



News release

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CEOs say prospects gloomy for global economy

Uncertainty dampens outlook for 2012

But confidence in company revenue growth remains ahead of 2009

DAVOS, SWITZERLAND – 24 January 2012 – Nearly half (48%) of the 1258 CEOs polled worldwide believe the global economy will decline even further in the next 12 months, according to PwC's 15th Annual Global CEO Survey. Just 15% said the global economy will improve during 2012.

The survey results, based on interviews with 1258 CEOs, were released at the World Economic Forum annual meeting in Davos.

However, nearly three times as many CEOs are confident in their own companies' growth prospects for the next 12 months than in the outlook for the global economy, suggesting CEOs believe they have learned how to manage through difficult and volatile economic times.

40% of CEOs said they are 'very confident' of revenue growth for their companies in the next 12 months, down from the 48% last year - though still up from the 31% who were 'very confident' in 2010.

In addition more than half of CEOs worldwide expect to increase headcount in the next 12 months, although the picture changes from sector to sector with hiring much more likely in entertainment and media than elsewhere.

Unsurprisingly, the biggest decline in confidence was in Western Europe. Beset by the sovereign debt crisis, just a quarter of European CEOs said they were very confident of revenue growth, down sharply from nearly 40% last year.



Looking at what is worrying CEOs, 80% of CEOs had some concern about uncertain economic growth, 64% about instability in the capital markets, 66% about government responses to fiscal deficits and debt burden, 58% about exchange rate volatility and 56% about over regulation. And while 56% of CEOs said their company had been financially affected by the sovereign debt crisis in Europe; 45% said they had taken steps to respond.

"CEO confidence is decidedly down as they deal with the aftershocks to the recession. CEOs are disappointed with the course of the global economy and the pace of recovery. The optimism that had been building cautiously since 2008 has begun to recede," said Dennis M. Nally, Chairman of PwC.

Growth opportunities

According to the CEOs, the best strategic growth opportunities in the next 12 months will come from increasing share in existing markets and from developing new products and services, both cited by nearly one third of respondents. New market penetration, 18% and joint ventures and alliances, 10%, trailed as growth strategies. The number of CEOs planning M&A activity remains relatively low with prospects for a recovery in the deals market still looking some way off.

The Talent Challenge

Finding and keeping the right talent remains a top concern for CEOs. Only 30% said they are 'very confident' they will have access to the talent needed to execute their company's strategy, and 43% believe that it has become more difficult to hire workers in their industry. Recruiting and retaining high potential middle managers is the biggest talent challenge, CEOs said, followed by hiring skilled production employees and younger workers.

This challenge cuts across all industries, even those with different talent needs, such as industrial manufacturing and pharmaceuticals.

Time priorities of CEOs

Nearly 70% of CEOs said they wished they could spend more of their own time developing the leadership and talent pipeline in their company, placing it just behind meeting with customers as a priority. Other CEO time priorities included improving efficiency in the organisation, 62%; and setting strategy and managing risk, 54%.

"It's ironic that as the economy struggles, shortages of key personnel are having an impact on the way companies do business," Nally said. *"CEOs say they are having difficulty finding and retaining skilled people in their industries and turnover in emerging markets is high. The problem is expected to become more acute as global demographic patterns change."*

Ends

Notes to editor

Survey Methodology:

For PwC's 15th Annual Global CEO Survey, 1,258 interviews were conducted in 60 countries in the last quarter of 2011. 291 interviews were conducted in Western Europe, 440 in Asia Pacific, 150 in Latin America, 236 in North America, 88 in Central and Eastern Europe, and 53 in the Middle East & Africa. The full survey report with supporting graphics can be downloaded at www.pwc.com/ceosurvey.



PwC's 15th Global CEO Survey was launched at a press conference in Davos on the eve of the World Economic Forum's Annual Meeting. To download broadcast-quality clips from the press conference and other supporting footage, visit <http://press.pwc.com>. To watch the full webcast of the press conference, visit <http://www.pwc.com/davoswebcast>.

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