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**EMEA CFO Survey
Spring 2023**

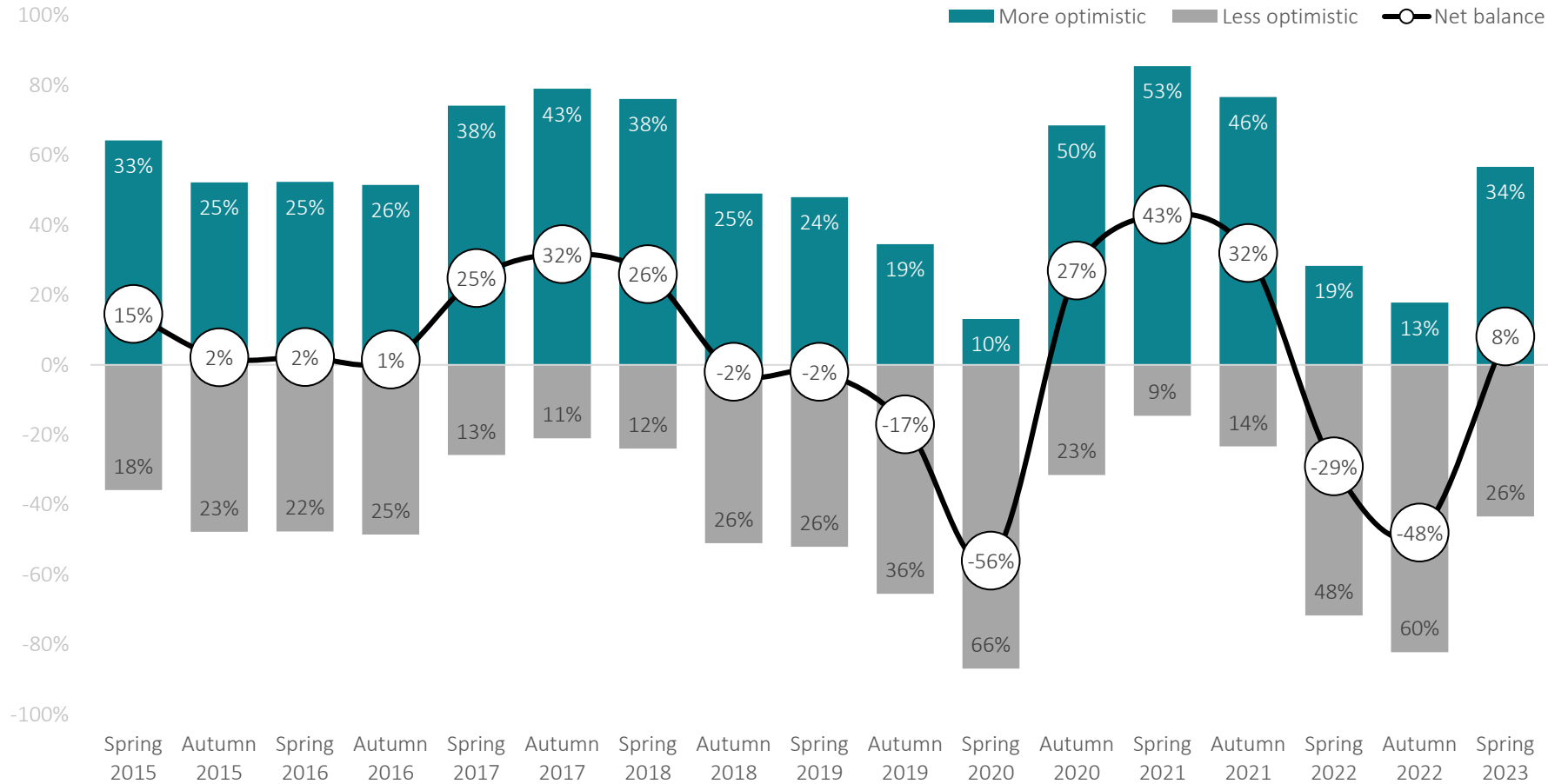
The perspective of the European
Chief Financial Officers

European CFOs are mildly optimistic

European firms have become far less anxious about their financial prospects than in the autumn

Financial Prospects

Compared to three months ago, how do you feel about the financial prospects of your company?



More optimistic countries

UK
Germany
Netherlands
Greece

Italy
Spain
Turkey
Sweden
Norway

Less optimistic countries

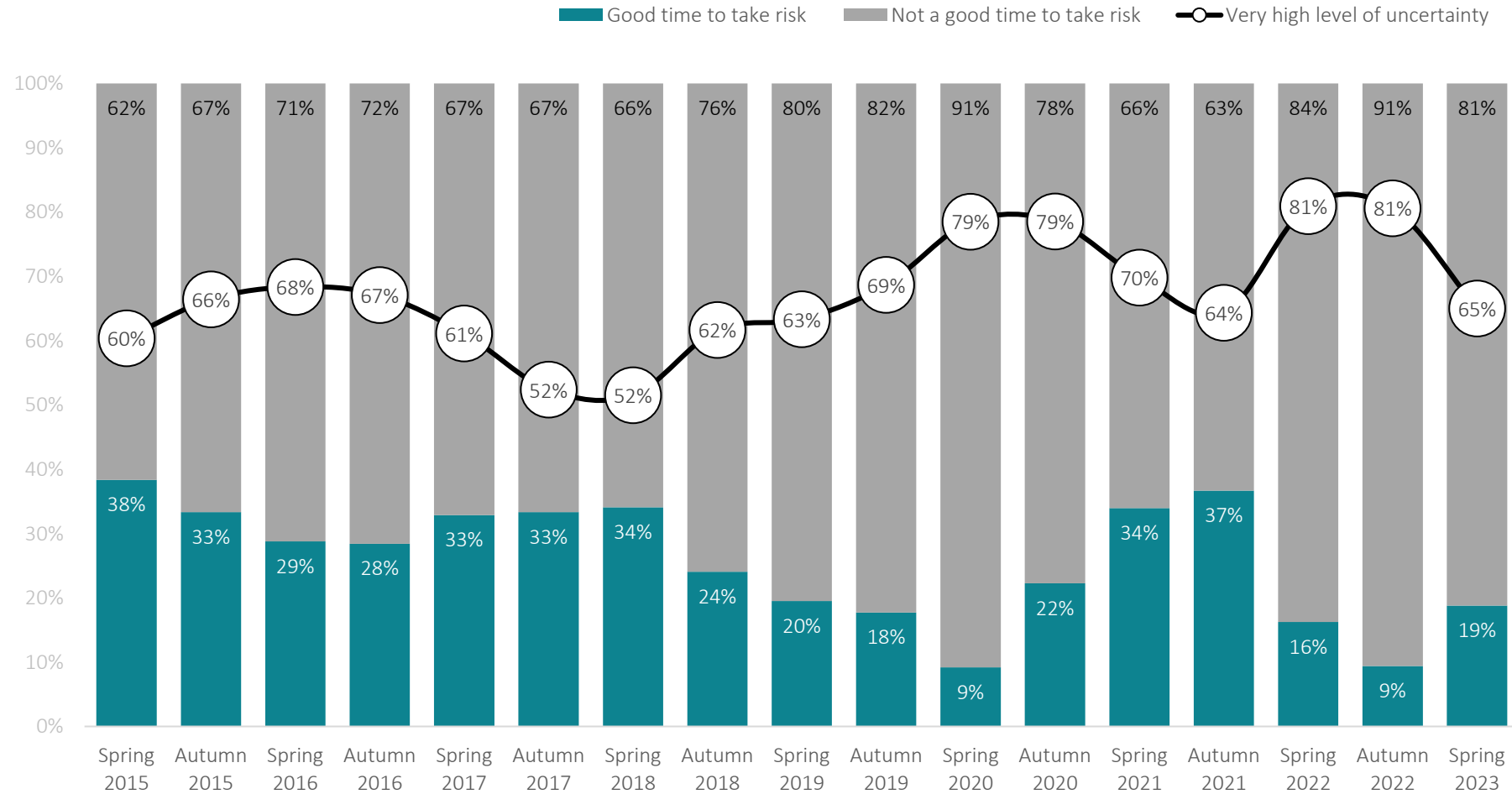
Most of Europe's CFOs rate the level of external financial and economic uncertainty as being high

The net balance is close to its historical average

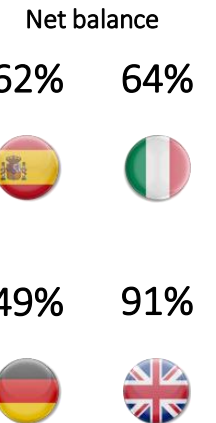
Uncertainty level Spring 2023

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

Net Balance Trend



Uncertainty by country

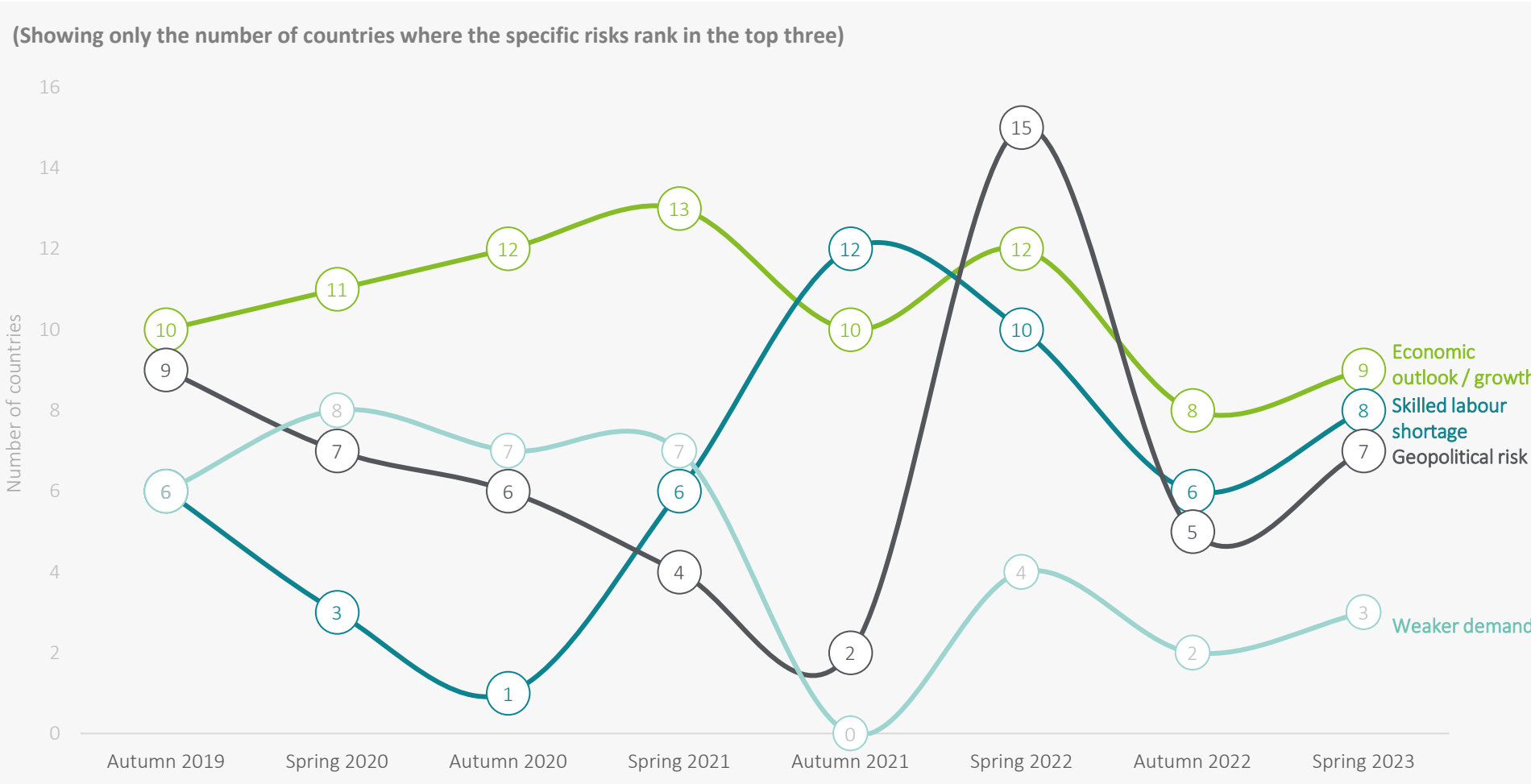


There are three factors likely to hold significant risk for their business over the year

Even if the expected recession may be avoided in most countries, the economic situation remains fragile

Business risks

Which of the following factors are likely to pose a significant risk to your business over the next 12 months?*



Other risks identified by the CFOs for the next year:

-  Inflation
-  Increasing costs
-  Increasing regulations
-  Currency fluctuations
-  Cyber risk

*Note: Each country identifies the answer options that are relevant to their geography. The common or similar responses are mapped to get the top risks per country.

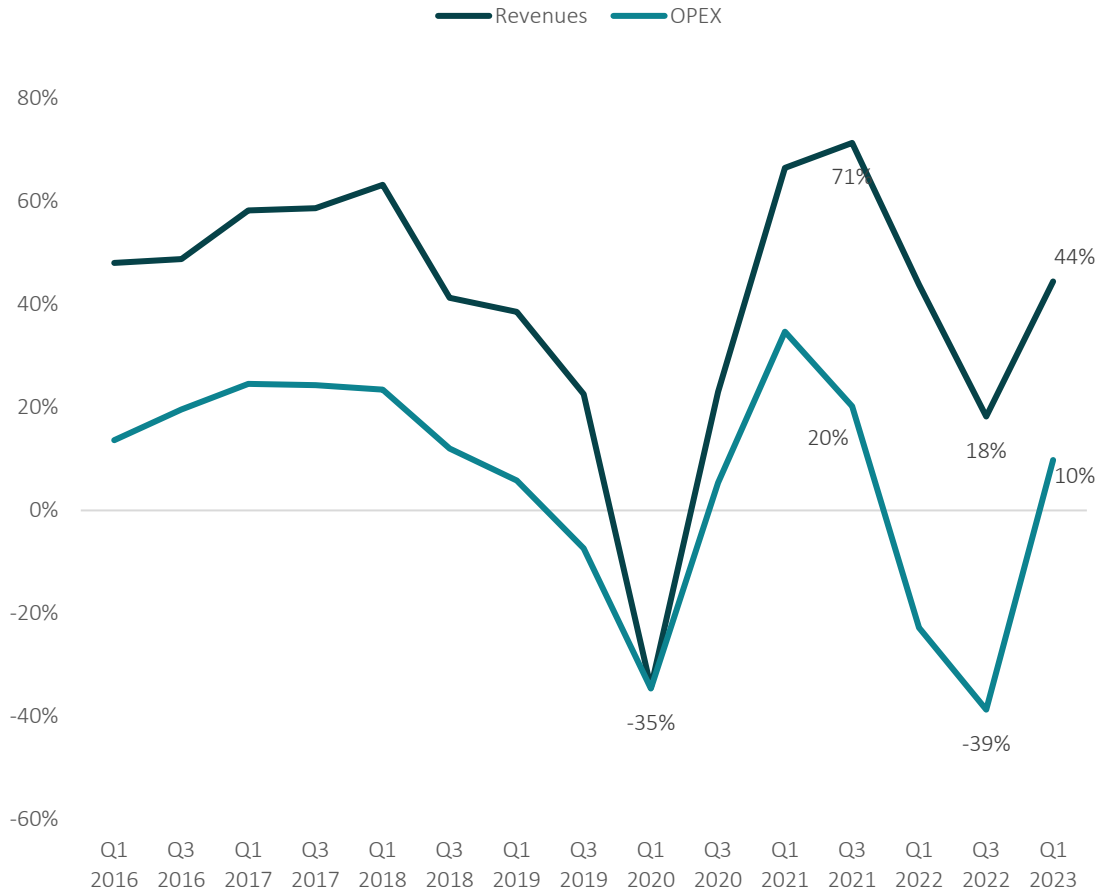
Although the scenario is uncertain, revenue expectations slightly improve

Despite the many risks, Europe's CFOs are more confident about their companies' future key metrics

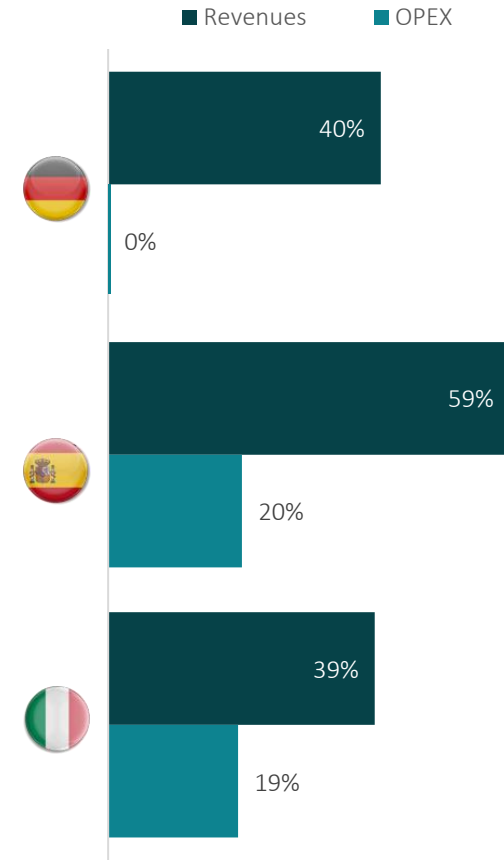
Revenue and Operating Margins Outlook

In your view, how are revenues and operating margins for your company likely to change over the next 12 months?*

Net Balance Trend



Net Balance by Country



Net Balance by Sector, Top 3

Revenues

Net balance

- 73% Aerospace & Defence
- 71% Tourism & travel
- 68% Business & Professional Services

OPEX

Net balance

- 46% Business & Professional Services
- 33% Aerospace & Defence
- 28% Financial services

*Note: This question was not asked in the UK.

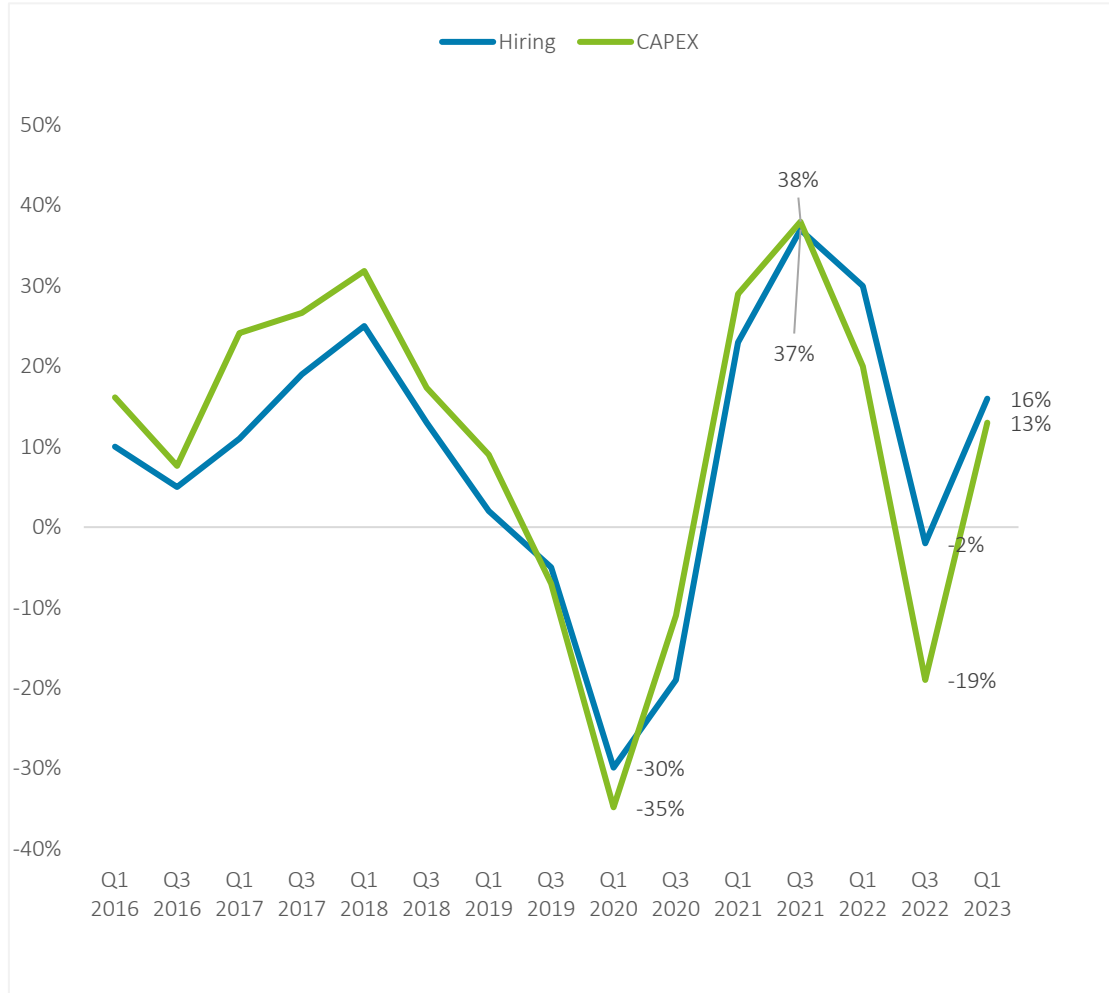
A modest improvement in hiring and CAPEX is also expected

Hiring intentions are strongest in the business and professional services and tourism and travel

Investments Outlook

In your view, how are capital expenditure and number of employees for your company likely to change over the next 12 months?

EU Net Balance Trend



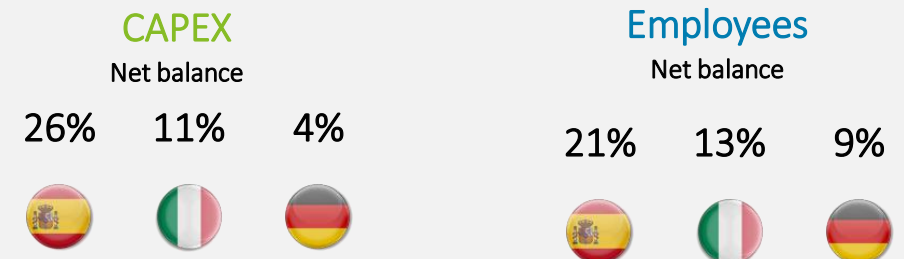
Most positive business sectors' investments outlook (net balances)

- Aerospace & defense
- Energy, utilities & mining
- Business & professional services
- Tourism & travel

Most negative business sectors' investments outlook (net balances)

- Construction
- Retail

Net Balance by Country

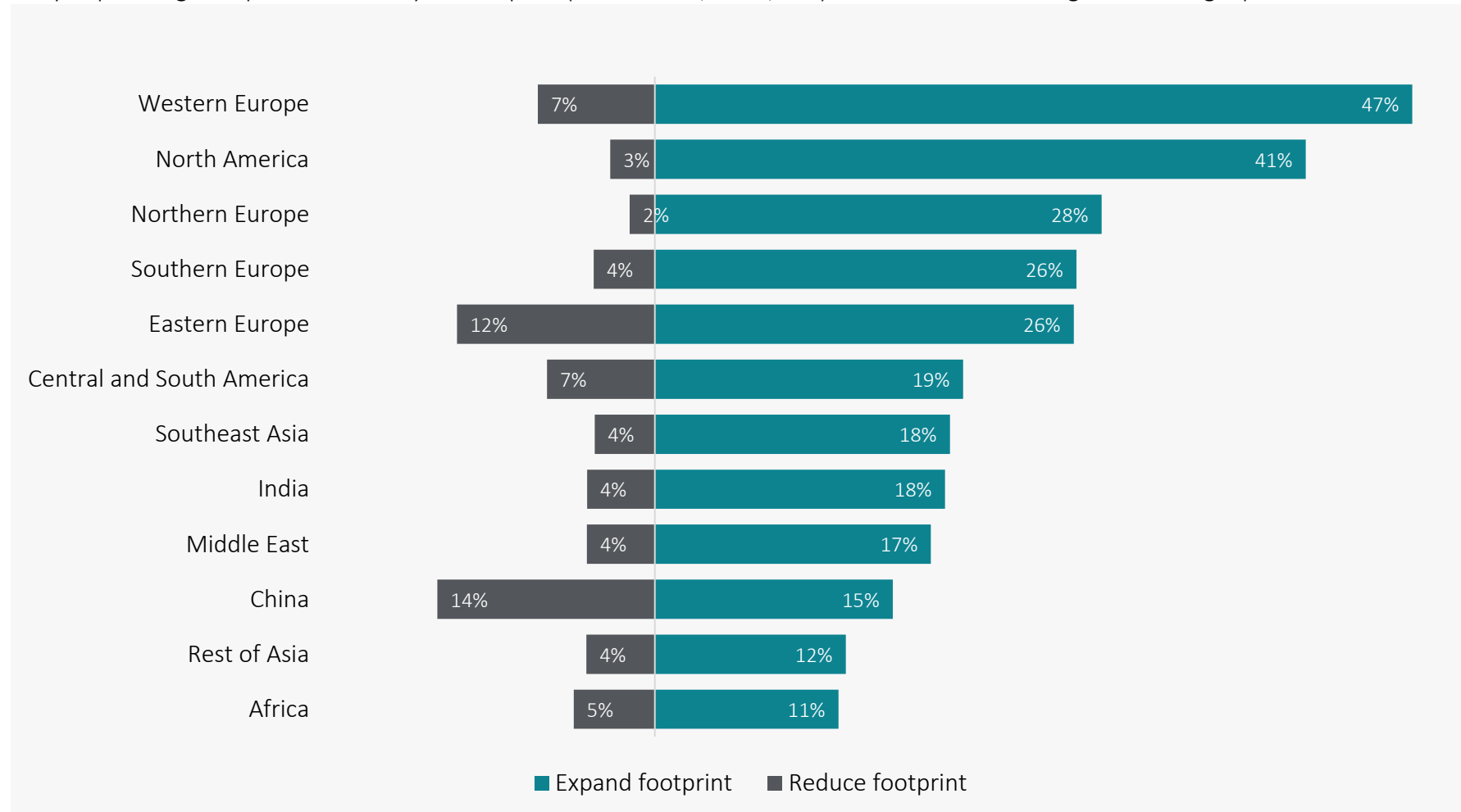


Global footprint of investments is changing

European companies are eager to expand their operations in Western Europe and North America while China and Eastern Europe are the geographies where companies would like to reduce their footprint

Global Footprint

Are you planning to expand or reduce your footprint (investments, trade, etc.) in certain countries/regions due to geopolitical tensions?*



Italian and German CFOs are more likely to expand their footprint in Western Europe and North America.



Spanish CFOs are going to expand their footprint in Western Europe and Central and South America.

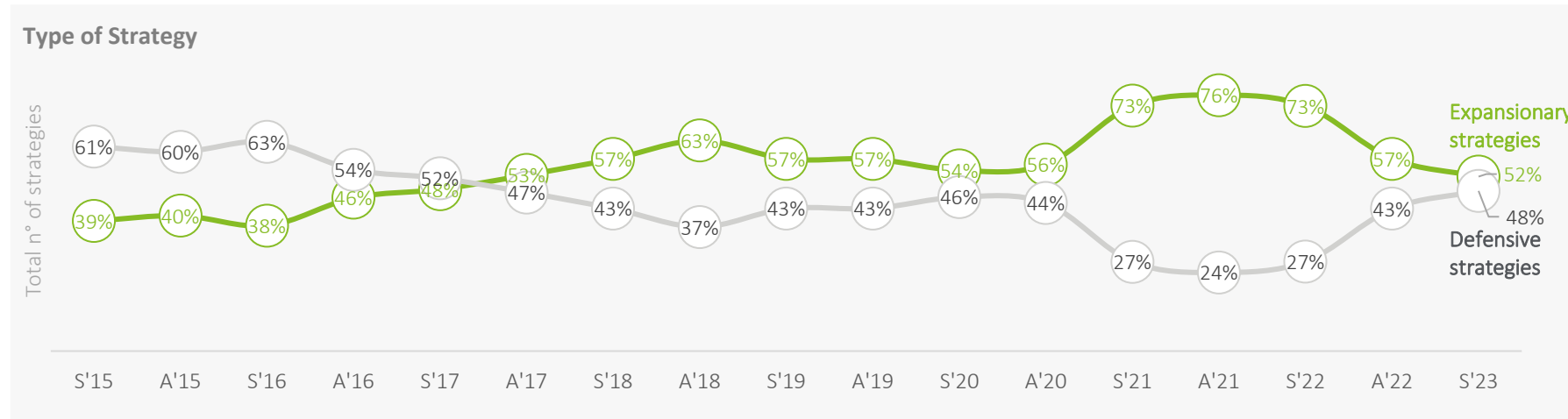
*Note: This question was not asked in Finland, Netherlands, Poland, Switzerland and the UK.

European CFOs priorities are shifting to more defensive strategies

Cost reduction is the top strategy for the next 12 months in 10 out of 16 countries


Strategies


Please state to what degree the following strategies are likely to be a priority for your business over the next 12 months?*

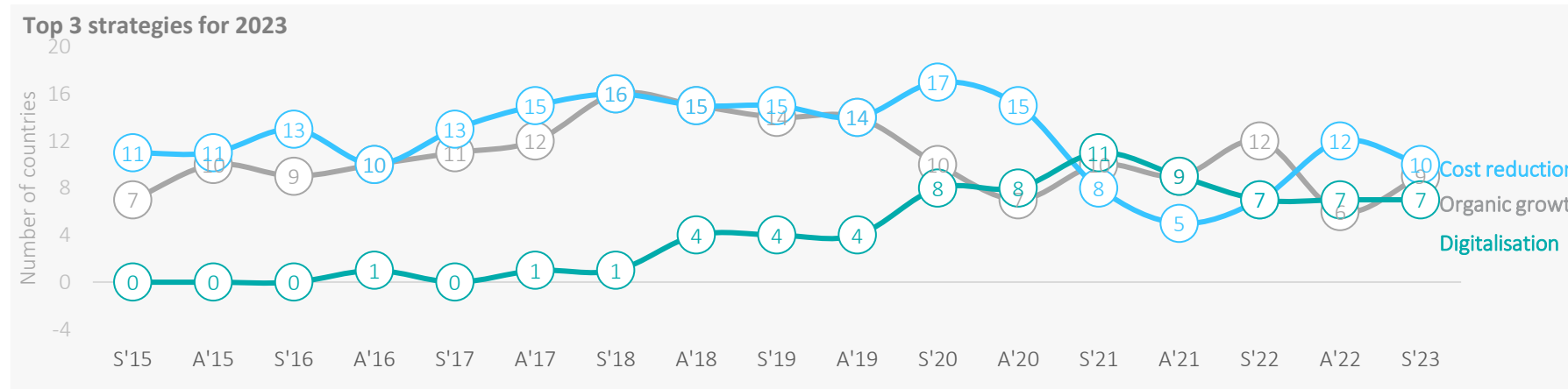


Top strategy by country

 Increase operating cash flow

 Increase productivity-efficiency

 Cost reduction

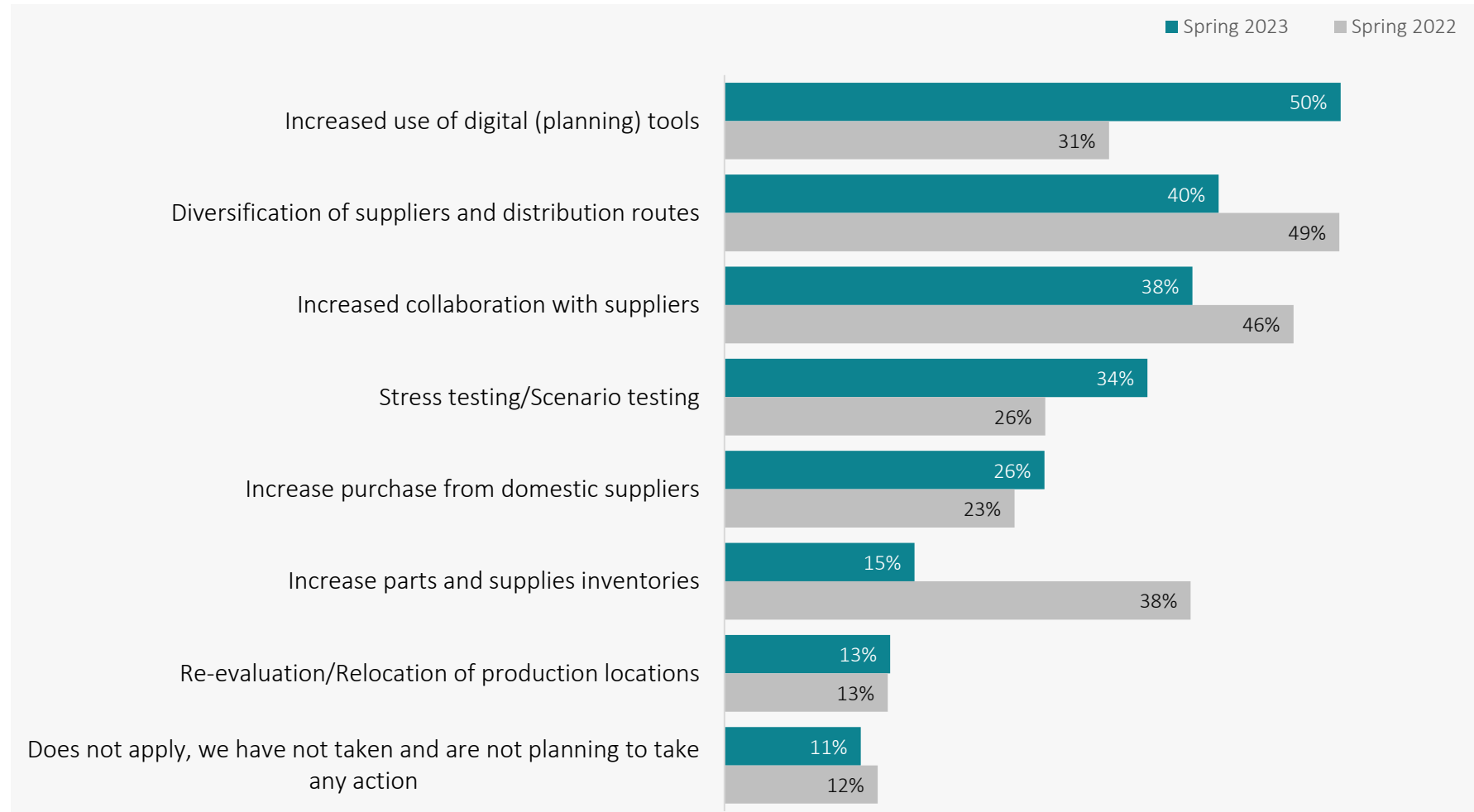


Strategic actions to mitigate supply chain issues

Increasing use of digital tools, followed by diversification of supplier and distribution routes remain the top strategies of European CFOs to mitigate their supply chain difficulties

How to mitigate supply chain risks

Is your company taking or about to take any of the following actions?*



The sectors more likely to increase the use of **digital planning tools** are:

- 75% Transport & logistic
- 71% Public sector
- 67% Life Sciences

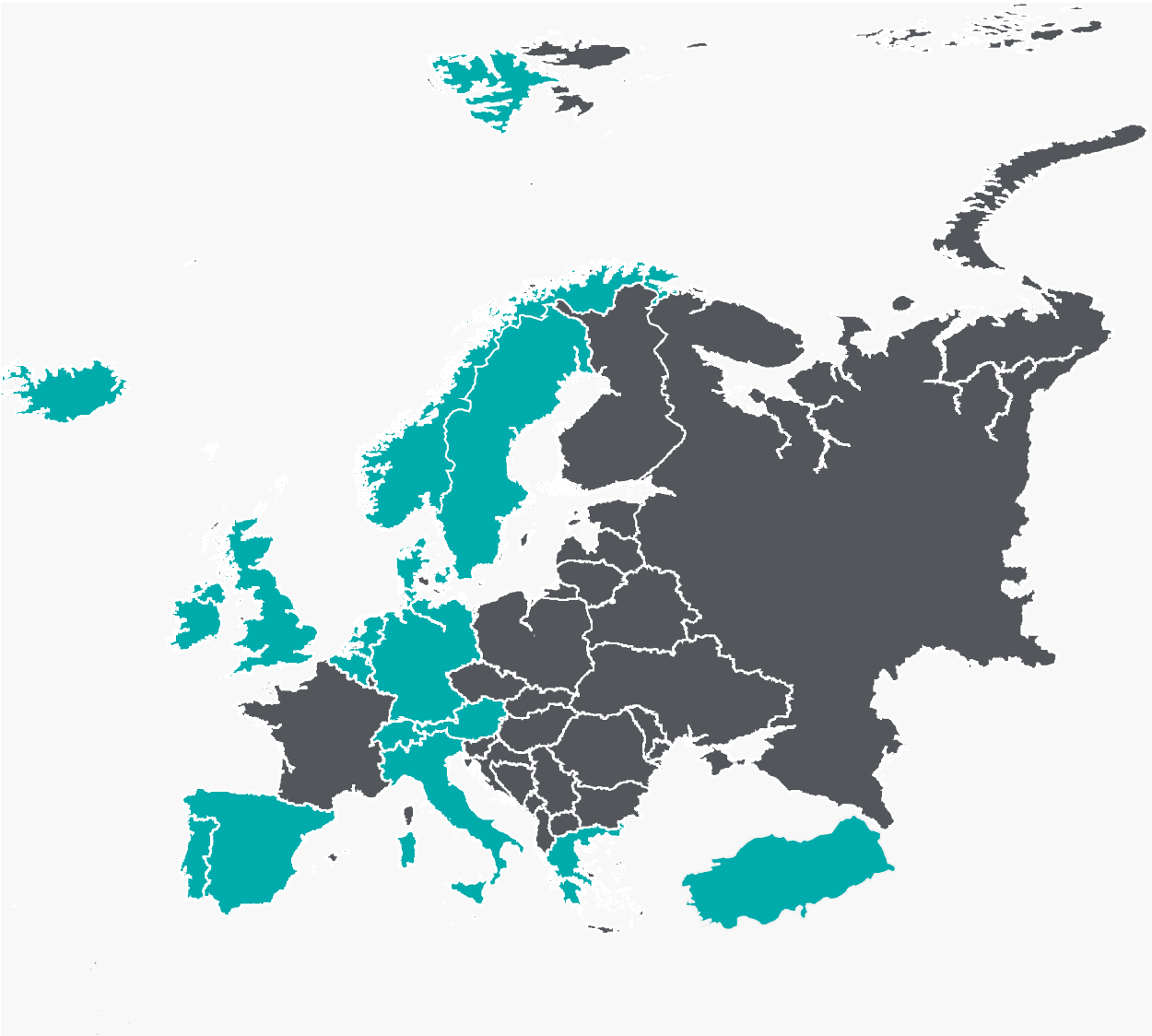
Those more likely to **diversify suppliers** are:

- 50% Industrial products
- 47% Consumer Goods
- 42% Energy & Utilities

*Note: This question was not asked in Finland, Poland and the UK.

Methodology

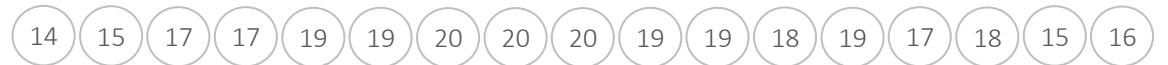
Methodology



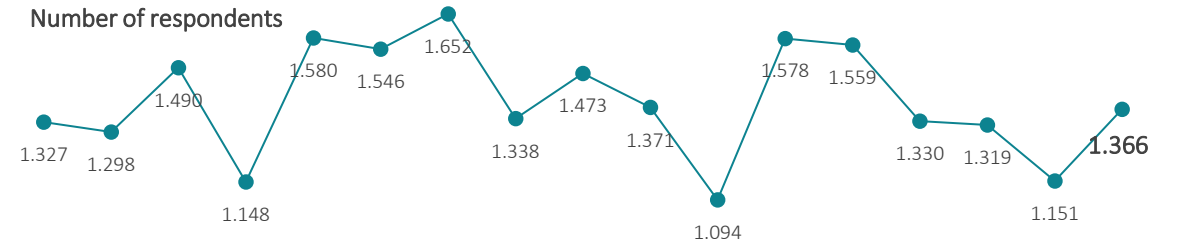
The European CFO Survey is one of the largest C-suite surveys in Europe. It started in 2015 to provide a regional perspective by consolidating the views from local surveys.

Number of respondents and participating countries in the European CFO Survey (2015 – 2022).

Number of participating countries



Number of respondents



Survey period
February to March 2023

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