



COVID-19

CFO Pulse Check #3

Conducted October 2020

Overview of CFOs' Perspectives on the COVID-19 Crisis

49%

CFOs who rated their current outlook **better** than in June 2020

30%

CFOs who rated their current outlook **worse** than in June 2020

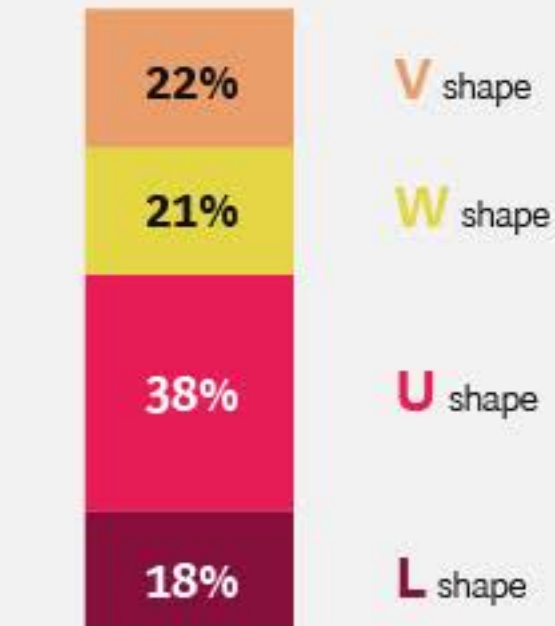
The **financial impact** remains severe...

72% expect **sales to decrease**

67% expect **profits to decline**

61% have **significant cash constraints**

...and the **economic recovery** uncertain



Although CFOs will continue to **step on the brakes...**

94% are tightening performance management

91% are reducing costs in the finance function

90% are adapting their budgets

... they plan to seek **transformative strategic change**

94% want more transformative change

93% are prioritizing costs and cash

93% are increasing their focus on efficiency



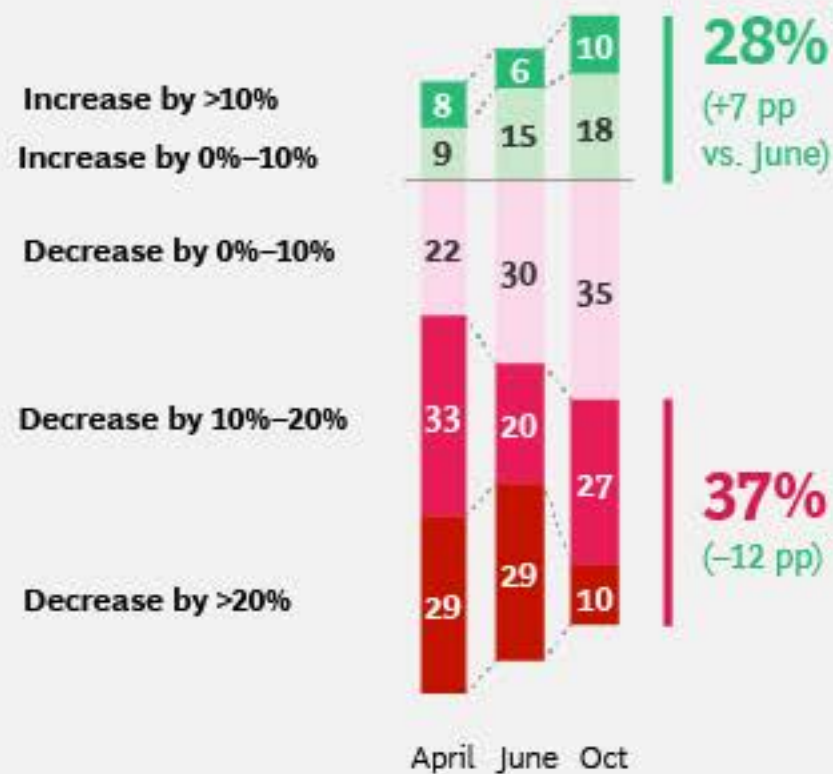
1 CFOs' Perspectives on the COVID-19 Situation

2 CFOs' Response

Many Companies Have Been Hit Hard, but Expectations Are Slowly Improving

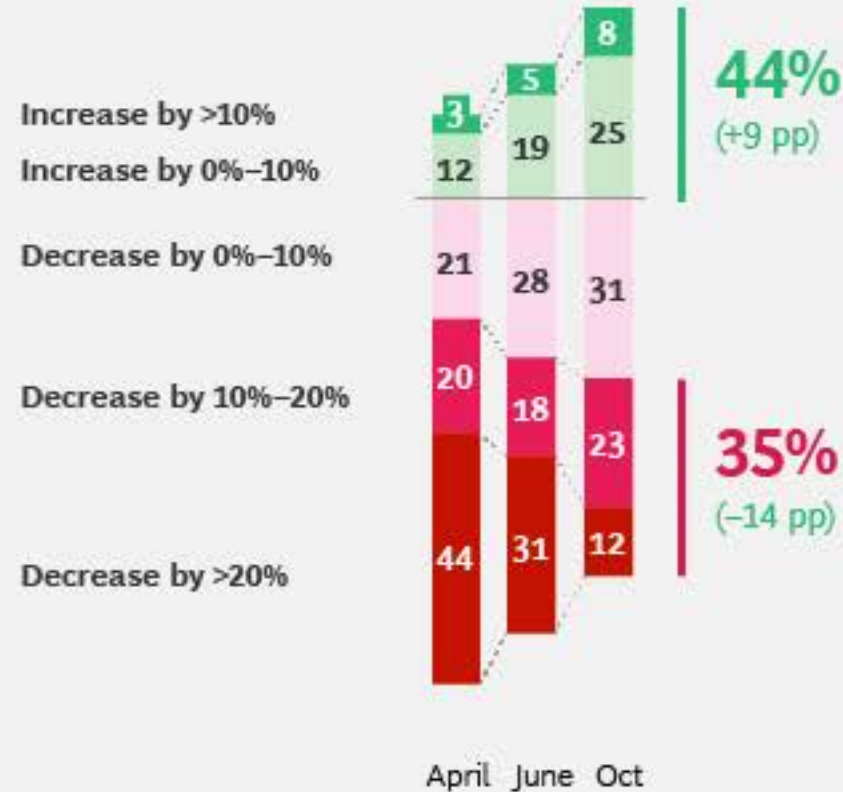
Expected impact on 2020 total sales

Respondents (%)



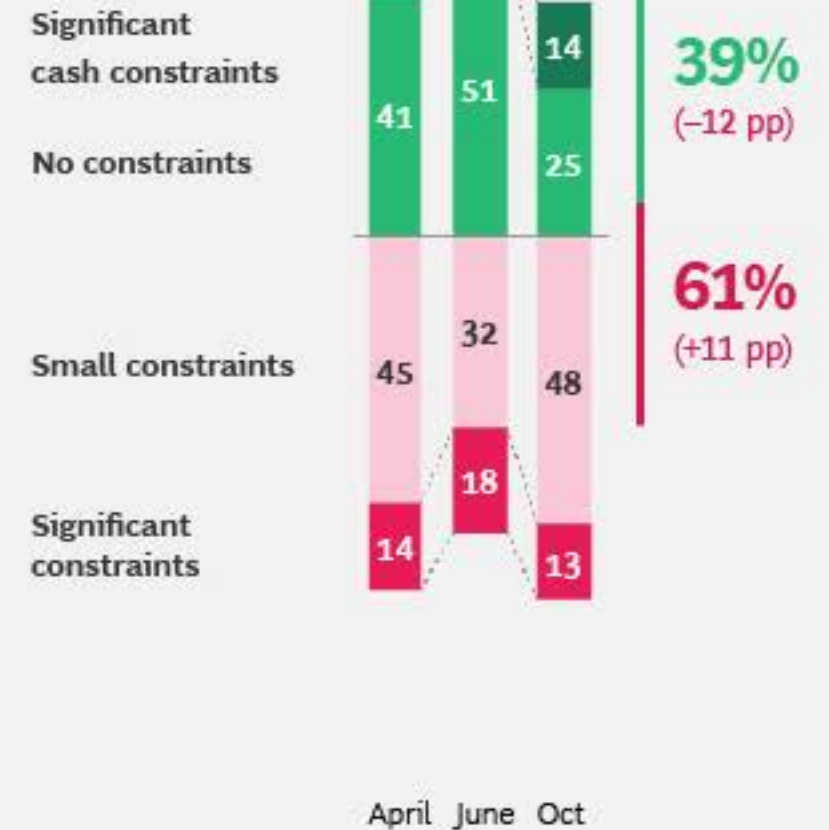
Expected impact on 2020 total profits

Respondents (%)



Current cash situation

Respondents (%)



Source: BCG's COVID-19 CFO Pulse Surveys.
 Note: pp = percentage points. Because of rounding, not all percentages add up to 100.

60% of CFOs Expect Some Relief in 2021, While 40% See Harder Times Ahead

Expected development of 2021 total sales (compared to 2020)

Respondents (%)



Expected development of 2021 total profits (compared to 2020)

Respondents (%)



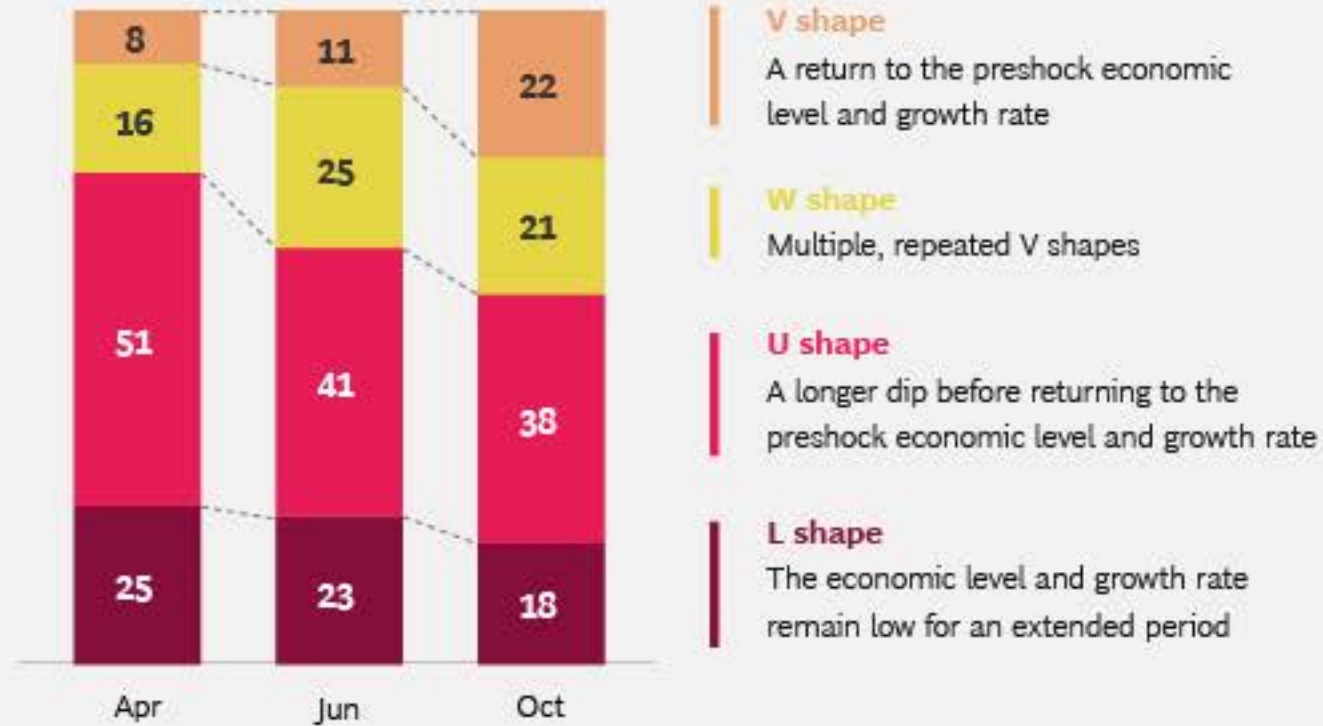
Source: BCG's COVID-19 CFO Pulse Surveys.

Note: Question was included only in the October survey. Because of rounding, not all percentages add up to 100.

Overall, CFOs Continue to Anticipate a Sluggish Global Economic Recovery

Expected shape of the global economic recovery

Respondents (%)

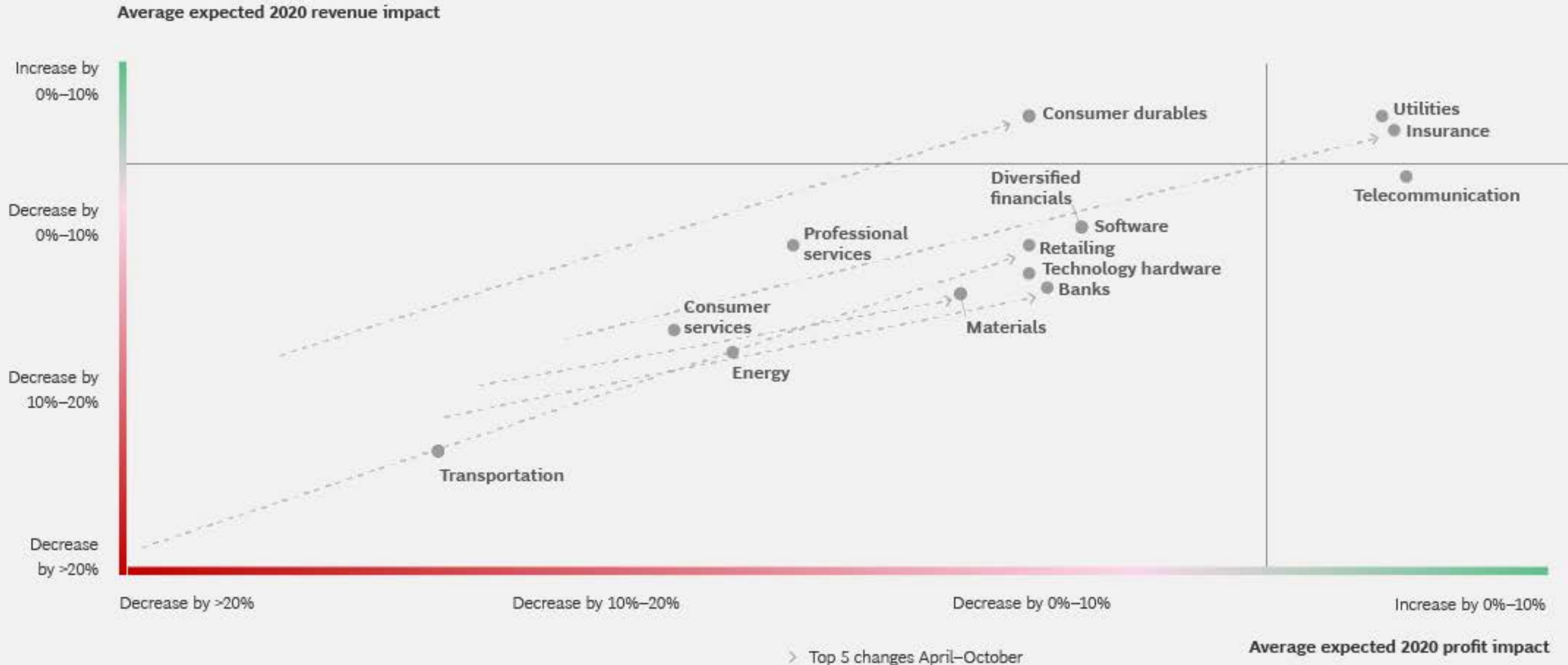


Observations

Across regions, most CFOs expect a U-shaped economic recovery

European CFOs see an L shape as the next-most-likely scenario, American CFOs see a V shape, and Asian CFOs a W shape

The Outlook for Insurance, Consumer Durables, Retailing, Banks, and Materials Has Significantly Improved Since April



Source: BCG's COVID-19 CFO Pulse Surveys.

Note: Industries with three or fewer respondents were excluded. The plot points for diversified financials and software coincide, because these sectors have the same expected 2020 revenue impact and earnings impact.



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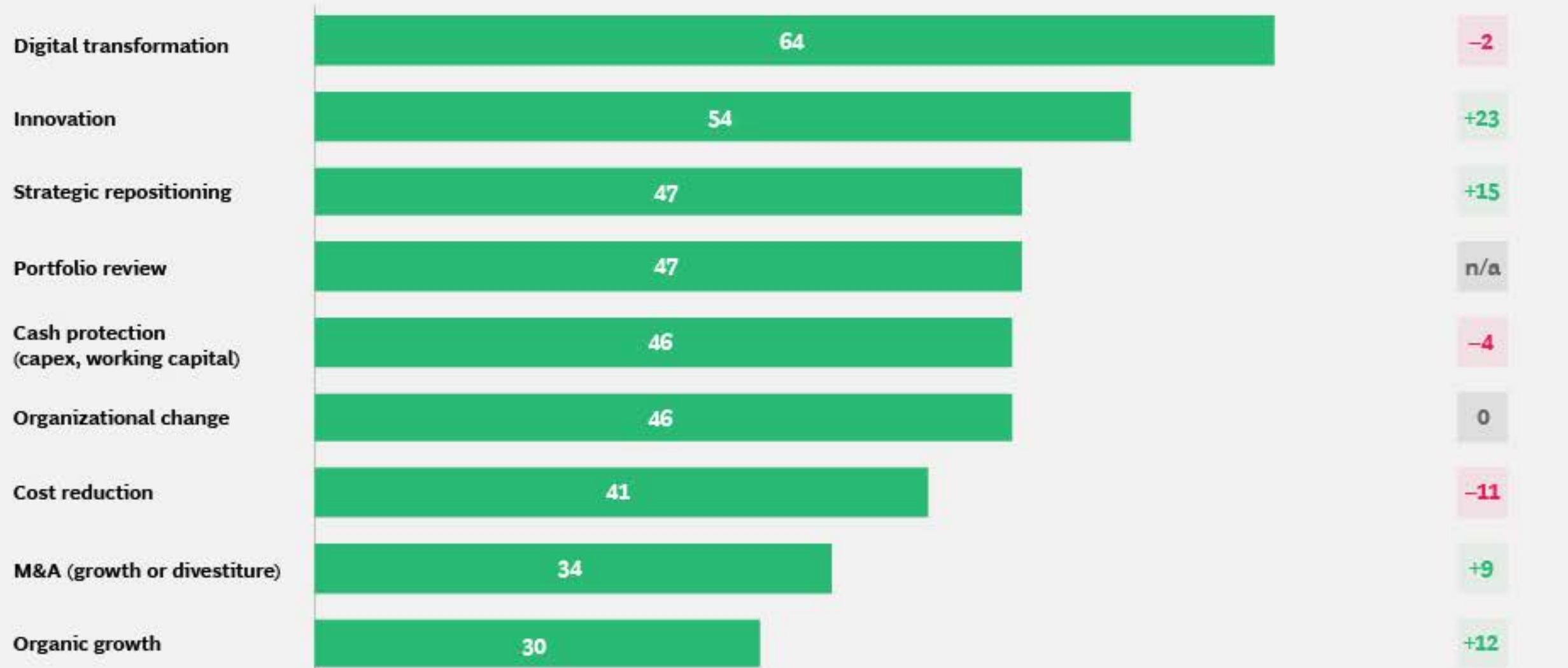
Digital Transformation and Innovation Are on Most Companies' Agendas

CFOS' RESPONSE

Company-wide strategic initiatives in the next 6 months

Respondents answering "significant" (%)

Change between
June and October
(percentage points)



Source: BCG's COVID-19 CFO Pulse Surveys.

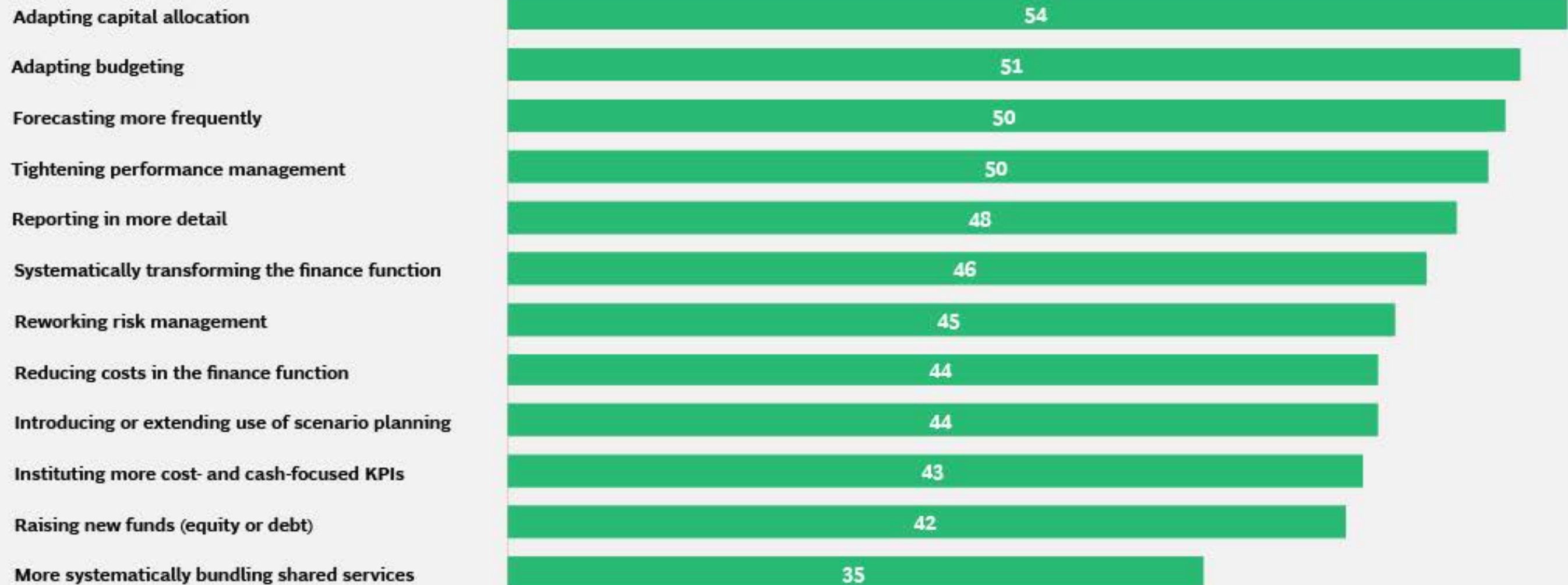
Note: "Portfolio review" was not included as an option in the June survey. n/a = not applicable.

CFOs See Adapting Capital Allocations and Adapting Budgeting as Most Crucial

CFOs' RESPONSE

Finance-specific strategic initiatives in the next 6 months

Respondents answering "significant" (%)



Source: BCG's COVID-19 CFO Pulse Survey.

Note: KPIs = key performance indicators.

Longer Term, Most CFOs Plan to Increase Their Focus on Digital and Efficiency

CFOs' RESPONSE

Finance-specific strategic priorities in the long term

Respondents answering "significant" (%)



Source: BCG's COVID-19 CFO Pulse Survey.

Note: Results shown exclude the responses "None" and "Don't know."

CFOs' Most Important Issues Are Remote Work and Increased Uncertainty

Most important issues today

Percentage of all comments (%)

