

The CFO Programme  
2024 Central Europe  
CFO Survey

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# Introduction

It is once again a great privilege for me to introduce the Deloitte Central Europe CFO Report, based on the findings of a survey undertaken late last year among more than 500 of our region's Chief Financial Officers.

Once again, in this 16th edition we have asked a wide range of questions designed to reveal an overview of our respondents' plans and concerns for the future, as well as the key threats, opportunities and priorities they identify, their risk appetite and the factors they regard as essential for success.

CFOs are very well placed to make such judgments. They have a uniquely privileged perspective over the region's economic and business landscape, meaning their views are a reliable indicator of how companies across CE perceive the economic environment, how they plan to respond to the trends they identify, and how they expect their own companies to perform in the near and intermediate future. This year's report, as you will see, has a clear story

to tell, based around the massive 32-point positive swing in this year's CFO Confidence Index from -15 in 2023 to +17 this time – the highest score recorded in any year from 2020 onwards.

Of course, last year was an exceptional moment in the history of business confidence, with the continuing economic grip of the COVID-19 pandemic coinciding with a very serious geopolitical situation. This year, although CFOs continue to see uncertainty as the new normal and do not believe this is the right time to take any unnecessary risks, they are broadly positive about investment, expect unemployment to fall, and believe their financial outlook is brightening. In other words, while they do anticipate further rises in CPI inflation that will fuel rises in the costs of doing business, CFOs are confident that the

conditions for expansion are making a return. This in turn paints a picture of an increasingly dynamic environment in which ongoing cost pressures are not enough to suppress companies' determination to prioritise growth over cost reduction.

The positive shift in sentiment that this year's report charts is broad, with marked improvements in sentiment across multiple areas including general economic conditions, as well as the specific companies and industries that our CFOs represent. So company growth prospects are largely positive, with more than a third (36%) of respondents feeling more optimistic than six months previously, while some specific sectors (including Life Sciences and Technology, Media, Telecommunications) are widely expected to enjoy dynamic growth throughout 2024.

All this positive sentiment is partly balanced by widespread expectations of rising labour costs during the year. That said, the 2024 edition of the Deloitte Central Europe CFO Report represents a significant lightening of the mood across our region's business landscape. While caution is quite understandably a dominant

feature of our participants' response, it is tinged with optimism. And it is encouraging to see across our region, embracing those countries in the EU and the eurozone, a focus on growth that's tempered with careful risk assessment and a strategic approach to cost management.

I very much hope that you find the views of these key individuals from across our region bring an interesting new dynamic to your outlook that triggers fresh thinking and debate with your peers. Please feel welcome to contact the Deloitte leadership team in your country to discuss any specific aspects of the report that particularly interest you.



**FERENC PÓCZAK**  
CFO Programme Leader, Deloitte CE

# Methodology

The 2024 edition of the Deloitte Central Europe CFO Survey was conducted between October and December 2023.

When we use the term 'Eurozone' in the charts and infographics throughout this report, this refers to those countries in the Central Europe (CE) region that have adopted the Euro as their currency. Additionally, when we use the term 'EU', this refers to EU member states in the CE region.

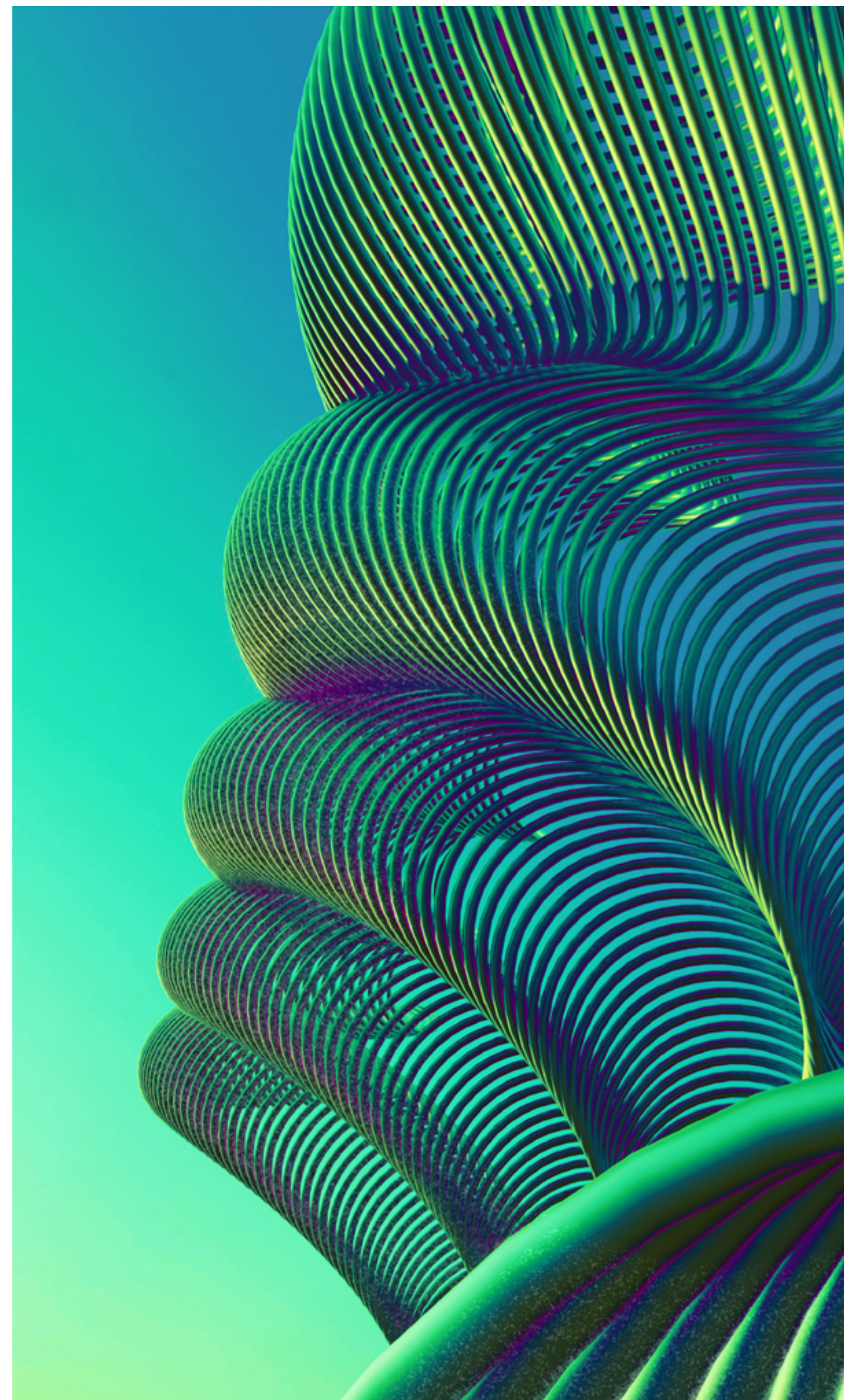
Some of the charts in the report present results as an index value (*net balance*). We have calculated this by subtracting the percentage of respondents giving a negative response from the percentage giving a positive response. We regard responses that are neither positive nor negative as being neutral.

As a result of rounding calculations up or down, responses to the questions covered in this report may not always add up to 100.

The Deloitte Central Europe CFO Confidence Index consists of three sub-indices that reflect CFOs' levels of optimism (or otherwise) across three key areas:

- **Economic processes** (the Economy Confidence Index): based on questions about economic growth, unemployment and the Consumer Price Index (CPI);
- **Business environment** (the Business Environment Confidence Index): addressing issues around uncertainty, risk, operational expenses, the relative attractiveness of various sources of funding, and opinions about the M&A market;
- **Company performance prospects** (the Company Perspective Index): looking at factors concerning companies' future performance, their financial position (revenue, debt-servicing capabilities, capital expenditure and margins) and predicted level of gearing and employee numbers.

The sub-indices are a net balance of average positive and negative answers that we have derived from selected questions asked in the survey. The main index is a mean of the sub-indices and assumes values between (-)100 and (+)100. These range from the most pessimistic (-)100 to the most optimistic (+)100 answers.



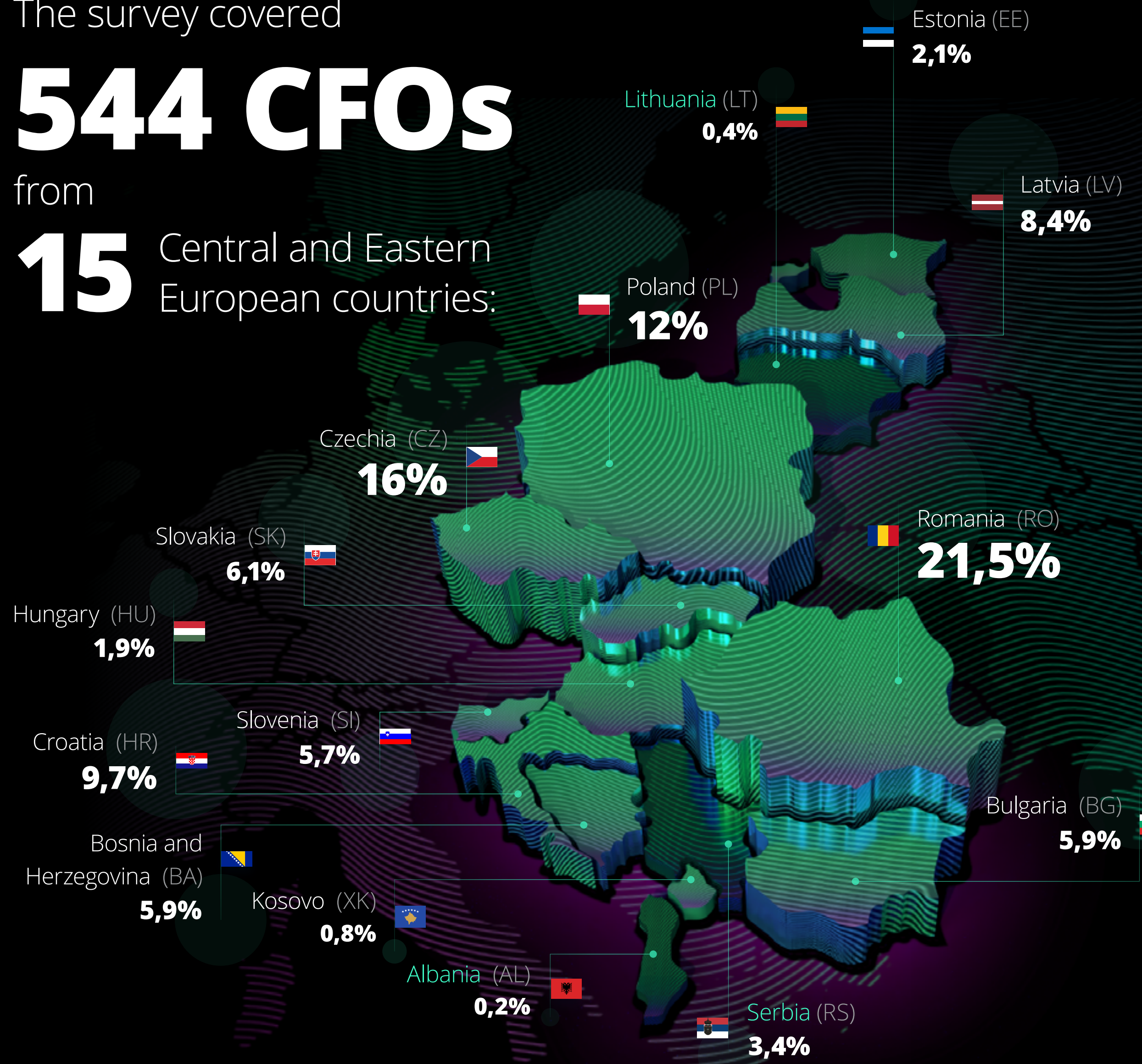
The survey covered

# 544 CFOs

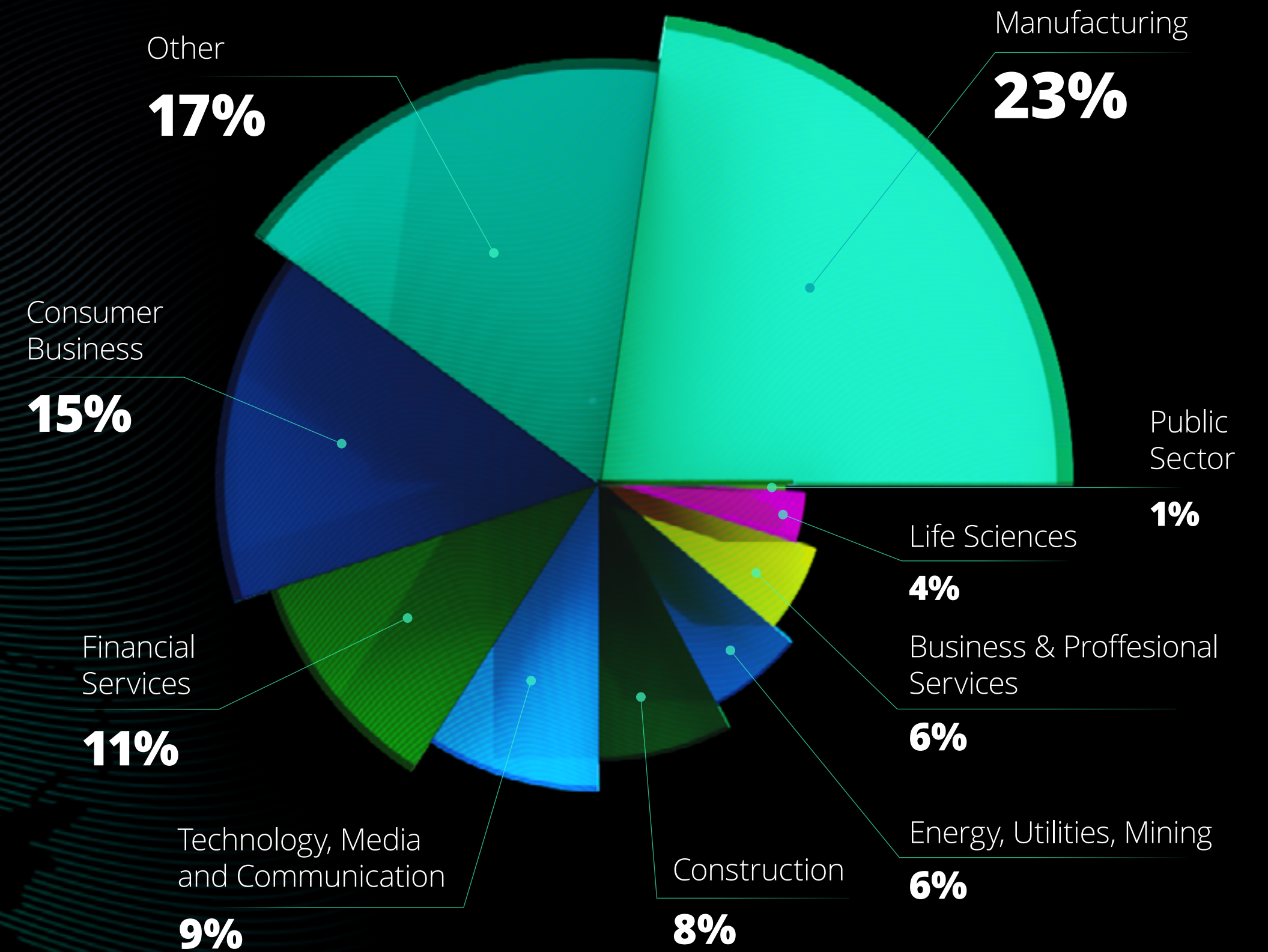
from

# 15

Central and Eastern European countries:



Survey involved **10** economic sectors:



Please note that due to the limited number of responses from **Albania**, **Lithuania** and **Kosovo**, we have excluded these countries from the cross-country analyses. Also, we have not included the Public Sector in the cross-sector analysis. However, not all the respondents answered questions relating to the sector in which they operate.

# 1. CFO Confidence Index

## Business environment drives economic upturn.

The index of evaluations by CE CFOs shows a marked improvement in expectations, both in terms of general economic conditions and the outlook for specific industries and companies.

The overall assessment index, after falling to the exceptionally low value of -15 points in last year's survey, has risen to a value not seen since the pandemic, reaching as high as 17 points. This assessment was most influenced by the Business Environment Confidence Index, which, in stark contrast to previous years, was exceptionally high.

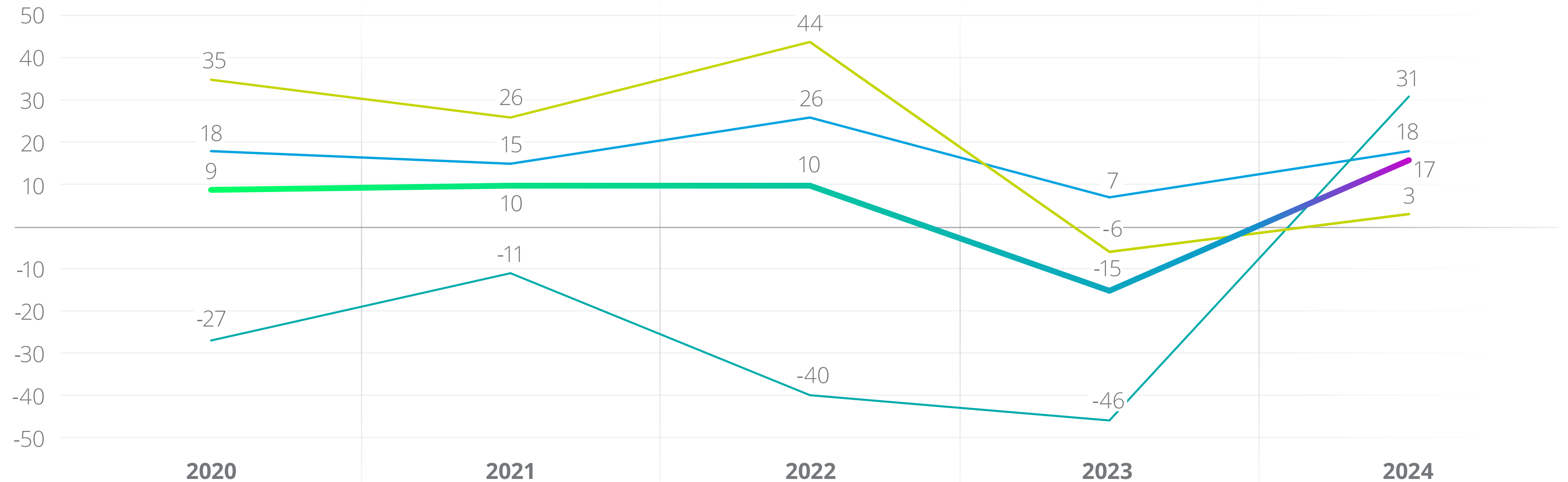
This time not only is it characterised by positive values: it has increased by an extraordinary 77 points. The least positive ratings were to be found in the Economy Confidence Index, where negative assessments of the economy and macroeconomic indicators prevail. It reflects the general condition of the economy and how it is perceived by senior finance managers.

The Company Perspective outlook has a positive rating – as in recent years, and has risen significantly from last year's low point.

### Key

- Economy Confidence Index
- CFO Confidence Index
- Company Perspective Index
- Business Environment Confidence Index

### CFO Confidence Index



## 2. Economic outlook

**0.33%** → **1.1%**

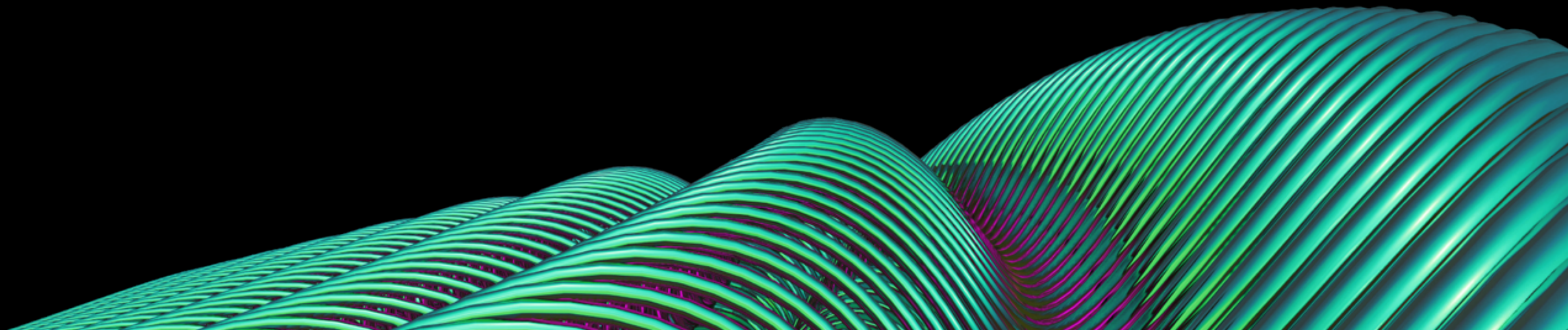
The average level  
**of GDP growth**  
in the CE region: **1.1%**,  
up from 0.33% last year.

**68%** → **38%**

The share of surveyed CFOs  
**expecting unemployment**  
to increase in 2024: **38%**,  
down from 68% in 2023.

**70%** → **57%**

The share of surveyed **CFOs**  
**expecting CPI to increase**  
in 2024: **57%**,  
down from 70% in 2023.





QUESTION 1:

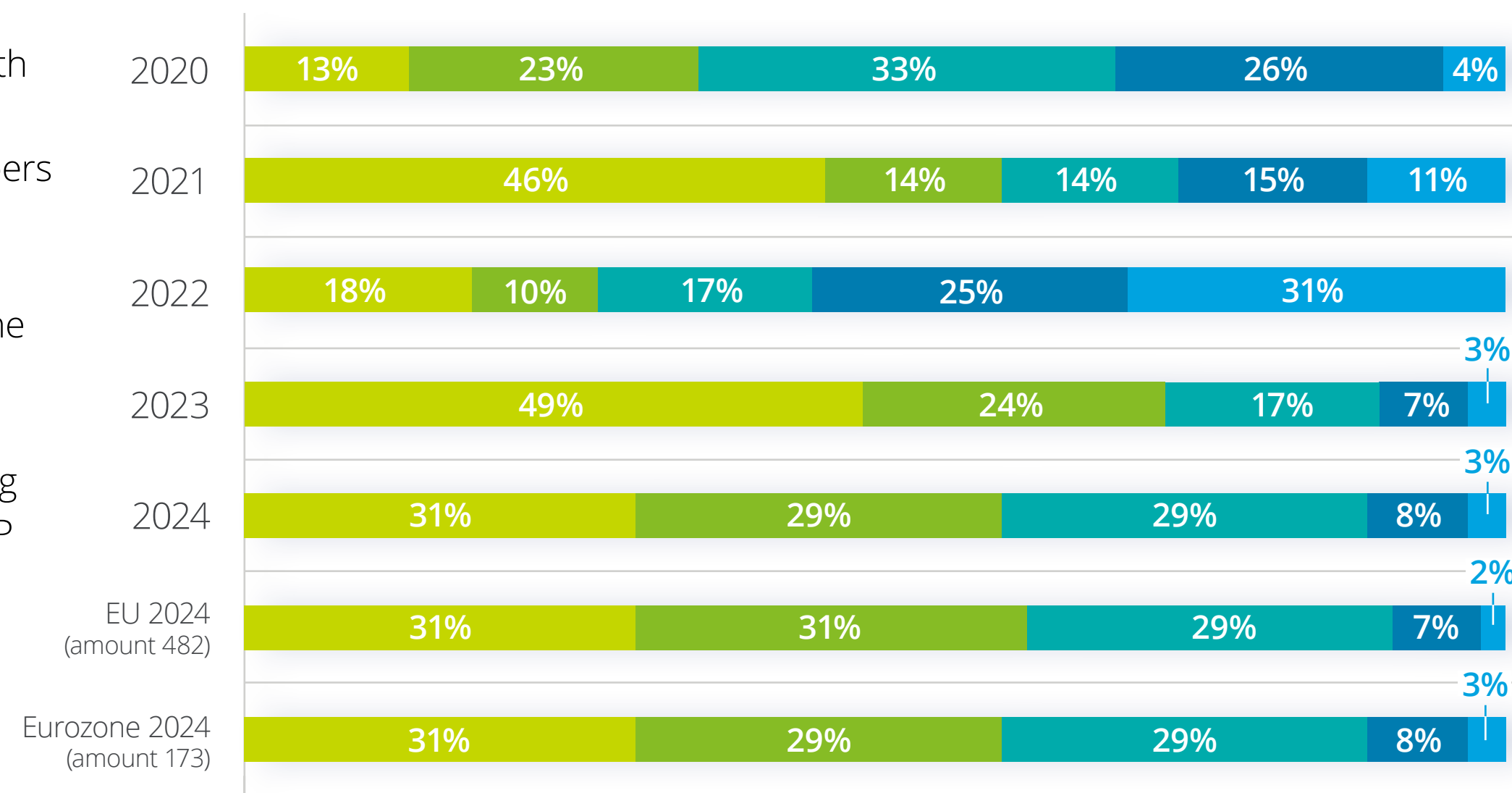
What is your expectation for the country's economic GDP growth in 2024?

# CFO are slightly more optimistic about the GDP growth than a year ago.

The expected rate of GDP growth according to the surveyed CFOs is to be 1.1 % in 2024. The percentage of responses anticipating growth of less than 1.5% fell by 13 percentage points in this year's survey. By way of contrast, the numbers expecting moderate GDP growth (in the range of 1.6% to 2.5%) increased significantly (from 17% to 29%). We can therefore conclude that the survey participants have cautious expectations for GDP growth in the year ahead, albeit more optimistic than a year ago. It is also worth noting the slightly better assessments of potential GDP growth for countries in the European Union or Eurozone. In EU countries, 9% of respondents anticipate GDP growth of at least 2.6%.

As for the Eurozone countries, as many as 11% of respondents are predicting such growth levels. In both subgroups, about 60% of respondents expect GDP growth of less than 1.5% across the CE region as a whole as well as in the EU and eurozone member states.

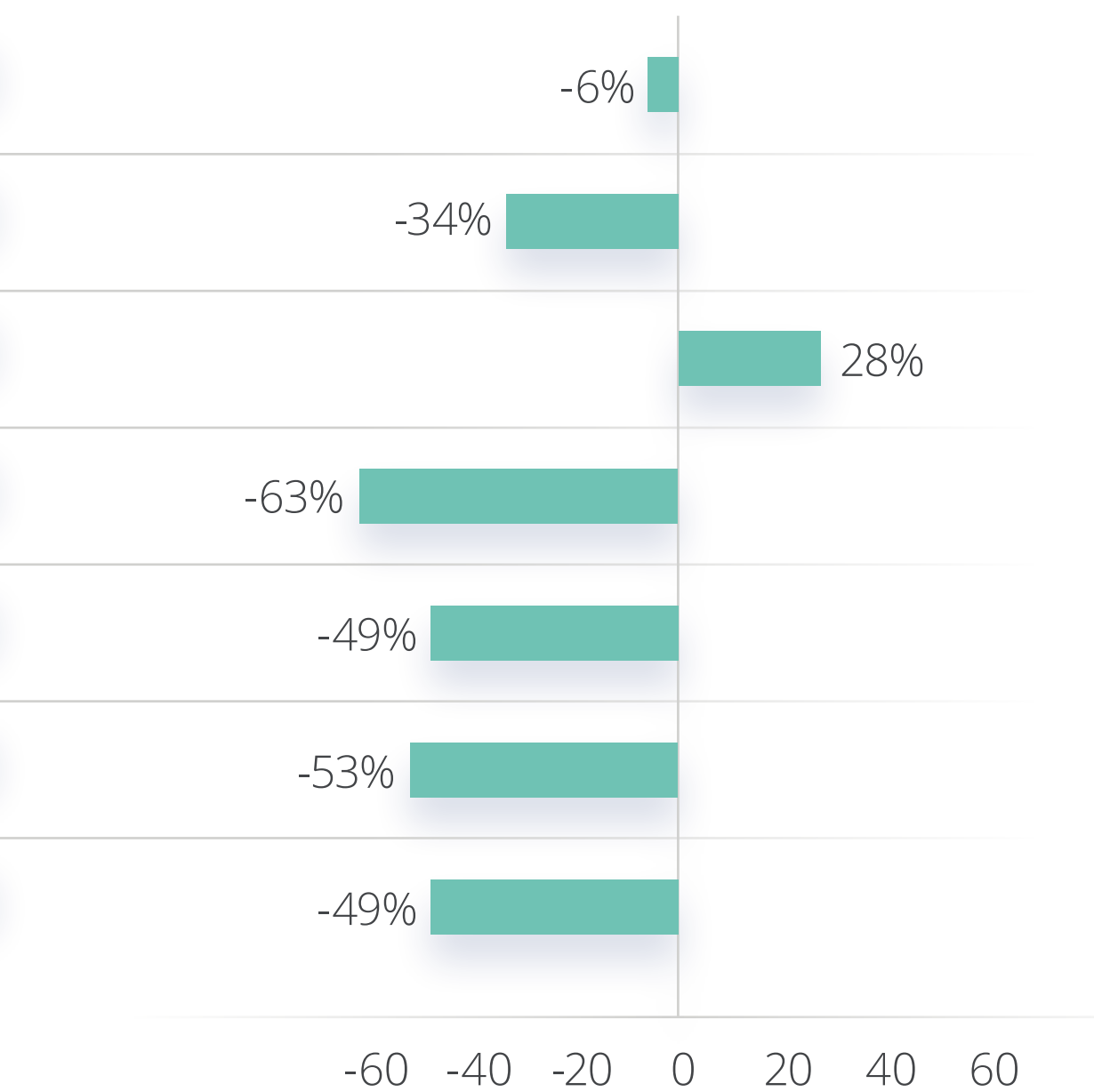
GDP growth expectations by year (%)



Key

- Very low (0.5%)
- Medium (1.6-2,5%)
- Very high (> 3,5%)
- Low (0.6%-1.5%)
- High (2.6%-3.5%)
- Net balance

Net balance\* (%)



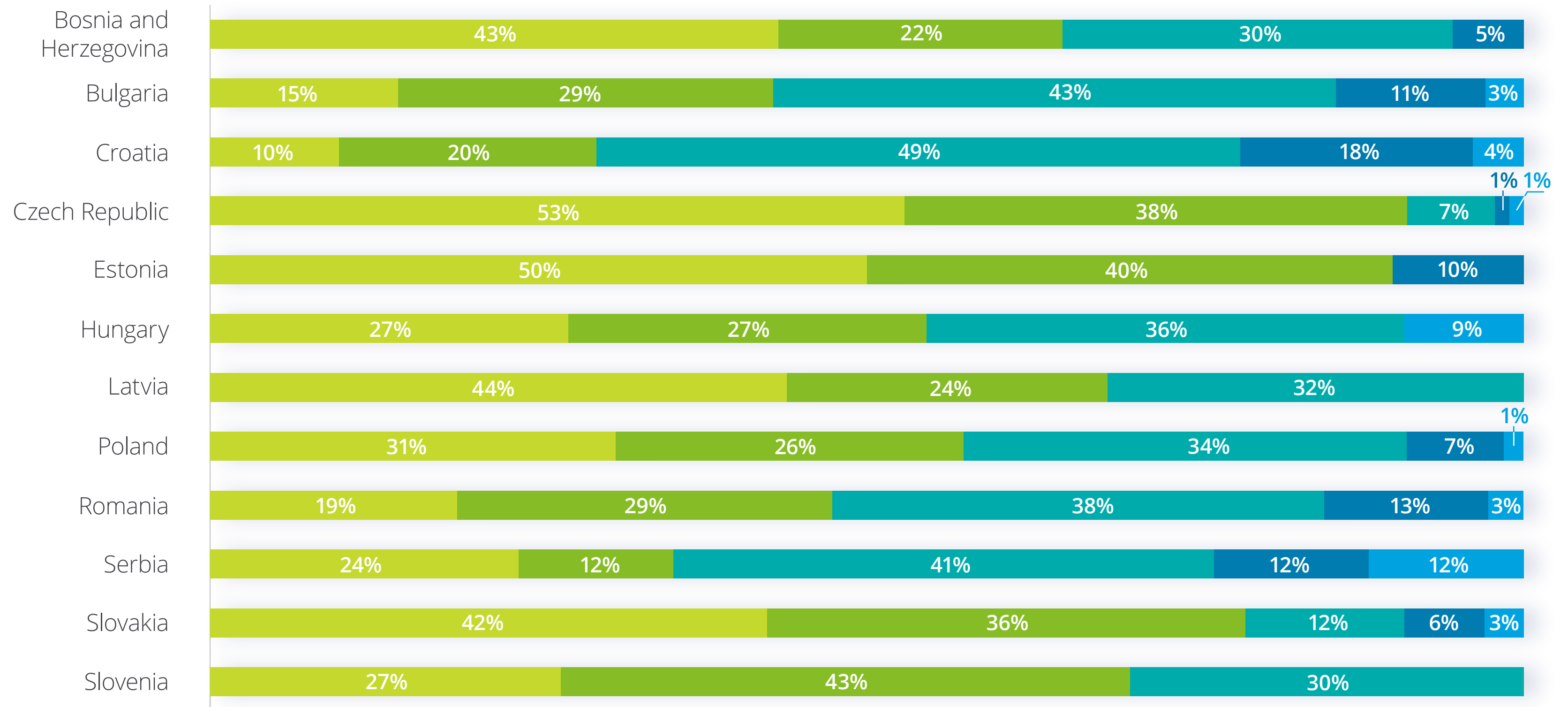
\*We have calculated this by subtracting the percentage of respondents giving a negative response from the percentage giving a positive response. We regard responses that are neither positive nor negative as being neutral.

There are significant differences in expected GDP growth rates across different countries. Croatia and Serbia are distinguished by relatively high expectations for GDP growth – more than 20% of respondents expect GDP growth of at least 2.6% in 2024.

By way of contrast, the economies with the lowest growth (1.5% and less) are predicted to be the Czech Republic, Estonia, Slovakia and Slovenia. These are countries with the highest negative net balance (i.e. the greatest difference between the shares of respondents expecting high or low GDP growth).

These are mostly small economies with strong trading relations with the large economies of the EU member states. This is indicative of the concerns held by respondents about the impact of business trends in these countries on smaller, open economies in the CE region.

**GDP growth expectations by country (%)**



**Key**

- Very low (0.5%)
- Low (0.6%-1.5%)
- Medium (1.6-2,5%)
- High (2.6%-3.5%)
- Very high (> 3,5%)

The survey results show how respondents from various industries perceive likely GDP dynamics in 2024. Those from companies in the Energy, Utilities, Mining; Consumer Business; Financial Services; and Technology, Media, Telecommunication sectors expect the greatest levels of economic growth.

The greatest negative net balance (i.e. the difference between the shares of respondents expecting high and low levels of GDP growth) came in the Manufacturing; Life Sciences; Technology, Media, Telecommunication; and Construction sectors. This was due to a general economic downturn resulting from geopolitical tensions, falling demand in the EU (including Germany, a major export market for CE countries) and the rising costs of capital and labour.



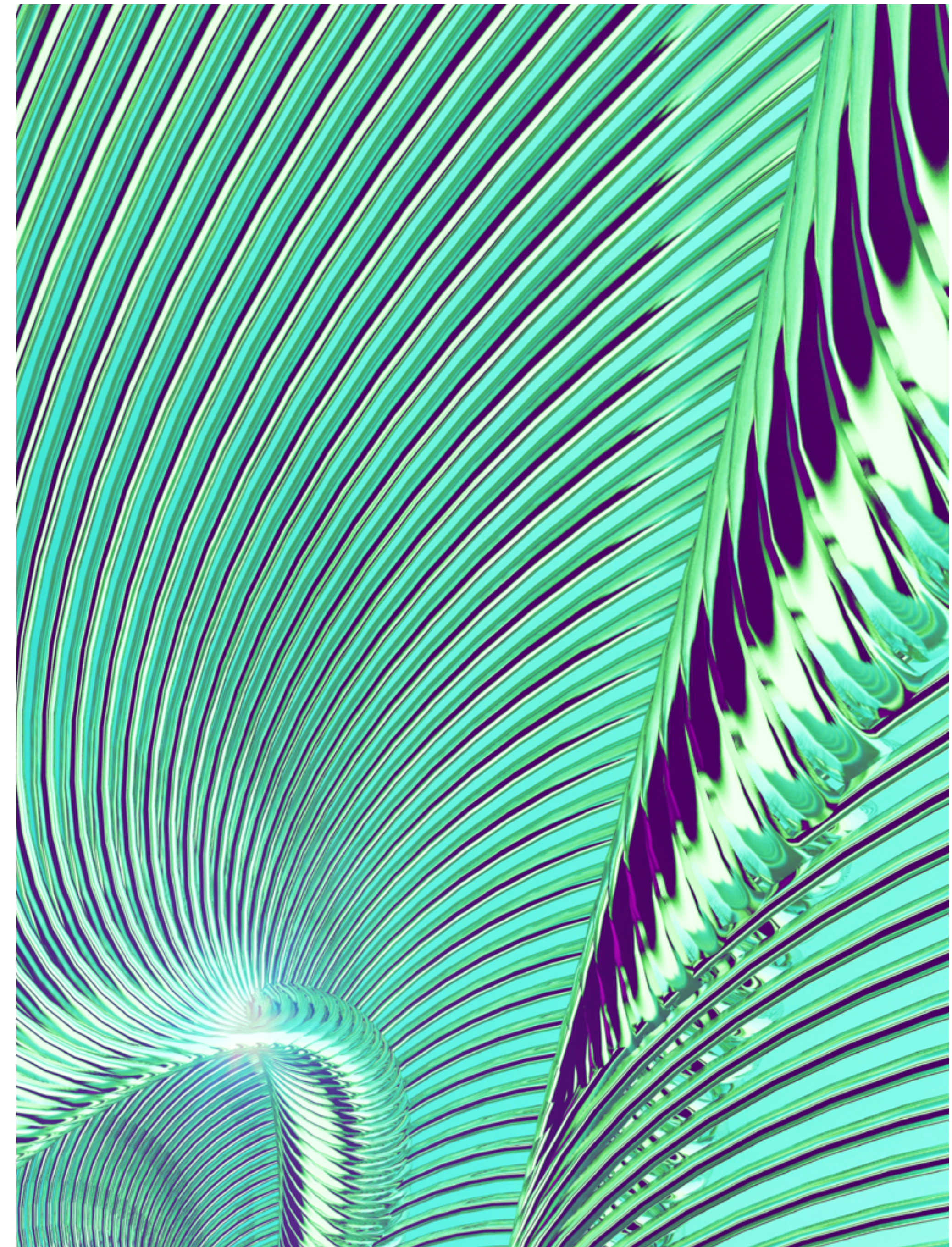
QUESTION 2:

How do you expect levels of unemployment to change in your country over the next 12 months?

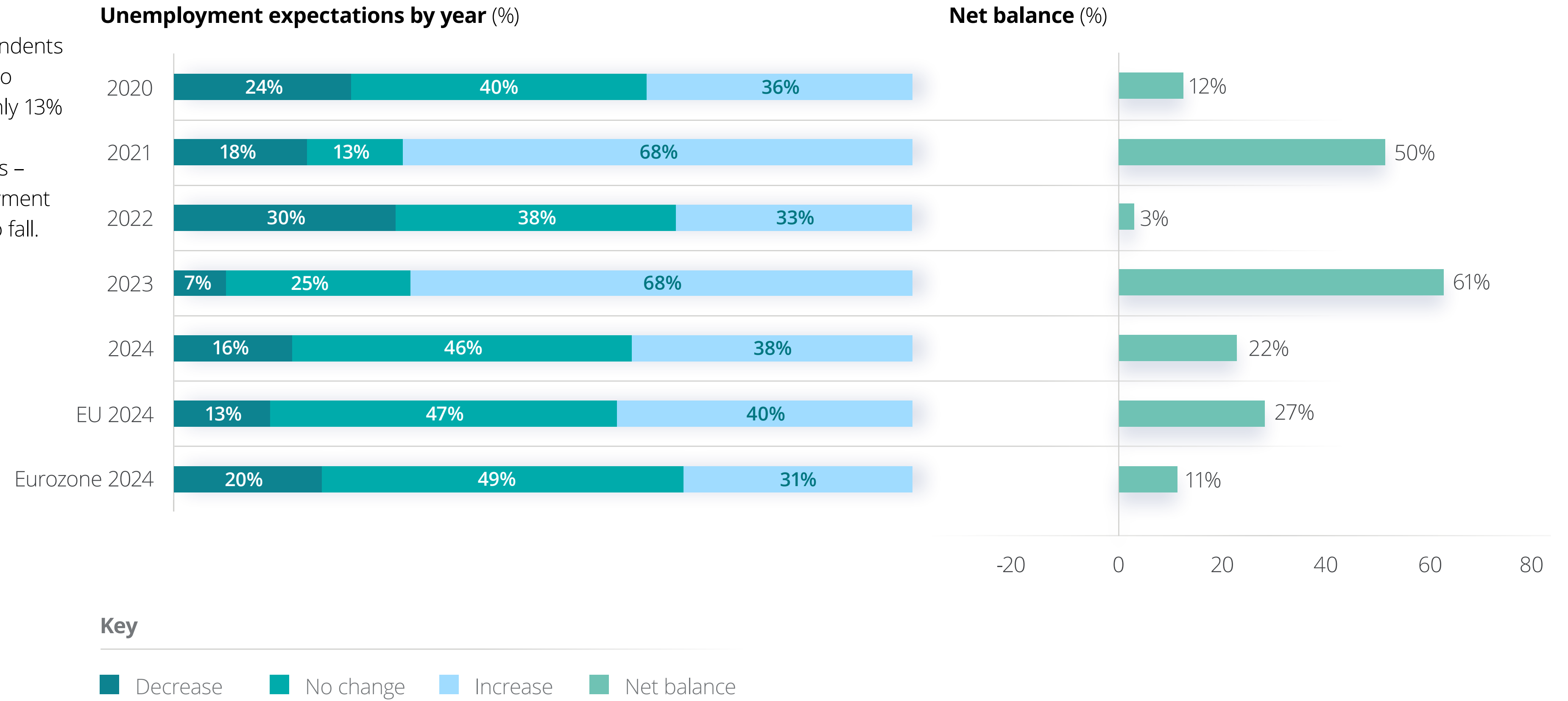
## The economic recovery has already been reflected in the employment outlook.

Looking to the year ahead, CFOs clearly expect the unemployment rate to remain unchanged (according to 46% of responses). This is more than double the number of a year ago, when only one respondent in four said unemployment would not change. At that time, 68% of respondents believed that companies would cut their workforces. In this year's edition, only 38% of respondents expect unemployment to increase. Such results are further evidence of expectations for an economic recovery, although respondents are cautious about its speed.

The results in this year's survey are ultimately less negative than last year's. This time the difference between pessimistic responses (those predicting an increase in unemployment) and optimistic responses (those expecting unemployment to fall) was only 22 points, compared to 61 points last year.



Slightly worse assessments concerning unemployment growth were given by respondents in the group of EU countries. It is expected to increase by 40% of those surveyed, while only 13% expect it to decrease. Things are expected to be a little better in the Eurozone countries – according to 31% of respondents, unemployment will rise there, with one in five expecting it to fall.

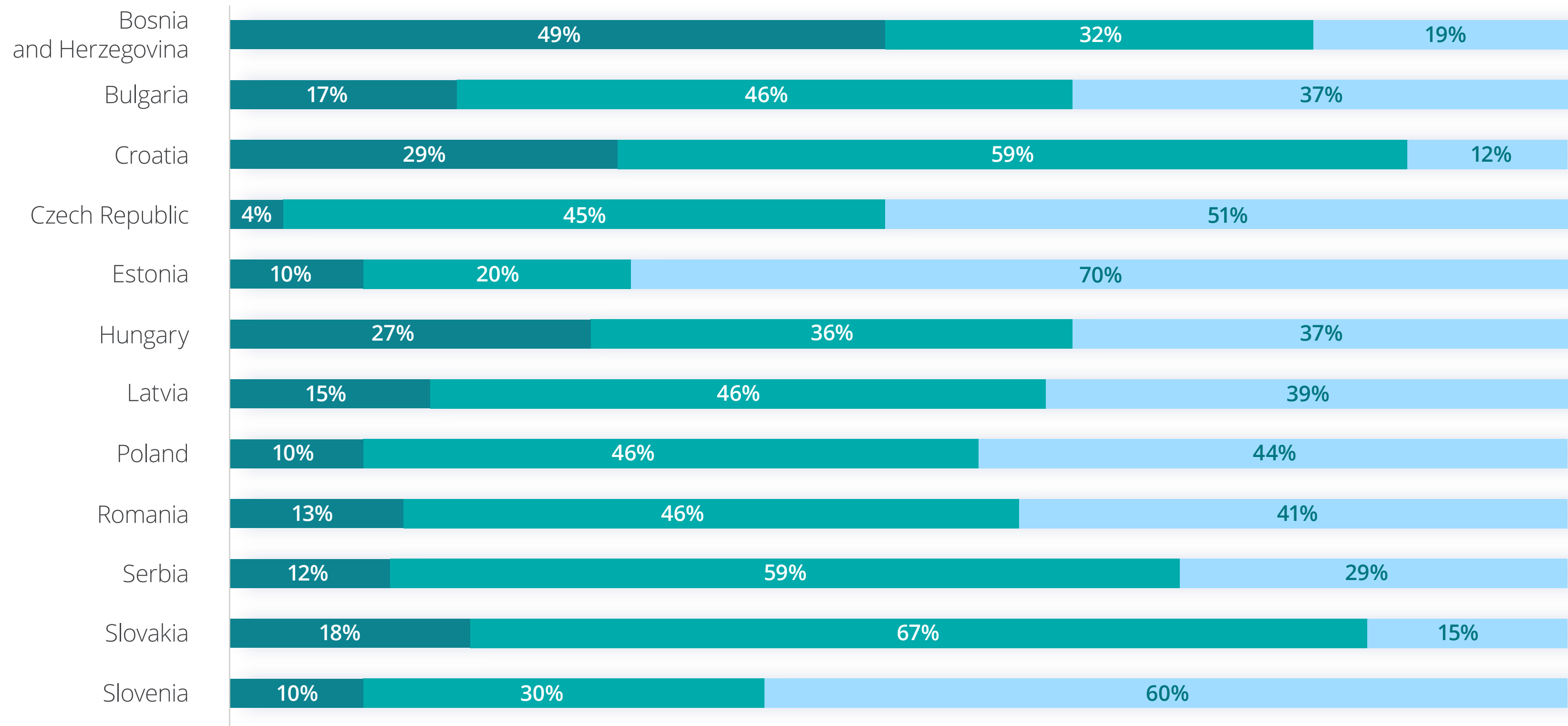


The largest increases in unemployment among CE countries are expected by respondents from Estonia, (with 70% of responses indicating an increase in unemployment, and only 10% a decrease), Slovenia (60%) and the Czech Republic (51%).

By way of contrast, countries such as Bosnia and Herzegovina, Croatia and Hungary are all economies where a decrease in unemployment is anticipated. Bosnia and Herzegovina is struggling with ongoing internal difficulties resulting from the economy's structural problems, and although unemployment has been declining for many years it is still at the relatively high level of 13%.

The declining unemployment rates in Croatia and Hungary are likely to be linked to the development of their economies, GDP growth and ageing populations.

**Unemployment expectations by country (%)**



**Key**

- Decrease
- No change
- Increase
- Net balance

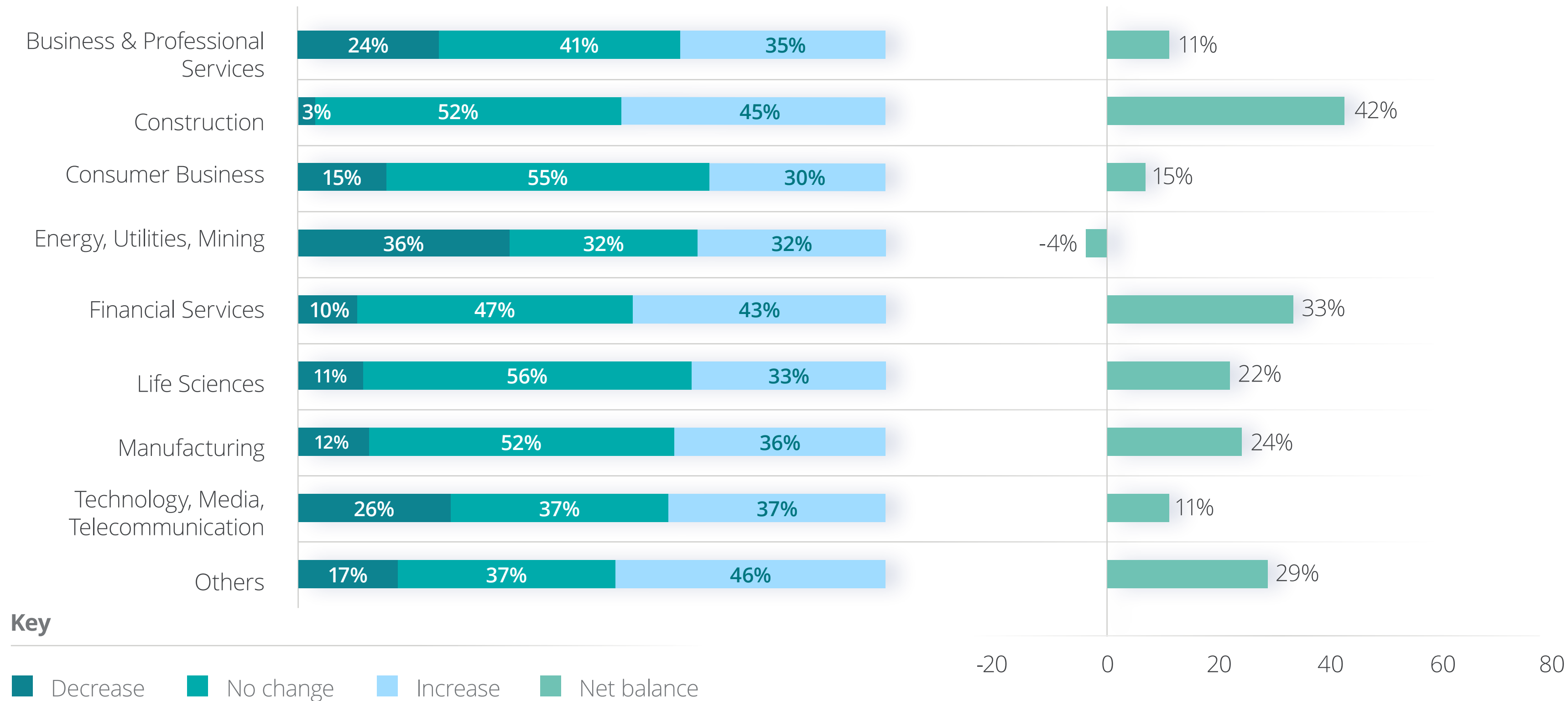
Demand for labour is a clear illustrator of future growth perspectives. Unemployment is expected to fall primarily in sectors like Energy, Utilities, Mining; Technology, Media, Telecommunication; and Business & Professional Services. The development of the Energy, Utilities, Mining industry is a result of emerging investments in energy transition, with sentiment improving across most economies in the CE region after the energy shock of the first half of 2022.

On the other hand, both the Technology, Media, Telecommunication, and the Business & Professional Services sectors have long been characterised by dynamic growth. It can be said, regardless of the macroeconomic situation, that CE countries remain competitive in those disciplines specialising in business processes. Any falls in employment in the CE region are expected to take place in the Construction industry, which in most countries is the result of the rising costs of construction materials, labour and capital, (i.e. investment financing, driven by the anti-inflationary policies of central banks that are resulting in relatively high interest rates).

CFOs also expect an increase in unemployment in the Financial Services and the 'Other industries' group, which includes the wholesale and retail

trades, transportation and logistics, and labour-intensive services like call centres. They see this as a result of the rising automation and digitalisation processes being driven by the fin-tech sector and developments in AI and machine learning.

**Unemployment expectations by sector (%)**



QUESTION 3:

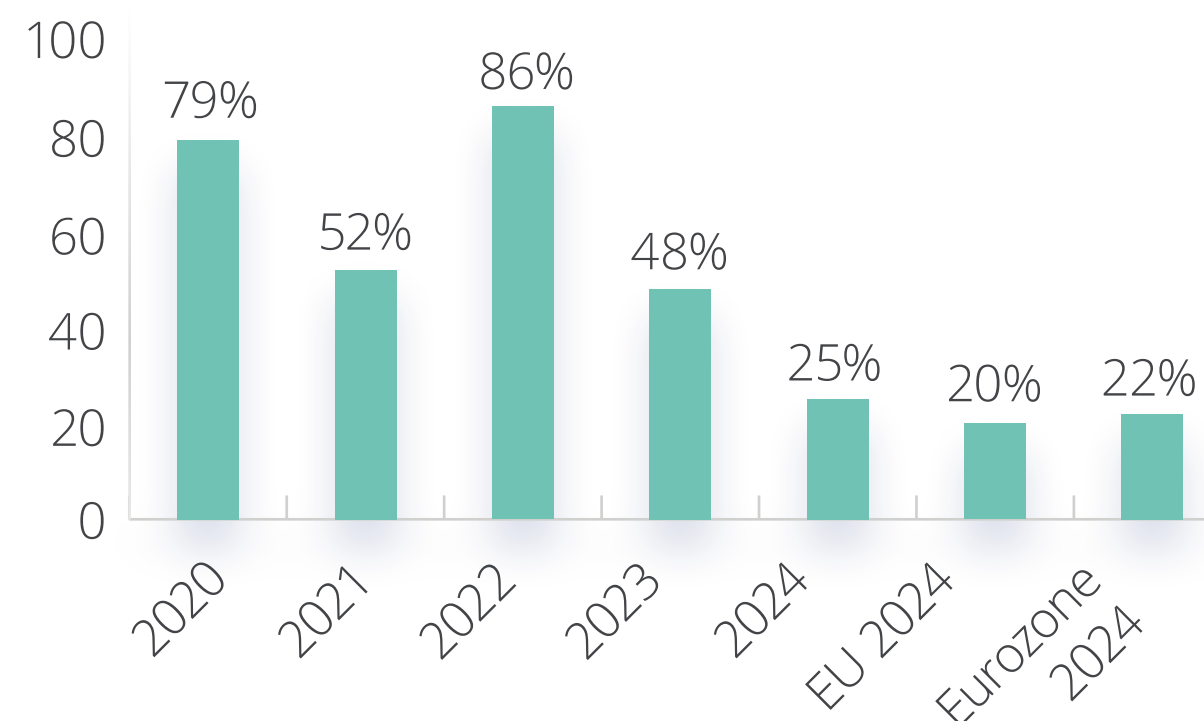
Over the next 12 months how do you expect CPI (Consumer Price Index) levels to change in your country?

## Business has become accustomed to market turmoil, so expectations relating to inflation are declining.

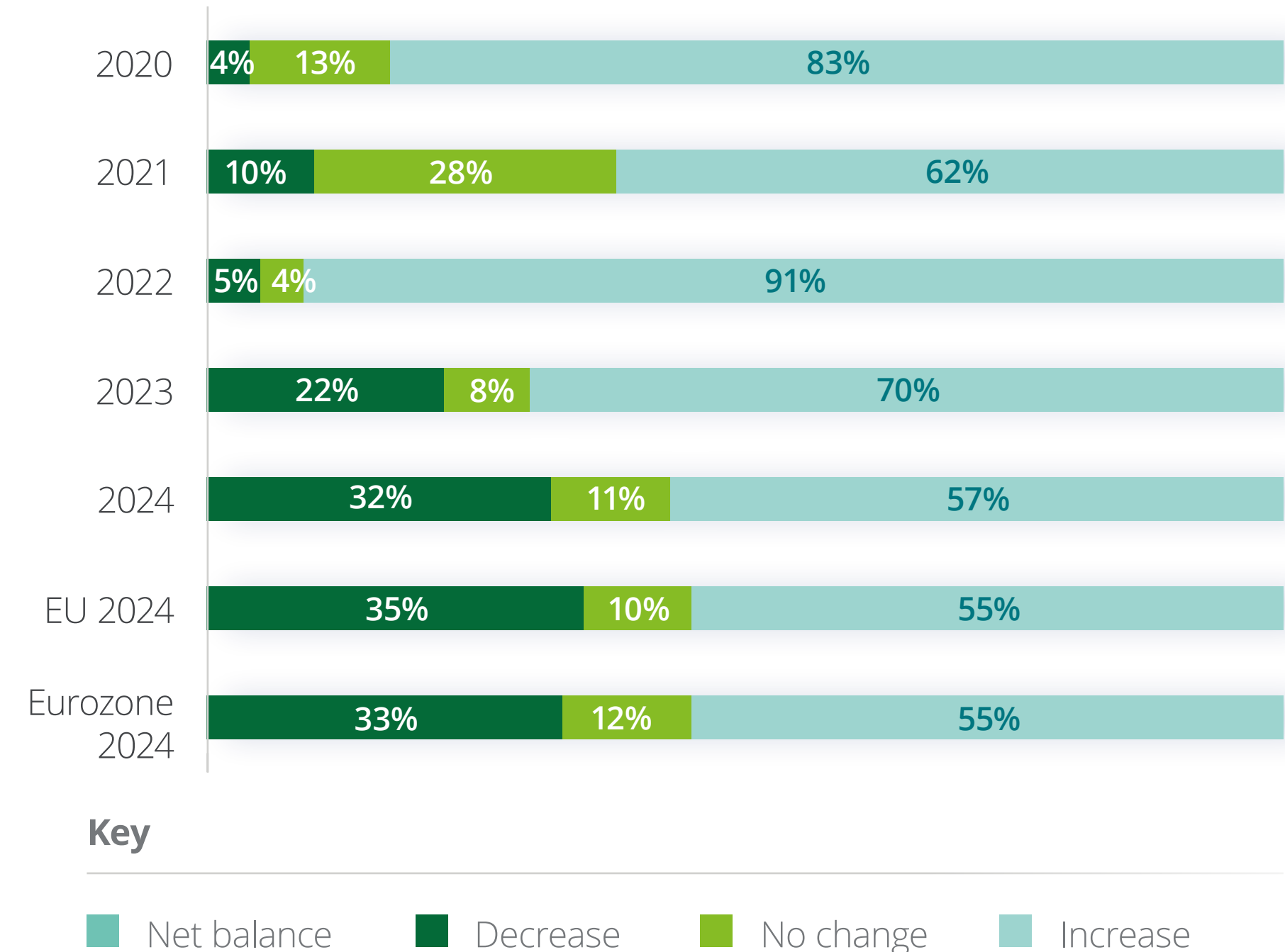
Since 2022, we have been witnessing the highest price increases for a generation, triggered by the completion of postponed purchases after the pandemic, and then the turmoil in international markets due to the outbreak of war in Ukraine. This followed a record high percentage of respondents, 91%, expecting CPI to increase in 2022. Business has got used to such turbulence in recent years, and the post-pandemic demand has weakened. As a result, the number of respondents who expect prices to rise in the year ahead is falling. In this edition of the CFO Survey, that percentage has dropped to 57%. In the EU and Eurozone countries 55% of respondents expect inflation to rise. These results are clearly in line with the macro-economic trends, as the rate of inflation is lower in most countries. As it turns out, as many as 11%

of respondents believe that CPI in their countries will not change. Nevertheless, our respondents have taken a cautious approach to emerging trends, and have considered the continuing drivers of price increases in each country. This translates into a broadly skeptical attitude to the likelihood of a decline in inflation – only one third of respondents believe that CPI may fall.

Net balance (%)



CPI expectations by year (%)





QUESTION 4:

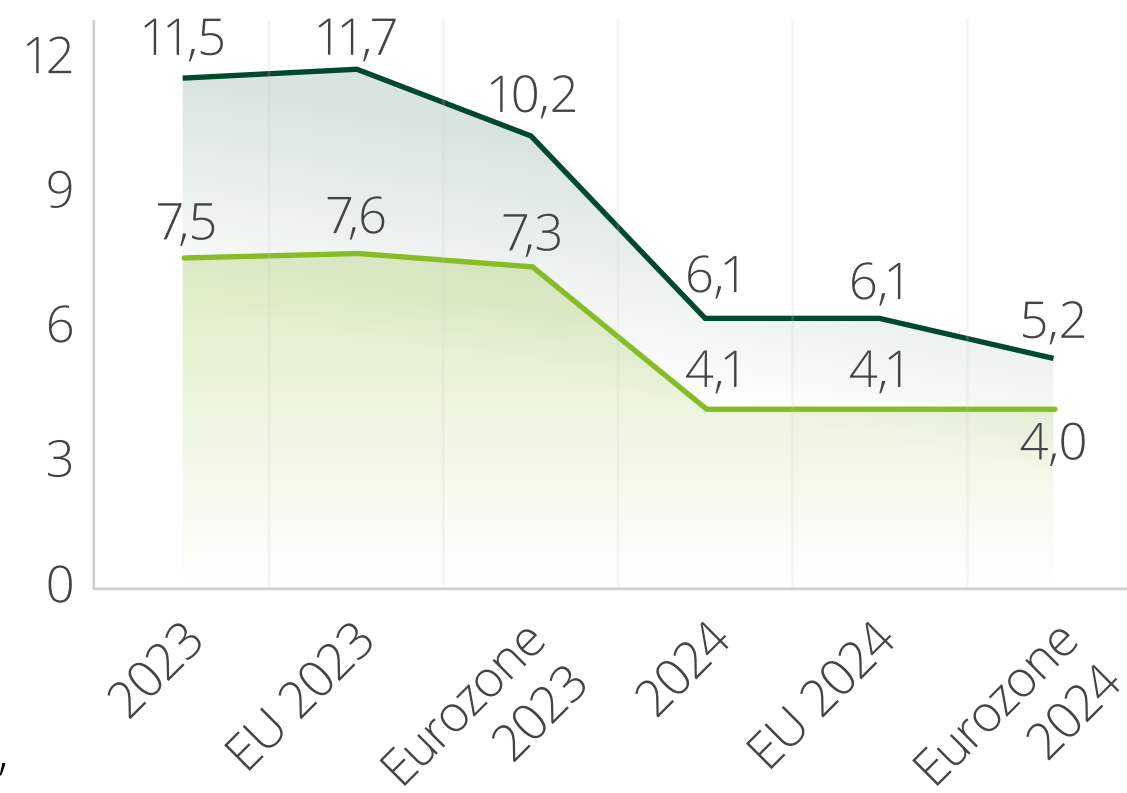
What do you think will be the inflation rate (for the Consumer Price Index) in both your country and the Euro-region over the next 12 months?

## In 2024, prices will grow at a similar pace across countries and much more slowly than a year earlier.

Our respondents have also expressed their expectations about the differences in the rates of CPI set to affect their countries and the Eurozone. As of now, the difference for 2024 stands at an average of two points (6.1% vs. 4.1%), and is significantly lower than a year ago. It can be concluded that expected price increases in the CE region will be much closer to those in the Eurozone than they used to be.

The most similar inflation rate to that of the Eurozone was clearly indicated by respondents from countries in the currency union, namely Estonia, Slovenia, Latvia and Croatia, where the difference appears to be closer to one point. The biggest differences in CPI in comparison to the Eurozone are expected by respondents from countries including Serbia, Hungary, Poland and Romania.

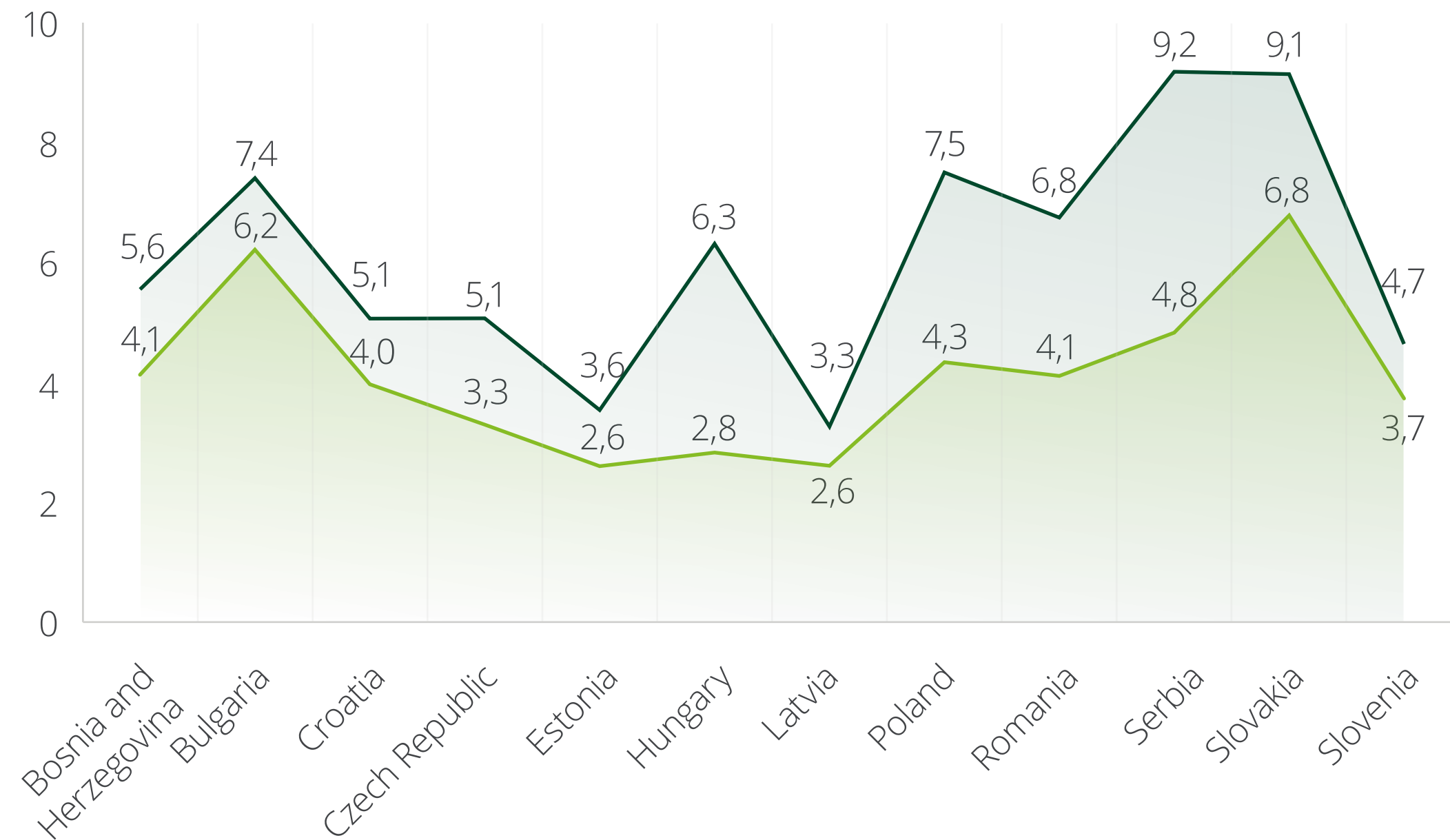
CPI expectations by year (%)



Key

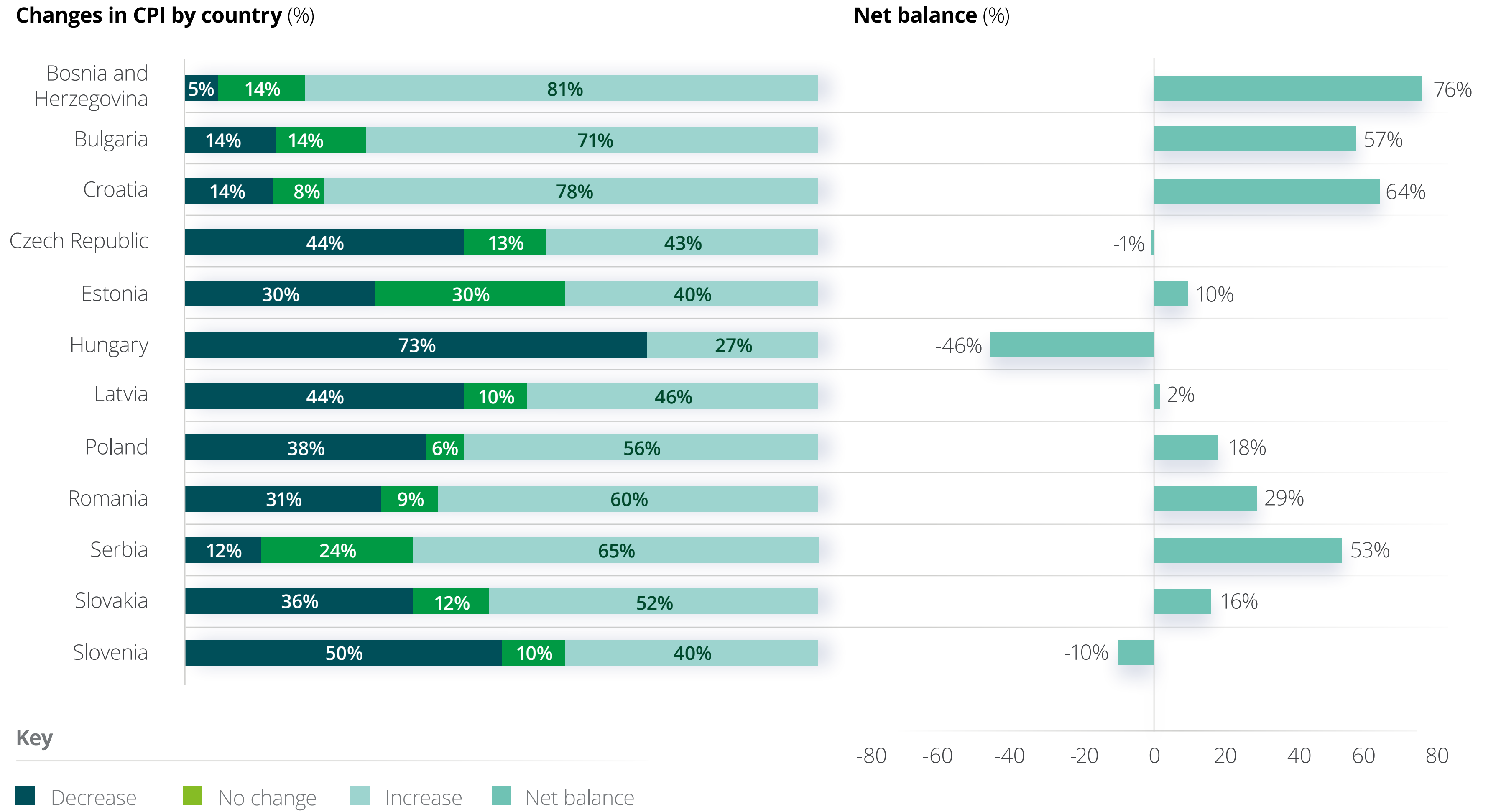
- Your country
- Eurozone

CPI expectations by country (%)

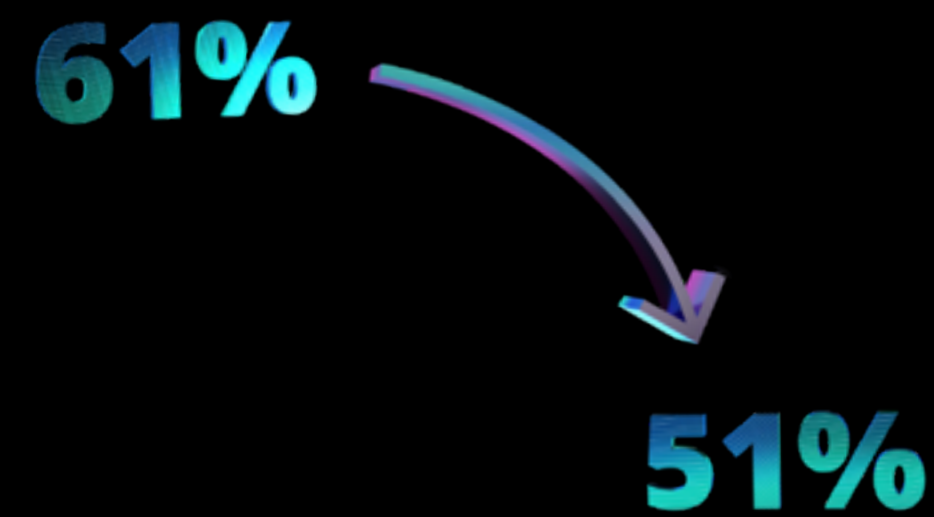


Therefore, it seems that after the experience of recent years, CFOs are sceptical about price stability, and are particularly dubious about macro-economic forecasts from financial institutions predicting a decline in price growth in the near term.

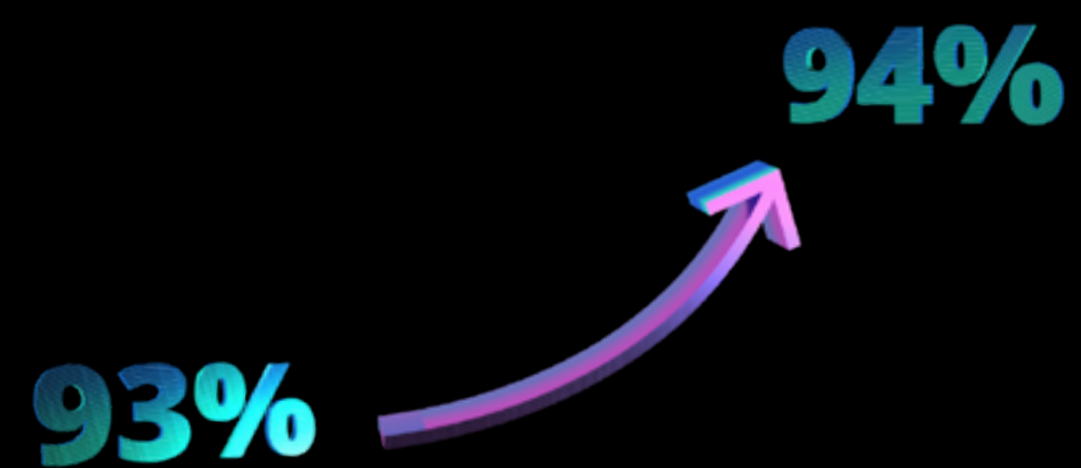
A few countries with a significantly higher CPI (such as Hungary and Slovenia) are now expected to see inflation fall in the next year. These prospects are in line with the previous trends of CPI decreasing since Q1 2023. However, there are still countries where more than half of those surveyed expect CPI to rise. These include Bosnia and Herzegovina, Croatia, Bulgaria, Serbia, Romania, Poland and Slovakia.



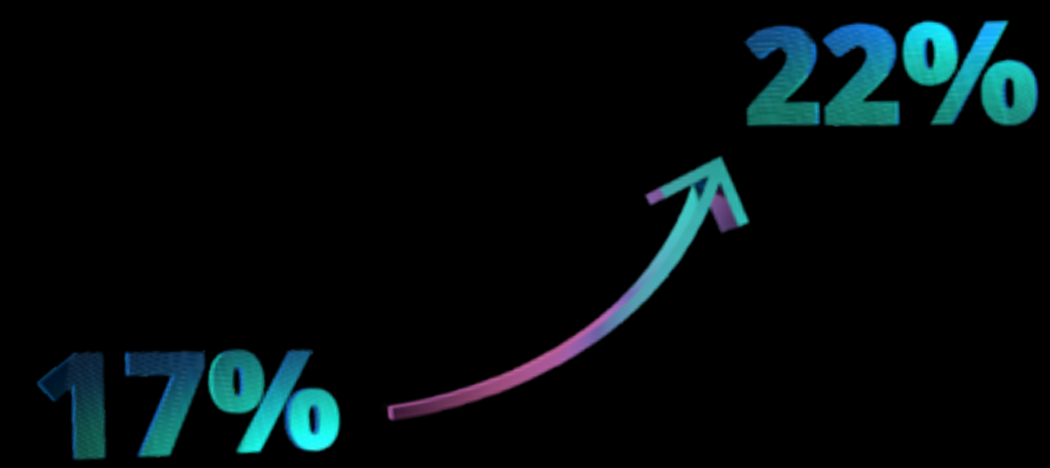
# 3. Business outlook



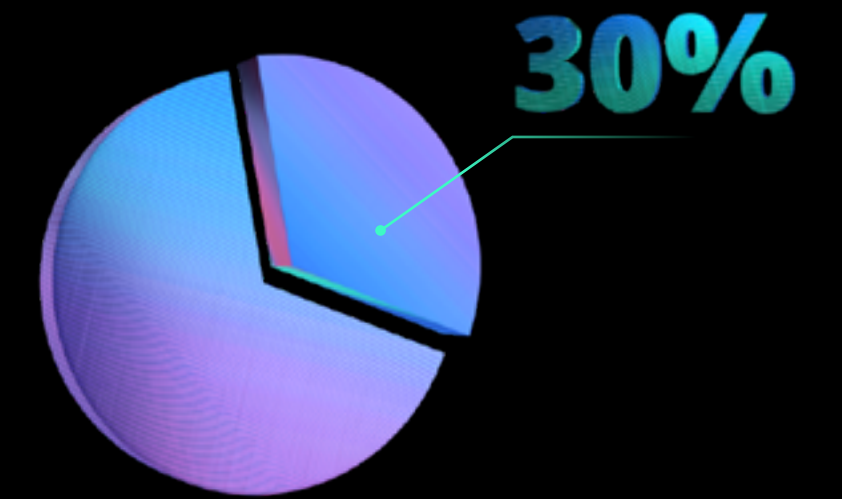
Although falling, the share of **CFOs who perceive a significant level of financial and economic uncertainty** remains high in 2024: **51%**, down from **61%** in 2023.



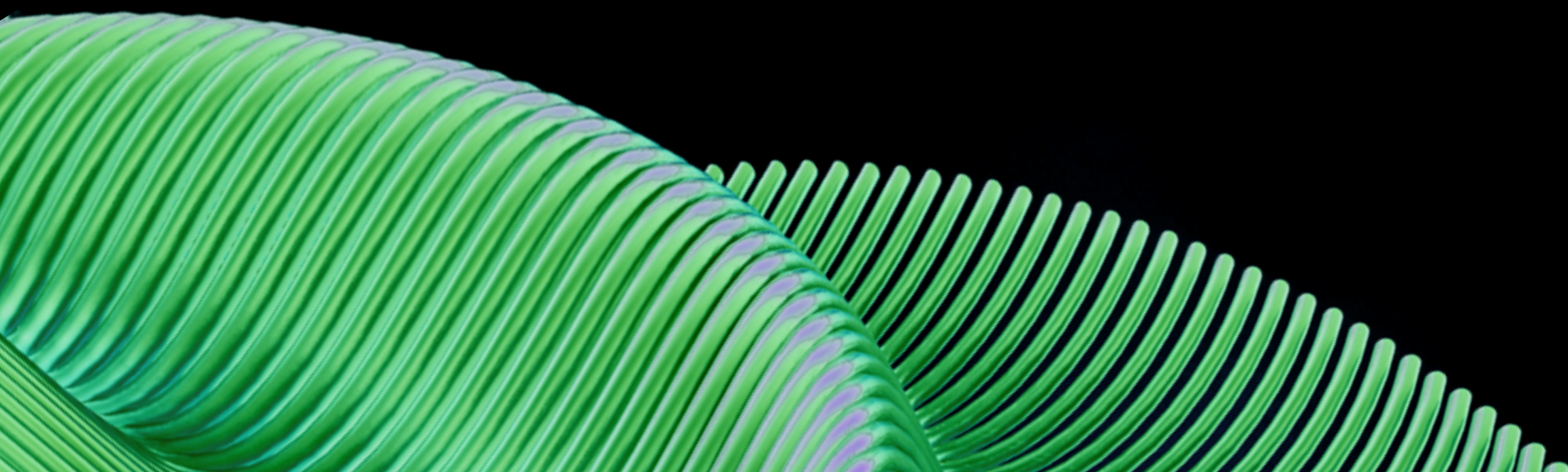
The share of **CFOs expecting labour costs to increase** in 2024 remains high: **94%**, up from **93%** in 2023.



In 2024 **CFOs are slightly more willing to take greater risk** onto company's balance sheets than in 2023.



Supply chain disruptions are **critically important for nearly 30% of exporters**, but only 6% feel the same about climate change.



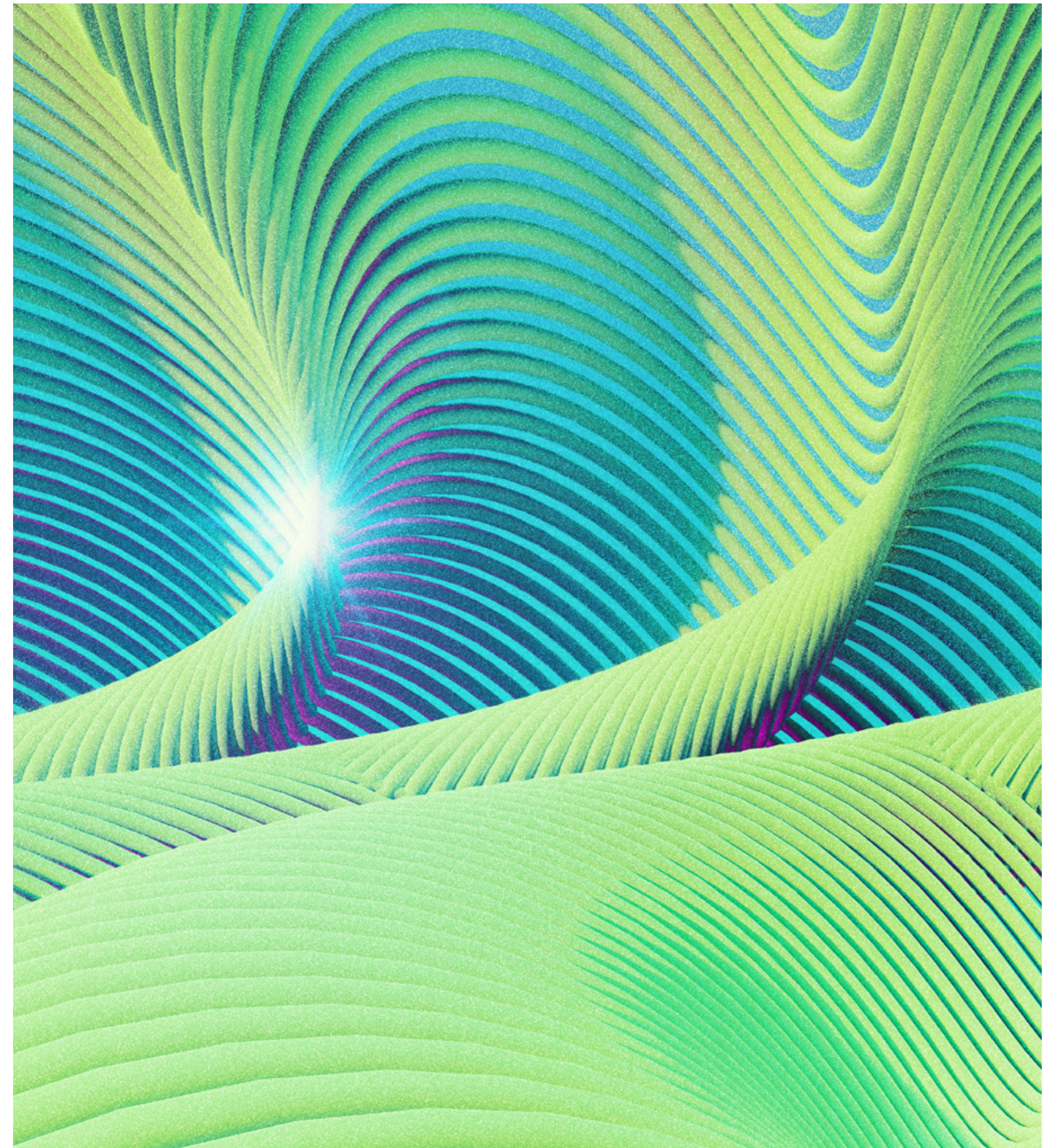
QUESTION 5:

In your view how are costs for companies in your country likely to change over the next 12 months?

## **Labour is expected to be the main cost factor for businesses.**

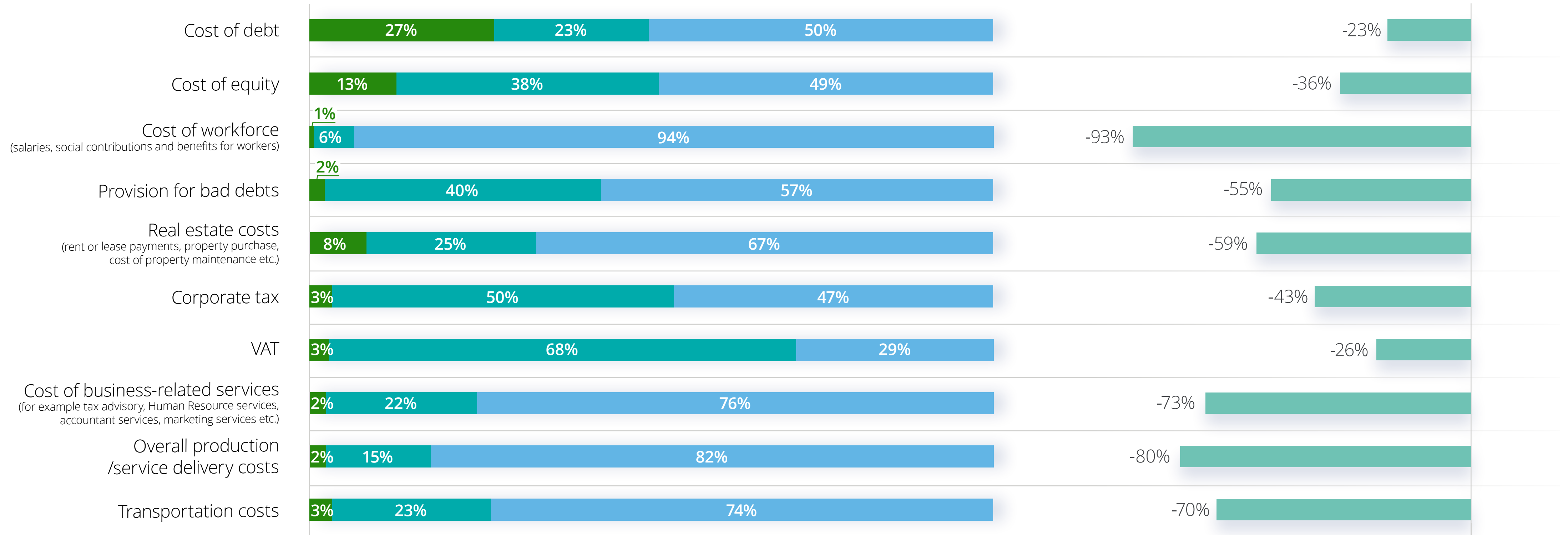
The surveyed finance leaders expect costs at their businesses to rise in most listed categories. In particular, almost all respondents (94%) expect an increase in labour costs, almost regardless of the sector in which they operate. All categories of expense associated with their business operations are projected to increase. According to the surveyed CFOs, only regulated factors such as VAT (68% of respondents) and corporate tax (50%) are not going to change.

A comparison of responses between expected corporate costs and views on inflation (see Economic Outlook) shows that the surveyed CFOs have based their views on inflation on their own expectations for corporate costs. This suggests that persistent inflation may be the result of inflationary expectations, rather than any actual structural or market drivers of price increases.



**Cost expectations by category (%)**

**Net balance\* (%)**



**Key**

- Decrease
- No change
- Increase
- Net balance

\*The Net Balance is determined by subtracting the increase, from the decrease in costs, as rising costs are associated with negative effects for the organization.

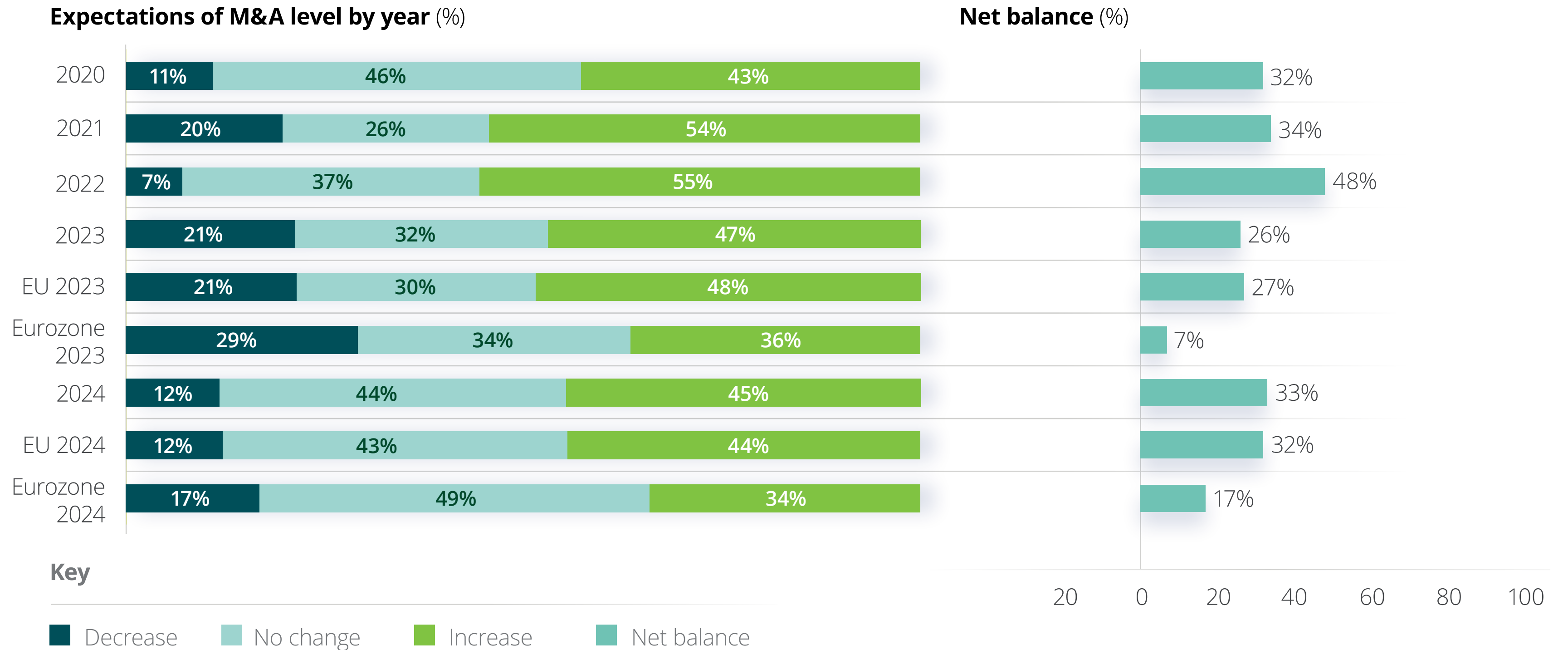
QUESTION 6:

Over the next 12 months how do you expect M&A levels to change in your country?

# M&A transaction dynamics are slowing down in the CE region.

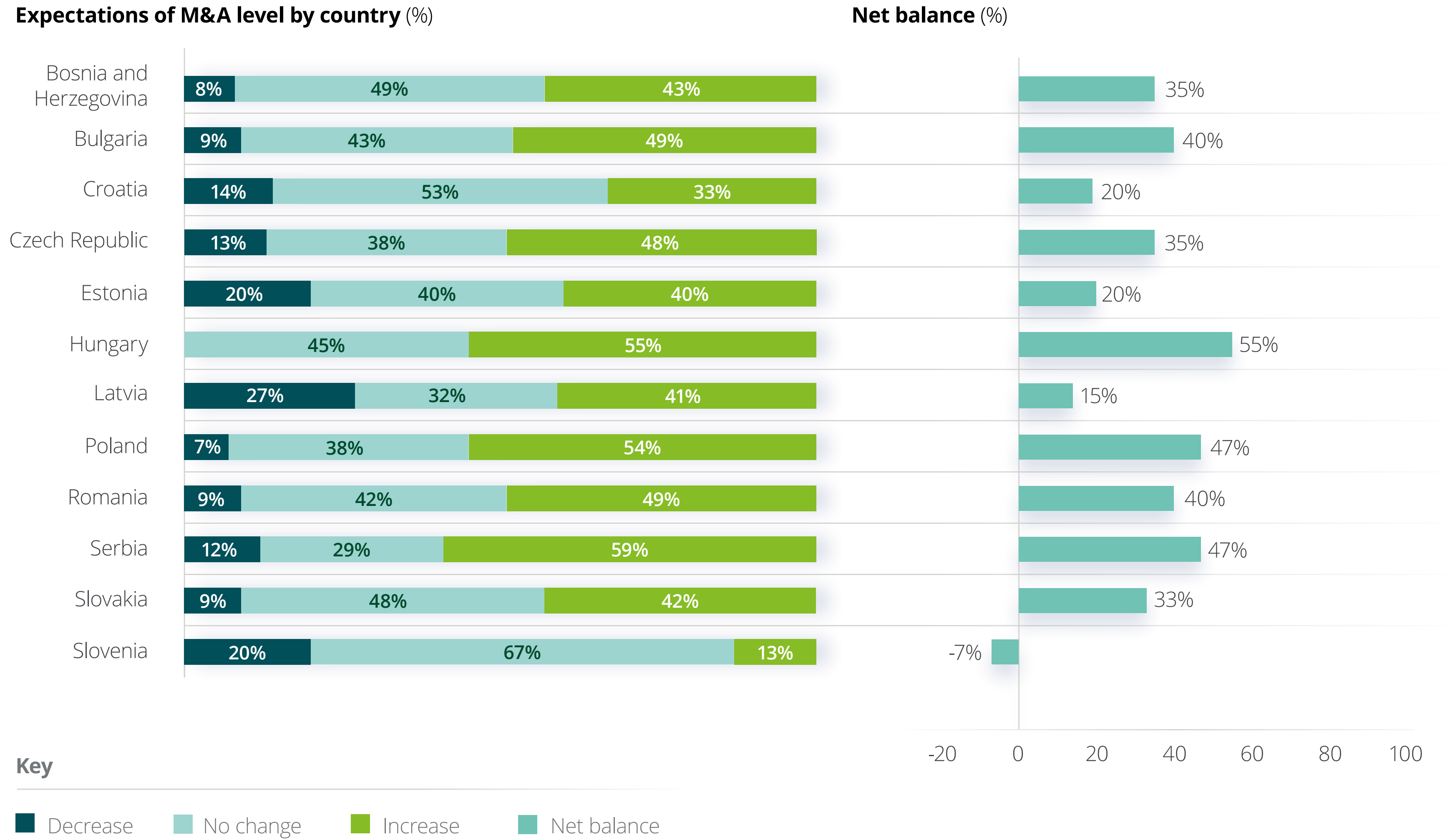
In this year's survey, when it comes to mergers and acquisitions, we can see a cautious picture at the beginning of the year. The global economy is slowly recovering from a record-setting weak year in 2023, in which many companies struggled with rising costs of capital and fears of recession in the world's largest European economies, such as Germany.

In 2021 and 2022, more than half of those surveyed in our research believed that M&A was set to grow. In last year's survey, the percentage of such responses fell to below 50%, and has now dropped further to 45%. It is worth noting that Slovenia is the only country where CFOs anticipate no change in M&A activity levels .



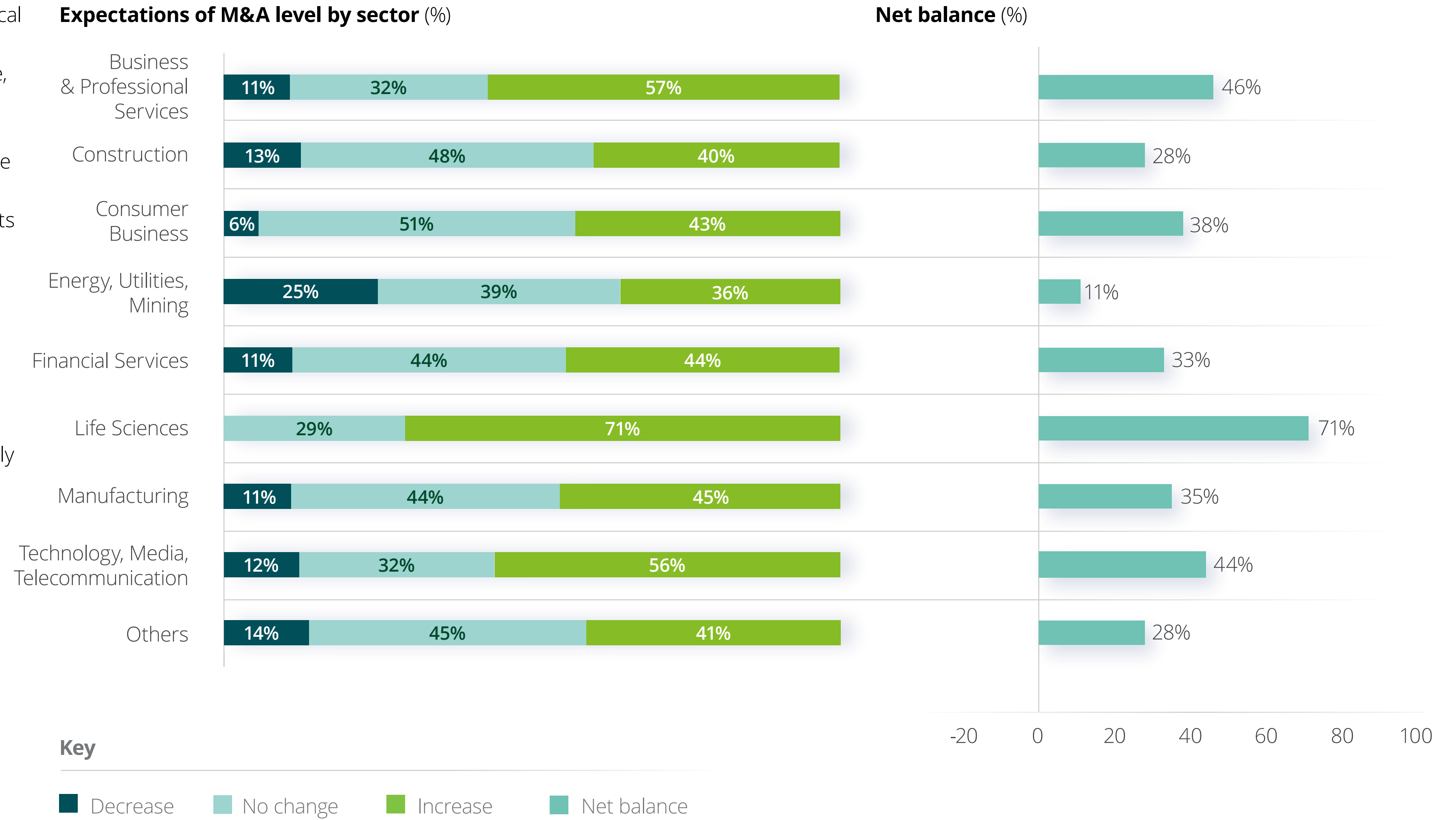
Compared to previous years, the percentage of 'no change' responses has increased (from 32% to 44%), and only 12% of respondents are expecting a decrease in the level of M&A in 2024. These results may be a sign of stability in this area.

The empirical evidence from previous crises shows that times of great market turmoil see an increase in mergers and acquisitions. This could mean there is a somewhat unstable situation in Serbia, Poland and Hungary in terms of the market and recovery from the crisis, as more than half of respondents expected the number of mergers and acquisitions increase at the beginning of the year.



When the pandemic emerged, the pharmaceutical sector (a major constituent of the Life Science sector) faced an urgent need to keep up-to-date, be innovative and achieve economies of scale. Mergers and acquisitions are frequently used in this sector to acquire innovative and disruptive technologies to stay ahead of the competition and increase efficiency. According to respondents from across the region, the Life Sciences sector still stands out, with 79% expecting M&A levels to increase and no one expecting a decrease.

Other sectors showing significant expected increases in M&A transactions were Business & Professional Services, and Technology, Media, Telecommunication. These sectors are also highly dependent on acquiring innovative solutions for long-term competitiveness.





QUESTION 7:

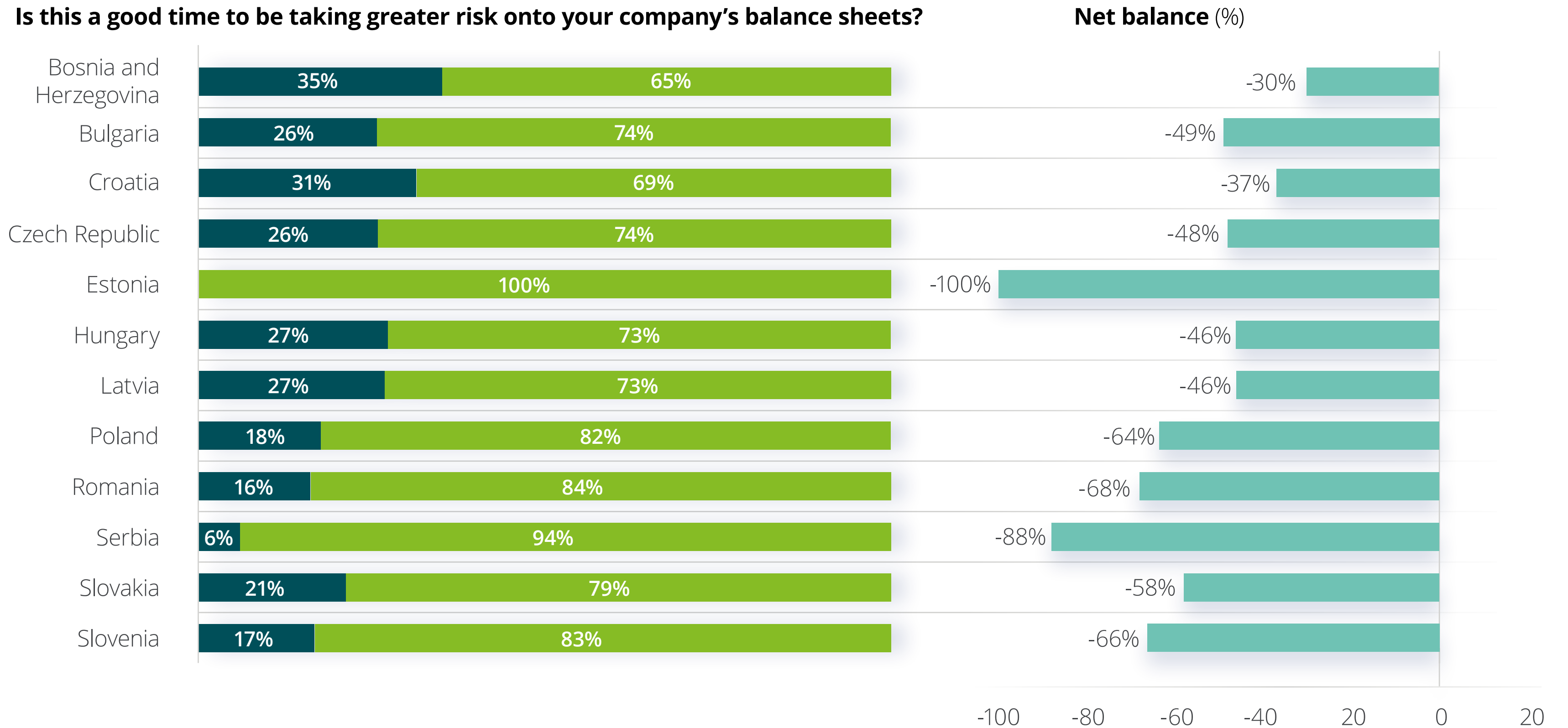
Is this a good time to be taking greater risk onto your company's balance sheets?

# No one is yet ready to take risky decisions.

The prevailing opinion is that 2024 is not the right time to take on more risk. Results in previous years have been similar. Serbia (94% negative) and Estonia (100% negative) show significantly more bias toward risk avoidance. Bosnia and Herzegovina (35%) and Croatia (31%) showed slightly more positive answers in terms of taking risks, but were still well below 50%.

**Key**

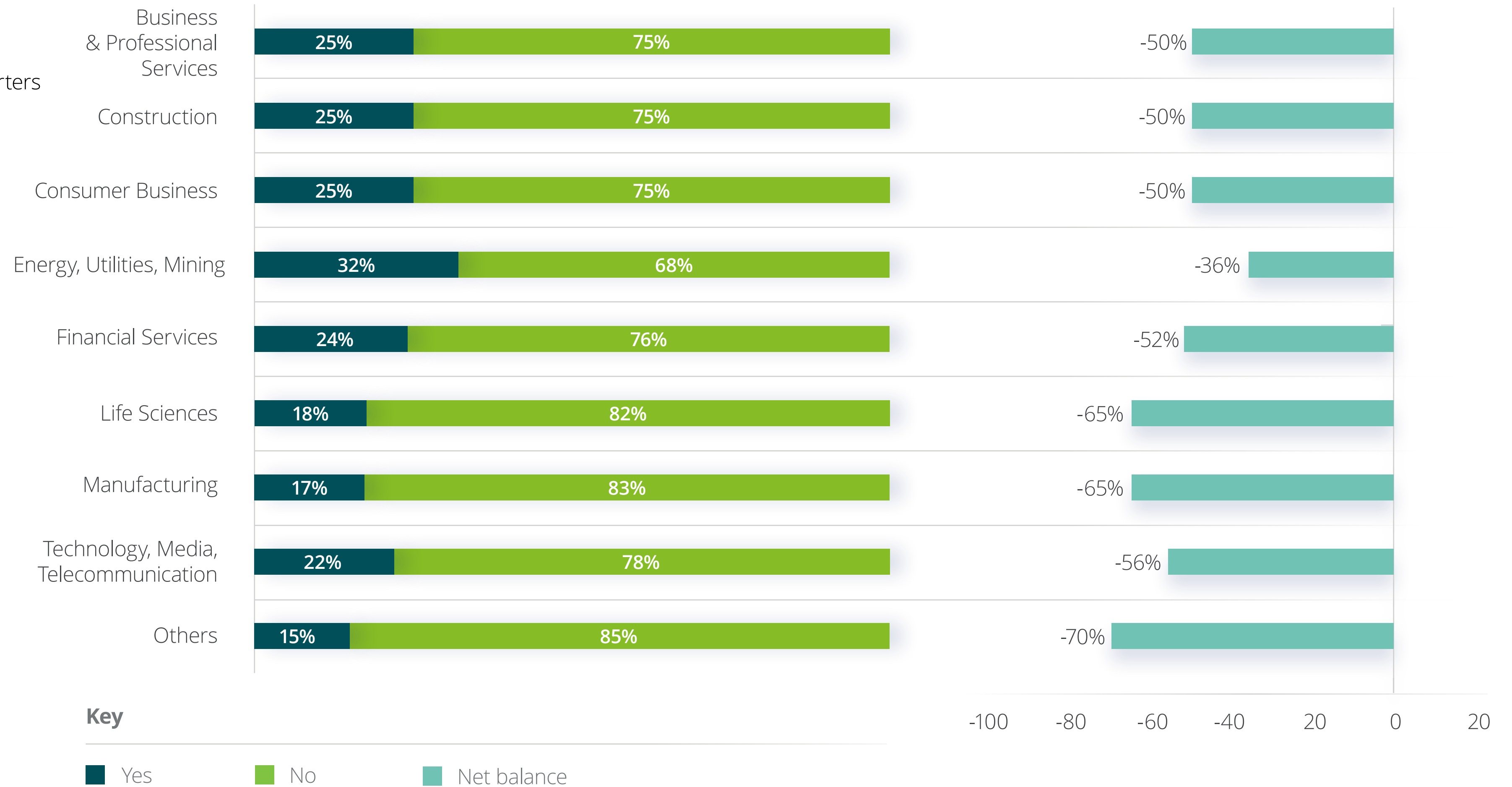
■ Yes   ■ No   ■ Net balance



It seems that the companies most willing to take risks are those in the Energy, Utilities, Mining sector, with just under a third of respondents confirming their inclination to take more risk. Respondents from nearly all industries are cautious, however, with more than three-quarters of replies indicating distinct concern relating to risk exposure in 2024.

**Is this a good time to be taking greater risk onto your company's balance sheets?**

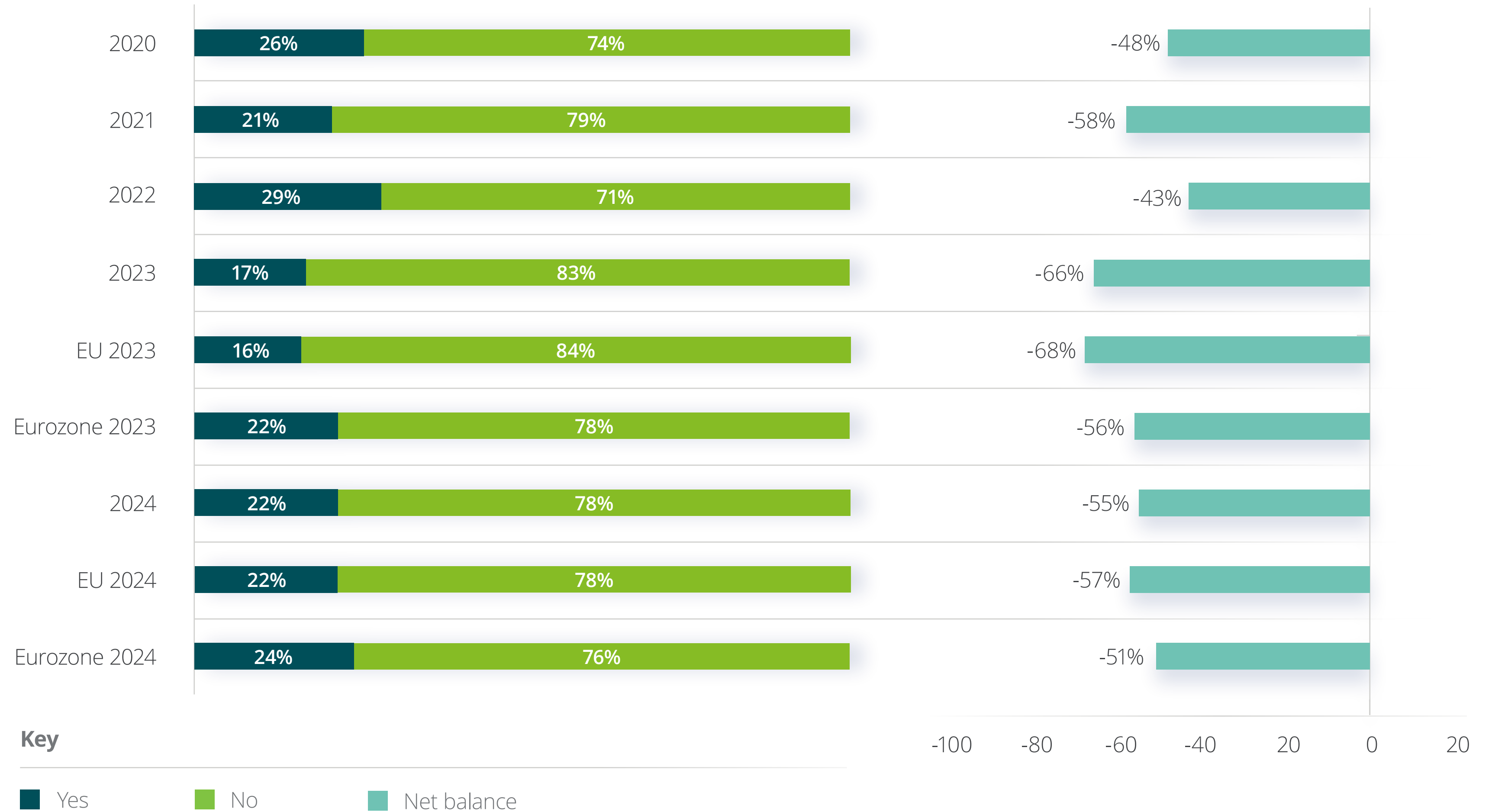
Net balance (%)



These results confirm that regardless of the sector and the country, companies in the CE region expected to face numerous challenging business circumstances at the beginning of the year. As a result, management is bracing itself by being highly prudent when it comes to making decisions with a high degree of business risk.

**Is this a good time to be taking greater risk onto your company's balance sheets?**

Net balance (%)

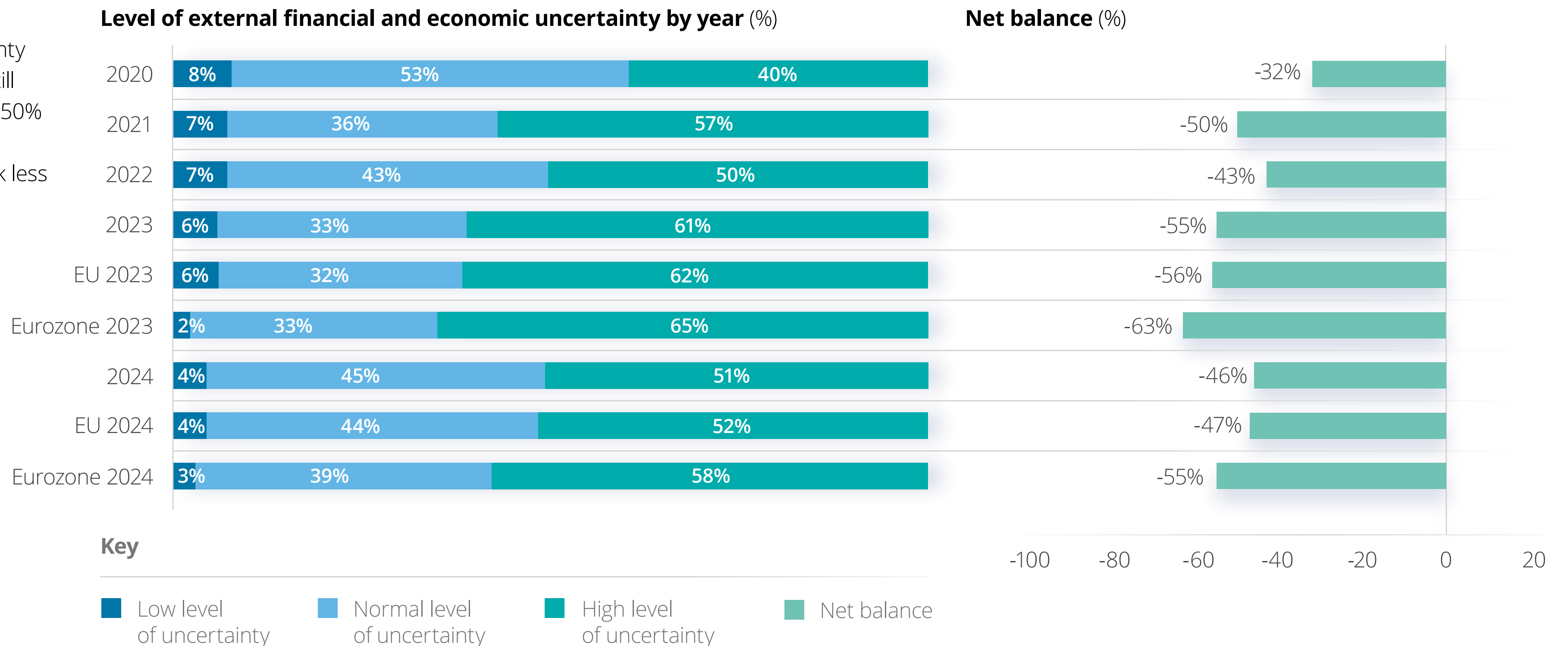


QUESTION 8:

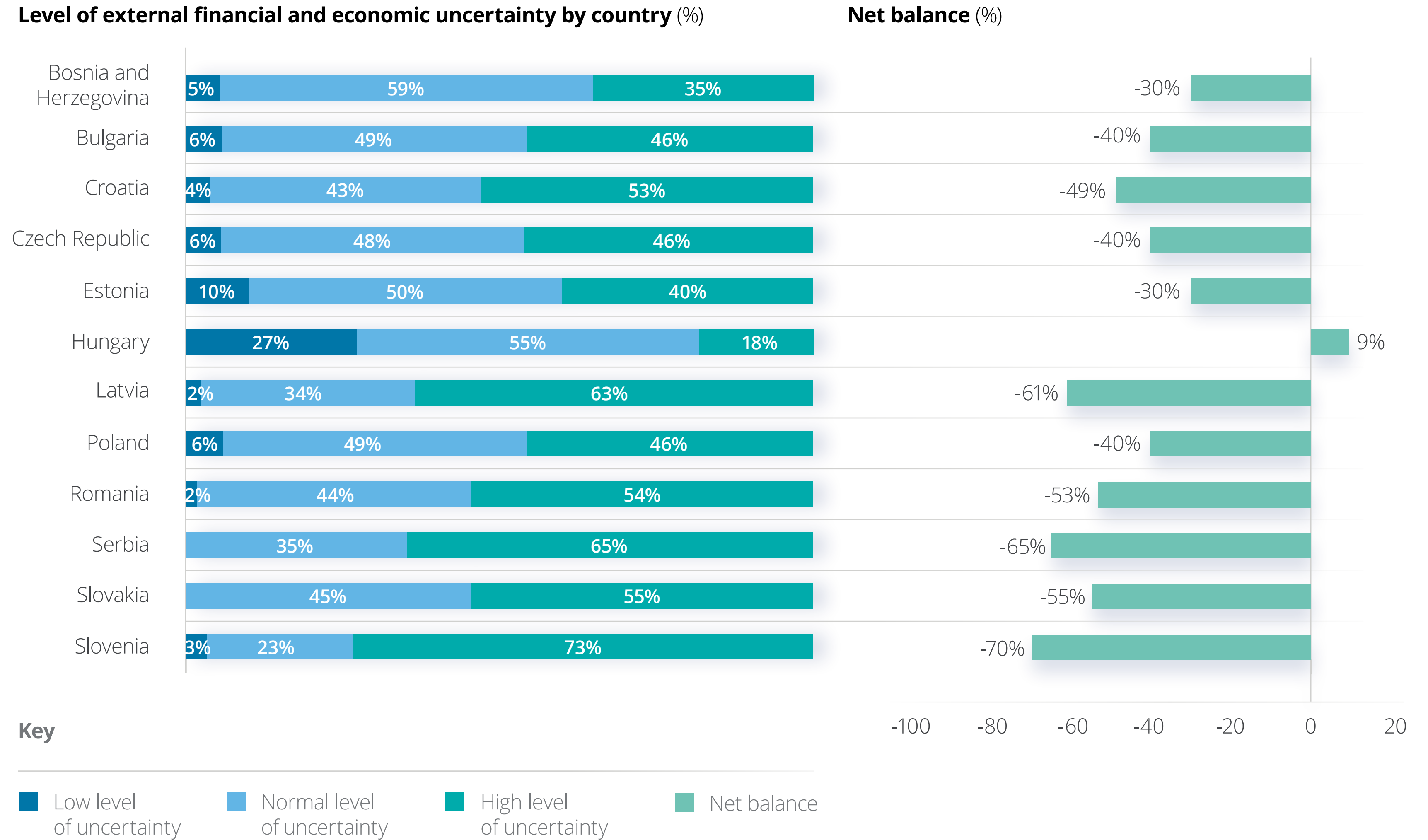
How would you rate the overall level of external financial and economic uncertainty facing your business?

# Unrelenting external financial and economic uncertainty sets the business sentiment.

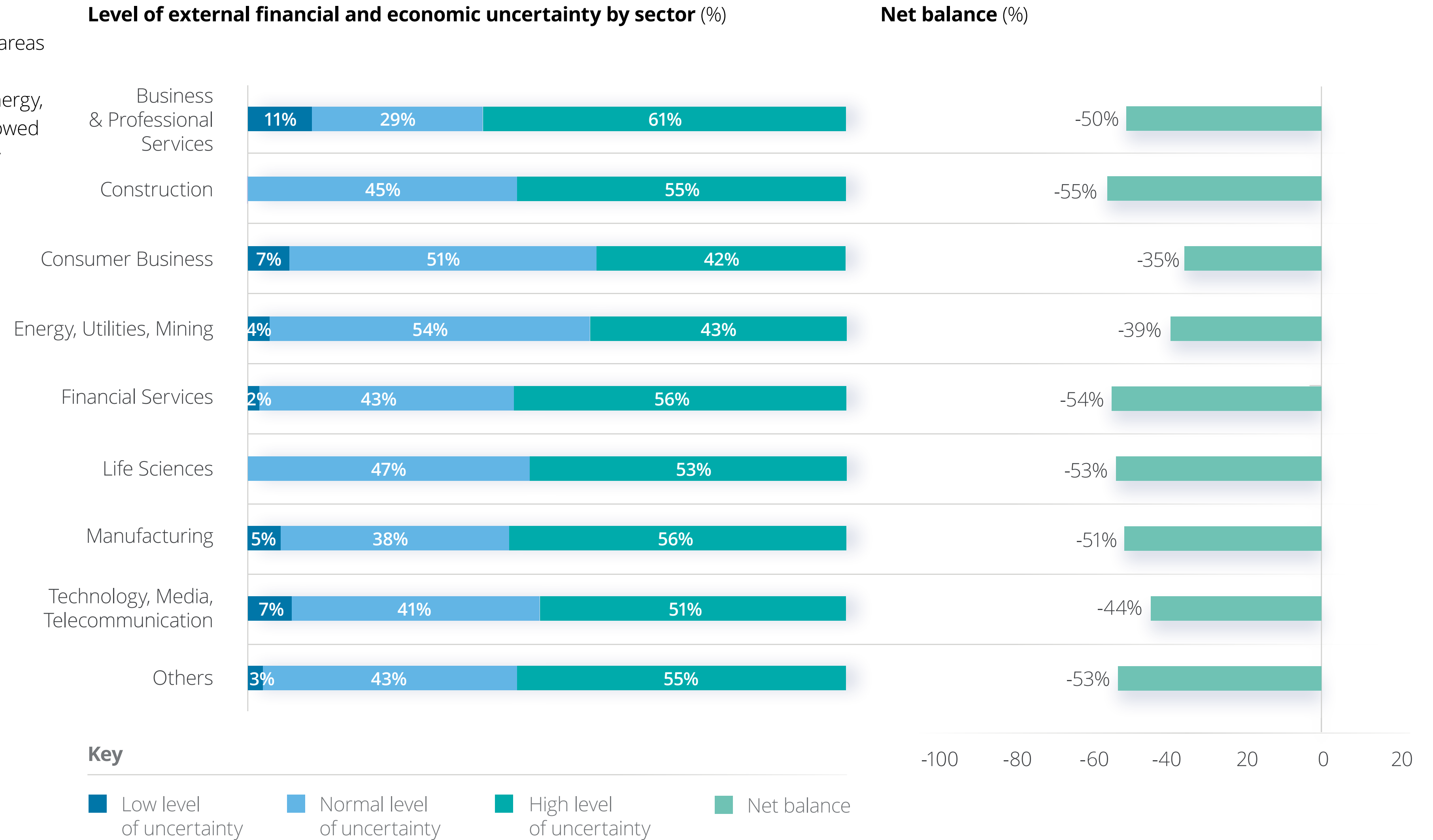
According to the CFOs' forecasts for 2024, they expect a slightly lower level of uncertainty than in 2023. A high level of uncertainty is still indicated, however, predicted by more than 50% of respondents. It should also be noted that respondents have selected a low level of risk less frequently this time than in previous years.



Hungary stands out as the only country with a positive net balance (low level of uncertainty - high level of uncertainty), suggesting respondents see uncertainty in this country as much less burdensome than anywhere else in the CE region.



Results are similar between sectors there is a large group of organisations in all areas of business that perceive a high level of uncertainty for 2024. Only two sectors (Energy, Utilities, Mining and Consumer Business) showed anything less than a high level of uncertainty in the majority of their responses.



QUESTION 9:

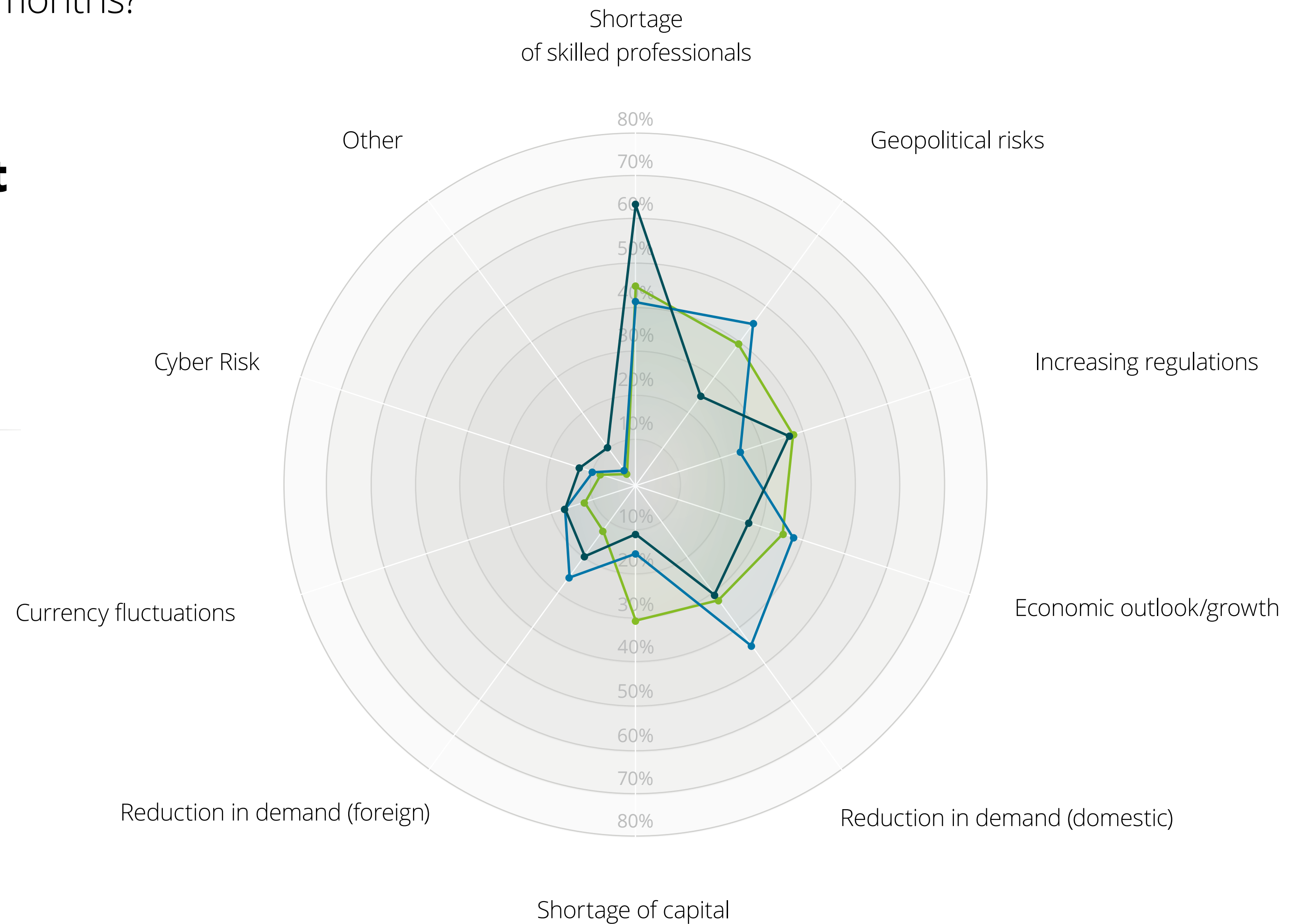
Which of the following factors are likely to pose a significant risk to your business over the next 12 months?

**Skilled professionals' availability, geopolitical tensions and increasing regulation are expected to be the most significant sources of risk to business development.**

As in 2023, the most significant perceived risks for 2024 include geopolitical risks and a shortage of skilled professionals. Far more evident in 2024 is the fear of an increase in compulsory business regulation, and a shortage of capital (with twice as many respondents identifying this as a significant risk than in 2023). Risks relating to falling demand (specifically cross-border), currency fluctuations and cybersecurity were rated as less significant. This is particularly interesting, given that 63% of our respondents represent export businesses. Such responses indicate that internal factors related to domestic conditions are much more important to them conditions in other countries.

**Key**

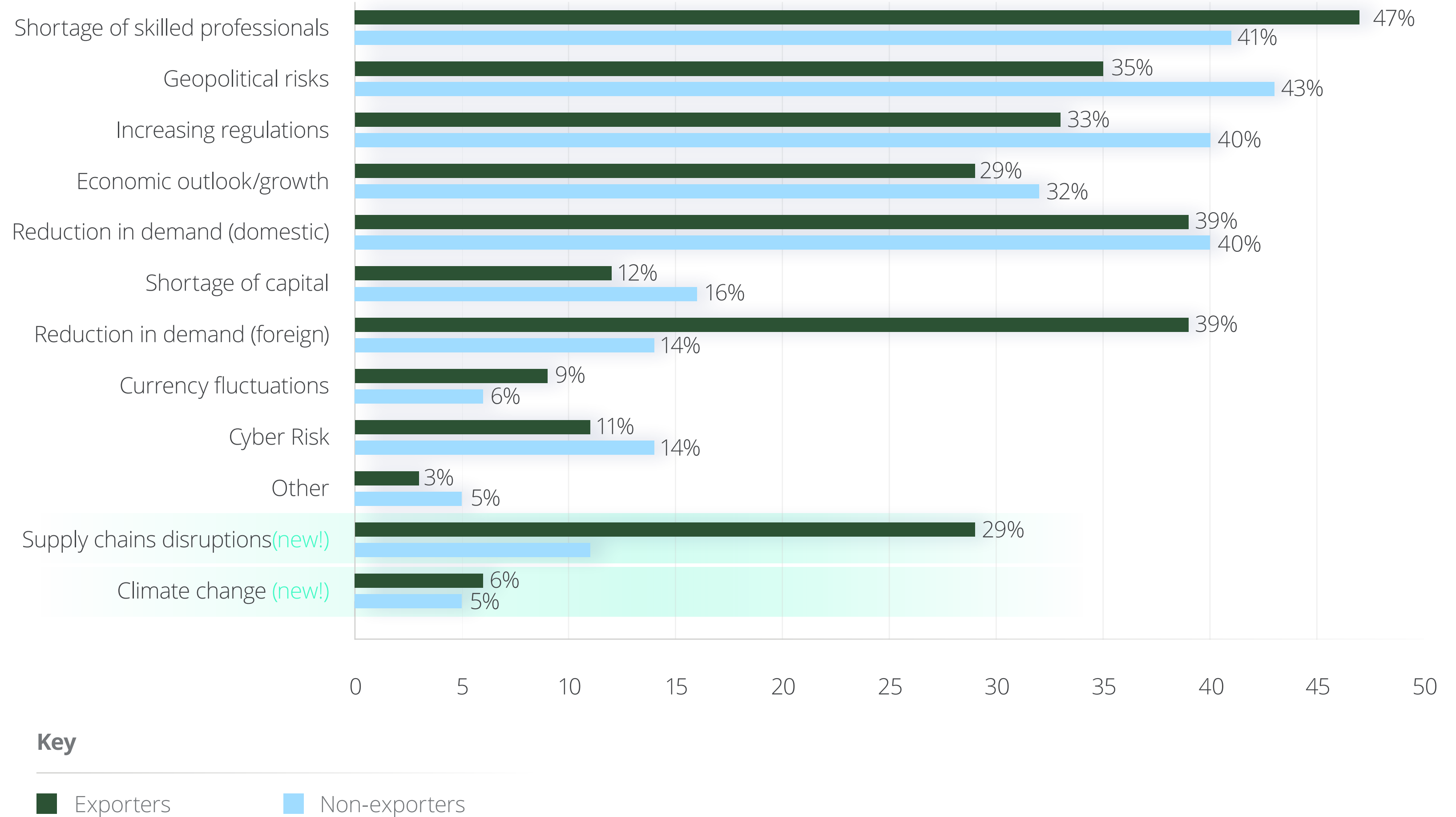
- 2022
- 2023
- 2024



As might be expected, exporters and non-exporters assess risk factors differently. Companies whose operations are limited to the domestic market obviously attribute much less importance to foreign market demand. However, it is worth noting that the exchange rate is equally important for both groups, since many companies selling solely in the domestic market are also importers of components or services from abroad. There is an additional interesting difference in responses relating to a shortage of skilled workers. Concerns of this kind are more frequently expressed by exporters (by 47% in the exporters' group) than by non-exporting companies (41% in the non-exporters' group).

We included questions for the first time about the importance of supply-chain disruptions and climate change in the 2024 survey. As the results indicate, supply chain disruption issues are critical for CFOs from exporting companies, much more important than for non-exporting companies. When it comes to climate change, it seems that the senior managers responsible for finance at companies do not believe this issue significantly impacts their company operations.

**Which of the following factors are likely to pose a significant risk to your business over the next 12 months?**



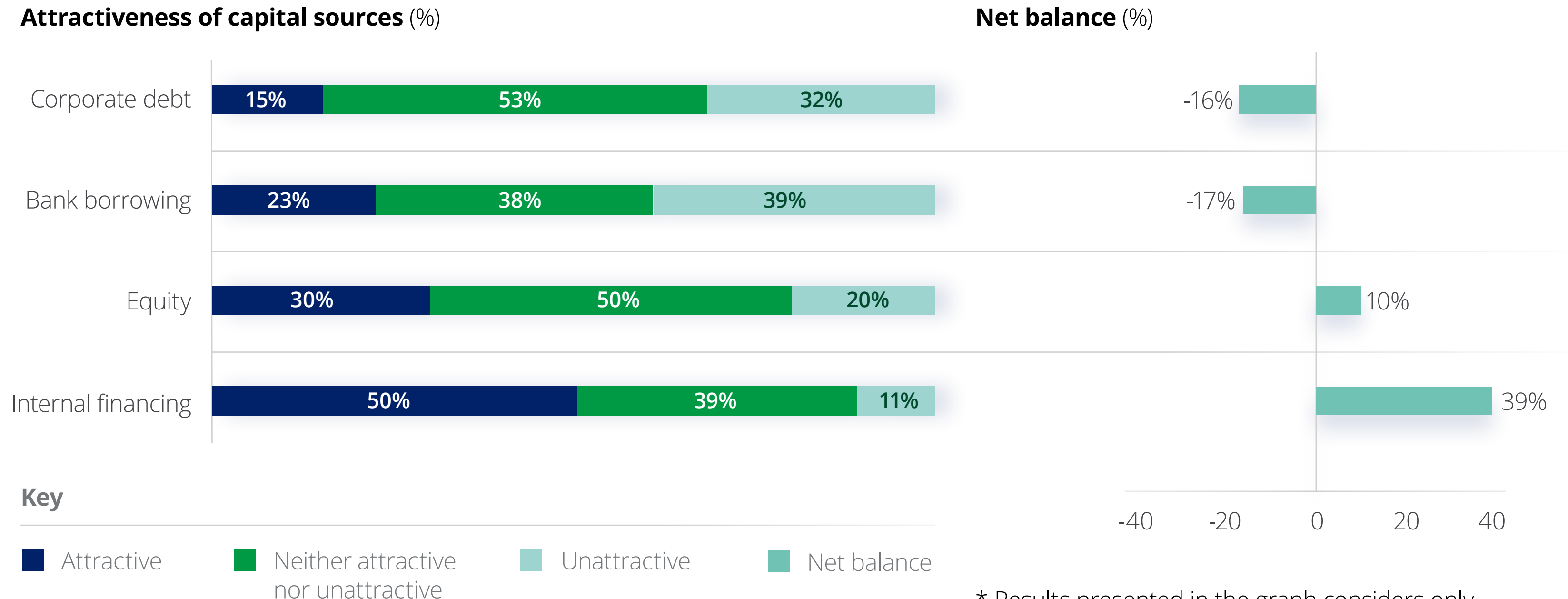


QUESTION 10:

How do you currently rate the following sources of funding for your company?

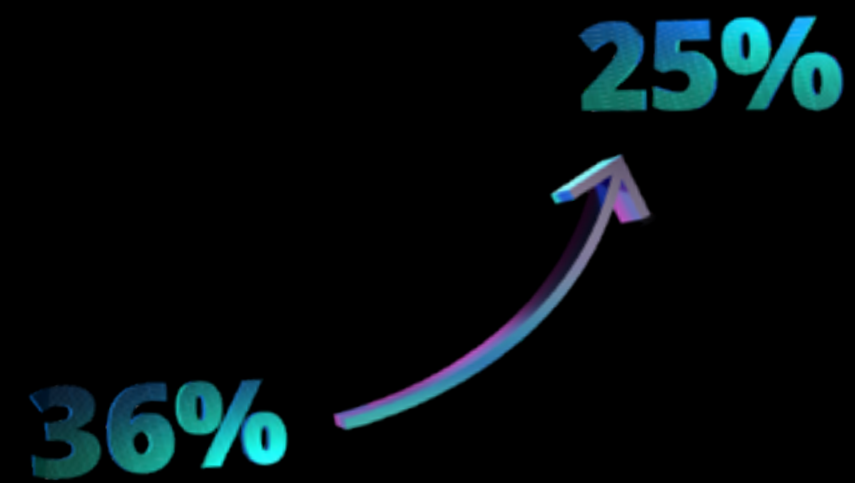
## Companies see their own funds as the most attractive sources of capital.

As part of enquiring about CFOs' thoughts on the availability of capital, we asked about their views on the available sources of capital. Our respondents most often identified internal financing as the most attractive source of funding, with only 11% considering it unattractive. The second most attractive is equity finance, while corporate debt and bank borrowing are both perceived negatively. These results clearly indicate the impact of the onerous cost of capital driven by higher interest rates than in previous years in most CE economies and the eurozone.



\* Results presented in the graph considers only responses "attractive".

# 4. Company growth



The share of **CFOs in the CE region feeling more optimistic** than six months ago: 36% (vs. 25% in 2023).



Two particular sectors – **Life Sciences and Technology, Media, Telecommunication** – are expected to experience the most dynamic growth in 2024.



Companies' capital expenditure is likely to **slowly increase in the CE region.**



**Debt capital** has become a permanent part of companies' daily business, while macro-economic circumstances **do not increase concerns** about the cost of servicing it.



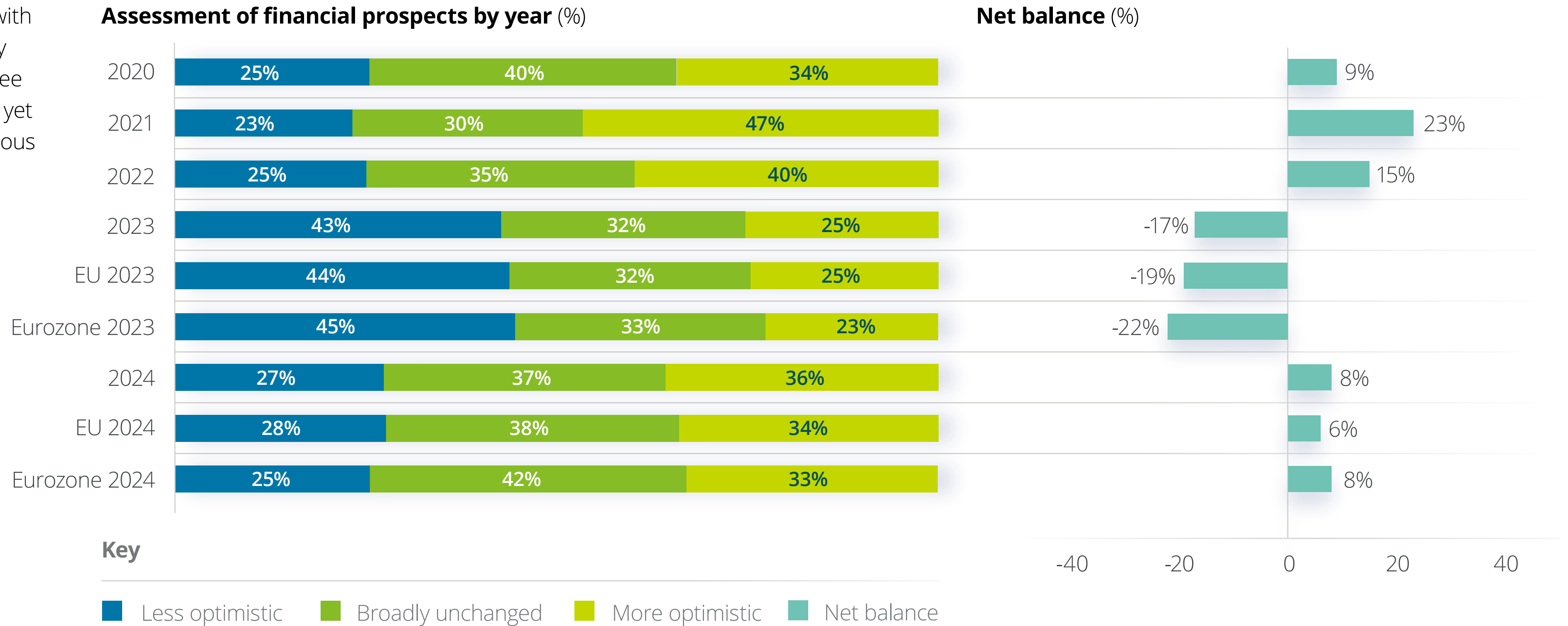
**Cutting costs** is important for a significant majority of respondents, and is the **top priority** for a quarter of them.

QUESTION 11:

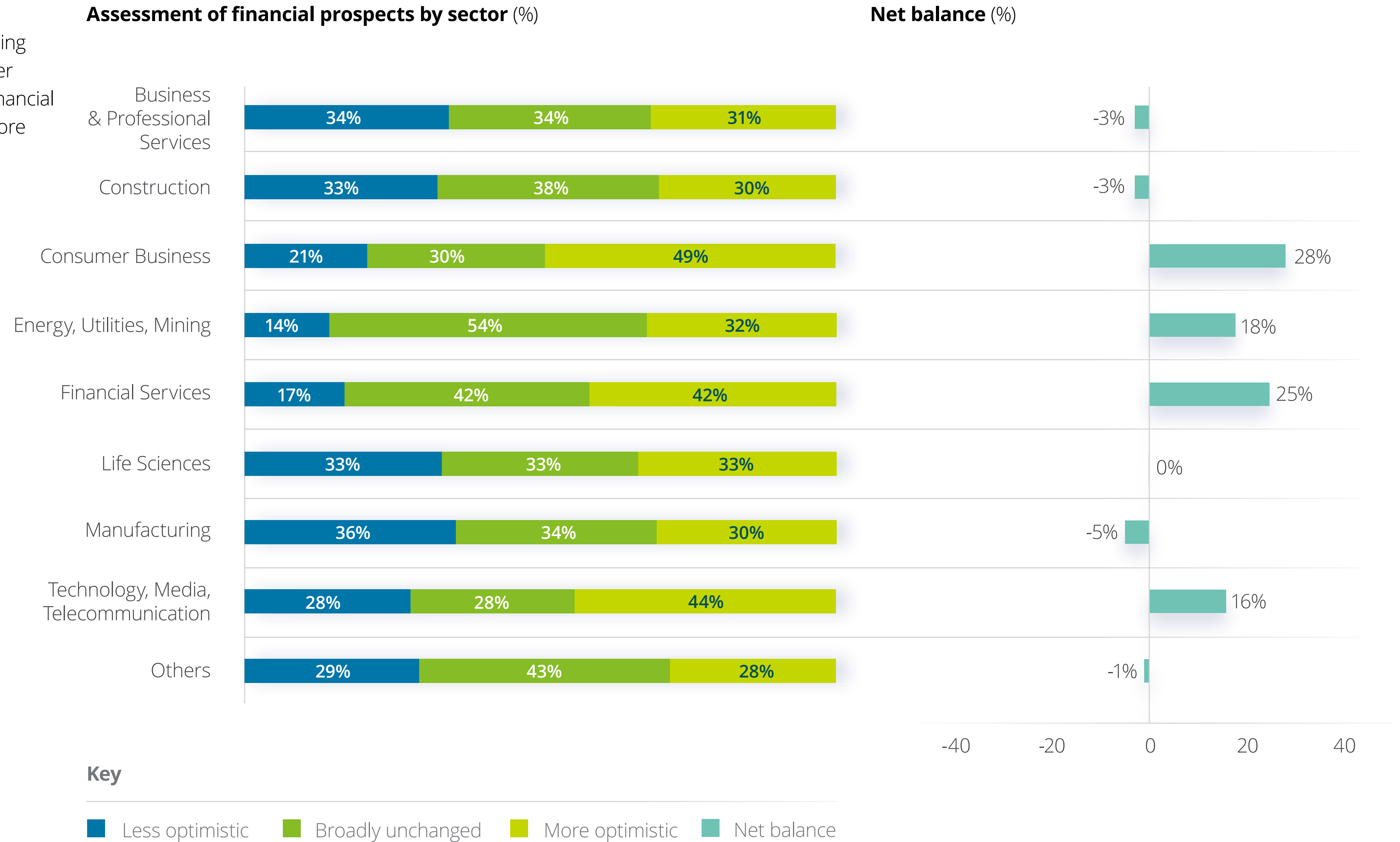
Compared with six months ago, how do you feel about the financial prospects for your company?

## The market is more optimistic than it was a year ago, but caution and uncertainty are still key to business sentiment.

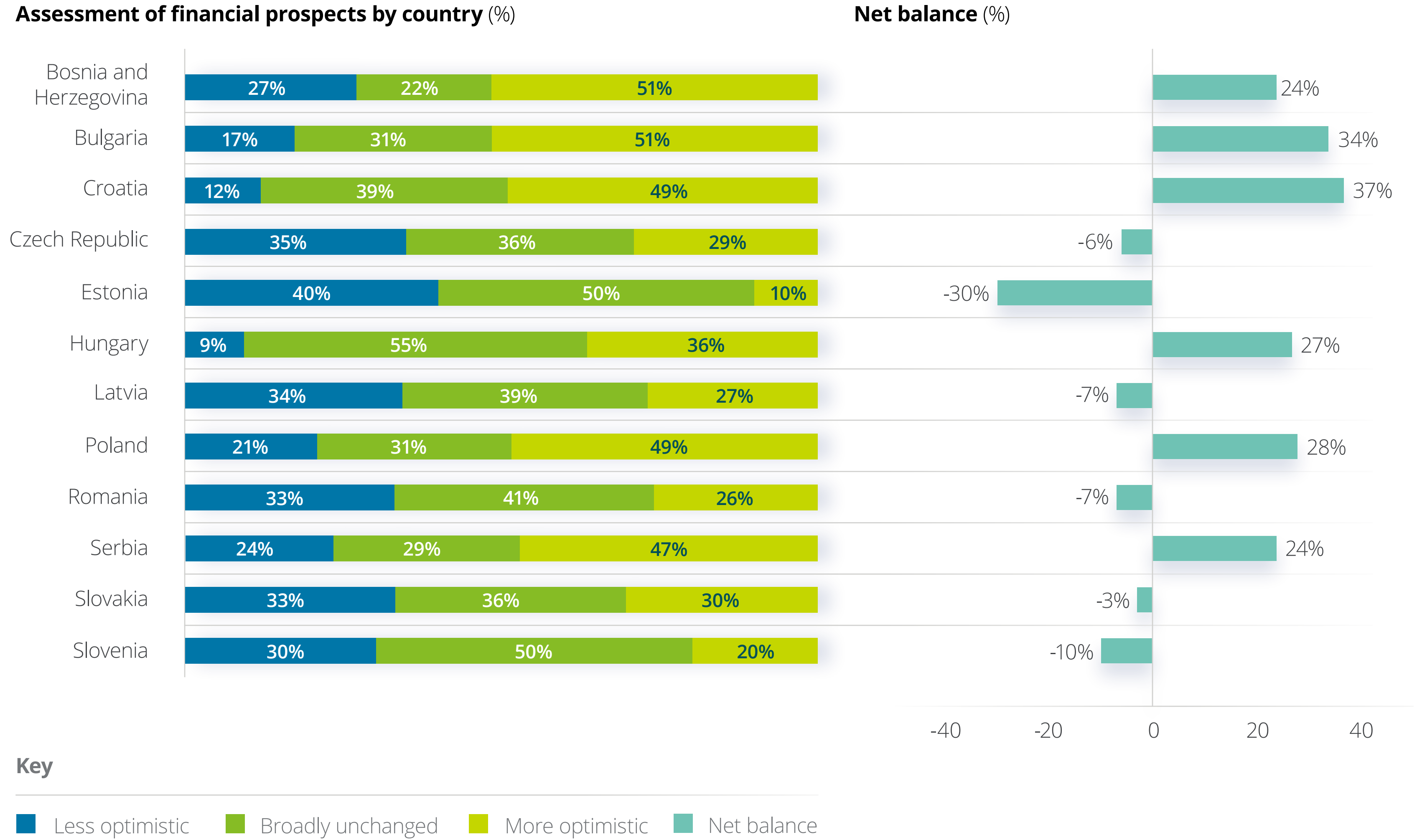
After a collapse in CFOs' optimism in 2023, with the "less optimistic" option being selected by a record 43% of respondents, we can now see a rebound in sentiment. However, it has not yet reached the levels of optimism seen in previous editions, such as in 2022 or 2021.



The results are balanced across sectors, with similar numbers of respondents remaining more as well as less optimistic. The Consumer Business (with a new balance of 28%) and Financial Services (25%) sectors seem to be slightly more optimistic than others.



However, a much greater diversity of results is apparent when it comes to countries – Estonia stands out as the least optimistic, while the Balkans, Bulgaria, Poland and Hungary all remain significantly more optimistic.



QUESTION 12:

How are the following key metrics for your company likely to change over the next 12 months?

# The future financial performance of companies may come as a positive surprise.

a) In your view, how are revenues for your company likely to change over the next 12 months?

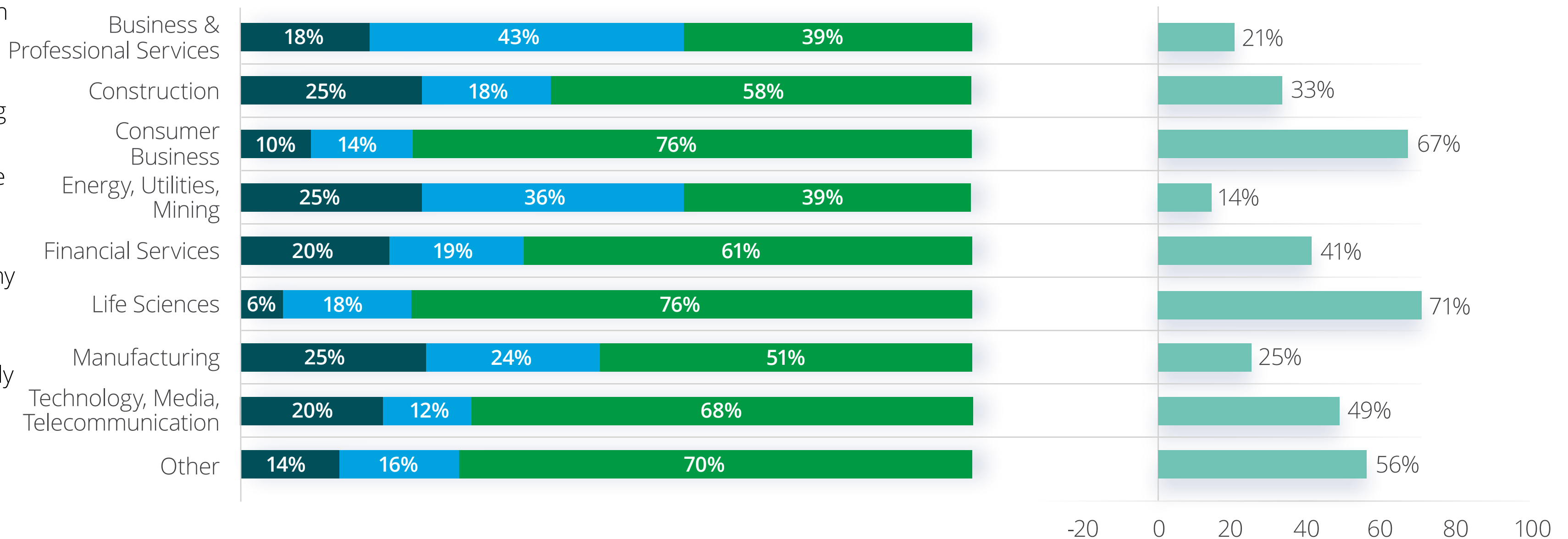
Most CFOs are predicting a steady increase in revenues. However, there is quite a bit of variation between sectors when it comes to expected growth. Life Sciences and Technology, Media, Telecommunication (the same as those predicting probable high levels of M&A activity next year) stand out particularly positively. The least positive responses were from the Energy, Utilities, Mining sector. Interestingly, despite the relatively high percentage of responses regarding rising company revenues in the Construction and Manufacturing sectors (both more than 50%), a quarter of respondents from these sectors simultaneously expect a decrease in revenue. This may reflect the significantly different circumstances between companies within these sectors.

Key



Expected changes in revenues by sector (%)

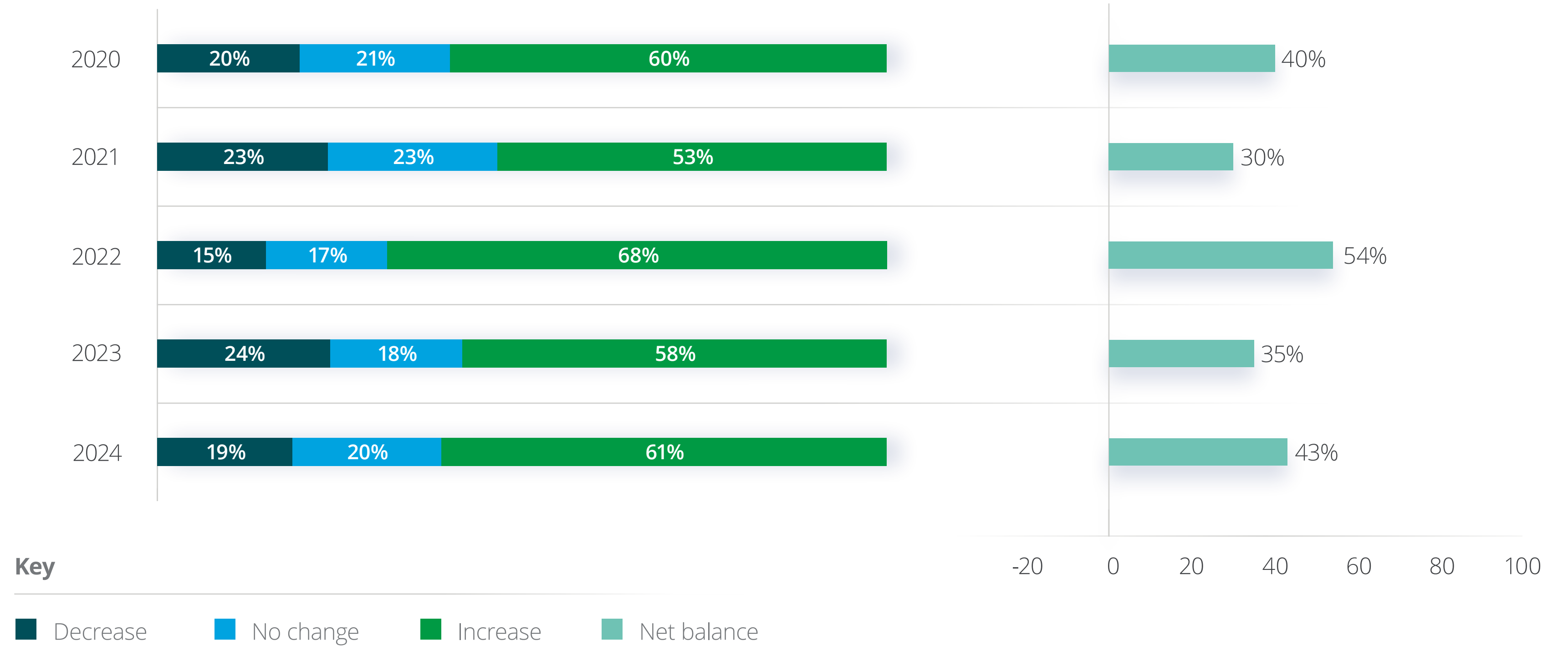
Net balance (%)



Distrust of recovery signals persists, but the shocks are becoming faded, or businesses are getting used to them so the sense of uncertainty about the future is decreasing. According to the results of this survey, those companies that anticipate GDP growth also expect significant revenue growth. Given recent experience of the gap between real results and forecasts, it could be said that forecasts have recently been proving to be the purveyors of more optimistic business sentiment than the conservative predictions and assumptions of financiers.

**Expected changes in revenues by year (%)**

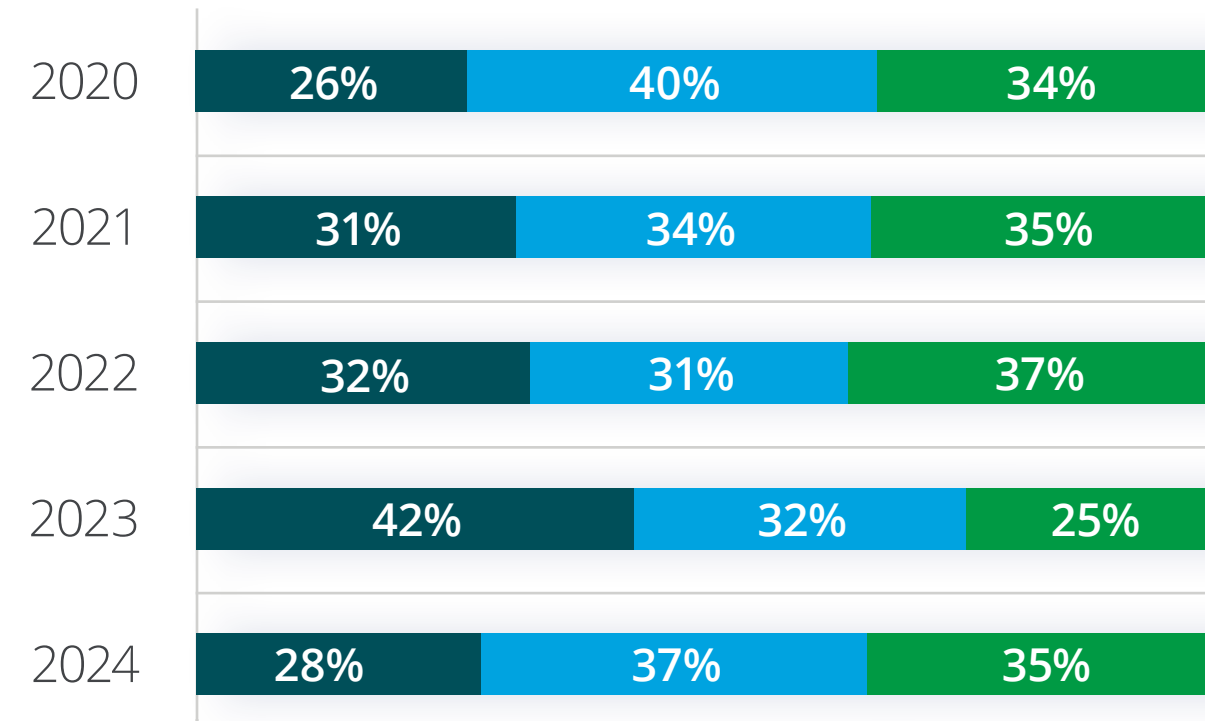
**Net balance (%)**



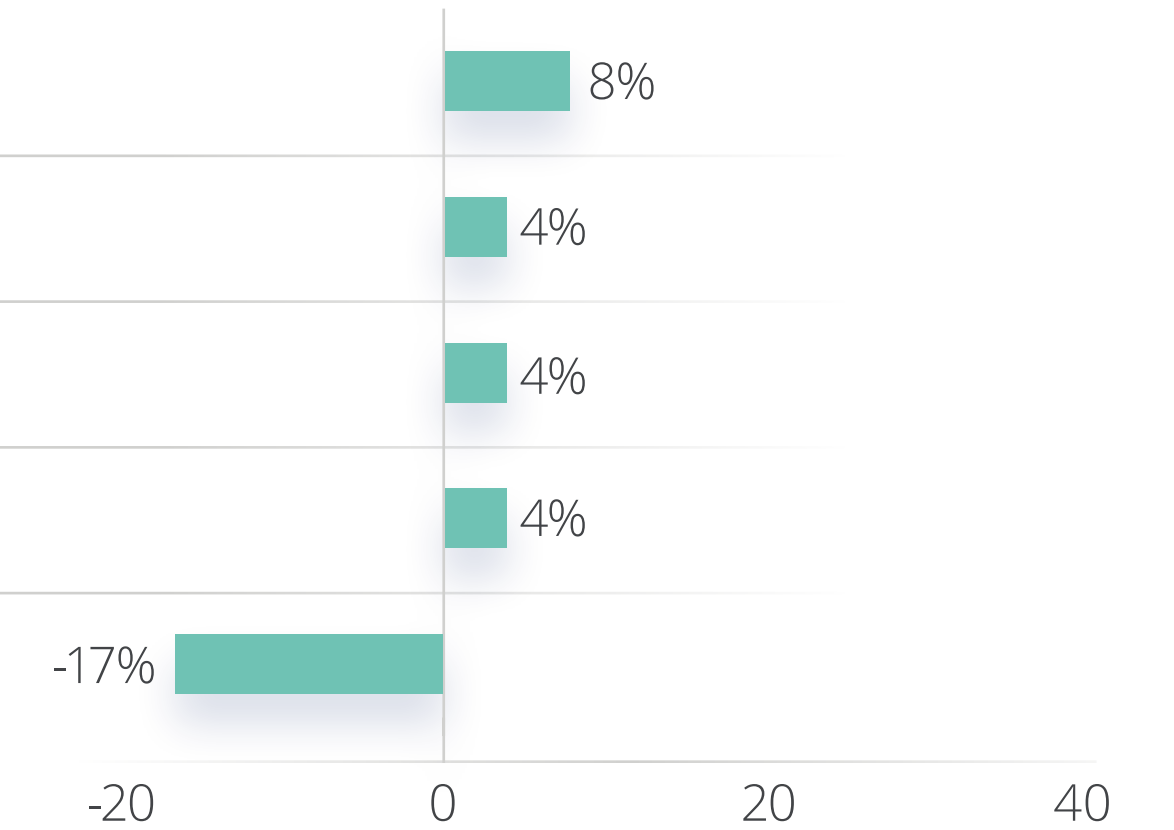
## b) In your view, how are operating margins for your company likely to change over the next 12 months?

The responses on operating margin for 2024 predict a rebound from the more pessimistic outlook for 2023, returning to a result more like that of 2020, which anticipated overall soft growth. The Life Sciences, Consumer Business and Technology, Media, Telecommunication sectors show a higher percentage of positive responses, while the Business & Professional Services and Energy, Utilities, Mining sectors are less optimistic.

**Expected changes in operating margins by year (%)**



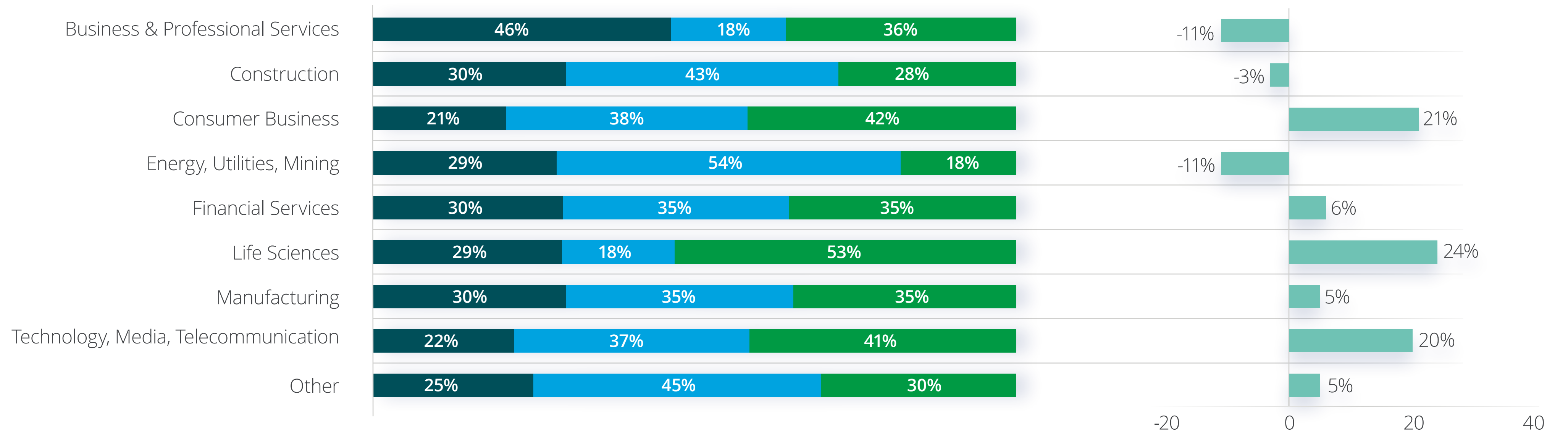
**Net balance (%)**



### Key

- Decrease
- No change
- Increase
- Net balance

**Expected changes in operating margins by sector (%)**





### c) In your view, how is capital expenditure (CAPEX) for your company likely to change over the next 12 months?

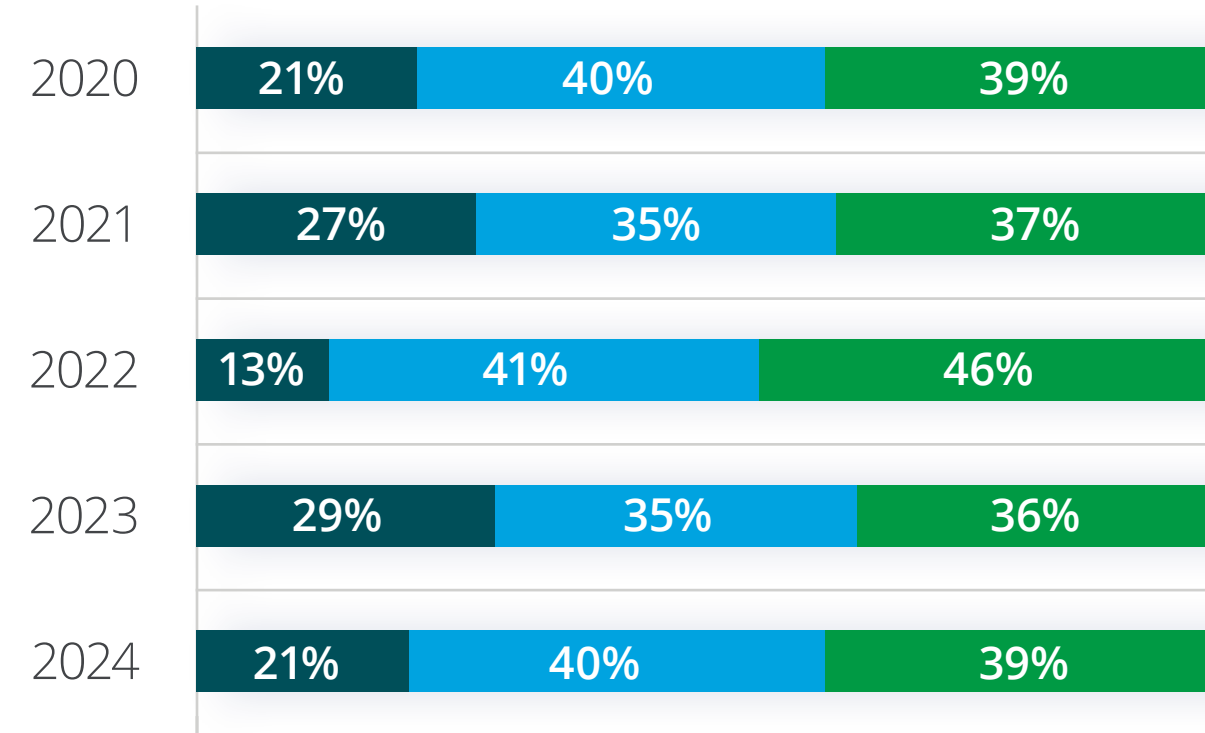
Year after year, respondents indicate different increases in capital expenditure levels. After a significant increase in the percentage of responses anticipating an increase in 2022, and a significant decrease in 2023, 2024 seems to return to earlier results (with a net balance of 18%, the same as in 2020). However, the results differ by sector, with about half of the representatives from the Energy, Utilities, Mining and Financial Services sectors predicting an increase, while a decrease is expected for the Life Sciences and Technology, Media, Telecommunication sectors.

**Among companies expecting rapid revenue growth, the percentage of firms that anticipate a CAPEX increase (30%) is much higher than for the rest (8%).**

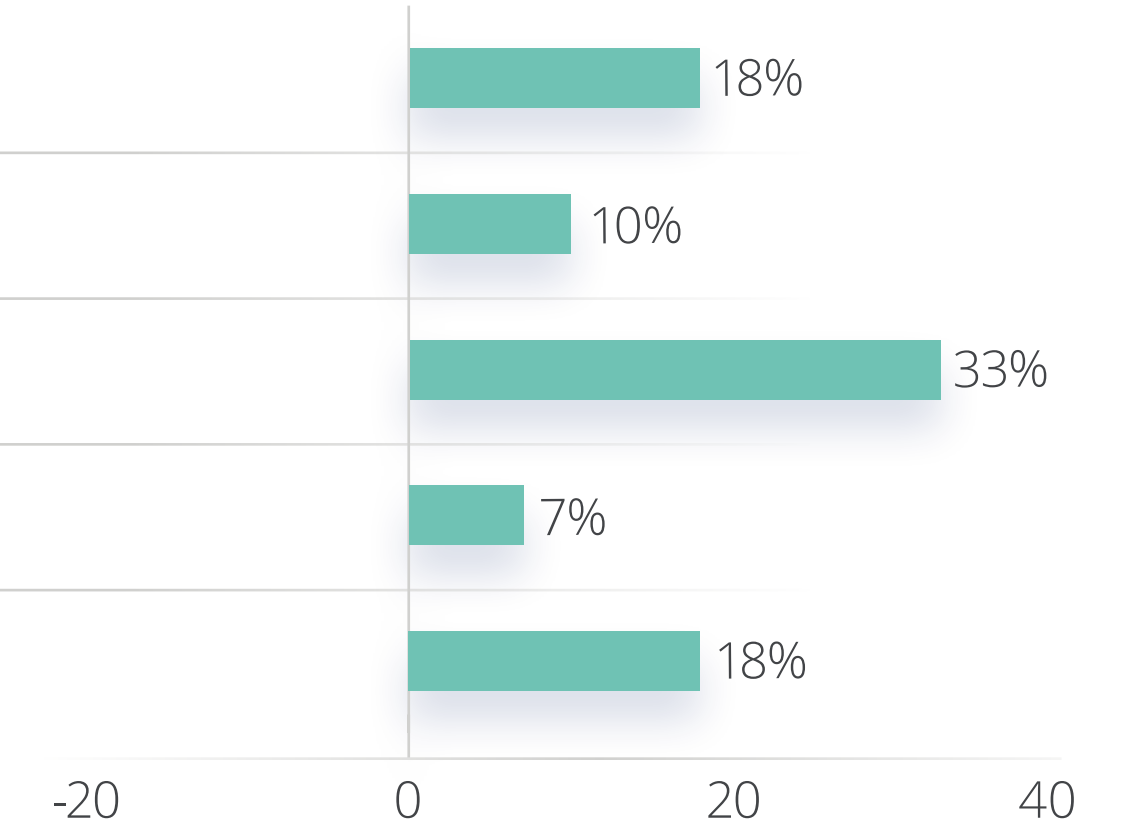
#### Key

- Decrease
- No change
- Increase
- Net balance

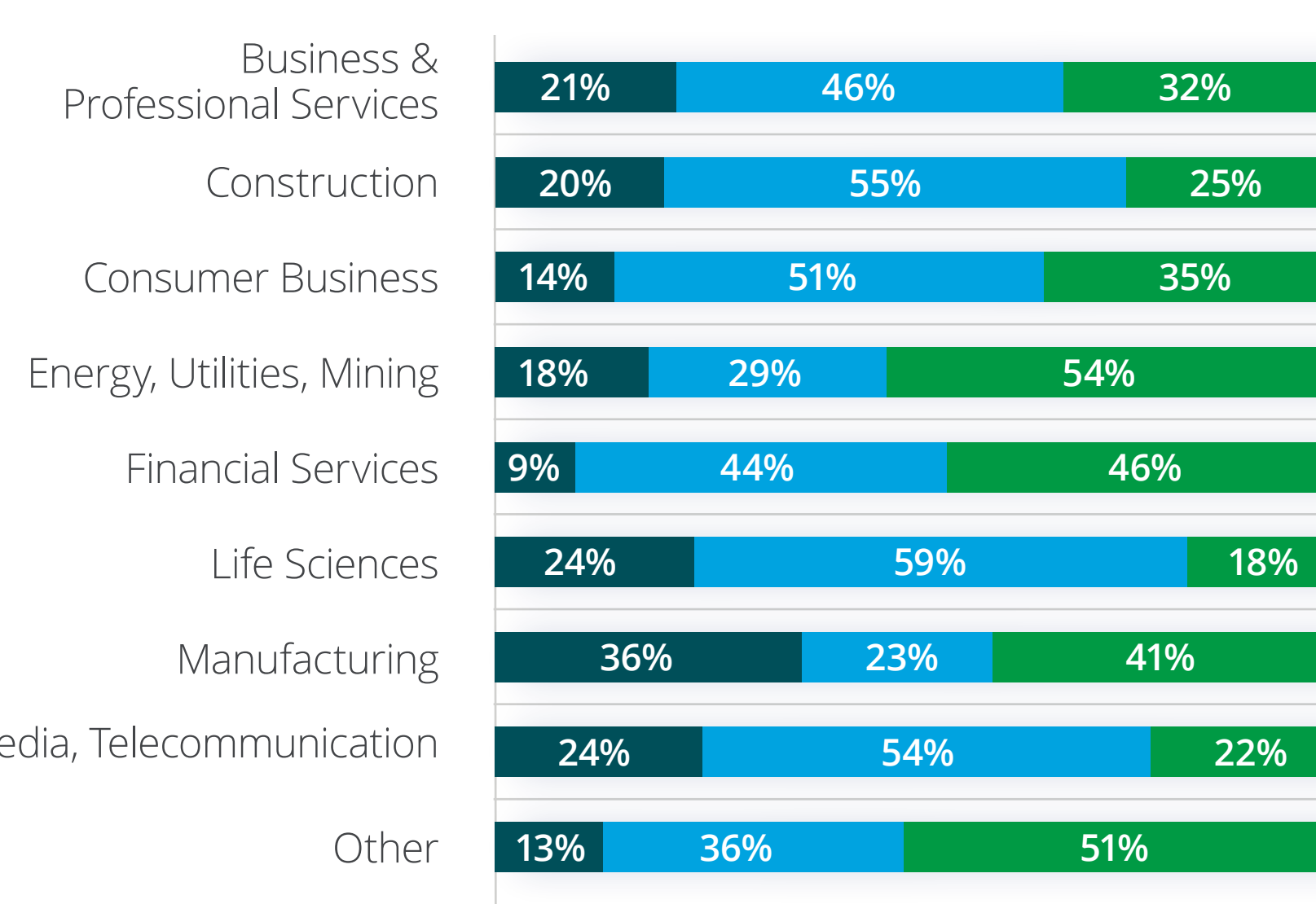
Expected changes in CAPEX by year (%)



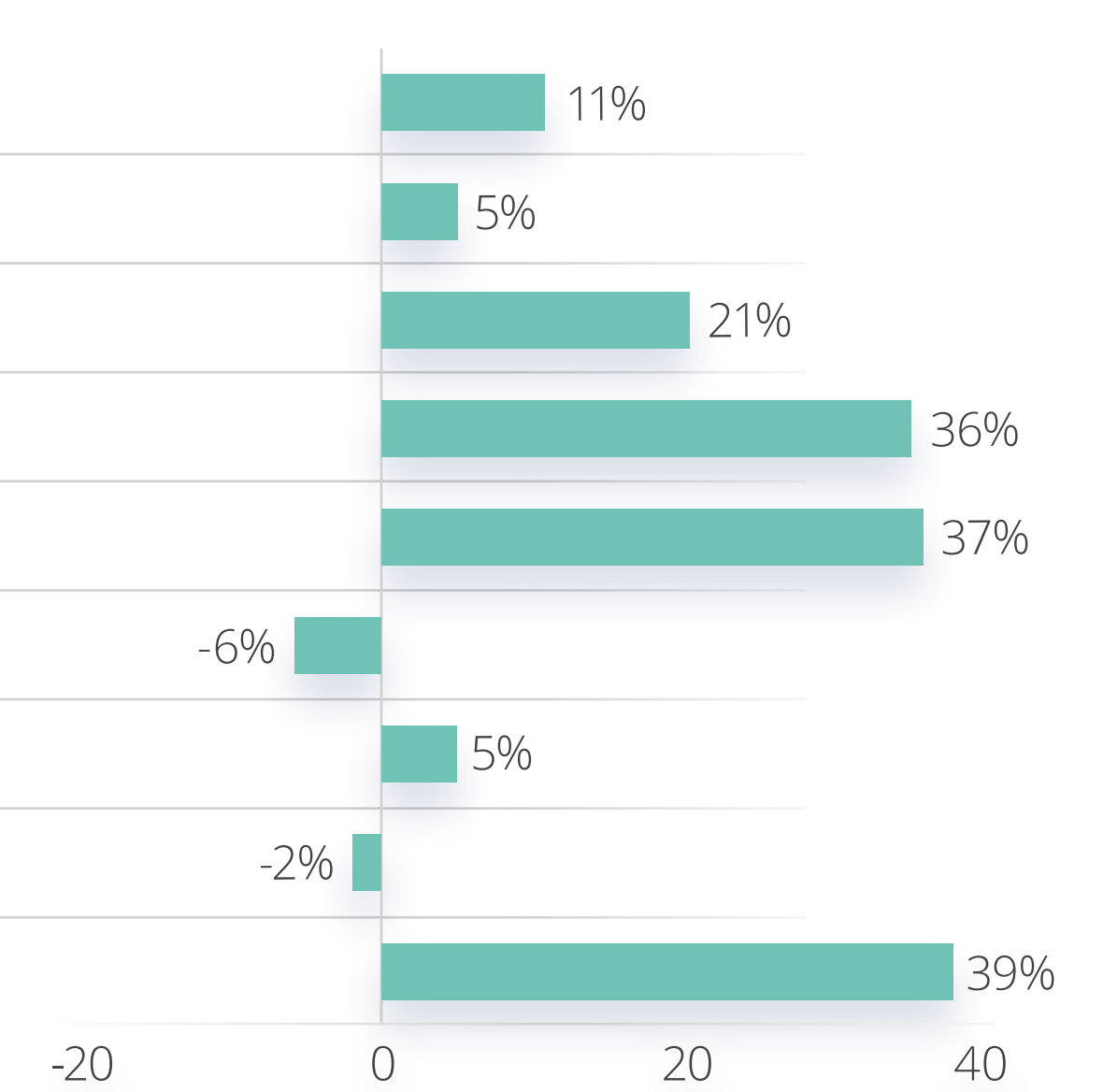
Net balance (%)



Expected changes in CAPEX by sector (%)



Net balance (%)



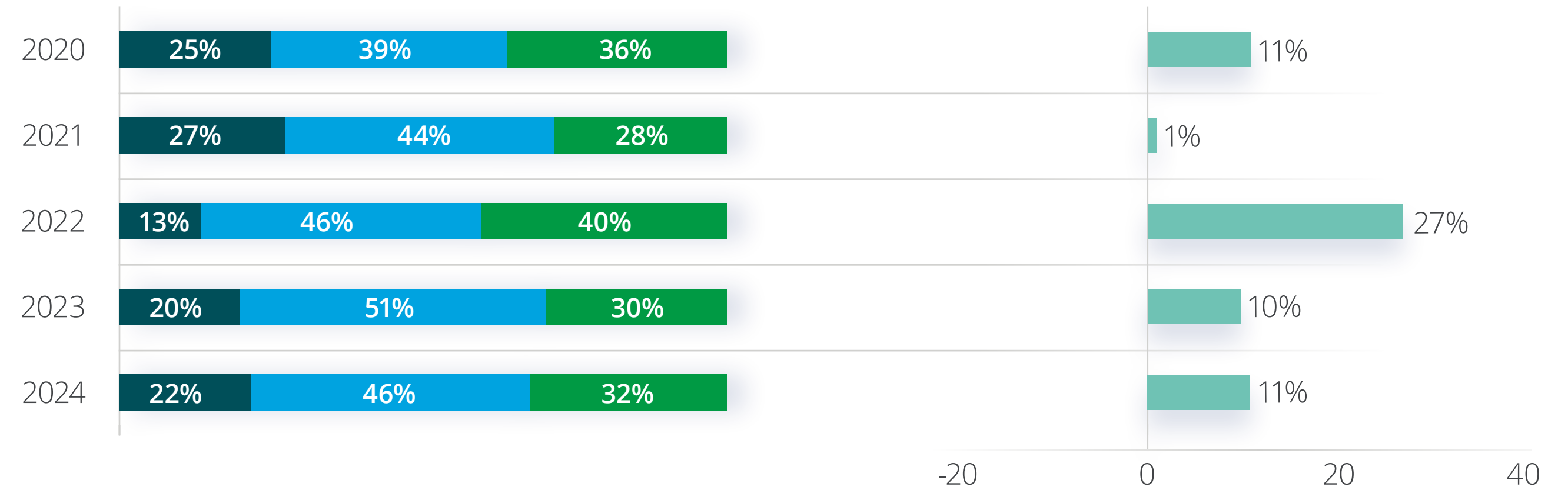
d) In your view, how is the number of employees in your company likely to change over the next 12 months?

The results from the survey for 2024 include similar predictions to those from 2023, with an anticipated increase of around 10 percentage points in the number of employees. The Construction and Manufacturing sectors stand out, with an equal number of responses predicting an increase and decrease in the number of employees. Nearly half of respondents in the Life Sciences industry (47%) expect an increase in the number of employees, the highest of all sectors. Again, the Life Sciences sector stands out: more respondents predict an increase in the number of employees, while 24% favour the opposite option (6%), which is a relatively broad range of responses.

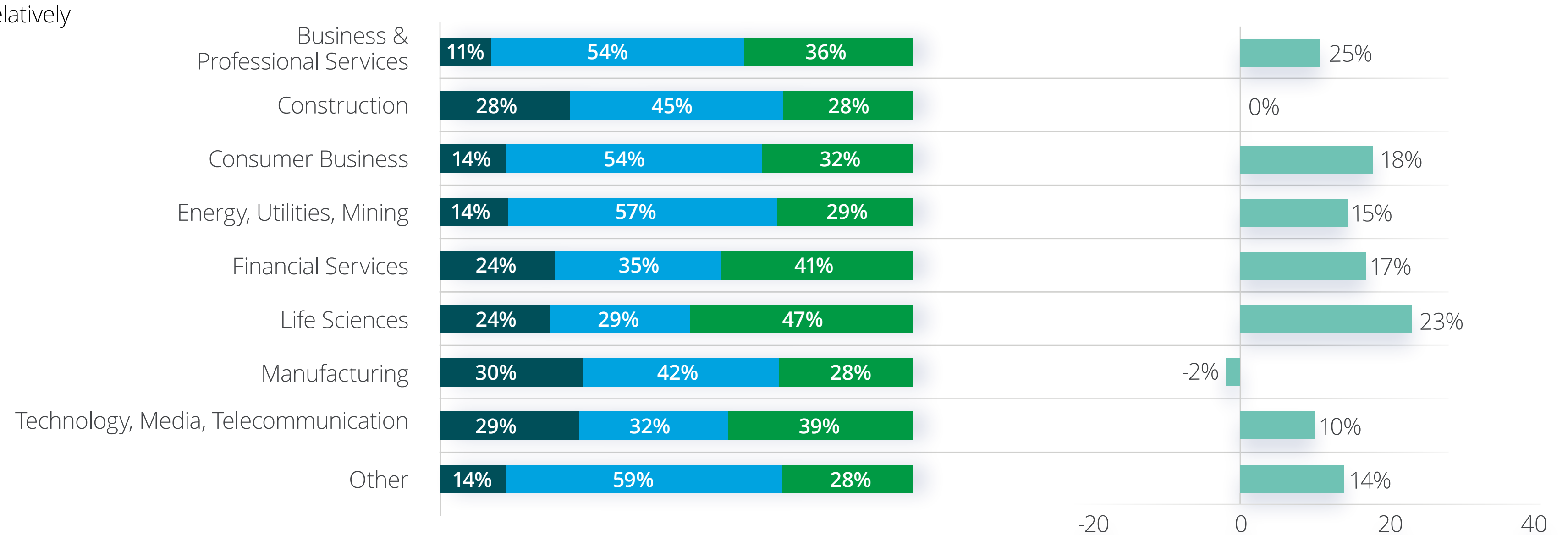
**Key**

- Decrease
- No change
- Increase
- Net balance

**Expected changes in the number of employees by year (%)**



**Expected changes in the number of employees by sector (%)**



QUESTION 13:

Over the next three years, do you expect your ability to service your debt to increase, decrease or no change?

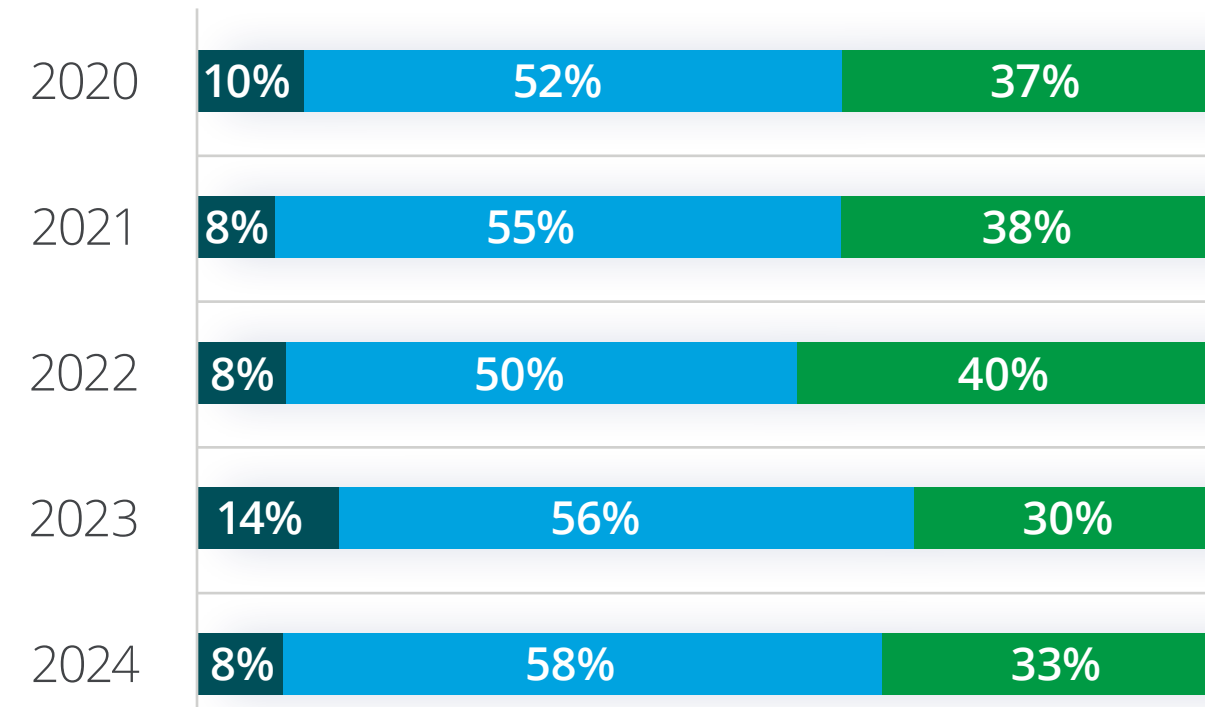
## Businesses see debt as a straightforward issue.

Companies' attitudes to servicing debt have changed little in the period between 2020 and 2024. As in last year's survey, the majority of respondents (58%) are concerned about the ongoing cost of servicing debt. It is worth noting that the percentage of those expecting the cost to decrease has fallen slightly, and the percentage expecting an increase has grown by three percentage points. This relates to the interest-rate increases of recent years and the consequent higher cost of capital for companies in all countries across the region. The Life Sciences sector is the most open to raising debt capital, which is needed for expected growth and building competitiveness in the long term.

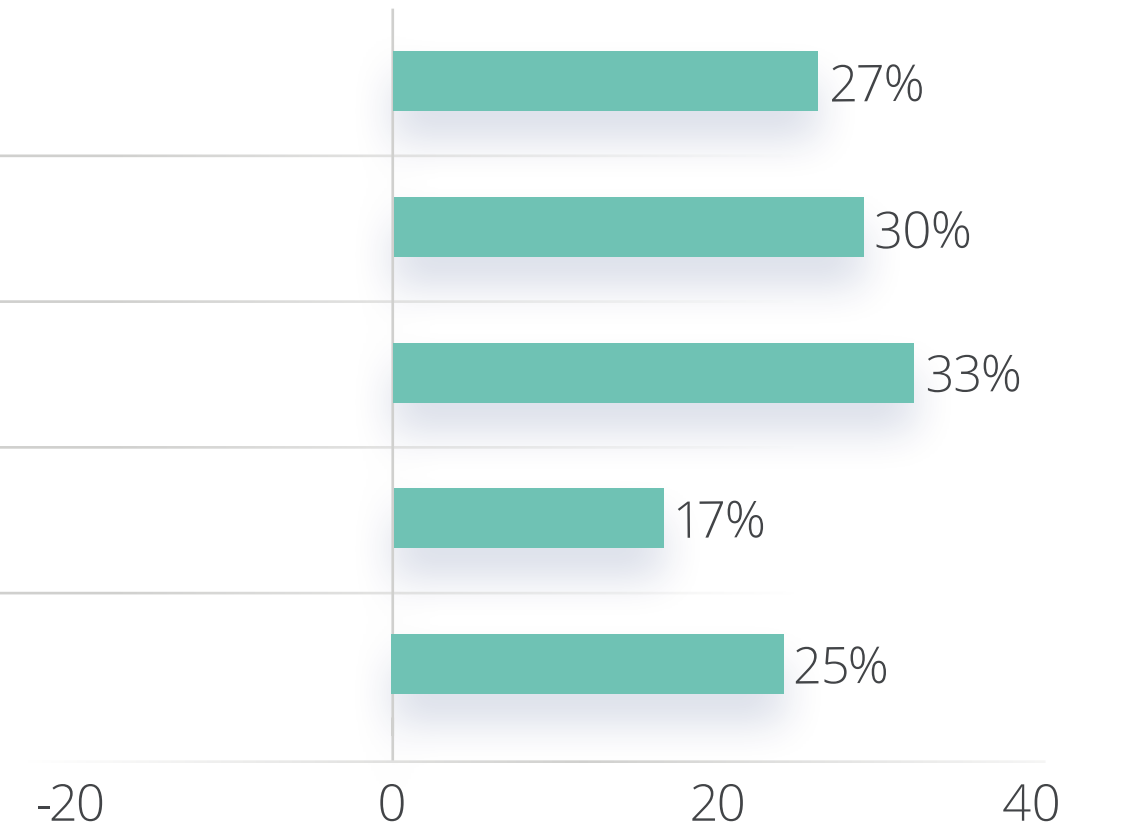
**Key**

- Decrease
- No change
- Increase
- Net balance

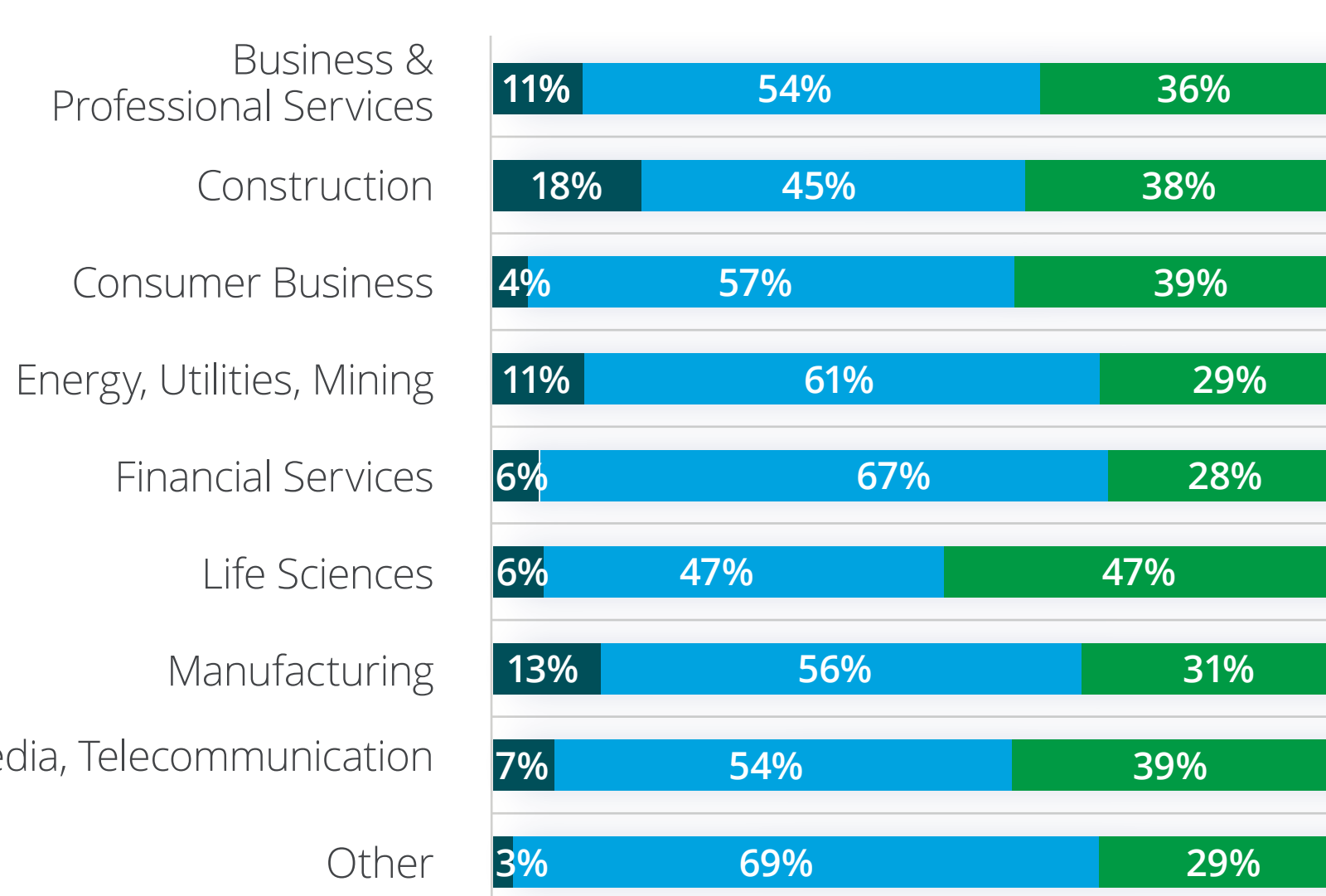
**Expected changes in ability to service debt by year (%)**



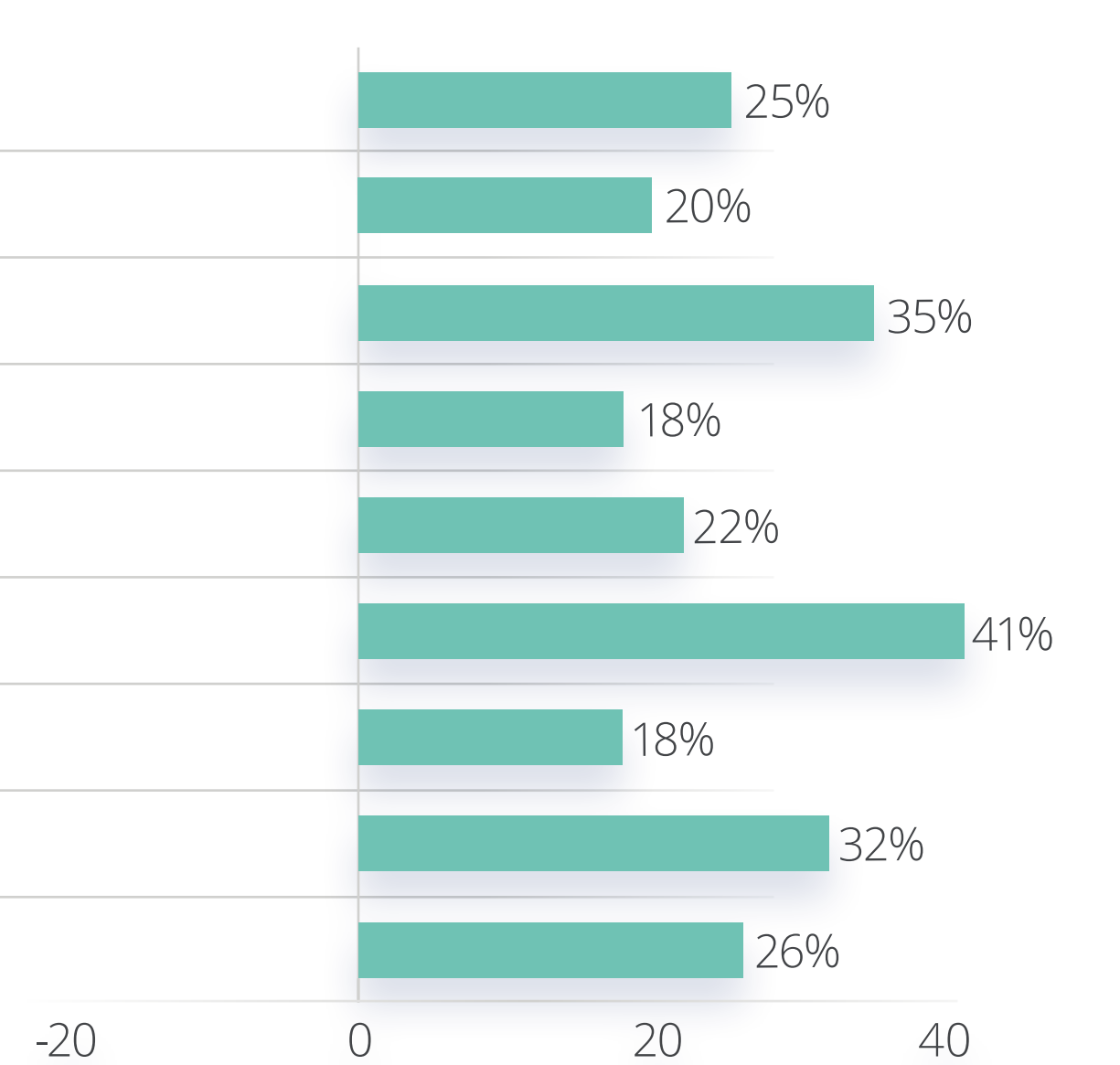
**Net balance (%)**



**Expected changes in ability to service debt by sector (%)**



**Net balance (%)**



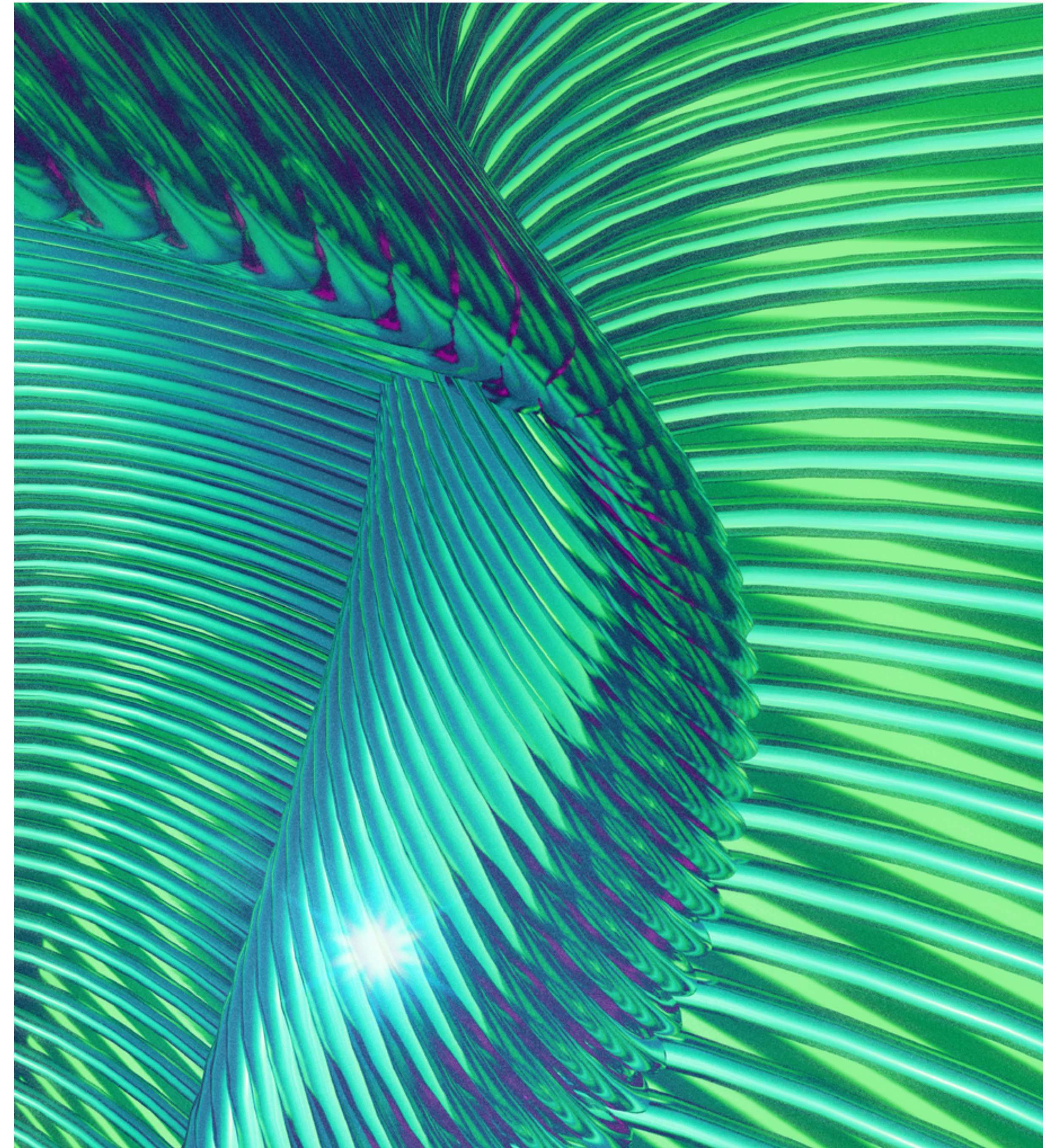
QUESTION 14:

Please state which of the following strategies are likely to be priorities for your business over the next 12 months.

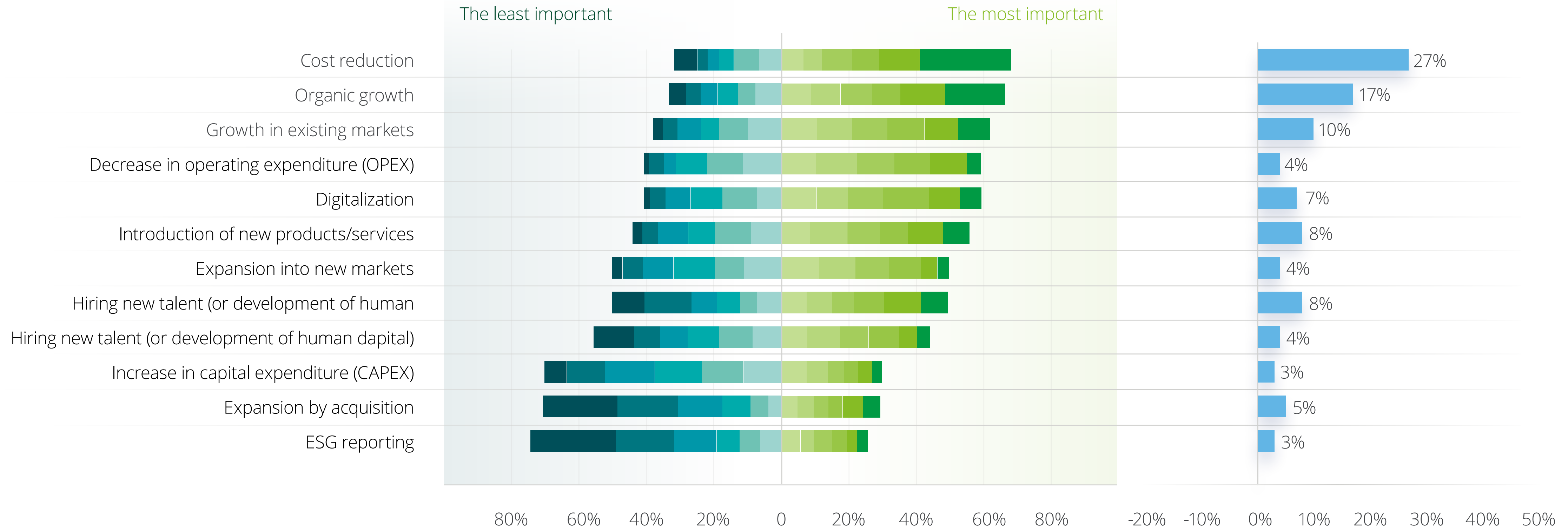
## **Lower costs and higher growth are the most important corporate strategies in the year ahead.**

Although optimism is slowly returning to businesses across the region, in such uncertain and challenging times senior managers in charge of corporate finance are focusing on costs. Of all the priorities for 2024, cost reduction is the most frequent response to this edition of the survey: not only does it rank highly compared to other goals, but more than a quarter of survey participants chose this answer as their top priority. The next most frequently indicated options include two items on growth – organic growth and growth in existing markets, as well as a decrease in OPEX (again emphasising the cost reduction narrative).

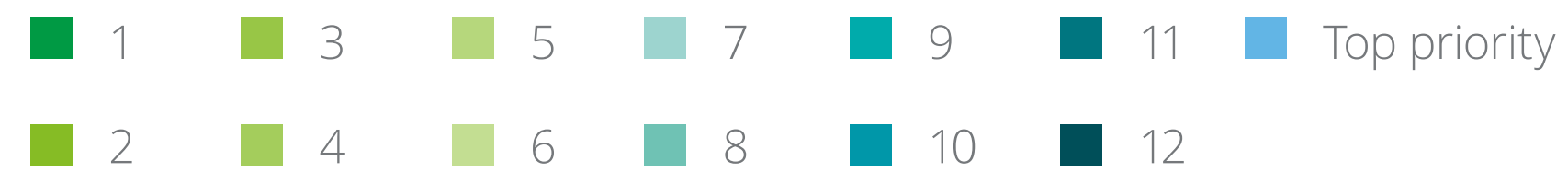
Despite the expansion of EU regulations in the ESG sphere, which might suggest the growing importance of these issues in the minds of executives, somewhat surprisingly this topic is at the bottom of the list of factors mentioned by those surveyed: only 3% of respondents gave priority to ESG reporting issues.



**Priority strategies for the next 12 months**



**Key** - Order of importance (1-12) with 1 being the most important and 12 being the least important.



QUESTION 15:

What is your aim for your level of gearing over the next 12 months?

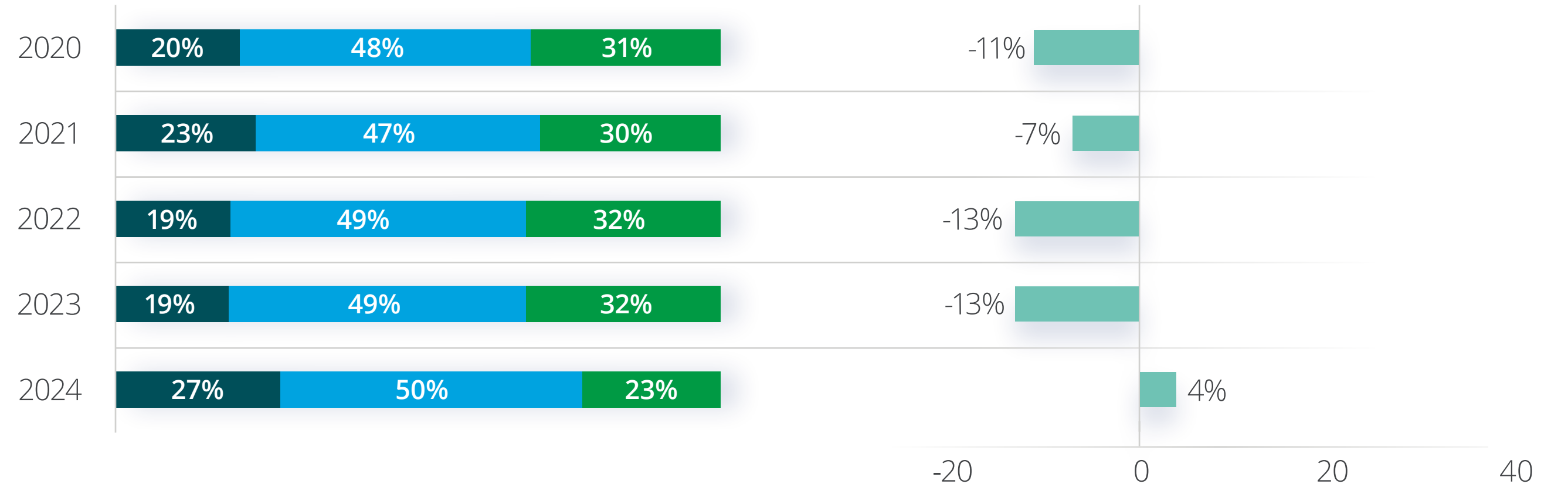
# CFOs are finally keener to reduce debt than increase it.

The forecast for 2024 concerning indebtedness appears to be slightly more optimistic than in previous years. For the first time since 2020, plans to reduce debt levels are more common than plans to increase them. Comparing sectors, Construction in particular stands out for its intention to reduce debt, while Life Sciences is the only sector in which plans to increase debt dominate. So, on the one hand, there is a clear desire to reduce debt where it exists. This is related to the prevalence of the use of debt capital (a particular characteristic of the Construction sector) and the high cost of capital due to high interest rates. By way of contrast, the expected increase in debt in Life Sciences is driven by the previously mentioned pressure on companies in this sector to innovate.

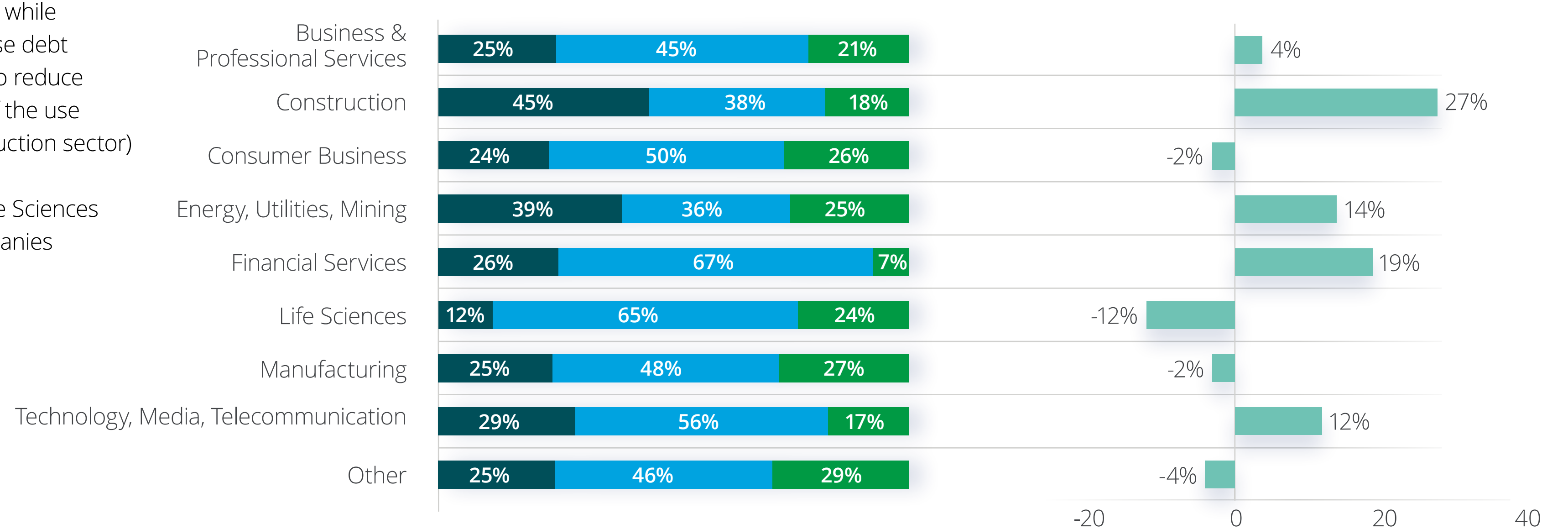
**Key**

- Reduce
- Raise
- No change
- Net balance

**Level assessment of gearing over the next 12 months by year (%)**



**Level assessment of gearing over the next 12 months by sector (%)**



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