

2019 CFO survey results

Deloitte Middle East

November 2019

Deloitte Middle East CFO survey

Executive summary

01

Financial prospects

49% (GCC 47%) of the respondents feel broadly unchanged regarding the financial prospects which is a contrast to 2018 where the majority (46%) of respondents felt optimistic (2019 only 25%).

02

Risk appetite

There has been a 1% decrease in risk appetite over the last year with 80% (GCC 81%) of respondents being risk adverse compared to 79% (GCC 70%) in 2018.

03

Risk factors

External factors are still the biggest risk poses to companies within the Middle East (continuous increase over 3 years, with a 9% increase in the current year) with the 2 focus factors being economic outlook/growth and geopolitical issues.

04

Business priorities

Cost management is the main priority for business, followed closely by pricing and increased cash flow. It is interesting to note that 2018's priority was Digital Finance which is now sixth on the priority list.

05

Oil price

61% of respondents (GCC 63%) feel that the oil prices will remain unchanged in the near future. 44% stated that any change in prices would have little to no impact their business.

06

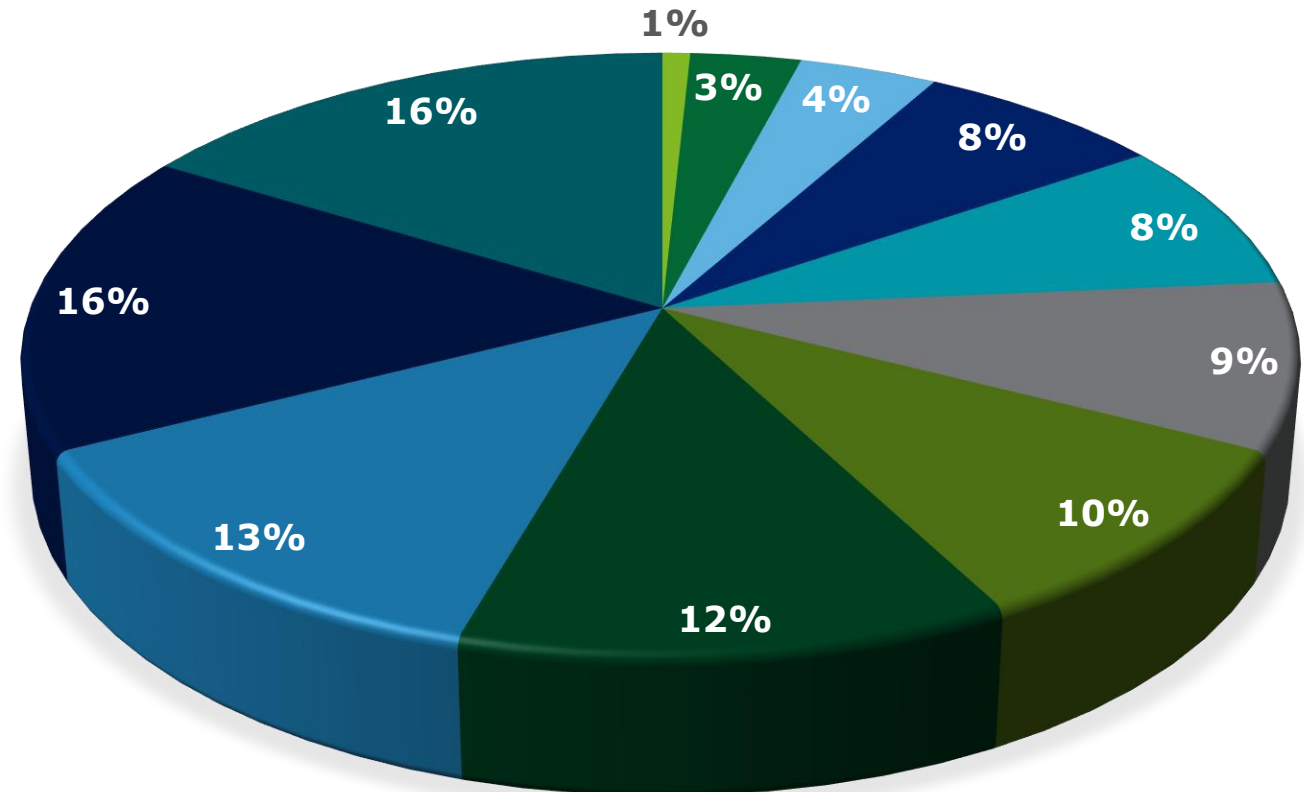
Interest rates

Of the respondents, 16% (2018 63%) feel that the interest rates will increase in the near future. The overall view is that interest rates would either remain unchanged (51%) or decrease (33%).

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Survey industry representation

- Life sciences & health care
- Travel, hospitality & leisure
- Public sector
- Technology, Media & Telecom
- Consumer business & transportation
- Real Estate
- Energy & resources
- Manufacturing
- Financial services
- Holding / Group
- Other

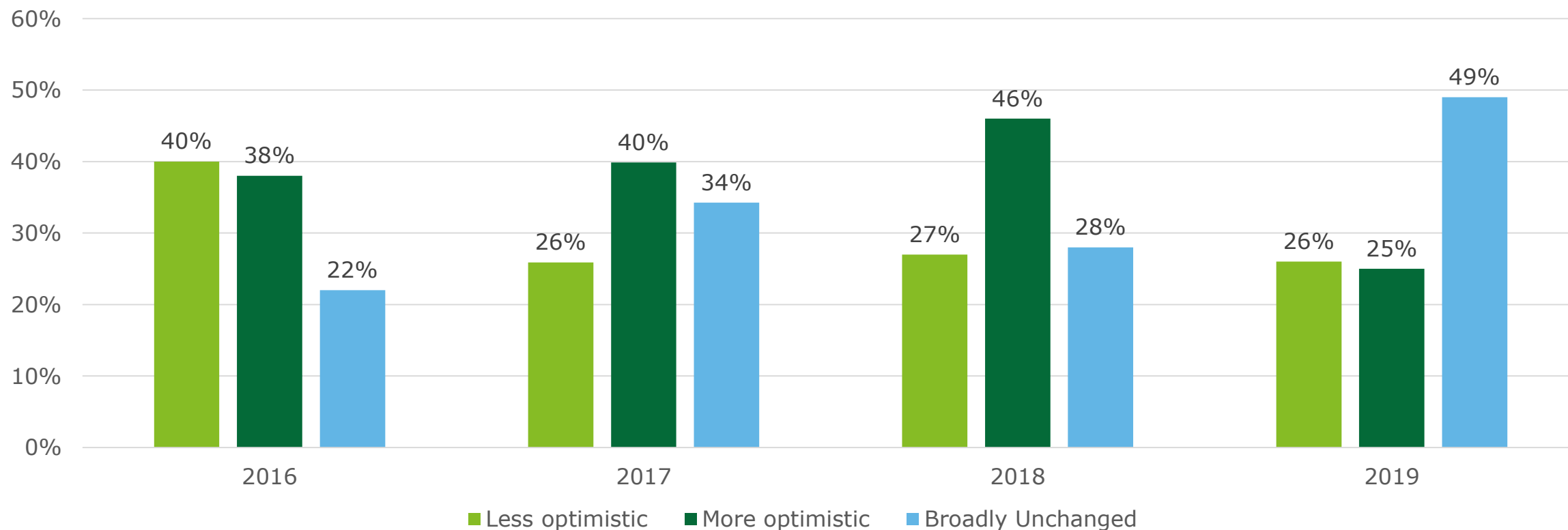


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View of financial prospects

The growing optimism which was the trend for the last two years, has significantly shifted to a broadly unchanged view. However with the previous year being 46% optimistic, a broadly unchanged view is still considered positive.

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

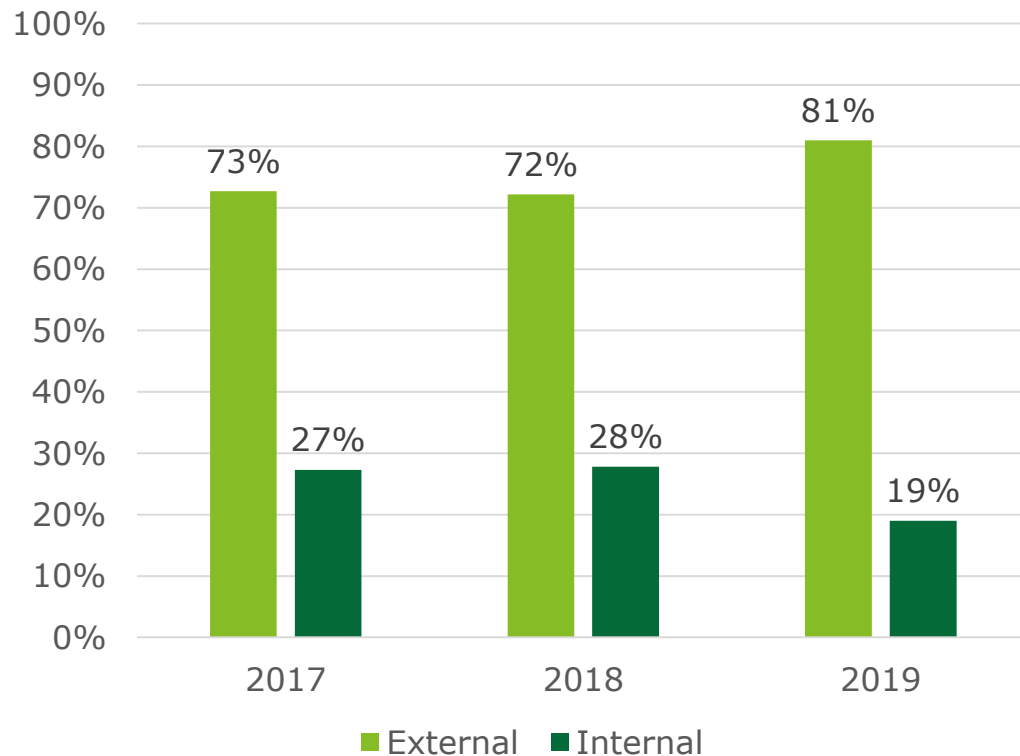


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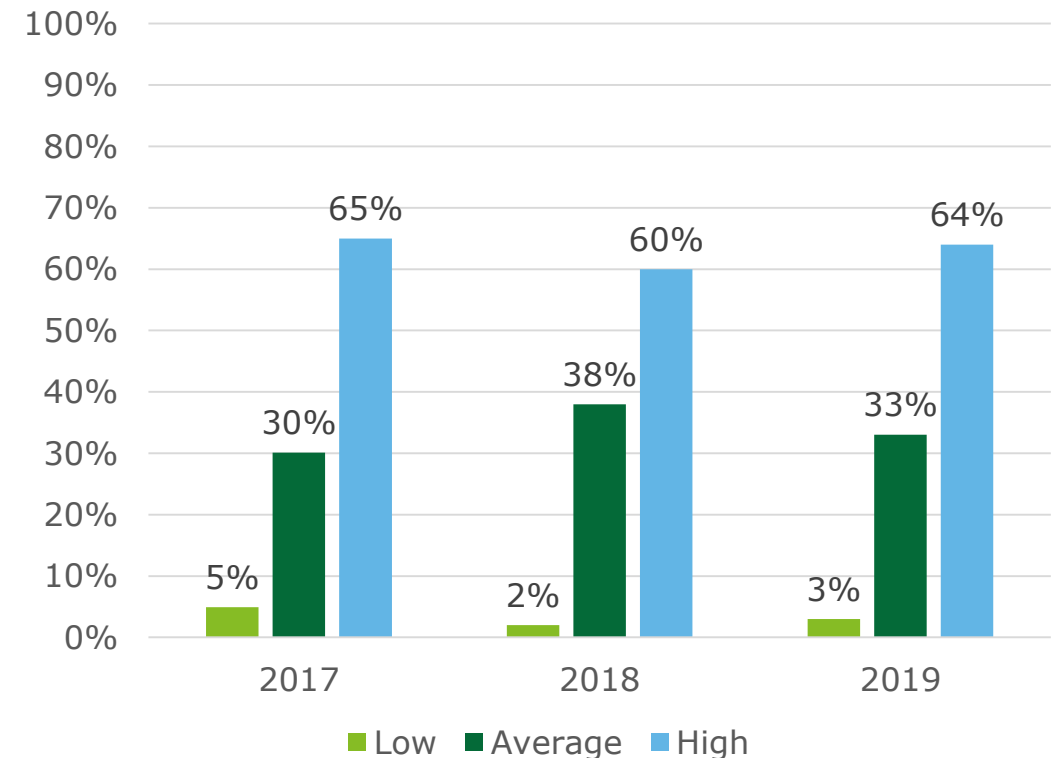
Internal/External influencing factors

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?

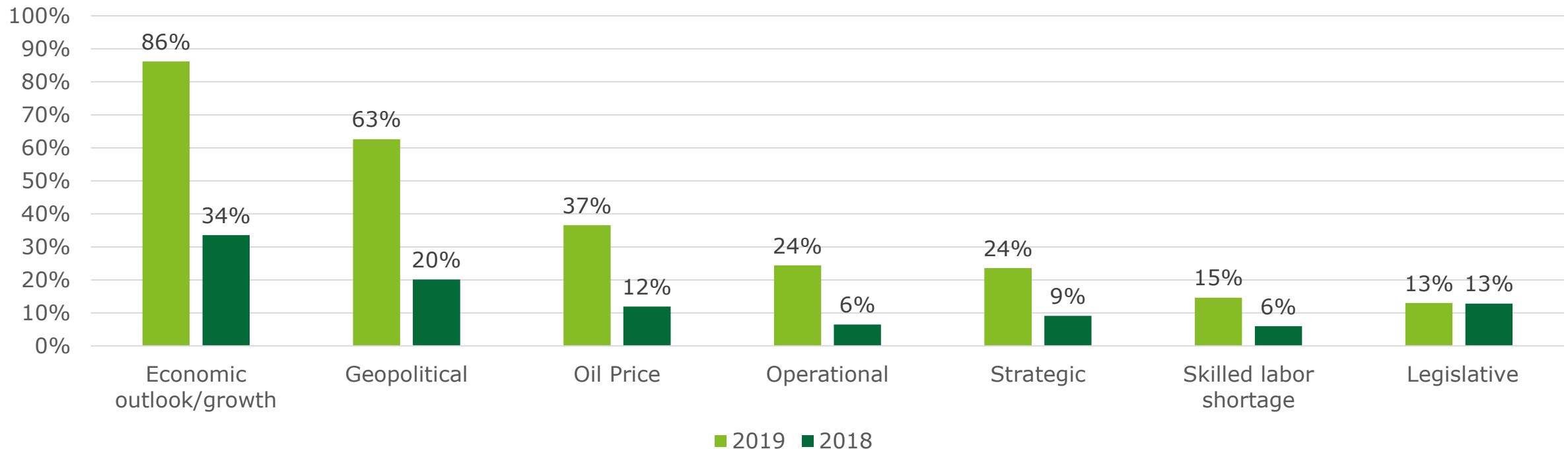


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Risk areas

Over the last 12 months there has been a significant shift in the risk areas for businesses. In 2018 we saw geopolitical risk decreased by approximately 10% from 2017, whereas in 2019 it has increased more than 3 fold. Oil prices continue to be a factor and posing a more significant risk in 2019 than in 2018. The main focus is however on economic growth which has more than doubled in significance in the last year.

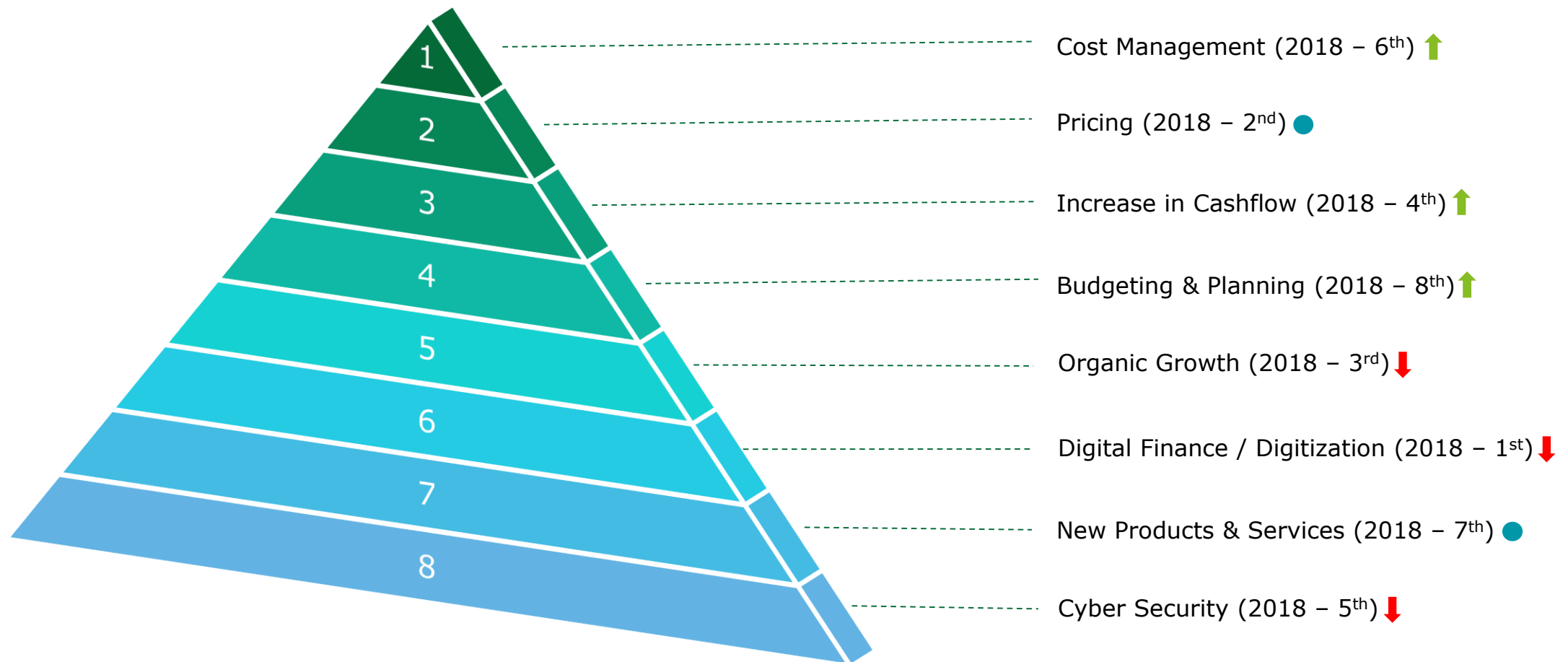
Factors posing significant risk to business



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Business priorities

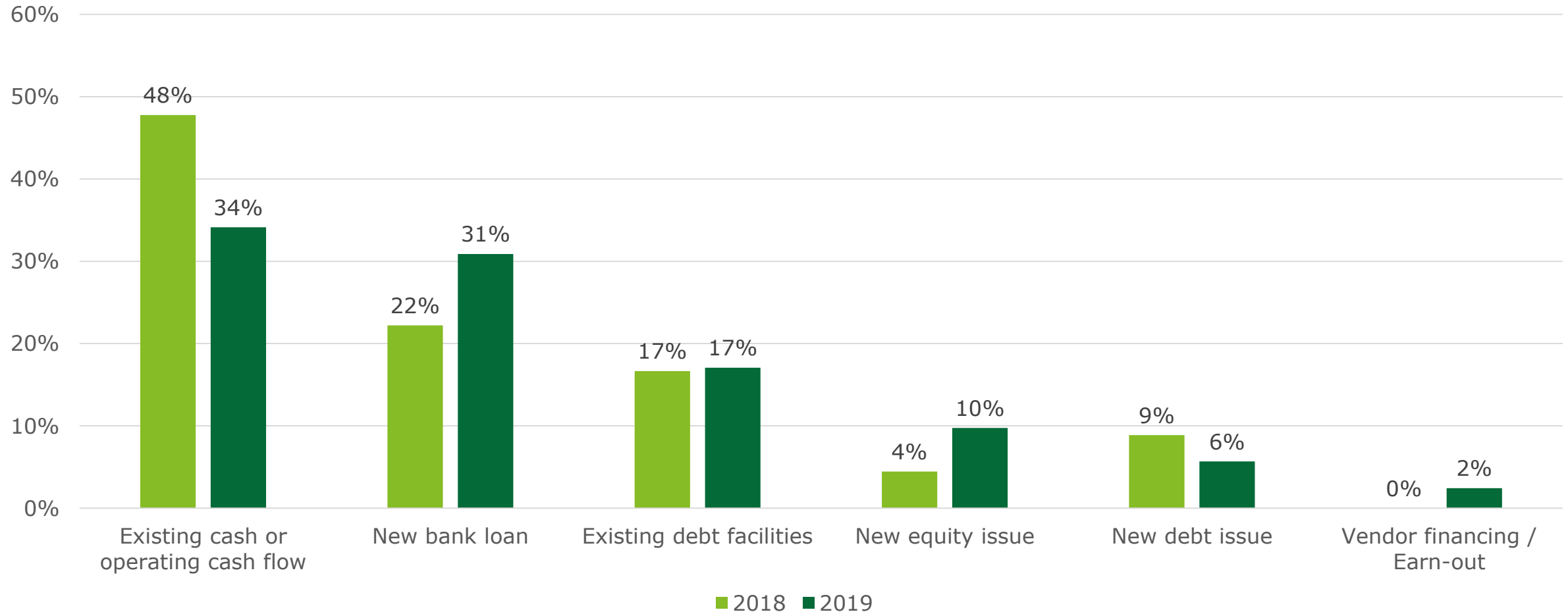
Over the last 12 months there has been a fundamental shift in the business priorities for CFO's. Last year digitization was the hot topic and on everyone's agendas. However the focus now is back on what could be considered as the more traditional CFO priorities, being those of cost management, pricing, cashflow and budgeting. This correlates with the main risk area being economic outlook and CFO's having to focus their attention on priorities that will address that risk.



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Funding

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

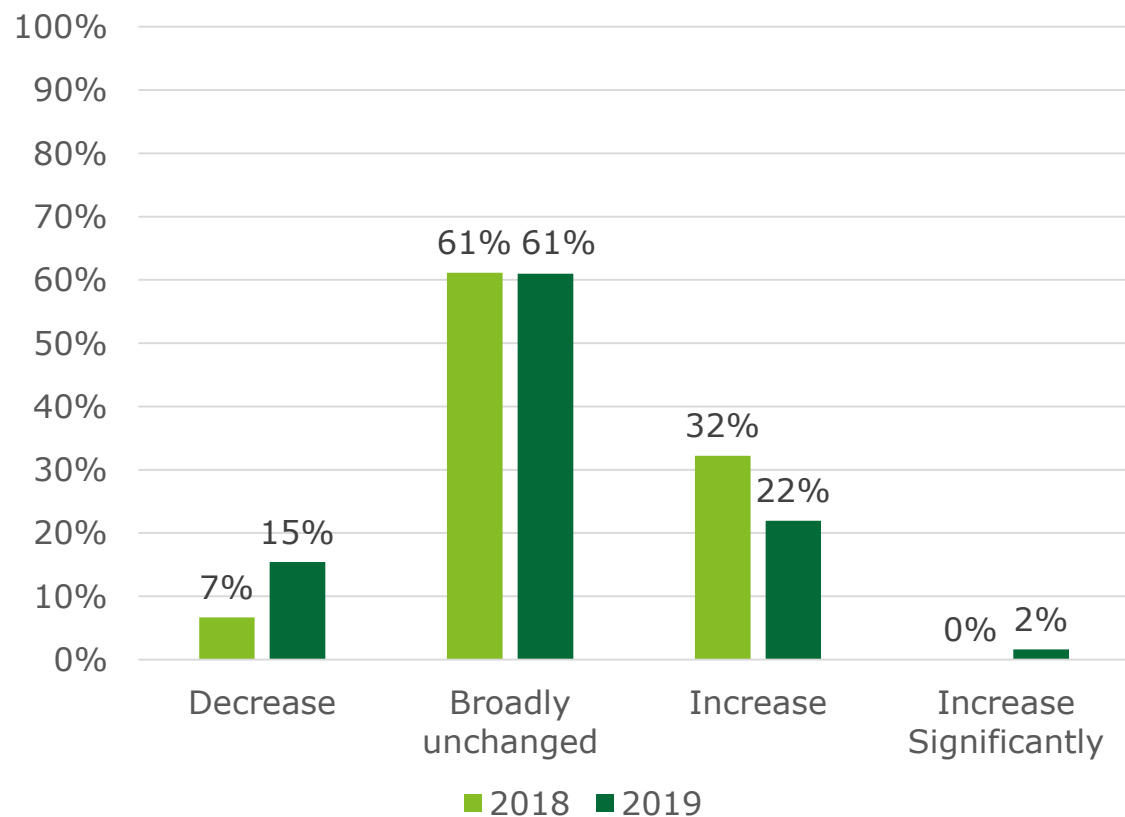


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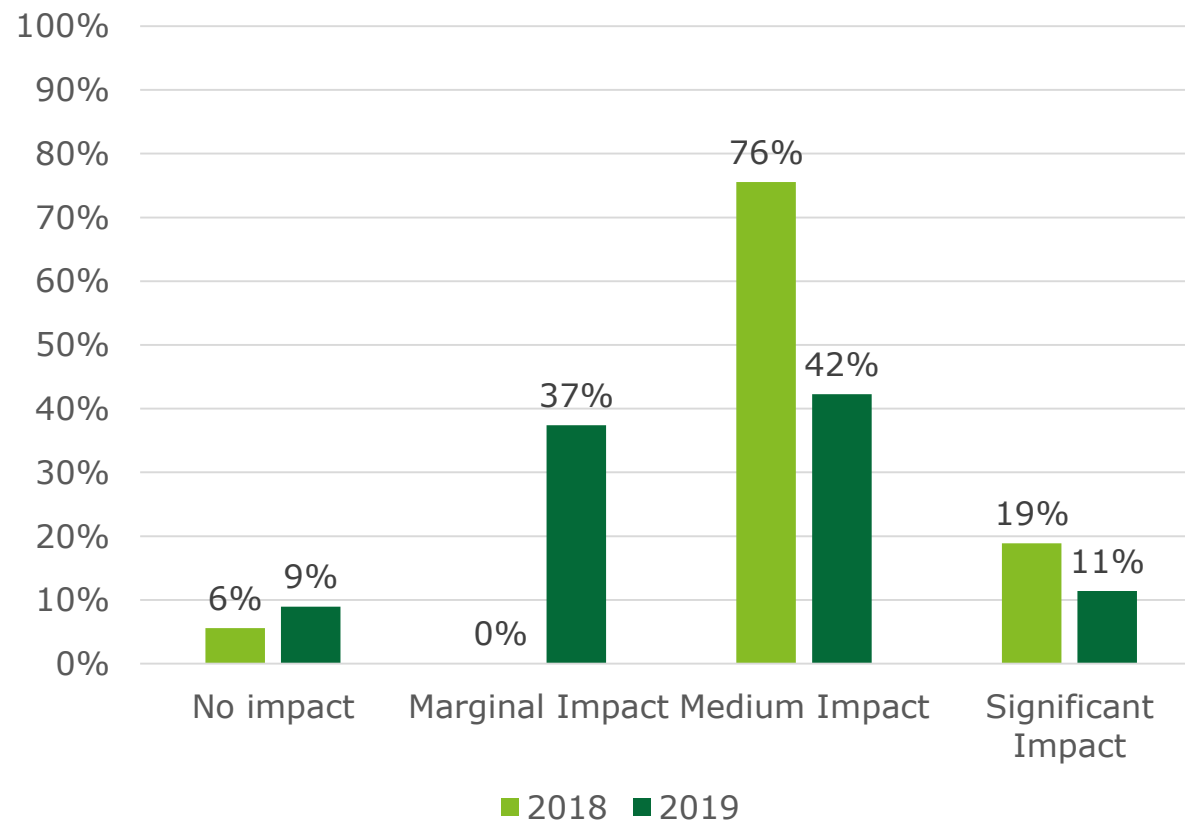
Oil price

The sentiment regarding oil prices is that they are likely to remain unchanged, however should there be a movement it will have some impact but not as much as expected in prior years.

Oil price movement



Impact of oil price movement

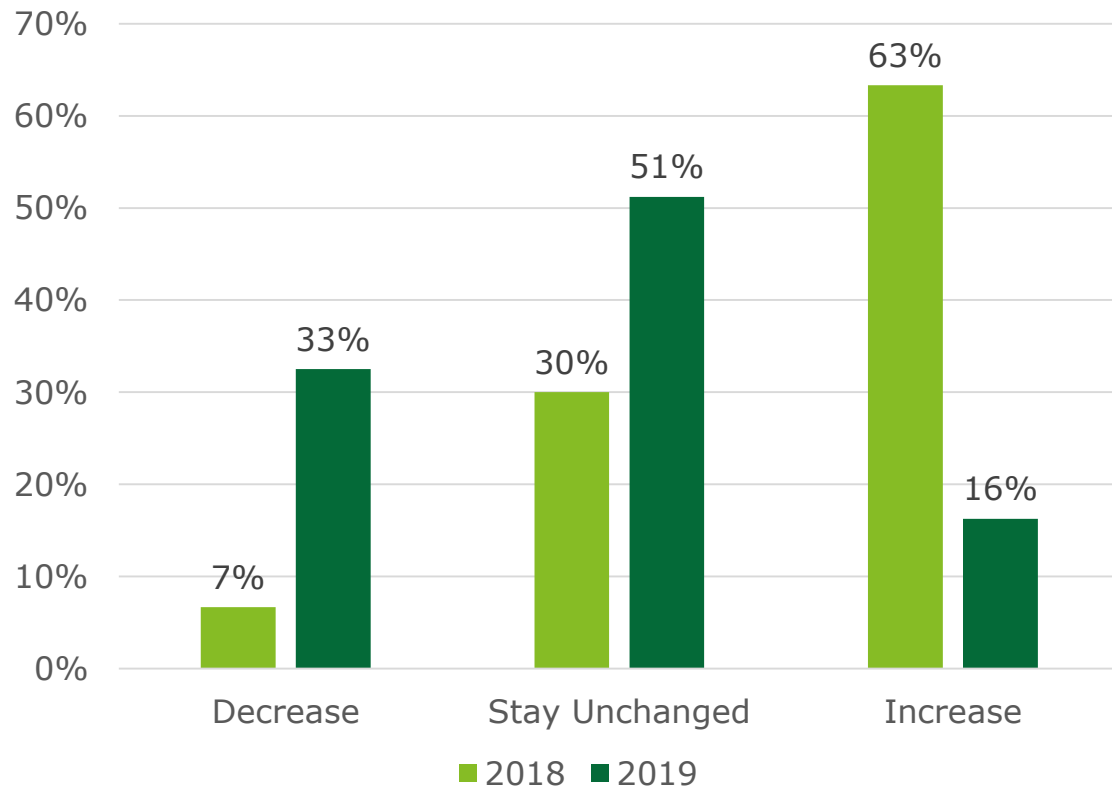


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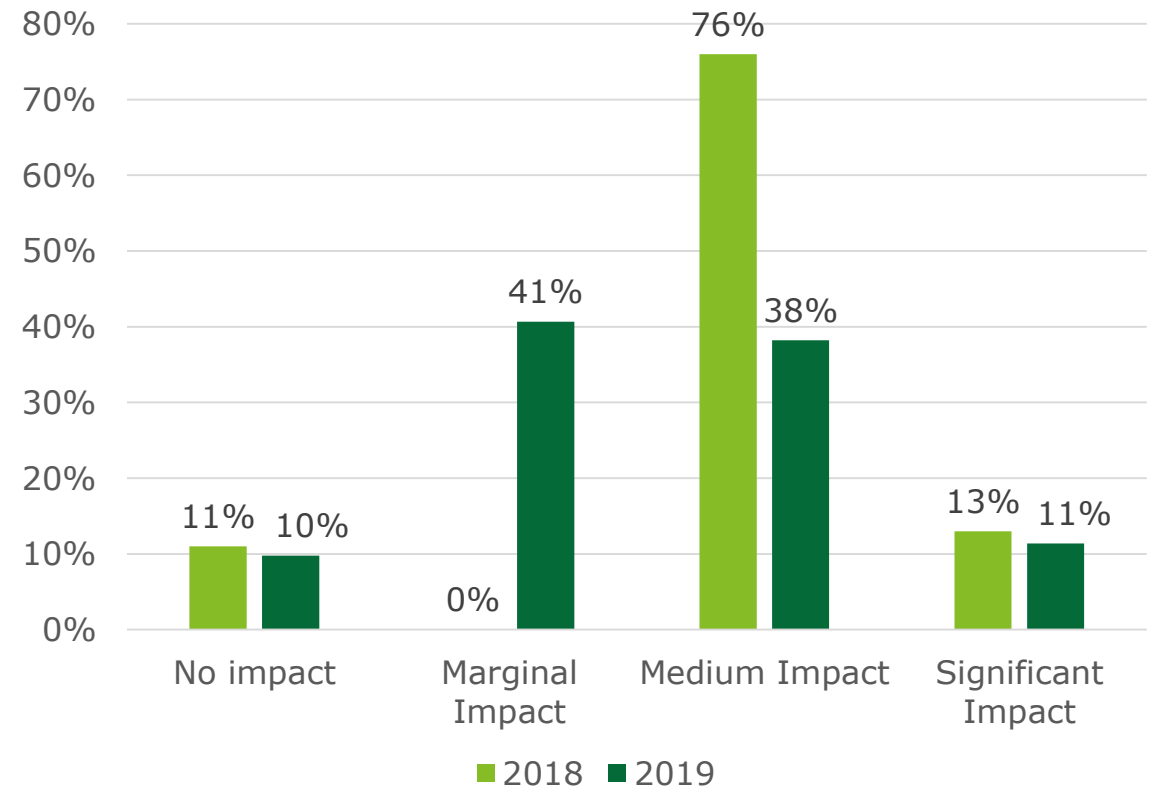
Interest rates

The expectation amongst CFO's in relation to interest rates has shifted from increasing to rather remaining unchanged or even decreasing. Any movement will still have an impact and CFO's have this in mind for their budget and financing requirements.

Interest rate movement



Impact of interest rate movement

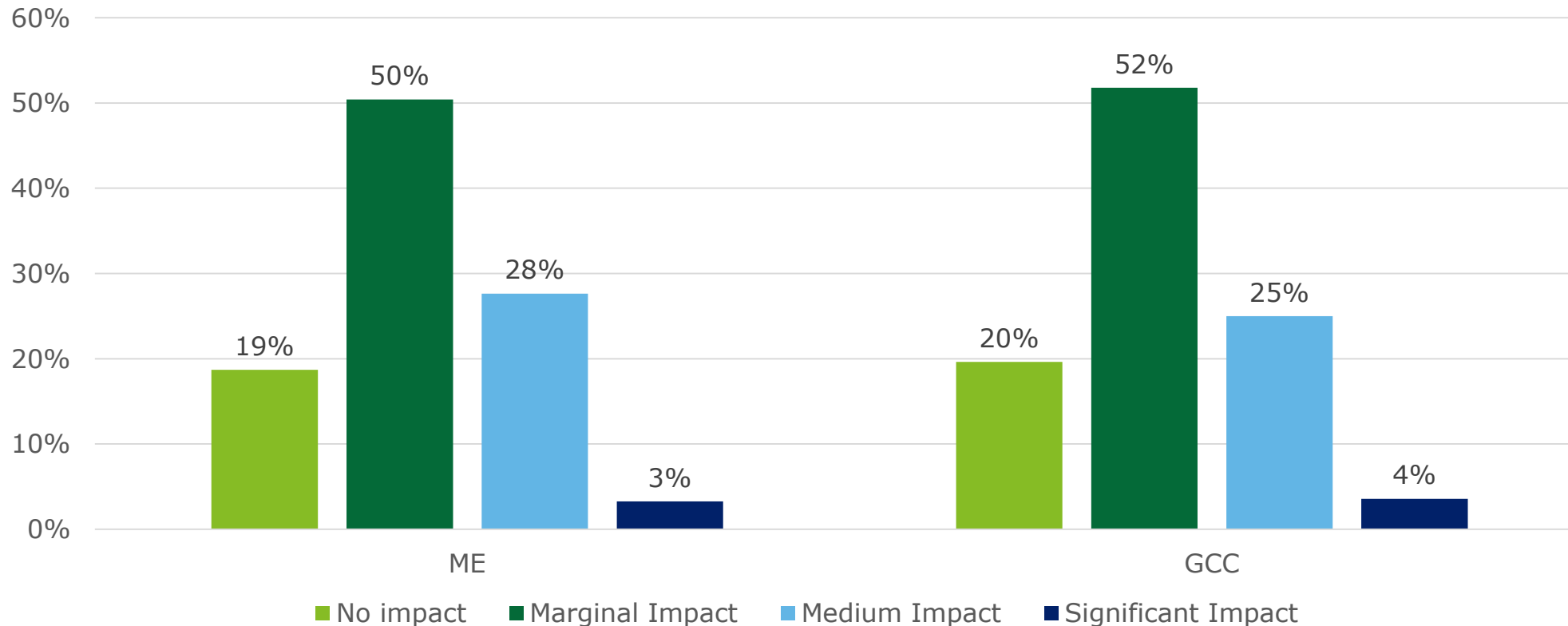


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Privacy regulation

The introduction of GDPR in the EU has increased overall awareness in relation to data privacy and has driven changes in privacy regulations within some Middle East countries. The responses from the survey indicate awareness without significant impact on the businesses at this point in time.

Impact of GDPR



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