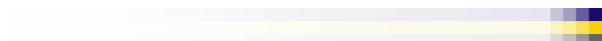




Survey: Overview of Swedish Companies in Brazil | 2014



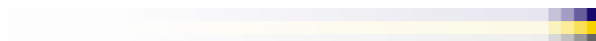


Swedish-Brazilian Chamber of Commerce

Swedcham Brasil, or the Swedish-Brazilian Chamber of Commerce, represents Swedish-Brazilian commercial interests in Brazil and Sweden, besides maintaining close contact with departments of the Swedish government on all levels. Swedcham Brasil is also associated with the European Chamber, which includes all of the European Chambers of Commerce established in Brazil.

Founded in 1953, it is funded solely by contributions from members and money coming from a series of activities organized and carried out by the Chamber. It provides its members and industries with valuable support through its influence, interaction, and its particular knowledge of Brazil-Sweden political and socio-economic relations.

Members enjoy a modern and adequate infrastructure, a network of contacts and business, and activities held exclusively to enhance and support the Brazilian and Swedish markets.





Kreab Gavin Anderson S/A

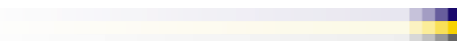
Kreab Gavin Anderson S/A is one of the 10 main Public Relations (PR) agencies in Brazil, having won the Aberje Award in 2010 and 2011, and elected among the ten best companies by Comuniqué-se in 2010, 2011, and 2012, as well as being a finalist in the 2009 Cannes Festival, in the Public Relations category.

The agency works with the PR concept, that is, communication focused on all of the client's strategic stakeholders. Kreab Gavin Anderson S/A is involved in the Corporate Communication, Financial Communication, and Public Affairs market.

The agency was created from the union of S/A Comunicação, founded in Brazil in 2006, with the global communication consulting firm founded in Sweden in 1970, Kreab Gavin Anderson. The group has 42 offices in 25 countries, 400 professionals, and 500 clients, like multinational corporations and financial groups, which allows global alignment, agile access to information, and the prevention of eventual crises.

In Brazil, the agency operates in São Paulo, which is the headquarters of Kreab Gavin Anderson in Brazil, Rio de Janeiro, and Brasília.

KREAB & GAVIN ANDERSON
WORLDWIDE





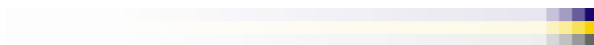
Considerations and objective

The Swedish-Brazilian Chamber of Commerce (Swedcham) and the Kreab Gavin Anderson S/A communications agency have prepared the survey *Overview of Swedish Companies in Brazil (Panorama das Empresas Suecas no Brasil)*, for the third consecutive year, in order to know the activities and opinions of Swedish companies and institutions regarding Brazil, as well as to create a reference work for the business sector, public opinion, and the government.

Methodology

Chosen scope: Swedish companies with a presence in Brazil and associated with Swedcham. In all, 68 companies took part in this year's survey.

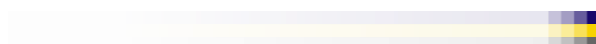
ABB, AEI Consulting, Agab Marco Automação and Sistemas do Brasil, Akers, Alfa Laval, Alimak, Atlas Copco Brasil, Atos Medical, Autoliv, Axellent, Axis, Bama, BM Optimus Consultoria, Brasil Projects, BTS, Câmara Sueca, Camfil, Delaval, Dellner, Education First, Electrolux, Ekman, Elanders, Elekta, Envac, Ericsson, Eritel, Flir, Gunnebo Gateway Brasil, Gunnebo Industries, Haldex, Handelsbanken, Höganäs, IFS, Ikea, iZettle, Kreab Gavin Anderson, Leax, Linde Gases, Mercuri Urval, Nefab, Nordea, Nordic, Norvida North Trade, Nynas, Readsoft, Roxtec, Saab, Sandvik, SCA, Scania, Scanjet, SEB, Seco Tools, Semcon, Skanska, SKF do Brasil, Slidelog, StarSpringe, Stora Enso, Swedbrazil, Swedish Match, Thule, Trelleborg, Vecsa, Volvo Bus and Trucks, Volvo Cars, Xylem.





Questionnaires: Swedcham e-mailed the top executives of the associated companies a 21-page document with 21 questions, divided under two subjects: General Information and Investments and Involvement in the Brazilian Market.

Note: *To maintain the privacy of the survey, the results present general information, without identifying the answer given by the companies for each question.*



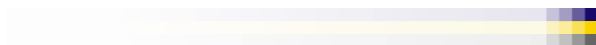
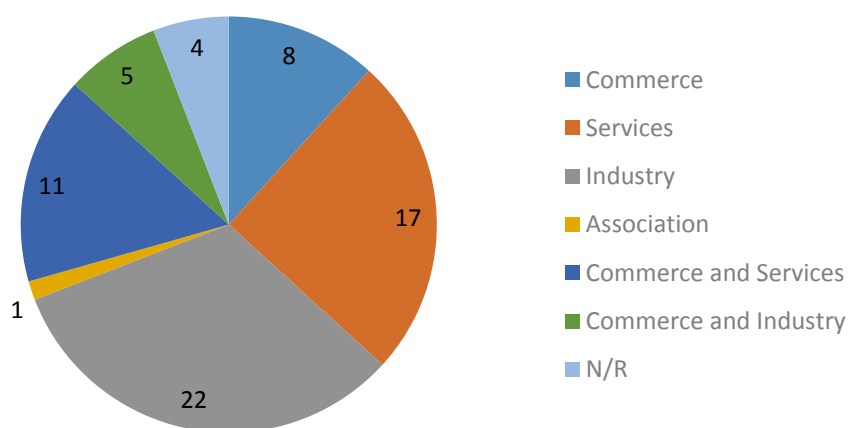


MAIN RESULTS OF THE RESEARCH

1. General Information

1. Twenty-two of the 68 companies consulted listed their main activity as Industry, followed by Services (17) and Commerce and Services (11).

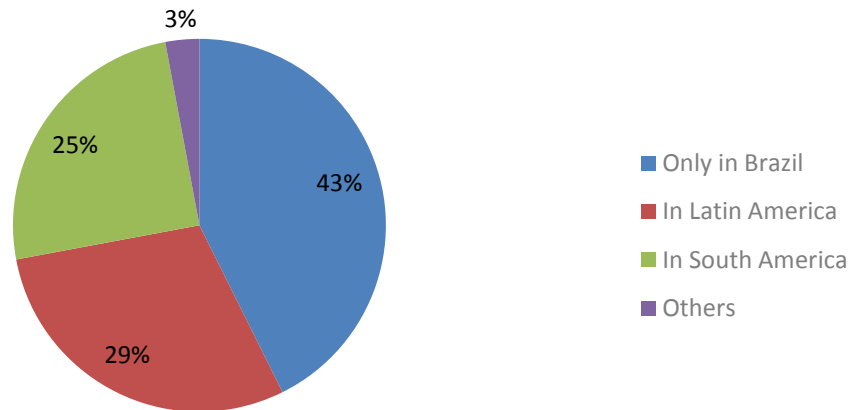
Main Sector of Activity





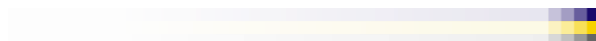
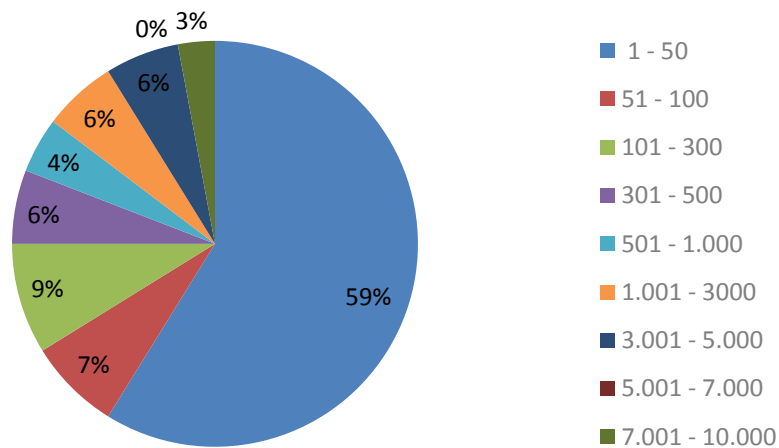
2. 43% of the participating companies say that the Brazil unit is responsible for the company's business only in Brazil.

Scope of the Brazil unit's involvement



3. More than half of the companies consulted (59%) have from 1 to 50 employees in Brazil.

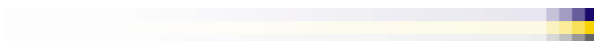
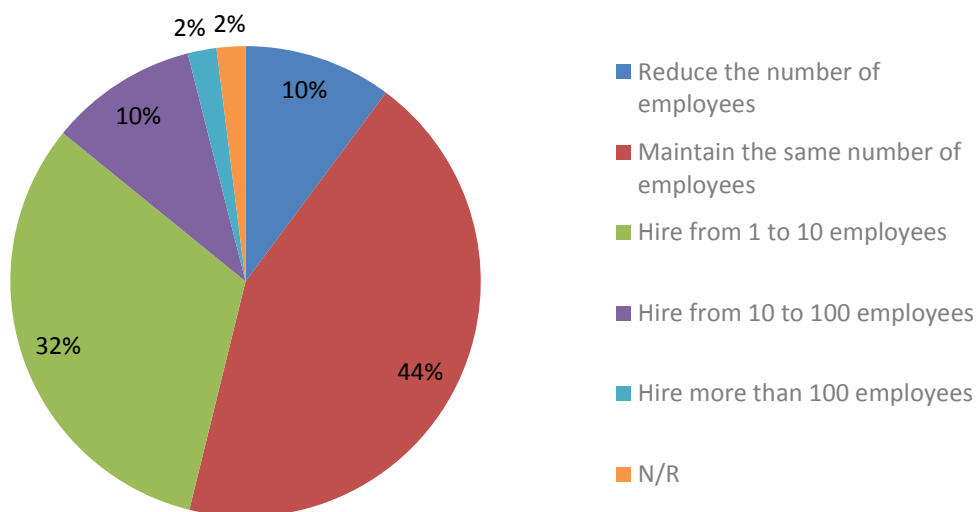
Number of employees in Brazil





4. As regards Human Resources planning for this year, 44% of the Swedish companies interviewed intend to maintain the same number of employees in Brazil. Among the companies that answered that they will hire in 2014, 32% expect to hire from 1 to 10 new professionals.

Human Resources Planning for 2014

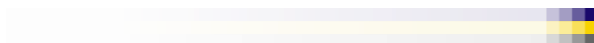
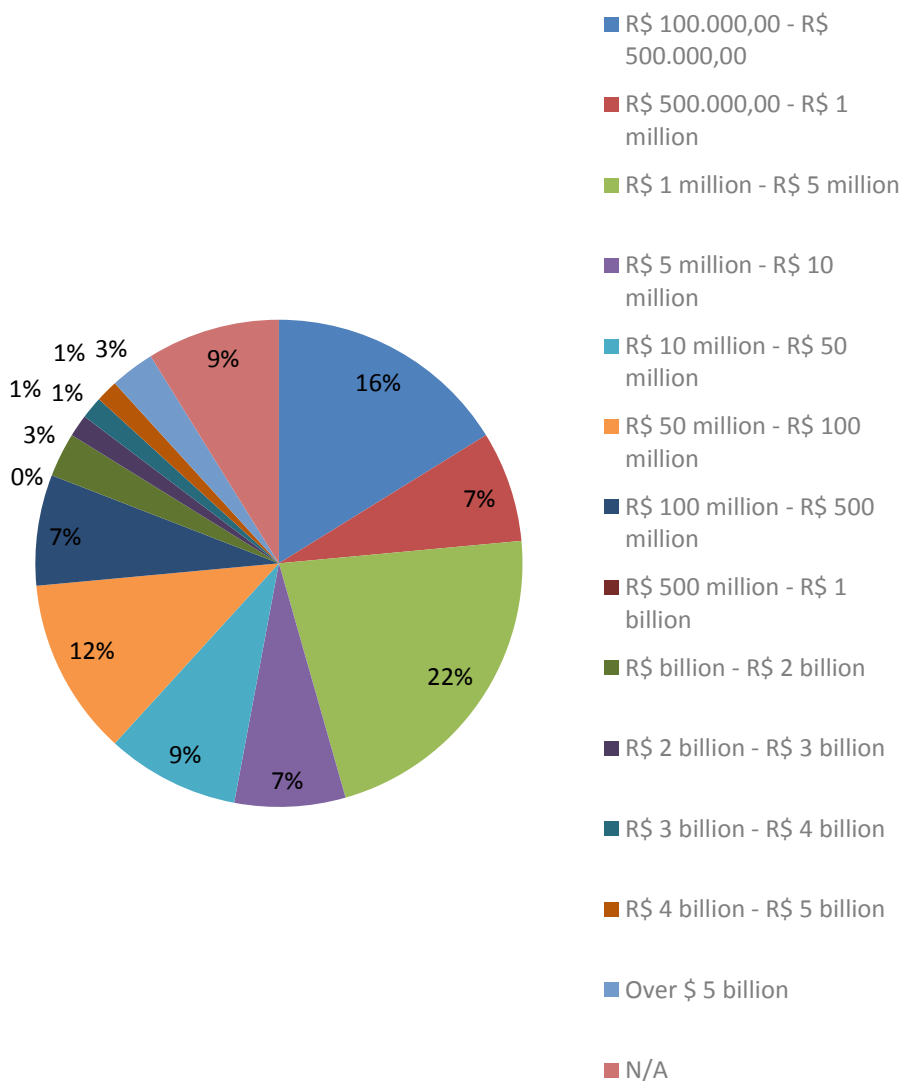




5. Out of the 68 companies responding to the questionnaire, 22% earned from R\$ 1 million to R\$ 5 million in 2013 in Brazil.

The second group of companies with the highest representation earned between R\$ 100,000 and R\$ 500,000 last year, that is, 16% of the companies surveyed.

Company revenues in Brazil in 2013

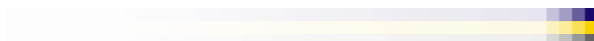
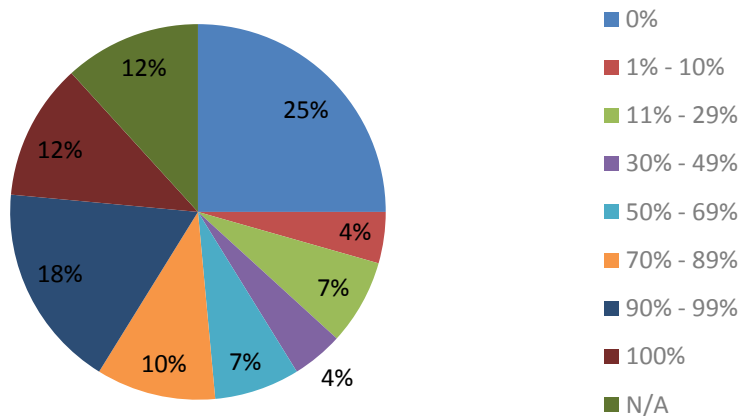




6. Many of the companies (25%) do not produce anything that they sell in Brazil, that is, they import the products.

On the other hand, 12 companies, or 18% of the total who responded, produce from 90% to 99% of what they sell on the Brazilian market.

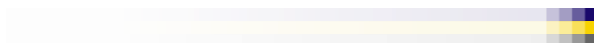
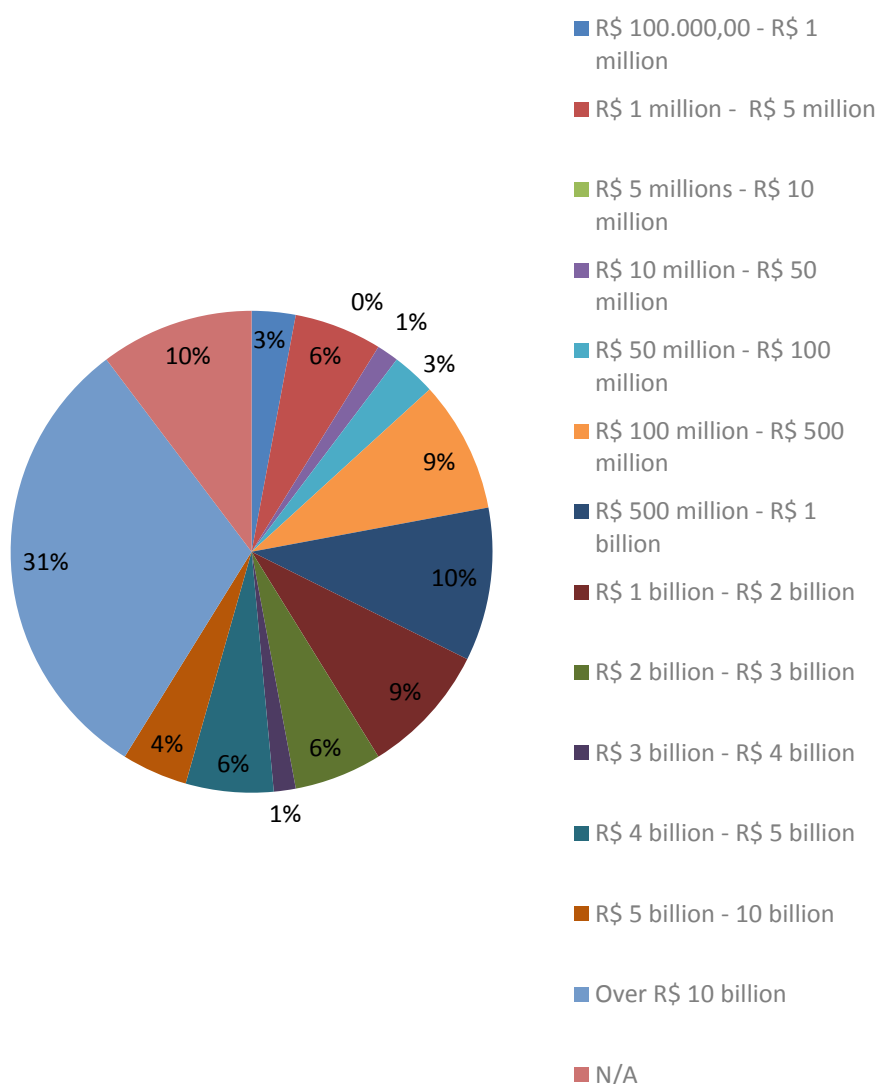
Percentage of local production in sales in Brazil





7. As for the volume of revenues, worldwide, 21 companies – equivalent to 31% of those that answered the question – earned more than R\$ 10 billion, followed by a group of 7 companies (10%) that earned from R\$ 500 million to R\$ 1 billion.

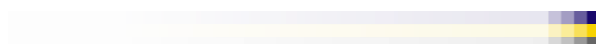
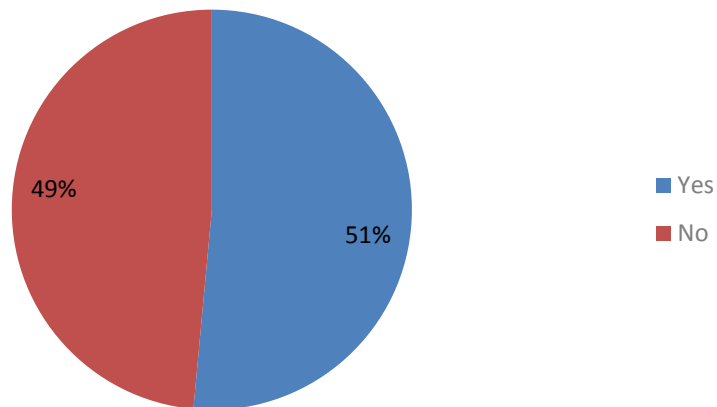
Company's worldwide revenues in 2013





8. A total of 51% of the Swedish companies have offices / operations in other Latin American countries, besides Brazil.

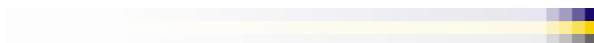
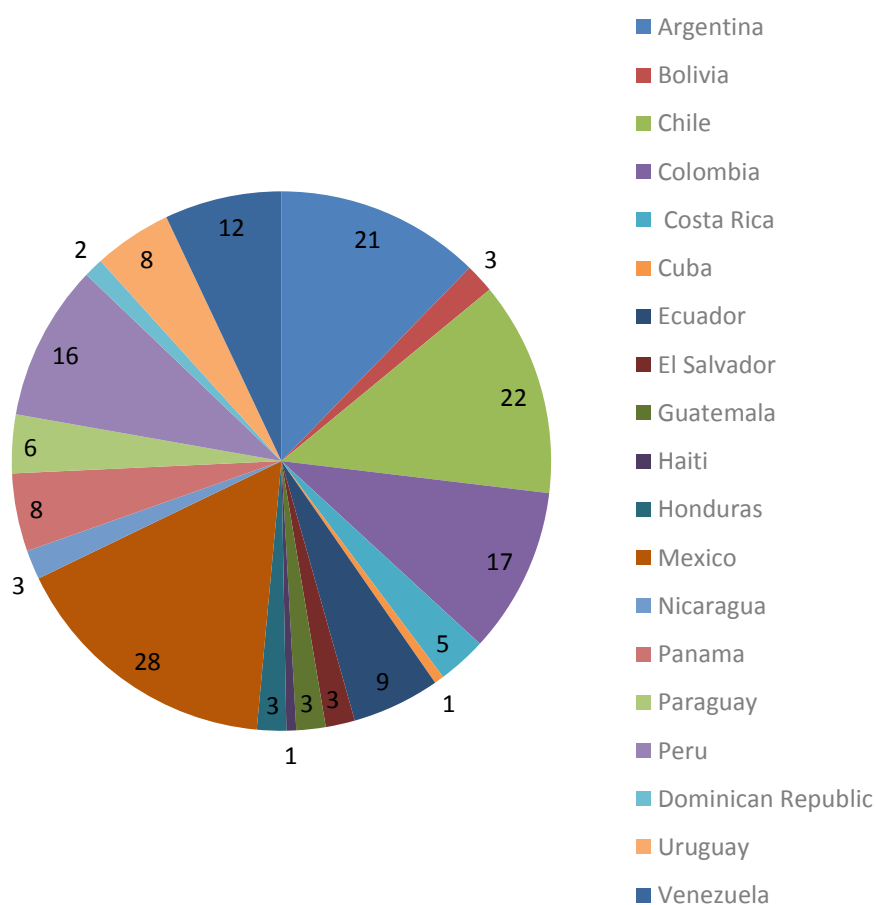
Besides Brazil, does the company have offices/operations in other Latin American countries?





9. Mexico (28), Chile (22), Argentina (21), and Colombia (17), in this order of importance, concentrate most of the operations of these companies in the region.

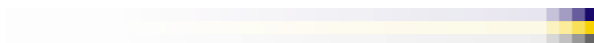
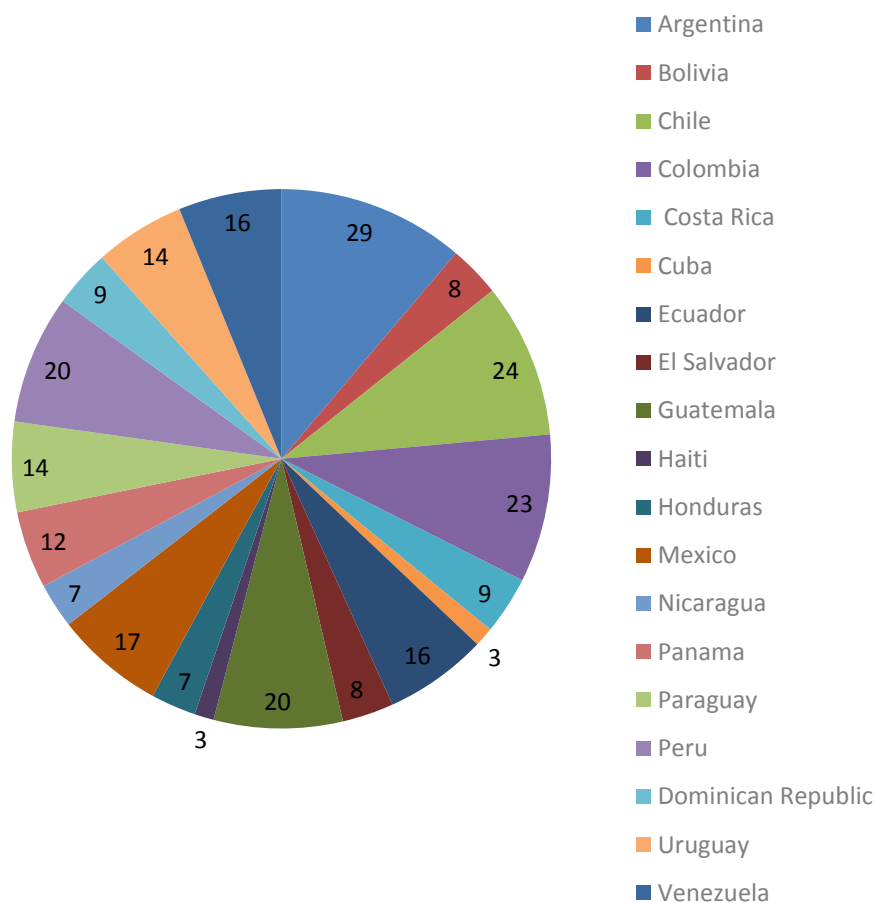
Presence of the companies in Latin America





10. Among the Latin American countries that are the main destination of exports from Swedish companies are Argentina (29), followed by Chile (24) and Colombia (23).

Exports to Latin America



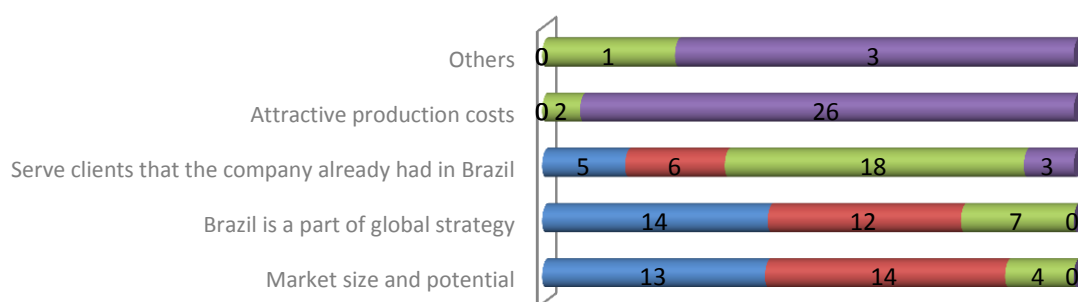


INVESTMENTS AND PERFORMANCE IN THE BRAZILIAN MARKET

11. The fact that Brazil is part of the global strategy (14), the size and potential of the national market (13) are the main reasons that lead Swedish companies to operate in the country. However, Brazil's production cost, according to the survey, is not attractive to Swedish companies (26).

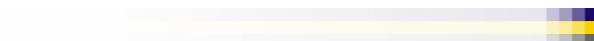
Main attractions for investing in Brazil

■ 1st ■ 2nd ■ 3rd ■ 4th



12. A total of 43% of the Swedish companies plan to expand their business or export to other Latin American countries.

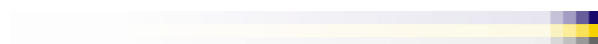
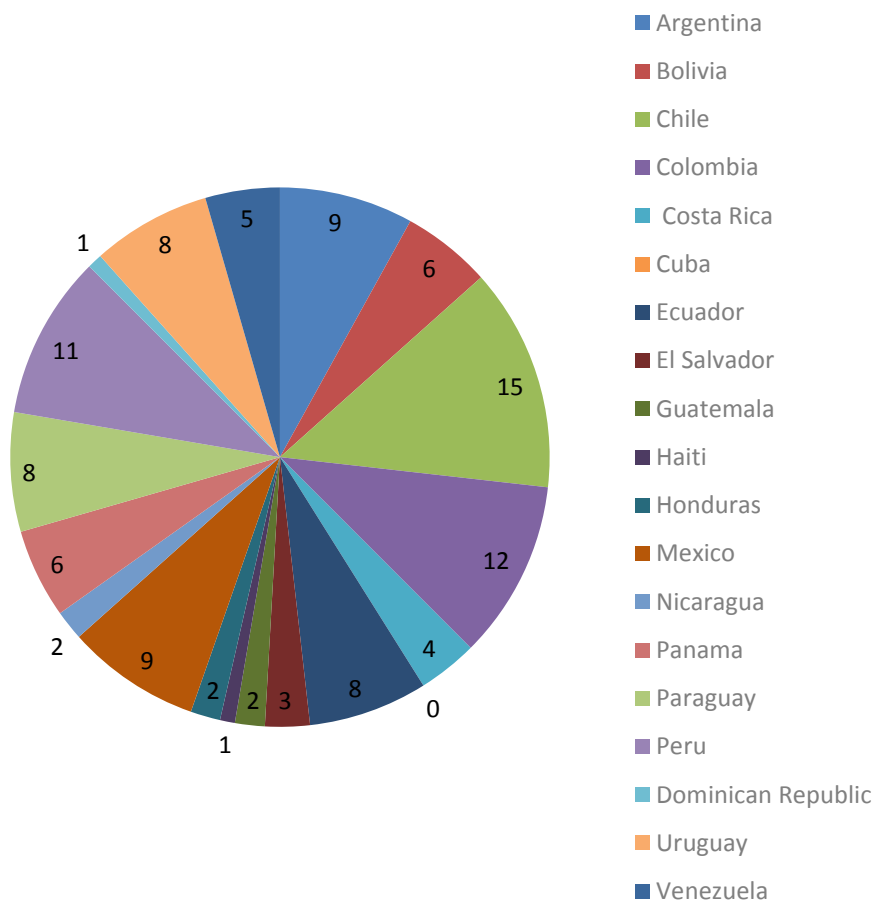
Does the company plan to expand its operations or export to other Latin American countries?





13. Among the countries in the region that awaken greater interest from these organizations are Chile (15), Colombia (12), and Peru (11), in that order.

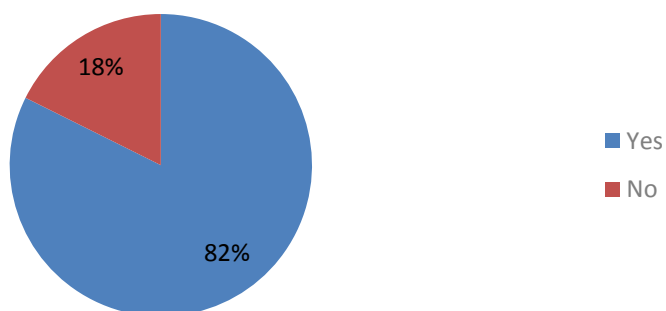
Expansion to Latin America





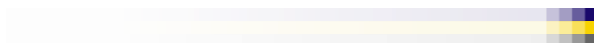
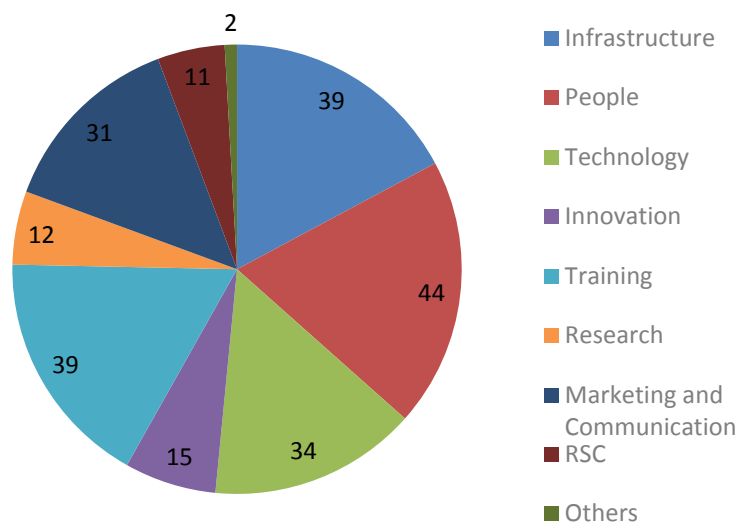
14. The vast majority of the Swedish companies (82%) invested in their Brazilian units in the last 12 months.

Did the company make investments over the last 12 months in Brazil?



15. 44 of the companies that invested in the country during the period concentrated their expense in people (hiring, retention, and employee benefits). Infrastructure (39) and Technology (34) were two other areas with large investments during the year.

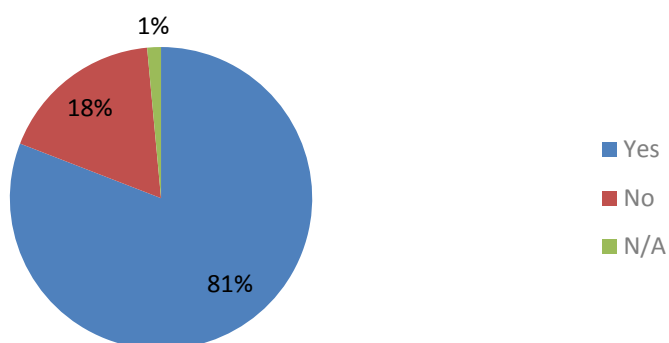
Main areas for investment over the last 12 months





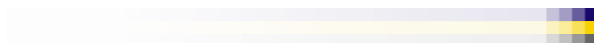
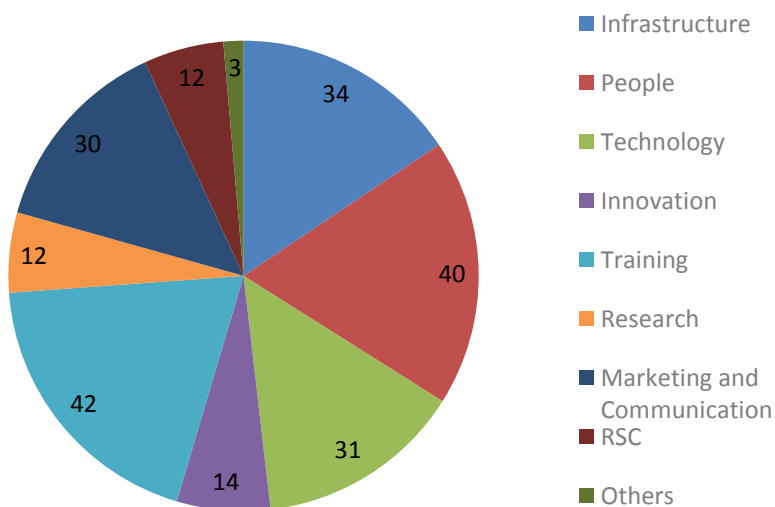
16. Regarding future economic planning, 81% of the companies answered that they intend to invest in Brazil in the next 12 months.

Will the company invest in the country over the next 12 months?



17. Here, the main focus of investment by the Swedish companies over the next 12 months will be Training (42), followed by People (40), Infrastructure (34), and Technology (31). Marketing and Communication will also receive significant investments for the Swedish multinationals in 2014/2015 (30). Innovation, Research, RSC, and Others will receive smaller investments.

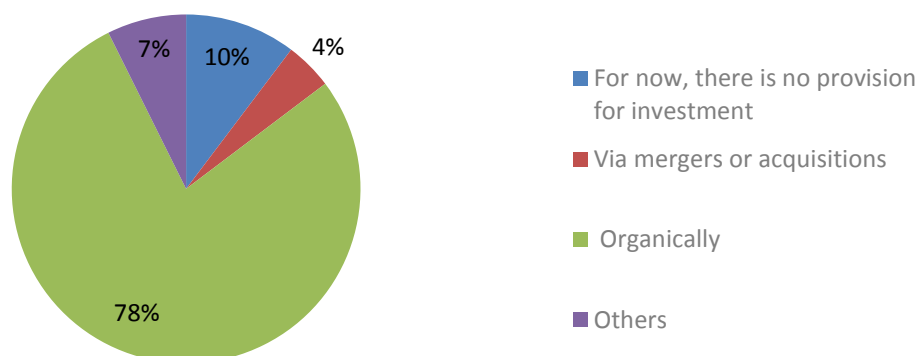
Main areas for investment over the next year





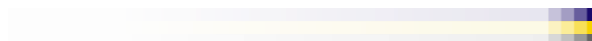
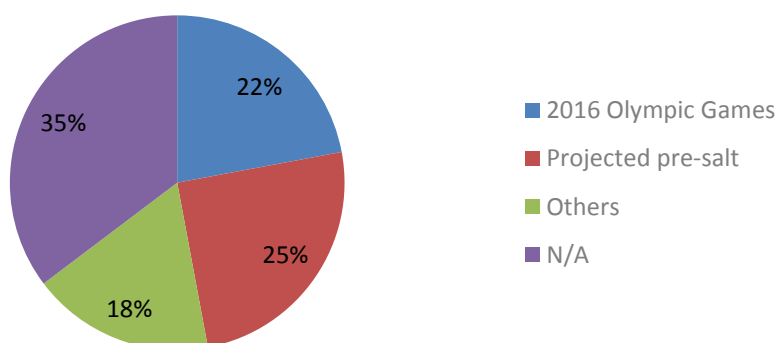
18. A large majority of the companies (78%) will probably grow only organically in Brazil, while only 4% stated that this would be through mergers or acquisitions.

Opportunities for investment in Brazil



19. A total of 22% of the Swedish companies consulted see business opportunities in the 2016 Olympic Games and 25% in pre-salt production development in Brazil.

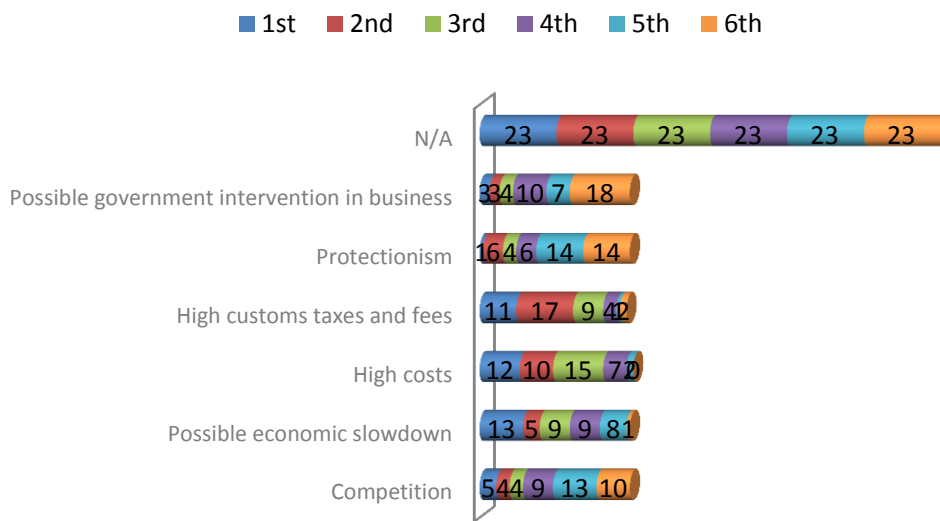
Business opportunities in Brazil





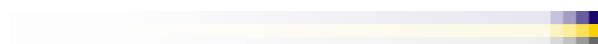
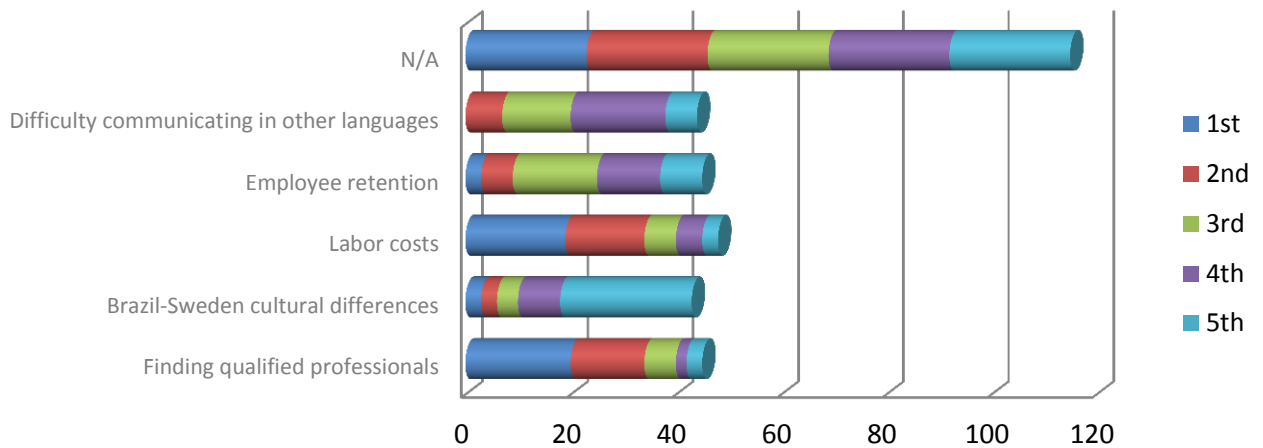
20. According to the survey, 45 companies, out of 68 interviewed, consider that the main barrier to the involvement of Swedish companies in Brazil is the possible economic slowdown (13), followed by high production costs (12).

Main barriers to involvement in Brazil



21. Regarding the Human Resources area, the same group of Swedish companies (45) answered that the main challenge is to find qualified professionals in Brazil (20), followed by labor costs (19).

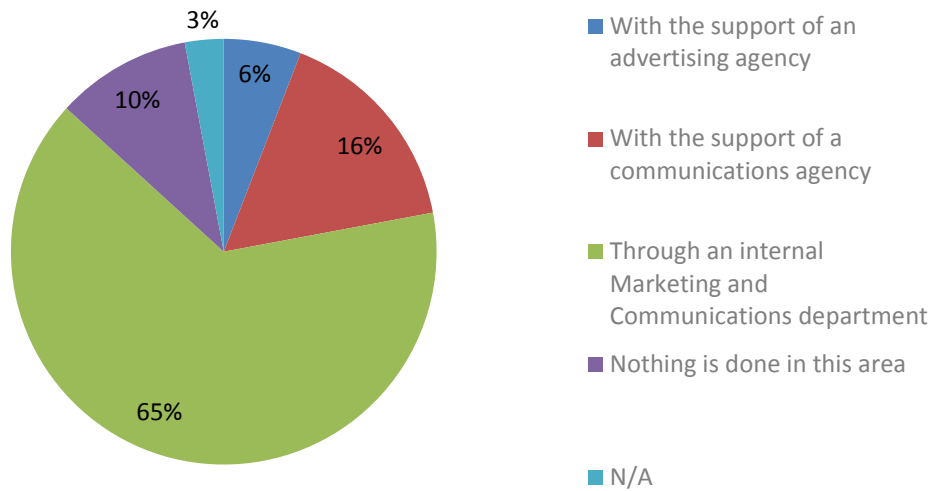
Main challenges in the Human Resources area





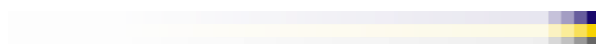
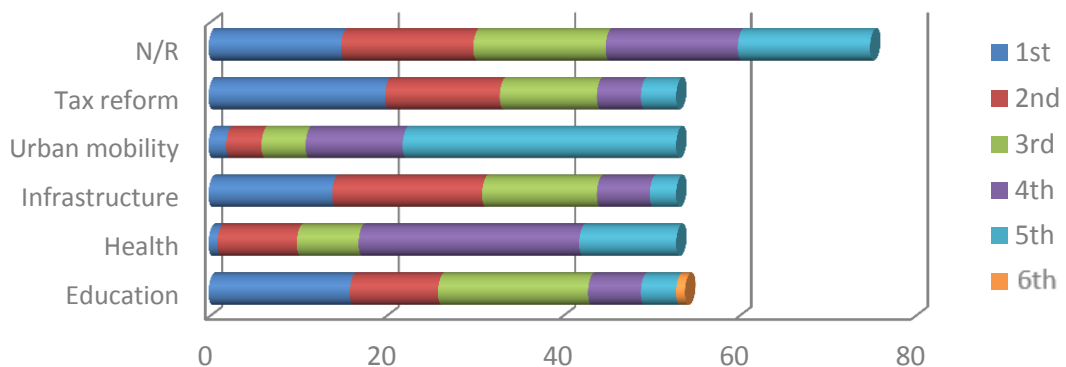
22. Most of the Swedish companies (65%) manage their brand, image and reputation via an internal Marketing and Communication department.
Communications agencies appear in second place as the support most used in this area.

Brand, image and reputation management



23. For most of the Swedish companies, tax reform (20) and education (16) are the priority areas where the new government should act as of 2015, in order to ensure greater and more sustainable growth in Brazil.

Priorities of the new elected government





2. Conclusions

The results of the survey *Overview of Swedish Companies in Brazil 2014* reveal that despite the uncertainties of the political and economic scenarios in the country, Brazil is still a great commercial partner for Sweden.

Most of these companies that operate in the Brazilian market made investments in the country in 2013, with the main focus being on the areas of People, Infrastructure, and Technology. The forecast is that the commitment to those sectors will be repeated over the next 12 months and the organizations are putting their money also on Training, Marketing, and Communication.

However, the Swedish companies that were consulted point out the main barrier for multinational companies to work in Brazil is the possible economic slowdown, followed by high production costs. It is no wonder that a large number of these companies (25%) does not produce anything in Brazil that they sell, that is, they import the products.

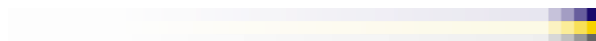
In the Human Resources area, the main challenge pointed out by the Swedish multinational companies is finding qualified professionals in Brazil, followed by labor costs.

The survey also reveals that Latin America is the big focus of Swedish multinational companies that are looking to emerging countries to increase their revenues and sales in promising markets. A total of 43% of the Swedish companies that answered the questionnaire plan on expanding their business or exporting to other countries in the region, besides Brazil. Among the markets that gain the most interest from these organizations are Chile, Colombia, and Peru, in that order of importance. Argentina stands out as one of the main destinations of Swedish exports on the continent.

As for the main activity of the Swedish multinationals in Brazil, the sectors with the biggest representation are Industry (32%) and Services (25%). According to the survey, 31% of the companies had worldwide revenues of more than R\$ 10 billion, in 2013, and some of them have Brazil as the major driver of their sales.

The survey also revealed that most of the Swedish companies see tax reform, followed by education as the priorities of the new government that is soon to be elected and will take office in 2015, in order to ensure greater and more sustainable growth for Brazil.

The objective of this survey is for it to be repeated every year, so as to create a series of records for evaluating the evolution of the participation of Swedish companies in Brazil.





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