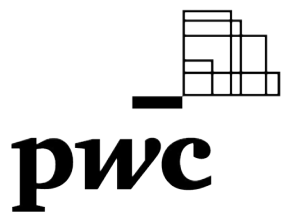


# PwC's COVID-19 CFO Pulse Survey

The first in a biweekly series that shows how Middle East CFOs and finance leaders plan to react to COVID-19 — and what impacts they expect to see.



Middle East findings — 14 April 2020  
[pwc.com/me/covid19-cfo-pulse](https://pwc.com/me/covid19-cfo-pulse)



This survey is biweekly.  
See the latest results here.

## How finance leaders are responding to COVID-19

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 first CFO Pulse Survey, where 139 finance leaders<sup>1</sup> from across the Middle East provide their views during a survey conducted during the week of 5 April.

We will continue to assess regional CFO sentiment and priorities on a biweekly basis.

### Top Middle East findings

**67% of CFOs believe that COVID-19** has the potential to significantly impact their business. UAE CFOs are the region's most concerned (77%), while those in KSA feel the impact is limited to specific areas of their business.

Despite their concerns, a majority of CFOs in the Middle East believe that if COVID-19 were to end immediately, their **company could get back to 'business as usual' within three months.**

1. We had 139 CFOs participate from across the Middle East during the week of 5 April: UAE (52), Saudi Arabia (33), Egypt (18), Oman (14), Qatar (6), Lebanon (6), Jordan (4), Bahrain (3), Palestine (2) and Kuwait (1). Individual country comparisons are provided for sample sizes of over 30 respondents.

The primary concern for Middle East CFOs is financial impact, with **78% expecting a decrease in revenue as a result of the pandemic.** This is particularly true in the UAE where 9 out of 10 executives are expecting a decrease in revenue or profits.

CFOs looking to cut costs are most likely to consider cost containment, and deferral or cancelation of investments particularly on capital expenditure. From those in the region, **this is especially true for the UAE (92%).**

Investments in digital transformation, customer experience and cybersecurity are most likely to be protected and, as a result of COVID-19, **55% of CFOs expect to make changes to their supply chain (67% KSA).** These results provide a clear indication of the likely focus areas post COVID-19.

Over half of Middle East CFOs plan to take advantage of government support programmes, but this varies greatly by country. In KSA, **nearly 8 out of 10 CFOs are considering or intending to do so.**



# CFOs are concerned about the impact of COVID-19 on business operations and revenue

The majority of Middle East CFOs believe COVID-19 has the potential to significantly impact their business operations and decrease the revenue or profit of their organisation.

With levels of concern varying across the region, UAE CFOs are the most concerned, with almost 9 out of 10 expecting financial implications, and more than half concerned about the potential for a global recession. Highly affected sectors such as tourism, hospitality and retail make up a significant proportion of the country's economy, so these findings are perhaps unsurprising.

In Saudi Arabia, the level of concern is somewhat muted, with 45% of CFOs considering the situation to be an isolated challenge with little impact, or feeling that the impact is limited to specific areas of their business.

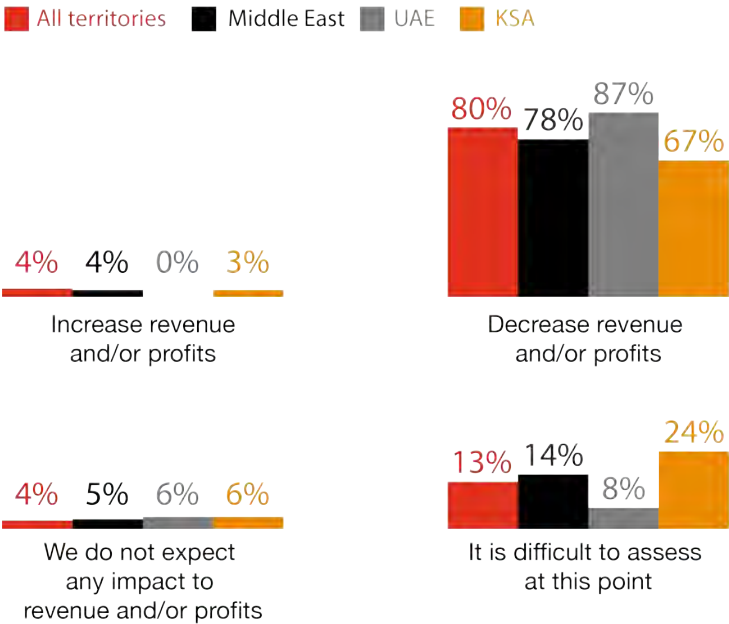
Cybersecurity and privacy concerns are surprisingly low across the board - perhaps indicating that many organisations are still in the initial 'mobilise' phase of response - dealing with the immediate concerns around the availability of cash.

Fig. 1: What is your company's current level of concern related to COVID-19?

	All territories	ME	UAE	KSA
Potential for significant impact to our business operations and it is causing us great concern.	73%	67%	77%	55%
Limited to specific regions in our business currently, but we are monitoring closely.	16%	23%	13%	33%
Isolated challenge and not greatly impacting our business currently, but we are monitoring the situation for any change.	9%	9%	10%	12%
Not currently impacting our business.	1%	1%	0%	0%

Source: PwC COVID-19 Middle East CFO Pulse Survey, 14 April, 2020  
Base: all territories: 824; ME: 139; UAE: 52; KSA: 33

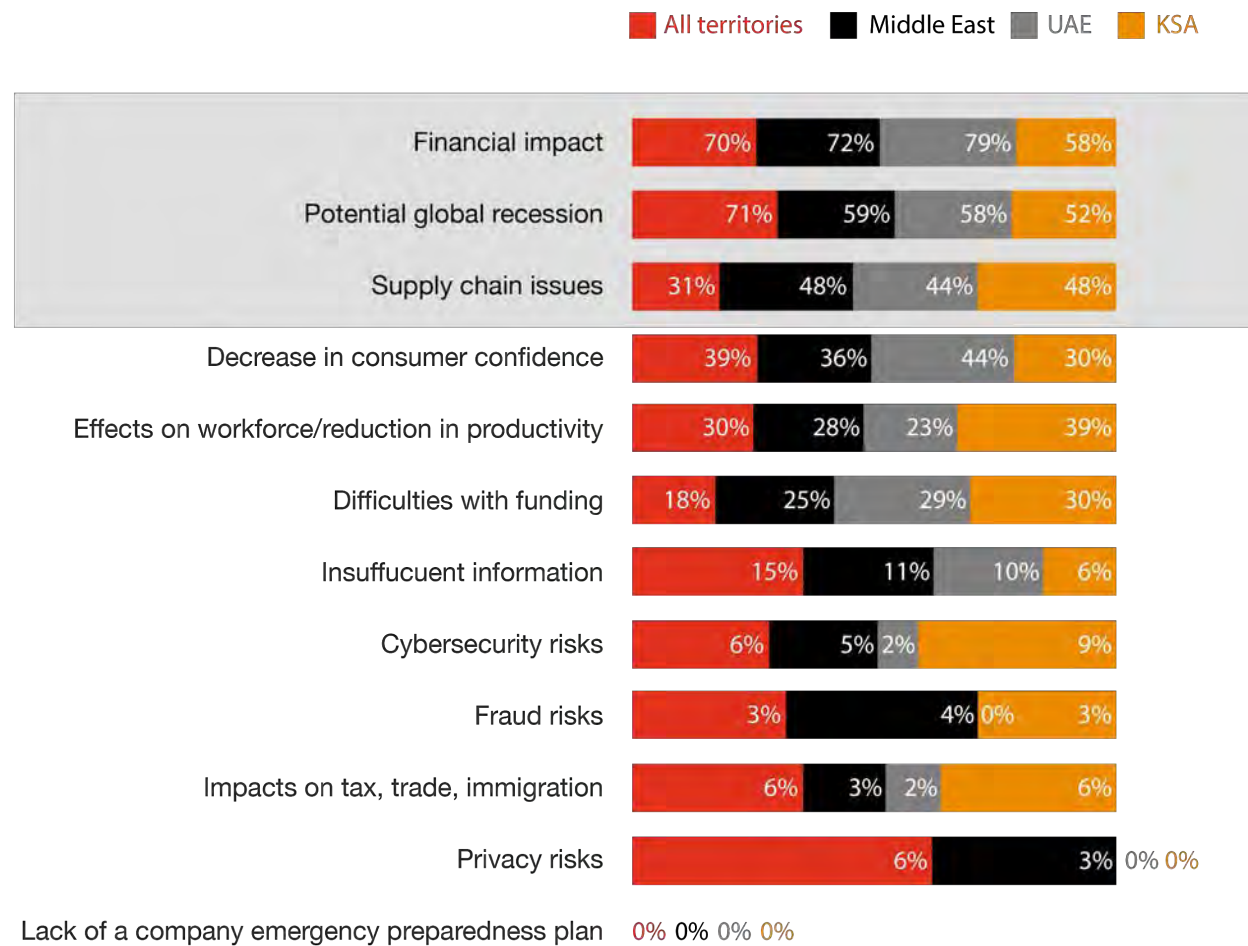
Fig. 2: What impact do you expect on your company's revenue and/or profits as a result of COVID-19?



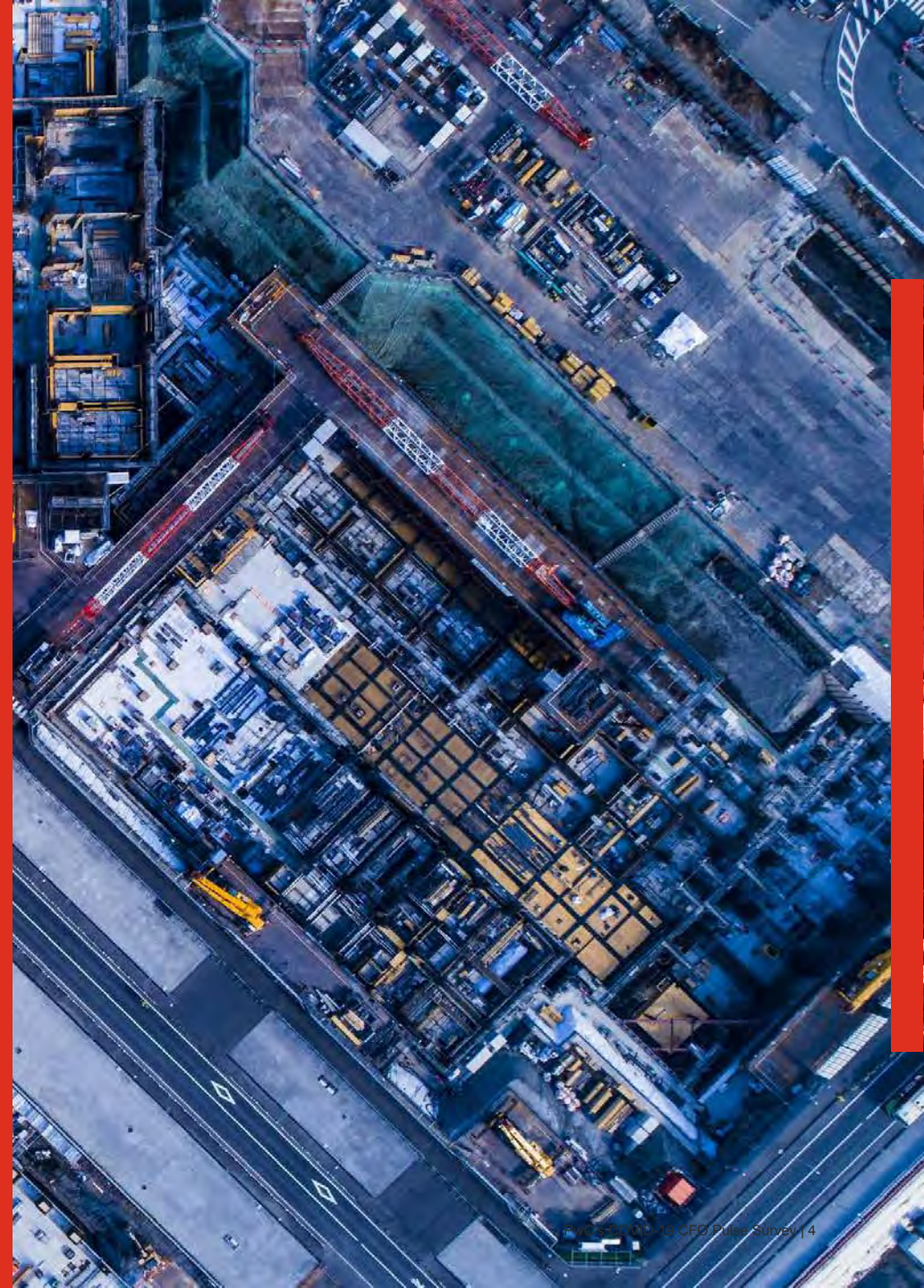
Source: PwC COVID-19 Middle East CFO Pulse Survey, 14 April, 2020  
Base: all territories: 824; ME: 139; UAE: 52; KSA: 33



**Fig. 3: What are your top three concerns with respect to COVID-19?**



Source: PwC COVID-19 Middle East CFO Pulse Survey, 14 April, 2020  
 Base: all territories: 824; ME: 139; UAE: 52; KSA: 33

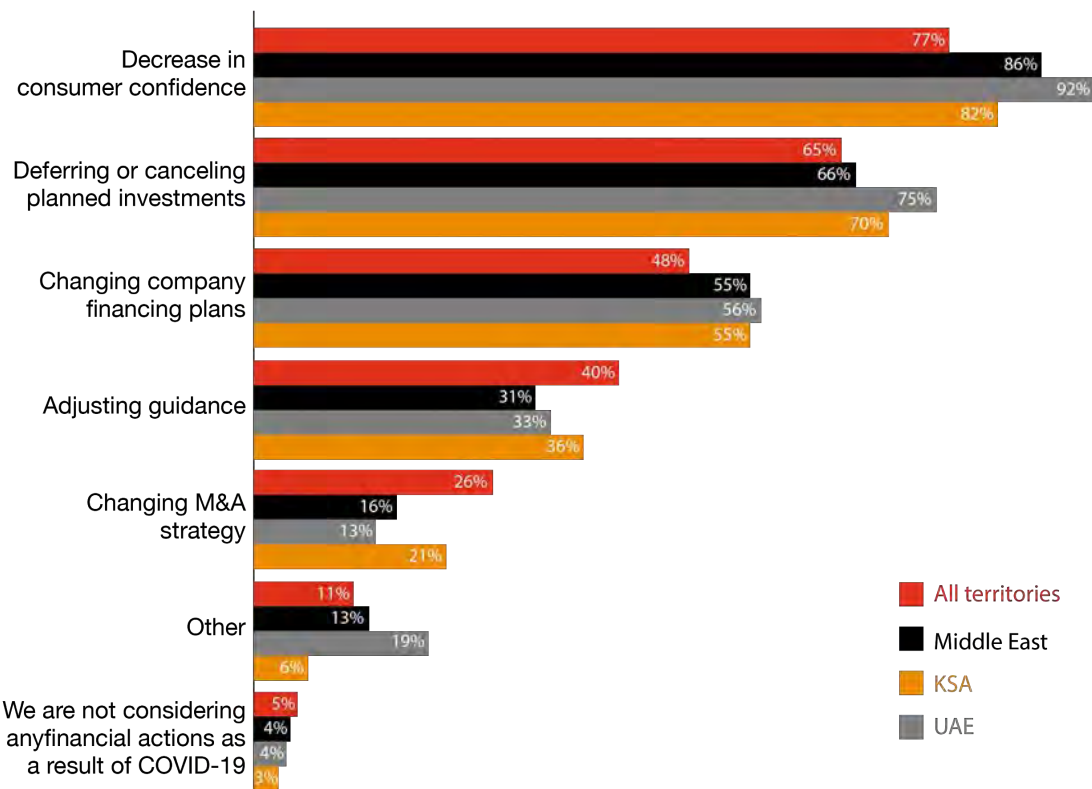


## Cost cutting is front of mind

Middle East CFOs will have a razor sharp focus on cash flows in the weeks and months ahead and are most likely to consider cost containment measures to protect the future of their business. In the UAE, 92% of CFOs surveyed are looking at such cost reduction strategies compared to 82% in KSA. Other measures, such as the deferral of planned investments, will free up some reserves, giving CFOs some breathing space as the situation continues to develop.

When considering the deferral of strategic investments, 83% of CFOs across the region are doing so by firstly reviewing their capital expenditure, followed closely by business operations and workforce. It's positive to see that CFOs across the region continue to remain focused on digital investments such as cybersecurity and digital transformation, as the value placed on having robust digital systems and processes in place continues to be considered as business critical.

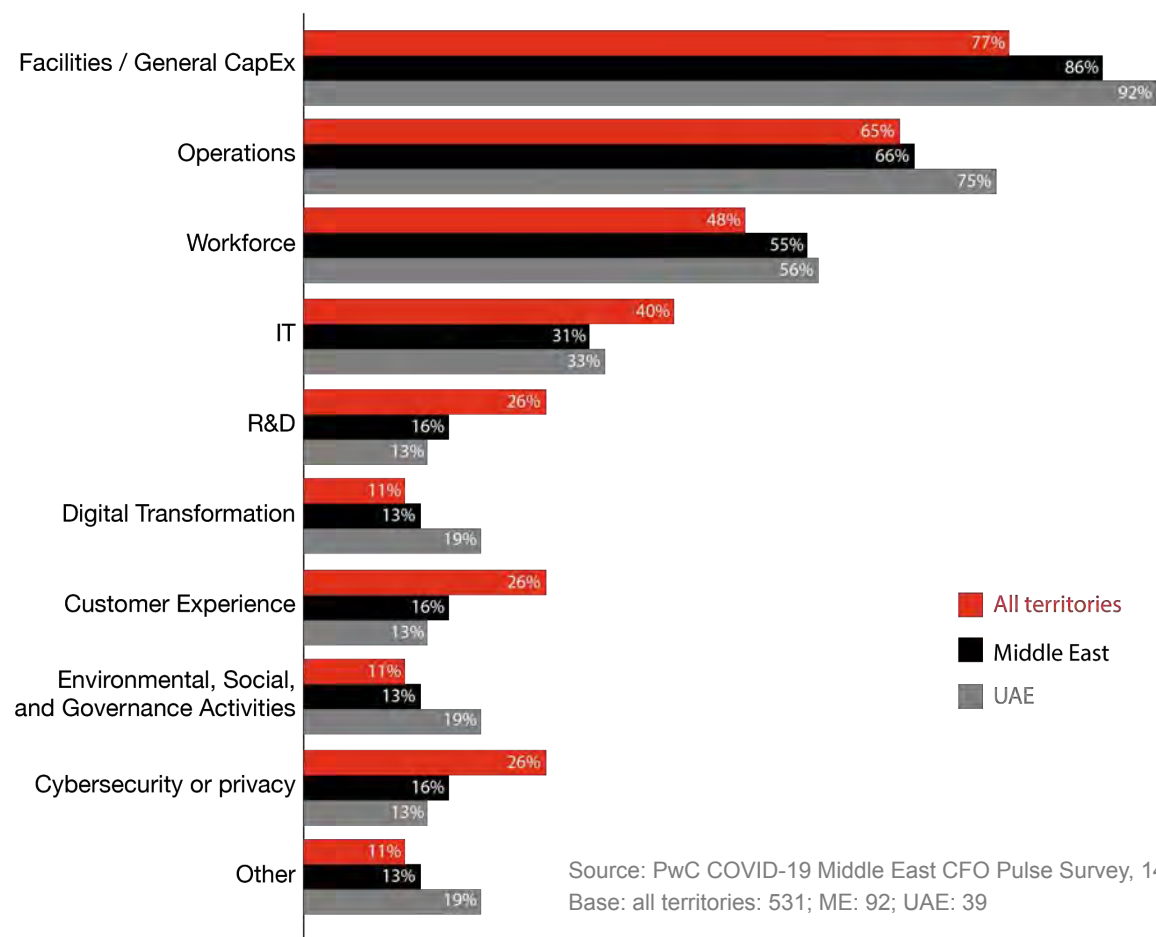
**Fig. 4: Which of the following financial actions is your company considering as a result of COVID-19?**



Source: PwC COVID-19 Middle East CFO Pulse Survey, 14 April, 2020  
Base: all territories: 824; ME: 139; UAE: 52; KSA: 33



**Fig. 5: 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?**

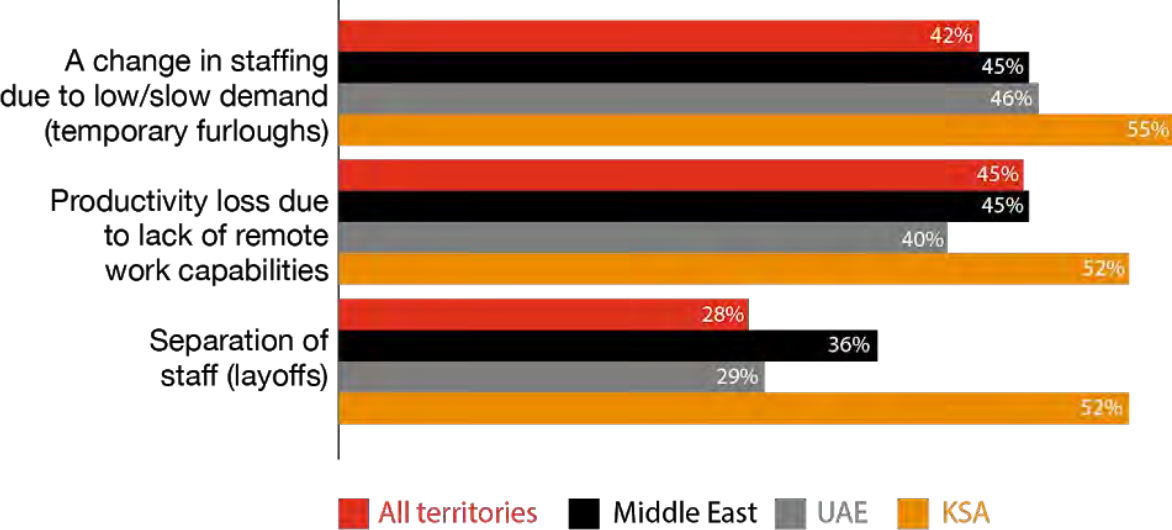


Source: PwC COVID-19 Middle East CFO Pulse Survey, 14 April, 2020  
Base: all territories: 531; ME: 92; UAE: 39



The immediate impact of COVID-19 has forced CFOs to closely look at their operating costs, especially their workforce fixed costs. In KSA, CFOs are expecting to see staff layoffs, productivity loss and temporary furloughs, as seen in low demand sectors such as retail. In the short term, the need for expat workers providing services to the Kingdom will have significantly reduced as COVID-19 travel restrictions remain in place.

**Fig. 6: Which of the following does your company expect to occur in the next month?**



Source: PwC COVID-19 Middle East CFO Pulse Survey, 14 April, 2020  
Base: all territories: 824; ME: 139; UAE: 52; KSA: 33



Middle East CFOs are looking at their M&A strategy with caution and feel it may be too early to say what impact COVID-19 will have on their future investment opportunities. With that said, KSA CFOs have a decreasing appetite for M&A in the short term as they look to manage immediate cash pressures.

Fig. 7: How is COVID-19 affecting your M&A strategy?

	All territories	Middle East	UAE	KSA
Increasing appetite	13%	9%	6%	9%
Decreasing appetite	27%	32%	31%	39%
No change	30%	26%	38%	24%
Difficult to assess currently	30%	34%	25%	27%

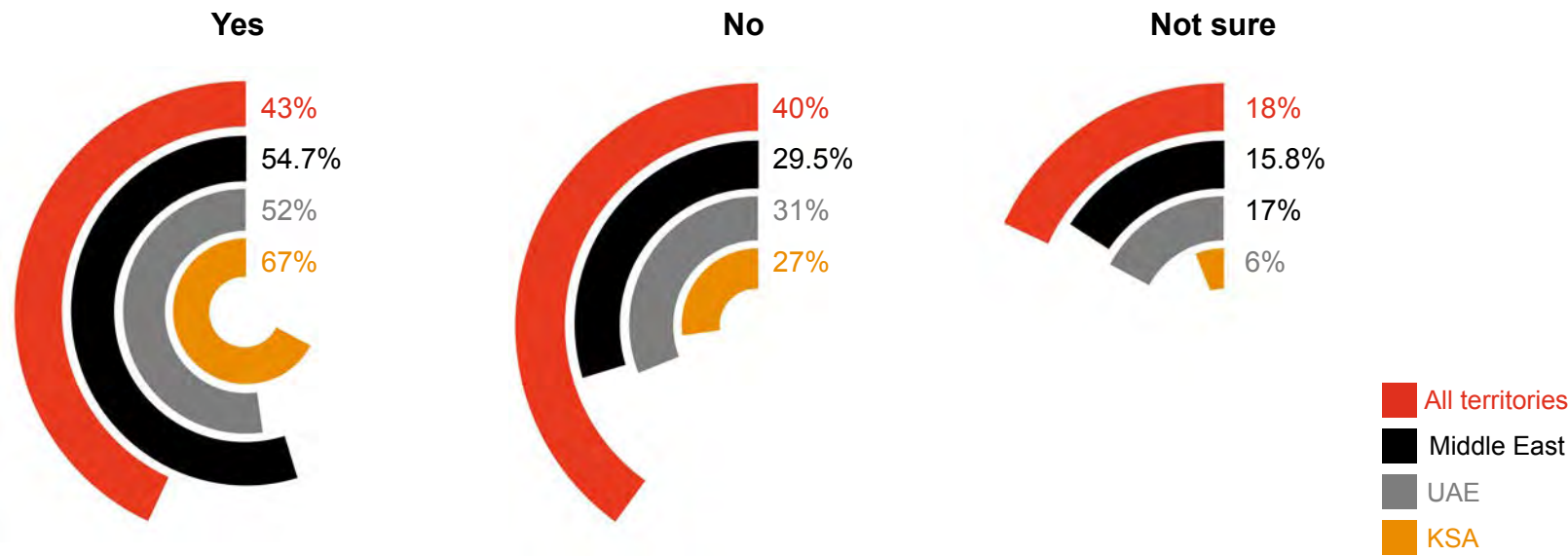
Source: PwC COVID-19 Middle East CFO Pulse Survey, 14 April, 2020  
Base: all territories: 824; ME: 139; UAE: 52; KSA: 33



## Impacts to supply chains

As one of their top three areas of concern (fig. 3), finance leaders in the Middle East appear to be more likely than their global counterparts to consider changing their supply chains, with this being particularly true in Saudi Arabia. With In Country Value programmes already in place to localise spending across a number of countries in the region, there is already widespread focus on reassessing supply chains, and this looks set to continue in the current circumstances.

Fig. 8: As a result of COVID-19, are you considering changes in your supply chain?



Source: PwC COVID-19 Middle East CFO Pulse Survey, 14 April, 2020  
Base: all territories: 824; ME: 139; UAE: 52; KSA: 33

## Looking for government support

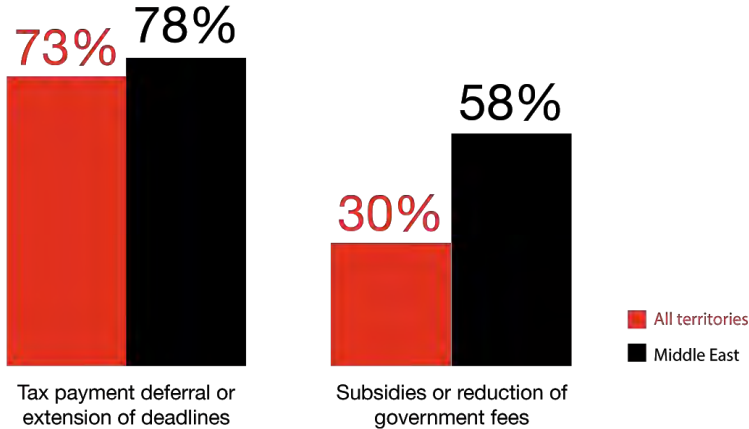
Compared with other territories, Middle East CFOs are more likely to avail of the government stimulus packages available in their country. During previous economic downturns, the KSA Government has offered attractive support packages for businesses, and 8 out of 10 CFOs are now considering accessing such programmes in the Kingdom. However, in the UAE, it seems that almost a quarter of CFOs are still assessing the level of relief available and how this support can be accessed.

**Fig. 9: Is your company planning or considering taking advantage of any government program/action designed to address the economic fallout from COVID 19?**

	All territories	Middle East	UAE	KSA
Yes	45%	52%	42%	76%
Not at present	29%	12%	12%	3%
Difficult to assess currently	20%	22%	23%	21%
N/A (the country in which I am based is not currently providing government relief / stimulative programs/actions)	6%	14%	23%	0%

Source: PwC COVID-19 Middle East CFO Pulse Survey, 14 April, 2020  
Base: all territories: 824; ME: 139; UAE: 52; KSA: 33

**Fig. 10: Which of the following actions is your company planning or considering taking advantage of?**



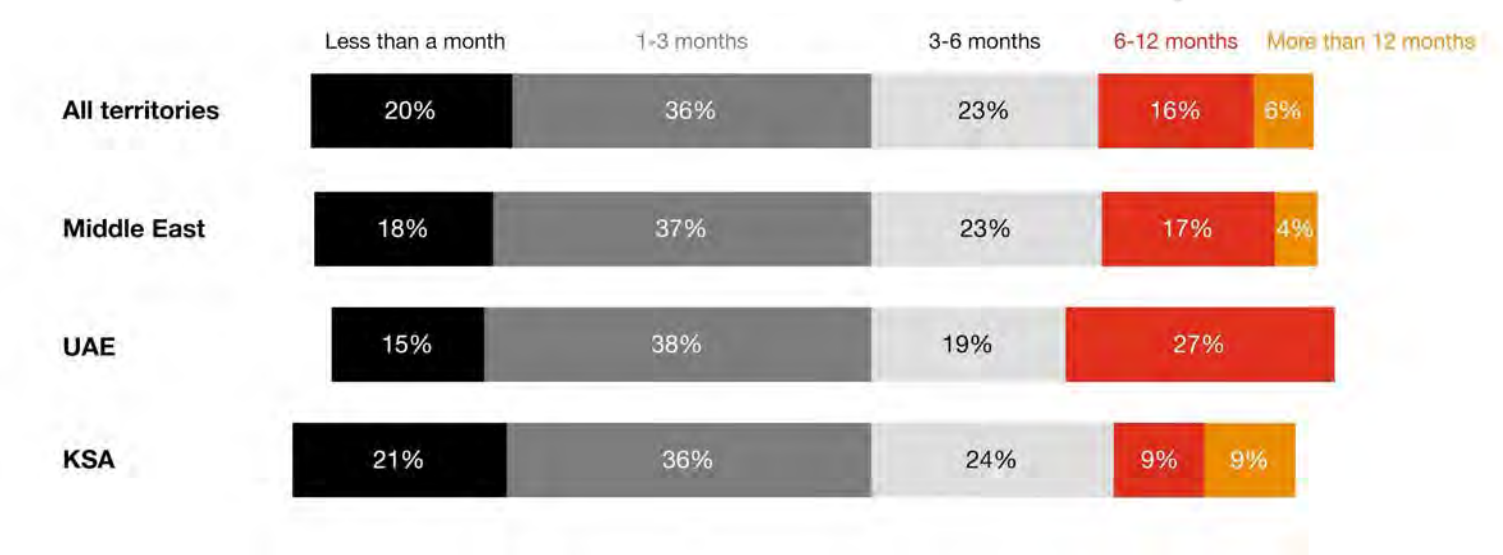
Source: PwC COVID-19 Middle East CFO Pulse Survey, 14 April, 2020  
Base: all territories: 366; ME: 72



## Bouncing back

Despite their concerns, CFOs in the Middle East are expecting to get back to normal sooner rather than later; pausing or delaying investments instead of cancelling them altogether. In fact, the majority expect their business to return to business as usual within three months if COVID-19 were to end today. UAE CFOs are a little less optimistic, however, with a far higher proportion expecting a longer recovery timeline of 6-12 months, when compared to their regional and global counterparts.

**Fig. 11: If COVID-19 were to end immediately, how long would you estimate it would take for your company to get back to ‘business as usual’?**



Source: PwC COVID-19 Middle East CFO Pulse Survey, 14 April, 2020  
Base: all territories: 824; ME: 139; UAE: 52; KSA: 33



In the immediate term, as businesses globally adapt to the new normal of working remotely, it is encouraging that investments in digital transformation, cyber security and data privacy are set to continue (fig. 5). The same can also be said of R&D and customer experience, reinforcing the message that business leaders are not expecting to cut costs comprehensively, or see this as a long term situation.

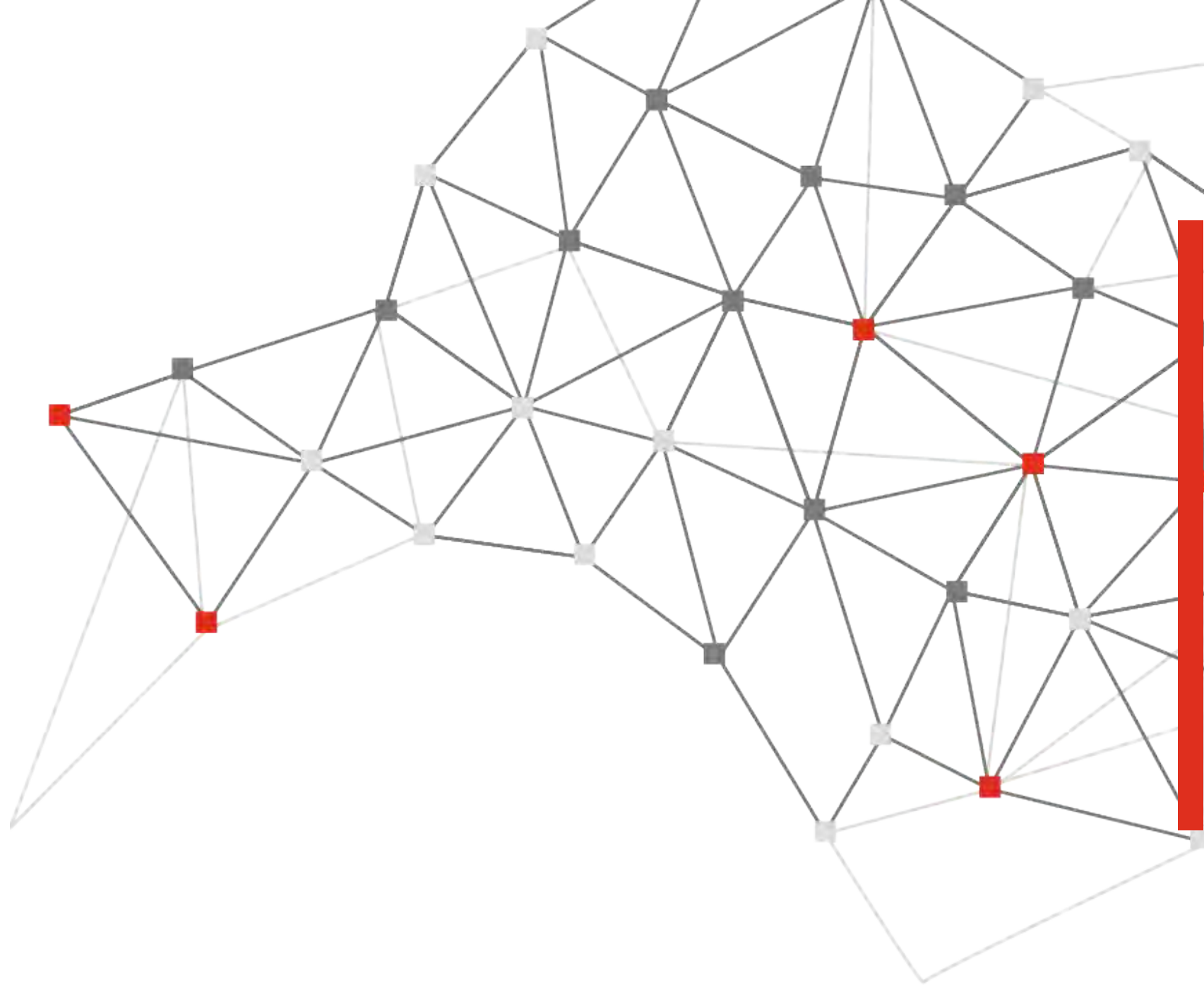
It's clear that Middle East CFOs are facing daunting challenges. What's also clear is that despite these challenges, there is optimism around returning to business as usual, and continuing to invest where it matters.





## About the survey

To help identify the business and economic impact of COVID-19, PwC Middle East is conducting a biweekly survey of finance leaders in the region. Of the 139 surveyed for the report during the week of April 5, 2020, respondents were from a cross-section of industries and were based in the UAE (52), Saudi Arabia (33), Egypt (18), Oman (14), Qatar (6), Lebanon (6), Jordan (4), Bahrain (3), Palestine (2) and Kuwait (1). Individual country comparisons are provided for sample sizes of over 30 respondents.



For views of finance executives around the globe, see the global report covering the same period.

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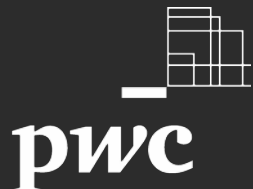
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This survey is biweekly.  
See the latest results here.

