

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

Results for 270 European firms (own-firm changes expected during the next 12 months)

	Sep 2009	May 2009	Feb 2009	Dec 2008	Sept 2008
<b>Weighted Averages for Earnings growth*</b>	<b>Expected growth in next 12 months</b>	<b>Expected growth in next 12 months</b>	<b>Expected growth in next 12 months</b>	<b>Expected growth in next 12 months</b>	<b>Expected growth in next 12 months</b>
	0.7%	-14.6%	-10.5%	-7.6%	+5.0%
<b>Capital spending</b>	-4.1%	-11.3%	-15.6%	-11.0%	+0.8%
<b>Technology spending</b>	-1.8%	-2.9%	-6.2%	-3.8%	+2.6%
<b>R&amp;D spending</b>	-1.7%	-1.5%	Not asked.	Not asked.	Not asked.
<b>Advertising and marketing spending</b>	-4.6%	-9.5%	-9.1%	-9.1%	+0.1%
<b>Employment</b>	-3.2%	-5.9%	-7.6%	-5.8%	+1.6%
<b>Outsourced Employment</b>	-0.3%	-1.3%	-4.0%	-2.1%	+5.4%
<b>Wages and Salaries</b>	1.8%	0.0%	1.2%	+2.8%	+4.1%
<b>Productivity</b>	1.7%	1.7%	0.2%	+3.1%	+2.9%
<b>Inflation (Chg in prices of own-firm products)</b>	0.1%	-1.0%	-0.1%	0.0%	+1.9%
<b>Health Care Costs</b>	1.0%	0.6%	0.7%	+0.6%	+2.6%
<b>Dividends*</b>	-1.9%	-12.5%	-12.7%	-2.6%	-0.2%
<b>Share Repurchases*</b>	0.0%	-2.9%	-1.0%	-2.0%	+0.5%
<b>Cash on balance sheet*</b>	6.0%	5.6%	-7.5%	-2.5%	+5.0%
<b>Mergers and Acquisitions</b>	Not asked.	Not asked.	24.0% plan to acquire. 20.1% plan to sell part or all of firm.	Not asked.	51.7% plan to acquire. 16.8% plan to sell part or all of firm.

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

**Europe BUSINESS OPTIMISM**  
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	Sep 2009	May 2009	Feb 2009	Dec 2008	Sept 2008
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
<b>Optimism about the country's economy</b>	More optimistic: 51.5% Less optimistic: 14.8% No change: 33.7%	More optimistic: 30.4% Less optimistic: 31.3% No change: 38.3%	More optimistic: 7.7% Less optimistic: 78.3% No change: 14.0%	More optimistic: 1.6% Less optimistic: 86.0% No change: 12.4%	More optimistic: 7.9% Less optimistic: 67.9% No change: 24.2%
<b>Optimism about own company</b>	More optimistic: 47.0% Less optimistic: 18.5% No change: 34.4%	More optimistic: 29.5% Less optimistic: 35.2% No change: 35.2%	More optimistic: 10.5% Less optimistic: 62.7% No change: 26.8%	More optimistic: 8.6% Less optimistic: 69.9% No change: 21.5%	More optimistic: 22.8% Less optimistic: 40.5% No change: 36.7%

Top Concerns for European Businesses

**MACRO CONCERNS**

- Consumer Demand
- The Financial / Banking System
- Credit Markets / Interest Rates
- Volatility of Foreign Currencies

**INTERNAL TO OWN FIRM**

- Ability to Forecast Results
- Working Capital Management
- Maintaining Morale / Productivity During Economic Downturn
- Balance Sheet Weakness