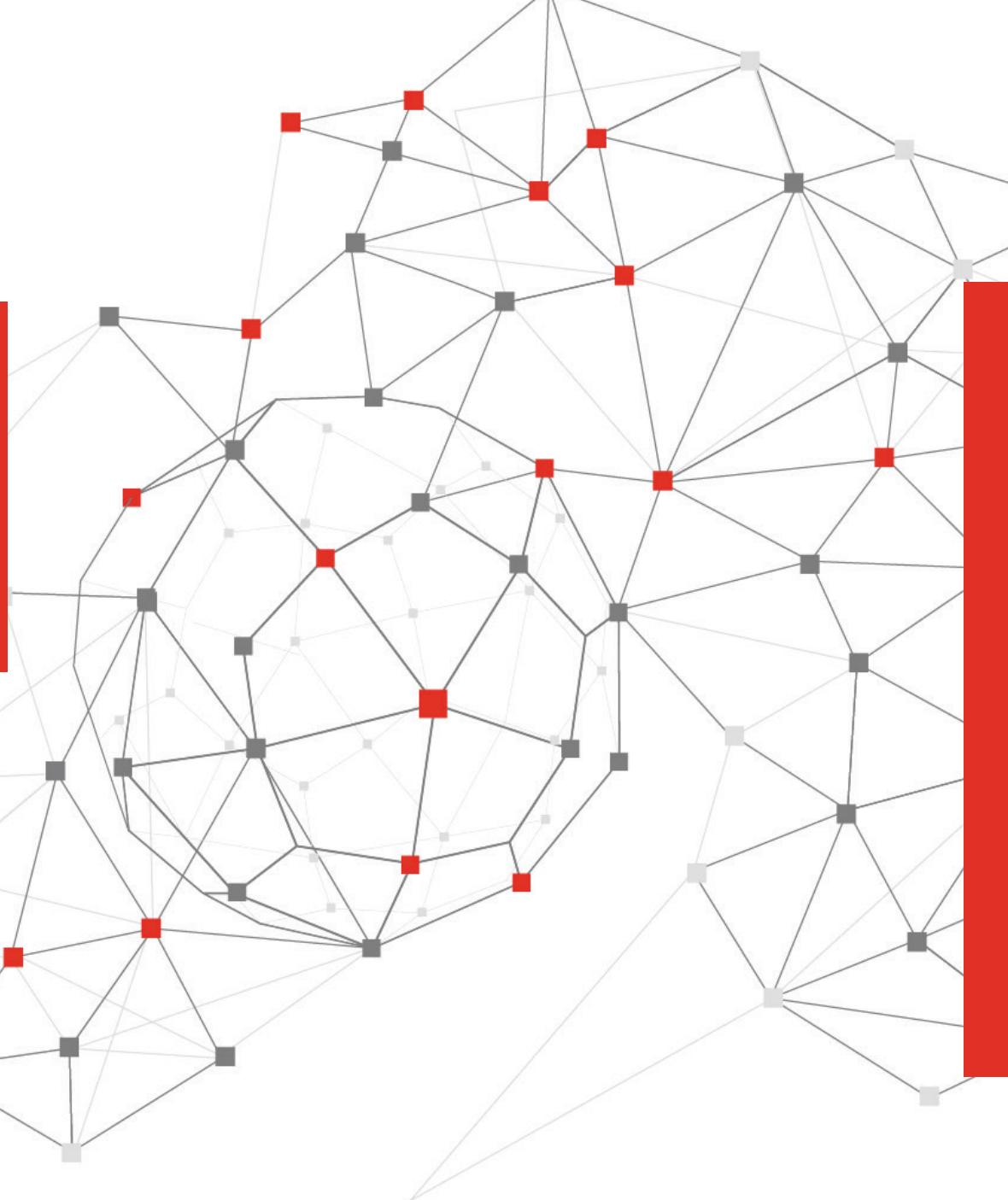


PwC's COVID-19 CFO Pulse Survey

Africa findings

21 May 2020



Introduction

PwC is tracking sentiment and priorities about the COVID-19 outbreak among finance leaders. We surveyed 867 CFOs from 40 countries during the week of 4 May, including 55 CFOs from nine countries in sub-Saharan Africa. This survey is our fourth look across the globe and the first to include a report on findings in Africa. We will continue to add territories and companies to offer a robust view of how the crisis is affecting people and businesses worldwide.

Since the World Health Organization recognised the COVID-19 outbreak as a global pandemic on 11 March, this complex and rapidly evolving upheaval has progressed to every corner of Africa. The first case recorded in Africa was in Egypt on 14 February and the last nation on the continent to confirm an infection was Lesotho on 13 May — a full three months later.

Global COVID-19 CFO Pulse reports:

- [30 March 2020](#)
- [14 April 2020](#)
- [28 April 2020](#)
- [11 May 2020](#)



Finance leaders respond to the pandemic, plan for the future

As companies in many countries begin to move beyond the emergency response and crisis management phase of the COVID-19 pandemic, business leaders across the world are balancing immediate concerns with organising and planning to steady their operations in ‘the new normal’.

The pandemic only took hold in some African countries as late as May, while others were already in lockdown by late March. Whichever phase they find themselves in, the economic fallout of the pandemic is still widespread and the stabilisation wave of companies’ responses is likely to be long. The IMF projects that economic activity in sub-Saharan Africa will decrease by 1.6% this year, with oil-exporting countries in the region expected to contract by an average of 2.8%.

Despite the challenges, governments realise that their economies must reopen. They will do so at a varied pace, with some territories providing a blueprint for success and others serving as cautionary tales. But it’s clear in every corner of the world that navigating the way forward will increasingly fall on companies. It is companies that will ultimately need to determine when to bring their people back to worksites and how to keep them safe, and it is companies that will need to develop innovative solutions to ensure this safety can be sustained throughout the crisis and recovery.

As they manage this process, business leaders — including the CFOs we’ve surveyed — will be faced with a series of decisions that will have a wide-reaching impact: on their own financial future; on the wellbeing of their employees, customers and other stakeholders; and on society at large.



Key findings in Africa

	<h3>Impact on performance</h3> <p>Nearly two-thirds (65%) of African CFOs predict a decline of at least 10% in their company revenue and/or profit this year.</p>
	<h3>Containing cost pressure</h3> <p>The vast majority (85%) are implementing cost containment measures or deferring or cancelling planned investments (60%).</p>
	<h3>Restoring ‘business as usual’</h3> <p>62% of African CFOs estimate it will take more than three months to restore ‘business as usual’.</p>
	<h3>Reinforcing supply chains</h3> <p>Developing alternate sourcing options (64%) and changing contractual terms (56%) are the main priorities in supply chain strategy.</p>
	<h3>Protecting people</h3> <p>76% of respondents are very confident about meeting customers’ safety expectations and providing a safe working environment for their employees at their places of business.</p>
	<h3>Workplace flexibility</h3> <p>60% say remote work is here to stay for some roles, as companies plan to alternate crews and reconfigure worksites.</p>

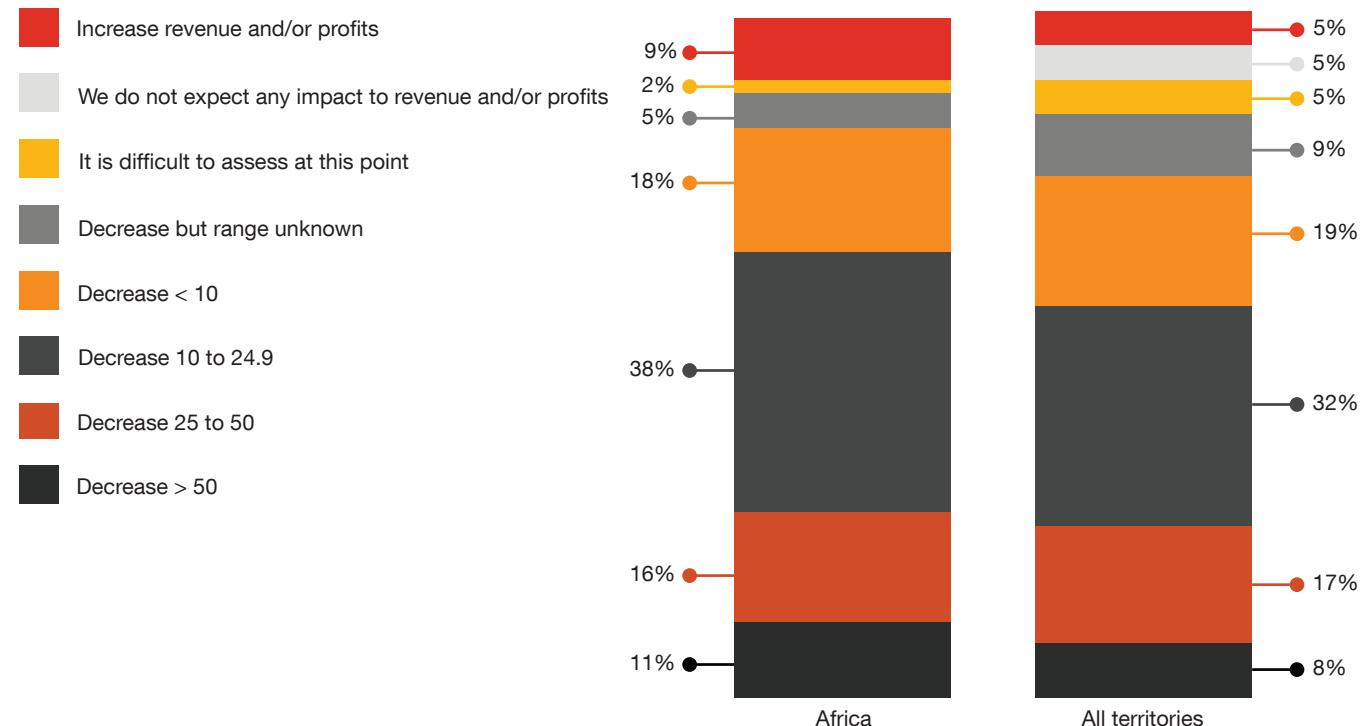
Revenue decline is the reality for most businesses

Times are tough and few envisage the coming months will be much easier, with all African CFOs expecting the pandemic to impact their revenue/profits and most (89%) anticipating a reduction in revenue this year. Some expect to be impacted more severely than others, with nearly two-thirds (65%) expecting their companies' revenue and/or profits to decrease by at least 10% and only 9% expecting them to increase.

Many African countries implemented containment measures to reduce the rate of infection due to concerns about the capacity and preparedness of their healthcare systems. However, these measures precipitated a rapid decrease in economic activity, which may place greater pressure on businesses to generate revenue and/or profits in the immediate future.

More than half of CFOs expect a decrease of up to 25% in revenue as a result of COVID-19.

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



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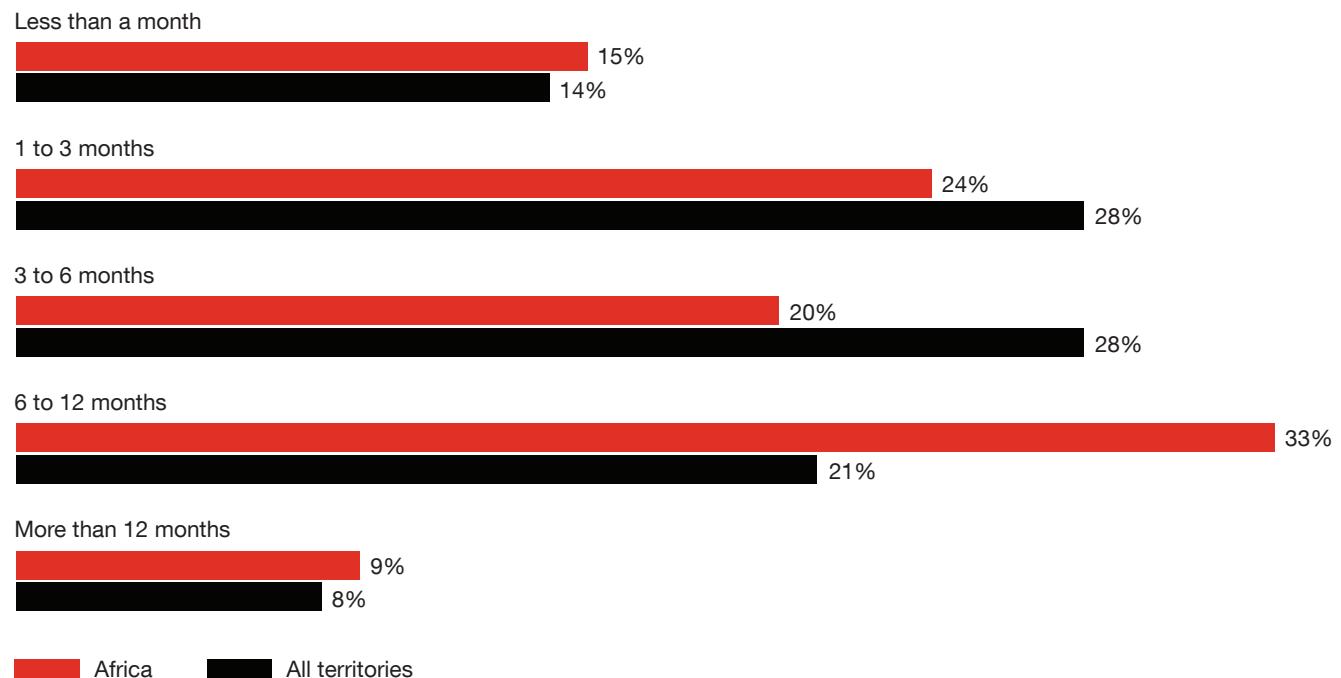
Returning to ‘normal’

Business leaders are squarely focused on shoring up financial positions as their businesses head further into the unknown, and preparing for a safe return to the workplace once they’ve passed the peak of the initial wave of transmission. Growing acceptance about the likely impact of the pandemic and expectations about decreased revenues are also reflected in CFOs’ view of recovery.

Although 38% of African CFOs believe their company could return to ‘business as usual’ within three months if COVID-19 were to end today, there is a growing sentiment in many territories that recovery may take much longer. Overall, 42% expect it to take more than six months, while almost one in ten (9%) expect it will take more than a year to restore their businesses. Global respondents, on the whole, are more optimistic than African CFOs about how quickly they can re-establish ‘business as usual’ in their organisations, which may point to the inherent complexities — such as depreciating currencies, plummeting commodity prices and challenging supply chains — that typify doing business in many parts of the continent.

62% of CFOs estimate it would take more than three months to restore ‘business as usual’.

Question: *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’?*



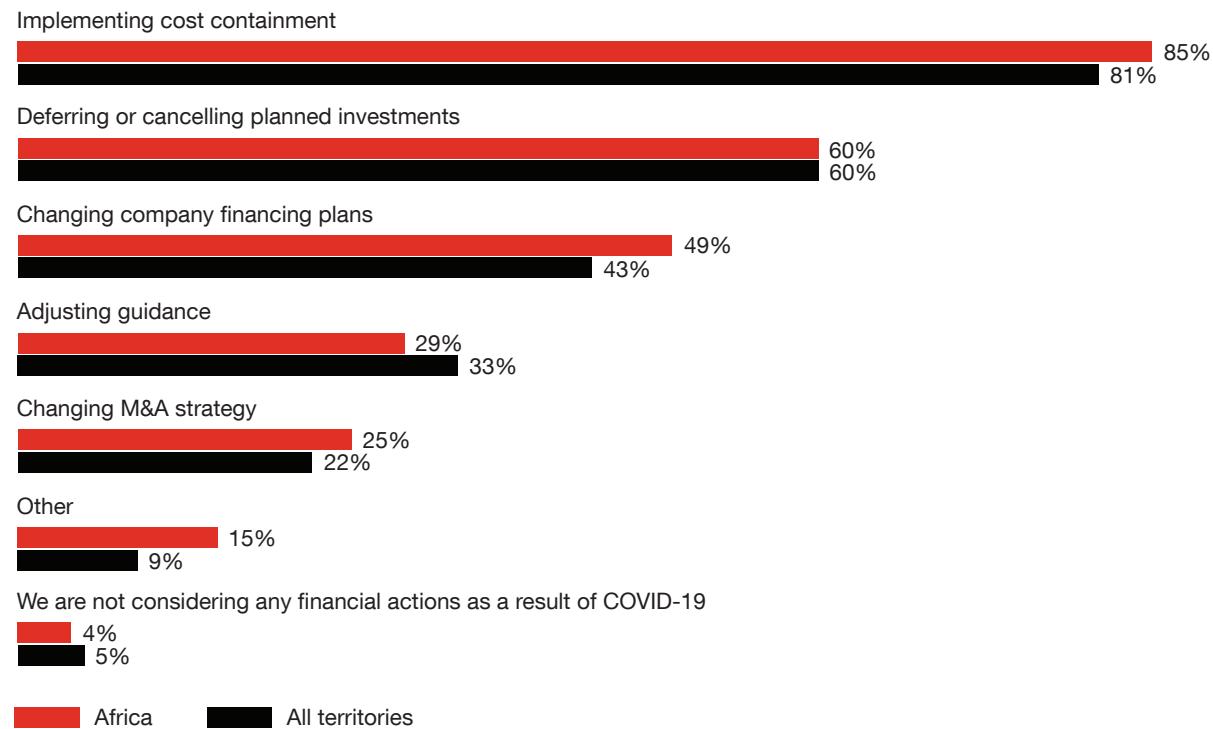
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Cost containment is highest priority

Businesses are actively dealing with the effects of a sharp decline in economic activity and even temporary closure of their operations. In this environment it's no surprise that African CFOs are taking decisive action to safeguard their financial positions, with 85% implementing cost containment measures and 60% either deferring or cancelling planned investments. Other cost alleviation actions such as changing financing plans (49%), adjusting guidance and changing M&A strategy remain on the table for a minority of respondents.

Managing costs and investments are prime concerns for CFOs.

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



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Focus on capex

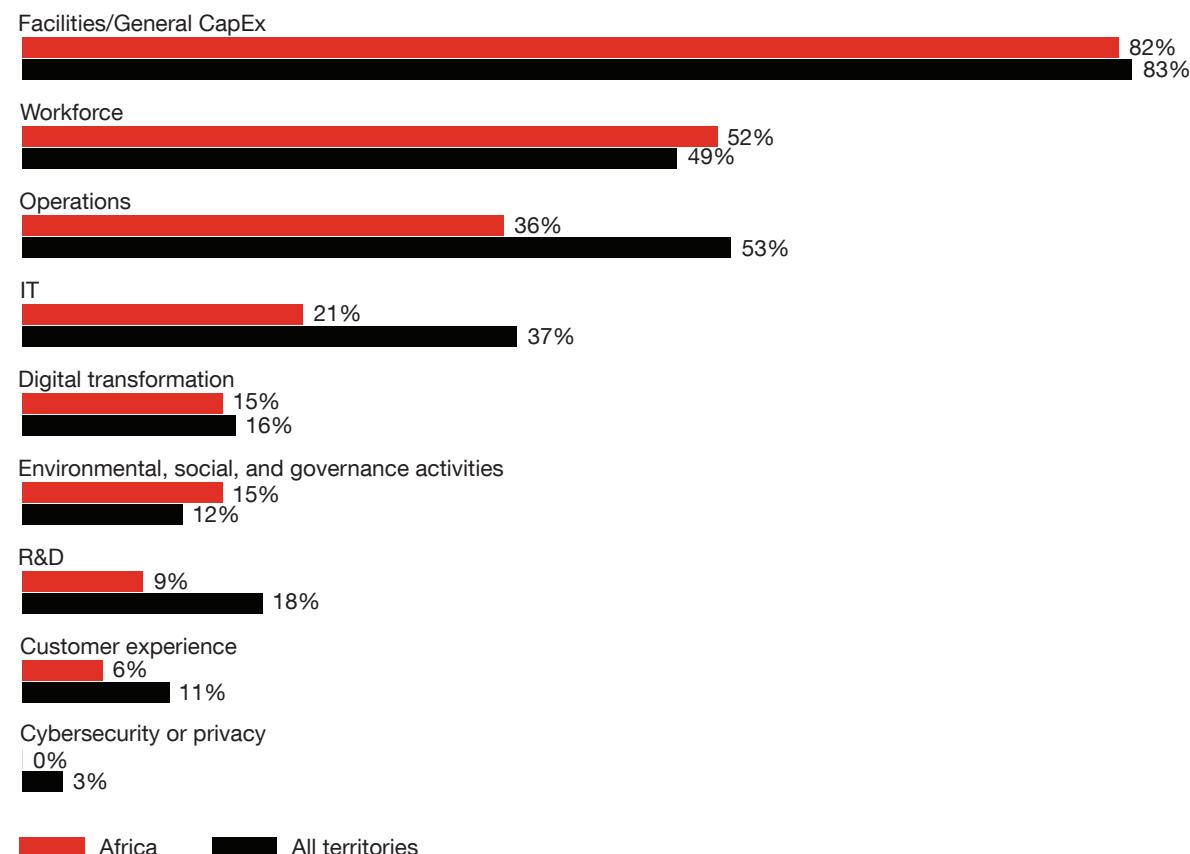
CFOs clearly favour a strategy of cost containment and of the 33 African respondents who said their company is pursuing this course of action, the majority are focusing on facilities and general capital expenditure (82%) followed by investments in the workforce (52%) and operations (36%).

CFOs in Africa say they are less likely than their global peers to be considering cancelling or deferring investments in operations, IT, R&D and customer experience. Perhaps this is because business leaders recognise the importance of these activities to their future success. Similarly, with an eye towards what measures will be needed to succeed in the post-crisis world, only 15% of African CFOs are considering deferring or cancelling investments in digital transformation. Even fewer are likely to cut investments in customer experience (6%) and none are targeting cybersecurity or privacy.

This overall reluctance to cut spending in key areas is unsurprising, given that digital transformation stands to play a large and critical role in the latter stages of the mobilise–stabilise–strategise continuum of crisis response — especially as organisations accelerate automation or other new ways of working on-site, consider contact-tracing technologies to ensure workplace safety and look to create more integrated and tech-enabled supply chains.

Most CFOs will cut or defer capex investments, but significantly fewer plan to cancel operational and digital spending.

Question: *You mentioned your company is considering deferring or cancelling planned investments as a result of COVID-19. Which of the following investment types are being considered in that regard? Please select all that apply.*



Meeting stakeholder needs

Maintaining healthy relationships — characterised by positive engagement and transparency — with shareholders, customers and other stakeholders is essential to success in today's operating environment. Now that we face a global pandemic, the private sector is being called on to lead in ways it may not have expected. Given the mounting pressure the crisis is exerting on governments, public budgets and citizens, business leaders can expect demands for private sector leadership to grow.

CFOs acknowledge it won't be easy: Only 47% say they are very confident they can balance the needs of all stakeholders, including employees, customers, investors and their communities.

Balancing stakeholder needs is not an easy task.

Question: *In returning to the workplace, how confident are you in your company's ability to balance needs of all stakeholders (customers, employees, suppliers, communities, investors)?*

Africa



All territories



Not at all confident Unsure Moderately confident Very confident

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Base: All territories – 523, Africa – 33

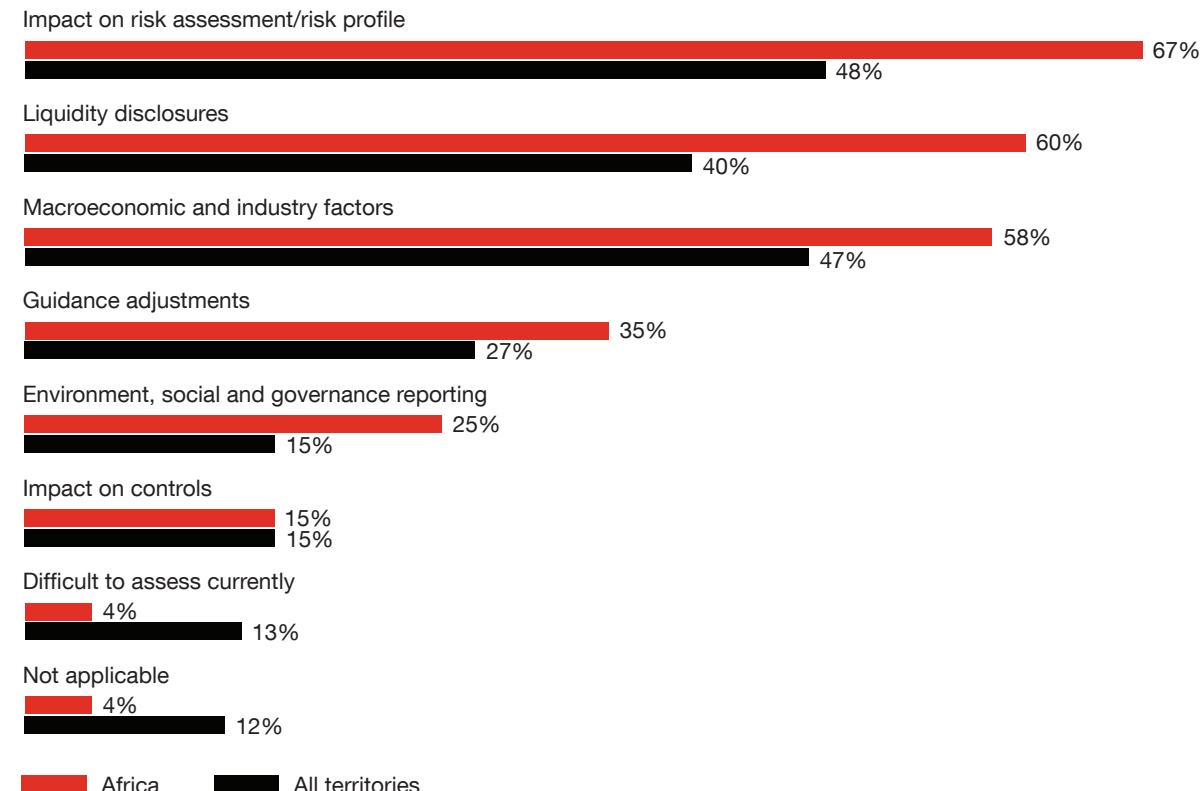
Disclosures

Measures taken to contain the pandemic have affected economic activity, which in turn has implications for financial reporting. These include not only the measurement of assets and liabilities but also disclosure and possibly an entity's ability to continue as a going concern.

We asked respondents about the disclosures they are considering regarding the impact of COVID-19 on their organisations. On most measures, African CFOs appear more likely to make disclosures about the impact of the pandemic. Two-thirds (67%) of African CFOs say they will include COVID-19 in their risk assessment or risk profile, 60% will include it in their liquidity disclosures, and 58% will include it in their macroeconomic and industry factors.

African CFOs appear more likely to make disclosures about the impact of the pandemic.

Question: *In the next six months, which of the following COVID-related disclosures are you considering? Please select all that apply.*



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Community focus and social engagement

Many companies have already responded to the needs of communities affected by the pandemic and the containment measures taken to manage it. More than half of African respondents (56%) say their companies have increased community and societal efforts with financial or other contributions to non-profits, or pro bono goods and services — and 9% expect to sustain this level of commitment for the foreseeable future.

With 80% of African respondents either increasing their community and societal commitments or keeping them at the same level as before the crisis, it's clear corporate responsibility programmes are being recognised as fundamental.

In tough times, it's important for companies to engage their people in determining consequential community impacts and being part of the solution, such as retraining the unemployed or creating new job opportunities.

Business leaders will also want to think about how to share their story around these efforts, including how their companies invested in employees and communities and innovated during the crisis. With just a quarter of African respondents saying they are considering environmental, social and governance disclosures related to COVID-19 in the next six months, this may be an area that in the current circumstances is not yet a priority. As the saying goes about individuals, adversity does not build character, it reveals it. Companies are being judged on the character they're demonstrating right now, and their actions or inactions today are sure to count for or against them in the future.

More than half of African respondents (56%) say their companies have increased community and societal efforts in response to the pandemic.

Question: *In response to COVID-19, how have you changed your company's community-focused and other societal activities (e.g., financial or other contributions to non-profits; pro bono goods and services; programmes to support vulnerable groups)?*



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Stabilising supply chains

CFOs' approach to supply chains reflect their realisation that the stabilisation phase will be long and sometimes difficult. Developing alternate sourcing options and changing contractual terms are the main priorities for changes in supply chain strategy for African CFOs compared to their global counterparts who place more focus on understanding the financial and operational health of suppliers.

CFOs know that operationalising the 'new normal' will come with challenges that result from the crisis, as well as from pre-crisis factors. For example, even prior to COVID-19, PwC's [Connected and autonomous supply chain ecosystems 2025](#) report found that only 28% of supply chain decision-makers surveyed had implemented solutions to increase supply chain transparency to achieve visibility across the entire supply chain, from materials to customers and back. More than 1 600 participants in 33 countries took part in the research.

The use of automation and other tools skews slightly lower among supply chain approaches overall, which may also reflect the fact that many businesses are still stabilising, rather than looking for ways to upgrade or increase efficiencies.

CFOs are determined to develop additional sourcing options for their supply chains.

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



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Fast-moving and unforeseen developments such as COVID-19, which give rise to unprecedented variables, permutations and scenarios, are expediting the inclusion of finance and strategic drivers in the traditionally operationally focused supply chain planning process, and vice versa. But taking a more holistic approach requires greater financial integration that includes considering strategic initiatives and outcomes, improved simulation and modelling, and seamless translation between detail and aggregate levels for better decision-making support. To achieve this we see many companies turning to digitalisation and new technologies like artificial intelligence to empower strategic decision-making within a framework that effectively links strategic planning and execution.



Reimagining the workplace for a new normal

The majority of CFOs, and particularly in Africa, are making plans focused on tactical measures to protect staff, followed by strategic measures around remote work and automation. For example, 91% of African CFOs are considering workplace safety measures and requirements such as masks and testing, and 65% say they'll reconfigure work sites to promote physical distancing.

Significantly more African CFOs (62% vs 48%) say they will be accelerating automation and new ways of working once they transition back to 'normal'. Given the need to limit the number of people in close contact, 60% are considering making remote work a permanent option where feasible. This corresponds to another finding: 78% of African CFOs say that the work flexibility they have created in response to the crisis will benefit their company in the long run.

While businesses in the developed world take it as given, the success of remote work in the African context will depend on the availability, stability and cost of the required communications network and power supply.

More than 90% of companies will change workplace safety measures; 62% plan to accelerate automation and new ways of working.

Question: *Which of the following is your company planning to implement once you start to transition back to on-site work?*



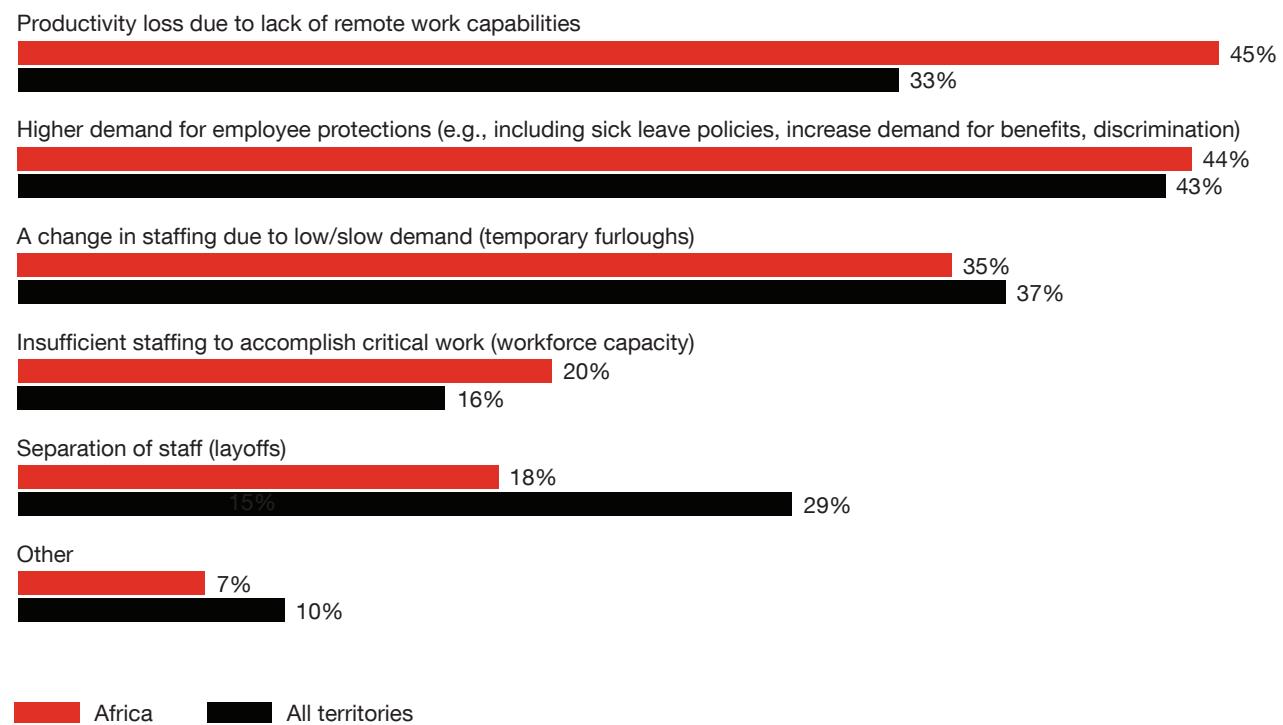
Responding to changing needs

As companies and employees take action to respond to the pandemic, nearly half (45%) of African CFOs expect productivity loss due to lack of remote work capabilities, compared to an overall average of 33%. Many CFOs expect a higher demand for protections (44%) and paid sick leave, discrimination safeguards, and other policies and benefits will be a critical part of ensuring workplace safety.

As they take action to protect the sustainability of their companies, business leaders are also looking at their staffing needs. More than a third (35%) of African CFOs expect changes in staffing due to low demand and are considering temporary leave or furloughs. Compared to an overall average of 29%, 18% of African CFOs also expect to conduct lay-offs in the next month. This difference may again reflect nothing more than the fact that the onset of the pandemic is only now beginning to take hold in many African countries and that businesses on other continents have already taken this step.

CFOs are focusing on employee protections and staffing needs in the short term.

Question: *As a result of COVID-19, which of the following does your company expect to occur in the next month?*



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CFOs are confident about keeping customers and employees safe

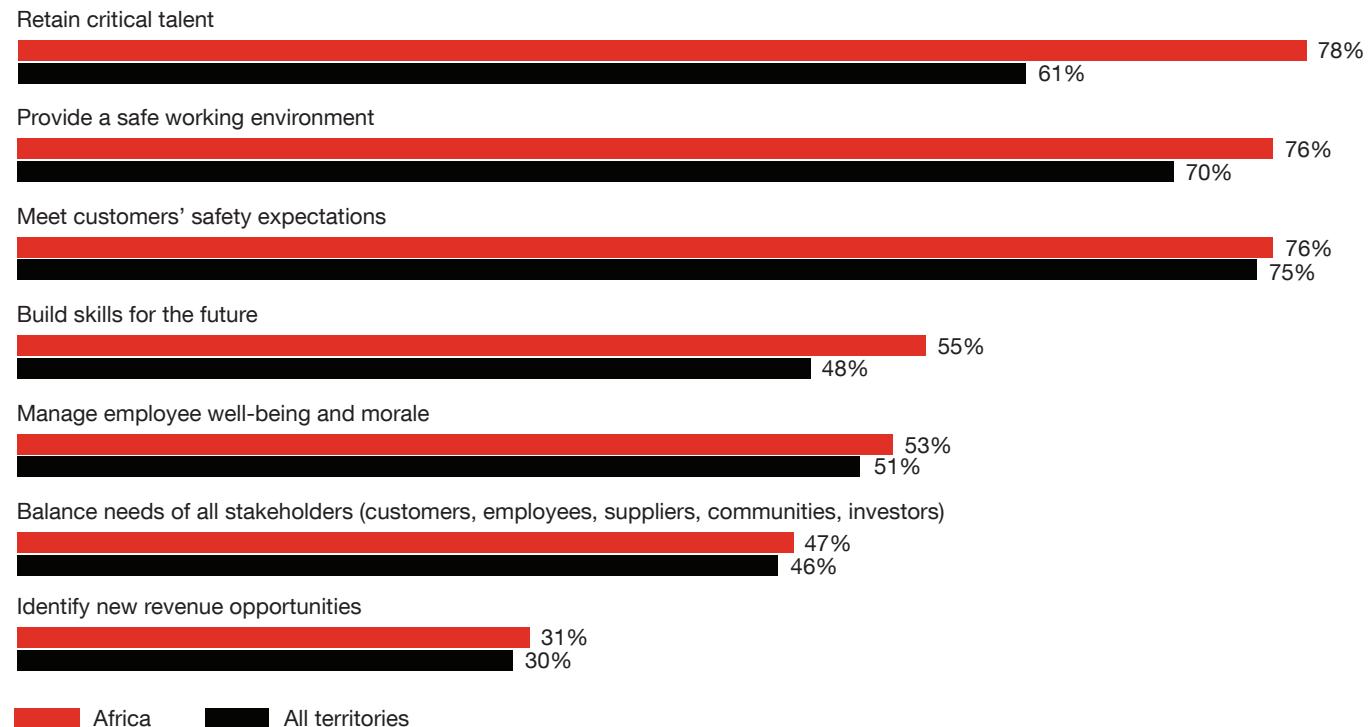
As businesses around the world bring employees back to physical worksites or plan to reopen, our survey reveals optimism among CFOs.

CFOs in Africa are more optimistic than the overall average, with more than three-quarters saying they are very confident about meeting customers' safety expectations, providing a safe working environment for their employees and retaining critical talent.

Where African CFOs express less confidence is in areas such as identifying new revenue opportunities (31%) and balancing the needs of all stakeholders (47%). This may be because these outcomes are inherently more difficult to achieve, in contrast to simply implementing safety guidelines issued by government authorities.

More than three-quarters of African CFOs believe they can provide a safe environment for staff and customers and retain critical talent.

Question: *In returning to the workplace, how confident are you in your company's ability to do the following? (Showing very confident)*



Making the most of the situation

Along with decisions about cutting investments, African CFOs are evaluating the other changes they've made to help manage the crisis. Many cite work flexibility (78%), technology investment (76%) and better resiliency and agility (73%) as crisis-driven developments that will improve their companies in the long run.

We discussed workplace flexibility in a previous section, but technology and resilience are also important considerations. Around the world the pandemic has underscored the need for new skills, including empathetic leadership, resilience and agility, collaboration and digital skills, and technical and trade skills such as design, manufacturing, and cyber and supply chain management.

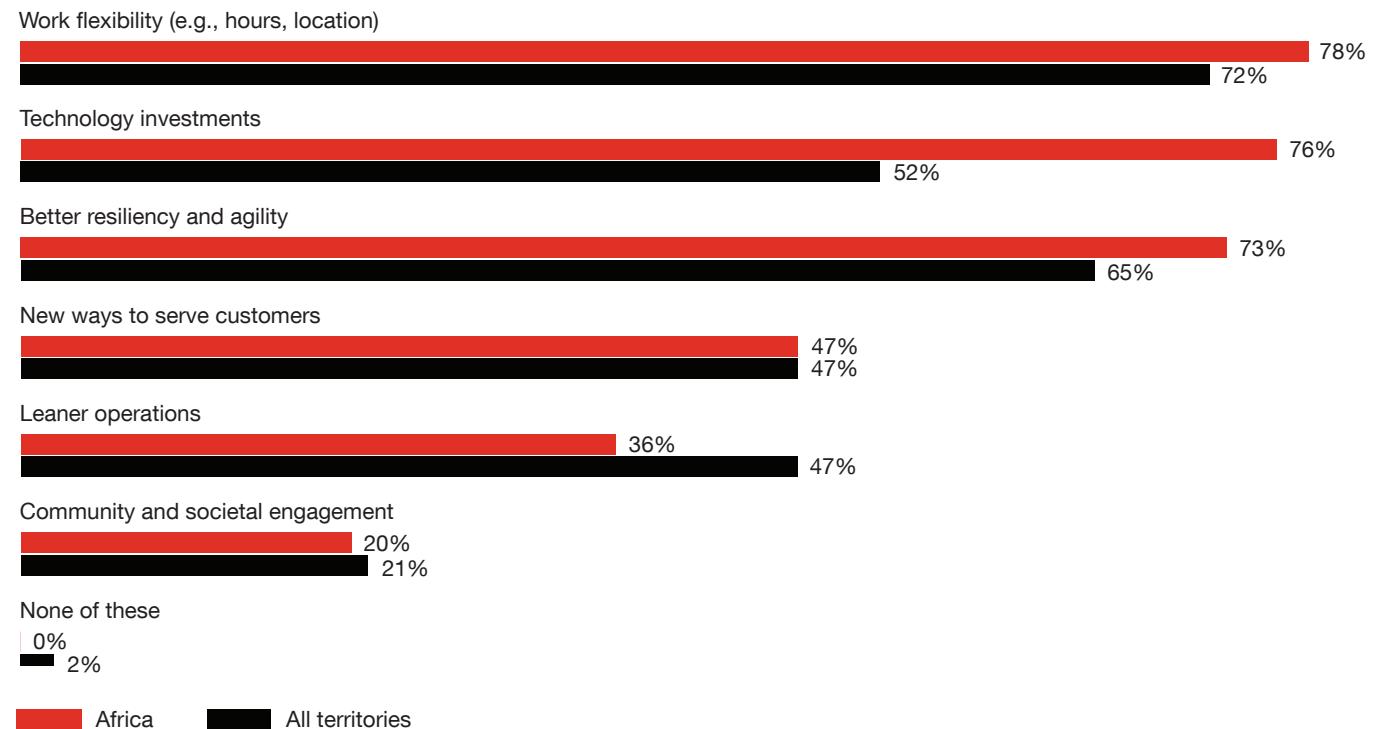
However, many companies will find there is much work still to be done. In [PwC's 23rd Annual Global CEO Survey](#) (conducted before the coronavirus crisis in September and October 2019), only 20% of global CEOs felt their programmes were very effective at reducing skills gaps and mismatches. Among African CEOs, that figure was 15%. Many leaders will clearly need to ramp up efforts in this area when possible, to ensure that their technology investments continue to benefit the company and that the resilience they created is built to last.

Given the need to limit the number of people in close contact, more than half (60%) of African CFOs are considering making remote work a permanent option where feasible, which corresponds with the finding

that 78% believe the work flexibility they have created in response to the crisis will benefit their company in the long run. Of course, the success of remote work will be driven by the opportunities that businesses can create for employees to interact, learn and be part of a community.

Many CFOs believe developments driven by COVID-19 will improve their companies in the long run.

Question: What about the current situation will make your company better in the long run?



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Monitoring finance leaders' evolving responses

As finance leaders begin to come to terms with the challenges brought on by COVID-19, they are adapting to a new world and facing the challenges of the post-pandemic landscape. They are beginning to shift their focus to a more prolonged recovery period. Ensuring a safe workplace is taking precedence as economies reopen, and stabilising the supply chain remains critical to ongoing business continuity. As new recovery milestones are reached, we'll continue to monitor how CFOs react and respond.

About the survey

To help identify the business and economic impact of COVID-19, PwC is conducting a biweekly series of global surveys of finance leaders. Of the 867 surveyed for the global report during the week of 4 May 2020, were respondents from 40 countries:

- Bahamas • Bahrain • Bermuda • Brazil
- China/Hong Kong • Cyprus • Czech Republic
- Denmark • Egypt • France • Germany • **Ghana**
- Greece • Jamaica • Jordan • Kazakhstan • **Kenya**
- Kuwait • Lebanon • Malta • **Mauritius** • **Namibia**
- Netherlands • **Nigeria** • Oman • Portugal • Qatar
- Saudi Arabia • Singapore • Slovakia • **South Africa**
- Sweden • Switzerland • **Togo** • Turkey • **Uganda**
- United Arab Emirates • United States • Vietnam
- **Zimbabwe**.

The next set of results will be released in early June.

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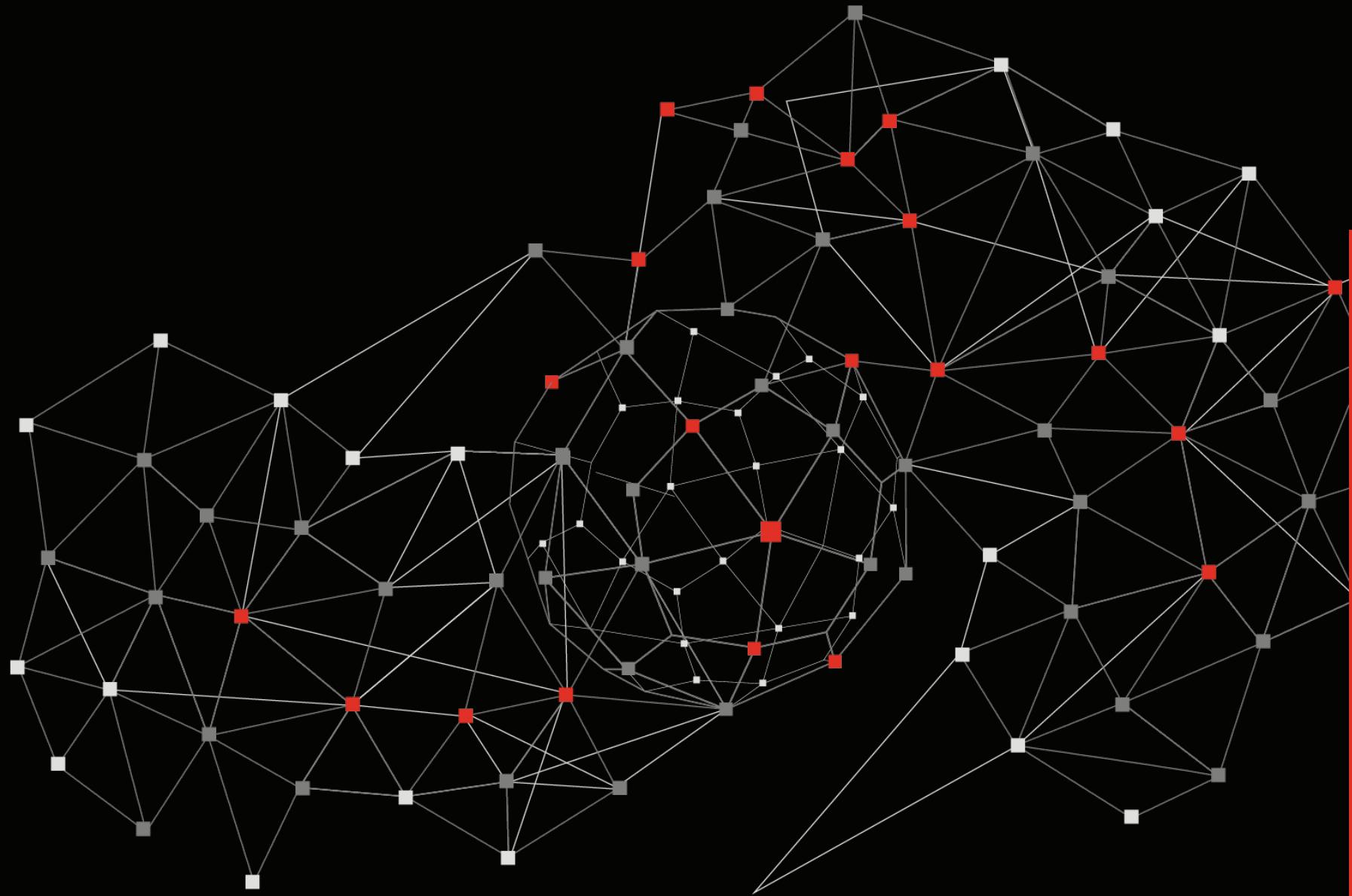
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