

PwC's COVID-19 CFO Pulse Survey

PwC Germany - The first in a bi-weekly series

pwc.de/covid19



Participants

30 CFOs, the majority from:

DAX30 / SDAX / MDAX

... plus additional financial services and middle market companies

Approach & Results

Online survey with 10 questions (first run conducted from March 19-21)

Bi-weekly repetition to help identify the business and economic impact of COVID-19



PwC COVID-19 CFO Pulse

Key Findings

1

Not surprisingly, German companies are in crisis mode. The unprecedented measures to slow the spread of COVID-19 are expected to impact financial and business performance. 79% say that COVID-19 has the potential for significant impact to their business operations. 71% anticipate decreased revenue and/or profits.

2

It is already apparent that COVID-19 will leave skid marks in the German economy: Even if COVID-19 were to end today, 64% of execs expect it to take more than 1 month to return to “business as usual”, compared to just 34% of CFOs surveyed in the US and Mexico.¹

3

To manage the current situation, CFOs will take actions to mitigate the financial impact of COVID-19: 64% say they plan to cancel or defer investments, 61% will cut costs and the same number will change financing strategies.

Of companies cancelling or deferring investments, nearly three-quarters (74%) plan to cancel investments in facilities/general CapEx, 67% in operations, and 61% in workforce.

And significant numbers are also targeting areas which are critical to a company’s overall strategy, like IT (39%), R&D (39%), and digital transformation (28%) for cuts.

4

As there is uncertainty on how long the measures to slow the spread of COVID-19 will stay, German businesses should actively address their top concerns, especially potential supply chain disruptions. Further, we recommend to confirm adequate emergency plans are in place and closely watch funding, which is currently not (yet) on the radar: Top concerns: Workforce/ reduction in productivity (57%), financial impact (54%) and supply chains issues (46%).

Not (yet) on the radar: Funding, currently only mentioned by 18% as a top concern, lack of emergency plans (4%).

1. CFOs in the US and Mexico were surveyed separately during the week of March 9.

German companies are greatly concerned about COVID-19

German companies are in crisis mode:

79%

say that COVID-19 has the potential for significant impact to their business operations.

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

COVID-19 has the potential for significant impact to our business operations and it is causing us great concern.

79%

COVID-19 is limited to specific regions in our business currently, but we are monitoring it closely.

18%

COVID-19 is an isolated challenge and not greatly impacting our business currently, but we are monitoring the situation for any change.

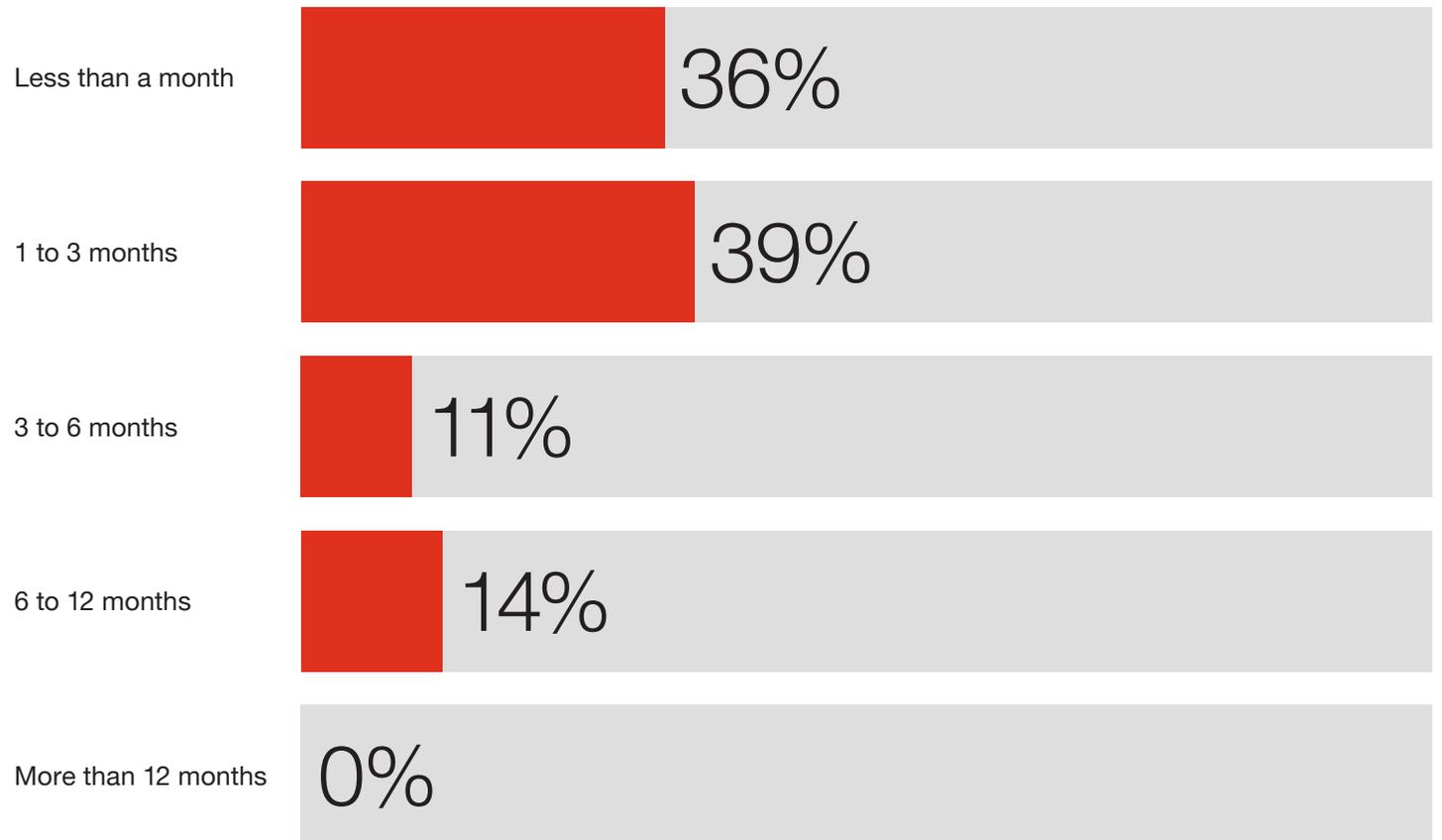
0%

COVID-19 is not currently impacting our business.

4%

A return to normal post-crisis is expected to take some time

Q: 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”?



Even if COVID-19 were to end today,

64%

of execs expect it would take **more than 1 month** to get **back to “business as usual”**.

Still, every single respondent believes their company would be able to return to normal within a year.

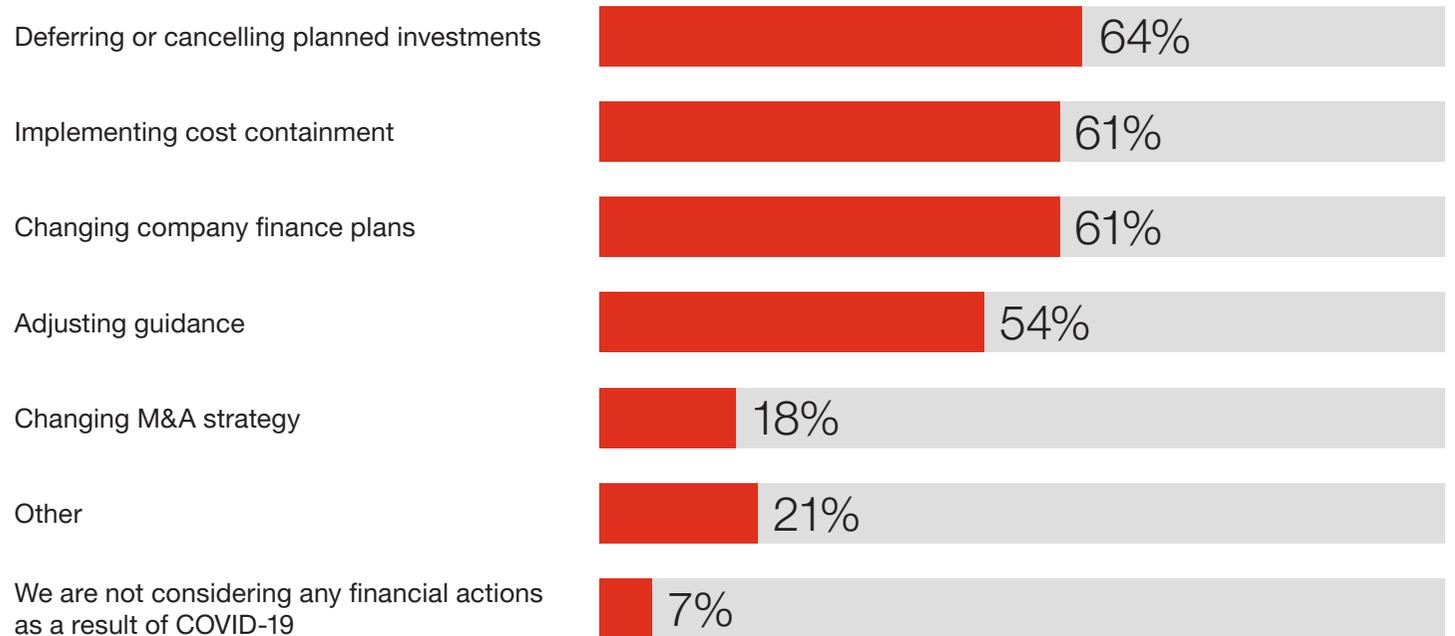
Companies are taking action to manage financial impacts

Companies are most likely to be deferring or cancelling planned investments to manage the expected impacts.

Many will also implement **cost containment** measures or change their company's **financing plans**.

And more than half are planning to adjust their guidance to investors.

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

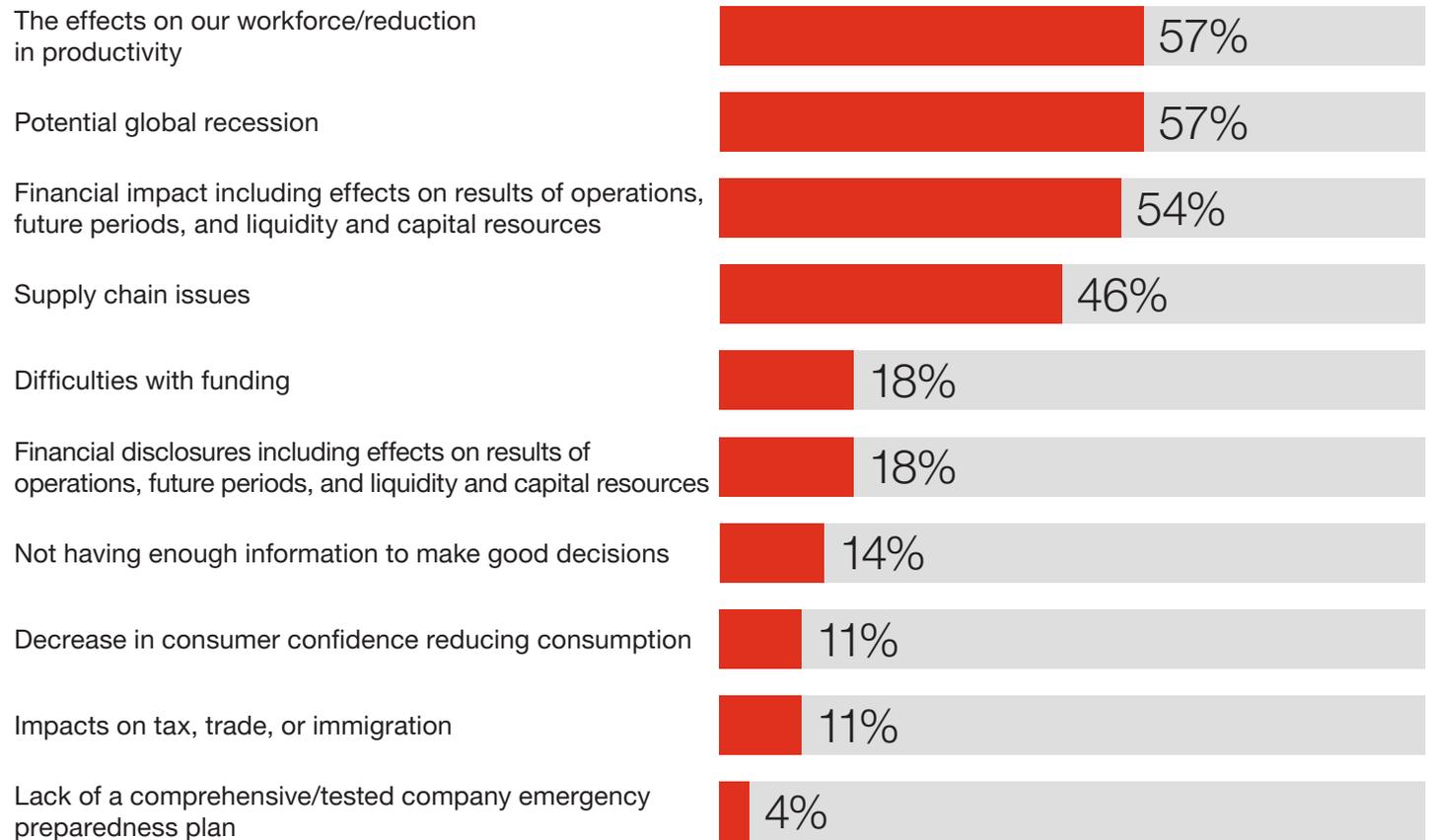


Top concerns should be actively addressed now

While companies are concerned about a global recession, they're just as worried about how COVID-19 will affect their workforce and reduce productivity.

Other top concerns are financial impact and supply chain.

Q: What are your top 3 concerns with respect to COVID-19?



COVID-19 CFO Pulse

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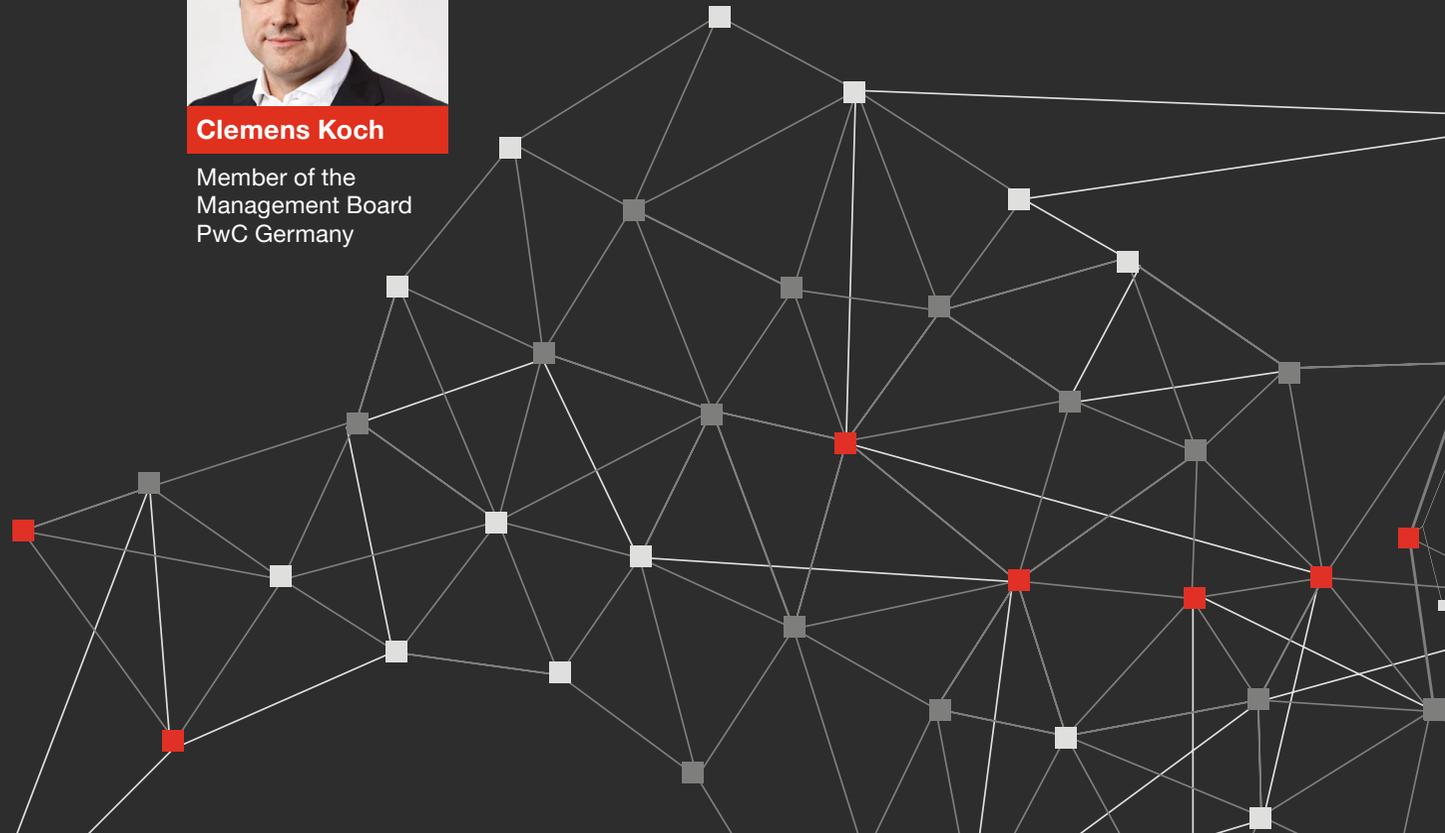
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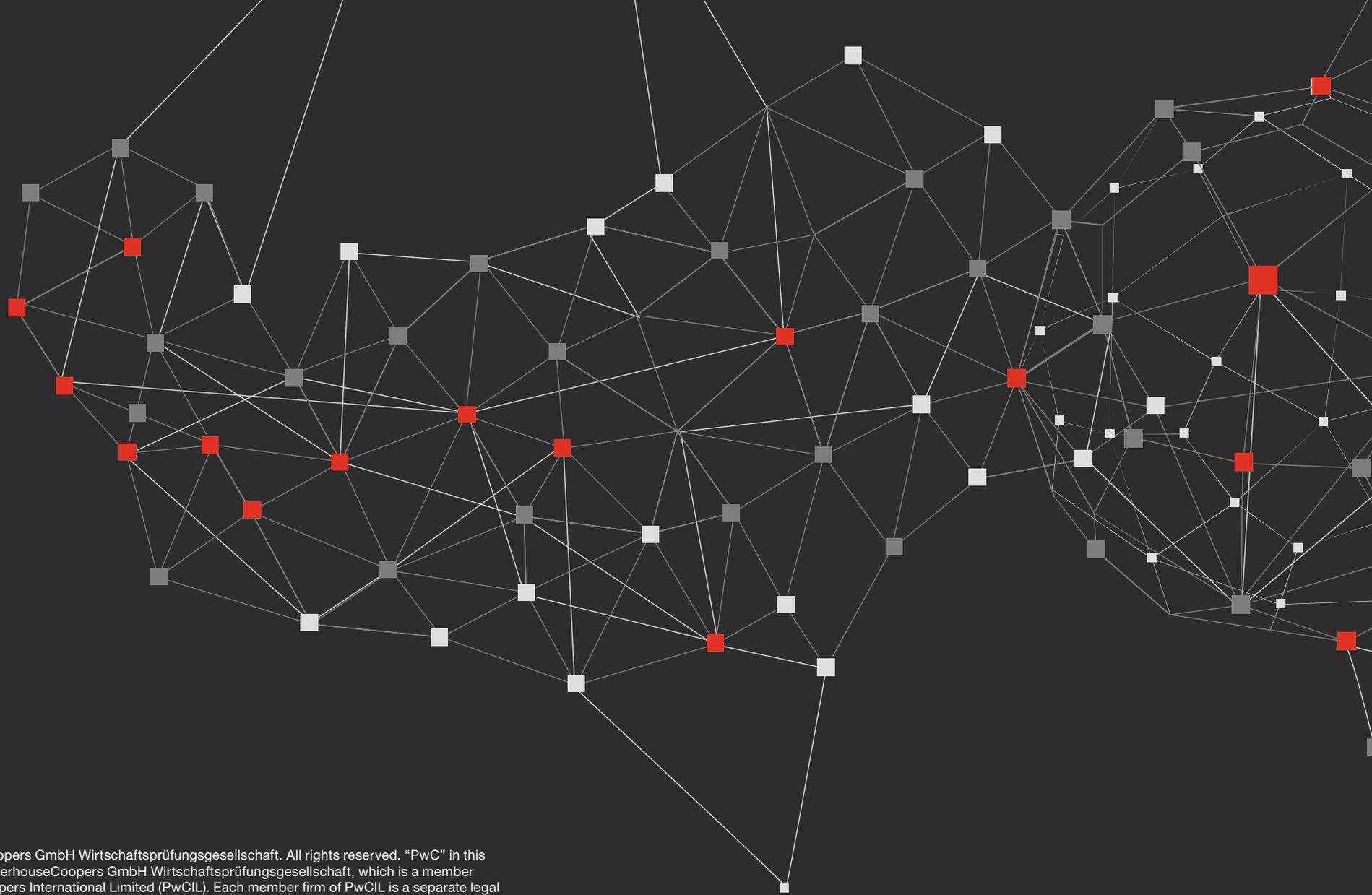
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About the survey

To help identify the business and economic impact of COVID-19, PwC is conducting a periodic survey of finance leaders in Germany.



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