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European CFO Survey

Confidence heads South

Q3 | November 2015

Poland

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About the data

The findings discussed in this report are representative of the opinions of 1,298 CFOs based in 15 European countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Russia, Spain, Switzerland and the United Kingdom. CFOs were all contacted between July and October 2015. Results from Poland represent preliminary data.

Some of the charts in the Survey show results as an index value (net balance). This is calculated by subtracting the percentage of respondents giving a negative response from the percentage giving a positive response; responses that are neither positive nor negative are deemed to be neutral. Due to rounding, not all percentages shown in the charts will add up to 100.

Acknowledgements

We would like to thank all participating CFOs for their support in completing the survey.

Further information

For further information and a more detailed analysis please visit www.deloitteresearchemea.com. If you would like to contact us please complete the form on our website or email us at europaencfo@deloitte.co.uk

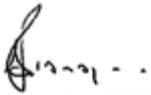
Foreword

Welcome to the second edition of the European CFO Survey, a major initiative of the EMEA CFO Programme. The Survey presents the opinions of nearly 1,300 CFOs on such critical issues as risk appetite, funding and the Greek crisis.

This Survey, conducted across 15 countries, is one of several global offerings provided by the Deloitte CFO Programme, an initiative that brings together multidisciplinary teams of senior Deloitte professionals to help CFOs effectively address the challenges and demands they experience in their role.

Other global CFO Programme offerings include the Next Generation CFO Academy, Finance Leadership Programme, CFO Transition Lab, CFO Forums, CFO Conference, CFO Survey, CFO Insights and CFO Journal.

We would like to thank all CFOs who took the time to participate in our Survey and welcome your feedback.



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Key findings

The mood of European Chief Financial Officers (CFOs) has deteriorated in the last six months. Deloitte's European CFO Survey shows that optimism among nearly 1,300 CFOs in 15 countries declined in the third quarter. Overall financial optimism fell between Q1 and Q3 2015 from 15% to 2% when looking at the GDP weighted results. For euro area member countries the fall was slightly greater, dropping by a further 3%.

Over the course of the year, Europe has experienced the turmoil of another Greek debt crisis as well as growing concerns over the strength of the global economic recovery, in particular prospects for growth in key emerging markets such as China. The recent Syrian refugee crisis has further illustrated how external shocks can quickly impact internal affairs. These events have created a sense of heightened uncertainty among European CFOs. Perceptions of external financial and economic uncertainty rose 7 percentage points between the first and third quarter of 2015. Worries about external risks have weakened business sentiment and fed through to a reduction in CFO risk appetite in most countries. Revenue and margin expectations have softened too, albeit slightly.

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. Forecasts for global growth in 2015 and 2016 have been downgraded between Q1 and Q3, with many key emerging market economies – important destinations for exports for countries like Germany and the Netherlands – slowing sharply. The perception of CFOs in Germany of external economic and financial uncertainty remains the highest among the 15 European countries.

Such pessimism in central and northern Europe contrasts remarkably with a brighter outlook reported by CFOs in the south and on the edges of Europe. CFOs in Ireland, Italy, Poland, Portugal and Spain are now the most optimistic of our group. Capex 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 are also well above the European average. This broadly mirrors the recent improved economic development and growth outlook in Europe's periphery over the last quarters. Ireland, Italy, Portugal and Spain have all seen significant upgrades to growth forecasts in both 2015 and 2016 over the course of this year.

CFOs are, however, more united in their focus on cost control. When asked about strategic priorities, CFOs in 12 countries list cost reduction or cost control as one of their top three for the next year.

This quarter's 'special question' related to last summer's Greek crisis. We asked CFOs whether recent events in Greece had changed the prospects for achieving a stable and closely integrated European monetary union in the longer term. Almost half of the CFOs (48%) stated that it had damaged prospects, with just 18% believing prospects had improved.

European CFOs are clearly wary of further negative surprises and because of this confidence in Europe's recovery remains fragile.

CFOs less optimistic around financial prospects

Sentiment among European CFOs declined between the first and third quarter of 2015. A net balance of only 2% of CFOs are more optimistic about the financial prospects for their companies compared to three months ago. This is a notable fall from the 15% registered in Q1 2015.

This overall fall in sentiment reflects the increased economic uncertainty since the start of the year. Over this period confidence has been strained by a renewed Greek debt crisis, fears over Chinese growth, equity market volatility and a general dampening of global growth expectations.

An unexpected North/South divide can be observed. CFOs based in Europe’s southern and periphery countries of Ireland, Italy, Poland, Portugal and Spain are now the most optimistic out of the CFOs in the 15 countries surveyed, although the optimism of CFOs based in Spain dropped compared to six months ago. This mirrors the improved economic development and growth outlook in those countries over the year. Ireland, Italy, Portugal and Spain in particular have all seen significant upgrades to growth forecasts for both 2015 and 2016 since the first quarter survey.

The biggest improvements in sentiment since Q1 have occurred in Switzerland (net balance change +56 pp). The confidence of CFOs in Switzerland has recovered strongly following the surprise removal of the Swiss Franc floor at the beginning of the year, as companies gradually adapt to the higher exchange rate. The effects have also been moderated by the recent weakening of the Swiss Franc.

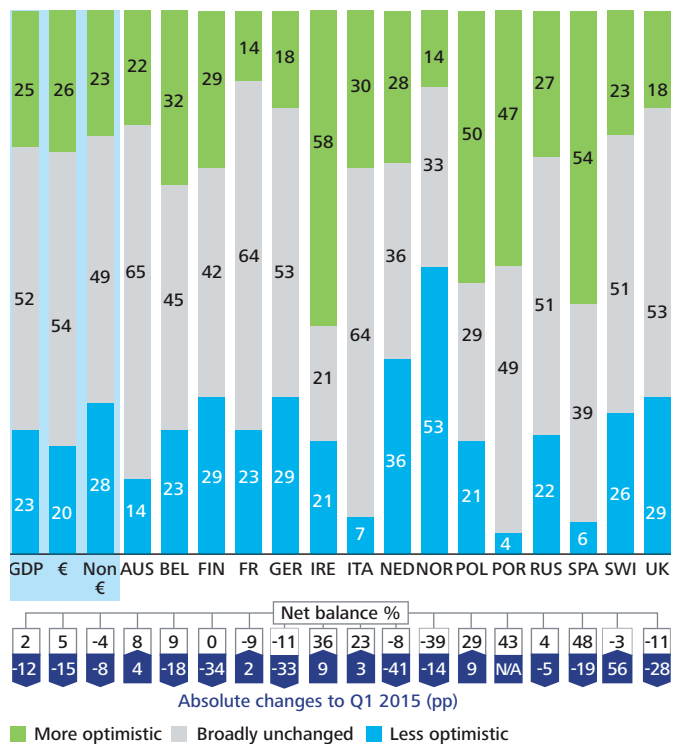
In contrast, we now see significantly weaker sentiment in most northern European economies. There has been a big drop in sentiment in Finland (net balance change -34 pp), Germany (-33 pp), the Netherlands (-41 pp) and the UK (-28 pp). Weaker growth prospects in key export markets – especially emerging economies – and an increase in equity market volatility, have clearly had an impact on CFO sentiment in these countries. Political and geopolitical events such as the Greek debt crisis and the more recent refugee crisis are also likely to have negatively influenced sentiment.

Norway has become the most pessimistic country in the cohort with a 14 pp fall in sentiment. A net balance of 39% of CFOs in Norway are now less optimistic about the financial prospects for their companies than in Q1 2015. Oil is a significant driver of growth in the Norwegian economy and the fact that oil prices are expected to remain at the current low levels throughout 2016 has dampened growth. In a symbolic move, the Norwegian government recently announced that it would for the first time use funds from its vast oil savings to fund tax cuts and accelerate the country’s economic transformation away from oil; looking for a long-term solution to their economic dependency.

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

Chart 1. Financial prospects (%)

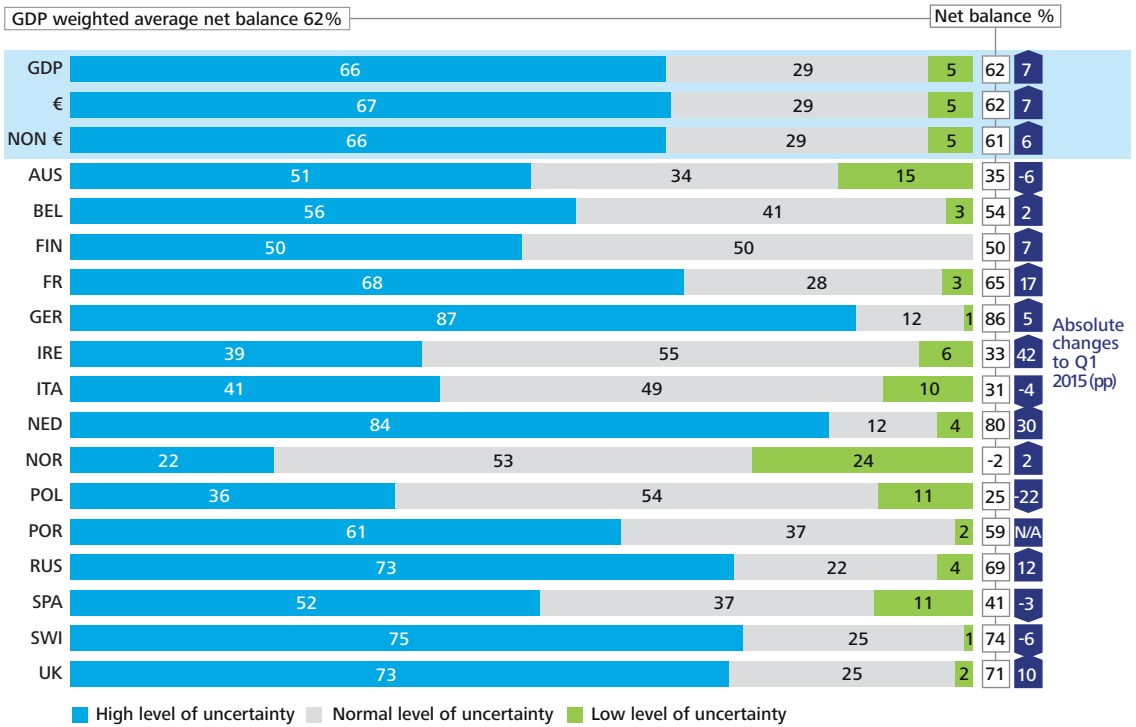
GDP weighted average net balance 2%



*Note: In Finland, Norway and Spain the question specified a six month period.

Uncertainty on the rise

How would you rate the overall level of external financial and economic uncertainty facing your business?
Chart 2. Uncertainty (%)



The fall in overall optimism (Chart 1) among European CFOs is mirrored by a general rise in perceptions of external economic and financial uncertainty between Q1 and Q3 (net balance increase of +7pp over the period).

In Germany CFOs' perceptions of external economic and financial uncertainty remain the highest of the group, followed by the Netherlands and Switzerland. As a major exporter Germany is particularly exposed to weakness in key emerging markets and the current slowdown in China.

The Netherlands has seen a big increase in perceptions of external uncertainty, from a net balance of 50% in Q1 to 80% in Q3. Perceptions of external financial and economic uncertainty have also risen sharply in France (from 48% in Q1 to 65% this quarter).

Perceptions of external uncertainty are much lower in Austria, Ireland, Italy, Norway, Spain and Poland than the European average, complementing the positive change in sentiment and output in those economies through the year. Poland has seen the biggest improvement, with perceptions of uncertainty falling from a net balance of 47% to 25% between the first and third quarter, most likely due to the expected outcome of the October election and continued growth in incomes and revenues.

Risk appetite drops

Falling sentiment and rising perceptions of external uncertainty have fed through to a reduction in risk appetite among CFOs in most countries. Two out of three CFOs believe it is not a good time to take greater risk onto their balance sheet (compared with 62% in Q1) with only one out of three believing that it is (compared with 38% in Q1).

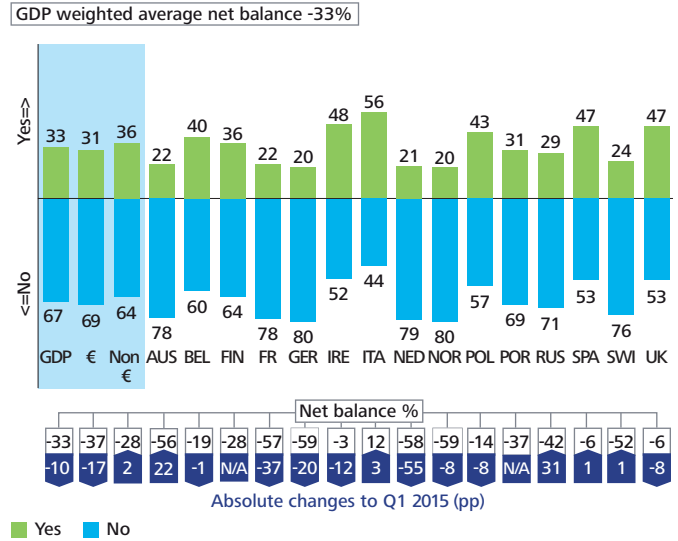
Risk appetite in the larger northern European economies has been particularly affected, with large falls in France (-37 pp), Germany (-20 pp) and most of all in the Netherlands (-55 pp).

Once again, the outlook for CFOs in southern Europe appears brighter. CFOs in Italy are the most willing to take risk onto their balance sheet (net balance +12%) – the only positive net reading among the 15 countries. The Italian economy has seen a better-than-expected economic recovery over the course of the year, especially in monthly indicators of business confidence. Forecasts for Italian growth have also been upgraded during the year.

Although risk appetite increased in Russia between the first and third quarter (+31 pp), it is clear that this does not reflect an improvement in sentiment, as perceptions of external uncertainty remain high. It may instead reflect the fact that CFOs consider taking risk, and potentially expanding into new markets, as a strategic way of dealing with weakness in the domestic economy.

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

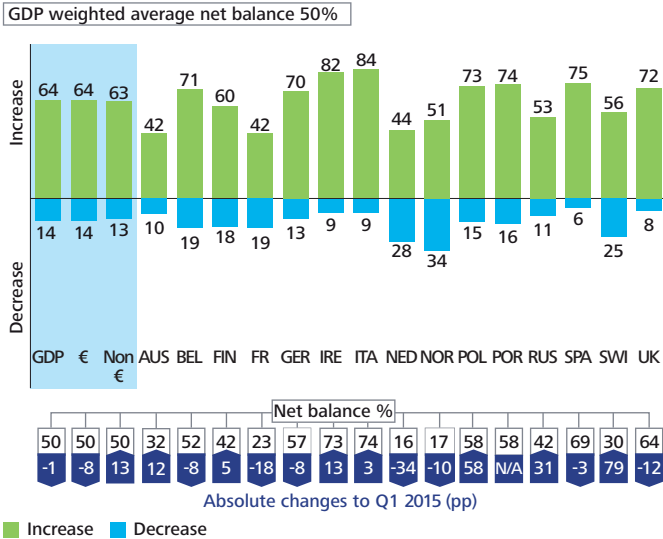
Chart 3. Risk appetite (%)



Revenue expectations remain confident

In your view, how are revenues for your company likely to change over the next 12 months?*

Chart 4.1. Revenues (%)



*Note: In the UK CFOs were asked, "how are revenues for UK corporates likely to change over the next 12 months?"

Despite sentiment falling in many countries, CFOs generally retain a positive outlook on revenue growth. The revenue outlook for the next 12 months has fallen slightly compared to six months ago, but a net balance of 50% of CFOs (51% in Q1) still expect revenues to grow over the next year.

The average revenue expectation of CFOs based in eurozone countries does not differ from those outside the eurozone. The three countries with the highest expectations for revenue growth over the next 12 months are Ireland, Italy and Spain. A stronger revenue outlook can also be found in Switzerland (+79 pp), as CFOs and corporates have adjusted to the surprise removal of the Swiss Franc floor. However, the overall Swiss revenue outlook stays subdued compared to the rest of the group.

Despite the weakness of the Russian economy – which is forecast to contract by 3.6% this year – CFOs are more upbeat than in the first quarter. However, this change should be treated with a degree of caution as Q1 expectations were affected by the significant drop in revenues at the end of 2014. Furthermore, the weakness of the Russian rouble this year means that many Russian companies have effectively lost spending power globally.

Restrained margin outlook

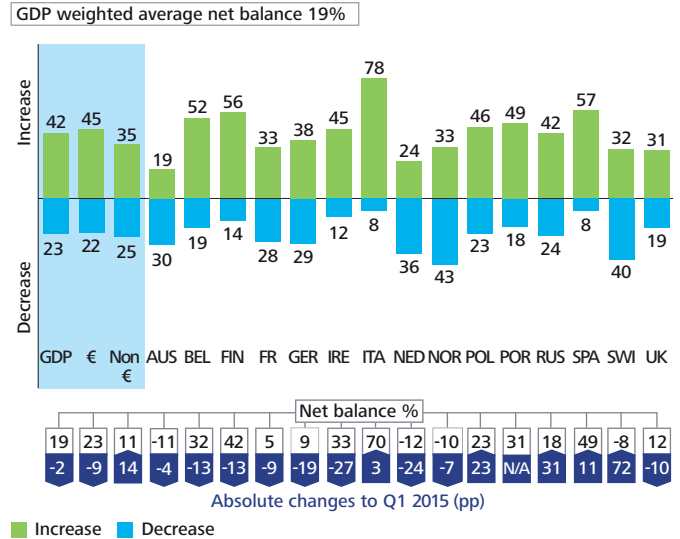
The outlook on margins among CFOs in the 15 countries Deloitte surveyed softened slightly between the first and third quarters, but expectations vary significantly between countries.

A big fall occurred in the Netherlands (-24 pp), mirroring the large fall in sentiment among CFOs in the country. CFOs in Italy and Spain are by far the most confident about the outlook for margins, again reflecting improving sentiment about growth in those countries.

Expectations for margin growth have also improved in Poland (+23 pp), Russia (+31 pp) and most significantly Switzerland (+72 pp). In Russia, similar to the optimism CFOs expressed about revenue expectations (Chart 4.1), the improved outlook for margins is set against a weak first quarter. In addition, the majority of CFOs based in Russia stated that they are still undecided or neutral on the prospect of growth in operating margins.

In your view, how are operating margins for your company likely to change over the next 12 months?*

Chart 4.2. Operating margins (%)



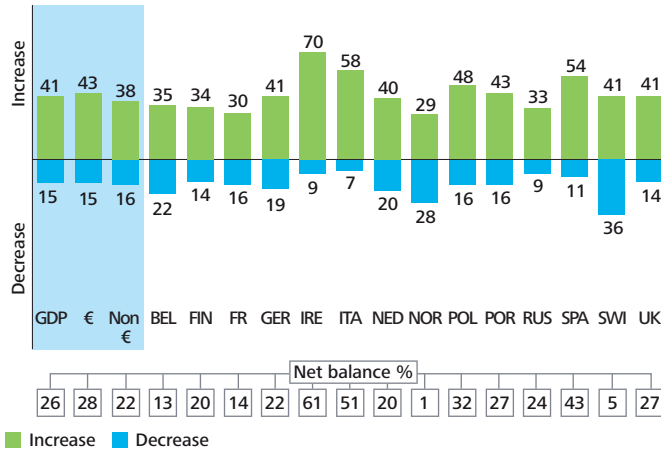
*Note: In the UK CFOs were asked, "how are operating margins for UK corporates likely to change over the next 12 months?"

Mixed outlook on capex

In your view, how are capital expenditures for your company likely to change over the next 12 months?*

Chart 4.3. Capital expenditure (%)

GDP weighted average net balance 26%



*Note: In the UK CFOs were asked, "how is capital expenditure for UK corporates likely to change over the next 12 months?"

When asked about the likely change of capital expenditures (capex) over the next 12 months, 41% of European CFOs say that they expect capex to rise, while 15% expect it to decrease. CFOs in Europe's periphery economies are much more positive on the outlook for capex than the average: the countries with highest capex intentions are Ireland, Italy and Spain.

Countries with a below average willingness to increase capex are Belgium, Finland, France, Germany, the Netherlands, Norway, Russia and Switzerland.

The lowest appetite to increase capex is in Norway, in alignment with the country's weakness of sentiment and risk appetite. CFOs in Switzerland are also very reluctant to increase capex, another consequence of the shock experienced by the Swiss Franc.

Stability around hiring

On average 35% of CFOs say that they expect an increase in the number of employees in their businesses over the next 12 months, while 22% expect a decrease.

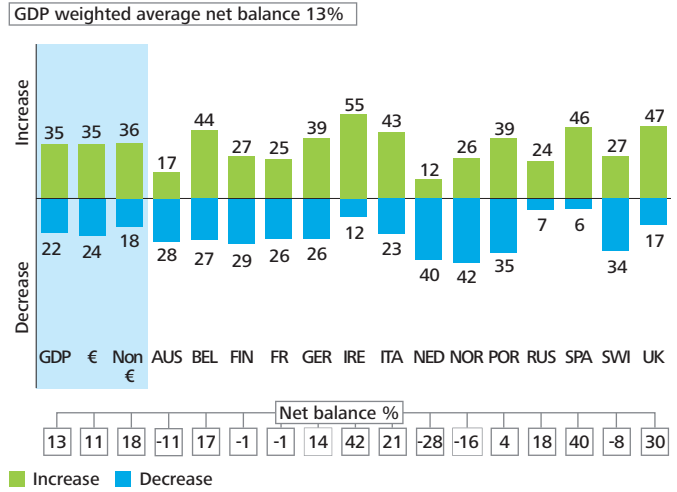
As with capex intentions, CFOs in Europe’s periphery are more optimistic with CFOs in Ireland, Italy and Spain indicating higher-than-average intentions to recruit.

In Austria, Finland, France, the Netherlands, Norway and Switzerland a majority of companies expect to have fewer employees in 12 months’ time. CFOs in the Netherlands and Norway are expecting the largest fall.

This negative outlook towards hiring is not shared across all larger northern economies. CFOs in Belgium and Germany expect a moderate increase in the number of employees over the next year – as do CFOs in Russia. In the UK, CFOs are the third most optimistic on hiring, reflecting the continued strength of the UK labour market.

In your view, how is the number of employees for your company likely to change over the next 12 months?*

Chart 4.4. Number of employees (%)



*Note: In the UK CFOs were asked, “how is the key metric hiring for UK corporates likely to change over the next 12 months?”

External factors dominate business risks

When asked about the top risks to their business over the next 12 months, European CFOs share a consistent concern over external shocks and global weakness.

In a year where the global recovery has been thrown off course by a series of shocks, fears over external risks dominate the list of key concerns for CFOs. Weakness in the global economy, geopolitical instability and financial market vulnerability including exchange rate risks are the most prominent concerns highlighted

by CFOs in every country when they offered the option. The fact that this is the case even in countries where sentiment has not fallen is an indication of how fragile confidence is.

At the same time CFOs have not lost sight of risks that are closer to home. The cost of labour and the more general shortage of skilled workers are still a concern in Q3, which could be linked to the moderate increase in employee numbers (Chart 4.4).

Which of the following factors are likely to pose a significant risk to your business over the next 12 months?

Chart 5. Top 5 risks per country

	Risk 1	Risk 2	Risk 3	Risk 4	Risk 5
AUS	Increasing regulation in Austria	Geopolitical risks	Shortage in skilled personnel	Instable financial system	Increasing cost of personnel
BEL	Economic outlook/growth	Competitive position in the market	Shortage of (skilled) labour	Changes in regulation	Euro exchange rate
FIN	Demand	Outlook of Finnish economy and competitiveness	Foreign competition	Cost of labour	Country risk Russia
FR	Global/European economic uncertainty	Fiscal and social policies in Europe	Euro's rate	The growth in emerging countries	The evolution of the price of raw materials
GER	Weaker foreign demand	Geopolitical risks	Weaker domestic demand (joint rank 3)	Exchange rate risks (joint rank 3)	Weakness in emerging markets
IRE	Market	Strategic	Operational	Finance	N/A
ITA	Loss of competitiveness compared to international competitors	Local market reduction	Regulatory changes	Increase in labour costs	Increase in supply costs
NOR	Reduced domestic demand	Reduced foreign demand	Personnel costs (joint rank 3)	Foreign exchange rates (joint rank 3)	Foreign competition
POL	Market pressure for price decrease of offered goods/services	Decrease of domestic demand or recession (joint rank 2)	Geopolitical risk (joint rank 2)	Decrease of foreign demand or recession (joint rank 4)	Shortage of capital (joint rank 4)
POR	Political or economic instability in foreign markets	Domestic public policies (fiscal, tax, labour regulation, social legal, etc.)	Stress in the financial system	Currency fluctuations	Weaker domestic demand
RUS	Stress in the financial system	Weak Russian rouble	Weaker domestic demand (in Russia)	Organic profit decrease	Deterioration of cash flow
SPA	State "fragile" global economic recovery, uncertainty	Margin deterioration due to lack of flexibility in pricing	Margin deterioration due to cost pressures	Availability of talent/ talent management	Ability to maintain market share
SWI	Strength of the Swiss Franc	Increasing business regulations in Switzerland	Geopolitical risk	Shortage of skilled professionals	Weaker foreign demand
UK	The prospect of higher interest rates and a general tightening of monetary conditions in the UK and US	Weakness and or volatility in emerging markets and rising geopolitical risks in Middle East/Ukraine	Deflation and economic weakness in the euro area, and the possibility of a renewed euro crisis	The UK referendum on membership of the EU	A bubble in housing and/or other real and financial assets and the risk of higher inflation

Cost measures remain top strategy

In the current uncertain global economic environment, European CFOs are maintaining a clear focus on costs.

When asked for their preferred business strategies for the next 12 months, cost reduction and cost control are cited as a top three strategic priority for CFOs of 12 out of 14 countries (the Netherlands did not ask CFOs for their preferred business strategies). CFOs in seven countries cited a focus on costs as the most important strategy.

Even in countries where sentiment and risk appetite are most positive – such as Italy, Ireland and Spain – cost control remains a key strategic

priority. Once again, this reflects how fragile the confidence of European CFOs is, given the slow and turbulent recovery since the financial crisis. It also reflects past experiences, which may have made CFOs more cautious in the current environment and more wary of negative surprises.

Direct comparisons across countries are somewhat difficult, as the strategic options offered to CFOs across our cohort are not the same. However, the results show that CFOs from Austria, Finland, France, Poland and the UK are prioritising growth strategies over the next 12 months.

Please state to what degree the following strategies are likely to be a priority for your business over the next twelve months?

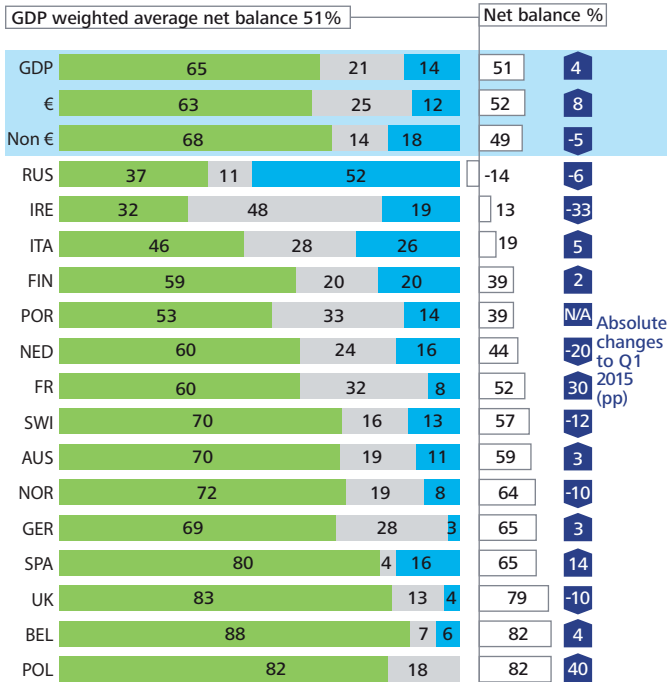
Chart 6. Top 5 strategic priorities per country

	Priority 1	Priority 2	Priority 3	Priority 4	Priority 5
AUS	Organic growth	Introducing new products/services	Cost cutting	Increase in operating cash flow	Hiring new talents
BEL	Increasing productivity/efficiency	On-going cost control	Organic growth	Increasing cash flow	Cost Reduction
FIN	Expanding organically	Reducing costs	Increasing of cash flow	Introducing new products/services or expanding into new markets	Expanding by acquisition
FR	Organic growth	Cost control	Cost reduction	Introduction of new products/services	External growth (acquisitions)
GER	Cost reductions	Introduction of new products/services	Increased operating cash flow	Growth via takeovers/acquisitions (joint rank 4)	Expansion into new markets (joint rank 4)
IRE	Cost control	Organic growth	Cost reduction	Balance sheet optimisation	Introducing new products services
ITA	Cost control	Cost reduction	Introduction of new products or market expansion	Increasing capital expenditure (CAPEX)	Expansion through acquisitions
NOR	Cost reduction	Focus on core business	Expanding organically	Revenue growth in current markets	Expanding by acquisition
POL	Revenue growth (current markets)	New Investments	Revenue growth (new markets)	Improved liquidity	Cost reduction – indirect costs
POR	Cost control	Cost reduction	Working capital efficiency	Organic growth	Introducing new products/services
RUS	Ongoing cost control	Cost cutting	Investing in organic growth	Increasing cash flow	Introducing new products/services
SPA	Increased productivity-Efficiency	Costs reductions	Organic growth	New products/services	Increased investments
SWI	Cost control	Organic growth	Cost reduction	Introducing new products/services	Expanding into new markets
UK	Expanding organically	Introducing new products/services or expanding into new markets	Increasing cash flow	Reducing costs	Expanding by acquisition

Bank borrowing dominates choice of external financing

How do you currently rate the following as a source of funding for corporates in your country?*

Chart 7.1. Bank borrowing (%)

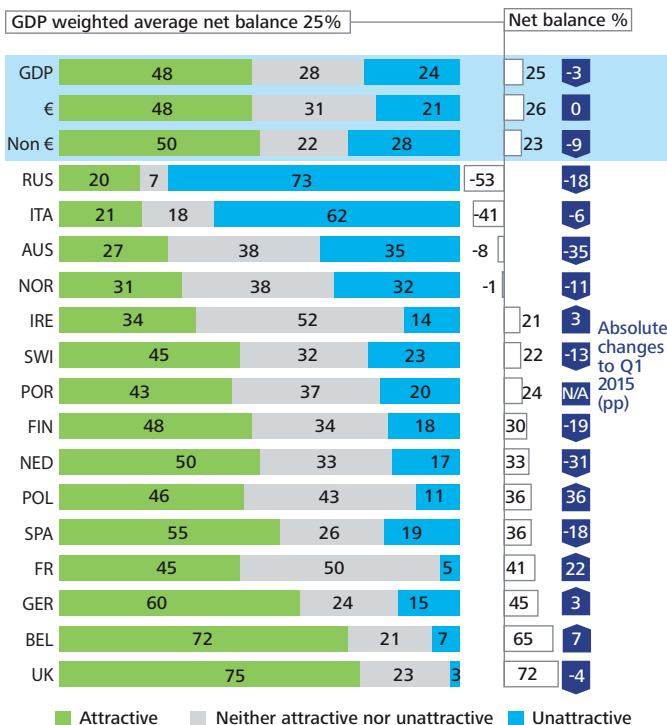


In this continued low interest rate environment, European CFOs consider bank borrowing an attractive form of financing, a slight increase compared to Q1 2015 data.

On average, nearly two in three CFOs across Europe view bank borrowing as an attractive source of financing, with 14% viewing it as unattractive. As such, bank borrowing is viewed as the most favoured source of funding for corporates (net balance 51%). CFOs in Belgium, Poland and the UK favour bank borrowing most. In Poland, no CFO identified it as unattractive, which could be explained by the fact that the country is experiencing the lowest interest rates since the 1989 democratic transition. On top of the low cost of bank borrowing Poland is also experiencing continued deflation.

The one country where bank borrowing is viewed far less favourably is Russia, where 52% of CFOs view it unfavourably (net balance of -14%). This can be explained by the current high interest rates that make bank loans an expensive long-term solution and the further withdrawal of banking licences. The viability of bank loans for Russian CFOs is further weakened by their reliance on foreign loans, which are far more costly due to the depreciation of the rouble over the last few months.

Chart 7.2. Corporate debt (%)



Compared to the overall net balances, bank borrowing is relatively less attractive in Ireland and Italy, although CFOs in both countries still view it as positive on the whole.

Corporate debt is generally seen as a less attractive form of funding when compared to bank borrowing, but overall it is still considered attractive by a majority of European CFOs (net balance of 25%).

CFOs in Belgium (net balance 65%) and the UK (72%) favour corporate debt issuance most. In the UK, this has been the case for some time – a net majority has viewed it as attractive since Q4 2012 – reflecting the strength of the UK corporate sector and demand for corporate debt in recent years.

CFOs in Italy (net balance -41%) and Russia (-53%) view this form of financing as the least attractive. The reluctance of CFOs in Russia to issue corporate debt is perhaps unsurprising given the fact that issuing bonds for sale in the country is currently a relatively time-consuming and costly process, given the difficulty in finding direct investors.

*Note: Finland and Russia asked the question as specific to "your own company".

Internal financing important alternative to external sources

Only one in four European CFOs rate equity as an attractive source of funding, with 36% rating it unattractive (net balance -11%).

The declining popularity of equity as a source of funding since Q1 (net balance change -19 pp) is not a surprise during a period when equity markets have been very volatile, and in many instances, have fallen over the last months. With lower share prices, equity financing automatically becomes less attractive.

CFOs in only a few countries see equity as an attractive form of funding, led by the UK (net balance 14%) where the FTSE has remained strong. The biggest drop in attractiveness was registered by CFOs in Germany (-31 pp), the Netherlands (-37 pp), Spain (-34 pp) and Russia (-34 pp).

Italy (net balance -56%) and Russia (net balance -62%) consider this form of financing extremely unattractive, reflecting the relative weakness of equity markets in the two countries.

Internal financing is seen as an important alternative or complement to bank borrowing. More than 50% of CFOs based in Europe rate it as an attractive source of funding, with only 15% viewing it as unattractive (net balance 38%).

CFOs from Switzerland favour internal financing most, with a net balance of 65% viewing it as an attractive form of funding. For CFOs based in Switzerland it is considered the most popular source of corporate funding, more so than bank borrowing. This partly reflects the fact that many Swiss-based companies have accumulated significant cash reserves in recent years. It also reflects a more general reluctance towards debt financing, something also seen in Austria and Germany, where internal financing is favoured.

CFOs based in Portugal, who favour internal financing out of the four options assessed, had the second highest net balance (58%). This preference for internal financing can be explained by the liquidity restrictions that affect bank loans and the above European average leveraging experienced by Portuguese companies.

In contrast, in Italy and Poland CFOs view internal financing less favourably than their European colleagues.

How do you currently rate the following as a source of funding for corporates in your country?*

Chart 7.3. Equity (%)

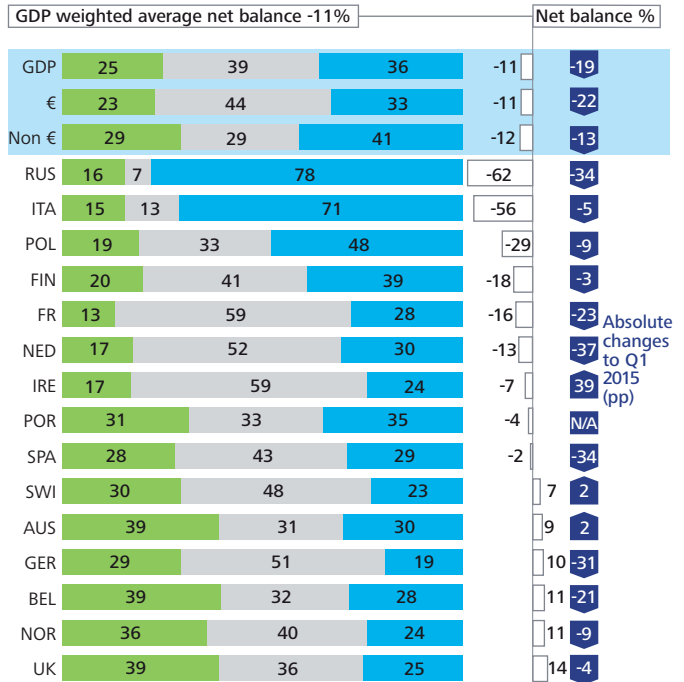
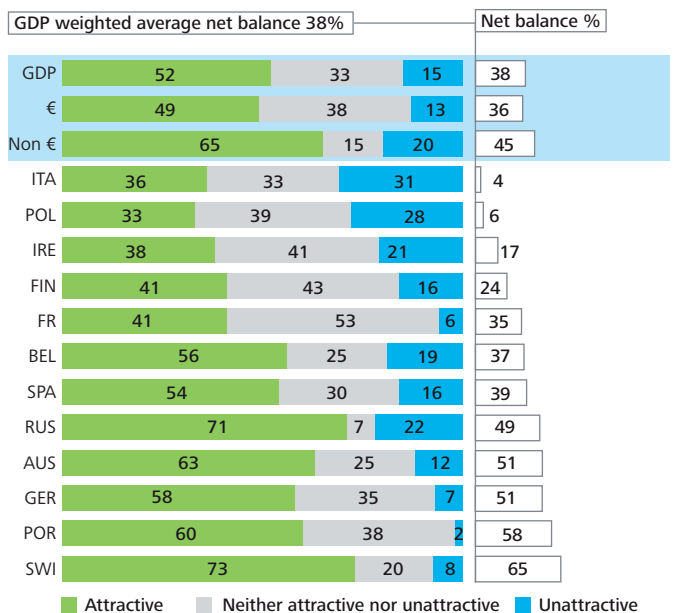


Chart 7.4. Internal financing (%)

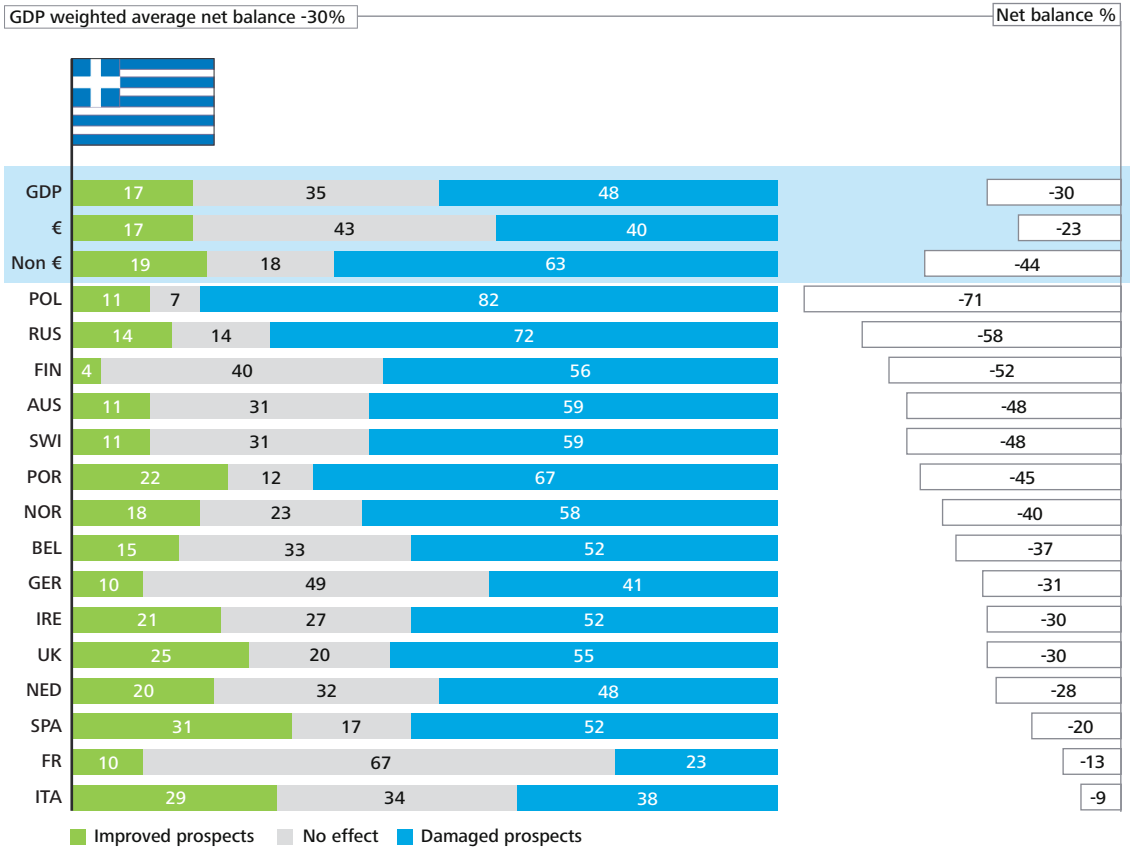


*Note: Finland and Russia asked the question as specific to "your own company".

Greek crisis dents monetary union

To what extent have recent events in Greece changed the prospects for achieving a stable and closely integrated European monetary union in the longer term?

Chart 8. Greek events (%)



Note: Net balance is the difference between improved prospects and damaged prospects

The Greek crisis kept politicians and business leaders busy over the summer of 2015. The responses from this quarter’s special question on Greece highlight concerns about the stability of the euro area continuing to affect many companies both directly and indirectly.

We asked CFOs for their view on how the events in Greece and the handling of the crisis have affected European monetary union in the longer term. Almost one in two CFOs (48%) across Europe believe that recent events have damaged prospects for achieving a stable and closely integrated European monetary union. Just 17% believe it has improved prospects.

Countries not in the eurozone are more sceptical (63%) than those in the eurozone (40%) and see recent events as damaging to European monetary integration prospects.

Sentiment appears particularly negative in the more ‘Eurosceptic’ countries – such as Finland, Poland and Switzerland. Interestingly, German CFOs do not share this very negative view, despite notable opposition to Greece’s third bailout from a significant portion of German politicians and the public.

The countries least concerned about the effects of the recent Greek crisis are France and Italy. Both countries have traditionally been much more supportive of both the single currency and Greece’s continued membership of the eurozone. CFOs reflect this sentiment in their responses. In France, support for the euro area remains strong and businesses appear confident that political solutions will continue to be found to prevent a break-up of the single currency bloc.

	GDP	€	Non €	AUS	BEL	FIN	FR
Compared to three/six months ago, how do you feel about the financial prospects for your company?							
More optimistic	25%	26%	23%	22%	32%	29%	14%
Broadly unchanged	52%	54%	49%	65%	45%	42%	64%
Less optimistic	23%	20%	28%	14%	23%	29%	23%
Net balance	2%	5%	-4%	8%	9%	0%	-9%
In your view, how are the following key metrics for your company / corporates likely to change over the next 12 months?							
Revenues							
Increase	64%	64%	63%	42%	71%	60%	42%
No change	22%	22%	23%	48%	9%	22%	39%
Decrease	14%	14%	13%	10%	19%	18%	19%
Net balance	50%	50%	50%	32%	52%	42%	23%
Operating margins							
Increase	42%	45%	35%	19%	52%	56%	33%
No change	35%	32%	40%	51%	29%	30%	39%
Decrease	23%	22%	25%	30%	19%	14%	28%
Net balance	19%	23%	11%	-11%	32%	42%	5%
Capital expenditure (CAPEX)							
Increase	41%	43%	38%	N/A	35%	34%	30%
No change	43%	42%	46%	N/A	43%	52%	55%
Decrease	15%	15%	16%	N/A	22%	14%	16%
Net balance	26%	28%	22%	N/A	13%	20%	14%
Number of employees							
Increase	35%	35%	36%	17%	44%	27%	25%
No change	42%	41%	46%	55%	29%	44%	49%
Decrease	22%	24%	18%	28%	27%	29%	26%
Net balance	13%	11%	18%	-11%	17%	-1%	-1%
How would you rate the overall level of external financial and economic uncertainty facing your business?							
High level of uncertainty	66%	67%	66%	51%	56%	50%	68%
Normal level of uncertainty	29%	29%	29%	34%	41%	50%	28%
Low level of uncertainty	5%	5%	5%	15%	3%	0%	3%
Net balance	62%	62%	61%	35%	54%	50%	65%
Is this a good time to be taking greater risk onto your balance sheet?							
Yes	33%	31%	36%	22%	40%	36%	22%
No	67%	69%	64%	78%	60%	64%	78%
Net balance	-33%	-37%	-28%	-56%	-19%	-28%	-57%
How do you currently rate as a source of funding for corporates in your country?							
Bank borrowing							
Attractive	65%	63%	68%	70%	88%	59%	60%
Neither attractive nor unattractive	21%	25%	14%	19%	7%	20%	32%
Unattractive	14%	12%	18%	11%	6%	20%	8%
Net balance	51%	52%	49%	59%	82%	39%	52%
Corporate debt							
Attractive	48%	48%	50%	27%	72%	48%	45%
Neither attractive nor unattractive	28%	31%	22%	38%	21%	34%	50%
Unattractive	24%	21%	28%	35%	7%	18%	5%
Net balance	25%	26%	23%	-8%	65%	30%	41%
Equity							
Attractive	25%	23%	29%	39%	39%	20%	13%
Neither attractive nor unattractive	39%	44%	29%	31%	32%	41%	59%
Unattractive	36%	33%	41%	30%	28%	39%	28%
Net balance	-11%	-11%	-12%	9%	11%	-18%	-16%
Internal financing							
Attractive	52%	49%	65%	63%	56%	41%	41%
Neither attractive nor unattractive	33%	38%	15%	25%	25%	43%	53%
Unattractive	15%	13%	20%	12%	19%	16%	6%
Net balance	38%	36%	45%	51%	37%	24%	35%
To what extent have recent events in Greece changed the prospects for achieving a stable and closely integrated European monetary union in the							
Improved prospects	17%	17%	19%	11%	15%	4%	10%
No effect	35%	43%	18%	31%	33%	40%	67%
Damaged prospects	48%	40%	63%	59%	52%	56%	23%
Net balance	-30%	-23%	-44%	-48%	-37%	-52%	-13%

GER	IRE	ITA	NED	NOR	POL	POR	RUS	SPA	SWI	UK
18%	58%	30%	28%	14%	50%	47%	27%	54%	23%	18%
53%	21%	64%	36%	33%	29%	49%	51%	39%	51%	53%
29%	21%	7%	36%	53%	21%	4%	22%	6%	26%	29%
-11%	36%	23%	-8%	-39%	29%	43%	4%	48%	-3%	-11%
70%	82%	84%	44%	51%	73%	74%	53%	75%	56%	72%
17%	9%	7%	28%	15%	12%	10%	36%	20%	19%	20%
13%	9%	9%	28%	34%	15%	16%	11%	6%	25%	8%
57%	73%	74%	16%	17%	58%	58%	42%	69%	30%	64%
38%	45%	78%	24%	33%	46%	49%	42%	57%	32%	31%
33%	42%	14%	40%	24%	31%	33%	33%	35%	28%	50%
29%	12%	8%	36%	43%	23%	18%	24%	8%	40%	19%
9%	33%	70%	-12%	-10%	23%	31%	18%	49%	-8%	12%
41%	70%	58%	40%	29%	48%	43%	33%	54%	41%	41%
39%	21%	36%	40%	44%	36%	41%	58%	35%	24%	45%
19%	9%	7%	20%	28%	16%	16%	9%	11%	36%	14%
22%	61%	51%	20%	1%	32%	27%	24%	43%	5%	27%
39%	55%	43%	12%	26%	N/A	39%	24%	46%	27%	47%
35%	33%	34%	48%	33%	N/A	25%	69%	47%	39%	36%
26%	12%	23%	40%	42%	N/A	35%	7%	6%	34%	17%
14%	42%	21%	-28%	-16%	N/A	4%	18%	40%	-8%	30%
87%	39%	41%	84%	22%	36%	61%	73%	52%	75%	73%
12%	55%	49%	12%	53%	54%	37%	22%	37%	25%	25%
1%	6%	10%	4%	24%	11%	2%	4%	11%	1%	2%
86%	33%	31%	80%	-2%	25%	59%	69%	41%	74%	71%
20%	48%	56%	21%	20%	43%	31%	29%	47%	24%	47%
80%	52%	44%	79%	80%	57%	69%	71%	53%	76%	53%
-59%	-3%	12%	-58%	-59%	-14%	-37%	-42%	-6%	-52%	-6%
69%	32%	46%	60%	72%	82%	53%	37%	80%	70%	83%
28%	48%	28%	24%	19%	18%	33%	11%	4%	16%	13%
3%	19%	26%	16%	8%	0%	14%	52%	16%	13%	4%
65%	13%	19%	44%	64%	82%	39%	-14%	65%	57%	79%
60%	34%	21%	50%	31%	46%	43%	20%	55%	45%	75%
24%	52%	18%	33%	38%	43%	37%	7%	26%	32%	23%
15%	14%	62%	17%	32%	11%	20%	73%	19%	23%	3%
45%	21%	-41%	33%	-1%	36%	24%	-53%	36%	22%	72%
29%	17%	15%	17%	36%	19%	31%	16%	28%	30%	39%
51%	59%	13%	52%	40%	33%	33%	7%	43%	48%	36%
19%	24%	71%	30%	24%	48%	35%	78%	29%	23%	25%
10%	-7%	-56%	-13%	11%	-29%	-4%	-62%	-2%	7%	14%
58%	38%	36%	N/A	N/A	33%	60%	71%	54%	73%	N/A
35%	41%	33%	N/A	N/A	39%	38%	7%	30%	20%	N/A
7%	21%	31%	N/A	N/A	28%	2%	22%	16%	8%	N/A
51%	17%	4%	N/A	N/A	6%	58%	49%	39%	65%	N/A
10%	21%	29%	20%	18%	11%	22%	14%	31%	11%	25%
49%	27%	34%	32%	23%	7%	12%	14%	17%	31%	20%
41%	52%	38%	48%	58%	82%	67%	72%	52%	59%	55%
-31%	-30%	-9%	-28%	-40%	-71%	-45%	-58%	-20%	-48%	-30%

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Designed and produced by The Creative Studio at Deloitte, London. J3007