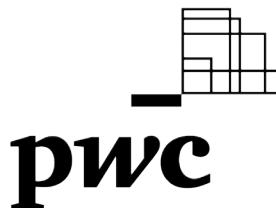


PwC's COVID-19 CFO Pulse Survey

Middle East findings – 12 May 2020



pwc.com/me/covid19-cfo-pulse



This survey is biweekly.
See our latest results [here](#).

Our biweekly series that shows how Middle East CFOs and finance leaders plan to react to COVID-19 – and what impacts they expect to see.

Globally, we understand that every business is different, which is why we are closely tracking the sentiment and priorities of CFOs as they navigate the unprecedented disruption that COVID-19 has on their business.

Here we reveal the findings from our third CFO Pulse Survey, where 70 finance leaders from across the Middle East provide their views during a survey conducted over 4-6 May 2020.

Top Middle East findings

Reopening with confidence

With the recently announced reopening of economies, Middle East CFOs are very confident in their ability to meet customers' safety expectations and to provide a safe working environment for their employees (71% and 70% respectively). 76% are also planning on implementing workplace safety measures such as wearing masks and testing. CFOs though are less confident that they can generate new revenue opportunities and balance the needs of stakeholders through the pandemic.

The new normal: conflicting sentiments around flexibility; but digital transformation remains key

While over three quarters of Middle East CFOs see that work flexibility will make their organisations better in the long run, only a third (and just a quarter in the UAE), are planning to make remote working a permanent option. Despite this, accelerating automation and new ways of working remain a priority, with 54% of regional CFOs focused on this compared to 48% globally. CFOs are also protecting investments in both digital transformation and cybersecurity to both secure remote working and to support the transformation to the 'new normal'.

Financial implications and recovery timeframes are becoming less optimistic

Over the last four weeks, Middle East CFOs have gradually pushed out their recovery expectations. 66% of CFOs, up from 44%, now expect the recovery timeline to return to business as usual to take three months or more. Naturally, this will have a direct impact on revenue and profits, with 70% now expecting to see a decrease of 10% or more.

Containment measures: the workforce is still at risk

Similar to the global sentiment, cost containment remains important in the region – 87% of Middle East CFOs are considering it versus 81% globally. Over half of Middle East CFOs looking to cut investment are targeting their workforce (51%) – broadly in line with the global average of 49%. The region is also one of the most likely globally to see changes in staffing (43% Middle East vs. 37% globally) or layoffs (40% Middle East vs. 29% globally).

Community spirit remains strong

Across the Middle East, 38% of CFOs have increased their company's community-focused efforts in response to COVID-19, such as contributions to nonprofits, pro bono goods and services or programmes to support vulnerable groups. As the Holy month of Ramadan continues, this is reassuring to see, despite the challenging circumstances we find ourselves in today.

Reopening with confidence

As most countries across the Middle East are considering their reopening strategies, customer and employee safety is of the utmost importance. Confidence levels in abilities to meet customer safety expectations and provide a safe working environment rank first and second for Middle East CFOs. As key tactical steps needed for a successful reopening, it is likely that more thought will have been given to these immediate requirements, perhaps positively impacting CFO confidence. Regional CFOs seem less confident about their ability to identify new revenue opportunities, so this and balancing the needs of all stakeholders will need further focus and attention as companies respond to the new normal (fig. 1).

Organisations are increasingly focused on what measures they must take to safely implement a phased return to onsite work. With the UAE Government recently announcing their reopening, we see 85% of UAE CFOs placing a greater importance on workplace safety measures such as wearing masks and testing.

However, as a region, the Middle East seems less likely than its global counterparts to reconfigure work sites to promote physical distancing but in the UAE this seems more likely.

While the reopening of economies will be welcomed by organisations, there is no doubt that COVID-19 will leave behind some economic scarring. We now see that 33% of Middle East CFOs are more likely to reduce their real-estate footprint through the partial opening of offices or retail locations, 10% higher than the global average (fig. 2). This expected reduction may be linked to the decrease in workforce as seen later in our report.

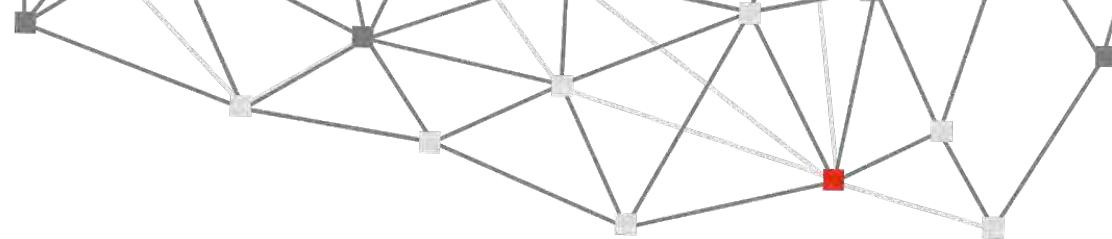
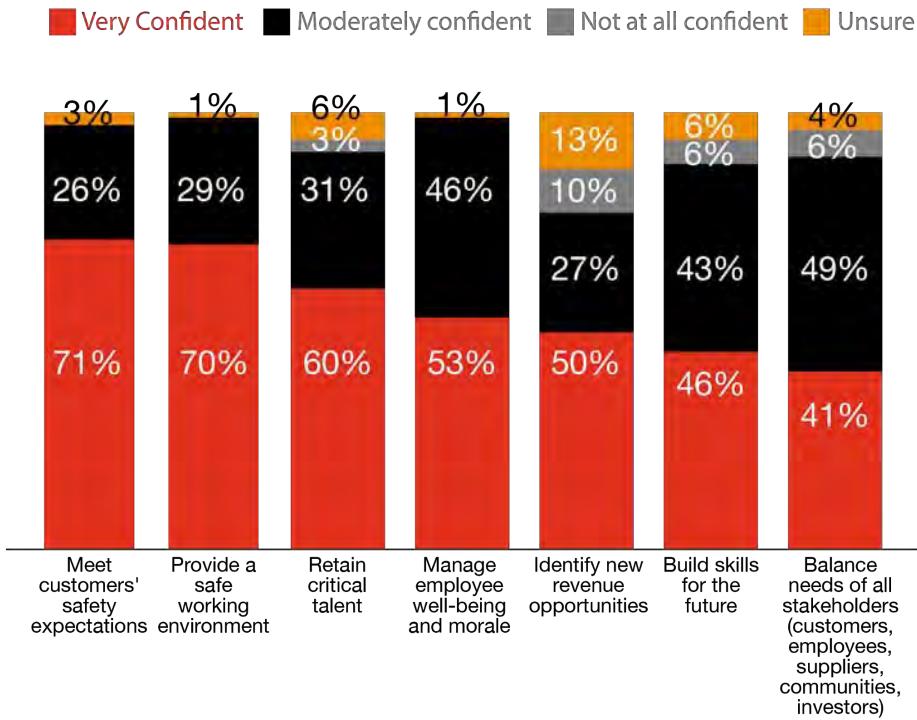


Fig. 1: In returning to the workplace, how confident are you in your company's ability to do the following?

Middle East



Source: PwC, COVID-19 CFO Pulse, 12 May 2020
Middle East 70

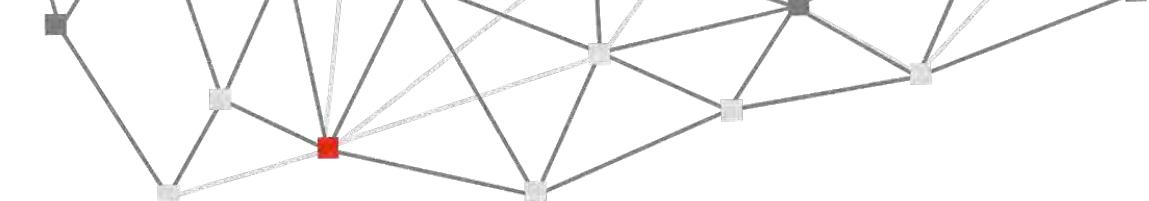
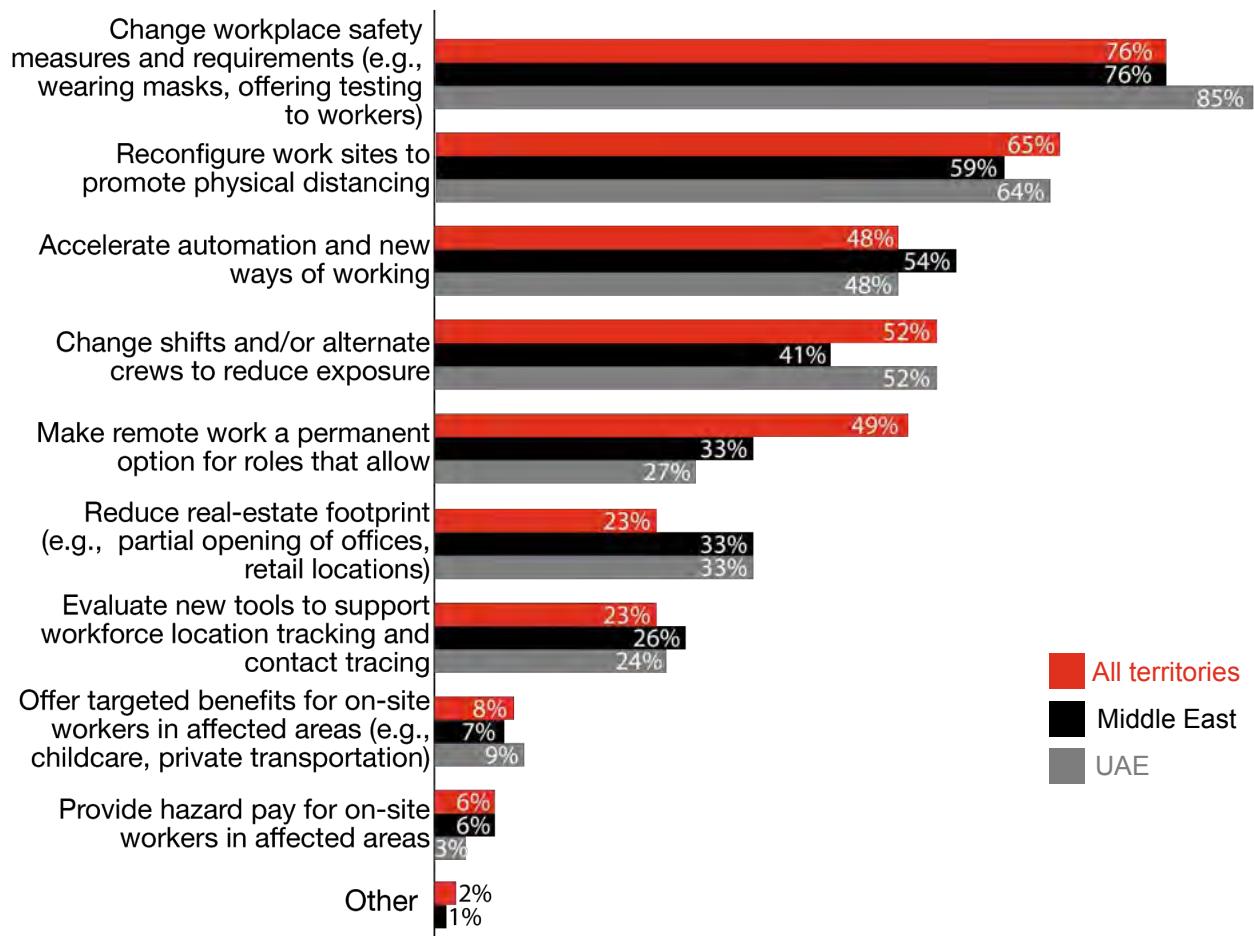
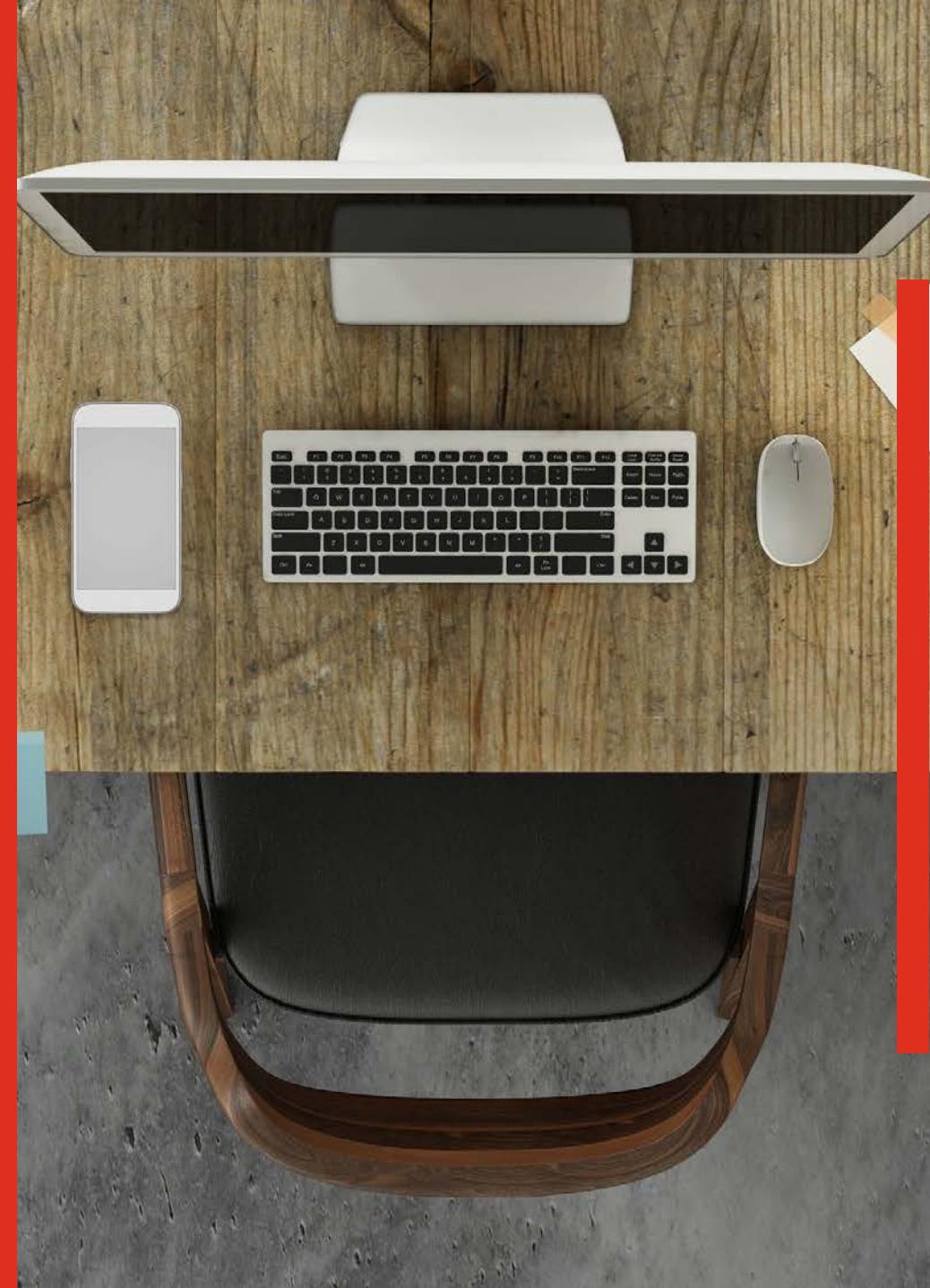


Fig. 2: Which of the following is your company planning to implement once you start to transition back to on-site work?



Source: PwC, COVID-19 CFO Pulse, 12 May 2020

All territories: 867, Middle East 70, UAE 33

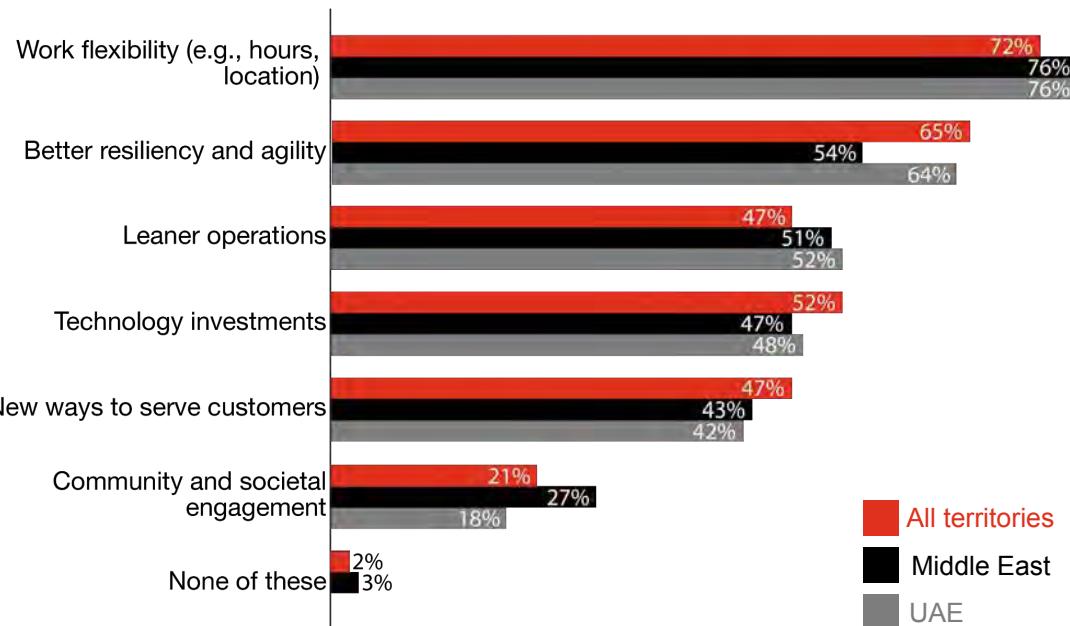


The new normal: conflicting sentiments around flexibility; but digital transformation remains key

Working from home has become the new normal. However, whilst the majority of Middle East CFOs (fig. 3) believe that flexible working will make their company better in the long run, just a third in the Middle East, and a quarter in the UAE, are planning to make remote working a permanent option for roles that allow it in the future (fig. 2). Given that remote working wasn't as prevalent in the region before the pandemic as it is in other parts of the world, this isn't surprising. For those who do embrace this approach, further maturity may be needed around flexible working policies and processes.

On a positive note, digital transformation is set to accelerate, with 47% of the respondents saying that technology investments will make their company better (fig. 3) and 39% looking to use automation to improve the speed and accuracy of decision making with regards to their supply chain strategy (fig. 4). Accelerating automation and new ways of working also remain a priority, with 54% Middle East CFOs focused on this compared to 48% globally (fig. 5).

Fig. 3: What about the current situation will make your company better in the long run?



Source: PwC, COVID-19 CFO Pulse, 12 May 2020
All territories: 867, Middle East 70, UAE 33

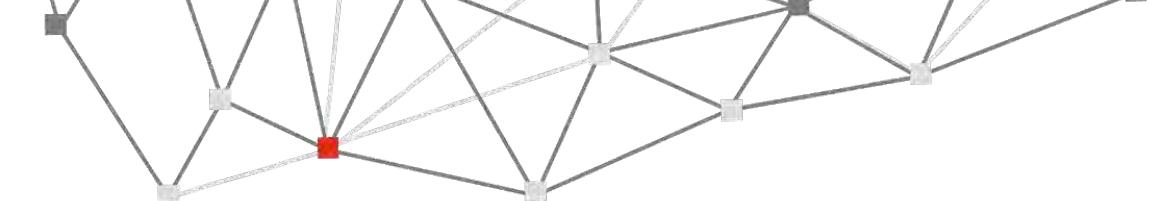
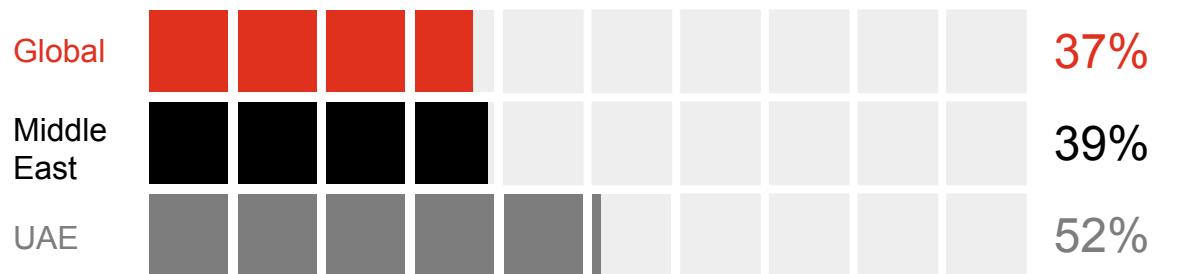


Fig. 4: As a result of COVID-19, in which of the following areas are you planning changes to your supply chain strategy?

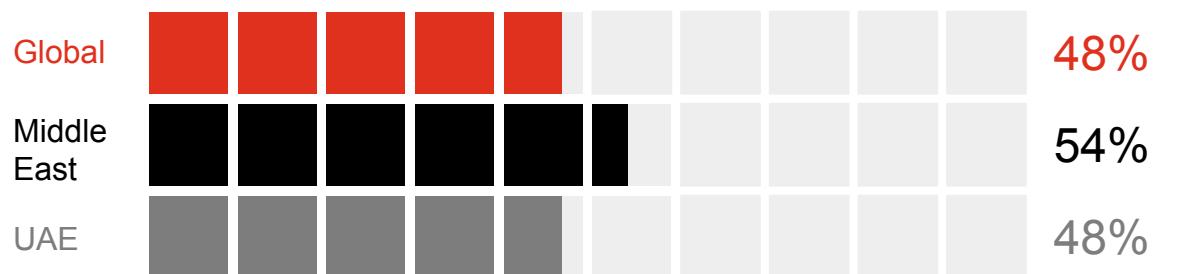
Use automation to improve the speed and accuracy of decision making



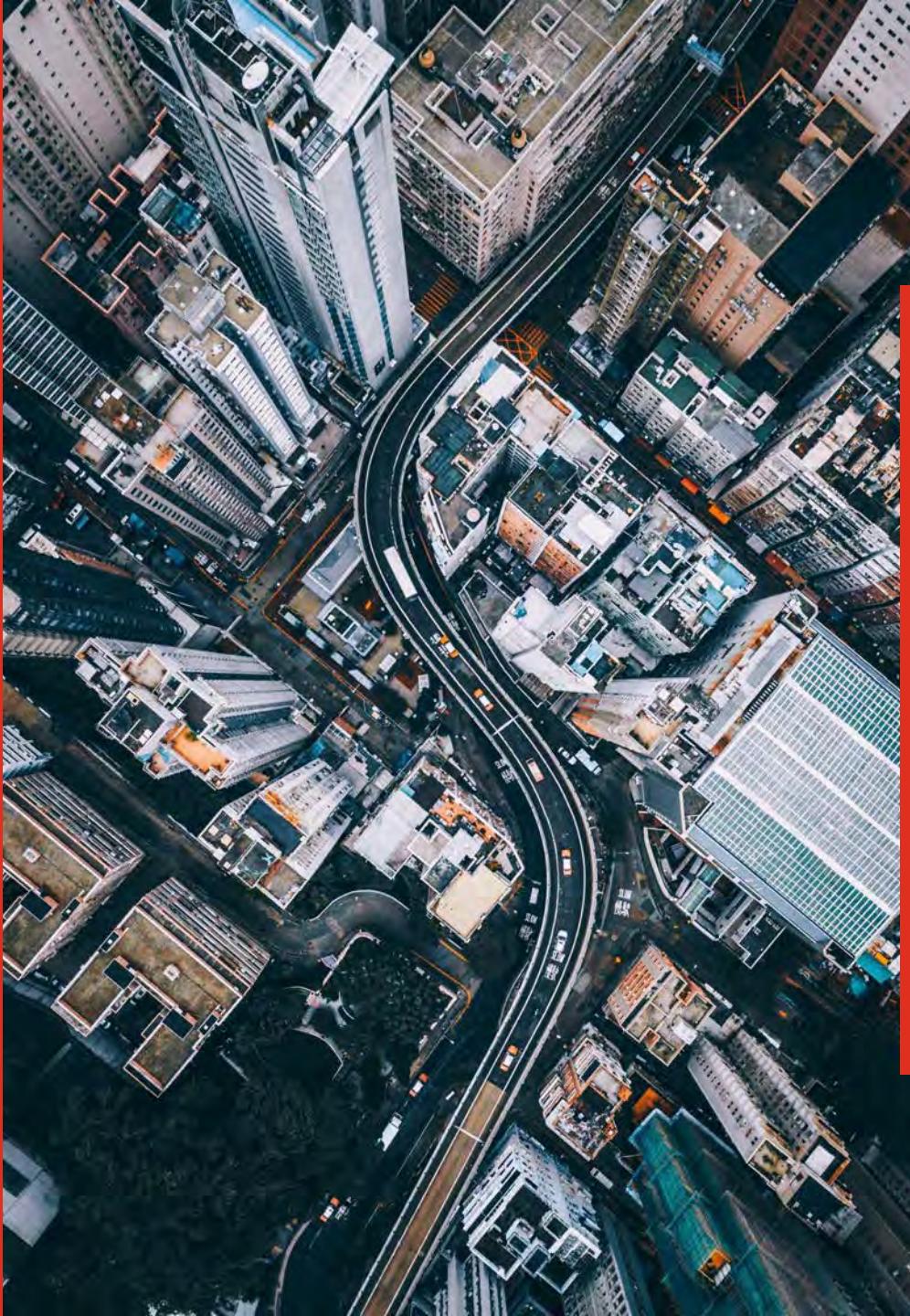
Source: PwC, COVID-19 CFO Pulse, 12 May 2020
 All territories: 867, Middle East 70, UAE 33

Fig. 5: Which of the following is your company planning to implement once you start to transition back to on-site work?

Accelerate automation and new ways of working



Source: PwC, COVID-19 CFO Pulse, 12 May 2020
 All territories: 867, Middle East 70, UAE 33



Just 6% of finance executives reported that they are considering deferring or cancelling investments into digital transformation – down from 19% during the previous survey two weeks ago – while no CFOs indicated that they were considering cutting investments into cybersecurity. The latter is likely tied to the increased need for secure remote working (fig. 6).

It's reassuring to see that almost a half of the executives in the region are very confident in their company's ability to build skills for the future – those in the UAE are even more confident at 64% – far above the global average of 48% (fig. 7). This aligns with the increased likelihood of companies adopting workplace automation and preparing employees for a digital tomorrow.

Fig. 6: You mentioned your company is considering deferring or canceling planned investments as a result of COVID-19. Which of the following investment types are being considered in that regard?

Digital transformation



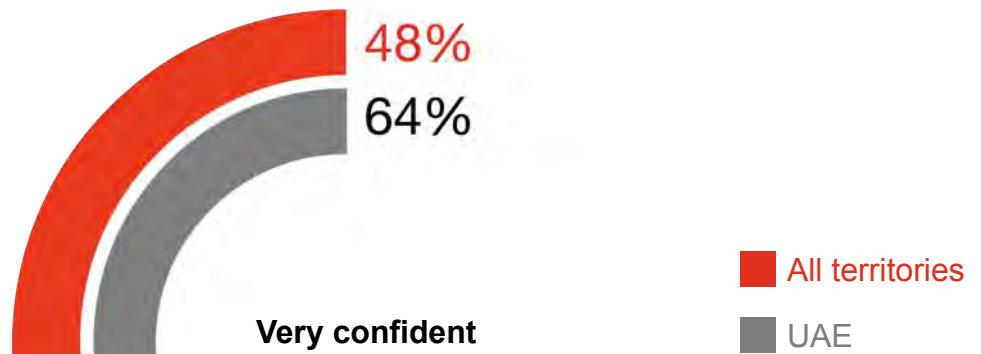
Cybersecurity



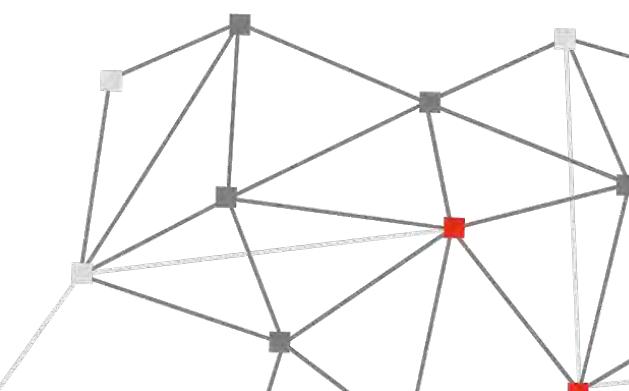
Source: PwC, COVID-19 CFO Pulse, 12 May, 2020
All territories: 523, Middle East 47

Fig. 7: In returning to the workplace, how confident are you in your company's ability to do the following?

Build skills for the future



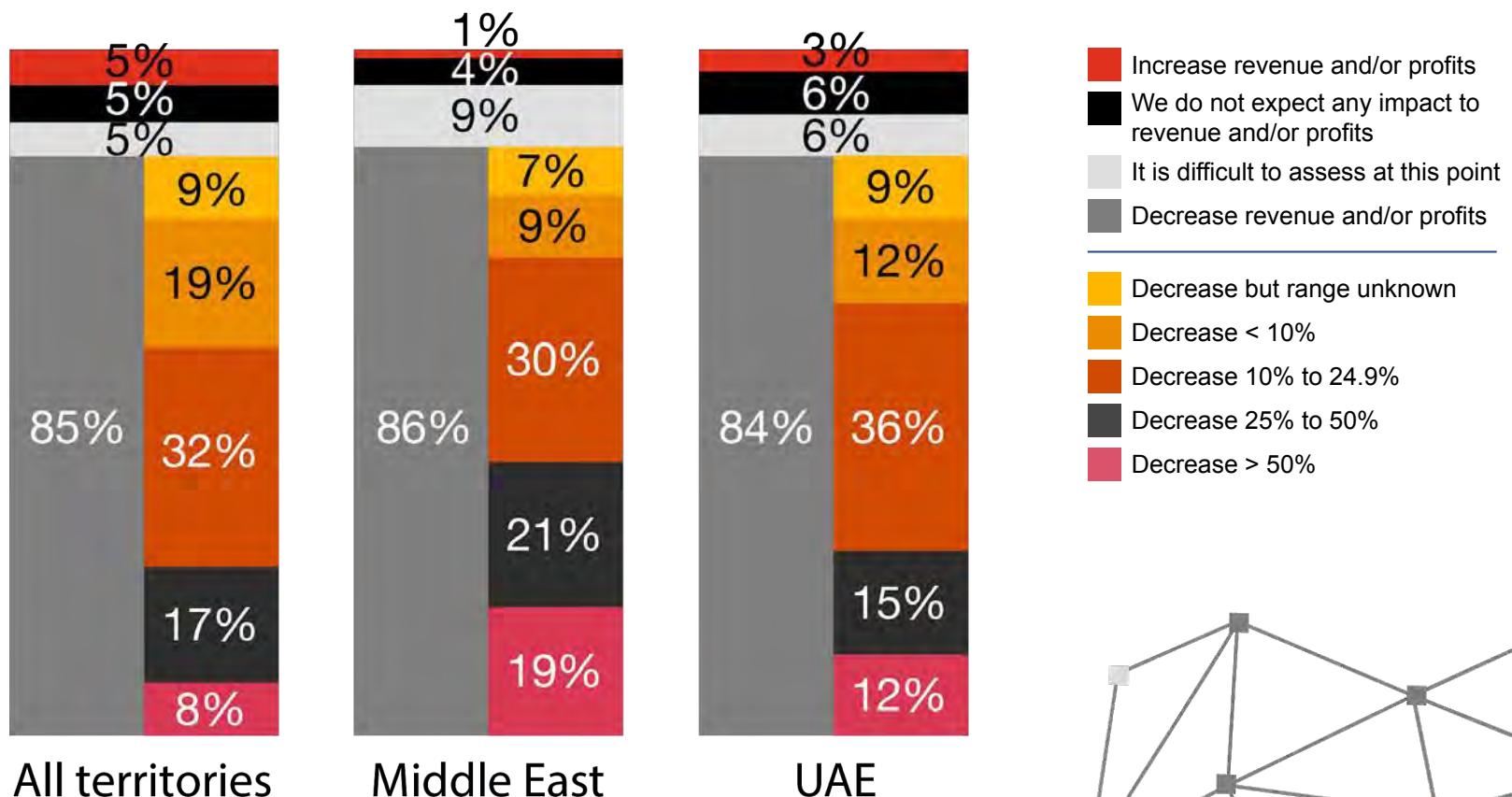
Source: PwC, COVID-19 CFO Pulse, 12 May 2020
All territories: 867, UAE 33



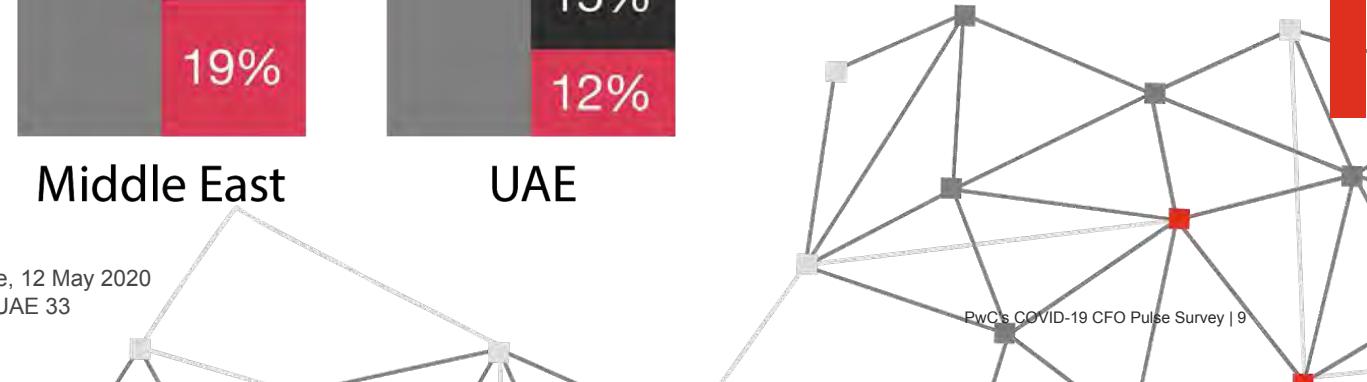
Financial implications and recovery timeframes are becoming less optimistic

Consistent with the global average, 86% of Middle East CFOs are expecting to see a decrease in both revenue and profits. When we look a little closer, we see that 70% of Middle East CFOs are expecting to see a decrease of 10% or more. Interestingly, we see further pessimism in the region with nearly one in five Middle East CFOs expecting to see a decrease in revenue or profits of over 50% (fig. 8).

Fig. 8: What impact do you expect on your company's revenue and/or profits this year as a result of COVID-19?



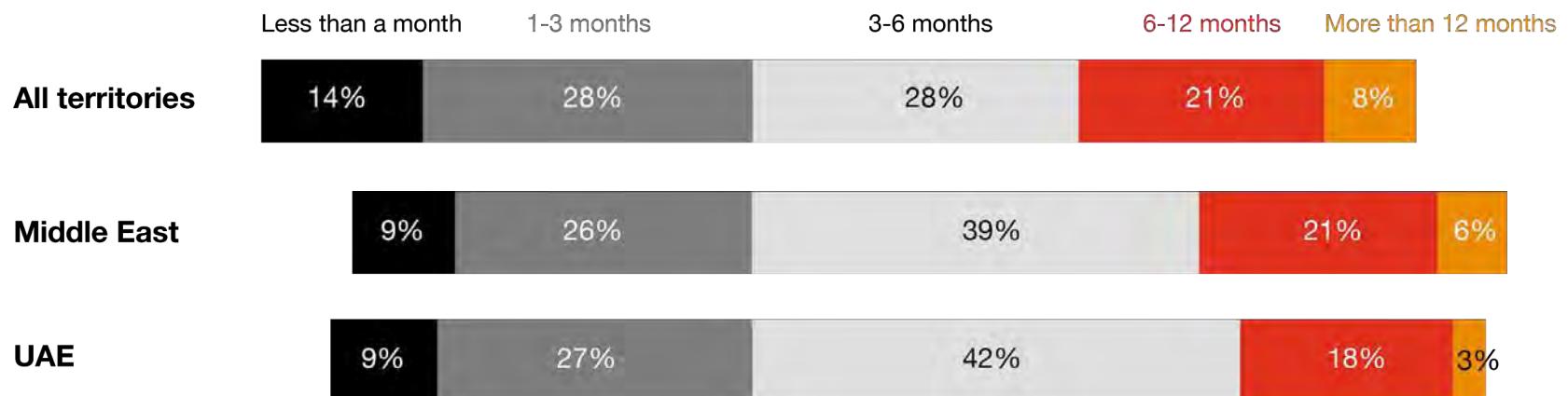
Source: PwC, COVID-19 CFO Pulse, 12 May 2020
All territories: 867, Middle East 70, UAE 33



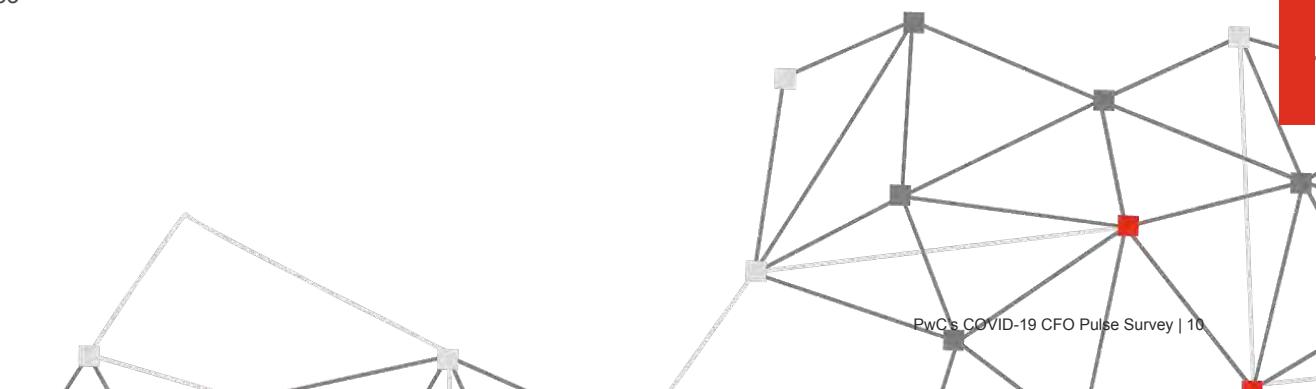
As companies begin to accept the new normal they are now operating in, the expected timeline to return to business as usual seems to have grown. All territories are seeing timelines lengthen in this regard.

Interestingly, we have seen the greatest increase from the Middle East territory, and over the last four weeks the proportion of CFOs expecting the recovery to take three months or more has grown significantly from 44% to 66%. Whereas across the globe, the increase has been much less severe growing from 45% to 57% (fig. 9).

Fig. 9: 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”?



Source: PwC, COVID-19 CFO Pulse, 12 May 2020
All territories: 867, Middle East 70, UAE 33



Containment measures: the workforce is still at risk

With the growing acceptance that COVID-19 will have a more long term impact on businesses, CFOs around the world are still acutely aware of the need to manage cashflows carefully. Implementing cost containment measures and deferring or cancelling planned investments remain the two most likely actions for CFOs - with these being even more likely for CFOs in the Middle East than the global average – a reflection of the heightened levels of pessimism around revenue and profit (fig. 10).

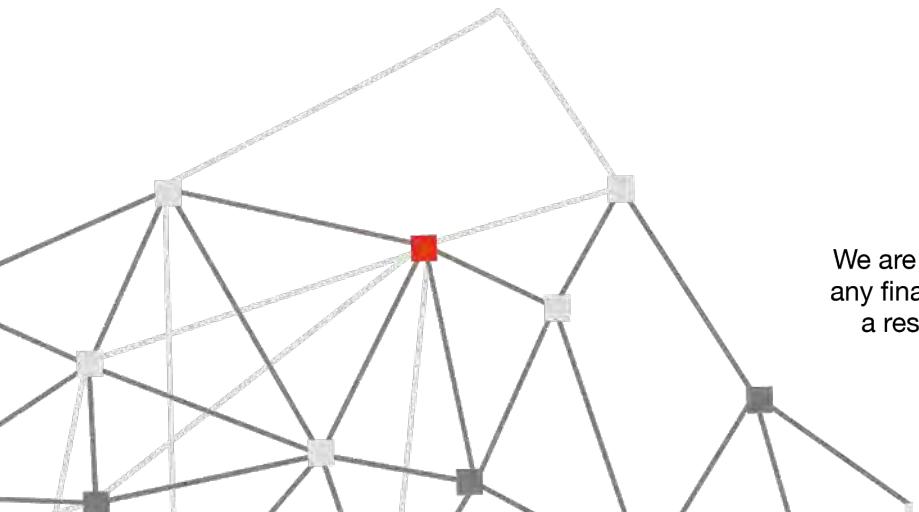
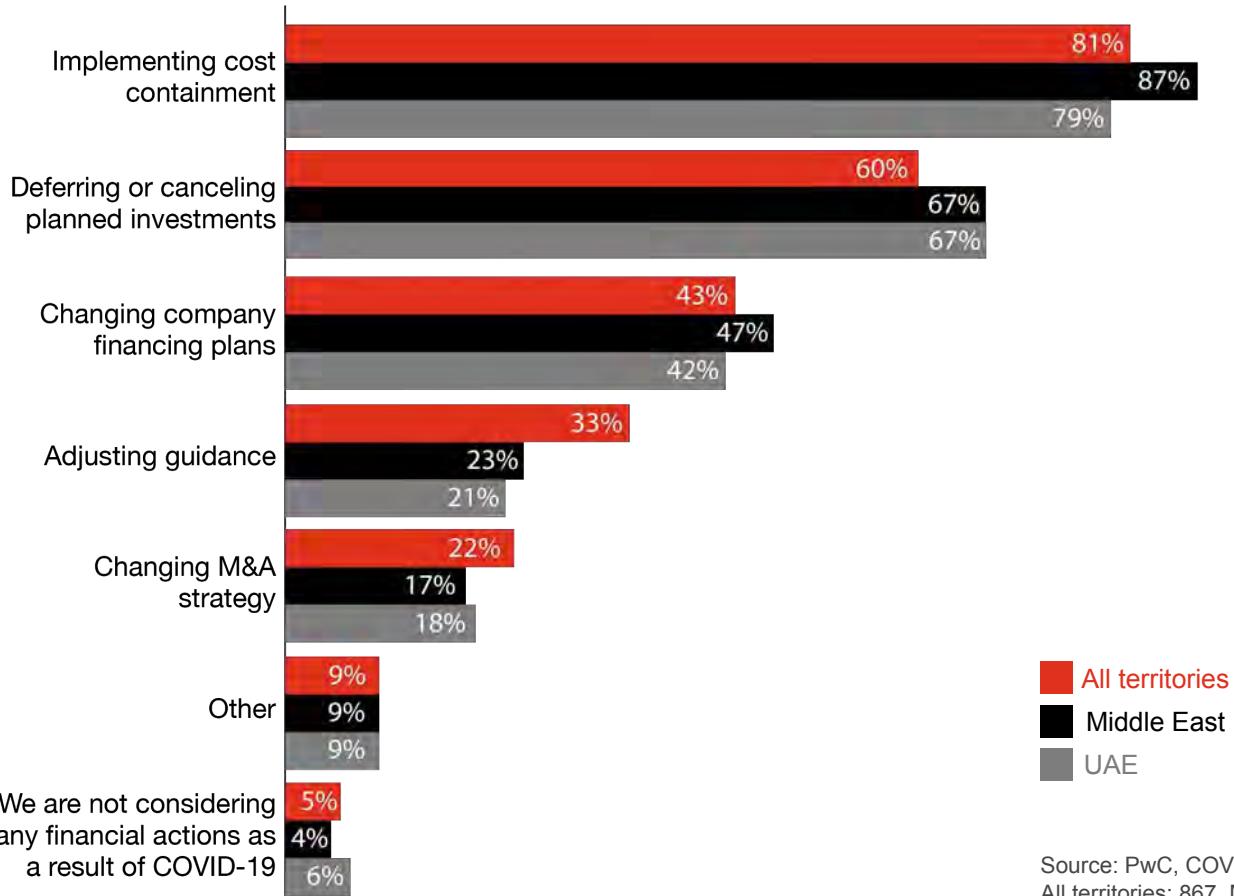


Fig. 10: Which of the following financial actions is your company considering as a result of COVID-19?



Source: PwC, COVID-19 CFO Pulse, 12 May 2020
All territories: 867, Middle East 70, UAE 33

For those Middle East CFOs looking to defer or cancel investments, we can see that facilities and general capital expenditure remain the most likely target – and increasingly so compared to those surveyed two weeks ago (91% compared to 84% in the prior wave). Cuts in operations and workforce investments now tie for second place in the Middle East – with the likelihood of the latter seeming to have reduced since our previous survey (51% vs 70% two weeks ago) (fig. 11). Despite this reduction, the Middle East is the region most likely to see a change in staffing or layoffs (fig. 12).

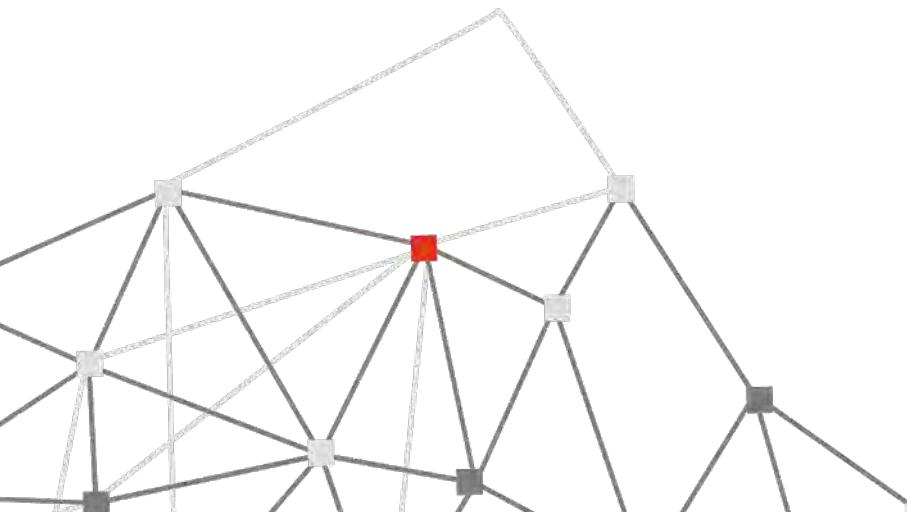
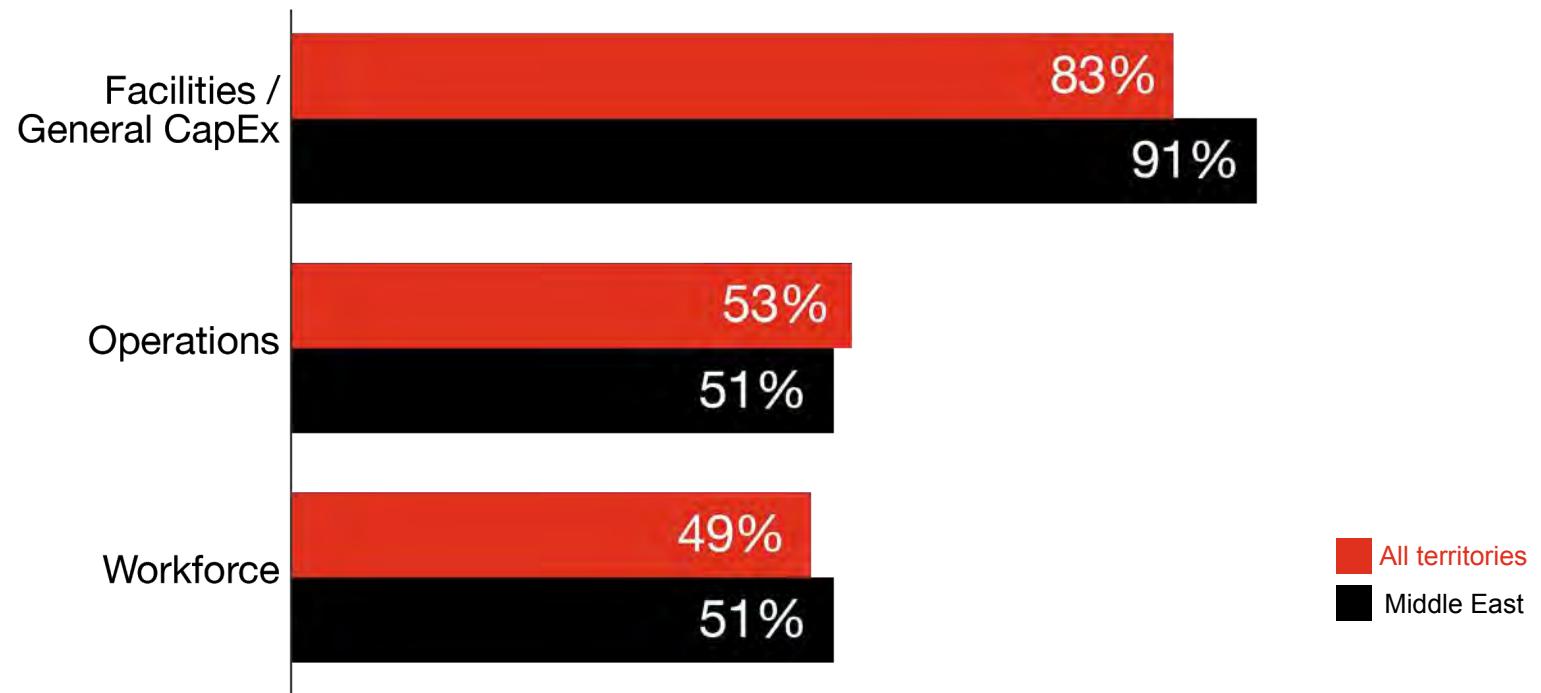


Fig. 11: You mentioned your company is considering deferring or canceling planned investments as a result of COVID-19. Which of the following investment types are being considered in that regard?

Top three results



Source: PwC, COVID-19 CFO Pulse, 12 May, 2020
All territories: 523, Middle East 47

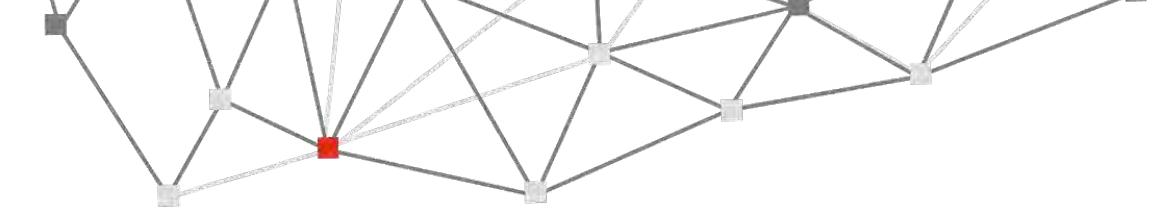
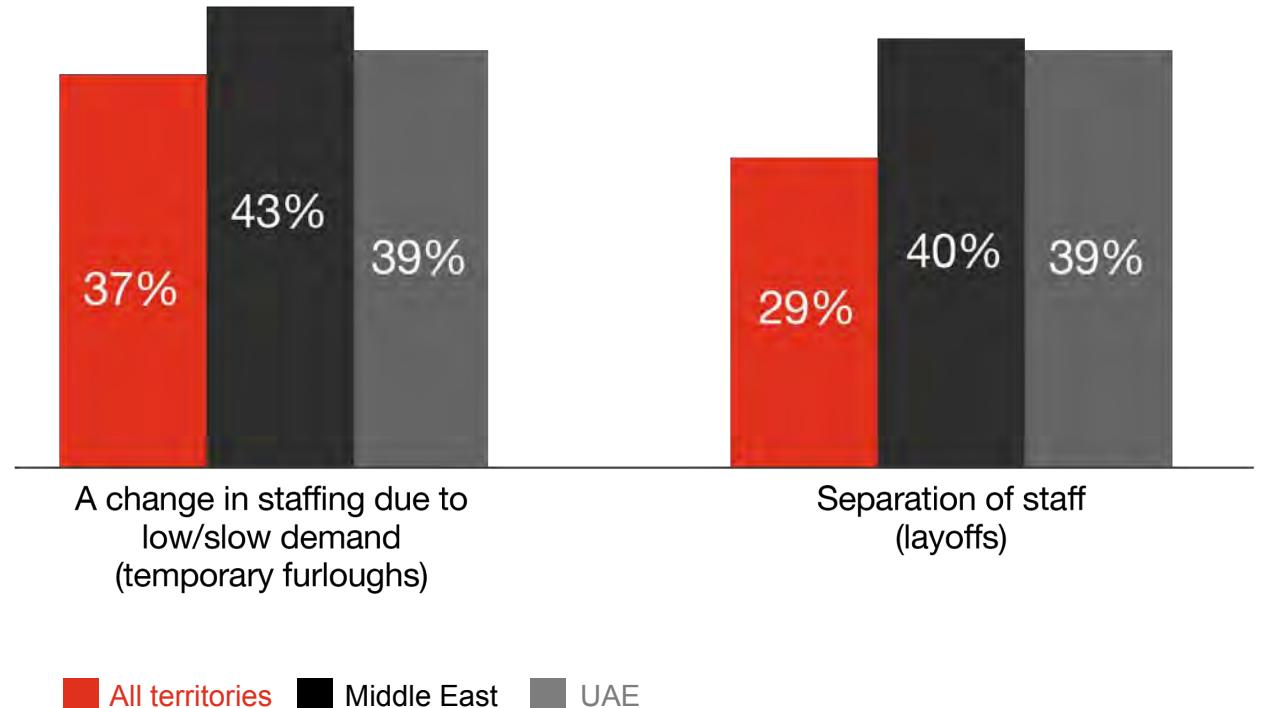
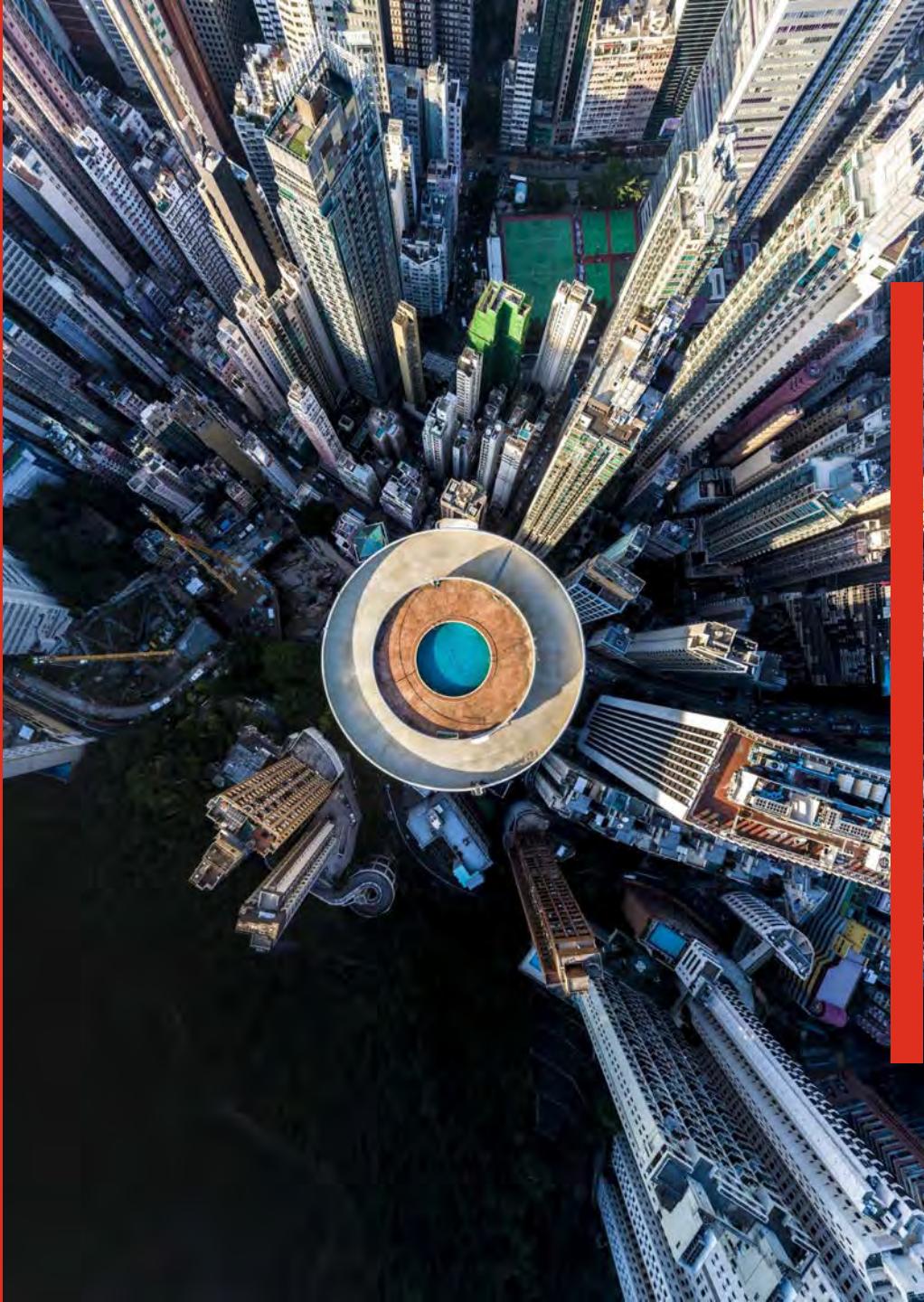


Fig. 12: As a result of COVID-19, which of the following does your company expect to occur in the next month?



Source: PwC, COVID-19 CFO Pulse, 12 May 2020
All territories: 867, Middle East 70, UAE 33

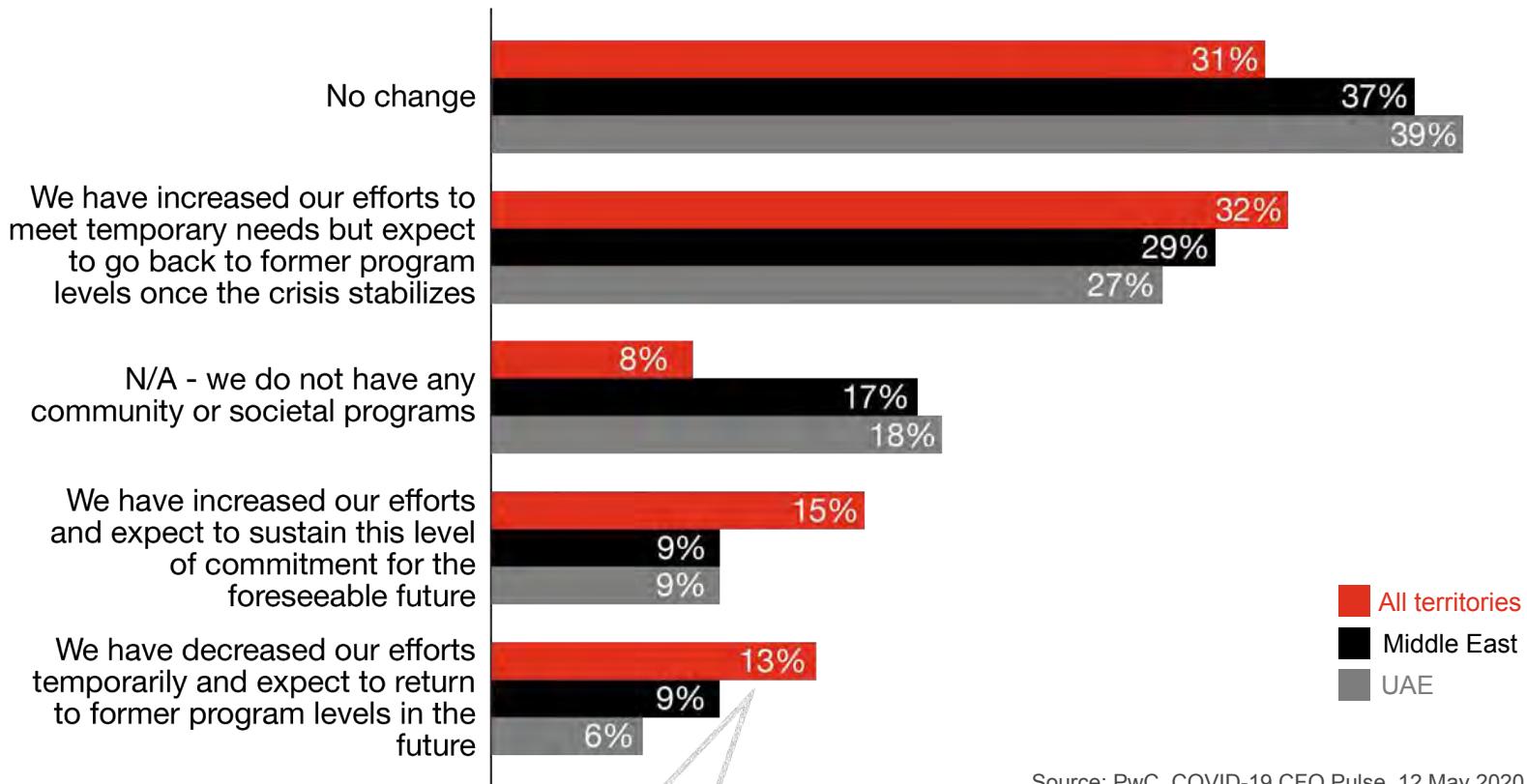


Community spirit remains strong

Despite the severity of the global situation and the need for organisations to protect themselves, community spirit remains strong – with action being taken to support others too. Across the Middle East, 38% of CFOs have increased their company's community-focused efforts and other social activities in response to COVID-19, such as contributions to nonprofits, pro bono goods and services or programmes to support vulnerable groups. With an additional 37% of Middle East CFOs not changing their community focused activities, three quarters of all CFOs in the region are providing some level of support to those in need (fig. 13).

With us being in the middle of the Holy month of Ramadan, this degree of charity and selflessness is to be expected, but it is reassuring to see that this mentality remains, despite the challenging circumstances we find ourselves in today.

Fig. 13: In response to COVID-19, how have you changed your company's community-focused and other societal activities (e.g., financial or other contributions to nonprofits; pro bono goods and services; programmes to support vulnerable groups)?



Source: PwC, COVID-19 CFO Pulse, 12 May 2020
All territories: 867, Middle East 70, UAE 33

About the survey

To help identify the business and economic impact of COVID-19, PwC Middle East is conducting a bi-weekly survey of finance leaders in the region. Of the 70 surveyed for the report over 4-6 May, 2020, respondents were from a cross-section of industries and were based in the UAE (33), KSA (11), Oman (10), Egypt (5), Bahrain (4), Qatar (3), Kuwait (2), Jordan (1) and Lebanon (1). Individual country comparisons are provided for sample sizes of over 30 respondents.

This is the third Middle East report in the series. View the prior reports released on [28 April](#) and [14 April](#).



For views of finance executives around the globe, see the [global report covering the same period](#).

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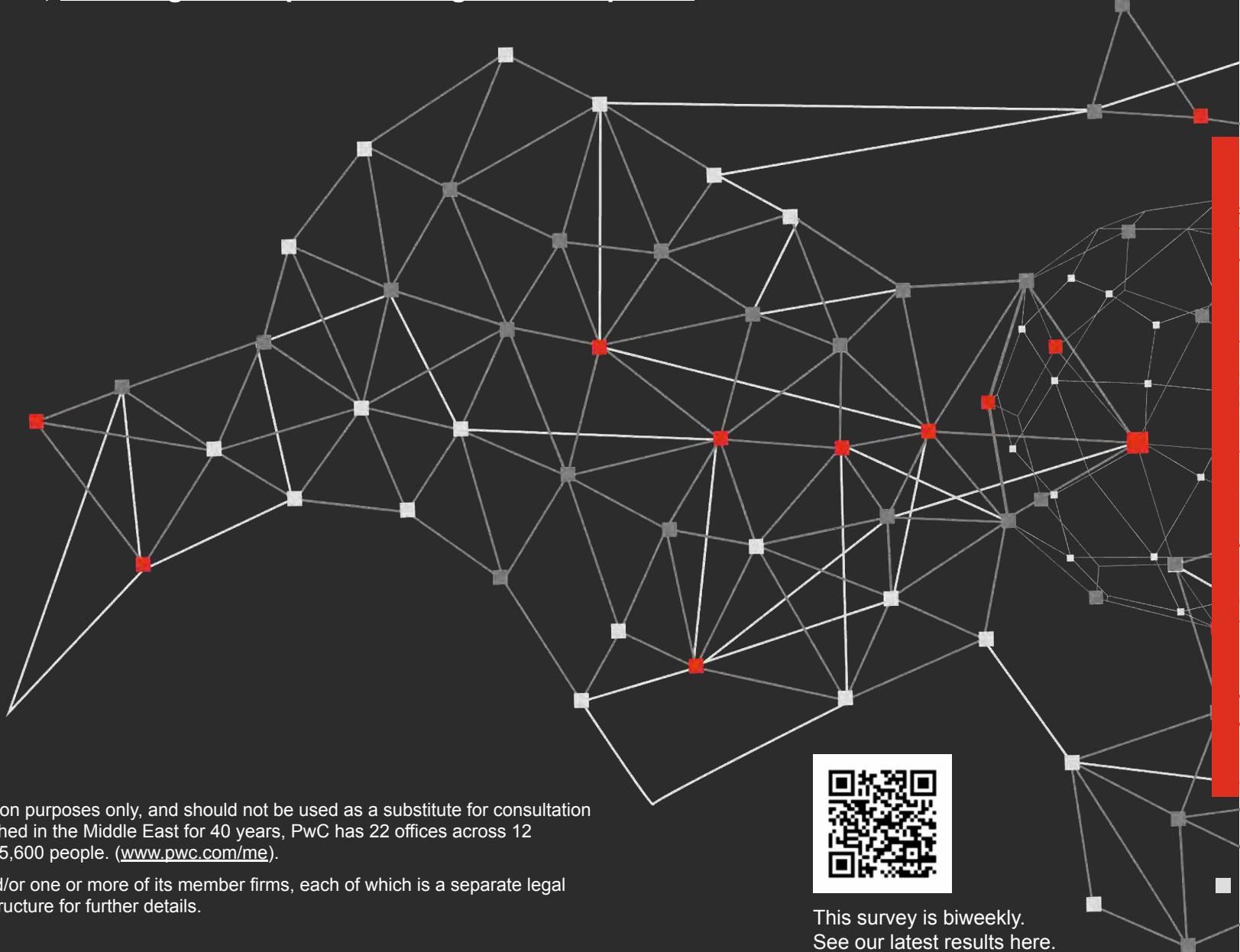
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This survey is biweekly.
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