

Press release

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CFOs ready for another solid year

CFO Survey Report: Outlook 2018

Brussels – 1 February 2018

The *Deloitte Belgium CFO Survey Report: Outlook 2018* reveals that for the Belgian corporate sector this year has the potential to outperform 2017. Most of the CFO survey's growth indicators are higher than they were one year ago and corporate growth plans are far from completed. Implementing expansionary strategies has priority over defensive strategies for a record 85% of CFOs. On average survey participants expect their companies' turnover to grow by 4.1% in 2018. As such, they are more optimistic for the growth prospects of their own organisation as they are for the Belgian economy as a whole. Challenges for the upcoming year are the scarcity of talent, the unconfirmed implementation of new financial and economical policies, interest rates expected to rise, and an uncertain outcome of international developments.

Top priorities for 2018

Organic growth, productivity and digitalisation are the top business priorities for the year. Half of survey participants expect to (further) increase capital expenditure and 70% expect headcount to (further) increase over the next 12 months.

"Despite initial concerns about the unexpected Brexit vote and the US election results, CFOs had a positive outlook for 2017 one year ago. This optimism was justified as 48% of our survey panel reported 2017 performance beat the budget," said Thierry Van Schoubroeck, Deloitte Belgium Partner Consulting. "The business environment evolved positively throughout the year and CFOs gradually regained confidence in the government's ability to set the right priorities for financial and economic policy making and implementation. It is no surprise that they are now more bullish about the growth potential of their own organisation and the economy as a whole."

What to watch out for in 2018

Based on the survey, there are four things to watch out for throughout the year that might hinder the realisation of the outlook.

- **Shortage of skilled labour:** Ninety-eight percent of CFOs report their biggest concern is the shortage of skilled labour to fuel the planned growth. This is up 30 percent compared to one year ago. Eurostat reported the average Eurozone job vacancy rate at 1.9 percent in Q3 2017. The Belgian job vacancy rate was 3.6 percent, the second highest in the EU.
- **Financial and economic policy making:** Compared to one year ago, CFOs' appreciation of taxation and labour market policies – the two most important for the future success of businesses according

to CFOs - has surged. However, much of what was announced for 2018 still needs to pass the vote in the Parliament. Upcoming (local) elections might further complicate financial and economic policy making and implementation.

- Credit conditions: Central banks have announced or are implementing tightened monetary policies. There is strong consensus among CFOs that interest rates will rise over the next 12 months.
- International events: Although uncertainty remains low, the list of international events for which the outcome is unpredictable remains long (German government coalition, Brexit, US and Chinese policy, Iran, migration, parliamentary elections in Hungary, Italy, Latvia, Luxembourg...).

Thierry Van Schoubroeck: "2017 was a good year for the Belgian corporate sector. While we expect that 2018 will outperform the previous record year, there are some challenges on the horizon. But CFOs remain optimistic and are determined to grow their businesses despite uncertainties."

About the survey

The Deloitte CFO survey captures the financial attitudes of the Belgian corporate sector through the economic and credit cycle. The Belgian CFO survey was first launched in 2009 and is organised on a quarterly basis. The 2018 outlook survey took place between December 7th 2017 and January 5th 2018. A total of 53 CFOs completed this survey.

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