

Keeping course

CFO Survey Autumn 2019

Portugal Overview

Only

17%

of CFOs feel that the country's economic outlook is negative



Did economists "cry wolf"?

Unlike last semester survey's sharp drop, the overall economic sentiment for Portugal seems to have stabilized, even registering a small increase in positivity as 46% of surveyed CFOs feel the economic outlook for Portugal is positive. Furthermore, only 17% expect a negative outlook, compared to 23% six months ago.

It should be noted that the survey was conducted before the national Parliament election, so this stability should be mainly due to the steadiness of global and European projections for the economy and the lingering threat of a recession ending a decade of continued global growth.

Only

33%

of CFOs are more optimistic about their companies' financial performance



Not much of an upturn

After a confidence reduction for three semesters in a row, the overall sentiment for companies' financial prospects is now slightly positive, with more CFOs expecting improved performance rather than performance deterioration (+8% net balance, comparing to a neutral balance six months ago).

Nevertheless, only when it comes to revenues are CFOs more bullish than six months ago, as there is now less optimism on margins, investment and hiring.

81%

of CFOs believe this is currently not a good time to be taking greater risks into their balance sheets



Upcoming risks

An impressive 81% of respondents say they should not be taking risks with their balance sheets and 58% rate the overall financial and economic uncertainty as high, revealing once more that even through recent periods of growth, CFOs in Portugal are decidedly cautious.

Not surprisingly, economic outlook/growth is listed as the number one concern jeopardize businesses. Geopolitical risks and cyber risk complete the top three threats with 63% of respondents classifying them as likely to pose a risk to their businesses.

85%

of CFOs name cost reduction as a priority for their business in the next year



Defensive strategic priorities

For the eighth semester in a row, CFOs in Portugal are naming cost reduction and working capital efficiency as their top two priorities, veering from a European trend of slowly turning to growth strategies as the 2008 recession keeps getting farther away. The top expansion priorities for CFOs in Portugal are organic growth and introducing new products or services (73% of respondents considering these priorities as important or very important).

On a broader perspective, taking in consideration past surveys, it is fair to state that CFOs in Portugal tend to be, in average, more cautious and risk averse than their European counterparts.

Only

33%

of respondents have emission targets in place in their companies



Climate pressure

The special questions for this semester focused on climate change and on how companies are reacting. When asked if they feel pressure from their companies various stakeholders to act on climate change, most of the CFOs feel some moderate pressure from all stakeholders. For example, 63% of CFOs feel moderate or high pressure from Shareholders/ Investors. This pressure, however, has not yet created significant action as the majority of the surveyed state that their companies have not yet put in place emission reduction targets.