

A world in transition: PwC's 2017 APEC CEO Survey, November 2017

2017 APEC CEO Survey

Australia's findings

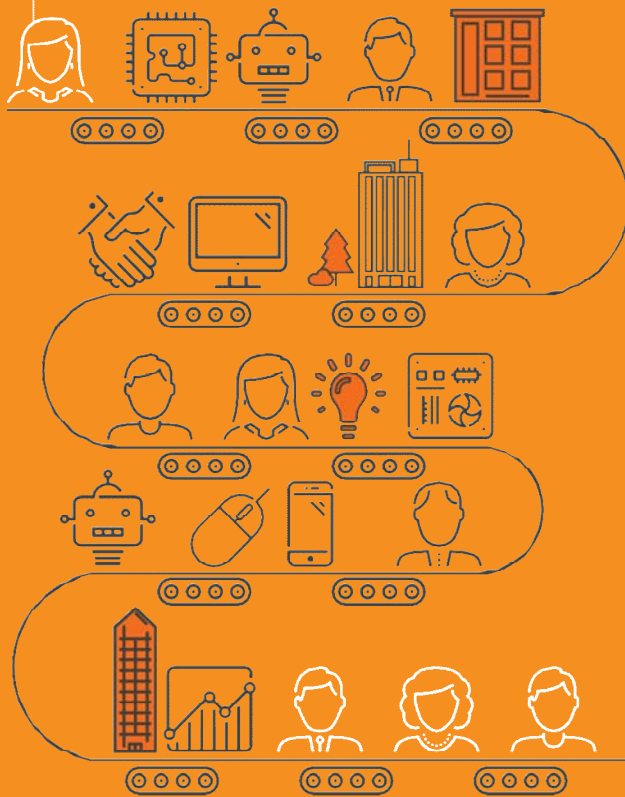


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Key themes

Making

of the workforce of the future



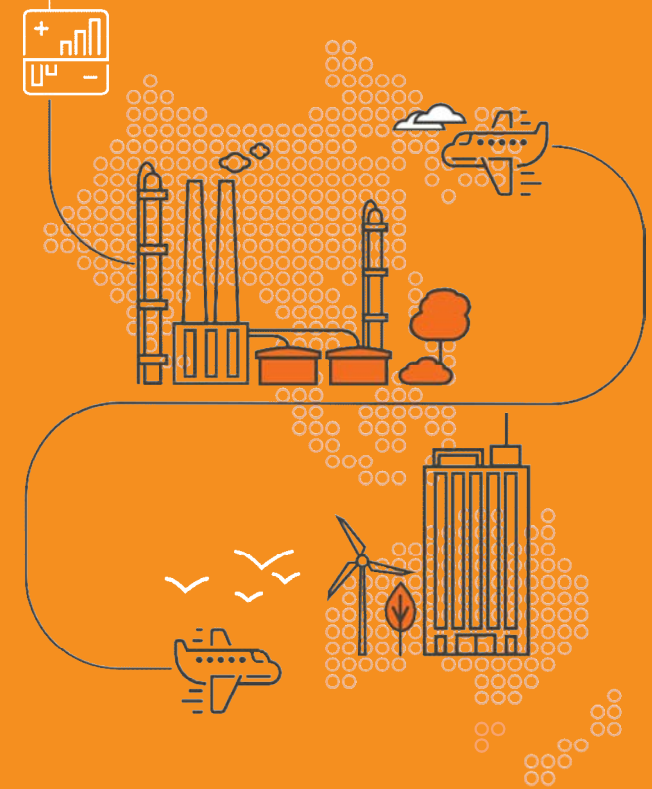
An operating model

for a fluid trade policy environment



Outlook

for business growth in Asia Pacific region in 2018



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Who took part?



Who took part?



1412

CEOs and industry leaders interviewed... across all



21

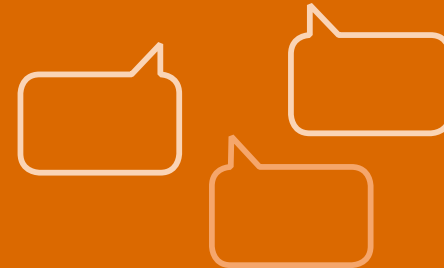
APEC economies.



Surveyed
in

6

languages



Completed via
online or paper
methodology
between **May 9** and
July 14
2017.



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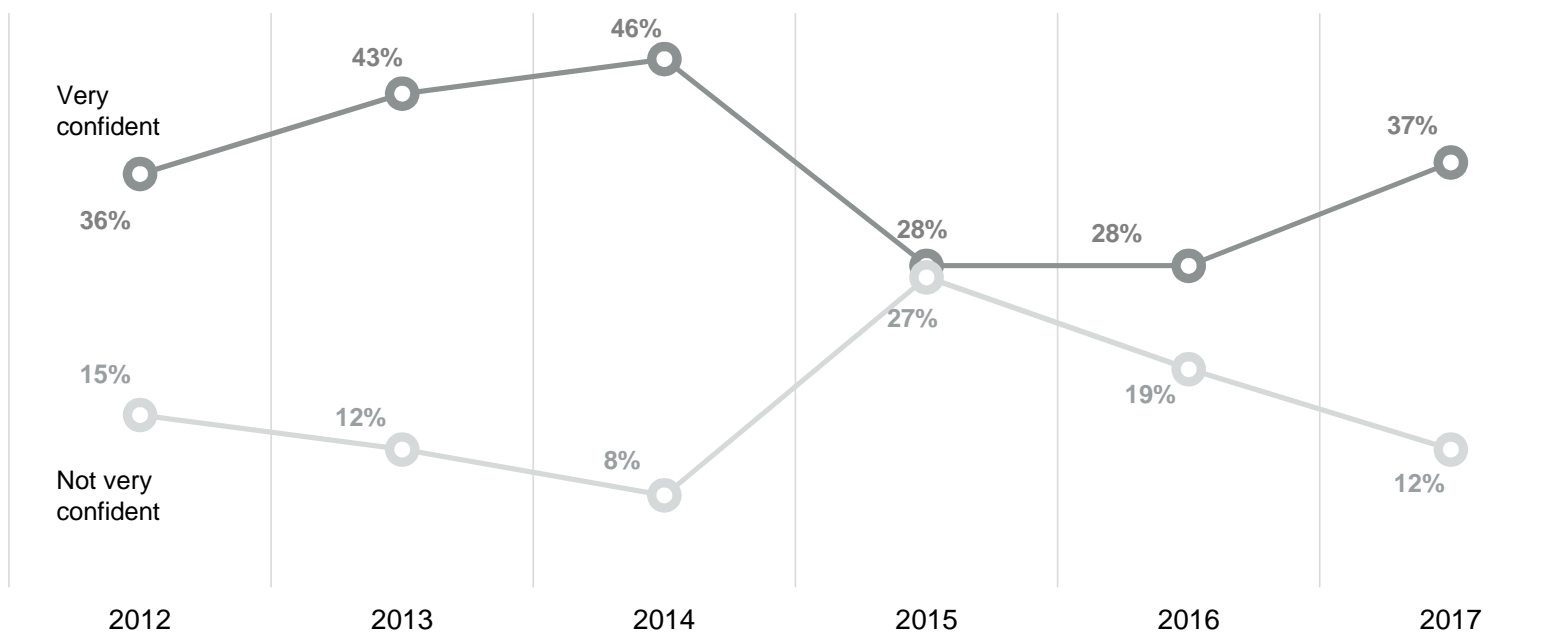
Outlook for business growth



Confidence in revenue growth over the next 12 months

Q1 - How confident are you about your organisation's prospects for revenue growth in your principal economy in APEC over the next 12 months?

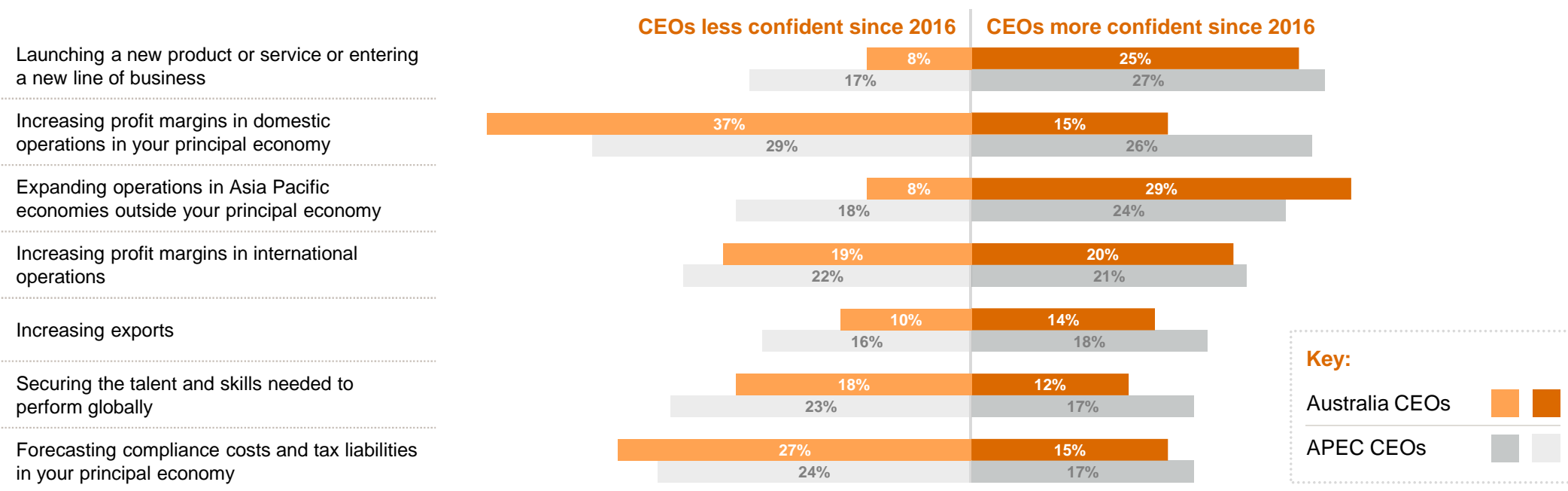
APEC CEOs



Base: Australia CEOs 84. APEC CEOs 2017:1412, 2016: 1154, 2015: 800, 2014: 635, 2013: 467, 2012: 362. [Note: Showing very confident and not very confident for APEC CEOs overall only]
Source: PwC's APEC CEO Survey, 2017

Confidence change since 2016

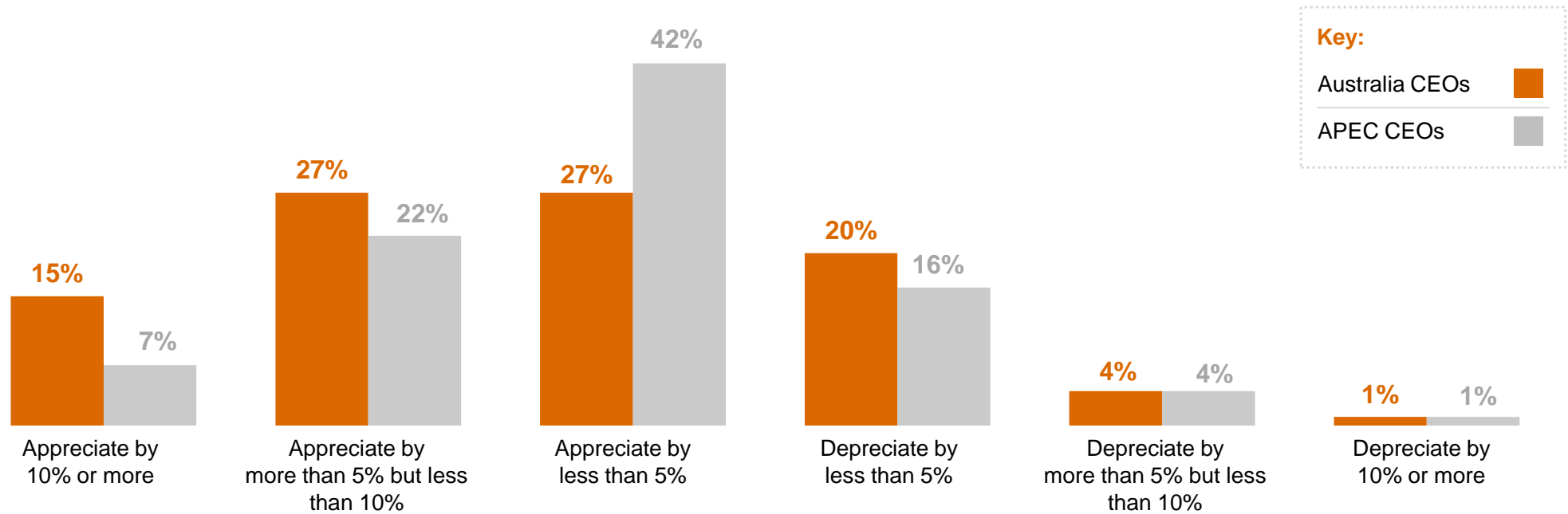
Q2 - Compared to a year ago, how has your confidence changed about achieving the following?



Base: Australia CEOs 84. APEC CEOs 1412. [Note: Showing more confident and less confident only]
Source: PwC's APEC CEO Survey, 2017

Expectation of US dollar versus other major currencies

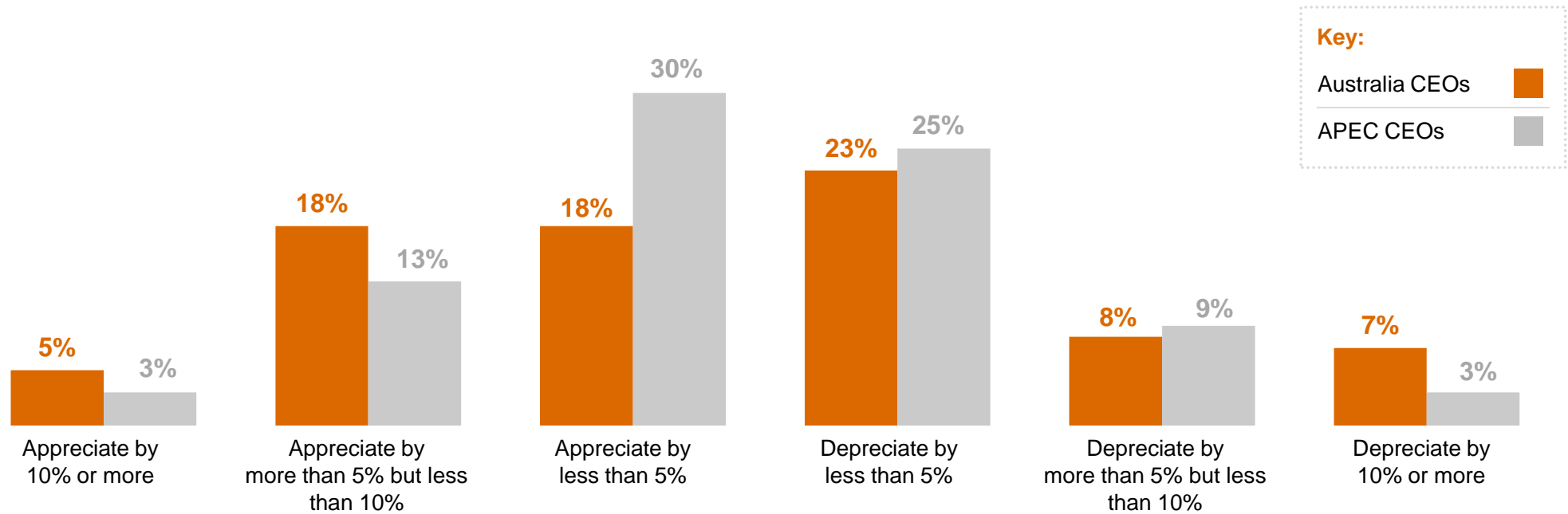
Q3 - What is your expectation for the exchange rate of US dollar to other major currencies in the next 12 months?



Base: Australia CEOs 84, Don't know 5%. APEC CEOs 1412, Don't know 8%.
Source: PwC's APEC CEO Survey, 2017

Expectation of Chinese RMB versus US dollar

Q3 - What is your expectation for the exchange rate of Chinese RMB to US dollar in the next 12 months?



Base: Australia CEOs 84, Don't know 21%. APEC CEOs 1412, Don't know 17%.
Source: PwC's APEC CEO Survey, 2017

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Investment intentions, hotspots and barriers

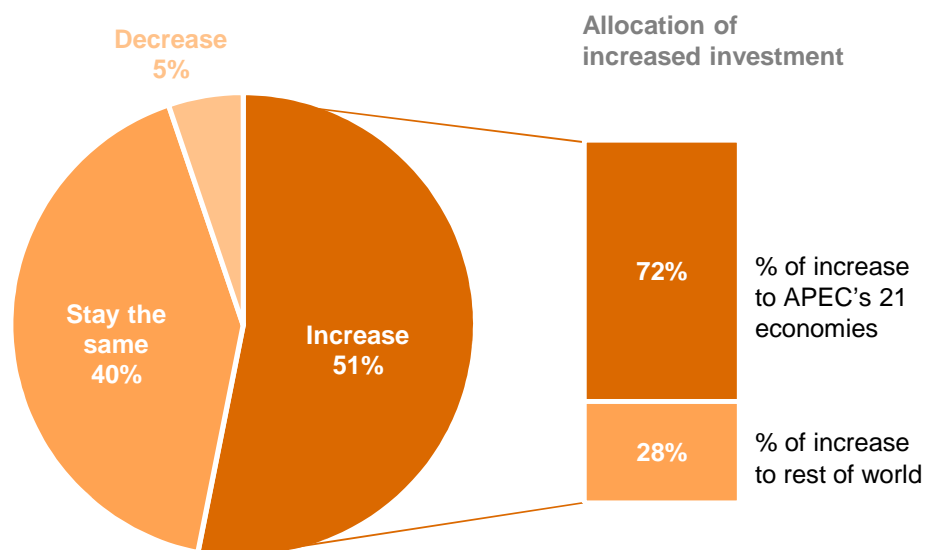


Global investment intentions

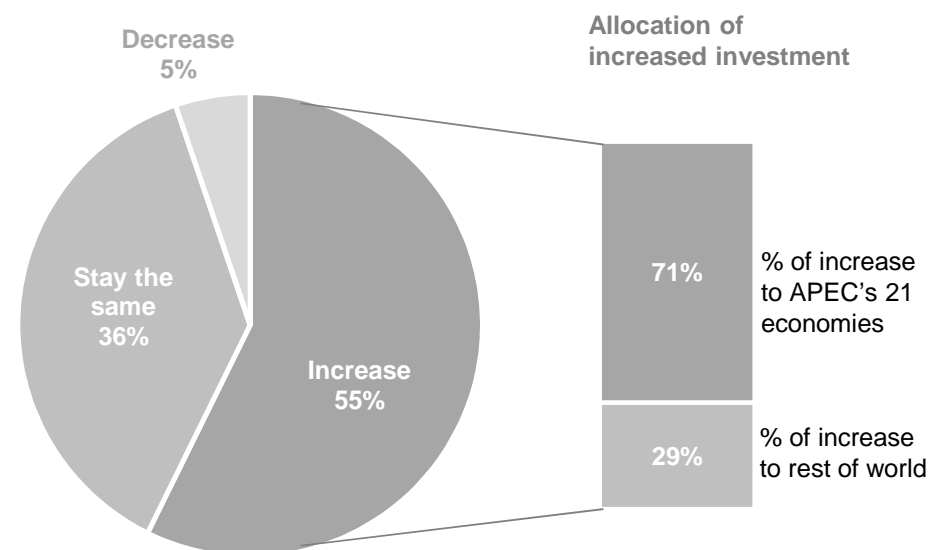
Q4 - Thinking of your business investments globally, will your investments increase, stay the same or decrease in the next 12 months?

Q5 - What proportion of this increase do you expect to allocate between APEC's 21 economies and the rest of the world?

Australia CEOs



APEC CEOs

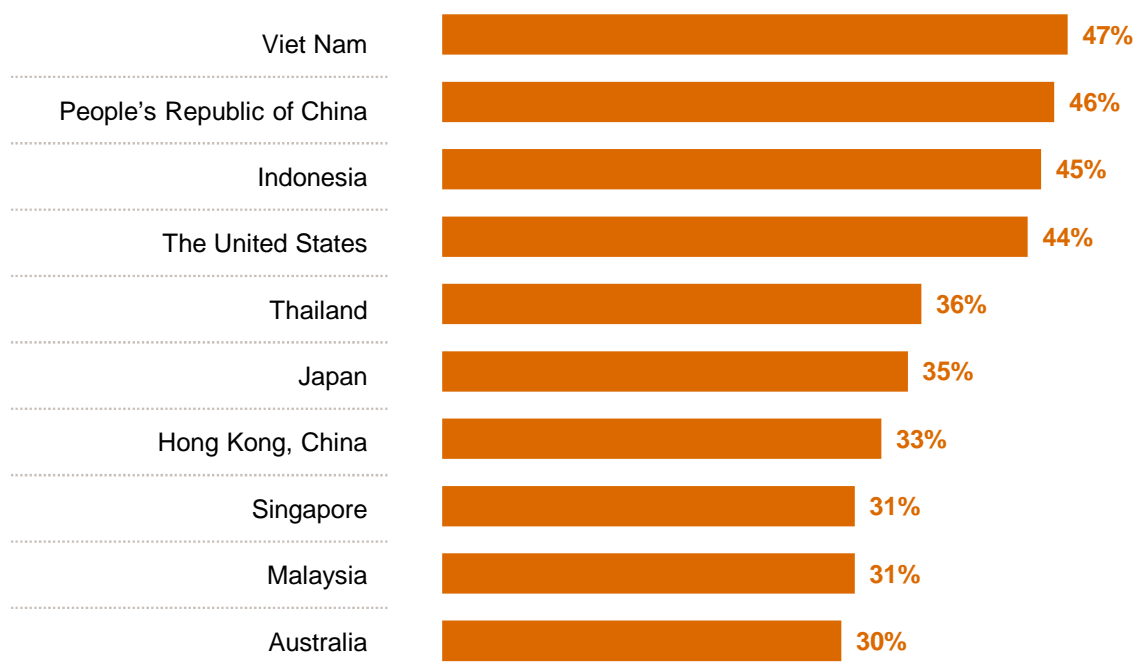


Base: Q4 - Australia CEOs 84, Don't know 4%. APEC CEOs 1412, Don't know 3%. Q5 - Australia CEOs 39*(*Base size below 50 - please use results with caution). APEC CEOs 677. [Note: Showing mean score]
Source: PwC's APEC CEO Survey, 2017

Top ten APEC economies for planned increases in cross-border investments

Q6 - Now thinking of your footprint in APEC economies, will your business investments increase, stay the same or decrease over the next twelve months in each of the APEC economies?

Top 10 APEC economies to receive increased cross-border investment over the next 12 months (net increase)



Q6: Now thinking of your footprint in APEC economies, will your business investments increase, stay the same or decrease over the next twelve months in each of the APEC economies?

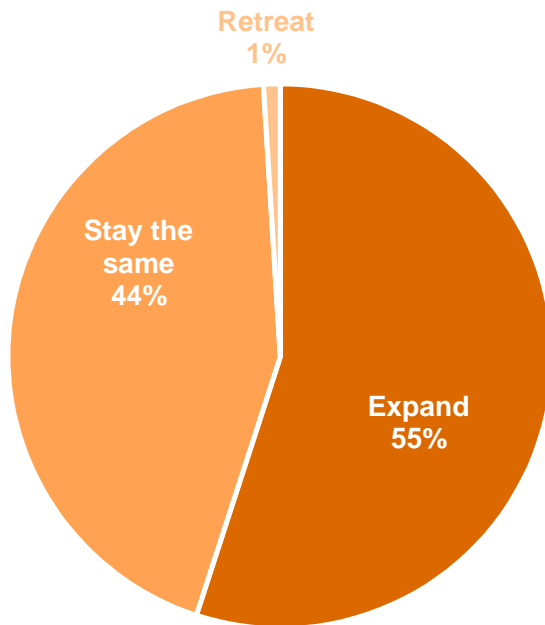
Base: Cross-border investment - APEC CEOs 379-552. 'Net increase' refers to % 'increasing' their investment minus % 'decreasing' their investment. 'Increasing' includes those currently investing in the economy with plans to increase AND those planning to invest in the economy for the first time minus those who will decrease their investment. Percentages recalculated on respondents with a footprint in each relevant economy only

Source: PwC's APEC CEO Survey, 2017

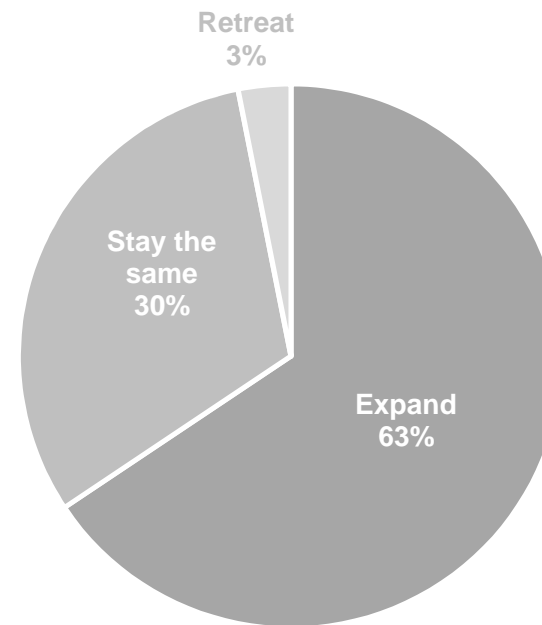
Global footprint

Q9 - Now thinking of your global footprint, do you expect it to expand, stay the same or retreat over the next 3 years?

Australia CEOs



APEC CEOs

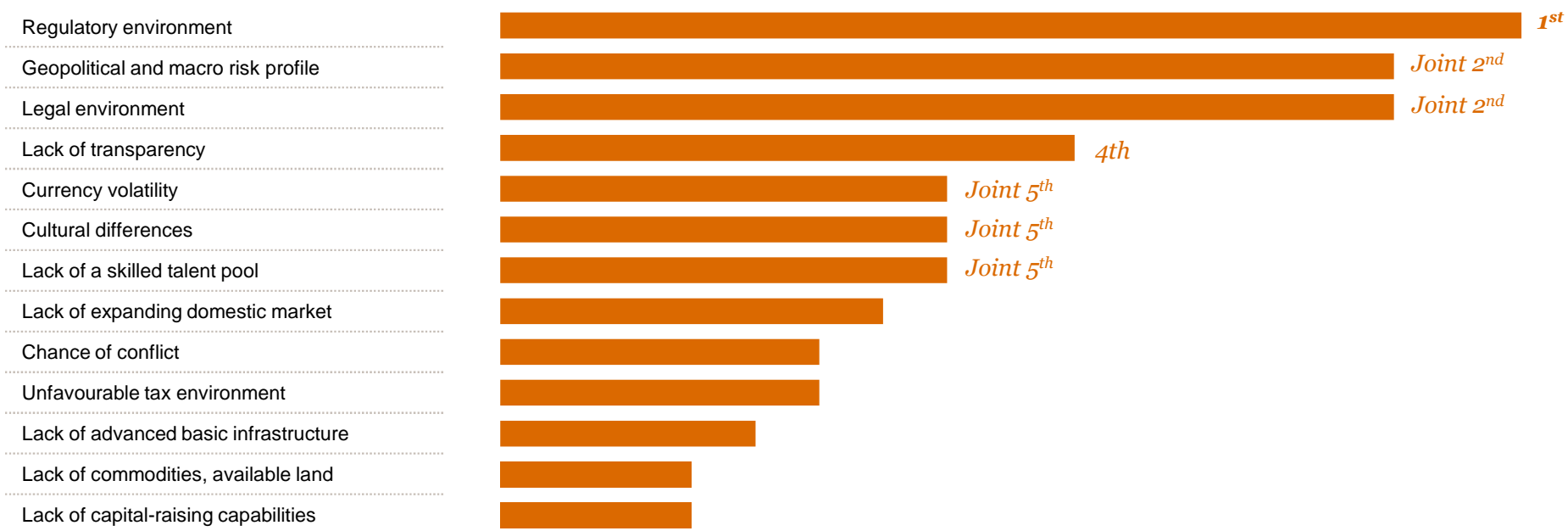


Base: Australia CEOs 78, Don't know 0%. APEC CEOs 1333, Don't know 3%.
Source: PwC's APEC CEO Survey, 2017

Barriers to investment in other APEC economies outside of Australia

Q6b - Thinking about investing in APEC economies outside of Australia, which of the following do you consider are the barriers to investment?

Australia CEOs



Base: Australia CEOs 83, Don't know 5%. No barriers to investment 6%. [Note: Showing rank based on index analysis, excludes 'don't know' and 'other' responses]
Source: PwC's APEC CEO Survey, 2017

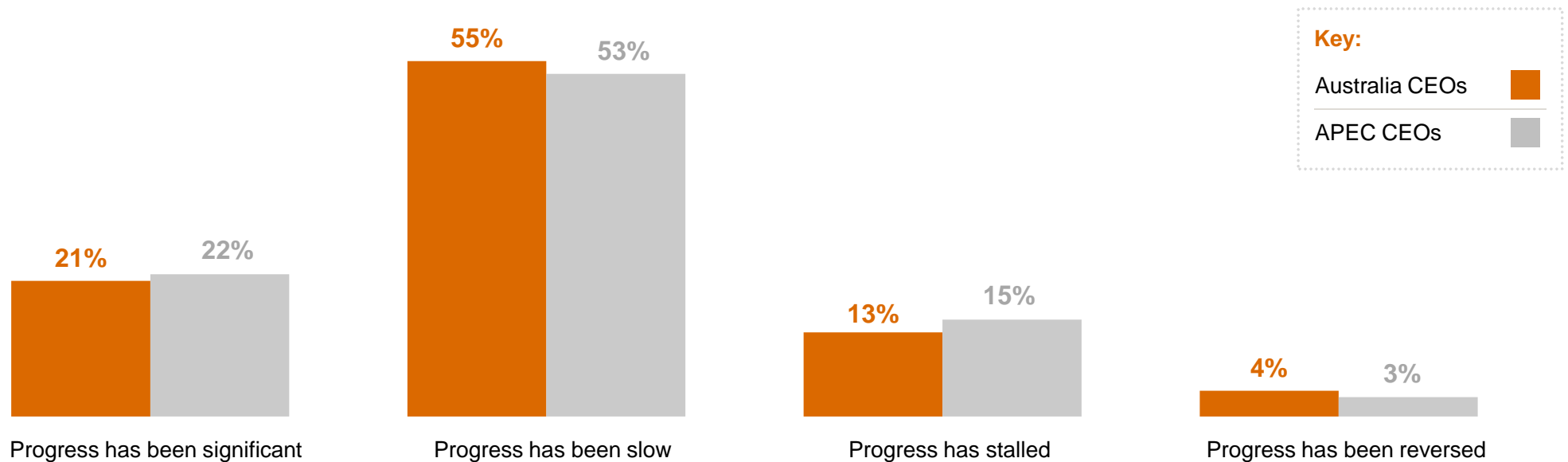
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Strategising in a new global trade environment



Progress towards free trade across the Asia Pacific region in the last 12 months

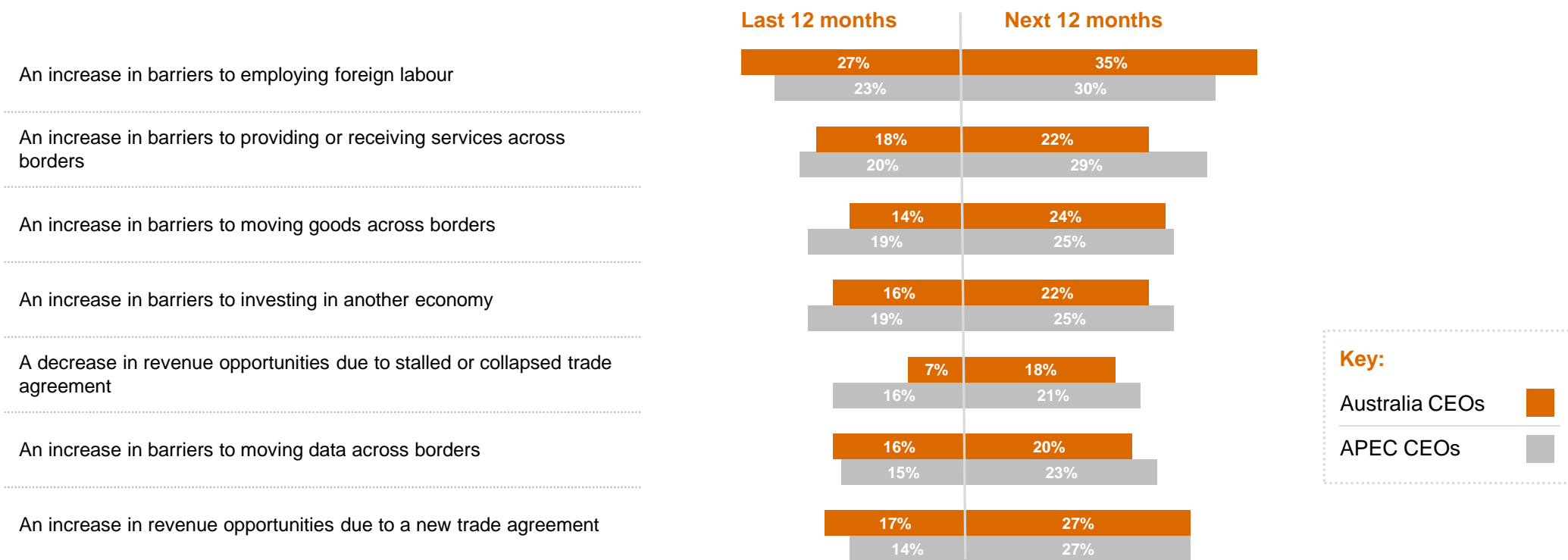
Q10 - How would you assess the progress that has been made towards free trade across the Asia Pacific region in the last 12 months?



Base: Australia CEOs 78, Don't know 8%. APEC CEOs 1331, Don't know 7%.
Source: PwC's APEC CEO Survey, 2017

Changes to global trade environment

Q7 Which of the following changes have you experienced and expect to experience in the global trade environment in the last 12 months/next 12 months?

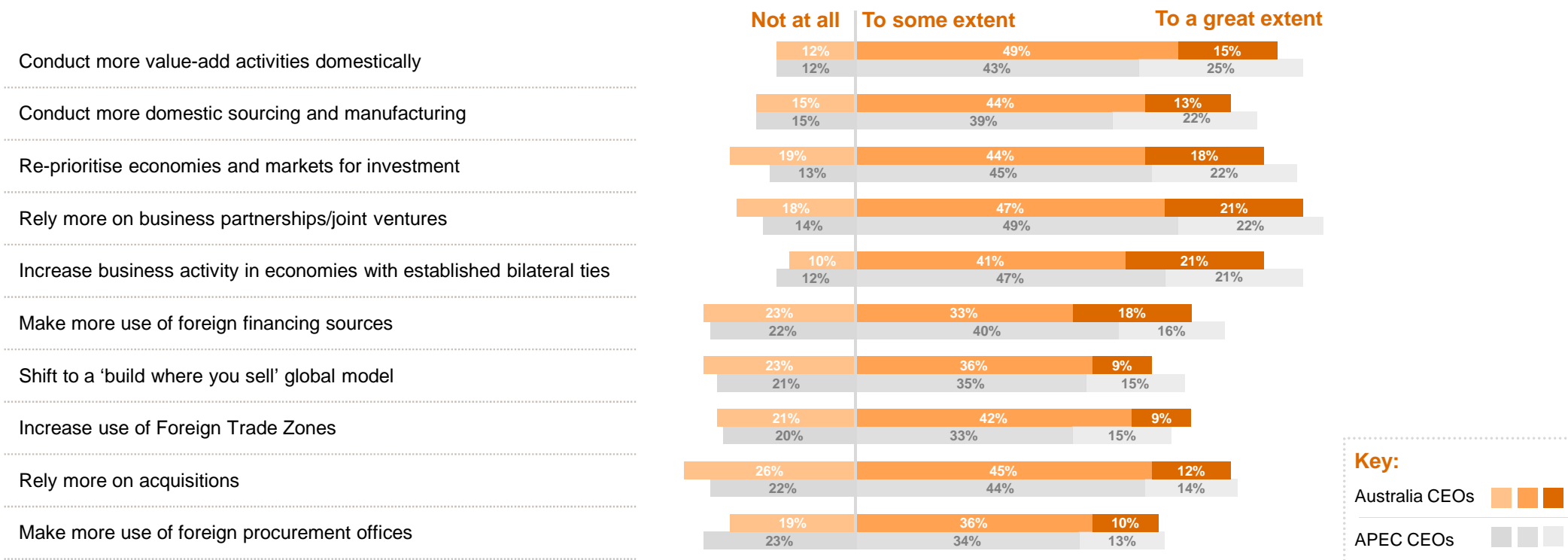


Base: Australia CEOs 83, Don't know 7%-10%, None of the above 14%-24%. APEC CEOs 1375, Don't know 9%, None of the above 15%-26%.

Source: PwC's APEC CEO Survey, 2017

How are CEOs adapting to secure growth overseas?

Q8 - To what extent will you adapt to secure growth in overseas markets given your view on policy directions in trade?



Base: Australia CEOs 78, Don't know 3%-13%, Not applicable 12%-27%. APEC CEOs 1337, Don't know 5%-10%, Not applicable 9%-22%.
Source: PwC's APEC CEO Survey, 2017

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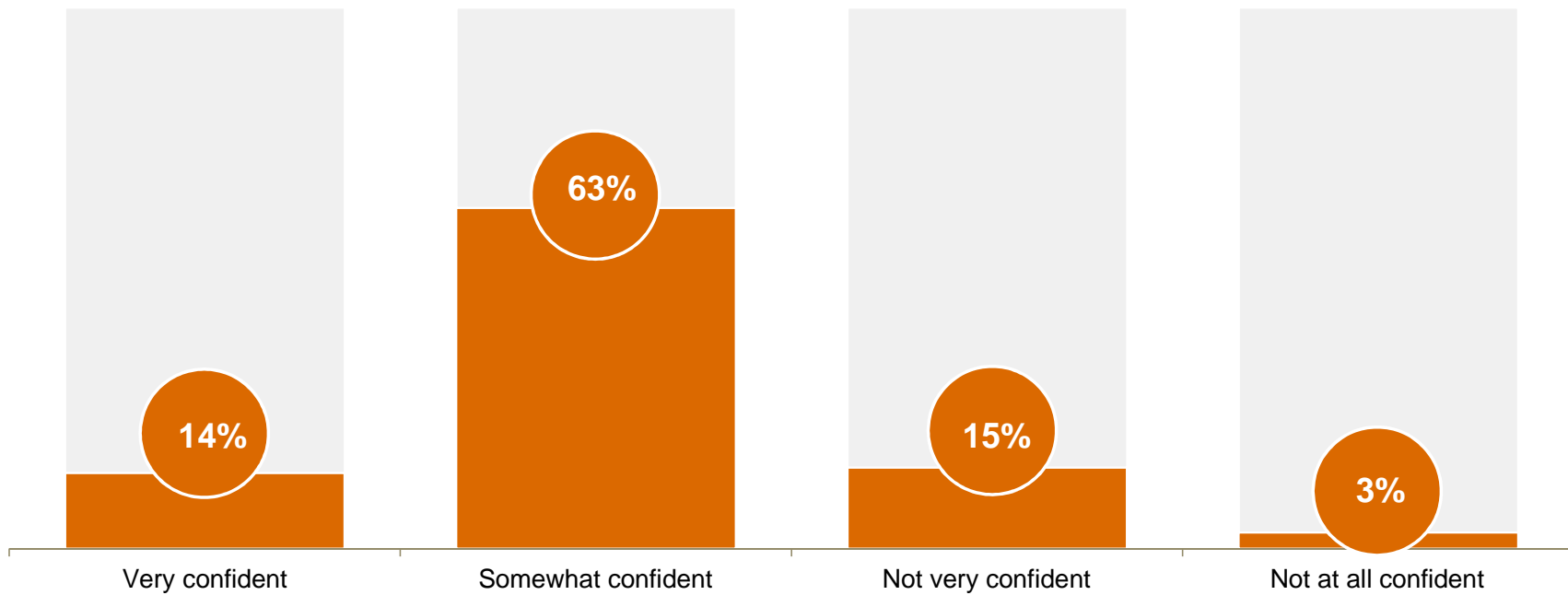
Partnering for future success



Confidence in identifying strategic partners/joint ventures

Q13b - How confident would you be in identifying a suitable strategic partner/joint venture?

Australia CEOs



Base: Australia CEOs 78, Don't know 5%.

Source: PwC's APEC CEO Survey, 2017

Top 5 factors for selecting a strategic partner/joint venture

Q13 - Please rank the top 5 attributes you think are most important when considering a strategic partner/joint venture.

| Australia CEOs | | APEC CEOs |
|---|---|---|
| Transparent governance and operations | 1 | Industry / Marketing expertise / Transparent governance and operations* |
| Managerial talent | 2 | - |
| Industry / Marketing expertise / Product / Service quality and price* | 3 | Product / Service quality and price |
| - | 4 | Managerial talent |
| Employment practices / Delivery and distribution capabilities* | 5 | Delivery and distribution capabilities |

Note: * indicates joint ranking

Base: Australia CEOs 78, Don't know 3%. APEC CEOs 1323, Don't know 2%. [Note: Showing rank based on index analysis, excludes 'don't know' and 'other' responses]

Source: PwC's APEC CEO Survey, 2017

Top 5 factors for selecting a supplier

Q14 - Please rank the top 5 attributes you think are most important when considering a supplier.

Australia CEOs

Product / Service quality and price

Transparent governance and operations / Delivery and distribution capabilities / Industry / Marketing expertise*

-

-

Managerial talent

1

2

3

4

5

APEC CEOs

Product / Service quality and price

Delivery and distribution capabilities

Industry / Marketing expertise* / Transparent governance and operations*

-

Design and technology capabilities

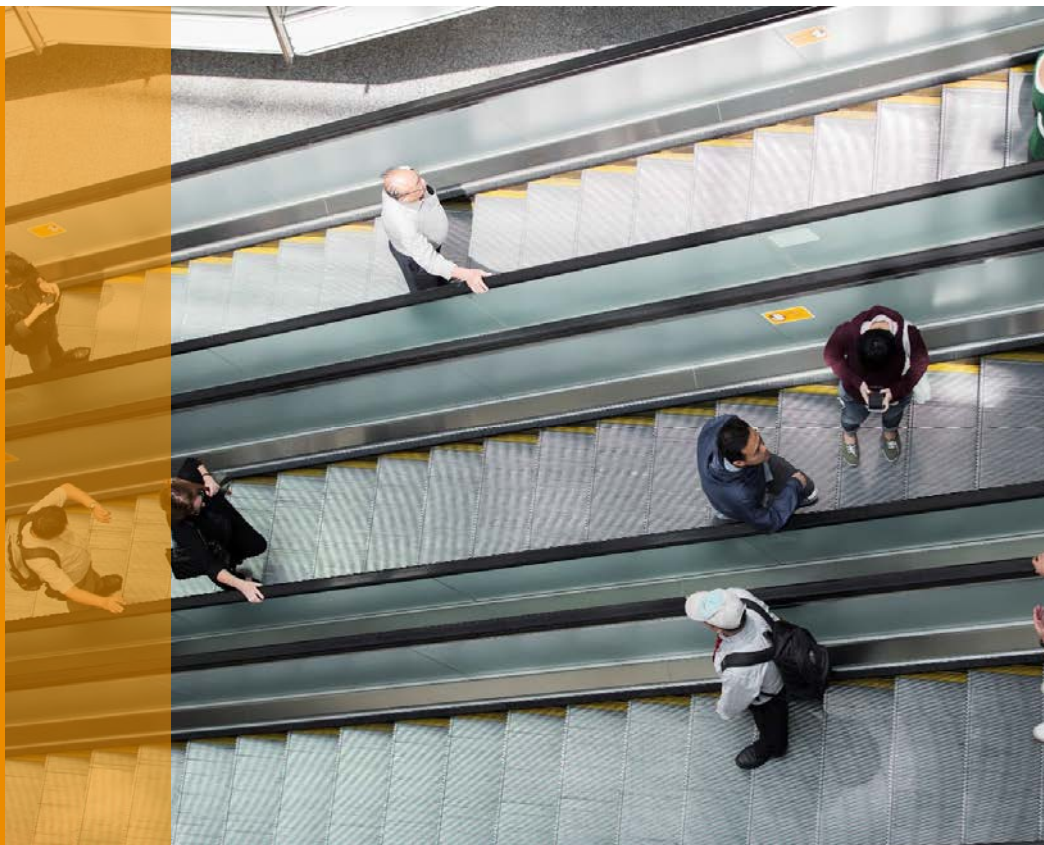
Note: * indicates joint third ranking

Base: Australia CEOs 78, Don't know 5%. APEC CEOs 1320, Don't know 5%. [Note: Showing rank based on index analysis, excludes 'don't know' and 'other' responses]

Source: PwC's APEC CEO Survey, 2017

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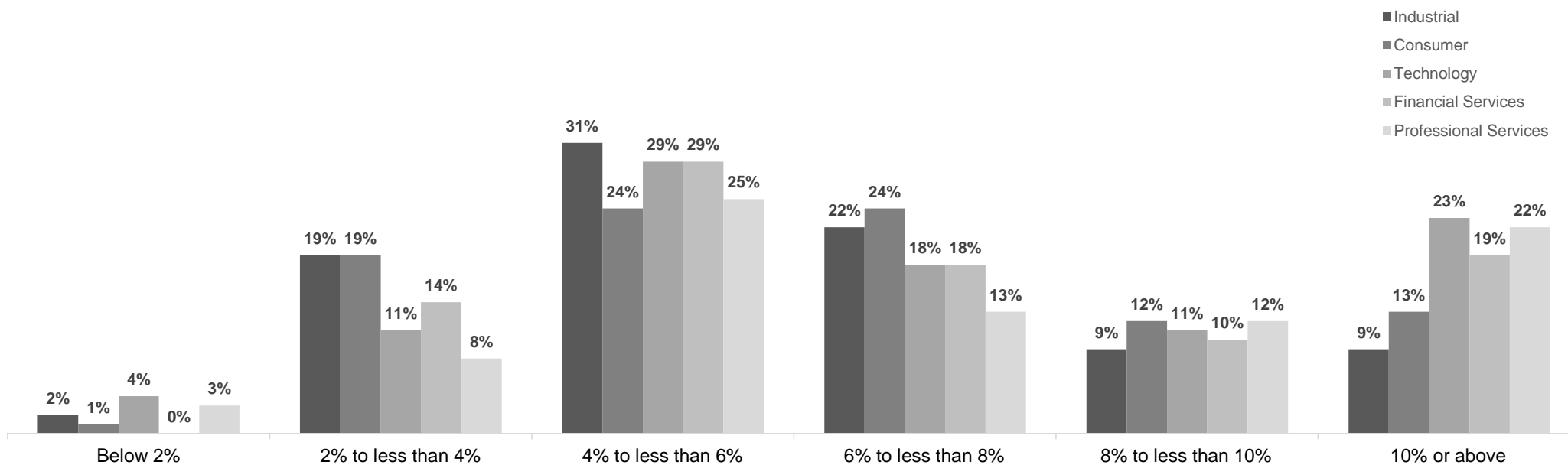
Outlook for business growth in China



Industry sector outlook for China's economy over the next 3 years

Q11 Considering the outlook for the People's Republic of China's economy, what is your estimation of the average annual growth rate for your industry in China over the next 3 years?

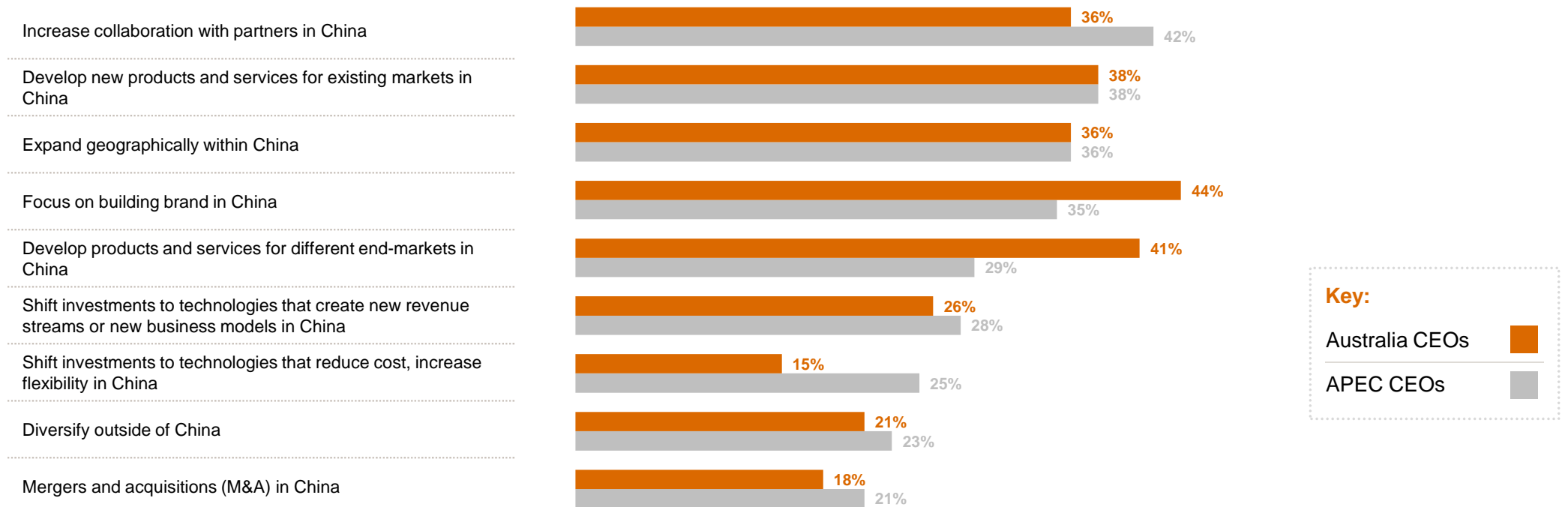
APEC CEOs



Base: APEC CEOs Industrial 528, Don't know 8%. Consumer 278, Don't know 7%. Financial Services 220, Don't know 9%. Technology 142, Don't know 5%. Professional Services 60, Don't know 17%
Source: PwC's APEC CEO Survey, 2017

Strategies for doing business in China

Q12 Considering your outlook for your organisation in the People's Republic of China, which of the following strategies, if any, do you plan to undertake over the next 3 years?



Key:

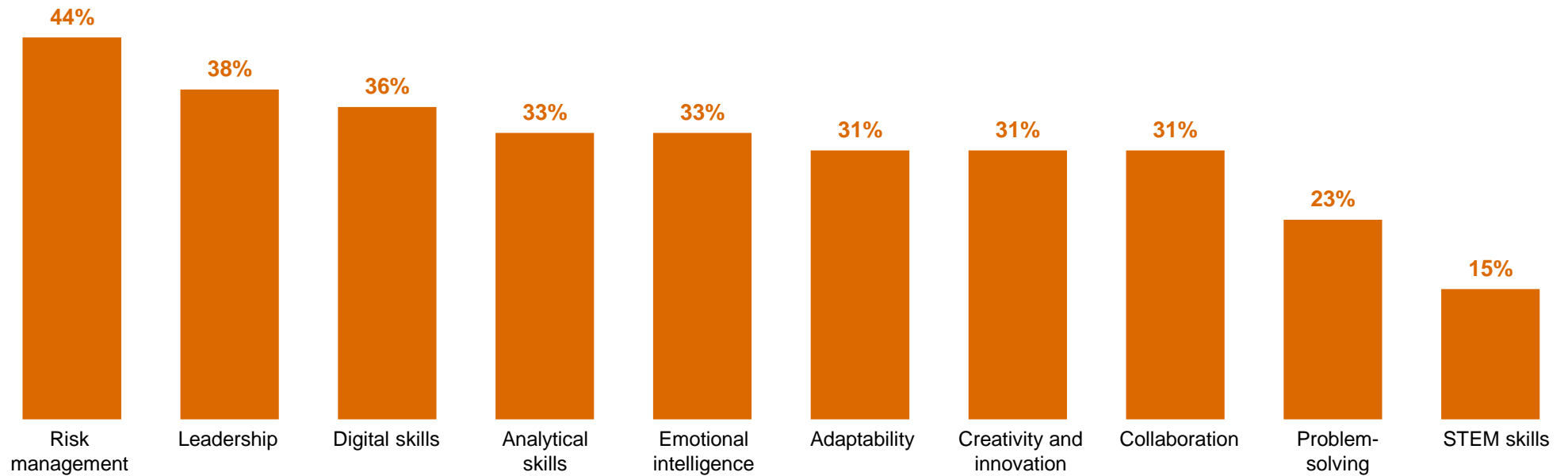
- Australia CEOs
- APEC CEOs

Base: Australia CEOs 39*, Don't know 8% (*Base size below 50 - please use results with caution). APEC CEOs 638, Don't know 5%.
Source: PwC's APEC CEO Survey, 2017

Skills set executive team need to do business in China

Q12b - Considering your outlook for your organisation in the People's Republic of China, what skills do your executive team need to develop?

Australia CEOs



Base: Australia CEOs 39*, Don't know 0%, None of the above 5%, Other 0% (*Base size below 50 - please use results with caution).

Source: PwC's APEC CEO Survey, 2017

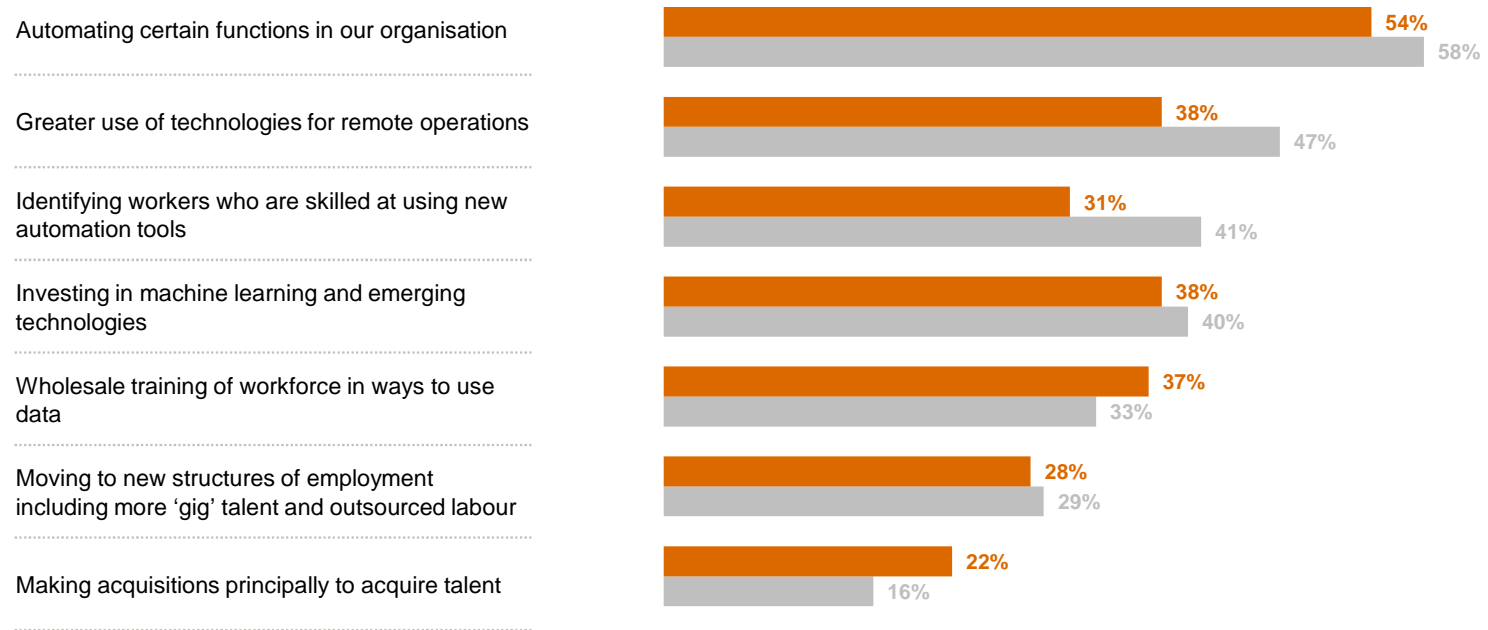
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Managing digital transitions in the workplace



Current digital workforce strategies

Q15 Which of the following workforce strategies are you currently using to adapt to and profit in an increasingly digital age?



Base: Australia CEOs 78, Don't know 1%, None of the above 12%, Other 0%. APEC CEOs 1314 Don't know 2%, None of the above 4%, Other 1%.
Source: PwC's APEC CEO Survey, 2017

Top 5 digital workforce strategies over the next three years

Q16 Please rank the top 5 workforce strategies that you believe will be the most effective for your organisation to adapt to and profit in an increasingly digital age over the next three years.

Australia CEOs

Automating certain functions in our organisation

Wholesale training of workforce in ways to use data / Investing in machine learning and emerging technologies*

-

Identifying workers who are skilled at using new automation tools

Moving to new structures of employment including more 'gig' talent and outsourced labour / Greater use of technologies for remote operations*

1

2

3

4

5

APEC CEOs

Automating certain functions in our organisation

Identifying workers who are skilled at using new automation tools / Greater use of technologies for remote operations / Investing in machine learning and emerging technologies*

-

-

Wholesale training of workforce in ways to use data

Note: * indicates joint ranking

Base: Australia CEOs 78, Don't know 8%, None of the above 6%. APEC CEOs 1308 Don't know 2%, None of the above 1%. [Note: Showing rank based on index analysis, excludes 'don't know' and 'other' responses]

Source: PwC's APEC CEO Survey, 2017

Top 3 most effective ways CEOs can help workers adapt to automation and jobs rebalancing

Q18 In your view, what are the most effective ways to help all workers in APEC economies adapt to an era of greater automation and jobs rebalancing?

Australia CEOs

APEC CEOs

Increase business investment in employees' continuous learning

1

Increase business investment in employees' continuous learning

Enhance industry-driven collaboration / Expand policies that support labour market flexibility*

2

Increase private sector investment in education systems

-

3

Expand policies that support labour market flexibility

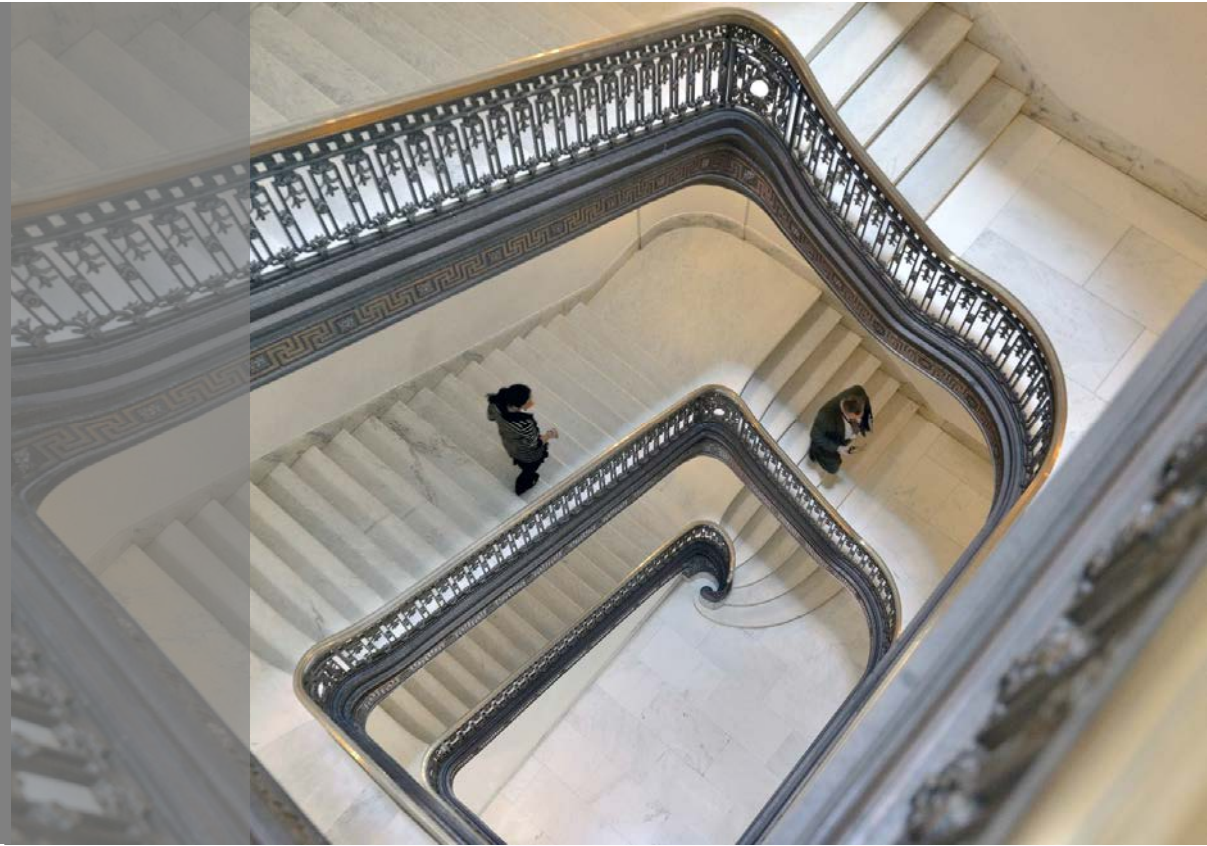
Note: * indicates joint ranking

Base: Australia CEOs 78, Don't know 6%. APEC CEOs 1300 Don't know 3%. [Note: Showing rank based on index analysis, excludes 'don't know' and 'other' responses]

Source: PwC's APEC CEO Survey, 2017

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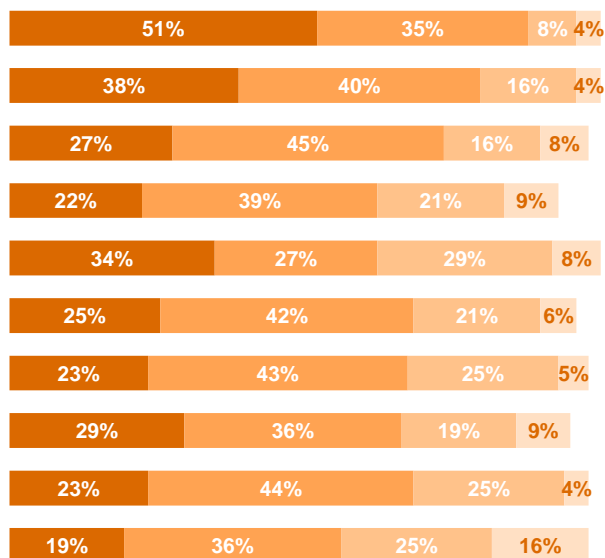
Role of APEC



What do CEOs consider APEC's role to be?

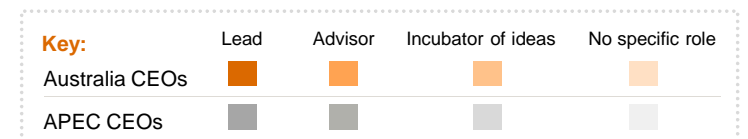
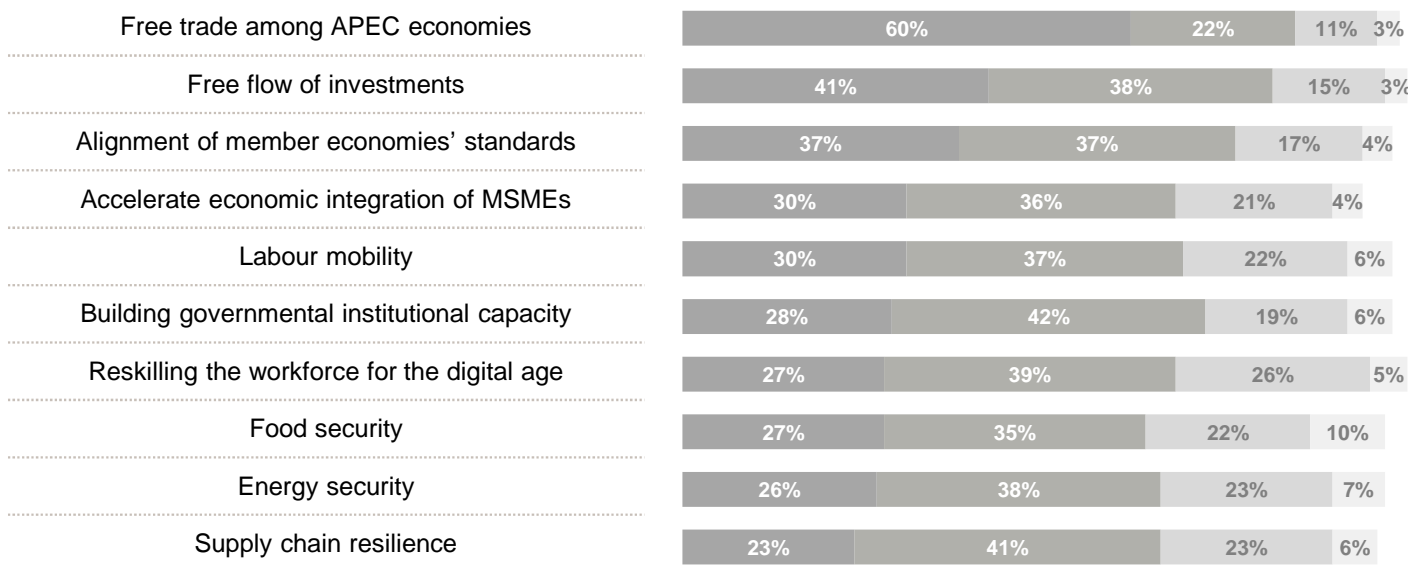
Q20 - In addressing the following priorities, what should APEC's role be?

Australia CEOs



Base: Australia CEOs 77, Don't know 3%-9%. APEC CEOs 1299, Don't know 3%-9%.
Source: PwC's APEC CEO Survey, 2017

APEC CEOs



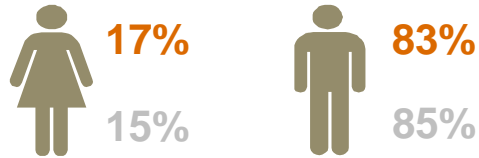
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Profile of survey respondents

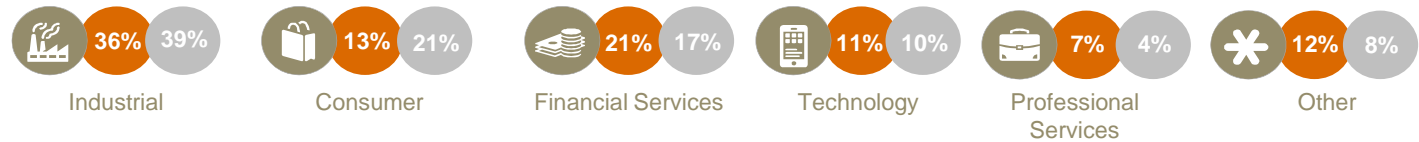


Profile of survey respondents

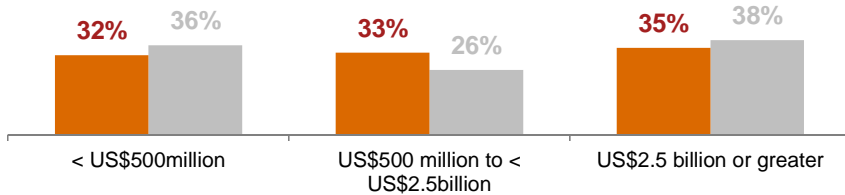
Gender



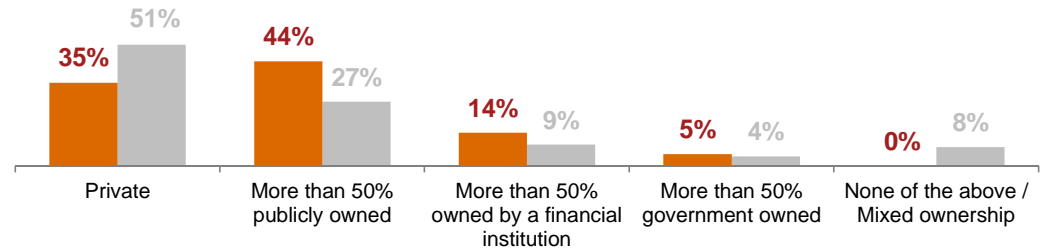
Sector



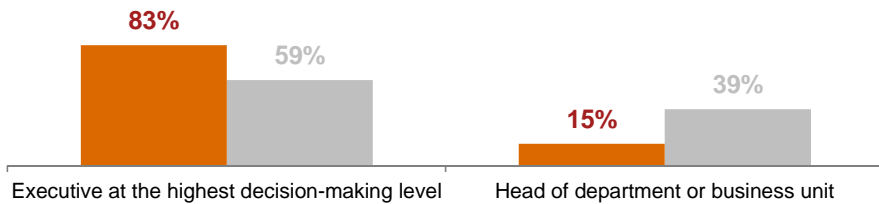
Revenue



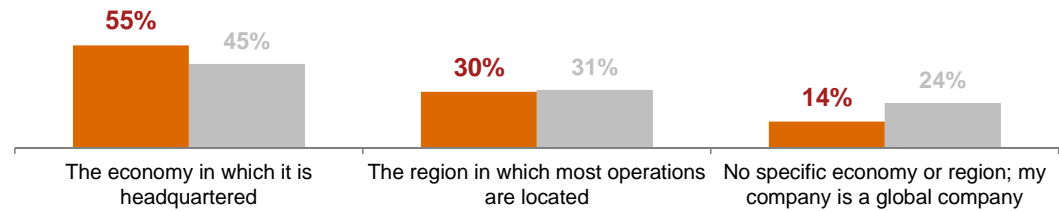
Ownership structure



Principal role



My organisation most identifies with....



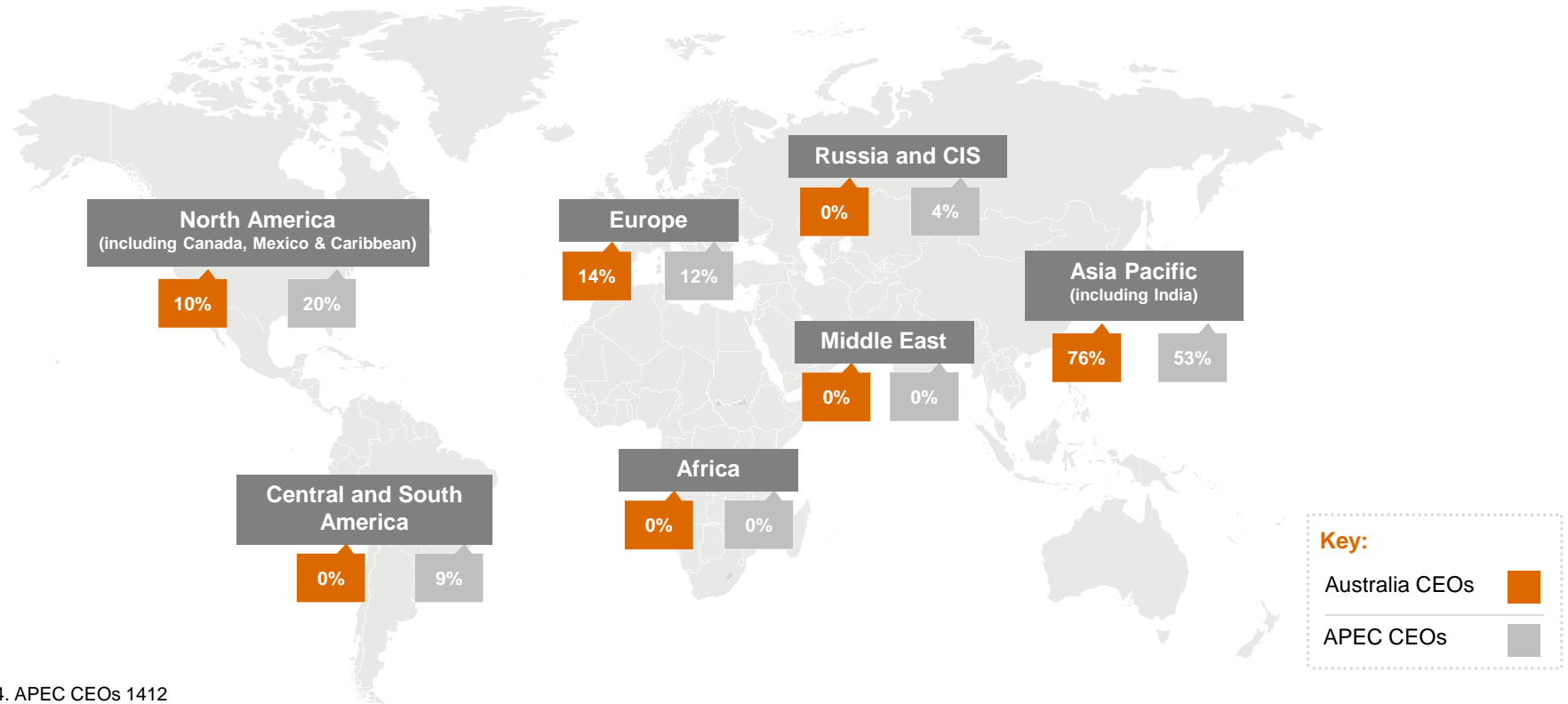
Base: Australia CEOs 77-84. APEC CEOs 1297-1412
Source: PwC's APEC CEO Survey, 2017

Key:



Region of global headquarters

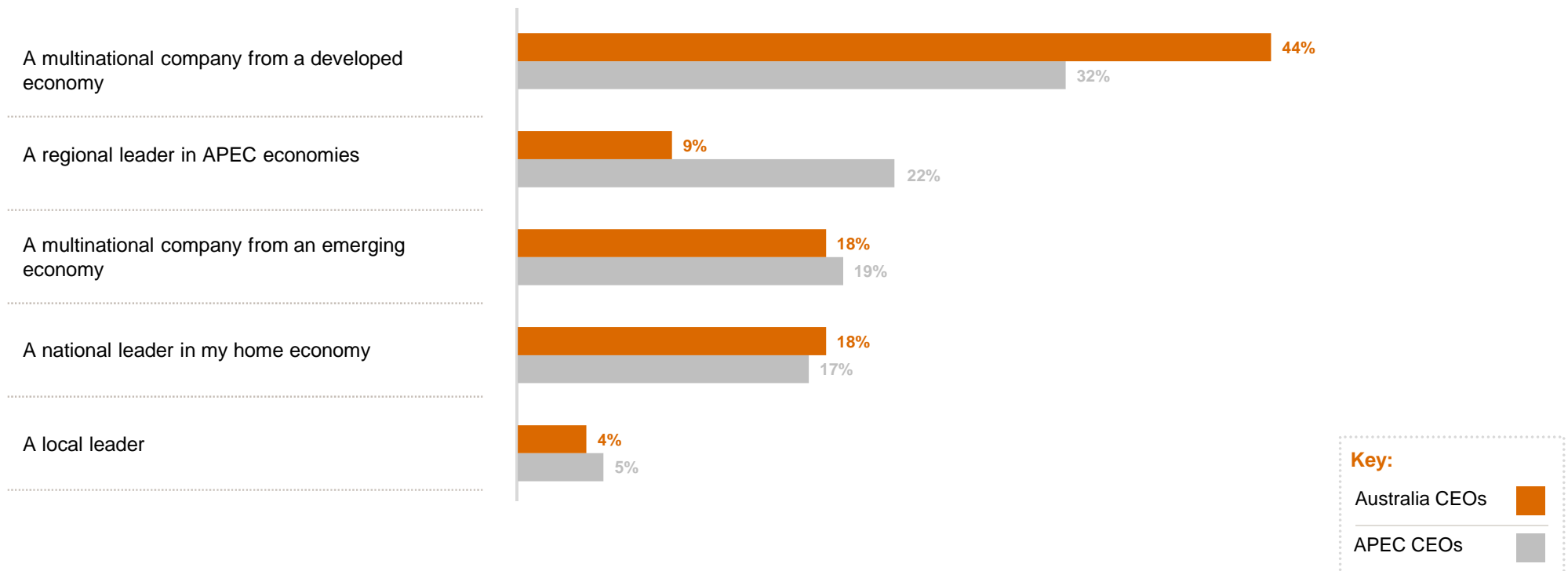
D1 - Which region are your ultimate global headquarters based in?



Base: Australia CEOs 84. APEC CEOs 1412
Source: PwC's APEC CEO Survey, 2017

Leading company in organisation's competitive set

D9 - Thinking about your competition over the next 3-5 years, which would you characterise as the leading company in your competitive set?



Base: Australia CEOs 77, Don't know 1%, None of the above 5%. APEC CEOs 1297, Don't know 2%, None of the above 3%.
Source: PwC's APEC CEO Survey, 2017

Further information

We surveyed industry leaders from 9 May to 14 July 2017 for the PwC 2017 APEC CEO Survey. We also conducted in-depth interviews with CEOs and other top corporate officers and business specialists. We used an online and paper methodology to achieve 1412 valid responses from CEOs and industry leaders, with responses scored from each of the 21 APEC economies. The 21 APEC member economies are: Australia, Brunei Darussalam, Canada, Chile, People's Republic of China; Hong Kong, China; Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, The Philippines, Russia, Singapore, Chinese Taipei, Thailand, The United States and Viet Nam. This multilingual survey was made available in six languages: English, Simplified Chinese, Vietnamese, Japanese, Korean and Spanish. Note: Not all figures add up to 100% due to rounding.

For enquiries about the research methodology, please contact:

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