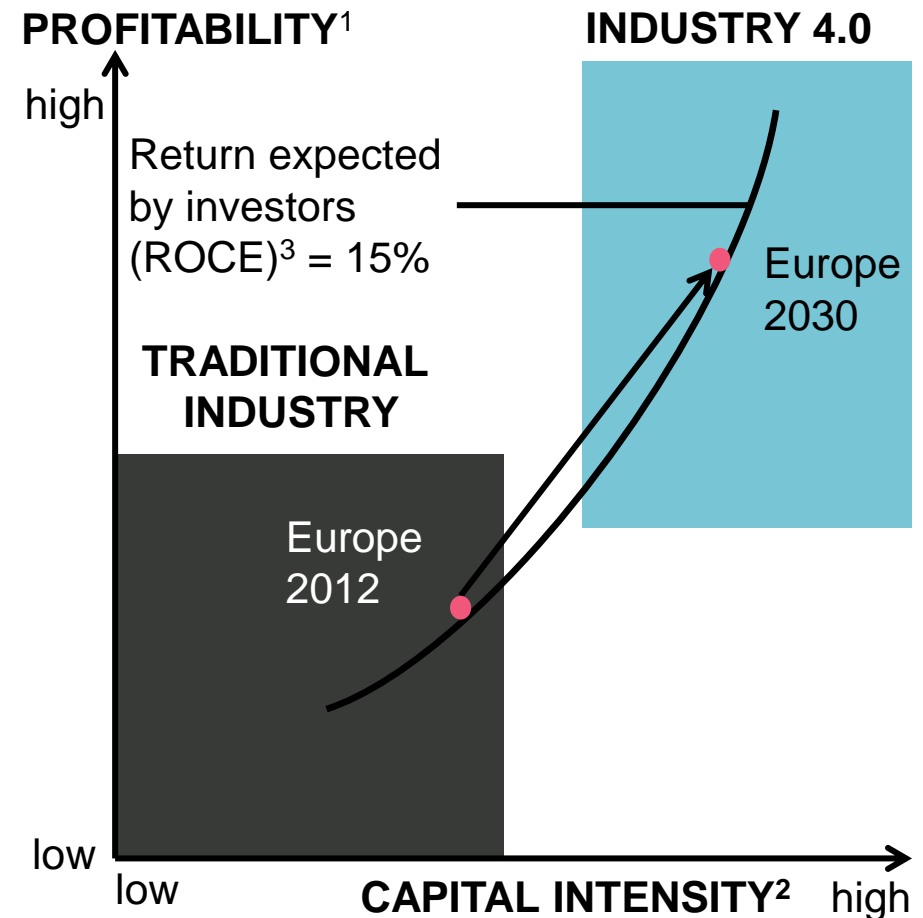
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More efficient, more individual

- Production chains will be replaced by value-adding networks optimized in real time → solution to balancing the conflicting requirements of bespoke production and efficiency gains (economies of scale).
- Suppliers, production plants and processes will be networked → entirely new production logistics, leading to greater value creation.
- Significant investment required in implementing Industry 4.0.
- Projections (see chart) show the digitalization of production in Europe is likely to lead to clear productivity gains, with higher margins on the back of the resulting scale effects.

Industry 4.0: rising profitability & capital intensity



Sources: Roland Berger Strategy Consultants, Think Act, Industry 4.0; 03/2015

1: EBIT as % of value added; margin: low = below 5%, high = above 20%, 2: Capital employed/value added; margin: low = below 0.5; high = above 1.3

3: ROCE = profitability x capital intensity

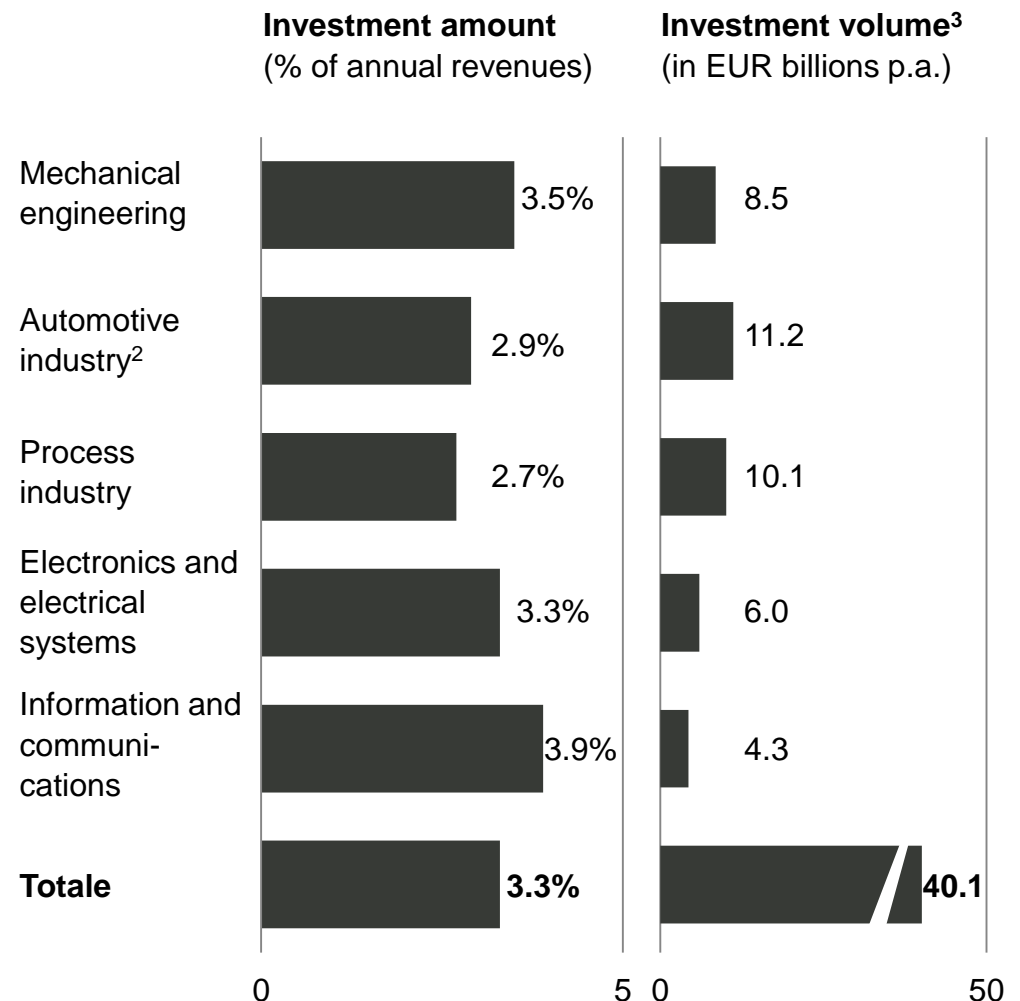
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Switzerland and Germany at the head of the field

- European companies are already well set up for Industry 4.0.
- If they are also to assume a leading role in the future, they will have to keep investing EUR 90 billion a year over the next 15 years (a total of EUR 1,350 billion).
- According to a PwC survey from 2014, German companies alone are likely to invest EUR 40 billion p.a. through to 2020 (see chart).
- Besides Switzerland and Germany, countries such as France and the UK are also “promising candidates” that are similarly well prepared.
- According to official estimates, SMEs practising lean management are the most likely to address Industry 4.0 solutions both technically and organizationally.

German industry to invest EUR 40 billion p.a. through to 2020¹



1: Source: PwC 2014

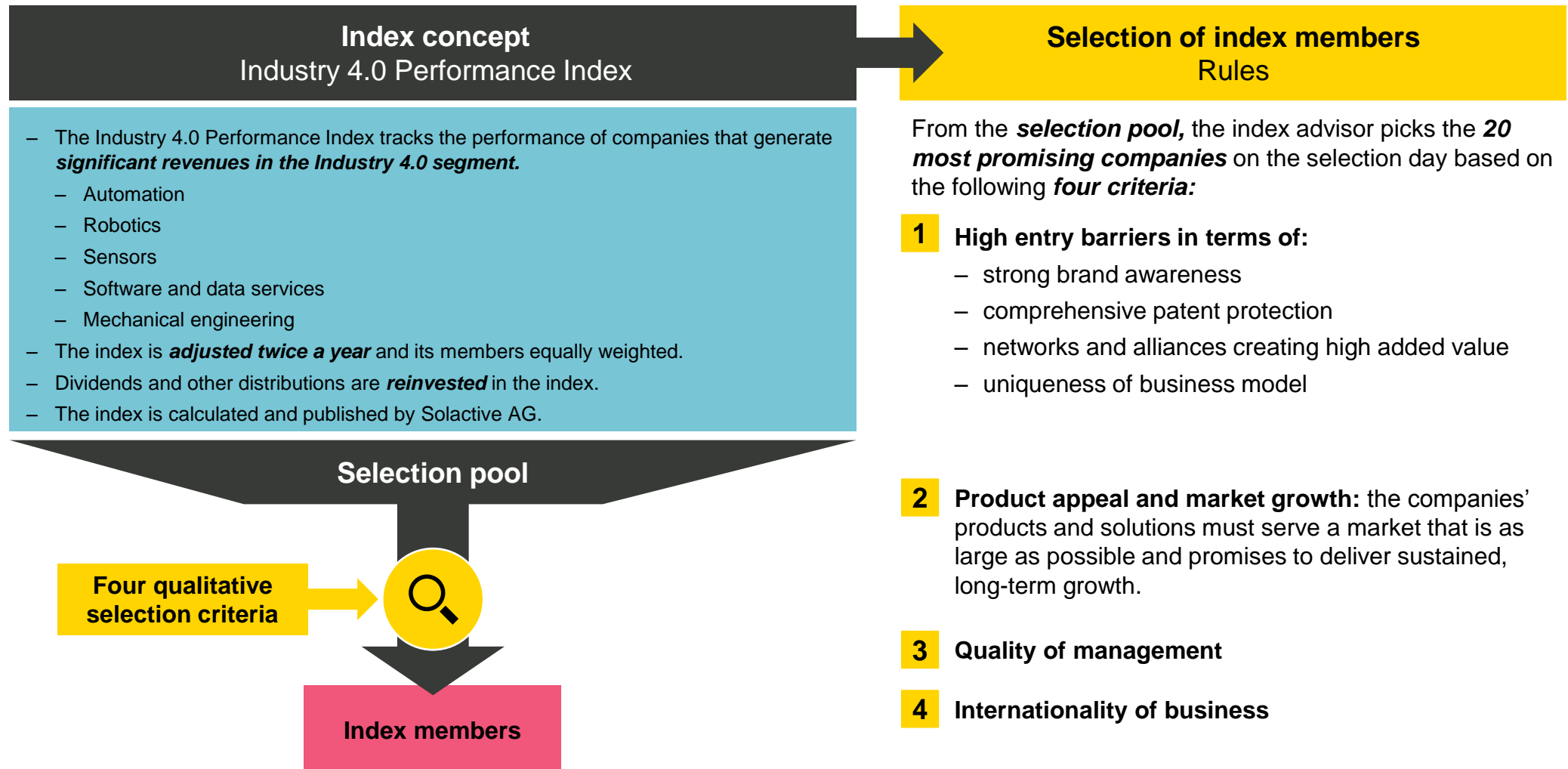
2: Projection for the entire automotive industry (economic sector 29: production of motor vehicles and motor vehicle parts).

3: Projection on the basis of survey results relating to the total revenues per sector in Germany in 2012 according to the Federal Statistical Office.

Investment theme

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Index composition – Concept and quantitative/qualitative selection criteria



Key product data – Industry 4.0 Performance Index

Initial composition of the Industry 4.0 Performance Index

COMPANY	SECTOR	COUNTRY
ABB Ltd.	Automation	Switzerland
COGNEX Corp.	Automation	US
Krones AG	Automation	Germany
Rockwell Automation Inc.	Automation	US
Yaskawa Electric Corp.	Automation	Japan
Bertrandt AG	Mechanical engineering	Germany
Duerr AG	Mechanical engineering	Germany
Indus Holding AG	Mechanical engineering	Germany
Parker Hannifin Corp.	Mechanical engineering	US
FANUC Corp.	Robotics	Japan
KUKA AG	Robotics	Germany
Teradyne Inc.	Robotics	US
ARM Holdings	Sensors	UK
Infineon Technologies AG	Sensors	Germany
Keyence Corp.	Sensors	Japan
National Instruments Corp.	Sensors	US
Alphabet Inc.	Software/data services	US
Autodesk Inc.	Software/data services	US
Dassault Systèmes SA	Software/data services	France
SAP SE	Software/data services	Germany



Key product data – Industry 4.0 Performance Index

Key product data – VONCERT Open End


VONCERT OPEN END

SSPA product type	Tracker certificate (1300)
Underlying	Industry 4.0 Performance Index
Initial fixing / payment date	1 April 2016 / 8 April 2016
Term	Open end
Management fee	1.20% p.a.
Issuer	Vontobel Financial Products Ltd., DIFC Dubai (is not subject to any prudential supervision and has no rating)
Guarantor	Vontobel Holding AG, Zurich (Moody's A3)


In subscription until
31 March 2016,
 4:00pm CET

Currencies	 CHF	 USD
Valor / symbol	3161 2760 / ZSLABV	3161 2761 / ZSLADV
Issue price	CHF 101.50 (CHF 1.50 front-load fee included)	USD 101.50 (USD 1.50 front-load fee included)
VONCERT reference price	CHF 100.00	USD 100.00

 Termsheet

 Details on derinet.ch

 Termsheet

 Details on derinet.ch

Important information for investors

Industry 4.0 Performance Index

Significant risks for investors

- Economic crises and changes could have a detrimental impact on the shares underlying the participation certificate.
- New technologies offer the potential of promising business models, but also entail risks. This can lead to corresponding share price volatility.
- New competitors could engage the established firms in the index in a fight for market share.
- Issuer risk
- Currency risk
- No capital protection

Legal Note

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