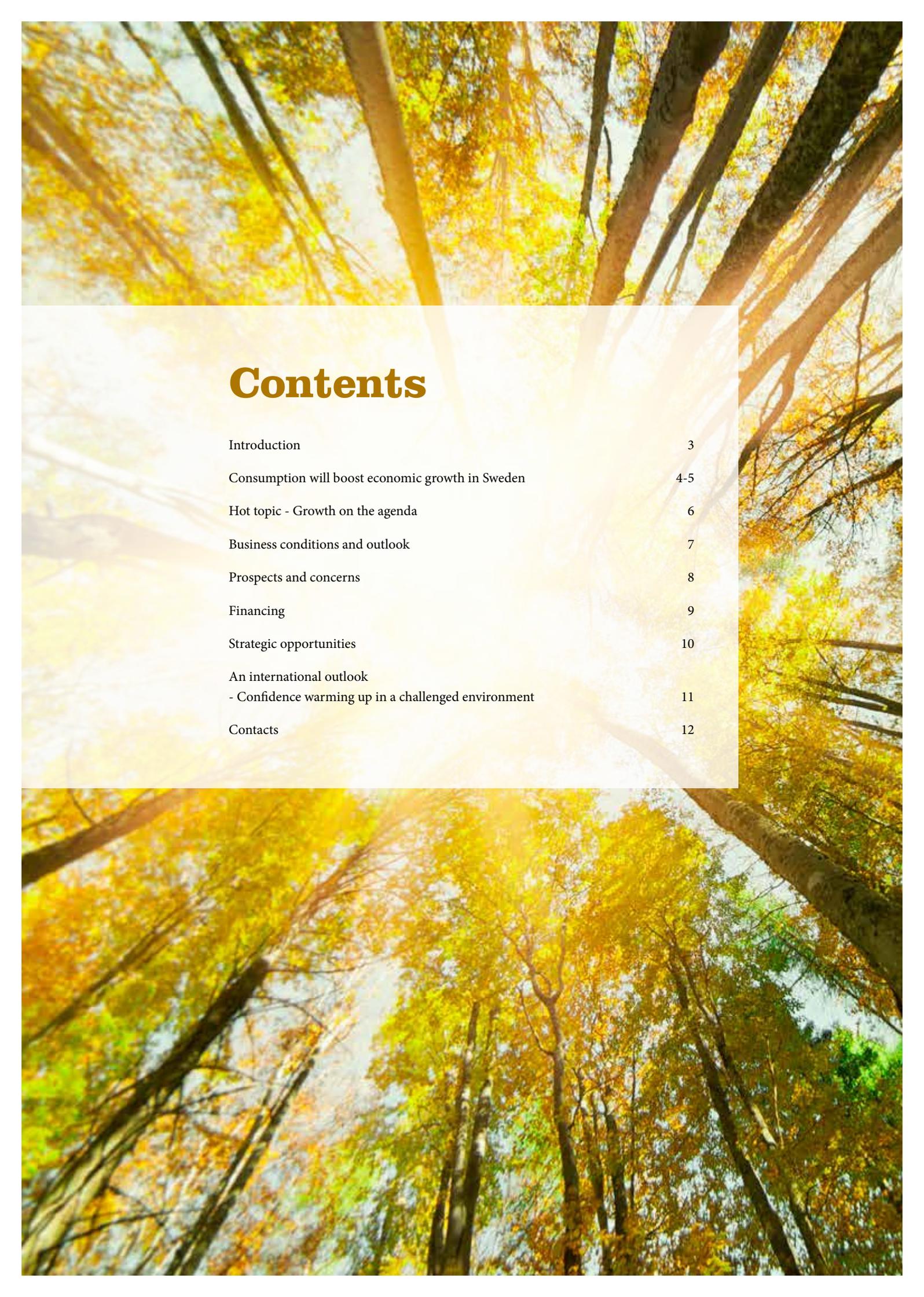




Recovery on track

**The Deloitte/SEB
CFO Survey**

Fall 2013 results



Contents

Introduction	3
Consumption will boost economic growth in Sweden	4-5
Hot topic - Growth on the agenda	6
Business conditions and outlook	7
Prospects and concerns	8
Financing	9
Strategic opportunities	10
An international outlook - Confidence warming up in a challenged environment	11
Contacts	12

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

We are excited to present the fall 2013 results of the Deloitte/SEB CFO Survey and hope you find our accompanying analysis both stimulating and valuable. Please send us all feedback together with any suggestions for improvement to help us ensure the Deloitte/SEB CFO Survey remains an essential resource for your daily work.

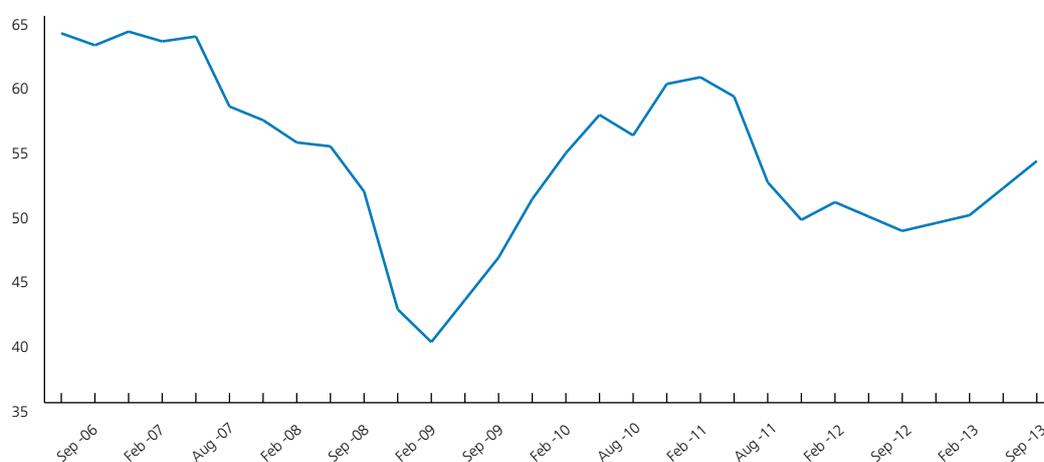
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Consumption will boost economic growth in Sweden

In recent months, economic signals in Sweden have been mixed but have largely confirmed a picture of shaky first half 2013 performance. After a weak second quarter, SEB forecast 1.2 per cent growth in 2013. Looking ahead, there are indications that an increasingly optimistic household sector combined with gradually improving international economic conditions will lead to a significant growth surge. Forward looking indicators support an improvement ahead. The SEB/Deloitte indicator has improved and is at present over 50 for the first time since early 2012.

Swedish CFO Index



The Swedish CFO index for September 2013 has a value of 53.7, 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 index values for September 2013 are 48.9, 56.4, 63.1 and 46.6 respectively.

Sluggish start for manufacturing

Exports and industrial production fell sharply during the first half of 2013, but the purchasing managers' index (PMI) and the National Institute of Economic Research (NIER) business sentiment index for the manufacturing sector as well as the SEB/Deloitte index trended upward. Today these indices are signalling a gradual recovery during the second half. Because of continued problems in the euro zone and a downward adjustment of forecasts for emerging market economies, the recovery appears likely to be weak compared to historical upturns. Yet it is difficult to see any strong reasons why the Swedish manufacturing sector cannot keep pace with the US-led recovery over time.

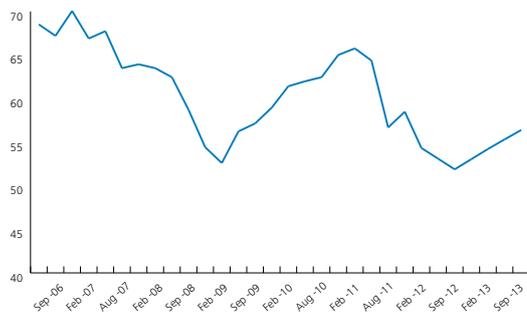
During the first half of 2013, capital spending was very weak, including sizeable declines in both manufacturing and residential construction. Statistics Sweden's capital spending survey indicates a continued decline in manufacturing during the remainder of the year. Because of low capacity utilisation, industrial capital spending is likely to bottom out in early 2014. However, there are signs of an upturn in

housing starts, with residential investments rising significantly next year. Yet this upturn will not solve the structural housing shortage. Because of population growth and a long period of low construction, there will be heavy demand for housing in the next couple of years.

Improving financial position and banks' lending willingness

Low inflation and macro prudential regulation supports continued low interest rates. In our survey both current financial position and banks lending willingness have increased since May 2013. The overall index for current financial position increased from 54.2 to 56.4 between May and September 2013 and the corresponding figures for bank lending willingness are up from 54.8 to 63.1 (explaining much of the increase in the overall index). Companies also assume that operating cash flow will improve more compared to 6 months ago. That the economic recovery stands on a bit more firm footing is also highlighted by that companies say that they are more inclined to make strategic investments and/or increase dividends instead of financial investments.

Financial position



Consumption ready to take off

In recent months, the favourable conditions enjoyed by the household sector have become even more apparent. Despite modest nominal wage and salary increases, low inflation is contributing to solid real income growth. Next year, the government's fiscal stimulus measures will focus on the household sector. We expect household resources to increase by more than SEK 20 billion during 2014, mainly in the form of tax cuts. In 2015, stimulus measures will be smaller but growing job creation will contribute to continued strong income.

The economic stabilisation that is now discernible has already had an impact in the form of a significant upturn in household confidence, which is now above its historical average for the first time since mid-2011. Confidence is also supported by rising home prices. This supports the view that consumption is about to accelerate. We have revised our forecast of private consumption growth in 2014 upward to 2.7 per cent. In 2015 there will be a further upturn as the labour market improves. During 2015, consumption will be driven by a downturn in saving, although real income will continue to increase at a relatively healthy pace.

High unemployment despite job growth

Labour market signals have been somewhat stronger than expected in recent months. Our assessment is that unemployment will climb a bit over the next few months and then stabilise. During the past year, the unemployment upturn has been driven by rising labour market participation, yet the number of jobs is continuing to increase at a slightly higher rate than GDP growth shows. Short-term indicators also foresee a continued gradual rise in employment during the second half. Unemployment will only begin to decrease in the spring of 2014, since the labour force will keep expanding at a rapid pace. The survey is rather balanced in terms of employment with most companies responding "unchanged".

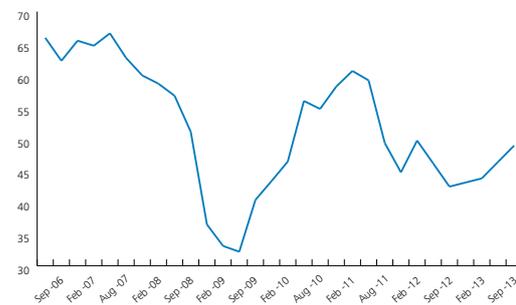
Wage agreements are almost completed and they represent a clear downshift compared to 2012 and are among the lowest three-year contracts concluded in the past two decades. We expect total wage and salary increases in the next three years of somewhat below 3 per cent.

Below-target inflation in 2015 as well

Inflation pressure is very low. Underlying consumer price index excluding interest ("CPIFI") has continued to fluctuate at just below one per cent. Low inflation is being driven by low pay increases, weak international price pressure and the krona appreciation of recent years. These factors will also help keep inflation low

during the next couple of years. CPI inflation has mainly been below zero during the past six months due to falling interest rate expenses. The effects of the Riksbank's interest rate cuts are now fading, and CPI will gradually move closer to CPIFI. When the repo rate is hiked in 2015, CPI inflation will rise even faster, reaching 2.3 per cent at the end of 2015.

Business conditions



No more repo rate cuts, but first rate hike will not occur for some time

The Riksbank signals an approximately 16 per cent probability of another interest rate cut and indicated that the first rate hike will occur at the end of 2014. The Riksbank is unlikely to adjust its forecasts of growth, the labour market and inflation significantly in the near future. Combined with lower downside risks in the international economy, this indicates that further rate cuts are not in the cards. Due to low resource utilisation and inflation plus the continued expansionary policies of leading central banks, however, we expect the first rate hike to be postponed until the end of 2014. There will then be two additional rate hikes in 2015, bringing the repo rate to 1.75 per cent at the end of the year. The Riksbank will thus be one of the first central banks to begin normalising its interest rate.

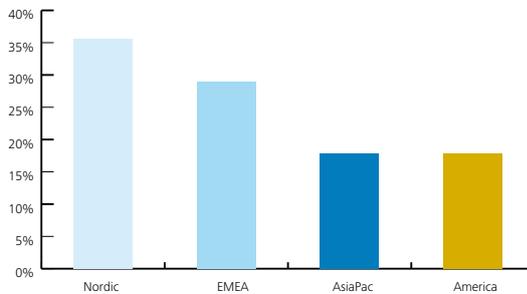
Economic cycle and Riksbank boost krona

Although the krona has weakened by about 3 per cent during the spring and summer, the trade-weighted KIX exchange rate index is close to the strongest levels recorded since Sweden adopted floating exchange rates in the early 1990s. In real terms, however, the appreciation is significantly smaller and we believe that the krona is still somewhat undervalued, as evidenced by a continued very large current account surplus. Historically, the krona has appreciated at the beginning of economic upturns. Our forecast that the Riksbank will hike its key interest rate before the Fed and ECB indicates that the cyclical appreciation of the krona may be stronger than usual this time, but that it will not occur until 2014 when we get closer to policy rate hikes. On the other hand, the krona generally starts its cyclical recovery from significantly weaker levels. Overall, we still expect a historically strong currency; the EUR/SEK exchange rate will stand at 8.40 at the end of 2014 and at 8.20 at the end of 2015. There will be a marginal weakening against the dollar, and the USD/SEK rate will stand at 6.61 in December 2014. The KIX index will fall to a level of 99.5, meaning that in trade-weighted terms the krona will reach its strongest level since 1992. The median EUR/SEK budget rate reported in the SEB/Deloitte survey is 8.60, somewhat below what we predict for 2013.

Hot topic - Growth on the agenda

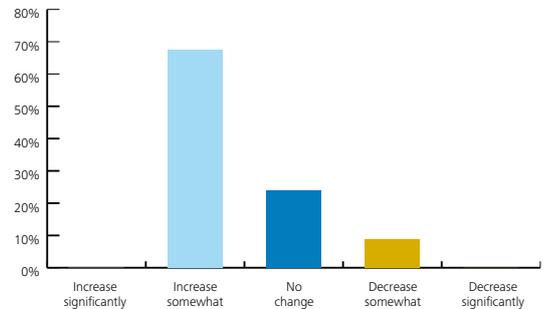
Several indicators included in the Deloitte/SEB survey show CFOs are increasingly confident of growth prospects for the next 12 months. Additionally, evidence suggests order intake in Southern European countries has also begun to recover, albeit from very low levels. Most CFOs see the best growth opportunities in Nordic markets, confirming the increasingly stable outlook for the Swedish economy in general. This positive view is supported by our respondents who expect capacity utilisation to improve.

During the next 12 months, in what region do you expect your company to have the best opportunities for growth?



CFOs expect the best opportunities for growth to be found in the stable Nordic region as well as recovering European economies. This varied assessment reflects both industry specific expectations for growth markets and a preference for respondents' home markets.

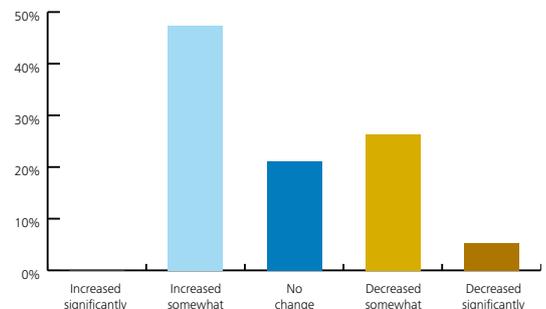
How do you expect the capacity utilisation for your company to develop during the next 12 months?



Almost 70% of CFOs expect capacity utilisation to increase slightly during the next 12 months, with only a small share forecasting a decrease. This view is consistent with the overall growth forecast for the next 12 months. For now, there is still no substantial evidence to suggest increased employment. Moreover, with most companies operating below full capacity, it may be some time before growth drives down unemployment.

If your company has sales to GIPS (Greece, Italy, Portugal, Spain), what has been the trend in order intake during the last quarter?

Many CFOs of companies with GIPS exposure report increased order intake from such markets, suggesting some improvement in demand. While sentiment appears much more positive than a year ago, challenges remain that cannot be ignored. Indeed, a significant share of CFOs report either a continued deterioration or at best stabilisation in demand in these countries.

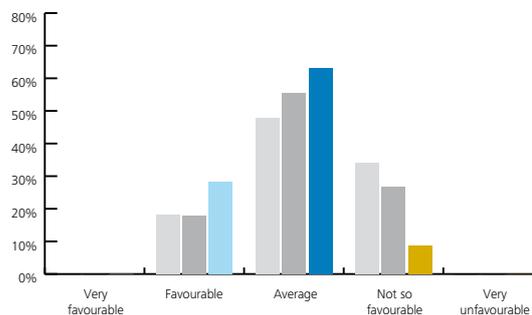


Business conditions and outlook

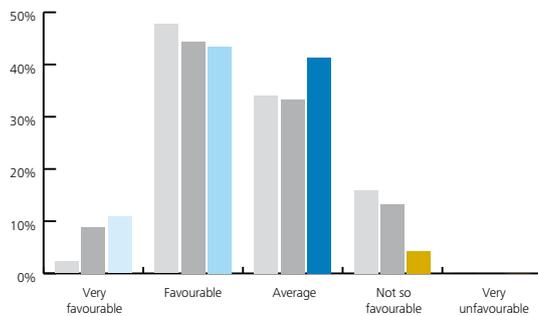
Overall, CFOs remain positive towards current and prospective business conditions. Most companies have reported solid earnings from the second quarter and have expressed optimism for the remainder of the year. Respondents regard the financial position as favourable and report a continuing improvement in operating cash flow forecasts.

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

Our CFO survey shows a significant improvement in business conditions. Fewer CFOs regard the outlook as “not so favourable”, while more describe prospects as “average” or “favourable”. Currently, 91% of CFOs questioned regard business conditions for their company as either “average” or above average, compared with 75% this spring. This finding accurately reflects the overall economic stabilisation of the euro zone that has taken place in recent months.

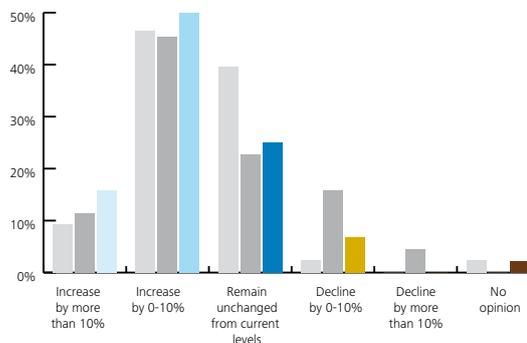


2. The overall financial position of your company is seen as:



The views of CFOs regarding the financial position of their company have not altered dramatically. Most significantly, fewer respondents regard the financial position as “not so favourable”, confirming the continuing improvement in business conditions for most companies. Overall, the financial position index has increased slightly to 56.4 from 54.2, in line with the improvement in sentiment generally. A significant share of companies probably secured their funding requirements for several years when credit spreads were tight and interest rates low.

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



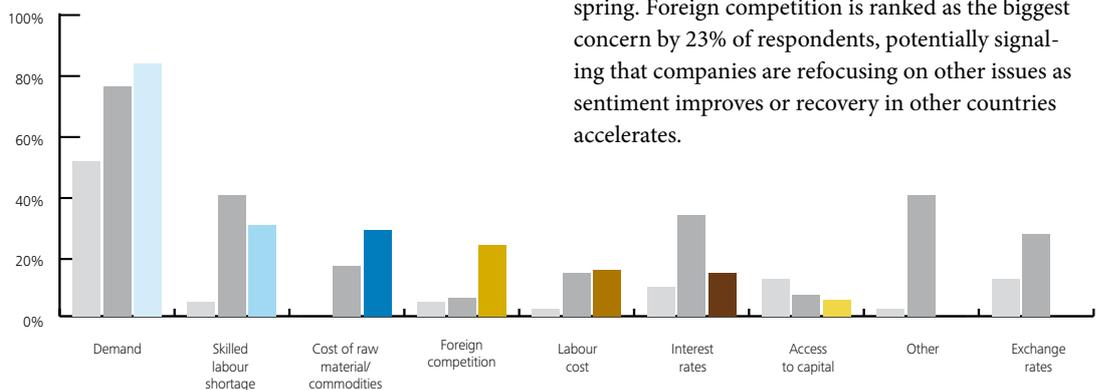
Swedish CFOs retain positive cash flow expectations for the next 12 months, seeing further improvements compared to those anticipated in our previous survey last spring. Today, 65% of CFOs surveyed expect cash flow to increase. There has been a significant increase in the numbers of those who forecast a double digit improvement over the next 12 months to more than 15%. At the same time, there has been a substantial decrease in CFOs forecasting smaller cash flows, confirming that conditions are becoming more stable.

Prospects and concerns

As in our previous surveys, demand is still the greatest concern for Swedish CFOs. Generally, we would expect this factor to remain the most important for companies unless it is displaced from time to time by other matters temporarily more important. Replies showing concern regarding increasing foreign competition reflect the krona's appreciation against other currencies. With the currency apparently stabilised at its current level, companies must probably expect to adjust to the present rate for the foreseeable future.

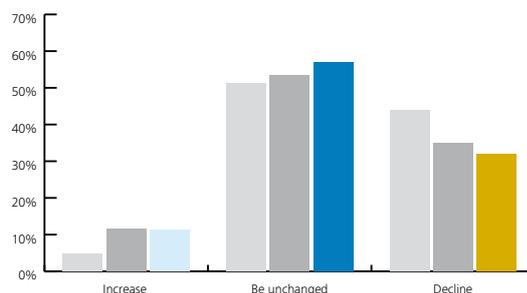
4. What are the greatest concerns for your company in 2013?

The concerns of CFOs appear to have normalised after the recent exceptionally prolonged economic crisis. The greatest worry, naturally, is expected demand, with an increasing share describing it as their biggest concern. Interest rates are ranked as a lesser problem,



despite increasing since the February survey. Also, over 30% of CFOs surveyed regard the cost of raw materials and commodities as their greatest worry, significantly more so than in February. However, in general, such costs have fallen since our survey last spring. Foreign competition is ranked as the biggest concern by 23% of respondents, potentially signaling that companies are refocusing on other issues as sentiment improves or recovery in other countries accelerates.

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



There has been no change in the percentage of CFOs surveyed that expect an increase in Swedish employees since our last survey in February, although fewer CFOs now anticipate a decrease. This is consistent with generally improved sentiment and the unemployment forecast. In February, a larger share of CFOs thought the number of employees in their companies would decline. Today, sentiment is slightly more positive despite the fact a larger share of respondents still expects the number of employees on their payroll to fall rather than rise.

6. What is your EUR/SEK budget rate for 2013?



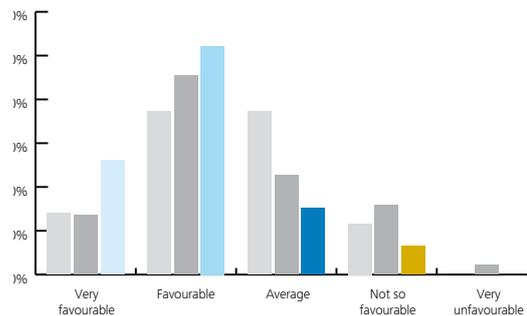
In our current survey, the median EUR/SEK budget rate is 8.62, below the SEB EUR/SEK forecast for the full year. This result differs from previous surveys, where CFOs have consistently overestimated both the actual EUR/SEK rate and the speed at which the krona has appreciated. In February, the discrepancy was large, with several companies likely to have been adversely affected during the previous period, due to their failure to budget for such a strong krona. Today, CFOs have adjusted their assumed EUR/SEK rate and are apparently preparing for an even stronger krona.

Financing

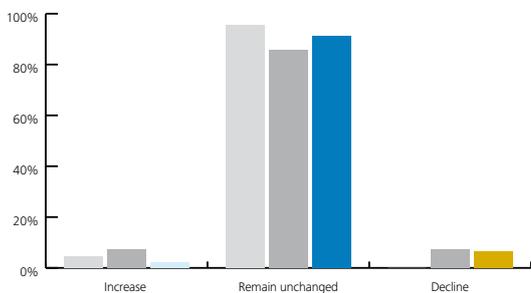
The lending attitude of financial institutions has improved significantly since our survey last spring to stand at record highs. This represents a strong sign of confidence and financial stability, as financial institutions have to balance proposed restrictions and new regulations affecting their markets with their lending activities.

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

The lending willingness index has increased to 63.1 from 54.8, well above the 50 threshold at which it becomes expansionary. Currently, 52% of respondents have stated that the attitude of financial institutions toward their company was “favourable”, compared with 45% in February. This improvement is probably also attributable to generally improved sentiment.

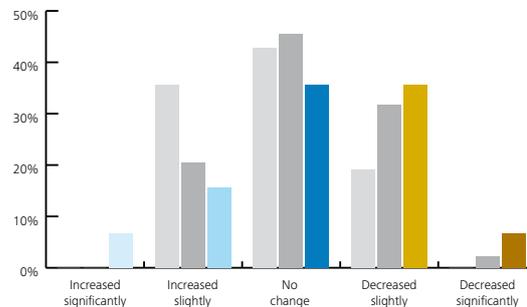


8. The probability for counterparties' default in the next 6 months is expected to:



There has been little change since our survey last spring. The share of respondents believing the probability of default by counterparties will remain unchanged has increased by a few percentage points. There has also been a decrease of a few percentage points in the proportion of CFOs who think the probability has decreased. Overall, these responses indicate a stable development, consistent with other results.

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



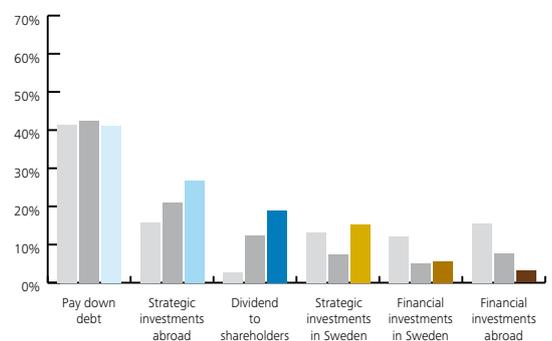
CFOs report a continuing improvement in conditions affecting their financial risk exposure. Overall, sentiment has become more positive since our previous survey. This also supports the view that an increasing number of companies are seen as more financially stable and that market conditions have generally improved. It is also significant and somewhat unexpected that 7% of CFOs surveyed believe their balance sheet risk has increased significantly. This would suggest some markets and segments remain under pressure.

Strategic opportunities

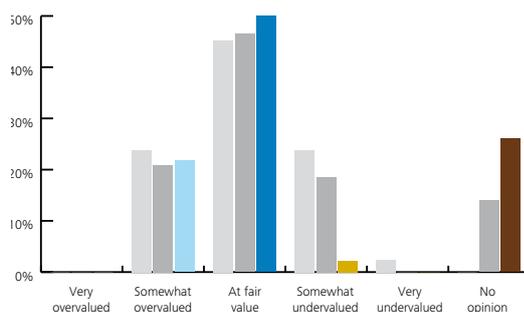
Responses received confirm expectations of increased M&A activity previously contained in our spring survey. We expect a further recovery in such activity over the next 12 months, albeit from a low level. CFOs with current cash surpluses increasingly prefer strategic investments and paying dividends to shareholders, confirming a slightly more positive view of future prospects as well as boosting dividend expectations.

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

As this chart shows, several factors have changed since February. Today, a number of CFOs prioritise strategic investments probably at the expense of financial investments, i.e. CFOs surveyed would prefer to invest, for example, in M&A rather than simply reserve cash for future use. Another preferred alternative is paying shareholder dividends, with 19% of CFOs opting to prioritise this option. Paying down debt is still the most popular alternative with 40% of respondents; a view which may reflect current uncertainty following a prolonged period of macroeconomic turbulence and indeterminate demand, both of which may encourage CFOs to continue to reduce leverage.

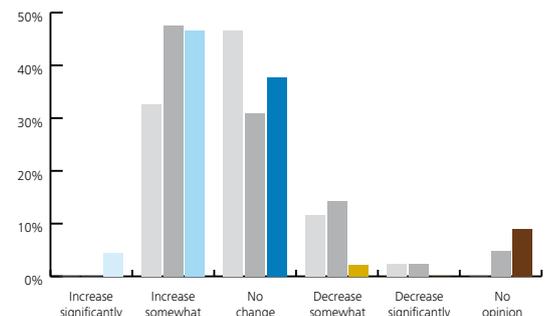


11. How do you currently rate valuation of Swedish companies?



Our recent survey indicates that most Swedish CFOs, 50%, still believe companies are fairly valued, in line with the spring survey, despite further increases in the OMX Stockholm 30 index since then. The most significant change since the spring survey is the sharp decline in the numbers of CFOs who consider the market valuation slightly undervalued. This is a strong signal that the stock market now reflects the actual fundamentals of most companies and any further increase in the OMX Stockholm 30 index will have to be driven by increased earnings.

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



Respondents remain optimistic concerning M&A activity. Already positive signs included in our spring survey have improved further with over 50% of CFOs now forecasting increased activity. M&A volumes are well below historical levels; positive CFO assessments should be viewed from this perspective. However, based on current developments, more companies are actively screening the market for potential acquisitions. We therefore expect more transactions over the next 12 months. This view is also supported by respondents' increasing interest in strategic investments and their positive view of lending attitudes of financial institutions.

An international outlook

Confidence warming up in a challenged environment

Below we have compiled various key findings from the most recent Deloitte CFO Surveys in the UK/Europe, North America, and Asia Pacific (conducted in Q2 2013) as well as selected highlights from Deloitte's September 2013 outlook on China.

Europe

- Across Europe, views remain mixed. While CFOs are increasingly optimistic regarding their companies' business prospects in the UK, Ireland, and the Netherlands, CFOs in Austria and Belgium do not share their enthusiasm.
- In the UK, expectations for hiring and investment are back at levels last seen in early 2011 when the global economy last looked set to recover.
- In the UK, risk appetite is at its highest level since the survey began; 45% of UK CFOs believe this to be a good time to increase balance sheet risk. Similarly, in the Netherlands risk appetite is at its highest level since Q4 2010; some 31% of CFOs think it timely to add balance sheet risks, up from 8% in the previous quarter.
- In Switzerland, concerns regarding higher input costs have increased significantly (for example, energy and upstream products), despite slowing commodity prices and negative inflation.
- Some 57% of Dutch CFOs (down from 71% in the last quarter) expect M&A activity to rise over the next 12 months, while 63% believe private equity transactions will increase. Some UK CFOs have also emphasised the possibilities of expansion through acquisition (21%).

North America

- Mostly, CFOs regard the North American economies as healthy, and are particularly bullish on prospects for the next 12 months. They are becoming increasingly optimistic, rising from a strong +32 last quarter to an even stronger +46 this quarter. Nearly 60% of CFOs express growing optimism, with just 13% becoming more pessimistic (the smallest percentage since the survey began).
- North American CFOs expect their two most popular uses for cash this year will be investments in organic and inorganic growth, well ahead of alternatives such as funding operational improvement initiatives and holding cash as a risk hedge.
- Modest growth expectations continue to limit investments. Capital spending growth expectations are below their long-term survey average, while domestic hiring growth expectations remain muted.



- CFOs say their companies are more likely to return cash to shareholders; dividend growth expectations have reached their highest level in nearly three years, while share buybacks are forecast to become one of the most popular uses for cash in 2013.
- Concerns regarding possible government action worldwide persist, with CFOs citing fiscal, regulatory and environmental policies as their three greatest growth impediments overall.
- Nearly 60% of CFOs regard US equities as overvalued, while only 4% believe they are undervalued.

Asia/Pacific

- Following three quarters of growing optimism, confidence among Australian CFOs declined in Q2 to its lowest level since the Australian survey began in 2009. In particular, net optimism among Australian CFOs fell from +24% last quarter to -11% this quarter.
- Australian CFOs have become much more pessimistic mainly due to the slowdown in China, with 85% regarding it as negative, up from 34% in Q1. Clearly, China is the biggest worry for Australian CFOs.
- Chinese GDP growth slowed from 7.7% in Q1 to 7.5% in Q2 2013, both compared to the corresponding periods in 2012. However, many economists believe a more useful measure focuses on annualised quarter-on-quarter changes. On this basis, GDP growth in fact accelerated from 6.6% in Q1 to 7.0% in Q2.
- Chinese Premier Li Keqiang responded to news of the GDP slowdown by stating that the government will seek to avoid "wide fluctuations" in economic activity. Clearly, China's economy strongly impacts its global counterparties.

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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 August 2013. 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

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 other 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. On December 31, 2012, the Group's total assets amounted to SEK 2,453 billion while its assets under management totalled SEK 1,328 billion. The Group has about 16,500 employees. Read more about SEB at www.sebgroup.com.

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