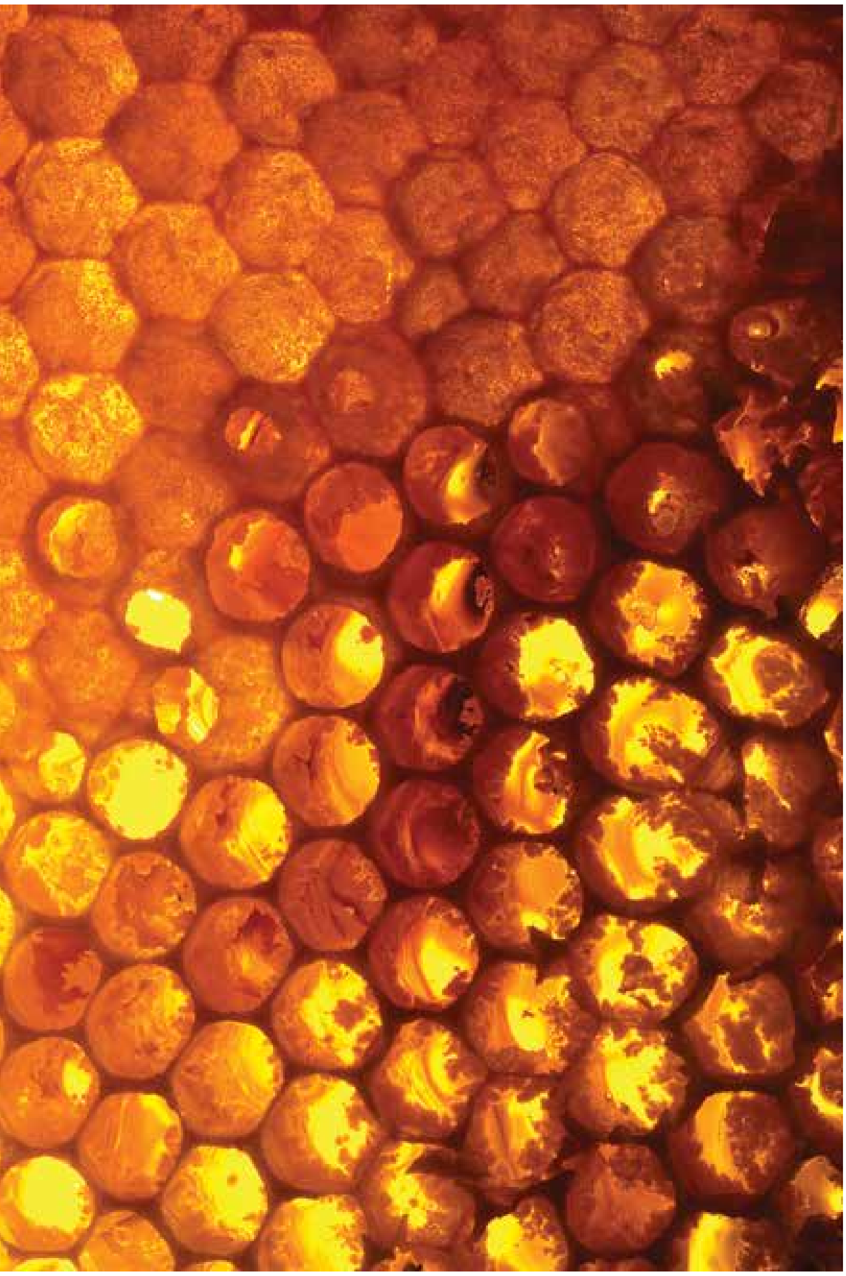
Deloitte.

Q2
2014



CFO Survey
Momentum hits a speed bump

Stay ahead.

Contents

The Deloitte CFO Survey targets the CFOs of major Australian listed companies. It has been conducted on a quarterly basis since the third quarter of 2009. This survey covers the second quarter of 2014 and took place between 11 June 2014 and 30 June 2014. 50 CFOs participated, representing businesses with a combined market value of approximately $382 billion or 23% of the Australian quoted equity market.

What a difference a Budget makes.

The improving positive business sentiment so prevalent for much of the last year has slowed in Q2 following the Budget announcements of May and the ongoing debate about the passage of these policies through the Senate.

So is the glass half full or half empty? The Budget was announced amid a conflicting landscape of two opposing viewpoints. On the one hand we have an economy that continues to improve and grow with most commentators saying that will continue and debt levels which are the envy of much of the developed world. Yet on the other hand, we are faced with the prospect of budget deficits for the next few years at least.

The Government has chosen to follow a path of fiscal constraint; a route that is supported by the majority of CFOs with 54% of CFOs agreeing with the speed of fiscal repair proposed by the Budget. A further 18% believe the pace of repair should be even faster.

The announcements contained within the Federal Budget, and the ongoing debate and uncertainty that has ensued, have however had an impact on the optimism of Australian CFOs. Some 38% feel there will be a negative impact on their own company's growth prospects, while 62% feel the budget uncertainty will have a negative impact on the growth prospects of the Australian economy as a whole.

Notwithstanding that, the views of CFOs on their own company's business metrics for the coming year show a number of continuing positive signs with the majority, 68% forecasting continuing growth.

So the Budget negotiations continue and business carries on.

The real question is how strong those growth headwinds really are or if the economy's momentum has just hit a speed bump. Time will tell…

Keith Skinner
Chief Operating Officer

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SLOW

The rate of net optimism improvement among CFOs has slowed significantly in the quarter, however still remains positive

SPEED LIMIT 70 MINIMUM 40

A decline in confidence has been driven by the Federal Government policy uncertainty, the value of the AUD and concerns over the multi speed economy

NO SPEED LIMIT

Close to three quarters believe that the government's rate of fiscal repair is about right or should be faster

OVER 1/3

of CFOs expect the Budget to negatively impact their company but almost two thirds said it would negatively impact the economy overall

HIGH RISK AREA

Risk appetite is down from last quarter, however a net 44 per cent of CFOs still believe now is a good time to take on more risk

The Deloitte CFO Survey
Momentum hits a speed bump

Key points from the CFO Survey

- The rate of net optimism improvement among CFOs has slowed significantly in the quarter. A net 6% of CFOs are more optimistic about their company's financial prospects than they were 3 months ago (down from 36% in Q1)
- This decline has been driven by an increase in federal policy uncertainty, the recent uptick in the value of the Australian dollar and continuing concerns over the multi speed economy
- The Federal Budget will have a negative impact on company's growth prospects according to 38% of CFOs while 62% predict a negative impact on the growth prospects of the Australian economy
- However, 54% of CFOs agree with the rate of fiscal repair embodied within the Federal Budget while 18% say it should be faster
- Risk appetite of CFOs has fallen from the record highs of last quarter but 44% still believe now is a good time to take on more risk
- Business metrics for the coming year remain strong with 68% net of CFOs expecting revenues to increase and a net 66% expect operating cash flows to rise
- Credit remains cheap and available but internal funding is again more popular than bank borrowing, corporate debt or equity.

Momentum hits a speed bump

CFO optimism has fallen significantly in Q2, representing a stalling of the positive momentum evident across the prior three quarters. While net optimism remained positive at 6% for the quarter, this is significantly lower than for the third quarter of 2013 (41%), the fourth quarter of 2013 (23%) and the first quarter of this year (36%).

Federal Government policy uncertainty, and in particular uncertainty about the impact of the Federal Budget and its passage through the Senate, has been a major driver of this slowing momentum. Concerns over the strength of the Australian dollar have also risen in the quarter and have contributed to the less positive views on optimism.

This trend is out of line with CFO peers in North America and the UK who have remained more optimistic in Q2. The Deloitte North American Q2 CFO report indicates a net 26% of CFOs are more optimistic about their company's prospects than three months ago (27%) while the Deloitte UK Q2 survey reveals that 23% are more optimistic than last quarter (31%).

Budget blues

There is no doubt that May's Federal Budget had an impact on CFOs' views of the economy. However, while growth prospects appear dampened, 54% of CFOs believe the rate of fiscal repair being undertaken is appropriate and a further 18% believe the repair should be faster than that proposed. Linking to this debate on fiscal repair, approximately two thirds of CFOs believe there will be an increase in the rate and base of GST by 2018.

The views of Australian CFOs seem to suggest that the tough messages delivered through the Federal Budget are bad news for the Australia economy, but that these changes are necessary.

Continued growth expected

Whilst optimism has hit a speed bump this quarter, views on underlying business metrics for the coming year remain strong.

A net 68% of CFOs expect their revenues to increase in the coming year, as compared to 78% in Q1. Market conditions remain tight, however, with only a net 32% of CFOs expecting operating margins to improve in the same timeframe, as compared to net 18% in Q1. This is likely to mean a continued focus on productivity initiatives and ongoing cost constraint.

CFOs also expect increases in operating costs (Q2: net 40%; Q1 net 30%) and headcount (Q2: net 20%; Q1: net 15%). Interestingly, and perhaps reflecting the shifting business sentiment in the last quarter, discretionary spending is now expected to decrease in the coming year (net -4% of CFOs) versus the more bullish result reported in Q1, where increases in such spending were anticipated (net 10%).

The net result of these trends reflects a continued strong belief of two thirds (net 66%) of CFOs that their companies will achieve increases in operating cash flow in the coming year (Q1: net 54%).

In this environment it is no surprise that the record high risk appetite of CFOs expressed in the Q1 has fallen back somewhat in Q2. Some 44% of CFOs believe now is a good time to take more risk onto their balance sheets, as opposed to 56% in Q1.

Funding conditions remain strong

Within this backdrop, funding conditions continue to remain favourable and a possible source of fuel for future growth. On balance, CFOs see credit as available (net 68%) and cheap (net 34%). This trend has existed for over a year now.

An interesting development in the current quarter, however, is that internal funding has become the most favoured source of funding for Australian corporates. This has restored a trend that existed through much of 2012 but fell away in 2013 and the beginning of 2014 as credit conditions changed to favour the bank borrowing market. This too is perhaps reflective of the buffeting of business sentiment that has occurred this quarter.

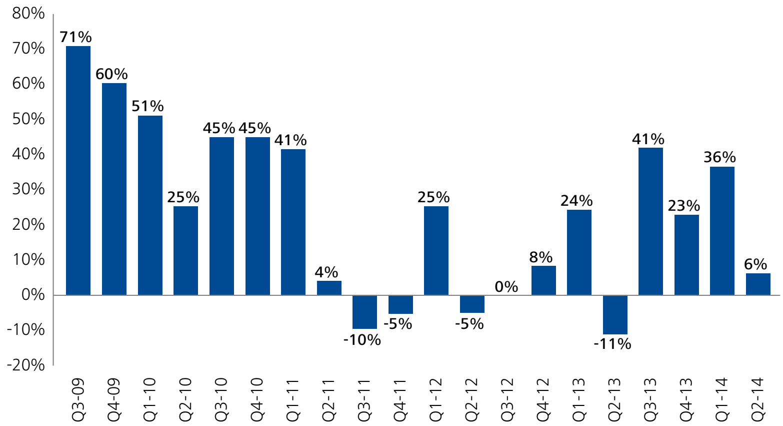
Momentum hits a speed bump

The momentum of improving CFO optimism evident in the last three quarters has stalled significantly in Q2. While net optimism remained positive at 6% for the quarter, it fell significantly from 36% in March and is now at its lowest level since the second quarter of 2013. This is consistent with the trends in the broader economy, which is strong but beset by uncertainties over the global economic outlook, the state of the Federal Budget and the rise in the Australian dollar.

Chart 1

Business confidence – local

Compared to three months ago how do you feel about the financial prospects for your company?



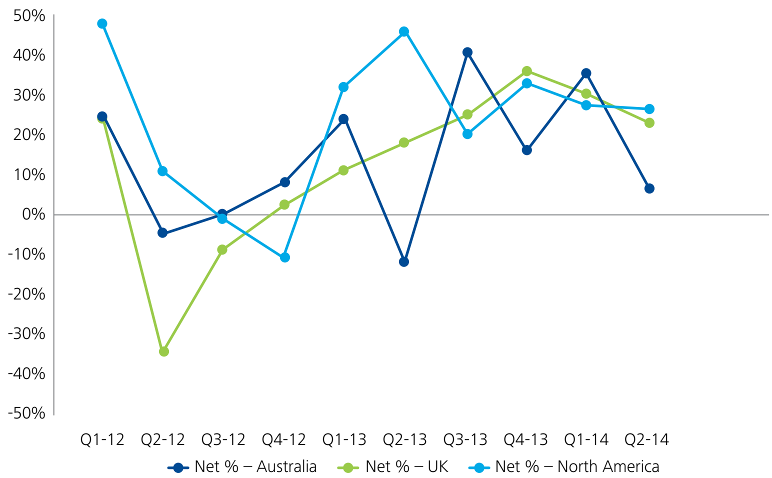
International CFOs are more optimistic about the prospects of their companies and their economies. Optimism levels among North American CFOs has remained positive for five straight quarters and was steady this quarter at net 26%. This has positive ramifications for the global economy and the flow-on effects for Australia. It also reflects a more positive outlook and entrepreneurial nature among American CFOs, who have traditionally had a higher appetite for risk exposure and a greater willingness to grow their businesses through debt funding.

Optimism among CFOs in the United Kingdom also remains strong at net 23%, easing slightly from the previous quarter but still well above its long-term average. A slight fall in risk appetite among UK CFOs may also be attributed to political uncertainty, with a general election due next year.

Chart 2

Business confidence – international

Compared to three months ago how do you feel about the financial prospects for your company?



Deloitte perspective

For the first time, Deloitte has mapped CFO sentiment against the quarterly Australian Bureau of Statistics business profit before tax data. The past six quarters show a close correlation between shifts in sentiment among CFOs and movements in the ABS profits data.

It will be interesting to see when the next round of ABS data is released on 1 September to what extent the decline in CFO optimism is reflected in a softening of company profits.

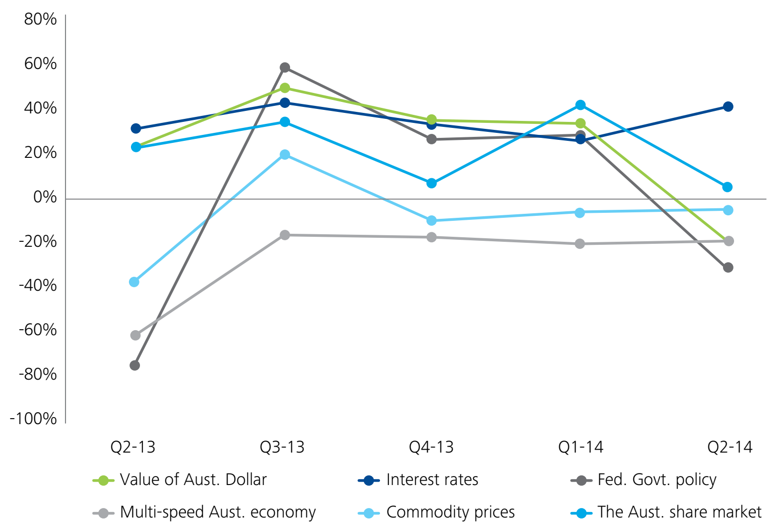
Federal Government policy had the most negative impact on CFO optimism this quarter falling 57%, from 25% net to minus 32% net. This is likely due to the uncertainty surrounding the Federal Budget and the challenges of policy reform generally as a result of the Senate position.

Attitudes to the dollar have also weighed heavily on optimism, crashing from 25% net to minus 20% net which reflects fears for Australia's export competitiveness in certain industries.

Chart 3

Impacts on levels of optimism – local factors

How has your level of optimism been impacted by the following factors?

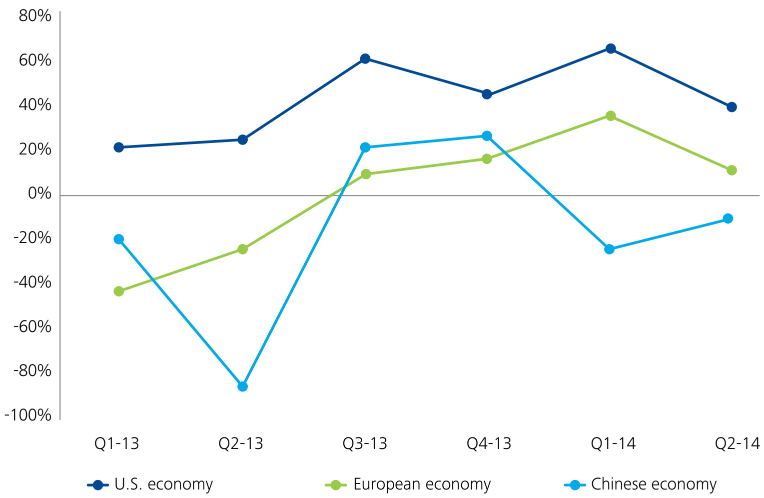


Optimism about the US and European economies fell sharply last quarter, despite the relative strength of the US economy and recent stimulus measures introduced into various European economies. Net optimism regarding the Chinese economy remained negative, despite a slight upswing over the past quarter, indicating that concerns remain over the strength of Chinese growth forecasts and the tapering of the mining boom.

Chart 4

Impacts on levels of optimism – global factors

How has your level of optimism been impacted by the following factors?



Deloitte perspective

"The Budget and the continued rise in the dollar have obviously had an impact on confidence. However, Senate willing, the rate of fiscal repair is probably where it should be, and CFOs believe that, while the Budget and federal government policy may hurt their company's performance in the short term, the fiscal reforms are necessary.

While UK and North American CFOs continue to ride a wave of strong confidence, Australian CFOs perceptions of the impact of these economies on our own prospects has fallen, reflecting recent weak US growth data. On the other hand they are now less concerned about China's economy as the drum beat of bad news out of China has softened and iron ore prices have steadied."

Chris Richardson
Partner, Deloitte Access Economics

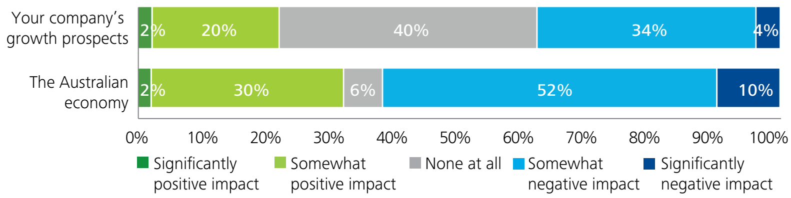
Budget blues

Negative reactions to the Budget and uncertainty over the final form it will take had a major impact on net optimism in the past quarter. However, the general consensus among CFOs is that it is likely to affect the overall economy more adversely than it will their individual businesses.

Chart 5

Impacts of the Federal Budget on growth prospects

Overall, what impact do you think the recent Federal Budget will have on:

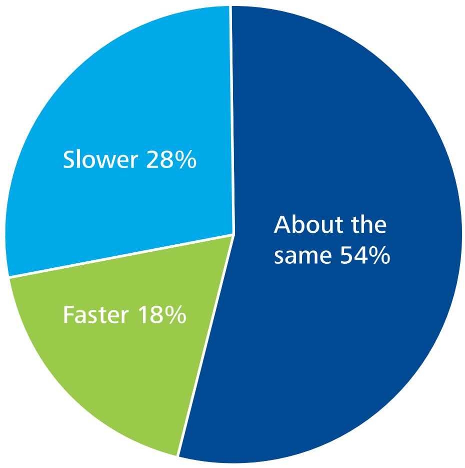


Despite CFOs negative views on the impact of the budget on the Australian economy, the majority (54%) agree that the rate of fiscal repair undertaken by the Australian Government is reasonable while a further 18% say it should be faster.

Chart 6

Rate of fiscal repair

Do you believe the rate of fiscal repair should be faster or slower than the government has announced?

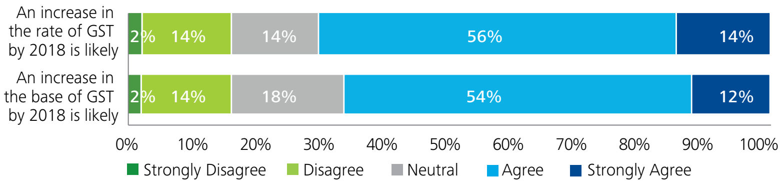


Over half of respondents believe there will be a change to both the rate of the goods and services tax (GST) and the base of the tax by 2018. This is in line with the belief of the majority of CFOs that the rate of fiscal repair is about right. This would suggest that businesses are preparing for a rise in the GST even if consumers aren't.

Chart 7

CFO's views on timeframe of changes to the GST

To what extent do you agree that an increase in the rate or base of GST is likely by 2018?



Deloitte perspective

"The Budget mapped out a path back to surplus. But recent Senate developments have mostly blocked measures that repair the Budget, while waving through measures that cost the bottom line.

That means, in net terms, the Budget may end up pumping money into the economy rather than taking it out. That's great for the short term economic outlook, but it also says that the Budget remains on an unsustainable path – leaving the ball in Canberra's court."

Chris Richardson
Partner, Deloitte Access Economics

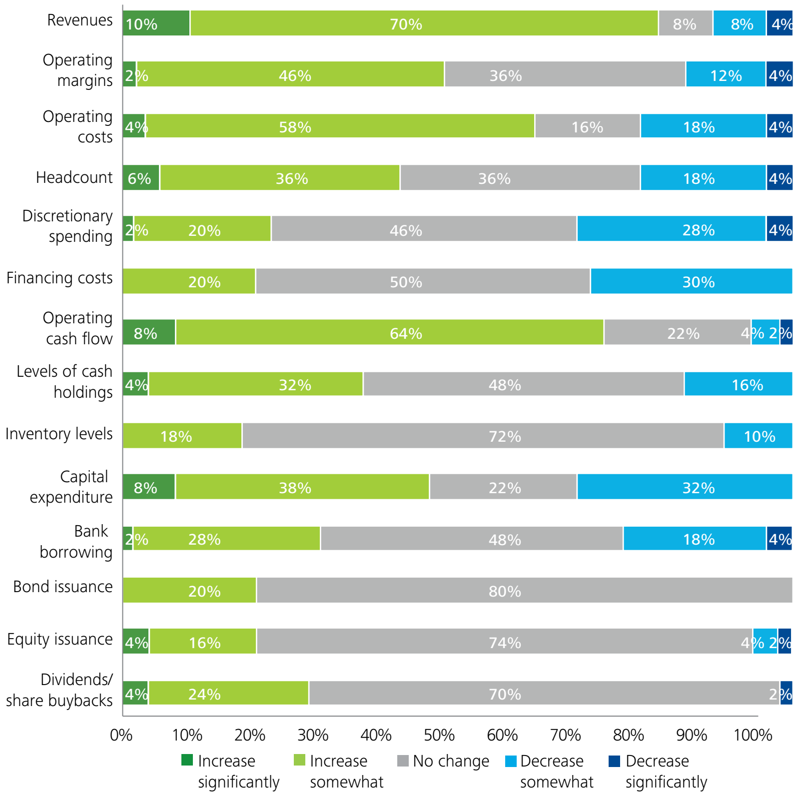
Continued growth expected

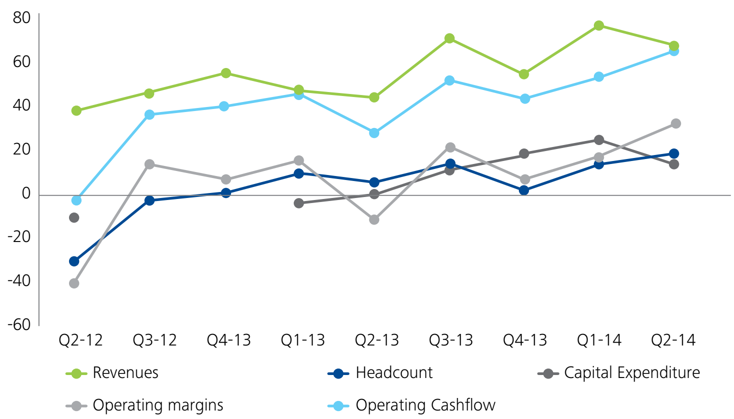
Many key business metrics have continued to trend upwards over the last two years. This quarter continued to see the majority of CFOs believing their revenues and operating cash flow will increase over the next year. They are also expecting their capital expenditure to rise, albeit at a modest rate. Another positive indicator of overall CFO confidence is almost double the number (42%) say they will increase headcount than reduce it (22%) over the next 12 months.

Chart 8

Australian business metrics

How are the following key metrics likely to change for your company over the next 12 months?





The percentage of CFOs who say they will pursue merger and acquisition (M&A) activity over the next 12 months has risen slightly, from 54% to 60%. A majority of CFOs also believe their organisations will continue to expand organically and introduce new products and services, albeit these options are seen less positively than last quarter.

Deloitte perspective

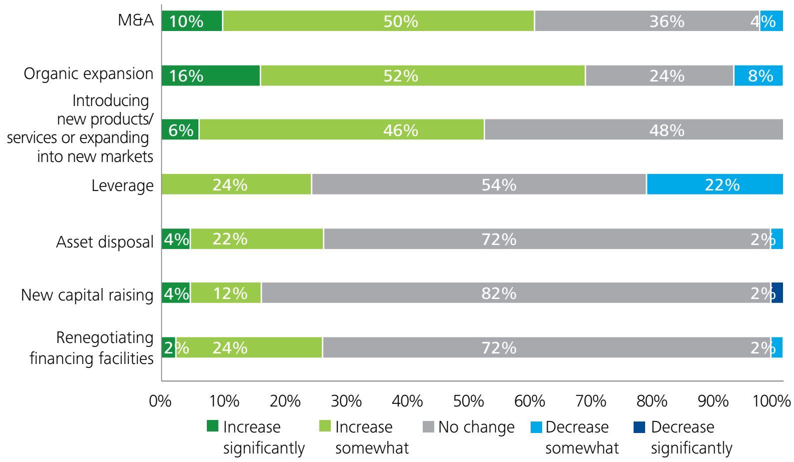
"The growing interest in M&A, which has continued to climb for the past three quarters, is yet to translate into significant corporate M&A activity. While there's been steady growth in IPOs and government infrastructure asset sales, most CFOs seem content to maintain their risk adverse approach to M&A. Exceptions to this would be the proposed David Jones/Myer merger which was outbid by Woolworths' from South Africa and CKIs recent bid for Envestra outbidding APA Group. Cash war-chests sitting on Corporate Australia's balance sheet continue to grow and capital optimisation will increasingly become an imperative."

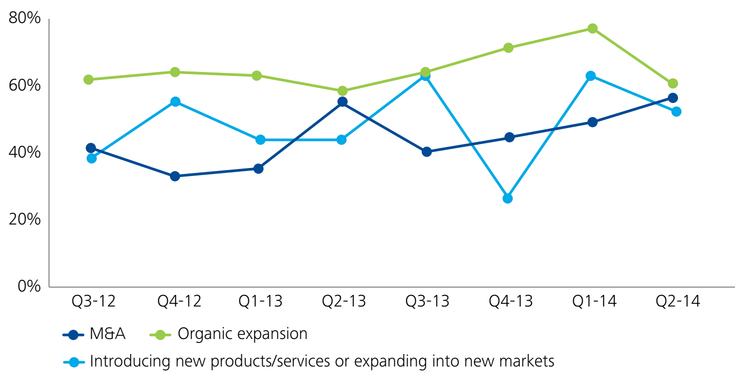
James Riddell
National Leader, Deloitte Corporate Finance

Chart 9

Business strategies

Which of the following business strategies is your company likely to pursue over the next 12 months?





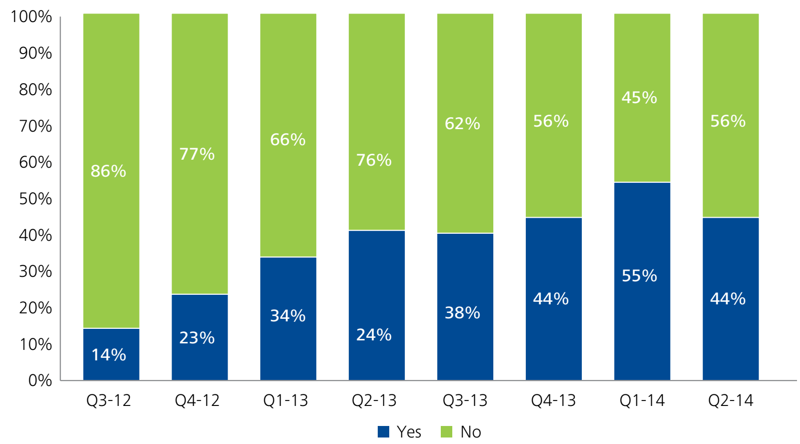
Appetite for risk has diminished since the previous quarter. Only 44% of surveyed CFOs believe now is a good time to be taking risks, compared with 55% in the previous quarter, bringing this sentiment back into line with the figure for the last quarter of 2013. The relative lack of corporate M&A activity over the quarter confirms this trend.

It should be noted, however, that this figure is still considerably higher than the 14% recorded for the same question in the third quarter of 2012, less than two years ago. Short-term concerns regarding the Budget, the dollar and the state of the global economy may be impacting CFO risk appetite.

Chart 10

Attitudes towards risk

Is this a good time to be taking greater risk onto your balance sheet?



Deloitte perspective

"As the uncertainties and velocity of change in the local and global economy intensifies, the CFO's job in balancing risk and return in evaluating strategic opportunities becomes more complex. A clearly articulated risk appetite framework is in our view vital in this environment for developing a forward-looking business model, defining where a firm should play to win and how to play sustainably, as well as aligning the interests of the internal and external stakeholders. The absence of such clarity may leave CFOs overly cautious and less confident, unwilling to invest in necessary business activities and innovation for growth."

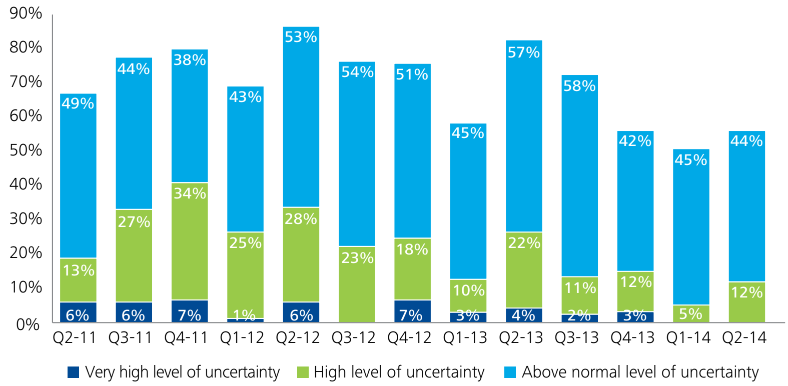
Harvey Christophers
Partner, Risk Services

Levels of financial and economic uncertainty have risen again, but not by much. No CFOs have described the current level of uncertainty as "very high" for six months now but there was a jump in those that rated uncertainty as high by 7% over the last quarter.

Chart 11

Financial and economic uncertainty

How would you rate the general level of external financial and economic uncertainty facing your company?

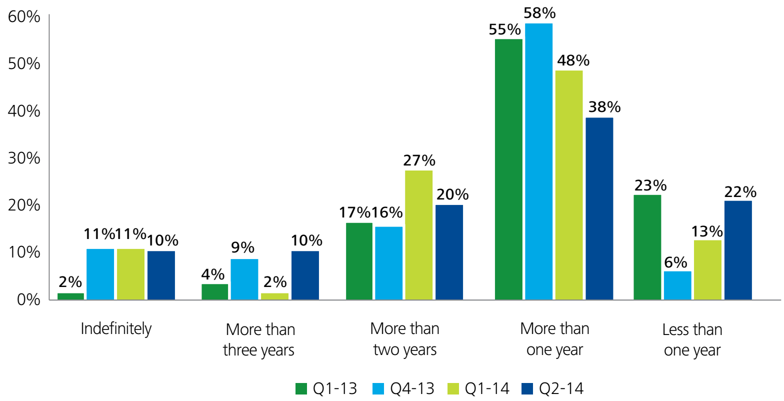


Some 60% of CFOs believe current rates of uncertainty will last less than two years, roughly the same as in the past quarter. Only 20% expect current levels of economic uncertainty to continue for more than three years.

Chart 12

Timeframe for uncertainty

How long do you expect the current levels of uncertainty to last?

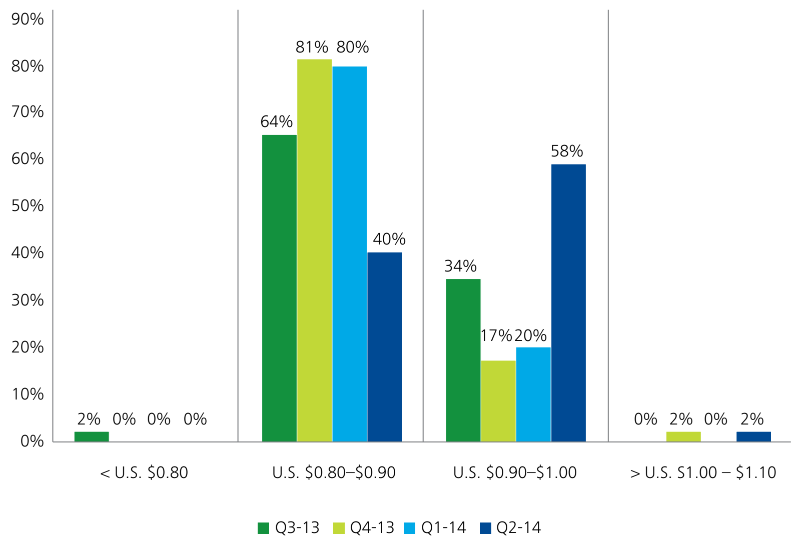


The dollar's rise had a big impact on overall optimism levels, as revealed in Chart 3, reflecting concerns about its effect on the competitiveness of exports. Close to 60% of respondents believe the dollar will stay within the US90 cent to US$1 range over the next 12 months but only 2% think it will break through the parity barrier.

Chart 13

Value of the Australian dollar

Where do you see the value of Australian dollar in 12 months' time?



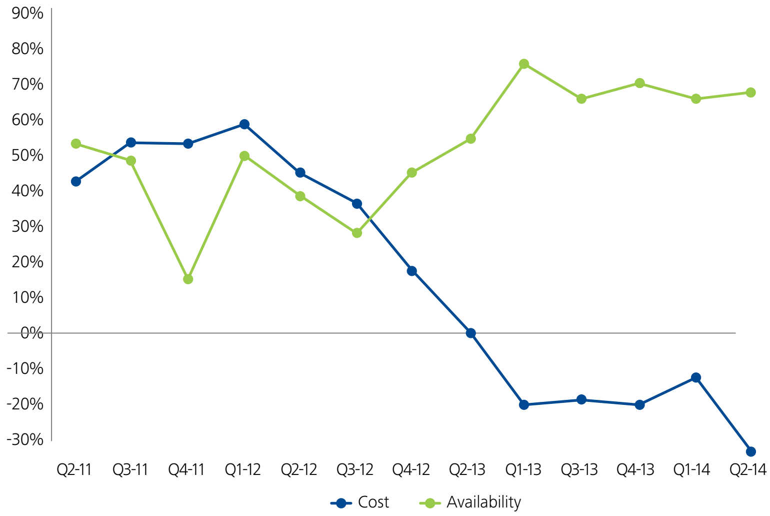
Funding conditions remain strong

The majority of CFOs remain positive about the availability of bank credit, which has remained fairly unchanged over the past 12 months. The cost of credit has continued to fall, with close to 50% of CFOs assessing credit as either somewhat or very cheap.

Chart 14

Cost and availability of credit

How would you rate the overall cost and availability of new credit for Australian corporates?

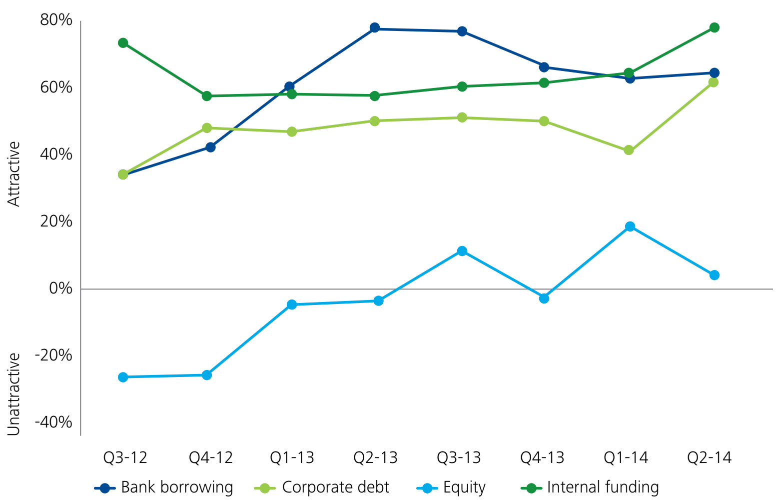


While risk aversion has increased, the net attractiveness of all major funding sources has increased, with the exception of equity funding which has fallen from 18% net last quarter to 4% net this quarter. Companies are still borrowing to grow, though internal funding is now seen as the most attractive method, rising from net 63% in the last survey to net 70%. This has restored a trend that existed through much of 2012, but fell away in 2013 as credit conditions changed to favour the bank borrowing market. This too is perhaps reflective of the buffeting of business sentiment that has occurred this quarter.

Chart 15

Favoured sources of corporate funding

How do you currently rate the following sources of funding for Australian corporates?



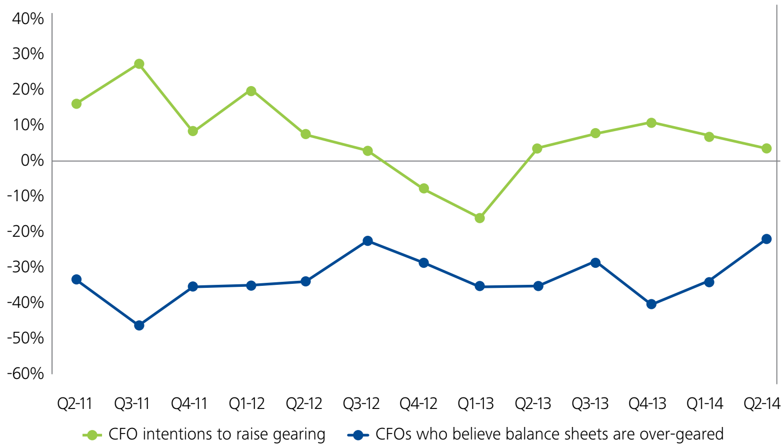
There was another slight drop in the number of CFOs who intend to raise their own gearing levels in the next 12 months, echoing the caution of CFOs around taking on risk.

CFOs continue to believe Australian corporate balance sheets are under-geared, albeit less so this quarter. It is interesting to note the continuation of the significant difference between CFO views on corporate Australia gearing versus their intentions for their own companies.

Chart 16

Level of gearing on Australian corporate balance sheets

What do you think of the level of gearing on Australian corporate balance sheets and what is the aim for your company's level of gearing over the next 12 months?

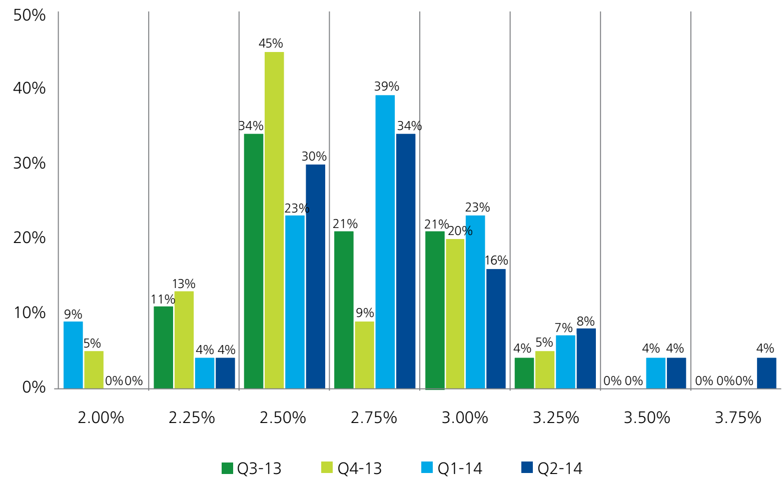


Only 4% of CFOs believe the Reserve Bank of Australia's official cash interest rate will fall in the next 12 months, while 30% believe it will remain the same. While this may be good news for the health of the economy in general, 66% are forecasting a rise in official rates in the next twelve months which would put pressure on the housing and construction and retail sectors, which have enjoyed strong growth.

Chart 17

RBA's official cash interest rate

Where do you see the RBA's official cash interest rate in 12 months' time?



Appendix

A note on methodology

Many of the charts in the Deloitte CFO Survey show the results in the form of a net balance. For example, this net balance could represent the percentage of respondents reporting that bank credit is attractive, less the percentage saying bank credit is unattractive. This is a standard way of presenting survey data. To aid interpretation of the results, this table contains a full breakdown of responses to some of the questions covered in this report which have historical significance. Due to rounding, responses to the questions covered in this report may not sum to 100.

	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Chart 1: Compared to three months ago how do you feel about the financial prospects for your company?																	
Significantly more optimistic	4%	2%	0%	2%	0%	3%	7%	6%	0%	5%	4%	6%	3%	9%	6%	7%	6%
Somewhat more optimistic	26%	41%	38%	47%	19%	32%	26%	17%	16%	33%	22%	17%	20%	45%	42%	48%	34%
Broadly unchanged	46%	50%	48%	43%	52%	53%	42%	55%	63%	50%	42%	45%	58%	33%	48%	34%	46%
Somewhat less optimistic	24%	7%	13%	8%	26%	11%	22%	21%	21%	13%	29%	29%	19%	12%	2%	11%	11%
Significantly less optimistic	0%	0%	2%	0%	4%	0%	3%	1%	0%	0%	3%	4%	0%	1%	2%	0%	3%
Chart 10: Is this a good time to be taking greater risk onto your balance sheet?																	
Yes	44%	55%	44%	38%	24%	34%	23%	14%	23%	46%	25%	45%	49%	52%	45%	35%	42%
No	56%	45%	56%	62%	76%	66%	77%	84%	78%	54%	67%	55%	51%	48%	55%	60%	58%
N/A	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%	0%
Chart 11: How would you rate the general level of external financial and economic uncertainty facing your business?																	
Very high level of uncertainty	0%	0%	3%	2%	4%	3%	7%	0%	6%	1%	7%	6%	6%	–	–	–	–
High level of uncertainty	12%	5%	13%	11%	22%	10%	18%	23%	28%	25%	34%	27%	13%	–	–	–	–
Above normal level of uncertainty	44%	45%	42%	58%	57%	45%	51%	54%	53%	43%	38%	44%	49%	–	–	–	–
Normal level of uncertainty	40%	50%	42%	28%	17%	42%	25%	24%	13%	26%	19%	20%	33%	–	–	–	–
Below normal level of uncertainty	4%	0%	0%	0%	0%	0%	0%	0%	1%	5%	1%	2%	0%	–	–	–	–
Chart 14: How would you rate the overall cost of new credit for Australian corporates?																	
Very costly	0%	0%	2%	4%	0%	5%	5%	7%	8%	13%	8%	7%	2%	7%	11%	8%	11%
Somewhat costly	14%	30%	22%	19%	20%	26%	36%	42%	50%	55%	56%	51%	49%	59%	56%	73%	64%
Neutral	38%	27%	33%	36%	39%	39%	36%	38%	30%	24%	25%	37%	42%	33%	32%	18%	24%
Somewhat cheap	36%	38%	41%	34%	39%	26%	15%	11%	11%	8%	10%	4%	8%	1%	0%	1%	1%
Very cheap	12%	5%	3%	8%	2%	5%	8%	1%	1%	1%	1%	1%	0%	0%	0%	0%	0%
Chart 14: How would you rate the overall availability of new credit for Australian corporates?																	
Very available	28%	29%	22%	19%	13%	6%	15%	8%	3%	8%	5%	7%	5%	13%	15%	8%	4%
Somewhat available	50%	45%	56%	57%	72%	61%	45%	46%	61%	59%	45%	60%	53%	41%	52%	48%	49%
Neutral	12%	20%	14%	15%	6%	19%	25%	18%	11%	18%	14%	15%	17%	20%	15%	11%	17%
Somewhat hard to get	10%	7%	8%	6%	9%	10%	12%	25%	20%	14%	30%	17%	15%	25%	16%	31%	28%
Very hard to get	0%	0%	0%	4%	0%	3%	3%	1%	5%	3%	5%	1%	0%	1%	3%	2%	1%
Chart 15: How do you currently rate bank borrowing as a source of funding for Australian corporates?																	
Very attractive	20%	16%	19%	32%	20%	15%	8%	6%	4%	5%	4%	0%	8%	6%	8%	2%	2%
Somewhat attractive	52%	52%	52%	49%	59%	52%	49%	44%	46%	39%	36%	51%	49%	34%	34%	35%	33%
Neutral	20%	29%	25%	15%	19%	27%	26%	35%	35%	35%	38%	31%	36%	47%	44%	42%	44%
Somewhat unattractive	8%	4%	5%	0%	2%	5%	12%	11%	13%	20%	22%	15%	8%	12%	15%	19%	16%
Very unattractive	0%	0%	0%	4%	0%	2%	4%	4%	3%	1%	0%	2%	0%	1%	0%	1%	6%
Chart 15: How do you currently rate corporate debt as a source of funding for Australian corporates?																	
Very attractive	12%	4%	5%	2%	7%	6%	4%	1%	0%	4%	3%	2%	8%	7%	5%	5%	1%
Somewhat attractive	52%	45%	50%	53%	52%	47%	53%	42%	29%	41%	27%	24%	41%	29%	26%	31%	29%
Neutral	34%	45%	41%	42%	31%	40%	33%	46%	51%	35%	41%	51%	38%	42%	50%	41%	46%
Somewhat unattractive	2%	7%	5%	4%	9%	5%	10%	7%	16%	19%	27%	21%	13%	20%	16%	21%	22%
Very unattractive	0%	0%	0%	0%	0%	2%	0%	3%	4%	1%	1%	1%	1%	1%	3%	2%	1%

	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Chart 15: How do you currently rate equity issuance as a source of funding for Australian corporates?																	
Very attractive	2%	4%	2%	0%	0%	8%	1%	1%	0%	4%	0%	1%	2%	6%	6%	4%	2%
Somewhat attractive	34%	38%	23%	34%	24%	24%	18%	20%	16%	20%	12%	17%	30%	41%	42%	42%	34%
Neutral	16%	36%	47%	43%	48%	31%	36%	31%	18%	34%	30%	26%	34%	24%	31%	22%	33%
Somewhat unattractive	22%	18%	19%	19%	15%	26%	38%	31%	45%	30%	37%	35%	31%	28%	18%	24%	26%
Very unattractive	10%	5%	9%	4%	13%	11%	7%	17%	21%	13%	21%	21%	4%	1%	3%	8%	6%
Chart 15: How do you currently rate internal funding (from profits) as a source of funding for Australian corporates?																	
Very attractive	34%	14%	13%	26%	17%	29%	26%	15%	29%	23%	27%	33%	–	–	–	–	–
Somewhat attractive	46%	50%	48%	38%	43%	34%	36%	61%	44%	43%	47%	39%	–	–	–	–	–
Neutral	18%	36%	39%	32%	39%	32%	34%	21%	23%	30%	19%	21%	–	–	–	–	–
Somewhat unattractive	0%	0%	0%	4%	2%	3%	4%	1%	0%	3%	5%	4%	–	–	–	–	–
Very unattractive	2%	0%	0%	0%	0%	2%	0%	1%	5%	3%	1%	2%	–	–	–	–	–
Chart 16: What do you think of the level of gearing on Australian Corporate Balance Sheets?																	
Over-geared	10%	4%	6%	8%	7%	3%	10%	15%	6%	9%	5%	2%	8%	5%	6%	5%	12%
Optimally geared	58%	59%	47%	57%	50%	58%	52%	46%	54%	48%	53%	49%	50%	47%	48%	53%	48%
Under-geared	32%	38%	47%	36%	43%	39%	38%	38%	40%	44%	41%	49%	42%	48%	45%	42%	39%
Chart 16: What is your aim for your level of gearing over the next 12 months?																	
Raise significantly	2%	5%	3%	2%	2%	2%	1%	7%	4%	8%	10%	12%	8%	8%	3%	6%	9%
Raise somewhat	28%	25%	31%	28%	26%	19%	21%	25%	28%	38%	26%	33%	29%	31%	34%	44%	33%
No change	40%	46%	39%	43%	46%	40%	42%	31%	41%	30%	33%	36%	40%	34%	39%	27%	30%
Reduce somewhat	22%	21%	20%	19%	22%	29%	23%	24%	21%	19%	22%	14%	16%	19%	15%	18%	20%
Reduce significantly	4%	2%	3%	4%	2%	8%	7%	6%	3%	6%	5%	4%	5%	4%	3%	5%	2%
N/A	4%	0%	3%	0%	2%	2%	5%	7%	4%	0%	4%	1%	2%	4%	6%	1%	6%

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The CFO Program.

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