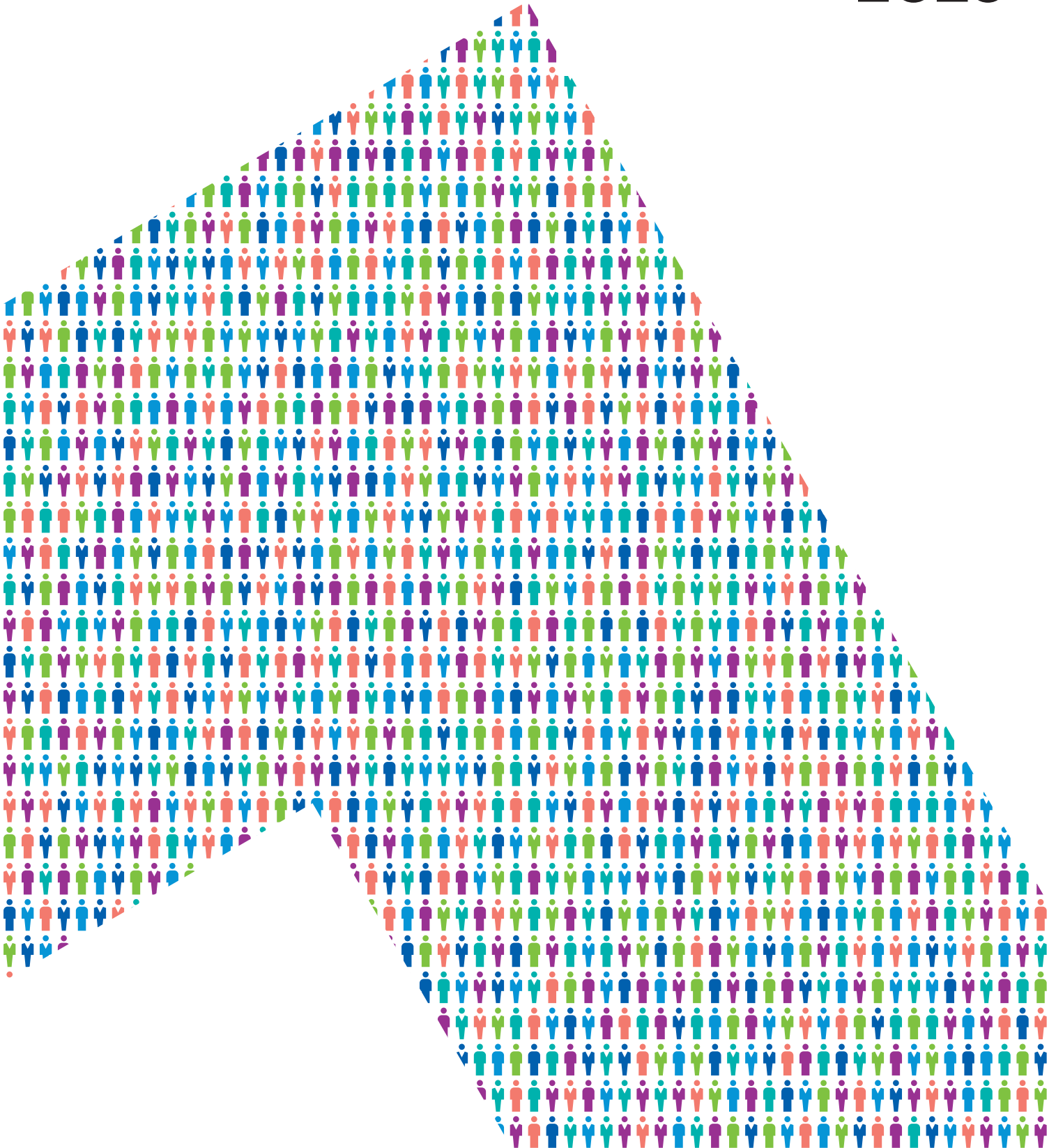




# Year-end Report January – December 2016



# Increased profit and continued growth

## Comment from Jonas Wiström:

ÅF's operating profit for both the fourth quarter and the full year was the highest ever. The high profit and pace of acquisitions, coupled with the fact that this year Universum ranked us Sweden's most popular employer among postgraduate engineers gives us a solid platform for continued growth in 2017.

## Fourth quarter 2016

- Net sales amounted to SEK 3,138 million (2,717)
- Operating profit, excl. items affecting comparability, was SEK 297 million (257)
- Operating margin, excl. items affecting comparability, was 9.5 percent (9.5)
- Operating profit totalled SEK 302 million (261)
- Operating margin was 9.6 percent (9.6)
- Profit after tax totalled SEK 221 million (191)
- Earnings per share, before dilution: SEK 2.84 (2.46)

## January – December 2016

- Net sales amounted to SEK 11,070 million (9,851)
- Operating profit, excl. items affecting comparability, totalled SEK 964 million (832)
- Operating margin, excl. items affecting comparability, was 8.7 percent (8.4)
- Operating profit totalled SEK 965 million (839)
- Operating margin was 8.7 percent (8.5)
- Profit after tax totalled SEK 711 million (609)
- Earnings per share, before dilution: SEK 9.32 (7.81)
- The Board proposes a dividend for 2016 of SEK 4.50 per share (3.75)

## COMMENTS BY THE CEO

ÅF's operating profit for both the fourth quarter and full year 2016 was the highest ever. Excluding items affecting comparability, operating profit for the quarter amounted to SEK 297 million (257), a rise of 16 percent. Meanwhile, we are continuing to see healthy growth, with a sales increase of 15 percent. In line with ÅF's strategy, a number of acquisitions were carried out in Q4 that have reinforced the company's presence in Denmark and Switzerland. Norway is seeing persistent growth, which totalled over 40 percent in 2016.

ÅF believes there is a slight improvement in the market outlook compared with the year-earlier period. There is continued strong demand from certain parts of the industrial sector, primarily in the automotive, pulp, food and pharmaceutical industries. Meanwhile, demand in infrastructure planning is strong in both roads and railways, as well as the construction sector. There has been a rise in demand within renewable energy, transmission and distribution, and there were indications that the weak mining, steel and nuclear power industries were stabilising.

The Industry Division is exhibiting profitable growth. The automotive business in China is continuing to perform well and in the fourth quarter ÅF also won a three-year assignment for AB Volvo in Brazil. The Industry Division strengthened its offering through the acquisition of Reinertsen's Swedish chemicals

and petrochemicals business, with just over 100 employees.

The Infrastructure Division is gaining market share on the robust infrastructure market and experiencing healthy growth of 27 percent. Profitability remains stable at over 10 percent, although investments mainly in Norway have had a negative impact on profitability in the short term. Demand for the division's services is high throughout Scandinavia. Growth in Norway is continuing and the business in Denmark is being strengthened through the acquisition of the company Midtconsult.

The International Division finished the year on a high, as is usual for this time of year. The market for power production in Europe remains weak, while demand in Africa and Southeast Asia is persistently strong. Q4 saw the acquisition of Edy Toscano, a leading engineering and consultancy firm in Switzerland, operating primarily within infrastructure. The acquisition makes ÅF one of the largest engineering and consultancy companies in Switzerland. ÅF is also broadening its energy offering via the acquisition of the international solar energy company Aries.

The Technology Division continues to grow, mainly organically, with persistently healthy profitability. Demand for embedded systems and digital solutions remained high, particularly in the automotive industry. ÅF's wide ranging industry expertise and the Technology Division's in-depth knowledge of appli-

cation and systems development for the interconnected world combine to produce a solid offering within digital transformation. This digitalisation expertise will be an increasingly significant feature of ÅF's overall offering for clients within the fields of industry, infrastructure and energy.

The strong end to the year meant that operating profit excluding items affecting comparability amounted to SEK 964 million (832) in 2016, an increase of 16 percent. The pace of acquisitions has been high in 2016 and a total of 15 companies were acquired, with combined sales totalling SEK 1.5 billion. The acquisitions have positioned ÅF for further growth primarily in Norway, Denmark and Switzerland, as well as in new fields, such as architecture with the acquisition of sandellsandberg.

The acquisitions completed in 2016 secures a good growth in 2017. Combined with our financial earnings and ÅF's strong ranking as an attractive employer for postgraduate engineers, this provides the company with a solid platform for continued growth in 2017. The target for 2020 remains: generate net sales of at least EUR 2 billion and achieve an operating margin of at least 10 percent over a business cycle.

Stockholm, Sweden – 3 February, 2017

Jonas Wiström  
President and CEO

## NET SALES AND EARNINGS

### October-December 2016

Net sales for the quarter totalled SEK 3,138 million (2,717). Growth was 15.5 percent, of which 3.4 percentage points was organic. The International Division reported negative organic growth of 5.0 percent. When adjusted for currency translation effects, total growth amounted to 14.3 percent.

Operating profit and the operating margin were SEK 302 million (261) and 9.6 percent (9.6), respectively. Items affecting comparability total SEK 5 million and relate to an adjustment to the estimated size of future contingent considerations. Items affecting comparability last year amounted to SEK 4 million. Adjusted for these items, operating profit totalled SEK 297 million (257) and the operating margin was 9.5 percent (9.5). The underlying operating profit thus rose by 16 percent. All divisions are reporting an operating margin exceeding 9 percent.

In addition to items affecting comparability, operating profit was affected by two significant items: impairment of a receivable in the Norwegian business totalling SEK 10 million and a downward adjustment of the pension liability in Switzerland in the amount of SEK 8 million, resulting from a change in the terms of the pension scheme. These items thus impacted profit by a net amount of SEK -2 million. The impairment rela-

tes to the fact that ÅF has worked on various projects together with Reinertsen AS, which has now initiated a reconstruction procedure. ÅF's outstanding receivables were therefore written down by 75 percent and have impacted the Infrastructure Division in the amount of SEK 7 million and had a Group-wide effect of SEK 3 million. The adjustment to the pension liability in Switzerland has been recorded in the International Division. There was one more working day in Q4 compared with the previous year.

Capacity utilisation was 77.7 percent (77.7). Profit after financial items was SEK 289 million (250) and profit after tax was SEK 221 million (191).

### January-December

Net sales for the year totalled SEK 11,070 million (9,851). Growth was 12.4 percent, of which 2.9 percentage points were organic. The International Division reported negative organic growth of 7.4 percent. Currency translation effects had a marginal impact on growth. The pace of acquisitions has remained high. Towards the end of the year, infrastructure company Edy Toscano AG in Switzerland was acquired as part of ÅF's strategy of growing in countries where the Group already operates. ÅF is now one of the three largest engineering consultancy firms in Switzerland, with over 600 employees. The businesses acquired in 2016, including the acquisitions announced with a takeover date of 1 January 2017, will contribute an increase in net sales of approximately 9 percent in 2017.

Adjusted for items affecting comparability, operating profit and the operating margin totalled SEK 964 million (832) and 8.7 percent (8.4), respectively. The underlying operating profit thus rose by 16 percent.

In order to boost profitability, a cost-cutting and streamlining programme was carried out in 2016, mainly related to the Industry Division but also to the Technology Division and the parent company. The cost of this programme amounted to SEK 25 million and the annual saving effect totalled SEK 38 million. During the year, the Group received a refund regarding an adjustment to pension premiums from prior years, amounting to SEK 22 million. In addition, adjustments were made to the estimated size of future contingent considerations, which resulted in a positive effect on earnings of SEK 6 million. The above-mentioned items, which amounted to net SEK 2 million, were recognised under Group-wide items. Including these items, operating profit totalled SEK 965 million (839) and the operating margin was 8.7 percent (8.5). Items affecting comparability last year amounted to SEK 7 million. There were two more working days compared with the previous year.

Capacity utilisation was 77.6 percent (76.9). Profit after financial items was SEK 923 million (799) and profit after tax was SEK 711 million (609).

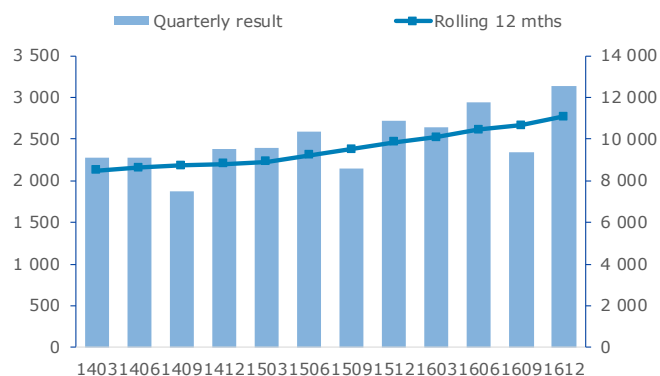
## KEY RATIOS

|  | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full year<br>2016 | Full year<br>2015 |
|--|-----------------|-----------------|-------------------|-------------------|
| Net sales, SEK million   | 3 138           | 2 717           | 11 070            | 9 851             |
| Operating profit excl items affecting comparability, SEK million | 297             | 257             | 964               | 832               |
| Operating margin excl items affecting comparability, %           | 9,5             | 9,5             | 8,7               | 8,4               |
| Operating profit, SEK million                                    | 302             | 261             | 965               | 839               |
| Operating margin, %  | 9,6             | 9,6             | 8,7               | 8,5               |
| Profit after financial items, SEK million                        | 289             | 250             | 923               | 799               |
| Earnings per share, before dilution, SEK                         | 2,84            | 2,46            | 9,32              | 7,81              |
| Net debt, SEK million  | -               | -               | 2 298             | 1 486             |
| Net debt/EBITDA rolling 12-months, times                         | -               | -               | 2,1               | 1,6               |
| Net debt-equity ratio, %   | -               | -               | 48,9              | 35,1              |
| Total number of employees  | -               | -               | 9 133             | 7 852             |
| Capacity utilisation, %  | 77,7            | 77,7            | 77,6              | 76,9              |

## Items affecting comparability

|   | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full year<br>2016 | Full Year<br>2015 |
|---|-----------------|-----------------|-------------------|-------------------|
| Restructuring costs                     | -               | -               | -25               | -43               |
| Revaluation of contingent consideration | 5               | 4               | 6                 | 50                |
| Pension refunds                         | -               | -               | 22                | -                 |
| <b>Total</b>                            | <b>5</b>        | <b>4</b>        | <b>2</b>          | <b>7</b>          |

## NET SALES SEK MILLION





# Industry Division



The Industry Division is the Nordic region's leading consultant in product development, process and production systems. Its mission is clear: to improve profitability for its clients. Experience from previous projects guarantees stability, competitive strength and peace of mind for clients. Geographical proximity to clients and a thorough understanding of the sectors in which they work are the most important foundations for long-term client relations.

ÅF believes the climate for investment in industry saw an improvement during the autumn. The difference between various sectors remains, with weaker demand during the year from many sectors that traditionally rely heavily on consulting, including nuclear power, mining, oil and gas and to some extent the steel industry. Over the past six months, there were indications that demand from these industries was stabilising.

In the automotive, food and pharmaceutical industries, and generally within industrial automation and robotics, demand has been consistently strong throughout 2016, which has also affected the most recent quarter.

All in all, the market has therefore improved and the demand trend is positive. For example, there is an increasing number of inquiries regarding major project undertakings, in which ÅF, with its experience and expertise in managing large projects, is well-positioned to fulfil clients' needs.

Another clear trend emerging is that industrial clients are experiencing a heightened need for engineering services at all stages of their cycles, from industrial design and product development, to industrial automation. With

its wide-ranging capabilities, ÅF can supply all aspects of the value chain.

Growth in the fourth quarter reached 13.2 percent, of which 4.1 percentage points were attributable to organic growth.

Operating profit totalled SEK 123 million (110), an increase of 12 percent compared with last year. The operating margin was 9.9 percent (9.9).

ÅF is continuing to consolidate its position in the food and pharma sectors, where the healthy underlying market paired with ÅF's high level of expertise in the sector are contributing to strong growth. Several new orders were received, including in Denmark.

ÅF is continuing to grow within the automotive industry, both in Sweden and abroad. Operations in China performed well. One of ÅF's largest clients in China, NextEV, is developing electric cars for the Chinese market. ÅF is involved in the development of the company's first volume car; a seven-seater SUV planned to go on the market in China at the end of 2017. ÅF's assignment involves the development and validation of all the chassis systems, including wheel suspension, brakes,

steering and active safety. The assignment is being carried out by a team with the client in Shanghai, in cooperation with colleagues in Sweden and India. Furthermore, ÅF won an assignment from AB Volvo in Q4 to supply its Brazilian unit with a team of engineers. The order expands ÅF's client base in Brazil, where ÅF is already working with Scania.

Partly owing to our local presence and considerable expertise within project assignments for the pulp and paper pulp industry, ÅF has been entrusted with planning major parts of the renovation related to increasing capacity at BillerudKorsnäs' facility in Gruvön. The investment, which amounts to nearly SEK 6 billion, is one of the largest ever in Sweden for BillerudKorsnäs.

To strengthen its position in the Nordic energy market, ÅF has acquired the Norwegian energy technology consultant Solid Engineering AS, with sales of around NOK 100 million.

In the fourth quarter, the Industry Division strengthened its offering through the acquisition of Reinertsen's Swedish chemicals and petrochemicals business, with just over 100 employees.

## KEY RATIOS - INDUSTRY DIVISION

|   | Oct-Dec 2016 | Oct-Dec 2015 | Full year 2016 | Full year 2015 |
|---|--------------|--------------|----------------|----------------|
| Net sales, SEK million                      | 1 251        | 1 105        | 4 437          | 4 147          |
| Operating profit, SEK million               | 123          | 110          | 403            | 371            |
| Operating margin, %                         | 9,9          | 9,9          | 9,1            | 8,9            |
| Average number of full-time employees, FTEs | 3 284        | 3 260        | 3 177          | 3 204          |
| Total growth, %                             | 13,2         | 14,9         | 7,0            | 11,6           |
| of which organic growth, %                  | 4,1          | 2,3          | 2,1            | -0,2           |

The historical figures above are adjusted based on the organisational changes implemented 1 January 2016.

# Infrastructure Division



The Infrastructure Division enjoys a leading position in the Scandinavian market for technical solutions for infrastructure projects. The division's strengths include a portfolio of services that offer clients sustainable, hi-tech solutions.

Thanks to its ability to develop innovative solutions that boost client profitability and target fulfilment, the division is continuously enhancing its market potential.

Demand for engineering services in infrastructure remains strong in Scandinavia. Public sector investment is consistently high in both new and existing infrastructure, as well as in sustainable investments for maintaining properties.

ÅF continues to combine steady growth with high profitability, and the company is persistently gaining market share in both Sweden and Norway, which are the Group's largest infrastructure markets. Growth was 26.9 percent in Q4, of which 5.3 percentage points was organic.

Operating profit increased by 28 percent, amounting to SEK 127 million (99), and the operating margin rose to 10.8 percent (10.7). A strong underlying market, growth and the division's ability to run both smaller projects and large, complex projects are just a few of its success factors. Operating profit for the quarter was affected by an impairment of receivables in the amount of SEK 7 million relating to project collaborations with Reinertsen AS, which is now under reconstruction.

ÅF's considerable and unique expertise within the growing hospital sector, with technically advanced equipment and complex installations, is continuing to produce results. New assignments include alterations to the Thoracic Clinic at Karolinska University Hospital in Solna.

ÅF won an order within the area of energy efficiency from Coop, in which ÅF has been contracted to conduct a national energy survey of just over 100 stores and come up with suggestions for cost-effective and sustainable improvements.

The division is continuing to build on its infrastructure planning offering. In the fourth quarter, ÅF was commissioned by the Swedish Transport Administration for the project planning of part of the North Bothnia Line, encompassing route studies, consulting documents and the development of railway plans with environmental impact assessments.

The Infrastructure Division continues to run a number of large projects, including the expansion of Oslo Gardermoen Airport in Norway, the Stockholm Bypass and the West Link rail tunnel in Gothenburg. ÅF, together with Tyréns, is also the technical consulting company in charge of Phase 1 of the East Link project.

In line with ÅF's growth strategy and ambition to expand its presence in Denmark, Midtconsult AS was acquired, which will be part of the Group as of 1 January 2017. The company's main market is in the construction and property sector, but it is also growing within infrastructure.

Integration of the acquired companies sandellsandberg, Optiman, Traffic Team, Erstad & Lekven and Reinertsen is progressing as planned. However, profit for the period was impacted by costs relating to implementation and integration of the acquisitions, which had a negative effect on the operating margin.

## KEY RATIOS - INFRASTRUCTURE DIVISION

|   | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full year<br>2016 | Full year<br>2015 |
|---|-----------------|-----------------|-------------------|-------------------|
| Net sales, SEK million                      | 1 180           | 930             | 4 082             | 3 147             |
| Operating profit, SEK million               | 127             | 99              | 427               | 347               |
| Operating margin, %                         | 10,8            | 10,7            | 10,5              | 11,0              |
| Average number of full-time employees, FTEs | 3 191           | 2 446           | 2 977             | 2 254             |
| Total growth, %                             | 26,9            | 22,4            | 29,7              | 15,3              |
| of which organic growth, %                  | 5,3             | 10,7            | 7,6               | 7,7               |

# International Division



The International Division offers technical consulting services, in the energy, Industry and infrastructure sectors. Most of the services provided are within the energy sector. The division's domestic markets are Switzerland, Finland and the Baltic countries, and the Czech Republic, but it also performs projects in around 70 countries worldwide. The division enjoys a strong position within renewable energy, thermal power, hydropower and nuclear power.

The market for energy projects in the division's domestic market of Europe is still weak, while the markets in Southeast Asia and Africa continue to report healthy demand. Population growth and urbanisation are driving demand for power generation and distribution in these markets.

Net sales dropped by 2.7 percent in the fourth quarter. The figure includes growth through acquisitions of 2.3 percent and currency translation effects of 4.1 percent (positive). The main reasons for the decline are the weak European energy market and the temporarily postponed nuclear power project Angra 3 in Brazil. The Angra 3 project remains on hold, but is still expected to be resumed in the first half of 2017.

Operating profit totalled SEK 28 million (31) and the operating margin was 9.3 percent (10.0). One contributory factor was a downward adjustment of the pension liability in

Switzerland amounting to SEK 8 million, because of a change in the terms of the pension scheme. The underlying operating margin in Q4, normally a strong quarter, was 6.6 percent.

In the fourth quarter, ÅF acquired the Swiss engineering consultancy firm Edy Toscano AG. The company, which is one of the leading engineering consultants in Switzerland in the infrastructure sector, offers planning, engineering and consultancy services for tunnels, roads, railways, traffic planning and the environment. The company has net sales of just over SEK 400 million. The acquisition is consistent with the Group's strategy of growing on its domestic markets. Edy Toscano AG was consolidated into the ÅF Group on 31 December, 2016.

In accordance with ÅF's efforts to reinforce its global position within renewable energy, the company acquired the energy division of the

Spanish engineering firm ARIES Ingeniería y Sistemas. The Madrid-based company offers consulting and engineering services, primarily within the international solar energy market. The firm has annual sales of EUR 5 million and was consolidated into ÅF on 1 December.

The market trend is continuing, with existing power plants being upgraded to reduce emissions and optimise processes, and in the fourth quarter ÅF concluded a number of agreements in Europe and Southeast Asia.

In the hydropower sector, ÅF also won orders to construct a new hydropower plant in Norway and to upgrade existing facilities in Sweden, as well as a substantial expansion assignment from a Swiss client.

## KEY RATIOS - INTERNATIONAL DIVISION

|   | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full year<br>2016 | Full year<br>2015 |
|---|-----------------|-----------------|-------------------|-------------------|
| Net sales, SEK million                      | 300             | 309             | 1 098             | 1 179             |
| Operating profit, SEK million               | 28              | 31              | 58                | 82                |
| Operating margin, %                         | 9,3             | 10,0            | 5,3               | 7,0               |
| Average number of full-time employees, FTEs | 851             | 893             | 844               | 893               |
| Total growth, %                             | -2,7            | -1,0            | -6,9              | 3,9               |
| of which organic growth, %                  | -5,0            | -2,6            | -7,4              | 6,8               |

The historical figures above are adjusted based on the organisational changes implemented on 1 January 2016.

# Technology Division



The Technology Division's main operations are in Sweden, where it works with R&D, communication technology, and IT. Technology helps companies, government agencies, and the military take advantage of the possibilities of the connected world. A firm base and a long track record of success provide stability and give clients peace of mind.

The market for embedded systems and digital solutions remains strong. Growth was 11.3 percent for the fourth quarter, of which 7.0 percentage points were organic. Sales and operating profit continued to increase, largely owing to strong demand, a persistently high capacity utilisation rate and the high pace of recruitment. The operating margin was 9.2 percent (9.2).

ÅF's breadth of expertise combined with the Technology Division's in-depth knowledge of application and systems development for the connected world constitutes a solid offering in the market. Demand from the automotive industry remained strong, primarily within embedded systems with applications in active safety, autonomous driving intelligence and IT services linked to telematics. ÅF is now established as one of Sweden's leading development partners to the Swedish automotive

industry. Demand from the telecom sector's operators remained good, while the telecom market was weaker on the supply side. However, ÅF sees continued opportunities to win telecom business through the ability to put together cross-functional consulting teams and cost-effective outsourcing projects both in Sweden and abroad. Growth continued in the banking and finance sector, where there is a significant need for digitalisation, while another of the division's main markets, the defence industry, accounted for a somewhat lower level of demand than expected in Q4.

Several significant new orders were secured in the quarter and new framework agreements were signed with Scania, AB Volvo, Autoliv, ICA and a number of public-sector clients. Key individual orders were signed with BAE Systems and Telia.

The strategic investment in digital management consultancy services initiated in the third quarter has progressed well, with a continued build-up of qualified consultants. ÅF's wide ranging expertise in industry and essential services in society and the Technology Division's in-depth knowledge of application and systems development for the interconnected world combine to produce a unique digital transformation offering for ÅF's clients.

The integration of Sjöland & Thyselius, which was acquired on 1 September, has progressed according to schedule and the business is now fully integrated. Sjöland & Thyselius' focus on the defence industry, telecommunications, the automotive industry and civil safety has contributed synergies between the two companies in a relatively short period of time.

## KEY RATIOS - TECHNOLOGY DIVISION

|   | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full year<br>2016 | Full year<br>2015 |
|---|-----------------|-----------------|-------------------|-------------------|
| Net sales, SEK million                      | 497             | 447             | 1 736             | 1 601             |
| Operating profit, SEK million               | 46              | 41              | 162               | 125               |
| Operating margin, %                         | 9,2             | 9,2             | 9,3               | 7,8               |
| Average number of full-time employees, FTEs | 1 063           | 981             | 995               | 983               |
| Total growth, %                             | 11,3            | 8,1             | 8,5               | 9,5               |
| of which organic growth, %                  | 7,0             | 8,1             | 6,9               | 9,5               |



## Risks and uncertainty factors

The significant risks and uncertainty factors to which the ÅF Group is exposed include strategic risks linked to the market, acquisitions, sustainability and IT, and operational risks related to projects and the ability to recruit and retain qualified co-workers. In addition, the Group is exposed to a number of financial risks, including currency risks, interest-rate risks and credit risks. The risks to which the Group is exposed are described in detail in ÅF's 2015 Annual Report. No significant risks are considered to have arisen since the publication of the Annual Report.

## Accounting policies

This report has been prepared in accordance with IAS 34, "Interim Financial Reporting". The accounting policies conform to International Financial Reporting Standards (IFRS), as well as with the EU approved interpretations of the relevant standards, the International Financial Reporting Interpretations Committee (IFRIC) and Chapter 9 of the Swedish Annual Accounts Act. The report has been drawn up using the same accounting policies and methods of calculation as those in the 2015 Annual Report (Note 1). New or revised IFRS standards that came into force in 2016 did not have any material impact on the Group.

The parent company has implemented the Swedish Financial Reporting Board's Recommendation RFR 2, which means that the parent in the legal entity shall apply all EU approved IFRS and related statements as far as this is possible, while continuing to apply the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and paying due regard to the relationship between accounting and taxation.

## Definitions

ESMA's guidelines on alternative performance measures are being applied as of 3 July 2016. Most of the alternative performance measures used in this report are defined in the 2015 Annual Report. For the alternative performance measures that are not covered by the Annual Report, the following definitions apply:

Organic growth – total growth as regards net sales less acquired growth. Sales from an acquired operation are calculated as acquired sales twelve months from the takeover date.

Rolling twelve-month sales and operating profit – sales and operating profit with regard to the most recent twelve-month period.

Operating profit excl. items affecting comparability – Operating profit adjusted for items

affecting comparability per separate table (page 2).

Operating margin excl. items affecting comparability – operating margin adjusted for items affecting comparability per separate table (page 2).

## The share

The ÅF share price at the end of the reporting period was SEK 167.00 (143.75). Adjusted for dividends, the total return for the ÅF share amounted to 19.3 percent since the start of the year. The total return on the OMX Stockholm Allshare index for the same period amounted to 8.7 percent.

|                       |             |
|-----------------------|-------------|
| A shares              | 3,217,752   |
| B shares              | 75,696,001  |
| Total shares          | 78,913,753  |
| Of which own B shares | 1,202,750   |
| Votes                 | 107,873,521 |

In 2016, 49,905 own shares were used for matching of the 2012 and 2013 share savings programmes. Shares were converted during the period as per the 2012 and 2013 staff convertible programme, increasing the number of B shares by 848,460. In the fourth quarter, 775,684 B shares were repurchased with regard to the 2016 staff convertible programme.

## Dividend

The Board proposes a dividend per share for 2016 of SEK 4.50 (3.75).

Stockholm, Sweden - 3 February, 2017  
ÅF AB (publ)

Jonas Wiström  
President and CEO

*This report has not been subject to review by the company's auditors.*

*This information is information that ÅF AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 3 February at 11.30 am CET.*

*All assumptions about the future that are made in this report are based on the best information available to the company at the time the report was written. As is the case with all assessments of the future, such assumptions are subject to risks and uncertainties, which may mean that the actual outcome differs from the anticipated result.*

## Calendar 2017

25 April Interim Report Jan-Mar  
25 April Annual General Meeting  
13 July Interim Report Jan-Jun  
23 October Interim Report Jan-Sep

## Please Contact

Jonas Wiström, President and CEO  
+46 70 608 12 20

Stefan Johansson, CFO  
+46 70 224 24 01

Group Head Office:  
ÅF AB, SE-169 99 Stockholm, Sweden  
Visiting address: Frösundaleden 2  
Tfn: +46 10 505 00 00  
www.afconsult.com  
info@afconsult.com  
Corp. ID. number 556120-6474

## Consolidated income statement

| SEK million  | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full year<br>2016 | Full year<br>2015 |
|--|-----------------|-----------------|-------------------|-------------------|
| Net sales  | 3 138           | 2 717           | 11 070            | 9 851             |
| Personnel costs  | -1 700          | -1 469          | -6 139            | -5 467            |
| Purchases of services and materials                          | -848            | -751            | -2 944            | -2 672            |
| Other costs  | -265            | -216            | -918              | -828              |
| Other income   | 7               | 5               | 10                | 55                |
| Amortisation and impairment of intangible assets             | -13             | -11             | -48               | -43               |
| Depreciation and impairment of property, plant and equipment | -17             | -15             | -67               | -56               |
| Profit attributable to participations in associates          | 0               | 0               | 0                 | 0                 |
| <b>Operating profit</b>                                      | <b>302</b>      | <b>261</b>      | <b>965</b>        | <b>839</b>        |
| Net financial items  | -13             | -11             | -42               | -40               |
| <b>Profit after financial items</b>                          | <b>289</b>      | <b>250</b>      | <b>923</b>        | <b>799</b>        |
| Tax  | -68             | -59             | -212              | -190              |
| <b>Profit for the period</b>                                 | <b>221</b>      | <b>191</b>      | <b>711</b>        | <b>609</b>        |
| Attributable to:   |                 |                 |                   |                   |
| Shareholders in the parent                                   | 222             | 191             | 726               | 605               |
| Non-controlling interest                                     | 0               | 0               | -15               | 4                 |
| <b>Profit for the period</b>                                 | <b>221</b>      | <b>191</b>      | <b>711</b>        | <b>609</b>        |
| Operating margin, %  | 9,6             | 9,6             | 8,7               | 8,5               |
| Capacity utilisation, %                                      | 77,7            | 77,7            | 77,6              | 76,9              |
| Earnings per share before dilution, SEK                      | 2,84            | 2,46            | 9,32              | 7,81              |
| Earnings per share after dilution, SEK                       | 2,79            | 2,40            | 9,14              | 7,63              |
| Number of shares outstanding                                 | 77 711 003      | 77 588 322      | 77 711 003        | 77 588 322        |
| Average number of outstanding shares before dilution         | 78 032 108      | 77 586 415      | 77 937 176        | 77 502 515        |
| Average number of outstanding shares after dilution          | 80 394 698      | 80 117 453      | 80 220 366        | 79 931 532        |

## Statement of consolidated comprehensive income

| SEK million  | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full year<br>2016 | Full year<br>2015 |
|--|-----------------|-----------------|-------------------|-------------------|
| <b>Profit for the period</b>                                 | <b>221</b>      | <b>191</b>      | <b>711</b>        | <b>609</b>        |
| <b>Items which will be transferred to profit or loss</b>     |                 |                 |                   |                   |
| Change in translation reserve                                | -17             | -43             | 112               | -38               |
| Change in hedge reserve                                      | 6               | 4               | -11               | -3                |
| Tax  | -1              | -1              | 2                 | 0                 |
| <b>Items which will not be transferred to profit or loss</b> |                 |                 |                   |                   |
| Pensions   | -6              | -24             | -5                | -22               |
| Tax  | 1               | 5               | 1                 | 4                 |
| <b>Other comprehensive income for the period</b>             | <b>-18</b>      | <b>-59</b>      | <b>99</b>         | <b>-58</b>        |
| <b>Comprehensive income for the period</b>                   | <b>203</b>      | <b>132</b>      | <b>810</b>        | <b>551</b>        |
| Attributable to:   |                 |                 |                   |                   |
| Shareholders in the parent                                   | 204             | 132             | 818               | 547               |
| Non-controlling interest                                     | 0               | 0               | -8                | 4                 |
| <b>Total</b>   | <b>203</b>      | <b>132</b>      | <b>810</b>        | <b>551</b>        |

## Consolidated balance sheet

| SEK million                                | 31 Dec<br>2016 | 31 Dec<br>2015 |
|--|----------------|----------------|
| <b>ASSETS</b>                              |                |                |
| <b>Non-current assets</b>                  |                |                |
| Intangible assets                          | 5 955          | 4 818          |
| Property, plant and equipment              | 476            | 385            |
| Other non-current assets                   | 31             | 21             |
| <b>Total non-current assets</b>            | <b>6 462</b>   | <b>5 224</b>   |
| <b>Current assets</b>                      |                |                |
| Current receivables                        | 3 616          | 2 828          |
| Cash and cash equivalents                  | 329            | 264            |
| <b>Total current assets</b>                | <b>3 945</b>   | <b>3 093</b>   |
| <b>Total assets</b>                        | <b>10 407</b>  | <b>8 316</b>   |
| <b>EQUITY AND LIABILITIES</b>              |                |                |
| <b>Equity</b>                              |                |                |
| Attributable to shareholders in the parent | 4 677          | 4 226          |
| Attributable to non-controlling interest   | 19             | 4              |
| <b>Total equity</b>                        | <b>4 697</b>   | <b>4 230</b>   |
| <b>Non-current liabilities</b>             |                |                |
| Provisions                                 | 360            | 252            |
| Non-current liabilities                    | 2 520          | 1 275          |
| <b>Total non-current liabilities</b>       | <b>2 880</b>   | <b>1 527</b>   |
| <b>Current liabilities</b>                 |                |                |
| Provisions                                 | 39             | 29             |
| Current liabilities                        | 2 791          | 2 530          |
| <b>Total current liabilities</b>           | <b>2 830</b>   | <b>2 559</b>   |
| <b>Total equity and liabilities</b>        | <b>10 407</b>  | <b>8 316</b>   |

Pledged assets and Contingent liabilities are essentially the same as in the annual accounts for 2015.

## Statement of change in consolidated equity

| SEK million  | 31 Dec<br>2016 | 31 Dec<br>2015 |
|--|----------------|----------------|
| <b>Equity at start of period</b>                                     | <b>4 230</b>   | <b>3 954</b>   |
| <b>Comprehensive income for the period</b>                           | <b>810</b>     | <b>551</b>     |
| Dividends  | -292           | -273           |
| Conversion into shares under the staff convertible debenture program | 79             | 65             |
| Value of conversion right  | 8              | 8              |
| Share buy-backs/sales  | -128           | -86            |
| Transactions related to non-controlling interest                     | -20            | -              |
| Share savings programmes   | 10             | 11             |
| <b>Equity at end of period</b>                                       | <b>4 697</b>   | <b>4 230</b>   |
| Attributable to:   |                |                |
| Shareholders in the parent   | 4 677          | 4 226          |
| Non-controlling interest   | 19             | 4              |
| <b>Total</b>   | <b>4 697</b>   | <b>4 230</b>   |

## Statement of consolidated cash flows

| SEK million  | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full year<br>2016 | Full year<br>2015 |
|--|-----------------|-----------------|-------------------|-------------------|
| Profit after financial items   | 289             | 250             | 923               | 799               |
| Adjustment for items not included in cash flow                               | -4              | 2               | 95                | 88                |
| Income tax paid  | -33             | -35             | -188              | -231              |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>253</b>      | <b>217</b>      | <b>830</b>        | <b>656</b>        |
| Cash flow from changes in working capital                                    | -48             | 52              | -208              | -133              |
| <b>Cash flow from operating activities</b>                                   | <b>205</b>      | <b>269</b>      | <b>622</b>        | <b>523</b>        |
| Cash flow from investing activities  | -311            | -72             | -963              | -807              |
| Cash flow from financing activities  | 160             | -158            | 411               | 370               |
| <b>Cash flow for the period</b>  | <b>54</b>       | <b>40</b>       | <b>70</b>         | <b>86</b>         |
| Opening cash and cash equivalents  | 275             | 223             | 264               | 178               |
| Exchange difference in cash and cash equivalents                             | 0               | 1               | -5                | 0                 |
| <b>Closing cash and cash equivalents</b>                                     | <b>329</b>      | <b>264</b>      | <b>329</b>        | <b>264</b>        |

## Change in consolidated net debt

|  | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full year<br>2016 | Full year<br>2015 |
|--|-----------------|-----------------|-------------------|-------------------|
| Opening balance  | 2 006           | 1 639           | 1 486             | 870               |
| Cash flow from operating activities                              | -205            | -270            | -622              | -523              |
| Acquisitions of intangible assets, property, plant and equipment | 28              | 21              | 97                | 66                |
| Acquisition and contingent considerations paid                   | 282             | 51              | 917               | 741               |
| Dividend   | 0               | 0               | 292               | 273               |
| Share buy-backs/sales  | 128             | 41              | 128               | 86                |
| Other  | 59              | 4               | 0                 | -27               |
| <b>Closing balance</b>   | <b>2 298</b>    | <b>1 486</b>    | <b>2 298</b>      | <b>1 486</b>      |

## Consolidated net debt

|                             | 31 Dec<br>2016 | 31 Dec<br>2015 |
|-----------------------------|----------------|----------------|
| Loans and credit facilities | 2 464          | 1 644          |
| Net pension liability       | 163            | 106            |
| Cash and cash equivalents   | -329           | -264           |
| <b>Group</b>                | <b>2 298</b>   | <b>1 486</b>   |

## Consolidated key ratios

|   | Full year<br>2016 | Full year<br>2015 |
|---|-------------------|-------------------|
| Return on equity, %                       | 15,9              | 14,8              |
| Return on capital employed, %             | 14,7              | 14,8              |
| Equity ratio, %                           | 45,1              | 50,9              |
| Equity per share, SEK                     | 60,19             | 54,46             |
| Interest-bearing liabilities, SEK million | 2 627             | 1 750             |
| Average number of employees (FTEs)        | 8 115             | 7 453             |



## Quarterly information by division

| NET SALES, SEK million   | 2015           |                |                |                |                | 2016           |                |                |              |               |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|---------------|
|                          | Q1             | Q2             | Q3             | Q4             | Full year      | Q1             | Q2             | Q3             | Q4           | Full year     |
| Industry                 | 1,000.3        | 1,144.3        | 897.1          | 1,104.9        | 4,146.6        | 1,069.6        | 1,186.6        | 929.7          | 1 251        | 4 437         |
| Infrastructure           | 749.7          | 805.6          | 661.2          | 930.5          | 3,146.8        | 933.2          | 1,098.2        | 870.0          | 1 180        | 4 082         |
| International            | 282.0          | 298.8          | 289.7          | 308.5          | 1,179.0        | 278.2          | 262.9          | 256.9          | 300          | 1 098         |
| Technology               | 414.7          | 405.3          | 334.0          | 446.7          | 1,600.6        | 424.9          | 459.9          | 354.4          | 497          | 1 736         |
| Group-wide/ eliminations | -49.4          | -65.1          | -34.7          | -73.2          | -222.4         | -62.9          | -66.1          | -62.8          | -91          | -283          |
| <b>Group</b>             | <b>2,397.3</b> | <b>2,588.8</b> | <b>2,147.2</b> | <b>2,717.4</b> | <b>9,850.6</b> | <b>2,643.0</b> | <b>2,941.6</b> | <b>2,348.1</b> | <b>3 138</b> | <b>11 070</b> |

| OPERATING PROFIT/LOSS<br>SEK million | 2015         |              |              |              |              | 2016         |              |              |            |            |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
|                                      | Q1           | Q2           | Q3           | Q4           | Full year    | Q1           | Q2           | Q3           | Q4         | Full year  |
| Industry                             | 80.8         | 114.8        | 65.7         | 109.7        | 371.0        | 85.3         | 122.2        | 72.0         | 123        | 403        |
| Infrastructure                       | 95.9         | 95.0         | 56.7         | 99.3         | 346.8        | 100.1        | 126.3        | 73.2         | 127        | 427        |
| International                        | 14.2         | 18.4         | 18.5         | 30.9         | 82.0         | 13.6         | 16.6         | 0.3          | 28         | 58         |
| Technology                           | 36.2         | 27.8         | 19.6         | 41.0         | 124.6        | 41.5         | 46.5         | 28.3         | 46         | 162        |
| Group-wide/ eliminations             | -20.5        | 3.7          | -48.4        | -20.3        | -85.4        | -20.1        | -30.9        | -11.7        | -22        | -85        |
| <b>Group</b>                         | <b>206.7</b> | <b>259.7</b> | <b>112.0</b> | <b>260.6</b> | <b>839.0</b> | <b>220.4</b> | <b>280.7</b> | <b>162.1</b> | <b>302</b> | <b>965</b> |

| OPERATING MARGIN (%) | 2015       |             |            |            |            | 2016       |            |            |            |            |
|----------------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                      | Q1         | Q2          | Q3         | Q4         | Full year  | Q1         | Q2         | Q3         | Q4         | Full year  |
| Industry             | 8.1        | 10.0        | 7.3        | 9.9        | 8.9        | 8.0        | 10.3       | 7.7        | 9.9        | 9.1        |
| Infrastructure       | 12.8       | 11.8        | 8.6        | 10.7       | 11.0       | 10.7       | 11.5       | 8.4        | 10.8       | 10.5       |
| International        | 5.0        | 6.2         | 6.4        | 10.0       | 7.0        | 4.9        | 6.3        | 0.1        | 9.3        | 5.3        |
| Technology           | 8.7        | 6.9         | 5.9        | 9.2        | 7.8        | 9.8        | 10.1       | 8.0        | 9.2        | 9.3        |
| <b>Group</b>         | <b>8.6</b> | <b>10.0</b> | <b>5.2</b> | <b>9.6</b> | <b>8.5</b> | <b>8.3</b> | <b>9.5</b> | <b>6.9</b> | <b>9.6</b> | <b>8.7</b> |

| EMPLOYEES (FTES) | 2015         |              |              |              |              | 2016         |              |              |              |              |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                  | Q1           | Q2           | Q3           | Q4           | Full year    | Q1           | Q2           | Q3           | Q4           | Full year    |
| Industry         | 3,070        | 3,272        | 3,216        | 3,260        | 3,204        | 3,200        | 3,144        | 3,085        | 3 284        | 3 177        |
| Infrastructure   | 2,062        | 2,185        | 2,318        | 2,446        | 2,254        | 2,734        | 2,988        | 2,987        | 3 191        | 2 977        |
| International    | 881          | 908          | 891          | 893          | 893          | 859          | 842          | 826          | 851          | 844          |
| Technology       | 992          | 993          | 969          | 981          | 983          | 978          | 968          | 970          | 1 063        | 995          |
| ÅF AB            | 111          | 121          | 114          | 124          | 118          | 127          | 116          | 131          | 117          | 122          |
| <b>Group</b>     | <b>7,116</b> | <b>7,478</b> | <b>7,508</b> | <b>7,705</b> | <b>7,453</b> | <b>7,898</b> | <b>8,057</b> | <b>7,998</b> | <b>8 505</b> | <b>8 115</b> |

| NUMBER OF WORKING<br>DAYS | 2015 |    |    |    |           | 2016 |    |    |    |           |
|---------------------------|------|----|----|----|-----------|------|----|----|----|-----------|
|                           | Q1   | Q2 | Q3 | Q4 | Full year | Q1   | Q2 | Q3 | Q4 | Full year |
| Sweden only               | 62   | 60 | 66 | 62 | 250       | 61   | 62 | 66 | 63 | 252       |
| All countries             | 62   | 60 | 66 | 62 | 250       | 61   | 62 | 66 | 63 | 252       |

The historical figures above are adjusted based on the organisational changes implemented on 1 January 2016 concerning Industry Division and International Division.

## Acquired companies' net assets at time of acquisition

| SEK million   | Full year 2016 |
|---|----------------|
| Intangible assets   | 17             |
| Property, plant and equipment                                 | 45             |
| Financial assets  | 49             |
| Accounts receivable and other receivables                     | 371            |
| Cash and cash equivalents                                     | 172            |
| Accounts payable and other liabilities                        | -419           |
| <b>Net identifiable assets and liabilities</b>                | <b>234</b>     |
| Goodwill  | 968            |
| Fair value adjustment intangible assets                       | 72             |
| Fair value adjustment intangible assets                       | 9              |
| Fair value adjustment non-current provisions                  | -13            |
| Non-controlling interest                                      | -102           |
| <b>Purchase price incl estimated contingent consideration</b> | <b>1 168</b>   |
| Transaction costs   | 2              |
| Deduct:   |                |
| Cash (acquired)   | -172           |
| Estimated contingent consideration/option                     | -307           |
| Other assets  | -41            |
| <b>Net outflow of cash</b>                                    | <b>649</b>     |

Acquisition analyses are preliminary as the assets in the companies acquired have not been definitively analysed. In the case of the above acquisitions, the purchase price has been greater than the assets recognised in the companies acquired: as a result, the acquisition analysis has created intangible assets. The acquisition of a consulting business involves in the first instance the acquisition of human capital in the form of the skills and expertise of the workforce: thus, the greater part of the intangible assets in the companies acquired is attributable to goodwill.

The acquisitions refer to Alteco AB, ÅF Reinertsen Deal Sverige AB, Erstad & Lekven Oslo AS, ÅF Reinertsen AS, sandellsandberg arkitekter AB, Optiman Prosjektledelse AS, TrafficTeam A/S, Ingenjörprojekt Sverige AB, Sjöland & Thyselius AB, Solid Engineering AS, AF-Aries SA and AF-Toscana AG, business operation Reinertsen Oil & Gas, and two small business operations in Sweden. None of the acquisitions are significant individually, so the information has been consolidated for presentation.

### Valuation of fair value

Contingent considerations are valued to fair value in accordance with level 3. The changes in the balance are reported in the table below.

### Change in contingent consideration/option

| SEK million   | 2016       |
|---|------------|
| Opening balance as of 1 January 2016                    | 188        |
| Acquisitions this year                                  | 307        |
| Payments  | -113       |
| Changes in value recognised in other operational income | -6         |
| Discounting   | 3          |
| Exchange differences                                    | 6          |
| <b>Closing balance</b>                                  | <b>386</b> |

As regards other financial assets and liabilities, no significant changes in fair value measurement have been made since the 2015 Annual Report. Fair values are essentially consistent with carrying amounts.

Information in accordance with IAS 34.16A can partly be found on pages prior to the consolidated income statement for the group.

## Parent income statement

| SEK million                                | Oct-Dec<br>2016 | Oct-Dec<br>2015 | Full year<br>2016 | Full year<br>2015 |
|--|-----------------|-----------------|-------------------|-------------------|
| Net sales                                  | 124             | 107             | 456               | 390               |
| Other operating income                     | 53              | 52              | 202               | 184               |
| <b>Operating income</b>                    | <b>177</b>      | <b>159</b>      | <b>658</b>        | <b>574</b>        |
| Personnel costs                            | -44             | -36             | -149              | -126              |
| Other costs                                | -137            | -127            | -517              | -455              |
| Depreciation and amortisation              | -8              | -7              | -31               | -26               |
| <b>Operating profit/loss</b>               | <b>-11</b>      | <b>-10</b>      | <b>-39</b>        | <b>-32</b>        |
| Net financial items                        | 526             | 501             | 561               | 631               |
| <b>Profit/loss after financial items</b>   | <b>515</b>      | <b>491</b>      | <b>522</b>        | <b>599</b>        |
| Appropriations                             | 65              | 55              | 65                | 55                |
| <b>Pre-tax profit/loss</b>                 | <b>580</b>      | <b>546</b>      | <b>588</b>        | <b>654</b>        |
| Tax  | -11             | -8              | -1                | 0                 |
| <b>Profit/loss for the period</b>          | <b>569</b>      | <b>538</b>      | <b>587</b>        | <b>654</b>        |
| Other comprehensive income                 | 4               | 2               | -9                | -3                |
| <b>Comprehensive income for the period</b> | <b>573</b>      | <b>541</b>      | <b>579</b>        | <b>651</b>        |

## Parent balance sheet

| SEK million                         | 31 Dec<br>2016 | 31 Dec<br>2015 |
|-------------------------------------|----------------|----------------|
| <b>ASSETS</b>                       |                |                |
| <b>Non-current assets</b>           |                |                |
| Intangible assets                   | 19             | 16             |
| Property, plant and equipment       | 107            | 89             |
| Financial assets                    | 5 764          | 5 477          |
| <b>Total non-current assets</b>     | <b>5 890</b>   | <b>5 582</b>   |
| <b>Current assets</b>               |                |                |
| Current receivables                 | 1 875          | 1 184          |
| Cash and bank balances              | 62             | 92             |
| <b>Total current assets</b>         | <b>1 937</b>   | <b>1 276</b>   |
| <b>Total assets</b>                 | <b>7 828</b>   | <b>6 858</b>   |
| <b>EQUITY AND LIABILITIES</b>       |                |                |
| Equity                              | 4 436          | 4 181          |
| Untaxed reserves                    | 134            | 129            |
| Provisions                          | 68             | 132            |
| Non-current liabilities             | 2 157          | 1 221          |
| Current liabilities                 | 1 033          | 1 195          |
| <b>Total equity and liabilities</b> | <b>7 828</b>   | <b>6 858</b>   |



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