

2024

Business Leaders Outlook

FRANCE

J.P.Morgan

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EXECUTIVE SUMMARY

Economic views holding firm in 2024

French businesses expect growth in 2024, despite inflation and other challenges

Most business leaders across France are optimistic about the national economy—but that optimism is continuing a multiyear decline. According to our 2024 Business Leaders Outlook survey, 51% of executives have a positive outlook about the French economy; last year, 56% were optimistic, and in 2022, it was 60%. Compared to its neighbors, France's optimism levels sit between those in Germany (59%) and the U.K. (43%).

This year 7 in 10 leaders are optimistic about their own industry's performance, and 77% are bullish on their own company's prospects in 2024. Both metrics are relatively stable from last year.

Still, leaders largely expect their businesses to grow. About 78% expect their revenue and sales to increase in 2024, a 10-point increase over the 68% who predicted early last year that their sales in 2023 would improve over 2022's performance.

As inflation continued, 73% of French business leaders report costs of business are rising—compared to 56% who said the same last year.

Labor, uncertain economic conditions, cybersecurity and fraud and rising interest rates are the dominant concerns cited in this year's survey.

And as artificial intelligence and machine learning have entered the mainstream, midsize businesses suggest they are already exploring the powerful new technology. A solid 80% of companies are using or considering AI tools.

Economic outlook for 2024

Optimistic Neutral Pessimistic

Global economy



Optimistic - 54%, Neutral - 21%, Pessimistic - 25%

National economy



Optimistic - 51%, Neutral - 20%, Pessimistic - 29%

Industry performance



Optimistic - 70%, Neutral - 17%, Pessimistic - 13%

Company performance

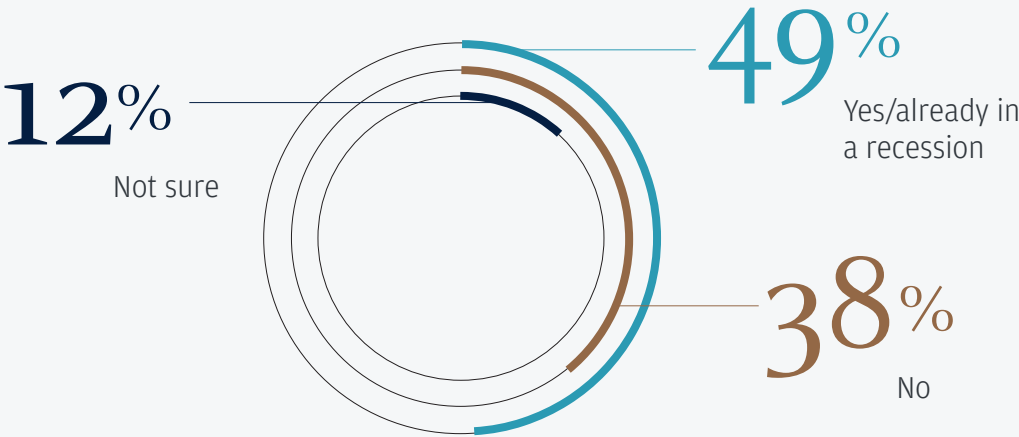


Optimistic - 77%, Neutral - 14%, Pessimistic - 9%

Economic outlook and expectations

As the European Central Bank and other monetary policymakers worldwide aim for a soft landing in 2024, just under half of French business leaders expect a recession in 2024—a smaller share than in early 2023, when 53% predicted a recession last year.

Recession expectations

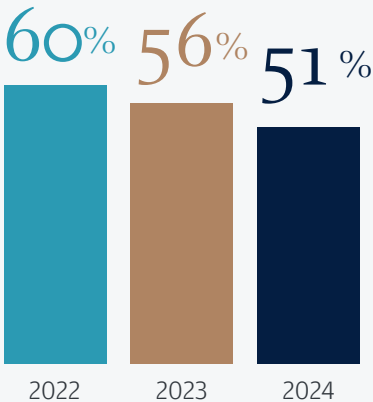


Optimism prevailing with steady decline

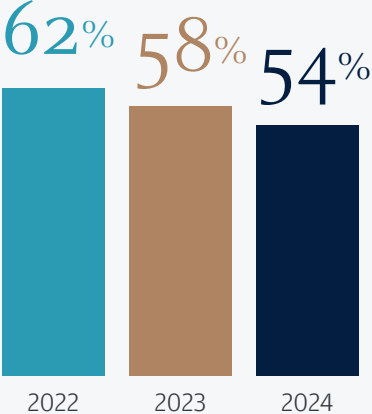
French business leaders are still mostly optimistic about the French economy and the broader global economy, but the optimism has declined a few points each year since we began surveying French leaders in 2022.

National and global optimism

National economy



Global economy

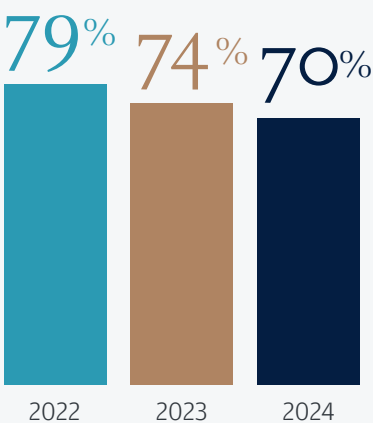


Home-field advantage

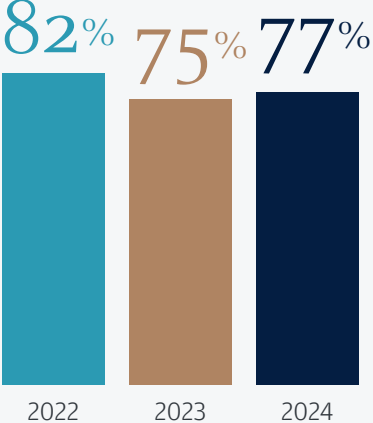
French business leaders remain more upbeat on their respective industries and companies than the greater economy. It's a pattern we've observed across the years of Business Leaders Outlook surveys in each country we survey.

Optimism toward industry performance and company performance

Industry performance



Company performance



More earning, more spending and more borrowing

Most respondents expect revenue/sales and profits to increase in 2024, by an 10-point margin over last year’s survey. Capital expenditures and credit needs will also increase this year, most surveyed leaders said.

As French business leaders expect growth in the year ahead, they’re positioning themselves through strategic financing. Bank lines of credit were reported as the most popular type of financing, with 62% of businesses currently using these facilities, up 14 points from 2023.

The next most common financing option currently used is equipment financing (50%), closely followed by private placement debt or equity (45%), asset-based financing (44%) and commercial real estate (43%).

Business expectations

■ Increase ■ Remain the same ■ Decrease

Revenue/sales



Increase - 78%, Remain the same - 16%, Decrease - 6%

Profits



Increase - 66%, Remain the same - 26%, Decrease - 8%

Capital expenditures



Increase - 59%, Remain the same - 30%, Decrease - 11%

Credit needs



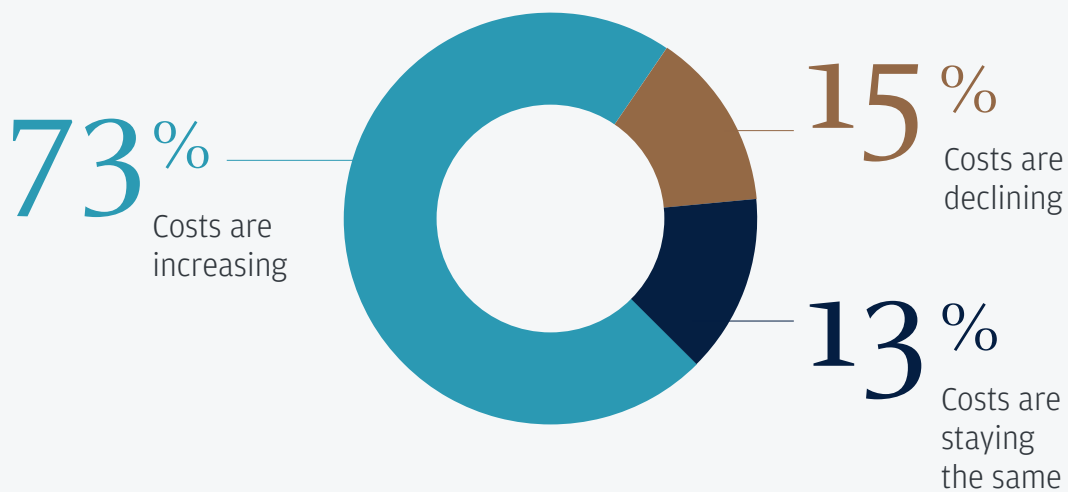
Increase - 56%, Remain the same - 34%, Decrease - 10%



But challenges remain

More than 7 in 10 (73%) French business leaders said costs are rising for their business—a 17-point uptick from last year. Higher interest rates, continued economic uncertainty and increased cyber risks are defining factors for many businesses as they assess challenges in 2024. But the most common concern among leaders is labor: One-third of respondents (33%) cited hiring talent, addressing worker shortages, recruitment and retention as one of their three biggest challenges of the year.

How costs of business are changing



Largest challenges for companies

33%

Labor
(including shortages,
retaining, recruiting
and hiring talent)

30%

Uncertain
economic
conditions

26%

Cybersecurity
and fraud
concerns

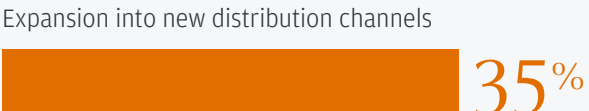
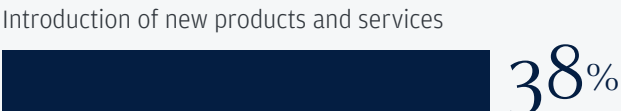
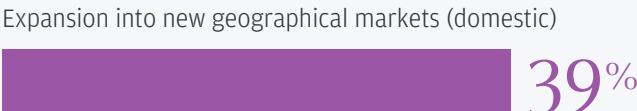
26%

Rising
interest rates

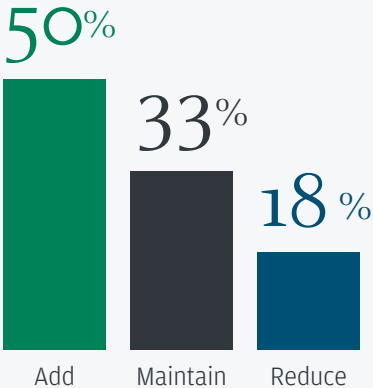
Future business plans may mitigate challenges

As leaders enter 2024 mindful of the competing market dynamics that could impact their businesses, their plans reflect the variety of levers they can pull to support sustained growth.

Growth strategies for the next 12 months



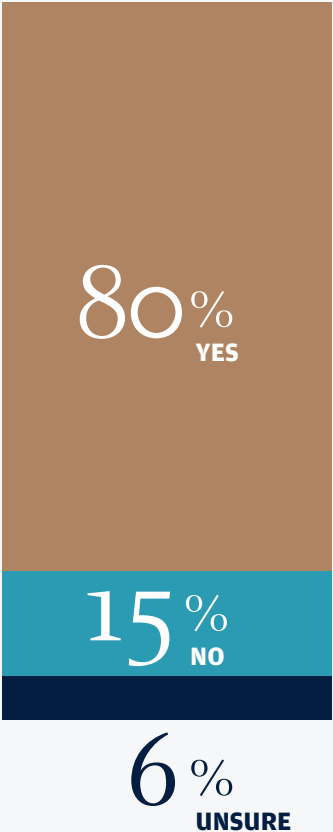
Employee headcount plans



The Age of AI has arrived

With the public debut of ChatGPT and other similar large language models, we've witnessed one of the fastest mass adoptions of new technology ever. The survey data makes that clear, where 80% of French leaders say they are already using or plan to use artificial intelligence (AI) tools. Even as the full powers—and risks—associated with AI are being discovered, companies are already well underway in exploring ways to apply these technological advances in their organizations.

Use of AI tools like ChatGPT, virtual assistants and chatbots



Areas of AI applications*



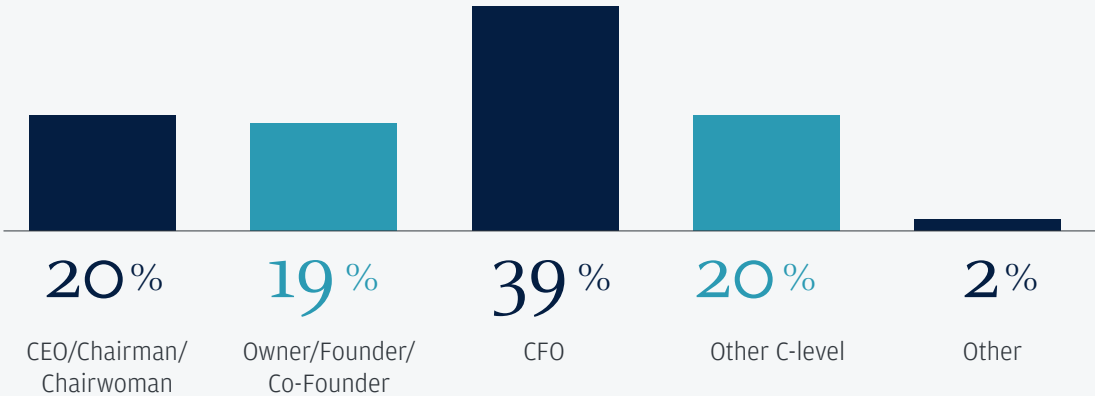
*Among companies who said they currently use or plan to use AI tools

About the survey

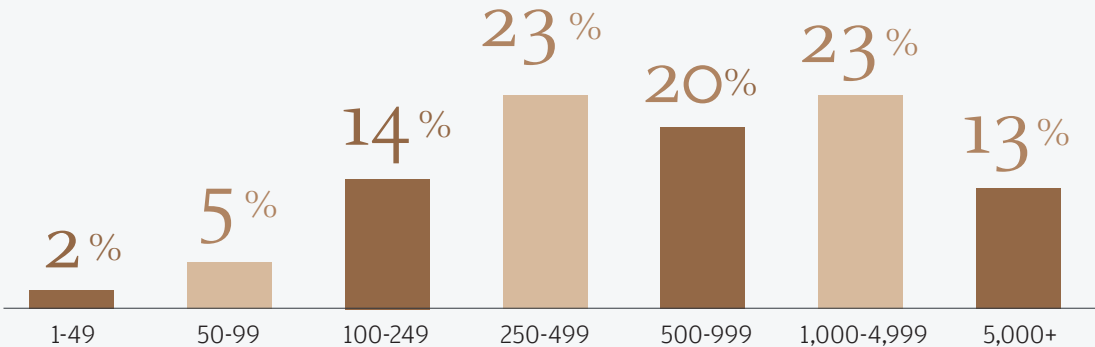
In its third year, the annual France Business Leaders Outlook survey is a snapshot capturing the concerns and expectations of senior business leaders at midsize companies with annual revenues generally ranging from €20 million and €2 billion.

This year, 261 respondents completed the online survey between November 16 and December 13, 2023. Results are within statistical parameters for validity; the error rate is plus or minus 6.0% at the 95% confidence interval.

Who took the survey



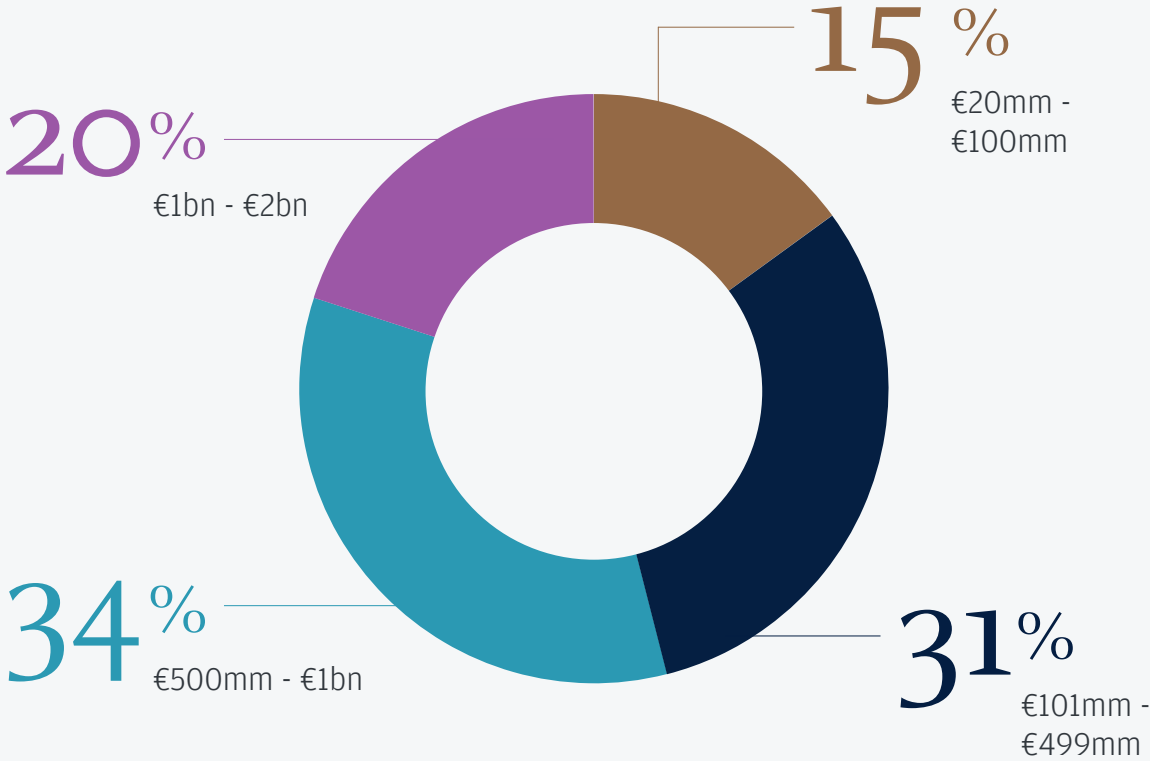
Company size by number of employees



About the survey

(Continued from the previous page)

Company size by annual revenue



Our experts



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