



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

Results for 139 European firms (own-firm changes expected during the next 12 months)

|   | Jun 2010                                 | Feb 2010  | Dec 2009                                 | Sep 2009                                 | May 2009                                 |
|---|--|---|--|--|--|
| <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> |
|   | 12.0%                                    | 3.7%  | 9.5%                                     | 0.7%                                     | -14.6%                                   |
| <b>Capital spending</b>                               | 10.7%                                    | 0.8%  | -3.7%                                    | -4.1%                                    | -11.3%                                   |
| <b>Technology spending</b>                            | 3.8%                                     | 0.5%  | -2.8%                                    | -1.8%                                    | -2.9%                                    |
| <b>R&amp;D spending</b>                               | 1.8%                                     | 0.5%  | 2.3%                                     | -1.7%                                    | -1.5%                                    |
| <b>Advertising and marketing spending</b>             | -0.8%                                    | -2.7%   | -5.7%                                    | -4.6%                                    | -9.5%                                    |
| <b>Employment</b>                                     | -1.6%                                    | -1.2%   | -2.6%                                    | -3.2%                                    | -5.9%                                    |
| <b>Outsourced Employment</b>                          | 4.4%                                     | 1.5%  | -0.5%                                    | -0.3%                                    | -1.3%                                    |
| <b>Wages and Salaries</b>                             | 2.0%                                     | 2.3%  | 1.0%                                     | 1.8%                                     | 0.0%                                     |
| <b>Productivity</b>                                   | 3.1%                                     | 2.2%  | 3.8%                                     | 1.7%                                     | 1.7%                                     |
| <b>Inflation (Chg in prices of own-firm products)</b> | 1.2%                                     | 1.2%  | -0.2%                                    | 0.1%                                     | -1.0%                                    |
| <b>Health Care Costs</b>                              | 1.8%                                     | 2.3%  | 1.4%                                     | 1.0%                                     | 0.6%                                     |
| <b>Dividends*</b>                                     | 1.8%                                     | 3.4%  | 3.0%                                     | -1.9%                                    | -12.5%                                   |
| <b>Share Repurchases*</b>                             | 0.0%                                     | 0.0%  | -0.3%                                    | 0.0%                                     | -2.9%                                    |
| <b>Cash on balance sheet*</b>                         | 6.6%                                     | 1.0%  | -13.6%                                   | 6.0%                                     | 5.6%                                     |
| <b>Mergers and Acquisitions</b>                       | Not asked.                               | 28.8% plan to acquire.<br>12.6% plan to sell part or all of firm. | Not asked.                               | Not asked.                               | Not asked.                               |

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

**Europe BUSINESS OPTIMISM**  
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|   | <b>Jun 2010</b>   | <b>Feb 2010</b>   | <b>Dec 2009</b>   | <b>Sep 2009</b>   | <b>May 2009</b>   |
|---|---|---|---|---|---|
|   | <b>Compared to last qtr.</b>  | <b>Compared to last qtr.</b>  | <b>Compared to last qtr.</b>  | <b>Compared to last qtr.</b>  | <b>Compared to last qtr.</b>  |
| <b>Optimism about the country's economy</b> | More optimistic:<br>33.8%<br>Less optimistic:<br>30.2%<br>No change:<br>36.0% | More optimistic:<br>43.6%<br>Less optimistic:<br>18.4%<br>No change:<br>38.0% | More optimistic:<br>44.3%<br>Less optimistic:<br>18.6%<br>No change:<br>37.2% | More optimistic:<br>51.5%<br>Less optimistic:<br>14.8%<br>No change:<br>33.7% | More optimistic:<br>30.4%<br>Less optimistic:<br>31.3%<br>No change:<br>38.3% |
| <b>Optimism about own company</b>           | More optimistic:<br>46.8%<br>Less optimistic:<br>20.9%<br>No change:<br>32.4% | More optimistic:<br>50.9%<br>Less optimistic:<br>21.5%<br>No change:<br>27.6% | More optimistic:<br>47.5%<br>Less optimistic:<br>14.9%<br>No change:<br>37.6% | More optimistic:<br>47.0%<br>Less optimistic:<br>18.5%<br>No change:<br>34.4% | More optimistic:<br>29.5%<br>Less optimistic:<br>35.2%<br>No change:<br>35.2% |

Other Key Results from June 2010 survey

- 80 percent of European CFOs say that the financial stability of Europe is severely threatened by Greece, Spain, and Italy. At the same time, 68 percent agree that European countries should financially support financial troubled countries.
- 70 percent of CFOs believe that the emergency lending measures taken to date will improve the European economy.
- 30 percent believe that Greece should be excluded from the Euro but only 9 percent think Spain and Italy should also be excluded.

Top Concerns for European Businesses

**MACRO CONCERNS**

- Consumer Demand
- Price Pressure
- The Financial/Banking System
- Domestic Competition

**INTERNAL TO OWN FIRM**

- Margin Maintenance
- Ability to Forecast Results
- Working Capital Management
- Maintaining Morale/Productivity