

STUDY

2018 CEO Success study – GSA deep dive

May 2019

Executive summary

2018 CEO Success study – GSA deep dive

16%

GSA CEO
turnover rate in
2018

- The CEO turnover rate in the GSA slightly increased from 15.3% in 2017 to 16.0% in 2018
- Comparatively, the CEO turnover rate in Western Europe significantly increased from 14.5% in 2017 to 19.8% in 2018
- Overall, the GSA had the third lowest turnover rate of any region

1

Incoming female
CEO in the GSA in
2018

- Similar to the last three years, there was only one (2.1% of total sample) incoming female CEO in the GSA in 2018
 - Antje Leminsky succeeded Wolfgang Grenke of Grenke AG on May 1, 2018
- Comparatively, 4.9% of all incoming Global CEOs were female

35%

Share of incoming
outside CEOs in
the GSA in 2018

- 35% of incoming CEOs in the GSA in 2018 were outsiders compared to 22% in 2017
- In fact, the GSA had the largest share of incoming outsider CEOs of any region in 2018
- Although the annual sample is small, Switzerland has been decreasing the share of incoming outsider CEOs over the last 5 years

4.8

Median tenure
(years) of
outgoing GSA
CEOs in 2018

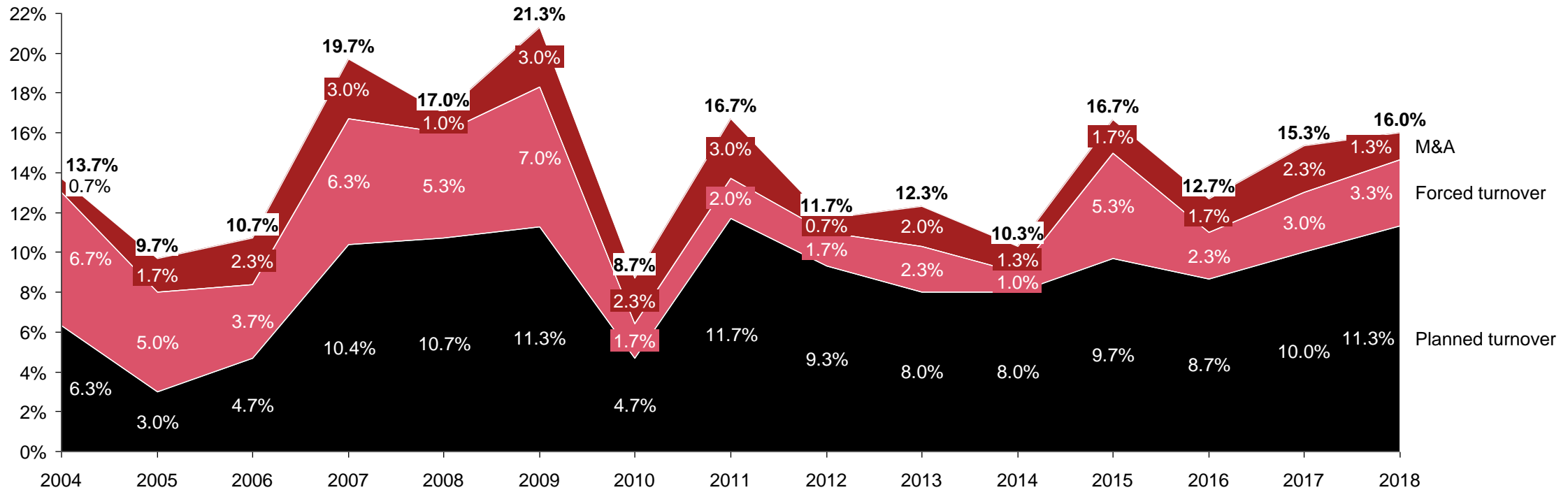
- The median tenure for outgoing CEOs in the GSA fell from 5.8 years in 2017 to 4.8 years in 2018, lower than both Western Europe and Global
- However, looking at the average, we see that tenure actually increased for GSA CEOs from 6.2 years in 2017 to 6.6 years in 2018

The CEO turnover rate in the GSA slightly increased from 15.3% in 2017 to 16.0% in 2018

GSA¹ CEO turnover rate by succession reason

CEO turnover events as % of top 300 public companies, 2004-2018

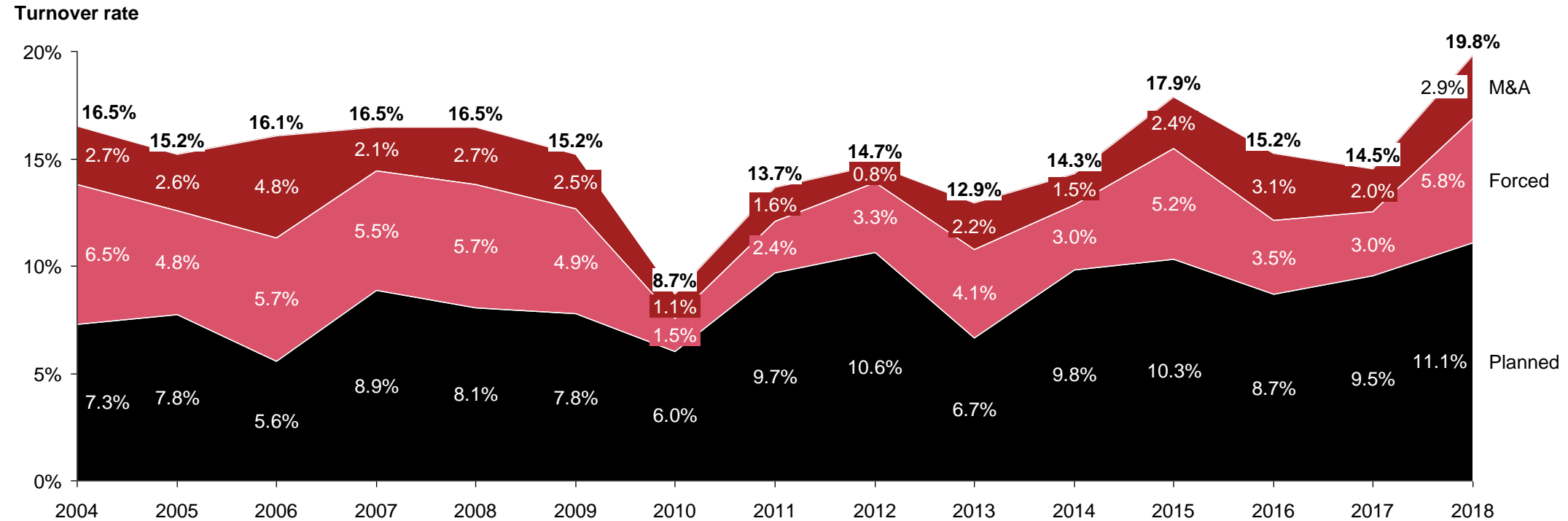
Turnover rate



Comparatively, the CEO turnover rate in Western Europe significantly increased from 14.5% in 2017 to 19.8% in 2018

Western Europe¹ CEO turnover rate by succession reason

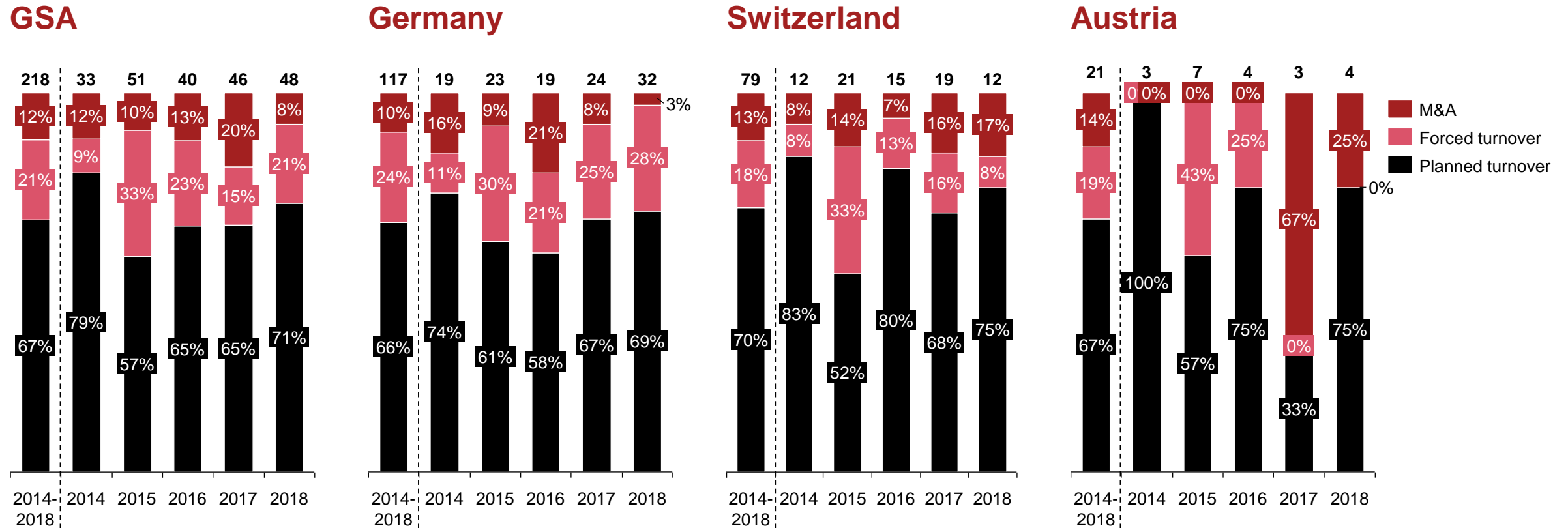
CEO turnover events as % of all companies in Western Europe among the global top 2,500 public companies, 2004-2018



1. "Western Europe" includes Austria, Belgium, Denmark, Finland, France, Germany, Guernsey, Ireland, Italy, Jersey, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland. It also includes companies in GSA in the global top 2,500.
 Note 1: Western Europe 2018 sample size: 102 turnover events among 515 companies in global 2500 companies studied.
 Note 2: Includes turnover events resulting from M&A as well as interim appointments.
 Source: Strategy& 2018 CEO Success study

In the GSA, the percentage of all turnovers that were forced rose from 15% in 2017 to 21% in 2018, inline with its five year average

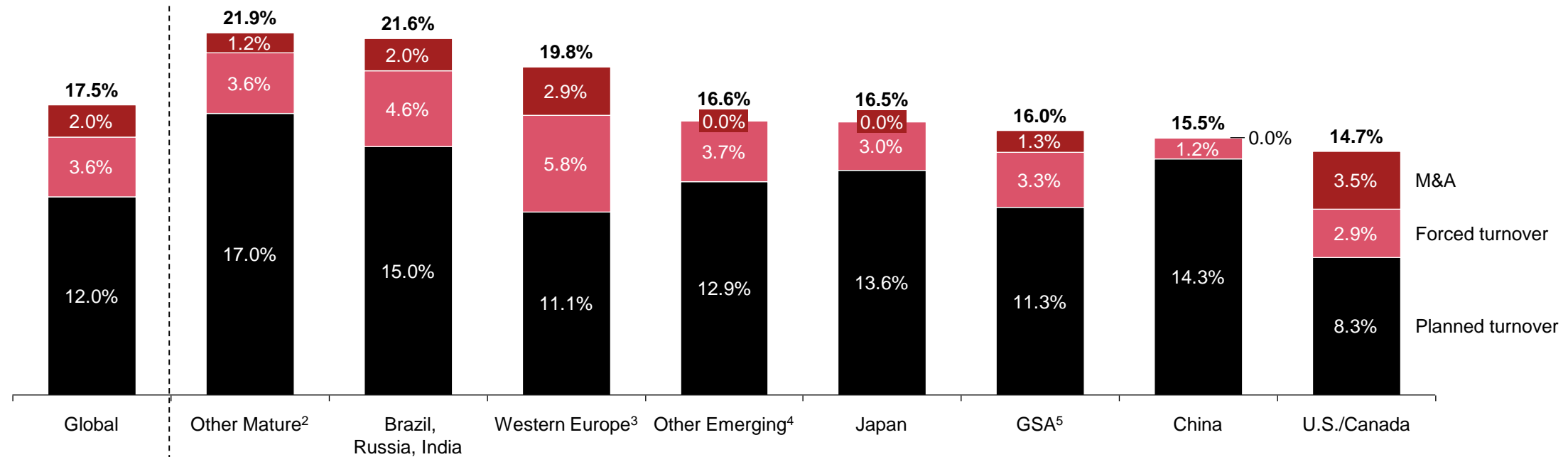
CEO succession reasons in the GSA¹ as a percentage of turnover events 2014-2018



Overall, the GSA had the third lowest turnover rate of any region

CEO turnover rate by region and succession reason

2018 CEO turnover events as a percentage of top 2,500 public companies in each region¹



1. "Each Region" shows the turnover percentage based on companies in each region among the top 2,500 companies; GSA shows the turnover percentage for the top 300 GSA public companies.

2. "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, South Korea, etc.

3. "Western Europe" includes Austria, Belgium, Denmark, Finland, France, Germany, Guernsey, Ireland, Italy, Jersey, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland. It also includes companies in GSA in the global top 2,500.

4. "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam etc.

5. "GSA" includes Germany, Switzerland, and Austria.

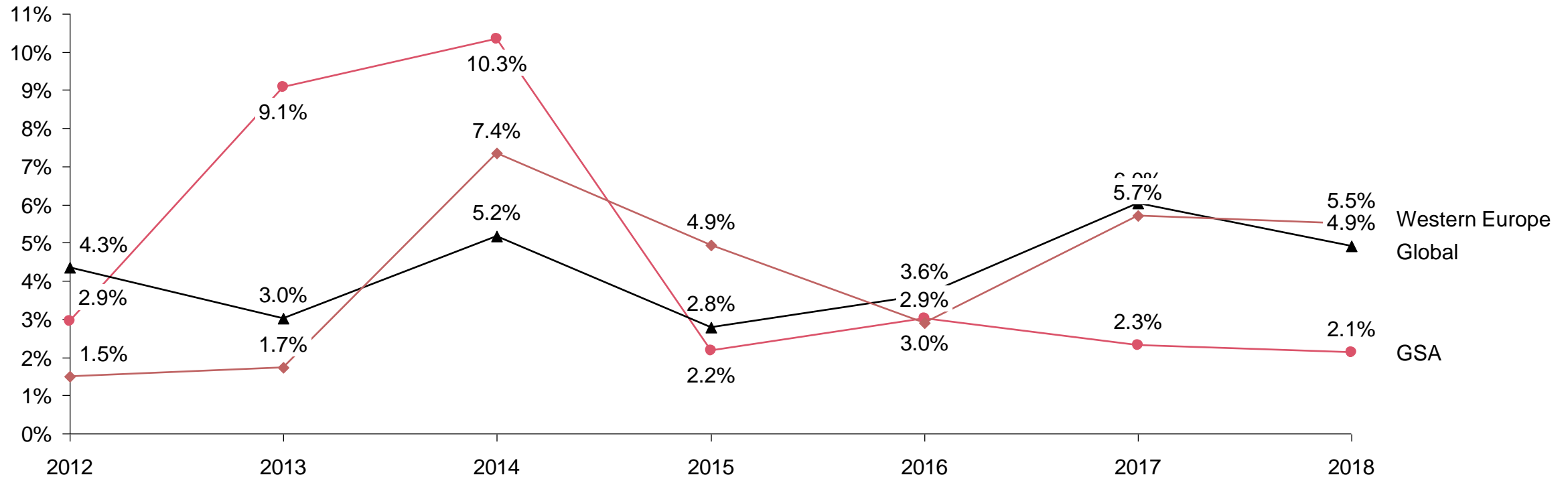
Note 1: "Mature" countries are defined as per the U.N. Development Programme 2018 ranking of countries with "very high human development" (human development index >0.80); all others are "emerging" countries.

Note 2: Includes turnover events resulting from M&A as well as interim appointments.

Source: Strategy& 2018 CEO Success study

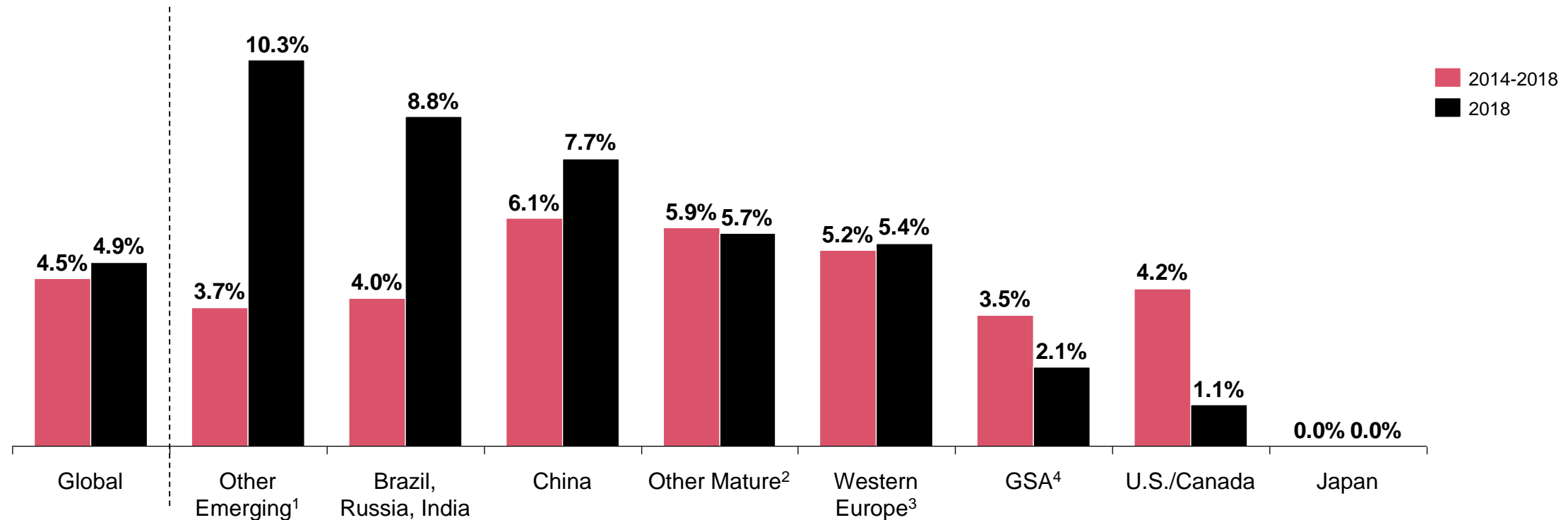
Similar to the last three years, there was only one (2.1% of total sample) incoming female CEO in the GSA in 2018

Share of incoming female CEOs in the GSA¹ 2012-2018



Overall, the GSA had the third smallest share of incoming female CEOs and the second lowest five year average

Share of incoming female CEOs by region 2014-2018



1. "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam etc.

2. "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, South Korea, etc.

3. "Western Europe" includes Austria, Belgium, Denmark, Finland, France, Germany, Guernsey, Ireland, Italy, Jersey, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland. It also includes companies in GSA in the global top 2,500.

4. "GSA" includes Germany, Switzerland, and Austria.

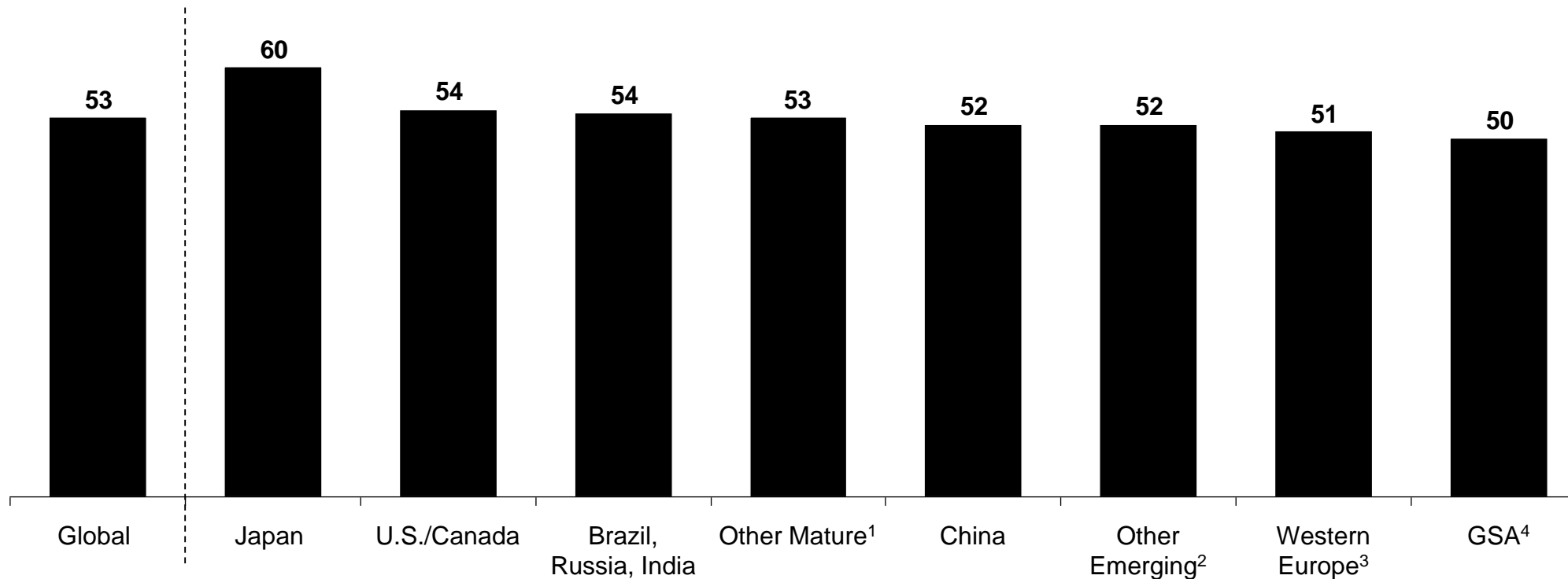
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Note 2: Includes turnover events resulting from M&A as well as interim appointments.

Source: Strategy& 2018 CEO Success study

Incoming CEOs in the GSA in 2018 were the youngest of any region

Incoming CEO median age (years) by region 2018



1. "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, South Korea, etc.

2. "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam etc.

3. "Western Europe" includes Austria, Belgium, Denmark, Finland, France, Germany, Guernsey, Ireland, Italy, Jersey, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland. It also includes companies in GSA in the global top 2,500.

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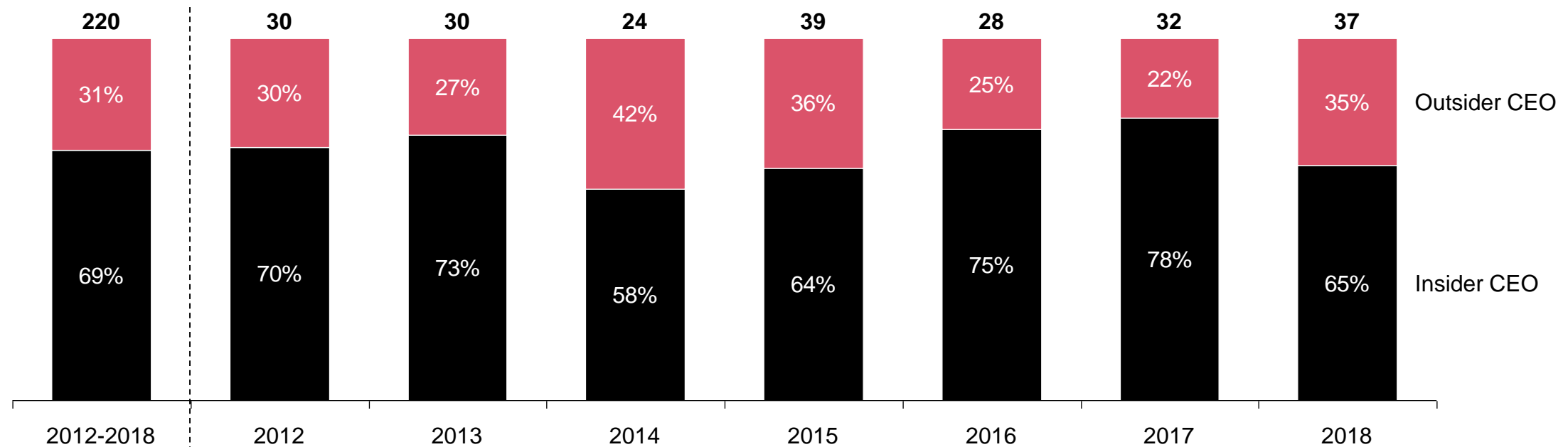
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Source: Strategy& 2018 CEO Success study

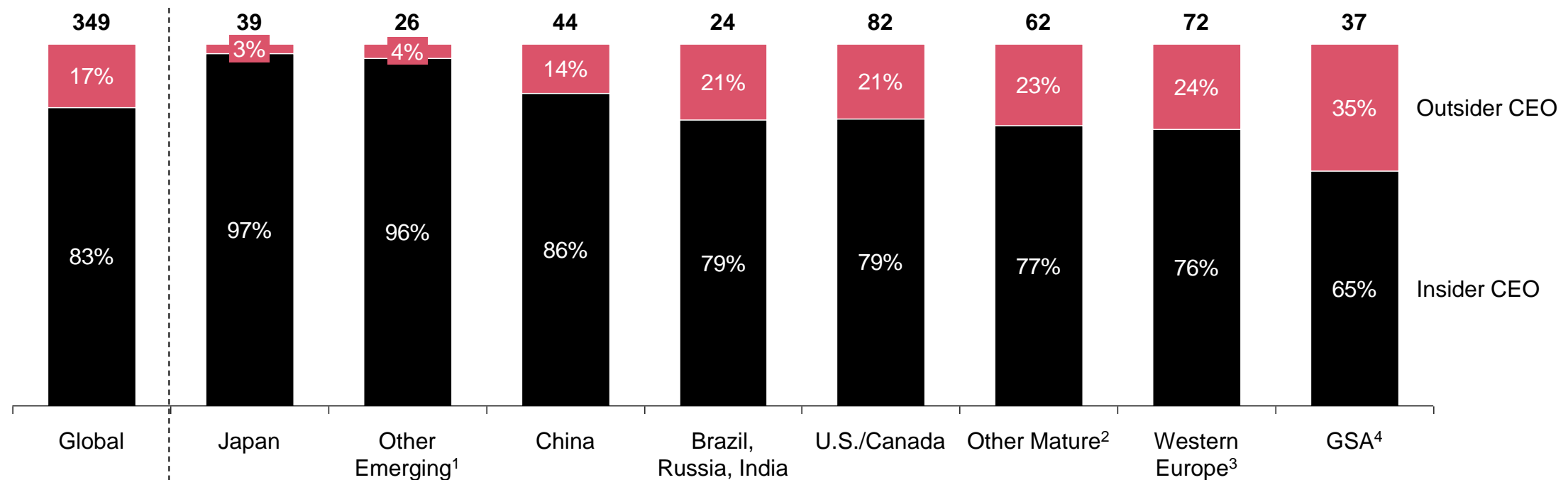
35% of incoming CEOs in the GSA in 2018 were outsiders compared to 22% in 2017

Incoming GSA¹ CEO pedigree 2012-2018



In fact, the GSA had the largest share of incoming outsider CEOs of any region in 2018

Incoming CEO pedigree by region 2018



1. "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam etc.

2. "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, South Korea, etc.

3. "Western Europe" includes Austria, Belgium, Denmark, Finland, France, Germany, Guernsey, Ireland, Italy, Jersey, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland. It also includes companies in GSA in the global top 2,500.

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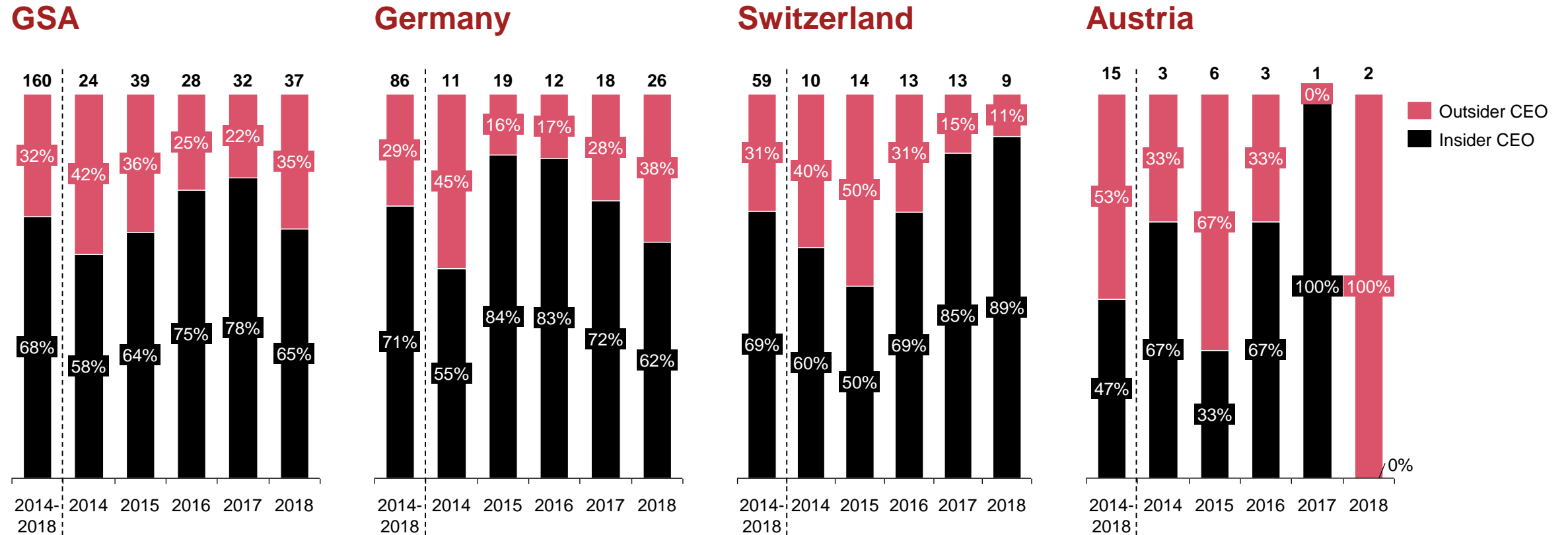
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Source: Strategy& 2018 CEO Success study

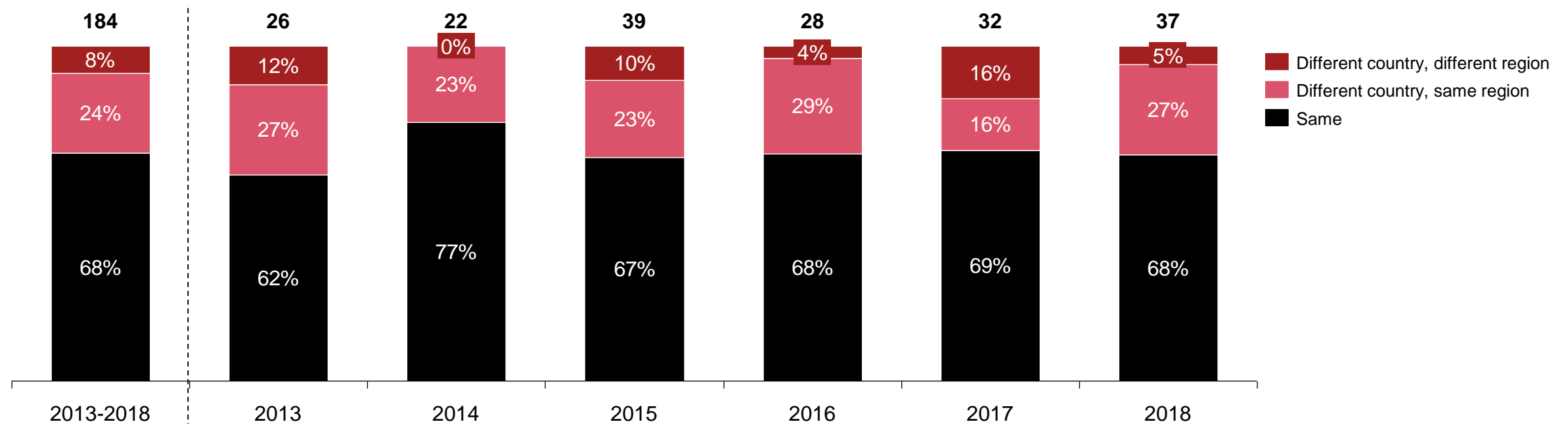
Although the annual sample is small, Switzerland has been decreasing the share of incoming outsider CEOs over the last 5 years

Incoming GSA¹ CEO pedigree 2014-2018



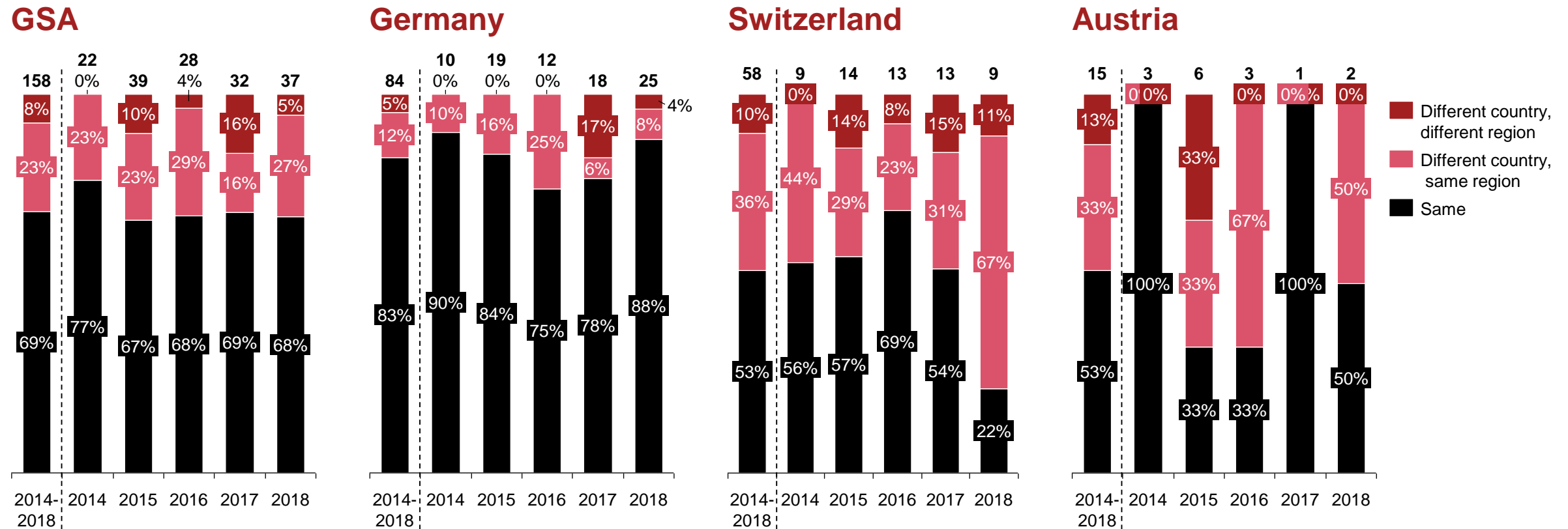
Similar to the last three years, about a third of incoming CEOs in the GSA in 2018 were foreign

Incoming GSA¹ CEO nationality compared with company HQ region 2013-2018



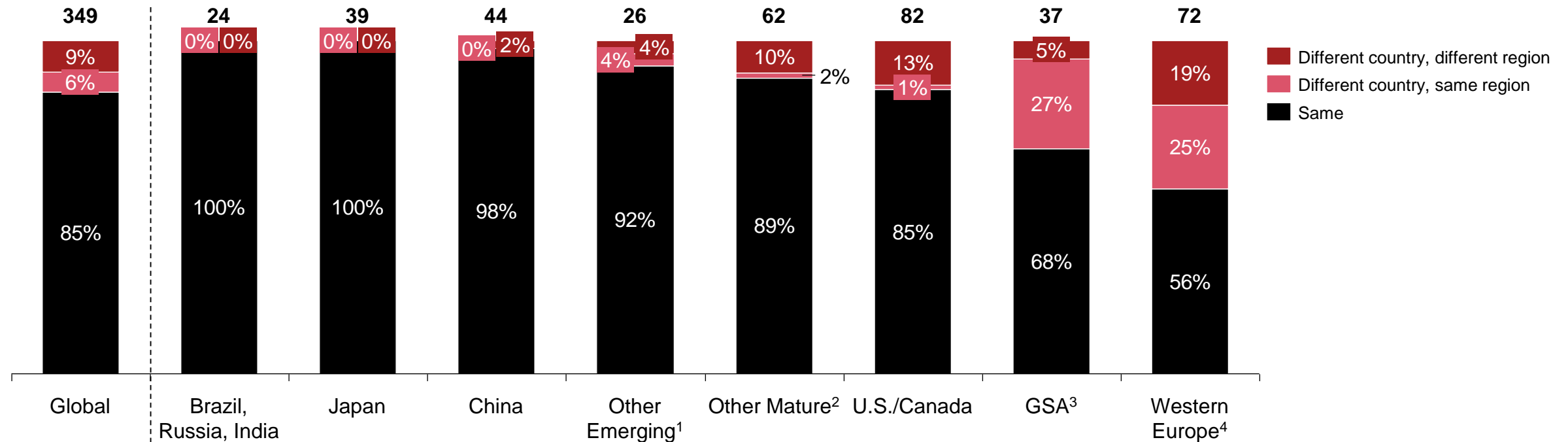
Nearly 90% of incoming CEOs in Germany were German, the largest share since 2014

Incoming GSA¹ CEO nationality compared with company HQ region 2014-2018



Companies in the GSA were slightly less likely than companies in Western Europe to hire a foreign CEO

Incoming CEO nationality compared with company HQ region 2018



1. "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam etc.

2. "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, South Korea, etc.

3. "GSA" includes Germany, Switzerland, and Austria.

4. "Western Europe" includes Austria, Belgium, Denmark, Finland, France, Germany, Guernsey, Ireland, Italy, Jersey, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland. It also includes companies in GSA in the global top 2,500.

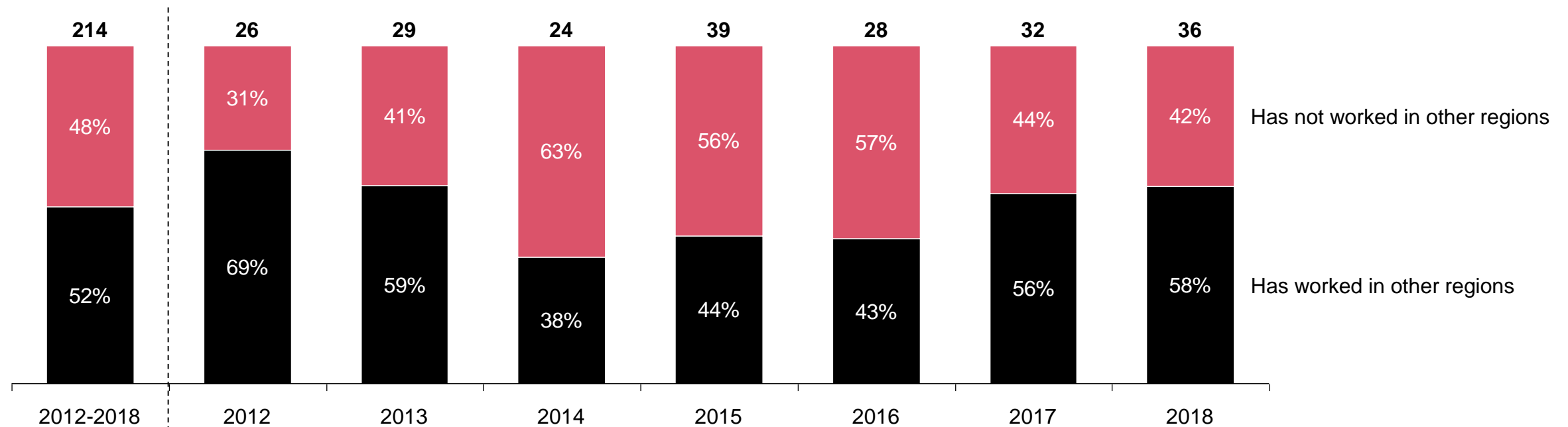
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Note 2: Excludes turnover events resulting from M&A as well as interim appointments.

Source: Strategy& 2018 CEO Success study

Similar to last year, nearly 60% of incoming GSA CEOs in 2018 had international work experience

Incoming GSA¹ CEOs with experience² in different regions compared to company HQ region 2012-2018



1. "GSA" includes Germany, Switzerland, and Austria.

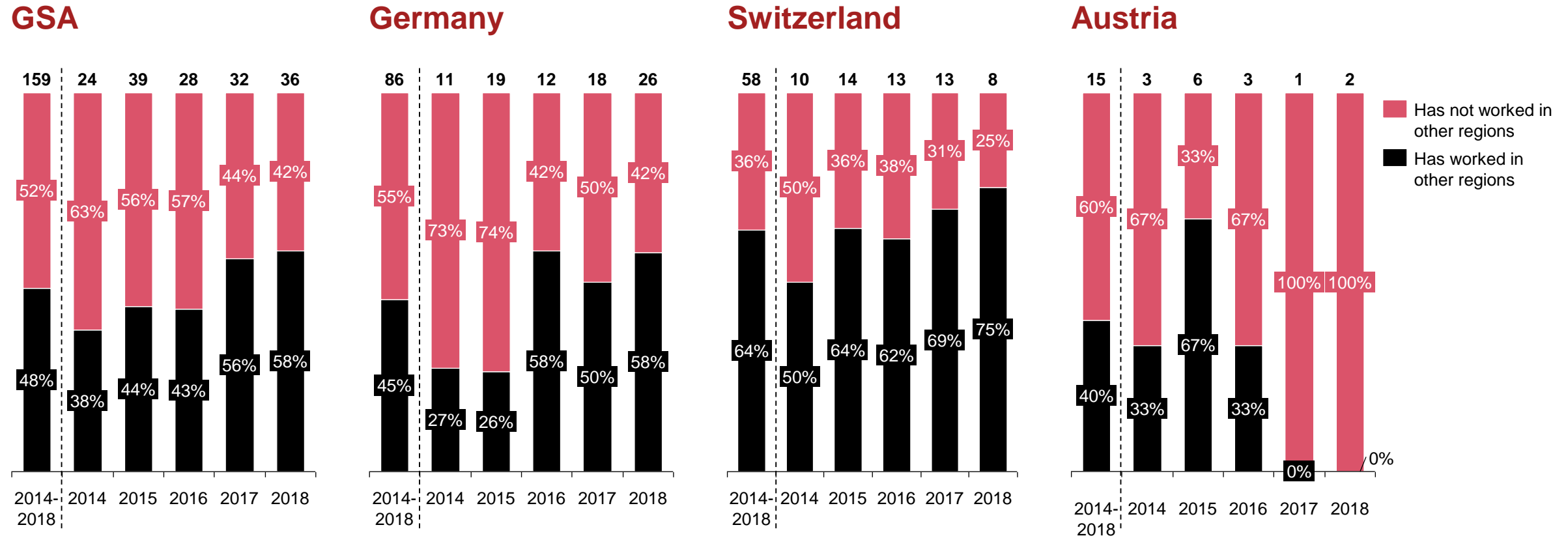
2. "Experience in different regions" means incoming CEOs' experience in regions other than company HQ region.

Note: Exhibit excludes turnover events resulting from M&A and interims.

Source: Strategy& 2018 CEO Success study

Over the last five years, 64% of Swiss CEOs had international work experience compared to 45% of German CEOs

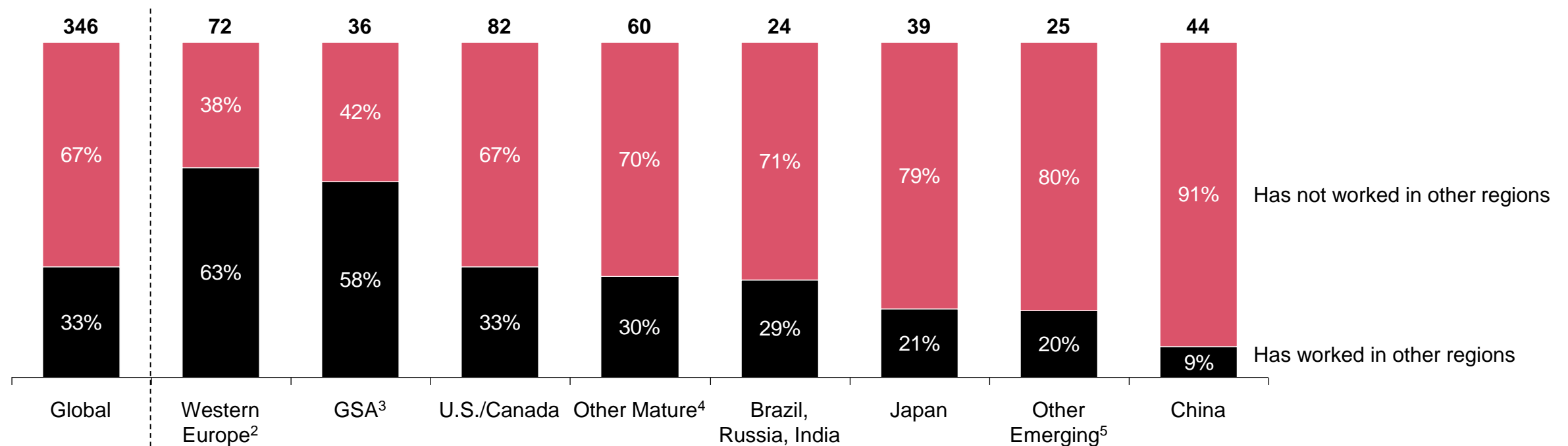
Incoming GSA¹ CEOs with experience² in different regions compared to company HQ region 2014-2018



1. "GSA" includes Germany, Switzerland, and Austria.
 2. "Experience in different regions" means incoming CEOs' experience in regions other than company HQ region.
 Note: Exhibit excludes turnover events resulting from M&A and interims.
 Source: Strategy& 2018 CEO Success study

Incoming CEOs in the GSA were the second most likely to have international work experience of any region

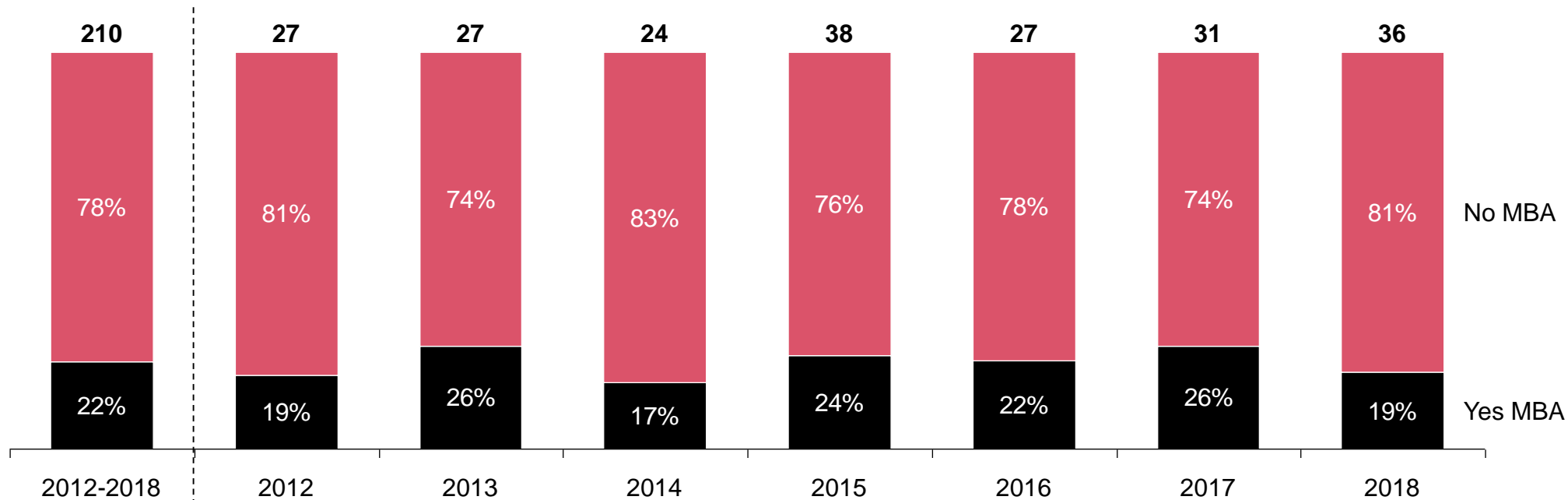
Incoming CEOs with experience¹ in different regions compared to company HQ region
2018



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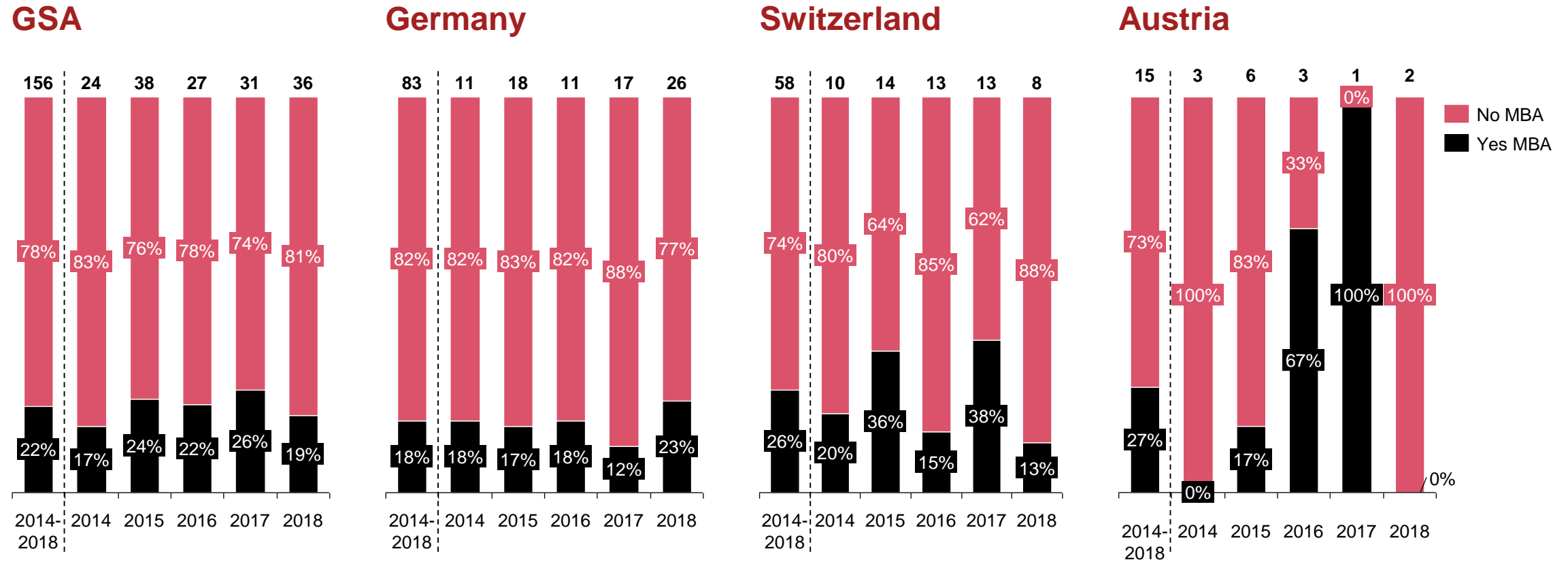
19% of incoming CEOs in the GSA in 2018 had an MBA compared to 26% in 2017

Incoming GSA¹ CEOs with an MBA 2012-2018



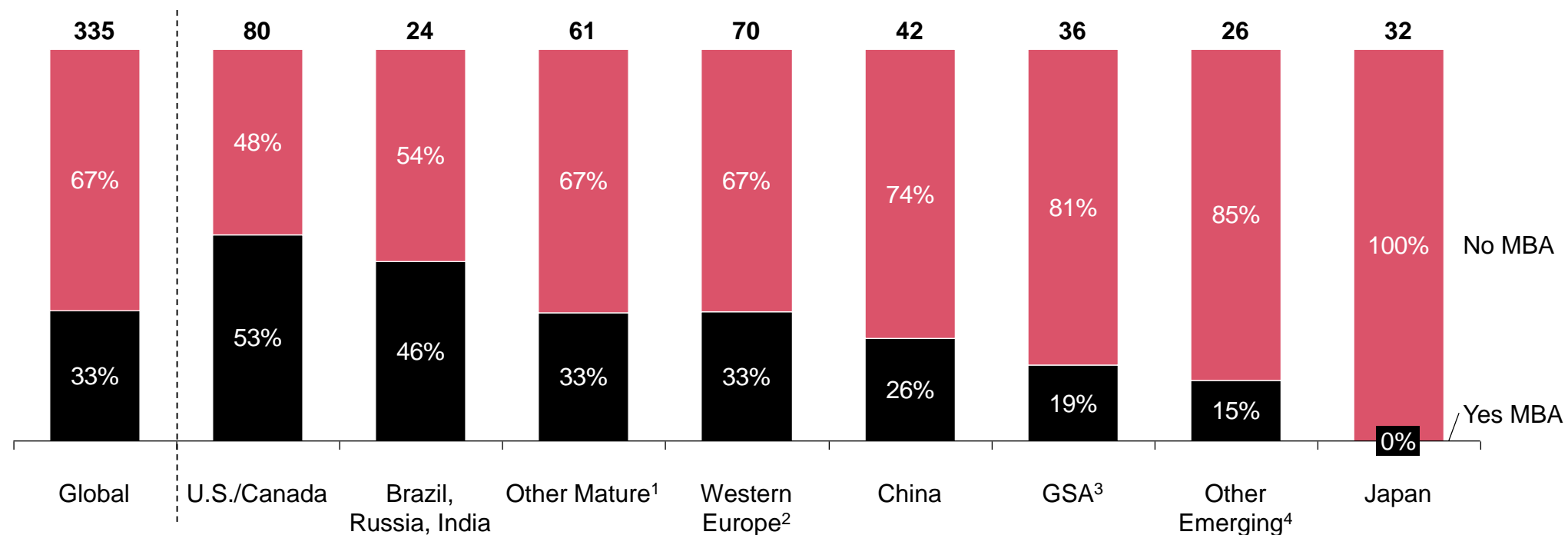
23% of incoming CEOs in Germany had an MBA, the largest share in the last five years

Incoming GSA¹ CEOs with an MBA 2014-2018



The GSA had the third smallest share of incoming CEOs with an MBA of any region

Incoming CEOs with an MBA by region 2018



1. "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, South Korea, etc.

2. "Western Europe" includes Austria, Belgium, Denmark, Finland, France, Germany, Guernsey, Ireland, Italy, Jersey, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland. It also includes companies in GSA in the global top 2,500.

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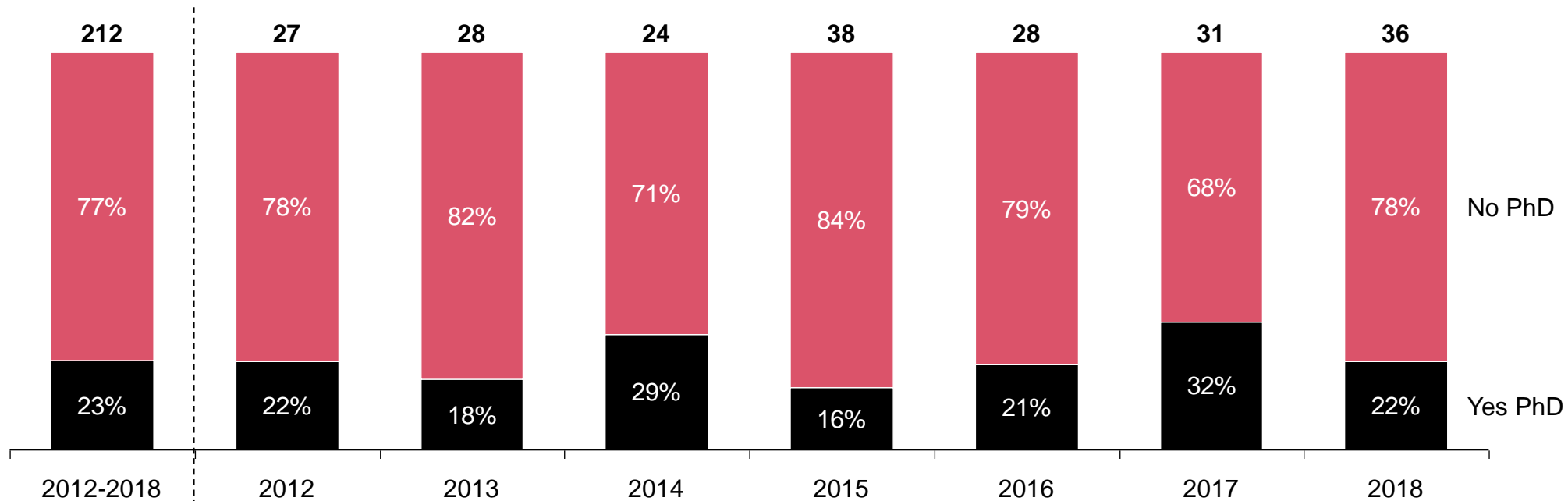
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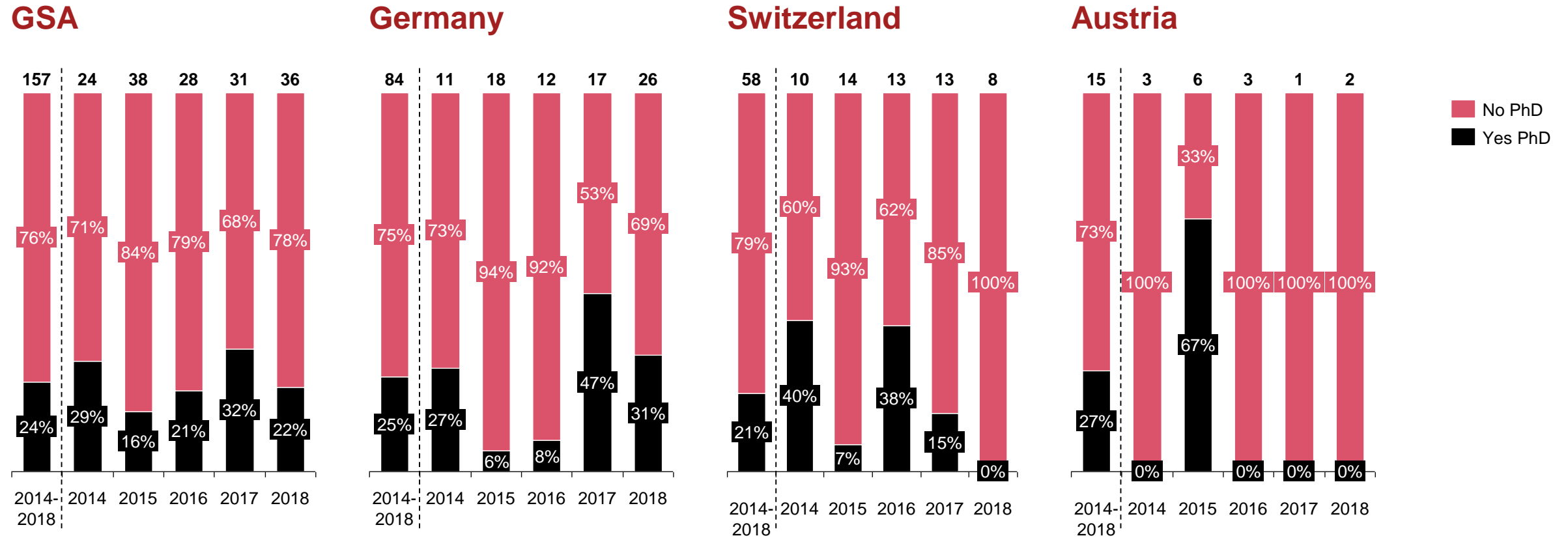
22% of incoming CEOs in the GSA in 2018 had a PhD compared to 32% in 2017

Incoming GSA¹ CEOs with an PhD 2012-2018



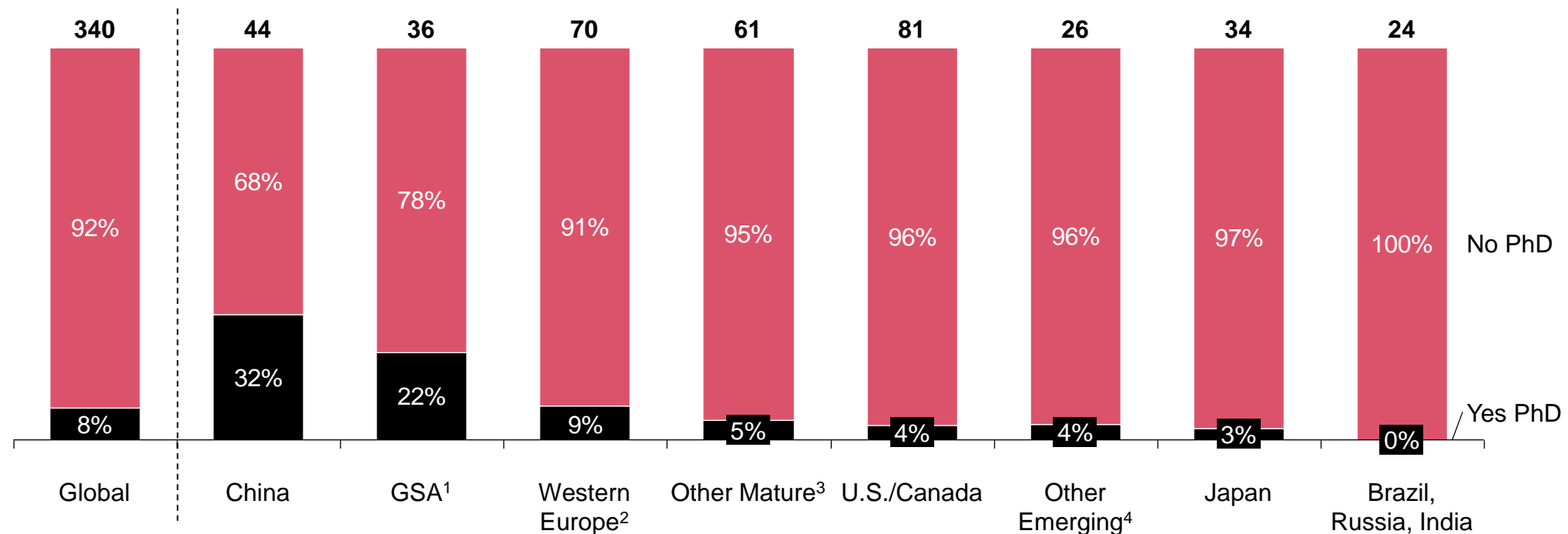
31% of incoming CEOs in Germany had a PhD compared to 47% in 2017

Incoming GSA¹ CEOs with an PhD 2014-2018



The GSA had the second largest share of incoming CEOs with a PhD of any region

Incoming CEOs with an PhD by region 2018



1. "GSA" includes Germany, Switzerland, and Austria.

2. "Western Europe" includes Austria, Belgium, Denmark, Finland, France, Germany, Guernsey, Ireland, Italy, Jersey, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland. It also includes companies in GSA in the global top 2,500.

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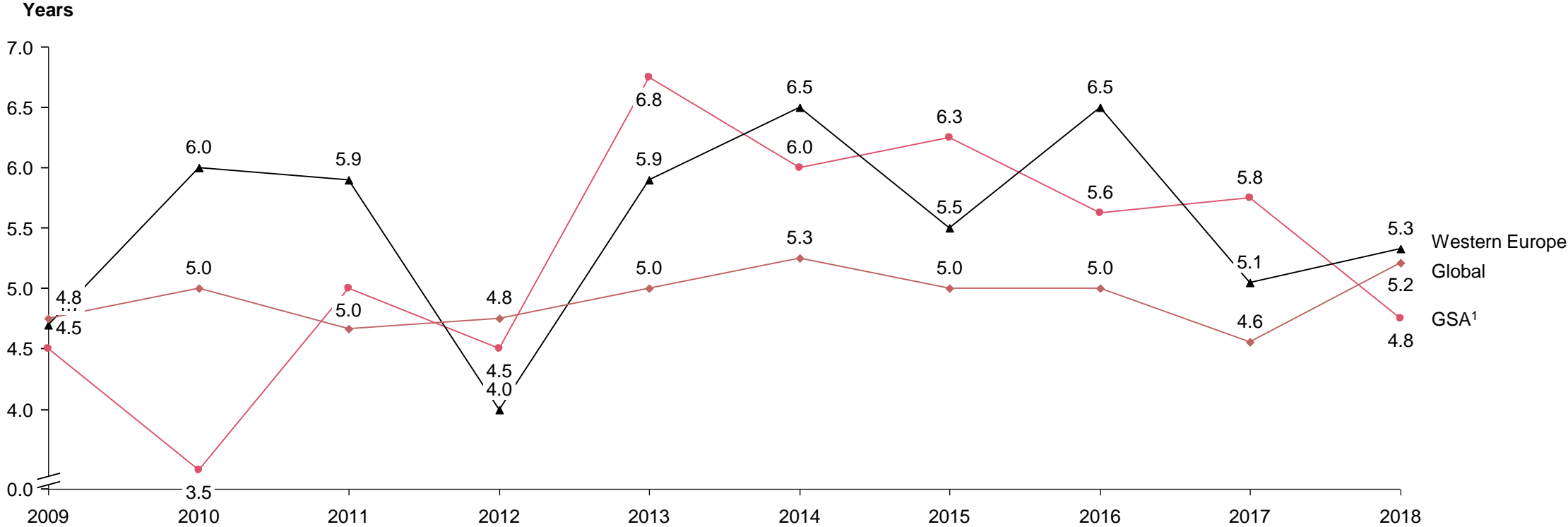
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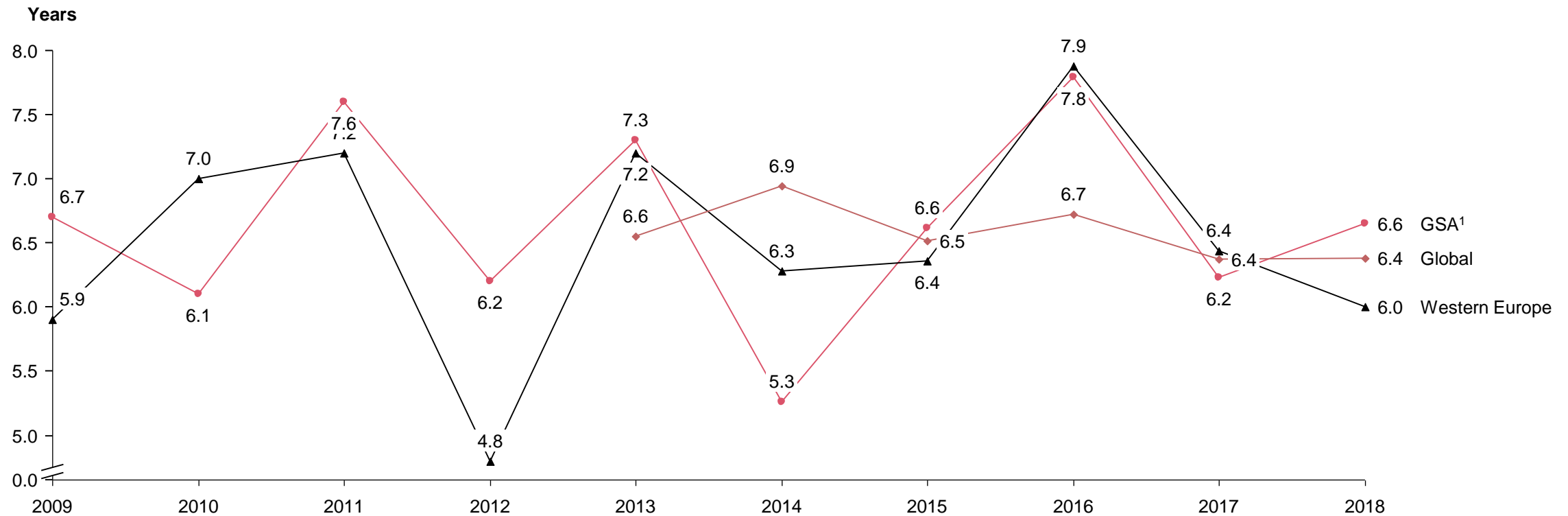
The median tenure for outgoing CEOs in the GSA fell to 4.8 years, lower than Western Europe and Global

Median tenure of outgoing CEOs by region 2009-2018



However, looking at the average, we see that tenure actually increased for GSA CEOs from 6.2 years in 2017 to 6.6 years in 2018

Average tenure of outgoing CEOs by region 2009-2018



Methodology

2018 CEO Success study – GSA deep dive

The CEO Success study identified the world's 2,500 largest public companies, defined by their market capitalization (from Thompson ONE) on January 1, 2018. We then identified the companies among the top 2,500 that had experienced a chief executive succession event between January 1, 2018, and December 31, 2018, and cross-checked data using a wide variety of printed and electronic sources in many languages. For a listing of companies that had been acquired or merged in 2018, we also used Thompson ONE.

Each company that appeared to have changed its CEO was investigated for confirmation that a change occurred in 2017, and additional details — title, tenure, chairmanship, nationality, professional experience, and so on — were sought on both the outgoing and incoming chief executives (as well as any interim chief executives). Company-provided information was acceptable for most data elements except the reason for the succession. Outside press reports and other independent sources were used to confirm the reason for an executive's departure.

We performed a deep dive for several regions, among them the GSA (Germany, Switzerland, Austria). For the GSA this entailed **complementing the overall database of the largest 2,500 companies with the top 300 public companies by market capitalization that are headquartered in the GSA, and identifying and profiling those additional succession events**. In the attached document, **GSA numbers thus always refer to the 300 largest companies in the GSA, whereas all other numbers refer to the 2,500 largest companies globally or subsets thereof** (e.g. subset of European-based companies in the top 2,500 companies globally).