

Cautious Optimism 2017 Q1 | Portugal



52%

There was a significant increase in the confidence of CFOs, wherein 52% have anticipated a positive economic context for the next year

Leap in confidence

The economic expectations of the respondents had a considerable leap in optimism when compared to last year's perspectives.

The recent positive performances in economic growth and in fiscal deficit, the perception of improved political stability and the country's continued external financing ability may have contributed to this positive evolution.

Unlike the two last surveyed periods (2016 Q1 and 2016 Q3), in which more than 60% of respondents showed pessimism regarding the Portuguese economic scenario, during the period covered by this report 52% of Portuguese CFOs anticipate a positive economic context next year.

In respect to their company's future financial perspective, 52% of CFOs consider that their companies' performance will include positive financial results, overcoming last year's negative sentiment.

Expectations for the main indicators of their companies (revenue, profit margin, employment, CAPEX) are improving, with emphasis to the expected revenue and number of employees.



28%

Portuguese CFOs assign an average probability of 28% to a new exit (or exit vote) from another EU member.

Confidence in EU stability

Following the UK's vote to leave the EU, we asked CFOs to assess the likelihood of further member states leaving, or voting to leave, the union in the next five years. The results show that Portuguese CFOs assign an average probability of 28% for further exits (or exit votes) from another EU member.



56%

Political or economic instability in foreign markets and national public policies are pointed out by CFOs as the major risk factors for business (56% consider these are likely to create an impact)

Risk aversion

When looking at 2017, Portuguese CFOs remain very cautious and conservative, with 80% of respondents not willing to take more risk in their balance sheet. Nonetheless, the willingness to take risks has improved since the previous period in analysis, when this figure stood at 87%. It should be noted that CFOs in Portugal remain one of the most averse to risk, and are only surpassed by those in Greece (82%) and Turkey (89%).

Similarly to the previous analysed period (2016 Q3), the factors that CFOs believe to pose greater risk to their businesses are political or economic instability in external markets and domestic public policies, although there has been a substantial reduction on the likelihood of these two factors, as well as in instability in financial markets, to impact their businesses over next 12 months.



93%

According to the surveyed CFOs, costs control continue to be next year's focus

Focus on costs control

Similarly to previous analysed periods, defensive strategies are also the main focus of CFOs in the first quarter of 2017. On the top of the priorities list are cost control / reduction and working capital efficiency.

In terms of growth strategies, organic growth and introduction of new products and services are the top priorities.

Expanding by acquisition and divestment come last in terms of priority for the next 12 months.