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CFO Signals™

What North America's top finance executives are thinking—and doing
4th quarter 2022

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Dear CFOs,

As 2022 winds down, the results of our 4Q22 *CFO Signals* survey provide a preview into what you and other senior leaders can expect in 2023. By and large, CFOs expect substantially higher costs, particularly in talent/labor (74% of CFOs) and energy prices even beyond 2022 levels (41% of CFOs). They also say their organizations will make greater use of automation and digital technologies for operations (79%) and to replace certain jobs previously performed by humans (61%). And with 2022 noted for record levels of inflation, interest rate hikes, and the threat of recession, more than half of CFOs are making cost management and financial performance their top two priorities in 2023, with more than one-third adding growth as their third top priority. Other survey highlights follow.

Economic outlook—For the year ahead, nearly all signs point downward as CFOs hold dimmer views of the future status of the economies in Europe, China, Asia excluding China, and South America. Their outlook for North America's economy remained unchanged. They assessed current conditions in North America somewhat more positively, compared to the prior quarter, while lowering their assessments of the other regions' current economic conditions.

Growth expectations for performance and investment—Again, CFOs project a dour picture for year-over-year (YOY) growth in key metrics, with revenues and earnings taking the hardest hit, at 4.2% and 2.9%, respectively, down from 6.2% and 6.4% in 3Q22. Growth expectations for capital spending on a YOY basis fell slightly, to 4.0% from 4.3% in the prior quarter. Growth expectations for dividends also slipped, to 3.1% from 4.0%. Although CFOs lowered their YOY growth expectations for domestic hiring (2.1% from 2.6% in 3Q22) and domestic wages/salaries (4.6% from 4.8% in the prior quarter), the declines perhaps weren't as great as might be expected amid general news reports of layoffs.

Internal and external risks—Retention of talent/labor was top on the list of internal risks—far above attracting and hiring. Prioritization and execution was the next most often-cited internal risk, and several CFOs noted the difficulties the inflationary environment is presenting when it comes to execution. Geopolitics and instability—from the Russia-Ukraine war to tensions between the U.S. and China—dominated CFOs' list of external risks, with inflation landing closely behind. CFOs also frequently cited policies and regulations and a looming recession among their top external risk concerns. It's therefore not surprising that only 29% of CFOs said now is a good time to be taking greater risk, the lowest level it has been since the 2Q20 *CFO Signals* survey.

2023 priorities, plans, and hopes for policy—In addition to the priorities CFOs set for 2023, they revealed what could constrain their organizations' ability to achieve their performance goals for next year. The economy, depending on where it lands, and a recession/rising costs were mentioned most frequently, followed by consumer demand. That said, CFOs aren't standing still. More than half of CFOs said their organizations expect to pursue M&A and joint ventures in the year ahead, and 49% said they intend to increase investments in ESG. CFOs also plan to expand their products and services, with more planning to do so inside North America than in other regions. With the mid-term elections behind us, CFOs named energy policy as the number one area their companies would like the U.S. Administration and Congress to provide clarity or make changes to in the year ahead. Corporate taxes and immigration policy were ranked second and third, respectively, on CFOs' wish list.

I thank you for taking time to participate in *CFO Signals* and providing your perspectives. I also wish you well for the upcoming holidays and hope you will mark January 19 on your 2023 calendar for our next CFO 4Sight webcast for an economic update, a deeper discussion of the survey results, and a conversation with Frank D'Amelio, former CFO and executive vice president of global supply and business operations at Pfizer.

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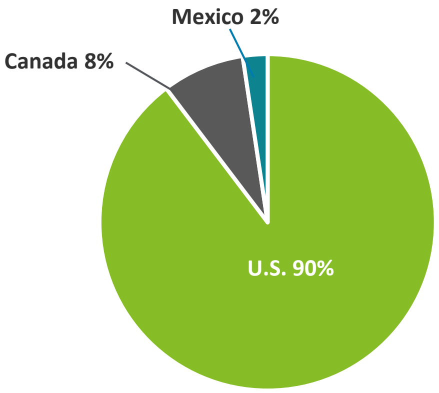
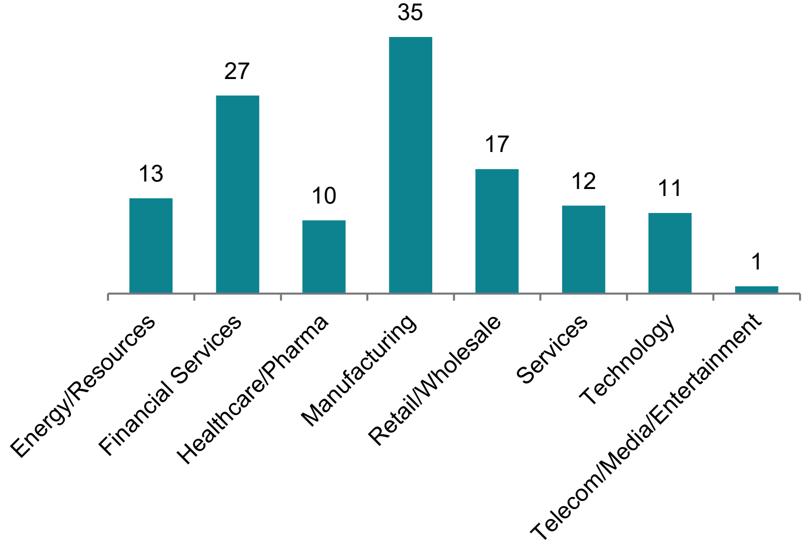
Participation: A total of 126 CFOs participated: 64% from public companies and 36% from privately held firms. Nearly 40% of the CFO participants have more than 10 years' experience, and another 26% have 5 to 10 years' experience, while the remainder have less than five years' experience. Respondents are from the US, Canada, and Mexico, and the vast majority are from companies with more than $1 billion in annual revenue. The 4Q22 *CFO Signals* survey was conducted from November 7-21, 2022. For other information about the survey, please contact nacfosurvey@deloitte.com.

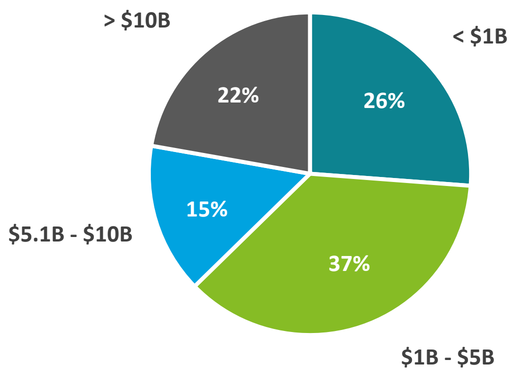
By country



By industry



By company size



4Q22 LONGITUDINAL BUSINESS OUTLOOK HIGHLIGHTS

This quarter's survey shows declines in CFOs' sentiment and expectations nearly across the board, with one exception: an uptick in CFOs' views of North America's current economy.

CFOs' net optimism for their own companies fell for the third quarter in a row, to -21, the lowest level since 2Q20 and far below the two-year average of 25. Year-over-year growth expectations for key metrics also dropped from the prior quarter, with the biggest declines in revenue and earnings.

Economic assessment by region

North America: More than one-third (35%) of CFOs rate today's economy favorably, a slight increase from 33% in 3Q22. Twenty-nine percent believe conditions will improve in a year, matching the outlook from 3Q22.

Europe: Only 2% of CFOs view current economic conditions as good or very good, a decline from 7% in 3Q22. Nine percent expect improvement one year from now, down from 11% in 3Q22.

China: 3% of CFOs have a positive outlook on the Chinese economy now, down from 7% in 3Q22. Nineteen percent of CFOs anticipate better conditions in a year, slipping from 27% in the prior quarter.

Asia, excluding China: 15% of CFOs view the current economy as good or very good, down from 17% in 3Q22; 18% of CFOs expect improvement a year out, compared to 25% in 3Q22.

South America: 7% of CFOs view current economic conditions as good, unchanged from 3Q22; 8% of CFOs expect South America's economy to be better in 12 months, down from 10% in 3Q22.

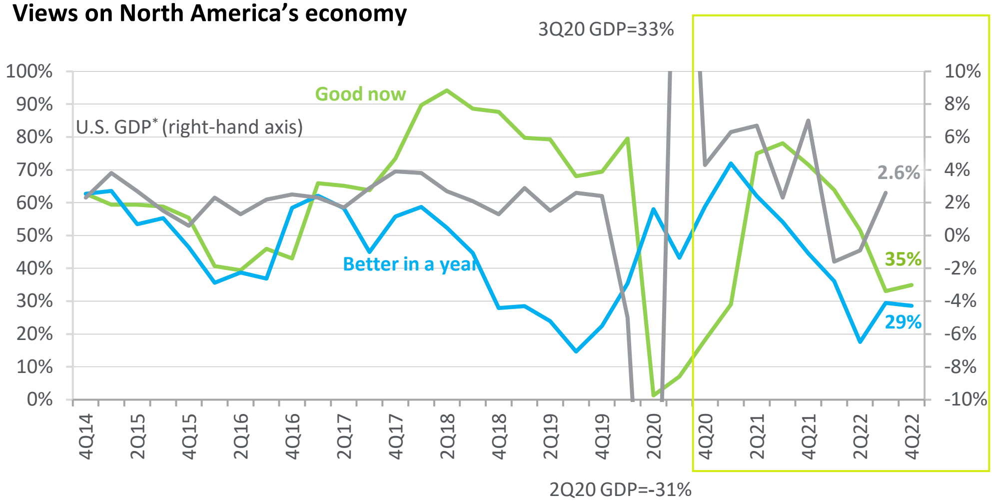
Company outlook

The **own-company optimism index**† dropped to -21 from -18 in 3Q22. CFOs in the Energy/Resources industry are the most optimistic (+31) while Healthcare/Pharma CFOs are the least optimistic (-80).

The **performance index** (average of percentages of CFOs citing positive year-over-year revenue and earnings growth) fell sharply, to +61 from +75 in 3Q22. The Technology (+77) industry leads the index, followed closely by Services (+75).

The **expansion index** (average of percentages of CFOs citing positive YOY growth in capital spending and domestic hiring) decreased to +53 from +59 in 3Q22. The Technology industry also ranks highest among all participants on this index (+73).

Views on North America's economy



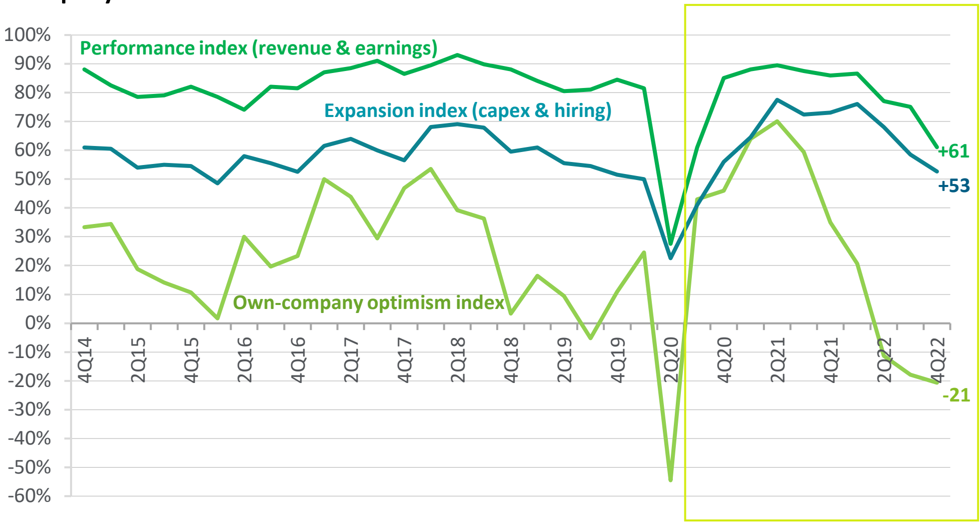
Economy optimism

	Good now	Better in a year	Last quarter	2-yr. avg
North America	↗ 35%	↔ 29%	33/29	55/43
Europe	↘ 2%	↘ 9%	7/11	17/28
China	↘ 3%	↘ 19%	7/27	31/37
Asia, excl. China	↘ 15%	↘ 18%	17/25	NA**
South America	↔ 7%	↘ 8%	7/10	NA**

*U.S. GDP = percent change from preceding quarter in real US gross domestic product (source: Bureau of Economic Analysis table 1.1.1)

**Two-year average comparisons are not available because 3Q21 was the first time *CFO Signals* asked CFOs for their assessments of the economies of Asia, excluding China, and of South America.

Company indexes



Company optimism and year-over-year growth expectations

		This quarter	Last quarter	2-yr. avg.
Own-company optimism (net)†	↘	-21	-18	25
Revenue	↘	4.2%	6.2%	7.7%
Earnings	↘	2.9%	6.4%	9.4%
Dividend	↘	3.1%	4.0%	3.7%
Capital investment	↘	4.0%	4.3%	9.2%
Domestic hiring	↘	2.1%	2.6%	4.1%
Domestic wages/salaries	↘	4.6%	4.8%	4.5%

†The own-company net optimism index = the percentage of CFOs citing rising optimism regarding their companies' prospects minus the percentage citing falling optimism.

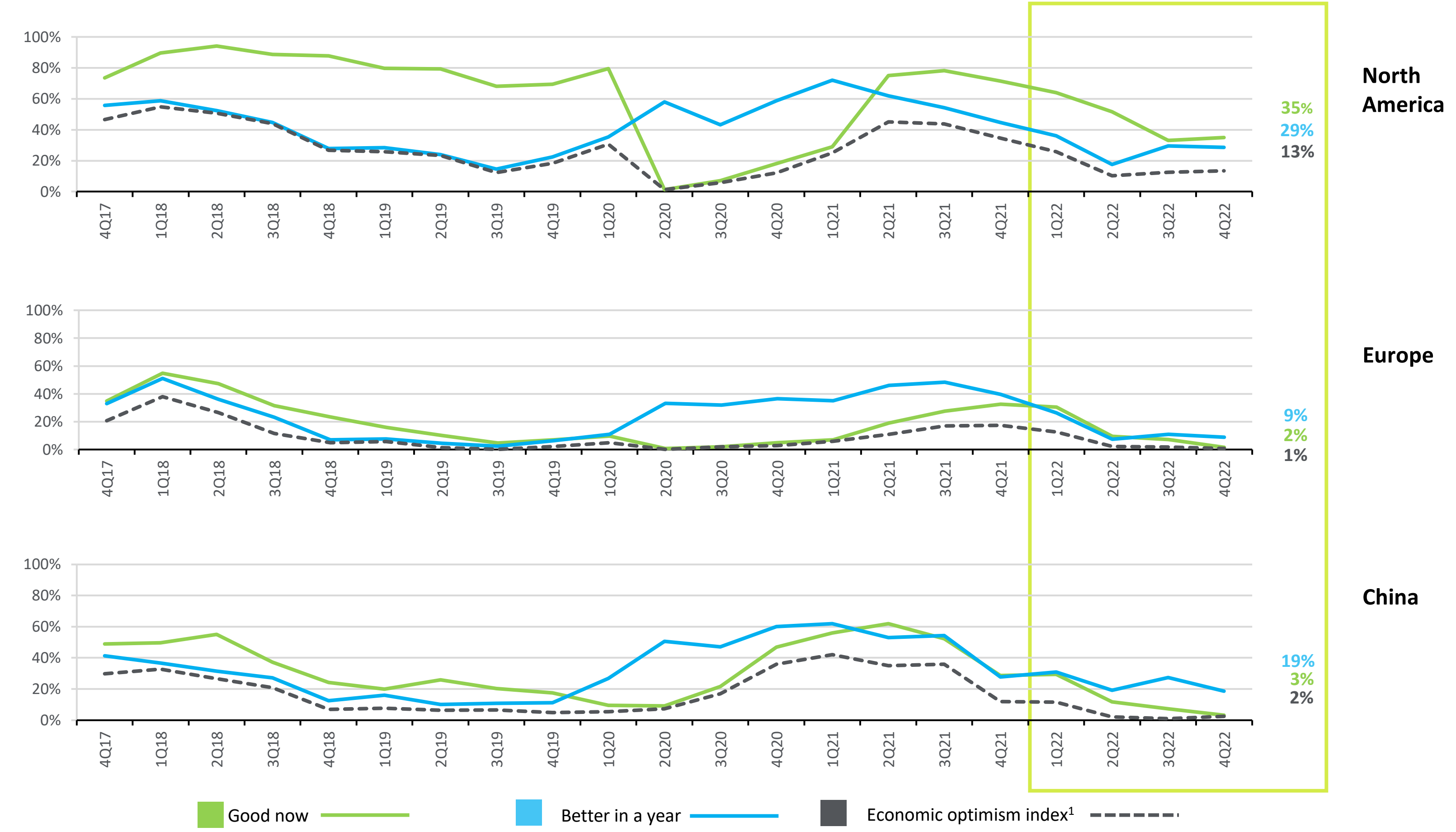
ASSESSMENTS OF REGIONAL ECONOMIES

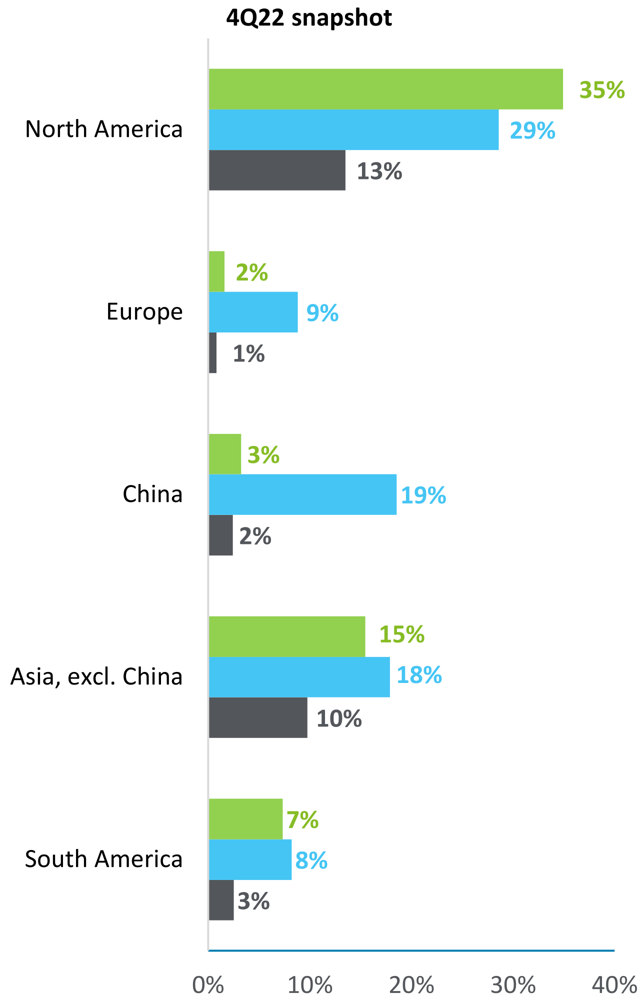
Surveyed CFOs expect 2023 to bring limited improvement to regional economies.

For the most part, CFOs lowered their assessments of future economic conditions from 3Q22 across the five regions tracked by *CFO Signals.* One exception is North America. CFOs' views for this region stayed flat from 3Q22, at 29%. This region is the only one where CFOs' assessments of the future economic status lagged their assessments of current conditions.

How do you regard the current and future status of the following economies?

Note: 3Q21 was the first time *CFO Signals* asked CFOs for their assessments of the economies of Asia, excluding China, and of South America, so longitudinal data for those regions does not appear below.





[1] This index reflects the percentage of respondents who rated both the current economic conditions as "good" or "very good" and the economic conditions in a year as "better" or "much better."

ASSESSMENTS OF CAPITAL MARKETS AND RISK: VALUATION OF U.S. EQUITY MARKETS

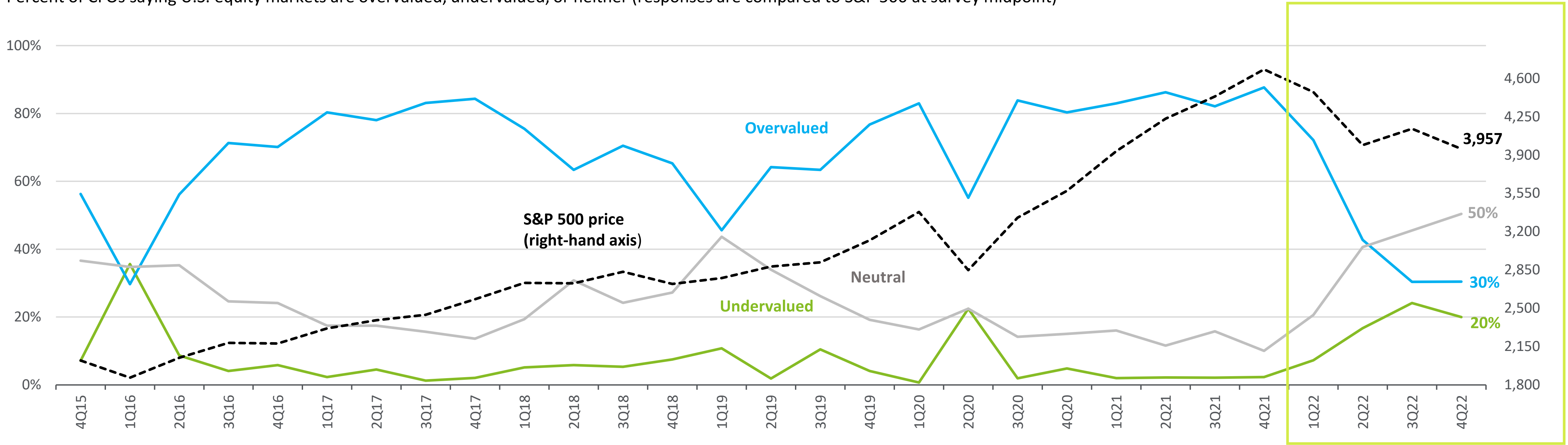
The spread between CFOs regarding U.S. equities as overvalued versus undervalued widened slightly, compared to 3Q22, while neutral views increased to 50% from 45%.

The proportion of CFOs saying U.S. equities are overvalued in this quarter's survey remained unchanged from the prior quarter, at 30%. The proportion of CFOs considering U.S. equities undervalued declined to 20% from 24% in the prior quarter.

- CFOs in Healthcare/Pharma (50%) and Retail/Wholesale (41%) were most likely to view markets as overvalued. Energy/Resources CFOs (31%) were most likely to view the markets as undervalued.
- The S&P 500 stood at 3,957 at the midpoint of the 4Q22 survey data collection on November 14, 2022, a decrease from the 3Q22 survey midpoint of 4,140 on August 8, 2022.

How do you regard U.S. equity markets valuations? (N=125*)

Percent of CFOs saying U.S. equity markets are overvalued, undervalued, or neither (responses are compared to S&P 500 at survey midpoint)



*125 (99%) of respondents across eight industries answered.

ASSESSMENTS OF CAPITAL MARKETS AND RISK: ATTRACTIVENESS OF DEBT AND EQUITY FINANCING

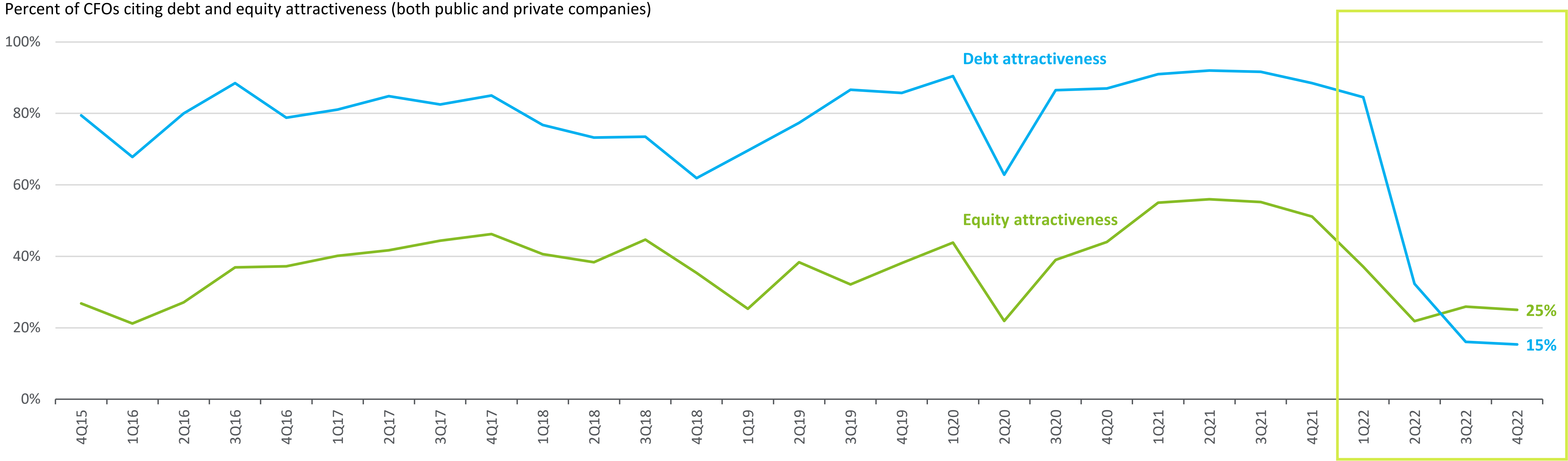
In this quarter's survey, CFOs continued to view debt financing as less attractive than equity financing, perhaps owing to rising interest rates and steep inflation.

Just 15% of CFOs indicated that debt financing is attractive, a substantial decline from 85% during the first quarter of 2022. Meanwhile, the proportion of CFOs considering equity financing attractive dipped to 25% from 26% in 3Q22.

- Sixteen percent of public company CFOs viewed debt financing as attractive, up from 12% in 3Q22. Among private companies, 14% of CFOs considered debt financing as attractive, a significant drop from 28% in the prior quarter.
- One-quarter (25%) of public company CFOs regarded equity financing as attractive, a slight increase from 23% in the prior quarter. Among private companies, 25% of CFOs considered equity financing as attractive, a decrease from 35% in 3Q22.
- Among industries, Services (92%) and Energy/Resources (85%) CFOs were the most likely to find debt financing unattractive, while Healthcare/Pharma (60%) and Services (58%) CFOs were more likely to find equity financing unattractive. Manufacturing CFOs (23%) were most likely to view debt financing as attractive. Energy/Resources CFOs (31%) were most likely to view equity financing as attractive.

How do you regard debt/equity financing attractiveness? (N=124*)

Percent of CFOs citing debt and equity attractiveness (both public and private companies)



*124 (98%) of respondents across eight industries answered.

ASSESSMENTS OF CAPITAL MARKETS AND RISK: RISK APPETITE

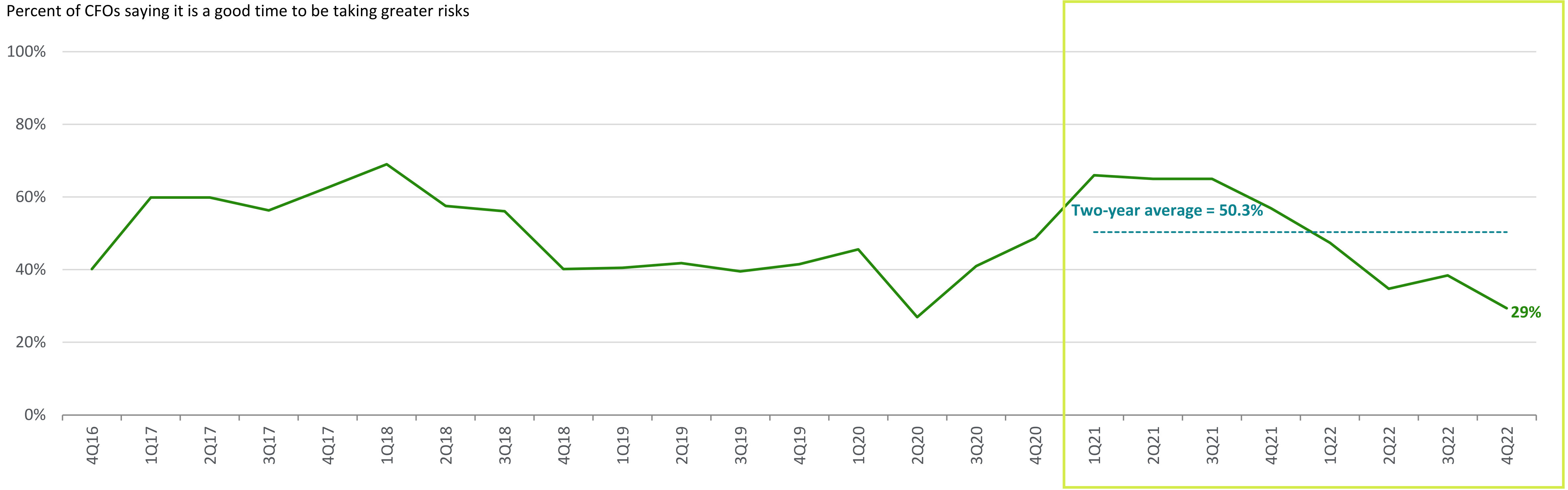
The 4Q22 *CFO Signals* survey reveals a decrease in the risk appetite of CFOs, after seeing a slight shift toward risk-taking in 3Q22.

In this quarter's survey, 29% of CFOs say now is a good time to be taking greater risks. That finding lags behind the 38% of CFOs who favored risk-taking in 3Q22 and the two-year average of approximately 50%. Still, it's slightly higher than CFOs' appetite for risk-taking in 2Q20, which, at 27%, was the lowest level since we began tracking this metric in 2015.

- CFOs in the Retail/Wholesale industry were most inclined toward risk-taking with over 35% agreeing that now is a good time to be taking greater risks. Meanwhile, CFOs in Technology had the lowest appetite for greater risk-taking: Only 18% said this quarter that now is a good time to take greater risk, compared to 43% in 3Q22.
- The roughly 71% of CFOs who said *now is not a good time* to be taking greater risks may be responding to cautionary economic signals, including high levels of inflation, rising interest rates, fears of a possible recession, and geopolitical tensions on several fronts.

Risk appetite: Is this a good time to be taking greater risks? (N=126*)

Percent of CFOs saying it is a good time to be taking greater risks



*126 (100%) of respondents across eight industries answered.

Despite general news reports of layoffs across many industries, talent retention led CFOs' list of internal worries this quarter, followed by prioritization and execution.

Talent attraction/hiring and cost management followed as the next most-often cited areas of internal risks. Skill sets, productivity, change management, and technology/innovation are other internal worries on the minds of CFOs. Another concern that stood out is financial performance, which CFOs also named as one of their top three priorities in 2023 (see p. 13). Interestingly, CFOs seem not as concerned over recession planning and post-pandemic work arrangements.

Which internal risk worries you most? (Key themes) (N=117*)

*117 (93%) of respondents across eight industries answered.

Sample themes, subthemes, and comments regarding CFOs' internal risk worries (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)

Retention (42)

- *Ability to attract and retain qualified workforce.*
- *Attrition.*
- *Expense profile resulting in staff turnover.*
- *Quiet quitting.*
- *Retention of key personnel.*
- *Team morale in light of significant inflation and challenging business.*
- *Turnover/layoffs.*

Prioritization & execution (22)

- *Ability to execute against key initiatives.*
- *Capital intensive projects will be postponed.*
- *Execution on product roadmap.*
- *Quick execution against recession play book should there be a need to invoke.*
- *Operational execution.*
- *Speed of execution.*
- *Too many projects to execute successfully.*
- *Transformation execution.*

Talent attraction/hiring (20)

- *Access to talent and labor at all levels.*
- *Critical hiring.*
- *Getting the balance right between hiring and holding status quo given significant uncertainty around economy.*
- *Shortage of available talent of the right caliber.*
- *Talent acquisition and challenges of managing evolving workforce.*

Cost management (17)

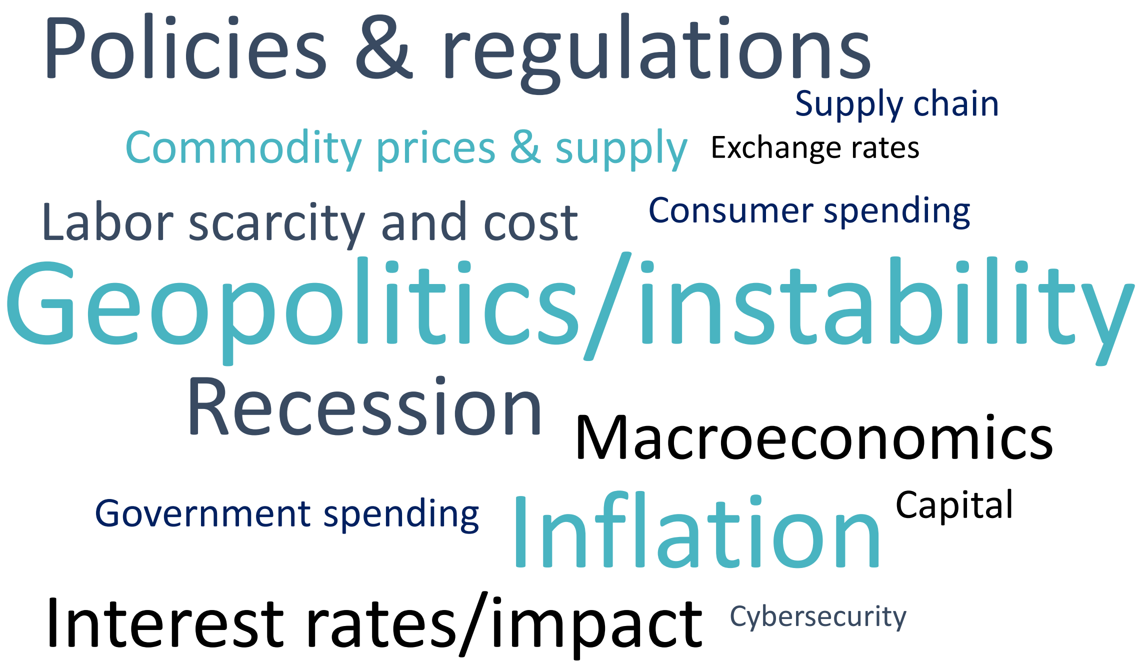
- *Ability to cut costs rapidly enough in line with end market weakness.*
- *Annual budgeting.*
- *Cost cutting speed and efficacy.*
- *If a recession happens, can we pivot fast enough to control spending and investment after years of substantial growth.*
- *Pressure on pricing.*
- *Supply chain related cost increases.*

ASSESSMENTS OF MARKETS AND RISK: MOST WORRISOME EXTERNAL RISKS

Geopolitics and instability stood out—even more so than inflation or recession—as the external risk worrying CFOs most. Some CFOs also cited concerns over war.

Other external risks that CFOs mentioned frequently were policies and regulations, macroeconomics, labor scarcity and cost, and interest rates and their impact. Prices and supplies of commodities, particularly with respect to energy, also were cited. In addition, CFOs mentioned government spending, capital, consumer spending, and supply issues among their most worrisome external risks, but with less frequency.

Which external risk worries you most? (Key themes) (N=119*)



*119 (94%) of respondents across eight industries answered.

Sample themes, subthemes, and comments for CFOs' external risk worries (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)

Geopolitics/instability (54)

- *China Covid policy.*
- *Chinese economic direction and adversarial relationship with U.S.*
- *Civil unrest.*
- *Continued disruption due to Russia conflict.*
- *Legislative uncertainty.*
- *Political instability.*
- *Ukraine/Russia conflict.*
- *(Possible) war in Taiwan and increasing trade war with China.*
- *War.*

Inflation (41)

- *Destabilizing effects of inflation.*
- *Prospect of persistent inflation.*
- *Rising interest rates and tight labor market leading to stagflation.*
- *Wage inflation remaining persistent causing rate hikes with delayed effects, in turn driving a deeper, longer recession than is currently expected.*

Policies & regulations (29)

- *Energy policy.*
- *Fed tightening.*
- *Public policy.*
- *Tax/regulatory environment.*
- *The degree of global trade/demand reduction will be much greater than anticipated.*
- *U.S. biofuel policy.*
- *U.S. monetary policy.*
- *U.S. federal income taxation changes.*

Recession (27)

- *Deep U.S. recession.*
- *Economic hard landing.*
- *Economic recession and recovery trajectory.*
- *Recession/downturn in global economy.*
- *Much slower growth in Europe.*
- *Recession impact on North America.*
- *Recessionary economies outside the U.S. (notably Europe) drag the U.S. into a longer and deeper recession than would otherwise be the case.*
- *World recession.*

EXPECTATIONS FOR OWN COMPANY'S FINANCIAL PROSPECTS

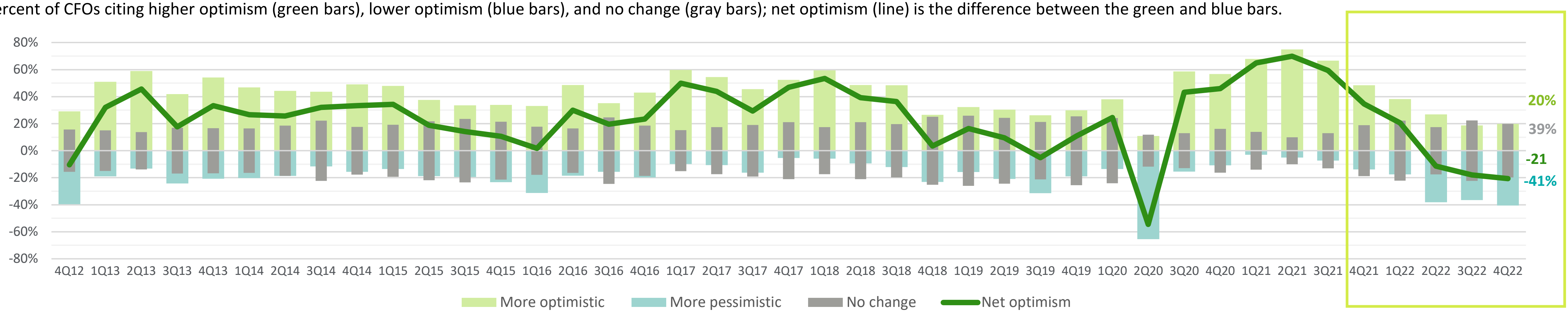
Pessimism appears to be the prevailing sentiment among CFOs with respect to how they feel regarding their companies' financial prospects, as compared to three months ago.

The proportion of CFOs feeling more pessimistic about their companies' financial prospects rose to 41% this quarter, from 37% in 3Q22. Meanwhile, the proportion of CFOs expressing more optimism for their companies' financial prospects declined to 20% from 22%, for a net optimism of -21, compared to -19 in 3Q22.

- Among U.S. CFOs, net optimism improved slightly to -19 in 4Q22 from -22 in 3Q22.
- Among CFOs of Canadian companies, net optimism fell to -20 from -10 last quarter. Most Canadian respondents (80%) indicated their level of optimism is either broadly unchanged or worse than three months ago. The net optimism among CFOs of Mexican companies bottomed out at -100, falling from +40 in 3Q22. *Note: Only 8% and 2% of participants were from Canada and Mexico, respectively, in this quarter's survey.*
- Healthcare/Pharma industry CFOs expressed the lowest levels of net optimism at -80. CFOs in Energy/Resources and Financial Services were significantly more optimistic than their peers in other industries, with net optimism levels in the positive range, at +31 and +4, respectively. *Note: the number of respondents varies by industry.*

Compared to three months ago, how do you feel now about the financial prospects for your company? (N=126*)

Percent of CFOs citing higher optimism (green bars), lower optimism (blue bars), and no change (gray bars); net optimism (line) is the difference between the green and blue bars.



Net optimism by country and industry

Total	U.S.	Mexico	Canada	Energy/ Resources	Financial Services	Healthcare/ Pharma	Manufacturing	Retail/ Wholesale	Services	Technology	T/M/E**
-21	-19	-100	-20	+31	+4	-80	-29	-35	-25	-27	-100

*126 (100%) of respondents across eight industries answered.

**There was only one respondent from the Telecom/Media/Entertainment sector this quarter.

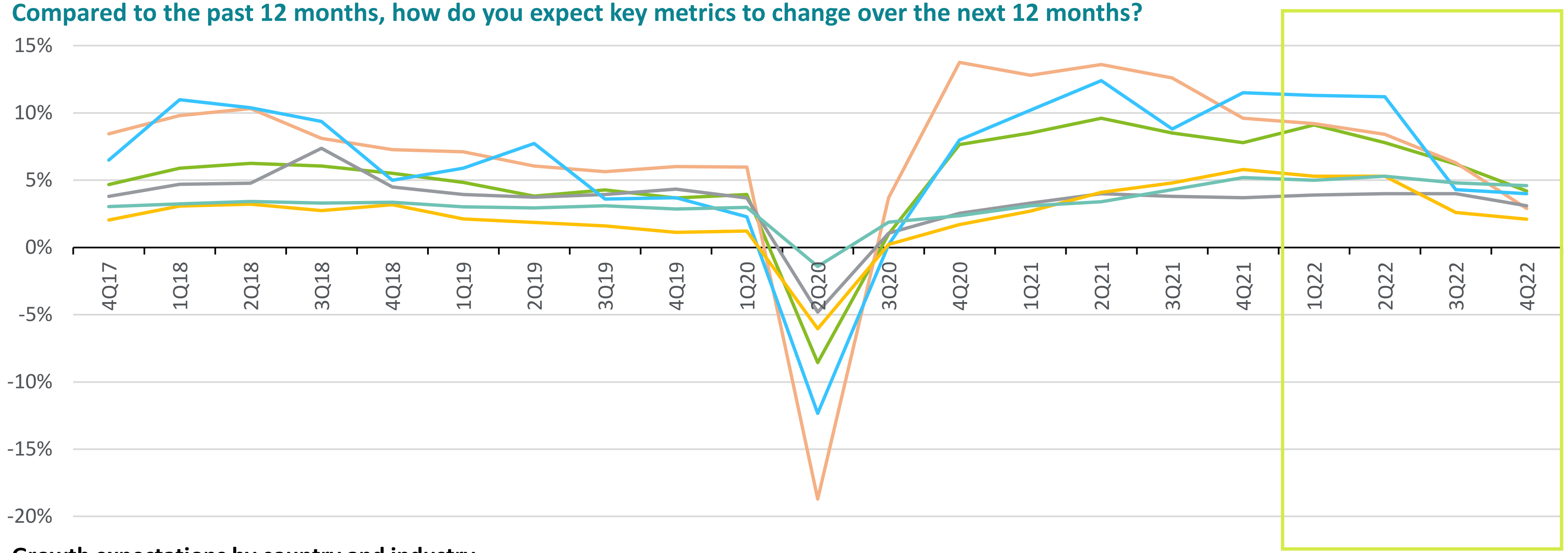
EXPECTATIONS FOR GROWTH IN KEY METRICS, YEAR OVER YEAR

Compared to the prior quarter, CFOs lowered their year-over-year expectations for growth across all six metrics tracked by *CFO Signals.*

The greatest drop-offs were in revenue and earnings at 4.2% and 2.9%, respectively, down from 6.2% and 6.4% in 3Q22. Results varied by industry, with Energy/Resources having the highest YOY growth expectations for revenue and earnings, and Healthcare/Pharma indicating the lowest level of growth for those two metrics. Technology and Energy/Resources CFOs reported the highest growth expectations for capital spending at 11.1% and 9.4%, respectively.

Performance and investment expectations

Compared to the past 12 months, how do you expect key metrics to change over the next 12 months?



	4Q22	3Q22
Revenue	4.2%	6.2%
Earnings	2.9%	6.4%
Dividends	3.1%	4.0%
Capital spending	4.0%	4.3%
Domestic hiring	2.1%	2.6%
Domestic wages/salaries	4.6%	4.8%

Growth expectations by country and industry

	Total	U.S.	Mexico	Canada	Energy/ Resources	Financial Services	Healthcare/ Pharma	Manufacturing	Retail/ Wholesale	Services	Technology	T/M/E**
Revenue	4.2%	4.5%	7.3%	0.0%	13.9%	3.1%	0.7%	1.5%	5.1%	4.4%	7.9%	5.0%
Earnings	2.9%	3.3%	2.7%	-1.8%	15.0%	1.8%	-1.9%	0.5%	5.2%	0.2%	8.6%	0.0%
Dividends	3.1%	2.8%	13.3%	2.6%	3.0%	3.7%	-1.1%	2.1%	8.0%	3.9%	2.0%	NA
Capital spending	4.0%	3.9%	6.7%	5.0%	9.4%	3.7%	-1.0%	2.6%	2.0%	5.3%	11.1%	0.0%
Domestic hiring	2.1%	2.0%	2.3%	2.6%	2.9%	1.6%	2.3%	1.8%	1.9%	0.8%	4.7%	0.0%
Domestic wages/salaries	4.6%	4.6%	4.8%	4.2%	4.1%	4.7%	4.8%	4.6%	4.4%	4.5%	5.2%	3.0%

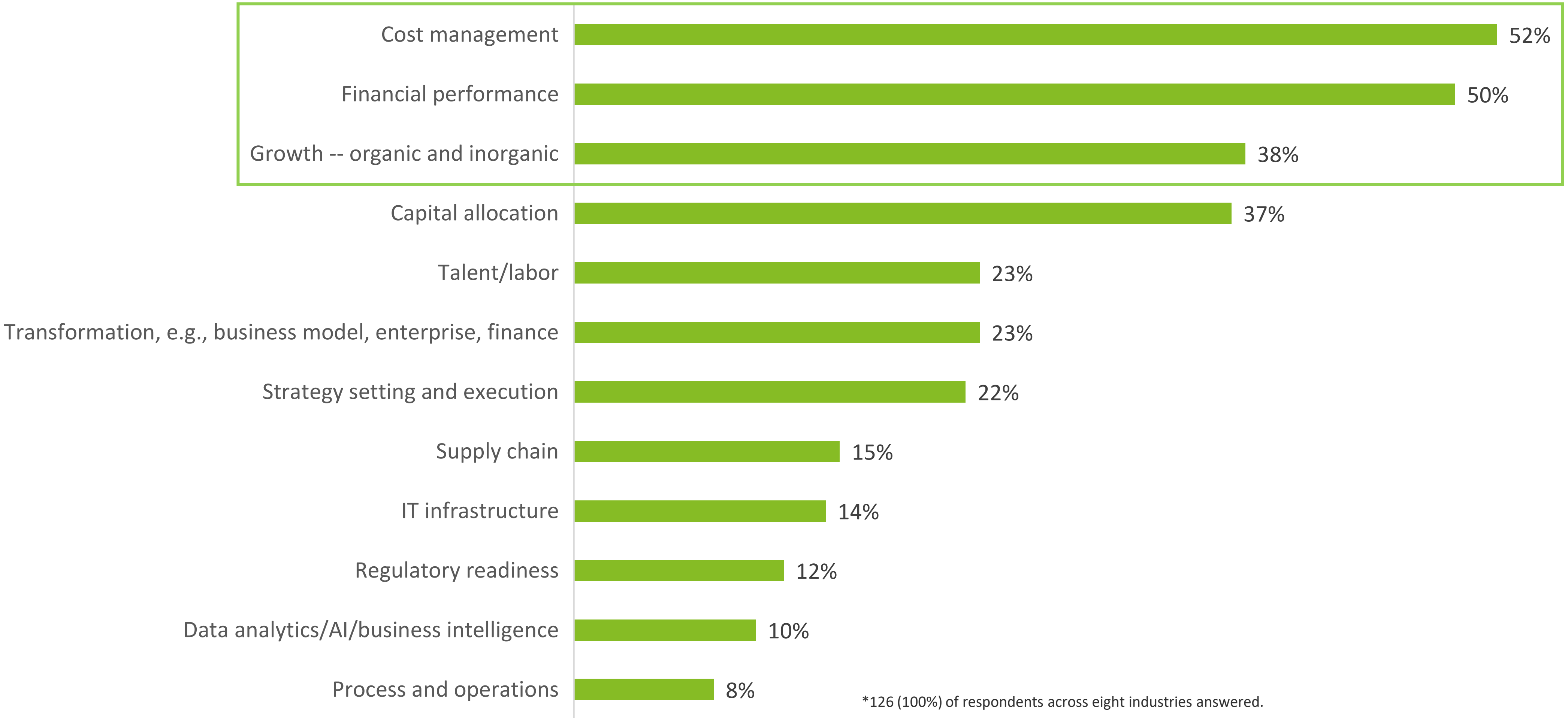
**There was only one respondent from the Telecom/Media/Entertainment sector this quarter.

SPECIAL TOPIC – 2023 PRIORITIES, PLANS, AND HOPES FOR POLICY

For 2023 CFOs plan to focus their efforts on cost management (52%) and financial performance (50%), after a year marked by soaring inflation, rising interest rates, the Russia-Ukraine war, and the threat of recession.

Growth—both organic and inorganic—ranked as the third top priority for 2023, with capital allocation following closely behind. Talent/labor, transformation, and strategy setting and execution were each cited by more than one-fifth of CFOs as 2023 priorities.

As CFO, what are your top three priorities for 2023? (N=126*)



*126 (100%) of respondents across eight industries answered.

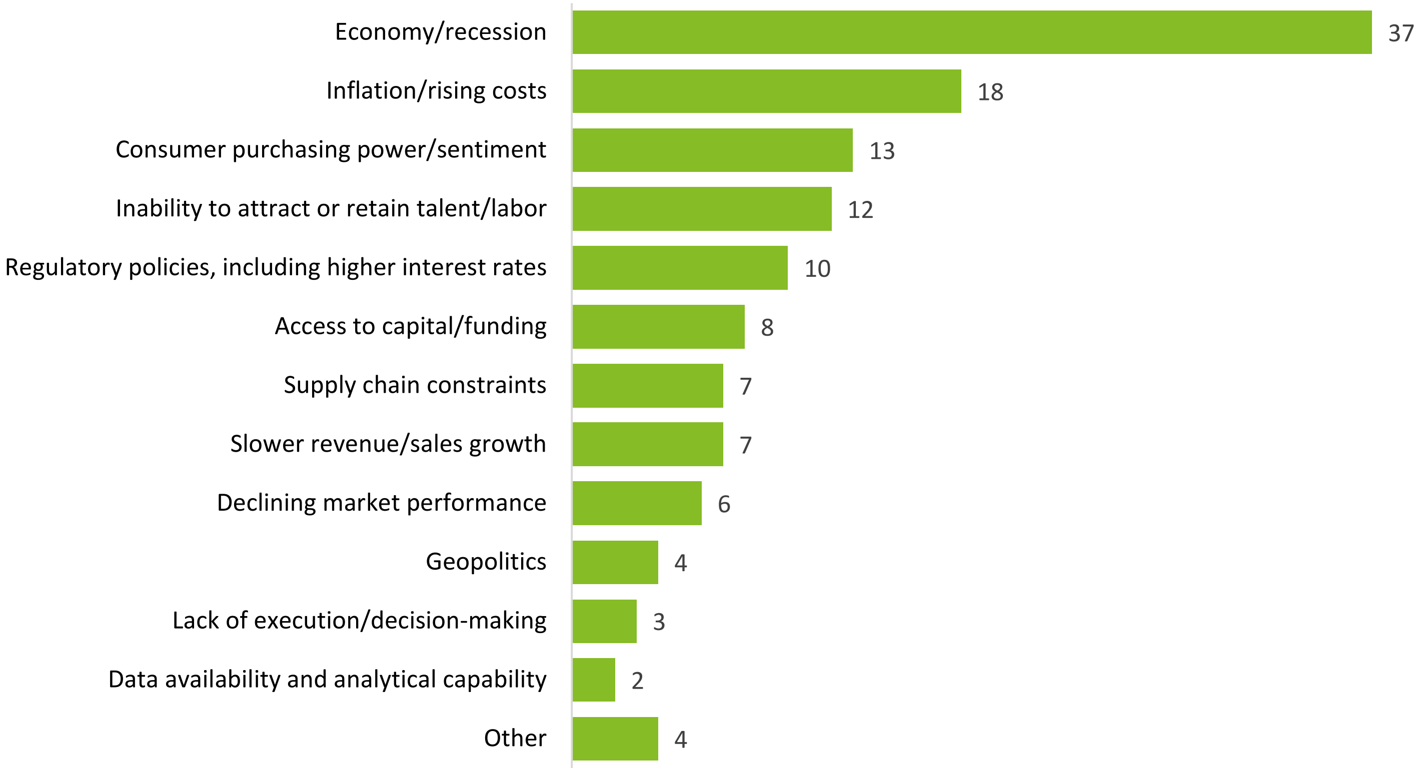
SPECIAL TOPIC – 2023 PRIORITIES, PLANS, AND HOPES FOR POLICY

Looking to 2023, one in three CFOs point to economic challenges and a possible recession as the major constraint to achieving their companies' financial performance goals.

CFOs cited on a less frequent basis inflation and rising costs as a major constraint. These findings may mark a shift in CFOs' views from the 3Q22 *CFO Signals* survey, when nearly three-quarters of CFOs (73%) indicated they were more concerned about persistent inflation than a potential recession (27% of CFOs). CFOs also cited shrinking consumer purchasing power, inability to attract and retain talent/labor (a perennial key internal risk), regulatory policies, and access to capital/funding as constraints to meeting their financial performance goals in 2023, although to a lesser extent.

What could most constrain your ability to achieve your financial performance goals in 2023? (N=109*)

Most frequently cited comments by category (number of CFOs citing each category)**



Sample comments (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)

- *Rapid economic downturn.*
- *The potential for a deeper than anticipated recession.*
- *A spike in unemployment or small business bankruptcies.*
- *A slowdown in housing sales and starts.*
- *Inflationary cost increases not matched by price increases.*
- *Ongoing supply disruption combined with inflation.*
- *Customers' purchasing power.*
- *Cost of living outpacing wage growth.*
- *Limited budgets and staff attrition.*
- *Labor shortages, not only within our company, but also at customer and vendor levels.*
- *Inability to hire to meet strong projected growth.*
- *Federal and state regulation and policy.*
- *Geopolitical issues affecting our customers.*
- *Energy shortages for our customers.*
- *Access to competitively priced structured debt capital and credit.*
- *A large market decrease.*
- *Credit events driving performance issues.*
- *Unwillingness of management to make the tough calls.*
- *Not reaching expected sales growth.*

*109 respondents (87% of total respondents). Total number of comments is more than the total number of respondents because some CFOs cited multiple actions.

**Note, these categories were developed based on responses to open-ended text questions.

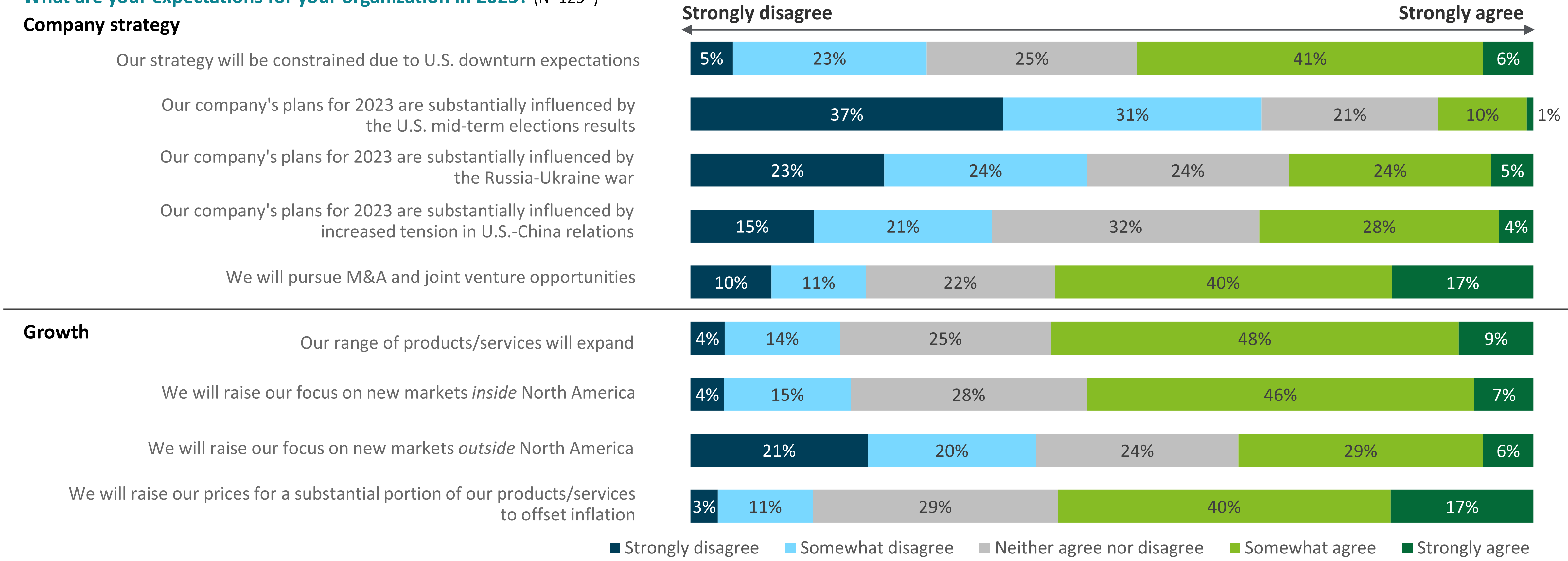
SPECIAL TOPIC – 2023 PRIORITIES, PLANS, AND HOPES FOR POLICY

Nearly half (47%) of CFOs say their companies' strategy would be constrained by a downturn in the U.S. economy, and more than half (57%) have M&A and joint ventures in their quiver. With inflation weighing on their minds, 57% of CFOs say their companies plan to raise prices for a substantial portion of their products/services to offset it.

Company strategy: While 29% of CFOs said their strategy would be substantially influenced by the Russia-Ukraine war, 47% said it would not. Looking at U.S.-China relations, 32% of CFOs said their companies' strategy would be substantially influenced by increased tensions, and 36% said it would not. More than two-thirds (68%) of CFOs said their strategy would not be impacted by the U.S. mid-term elections.

Growth: The proportion of CFOs planning to expand products/services in 2023 (57%) outweighed those who are not (18%). More than half (53%) of CFOs indicated their organizations expect to raise their focus on new markets *inside* North America, while 35% plan to do so *outside* the region.

What are your expectations for your organization in 2023? (N=125*)



*125 (99%) of respondents across eight industries answered. Note that some respondents didn't answer every part of the question.

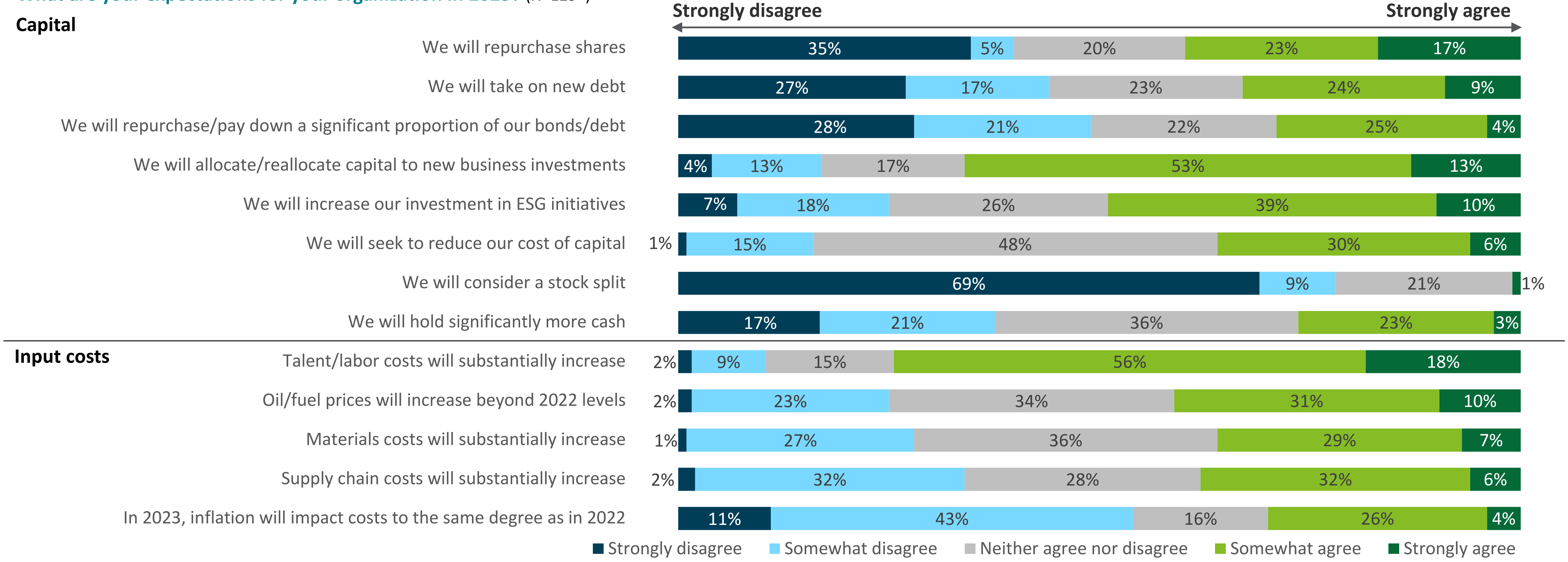
SPECIAL TOPIC – 2023 PRIORITIES, PLANS, AND HOPES FOR POLICY

Two-thirds (66%) of surveyed CFOs agree that they will allocate or reallocate capital to new business investments next year. Nearly three-quarters (74%) of CFOs expect talent/labor costs to increase substantially in the year ahead.

Capital: In addition to new business investments, almost half of CFOs indicate their companies will increase investments in ESG initiatives. 29% of CFOs will repurchase/pay down a sizable portion of their bonds/debt, 36% will seek to reduce their cost of capital, and 26% will hold more cash.

Input costs: Besides talent costs, 41% of CFOs anticipate oil/fuel prices to rise beyond 2022 levels. Thirty percent of CFOs expect inflation to impact costs to the same degree as in 2022, in contrast to 54% who do not believe inflation will have the same degree of impact on their costs.

What are your expectations for your organization in 2023? (N=125*)



*125 (99%) of respondents across eight industries answered. Note that some respondents didn't answer every part of the question.

SPECIAL TOPIC – 2023 PRIORITIES, PLANS, AND HOPES FOR POLICY

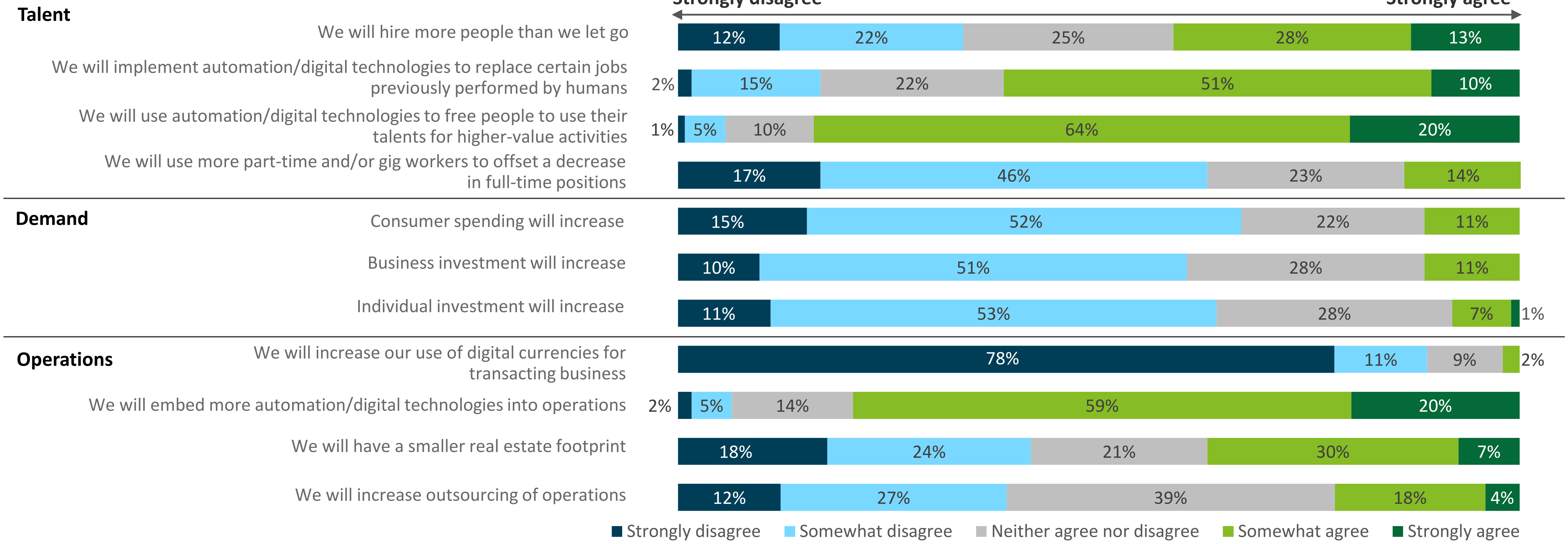
Forty-one percent of CFOs noted their organization will hire more people than they will let go, compared to 34% indicating the opposite. Meanwhile, 79% of CFOs said their organizations will embed more automation/digital technologies into operations, and 61% will implement them to replace certain jobs previously performed by humans.

Talent: Other findings show that 84% of CFOs' organizations plan to use automation/digital technologies to free people to use their talents for higher-value activities, and just 14% plan to use part-time and or gig workers to offset a decrease in full-time positions.

Operations: More than one-third (37%) of CFOs also indicated their organizations plan to reduce their real estate footprint. Less than one-quarter of CFOs (22%) indicate they will increase outsourcing of operations. In addition, 90% of CFOs said they do not expect to increase their use of digital currencies for transacting business.

Demand: Just 11% of CFOs each expect consumer spending and business investment to increase in 2023, while only 8% anticipate individual investment to increase.

What are your expectations for your organization in 2023? (N=125*)



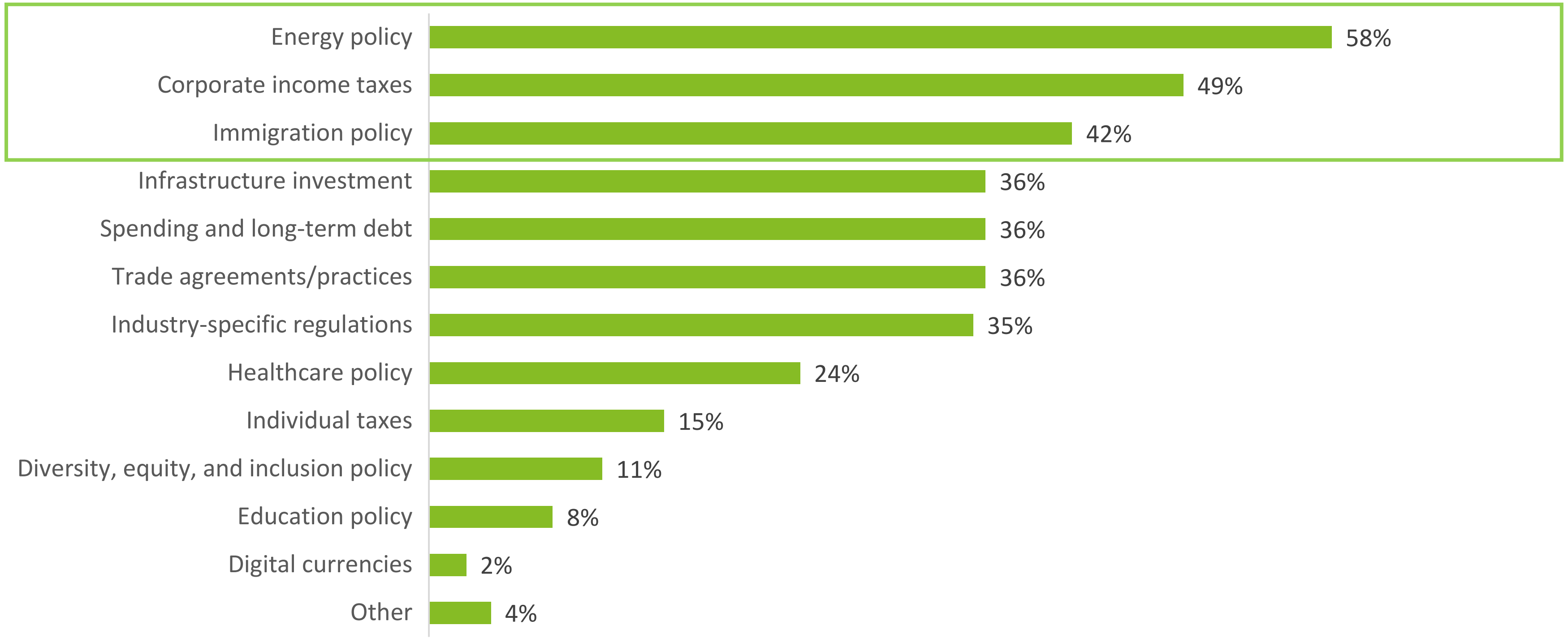
*125 (99%) of respondents across eight industries answered. Note that some respondents didn't answer every part of the question.

When it comes to policies for which CFOs' companies would like the U.S. Administration and Congress to provide clarity or make changes first, energy tops the agenda.

With 41% of CFOs anticipating oil/fuel prices to rise beyond 2022 levels (see prior page), 58% pointed foremost to energy policy as an area where their companies would like to see the U.S. Administration and Congress provide clarity or make changes first in the year ahead. Corporate income taxes and immigration policy, selected by 49% and 42% of CFOs, respectively, followed in second and third place.

Slightly more than one-third of CFOs each indicated investments in infrastructure, spending and long-term debt, trade agreements, and industry-specific regulations as policy areas their companies would like to see the U.S. Administration and Congress focus on first in 2023.

In which policy areas would your company like to see the U.S. Administration and Congress provide clarity or make changes first? (N=125*)



*125 (99%) of respondents across eight industries answered.

Appendix

Longitudinal and country trends
Industry-specific data
Responses to open-ended text questions
Survey background

APPENDIX

Longitudinal trends

Cross-industry expectations and sentiment (current quarter and last 24 quarters)

CFOs' year-over-year expectations[1,2]

(Mean growth rate, median growth rate, percent of CFOs who expect gains, and standard deviation of responses[2])

			4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	Survey mean	2-year mean
Operating results	Revenue	*Mean*	3.7%	4.3%	5.6%	5.7%	4.7%	5.9%	6.3%	6.1%	5.5%	4.8%	3.8%	4.3%	3.7%	3.9%	-8.6%	1.0%	7.7%	8.5%	9.6%	8.5%	7.8%	9.1%	7.8%	6.2%	4.2%	5.5%	7.7%
		Median	4.0%	4.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	-5.0%	3.0%	5.0%	6.0%	9.0%	6.0%	6.0%	8.0%	7.0%	5.0%	5.0%	4.9%	6.5%
		%>0	82%	85%	89%	92%	87%	91%	92%	91%	91%	86%	81%	82%	86%	81%	28%	59%	85%	90%	93%	90%	90%	90%	80%	79%	63%	83%	84%
		standard deviation	3.9%	3.7%	4.4%	3.9%	4.0%	4.1%	4.6%	5.0%	4.3%	4.4%	5.1%	4.9%	3.9%	4.7%	12.7%	10.6%	12.4%	7.1%	7.5%	6.9%	6.3%	8.0%	9.1%	7.1%	9.8%	6.2%	7.7%
	Earnings		6.4%	7.3%	8.7%	7.9%	8.4%	9.8%	10.3%	8.1%	7.3%	7.1%	6.1%	5.6%	6.0%	6.0%	-18.7%	3.7%	13.8%	12.8%	13.6%	12.6%	9.6%	9.2%	8.4%	6.4%	2.9%	8.7%	9.4%
			6.0%	8.0%	8.0%	7.5%	8.0%	8.0%	10.0%	8.0%	8.0%	7.0%	6.0%	5.0%	5.0%	5.0%	-10.0%	5.0%	10.0%	10.0%	10.0%	8.0%	8.0%	9.0%	9.0%	7.0%	3.5%	7.3%	8.1%
			81%	89%	88%	90%	86%	88%	94%	89%	85%	82%	80%	80%	83%	82%	27%	63%	85%	86%	86%	85%	82%	84%	74%	71%	59%	81%	78%
			7.1%	5.6%	8.6%	5.7%	7.5%	7.7%	7.0%	5.8%	6.2%	4.4%	7.4%	7.0%	6.6%	6.9%	26.9%	16.5%	25.0%	13.4%	14.1%	14.0%	11.5%	8.7%	12.3%	12.0%	12.9%	11.7%	12.4%
Investment	Dividends		3.3%	3.8%	3.7%	3.8%	3.8%	4.7%	4.8%	7.4%	4.5%	3.9%	3.7%	3.9%	4.3%	3.7%	-4.8%	1.1%	2.5%	3.3%	4.0%	3.8%	3.7%	3.9%	4.0%	4.0%	3.1%	3.8%	3.7%
			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	0.5%	0.0%	2.0%	1.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	1.5%	0.0%	0.0%	0.0%	0.2%	0.4%
			43%	43%	46%	43%	45%	49%	47%	51%	43%	44%	50%	48%	55%	54%	26%	34%	45%	45%	52%	47%	47%	54%	46%	47%	41%	42%	47%
			3.9%	4.7%	5.5%	6.0%	5.8%	6.6%	6.3%	12.8%	4.7%	6.6%	4.6%	4.6%	5.5%	4.3%	13.7%	4.5%	4.2%	5.0%	5.6%	5.9%	4.9%	4.8%	5.8%	6.0%	6.2%	5.8%	5.5%
	Capital spending		3.6%	10.5%	9.0%	7.3%	6.5%	11.0%	10.4%	9.4%	5.0%	5.9%	7.7%	3.6%	3.7%	2.3%	-12.3%	0.2%	8.0%	10.2%	12.4%	8.8%	11.5%	11.3%	11.2%	4.3%	4.0%	6.9%	9.2%
			3.0%	5.0%	5.0%	4.5%	3.0%	5.0%	5.0%	5.0%	2.0%	3.0%	2.0%	2.0%	0.0%	2.0%	-5.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.5%	0.0%	3.7%	4.3%
			57%	66%	66%	61%	59%	70%	73%	70%	58%	58%	57%	53%	49%	56%	26%	41%	61%	69%	80%	73%	66%	71%	57%	56%	49%	60%	65%
			11.4%	20.9%	17.8%	14.2%	12.2%	14.9%	12.2%	14.3%	10.6%	9.7%	14.0%	9.1%	14.0%	9.4%	20.4%	14.4%	18.8%	14.8%	16.8%	9.1%	14.5%	14.3%	18.4%	10.7%	12.0%	13.9%	13.8%
Talent	Number of domestic personnel		1.3%	2.1%	2.1%	2.6%	2.0%	3.1%	3.2%	2.7%	3.2%	2.1%	1.9%	1.6%	1.1%	1.2%	-6.0%	0.2%	1.7%	2.7%	4.1%	4.8%	5.8%	5.3%	5.3%	2.6%	2.1%	2.0%	4.1%
			0.0%	1.0%	2.0%	2.0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%	1.0%	2.0%	3.0%	3.0%	5.0%	4.0%	4.5%	2.0%	1.0%	1.2%	3.1%
			48%	57%	62%	59%	54%	66%	65%	66%	61%	64%	54%	56%	54%	44%	19%	41%	51%	60%	75%	72%	82%	81%	79%	61%	56%	55%	71%
			2.3%	1.9%	2.7%	3.8%	3.3%	4.4%	4.4%	3.7%	4.5%	3.3%	3.5%	3.5%	3.5%	3.7%	13.7%	4.9%	3.8%	3.5%	3.9%	5.6%	6.1%	5.4%	6.1%	4.3%	4.5%	4.7%	4.9%

CFOs' own-company optimism[2,3] and equity market performance

		4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	Survey mean	2-year mean
Optimism	Optimism (% more optimistic)	43.1%	59.9%	54.6%	45.6%	52.4%	59.4%	48.5%	48.5%	26.5%	32.3%	30.4%	26.2%	29.9%	38.1%	10.9%	58.7%	56.8%	67.2%	75.0%	66.7%	48.5%	38.1%	26.8%	18.8%	19.8%	43.8%	45.1%
	Neutrality (% no change)	37.2%	30.3%	34.8%	38.1%	42.2%	34.8%	42.1%	39.4%	50.4%	51.9%	48.7%	42.4%	51.0%	48.3%	23.7%	25.8%	32.4%	29.7%	20.0%	26.0%	37.7%	44.3%	35.1%	44.6%	39.7%	35.0%	34.6%
	Pessimism (% less optimistic)	19.7%	9.9%	10.6%	16.3%	5.4%	5.8%	9.4%	12.1%	23.1%	15.8%	20.9%	31.4%	19.1%	13.6%	65.4%	15.5%	10.8%	3.1%	5.0%	7.3%	13.8%	17.5%	38.1%	36.6%	40.5%	21.3%	20.2%
	Net optimism (% more minus % less optimistic)	23.4%	50.0%	43.9%	29.4%	46.9%	53.5%	39.2%	36.4%	3.4%	16.5%	9.5%	-5.2%	10.9%	24.5%	-54.5%	43.2%	46.0%	64.1%	70.0%	59.4%	34.7%	20.6%	-11.3%	-17.9%	-20.6%	22.5%	24.9%
Equities	S&P 500 price at survey period midpoint	2,177	2,316	2,391	2,441	2,582	2,732	2,728	2,833	2,722	2,776	2,881	2,919	3,120	3,380	2,848	3,328	3,573	3,935	4,233	4,436	4,682	4,475	3,991	4,140	3,957	2,435	4,231
	S&P gain/loss QoQ	-0.3%	6.4%	3.2%	2.1%	5.8%	5.8%	-0.1%	3.8%	-3.9%	2.0%	3.8%	1.3%	7.0%	8.3%	-15.7%	16.9%	7.4%	10.1%	7.6%	4.8%	10.6%	-4.4%	-10.8%	3.7%	-4.4%	2.8%	1.5%
	U.S. equity valuations (% who say overvalued)	70.1%	80.3%	78.0%	83.1%	84.4%	75.5%	63.4%	70.5%	65.3%	45.6%	64.2%	63.4%	76.7%	83.0%	55.1%	83.9%	80.3%	82.8%	86.2%	82.1%	87.7%	72.2%	42.7%	30.0%	30.0%	66.9%	64.2%

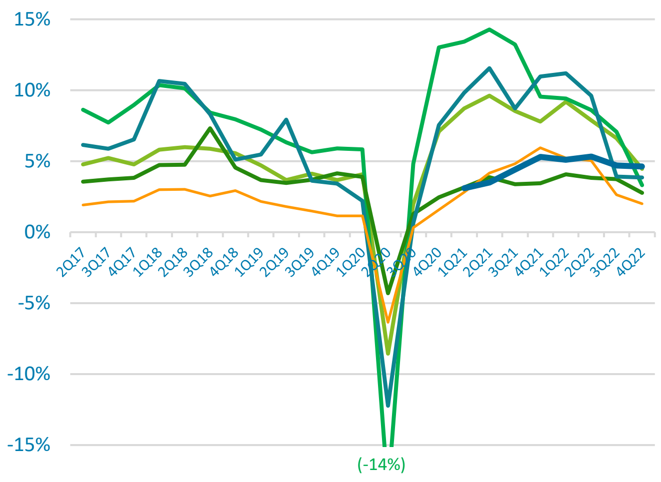
1 All means have been adjusted to eliminate the effects of stark outliers. The "survey mean" column contains arithmetic means since 2Q10.
2 Standard deviation of data winsorized to 5th/95th percentiles.
3 Averages for optimism numbers may not add to 100% due to rounding.

Please contact nacfosurvey@deloitte.com for data as far back as 2Q10.

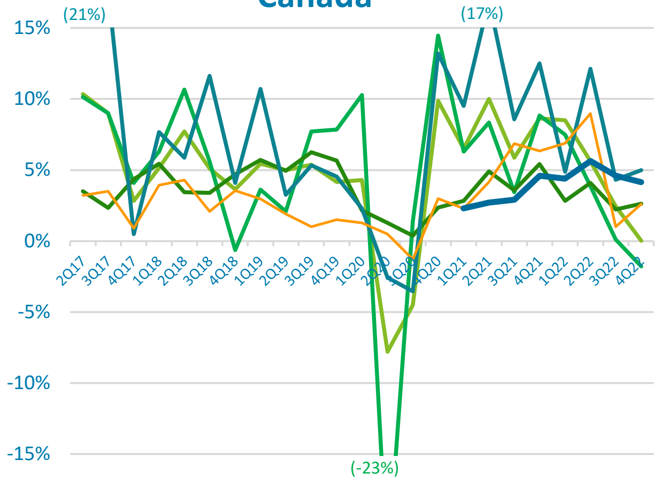
North America country trends—Expectations, sentiment, and selected highlights

Growth expectations (year-over-year)

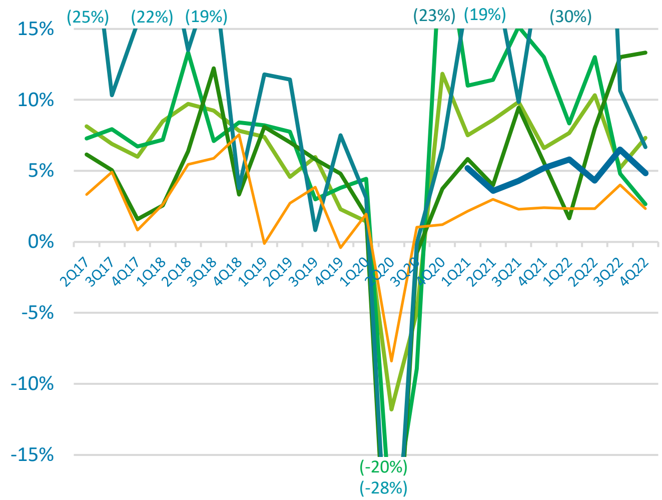
U.S.



Canada

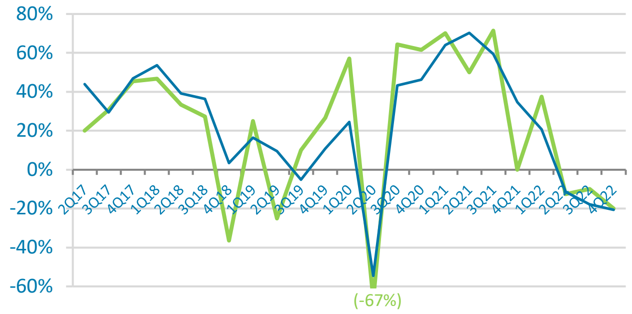


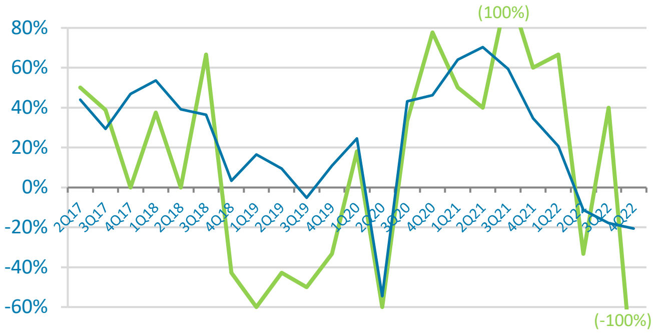
Mexico



Revenue growth | Earnings growth | Capital spending growth | Dividend growth | Domestic personnel growth | Domestic wages/salaries growth

Net optimism (vs. cross-country average)





Country | Cross-country average

Selected highlights

U.S.

Composition: Broad mix of industries, with highest representation from Manufacturing (28%) and Financial Services (20%). Other industry representation: Retail/Wholesale (13%), Services (11%), Technology (9%), Healthcare/Pharma (9%), Energy/Resources (9%), and Telecom/Media/Entertainment (1%); 65% public.

This quarter longitudinal: Net optimism rose slightly, to -19 from -22 in 3Q22. Growth expectations for revenue (4.5%) declined from 6.6% in 3Q22. Earnings growth fell to 3.3% from 7.1% in the prior quarter. Growth expectations for capital spending remained unchanged at 3.9%, and dividends dipped to 2.8% from 3.7% in 3Q22. CFOs cut their growth expectations for domestic hiring to 2.0% from 2.6%. Their growth expectations for domestic wages/salaries fell slightly, to 4.6% from 4.7% in 3Q22.

Canada

Composition: Largely Financial Services (40%), followed by Manufacturing (30%), Energy & Resources (20%), and Technology (10%) organizations; 50% public.

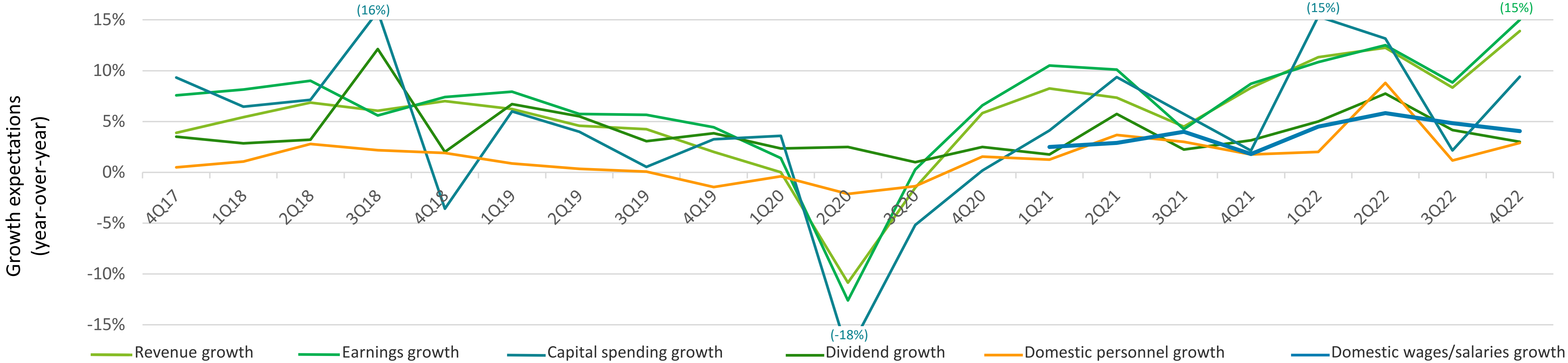
This quarter longitudinal: Net optimism among CFOs of Canadian-based companies decreased, to -20 from the prior quarter's -10. Growth expectations for revenue and earnings both decreased to 0% and -1.8% from 3Q22's 2.5% and 0.1%, respectively. Growth expectations for dividends and capital spending both increased to 2.6% and 5.0% from 2.2% and 4.3%, respectively, in 3Q22. Expectations for growth in domestic hiring also increased from the prior quarter, to 2.6% from 1.0%. Domestic wage/salaries fell to 4.2% from 4.6% in 3Q22.

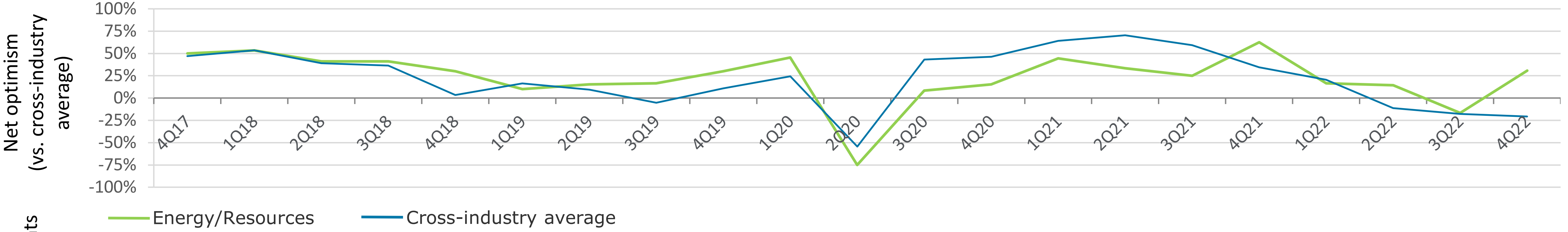
Mexico

Composition: Consists of Retail/Wholesale (67%) and Energy & Resources (33%); 67% public.

This quarter longitudinal: Net optimism among CFOs of companies based in Mexico saw a notable decrease to -100 from 3Q22's +40. Growth expectations for revenue increased to 7.3% from 5.2% in 3Q22. Earnings growth expectations dropped to 2.7% from 4.8% last quarter. Expected dividend growth (13.3%) remained close to growth expectations in 3Q22 (13.0%). Growth expectations for domestic personnel and domestic wages/salaries both decreased to 2.3% and 4.8% from 4.0% and 6.5%, respectively, in 3Q22. Meanwhile capital spending growth expectations also saw a decline, to 6.7% from 10.7% in 3Q22.

Energy/Resources trends—Expectations, sentiment, and selected highlights





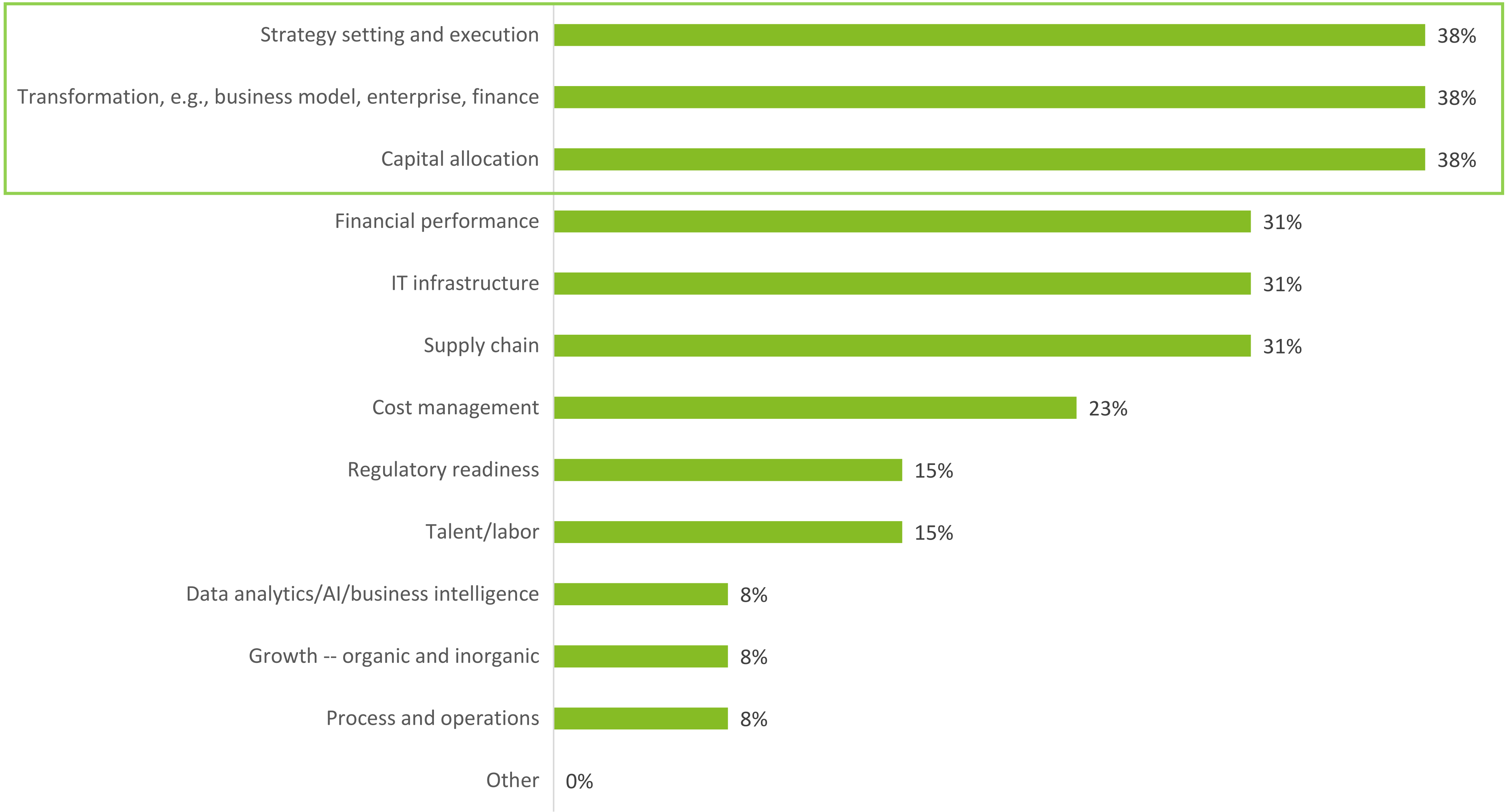
Selected highlights

Composition: Respondent base was comprised mostly of power and utilities (54%), with the remaining companies from oil, gas, mining and nuclear; 85% of respondents are from public companies.

Sentiment/expectations: Net optimism among Energy/Resources CFOs increased notably, to +31 from 3Q22's -17. Following suit, revenue and earnings growth expectations both increased to 13.9% and 15.0%, respectively, from 8.3% and 8.8% in 3Q22. Growth expectations for capital spending rose to 9.4% from 3Q22's 2.2%, and dividend growth expectations contracted to 3.0% from 4.2% in 3Q22. Growth expectations for domestic personnel increased to 2.9% from 1.2%, while domestic wages/salaries declined to 4.1% from 4.8% in the prior quarter.

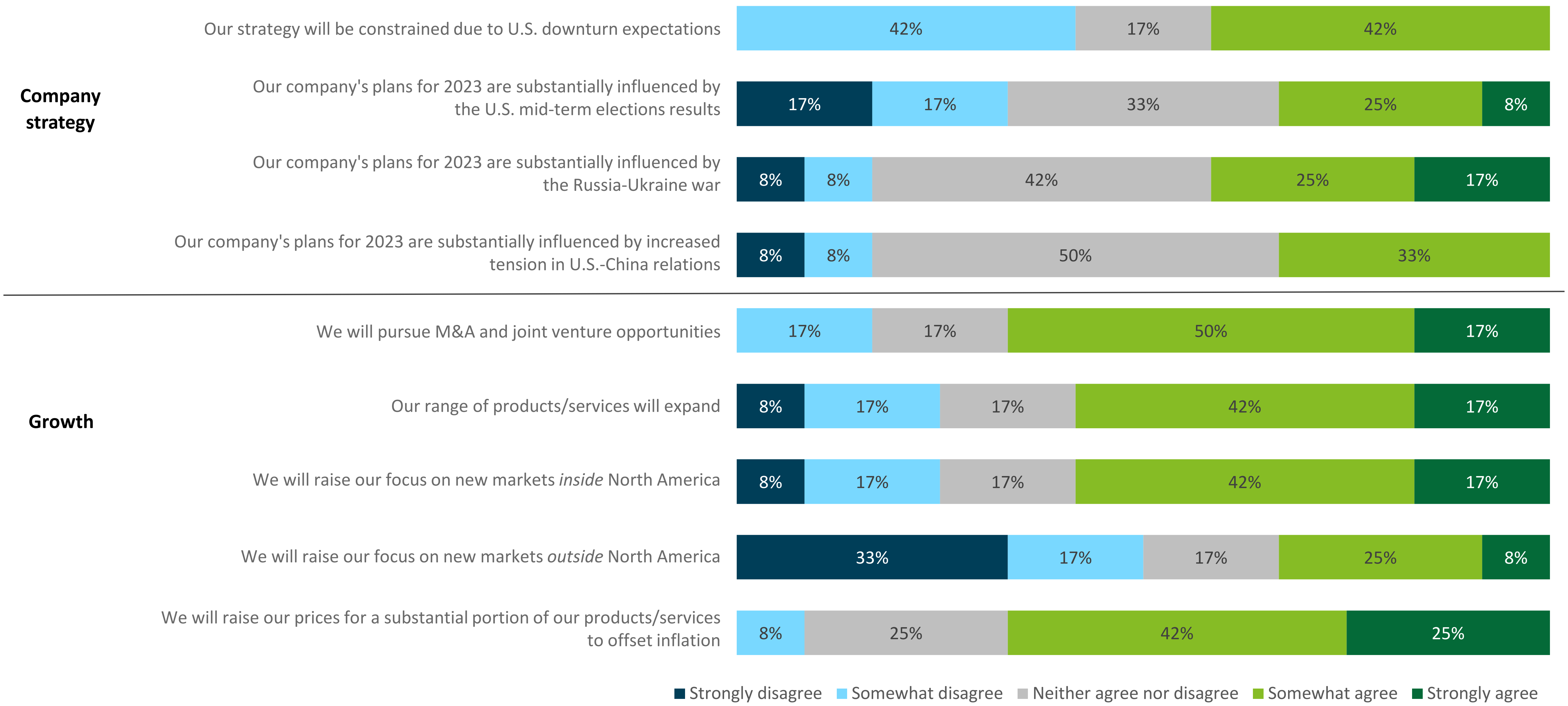
Energy/Resources—2023 priorities, plans, and hopes for policy

As CFO, what are your top three priorities for 2023? (N=13)



Energy/Resources—2023 priorities, plans, and hopes for policy

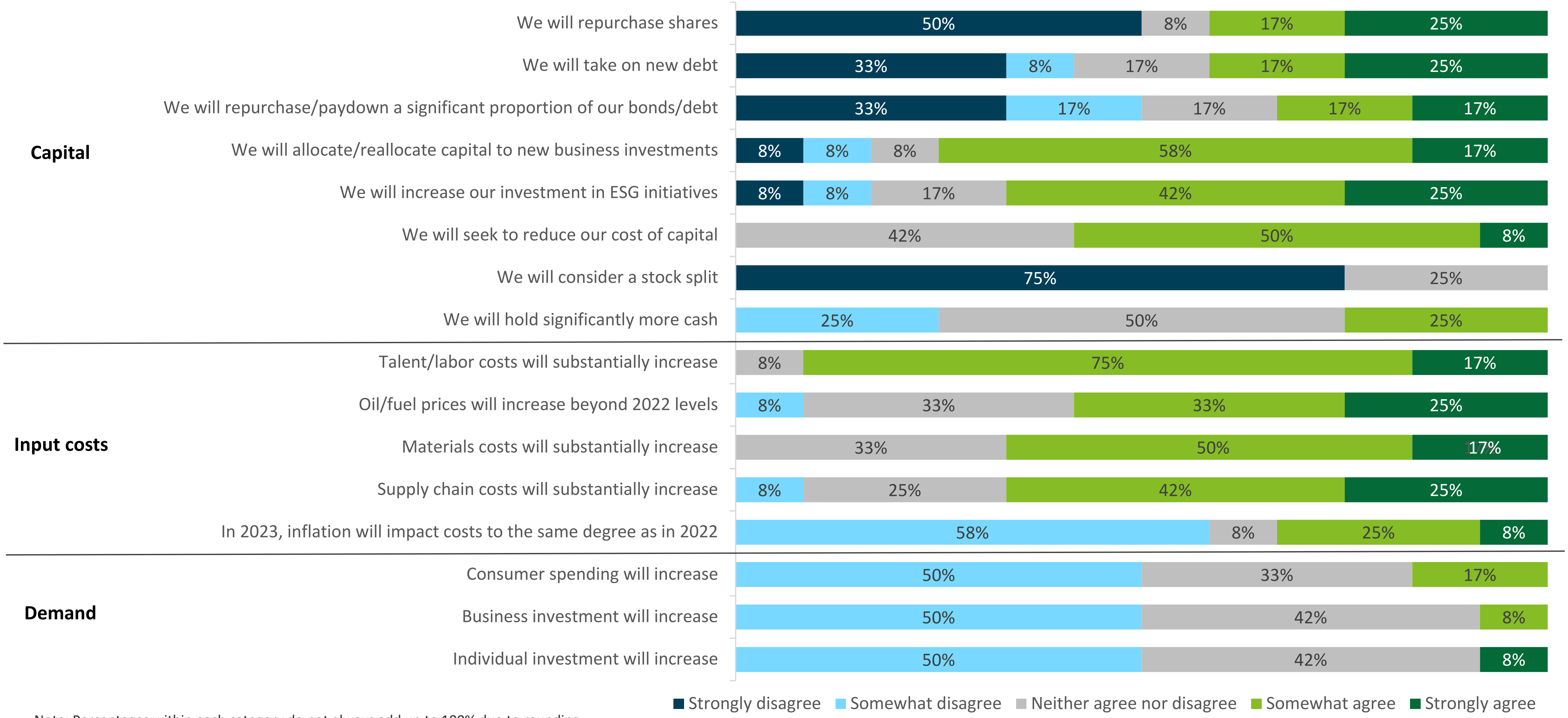
What are your expectations for your organization in 2023? Company strategy and growth



Note: Percentages within each category do not always add up to 100% due to rounding.

Energy/Resources—2023 priorities, plans, and hopes for policy

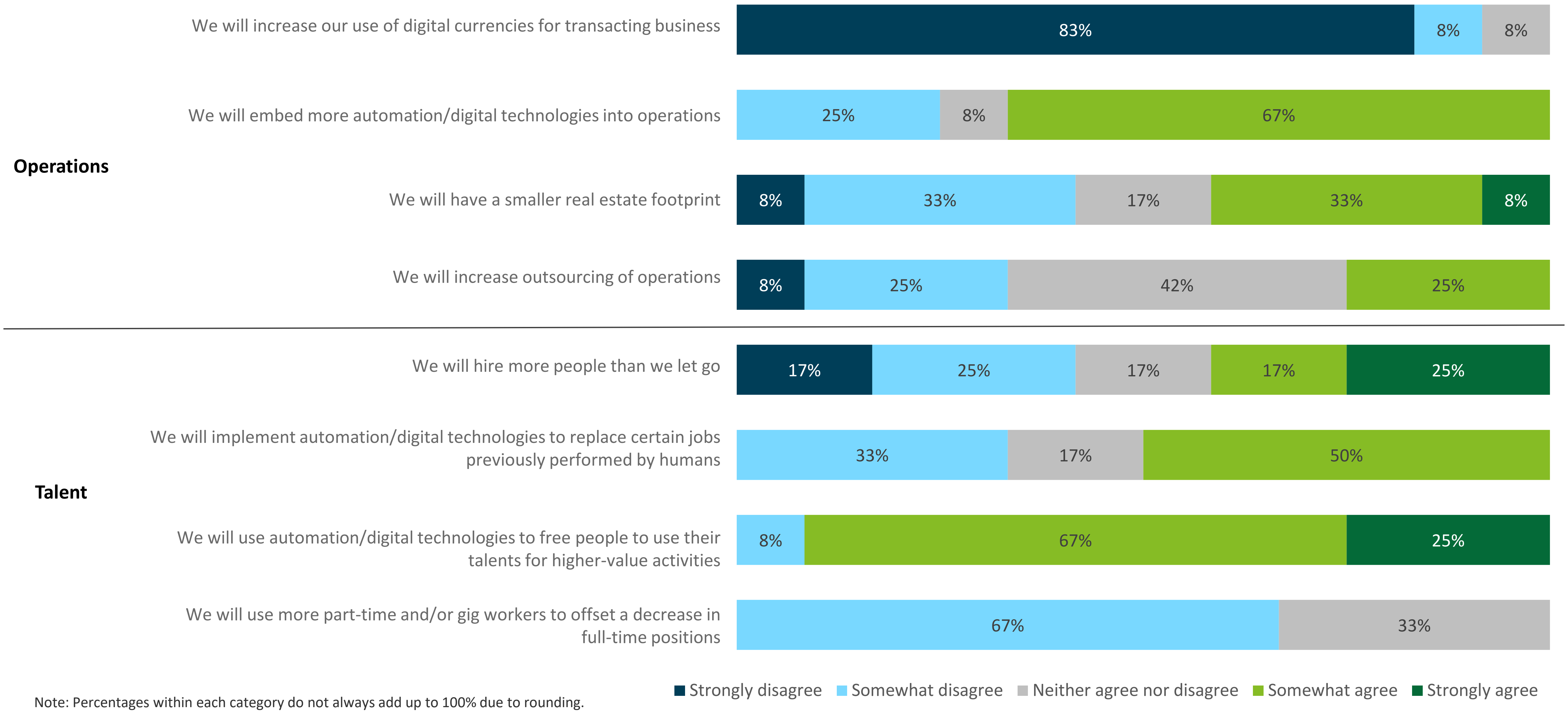
What are your expectations for your organization in 2023? Capital, input costs, and demand



Note: Percentages within each category do not always add up to 100% due to rounding.

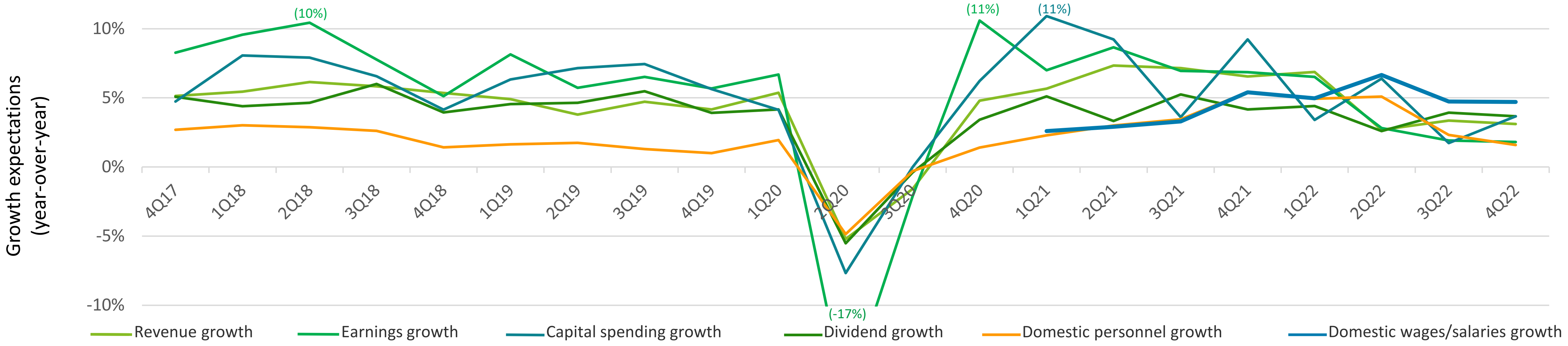
Energy/Resources—2023 priorities, plans, and hopes for policy

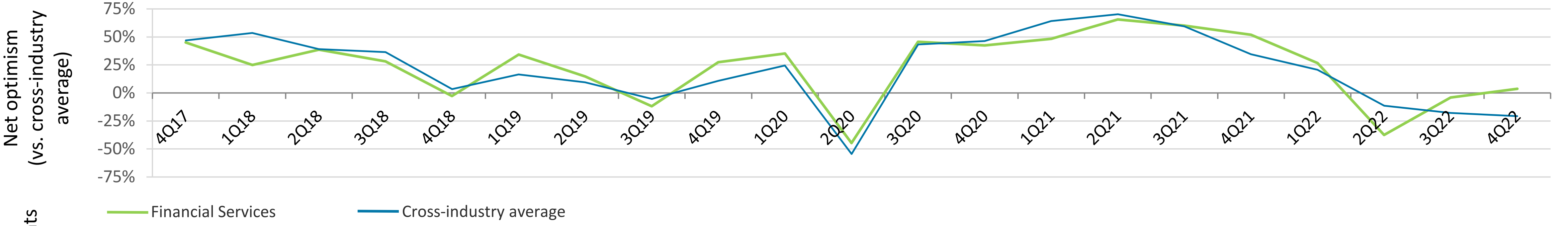
What are your expectations for your organization in 2023? Operations and talent



Note: Percentages within each category do not always add up to 100% due to rounding.

Financial Services trends—Expectations, sentiment, and selected highlights





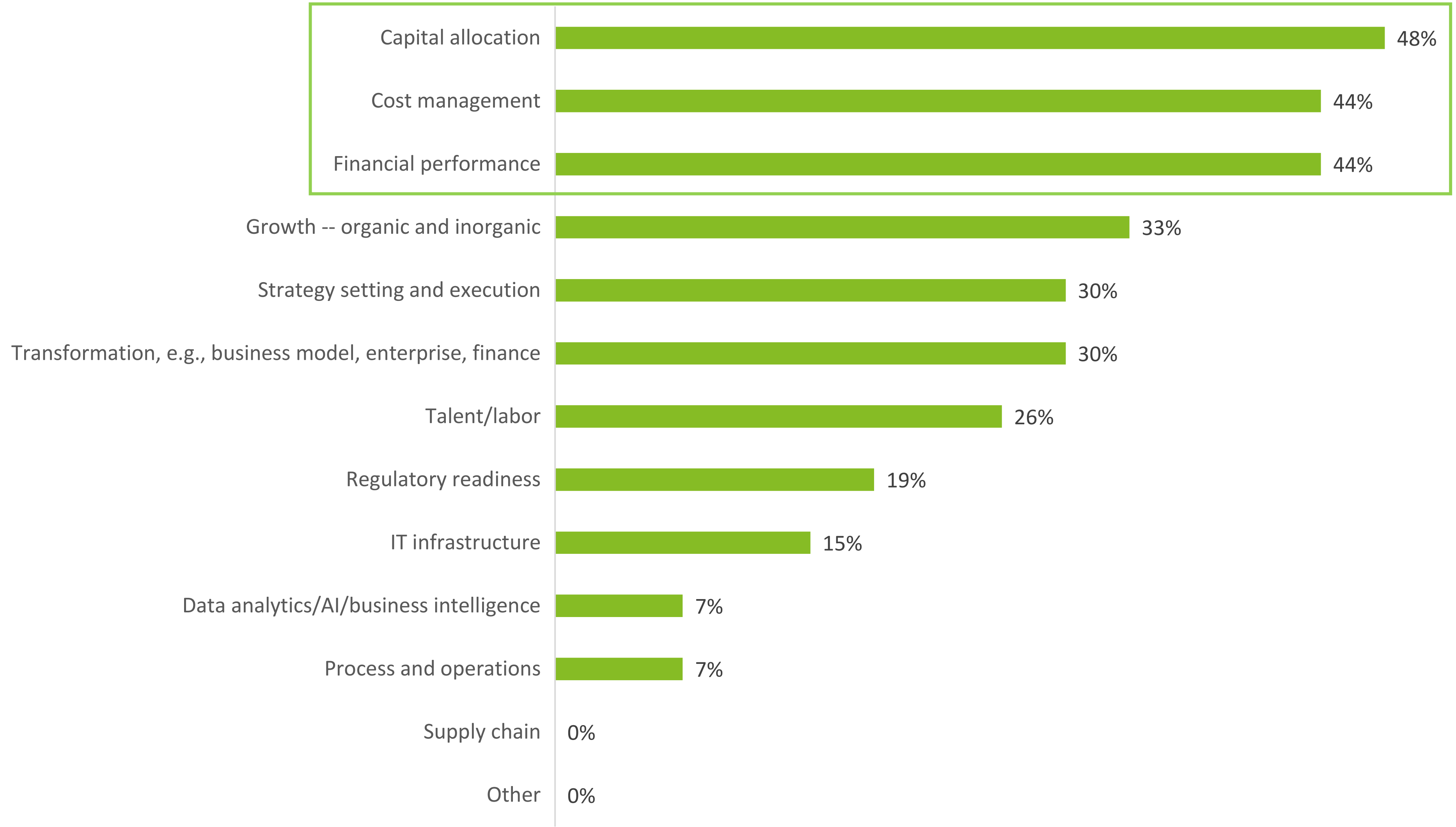
Selected highlights

Composition: Respondent base is comprised of insurance (37%), banking and securities (22%), investment management (22%), real estate (15%), and private equity/hedge funds (4%). Fifty-six percent of respondents are from public companies.

Sentiment/expectations: Net optimism among this industry's CFOs rose to +4 from last quarter's -4. More than half (52%) of respondents indicated that their optimism was broadly unchanged. Revenue and earnings growth expectations both declined slightly this quarter, to 3.1% and 1.8% from 3.4% and 1.9% in 3Q22, respectively. Expectations for growth in dividends fell to 3.7% this quarter from 3.9%; while capital spending increased to 3.7% from 1.7% in 3Q22. Growth expectations for domestic personnel declined to 1.6% from 3Q22's 2.3%. Domestic wages/salaries growth expectations remained flat at 4.7%.

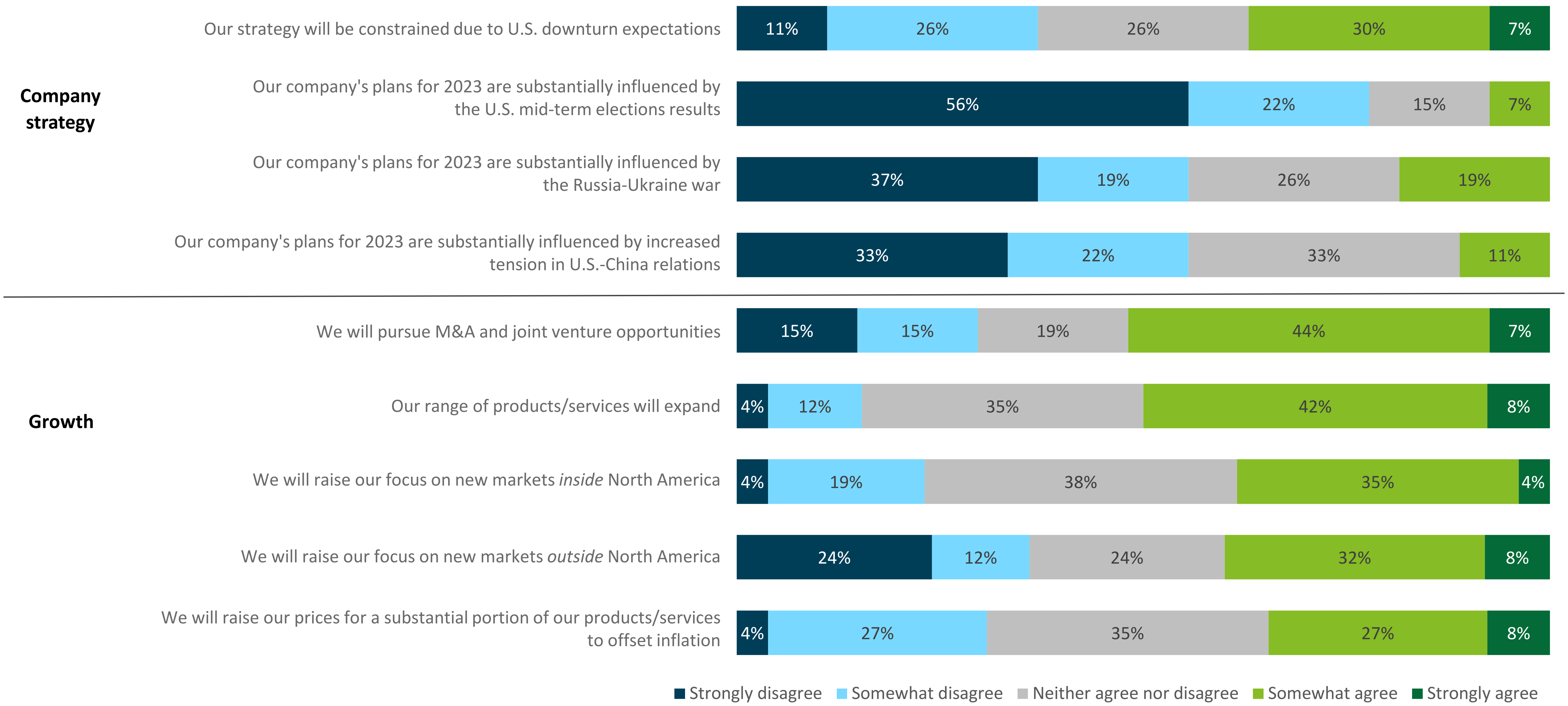
Financial Services—2023 priorities, plans, and hopes for policy

As CFO, what are your top three priorities for 2023? (N=27)



Financial Services—2023 priorities, plans, and hopes for policy

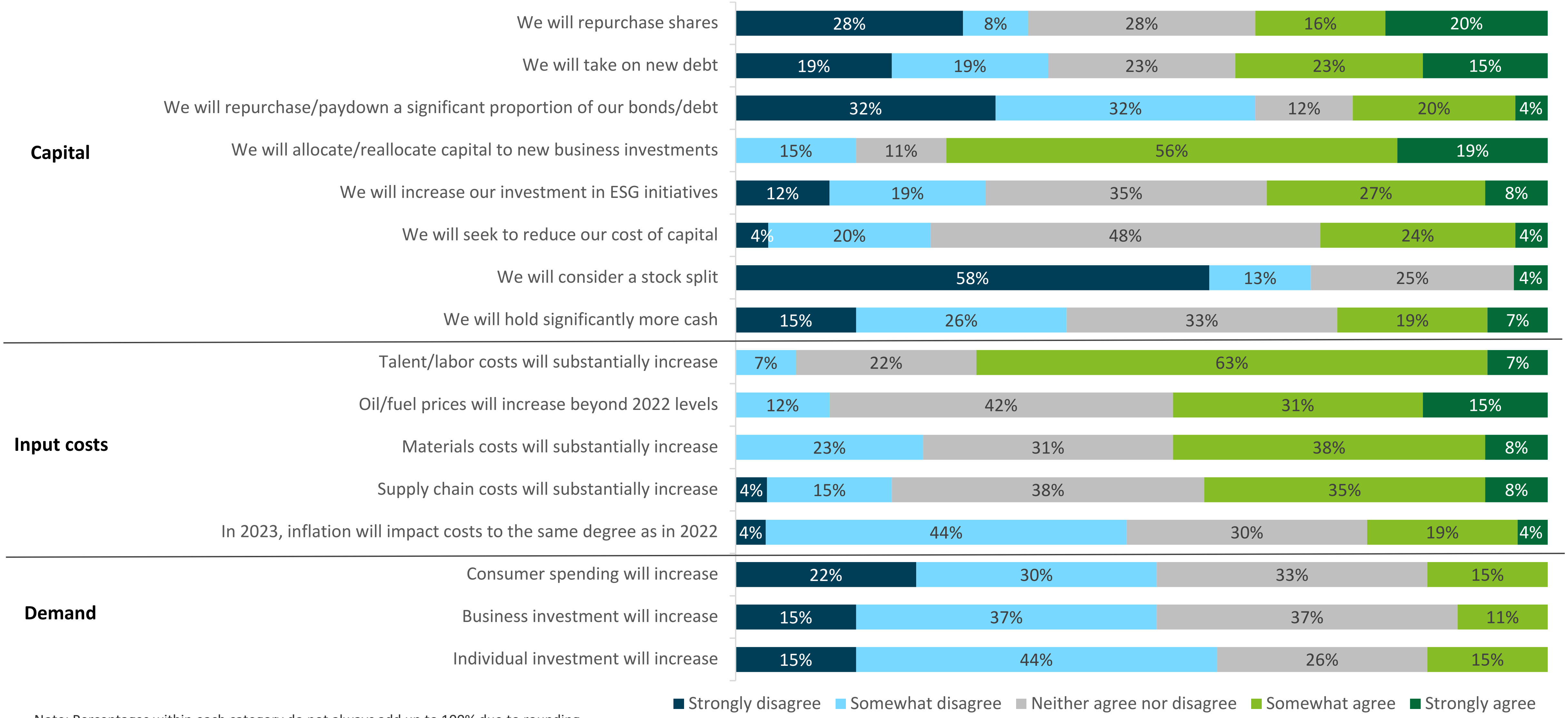
What are your expectations for your organization in 2023? Company strategy and growth



Note: Percentages within each category do not always add up to 100% due to rounding.

Financial Services—2023 priorities, plans, and hopes for policy

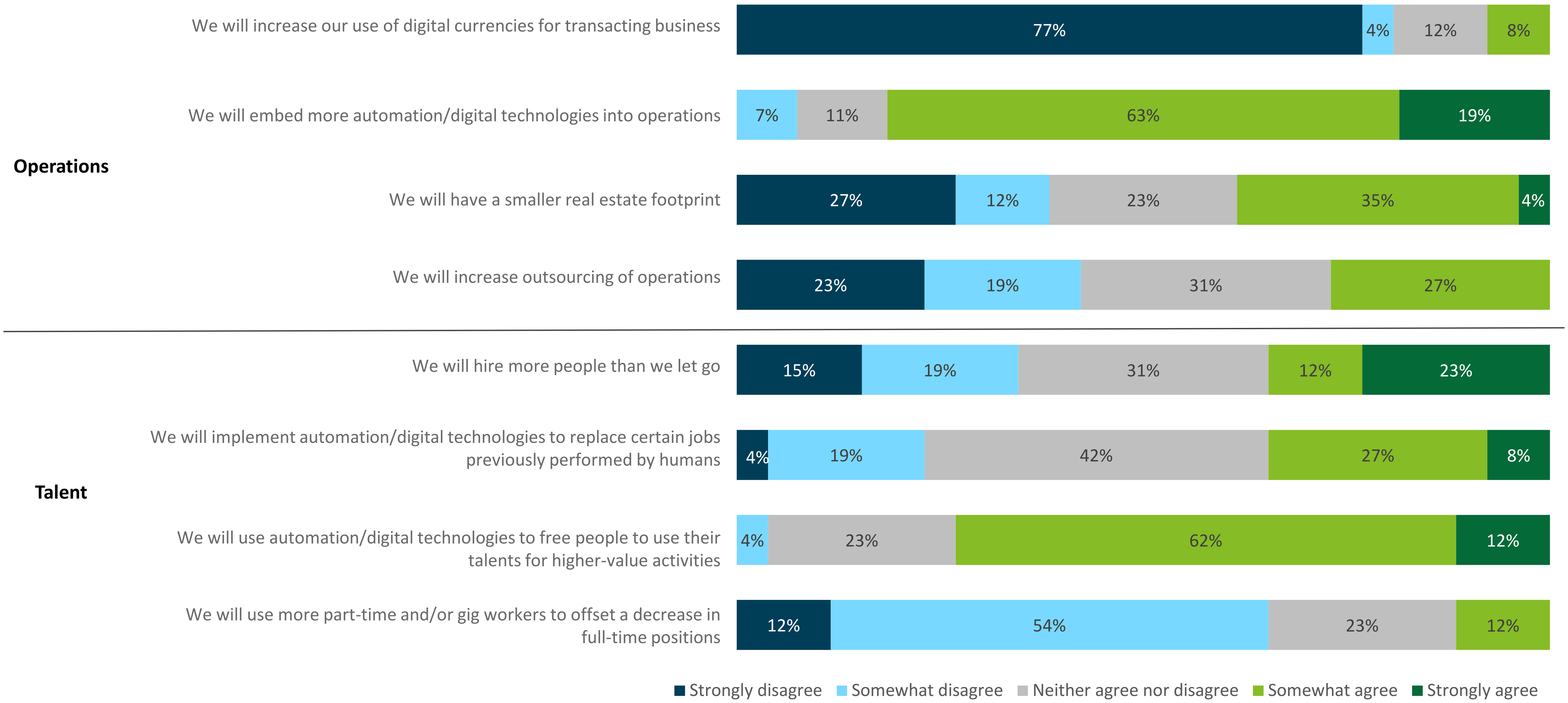
What are your expectations for your organization in 2023? Capital, input costs, and demand



Note: Percentages within each category do not always add up to 100% due to rounding.

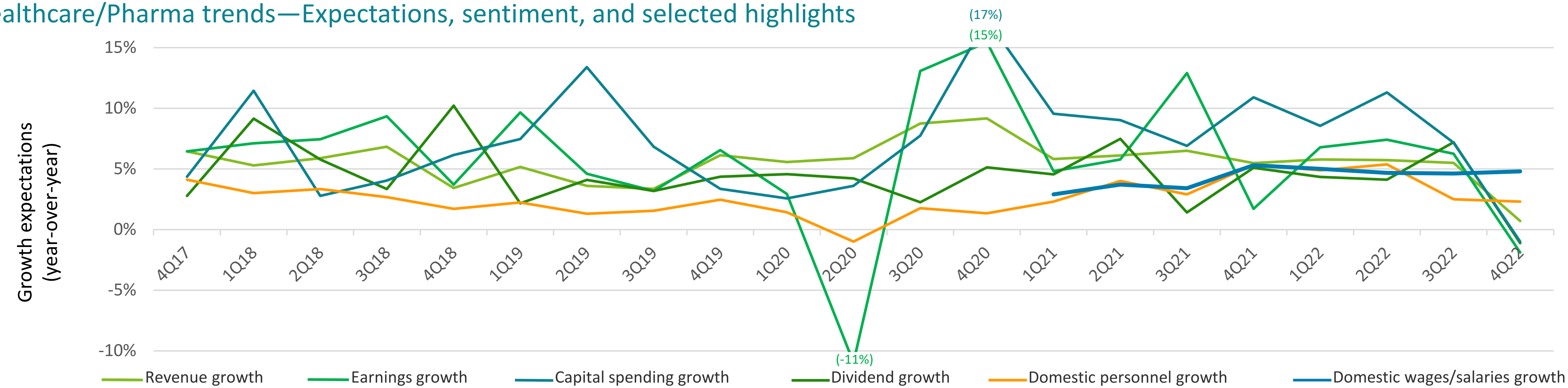
Financial Services—2023 priorities, plans, and hopes for policy

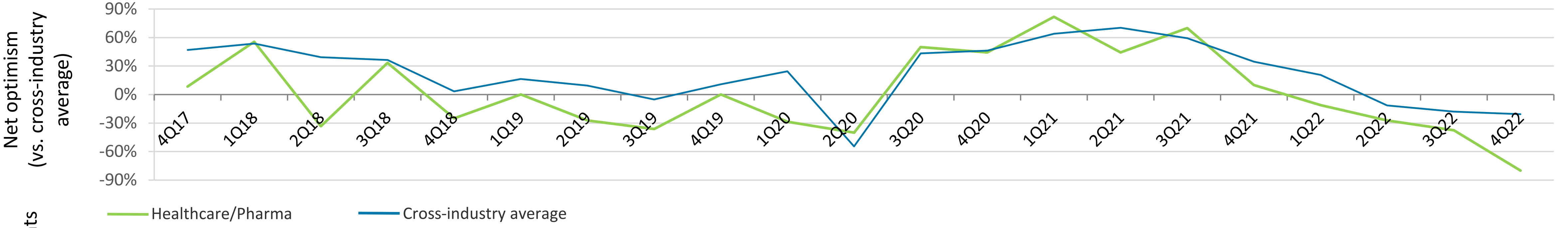
What are your expectations for your organization in 2023? Operations and talent



Note: Percentages within each category do not always add up to 100% due to rounding.

Healthcare/Pharma trends—Expectations, sentiment, and selected highlights





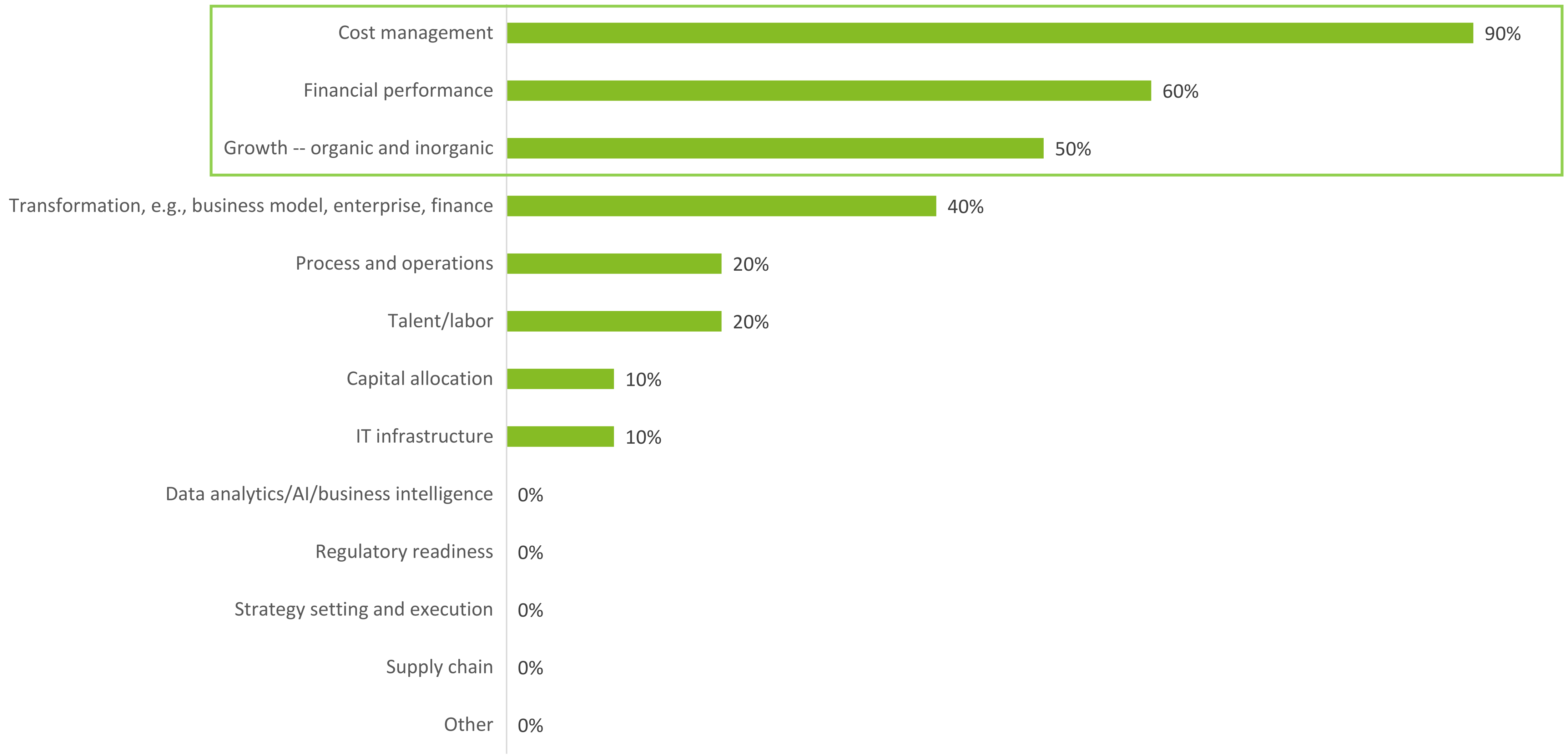
Selected highlights

Composition: Respondent base is made up of 70% life sciences and pharmaceuticals, and 30% healthcare providers; 70% of respondents are from public companies.

Sentiment/expectations: Net optimism among this industry's CFOs declined significantly, to -80 from 3Q22's -38. In addition, expectations for revenue growth slipped to 0.7% from 5.5% in 3Q22, and expectations for growth in earnings dipped significantly, to -1.9% from 6.3% in the prior quarter. Growth expectations for capital spending fell markedly, to -1.0% from 7.2% in 3Q22, while expectations for growth in dividends decreased to -1.1% from 7.2%. Expectations for domestic personnel growth dropped to 2.3% from 2.5%. CFOs' expectations for growth in domestic wages/salaries increased slightly, to 4.8% from 4.6% in the prior quarter.

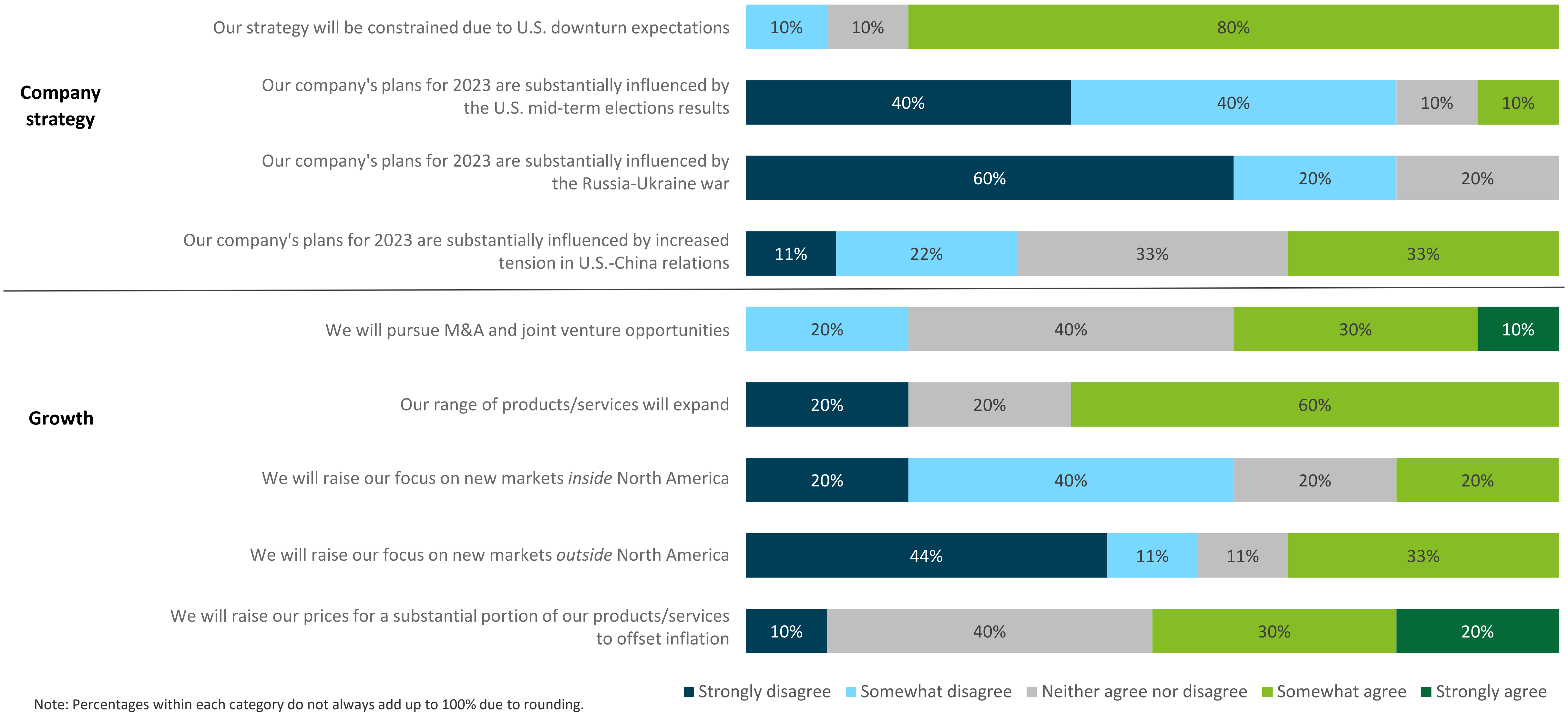
Healthcare/Pharma—2023 priorities, plans, and hopes for policy

As CFO, what are your top three priorities for 2023? (N=10)



Healthcare/Pharma—2023 priorities, plans, and hopes for policy

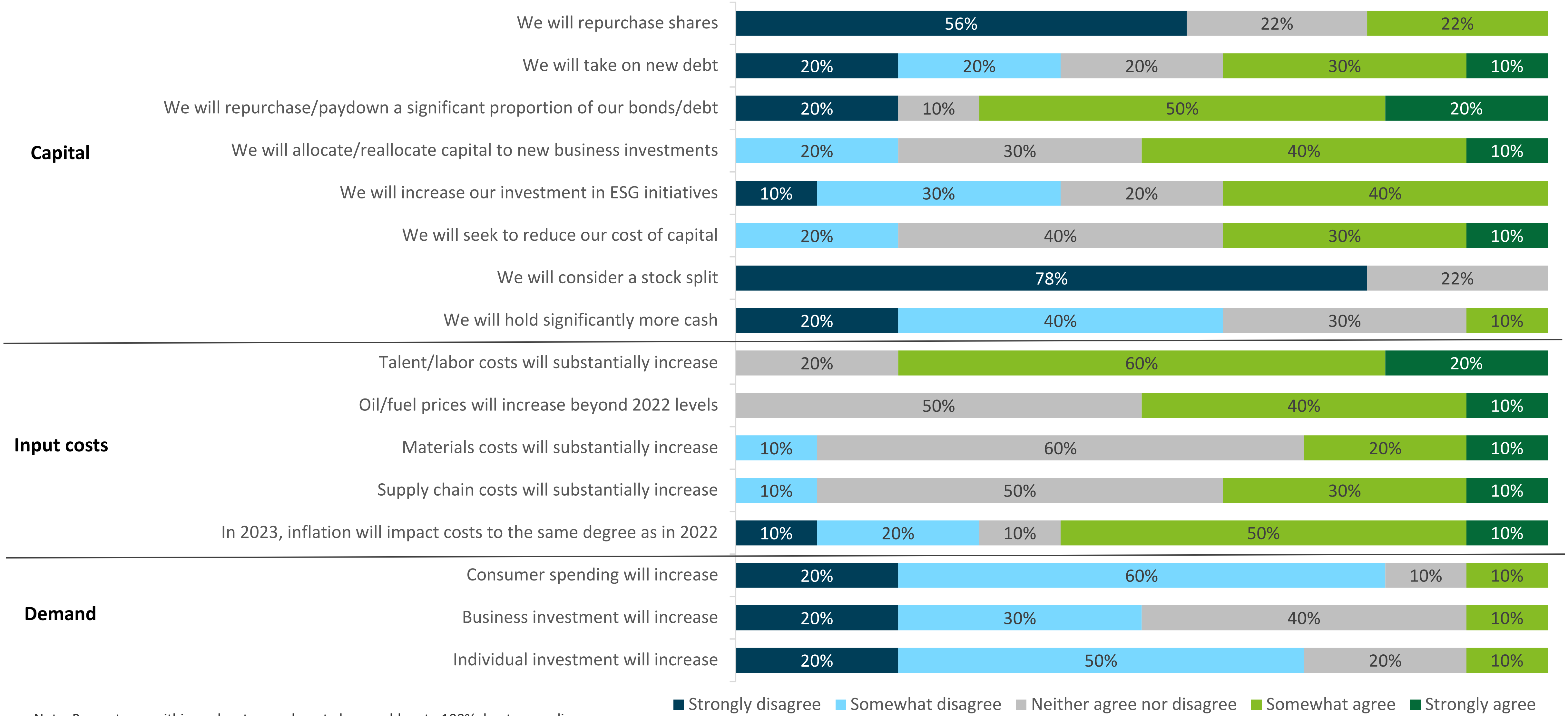
What are your expectations for your organization in 2023? Company strategy and growth



Note: Percentages within each category do not always add up to 100% due to rounding.

Healthcare/Pharma—2023 priorities, plans, and hopes for policy

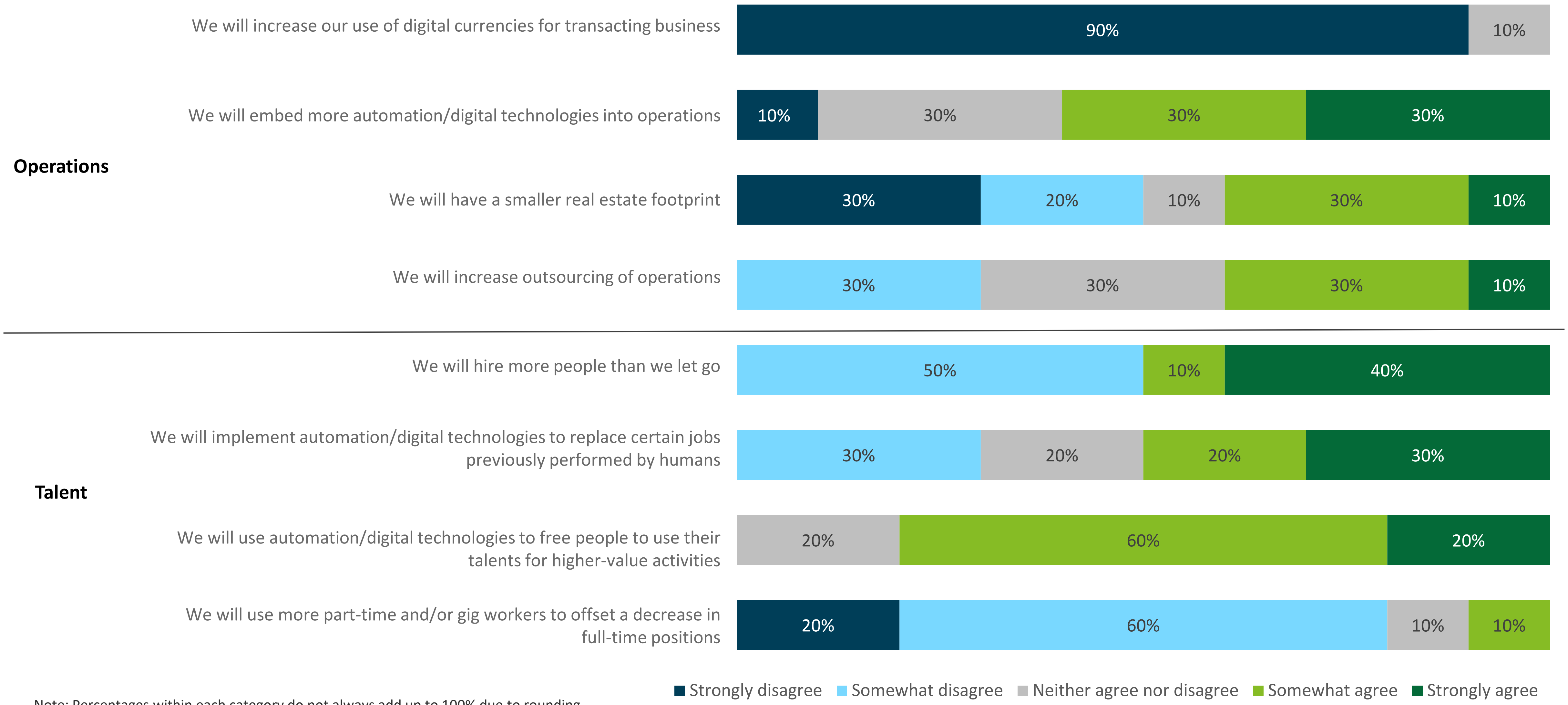
What are your expectations for your organization in 2023? Capital, input costs, and demand



Note: Percentages within each category do not always add up to 100% due to rounding.

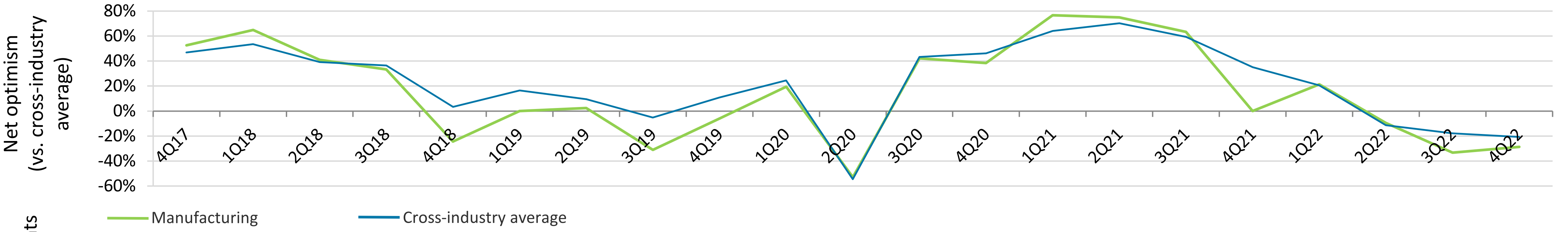
Healthcare/Pharma—2023 priorities, plans, and hopes for policy

What are your expectations for your organization in 2023? Operations and talent



Note: Percentages within each category do not always add up to 100% due to rounding.

Manufacturing trends—Expectations, sentiment, and selected highlights



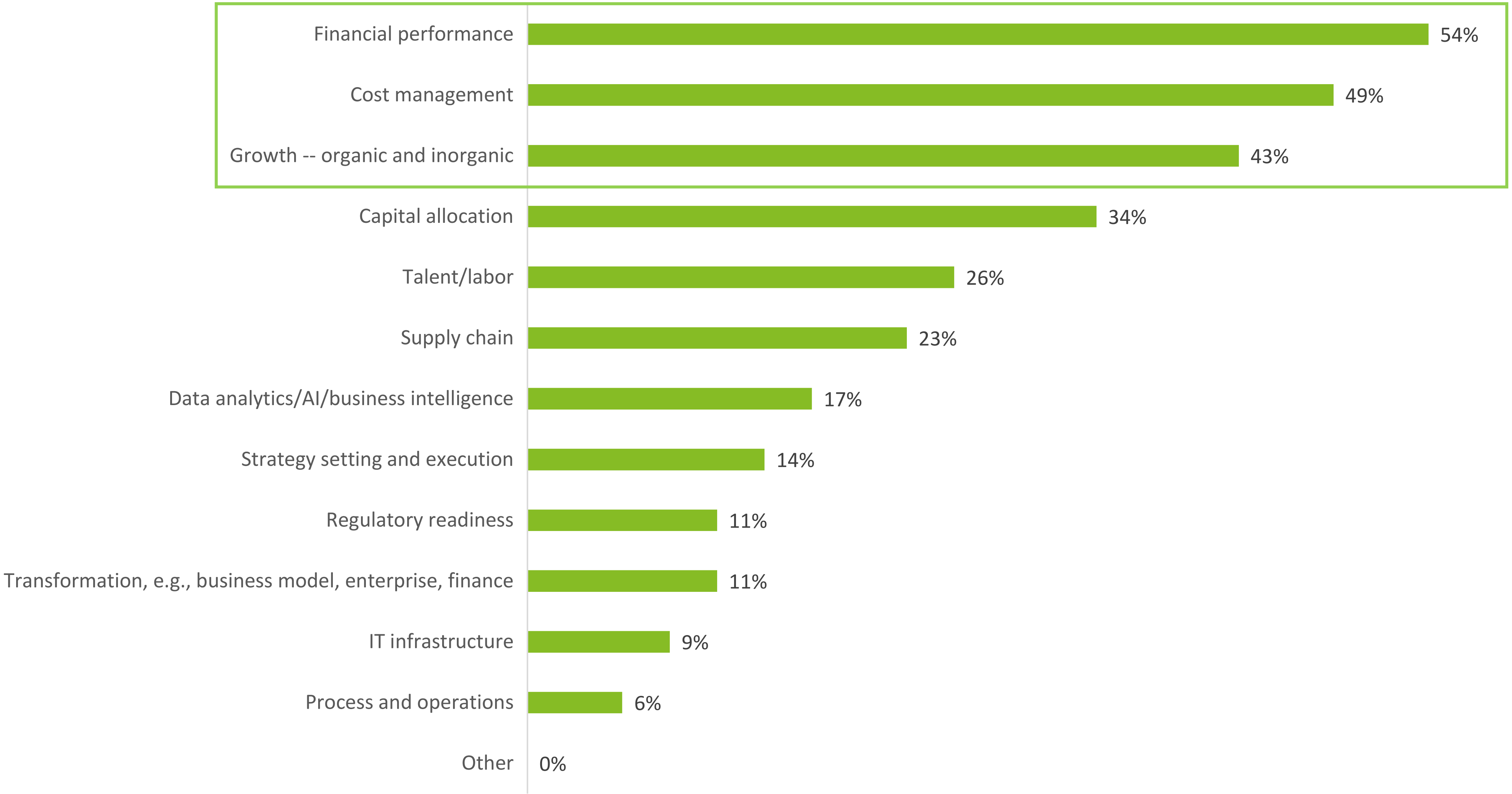
Selected highlights

Composition: The majority (91%) of respondents are food processors or manufacturers of consumer products, industrial products, construction materials, and of oil, gas, and chemicals. The remaining respondents this quarter come from either engineering and construction or agriculture. 71% are from public companies.

Sentiment/expectations: Net optimism among Manufacturing CFOs improved somewhat to -29 from last quarter's -33. However, revenue growth expectations decreased to 1.5% from 5.3% in 3Q22, as did earnings growth expectations, which dipped to 0.5% from 5.1% in the prior quarter. CFOs also lowered their growth expectations for capital spending, to 2.6% from 3Q22's 4.9%. Dividend growth expectations decreased, to 2.1% from 4.1% in the previous quarter. Expectations for domestic personnel growth decreased to 1.8% from 2.7% in 3Q22, while wages/salaries growth expectations inched up to 4.6% from 3Q22's 4.5%.

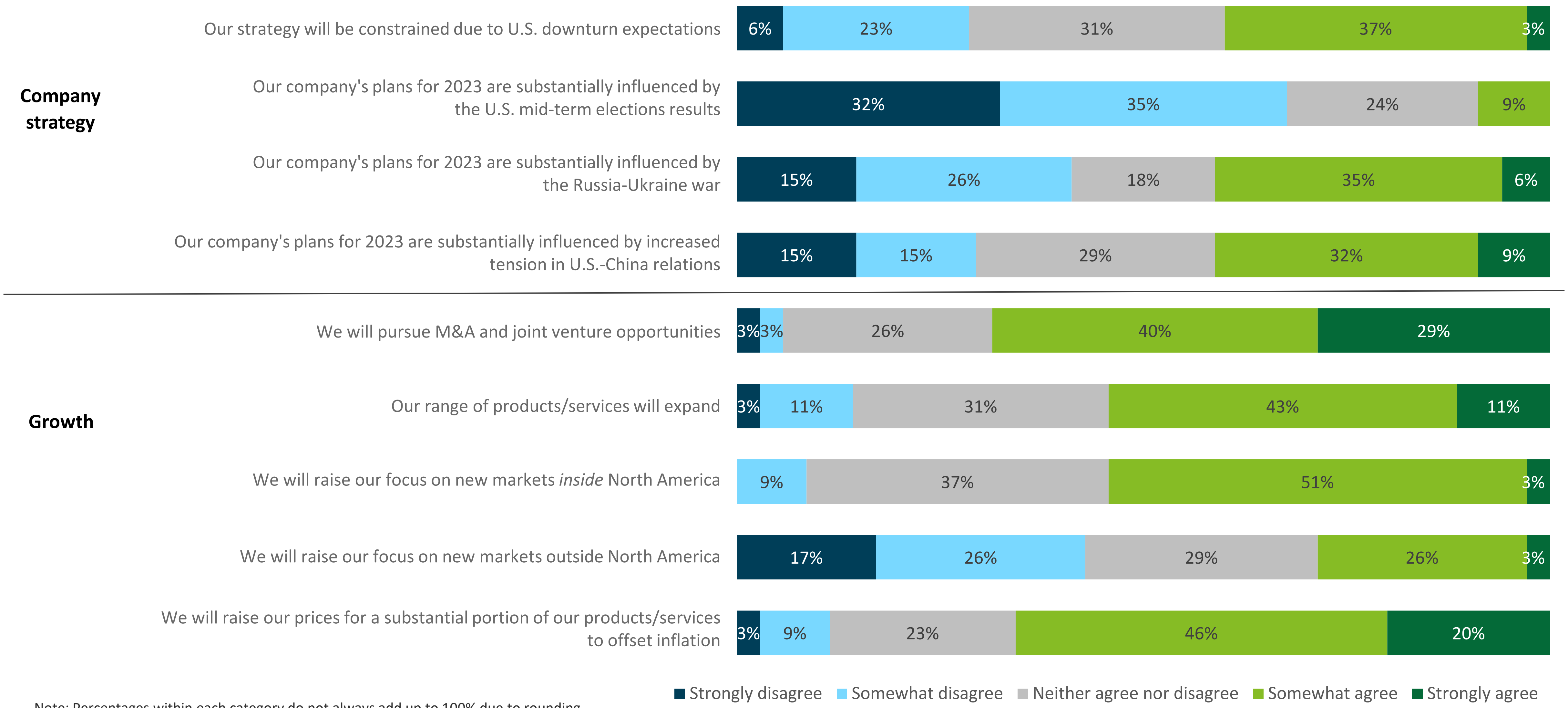
Manufacturing—2023 priorities, plans, and hopes for policy

As CFO, what are your top three priorities for 2023? (N=35)



Manufacturing—2023 priorities, plans, and hopes for policy

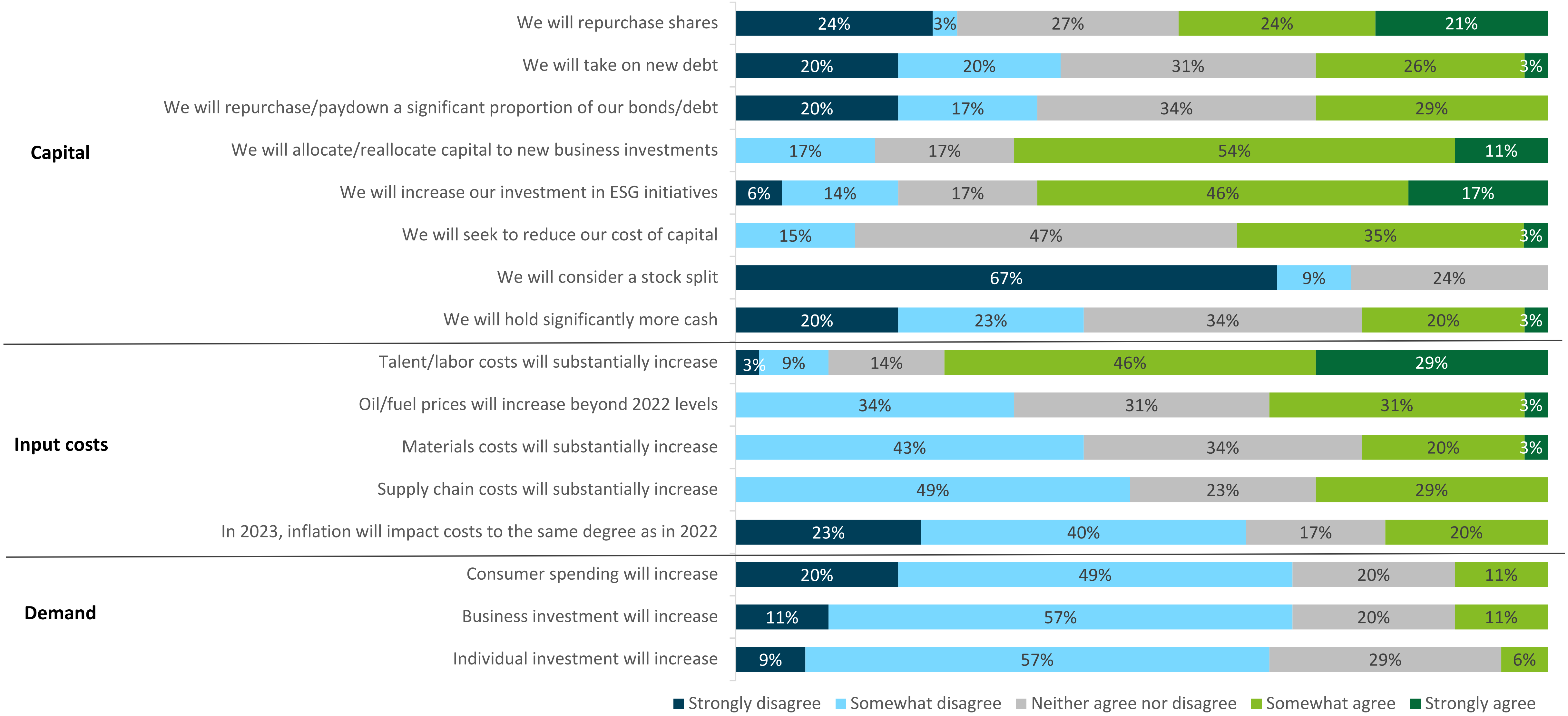
What are your expectations for your organization in 2023? Company strategy and growth



Note: Percentages within each category do not always add up to 100% due to rounding.

Manufacturing—2023 priorities, plans, and hopes for policy

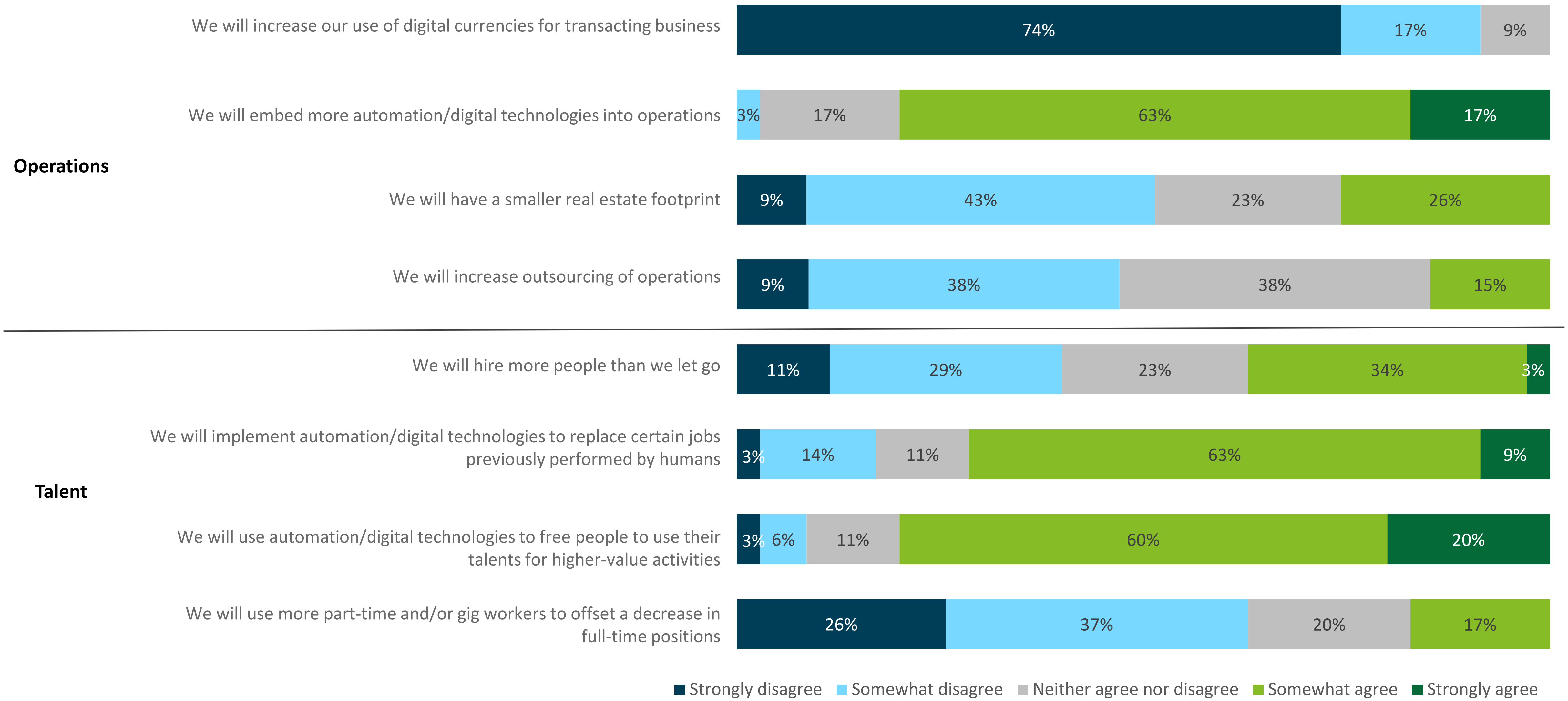
What are your expectations for your organization in 2023? Capital, input costs, and demand



Note: Percentages within each category do not always add up to 100% due to rounding.

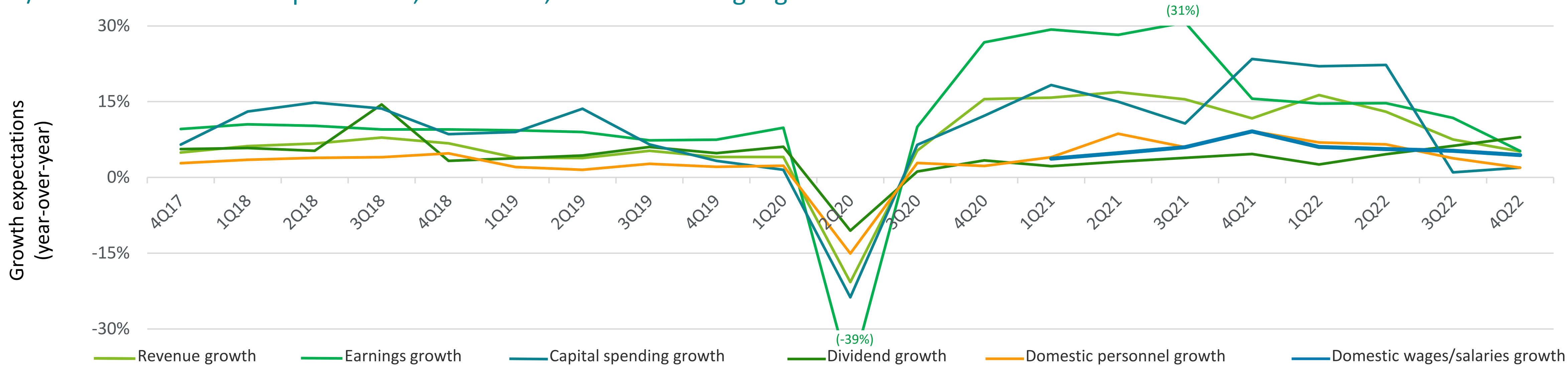
Manufacturing—2023 priorities, plans, and hopes for policy

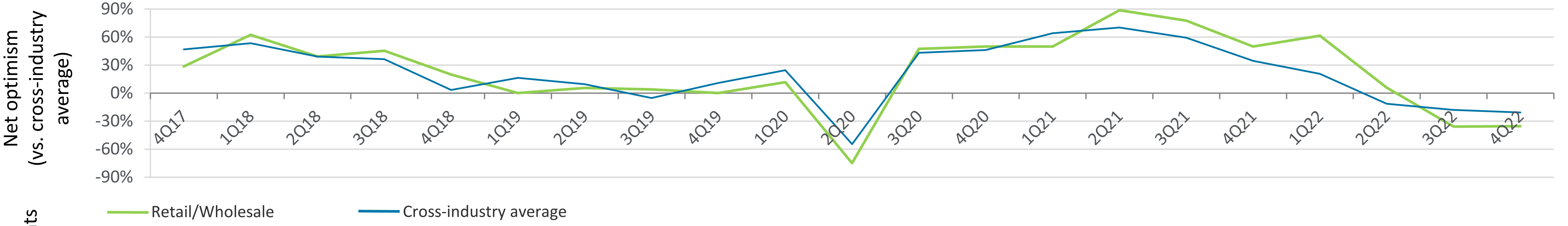
What are your expectations for your organization in 2023? Operations and talent



Note: Percentages within each category do not always add up to 100% due to rounding.

Retail/Wholesale trends—Expectations, sentiment, and selected highlights





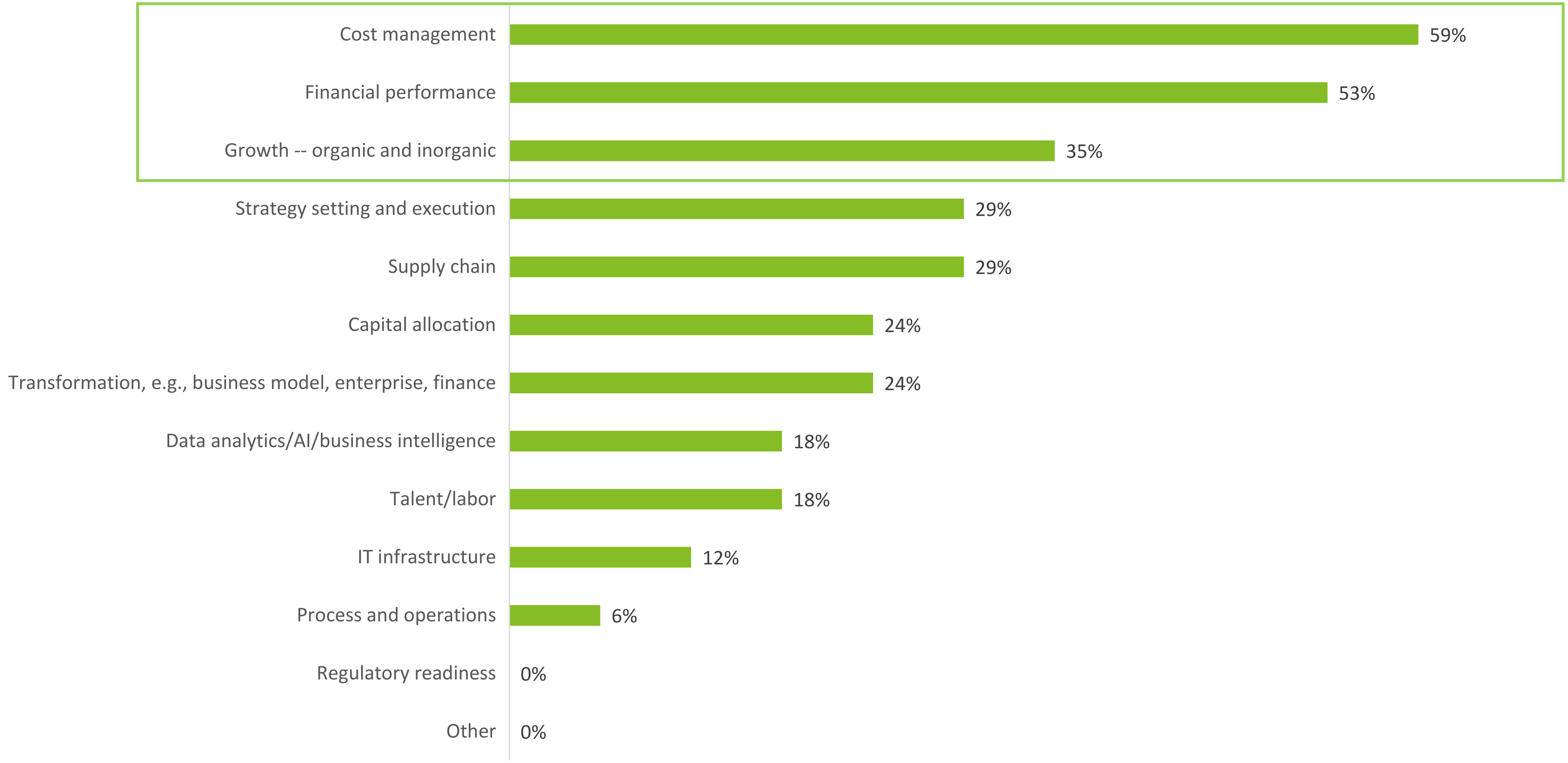
Selected highlights

Composition: Respondents are from a broad range of retail, wholesale, and distribution companies (94%), with the remaining 6% consisting of hospitality companies; 47% are from public companies.

Sentiment/expectations: Net optimism increased marginally to -35 from last quarter's -36. Retail/Wholesale CFOs' growth expectations for revenue and earnings fell to 5.1% and 5.2% from 3Q22's 7.5% and 11.8%, respectively. Their expectations for capital spending growth increased to 2.0%, from last quarter's 1.0%. Dividend growth expectations increased to 8.0% from 6.2% in the prior quarter. Expectations for growth in domestic personnel and wages/salaries both fell, to 1.9% and 4.4%, respectively, from 3.8% and 5.3% in 3Q22.

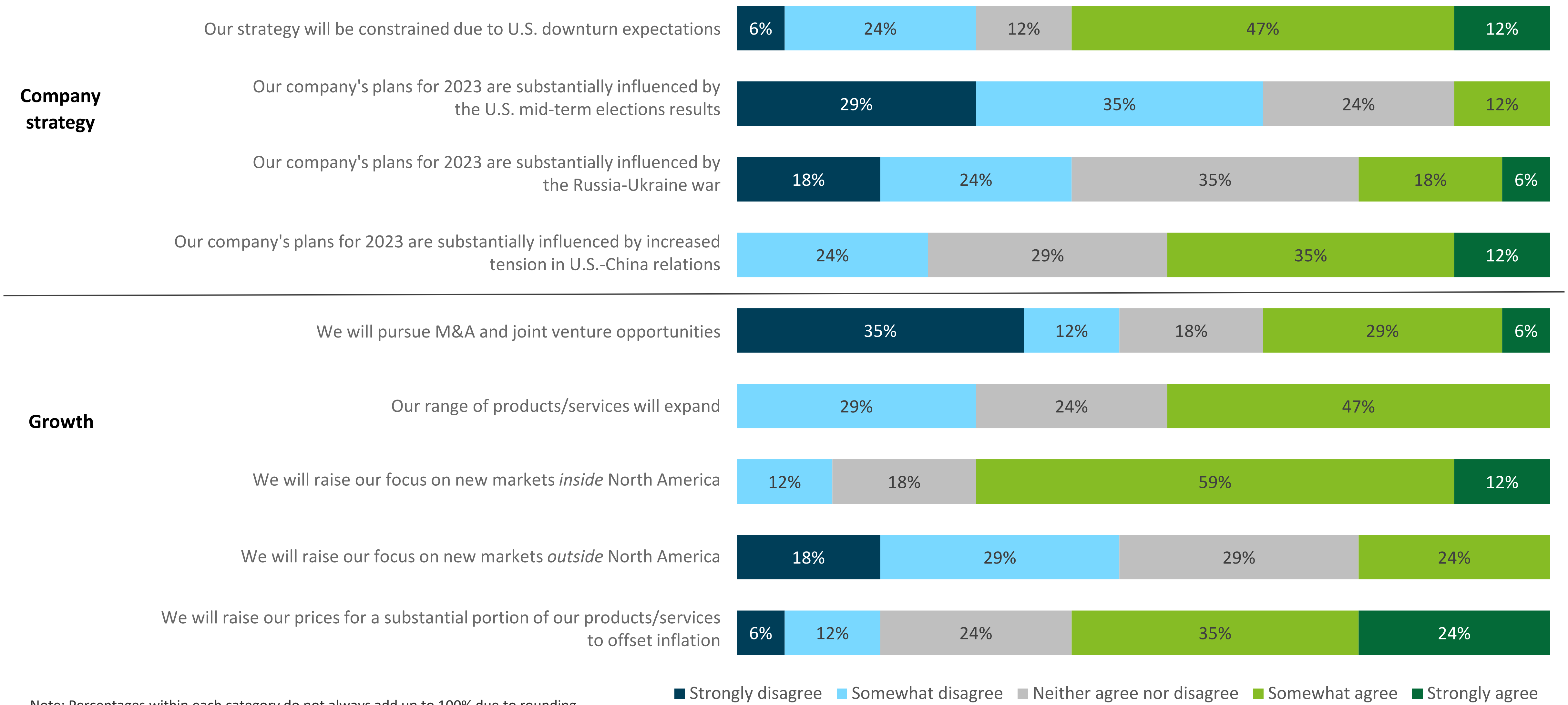
Retail/Wholesale—2023 priorities, plans, and hopes for policy

As CFO, what are your top three priorities for 2023? (N=17)



Retail/Wholesale—2023 priorities, plans, and hopes for policy

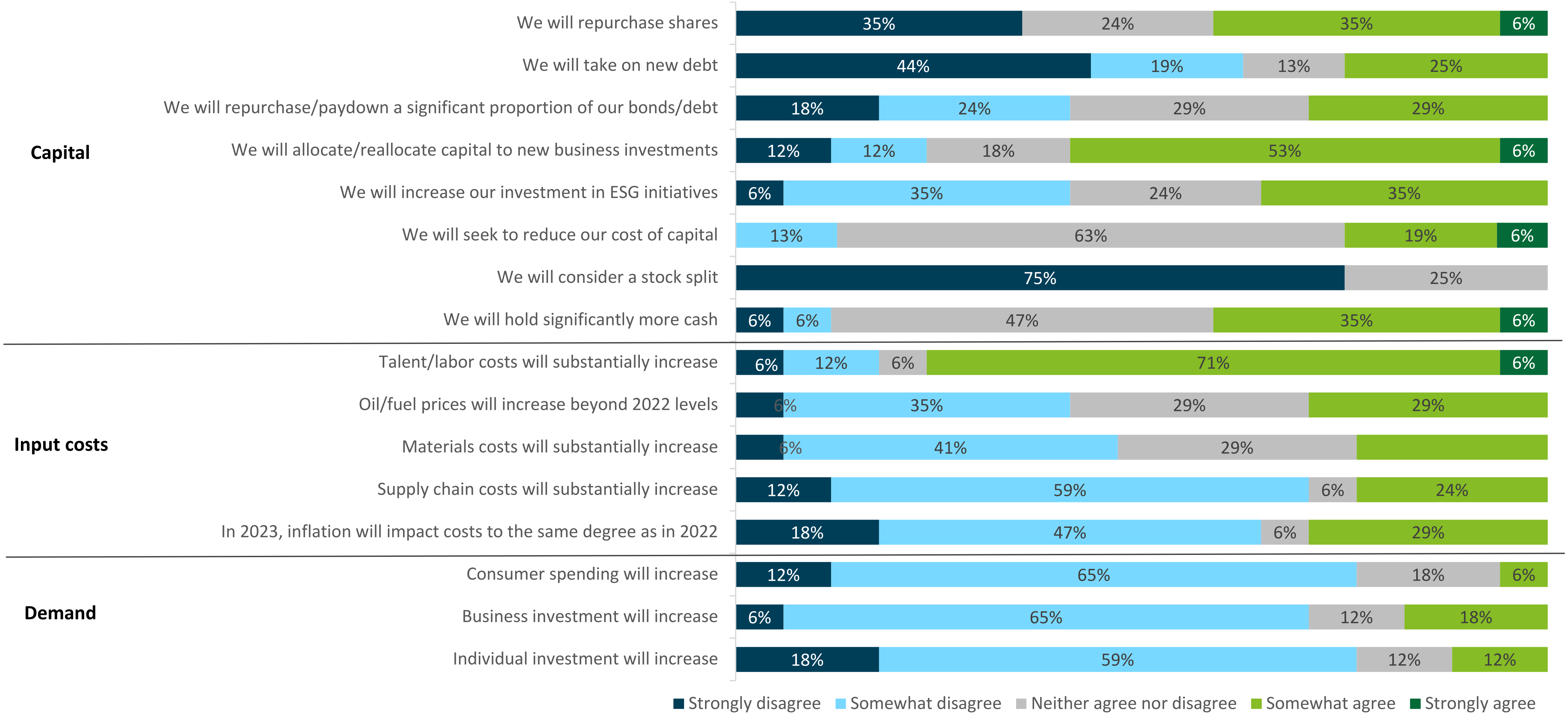
What are your expectations for your organization in 2023? Company strategy and growth



Note: Percentages within each category do not always add up to 100% due to rounding.

Retail/Wholesale—2023 priorities, plans, and hopes for policy

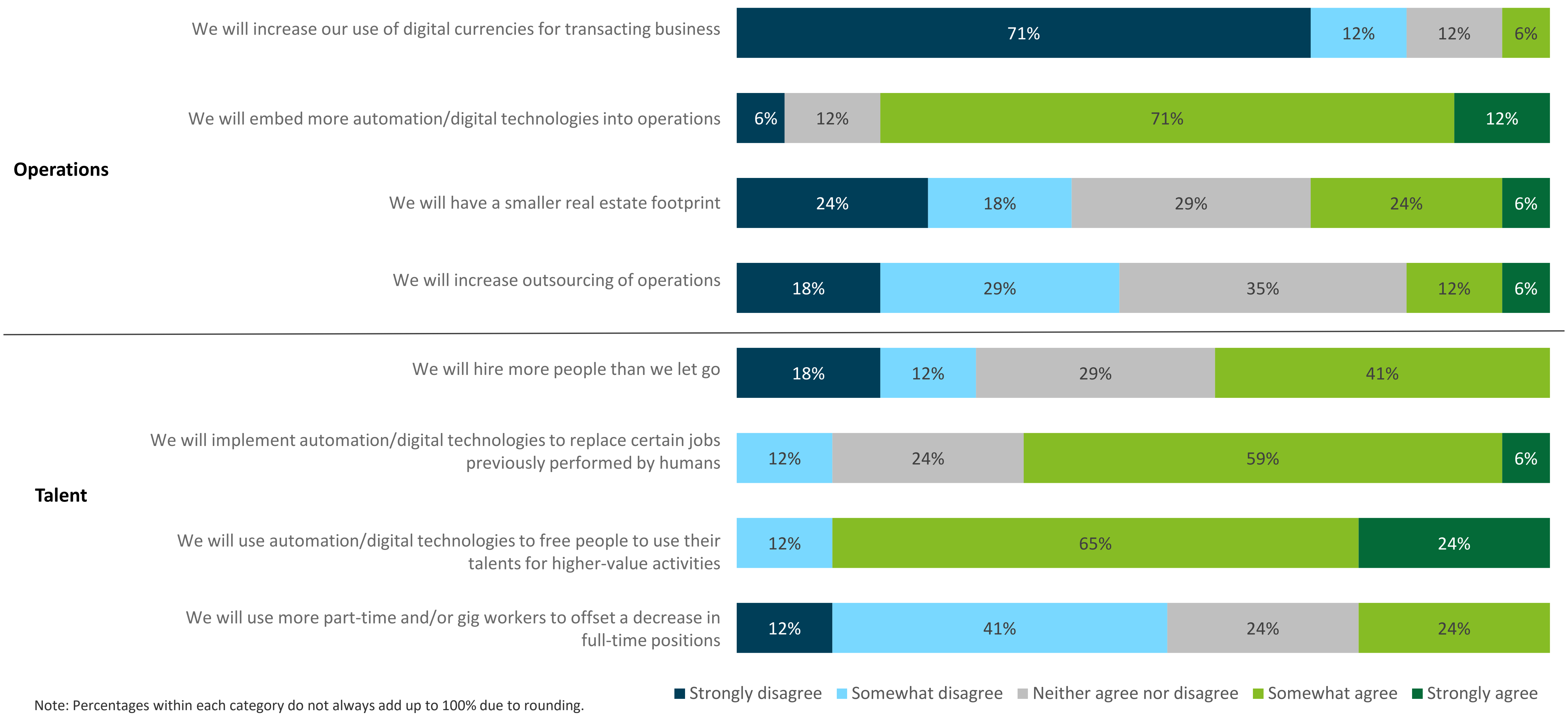
What are your expectations for your organization in 2023? Capital, input costs, and demand



Note: Percentages within each category do not always add up to 100% due to rounding.

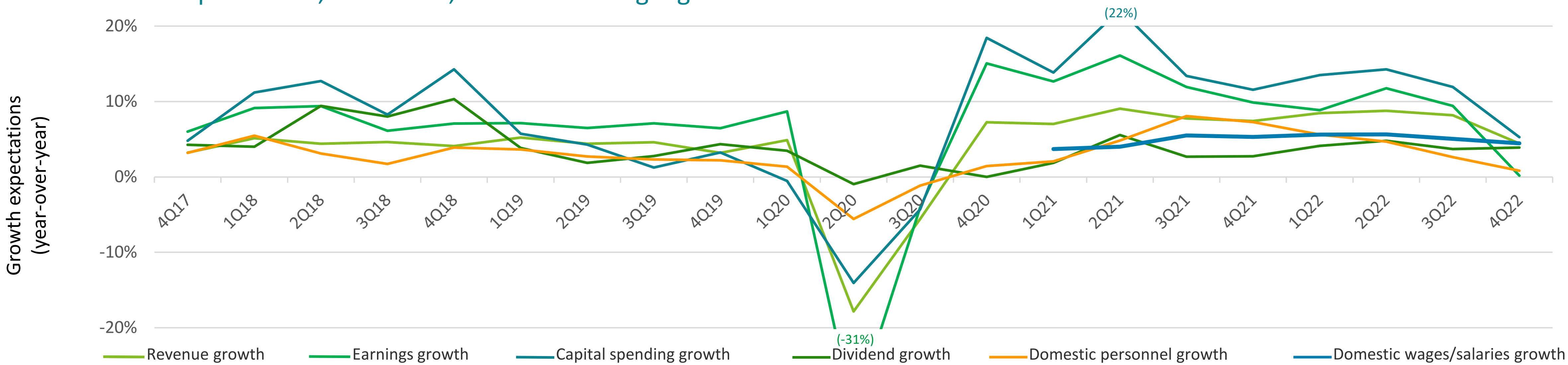
Retail/Wholesale—2023 priorities, plans, and hopes for policy

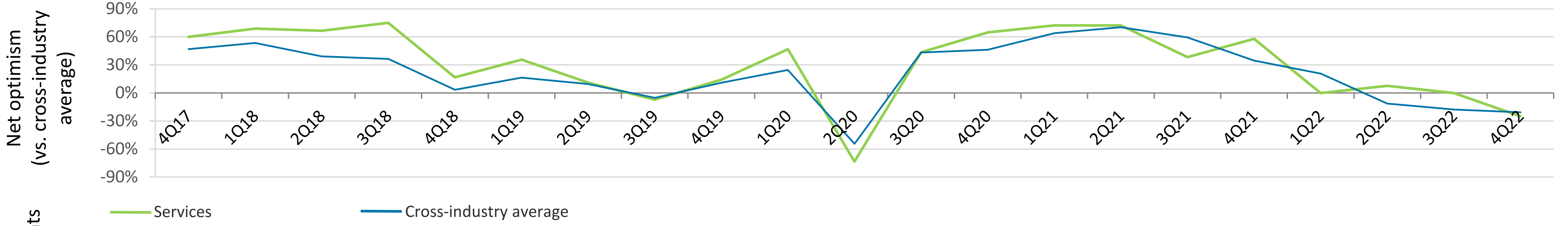
What are your expectations for your organization in 2023? Operations and talent



Note: Percentages within each category do not always add up to 100% due to rounding.

Services trends—Expectations, sentiment, and selected highlights





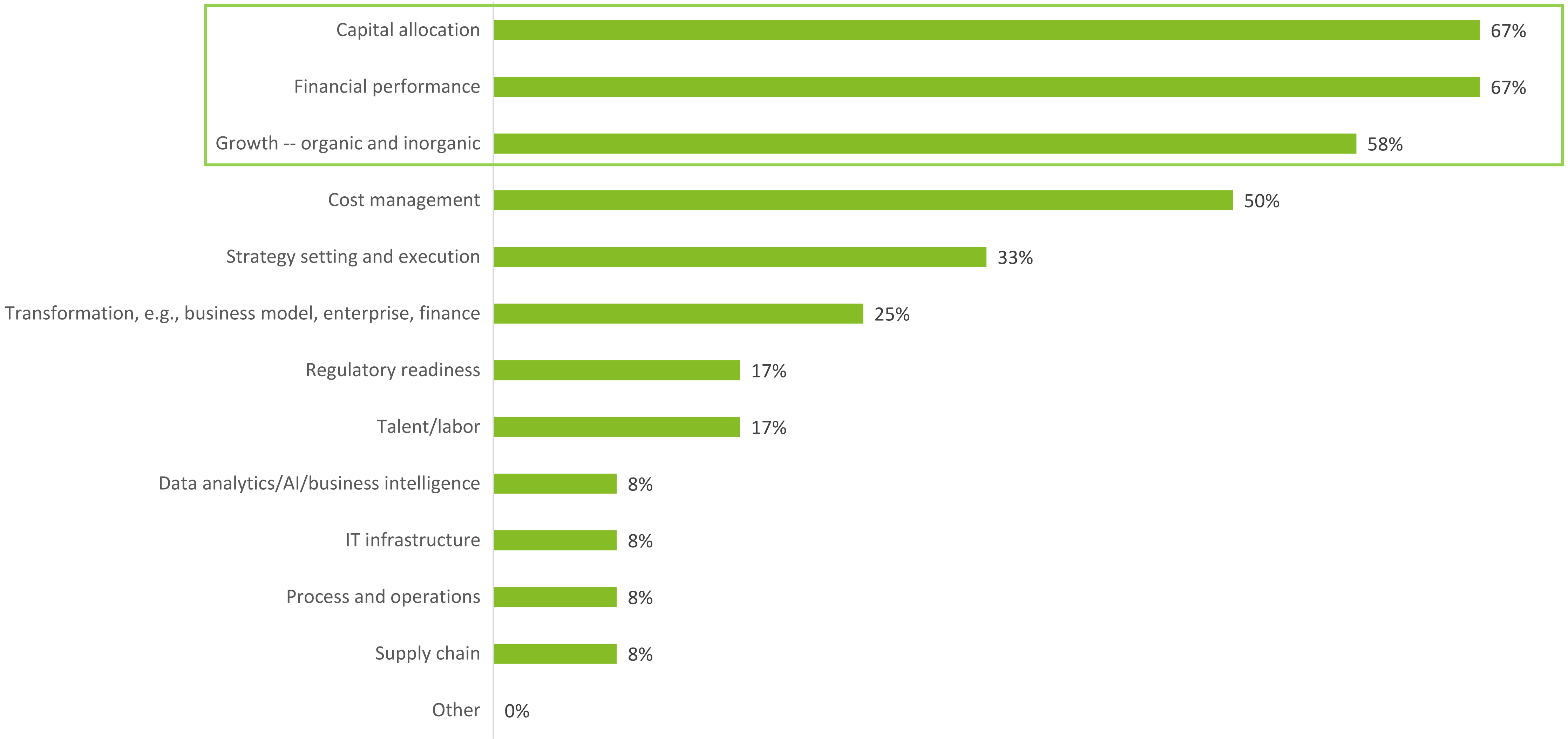
Selected highlights

Composition: Respondents are mostly from transportation, logistics, and support companies (50%), with the remaining respondents from engineering and construction, educational services, business information services, professional, and other support services; 50% are from public companies.

Sentiment/expectations: Net optimism came in at -25, down from last quarter's +0. Expectations for revenue growth decreased to 4.4% from 8.2% in 3Q22, and earnings growth expectations declined significantly to 0.2% from 9.4% in the previous quarter. Growth expectations for capital spending dropped to 5.3% from 11.9%, while domestic personnel growth fell to 0.8% from 2.6% in 3Q22, and domestic wages/salaries growth expectations dipped to 4.5% from 5.0%. Dividend growth expectations increased to 3.9% from 3.7%.

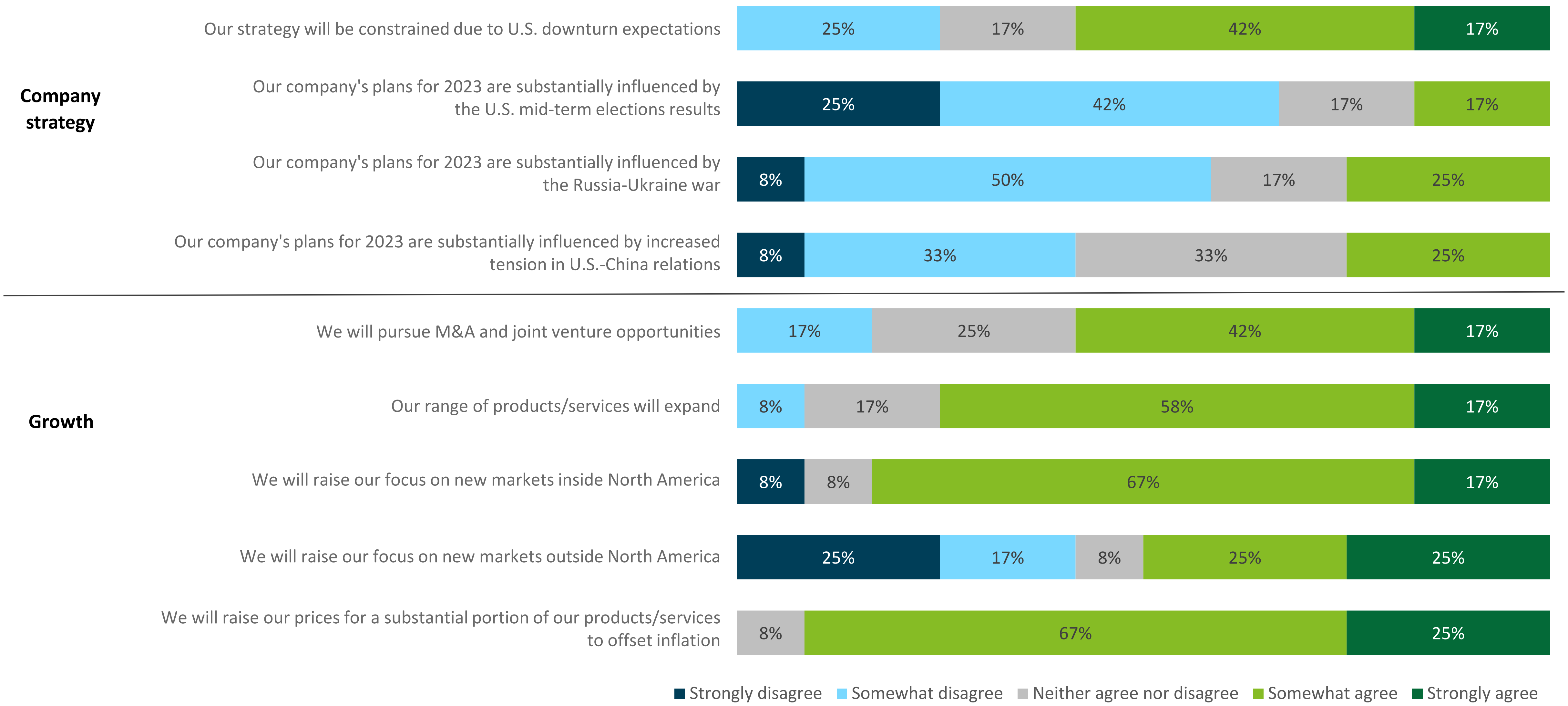
Services—2023 priorities, plans, and hopes for policy

As CFO, what are your top three priorities for 2023? (N=12)



Services—2023 priorities, plans, and hopes for policy

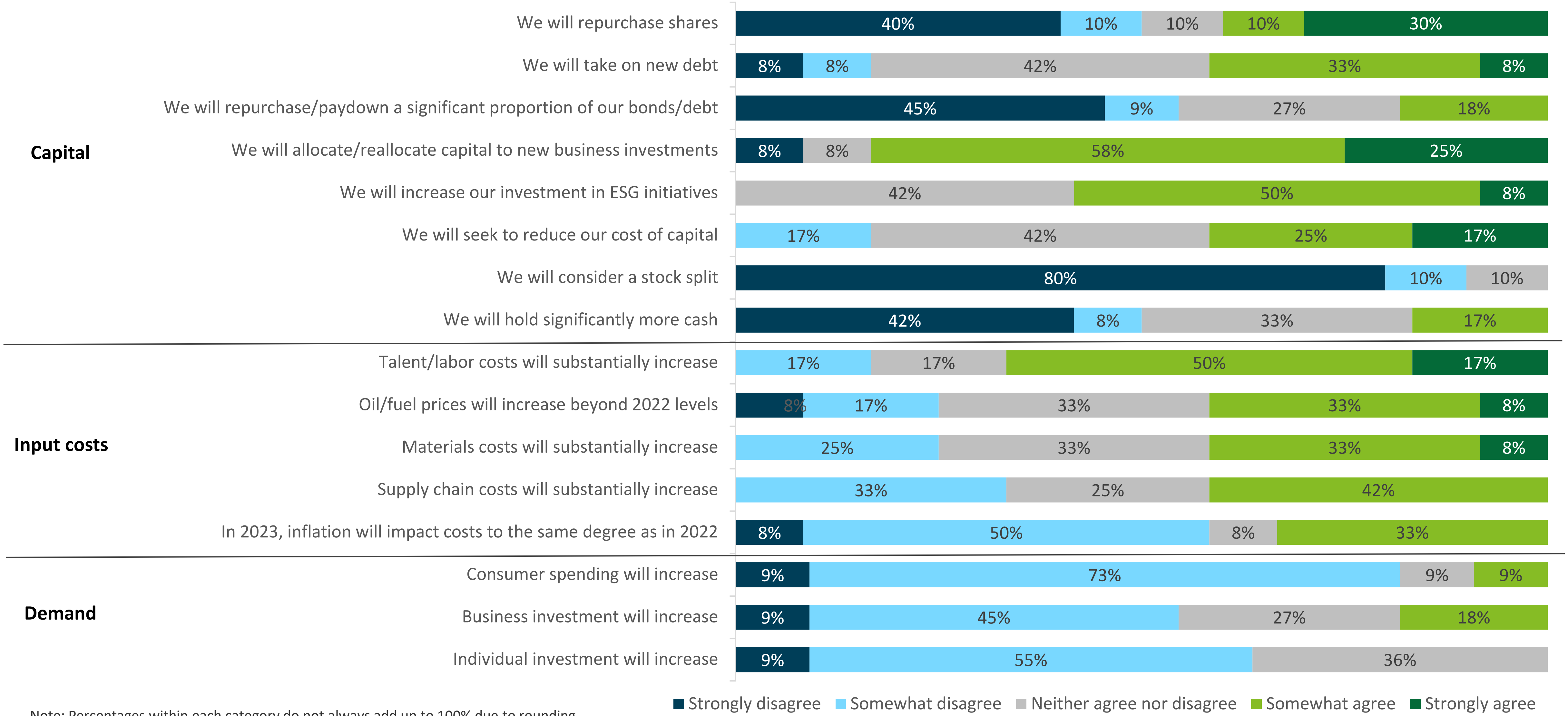
What are your expectations for your organization in 2023? Company strategy and growth



Note: Percentages within each category do not always add up to 100% due to rounding.

Services—2023 priorities, plans, and hopes for policy

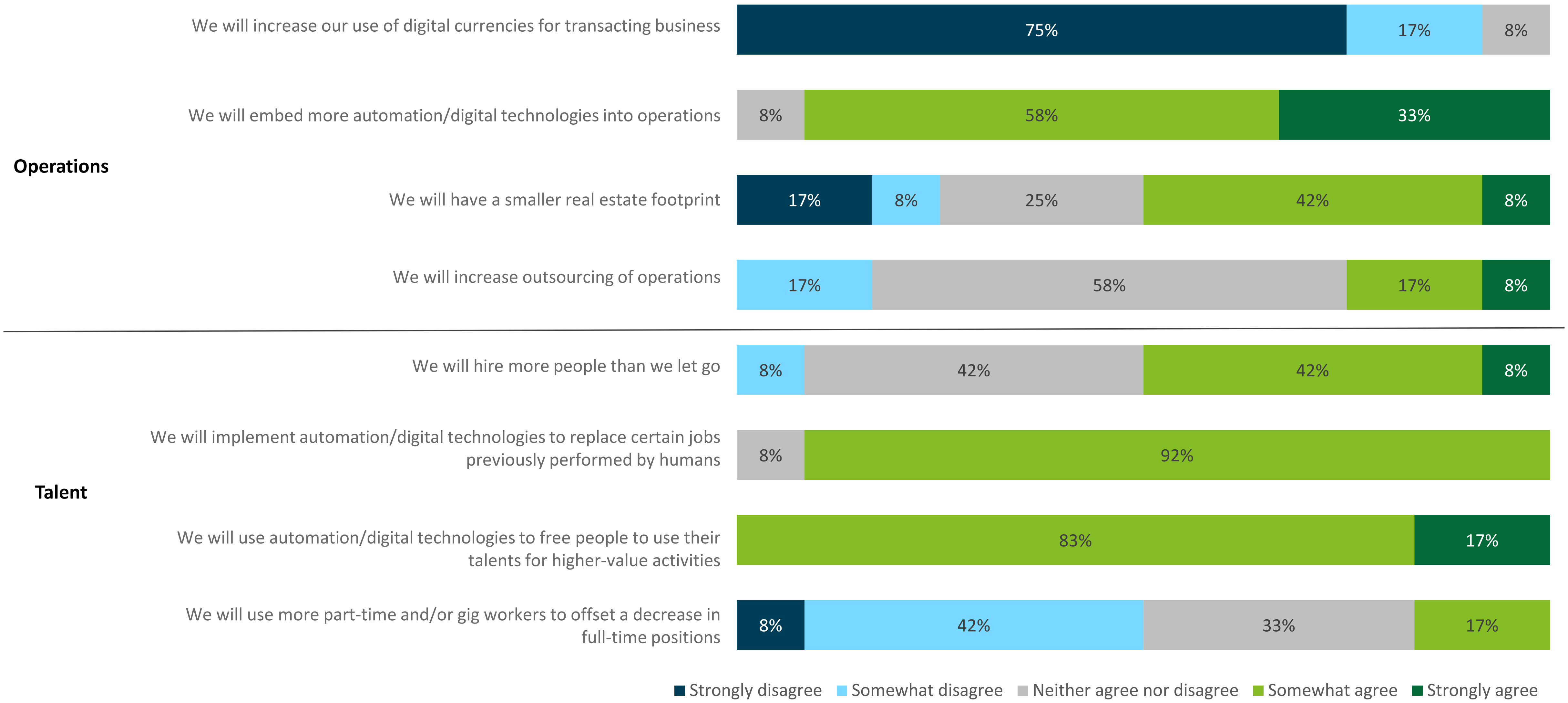
What are your expectations for your organization in 2023? Capital, input costs, and demand



Note: Percentages within each category do not always add up to 100% due to rounding.

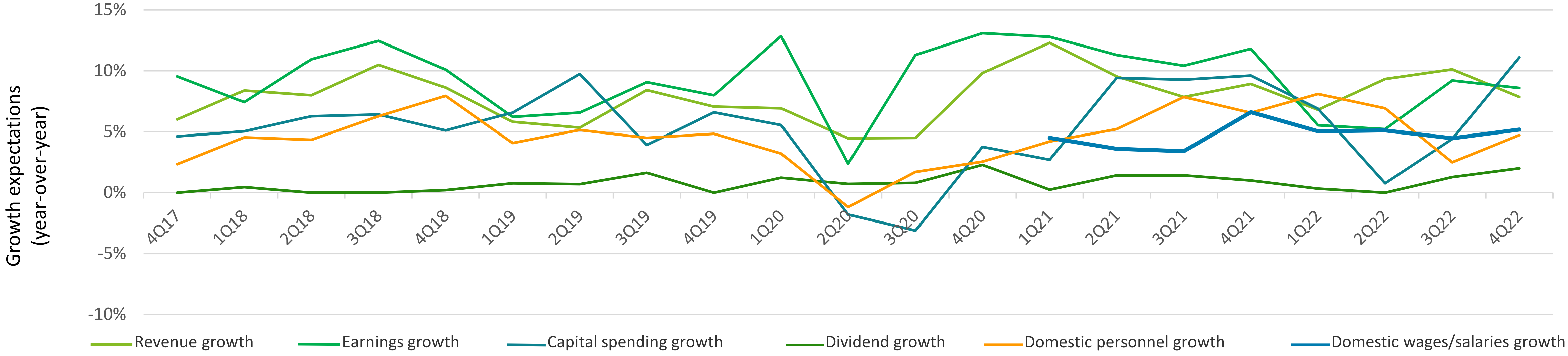
Services—2023 priorities, plans, and hopes for policy

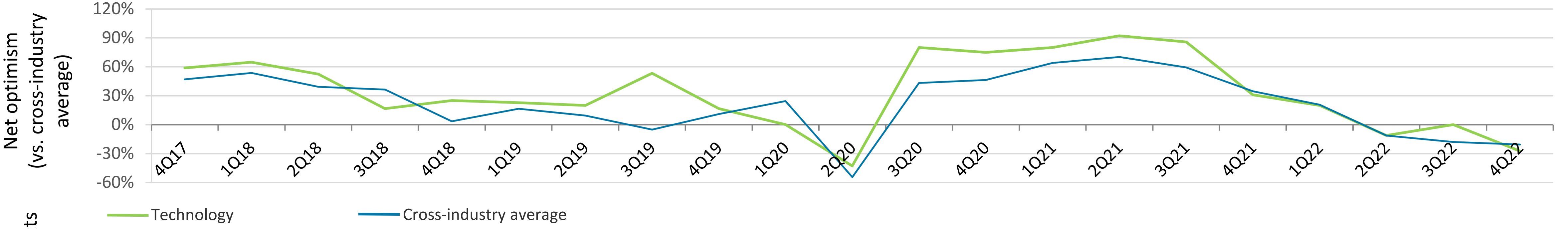
What are your expectations for your organization in 2023? Operations and talent



Note: Percentages within each category do not always add up to 100% due to rounding.

Technology trends—Expectations, sentiment, and selected highlights





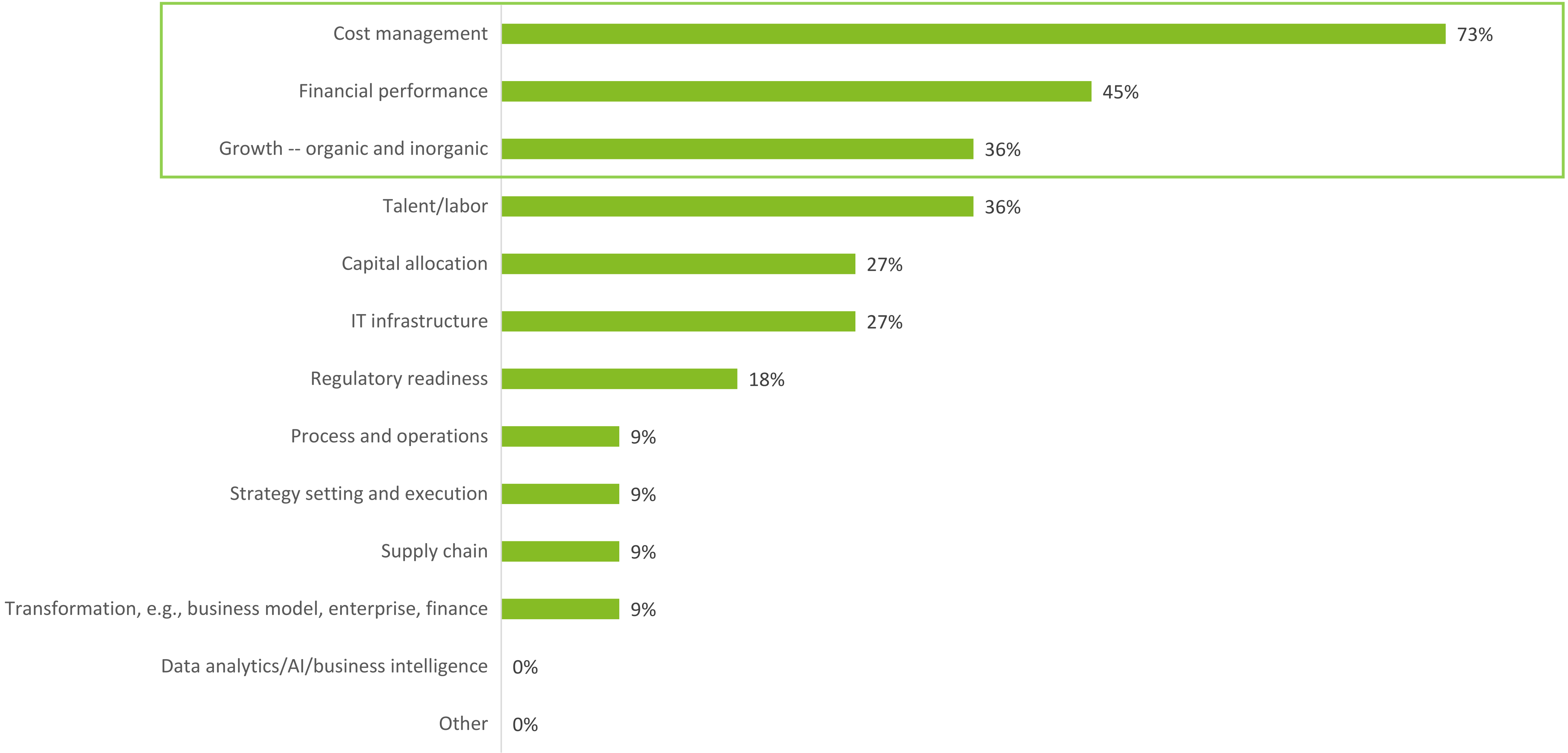
Selected highlights

Composition: Respondents consist of hardware, software, data processors, medical technology, industrial automation, and information technology companies; 82% are from public companies.

Sentiment/expectations: Net optimism among Technology industry CFOs dropped to -27 from +0 in 3Q22. Growth expectations for revenue decreased to 7.9% from 10.1% in 3Q22, as they did for earnings, which decreased to 8.6% from 9.2%. However, growth expectations for capital spending increased significantly, to 11.1% from 4.4% in 3Q22 and dividend growth expectations increased to 2.0% from 1.3% in prior quarter. Domestic hiring and wages/salaries growth expectations also increased from 3Q22, to 4.7% and 5.2%, respectively, from 2.5% and 4.5%.

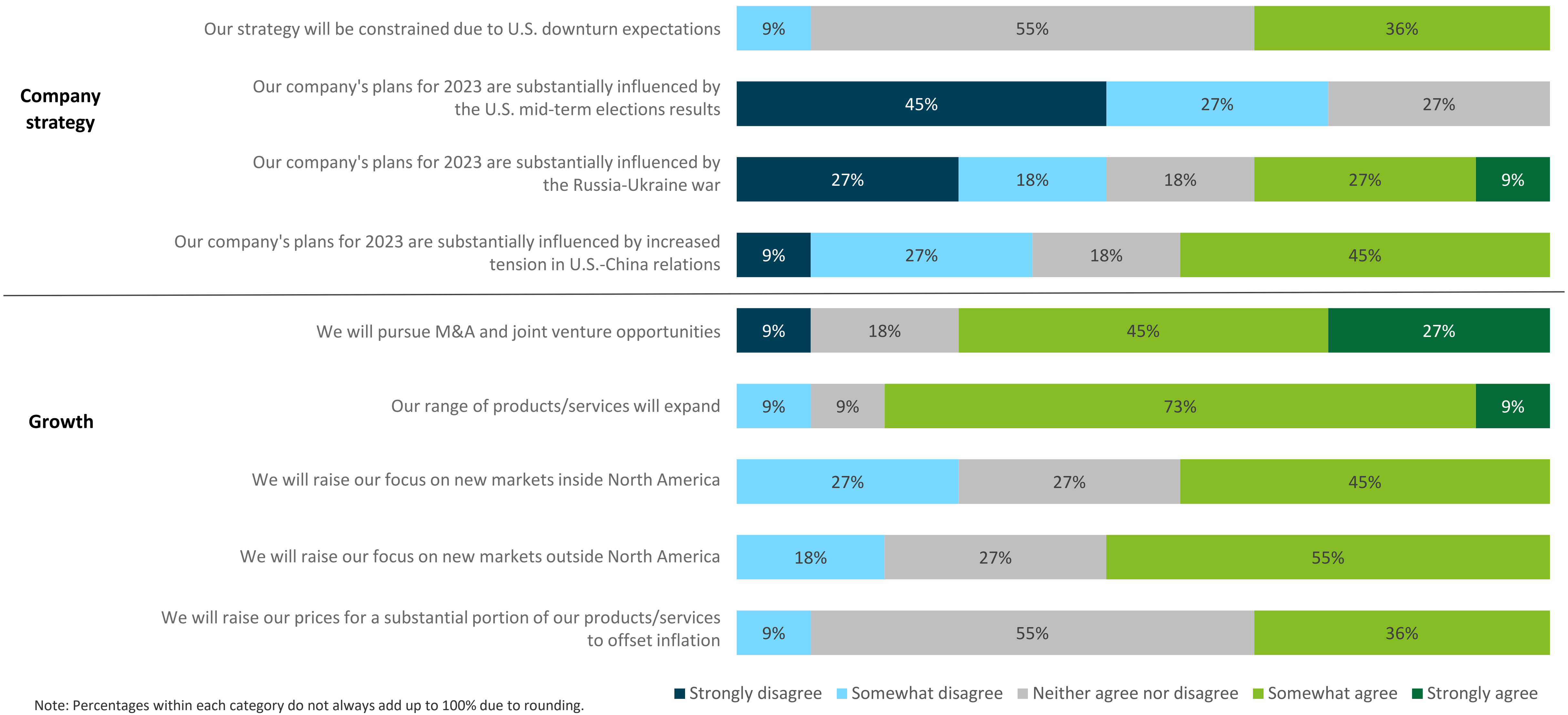
Technology—2023 priorities, plans, and hopes for policy

As CFO, what are your top three priorities for 2023? (N=11)



Technology—2023 priorities, plans, and hopes for policy

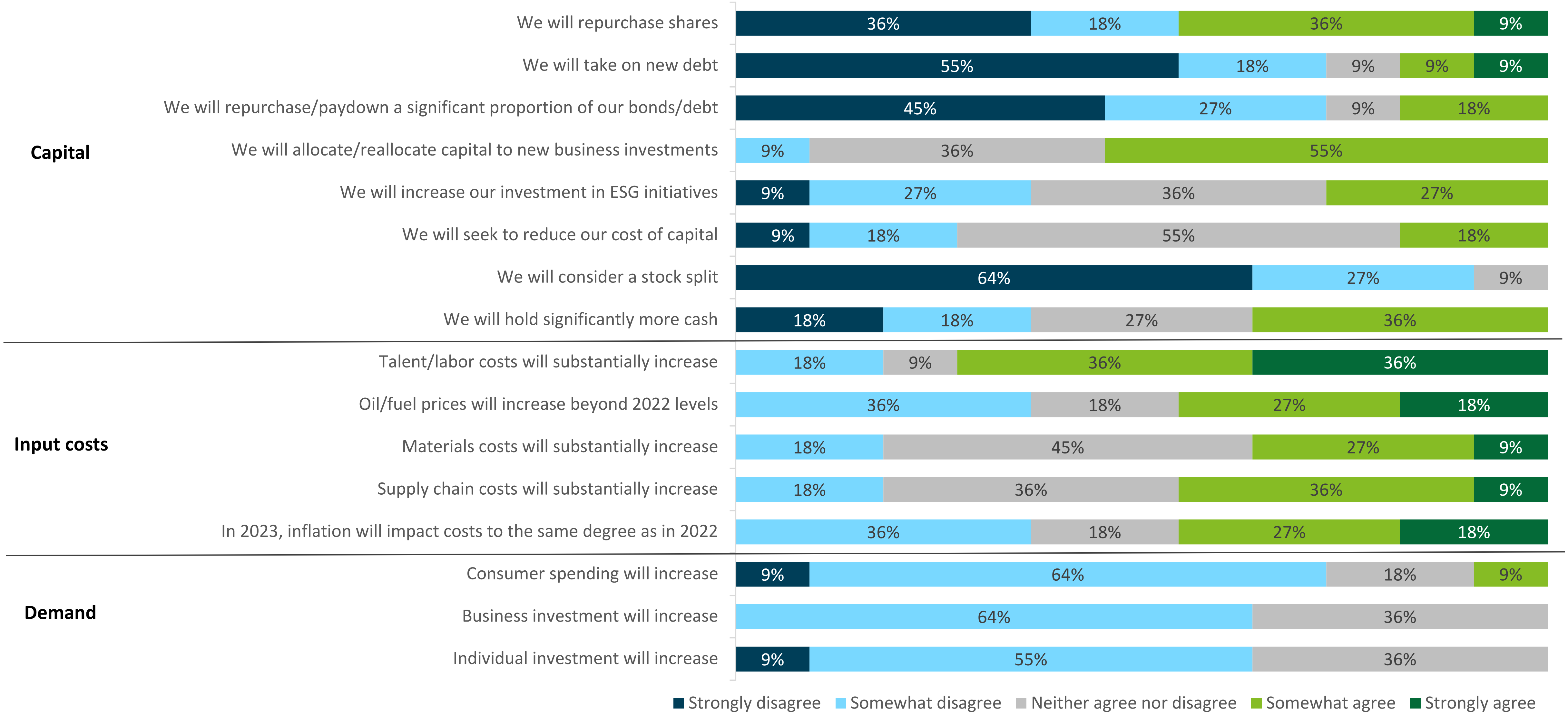
What are your expectations for your organization in 2023? Company strategy and growth



Note: Percentages within each category do not always add up to 100% due to rounding.

Technology—2023 priorities, plans, and hopes for policy

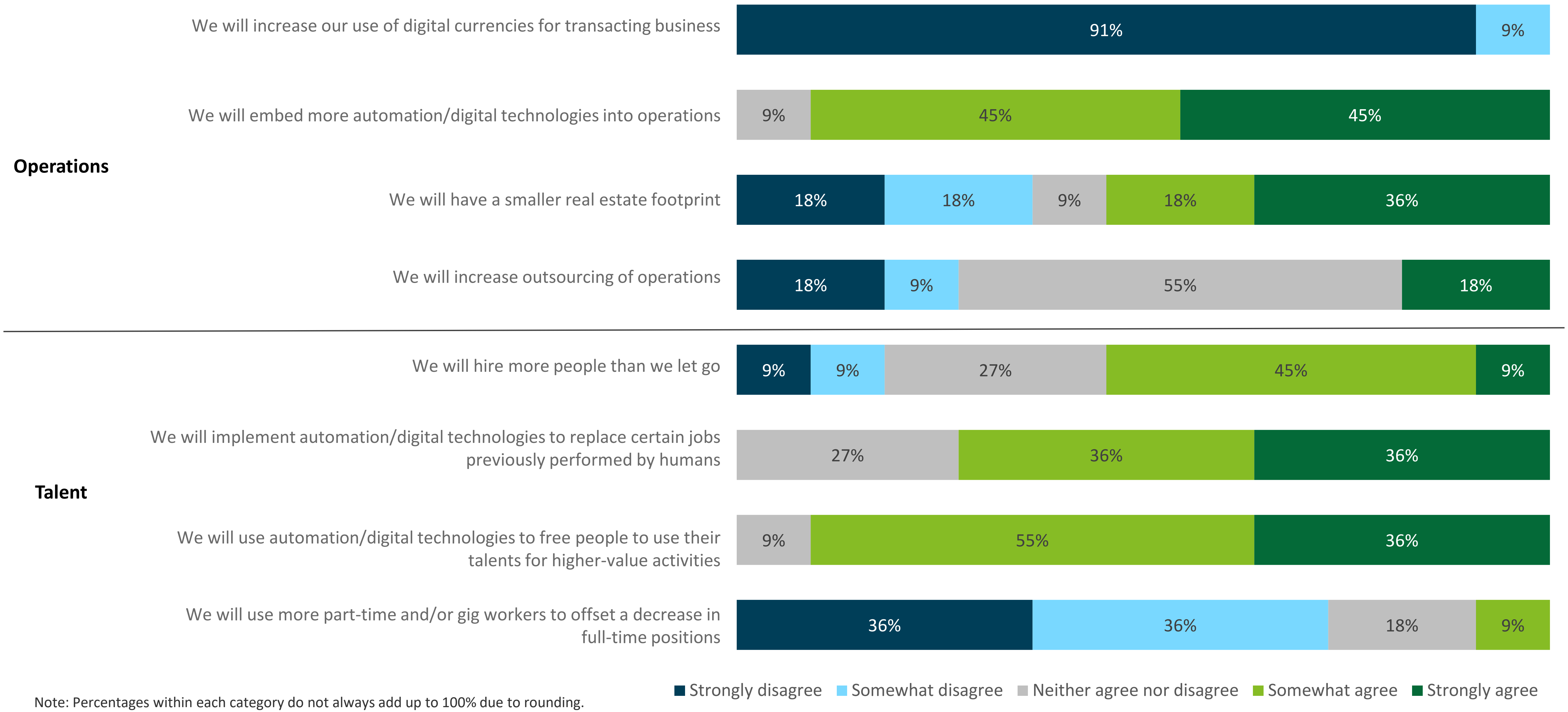
What are your expectations for your organization in 2023? Capital, input costs, and demand



Note: Percentages within each category do not always add up to 100% due to rounding.

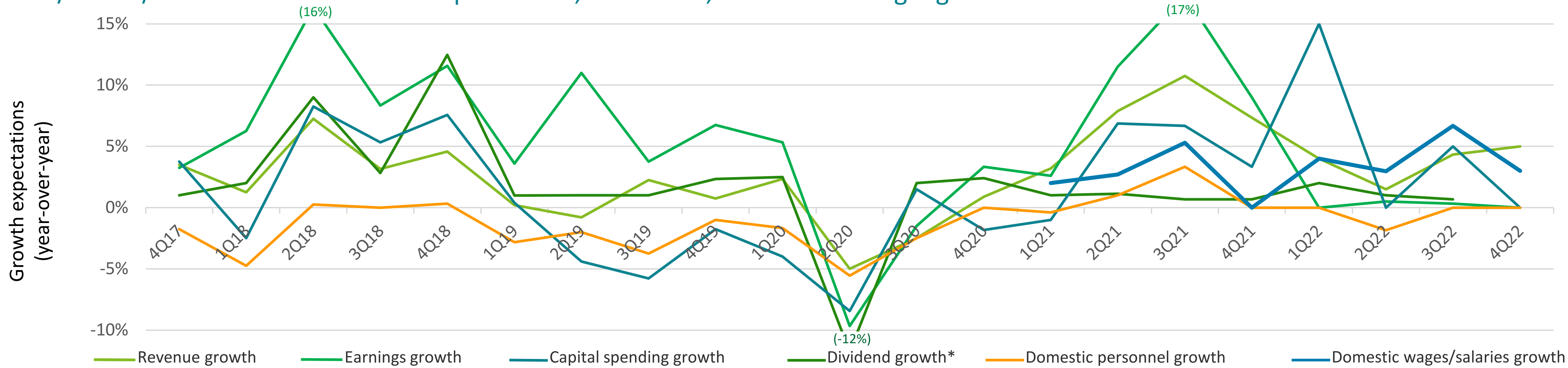
Technology—2023 priorities, plans, and hopes for policy

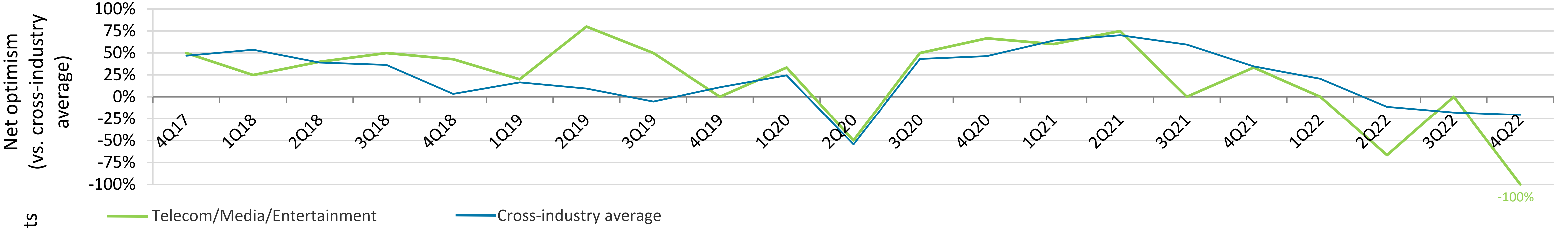
What are your expectations for your organization in 2023? Operations and talent



Note: Percentages within each category do not always add up to 100% due to rounding.

Telecom/Media/Entertainment trends—Expectations, sentiment, and selected highlights





Selected highlights

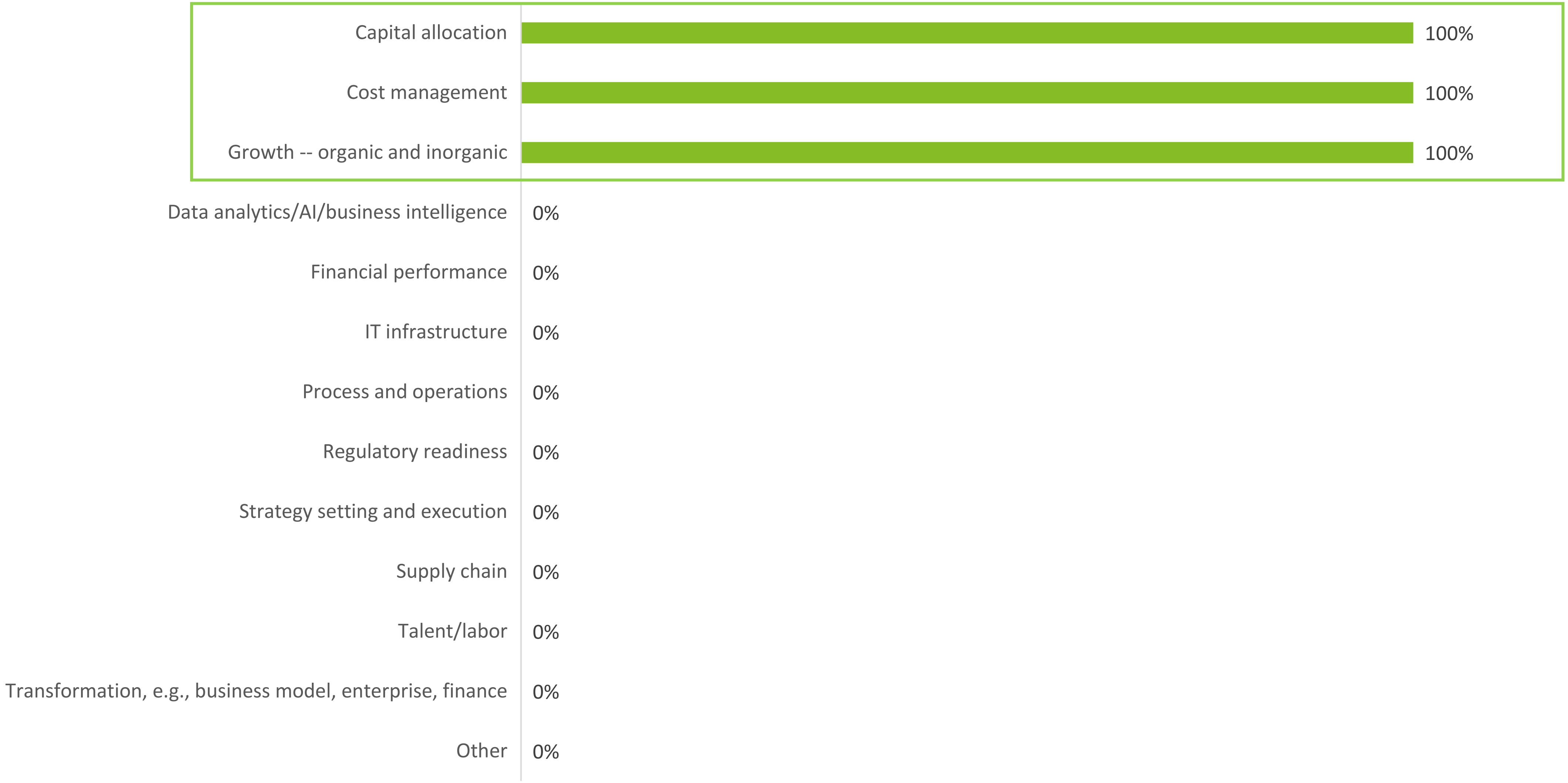
Composition: Respondent base is made up of one private media company.

Sentiment/expectations: Net optimism decreased to -100 from 0 in 3Q22, most likely due to the small base of respondents in this industry. Expectations for growth in revenue rose to 5.0% from 4.3% in 3Q22. Meanwhile, expectations for growth in earnings fell slightly, to 0% from 0.3% in 3Q22. CFOs lowered their growth expectations for capital spending to 0% from 5% in 3Q22. Domestic wages/salaries growth expectations also decreased from the prior quarter, to 3.0% from 6.7%. Growth expectations for domestic personnel is at 0%, unchanged from 3Q22.

*Note: This industry had only one respondent who did not complete the dividend growth expectations question, and, therefore, the 4Q22 change in dividend growth does not appear in the chart above.

Telecom/Media/Entertainment—2023 priorities, plans, and hopes for policy

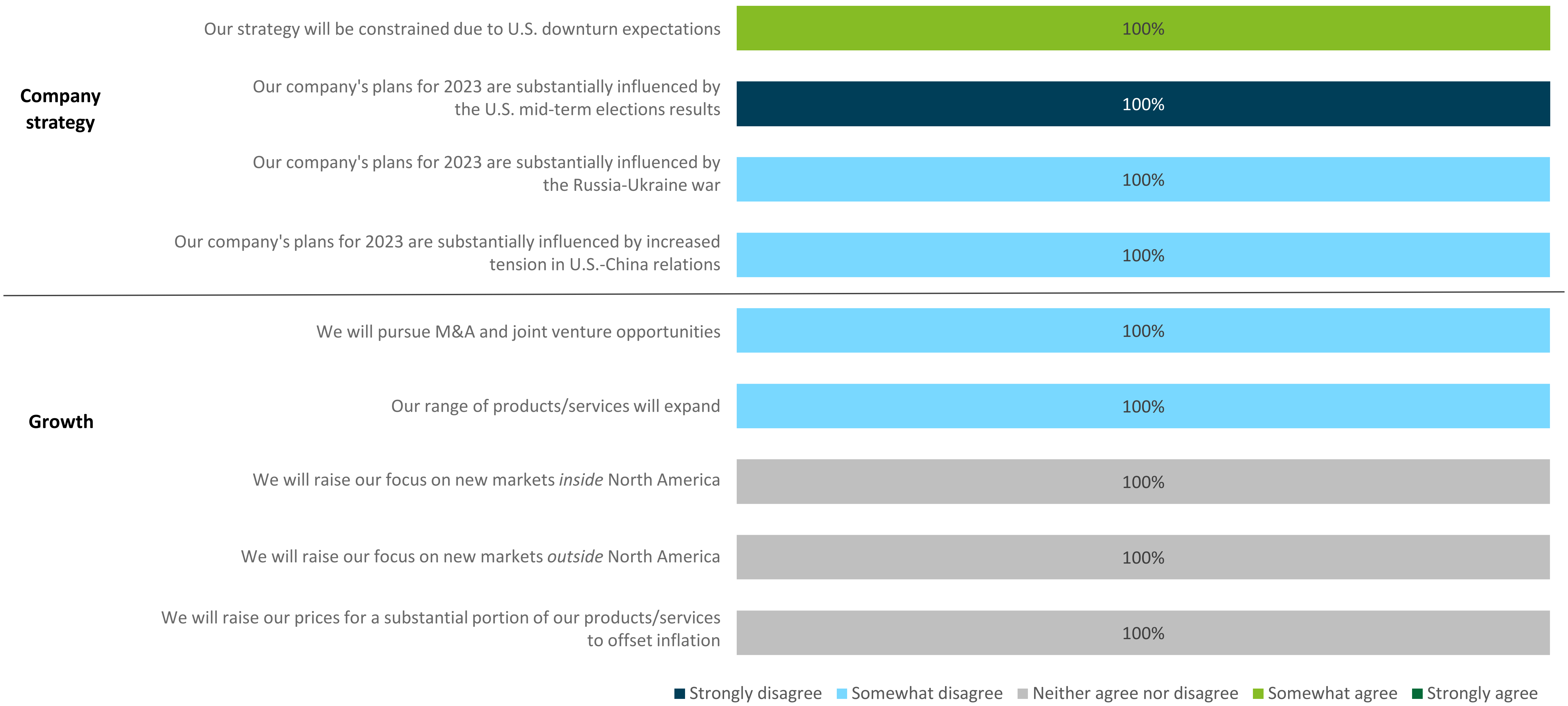
As CFO, what are your top three priorities for 2023? (N=1)



Note: This industry had only one respondent, which is why the results show 100% for the first three options and no responses for the remaining ones.

Telecom/Media/Entertainment—2023 priorities, plans, and hopes for policy

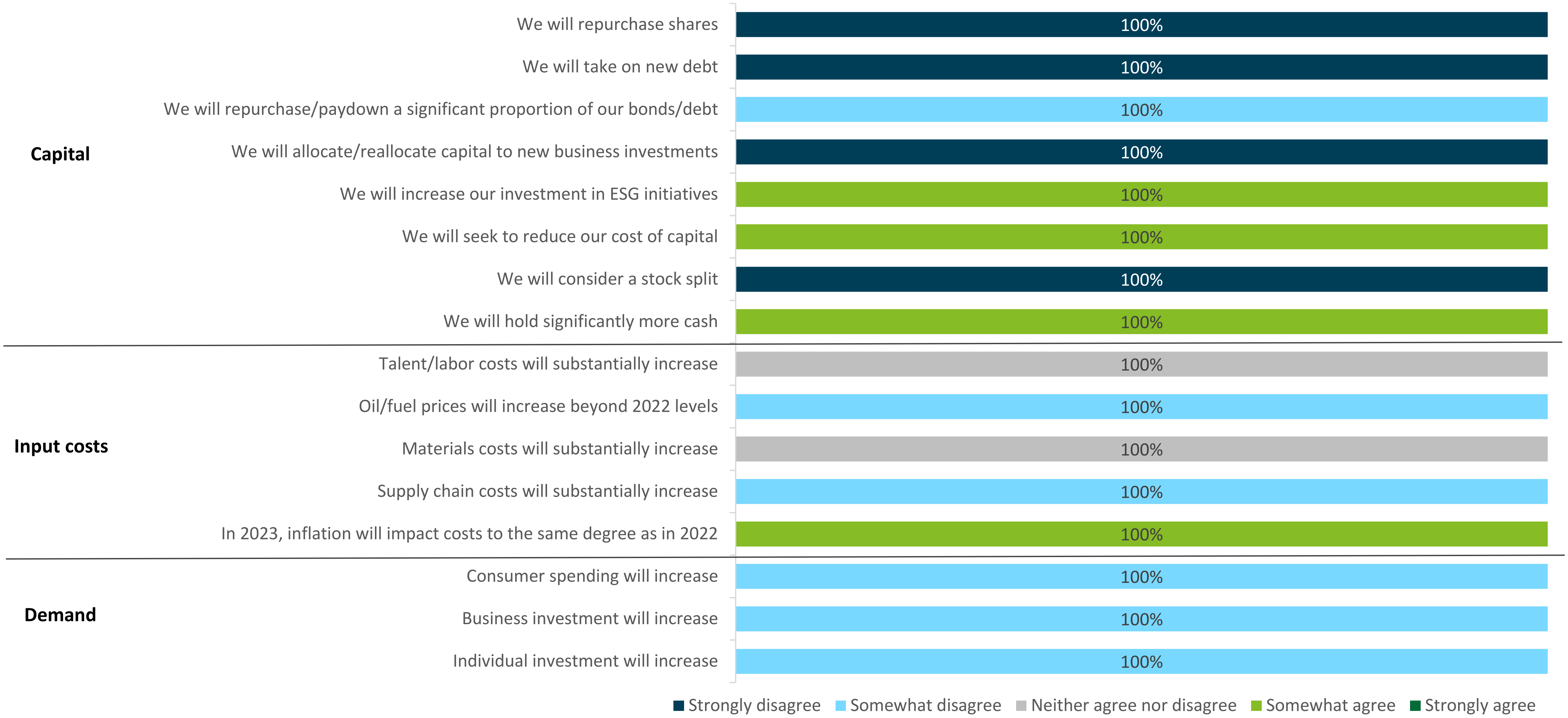
What are your expectations for your organization in 2023? Company strategy and growth



Note: This industry had only one respondent, which is why the results show 100% for the first three options and no responses for the remaining ones.

Telecom/Media/Entertainment—2023 priorities, plans, and hopes for policy

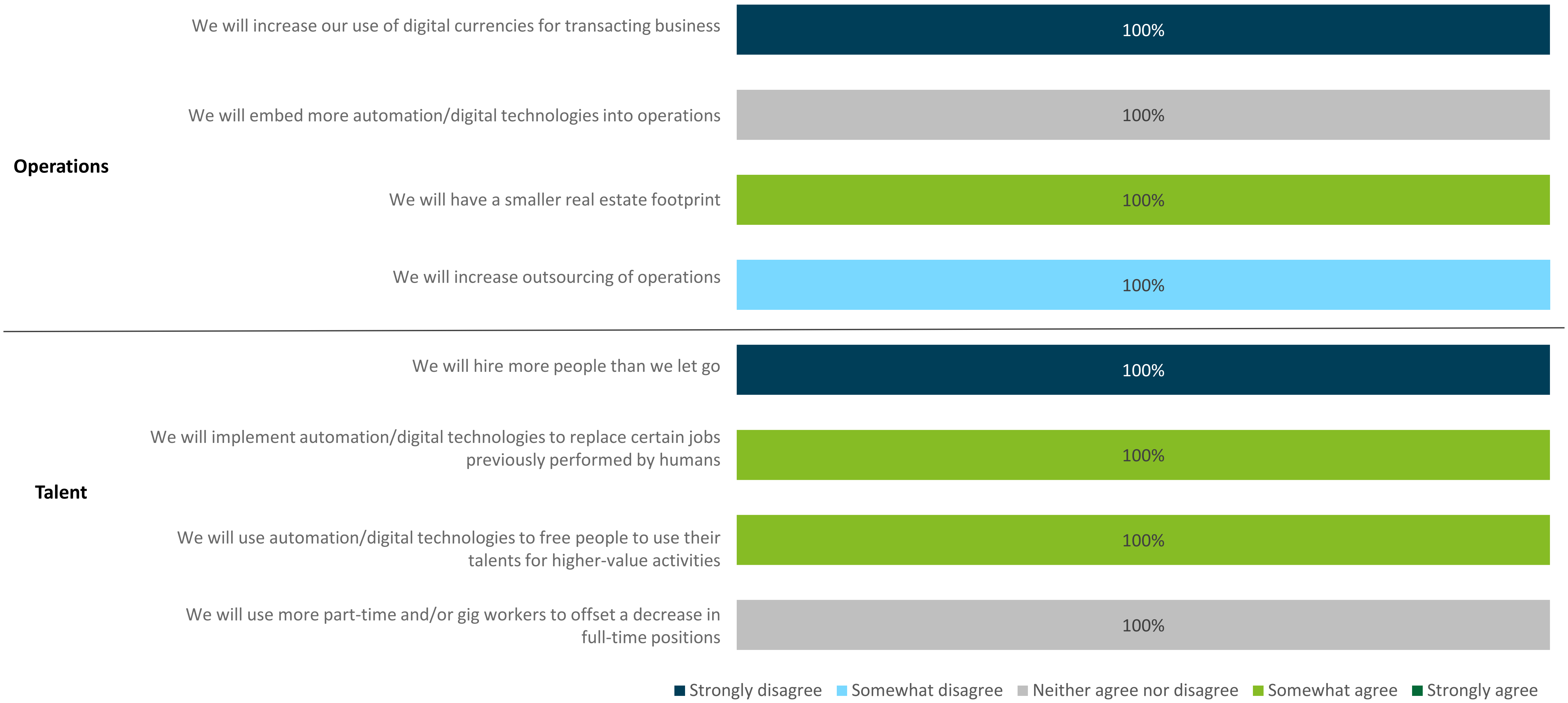
What are your expectations for your organization in 2023? Capital, input costs, and demand



Note: This industry had only one respondent, which is why the results show 100% for the first three options and no responses for the remaining ones.

Telecom/Media/Entertainment—2023 priorities, plans, and hopes for policy

What are your expectations for your organization in 2023? Operations and talent



Note: This industry had only one respondent, which is why the results show 100% for the first three options and no responses for the remaining ones.

Sentiment: Most worrisome internal risks *(Responses to open-ended text questions)*

- Ability to attract/retain talent.
- Ability to attract and retain qualified workforce.
- Ability to attract capital partners to expand our operations.
- Ability to change rapidly as circumstances change.
- Ability to cut costs rapidly enough in line with end market weakness.
- Ability to execute.
- Ability to execute against key initiatives.
- Ability to execute strategic projects.
- Ability to maintain discipline, collaboration, and career development in an ongoing hybrid work environment.
- Access to talent and labor at all levels.
- Annual budgeting.
- Attrition.
- Business transformation.
- Capital intensive projects will be postponed.
- Change management.
- Complacency.
- Complacency.
- Cost control.
- Cost cutting speed and efficacy.
- Critical hiring.
- Cybersecurity.
- Cybersecurity.
- Decline in overall business revenues and higher required capital investment for no/limited financial return.
- Digital transformation.
- Diversification.
- Employee retention.
- Employee retention.
- Employee skill sets.
- Employee turnover.
- Employee turnover.
- Employee turnover.
- Employee turnover.
- Engagement.
- Excessive focus on DEI distracting from driving performance.
- Execution.
- Execution.
- Execution on large projects.
- Execution on product roadmap with less spending.
- Execution risk.
- Expense profile resulting in staff turnover.
- Fatigue.
- Focus on cost.
- Focusing on cash flow.
- Forecasting.
- Green labor.
- Hiring.
- Hiring the right people.
- Human capital.
- If a recession happens, can we pivot fast enough to control spending and investment after years of substantial growth? Depending on the severity (length and depth) of the slow down, we will have to tap the breaks on spending and investments, and I'm concerned that we will make the right call at the right time.
- Inability to hire; getting the balance right between hiring and holding status quo given significant uncertainty around economy.
- Inability to raise capital as investors are waiting to make new investments.
- Increase in salaries and benefits.
- Inflation.
- Inflation.
- Inflation on people costs.
- Innovation slowdown.
- Internal focus v. external focus.
- Key person risk/talent.
- Labor.
- Labor and capex costs increase.
- Labor costs.
- Labor retention.
- Labor turnover.
- Lack of productivity in the workforce.
- Lack of revenue growth.
- Leverage.
- Liquidity.
- Loss of production efficiency.
- Maintaining a competitive cost of capital and the ability to support a growing need for LC/credit capacity.
- Maintaining growth, innovation, and culture in a hybrid work model.
- Management.
- Managing cost inflation.
- Managing rising wage costs.
- Margin constriction/price reductions in our market.
- Motivating people in a WFH environment.
- New product development (investing in the right projects).
- Operational execution.
- Pace of change.
- People and culture.
- People retention/attraction.
- Personnel risks – turnover.
- Pipeline program data results unpredictable.
- Pressure on pricing.
- Prioritization.
- Profitability.
- Quick execution against recession playbook should there be a need to invoke.
- Quiet quitting.
- Recession planning.
- Recruiting.
- Recruiting and retaining employees.
- Retaining qualified labor.
- Retention.
- Retention.
- Retention.
- Retention of customers and employees.
- Retention of key personnel.
- Retention of talent.
- Retention of talent.
- Retirement.
- Salary inflation.
- Scaling internal systems.
- Securing growth.
- Shortage of available talent of the right caliber.
- Speed of execution.
- Staff not back to work from the office.
- Staffing retention and recruitment.
- Spirit of continuous innovation, including unfaltering productivity improvements.
- Staying on track with growth agenda.
- Succession planning.
- Succession planning.
- Supply chain-related inflationary cost increases.
- Supply chain.
- Systems integrity.
- Talent.
- Talent.
- Talent acquisition.
- Talent acquisition and challenges of managing evolving workforce.
- Talent attraction and retention.
- Talent retention.
- Talent retention.
- Talent retention.
- Talent retention.
- Talent retention.
- Talent retention.
- Talent retention.
- Talent retention.
- Talent retention.
- Team morale in light of significant inflation and challenging business.
- That we treat this unstable inflationary environment with the "power through it" mentality that served us well with the business shocks from early/mid COVID.
- Too many projects to execute successfully.
- Transformation execution/competitiveness.
- Turnover/ layoffs.
- Turnover.
- Turnover.
- Turnover.
- We have built up some excess inventory to prepare for the uncertainty. When do we stop building ahead?
- Weak security related to a cyberattack.
- Workforce challenges in general.
- Working capital.

While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated or clarified some comments in the interest of economy and participant confidentiality.

Sentiment: Most worrisome external risks *(Responses to open-ended text questions)*

- 40-plus year inflation.
- Asia, including China economic slowdown.
- Availability of labor.
- Broken regulatory policies, including energy and foreign.
- Capital market access.
- China.
- China/Taiwan.
- China Covid.
- China Covid policy.
- China economy coupled with European energy pricing / lack of competitiveness.
- China trade policy.
- Chinese economic direction and adversarial relationship with U.S.
- Civil unrest.
- Commodity prices.
- Commodity prices.
- Competitive pressures.
- Concern on recession.
- Conflict with China.
- Consumer demand.
- Consumer sentiment.
- Continued disruption due to Russia conflict.
- Continued excessive inflation.
- Continued functioning of the capital markets on which we are dependent.
- Continued inflation.
- Continued period of stagflation.
- Continued regulatory pressures.
- Continued rising interest rates.
- Continuing very tight labor market.
- Cost of and access to capital.
- Cost of energy.
- Credit.
- Credit events occurring in the portfolio.
- Currency exchange rates — dollar stays very strong.
- Cyber.
- Cybersecurity.
- Cyberthreats.
- Debt levels.
- Deep U.S. recession.
- Defense spending.
- Demand drop.
- Demand weakening.
- Destabilizing effects of inflation.
- Deterioration in the consumer balance sheet.
- Disintermediation.
- Downturn in global economy.
- Drop in consumption.
- Economic downturn in the U.S. and world economies.
- Economic hard landing.
- Economic recession and recovery trajectory.
- Economic recession in the U.S.
- Economic uncertainty.
- Economy - rising interest rates and tight labor market leading to stagflation.
- Energy availability at reasonable price levels.
- Energy cost.
- Energy policy.
- Energy shortfalls in Europe.
- Europe and U.S. recession.
- Federal and state regulations and policy.
- Fed(eral Reserve) behavior.
- Federal Reserve overcorrection
- Fed(eral Reserve) overshooting on monetary tightening to curb inflation given the lag effect.
- Fed(eral Reserve) tightening.
- Foreign exchange.
- Foreign exchange rates (stronger dollar).
- Fracturing/fragmenting of global supply chains.
- FTC views on consolidation.
- Fuel.
- Geopolitical.
- Geopolitical.
- Geopolitical.
- Geopolitical conflict.
- Geopolitical conflicts.
- Geopolitical disruption.
- Geopolitical impact on Europe.
- Geopolitical risk.
- Geopolitical risk.
- Geopolitical risk.
- Geopolitical risks.
- Geopolitical risks - especially related to Ukraine and Taiwan.
- Geopolitical situation related to international relations.
- Geopolitical tensions with China.
- Global recession.
- Global slowdown.
- Government halting spending.
- Government regulation.
- Government regulation.
- Government regulations.
- Government spending.
- Government spending and poor debt management.
- Growing regulatory burdens combined with a worsening economy.
- Higher interest rates.
- Home starts, interest rates, and home sales are key drivers in our industry, and they are trending in the wrong direction.
- Housing.
- Increasing trade war with China.
- Inflation.
- Inflation.
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- Inflation.
- Inflation.
- Inflation.
- Inflation.
- Inflation in the United States.

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Sentiment: Most worrisome external risks – continued *(Responses to open-ended text questions)*

- Interest rate impact on housing.
- Interest rate increases.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates rises and impact to consumers.
- interest rates (rising) with a high terminal rate.
- Job market.
- Labor availability at the right skill set levels.
- Labor availability.
- Labor cost increases.
- Labor costs/shortages.
- Labor market.
- Labor scarcity.
- Lack of capital availability.
- Large decline in equity markets.
- Macroeconomic environment.
- Macroeconomics.
- Macroeconomics.
- Macro risk.
- Much slower growth in Europe.
- Ongoing geopolitical issues.
- Peace instability.
- Policy changes by governments and central banks, including higher taxation and tighter monetary policy, over correcting on interest rate increases, regional conflicts.
- Political bantering.
- Political instability.
- Political (policy) changes.
- Politics - legislative uncertainty.
- Potential recession.
- Prospect of persistent inflation.
- Public policy.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession and Fed response.
- Recession, especially in Europe.
- Recession impact in North America.
- Recessionary economies outside the U.S. (notably Europe) drag the U.S. into a longer and deeper recession than would otherwise be the case.
- Regulation.
- Regulatory environment.
- Regulatory environment.
- Regulatory in the insurance industry.
- Rise of populist leaders.
- Russia-Ukraine.
- Russia-Ukraine.
- Russia-Ukraine conflict.
- Russia-Ukraine. conflict
- Russia- Ukraine war.
- Russia-Ukraine war and the impact on inflation.
- SEC overreach in regulation.
- Severe recession.
- Shift to recession with raising interest rates and wage inflation taking longer to roll over.
- Slowdown in business formation.
- Small cap companies continue to be placed at a competitive disadvantage with additional regulations.
- Spike in unemployment.
- Stagflation.
- Strength of U.S. dollar.
- Supply chain in China.
- Supply chain resilience.
- Supply chain strains.
- Taiwan invasion.
- Tax/regulatory environment.
- The degree of global trade/demand reduction will be much greater than anticipated.
- The size of the U.S. federal government, spending, and as a result, inflation.
- Trade.
- Ukraine/Europe economy.
- Unemployment.
- U.S. biofuel policy.
- U.S. economy.
- U.S. federal income taxation changes.
- U.S. government deadlock re international sales.
- U.S. government spending.
- U.S. monetary policy.
- U.S. politics.
- U.S. residential housing and related industries.
- Wage inflation remaining persistent, causing rate hikes with delayed effects, in turn driving a deeper longer recession than is currently expected.
- Wage inflation.
- Wage inflation.
- War.
- War.
- War.
- War in Europe.
- War in Taiwan.
- Weakness near term.
- Western Europe gas/heating situation.
- Workforce - inability to hire.
- World recession.

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Special Topic: What could most constrain your ability to achieve your financial performance goals in 2023? *(Responses to open-ended text questions)*

- A deep recession.
- A hard landing and extended recession.
- A much deeper and longer-term recession in 2023.
- A significantly worsening economy.
- Access to capital.
- Access to competitively priced structured debt capital and credit.
- Availability of talent.
- Capital markets.
- Capital markets (construction project financing and investor capital).
- Competition.
- Consumer demand.
- Consumer pullback on spending.
- Consumer recession.
- Consumer sentiment.
- Consumer spending on discretionary (expenses) curtailed.
- Continued inflation.
- Cost of living outpacing wage growth.
- Credit events driving performance issues.
- Currency exchange rates (strong dollar).
- Customers' purchasing power.
- Data availability.
- Data structure and analytical capabilities.
- Deeper recession.
- Defense budget/spending.
- Demand weakening.
- Difficulty to raise capital due to macroeconomic downturn.
- Downward macro shock.
- Earnings.
- Economic conditions.
- Economic downturn.
- Economic downturn.
- Economic recovery.
- Economy.
- Economy.
- Energy shortages for our customers.
- Equity markets.
- Federal and state regulation and policy.
- Further macro headwinds.
- Further, unexpected uptick in cost of goods sold.
- Geopolitical issues affecting our customers.
- Growth.
- High employee turnover leading to opportunity cost or operational disruption.
- Inability to hire to meet strong projected growth.
- Inability to pass on cost increases.
- Inflation.
- Inflation.
- Inflation.
- Inflation.
- Inflation.
- Inflation.
- Inflation.
- Inflation.
- Inflation.
- Inflationary cost increases not matched by price increases.
- Interest rates.
- Interest rates.
- Interest rates.
- Internal execution and customer slowdowns given economic outlook.
- Labor.
- Labor.
- Labor.
- Labor, not only within our internal company setting, but also at customer and vendor levels.
- Lack of revenue growth.
- Large market decrease.
- Limited budgets.
- Limited capital availability broadly will make it challenging to achieve strategic goals.
- Limited growth.
- Liquidity.
- Loss of consumer confidence.
- Macroeconomic conditions.
- Macroeconomic conditions.
- Macro/geopolitical.
- Market demand driven by high inflation.
- Market willingness to pay.
- Markets.
- Markets.
- New business development.
- Not reaching the expected sales growth.
- Ongoing supply disruption combined with inflation.
- Operational execution.
- Pandemic surge.
- Poor macroeconomic conditions.
- Potential for a deeper-than-anticipated recession.
- Pressure on pricing.
- Prolonged recession.
- Rapid economic downturn.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Regulators.
- Regulatory.
- Regulatory changes.
- Regulatory environment.
- Regulatory environment.
- Regulatory policies.
- Retention of talent.
- Sales performance.
- Severe recession.
- Significant credit downturn.
- Slow economy.
- Slowdown in housing sales and starts.
- Slower revenue growth.
- Slowing economy.
- Some market headwinds in inflation and other macro trends.
- Small business bankruptcies.
- Spike in unemployment.
- Supply chain.
- Supply chain and logistics issues.
- Supply chain constraints.
- Supply chain constraints.
- Supply chain constraints.
- Staff attrition.
- Talent.
- Talent shortages.
- Turnover.
- Unsupportive macro environment.
- Unwillingness of management to make the tough calls.
- U.S. economy.
- U.S. goes into a deep prolonged recession.
- U.S. government stance on exports.
- Volatility in commodity prices.
- War.
- Weaker economy than we currently anticipate, which is weakness near term and recovery after.
- Weather.

While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated or clarified some comments in the interest of economy and participant confidentiality.

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Important notes about this survey report

The Deloitte North American *CFO Signals™ s*urvey is a quarterly survey of CFOs from large, influential companies across North America. Each quarter since 2Q10, *CFO Signals* has tracked the thinking and actions of CFOs representing many of North America's largest and most influential companies. All respondents are CFOs from the U.S., Canada, and Mexico, and the vast majority are from public and private companies, predominantly with more than $1 billion in annual revenue. Participation is open to all industries except for public sector entities.

The purpose of the survey is to provide these CFOs with quarterly information regarding the perspectives and actions of their CFO peers across four areas: business environment, company priorities and expectations, finance priorities, and CFOs' personal priorities. Participating CFOs have agreed to have their responses aggregated and presented. At the opening of each survey period, the CFOs receive an email containing a link to an online survey hosted by a third-party service provider. The response period is typically two weeks, and CFOs receive a summary report generally two to three weeks after the survey closes.

As a "pulse survey," *CFO Signals* is not, nor is it intended to be, scientific in any way, including in its number of respondents, selection of respondents, or response rate, especially within individual industries. Accordingly, this report summarizes findings for the surveyed population, but does not necessarily indicate economy- or industry-wide perceptions or trends.

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