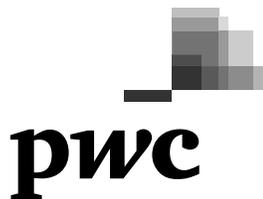


# *CEOs in chemicals look to the future*

&

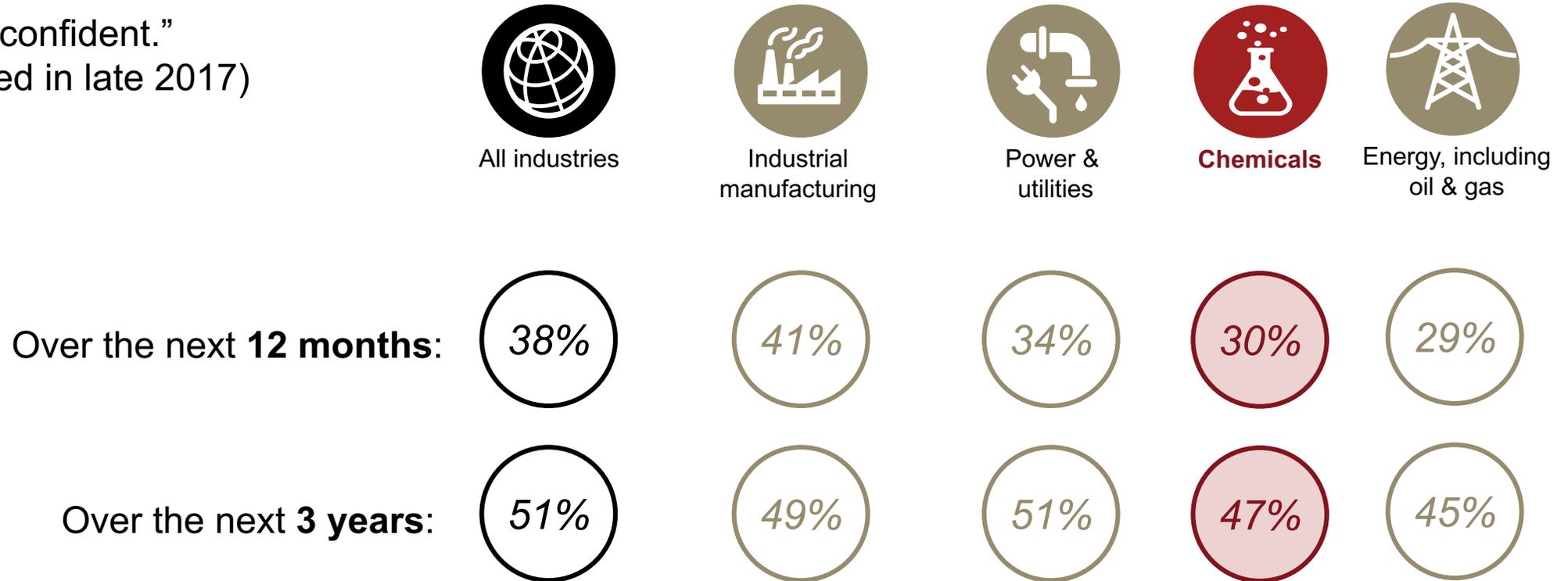
Key findings from 20 years  
of surveys of industry leaders



# Compared to many industries, chemicals industry leaders don't expect growth

Q: "How **confident** are you about your company's prospects for revenue growth?"

A: "Very confident."  
(Answered in late 2017)



Source: PwC, 20<sup>th</sup> Annual Global CEO Survey © 2017 PricewaterhouseCoopers LLP. All rights reserved.

# Chemicals CEOs are more concerned about different threats than their peers in other industries

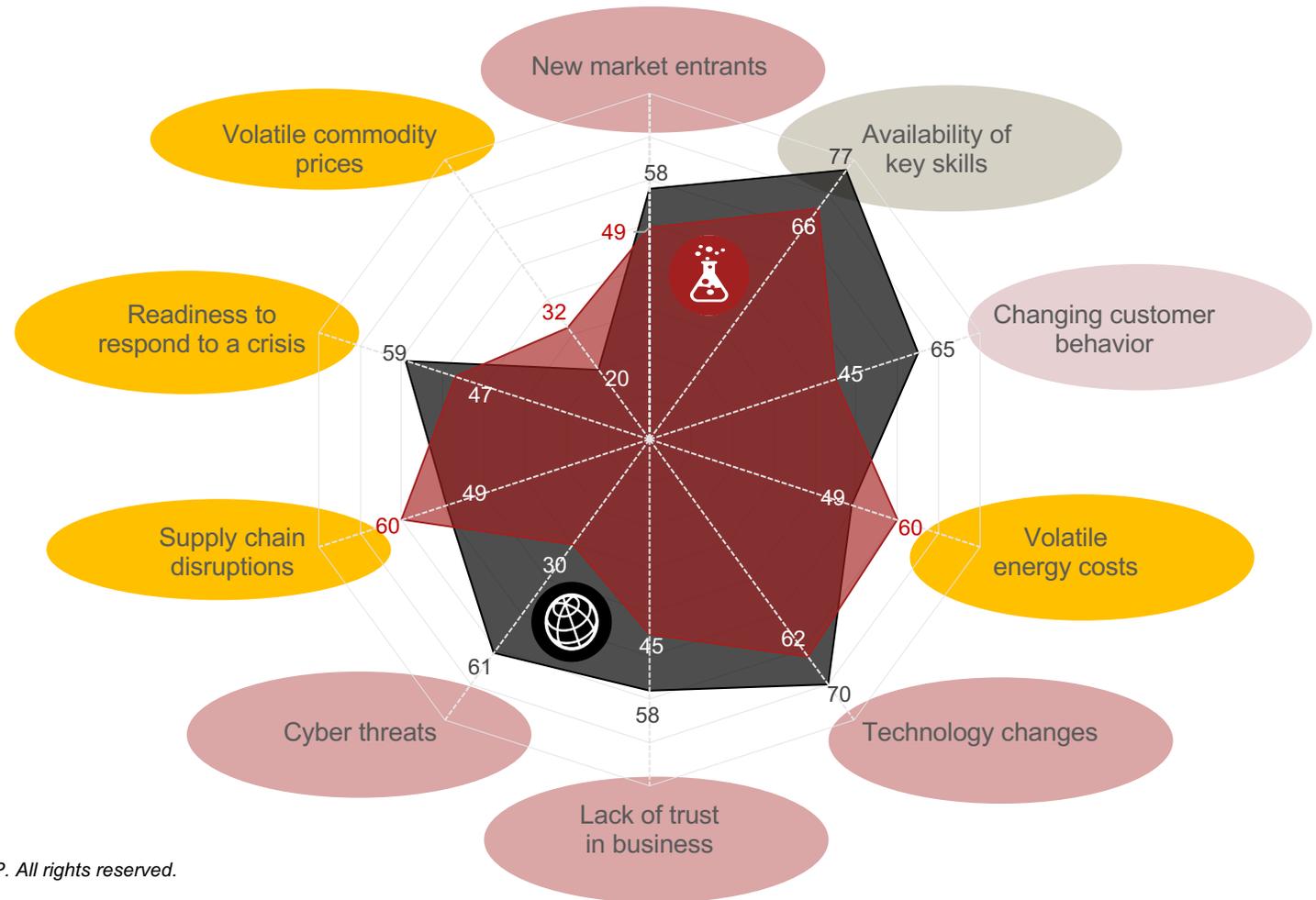
Q: “How concerned are you, if at all, about...”

**Asset threats** related to supply chains and energy costs are of particularly great concern to chemicals CEOs, especially compared to CEOs from other industries. This reflects a belief that the asset-heavy business model of this industry will – at least in short-/mid-term – not change.

**Competitive threats** – Chemicals CEOs are concerned about disruption from technology, a lack of trust, competition, and cyberattack, but less so than CEOs from other industries.

**Changing customer behavior** – Because of their position upstream in the value chain, chemicals industry CEOs are not as customer-focused as other top executives; this may change if the industry moves to more solutions-oriented strategies.

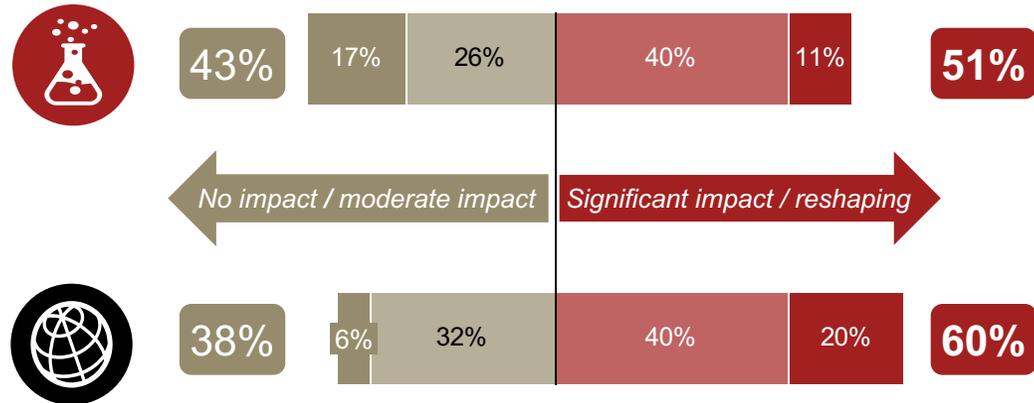
**Availability of key skills** – A concern for chemicals CEOs, but less so than in other industries, perhaps reflecting the slower pace of digitization.



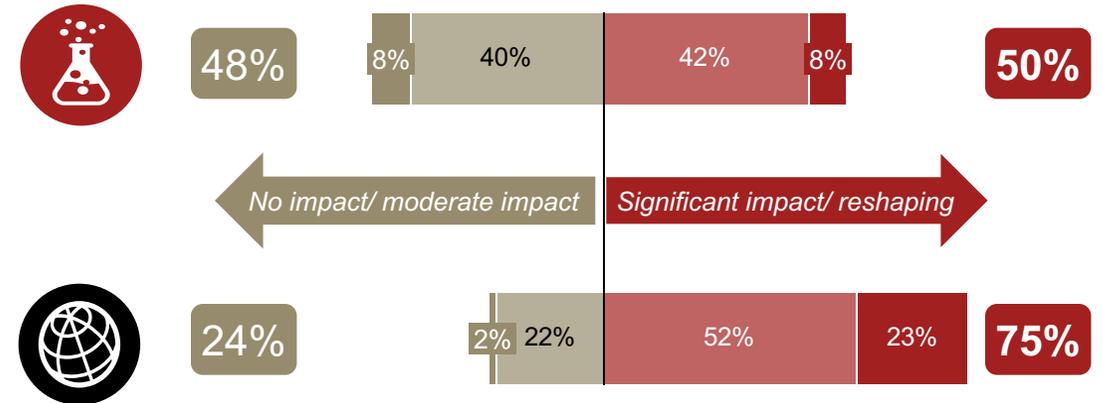
Source: PwC, 20th Annual Global CEO Survey © 2017 PricewaterhouseCoopers LLP. All rights reserved.

# Technology discontinuities are perceived as less of a game changer in the chemicals industry

Q: “To what extent has **technology** changed competition in your industry in the **past 5 years**?”



“To what extent do you think technology **will change** competition in your industry over **the next 5 years**?”

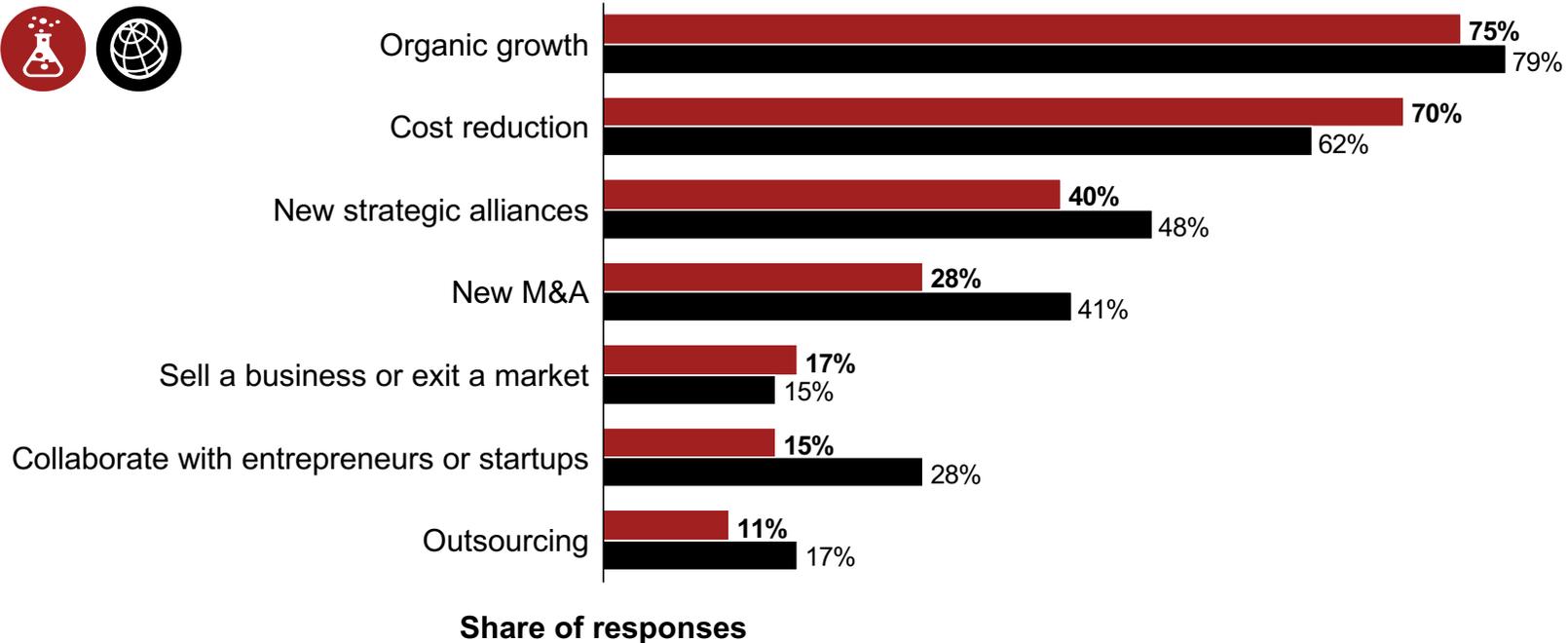


Chemicals company leaders still lag behind in recognizing the power of technology to transform industries. Other industries have already been heavily affected by digitization, and are getting ready for more impact.

Note: Gap to 100% equals share of no responses to the question.  
 Source: PwC, 20<sup>th</sup> Annual Global CEO Survey © 2017 PricewaterhouseCoopers LLP. All rights reserved.

## ***Chemicals CEOs largely focus on organic growth and cost reduction; these activities do not typically involve collaboration and M&A***

Q: “Which of the following **activities** are you planning in the coming 12 months in order to drive corporate growth or profitability?”

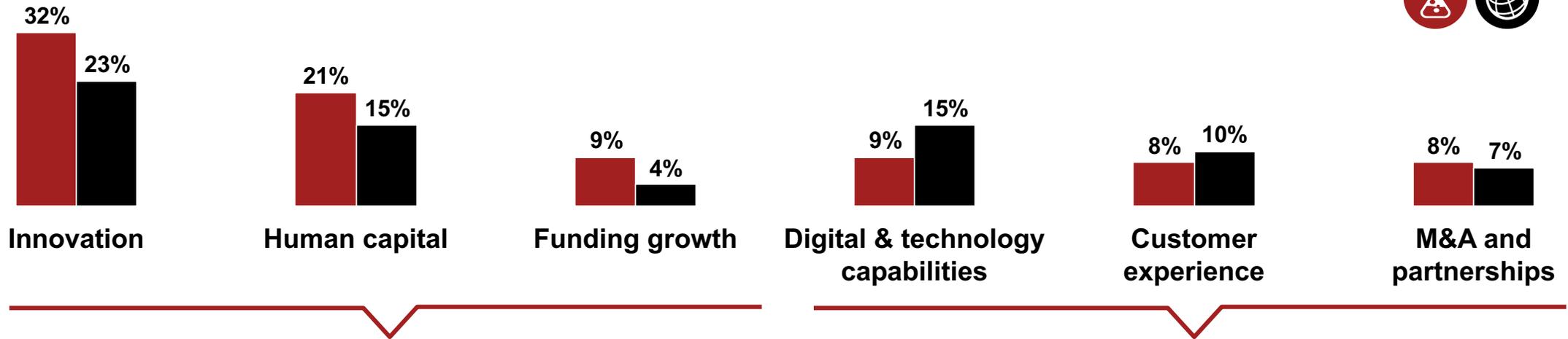


Source: PwC, 20<sup>th</sup> Annual Global CEO Survey © 2017 PricewaterhouseCoopers LLP. All rights reserved.

- Delivering organic growth in a low-growth environment will be a key challenge
- As chemicals companies face commoditization, low innovation rates, and rising volatility, they turn to cost-reduction efforts to relieve increasing margin pressure
- After 2 record years of M&A, companies seem to focus more on delivering on synergies rather than new M&A and alliances. Their intended divestments might not easily find buyers. Despite these trends, the level of M&A activity is still relatively high

# *Investments in innovation and human capital are highest on the CEO agenda for driving new opportunities – in chemicals and all other sectors*

Q: “Given the business environment you’re in, which one of the following do you most **want to strengthen** to capitalize on new opportunities?”



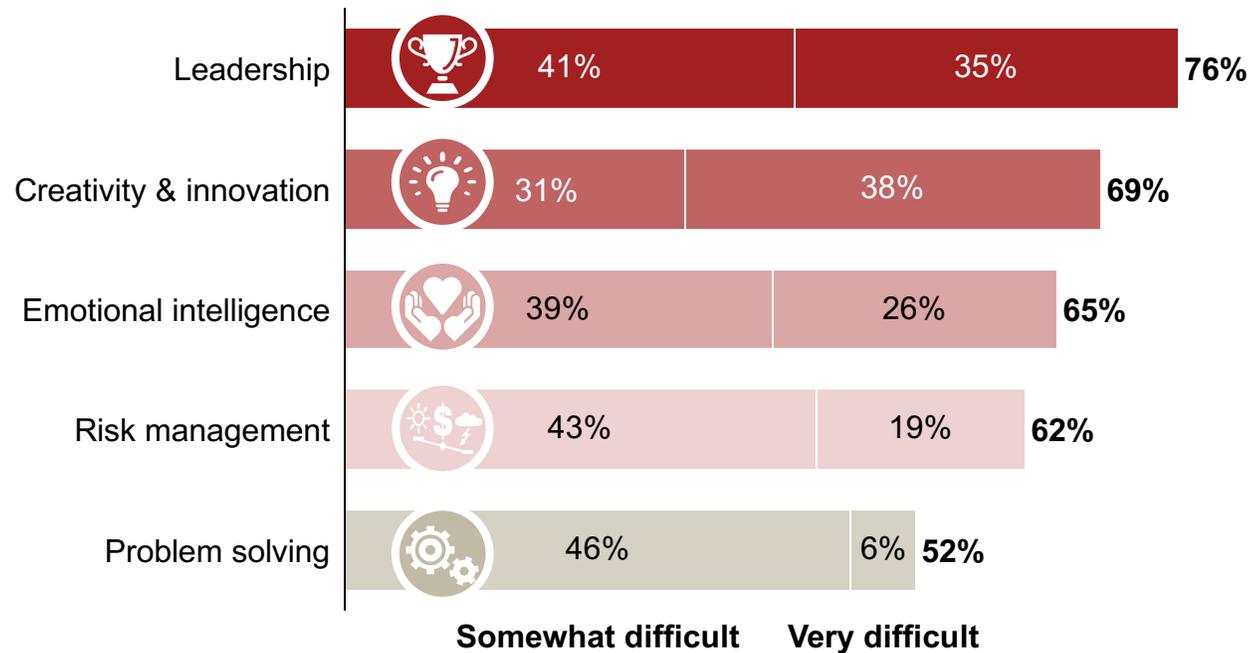
CEOs prioritize investment in innovation and people to fuel organic growth...

...However, building digital capabilities and improving customer experience also help identify new pockets of growth, and some CEOs already leverage these potentials

Source: PwC, 20<sup>th</sup> Annual Global CEO Survey © 2017 PricewaterhouseCoopers LLP. All rights reserved.

# In the war for talent, chemicals CEOs find it hard to recruit critical skills

Q: “How **difficult** is it to recruit people with the following skills?”



How **important** is the skill?



Ranking of skills as “**Very important**”

- Given CEO ambitions for organic growth, leadership and innovation skills are key
- The shift to digital business models will have talent implications; the required skill sets are in high demand for all industries
- Creativity, emotional intelligence, and problem-solving skills are especially important to drive cross-functional improvements
- Companies face an era when they will need to start viewing and valuing people as their most critical assets

Source: PwC, 20<sup>th</sup> Annual Global CEO Survey © 2017 PricewaterhouseCoopers LLP. All rights reserved.

# Reach out to our network of chemicals experts for further details and discussions

In a nutshell...

- Organic growth and cost reduction remain the dominant topics on the CEO agenda
- M&A is another major lever for growth and for further improving portfolio and sharpening differentiating capabilities
- Investment in innovation and human capital have clear priority
- Diversification of talent base and establishment of new capabilities will be crucial to deliver against growth strategies in a challenging environment
- First tangible impact is to be expected after 2–3 years of exploring the digital agenda

Source: PwC Strategy&

Strategy& | PwC

PwC Partners and Principals with the global business unit Strategy&

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# *Strategy* & Impact

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