

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

Results for 250 Latin American 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* | -0.0% | 2.9% | -0.8% | 6.2% | 11.2% |
| Capital spending | 2.4% | -11.7% Median=0.5% | -0.1% | -1.5% | 2.0% |
| Technology spending | 6.5% | 3.3% | 0.2% | 4.6% | 3.8% |
| R&D spending | 2.6% | 3.9% | -1.8% | -0.0% | 3.5% |
| Advertising and marketing spending | -1.7% | -1.1% | -3.8% | 1.6% | 2.1% |
| Employment – full-time | -1.3% | -0.8% | 0.5% | -0.3% | 1.3% |
| Employment – temporary | -1.4% | -1.0% | -1.6% | 2.3% | 0.7% |
| Outsourced Employment | 0.6% | -0.6% | -0.3% | -1.5% | -2.1% |
| Wages and Salaries | 3.5% | 5.5% | 4.2% | 5.1% | 5.9% |
| Productivity | 3.3% | 1.6% | 3.6% | 1.5% | 1.4% |
| Inflation (Chg in prices of own-firm products) | 2.9% | 7.5% | 3.2% | 1.1% | 2.3% |
| Health Care Costs | 4.5% | 9.4% | 5.2% | 6.3% | 9.0% |
| Dividends* | 1.5% | -6.4% | -4.2% | 3.4% | 7.5% |
| Share Repurchases* | 0.0% | 0.0% | 0.0% | 2.3% | 0.0% |
| Cash on balance sheet* | 1.3% | -0.9% | -6.9% | -3.6% | -2.3% |
| Revenue | 2.2% | 7.5% | 3.9% | 4.2% | 9.0% |
| Mergers and Acquisitions | Not asked. | 17.7% plan to acquire; mainly for industry position improvement and consolidation. | Not asked. | 13.3% plan to acquire; Foreign targets in 27.1% of acq. 13.5% plan to sell part or all of firm. | 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.

Latin America 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: 10.4% Less opt: 66.8% No chg: 22.8% | More opt: 7.3% Less opt: 73.8% No chg: 18.8% | More opt: 23.7% Less opt: 49.3% No chg: 27.0% | More opt: 18.5% Less opt: 67.7% No chg: 13.8% | More opt: 22.6% Less opt: 58.5% No chg: 18.9% |
| Country optimism level | 46.3 | 42.9 | 52.8 | 49.4 | 54.1 |
| Optimism about own company | More opt: 29.0% Less opt: 37.9% No chg: 33.1% | More opt: 25.1% Less opt: 41.9% No chg: 33.0% | More opt: 41.4% Less opt: 27.0% No chg: 31.6% | More opt: 35.4% Less opt: 36.9% No chg: 27.7% | More opt: 37.1% Less opt: 28.3% No chg: 34.6% |
| Own company optimism level | 61.6 | 58.9 | 63.6 | 63 | 67.4 |

Top Concerns for Latin American Businesses

- Economic Uncertainty
- Government policy
- Weak demand for your product/services
- Currency risk
- Corporate tax code (domestic)
- Cost of benefits
- Employee productivity
- Regulatory requirements
- Inflation
- Cost of borrowing