AROUND THE BOARDROOM

THE DELOITTE CFO SURVEY 2014 Q4 RESULTS

Deloitte.

Contents

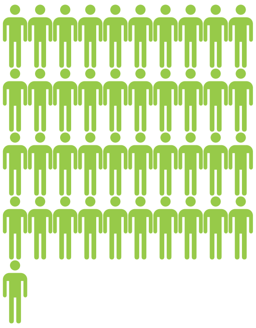
Key points from the 2014 Q4 Survey

31%

is optimistic about the financial prospects for their companies.

Optimism among Dutch CFOs drops further

The downward trend for optimism about financial prospects for CFOs' companies in the next 3 months has continued. Only 31 percent of the CFOs are optimistic – compared to 39 percent in 2014 Q3.



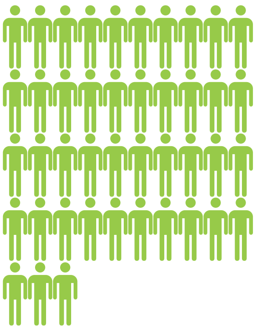
41%

rate the external financial and economic uncertainty facing their business as normal, or even below normal.

Current economic situation perceived as normal

The percentage of CFOs who rate the external financial and economic uncertainty facing their business as normal, or lower than normal, has recovered from its dip to 22 percent in the previous quarter. Now, 41 percent of the CFOs see the current situation as business as usual.

The percentage of CFOs who feel uncertain decreased from 77 percent in 2014 Q3 to 59 percent now.



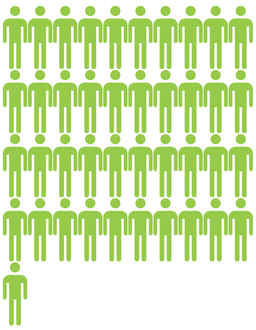
43%

perceive increasing regulatory frameworks as a risk to their business in 2015.

Increasing regulatory frameworks seen as high risk in 2015

Asked which factors are likely to pose a significant risk to CFOs' company's business in 2015, 43 percent said that increasing regulatory frameworks will be a risk.

Geopolitical tensions and exchange rate fluctuations are also seen as potential business risks according to 48 percent of the CFOs.



41%

say that companies' operating margins will improve in 2015.

Operating margins expected to improve in 2015

In their outlook for 2015, 85 percent of the CFOs expect their company's turnover to increase, while 41 percent of the CFOs expect better operating margins.

Some 41 percent of the CFOs say that their companies' CO_2 emission will be reduced further in 2015.

General economic environment

The outlook for the Dutch economy is slightly positive according to several institutes with a consensus estimate of around 1.37 percent economic growth in 2015.

The Dutch central bank, DNB, projects the economy to grow by 0.8 percent in 2014 and will further pick up to 1.2 percent in 2015 and 1.5 percent in 2016. These forecasts are below DNB's previous forecast, six months ago.

The OECD (Organisation for Economic Co-operation and Development) is also positive about the Dutch economy. It predicts the economy to grow by 1.4 percent in 2015 and by 1.6 percent in 2016.

The Dutch government's macro-economic think-tank, CPB (Bureau for Economic Policy Analysis), forecasts a 1.5 percent increase in 2015, which is up on its earlier forecasts due to increasing exports and family spending. CPB emphasizes that recovery is fragile and subject to international risks and low inflation. The latter would result in an increase of government and household debt.

The Economist Intelligence Unit (EIU) predicts that low inflation will persist in 2015. Since the beginning of 2014, inflation has been around 1 percent. Statistics Netherlands (CBS) reported that inflation fell slightly from 1.1 percent in October to 1 percent in November. The lower inflation in November is the result of lower petrol prices. The fall in the price of petrol is mainly due to the sharp decrease in oil prices which have been at their lowest level since 2011. In 2014, the Brent oil price per barrel fell from US$115 in June to US$57 late December.

According to data derived from Bloomberg, the oil price is expected to remain low although it will gradually increase from US$65 per barrel in 2015 to US$77 in 2018 and US$81 in 2021.

In December, Eurozone consumer confidence was boosted by the low oil price. The pickup in confidence indicates that household spending may increase slightly in coming months, a development that would help the Eurozone economy avoid a slide back into contraction despite weak business investment and disappointing export sales.

Economic growth in the Eurozone is forecast by the European Central Bank (ECB) to be 1 percent in 2015, down from an earlier forecast of 1.6 percent, while the 2016 forecast was cut to 1.5 percent from 1.9 percent. The ECB also lowered its inflation target following steep falls in the oil price with the annual rate expected to be just 1.6 percent even in 2016, still below its target of close to but below 2 percent. Eurozone inflation is currently 0.3 percent.

Analysts and investors were disappointed in the ECB's decision early December to postpone quantitative easing (QE) until 2015, where the central bank would buy government bonds to prevent a deflationary spiral. The UK and the US central banks have engaged in wide-scale QE programmes to help drag their economies out of crisis.

UK economic growth slowed in the three months to September, with the economy expanding by 0.7 percent.

Economic growth in the US was strong compared to the Eurozone. In the third quarter, the US economy grew by 5.0 percent, up from an earlier estimate of 3.9 percent.

The preliminary assessment of economic growth in the third quarter in the Netherlands was revised downward: from 0.2 percent to 0.1 percent. Eurozone economic growth was 0.2 percent in the third quarter, which was less poor than analysts expected.

In 2014, the US dollar was very strong versus the Euro and is anticipated to remain so. It is expected to stay at its current 1.20 level in 2015.

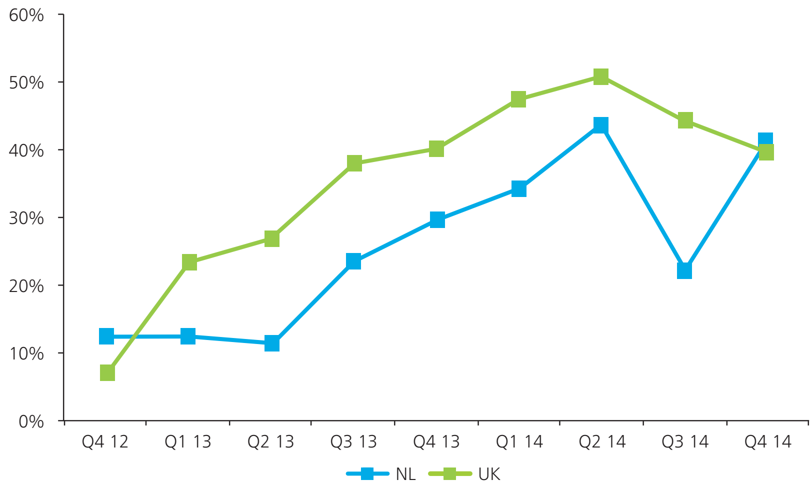
Market conditions and the economy

After the perception of economic uncertainty increased sharply in the third quarter of 2014 due to the decelerated recovery of the Eurozone economy and geopolitical tensions, it recovered very well in the last quarter of 2014.

Now 41 percent of the panellists rate the current level of uncertainty facing their business as normal or lower than normal. This compares to CFOs in the United Kingdom.

Chart 1. Economic (un)certainty

Percentage of CFOs who rate the external financial and economic uncertainty facing their business as normal, or lower than normal



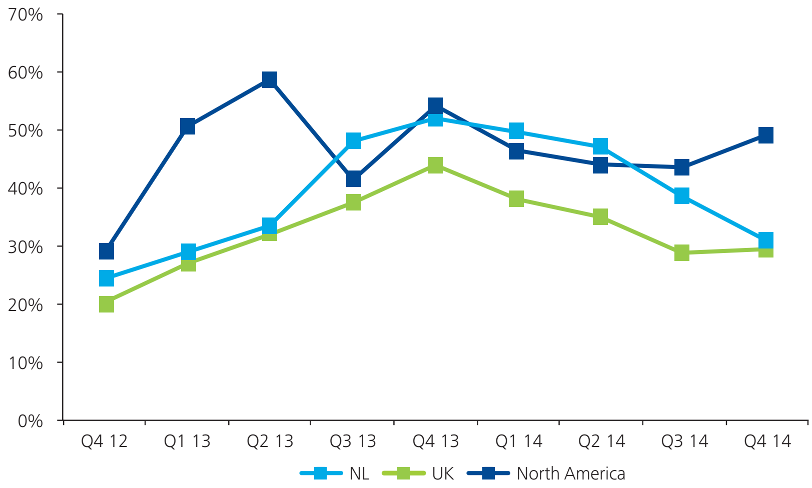
Short-term business confidence deteriorated further in the fourth quarter of 2014. Only a third of CFOs are more optimistic about the financial prospects for their companies versus 3 months ago, compared to 52 percent a year ago.

Nonetheless, the proportion of CFOs who are more optimistic continues to outnumber the less optimistic CFOs, albeit at a much lower level.

CFOs in the United Kingdom are at par with their Dutch counterparts while 49 percent of North American panellists are more optimistic.

Chart 2. Business confidence

Percentage of CFOs who are more optimistic about the financial prospects for their companies now versus three months ago



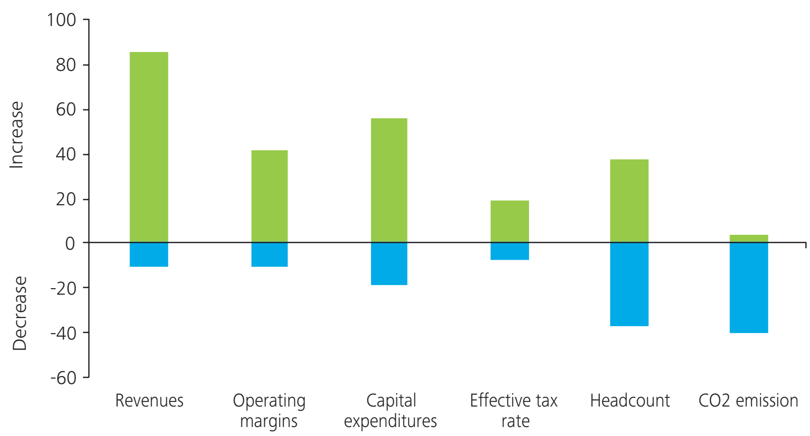
We asked CFOs for their expectation of key metrics in 2015. A large majority of 85 percent expect their companies' revenues to increase in 2015. Especially companies with a global reach and companies dependent on exports to non-Eurozone countries could expect higher sales because of the weak Euro.

About 41 percent of CFOs expect operating margins to improve as well and 56 percent will ramp up investments in 2015.

Some 41 percent of the panellists expect their companies' CO_2 emission to decrease in 2015 as a part of their sustainability strategy.

Chart 3. CFOs' outlook on 2015

Expectation of key metrics for CFOs' company to change in 2015

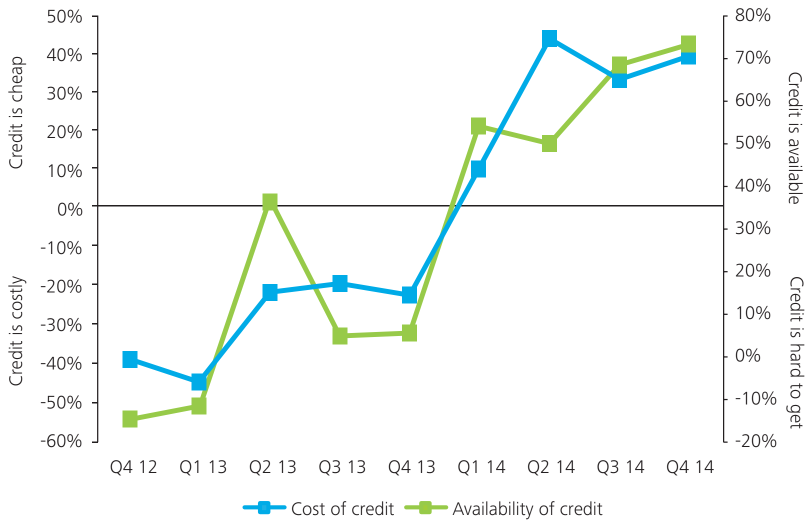


Financing conditions are still easy with credit being perceived as both cheap and available.

Some 72 percent of CFOs indicated that credit is very well available while 38 percent sees credit as cheap.

Chart 4. Cost and availability of credit

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



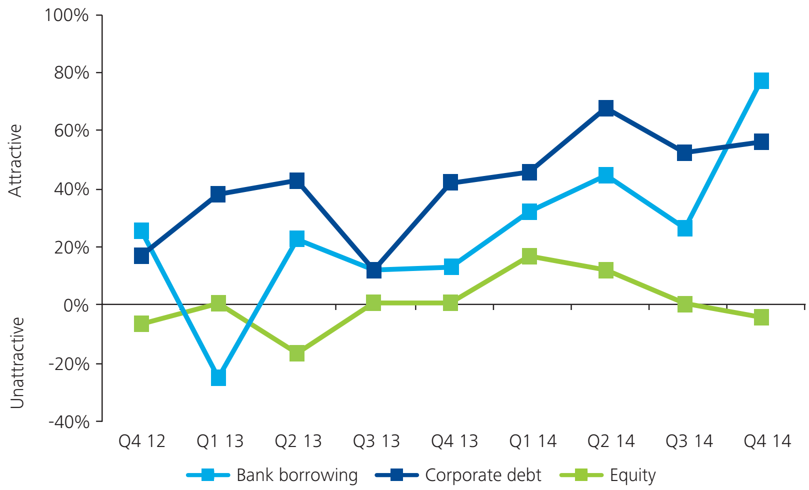
Banking borrowing has taken over corporate debt as the most favoured source of funding.

The attractiveness of bank borrowing increased from 26 percent in the third quarter of 2014 to 76 percent now.

Equity is still seen as unattractive.

Chart 5. Favoured source of corporate funding

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

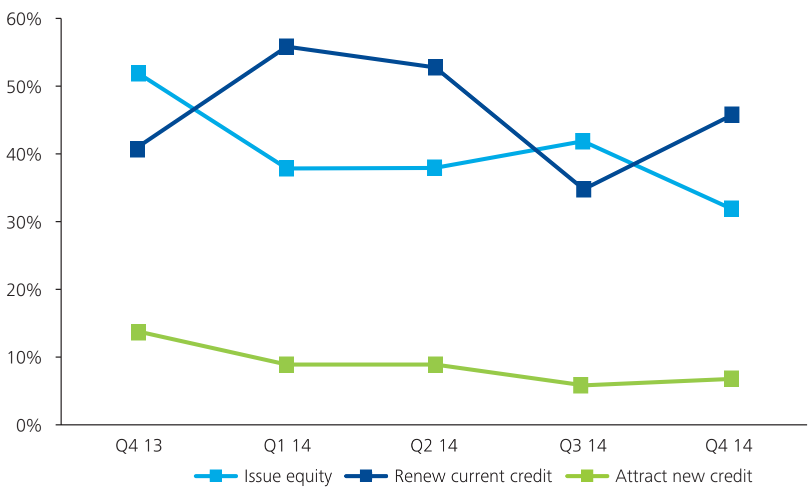


Given the unattractiveness of issuing equity, only 7 percent of CFOs is likely to issue equity.

Almost half of the panellists, 46 percent, is likely to renew current credit while a third intend to attract new credit.

Chart 6. Likely to issue debt/equity?

Percentage of CFOs who are (very) likely to issue debt/equity over the next 12 months



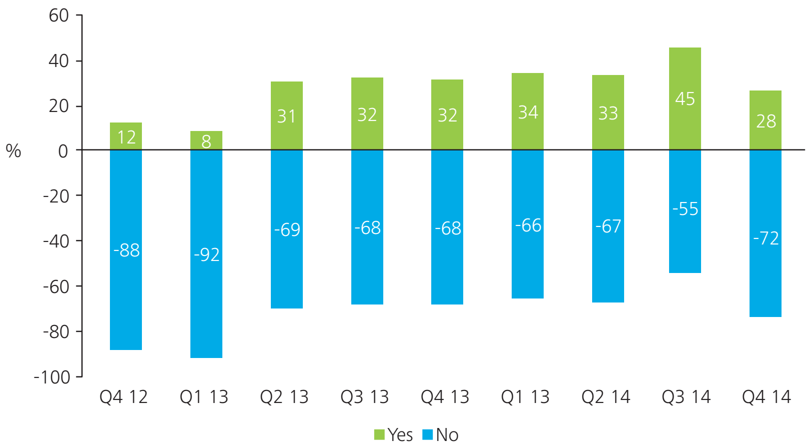
Cash flow and risk

Lower business confidence has fed through to an easing in corporate risk appetite.

The percentage of CFOs who believe that now is a good time to be taking greater balance-sheet-related risks decreased for the first time since the first quarter of 2013 and now stands at 28 percent, which is below the average of 36 percent over the previous four quarters.

Chart 7. Risk appetite

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



We asked CFOs what they see as significant risks to their company's business in 2015.

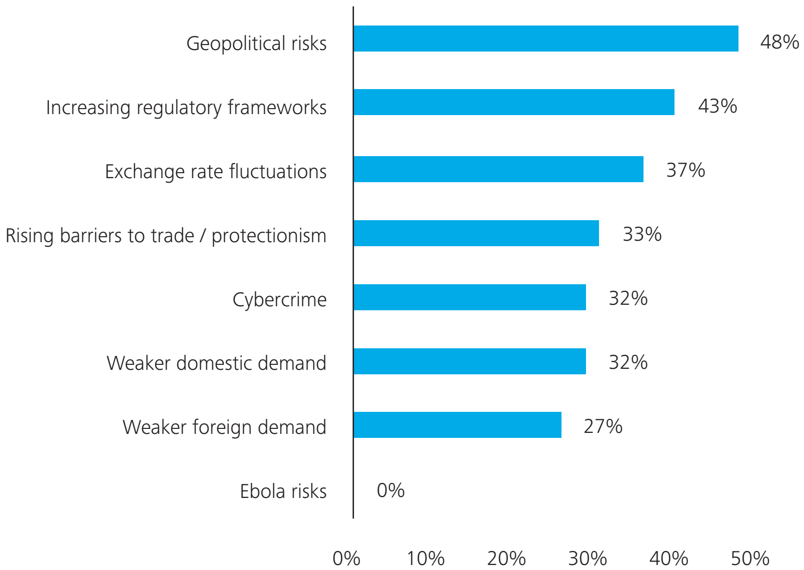
The impact of geopolitical tensions is seen as the factor that will pose most significant risk in 2015, followed by increasing regulatory frameworks, both from a domestic and EU perspective.

Exchange rate fluctuations was mentioned as third greatest risk to business in 2015, followed by rising barriers to trade / protectionism.

There is no CFO who believes that his/her company will be subject to the risks of Ebola.

Chart 8. Most likely risks in 2015

Factors that are likely to pose a significant risk to CFOs' company's business in 2015



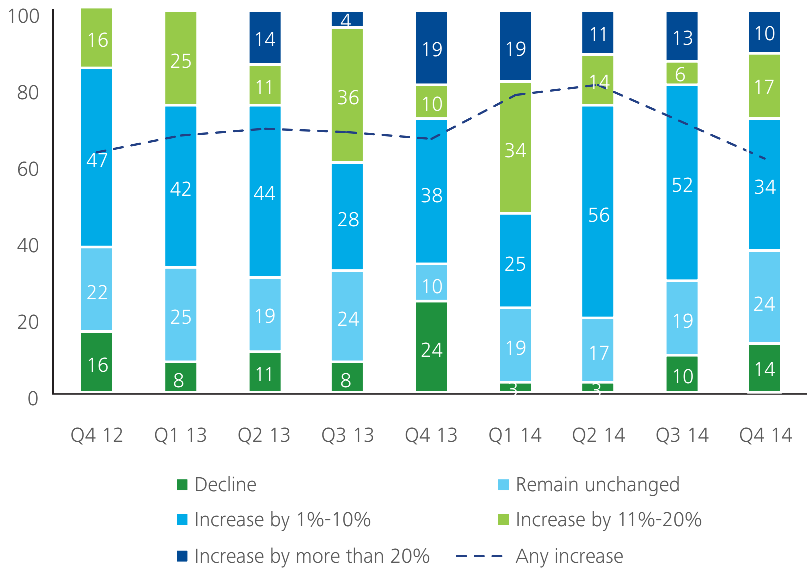
The percentage of CFOs who expect their cash flow to increase, decreased from 71 percent last quarter to 62 percent now.

Almost a quarter expect cash flows to remain the same in the next 12 months.

The number of CFOs expecting a decline in cash flow increased for the third consecutive quarter and now stands at 14 percent.

Chart 9. Change in cash flows over the next 12 months

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



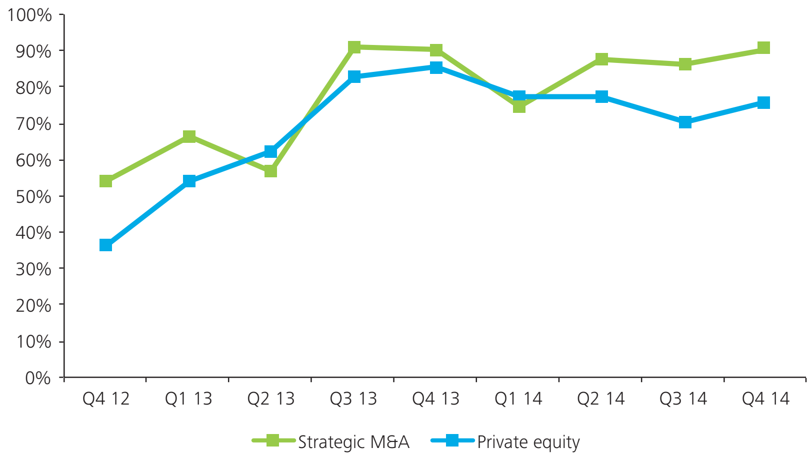
M&A

CFOs remain very optimistic about corporate M&A for the next 12 months and the outlook improved even further. Some 90 percent expect the corporate M&A market to grow in 2015.

The outlook for private equity transactions stood at 76 percent.

Chart 10. M&A outlook

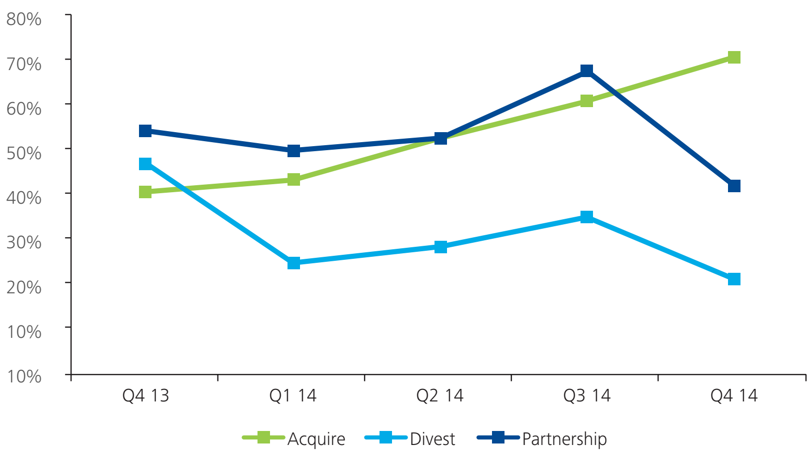
Net percentage of CFOs who expect M&A activity to increase/decrease in the next 12 months



Asked whether their companies will be involved in any M&A transactions over the next 12 months, some 71 percent of CFOs expect their company to complete an acquisition, which is now the most favoured transaction.

Chart 11. Likeliness of M&A activity at a CFO's company

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



A note on methodology

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

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

The 2014 Q4 survey took place between 27 November 2014 and 24 December 2014. A total of 29 corporate CFOs completed our survey, representing a net turnover per company of approximately EUR 1.5 billion. The responding companies can be categorized as follows: less than 100 million (10%), 100-499 million (31%), 500-999 million (14%), 1-4.9 billion (38%), more than 5 billion (3%), and unknown (3%).

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

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