



Deloitte CFO Survey Georgia

Key Trends

Tbilisi 2016

Key findings

FINANCIAL PROSPECTS FOR 2017



The general level of financial confidence among businesses in Georgia is 60 percent, suggesting that the majority of respondents are optimistic about the current situation:

- Companies in the banking sector are the most likely to report optimistic assessments: 83 percent
- Companies in the consumer sector are the least likely to report optimistic assessments: 55 percent

The economic expectations are generally optimistic: 80 percent of respondents forecast growth in operating profits for 2016.

Human resources policies are also subject to optimistic forecasting:

- 62 percent plan to increase their headcount
- 60 percent plan to raise the average salary level

Notably, the majority of respondents (84 percent) believe that the potential for growth is greater in Georgia than abroad.

UNCERTAINTY AND RISK APPETITE



Indicators such as the level of uncertainty and risk appetite reflect our respondents' untroubled outlook on the future of the financial climate:

- The overall level of uncertainty stands at 4 percent:
 - Lower levels of certainty were reported by consumer sector companies: -45 percent
 - Higher levels of certainty were reported by oil and gas and banking sector companies: 33 percent
- The overall risk appetite stands at -27 percent:
 - Banking sector companies reported higher risk appetites: 20 percent
 - Consumer sector companies reported lower risk appetites: -78 percent

Risky decision making is a feature of companies that consider themselves better informed about the developments in their industry and in the national economy.

Top-three risk factors with the strongest effect on business in 2016:

- Weak Georgian Lari
- Geopolitical risk
- Weaker domestic demand

Top-three anti-crisis strategies in 2016:

- Ongoing cost control
- Cost cutting
- Reducing currency exposure

DRIVERS AND BARRIERS; SOURCES OF FINANCING



Top-three drivers of business in Georgia in 2016:

- Optimisation of production costs
- New products/services
- Focus on core activities

Top-three barriers to business in Georgia in 2016:

- Increasing cost of capital
- A production in abroad
- Production in Georgia

Top-three sources of financing in Georgia in 2016:

- Bank borrowing (60 percent)
- Bond issuance (38 percent)
- Internal sources of financing (16 percent)

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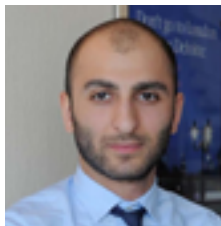
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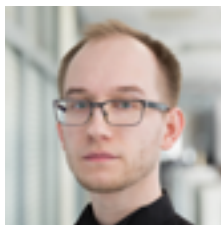
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