

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

Results for 101 European firms (own-firm changes expected during the next 12 months)

	Dec 2015	Sept 2015	Jun 2015	Mar 2015	Dec 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*	0.7%	8.1%	6.2%	4.2%	8.3%
Capital spending	3.7%	5.8%	1.8%	6.2%	4.2%
Technology spending	4.2%	4.9%	2.6%	5.1%	6.4%
R&D spending	5.4%	3.3%	4.6%	4.3%	1.5%
Advertising and marketing spending	2.6%	5.4%	4.6%	0.5%	2.6%
Employment – full-time	3.6%	4.1%	2.3%	-0.4%	0.3%
Employment – temporary	2.0%	-0.4%	-0.3%	-1.4%	-0.4%
Outsourced Employment	4.8%	6.4%	5.9%	0.9%	9.2%
Wages and Salaries	3.3%	3.0%	2.2%	1.8%	3.3%
Productivity	4.8%	3.5%	4.7%	3.1%	2.8%
Inflation (Chg in prices of own-firm products)	0.5%	0.6%	0.5%	0.4%	1.0%
Health Care Costs	1.5%	1.4%	1.6%	1.2%	2.5%
Dividends*	0.0%	9.6%	4.5%	5.4%	5.3%
Share Repurchases*	0.0%	0.0%	3.2%	1.5%	-0.1%
Cash on balance sheet*	-3.4%	21.1% Median=3.0%	3.3%	2.5%	1.6%
Revenue	5.1%	5.6%	3.3%	4.2%	6.1%
Mergers and Acquisitions	Not asked.	34.5% plan to acquire; mainly to improve industry position and cost synergies.	Not asked.	32.6% plan to acquire; Foreign targets in 54.9% of acq. 21.7% plan to sell part or all of firm	Not asked.

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

European BUSINESS OPTIMISM
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	Dec 2015	Sept 2015	Jun 2015	Mar 2015	Dec 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: 41.4% Less opt: 25.3% No chg: 33.3%	More opt: 41.6% Less opt: 22.1% No chg: 36.2%	More opt: 61.5% Less opt: 11.9% No chg: 26.7%	More opt: 47.8% Less opt: 18.4% No chg: 33.8%	More opt: 32.1% Less opt: 28.3% No chg: 39.6%
Country optimism level	58.4	57.9	60.4	57.9	53.5
Optimism about own company	More opt: 54.5% Less opt: 24.2% No chg: 21.2%	More opt: 45.3% Less opt: 20.9% No chg: 33.8%	More opt: 48.9% Less opt: 18.5% No chg: 32.6%	More opt: 48.9% Less opt: 20.0% No chg: 31.1%	More opt: 42.8% Less opt: 25.2% No chg: 32.1%
Own company optimism level	65.2	63.5	63.0	65.6	61.5

European CFOs have a mixed reaction to the refugee crisis. On net, the CFOs believe the refugees entering Europe will have a positive impact on the economy. Nearly 60 percent say that accepting migrants will help solve the looming demographic problems their nations face and by 55 percent to 34 percent believe the overall economic impact will be positive.

The CFOs also recognize the costs and challenges presented by the influx of refugees. Eighty-one percent say that they think European leaders have mismanaged the crisis. A majority (55 percent) believe refugees will increase competition for jobs and drive down wages.

Nearly 40 percent say their own firms would be willing to hire refugees to help with the crisis – but nearly 30 percent say that their firms would not.

More analysis of the refugee crisis at www.cfosurevy.org

Top Concerns for European Businesses

- Economic Uncertainty
- Weak demand for your product/services
- Attracting and retaining qualified employees
- Currency risk
- Government policy
- Employee productivity
- Access to capital
- Regulatory requirements
- Data security
- Employee morale