

Key findings of the CFO survey



80%

Confidence seems to be restored, with 80% of CFOs considering the economic outlook over the next 12 months to be positive.



69%

Despite the overall optimism, risk appetite is still low, as 69% of CFOs believe that it's not a good time to take risks.



External risks, namely political and financial instability as well as domestic public policies, are the major CFOs' concerns.



For the majority of CFOs, cost control and reduction are the top priorities for the next year, as opposed to growth strategies and new investments, which are not seen as important.



60%

Internal financing is seen as a preferred source of funding, with 60% of CFOs considering it very attractive or attractive.

Optimistic Mood

Portuguese economic indicators have been improving and CFOs in Portugal seem to have re-established their confidence in the country's economy. In fact, nearly 80% of CFOs expect a brighter future over the next 12 months and 47% are fairly more optimistic (just 3% are less optimistic) when compared to the previous three months.

The positive sentiment is extended to businesses' financial prospects as the great majority of CFOs expect growing revenues (74%) and better operating margins (49%) over the next year. Interestingly, the investment outlook falls short, with only 43% of CFOs expecting a CAPEX increase.

It should be noted that the survey was conducted before the legislative elections, so the assessed confidence may have changed.

Coping with risk and uncertainty

Despite the overall optimism, 69% of CFOs in Portugal agree that it is not the time to take risks, and international uncertainty is dominating the agenda with 61% of the CFOs classifying it as high.

Overall, external factors are on the top of the biggest concerns for CFOs, with the domestic and international political instability playing a prominent role (73% and 72% respectively), followed by financial system distress (61%) and currency fluctuations (60%).

Moreover, being the international uncertainty the major source of risk, 67% of CFOs agree that events in Greece damaged the prospects of achieving a unified and stable EU in the long term, with 18% considering the damages as significant.

Efficiency in sight

Recovering from a period of economic downturn, efficiency is now on CFOs spotlight.

In fact, 67% of CFOs agree that cost control is the most important strategy for the next year and some 35% of CFOs expect to decrease their work force.

Growth strategies are at the bottom of the list with only 24% considering organic growth as a very important strategy and 18% considering new markets expansion.

Furthermore, 65% expect an increase in corporate restructuring activities and 54% an increase in the M&A's market over the next 12 months.

Internal financing on the rise

CFOs in Portugal favor internal financing over other sources of corporate funding. This could be explained by the stricter credit criteria that reduced the availability of new financing in the last few years as well as the highly leveraged situation of Portuguese companies that, combined, lead CFOs to look for funding alternatives.

Anyway, CFOs still look at bank borrowings as very attractive (25%) as opposed to equity funding, which 14% see as very unattractive, due to markets' uncertainty and lack of private investors.