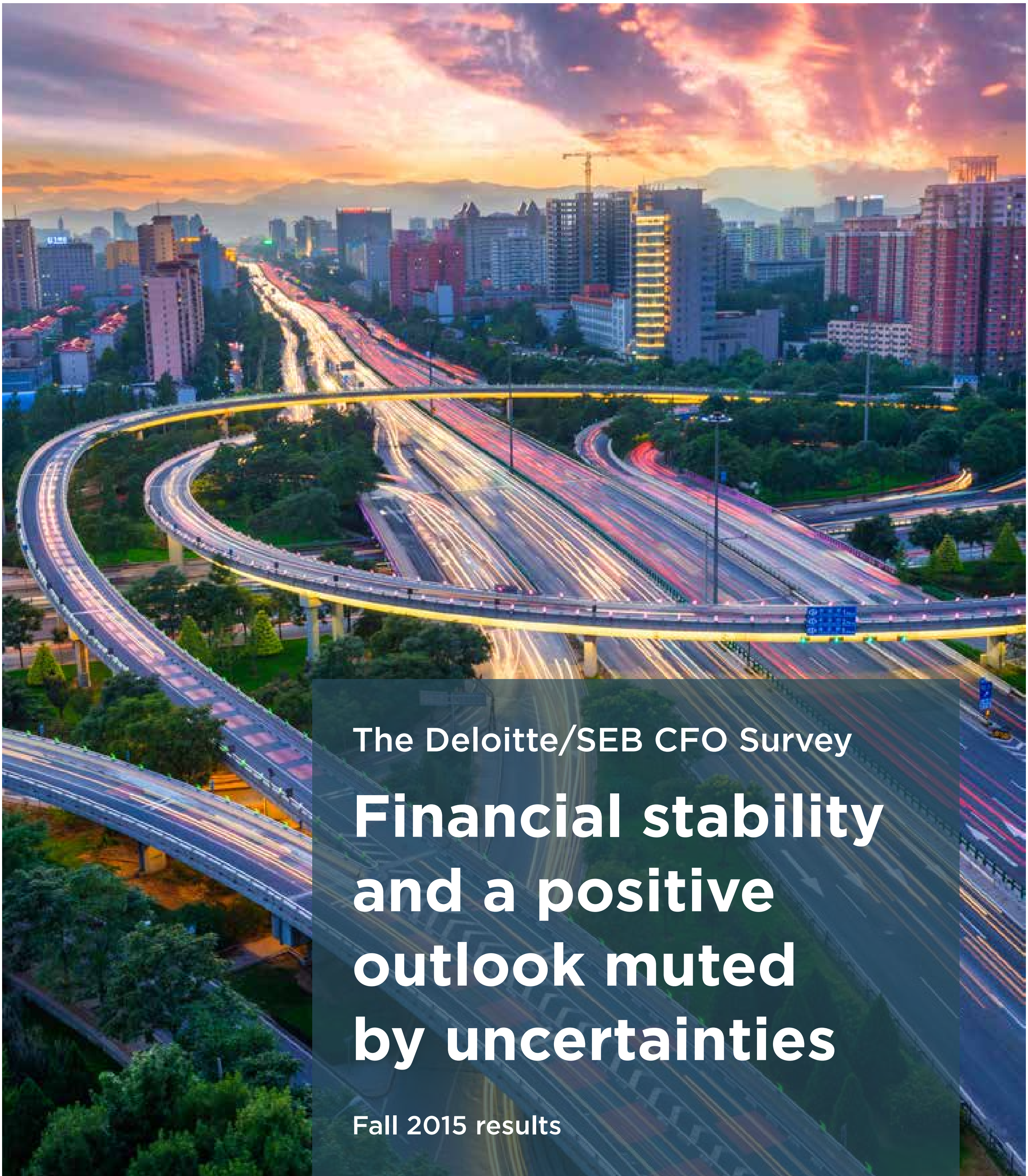
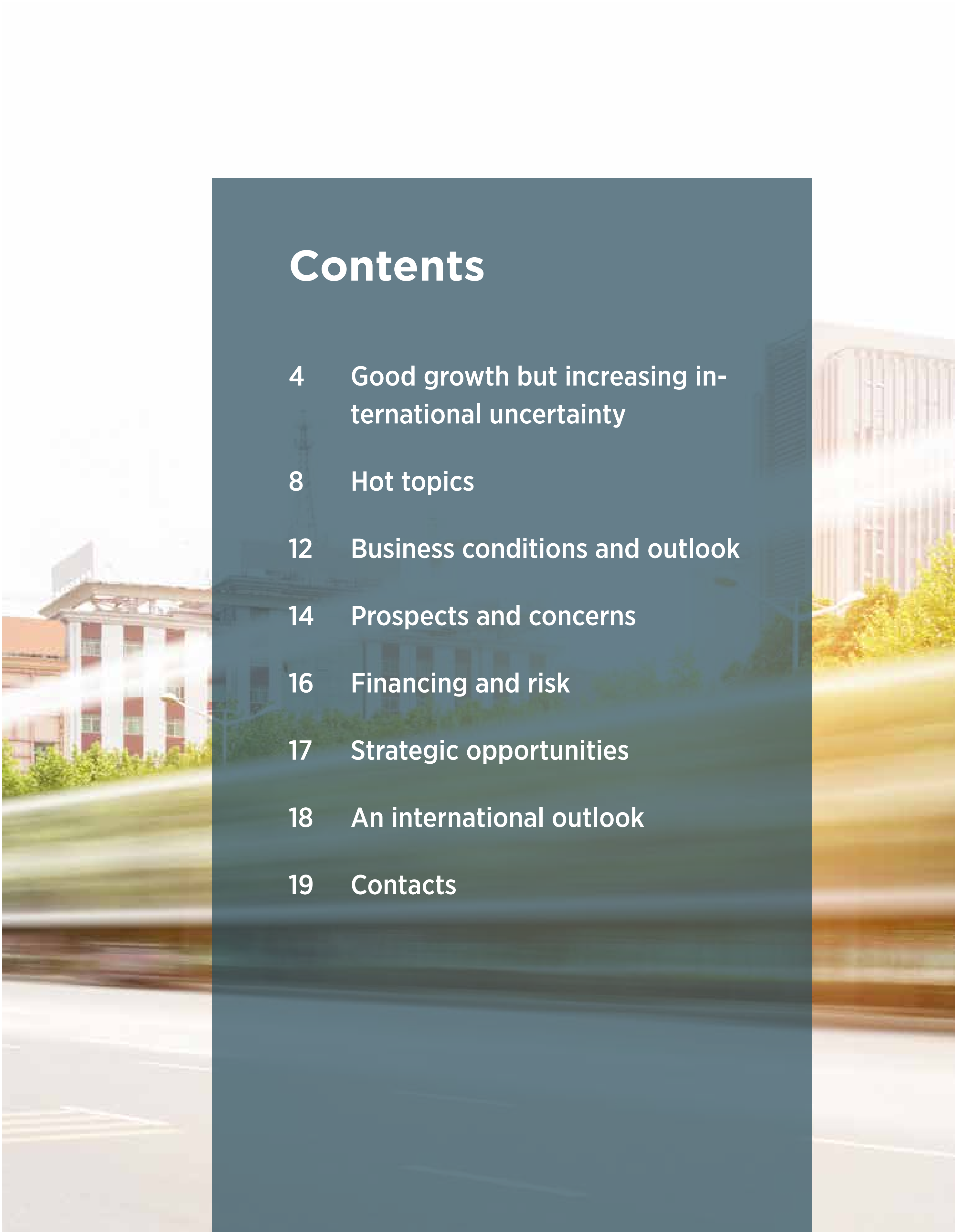


The Deloitte/SEB CFO Survey

Financial stability and a positive outlook muted by uncertainties

Fall 2015 results



Contents

Executive summary

We are excited to present the fall 2015 results of the Deloitte/SEB CFO Survey and hope you find our accompanying analysis both stimulating and valuable.

The fall 2015 CFO Survey reveals that large Swedish corporations remain well positioned to meet future challenges. The Deloitte/SEB CFO index continued to edge up to 55.9 from 55.6 in the last survey from spring. The uptrend which began three years ago is thus still intact. The share of companies that expect business conditions to improve over the next six months increased by eight percentage points. Balance sheets and cash flows are strong following the good performance and debt deleveraging of recent years. However, compared to six months ago CFOs indicated an increase in concern for all five included areas for the coming 6-12 months; foremost they are concerned about order bookings, pricing power and the potential negative effects from macro factors such as Chinese market turmoil. It is clear that the generally unstable macro situation concerns the CFOs but up until now, only limited real signs of negative effects have been the visible in the companies' financials. After several years of cost-cutting following the financial crisis, CFOs think there is still more to do to retain cash flow levels since growth prospects and pricing power are perceived as weaker than six months ago. A focus on M&A prospects is still deemed attractive, financing is easily available, and companies now prefer investing in Sweden more than expanding in new or current foreign markets.

Please send us your feedback together with any suggestions for improvement to help us ensure that the Deloitte/SEB CFO Survey remains an essential resource for your work.

Henrik Nilsson
Partner
Audit, Deloitte
henilsson@deloitte.se

Karl Steiner
Senior Strategist
Trading Strategy, SEB
karl.steiner@seb.se

Good growth but increasing international uncertainty

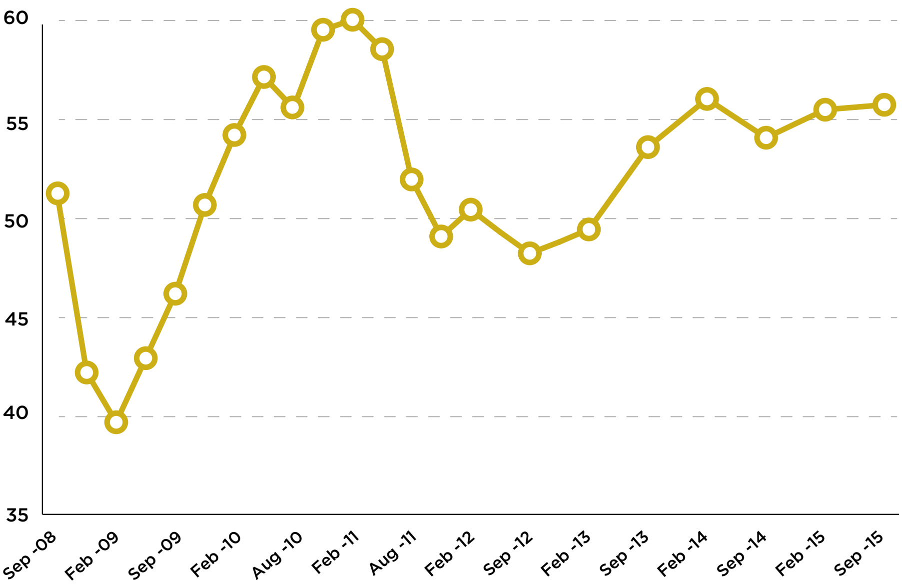
The world economy is hesitating. Looking back at developments since the spring survey, the lingering impression is that global growth is not really willing to take off. One reason is still-cautious behaviour among businesses and households in developed market countries. Low interest rates, rising asset prices and stronger purchasing power are thus not providing the same stimulus to capital spending and consumption that would normally have been the case. Meanwhile uncertainty about emerging market economic performance has intensified as has the focus and concern for this development, even more so after Fed in September (though after the survey period) chose not to hike rates much because of this uncertainty.

In China, the stock market downturn combined with a change in currency policy (devaluation of the yuan) is raising questions about the country's economic stability, while countries like Brazil, Russia and Ukraine are undergoing deeper economic and political crises. On the other hand, in the United States the economy will soon speed up. The euro zone has shown good resilience to the Greek debt crisis and with the help of further stimuli from the ECB the economic conditions is expected to gradually improve.

fall only very gradually. Sluggish international economic growth is furthermore holding back exports.

Sweden's wage round will enter its most intensive phase early in 2016. High pay demands in some domestically oriented fields – especially the public sector – may create tensions. But depressed inflation expectations and a long period of good real wage increases suggest that collective pay hikes will not be high – a notion that finds support in the Deloitte/SEB survey. However, a weaker krona and higher

Swedish CFO Index



The Swedish CFO index for fall 2015 has a value of 55.9 (spring 2015: 55.6), which reflects somewhat higher positive expectations. The index is based on four components: business climate, financial position, lending willingness and counterparty default risk. Three of these four components improved in the fall survey 2015, coming in at 51.2 (spring 2015: 49.9), 58.7 (60.7), 63.9 (62.7) and 49.7 (49.3), respectively.

As regards Swedish growth, it has largely been in line with our forecasts. In 2015, GDP is expected to grow by 3.0 per cent. Indicators support this, including the index in this Deloitte/SEB survey, which increased to 55.9 in September from 55.6 in February. Growth is thus relatively good in an international comparison, but if we factor in Sweden's rapidly increasing population, its performance is less impressive. And unemployment is expected to

indirect taxes will still help push up inflation from today's low levels. Because of low inflation expectations and the risk of krona appreciation, the Riksbank remains under pressure and another key interest rate cut this fall is expected. Such loose monetary policy will lead to worsening imbalances as regards the housing market and household debts. This is probably the biggest Swedish macroeconomic risk today.

Upturn in manufacturing but no real lift-off

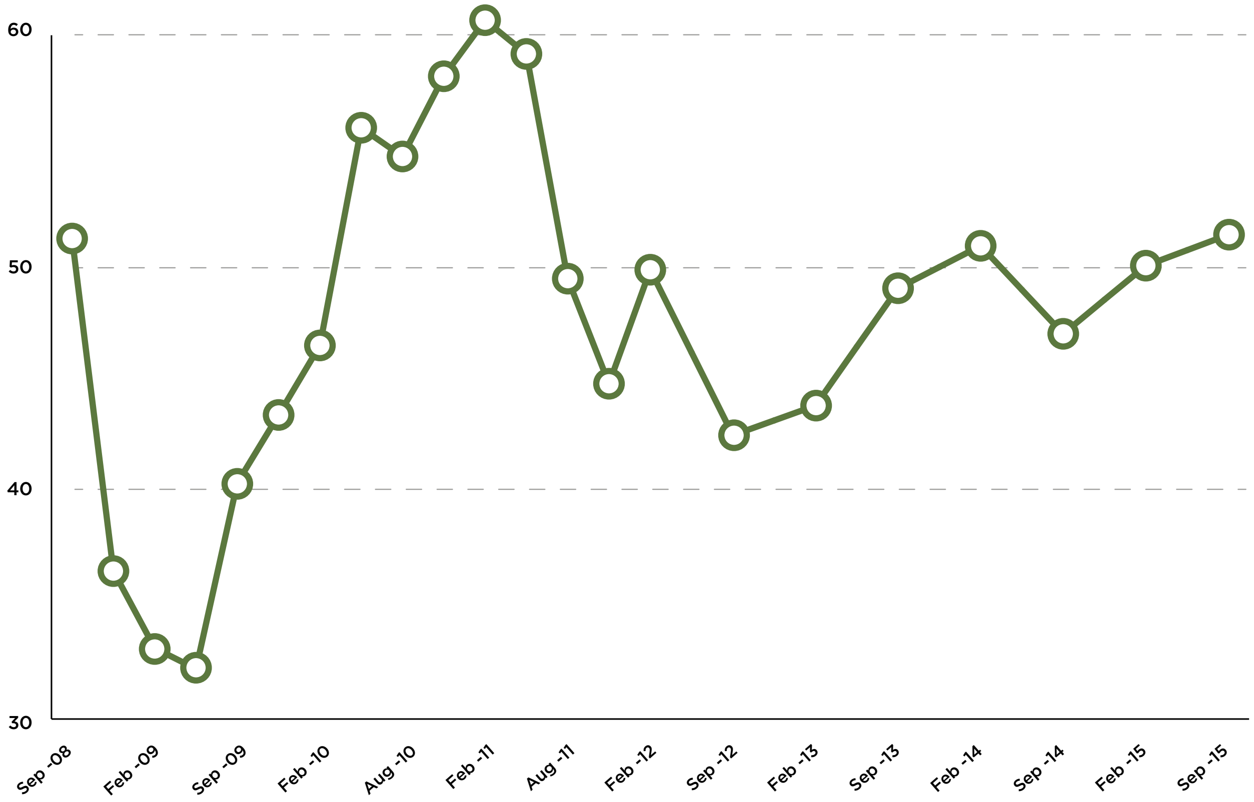
Merchandise exports and industrial production rose in the first half of 2015 after remaining largely flat since late 2012, driven mainly by somewhat improved European economic conditions and a weak krona. Forward-looking indicators do not signal that any vigorous recovery is on the way. The Deloitte/SEB business climate index increased and for the first time since February 2014 was above 50 (51.2). The share of companies that expect business conditions to improve over the next six months increased by eight percentage points. Slightly better growth in Europe and the US is being offset by deceleration in China and various other emerging market (EM) countries.

Overall merchandise exports will remain weak this year, rising by about two per cent. Growth will accelerate to nearly four per cent in 2016 and 2017. Yet total exports will increase relatively rapidly, because service exports appear likely to climb by nearly ten per cent this year. The expansion is occurring in such sectors as business services, transport, tourism and financial services. This strong service export trend has been apparent for a fairly long time and will probably continue in 2016-2017. The trade surplus has gradually decreased in the past five years, mainly because merchandise imports have increased faster than merchandise exports, but in the past six months the surplus has rebounded because of the sharp oil price decline. Strong domestic demand compared to other countries suggests that Sweden's trade surplus will again shrink in 2016 and 2017.

Home-building will push up investments

Industrial companies remain cautious about investments related to expansion, although the latest survey indicates a slight upturn this year after declines in 2013-2014. In the Deloitte/SEB survey, companies provide a bit of a mixed picture. On the one hand, they indicate that their focus is more on mergers and acquisitions (M&A) and cost-cutting than on investments or expansion into new regions. On the other hand, more companies say that they would use surplus cash to invest in Sweden. Domestically oriented sectors have more ambitious plans. Above all, a continued rapid increase in housing construction is contributing to a rather good rate of increase for total capital spending. A record-setting population increase over the next couple of years will create strong pressure for home-building. In light of this, construction of some 30-40,000 housing units per year is far from sufficient, making the housing issue a major economic policy challenge in the future.

Business Conditions



Cautious households are saving

Private consumption is growing at a relatively good pace and has gradually accelerated in 2015. Good real wages suggest that consumption will keep growing at a 2.5 per cent pace over the next couple of years. Consumption is partly driven by growing population; per capita, it is increasing more slowly than the historical average.

Households have maintained their savings ratio despite strong wealth increases and rising employment. Concerns about future home prices and the sustainability of public social benefit systems are probably important reasons. Households may also be seeing the housing situation in a very long time perspective. The imbalance between housing supply and demand will drive up prices in the short term, creating major problems when the next generation is ready to house-hunt. If households factor in this generational problem, rising home prices will create a motivation for increased savings that may neutralise traditional expansionary wealth effects.

Home prices started rising again when the Riksbank began cutting interest rates in 2012 and are now growing at 15 per cent year-on-year. Lending to households has also taken off. The annual increase is about seven per cent: higher than the four per cent of income compatible with a constant debt ratio. There is little indication that the upturn will cease in the near future. The mortgage loan repayment requirement and rising interest rates will dampen home price increases ahead, slowing to 8-9 per cent during 2016 and levelling out in 2017. The risk picture is complex, and lengthy upturns are a cause of concern. International organisations are warning about this in increasingly forceful terms.

Rapid job growth, stubborn unemployment

Employment has continued to grow at a healthy pace in 2015, averaging 1.5 per cent year-on-year. Decent GDP growth suggests that this growth will continue at about the same pace, supported by the number of job vacancies, which has reached a new record. More companies in the Deloitte/SEB survey say that they will increase employment rather than decrease it. This supports SEB's forecast of healthy employment growth. But at the same time, 75 per cent of companies in the survey say that the number of employees will be unchanged.

The growing number of people with little formal education and with weak Swedish language skills indicates that the equilibrium unemployment level will rise. Resource utilisation has climbed in the past year, but the level does not yet signal that wage and salary increases will accelerate. The national wage round early in 2016 is expected to result in a slightly higher rate of pay increases than the collective agreements signed early in 2013 – driven by higher pay demands in the public sector and a somewhat stronger economic situation. Low inflation expectations will pull in the opposite direction, however. We expect total pay increases of 3.0 per cent during 2016 and 3.2 per cent in 2017.

Inflation higher, but below the Riksbank's two per cent target

The Deloitte/SEB survey indicates that there will (at best) be limited support from major Swedish corporations to increase underlying inflation pressure. Various questions reveal that firms (1) are focusing on cost cutting (2) but do not intend to reduce staffing in Sweden and (3) are relatively unconcerned about any skilled labour shortage. This combination points towards little scope for large wage increases in 2016. Furthermore, there is a clear trend towards increased concern about fierce competition and pricing power, indicating that raising prices will not be a preferred strategy.

However, the core inflation trend indicates that underlying inflation pressure is increasing. Core inflation has been volatile over the past 6-12 months, though, largely due to sizeable fluctuations in foreign travel prices. For this reason, the recent inflation upturn is regarded as temporary. But the upturn still supports the perception that a weak krona is helping fuel rising inflation after the depressed levels of recent years. Higher import prices and higher price expectations in the retail sector also point to rising core inflation during the rest of 2015. Together with a slowing of downward energy price movements, this will cause CPIF (CPI excluding interest rate effects) to climb to about 1.5 per cent in December of this year, but the impact of the recent oil price decline may be larger than assumed.

Higher indirect taxation – in the form of reduced deductions for home renovation costs and higher petrol taxes – will cause the inflation rate to speed up further early next year. Yet CPIF will not actually reach two per cent, and we also expect the inflation rate to slow a bit during the second half of 2016 when the effects of krona depreciation gradually fade. Successively stronger economic conditions and somewhat higher international prices will trigger higher inflation again in 2017.

Desperate Riksbank will cut key rate again

The Riksbank will need to revise its inflation forecasts downward this fall. Combined with the risk that the krona will appreciate as soon as the market begins to doubt the determination of the bank's Executive Board, this suggests a further rate cut. We are thus sticking to our forecast of a repo rate cut of 10 basis points to -0.45 per cent. Since both inflation and growth figures have recently been somewhat higher than expected, there is a greater probability that the Riksbank will hold off, though. We believe the next rate cut will be the last one and that the central bank will make no further bond purchases after those announced in July are completed in December. Once collective pay agreements are in place, the Riksbank's need and ability to influence expectations will also diminish, but continued very low inflation expectations and the possibility that the European Central Bank might extend its quantitative easing programme are factors that may force the Swedish central

bank to take further action.

The Riksbank will eventually become less focused on inflation, amid falling unemployment and increasing financial imbalances. After the US Federal Reserve and Bank of England have begun their key interest rate hikes, the Riksbank will begin a cautious rate hiking cycle from an extremely low starting level. We expect an initial repo rate hike to -0.25 per cent late in 2016 and continued hikes to 0.75 per cent by the end of 2017.

Financial position improving

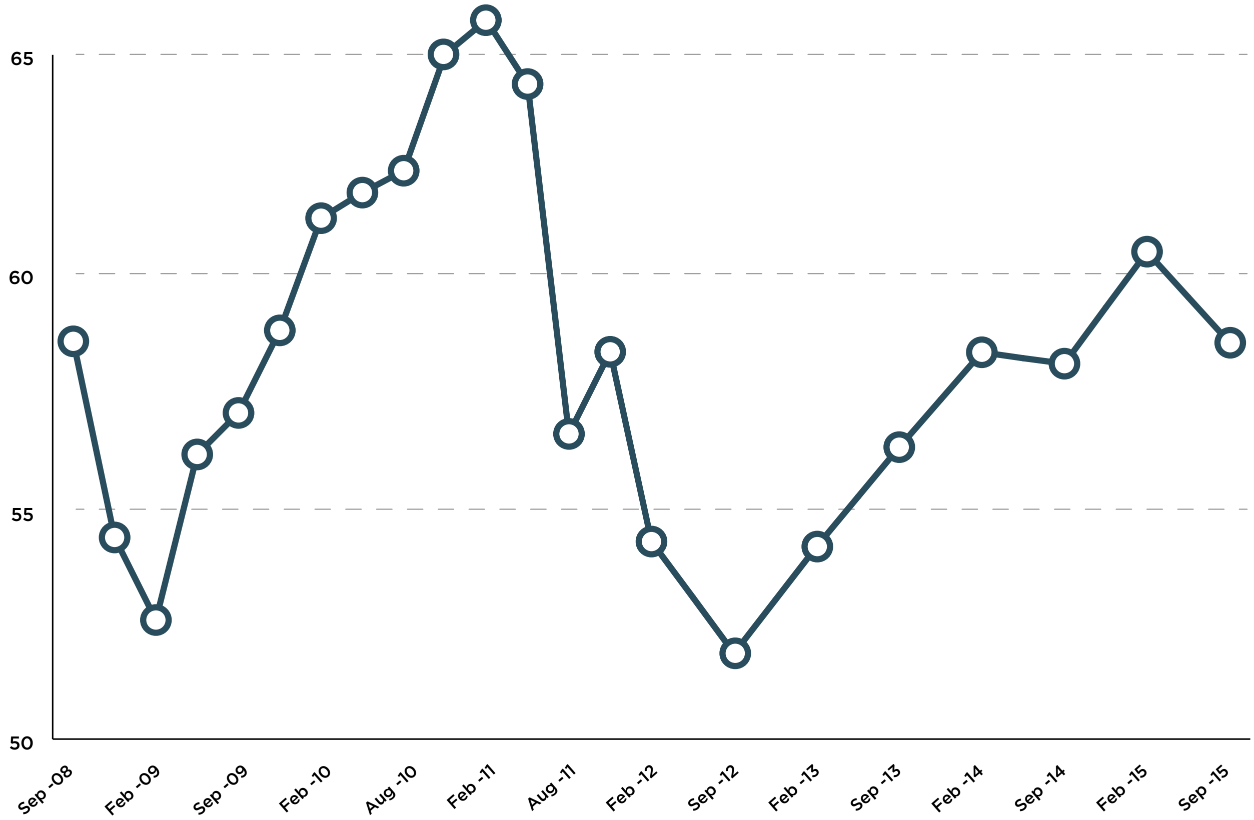
Because of the Riksbank's aggressive monetary policy, Swedish 10-year government bond yields are now on a par with German ones. Once the repo rate has been cut again, we believe that the spread vs Germany may become negative. The Riksbank also plans to buy nearly 20 per cent of outstanding bonds, somewhat more than the ECB's corresponding German bond purchases. Sweden's low ratio of government debt to GDP also suggests that the impact on yields may be larger here. Next year and in 2017, yields will rise faster in Sweden than in Germany as the Riksbank prepares and starts its rate hikes.

The Deloitte/SEB survey shows that the financial position of companies is good. The sub-index fell somewhat in September but is still at a high level. In addition, the lending willingness of financial institutions is also high.

Riksbank will keep down krona a bit longer

Despite strong economic data, the krona has recently fallen, driven by actual and expected Riksbank stimuli. But the recent high inflation figure led to a rebound against the euro as expectations of further key rate cuts subsided. This underscores how important monetary policy is to the currency. Our forecast of a further key rate cut combined with continued expansionary policy signals suggests that the krona will remain weak, but both domestic and foreign market players already seem to have taken large positions based on a falling krona, thus limiting room for further weakening. The tug-of-war between these opposing forces is quite even. We expect a EUR/SEK exchange rate of around 9.20 at year-end. As inflation moves closer to target next year and the Riksbank's rate hikes approach, both relative economic situations and relative monetary policies suggest a slightly stronger krona. In a long-term perspective, the krona is undervalued, which will also support an upturn.

Financial position



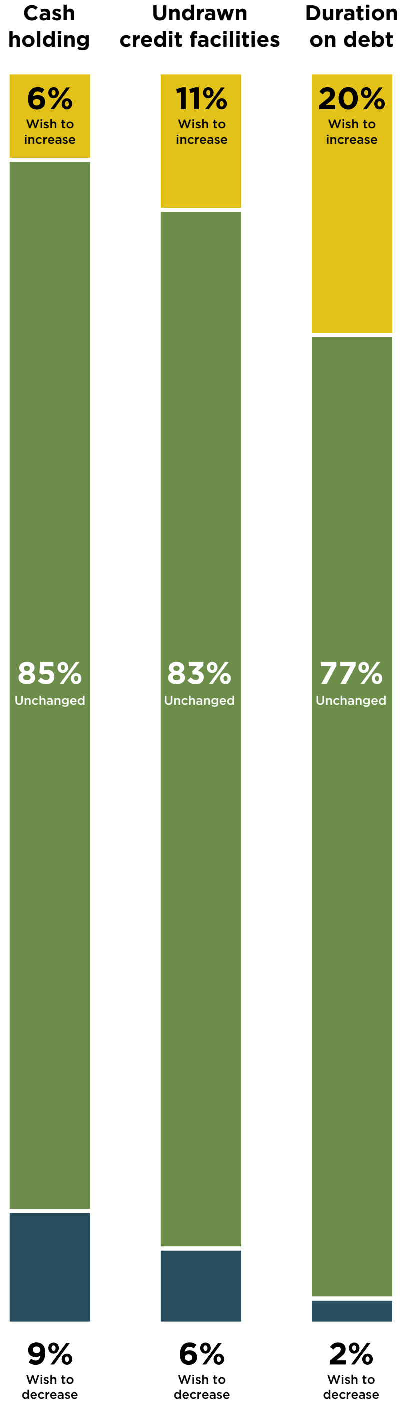
HOT TOPICS

Greater Nordic focus, relatively unbothered by negative rates but negative impact expected from China

Negative repo rates has not motivated the majority of Swedish large corporations to make any changes to their financial strategies, according to the CFOs surveyed. However there is a clear interest in increasing their focus on risk management, which also is explained by the very weak levels of the Swedish krona. A majority of CFOs expect a negative impact on their business from the turmoil in China, though a small percentage foresee positive opportunities arising from this situation. Finally, geographically the companies seem to have their largest focus on their home region, Northern Europe, but it is also here and in North America that they will increase focus the coming 12 months.

QUESTION 1

Have recent central bank interventions in the money market and negative repo rates affected your financial strategy concerning:

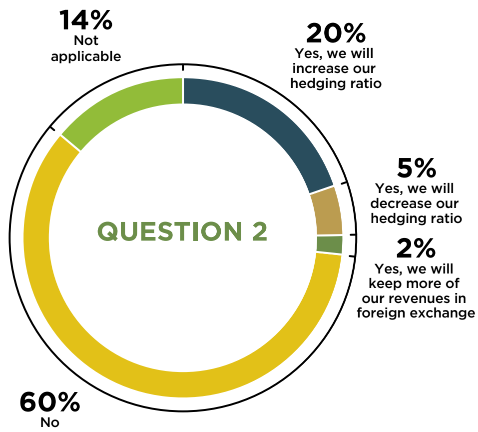


Recent central bank interventions in the bond markets and negative repo rates have mainly affected the financial strategies of large corporations with regard to their debt management. As many as 20 per cent of the CFOs surveyed answered that they wish to increase their debt duration. This indicates a modern dynamic management of risks where companies are allowed to take advantage of the favourable rate environment. Among the minority of companies reporting a change in cash holdings the desire was split with slightly more reporting a wish to decrease their cash holdings compared to the number wishing to increase them. The discrepancy is interesting, with the wish to decrease cash holdings being easier to explain since the return on such holdings has fallen in the current environment. As many as 20 per cent of the CFOs who were surveyed also answered that their financial strategy had been affected in other ways. Concerning the open-ended question on how financial strategy has changed it is apparent that (1) many CFOs are looking at alternative investment solutions for their cash holdings and (2) there is an increased focus on hedging policies including interest rate, currency and commodity risks.

QUESTION 2

Has or will the weak Swedish krona lead to changes in the way you manage your currency exposure?

In our spring survey we asked how the recent depreciation of the SEK against the EUR would impact business in 2015. Fifty-two per cent of CFOs surveyed believed there would be a positive or very positive impact on operating profits, reflecting the export-oriented nature of large Swedish corporations. In the fall 2015 survey we have focused on how the weak exchange rate has affected or will affect currency risk management. A clear majority, 60 per cent, will not make any changes in their currency risk management. However 20 per cent say they will increase their hedging ratio. An increased hedging ratio for export-oriented companies would lock in exchange rates that have been favourable for operating profits so far. Thus it seems that there are companies operating with a dynamic hedging policy, which currently is in line with SEB's view that the EUR/SEK exchange rate will head lower later this year (see page 7).



QUESTION 3

What impact do you expect the recent turmoil in China to have on your business during the coming six months?

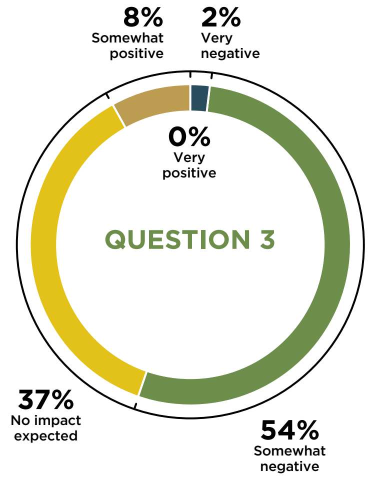
More than 50 per cent of the CFOs surveyed believe that the recent turmoil in China will have a negative effect on their business in the short term. This expected negative outlook may reflect the export-oriented nature of large Swedish corporations and may also represent a fear of related negative spin-off effects on other significant export markets. However, a fairly large share of CFOs do not expect any impact and only a small share of the CFOs expect positive effects arising from the turmoil. One explanation could be that Swedish companies that import or have production in China might be affected in a positive way as a result of the People's Bank of China's devaluation of the Chinese currency and the low commodity price index, which affects purchase prices and the cost of production. Another explanation could be that Swedish companies have competitors based in China or are more dependent on China. The turmoil thus creates competitive advantages for Swedish firms with less China exposure.

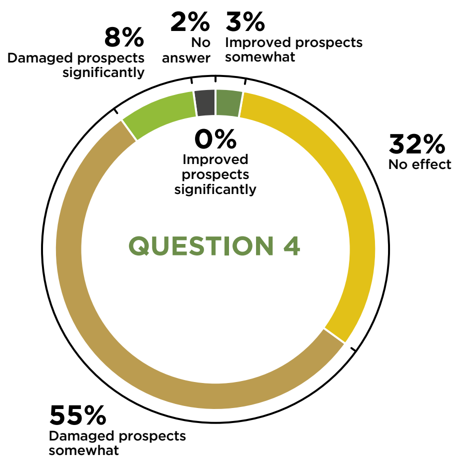
QUESTION 4

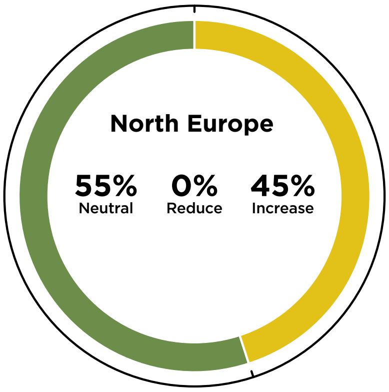
To what extent have recent events in Greece changed the prospects for achieving a stable and closely integrated European monetary union in the longer term?

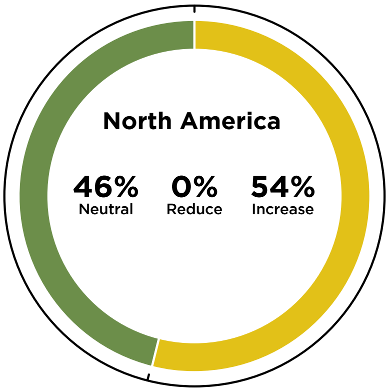
A majority of the CFOs view the recent events in Greece as having damaged the prospects for achieving a stable and closely integrated European monetary union in the longer term. Meanwhile one third of the CFOs responded that they don't believe that recent events will have any effect in the longer term.

A bare three per cent of respondents answered that they view recent events in Greece as having improved prospects. This may be due to respondents' belief that a firm stance by Greece's lenders on continued austerity measures and resistance to debt relief is essential to the stability of an integrated European monetary union. However, the CFOs generally lean towards a consensus that recent events have damaged the prospects for achieving a closely integrated European monetary union.









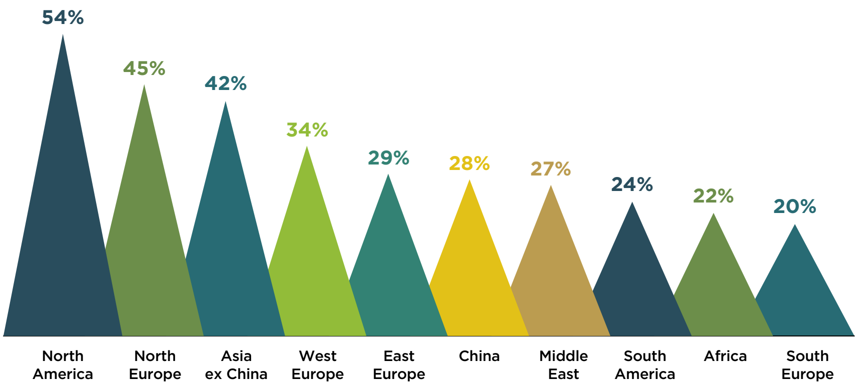
QUESTION 5

In which geographic area will your company increase/reduce its focus the next 12 months?

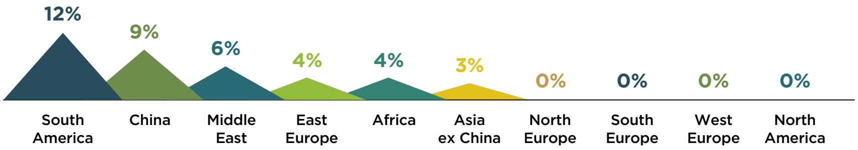
This question is of multi-dimensional character. It aims at the relation between the geographical presence of the companies that were surveyed and their growth prospects. It also reflects the diversity in the geographical presence of Swedish companies.

The result is a clear increase in focus on the Northern European market. Naturally the companies surveyed already have a large presence in the Northern European market, but what is significant is that there is a strong focus on increasing this. Some 30 per cent of companies aim to increase their focus in the North American market. It is difficult to conclude whether this is due to a shift from other markets. As seen in the responses, the most favoured alternative is generally the "neutral" option, apart from the North American market where the "increase" alternative exceeds the "neutral" alternative. The focus on China is relatively flat, while a large increase is expected in the rest of Asia (excluding China). The South American and the Southern European regions are the ones where the "increase" alternative is the lowest alternative chosen. This may be connected to negative macroeconomic developments in these regions.

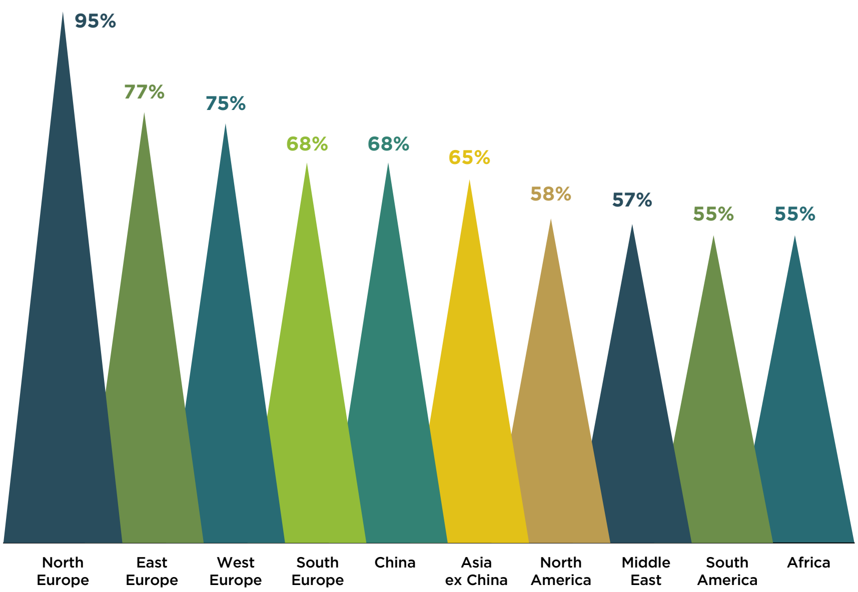
Increase focus



Decrease focus



Percentage of corporates with exposure to the region



For each region it was possible to answer (1) increase, (2) neutral, (3) reduce, or (4) not applicable. The two top charts show the percentage of the first three that has answered increase respective reduce. The bottom chart is the percentage of CFO's that did not answer not applicable for a region.

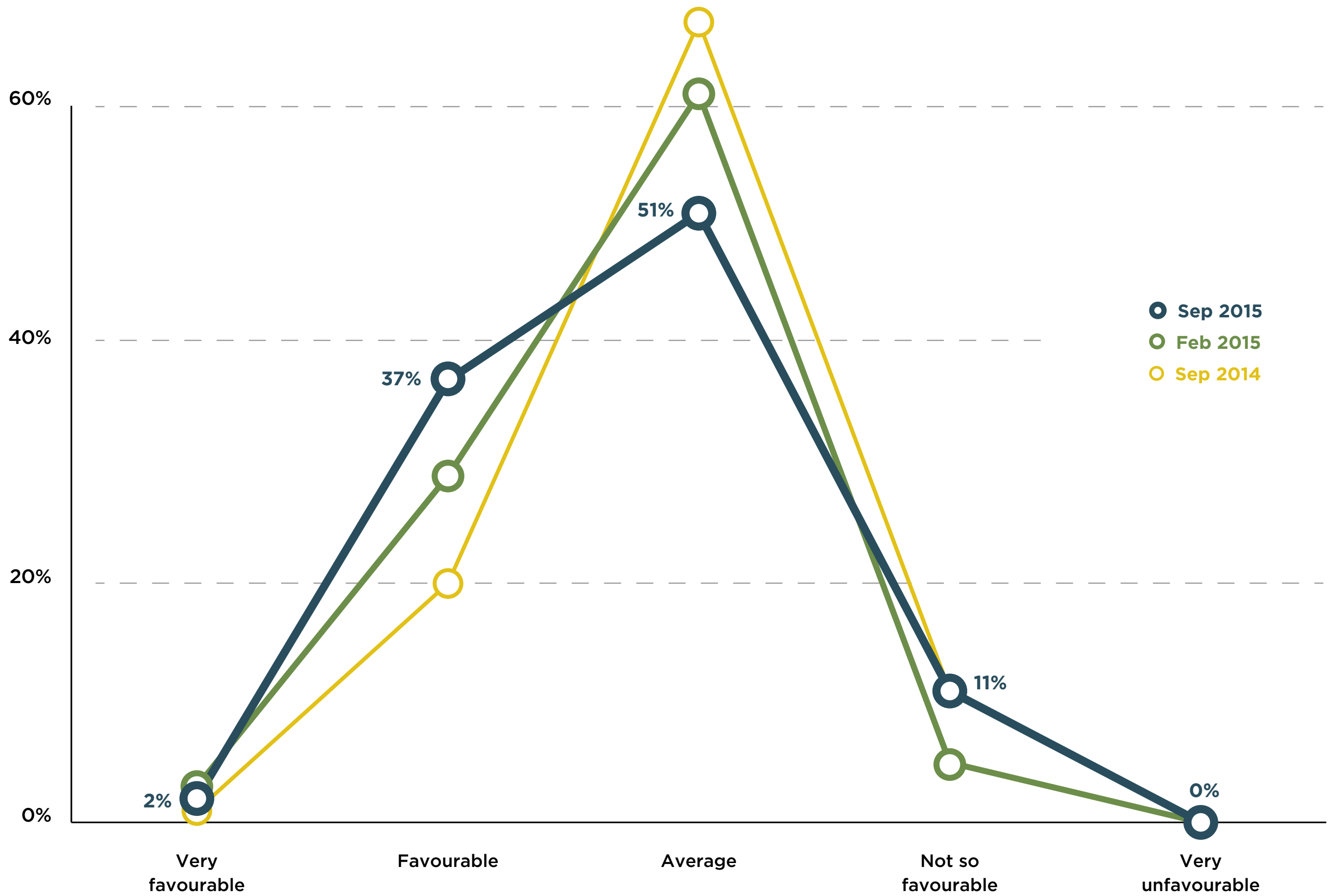
BUSINESS CONDITIONS AND OUTLOOK
Continued strong financial position and positive outlook on business conditions

The CFOs' confidence in their financial position continues to be positive, despite recent turmoil in stock markets and geopolitical unrest. However there are some indicators of muted expectations and tendencies towards stabilisation in operating cash flow levels. Business conditions are generally improving, but there are larger discrepancies between different companies than before.

QUESTION 6

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

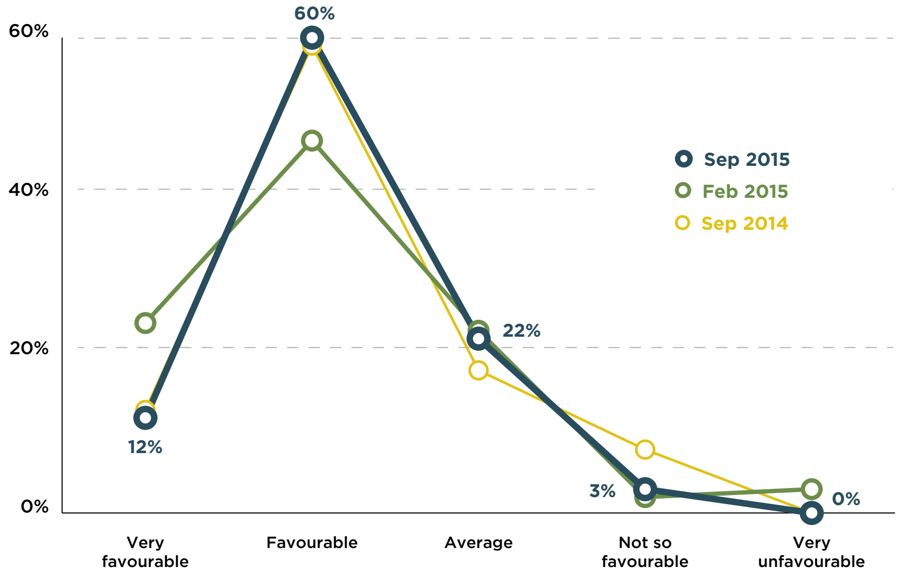
The overall change from the previous survey is positive. The business climate index has trended upward since February 2013, and the current level of 51.2 is the highest since May 2011. The percentage of CFOs viewing business conditions as favourable has increased in two straight surveys, going all the way from 20 per cent to 37 and clearly showing their positive sentiment. However, in this survey more CFOs than previously answered "not so favourable" which indicates a more mixed trend among corporations than in the previous survey. We see two possible explanations for the diverging views (which is also discussed in page 5): (1) there is currently a split in growth, with Swedish merchandise exports remaining relatively weak this year while there is a strong service export surge and (2) there is also a split in growth between on the one hand the US and Europe – which are expected to grow at an increasing pace – and on the other hand China and other emerging markets, which are expected to decelerate. Thus corporations mostly focusing on exporting services and/or exporting to the US and Europe probably expect favourable conditions while manufacturing firms and/or those exporting more to China or other emerging markets expect a somewhat less favourable environment.



QUESTION 7

The overall financial position of your company is seen as:

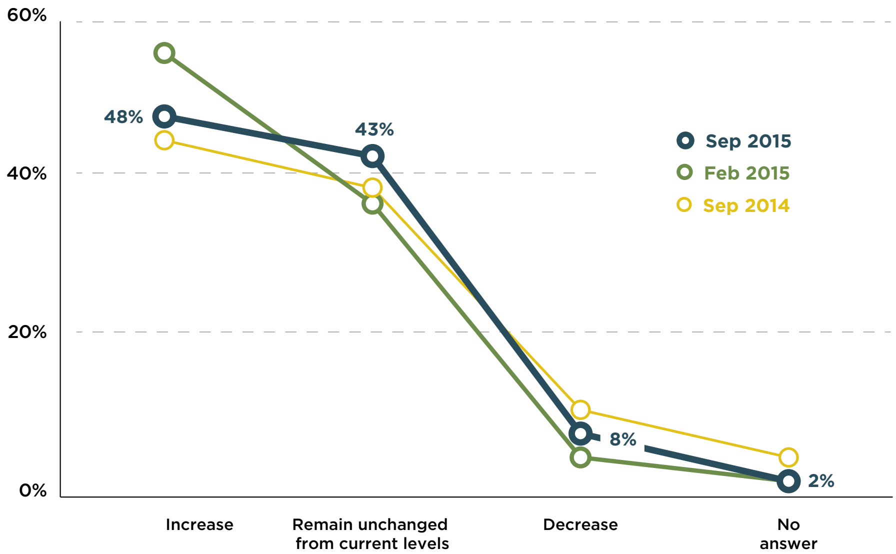
Our spring 2015 survey indicated a clear improvement in the CFOs' view of their companies' financial position from already high levels in the fall 2014 survey. This overall positive view remains in the fall 2015 survey. However there is a shift from "very favourable" to "favourable", which is likely due to the recent instability in the stock markets as well as macroeconomic factors such as a weak Swedish krona and Chinese turmoil, among other uncertainties. Almost none of the CFOs indicate an unfavourable financial position, which is reassuring and means that the large Swedish companies surveyed have a strong base to meet the challenges that lie ahead.



QUESTION 8

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

Overall, CFOs are expecting an increased or unchanged level of operating cash flow in the next 12 months. The optimism regarding increased cash flow expectations that was reflected in our recent surveys has shifted somewhat towards a more cautious expectation of an unchanged level of operating cash flows for the coming 12 months, which might be connected to expectations of FX fluctuations in the SEK relative to other currencies that might be considered to have negative impact on the operating cash flow. The number of CFOs who foresee a negative outcome in the operating cash flow has increased slightly. This may be connected to the fact that Swedish companies are generally coming from very high levels in recent periods (as reflected in previous surveys), which for some companies might be hard to uphold. The somewhat more conservative outlook is also mirrored in the corporate priorities (Question 9), where it is clear that the main priorities are to reduce costs as well as increase cash flow levels.



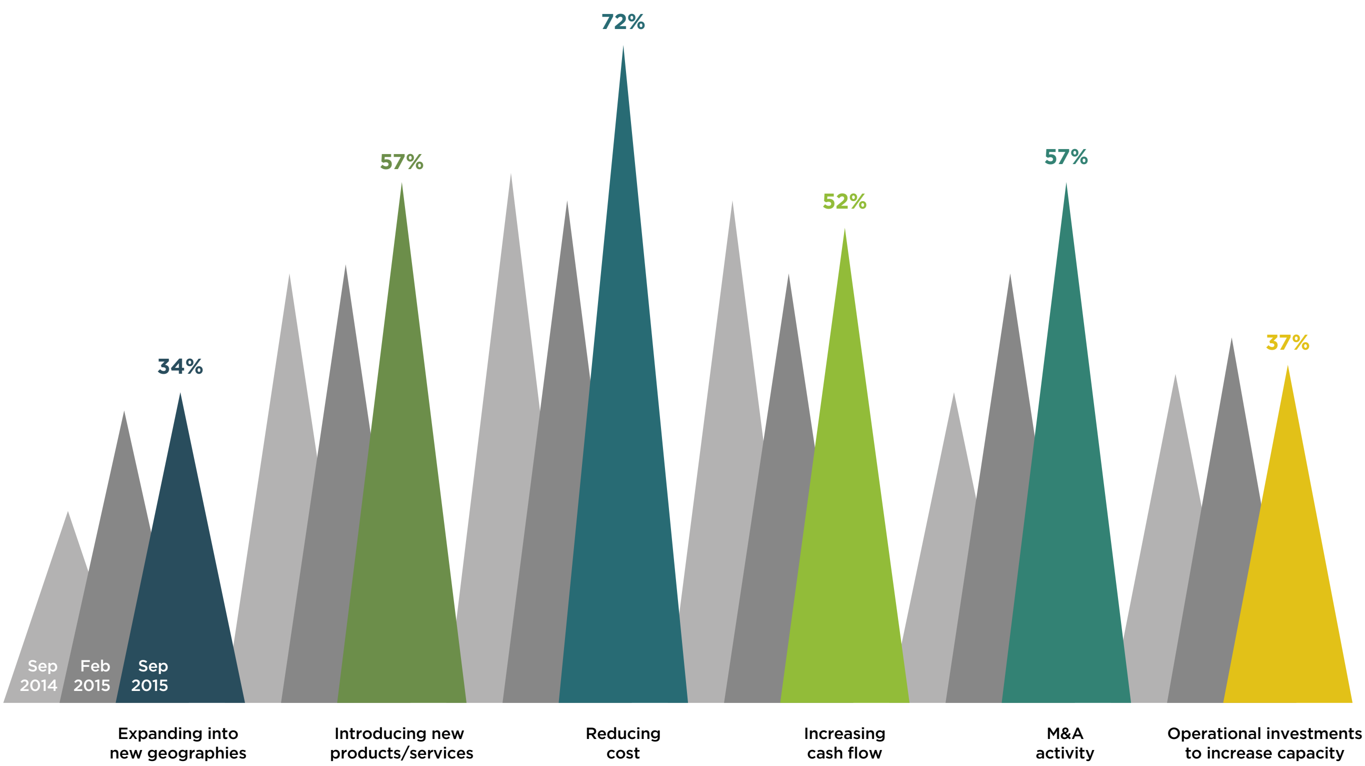
PROSPECTS AND CONCERNS

Reducing cost dominates as the top priority for CFOs during the coming 12 months. The appetite for achieving growth through M&A activities remains, and expansionary priorities such as introducing new products and services continue to be a priority. Order bookings, fierce competition and geopolitical unrest remain top concerns, though the importance of all five alternatives increased.

QUESTION 9

What are your corporate priorities for the next year?

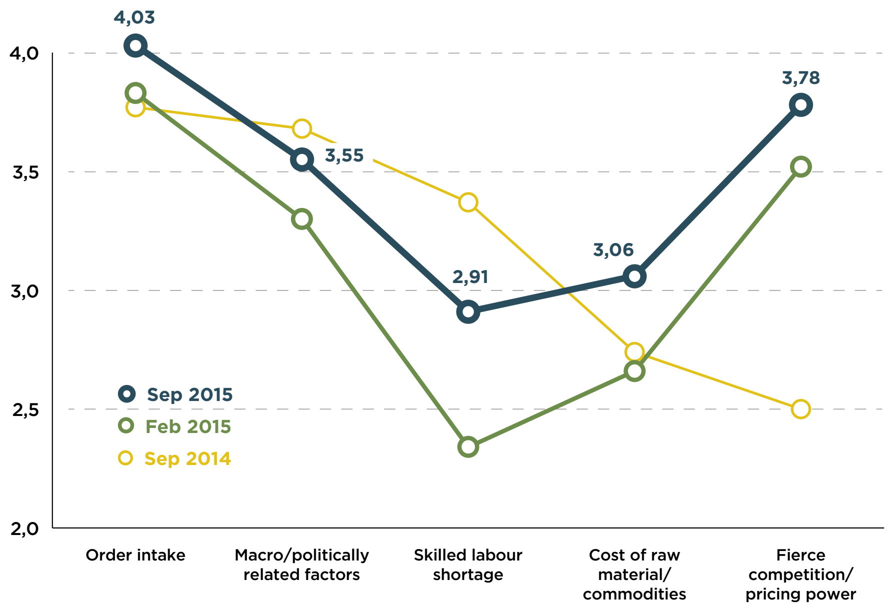
For this question, CFOs are allowed to choose several alternatives. In the spring 2015 study we saw a clear shift towards growth-oriented priorities. Increased M&A activity and introducing new products and services are still key priorities. However, what is striking about the results of the fall 2015 survey is the CFOs' clear focus on reducing cost and increasing cash flow, which is clearly connected to their more prudent expectations regarding operating cash flow expectations (Question 8). The clear increase in the priority of reducing cost is a bit unexpected, given the focus that corporations have had on this area in the wake of the financial crisis. But this clearly indicates that the CFOs believe there is more do to in this area. The CFOs surveyed still favour M&A activities, which might be seen as a more cost-efficient alternative for expanding operations, due to low financing costs and a positive attitude by lenders, as compared to investments in capacity and expanding into new geographic areas.



QUESTION 10

What are the greatest concerns for your company?

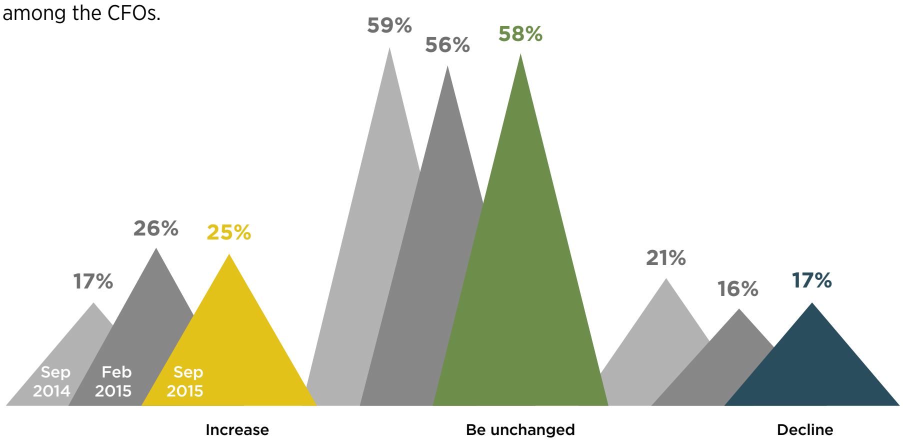
The CFOs ranked the alternatives in the same order as in our spring survey, with order intake (bookings) and fierce competition/pricing power being major concerns. However, compared to the spring survey, concerns have risen for all five alternatives. This is somewhat counterintuitive, as the respondents also had a more favourable overall view of business conditions. The respondents' large concern about order intake should probably be seen in light of increasing uncertainty in the global economy. In other words, even if business conditions are favourable at the moment, downside risks has increased since our spring survey. Among their concerns, fierce competition/pricing power stands out, with sharp increases both in this and our spring survey. In the prevailing low-inflation environment, this is important information. Judging by the CFOs' high level of concern regarding competition, it seems unlikely that the companies surveyed will be able to raise prices much during the coming year. This is consequently an indication of continued low inflation pressure. Furthermore, although their concern about a skilled labour shortage increased, it is still the least of the CFOs' concerns. Higher wage pressure from bottlenecks in hiring thus does not seem to be a major problem. To some extent, this is also an indication of low inflation pressure. Finally, concerns about "Macro/politically related factors" increased. The Greek situation early this summer and the turmoil in China late this summer probably contributed to the increase compared to the spring survey.



QUESTION 11

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

Overall, the CFOs' expectations are in line with our spring 2015 survey, which showed a more positive view of employment prospects compared to the spring 2014 survey. The majority of respondents still expect unchanged levels, and a smaller number of respondents expect a declining number of employees in Sweden during the next six months. A general theme in the spring 2015 survey was a shift towards growth-oriented activities and increased investments. To some extent, the fall 2015 survey indicates the same trend and expectations, however with some contradictory observations such as an increased focus on cost reductions, which in many cases affect expectations about employment. This may, however, be offset by the fact that concerns regarding a skilled labour shortage have increased to some extent among the CFOs.



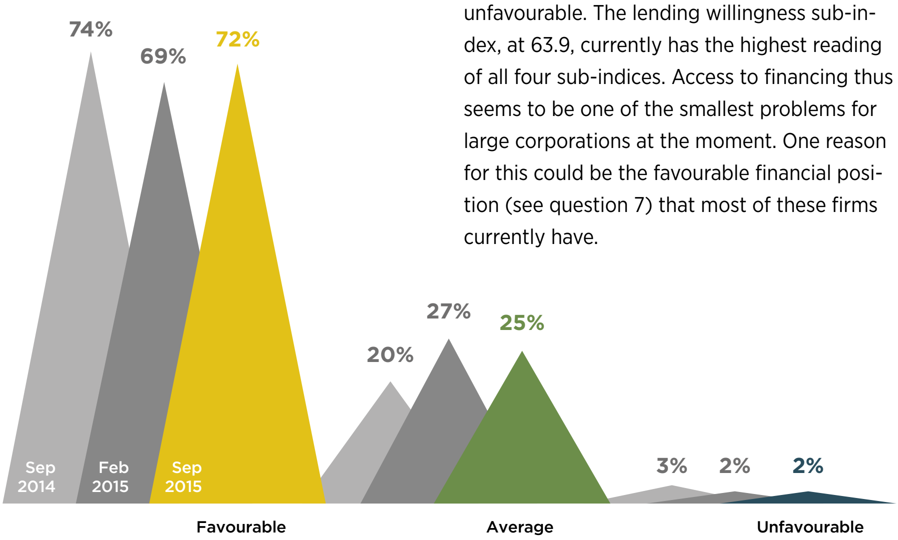
FINANCING AND RISK

CFOs of large corporations continue to perceive a favourable lending attitude from financial institutions and low counterparty risk in their business. However, there is a slight increase in their perception of on counterparty risk, while fewer see a below-average probability of default.

QUESTION 12

The lending attitude of financial institutions towards your company is seen as:

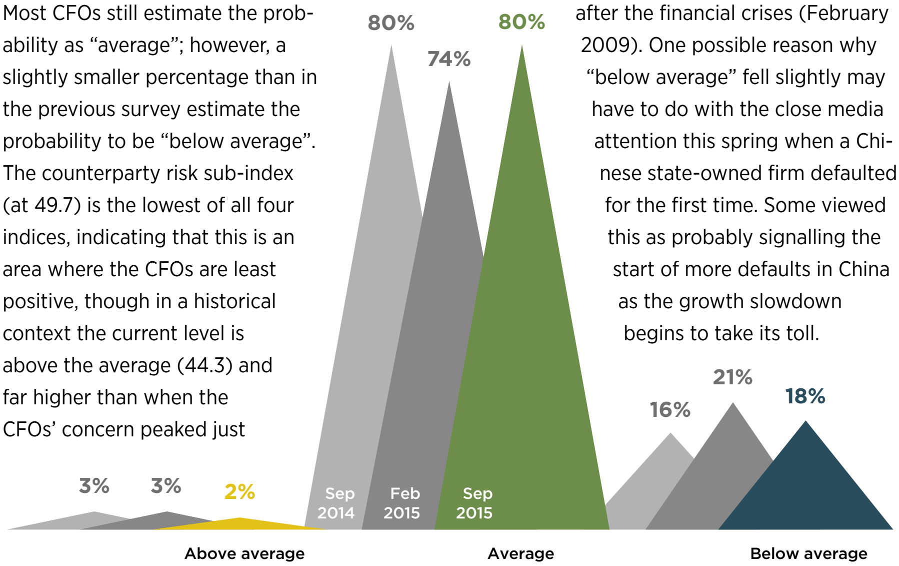
Compared to the previous survey, the already favourable lending attitude of financial institutions towards the companies surveyed has improved further. Almost three out of four companies answered that the lending attitude towards them is "favourable" while one of four replied "average". Only a tiny two per cent perceive the lending attitude towards them as unfavourable. The lending willingness sub-index, at 63.9, currently has the highest reading of all four sub-indices. Access to financing thus seems to be one of the smallest problems for large corporations at the moment. One reason for this could be the favourable financial position (see question 7) that most of these firms currently have.



QUESTION 13

The probability of counterparties' default in the next six months is expected to be:

Most CFOs still estimate the probability as "average"; however, a slightly smaller percentage than in the previous survey estimate the probability to be "below average". The counterparty risk sub-index (at 49.7) is the lowest of all four indices, indicating that this is an area where the CFOs are least positive, though in a historical context the current level is above the average (44.3) and far higher than when the CFOs' concern peaked just after the financial crises (February 2009). One possible reason why "below average" fell slightly may have to do with the close media attention this spring when a Chinese state-owned firm defaulted for the first time. Some viewed this as probably signalling the start of more defaults in China as the growth slowdown begins to take its toll.



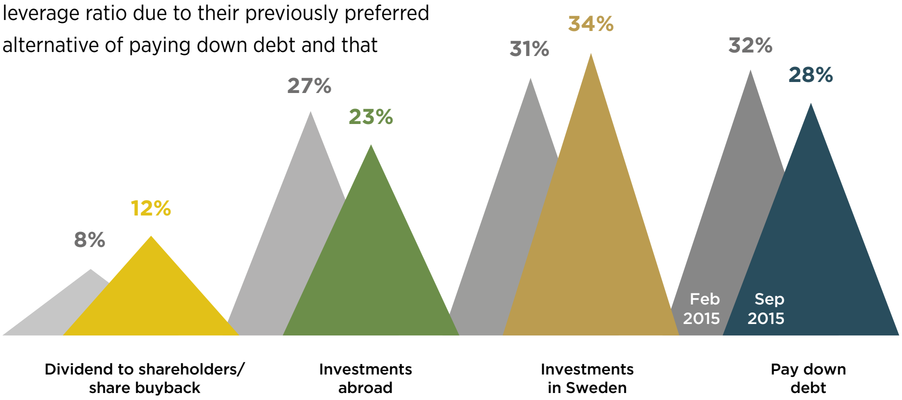
STRATEGIC OPPORTUNITIES

A lower appetite for investments abroad and a preference for investments in Sweden indicate a belief in the local market and expectations of a continued high level of M&A activities.

QUESTION 14

Assume a current cash surplus position. How would you prefer to use the money in the next six months?

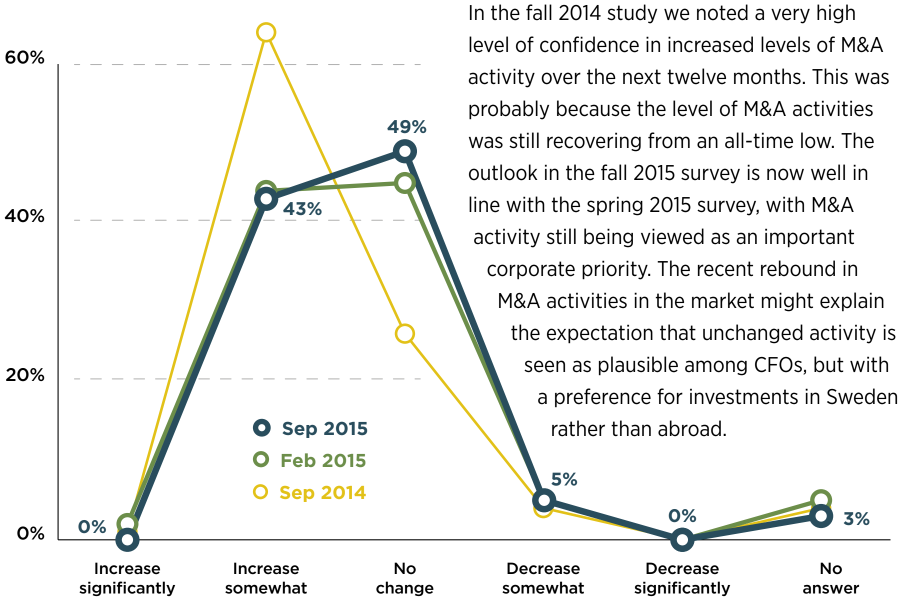
The overall changes in the fall survey versus the spring survey are limited. Among the CFOs surveyed, the most preferred alternative shifted from paying down debt to increasing investments in Sweden. Given low interest rates and a continued positive lending attitude, combined with the CFOs' view that their financial position is "favourable" or "very favourable", this indicates that companies have a good leverage ratio due to their previously preferred alternative of paying down debt and that low interest rates are reducing the incentive to pay down debt. Their decreased appetite for investments abroad indicates a stronger belief in the more stable Swedish market. The increase in their preference to pay dividends to shareholders or to buy back shares indicates an intention to pass on additional value to shareholders when uncertainties in the macroeconomic environment increase.



QUESTION 15

Over the next twelve months, how will investment activity change?

In the fall 2014 study we noted a very high level of confidence in increased levels of M&A activity over the next twelve months. This was probably because the level of M&A activities was still recovering from an all-time low. The outlook in the fall 2015 survey is now well in line with the spring 2015 survey, with M&A activity still being viewed as an important corporate priority. The recent rebound in M&A activities in the market might explain the expectation that unchanged activity is seen as plausible among CFOs, but with a preference for investments in Sweden rather than abroad.



AN INTERNATIONAL OUTLOOK
Staying focused; remaining vigilant

EUROPE

- CFO sentiment remains mixed across much of Europe.
- In the UK, for example, optimism is apparent in CFOs' rebounding risk appetite: up to 59 per cent from a two-year low of 51 per cent last quarter.
- Moreover, CFOs' strategies have turned markedly more expansionary, and expectations for hiring and capital expenditure have risen close to their highest levels in five years.
- This positive sentiment is shared among Belgium's CFOs, whose outlook is bolstered by the fact that halfway through the year, 37 per cent of them report that their companies have performed better than was initially budgeted.
- The Netherlands CFOs, on the other hand, report a slightly less optimistic outlook, but their perception of uncertainty took a favourable turn: 46 per cent now rate it as above normal—compared to 89 per cent two years ago.
- Meanwhile, Switzerland's CFOs remain gloomy as they continue to adapt to the removal of the CHF/EUR currency floor in January.
- Only 17 per cent of Austria's CFOs are feeling confident about economic development in their own country, while just 14 per cent report increased optimism about their companies' prospects.

NORTH AMERICA

- In North America, CFOs remain optimistic this quarter. But while 38 per cent express rising optimism about their companies' prospects, that figure is down sharply from last quarter's 48 per cent and is the lowest level in more than two years.
- Moreover their growth expectations were down dramatically: revenue growth expectations, for example, fell to 3.1 per cent from 5.4 per cent last quarter and now sit at their historical survey low.
- Similarly, earnings growth expectations fell sharply to a survey low of 6.5 per cent from last quarter's 10.6 per cent.
- Still, and apparently contradicting their declining growth expectations, CFOs see the outlook for the broader North American economy as quite good—only slightly below where it was last quarter, and their assessments of Europe rebounded substantially.

ASIA/PACIFIC*

- Low interest rates and a weaker Australian dollar are fuelling optimism among that country's CFOs.
- In addition, the federal government's policy-making has a neutral influence on optimism this quarter, whereas last quarter two-thirds of chief financial officers felt that its influence was negative.
- In this environment, CFOs' views on their own companies' metrics for the coming year show a number of continuing positive signs, with 71 per cent forecasting increased operating cash flows and 49 per cent expecting increased capital expenditures.
- The rate of fiscal repair is seen as too slow among CFOs, even though a majority (58 per cent) believe the government's budget could have a positive impact on the economy.

* Australia

Contacts

DELOITTE

Henrik Nilsson
Partner, Audit
henilsson@deloitte.se
+46 73 397 11 02

Christina Bergman
Partner, Consulting
chrbergman@deloitte.se
+46 76 847 26 88

Lars Franck
Partner, Tax
lfranck@deloitte.se
+46 73 397 21 26

Tom Pernodd
Partner, Financial Advisory
tpernodd@deloitte.se
+46 73 397 10 60

SEB

Karl Steiner
Senior Strategist
Trading Strategy, SEB
karl.steiner@seb.se
+46 70 332 31 04

Daniel Bergvall
Economist, Economic Research, SEB
daniel.bergvall@seb.se
+46 8 763 85 94

ABOUT THE SURVEY

The CFOs who responded represent a selection of the 200 largest companies in Sweden across industries. The survey was carried out as a web-based questionnaire in September 2015. 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.

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. On June 30, 2015, the Group's total assets amounted to SEK 2,760 billion while its assets under management totalled SEK 1,780 billion. The Group has about 16,000 employees.
Read more about SEB at www.sebgroup.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 220,000 professionals are committed to becoming the standard of excellence.