The Deloitte/SEB CFO Survey

Increasing optimism, but momentum is slowing

Spring 2018 results

Contents

About the survey

The Chief Financial Officers (CFOs) who responded represent a selection of the 500 largest companies in Sweden across various industries. The survey was carried out as a web-based questionnaire in March 2018. Given the broad range of industries and organizations that responded, the trends observed and conclusions reached are considered representative of the wider Swedish CFO community. In the report we are comparing the Swedish data to the other Nordic countries and the euro zone. The data are collected from the European CFO Survey, which consists of 1,652 CFOs based in 20 European countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey and the UK. CFOs were all contacted between February and April 2018. Please visit www.deloitteresearchemea.com for the European report and data.

About the data

In the survey, we sometimes refer to a "net balance index" (abbreviated NB). This is calculated by subtracting the percentage of respondents giving a negative response from the percentage giving a positive response; responses that are neither positive nor negative are deemed to be neutral. Due to rounding, not all percentages shown in the charts will add up to 100. The companies were asked to specify their industry with the following sectors: Financial Services Industry (FSI); Consumer Business and Transportation (CB&T); Life Science and Healthcare; Technology, Media and Telecom (TMT); Energy, Utilities, Mining (EUM); Manufacturing; Construction; Business & Professional Services (B&PS); Public Sector and Others. These sectors mentioned above are used in the analysis.

Website

Please visit www.cfosurvey.se for the full data set.

Acknowledgements

We would like to thank all participating CFOs for their support in completing the survey.

Executive summary

We are excited to present the spring 2018 results of the Deloitte/SEB CFO Survey and hope that you find our accompanying analysis both stimulating and valuable.

The good times continue, but the upward trend is slowing somewhat. Swedish CFOs are among the most optimistic in the European Union in terms of a clear investment and hiring agenda where organic growth is a top priority, while shortages of skilled professionals are still their main concern.

The spring survey has been changed slightly, with some questions and the inclusion of an expanded number of large companies, thus not allowing an exact comparison with the previous survey. However, the overall business conditions sentiment of the responding CFOs is clearly positive; optimism is rising for the fourth consecutive report. This is consistent with the record-long period of improvement in sentiment after the financial crisis, but momentum is slowing slightly at this high level. This indicates that some companies are operating at very high levels, making further stretched targets gradually more difficult to achieve, but with no signs yet of a downturn. Business conditions vary significantly across economic sectors, and despite the current weak housing market in Sweden, Construction industry CFOs are still highly optimistic.

Swedish CFOs have become more optimistic than last fall regarding their financial prospects, though lagging behind their Nordic and EU peers. Sweden is coming from a situation of high economic growth while for other EU and Nordic countries, growth is still on the rise.

In the fall survey we noted a shift towards a more expansive agenda which is evident in this survey as well, where among other things an even larger percentage of responding CFOs expect capital expenditures (capex) to increase. This puts Swedish CFOs among top 6 regarding the investment agenda among the 20 countries participating in the European survey. The current survey indicates that CFOs are expressing somewhat more cautious expectations about revenue growth, operating margins and cash flow compared to the fall 2017 survey. However, their expectations regarding an expansion of the number of employees, which has been obvious in the past few surveys, has picked up significantly, and Swedish CFOs are among the top 3 in the EU when it comes to hiring expectations. At the same time, shortages of skilled professionals have continued to grow and are the main concern of Swedish CFOs, followed by the economic outlook and pressure on margins and prices.

Organic growth is ranked as a top priority within most sectors. Merger and acquisition (M&A) activity is still very high and is expected to remain so during the coming 12 months; investments in Sweden are preferred. The positive view on financial institutions' willingness to lend as well as probability of counterparties to default deteriorated sharply in the survey. We believe this has more to do with the expanded sample than a significant change in views. However, this will be a key area for observation in the fall 2018 as a continued decrease eventually could have a negative impact on business conditions.

In the current survey, we asked the CFOs to share their views on the digitization agenda. The survey shows that to a fair extent, digital technologies are starting to be integrated into their companies' strategic decision-making. Furthermore, the overall message is that investments related to digital business will increase across all relevant areas. The vast majority of responding CFOs consider their finance team to be at least fairly well prepared in terms of the digital transformation process.

We also asked about the likelihood and severity of impact for some risk scenarios. All in all, no major risks (high likelihood combined with high impact) were discerned. The most likely risks are more of political dimension, while the ones that would affect their financial prospects were mostly market/macro-related.

To sum up, Swedish CFOs are increasingly optimistic about their companies' business conditions, but the upward trend is decelerating. They are still, however, expecting to pursue a constructive investment agenda with organic growth and hiring in focus.

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.

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Broad-based investment boom continues to drive global economy

Mixed blessings from SEK weakness

- **Bumpy start to 2018 but slowdown was probably temporary – global growth still expected to be strong**
- **Great political uncertainty, but little impact on business conditions expected**
- **Broad-based growth in capital spending**
- **Weak Swedish currency is of little benefit to growth**

Global outlook
Bumpy start to 2018

The global economy showed unstable tendencies early in 2018 after a robust ending to 2017, but underlying strengths suggest that this slowdown was temporary. SEB forecasts indicate continued strong global GDP growth of about 4 percent yearly in both 2018 and 2019. **This optimistic forecast is supported by the CFO survey, with the net balance in business conditions – a gauge of optimism – rising for a fourth straight report and now lingering just below its highest level since the financial crisis**.

Political uncertainty is greater than it has been in recent decades. Yet political events rarely have a major impact on economic activity: **a fact supported by the CFOs in the survey, who believe there is a high probability of political risks occurring, but with only a small impact on businesses if they do**. The US-Chinese trade conflict – plus tensions in the Middle East following the US decision to withdraw from the Iran nuclear agreement – are the biggest risks, but the main scenario is that a full-scale trade war can be avoided. In the case of Iran, however, worries about disruptions in Iranian oil production will contribute to higher oil prices. Europe is also facing disruptive processes such as the British withdrawal from the European Union (Brexit).

The focus of financial market attention is on the economic cycle and questions about the durability of the upturn. Temporary factors including delayed US tax refunds and bad weather in Europe slowed first quarter 2018 growth, but underlying strength suggests continued above-trend growth during the next couple of years. Labour markets have continued to improve while asset prices have climbed, providing support for private consumption. Above all, there is now broad-based growth in capital spending, **which is also evident when looking at the European CFO survey, where a net balance of 35 percent expected their capital expenditures (capex) would rise in the coming year**. Expanded production capacity increases the potential for long-lasting higher growth, but at the same time an investment boom has often marked the final phase of an economic expansion. But because capital spending as a share of GDP is well below earlier peaks, there is less risk of major reversals. GDP growth since the end of the financial crisis has been lower than in previous recovery periods, which also suggests that it can last. The probability that supply-side restrictions will finally halt the economic upturn will increase as time passes and unemployment falls. Yet wage and price signals indicate that during 2018-2019, most central banks will have to continue struggling with troublingly low inflation, with upside risks mainly connected to energy and other commodities.

Growing monetary policy divergences as the US pulls ahead

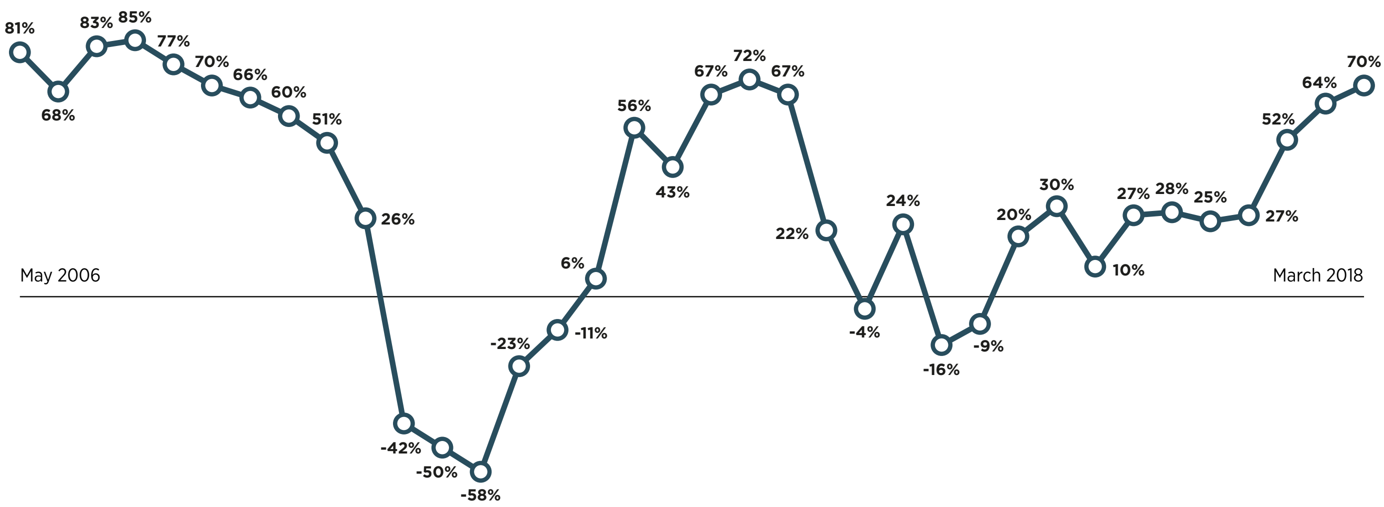
Unusually large cyclical differences between countries are reflected in their monetary policies. SEB now expects the US Federal Reserve (Fed) to raise its key interest rate three more times this year and twice in 2019. For most other central banks, the adjustments in forecasts have been in the opposite direction as a consequence of dovish signals due to unexpectedly low inflation. Only at the end of this year will the European Central Bank (ECB) end its stimulative bond purchases; SEB now expects the first increase in the ECB's deposit rate for banks to occur in June 2019, followed by a refi rate hike in September 2019. Because of still-expansionary monetary policies, central banks in most countries will therefore face the next economic downturn with extremely little interest rate ammunition.

The US dollar has reacted cautiously to wider key interest rate spreads, but will regain some lost ground in the near future. Structural factors that benefit the euro will reassert themselves again as the ECB moves closer to rate hikes, and during 2019 the EUR/USD exchange rate will be in the 1.20-1.26 range.

Swedish outlook:
Weak SEK of little benefit to growth

Swedish GDP growth is expected to decelerate from 2.6 percent in 2018 to 2.2 percent in 2019 as residential construction falls significantly and domestic demand cools. **This is, however, not yet reflected in the CFO Survey where companies' optimism continued to rise – albeit at a slower pace**. Home prices have stabilized after a downturn in the latter part of 2017. SEB forecasts that the price decline will be limited to 10 percent, but a growing surplus

Business conditions continue to improve albeit at slower pace



of new homes for sale will mean continued uncertainty. The manufacturing sector is now gradually taking over as the most important growth driver. The strong labor market will benefit households. **The CFO survey shows that hiring expectations among Swedish firms have continued to increase and are among the top 3 in Europe and at their highest level in many years**. However, rising energy prices and higher import prices due to the weak currency will limit household purchasing power.

The weak Swedish krona is providing mixed blessings for the economy. The normal outcome of SEK depreciation on the scale of recent years would normally be GDP growth stimulus of 0.5-0.6 percent over two years. But given high capacity utilization and cautious capital spending behavior, this time around SEK depreciation will have rather little impact on export volume. Meanwhile the weak currency is straining household finances and an already squeezed retail sector. **This is evident in the CFO survey, where the retail sector stands out in many questions as the least optimistic industry**. The assessment of SEB economists is thus that the net stimulus effect of today's depreciation is close to zero.

Repo rate on hold until April 2019

Strong employment has recently contributed to a clear downturn in Swedish unemployment. Although job growth will slow a bit, unemployment is expected to continue downward to less than 6 percent in the second half of 2018. The percentage of employers reporting recruitment problems remains historically very high, **and according the CFO survey, worries about shortages of skilled professionals has increased and are now the major concern among firms**. Nevertheless, pay increases have remained muted. Unexpectedly high German collective pay agreements are likely to influence the next Swedish wage round, but the existing collective bargaining contracts – averaging 2.2 percent yearly pay hikes – will remain in force until early 2020. The tight resource situation should eventually push Swedish pay increases up to almost 3.5 percent in 2019.

Because of sharp currency depreciation and rising energy prices, Swedish inflation will nevertheless end up above the Riksbank's 2 percent target during most of 2018, but the central bank wants to see evidence that the strong economy will leave a mark on pay and service prices. SEB therefore forecasts that the first rate hike will not occur until April 2019 and that the repo rate will stand at a low zero percent by the end of 2019, despite the economic boom. It is thus increasingly likely that Sweden will enter its next recession with highly leveraged households, high home prices and a central bank with little possibility of combating a downturn. There is also a risk that inflation pressure will surge late in the economic cycle, as it did in 2001 and 2008, making the Riksbank's dilemma even more difficult.

The krona continues to appreciate after the dramatic downturn that occurred because of the Riksbank's signals that it was further raising the bar for the beginning of policy normalization. At the end of 2018 the EUR/SEK exchange rate will be just below 10.00 and at the end of 2019 it will be 9.70: still a weak level in historical terms.

Political deadlock will remain

The Swedish government's election year budget represents a rather expansionary fiscal policy both this year and next, but due to unexpectedly strong public sector finances, the government that takes over after the September 2018 election will have quite a lot of maneuvering room. Fiscal policymakers thus have rather good potential to take action in a situation where monetary policy ammunition is highly limited.

After nearly eight years of minority governments, the lack of decisive action in structural policy fields such as housing, taxation and jobs is increasingly evident. With both the red-green and Alliance blocs showing stable voter support of some 40 percent, it is hard to see how a strong, decisive government can be formed after the election. Neither bloc wants to work with the right-wing populist Sweden Democrats, who look set to retain their king-maker role.

Business outlook and financial prospects
The increase in optimism is smaller in Sweden, compared to Nordic and EU peers

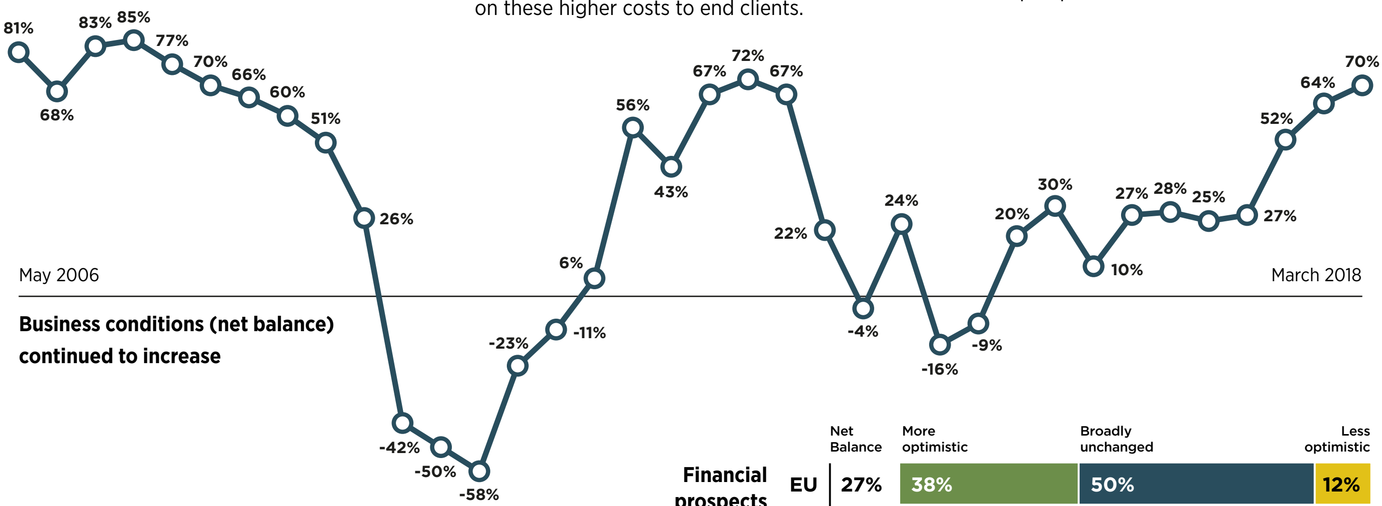
- **Increasing optimism, but momentum is faltering**
- **Large differences across industries**

Business conditions during the coming six months are seen as even more favorable than in the latest survey in fall 2017. However, the rise in optimism is continuing to lose momentum, which is not surprising given that it has risen for four consecutive surveys. This has only happened once before, after the financial crisis. Given the stock market turmoil which started in early February and – closer to home – the troubles in the Swedish housing market which started around October 2017, we are happy to see that the feared setback in optimism did not occur. Even more reassuring is that Construction was actually the third most optimistic sector. Including the other questions in the survey, this sector does not seem overly concerned about recent developments – if anything Construction sector CFOs are coming down from an extremely positive environment to a more normal one, but they perceive no crisis.

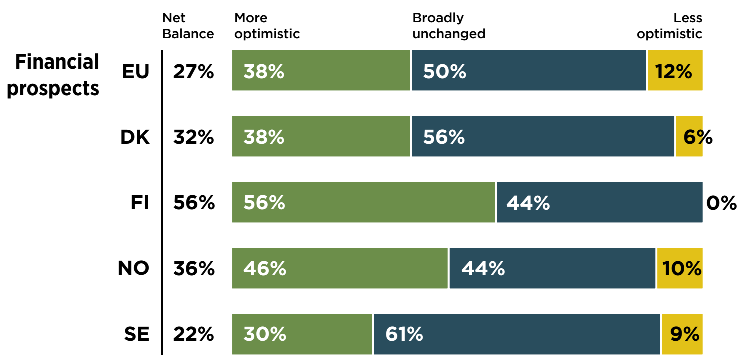
However, signs of concern are coming from the Consumer Business & Transportation (CB&T) sector, which is the least optimistic industry regarding future business conditions and recent developments in their financial prospects but also comes out on the negative side in other survey questions. We see two main reasons for this: (1) the CB&T sector is facing fierce competition, for example from foreign corporations entering the market, especially through web sales and (2) the CB&T sector is a net importer, and the very weak Swedish krona (SEK) is squeezing margins as costs increase, while fierce competition makes it hard to pass on these higher costs to end clients.

Regarding financial prospects (for which we amended the question slightly to adjust to the larger European survey) we note that Swedish CFOs are more optimistic about their financial prospects now than three months earlier. However they are less optimistic than their Nordic and EU peers. One explanation for lagging behind their international peers might be that Sweden is coming from a situation of relatively high economic growth, while in many other EU and Nordic countries growth still is rising but is not yet at such a high level as in Sweden.

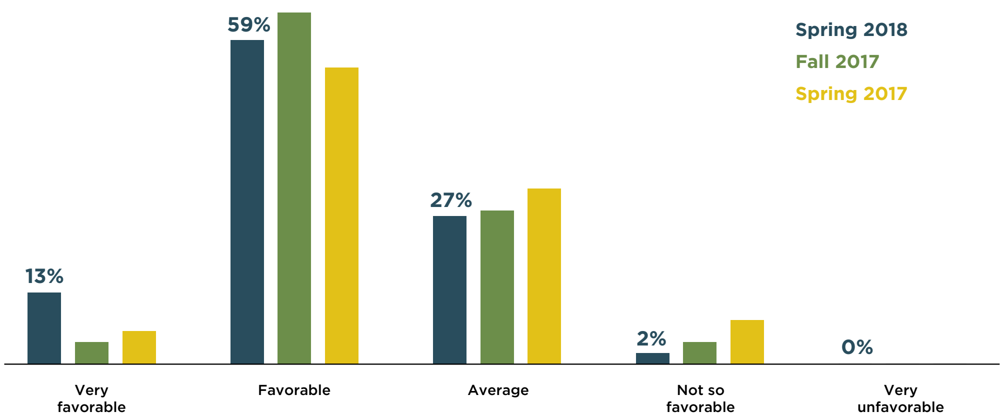
Key take-aways within business outlook and financial prospects:



Business conditions (net balance) continued to increase



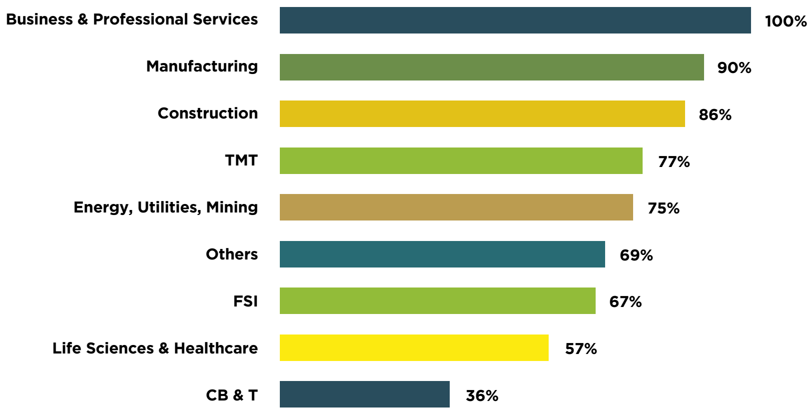
Business conditions last three surveys



Business conditions

- Business conditions improved for the fourth straight survey, which has only happened once before – during the upward correction from low levels set during the financial crisis
- The current net balance is the highest since November 2011, but the momentum of the increase slowed for the second consecutive survey
- Business & Professional Services, Manufacturing and Construction are the most optimistic industries, while CB&T stands out clearly as the least optimistic

Net balance business conditions sector distribution

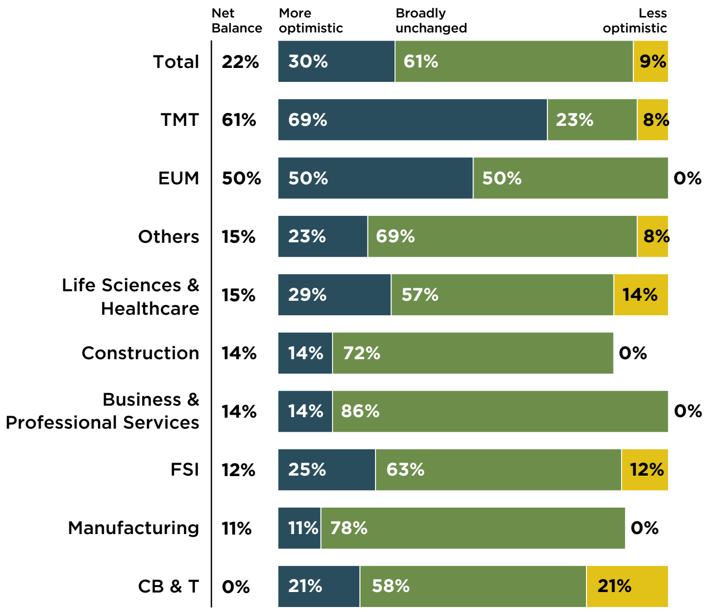


Financial prospects

Please note that, in order to align the Swedish survey with the broader European one, we have slightly amended the question regarding financial prospects, which unfortunately makes comparisons with past outcomes less useful, but meanwhile makes it easier to draw comparisons with Nordic and EU peers.

- On balance, Swedish CFOs are more optimistic about their financial prospects compared to three months ago
- However they are less optimistic than Nordic as well as EU peers
- Among industries, Technology, Media and Telecom (MT) stands out as the most optimistic about financial prospects and CB&T as the least optimistic one

Financial prospects sector distribution



Priorities and concerns

- **Expansive agenda remains**
- **Organic growth is the top priority**
- **Labor constraints are generally a significant concern**
- **Different sectors seems to be “fighting their own battles”, showing divergent concerns**

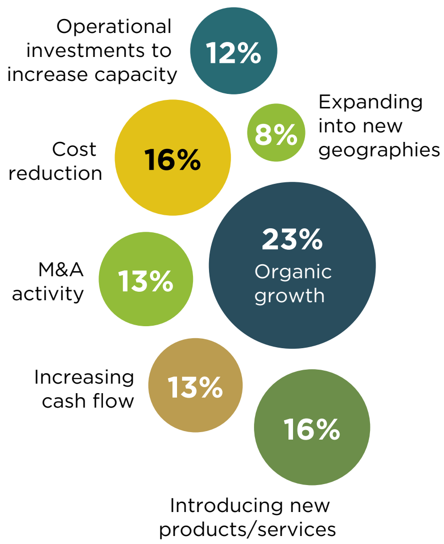
In recent surveys we have noted an increasing optimism and shifts towards a more expansive agenda, both when it comes to corporate priorities and use of excess cash. In this survey the overall impression is that these expectations have levelled off somewhat, but they remain at high levels.

As for concerns, labor constraints have emerged as the most significant risk according to the CFOs. Other than this, their responses vary across the different sectors, indicating that everyone is “fighting their own battle”. Cyber risk is not considered a major risk, which correlates with the view of CFOs that a cyber attack is relatively likely, but would have no major impact (see “the Hot topics” section).

Key observations within prospects and concerns:

Corporate priorities

- Organic growth* is ranked as a top priority among the majority of sectors
- Except for organic growth, the relative importance of different alternatives remains stable compared to previous surveys
- Introducing new products/services is considered a top priority in the Techonology, Media and Telecom (TMT) sector
- Operational investments to increase capacity is the preferred choice in the Energy, Utilities and Mining (EUM) sector
- Increasing cash flow is the top priority in the Manufacturing sector



Industry	Top priority
Financial Services	Increasing cash flow / M&A / Organic growth / reducing cost
TMT	Introducing new products/services
Energy, Utilities, Mining	Operational investments to increase capacity
Manufacturing	Increasing cash flow
CB & T	Organic growth
Life Sciences & Healthcare	Organic growth
Construction	Organic growth
Business & Professional Services	Organic growth
Others	Organic growth

* introduced as an alternative in the spring survey

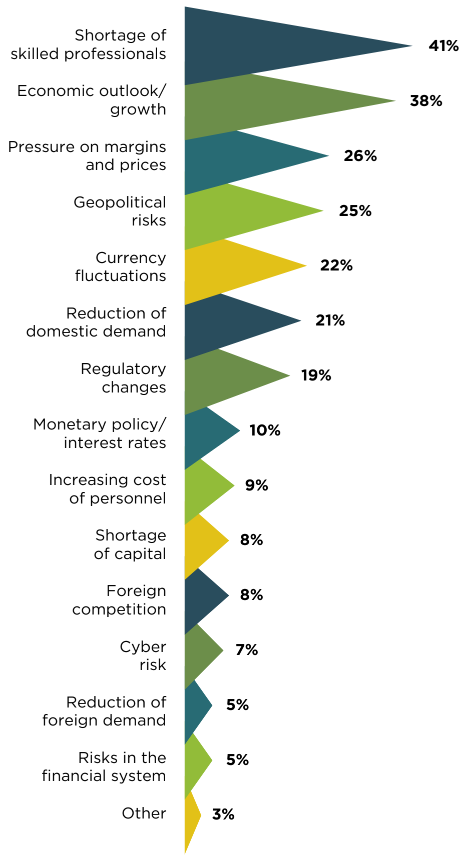
Greatest concerns

- The only sector that considers financial sector risks to be significant to itself is Financial Services
- In the Construction sector, the economic outlook and the shortage of skilled professionals – together with a reduction in domestic demand – are considered main risks
- Regulatory changes are considered the most significant risk by the Energy, Utilities, and Mining sectors
- Shortages of skilled professionals are the main concern in Business & Professional Services

Industry	Main concern
TMT	Shortage of skilled professionals
Business & Professional Services	Shortage of skilled professionals
Construction	Economic outlook/growth & Shortage of skilled professionals
Others	Economic outlook/growth & Shortage of skilled professionals
Financial Services	Geopolitical risks & Risks in the financial system
Manufacturing	Geopolitical risks, Economic outlook/growth & Pressure on margins and prices
CB & T	Reduction of domestic demand
Life Sciences & Healthcare	Pressure on margins and prices
Energy, Utilities, Mining	Regulatory changes

Concern	Industry expressing largerst concern
Currency fluctuations	TMT
Cyber risk	Energy, Utilities, Mining
Economic outlook/growth	Construction
Foreign competition	CB & T
Geopolitical risks	Financial Services
Increasing cost of personnel	Life Sciences & Healthcare
Monetary policy / interest rates	Energy, Utilities, Mining
Other	Manufacturing
Pressure on margins and prices	Life Sciences & Healthcare
Reduction of domestic demand	CB & T
Reduction of foreign demand	Energy, Utilities, Mining
Regulatory changes	Energy, Utilities, Mining
Risks in the financial system	Financial Services
Shortage of capital	Financial Services
Shortage of skilled professionals	Business & Professional Services

Factors that are likely to pose a significant risk to the CFO's business over the next 12 months



Financing and risk

- CFOs note an increase in the probability of default by counterparties and deterioration in the lending attitude of financial institutions
- A large majority of Swedish CFOs foresee a normal level of uncertainty, while their EU peers still view uncertainty as high
- 1 out of 3 Swedish CFOs are willing to take on further risk – which is the highest number in two years

Both when it comes to the probability of default by counterparties and the lending attitude of financial institutions, we note less favorable views. However, the deterioration in lending attitude is primarily explained by the expanded sample of the survey, which supports anecdotal evidence that size of a company matters in determining the willingness of financial institutions to provide loans.

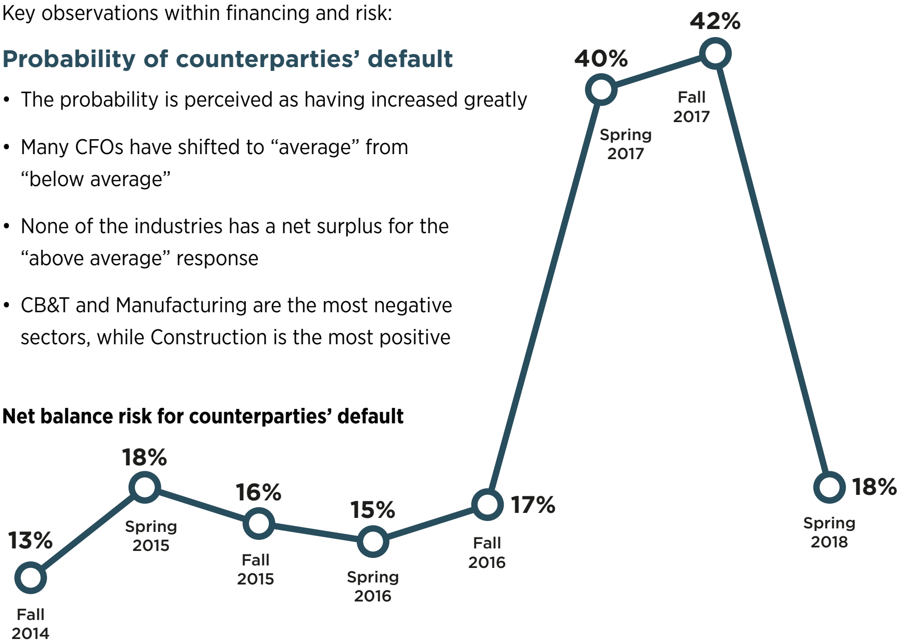
A majority of Swedish CFOs view external uncertainty as being normal, while the majority of their EU peers see it as higher than normal. Once again, Sweden's relatively stronger economic growth, marked by optimism among both domestically and internationally oriented sectors, may be the reason for this. Only 1 out of 3 Swedish CFOs think it's currently a good time to take on further risk in their balance sheets. However, this is the highest ratio in two years and thus clearly supports an expansive agenda.

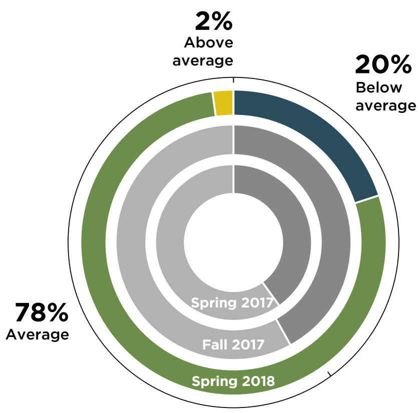
Key observations within financing and risk:

Probability of counterparties' default

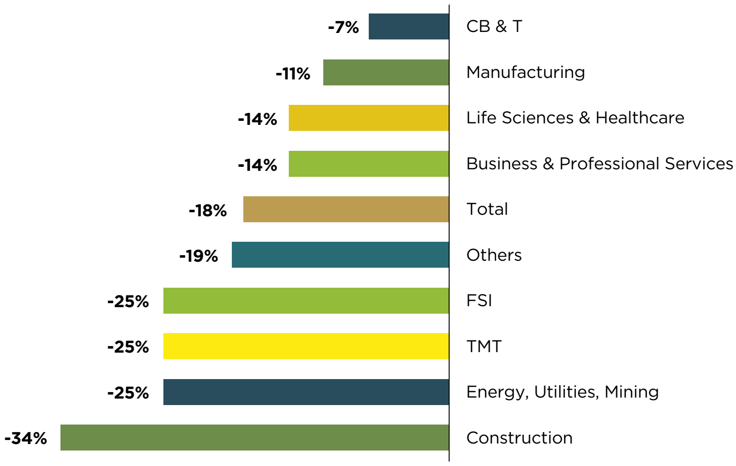
- The probability is perceived as having increased greatly
- Many CFOs have shifted to "average" from "below average"
- None of the industries has a net surplus for the "above average" response
- CB&T and Manufacturing are the most negative sectors, while Construction is the most positive

Net balance risk for counterparties' default





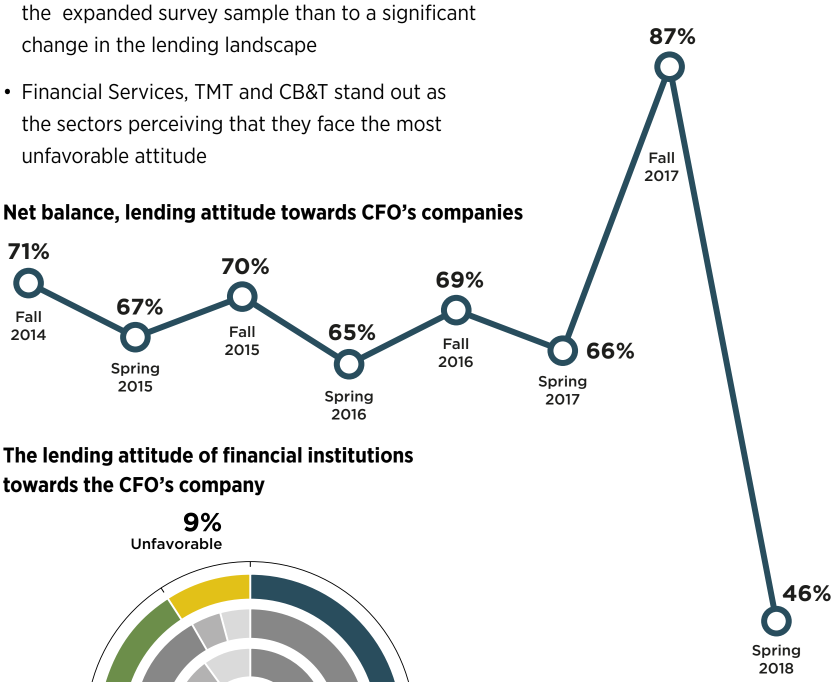
Sector distribution, net balance risk for counterparties' default



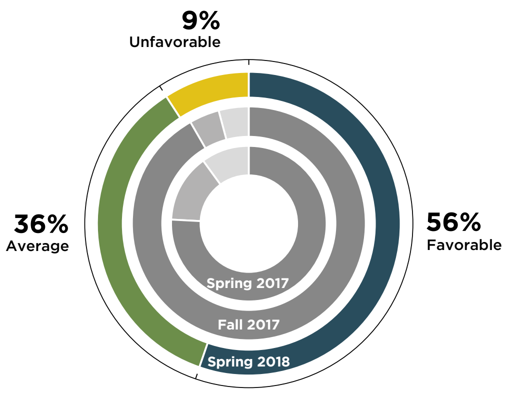
Lending attitude

- A majority of CFOs are still seeing a favorable lending attitude by financial institutions toward their companies
- But there is a large shift to an "average" attitude from a "favorable" one, which seems more due to the expanded survey sample than to a significant change in the lending landscape
- Financial Services, TMT and CB&T stand out as the sectors perceiving that they face the most unfavorable attitude

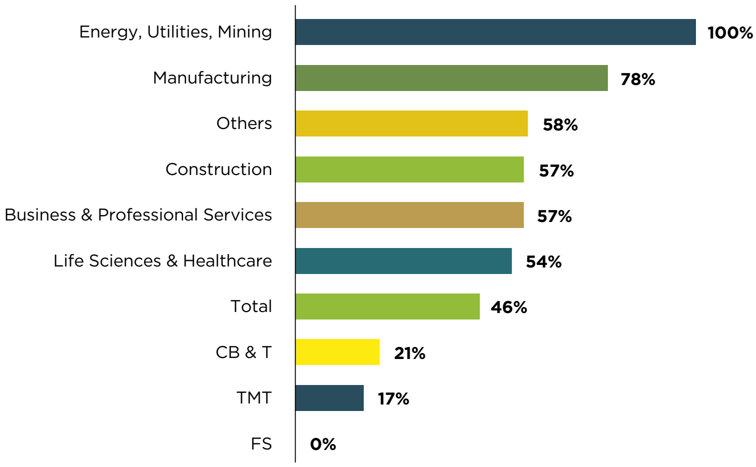
Net balance, lending attitude towards CFO's companies



The lending attitude of financial institutions towards the CFO's company

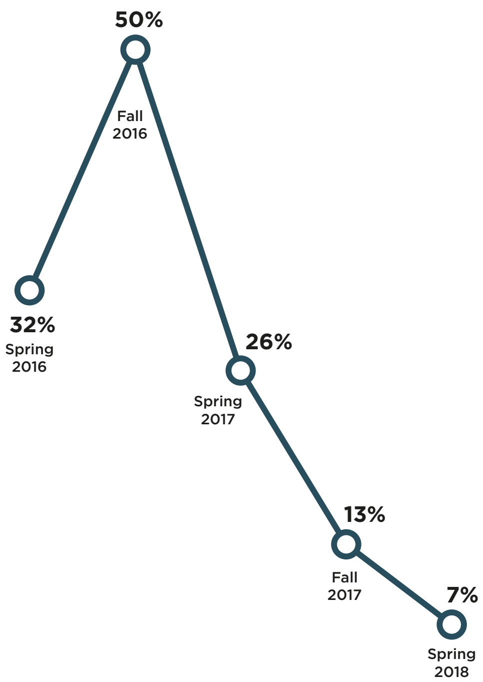


Sector distribution, net balance for lending attitude

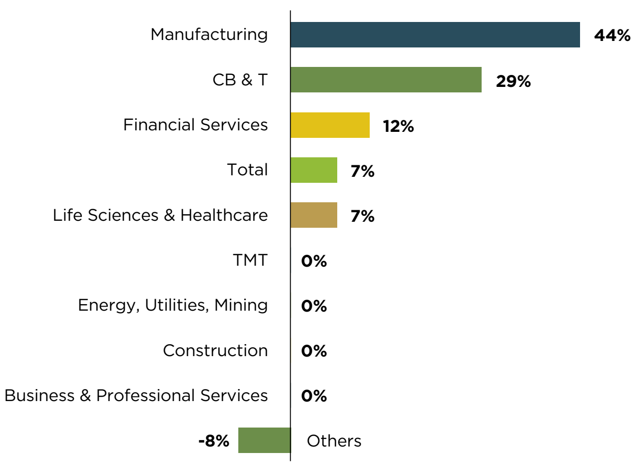


External uncertainty

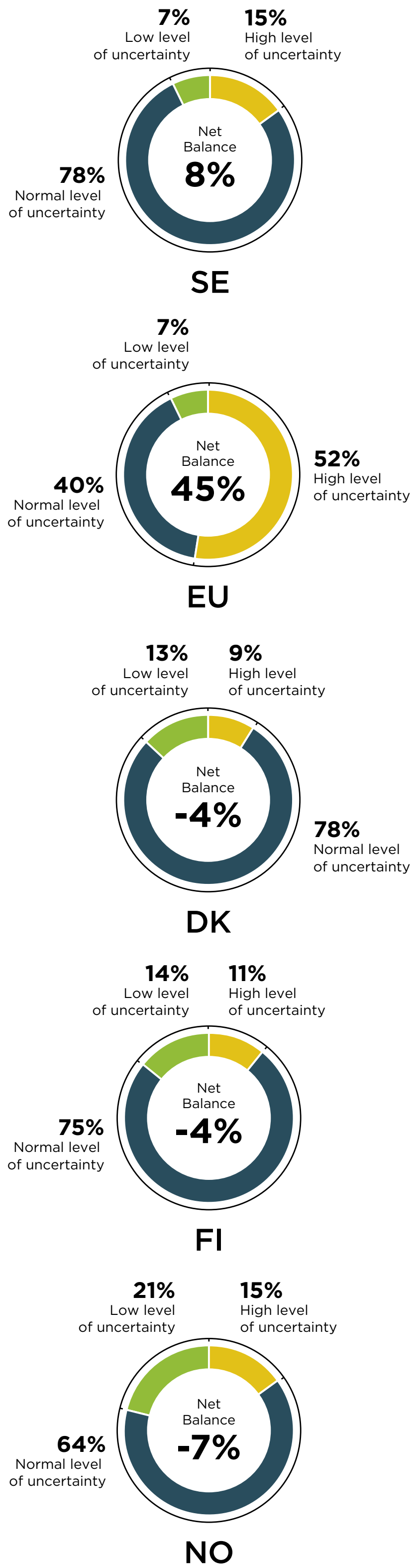
- A large majority of Swedish CFOs see a normal level of uncertainty
- This is true also for their Nordic peers who – on a net basis – nevertheless view uncertainty as even lower
- Meanwhile a small majority of EU peers perceive a high level of uncertainty
- Manufacturing, CB&T and Financial Services stand out as the sectors that perceive higher levels of uncertainty



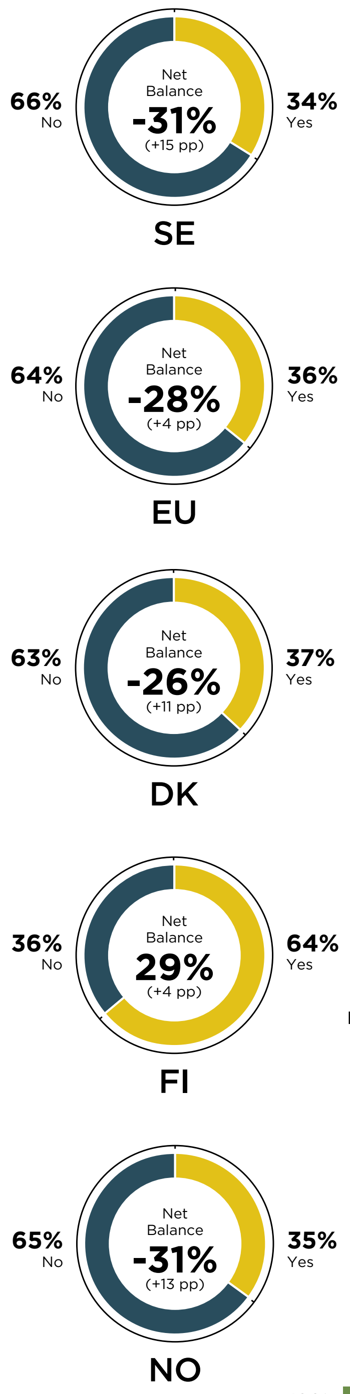
Net balance, external uncertainty



Rating of overall level of external financial and economic uncertainty facing your business?

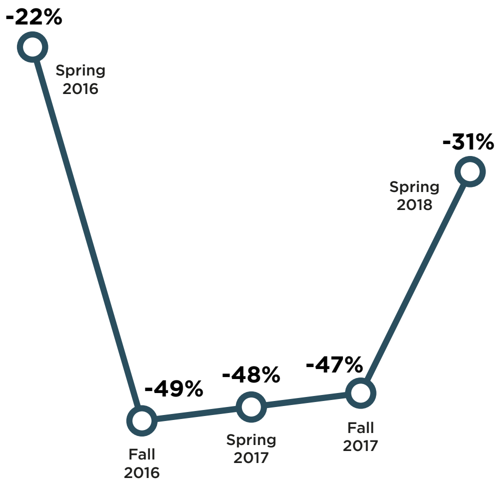


Is this a good time to be taking greater risk onto your balance sheet?

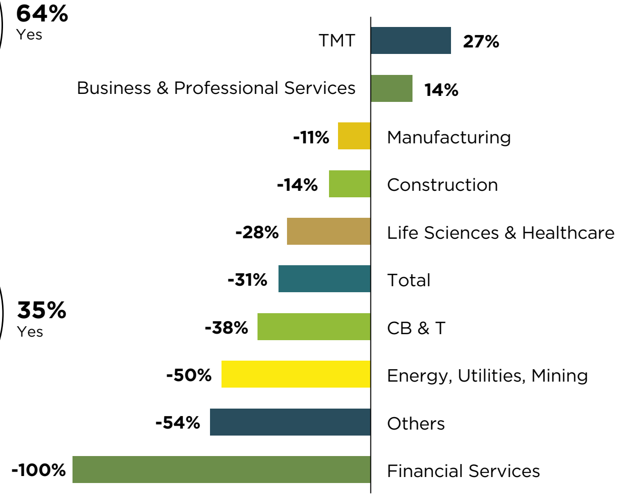


Taking on risk

- Swedish CFOs continue to be defensive in the sense that a majority do not think this is a good time to be taking on greater risk
- However, 34 percent saying yes to the question below is the highest positive response since the spring 2016 survey (38 percent).
- Financial Services stands out as the sector that is by far the most reluctant to take on greater risk



Sector distribution, net balance for taking on risk



Strategic opportunities

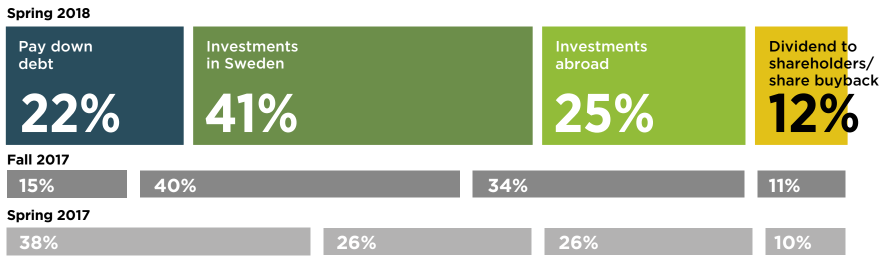
- Investments remain the preferred choice
- 94 percent expect M&A activity to remain at current high levels or even increase
- A majority of the CFOs expect the number of employees to increase significantly

As mentioned before, in the fall survey we noted an increase in optimism and a shift towards a more expansive agenda. The current survey indicates these expectations have levelled off somewhat, but remain at high levels. Responding CFOs express expectations that are somewhat more cautious with regard to growth in revenues, operating margins and their cash flow than in the fall 2017 survey, but they remain more optimistic overall than EU peers. As seen in the past few surveys, Swedish CFOs expect their companies' number of employees to increase, although shortages of skilled professionals remain a concern.

Key observations within strategic opportunities:

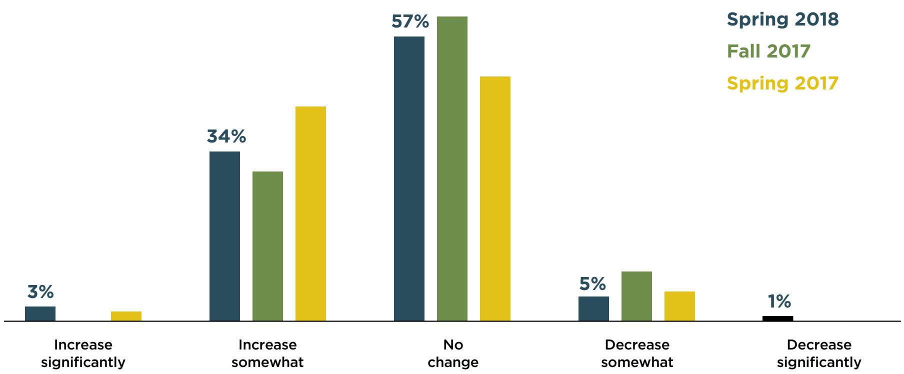
Use of excess cash

- Investments in Sweden remain the preferred choice
- Compared to the last survey, there is a shift towards paying down debt (from investments abroad in the latest survey). Investments in Sweden are primarily driven by Financial Services, Construction and Business & Professional Services – sectors in which the majority of CFOs consider them the preferred choice
- Investments abroad are the preferred choice in the Life Science sector



Corporate acquisitions and divestments

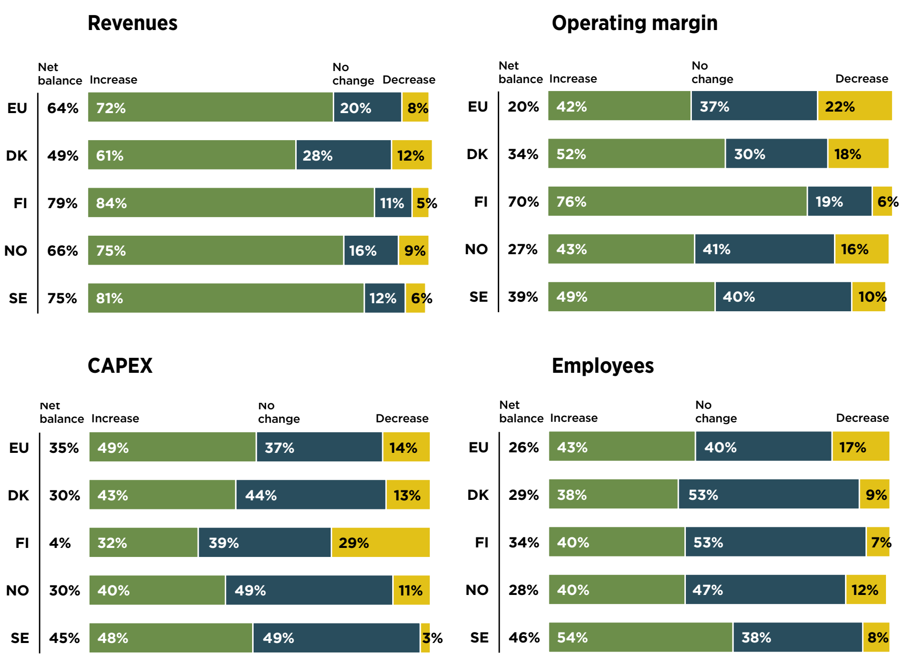
- As many as 94% of the CFOs expect the M&A activity level to remain at its current high levels, or possibly increase even more.



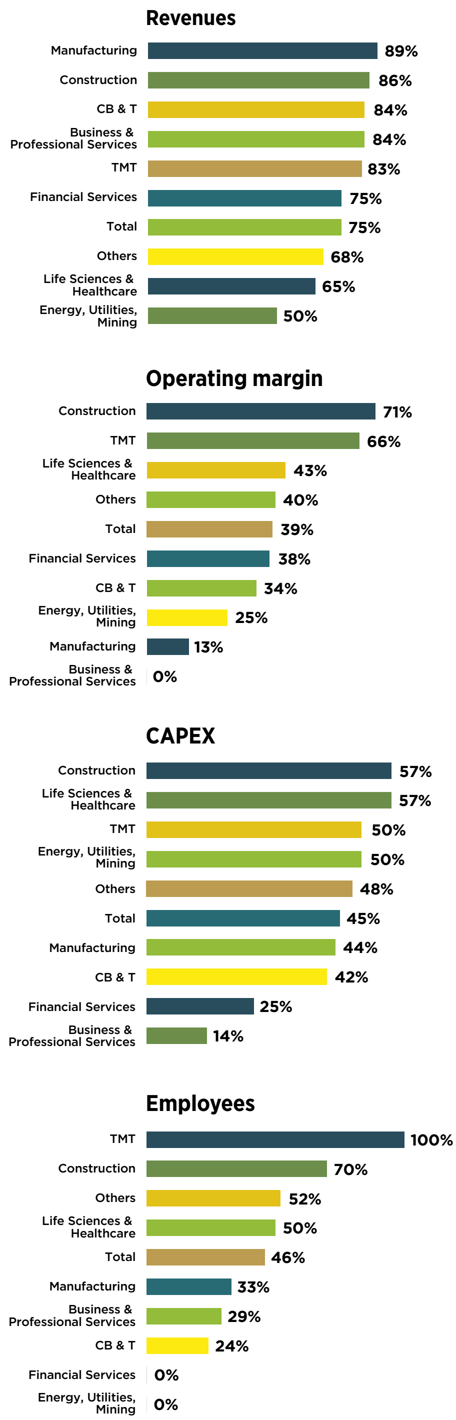
Key metrics

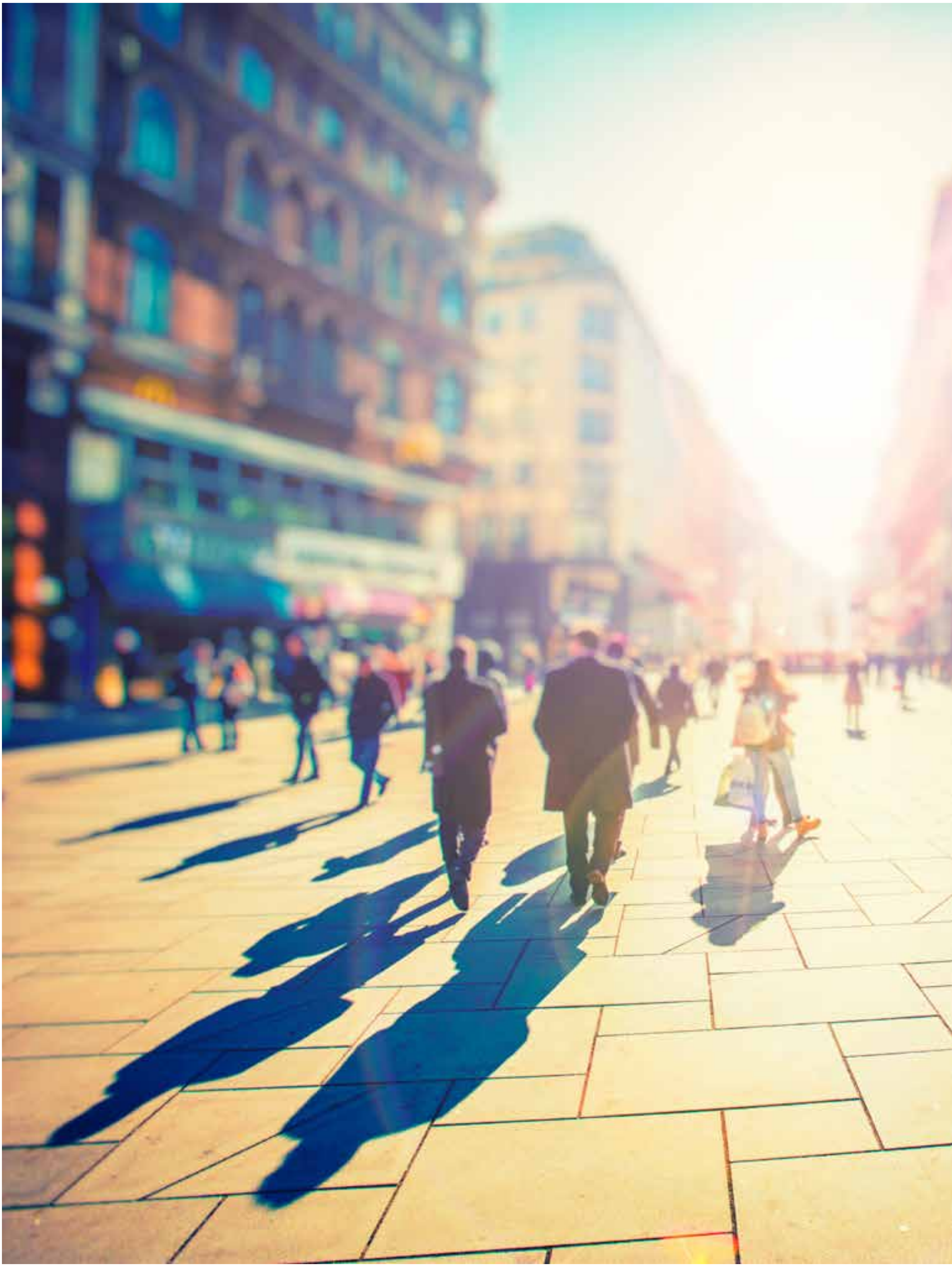
- More cautious expectations on revenues, operating margins and cash flow when looking at the net balance than in the fall 2017 survey
- Swedish CFOs more optimistic compared to both EU and Nordic peers when it comes to revenues, CAPEX and Employees
- Swedish CFOs are more optimistic than EU but less that Nordic peers when it comes to operating margin development
- Expectations of an increase in employee numbers are primarily driven by the TMT and Construction sectors
- The majority of CFOs within Life Science, Energy and Construction expect capex to increase
- Higher employee net balance than EU and Nordic peers but also a larger percentage that will increase headcount – actually a majority will expand their number of employees!
- Comparing with the 20 countries in the European survey:
  - o Employee net balance level, 3rd highest and 3rd largest increase
  - o Capex net balance level, 6th highest out of 20 and 3rd largest increase

How are the following key metrics for your company likely to evolve over the next 12 months?



The graphs below show the net balance for each key metrics





Hot topic
Risk to the global economy

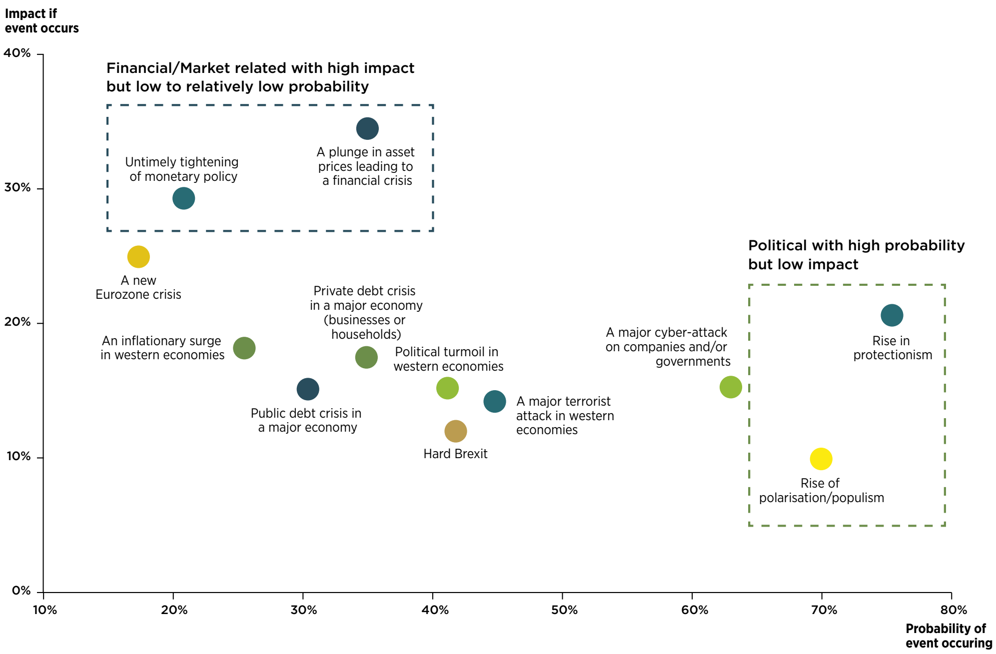
None of the stated events in the survey question qualifies as a major risk (defined as having both a high probability of occurring and a large impact on the companies if occurring). The events assessed as most likely to occur ("Rise in protectionism" and "Rise in polarization/populism") are of a political nature and are expected to have relatively small impact on the CFOs' own companies. A probable reason the "Rise in protectionism" event was singled out as particularly likely is the steel and aluminum tariffs enacted by the US while the survey was conducted, while the reason for "Rise in populism" standing out probably has more to do with the political winds in Europe lately.

- **No major risk concerns**
- **Political events assessed as most likely to occur**
- **But market/financial events expected to have the largest impact on CFOs' own firms**

A plunge in asset prices leading to a financial crisis is perceived as having a big impact on the CFOs companies, but is considered far less likely. This is interesting, since stock markets fell sharply just before during the period the survey was conducted and was only tentatively stabilizing. Evidently the CFOs did not expect a continued destabilization and a larger crash. Untimely tightening of monetary policy is another event estimated to have a small probability but a large impact. One reason for this may be worries that highly expansionary monetary policies have created imbalances that would impair business conditions if key interest rates are raised too soon or if the pace of rate hikes becomes too fast. One such concern would be lower spending by consumers (since they would want to pay off more of their debts) which would hurt the already least optimistic CB&T sector. Another concern would be less favorable conditions for the real estate sector, which has already become marginally less optimistic.

Overall, Swedish CFOs are well aligned with the views of their EU peers. The average EU-based CFO lists the same three events on the top regarding likelihood, and a plunge in asset prices is also the event estimated to have the largest impact on their firms. However, for the average EU-based CFO, a new euro zone crisis is estimated to have a larger impact than for Swedish CFOs. Not surprising, given that Sweden was a peripheral country in the last crisis.

CFO assessment of major events



Note that we are showing the percentage of respondents answering that an event is somewhat/extremely likely and would have a high/very high impact

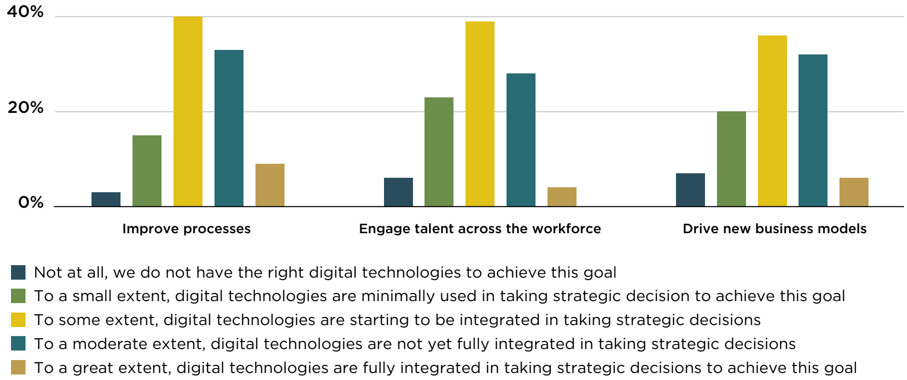
Hot topics
Digital technologies

- **Digital technologies are becoming integrated in strategic decision-making**
- **Investments to increase in all areas of digital-business**
- **Finance teams are fairly well prepared in terms of digital transformation**

To some extent, digital technologies are starting to be integrated into strategic decision-making. The overall message is that investments related to digital business will increase in all areas in the survey. The vast majority of the CFOs consider their finance team to be at least fairly well prepared for digital transformation.

Strategic decision-making

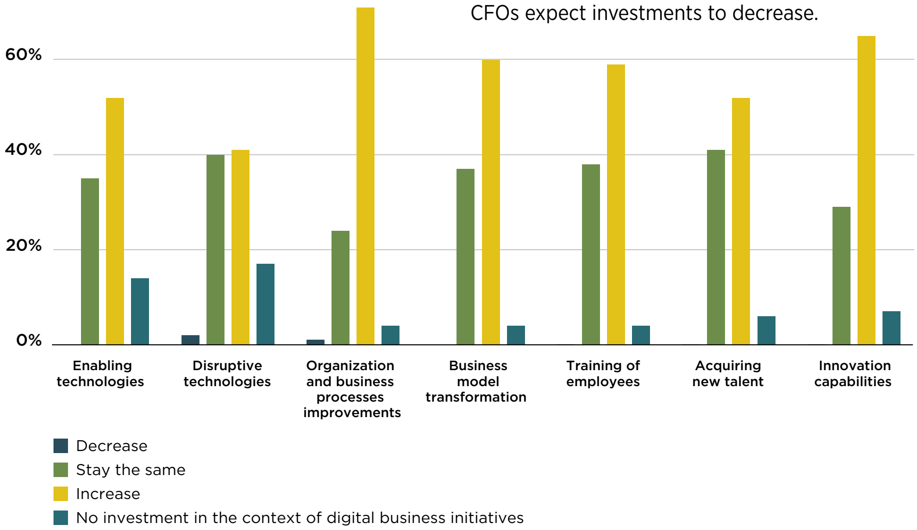
To some extent, digital technologies are starting to be integrated into strategic decision-making. Among the areas mentioned in the survey – **Improve processes, Engaging talent across the workforce** and **Drive new business** models – approximately 70 percent of the CFOs state that digital technologies and capabilities are, to at least some extent, integrated in their company's strategic decision-making. As for **Improve processes**, TMT and Construction stand out with a rather high share of CFOs ranking their digital integration as higher.

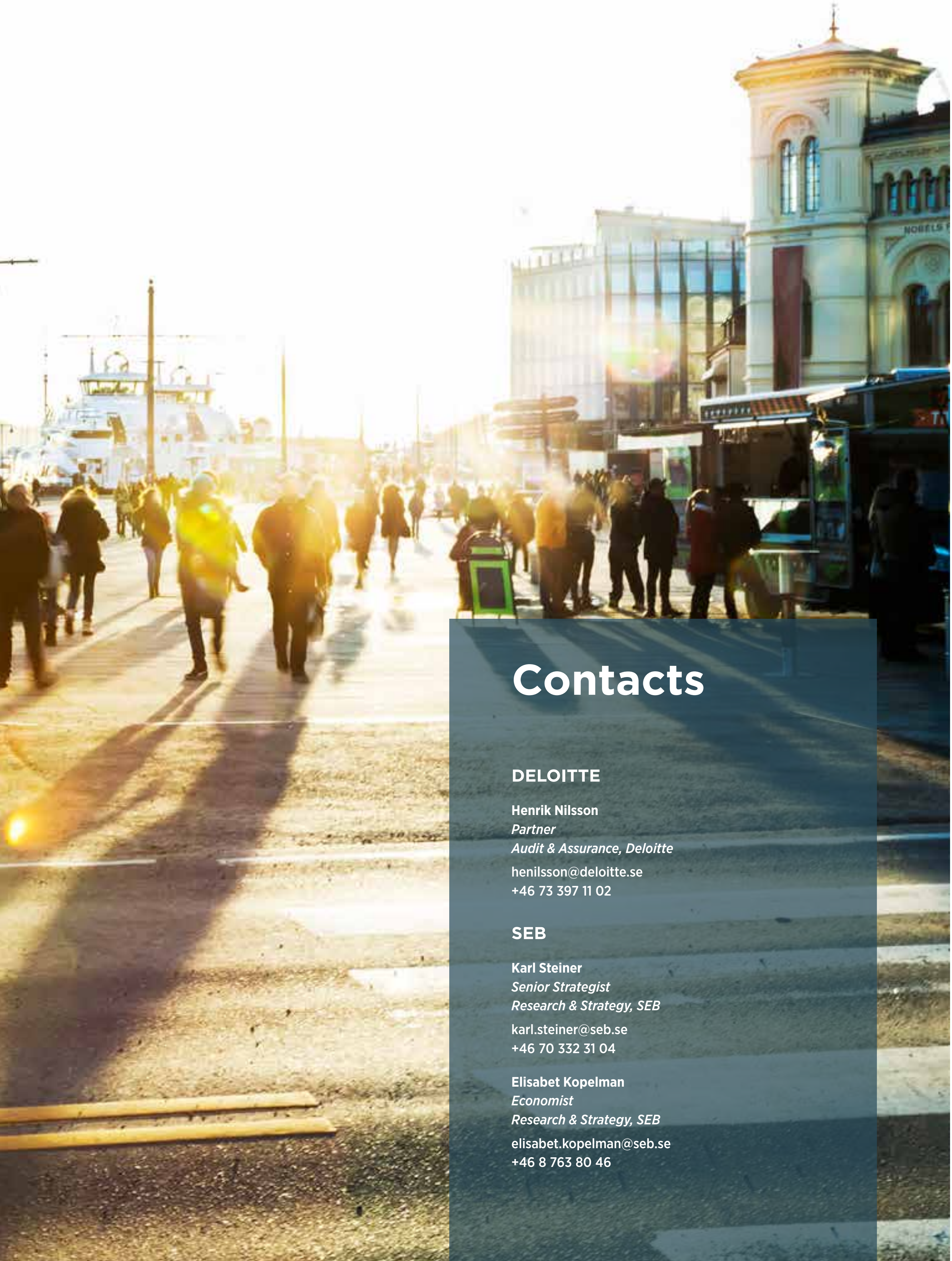


Investments over the next 12 months

When it comes to investments, the overall message is that it will increase in all areas. **Organizational and business process improvements** appears to be an area of high priority, with as many as 71 percent of CFOs expecting an increase – primarily driven by CFOs in the Business & Professional Services sector.

The Business & Professional Services sector stands out, with the majority expecting increased investments in all areas. In **organization and business process improvements** and **Innovation capabilities**, 100 percent of the CFOs expect increased investments. Financial Services and Construction stand out at the other extreme, expecting investments to stay at the same level as today. Hardly any of the CFOs expect investments to decrease.





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