

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

Results for 22 Chinese firms (own-firm changes expected during the next 12 months)

	Jun 2014	Mar 2015	Dec 2014	Sept 2014	Jun 2014
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*	5.0%	2.9%	5.7%	12.7%	4.6%
Capital spending	12.4%	-0.1%	6.3%	5.3%	6.4%
Technology spending	5.6%	1.7%	7.8%	5.0%	4.8%
R&D spending	5.8%	2.2%	4.9%	8.4%	2.5%
Advertising and marketing spending	2.2%	1.4%	8.1%	3.7%	0.3%
Employment – full-time	10.0%	1.1%	2.2%	1.1%	1.6%
Employment – temporary	1.8%	0.6%	0.5%	-1.1%	-1.6%
Outsourced Employment	-0.1%	0.5%	3.4%	3.8%	-1.9%
Wages and Salaries	8.2%	2.2%	6.5%	4.6%	6.0%
Productivity	5.5%	1.0%	4.1%	5.6%	5.9%
Inflation (Chg in prices of own-firm products)	0.2%	-0.2%	3.4%	2.3%	-0.7%
Health Care Costs	1.5%	2.2%	2.6%	2.8%	1.6%
Dividends*	0.0%	0.0%	5.4%	5.1%	4.3%
Share Repurchases*	0.0%	0.0%	0.0%	0%	0%
Cash on balance sheet*	1.2%	4.3%	3.2%	-8.3%	-2.6%
Revenue	13.8%	2.0%	11.4%	15.0%	2.6%
Mergers and Acquisitions	Not asked.	40.7% plan to acquire; Foreign targets in 17.0% of acq. 21.1% plan to sell part or all of firm.	Not asked.	Not asked.	Not asked.

* indicates public firms only. All other numbers are for all survey respondents (including private). The reported averages are weighted by revenue or number of employees, so that large firms are weighted more heavily.

Chinese BUSINESS OPTIMISM
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	Jun 2015	Mar 2015	Dec 2014	Sept 2014	Jun 2014
	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: 18.2% Less opt: 50.0% No chg: 31.8%	More opt: 14.3% Less opt: 57.1% No chg: 28.6%	More opt: 20.0% Less opt: 60.0% No chg: 20.0%	More opt: 24.3% Less opt: 43.2% No chg: 32.4%	More opt: 26.9% Less opt: 30.8% No chg: 42.3%
Country optimism level	62.0	66.5	61.4	63.2	63.6
Optimism about own company	More opt: 18.2% Less opt: 36.4% No chg: 45.5%	More opt: 25.0% Less opt: 46.4% No chg: 28.6%	More opt: 25.0% Less opt: 50.0% No chg: 25.0%	More opt: 43.2% Less opt: 35.1% No chg: 21.6%	More opt: 32.0% Less opt: 36.0% No chg: 32.0%
Own company optimism level	64.0	69.3	59.9	66.9	62.1

Top Concerns for Chinese Businesses

- Rising wages and salaries
- Economic uncertainty
- Attracting and retaining qualified employees
- Government policies
- Employee productivity
- Corporate tax code [domestic]
- Access to capital
- Employee morale
- Weak demand for your products/services
- Cost of benefits