

# *From confidence to growth*



**85%**

of CEOs are confident about their company's prospects for revenue growth over the next 12 months

**79%**

of CEOs are concerned about the future of the Eurozone

## Local survey highlights

52%

of CEOs in Cyprus believe global economic growth will improve over the next 12 months

85%

of CEOs are confident about their company's prospects for revenue growth over the next 12 months

91%

of CEOs are confident about their company's prospects for revenue growth over the next 3 years

69%

are planning to drive corporate growth and profitability through organic growth

79%

of CEOs are concerned about the future of the Eurozone

67%

of CEOs are concerned about the speed of technological change

63%

expect headcount at their company to increase over the next 12 months



### Greece & the United Kingdom

are the 2 countries that CEOs in Cyprus consider most important for their overall growth prospects

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## Notes:

Not all figures add up to 100% due to rounding of percentages and to the exclusion of “neither/nor” and “Don’t know” responses. The Eurozone group includes Austria, Belgium, Cyprus, Germany, Greece, Italy, Portugal, and Spain.







## Introduction

**Evgenios C Evgeniou**  
CEO, PwC Cyprus

The 21st Global CEO Survey coincides with the 7th survey conducted in Cyprus, in the context of our ongoing effort to capture the pulse and record the perceptions of the business community.

In this year's local survey, in which participated 67 CEOs of businesses operating in Cyprus, optimism prevails across all levels, both for the growth prospects of their own companies and the prospects of the global economy.

The fact that credit rating agencies place Cyprus on the track of growth, coupled with the possibility to borrow from the markets at a lower cost, has been the most important development for the Cyprus economy in the past year. However, in order to properly manage the opportunities that lie ahead and continue to work with a focus on growth, it is imperative that we take decisive action on all necessary reforms. The reforms that will strengthen the growth prospects of our economy and make it more outward-looking, innovative and competitive.

The participation of CEOs in Cyprus confirms the need for action, putting threats, challenges and opportunities into context and highlighting issues such as trust, the role of technology and globalisation. The business community of Cyprus expresses views that reflect those of the CEOs in the Eurozone and globally. This allows us to form an objective opinion on the direction in which businesses are headed, the thoughts of their leaders and the trends that shape the market.

At this point, I would like to thank all the CEOs that took part in the survey and, in particular, Mrs Eleni Kaloyirou, CEO of Hermes Airports Ltd. Her contribution through the in-depth interview and the valuable time she has dedicated have proven invaluable in completing this effort.

At PwC, we listen and stand by you to say things as they are and advise you on what may seem unimportant today, but will prove essential tomorrow. By adapting the expertise of our global network to your specific needs, our aim is to help you make the difference.

I do hope that the survey you now hold in your hands will prove to be a useful tool in providing information and helping you plan and make decisions for the growth of your business.

A handwritten signature in blue ink, reading 'Evgenios'.

Evgenios C Evgeniou



## *A few words on the survey*

PwC's 21st Global CEO Survey titled "The Anxious Optimist in the Corner Office" was completed for yet another year with the participation of almost 1,300 CEOs from 85 countries. The survey, which is presented every year at the World Economic Forum in Davos, Switzerland, examines the views of CEOs on the economy, technology, globalisation and other issues affecting their strategic thinking. The survey also contains extensive references to the ways in which companies address opportunities, challenges and threats, by comparing the views of CEOs from different geographical areas.

More specifically, this year's survey focuses on the declining trust in businesses and other important institutions in our society. It also highlights the role of technology and how it affects human talent, with special reference to robotics and the blockchain implementation. Finally, the movement of capital, people and goods continues, but the real question is where can we find opportunities for growth and where do we see challenges emerging.

A total of 67 CEOs from Cyprus participated in PwC's 21st Global CEO Survey to share their concerns on the strategic orientation of their businesses, as they have done for the past 7 years.

The key findings of the global survey include the heightened confidence of CEOs in the global economic environment, indicating record levels of optimism, but also confidence in the prospects of their own company. Nonetheless, leaders express concern over the availability of talent with digital skills, the impact of technology and societal threats, terrorism, geopolitical uncertainty and cyber attacks. But let's take a look at the situation in Cyprus.





## ***CEOs have something to say***

This is an era characterised by many challenges. After being hit by the worst economic crisis of the last 80 years, Europe is now facing a cycle of instability with unpredictable consequences. In this fluid European environment, Cyprus has significantly strengthened its economy and has entered a period of growth. The data published by credit rating agencies and decreasing trends in the spreads of Cypriot bonds confirm that we are on the right track.

Nonetheless, now is the time for Cyprus to move forward and create conditions for sustainable growth. It is called to address a series of challenges, with non-performing loans and investments in technology infrastructure being at the top of the agenda.

Increasing productivity and enhancing competitiveness through structural reforms, attracting investment, connecting university knowledge and research with the labour market and businesses, strengthening innovation, promoting digital transformation and investing in our educational system to meet the needs of our youth: these are the stakes for Cyprus. Winning this bet will help improve our country's rankings in the international entrepreneurship and competitiveness indices.

In this year's survey, we are honoured to include an interview with Mrs Eleni Kaloyirou, Chief Executive Officer of Hermes Airports Ltd. We would like to thank her warmly for her contribution!

## Seize the day

# 52%

of CEOs in Cyprus believe global economic growth will improve over the next 12 months

According to the survey results, CEOs appear to be highly optimistic, globally as well as in the Eurozone and in Cyprus. For the first time since we began asking the question in 2013, the majority of CEOs surveyed believe global economic growth will improve. The outlook is therefore optimistic and positive.

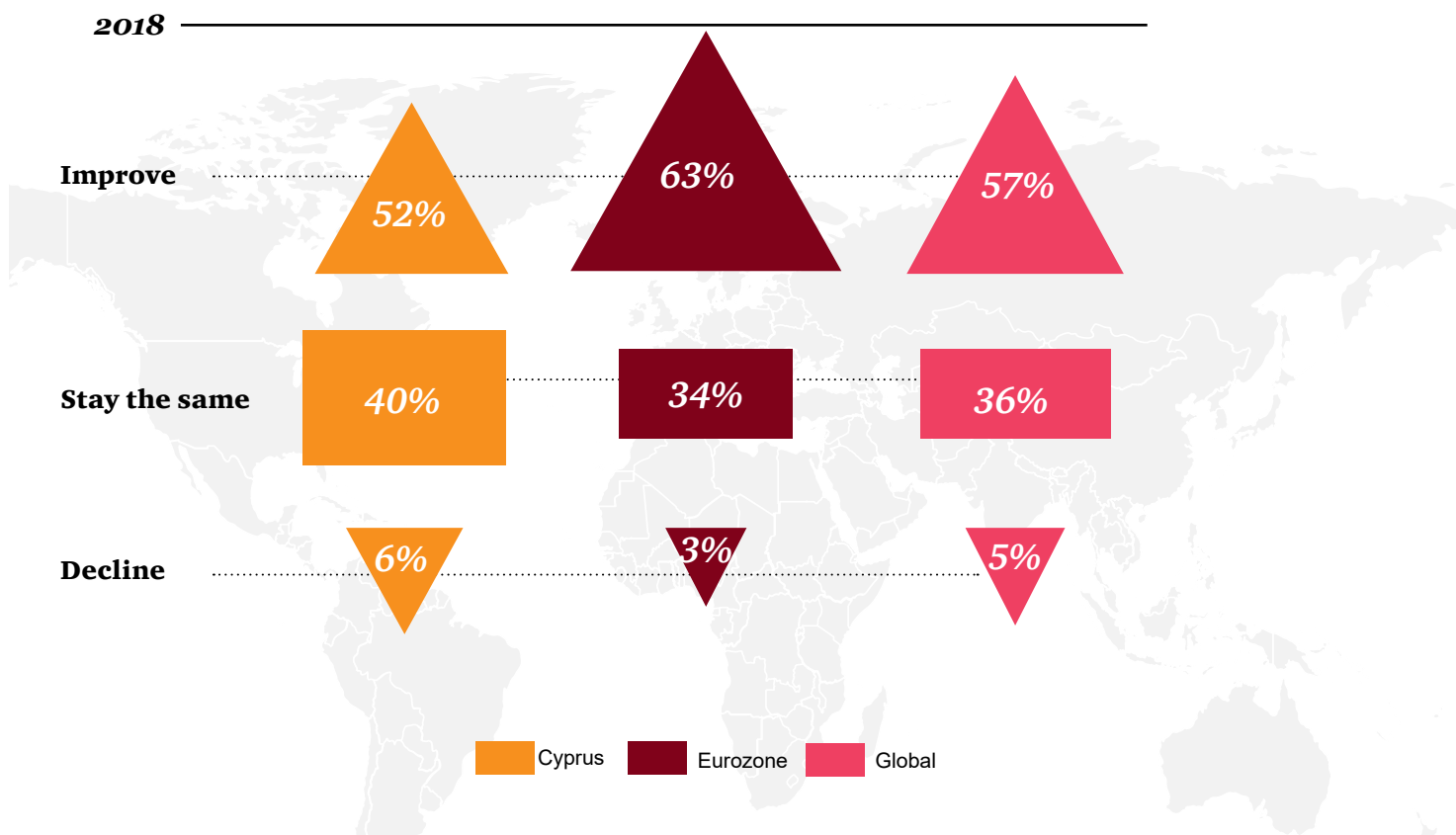
But why are CEOs around the world so optimistic? It is true that the global economy relies on strong economic indicators, with 2017 expected to be the best year since 2010. Capital markets are booming and forecasts point towards GDP increase in most economies. Quite notably, even Greece appears to be recovering when, just a few years ago, it was on the brink of leaving the

Euro. Moreover, Russia and Brazil have returned to growth, China is on a steady course, the Eurozone is recovering, the United Kingdom does not appear to be severely impacted by Brexit and, finally, growth in the United States is almost 3%.

As for the United States, it is worth noting that the Trump administration has focused on corporate tax cuts and the renewal of rules and regulations. This has contributed to a booming stock exchange market and has driven corporate confidence while significantly reducing unemployment.

**Figure 1: Global economy growth prospects**

Q: Do you believe global economic growth will improve, stay the same, or decline over the next 12 months?



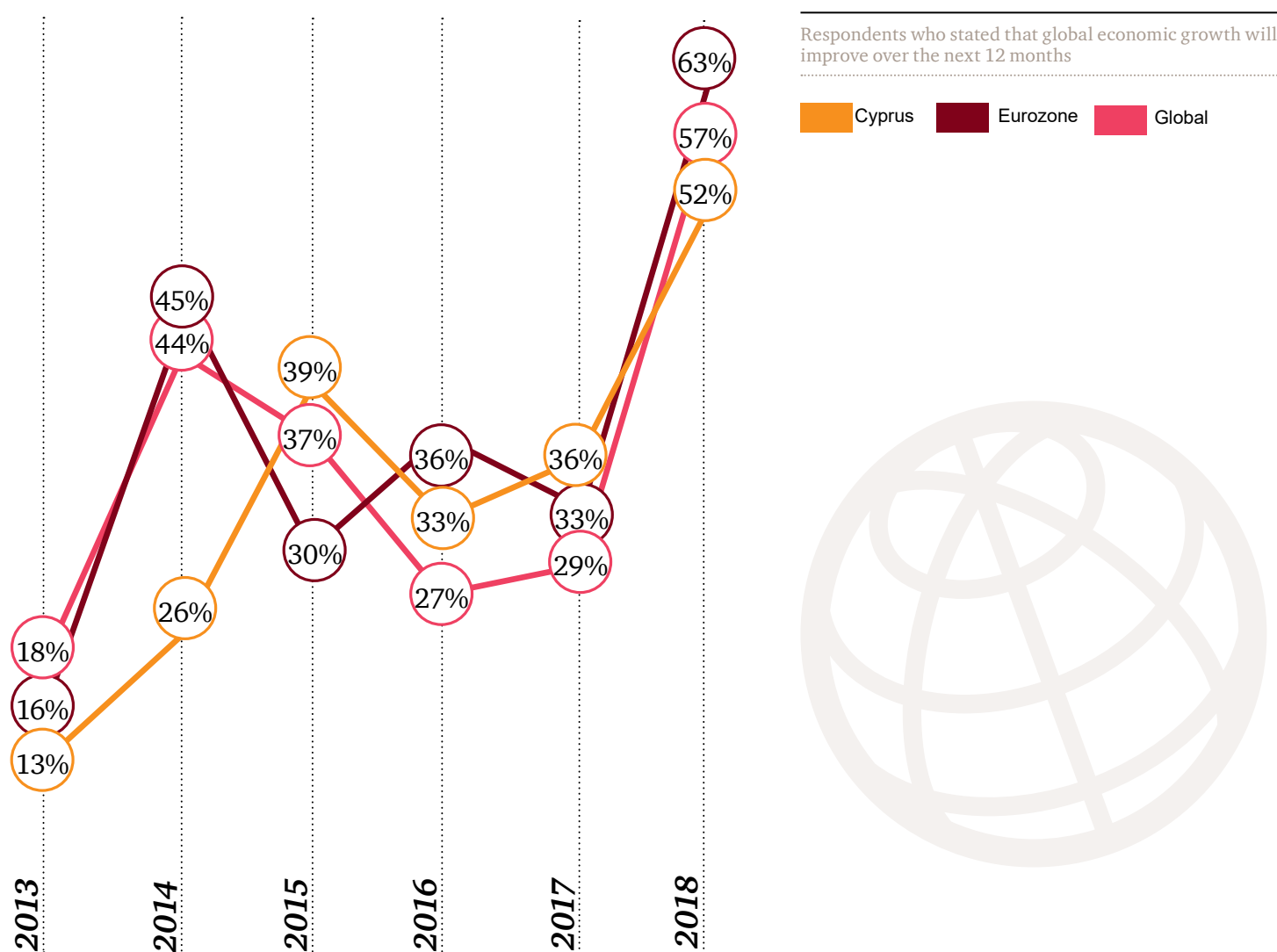




In this positive climate, CEOs in Cyprus are more optimistic than ever before. A total of 52% of CEOs surveyed believe that global economic growth will improve, in contrast to much lower rates in previous years, i.e. 36% in 2017 and 33% in 2016.

Similar levels of optimism are expressed by CEOs both globally and in the Eurozone, with 57% and 63% respectively. The corresponding rates in last year's survey were almost half: 29% of CEOs globally and 33% in the Eurozone. These figures confirm the substantially higher levels of optimism amongst all business leaders, whether they are located in the Eurozone, in Cyprus or globally.

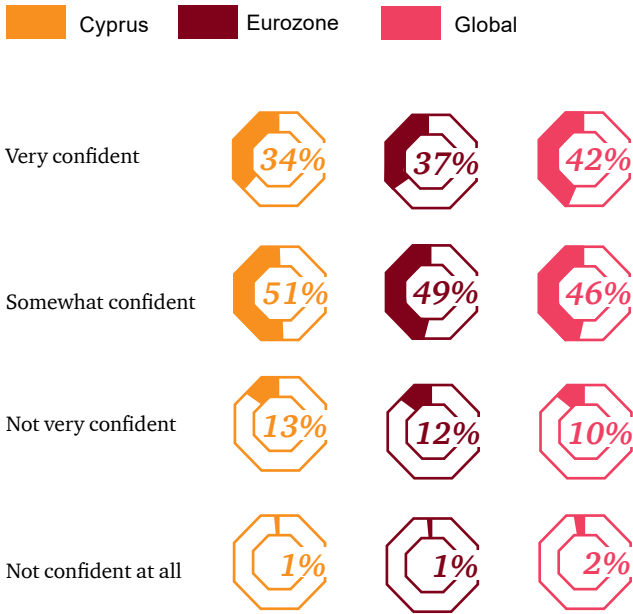
**Figure 2: Global economic growth over the next 12 months. A 6 year analysis.**



85% of CEOs are confident about their company's prospects for revenue growth

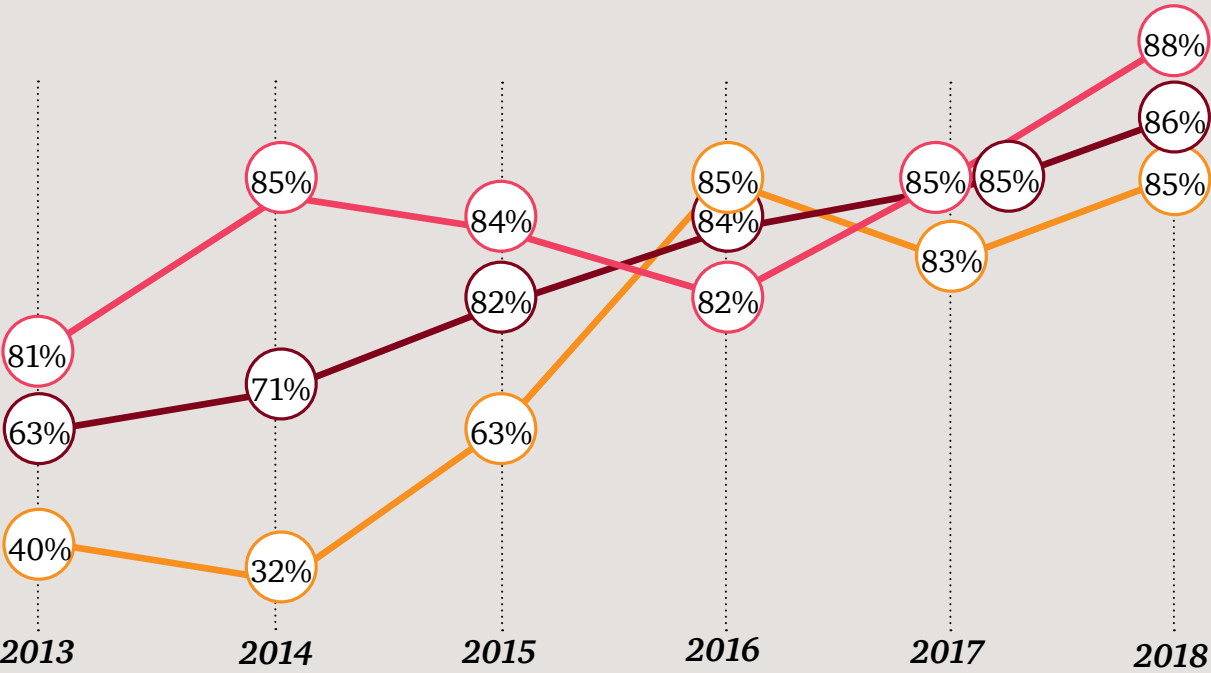
As regards the confidence of CEOs in their own company's prospects for revenue growth over the next 12 months, again we see a small increase, with 34% of respondents in Cyprus being very confident compared to 31% last year. Overall, 85% of CEOs in Cyprus (very confident and somewhat confident) are positive about their company's growth prospects as against 83% last year. The trends are exactly the same over the next three years, with 91% compared to 85% last year. CEOs globally and in the Eurozone are also confident and positive about their company's prospects for revenue growth, both over the next 12 months and over the next 3 years. The corresponding rates stand at 88% and 86% over the next 12 months and 91% and 90% over the next 3 years respectively for CEOs globally and in the Eurozone.

**Figure 3: Company prospects for revenue growth over the next 12 months**  
Q: How confident are you about your company's prospects for revenue growth over the next 12 months?



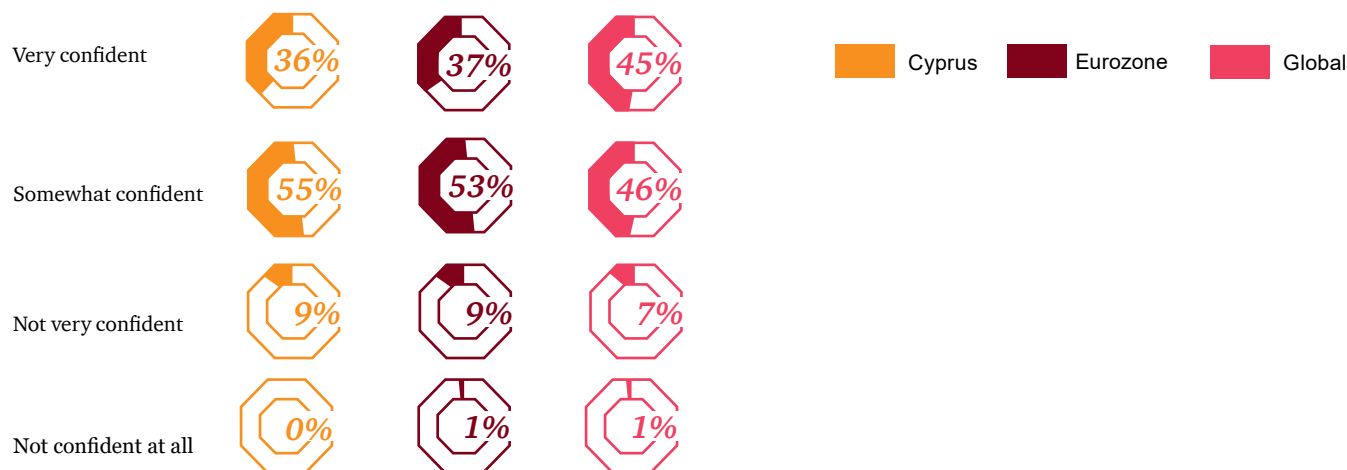
**Figure 4: Revenue growth prospects over the next 12 months. A 6 year analysis.**

Respondents who stated very and somewhat confident about their company's prospects for revenue growth over the next 12 months

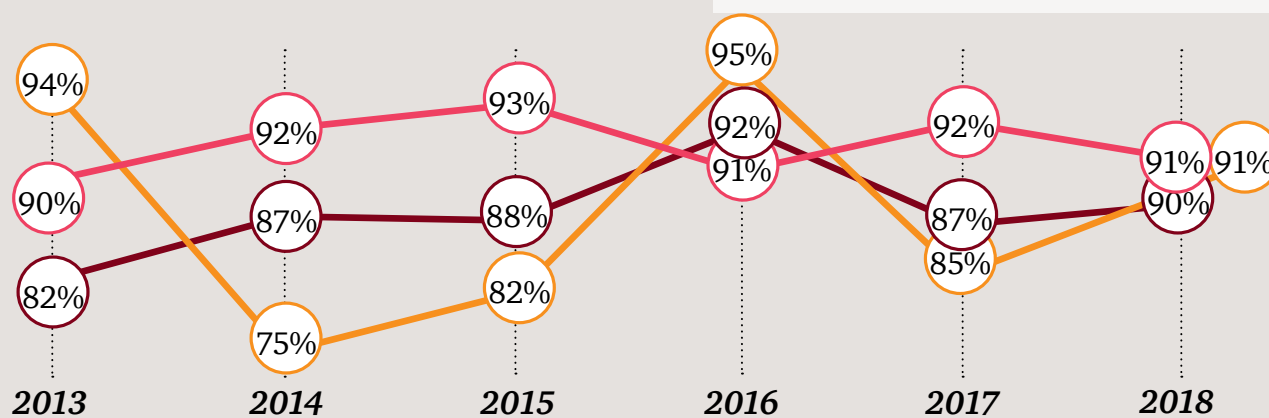


**Figure 5: Company prospects for revenue growth over the next 3 years**

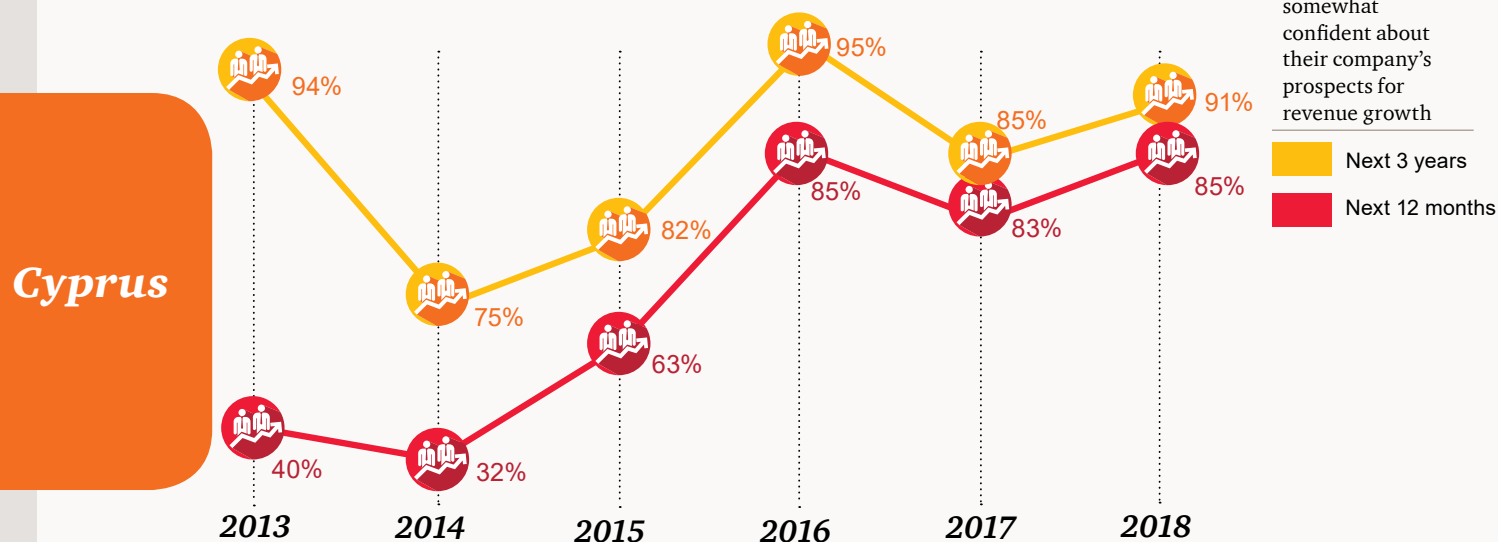
Q: How confident are you about your company's prospects for revenue growth over the next 3 years?

**Figure 6: Revenue growth prospects over the next 3 years. A 6 year analysis.**

Respondents who stated very and somewhat confident about their company's prospects for revenue growth over the next 3 years.

**Figure 7: Short and medium-term revenue growth prospects. A 6 year analysis.**

Respondents who stated very and somewhat confident about their company's prospects for revenue growth





*“The global economy is finally beginning to look healthy, ten years after the start of the last financial crisis that we suffered. This year, for the first time, we are seeing that all economies, both emerging and developing, are forecasted to grow. Of course, some will grow faster than others”.*

Eleni Kaloyirou,  
Chief Executive Officer of Hermes Airports Ltd





It is notable that levels of optimism are higher over the longer term. This is the prevailing perception, but we should also take into account that developments are ongoing and are constantly reshaping the political, economic and business environment, and therefore no one can predict what will happen in 3 years time.

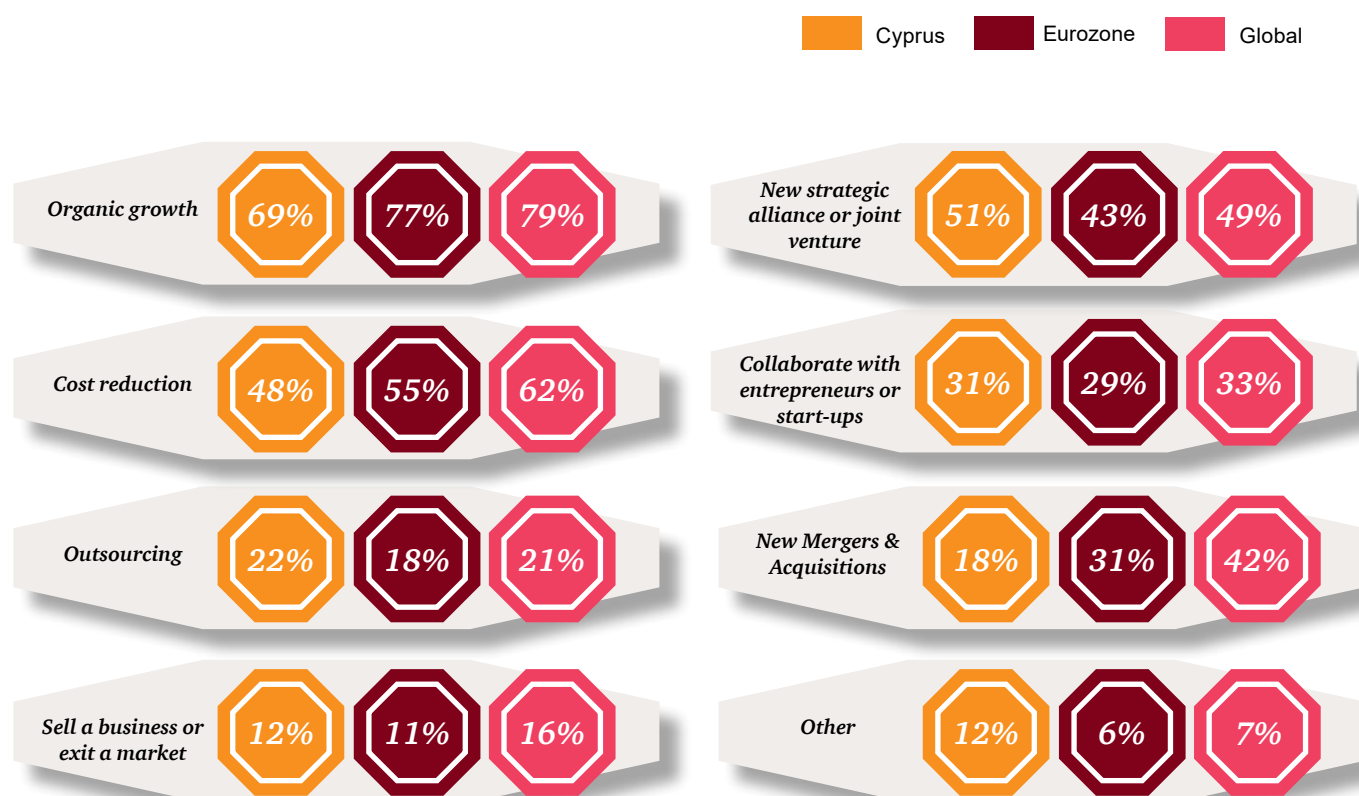
So beyond this widespread optimism in the business landscape, CEOs have prepared and implemented strategic plans on the activities they will focus on over the next 12 months to drive corporate growth and profitability. For CEOs in Cyprus, priority is given to organic growth with 69%, followed by a new strategic alliance or joint venture with 51%. CEOs globally (79%) and in the Eurozone (77%) also favour organic growth, followed by cost reduction with 62% and 55% respectively.

The rates are similar to those recorded last year for CEOs globally and in the Eurozone, while for CEOs in Cyprus cost reduction has declined significantly and now stands at 48% compared to 65% last year. This is a positive note for the future and reaffirms the overall optimism described above.

With regards to new mergers & acquisitions, the percentage in Cyprus which has fallen compared to last year (from 24% to 18% this year) is indicative of the mindset of CEOs in our country as, based on our size, one would expect this to be a main activity for businesses.

**Figure 8: Activities to drive corporate growth and profitability**

Q: Which of the following activities, if any, are you planning in the next twelve months in order to drive corporate growth or profitability?



## A window to the world



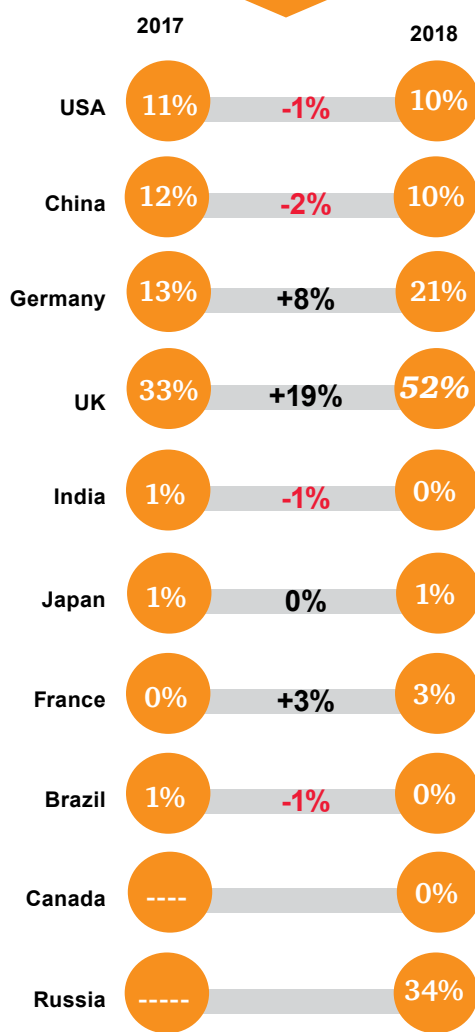
This heightened confidence in global growth guides business leaders in the search of new challenges for their investments, in order to achieve short-term growth. Access to more consumers and skills paves the way and underpins why CEOs are looking for countries in which to expand their operations, giving their business a new momentum.

**Figure 9: Important countries for overall growth prospects**

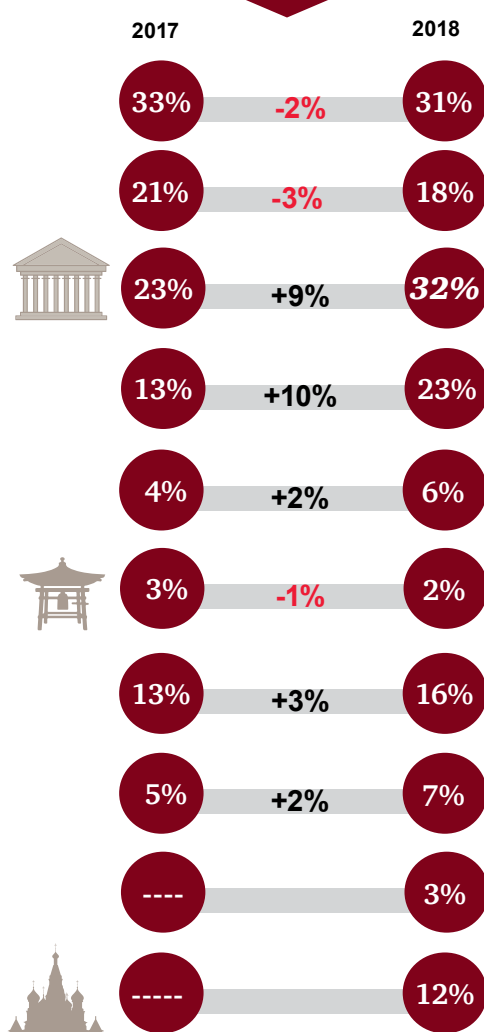
Q: Which three countries, excluding the country in which you are based, do you consider most important for your organisation's overall growth prospects over the next 12 months?

### Global Top 10

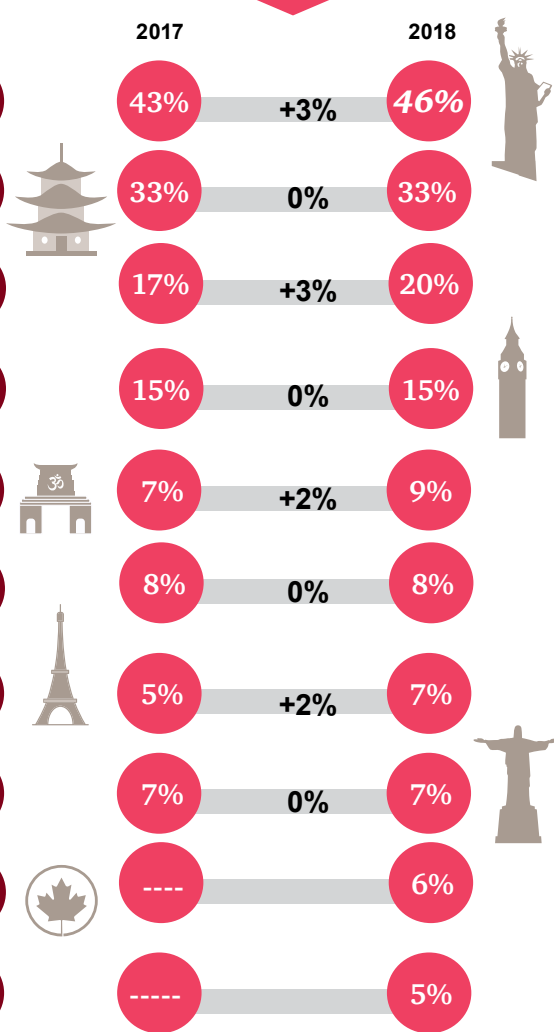
#### Cyprus



#### Eurozone



#### Global





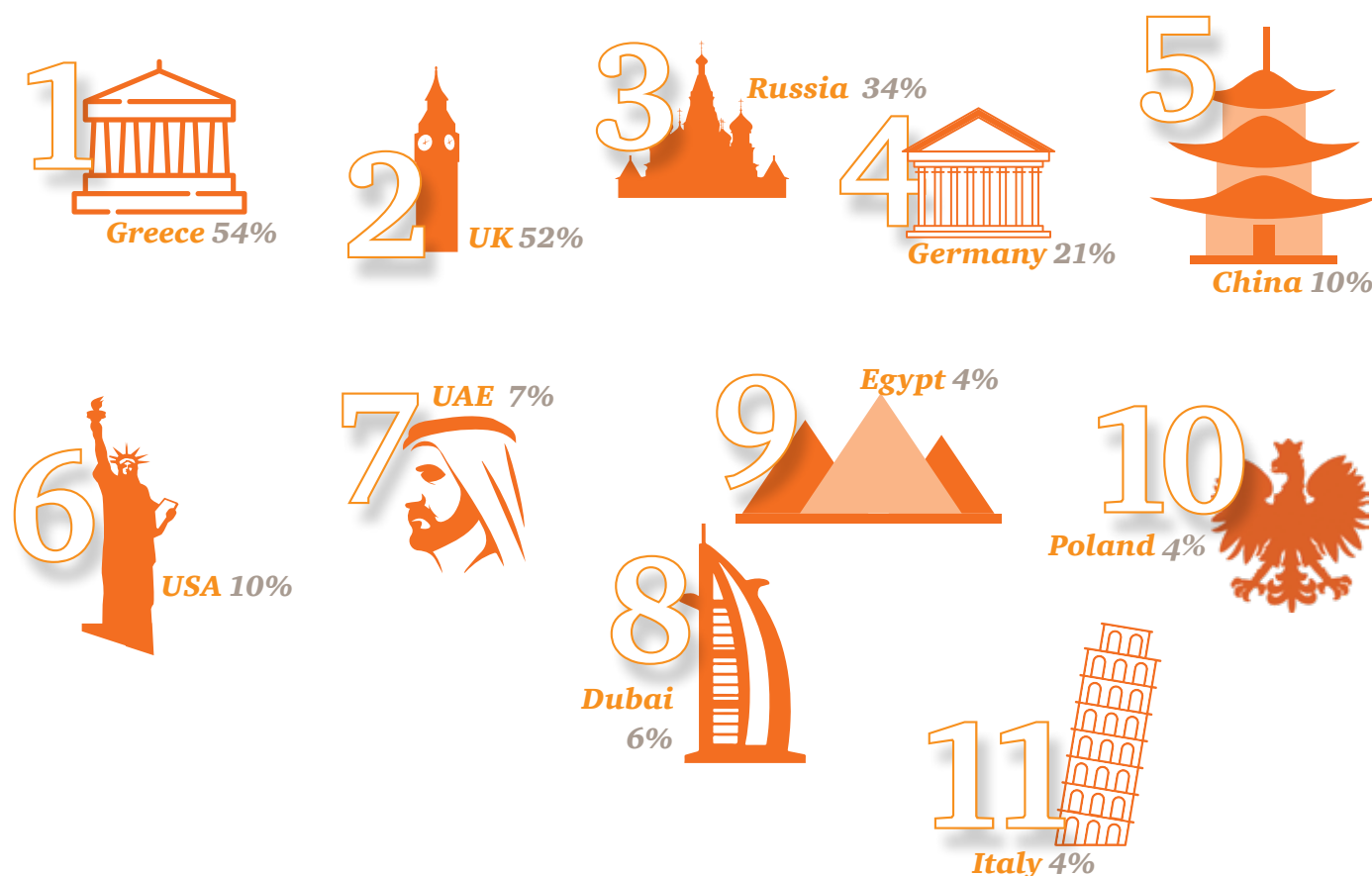
CEOs in Cyprus do not appear to be affected by Brexit, as negotiations have only recently reached a significant milestone. So far yet another year, after Greece (54%), they choose the United Kingdom as the second most important country for their overall growth prospects with 52%. This marks a substantial increase compared to last year's 19%. The third country of choice is Russia with 34%, followed by Germany with 21%.

China and the USA have been mentioned by a mere 10% of CEOs in Cyprus, while it is worth noting that globally these countries are the top two choices for CEOs.

Interestingly, for CEOs in Cyprus, China is becoming less popular as a country of choice for growth prospects in the last three years, from 20% in 2016 down to 12% in 2017 and 10% today. It is evident that Cypriot businessmen do not see opportunities for growth prospects in China while, on the contrary, according to recent data, Chinese businessmen have

been increasing their investments in Cyprus over the last few years, as they consider it to be one of the most competitive EU countries. Investments in tourism and the hotel industry reaffirm the interest of Chinese businessmen in our country.

### Cyprus Top 11





# What keeps CEOs awake at night?

Despite the optimism in the prospects of the global economy, anxiety is rising on a much broader range of business, social and economic threats. CEOs realise that these challenges pose a threat to their organisation's growth prospects and it is indeed worth noting that CEOs in Cyprus, globally and in the Eurozone are all concerned about the same threats. For 79% of CEOs in Cyprus, the most important threat is the future of the Eurozone. This is followed by geopolitical uncertainty and over-regulation

(78%). We then have tax burden with 70%, uncertain economic growth with 69%, and terrorism, which emerges for the first time as one of the top five concerns worldwide, at 67%. In last year's survey, the top concern of geopolitical uncertainty was followed by the future of the Eurozone and uncertain economic growth.

**Figure 10: Economic, policy, social and environmental threats**

Q: How concerned are you about the following economic, policy, social and environmental threats to your organisation's growth prospects?

## Top 4 threats for Cyprus

Future of the Eurozone  
**79%**

Geopolitical uncertainty  
**78%**

Over-regulation  
**78%**

Increasing tax burden  
**70%**



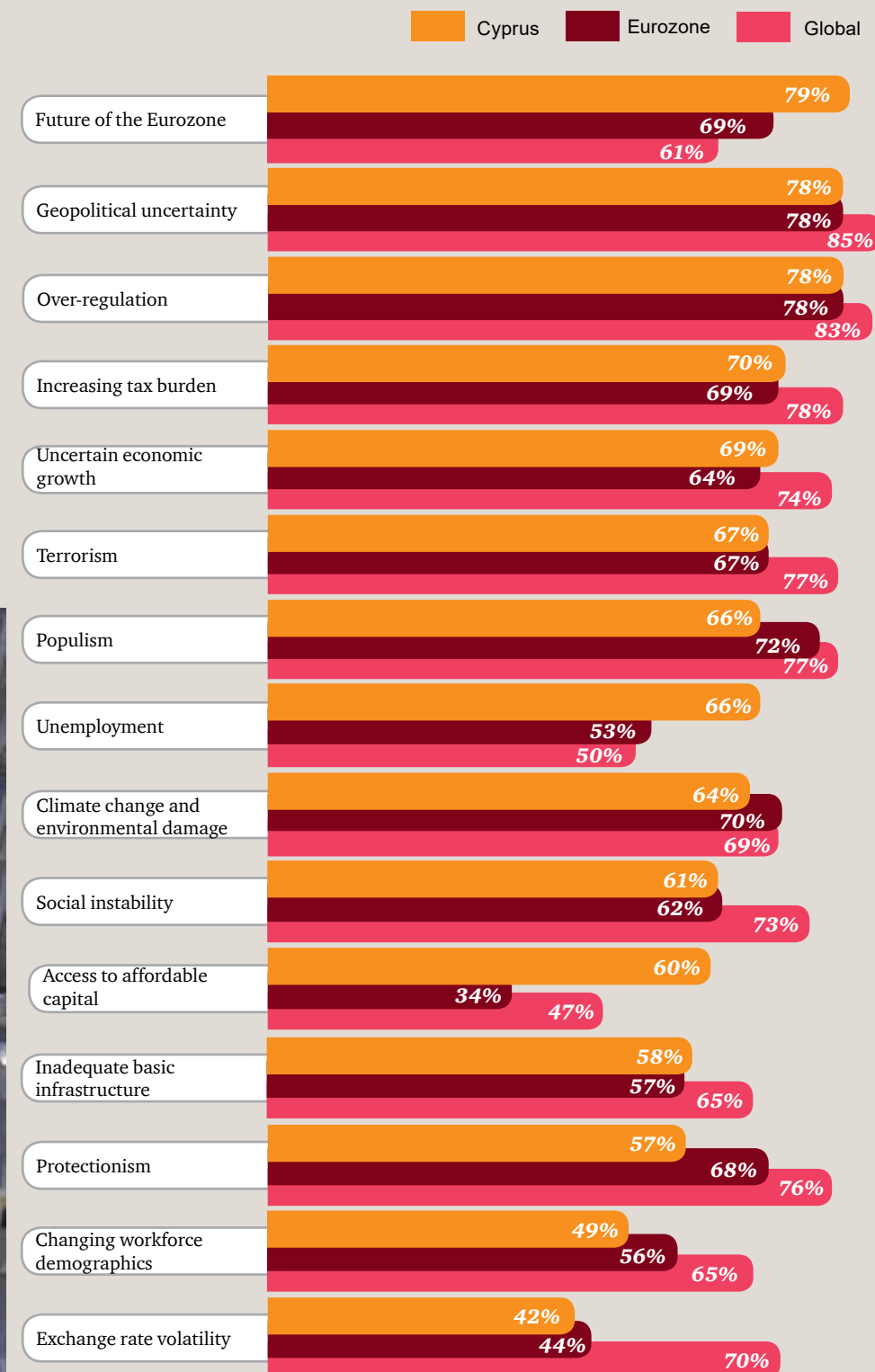




*“In the same way that we have been successful over the last two years and have taken advantage of the geopolitical instability in our area, this could turn against us at any moment”.*

Eleni Kaloyirou,  
Chief Executive Officer of  
Hermes Airports Ltd

#### Respondents who stated ‘Extremely concerned’ or ‘Somewhat concerned’



Respectively, for CEOs globally geopolitical uncertainty ranks first with 85%, with over-regulation (83%), increasing tax burden (78%) and terrorism and populism (77%) completing the top four threats. These rates are similar for CEOs in the Eurozone, for whom geopolitical uncertainty and over-regulation are the top concerns with 78%, followed by populism (72%) and climate change and environmental damage (70%) and finally the increasing tax burden and the future of the Eurozone (69%).

It is worth noting that the future of the Eurozone is a cause of particular concern to CEOs in Cyprus, indeed with a difference of 10% compared to CEOs in the Eurozone (79% for Cyprus and 69% for the Eurozone). CEOs globally and in the United Kingdom, on the other hand, do not seem to worry as much about the future of the Eurozone. Despite Brexit, for CEOs in the United Kingdom the future of the Eurozone ranks only fifth amongst their top concerns. Another interesting finding relates to terrorism, which begins to worry CEOs more than before following incidents in the past year worldwide and the uncertain environment that they create.

As regards business threats, CEOs seem to focus on the speed of technological change and how it affects their organisation’s growth prospects. Times are changing and technology is at the forefront in every single aspect, from how businesses are organised and operate to how they are protected from cyber attacks, how they use technology to develop their human resources but also how technology is applied in research and innovation programmes.

More specifically, for 67% of CEOs in Cyprus, the speed of technological change is the top business threat, followed by cyber threats (66%) and the availability of key skills (64%). As far as CEOs globally are concerned, 80% perceive the availability of key skills and cyber threats as the top threats to their business, while the speed of technological change comes second with 76%. CEOs in the Eurozone also consider the availability of key skills to be the top threat with 68%, followed by cyber threats (63%) and the speed of technological change (60%).

**Figure 11: Business threats**

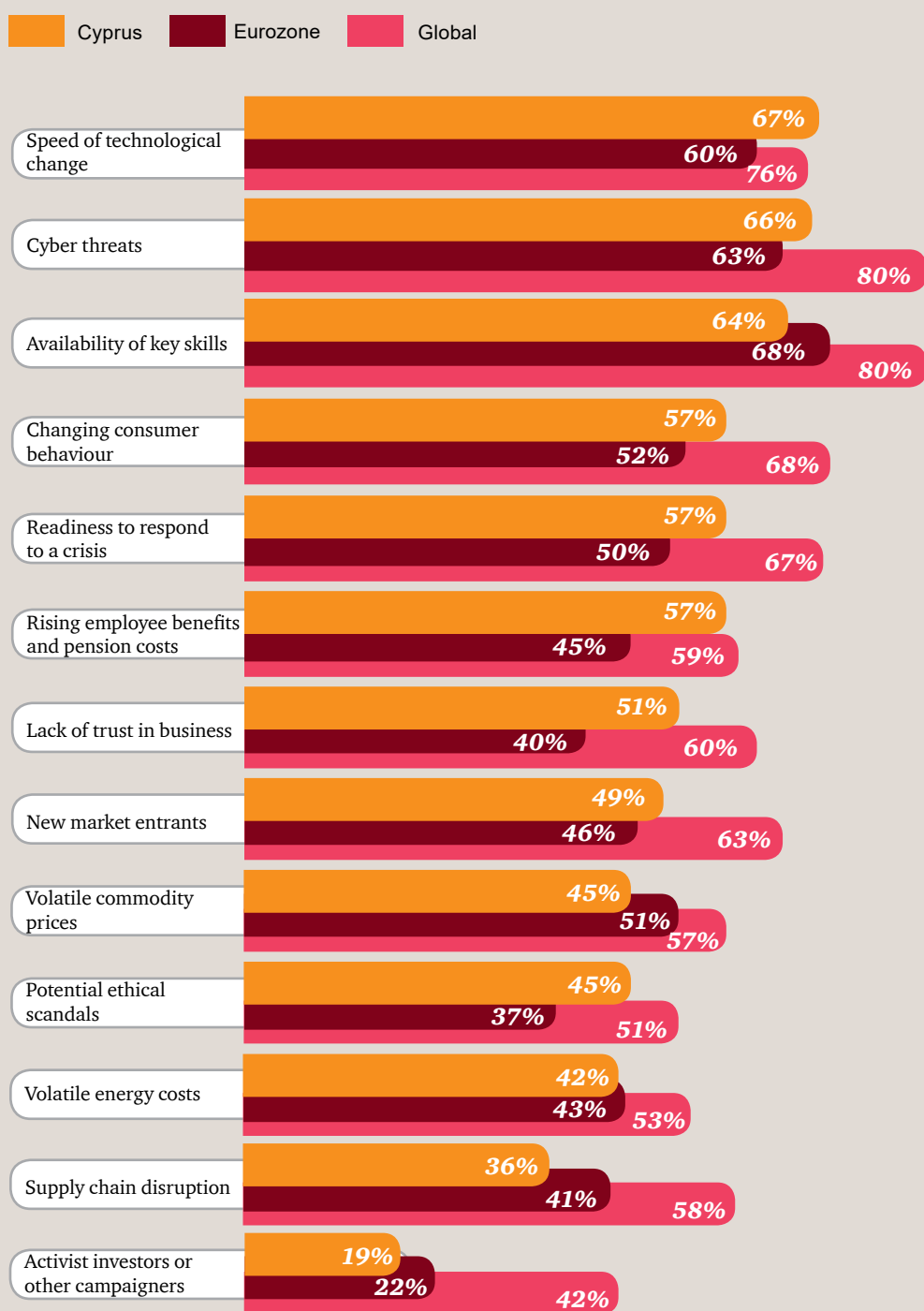
Q: How concerned are you about the following business threats to your organisation’s growth prospects?



*“What we are seeing internationally is a change in the patterns of people flying. In the past, flying activity used to be linked to the GDP growth of a country but last year, we saw that within Europe for example, air travel has grown in excess of 8% so many multiples over the growth of GDP in the Euro area”.*

Eleni Kaloyirou,  
Chief Executive Officer of Hermes Airports Ltd

Respondents who stated ‘Extremely concerned’ or ‘Somewhat concerned’



# Globalisation

Globalisation is defined as the process by which the world is becoming increasingly integrated. Of course this does not mean that globalisation is equally effective in all areas.

This year's World Economic Forum discussed the issue of globalisation and how we can create a future for all in a fragile world. In this context, the 21st Global CEO Survey asked respondents to consider a number of political, economic and trade trends and pick a side in terms of which direction the world was moving towards. The survey's results are

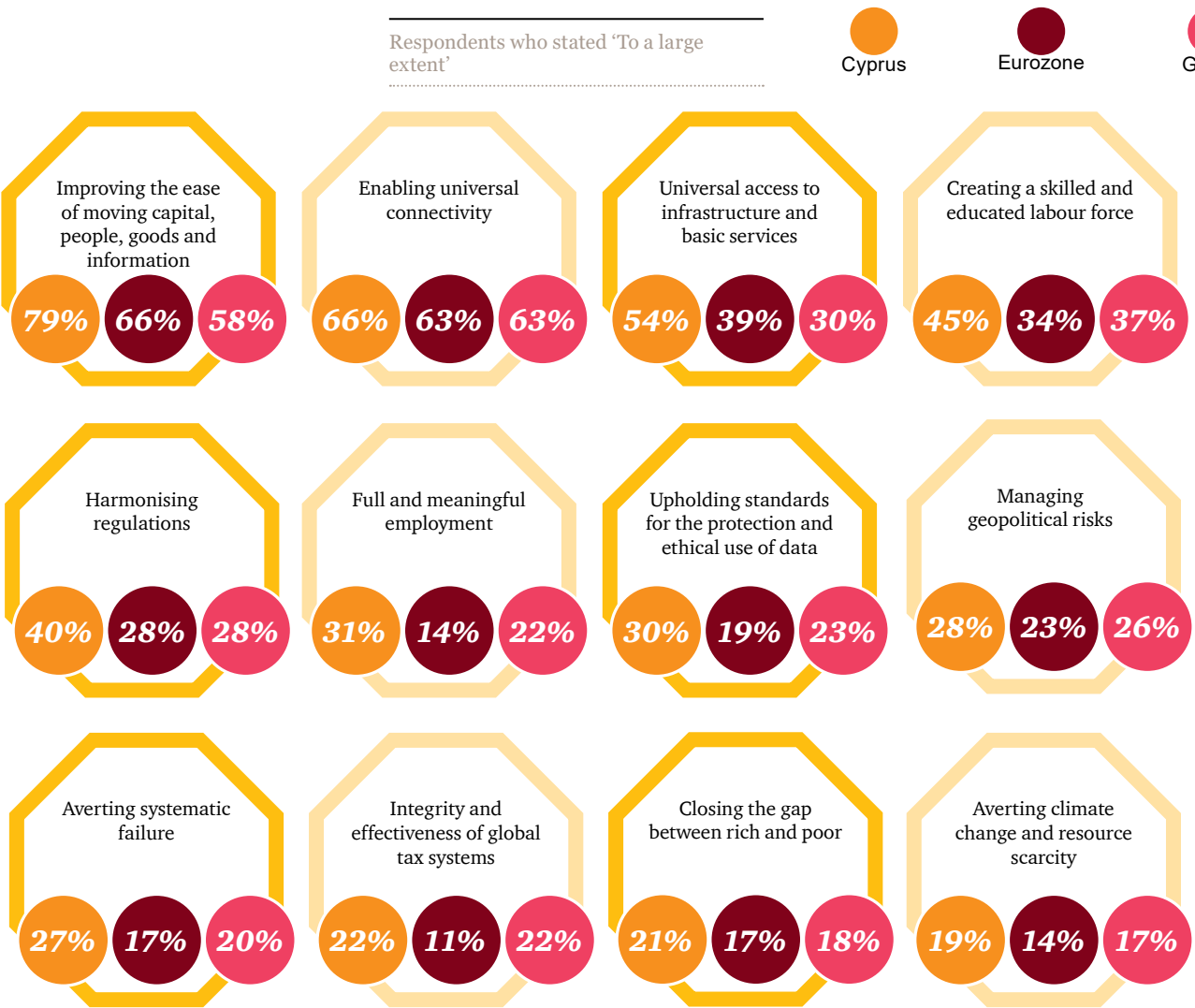
quite revealing, as CEOs have changed the way they think and act for their businesses. It is worth noting that CEOs in the Global Survey are divided over whether economic growth will benefit the many or the few. But let's go back to the local survey.

When asked to what extent, in their view, globalisation has helped in a number of areas, 79% of CEOs in Cyprus replied with certainty that it has mainly contributed towards improving the ease of moving capital, people, goods and information, followed by enabling

universal connectivity (66%). CEOs in the Eurozone share the same views as CEOs in Cyprus with 66% and 63% in the same areas, while for CEOs globally enabling universal connectivity ranks first with 63%, followed by improving the ease of moving capital, people, goods and information with 58%.

Figure 12: Positive impact of globalisation

Q: In your view, to what extent has globalisation helped with the following areas?







According to current data, the average duration of modern companies is constantly shrinking due to increased market disruption. But what can CEOs do to expand and strengthen the cycle of their companies? What are the influencing factors and how can we address them?

More than half of the CEOs in our sample, i.e. 57% in Cyprus, believe that changes in customer behaviours will be disruptive for their business over the next five years. On the other hand, CEOs globally and in the Eurozone are more concerned about the increase in the number of their direct or indirect competitors, with 69% and 51% respectively.

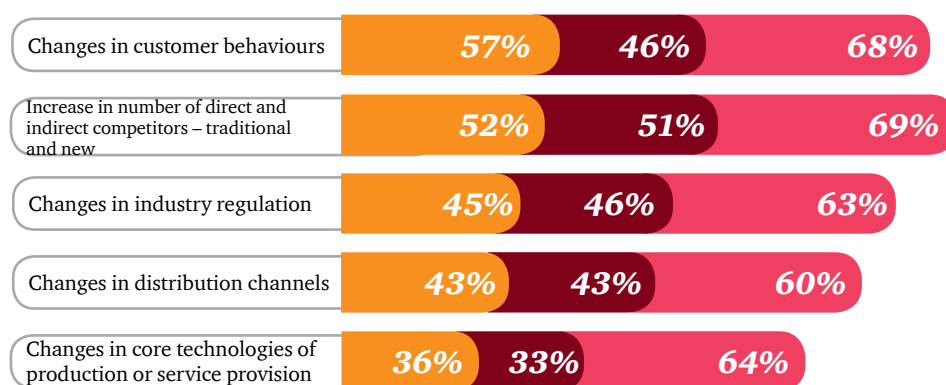
Therefore, in the context of globalisation, 97% of CEOs in Cyprus state that their organisation has not acquired a business greater in size than 20% of their own organisation during the last 12 months and also, 73% say that their organisation has not been a target for acquisition in the last 12 months.

**Figure 13: Disrupting business**

Q: How disruptive or otherwise do you think the following trends will be for your business over the next five years?

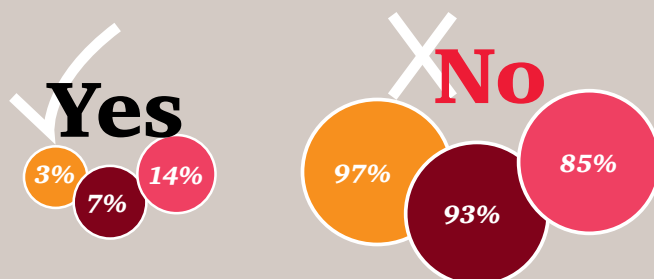
Respondents who stated 'Somewhat disruptive' or 'Very disruptive'

Cyprus Eurozone Global

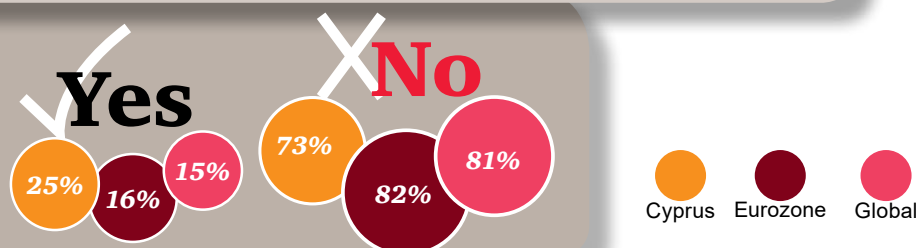


**Figure 14: Business acquisitions**

Q: Has your organisation acquired a business greater in size than 20% of your own organisation during the last 12 months?



Q: Has your organisation been a target for acquisition in the last 12 months?



Cyprus Eurozone Global

# It is a matter of trust



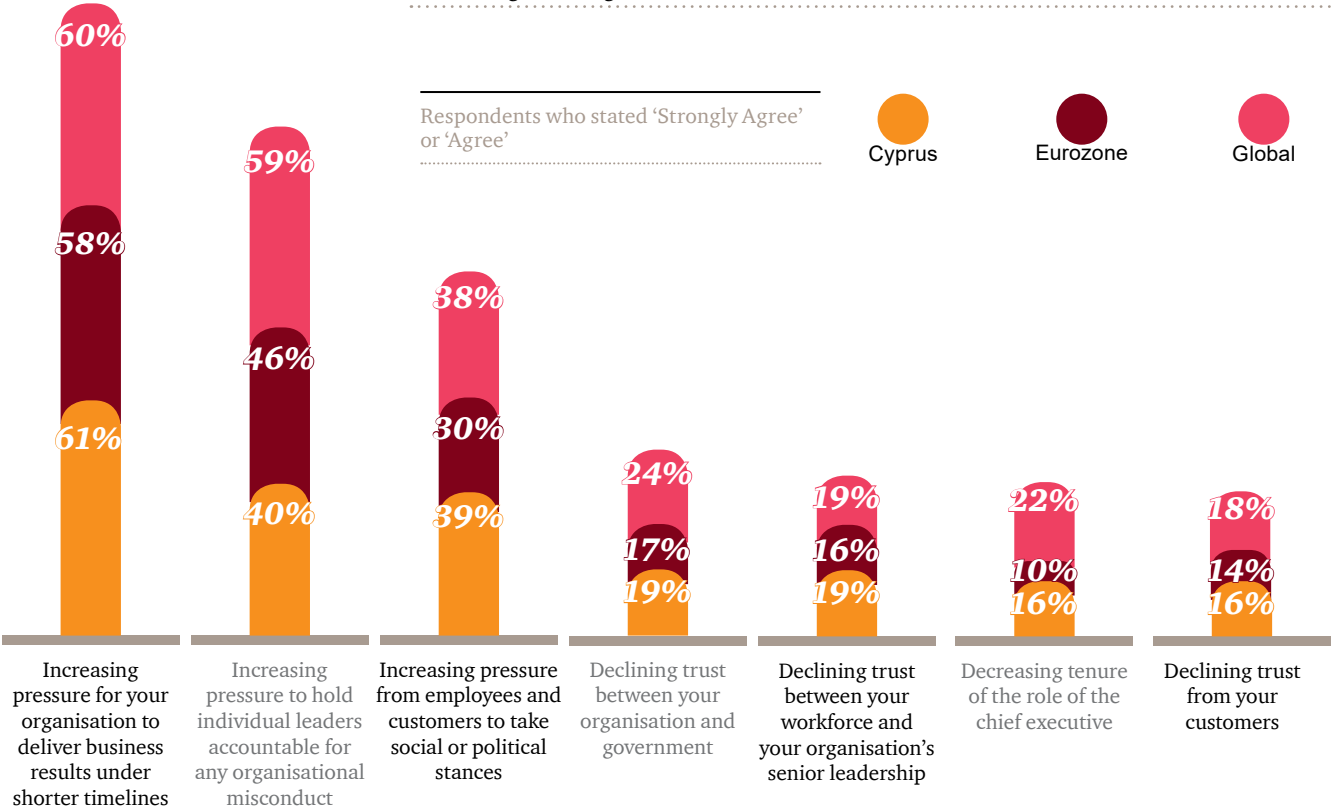
CEOs appear to be divided over whether economic growth will benefit the many or the few. Echoing the theme of the World Economic Forum this year, CEOs acknowledge that we live in a fractured world. They see the world moving towards a new multifaceted methodology of measuring prosperity in the future.

They are called to reflect on the issues facing their organisation, firstly by acknowledging reality and then by drafting an action plan that will shield their organisation in its next steps.

At this point in our survey we note for the first time an absolute agreement between CEOs in Cyprus and those globally and in the Eurozone in terms of the main challenges relating to trust towards businesses. Increasing pressure for the organisation to deliver business results under shorter timelines is the main challenge for the majority of CEOs, with 61% for Cyprus, 60% globally and 58% in the Eurozone. This is followed, in all 3 groups and in the same order, by increasing pressure to hold individual leaders accountable for any organisational misconduct.

**Figure 15: Challenges facing business**

Q: To what extent do you agree or disagree that you are currently experiencing the following challenges?





We therefore see a change in how trust is formed compared to the past. It is affected by an array of different reasons, such as pressure on organisations and their leaders for speed and results coupled with pressure for accountability in case of breach of duty. Moreover, pressure from employees and customers to take social and political stances also contributes towards building and maintaining trust.

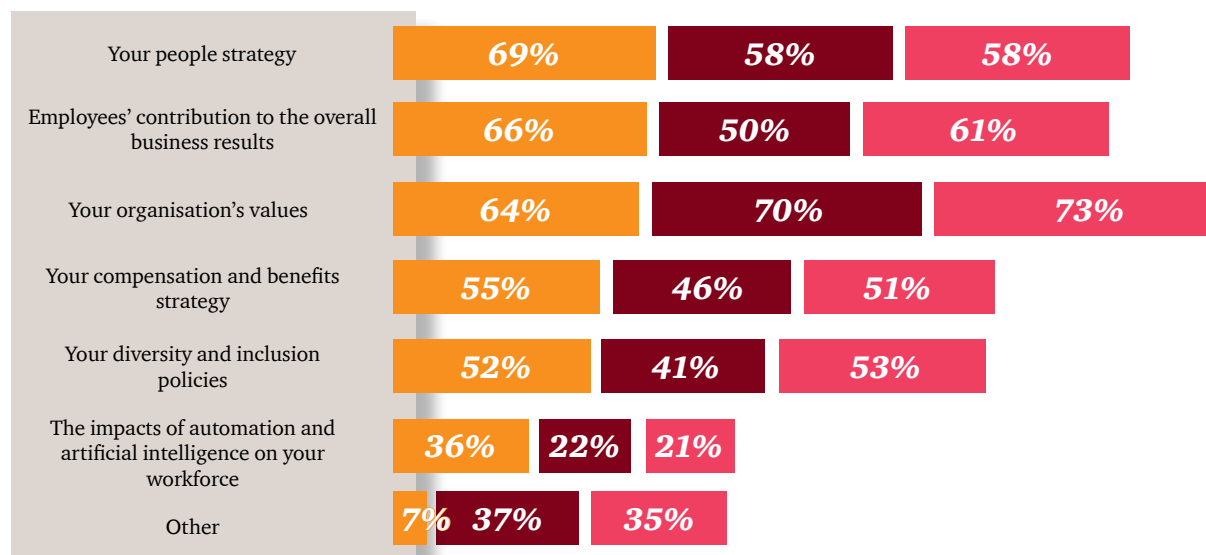
Trust needs time to develop on solid foundations and it is not something you can demand from others. Organisations and their leaders must therefore choose the strategy they will follow to build their own relationship of trust between the

organisation's workforce and its senior leadership, based always on their corporate values and principles. According to 69% of CEOs in Cyprus, transparency is the most important factor in an organisation's people strategy, while CEOs globally (73%) and in the Eurozone (70%) indicate that transparency is essential in promoting and implementing their corporate values.

**Figure 17: Building trust with the workforce**

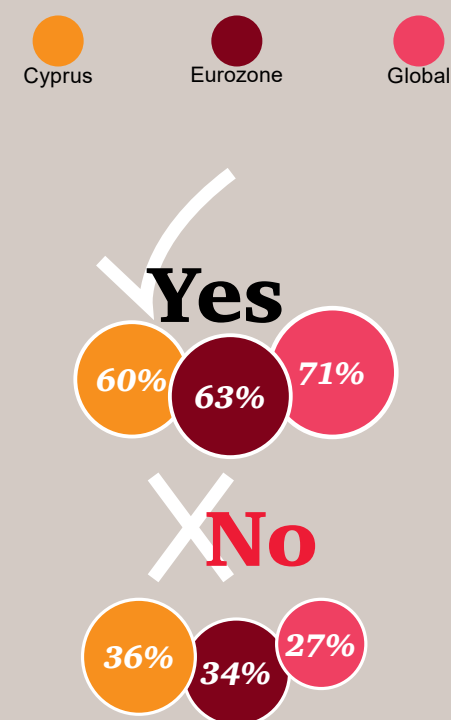
Q: To what extent is your organisation building trust with its workforce by creating transparency in the following areas?

■ Cyprus 
 ■ Eurozone 
 ■ Global 
 Respondents who stated 'To a large extent'



**Figure 16: Measuring trust between workforce and senior leadership**

Q: Do you measure trust between your workforce and your organisation's senior leadership?



49%

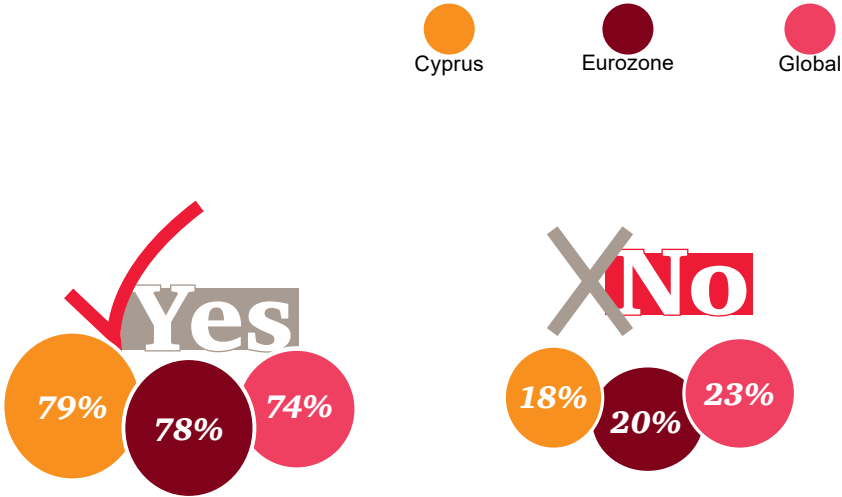
of CEOs in Cyprus believe that by contributing to philanthropic activities they can build trust between their organisation and its customers

At PwC, our principles and values are what define us as human beings above all. Our values and behaviours determine our expectations when interacting with our customers, our people and all our stakeholders. We therefore strive to follow them faithfully at all times, as these values characterise and define us. We care, we collaborate, we plan and work guided by transparency and integrity so that we can make a difference.

What does it take to build trust between an organisation and its customers? Where and how do CEOs build their relationship with their customers? For CEOs in Cyprus (49%) the answer lies in contributing to philanthropic activities, followed by transparency around the taxes they pay (45%). CEOs globally (50%), but also in the Eurozone (47%), give priority to creating transparency about aspects of their business strategy and investing more heavily in cyber security protection with 47% and 44% respectively.



**Figure 18: Measuring trust between the organisation and its customers**  
Q: Do you measure trust between your organisation and your customers?





*“Certainly businesses also have to deal with the issue of trust. It is very important. And this is why businesses invest so much in their brand, building their brand and maintaining the loyalty of their customers, because at the end of the day this is what is supporting the business and only through trust you can achieve that”.*

Eleni Kaloyirou,  
Chief Executive Officer of Hermes Airports Ltd

**Figure 19: Building trust with customers**

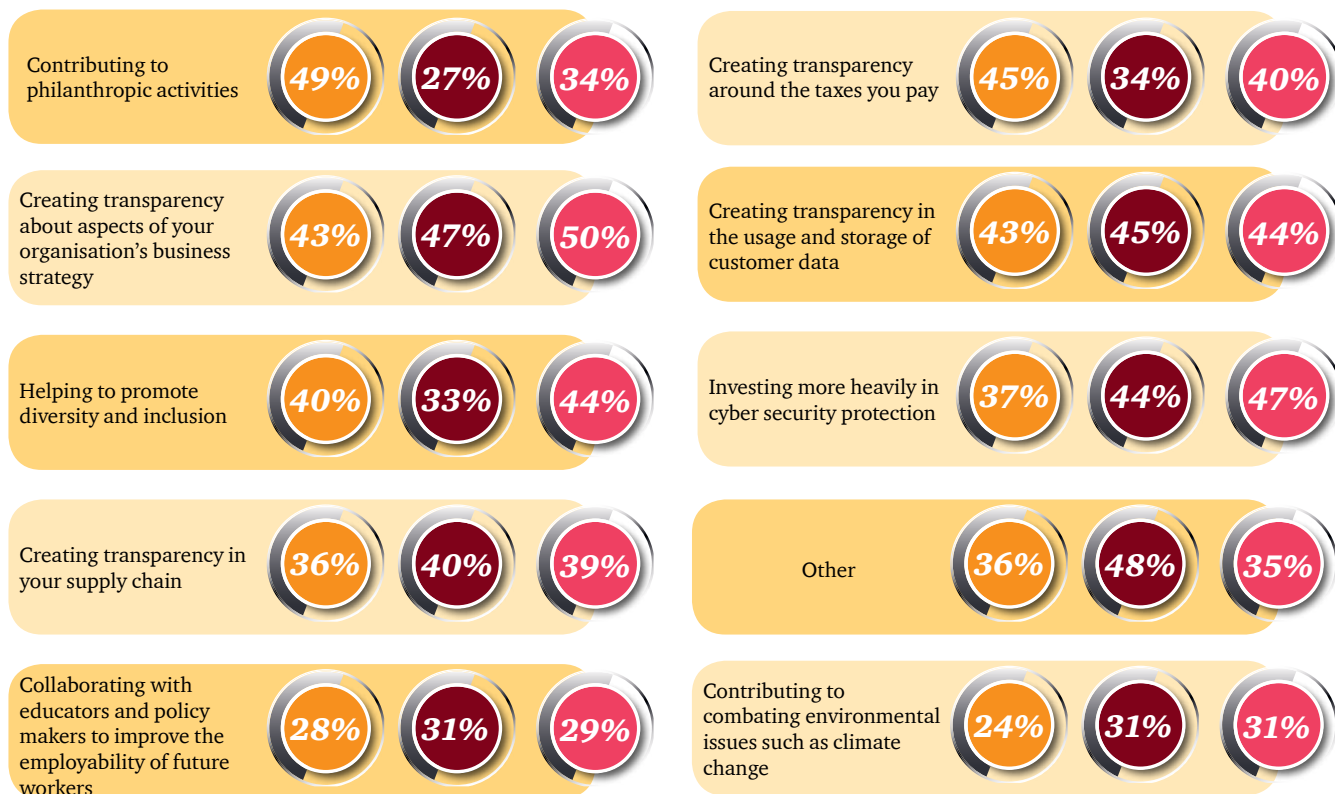
Q: To what extent is your organisation using the following strategies and tactics to build trust with its customers?

Respondents who stated ‘To a large extent’

Cyprus

Eurozone

Global



## Technology & talent

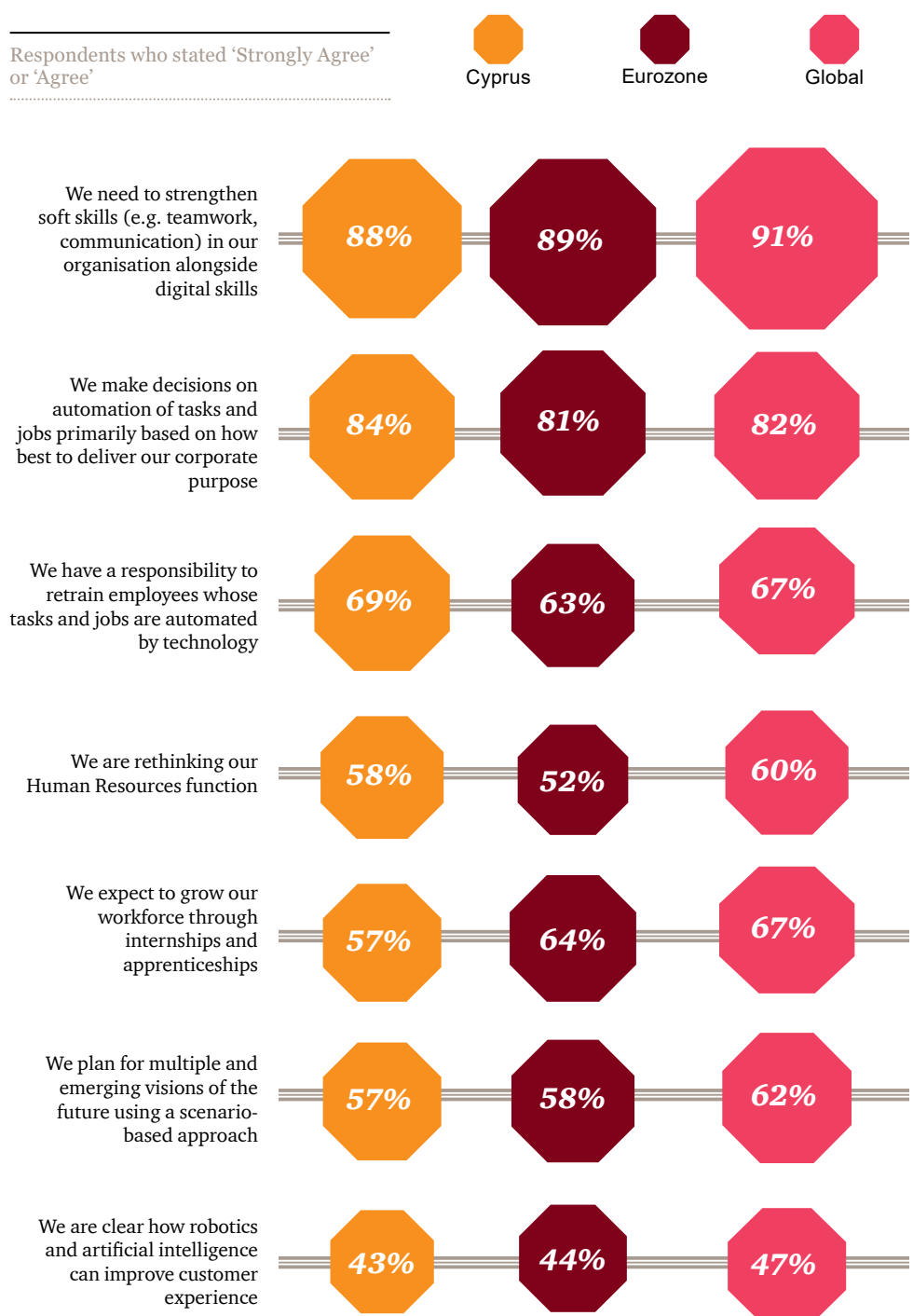
A lot has been said on technology and its role in businesses. The question is how each organisation manages technology to its advantage.

While according to the results of a recent PwC survey, employees are confident that technology will improve their employment prospects, CEOs admit that efforts to retrain employees and providing increased transparency on how automation and artificial intelligence could potentially affect jobs are becoming increasingly critical.

According to our survey, the majority of CEOs in Cyprus, globally and in the Eurozone agree that they should invest in their workforce and strengthen their soft skills (e.g. encouraging teamwork and good communication) alongside digital skills. This seems entirely logical as digital transformation may be booming, but if we fail to establish the simple and basic principles of good communication and teamwork, no matter how trained our people are or how much knowledge and skills they have, they will be unable to integrate in the company to achieve results.

**Figure 20: People strategy for the digital age**

Q: Thinking about your people strategy for the digital age, how strongly do you agree or disagree with the following statements?

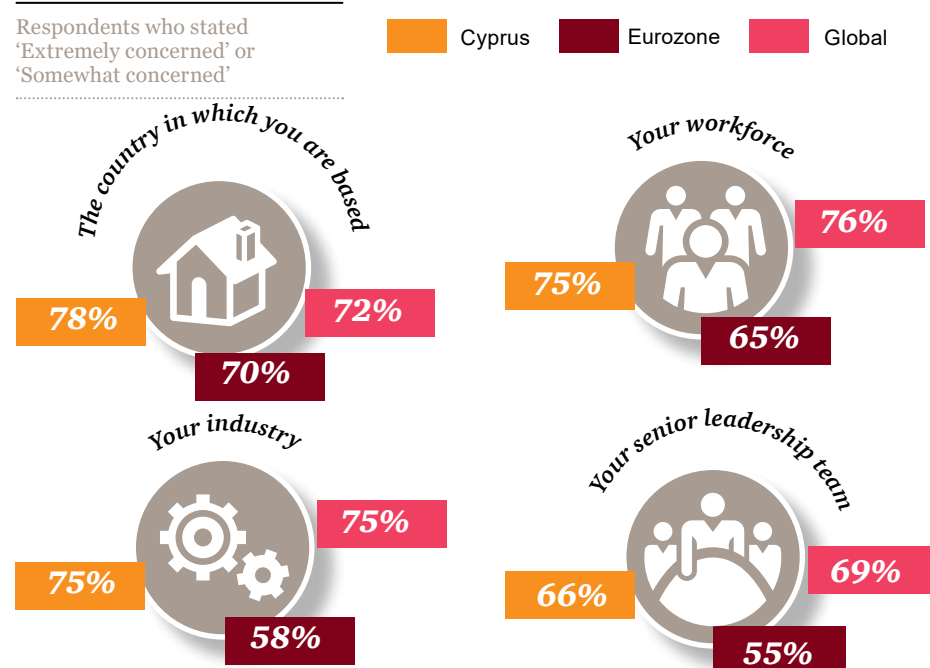




When it comes to the digital skills of their workforce in particular, CEOs in Cyprus and in the Eurozone are concerned about their availability in the country in which they are based, while they also express concerns about whether their workforce knows how to use existing and emerging technologies. CEOs in Cyprus find it difficult to attract digital talent (46%) and the same is true for CEOs globally (50%) and in the Eurozone (48%). So this is a big challenge for everyone.

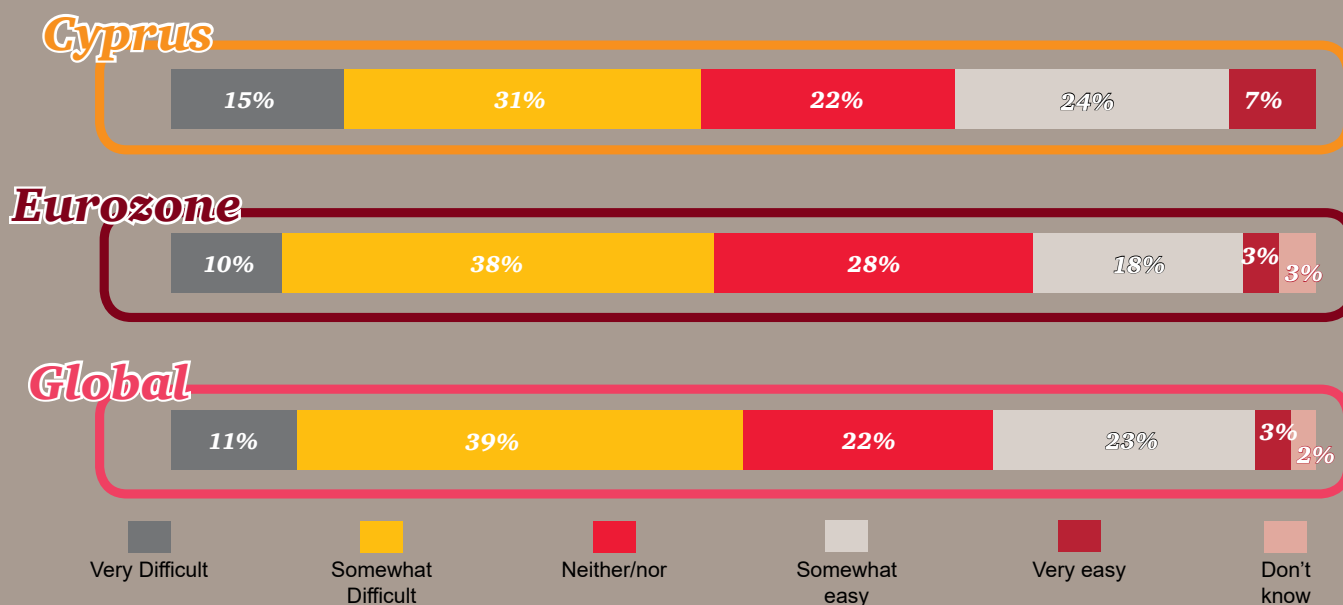
**Figure 21: Concerns about the availability of digital skills**

Q: Thinking specifically about digital skills, how concerned are you about the availability of these skills amongst the following:



**Figure 22: Attracting digital talent**

Q: Overall, how easy or difficult is it for you to attract digital talent?



When asked to what extent their organisation is using strategies to attract and develop digital talent, CEOs in Cyprus (49%), globally (44%) and in the Eurozone (48%) said that their top priority is to modernise the working environment by rolling out digital tools and creating collaborative physical environments. As a second priority, CEOs in all regions choose the implementation of continuous learning and development programmes.

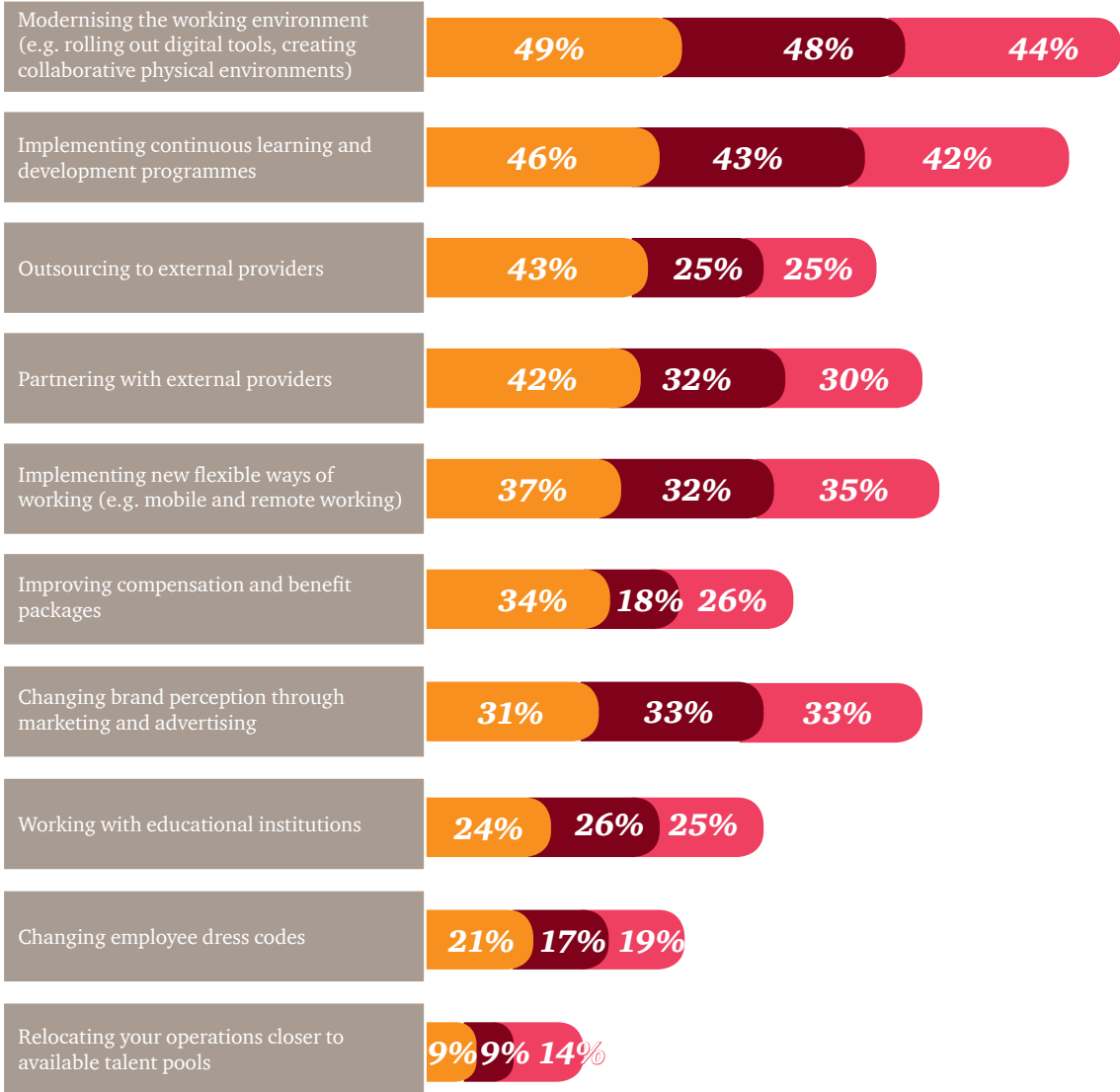


Figure 23: Attracting and developing digital talent

Q: To what extent is your organisation using the following strategies and tactics to attract or develop digital talent?

Respondents who stated ‘To a large extent’

Cyprus Eurozone Global





CEOs have also shared with us the type of activities they have adopted to develop their personal digital skills. CEOs in Cyprus (73%), globally (55%) and in the Eurozone (65%) said that they are customising the software and IT services they use, when necessary. The second most popular response for CEOs in Cyprus (63%) and globally (52%) was that they are managing their own public-facing social media accounts, while CEOs in the Eurozone (57%) are curating their digital media consumption.

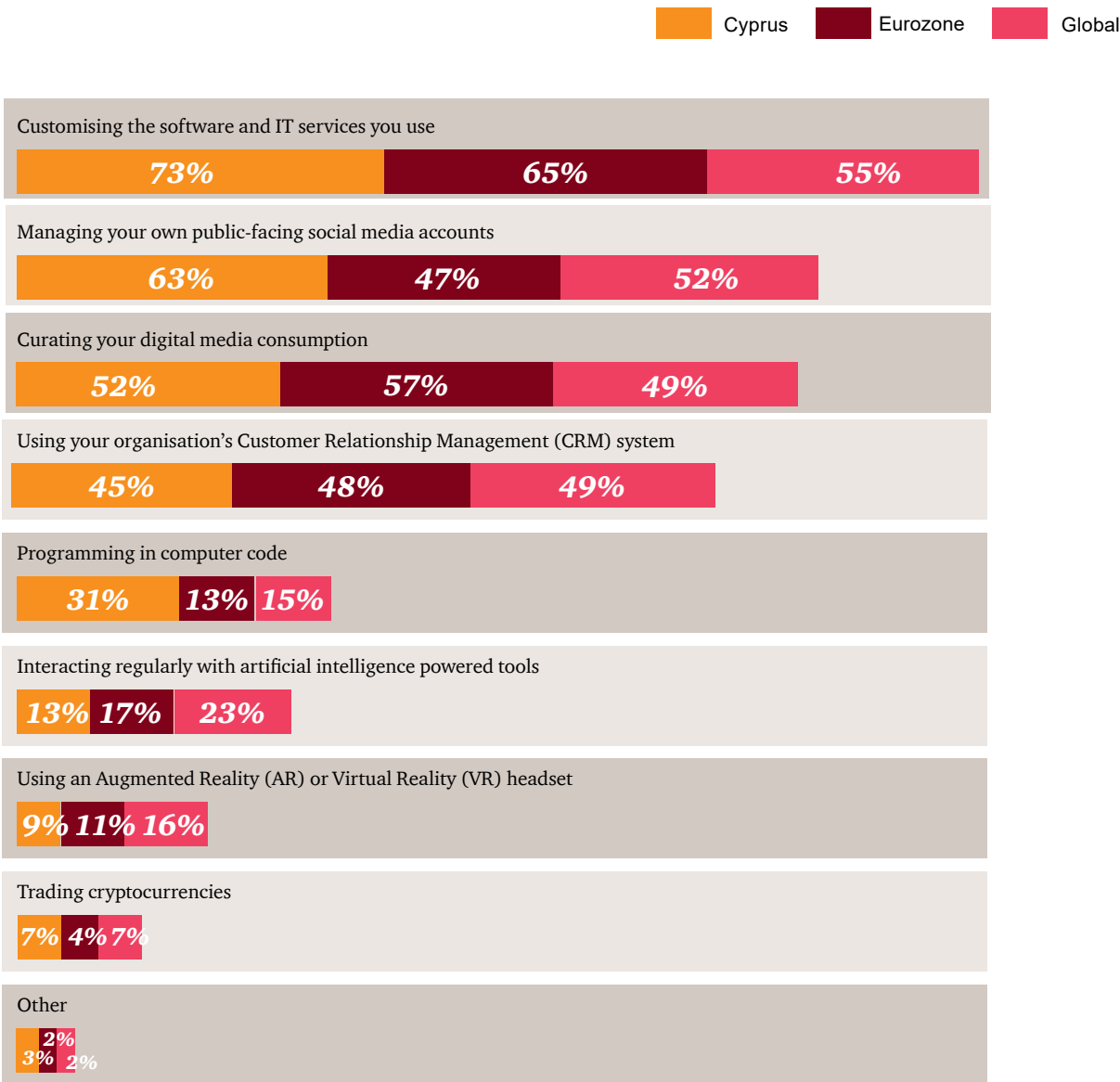


*“Technology is changing our business in many ways; in the way we operate, in the way we communicate with our passengers and in the way that things get reported back with respect to what we are doing”.*

Eleni Kaloyirou,  
Chief Executive Officer of Hermes Airports Ltd

**Figure 24: Activities to develop personal digital skills**

Q: Beyond engaging with functional experts, are you doing any of the following activities to develop your personal digital skills?





Concluding, let’s take a look at a standard question that we ask CEOs every year regarding their intention to increase, decrease or maintain their headcount at the same levels over the next 12 months. 63% of CEOs in Cyprus and 54% globally and in the Eurozone have stated that they will increase their headcount, compared to last year’s

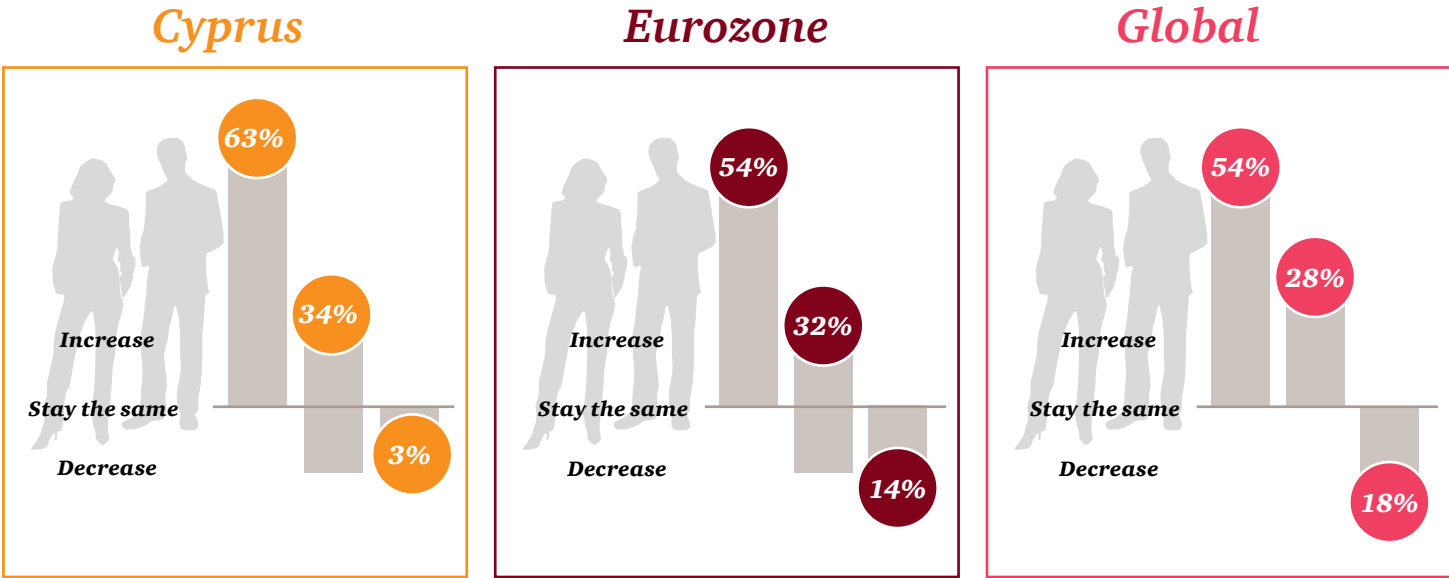
figures of 46% for Cyprus, 52% globally and 49% for the Eurozone. The responses to this critical question reflect the increased levels of confidence, reaffirming once again that growth will also come from within the organisation, through an increase in headcount.

**Figure 25: Changes in the headcount**

Q: Do you expect headcount at your organisation to increase, decrease or stay the same over the next 12 months?

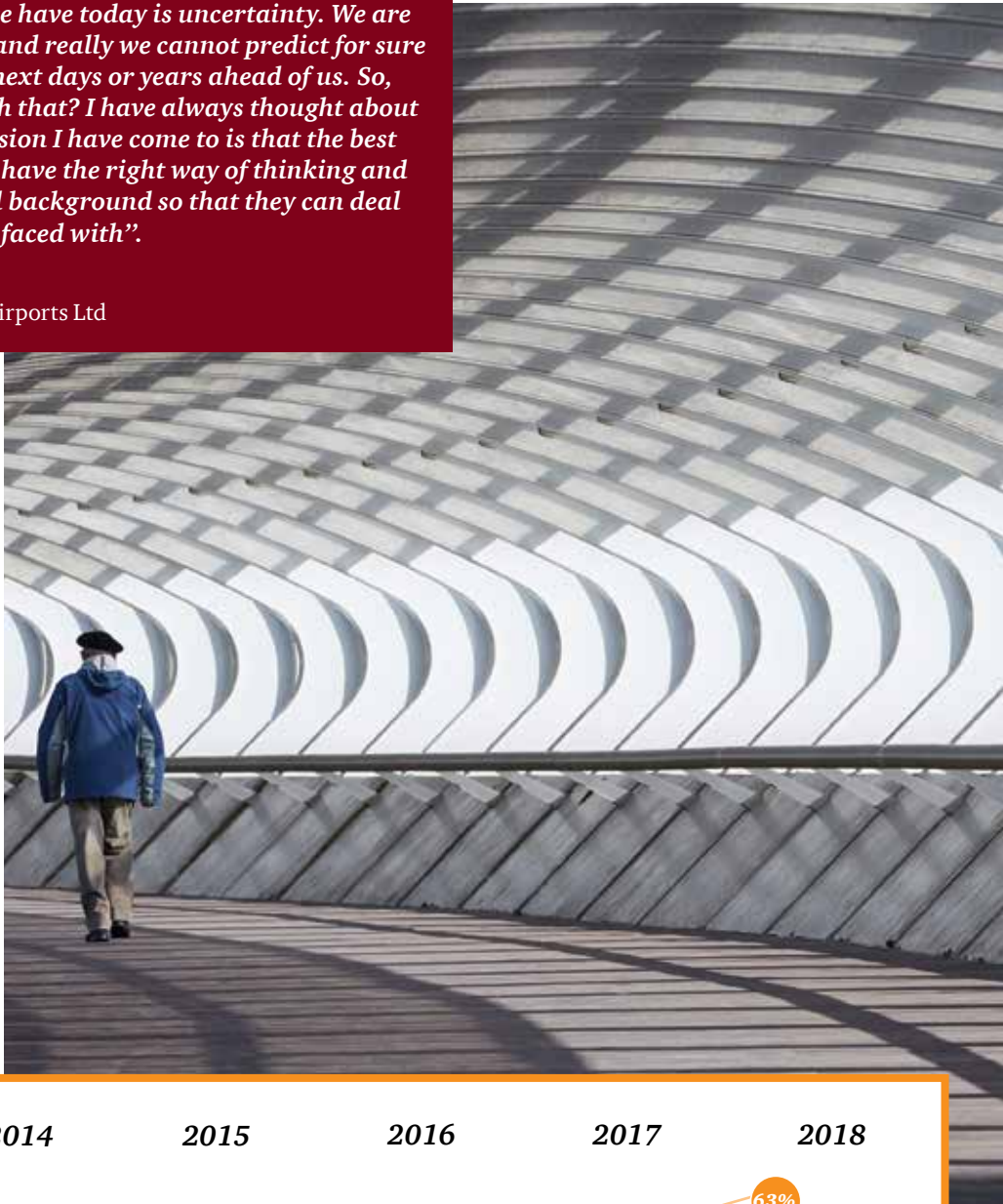
2018

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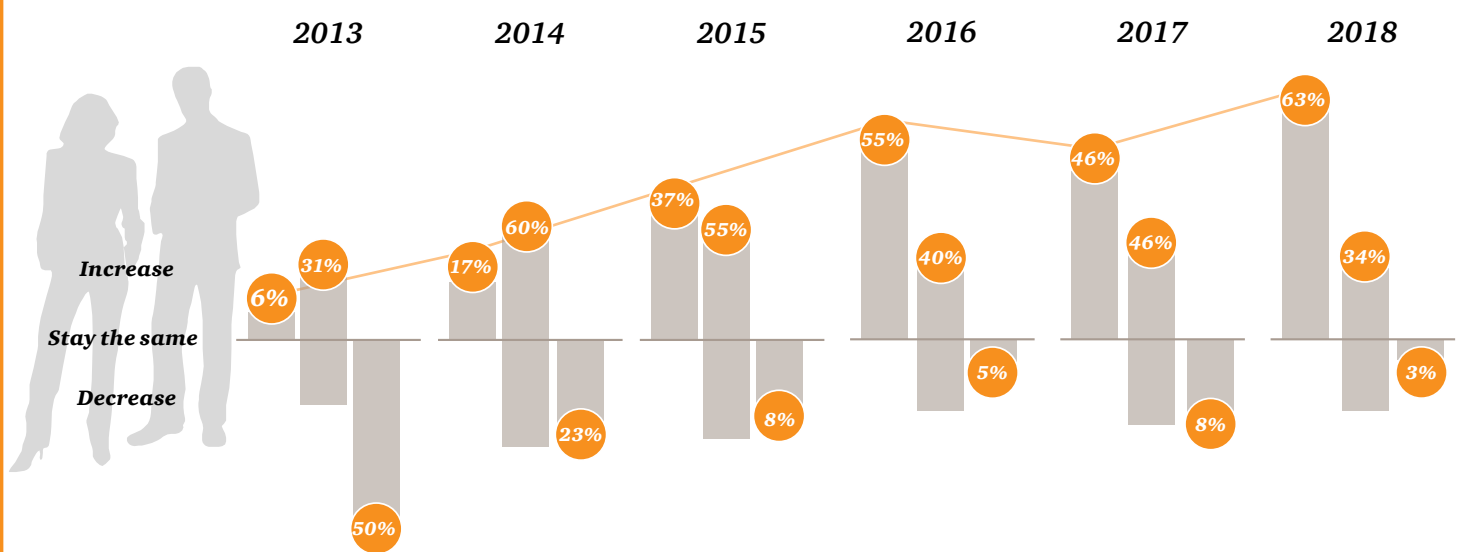


*“I think the biggest challenge we have today is uncertainty. We are faced with a lot of uncertainty and really we cannot predict for sure what is going to happen in the next days or years ahead of us. So, what is the best way to deal with that? I have always thought about that very deeply and the conclusion I have come to is that the best way, is to have able people who have the right way of thinking and the appropriate experience and background so that they can deal with any situation they may be faced with”.*

Eleni Kaloyirou,  
Chief Executive Officer of Hermes Airports Ltd



## Cyprus





## Conclusions



Optimism, trust, technology, talent, speed of change: these are the key findings of the 7th consecutive CEO survey in Cyprus.

CEOs today are more alert than ever before. We see a convergence of views, irrespective of whether they are located in Cyprus, globally or in the Eurozone. The survey highlights the positivity and optimism of CEOs for the growth prospects of the global economy as well as the revenue prospects of their own organisation. It is worth noting that their optimism is greater over the longer term.

In addition to the threats and challenges linked to the future of the Eurozone, geopolitical uncertainty, over-regulation and the tax burden, we see terrorism also emerging as a major issue of concern.

Things are changing fast. What was true last year is not necessarily true today. Both the optimism and the threats are influenced by the international political landscape, the situation in the banking system and non-performing loans, but also natural disasters, the migration issue and terrorist attacks. This is precisely what the survey highlights: how all of the above affect the judgment and views of business leaders.

CEOs are also facing business threats, such as the speed of technological change and the ultimate bet is how to best prepare to address them. For example, in the past no one could have imagined that business planning should also take into account the substantial risk of cyber threats, which can nowadays prove to be disastrous.

The numerous incidents of recent years involving hackers, cyber attacks and security breaches in leading organisations and large companies worldwide confirm that there is a dark side to technology as well. Investments in prevention and the training and development of the workforce on cyber threats and the broader use of technology are essential for every organisation. Employees must acquire the necessary skills that will allow them to support their company.

The relationship of trust with businesses also comes under the microscope as the increasing pressure on organisations to achieve results in shorter timelines poses a great challenge. It is clear that only stable and long-standing relationships inspire trust between employees and their companies or companies and their stakeholders.

From amongst the key findings, let's keep the optimism of CEOs in Cyprus and see how it translates into tangible growth over the next year and, of course, what changes the future holds.







## Interview with

*Eleni Kaloyirou,*

*Chief Executive Officer of  
Hermes Airports Ltd*

*Where do you see the global economy going over the next years and in what way do you believe it will affect Cyprus?*

I am happy to say that the global economy is finally beginning to look healthy, ten years after the start of the last financial crisis that we suffered. This year, for the first time, we are seeing that all economies, both emerging and developing, are forecasted to grow. Of course, some will grow faster than others. On average, the IMF is forecasting a 3,7% growth in GDP over the previous year. As far as the Eurozone is concerned, low investment and an aging population restrict the levels of growth. But even Eurozone is expected to grow by 2% in the coming year. Of course risks remain. Mostly, geopolitical risks that have to do with the nuclear issues in Iran and North Korea. Also, the ongoing wars in Syria and Yemen do not allow us to relax. And finally, the fact that central banks are beginning to raise interest rates may give a sign that this economic cycle is coming to an end and could lead to a future decline in growth. We hope that it will last though.

Now as far as Cyprus is concerned, Cyprus is a small open economy, its GDP is impacted by services including tourism, so the positive outlook for the world economy is also positive for Cyprus. Cyprus is expected to grow by 3% in 2018 following from a 3,8% growth in 2017. So, overall a positive outlook for the coming year.

*What about your own growth prospects over the next few years? Where do you see the main opportunities for growth for your business and what are you doing to make it happen?*

Our business is tightly related to tourism. In the last couple of years, Cyprus has done very well as a tourist destination. We have enjoyed growth in excess of 35% over the last two years and actually in excess of 45% in the last 4 years. This is impressive. We expect this to continue and obviously we are taking steps to be able to accommodate these passengers and grow further. What we are seeing internationally is a change in the patterns of people flying. What I mean is that in the past, flying activity used to be linked to the GDP growth of a country but last year, we saw that within Europe for example, air travel has grown in excess of 8% so many multiples over the growth of GDP in the Euro area. It seems that this is a new trend based on the fact that low cost carriers have made travelling easier and more accessible to people. We are also observing this new trend of the younger generation, who wish to experience things, as opposed to simply buying goods. This is positive for our industry because it means more people wish to travel. We see that this trend is likely to continue but of course we need to take steps as a country to ensure that growth will be sustainable, that we promote our tourism product in the proper way and ensure that our branding is correct, so that we have a sustainable pattern, and not a start and stop growth pattern like we had many years ago.

*Which are the biggest threats and uncertainties facing your business today and what do you think will be the biggest threat in the years to come? What are you doing to address them?*

One of the biggest threats to our business is generally the geopolitical uncertainty that exists around the world. In the same way that we have been successful over the last two years and have taken advantage of the geopolitical instability in our area, this could turn against us at any moment.

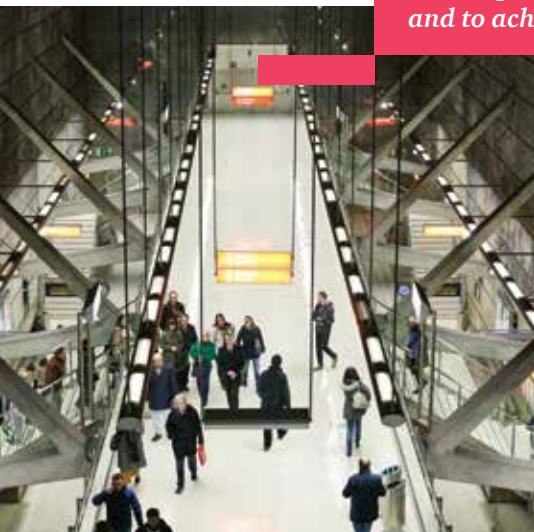
Also, we need the tourism growth of Cyprus to be sustainable, so if we do not take measures to ensure that growth will be achieved as mentioned earlier, in a sustainable fashion, this may also impact our business and it is something on which we have to work closely with all tourism stakeholders in the country to ensure that we achieve it. Now, what are we doing about it? There are certain risks for which unfortunately there is little we can do about, such as geopolitical instability. For those risks, what we can do, is monitor them and try and see how we can mitigate them in the best possible way, which sometimes can only be through diversification. For other risks, we can take steps to monitor them, for example by ensuring the safety and security of our operations, ensuring that we always have on hand the best people to deal with problems as they arise and generally by being vigilant and aware of the surrounding environment.

*In what ways do you believe technology is changing business? What specific strategies are you using or planning to use?*

Technology is changing our business in many ways; in the way we operate, in the way we communicate with our passengers and in the way that things get reported back with respect to what we are doing. So for example, we are seeing operationally that the check-in area is not what it used to be many years ago and neither is it going to stay the same. The International Air Transport Association (IATA) is forecasting that over the next 10 years we are not going to have the traditional check-in halls. People will proceed immediately through security to the commercial areas to relax and enjoy their time before their flight. You can see already that people are checking-in from home, sometimes their baggage is even checked-in and taken from them before they even arrive at their airport. All these trends are likely to continue. The second thing, is the way we communicate with our passengers. Through the social media we have today, it is so much easier to be closer to your passengers, learn their needs and project to them many new things that we are doing. At the same time, of course, this can have the opposite effect because in certain ways you cannot “hide” some mishaps or problems that you may have. As soon as somebody is experiencing a problem, immediately he can tweet about it and the whole world will know. So, this means that you need to be ever more attentive and careful with the quality of the service that you are offering because of the fact this is much more noticeable. So, what we are doing about it, is that we are investing in technology, both in things that people see and in things that people cannot see. The check-in area is changing all the time with e-gates, self-service kiosks, the fast-track technology that we use and others. Even in areas that people don't see we are making changes. For example in the area of security, security of the baggage and security of the people, we are investing all the time to ensure that we are up to date. And of course, we invest in social media, we have upgraded our website to contain an interactive map of our destinations and in other things to ensure that we remain in touch with progress and with our customers.



*“Like any company, of course Hermes wants to create value for its shareholders but at the same time the role that we play in the tourism industry and the economy of Cyprus is so important that I feel a sense of fulfilment by being able to contribute in that way and to achieve that I think it will be a great success”.*



*Loss of trust in business and institutions is currently a hot topic for business leaders. To what degree do you think loss of trust has affected the relationship between your business and various stakeholders such as clients, people, investors, the state etc.? What strategies are you using to build trust?*

I agree that trust has been lost, although I think that people have lost trust mostly in institutions, not so much in businesses, but certainly businesses also have to deal with the issue of trust. It is very important. And this is why businesses invest so much in their brand, building their brand and maintaining the loyalty of their customers, because at the end of the day this is what is supporting the business and only through trust you can achieve that. So, what are we doing about it? First of all as a company we have values. Our values are that we should work as one to deliver customer excellence and in doing so we want to be proud, we want to be forthright, we want to be trustworthy and we want to be caring at the same time for our customers, our passengers. These values are enshrined in our employee handbook, they are posted everywhere in the company and they are what people aspire to and what we hold them accountable for through our performance evaluations. Also, we have introduced a code of ethics because we want to be a respectful and respected company. Through this code of ethics we have put in place the way that we want to do business and be truthful to our passengers and our customers but also with everybody else that we work with. And finally, as part of our strategic priorities, we want to enhance the way that we care for our employees because ultimately this is the way that our strategy is being delivered and also improve our relationships with all our stakeholders, which are none others than the ones you mentioned at the beginning. So obviously, we are aware of the need to generate trust and we believe that through our people we can project this on to the people that come into contact with us and hopefully get all our stakeholders to trust us and therefore generally improve the business environment.

*What are the main challenges faced by women in top positions in Cyprus today? What was the most difficult thing you had to overcome in your career?*

I would like to say that I never think of myself as different to anyone else because of my gender. I believe that both men and women face equivalent challenges in their everyday life. I don't like to think that there is a difference and actually when I am sitting across a table from other people I don't stop to think if he is a man or if she is a woman. It doesn't really make a difference. It is a person and so am I and we are all here to do what we have to do and to deliver on our objectives. So, from that point of view I wouldn't like to differentiate myself just because I am a woman. So, let's see what challenges any leader of an organisation faces. I think the biggest challenge we have today is uncertainty. We are faced with a lot of uncertainty and really we cannot predict for sure what is going to happen in the next days or years ahead of us. So, what is the best way to deal with that? I have always thought about that very deeply and the conclusion I have come to is that the best way, is to have able people who have the right way of thinking and the appropriate experience and background so that they can deal with any situation they may be faced with. And I think once you have the right team in place, any unexpected situation that may come your way, you can find the ways to address it. Of course, it helps to be vigilant and this is why we monitor the risks facing our business so that they don't come as a surprise to us and with the right approach, we believe that we can address them.

*Finally, as the CEO of your enterprise, what is the one thing you want to be remembered for?*

Our company's vision is to manage best in class airports, offering a product with a unique sense of place and generating value for the country as a whole and in particular for the tourism industry. If I can make any difference with respect to that and can be remembered for that, this would be a very big achievement for me. Like any company, of course Hermes wants to create value for its shareholders but at the same time the role that we play in the tourism industry and the economy of Cyprus is so important that I feel a sense of fulfilment by being able to contribute in that way and to achieve that I think it will be a great success. And finally, I think that if I can be remembered for my values, this is very important. My values are very important to me and I would not compromise them under any circumstances. So, if aside from being a successful leader, I can be remembered as a person who has always behaved in a fair and equitable manner and managed to achieve all the targets that have been set in an ethical way, I think this would be a very good legacy for anybody to have.





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## **Acknowledgements**

*PwC gratefully acknowledges the contribution of the 67 CEOs in Cyprus who have taken part in the 21th CEO Survey, Country Summary: Key findings in Cyprus.*

*Special thanks to Mrs Eleni Kaloyirou, Chief Executive Officer of Hermes Airports Ltd*



The 21<sup>st</sup> Global CEO Survey report is available online at [www.pwc.com/ceosurvey](http://www.pwc.com/ceosurvey).

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