

## Sweden – Press review October 2017

### **Swedish economy remains strong**

The National Institute of Economic Research (NIER) said on Friday that its Economic Tendency indicator had edged down from 113.9 in September to 113.3 in October but that growth in the Swedish economy was still stronger than normal. Production capacity has been expanded in the manufacturing industry. Capacity is still insufficient, however, and the main factor curbing production is no longer demand but shortages of machinery and plants. (28/10 DI: 20)

### **E-krona soon here**

Sweden is moving towards a cashless society and to deal with the development, the Riksbank has started to look into a digital currency called the e-krona. Eva Julin, project manager for the e-krona at the Riksbank says “We think that a central bank should be prepared,” and continues, “The Riksbank is the first in the world to look at a central bank-issued digital currency from a very practical perspective.”(DI: 20)

### **Nordea makes shock announcement**

The Nordea bank came with new sensational news on Wednesday: at least 6,000 employees and consultants are to go over three to four years. The bank says it is due to digitalization. “However, this is not a cutback. This is a transformation to a genuine digital bank over a four-year period,” says CEO Casper von Koskull. He points to huge investment into compliance and risk management, technology and digital bank services, which has pushed up costs. The union for graduates in business administration and economy believes that the savings programme could be followed by others in the sector. (DI: 6-7, DN I: 26, SvD bus: 4)

### **Swedish health companies to be world leaders**

Swedish healthcare companies are to be exported. The government wants Swedish companies to find new customers abroad, with the greatest potential in Asia, in countries such as India, Japan and China. “Swedish healthcare is world class. We believe that it could give opportunities to Swedish companies to produce services and products abroad, but it could also generate more knowledge about Sweden,” says Agneta Karlsson, state secretary of Social Affairs Minister Annika Strandhäll. Fredrik Fexe, deputy CEO of Business Sweden, helps Swedish companies export, and believes there is a demand for healthcare companies. Having a leading edge in digital development also gives Sweden opportunities to stand up to competition, he believes. Yesterday, 25 players in the newly created Team Sweden Care & Health met to take advantage of the export potential within healthcare, pharmaceuticals, biomedicine and medical technology. They are looking at ways to export complete solutions. (DN I: 19)

### **SEK 10 million extra to drug approvals**

When the European Medicines Agency (EMA), based in London, receives applications from drug makers seeking marketing approval for new treatments in Europe, it passes on the applications to national drug agencies. Since the summer, and as a result of Brexit, the EMA has stopped all complicated drug approval processes in the UK. Instead some are now being passed on to the Swedish Medical Products Agency which is to receive an extra SEK 10 million from the government so that it can recruit a number of experts. (DN I: 22)

### **Google buys land in Avesta**

Google has confirmed that it has acquired 109 hectares of land in Avesta municipality in the Dalarna region, which could potentially house a future data centre. Enterprise and Innovation Minister Mikael Damberg welcomes the news, saying one of the consequences of this is that other companies may “have their eyes opened” to Sweden. (14/10 DN I: 26)

### **Astra Zeneca prepares for Brexit**

Pharmaceutical giant Astra Zeneca’s board has made a “first step” to prepare to move manufacture and research from the UK if the country leaves the EU without an agreement, says chair Leif Johansson in an exclusive interview with DN. The Swedish British company is one of the world’s leading pharmaceuticals and needs to be close to a leading network of researchers. Leif Johansson emphasises that this is about probability and there are no concrete plans yet to move because he has difficulty believing there will be a hard Brexit. (2/10 DN I: 17)

### **Spotify worth 128 billion**

The Swedish digital music service Spotify has been valued at around USD 16 billion, around SEK 128 billion. This is an increase of around USD 3 billion since June. (2/10 SvD bus: 5)

### **Spotify power move**

Spotify is planning an IPO, giving drinks giant Coca Cola, risk capital firm Northzone, Hong Kong based financier Li Ka-shing and other shareholders that chance to sell their holdings, in many cases for huge returns. With an IPO, Spotify’s board, led by the Swedish founders, loses control over who buys into the company. However founders Daniel Ek and Marin Lorentzon have a plan for maintaining control over the streaming giant. At an extra company meeting earlier in October, a new proposal was passed that give Spotify’s board the right to distribute a large pot of shares to those they consider suitable. Although this cannot happen if it means the founders’ joint share falls below five per cent. (DI: 13)

### **Volvo takes to gas**

Truck maker Volvo is launching a new more environmentally friendly engine to be used in trucks. The engine runs on liquefied gas and can be used in heavy duty lorries. According to Volvo it will reduce emissions of carbon dioxide by between 20 and 100 per cent, depending on whether natural gas or biogas is used. (SvD bus: 13, DN I: 17)

### **Leten Ericsson’s salvation**

Atlas Copco’s former CEO Ronnie Leten is to become the new chair of Ericsson’s board, news that was applauded by the markets. Johan Forssell, CEO of Investor and chair of the nomination committee commented, “We are unanimous in the nomination committee that Ronnie Leten is the right person for the job.” He explains that Leten will lead the board and, using his broad industrial experience, will be involved in the vital strategic discussions and support the management in executing the strategic direction. Although he does not have experience within telecommunications, Johan Forssell emphasises that he does have technical competence, as well as experience of digitalisation of a large business from his time as CEO of Atlas Copco. (DI: 6-7, DN I: 17, SvD bus: 4)

### **Northvolt continues hunt for funding**

CEO Peter Carlsson has confirmed that Northvolt will build its lithium-ion battery factory in the municipality of Skellefteå, northern Sweden. Construction will start in 2018 and between 2,000 and 2,500 jobs will be created. A R&D centre will be built in Västerås municipality, creating around 300 to 400 jobs. To date Northvolt has drawn in just SEK 215 million of the SEK 1 billion needed to realise its plans, but Peter Carlsson hopes to have raised the funds by the end of the year. Despite the CEO’s optimism, Enterprise Minister Mikael Damberg (S) says the funding of the project is a major challenge. (DN I: 21, SvD bus: 4-5, DI: 12)

### **Four companies announce shift on same day**

Construction firm NCC said on Monday that it had fired its CEO, Peter Wågström, in a move to improve profitability. Paper company Billerud Korsnäs announced that Petra Einarsson would take over as CEO in January 2018, replacing Per Lindberg, who is to become CEO of Atlas Copco's Epiroc business. Niche bank Hoist Finance and Studsvik also named new CEOs. (DI: 6-7)

### **Vattenfall working for green transformation**

It is roughly one year since Vattenfall sold its four brown coal power plants and four open cast mines in Germany. The state power company was criticised in Germany for shrugging of its environmental and employment responsibilities and in Sweden for selling when brown coal was at its cheapest. The company is working to abolish coal-powered energy by 2030. German Vattenfall is to invest over EUR 2 billion, around SEK 19 billion over the coming five years. "That is with growth within renewable energy and customer business, growth in distribution of power, gas and heating and redesign of our production park for heating," says Tuomo Hatakka, head of Vattenfall GmbH, which is counting on the German government continuing to realign to greener energy. (23/10 DI: 16-17)

### **Volvo report exceeds expectations**

An operating profit of SEK 7.4 billion for the quarter was 13% better than expected according to SME Direkt. The Volvo Construction Equipment (VCE) business area presented operating margins of 11.7%, adjusted for a nonrecurring item. Margins in Q3 last year were 5.2% and analysts had expected margins of 10.6%. (21/10 DI: 6-7)

### **Ahsell's CEO: Sweden is the engine**

Industrial distributor Ahsell's operating results, EBITA, amounted to SEK 597 million for the third quarter 2017. Net turnover amounted to SEK 6,492 million, more than expected and up from SEK 5,880 million last year. CEO Johan Nilsson wrote in the interim report that its largest market, Sweden, is still the "engine for the group" with organic growth of 13%. (21/10 DI: 11)

### **Fingerprint Cards pinning hopes on smart cards**

Fingerprint Cards (FPC) can see light at the end of the tunnel although expects 2018 to be a tough year. A couple of weeks ago the company presented a quarterly report in which sales fell by 55%. Christian Fredrikson, CEO, says, "Fingerprint readers for mobile phones is now a mature market, with all that entails. Last year the average price fell by 30%." The decline is also due to mobile operators building up stock. However, FPC has just introduced new technology for scanning irises, which will compete with the iPhone X's facial recognition technology. It is also developing a new fingerprint reader for mobiles. The company expects to be able to sell the technologies to manufacturers of everything from smart cards to locks. (6/11 SvD bus: 4)

### **Forecast boosts SAS**

The board of the airline SAS gained authorisation to implement a new issue of a maximum of 66 million ordinary shares during an extraordinary shareholders' meeting on Friday. This corresponds to almost 20% of the number of common shares outstanding. It remains unclear whether the board is going to use the mandate, and if so, when. On Friday the airline's shares climbed after SAS presented new forecasts for the 2017/2018 financial year. SAS expects profits before tax and one-off posts to be between SEK 1.5 and 2 billion. This would constitute steady progress from the recent financial year. The forecast indicates the company is in a significantly stronger position than several years ago, says Jacob Pederson, aviation analyst at Sydbank. (4/11 DI: 8, DN I: 20)

### **Tourists in Sweden**

Tourists spent SEK 85 billion in Sweden last year, which is 11% of total retail sales in Sweden. (4/11 DI: 7)

### **Vattenfall to construct British power network**

State energy giant Vattenfall is making more investments in the UK and is constructing a power

network. The new unit Vattenfall Networks has been granted permission by the British authorities to run power operations. Vattenfall will construct and run new connections to the existing network in residential, trade and industrial areas. (4/11 SvD bus: 16)