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CFO Signals™

What North America's top finance executives are thinking—and doing

2nd quarter 2020

High-level report

This report is a subset of a full report containing analysis and trends specific to industries and geographies. Please contact nacfosurvey@deloitte.com for access to the full report.

CFO Signals™

2nd Quarter 2020: Reopening for business, but near-normal operating levels not expected until next year

Longitudinal business outlook highlights (please see this quarter's report for one-off "special topics" findings)

ECONOMIC OUTLOOK

Views on North American economy (vs. US GDP)

Economy optimism		Good now		Better in a year	Last quarter	2-yr. avg.
North America	↓	1%	↑	58%	80/35	69/32
Europe	↓	1%	↑	33%	10/11	13/12
China	→	9%	↑	51%	10/27	20/21

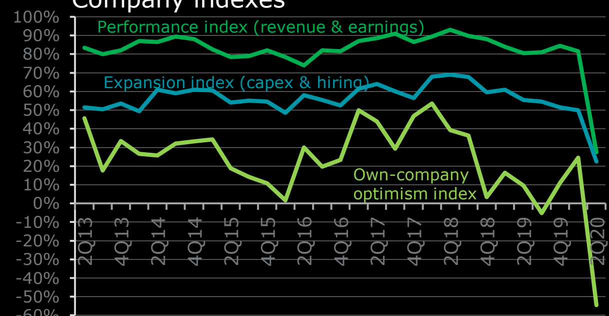
[1] US GDP = percent change from preceding quarter in real US gross domestic product (source: Bureau of Economic Analysis table 1.1.1)

Well below two-year average — Well above two-year average
Well below last quarter — Well above last quarter

- Optimism about the current North American economy fell drastically from 80% to 1%, but 58% expect better conditions in a year.
- Optimism about Europe's current economy fell sharply to 1%, with 33% expecting improvement over the next year; optimism about China's current economy held at 9%, and 51% expect better conditions in a year (note that last quarter's result were collected before COVID-19 was known to have substantially spread beyond China).

COMPANY OUTLOOK

Company indexes



Company optimism and growth		This quarter	Last quarter	2-yr. avg.
Own-company optimism (net)	↓	-54	+24	+5
Revenue growth (YOY)	↓	-8.6%	3.9%	3.0%
Earnings growth (YOY)	↓	-18.7%	6.0%	3.4%
Capital investment growth (YOY)	↓	-12.3%	2.3%	3.2%
Domestic personnel growth (YOY)	↓	-6.0%	1.2%	1.0%

Well below two-year average — Well above two-year average
Well below last quarter — Well above last quarter

- The **own-company optimism index fell drastically** from +24 to -54—by far a historic survey low.
  (Index = percent of CFOs citing rising optimism regarding their company's prospects minus the percent citing falling optimism.)
- The **performance index fell sharply** from 81 to 27 due to historic lows for both revenue and earnings growth expectations.
  (Index = average of percentages of CFOs citing positive YOY revenue growth and earnings growth.)
- The **expansion index slid markedly** from 50 to just 24 (by far a new survey low), hurt by survey lows for both capital spending and domestic staffing expectations. (Index = average of percentages of CFOs citing positive YOY capital spending growth and domestic hiring growth.)

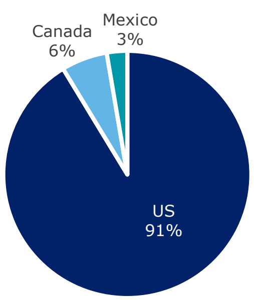
About the survey
Contents and background

About the CFO Signals survey

Each quarter (since 2Q10), *CFO Signals* has tracked the thinking and actions of CFOs representing many of North America's largest and most influential companies.

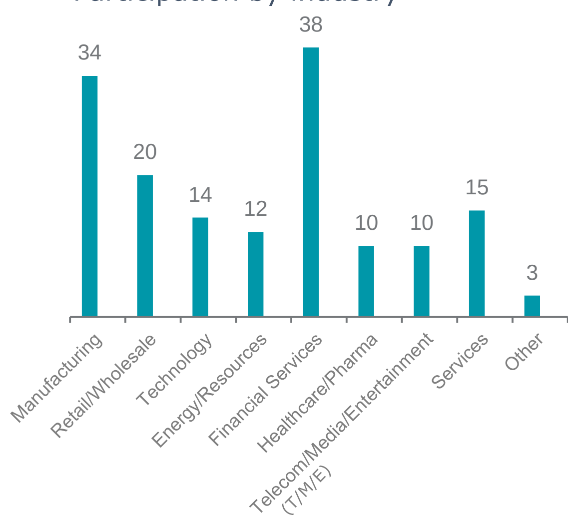
All respondents are CFOs from the US, Canada, and Mexico, and the vast majority are from companies with more than $1 billion in annual revenue. For a summary of this quarter's response demographics, please see the sidebars and charts on this page. For other information about participation and methodology, please contact nacfosurvey@deloitte.com.

Participation by country*



* Sample sizes for some charts may not sum to the total because some respondents did not answer all demographic questions.

Participation by industry*



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Additional findings in full report
(please contact nacfosurvey@deloitte.com)

- Detailed findings (by industry)
- Industry-by-industry trends
- Country-by-country trends

Survey responses

Survey period:	5/4-5/8
Total responses:	156
• CFO proportion:	100%
• Revenue >$1B:	84%
• Public/private:	71%/29%

Survey leaders

Greg Dickinson
Managing Director, *CFO Signals*
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Lori Calabro
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Summary and context

Reopening for business, but near-normal operating levels not expected until next year

Each *CFO Signals* quarterly report over the last decade has highlighted the number and importance of factors that have changed in the time between surveys. To say the least, this quarter's events make the time between all prior surveys seem positively tranquil.

Since the release of the last report, the global COVID-19 outbreak has dominated economic, social, and political life and, as the sidebar on this page illustrates, the pandemic's fallout has been both severe and widespread. Accordingly, governments, businesses, and individuals worldwide have taken wide-ranging steps to adjust to drastically different economic and social conditions than existed just a quarter ago.

In last quarter's survey, conducted just prior to the news of major spreading outside China and before equity markets suffered historic losses, COVID-19 concerns were already topping CFOs' list of most worrisome risks, and expectations for company performance over the next year were relatively poor. Still, their economic outlook was actually beginning to improve on the heels of a then-new US-China trade deal.

Conditions have obviously changed dramatically since then, and the world has had to cope with the impacts of extensive global disruption. In response, governments and central banks have implemented extensive efforts to limit the virus's spread, mobilize health and safety efforts, and bolster the liquidity of businesses and households.

While those efforts have brought some welcome relief, this quarter's findings indicate that many management teams remain focused more on ensuring viability and adapting for near-term performance than on evolving their company for success post-crisis. Still, teams' focus varies greatly by industry, and many appear to be putting in substantial work on survival, adaptation, and evolution at the same time.

While the world's collective action may have helped slow the spread of the virus and aided the treatment of affected people, it has also produced sharp declines in economic activity and growing pressure to reopen business operations. Now, as governments begin to loosen restrictions, CFOs and their teams are making difficult choices about what actions to take and when.

To help CFOs check their teams' thinking against that of their large company peers, this quarter's survey examines companies' go-forward plans and the assumptions and beliefs underlying them. Nearly half of CFOs say they will start allowing on-site work as soon as governments allow it, but about 45% say their efforts to work on-site will be limited by the expectation of a fall resurgence of the virus.

Three-fourths say they believe their company can sufficiently manage the risks of on-site work for substantial parts of their business, and they mostly do not expect to provide hazard pay to make it happen. Still, about 70% say those who can continue to work remotely will have the option of doing so.

When it comes to achieving near-normal levels of on-site work, 52% say effective on-site testing is necessary, with effective treatments and vaccines less so at 35% each. Thirty-six percent cite dependence on the reopening of school and daycare facilities.

Overall, however, 60% of CFOs do not expect to return to a pre-crisis level of operations in 2020. Instead, 21% expect to reach this milestone in 1Q21, with 39% saying 2Q21 or later. Accordingly, growth expectations for revenue, earnings, capital spending, and hiring have fallen to by far their lowest levels in the survey's 10-year history.

As CFOs look to a post-crisis future, many say they expect substantially higher levels of automation and cloud computing, and they overwhelmingly expect more remote work (including within their finance teams). Accordingly, many also expect a smaller real estate footprint. What they mostly do not expect is less cross-border sourcing (many do expect more diversified supply chains), and they express mixed concern about credit and currency markets.

Key developments since the 1Q20 survey

- COVID-19 reached pandemic status, with more than 3.5m cases and 250k deaths across more than 200 countries (as of 5/8); more than 70% of US citizens were under stay-at-home orders across 35 states.
- Companies in many sectors experienced substantial or complete shutdowns.
- US unemployment claims rose by more than 30 million; Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a $2 trillion relief package for businesses and households.
- US equity markets, having hit new highs in February, declined more than 30% in March before partially recovering; the S&P 500 fell 16% between surveys.
- To bolster liquidity, the US Fed sharply cut rates and boosted asset purchases—undertaking more purchases in a week than in the first six months of quantitative easing.
- Estimates for second quarter US GDP (including Deloitte's) projected a decline of about 30%.
- Oil prices temporarily fell far below zero, with the price of WTI falling much more than Brent crude.
- EU governments reached a deal to provide support to member states; the ECB announced massive, unconditional purchases of government bonds.
- China appeared to be seeing a slow recovery; Wuhan reopened in early April.
- Mexican economic activity fell 2.4% in the first quarter, the worst contraction since 3Q09.
- Canada's economy grew only 0.1% in January, then faced crisis and oil price headwinds.
- With no proven vaccine or cure, more than 30 states had plans to begin loosening restrictions in May.

Findings at a glance

Perceptions

How do you regard the status of the North American, European, and Chinese economies? Perceptions of North America fell drastically, with just 1% of CFOs rating current conditions as good (80% last quarter), but 58% expecting better conditions in a year (up from 35%). Europe's numbers were also down sharply, coming in at 1% and 33%. Perceptions of China's current conditions held at 9%, and expectations for a year from now rose sharply to 51%. **Page 7.**

What is your perception of the capital markets? Sixty-three percent of CFOs say debt financing is attractive (down from 90%) following major drawdowns on credit facilities. Equity financing is considered attractive by 25% (down from 46%) of public company CFOs and 13% (down from 37%) of private company CFOs. Fifty-five percent still say US equity markets are overvalued (down from 83%) despite very sharp market declines. **Page 8.**

Sentiment

Compared to three months ago, how do you feel about the financial prospects for your company? The net optimism index fell drastically from last quarter's +24 to an historic survey low of -54. Just 11% of CFOs expressed rising optimism (38% last quarter), and 65% (a historic survey high) expressed declining optimism (14% last quarter). **Page 9.**

Expectations

What is your company's business focus for the next year? Companies shifted toward their first collective cost reduction (over revenue growth) focus in survey history, and they doubled down on current geographies (over new ones) and organic growth. **Page 10.**

How will your key operating metrics change over the next 12 months? YOY growth expectations fell drastically, with each metric hitting a new low and turning negative for the first time in survey history. Revenue growth slid from 3.9% to -8.6%; earnings growth fell from 6.0% to -18.7%. Capital spending slid sharply from an already-low 2.3% to -12.3%. Domestic hiring fell from 1.2% to -6.0%, and dividend growth slid from 3.7% to -4.8%. **Page 11.**

Special topic: COVID-19 phase/focus

Which modes best describe your management team's current focus? CFOs say their management teams are focused more on ensuring viability and adapting for near-term performance than on evolving their company for success post-crisis; industry differences are dramatic, with many Retail/Wholesale and Services companies largely in survival mode. **Page 12.**

Special topic: Resumption of operations

What is your best guess for when your company will return to a near-normal operating level? CFOs' initial optimism about near-normal operations has faded, with 60% now saying this milestone will not be reached until 2021 or later. Retail/Wholesale and Services CFOs are the most pessimistic. **Page 13.**

2Q20 Survey Highlights

- Assessments of the North American and European economies fell to historic lows; many CFOs believe conditions will be better in a year.
- Own-company optimism reversed its recent gains, falling drastically to a new survey low.
- Reflecting historic lows for expected year-over-year revenue and earnings growth, domestic hiring growth expectations fell sharply to -6.0%—indicating substantial staff cuts.
- Executive teams appear more focused on ensuring viability and adapting for near-term performance than on evolving for post-crisis success; many cite substantial focus on all three at the same time, and there are sharp industry differences.
- Optimism about a return to near-normal operations has faded, with 60% saying this milestone will not be reached until 2021 or later.
- Three-fourths of CFOs say they can sufficiently manage the risks of on-site work, and most do not expect to provide hazard pay; 71% say those who can continue to work remotely will have the option.
- Just under half of CFOs say they will resume on-site work as soon as governments allow it; 43% say their efforts will be limited by a possible fall resurgence; just over half say effective on-site testing is necessary, with treatments and vaccines both coming in at 35%.
- In a year, CFOs expect major increases in remote work, automation, and cloud computing, and many expect a smaller real estate footprint; they are less likely to expect changes to cross-border sourcing, and there is disagreement around credit/currency markets and distressed asset purchases.

How are you approaching your company's transition back to on-site work? Three-fourths of CFOs say they can sufficiently manage the risks of on-site work, and 48% say they will resume on-site work as soon as governments allow it; 43% say their efforts will be limited by expectations of a fall resurgence; 71% say those who can continue to work remotely will have the option; 52% say effective on-site testing is necessary, while treatments and vaccines came in at 35%. **Page 14.**

A year from now, how do you expect your operations to compare to pre-crisis? CFOs expect major increases in remote work, automation, and cloud computing, and many expect a smaller real estate footprint; they are less likely to expect changes to cross-border sourcing. Nearly 30% expect changing FX rates or currency values to impact their business, and 25% expect a credit crisis. About one third do not expect the US dollar to decline, and 31% expect to purchase distressed assets. **Page 15.**

Topical findings

Perceptions

Assessments of regional economies

COVID-19 drove this quarter's assessments of the current North American and European economies to historic survey lows; the silver lining may be that many CFOs believe conditions are likely to be better in a year.

Assessments of the current North American economy, having experienced five quarters of declines through 2018 and 2019, rose sharply last quarter to 80% (a US-China trade deal had just been completed). Similarly, assessments of the economy's future were trending upward, reaching the highest reading since 3Q18 at 35% last quarter.

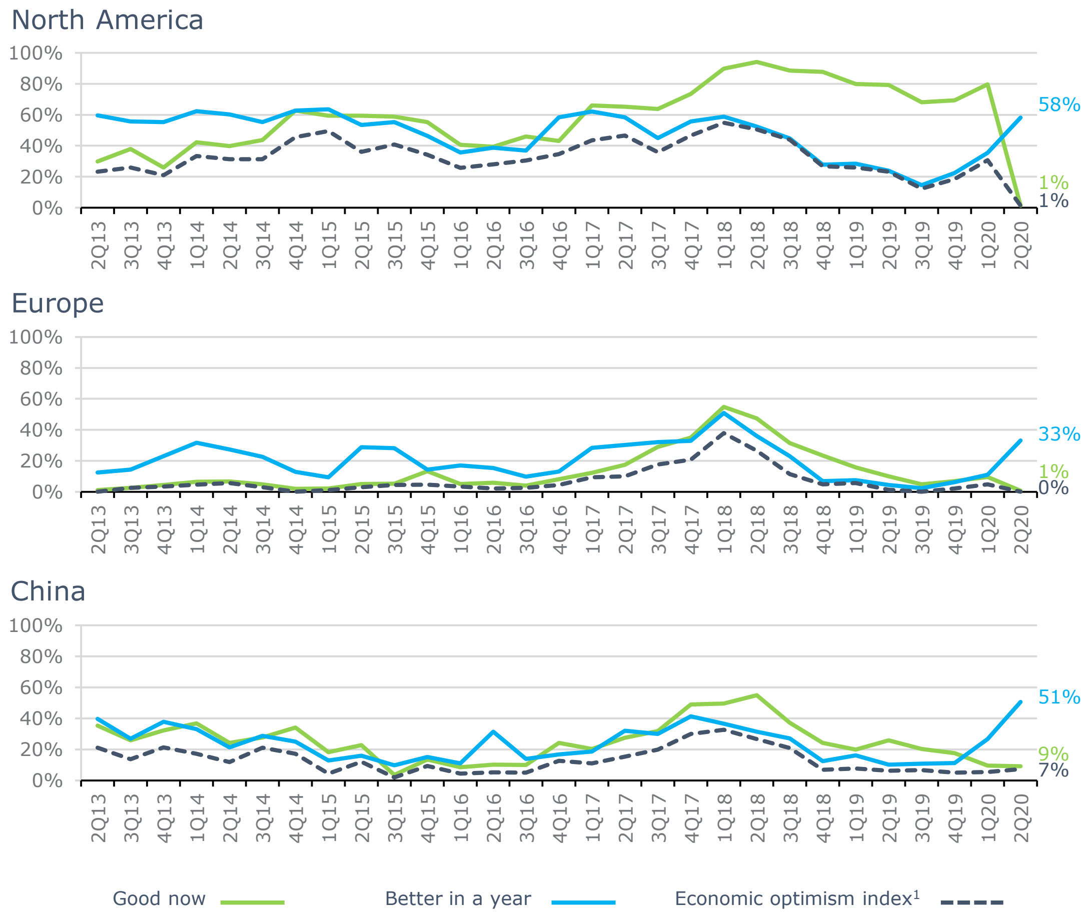
This quarter, the proportion rating current conditions as good dropped to just 1%. On the plus side, nearly 60% expect better conditions in a year.

Perceptions of Europe's economy have receded sharply since 1Q18, but rebounded slightly lately (Brexit had just been completed last quarter). This quarter, current assessments dropped to just 1%, but about one-third expect improvement over the next year.

Perceptions of China's current economy were poor at 10% last quarter (coronavirus was already a major factor), and it held steady this quarter. Just over half now expect better conditions in a year.

Economic optimism

How do you regard the North American, European, and Chinese economies? Percent of CFOs saying current conditions are good or very good, percent saying conditions next year will be better or much better, and percent saying both (dotted line)



[1] Indexes reflect the percentage of respondents who rate current economic conditions as "good" or "very good" and who also expect "better" or "much better" conditions in a year. Please note that the calculation of this index changed in 1Q18 and all values from prior quarters have been recalculated based on the new methodology.

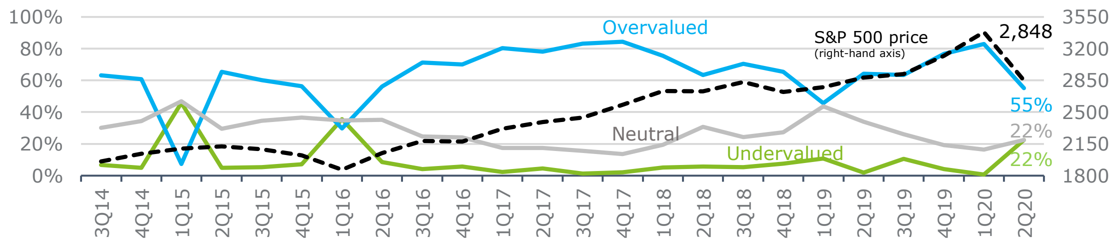
Perceptions

Assessments of markets and risk

Equities regarded as overvalued despite sharp declines. Equity markets experienced steep declines starting the week of 2/24, falling more than 30% in March from their recent highs. They have recovered substantially, but the S&P 500 still netted a 16% decline between surveys. Twenty-two percent now regard equity markets as undervalued, but 55% say they are overvalued.

Equity market valuations

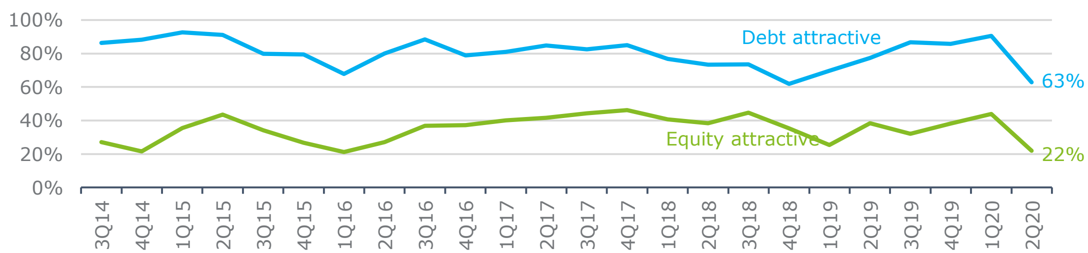
How do you regard US equity market valuations? Percent of CFOs saying markets are overvalued, undervalued, or neither (compared to S&P 500 price at survey midpoint)



Debt financing attractiveness near survey low; equity attractiveness down sharply. With continuing very low interest rates (the US Fed dropped rates a half point in early March) and in the aftermath of broad drawdowns of credit lines, debt attractiveness fell from 90% to 63%. With equity markets down sharply, equity financing attractiveness fell drastically for both public company CFOs (from 46% to 25%) and private company CFOs (from 37% to 13%).

Debt/equity attractiveness

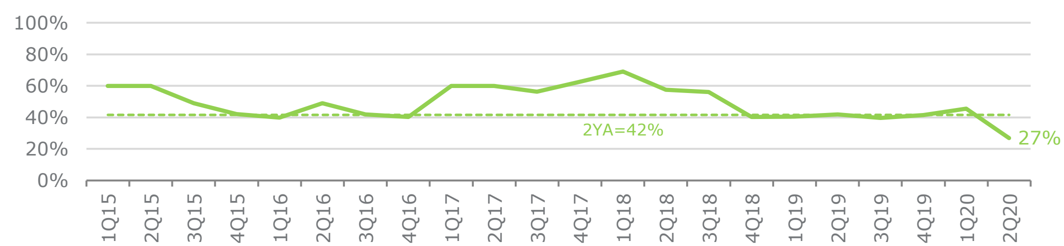
How do you regard debt/equity financing attractiveness? Percent of CFOs citing debt and equity attractiveness (both public and private companies)



Much lower appetite for risk-taking. The proportion of CFOs saying it is a good time to be taking greater risk flatlined around 40% through 2019, This quarter, though, it plummeted to just 27%—by far the lowest level since we began tracking this metric in 2015.

Risk appetite

Is this a good time to be taking greater risk? Percent of CFOs saying it is a good time to be taking greater risk



2YA = Two-year average

Sentiment

Optimism regarding own-company prospects

Own-company optimism reversed its recent gains, falling drastically to a new survey low. Sixty-five percent expressed falling optimism, with all countries and industries down sharply.

Net optimism rebounded from a low of -5% in 3Q19 to a considerably better +24 last quarter. But this quarter it fell precipitously to a new survey low at -54%. Just 11% of CFOs expressed rising optimism (well down from last quarter's 38% and a new survey low), while 65% cited declining optimism (well up from last quarter's 14% and another survey record).

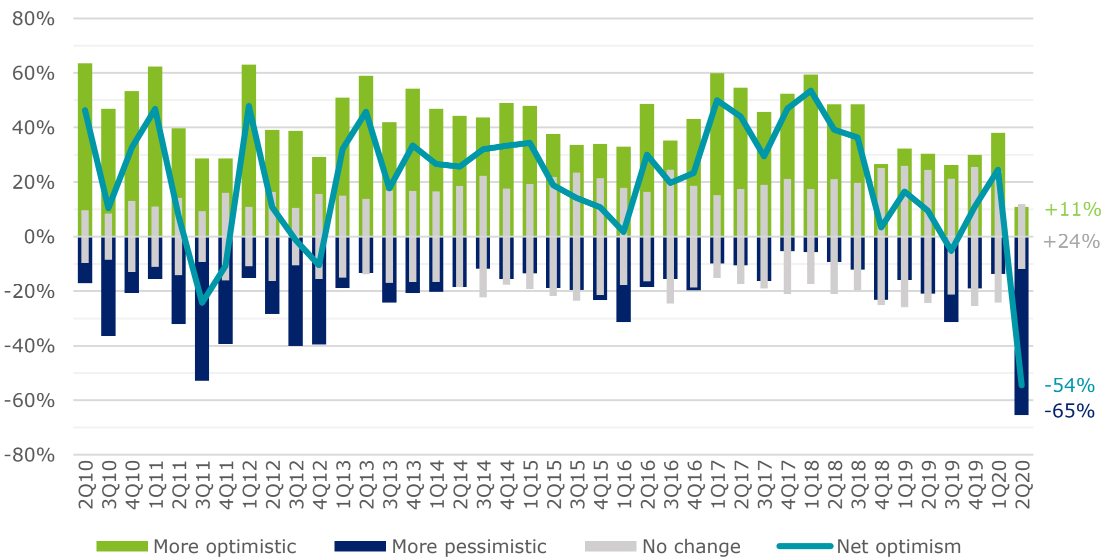
Net optimism for the US fell sharply from +23 to -54. Canada fell drastically from last quarter's +57 to -67. Mexico fell from +18 to -60.

Retail/Wholesale, Energy/Resources, and Services were the most negative, with all near -75%. Healthcare/Pharma, Technology, and Financial Services were the most positive, all in the -40 to -45 range.

Please see the full report for industry-specific charts.

Own-company optimism

Compared to three months ago, how do you feel now about the financial prospects for your company? Percent of CFOs citing higher optimism (green bars), lower optimism (blue bars), and no change (gray bars); net optimism (line) is difference between the green and blue bars



Net optimism by country and industry (1Q20)

Total	US	Mexico	Canada	Manufacturing	Retail/ Wholesale	Technology	Energy/ Resources	Financial Services	Healthcare/ Pharma	T/M/E	Services
-54%	-54%	-60%	-67%	-53%	-75%	-43%	-75%	-45%	-40%	-50%	-73%

Red = relative lows
Green = relative highs

Expectations

Business focus for next year

Companies shifted toward their first collective cost reduction (over revenue growth) focus in survey history, and they doubled down on current geographies (over new ones) and organic growth.

For the first time in survey history, CFOs indicated a net focus on cost reduction over revenue growth (43% vs. 32%, for a net of -11%). The bias toward investing cash over returning it accelerated (62% vs. 8%, for a net of +54%).

The focus on current offerings over new ones continued to rise (47% vs. 31%, for a net of -16%), with the highest current offering biases in the last four years. The recent focus on current geographies over new ones accelerated markedly (86% vs. 4%, for a net of -82%), with by far the highest focus on current geographies in seven years.

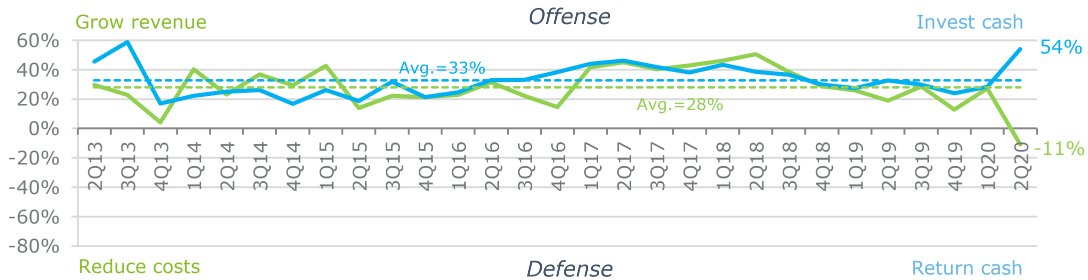
The bias toward organic over inorganic growth rose to its highest level in seven years (70% vs. 7%, for a net of -63%).

Please see the full report for industry-specific charts.

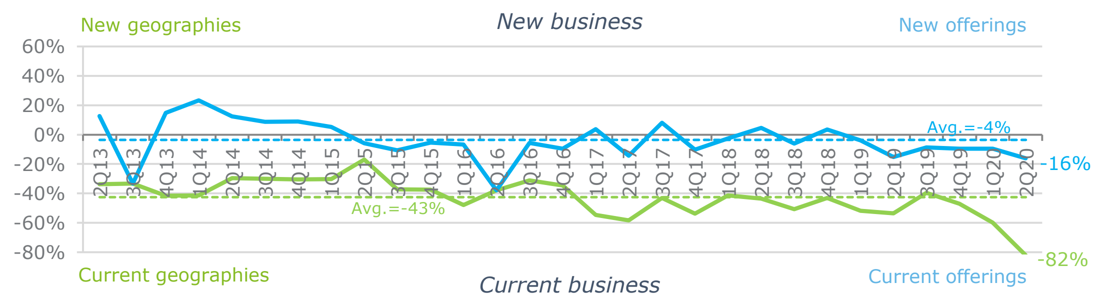
Business focus

What is your company's business focus for the next year? Net percent of CFOs citing a stronger focus on the top choice than on the bottom choice (e.g., grow revenue vs. reduce costs)

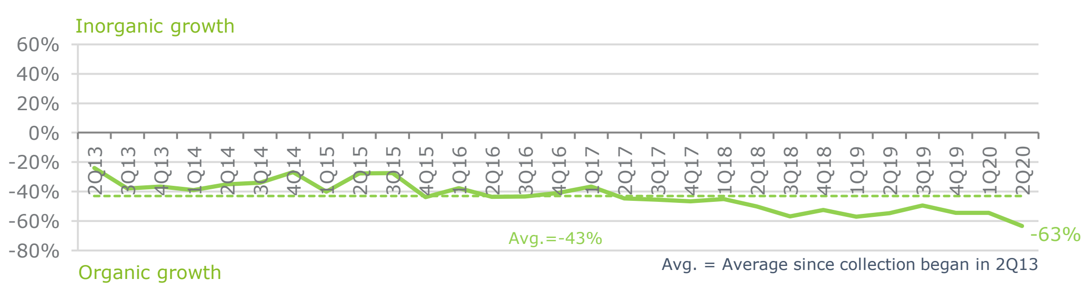
Offense vs. defense



New business vs. current business



Inorganic growth vs. organic growth



Expectations

Growth in key metrics, year-over-year

All growth expectations declined drastically, and turned negative for the first time in survey history.

Revenue growth fell sharply from 3.9% to -8.6%—negative for the first time, and by far the lowest in survey history. The US, Canada, and Mexico all hit new lows by wide margins. Healthcare/Pharma and Technology are positive and lead from an industry standpoint; Retail/Wholesale and Services trail by a wide margin.

Earnings growth fell drastically from 6.0% to -18.7%—a new low by a wide margin, and a very sharp decline even among the other metrics' strong declines this quarter. The US, Canada, and Mexico all hit new lows by wide margins. Only Technology is above zero; Retail/Wholesale and Services are by far the lowest.

Capital spending growth slid sharply from 2.3% to -12.3%, by far a new survey low, and the first-ever negative reading. The US and Mexico hit new lows by wide margins; Canada was better, but still negative. Only Healthcare/Pharma is above zero; Retail/Wholesale is lowest by a wide margin.

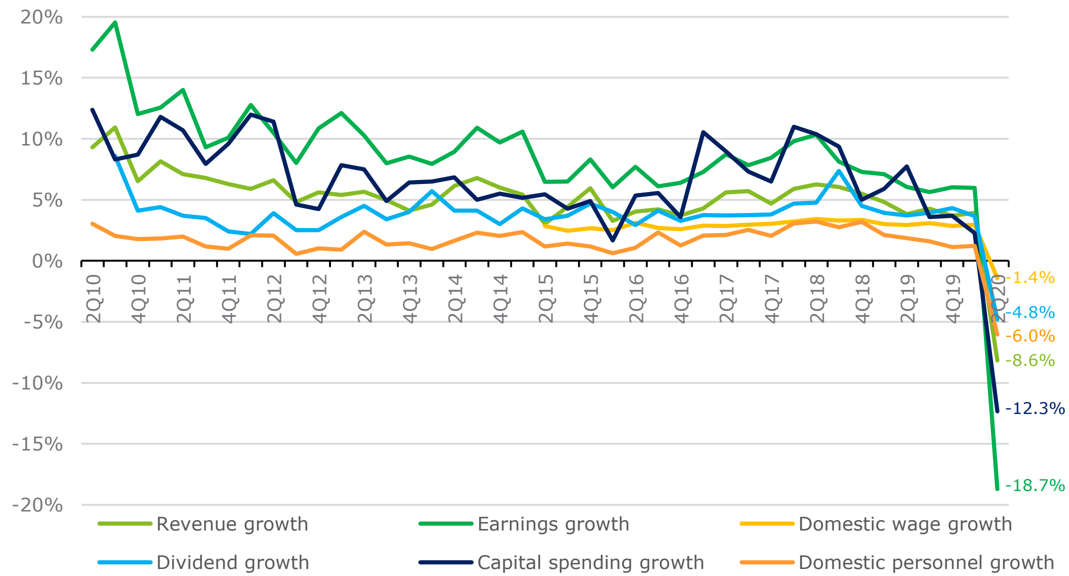
Domestic hiring growth fell markedly from 1.2% to -6.0%, another new survey low. The US and Mexico hit new lows by wide margins; Canada was the only country with positive growth. All industries are negative; Retail/Wholesale is lowest by far.

Dividend growth slid from 3.7% to -4.8%, the lowest-ever level and first-ever negative reading.

Please see the full report for industry-specific charts.

Performance and investment expectations

Compared to the past 12 months, how do you expect key metrics to change over the next 12 months? CFOs' expected year-over-year company growth



Expectations by country and industry

	Total	US	Mexico	Canada	Manufacturing	Retail/Wholesale	Technology	Energy/ Resources	Financial Services	Healthcare/ Pharma	T/M/E	Services
Revenue	**-8.6%**	-8.6%	-11.8%	-7.8%	-11.1%	-20.7%	4.5%	-10.9%	-5.2%	5.9%	-5.0%	-17.9%
Earnings	**-18.7%**	-18.4%	-20.4%	-23.1%	-18.5%	-39.4%	2.4%	-12.6%	-16.7%	-11.0%	-9.7%	-31.4%
Capital spending	**-12.3%**	-12.2%	-28.4%	-2.6%	-18.1%	-23.7%	-1.8%	-17.8%	-7.7%	3.6%	-8.4%	-14.1%
Domestic hiring	**-6.0%**	-6.4%	-10.6%	0.5%	-6.9%	-15.1%	-1.2%	-2.1%	-4.9%	-1.0 %	-5.6%	-5.6%
Dividends	**-4.8%**	-4.3%	-30.0%	1.3%	-6.3%	-10.6%	0.7%	2.5%	-5.5%	4.2%	-11.8%	-1.0%
Domestic wages	**-1.4%**	-1.8%	1.4%	2.8%	-1.6%	-5.3%	0.1%	-0.9%	-0.3%	2.4%	0.8%	-4.7%

Red = relative lows
Green = relative highs

Special topic: COVID-19 phase/focus

Management team's current focus

CFOs say their management teams are focused more on ensuring viability and adapting for near-term performance than on evolving their company for success post-crisis.

Overall, CFOs say 24% of their focus is on ensuring survival/viability and 38% is on adapting to maximize current performance. Retail/Wholesale and Services are highest for survival/viability (41% and 33%, respectively). Manufacturing, Financial Services, and Energy/Resources are highest for adapting (43% to 45%).

CFOs say 24% of their team's focus is on evolving business models for the post-crisis future and that just 13% is on planning/making fundamental business strategy shifts. All industries report at least a 30% focus on these two areas (combined); Healthcare/Pharma, Telecom/Media/Ent., and Technology are above 40%.

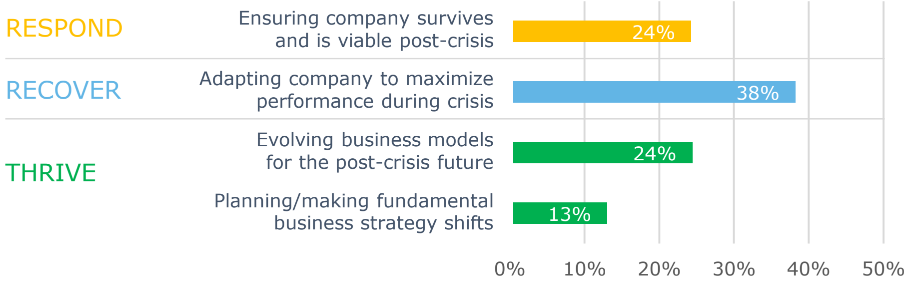
Many CFOs cite a 25% or higher focus in multiple areas, and dominant modes are very industry dependent.

Survival/viability is a 25%+ focus for 45% of companies and the top focus for 33% (led by Retail/Wholesale and Services). Adaptation is a 25%+ focus for 79% and the top focus for 62% (led by Energy/Resources, Manufacturing, and Financial Services). Evolution is a 25%+ focus for 53%, but the top focus for just 28% (led by Healthcare/Pharma and T/M/E). Strategy shifts are a 25%+ focus for 19% and the top focus for just 9% (led by Healthcare/Pharma and Technology).

Please see the full report for industry-specific charts.

Management team focus

Which modes best describe your management team's current focus? Average percent of time allocated to each mode



*Percentages do not add to 100% due to rounding.

	Percent reporting at least 25% focus	Percent reporting at least 50% focus	Percent reporting as maximum focus*	Industries most likely to report maximum focus (or tied for maximum)
Ensuring company survives and is viable post-crisis	45%	18%	33%	Retail/Wholesale (60%) Services (47%) Telecom/Media/Ent. (40%)
Adapting company to maximize performance during crisis	79%	35%	62%	Energy/Resources (92%) Manufacturing (74%) Financial Services (66%) Technology (64%)
Evolving business models for the post-crisis future	53%	7%	28%	Telecom/Media/Ent. (50%) Energy/Resources (22%)
Planning/making fundamental business strategy shifts	19%	0.6%	9%	Manufacturing (15%) Technology (14%) Financial Services (13%)

*Adds to more than 100% due to ties among maximum focus.

Special topic: Resumption of operations

Return to near-normal operations

CFOs' initial optimism about near-normal operations has faded, with 60% now saying this milestone will not be reached until 2021 or later; Telecom/Media/Entertainment and Energy/Resources are relatively optimistic, while Retail/Wholesale and Services are the most pessimistic.

Since we conducted a supplemental COVID-19 poll from April 8-10, 2020, the proportion of CFOs not expecting a return to near-normal operating levels until at least 2021 has risen sharply—from 32% to 60%.

The proportions citing "no idea" or operations that are already at or above normal levels stayed relatively consistent, but the proportions expecting a return to normal in the third and fourth quarters of this year fell sharply.

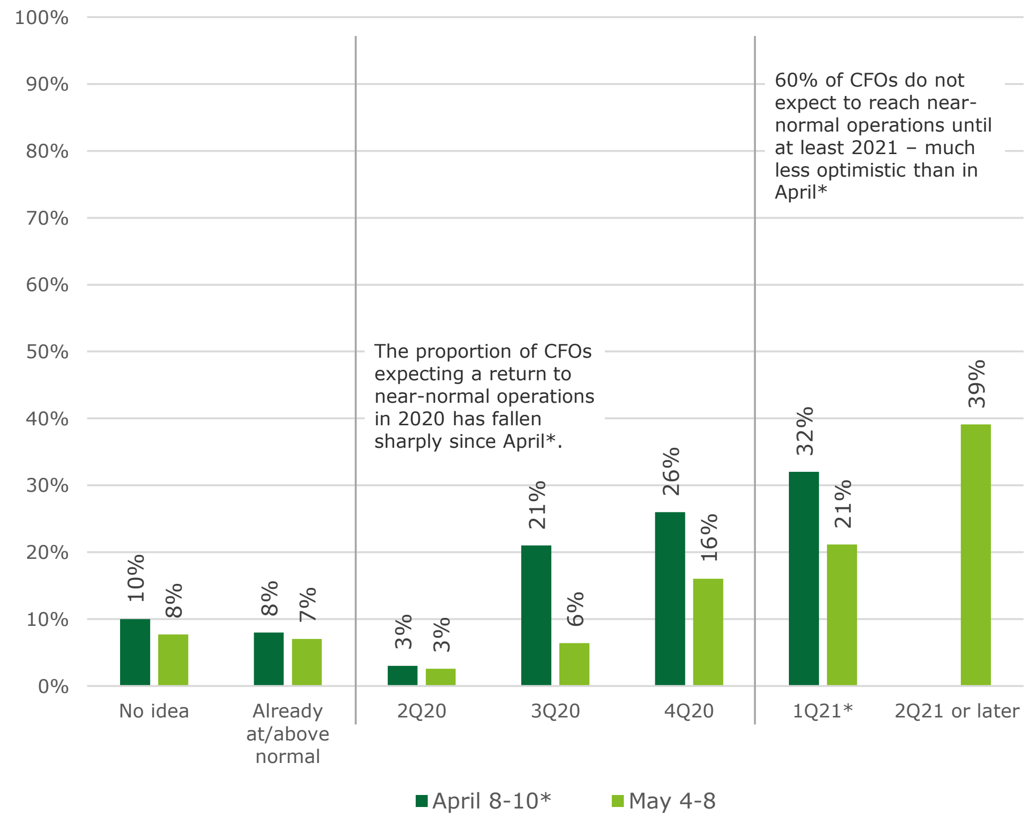
Industries vary greatly in their assessments. Telecom/Media/Entertainment and Energy/Resources are relatively optimistic, with 60% and 50% saying they are already at/above normal operations or will be in 2020, respectively. Healthcare/Pharma is next at 40%.

Retail/Wholesale is the most pessimistic, with 85% not expecting a return to normal until 2021 or later. Services and Manufacturing are next at 80% and 65%, respectively.

Please see the full report for industry-specific charts.

Expected timing of return to near-normal operating levels

What is your best guess for when your company will return to a pre-crisis (or near-normal) level of operations? Percent of CFOs selecting each option/timing



*CFOs from 113 large North American companies (public and private) responded to a supplemental COVID-19 poll between April 8 and April 10. For this poll, respondents' choices ended at 1Q21 or later.

Special topic: Resumption of operations

Beliefs and approaches related to resumption of on-site work

CFOs are mostly optimistic regarding their companies' ability to resume on-site work on at least a limited basis—but there are sharp industry differences.

Just under half say they will resume on-site work as soon as governments allow it. Nearly all say they have established company-wide guidelines for reopening. Forty-three percent say their efforts to work on-site will be limited by the expectation of a fall resurgence of the virus, with the same proportion actively planning for a resurgence.

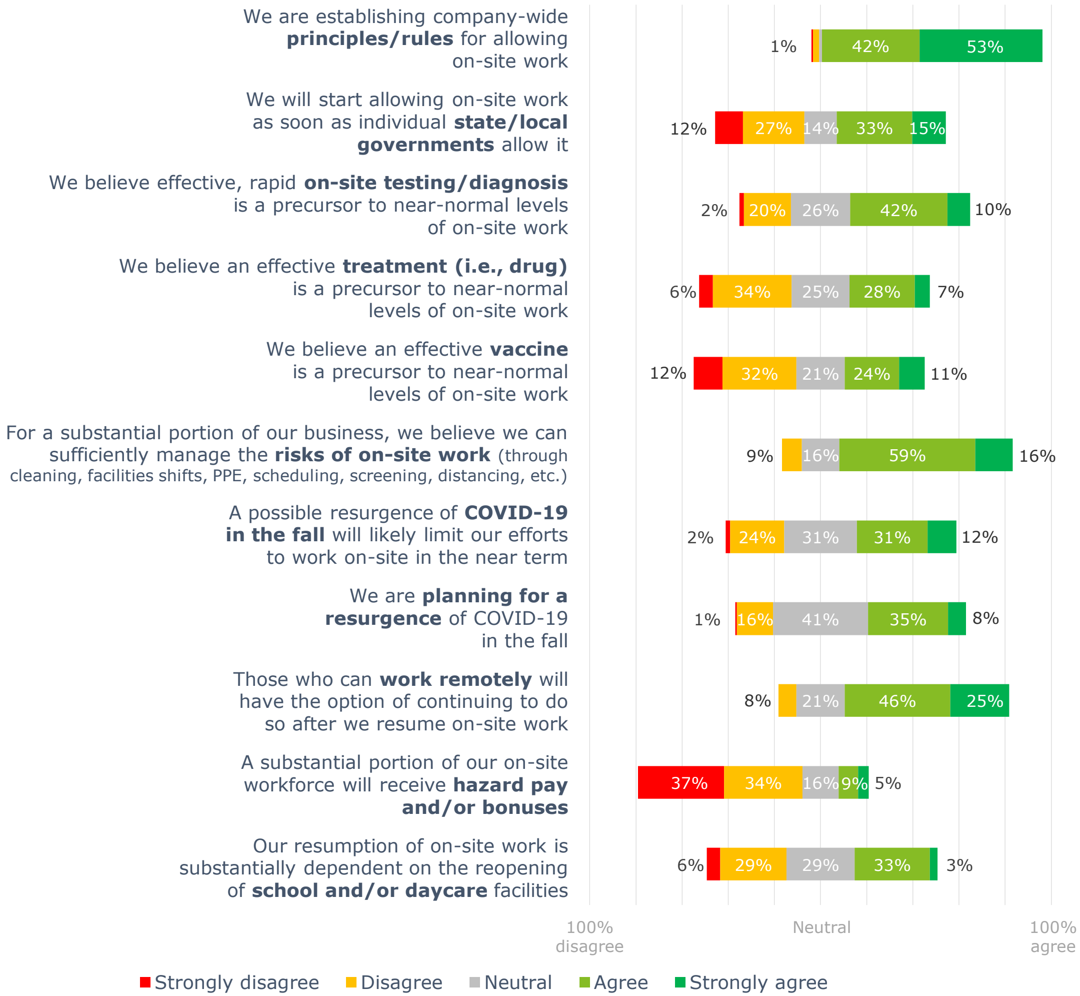
Three-fourths say their company can sufficiently manage the risks of on-site work for at least parts of their business. They overwhelmingly do not expect to provide hazard pay or bonuses, and 71% say those who can continue to work remotely will have the option of doing so.

To get back to near-normal levels of on-site work, 52% say effective on-site testing is necessary. Effective treatments and vaccines appear less necessary, with 35% citing each as a precursor. Just over one-third say they are substantially dependent on the reopening of school and daycare facilities.

Please see the full report for industry-specific charts.

Beliefs and approaches around resumption of on-site work

How are you approaching your company's transition back to on-site work? Percent of CFOs selecting each level of disagreement/agreement



Special topic: A year from now

Post-crisis operations compared to pre-crisis

CFOs expect major increases in remote work, automation, and cloud computing; they are less likely to expect changes to cross-border sourcing, and there is disagreement around credit/currency markets and distressed asset purchases.

Three-fourths expect more of their total workforce to work remotely. Just over 70% say the same for finance work. Nearly half expect a smaller real estate footprint.

Only 16% expect less cross-border sourcing post-crisis. Still, nearly 40% expect their supply chains to be more diversified.

CFOs overwhelmingly expect more automation and cloud computing. More than 70% expect core businesses to be more automated and/or digitized, and 62% expect core IT to be more cloud-based.

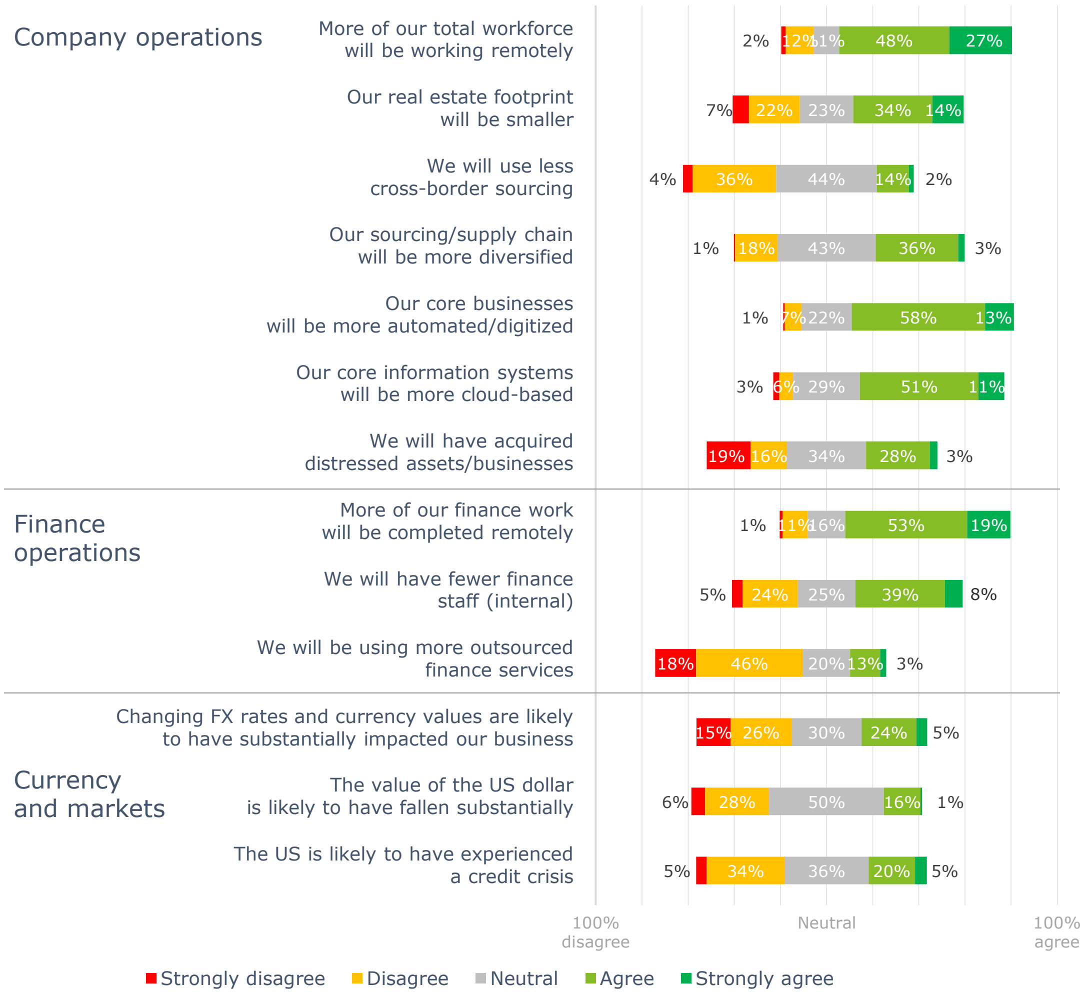
Nearly half expect fewer finance staff in a year. Only 16% expect to use more outsourced finance services.

There is disagreement about credit/currency markets and asset purchases. Nearly 30% expect changing FX rates or currency values to impact their business, and 25% expect a credit crisis (about 40% disagree on both). About 34% do not expect the US dollar to decline, but 17% do. The proportions expecting and not expecting distressed asset purchases are roughly the same at 33%.

Please see the full report for industry-specific charts.

Post-crisis company and finance operations

A year from now, how do you expect your company and finance operations to compare to pre-crisis? Percent of CFOs selecting each level of disagreement/agreement



Appendix

Longitudinal data and survey background

Longitudinal trends

Cross-industry expectations and sentiment (last 24 quarters)

CFOs' year-over-year expectations[1]

(Mean growth rate, median growth rate, percent of CFOs who expect gains, and standard deviation of responses[2])

			3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	Survey mean	2-year mean
Operating results	Revenue	*mean*	6.8%	6.0%	5.4%	3.1%	4.4%	5.9%	3.3%	4.0%	4.2%	3.7%	4.3%	5.6%	5.7%	4.7%	5.9%	6.3%	6.1%	5.5%	4.8%	3.8%	4.3%	3.7%	3.9%	-8.6%	*5.2%*	*2.9%*
		median	5.0%	5.0%	5.0%	5.0%	4.5%	5.0%	3.0%	4.0%	4.0%	4.0%	4.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	-5.0%	*4.7%*	*3.3%*
		%>0	89%	90%	86%	78%	79%	82%	78%	72%	83%	82%	85%	89%	92%	87%	91%	92%	91%	91%	86%	81%	82%	86%	81%	28%	*83%*	*78%*
		standard deviation	5.9%	4.0%	6.4%	6.3%	5.4%	6.8%	5.1%	6.7%	4.8%	3.9%	3.7%	4.4%	3.9%	4.0%	4.1%	4.6%	5.0%	4.3%	4.4%	5.1%	4.9%	3.9%	4.7%	12.7%	*5.6%*	*5.6%*
	Earnings		10.9%	9.7%	10.6%	6.5%	6.5%	8.3%	6.0%	7.7%	6.1%	6.4%	7.3%	8.7%	7.9%	8.4%	9.8%	10.3%	8.1%	7.3%	7.1%	6.1%	5.6%	6.0%	6.0%	-18.7%	*8.6%*	*3.4%*
			8.0%	8.0%	8.0%	5.0%	8.0%	7.0%	5.0%	7.0%	5.0%	6.0%	8.0%	8.0%	7.5%	8.0%	8.0%	10.0%	8.0%	8.0%	7.0%	6.0%	5.0%	5.0%	5.0%	-10.0%	*7.2%*	*4.3%*
			90%	86%	79%	79%	79%	82%	79%	76%	81%	81%	89%	88%	90%	86%	88%	94%	89%	85%	82%	80%	80%	83%	82%	27%	*82%*	*76%*
			8.6%	6.9%	17.1%	11.6%	11.0%	10.5%	9.1%	13.5%	7.0%	7.1%	5.6%	8.6%	5.7%	7.5%	7.7%	7.0%	5.8%	6.2%	4.4%	7.4%	7.0%	6.6%	6.9%	26.9%	*11.1%*	*8.9%*
Investment	Dividends		4.1%	3.0%	4.3%	3.4%	3.7%	4.7%	4.0%	2.9%	4.1%	3.3%	3.8%	3.7%	3.8%	3.8%	4.7%	4.8%	7.4%	4.5%	3.9%	3.7%	3.9%	4.3%	3.7%	-4.8%	*3.9%*	*3.3%*
			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	0.5%	0.0%	2.0%	1.0%	0.0%	*0.1%*	*0.7%*
			45%	44%	47%	43%	45%	45%	46%	42%	43%	43%	43%	46%	43%	45%	49%	47%	51%	43%	44%	50%	48%	55%	54%	26%	*41%*	*46%*
			4.8%	3.8%	5.9%	5.3%	4.7%	7.0%	6.0%	4.7%	7.6%	3.9%	4.7%	5.5%	6.0%	5.8%	6.6%	6.3%	12.8%	4.7%	6.6%	4.6%	4.6%	5.5%	4.3%	13.7%	*6%*	*7.1%*
	Capital spending		5.0%	5.5%	5.2%	5.4%	4.3%	4.9%	1.7%	5.4%	5.6%	3.6%	10.5%	9.0%	7.3%	6.5%	11.0%	10.4%	9.4%	5.0%	5.9%	7.7%	3.6%	3.7%	2.3%	-12.3%	*6.5%*	*3.2%*
			5.0%	5.0%	5.0%	5.0%	2.0%	5.0%	0.0%	4.0%	2.0%	3.0%	5.0%	5.0%	4.5%	3.0%	5.0%	5.0%	5.0%	2.0%	3.0%	2.0%	2.0%	0.0%	2.0%	-5.0%	*3.6%*	*1.4%*
			60%	62%	63%	59%	53%	59%	50%	61%	58%	57%	66%	66%	61%	59%	70%	73%	70%	58%	58%	57%	53%	49%	56%	26%	*59%*	*53%*
			8.9%	10.9%	12.7%	16.5%	11.5%	12.4%	11.2%	16.0%	10.7%	11.4%	20.9%	17.8%	14.2%	12.2%	14.9%	12.2%	14.3%	10.6%	9.7%	14.0%	9.1%	14.0%	9.4%	20.4%	*14%*	*12.7%*
Talent	Number of domestic personnel		2.3%	2.1%	2.4%	1.2%	1.4%	1.2%	0.6%	1.1%	2.3%	1.3%	2.1%	2.1%	2.6%	2.0%	3.1%	3.2%	2.7%	3.2%	2.1%	1.9%	1.6%	1.1%	1.2%	-6.0%	*1.6%*	*1.0%*
			1.0%	1.0%	1.0%	0.0%	1.5%	0.0%	0.0%	1.0%	1.0%	0.0%	1.0%	2.0%	2.0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%	0.0%	0.0%	*0.9%*	*1.1%*
			58%	60%	58%	49%	57%	50%	47%	55%	53%	48%	57%	62%	59%	54%	66%	65%	66%	61%	64%	54%	56%	54%	44%	19%	*53%*	*52%*
			4.5%	3.6%	3.1%	4.5%	4.8%	3.6%	3.0%	3.8%	3.1%	2.3%	1.9%	2.7%	3.8%	3.3%	4.4%	4.4%	3.7%	4.5%	3.3%	3.5%	3.5%	3.5%	3.7%	13.7%	*4.7%*	*4.9%*

CFOs' own-company optimism[3] and equity market performance

		3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	Survey mean	2-year mean
Optimism	Optimism (% more optimistic)	43.7%	49.0%	47.9%	37.6%	33.6%	33.9%	33.1%	48.6%	35.2%	43.1%	59.9%	54.6%	45.6%	52.4%	59.4%	48.5%	48.5%	26.5%	32.3%	30.4%	26.2%	29.9%	38.1%	10.9%	*42.9%*	*30.3%*
	Neutrality (% no change)	44.6%	35.3%	38.5%	43.6%	46.9%	42.9%	35.6%	32.9%	49.2%	37.2%	30.3%	34.8%	38.1%	42.2%	34.8%	42.1%	39.4%	50.4%	51.9%	48.7%	42.4%	51.0%	48.3%	23.7%	*35.4%*	*44.5%*
	Pessimism (% less optimistic)	11.7%	15.6%	13.5%	18.8%	19.5%	23.2%	31.4%	18.6%	15.6%	19.7%	9.9%	10.6%	16.3%	5.4%	5.8%	9.4%	12.1%	23.1%	15.8%	20.9%	31.4%	19.1%	13.6%	65.4%	*21.9%*	*25.2%*
	Net optimism (% more minus % less optimistic)	32.0%	33.3%	34.4%	18.8%	14.2%	10.7%	1.7%	30.0%	19.7%	23.4%	50.0%	43.9%	29.4%	46.9%	53.5%	39.2%	36.4%	3.4%	16.5%	9.5%	-5.2%	10.9%	24.5%	-54.5%	*21.0%*	*5.2%*
Equities	S&P 500 price at survey period midpoint	1,955	2,040	2,097	2,123	2,092	2,023	1,865	2,047	2,184	2,177	2,316	2,391	2,441	2,582	2,732	2,728	2,833	2,722	2,776	2,881	2,919	3,120	3,380	2,848	*2,035*	*2,935*
	S&P gain/loss QoQ	4.1%	4.3%	2.8%	1.2%	-1.5%	-3.3%	-7.8%	9.8%	6.7%	-0.3%	6.4%	3.2%	2.1%	5.8%	5.8%	-0.1%	3.8%	-3.9%	2.0%	3.8%	1.3%	7.0%	8.3%	-15.7%	*2.7%*	*0.8%*
	US equity valuations (% who say overvalued)				65.4%	60.2%	56.3%	29.7%	56.1%	71.3%	70.1%	80.3%	78.0%	83.1%	84.4%	75.5%	63.4%	70.5%	65.3%	45.6%	64.2%	63.4%	76.7%	83.0%	55.1%	*66.5%*	*65.5%*

[1] All means have been adjusted to eliminate the effects of stark outliers. The "Survey mean" column contains arithmetic means since 2Q10.
[2] Standard deviation of data winsorized to 5th/95th percentiles.
[3] Averages for optimism numbers may not add to 100% due to rounding.

Please contact nacfosurvey@deloitte.com for data as far back as 2Q10.

About the survey

Background

The Deloitte North American CFO Survey is a quarterly survey of CFOs from large, influential companies across North America. The purpose of the survey is to provide these CFOs with quarterly information regarding the perspectives and actions of their CFO peers across four areas: business environment, company priorities and expectations, finance priorities, and CFOs' personal priorities.

Participation

This survey seeks responses from client CFOs across the United States, Canada, and Mexico. The sample includes CFOs from public and private companies that are predominantly over $3B in annual revenue. Respondents are nearly exclusively CFOs. Participation is open to all industries except for public sector entities.

Survey execution

At the opening of each survey period, CFOs receive an email containing a link to an online survey hosted by a third-party service provider. The response period is typically two weeks, and CFOs receive a summary report approximately two weeks after the survey closes. Only current and frequent responders receive the summary report for the first two weeks after the report is released.

Nature of results

This survey is a "pulse survey" intended to provide CFOs with information regarding their CFO peers' thinking across a variety of topics; it is not, nor is it intended to be, scientific in any way, including in its number of respondents, selection of respondents, or response rate, especially within individual industries. Accordingly, this report summarizes findings for the surveyed population, but does not necessarily indicate economy- or industry-wide perceptions or trends.

IMPORTANT NOTES ABOUT THIS SURVEY REPORT:

Participating CFOs have agreed to have their responses aggregated and presented.

This is a "pulse survey" intended to provide CFOs with quarterly information regarding their CFO peers' thinking across a variety of topics. It is not, nor is it intended to be, scientific in any way, including in its number of respondents, selection of respondents, or response rate, especially within individual industries. Accordingly, this report summarizes findings for the surveyed population but does not necessarily indicate economy- or industry-wide perceptions or trends.

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