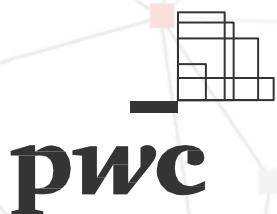




COVID-19 CFO Pulse Survey

Findings of Week 20 April (Global & Turkey)

4 May 2020



About the Survey

COVID-19 CFO Pulse Survey tracks sentiment and priorities of finance leaders globally.

- It is a rolling survey - running every 2 weeks targeting CFOs around the world.
- This survey is our third look across the globe and the first one for **Turkey**; we continue to add territories and companies to offer a robust view of how the crisis is affecting people and businesses worldwide.
- We surveyed **871** CFOs from **24** countries or territories during the week of **20 April**.
- Territories with sufficient participations including **Turkey**, US, Germany, Switzerland, Middle East¹ are reported in detail. Where relevant, compared results with Overall and other participating countries are presented.
- Next COVID-19 CFO Pulse Survey will kick off on the week of **4 May**.

Global COVID-19 CFO Pulse reports:

[28 April 2020](#)

[14 April 2020](#)

[30 March 2020](#)

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



Overview

The message among global CFOs is clear: **most companies have moved beyond the short-term, reactive phase of the novel coronavirus pandemic.**

During that first phase of the crisis, companies mobilised their response plans to address immediate concerns, such as health and well-being.

Today, they still need to do what it takes to ensure the safety of their people and the survival of their business, but they are also **thinking about how to stabilise — taking the tactical steps** that will prepare them to operate in ‘the new normal’.

These moves come as the news about coronavirus ebbs and flows around the world. Many countries in the EU have now passed the peak of the initial wave of transmission, and several European countries — Germany, Denmark, the Czech Republic and Spain, among others — have begun to ease restrictions.

The start of the pandemic in **Turkey** was in early March and Turkey reached the peak level in the second half of April by applying effective test algorithm, and for the moment still continues to implement measures carefully.

Finance leaders are worried — the overall percentage (70%) who report being greatly concerned about the **potential business impact of the coronavirus** is roughly the same as in our previous survey. But in some countries, the percentage of those greatly concerned is now less than 50%.

CFOs in **Turkey** on the other hand, in parallel with the overall, are greatly concerned about the effects of COVID-19 on their operations (%71).

Most of global and Turkey CFOs are still considering cost containment measures, but they are also planning various actions around work sites, supply chains and investments that will position their company to succeed in the post-crisis world, and to emerge stronger and better prepared to face future crises.



Top Findings

The majority of the participants including Turkey CFOs (70%) are greatly concerned about **the impact of COVID-19 on their business**. Most of Turkey CFOs (83%) expect decline in revenues, which is slightly higher than global CFOs.

Top concerns of the global finance leaders are the looming potential for **global recession** (69%) and **financial impact on operations** (67%). However, the majority of Turkey CFOs put financial impact at the first place (80%).

Of those CFOs across all territories who say they are planning **cost containment** measures (82%), capex investments are the most likely ones to be deferred or cancelled (89%). However, most global and Turkey CFOs do not plan to defer or cancel investments related to **digital transformation** and **R&D**.

Nearly half of CFOs (49%) believe their company could return to normalcy within three months if COVID-19 ended today. 51% of Turkey CFOs estimate it would take 3 months for their companies to **get back to 'business as usual'**. When the period extends to 6 months, the percentage reaches 80%.

Even as organisations consider measures to allow employees to return to work safely, 20% of CFOs overall are concerned about **insufficient staffing to accomplish critical work**. For Turkey, this percentage goes up to 34%, which may indicate that many companies consider upskilling their employees to the new normal.



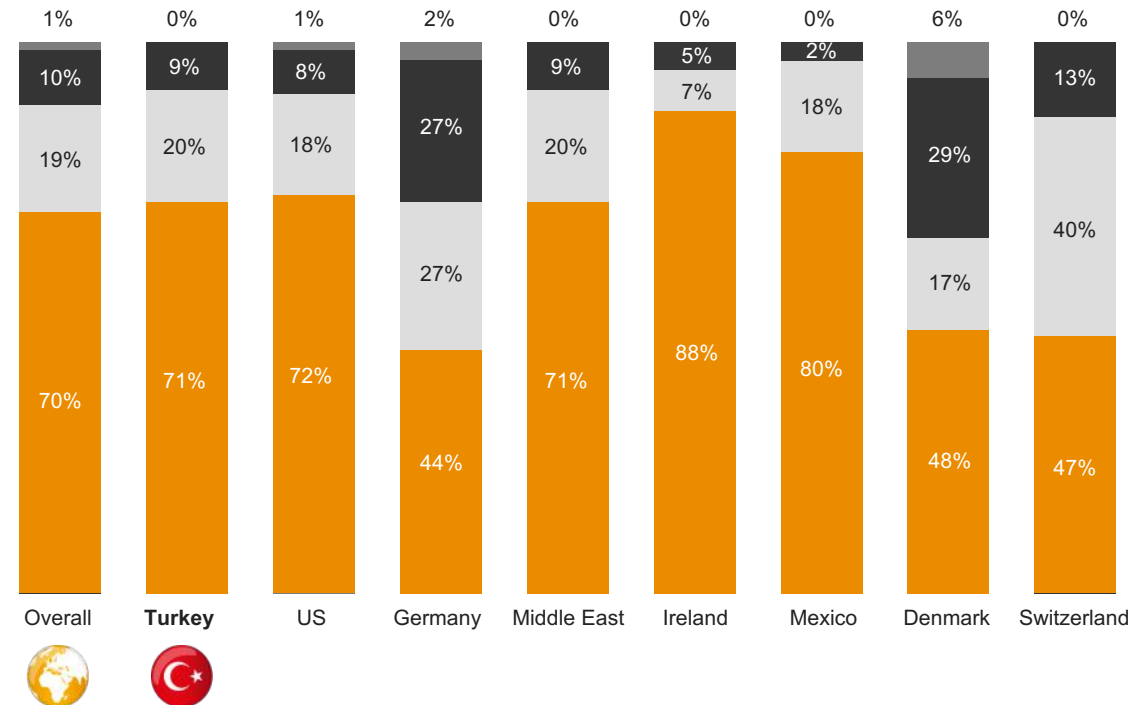


Deep Dive

CFOs are greatly concerned overall, but with territory variations

71% of Turkey CFOs are greatly concerned about the effects of COVID-19 on their operations, while 20% view it limited to specific regions in their business currently, but claim to monitor closely.

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



- is not currently impacting our business
- is an isolated challenge not greatly impacting our business currently, but we are monitoring the situation for any change
- is limited to specific regions in our business currently, but we are monitoring closely
- has the potential for significant impact to our business operations and it is causing us great concern

Source: PwC, COVID-19 CFO Pulse, 20 April, 2020; Base: 871

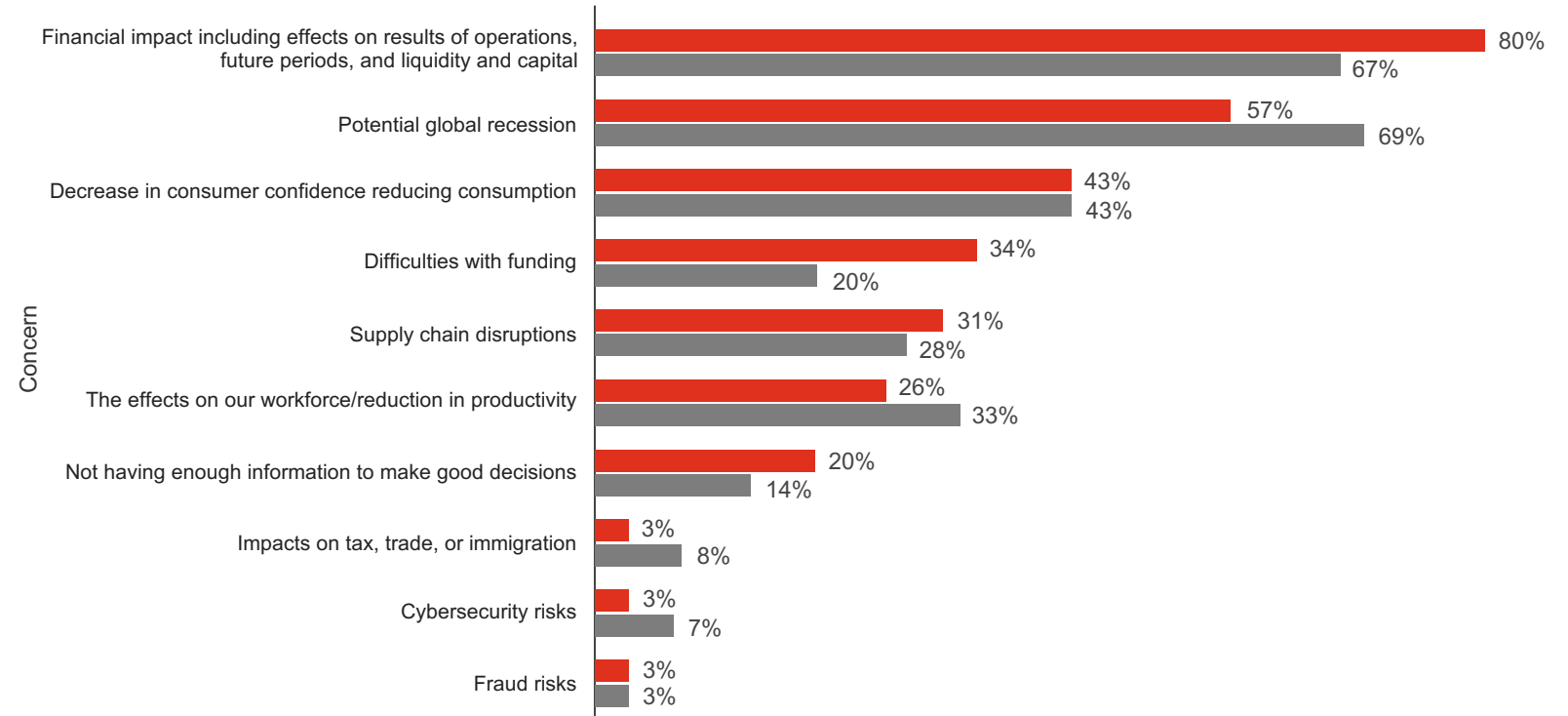
Potential global recession and financial impact are the two top concerns, while for Turkey CFOs financial impact is the highest

Potential recession and financial impact are still the top 2 concerns across most territories.

There are some variances to note:

- Turkey, Mexico, and US CFOs are more likely than average to cite financial impact (80%, 80%, 71%), which tops their list of concerns
- Denmark, Portugal and Switzerland CFOs are even more likely than average to mention global recession as a top concern (88%, 84%, 83%) while it is the second concern for Turkey.
- Ireland and US CFOs are more likely than average to cite effects on workforce as a top concern (44%, 41%)
- Germany CFOs are more likely than average to mention supply chain disruptions (46%)

Turkey and Overall



Turkey



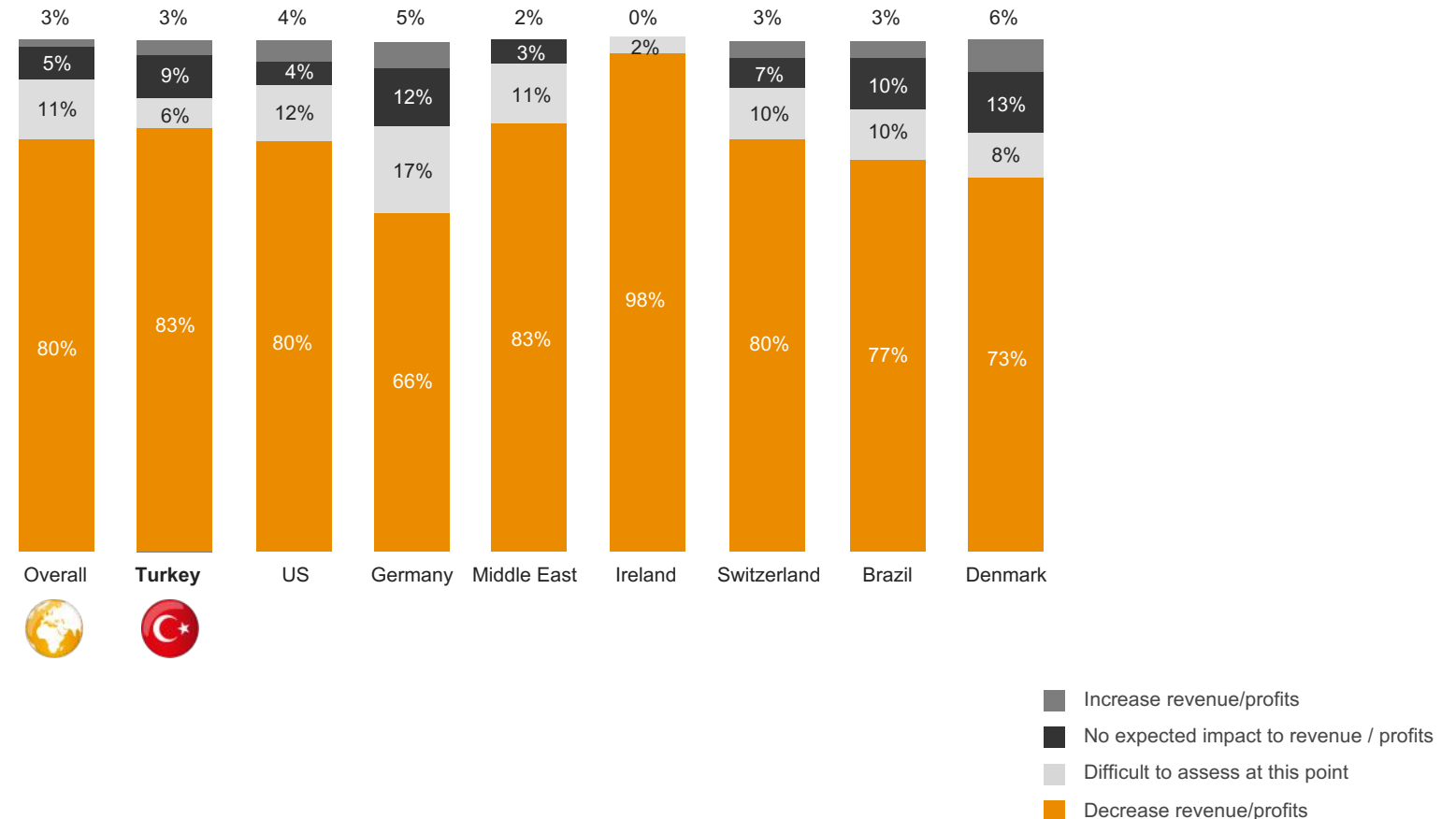
Overall

Majority of CFOs expect a decrease in revenue as a result of COVID-19

Most of Turkey CFOs (83%) expect a decrease in revenue which is slightly more likely than average.

While CFOs in Germany are the most optimistic about income decline, almost all of the CFOs in Ireland expect a decrease in income.

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



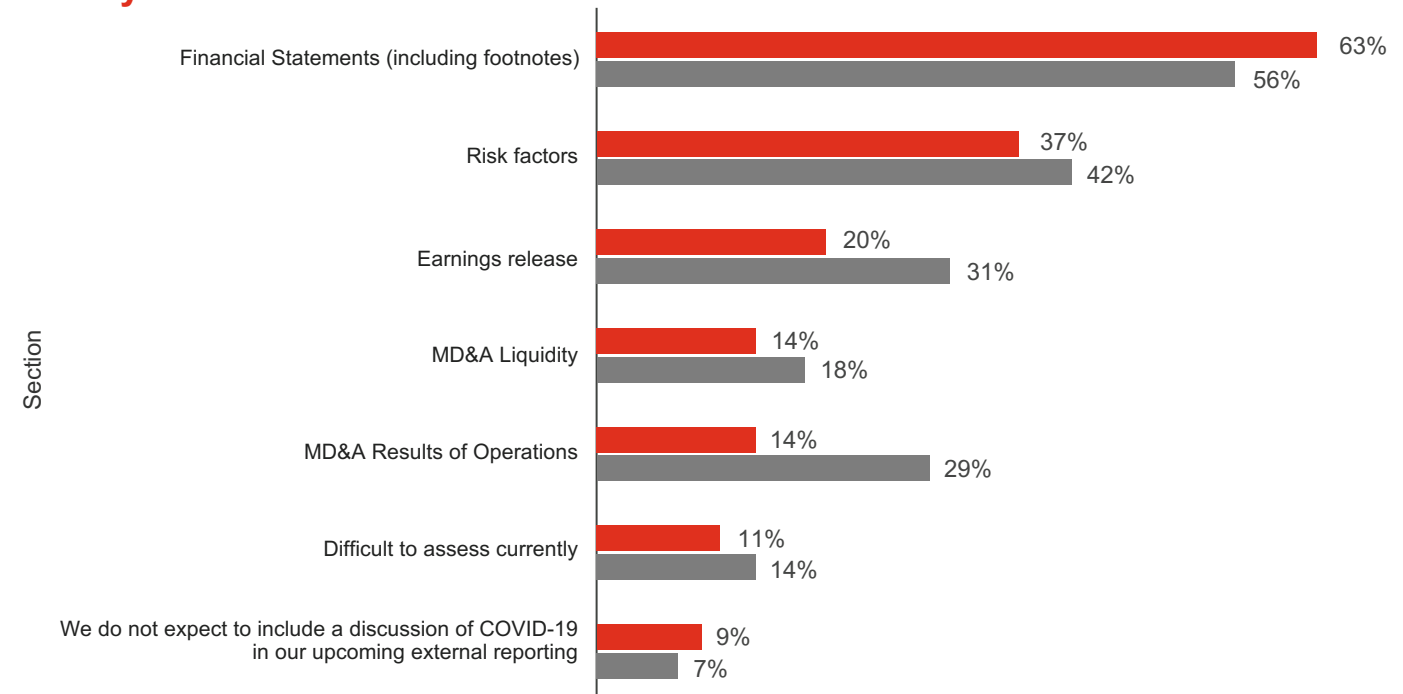
Source: PwC, COVID-19 CFO Pulse, 20 April, 2020; Base: 871

CFOs are most likely to cite “financial statements” as a section to include a discussion of COVID-19

- Looking at territories, financial statements is also the section in which CFOs are most likely to expect to include a discussion of COVID-19.
- However, there are some exceptions, with Germany more likely to cite risk factors (66%) than financial statements, and Mexico CFOs focusing on MD&A Liquidity and risk factors (60%, 56%) as their top 2 sections
- Germany CFOs are much more likely than average to consider “earnings release” as a section to include a COVID-19 discussion (51%)
- Unlike Turkey, US and Mexico CFOs are more likely than average to mention MD&A results of operations (46%, 60%) and MD&A Liquidity (31%, 38%)

In which sections of your upcoming external reporting do you expect to include a discussion of COVID-19?

Turkey and Overall



Turkey



Overall

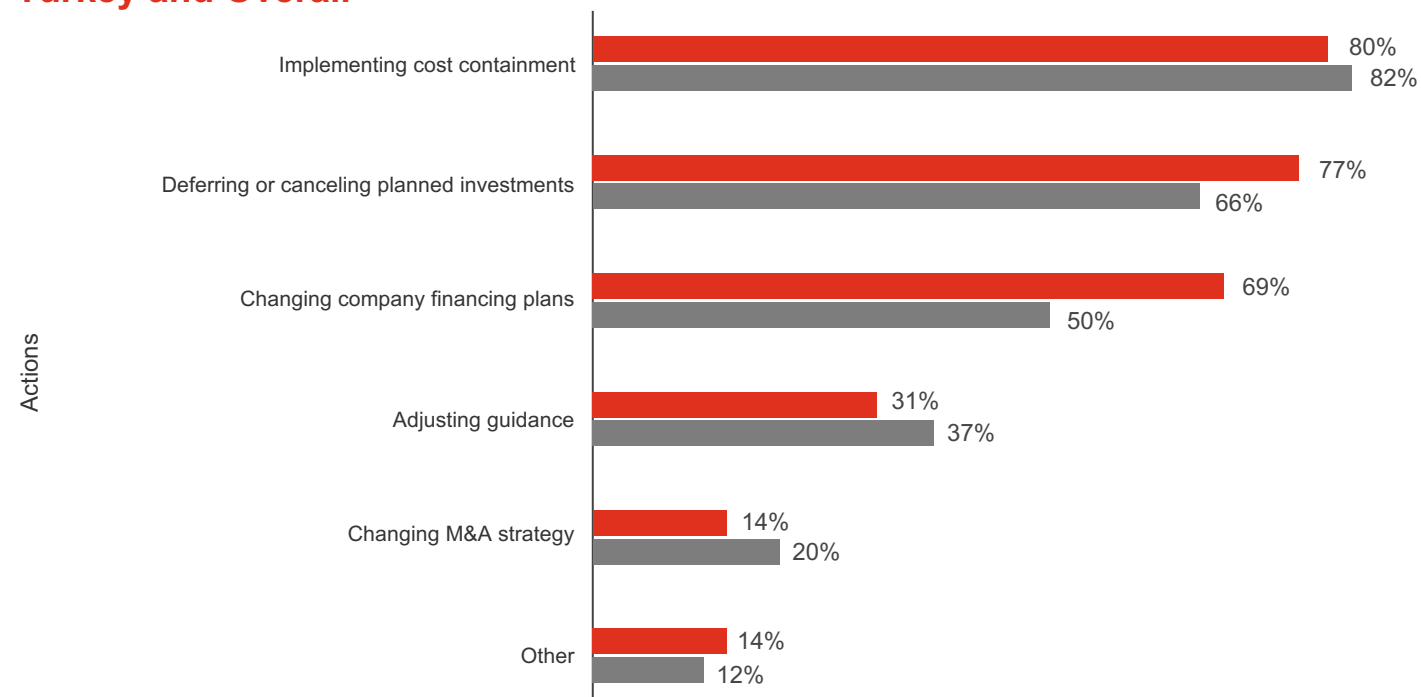
Cost containment and deferral/cancelation of investments are the actions most frequently considered as a result of COVID-19

Unsurprisingly, there is a correlation between CFOs' level of concern, expected impact on their revenues, and type of financial actions being considered

- Cost containment is the favored action by CFOs across territories, led by Mexico (98%), Ireland (95%) and Portugal (94%) which are the territories where the largest share of CFOs show great concern
- Majority of Turkey CFOs (80%) consider implementing cost containment and deferring or canceling planned investments (77%)
- The biggest expectation difference between the Turkey CFOs and the overall is the change in company financing plans. When considered together with the expectation difference in funding difficulties, this can be seen as a result of material level of FX indebtedness of Turkish corporates.
- On the other end of the spectrum, Denmark CFOs stand out with a much lower share than average considering any of the financial actions listed, and with 19% of them stating they are not considering any action
- While changing M&A strategy comes last across territories, US and Germany CFOs are more likely than average to consider it (28%, 27%)

Which of the following financial actions is your company considering as a result of COVID-19? Please select all that apply

Turkey and Overall



Turkey



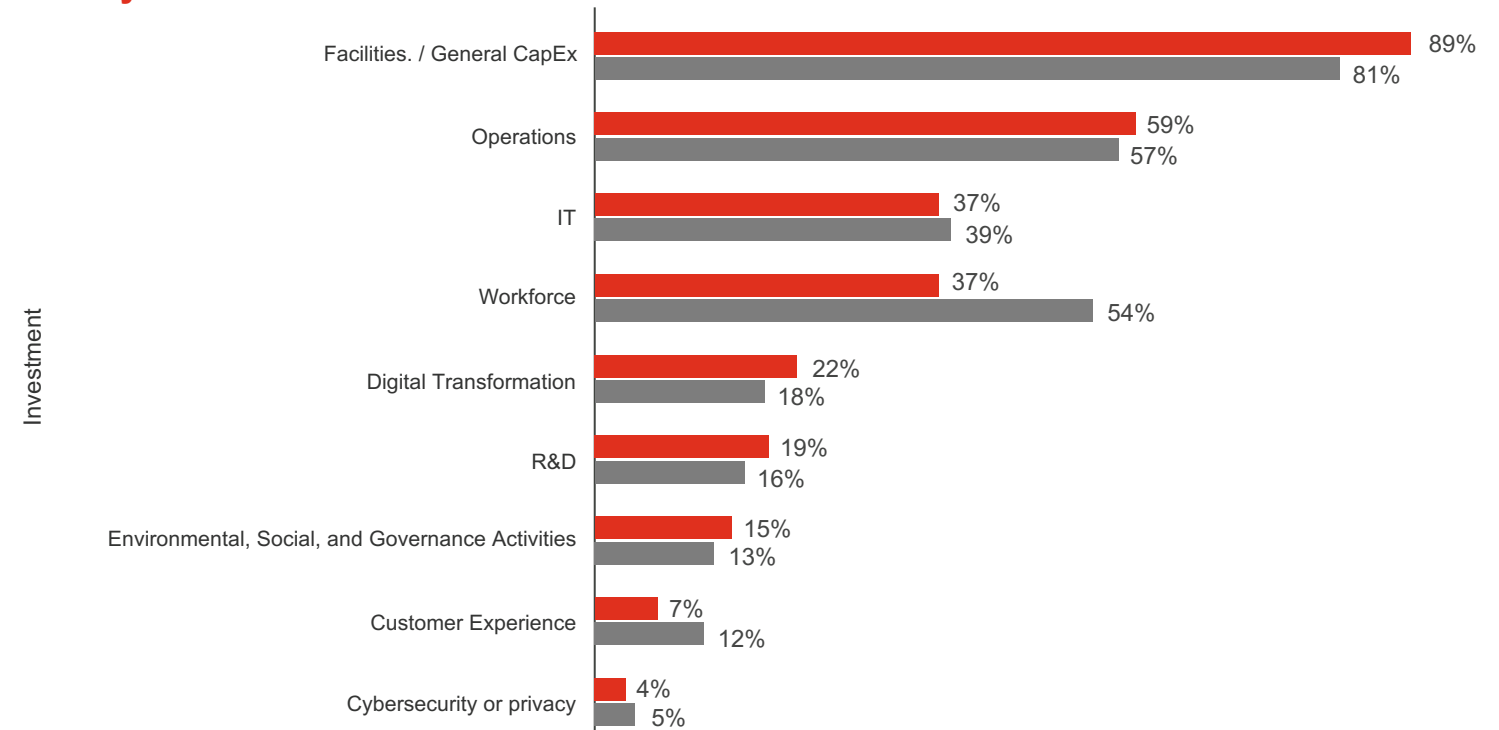
Overall

CFOs consider put investments on hold referring mainly to CapEX and Operations, but not to Digital Transformation

- CapEx is the most likely investment to be deferred or cancelled across territories, led by Mexico (97%) and Turkey (89%).
- Digital Transformation which will shape the future is less likely to be deferred (Overall 18%, Turkey 22%)
- Turkey CFOs are less likely to defer investments in workforce compared to overall. (37%, 54%)
- Middle East and US CFOs are much more likely to cite workforce investments (70% and 62%) which comes as their second choice before operations; while Turkey and Germany are less likely to consider it (37%, 39%)

Which of the following financial actions is your company considering as a result of COVID-19? Please select all that apply

Turkey and Overall



Turkey



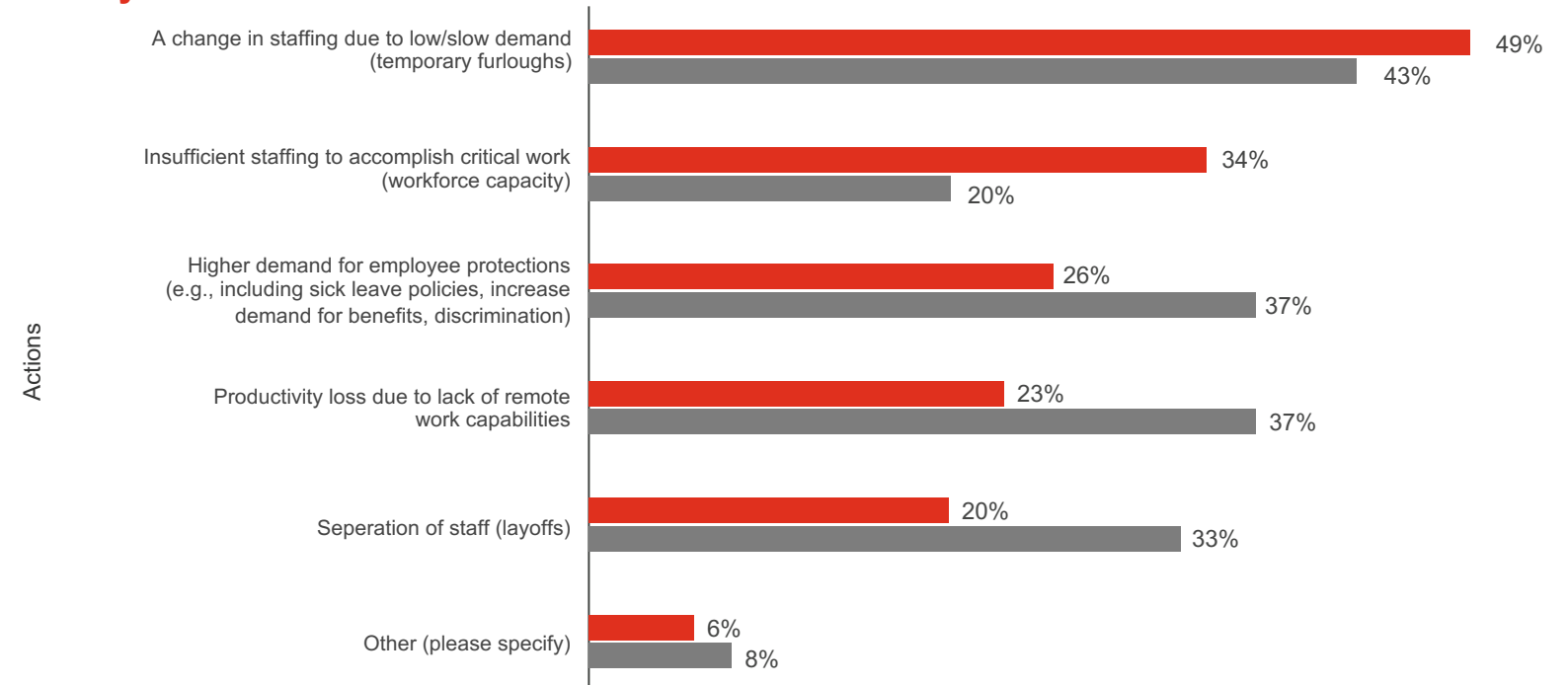
Overall

In terms of workforce, change in staffing is the most likely action expected by CFOs

- Half of Turkey CFOs - more likely than average - expect change in staffing which may refer to short term working option during crisis.
- Insufficient staffing to accomplish critical work comes as second action for Turkey (34%), which may indicate that many companies consider upskilling their employees to the new normal.
- Turkey CFOs are less likely than average to expect productivity loss or layoffs (23%, 20%) in line with the fact that workforce investments are less likely to be cancelled or deferred in Turkey.
- While Turkey CFOs are less likely to expect higher demand for employee protection (26%), US and Germany CFOs' expectation is more than average (50%, 49%)

As a result of COVID-19, which of the following does your company expect to occur in the next month? Please select all that apply

Turkey and Overall



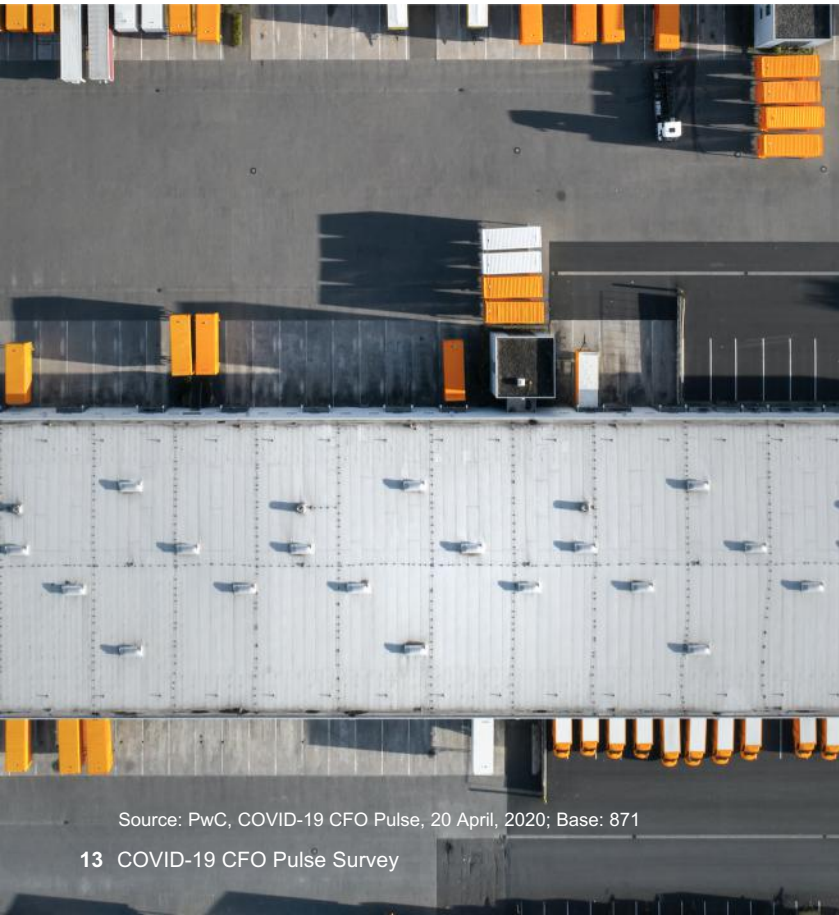
Turkey



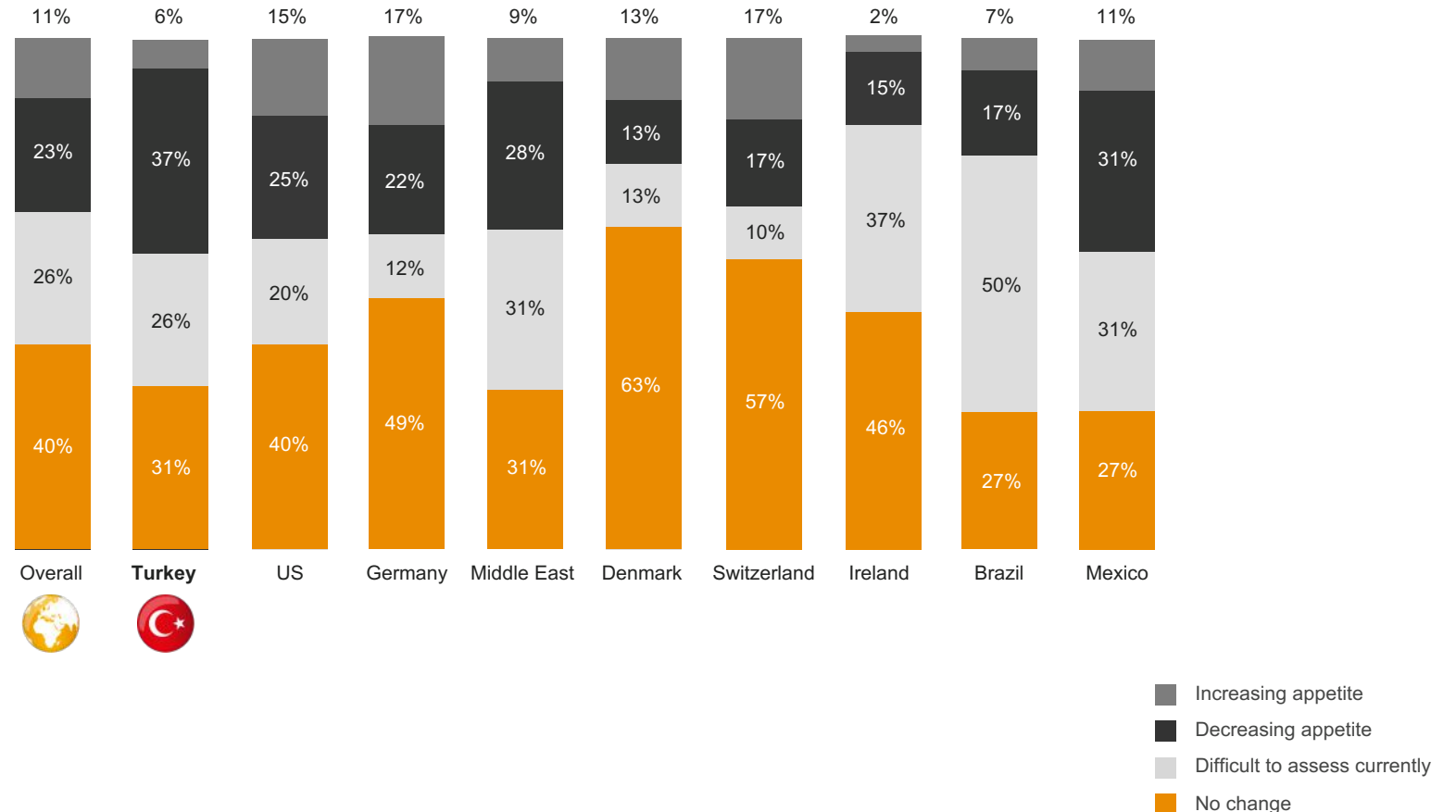
Overall

40% of CFOs overall report that COVID-19 is not affecting their M&A strategy; while 37% of Turkey CFOs expect decrease in M&A appetite

Turkey CFOs are more likely to report decreasing appetite on their M&A strategy (37%)



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



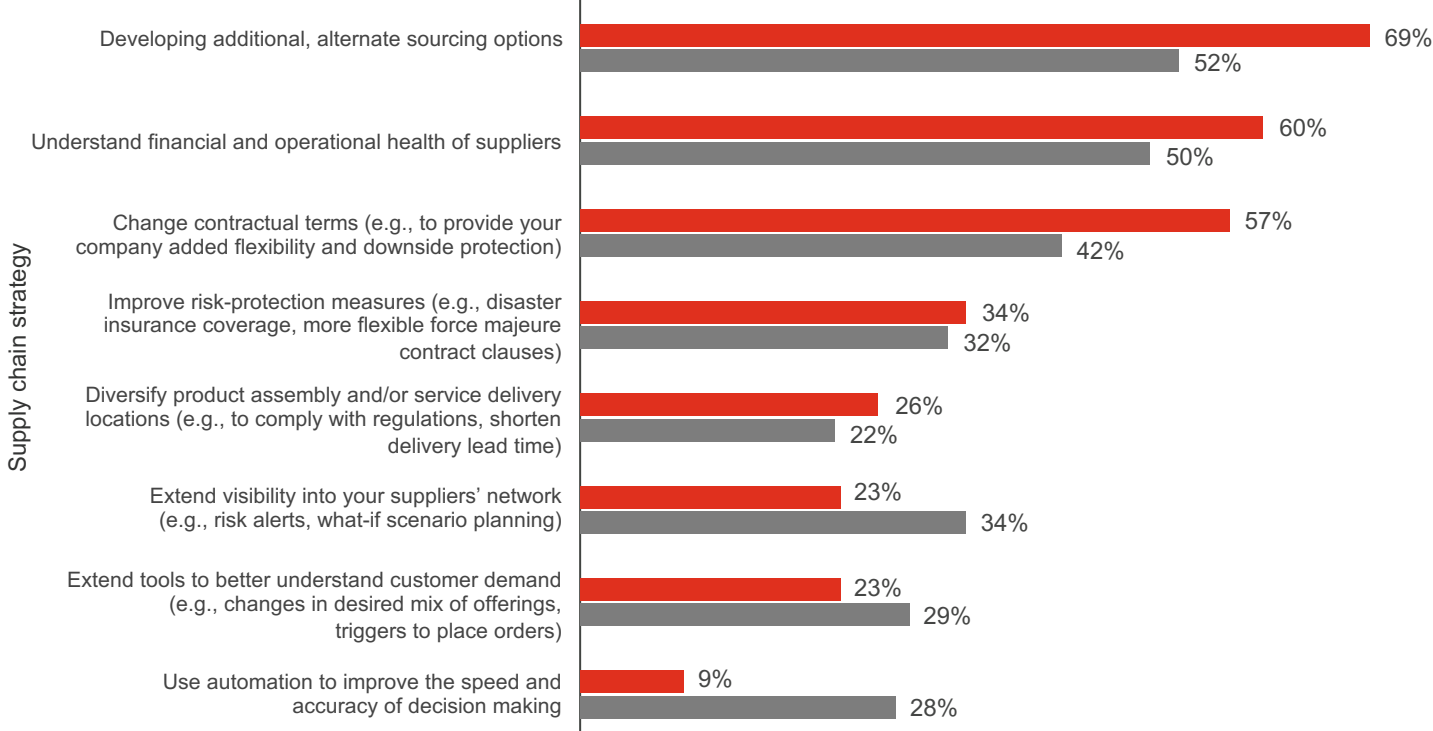
Source: PwC, COVID-19 CFO Pulse, 20 April, 2020; Base: 871

Developing sourcing options and understanding health of suppliers top the list of planned changes in supply chain strategy

- Turkey, Germany and US CFOs cite developing sourcing options and understanding health of suppliers as the most pressing areas (69% 59%, 54%)
- For Turkey CFOs, understanding health of suppliers is the second prioritized topic (60%) which implies that supplier relationship management will become crucial for not only the strategic suppliers segment as it is before COVID-19 but for broader scope of the suppliers across the entire supply chain.
- Turkey CFOs cite reviewing contractual terms and changing them accordingly considering COVID-19 impact (57%) in terms of especially avoiding or minimizing the risk of fulfilling the contract conditions.
- Other significant differences for Turkey compared to overall -such as supplier visibility, understanding customer demand and use of automation- may imply that during the crisis these areas have lower priorities but it is likely to get more attention in the medium or long term.
- Germany CFOs are more likely than average to mention extending visibility to suppliers' network (54%). This action, along with increased flexibility, will help build resilience.
- Switzerland and Portugal (50% and 47%) CFOs are more likely than average to cite improving risk-protection measures

As a result of COVID-19, in which of the following areas are you planning changes to your supply chain strategy? (Please select the 3 most pressing areas.)

Turkey and Overall



Turkey

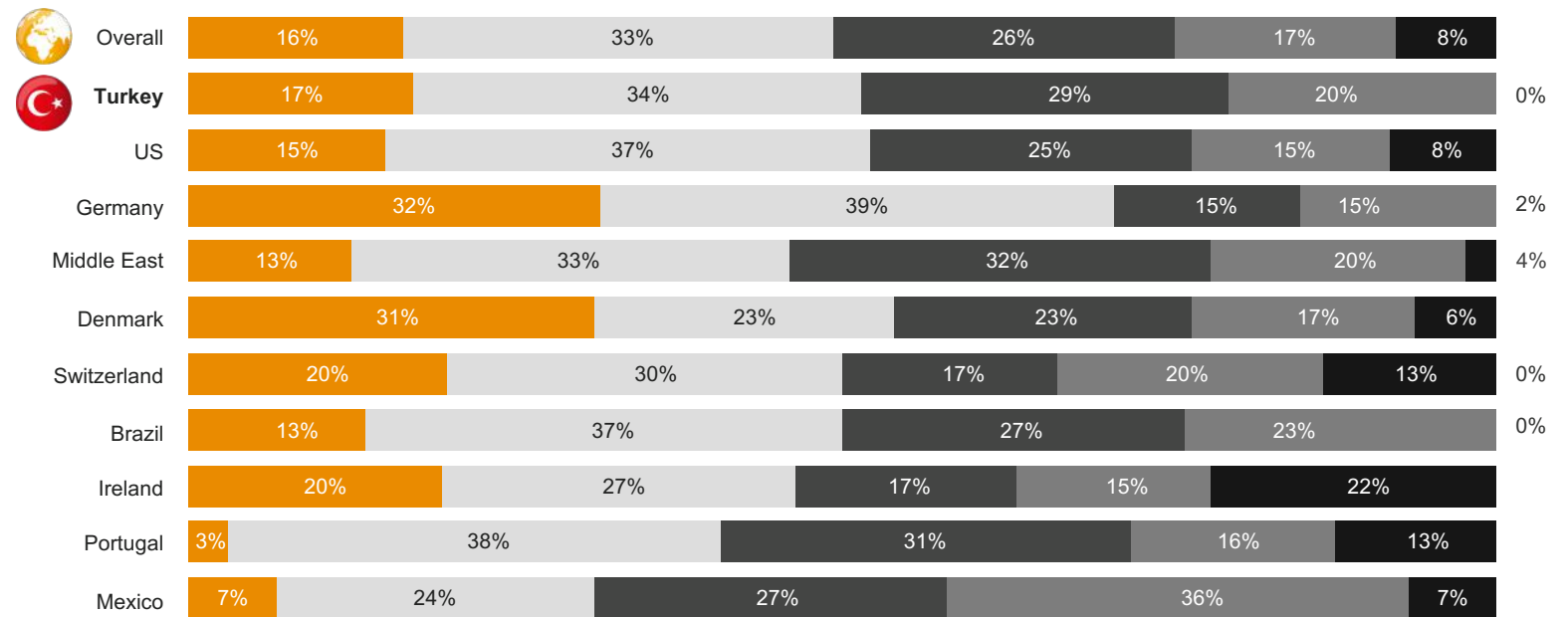
Overall

Source: PwC, COVID-19 CFO Pulse, 20 April, 2020; Base: 871

49% of CFOs believe their company could get back to “business as usual” within 3 months if COVID-19 were to end today

Half of the Turkey CFOs (51%) believe their operations could return to normal within three months if the coronavirus pandemic were to end today which is in line with the overall except Turkish CFOs don't think it will take more than a year to come back to BAU.

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”?



- <1 month
- 1-3 months
- 3-6 months
- 6-12 months
- >12 months

Source: PwC, COVID-19 CFO Pulse, 20 April, 2020; Base: 871

Favored measures when transitioning to on-site work are protective measures, followed by more strategic actions

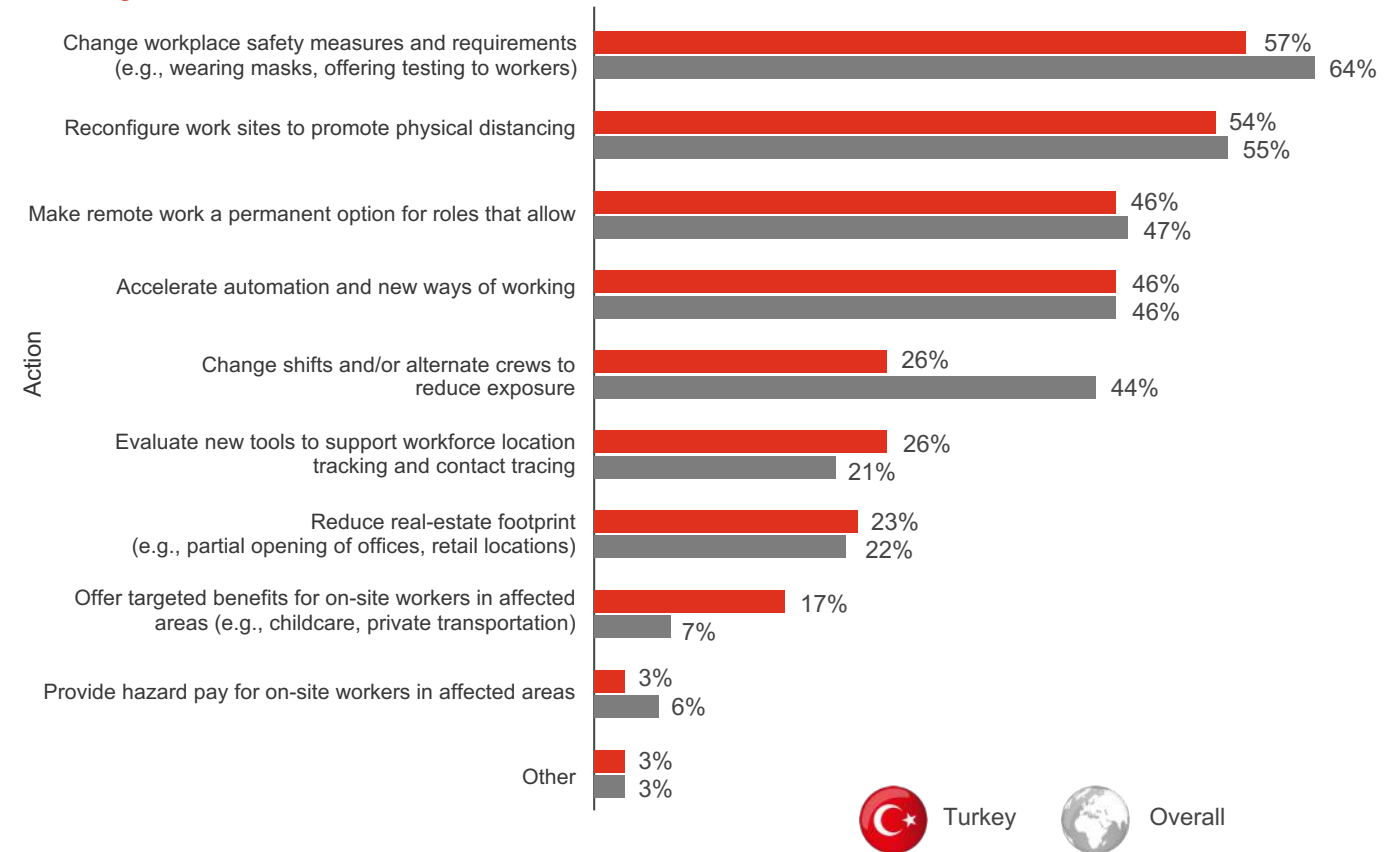
An essential part of stabilising business operations is the reopening of offices, factories and other work sites and company leaders are determining how best to protect their employees and customers.

Top 2 measures considered by CFOs upon transitioning to on-site work are tactical measures to protect staff, followed by more strategic measures around remote work and automation. Measures involving benefits to employees come last.

- More than half of Turkey CFOs consider to change workplace safety measures and requirements and to reconfigure work sites to promote physical distancing
- US CFOs focus on protective measures (safety measures, reconfiguration of work sites and changing shifts), while Germany and Mexico CFOs cite automation and remote work in their top 3 actions with over 60% of CFOs mentioning these measures
- Switzerland CFOs are much less likely than average to consider changing workplace safety measures (33%)

Which of the following is your company planning to implement once you start to transition back to on-site work? Please select all that apply.

Turkey and Overall



Source: PwC, COVID-19 CFO Pulse, 20 April, 2020; Base: 871

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