

A complex network diagram with numerous nodes and connecting lines, some nodes highlighted in red. A red banner is overlaid on the left side of the image.

PwC's COVID-19 CFO Pulse

13 April 2020

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Introduction

PwC is tracking sentiment and priorities about the COVID-19 outbreak among finance leaders. We surveyed 824 CFOs from 21 countries or territories during the week of 6 April. This survey is our second look across the globe — expanded from eight countries and 150 CFOs in the [previous version](#). We continue to add territories and companies to offer a robust view of how the crisis is affecting people and businesses worldwide.

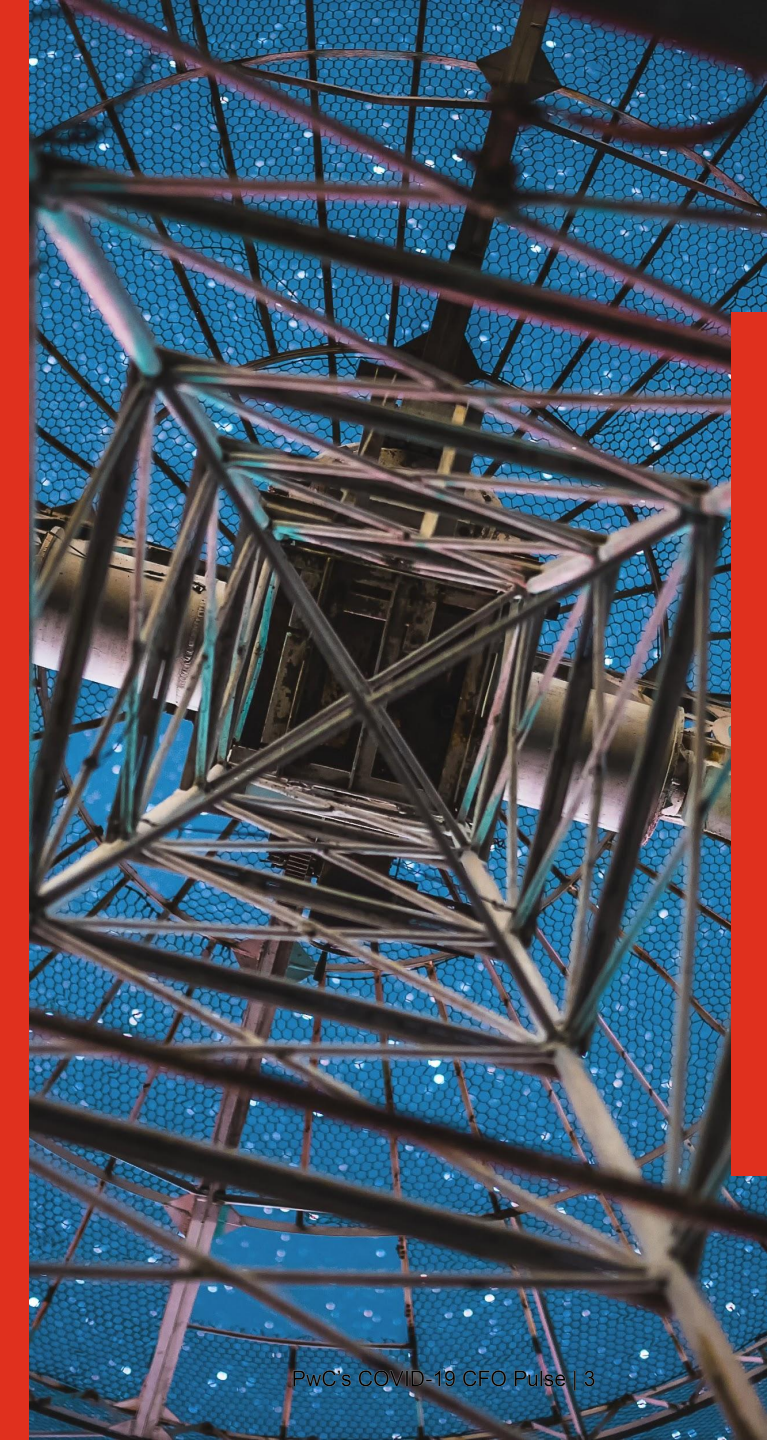


Finance leaders respond to the latest developments of COVID-19

In recent days, some countries began to see a slowdown in new cases of the novel coronavirus, whereas others neared or reached their peak, and still others were in earlier stages of outbreak. Reflecting this disparity, movement is still highly restricted in many parts of the world, with lockdowns being implemented and extended. But countries such as Austria, Denmark and the Czech Republic [plan to gradually](#) lift restrictions in the coming weeks; China relaxed its lockdown of Wuhan on 8 April.

At the same time, numerous governments have announced or adjusted relief packages, for example, the US CARES Act, the EU Coronavirus Response Investment Initiative, Germany's 1.1-trillion-euro coronavirus crisis package, the UAE Central Bank's doubling of its stimulus package and extension of debt relief, and KSA's decision to cover 60% of Saudi salaries to avoid contract termination.

Finance leaders are taking stock of these and other developments. Some are making moves that suggest a cautious optimism about their company's trajectory. Others are still clearly in the early stages of crisis response, not yet thinking about strategies for recovery. Either way, most CFOs continue to watch the situation unfold with concern about their ability to best serve their employees, customers and other key stakeholders.



Top findings

Nearly three-quarters (73%) of respondents are greatly concerned about the effects of COVID-19 on their operations; only 9% view it as an isolated challenge not currently having a major impact on their business.

45% of CFOs plan to take advantage of government support programmes. The most common types of support they are considering are tax payment deferral and extension of tax deadlines.

More than half (56%) of respondents believe their company could return to 'business as usual' within three months if the crisis were to end today — a view more prevalent in countries where leaders report lower levels of concern.

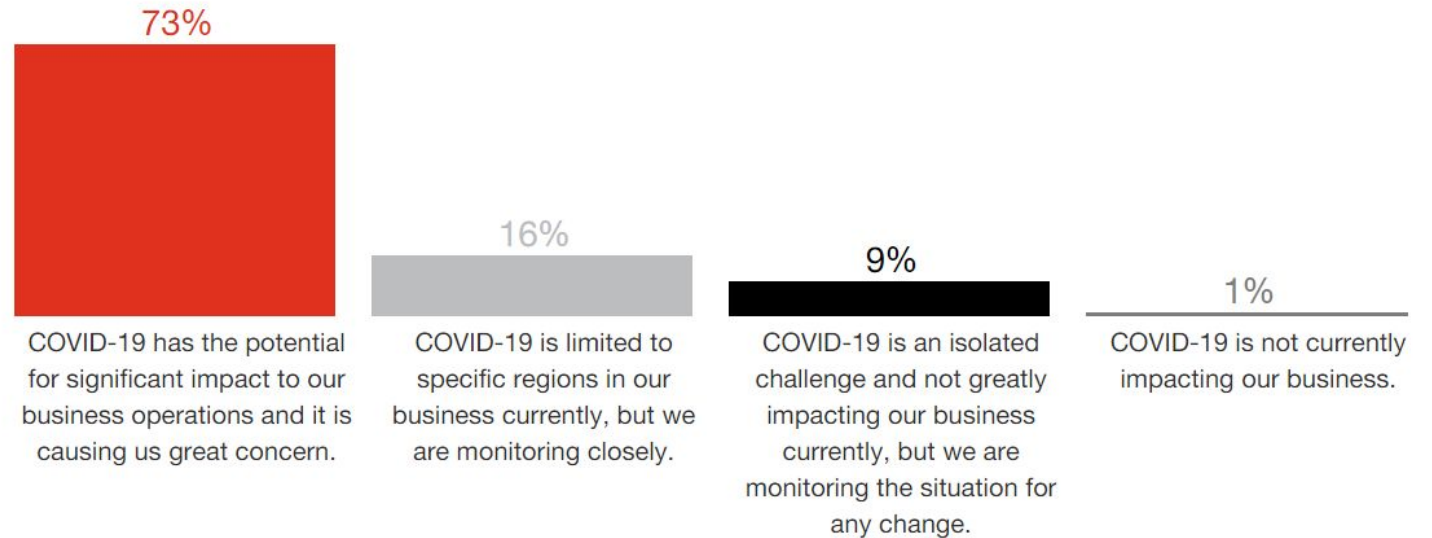


CFOs are focused on the financial impacts of COVID-19

A majority (73%) of CFOs surveyed in all countries express great concern about the potential impact of the coronavirus on their business, with most (80%) expecting a decrease in revenue. Such expectations align with recent economic indicators. The [IMF is now projecting](#) that more than 170 countries will see per capita income decline in 2020, and the [OECD has predicted](#) that the coronavirus outbreak could slow global growth to 1.5% in 2020.

Nearly three-quarters of CFOs say COVID-19 will have a major impact on operations

Question: What is your company's current level of concern related to COVID-19?



Note: Sums may not total 100 due to rounding.
Source: PwC, COVID-19 CFO Pulse, 6 April 2020
Base: 824

As leaders responsible for cash flow and capital structure, CFOs are most concerned about global recession, along with the financial effects of the coronavirus on their company's operations, future periods, liquidity and capital resources. They are also considering how to incorporate the crisis into their financial reporting: 53% plan to include discussion of COVID-19 in financial statements, and 48% as part of their risk factors.

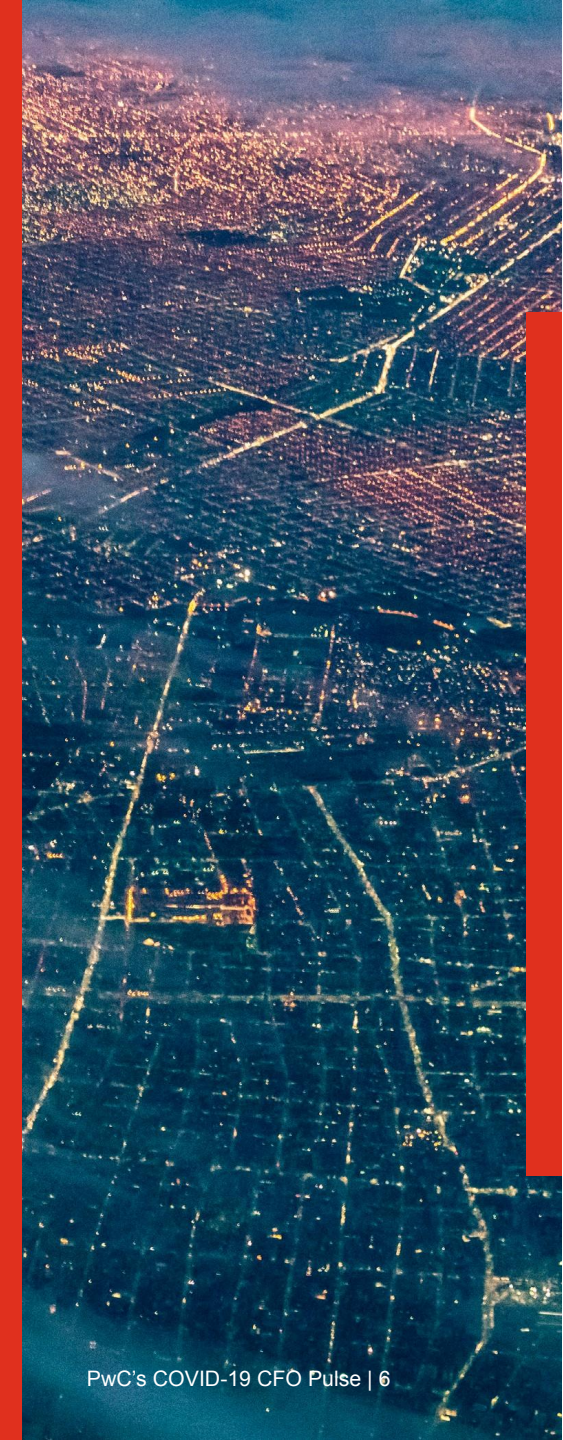
Surprisingly, relatively few CFOs named difficulties with funding or insufficient information to make good decisions among their top concerns related to the coronavirus. Cybersecurity ranked even lower, selected by just 6% of respondents; although likely a more pressing concern for CIOs, keeping data secure and ensuring privacy while employees work remotely should be a key issue for the C-suite during this crisis.

What's on CFOs' minds? Global recession, financial impact and consumer confidence.

Question: What are your top three concerns with respect to COVID-19?



Source: PwC, COVID-19 CFO Pulse, 6 April 2020
Base: 824



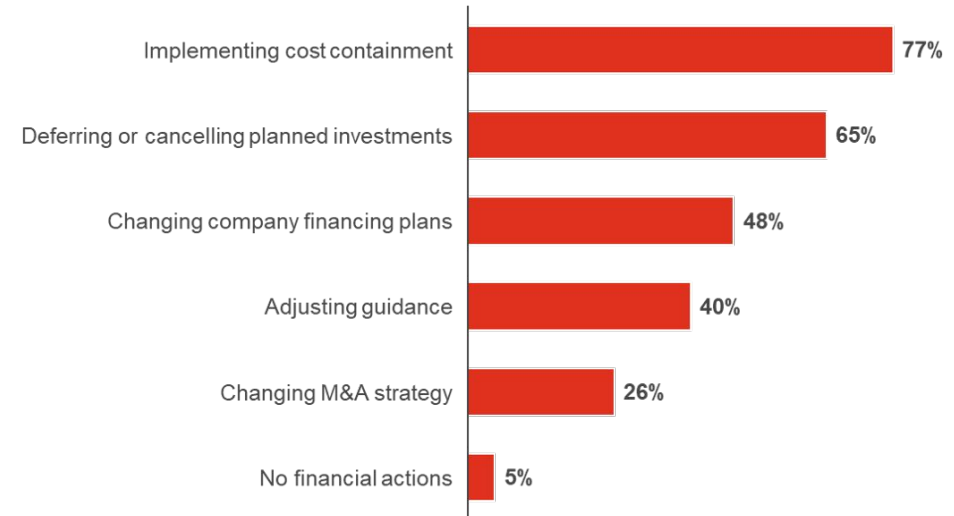
Cost containment is the highest priority for finance leaders

When assessing potential financial actions to help mitigate the effects of the coronavirus, most CFOs are considering cost containment measures (77%) and deferring or cancelling planned investments (65%). That said, sentiment varies among countries. In Switzerland, CFOs are about equally as likely to consider cost containment, investment deferral and change of company financing plans, and CFOs in Denmark are focusing almost exclusively on cost containment alone.

Of those CFOs considering changes to their investment strategy, most (80%) plan to reduce general CapEx investments. With many employees out of offices and factories, companies may look to cut spending on facilities and other maintenance costs. Other potential reductions could come in operations (60%) and workforce (55%). With more employees working remotely, relatively few CFOs indicate they will cut spending on digital transformation (21%) and cybersecurity or privacy (5%).

CFOs eye containing costs and cancelling investments in response to COVID-19

Question: Which of the following financial actions is your company considering as a result of COVID-19?



Source: PwC, COVID-19 CFO Pulse, 6 April 2020
Base: 824

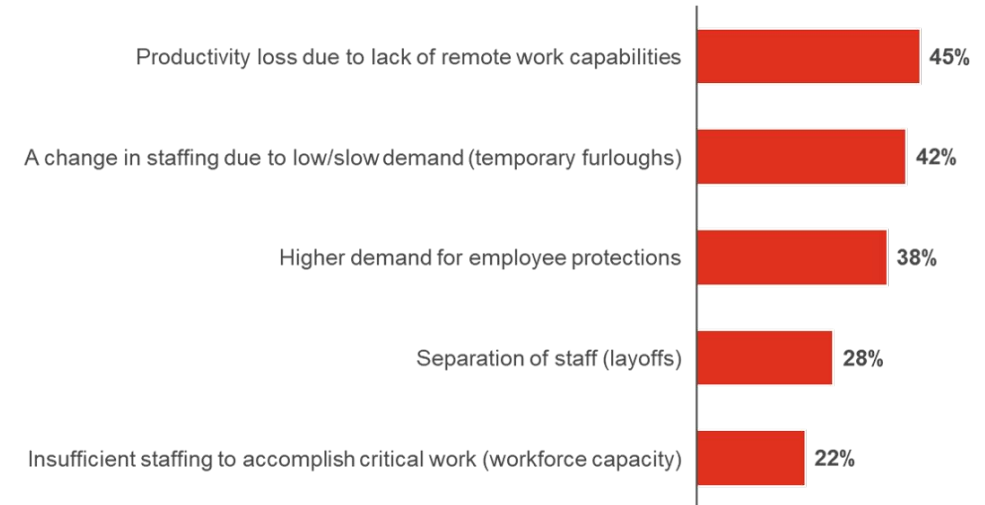
A closer look at impact on the workforce

CFOs in all countries expect a range of consequences for the workforce, but there are clear implications for employees: 42% of respondents expect to introduce furloughs in the coming month, and 28% anticipate layoffs. [In the US](#), close to 17m jobs were lost in just the last three weeks. In late March, the [International Labour Organization predicted](#) global job losses resulting from COVID-19 could reach 25m.

Concerns about a loss of productivity (45%) due to mandated shutdowns or widespread illness are also a worry, particularly for CFOs in Mexico (55%) and the Czech Republic (53%). Despite the relatively low level of overall concern from CFOs in Denmark, nearly half (49%) expect layoffs. Danish consumers also expect unemployment to increase, leading to the country's [lowest consumer confidence index](#) reading since December 2016. Nearly 40% of CFOs surveyed also say they expect to experience a higher demand for employee protections in the next month.

Looking ahead, 42% of CFOs expect furloughs and 28% expect layoffs

Question: As a result of COVID-19, which of the following does your company expect to occur in the next month?



Source: PwC, COVID-19 CFO Pulse, 6 April 2020
Base: 824

Many companies are in the first wave of crisis response

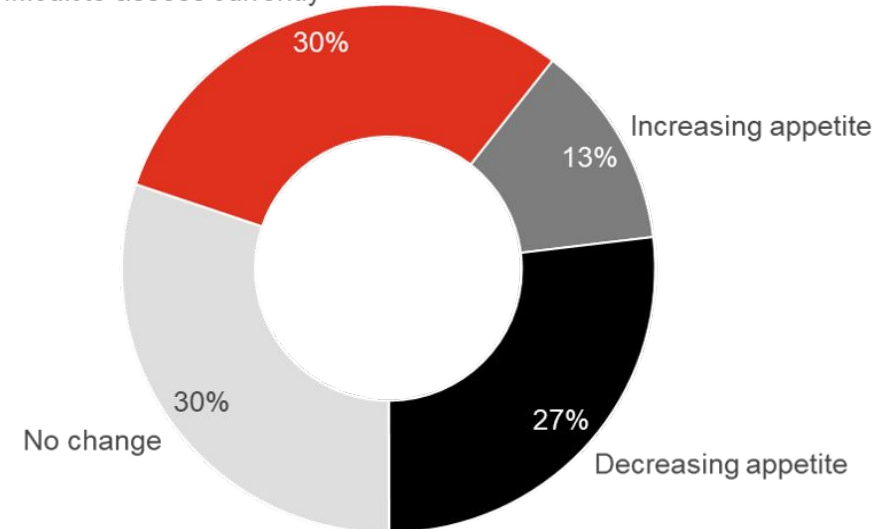
Although the coronavirus has cast uncertainty over the immediate future of many organisations, 30% of CFOs say that they don't expect to change their approach to M&A, with an equal number indicating they are unsure how the crisis will affect M&A activity. CFOs in Switzerland have the greatest amount of confidence in the long-term stability of their M&A strategy, with 67% of executives reporting no change to their approach. The majority of CFOs also say they have no plans to change the breadth of their supply chain (40%) or are unsure if they will or not (18%).

This wait-and-see approach towards both M&A and supply chains signals cautious optimism from some companies. But it is also a sign that many organisations are still in the first wave of crisis response. In this scenario, companies are mobilising to manage the emergency, and are focused on more immediate concerns. They have not yet begun to stabilise and consider what they'll need to do to operate in the new normal.

M&A is holding steady, though 30% of CFOs find their strategy difficult to assess

Question: How is COVID-19 affecting your M&A strategy?

Difficult to assess currently



Source: PwC, COVID-19 CFO Pulse, 6 April 2020
Base: 824

CFOs consider their response to government relief programmes

Nearly half (45%) of CFOs say their company plans to take advantage of government support programmes offered in response to COVID-19, which may seem on the low side. But it remains to be seen if this number will increase as more organisations move into the second wave of crisis response and begin to have a clearer view of their needs, and the corresponding strategic decisions. The second wave is typically when companies assess government stimulus programmes.

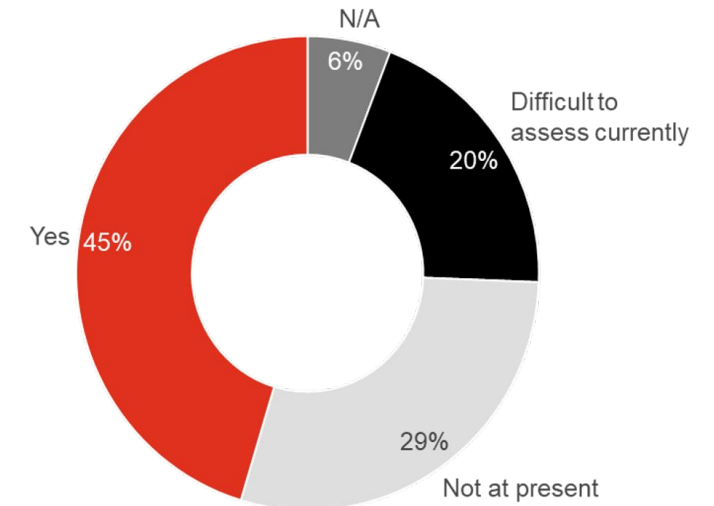
Of the CFOs who say their companies will take advantage of government support, the actions they will take are dependent on the programmes offered. In the US, 49% of CFOs say they plan to take advantage of US\$500bn of relief offered in the form of loans, bailouts and other programmes for corporations through the CARES Act.

The EU Coronavirus Response Investment Initiative designates €37bn (US\$40.5bn) in funds to bolster healthcare systems, small and midsize enterprises, short-term employment schemes and community-based services, among other benefits. In the Middle East, the UAE Central Bank doubled its initial stimulus package to Dh256bn (US\$69.7bn) and moved to allow banks and finance companies to extend debt relief to customers through the end of 2020.

Countries that express a lower level of concern about the potential impact of the coronavirus — Denmark and Germany, in particular — show less inclination to avail themselves of government support programmes. However, some German CFOs may bolster liquidity by choosing to delay tax payments, which will be permitted as part of the country's €1.1tn (US\$1.1tn) coronavirus crisis package.

Currently, just 45% of companies plan to accept government support

Question: Is your company planning on or considering taking advantage of any government programme/action designed to address the economic fallout from COVID-19?



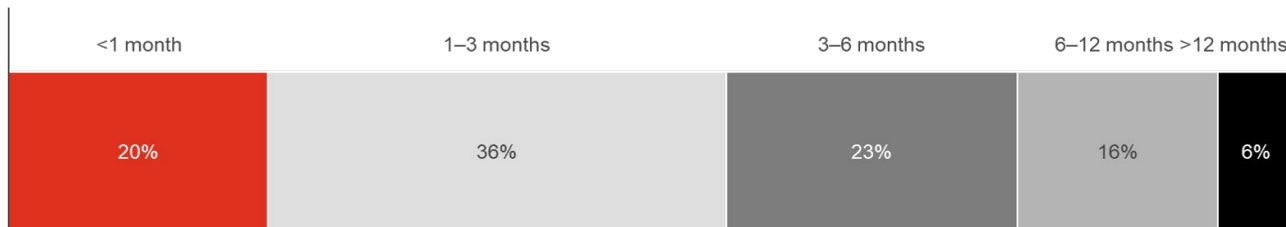
Source: PwC, COVID-19 CFO Pulse, 6 April 2020
Base: 824

Optimism prevails, but is it realistic?

If the COVID-19 crisis were to end immediately, 56% of CFOs expect a return to 'business as usual' within three months. This optimism evokes a sense of hope that should be grounded in realism — which may or may not be happening yet at some companies.

More than half of CFOs think normalcy would return within three months if the crisis ended now

Question: If COVID-19 were to end today, how long would you estimate it would take for your company to get back to 'business as usual'?



Note: Sums may not total 100 due to rounding.
Source: PwC, COVID-19 CFO Pulse, 6 April 2020; Base of 824

[The response window for crisis](#) is measured in months, whereas recovery is measured in years. Stabilisation may come soon for some companies in some countries, but full recovery will take time.

Unsurprisingly, CFOs in countries that expressed relatively less concern about the pandemic's potential impact on their business are also more sure-footed about their organisation's ability to bounce back (Germany, Denmark and Switzerland). However, many countries — even those that may have avoided the very worst of the impact — are still functioning in crisis mode. Other countries may be experiencing a spike of confidence due to the expected benefits of government stimulus plans.

Monitoring finance leaders' evolving response

It's clear that as the crisis progresses, finance leaders will need more information to finalise plans in specific areas of their organisations. Many companies are likely still in the early stages of crisis management and have yet to make decisions that will shape their recovery. As more countries reach or pass their peak, we'll continue to track finance leaders' perceptions and actions, to understand how their response is evolving.



About the survey

To help identify the business and economic impact of COVID-19, PwC is conducting a global, biweekly survey of finance leaders. Of the 824 surveyed for the global report during the week of 6 April 2020, respondents were from 21 countries: Armenia, Brazil, Colombia, Czech Republic, Denmark, France, Germany, Greece, Ireland, Japan, Kazakhstan, Mexico, Middle East*, Netherlands, Philippines, Portugal, Singapore, Sweden, Switzerland, Thailand and the US. The next set of results will be released on 28 April 2020.

* Representatives from Bahrain, Oman, Qatar, KSA, Kuwait, UAE, Egypt, Jordan, Lebanon, Palestine

For more information:

Jerome Demare

Global Communications, Corporate Affairs

+44 7483 417 007

jerome.demare@pwc.com



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