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CFO survey analysis

Clients and Industries, Middle East
October 2017

Survey snapshot (1/2)



143 respondents in the Middle East
involved



45% respondents with **more than 10 years** experience in CFO role



Maximum **participation (17%)** from
Financial services sector



63% respondents with **over 20 years** of
professional experience



9 countries in Middle East
participated in the survey



Participants from **15+**
industries

Survey snapshot (2/2)



Risk appetite

83% of respondents feel **reduced risk appetite**



Uncertainty

65% feel that **financial and economic uncertainty prevails** in business



VAT changes

60% of respondents expect to have **medium to strong impact of VAT changes**



Risk concern

83% of respondents are **worried** about external risks (market and geopolitical)



Optimism

40% of respondents were **optimistic** about **financial prospects** of the company



Most preferred source of credit funding



Bank borrowing



Internal financing



Top three attributes of a successful **CFO**

Result-oriented

Collaborative

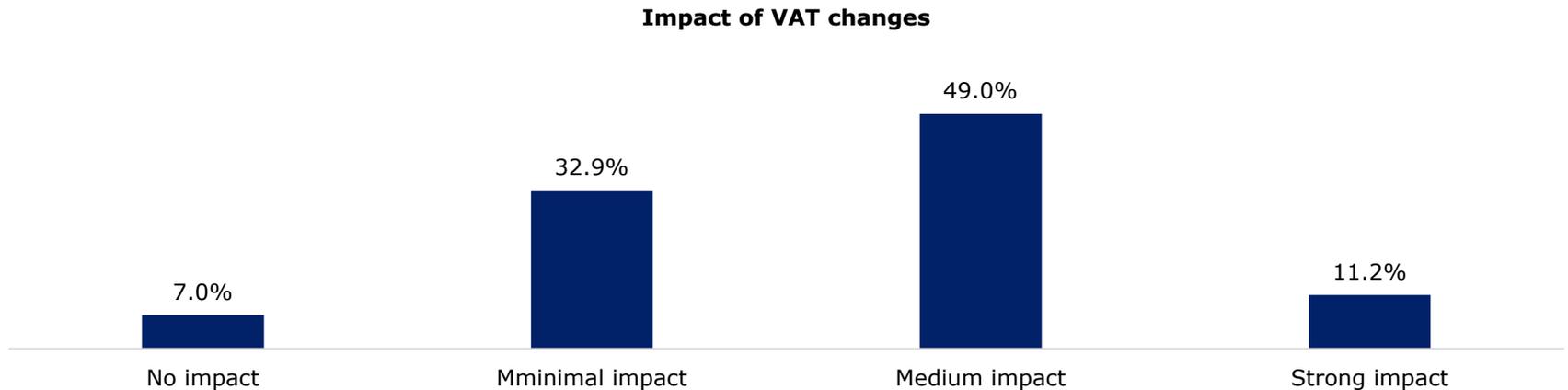
Strategic mindset

Market sentiments

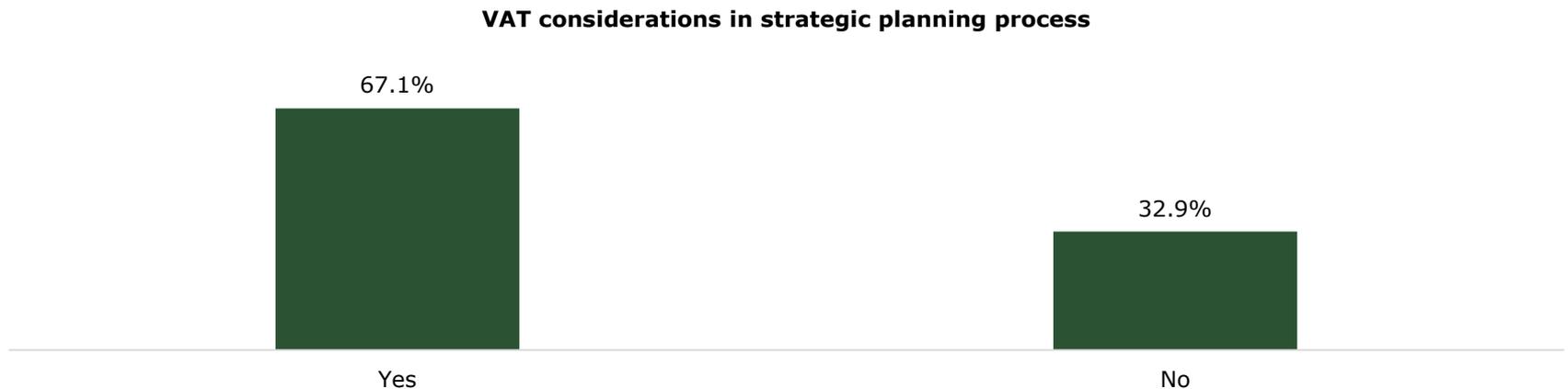
Impact of changes in VAT

Around 60% of the respondents expect proposed changes in VAT to have a significant impact on their businesses. Two-third of respondents have already started considering VAT in their strategic planning process

How do you expect the proposed changes in VAT to impact your business?



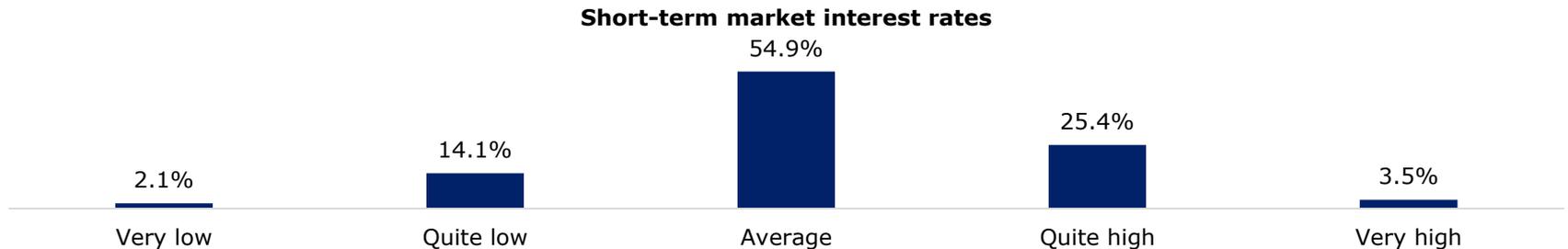
Has your business started incorporating VAT considerations into its strategic planning process?



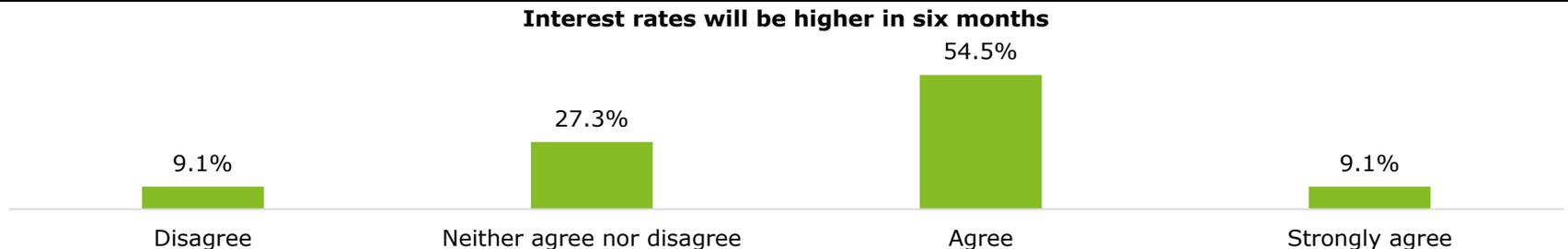
Impact of interest rates

Over 80% feel that interest rates are average to high and 64% respondents expect it to increase further in next six months. However, only 32% feel that interest rates changes will affect their pricing plans

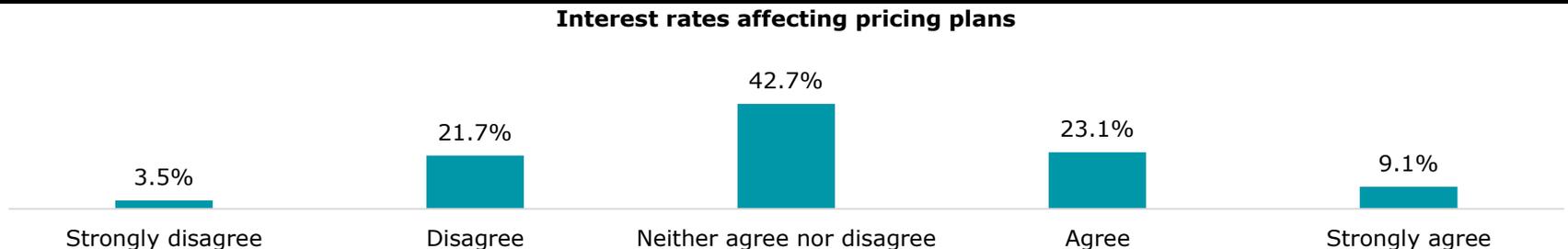
How would you characterize the current level of short-term market interest rates?



How do you view the current environment of interest rates? - Interest rates will be higher in six months



Are interest rate expectations affecting your pricing plans?

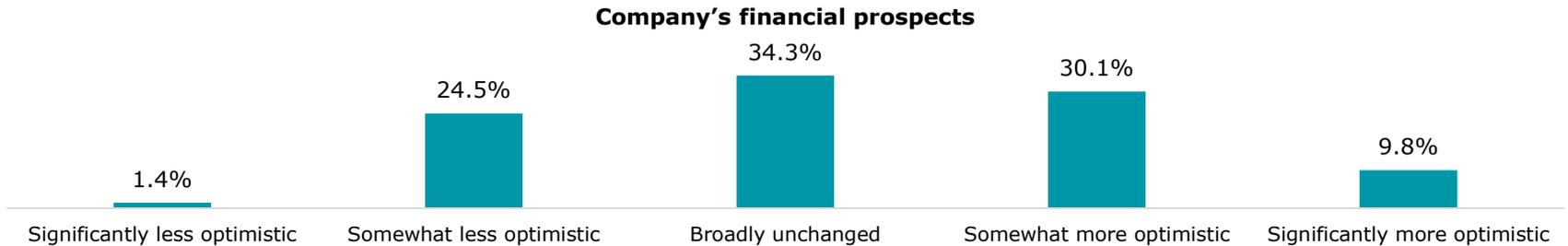


Company outlook/ financial
prospects

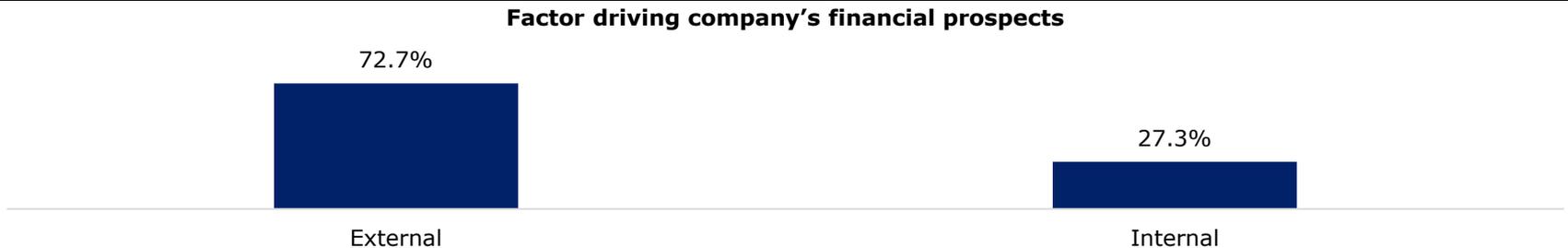
Financial prospects and uncertainty

Around 40% respondents feel optimistic about financial prospects of company. The sentiments is driven mostly by external factors. Majority of respondents (58%) rated high financial and economic uncertainty in business

Compared with six months ago, how do you feel about the financial prospects for your company?



Is your sentiment about your company's financial prospects driven mostly by internal or external factors?



How would you rate the overall level of external financial and economic uncertainty facing your business?



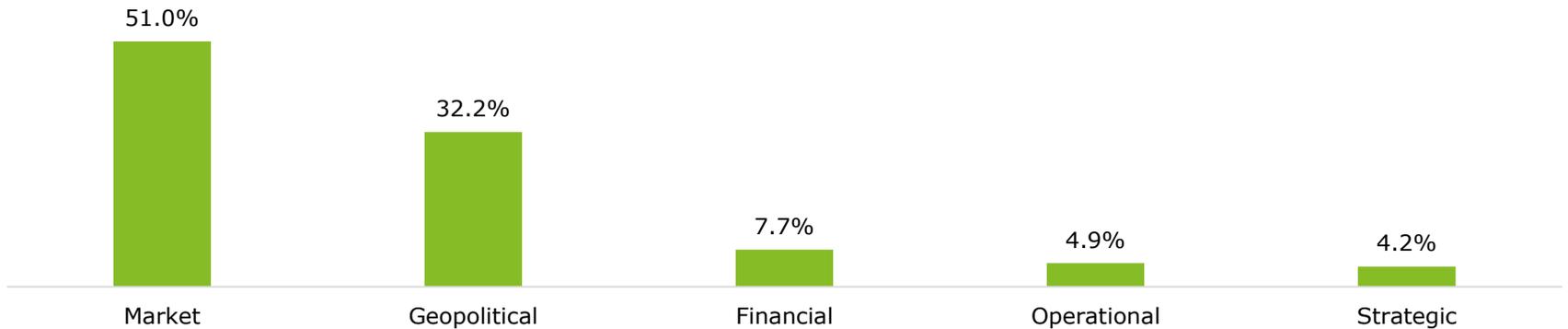
External / internal risks

Risk categories—External/ internal

While changing market conditions are what worry the CFOs most, in the short term, economic and geopolitical factors pose the highest risk to their businesses

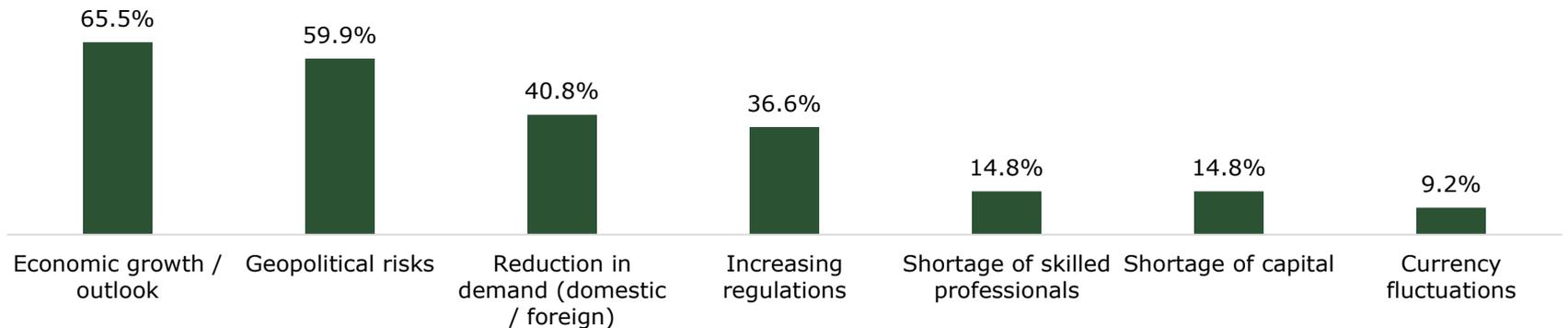
Which of these risk categories worries you most?

Risk categories affecting the most



Which of the following factors are likely to pose a significant risk to your business over the next six months?

Factors posing risks over next six months



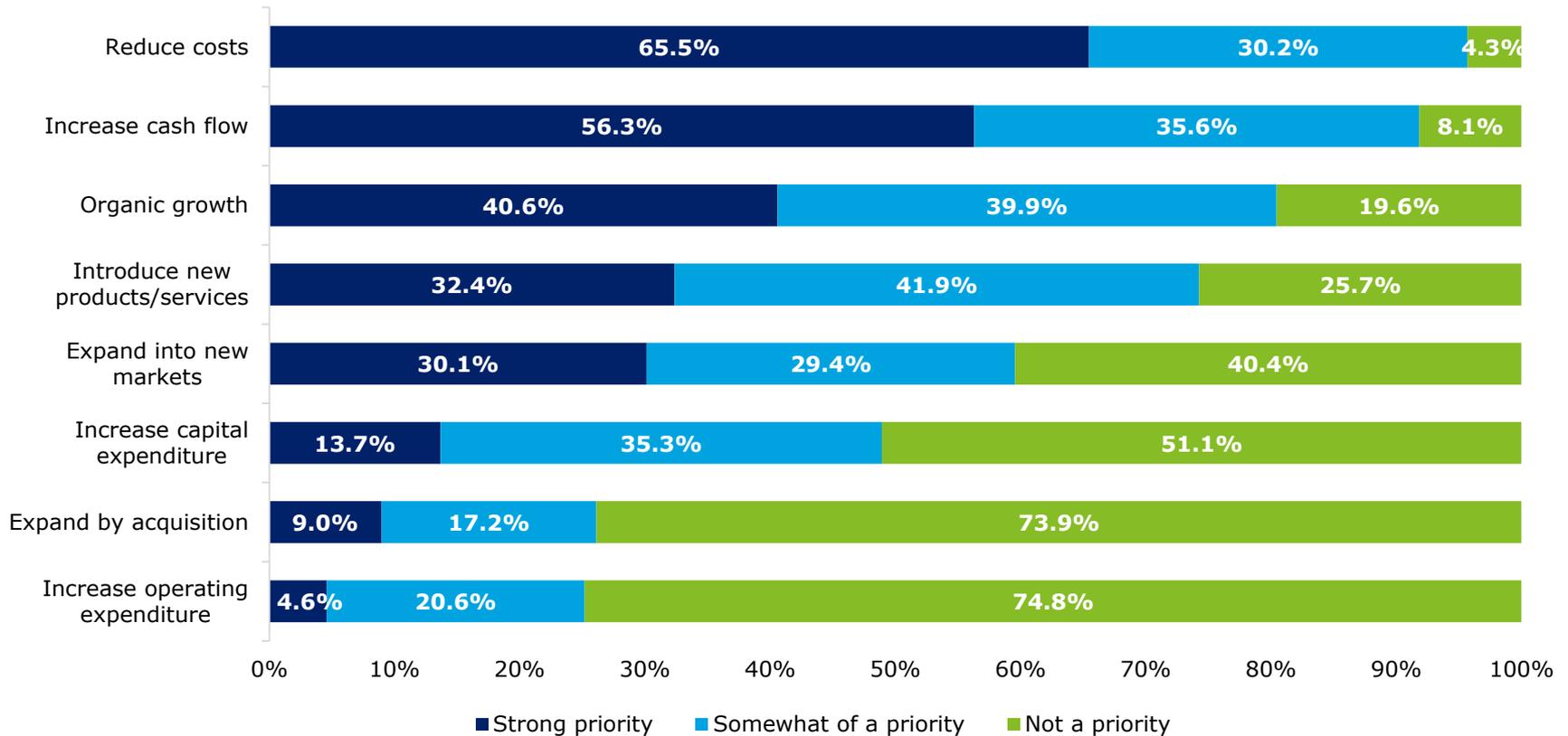
Business strategy /
transactions

Business strategy

Financial priorities such as reducing costs and increasing cash flow remain the primary focus; more than half of the companies have prioritized organic growth by introducing new products and expanding into new markets

To what extent are each of following business strategies likely to be a priority for your business over next 12 months?

Likely change in key metrics in next 12 months

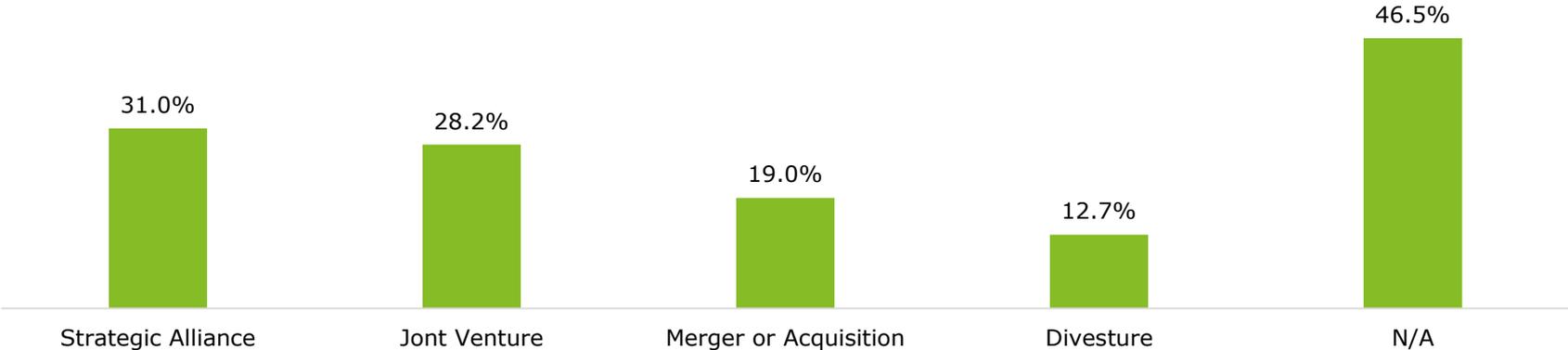


Likelihood of business transactions

Around 60% of the respondents are considering a joint venture or strategic alliance in the next 12 months; existing cash/operating cash flow followed by bank loans were found to be the preferred financing sources

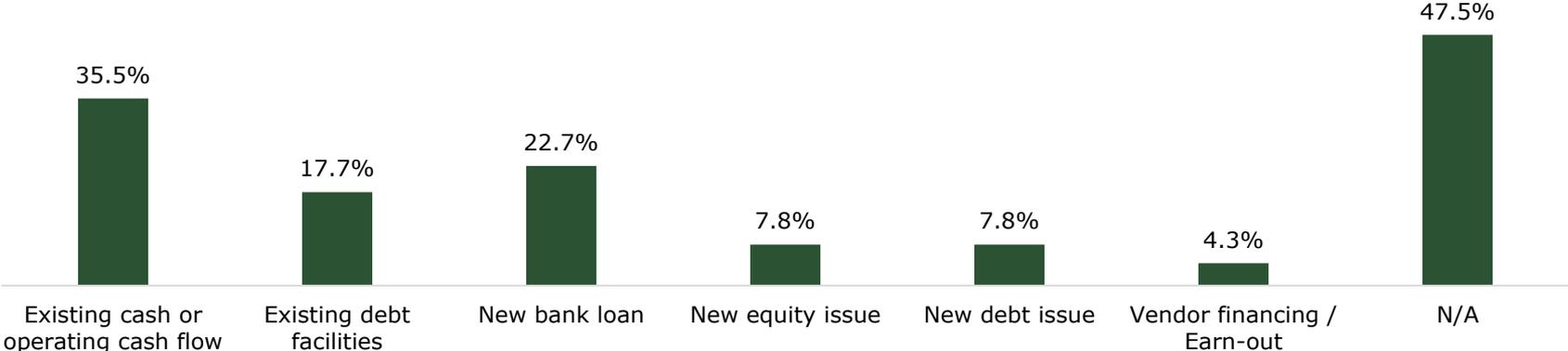
Which of the following transactions are you considering in the next 12 months?

Likelihood of business transactions in the next 12 months



What source of financing would you consider for this transaction?

Source of financing for above transactions





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