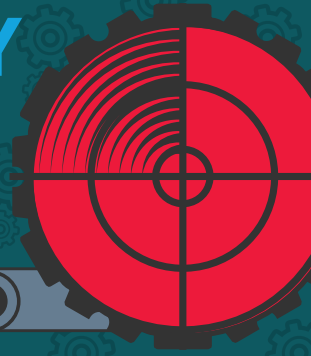


BDO MANUFACTURING RISKFACTOR REPORT

MANUFACTURING INDUSTRY SERVES UP NEW RISKS



WHAT ARE THE TOP RISKS ON THE INDUSTRY'S RADAR?

Pressure Mounts to Shore Up Cybersecurity



Manufacturing was the **2nd most targeted industry** for cyber attacks in 2015*

More than **9 in 10** manufacturers cite cybersecurity concerns

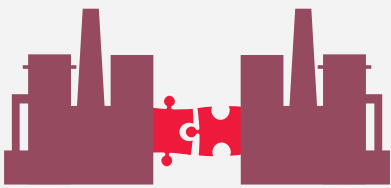


up 44% from 2013



91% cite **operational infrastructure risk, implementation of new information systems and maintenance**

The Race to Innovate: Getting Leaner and Meaner

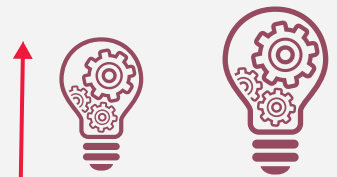


97% cite **competitive pressure and consolidation**



91% cite risks around **executing corporate strategy**

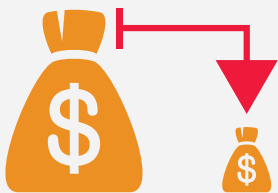
87% worry about **developing and marketing products that meet customer needs**



up from 69% in 2013

Market Fundamentals Create Kinks in the Demand Pipeline

GDP Growth



Q1 2015 **1.4%** Q1 2016 **.5%**



72% cite concerns about the **financial health and stability of their customers or partners**



88% worry about **less demand for their products or services**

Source: IBM

The 2016 BDO Manufacturing RiskFactor Report examines the risk factors noted in the most recent SEC 10-K filings of the 100 largest publicly traded manufacturers; the factors were analyzed and ranked by order of frequency cited.

For more information, visit <https://www.bdo.com/industries/manufacturing-distribution/overview> or contact

Rick Schreiber, National Leader of BDO's Manufacturing & Distribution practice
rschreiber@bdo.com / 901-680-7607

