

Horváth

6th Annual CxO Priorities Study

Deep dive | Romania



Maria Boldor

Fundamentals: The New Strategic Advantage –
Navigating Trade Conflicts and Tech Disruptions

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01 Management Summary

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Why is the 6th Annual CxO Priorities Study a must-read for CxOs?



Discover the **top priorities** on executive agendas across industries and regions



Benchmark **performance and growth ambitions** with industry peers



Find out **where to shift workforce** and **where to invest** in an increasingly fragmented global economy



Gain **insights into AI maturity** and investment levels, as well as **sustainability efforts**



Interested in industry-specific reports?

Contact us at cxostudy@horvath-partners.com



6th Annual Horváth CxO Priorities Study | Fundamentals: The New Strategic Advantage

Trade conflicts



Evolving trade tensions such as export restrictions or **tariffs**, and **cost pressure** are forcing companies to **rethink their global footprint**. Many are relocating to **regionalize supply chains, optimize costs, and reduce dependencies on global powers**. Yet, **investments in the big global markets** remain strong, signaling their continued strategic value

Tech disruptions



AI is advancing rapidly, but many firms are still immature in their adoption efforts. As investments rise, the focus shifts to measurable productivity gains in IT, digitalization, and operations. Clear, **business-relevant use cases** are now essential for realizing impact

Fundamentals

As the world economy becomes increasingly fragmented, **CxOs must navigate trade conflicts and tech disruptions**. They are shifting their focus to the true drivers of performance: competing in established markets with proven products & services while managing costs to protect margins. **Fundamentals** are critical to success:



- **Operational excellence:**
Improve efficiency & cost competitiveness
- **Sharpened product & service portfolio:**
Prioritize growth & high-value offerings
- **Balanced global value chain:**
Build a resilient & competitive footprint
- **Future-ready core:**
Innovate through technology & AI

The **6th Annual CxO Priorities Study** unveils a clear perspective:

Fundamentals are the New Strategic Advantage

6th Annual Horváth CxO Priorities Study | 63 Romanian CxOs reveal what really matters

63 Romanian CxOs
engage in personal dialogue



8 weeks of interviews
between March and May 2025



~73% CEOs
out of all participants

~20% CFOs
out of all participants



5 focus topics

-  Strategic priorities
-  Sales, margin & employee development
-  Growth ambitions & profit optimization
-  Resource relocation & geopolitical challenges
-  Further strategic initiatives: Digital & Green

~14% multinationals
with revenue of more than EUR 1b



~38% family-owned
businesses share their priorities



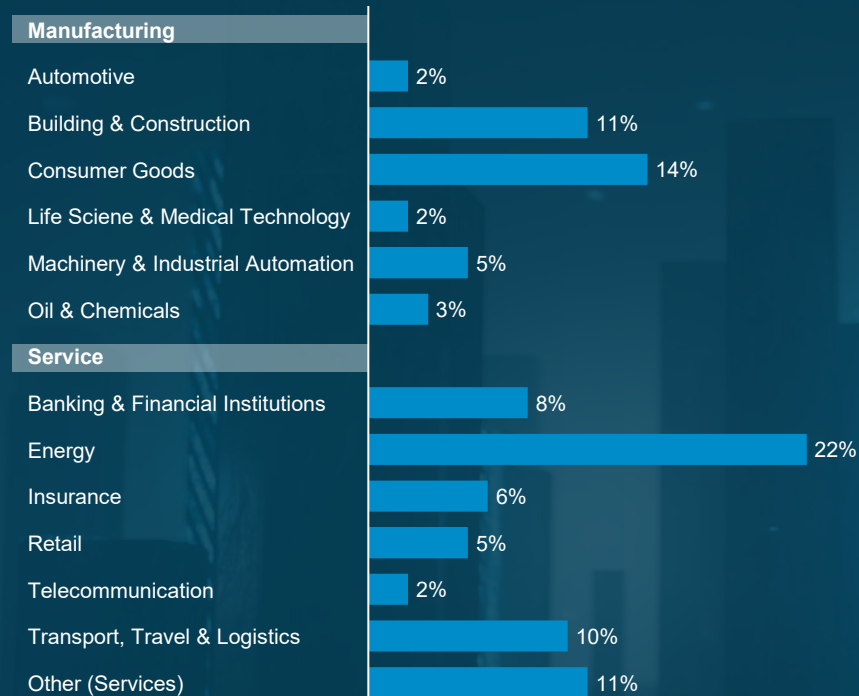
12 industries
report on industry-specific trends



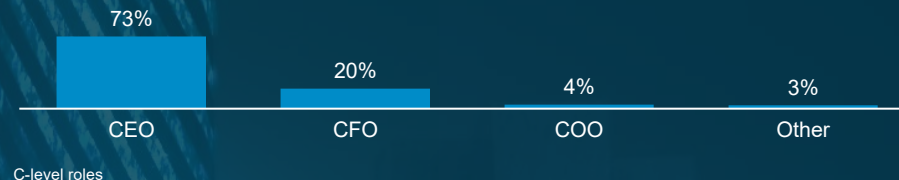
6th Annual Horváth CxO Priorities Study |

A 360° view: Insights across industries and company scales

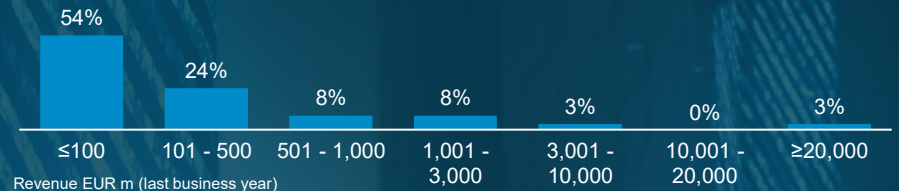
Distribution of industries



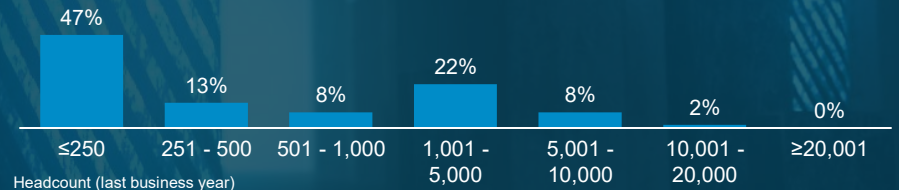
Distribution of participants' positions



Distribution of revenue / income



Distribution of workforce size



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Romanian companies have defined clear priorities, with a strong focus on financial stability



Key findings

Strategic priorities | All industries

	Rank 	Rank (Global)		Score ¹ 	Score (Global)
Improvement of financial performance & risk management	1	7	↑	3,51	2.95
Improvement of cost & profit structures	2	1	↓	3,49	3.50
Digital transformation	3	2	↓	3,46	3.46
Cyber security	4	3	↓	3.45	3.26
People-driven topics	5	4	↓	3.44	3.13
Improvement of liquidity range	6	6	→	3.32	2.96
Realignment of group strategy & business model	7	9	↑	2.97	2.89
Reorganization of structures & processes	7	5	↓	2.97	3.07
Optimization of supply chain & production footprint	9	10	↑	2.91	2.87
Ecological sustainability	10	12	↑	2.90	2.65
Innovation and R&D	11	7	↓	2.89	2.95
Realignment of pricing & revenue models	12	11	↓	2.87	2.71
M&A or divestments of business areas	13	13	→	2.60	2.50

↑ Rank increased

↓ Rank decreased

→ Rank remains constant

- **Financial performance & risk management** stands out as the **top priority in Romania** (Rank 1 vs. Rank 7 globally), showing local companies are **more focused on financial resilience and risk mitigation** than the global average
- **Romanian companies strongly focus on cost efficiency** (Rank 2), though slightly **less intensely than the global average** (Rank 1)
- **Digital transformation and cyber security continue to represent key priorities** in Romania (Ranks 3 and 4), even though both are ranked slightly lower than globally (Ranks 2 and 3), still showing a **strong commitment to technological advancement**
- **People related topics rank 5th for Romanian CxOs** signaling a clear recognition of **human capital as a key enabler for performance**

N = 63

¹ Importance of priorities on a scale of 1-4:

4-very important, 3-important, 2-slightly important, 1-not important

Rounding differences may occur

Manufacturers are prioritizing performance and workforce value as long-term growth pillars



Key findings

Strategic priorities | Manufacturing industries

	Rank 	Rank (Global)		Score ¹ 	Score (Global)
Improvement of financial performance & risk management	1	9	↑	3.65	2.97
Improvement of cost & profit structures	2	1	↓	3.57	3.61
People-driven topics	2	6	↑	3.57	3.13
Digital transformation	4	2	↓	3.52	3.36
Cyber security	5	4	↑	3.41	3.26
Optimization of supply chain & production footprint	6	5	↓	3.33	3.19
Improvement of liquidity range	7	7	→	3.22	3.09
Innovation and R&D	8	3	↑	3.18	3.28
Ecological sustainability	9	11	↑	3.17	2.76
Reorganization of structures & processes	10	7	↑	3.00	3.09
Realignment of pricing & revenue models	10	12	↑	3.00	2.73
Realignment of group strategy & business model	12	10	↓	2.96	2.94
M&A or divestments of business areas	13	13	→	2.58	2.56

↑ Rank increased

↓ Rank decreased

→ Rank remains constant

- For Romanian manufacturers, **improving financial performance and risk management is the absolute top priority**, significantly higher than the global ranking. This is closely followed by **improving cost and profit structures** indicating a pragmatic and a stability-first approach vision
- People-driven topics have a significantly higher priority** (ranking 2nd) **compared to global trends** (ranking 6th). This suggests a strong emphasis on human capital, talent development, retention strategies and employee well-being within the local industry
- Digital transformation and cyber security remain top-tier concerns** for both Romanian and global manufacturers, accentuating their critical role in modern industrial operations
- Innovation and R&D ranks significantly lower in Romania (8th) than globally (3rd)**. This indicates that Romanian manufacturing might be less focused on cutting-edge research and development to drive future growth compared to its international counterparts

N = 23

¹ Importance of priorities on a scale of 1-4:

4-very important, 3-important, 2-slightly important, 1-not important

Rounding differences may occur

Cybersecurity takes the lead in the service sector, while costs and profit stay in focus



Key findings

Strategic priorities | Service industries

	Rank 	Rank (Global)		Score ¹ 	Score (Global)
Cyber security	1	3	↑	3.48	3.25
Improvement of cost & profit structures	2	2	→	3.45	3.37
Improvement of financial performance & risk management	3	6	↑	3.44	2.94
Digital transformation	4	1	↓	3.43	3.57
Improvement of liquidity range	5	8	↑	3.38	2.79
People-driven topics	5	4	↓	3.38	3.14
Realignment of group strategy & business model	7	7	→	2.98	2.84
Reorganization of structures & processes	8	5	↓	2.95	3.04
Realignment of pricing & revenue models	9	9	→	2.78	2.68
Ecological sustainability	10	11	↑	2.75	2.54
Innovation and R&D	11	10	↓	2.71	2.57
Optimization of supply chain & production footprint	12	13	↑	2.64	2.35
M&A or divestments of business areas	13	12	↓	2.62	2.43

↑ Rank increased

↓ Rank decreased

→ Rank remains constant

- For Romanian service companies, **Cyber security ranks as the number one strategic priority**, a significant shift from its 3rd global ranking. This highlights an amplified awareness and proactive stance towards digital threats and the need to protect data, systems and clients in general
- Financial health and cost efficiency** are consistently high priorities, underscoring the ongoing emphasis on robust financial management and operational efficiency in service industries
- Digital transformation** is a top priority globally but ranked on 4th place in Romania. This suggests that while important, it's viewed more as an ongoing initiative or enabler rather than one of the most urgent strategic priorities
- People-driven topics have a higher global priority (ranking 4th) than in Romania (ranking 5th)**. This subtle difference could indicate varying approaches to talent management and employee focus between Romanian and global service firms

N = 40

¹ Importance of priorities on a scale of 1-4:

4-very important, 3-important, 2-slightly important, 1-not important

Rounding differences may occur

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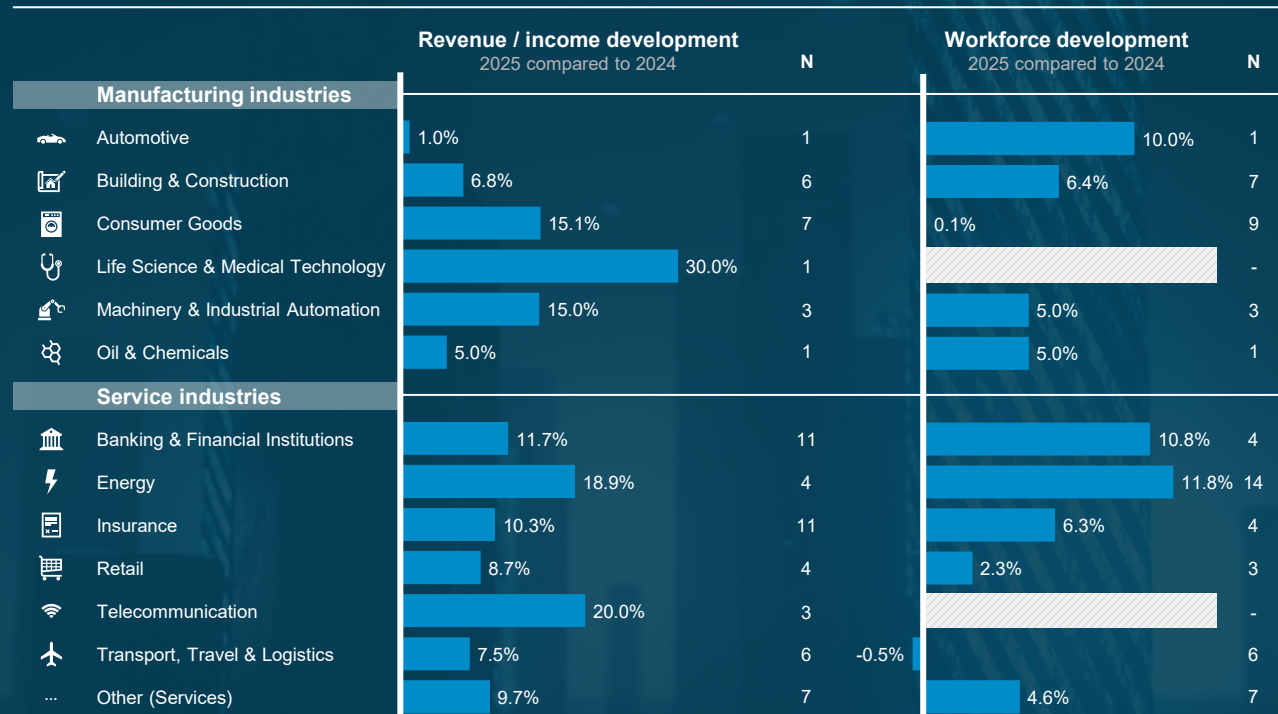
03 Economic Key Topics

Strong revenue growth across industries, with life science & medical technology in the driving seat



Key findings

Development of revenue / income & workforce size¹



- **Robust revenue growth expected across most sectors:** the majority of industries, both manufacturing and services, anticipate significant revenue/income growth in 2025 compared to 2024
- Within manufacturing, **Life Science & Medical Technology projects an exceptional 30.0% revenue increase**, making it the highest anticipated growth rate across all surveyed industries. **This indicates a booming sector**
- **Consumer Goods (15.1%) and Machinery & Industrial Automation (15.0%) also forecast very strong revenue development** within the manufacturing sector
- **Telecommunication (20.0%) and Energy (18.9%) are leading with the highest projected revenue increases**, suggesting significant expansion of the service sector
- While revenue growth is generally positive, the workforce development remains uneven, which might lead to a focus on efficiency and productivity rather than on expansion

N = 61

¹ Estimated average of all companies within a specific industry cluster

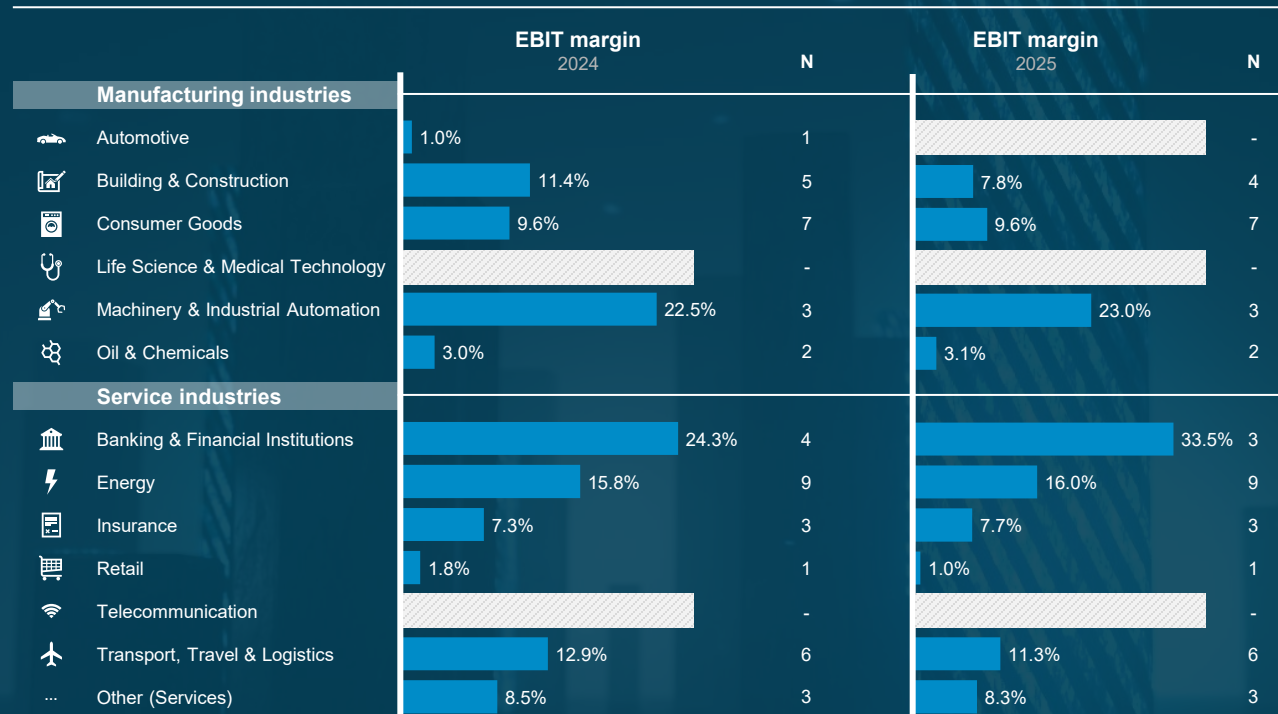
Statistical outliers excluded, rounding differences may occur

Profit margins in focus, growth for financial institutions, pressure in building & construction



Key findings

Development of EBIT margin¹



- **EBIT margins are projected to exhibit overall stability** with a trajectory of moderate expansion
- **Financial Services lead margin growth: Banking & Financial Institutions project a significant leap in EBIT margin (from 24.3% to 33.5%),** indicating robust profitability gains
- **Manufacturing leaders sustain high margins: Machinery & Industrial Automation consistently shows very strong EBIT margins (around 22-23%),** maintaining its highly profitable position
- **Some sectors face margin pressure:** in contrast, **Building & Construction and Transport, Travel & Logistics anticipate notable decreases in their EBIT margins,** suggesting rising costs or competitive challenges
- **Retail and Automotive remain low-margin industries: Retail and Automotive continue to operate with comparatively low EBIT margins (around 1%),** reflecting inherent industry characteristics

N = 44

¹ Estimated average of all companies within a specific industry cluster

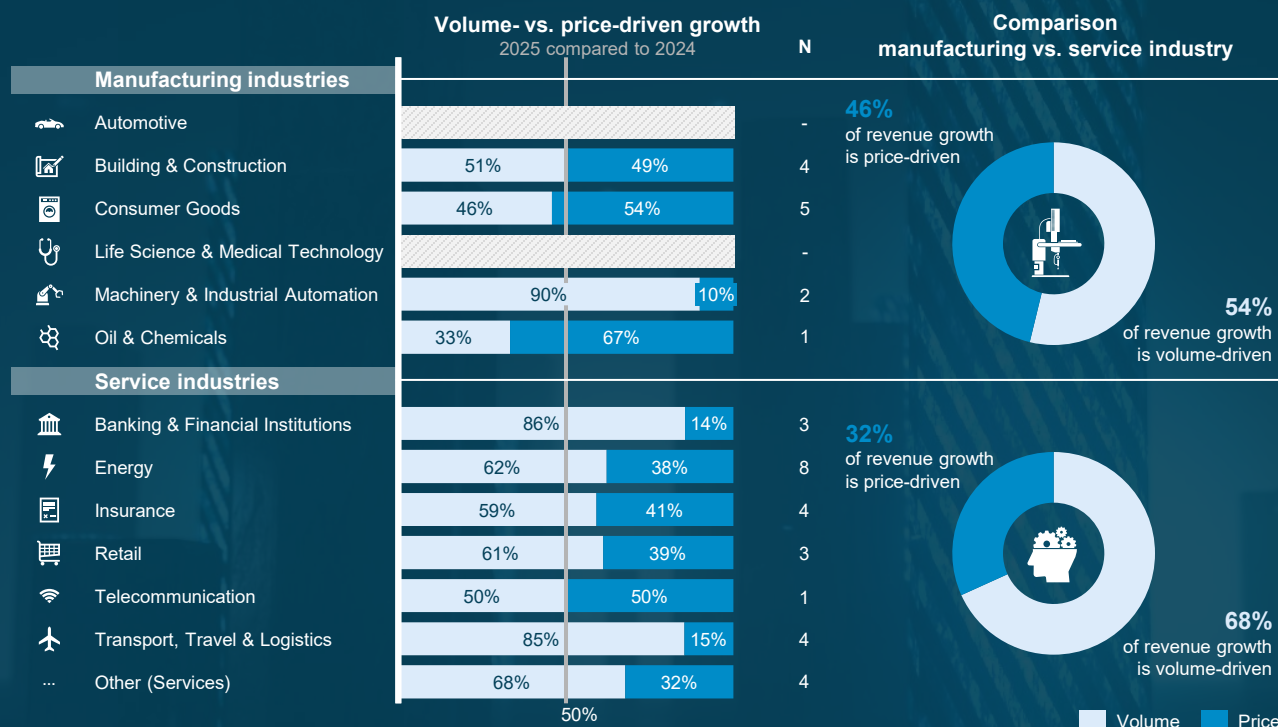
Statistical outliers excluded, rounding differences may occur

Price sensitivity foreseen in the manufacturing industries, while volume remains the key driver



Key findings

Share of volume- vs. price-driven revenue / income growth¹



- Across all industries, **volume growth is the dominant factor for revenue expansion in 2025 compared to 2024**. This suggests an emphasis on increasing sales quantities rather than solely relying on price increases
- A striking 90% of revenue growth for Machinery & Industrial Automation is volume-driven**, with only 10% from price. This highlights a strategy focused on expanding market share through quantity
- Oil & Chemicals and Consumer Goods see significant price-driven growth
- Banking & Financial Institutions (86% volume-driven) and Transport, Travel & Logistics (85% volume-driven)** predominantly rely on increasing transaction volumes or service usage for their revenue growth
- Telecommunication industries expect a 50/50 split between volume- and price-driven revenue growth**, suggesting a balanced approach to their revenue strategy and their revenue growth

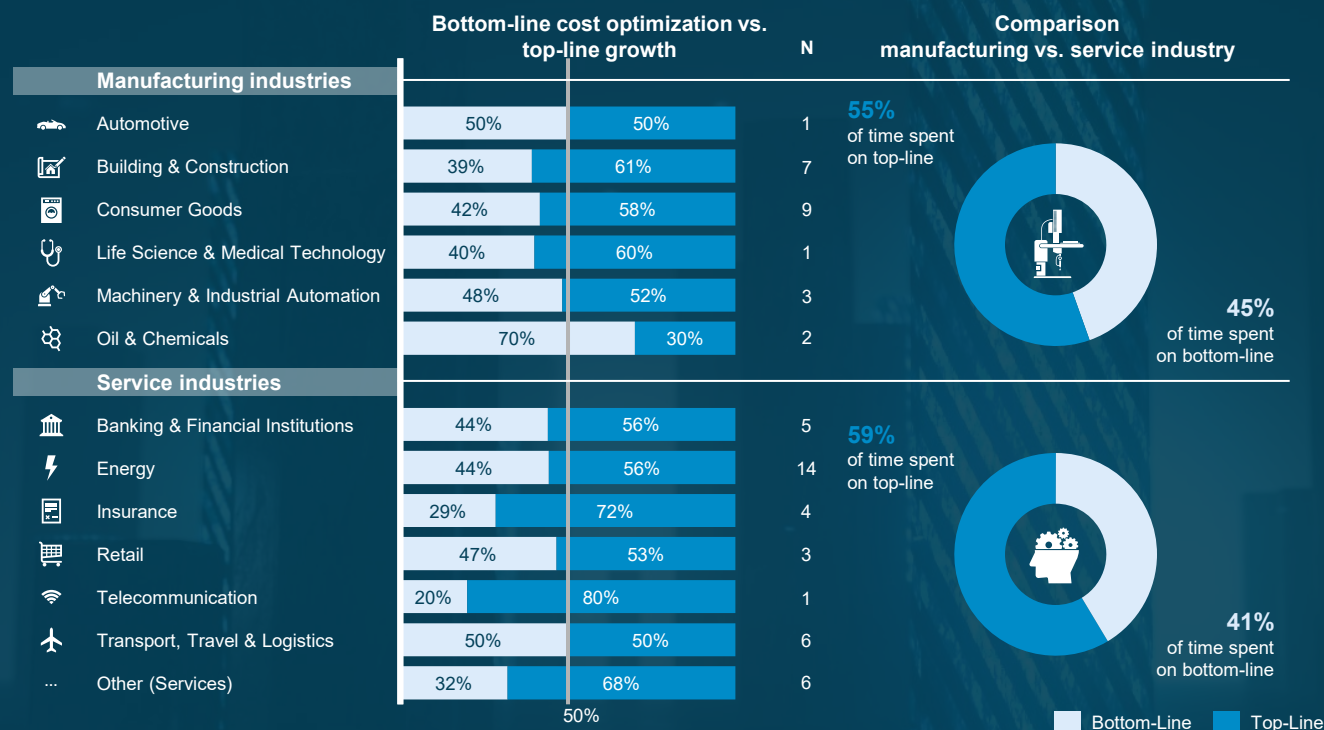
N = 40

¹ Does only include companies with increasing revenue from 2024 to 2025

Statistical outliers excluded, rounding differences may occur

Top-line growth topics dominate the boardroom agendas over cost optimization

Share of time spent in board meetings on bottom-line cost optimization vs. top-line growth



Key findings

- **Overall focus leans towards Top-Line Growth:** across both manufacturing and service industries, board meetings generally allocate more time to discussing **top-line growth** initiatives than bottom-line cost optimization
- **Services** prioritize Top-Line Growth more than Manufacturing, reflecting the current cost optimization pressure faced by the latter
- **Oil & Chemicals Heavily** focused on Bottom-Line cost optimization triggered mainly by capital intensive operations or regulatory pressure
- **Telecommunication and Insurance** are strongly Top-Line Growth oriented
- Both **Automotive and Transport, Travel & Logistics** allocate an equal 50% time to **bottom-line cost optimization and top-line growth**, suggesting a balanced strategic approach
- **Consumer Goods, Life Science & Medical Technology, and Banking & Financial Institutions** lean towards Top-Line, indicating their focus on new revenue opportunities

N = 62
Statistical outliers excluded, rounding differences may occur

Romanian CxOs are leaning towards targeted growth strategies instead of broad diversification



Key findings

Distribution of top-line growth strategies¹ | All industries



- The most common strategy for top-line growth across all industries is **Market Penetration (34%)**. This indicates a primary focus on maximizing current market share and customer base
- **Market Development accounts for 25% of top-line growth strategies**, involving bringing existing products/services to new markets. This highlights an emphasis on geographical expansion or targeting new customer segments
- **24% of strategies are dedicated to Product/Service Development**, which demonstrates the importance of innovation and offering new value to the current customer base
- Strategies targeting **Existing Markets (Market Penetration at 34% and Product/Service Development at 24%) collectively represent 58% of all top-line growth strategies**, showing that companies prioritize deepening their presence in current operational areas



Products / services

N = 59

¹ Estimated cumulative revenue growth over the next five years attributed to growth strategies

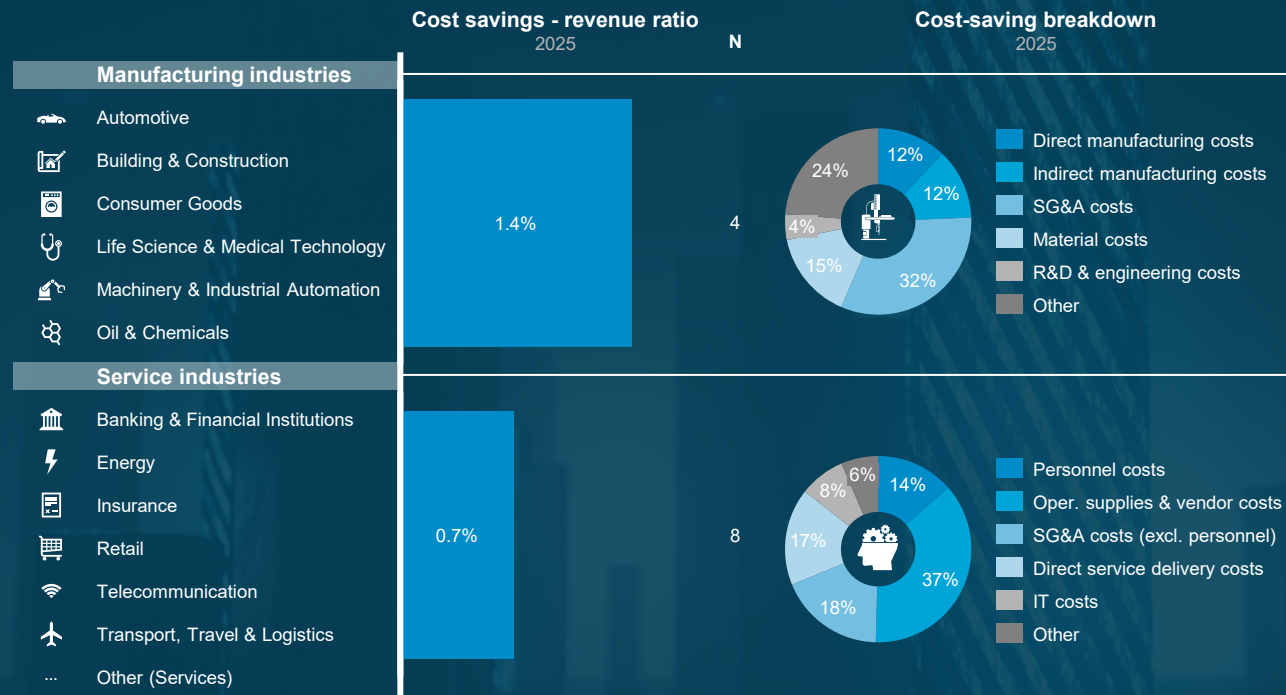
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Cost-saving ambition leads the way in manufacturing due to higher chances to optimize



Key findings

Cost-saving ambitions¹ & breakdown



- **Manufacturing aims for higher cost savings relative to revenue.** This indicates a more aggressive focus on cost optimization within manufacturing
- **Service Industries target more modest cost savings,** suggesting a less intensive, but still present, focus on cost reduction compared to manufacturing
- In manufacturing, the largest portions of cost savings are expected from **SG&A costs (32%)** and **Direct manufacturing costs (24%)**. This highlights operational efficiency and administrative overhead as primary targets for cost reduction
- For service industries, **Personnel costs (37%)** and **Direct service delivery costs (18%)** represent the **largest components of planned cost savings**. This points to workforce management and core service operations as crucial areas for efficiency gains
- Material costs are a significant target in Manufacturing, indicating efforts to optimize procurement and supply chain efficiencies

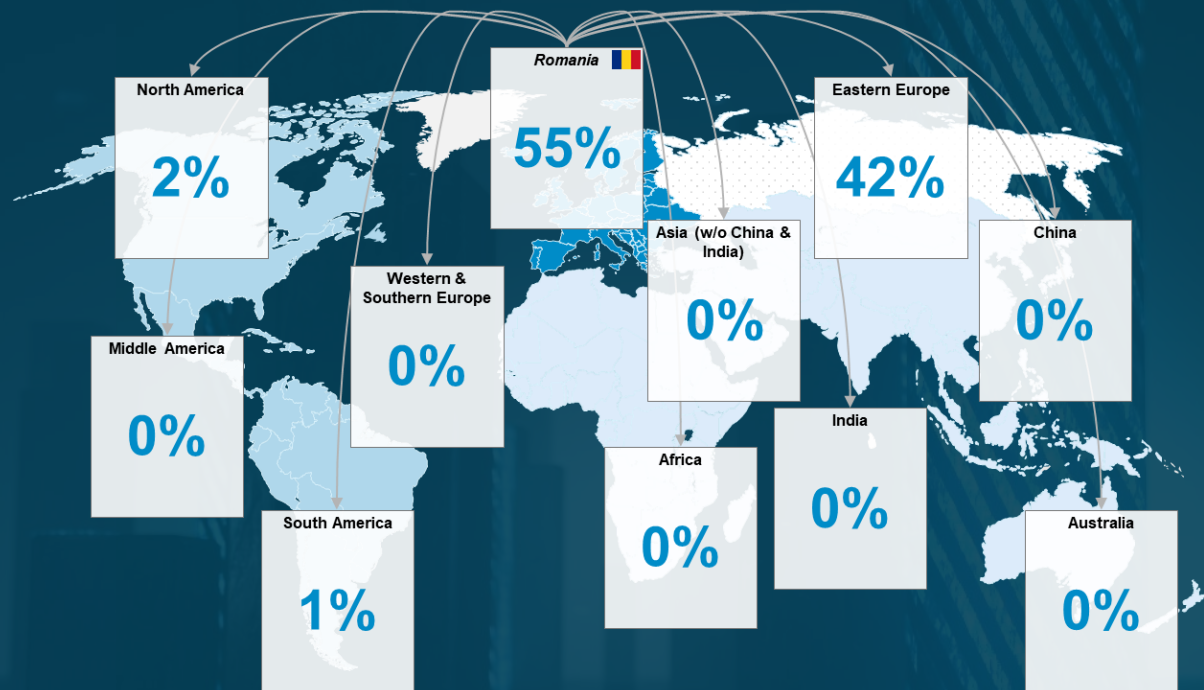
N = 12

¹ Estimated average of all companies within a specific industry cluster; weighted by revenue

Statistical outliers excluded, rounding differences may occur

Romanian companies have a strong domestic focus when it comes to investments

Distribution of CAPEX budget over the next five years^{1, 2} | Companies with HQ in Romania



Key findings

- **Over half of CAPEX budget stays in Romania:** companies with headquarters in Romania plan to allocate **55% of their CAPEX budget within Romania itself** over the next five years. This highlights a strong domestic investment focus
- **Eastern Europe is a significant destination for Romanian CAPEX, accounting for 42% of the budget.** This indicates a strong regional focus and perhaps expansion within neighboring markets
- **Strong regional concentration of investments:** the overall picture indicates a highly concentrated CAPEX strategy, with almost the entire budget (97%) directed towards Romania and Eastern Europe
- **No CAPEX planned for Asia** (including China & India), **Africa, Western & Southern Europe, Middle America, or Australia.** This suggests Romanian-headquartered companies are **highly concentrated on their domestic and immediate regional markets** for capital expenditures

N = 17

¹ Does not include Banking & Financial Institutions, Energy, Insurance, Public Sector, and Telecommunication industries

² Weighted by revenue

Rounding differences may occur

Macroeconomic changes and pressure identified as key concerns on the Romanian market



Key findings

Top macroeconomic factors impacting companies' performance in 2025



- **Changing inflation rates** is the top macroeconomic concern across all industries
- **Talent shortage is a more critical issue for services than manufacturing.** This underscores the ongoing challenges services face in securing adequate skilled personnel
- **Changing interest rates are a significant concern for both manufacturing (48%) and service industries (53%),** reflecting the impact of monetary policy on business operations and investment
- **Non-tariff trade barriers** are more pressing for manufacturing. This reflects the global nature of manufacturing supply chains and trade
- **Rising energy prices are a higher concern for service industries (30%)** than for manufacturing (22%), indicating potentially higher energy dependency or direct pass-through of energy costs in the service sector

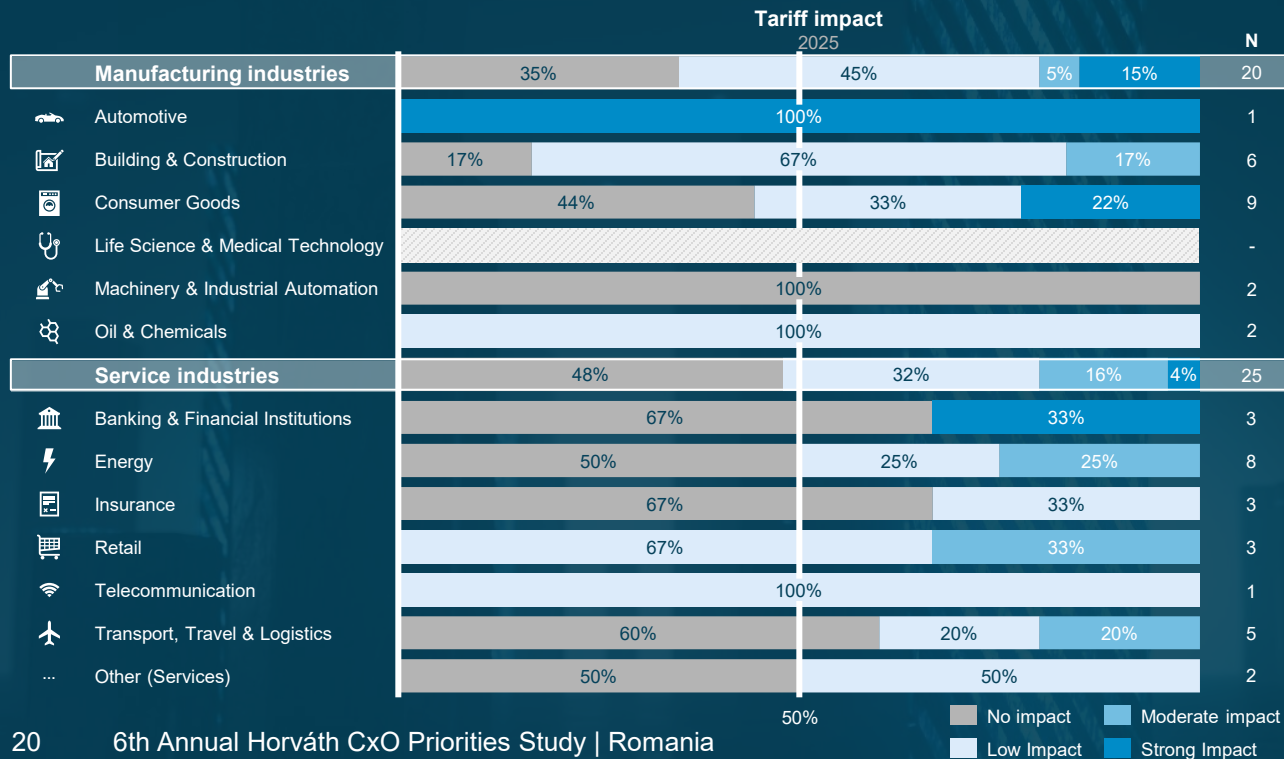
N = 63
Rounding differences may occur

US tariffs do not result in a major impact on Romanian companies as for other CEE countries



Key findings

Impact on US business revenue from US tariffs on EU goods^{1, 2}



- Several manufacturing sectors show a **100% tariff impact**. Specifically, the **Automotive**, **Machinery & Industrial Automation**, and **Oil & Chemicals** industries reported that every company surveyed was negatively impacted
- The service industries show a diverse range of impacts. While a large portion of companies reported "No impact," a significant number were still affected. **Banking & Financial Institutions** and **Insurance** reported a combined "Moderate" and "Strong" impact for 33% of respondents
- The **Telecommunication** industry is unique, with 100% of companies reporting a "Low impact"
- Within the manufacturing sector, **Consumer Goods** and **Building & Construction** appear to be less exposed to the tariffs, with a relatively high percentage of companies reporting "No impact" (44% and 17% respectively)

N = 45

¹ Does only include companies headquartered in Romania

² Does not include Public Sector

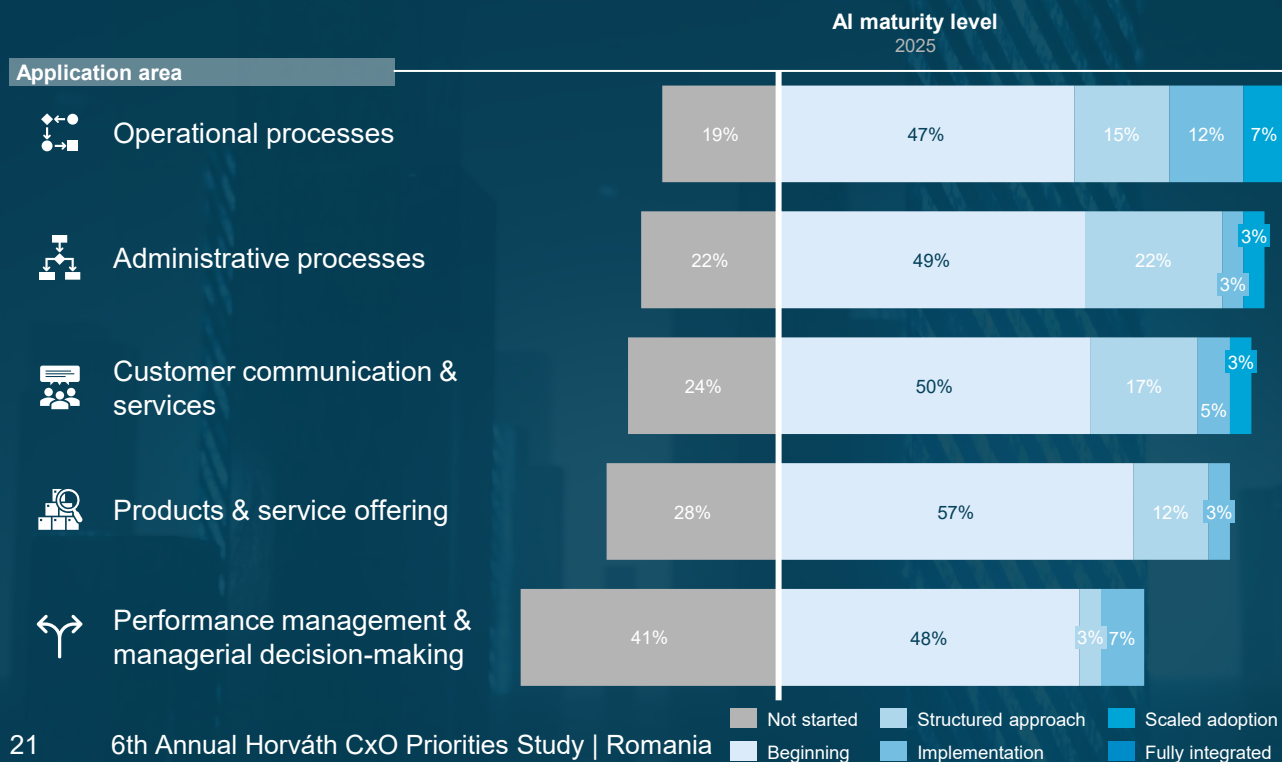
Rounding differences may occur

AI maturity levels show a transformational journey with strong potential, currently at early stage



Key findings

AI maturity levels within companies | All industries



- A notable portion of companies, particularly in "Performance management & managerial decision-making" (41%), have **"Not started"** with AI implementation in 2025
- "Products & service offering" shows the **highest percentage** in the "Beginning" stage (57%) combined with a significant "Structured approach" (12%). This indicates a strong focus on AI for innovation and new offerings
- **"Fully integrated" AI adoption remains quite low** across all areas meaning that full integration of AI is still a challenge
- **"Operational processes" show the highest percentage in the "Scaled adoption" (12%) and "Fully integrated" (7%) categories** combined, suggesting that companies are further along in applying AI to optimize their core operations.
- The **"Implementation" and "Scaled adoption" stages generally show moderate percentages**, indicating that while companies are moving beyond initial exploration, achieving widespread and deeply embedded AI solutions is still in progress.

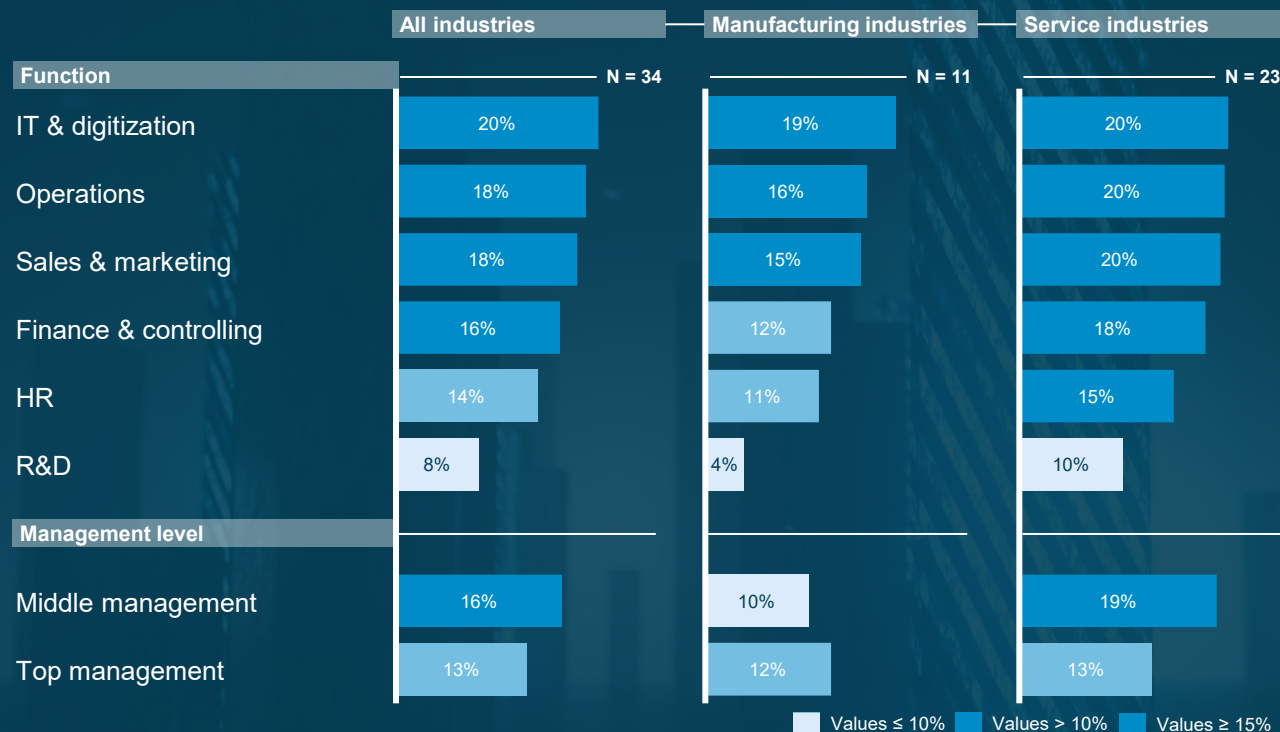
N = 58
Rounding differences may occur

AI is expected to surge labor productivity leading to strong automation potential in most areas



Key findings

Increase in labor productivity resulting from AI solutions over the next three years

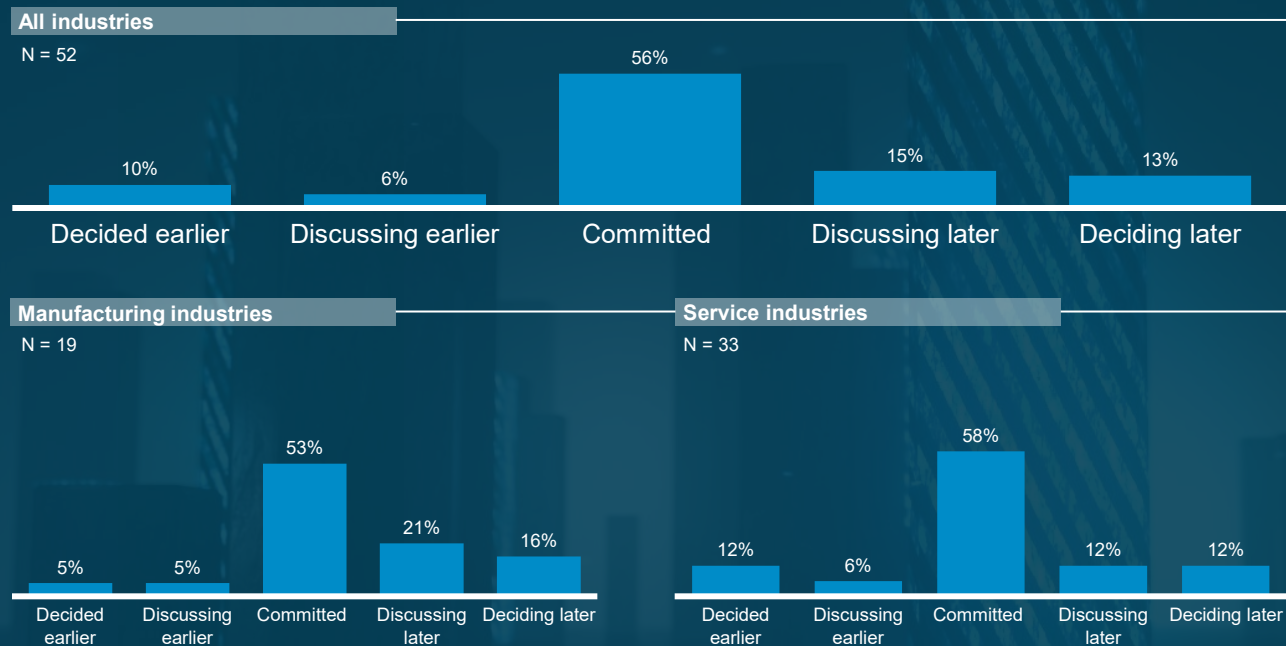


- **IT & digitization** consistently shows the highest or among the highest expected productivity gains (around 20%) across all industries, highlighting its foundational role in AI adoption and benefits
- **Operations** and **Sales & Marketing** are also anticipated to experience substantial productivity increases (18-20% overall), indicating AI's significant potential to optimize core business processes and customer-facing activities
- **R&D** consistently shows the lowest projected productivity increases, suggesting either a slower adoption of AI in these areas or a longer time horizon for AI benefits to materialize in research and development
- **Service industries** generally anticipate **higher productivity increases** across most functions compared to manufacturing industries
- **Middle management** is expected to see an increase in productivity, mainly within service industries, suggesting AI tools can greatly enhance day-to-day operational efficiency

Statistical outliers excluded, rounding differences may occur

Romanian companies are already committed to net-zero target, service industries take the lead

Commitment to net-zero target



Key findings

- **Strong overall commitment:** a significant majority of companies (56%) across all industries are **already "Committed" to a net-zero target**, indicating a widespread adoption of sustainability goals
- **Service industries demonstrate a slightly higher "Committed" rate** (58%) compared to manufacturing industries (53%), indicating a stronger current embrace of net-zero targets within the service sector
- **A larger proportion of manufacturing companies are in the "Discussing later" (21%) and "Deciding later" (16%) stages** compared to service industries (12% and 12% respectively), suggesting more companies in manufacturing are still in the process of defining their commitment
- **Across all industries, only 10% "Decided earlier" and 6% were "Discussing earlier"**, indicating that proactive commitment to net-zero targets in the early stages was a less common trend

Rounding differences may occur



We asked CxOs which strategic initiatives need to be prioritized to ensure steady mid- and long-term growth

Explanations of the different strategic priorities



Cyber security

E.g., building competencies, policies, industry's role, efforts to improve cyber security, server location



Digital transformation

E.g., utilization of Gen AI technology, business models, products / services, customer interaction, value chain, agile organization, data & algorithms, use of technology, ecosystem partners



Ecological sustainability

E.g., climate neutrality / net zero, decarbonization, circular economy, sustainability strategy / measures / business models, anchoring in performance measurement, fulfilling sustainability regulations



Improvement of cost & profit structures

E.g., adjustment of overhead structures, SG&A, portfolio optimization, purchasing, break-even optimization



Improvement of financial performance & risk management

E.g., steering concept, operative performance management, data integration, scenario modelling, early warning systems, real-time reporting



Innovation and R&D

E.g., investment in R&D, breakthrough technologies, product and service innovation, emerging tech adoption, rapid prototyping, technology scouting



M&A or divestments of business areas

E.g., horizontal or vertical M&A transactions, strategic alliances, joint ventures, divest of business areas, and subsidiaries



Optimization of supply chain & production footprint

E.g., dual / multi-sourcing, regional sourcing, increased storage capacities, production footprint, production network



People-driven topics

E.g., shortage of skilled labor, corporate diversity & inclusion, new collaboration models, necessary / new competencies, leadership, employee motivation, employee health, employer branding, flexible work



Realignment of group strategy & business model

E.g., revenue and profitability targets, product / service portfolio, target customers, target markets, internationalization strategy, ecosystems, digital business models



Realignment of pricing & revenue models

E.g., positioning, pricing, subscription models, product / service bundling



Reorganization of structures & processes

E.g., centralization vs. decentralization, role of HQ, regions, functions and business units, shared services, span of control



Improvement of liquidity range

E.g., working capital, financing structure, operating cash flow

We differentiated between manufacturing and service industries

Sub-industries of the manufacturing and service industry clusters



Manufacturing industries



Automotive



Building & Construction



Consumer Goods



Defense & Aerospace



Life Science & Medical Technology



Machinery & Industrial Automation



Metals & Mining



Oil & Chemicals

N = 23



Service industries



Banking & Financial Institutions



Energy



Insurance



Telecommunication



Travel, Transport & Logistics



Retail



Public Sector

N = 40