

Key findings of the CFO survey Portugal • 2016 | Q1



60%

There was a great break in confidence with 60% of CFOs considering the economic context for the next 12 months to be negative.

Plunged Confidence

2016 brought a sharp drop in confidence for Portuguese CFOs, as 60% of the surveyed CFOs are pessimistic about Portuguese economic outlook for 2016. This represents a significant shift from the third quarter (Q3) of 2015 when 80% of CFOs felt the economic outlook for the next 12 months was positive.

The negative sentiment is also reflected in the CFOs expectations about their companies' overall financial performance.

Despite the overall pessimism, the majority of CFOs are still anticipating revenues growth, 57% of the CFOs (74% in last semester).

Expectations for key indicators like margins, capital expenses and workforce are also less optimistic but are still expected to have a modest increase.



57%

Nevertheless, 57% of CFOs anticipate an increase in revenues in their organizations.

Gloomy risk appetite

Looking ahead to 2016, Portuguese CFOs seem even more cautious, since risk appetite is very low, with 85% not willing to take more risk.

Domestic public policies risk now clearly tops the CFOs fears as 83% feel it is likely to pose a significant risk for their business (from 72% in Q3 2015). Fear of stress in the financial system comes in second place (77% vs 61% in Q3 2015).

Overall, the sensitivity has intensified for all risk factors, except for foreign political instability, currency fluctuations, and trade barriers where the likelihood of posing a risk for businesses has decreased.



85%

The risk appetite is low, with 85% of CFOs demonstrating that they are not willing to take risks.

Controlling costs still the priority

This semester, working capital management has attracted some additional attention, with 87% of the Portuguese CFOs agreeing that it is an important or very important strategy for the next 12 months, surpassing cost reduction strategies (74%). However, the on-going cost control remains the CFOs' highest priority (94%).

Growth strategies are on the bottom of the bucket list for 2016, with acquisition and operating cost increase strategies in the last two spots of possible priority strategies for Portuguese companies



Domestic public policies, stress in the financial system and political or economic instability in foreign markets are major concerns for these professionals.

Oil prices bump

According to 30% of the surveyed CFOs the prolonged fall in oil prices pushed-down Portuguese companies.

Among the possible causes is the exposure these companies to Angolan economy, which was intensely affected by the oil price's fall.

In any case, for almost half (47%) of them the effects were neutral or even irrelevant.



87%

Cost control remains the top priority for next year, followed by working capital management that is in the top of mind of 87% of CFOs.