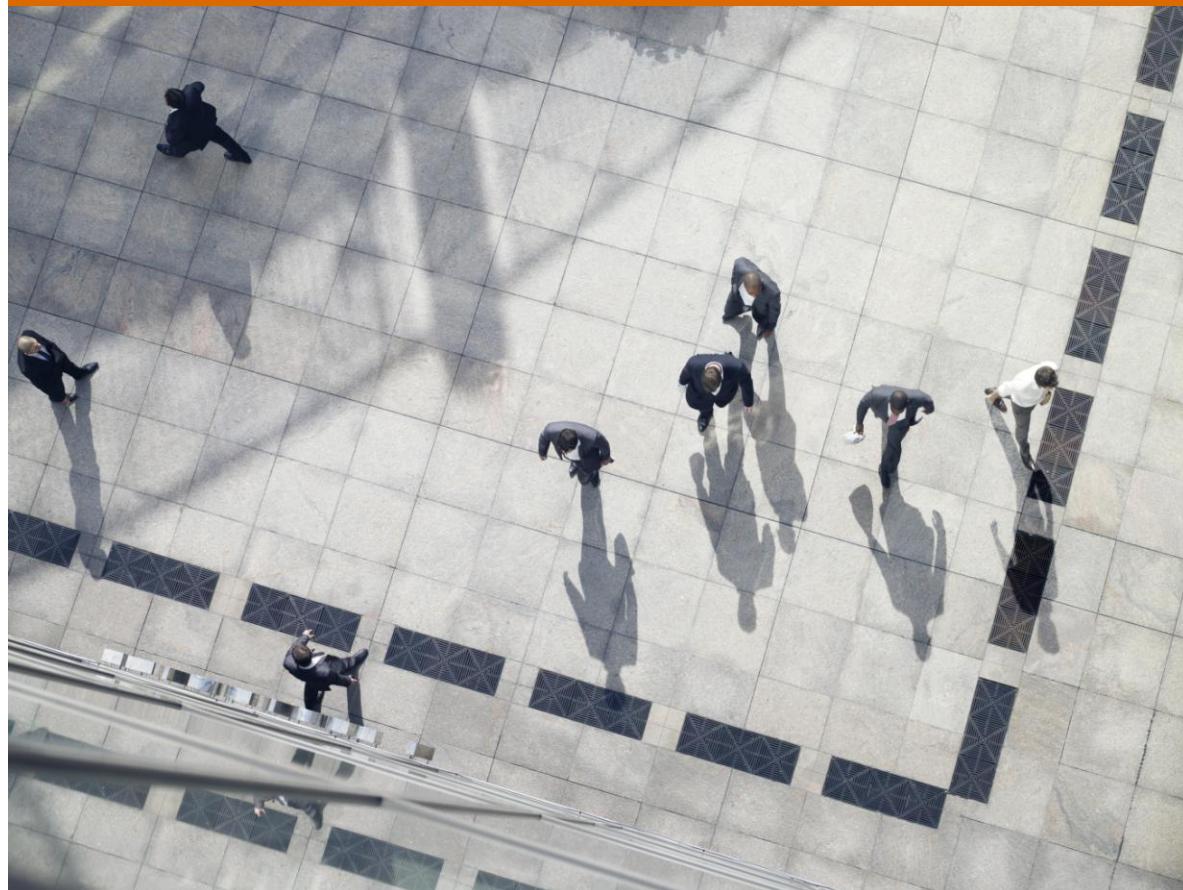


2013 Mongolian CEO Survey



Overview



It is our pleasure to present you the results of the Second Annual Mongolian CEO Survey.

The top theme in our Second Annual Mongolian CEO Survey was built around “Prospects and Threats to Growth”. As uncovered by the Survey and supported by the Global trend, more CEOs in Mongolia are rallying their organizations around their customers. Customers and clients are shaping business strategies of companies. Growing customer base is a top priority in a year ahead. Improving operational effectiveness and creating skilled workforce are the second and third themes in the survey.

As you will discover in our report, most of today's CEOs are focused on opportunities for organic growth in the internal market and on developing new products and services.

CEOs are showing less confidence for growth in the next year but are optimistic about the longer-term perspective. This year, a third of Mongolia CEOs are ‘very confident’ their companies will see revenue growth over the next 12 months (half the respective figure last year).

In 2013, the percentage of Mongolia CEOs’ who believe in improvement of local economy over the next 12 months has dropped dramatically (from 90% to 44% in 2012 and 2013 respectively). In addition 19% of them believe local economy will decline in a year. For comparison, last year this figure stood at 0%.

Living in the atmosphere of change is not a new reality to Mongolian business men. It can be compared to “Khavriin Tenger” (which means “Spring Sky”- a Mongolian phrase used in expression of things that are constantly changing alike the constantly changing weather in Spring).

It is obvious that companies are not just watching the game, but they are ready to embrace the changes by making themselves resilient in this weather of constant changes.

I would like to thank all of those who participated in the survey, particularly the CEOs who took the time for an interview with us to share their perspectives on the opportunities and challenges businesses are facing today. Discover more about the full global report, at www.pwc.com/ceosurvey.

A handwritten signature in blue ink, appearing to read "Matthew Pottle".

Matthew Pottle
Mongolia Managing Partner
PwC

Mongolia CEO Agenda for 2013

These are some of the questions Mongolian CEOs will be asking themselves and their management teams as they manage their business in the year ahead. PwC Mongolia surveyed 31 business leaders in Mongolia. We've grouped their responses into the following issues.

Confidence in growth

Overlook on International markets

Sources of growth

Priority intitatives

Business threats to growth

Economic threats to growth

Strategy development

Change drivers: Value protection or Value creation?

Restructuring activities

Corporate social responsibility

Talent effectiveness

General conditions of the labor market

Plans to bridge talent gaps

Growth: confidence

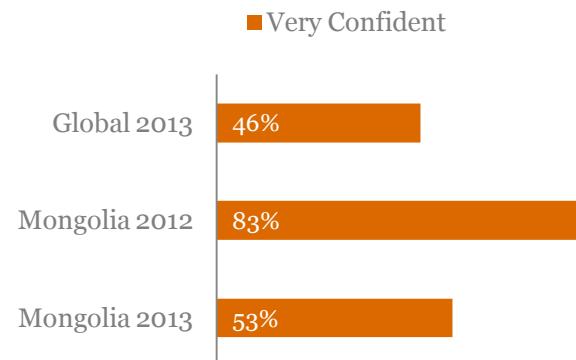
Mongolian CEOs' short-term growth optimism has dropped in 2013 to the level below that of their Global peers.

How confident are you about your company's prospects for revenue growth over the next 12 months?



...With a happier outlook over the next 3 years

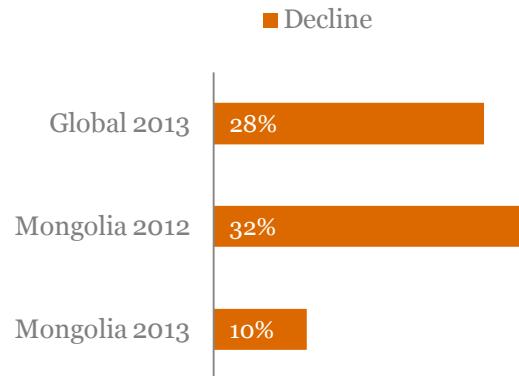
How confident are you about your company's prospects for revenue growth over the next 3 years?



Markets: optimism

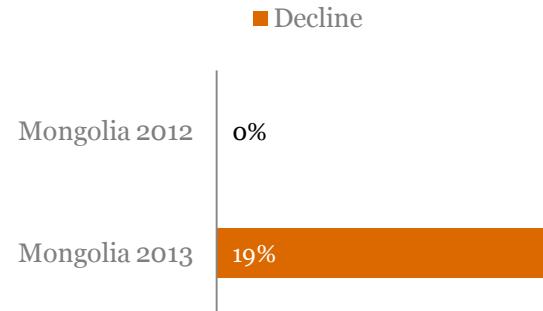
Global economy has gained a more positive image in the eyes of Mongolian CEOs in 2013 compared to 2012.

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



...With a grimmer outlook over the local economy

Do you believe the local economy will improve, stay the same, or decline over the next 12 months?

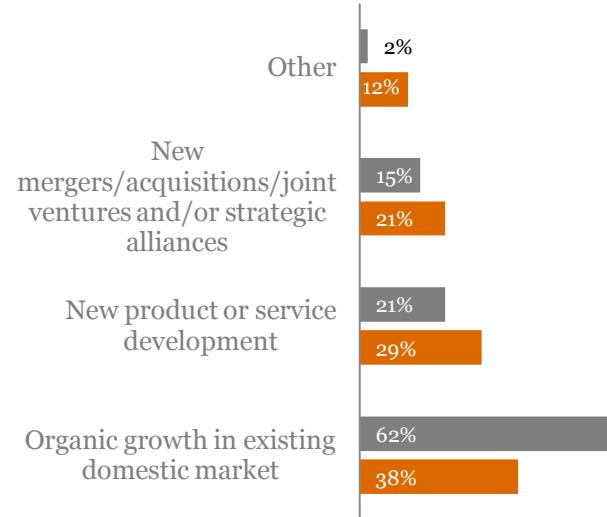


Growth: sources

Just as the overall confidence in short-term growth, the confidence in inorganic growth through the local market is also shrinking.

Which do you see as the main opportunity to grow your business in the next 12 months?

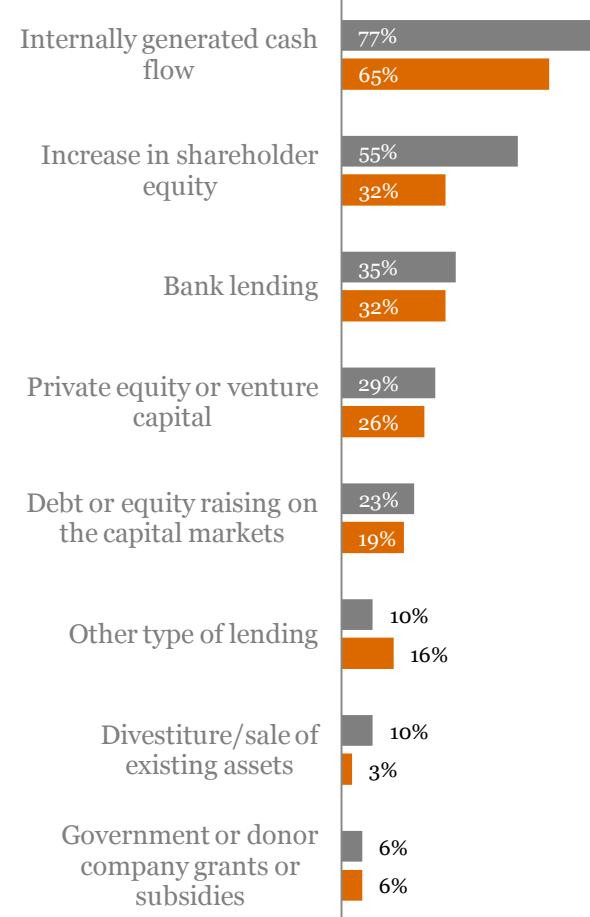
■ Mongolia 2013 ■ Mongolia 2012



Increased reliance on internal sources of financing

How do you plan to finance future growth?

■ Mongolia 2013 ■ Mongolia 2012

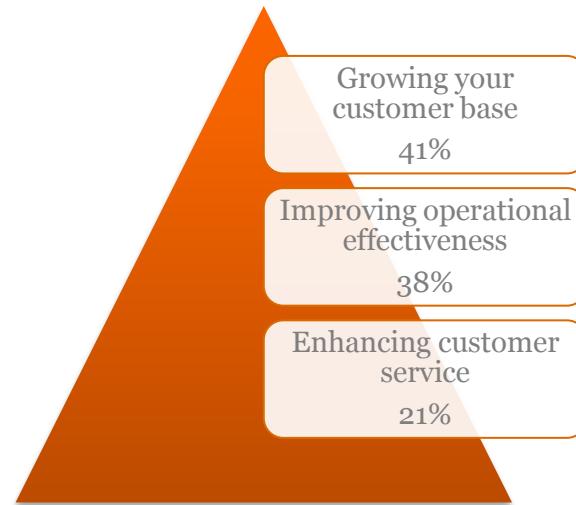


Fix operations and attract new customers

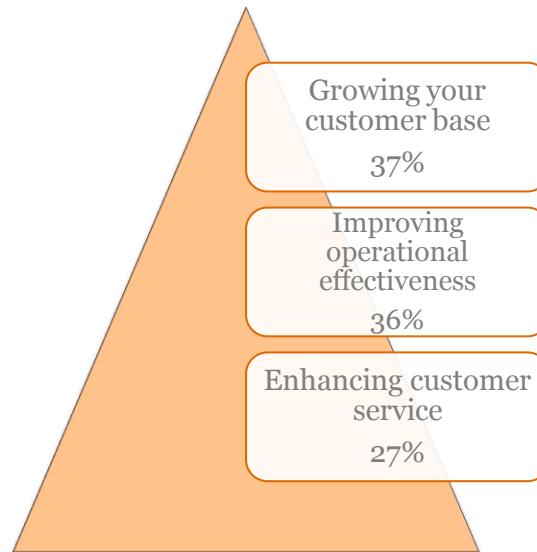
When it comes to priorities in investments the Mongolian CEOs share the views of their Global counterparts.

What are your top 3 investment priorities in the next 12 months?

Mongolia 2013



Global 2013



Business threats to growth: not the taxes

The top business threats identified by the Global population of CEOs in 2013:

- Increasing tax burden (63%)
- Availability of key skills (58%)
- Energy costs and availability (52%)

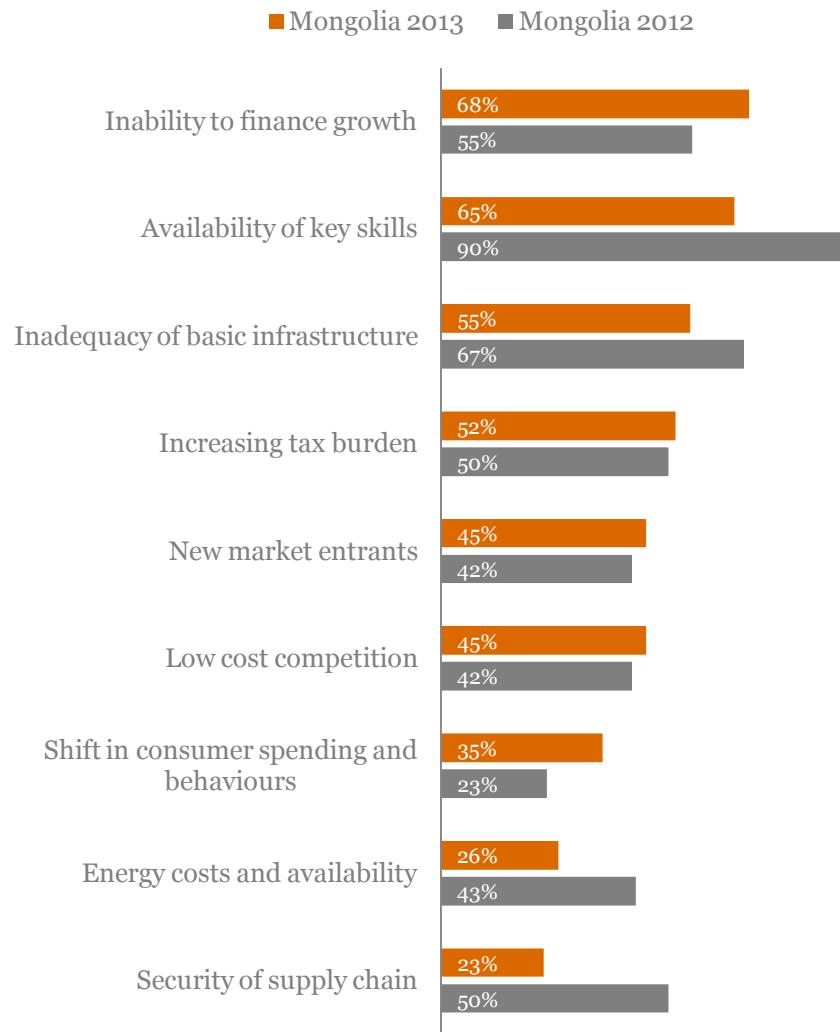
The percentage of Mongolian CEOs who consider Increasing tax burden as a significant business threat is much lower than that of the Global CEOs

In Mongolia the positive trends in the way CEOs see business threats are noted in:

- Labour market
- Supply chain
- Basic infrastructure
- Energy

How concerned are you about potential business threats to the growth of your business?

summary of (somewhat concerned and extremely concerned)



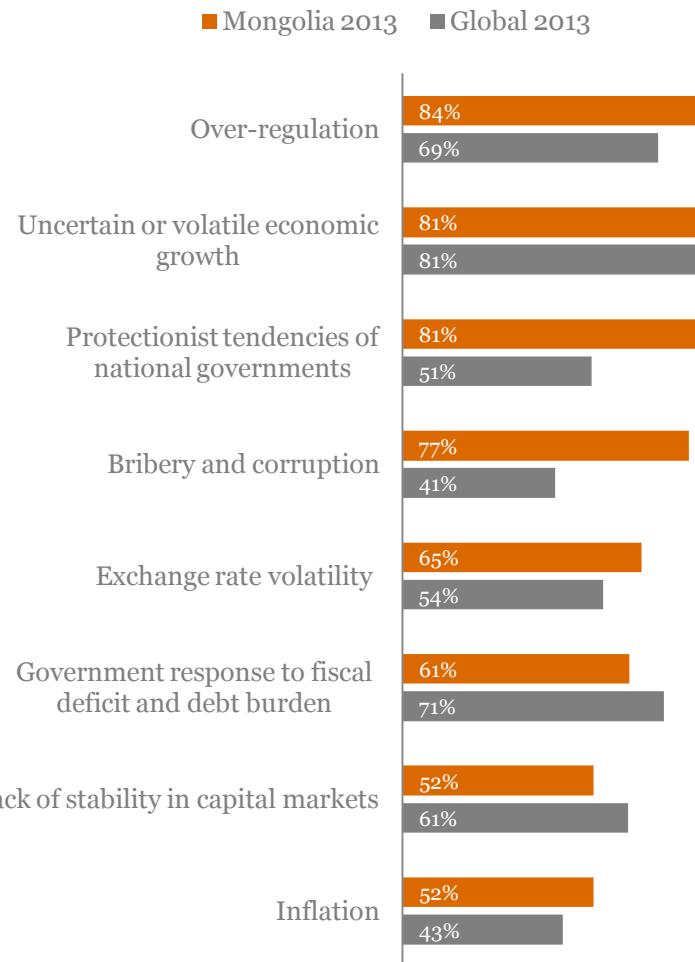
Economic threats to growth: over-regulation

Lack of stability in capital markets and response to fiscal deficit worry a much lower population of Mongolian CEO's compared to their Global peers. On contrast, for Mongolian CEOs the following threats seem to be more significant:

- Over-regulation
- Protectionist tendencies of national government
- Bribery and corruption

How concerned are you about potential economy threats to the growth of your business?

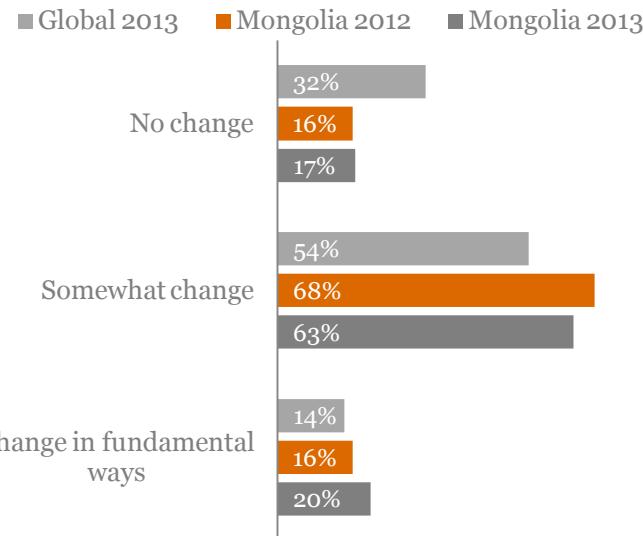
summary of (somewhat concerned and extremely concerned)



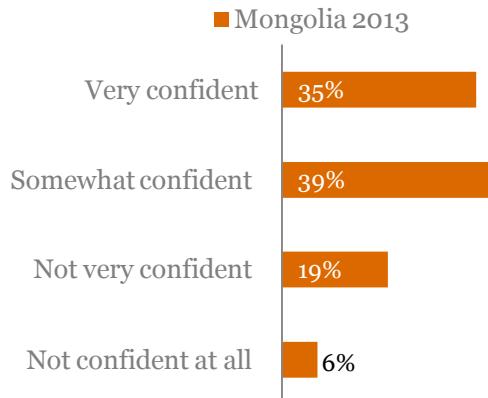
Strategy development

The anticipation of change in the corporate strategy by the Mongolian CEOs is much stronger than that of their Global peers

To what extent do you anticipate your company's strategy will change over the next 12 months?



How confident are you that you will have access to the talent needed to execute your company's strategy over the next 3 years?

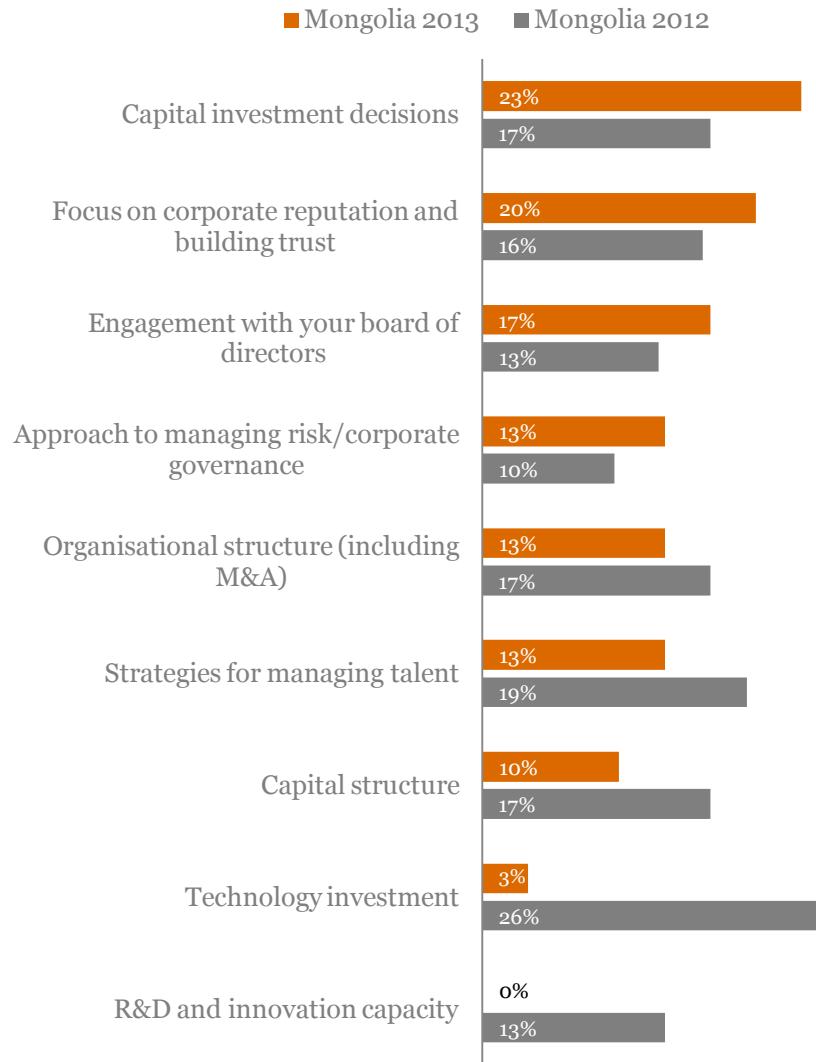


Talent gaps will not be an issue in executing a strategy. Mongolian CEOs seem confident in bringing/developing talent to execute on the strategy in the years to come.

Change drivers: Value protection or Value creation?

Last year Mongolian CEOs were more likely to consider investments in projects with longer-term yield (such as R&D, Technology, Talent management). This year CEOs are focussing change initiatives more around value protection (focus on corporate reputation, engagement with BoD, Risk management and Corporate governance).

Percentages of CEOs anticipating major changes to their companies in the following areas over the next 12 months

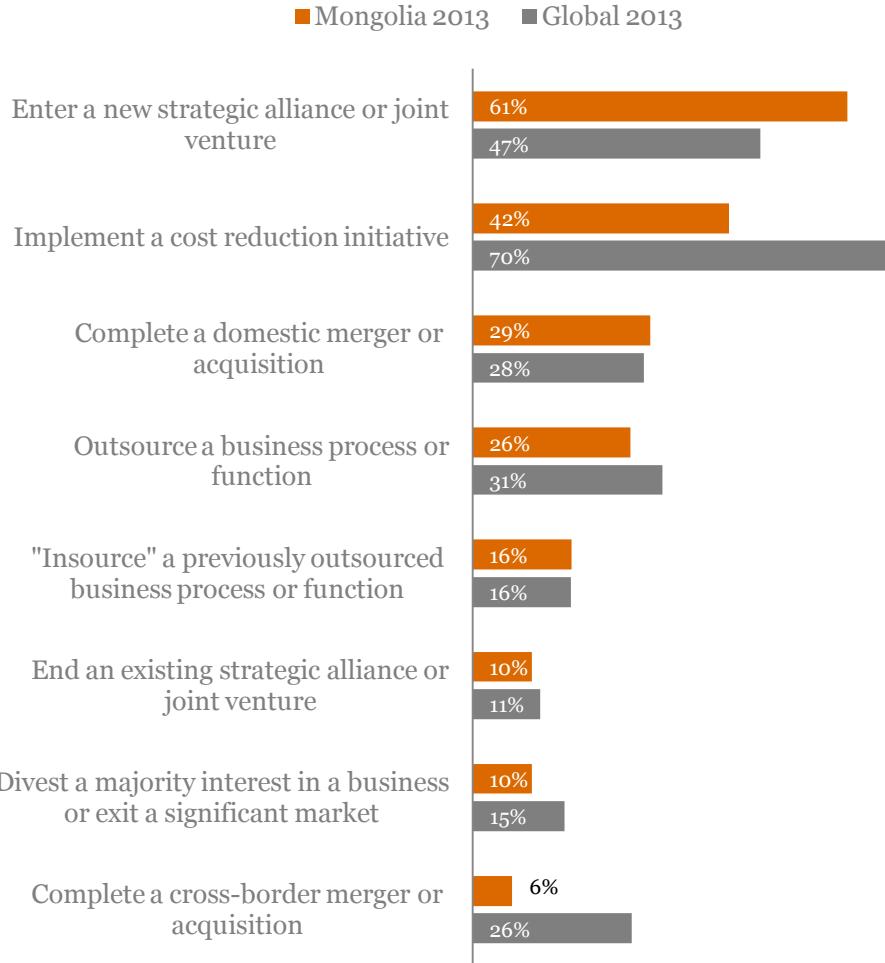


Inward focus

Approach of Mongolian CEOs to business restructuring differs little from that of their Global peers, with 2 distinct exceptions:

- A much more significant focus on cost reduction by the Global CEOs**
- A stronger belief in strategic alliances and joint ventures by Mongolian CEOs – an initiative favoured much more than completing a cross-border merger or acquisition**

Restructuring activities CEOs either currently implementing or plan to implement in the next 12 months

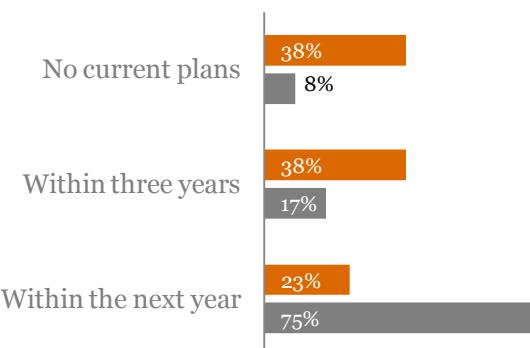


It's the right thing to do

If the corporate responsibility and sustainability strategies were developed they were most likely developed last year. Although there is a variety of reasons for implementing this strategy, most frequently repeated reason was acknowledgment of the fact that “It's the right thing to do.”

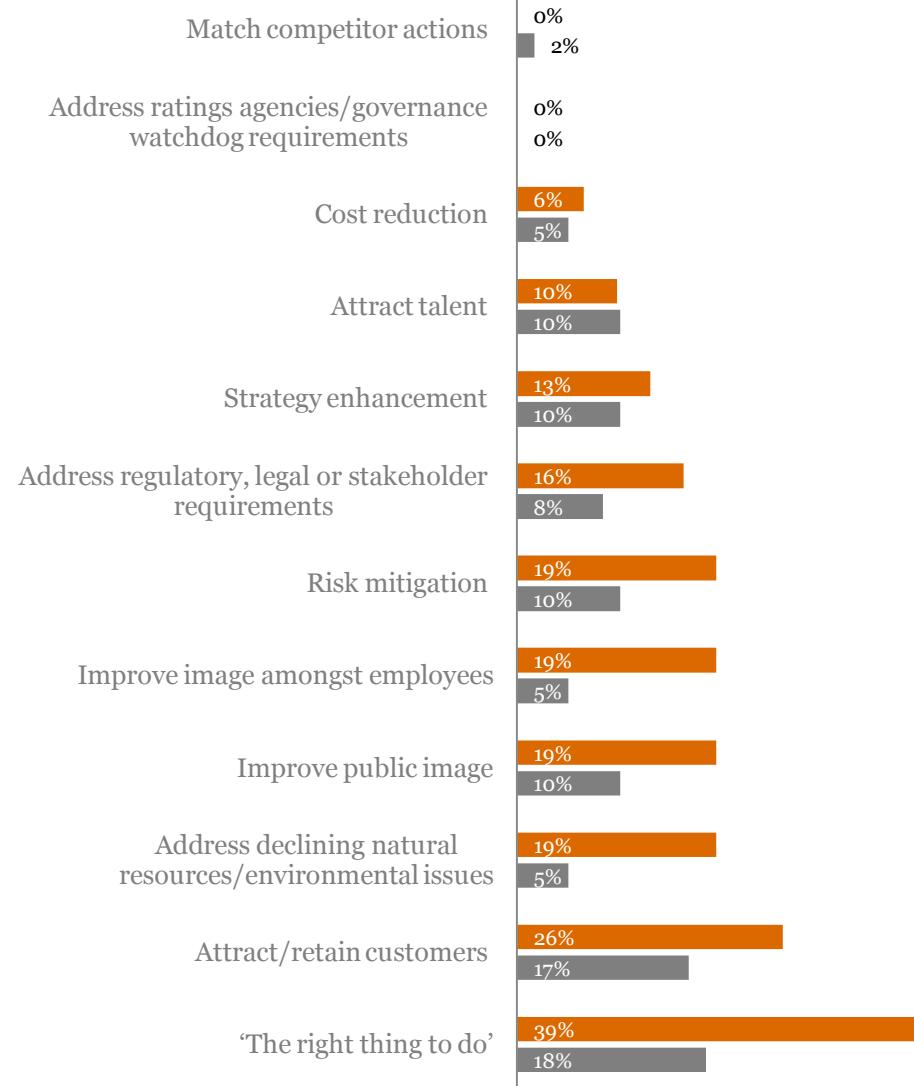
Does your company intend to develop a corporate responsibility and sustainability strategy?

■ Mongolia 2013 ■ Mongolia 2012



What do you aim to achieve through implementing this strategy?

■ Mongolia 2013 ■ Mongolia 2012



Corporate donations/ fund raising losing popularity in 2013

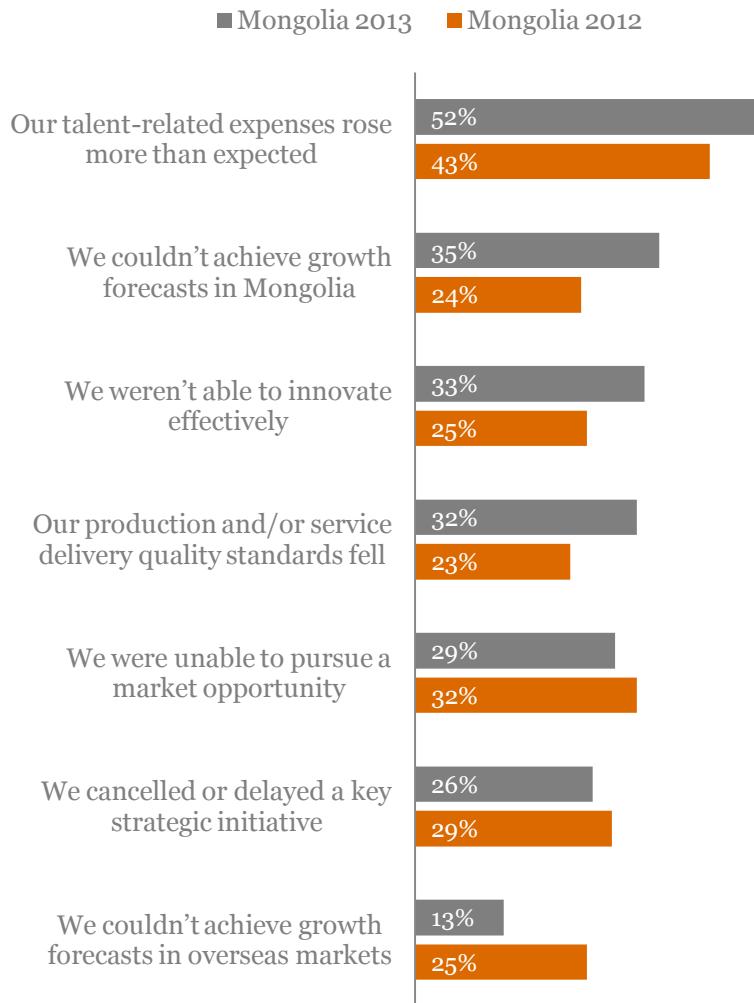
Elements of corporate responsibility and sustainability strategy: Top 4 elements for 2013

Elements of corporate responsibility and sustainability strategy: Top 4 elements for 2012

2013	2012
1. <i>Health & safety at work</i>	1. <i>Health & safety at work</i>
2. <i>Training and educational programmes</i>	2. <i>Training and educational programmes</i>
3. <i>Managing environmental impact from operations</i>	3. <i>Managing environmental impact from operations</i>
4. <i>Reducing water, energy, waste</i>	4. <i>Corporate donations and/or fundraising activities</i>

Talent effectiveness: costs are increasing and value is more challenged

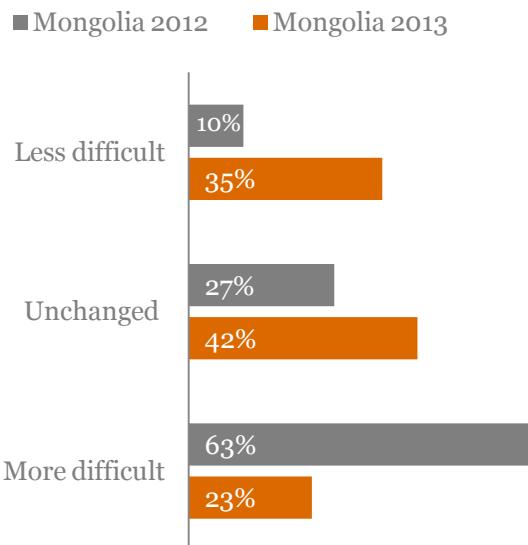
Percentage of CEOs saying talent constraints impacted their company's growth and profitability over the past 12 months in any of the following ways



A more positive outlook over the labor market

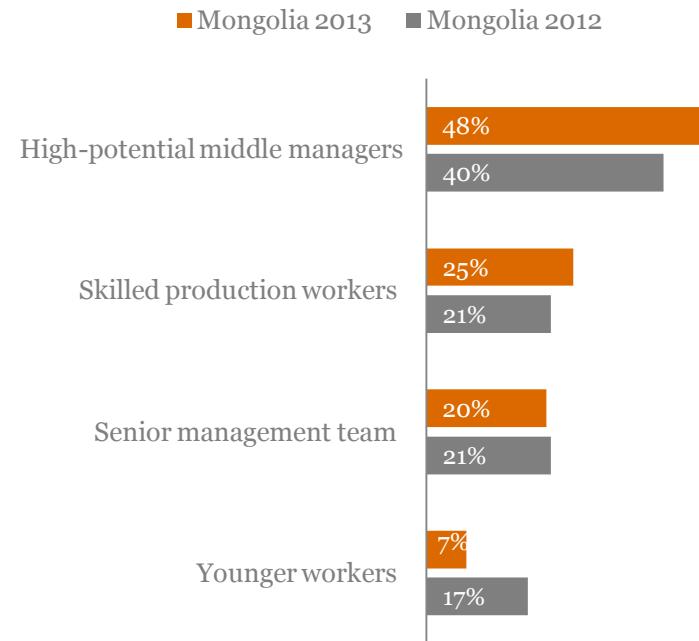
More CEOs are acknowledging increased ease of getting the right skills on board.

In general, has it become more difficult or less difficult to hire workers in your industry compared to a year ago, or is it unchanged?



..with that, the higher risk category of employees being High-potential middle managers.

With which of the following groups do you currently face the greatest challenges with regard to recruitment and retention?



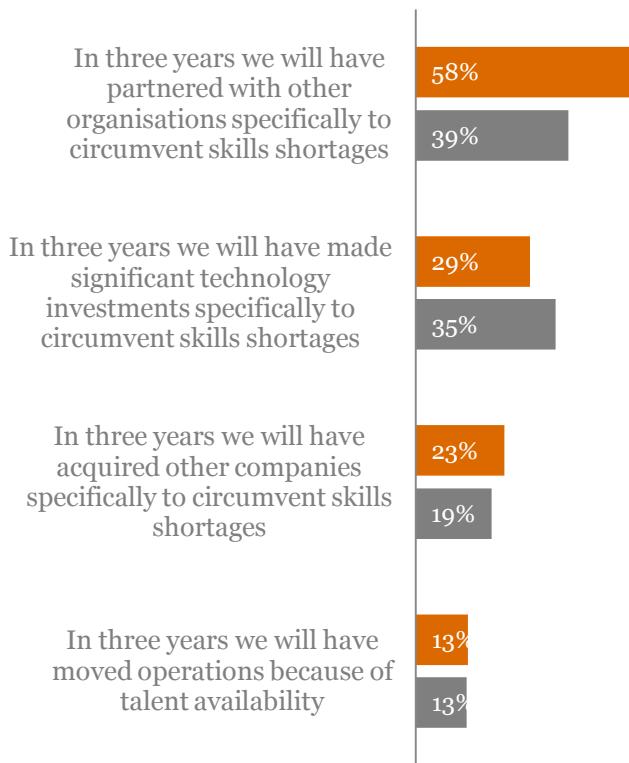
Global workforce

To bridge the skills gap in foreign operations CEOs are more likely to enter into partnerships (and/ or outsourcing arrangement) rather than bringing in complex technology or acquiring companies with relevant skills.

Stopping operations due to skills shortage is an unlikely scenario.

Percentage of CEOs who agree or agree strongly with the following statements about the future of your global workforce?

■ Mongolia 2013 ■ Mongolia 2012



About the 2013 Mongolia CEO Survey

31 CEOs of leading local and international companies have participated in our 2012 and 2013 Mongolian CEO Survey which has taken place between February and May in both years.

For this report, PwC also conducted in-depth interviews with three Mongolia-based CEOs.

16th Annual PwC Global CEO Survey was conducted a total of 1,330 interviews with CEOs in 68 countries between 5 September and 4 December 2012.

The Global CEO Survey can be found at <http://www.pwc.com/ceosurvey>.
This report can be found at <http://www.pwc.com/mn>.

Note: Not all figures add up to 100%, due to rounding of percentages and to the exclusion of 'neither/nor' and 'don't know' responses.

***To have a deeper discussion about the
2013 Mongolian CEO Survey, please contact:***

Mongolia

Matthew Pottle

Managing Partner

+(976) 70009089 ext.2003

matthew.f.pottle@mn.pwc.com

Olga Khardaeva

Manager

+(976) 70009089 ext.2054

olga.khardaeva@mn.pwc.com

Solongo Bayarsaikhan

Business Development Officer

+(976) 70009089 ext.2021

solongo.bayarsaikhan@mn.pwc.com

Global

Suzanne Snowden

Global Thought Leadership

+44 (0)20 7212 5481

www.pwc.com/mn

PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 158 countries with more than 184,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.com.

© 2013 PricewaterhouseCoopers. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.