

PRESS RELEASE

CMS Hasche Sigle
Partnerschaft von Rechtsanwälten
und Steuerberatern

Arndt Hellmann
Head of Public & Media Relations

Lennéstraße 7
10785 Berlin

T +49 30 20360 1208

F +49 30 20360 1299

E arndt.hellmann@cms-hs.com

www.cms-hs.com

Date 9 April 2013

Page 1 of 3

Subject CFO Panel

CFO panel surveyed by CMS Hasche Sigle and FINANCE:

Finance chiefs expect economic upturn

Frankfurt/Main – Chief Financial Officers (CFOs) in Germany are looking towards the coming months with greater optimism. Following the gloom caused last autumn by the Euro crisis, finance bosses now expect improved sales and profits, with more investment also in their sights. Those are the key findings of the latest survey of the CFO panel polled regularly by CMS Hasche Sigle and *FINANCE* magazine. Around 100 CFOs of German companies provide anonymous assessments of the market at regular intervals for the survey.

Just 22% now expect the business outlook to deteriorate in the next six months – in the autumn, the figure was one third. For the first time in six months, some participants in the survey even expect prospects to be "very much better". Overall, a good 35% are bullish about the months ahead, compared with just under 30% last autumn. "A major reason for this could be the renewed confidence in the European region due to stabilisation of the larger countries in Southern Europe," comments Dr Christian von Lenthe, partner at CMS Hasche Sigle. "The Cyprus crisis, which flared up after the latest survey, has had hardly any impact, if one looks at recent DAX performance."

Business and investment expectations on the increase

The survey reveals a clear break with the downward trend that dominated the autumn survey. Expectations for sales increased significantly (+5.2%, following +2.1 in autumn 2012), as did earnings (+5.1, following +1.9% in autumn 2012), cash flow (+7.4, compared with +4.2%

before) and net liquidity (+5.7, up from +2.4%). "Companies are catching up on investment that had previously been postponed in order to conserve liquidity in view of the tighter lending restrictions they anticipated," says CMS Hasche Sigle partner Dr Marc Riede. Expectations have improved correspondingly. The panellists believe that investment will rise by 3.8% – six months ago the figure was just 0.7%. Financial liabilities are expected to fall by 2%.

Borrowing remains more popular than bonds

While Controlling retains its top spot in CFOs' ranking of priorities, operational reorganisation has moved up to second place, replacing financing structure. Cost management is still ranked third. "The interbank market is regaining momentum, so improved refinancing options are making the banks more willing to lend," says Riede. More than half of the CFOs surveyed will continue to use relationship bank or club deal loans, 17% will go for syndicated loans and 11% prefer debt notes. None of the respondents is currently planning to use hybrid or high-yield bonds, while hardly any intend to issue a corporate or SME bond. A significant 10% are planning an IPO, and two companies are working on a private placement in the USA. The survey participants have very clear-cut reasons for raising finance: almost half need to refinance in 2013, while around a third are planning investment in organic growth.

More optimistic assessment of market environment

Optimism is also apparent in the general assessment of the market. Almost 50% now view the environment for IPOs as better than in 2012. With regard to M&A, almost half of the respondents likewise believe that the environment is more favourable than last year. More than 20% of the panellists think that major acquisitions are "likely or very likely" within six months. "Acquisition expectations are typically aligned with underlying optimism," says von Lenthe. The CFOs surveyed are currently only really pessimistic with regard to currency risk. Almost 40% expect a worsening environment here, with the figures for interest rates and risk awareness among investors and banks being 12% and somewhat more than 20%, respectively.

More stress and longer working hours

Although sentiment among CFOs in Germany is picking up again, the sustained crisis has left its mark. Subjective stress has now increased substantially: 60% of participants state that they are stressed, 10% more than last autumn; 6% (last year 1%) even feel "extremely stressed". At the same time, working hours have also changed. Fewer CFOs than six months ago now work less than 50 hours per week. Almost 40% of survey respondents now work 55 to 60 hours

each week; last autumn, that only applied to around 35%. There was practically no change in the proportion of those who work more than 70 hours a week. As a consequence, now only approximately two thirds answer the question "In all honesty, would you say that you are enjoying your job at present?" in the affirmative. Almost 20% of survey participants answer "No", and a steadily growing number don't supply an answer. In the first CFO survey in the autumn of 2011, more than 80% said that they enjoyed their work.

Follow us on Twitter: <https://twitter.com/CMSHascheSigle>