



## Findings of the UHY Business Outlook Survey 2009

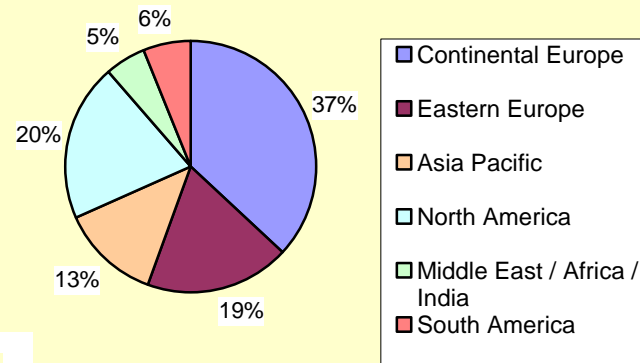
In early January 2009 UHY clients around the world were invited to participate in an on-line survey. The purpose of the survey is to assess the general sentiment of businesses around the world given the current economic climate and as the impact of the credit crunch begins to take hold on many economies.

The survey covers three areas:

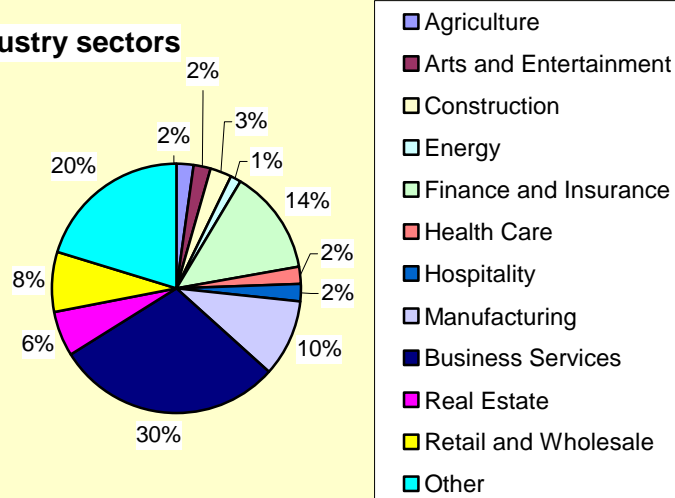
- Confidence levels and business impact
- Compensating opportunities
- Outlook for the future.

The profile of the 156 respondents is illustrated in the following charts:

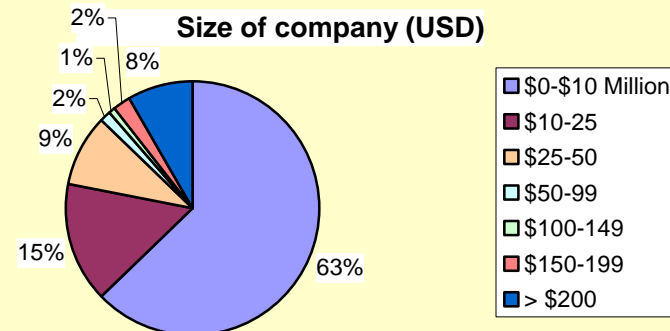
### Headquarter locations



### Industry sectors



### Size of company (USD)



## Summary of findings

Respondents for the UHY Business Outlook survey 2009 come from a mix of business size, sector and location, however 75% are businesses with turnovers of USD 25 million or less, 56% are based in Europe (Continental and East) with 44% from the rest of the world. Business services, manufacturing and finance and insurance are the major sectors represented (30%, 20% and 14% respectively.) Given this respondent profile, it is interesting that the survey findings present a 'business as usual' picture for many - the current economic situation is affecting their business predominantly to only a moderate degree, however some issues are expected to adversely affect them in the future. It is their medium term plans for the future that are being put on hold, although many seem poised to take advantage of market opportunities that may arise due to weakened competition or exceptional talent becoming available. The following points summarise the detailed findings:

### *Confidence levels and business impact*

- Overall respondents seem able to maintain current operations however their confidence in their ability to maintain their future plans for the business is reduced. Therefore achieving revenue projections, maintaining current staff levels and funding capital expenditure and acquisitions seems less likely this year

### *Compensating opportunities*

- Respondents see two key compensating opportunities for their businesses given the current economic climate: with over 60% regarding weakened competition and more easily available talent in the market place. In order to take advantage of these opportunities respondents are most likely to develop and launch new products or services and/or increase sales, however their plans around acquisition or expansion are less likely

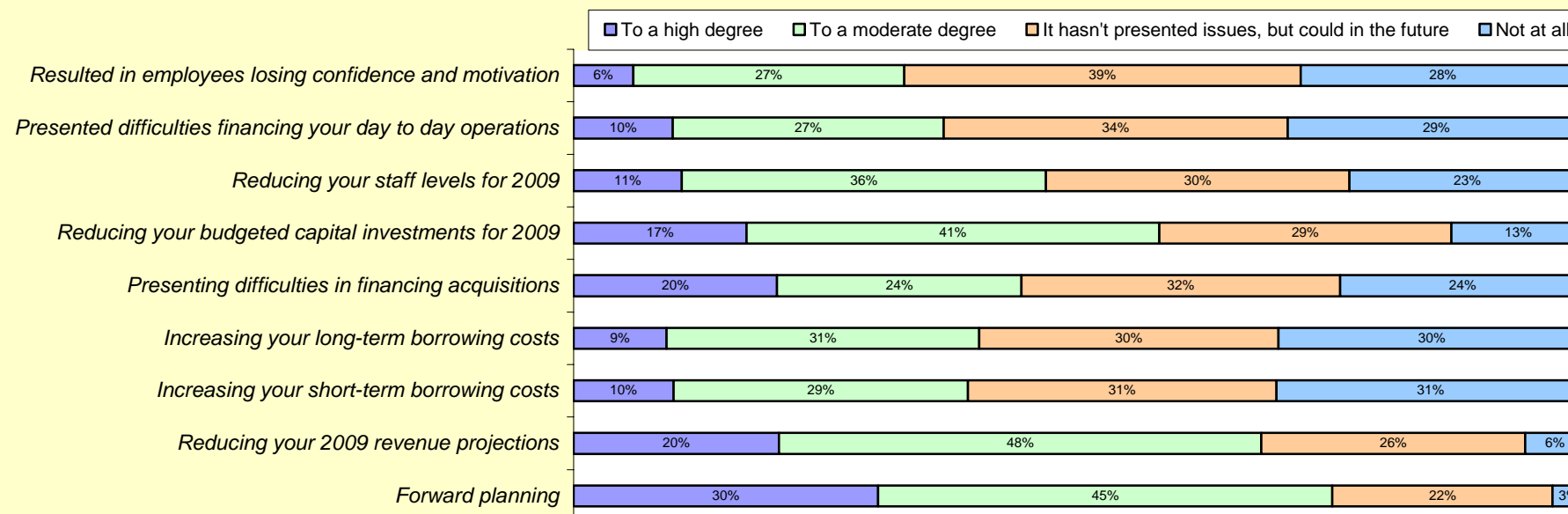
### *Outlook for the future*

- Respondents have split views as to when there will be economic improvement for their countries: 36% are optimistic and expect to see improvement this year, however the majority (48%) do not expect to see improvements until 2010, but 17% are more pessimistic and do not expect improvement until 2011 or beyond
- As seen previously throughout this survey it is the plans for expansion, on this occasion into emerging overseas markets, that are being reconsidered with 31% of respondents rating an expectation to do less this year and only 11% saying they expect to do more.

### Confidence levels and business impact

- Overall respondents seem to be able to maintain current operations however their confidence in their ability to maintain their future plans for the business is reduced therefore achieving revenue projections, maintaining current staff levels and funding capital expenditure and acquisitions seems less likely this year
- There is an even split between respondents (50/50) in response to the extent to which the current economic crisis has affected their businesses. Of the 9 confidence measures considered it is surprising that 50% report no issue at the moment regarding access to operational finance, borrowing (short or long term) or staff motivation, although 30 – 39% of these respondents believe these measures may present issues for them in the future
- Although many respondents do not seem to be adversely affected at present confidence in their forward planning has been adversely affected with 75% reporting a high or moderate degree of affect. This level of uncertainty is expected to have a negative affect on respondents revenue projections with all but 6% confirming reductions in revenue forecasts
- The other major impacts reported are reduced: budgets for capital investments with 50% of respondents reducing this year's budget and 29% anticipating this may change in the future; staff levels for 47% of respondents and a further 30% expect levels may change in the future; finance for acquisitions with 44% reporting difficulties now and 32% expect possible difficulties in the future.

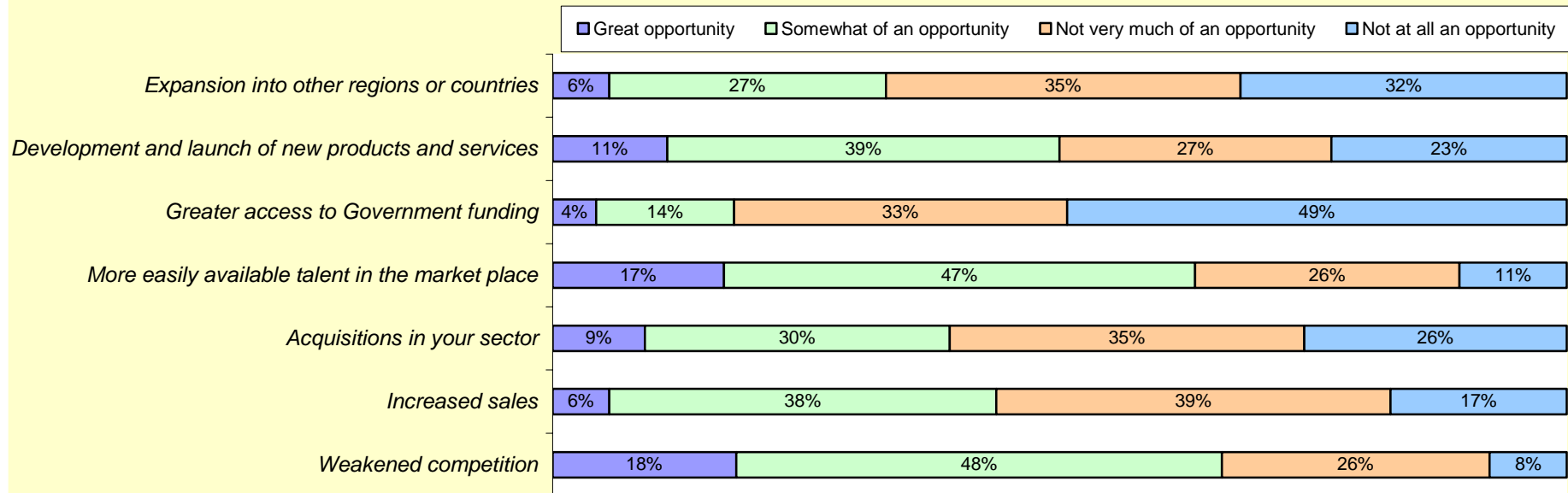
#### To what extent is the current economic crisis presenting issues for your business?



## Compensating opportunities

- Overall respondents see two key compensating opportunities for their businesses given the current economic climate: over 60% regard weakened competition and more easily available talent in the market place as opportunities. To take advantage of these market conditions respondents are most likely to develop and launch new products or services and / or increase sales, however their plans around acquisition or expansion are less likely
- Interestingly given their view of weakened competition many respondents (51%) regard new product or service development / launch as a great / somewhat opportunity, combined with a view from 44% of respondents that there are opportunities to increase sales, the means by which some will take advantage of the diminishing competitive landscape. Although given their confidence level responses; increased sales are not necessarily expected to convert into increased revenues given the general view of reduced projections for 2009
- Acquisitions and expansion into other regions or countries are regarded by 39% and 33% of respondents respectively as presenting opportunities, 61% and 67% seeing little or no opportunity, again reflecting the earlier reduced confidence in future planning for respondents
- Few (28%) regard greater access to Government funding as an opportunity for them.

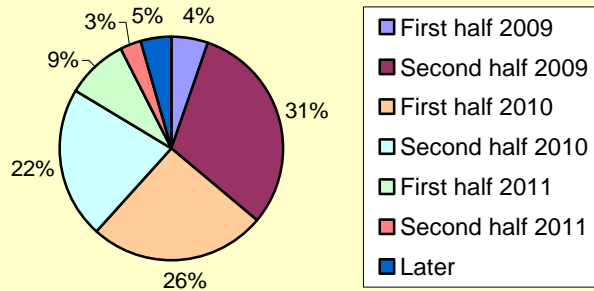
### Are there any compensating opportunities?



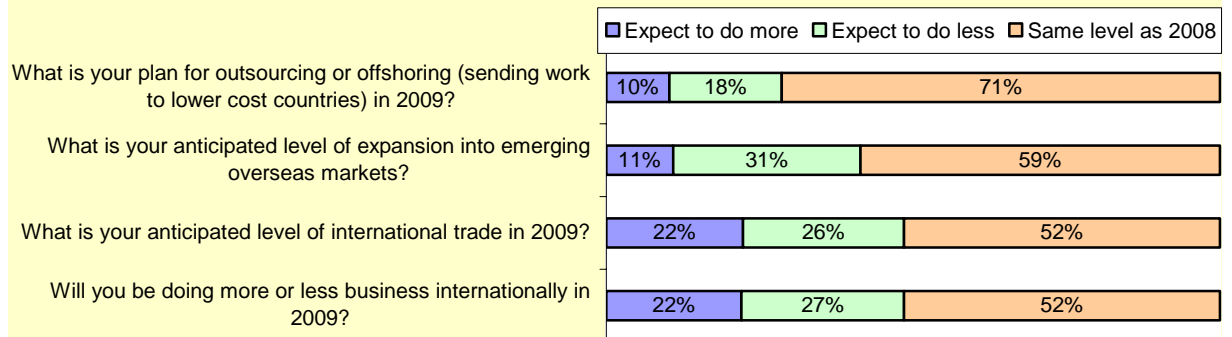
## Outlook for the future

- Respondents have split views as to when there will be economic improvement for their countries: 36% are optimistic and expect to see improvement this year, however the majority (48%) do not expect to see improvements until 2010 but 17% are more pessimistic and do not expect improvement until 2011 and beyond
- When asked about their strategic activities in four specific areas, 52 - 71% of respondents expect these activities to remain at current levels, however in one of two areas some expect to do more or less reflecting higher or lower confidence levels
- Given this general 'laissez faire' approach 22% of respondents expect to increase their level of international trade and business in 2009 (perhaps to compensate for reduced domestic opportunities) however conversely 26% - 27% expect to do less
- Outsourcing and off-shoring plans are set to increase for 10% of respondents but reduce for 18%
- As seen previously through the survey it is the plans for expansion, on this occasion into emerging overseas markets, that are being reconsidered with 31% of respondents rating an expectation to do less this year and only 11% saying they expect to do more.

### When do you believe the improvement in your country's economy will occur for your sector?



### What is your company's situation as it relates to the issues below?



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