



# Global CFO Signals

## Reasons to believe?

**Q1 2012 Deloitte Member Firm CFO Surveys:** Argentina, Australia, Austria, Belgium, China, Croatia, Czech Republic, Denmark, Finland, Germany, Hungary, India, Ireland, Netherlands, North America, Norway, Poland, Romania, Slovakia, South Africa, Sweden, Switzerland, and the United Kingdom



## About the DTTL Global CFO Program

The Deloitte Touche Tohmatsu Limited (DTTL) Global CFO Program creates and executes offerings throughout the journey of the CFO. We prepare future CFOs for success by helping them to develop the leadership, influence, and competence needed to be successful. We help newly appointed CFOs strategically navigate their transition by developing an action plan focused on their top priorities for the first 180 days in the role. For current CFOs, we deliver a rich stream of intellectual capital and thoughtware to create a platform for CFOs to benchmark their thinking and strategies against their peers. And, we host global and regional forums and conferences which provide the opportunity for CFOs to connect with other CFOs in their industry and share insights.

## About Deloitte Member Firm CFO Surveys

Twenty-three Deloitte Member Firm CFO surveys, covering 38 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 industry-wide perceptions or trends. Further, the focus, timing and respondent group for each survey may vary. Please refer to “About Deloitte Member Firm CFO Surveys” (page 44) 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 first quarter 2012 CFO surveys from Deloitte Member Firms in the following geographies:

- Argentina:** Staying cautious
- Australia:** Bouncing back
- Austria:** It goes up again...
- Belgium:** Anxieties ease; risks remain
- China:** It’s all about growth
- Croatia:** No time to take risk?
- Czech Republic:** In a hybrid market
- Denmark:** Reality or illusion?
- Finland:** Rebuilding confidence
- Germany:** Cautiously positive outlook
- Hungary:** Fighting off recession
- India:** Bracing for the journey ahead
- Ireland:** CFO optimism on the rise
- Netherlands:** Optimism amid uncertainty
- North America:** Positive, but growth-challenged
- Norway:** Optimism on its way back
- Poland:** Climate for investment?
- Romania:** Keeping on the safe side
- Slovakia:** Cut, minimize, grow
- South Africa:** Balancing act
- Sweden:** Signs of optimism emerge
- Switzerland:** The first green shoots?
- United Kingdom:** Confident, but defensive

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# Global CFO Signals

## CFO Sentiment in First Quarter 2012

Things are looking up all over. Well almost. In the first quarter of 2012, many CFOs globally seem to have shaken much of the gloom displayed at the end of last year and seem poised to pursue the growth that has eluded them for several quarters.

Thanks to the subsiding of the Eurozone debt crisis, the renewed strength in the U.S. economy, and positive market sentiments during the survey periods (which generally occurred between February and April 2012 and thus before the recent French and Greek elections), CFOs, particularly in North America, India, the UK, and several other European countries have found some solid reasons to believe in the future. Moreover, that optimism is translating into positive forecasts for earnings, capital investment, and even hiring in several countries.

In fact, in this issue of *Global CFO Signals*, which features surveys from 23 geographies, CFO optimism has improved in the majority of countries that track sentiment since their last surveys. And in the three newest countries producing surveys – China, India, and Germany – CFOs are at least starting out relatively positive or neutral about their business projections.

Not everyone is fully convinced, however. In Central Europe, for example, countries such as Croatia and Hungary are still struggling to pull out of recession. Other countries, such as the Netherlands, report tepid outlooks despite the easing of European debt crisis fears. And it must be noted that many CFOs, such as those in Ireland and Belgium, are more optimistic about the prospects of their own firms than for the economy as a whole.

Part of the problem, of course, is that the so-called recovery is fragile at best. The underlying causes of Europe's debt crisis – uncompetitive economies and indebted governments – remain. The price of oil continues to affect corporate profits negatively. Tensions in the Middle East continue to raise concerns of a future black swan event. And consumer demand is far from assured. Little wonder that CFOs in many countries rank financial and economic uncertainty at above normal levels. In Australia, almost 70% rate uncertainty as high; in Germany it is close to 80%; and in the UK, 86% – which may be one reason CFOs in the UK view maintaining high cash balances a key priority.

There are also important regional differences to note: in North America, all three countries reported increased optimism with Mexican CFOs being the most positive cohort; the differences in European sentiment varied widely although mostly on the positive side; and in Asia Pacific, sentiment was also mixed. Chinese CFOs, for example, are almost evenly split among those who say their financial projections will decline as a result of the recent economic turmoil and those who say they will not. In India, the majority of CFOs are particularly confident in the prospects of their industries, and in Australia, business optimism rebounded a net 25% this quarter and moved solidly out of negative territory.

The differences there and elsewhere illustrate that optimism is not always consistent, even within geographies. As with most things, even CFO attitudes are local. What follows is a synopsis of CFO sentiment by region.

## The Americas

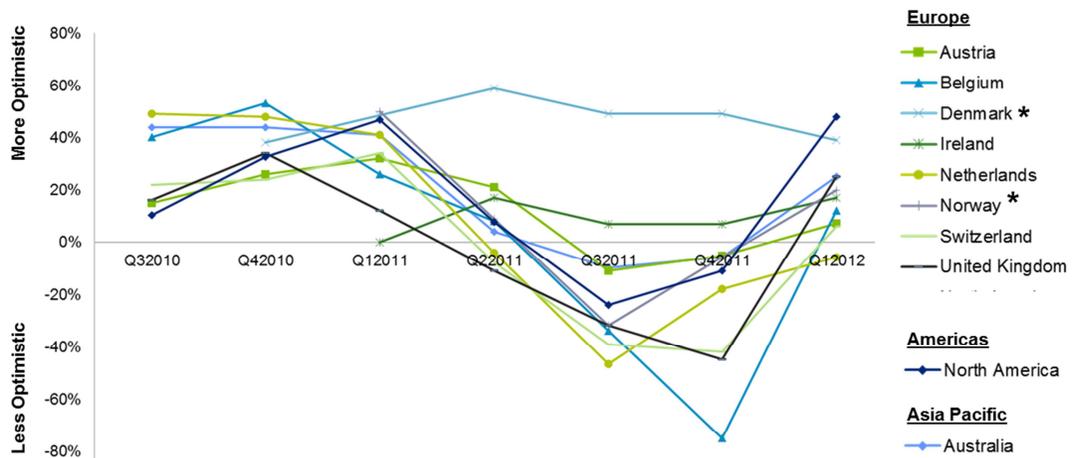
The regional differences are pronounced in the Americas. In North America, where probably the most dramatic change in outlook occurred, net optimism rebounded sharply to 48%. And the positive sentiment appears to be continent-wide, with net optimism in the United States at 40%, Canada at 57%, and Mexico at 73%. Moreover, the outlook is clearly reflected in CFOs' expectations for earnings, which rose by 2.7 percentage points from last quarter. The greatest insecurity remains with revenues, which has lagged earnings for eight consecutive quarters.

## Europe

In Europe where so much of the economic turmoil has been centered the last couple quarters, many CFOs have quietly regained their confidence in the future. In the UK, CFO optimism saw its sharpest rise since the survey started in 2007 with 34% saying they are more optimistic. Almost 40% of Austrian CFOs are confident enough to increase investment activity, and 32% say they'll increase hiring. And even in countries like the Netherlands, where optimism hovers around the zero mark, CFOs there are still bullish about their own prospects, with 70% expecting cash flows to increase. Still, many CFOs across the continent remain focused on defensive strategies such as boosting cash flow and cutting costs despite their positive outlooks.

### CFO Sentiment: Net Change in Optimism

Net % of CFOs who are more optimistic about the financial prospects of their company now than 3 months ago.



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

**NB:** Comparative survey data was not available for Argentina, China, Croatia, Czech Republic, Germany, Hungary, India, Poland, Romania, Slovakia, South Africa, and Sweden.

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.

### Central Europe

While they may be close in proximity, the six countries that make up the Central European survey (Croatia, Czech Republic, Hungary, Romania, and Slovakia) have a diverse outlook on their home economies and their corporate prospects. The range is dramatic: 12% of CFOs in the most optimistic country – Poland – expect economic growth above 3%, while 40% of respondents in the least optimistic country – Hungary – expect a recession.

### Asia/Pacific

CFO sentiment in Asia Pacific this quarter is as diverse as the geographies it encompasses. In China, CFOs are predicting a slowdown in economic growth due to a weakening export picture. Indian CFOs, on the other hand, are bullish on the prospects of both their industries and their own organizations despite problems in the domestic economy that include a widening fiscal deficit and an increasing interest rate. And in Australia, where almost 70% consider global economic uncertainty to be above normal, 40% of CFOs are still confident enough to increase hiring and 72% expect to put M&A is back on their agendas over the next 12 months.

### Africa

As Africa continues to develop, the long-term growth prospects of this quickly developing region, as well as the sentiment of the CFOs that lead its business sector, are noteworthy. Three quarters of CFOs say they expect gross domestic product (GDP) in 2012 to be the same or to improve relative to 2011, down from 94% last year. But looking to 2013, they are more optimistic with 66% expecting a slight or significant improvement. The key there may be the opportunities that Africa itself offers, with 73% of the organizations sampled planning to extend their operations northward, moves that are imminent for many.

Despite the uptick in positive sentiment around the world, the optimism shown throughout many of the surveys may not be fully realized. Many CFOs remain in a defensive posture, and it must be asked whether they are missing opportunities. Moreover, can cost-containment strategies continue to make up for lack of sales growth in places like North America? In some countries it has so far. But for how long?

# Global CFO Signals

## CFO Priorities: A Global Perspective



### Navigating through uncertainty

The term cautious optimism may best explain CFO sentiment this quarter. That is because there are simply too many uncertainties in the external environment for CFOs to feel comfortable. In the North American survey, CFOs most often cited “the global economy,” “global recession,” and “effects of Europe” as their most worrisome risks. Moreover, continuing tensions in the Middle East appear to be causing concerns over oil and fuel prices, and there is rising mention of “black swan” and “unanticipated global” events. In Sweden, consumer demand is far and away the greatest concern for 51% of respondents. Australian CFOs are worried about funding issues and local political uncertainty. And in Poland, currency fluctuations are giving CFOs angst. Navigating through increasing uncertainty in the economic and geopolitical environment appears to be a less than easy task: in Belgium where optimism had seemingly recovered, CFOs report that first quarter financials are already behind expectations – which obviously does not bode well for CFO sentiment in the second quarter.



### Cash utilization

With significant cash balances safely sitting on the balance sheets of companies around the world, cash utilization has become a key priority for CFOs entering 2012. In Ireland, 53% of CFOs plan to dip into their cash reserves as a debt reduction strategy. Similarly, Swedish CFOs intend to use excess cash to mostly pay down debt, but 14% are also earmarking funds to pay out dividends, the highest level recorded since February 2007. In other countries, maintaining high cash balances has become the utilization strategy. In the UK, more than half of CFOs say that running high cash balances is a priority. And in North America, 24% cite liquidity maintenance as their main cash deployment plan, a strategy that is echoed in many countries in Central Europe. This defensive strategy is not surprising given the significant uncertainties in the external environment. Belgian CFOs seem to be one country bucking the trend: the proportion of companies that will reinvest excess cash in the business – rather than accumulate financial assets or distribute it to shareholders – has actually gone up.



### Hiring the right talent

The renewed optimism in many parts of the world is translating into hiring this quarter. In Australia, 40% of CFOs report looking to hire more staff, up from 16% last quarter. Similarly, 32% of Austrian CFOs want to employ new staff. And in North America, CFOs expect domestic hiring gains of 2% up from 1% last quarter. The real question, though, is whether CFOs can actually find the talent they need to help them achieve the growth they seek. Indian CFOs see a dearth of skilled talent, especially in niche areas that require a high level of technical knowledge and specific skills. In South Africa, there is concern that there are insufficient financial and accounting skills for growth. And Austrian CFOs see the lack of qualified staff as a key risk, prompting them to invest in employee education. Such investment may be the prudent move if companies have the time and patience. In Denmark, CFOs report little problem recruiting fresh talent: the recent years of a sluggish economic climate have led to a relatively high unemployment rate among university graduates. According to the Danish survey, when companies are ready to rehire, they will benefit from the large pool of talent queuing up for work.



### Focusing on domestic policies

Governments and government policies meant to shore up individual economies have received a mixed reception around the world. Obviously, the European Fiscal Pact and other measures to avert the fiscal crisis in Europe have come under particular scrutiny. German CFOs, however, feel that the steps taken to date are not sufficient to solve the problem in the long term. Meanwhile domestic policies have received mixed response. In Ireland, for example, more than half think the government there has had a positive fiscal and economic impact. But in Belgium, where the new federal government Di Rupo I was inaugurated at the end of 2011, only 20% of CFOs are positive about the priorities set for economic and financial policy making. Other countries, such as Croatia, are looking to their governments to shore up credit ratings. In India, transfer pricing rules are in the spotlight due to ongoing litigation over various transfer pricing models. Changes in policies and environment are not all bad news, however. In China, 87% of CFOs believe the RMB internationalization should serve them well and would open up opportunities in trading, investing, and financing activities.

Deloitte Member Firm  
CFO Surveys:

First Quarter  
2012 Highlights

# Argentina

## Staying cautious



### Skepticism reigns

The second CFO Survey in Argentina asked for opinions in five areas: role of the CFO, finance organization, company, industry, and economy. In terms of economic concerns, the top two named were inflation (24%) and cost and availability of resources (19%).

When asked about their attitudes toward the Argentine government's ability to enact or maintain an effective economic policy over the next year, some 43% said they were doubtful and 57% said they were skeptical. The CFOs also weighed in on the impact of the government's decisions on their industries. In fact, 86% of respondents believe that the impact of those government decisions will be neutral (28.6%) or negative (71.4%).

### Internal vs. external factors

When assessing their overall levels of optimism, 33% said they were less optimistic because of internal factors, such as products, services, operations, and financing; 67% of CFOs reported being less optimistic because of external factors such as the economy.

### Content with capital structure

Despite the current economic conditions, more than 75% of respondents reported no change in their capital structure. As far as capital needs are concerned, 43% reported having no intention of seeking funding in the next year. Of those that do, 29% reported a preference toward bank loans to meet their companies' financing needs.

### Highlights from the H1 2012 Argentina CFO Survey:

- Some 33% of CFOs are less optimistic toward overall business conditions because of internal factors, and 67% are less optimistic due to external factors.
- The three top job stresses cited are internal power struggles (15%), regulatory changes (15%), and insufficient support staff (12%).
- In the next 12 months, CFOs' main strategic focus will be on growing/preserving revenue (29%) and reducing direct costs (24%).
- CFOs' time is spent slightly more in their Steward (36%) role, compared to Strategist (24%), Catalyst (22%), and Operator (18%).

### Multiple top concerns

More than half of CFOs indicated improving and maintaining margins as their companies' top concern, followed closely by addressing government policies and regulations. And while there was no one overriding industry concern, CFOs pointed to pricing trends, input costs, and market growth as chief concerns. The top challenges in the finance department included navigating regulatory and accounting changes followed by providing metrics, information, and tools for business decision making.

In this environment, CFOs reported a fairly balanced distribution of time among their four roles with a slight inclination toward Steward: Steward (36%), Strategist (24%), Catalyst (22%), and Operator (18%)

# Australia

## Bouncing back



### Outburst of optimism

Compared to three months ago, CFOs showed a strong turnaround in optimism regarding the financial prospects of their companies. This was the sharpest rise in optimism in the history of the survey. While half of the respondents noted that the financial prospects of their company remained unchanged, 38% were more positive than they had been three months ago. Only 13% were less optimistic, down from 32% last quarter.

While CFOs remained concerned about the uncertainty and volatility in international markets, the firming U.S. economy, signs of greater stability in Europe, and share market rallies during the survey period seemed to have injected some long overdue confidence. This positive perspective was reflected in the fact that 46% of CFOs said it was a good time to take risk onto their balance sheets, up from 27% last quarter. In addition, the share of CFOs who saw financial and economic uncertainty as higher than normal fell from 79% last quarter to 69%.

### Risks and opportunities

CFOs cited the high Australian dollar, the European debt crisis, skills shortages, funding challenges, and domestic political uncertainty as the greatest concerns or key risks for their businesses in 2012. However, CFOs also recognized that opportunities still existed, despite the difficult times.

In fact, three quarters of respondents believed the weakness in the economy provided opportunities to acquire companies or other assets at reduced valuations. Close to half planned to use the situation to implement overdue changes to their business, or gain an edge over competitors by building long-term presence and capacity in preparation for improved market conditions.

### Highlights from the Q1 2012 Australian CFO Survey:

- Business optimism rebounded with a net 25% of CFOs more positive than they were three months ago. This compares to net -5% in 4Q2011.
- Uncertainty fell, but was still high, with 69% of CFOs ranking financial and economic uncertainty at above normal levels, compared to 79% last quarter.
- Forty percent of CFOs are looking to increase employee numbers, and more than half expect to increase their IT spending in the coming year.
- Challenges facing CFOs in 2012 include the high Australian dollar, the European economic crisis, funding issues, and local political uncertainty.
- Some 70% of CFOs indicated productivity was a high priority for their business, and 63% said they currently measure productivity and efficiency.
- Some 72% of CFOs expect their operating cash flows to increase over the coming year. (Q4: 52%)

The current levels of uncertainty have resulted in continuing caution in some areas, however, with more than half the CFOs surveyed expecting no change to education and training, innovation/research and development, and investment in plant and machinery.

The outlook for hiring is less gloomy. Only 26% of CFOs expect to reduce headcount, compared to 47% last quarter. Some 40% are looking to hire more staff – up from 16% last quarter.

### **M&A back on agenda**

Expectations regarding levels of M&A in the market have changed significantly, with 72% of CFOs expecting activity to increase over the next 12 months. This is still not as high as the same time last year, but those previous expectations failed to transpire and it remains to be seen whether the current sentiment will be reflected in actual deals over the coming months.

Just over half (52%) of CFOs foresaw an acquisition by their company in the next six months, up five percentage points from the previous quarter. This is the highest level of interest in the past year of surveys. It seems that the challenge will be the availability of quality assets at prices that are appropriate to both buyers and sellers.

More than three quarters of CFOs saw significant opportunities to acquire companies or other assets at reduced valuations within the current environment. The domestic M&A market may also be influenced by the high Australian dollar. This may cause multinational companies to evaluate their non-core Australian subsidiaries. Other M&A trends are likely to be influenced by private equity firms looking to exit as fund lives mature and refinancing requirements arise; and more limited short-term opportunities for organic growth and exits by way of initial public offerings.

### **Productivity in focus**

Some 70% of CFOs indicated that productivity was a high priority for their business. Another 63% said they gauged productivity and efficiency using a variety of methods, the most common being by measuring increases in gross margin.

In addition, just over half of the CFOs surveyed indicated they used performance-based key performance indicators, bonuses, and other reward and recognition programs as incentives to improve productivity and efficiency.



# Austria

## It goes up again...

### Positive expectations

After two negative surveys, Austrian CFOs are showing a quiet positive mood. The overall climate has improved: whereas in the last quarter about 50% of the CFOs expected a worsening of the economic situation in Austria, only 14% in the current survey still think the economy will get worse. On the other hand, more than 42% estimate that the economic climate will improve, and only about 14% of the officers expect a recession or economic crisis compared to 25% in the last quarter.

Positive expectations are also reflected in the domestic sales with 27% (15% in the last quarter) of the CFOs thinking that sales in Austria will rise. Also, the investment climate reflects this explicitly upward trend with 26% of the officers anticipating an improvement and only 20% fearing worsening compared to more than 50% in the last quarter.

These increases are trustworthy indicators for recovery. But the most positive results are coming from the Austrian Traded Index: In the current survey, 52% forecast an increase compared to 32% in the last quarter. This sharp increase combined with 32% who anticipate that the ATX will remain stable, compares to expectations at the beginning of 2011 (the most positive surveys). The positive mood of Austrian CFOs is clearly linked to the good performance of leading Austrian companies showing increasing profits and growth rates. Yet, despite these positive trends, the economic situation will remain stressed due to the developments in the Eurozone. If countries have to leave the Eurozone most CFOs anticipate political uncertainties, high volatility of markets, and a decrease in credit availability.

### Highlights from the Q1 2012 Austrian CFO survey:

- After two surveys with negative expectations, the economic climate is positive again. Nearly all indicators increased, but stresses remain due to problems in the Eurozone.
- Austrian companies are expected to increase their revenues and invest more in the next months.
- Credit availability will be somewhat better, and the costs for loans are expected to decrease slightly.
- Hiring expectations have improved with some 32% saying they want to employ new staff compared to 20% in the last quarter.

### Higher revenues expected

Compared to last quarter, 56% of CFOs say their companies will have higher sales volume, and 30% believe that there will be no change. This means that only 14% of Austrian CFOs expect a decrease of their companies' revenues. Also, investment activity will increase, with about 37% of the CFOs investing more (10% significantly more) in the next few months.

These results clearly highlight that CFOs want to defy the economic downturn tendencies and invest in new products and markets to reach higher revenues. Companies want to benefit from their liquidity basis and are realizing growth measures or planning to overtake flagging competitors. International markets, especially China, are on the radar of Austrian CFOs.

### **Credit availability up slightly**

In the current survey, about 31% of CFOs believe in a high availability of loans (13% of them believe in very high availability). This is a slight improvement over last quarter. Regarding the cost of credit, about 37% expect lower costs. On the other hand, 27% think lower credit costs are unlikely. Credit financing is showing positive signals, but as much as other parameters in the current survey. There is a clear equity focus, typical for economic uncertain times.

### **M&A not so much**

Overall – typical for Austria – M&A is not a focus for CFOs. Some 61% (last quarter 46%) are not thinking about merging with or absorbing another company. But it is interesting that the number of CFOs for whom mergers and acquisitions play a major role increased slightly. This result indicates that those who do think about M&As have very concrete plans and want to grow.

### **Hiring rebounds**

After two quarters of low hiring, expectations for the next months are much better. Some 32% of Austrian CFOs want to employ new staff (compared to 20% last quarter). However, 20% still want to cut staff in the coming months, and 48% want to hold the number of employees steady. This indicates that the job market will be better, but most CFOs remain cautious. The problem in the Austrian labor market, say CFOs, is that there is not enough qualified staff available, which is also one of the key risks they see. Consequently, CFOs think that the unemployment rate will not decrease significantly, but they are investing in the education of their staff to reach their overall growth targets.

### **Raw materials and resources**

Besides labor and the availability of qualified employees, raw materials, energy, and special resources are the second biggest challenge identified by Austrian CFOs. Some 74% estimate further price increases in the next months. So, it is not surprising that 50% are thinking about optimization activities in procurement and purchasing. Also, due to the clean energy movements in Europe, energy effectiveness and prices as well as alternative energies are questions Austrian CFOs are confronting.

# Belgium

## Anxieties ease; risks remain



### Hopeful signs; realistic expectations

Despite the seasonal signs of economic green shoots, recovery is not assured. Much of the euro area will see little if any growth this year. Europe's debt crisis has abated, but the root causes – uncompetitive economies and indebted governments – remain. High levels of government and consumer debt are likely to act as a drag on global growth. Worries about America's mountain of public debt could quickly build, just as they did last summer. Credit remains in short supply in much of the industrialized world. And the soaring price of oil testifies to the geopolitical risks the recovery faces.

Against this backdrop, CFO optimism, one of the key indicators in the survey, has recovered in the first quarter of the year, but remains at a very low level. Uncertainty rules, and CFOs' perception that 2012 will be a difficult year has not changed.

Moreover, CFOs are in agreement that the Belgian economy will only see little if any growth in 2012. But consumer confidence does seem to pick up again. And it is encouraging to note that on average CFOs are more optimistic for the prospects of their own company, than they are for the economy as a whole: 60% now expect demand for their company products and services to strengthen during the course of 2012, up from only 25% three months ago. And whereas three months ago, CFOs almost universally expected decreasing margins in 2012, the average CFO does not expect further erosion of margins.

### Highlights from the Q1 2012 Belgium CFO survey:

- The general level of economic and financial uncertainty is still above normal levels and drives the overall mood of CFOs in shortening cycles.
- CFO optimism recovered strongly, but remains low. On average, CFOs are more optimistic for the prospects of their own organization than they are for the economy as a whole.
- Key concerns are the timing and the pace of the economic recovery and the impact of Belgian financial and economic policy making.
- For 40% of surveyed CFOs, first quarter financials are already behind budget.
- CFOs are less concerned about access to capital and financing than they were three months ago. Our survey results do not reveal significant differences in the availability of bank borrowing to smaller versus larger organizations.
- Only 10% of CFOs say the likelihood of a member state leaving the Eurozone in the next 12 months is high. Few CFOs say they will change their plans or make new plans to address the euro crisis.

At the end of the first quarter, about 25% of the respondents report their company has performed better than budgeted in the first quarter – both in terms of turnover and margin. But 40% report first quarter financials are already behind expectations. Taking into account the extreme pessimism among CFOs at the time when the (hence likely prudent or conservative) budgets were made at the end of 2011, this does not look good for the remainder of the year.

### **Planning prudently for growth**

Appetite for risk remains low, but the negative trend of the past two quarters has not continued. Capital expenditure is still not prominent on the agenda. But the proportion of companies that will reinvest excess cash in the business – rather than accumulate financial assets or distribute cash to shareholders – has gone up. Expectations for M&A activity are likewise up again, but are nowhere near the highs witnessed in 2009 and 2010, coming out of the 2008 recession. Expansionary strategies such as organic growth or expansion into new markets or products remain a priority for one third of survey respondents, but at the same time defensive strategies such as cost reduction and cash flow strengthened.

### **Financing has eased**

In the previous survey, it was reported that – taking into account the sovereign debt crisis, the banking crisis, and the stricter capital requirements for banks going forward – a credit crunch scenario could not be ruled out for 2012. Today the picture looks somewhat more optimistic: the European Central Bank's long-term refinancing operations (LTRO) have provided cheap liquidity to banks and have eased the euro area debt crisis. The European Central bank has not ruled out the possibility of a third LTRO, if necessary. And CFOs report being less concerned about access to capital and financing.

### **Negative report for Di Rupo 1**

In the midst of the fourth quarter survey period, the new Belgian federal government Di Rupo I was inaugurated. Four months later, the Belgian CFO survey found that only 20% of the respondents are positive about the priorities set by the Di Rupo cabinet for economic and financial policy making, versus 52% that are negative.

The European Commission has formulated a list of six recommendations for the government. Last quarter, 63% of the surveyed CFOs felt the reduction of the public deficit was by far the first priority among these recommendations. After the budget review, the public deficit remains the number one priority for CFOs (40%), but it is closely followed by the reform of the system of wage indexation (33% up from 18% last quarter). One possible conclusion is that now that the most urgent issues related to the public deficit have been addressed, the revision of the wage indexation mechanism is the next top priority.

# China

## It's all about growth



### Exports hurt outlook

China, as the world's second-largest economy, certainly has drawn a lot of attention on its economic outlook. After many years of high GDP growth, would it finally hit its speed bump, especially given the economic atmosphere in other parts of the world? Economists and academics around the globe seem to generally agree that China will continue to show resilience in the midst of the uncertain external environment. But this very first China CFO survey provides firsthand information of how CFOs think about the economy, their industries, their companies, and their finance functions as well as their careers.

From their perspective, most CFOs expect a slowdown in the economic growth in the next few years. One of the contributing factors is the anticipated weakening export demand (72%), despite the efforts being made to move away from its current foreign demand reliance model by the Chinese government. Further economic turmoil/recession is reported as the most worrying risk by 39% of the CFOs. However, how CFOs view the impact of the potential economic collapse on their own companies differs. There is almost an even split among CFOs over whether their financial projections would decline or not as a result of the recent turmoil.

### Growth tops agendas

The forecast published by the China International Monetary Fund in February 2012 expects the growth rate to stay above 8% in 2012-2013. Consequently, growth seems to be top the agenda of most CFOs in China. Asked about the business focus for the next 12 months, 59% mentioned revenue growth and preservation. High expectations and emphasis on growth across the nation does not mean achieving it will be easy. Revenue growth and preservation in

### Highlights from the Q1 2012 Chinese CFO Survey:

- CFOs expect slower economic growth, which is largely due to the drop in export demand.
- Half of the CFOs anticipate their financial projections to decline as a result of the weakening economy in their major trading partnering countries, but half of the CFOs think the opposite.
- Achieving the expected growth is the strategic focus, but the majority of CFOs feel it is a challenge at their companies.
- The ability to cope with changes, particularly in regulations and government policies, appears to be a critical winning factor.
- Talent and skill shortage seems to be a key challenge, and it may impede growth.

new and existing markets are considered by CFOs as key challenges regardless of their industries and/or company size. To support revenue growth, the availability of talent and skills perhaps play a role in CFOs' perceptions of their companies' prospects. With the high mobility workforce in China, CFOs are facing issues including hiring talent, securing available skills, morale, and human capital costs.

### **Changes can be good and bad**

Being quick enough to adapt to new regulations and government policies could be one of the most crucial factors of doing business in China. The high volume of regulations and government guidelines put in place in China over the last decade have had a massive impact on businesses. Some 46% of surveyed CFOs reported legislation/regulation as one of their top three industry challenges, and many CFOs also named reporting/control/accounting policies as one of their companies' top three challenges (37%). Changes in policies and environment are not all bad news, 87% of CFOs believe the RMB internationalization should serve them well and would open up opportunities in trading, investing, and financing activities.

### **The challenges ahead**

Most CFOs reported strategy setting, development support, and execution as their top job focuses. This should not leave the impression that CFOs in China enjoy a fair share of influence over their company's strategies because more than half ranked strategic ambiguity (52%) as their top job stress. Excessive workloads/responsibilities is mentioned as another pain point, and this echoes the general issues of talent and skills shortage that China is currently facing.

# Croatia

## No time to take risk?



### Stability remains elusive

Following more than two years of recession, it is an unavoidable fact that Croatia remains one of the weakest recoveries on record, showing estimated growth of just 0.1% to 0.5% during 2011. External debt stands at over 100% of GDP, and the country's businesses and consumers have not returned to pre-crisis spending levels.

Given the wider environment, the most recent Deloitte CE CFO survey demonstrates a substantial decline in confidence among Croatian CFOs since last summer. It shows that more than 63% of CFOs believe that their companies' financial prospects are either unchanged or less optimistic. This contrasts strongly with the survey findings mid-2011, which showed that 75% of respondents were actively optimistic about the financial prospects for their companies.

When such findings are correlated with the high levels of financial and economic uncertainty felt by Croatian CFOs (54% feel such uncertainty is high or very high, making Croatia the most pessimistic in the CE survey), it is unsurprising that the vast majority (88%) are not ready to take additional risk on to their balance sheets or make new investments. It appears that Croatian CFOs are on the whole cautious in outlook and awaiting better times before they become less risk averse.

### The road ahead

For the next 12 months, Croatian CFOs appear to regard reducing indirect costs as their highest priority. Possibly they regard this as a relatively easy goal for the short term, given the stresses of the wider environment. Certainly, they see the potentially tougher tasks of reducing direct costs and achieving revenue growth as being roughly equal in importance, but below that of reducing indirect costs. Still, only 12% of CFOs regard improving liquidity as their least important priority.

### Highlights from the H1 2012 Croatian CFO Survey:

- The main challenge facing CFOs in their roles is coping with the financial uncertainties that arise from the country's volatile economic position.
- A key priority is to improve company liquidity during the year.
- Croatian CFOs will be looking to the government to achieve several tasks in 2012, including the prevention of any further decline in the country's credit rating, maintaining a stable currency, controlling inflation, and ensuring fiscal stability.

This is despite the fact that in general liquidity is one of the high-impact risks causing concern.

There is also a general sense that Croatian CFOs do not see new investments as a priority for the coming year. Some 70% of respondents place the issue on the lower half of their priority list, despite the impact on long-term revenue growth. The generally negative sentiments affecting the financial community and pressure from shareholders to focus elsewhere seem to be driving this attitude, alongside perceived liquidity problems, and the difficulty of raising finance.

### Funding by the numbers

While a majority of Croatian CFOs see credit availability as "normal," precisely one third believe that new credit will be difficult to obtain in the months to come. This is not simply because of its expense – it is also due to the increasingly restrictive terms that banks are applying. In addition, close to 80% of respondents believe that finance costs will rise in the months to come. There are also remaining uncertainties as to the potential further deterioration of the country's credit rating and the impact that would have upon Croatia's financial market.

# Czech Republic

## In a hybrid market



### Strong economic fundamentals

The Czech economy is still considered one of the fundamentally most stable economies in Central and Eastern Europe (CEE) and its macro data remains rather strong. Czech public debt is relatively low at 42% of GDP (Eurozone average is 90%) and its foreign debt is acceptable at 49% of GDP. Foreign exchange reserves are holding up well at €30.8bn, and the current account balance is also under control and poses little risk in the short term. The good news is that, unlike most of CEE, the Czech Republic does not have a big need to deleverage in the near term.

Still, it seems that the Czech Republic is no longer a fast-growing market. For CFOs, it may be hard to explain within a corporation why a solid market like the Czech Republic is lagging not only behind some rapidly-emerging markets in Asia, Latin America, and Turkey, but also behind some CEE competitors. But the Czech market is a bit of a hybrid – not a real emerging market yet not completely developed either.

### Less optimistic prospects

The issues are not lost on Czech CFOs who believe the economy will stagnate – or even slow down further – in the coming years; business uncertainty is also high. About 76.2% expect stagnation (growth between 0-1.5%) and 17.5% of respondents expect recession). High exposure to the Eurozone crisis will influence the growth of the Czech economy and is a key focus for CFOs as are the increase in commodity prices and the greater influence of regulators.

### Still seeing opportunity

Compared to the previous survey, there was an increase in the number of CFOs expecting less optimistic prospects for their company in 2012. They also rate the general level of external uncertainty as higher than before. Moreover, that

### Highlights from the H1 2012 Czech CFO Survey:

- Czech CFOs are notably less optimistic about their prospects than in the last survey.
- Fundamental objectives include growing revenues from new and existing markets alike.
- With economic stagnation widely expected, CFOs are not prioritizing new investments or developing plans to raise funding or increase leverage.
- A key priority for Czech CFOs is to maintain their focus on optimizing costs and improving liquidity.
- Broadly, there is little expectation of a need for major restructuring or business model changes.

uncertainty is directly affecting their medium- and long-term decisions. Only about 22.5% of respondents believe that the general level of economic uncertainty is what they would consider normal for their business. Despite the negative prospects, 27.4% of respondents feel optimistic about the financial prospects of their company as they see opportunities in the current economy.

### “Staying as we are”

That is not enough to encourage greater investment, however. Only 20% of CFOs consider new investments a high priority. External funding is considered to be available but there are no trends to increase leverage on balance sheets. CFOs expect their businesses to be able to service their debts despite increases in funding costs. Hesitation to increase risk on the balance sheet may have a domino effect for companies whose products tend to impact others' balance sheets, and this trend may force companies to look for alternative sales channels and strategies. In addition, CFOs continue to look at internal efficiency with the aim of further cost optimization; it appears that in 2012 they will focus on balance sheet stability and on minimal risk taking.

# Denmark

## Reality or illusion?



### Mixed signals

The CFO survey from April 2012 shows a more positive outlook on the Danish economy compared to the situation three months earlier. The growing optimism may be due to historically low interest rates and increased exports to Sweden and Germany in particular, as well as increased consumer confidence. However, the optimistic view is not shared by all, as one out of four CFOs fear that Denmark will experience a double dip within the next 12 months.

The overall optimism is also reflected in the demand for Danish companies' products and services as the vast majority of the CFOs expect a positive development within the coming 12 months. This positive trend is supported by figures from Statistics Denmark, which has announced rising consumer confidence for the fourth consecutive month. A positive development in consumer confidence is in itself a sign that the Danish economy is moving in the right direction.

### Employment growth expected

Expectations of a growing demand have spread to employment, which is expected to increase concurrently with the Danish economy. Employment growth, however, seem to be more pronounced for Danish companies placed outside Denmark than within the Danish boundaries; a trend that has been consistent in the recent editions of the survey.

At the same time, Danish companies do not consider recruiting talent a challenge. The recent years of a sluggish economic climate have led to a relatively high unemployment rate among university graduates. When companies are ready to rehire, they can benefit from the talent that is queuing to get work.

### Highlights from the Q1 2012 Danish CFO Survey:

- Optimism is positive, but one out of four CFOs still believes Denmark will experience a double dip in the next 12 months.
- A third of CFOs expect a positive development in employment in Denmark, while 50% expect a positive development outside Denmark in the next 12 months.
- Half of the CFOs believe the accessibility to new funding is difficult.
- Four out of five expect M&A activities to increase in the next 12 months

### Geographic scope expands

A reason that companies are not yet completely free of the crisis is the tight credit terms that companies are facing. The credit crunch does not seem to be curbing the appetite for acquisitions, however. The survey shows once again that the CFOs expect an increase in M&A activities, and these are now, to a higher degree than earlier, expected to be conducted in more exotic markets such as the BRIC countries, South America, and Asia. Companies still generate most growth through acquisitions in the local markets, but the expansion of the geographical scope shows that companies are going for high-growth opportunities. How companies will finance these acquisitions is uncertain, though, given the tight credit conditions that exist.

# Finland

## Rebuilding confidence



### Back on track

The Deloitte Finland CFO Survey of spring 2012 reflects the impacts of the ongoing global economic turbulence. Even though the economic uncertainty caused by macroeconomic factors is perceived as above normal, the atmosphere is slightly more optimistic than last fall. According to responding CFOs, the financial risk on balance sheets has somewhat increased, and many companies may need to renegotiate their loan and credit agreements. Cost reduction and increasing cash flow remain top priorities, but CFOs are also focused on expanding into new markets and introducing new products or services.

The economic uncertainty surrounding the operating environment has a strong connection to problems faced by the European monetary union and to debt crisis. Yet these issues are not perceived as severe threats by responding companies, and preparations for a possible partial break-up of Eurozone are not seen as a high priority. A “double dip” during the next 24 months is clearly seen as possible but not probable. The potential effect of these events would not happen directly, but through deterioration of general economic conditions.

### Responding to uncertainty

Over half of the respondents feel that the external financial and economic uncertainty facing their business is above normal level and a quarter estimate the level to be high. However, compared to last fall, there are some signs of optimism even though the level observed in our fall 2010 and spring 2011 surveys is yet to be reached. This indicates that the cure for global debt crisis is yet to be found and that survival of the troubled Southern European economies is the key question in resolving the crisis. These macro-level factors are likely to continue causing uncertainty, and companies react to this uncertainty by cutting costs and capital expenditure.

### Highlights from the H1 2012 Finnish CFO Survey:

- Optimism has improved somewhat. The portion of somewhat less optimistic respondents has also significantly fallen from 39% to 15%.
- Vast majority of CFOs consider the general level of external financial and economic uncertainty to be above normal level or higher (79%)
- A total of 46% expect their company's operating cash flow to increase over the next 12 months whereas last fall the percentage was 30.
- Companies still prioritize cost cutting and increasing of cash flow, but also seek organic expansion and new products and markets.

Despite the prevailing external financial and economic uncertainty, a large majority of the CFOs feel that the financial prospects for their companies are positive or will remain the same compared to six months ago. In addition, 46% expect their company's operating cash flow to increase over the next 12 months whereas last fall the percentage was 30. A total of 23% expect a decline, and 28% expect cash flow to remain at current levels.

The results are in line with the increased optimism among CFOs regarding financial prospects for their companies. However, it is worth noting that a majority indicated that they would follow a strategy of reducing costs rather than increasing capital expenditures leaving the sustainability of improved operating cash flow in question over the longer term. This result is also in line with those regarding increased concerns about the external economic factors causing uncertainty to the businesses. Capital expenditure is usually reduced when uncertainty is on the rise and higher emphasis is given to cost cutting.

### M&A rebounds

Last fall, there were some indicators that the level of M&A activity was slightly cooling, although there were plenty of major activities still ongoing. CFO's current expectations signify a return to a higher level of activity in Finland. A majority expect the level of M&A activity to increase somewhat; 63% believe that the increase is moderate; and only a few CFOs expect the level to decrease. The elevated expectations could be driven by increased optimism for the financial prospects of the CFOs own companies despite the worsening in the availability of bank funding according to the respondents. This can also be seen as a bounce towards more normal level of activities since last fall 39% expected the level to decrease somewhat.

### Financial risk slightly up

Compared to the last three surveys, the respondents this time feel that the financial risk on balance sheets has slightly increased. Some 44% of the CFOs state that the risk has increased slightly over the past 12 months whereas last fall the figure was 28% and last spring it was 17%.

Corporate bonds and equity funding are still seen as somewhat attractive methods of funding for Finnish companies. A total of 51% find corporate bonds as somewhat attractive or very attractive compared to last year's 47%. Bank borrowing seems still to be a relatively attractive source of funding even though the share of neutral respondents has grown significantly.

Like last fall, there are still only a handful of CFOs who believe that now a good time for Finnish companies to perform a new share issue. Finnish companies are also largely seen as appropriately leveraged. Compared to a 10-year average, the cash return to shareholder ratio has been perceived lower than in our recent studies.

### Top priorities

According to responding CFOs, the top three business priorities are the same as last fall: cost reduction, increasing cash flow, and organic expansion. In fact, 95% of CFOs aim at increasing of cash flow. Decreasing costs is a strong or somewhat of a priority for 89% of responding CFOs. In addition, there are plans for expanding organically and introducing new products/services or expanding into new markets. Only 18% of the responding CFOs consider raising dividends or share buybacks somewhat of a priority.

The external economic environment and financial outlook continue to remain unclear. Companies react to this uncertainty by prioritizing cost-cutting and postponing capital expenditure. However, there is no immediate need to streamline the strategic focus, as there is no strong intention to dispose of assets. This is in line with the view of no need of additional equity capital, as the balance sheets are relatively in a good shape despite the increased risks.

# Germany

## Cautiously positive outlook



### Staying strong

The first three months of 2012 were mostly positive for the Eurozone and Germany. Compared with 2011, the euro crisis abated at least temporarily, thanks in no small measure to the European Central Bank's cash allocation of over €1 trillion to commercial banks, the signing of the European Fiscal Pact, the averting of an uncontrolled bankruptcy of the Greek state through the agreed debt reduction, and progress made with the reforms in Spain and Italy.

The recession in the Eurozone appears to be less severe than had been feared, though the prospects for growth in the different Eurozone countries for 2012 vary considerably. The German economy grew by 3.0% in 2011, showing a marked downtrend in the fourth quarter.

According to OECD forecasts, Germany barely avoided the negative growth that had been feared in the first quarter of 2012 (0.1%) and is expected to expand by 1.5% in the second quarter. The encouraging trend on the labor market continued, with unemployment standing at 7.2% in March. The DAX rose from 5,900 points at the beginning of January to just over 7,000 points at the end of March.

### Positive despite uncertainty

Against this backdrop the first German CFO Survey was launched. From their perspective, German CFOs view their companies' business prospects in a positive light in spite of an exceptionally high level of uncertainty in the economic environment. For the next 12 months, in fact, the CFOs are forecasting higher revenues and larger workforces, but narrower operating margins. Some 56% assume that their companies' business prospects will remain unchanged, while 28% rate them more optimistically than three months ago.

### Highlights from the H1 2012 German CFO Survey:

- Some 56% of German CFOs assume that their business prospects will remain unchanged; while 28% rate them more optimistically than three months ago.
- Eighty percent of CFOs say the level of uncertainty is unusually high.
- More than 80% do not think now is a good time to take additional risk onto the balance sheet.
- Organic growth is a high priority for 61% of the German CFOs surveyed.
- CFOs spend 55% of their working hours on strategy development, including the formulation of financial strategy, as well as on strategy implementation.
- More than half of CFOs expect M&A levels to increase in their markets.

Still, 80% of the CFOs surveyed say that the level of uncertainty is unusually high.

### Growing organically

The companies' strategic orientation reflects the high degree of uncertainty. Organic growth strategies have top priority (61%), though defensive measures for increasing cash flows and reducing costs are also being pursued with vigor. In addition, 56% expect to see an increase in M&A activities in their markets.

### Unsatisfied with fixes

The overwhelming majority of the CFOs deem the measures taken so far to manage the euro crisis to be inadequate. They believe it is possible that some countries will leave the euro. Some 70% of the CFOs surveyed feel that the political

measures taken to date are not sufficient to solve the euro crisis in the long term, 27% are uncertain, and only 3% believe the measures taken are effective. In addition, 43% expect the Eurozone to shrink within the next five years; 10% believe that countries will return to their national currencies or that the euro will be divided into a northern and southern euro.

The euro crisis notwithstanding, the CFOs do not view the financing of their companies' activities as critical and currently consider corporate bonds to be the most attractive source of financing. The availability and cost of loans were rated positively. Many CFOs would nevertheless like to reduce the level of debt and the risks in their company's balance sheet. In fact, 83% believe that now is not a good time to take higher balance sheet risks.

### **Strategy rules**

Extensive participation of CFOs in strategy development and implementation is now standard practice in companies. The CFOs surveyed say they actually spend 55% of their working hours on strategy development, including the formulation of the financial strategy, as well as on strategy implementation. In addition, 64% of CFOs consider the implementation of complex transformation programs to be the greatest challenge in their work.

# Hungary

## Fighting off recession



### Stagnation likely

Few countries have been hit as hard by the economic downturn as Hungary, an unavoidable truth that is reflected throughout the entirety of the second edition of the Deloitte CE CFO Survey. The overwhelming message is that economic stagnation or even further deterioration of the economy is the most likely prognosis for 2012.

With Hungarian political risk having risen along with macroeconomic uncertainty, it is not surprising that more than a quarter of CFOs feel less optimistic today about their companies' prospects than three months ago, when expectations were already negative. Moreover, a high proportion believes that their businesses currently face above normal (44%) or high (35%) levels of external financial and economic uncertainty. In addition, close to 100% say that this is not the time to take on new balance sheet risk.

### Sustaining and stabilizing

Hungarian CFOs' pessimism is reflected in their outlooks for their own companies too. Some 40% of respondents anticipate declining or static sales for 2012, while over 50% predict single-digit growth. In addition, 61% expect to see a further rise in unemployment during 2012, which translates into 17% of surveyed executives anticipating a reduced workforce this year.

In response, some 88% of CFOs see remodeling of their businesses as a moderate or urgent priority during 2012. This is clearly an indication that Hungarian CFOs believe that they need to take stronger action to adapt for new financial and economic realities. A key issue, however, will be how they balance the need for improved liquidity against the short-term costs and negative cash flows associated with restructuring. In the survey, some 57% of CFOs ascribe moderate importance to improving liquidity.

### Highlights from the H1 2012 Hungarian CFO survey:

- There is an absence of both optimism and confidence in the sentiments of Hungarian CFOs and a widespread view that an already poor economic and financial position is set to worsen before it improves.
- The top priorities include managing organizational change to reduce costs and improve performance.
- The focus on improving liquidity suggests no anticipated positive change in the availability of funding either in the short or medium term.
- More than one third of CFOs expect improvement in their ability to service debt during the next year.

### The focus for 2012

Strengthening their companies' short and medium term financial position is the central focus for Hungarian CFOs during 2012 – and the main means of doing so include growing their revenues, cutting costs, improving liquidity, and cutting back on new investments.

On the revenue growth front, 80% see this as a moderately important priority, with a twin focus on both existing and new markets. While there is clearly some desire to defuse the potential impact of volatility in their existing markets, the wider national and international economic situation poses a simple question: where will such revenue growth actually come from?

Similarly, nearly as high a proportion (77%) identifies cost cutting as being of high importance, with an emphasis on direct costs. But in an environment where costs have already been widely and deeply reduced, one must question how much scope there is for further cuts without making a fundamental impact on companies' capabilities.

# India

## Bracing for the journey ahead



### Domestic concerns rule

The U.S. debt and Eurozone crises have taken a toll on the Indian economy, which is already characterized by a widening fiscal deficit, increasing interest rate, and the depreciating Rupee. Still, the inaugural India CFO survey highlights that CFOs are more concerned about the state of the domestic economy than the global slowdown, both of which have consequently reduced their overall risk taking appetite.

In fact, CFOs claim that a slowdown in the domestic economy is their top concern, with a potential Eurozone break-up causing a recession in the global economy, identified as their next concern. It is no surprise then that CFOs have become more conservative in their risk-taking abilities, with 78% of the CFOs confirming that they do not consider this a good time to take greater risks on their company's balance sheet. This perception has led to accumulation of reserves and a focus on treasury management and hedging solutions for organizations.

The Indian economic outlook has also taken a toll on the corporate sector. Private investors have pulled back in recent months amid increasing borrowing costs. India's industrial output has been falling on the back of declining consumer demand and corporate investments. Infrastructure projects are showing delayed timelines and investments in these projects have slowed. This has led to CFOs identifying decreasing consumer demand as one of their organization's key economic challenges, along with rising input costs, fluctuating exchange rates, and an uncertain political environment.

### Highlights from the 2012 Indian CFO survey:

- Some 67% of CFOs expect their industries to perform better compared to last year.
- Half of CFOs surveyed consider competition, pricing trends, and availability of skilled workers among the top three industry concerns.
- Almost 30% of CFOs say they outsource their finance processes. Of these, 30% are multinationals headquartered outside India, outsourcing in line with their global policies.
- Revenue growth is the prime focus area for 36% of CFOs for the next 12 months.
- Margin improvement/maintenance is the biggest organizational challenge for 60% of CFOs; talent management is next for 47% of them.

### Internal strengths

Despite these concerns, CFOs were optimistic about the performance of their organizations and almost half of them believed that their companies will perform better in the coming year. Of these, 37% cited that this would be primarily due to internal/company-specific factors, such as products/services, operations, financing, and so forth, while another 10% believe that this improvement would be due to external factors such as the performance of the overall economy, industry, and market trends.

Of the total number of CFOs who are optimistic of their organization's future, it is heartening to note that 73% represent smaller organizations (revenues less than Rs 500 crores). This is a positive indication that "younger" Indian firms seem to be riding the learning curve faster and are more

confident to face an uncertain domestic as well as global environment on the basis of their internal competencies and well-formed strategies.

### Challenges remain

CFOs today perceive maintaining/improving margins as the key organizational challenge. They are also concerned about talent management issues, with 47% citing it as their second most important concern. Ironically, even as unemployment is on the rise, it is becoming a challenge to find skilled resources, especially for highly technical areas where specialized skills are required. And at a time when organizations are battling demanding customers and focusing on growth at the same time, another key concern CFOs have voiced is framing and/or adapting business, given the volatility of the current local and global economic environment.

### Thirst for data

As changing business dynamics and customer-centric services drive the need for real time and integrated data, CFOs are realizing the importance of upgrading their Enterprise Resource Planning (ERP) systems to support such enhanced reporting and analytics for real-time informed business decisions. In fact, 40% of CFOs plan to replace or upgrade their current ERP systems in the next 18-24 months given their increasing need to have a holistic view of the organization.

The need for better data is also recognized in the area of fraud prevention. Among large companies, almost half of those surveyed were using data analytics tools for fraud detection. Close to 66% of

companies surveyed do not use any proactive data mining and data analytics tools, such as employee background screening, risk management systems, or third-party due diligences to detect fraud, even though 55% of CFOs believe that such tools would be extremely helpful in detecting fraud.

### Moving forward – a challenge

Optimism and forward-looking sentiment drove the first half of 2011. However, with the economic slowdown, CFOs have become more cautious in their future outlook. Revenue growth/preservation has been highlighted as one of the key focus areas by almost 36% of the CFOs, with a near equal representation across all sectors. Cost reduction has been rated the second most important focus area (16%). Other strategic focus areas are improving asset efficiency, capability development, risk management, and funding/liquidity.

That caution has also impacted their roles in the organization. Globally, CFOs play a four-fold role in many organizations: Steward, Operator, Catalyst, and Strategist. In India, however, the unclear economic climate coupled with mounting negative job pressures – strategic ambiguity, poor company performance, inadequate qualified resources and changing regulatory requirements – have cumulatively led CFOs to focus on traditional, internally focused Steward and Operator roles; even though they would like to perform Catalyst and Strategist roles in time to come. In line with this, most CFOs consider a higher and more fulfilling role as the key driver to transition from one organization to another.

# Ireland

## CFO optimism on the rise



### External and internal optimism

There has been a distinct rise in CFO optimism in 1Q2012 with a net 17% of CFOs now stating that they are optimistic about their company's financial prospects, up 10% from last quarter and the highest level of optimism in more than a year.

Some key contributing factors to this could be the expectation of a positive outcome in the EU referendum and a potential end game in sight in the Eurozone crisis, or the continued success of the Irish export market and recent positive trade missions to China. The situation across Europe remains quite uncertain and tense with political upheaval and change across the board. What is clear is that there is no quick fix to the Eurozone problems which will require a sustained period of fiscal austerity, economic reform, and external support to get back on track. Sentiment about the future of the Eurozone may ebb and flow, but getting the fundamentals right will likely take years.

This rise in optimism is in line with expected increases in turnover and profitability. Some 53% of CFOs expect their turnover to increase in six months' time. CFOs are also confident that their company's profitability will increase, with only 16% of CFOs expecting profit to decrease in the next six months. The rise in turnover indicates an expected rise in demand, largely from the export market. These results reflect the perception of 53% of CFOs who believe that the Irish economy will return to growth in the next four quarters, and the perception of 56% of CFOs who think that their companies will return to growth in the next year.

### Highlights from the Q1 2012 Irish CFO survey:

- Some 53% of CFOs think the government has had a positive impact overall on fiscal and economic matters.
- One third of CFOs are optimistic about their company's financial future.
- A full 44% of CFOs state that their company has already returned to growth.
- All surveyed CFOs (100%) believe that their ability to service debt will improve or remain unchanged.
- More than three quarters of CFOs think that credit is expensive and 68% still rate funding as hard to get.
- Almost 60% of CFOs surveyed think a second bailout is likely in the next 12-18 months.

### Positive prospects

CFOs continue to have confidence in their company's ability to grow in the current climate. Encouragingly, 44% of respondents indicated that their company has already returned to growth.

These figures come despite the fact that only 6% of Irish CFOs believe that the Irish economy has returned to growth. Indeed, 53% of CFOs do not believe that the economy will return to growth before 2Q2013. Responses this quarter reiterate the fact that CFOs have a positive view on their own company's growth prospects ahead of the economy overall. This relationship has remained consistent over the last five quarters.

### Still no easy credit

CFO opinion was more pessimistic this quarter when it came to the cost and availability of credit to Irish corporations. Some 68% responded that credit is hard to get. This puts the net perception on availability of credit at its lowest level since 1Q2010.

The perceived cost of credit also increased this quarter by 14% to 76% of CFOs who believe it is expensive. Based on this result, raising financing continues to be a primary concern for businesses. These results align with the findings on CFO views of the government's performance in addressing this area, which have also diverged significantly from the positive sentiment that existed this time last year.

More than half of CFOs believe it is still very hard to get funding from domestic banks compared to overseas banks (22%). While a handful of respondents (23%) state that credit was somewhat available, particularly from overseas banks, it is worth noting that not one respondent stated credit was easily available from any source.

### Positive toward government

Overall CFO sentiment remains positive trends toward the Irish government. More than half believe it has a positive overall impact on fiscal and economic matters. However the results show that there is room for improvement, specifically in reducing the cost and increasing the availability of credit to business.

For example, in relation to the government's ability to reduce the cost of credit to Irish corporations there has been a 24% decline in the number of CFOs who think that the government would have a positive impact in this area. This quarter, 18% of CFOs believe that the government has actually had a negative effect.

There is a similar result in terms of the availability of credit. In 1Q2011 the expectation of 59% of CFOs was that the government would have a positive impact on credit availability. However, one year later this has plummeted to 0% with a corresponding increase in those that felt the government would have a negative impact from 3% to 26%.

Performance in relation to levels of taxation has not met expectations with the number of CFOs stating that the government would have a positive influence dropping from 75% to 21% over the course of the year.

# Netherlands

## Optimism amid uncertainty



### Positive signs abound

According to CPB Netherlands Bureau for Economic Policy Analysis figures published on March 20, 2012, the current economic recession will continue until the second half of this year, while GDP is expected to shrink by 0.75% in 2012. A slight recovery is forecast for the following years: growth in GDP of 1.25% in 2013 and of 1.5% in both 2014 and 2015

Still, CFO optimism about the financial prospects of their own companies is on the rise again. While the Dutch sentiment hovers around the zero mark (meaning CFOs are positive and negative about their prospects in equal measure), almost 70% of CFOs expect their cash flow to increase. These expectations went up compared with the last quarter of 2011 (56%).

Moreover, CFOs expect that capital expenditure and hiring will increase for Dutch corporations over the next 12 months. Increasing capital expenditure is also considered a priority of increasing significance for the own business.

### Risk appetite stable

As far as their priorities for the next 12 months, CFOs remain consistent in striving for organic growth, followed in priority by another expansion strategy, such as introducing new products or expanding into new markets. Increasing cash flow is less of a priority than in the previous quarter, but still the third prioritized strategy. Increasing capital expenditure gains in priority. Some CFOs appear to gradually release the financial brakes in order to revive the entrepreneurial spirit.

The risk appetite remains the same as last quarter. Some 19% of CFOs think now is a good time to be taking greater balance sheet-related risks. Still, there were no great shifts in the level of financial risk that CFOs are willing to take on their balance sheets.

### Highlights from the Q1 2012 Dutch CFO survey:

- Almost 70% of CFOs expect an increase in their company's cash flow over the next 12 months.
- The Dutch sentiment now hovers around zero, meaning CFOs are positive and negative about their companies' financial prospects in almost equal measure.
- Striving for organic growth continues to be the most prioritized strategy. Developing new products or expanding into new markets gains priority.
- The overall assessment of the conditions regarding the availability and cost of credit remains negative.
- Risk appetite remains the same as the previous quarter with some 19% of CFOs thinking now is a good time to take greater balance sheet-related risks.
- Two thirds of CFOs expect M&A levels to increase in the next 12 months.
- When CFOs are asked to assess the level of external financial and economic uncertainty facing their business, 56% rate this level as high to very high.

Meanwhile, the perceived conditions regarding cost and availability of credit are much the same as the last two quarters. The overall sentiment remains negative. The availability of credit is considered low by most CFOs, while the perceived level of cost is considered high.

### Tax impact on cash flow

The Dutch government policy makers are negotiating government spending cuts and reform measures in order to reduce the Dutch budget deficit, which is forecast to be 4.6% of GDP for 2013. However, alongside spending cuts the Dutch government wants to stimulate the Dutch economy too, as a way out of the current recession. The CFO Survey indicates that generating cash flow and organic growth are big business priorities for Dutch corporations. What measures will best help Dutch companies accelerate and generate cash flow?

Most CFOs assess the wage tax-related incentives policy to have the highest impact (high to very high). As this quarter's survey indicates that hiring gained in priority, an incentives policy in this area could really boost this effect.

Some 16% of CFOs consider extension of loss compensation to have a very high impact in stimulating cash flow and/or growth. For this measure to take effect, companies will offset these fiscal losses from future or past profits. Therefore, the outlook is that healthy companies will benefit the most.

CFOs consider tax savings on cross-border income to have a lesser impact. Experience shows, however, that CFOs may be surprised by the hidden cash tax savings in this area.

Finally, R&D incentives are not perceived to stimulate cash flow very much. These measures are structured such that they have a limited impact on managing costs for larger companies.

### Nothing is certain

When asked to assess the level of external financial and economic uncertainty facing their businesses, 56% of CFOs rate this level as high to very high. Some 34% of CFOs rate these conditions to be above normal levels, similar to the previous quarter. However, the movement tends to slightly range from very high toward above normal.

# North America

## Positive, but growth-challenged



### Signs of recovery

Since the last survey, several macroeconomic factors have been improving – or at least stabilizing. Unemployment numbers have been mixed but directionally positive. Corporate earnings have been leveling off but still largely trending upward. European debt issues linger, but there appears to be rising expectation of (or at least hope for) improvement. And broader market sentiment has improved, with Dow and S&P 500 valuations rising about 15% since our last survey.

CFO optimism seems to have followed suit, rising markedly after two quarters of sharp declines. But what is not clear is whether CFOs are optimistic in absolute terms, or just optimistic relative to where they were over the past two tumultuous quarters. Continued declines in year-over-year revenue may suggest the latter, but rising expectations for earnings, capital investment, and domestic hiring appear to indicate that many companies are ready to start pushing forward again.

### Optimism continent-wide

Net optimism (the spread between CFOs citing rising and falling optimism) turned negative near the end of last year – to the tune of a stunning -24 percentage points in 3Q11 and another -9 points last quarter. But the “good” news is that multiple quarters of rising pessimism make it easier for optimism to improve, and that is what happened this quarter.

In fact, net optimism rebounded sharply to +48 percentage points this quarter, with 63% of CFOs reporting increased optimism and just 15% reporting more pessimism. And the sentiment appears to be continent-wide this quarter, with the United States at +40, Canada at +57, and Mexico at +73.

### Highlights from the Q1 2012 North American CFO survey:

- Optimism rebounded soundly this quarter with 63% of CFOs reporting a more positive outlook and only 15% saying they are less optimistic (22% report no change). Net optimism – the spread between those more and less optimistic – improved dramatically to +48 percentage points.
- CFO expectations are positive, but pressure on sales growth continues. Expected gains are 5.9% for sales (6.3% last quarter), which is a new low for the survey, 12.8% for earnings (10.1% last quarter), and 12% for capital spending (up from 9.6% last quarter). Domestic hiring finally rose to 2.1% from 1.0% last quarter.
- Cash deployment plans reflect both optimism and caution. Plans typically include a solid dose of domestic investment (27%) and liquidity maintenance (24%), plus dividends (14%) and some pay down of debt (13%).
- Although only one company in five is actively pursuing a major transformational deal, nearly 55% are seeking smaller strategic deals to take advantage of favorable opportunities and/or valuations.

Rising optimism is clearly reflected in CFOs' earnings growth expectations. After bottoming out at 9.3% in the third quarter of last year, expected growth rose to 10.1% last quarter and to 12.8% this quarter. Rising variability of projections, however, indicates substantial difference of opinion. But sales growth projections continued their downward trend. CFOs' expected 5.9% gains are a new low for this survey, and the U.S. expectation is just 5.2%.

In line with their rising earnings expectations, CFOs' investment and hiring expectations appear to reflect improved optimism. CFOs now cite a nearly 60% strategic focus on revenue growth (mostly concentrated within existing markets) and just a 25% focus on cost reduction (mostly focused on direct costs). In addition, companies' growth plans appear to be spurring hiring at home. CFOs' expected domestic hiring gains of 2.1% are more than double last quarter's survey-low 1.0%, and just over half of CFOs project gains.

### Cash matters

U.S. corporations approached 2012 with an estimated \$2 trillion in cash sitting on their balance sheets, and about 20% of that cash appears to be held abroad (the United States is highest at 24% and Canada is lowest at 11%). Overall, it appears that most cash is held as government bonds, although use of regular bank deposits and money market accounts is also high. Still, there is significant variability by country and industry.

Companies' 2012 cash deployment plans appear to reflect a mix of optimism and caution, with roughly equal proportions focused on domestic investment and liquidity maintenance. Relatively little cash is slated for dividends, and even less is slated for debt repayment, foreign investment, and share repurchases.

Much of the investment is likely focused on M&A deals. Only about one in five CFOs claims to be seeking major transformational deals, but more than half say they are actively seeking smaller deals with some industries notably higher. Consistent with CFOs' expressed concerns around building and protecting revenue in current markets, the primary focus of most deals appears to be achieving growth, synergies, and scale efficiencies around their existing businesses.

Taxes are clearly important in cash deployment, but what if they were not? The findings suggest companies would mostly do more of the same things they already plan to do – i.e. put more money toward domestic investment and toward liquidity, albeit with a tilt toward investment. They would also allocate more to debt and dividends.

### Global concerns dominate

Although CFOs are more optimistic and project better company performance, they are certainly not without substantial worries. And whereas a year ago CFOs were focused on prospects for a domestic double-dip recession, they are now more likely to mention “the global economy,” “global recession,” and “effects of Europe” as their most worrisome risks. Moreover, current tensions in the Middle East appear to be causing concerns about oil and fuel prices, and there is rising mention of “black swan” and “unanticipated global” events.

CFOs cite significant domestic and internal concerns as well. Entering a presidential election year in the United States, many express worries about the prospect of political gridlock and more regulation. They also cite industry challenges around market contraction, pricing trends, and, more recently, changing cost structures. Internally, they continue to be concerned about potential operational miscues and missed financial targets.

# Norway

## Optimism on its way back



### Recession worries lessen

In the CFO survey of Q3 2011, 56% of the respondents stated that they were less optimistic about the future economic outlook compared to six months ago. This time around, the pessimism has however turned into optimism. There are plenty of reasons why.

First and foremost, the economic development in Norway continues in a positive direction. Unemployment remains low, oil prices keeps rising (causing increased activity in Norwegian economy), and the stock market is continuously climbing upwards. It is clear that Norwegian CFOs take this development into account as they now see a brighter future ahead. In our latest survey, 46% of the respondents stated they are more optimistic about the future economic outlook than six months ago. Also 62% of the respondents expect increased cash flow in the next 12 months.

### Deals on the horizon

In line with increased optimism among CFOs, the M&A activity is expected to increase over the next 12 months. The development complies with the picture that is often observed after a downturn in the economy.

Despite that deal outlook, the majority of CFOs expect no change in leverage over the next 12 months. Even though the share considering decreasing leverage has increased and the share considering increasing leverage has decreased, overall respondents seem to have no significant worries about the company's leverage as they do not intend to make any adjustments.

### Highlights from the H1 2012 Norwegian CFO Survey:

- Norwegian CFOs seem to becoming more optimistic about the economic outlook compared to six months ago.
- Companies' cash flows are expected to increase in the next 12 months.
- Bank loans keep decreasing as a favorable source of financing.
- CFOs report no change in their level of leverage.
- Increased M&A activity is expected.

### Funds available

The uncertainty in the global economy has caused higher interbank rates, and this may be one of the reasons why bank loans are less attractive. While the majority of respondents still see them as an attractive source, the share has decreased from 52% in 3Q2011 to 41% in the 1Q2012 survey.

### Increased polarization

Even if the majority of respondents look upon the future with renewed optimism, the results shows that there are considerable differences between the CFOs perception regarding the economical outlooks. While a larger portion indicate that their companies are heading towards a normalized financial climate, a considerable portion indicates a tougher financial climate than six months ago. Furthermore, a larger portion sees bank borrowing less accessible in this quarter compared to six months ago. Overall, the findings point to a larger polarization in the Norwegian economy.

# Poland

## Climate for investment?



### A conservative approach

In recent years, Polish businesses have in general performed strongly within a more favorable economic environment than elsewhere in Central or Western Europe. Polish companies have also taken a conservative approach during this period, approaching spending on people and overhead with caution and focusing on sales over investment. This has served them well, meaning that many have successfully accumulated cash, making liquidity a relatively less important priority.

In a bid to continue their successful focus, Polish CFOs remain keen to grow revenues in 2012 by concentrating on their current markets. In fact, there is broad agreement among 80% of Polish CFOs that growing revenues in current markets will be their high priority. While this is broadly in line with the findings of the last report, it is the only point on which respondents have a broad consensus although there is some agreement that improving liquidity is not a priority for 2012.

Instead, a growing number of Polish CFOs (although still a minority) sense that the climate for investment and risk-taking is improving – up by 10 percentage points since the summer of 2011. Some 35% of Polish CFOs say now is a good time to take greater risk onto their balance sheets – the largest risk appetite in the CE region. At the same time, 65% anticipate an improvement in servicing debt over the next three years.

### Key risks

CFOs see the greatest risk in the international environment, emphasizing not only the risks associated with currency fluctuations, but also a crisis in the Eurozone as well as risks connected with the threat of recession and falling demand. In addition, payment bottlenecks and unstable and inconsistent economic and tax regulations are also causes for concern. Little wonder that a significant majority of CFOs (57%) believe that simplifying and harmonizing the Polish tax regime would make the

### Highlights from the H1 2012 Polish CFO Survey:

- While the rest of CE is expected to stagnate, Polish CFOs predict moderate economic growth in Poland (1.5%–3%) in 2012.
- Some 80% of Polish CFOs are planning to focus on increasing revenues, while just one in four sees restructuring as a priority.
- Nearly 60% anticipate an increase in M&A activity.
- While loans are currently in limited supply, they are expected to be the primary source of funding despite an anticipated rise in the costs.
- Macroeconomic uncertainty is seen as the key threat facing Polish businesses, including F/X risk and the risk of recession in the Eurozone.

greatest positive difference to the levels of unnecessary bureaucracy.

### Cautious optimism

Significantly under half of the overwhelming majority (90%) of Polish CFOs who regard current economic uncertainty as “above normal,” rate the situation as “high” or “very high.”. Polish CFOs believe that we are still living in times of economic uncertainty and high market volatility. This is according to 90% of finance directors in Poland and it is a view shared by CFOs from other Central European countries. At the same time, CFOs in Poland are looking to the future with cautious optimism. Only about 30% expect a deterioration in the financial performance of their companies. This figure ranges from about 20% (Czech Republic) to over 40% (Slovakia) for other countries in CE. The cautiously optimistic economic outlook is an important contributor to many companies’ plans for revenue growth.

# Romania

## Keeping on the safe side



### The challenge of uncertainty

It is safe to characterize the Romanian economic outlook as “uncertain,” given the challenging economic environment worldwide. But while there are some natural concerns among Romanian CFOs that the moderate downturn seen towards the end of 2011 might escalate into absolute stagnation or even recession, there are also many pointers to a more optimistic future.

These include an inflation figure that is at its lowest over the last 20 years (3.14% in December 2011, according to the National Institute of Statistics), and a stable local currency over the last year; also Romanian GDP figures for the whole of 2011 marginally exceeded expectations (2.5% growth, according to NIS), and consumer confidence stabilized during the year (albeit at a low level).

So while almost half of Romanian CFOs rated the uncertain economic and financial environment in which they operate as high, and another 37% defined conditions as more uncertain than usual, they are still increasingly optimistic about their own companies. In fact, more than 23% of respondents are optimistic about their companies’ financial prospects compared with three months ago (up from 20% in the June 2011 survey). Compared to the other countries in CE, Romania is the second most optimistic after Poland.

### Not ready for risk

The positive outlook, however, does not extend to appetite for risk, with 90% of CFOs stating that this is not an appropriate time to take more risk onto the balance sheet. Moreover, Romanian CFOs believe that currently it is rather difficult for companies to access new credit lines and that the costs of borrowing will rise during the next 12 months. Still, companies are relatively optimistic about their ability to service debt over the next three years, with many CFOs expecting no change and a minority anticipating some improvement.

### Highlights from the H1 2012 Romanian CFO Survey:

- Despite financial and economic uncertainties, many Romanian CFOs foresee an improved performance for their own companies.
- Most CFOs (90%) do not see now as a good time to take on new risk.
- Growing revenues from existing and new markets is a priority for the year, alongside the reduction of direct and indirect costs.
- A moderate proportion of businesses consider restructuring as a means of reducing complexity and expense.

### Streamlining and restructuring

Revenue growth is the most important area of focus for Romanian companies for the next 12 months, with new market opportunities lagging somewhat behind existing ones. This is one of the reasons why making new investments is the least important area of focus, as companies are keen to continue doing what they know best and to seek ways of streamlining their operations and increasing productivity. Given recent changes in the environment, most (70%) agree that business restructuring is a priority in the next 12 months.

### What to expect

According to a recent report from CEEMEA Business Group, the Romanian economy is expected to increase by 1.2% this year and then accelerate to 2.5% in 2013, and to 3.3% in 2014, even assuming a relatively poor outlook for the Eurozone. Still, the majority of Romanian CFOs expect economic stagnation during 2012, with a growth rate between 0 and 1.5%. They also anticipate a moderate increase in the rate of unemployment.

# Slovakia

## Cut, minimize, grow



### Stability remains elusive

The Slovak economy is set for a further decline in its growth rate during 2012 as the negative impact of the euro crisis continues to affect the country's main export markets. With growth achieved during 2011 estimated at 3%, down from 2010's 4.2%, a continued fall is expected in 2012 to around 1.4%.

While this position is still significantly less alarming than that faced by numerous other economies in both CE and Western Europe, Slovak CFOs are characterizing the country's economic situation as "unstable." This is despite a general increase in company profitability during 2011, which resulted from a vigorous round of cost cutting.

The findings of the most recent CFO survey strongly indicate that the primary focus of Slovak companies for 2012 will be on ensuring that any further decline in their growth rates is minimized. To this end, CFOs expect to take a twin approach. First, they predict a further year of cost cutting to achieve improved efficiency and continue last year's theme of growing profits. Second, they expect to resist any opportunity to burden their balance sheets with unnecessary risks.

### Still focused on costs

Not surprisingly, more than 72% of CFOs perceive the threat of financial and economic uncertainty facing their business as "above normal;" 22% classify it as "significantly above normal." The current focus on reducing debt, risk, and overhead is an inevitable consequence of this perception.

In fact, reducing direct and indirect costs is set to be the primary focus over the next 12 months. Bringing down direct costs is among the year's two key objectives for 78% of the sample, while even more (83%) are targeting indirect costs.

This trend points to an inclination towards conservatism in 2012, particularly when balanced with CFOs' desire to grow revenues. Analysis of

### Highlights from the H1 2012 Slovakian CFO Survey:

- Slowing growth is the top concern.
- Their primary motivation is to prevent further decline as aggressively as they can, aiming as far as possible to maintain the current position.
- In 2012, a conservative approach rules as CFOs target consolidation and balance sheet stability.
- Slovak CFOs continue to work in an economic environment where rising unemployment and shrinking real wages are depressing consumer spending, creating a major obstacle for growth.

2011 statistics shows that most sales growth was driven by internal corporate initiatives, including new product development, employee empowerment, and initiatives aiming to increase market share. According to the survey findings, such comparatively low-cost activities will be even more important in 2012. Companies are also set to focus closely on improving their cash reserves, as 33% of Slovak CFOs give improving liquidity the highest priority.

As might be expected from the above findings, which clearly demonstrate the value ascribed to factors such as reducing costs, careful liquidity management, and achieving growth through existing markets and assets, the overwhelming majority of Slovak CFOs (88%) do not regard this as a good time to burden the balance sheet with additional risks. Unlike some other Central European economies, where companies are facing significantly worse economic conditions, Slovak CEOs are not widely committed to reducing costs through restructuring. Just 17% see remodeling or restructuring as a high priority for 2012, while 50% see it as a moderate priority and 33% believe it is of no significance.

# South Africa

## Balancing act



### Thriving in a gradual recovery

The fourth CFO Survey took place against the backdrop of a gradual recovery in the South African economy. After a relatively sluggish start to 2011 (GDP increased at a rate of only 1.0% quarter-on-quarter annualized in 2Q2011), the economy picked up momentum towards the end of the year expanding at a rate of 3.2% quarter-on-quarter annualized in the final quarter. Real GDP expanded by 3.1% in 2011 as a whole, compared to 2.9% in 2010.

Companies are performing as well. Over a quarter (27%) of the companies surveyed indicated that performance had significantly improved (2011: 19%) while those that had deteriorated slipped to only 14% (2011: 18%). The greatest improvements were witnessed among larger businesses (> R20bn) and to a lesser extent smaller businesses (< R1bn). The retail and wholesale sector saw a great improvement from 2011 and was one of the leading industries in terms of perceived performance. This is supported by the GDP figures which revealed the trade sector as having been an important contributor to GDP.

Still, CFOs perceive greater business risk now than they did six months ago. Of the risks recorded, the global economic malaise is perceived as the most significant risk factor to business in the next 12 months. While the economy has recovered from the 2009 downturn, business is anxious that a second wave would eliminate recent gains and plunge South Africa back into a recession. Businesses seem to be saying that, having survived one crisis, their potential to survive a second is enfeebled and thus CFOs have adopted a wait-and-see attitude. Margin pressure is another important risk, both in terms of higher input costs and lack of pricing flexibility, and only 5% of CFOs say that cost pressure is an insignificant risk.

### Highlights from the H1 2012 South African CFO Survey:

- Some 75% of South African CFOs indicate they expect GDP in 2012 to be the same or to improve relative to 2011, down from 94% when surveyed last year.
- Almost two-thirds of CFOs believe Africa is a better investment proposition now than it was six months ago.
- Greater confidence in the rand means far lower currency hedging with 27% of companies not hedging exposure at all.
- Retention of cash for liquidity is now the top business priority, while investing in new capacity has fallen to second place.
- The two key focus areas for CFOs are to reduce operating costs and to improve the efficiency of the finance function.

### Competition, regulation, talent

The three main concerns that are top of mind for CFOs are industry regulation, competitiveness and the shortage of key skills. Some 30% of CFOs rated regulation as the greatest burden they face in the business environment, and a further 22% place this as their second or third greatest worry.

The responsibility of compliance with increasingly onerous legal requirements is affecting negatively on company performance and flexibility. By way of example, market commentators have decried the rising burden, noting that the King III code of corporate governance is too laborious and demanding for companies to adhere to and should be simplified. Having more than 70 principles that companies need to comply with, they maintain that management is spending too much time focusing on adherence to policies and principles and not enough time on the business itself.

The South African skills shortage remains one of the top three challenges facing business. While talent retention is less of a concern (an indication of a supply-driven jobs market at present), there simply is not enough talent at the outset. This is a systemic problem across most skilled and professional vocations in South Africa because of the lack of people completing education in these fields and because companies are spending less and less on skills training as a whole, a trend which began in the 1990s. Now, there are insufficient financial and accounting skills for growth of the economy and for attracting better people to the finance environment.

### **Back on the defensive**

For a while, it looked like businesses were gearing up for growth, but it would appear that according to CFOs, companies have shifted their stance and are reverting back to focusing less on growth strategies and will be exercising more defensive positions. The two key focus areas for CFOs are to reduce operating costs and to improve the efficiency of the finance function, with more than 90% of companies focusing on both of these strategies. CFOs have also indicated that they are not intending to raise capital either (be it in the form of debt or equity), but will be instead focus on cash flow management and protecting near-term profitability.

This ties into the views of CFOs pertaining to renewed uncertainty in global economies. With the European region comprising South Africa's largest trading block, accounting for about 35% of this country's trade, it is logical for local businesses to

fear Europe dipping back into recessionary conditions. Should this happen, it would have an effect on South Africa's growth.

### **The promise of Africa**

The 2011 CFO Survey revealed a great enthusiasm for investing in Africa with 73% of the organizations sampled having plans to extend their operations northwards and for most companies surveyed, the move was imminent. By the beginning of 2012, 60% of those companies surveyed had already expanded into Africa and half of the remaining 40% indicating that they have plans to do so. Companies in the transport (100%), mining (69%), and construction (67%) sectors have led the drive into Africa, but it is safe to say that there is strong intent to do so across all industries. Financial services companies appear to lag the rest of industry with only 43% having invested in Africa. Not unexpectedly, the large (>R20bn) corporations show a higher tendency (83%) to invest into Africa.

Only 21% of respondents indicated that they have no plans to expand into the rest of the continent. Other respondents, for example, are the SA subsidiaries of multinationals which already operate on the continent so did not have expansion plans of their own. Others indicated that they are interested but have not identified the right partner. This suggests that the true measure of companies going into Africa is higher than the almost 80% indicated in the CFO survey.

# Sweden

## Signs of optimism emerge



### Stopped but not slowed

After two years of GDP growth with an impressive 6.1% in 2010 to still good 3.9% in 2011, GDP declined in the fourth quarter last year. A sharp slowdown in exports, combined with households being squeezed by falling home prices, contributed to a decline in GDP of 1%. The weak macroeconomic scenario for 2012 is also evident in the CFO survey with the Swedish CFO index value (a measure of future expectations that weighs four components – business conditions, financial position, lending willingness, and counterparty default risk) increasing only marginally to 50.5 in February from 49.2 in November.

### Warming to business conditions

Yet, after deteriorating sequentially in the last three surveys, confidence in business conditions improved notably in February. In our November survey, fears regarding the European debt crisis had escalated and weak macro data subdued the economic outlook. The improvement seen now likely reflects that these concerns have subsided, at least temporarily.

No CFO currently considers business conditions to be “very favorable,” but the share that regard conditions as “favorable” has increased to 44%, from 21%. At the same time, the share of CFOs who regard business conditions as “average” has declined to 33%, from 54%, and the share that regard conditions as unfavorable declined to 23%, from 25%.

### Increased cash flow

CFOs’ cash flow expectations have significantly improved. A majority (63%) of CFOs now expect cash flow to increase, and 25% expect a double digit improvement over the next 12 months.

### Highlights from the H1 2012 Swedish CFO Survey:

- The Swedish CFO index value, which reflects future expectations, increased only marginally to 50.5 in February from 49.2 in November.
- CFOs perceive lending willingness among banks to be rather weak from a historical perspective, even if it has improved somewhat recently.
- No CFO currently considers business conditions to be “very favorable,” but the share that regards conditions as “favorable” has increased from 21% to 44%.
- Only 55% of CFOs regard their financial position as “favorable” or “very favorable,” the lowest level since February 2009.
- A majority (63%) expect cash flow to increase, with 25% expecting a double-digit improvement over the next 12 months.

### Prospects and concerns

Demand remains the greatest concern for CFOs in 2012, even if the 51% share of respondents (79% in November 2011) that view “demand” as the greatest concern is declining. Concerns over “access to capital” have increased, with the share of CFOs that rank this as their greatest concern rising to 13%, from 3% in November. This could be explained by the higher capital requirements that banks are increasingly subject to and higher funding costs forcing more restrictive terms of lending. Other areas of concern for CFOs include foreign competition, which increased to 8%, from 0% in November 2011.

Lending willingness among banks and financial institutions has improved slightly since our survey in November. Some 58% of CFOs now regard lending conditions as “favorable” or “very

favorable” (52% in November) and only 15% (10% in November) see conditions as “not so favorable.” However, these proportions are still weak in a historical perspective. A year ago 78% of CFOs regarded lending willingness as “favorable” or “very favorable” and only 3% regarded conditions as “not so favorable.” This situation likely reflects banks’ higher capital requirements and funding costs rather than weaker credit quality among companies.

The majority of surveyed CFOs believe that balance sheet risk has not changed over the last 12 months. However, 35% believe that balance sheet risk has decreased over the past 12 months versus 25% with the opinion that risk increased. Furthermore, 8% of CFOs believed a significant reduction in balance sheet risk took place over the past year. Generally, the positive results that some companies booked in 2011 may have reduced leverage, while improving valuations may, in turn, have reduced some uncertainty regarding the financial position of some companies.

## Strategic opportunities

The most recent survey offers leading indications of a thawing environment for strategic M&A. The survey suggested increased expectations for corporate acquisitions and divestments in 2012 and many CFOs seemed to prioritize strategic investments outside of Sweden. In fact, 33% expect the M&A activity to increase somewhat and 8% expect the activity to somewhat decrease, a decrease of 17 percentage points since the fall survey.

When it comes to excess cash, however, CFOs continue to have a defensive strategy that prioritizes debt reduction, although not to the same extent seen in our last survey in November. In the February survey, 40% of CFOs (62% in November 2011) prioritized debt reduction, while interest in making strategic investments in Sweden has remained at around 14% sequentially. Also, the interest in investments abroad increased to 29%, compared with 14% in the November 2011 survey. The interest in distributing excess cash as dividends to shareholders also increased to 14%, from 0% in November 2011, the highest level recorded since February 2007. This result is in line with the significant number of larger Swedish corporate having proposed better-than-expected dividend distributions for 2011 in their Q4 reports.

# Switzerland

## The first green shoots?



### Recession worries lessen

The macroeconomic environment has improved noticeably thanks to less negative news than expected and a number of positive developments, which is also reflected in the results from this CFO Survey. However, a number of significant risks remain, and the next months will show whether or not those problems manifest themselves.

In particular, the current survey results are dominated by signs of cautious optimism. Expectations regarding the Swiss economy over the next 12 months are still pessimistic with a net balance of -16%; however they are significantly less pessimistic than in the previous quarter where the net balance was -79%. Some 37% of CFOs expect a recession in Switzerland in the next two years compared to 65% last quarter.

### Revenue expectations improve

CFOs also seem to be more optimistic regarding their own company. A net balance of 7% said that the financial situation of their own company had improved compared to three months ago. A net balance of 5% expects an increase in revenues over the next 12 months, a significant improvement of 60 percentage points over the previous quarter. However, operating margin pressure remains high with about two-thirds of CFOs expecting operating margins to fall in the next 12 months.

### Credit availability lower

The inconsistent developments regarding corporate financing during the previous quarters continues this quarter. According to the CFOs credit availability is lower for the third consecutive quarter and is now at a net balance of only 11%. A year ago this net balance was still at almost 50%. A clear majority (net balance of 42%) still considers the cost of credit to be cheap. The expected demand for credit over the next 12 months remains basically at the same level as the previous quarter.

### Highlights from the Q1 2012 Swiss CFO Survey:

- CFOs' expectations regarding the economy have recovered significantly from the slump last quarter: only 36% are pessimistic about the outlook for Switzerland compared to 83% last quarter, while 20% are optimistic (previous quarter 4%).
- Some 37% of CFOs expect a recession in Switzerland within the next two years compared to 65% in the previous quarter.
- The small majority believes the financial prospects for their own company have improved from three months ago.
- Expectations regarding revenue have improved significantly, with a net balance of 5% (previous quarter -55%) expecting an increase in revenue over the next 12 months. However, the pressure on operating margins remains high: two-thirds expect operating margins to fall.
- Credit availability is considered to be worse for the third consecutive quarter, 27% of CFOs say that credit is difficult to obtain.
- Inflation expectations for the next 12 months remain at a moderate 1.5%

### Mixed expectations on risk

At this point CFOs do not consider a credit crunch to be a significant risk for their companies. Weaker foreign demand and the strength of the Swiss franc continue to be regarded as major risks. Worries regarding weaker domestic demand and problems in the financial system are significantly lower compared to the previous quarter. Operating strategies for the next 12 months are a mix of defensive and offensive approaches with the two most cited strategies being cost reduction and organic growth.

### Stable exchange-rate expectations

The volatility of the Swiss franc/euro exchange rate was significantly lower during the first quarter of 2012 compared to last year's turbulence. The Swiss franc exchange rate stabilized at a high level, and 88% of CFOs expect an exchange rate of 1.20-1.30 CHF/EUR in 12 months. Their expectations are focused even more than previously on this rather narrow range for the exchange rate.

CFO expectations for exchange rate stability are mostly a result of the exchange rate floor, which the Swiss National Bank (SNB) implemented on September 6, 2011 and which has since kept the exchange rate to the euro above CHF 1.20. Some 63% of CFOs assume that the floor will still be at CHF 1.20 in a year, while 29% expect an increase to CHF 1.25.

The continuing strength of the Swiss franc is forcing companies to focus even more on strategies to manage their FX exposure. More than half of CFOs state that they are strengthening their treasury management and focus on cost reduction, 43% intending to optimize their supply chain management.

### Inflation expected to be moderate

As a result of the exchange-rate interventions, the money supply has increased significantly, and 55% of CFOs view a rise in inflation as a possible consequence. However, given that inflation is currently very low, any increase is expected to be only moderate. Indeed, CFOs expect inflation to remain at 1.5% over the next 24 months.

# United Kingdom

## Confident, but defensive



### Brightening horizons

The 1Q2012 CFO Survey indicates a strong improvement in business confidence among the UK's largest companies. In fact, confidence among CFOs about their own firms' finances has risen at the fastest rate since the survey started in 2007, taking it close to levels last seen in late 2010. Moreover, the worries about the risk of recession and a breakup of the single currency that dominated corporate thinking at the end of last year have eased. On average, CFOs now assign a 30% probability to the UK economy seeing a double-dip recession, down from 54% in December. And on average CFOs see only a 26% probability of one or more members of the single currency leaving the euro in 2012, down from 37% in the last survey.

Stronger financial conditions, reflected in rising global equity markets, seem to be benefiting larger UK companies, with CFOs reporting an increase in credit availability in the first quarter. This more than unwinds the deterioration in credit availability seen in December which, at the time, some feared could be the start of a second credit crunch. In addition, larger corporations have become markedly more open to taking risk. Corporate risk appetite has risen at the fastest rate in five years, exceeding the increase seen in the second half of 2009 as the economy emerged from recession.

### Remaining on the defensive

Perhaps surprisingly, CFOs' balance sheet strategies remain defensive. Rising levels of optimism have not yet led major UK corporations to adopt significantly more expansionary policies.

### Highlights from the Q1 2012 UK CFO Survey:

- CFO confidence has seen its steepest rise since the survey started in 2007, with 34% of CFOs saying they are more optimistic about the financial prospects for their companies than they were three months ago, up from 4%.
- On average, UK CFOs see a 26% probability of one or more members leaving the euro, down from 37% last quarter.
- Some 84% of CFOs rate the level of uncertainty facing their business as "above normal."
- More than half of CFOs says that running higher cash balances than before the financial crisis is either a "strong priority" or "somewhat of a priority."
- On average, CFOs now see a 30% chance of the UK economy going through several months of contracting economic activity in the next two years.

Moreover, while the top priority for CFOs (by a narrow margin) is introducing new products or services, corporations are less likely to be raising capital spending, undertaking M&A, or introducing new products than a year ago. Instead, CFOs are more focused on defensive strategies including boosting cash flow and reducing costs than a year ago. It is indicative of the weaker outlook for corporate activity that the independent Office for Budget Responsibility has cut its forecast for UK business investment in 2012 to an increase of just 0.7%, down from 7.7% last November.

### Rainy day funds

Current high company cash balances may well be a manifestation of caution on the part of CFOs. Some 53% of CFOs say that running higher cash balances than before the financial crisis is either a “strong priority” or “somewhat of a priority.” One interpretation of current, near-record levels of cash being held by UK corporations is that they represent insurance against a volatile, slower-growth world in which the availability of capital can shift quickly.

In terms of spending, CFOs have become less negative in their general outlook. Nonetheless, current levels of expectations point to declines in discretionary spending over the next 12 months with corporate hiring and capital spending broadly flat.

### Euro risks lessen

The easing of the euro crisis has reduced expectations that the single currency may break up this year. On average, CFOs see a 26% probability of one or more members of the single currency leaving the euro in 2012.

Views vary on the impact that a breakup of the euro would have on individual companies. Some 32% of CFOs foresee little or no effect for their businesses, 48% anticipate some effect, while 20% think it would have a significant or severe effect.

### Predictably uncertain

Perceptions of uncertainty have eased since December, but the world remains unpredictable. Some 84% of CFOs rate the general level of uncertainty facing their business as being above normal. On average, CFOs see a nontrivial probability – 1 in 4 – that the UK will lapse back into recession, the same probability they attach to a country exiting the euro this year.

At the time of writing, record petrol prices and rising concerns about the pace of debt reduction in Spain underscore the varied and changeable nature of the macroeconomic risks facing corporations. In the background is the worry that rates of growth will remain anemic for years to come. On average, economists expect UK growth over the next few years to run at significantly lower levels than were seen in the years before the recession. CFOs are not counting on a swift return to pre-recession rates of growth and most expect the UK's current weak patch in growth to last for more than a year.

# Deloitte Member Firm CFO Surveys

## About Deloitte Member Firm CFO Surveys

Twenty-three Deloitte Member Firm CFO surveys, covering 38 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 Firm CFO Surveys can be accessed at [www.deloitte.com/cfoconnect](http://www.deloitte.com/cfoconnect).

Member Firm	Contacts	Frequency	Survey Scope and Population
<b>Argentina</b>	<b>Claudio Fiorillo</b> Partner +54 11 4320 4018 <a href="mailto:cfiorillo@deloitte.com">cfiorillo@deloitte.com</a>	Biannual	Conducted in March 2012 over a three-week period; 12 CFOs participated of which 75% represented private companies and 83% represented businesses with annual revenues of less than U.S. \$1 billion.
<b>Australia</b>	<b>Stephen Gustafson</b> Partner +61 (0) 2 9322 7325 <a href="mailto:sgustafson@deloitte.com.au">sgustafson@deloitte.com.au</a>	Quarterly	Conducted between March 15, 2012 and March 30, 2012; 80 CFOs participated, representing businesses with a combined market value of approximately AUD \$346 billion or 26% of the Australian-quoted equity market.
<b>Austria</b>	<b>Mag. Gerhard Marterbauer</b> Partner +43 1 537 00 4600 <a href="mailto:gmarterbauer@deloitte.at">gmarterbauer@deloitte.at</a>	Quarterly	Conducted in April 2012; 134 CFOs and financial executives participated, representing a broad range of industries. Of the participating companies, 20% have revenues in excess of €1 billion, and 43% have revenues greater than €100 million.
<b>Belgium</b>	<b>Thierry Van Schoubroeck</b> Partner + 32 2 749 56 04 <a href="mailto:tvanschoubroeck@deloitte.com">tvanschoubroeck@deloitte.com</a>	Quarterly	Conducted between March, 9, 2012 and March 20, 2012; 52 CFOs completed the survey. The participating CFOs are active in variety of industries, 38% of the participating companies have a turnover of over €1 billion, 36% of between €100 million and €1 billion, and 26% of less than €100 million.
<b>Central Europe</b>	<b>Gavin Flook</b> Regional Managing Partner + 32 2 749 56 04 <a href="mailto:gflook@deloitte.com">gflook@deloitte.com</a>	Biannual	All Central European CFO surveys were conducted in January 2012; 265 participants; all were CFOs in a broad range of industries.
<b>China</b>	<b>Juliet Chu</b> Director, China CFO Program +852 2852 1002 <a href="mailto:juchu@deloitte.com.hk">juchu@deloitte.com.hk</a>	Biannual	Conducted in March 2012; 100 CFOs participated; 79% of respondents represented companies with annual revenue of more than RMB 1 billion.

Member Firm	Contacts	Frequency	Survey Scope and Population
Croatia	<b>Juraj Moravek</b> Partner, Audit +385 (1) 2351 905 <a href="mailto:jmoravel@deloitte.com">jmoravel@deloitte.com</a>	Biannual	All Central European CFO surveys were conducted in January 2012; 265 participants; all were CFOs in a broad range of industries.
Czech Republic	<b>Martin Tesar</b> Partner in charge, Audit + 420 246 042 525 <a href="mailto:mtesar@deloitteCE.com">mtesar@deloitteCE.com</a>	Biannual	All Central European CFO surveys were conducted in January 2012; 265 participants; all were CFOs in a broad range of industries.
Denmark	<b>Jeppe Larsen</b> Partner, Consulting + 45 2220 2312 <a href="mailto:jelarsen@deloitte.dk">jelarsen@deloitte.dk</a>	Biannual	Conducted in April 2012, 81 CFOs and financial executives participated representing companies from 13 different industries; 57% of CFOs surveyed represent companies with a turnover of greater than DKK 1 billion.
Finland	<b>Tuomo Salmi</b> Partner, CFO Program Leader +358 (0)20 755 5381 <a href="mailto:Tuomo.salmi@deloitte.fi">Tuomo.salmi@deloitte.fi</a>	Annual	Conducted in March 2012; 39 CFOs participated; 90% of the companies responding have an annual turnover rate of more than EUR 50 million.
Germany	<b>Rolf Epstein</b> Leader, CFO Services + 49 (0) 69 97137409 <a href="mailto:repstein@deloitte.de">repstein@deloitte.de</a>	Biannual	Conducted in March 2012, 112 CFOs from large German corporations took part in this first CFO survey; Almost half of the companies represented generate more than with €1 billion in revenue; 45% of the participants were from the manufacturing sector.
Hungary	<b>Paul Trinder</b> Partner in charge + 36 1 428 6659 <a href="mailto:ptrinder@deloittece.com">ptrinder@deloittece.com</a>	Biannual	All Central European CFO surveys were conducted in January 2012; 265 participants; all were CFOs in a broad range of industries.
India	<b>Sanjoy Sen</b> Senior Director Deloitte Touche Tohmatsu India +91 (040) 6670 5734 <a href="mailto:sanjaysen@deloitte.com">sanjaysen@deloitte.com</a>  <b>Sachin Sondhi</b> Senior Director Deloitte Touche Tohmatsu India +91 (040) 6619 8710 <a href="mailto:sacsondhi@deloitte.com">sacsondhi@deloitte.com</a>	Annual	Conducted in between November and December 2011, this survey included participation from approximately 300 respondents, 58% of whom represented Indian companies, 33% from companies headquartered outside India, and 9% headquartered in India. Annual turnover of the participating companies are as follows: < Rs 500 Cr (48%), Rs 500-1,000 Cr (16%), Rs 1,001-5,000 Cr (24%), > Rs 5,001 Cr (11%).
Ireland	<b>Shane Mohan</b> Partner +353 1 417 2543 <a href="mailto:smohan@deloitte.ie">smohan@deloitte.ie</a>	Quarterly	Conducted in March 2012; CFOs of listed companies, large private companies, and Irish subsidiaries of overseas multinational companies participated.
Netherlands	<b>Jan de Rooij</b> Partner +31 (0) 6 5336 6208 <a href="mailto:JandeRooij@deloitte.nl">JandeRooij@deloitte.nl</a>	Quarterly	Conducted between March 15, 2012 and April 10, 2012; 32 CFOs representing a net turnover per company of approximately €1.8 billion, completed the survey. The responding companies can be categorized as follows: less than €100 million (12%), €100–499 million (34%), €500–999 million (16%), €1–4.9 billion (25%), more than €5 billion (13%).

Member Firm	Contacts	Frequency	Survey Scope and Population
<b>North America</b> (U.S., Canada, Mexico)	<b>Greg Dickinson</b> N.A. CFO Survey Director +1 213 553 1030 <a href="mailto:gdickinson@deloitte.com">gdickinson@deloitte.com</a>	Quarterly	Conducted between February 13, 2012 and February 24, 2012; 94 CFOs participated from across the United States, Canada, and Mexico. Over 71% of respondents represent CFOs from public companies, and over 77% are from companies with more than USD \$1B in annual revenue.
<b>Norway</b>	<b>Jason Rowe</b> Partner, Consulting +47 23 27 90 00 <a href="mailto:jrowe@deloitte.nu">jrowe@deloitte.nu</a>	Biannual	Conducted between February 29, 2012 and March 7, 2012; 97 CFOs participated from across the Norway. All respondents represent CFOs from public companies, and over 90% are from companies with more than 500 million NOK and more than half are companies with revenue above 1501 million NOK.
<b>Poland</b>	<b>Krzysztof Pniewski</b> Partner, Consulting +48 (22) 511 06 09 <a href="mailto:kpniewski@deloittece.com">kpniewski@deloittece.com</a>	Biannual	All Central European CFO surveys were conducted in January 2012; 265 participants; all were CFOs in a broad range of industries.
<b>Romania</b>	<b>Pieter Wessel</b> Partner, Deloitte Tax +40 (21) 2075 242 <a href="mailto:pwessel@deloittece.com">pwessel@deloittece.com</a>	Biannual	All Central European CFO surveys were conducted in January 2012; 265 participants; all were CFOs in a broad range of industries.
<b>Slovakia</b>	<b>Jozef Hybl</b> CFO Program Leader +421 (2) 582 49 213 <a href="mailto:jhybl@deloitte.com">jhybl@deloitte.com</a>	Biannual	All Central European CFO surveys were conducted in January 2012; 265 participants; all were CFOs in a broad range of industries.
<b>South Africa</b>	<b>Rodger George</b> Director, Consulting +27 11 209 6419 <a href="mailto:rogeorge@deloitte.co.za">rogeorge@deloitte.co.za</a>  <b>Grant Krog</b> Partner, Audit +27 11 806 5939 <a href="mailto:gkrog@deloitte.co.za">gkrog@deloitte.co.za</a>	Biannual	Conducted in January 2012; CFOs and FDs representing a sample of 479 of South Africa's top organizations nationally, spanning listed and unlisted entities in the private sector as well as major state-owned enterprises. More than 25% of respondents represent CFOs from companies with turnover of less than R1 billion and 7% in excess of R20 billion.
<b>Sweden</b>	<b>Andreas Marcetic</b> Partner, Financial Advisory + 075 246 23 41 <a href="mailto:amercetic@deloitte.se">amercetic@deloitte.se</a>	Biannual	Conducted in February 2012; 40 CFOs participated, representing companies all industries.

Member Firm	Contacts	Frequency	Survey Scope and Population
<b>Switzerland</b>	<b>Dr. Michael Grampp</b> Chief Economist +41 44 421 68 17 <a href="mailto:mgrampp@deloitte.ch">mgrampp@deloitte.ch</a>	Quarterly	Conducted between February 27, 2012 and March 19, 2012; 107 CFOs participated, with 30% representing listed companies and the remaining 70% representing large private companies.
<b>United Kingdom</b>	<b>Ian Stewart</b> Chief Economist +44 020 7007 9386 <a href="mailto:istewart@deloitte.co.uk">istewart@deloitte.co.uk</a>	Quarterly	Conducted between March 9, 2012 and March 26, 2012; 136 CFOs participated, including the CFOs of 39 FTSE 100 and 53 FTSE 250 companies. The rest were CFOs of other UK-listed companies, large private companies, and UK subsidiaries of major companies listed overseas. The combined market value of the 101 UK-listed companies surveyed is £610 billion, or approximately 32% of the UK quoted equity market.

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