

## Information to media

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# Deloitte/SEB CFO Survey in Sweden – Signs of increasing confidence in a still-challenging business climate

The latest Deloitte/SEB CFO Survey shows signs of returning confidence in a stabilising but still-challenging business climate. Several key indicators are now pointing upward after companies made adjustments to the weaker economy. According to Sweden-based CFOs, the appetite for mergers & acquisitions looks somewhat improved.

The Swedish krona is expected to strengthen this year, but perhaps to the detriment of exporters. Financial risk is less of an issue, according to surveyed participants, but defensive strategies to reduce debt remain on top of the agenda. Positive stock market sentiment may spur confidence in deal-making, while the corporate bond market looks poised to continue its growth. There are signs of stabilising employment expectations and less emphasis on staff cuts in the next six months. Weakening demand was deemed as the biggest threat on the horizon.

Overall, the Deloitte/SEB CFO index comes in at 49.5, slightly up from 48.3 in the last survey in September 2012.

### Signs of returning confidence in a stabilising business climate

There are signs of returning confidence after a weak end to last year. While the business climate remains challenging, CFOs breathe slight optimism on their financial position, cash flows and the availability of financing in the next 12 months. "We see a slightly improving sentiment as companies seem to have adapted to the rather weak economic environment. Several core indicators, such as general business conditions and financial positions, are pointing upwards, albeit from a low level," says Johan Lindgren, Credit Strategy at SEB.

### M&A appetite improves, further corporate bond growth

The recent positive stock market sentiment is expected to further improve over the next 12 months and fuel confidence for once-latent deal activity. Almost 75 per cent of CFO's expect the OMXS30 to increase by 5 per cent or more in the next 12 months. The corporate bond market is also pegged for further growth.

### Stabilising employment signs; less focus on personnel cuts

The share of CFOs that expect the number of employees in their companies to decline in the next six months dropped from 44 per cent in September 2012 to 35 per cent in this survey.

### CFOs see stronger SEK

CFOs expect a stronger Swedish krona in 2013 compared to 2012, according to survey answers. "We saw that several companies underestimated the strengthening of the krona in 2012. Based on the survey, this is likely to happen also in 2013. This implies that export companies once again could take a hit," says Lindgren.

**Less financial risk concern; debt reduction still in focus**

Balance sheet risk has clearly dropped, according to the CFOs. However, defensive strategies such as paying off debt is still favoured over expansionary strategies.

**Weakening demand the greatest risk factor this year**

Weakening demand is seen as the greatest threat in 2013, expressed with more emphasis in the March 2013 survey compared to September 2012.

"We see that caution and defensive strategies remain favoured by CFOs in a tough business climate. However, a number of indicators show signs of financial stability and improved sentiment. Increased M&A activity may well trigger confidence to focus on more forward-looking initiatives," says Tom Pernodd, partner at Deloitte.

This unique survey aims to reflect changes of sentiment in the financial environment and facilitate understanding of economic and financial trends. The survey was performed in February, in cooperation with Deloitte, and comprises a total of 12 questions covering areas such as business climate, strategic investments, employment, views on currencies and interest rates, financial strength, and lending attitudes amongst financial institutions. Answers are collected from a sample of CFOs from some of Sweden's largest companies. The full report is available at [www.sebgroup.com/press](http://www.sebgroup.com/press) and [www.deloitte.se](http://www.deloitte.se).

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