

Increasing confidence in the world economy, cautious corporate expectations





Introduction

Seventy percent of Hungarian CEOs expect acceleration of the global economic growth; 60% of them made optimistic statements regarding the Hungarian economy, but only 39% are confident about the growth of their companies.

The respondents to PwC's 14th Hungarian CEO Survey predict a 1.8% GDP growth, a 415 forint-to-euro

exchange rate, and 4.8% inflation for 2025. Business achievements resulting so far from the use of AI fall short of the expectations expressed in last year's survey, but two-fifths of the CEOs expect GenAI to increase their profitability in 2025. This is somewhat qualified by the fact that only 38% of chief executives have trust in this technology. Despite the signs of global climate change, sustainability is still not a priority for CEOs.



Methodology

We conducted our **fourteenth Hungarian CEO Survey** based on PwC's Annual Global CEO Survey. The aim of the research we conducted in parallel with the global survey was to gain a more comprehensive picture of what Hungarian senior executives think, and what expectations and growth opportunities they have. In the Hungarian survey, PwC's experts conducted in-person interviews with the CEOs of 252 Hungarian companies between October and December 2024, and collected quantitative data by means of questionnaires. We contacted companies that PwC

industry groups selected from the following sectors: financial services; technology, media and entertainment; telecommunications; retail and consumer; industrial manufacturing; automotive; government and public sector; healthcare and pharma; energy and utilities; hospitality and leisure; real estate; agribusiness and food; SSC and other financial services.

The results are presented in detail on **PwC's Hungarian CEO Survey website**.



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Accelerating economy with unchanged revenues?

Globally, 58% of CEOs expect world economic growth to accelerate, and one-fifth expect a slowdown. Hungarian CEOs are much more optimistic: 70% of them are confident about a global acceleration, and only one-tenth expect a slowdown. The proportion of Hungarian CEOs saying that global economic growth will accelerate has never been so high.

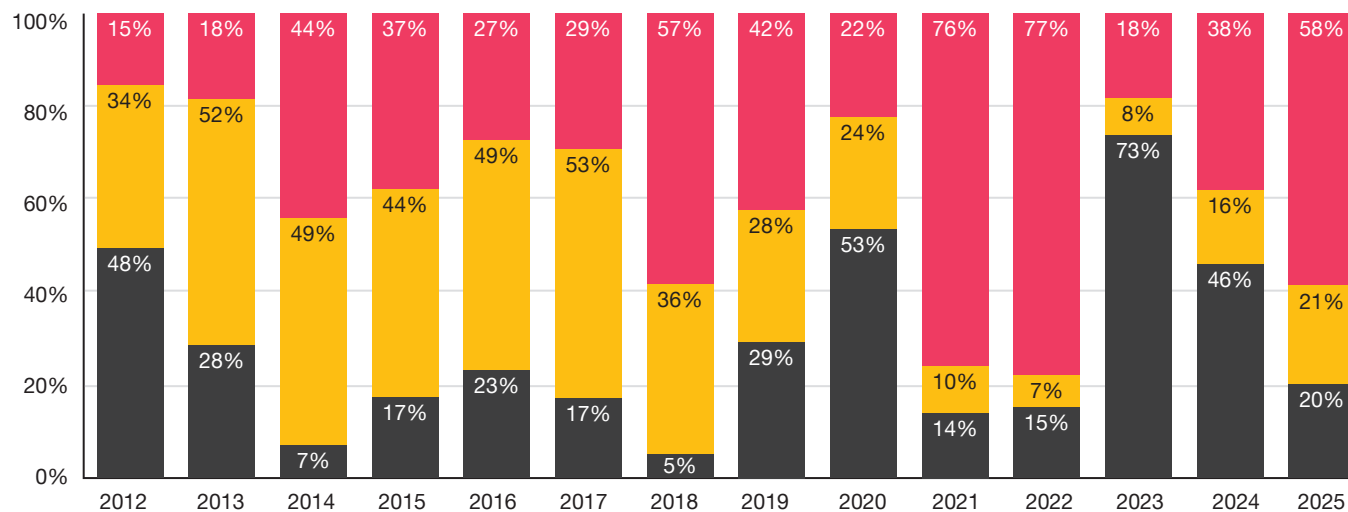
70%

of Hungarian CEOs
are confident about a
global acceleration

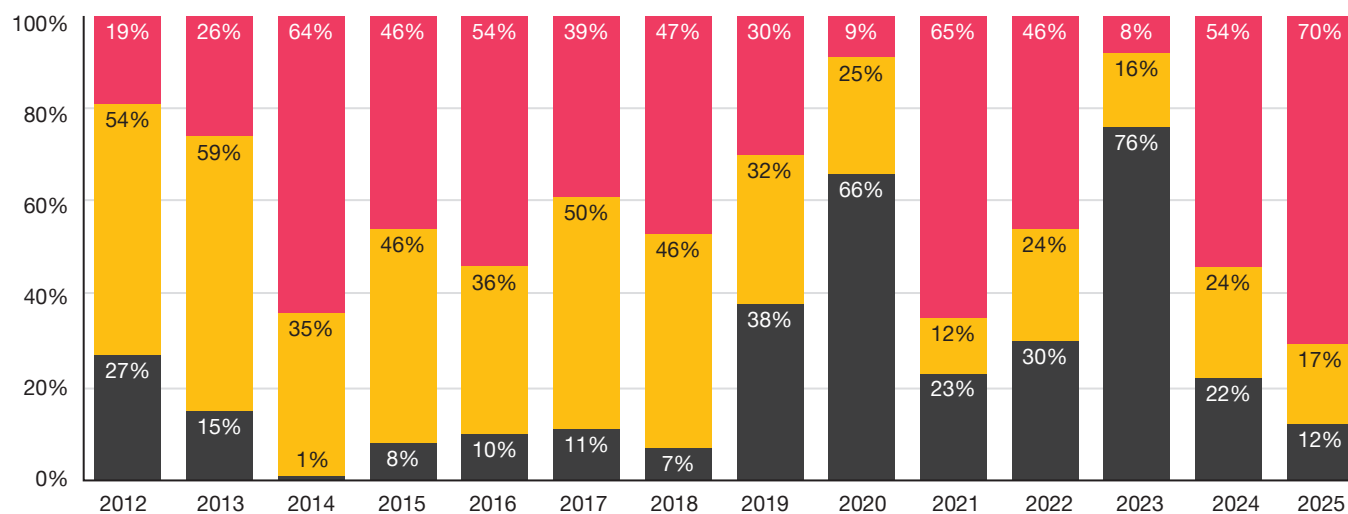


Do you believe global economic growth will improve, stay the same or decline over the next 12 months?

Global responses



Hungarian responses

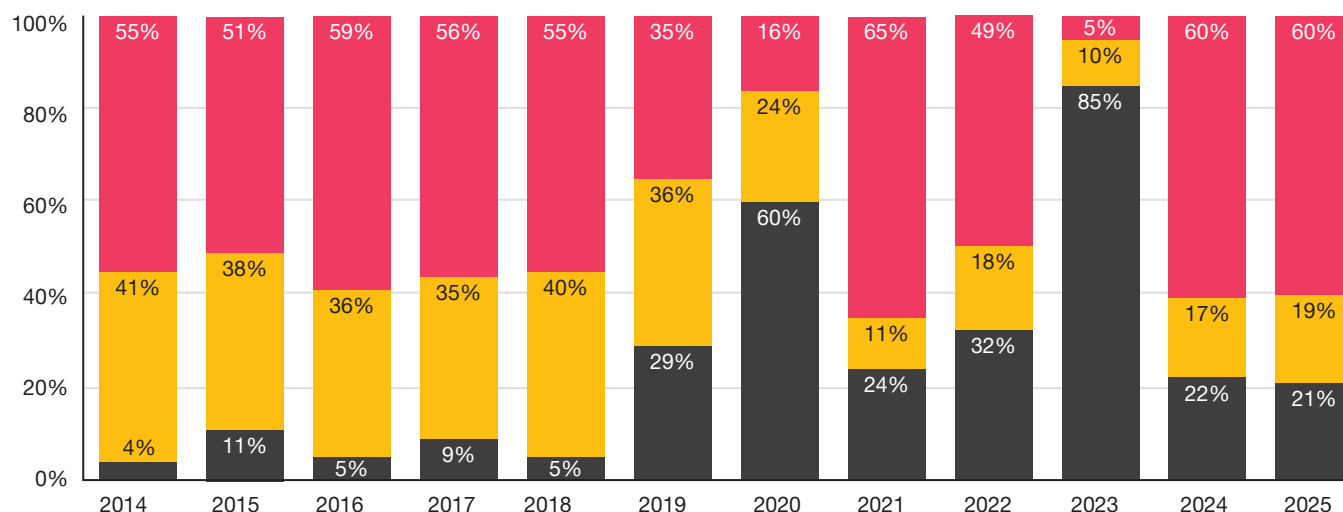


N=252 (Hungary), N=4701 (Global)

decline stay the same improve

As in the previous year, 60% of CEOs think that the growth of the Hungarian economy will pick up in 2025. At the same time, 39% are very or extremely confident about their own prospects for revenue growth, which is the lowest proportion ever.

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



N=252 (Hungary)

■ decline ■ stay the same ■ improve

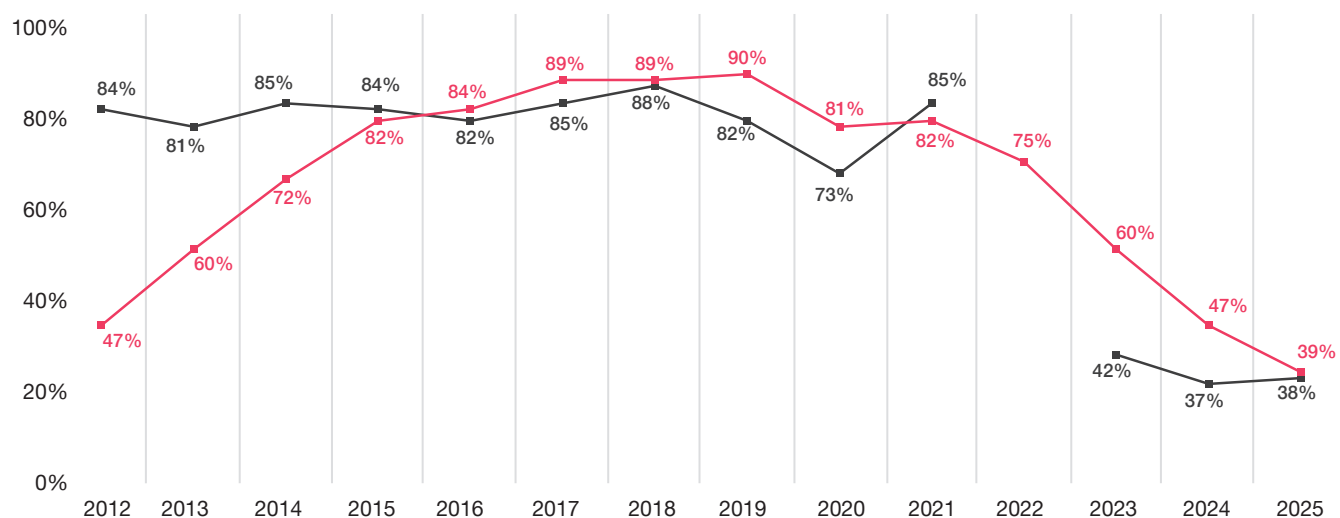


Szabolcs Mezei,
Partner

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The change in confidence about improving economic growth has always signalled the direction GDP will change. The current results suggest that last year's growth will accelerate. Hungarian CEOs are more confident than ever before about Hungarian and global economic growth, but they are less confident than ever before about their own revenue growth. The growth of some could easily present a problem for many. The question is where trust or lack of trust comes from.”

How confident are you about your organisation's prospects for revenue growth over the next 12 months?
(very or extremely confident about their organisation's growth prospects over the next 12 months)

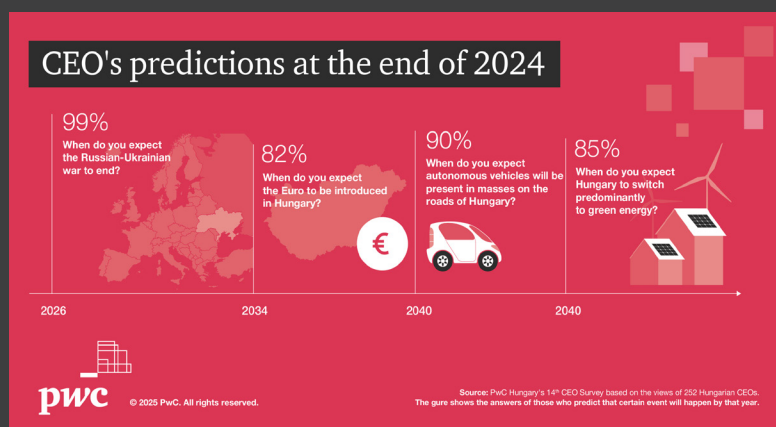
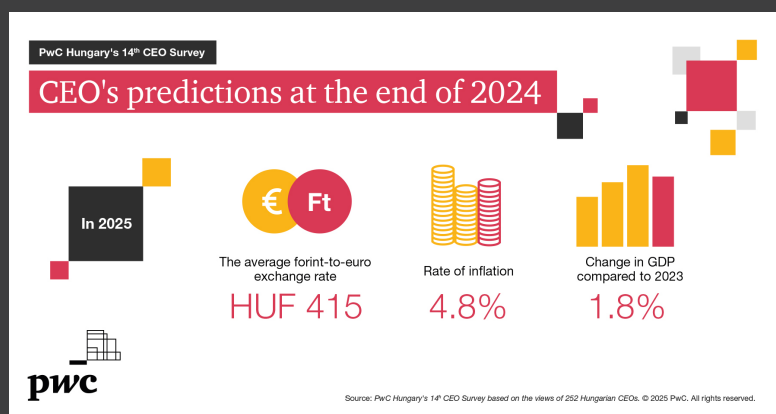


N=252 (Hungary), N=4701 (Global)

■ Hungary ■ Globally

In our survey, we also asked CEOs about their expectations. In their responses to last year's survey, they predicted an annual average exchange rate of 394 forints to the euro for 2024 (the Hungarian National Bank's official average figure was 395). In their current responses, they anticipate an exchange rate of 415 forints to the euro, 4.8% inflation, and 1.8% GDP growth for 2025.

CEOs expect the Russian-Ukrainian war to end in 2026, with the expected end date being delayed by another year every year. Their prediction regarding the introduction of the euro is also adjusted by a further year: 82% of respondents expect that the euro will be introduced in Hungary, and they expect it to happen in 2034. Respondents expect widespread use of autonomous vehicles and the transition to green energy by 2040.



Preparing for the future amidst the skills shortage

Although the average level of concern has been steadily decreasing since 2023, it is still much higher among Hungarian CEOs than among their global counterparts. The top threat is the skills shortage: 44% of Hungarian CEOs are concerned about this, while the proportion of global CEOs concerned is “only” 23%. Compared to last year, perceived exposure to geopolitical conflicts and macroeconomic volatility has hardly changed (respectively, 36% and 38% reported increased exposure); however, the proportion of those concerned about inflation is much lower than last year (51% last year, 39% this year). Meanwhile, the proportion of CEOs having high concerns about cyber risks is steadily increasing (38% this year, compared to 35% last year and 33% two years ago).

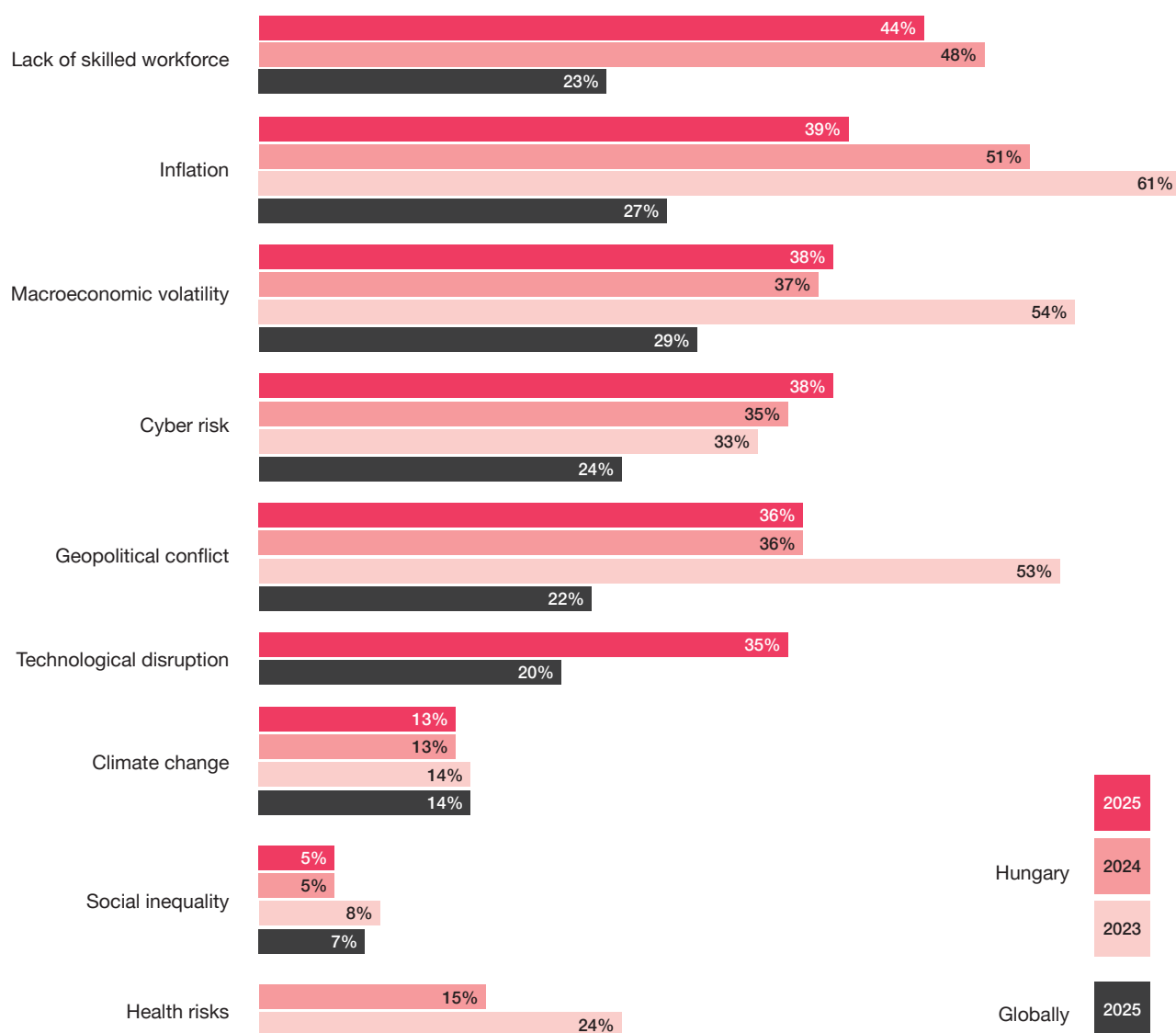
Hungarian
CEOs are more
concerned than
their global
counterparts.





Exposure to threats in the next 12 months

(percentage who answered “extremely exposed” or “highly exposed”)



N=252 (Hungary), N=4701 (Global)

Sixty percent of Hungarian CEOs think that their organisations will be economically viable for more than ten years if they continue on their current path. However, only 12% estimate that they will hold their position as CEO for more than ten years.

12%

estimate that they will hold their position as CEO for more than ten years

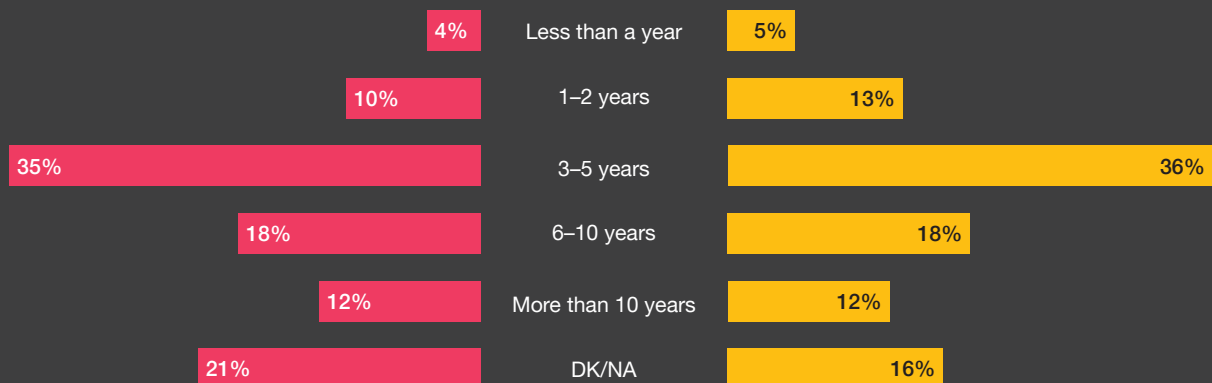
If your company continues on its current path, how long do you think it will remain viable?



N=252 (Hungary), N=4701 (Global)

2025 2024 Hungary 2025 2024 Globally

How long do you expect to remain in your current role?

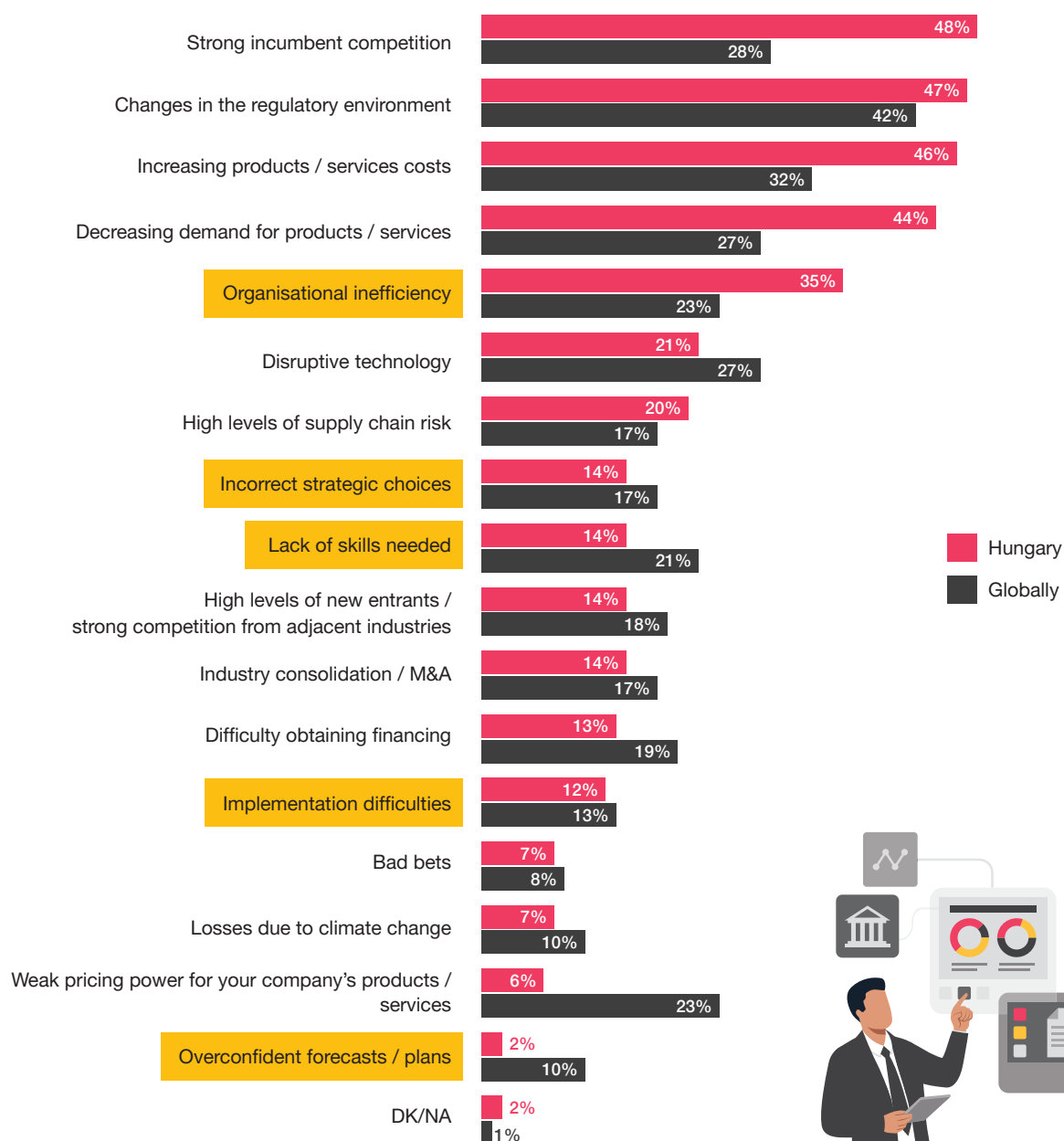


N=252 (Hungary), N=4701 (Global)

Hungary Globally

Those CEOs who believe their company will no longer be viable in ten years have named external factors as the main reasons: strong industry competition (48%), regulatory changes (47%), increasing costs (46%), and a decrease in demand (44%). Respondents also mentioned the lack of organisational efficiency (35%) as a challenge.

Which of the following factors do you think most affect your company's economic viability?
(reasons for planning for less than ten years)

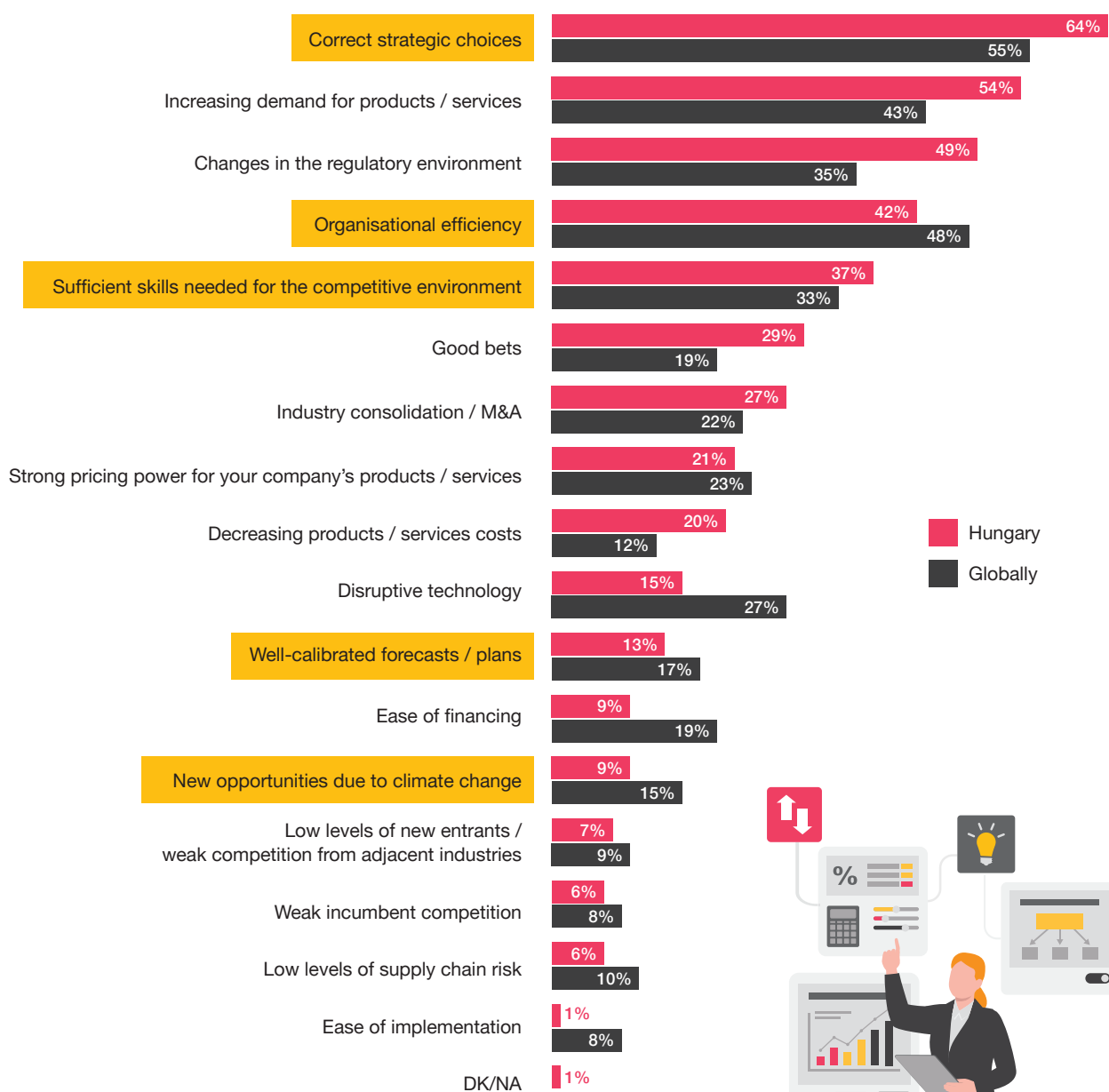


N=252 (Hungary), N=4701 (Global)



CEOs who are confident about their organisation's continued viability for more than ten years believe that this is mostly due to internal factors, such as sound strategic decisions (64%), organisational efficiency (42%), and competitive skills and qualifications (37%). External factors such as increasing demand and regulatory changes can also support business viability.

Which of the following factors do you think most affect your company's economic viability?
(reasons for planning for more than ten years)



N=252 (Hungary), N=4701 (Global)



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Hungarian CEOs are more likely than their global counterparts to say that the viability of their companies is determined by external factors. This suggests that Hungarian chief executives perceive their organisations as more exposed. On the other hand, they are confident about their own skills and preparedness as CEOs.”

Szabolcs Mezei, Partner



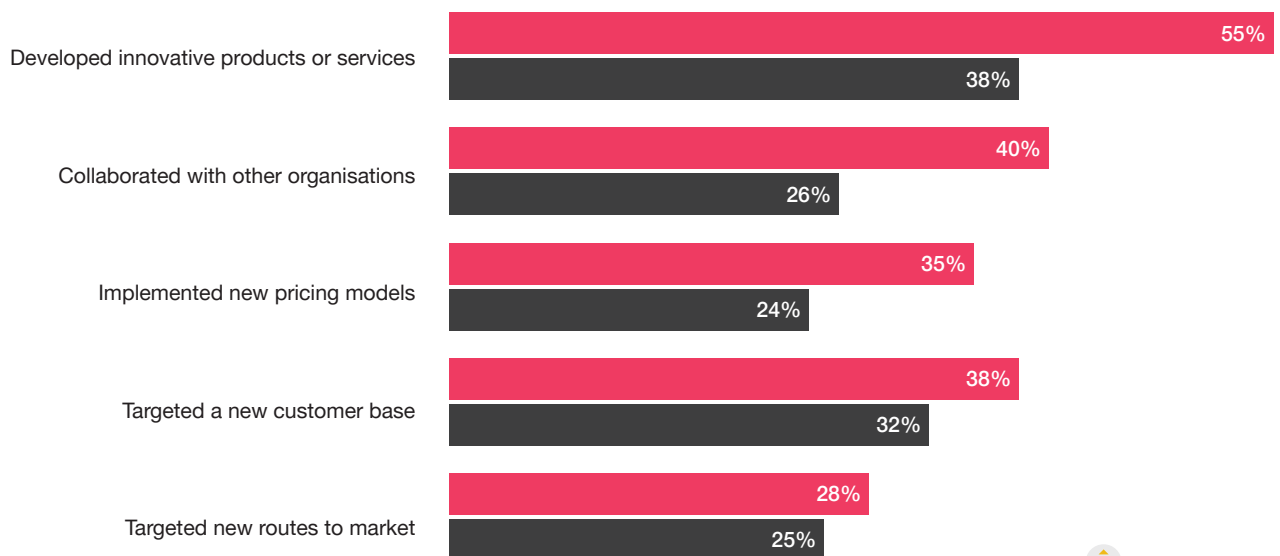
Redefining strategy

The ability to change is indicated by the fact that 55% of Hungarian companies developed innovative products or services in the past five years, as opposed to the global 38%; 40% of them formed new strategic partnerships, and 38% opened up to new customers.

55%

of Hungarian companies developed innovative products or services

To what extent has your company taken the following actions in the last five years?
("to a large extent" or "to a very large extent")



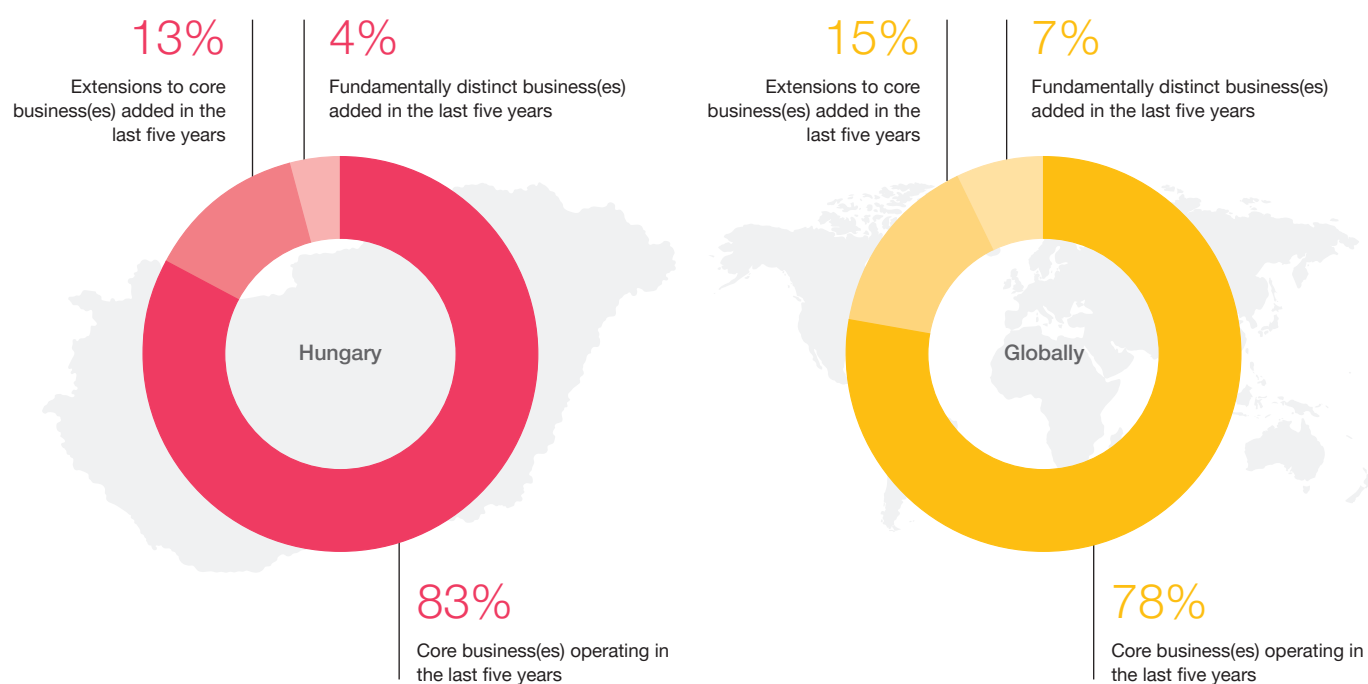
N=252 (Hungary), N=4701 (Global)

■ Hungary ■ Globally



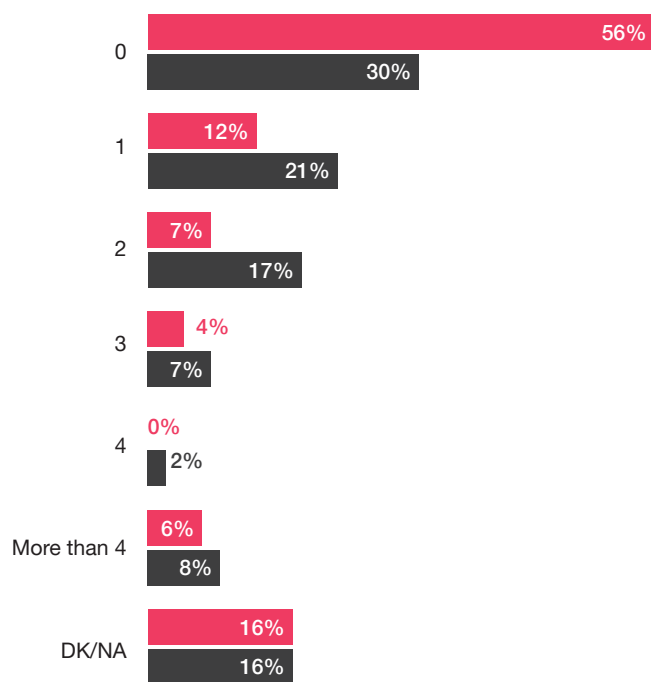
Hungarian companies generated 13% of their revenues from the introduction of new product groups or from new market locations, and 4% from new, separate business activities.

What percentage of your company's revenue in the last five years has come from the following sources?



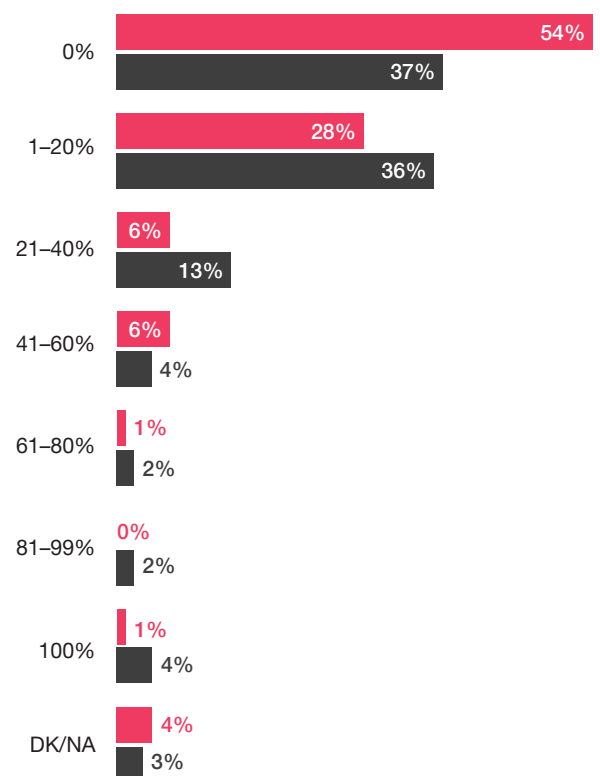
Twenty-nine percent of Hungarian companies and 55% of companies globally are planning to acquire other companies in the next three years. This does not involve entering a new industry for more than half (54%) of the Hungarian companies concerned. This proportion is 37% globally.

How many acquisitions does your company plan to make in the next three years?



N=252 (Hungary), N=4701 (Global)

What percentage of the value of the acquisition(s) your company is planning to make in the next three years will come from sectors or industries other than your own?



N= 71 (Hungary), N=2528 (Global)

■ Hungary ■ Globally

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While Hungarian businesses planning an acquisition primarily target their competitors, globally, acquisitions are aimed more at entering new industries.”

Szabolcs Mezei, Partner



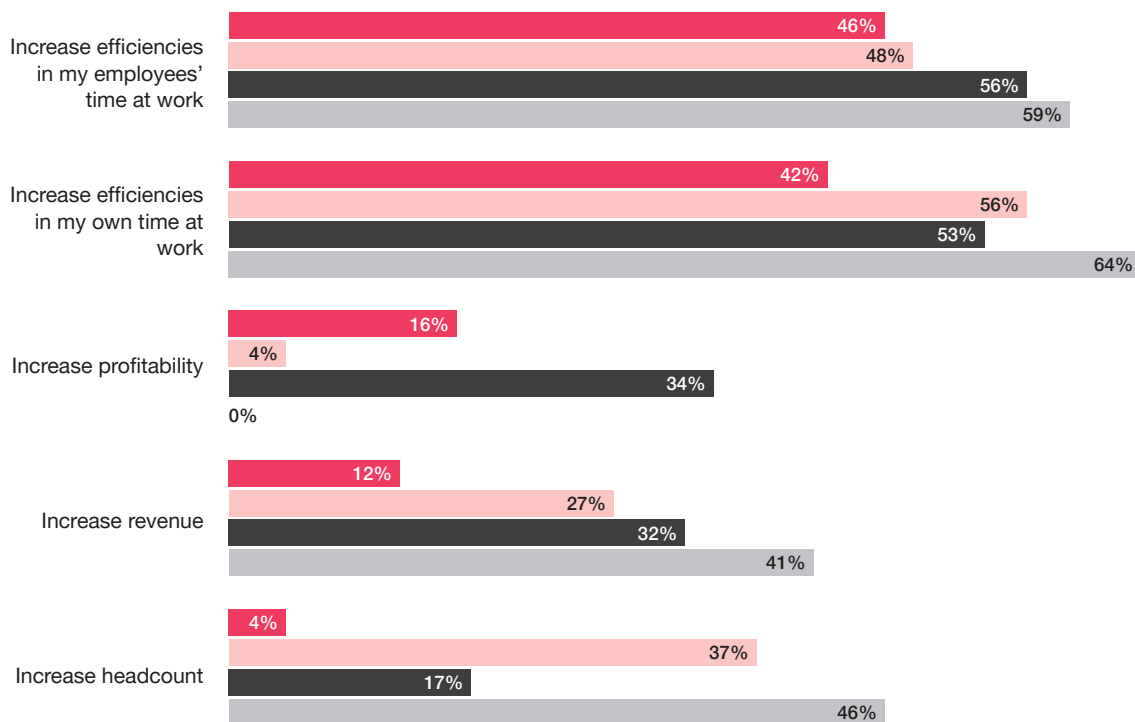
Artificial intelligence: curse or blessing?

Although 20% of CEOs said that artificial intelligence (GenAI) does not play a role at their companies, the other 80% reported clear efficiency gains from the use of AI. In addition, AI also brought an increase in revenues and profitability for more than one-tenth of the companies. These results fall short both globally and in Hungary of the forecasts CEOs made last year, but expectations are still positive. For example, two-fifths of the respondents expect a growth in profitability from the use of GenAI in 2025.

42%

believe that AI will increase their profitability in the year ahead

To what extent did generative AI increase or decrease the following in your company in the last 12 months?
(percentage who answered "increase")

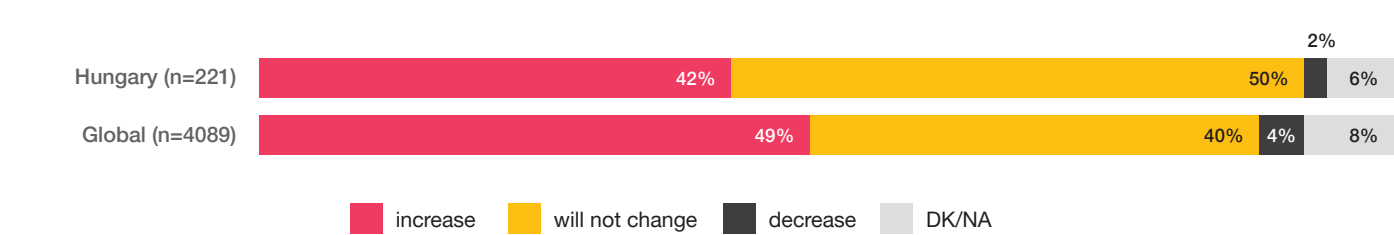


N= 205 (Hungary), N=3916 (Global)

■ Hungary ■ Globally
■ prediction from 2024 ■ prediction from 2024

Expectations still remain positive, with two-fifths of CEOs expecting increased profitability from AI in 2025.

To what extent will generative AI increase or decrease profitability in your company in the next 12 months?



We also measured optimism in terms of headcount expectations: before AI, when the majority of CEOs were expecting to increase headcount, it generally indicated a positive outlook. Now, although a higher percentage of CEOs expect to increase headcount in 2025, the majority are not planning to ramp up staff numbers. Redundancies are expected at one-tenth of the companies.

How do you believe your company’s headcount will change over the next 12 months?



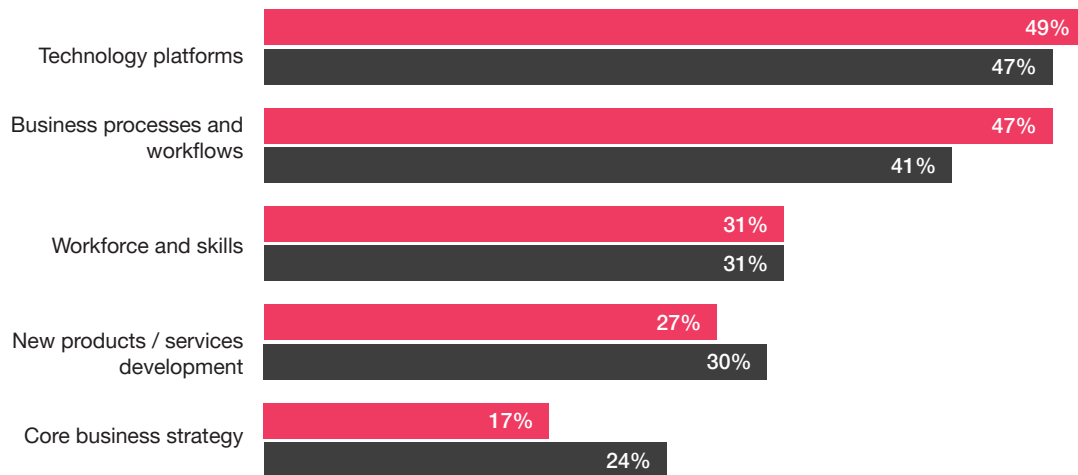
N=252 (Hungary), N=4701 (Global)

decrease will not change increase



Trust in AI is pivotal: in general, 38% of Hungarian CEOs trust AI – this proportion is 33% globally and 19% in Central and Eastern Europe. Still, 49% of the CEOs surveyed expect that AI will be integrated into their organisations' technology platforms and workflows (47%) and will have a role in employee skills (31%) and in product or service innovation (27%).

To what extent, if at all, do you predict AI (including generative AI) will be systematically integrated into the following areas in your company in the next three years?
("to a large extent" or "to a very large extent")



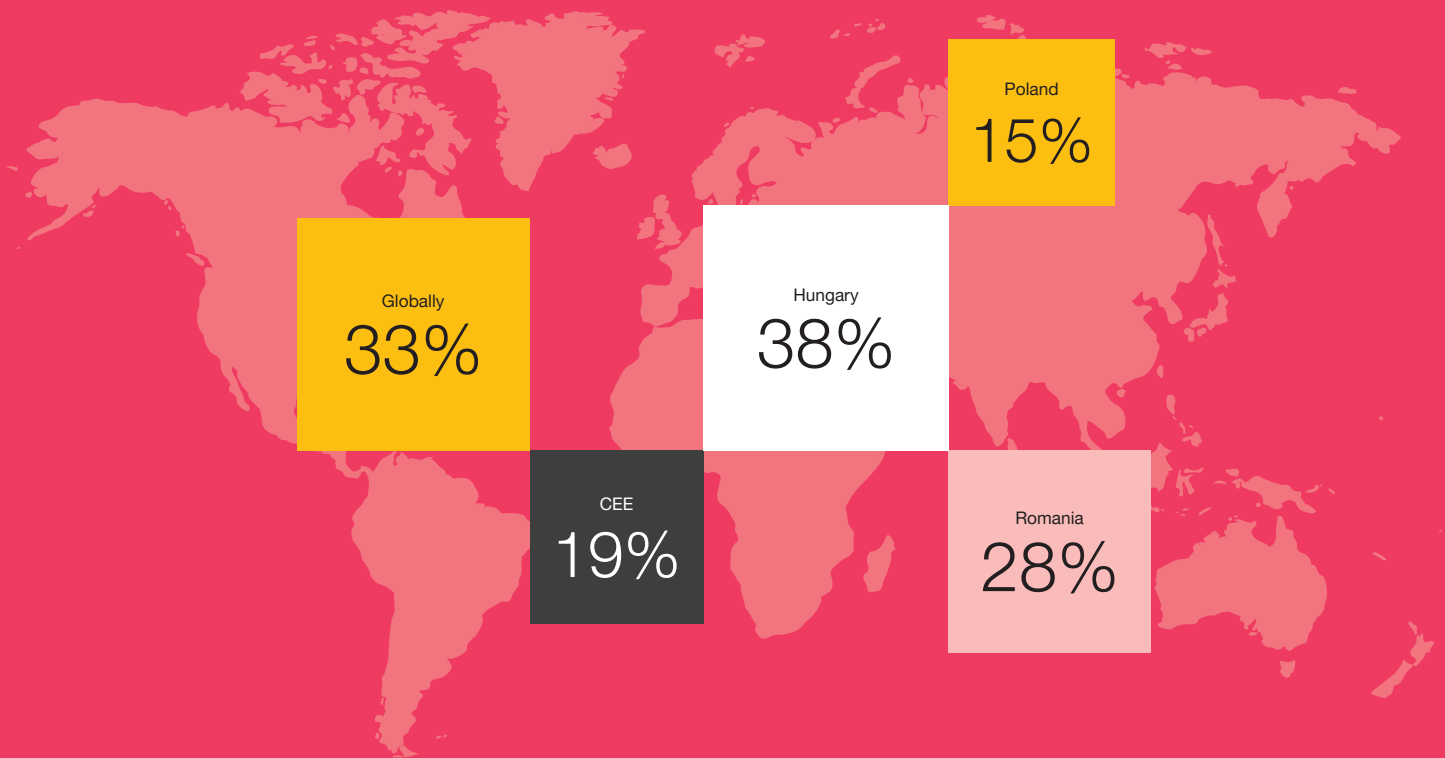
N=252 (Hungary), N=4701 (Global)

■ Hungary ■ Globally



Trust in AI

38% of Hungarian CEOs trust AI if it is embedded into their company's key processes. Globally, this proportion is 33%.



László Radványi,
Country Managing
Partner

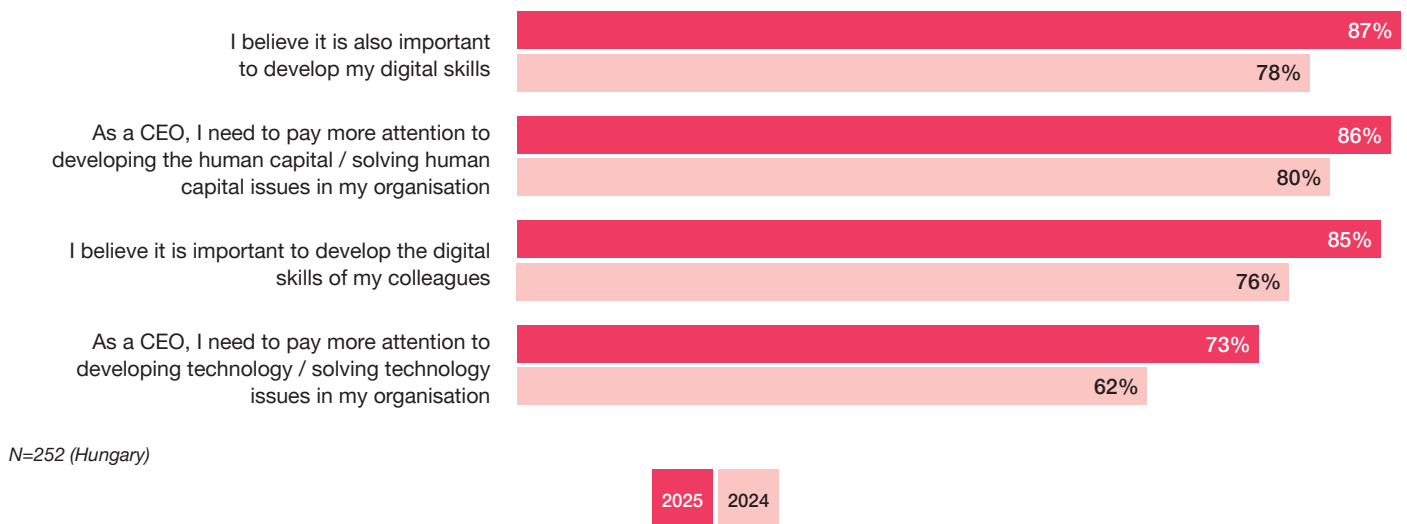
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The keys to business success are trust and cooperation. It is perplexing that CEOs expect to future-proof their companies with a technology they don't really trust. The question is whether this indicates a general lack of trust or whether the trust they place in their employees' AI skills offsets their lack of trust in AI itself. Both statements are probably true. However, the gains will be tangible only for companies where the introduction and use of AI enhances trust and cooperation.”

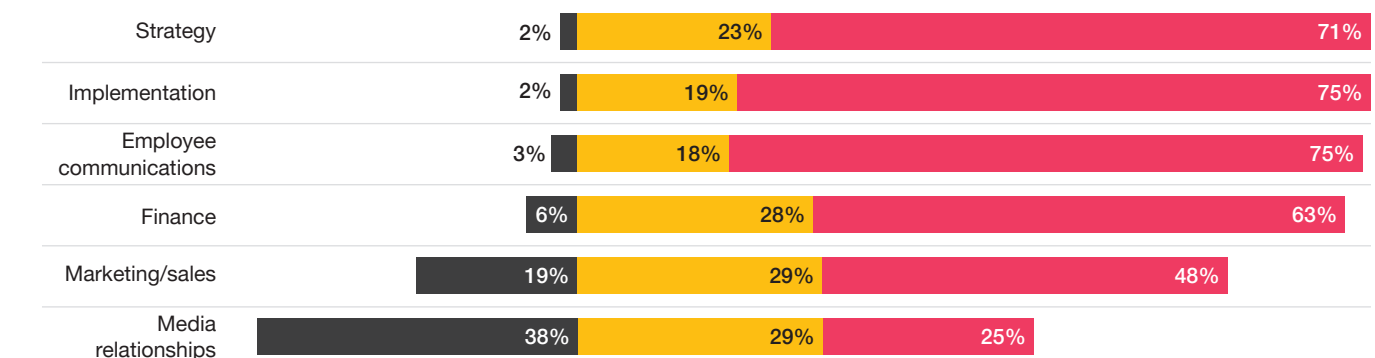
The role of the CEO

With the rise of generative AI, CEOs need to pay more attention to technology readiness, both for themselves and for their employees, and the development of their organization's technology should also be a strategic priority. In addition, CEOs must remember to stay focused on their people, as they can only perform effectively as leaders with human control and the use of advanced technology.

Do you agree with the following statements? (percentage of respondents who agree)



How would you rate your preparedness compared to other CEOs in the following areas?





”

Five years ago, in connection with the megatrends shaping our world, we published a book titled *Ten Years to Midnight*, which was partly about the challenging and often controversial nature of leadership. You have to be a strategic executor, a globally minded localist, a high-integrity politician, a tech-savvy humanist, a traditioned innovator, and – though it may sound a little presumptuous coming from a CEO – a humble hero. An important takeaway for me is being the humble hero. Leaders must have the confidence to make bold decisions and have the humility to correct course, they must be adept at long-term strategic thinking and leading by example, and they must be able to accept when short-term goals are not in line with

their leadership responsibilities or long-term strategy. It is clear from the answers of the CEOs surveyed that keeping these roles in harmony is a serious challenge in today's world. In our private capacity, we may know exactly what goals we should be focussing on, but these goals are often difficult to reconcile with the traditional corporate objectives and time horizons. The key message is that there are megatrends, such as technological disruption and climate change, where it is no longer possible to postpone decisions, otherwise these megatrends will decide for us.”

László Radványi,
Country Managing Partner

Sustainability is not a priority

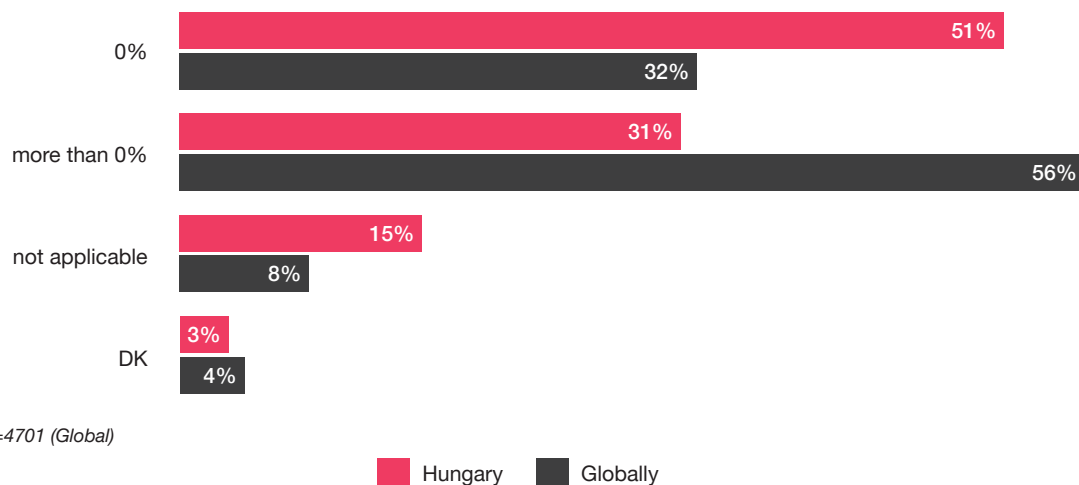
The personal performance of two-thirds (66%) of Hungarian CEOs is not assessed against whether they keep their companies' operations sustainable. The global proportion is 40%. Considering that only 13% of CEOs regard climate change as a threat to their operations, it is unsurprising that sustainability goals are not at the top of their priority lists.

66%

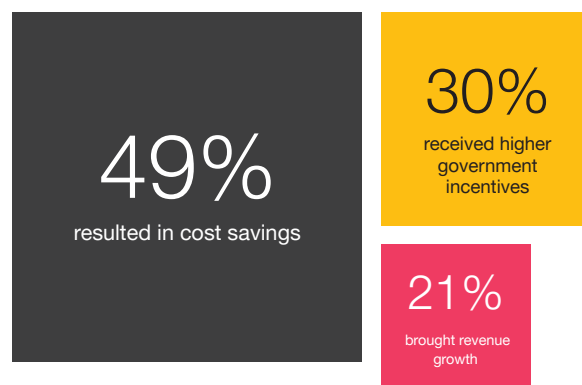
of Hungarian CEOs is not assessed against whether they keep their companies' operations sustainable



What proportion of your personal incentive compensation (including your annual bonus and long-term incentives) is linked to sustainability metrics?



Forty-nine percent of the climate-friendly investments implemented by companies in the past five years resulted in cost savings, which is not without reason: our earlier surveys showed that these investments were primarily in response to the energy crisis. Climate-friendly investments brought revenue growth for 21% of the companies, and 30% of CEOs reported that they received higher government incentives as a result of these investments. In the past 12 months, 56% started climate-friendly investments, but only 41% of them accepted hurdle rates for these investments that were lower than the minimum rate for other investments.



To what extent have climate-friendly investments initiated by your company in the last five years caused increases or decreases in the following?

Hungary



Globally

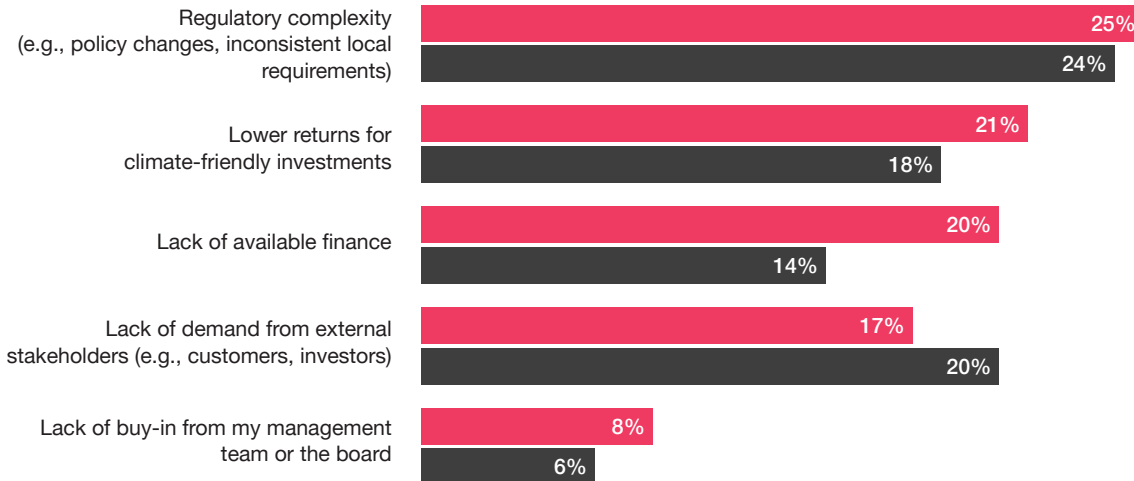


N=109/186 (Hungary), N=3991 (Global)

increased no change decreased DK/NA

However, the greatest barrier to climate-friendly investments is regulatory complexity, rather than lower hurdle rates. This is followed by lower economic returns and lack of funding.

In the last 12 months, to what extent did the following factors prevent your company from initiating climate-friendly investments? (“to a large extent” or “to a very large extent” – only among those who made such an investment in the last 12 months)



N=162 (Hungary), N=3811 (Global)

■ Hungary ■ Globally

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While the obvious signs of climate change are already seriously affecting actors in the value chain, CEOs don’t perceive this as a threat on their time horizon, which is why sustainability is not high on their agenda. In addition to facilitating climate-friendly operations, regulators must also enable businesses to integrate compliance with sustainability requirements into their value choices in a normative manner.”

László Radványi,
Country Managing Partner







PwC's 14th Hungarian CEO Survey

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