



28th Annual CEO Survey

Azerbaijani Edition

**Reinvention on the edge
of tomorrow**



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Foreword

Thirty years ago, PwC planted roots in Azerbaijan's emerging economy. Today, as we celebrate three decades of partnership, I am struck by how this year's CEO Survey captures Azerbaijan at its most defining moment yet.

Our business leaders possess a remarkable confidence premium: 63% expect domestic growth - outpacing regional peers by 39 percentage points. More than half are expanding their workforce while global counterparts remain cautious. This isn't unfounded optimism; it reflects the maturation of Azerbaijan's diversified economy and strategic positioning we've witnessed over three decades.

Yet what defines our moment is not confidence alone, but the sophisticated awareness behind it. Nearly half of our CEOs recognize that fundamental transformation is essential for long-term viability, even while reporting strong current performance. This is strategic maturity.

The challenge? Execution. While 81% have diversified into new industries, only 5% have scaled these ventures to generate substantial revenue, and 51% produce nothing from new business lines. In artificial intelligence, we lead globally with 36% expressing high trust, yet only 20% report meaningful profitability gains. We have world-class strategic vision; now we must master world-class execution.

Having witnessed Azerbaijan's evolution from early privatization to hosting COP29, we see familiar threads of resilience and forward-thinking leadership. But today's transformation imperative is different—it requires not just adapting to change, but architecting it.

The companies that will define Azerbaijan's next chapter are those who bridge the strategy-execution divide. Technology sectors already demonstrate this potential, with 33% pursuing strategic AI integration alongside exceptional market performance. The winners will be those who scale AI from experimentation to enterprise transformation, convert diversification attempts into profit centres, and transform climate commitments into competitive advantages.

Azerbaijan's confidence premium becomes a competitive advantage only when paired with execution excellence. Our journey from a resource-dependent to a diversified economy has been remarkable. The next chapter promises to be extraordinary.

The edge of tomorrow is not a distant horizon; it is the competitive landscape we are already shaping.



Shaukat Tapia
Country Managing Partner

Celebrating 30 years of building a stronger tomorrow in Azerbaijan

Executive Summary

Azerbaijan's business leaders possess a remarkable confidence premium that sets them apart from regional peers, yet converting this strategic positioning into execution excellence remains the defining challenge for sustained competitive advantage.

Economic confidence drives expansion plans

62% of Azerbaijani CEOs expect global economic improvement over the next 12 months (Global: 58%, CEE: 59%), while 63% anticipate domestic growth compared to CEE's 24%. This translates into aggressive expansion: 54% plan workforce increases versus 6% reductions, and 68% report increased market share over five years.

The critical test: **Can this confidence premium sustain through inevitable execution challenges ahead?**

The Transformation Paradox

48% believe their companies won't be viable in the next ten years without transformation. In response, 81% have entered new industries compared to just 38% globally. Yet only 28% generate meaningful revenue from fundamentally new business areas.

Azerbaijani companies have entered new market but not market monetisation is low. With 81% claiming to have diversified, the winners will be those who solve the scale puzzle—converting pilot success into profit centres. **This isn't a strategy problem; it's an execution premium.**

AI leadership potential awaits activation

36% of Azerbaijani CEOs express high AI trust versus 19% globally and 33% in CEE, positioning Azerbaijan slightly above the global benchmark for AI confidence—with 22% planning core business strategy integration, similar to Global (24%) and nearly double CEE levels (13%). However, execution lags ambition.

Climate action ready for acceleration

COP29 hosting creates unique momentum, with regulatory complexity rather than internal resistance constraining progress.

- **Climate barriers:** 54% regulatory complexity, 37% internal resistance (lowest)
- **Investment readiness:** Leadership prepared, awaiting policy alignment
- **Risk assessment:** 37% minimally exposed to climate threats

Business performance foundation

CEOs report strong underlying business fundamentals supporting their strategic confidence.

- **Market leaders:** 68% increased market share over 5 years (44% moderate growth, 25% significant gains)
- **Revenue strength:** Growth rates spanning 10-100% with profit margins reaching 10-40%
- **Viability drivers:** Increasing demand (primary), organizational efficiency, strategic choices
- **Risk priorities:** Inflation (46% high exposure), geopolitical conflict (54%), skilled worker availability (51%)

Economic Outlook

Azerbaijan's business leaders demonstrate exceptional confidence in both global and domestic economic prospects, translating optimism into aggressive expansion strategies that distinguish them from international peers.

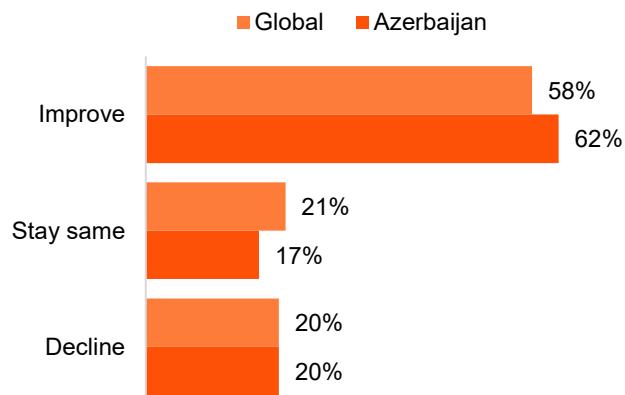
Recovering global confidence

62% anticipate global economic improvement over the next 12 months, aligning with both CEE (59%) and global (59%) averages. This represents a dramatic recovery from 2023 pessimism, when only 47% expected improvement and 53% anticipated decline—now reduced to just 20% in line with CEE and Global expectations.

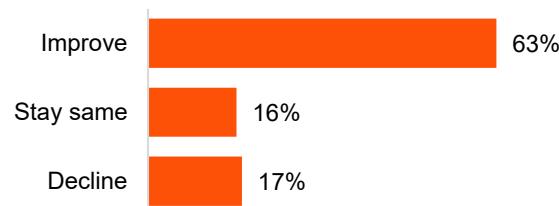
Domestic economic advantage

63% expect improvements in Azerbaijan's economy, maintaining the historical positivity. This domestic confidence creates a substantial 39-percentage point advantage over CEE peers (24%), reflecting successful economic diversification and strategic regional positioning.

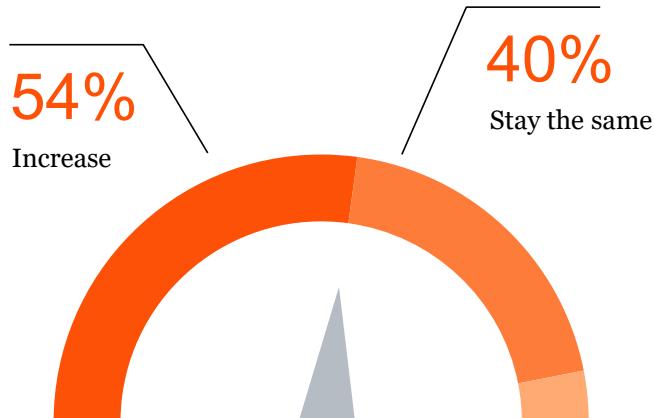
Q. How do you believe Global economic growth (i.e., gross domestic product) will change, if at all, over the next 12 months?



Q. How do you believe Azerbaijan's economic growth (i.e., gross domestic product) will change, if at all, over the next 12 months?



Q. To what extent will your company increase or decrease headcount in the next 12 months?



Expansion plans signal market confidence

Business confidence translates into concrete action:

54% expect to increase headcount in the coming year, while only 6% plan workforce reductions - a 9:1 expansion ratio.

Globally, the picture is more cautious: 42% plan increases versus 17% planning cuts (roughly 3:1 ratio). This means Azerbaijani businesses are three times more optimistic about expansion than the global average."

AI Adoption and Integration

Azerbaijani companies demonstrate strong AI confidence and ambitious integration plans, yet current returns suggest implementation capabilities haven't matched strategic expectations.

Current adoption and results

46% of CEOs actively use generative AI, with 43% of users reporting profitability increases - though most (33%) characterize these as slight rather than dramatic gains. More pronounced are efficiency benefits: 84% report improved personal productivity and 83% see enhanced employee time utilization.

Strategic integration plans exceed regional norms

53% plan core business strategy integration, substantially above CEE's 13% and approaching global benchmarks (24%).

62% predict systematic integration into technology platforms over three years, while 41% plan workforce integration and 49% anticipate business process integration.

Q. To what extent will your company integrate AI over the next three years?



Trust advantage vs. Execution gap

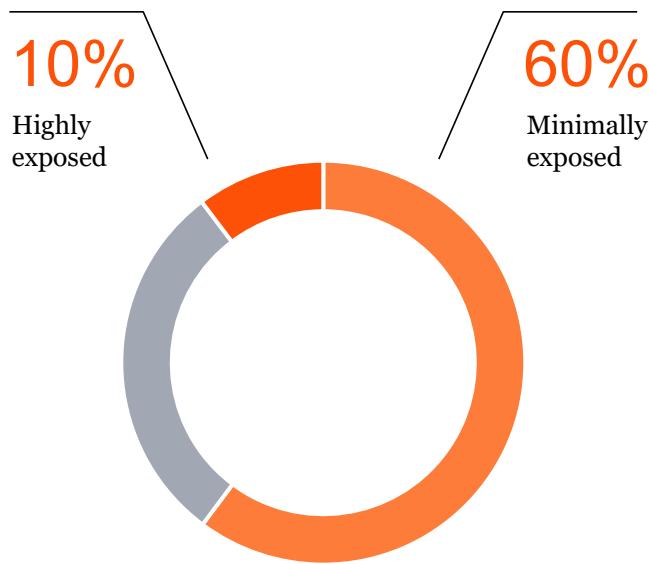
Azerbaijan demonstrates exceptional AI confidence with 36% expressing high trust versus 19% in CEE - a strategic asset for accelerating beyond pilot projects. However, current profitability impact (20% of all CEOs) lags CEE (27%) and Global (34%) averages, indicating an implementation gap despite strong strategic positioning and confidence levels.

Strategic implications

High trust levels combined with responsible deployment focused on augmentation rather than replacement positions Azerbaijan favourably for comprehensive AI integration. The challenge lies in translating confidence and ambitious plans into measurable results that match the country's strategic positioning.

Climate Action and Sustainability

COP29 hosting creates unique momentum for climate action, yet systemic barriers rather than strategic resistance constrain progress, suggesting rapid acceleration potential once external frameworks align.



Climate risks seen as a moderate concern

Azerbaijani CEOs take a measured view of climate risks. While 30% report at least moderate exposure to climate-related financial losses over the next year, only 10% see high risk to their companies. The majority (60%) expect minimal impact, suggesting businesses view climate change as manageable rather than an immediate threat.

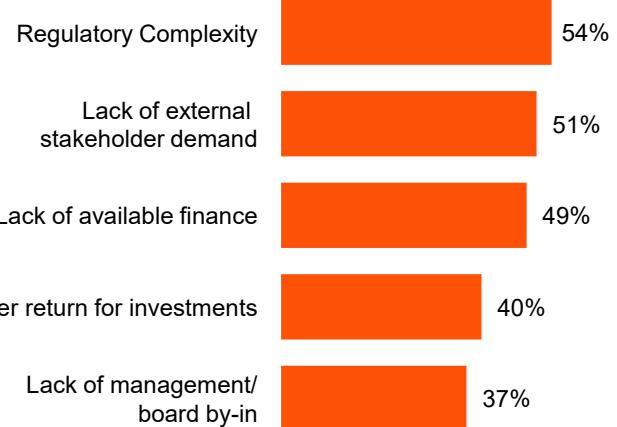
Q. To what extent, if at all, have the following factors inhibited your company's ability to initiate climate-friendly investments in the last 12 months?

Investment priorities and constraints

54% cite regulatory complexity as the primary barrier to climate investment. The same is true for the CEE (58%) and globally (48%), placing Azerbaijan between CEE and Global averages, suggesting moderate regulatory complexity compared to international peers. Followed by insufficient stakeholder demand (51%) and lack of available finance (49%). Notably, internal management resistance ranks lowest at 37%, indicating leadership readiness that awaits supportive external conditions.

COP29 Catalyst Effect

Hosting COP29 provides distinctive positioning for climate leadership, particularly given the alignment between high-risk awareness (71%), strategic integration (65%), and low internal resistance (37%). This combination suggests potential for accelerated progress once regulatory clarity improves.



Strategic implications

Climate risk recognition combined with strategic planning integration and leadership readiness positions Azerbaijan favourably for comprehensive climate action, with execution gaps representing competitive advantages for companies that bridge the strategy-to-action divide.

Strategic Decision-Making, Transformation, and Viability

Azerbaijan's business leaders recognize transformation imperatives but struggle to convert strategic awareness into successful diversification, revealing a complex relationship between current success and future preparedness.

Transformation imperative recognition

48% believe their companies won't be economically viable in the next ten years without fundamental transformation (CEE: 52%; Global: 42%), indicating higher transformation urgency than global peers. This awareness creates timeline pressure: 33% see viability challenges within 3-5 years, while only 41% feel secure beyond 10 years. However, this recognition has not translated into successful diversification action.

The diversification paradox

Despite transformation awareness, execution remains limited. While 81% of CEOs claim to have entered new industries, revenue data reveals a stark reality:

- **51% generate zero revenue** from new business lines added in the past five years
- **30% produce minimal returns** (1-10% of total revenue from new ventures)
- Only **5%** have successfully scaled new businesses to represent 40%+ of revenue

This suggests a significant gap between diversification intentions and business results, with most "new industry" efforts failing to generate meaningful revenue contribution.

Decision-making agility

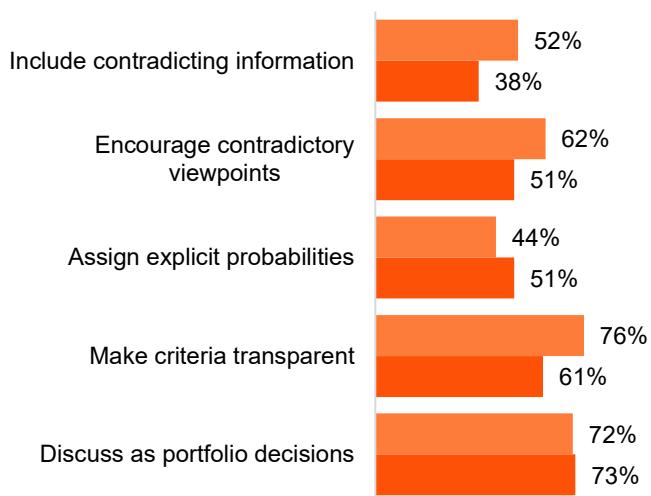
Strategic decision-making demonstrates balanced approaches: companies show willingness to explore multiple opportunities while maintaining operational discipline in core businesses. This measured transformation strategy aligns with the confidence-execution patterns observed across AI adoption and climate action areas.

Viability positioning

Azerbaijan's business community faces a strategic paradox: 48% recognize the need for fundamental transformation, yet 69% report growing market share in core businesses. This success may explain why 51% have generated zero revenue from diversification efforts despite widespread transformation awareness.

Current strength creates both opportunity and risk - providing resources for transformation while potentially reducing urgency for the difficult diversification decisions that future viability may require.

Q. Prior to making strategic decisions, how often do you take the following actions?

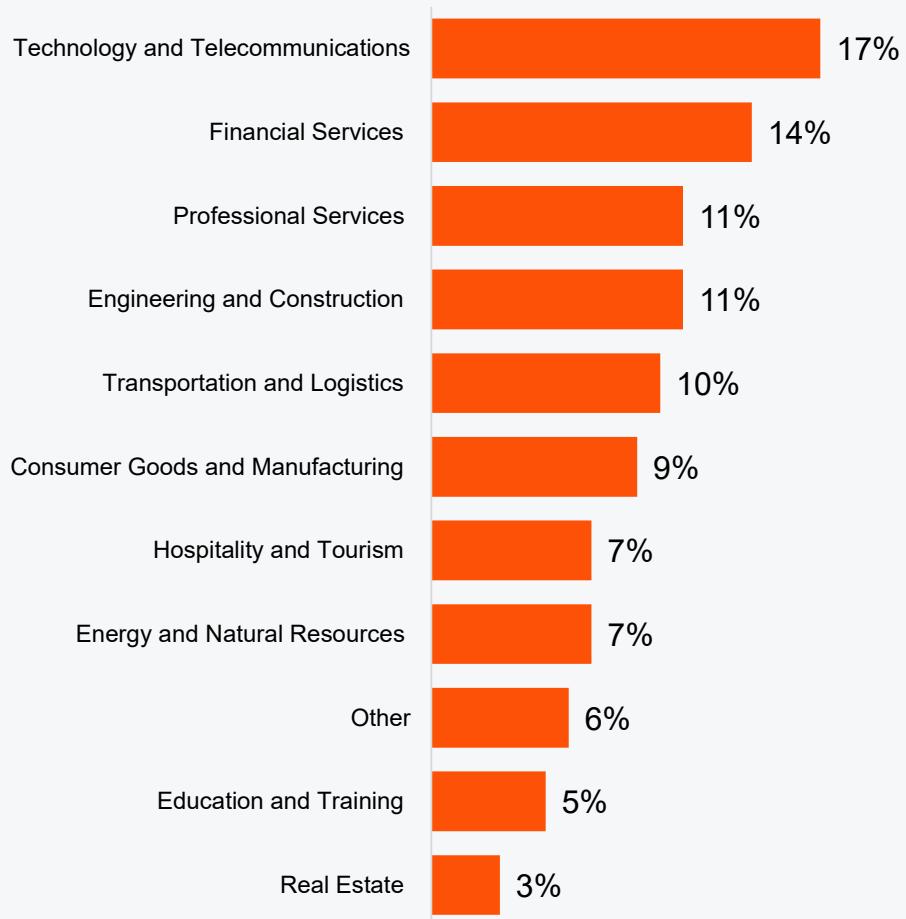


■ Global ■ Azerbaijan

Sector Analysis

Key insights

Azerbaijan's diversified economy shows technology and financial services leading transformation initiatives, while traditional sectors demonstrate measured adoption approaches across key strategic areas.



33% strategic AI integration (above)

73% increased market share

40% extremely confident (12-month revenue)

10% strategic AI integration

80% increased market share

50% cite regulatory complexity as climate barrier

60% planning workforce increases

30% strategic AI integration

50% cite financing barriers for climate

17% strategic AI integration

83% confident (both timeframes)

Lowest AI adoption, highest revenue confidence

Technology and telecommunications

Leading AI transformation with strategic focus on comprehensive integration across platforms and workforce development. Exceptional market performance validates aggressive innovation strategies.

Financial services

Conservative AI adoption emphasizing compliance-driven efficiency over transformation. Strong market performance despite regulatory constraints in climate investment.

Engineering and construction

Aggressive expansion aligned with national infrastructure priorities. Moderate but growing AI adoption focused on operational optimization and project management.

Energy and natural resources

Conservative AI approach but exceptional confidence in business fundamentals. Central positioning in energy transition discussions drives strategic stability.

Strategic implications

Sector diversity creates multiple growth engines while reducing commodity dependence. Technology leads transformation initiatives, traditional sectors provide stability, supporting Azerbaijan's knowledge-economy transition.



Cross-Sector Performance Dashboard

- AI Leadership:** Technology (33%) > Construction (30%) > Professional Services (25%)
- Revenue Confidence:** Energy (83%) = Manufacturing (83%) > Others
- Workforce Expansion:** Construction (90%) > Transportation (83%) > Technology (56%)

Conclusions and Strategic Implications

Azerbaijan's business leaders occupy a distinctive position – demonstrating exceptional strategic confidence while facing execution challenges that define both competitive advantage and transformation risk.

Strategic position assessment

The survey reveals successful economic diversification with 36% AI trust (vs. 19% CEE), 63% domestic optimism (vs. 24% CEE), and 68% reporting market share gains over five years. This confidence foundation, combined with aggressive expansion planning (54% workforce growth), positions Azerbaijan to capture regional investment and talent flows.

Critical success factors

- Accelerate Execution: High AI trust and strategic confidence must translate into measurable results to maintain competitive advantage
- Scale Innovation: The 28% generating meaningful revenue from new areas provides replication blueprint for broader transformation
- Leverage Policy Momentum: COP29 hosting and low internal resistance (37%) create acceleration opportunities once regulatory frameworks align

Regional leadership opportunity

Azerbaijan's combination of strategic confidence, operational discipline, and market performance fundamentals creates potential for regional business leadership. Success depends on converting confidence into execution excellence across AI implementation, climate action, and business model innovation while maintaining the measured approach that built current market strength.

The transformation imperative is clear: maintain strategic advantages while accelerating implementation speed to address the viability concerns identified by 48% of CEOs, positioning Azerbaijan as the regional leader in knowledge-economy transition.





Methodology

Benchmarking framework

Findings benchmarked against PwC's 28th Global CEO Survey (4,701 CEOs), CEE Edition 2025 (153 CEOs), and Azerbaijan's 2023 survey (104 CEOs) to provide comparative context and trend analysis.

PwC Azerbaijan's 7th Annual CEO Survey was conducted as part of PwC's global CEO survey initiative, capturing executive perspectives across Azerbaijan's diverse business landscape from May to August 2025.

Survey design

- **Sample:** 100 CEOs across Azerbaijan with validated responses
- **Approach:** Online submissions and structured confidential interviews
- **Composition:** 81% privately owned companies, 68% reporting increased market share over five years

Sector representation

Technology (17%), Financial Services (14%), Engineering & Construction (11%), Professional Services (11%), and Transportation & Logistics (10%) lead representation, reflecting Azerbaijan's economic diversification toward knowledge-based industries.

About us

We are a tech-forward, people-empowered network. With deep expertise and advanced capabilities, we will help you harness technology, make smart investments and be ready for any future. Across audit and assurance, tax and legal, deals and consulting we bring together the teams, resources and alliances you need to act boldly and achieve real results. We help you meet the demands of our ever-changing world with consistent quality and objective advice.

Established in 1995, we have become a trusted advisors to public companies, international investors, local enterprises, and development organizations. Whether you are scaling your business, managing risk, or preparing for the future, we are here to help you act boldly and grow with confidence.

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