

2018 CFO Survey Results

Deloitte Middle East

October 2018

Deloitte Middle East CFO Survey Executive Summary

01

Financial Prospects

46% (GCC 49%) of the respondents feel more optimistic about the financial prospects of the company which is 6% higher than in 2017

02

Risk Appetite

There has been a 4% increase in risk appetite over the last year with only 79% (GCC 69%) of respondents being risk adverse compared to 83% in 2017

03

Risk Factors

External factors are still the biggest risk poses to companies within the Middle East with the 2 focus factors being economic outlook/growth and geopolitical issues.

04

Business Priorities

Digital Finance is the main priority of the CFOs followed closely by pricing and organic growth. It is interesting to note that Budgeting & Planning is not a priority

05

Oil Price

62% of respondents (GCC 71%) feel that the oil prices will remain unchanged in the near future. 65% stated that any change in prices would not impact their business

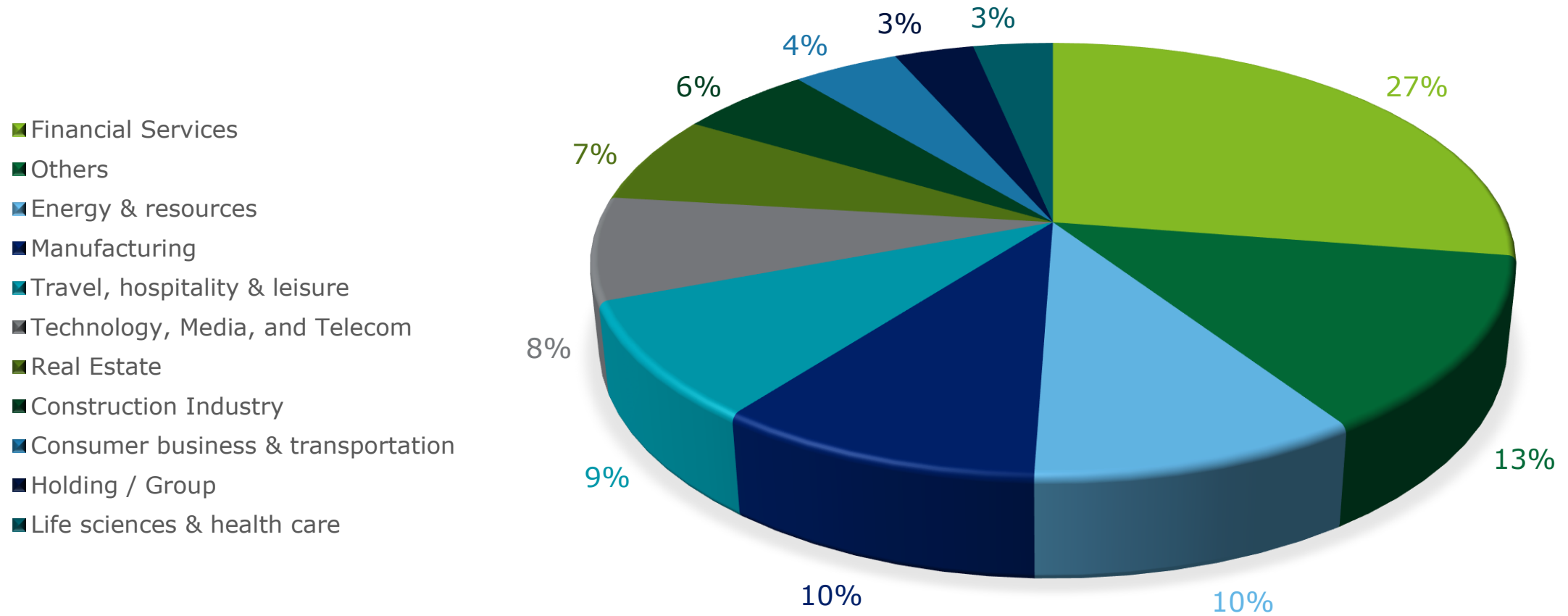
06

Interest Rates

Of the respondents, 63% (GCC 57%) feel that the interest rates will increase in the near future, however, won't have a negative impact on their business

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Survey Industry Representation

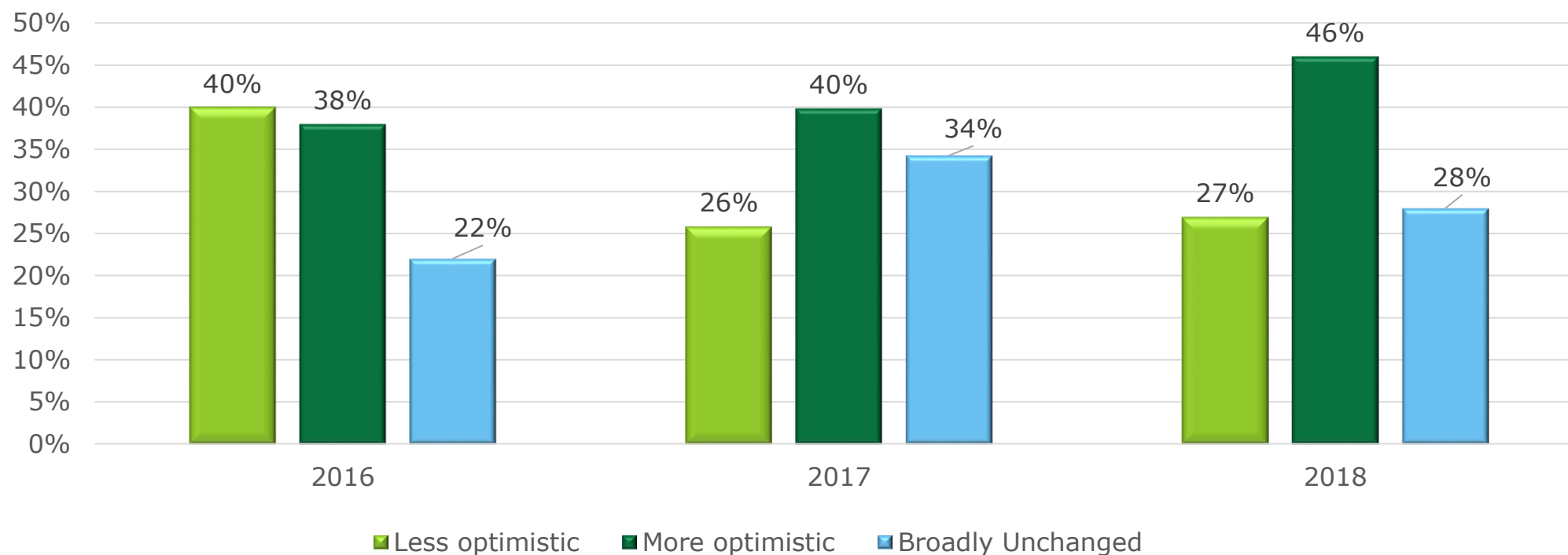


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View of Financial Prospects

Over the last two years there has been an increase in optimism of 8% towards the financial prospects of companies operating within the Middle East.

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

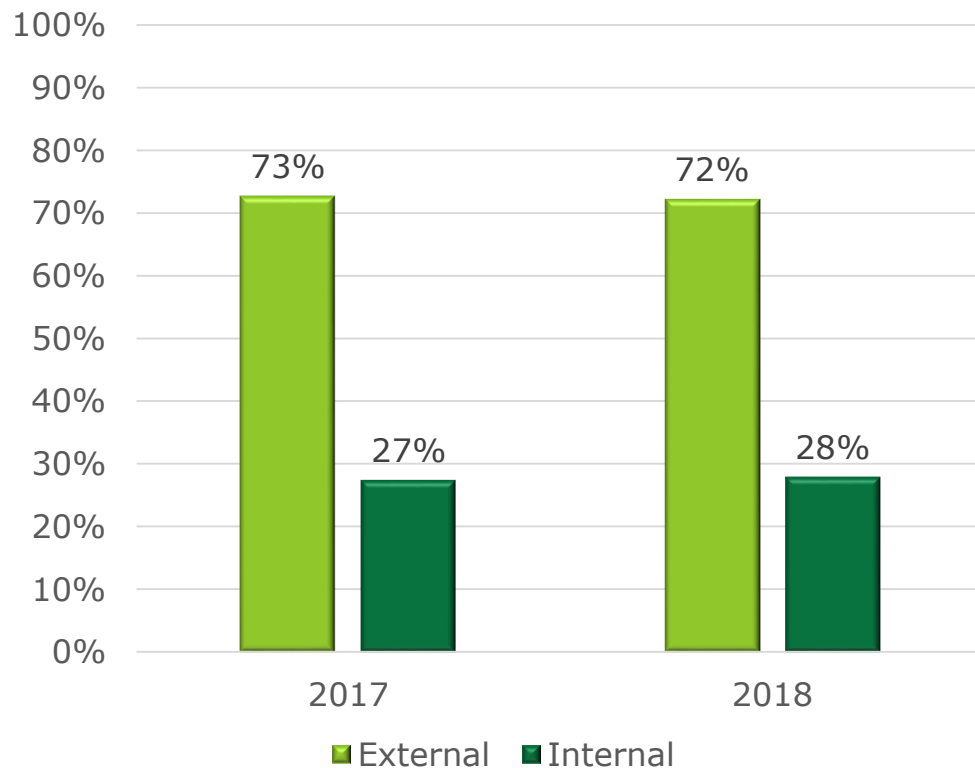


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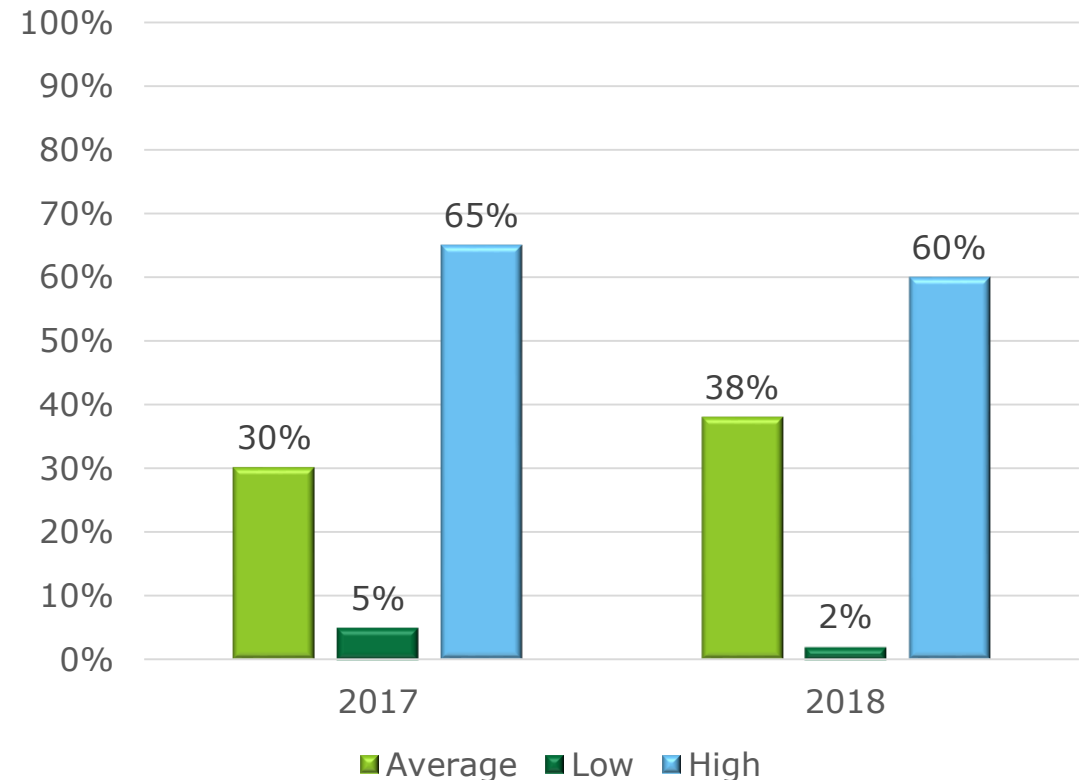
Internal / External Influencing Factors

External factors are the most significant influencers for CFO's and it is these factors over which they have very limited control, if any at all. CFO's therefore need to be constantly vigilant of these factors and where possible adjust business and financial plans accordingly.

Is your sentiment about your company's financial prospects driven mostly by internal or external factors?



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

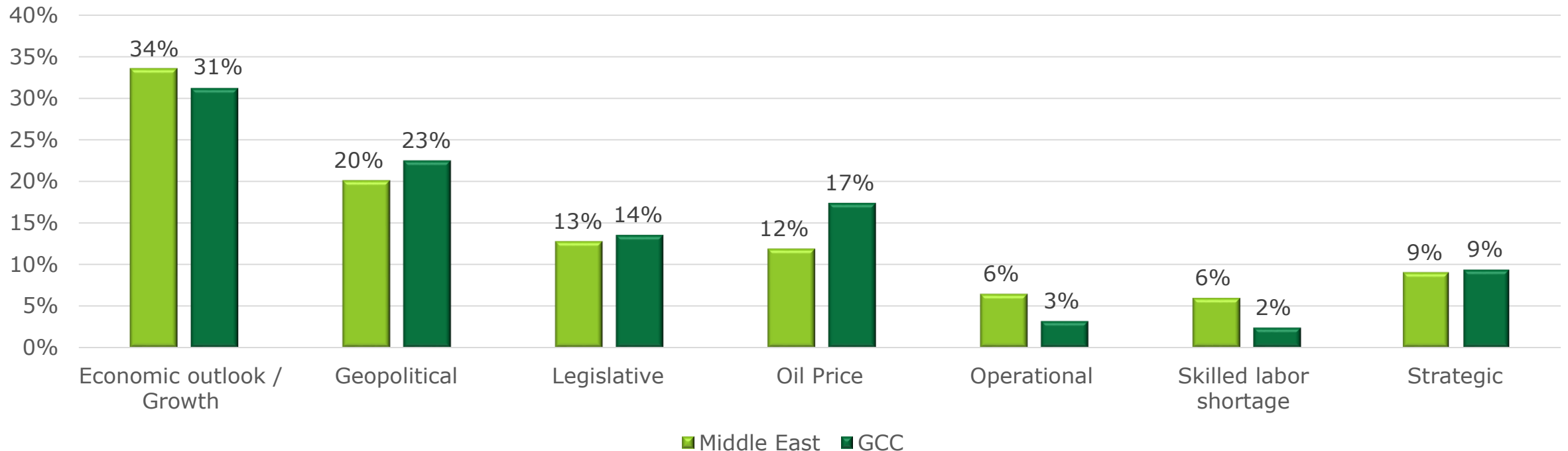


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Risk Areas

Geopolitical risk has decreased by approximately 10% over the last year. However the risk relating to oil prices has increased to being a factor, whereas in previous years it was a non-starter particularly in the GCC, which is to be expected considering the geographical source of the oil production and reserves.

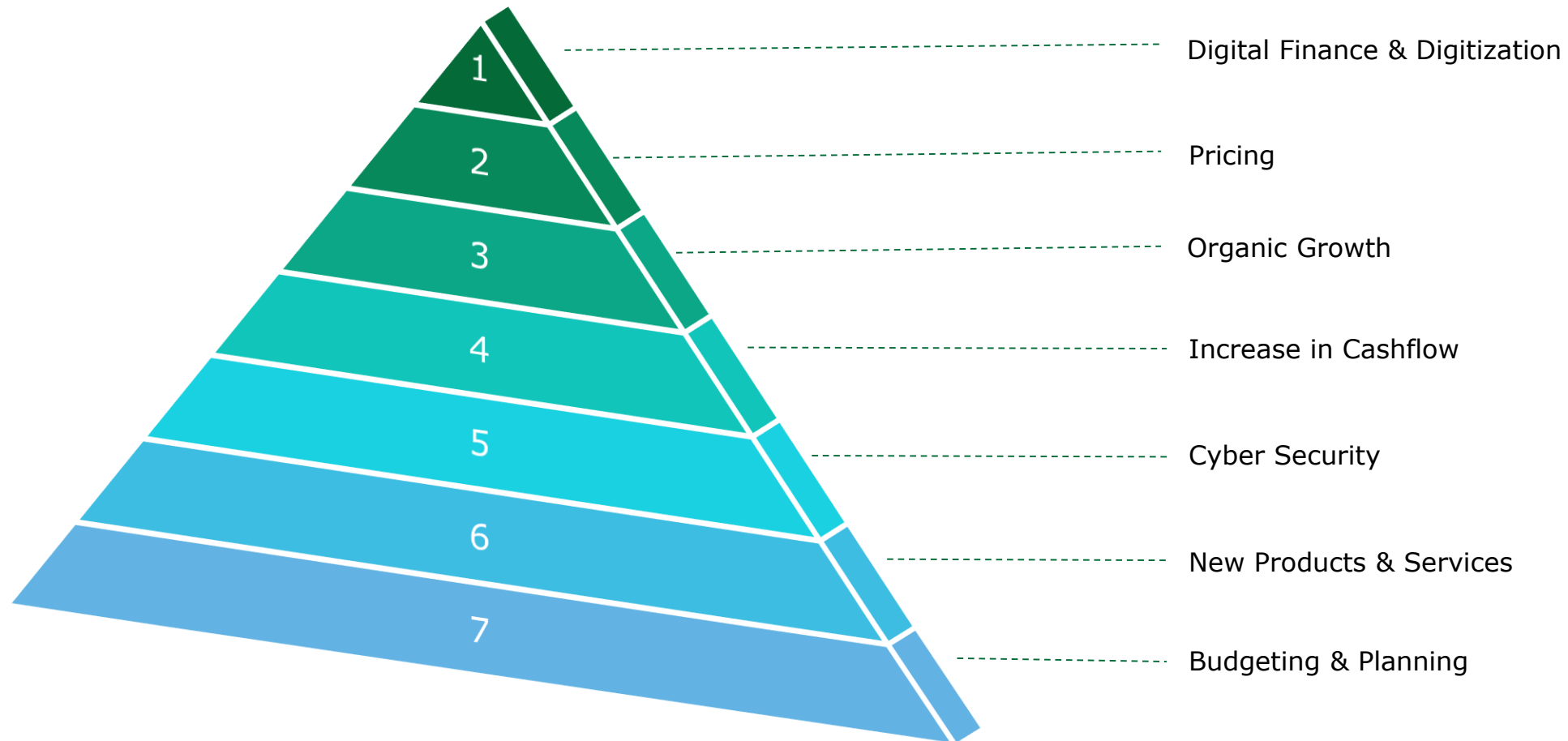
Factors posing significant risk to business



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Business Priorities

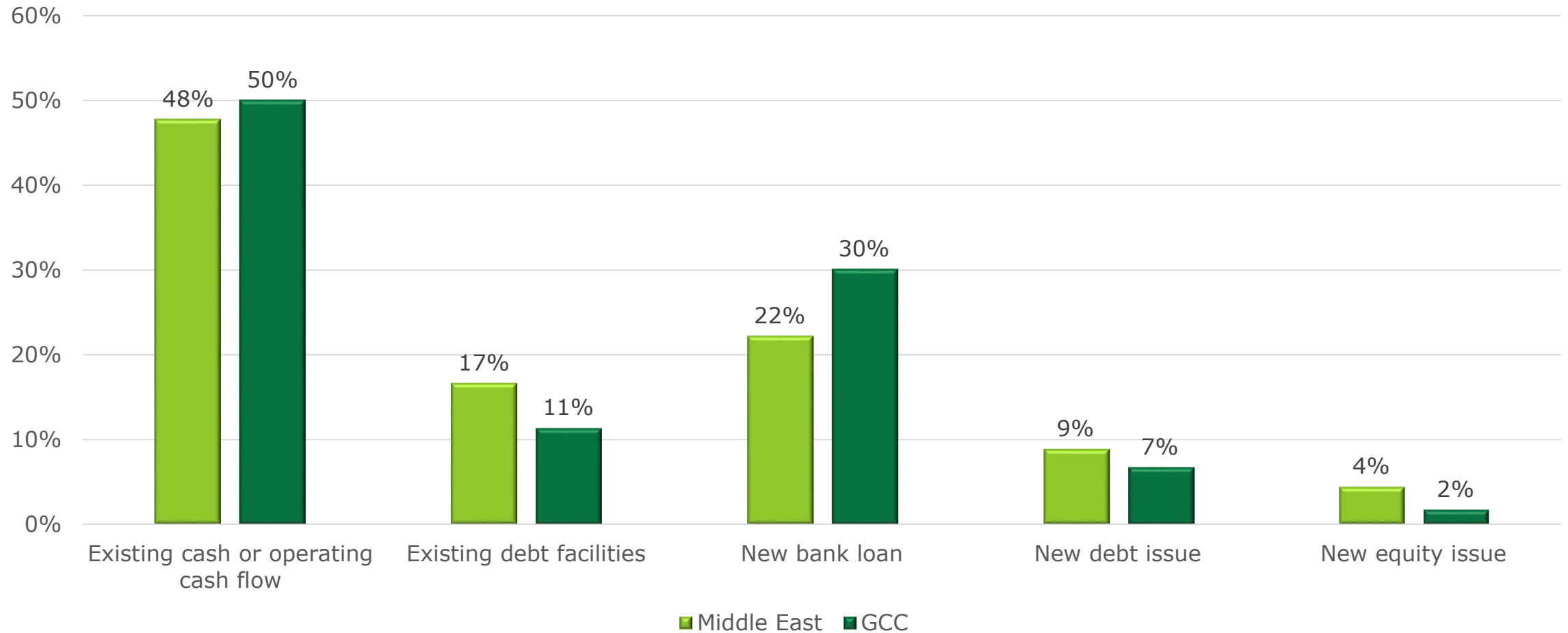
It is no surprise to see digital finance at the forefront of CFO's priorities. With Industry 4.0 being hailed as the fourth industrial revolution, this area is going to be the differentiating factor between companies particularly for those within the same industry. It impacts the entire organization from human resources, finance and security. What is interesting to note is that although digitization is priority number 1, cyber security is ranked 5th. CFO's need to see Cyber security as a critical partner to digitization in the current environment of data protection. A cyber security incident could have significantly pervasive repercussions on an organization if it is not given the focus and attention it deserves.



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Funding

For the projects that your company is planning on undertaking, what source of financing are you considering?

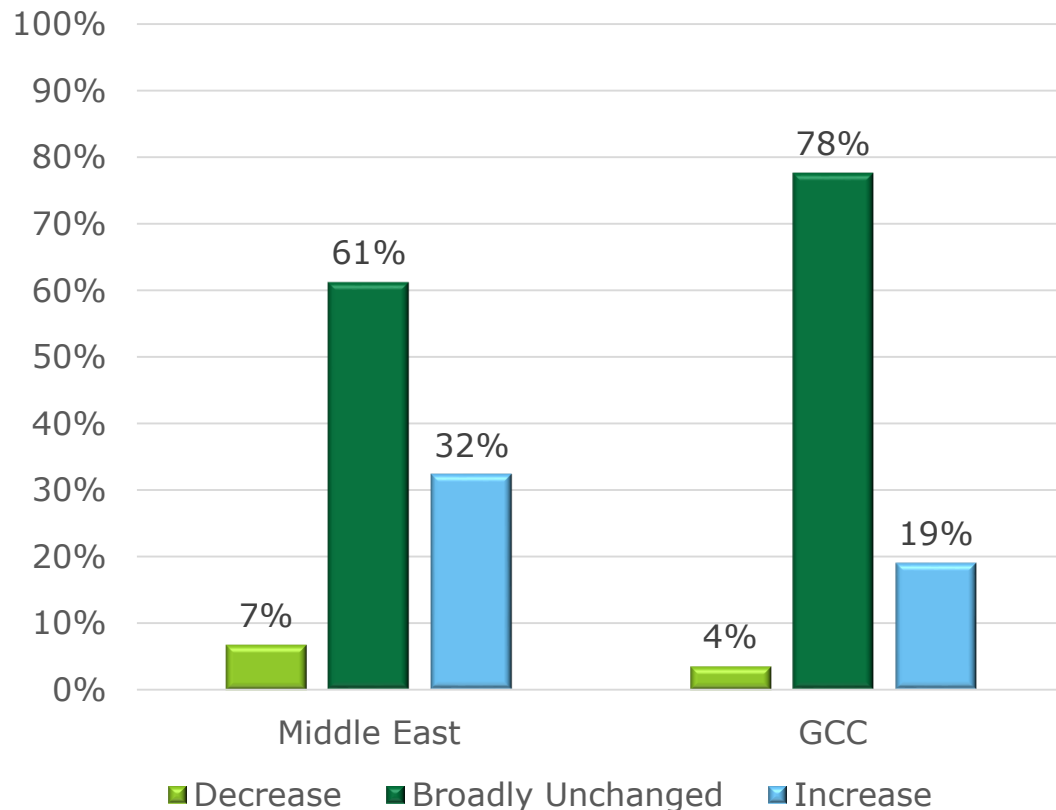


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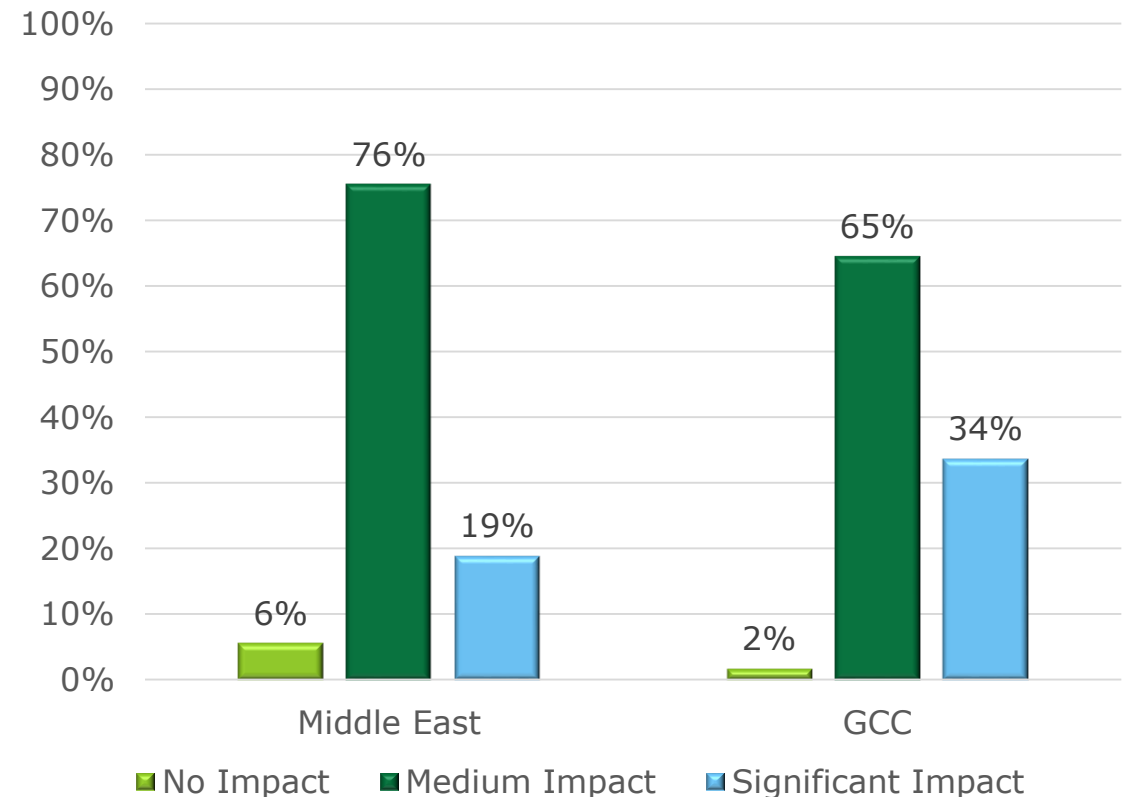
Oil Price

The oil price, its movement and impact has definitely increased as a topic of concern for CFO's. The change from 2017 is approximately 50% in relation to the significance of the impact of the oil price which as expected in 2017 has increased. The view as it appears now is that further increases are less likely but if they do incur will definitely have an impact.

Oil Price Movement



Impact of Oil Price Movements

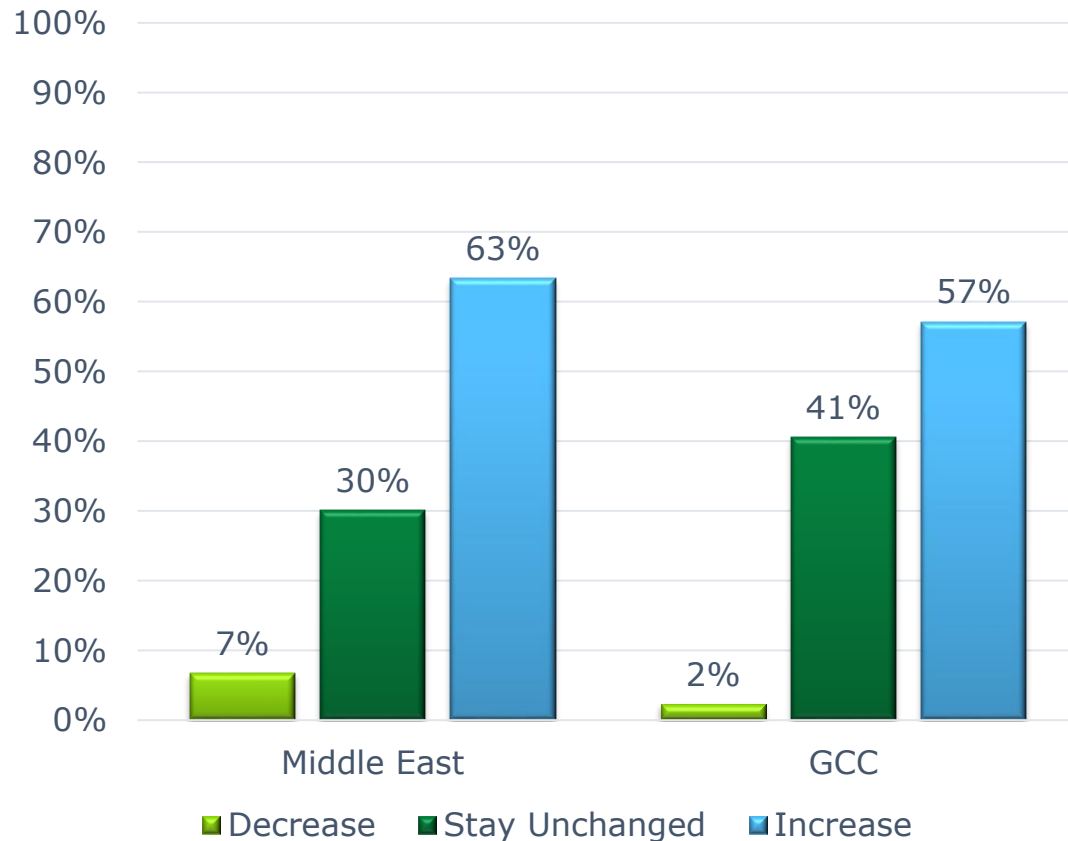


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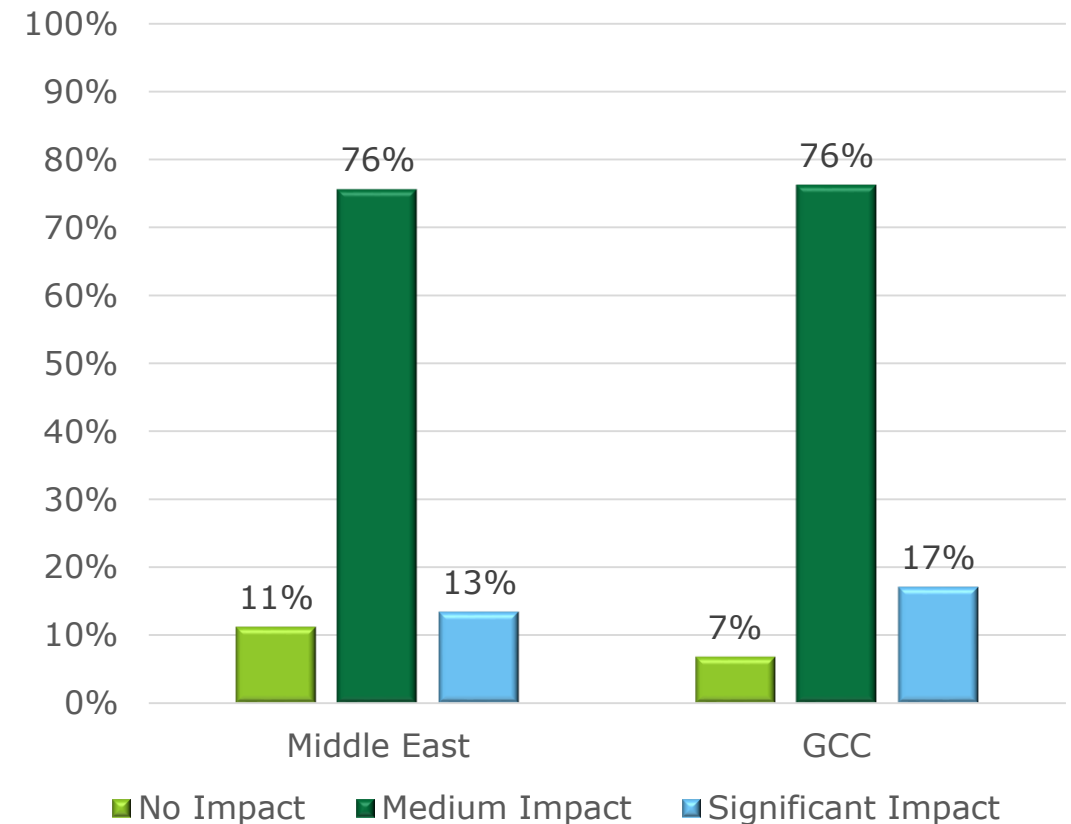
Interest Rates

The expectation regarding the probability of interest rates increasing is the same as it was in 2017 however the expected impact on business has increased significantly from 32% in 2017 to 93% in 2018 (Medium + Significant) which indicates that although the expected likelihood hasn't changed the resulting impact has been and CFO's have this in mind for their budget and financing requirements.

Interest Rate Movement



Impact of Interest rate movement



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