AROUND THE BOARDROOM

THE DELOITTE CFO SURVEY
2015 Q4 RESULTS

FUNDAMENTALS REMAIN STRONG

Deloitte.

Contents

Key points from the 2015 Q4 Survey

52%
expect higher revenues over the next 12 months.

Increased turnover expectation

CFOs' revenue expectations have remained confident. Some 52 percent expect higher revenues over the next 12 months versus 44 percent a quarter ago.

About 41 percent believe that turnover will decline.

45%
expect their workforce to decrease over the next 12 months.

Workforce reduction in 2016

Some 45 percent of CFOs say that they expect a decrease in the number of employees in their businesses over the next 12 months, while 21 percent expect an increase.

28%
are optimistic about the financial prospects for their company.

Business confidence stable

CFOs' optimism about the financial prospects for their companies was 28 percent, a stabilization compared to previous quarter's score.

48%
will realize at least one acquisition over the next 12 months.

Growth via M&A

Given low interest rates, available financing and strong balance sheets, growth through mergers and acquisitions is a viable option. Some 48 percent of CFOs expect their companies to realize an acquisition in 2016.

69%
expect an increase of operating or free cash flow over the next 12 months.

Cash flow increase

A majority of CFOs, 69 percent, expect their companies' free or operating cash flow to increase over the next 12 months.

Some 21 percent of CFOs expect a decline, the highest score since the first quarter of 2014 and considerably higher than the previous quarter (8 percent).

Economic context

Netherlands

According to the December forecast of CPB Netherlands Bureau for Economic Policy Analysis economic growth in the Netherlands will be more than 2 percent in 2015 and 2016 – the first time since the credit crisis started in 2008. This growth is driven by increasing household consumption and investments as well as higher export levels.

However, economic growth in the third quarter of 2015, as reported by national statistics office CBS, was only 0.1 percent.

Unemployment is unlikely to decline next year despite the Netherlands emerging from recession, the latest forecast from the Dutch central bank says. The number of people out of work is expected to stand at 615,000 at the end of 2016 or 6.9 percent of the working-age population, equal to the present level. In 2017 the figure is expected to fall slightly to 606,000.

The Dutch housing market continued its recovery. Compared to one year earlier, house prices in November were almost 4 percent higher. This is the most substantial increase in 7.5 years, according to CBS. The land registry office, reported that almost 15,000 houses changed hands in November, a 24 percent increase year-on-year.

Eurozone

The Eurozone economy grew 0.3 percent in the third quarter, after 0.4 percent in the second quarter. The forecast for the fourth quarter is 0.25 percent growth.

Against the backdrop of weak economic performance over the last years, there is a clear, positive longer-term trend. The growth drivers remain largely the same. Exports develop more than expected, driven by the devaluation of the euro. Also, private consumption further gains momentum, driven by somewhat lower rates of unemployment and low energy prices.

Early indicators also point in a positive direction for the near future. The Eurozone purchasing managers' index in December stands at 54.0, solidly in positive territory (values over 50 signal expansion), pointing to further solid expansion in the coming quarters.

Still, Eurozone growth forecasts for 2015-2017 have improved only marginally. The Eurozone's expansion for 2015 is forecast at 1.5 percent, followed by 1.6-1.7 percent growth over 2016-2017.

Global

On 16 December, Chair of the Federal Reserve (Fed) Janet Yellen said that that the economy of the United States (US) is performing well and that the central bank of the US would raise short-term interest rates for the first time since the financial crisis – the start of a gradual tightening path and the end of a seven-year experiment with near-zero interest rates.

Emerging markets are experiencing a new type of crisis: a growth crisis. Economic growth is slowing down due to weak commodity prices and a lack of economic reforms.

China's growth in the third quarter was 6.9 percent, close to the government's target of around 7 percent. Forecast for 2015 is some 6.7 percent, and gradually declining to some 6.2-6.4 percent over 2016-2017.

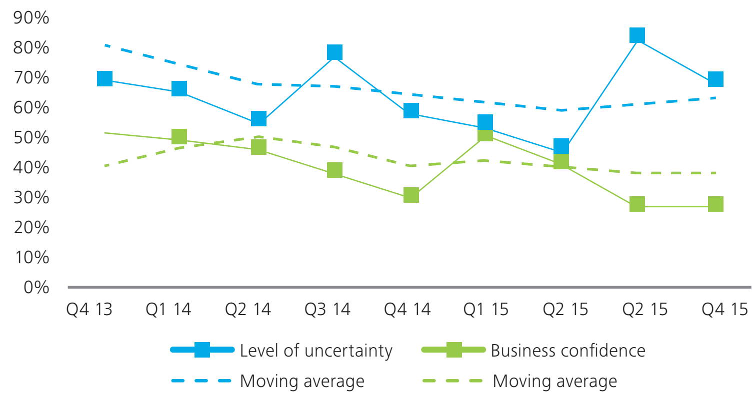
In 2016, the headlines will also be about the threat of terrorism and the migrant crisis. Impact on the economy will be limited, however. Fluctuations in exchange rates and oil prices are expected to have greater impact on economic growth.

The economy and CFOs' outlook

The percentage of CFOs who rate the current economic situation as uncertain has decreased from 84 percent in the third quarter of 2015 to 69 percent now. This level of uncertainty is the slightly above the moving average of 63 percent (interval is four quarters).

Business confidence remained stable with 28 percent of the panellists who feel optimistic about the financial prospects for their companies compared to three months ago.

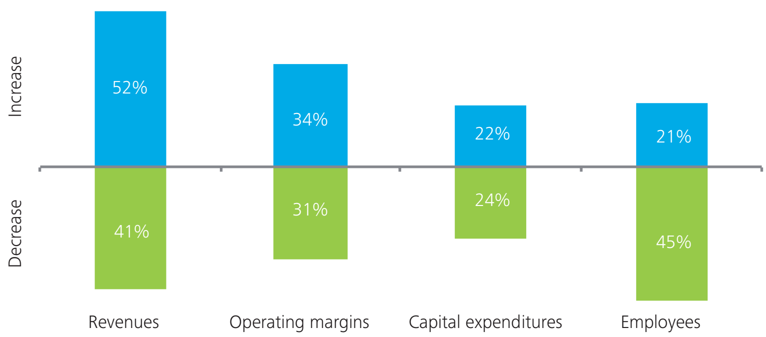
Chart 1. Economic uncertainty and business confidence
Percentage of CFOs who rate the level of economic uncertainty as above normal and percentage of CFOs feeling optimistic about financial prospects



Some 52 percent of CFOs expect to generate more revenues over the next 12 months. In the 2015 Q3 edition of this survey, this metric stood at 44 percent. One year ago, 85 percent was expecting higher revenues.

About 45 percent is expecting a reduction of employees in 2016 – compared to a score of 38 percent in the third quarter of 2015. Almost of quarter of CFOs, some 21 percent, believe that their companies will hire (2015 Q3: 13 percent) in 12 months' time.

Chart 2. CFOs' outlook on revenues, margins, capex and workforce
Expectation of key metrics for CFOs' companies to change in the next 12 months



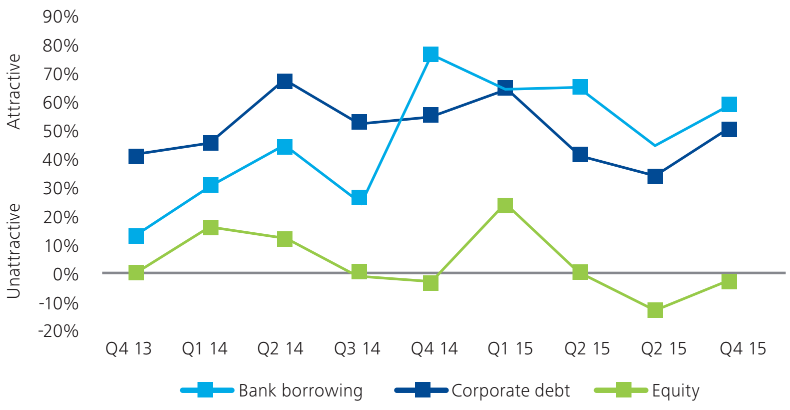
Funding

Bank borrowing is seen as the favoured source of corporate funding by 59 percent of CFOs (up from 44 percent in the previous quarter but down from 76 percent a year ago). This metric is mainly driven by the low interest levels.

Corporate debt is considered as an attractive source of funding by exactly half of the CFOs, while equity has remained the least popular source of external funding.

Chart 3. Favoured source of corporate funding

Net percentage of CFOs reporting the following sources of funding as (un)attractive



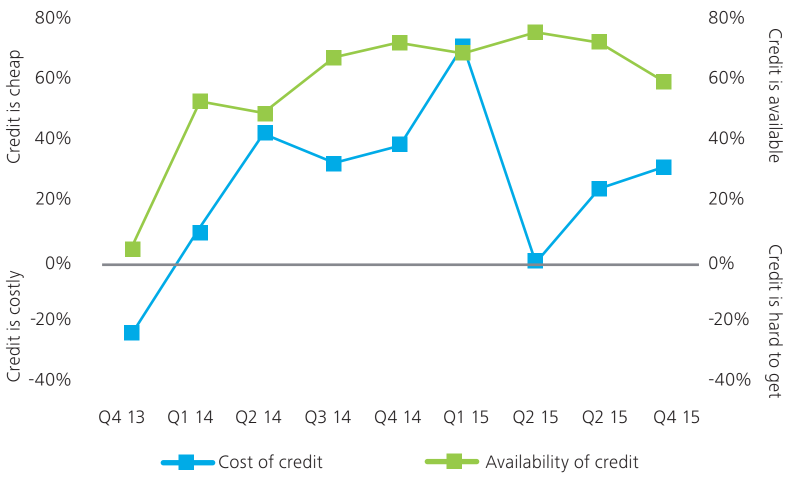
Despite the downward trend, the availability of credit is still perceived as good, according 59 percent of the panellists (2015 Q3: 72 percent).

Credit is seen as cheap by 31 percent of CFOs.

Overall, financing conditions remain easy for our panellists' companies.

Chart 4. Cost and availability of credit

Net percentage of CFOs reporting that funding for corporates is cheap or expensive, and funding is easily available or hard to get



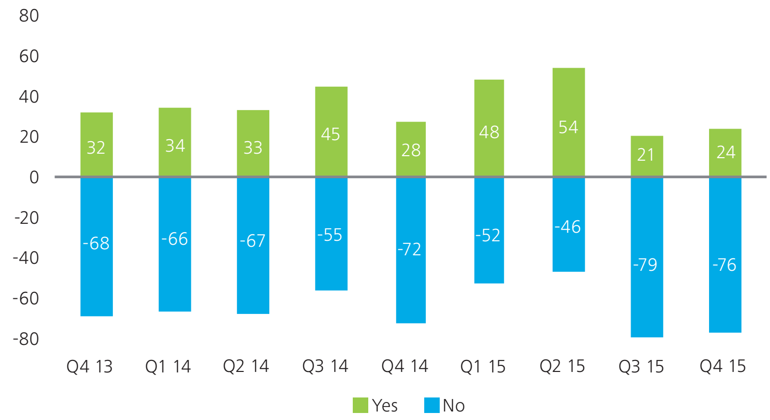
Cash flow and risk

Falling sentiment and rising perceptions of external uncertainty led to a sharp drop in risk appetite in from 54 percent to 21 percent in 2015 Q3. Now, this metric stabilizes.

Almost a quarter of CFOs, 24 percent, believe that now is a good time to be taking greater risk onto their balance sheets.

Chart 5. Risk appetite

Percentage of CFOs reporting that now is a good time to be taking greater balance-sheet-related risks

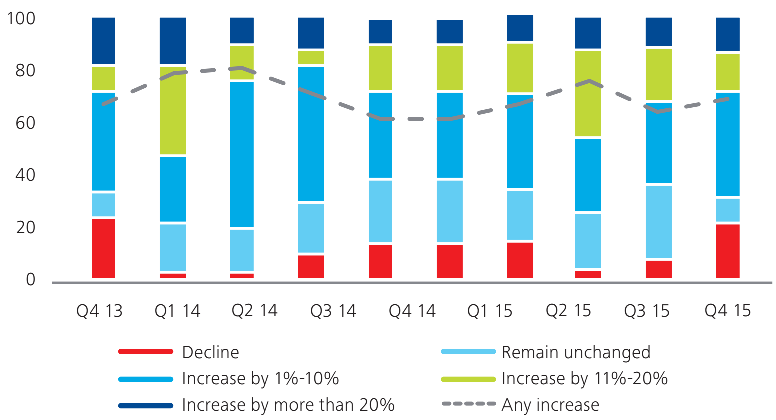


Some 21 percent of CFOs expect a decline in operating or free cash flows over the next 12 months. This is the highest score since the last quarter of 2013 and considerably higher than the previous quarter (8 percent).

Nonetheless, the percentage of CFOs who expect their cash flows to increase was up from 64 percent in 2015 Q3 to 69 percent now.

Chart 6. Change in cash flows over the next 12 months

Percentage of CFOs who expect their companies' operating or free cash flows to increase/decrease over the next 12 months



M&A

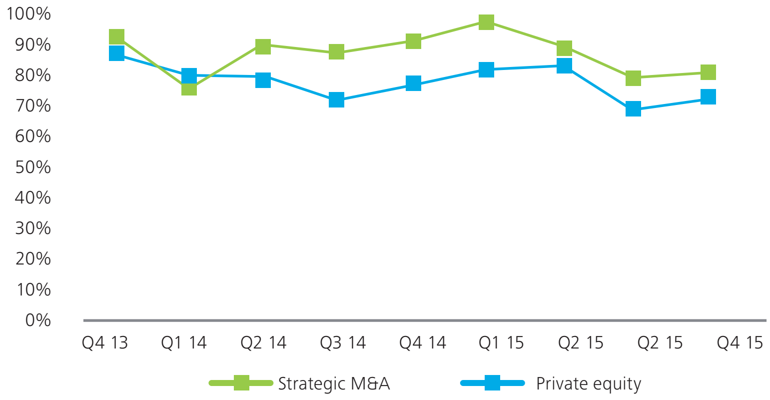
Given low interest rates, available financing and strong balance sheets, growth through mergers and acquisitions is still a viable option.

The outlook for corporate mergers and acquisitions activity came in at 79 percent – versus 90 percent one year ago.

Some 72 percent of CFOs expect private equity firms to increase their transaction activity in 2016.

Chart 7. M&A outlook

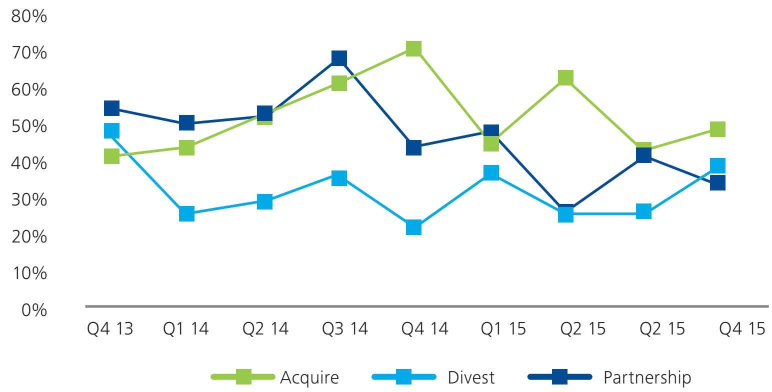
Net percentage of CFOs who expect M&A activity to increase/decrease in the next 12 months



Almost half of CFOs, 48 percent, say that their companies will realize one of more acquisitions over the next 12 months while 38 percent will sell assets and/or subsidiaries. An almost equal percentage, 34 percent, believe that 2016 will bring a strategic partnership.

Chart 8. Likeliness of M&A activity at a CFO's company

Percentage of CFOs who expect their company to be involved in a M&A transaction over the next 12 months



A note on methodology

To enhance readability not all survey questions will be reported in each quarterly survey. Survey questions will be selected in response to the current financial economic situation. If you wish to receive information about non-reported questions, please contact us. The Deloitte CFO Survey is also executed by other Deloitte countries, for instance the UK. Comparisons will be made when relevant.

Some of the charts in the Dutch Deloitte CFO Survey show the results in the form of a net balance. This is the percentage of respondents reporting, for instance, that bank credit is attractive minus the percentage stating that bank credit is unattractive. This is a standard way of presenting survey data. Due to rounding answers may not total 100%.

The 2015 Q4 survey took place between 3 December 2015 and 24 December 2015. A total of 29 corporate CFOs completed our survey, representing a net turnover per company of approximately EUR 3.2 billion. The responding companies can be categorized as follows: publicly listed (48%), privately owned (14%), family owned (14%), state or government owned (7%), other and/or unknown (17%).

We would like to thank all participating CFOs for completing our survey. We trust the report will make an interesting read and highlights the challenges facing CFOs. We also hope it provides you with an important benchmark to understand how your organization compares to your peers.

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