



Transforming Now for a Relevant Tomorrow

28th Annual Global CEO Survey –
Mongolia Report



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Foreword

As we present the findings of PwC's 28th Annual CEO Survey, Mongolian CEOs are less optimistic in domestic economic growth as concern for geopolitical conflict, increasing inflation persist and a new threat of low availability of skilled workforce emerges, displaying increasing awareness of the need for business reinvention.

Reported by 4,701 CEOs globally, including 37 in Mongolia the path forward is clear: they must choose to act decisively now—either by accelerating their transformation efforts to blaze new trails and capture emerging opportunities, or by skillfully refining their current operations with strategic adjustments, ensuring their business models remain on course in an era redefined by innovative value creation.

The global landscape is evolving rapidly, particularly in view of changes in AI and climate change, and Mongolian CEOs similarly to our last year's findings are ever ready for business reinvention. Majority of the Mongolian CEOs are investing in generative AI, making climate-friendly investments, preparing new acquisitions and embracing solutions to transform their business models amid significant market shifts.

In closing, I extend my heartfelt thanks to the CEOs who generously shared their time and valuable insights for this year's survey and hope that you find this report informative and insightful.



Sincerely,
Shaukat Tapia
Country Managing Partner

Celebrating 15 years of success in Mongolia, more to come.

Key findings

Outlook and Threats

Despite ongoing optimism about the global economy, Mongolian CEOs express less confidence about the growth of the domestic economy and business vitality. This sentiment is shown in their continued feeling of exposure to geopolitical conflicts and new emerging exposure to lower availability of workers with key skills.

Twelve months ago, 49% of Mongolian CEOs expected their company to be economically viable for more than 10 years. This year, that number has starkly declined to only 22%.

China continues to play a crucial role, while the significance of Russia as a key business partner has notably diminished, with only 8% of companies investing in Russia, down from 22% last year. Conversely, there is substantial growth in the Central Asian regions.

In a low-growth economic environment, Mongolian CEOs are keen to drive growth and reinvention through M&A activities. Contrary to global trends, M&A is thriving in Mongolia:

- 54% of Mongolian companies have completed a major acquisition in the past three years, compared to 26% globally.
- 71% of Mongolian companies plan at least one acquisition in the next three years, significantly higher than the global average of 55%.

Generative AI (GenAI) enthusiasm remains undimmed, but lingering trust issues are holding back its full potential

- 79% of Mongolian CEOs have adopted GenAI in the past 12 months, a 33% increase from last year.
- 27% of Mongolian CEOs reported increased revenue, 32% noted higher profitability, and 45% observed improved employee efficiency due to GenAI adoption, showing slightly over optimistic expectations.
- Despite high enthusiasm and high expectations, only 25% of CEOs express high trust in embedding AI into core processes. Many are integrating AI into technology platforms (36%) and business processes (29%) rather than workforce and skills (7%).

Climate-friendly investments are yielding positive results for Mongolian businesses.

- 82% of Mongolian CEOs have initiated climate-friendly investments in the past five years.
- 75% of Mongolian CEOs have linked their personal incentive compensation to sustainability metrics, surpassing the global average of 56%.
- 26% report increased revenue from climate-friendly investments, while 39% face cost pressures from the climate-friendly investments.



Business as (un)usual

Outlook and Threats

Mongolian CEOs are increasingly optimistic about global economic growth, similar to global CEOs.

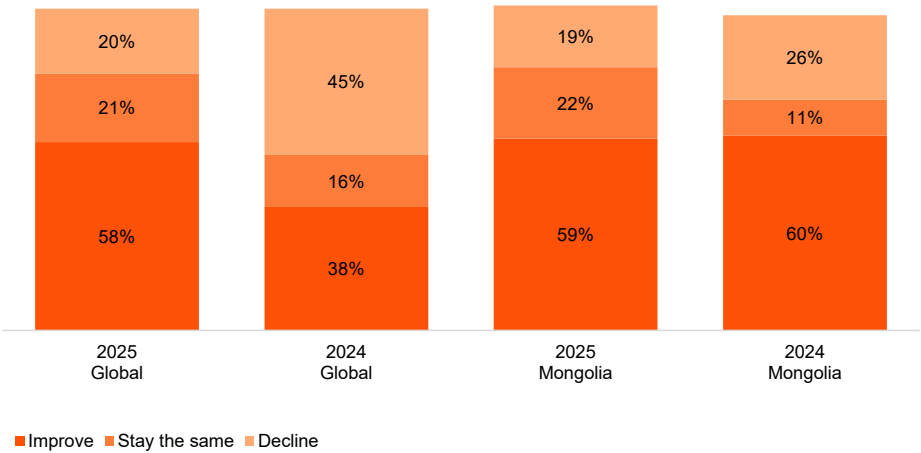
Mongolia’s economic outlook remains positive, with strong growth projections driven by the mining sector and government spending. The Asian Development Bank (ADB) forecasts GDP growth at 6.0% in 2025, supported by robust external demand and rising consumption. Similarly, the World Bank projects growth at an average of 6.4% over 2025-2026, with key drivers including increased production at the Oyu Tolgoi copper mine and higher government spending. S&P Global has affirmed Mongolia’s credit rating at ‘B’ with a stable outlook, reflecting sustained investments in mining projects and expectations of economic improvement. However, potential risks such as climate-related shocks and geopolitical tensions could impact this growth.

Despite these optimistic projections, Mongolian CEOs express slightly diminished confidence, although higher than from 2023, in economic improvement of Mongolia and with more expecting the economic growth to stay the same in 2025. This tempered outlook among business leaders highlights the need for cautious optimism, balancing strong growth prospects with awareness of external risks and uncertainties.

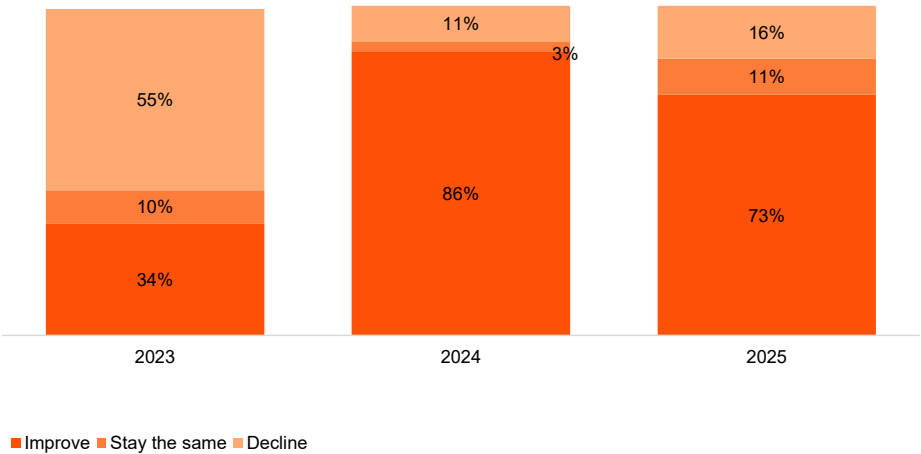
Capital Expenditure

74% of Mongolian CEOs foresee spending less than USD 50 million in total for their capital expenditure in the next 12 months. However, it is evident that Mongolian CEOs are split on the focus of their capital expenditure, with some prioritizing international operations. This split is not unique to Mongolia (44%), as almost half (42%) of global CEOs also foresee focusing on domestic operations due to rising tensions in global trade and evolving relations between the US and Mainland China, which may disrupt the investment flow.

Global Economic Growth



Mongolian Economic Growth



A micro view: caution is also shaping investment strategy

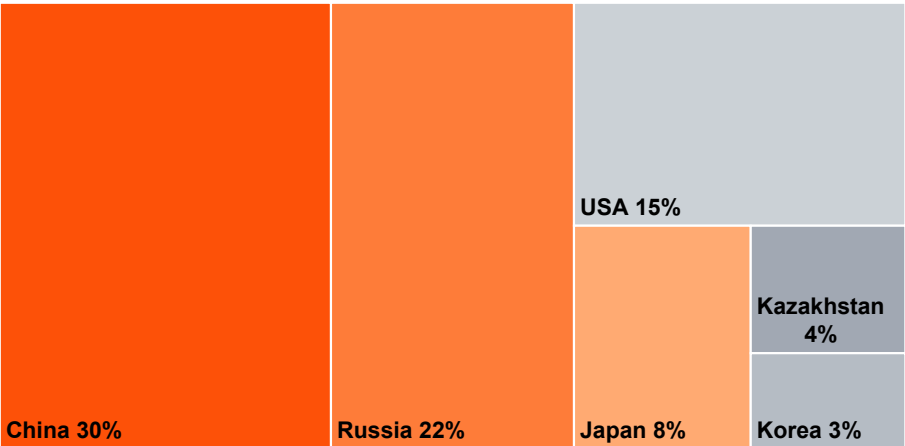
- 44% of Mongolian CEOs do not plan to allocate any capital expenditure (CapEx) for international operations in the next 12 months.
- 17% of Mongolian CEOs expect to invest a modest 1-10% of their CapEx in international ventures. This approach is consistent with global CEOs, where 42% plan no international CapEx and 16% plan to invest 1-10%.

This cautious approach is more evident in the reduced importance of Russia as a critical business destination, reflecting lower risk tolerance amid economic and geopolitical uncertainties. Many may choose to focus on strengthening domestic operations, producing locally, and exporting to minimise exposure to foreign market volatility.

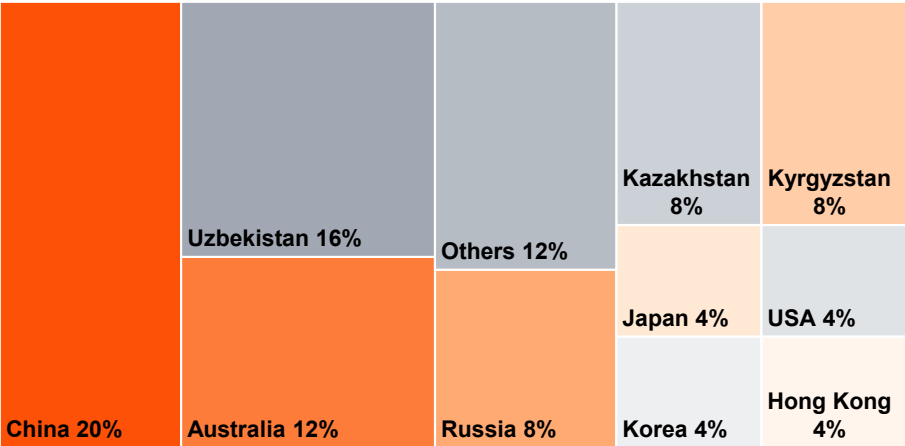
On the other hand, China is still considered vital for business operations in Mongolia, whilst Central Asian regions are gaining prominence, albeit with significantly diminished importance on Russia.

Reflecting the CEOs’ concern of allocating CapEx for international operations, 46% feel highly or extremely exposed to geopolitical conflict (including resource and trade disputes, terrorism, interstate violence).

Q. Which three countries/territories, excluding the one in which you are based, will receive the greatest proportion of your company's planned capital expenditure in the next 12 months?



2024

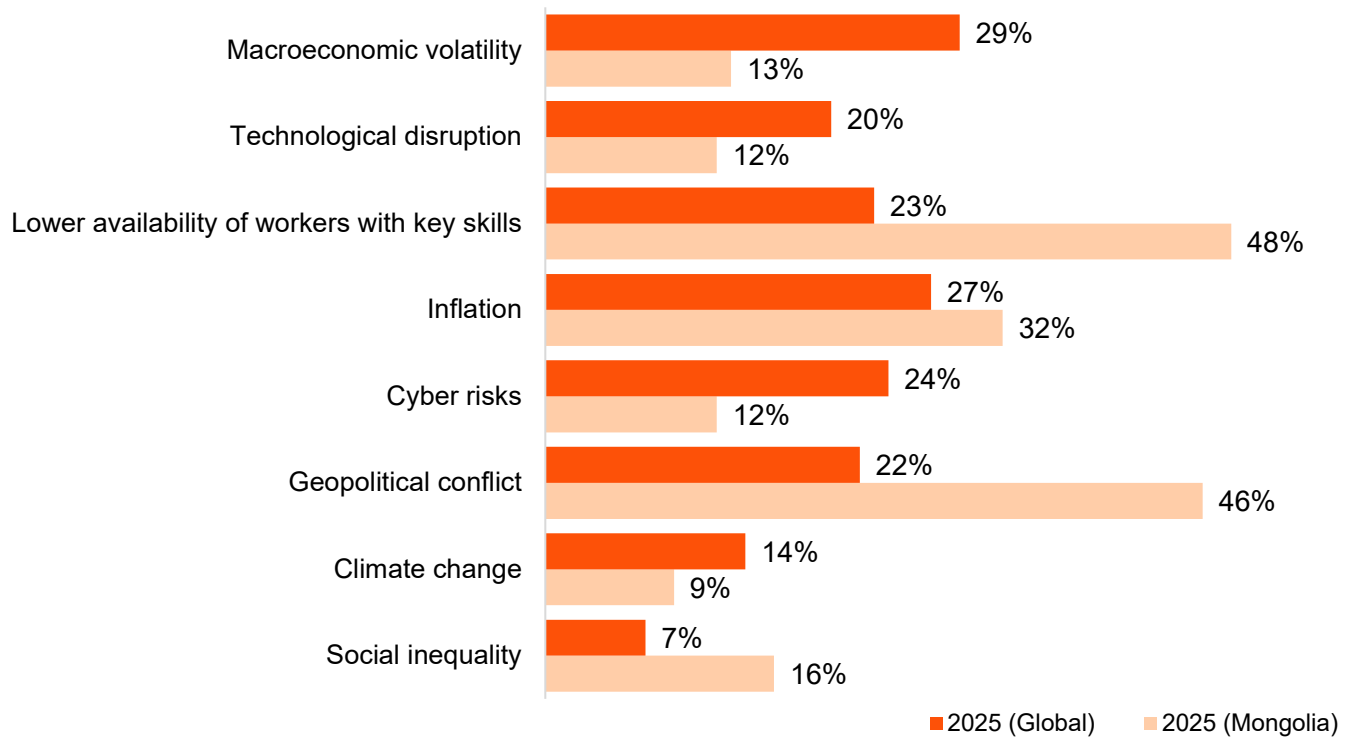


2025

Although slightly decreasing, due to its geographic location, Mongolian CEOs remain highly concerned about geopolitical conflict as the conflict between Russia and Ukraine continues and tension between the US and China rises.

In comparison, among global CEOs, their concern for geopolitical conflict remains low at 22%, although slightly increased from last year (18%). The top concern posing the greatest risk of substantial financial loss in the year ahead remains macroeconomic volatility (29%) and inflation (27%).

Q. How exposed do you believe your company will be to the following key threats in the next 12 months? (Showing “highly or extremely exposed”)

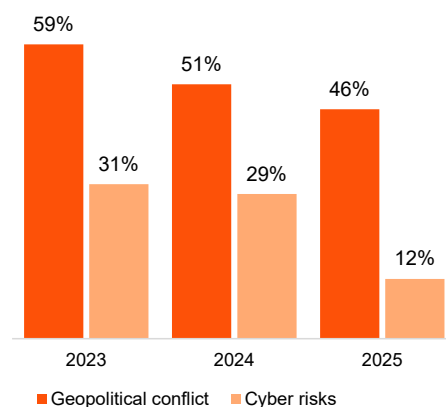


Lower availability of workers with key skills poses one of the high concerns for CEOs across the region. In Mongolia, 38% of the CEOs plan to increase headcount in the next 12 months. PwC’s Asia Pacific Hopes and Fears 2024 survey found that nearly a third (31%) of employees are eyeing other employment opportunities – higher than during ‘The Great Resignation’. This threat may be higher than CEOs realize, highlighting the critical need to retain existing talent and attract new ones. The reinvention imperative

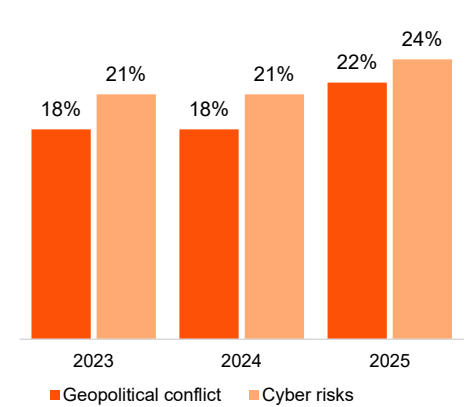
Other risks further complicate the outlook, such as rising trade tensions and increasingly severe weather conditions, making threats unpredictable. CEOs are right to be cautious. Consider also the connections between these threats, which could amplify their impacts.

For example, many critical supply chains (for semiconductors, for instance) are vulnerable to both extreme weather events and geopolitical rivalries. Furthermore, the link between geopolitics and cyber risk is becoming increasingly evident. More than ever, systems thinking is needed to anticipate what may lie ahead.

Mongolia



Global

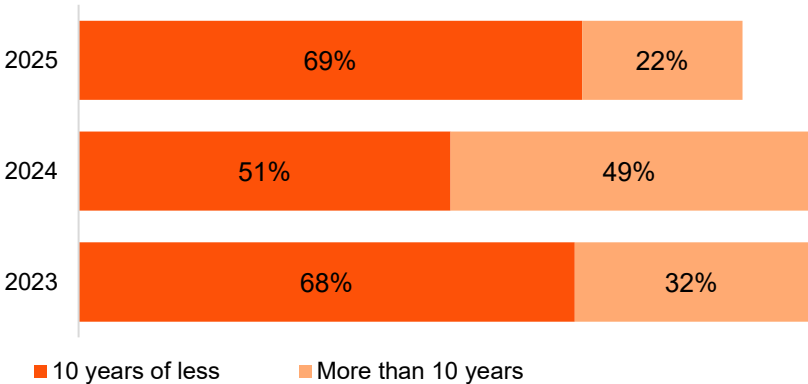


The reinvention imperative

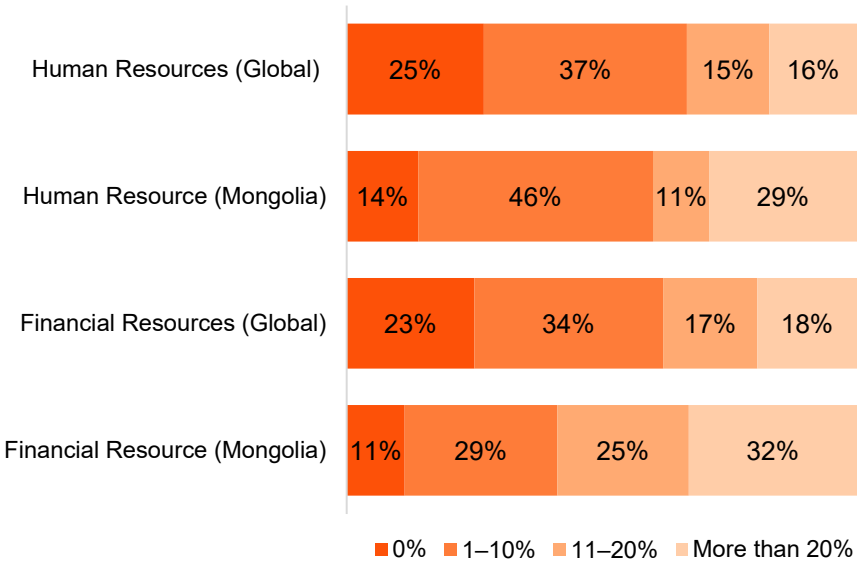
Outlook on longevity is down

Mongolian CEOs are increasingly concerned about their companies’ long-term viability. A significant 69% now believe their businesses will not last beyond a decade if current trends continue, up from 51% in 2024. This growing pessimism is largely due to intense competition from established players, which is seen as the primary threat to their economic sustainability.

Q. If your company continues running on its current path, for how long do you think your business will be economically viable?



Q. What proportion of your company's financial and human resources did you and your management team reallocate across businesses or projects within your company between the last fiscal year and the current fiscal year?



Dynamic resource reallocation is essential for reinvention.

This year, only 32% of Mongolian CEOs reallocated more than 20% of financial resources, and 29% did the same with human resources.

Global data reveals that actively reallocating people is associated with higher profitability. There is also a strong correlation between higher levels of resource reallocation - both financial and human - and the revenue generated from distinct new businesses.

This underscores the critical role of reinvention and dynamic resource reallocation in driving business success and innovation.

Decision Quality

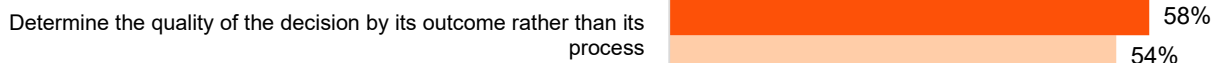
On the brighter side, CEOs recognize several key factors that could bolster their companies' prospects. These include rising demand for their products and services, easier access to financing, accurate forecasting and planning, and making strategic decisions that align with market needs. By focusing on these areas, Mongolian businesses can enhance their resilience and ensure a more promising future.

Despite the decreased confidence in their company's viability, Mongolian CEOs exhibit inconsistency in their strategic decision-making process. During times of change, well-informed, disciplined, and unbiased decision-making is vital.

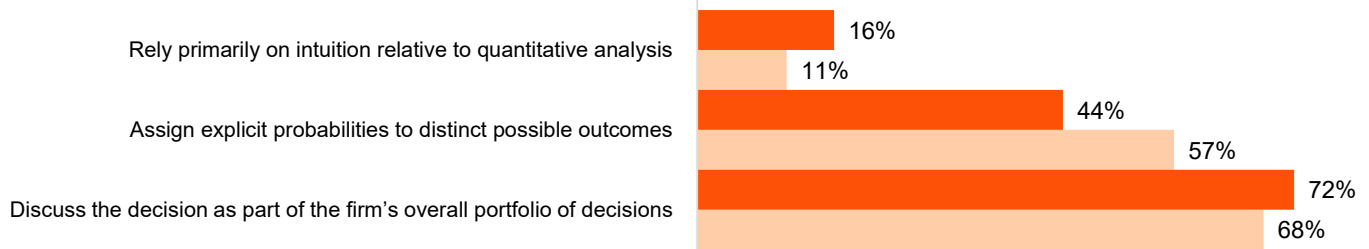
The most consistent action Mongolian CEOs take is discussing decisions as part of the firm's overall portfolio of decisions. This, while valuable, highlights the need for more structured and reliable decision-making frameworks to navigate economic uncertainties effectively.



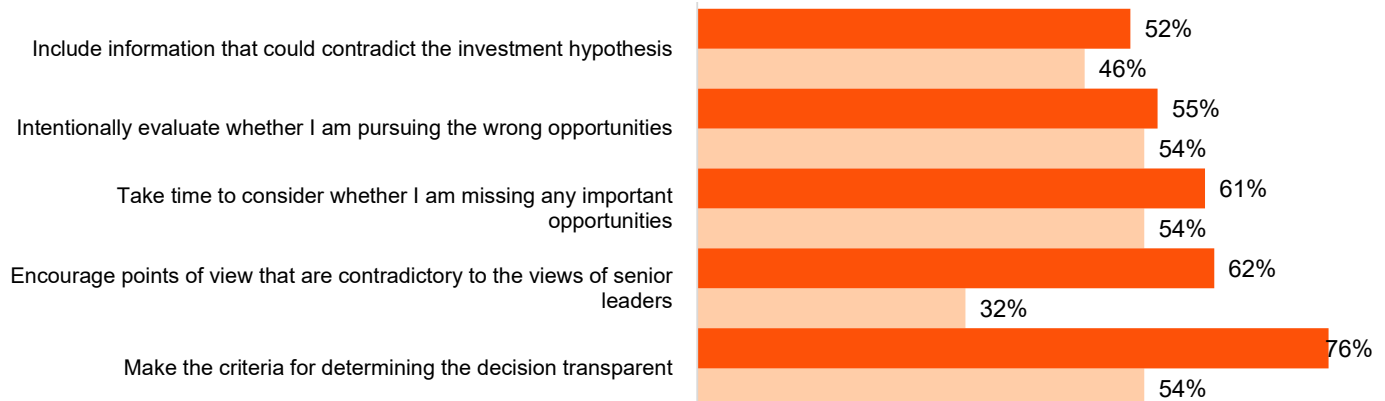
Post-decision evaluation



Big picture analysis



Countering confirmation bias



■ 2025 (Global) ■ 2025 (Mongolia)

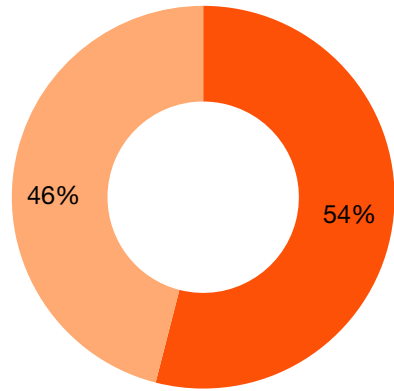
54% of Mongolian CEOs have undertaken a major acquisition (over 10% of assets) in the last three years.

One of the ways to reinvent and create value is to look beyond company walls and across industry boundaries. Unlike the global trend (26%), M&A activity in Mongolia has been relatively active.

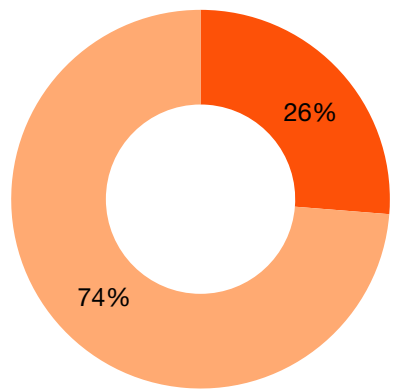
This is further supported by our survey finding that 71% of Mongolian CEOs are planning to make at least one acquisition in the next three years, showing a big contrast to global findings of 55%.

Q. Has your company made a major acquisition (more than 10% of assets) in the last three years?

Mongolia

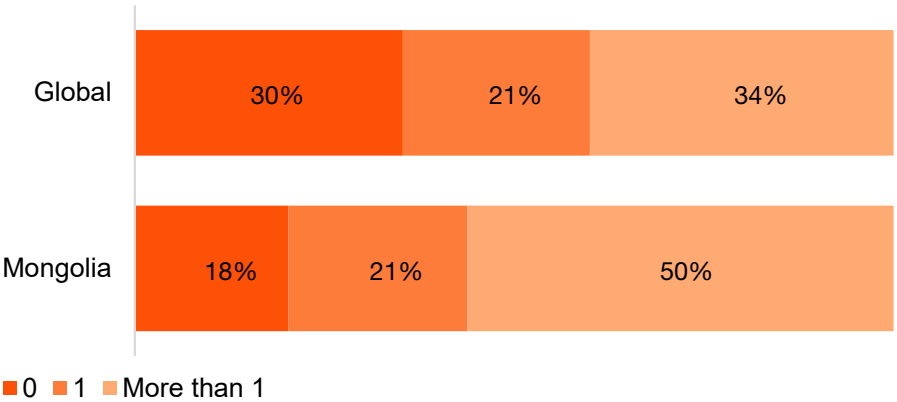


Global



Yes No

Q. How many acquisitions is your company planning to make in the next three years?



Business leaders are eager to accelerate growth and drive transformation in a low-growth economy, which is opening up opportunities for M&A. Business model reinvention often happens quickly and is disruptive.

It is imperative for companies to fast-track the acquisition of new capabilities, and M&A is an effective way to achieve this. In this, 21% of Mongolian CEOs expect to acquire 20% or more of the deal value from sectors or industries other than their own.



Two defining issues: Artificial Intelligence

Artificial Intelligence

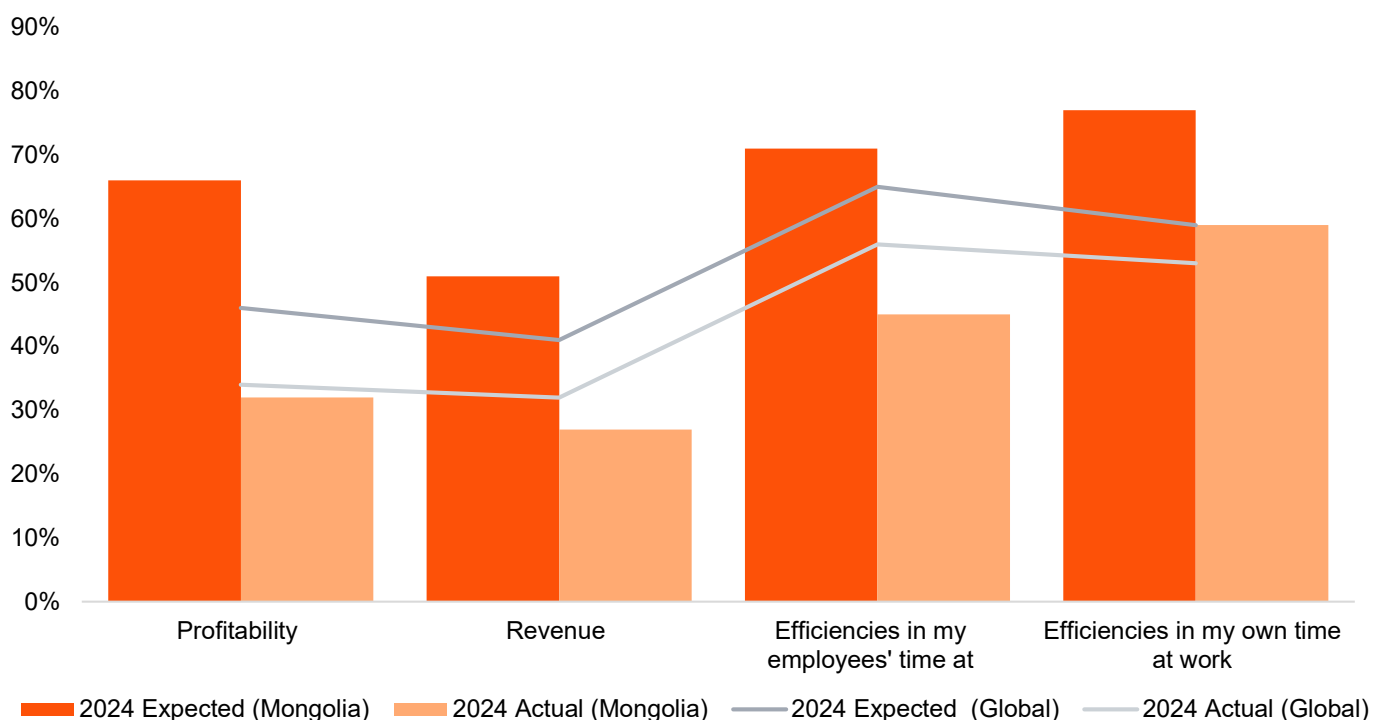
Mongolian CEOs' enthusiasm toward GenAI remains undimmed: 79% have adopted GenAI (to any degree), a noticeable increase of 33% from last year.

Expectations about GenAI's impact on profitability for the year ahead remain the same as last year, with about half (44%) expecting an increase. CEOs have seen early returns on GenAI, but their predictions about its impacts in 2024 were slightly over-optimistic.

Despite the enthusiasm, only 25% personally trust having AI embedded into key processes to a large and very large extent. Further, 29% have limited level of trust towards AI.

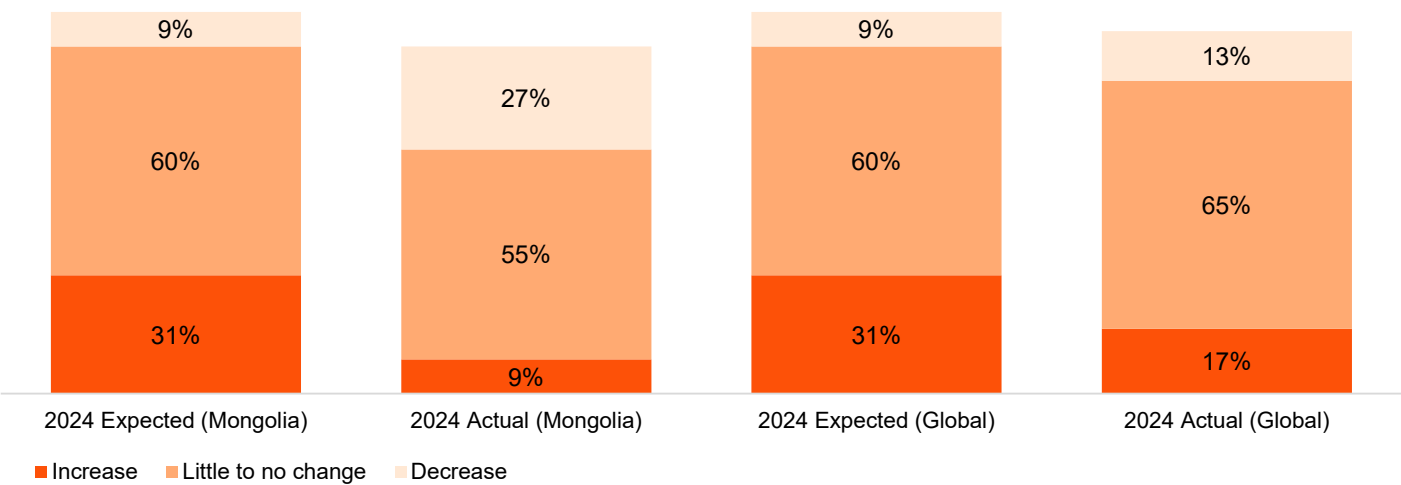
This is similar to our global findings. All CEOs are cautious, but we don't see any inherent contradiction between CEO enthusiasm for GenAI and lack of complete trust in the technology. GenAI remains in its infancy. It is natural (perhaps wise) to temper optimism with a degree of caution.

Q. To what extent did generative AI increase or decrease the following in your company in the last 12 months? (Showing 'increase')



Prediction of change in headcount due to GenAI

Q. To what extent did GenAI increase or decrease the following in your company in the last 12 months? (headcount)



Interestingly, only a small portion predicted a reduction in headcount due to GenAI last year. However, more than a quarter (27%) reported an actual decrease in headcount.

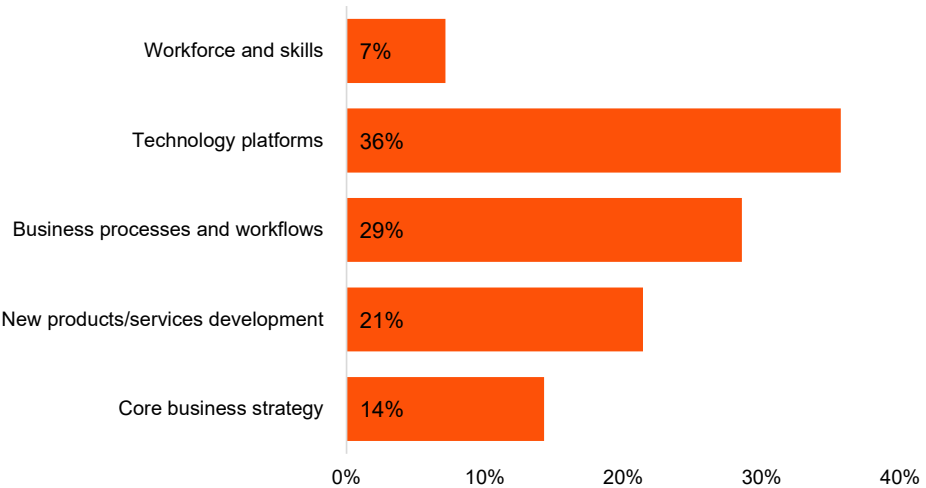
This echoes the global fear of employees that GenAI will decrease their job security. CEOs are not prioritizing AI integration into workforce skills as much as they should be. Many are choosing to integrate AI more into technology platforms (36%) and business processes (29%) rather than workforce and skills (7%).

This could be a misstep, especially when digital workers known as AI agents could double their workforce and fundamentally change their workflows. How CEOs manage a blended digital and human workforce will be essential to realizing the full potential of this technology.

Similarly, with the integration of AI into core business strategy at the bottom of the list, there’s a missed opportunity. This is a clear call for CEOs to embed AI as a core part of the business model.

In the next 3 years, CEOs plan to integrate AI (including GenAI) systematically into various areas.

Q. 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? (showing “to a large or very large extent”)



Two defining issues: Climate

Climate

82%

of Mongolian CEOs have initiated climate-friendly investments in the last five years, similar to global CEOs (85%).

75%

say their personal incentive compensation is linked to sustainability metrics (vs. global 56%).

This high figure could be attributed to the increase of ESG incentives operating in the Mongolian market and increased reporting initiatives.

Upside from climate action

Climate considerations are no longer just about meeting stakeholder expectations – they’re becoming a cornerstone of investment. A substantial 82% of Mongolian CEOs have initiated climate-friendly investments in the last five years.

This echoes the sentiment found in PwC’s Global Investor Survey 2024, where over half of Asia Pacific-based investors highlighted the importance of how companies manage sustainability-related risks and opportunities in their investment decisions.

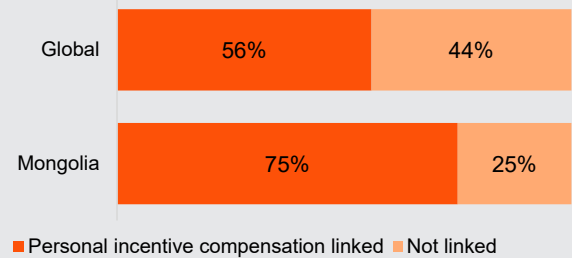
Climate investment is also paying off. 26% report increased revenue from climate-friendly investments, although 39% state pressures on costs. Some CEOs may still struggle to identify clear pathways for increasing revenue while incorporating sustainability into strategies.

Our Hidden Opportunities report highlights four ways businesses can turn sustainability into a competitive advantage: transition to a sustainable corporate strategy, re-evaluate sustainability reporting, take charge of energy action, and collaborate across supply chains.

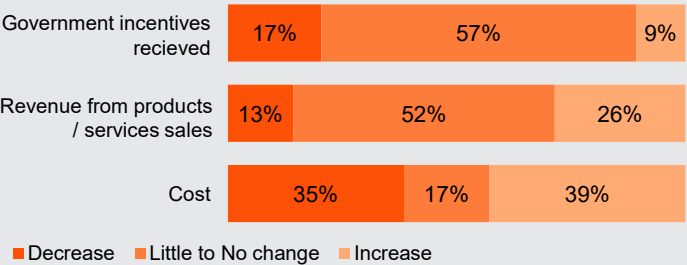
In the last 12 months, 48% have accepted rates of return for climate-friendly investments that were lower than the minimum acceptable rate of return for other investments (vs. global 25%).

Further, almost a third (28%) are willing to accept less than 1% or 1-2% lower rate of return for their climate-friendly investments compared to the minimum acceptable rate of return they use for other investments. 64% are willing to accept 2-6% lower.

Q. What proportion of your current personal incentive compensation (including both annual bonus and long-term incentives) is determined by sustainability metrics?



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



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in Mongolia, more to come.**

