



Stockholm, 20 March 2009

INFORMATION TO MEDIA

SEB's China Financial Index: Sales and Profits down in China - but Northern European companies are continuing to invest

Top managers at Northern European subsidiaries in China are generally pessimistic about the short-term business situation on the Chinese market. The companies see customer demand falling and foresee a worsening situation in the coming 6 months.

The Chinese economy, which has averaged above 10 percent the last three years, fell to 6.8 percent in the fourth quarter compared to one year earlier and total exports from China fell by 25.7 percent in February compared to last year.

"The global economic crisis is currently impacting on business prospects for Scandinavian and German companies in China. Falling exports combined with slowing domestic demand make companies negative in the short-term", says Fredrik Hähnel, Client responsible at SEB in China.

However, downscaling is not on the agenda. On the contrary, as many as two thirds of the companies are planning to invest further in China, indicating expectations that the Chinese economy will recover in the medium term.

"Given a much gloomier outlook in other major economies, the global crisis has not changed the view of China as an attractive investment destination, comparatively speaking. As Europe, the USA and Japan are all heading for negative growth through the year, China may very well be the only major growth market in 2009", Hähnel continues.

Employment plans indicate the same thing. Most companies are not planning any redundancies and the number of companies planning lay-offs is equal to the number planning to add staff, according to the survey.

"Companies are sticking to their long-term strategies and view China both as a low-cost manufacturing base and a vast growth market", Hähnel concludes.

As many as 73 percent of the respondents see customer demand as the greatest concern in China the coming 6 months. Other main concerns are competition and customers' payment ability.

This is the first publication of SEB's China Financial Index, a unique survey that will be published semi-annually. The purpose is to reflect changes of sentiment among Northern European and German companies in China and facilitate the understanding of economic and financial trends in the country. The survey comprises a total of 11 questions covering areas such as business climate, investment plans, employment plans as well as views on currencies and interest rates. The full report is available on www.sebgroup.com/press.

For further information, please contact:

Fredrik Hähnel, Client Responsible, SEB in China, +86 138 1680 99 77

Press contact: Elisabeth Lennhede, +46 70 763 99 16, Elisabeth.lennhede@seb.se