

2020 Kearney Foreign Direct Investment Confidence Index[®]

Sweden



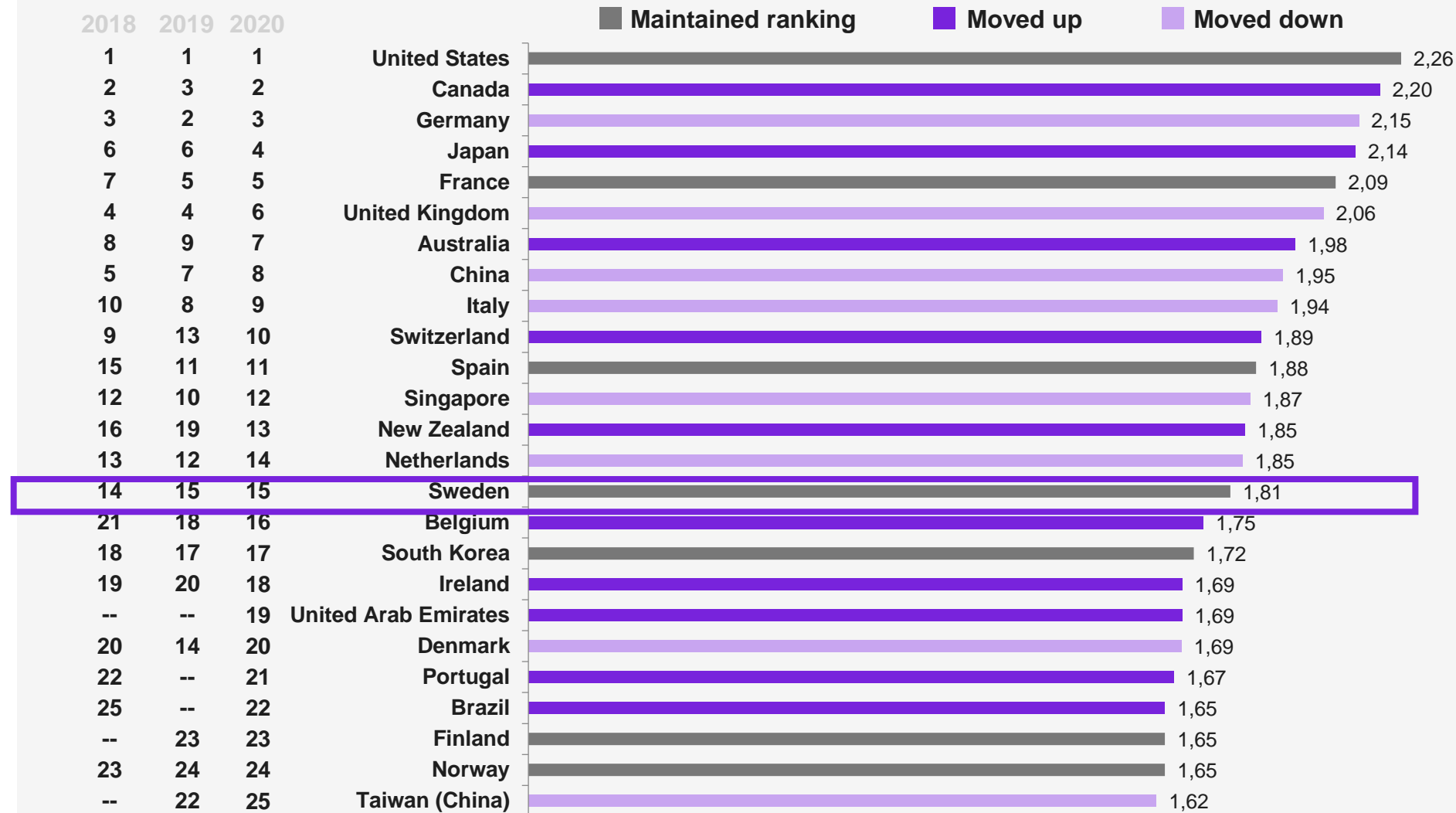


Sweden maintains its 15th position in this year's Index

Drivers of Sweden's performance

- Sweden grew at an estimated 1.3 percent in 2019. Its economy is expected to contract in 2020, in line with much of the rest of the world due to the coronavirus and economic downturn that it provoked.
- Sweden has globally competitive industries in areas like manufacturing, and its skilled workforce help make it a very strong economy in terms of technological innovation. Technology and innovation capabilities are among top factors for investors when making decisions.
- Though Sweden did not resort to the same strict COVID lockdowns as many of its European peers, its economy was showing signs of duress even before the virus erupted. These could sour the nation's short term economic outlook.
- At the EU level, Sweden remains committed to free trade, which investors likely find appealing. Sweden's electric vehicle industry caught the eye of many investors in 2019.

2020 Kearney FDI Confidence Index



Sweden has been in the top 25 for the past five years, and has seen its rank and score significantly improve in recent years

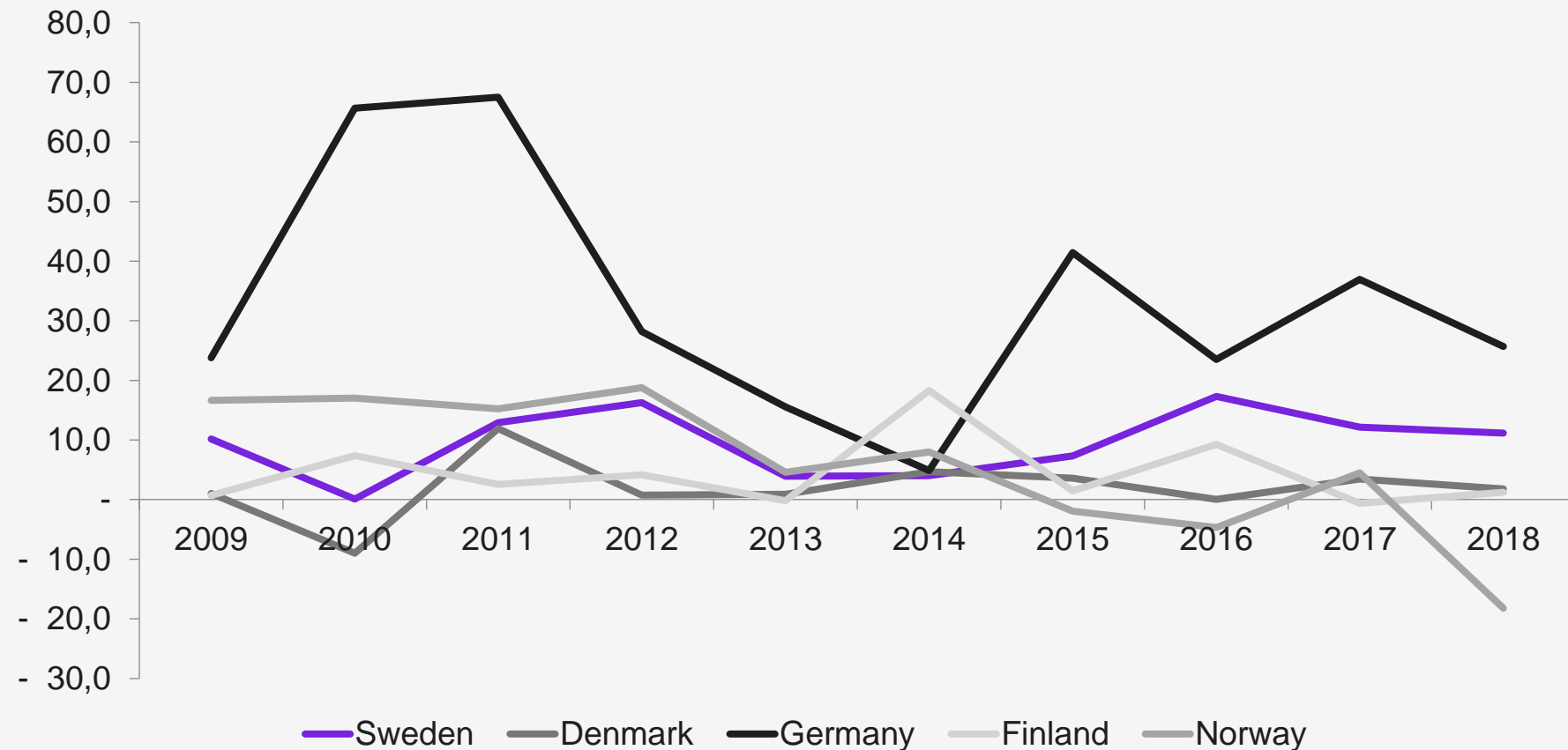
Sweden historical position in the FDI Confidence Index



Sweden receives more FDI flows than its Nordic neighbors, but less than larger peers

FDI inflows to Sweden and its peers

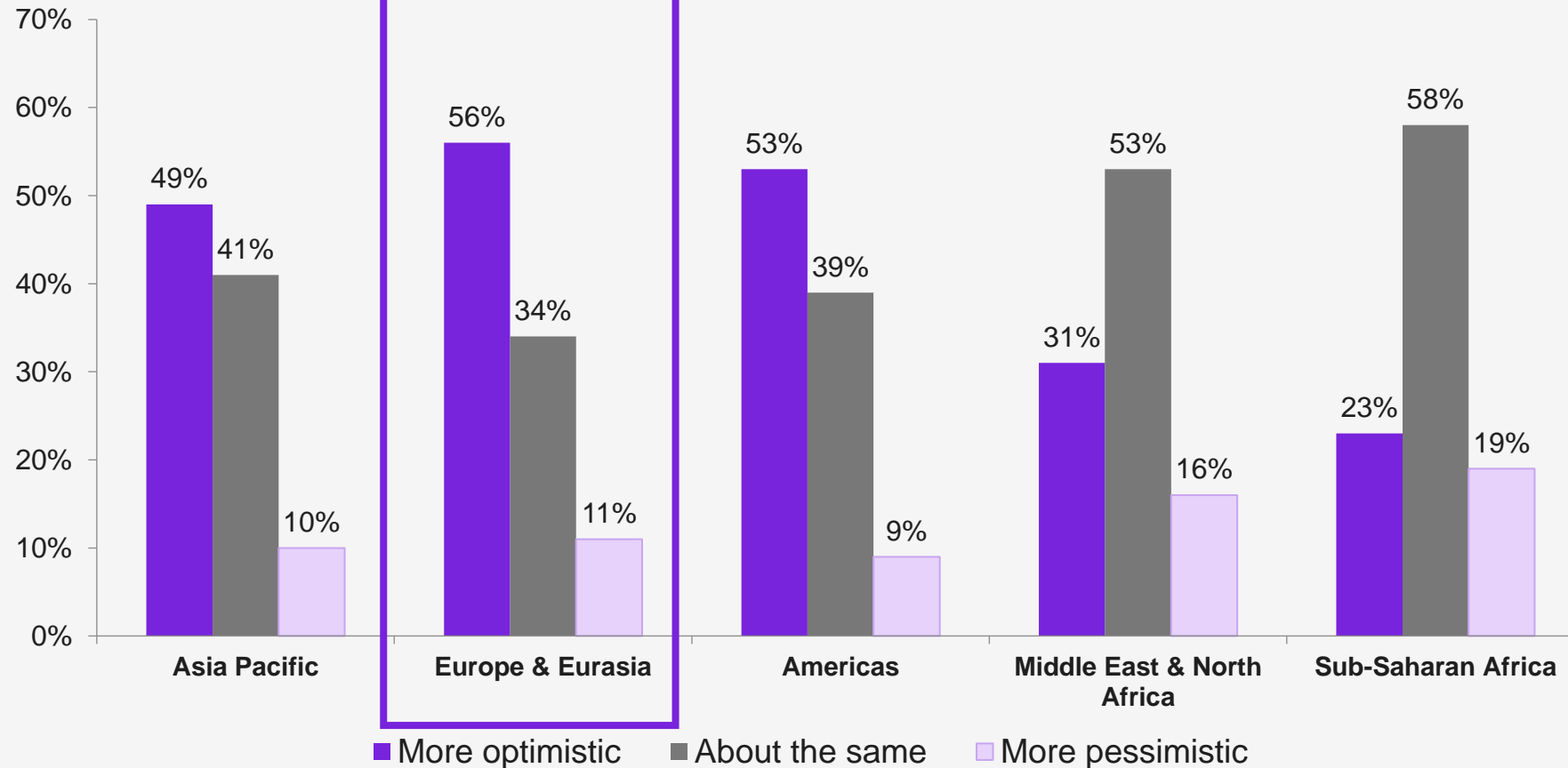
Billions of US dollars



Investors are more optimistic about the outlook for Europe & Eurasia, and Sweden is a big economy in the region

How has your view on regional economies has changed compared to a year ago?

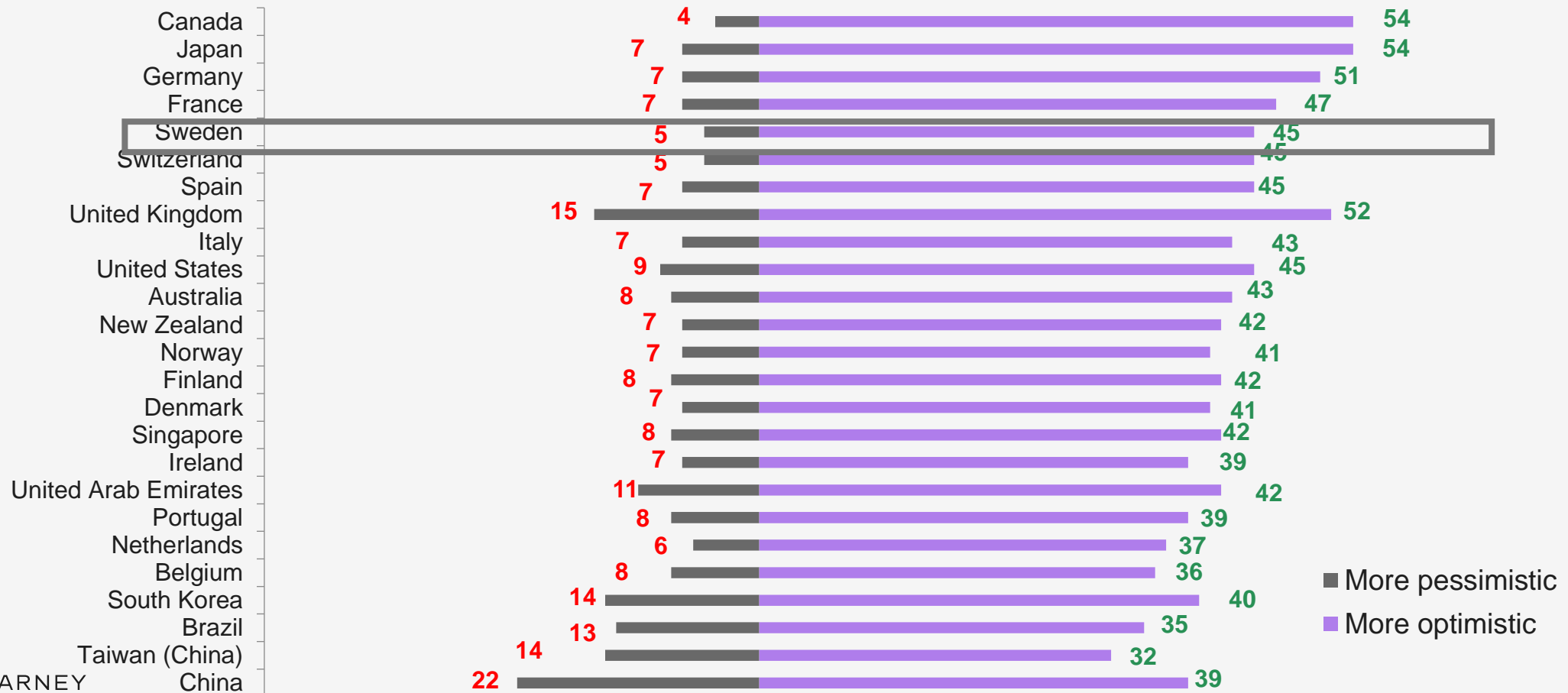
Percent



Investors are more optimistic about Sweden's outlook than they are of many other global economies

How has your 3-year economic outlook for [country] changed compared to a year ago?

Percent

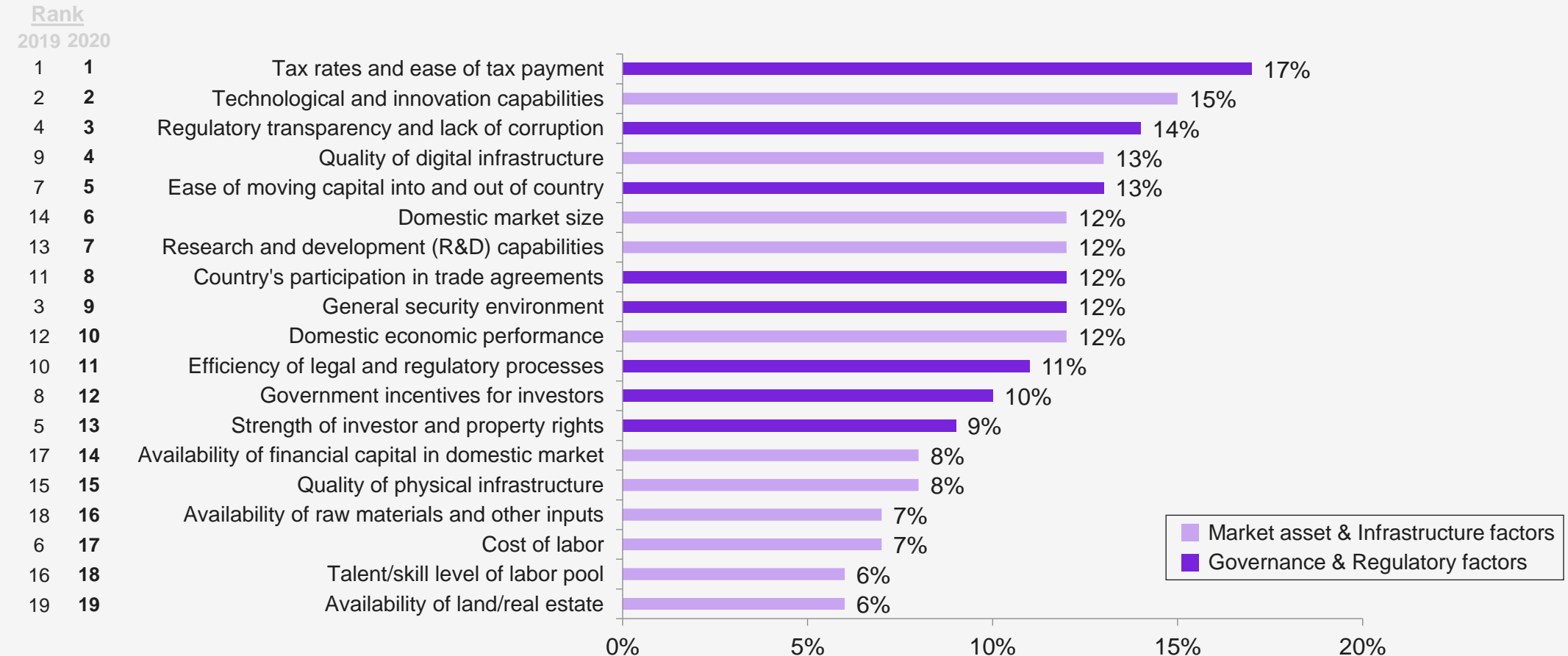


Note: Countries are listed in descending order of the net score (more optimistic – more pessimistic). Numbers do not add up to 100 because remaining respondents selected "about the same."
 Source: 2020 Kearney Foreign Direct Investment Confidence Index

Sweden is strong in areas that investors prioritize when making decisions

From those factors that you selected, which are the most important overall factors to your company when choosing where to make FDI?

Percent



Survey methodology

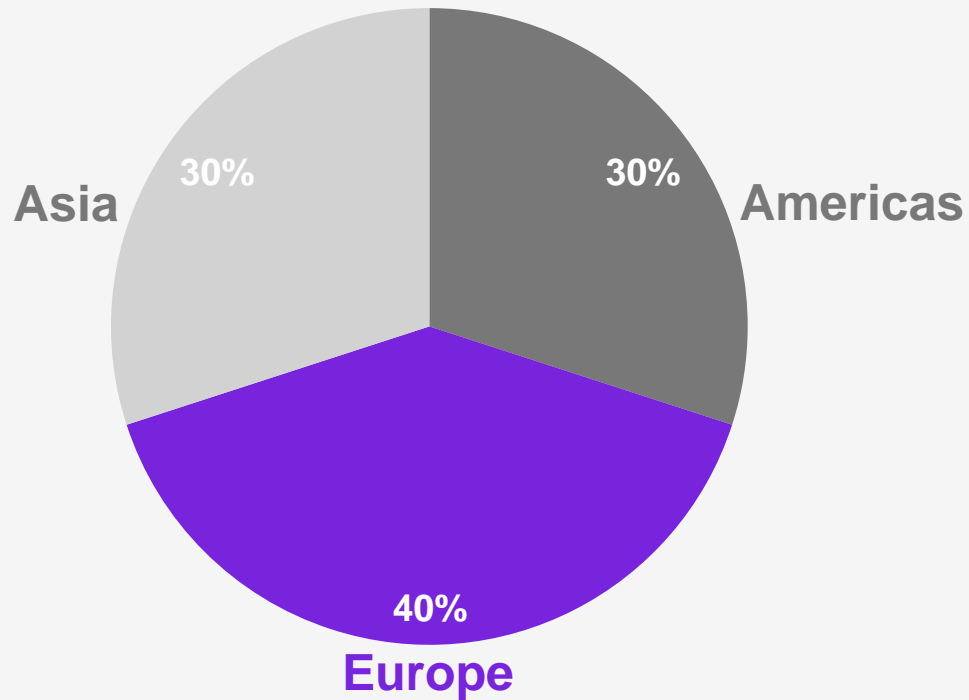
Survey: The FDI Confidence Index is constructed using primary data from a proprietary survey administered to more than 500 senior executives of the world's leading corporations. The survey was conducted between January and March 2020.

Respondents: Respondents include C-level executives and regional and business leads. All companies participating in the survey have annual revenues of \$500 million or more. The participating companies are headquartered in 30 different countries (together originating more than 90% of global flow of FDI in recent years) and span all sectors. *See next slide for more detail.*

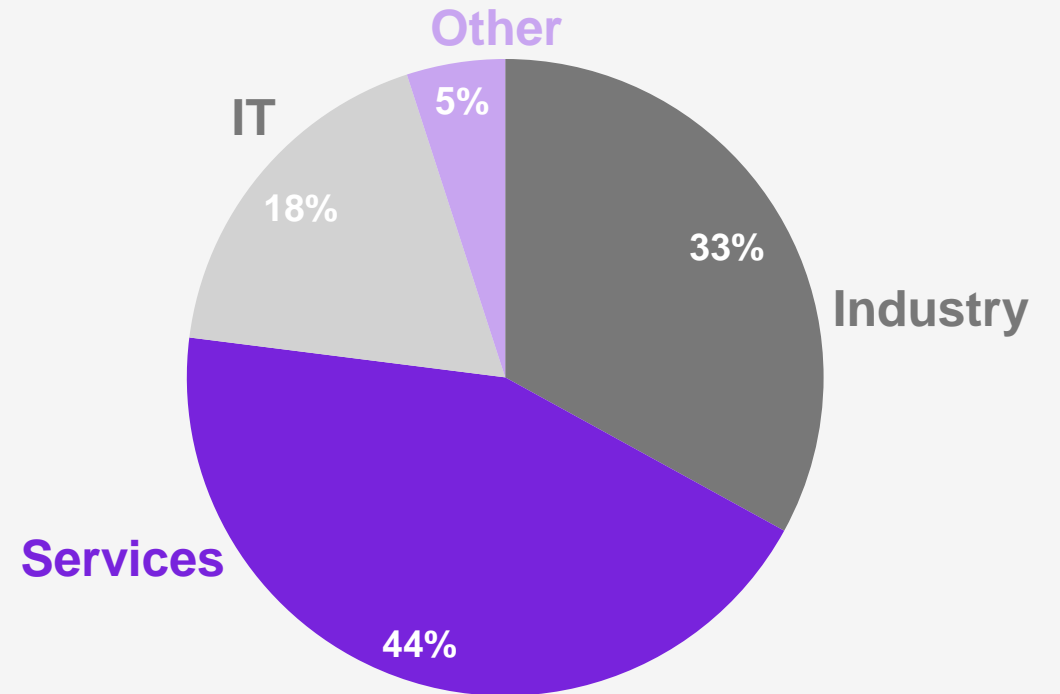
Index calculation: The Index is calculated as a weighted average of the number of high, medium, and low responses to questions on the likelihood of making a direct investment in a market over the next three years. Index values are based on responses only from companies headquartered in foreign markets.

Respondent demographics by region and sector¹

By region
Percent



By sector²
Percent



1. There were a total of 516 respondents in the survey.

2. The executives we surveyed work at three types of firms: industrial firms (primary goods, aerospace and defense, infrastructure and construction, telecommunications and utilities, heavy industry, and light industry), service-sector firms (transportation, healthcare and pharmaceuticals, wholesale and retail, financial services, and nonfinancial services—excluding IT), and IT firms.

Source: 2020 Kearney Foreign Direct Investment Confidence Index



Developed Markets Dominate the Index again

- This year marks the second time in the 22-year history of the Index in which all of the top five spots are held by developed markets. The **United States tops the 2020 Index** for the 8th year in a row. Canada retakes the number two position, and Germany falls to third. The United Kingdom moves down to sixth place, and France maintains its fifth place.
- **The top 10 countries on the Index remain unchanged from 2019**, save for Switzerland joining the top group, and Singapore falling to 12th.
- European developed markets hold steady at 14 spots. **China, Brazil, and the United Arab Emirates are the only emerging markets** on the Index.

The profound downward effect of the COVID-19 crisis on direct investment is evident

- **At the outset of the survey period, business leaders were reasonably bullish about the global economy** and the future of direct investment. However, **as investors realized they were “entering the storm” in the last two weeks of the survey, investor confidence predictably declined** across the board—for developed, emerging, and frontier markets alike, mirroring the rapid outbreak of the pandemic.
- There appeared to be a **return to the fundamentals—to large, more stable markets with more predictable political and regulatory structures**. This is a continuation of the shift to developed economies that has grown over recent years.

Survey results highlight the need for strategic foresight

- **Results suggest investors only started to realize that the global economy was in freefall at the last moment**. The rapid attack of COVID-19 should serve as a **wake-up call that executives cannot assume continuity in global operating environment**.
- **Implementing strategic foresight tools and improved planning strategies to better predict and plan for severe exogenous shocks is paramount**. While there is no single playbook to manage a crisis, strategies include contingency and scenario planning, as well simulation and war-gaming exercises.

Climate change is rising in importance as an investment factor

- Importantly, **77 percent of investors say that climate-related risks are likely to affect their investment decisions over the next three years** and **60 percent of them anticipate financial losses as a result of climate change** in the medium term.
- The vast majority of investors also **expect climate regulations to strengthen** in the coming years.

Key Takeaways

Thank you

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