Global CFO Signals

Standing solid on rocky ground

Q3 2015 Deloitte Member Firms' CFO Surveys: Argentina, Australia, Austria, Belgium, Chile, Finland, France, Germany, Ireland, Italy, Japan, Netherlands, North America, Norway, Pan Africa, Portugal, Southeast Asia, Spain, Sweden, Switzerland, and United Kingdom

DTTL Global CFO Signals
November 2015

About the DTTL Global CFO Program

The Deloitte Touche Tohmatsu Limited (DTTL) Global Chief Financial Officer (CFO) Program is a CFO-centric strategic initiative that brings together a multidisciplinary team of senior Deloitte member firm partners and experienced professionals to help CFOs effectively address the different challenges and demands they experience in their role. The DTTL Global CFO Program and network of Deloitte member firms harness the breadth of Deloitte member firms' capabilities to deliver forward-thinking perspectives and fresh insights to help CFOs manage the complexities of their role, drive more value in their organization, and adapt to the changing strategic shifts in the market.

About Deloitte Member Firm CFO Surveys

Twenty-six Deloitte member firms' CFO surveys, covering more than 60 countries, are conducted on a quarterly, biannual, or annual basis. The surveys conducted are "pulse surveys" intended to provide CFOs with quarterly information regarding their CFO peers' thinking across a variety of topics. They are not, nor are they intended to be, scientific in any way, including the number of respondents, selection of respondents, or response rate, especially within individual industries. Accordingly, this report summarizes findings for the surveyed populations but does not necessarily indicate economic or industrywide perceptions or trends. Further, the focus, timing, and respondent group for each survey may vary. Please refer to "About Deloitte Member Firms' CFO Surveys" (page 26) for member firm contacts and information on the scope and survey demographics for each survey.

About DTTL's Global CFO Signals

The purpose of DTTL's *Global CFO Signals* report is to provide highlights of recent CFO survey results from Deloitte member firms. This issue includes the results of the third-quarter 2015 CFO surveys from Deloitte member firms in the following geographies:

Argentina: All eyes on upcoming election

Australia: Optimism plateaus amid global uncertainty

Austria: Planning to invest despite concerns

Belgium: Good performance amid the haze

Chile: Facing economic and political uncertainty

Finland: Eroding competitiveness

France: Consolidated prudence

Germany: Growth engine North America

Ireland: Irish growth through global uncertainty

Italy: A propensity to consume

Japan: Focusing on "Abenomics"

Netherlands: CFOs on high alert

North America: China's woes creating broad-based concern

Norway: Oil prices dampen outlook

Pan Africa: Staying focused to succeed in turbulent times

Portugal: Confidence restored, caution continues

Southeast Asia: The CFO as the talent champion

Spain: Optimism ahead of European average

Sweden: Positive outlook muted by uncertainties

Switzerland: Signs of recovery?

United Kingdom: Uncertainty mounts

*All numbers in the North American survey with asterisks are averages that have been adjusted to eliminate the effects of stark outliers.

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Global CFO Signals

CFO Sentiment Q3 2015

Standing solid on rocky ground

While CFOs globally are often focused on their own countries' economy, government, and regulations, many seem to share common concerns in this edition of *Global CFO Signals*—commodities, currencies, and China. Consider:

- The drop in oil prices may have reverberated positively through much of the global economy, but in countries such as Norway and in the energy and resources sector, the price decline is having a predictably negative impact;
- The strength of the US dollar, the devaluation of China's renminbi, the fall of the Malaysian ringgit, and the continued adjustment to the Swiss franc are all weighing on company decisions;
- The slowdown in China is being felt in countries such as Australia, across Southeast Asia, and in North America, where fears of a negative spillover effect have impacted growth expectations.

All three factors are affecting outlooks of many of the 21 countries and regions reporting—and in many cases driving optimism down. Additionally, the prospect of higher interest rates and concerns about the pace of recovery also seem to be putting a damper on the rising optimism observed in several countries over the past few quarters.

Still, many CFOs remain committed to growth agendas, while at the same time keeping an eye on costs. In the UK, for example, introducing new products and services or expanding into new markets—expansionary strategies—remain the top priorities for CFOs. In Pan Africa, CFOs may be prioritizing improving operations, but roughly three-quarters cite growth as their main reason for investing in Sub-Saharan Africa. And in Southeast Asia, 68% of CFOs still expect revenues to rise, as do 79% of Japan's CFOs.

"Going forward, we may be operating in a very different world," notes Ira Kalish, chief global economist for Deloitte. "The predicted rebound in oil prices has not happened, neither has the predicted ruinous inflation, and even when the US Fed raises interest rates, we will still have exceptionally easy monetary policy." For many CFOs, he says, that is cause for optimism and investment despite geopolitical rattling—and reason to remain forward looking.

How does CFO sentiment in Q3 2015 break down? What follows is a synopsis by region:

Americas

Optimism remains positive in North America. But more than in any other quarter, CFOs voiced strong concerns about how the slowing Chinese growth could hit home. Consequently, their growth expectations, which hit several lows last quarter, did not significantly rebound this quarter and worsened in some cases. Revenue growth expectations, for example, rose to 4.4%* from last quarter's survey-low 3.1%*, but are still among the lowest on record. Earnings growth expectations held—but at last quarter's survey-low 6.5%*. Still, CFOs remain buoyed by the strength of the North American economy and their outlooks on Europe stabilized. Meanwhile, in the two South American countries reporting—Argentina and Chile—CFO outlooks are mixed due to economic and political uncertainties.

Asia-Pacific

After consecutive quarters of robust optimism, confidence has plateaued among Australia's CFOs—despite record low interest rates and a more favorable exchange rate. This quarter a net 5% of CFOs report that confidence levels have increased (net 24% in Q2). China is the main driver of decreased optimism, and the associated concerns are escalating CFOs' perceptions of uncertainty. In fact, more than half of CFOs report that uncertainty is above normal or high, and only 27% believe it is a good time to take risk onto the balance sheet. Similarly, in Southeast Asia, which has 11 countries reporting, CFOs are becoming less optimistic compared to three months ago (net 3%), mainly due to external factors. Three-quarters of CFOs in the region view the level of economic and financial uncertainty facing their companies as high or very high as do 52% of Japan's CFOs. Still, almost half (49%) of CFOs in Southeast Asia expect M&A activity to increase, and 46% anticipate adding headcount.

Europe

Not surprisingly, there remains much diversity in the outlooks across Europe. As reported in the latest *European CFO Survey*, CFO sentiment has fallen most in northern European economies including Belgium, Finland, France, Germany, the Netherlands, Norway, and the United Kingdom. The fall in optimism in larger northern European economies is consistent with the weaker export outlook for these countries. Such pessimism, however, contrasts with a brighter outlook reported by CFOs in the south and on the edges of Europe. CFOs in Ireland, Italy, Portugal, and Spain are now the most optimistic. Capital expenditure intentions are in general higher and employment intentions stronger than among the CFOs based in central and northern European countries. The outlook for revenues and operating margins for Ireland, Italy, and Spain also top the European average. CFOs are, however, more united in their focus on cost control. When asked about strategic priorities, CFOs in 11 European countries reporting listed cost reduction or cost control as one of their top three for the next year.

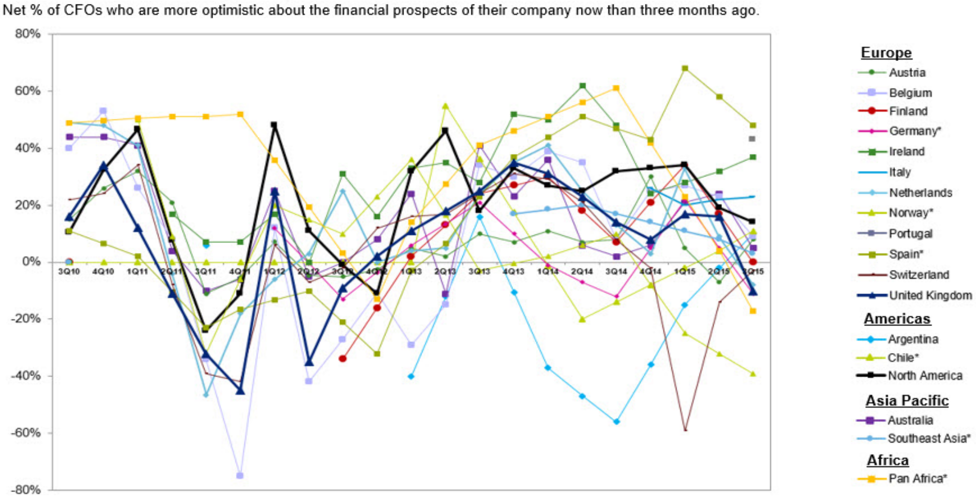
Pan Africa

Similarly, among the countries reporting in Pan Africa, there are regional differences. CFOs in East Africa, for example, report a relatively positive outlook for regional economic expansion (6% for 2015), while their counterparts in Southern Africa (which includes South Africa) are more cautious, predicting 3.9% GDP growth, and those in West Africa slightly more optimistic at 4.8%. Many of their risk factors, however, are common and include the political landscape, electricity price increases, and currency volatility. And those risks have CFOs in Southern Africa and West Africa focused on improving current operations as a top priority, while in East Africa, it comes in second to investing in new capacity.

Given that the Q3 surveys were conducted before the recent Paris attacks, it will be interesting to see how the heightened focus on terrorism affects markets and outlooks as companies close out the year. Operating on shaky ground indeed.

CFO Sentiment: Net Change in Optimism

Net % of CFOs who are more optimistic about the financial prospects of their company now than three months ago.



*A trend line has been plotted for this country as the survey is conducted on a semi-annual or annual basis.

Please note that the surveys conducted vary in timing, sample size and demographic of respondents. As such, these survey responses may not be a statistically accurate representation of the countries / regions identified. Please refer to the end of this publication for information on the scope and survey demographics for each participating survey.

Global CFO Signals
By the numbers

Risk appetite

Falling sentiment and rising uncertainty have fed through to a reduction in risk appetite among many European CFOs. Risk appetite in the larger northern European economies has been particularly affected, with large falls in France (net -37 pp), Germany (-20 pp) and the Netherlands (-55 pp). In Australia, the number of CFOs who say now is a good time to take on risk has almost halved since Q1 2015.

Uncertainty

Uncertainty is on the rise. In Germany, CFOs' perceptions of economic and financial uncertainty remain the highest among the European countries, followed by the Netherlands and Switzerland. Much lower levels were reported by CFOs in Austria, Ireland, Italy, Norway, and Spain. Elsewhere, perceptions of uncertainty rose in Australia, with some 45% of CFOs expecting it to last more than a year, and 52% of Japan's CFOs currently rate the level as "high" or "very high."

Metrics

Revenue expectations appear solid. Some 82% of CFOs in Ireland and 75% in Spain expect their revenues to rise in the next 12 months as do 74% of Portugal's CFOs. The revenue outlook in Switzerland is also brighter as many CFOs have adjusted to the surprise removal of the Swiss franc floor. Margin outlooks are restrained, however, in countries such as Norway and the Netherlands, among others. Some 34% of CFOs in Southeast Asia expect margins to decrease. And while in North America, earnings expectations remained stable with last quarter, they came in at a survey-low of 6.5%*

Hiring

Rising uncertainty is impacting the desire to hire. In the UK, almost half of CFOs expect businesses to increase hiring over the next year, but that is down from 70% in Q2. Some 27% of Australia's CFOs expect to decrease headcount at their own companies over the next 12 months. And domestic hiring expectations in North America are again sluggish, rising only slightly from last quarter's 1.2%* to 1.4%*. Contrast this with Ireland (55%) and in Spain (46%), where CFOs indicate higher-than-average intentions to recruit.

Corporate strategy

Defensive strategies are being embraced tighter. Cost reduction and cost control were cited as a top-three strategic priority by most European CFOs (90% of Switzerland's CFOs named cost control as a priority) reporting, and many African nations report a focus on improving current operations. Moreover, even in countries/regions biased toward growth (UK, North America), there is an increasing focus on cost control.

M&A activity

Given continued low interest rates, available financing, and strong balance sheets, growth through mergers and acquisitions is still perceived as a viable option—just a little less so in certain cases. Some 78% of the Netherlands' CFOs expect M&A activity to increase in the next 12 months (down from 88%), for example, as do 50% of Australia's CFOs (down from 60%).

Deloitte Member Firm CFO Surveys:

Third Quarter 2015 Highlights

Argentina

All eyes on the upcoming election

Inflation and FX concerns

The latest CFO Survey in Argentina asked for opinions in five areas: role of the CFO, the finance organization, the company, the industry, and the economy. As for economic concerns, the top two were inflation (29%) and the exchange rate (26%).

When asked about their attitudes toward the government's ability to enact or maintain effective economic policies that could affect their businesses, 30% of respondents expressed skepticism, while another 30% were optimistic. How those attitudes change in the wake of upcoming presidential election on November 22, 2015 remains to be seen.

Optimism improves

As for their overall level of optimism, CFOs were influenced by both internal and external factors and showed improvement in their outlooks. In fact, 30% of CFO reported being more optimistic this quarter (compared with 8% last survey), while 15% indicated less optimism, down from 23%, and 50% did not report any notable change.

Company, industry, and finance concerns

CFOs indicated improving and maintaining margins as their companies' top concern, followed by dealing with government regulation, and establishing or adapting strategy. As for industry concerns, government regulation/legislation topped the list, followed by pricing trends and changes in cost structures. The top challenges in the finance department included ensuring the quality and availability of information (15%) and influencing the business strategy (14%).

Highlights from the H2 2015 Argentina CFO Survey:

- Some 30% of CFOs are more optimistic about overall business conditions, and 50% did not report any notable change.
- The top job stresses cited were strategic ambiguity (20%), changes in regulatory requirements (16%), and pressures to achieve planned results (13%).
- In the next 12 months, CFOs' main strategic focus will be on growth/preservation of income, followed by issues related to lowering direct costs and overhead.
- Argentina's CFOs report leaning more toward their strategist roles (30%) in this survey, followed by catalyst (27%).

As for making decisions in each of these areas, participating CFOs said they possess the highest degree of influence on capital expenditures, the selection of projects and initiatives, communication with shareholders, and operating budgets.

Fulfilling the strategist role

In this environment, CFOs reported a fairly balanced distribution of time among their four roles with a slight inclination toward strategist (30%) followed by catalyst (27%), steward (22%), and operator (21%). If they were to leave their jobs, the top triggers remain the same: a) for a CEO role, b) a similar role with better pay and benefits, or c) for better work/life balance.

Australia
Optimism plateaus amid global uncertainty

Optimism lost

The momentum of growing confidence observed in recent quarters appears to have eased. Net 5% of CFOs feel more confident now than last quarter, with a growing number of respondents feeling somewhat less optimistic. Factors supporting CFO confidence include interest rates, the Australian dollar, and federal government policy. Conversely, commodity prices, the local share market, and the Chinese economy all weighed on confidence.

In particular, the Chinese economy has become a significant source of negative sentiment, with net 68% of respondents indicating that news from Australia's largest trading partner hurt their confidence. Slower growth in China is by no means a new story. However, recent headlines have focused on more structural concerns, and while the latest growth figures beat expectations, they were released late in the survey period and taken with a grain of salt by the market.

The US economy continued to be a source of optimism for CFOs, though that impact is waning. The long-anticipated rate hike by the Federal Reserve has to date been delayed. Interestingly, survey responses indicated a marked increase in the positive sentiment surrounding the European economy. It would appear that the positive influence of the European community stepping back from the 'Grexit' cliff edge outweighed fears of socioeconomic unrest due to unprecedented migrant flows.

Meanwhile, record low interest rates and a weak Australian dollar—which recently dipped below USD 0.70 for the first time since 2009—are currently proving important supports to economic growth, and CFOs expect that they will remain at or around current levels over the coming year.

Highlights from the Q3 2015 Australia CFO Survey:

- Net 5% of Australia's CFOs felt more optimistic this quarter, down from 21% and 24% in the first two quarters of 2015.
- More than half of CFOs reported current uncertainty levels were above normal or high.
- Some 68% of respondents felt that the Chinese economy hurt confidence, up from 47% last quarter.
- The proportion of CFOs who believe now is a good time to take risk onto the balance sheet has almost halved since Q1 2015 and now stands at 27%.

Uncertainty abounds

Perceptions of uncertainty have risen among CFOs, with more than half rating current levels of uncertainty as above normal or high. Moreover, CFOs now expect this uncertainty to last longer, with 18% of respondents indicating that they expect current levels to persist indefinitely. Consistent with these views, the number of CFOs who feel that now is a good time to take risk onto the balance sheet has almost halved since Q1 2015, to 27%.

Bullish on revenues

While the percentage of CFOs expecting revenues to increase is broadly in line with last quarter's findings (77%), the proportion of respondents anticipating significant increases has risen (18%). The share of respondents expecting dividend payments or share buybacks to increase has also risen. Conversely, capital expenditure projections have eased, with just over 40% of CFOs expecting CAPEX to increase in the coming year, compared to almost 50% last quarter.

Austria
Planning to invest despite concerns

Turning pessimistic on economy

The index value of the economic outlook has turned negative, falling from 3% in the last quarter by 12 percent points to the current level of -8%. However, the majority of CFOs (63% versus 69% last quarter) still predict a neutral economic development. Some 14% are optimistic about the economic development in Austria, while 23% see a negative environment ahead.

When asked about their assessment of the current level of uncertainty in the economic and financial environment, 47% (versus 47% last quarter) see a high degree of uncertainty and 17% (versus 18%) see low uncertainty. It can therefore be surmised that the appetite for risk among the CFOs remains low. For 78% of CFOs, it is currently not a good time to take more risks in the balance sheet.

Sales climate stable

The expected sales growth for the following 12 months remains stable with an index value of 25%, same as last quarter. A clear majority of CFOs (61% up from 59%) still expect to see unchanged revenues in Austria. The number of CFOs expecting a rise in sales performance increased (23% up from 18%), while 16% forecast a decline in sales.

Highlights from the Q3 2015 Austria CFO Survey:

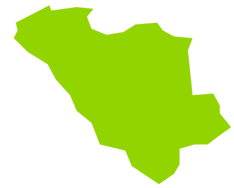
- Some 78% of Austria's CFOs do not think now is a good time to take risk onto their balance sheets.
- Only 14% of CFOs are optimistic about economic development within Austria.
- Almost half see a high degree of uncertainty in the economic and financial environments.
- Some 49% of Austria's CFOs hope to increase investments over the next 12 months.

Investment may rise futher

The positive trend, which began at the beginning of 2015, has endured, and the index value now stands at 36% (up from 26% last quarter). Some 49% (up from 40%) of the Austrian CFOs hope to increase investments within their companies over the coming 12 months. Seven percent speak of a substantial planned increase in investment activity, while 14% expect a decline in investment levels.

For the first time in 2015, Austria is the primary investment market for Austrian entrepreneurs. The United States is ranked second followed by Germany and China.

Belgium
Good performance amid the haze



Highlights from the Q3 2015 Belgium CFO Survey:

- Only 22% of CFOs report high or very high levels of financial and economic uncertainty facing their companies.
- Some 80% of large companies report third quarter financials on budget.
- Risk appetite remains high. Some 40% of CFOs say now is a good time to take risk onto the balance sheet.
- Most CFO respondents believe the Belgian economy will not grow more than 1%.

A fading mood

Belgium's CFOs have turned less optimistic about the future financial prospects of their organizations. Over the past two years, the overall trend has been down and optimism has slowly faded. This quarter, for example, net optimism stands at 9% compared with 23% in Q2 2015.

Size seems to matter. CFOs of smaller organizations (with a turnover of less than €100 million) show significantly less optimism than those of the large companies (with a turnover of more than €1 billion).

Overall, CFOs remain concerned about the pace of the economic recovery and are less upbeat on growth prospects for Belgium and the eurozone, as are the National Bank and the EU. Notwithstanding slowdown in China, emerging and overseas markets are considered more promising than local and EU markets. The dominant view among CFOs is that Belgian growth will not exceed 1%.

Still a good time for risk

Despite high degrees of volatility in financial markets, CFO perception of the general level of financial and economic uncertainty remains stable with 22% rating it high or very high.

Uncertainty and risk appetite are closely correlated in the survey. Although optimism has eroded, risk appetite remains at the highest levels since the start of the survey in 2009. Some 40% of the CFOs still report now is a good time to be taking additional risk onto the balance sheets.

With decreasing optimism, companies have again sharpened their focus on defensive strategies: increasing productivity/efficiency and on-going cost control are the main business priorities for CFOs in Q3 2015. At the same time—and as risk appetite remains at relatively high levels—prudent expansionary strategies remain on the agenda, reflecting corporates continued growth ambitions.

Large companies on budget

Third-quarter financial results as reported in the survey's performance-to-budget ratio also highlight different sentiments: 80% of the large organizations report third-quarter financials are on budget (with 40% outperforming the budget). However, the small organizations report very different results: 50% of the smaller organizations did not meet their budget at the end of the third quarter, and only 23% beat the budget.

Funding available and attractive

Funding is available and all major forms are attractive. Bank borrowing attractiveness, cost, and availability are at the highest levels since the launch of the survey in 2009. With central bankers sending signals that quantitative easing might be tightened and record low interest rates end, only half of CFOs expect an increase in interest rates in the coming six months.

Chile

Facing economical and political uncertainty

Impacts of reforms and regulations

Over the past few months, a myriad of tax and labor reforms along with new regulations have been implemented, which will potentially have a great impact on local businesses. Additionally, the sharp drop in price of the country's main export—copper—as well as the fluctuations in the value of the US dollar have generated the most concern for Chilean companies.

As a consequence, 35% of the participants feel less optimistic due to external factors. On the other hand, of the 47% who feel more optimistic, 36% say it is because of internal factors (e.g., products/services, operations, financing) and only 11% for external factors (e.g., economy, industry, market trends). Some 17% do not perceive any significant change on their expectations.

Chilean CFOs less optimistic

The effects of the government's actions over the last six months are considered negative by 80% of the participants, most of which belong to the engineering and construction industries, while 13% consider them positive; 7% think they have had no effect.

However, CFOs are already developing measures to adopt in their businesses in order to respond to the government's far-reaching tax reform; fundamentally assigning resources toward tax management within the organization, and also looking for general cost reductions and as well minimizing taxable activities so that their projections are not affected.

Related to talent attraction and retention, CFOs have started to focus toward commitment and inclusion policies, performance management, and benefits and rewards.

Highlights from the H2 2015 Chile CFO Survey:

- The effects of the government's actions over the last six months are considered negative by 80% of the respondents
- To 58.8% of respondents, the company that they lead works efficiently, but there are still areas to improve.
- Top CFO concerns: tax and labor reform, political and economic uncertainty, and regulations specific to industry.

Evaluating the economy

Economically, 47% of Chile's CFOs consider that China, Peru, and the USA will be the countries with the most influence on the growth of their businesses over the next three years. This is aligned with the fact that Chilean businesses expect that the fluctuations of the local exchange rate will have a negative impact on the local economy within the same time period. In general, the Chilean economy depends widely on China's growth, which has impacts on the copper price and the local exchange rate.

Therefore, in order to promote growth over the next few years, CFOs have different views: 55.2% will attempt more aggressive growth strategies, while 44.8% will tend to more be conservative. These differences are attributable to the industries in which participants operate: Energy & Resources, Pharmaceutical, and Health Care industries support a more conservative approach, while Manufacturing, Consumer Business, and Services are willing to take more risks.

Finland
Eroding competitiveness

Optimism falls to neutral

Following last spring's rise to its highest level since 2011, net optimism is not positive for the first time since Q3 2012. This quarter's 0% net optimism indicates that CFOs are in equal parts negative and positive about the financial prospects of their companies compared to six months ago. The same trend has been observed over the years, with the spring sentiment being overly optimistic and the fall's more realistic.

Even though the geopolitical and economic situations in Europe are still unstable, CFOs view the financial position of their companies as secure. Only 8% felt their financial positions were unfavorable, and, as in previous surveys, not a single one chose the "very unfavorable" option. Some 56% of CFOs felt their financial position was at least favorable, implying that companies are more worried about the macroeconomic environment than their financial status.

Concerned about demand

In our recent surveys, the greatest overall concern has consistently been demand. This time 69% of Finnish CFOs cited demand as their top concern, while close to 40% named foreign competition. Furthermore, concerns are increasing in a number of other areas. Country risk related to Russia, for example, is now a major concern for 29% of respondents. On a positive note, the cost of raw materials and commodities is not seen as a concern by Finnish CFOs.

Meanwhile, the level of external uncertainty remains relatively high. Half of Finnish respondents perceive the current financial and economic uncertainty as high. None of the respondents see it as low. It is most likely that the geopolitical crisis, Finland's competitiveness, and the eurozone's lack of recovery are issues influencing CFOs' perceptions.

Highlights from the H2 2015 Finland CFO Survey:

- Net business optimism in Finland fell from 34% to 0% this quarter.
- Half of Finland's CFOs rate the uncertainty facing their businesses as high.
- Some 64% do not think this is a good time to take risk onto the balance sheet.
- Job cuts are not over. While 24% of CFOs expect to increase their workforce in Finland, another 28% expect to decrease.
- On average, 39% of Finland's CFOs say that expansionist strategies are their top priority.

Metrics solid

The situation regarding revenues, operating margins, and capital expenditure looks relatively good in Finland. In Finland, 60% of CFOs expect revenues to increase while some 56% expect their operating margins to increase over the next 12 months.

Going forward, the focus on reducing costs, which has been a top strategy for more than a year and a half, has changed. Just like in Q1 2014, expanding organically has now become the top priority for CFOs, with, 66% of respondents citing it. As a comparison, a year ago (Q3 2014), organic expansion was a strong priority for 49% of respondents. However, despite the slight decrease in reducing costs, it is still one of the top priorities among Finnish CFOs: more than half of respondents cited reducing costs as a strong priority.

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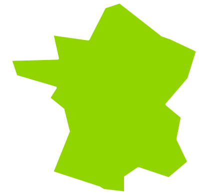


France
Consolidated prudence

Continued lower optimistic

The sixth France CFO Survey gauged opinions of that country's finance chiefs on the financial and macroeconomic environment, the different factors affecting their decision-making, and the challenges ahead. The survey was conducted in September and October 2015, and overall, French CFOs reported not being as optimistic—and more neutral—about the prospects for their own companies as some of their European peers. In fact, 23% are less pessimistic, and 64% are broadly unchanged (26% and 59%, in Q1 2015).

Driving some of that prudence is their perception of uncertainty in the economic environment. Some 68% (up from 54%) of France's CFOs rate the level as high. They also see three main risks affecting performance: European economic uncertainty (60%), social and tax policies (49%) and the rate of the euro (40%). And in line with their current assessment of the environment, some 78% of CFOs say that now is a not good time to take risk onto their balance sheets.

Moreover, that sentiment is also having an impact on growth metrics. Some 42% of CFOs expect revenues to increase over the next 12 months, but that is down from 55% in the last survey. As for operating margins, 33%of them expect increases, while 28% anticipate decreases. Only 30% expect to increase capital expenditures.

Highlights from the Q3 2015 France CFO Survey:

- Only 14% of France's CFOs are more optimistic about the financial prospects of their companies.
- Some 68% of respondents believe that the level of economic and financial uncertainty is currently high.
- Over the next 12 months, the main business priorities of CFOs are organic growth and cost control, and cost reduction.
- Despite their cautious outlooks, 59% of France's CFOs expect their companies to invest in the next 12 months.

Focused on growth *and* costs

With regard to business strategies, France's CFOs seem to be of two minds. Organic growth (55%), cost control (43%), and cost reduction (43%) are the top priorities for French CFOs.

The surveyed CFOs, however, did indicate a continued commitment to growth. Some 59% expect their companies to invest in the next 12 months. In addition, 63% say that given surplus cash they would commit it to investments.

To finance, those investments, some 61% of France's CFOs indicate a preference for bank borrowing, while 45% rate corporate debt as attractive.

Where CFOs will spend time

In this environment, CFOs need to prioritize how they spend their time. And according to survey respondents, they want to spend more time on human capital (43 %), strategy (41%), and information systems (28%).

Germany
Growth engine North America

Highlights from the H2 2015 Germany CFO Survey

- Almost 40% of Germany's CFO view weakness in the emerging markets as a major risk; 49% expect weaker foreign demand overall.
- Only 20% believe that now is a good time to take risk onto their balance sheets.
- Some 31% expect significant sales growth from the US, while 32% have reduced expectations for business with China.
- Talent management is a high priority for 39% of Germany's CFOs.

The mood stays optimistic

German CFOs stay optimistic about the future of the German economy: 54% expect a positive development within the next 12 months. Investment and recruiting plans of CFOs stay on same elevated level similar to the spring 2015. At the same time, events such as the escalation of the Greek crisis, the subsequent drop in Chinese share markets, and the associated concerns about the economic growth prospects in China increased uncertainty among German CFOs.

The most significant risks perceived by CFOs nearly all emanate from the international environment. The fear of declining foreign demand due to the weakness in the emerging markets is central to this. At the same time, CFOs see their companies as being heavily affected by geopolitical risks; the crisis and wars in the Middle East and the refugee flows have probably played a major role in this.

Business expectations are falling and companies are becoming more defensive in their strategic orientation. At the same time, their risk appetite is declining. Only 20%, in fact, believe that now is a good time to take risk onto their balance sheets.

Reorienting toward North America

Probably the most important developments for the German (export) economy are happening in China. In recent years, the latter has advanced to become the main driver of German export growth. However, in the light of the cyclical risks in China, the German view is now changing. Many CFOs have reduced their expectations for their China business and are skeptical about whether China will achieve its self-imposed growth targets.

Instead, in terms of growth in the global markets, Germany's CFOs are now expecting more of North America. This region—and above all the United States—has become the main growth region. It is also the only region in which more CFOs have better sales expectations than in 2014. To this extent, the German economy is in the process of reorienting itself toward the US.

Focused on talent development

The poor sentiment overall is reflected in the Deloitte CFO Confidence Index. It has fallen by eight points to 22.

The expansion and implementation of their business-partnering role is at the top of CFOs' agendas. In addition to the continued build-up of business-relevant know-how and advisory competence, it is becoming clear that the talent management is critical to success.

Ireland

Irish growth amid global uncertainty

Refocused on opportunities

With Ireland likely to become the fastest growing economy in the EU for the second year running and with the government in a more robust position than it has been in quite some time, CFOs are now refocusing on the opportunities that come with more favorable economic conditions.

Against this backdrop, there is a more optimistic outlook regarding corporate financial prospects, with an increase of 13% on Q4 2014 number. In fact, 55% of those surveyed had a somewhat more optimistic outlook, a significant improvement on optimism in Q1 2015 (37%).

Still, there has been a significant increase in perceived external uncertainty facing businesses. Opinion since Q1 2015 has changed, with a net 32% of CFOs viewing the external environment as uncertain, an increase from 9%.

In addition, more than half (52%) of the CFOs surveyed do not consider now as a good time to take greater risk onto their balance sheets. This is a reversal of the growing appetite for risk in Q1 2015. This coincides with the current concerns in relation to the performance of the European and Chinese economies along with uncertainty relating to the upcoming budget and general election.

Organic growth favored

In the current survey, 65% of CFOs believe their corporate strategy is expansionary, down from 82% in the last quarter. Just over one-third of CFOs now believe their corporate strategy to be defensive. This may be related to corporate risk appetite and sentiment fading in the face of weakness in emerging markets. Ireland's recovery from the recession has been punctuated by a series of external shocks, of which weakness in the emerging markets is the latest.

Highlights from the Q3 2015 Ireland CFO Survey:

- Some 56% of Ireland's CFOs believe that the level of financial and economic uncertainty facing their businesses to be normal.
- The percentage of Ireland's CFOs who are more optimistic about their business prospects stands at 58%.
- Organic growth is a higher priority for CFOs over the next 12 months than expansion.
- Retaining their current employees is a top priority for 85% of responding CFOs.
- To 69% of CFOs, the 2016 budget will show Ireland to be in a stronger financial position than it has been for several years.

Still, organic growth is a higher priority for CFOs over the next 12 months as opposed to expansion by acquisition, with the introduction of new products and services or expanding into new markets a top priority.

Revenues, operating cash flows, and capital expenditures are expected to be the metrics that will show the most significant increases over the coming 12 months; these metrics align with CFO priorities for company growth. On the other hand, CFOs believe operating costs, discretionary spending, and levels of cash and cash equivalents on balance sheet will experience the largest declines; this supports the objective for cost control and cost reductions to enhance growth opportunities.

Italy
A propensity to consumer

Positive on macroeconomic trends

The third Italy CFO Survey sought to document finance chiefs' sentiments on market trends, the economic environment, the credit crunch, threats and risks to the organization, and the fiscal landscape.

Regarding to the macroeconomic environment, the majority of Italy's CFOs see a propensity to consume in the second half of 2015 as well as a stable level of investment. The majority of respondents are also confident that there will be a decrease in the unemployment rate over the next 24 months. In 2014, only 35% of CFOs expected a drop in unemployment, whereas 69% now do. In addition, in 2014, 83% of CFOs didn't expect GDP to increase more than 1% over the next 12 months; today that percentage stands at 65%.

Moreover, the majority of Italian CFOs believes the fight against tax evasion/avoidance should be the economic policy priority over the next two years. Equally important are the elimination of the provinces, the streamlining of the government, and cost reduction at the civil service. These are the same priorities outlined in 2014 and highlight critical views toward the cost of government, which seems to be a drag on the recovery. In fact, more than one-third of CFOs (34 %) cited bureaucracy as a major weak link in the system that penalizes Italian companies. Other weaknesses cited included corruption, fraud, and lawlessness in general.

Looking to growth

As for their own companies, 80% of CFO respondents expect revenues to increase, which will be key to seizing growth opportunities. Investments over the next five years are expected to grow. In addition, 76% of respondents expect that significant corporate financial transactions such as mergers and acquisitions, will increase in the next 12 months.

Highlights from the 2015 Italy CFO Survey:

- CFO optimism about the financial prospects for their own companies remains positive. A net 23% of CFOs are optimistic.
- More than 40% of CFOs expect revenues to grow more than 5% over the next 12 months.
- Some 64% of CFOs expect to increase investment over the next 12 months.
- Italy's CFOs are prioritizing product innovation and growth in international markets as their main business strategies.
- A third of Italy's CFOs (34%) believe the prospects for a monetary union have worsened due to the situation in Greece.

As for business strategies, Italy's CFOs are eyeing both products innovation and growth in international markets. Among the main threats to business growth, however, are the structural weaknesses of the Italian system, the loss of competitiveness compared to foreign companies, poor management, and problematic generational change.

Finally, on the funding front, the percentage of Italy's CFOs who view access to credit as less difficult and less expensive increased from 21% to 34%. Those who still view it as difficult and expensive dropped from 27% in 2014 to 13%.

Japan
Focusing on “Abenomics”

Highlights from the Q3 2015 Japan CFO Survey:

- Some 79% of Japan’s CFOs expect revenues to increase.
- More than half of CFOs believe the level of uncertainty in Japan is “high” or “very high.”
- Among the three arrows in Abenomics, the third arrow (growth strategy) is supposed to have the most impact on business prospects.
- Companies indicated that Abenomics could fail should there be a decline in the approval rating of the Abe administration and deceleration of Chinese/Asian economies.

High level of uncertainty

The latest Japan CFO Survey asked about the outlook of financial performance at a micro-economic level as well as about the future of “Abenomics” (government-led economic policy) from a macro-perspective.

As for their outlook on company prospects compared with three months ago, 70% of CFOs responded “unchanged.” This “not better, not worse” attitude clearly reflects recent macro-economic trends: the Japanese economy between early spring to summer enjoyed relatively strong corporate earnings, while overall macroeconomic activity, especially export and household consumption, declined.

The participants signaled a positive outlook for corporate metrics as well. Regarding revenue prospects, 79% of respondents expect increases, while 73% expect operating profits to also rise.

However, this does not mean that there are no concerns about future prospects. Regarding the level of financial/economic uncertainty, 48% of respondents rated it “normal,” while the remaining CFOs choose “high” or “very high.” While the survey did not ask about specific causes of uncertainty, risks related to Abenomics and global economic turmoil could be causes for concern.

Success of “Abenomics” key

The third arrow of Abenomics (growth strategy) is supposed to have the greatest impact on businesses, which might reflect the current dynamism of Japanese companies. However, a relatively large number of respondents choose the first arrow (accommodative monetary policy) as an impact factor, signaling that that Bank of Japan’s quantitative easing policy may be having a positive effect on corporate finance. On the other hand, the fact that no one chose “keeping Abe’s administration” may indicate that firms have established a management structure to deflect political uncertainties, or that Abe’s administration has reached a sufficient level of stability.

Asked about possible triggers for the failure of Abenomics, CFOs pointed to the declining approval rating of the Abe administration, which seems to reflect the perception that Abenomics could not be successful without strong political will. The second largest response was the “rapid deceleration of the Chinese/Asian economies.”

Possible scenarios

Considering the above, the most desirable scenarios for Japanese companies would be; (1) continued fiscal consolidation without declining approval rating of the Abe administration; (2) continued confidence in the growth strategy; (3) avoidance of rapid deceleration of Chinese and Asian economies; and (4) emergence of new business opportunities through the third arrow.

Netherlands

CFOs on high alert

Uncertainty up sharply

The percentage of CFOs who rate the current economic situation as uncertain has increased sharply from 46% in the second quarter of 2015 to 84%—the highest level of uncertainty since Q2 2013.

At the same time, business confidence has also fallen; only 28% of the CFO respondents feel optimistic about the financial prospects for their companies.

That pessimism is also reflected in certain metrics. Some 44% of CFOs expect their companies' revenues to increase in the next 12 months compared with 74% last quarter; 24% expect operating margins to rise versus 41%; and 64% expect their operating cash flows to rise compared with 75%. Meanwhile, only 13% expect hiring to increase, while 38% expect workforce reductions.

Funding remains favorable

Credit continues to be seen as cheap and available. Both bank borrowing and corporate debt are seen as favored sources of funding. Although less attractive than last quarter, bank borrowing is still seen as attractive by 44% compared with 64% last quarter and a third cite corporate debt as their favored source of funding.

There are now more CFOs likely to renew current credit than who are going to attract credit. Some 36% of the respondents say that they are likely to renew current credit lines over the next 12 months, while the percentage of CFOs who are likely to attract new credit dropped sharply from 48% in 2015 Q2 to 24% now. Only 8% of the CFOs are likely to issue equity in the next 12 months.

Risk appetite has fallen markedly this quarter, from the record-breaking level of 54% in Q2 to 21%. This is considerably lower than the two-year average of 37%.

Highlights from the Q3 2015 Netherlands CFO Survey

- Optimism among the Netherlands' CFOs of about the financial prospects of their companies fell again this quarter.
- The percentage of CFOs who rate economic and financial uncertainty as normal or below normal rose to 84% from 46% last quarter.
- The percentage of CFOs (21%) who believe now is the right time to take greater balance-sheet-related risk fell sharply.
- Only 13% of the Netherlands' CFOs expect to increase their workforce levels in the next 12 months; 38% expect reductions.
- Almost half (46%) of CFO respondents agree that disruptive technologies will reshape their role within and beyond finance.

Slightly less bullish on M&A

CFOs remained very optimistic about corporate M&A—just a little less so. Some 78% of CFOs expect corporate M&A to increase over the next 12 months—versus 88% and 96% in Q2 and Q1 respectively. At the same time, about 42% of CFOs expect their companies to enter into a strategic partnership and, an equal 42% expect to complete an acquisition.

Special topic: technology innovation

The overall adoption of disruptive technologies in finance is lower than enabling technologies. On average, some 17% are using disruptive technologies to a moderate extent, while only 10% are using these technologies to a large extent. Big data is used most (93%), followed by predictive analytics (89%); 50% of CFOs say they do not use social media or crowd sourcing in finance.

North America

China's woes creating broad-based concern

Postitive sentiment holding

Last quarter marked a major change, with rapidly rising concerns about the longer-term prospects for the US economy in light of faltering performance in other major economic zones.

To say the least, volatility in the business environment has not subsided since then. But several factors became more ominous for CFOs this quarter—not including the pummeling of Chinese and US equities that occurred the Monday after the survey closed. Much more than in any other quarter, CFOs voiced strong concerns about the impact of slowing Chinese growth on North America. Consequently, their growth expectations, which hit several lows last quarter, have not significantly rebounded and have worsened in some cases

Own-company expectations softening

This quarter's net optimism[1] index of +14.2 is the eleventh consecutive positive reading, but it appears to be part of a downward trend and now sits at its lowest level since 4Q 2012. Sentiment is particularly weak in the Manufacturing and Retail/Wholesale industries, with both sitting at roughly +5.

CFOs' declining sentiment is reinforced by own-company performance expectations that are again some of the lowest in the history of this survey. Revenue growth expectations rose to 4.4%* from last quarter's survey-low 3.1%*, but are still among the lowest on record. Earnings growth expectations held at last quarter's survey-low 6.5%*. Moreover, domestic hiring growth expectations are again sluggish, rising only slightly from last quarter's 1.2%* to 1.4%*. In addition, capital spending expectations fell from last quarter's 5.4%* to just 4.3%*—only slightly above the survey low of 4.2%* from 4Q 2012.

Highlights from the Q3 2015 North America CFO Survey:

- Net optimism continued its downward trend falling to +14.2 from +18.8 last quarter.
- Sales growth expectations rose to 4.4% from a survey-low of 3.1% last quarter, but are still among the lowest in the survey history.
- Fifty-nine percent of CFOs describe the North American economy as good, and 55% believe it will be better in a year.
- Sixty percent of CFOs say the US markets are overvalued (down from 65% last quarter).
- Domestic hiring expectations remain sluggish rising to 1.4% from last quarter's 1.2%.

Companies' business focus also seems to indicate growing conservatism. While CFOs still indicate a bias toward growing revenues, there appears to be a growing focus on cost cutting. In addition, there is a higher focus on current offerings and current geographies.

Despite CFOs' waning optimism and declining expectations for revenue and earnings growth last quarter, they continued to voice optimistic views on North American economies and stabilizing views on Europe. This is again the case, with expectations for both regions about the same as last quarter's economy, however. The same cannot be said for perceptions of China's. After weakening gradually over the past few quarters, perceptions of China declined sharply this quarter. And although their concerns did not immediately dampen their assessments of other major economic regions, there was a sharp increase in the proportion of CFOs mentioning contagion among their most worrisome risks this quarter.

Norway
Oil prices dampen outlook

Highlights from the H3 2015 Norway CFO Survey:

- Overall, a net -39% of CFOs in Norway are less optimistic about their company prospects this quarter.
- More than 90% of Norway's CFOs expect a decrease or unchanged level of NIBOR in the next six months.
- For 66% of respondents, cost reduction is the top priority for the next 12 months.
- Among energy CFOs, a net 90% are less optimistic about the economic outlook versus 69% six months ago.

Negative sentiment across industries

Depressive tendencies characterize the Norwegian economy. The fall in oil prices is driving this development. Interest rates are expected to fall further, cost reduction is the main priority, and the bond market is completely dry. Yet, the collateral effects from the downturn in the petroleum industry are not as large as one could fear, and there are still clear expectations for growth in revenues and margins.

The oil industry is particularly negative toward the economic future, however. A net 90% of CFOs in that industry are less optimistic about the economic outlook now versus 69% six months ago. The observed pessimism is markedly higher than for the other sectors, but the negative sentiment goes across industries and currency exposures.

Lower interest rates expected

More than 90% of CFOs expect a decrease or unchanged level of NIBOR the next six months. This is a continuation of the trend from the spring, but a distinct change from previous surveys.

Financial risk on the balance sheet is reported to have increased over the last 12 months for the first time since 2013. However, it is not in the oil industry that the risk has now increased the most. A net 25% of CFOs in production/industry report increased financial risks in the balance sheet. For the oil industry, the similar metric has decreased from 31% in spring to 10% this time. However, it is agreed that the present time is not good to take additional risk onto the balance sheet.

There was a drastic drop in the CFOs' view of the attractiveness and availability of bonds this spring. The net proportion reporting bonds as easily accessible, fell from 59% to 20% in the previous survey and now falls further to 14%. The net proportion reporting bonds as attractive, fell from 54% to 10% in the previous survey and is now falling further to -1%. For the first time in this survey's history (spring 2011), CFOs state that bonds are not an attractive source of financing. After several years of a strong bond market, the latter part of 2014 was characterized by few new issues. This tendency is reinforced through 2015, and is probably closely related to the developments in the oil industry and the decline in the underlying oil price.

Cost reduction reigns

Cost reduction, a focus on core business, and organic growth remain the highest priority strategies for the next 12 months. Cost reduction is indicated as a priority for 66% of CFOs.

Pan Africa
Staying focused to succeed in turbulent times

Divergent views

This year's 2015 Deloitte CFO Survey in Africa, which incorporates insights from West Africa for the first time, reveals a significant sentiment gap between East and West Africa and the economies in the southern part of the continent.

CFOs in South Africa anticipate subdued economic growth over the next three years, with an average economic growth projection of 3.3% for the country in 2015. Southern Africa, which includes South Africa, has a slightly more optimistic outlook, with an average expectation of 3.9% GDP growth for 2015, 4.1% for 2016, and 5% for 2017.

Meanwhile, in East Africa, the outlook is more positive, with respondents predicting a regional economic expansion of 6% in 2015, 6.3% in 2016, and 6.5% in 2017. Finally, CFOs in West Africa have slightly lower expectations, calling for 4.8% in 2015, 5.7% in 2016, and 6.4% in 2017.

Worries about politics and electricity

Given the uncertain global economic milieu in which companies are currently operating, it is interesting to note that domestic risk factors are high on the list for South African respondents. The country's political landscape is cited by 61% of respondents as a significant risk. In addition, 60% of CFOs view the impact of continuting electrity price increases as another significant risk.

The picture changes somewhat in Southern Africa, as 49% of CFOs mention the fragile state of the global economic recovery as their top concern. In East and West Africa, currency volatility is by far the greatest concern.

Highlights from the 2015 Pan Africa CFO Survey:

- Pressures as a result of poor company performance and strategic ambiguity keep CFOs up at night.
- Improving investor confidence has replaced improving operational efficiency as Southern Africa's primary strategic thrust.
- A massive 81% of South African respondents expect the interest rate to increase.
- The cost of capital is viewed as expensive by 71% of South African CFOs, 60% of Southern African CFOs, 71% of East African CFOs, and 83% of West African CFOs.

Cash flow priorities

With the focus on improving operations, many CFOs continue to be cautious in their outllok, but slightly less so than in 2014 when retaining cash was larely the top priority. This year, CFOs in South Africa, Southern Africa, and West Africa identified improving current operations as a top priority. Only in East Africa does the result differ slightly with investment in new capacity being a top priority, although improving current operations is a close second. Investing in Africa and other new markets is on the list of top three priorities for South African CFOs, but not for other economies.

Investing in Africa

An overwhelming 84% of South African, 84% of Southern African, 71% of East African, and 75% of West African CFOs cited growth as their main reason for investing in Sub-Saharan Africa.

Portugal
Confidence restored, caution continues

A little more exuberence

Portuguese economic indicators have been improving, and CFOs in Portugal seem to have re-established their confidence in the country's economy. In fact, nearly 80% of CFOs expect a brighter future over the next 12 months, and 47% are fairly more optimistic (just 3% are less optimistic) when compared to the previous three months.

The positive sentiment is extended to businesses' financial prospects as the great majority of CFOs expect growing revenues (74%) and better operating margins (49%) over the next year. Interestingly, the investment outlook falls short, with only 43% of CFOs expecting a CAPEX increase.

It should be noted that the survey was conducted before the legislative elections, so the assessed confidence may have changed.

Uncertainty casts a shadow

Despite the overall optimism, 69% of CFOs in Portugal agree that it is not the time to take risks, and international uncertainty is dominating the agenda with 61% of the CFOs classifying it as high.

Overall, external factors are on the top of the biggest concerns for CFOs, with the domestic and international political instability playing a prominent role (73% and 72%, respectively), followed by financial system distress (61%), and currency fluctuations (60%).

Moreover, given that international uncertainty is a major source of risk, 67% of CFOs agree that events in Greece damaged the prospects of achieving a unified and stable EU in the long term, with 18% considering the damages as significant.

Highlights from the 2015 Portugal CFO Survey:

- Some 80% of Portugal's CFOs consider the economic outlook over the next 12 months to be positive.
- Risk appetite is still low, as 69% of CFOs believe that it is not a good time to take risks.
- External risks, namely political and financial instability as well as domestic public policies, are the major CFOs' concerns.
- For the majority of CFOs, cost control and reduction are the top priorities for the next year, as opposed to growth strategies and new investments, which are not seen as important.

Efficiency in sight

Recovering from a period of economic downturn, efficiency is now on CFOs spotlight. In fact, 67% of CFOs agree that cost control is the most important strategy for the next year, and some 35% expect to decrease their work forces.

Growth strategies are at the bottom of the list with 24% considering organic growth as an important strategy, and 18% considering new markets expansion. Furthermore, 65% expect an increase in corporate restructuring, and 54% expect an increase in the M&A's market over the next 12 months.

Favoring internal financing

CFOs in Portugal favor internal financing over other sources of corporate funding. This could be explained by the stricter credit criteria that reduced the availability of new financing in the last few years as well as the highly leveraged situation of Portugese companies.

Southeast Asia
The CFO as the talent champion

External events sagging outlooks

In the early half of 2015, survey data from Southeast Asia's CFOs suggested that despite growing concerns about global economic health and continued geopolitical volatility, their sentiments and expectations were still holding up fairly well across all industries.

Their sentiments this quarter, however, appear to reflect rising concerns. This comes as no surprise judging by the faltering performances of major economic zones—decline in oil prices, worsening condition of the eurozone debt crisis, pummeling of Chinese equity prices, and, of course, the devaluation of the renminbi earlier in August which rocked the global economy.

Consistent with the global opinion, the *2015 Southeast Asia CFO Survey* findings seem to suggest that more and more CFOs are feeling less optimistic of their businesses' financial prospects. Less than 40% of the CFOs in Southeast Asia are optimistic about the financial prospects of their companies, which is balanced with the 36% of CFOs who feel doubtful about their companies' prospects as compared to three months ago.

Not surprisingly, more than three-quarters of those who feel less optimistic this quarter point to external factors as the cause of their concerns. The region was also faced with difficulties—the fall of the Malaysian ringgit to its lowest level against the dollar in 18 years since the Asian financial crisis in 1997, and the recent terrorist attacks at the Erawan shrine in Bangkok, to name just two—so it is no wonder 75% of CFOs surveyed feel that the pressure of external uncertainties facing their businesses is high.

Highlights from the Q3 2015 Southeast Asia CFO Survey:

- CFOs in the 11 Southeast Asia countries reporting are becoming less optimistic.
- Despite expected hiring increases, 64% of CFOs do not believe they have the talent they need to meet business objectives.
- Three-quarters of CFOs believe the financial and economic uncertainty facing their businesses is high,
- Almost half (49%) of CFOs in the region envisage M&A activity to increase in the coming 12 months.

Less than confident about talent

Contradicting the dwindling optimism, CFOs are still relatively positive on their expectations for revenue growth. Some 68% estimate an increase in their revenues in the coming year. On the other hand, 34% of CFOs expect operating margins to decrease in the next 12 months, which seems to either indicate an anticipation of higher costs, or companies' intentions to leverage on the economic slowdown to grow their business.

Hiring is also expected to increase, with 46% of CFOs looking to add headcount in the next year. Against the backdrop of high uncertainty, however, CFOs seem to lack confidence in their companies' talent, with 64% saying that they are less than confident that they have the talent needed to meet business objectives. To CFOs in Southeast Asia, the top five skills that will be needed to build their businesses over the next five years are drive for results, strategic management, innovation, people leadership, and collaboration.

Spain
Optimism ahead of European average

Highlights from the H2 Spain CFO Survey:

- Some 42% of Spain's CFOs believe the country's economy will grow in the next 12 months—compared with 5% a year ago.
- Prospects are significantly more pessimistic at global level, with 38% thinking the world economy will be in stagnation or recession.
- Three-quarters of CFOs expect increased revenues and levels of cash flow in the next 12 months.
- Bank debt remains the most attractive source of finance for CFOs, and 72% are likely to use this financing method in the next 12 months.

Oil price key

Expansionary policy pursued by the ECB, the decline in oil prices, and recovery of domestic demand were probably behind the improvement of the Spanish economy in the second half, continuing the recovery that began two years ago.

Spanish CFOs share this sentiment. Some 42% of respondents (compared with 5% a year ago) expect the Spanish economy to grow over the next 12 months, the highest percentage recorded.

Prospects regarding the Economic and Monetary Union (EMU) are less optimistic, but remained in line with the results of last edition: 79% of respondents believe that EMU economy will be in growth mode or slow recovery.

For the world economy, however, expectations are more pessimistic. Only 9% of CFOs think the global economy will grow over the next 12 months (23% last survey). Some 53% expect a slow recovery (67% six months ago), and 38% (versus 10%) believe stagnation or recession will ensue.

Regarding the variables with greatest impact on the Spanish economy, 87% of CFOs put oil prices first.

Main business indicators positive

CFOs are positive about the operating performance of their businesses (95%, same as last May). They are slightly more pessimistic toward their financial prospects: 90% are optimistic (compared with 95% six months ago).

Expectations for demand for products and services improved considerably, with almost 80% believing that there has already been an increase or one will occur in 2016.

In fact, 75% of respondents expect their companies' revenues to increase in the next 12 months. More than half also expect increases in operating margin (57%) and level of investment (54%). They are also positive toward the level of leverage of the Spanish companies (41% of respondents expect a decrease in the next three years) and cash flows (72% forecast an increase in the next 12 months).

Pricing and market share concerns

Economic uncertainty and fragility of the global recovery again top the list of concerns of the Spanish companies. More than half of respondents (52%) believe that this is the main risk for their businesses.

In addition, margin deterioration due to inflexibility in prices is also a major concern for 51% of CFOs. The ability to maintain market share has risen among their worries, up 12 percentage points among respondents who list it as a high risk for their businesses in the coming months.

At the same time, 47% of Spain's CFOs (same as last survey) still considered now a good time to take risks on their balance sheets.

Sweden

Positive outlook muted by uncertainties

Economic future complicated

In 2015, GDP in Sweden in expected to grow by 3%. Indicators support this, including the index in the latest Deloitte/SEB survey, which increased to 55.9 in September from 55.6 in February. Growth is thus relatively good in an international comparison, but if you factor in Sweden's rapidly increasing population, its performance is less impressive. In addition, unemployment is expected to fall only gradually, and sluggish international economic growth is holding back exports.

Continued strong financial outlook

Against this backdrop, the percentage of CFOs viewing business conditions as favorable continues to be positive—rising from 20% last fall to 37% now. However, in this survey more CFOs than previously answered "not so favorable," which indicates a more mixed trend among corporations.

In addition, the overall positive view of their companies' financial position continued in the fall survey. Here too, though, there was a shift from "very favorable" to "favorable," which is likely due to recent instability in the stock markets as well as macroeconomic factors, such as the weak Swedish krona and Chinese turmoil.

Going forward, reducing costs dominates as the top priority for CFOs. Their appetite for growth through M&A remains, however, and expansionary priorities, such as introducing new products and services continue to be a priority. Order bookings, fierce competition, and geopolitical unrest remain top concerns, though the importance of all five alternatives increased.

As for metrics, 48% of CFOs expect their operating cash flow to increase over the next 12 months. In addition, 25% expect to add headcount in the next six months; 17% expect to cut staff.

Highlights from the H2 2015 Sweden CFO Survey:

- The percentage of CFOs who view business conditions as favorable has increased again.
- Overall, CFOs are expecting an increased or unchanged level of operating cash flow.
- Assuming a cash surplus, CFOs would prefer to use the money to increase investments in Sweden (34%).
- More than half (52%) of CFOs believe that a depreciated SEK will have a positive or very positive impact on operating profits.

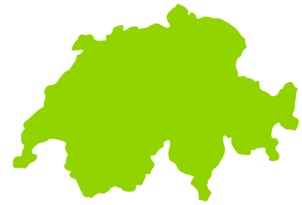
China, Greece, and the krona

More than 50% of the CFOs surveyed believe that the recent turmoil in China will have a negative effect on their businesses in the short term. This expected negative outlook may reflect the export-oriented nature of large Swedish corporations and may also represent a fear of related negative spin-off effects on other significant export markets. However, a fairly large share of CFOs does not expect any impact, and only a small share of the respondents expects positive effects.

Regarding Greece, a majority of the CFOs view the recent events in Greece as having damaged the prospects for achieving a stable and closely integrated European monetary union in the longer term. Meanwhile, one-third of the CFOs responded that they do not believe that recent events will have any effect in the longer term.

Finally, 52% of CFOs surveyed believe that the recent depreciation of the Swedish krona will have a positive/very positive impact on operating profits, reflecting the export-oriented nature of companies.

Switzerland
Signs of recovery?



Highlights from the Q3 2015 Switzerland CFO Survey:

- Some 26% of Switzerland's CFOs are pessimistic about their companies' prospects compared to three months ago.
- CFOs views on the Swiss economy have moderated. Some 37% rate the prospects as negative down from 41% in Q2.
- Two-thirds of CFOs identify the strength of the Swiss franc as a major external risk.
- A majority (56%) of Switzerland's CFOs expect revenues to increase (versus 25% who expect a decrease).
- However, a smaller majority still expects operating margins to decline (40% vs. 30%).

Stabilization of mood

Swiss CFOs' pessimism about the country's economic and business prospects following removal of the exchange rate floor lifted somewhat in Q2 and has improved further this quarter. CFOs seem to have come to terms with the new reality, but while their expectations for Switzerland's economic prospects over the next 12 months are slightly better than in Q2, they are still negative. Just 26% of CFOs rate the country's prospects as positive (up from 16% in Q2), while 37% rate them as negative (slightly down from 41% in Q2), giving a net balance of -11% (-24% in Q2).

The picture is rather brighter when it comes to CFOs' rating of their own company's financial prospects over the next 12 months. Here, almost equal proportions of CFOs rate their company's prospects as positive and negative, with a net balance of just 6%. There is an increase of 3 percentage points over Q2 in those giving a neutral response, while the figure for positive responses has fallen by one percentage point. As a result, CFOs take a gloomier view of the prospects for the Swiss economy than for their own company's.

Corporate outlooks, near- and long-term

CFOs' expectations for a range of corporate indicators present a mixed picture. A majority of CFOs expect revenues to improve over the next 12 months (56% versus 25% who expect a decrease), but a smaller majority (40% as opposed to 32%) continue to expect operating margins to deteriorate over the same period. It is interesting that a significant proportion (41%) say they plan to increase capital expenditure. In terms of the number of employees, however, around one-third of CFOs expect this to decrease at their companies, while 27% expect it to increase.

Strategic decisions are generally strongly focused on business growth and perceived opportunities and risks. It is, therefore, not surprising that at a time of high uncertainty and modest prospects for business growth, many CFOs are focusing on controlling and reducing costs. On a positive note, Swiss CFOs consider the launch of new products and services as the most important strategy for their companies over the next 12 months. They are also focusing more on reducing their exposure to exchange rate risks: 39% currently see this as a top priority, compared with 29% a year ago, when this question was last asked. The impact of the removal of the exchange rate floor has had a dramatic effect on companies' strategic outlooks.

In addition, Swiss CFOs' perception of uncertainty in the economic and financial environment remains strong. Three-quarters of CFOs rate the current level of uncertainty as high, with just 1% rating it as low this quarter. These values remain relatively unchanged from Q1 2015, when the exchange rate floor was removed.

United Kingdom
Uncertainty mounts

Eyeing equities and emerging markets

Moves in financial markets and risk appetite among CFOs are closely correlated. Both react to similar factors and financial markets directly influence corporate outlooks, for instance through the availability and pricing of capital. In the UK, equities sold off in the third quarter, with emerging markets seeing the largest outflow of capital since the financial crisis.

With UK equities down 18% in the last three months, there has been a parallel loss of risk appetite. The proportion of CFOs who think now is a good time to take risk has dropped to 46%, down from 59% in the second quarter and a peak of 72% a year ago. Rising risk aversion is feeding into a more defensive stance on the part of major corporations, with a greater focus on cost reduction and rather less on investment.

Worries about interest rates

Despite the recent more emollient tone by Western central banks, CFOs see the prospect of tighter monetary policy in the UK and the US as the greatest risk facing their businesses (48%). From the Bank of England's point of view, this may be the worst of both worlds a corporate sector that is worried both about the prospect of higher interest rates and slower global growth.

The slowdown in emerging markets now ranks second (47%),along with concerns about euro area growth (47%), on CFOs' list of worries. Against a backdrop of flagging business confidence, the recent moves by the Bank of England and US Federal Reserve to signal that interest rates are likely to stay lower look well judged.

While external risks are center stage, CFOs are positive on prospects for the UK economy. CFOs rate uncertainty and emerging market weakness as constraints on investment, but see the UK economy as being a significant support.

Highlights from the Q3 2015 UK CFO Survey:

- The proportion of CFOs who think now is a good time to take risk onto the balance sheet has dropped from 59% in Q2 to 46%.
- The cost of credit for UK CFOs remains close to its lowest level in eight years, while credit availability is just shy of an eight-year high.
- Nearly three quarters (73%) of CFOs say the level of financial and economic uncertainty is above normal, high, or very high—up from 55%.
- Defensive strategies, such as increasing cash flow and reducing costs, have strengthened.
- A majority of CFOs (56%) expect inflation to hover around the Bank of England's 2.0% target in two years' time.

Sharper focus on defensive strategies

Introducing new products and services or expanding into new markets an expansionary strategy remains the top priority for CFOs (39%). However, they have sharpened their focus on defensive strategies such as reducing costs (34%) and increasing cash flow (34%). They are also placing less emphasis on expanding by acquisition (22%) or increasing capital expenditure (19%).

At the same time, UK CFOs have scaled down their expectations for growth in hiring and capital expenditure. Some 41% of CFOs say they expect UK companies to increase capital expenditure over the next 12 months, down from 66% **in Q**2, while 48% say businesses will increase hiring over the next year, down from 70% in Q2.

Deloitte Member Firm CFO Surveys

About Deloitte Member Firms' CFO Surveys

Twenty-six Deloitte Member Firm CFO Surveys, covering more than 60 countries, are conducted by Deloitte member firms on a quarterly, biannual, or annual basis. The objective of these surveys is to collect CFOs' opinions on a range of areas, including economic outlook, financial markets, business trends, their organizations, and CFO careers. The focus and timing of each member firm's survey varies.

The following summarizes the survey scope and population of the participating member firms for this quarter. Member firms' CFO surveys can be accessed at www.deloitte.com/cfoconnect.

Member firm	Contacts	Frequency	Survey scope and population
Argentina	**Claudio Fiorillo** Partner +54 11 4320 4018 cfiorillo@deloitte.com	Biannual	Conducted in September/October 2015 over a four-week period; 78% of participants represented private companies and 48% represented companies with annual revenues of less than USD 1 billion.
Australia	**Tom Imbesi** Partner +61 3 9671 7329 timbesi@deloitte.com.au	Quarterly	Conducted between October 1, 2015 and October 19, 2015; 22 CFOs participated, representing businesses with a combined market value of approximately AUD 174 billion or 10.10% of the Australian-quoted equity market.
Austria	**Mag. Gerhard Marterbauer** Partner +43 1 537 00 4600 gmarterbauer@deloitte.at	Quarterly	Conducted between March 23, 2015 and April 15, 2015; 115 CFOs and financial executives participated, representing a broad range of industries. Of the participating companies, 33% have revenues in excess of €1 billion, and 19% have revenues greater than €500 million.
Belgium	**Thierry Van Schoubroeck** Partner + 32 2 749 56 04 tvanschoubroeck@deloitte.com	Quarterly	Conducted between September 10, 2015 and October 2, 2015; 77 CFOs completed the survey. The participating CFOs are active in a variety of industries.
Chile	**Omar Mata** Director, Finance Transformation +56 2 27298808 omata@deloitte.com	Biannual	Conducted between September and October, 2015; 18 CFOs participated; 83% are privately owned, and 53% reported revenues of more than USD 500 million annually.

Finland	**Tuomo Salmi** Partner, CFO Program Leader +358 (0)20 755 5381 tuomo.salmi@deloitte.fi	Biannual	Conducted between September 24, 2015 and October 12, 2015; 50 CFOs participated; some 82% of the companies have an annual turnover of more than €100 million.
France	**Pascal Colin** Partner +01 40 88 29 62 pcolin@deloitte.fr	Biannual	Conducted between September and October 2015; 1,298 CFOs participated from major companies and business affiliates, including 88 CFOs from the largest French companies or subsidiaries.
Germany	**Rolf Epstein** Partner, CFO Program + 49 (0) 69 97137409 repstein@deloitte.de	Biannual	Conducted between September 23, 2015 and October 13, 2015; 151 CFOs from major German corporations took part in this CFO survey. Some 68% of CFOs are from companies with revenues of more than €500 million, and 50% have revenues of more than €1 billion.
Ireland	**Alan Flanagan** Partner +35314172873;ext=2873 aflanagan@deloitte.ie	Biannual	Conducted in September/October 2015; CFOs of listed companies, large private companies, and Irish subsidiaries of overseas multinational companies participated.
Italy	**Mariangela Campalani** Director Tel: +39 02 83326114 mcampilani@deloitte.it	Biannual	Conducted between September and October 2015, this survey included participation from approximately 180 respondents, The majority of companies involved in the survey came from the following sectors; Manufacturing (37%); Retail/Consumer Products (10%); Energy/Utilities (9%).
Japan	**Masanori Shinoda** **Partner** **+81 80 4367 7938** **mshinoda@tohmatsu.co.jp**	Quarterly	Conducted between July 14, 2015 and August 14, 2015; 33 CFOs completed the survey. The participating CFOs are active in a variety of industries, representing listed companies and relevant private companies.
Netherlands	**Jan de Rooij** Partner +31 (0) 6 5336 6208 JandeRooij@deloitte.nl	Quarterly	Conducted September 3-25, 2015; 25 CFOs representing a net turnover per company of approximately €2.4 billion completed the survey. The responding companies can be categorized as follows: publicly listed (48%), family owned (16%), privately owned (12%), cooperation (8%), state or government owned (8%), and other (8%).
North America (U.S.,	**Greg Dickinson** N.A. CFO Survey Director +1 213 553 1030	Quarterly	Conducted between August 9, 2015 and August 21, 2015; 114 CFOs participated from across the United States, Canada,

Canada, Mexico)	gdickinson@deloitte.com		and Mexico. Seventy-one percent of respondents represent CFOs from public companies, and 84% are from companies with more than $1 billion in annual revenue.
Norway	**Andreas Enger** Partner, Financial Advisory +47 958 80 105 aenger@deloitte.no	Biannual	Conducted September 7-15, 2015; 98 CFOs participated from across Norway. All respondents represent CFOs from the 500 biggest companies in Norway.
Portugal	Jorge Marrão Partner, CFO Program Leader + 351 210422503 jmarrao@deloitte.pt	Biannual	Conducted between September 4, 2015 and October 2, 2015, the survey was sent to the CFOs of private and public companies of several industries. The participating CFOs (51) represent the largest companies in Portugal (85%>€100M and 16%>€1.000M).
Pan Africa	**Roy Campbell** Africa CFO Program Leader +011 806 5580 rcampbell@deloitte.co.za	Annual	Conducted between June and July 2015; 260 CFOs participated representing a range of industries and 13 countries.
Southeast Asia	**Nicky Wakefield** Executive Director, Consulting +65 6232 7215 nwakefield@deloitte.com **Lee Shu Ling** SEA CFO Program +65 6800 2792 shuling@deloitte.com	Annual	Conducted between July 13, 2015 and August 12, 2015; 91 CFOs participated representing a range of industries and 12 countries.
Spain	**Jesús Navarro** Partner +34 91 514 50 00 jenavarro@deloitte.es	Biannual	Conducted in September 2015; 127 CFOs participated from companies or groups listed in the Spanish market and/or companies or groups listed in international markets, and non-listed companies. Of the participating companies, 54% have revenues in excess of €100 million, and 44% have more than 500 employees.
Sweden	**Henrik Nilsson** Partner +46 73 397 1102 henilsson@deloitte.se	Biannual	Conducted in September 2015; participating CFOs represented a selection of the 200 largest companies in Sweden.
Switzerland	**Dr. Michael Grampp** Chief Economist +41 44 421 68 17	Quarterly	Conducted between August 25, 2015 and September 18, 2015; 110 CFOs participated, representing listed companies

	mgrampp@deloitte.ch		and relevant private companies.
United Kingdom	**Ian Stewart** Chief Economist +44 020 7007 9386 istewart@deloitte.co.uk	Quarterly	Conducted September 9-28, 2015; 122 CFOs participated, including CFOs of 23 FTSE 100 and 56 FTSE 250 companies. The rest were CFOs of other UK-listed companies, large private companies, and UK subsidiaries of companies listed overseas. The combined market value of the 80 UK-listed companies surveyed is £393 billion.

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