



Luxembourg

Business

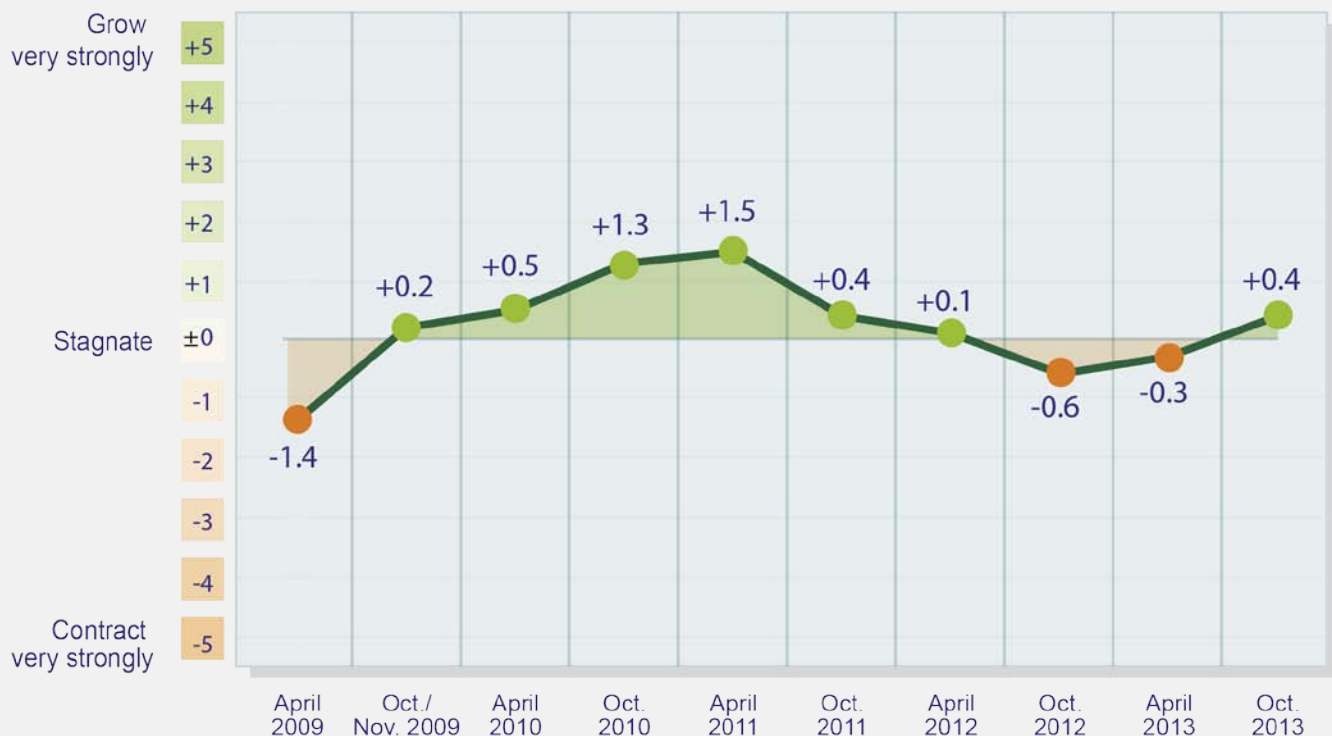
Compass

by KPMG and Luxemburger Wort



Twelve-month outlook for the Luxembourg economy

How do you think the Luxembourg economy will develop over the next 12 months ?



Key messages

- Perceptibly positive outlook in October 2013 for the first time in 2 years.
- Second successive improvement with noticeable jump compared to last year (+1.0).
- While still close to stagnation levels for the 5th successive wave, there are signs of cautious optimism.

Six-month outlook for respondents' companies

How do you expect the following areas or indicators to develop at your Luxembourg company over the next 6 months?



Key messages

- October 2013 volume/turnover outlook positive at 2.1%.
- 1st trend reversal since April 2011.
- Outlook significantly more optimistic than in April 2013.

Six-month outlook for respondents' companies

How do you expect the following areas or indicators will develop at your Luxembourg company over the next 6 months?



Key messages

- October 2013 profitability outlook positive at +0.4%.
- Continuation of trend reversal since October 2012.
- Improvement significant at +1.2% versus April 2013.

Six-month outlook for respondents' companies

How do you expect the following areas or indicators will develop at your Luxembourg company over the next 6 months?



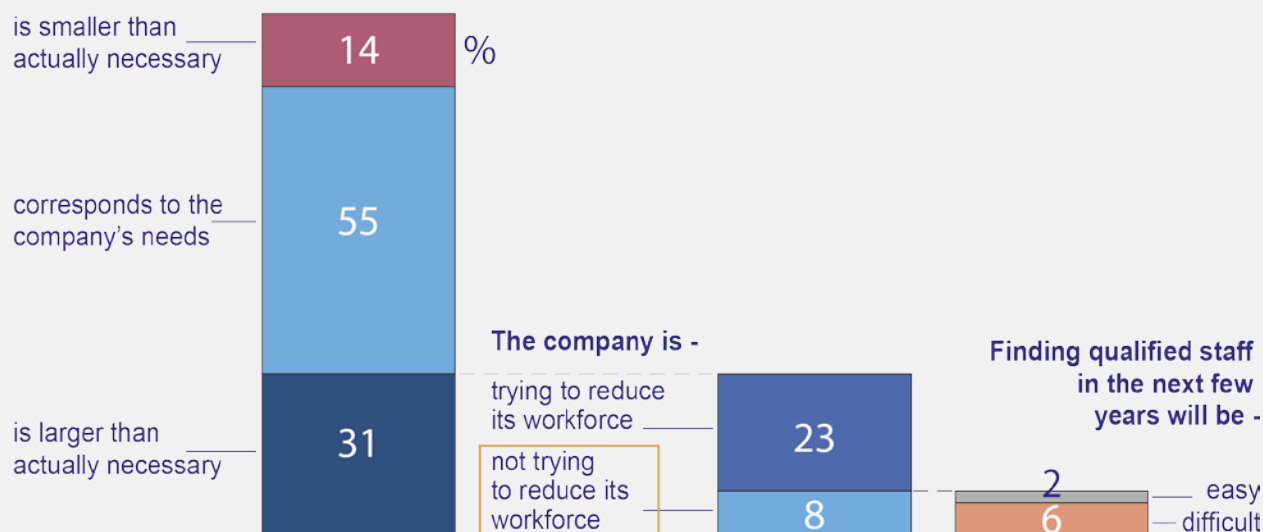
Key messages

- October 2013 employee number outlook slightly negative at -0.3%.
- Slight drop compared to April 2013.
- Overall downward trend since April 2011 continues.
- 37% foresee a stable workforce, 27% are looking to recruit against 36% that are looking to reduce their workforce.

Size of staff versus company needs

Is the size of the staff at you company currently larger than is actually necessary, or smaller, or does the staff size correspond to your current needs?

The size of the company's staff -



Key messages

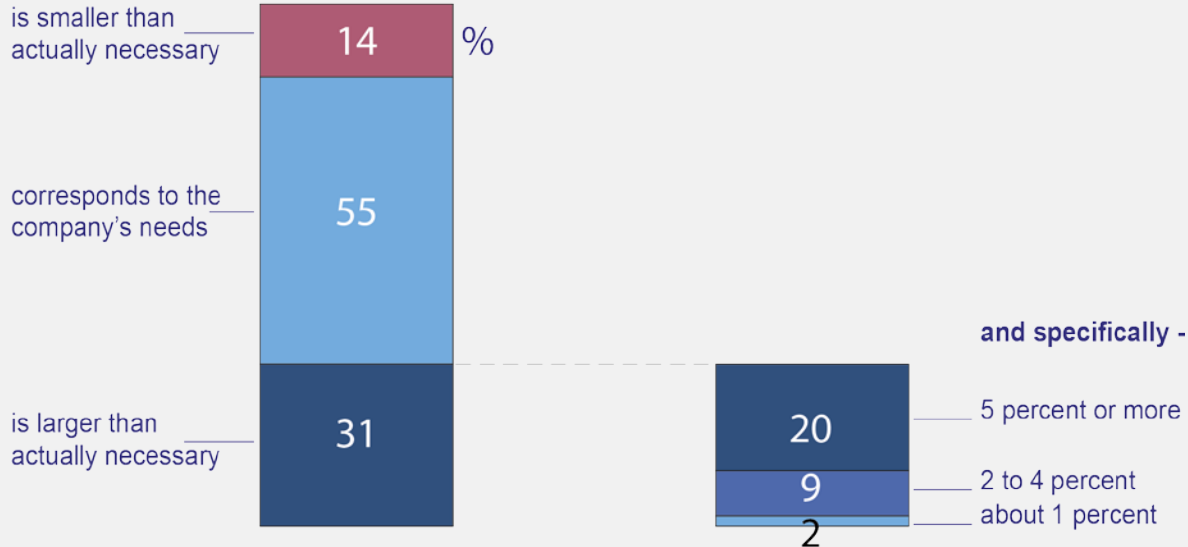
- Limited “hoarding” of staff, despite anticipated skills shortages.
- Among the companies with staff larger than currently necessary, most are trying to reduce the workforce.

Overstaffing

Is the size of the staff at you company currently larger than is actually necessary, or smaller, or does the staff size correspond to your current needs?

If "larger": And about how much larger is your staff than is actually necessary

The size of the company's staff -



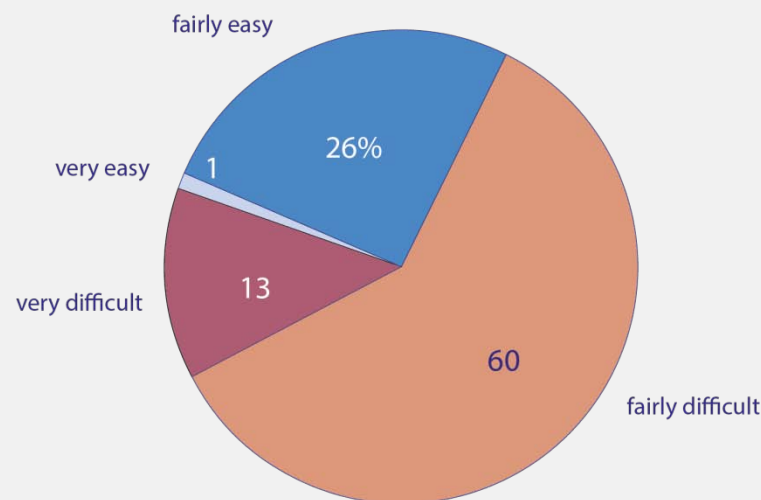
Key messages

- Among the companies with staff larger than currently necessary, most have a workforce that is too big by 5% or more.

Availability of qualified staff

How easy or how difficult do you expect it will be for your company to find qualified staff in the next few years?

Finding qualified staff in the next few years will be –



Key messages

- Almost 75% of respondents anticipate significant difficulties in finding skilled employees.

Six-month outlook for respondents' companies

How do you expect the following areas or indicators will develop at your Luxembourg company over the next 6 months?

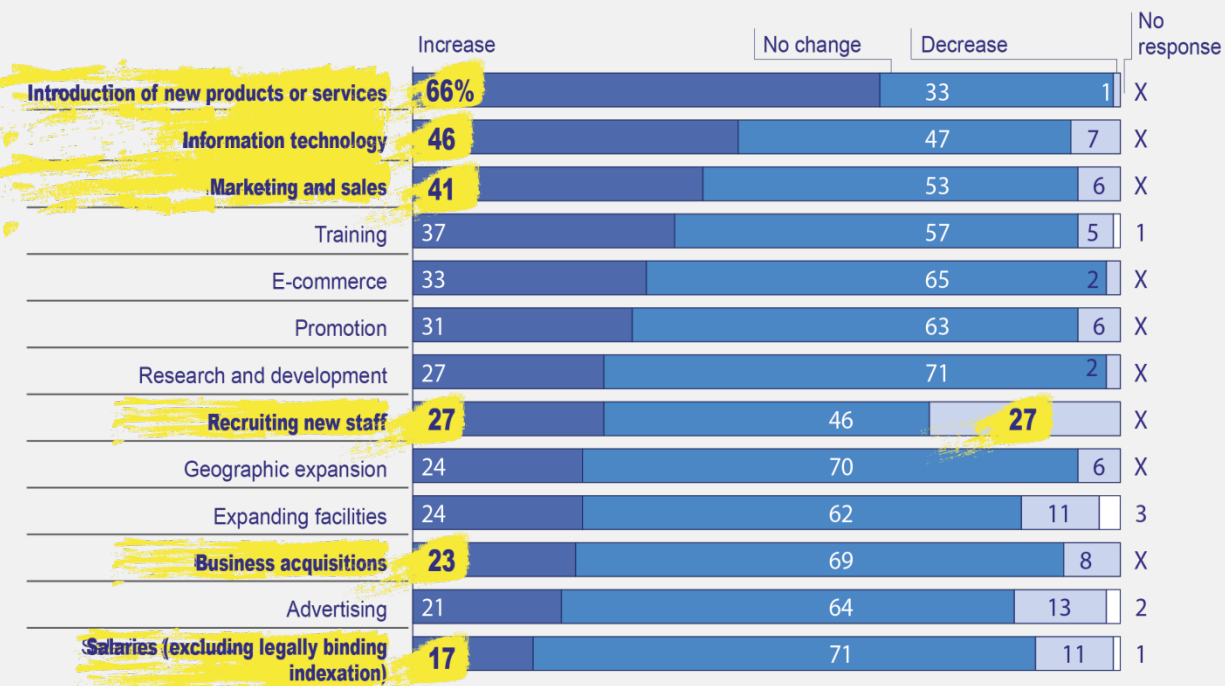


Key messages

- October 2013 investments outlook positive at +2.9%.
- Trend reversal started in April 2013 confirmed.

Planned investments

In which of the following areas will your Luxembourg company increase or reduce its expenditures in the next 6 months?

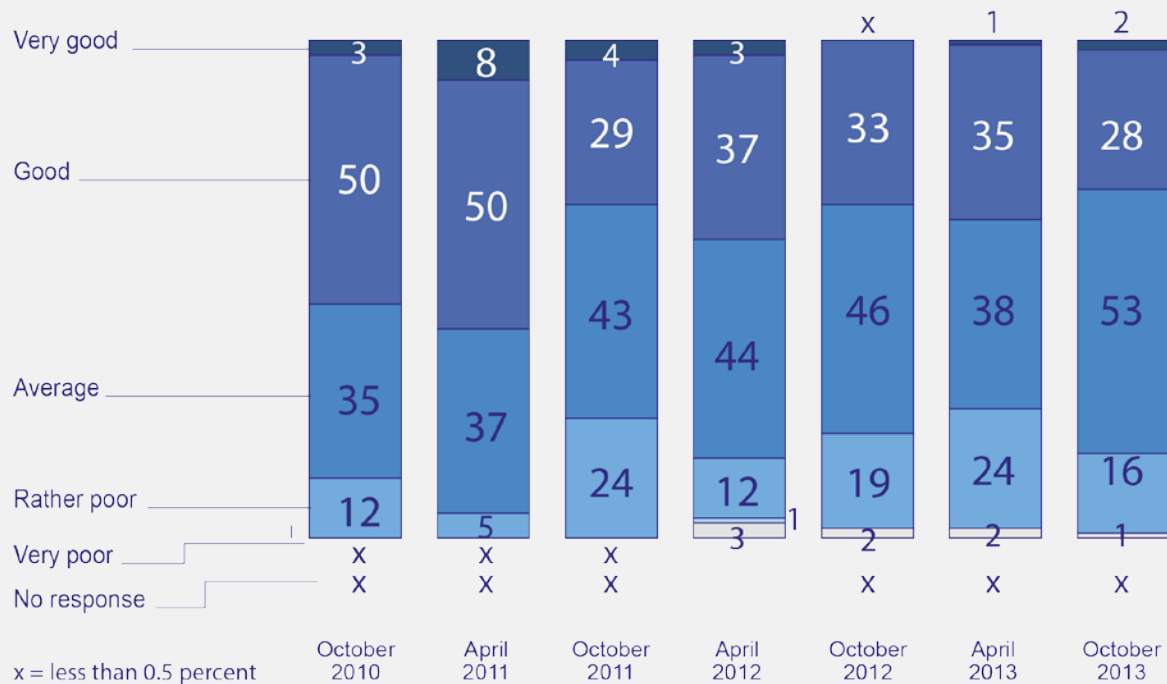


Key messages

- Companies continue to increase budgets in most areas of operations.
- New products and services increased by 10% relative to April 2013.
- IT & salaries increased by 8% relative to April 2013.
- Recruitment evenly balanced.
- Advertising decrease observed in April 2013 now reversed again.

Luxembourg's competitiveness as a business location

How do you assess the competitiveness of Luxembourg as a business location?



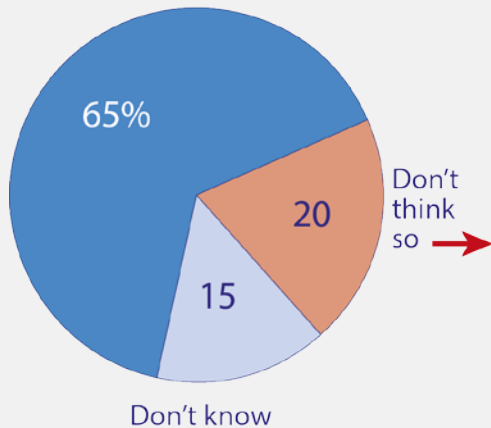
Key messages

- Competitiveness has suffered sustained damage.
- Worsening trend since October 2011.
- “Very good” & “good” now at 30% combined, the lowest since the beginning of the LBC.

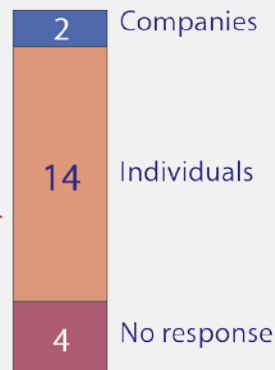
Taxes in Luxembourg

In your opinion, is the tax burden divided fairly between companies and individuals, or don't you think so?

The tax burden is divided fairly

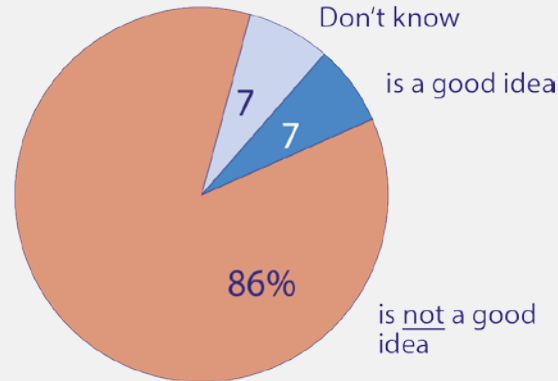


Who is shouldering comparatively too much?



What would you think if the state were to temporarily increase taxes on business in order to finance measures to combat the crisis?

Increasing the taxes on business –



Key messages

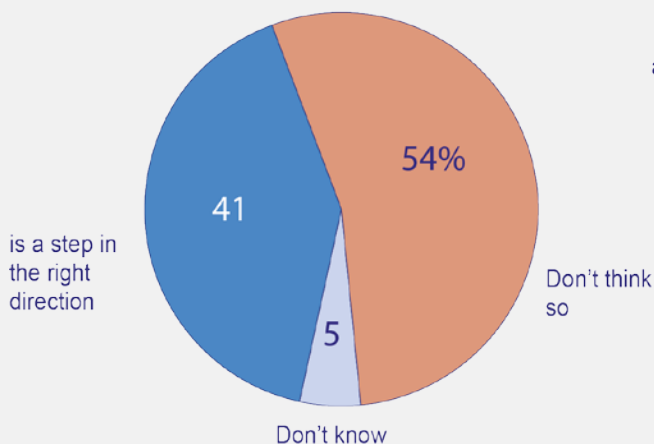
- Perception that the tax burden is fairly divided between companies and individuals.
- For those who perceive an imbalance, it's individuals who shoulder too much comparatively.
- Tax increases widely rejected as a means to combat the crisis.

Value - Added Tax

The government has announced that they are going to increase the value-added tax.

Do you think that is a step in the right direction in order to solve our national budget problems, or don't you think so?

Increasing the value-added tax –

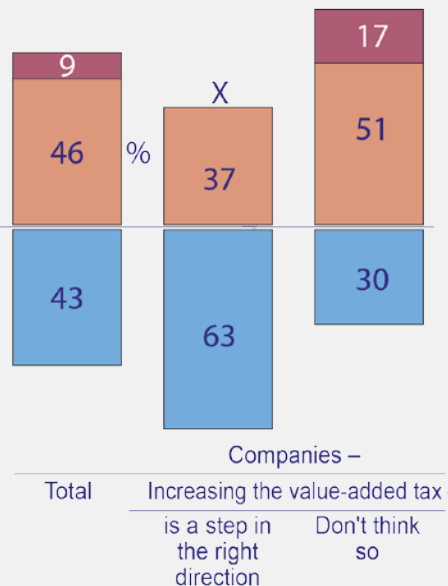


And do you fear that increasing the value-added tax, as announced by the government, will have a negative impact on your company's profits, or don't you expect it will have any impact on your company?

Increasing the value-added tax will have –

a very negative impact on the company's profits
a somewhat negative impact

no impact



Key messages

- VAT increases also mostly rejected as a means to combat the crisis.
- Those against increases fear negative impacts on own company (68%).
- Those in favour of increases see no impact on their company (63%).

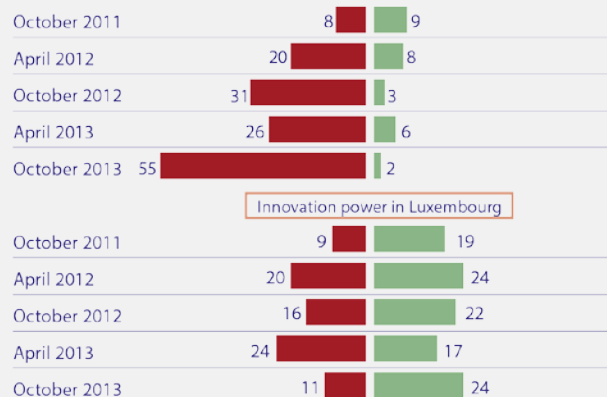
Luxembourg's stability, innovative power / Political agenda

Over the last two years:

- How has the political environment evolved?
- How has the Luxembourg economy's innovative power regarding new products and services evolved?

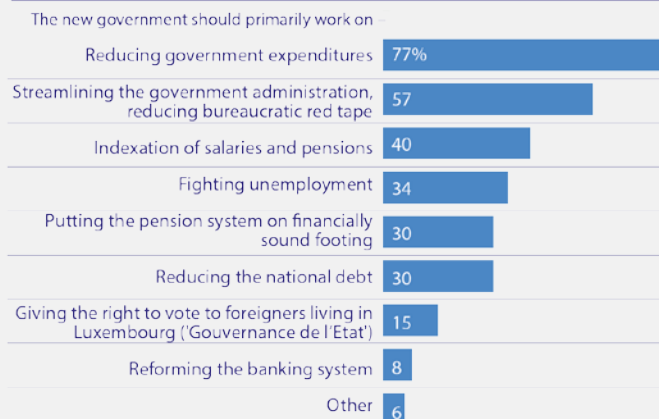
Over the past two years
the situation has –

Gotten worse % Improved



After the election, what should the new government primarily work on, what do you think are the three most important points on the political agenda?

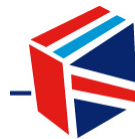
The new government
should primarily work on –



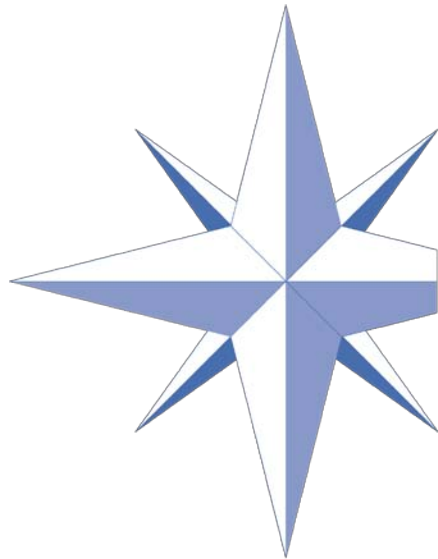
Key messages

- Significant deterioration of the perception of stability and coherence in the political environment.
- Positive trend concerning the Luxembourg economy's innovative power.
- Clear message in favour of reducing government expenditure and reducing bureaucracy.

Thanks to



The British Chamber
of Commerce for Luxembourg



Luxembourg

Business

Compass

by KPMG and Luxemburger Wort