

Information to media

Stockholm 1 September 2010

SEB's Financial Officers' Index - Continued optimism despite increasing uncertainty

Optimism remains strong among Swedish financial officers and has only decreased marginally since our previous survey, likely reflecting a slower than anticipated recovery in the global economy. With most officers nevertheless believing higher volumes will contribute to improved profitability during the current year, earnings expectations remain high. While respondents appear more concerned this year by higher raw material costs, an increasing number of companies expect to raise prices.

SEB's Financial Officers' survey, addressed to around 70 of Sweden's largest companies, shows respondents only slightly less optimistic. SEB's Financial Officers' Index for August published today stands at 61, down from 62 in May. The Financial Officers' survey suggests respondents are now marginally more cautious concerning current business conditions, but has also increased concern for raw material costs and see upcoming price hikes.

"Uncertainty regarding the business climate has increased with fewer financial officers regarding it as favourable. At the same time most respondents expect volume increases to support higher profitability this year. Cost cutting continues to be regarded as important though still much less so than in 2009 when a record share of respondents prioritized this. Almost a third of respondents expect higher profits this year compared to 2009", says **Ebba Lindahl**, head of Credit Research at SEB and co-author of the report with Disa Hammar.

"Worries regarding demand still dominate responses when financial officers are asked what factors can hurt profitability this year. However, for the second consecutive quarter, respondents are increasingly concerned by rising raw material costs, with 24 percent ranking it their main concern, compared to 14 percent in May and 0 percent in February", says Hammar.

"A growing share of financial officers (68 percent in August compared to 57 percent in May) believe their own company will raise prices. This could be an indication that they expect to be able to pass on increasing raw material costs to clients", says Hammar.

This is the eighteenth publication of SEB's Financial Officers' Index, a unique quarterly survey whose purpose is to reflect changes of sentiment in the financial environment and facilitate the understanding of economic and financial trends. The survey comprises a total of 15 questions covering areas such as business climate, strategic investments, employment, views on currencies and interest rates, financial strength, and lending attitudes amongst financial institutions. The full report (in Swedish) is available at www.sebgroup.com/press.

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