



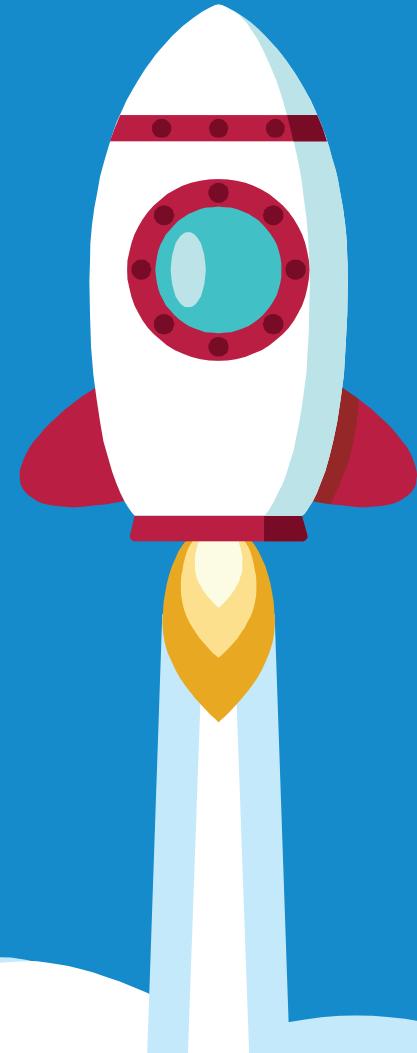
# Disrupt and grow

**2017 China CEO Outlook**

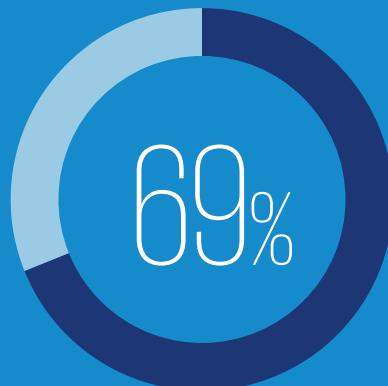
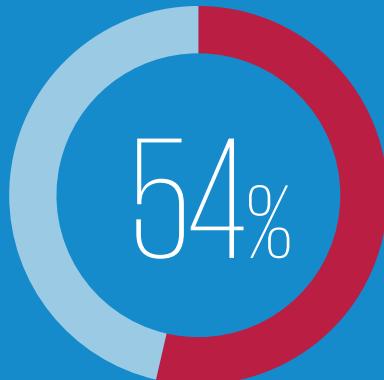
27 June 2017



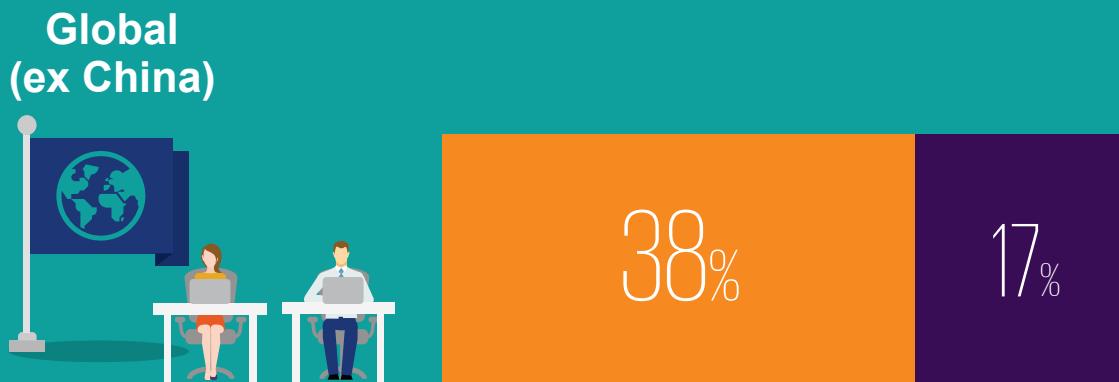
# Growth outlook



# China CEOs' confidence in the growth outlook compared to global peers



# Most China CEOs expect to increase their headcount over the next year

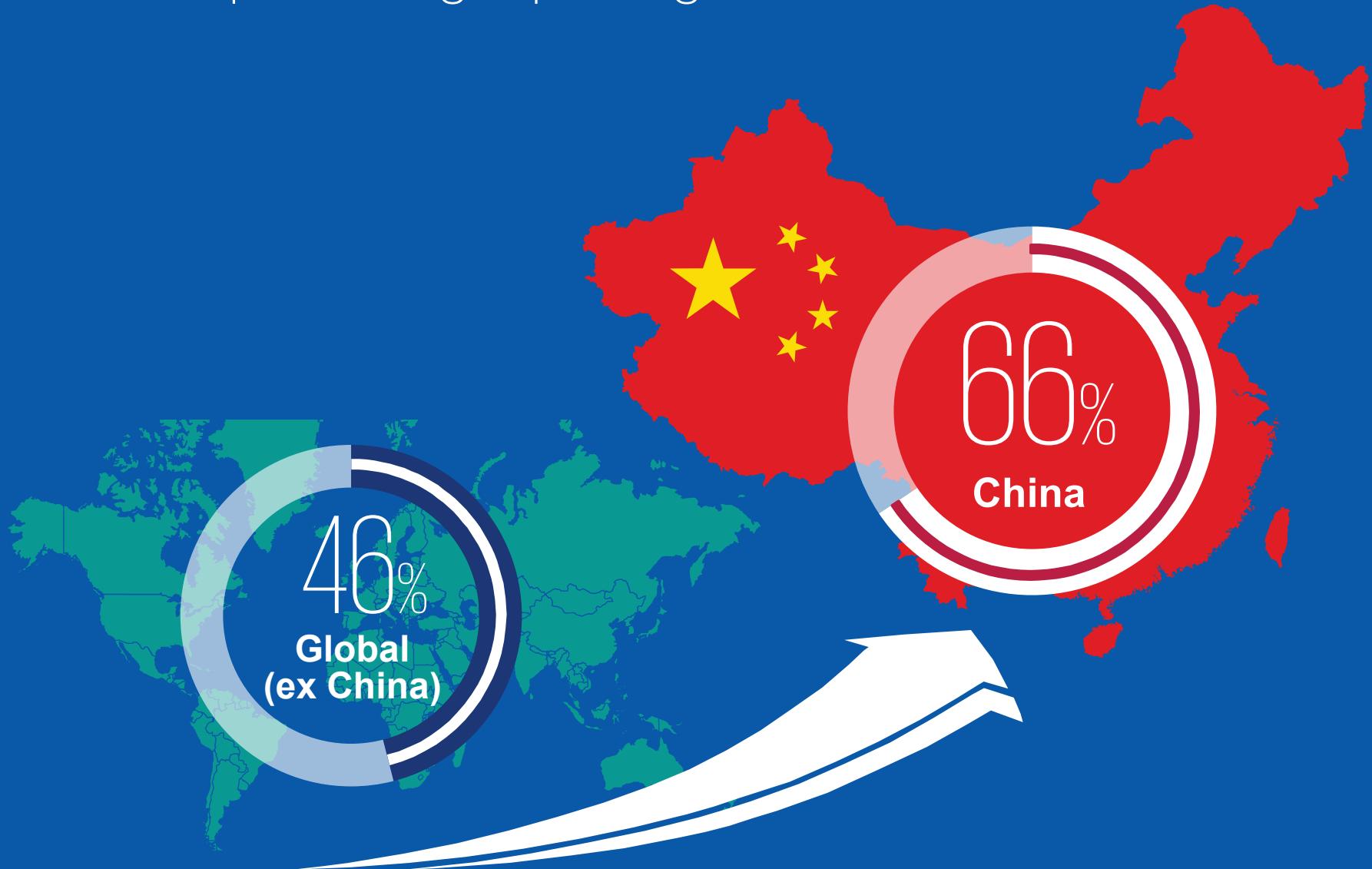


Increase less than 6%

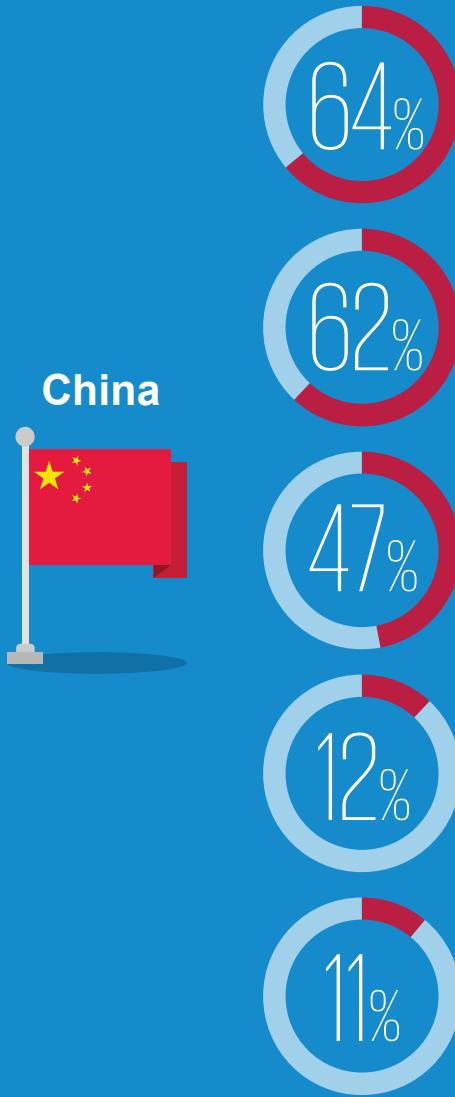


Increase more than 6%

# CEOs predicting top-line growth of 2% or more



# Top growth initiatives over the next three years



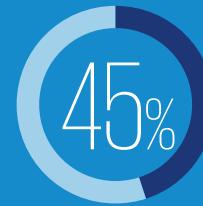
Focusing on innovation,  
including new products/services,  
and ways of doing business

Increasing penetration in  
existing markets

Penetrating new verticals

Expanding into new  
geographical markets

Vertically integrating  
the supply chain



Global  
(ex China)

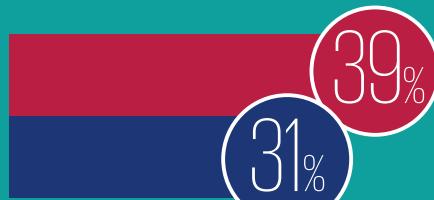
# How China CEOs plan to deliver on these growth initiatives



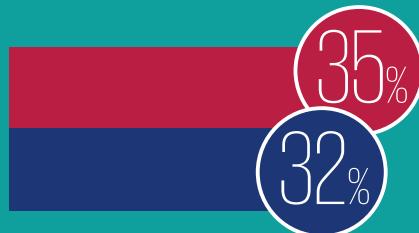
Scaling up our own business operations and processes



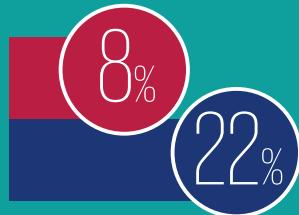
Collaborative partnerships/JVs



Large-scale business model transformation

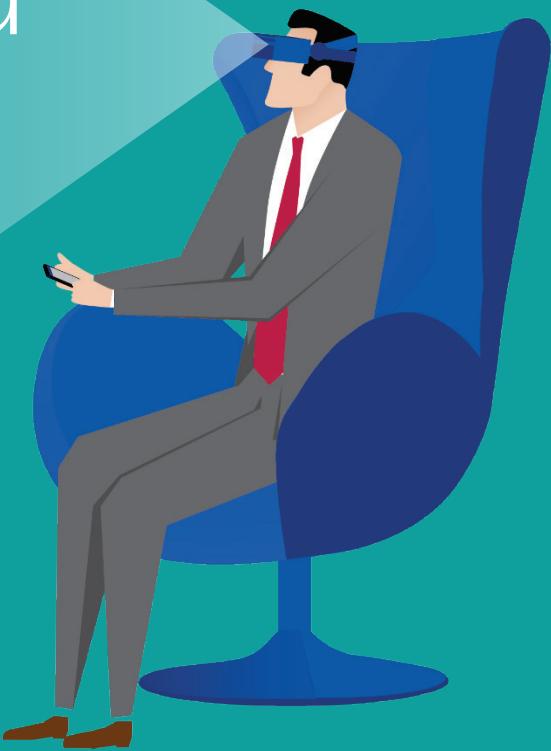


Merger and/or acquisition

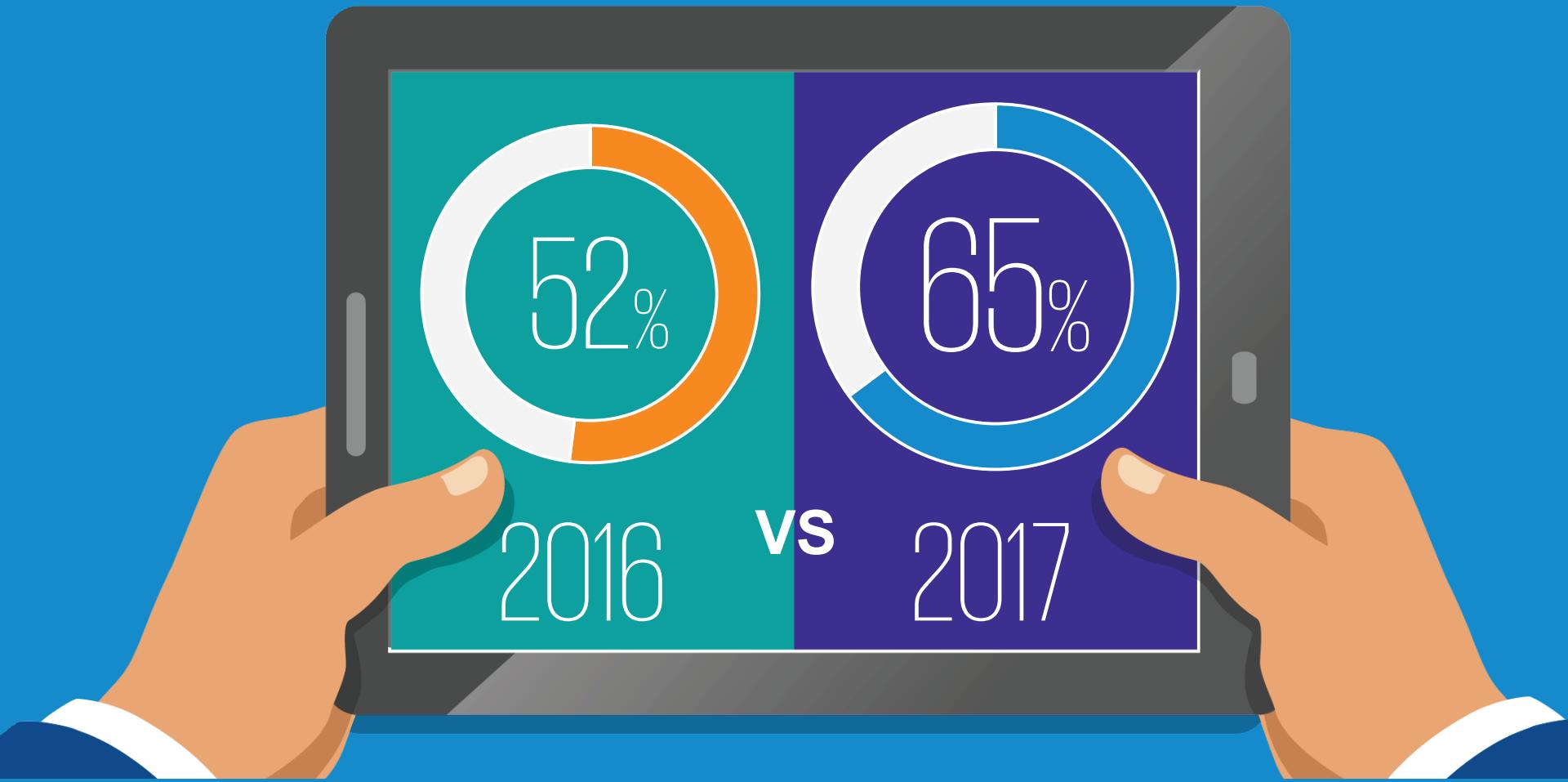


China  
 Global (ex China)

# Innovating to transform and disrupt

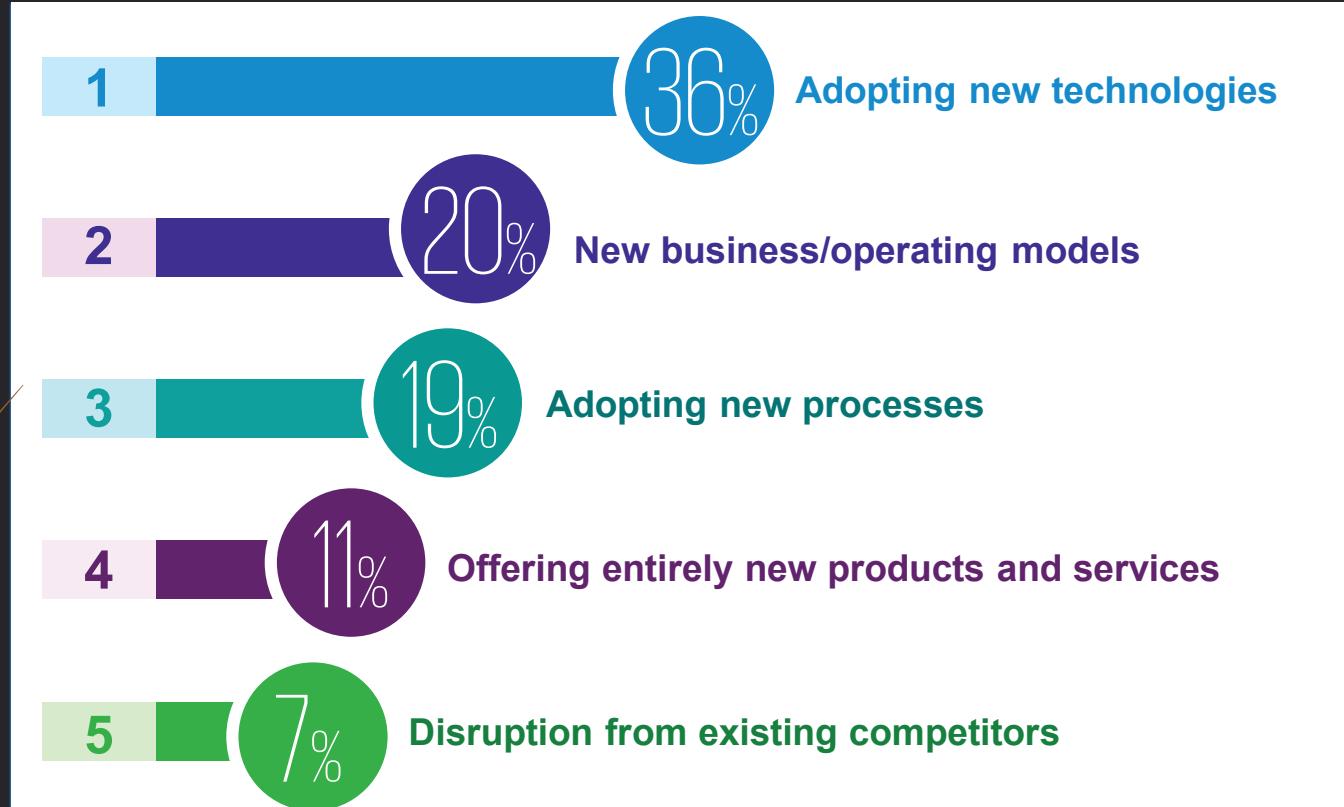


# China CEOs who expect their companies to transform into a significantly different entity over the next three years

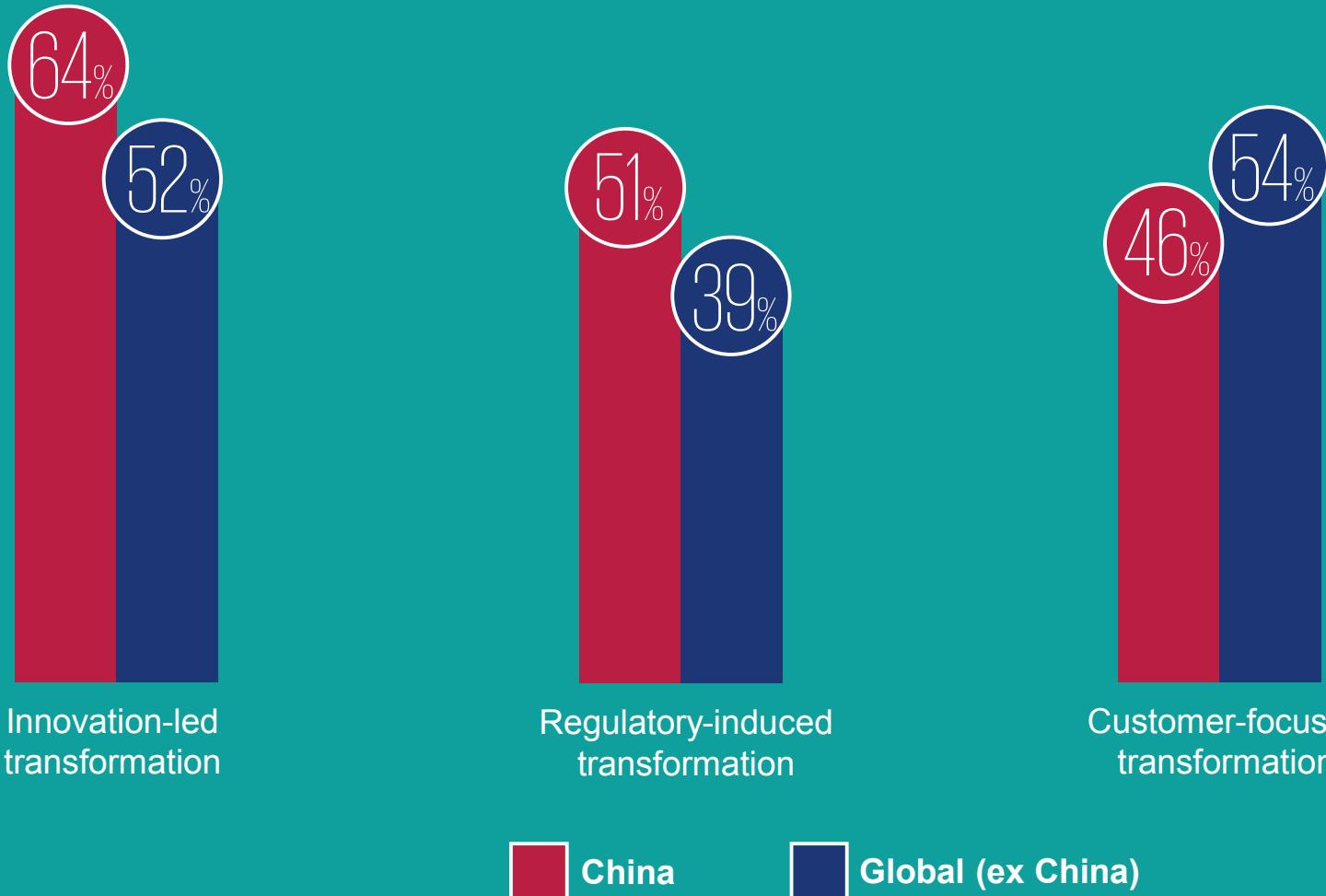


# Most likely causes of this transformation

## Top five responses

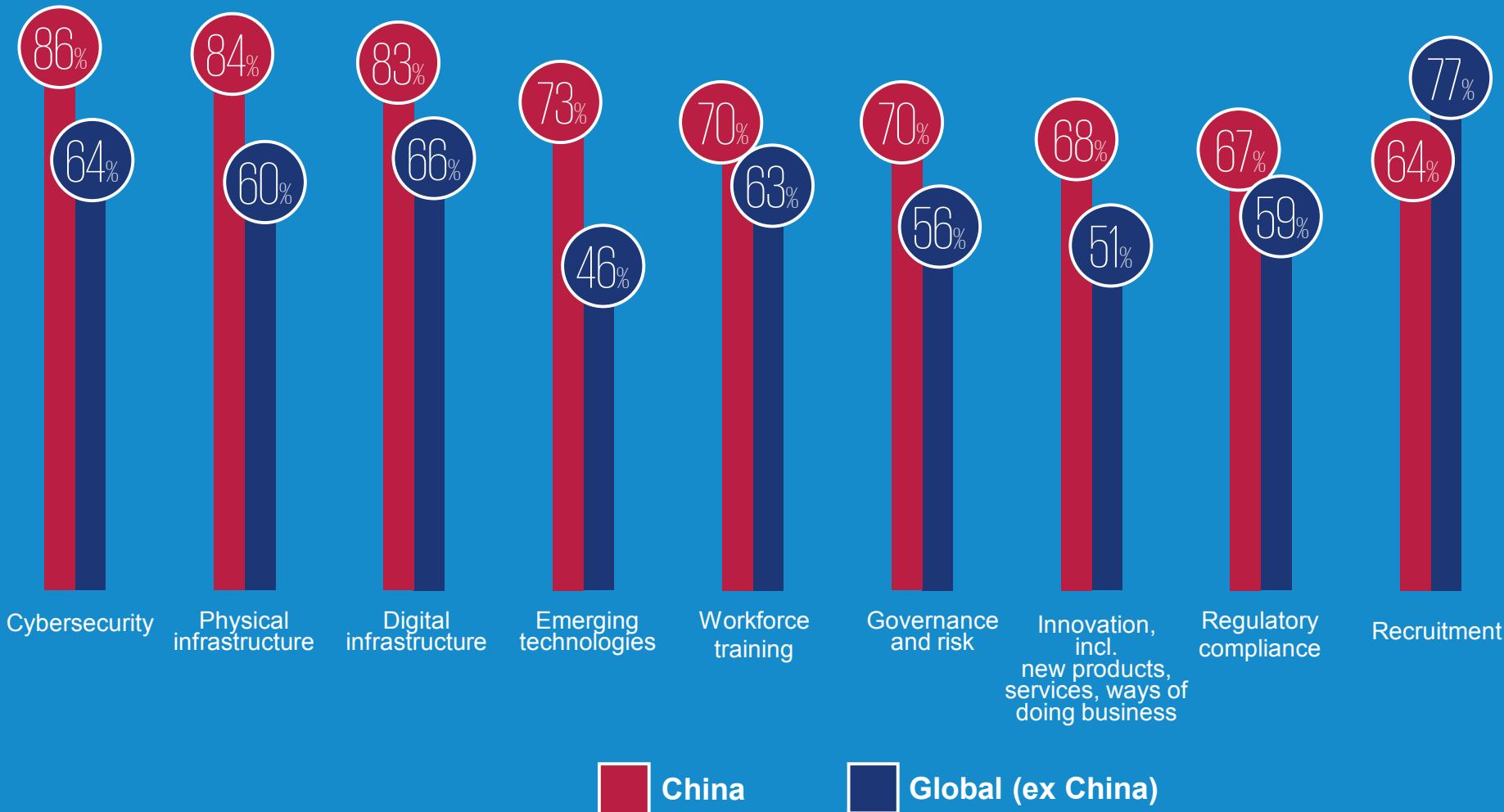


# Top business model transformations being pursued to drive growth



# Investment plans over the next three years

**Will maintain a high level of investment in:**



# Top five reasons for these investments



# Technological disruption is the 'new normal'



**Most China CEOs expect major disruption in their respective sectors over the next three years as a result of technological innovation, compared to less than half of their global peers.**



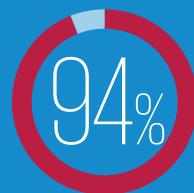
**3 in 4 China CEOs see technological disruption as more of an opportunity than a threat.**



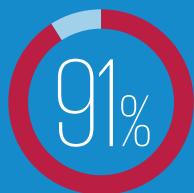
**Most China CEOs say that their companies are actively disrupting their sectors, rather than waiting to be disrupted by competitors.**

# CEOs expect to maintain a high level of investment in these disruptive technologies

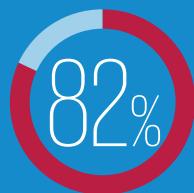
**China**



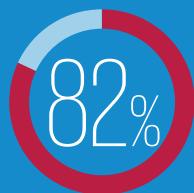
Data  
analytics  
tools



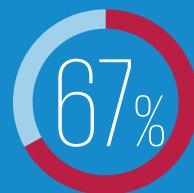
Internet of  
Things



Cognitive  
automation



Cognitive  
technologies,  
incl. AI,  
machine  
learning



Blockchain



Robotic  
process  
automation

**Global  
(ex China)**



Data  
analytics  
tools



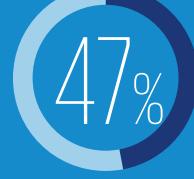
Internet of  
Things



Cognitive  
automation



Cognitive  
technologies,  
incl. AI,  
machine  
learning

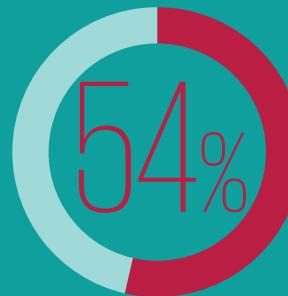


Blockchain



Robotic  
process  
automation

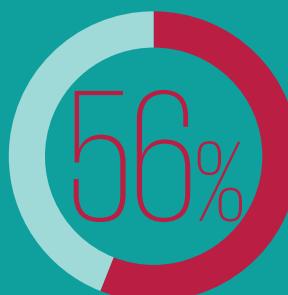
# China CEOs are very aware of the challenges brought by technological disruption



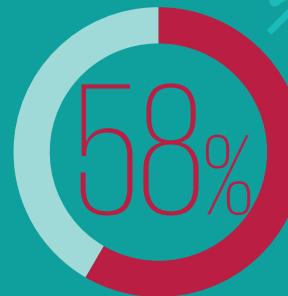
54%

Believe that disruption in their respective sectors will weaken and/or eliminate some of the traditional leaders

Think that their organisations are struggling to keep pace with the rate of technological disruption in their respective sectors



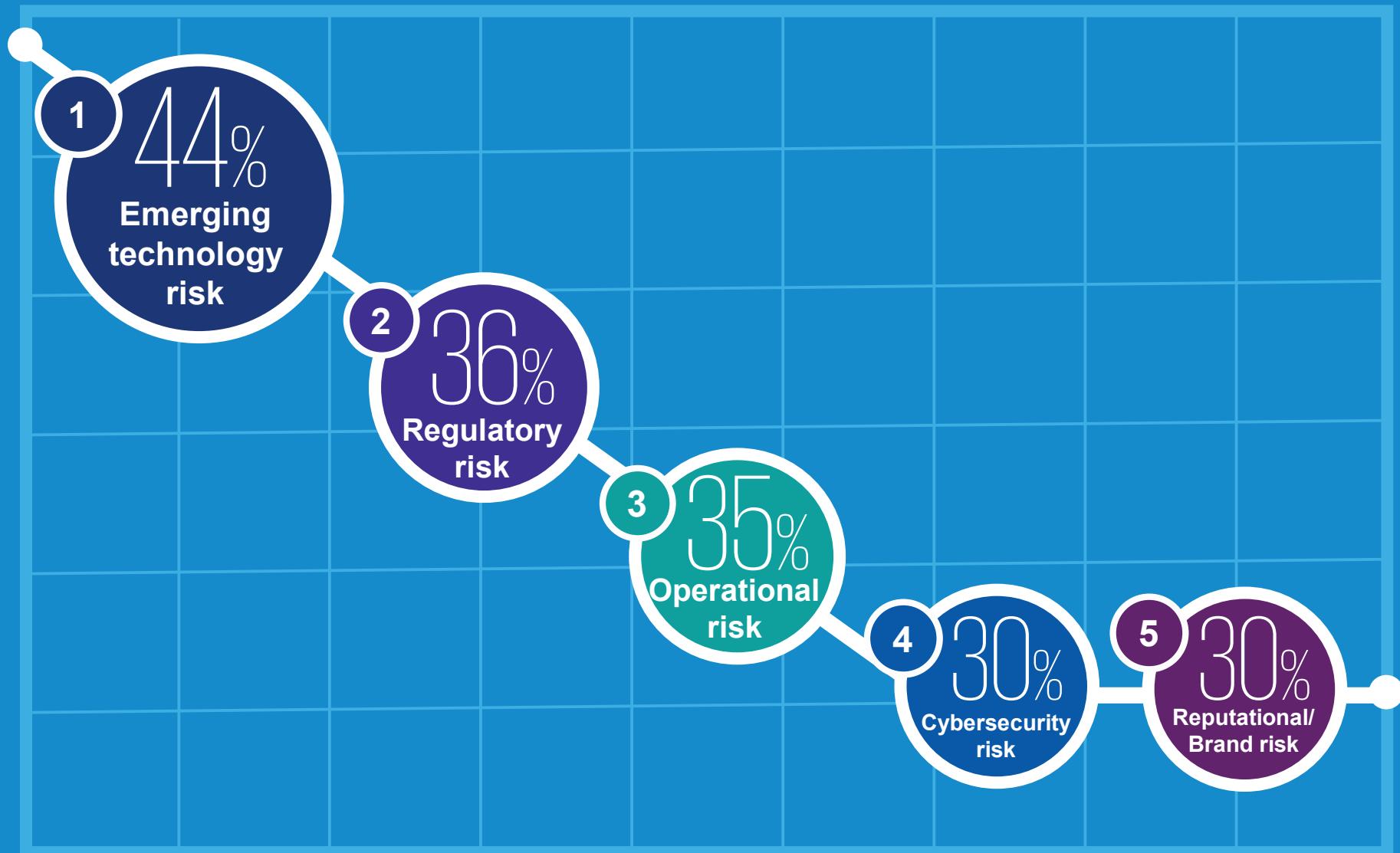
56%



58%

Are concerned about whether their respective organisations are staying current with new technologies

# Top five risk concerns for China CEOs

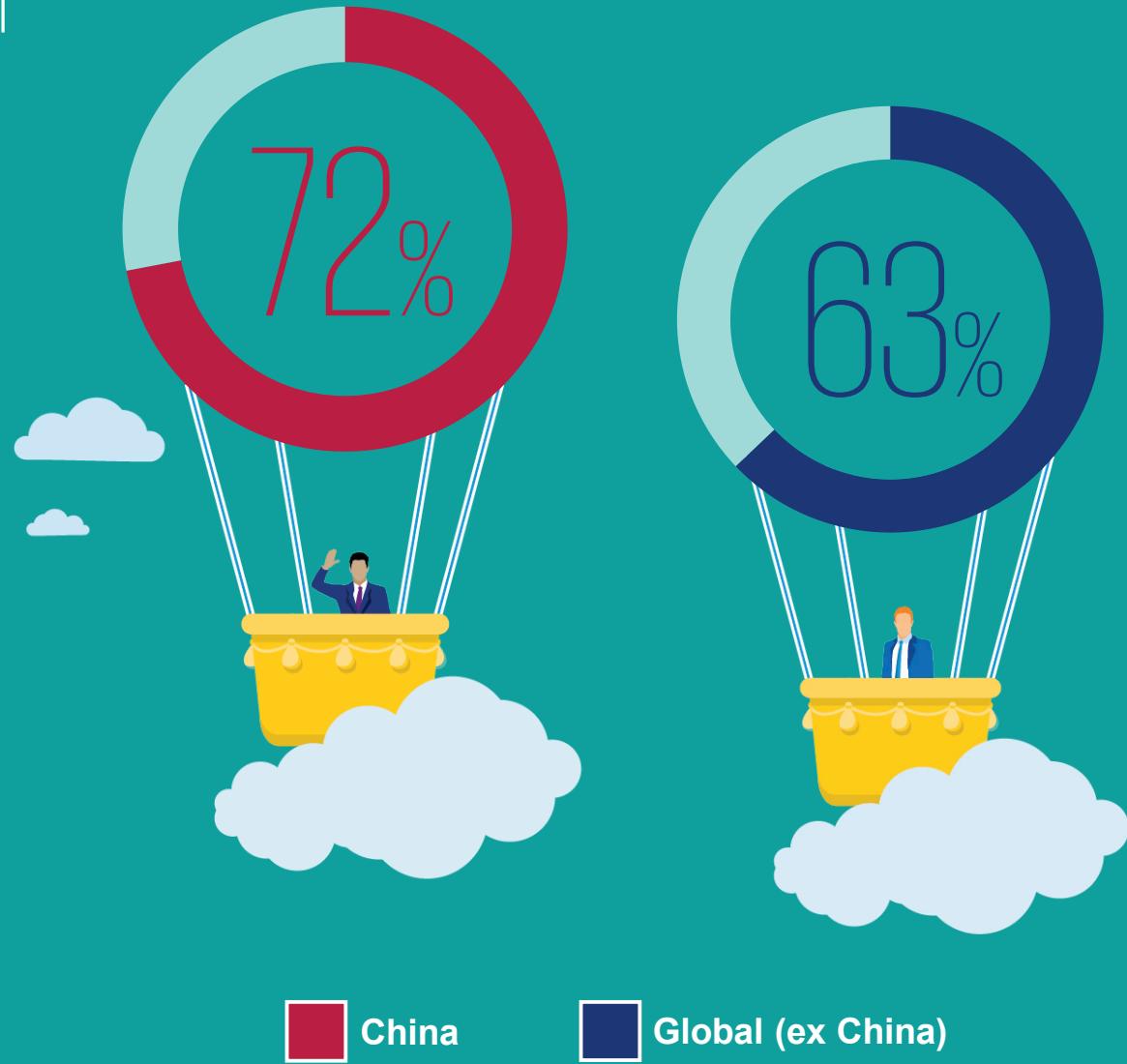


# Globalisation

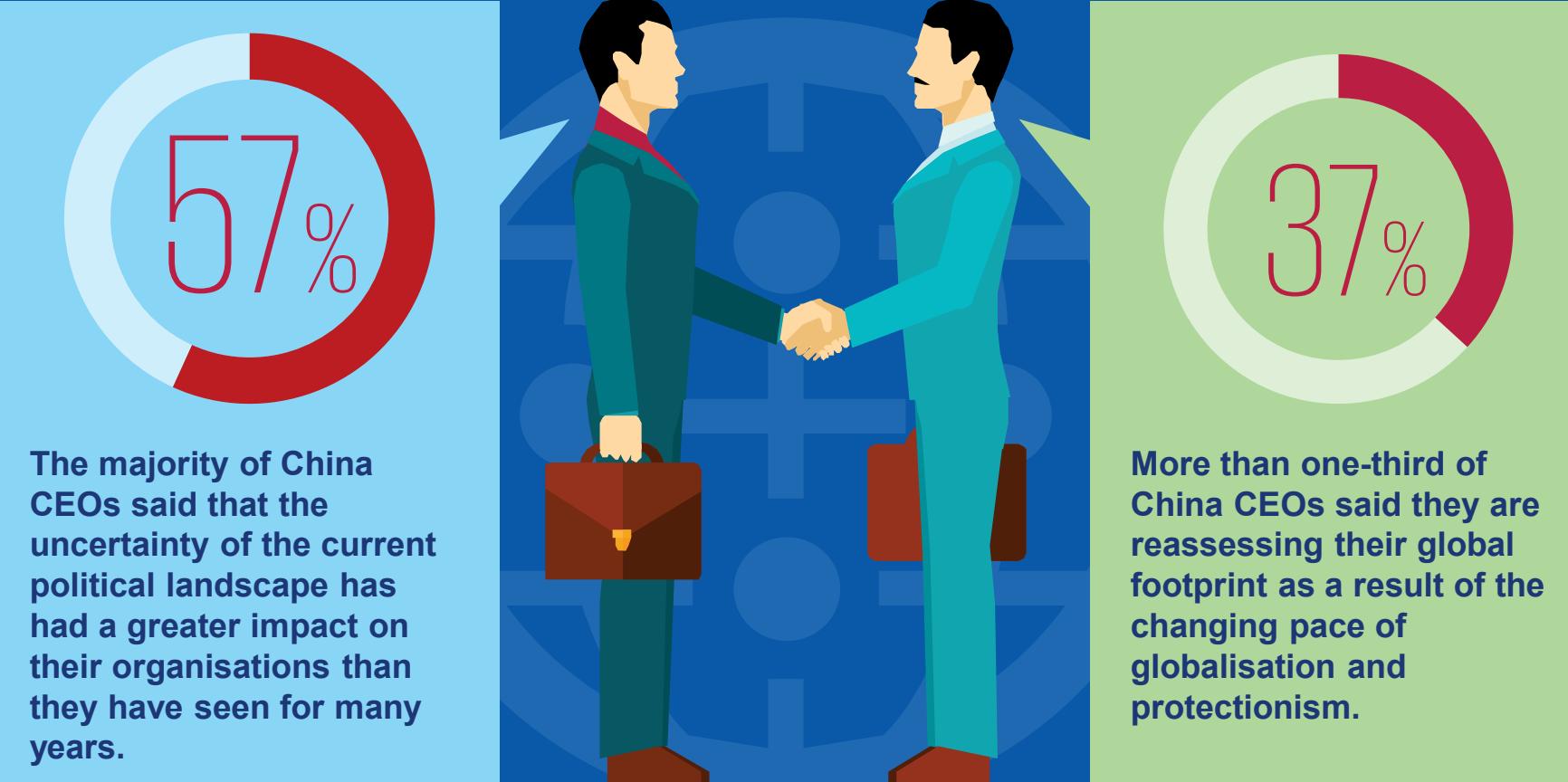


# China CEOs are more optimistic about the pace of globalisation

**CEOs who expect the pace of globalisation – i.e. international flows of labour, ideas, capital and trade – to increase over the next three years.**



# However, they have become more concerned about the impact of geopolitical factors



57%

The majority of China CEOs said that the uncertainty of the current political landscape has had a greater impact on their organisations than they have seen for many years.

37%

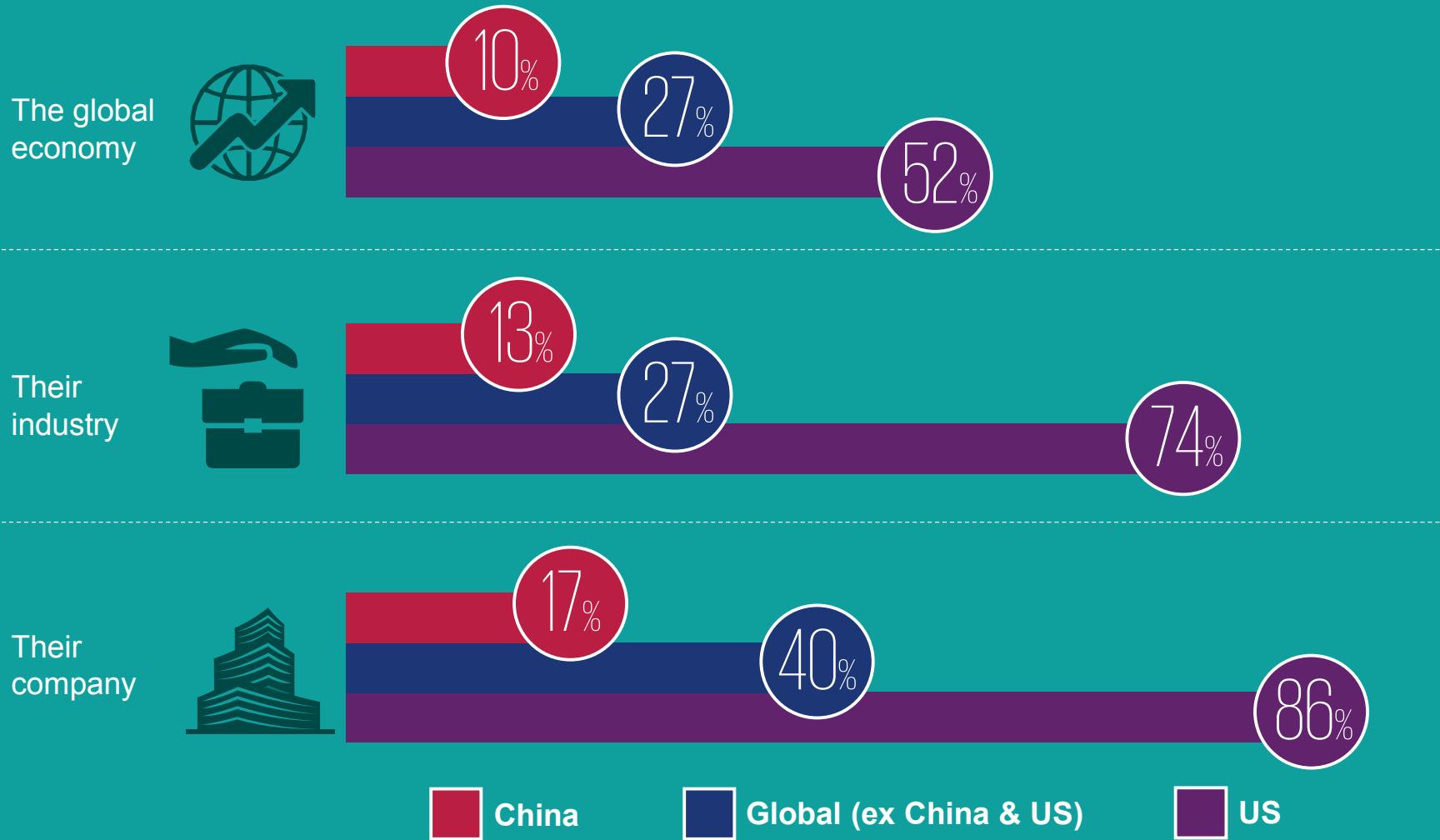
More than one-third of China CEOs said they are reassessing their global footprint as a result of the changing pace of globalisation and protectionism.

# Top five factors that China CEOs expect will have the greatest impact on company growth over the next three years



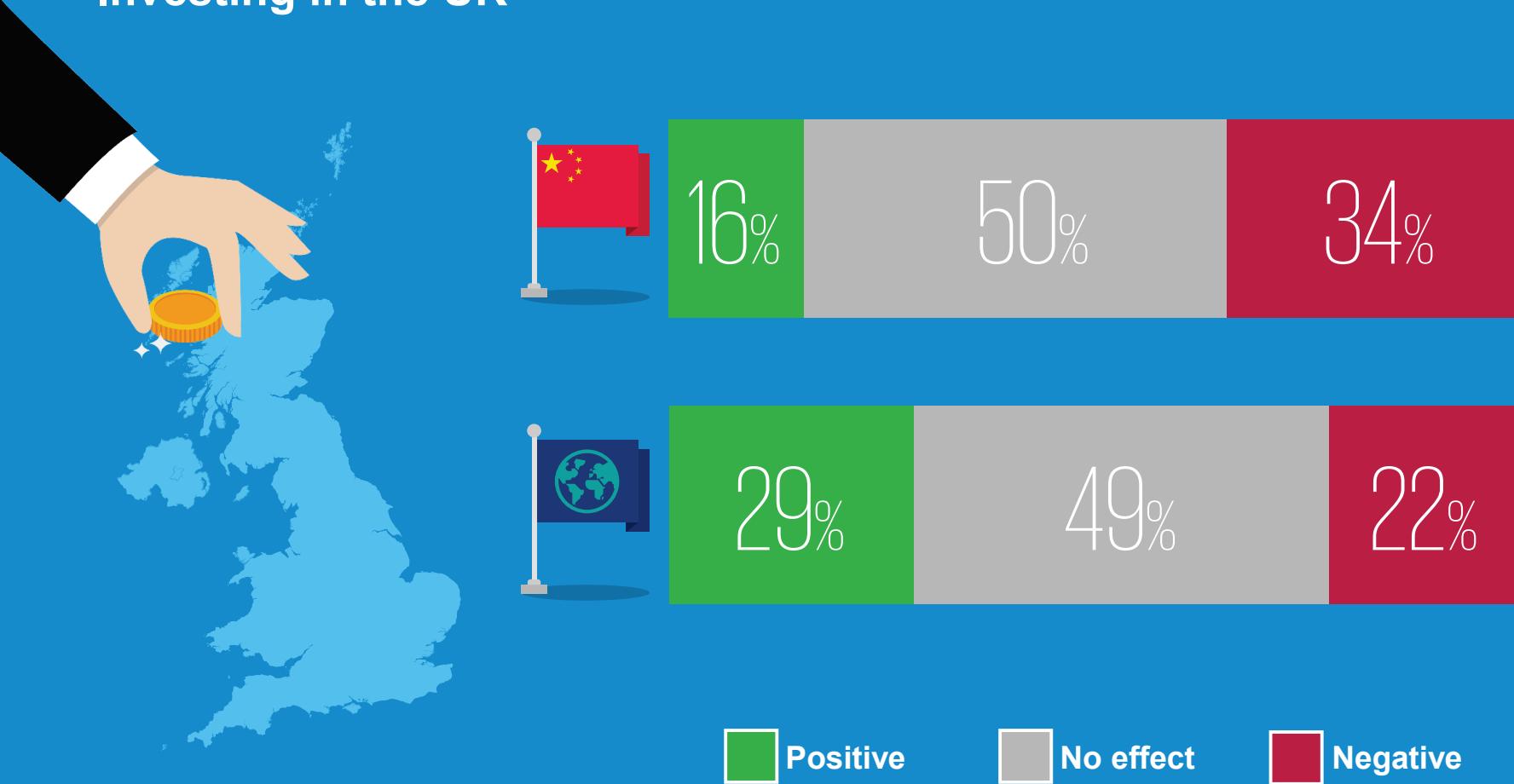
# Impact of the new US administration

**Percentage of CEOs who believe that, over the next 3 years, the new US administration will have a positive impact on the growth of:**



# Impact of Brexit

## Investing in the UK



# China CEOs are managing geopolitical risk by:

Spending much more time on scenario planning as a result of an uncertain geopolitical climate



Recruiting new skills/specialists into the management team to better understand geopolitical risk



75.2%

75.3%

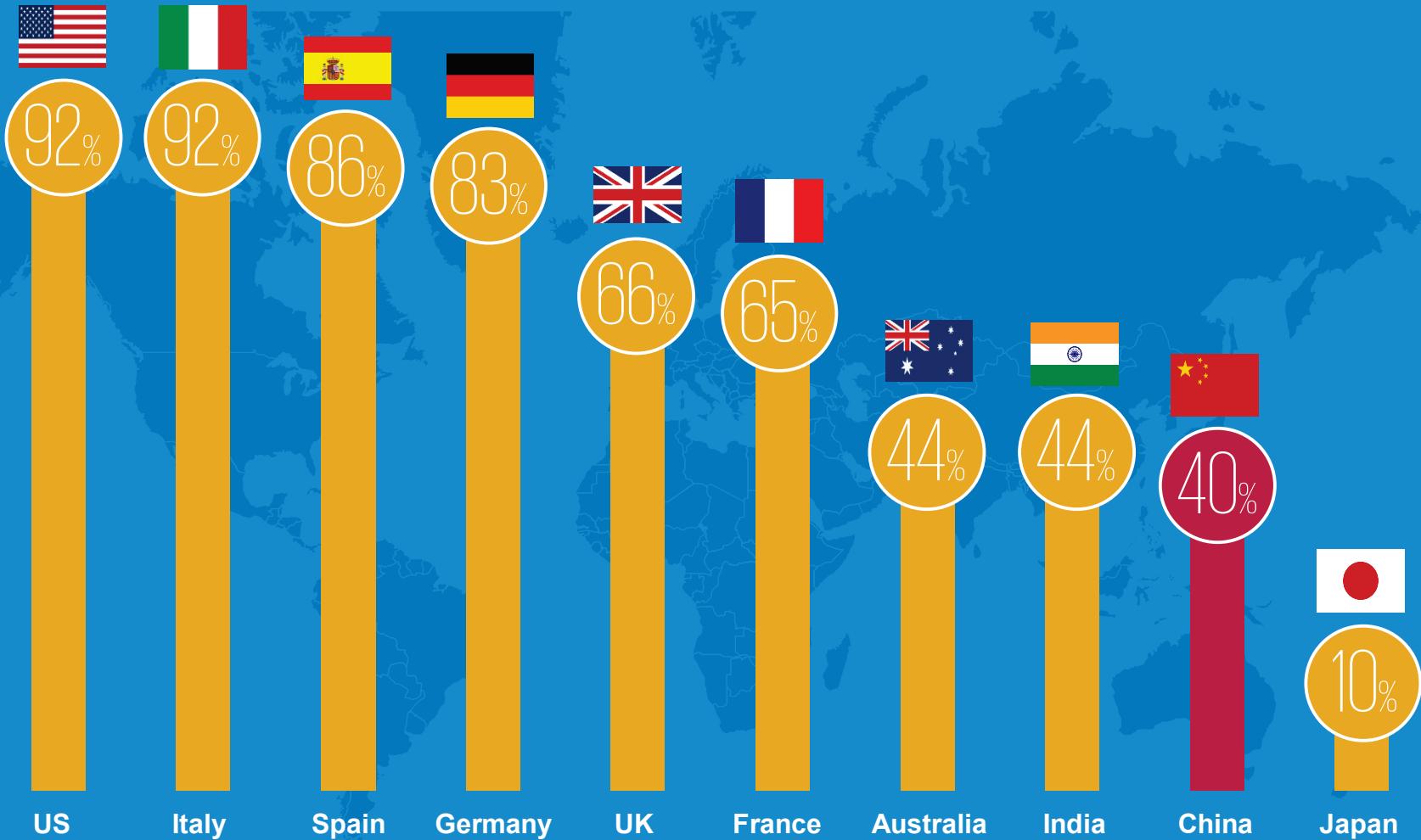
73%

68%

China

Global (ex China)

# Proportion of CEOs prioritising their own domestic economies for new market growth



# Countries and regions that China CEOs are prioritising for new market growth

## Top 3 countries



Australia

35%



Germany

33%



UK

21%

## Top 3 regions

Asia Pacific

44%

Central/South America

36%

Central Asia

34%

*Note: This refers to the top 3 foreign countries China CEOs say they are prioritising among 10 'core countries'. For more information, please see slide 29.*

# Key takeaways



China CEOs welcome ‘technological disruption’, and embrace it as a means to innovate, transform and remain competitive in the market. At the same time, they are also aware of the risks and challenges brought by technological disruption.



‘Focusing on innovation’ was selected as a top growth initiative over the next three years by most China CEOs, and their investment plans are consistent with this.



China CEOs are also more upbeat about the pace of globalisation than most of their global peers, and despite increased concerns about the effect of the geopolitical environment on their company’s growth prospects, their appetite for investing overseas remains.

# A note about the data

Our data calculations are based on the results of the survey that was conducted for the *Global CEO Outlook*.

For the results that we present throughout this presentation for ‘global peers’ and ‘global (ex China)’, we have excluded the responses of China CEOs from the calculations.



The *Global CEO Outlook* is based on a survey of 1,261 chief executive officers (CEOs) from Australia, China, France, Germany, India, Italy, Japan, Spain, the UK and the US. These CEOs operate in 11 key industries including automotive, banking, infrastructure, insurance, investment management, life sciences, manufacturing, retail/consumer markets, technology, energy/utilities and telecom. 312 CEOs came from companies with revenues between USD 500 million and USD 999 million, 527 from companies with revenues from USD 1 billion to USD 9.9 billion, and 422 from companies with revenues of USD 10 billion or more.

The *2017 China CEO Outlook* is based on the responses of the **125** CEOs of China-headquartered companies who were interviewed for the *Global CEO Outlook*.

The survey was conducted between 21 February and 11 April 2017.

To find out more:



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