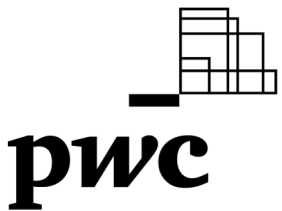




PwC's COVID-19 CFO Pulse Survey

Middle East findings – 16 June 2020



pwc.com/me/covid19-cfo-pulse



This survey is biweekly.
See our latest results here.

How Middle East CFOs and finance leaders are responding 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 the fourth and final edition of our CFO Pulse Survey, where 89 finance leaders from across the Middle East provided their views during a survey conducted over 1-11 June 2020.

Top Middle East findings

Increased recovery timelines and financial impact

Expected recovery timelines continue to increase, with 72% of Middle East CFOs now expecting a return to 'business as usual' to take three months or more, and the proportion expecting profits or revenue to decrease has also slightly increased to 89%.

Concerns around a global economic downturn and a second wave are high

The top concern for all CFOs is the impact of a global economic downturn (60%). Fear around a new wave of COVID-19 infections is in third place – although this is marginally lower in the Middle East (53%) and the UAE (49%) compared to the global average (58%).

Rebuilding revenues and managing costs as we move forward

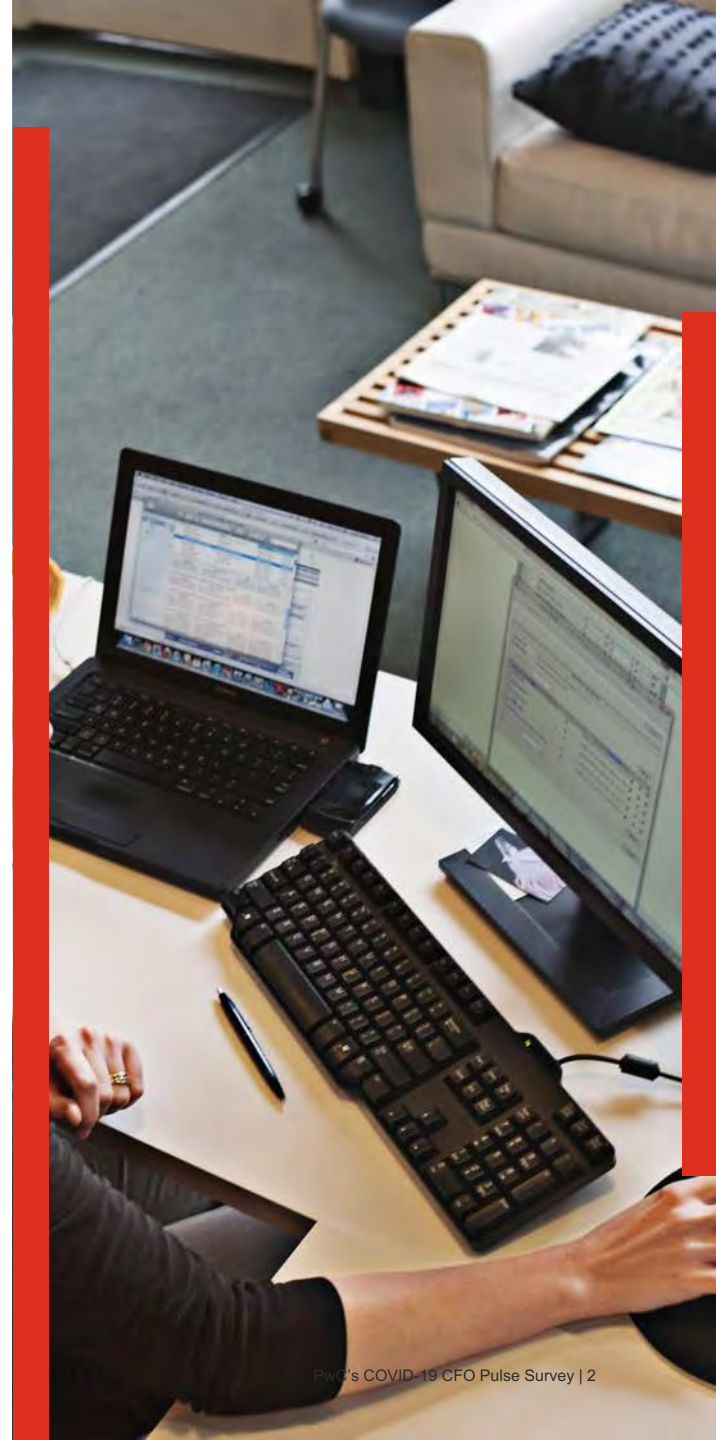
Middle East CFOs consider pricing strategies most important for rebuilding or enhancing revenue streams – 61% vs. 48% globally. Workforce remains a concern. 39% of executives in the Middle East expect layoffs compared to 25% globally. This is even more pronounced in the UAE where 51% of CFOs expect layoffs in the next month, compared to 39% five weeks ago.

Growing confidence in return to work strategies

Middle East CFOs are very confident in their ability to manage any second wave of infection (70%). They are also increasingly more likely to adopt automation and new ways of working (62%) as work flexibility continues to be the top long term benefit arising from the current situation.

Emerging stronger and more resilient

Resilience and agility are key drivers for the future. Middle East CFOs believe leaner operations (55%) and identifying new ways to serve customers (55%) will help them emerge stronger and benefit their organisations in the long run.

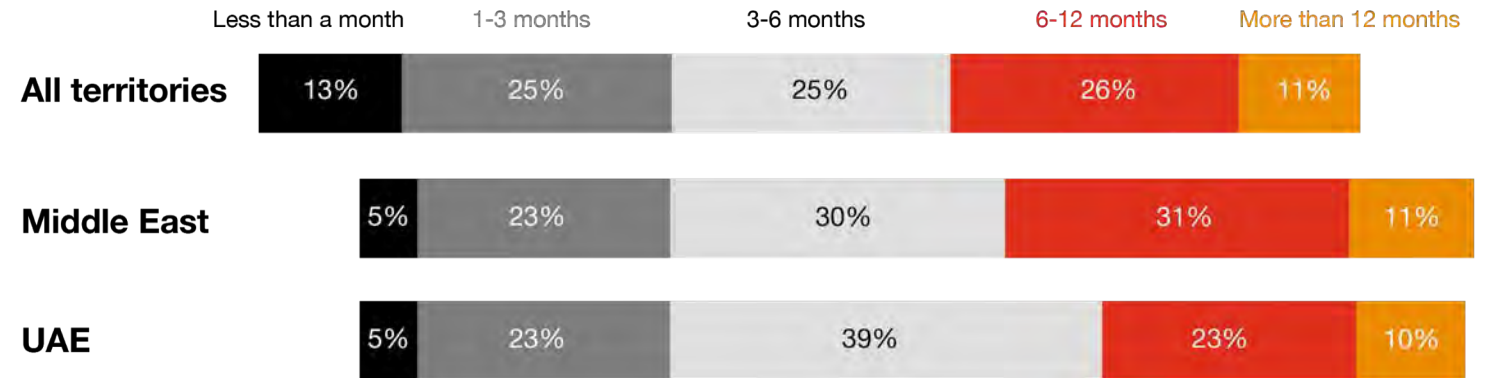


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Increased recovery timelines and financial impact

As organisations have increasingly realised the effects of COVID-19, we have seen a consistent lengthening in expected recovery timelines with each wave of our survey. In the Middle East, the proportion of CFOs expecting recovery to take three months or more has increased to 72% – compared to 66% when our audience was last surveyed five weeks ago. Globally, there has been a similar increase (fig. 1).

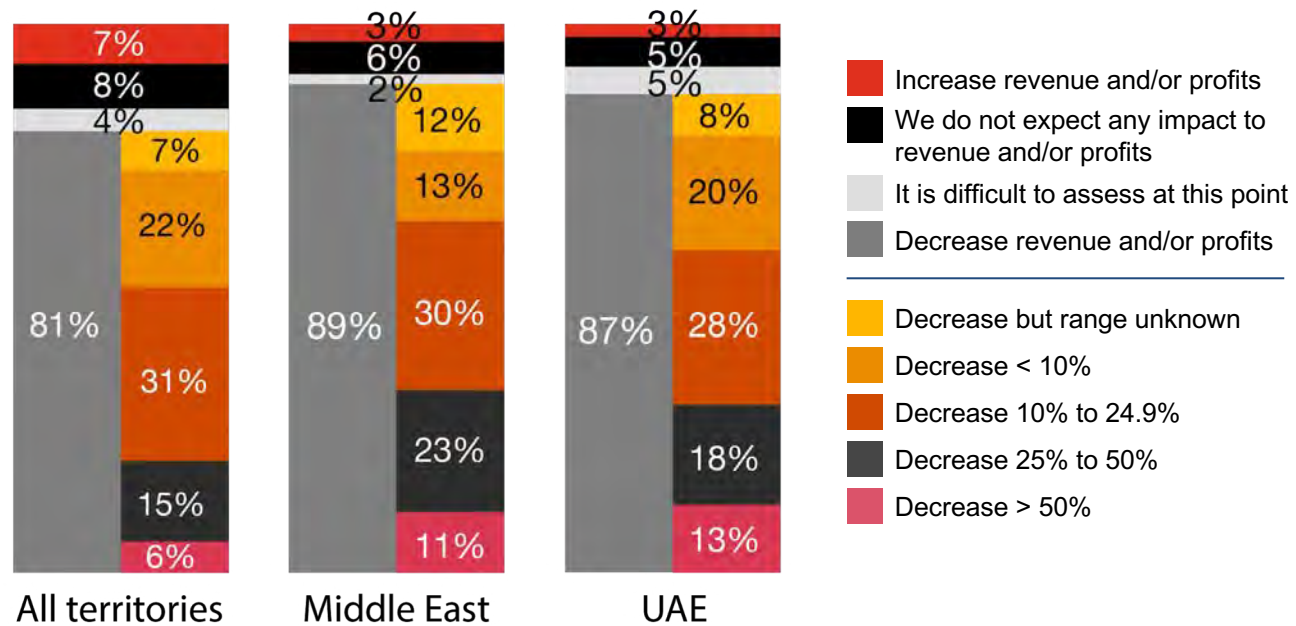
Fig. 1: If COVID-19 were to end today, how long would you estimate it would take for your company to get back to “business as usual”?



Source: PwC, COVID-19 CFO Pulse, 16 June, 2020
All territories: 989, Middle East 89, UAE 39

Aligned with the increasing recovery timelines, a slightly higher proportion of regional finance leaders expect their company's revenue and/or profits to decrease – 89% compared to 86% five weeks ago. Reassuringly, however, the expected severity of this decrease seems to have improved, with only 11% of Middle East CFOs expecting a decrease of over 50%, compared to 19% during the prior survey period (fig. 2).

Fig. 2: What impact do you expect on your company's revenue and/or profits this year as a result of COVID-19?



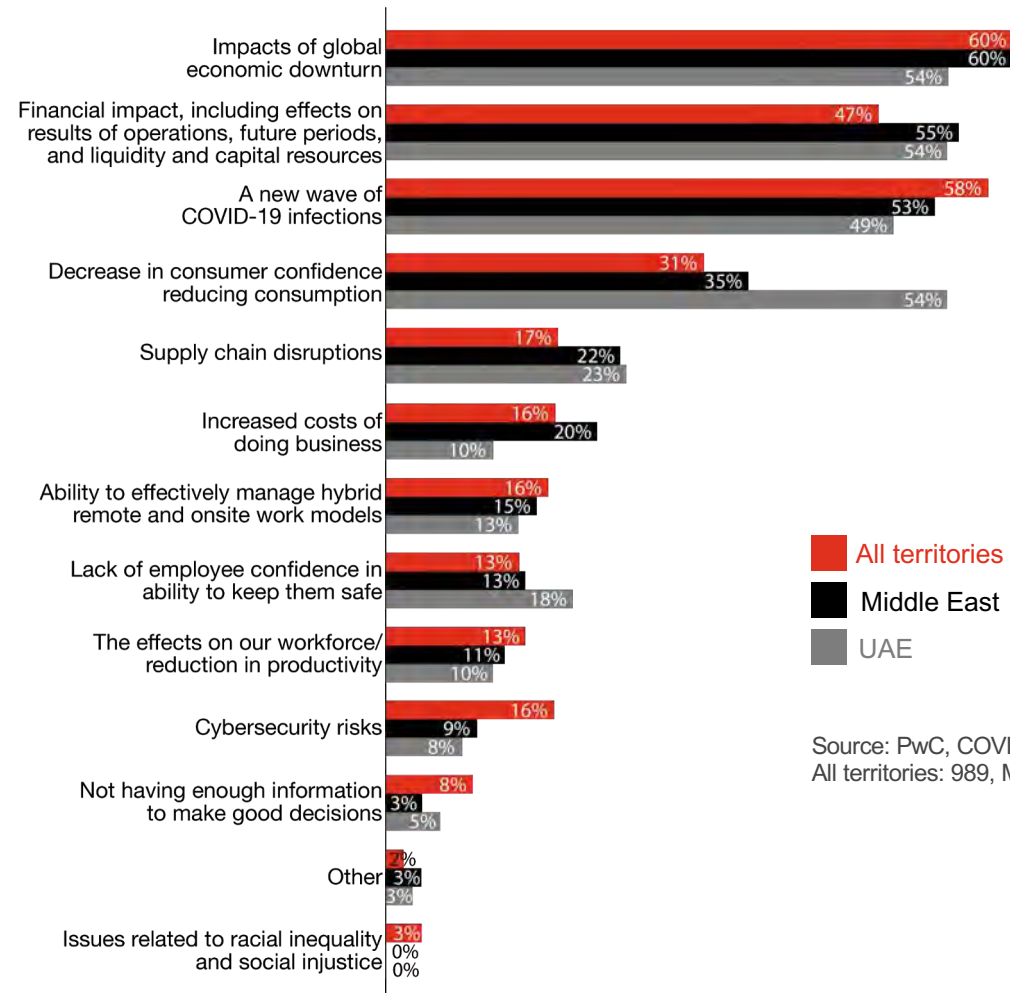
Source: PwC, COVID-19 CFO Pulse, 16 June, 2020
 All territories: 989, Middle East 89, UAE 39

Concerns around a global economic downturn and a second wave are high

When asked about concerns around returning to the workplace and operating in a changed business environment, global and regional finance leaders all identified the same top three factors – although with different rankings. Both globally and in the Middle East, concern around the impacts of a global economic downturn came out highest, with 60% of CFOs listing it in their top three. In the Middle East, the second highest area of concern was the financial impact of COVID-19, including its effects on results of operations, future periods, and liquidity and capital resources, with 55% of CFOs citing it – compared to 47% globally. This concern was the third highest across all territories. Fears around a new wave of COVID-19 infections completes the top three, although Middle East concerns around this are marginally lower than the global average, with 53% citing it in the region and 49% in the UAE, compared to 58% globally.

In the UAE, concern around a decrease in consumer confidence reducing consumption is significantly higher than elsewhere in the region or globally – with 54% of CFOs citing this, compared to just 35% in the Middle East and 31% globally. The UAE places equal weight on this factor, the impacts of a global downturn and the financial impact of the pandemic – all at 54% (fig. 3).

Fig. 3: What are your top-three concerns with respect to returning to the workplace and operating in a changed business environment?



Source: PwC, COVID-19 CFO Pulse, 16 June, 2020
All territories: 989, Middle East 89, UAE 39

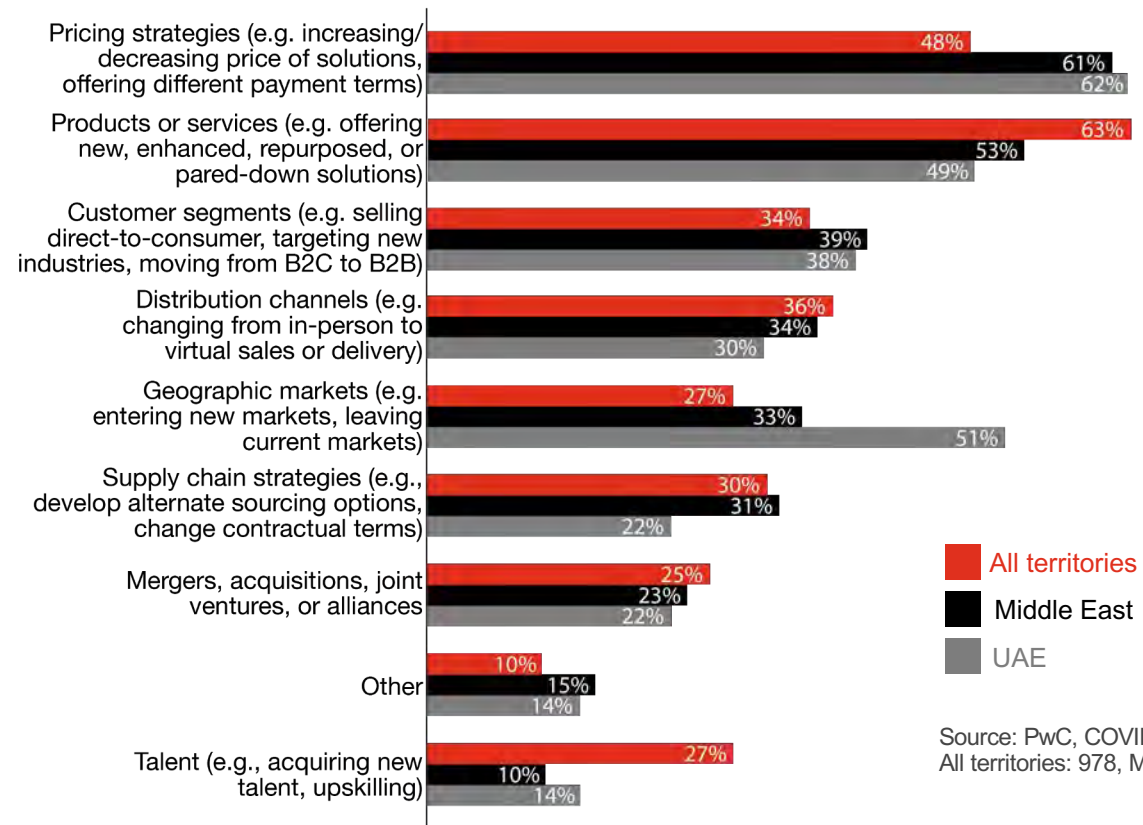
Rebuilding revenues and managing costs as we move forward

With the relaxing of lockdown measures, CFOs are continuing to adjust to the new normal and are shifting their attention to rebuilding and enhancing revenue streams. In the Middle East, 61% of executives are focused on their pricing strategies, such as offering different payment terms or increasing/decreasing the price of their offering, and 53% are making changes to their product or service by offering new, enhanced, or paired-down solutions. Globally 63% of CFOs are focused on the latter.

CFOs in the UAE are also looking to make changes to their geographic footprint to rebuild or enhance revenue – 51% are considering entering new markets or leaving markets they currently operate in to do so (fig. 4). Positively, we see a noticeable difference in the level of confidence of UAE CFOs when identifying new revenue opportunities. 46% felt very confident compared to 27% globally. The economic impact of COVID-19 has forced organisations to rethink their business models, which has, in some cases, been a catalyst for rapid innovation to exploit new market opportunities (fig. 5).

It's worth noting that making talent related changes to enhance revenue, such as hiring new talent or upskilling existing employees, is not a priority in the Middle East. Only 10% of finance executives in the region would make this type of change compared to 27% of executives globally (fig. 4).

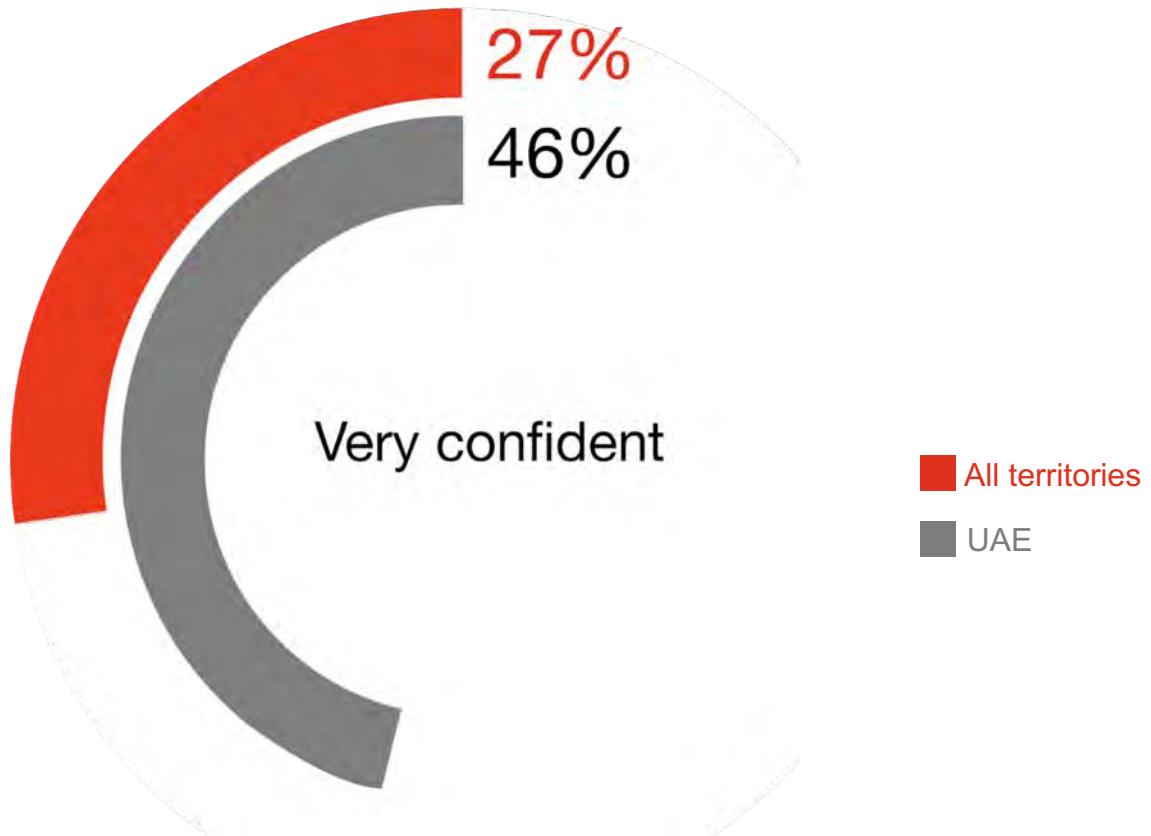
Fig. 4: Changes in which of the following will be most important to rebuilding or enhancing your revenue streams?



Source: PwC, COVID-19 CFO Pulse, 16 June, 2020
All territories: 978, Middle East 87, UAE 37

Fig. 5: In returning to the workplace, how confident are you in your company's ability to do the following?

Identify new revenue opportunities



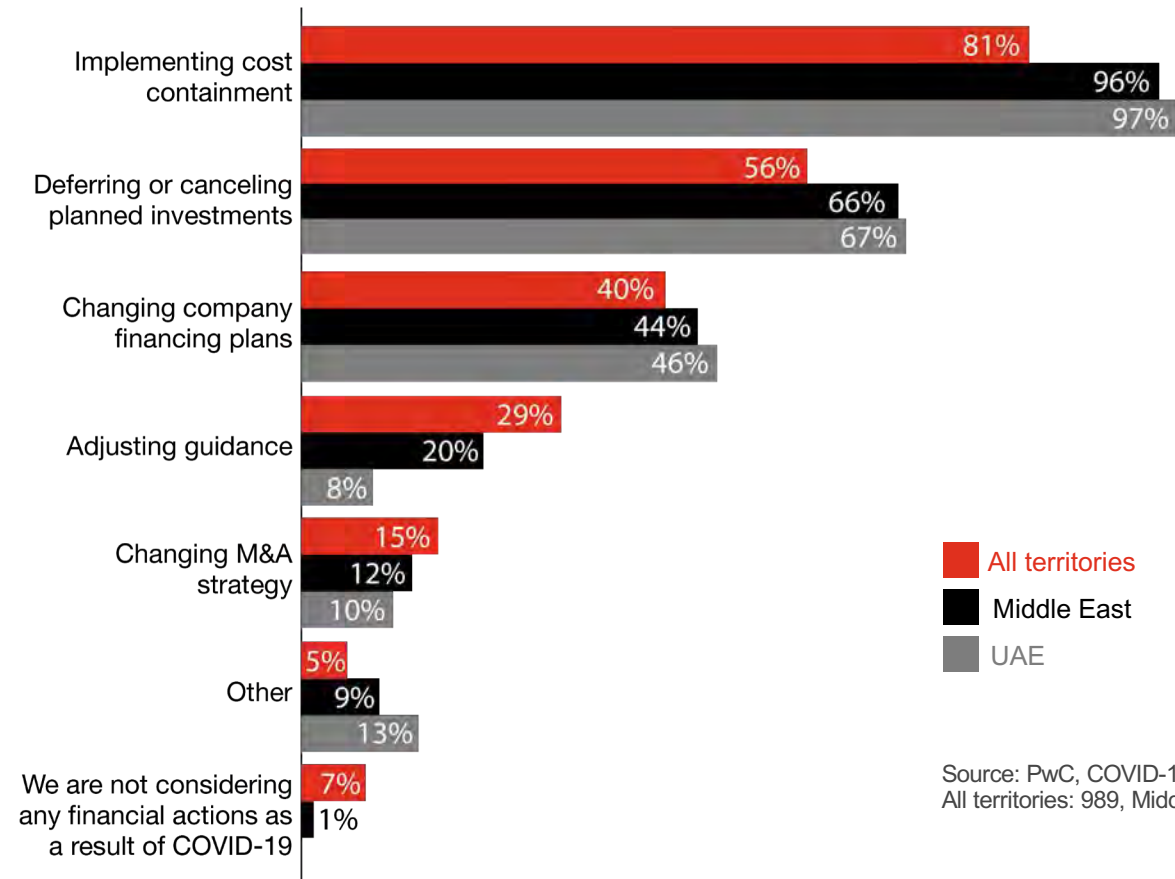
Source: PwC, COVID-19 CFO Pulse, 16 June, 2020
All territories: 989, UAE 39



Cost containment and deferral or cancellation of investments as a result of COVID-19 are still high on the agenda for CFOs globally. In the Middle East this trend continues to strengthen, with 96% of CFOs considering implementing cost containment measures compared to 87% in the previous survey.

Changes to M&A strategy are even less likely to occur – just 12% of Middle East finance executives are considering this financial action compared to 17% during the previous survey conducted five weeks ago (fig. 6).

Fig. 6: Which of the following financial actions is your company considering as a result of COVID-19?

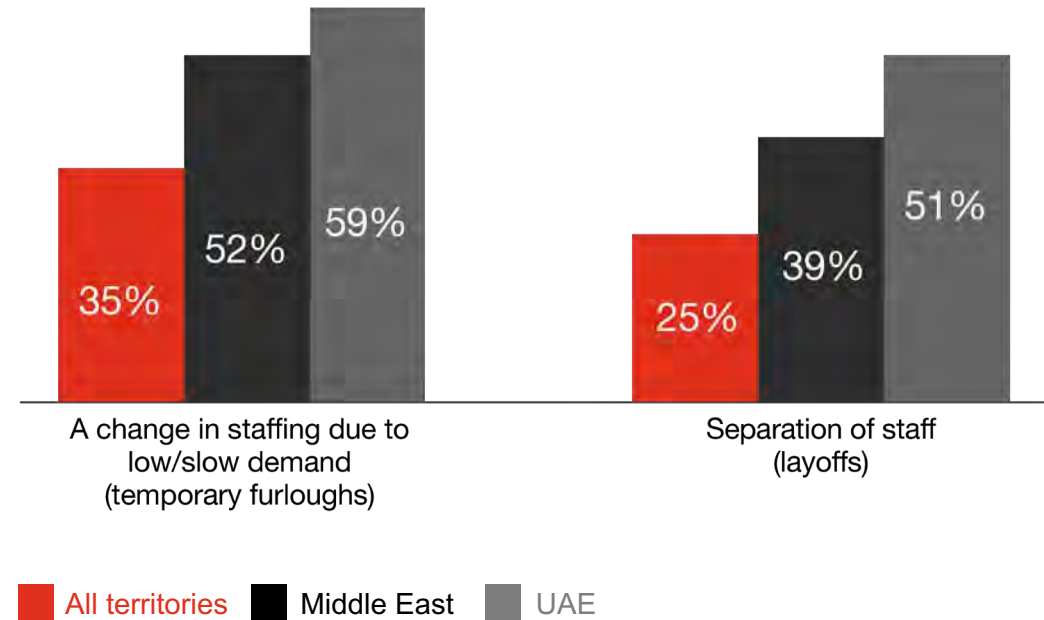


Source: PwC, COVID-19 CFO Pulse, 16 June, 2020
 All territories: 989, Middle East 89, UAE 39

Globally things are starting to stabilise, with layoffs and furloughs now less likely than five weeks ago, but in the region, workforce remains a concern. Middle East CFOs are still more likely to expect layoffs – 39% compared to 25% globally. This is even more pronounced in the UAE where 51% of CFOs expect to see layoffs in the next month, compared to 39% during the last survey (fig. 7). We also see that Middle East CFOs are more likely to defer or cancel payment into the workforce, compared to the global average – with 51% saying they are considering this, compared to 40% globally (fig. 8).

An increasing number of regional finance executives are also expecting changes in staffing due to low demand. 52% of executives in the region and 59% in the UAE expect this to occur in the next month, the latter has increased from 39% in the previous survey (fig. 7).

Fig. 7: 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, 16 June, 2020
All territories: 989, Middle East 89, UAE 39



Fig. 8: 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?

Workforce



Source: PwC, COVID-19 CFO Pulse, 16 June, 2020
 All territories: 554, Middle East 59



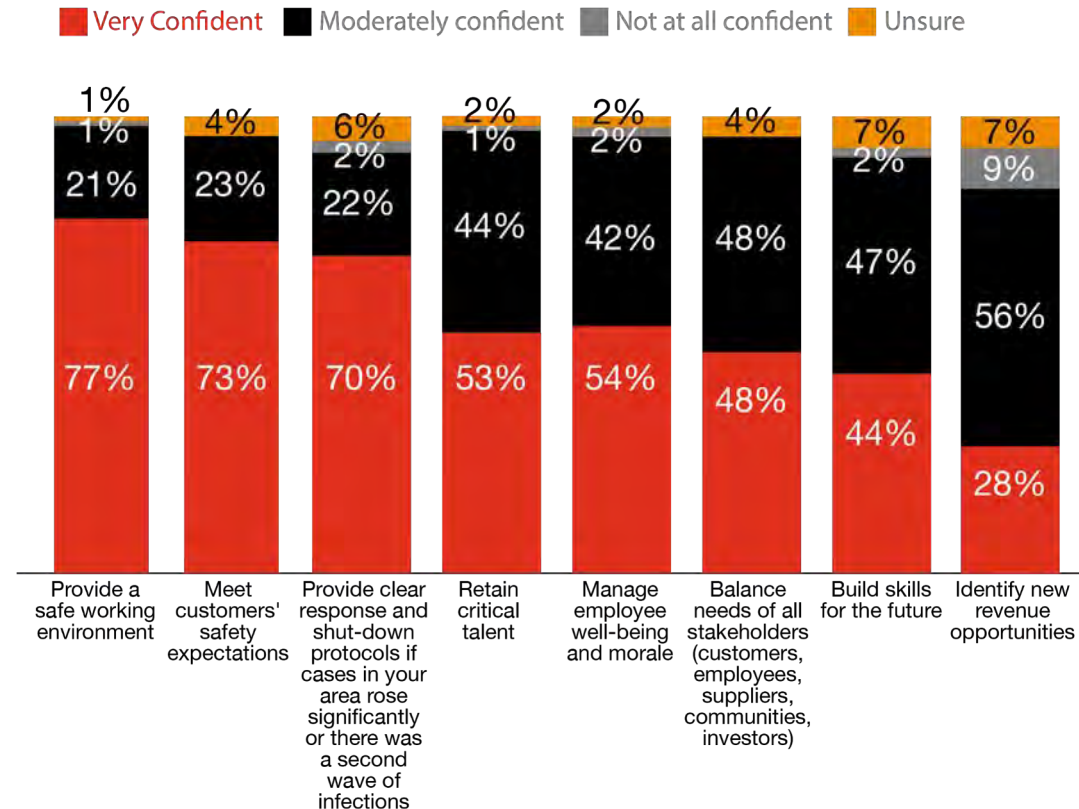
Growing confidence in return to work strategies

Middle East CFOs are very confident about their return to work strategies, which broadly aligns with the global average. Meeting customers' safety expectations (73%) and providing a safe working environment (77%) rank highest, with confidence levels in their ability to respond relatively similar to when we asked the same question five weeks prior (fig. 9).

Interestingly, the robust processes that organisations have implemented over the last few months have left CFOs feeling particularly confident in their ability to provide a clear response and shut down protocols, if cases begin to rise or if there was a second wave of infections.

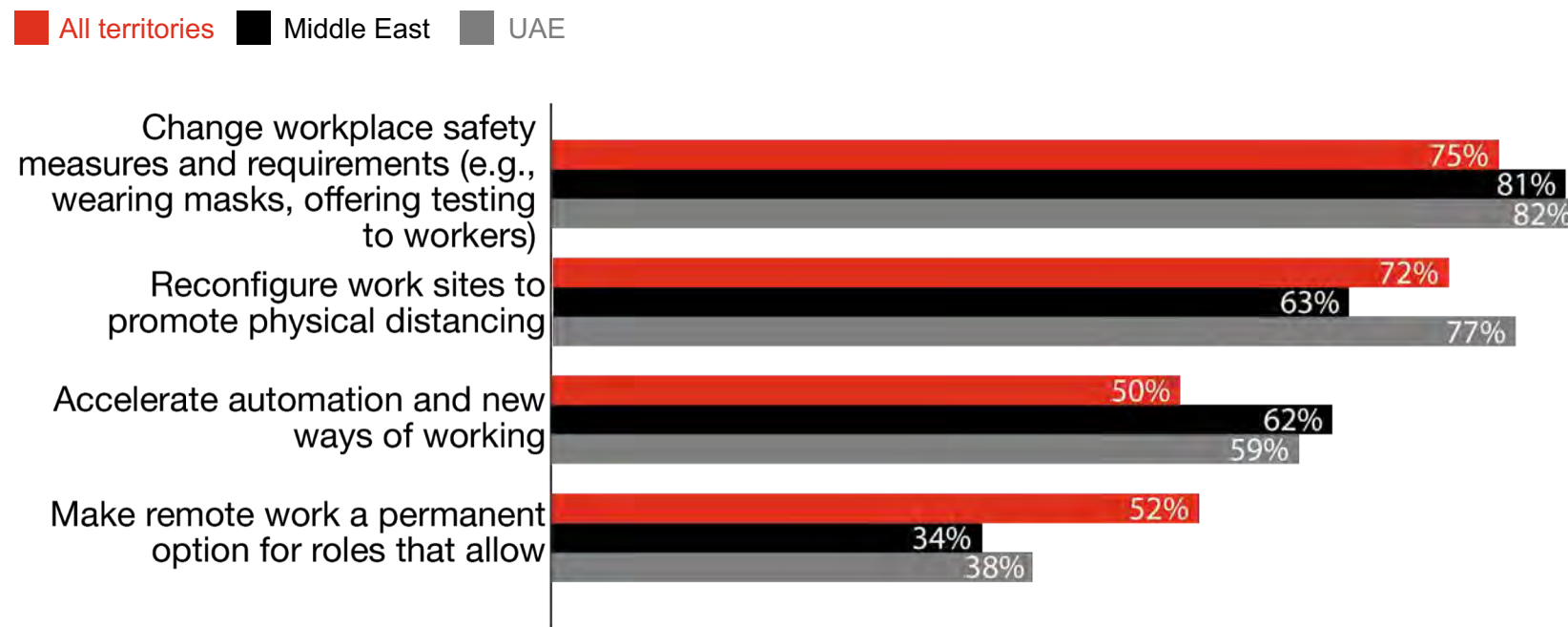
Fig. 9: In returning to the workplace, how confident are you in your company's ability to do the following?

Middle East



Measures being put in place when transitioning back to the workplace remain fairly consistent with previous weeks, with implementation of safety measures such as masks and testing, and reconfiguring of work sites to promote social distancing coming out at the top, both globally and in the Middle East. Regional CFOs are increasingly more likely to adopt automation and new ways of working, with 62% citing this compared to 50% globally. The outlook for those who enjoy remote working continues to look a little less rosy in the region, with CFOs in the Middle East still significantly less likely to make remote working a permanent option (fig. 10).

Fig. 10: 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, 16 June, 2020
 All territories: 989, Middle East 89, UAE 39

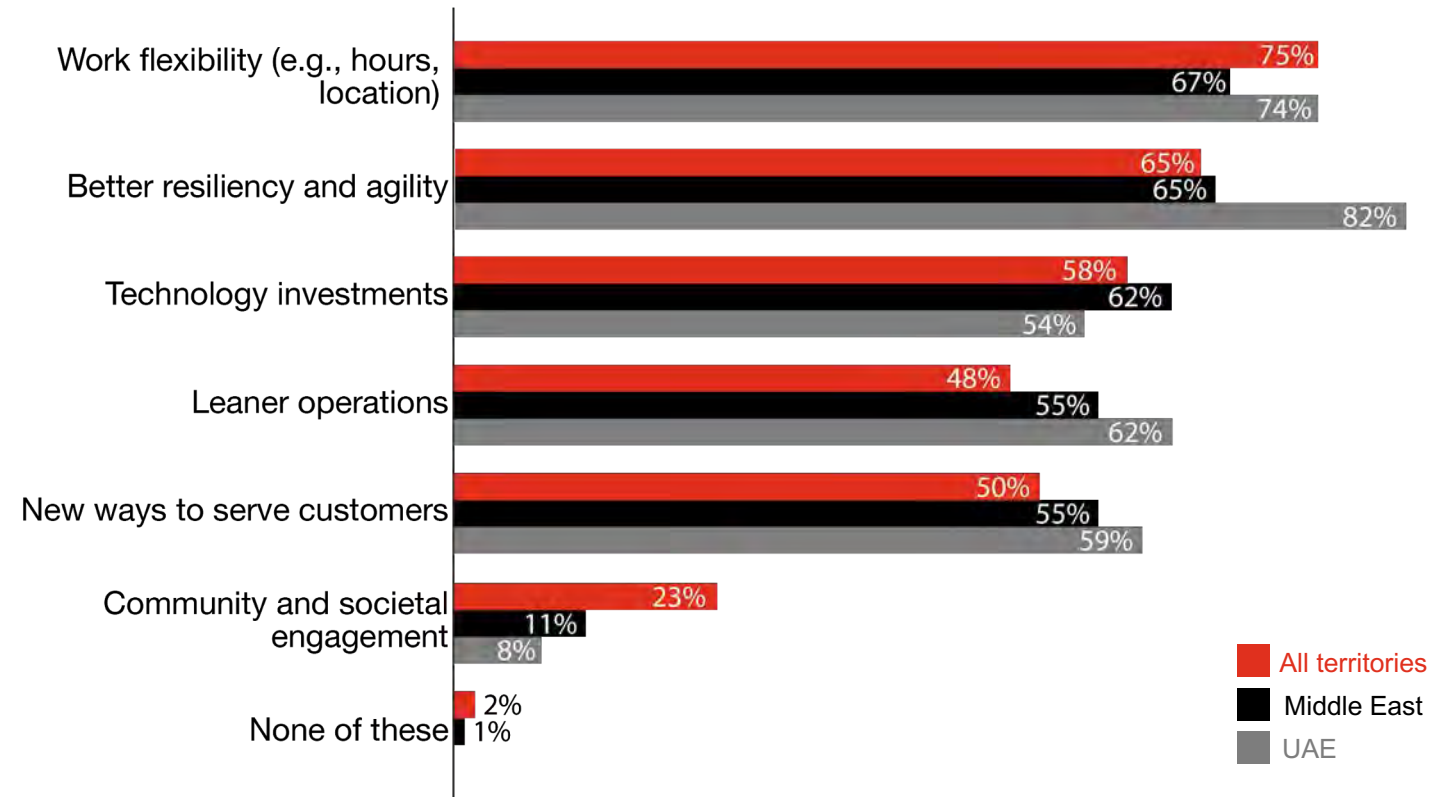
Emerging stronger

As we approach the second half of the calendar year, most, if not all Middle East organisations will look very different to how they did prior to March 2020. Working flexibility (67%), having leaner operations (55%) and identifying new ways to serve customers (55%) will not only be part of our new normal but will positively impact organisations as they begin to emerge from the crisis.

Resilience and agility to be able to weather the present economic conditions will remain key drivers as organisations look ahead, with 82% of UAE CFOs particularly focused in this area (fig. 11).

As the region transitions to the new normal, organisations must not forget how they have been able to adapt under extreme economic pressure and harness the lessons learnt as they look towards the future.

Fig. 11: What about the current situation will make your company better in the long run?



Source: PwC, COVID-19 CFO Pulse, 16 June, 2020
All territories: 989, Middle East 89, UAE 39

About the survey

To help identify the business and economic impact of COVID-19, PwC Middle East surveyed finance leaders in the region for the fourth edition of the CFO Pulse Survey. Of the 89 surveyed for the report over 1-11 June, 2020, respondents were from a cross-section of industries and were based in the UAE (39), Saudi Arabia (21), Oman (10), Qatar (6), Bahrain (6), Egypt (2), Kuwait (2), Lebanon (2) and Jordan (1). Individual country comparisons are provided for sample sizes of over 30 respondents.

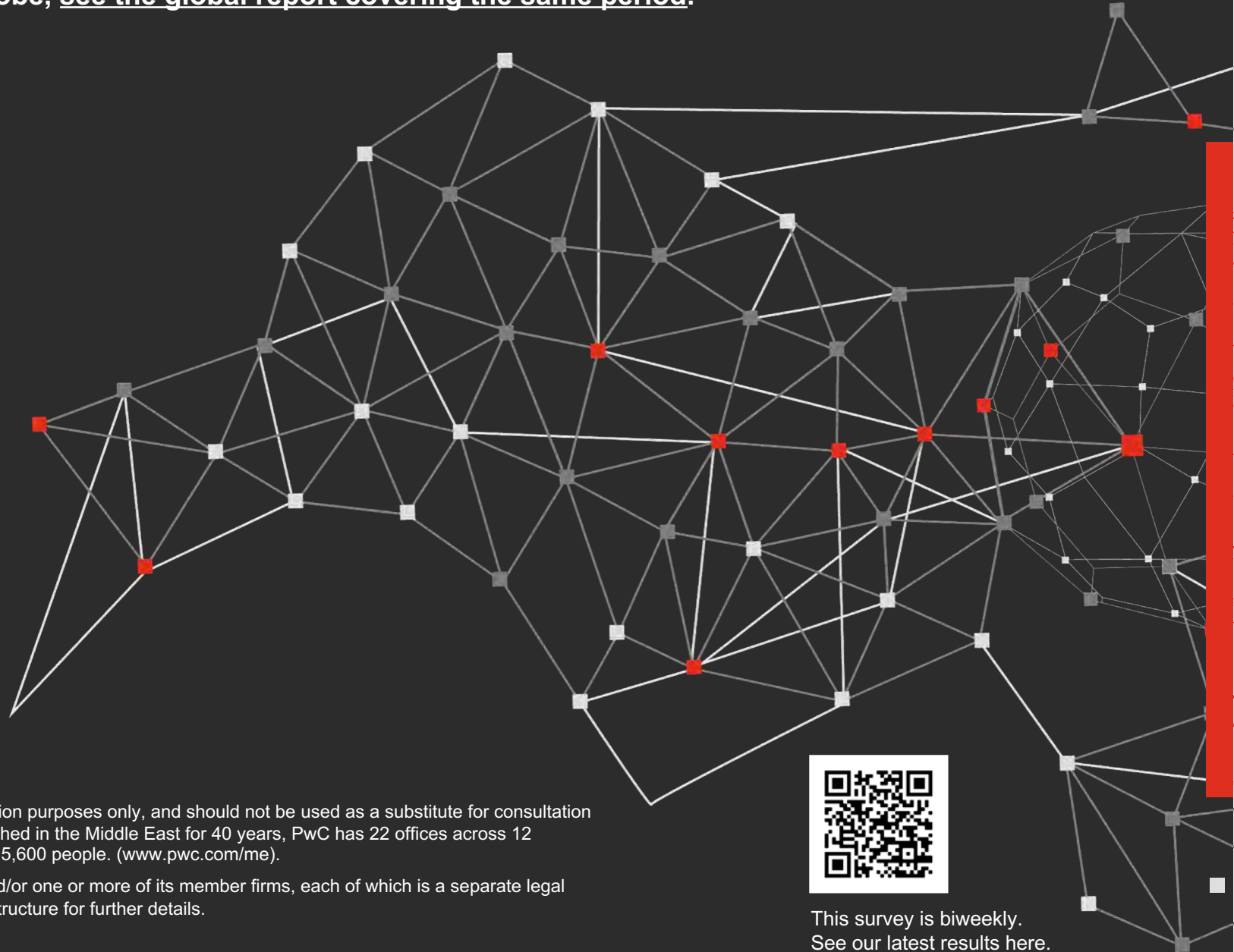
This is the final Middle East report in the series. View the prior reports released on [12 May](#), [28 April](#) and [14 April](#).



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

Get in touch

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This survey is biweekly.
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