

Duke's Fuqua School of Business / CFO Magazine Business Outlook

Results for 177 European firms (own-firm changes expected during the next 12 months)

	Mar 2013	Dec 2012	Sept 2012	May 2012	Mar 2012
Weighted Averages for	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months
Earnings growth*	7.5%	0.8%	4.5%	-1.7%	4.3%
Capital spending	1.5%	3.5%	-4.7%	-0.9%	2.7%
Technology spending	4.2%	0.3%	0.4%	4.0%	3.4%
R&D spending	2.7%	0.8%	0.2%	1.5%	4.0%
Advertising and marketing spending	-0.6%	2.1%	-2.3%	0.9%	0.5%
Employment – full-time	-3.7%	-0.6%	-2.6%	0.7%	-1.5%
Employment – temporary	-7.4%	-1.1%	-4.1%	1.1%	-4.8%
Outsourced Employment	4.7%	1.1%	3.6%	1.8%	4.0%
Wages and Salaries	1.2%	0.1%	0.9%	4.8%	2.6%
Productivity	2.2%	3.1%	1.7%	2.9%	3.1%
Inflation (Chg in prices of own-firm products)	0.8%	0.9%	0.8%	-0.4%	1.0%
Health Care Costs	1.4%	1.6%	-0.4%	1.2%	0.9%
Dividends*	1.6%	2.9%	5.6%	2.6%	2.9%
Share Repurchases*	0.0%	0.0%	0.0%	1.5%	0.0%
Cash on balance sheet*	7.8%	2.5%	8.2%	0.1%	-3.2%
Mergers and Acquisitions	30.1% plan to acquire; Foreign targets in 50.2% of acq.	Not asked.	Not asked.	Not asked.	36% plan to acquire. 14.8% plan to sell part or all of firm.
Revenue	2.8%	4.7%	1.7%	1.2%	2.6%

* indicates public firms only. All other numbers for all survey respondents (including private)

European BUSINESS OPTIMISM
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	Mar 2013	Dec 2012	Sept 2012	May 2012	Mar 2012
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
Optimism about the country's economy	More opt: 30.5% Less opt: 30.5% No chg: 39.0%	More opt: 22.5% Less opt: 48.3% No chg: 29.2%	More opt: 19.9% Less opt: 45.8% No chg: 34.3%	More opt: 20.8% Less opt: 51.5% No chg: 27.7%	More opt: 32.1% Less opt: 32.7% No chg: 35.2%
Country optimism level	52.7	51.7	49.1	52.1	54.0
Optimism about own company	More opt: 36.9% Less opt: 28.4% No chg: 34.7%	More opt: 35.8% Less opt: 28.3% No chg: 35.8%	More opt: 28.3% Less opt: 36.7% No chg: 34.9%	More opt: 29.4% Less opt: 38.2% No chg: 32.4%	More opt: 36.9% Less opt: 30.6% No chg: 32.5%
Own company optimism level	59.3	61.7	57.6	60.9	59.2

Top Concerns for European Businesses

MACRO CONCERNS

- Consumer Demand
- Price pressure from competitors
- Global financial instability
- National government policies

INTERNAL TO OWN FIRM

- Ability to maintain margins
- Ability to forecast results
- Maintaining morale/productivity
- Attracting and retaining qualified employees