



# INTERIM REPORT JANUARY–SEPTEMBER 2013

SWECO AB (publ)

5 November 2013

## **JULY – SEPTEMBER 2013**

- Net sales of SEK 1,809.3 million (1,557.3).
- Operating profit of SEK 106.0 million (98.8).
- Operating margin of 5.9 per cent (6.3).
- Profit after tax of SEK 70.8 million (61.5) and earnings per share of SEK 0.76 (0.66).
- Net debt of SEK 1,548.9 million (635.5).

## **JANUARY – SEPTEMBER 2013**

- Net sales of SEK 5,751.4 million (5,410.0).
- Operating profit of SEK 432.2 million (481.0).
- Operating margin of 7.5 per cent (8.9).
- Profit after tax of SEK 309.2 million (348.5) and earnings per share of SEK 3.35 (3.78).

### **Comments from CEO Tomas Carlsson:**

- Operating profit for the third quarter rose to SEK 106 million which is the best third quarter so far for Sweco. The best performing business area was Sweco Norway, with an operating margin of close to 9 per cent. Operating profit excluding integration costs for Vectura amounted to SEK 121 million and operating margin excluding integration costs was 6.7 per cent.
- At the end of July the relevant competition authorities approved Sweco's acquisition of Vectura. The transaction was completed on 31 July and Vectura is consolidated in Sweco as of 1 August 2013. Together with Vectura, we are now the leader in the Nordic market with the strongest offering for the infrastructure of the future. The integration is proceeding according to plan and our assessment is that the acquisition will meet or exceed Sweco's expectations. Further details about the status of the merger will be published ahead of Sweco's Capital Markets Day on 29 November.
- Overall demand for Sweco's services is good, but with major variations still remaining. The market in Norway is strong and demand in Sweden is stable. In Finland, demand for building-related services is satisfactory. At the same time, the market for Finnish industrial consulting services is characterized by continued weakness. In Eastern Europe and Russia, the market is characterized by continued challenges. However, the actions taken are starting to yield positive effects and additional measures are planned. One step in this process is the merging of Sweco Russia and Sweco Central & Eastern Europe business areas.

## PROFIT AND FINANCIAL POSITION

### Net sales and profit, January – September 2013

The Sweco Group's net sales rose by 6 per cent to SEK 5,751.4 million (5,410.0). Organic growth was 2 per cent and acquisition-driven growth was 6 per cent, while foreign exchange effects resulting from a stronger Swedish krona had a negative impact on growth of 2 per cent.

Profit summary, SEK M	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Sweco Sweden	74.1	48.7	313.1	292.9
Sweco Norway	33.6	28.2	122.0	120.3
Sweco Finland	21.1	30.4	47.3	95.8
Sweco Central & Eastern Europe	-5.5	1.6	-5.8	5.9
Sweco Russia	-1.3	-9.0	-8.4	-14.8
Group-wide, etc.	-16.0	-1.1	-36.0	-19.1
<b>Operating profit</b>	<b>106.0</b>	<b>98.8</b>	<b>432.2</b>	<b>481.0</b>
Consolidated net financial items	-13.5	-13.7	-23.9	-17.2
<b>Profit before tax</b>	<b>92.5</b>	<b>85.1</b>	<b>408.3</b>	<b>463.8</b>

Operating profit was SEK 432.2 million (481.0). The decrease is mainly explained by lower earnings in Sweco Finland, which had a negative impact on operating profit of SEK 48.5 million. Operating profit was also negatively affected by integration costs of SEK 14.9 million in connection with the Vectura acquisition, which have been charged to the "group-wide" segment.

Sweco Sweden reported net sales of SEK 3,356.1 million (3,028.2). Organic growth was 4 per cent. Operating profit amounted to SEK 313.1 million (292.9) and the operating margin was 9.3 per cent (9.7). Vectura is included in the business area as of 1 August and contributed SEK 203.4 million to net sales and SEK 6.3 million to operating profit.

Net sales for Sweco Norway totalled SEK 1,327.9 million (1,287.2) and organic growth was 4 per cent. Operating profit amounted to SEK 122.0 million (120.3) and the operating margin was 9.2 per cent (9.3). The billing ratio improved in the third quarter, which contributed to the enhanced earnings.

Sweco Finland achieved net sales of SEK 968.5 million (920.5). Operating profit was SEK 47.3 million (95.8) and the operating margin was 4.9 per cent (10.4). The decrease in earnings is mainly attributable to a sharp downturn in the market for industrial consulting services. As a consequence of the implemented action program, higher capacity utilisation was noted in the third quarter.

Sweco Central & Eastern Europe reported an operating profit of SEK -5.8 million (5.9). The drop in earn-

ings is explained by a weak market and client losses in Poland.

Sweco Russia posted an operating profit of SEK -8.4 million owing to very weak market development. As a consequence of measures taken, operational performance has gradually improved. Excluding restructuring costs, the business area essentially achieved a breakeven result for the third quarter.

Consolidated profit was burdened with acquisition-related costs of SEK 5.7 million (12.5) and amortisation of acquisition-related intangible assets of SEK 32.0 million (34.9).

Operating profit before amortisation of acquisition-related intangible assets (EBITA) was SEK 464.2 million (511.7) and the margin was 8.1 per cent (9.5).

The billing ratio, including all administrative personnel, was 73.8 per cent (74.4). The lower billing ratio had a negative impact on operating profit of approximately SEK 46 million, compared with the previous year.

The number of normal working hours during the period was 1,479 (1,481). Calendar effects had a negative impact on operating profit of around SEK 6 million compared with the previous year.

Profit before tax was SEK 408.3 million (463.8). The Group's net financial items amounted to SEK -23.9 million (-17.2), and included foreign exchange effects of SEK -1.4 million (1.6).

Profit after tax was SEK 309.2 million (348.5).

Return on equity was 29.1 per cent (33.9) and return on capital employed was 22.2 per cent (34.6).

No significant transactions with related parties have taken place.

### Earnings per share

Earnings per share amounted to SEK 3.35 (3.78) before dilution and SEK 3.35 (3.78) after dilution.

### Investments

Investments in equipment totalled SEK 67.5 million (82.2) and referred mainly to computers and other IT investments. Depreciation of equipment amounted to SEK 81.0 million (65.5) and amortisation of intangible assets to SEK 40.2 million (41.9).

Purchase consideration paid for the acquisition of companies amounted to SEK 950.3 million (785.2) and had an effect of SEK -856.7 million (-535.2) on the Group's cash and cash equivalents.

### Cash flow and financial position

The Group's cash flow from operating activities was SEK 197.4 million (120.2).

Cash and cash equivalents amounted to SEK 211.5 million (325.3). Disposable cash and cash equivalents including unutilised bank overdraft facilities at the end of the reporting period totalled SEK 669.9 million

(657.2). Interest-bearing debt is reported at SEK 1,760.4 million (960.8). The net interest-bearing liability was SEK 1,548.9 million (635.5). The net debt/equity ratio was 97.6 per cent (44.8). The net debt/equity ratio amounted to 1.9 (0.8) and the equity/assets ratio was 26.5 per cent (29.1).

The Vectura acquisition was financed through a combination of existing loans and a new three-year credit facility of SEK 800 million.

Revaluation of the pension liability in Norway due to recommendations for a changed life expectancy assumption had a negative impact on other comprehensive income, and thereby also equity, of SEK 43.5 million.

During the year, dividends have been paid to Sweco AB's shareholders in a total amount of SEK 296.2 million (274.0).

### Employees

The number of employees at 30 September 2013 was 9,027 (7,720). The average number of employees in the Group was 7,735 (7,207). Through acquisitions, the number of employees in the Sweco Group increased by 1,264 during the period.

### Sales and profit, July – September 2013

Net sales increased by 16 per cent to SEK 1,809.3 million (1,557.3). Organic growth was 3 per cent and acquisition-driven growth was 14 per cent, while foreign exchange effects resulting from a stronger Swedish krona had a negative impact on growth of 1 per cent. Calendar effects had a positive effect on organic growth of 1 per cent.

Operating profit was 106.0 million (98.8) and the operating margin was 5.9 per cent (6.3).

Consolidated profit was burdened with acquisition-related costs of SEK 0.2 million (0.0) and amortisation of acquisition-related intangible assets of SEK 11.6 million (11.9).

Integration costs in connection with the Vectura acquisition had a negative impact on profit of SEK 14.9 million and have been charged to the "group-wide" segment.

Operating profit before amortisation of acquisition-related intangible assets (EBITA) was SEK 117.6 million (107.8) and the margin was 6.5 per cent (6.9).

The billing ratio was 74.0 (74.3). The lower billing ratio had a negative impact on operating profit of approximately SEK 10 million, compared with the previous year.

The number of normal working hours during the period was 522 (515). Calendar effects had a positive effect on operating profit of around SEK 24 million, compared with the previous year.

Profit before tax was SEK 92.5 million (85.1). Profit after tax amounted to SEK 70.8 million (61.5).

Cash flow from operating activities was SEK 53.6 million (–108.1).

### Organisation

With effect from 1 December 2013, Sweco Russia and Sweco Central & Eastern Europe will be merged. The President of the business area will be Bo Carlsson, who is currently President of Sweco Russia and Acting President of Sweco Central & Eastern Europe.

Sweco Sweden's function for coordination of project exports, Sweco International, will become a common group function reporting directly to the CEO and will be responsible for coordinating the entire Group's export operations. The function will be headed by Kaj Möller and the change will be effective as of 1 January 2014.

On 1 July 2013 Sweco carried out an organisational change in which the Sweco Industry business area was split up and transferred to the Sweco Finland, Sweco Sweden and Sweco Norway business areas. The main motive is to clarify the organisation and strengthen the total offering to industrial clients in the Nordic market.

### Parent Company

The Parent Company recorded net sales of SEK 194.0 million (166.0), all of which refers to intra-group services. Profit after net financial items was SEK 187.4 million (2.8). Investments in equipment amounted to SEK 15.7 million (8.7) and cash and cash equivalents at the end of the period totalled SEK 0.0 million (0.2).

### THE SWECO SHARE

Sweco is listed on NASDAQ OMX Stockholm. The closing bid price for the Sweco B share at 30 September 2013 was SEK 83.00, an increase of 14 per cent during the year. The OMX Stockholm General Index rose by 16 per cent over the same period.

The total number of shares at the end of the period was 91,516,847, of which 9,378,364 were of class A and 82,138,483 were of class B. After deduction of treasury shares, the number of shares outstanding at treasury shares, the number of shares outstanding at 30 September 2013 was 91,135,382, of which 9,378,364 were of class A and 81,757,018 were of class B.

### Treasury shares

Sweco held 381,465 class B shares in treasury at 30 September 2013. The treasury shares correspond to 0.4 per cent of the total number of shares and 0.2 per cent of the votes.

### ACQUISITION OF VECTURA

In June Sweco signed an agreement with the Swedish Government to acquire 100 per cent of the shares in Vectura, with 1,200 employees. At the end of July the acquisition was approved by the relevant competition authorities. The transaction was completed on 31 July and Vectura is consolidated in Sweco as of 1 August.

The merger has created the largest engineering consultancy in the Nordic market, with annual sales of

approximately SEK 8,800 million and more than 9,000 employees. Vectura has an especially strong position in transport infrastructure in Sweden and has a presence in some 40 locations.

The total purchase consideration amounted to SEK 927 and was paid in cash (equity value), corresponding to an enterprise value of SEK 913 million.

In 2012 Vectura reported annual sales of SEK 1,327 million and an operating profit of SEK 31 million (EBIT). The transaction is expected to contribute SEK 100 million to Sweco's operating profit (EBITA) starting in 2015.

The improvement in earnings will be achieved primarily through the realisation of cost synergies, among other things through reduction of external corporate costs, coordination of administrative functions and co-location of operations. In addition, Vectura's operations in Norway and the Traffic & Urban Planning unit will be coordinated with Sweco in order to enhance profitability. The identified synergies exceed SEK 70 million.

The integration costs are estimated at SEK 100 million and will be recognised primarily in the second half of 2013 and the first half of 2014.

Integration with the Sweco Sweden business area is underway and is expected to be completed in the first half of 2014. The process is proceeding according to plan and the acquisition is assessed to meet or surpass Sweco's expectations. Details about the status of the ongoing integration will be published before Sweco's Capital Markets Day on 29 November.

The acquisition gave rise to goodwill of SEK 687 million and acquisition-related intangible assets of SEK 45 million. Amortisation of acquisition-related intangible assets totalled SEK 2.4 million in Q3 2013, and will amount to SEK 3.7 million in Q4 2013 and SEK 12.7 million for the full year 2014.

The acquisition is in line with Sweco's strategy to consolidate its leading positions in the Nordic region and expand in the infrastructure segment. The combination of Vectura's comprehensive expertise in transport infrastructure with Sweco's forefront position in sustainable engineering and design will create good opportunities for continued growth in the Nordic region, above all in Sweden and in the fast-growing Norwegian market.

## OPERATIONS AND MARKET

The engineers, architects and environmental experts at Sweco are working together to contribute to the development of a sustainable society. With more than 9,000 employees in 12 countries, the Sweco Group is one of the largest players in Europe. Every year, Sweco carries out projects in some 80 countries worldwide.

As of 1 July 2013, operations are conducted in five business areas: Sweco Sweden, Sweco Norway,

Sweco Finland, Sweco Central & Eastern Europe and Sweco Russia.

Sweco is well positioned for profitable growth. The Group has market-leading positions in Sweden, Norway and Finland and solid niche positions in several countries in Central and Eastern Europe. Sweco's home markets have generally higher GDP growth and healthier public finances than the European average. With a level of profitability at the top of the industry, Sweco has capacity to grow faster than the market average, both organically and through acquisitions.

Demand for Sweco's services is following the general economic trend, albeit at a certain delay. The third quarter was characterised by good overall demand, but with major variations. The Norwegian market is showing continued strong growth and the Swedish market is stable. In Finland, demand for building-related services is satisfactory. At the same time, the Finnish market for industrial consulting services remains weak. The markets in Eastern Europe and Russia have been characterized by continuing challenges. In these markets, operations have been successfully adapted to the prevailing conditions. The implemented measures are starting to have positive effects but additional measures are planned. As a step in this process, the Sweco Russia and Sweco Central & Eastern Europe business areas will be merged.

Drivers for investment in urban and regional development are stimulating long-term demand for Sweco's services. These include a growing need for transport infrastructure, industrial production, energy production and construction. Among other things, the Swedish Government is expected to increase its total investments in the road and railway network from SEK 27 billion to SEK 39 billion during the period from 2013 to 2018. In Norway the corresponding investments are expected to increase by 75 per cent, from NOK 17 billion to NOK 29 billion.

At the same time, there are increasingly stringent requirements for sustainable development of society and adaptation to climate change. This is creating demand for services in areas like energy efficiency improvements, environmental impact assessments, renewable energy solutions, effective traffic planning, water supply systems, wastewater treatment and soil/site remediation.

## Sweco Sweden

Net sales and profit	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Net sales, SEK M	1,103.0	866.4	3,356.1	3,028.2
Operating profit, SEK M	74.1	48.7	313.1	292.9
Operating margin, %	6.7	5.6	9.3	9.7
No. of employees at end of period			4,937	3,599

Sweco Sweden is the country's leading provider of consulting engineering services and the Group's largest business area, with more than 4,900 employees in some 50 locations. Services are offered in the areas of architecture, structural engineering, building service systems, infrastructure, water and environment, industry, project management, energy systems, IT for urban development and institutional services.

Sweco Sweden also has project exports to countries in Eastern Europe, Africa, Asia, the Middle East and Latin America.

Demand for Sweco's services in Sweden is stable but the market is still being impacted by generally weak growth. The upward trend that was noted earlier in the year has continued, although at a slow pace. Above all, interest in Sweco's wide offering of services in sustainable engineering and design has continued to grow and strong long-term demand is anticipated in the transport infrastructure segment.

During the quarter, Sweco was chosen to plan a new psychiatric clinic at the University Hospital in Linköping, among other things including architecture, energy systems, electrical, HVAC and sanitation system and land use planning. In the renovation of Stockholm South General Hospital, Sweco has been given responsibility for HVAC and sanitation planning in 25,000 sq. m. of new building and 5,400 sq. m. of rebuilt facilities. After the end of the period, in order to develop Stockholm's future wastewater system, Sweco was also contracted to study a new sewerage tunnel alignment through Stockholm and new treatment technology at the Henriksdal wastewater treatment plant.

### Sweco Norway

Net sales and profit	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Net sales, SEK M	377.6	356.2	1,327.9	1,287.2
Operating profit, SEK M	33.6	28.2	122.0	120.3
Operating margin, %	8.9	7.9	9.2	9.3
No. of employees at end of period			1,210	1,155

Sweco is one of Norway's leading engineering consultancies, with around 1,200 employees. The Norwegian business area offers services mainly in the areas of energy, building and construction, building service systems, infrastructure, water and environment and industrial engineering.

Demand in the Norwegian market remained strong in the third quarter. Extensive investments in the country's road and railway network are creating a favourable long-term market and investments in the water and wastewater systems are expected to increase. The energy area is also showing healthy demand for transmission and distribution of electric power, at the same time that investments in electricity production

have decreased somewhat. The market for public buildings is showing continued strength, while the housing sector is indicating signs of slowing.

In the third quarter Sweco's Norwegian consultants were commissioned by ROM Eiendom to provide extensive planning and design services for a new office complex in central Bergen. The assignment includes planning of HVAC and sanitation, electrical and fire protection systems. Sweco was also awarded a major building service systems contract by the IT company Evry in connection with construction of a new data centre outside Oslo.

### Sweco Finland

Net sales and profit	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Net sales, SEK M	292.7	291.3	968.5	920.5
Operating profit, SEK M	21.1	30.4	47.3	95.8
Operating margin, %	7.2	10.4	4.9	10.4
No. of employees at end of period			1,879	1,774

Sweco Finland is one of the country's largest engineering consultancies, with close to 1,900 employees. The business area provides services with a focus on building construction, building service systems, energy, environment, industrial engineering and project management.

The Finnish market remains weak. Despite this, there is satisfactory demand for Sweco's building-related services, above all with regard to building construction. Sustained demand is awaited for public facilities such as schools and hospitals. Development is also positive in the renovation, rebuilding and expansion (ROT) sector.

Sweco's industry-related services were affected by continued weak demand with many postponed projects, above all in the forestry industry and the energy sector. During the period, the number of employees in industrial operations was reduced by 47 and a further 65 were placed on temporary layoff. The implemented measures resulted in an improvement in the billing ratio at the end of the period and additional steps are being taken to adapt these operations to the current market situation.

Sweco has been selected for extensive engineering design assignments in connection with the expansion of a shopping centre in Espoo. The shopping centre will be one of the largest in the Nordic countries and will connect to the new Helsinki-Espoo metro line. Sweco has also been awarded a structural engineering contract for a new logistics centre with an area of 69,000 sq. m. for SOK outside Helsinki. Other notable assignments include project management for rebuilding of terminals at Helsinki Airport.

## Sweco Central & Eastern Europe

Net sales and profit	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Net sales, SEK M	51.4	61.7	163.9	196.2
Operating profit, SEK M	-5.5	1.6	-5.8	5.9
Operating margin, %	-10.9	2.7	-3.6	3.0
No. of employees at end of period			791	873

Sweco Central & Eastern Europe has close to 800 employees and is active in Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia and Bulgaria.

Demand in the water and environmental segment is relatively stable throughout the business area although the general level of investment is low, which reflects the overall market situation. In Poland, the market remains very weak. Ongoing use of the EU structural funds 2014-2020 to support less developed regions in the European Union is expected to stimulate long-term demand for Sweco's services.

Examples of new assignments include planning of a flood protection system along the Uszwica River in Poland. In the Trenčin region of western Slovakia, Sweco will be responsible for planning renovation and expansion of the water and wastewater network. In the city of Sliven, Bulgaria, Sweco has been contracted to perform construction management and inspection for expansion and renovation of the municipal water and wastewater systems.

## Sweco Russia

Net sales and profit	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Net sales, SEK M	20.0	6.7	46.0	66.4
Operating profit, SEK M	-1.3	-9.0	-8.4	-14.8
Operating margin, %	-6.1	-135.5	-18.3	-22.3
No. of employees at end of period			195	304

Sweco Russia has around 200 employees and offers services in infrastructure and water and environment. Sweco Russia also coordinates project exports from the other business areas to Russia. As of 1 December, 2013, Sweco Russia will be merged with Sweco Central & Eastern Europe business area (see page 3).

The Russian economy is showing the weakest growth in many years and investment spending among private sector clients has fallen. Parallel to this, reprioritisation and cutbacks in public investments have decreased the market for consulting services in the infrastructure segment. An action program to adapt these operations is being carried and additional measures are planned.

In spite of the current market conditions, order intake has improved. Among other things, Sweco's Russian

consultants were chosen to carry out traffic studies for the highway network in the Pskov region and plan maintenance measures to ensure effective drainage on the highway between St. Petersburg and Moscow.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

After the end of the period, Sweco acquired the consulting business of PICAB Produktion AB with 64 employees. PICAB offers expertise primarily in measurement and energy engineering in northern Sweden.

Sweco has also acquired the building service systems consultancy Acnl Elteknik AB with 25 employees. Acnl offers consulting services in areas such as electrical and telecom systems.

## ACCOUNTING POLICIES

Sweco complies with the International Financial Accounting Standards (IFRS) and interpretations of these (IFRIC) that have been endorsed by the European Commission for application in the EU. This interim report is presented in accordance with IAS 34, Interim Financial Reporting, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. With effect from 1 January 2013, Sweco applies IAS 1, Presentation of Financial Statements (Presentation of Items of Other Comprehensive Income), the amended IAS 19, Employee Benefits, and IFRS 13, Fair Value Measurement.

One change is that the Group no longer applies the "corridor approach" and instead recognises all actuarial gains and losses in other comprehensive income. The expected return on plan assets is based on the discount rate that is used for calculating the pension liability. The difference between the actual and expected return on plan assets is recognised in other comprehensive income. The comparison periods have therefore been adjusted accordingly. The Group's comprehensive income for the full year 2012 has been adjusted by SEK +127.7 million. Operating profit has been adjusted by SEK +22.3 million, deferred tax by SEK -6.2 million, currency translation differences by SEK -2.0 million and remeasurement of defined benefit pension plans by SEK +113.6 million, of which SEK -44.2 million refers to tax. The balance sheet at 31 December 2012 has also been adjusted. Financial assets have been reduced by SEK 42.3 million, non-current liabilities have been reduced by SEK 1.8 million and equity has been reduced by SEK 40.5 million. The Group's comprehensive income for the period January-September 2012 has been adjusted by SEK +3.9 million. Operating profit has been adjusted by SEK +4.2 million, deferred tax by SEK -1.2 million and currency translation differences by SEK +0.9 million. The balance sheet at 30 September 2012 has also been adjusted. Financial assets have been increased by 61.5 million, non-current liabilities have been increased by SEK 225.7 million and equity has been reduced by SEK 164.2 million. The Group's comprehensive income for the period January-September 2012 has thus been adjusted by SEK +4.7 million. Operating profit has been adjusted by SEK +2.9 million, deferred tax by SEK -0.9 million and currency

translation differences by SEK +2.7 million. However, the change has had no effect on the net cash flow.

In other respects, the accounting and valuation standards applied by the Group are the same as those described in Note 1 of the annual report for 2012. In this report, the amounts in brackets refer to the same period of the previous year.

### RISKS AND UNCERTAINTIES

The significant risks and uncertainties affecting the Sweco Group and the Parent Company include business risks tied to the general economic trend and investment spending in different markets, the ability to attract and retain competent personnel and the effects of political decisions. The Group is also exposed to different types of financial risk, such as foreign exchange risk, interest rate risk and credit risk. No significant risks are assessed to have arisen aside from those presented on page 82, "Risks and risk management", of Sweco's annual report for 2012.

### NORMAL WORKING HOURS

The number of normal working hours in 2013, based on the year's volume-weighted operating mix, is broken down as follows:

Quarter 1:	481 (505), -24
Quarter 2:	476 (461), +15
Quarter 3:	522 (515), +7
Quarter 4:	484 (487), -3
Total 2013:	1,963 (1,968), -5

The number of normal working hours in 2014 is 1,963 (1,967), -4. The number of normal working hours is calculated upon latest 12 months volume-weighted operating mix per Q3 2013, pro-forma acquisitions.

### FINANCIAL CALENDAR 2013

Year-end report 2013:	14 February 2014
Interim report January-March	7 May 2014
Interim report January-June	18 July 2014
Interim report January-September	23 October 2014

### OUTLOOK

The overall market for consulting engineering services is good, but is being affected by generally slow growth in the Nordic region and Europe. Demand for Sweco's services is following the general economic trend, albeit at a certain delay. Sweco's ambition is to achieve sustained profitable growth by strengthening its market positions in the Nordic region and in Central and Eastern Europe. Sweco's leading market positions and the industry's strongest offering of services in sustainable engineering and design provide a solid platform for stable long-term development.

Stockholm, 5 November 2013

Tomas Carlsson  
President and CEO  
Board Member

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Sweco discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 5 November 2013, 12:00 CET.

### INVITATION TO CAPITAL MARKETS DAY

Sweco is hosting a Capital Markets Day on 29 November 2013. To register and view the program, visit [www.swecogroup.com/ir](http://www.swecogroup.com/ir)

## Review report

### Introduction

We have reviewed the interim report for SWECO AB (publ) for the period from 1 January to 30 September 2013. The Board of Directors and CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material aspects, prepared in accordance with IAS 34 and the Swedish Annual Accounts Act for the Group and in accordance with the Swedish Annual Accounts Act for the Parent Company.

Stockholm, 5 November 2013

PricewaterhouseCoopers AB

Lennart Danielsson  
Authorised Public Accountant  
Auditor in Charge



<b>Income statement, SEK M</b>	<b>Jul-Sep 2013</b>	<b>Jul-Sep 2012</b>	<b>Jan-Sep 2013</b>	<b>Jan-Sep 2012</b>	<b>Oct 2012 - Sep 2013</b>	<b>Full year 2012</b>
Net sales	1,809.3	1,557.3	5,751.4	5,410.0	7,844.9	7,503.5
Other operating income	-	5.8	0.4	5.8	7.1	12.5
Other external expenses	-457.2	-409.2	-1,337.5	-1,286.0	-1,868.9	-1,817.4
Personnel costs	-1,198.4	-1,018.0	-3,859.8	-3,540.3	-5,158.8	-4,839.3
Amortisation/depreciation and impairment	-47.7	-37.1	-122.3	-108.5	-191.5	-177.7
<b>Operating profit</b>	<b>106.0</b>	<b>98.8</b>	<b>432.2</b>	<b>481.0</b>	<b>632.8</b>	<b>681.6</b>
Net financial items	-13.5	-13.7	-23.9	-17.2	-35.2	-28.5
<b>Profit before tax</b>	<b>92.5</b>	<b>85.1</b>	<b>408.3</b>	<b>463.8</b>	<b>597.6</b>	<b>653.1</b>
Income tax expense	-21.7	-23.6	-99.1	-115.3	-161.0	-177.2
<b>Profit for the period</b>	<b>70.8</b>	<b>61.5</b>	<b>309.2</b>	<b>348.5</b>	<b>436.6</b>	<b>475.9</b>
<b>Profit for the period attributable to:</b>						
Owners of the parent	69.3	60.0	305.5	345.0	430.9	470.4
Non-controlling interests	1.5	1.5	3.7	3.5	5.7	5.5
Earnings per share attributable to owners of the parent, SEK						
- Basic	0.76	0.66	3.35	3.78	4.72	5.15
- Diluted	0.76	0.66	3.35	3.78	4.72	5.15
Average number of shares	91,135,382	91,342,847	91,135,382	91,372,005	91,176,918	91,354,385
Average number of shares after dilution	91,135,382	91,342,847	91,135,382	91,372,005	91,176,918	91,354,385
Dividend per share, SEK	-	-	-	-	-	3.25

<b>Statement of comprehensive income and other comprehensive income, SEK M</b>	<b>Jul-Sep 2013</b>	<b>Jul-Sep 2012</b>	<b>Jan-Sep 2013</b>	<b>Jan-Sep 2012</b>	<b>Oct 2012 - Sep 2013</b>	<b>Full year 2012</b>
<b>Profit for the period</b>	<b>70.8</b>	<b>61.5</b>	<b>309.2</b>	<b>348.5</b>	<b>436.6</b>	<b>475.9</b>
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement of defined benefit pensions, net after tax <sup>1)</sup>	-43.5	-	-43.5	-	70.1	113.6
<b>Items that may be reclassified subsequently to profit or loss</b>						
Currency translation differences	-22.0	-16.9	-45.4	-35.6	-22.4	-12.6
<b>Comprehensive income for the period</b>	<b>5.3</b>	<b>44.6</b>	<b>220.3</b>	<b>312.9</b>	<b>484.3</b>	<b>576.9</b>
Profit for the period attributable to:						
Owners of the parent	4.0	43.9	216.6	310.5	478.1	572.0
Non-controlling interests	1.3	0.7	3.7	2.4	6.2	4.9
<sup>1)</sup> Tax on remeasurement of defined benefit pensions						
	16.9	-	16.9	-	-27.3	-44.2

<b>Cash flow statement, SEK M</b>	<b>Jul-Sep 2013</b>	<b>Jul-Sep 2012</b>	<b>Jan-Sep 2013</b>	<b>Jan-Sep 2012</b>	<b>Oct 2012 - Sep 2013</b>	<b>Full year 2012</b>
Cash flow from operating activities before changes in working capital and paid tax	141.9	140.0	530.9	568.4	725.7	763.2
Paid tax	-51.7	-37.8	-192.7	-180.7	-209.7	-197.7
Changes in working capital	-36.6	-210.3	-140.8	-267.5	-24.0	-150.7
<b>Cash flow from operating activities</b>	<b>53.6</b>	<b>-108.1</b>	<b>197.4</b>	<b>120.2</b>	<b>492.0</b>	<b>414.8</b>
Cash flow from investing activities	-867.1	-31.8	-923.3	-603.6	-975.2	-655.5
Cash flow from financing activities	851.6	137.0	591.7	601.6	383.3	393.2
<b>Cash flow for the period</b>	<b>38.1</b>	<b>-2.9</b>	<b>-134.2</b>	<b>118.2</b>	<b>-99.9</b>	<b>152.5</b>

<b>Balance sheet, SEK M</b>	<b>30 Sep 2013</b>	<b>30 Sep 2012</b>	<b>31 Dec 2012</b>
Goodwill	2,090.0	1,421.9	1,418.1
Other intangible assets	159.7	155.7	144.6
Property, plant and equipment	395.2	258.7	288.5
Financial assets	49.7	93.6	28.9
Current assets excl. cash and cash equivalents	3,092.6	2,608.1	2,400.3
Cash and cash equivalents incl. short-term investments	211.5	325.3	366.8
<b>Total assets</b>	<b>5,998.7</b>	<b>4,863.3</b>	<b>4,647.2</b>
Equity attributable to owners of the parent	1,566.8	1,397.6	1,651.7
Non-controlling interests	20.3	19.8	22.3
<b>Total equity</b>	<b>1,587.1</b>	<b>1,417.4</b>	<b>1,674.0</b>
Non-current liabilities	1,759.5	1,042.5	833.5
Current liabilities	2,652.1	2,403.4	2,139.7
<b>Total equity and liabilities</b>	<b>5,998.7</b>	<b>4,863.3</b>	<b>4,647.2</b>
Pledged assets	1.8	1.8	1.8
Contingent liabilities	220.7	179.7	194.3

<b>Changes in equity, SEK M</b>	<b>Jan-Sep 2013</b>			<b>Jan-Sep 2012</b>		
	Equity attributable to owners of the parent	Non-controlling interests	Total equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity, opening balance	1,651.7	22.3	1,674.0	1,493.2	10.5	1,503.7
Effect of changed accounting standard	-	-	-	-168.2	-	-168.2
<b>Adjusted equity, opening balance</b>	<b>1,651.7</b>	<b>22.3</b>	<b>1,674.0</b>	<b>1,325.0</b>	<b>10.5</b>	<b>1,335.5</b>
Comprehensive income for the period	216.6	3.7	220.3	310.5	2.4	312.9
Distribution to the shareholders	-296.2	-5.7	-301.9	-274.0	-0.8	-274.8
Holdings of non-controlling interests in acquired companies	-	-	-	-	7.9	7.9
Acquisition of non-controlling interests	-	-	-	0.1	-0.2	-0.1
Issue of treasury shares	-	-	-	46.9	-	46.9
Purchase of treasury shares	-7.1	-	-7.1	-12.0	-	-12.0
Share savings schemes	1.8	-	1.8	1.0	-	1.0
<b>Equity, closing balance</b>	<b>1,566.8</b>	<b>20.3</b>	<b>1,587.1</b>	<b>1,397.6</b>	<b>19.8</b>	<b>1,417.4</b>

Key ratios <sup>1)</sup>	Jan-Sep 2013	Jan-Sep 2012	Full year 2012
Operating margin, %	7.5	8.9	9.1
Profit margin, %	7.1	8.6	8.7
Billing ratio, %	73.8	74.4	74.2
Return on equity, %	29.1	33.9	29.9
Return on capital employed, %	22.2	34.6	34.0
Net debt/equity ratio, %	97.6	44.8	24.4
Net debt/EBITDA, %	1.9	0.8	0.5
Equity/assets ratio, %	26.5	29.1	36.0
Earnings per share, SEK			
- Basic	3.35	3.78	5.15
- Diluted	3.35	3.78	5.15
Equity per share for profit attributable to owners of the parent, SEK M			
- Basic	17.19	15.30	18.10
- Diluted	17.19	15.30	18.10
Interest-bearing liabilities, SEK M	1,760.4	960.8	776.1
Of which, liabilities to credit institutions	1,760.4	960.1	776.1
Average number of employees	7,735	7,207	7,336
Number of shares on closing date	91,135,382	91,342,847	91,233,682
Number of shares after dilution on closing date	91,135,382	91,342,847	91,233,682
Number of shares after full dilution on closing date	91,135,382	91,342,847	91,233,682
Number of class B treasury shares	381,465	174,000	283,165

<sup>1)</sup> The definitions of key ratios are unchanged and can be found in Sweco's annual report for 2012.

#### Net sales, operating profit, operating margin and average no. of employees for the period January-September

Business area	Net sales SEK M		Operating profit SEK M		Operating margin %		Average no. of employees	
	2013	2012	2013	2012	2013	2012	2013	2012
Sweco Sweden	3,356.1	3,028.2	313.1	292.9	9.3	9.7	3,750	3,357
Sweco Norway	1,327.9	1,287.2	122.0	120.3	9.2	9.3	1,217	1,159
Sweco Finland	968.5	920.5	47.3	95.8	4.9	10.4	1,792	1,531
Sweco Central & Eastern Europe	163.9	196.2	-5.8	5.9	-3.6	3.0	743	821
Sweco Russia	46.0	66.4	-8.4	-14.8	-18.3	-22.3	218	324
Group-wide, eliminations, etc. <sup>1)</sup>	-111.0	-88.5	-36.0	-19.1	-	-	15	15
<b>Total Group</b>	<b>5,751.4</b>	<b>5,410.0</b>	<b>432.2</b>	<b>481.0</b>	<b>7.5</b>	<b>8.9</b>	<b>7,735</b>	<b>7,207</b>

<sup>1)</sup> Operating profit for group-wide consists mainly of the Parent Company's loss of SEK -19.6 million (-23.8).

### Acquisition of subsidiaries and operations

In the period under review Sweco acquired Planstyring AS, MEK-Consult AS, the Vectura Consulting AB group and the operations in Insinööriomisto Sähkötele. During the period, Sweco also acquired the remaining shares in Inseneribüroo KPME OÜ and KPME A&K Disain OÜ, which have thus become subsidiaries in the Group. The acquired units have a total of 1,264 employees. Based on the preliminary purchase price allocations, these acquisitions have affected the Group's balance sheet and cash and cash equivalents as shown in the table below. During the period the acquired companies contributed net sales of SEK 234.3 million and operating profit of SEK 7.5 million. If all of the companies had been acquired at 1 January 2013, the contribution would have been around SEK 926 million to net sales and around SEK -19 million to operating profit, which does not reflect the future earning potential of the acquired units. The period's transaction costs for the acquisitions are recognised in operating profit and amounted to SEK 5.4 million. Total transaction costs for these acquisitions in this period and earlier periods amount to SEK 5.6 million.

Acquisitions, SEK M	Vectura group	Other acquisitions
Intangible assets	739.5	20.2
Property, plant and equipment	114.0	0.5
Financial assets	5.3	0.2
Current assets	346.6	21.3
Non-current liabilities	-84.5	-
Deferred tax	-31.6	-1.0
Other current liabilities	-162.3	-17.9
<b>Total purchase consideration</b>	<b>927.0</b>	<b>23.3</b>
Unsettled purchase price commitments	-	-5.3
Settled purchase price commitments for acquisitions in earlier years	-	4.6
Cash and cash equivalents in acquired companies	-83.9	-9.0
<b>EFFECT ON THE GROUP'S CASH AND CASH EQUIVALENTS</b>	<b>843.1</b>	<b>13.6</b>

### Fair value of financial instruments

The Group's financial assets measured at fair value amounted to SEK 13.3 million (17.5). The derivative instruments are forward exchange contracts and the fair value of these is estimated based on quoted prices for forward exchange contracts on the balance sheet date (Level 2). The fair value of unquoted financial assets is determined through the use of valuation techniques (observable market inputs), such as recent transactions, quoted prices of similar instruments and discounted cash flows. When there are no reliable inputs available for determining fair value, financial assets are measured at historical cost (Level 3). There were no transfers between any of the levels during the period.

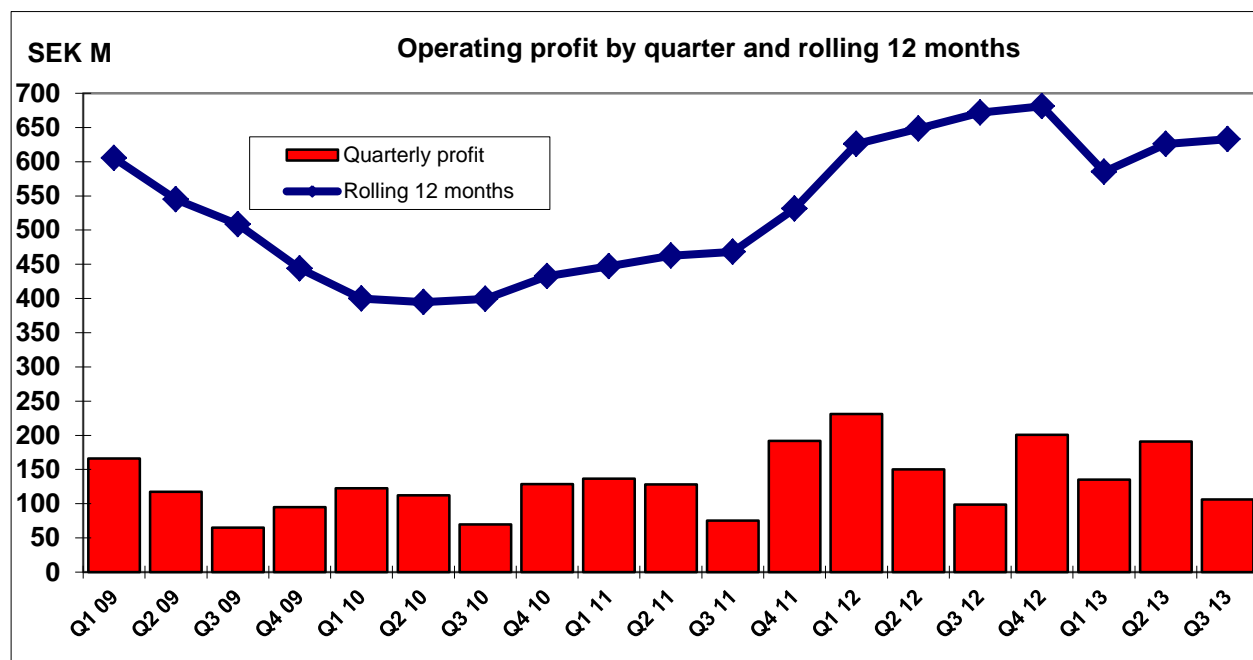
<b>Parent Company income statement, SEK M</b>	<b>Jan-Sep 2013</b>	<b>Jan-Sep 2012</b>	<b>Full year 2012</b>
Net sales	194.0	166.0	214.4
Other external expenses	-163.8	-149.8	-202.1
Personnel costs	-40.1	-32.1	-45.6
Amortisation/depreciation and impairment	-9.7	-7.9	-10.7
<b>Operating loss</b>	<b>-19.6</b>	<b>-23.8</b>	<b>-44.0</b>
Net financial items	207.0	26.6	433.5
<b>Profit after net financial items</b>	<b>187.4</b>	<b>2.8</b>	<b>389.5</b>
Appropriations	-	-	-86.8
<b>Profit before tax</b>	<b>187.4</b>	<b>2.8</b>	<b>302.7</b>
Income tax expense	-	-	-70.1
<b>Profit after tax</b>	<b>187.4</b>	<b>2.8</b>	<b>232.6</b>

<b>Parent Company balance sheet, SEK M</b>	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>
Intangible assets	4.7	6.9
Property, plant and equipment	22.5	14.3
Financial assets	2,028.7	1,111.9
Current assets	663.0	1,662.8
<b>Total assets</b>	<b>2,718.9</b>	<b>2,795.9</b>
Equity	1,155.1	1,270.8
Untaxed reserves	88.0	88.0
Non-current liabilities	1,419.0	670.6
Current liabilities	56.8	766.5
<b>Total equity and liabilities</b>	<b>2,718.9</b>	<b>2,795.9</b>

Five-year overview <sup>1)</sup>	Oct 2012 – Sep 2013	2012 <sup>2)</sup>	2011	2010	2009
Net sales, SEK M	7,844.9	7,503.5	5,987.6	5,272.4	5,338.7
Operating profit, SEK M	632.8	681.6	531.3	432.7	443.6
Profit before tax, SEK M	597.6	653.1	526.8	423.7	443.6
Operating margin, %	8.1	9.1	8.9	8.2	8.3
Billing ratio, %	73.8	74.2	73.9	73.4	73.6
Return on equity, %	29.1	29.9	25.6	19.9	19.6
Return on capital employed, %	22.2	34.0	34.2	26.5	27.5
Net debt/equity ratio, %	97.6	24.4	-9.4	-16.8	-26.2
Equity/assets ratio, %	26.5	36.0	46.2	47.8	50.6
Earnings per share, SEK					
- Basic	4.72	5.15	4.11	3.31	3.31
- Diluted	4.72	5.15	4.11	3.28	3.28
Dividend per share, SEK	-	3.25	3.00	3.00	2.00
Redemption amount per share, SEK	-	-	-	-	2.00
Average number of employees	7,738	7,336	5,772	4,986	5,082

<sup>1)</sup> The definitions of key ratios are unchanged and can be found in Sweco's annual report for 2012.

<sup>2)</sup> Due to changed accounting standards, the figures for 2012 have been restated.



Business area	2013 Q3	2013 Q2	2013 Q1	2012 Q4 <sup>1)</sup>	2012 Q3 <sup>1)</sup>	2012 Q2 <sup>1)</sup>	2012 Q1 <sup>1)</sup>
<b>Net sales, SEK M</b>							
Sweco Sweden	1,103.0	1,139.1	1,114.0	1,191.9	866.4	1,071.6	1,090.2
Sweco Norway	377.6	493.3	457.0	466.0	356.2	448.7	482.3
Sweco Finland	292.7	345.4	330.4	352.4	291.3	365.3	263.9
Sweco Central & Eastern Europe	51.4	56.3	56.2	85.4	61.7	68.1	66.4
Sweco Russia	20.0	11.8	14.2	28.0	6.7	27.2	32.5
Group-wide, eliminations, etc.	-35.4	-35.4	-40.2	-30.2	-25.0	-37.8	-25.7
<b>Total Group</b>	<b>1,809.3</b>	<b>2,010.5</b>	<b>1,931.6</b>	<b>2,093.5</b>	<b>1,557.3</b>	<b>1,943.1</b>	<b>1,909.6</b>
<b>Operating profit, SEK M</b>							
Sweco Sweden	74.1	129.4	109.6	130.1	48.7	99.4	144.8
Sweco Norway	33.6	62.5	25.9	95.7	28.2	22.2	69.9
Sweco Finland	21.1	13.4	12.8	19.5	30.4	35.5	29.9
Sweco Central & Eastern Europe	-5.5	1.0	-1.3	0.7	1.6	1.7	2.6
Sweco Russia	-1.3	-0.5	-6.6	-21.2	-9.0	-3.0	-2.8
Group-wide, eliminations, etc.	-16.0	-14.9	-5.1	-24.2	-1.1	-5.6	-12.4
<b>Total Group</b>	<b>106.0</b>	<b>190.9</b>	<b>135.3</b>	<b>200.6</b>	<b>98.8</b>	<b>150.2</b>	<b>232.0</b>
<b>Operating margin, %</b>							
Sweco Sweden	6.7	11.4	9.8	10.9	5.6	9.3	13.3
Sweco Norway	8.9	12.7	5.7	20.5	7.9	5.0	14.5
Sweco Finland	7.2	3.9	3.9	5.5	10.4	9.7	11.3
Sweco Central & Eastern Europe	-10.9	1.6	-2.3	0.8	2.7	2.4	3.9
Sweco Russia	-6.1	-3.8	-46.8	-75.8	-135.5	-11.1	-8.5
<b>Total Group</b>	<b>5.9</b>	<b>9.5</b>	<b>7.0</b>	<b>9.6</b>	<b>6.3</b>	<b>7.7</b>	<b>12.1</b>

<sup>1)</sup> Due to changed accounting standards, all quarters in 2012 have been restated.