Future-ready: How Philippine CEOs are driving transformation

EY CEO Outlook Survey | Philippine Edition

January 2025

EY Parthenon

Shape the future with confidence

CEO Outlook Pulse
About the study

Country:

- Asia-Pacific: Philippines

Participant profile:

- CEOs in the Philippines from leading companies with strong local and regional presence across diverse range of sectors and industries

Industries surveyed from:

- Consumer and health
- Financial services
- Industrials and energy
- Infrastructure
- Technology, media and telecoms

As 2025 unfolds, corporate leaders face the challenge of navigating an increasingly complex business landscape. Steering companies with bold strategies toward a clear vision for the future is paramount.

At EY-Parthenon, we understand the dynamic nature of this task. That's why we conduct our EY CEO Outlook Pulse survey, gathering the perspectives of leading CEOs in the Philippines (PH) alongside insights from 1,200 CEOs worldwide. This survey delves into the evolving transformations within companies, driven by executive leadership.

The EY CEO Outlook Pulse survey aims to provide critical insights into local and global market developments impacting the leading companies in the Philippines, as well as business leaders' expectations for future growth and long-term value creation.

CEO Outlook Pulse

PH survey findings

- Exercising **deliberate optimism in the local sector**, PH CEOs recognize the need for strategic investments and resource management.

62%

of CEOs exhibit a **cautious optimistic local outlook** when approaching 2025.

- CEOs in the country are evolving their businesses to drive continuous growth amid an **unpredictable global market.**

73%

of CEOs are **very confident** in their ability to **optimize operations** and **improve productivity**, including digitization.

- PH CEOs focus on M&A, seeking **operational efficiency** and **customer-centric strategies** to unlock growth and resilience.

60%

of the most confident CEOs are planning to **leverage M&A** as a potential transaction in the **next 12 months.**

Market Perspective

A stable PH economy sets the foundation for companies to thrive amid global headwinds

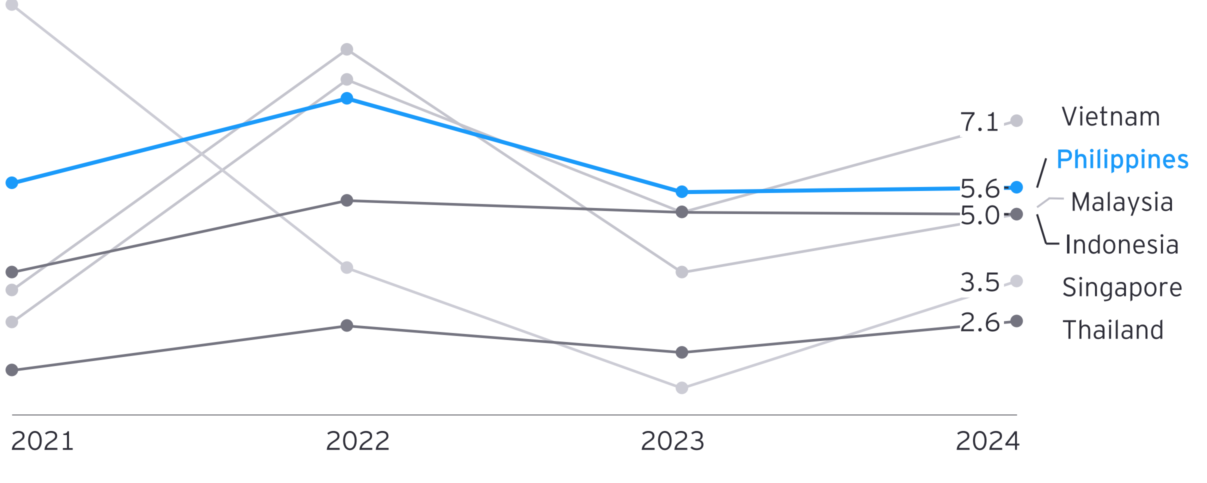
Sustaining the economic momentum is an essential building block for the success of organizational transformation. While it ended below its initial target, the Philippine economy has outperformed most of its peers in the region despite external volatility and domestic challenges faced in 2024.

In 2024, the Philippine economy grew by 5.6% from 5.5% in the year prior, making it the second fastest-growing economy in Southeast Asia after Vietnam at 7.1%. The economy's strength continued to be marked by strong domestic consumption, recording a full-year growth of 4.8% despite some moderation seen in Q4. In terms of economic production, expansion was primarily driven by the growth in the industry and services sectors, offsetting the decline in agricultural output resulting from adverse weather conditions.

Several factors contributed to economic growth in 2024, including a more favorable domestic environment and supportive government policies. During the year, strong household spending was sustained as it benefited from lower inflation. The deceleration in prices was driven by a combination of government policies, like the lowering of rice tariffs, and a general easing of price pressures following a spike in the prior period. Government spending also increased, with higher infrastructure budget allocated to fast-track the administration's Build Better More (BBM) program. Furthermore, a more supportive financial environment emerged with the central bank's adoption of a less restrictive monetary policy, encouraging more private investment.

The PH economy remained resilient despite global economic headwinds in 2024, including slower global economic growth, geopolitical tensions, and uncertainties created by elections in various major countries. A key factor in this stability stems from sustained domestic consumption, which insulated the country from the full impact of external shocks compared to other regional economies.

GDP Growth of ASEAN Countries[2], 2021-2024 (%)



1. Employment estimate based on data from January through November 2024 and 2025.
2. 2024 GDP of Malaysia, Indonesia, Singapore and Thailand are based on estimates obtained from Asian Development Bank (ADB)

Source: Asian Development Bank, Statistics Indonesia, NESDB Thailand, Statistics Singapore, Department of Statistics Malaysia, General Statistics Office of Vietnam, Banko Sentral ng Pilipinas.

The PH economic outlook remains optimistic despite global uncertainties and rising costs.

The country's growth outlook for 2025 remains promising, with international organizations and financial institutions projecting an economic expansion of around 6.1%. This trajectory positions the country to potentially achieve upper-middle-income status by the end of the year.

Realizing Philippine economic growth forecasts requires a delicate balance of sustaining strong consumer spending while simultaneously implementing policy reforms to boost investor confidence in the face of growing global uncertainties.

With a favorable demographic profile, stable inflation, and steady OFW remittances, household consumption is in motion for further growth. This is further supported by an expanding workforce with rising disposable incomes. In addition, the BSP's continued policy of low interest rates and lower reserve requirements for banks is expected to support economic growth by increasing credit availability. Inflation in 2025 is expected to settle at 3%, following a 6% peak in 2023 and interest rate cuts beginning last August 2024. Notwithstanding potential shocks from the global market, the country is expected to sustain a conducive environment for economic activity.

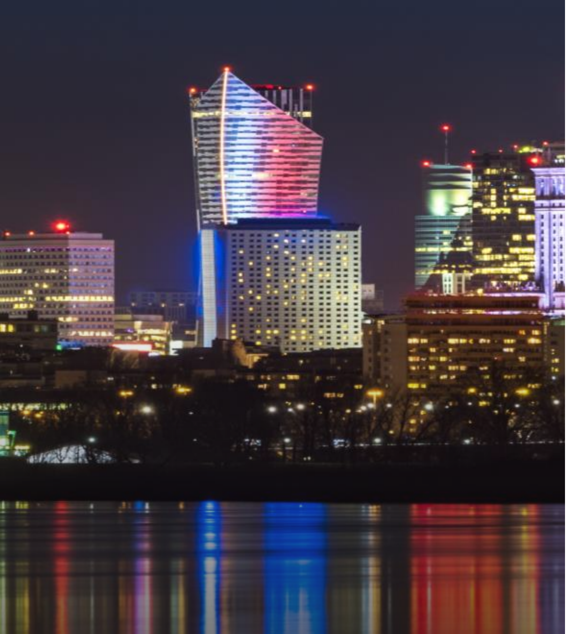
While the overall outlook for the Philippines remains positive, the strong linkage between the global economy and the domestic economy presents both opportunities and threats, with external events potentially affecting local businesses across various sectors. Rising tensions in oil-exporting countries and policy shifts in major economies like the US could drive up import and commodity costs, increasing operational expenses for local businesses. These global disruptions also highlight the fragility of supply chains, potentially leading to higher production costs. Moreover, shifts in the global economy may create new trade barriers, impacting the export competitiveness of Southeast Asian countries including the Philippines.

Alongside global risks, local conditions at play such as political uncertainty and infrastructure deficiencies remain significant challenges to the Philippine economy and create a less predictable business environment. As a result, domestic economic growth hinges on the country's ability to capitalize on opportunities while shielding itself from looming threats both within and beyond the local landscape.

Philippine Economic Growth Targets and Projections

	Target	2024	2025F
Real GDP Growth (%)	6.0 - 8.0	5.6%	6.1
Inflation (%)	2.0 - 4.0	3.2%	3.0 - 3.2

Sources: Banko Sentral ng Pilipinas, DBCC, World Bank, IMF, UN



62%

of PH CEOs exhibit a cautious optimistic local outlook when approaching 2025

PH CEOs remain optimistic amid economic headwinds, embracing growth opportunities.

Q How confident do you feel about the outlook for the following areas over the next 12 months?

01

Tactical optimism unlocks a path to transformational growth and long-term value

Exercising deliberate optimism in the local sector, PH CEOs recognize the need for strategic investments and resource management.

PH CEOs balance conservative optimism locally with greater confidence in global and sector-specific prospects, as they cautiously navigate through rising costs that impact operations and pricing.

	Global	Philippines	Sector
Very optimistic	46%	26%	48%
Somewhat optimistic	42%	62%	40%
Neither pessimistic nor optimistic	2%	4%	4%
Somewhat pessimistic	8%	2%	2%
Very pessimistic	2%	6%	6%

Navigating in today's business environment entails industry leaders to balance optimism and strategy when making decisions. CEOs' confidence have great influence on their annual agenda; thus the need to assess PH CEOs' outlook for the next 12 months. Our latest survey reveals that 62% of PH CEOs have a *slightly* optimistic outlook on the business environment but have expressed high confidence when asked from a global (46%) and sector-specific (48%) perspective.

The survey reveals that PH CEOs are confident, but not overly so, in their near-term outlook. They are cautiously optimistic about domestic growth, recognizing that local challenges tend to have a more direct and immediate impact on their businesses compared to global issues. This perspective also reflects a conservative view that global headwinds might pose greater risk to local enterprises than to their counterparts in more mature economies. This is particularly relevant given PH economy's dependence on imported key commodities and revenue streams linked to external markets, such as the BPO sector and OFW remittances.

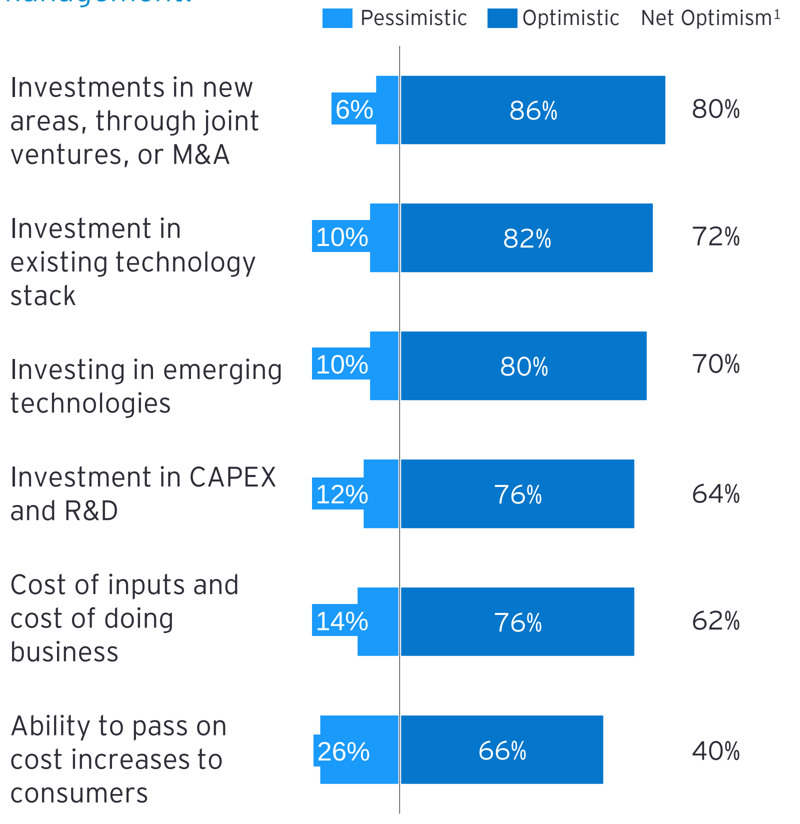
Unsurprisingly, PH CEOs are most confident about growth in their own sector. This is largely attributed to their expertise marked by their possession of deep insights into industry trends, competition, and market opportunities. Industry-level confidence is further supported by continuous growth in the digital economy, which has expanded by 11% in 2023 (vs. 2021). This has especially benefited industries related to technology and digital services, where a sustained uptrend is seen due to increased demand for digital services and improved PH digital infrastructure. Similarly, the financial services sector has benefitted from digital infrastructure expansion, increased demand for diverse financial products, and higher digital adoption, resulting in a 36.3% growth rate of total assets of the PH banking system in 2024.

Source: BSP, PSA, Research and Markets

PH CEOs prioritize investing with cost as a key consideration.

Q How confident do you feel about your own company's outlook in the following areas over the next 12 months?

Philippine leaders are cautiously optimistic for 2025, focusing on strategic initiatives and deliberate cost management.



Since PH CEOs maintain a balanced optimism, they recognize the need for action, driving strategic moves in two key areas: investing in new opportunities—such as joint ventures and M&A—and accelerating technology adoption. A notable 86% are prioritizing investments that will pave the way for operational efficiency and growth through joint ventures or M&A, while 82% of PH CEOs are set on maximizing the existing technology stack of their companies through further investment.

The 2025 outlook of Philippine business leaders highlights a tech-forward approach, with 80% of CEOs emphasizing the importance of investing in emerging technologies. This focus is evident in recent strategic moves, such as a major fintech company's partnership with a leading Japanese financial group to strengthen its digital payments platform and a global business services provider's acquisition of a customer experience firm to enhance AI and automation capabilities. Overall, this trend reflects a growing recognition of the value of collaboration and innovation through acquisitions to drive growth and enhance service delivery

Survey results indicate a more cautious outlook on costs, with only a net optimism score of 62% on cost of inputs and just 40% in passing cost increases to customers. While CEOs expect inflation to align with forecasts, they recognize potential risks that could skew this trajectory. As a result, a key watchout is the ability to transfer costs to customers if input prices rise more than anticipated. To prepare for these risks, PH CEOs are planning to adopt strategies that enhance their operational capabilities through strategic initiatives like M&A and joint ventures to unlock efficiencies and potential cost synergies.

1. Net optimism calculated by subtracting % of respondents that responded with 'very or somewhat pessimistic' from the % of respondents who responded with 'very or somewhat optimistic'

02

Embracing transformation to propel the advancement of Philippine businesses

CEOs in the country are evolving their businesses to drive continuous growth amid an unpredictable global market.

PH CEOs are committed to transforming their operations to remain competitive in the age of an increasingly digital and interconnected world.

Enhancing offerings and operations will play a vital role in sustainable business growth as today's competitive landscape continues to evolve. With the rise of digital banking, e-commerce, and AI-powered solutions, traditional business models are becoming more attuned to technology. Additionally, globalization continues to drive changes in consumer behavior and trends in the job market, with both customers and employees benefiting from a wider range of businesses to patronize or engage with professionally.

Given this phenomenon, it is imperative that companies begin refining their approach to three main areas: the customer journey, talent management, and operational optimization. PH CEOs rank these as their most important transformation outcomes over the next 12 months, with 50% citing maintaining strong customer relations as a priority, 46% for enhancing product offerings, 42% for employee retention, and 40% for optimizing operations.

Transformation initiatives leveraging data to deliver more personalized experiences drive loyalty and expansion in customer bases. The transition to omnichannel retail, for instance, which provides customers with an integrated shopping experience across both physical and digital platforms, has allowed companies to deliver more targeted marketing campaigns using data collected across a variety of channels. In a similar manner, programs that align company culture with employees' personal value systems boost retention and productivity. In both cases, companies are increasingly creating avenues to ensure that customers and employees resonate strongly with the products and services they deliver to secure business growth.

PH CEOs remain optimistic amid economic headwinds, embracing growth opportunities.

Q What are the most important outcomes that your transformation initiatives are trying to achieve in the next 12 months?

	Philippines
Improving customer engagement and retention	50%
Enhancing product and process innovation to improve current offerings and create new products and services	46%
Improving employee engagement and retention	42%
Optimizing operations and improving productivity, including digitization	40%
Reducing costs and unlocking savings	40%

Note: The respondents were asked to select up to three responses and rank them in order of priority.

62%

of CEOs anticipate external interferences from growing interconnectedness of global markets to impact their transformation agendas.

CEOs are focused on adapting to global disruptions and increasing awareness on sustainability.

Q How important is it to rethink your organization's approach to transformation to adapt to the following trends?

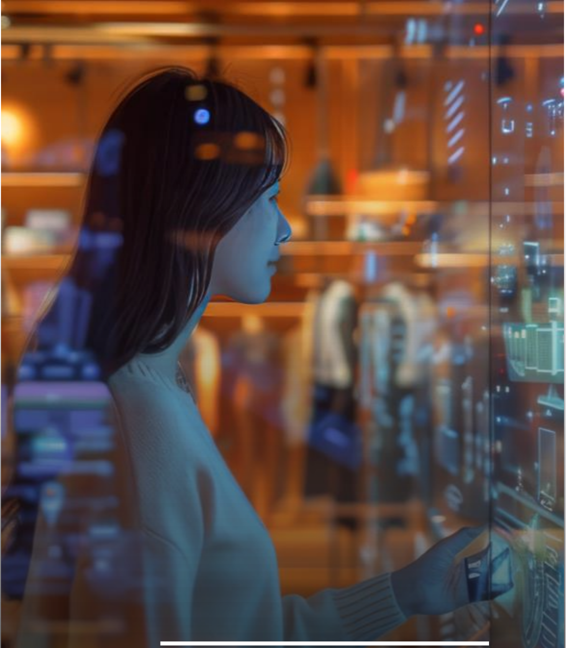
Note: The respondents were asked to select one option for each statement.

Navigating external disruptions, macroeconomic uncertainty, and increasing sustainability pressure is viewed as vital for sustained business growth

CEOs' responses highlight the critical impact of external uncertainties on effective transformation. Over 60% of PH CEOs highlight increasing interconnectedness with external stimuli, macroeconomic and policy-related uncertainties, and sustainability pressures as highly pressing trends that may impact their transformation agenda.

Supply chain disruptions, global market volatility, and regulatory changes are just a few of the challenges that CEOs foresee in the coming year. Additionally, there is growing pressure to adopt and comply with sustainability-related practices as regulations continue to evolve. This includes the implementation of the IFRS Sustainability Disclosure Standards, the enactment of Extended Producer Responsibility (EPR) law, the Philippine Ecosystem and Natural Capital Accounting System (PENCAS), and advancements in the legislation of the Low Carbon Economy Act. Companies are increasingly integrating sustainable practices into their operations, as evidenced by the emergence of the electric vehicle industry and the growth of the renewable energy sector.

	Very important/ Critical	Fairly important	Not / Slightly important
Increasing interconnectedness and unexpected knock-on impacts of external shocks	62%	30%	8%
Growing macroeconomic and policy uncertainty	60%	32%	8%
Increasing stakeholder and regulatory pressure with respect to sustainability	60%	22%	18%
Increasing speed and scale of tech disruption and adoption	56%	40%	4%
Growing cost of digital transformation and increasing pressure to demonstrate ROI	52%	40%	8%
Talent and capability gaps with respect to emerging technologies	52%	28%	20%
Increasing pricing pressures and constrained ability to pass costs on to customers	50%	34%	16%
Increasing geopolitical volatility	42%	40%	18%



60%

of CEOs cite that building resiliency is a major improvement needed in the execution of their transformation initiatives.

Building resiliency and achieving cost efficiencies are considered priorities in improving transformation initiatives

PH CEOs recognize that there is still room to grow in carrying out effective transformation initiatives. Notably, the majority (60%) of CEOs cite that major improvement is needed when it comes to building resiliency in the face of sudden disruptions. Enhancing resiliency through crafting roadmaps that are iterative and flexible in nature to account for inevitable disruptions will be a key differentiator among successful initiatives.

Additionally, cost-saving measures are also viewed as a necessity to ensure the sustainability of transformation programs, with 50% of CEOs highlighting this as an area wherein major improvement is needed. One common measure to reduce cost involves outsourcing some functions within transformation initiatives. For example, strategy advisory services are often utilized to develop efficient programs and accelerate delivery. Operational and IT capabilities that require significant investment are also typically outsourced to enable scalability of transformation-necessitated infrastructure.

CEOs believe that developing agility when initiating transformation is an essential improvement needed.

Q To what extent does your organization need to improve its approach to transformation in the following areas?

Note: The respondents were asked to select one option for each statement.

	Major / Critical improvement needed	Moderate improvement needed	No / Minor improvement needed
Boosting resilience in an uncertain environment by making transformation more iterative and adaptable	60%	20%	20%
Reducing the cost of transformation programs, e.g., through managed services	50%	30%	20%
Increasing the speed of transformation, e.g., through shorter project cycles	42%	40%	18%
Improving transformation outcomes through more collaboration across functions and the C-suite	42%	36%	22%
Optimizing transformation funding sources such as internal budgets, external financing, or partnerships	42%	34%	24%
Boosting ROI by systematically identifying the biggest value pools to pursue	38%	40%	22%

73%

of CEOs are very confident in their ability to optimize operations and improve productivity, including digitization

CEOs are very confident in achieving transformational outcomes within their organizations.

Q How confident are you in your transformation initiatives' ability to achieve the outcomes you have identified as most important?

Note: The respondents were asked to rate their confidence levels in the top three transformation outcomes they had identified.

CEOs seem bullish in their ability to innovate their operations

Of the PH CEOs who identified operational optimization and boosting productivity as their transformation priorities, the majority (73%) are very confident in achieving these outcomes. Similarly, those who selected achieving sustainability targets, enhancing offerings, improving talent management, and re-imagining their business model have positive outlooks as well, with over 50% responding they are very confident in reaching these goals. On the other hand, the majority (71%) of PH CEOs who prioritize customer engagement, and top-line growth are only moderately confident.

Overall, CEOs show higher confidence in achieving transformation outcomes that are attainable within their internal organizations. In line with anticipating external uncertainties, CEOs are only moderately confident in accomplishing outcomes that are highly dependent on the external market. Despite ranking improving customer engagement and retention as the top priority outcome for transformation initiatives, the majority of CEOs are only moderately confident in achieving this, signaling a need for more robust strategies and clearer metrics to measure progress and success to counteract external uncertainties.

	Cited as Top 3 Important Outcomes	Very Confident	Moderately confident
Optimizing operations and improving productivity, including digitization	40%	73%	27%
Achieving sustainability targets	32%	69%	31%
Enhancing product and process innovation to improve current offerings and create new products and services	46%	69%	19%
Improving employee engagement and retention	42%	61%	28%
Radically re-imagining your business model for the future to unlock new ways of creating, delivering, and capturing value	24%	57%	29%
Reducing costs and unlocking savings	40%	47%	47%
Improving customer engagement and retention	50%	29%	71%
Accelerating top-line growth	26%	29%	71%

60%

of the most confident CEOs are planning to leverage deals.

46% leverage

M&A, divestments, IPOs, and joint ventures to enhance growth and bolster efficiency.

03

Driving transformation from strategic initiatives

PH CEOs focus on M&A, seeking operational efficiency and customer-centric strategies to unlock growth and resilience

PH CEOs anticipate M&A as a catalyst for growth and transformation

As CEOs navigate an era of economic pressures, technological disruption, and evolving consumer demands, 94% of leaders envision transaction initiatives to accelerate their transformation journeys. Out of these initiatives, mergers and acquisitions take center stage, with 60% of CEOs planning to pursue such deals over the next 12 months, underscoring M&A as one of the strategies for driving growth and creating value. With local M&A activity annually increasing by 14% over the past 5 years, and deal value likewise growing by 18% yearly, there is a clear trend of Philippine companies pursuing these types of transactions.

In 2024, there was a significant jump from 87 deals taking place in 2023 to 113 by 2024's end, bolstered by emerging fintech capabilities in the financial services sector, rising data hubs in the technology sector and the shift towards renewable energy in the energy sector. Furthermore, improved tax incentives such as enhanced deductions and value-added tax zero-rating for priority sectors enacted through the CREATE MORE Act implemented last November are expected to encourage more foreign investors, poising the Philippines as an attractive investment hub.

Divestments, spin-offs, and initial public offerings (IPOs) are also key areas of focus for 52% of CEOs, reflecting their intent to streamline operations and reallocate resources toward transformative initiatives. Similarly, 50% of CEOs foresee joint ventures or strategic alliances to leverage complementary strengths, enhance operational capabilities, and better respond to evolving customer needs. These strategic actions highlight a commitment to driving efficiency and fostering innovation as businesses adapt to a rapidly changing environment.

CEOs signal a strong focus on M&A and strategic partnerships in the next 12 months

Q Do you expect to actively pursue any of the following transaction initiatives over the next 12 months?

Note: The respondents were asked to select multiple responses

	Philippines	Global	APAC
Mergers and Acquisitions	60%	56%	61%
Divestments, spin-offs or initial public offerings (IPOs)	52%	48%	51%
Joint ventures or strategic alliances with third parties	50%	62%	60%
None of the above	6%	4%	3%

CEOs are signaling a heightened focus on M&A and strategic partnerships over the next 12 months, predicting operational efficiency to enhance internal growth. In the Philippines, 60% of CEOs identified M&A as a potential transaction surpassing the global average of 56% and closely aligning with the APAC average of 61%, reflecting shared regional dynamics fueled by economic expansion and investment opportunities.

Source: Mergermarket

PH CEOs are looking to accelerate operational efficiency and customer-centric innovation through leveraging M&A

The Philippines' strong 5.6% GDP growth in 2024 and investor-friendly policies targeting high growth industries such as transportation, renewable energy, and telecommunications have created a fertile ground for increased M&A activity, positioning the Philippines as a dynamic player in the APAC region.

Looking ahead to 2025, CEOs are expected to take a more active role in leveraging M&A to accelerate both operational efficiency and customer-centric innovation. By synergizing with other companies, businesses can benefit from economies of scale, streamline processes, and integrate advanced technologies to improve cost structures. For instance, acquisitions in AI, automation, and cloud computing can boost productivity and efficiency, which ultimately leads to bottom-line improvements.

At the same time, M&A enables companies to stay ahead of evolving consumer demands. Through acquisitions, businesses can rapidly expand product offerings, integrate new service models, and improve customer experience. Strategic deals in fintech, customer experience platforms, and digital infrastructure highlight how Philippine companies are using M&A to strengthen customer propositions.

In 2025, integrating these strategies will be essential for driving transformation and long-term growth in an increasingly dynamic business landscape.

Philippine leaders focus on innovation and productivity to drive acquisition outcomes.

Q What outcomes are most important to you when evaluating a potential acquisition?

Note: The respondents were asked to select multiple responses

	Philippines
Improving product and process innovation	46%
Optimizing operations and improving productivity	44%
Improving customer engagement and retention	42%
Reducing costs and unlocking savings	40%
Achieving sustainability targets	38%
Improving employee engagement and retention	34%
Radically redefining your business model for the future	34%
Accelerating top-line growth	22%

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