28th Annual Global CEO Survey - Pakistan

The Next Leap: Charting the Path to Change

February 2025

Table of Contents

PwC's Annual Global CEO Survey

PwC's Annual Global CEO Survey (the Survey) is a flagship initiative, capturing the perspectives of thousands of chief executives worldwide on the most pressing challenges and opportunities their organizations and industries face. Over the past 27 years, this Survey has provided unique insights into the minds of CEOs. To capture their specific perspectives and insights on these critical issues, CEOs of Pakistani companies are being included since last year's edition of the Survey.

Last year's findings revealed that 45% of global CEOs (42% of CEOs from Pakistan) believed that their companies will not remain economically viable over the next decade if they continued their current paths, thus highlighting the need for business reinvention in the face of imminent change.

This year 4,701 CEOs completed the survey globally representing responses from 109 territories emphasizing the global reach and impact of the survey.

This document provides insights from completed responses received from Pakistani CEOs on the same questions posed in the Global Survey to all the CEOs around the world.

28th Annual Global CEO Survey

In its 28th edition, the Survey offers valuable insights into how strategic reinvention is boosting financial performance and driving industry convergence. It highlights the critical role of business model reinvention in ensuring sustainability of businesses as they navigate the future.

This year's survey features participation from 70 CEOs in Pakistan, representing a wide array of companies, industries, and sectors. Among the respondents, 70% are CEOs of publicly listed companies, while the remaining 30% lead privately owned businesses.

The Survey explores essential concepts of identifying emerging trends and effectively managing resources to sustain and generate new value. It provides an in-depth look at the enduring forces shaping the business landscape by examining macroeconomic trends, impact of reinvention, and opportunities for transformation and sustainability through AI and climate actions.

- Macroeconomic Trends
- Reinvention
- AI
- Climate Action

Findings from responses of the CEOs have also been shared with the Pakistan Business Council and Overseas Investors Chamber of Commerce and Industry and their comments have also been included in this document, which represent their views.

Ready or not, the future approaches fast - What's on the minds of Pakistan's CEOs?

Optimism about economic growth among Pakistani CEOs has increased from 49% last year to 83% in the current year.

The survey points to the significantly extended optimism of Pakistani CEOs about the economic growth of Pakistan (83% expecting improvement vs 49% last year). With regards to global economic growth, 70% expect improvement as compared to 39% last year.

They also seem confident about growth of their companies' revenues in the coming years (92% confident of improvement in the coming 12 months and 99% confident about such growth in the coming 3 years) with the majority (54%) not expecting any significant change in their current staffing levels. Yet, they continue to feel significant exposure of their businesses to the risks of macroeconomic volatility (46%), inflation (39%) and geopolitical conflict (31%), among others. The proportion of those feeling significant exposure to inflation last year has, however, decreased as it was 55% last year.

Consistent with the last year, many of the CEOs (44%) believe there is a significant need to reinvent their business models as their businesses shall no longer remain viable beyond 10 years otherwise. We note that businesses expecting lower viability (10 years or less) consider external factors (changes in regulatory environment and increasing products/services costs being the top two), whereas those expecting higher viability (more than 10 years) consider internal factors (organisational efficiency and correct strategic choices being the top two) as the factors which most influence such viability.

The need to reinvent seems to have increased the pace at which businesses are reallocating both their financial (85% respondents reallocating some resources) and human resources (87% respondents reallocating some resources) across their business units and focusing on, among others, targeting new customer base, developing innovative products and services, and implementing new pricing models.

Reinventing the business model is also increasingly leading a majority (54%) of respondents' businesses to compete in new sectors and industries where they hadn't previously competed, with consumer, retail and real estate being top new sectors on the list. Although the average of the percentage of revenue that companies got from new businesses – a measure of how fast they are growing beyond the core – may be modest, it is clear that this trend is poised to increase, and the proportion of such revenues are expected to grow over time.

Additionally, some businesses are seeing early returns relating to AI, especially in the areas of profitability (27% respondents) and efficiencies in time at work for both the CEOs (51% respondents) and the employees (53% respondents), but the actual returns seem yet to catch up to the expectations. Although many CEOs expect AI's significant systematic integration into many processes, especially those relating to technology platforms (45% respondents), business processes and workflows (35% respondents) and workforce and skills (31% respondents), some also hint at significant trust issues (6% respondents) in embedding AI into their key processes which indicates a need for businesses to foster transparency, demonstrate AI's efficacy, and provide training to build confidence.

Climate also comes out as a key area of focus with more respondents (39%) believing it to have increased their revenues than those (34%) who believe it to have increased their costs. Also, majority of respondents (58%) reported that they have some proportion of their personal incentive compensation determined by sustainability metrics.

The Survey clearly depicts that most of the respondents have cautiously started taking some steps towards reinvention based on the significant trends relating to AI and climate affecting their businesses, but the momentum needs to accelerate further if their businesses are to sustain their confidence in entering the unknown future.

Reinvention of business model is leading businesses to compete in new sectors and industries where they had not previously competed.

Macroeconomic Trends

Explore the expectations of the external forces shaping the business landscape.

- Economic Growth
- Exposure to Threats
- Revenue Growth Confidence
- Headcount

Optimism about Economic Growth

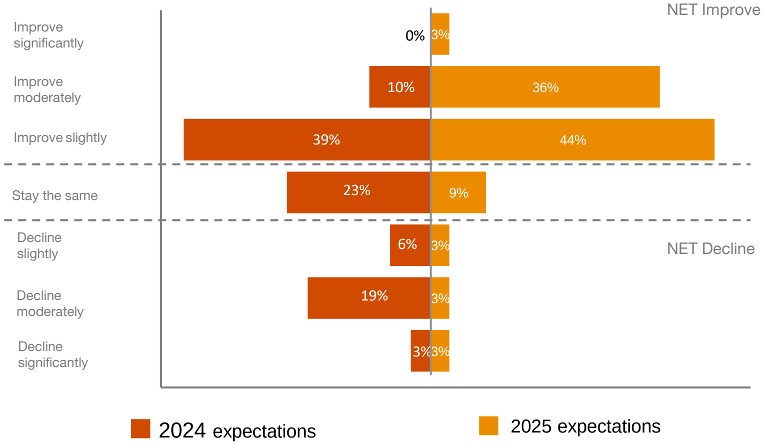
The overall sentiment reflects strong optimism about economic growth in Pakistan, with 83% of respondents expecting improvement. This surpasses the expectations for growth in the global economy, where 70% of respondents expect slight to moderate improvement.

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

Base: All respondents

Last year, 28% of respondents anticipated a decline in economic growth in Pakistan while 49% expected improvement. This year, the proportion of respondents expecting a decline has dropped sharply to 9% and of those expecting improvement have surged to 83%.

34% increase in positive expectations for Pakistan's economic growth, compared to last year.

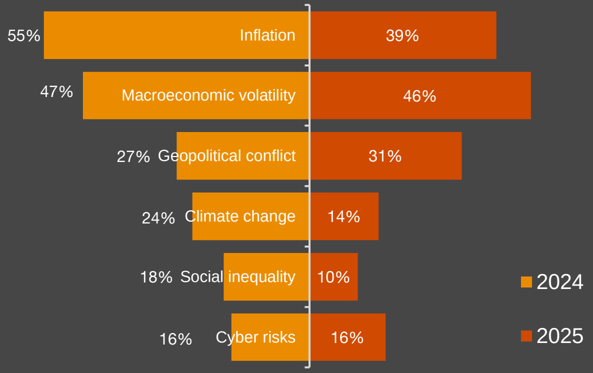


Base: All respondents

Macroeconomic Trends: Exposure to Threats

Despite optimism around economic growth, businesses continue to feel vulnerable to threats

Q. How exposed do you believe your company will be to the following key threats in the next 12 months? (2024 vs 2025)



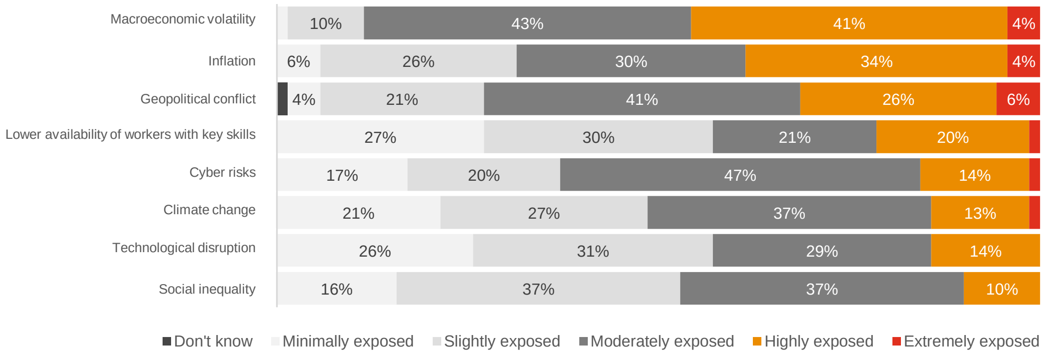
Base: All respondents

The data highlights macroeconomic volatility (46%) and inflation (39%) as the top concerns for companies, suggesting a focus on economic stability and cost management. Geopolitical conflicts (31%) and workforce skill availability (21%) are also significant concerns, indicating a need for strategic planning in these areas.

While concerns about the threats of cyber risks (16%), climate change (14%), technological disruption (14%), and social inequality (10%) are present, they are perceived as less immediate threats compared to economic factors.

Perceived exposure to key threats, such as inflation (-16%), macroeconomic volatility (-1%), climate change (-10%), and social inequality (-8%) has decreased compared to last year, while concerns regarding geopolitical conflict have increased (+4%) and new threats have emerged. Overall respondents feeling minimally, slightly, or moderately exposed, or who don't know, has decreased from 32% last year to 29% this year, indicating a slight increase in the overall perception of exposure to threats.

Q. How exposed do you believe your company will be to the following key threats in the next 12 months?



Base: All respondents

Values below 4% are not shown on the graph

Confidence in Revenue Growth

Base: All respondents

For revenue growth expectations over the next 12 months, there has been a decline in overall confidence. Last year, 55% of respondents were either very or extremely confident about their company's revenue growth prospects. This year, the net confidence has dropped to 44%, with 30% very confident and 14% extremely confident. The decrease in confidence is also reflected in the increase in the proportion of respondents who are slightly confident, which rose from 8% last year to 14% this year, and those not confident, which increased slightly from 5% to 7%.

In contrast, the confidence in revenue growth prospects over the next three years has improved, about which 63% of respondents were very or extremely confident last year. This year, the net confidence has risen to 68%. Notably, there is a significant drop in the percentage of respondents who are not confident about the growth of their company's revenues in three years down to 0% from 8% of last year, and an increase in those who are slightly and moderately confident.

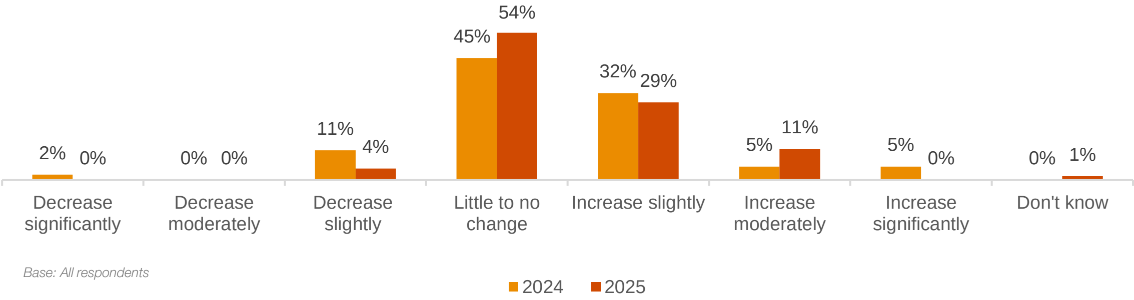
Overall, while short-term confidence has decreased, long-term confidence in company revenue growth prospects has strengthened, indicating a more positive outlook in the medium term compared to the immediate future.

Companies plan to maintain current staffing levels. Indication of 'Little to no change' in headcount has increased from 45% last year to 54% this year.

The proportion of respondents anticipating a decrease in headcount has declined – last year, 13% expected a decrease while this year it has dropped down to 4%. None of the respondents this year expect a significant or moderate decrease, compared to 2% expecting a significant decrease last year.

The percentage of respondents expecting little to no change in headcount has increased from 45% last year to 54% this year, suggesting that most companies are planning to maintain current staffing levels. Moreover, the overall expectation for an increase in headcount has slightly decreased from 42% last year to 40% this year.

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



Base: All respondents

Reinvention

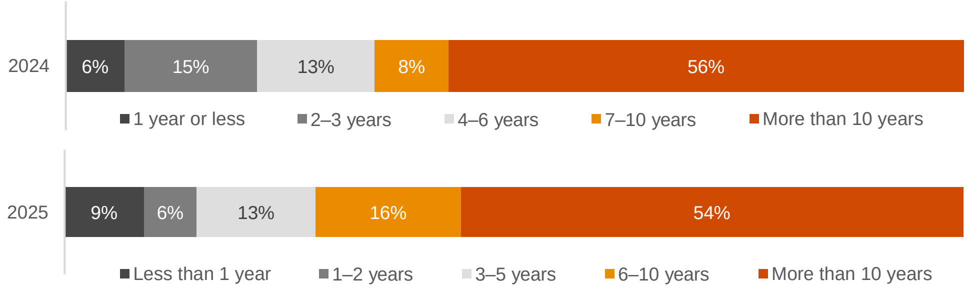
Outlining key actions that will enable companies to thrive even as the business context changes rapidly.

- Viability Factors
- Resource Reallocation
- Reinvention Actions
- Acquisitions

44% respondents highlight the need for business reinvention as they do not foresee their businesses being economically viable for more than 10 years.

9% respondents believe that their business will remain viable for less than 1 year.

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



"Don't Know" responses not included.

Reinvention: Viability Factors

Factors considered key for perceived economic viability of businesses.

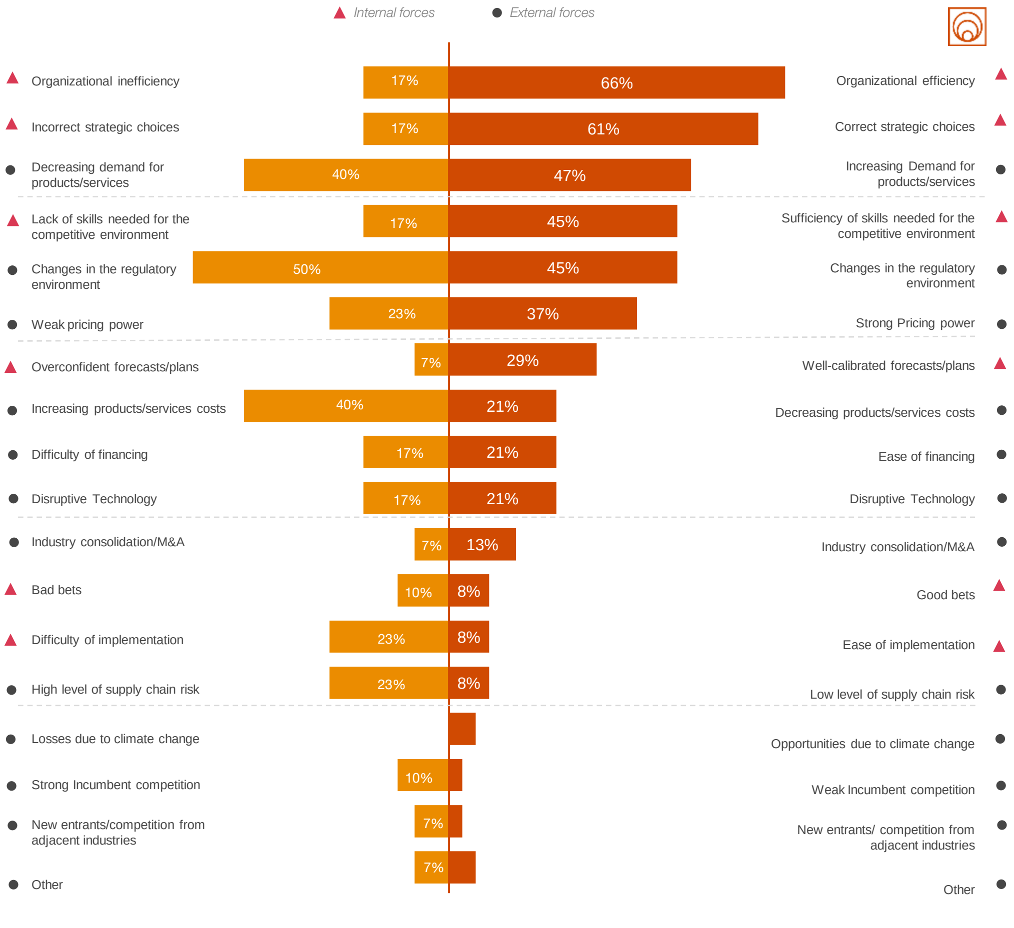
Participants were asked to identify factors influencing the perceived economic viability of their businesses.

- High viability factors were asked of those who considered their business model viability to be more than 10 years.
- Low viability factors were asked of those who considered their business model viability to be 10 years or less.

High viability companies perceive themselves as better prepared and more adaptable to both internal and external challenges. Their focus on efficiency and strategic planning indicates a proactive approach for long-term success.

Low viability companies appear to be more reactive, with their concerns largely driven by external uncertainties. This might indicate a need for strengthening internal capabilities to improve their resilience against external pressures.

The trend suggests that high viability companies are leveraging internal strengths to maintain and enhance their position, with a strategic approach to external factors. Meanwhile, low viability companies seem more focused on external challenges, possibly due to a lack of internal robustness. The perception difference lies mainly in how prepared and capable companies feel in addressing these factors.



Base: Those with less than 10 years' viability   *Values below 5% are not shown on the graph*   *Base: Those with more than 10 years' viability*

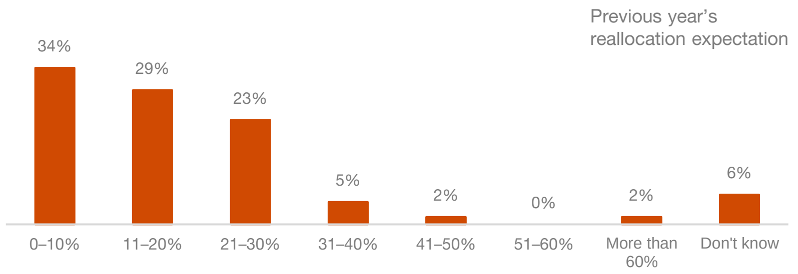
67% of the total respondents are reallocating both financial and human resources across business units.

The data indicates a trend towards moderate reallocation of both financial and human resources (1% - 30%), with a significant portion of companies making adjustments to possibly align with their strategic goals or responding to changing business conditions.

The presence of higher reallocation percentages suggests that some companies are undergoing significant strategic shifts, possibly to seize new opportunities or optimize operations.

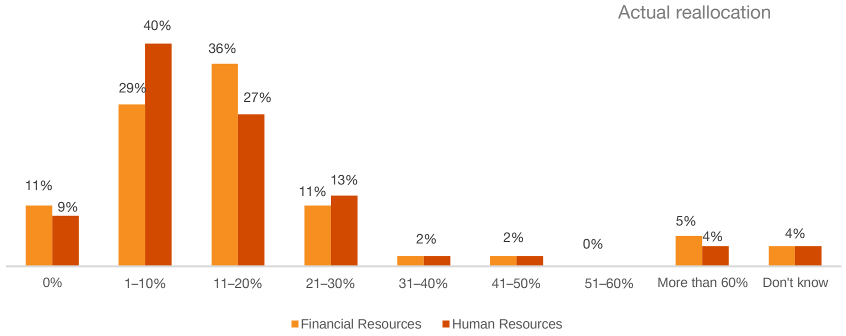
Overall, the data highlights the active utilisation of resource reallocation as a strategic tool for companies, with varying degrees of adjustment reflecting different levels of strategic change or adaptation.

Q. What share of your company's resources (financial and human) do you and your management team reallocate across your businesses from year to year?



(Source: 27th Annual CEO Survey- Pakistan)
This question was asked of all businesses.

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



Base: Those with more than 1 business unit (n.55)

Reinvention: Inherited Processes

- There is a marked preference for intentional design, underscoring a strategic approach to business operations. This reflects an emphasis on predictability and control, although there's also an acknowledgment of the need for flexibility and adaptability, particularly in areas that benefit from innovation and responsiveness to change.

- Capex allocation and budgeting were identified by 70% and 80% respondents respectively as being intentionally designed processes, emphasising the importance of careful investment planning and financial control to ensure stability and growth. 66% CEOs reported strategic planning processes being deliberately structured, demonstrating a focus on long-term goals while maintaining adaptability to changing circumstances.

- Procurement (66%), Tax (61%), Marketing (60%) and Risk Management (57%) processes are also largely intentionally designed, reflecting a focus on efficiency. However, these processes also accommodate unexpected changes with almost 11% - 17% businesses reporting unplanned evolution.

- 55% respondents identified talent management processes as being intentionally designed and 15% reporting unplanned evolution, perhaps indicating an adaptive approach to evolving organizational needs and workforce dynamics.

- Lastly, Research and Development (R&D) processes exhibit a balanced approach, with 30% reporting intentional design and 31% reporting unplanned evolution. This highlights the experimental and innovative nature of R&D, where a degree of flexibility is crucial to accommodate new ideas and rapid advancements.

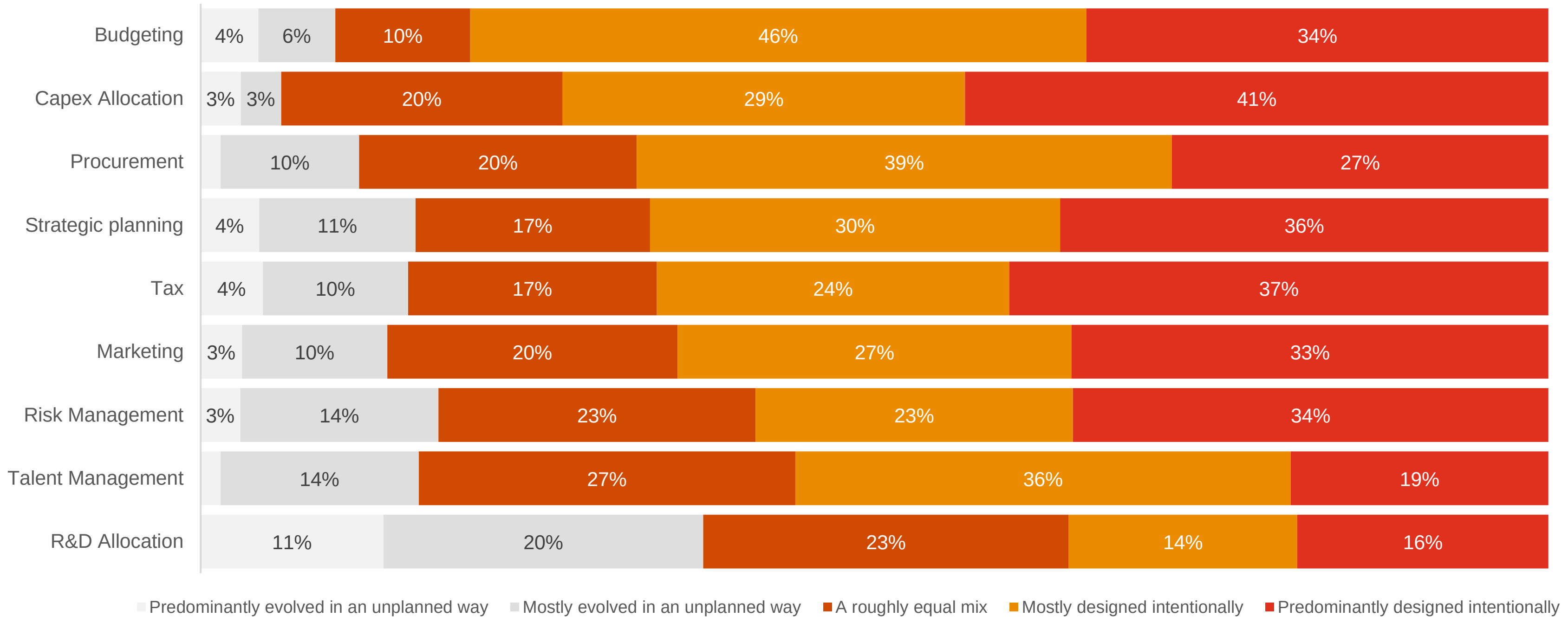
- Overall, the data reveals that while most processes are intentionally designed indicating a strategic focus on predictability and control, certain areas like R&D and talent management require a more balanced approach. This highlights the importance of flexibility and adaptability in areas that thrive on innovation and responsiveness to change. Structured financial processes such as capex allocation and budgeting emphasise the need for precision in financial management, reflecting their critical role in maintaining organisational stability.

Businesses strive for a dual strategy of intentional design in key areas while allowing for flexibility in processes that benefit from adaptation and innovation.

Q. When you became CEO, to what extent were the following key processes in your company evolved in an unplanned way or designed intentionally?

Reinvention: Inherited Processes

Q. When you became CEO, to what extent were the following key processes in your company evolved in an unplanned way or designed intentionally?



Values below 3% are not shown on the graph

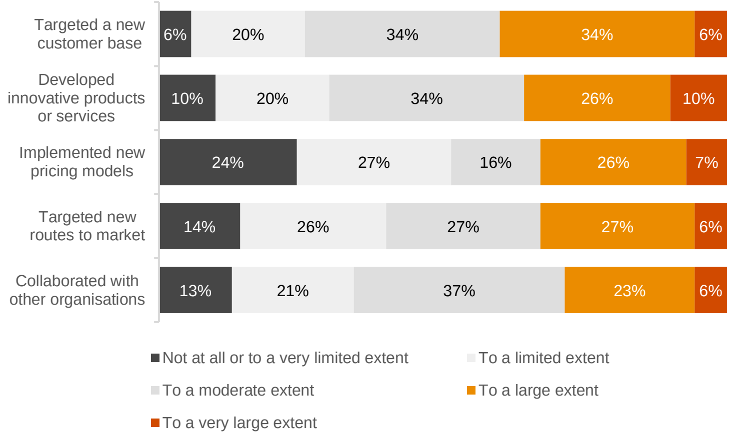
"Don't Know" responses not included.

Reinvention Actions

- 40% of businesses have targeted a new customer base to a large or very large extent, reflecting efforts to expand market reach and attract new segments of consumers.
- 36% of companies have pursued the development of innovative products or services to a significant extent, highlighting a focus on enhancing their offerings to remain competitive in their respective markets.
- Comparatively, only 33% of companies have adopted new pricing strategies to a large or very large extent. Similarly, 33% of businesses are exploring new routes to market to a large or very large extent, suggesting that while some companies are making strategic shifts in market access, there is still room for further exploration and reinvention.
- Businesses engaged in collaborations with other organizations to varying degrees. While 37% engaged in collaborations to a moderate extent, 29% collaborated to a large or very large extent. This indicates that partnerships are more likely to be exploratory or project-based rather than deeply integrated into long-term strategies.
- Overall, the survey highlights a strong drive among companies to innovate and expand their customer base, while showing a more cautious approach towards pricing strategies and collaborations. The moderate engagement in targeting new market routes also suggests potential areas for future strategic emphasis, allowing companies to better position themselves in an ever-evolving market landscape.

40% companies are focused on expanding their customer base in new industries and markets

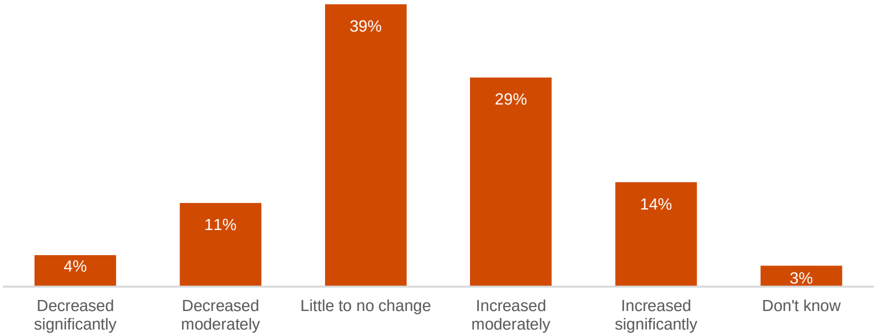
Q. To what extent has your company taken the following actions in the last five years?



Base: All respondents

Many companies are expanding their influence, although some face challenges in maintaining their market position

Q. How has your company's market share changed in the last five years?

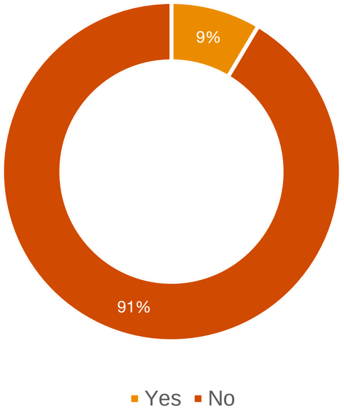


Base: All respondents

43% of companies reported an increase in their market share over the past five years, with 29% seeing moderate growth and 14% experiencing significant growth. Meanwhile, 39% have maintained stable market share, and 15% have experienced a decline.

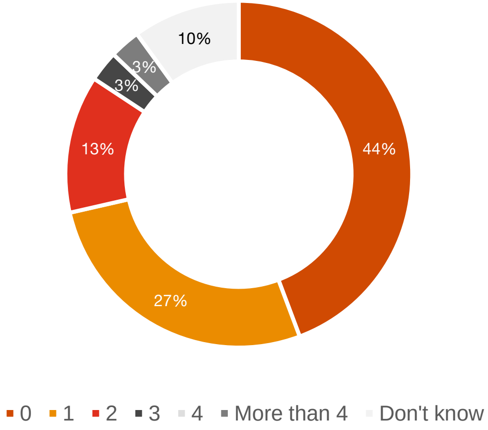
Significant proportion of companies (46%) are planning to expand through acquisition in the next three years.

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



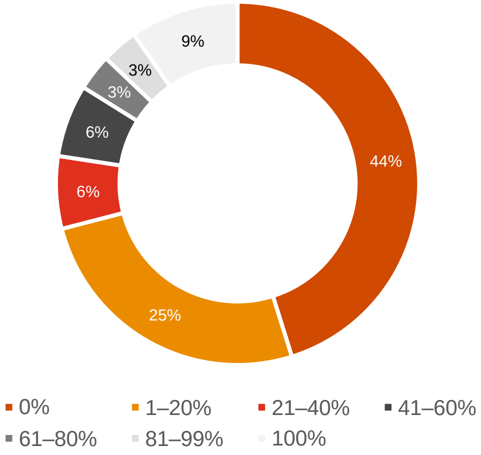
Base: All respondents

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



Base: All respondents

Q. Of the acquisition(s) that your company is planning to make in the next three years, what proportion of the deal value do you expect will be from sectors or industries other than your own?



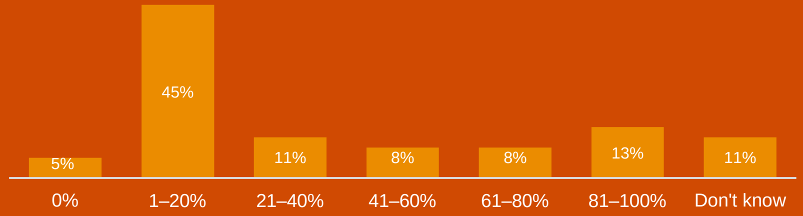
Base: All respondents whose companies are planning to make 1 or more acquisitions in the next three years

A majority of respondents (54%) indicated expansion into new sectors, hinting diversification.

Q16. In the last five years, has your company begun competing in any sectors or industries in which it hadn't previously competed?

Base: All respondents. We have cleaned the data to recode where respondents selected their own sector.

Q. What proportion of your company's revenue in the last five years came from competing in these sectors or industries?



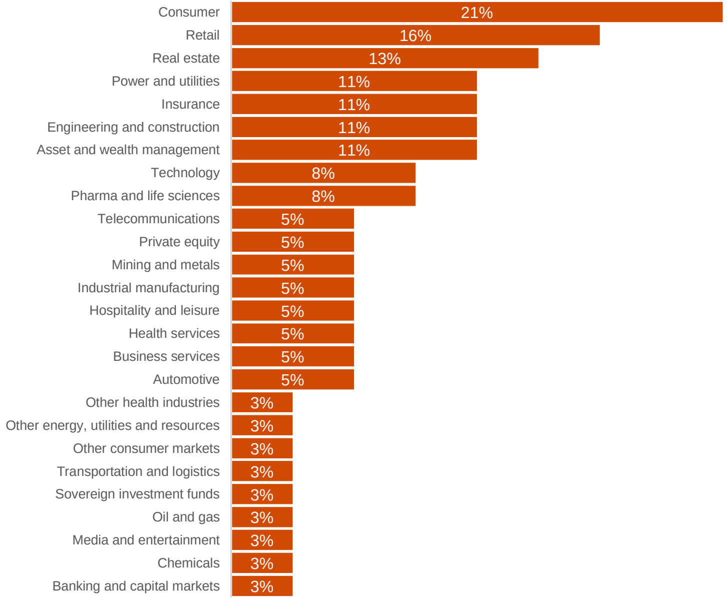
Base: All respondents who responded 'Yes' to Q16. Based on updated Q16.

Many companies derived a modest portion of their revenue from new sectors. The data shows substantial variability, with some companies (13%) achieving significant (81% - 100%) revenue contributions from these areas.

The trend shows that companies entered diverse sectors, with a particular focus on consumer (21%), retail (16%) and real estate (13%), reflecting strategic efforts to enhance market reach and leverage growth opportunities in dynamic industries.

The varied entry into sectors like real estate, technology, and health services indicates an interest in sectors with distinct growth drivers, such as urbanization, digitalization, and healthcare innovation

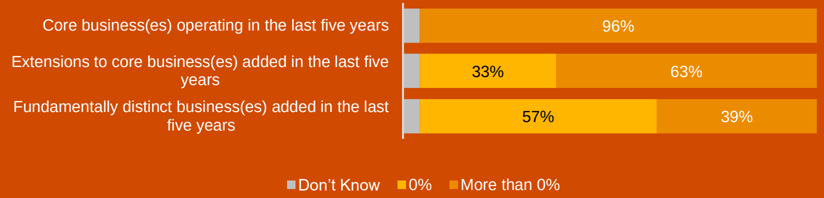
Q. Please select up to three sectors or industries that your company has begun competing in over the last five years



Base: All respondents who responded 'Yes' to Q16. Based on updated Q16.

Reinvention Actions: Revenue Generated

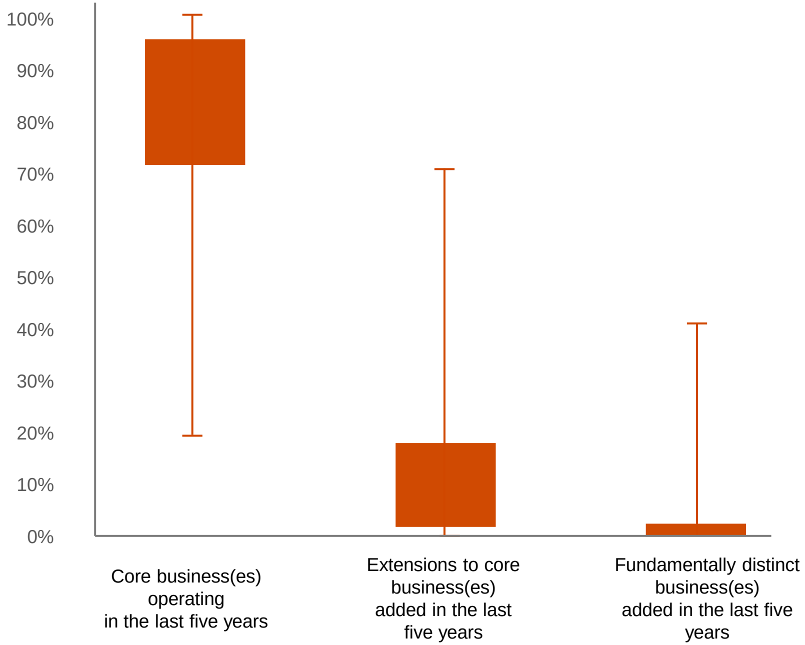
A significant proportion of revenue was generated from core business operations.



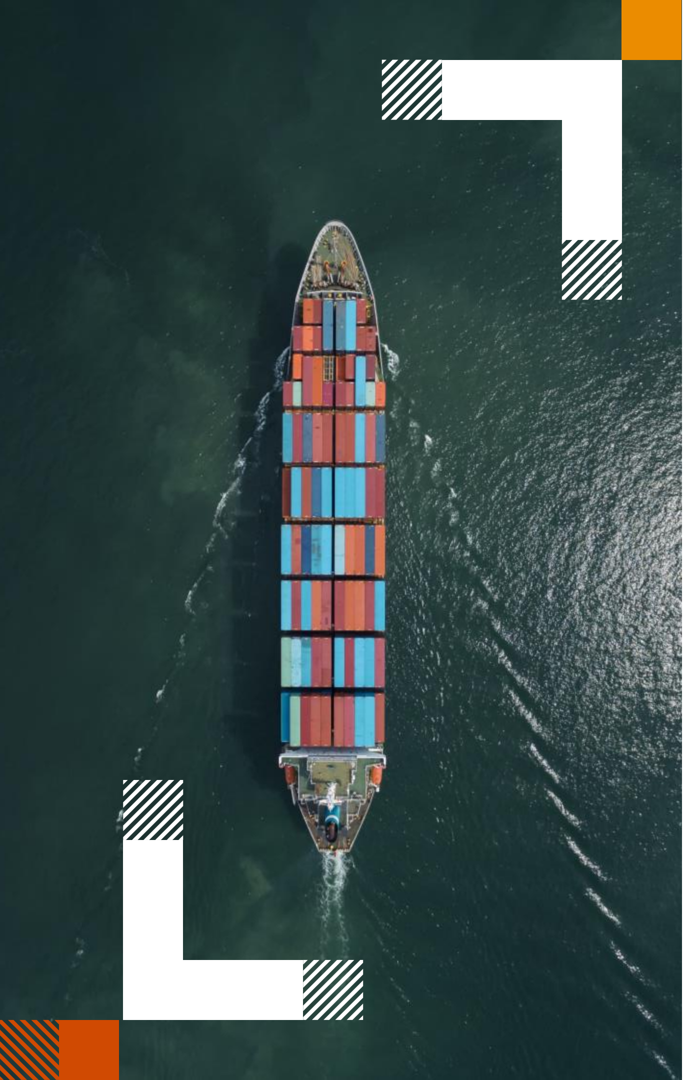
Base: All respondents
Values below 5% are not shown on the graph

- 63% respondents stated that some of their revenue was generated from extensions to their core businesses in the last 5 years. Proportion of revenue generation from extensions to businesses was 10% on average, however some businesses earned as much as 70%.
- 39% respondents reported receiving some revenue through reinventions by adding fundamentally distinct businesses in the last five years. The reported mean proportion of revenue from these distinct businesses was 5% (median 0%). The maximum reported proportion was 40%, indicating that some companies are leveraging these new ventures more effectively than others.
- Most of the businesses reported earning majority of their revenue from their core business operations in the last 5 years. Minimum reported proportion of revenue from core business operations was 20%, while the maximum was 100%.

Q. What proportion of your company's revenue in the last five years came from each of the following sources?

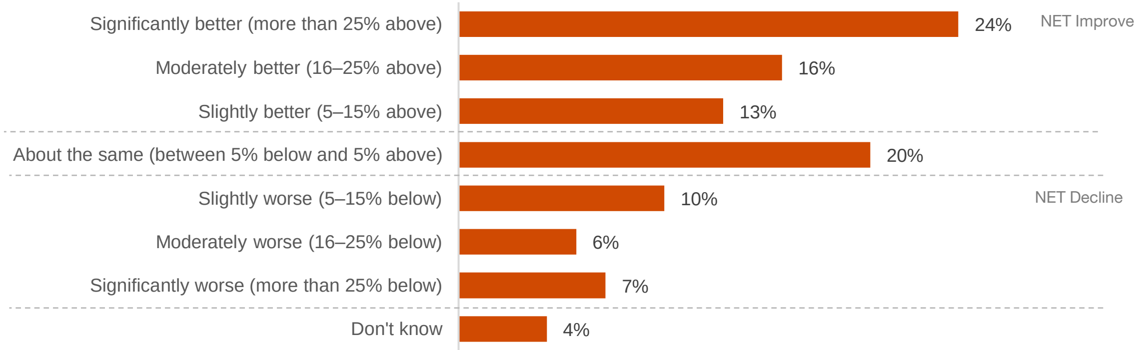


Base: All respondents



24% of businesses reported profits exceeding their industry average by more than 25%.

Q. During the most recently completed fiscal year, how did your company's profitability compare to your industry average?



Base: All respondents

A majority of companies (53%) reported profitability above their industry average, with 24% significantly outperforming their peers. In contrast, 23% experienced profitability below the industry average. This suggests a generally positive financial performance trend for many companies relative to their industry, although a notable portion still lags behind.

Artificial Intelligence

Understanding the transformative impact of artificial intelligence (AI) on the business landscape

- AI Outcomes
- AI Trust
- AI Adoption expectation
- AI Outlook

AI Outcomes

Data reveals insights into the perceived and actual impacts of generative AI on business operations. Last year, survey respondents expressed optimism about the benefits of generative AI, with over half anticipating increased efficiencies in their own time at work and that of their employees (58% and 56%, respectively). However, expectations were more cautious regarding AI's impact on headcount, revenue, and profitability, with only 11% foreseeing a net increase in headcount and 39% predicting rises in both revenue and profitability. Notably, 27% of respondents were uncertain or anticipated declines in these areas, indicating a cautious outlook on AI's broader financial and employment effects.

This year, the survey assessed the actual impact of generative AI over the past 12 months, presenting a more nuanced picture. While personal and employees time saw significant increases in efficiency (51% and 53% net increases, respectively), these gains were lower than anticipated.

Impact on headcount, revenue, and profitability was short of expectations, with headcount showing minimal change (82% reported little to no change), and revenue and profitability increases reported at only 22% and 27%.

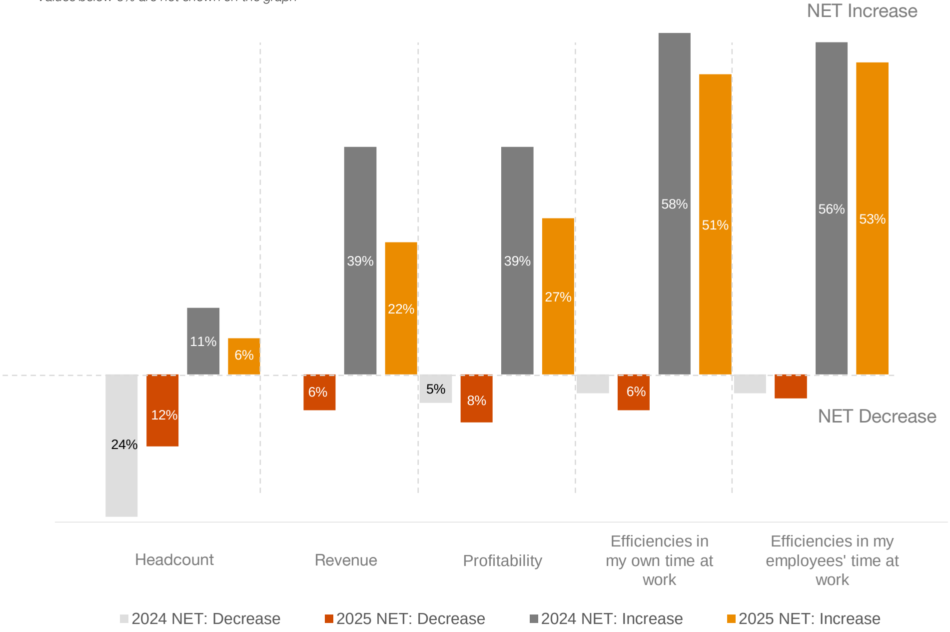
This suggests that while generative AI has contributed to time efficiencies, its broader impact on financial metrics and staffing levels has been limited. Companies may need to recalibrate their expectations and implementation strategies to fully leverage AI's potential benefits in these areas.

Q. To what extent will generative AI increase or decrease the following in your company in the next 12 months? (CEO27, 2024)

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

Base: All respondents who adopted generative AI to any degree in the last 12 months (70%).

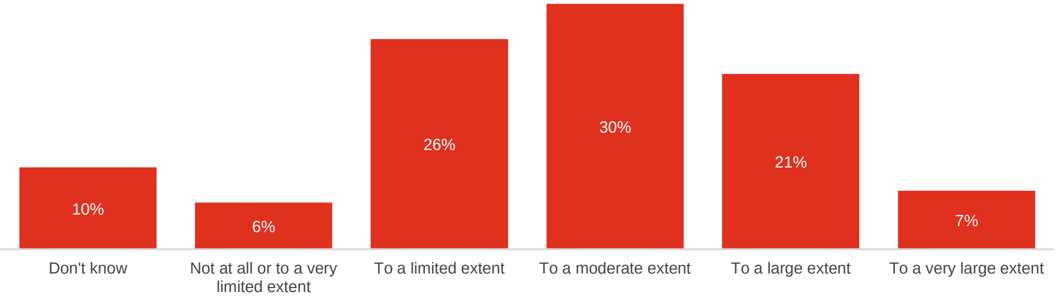
Values below 5% are not shown on the graph



Values below 5% are not shown on the graph

A mix of optimism and skepticism indicates a need for businesses to foster transparency, demonstrate AI's efficacy, and provide training to build confidence

Q. To what extent do you personally trust having AI (including generative AI*) embedded into key processes in your company?

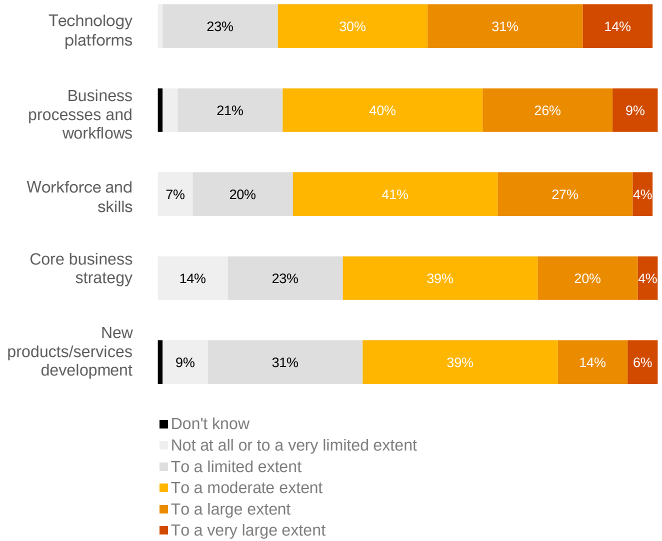


Base: All respondents

While 30% of respondents have moderate trust, recognising AI's potential to enhance operations, a notable 26% remain sceptical, expressing limited trust perhaps due to concerns like data privacy and workflow disruption. A smaller proportion of respondents (28%) exhibits high trust in AI’s benefits. Respondents who are uncertain may highlight a gap in understanding AI technologies.

Artificial Intelligence – Adoption Expectation

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?



Base: All respondents

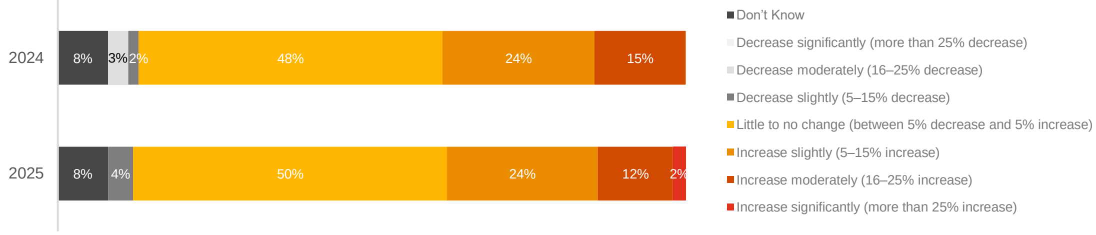
Values below 5% are not shown on the graph

AI Adoption Expectation

- Over the next three years, expectations for integrating AI into various business operations show significant variation. A large majority of respondents express confidence in AI's role in streamlining processes, with 75% anticipating at least moderate integration into business processes and workflows. This optimism likely stems from AI's ability to automate routine tasks and enhance efficiency.
- Similarly, AI is predicted to take on a substantial role in technology platforms, with 75% of respondents expecting at least moderate integration. This reflects a belief that AI will be pivotal in advancing technological infrastructure, enabling more sophisticated data analysis and boosting digital capabilities.
- In workforce and skills development, 72% of respondents foresee AI integration to at least a moderate degree, highlighting the need for reshaping workforce capabilities to leverage AI technologies effectively.
- However, when it comes to integrating AI into core business strategies and new product or service development, the outlook is more cautious. Only 63% anticipate moderate to extensive integration into business strategy, and 59% for new product/service development. This caution may indicate uncertainties about AI's role in driving innovation and aligning with strategic goals or suggest a more gradual approach to incorporating AI in areas that directly influence company direction and offerings.

Optimism about AI's ability to drive profitability remains, though awareness of challenges in achieving substantial gains is rising.

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



Base: All respondents who plan to adopt generative AI to any degree in the next 12 months

Last year, 39% of respondents anticipated a profitability increase due to generative AI, with no respondents expecting a jump of more than 25%. This year, the expectation for increased profitability has slightly dipped to 38%. However, there's a newfound optimism for significant gains, with 2% now predicting a profitability boost exceeding 25%.

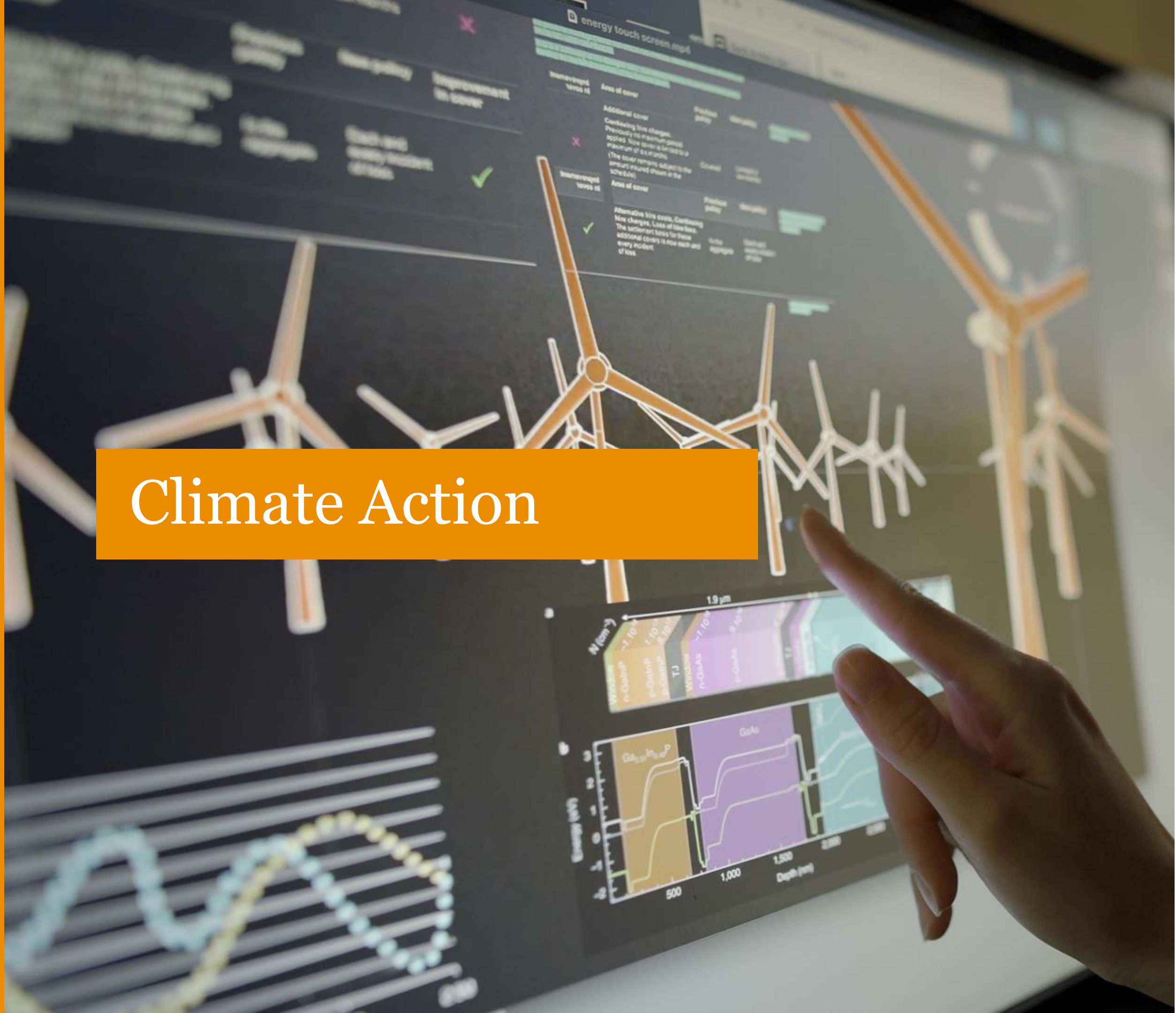
Concurrently, the proportion of respondents expecting little to no change in profitability has risen slightly from 48% to 50%. Those anticipating a decrease remain few, dropping marginally from 5% to 4%.

This data suggests a cautious recalibration of expectations, as companies develop a more nuanced understanding of AI's capabilities within their operational contexts over the past year.

Climate Action

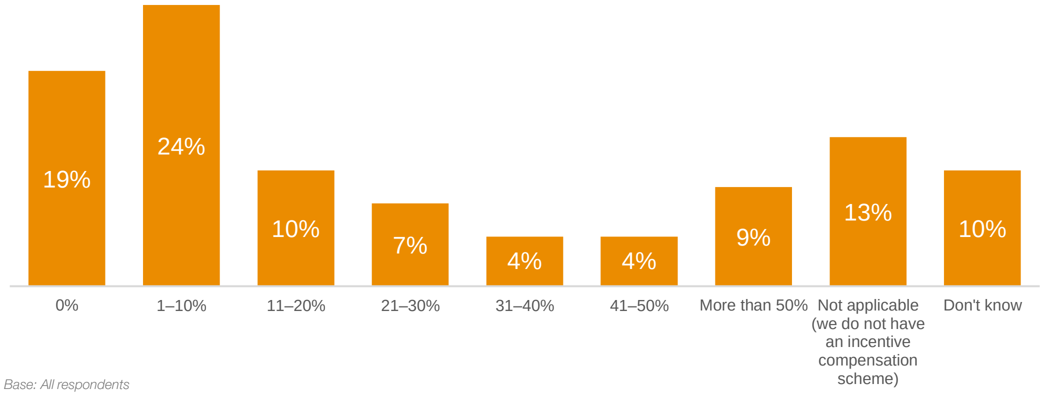
Understand the next frontier and the raising stakes for achieving impactful sustainability outcomes

- Sustainability-based compensation
- Sustainability outcomes
- Climate hurdle rates
- Barriers to Climate Action



58% of CEOs have some level of compensation tied to sustainability metrics

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

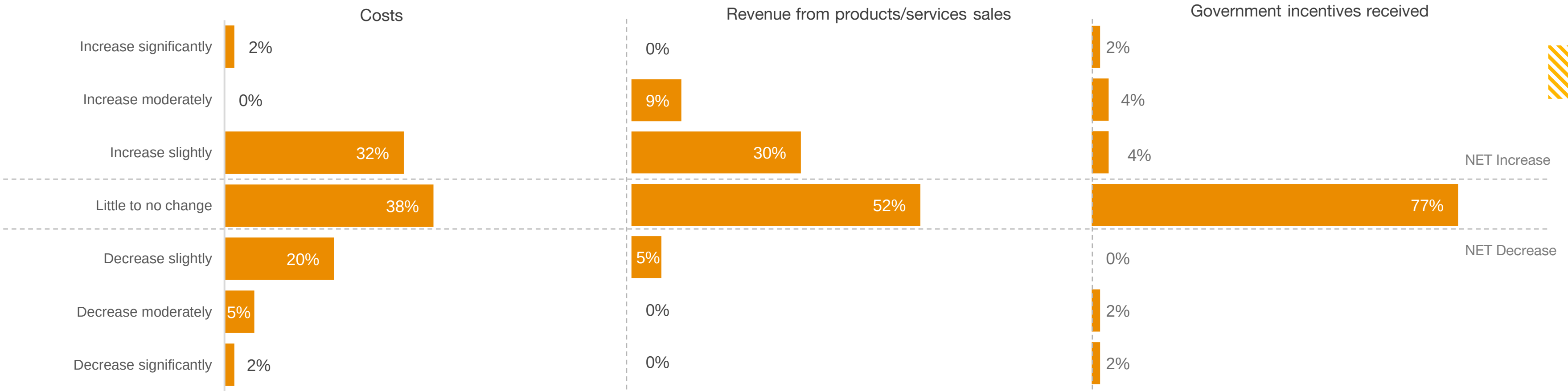


Base: All respondents

Sustainability metrics are increasingly influencing incentive compensation. About 58% of respondents have some compensation tied to sustainability, with 24% linking 1-10% of their pay to these metrics, indicating a trend towards incorporating ESG factors in performance evaluations. However, 19% report no linkage and 13% report they do not have incentive schemes tied to sustainability. 10% of respondent were unsure, highlighting varied adoption and awareness across organizations.

A significant majority of 80%, have initiated climate-friendly investments over the past five years.

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



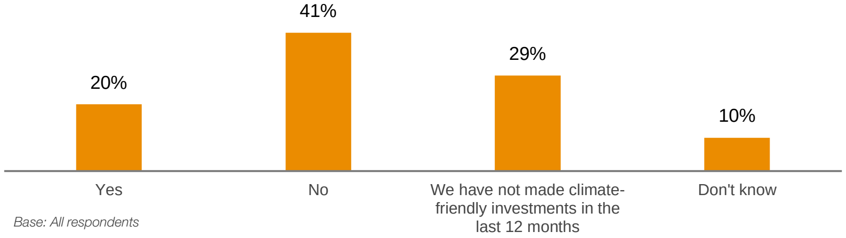
Base: All respondents whose companies have initiated climate-friendly investments in the last five years

A moderate portion of companies (38%) report stable costs and a nearly equal number experience slight cost increases 32%. In terms of revenue, 39% of companies have seen increases, indicating some positive impact from sustainable practices, while decreases are minimal (5%). Moreover, majority of companies have experienced little to no changes in revenue (52%) and government incentives (77%).

While investments in climate-friendly initiatives have resulted in revenue increases for some companies, substantial cost savings are yet to be widely realized, indicating that many are still absorbing the initial investment expenses. Furthermore, with many CEOs reporting no change in government incentives, there is an opportunity to better leverage existing policies or advocate for more supportive frameworks.

Climate Hurdle Rates

Q. In the last 12 months, has your company accepted rates of return for climate-friendly investments that were lower than the minimum acceptable rate of return your company uses for other investments?



Base: All respondents

20% accepted lower returns on climate-friendly investments, prioritizing sustainability over traditional financial metrics, while 41% maintained standard return expectations, indicating varied approaches to integrating sustainability in financial decisions.

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?

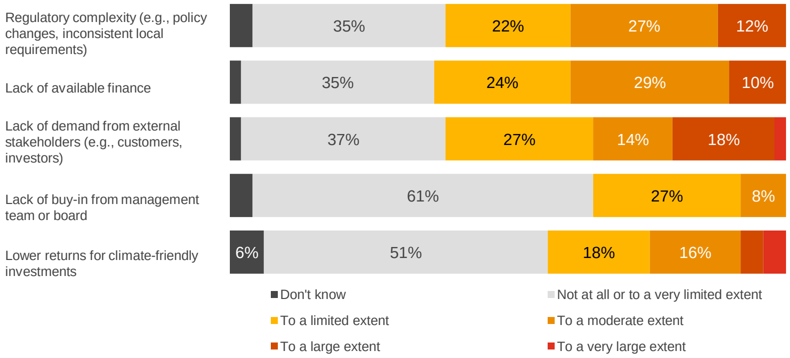
Base: All respondents

Barriers to Climate Action

Companies who did not engage in climate-friendly investments cited insufficient demand from external stakeholders (34%) and limited access to financing (39%) as key barriers inhibiting climate investments to a moderate or very large extent. Regulatory complexity also posed significant difficulties (39%) to a moderate or large extent. Interestingly, concerns about lower returns (51%) and management buy-in (61%) were not major barriers with majority reporting minimal impact on climate investments.

These findings suggest that addressing stakeholder demand, improving access to financial resources, and simplifying regulatory processes could enhance the adoption of climate-friendly investments.

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?



Base: All respondents whose companies have initiated climate-friendly investments in the last 12 months

Values below 5% are not shown on the graph

Business Community’s Perspective

> "To make Pakistan "Fit for Growth", the policy framework and risk appetite must change."

Pakistan Business Council's (PBC) perspective on the 28th PwC Annual Global CEO Survey - Pakistan

"The Next Leap: Charting a Path to Change" is a very appropriate theme for the PwC 2025 Global CEO Survey – Pakistan. After some turbulent time and considerable uncertainty, our economy is stabilizing and there is a general desire and expectation of growth to add jobs, boost investment, support exports and increase tax revenues. Not surprising therefore that 83% of Pakistani CEOs are optimistic on growth, twice as high as last year. The positivity is based on recovery from a GDP growth that fluctuated in a narrow margin around zero percent, compressed imports, high cost of borrowing, a tight monetary policy, delays in remittance of dividends and depressed demand due to high inflation and unstable exchange rates. On most measures, the country's economy has taken a positive direction.

At the Pakistan Business Council, which is composed of a hundred of the most prominent local and multinational businesses from 19 sectors of the economy and which generate 40% of Pakistan's annual exports, contribute a third of direct taxes and employ more than 3 million, we have been advocating the necessity of change. Both business and government need to become *"Fit for Growth".* Businesses, including banks, need to shed reliance on guaranteed returns, tariff protection and subsidies. They must learn to take and manage risks, move out of their comfort zones and address exports and indigenization, which are Pakistan's critical needs. However, for this to work, the government needs to adopt policies that make it easier to do business, support investment in priority sectors and encourage wealth creation and capital formation through equitable and predictable fiscal and other policies. It is therefore encouraging to see CEOs believe there is a significant need to reinvent their business models to avoid becoming extinct over the next 10 years.

Over 80% of the respondents believed in reallocating their financial and human resources to tap new avenues. Disappointingly though, 54% prioritized investment in consumer, retail and real estate which are all directed at the domestic market, instead of outward looking value-added export sectors, IT, mining and agriculture.

On a positive note, more respondents felt that climate change mitigation and adaptation measures had increased their revenues than their costs. 58% of CEOs reported that their compensation factored sustainability metrics. However, nearly a third of the businesses had yet to undertake climate friendly investment and nearly the same percentage reported insufficient demand from external stakeholders. The PBC's Centre of Excellence in Responsible Business is engaged in developing the capability of businesses to become more responsible towards the environment. It also promotes DEI as a business responsibility, and it is pertinent to note that 97% of the responding CEOs are still male. The survey did not cover gender balance at levels below the CEO, but one can surmise that there is considerable room to improve.

Artificial Intelligence is now beginning to feature as an opportunity for sharpening the strategy, developing new products and for efficiency but the survey reported minimal change yet in revenue and profitability. This suggests that businesses need to recalibrate their expectations and adapt their strategies to reap full advantage of AI.

The size of businesses in Pakistan compares poorly to India and there are hardly any with significant presence abroad. Just 14% of respondent companies reported revenues of over $1 billion and 78% had fewer than 5,000 employees. A significant percentage are also family controlled with little separation of ownership and management. The limited size, scope and spread of Pakistani companies is as much a consequence of the constraints of Pakistan's fiscal, industrial, trade and exchange control polices, as it is of the owner's preference to remain in comfort zones, within familiar sectors of the domestic market. To make Pakistan *"Fit for Growth"*, the policy framework and risk appetite must change. We commend PwC for highlighting business trends in Pakistan.

- Ehsan A. Malik, CEO Pakistan Business Council

Overseas Investors Chamber of Commerce and Industry’s (OICCI) perspective on the 28th PwC Annual Global CEO Survey - Pakistan

The relative economic stability since mid-2024 in Pakistan together with notable improvement in the global and regional operating environment has had positive impact on the business confidence and perception of key stakeholders as duly reflected in this Survey. This positive feedback is also in line with the improving economic indicators noticed by independent stakeholders and the government authorities. The positive economic momentum, reflected in rising growth expectations, persists despite anticipated volatility and geopolitical challenges. Additionally, desire for expansion into new sectors further underscores growing confidence in the business environment.

With an increasing emphasis on ease of doing business, policy consistency, and regular engagement with key stakeholders, supported by a business- and investor-friendly regulatory environment, there is reason to remain optimistic about the future.

The current Survey highlights the critical role of business leadership in challenging the business model besides the need for re-invention to ensure sustainability of business in fast changing environment. The substantial increase in the optimism of the survey participants compared to last year is understandable, especially bold fiscal measures of last 18 months, which resulted in rapid decline in inflation and lending rates. Focus on economic stability was also recognized by international rating agencies with improved credit ratings for the country.

> “… desire for expansion into new sectors further underscores growing confidence in the business environment …”

Looking ahead, the business environment is expected to strengthen further with planned initiatives to streamline regulations, simplify the tax regime, ensure policy consistency, and accelerate automation—particularly in broadening the tax base and restructuring or privatizing state-owned enterprises (SOEs).

In terms of generative AI, Artificial intelligence is expected to globally impact businesses in a major way. It is encouraging to see that businesses have gradually started using AI for achieving efficiencies in internal processes. How it evolves and is used by businesses in strategy formulation and product development are areas where businesses are still cautious, and it is expected that their focus will increase as they develop more trust in technological developments.

Climate change remains relatively low to moderate priority for many of the survey respondents, which is surprising, but the silver lining is that businesses have started to link incentive compensation with sustainability metrics. Pakistan is highly vulnerable to climate challenge as was experienced during the devastating August 2022 floods in Pakistan. IMF, for example, recommends that at least one percent of the GDP be annually invested in climate resilience. Climate resilience investment and practices ensure business continuity and enhance market access besides meeting global sustainability standards. As such we recommend that Sustainability and Climate risk be given high priority not only at corporate but at national level as well. The survey respondents are prominent companies who, going forward, may need to prioritize climate investment even if there is insufficient demand from external stakeholders and regulators. The OICCI and many other stakeholders including GOP are ready to share their knowledge base and best practices with leading stakeholders like the participants of this survey.

In conclusion, my compliments to participants of this survey and PwC leadership for this comprehensive survey which gives an independent feedback on critical matters of significance for doing business in Pakistan.

- Mohammad Abdul Aleem, CEO & Secretary General at OICCI

Survey Profile

Discover the story behind the data: Unveiling insights through demographics, corporate profiles, and corresponding themes.

Corporate Profile

70% of the Pakistan respondents CEOS this year were of publicly listed companies and 30% were of private companies, though a significant number (51%) of public companies report that more than 32% of their company's voting rights are held by family members, indicating a notable level of family influence in corporate governance.

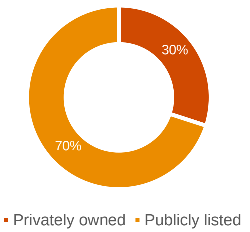
In terms of company size, a diverse range of employee number is evident, with the largest segment (36%) employing between 1,000 to 4,999 individuals, suggesting that many firms are medium to large enterprises.

Financially, nearly half of the companies (46%) have annual revenues between US$ 100 million and US$ 1 billion, and 39% fall below US$ 100 million, highlighting a concentration of mid-sized firms. Only 14% of the companies reported revenues of US$ 1 billion or more.

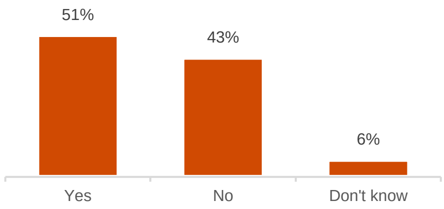
Furthermore, the competitive landscape these companies navigate varies, with 29% indicating that the top four companies in their industry control between 21-40% of the market revenue, reflecting diverse market dynamics and competitive pressures.

Note about interpreting charts: Throughout this report, not all figures may add up to 100% as a result of rounding percentages and the decision in certain cases to exclude the display of certain responses like 'neither / nor', 'other', 'none of the above', 'don't know', 'prefer not to answer' etc.

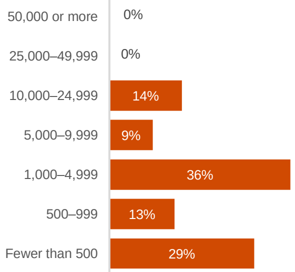
Q. Is your company privately owned or publicly listed?



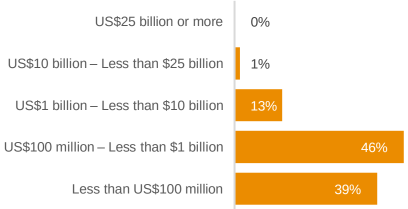
Q. Are more than 32% of the voting rights in your company held by a family?



Q. How many employees does your company have?

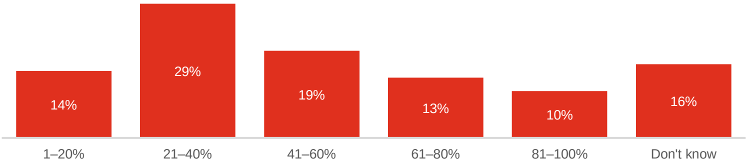


Q. What was your company's revenue (in US dollars) in the most recently completed fiscal year?



"Prefer not to answer" values not shown.

Q. What proportion of revenue do the top four companies in the industry most relevant to your company control?



About the CEOs

97% of the respondents were male, with only 3% being female.

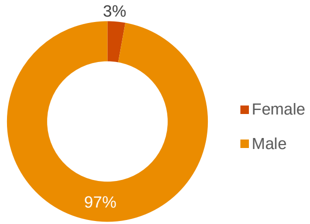
In terms of tenure, over half of the CEOs (51%) have been in their roles for 5 years or less. Altogether the mean tenure of the sample is 8 years (excluding CEOs who preferred not to answer). The presence of outliers with extended tenures highlights a diverse range of experiences and stability within leadership.

Regarding future expectations, a substantial portion of CEOs (62%) anticipate remaining in their current roles for 5 years or less.

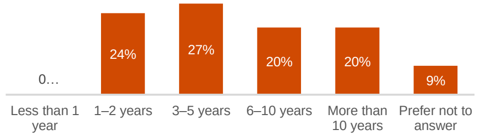
Moreover, majority of respondents (61%) hold the position of CEO at a single or multi-entity parent company, highlighting their leadership role at the highest organizational level.

Additionally, 23% of the CEOs are a part of country subsidiaries within multi-entity parent companies, and 11% of the respondents are CEOs of product-oriented subsidiaries within a multi-entity company.

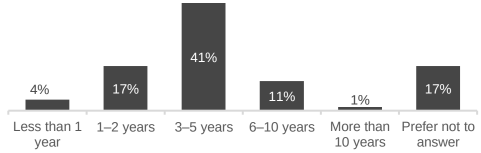
Q. Are you (gender)…?



Q. How long have you been CEO of your current company? Please answer only for the time that you have been CEO and not for the total time spent in your company.



Q. How many years do you expect to remain in your current role?



Q. Which of these most accurately describes your role?

Corresponding Themes – The Sensing-Seizing Loop

The survey investigates the concept of identifying emerging trends (sensing) and effectively orchestrating resources to maintain and create new sources of value (seizing). This approach traverses the persistent challenges posed by technological disruption and climate change, anticipating the need of both immediate operational responses and long-term strategic planning needed for responding to industry forces that drive economic viability expectations.

To gain insight into the enduring forces that influence the business environment, the survey delves into the themes around macroeconomic trends, CEO characteristics, and company demographics. It gathers data on CEO expectations of economic growth, revenue growth confidence, and exposure to threats like inflation, climate change, and geopolitical conflict.

Sensing the risk essentially puts CEOs' and corporate action at the center stage in the survey, focusing on viability factors, inherited processes, and revenue sources. It expands on how CEOs invest themselves in decision-making and further explores corporate actions such as innovation, strategic reinvention, and resource reallocation, which are vital for steering through uncertainty.

Finally, in the arena of seizing opportunities, climate action and generative AI remain pivotal themes in the survey.

In the realm of generative AI, the survey assesses its impact on efficiencies, headcount, revenue, and profitability, as well as its intended integration into core business strategies over the next three years.

To get the complete outlook of how prepared businesses and CEOs are for proactive climate action, the survey has examined the extent to which CEO compensation is linked to climate metrics and the impact of climate-friendly investments on costs, prices, and revenue, followed by climate hurdle rates and barriers to making climate-friendly investments.

Contacts

Salman Hussain

Territory Senior Partner, Pakistan

salman.hussain@pwc.com

Phone: +92 300 8246580

Mohammad Zulfikar Akhtar

Partner, Advisory

zulfikar.akhtar@pwc.com

Phone: +92 300 8279696

Acknowledgements

Ehsan A. Malik

Chief Executive Officer

Pakistan Business Council

Mohammad Abdul Aleem

Chief Executive and Secretary General

Overseas Investors Chamber of Commerce and Industry

CEO Survey – Pakistan team

Mohammad Zulfikar Akhtar

zulfikar.akhtar@pwc.com

Team lead

Hira Siddiqui

hira.siddiqui@pwc.com

Research, analytics and design

Sumiya Nasim

sumiya.nasim@pwc.com

Research and analytics

Irtiqua Farooqui

irtiqua.farooqui@pwc.com

Survey coordinator