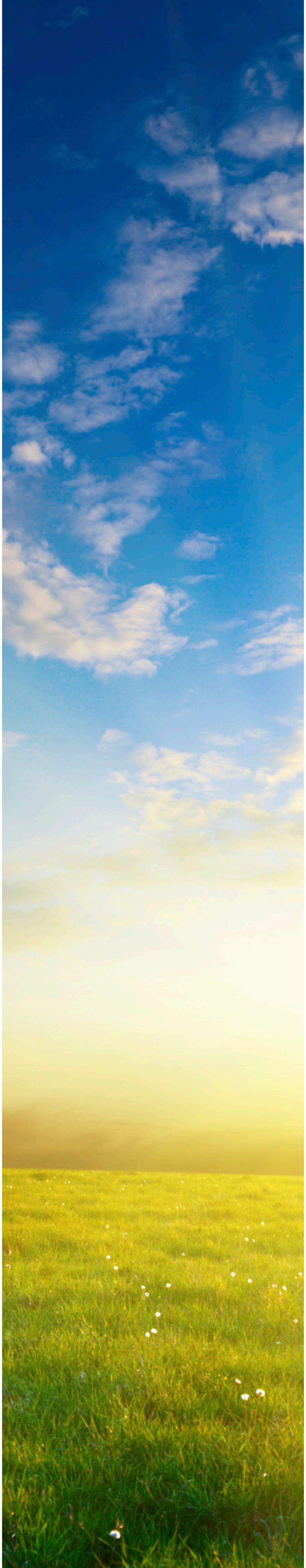

Uncertainties remain but signs of increasing optimism

The Deloitte/SEB CFO Survey

Spring 2012 results

Contents

Welcome to the inaugural edition of the Deloitte/SEB CFO Survey!

For a number of years, SEB and Deloitte have issued two separate surveys, the Deloitte CFO Survey and SEB Finanschefsindex. From this edition onward, we bring those two together to form a new and enhanced report, the Deloitte/SEB CFO Survey. By combining our networks, resources and perspectives, we aim to provide more in-depth analysis of the challenges companies in the Swedish market face.

We sincerely hope that you find the analysis insightful as well as thought-provoking. Please share your thoughts and comments on how we can continuously improve our efforts so that the Deloitte/SEB CFO Survey can be an essential resource for your daily work.

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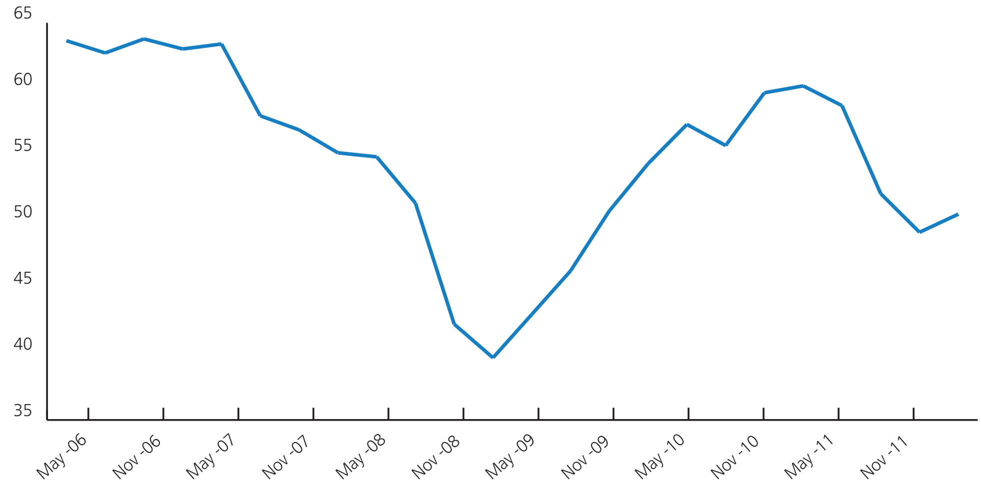
Sharp slowdown in Sweden but no recession

Sweden is now clearly being pulled into the international deceleration. After two years of GDP-growth with an impressive 6.1% in 2010 to still good 3.9% in 2011, GDP declined in the fourth quarter last year. A sharp slowdown in exports, combined with households being squeezed by falling home prices, contributed to a decline in GDP of 1%. This downturn was partly a reaction to a strong third quarter, but it still confirms the picture of a clear economic slump during 2012. SEB predicts that GDP growth will average 0.5% in 2012 and then climb to 1.7% during 2013: still below trend. The weak macroeconomic scenario for 2012 is also evident in the Deloitte/SEB CFO survey with the Swedish CFO index value increasing only marginally to 50.5 in February from 49.2 in November.

Swedish CFO Index



The Swedish CFO index for February 2012 has a value of 50.5, which reflects marginally positive expectations. The index is based on four components; business conditions, financial position, lending willingness and counterparty default risk. The four components are ranked 50, 54, 54 and 44 respectively.

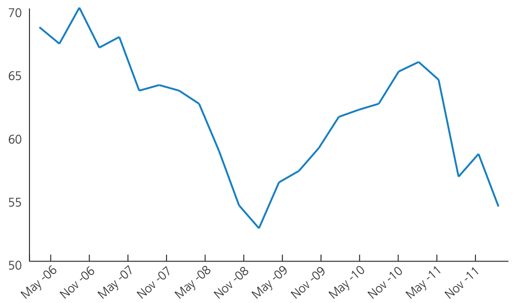
Mixed picture in exports

Still, the Deloitte/SEB CFO survey conducted in February shows that confidence in business conditions has actually improved from the low level seen in November. This improvement in sentiment could possibly be the result of the mixed signals in the manufacturing sector seen after the sharp decline in merchandise exports late in 2011. Manufacturing sentiment indicators have stabilised in recent months in line with international trends as growth in the US seems to be stronger than compared to a few months ago, the risk for a hard landing in China has been reduced and massive loan offers from the ECB is buying time for European policy makers. The purchasing managers' index (PMI) has also climbed into expansionary territory above 50. The relatively stable performance of German exports, which have historically co-varied strongly with Swedish exports, also indicates that the fourth quarter decline exaggerates the underlying trend. SEB thus does not expect a new recession in Sweden but expects a degree of recovery early this year. Manufacturing PMI in Sweden and Germany has continued to co-vary, a fact that supports this interpretation. SEB has nevertheless adjusted its export forecast downward and expect merchandise exports to fall by an average of about 1% during 2012. Due to slightly rising service exports, total exports will be unchanged.

Tightening lending policies among financial institutions

The debt crisis in the euro area and its far reaching consequences for European banks has resulted in a wave of proposed new regulation for banks. Capital and liquidity requirements are in focus and will exert increasing pressures on banks' profitability in coming years. In response, banks are tightening lending standards which may affect the willingness of companies to invest, as well as long term growth prospects. Our CFO survey indicates that financial officers currently perceive lending willingness among banks to be rather weak in a historical perspective, even if it has improved somewhat recently. The two LTRO facilities by the ECB (in December 2011 and February 2012) reduce the fear of a severe credit contraction, although we haven't seen what the full effect on the credit market in terms of lending to corporates and households will be yet.

Financial position



Industrial capital spending will level out

According to Statistics Sweden's October survey, industrial companies were planning relatively large capital spending in 2012. Despite a sagging economic outlook, these companies planned to increase their fixed investments by 7%. In an environment dominated by shrinking demand and growing uncertainty, some investments will be cancelled or postponed, but since their level is depressed after a major decline in 2009, a renewed downturn is unlikely. SEB thus expects industrial investments to level out this year.

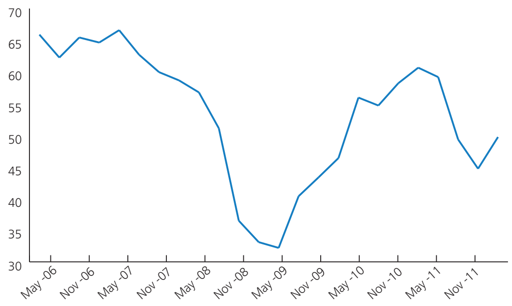
Consumption losing momentum

After a strong first half of 2011, retail sales and new car registrations stabilised, contributing to weak consumption growth. Short-term indicators are mixed: signals from retail sales remain weak, while household confidence has rebounded somewhat in the wake of the stock market recovery. Due to low inflation and accelerating wages and salaries, household purchasing power will increase by 2% annually in real terms, even though employment will fall slightly. The favourable income trend and high household savings ratio at the outset will help avoid a downturn in consumption, despite a weak labour market and falling home prices. Even though concern has subsided compared with our November CFO survey, the recent survey illustrates that demand remains a major concern for Swedish companies. Worries about wage costs increased only slightly in this survey.

Jobless rate will start climbing this spring

The impact of the economic slowdown on the labour market has been modest so far. Unemployment levelled out late in 2011, but this was primarily because the labour supply increased more than expected. Meanwhile employment has continued to rise, albeit at a slower pace than before. Short-term indicators, such as the number of job vacancies at the Public Employment Service and company hiring plans, indicate that these trends will continue during the next few months. GDP growth that is well below trend nevertheless indicates that employment will eventually decline. SEB believes that the unemployment rate will gradually rise by about 1 percentage point to more than 8% by late 2013. The Deloitte/SEB CFO survey shows that while CFOs remain rather pessimistic when it comes to future staffing plans, there was actually a slight positive shift in sentiment in February compared to November.

Business conditions



Riksbank will continue its key rate cuts

The Riksbank again lowered its repo rate by 25 basis points to 1.50% in February. Also the rate-path was revised down and it now indicates unchanged policy rate until sometime during 2013. The probability for an additional cut in April has thus been significantly reduced, even though we still see downside risks for the forecasts of the Riksbank. Yet there are indications that the Riksbank may cut its key rate again.
It is still increasingly clear that over the next couple of years the Swedish economy will be characterised by resource utilisation far below normal and by inflation that is well below target. In a world with exceptionally low key interest rates, it is thus difficult to see justifiable arguments why the Riksbank should abstain from further rate cuts. We think that the Riksbank will continue to cut rates but believe that the improvement in sentiment and monthly growth data in the beginning of 2012 will make the Riksbank keep rates on hold in April. We expected the repo rate to be reduced to 1.25% in July and further to 1.00% in September.

Potential for an even stronger krona

The Swedish krona has been quite resilient in the face of recent turbulence and seems to have gained higher status as a safe haven currency. We therefore believe that the krona may continue to appreciate against the euro, despite weak growth and a declining export outlook in the near term. SEB forecasts a EUR/SEK exchange rate of 8.50 and 8.40 at the end of 2012 and 2013, respectively, which is well in line with long-term equilibrium calculations. Our survey revealed the median EUR/SEK budget rate for the financial year 2012 to be 9.00. If the forecasted SEK appreciation materialises, exporter's sales in their home currencies may fall. Also, increased concerns about foreign competition in the CFO survey could be a sign of increased worry for a strong krona.

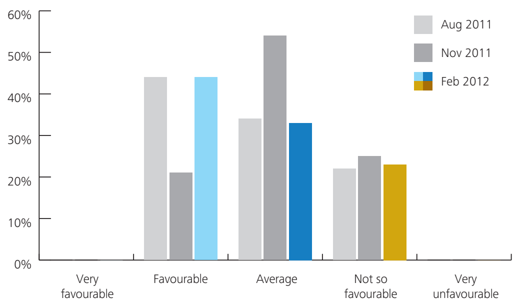
Business conditions and outlook

Despite continued weakening in companies financial positions, business conditions and cash flow expectations improved in the latest survey. Even if lending standards contribute to some turbulence in financial position, survey improvements suggest that some fears over the European debt crisis have eased and 2012 cash flows are to be healthy.

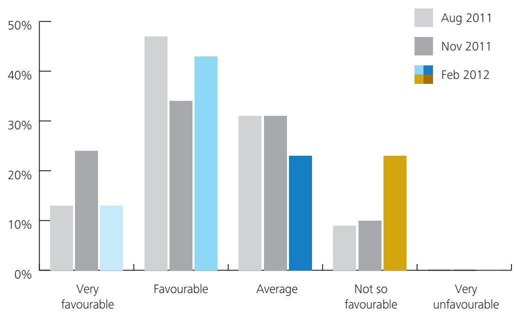
1. Business conditions for your company in the next 6 months are seen as:

After deteriorating sequentially in our last three surveys, confidence in business conditions improved notably in February. In our November survey, fears regarding the European debt crisis had escalated and weak macro data subdued the economic outlook. The improvement seen now likely reflects that these concerns have subsided, at least temporarily.

No CFO currently considers business conditions to be "very favourable", but the share that regard conditions as "favourable" has increased to 44%, from 21%. At the same time, the share of CFOs that regard business conditions as "average" has declined to 33%, from 54%, and the share that regard conditions as unfavourable declined to 23%, from 25%.



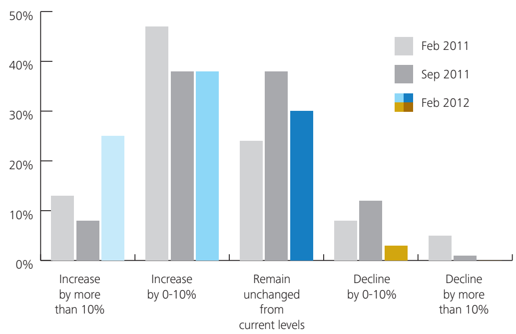
2. The overall financial position of your company is seen as:



The CFOs' perception of their companies overall financial position continues to weaken, for the third consecutive survey. The share of CFOs that regard their financial position as "favourable" or "very favourable" has now declined to 55%, the lowest level since February 2009. The share of respondents that regard their position as "not so favourable" has risen to 23%, which is an all-time-high. However despite the clearly weakening trend, no CFO regards their financial position as "very unfavourable."

These results contrast, to some extent, the strong balance sheets and liquidity positions reported by many companies at the end of 2011. We believe that it might be a reflection of tighter lending standards at financial institutions.

3. How do you expect operating cash flow in your company to change over the next 12 months?



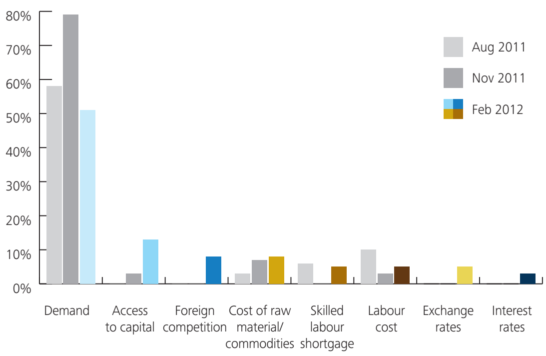
The positive momentum recently reflected in the Swedish stock market and Purchasing Managers' index is also reflected in the upgrade of CFOs' expectations in the recent CFO Survey. CFOs' cash flow expectations for the next twelve months significantly improved in the past six months. A majority (63%) of survey respondents now expect cash flow to increase and 25% of CFOs expect a double digit improvement over the next twelve months. These results anticipate higher cash flows than the two surveys in 2011 and are also high in an historical context. The expectations would seem to be more optimistic than the February reading of the Economic Tendency Indicator from the National Institute of Economic research which, despite improving since January, still signified some weakness in Sweden.

Prospects and concerns

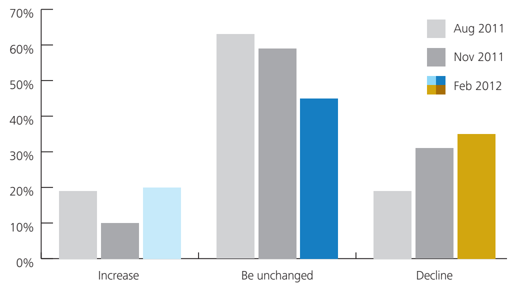
Although demand remains the most popular leading concern in 2012, over 10% of CFOs were most concerned with access to capital. Companies appear more confident about adding employees, especially outside of Sweden. However inside of Sweden, the survey calls for a net reduction in employees and more challenging export conditions due to the strong SEK.

4. What are the greatest concerns for your company in 2012?

Demand remains the greatest concern for CFOs in 2012, even if the 51% share of respondents (79% in November 2011) that view "demand" as the greatest concern is declining. Concerns over "access to capital" have increased, with the share of CFOs that rank this as their greatest concern rising to 13%, from 3% in November. This could be explained by the higher capital requirements that banks are increasingly subject to and higher funding costs forcing more restrictive terms of lending. Other areas of concern for CFOs include foreign competition, which increased to 8%, from 0% in November 2011.



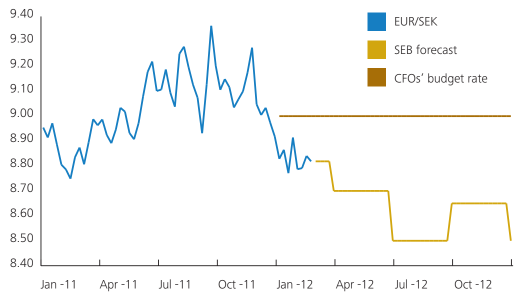
5. The number of employees in your company in Sweden is, in the next 6 months, expected to:



CFOs remain rather pessimistic when it comes to future staffing plans as a maintained high share of respondents, 35% versus 31% in November 2011, expect to reduce staffing in Sweden. This result is in line with the recent weak Swedish employment figures. However, a slight positive sentiment shift has been seen with an increasing number of CFOs, 20% (10% in November), who plan to increase staffing.

When it comes to staffing abroad, 18% (21% in November 2011) of CFOs expect to reduce staffing in the coming six months while an increasing proportion, 33% (25% in November 2011), expect to "increase" staffing.

6. What is your EUR/SEK budget rate for 2012?



In our previous November survey the CFOs' median estimate for EUR/SEK at the end of Q1 2012 was 9.00. As EUR/SEK now trades around 8.82, it is clear that the 9.00 estimate was an underestimation of SEK strength. In this edition we have asked about the company's EUR/SEK budget rate for the financial year 2012. The median EUR/SEK budget rate turned out to be 9.00. So far the EUR/SEK has been trading below that level and SEB forecasts the SEK to continue to appreciate in 2012, with an end Q4 target of 8.50.

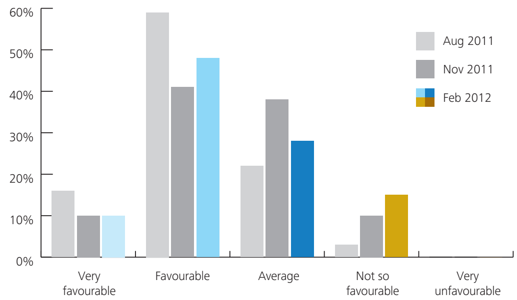
Because hedging horizons have been shortened and ratios have decreased (a trend noticed in prior surveys), if the EUR/SEK continues to trade below 9.00 export conditions may be challenging as sales in the Eurozone could translate below budgets.

Financing

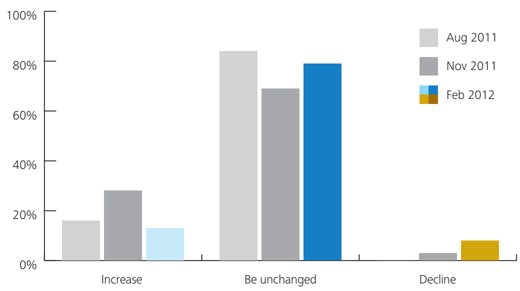
Although the lending attitude improved only slightly in the recent survey, balance sheets were viewed as less risky by CFOs. This is perhaps due to the solid 2011 results of many companies and a market viewed by some to have more accurate valuations and reduced counterparty risk. Indeed, the Riksbank's recent 0.25 point reduction in the repo rate and the ECB loan offerings present some support against the looming Eurozone uncertainties.

7. The lending attitude of financial institutions toward your company is seen as:

Lending willingness among banks and financial institutions has improved slightly since our survey in November. 58% of CFOs now regard lending conditions as "favourable" or "very favourable" (52% in November) and only 15% (10% in November) see conditions as "not so favourable". However, these proportions are still weak in a historical perspective. A year ago 78% of CFOs regarded lending willingness as "favourable" or "very favourable" and only 3% regarded conditions as "not so favourable". This situation likely reflects banks' higher capital requirements and funding costs rather than weaker credit quality among companies.

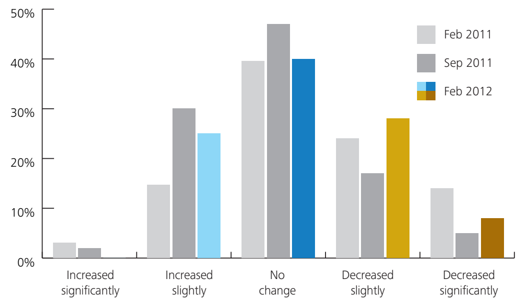


8. The probability for counterparties' default in the next 6 months is expected to:



Despite the rather weak macroeconomic outlook, counterparty default risk does not appear to be a concern among CFOs. 79% of CFOs believe that the probability of default will "be unchanged" in the next six months, while 13% (28% in November) believe it will "increase."

9. How has the level of financial risk on your balance sheet changed over the last 12 months?



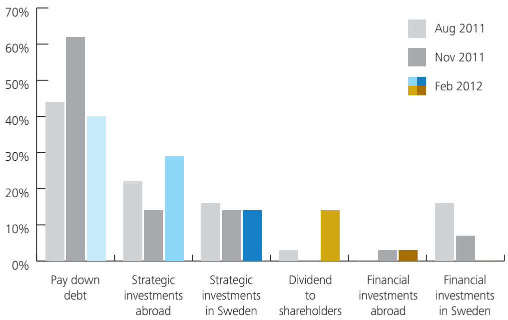
The majority of surveyed CFOs believe that balance sheet risk has not changed over the last twelve months. However, 35% believe that balance sheet risk has decreased over the past twelve months versus 25% with the opinion that risk increased. Furthermore, 8% of CFOs believed a significant reduction in balance sheet risk took place over the past year. Generally, the positive results that some companies booked in 2011 may have reduced gearing, while improving valuations may, in turn, have reduced some uncertainty regarding the financial position of some companies.

Strategic opportunities

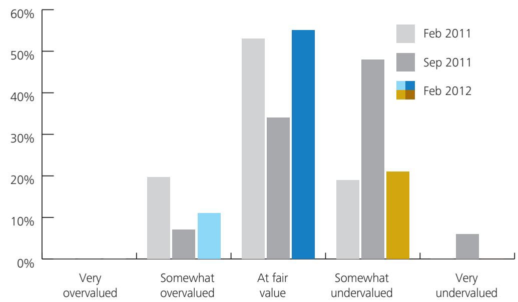
The most recent survey offers leading indications of a thawing environment for strategic M&A. The survey suggested increased expectations for corporate acquisitions and divestments in 2012 and many CFOs seemed to prioritize strategic investments outside of Sweden. Improved valuations may have increased the likelihood of transactions, but CFOs still priortise the payment of debt over other uses of cash.

10. Assuming a current cash surplus position, how would you prefer to use the money in the next 6 months?

In the case of a cash surplus, CFOs continue to have a defensive strategy that prioritizes debt reduction, although not to the same extent seen in our last survey in November. In our February survey, 40% of CFOs (62% in November 2011) prioritized debt reduction, while interest in making strategic investments in Sweden has remained at around 14% sequentially. Also, the interest in investments abroad increased to 29%, compared with 14% in our November 2011 survey. The interest in distributing excess cash as dividends to shareholders also increased to 14%, from 0% in November 2011, the highest level recorded since February 2007. This result is in line with the significant number of larger Swedish corporates having proposed better-than-expected dividend distributions for 2011 in their Q4 reports.

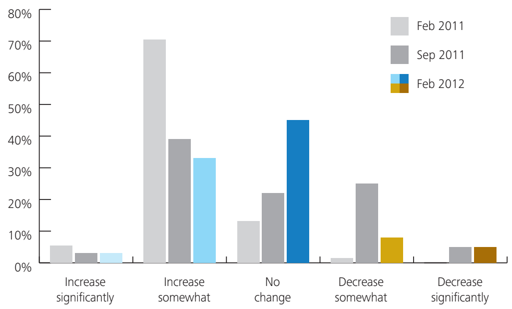


11. How do you currently rate valuation of Swedish companies?



The new survey indicates that the majority of Swedish CFOs, 55%, believe companies are fairly valued which is an improvement over the fall survey when only 34% thought prices were at equilibrium. Indeed, on February 15 2012 the OMX Stockholm 30 index had improved by roughly 13% relative to the latest survey when approximately half of respondents indicated that companies were undervalued. The significant sequential improvement since the fall survey, on a net basis 11% of CFOs believe that companies are undervalued compared to 47% in the third quarter of 2011, suggests that the market currently is perceived as more stable than in 2011. However, the remaining uncertainty could partially be explained by the 4% year over year drop in the OMX Stockhom 30 index, as of February 15 2012.

12. Over the next 12 months how do you expect levels of corporate acquisitions and divestments in Sweden to change?



In Sweden, CFOs continue to anticipate a higher level of M&A activity over the next twelve months. Net sentiment improved since the third quarter of 2011 but generally remains lower than the levels from the first quarter of 2011. The most striking change was the 23 percentage point sequential increase in the proportion of CFOs expecting "no change" over the next twelve months. Despite this, 33% expect the M&A activity to increase somewhat and 8% expect the activity to somewhat decrease, a decrease of 17 percentage points since the fall survey.

It is helpful to keep in mind that the quantity of deals involving a Swedish target fell in the second half of 2011 by roughly 10% year over year, according to Bloomberg, to slightly below the five year average. Notwithstanding the magnitude of static predictions, the survey suggests that the M&A environment may be mending.

An international outlook

Although pessimism remains, some sentiment improves

Below we have compiled key points from the most recent Deloitte CFO Surveys in the UK / Euro-zone, North America, and Asia Pacific (performed in Q4 2011) as well as some highlights from Deloitte's Q1 2012 Global Economic Outlook:

UK / Euro-zone

- The biggest company concern of UK CFOs is the risk of a euro breakup, followed by concerns about a double dip recession and demand erosion.
- CFOs throughout various parts of Europe anticipate headwinds in 2012 with a recession likely. UK CFOs assign a 54% probability of a second dip within the next two years and Swiss CFOs see a 53% probability that their companies are facing a 2012 recession. However some improvements were noted, 50% of Austrian CFOs now expect a worsening economic environment, relative to 60% in the preceding quarter.
- Although UK CFOs optimism about their company has fallen to its lowest level since the end of 2008, Dutch CFOs sequentially reduced their pessimism in the fourth quarter but still their net optimism is below negative 10%.
- UK CFOs identified acquisitions at discounted valuations as a top opportunity, but only 13% thought that it was a good time to take greater risk onto their balance sheet.
- Fourth quarter European credit conditions were mixed; some regions reported sequential improvements and others noted sequential reductions in availability. Some regions still thought credit was inexpensive and UK CFOs still believe bond issuance is the most attractive source of financing.

North America

- The majority of North American CFOs expect the economy to improve or stay the same in 2012, but Canadian and US CFOs remain predominantly pessimistic about their own companies for the second quarter in a row despite becoming slightly less pessimistic relative to Q3 2011.
- Still, CFOs expectations for 2012 sales and earnings remained positive year over year and CFOs increased their anticipated capital and R&D spending while trimming expectations for dividend improvements.
- North American CFOs somewhat reduced their cost focus during the quarter and the attention given to the prioritization of investments substantially increased, relative to the first three quarters of 2011.
- North American CFOs' concerns over the euro-zone debt issues "skyrocketed" in the fourth quarter; in both Canada and the United States CFOs increasingly see capital cost/availability as an economic challenge.
- Pricing trends edged out industry regulation/legislation as the top industry challenge for North American CFOs.

Asia Pacific

- India is battling inflation while trying to maintain growth and therefore the Central Bank of India may continue to be reluctant to reduce interest rates; the Finance Ministry projects that the economy is likely to grow at a relatively low 7.5% rate in 2012.
- Similarly the People's Bank of China is tasked with stabilizing growth while engineering a soft landing in the property market. December 2011 saw a reduction in small business taxes and a half percentage point cut in bank reserve ratio requirements; Deloitte's macro research experts expect less than 9% growth in China in 2012.
- The Australian CFO Survey noted that, with respect to their companies, the net level of financial prospect optimism improved slightly in Q4 2011 relative to Q3 2011 but was collectively negative for the second quarter in a row. The cost of credit increased sequentially in Q4 2011 while the availability decreased. Most notably, 73% of CFOs thought it was a poor time to take on balance sheet risk; this was the most cautious reading in three years of Australian surveys.

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About the survey

The CFOs who responded represent Swedish companies across all industries. The survey was carried out as a web-based questionnaire in February 2012. Given the broad range of industries and organisations that responded, the trends observed and conclusions made are considered representative of the wider Swedish CFO community. Respondents with no opinion on specific questions have not been included in the charts or analyses.

SEB is a leading Nordic financial services group. As a relationship bank, SEB in Sweden and the Baltic countries offers financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany the bank's operations have a strong focus on corporate and investment banking based on a full-service offering to corporate and institutional clients. The international nature of SEB's business is reflected in its presence in some 20 countries worldwide. At 31 December 2011, the Group's total assets amounted to SEK 2,363 billion while its assets under management totalled SEK 1,261 billion. The Group has around 17,000 employees. Read more about SEB at www.sebgroup.com.

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