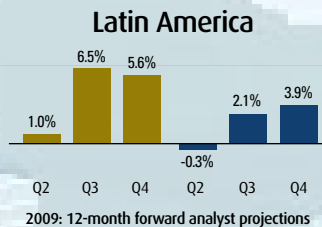
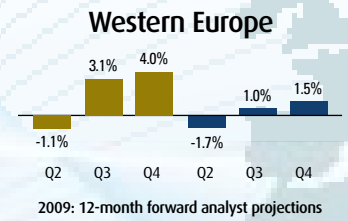
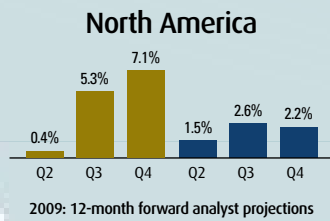


The FTI Global Pulse: Monitoring Changing Economic Expectations

Against a fragile economic backdrop, few are able to agree on what lies ahead. Will the global economy continue its climb out of recession? Or will the world double-dip into more financial woes? New global research from FTI, based on forward-looking global estimates, sheds light on regional economic performance around the world and provides insight into the possible shape of the global recovery.



FTI Global Pulse: At a Glance

The FTI Global Pulse plots changes in 12-month forward analyst forecasts for both EBITDA and sales for the largest 1,050 companies across seven geographic regions. It measures the change in expectations from the beginning to the end of each quarter for the forthcoming 12 months.

Economies around the world remain fragile and difficult choices lie ahead – in particular as to whether the recovery is yet strong enough to allow governments to start addressing the fiscal imbalances built up over the past two years. Will fiscal tightening constrain economic recovery? And will any recovery show

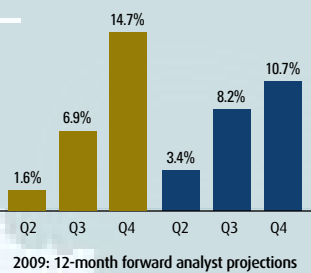
through in corporate earnings?

The FTI Global Pulse picks up consensus forecasts for the largest companies around the world to synthesize what analysts are thinking. It takes a quarterly look at analysts' year-ahead expectations for growth in sales and EBITDA (earnings before interest, tax, depreciation, and amortization – a surrogate for operating cash

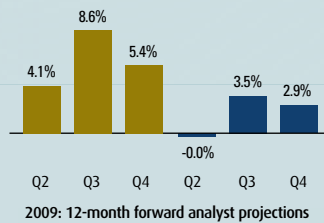
flows), grouped by the companies' main centers of operations. It allows comparisons over time, across regions, and between the top and bottom lines.

We have selected the 1,050 largest companies across seven geographic regions, and aggregated forecasts from tens of thousands of analyst reports and estimates. The result is a consensus view for each region.

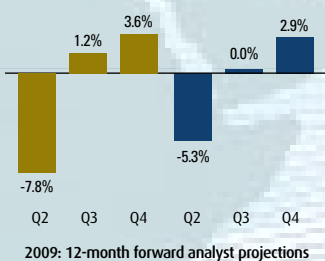
Russia and Eastern Europe



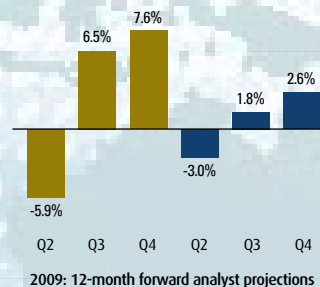
Asia



Africa/Middle East



Australasia



EBITDA: % change in 12-month forward expectations over the quarter

SALES: % change in 12-month forward expectations over the quarter

In most regions, forward estimates of revenue and earnings growth were increasingly positive.

Positive Outlook

The overall story for 2009 is one of recovery of confidence. In most regions, forward estimates of revenue and earnings growth were increasingly positive. Given the importance of confidence – it drives investment and employment – this is welcome news.

Within the regions, only Asia showed any significant weakening in growth expectations, and even there, the outlook remains strongly positive,

with revenue growth expected to be in excess of 5%.

Across the rest of the regions, the prospects for Russia and Eastern Europe are expected to see the most rapid improvement, reflecting a focus on energy and the faster-than-expected recovery in oil prices. Analysts are more optimistic about sales growth in the U.S. and in Australasia than they are about sales growth in Western Europe, and similarly more optimistic about earnings growth.

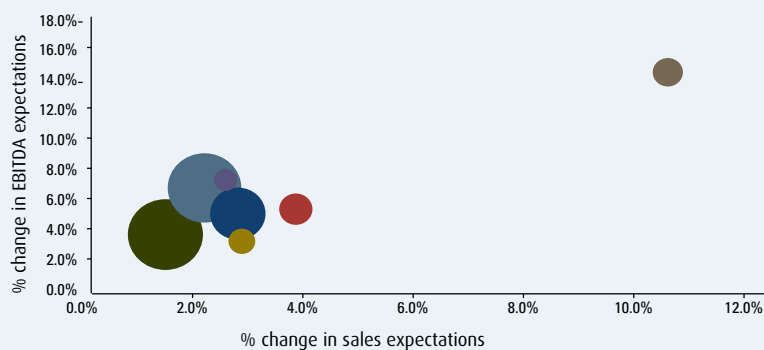
Focus on Costs

Operating earnings – or EBITDA – growth, however, is generally expected to be stronger than sales growth, as shown in the chart below, which captures expectations in Q4 2009. This data point hints at a continuing corporate focus on costs, and suggests that companies are generally recovering sales volumes within their existing capacity (so that costs are not rising as fast as sales).

This in turn suggests that sales growth is more likely to be non-inflationary – at least for the 12 months ahead. ■

Change in Forward 12-Month Analyst Expectations

September – December 2009



- North America
- Western Europe
- Russia and Eastern Europe
- Africa/Middle East
- Latin America
- Australasia
- Asia

Source: FTI

WHAT NEXT?



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The 2009 data that we have modeled shows a broadly based global recovery during 2009, and the expectation of that recovery being sustained over the next 12 months. That, combined with increasing confidence, has to be good news.

The numbers highlight a continued focus on costs. From our perspective, that is very much consistent with the story that our consultants hear in their interactions with boards around the world.

In any recovery, though, the greatest gains go to those who determine earliest when the time to regain confidence has arrived. As the advice goes, the time to buy is when the blood is running in the streets. The FTI Global Pulse – with an indication of improving confidence, and earnings recovery in the largest companies – may help to identify when to switch from a focus on keeping costs under control to a focus on revenue building.

To find out more about the FTI Global Pulse or receive our next analysis, please contact globalpulse@fticonsulting.com