

INTERIM REPORT JANUARY-JUNE 2016 SWECO AB (PUBL)



18 July 2016

STRONGEST QUARTERLY PROFIT SO FAR

APRIL – JUNE 2016

- Net sales increased to SEK 4,370 million (2,549), acquired growth was 66 per cent
- EBITA excluding extraordinary costs increased to SEK 474 million (233), margin 10.8 per cent (9.1)
- EBITA increased to SEK 462 million (204), margin 10.6 per cent (8.0)
- EBIT increased to SEK 438 million (191), margin 10.0 per cent (7.5)
- Profit after tax increased to SEK 342 million (132), corresponding to SEK 2.85 per share (1.39)

JANUARY – JUNE 2016

- Net sales increased to SEK 8,387 million (5,015), acquired growth was 65 per cent
- EBITA excluding extraordinary costs increased to SEK 737 million (462), margin 8.8 per cent (9.2)
- EBITA increased to SEK 690 million (432), margin 8.2 per cent (8.6)
- EBIT increased to SEK 643 million (407), margin 7.7 per cent (8.1)
- Profit after tax increased to SEK 489 million (292), corresponding to SEK 4.09 per share (3.09)
- Net debt increased to SEK 2,534 million (1,446)
- Net debt/EBITDA increased to 2.0 times (1.4). Net debt/EBITDA pro forma and excl. extraordinary items was 1.6 times

COMMENTS FROM PRESIDENT AND CEO TOMAS CARLSSON:

With the strongest quarterly profit so far, we are continuing on our trajectory of profitable growth. EBITA excluding extraordinary costs increased to SEK 474 million in the second quarter. This is more than the full-year profit only five years ago (2010).

Compared with last year's pro forma, EBITA excluding extraordinary costs increased by SEK 217 million. Calendar effects contributed approximately SEK 140 million to the improvement. Adjusted for calendar effects the improvement was approximately SEK 77 million and primarily related to realisation of synergies, lower project write downs and increased fee level.

Sweco is the leading engineering and architecture consultancy in Europe since the acquisition of Grontmij on 1 October 2015. The integration is progressing well and in several areas faster than the original plan. The rebranding has been completed and all countries are operating under the Sweco brand. We remain confident that we will achieve the financial targets communicated at the announcement of the acquisition.

Overall, the market for Sweco's services is good. The Swedish market is strong. The markets in Norway, Denmark, Western Europe and Central Europe are generally good, with positive developments. There is uncertainty following the EU referendum ("Brexit") in the UK. The markets in Finland and the Netherlands remain challenging.

PROFIT AND OPERATIONS

PRO FORMA, APRIL-JUNE

The pro forma reporting facilitates analysis of developments in operational activities on a like-for-like basis, assuming that Grontmij had been part of Sweco since the beginning of 2015.

Net sales increased 6 per cent to SEK 4,370 million (4,120). The organic growth was 8 per cent.

Since the Easter holiday was during the first quarter in 2016, as opposed to the second quarter as in 2015, there were 21 more working hours compared with last year. This had a positive contribution on profit and net sales of approximately SEK 140 million. Adjusted for calendar effects the organic growth was 4 per cent.

Compared with last year's pro forma, EBITA excluding extraordinary costs increased by SEK 217 million. All Business Areas increased EBITA compared with last year. Adjusted for calendar effects the improvement was approximately SEK 77 million.

Synergies from the Grontmij-integration contributed approximately SEK 50 million to EBITA and included reduced costs for shared IT and head office functions, reduced costs for overhead in Sweden as well as operational improvements in Denmark and the Netherlands.

The net of project write downs and write ups improved compared to last year. Also higher fee levels contributed to the EBITA development.

The billing ratio increased 0.3 percentage points to 75.1 per cent (74.8). The improved billing ratio essentially corresponds to realisation of synergies, predominantly through reduction of administrative staff.

ACTUALS, APRIL-JUNE

Net sales increased 71 per cent to SEK 4,370 million (2,549). Acquisition-based growth was 66 per cent and is almost exclusively attributable to the Grontmij-acquisition.

EBITA, excluding extraordinary costs, increased to SEK 474 million (233).

Extraordinary costs related to transaction, integration and restructuring associated with the Grontmij-acquisition totalled SEK 12 million (29) and are reported in the Group-wide segment.

EBITA was SEK 462 million (204).

Amortisation of acquisition-related intangible assets increased by SEK 11 million and the increase is primarily related to the Grontmij acquisition. This impacted EBIT which amounted to SEK 438 million (191).

Net financial items remained essentially unchanged despite increased net debt. Profit after tax thus increased to SEK 342 million (132).

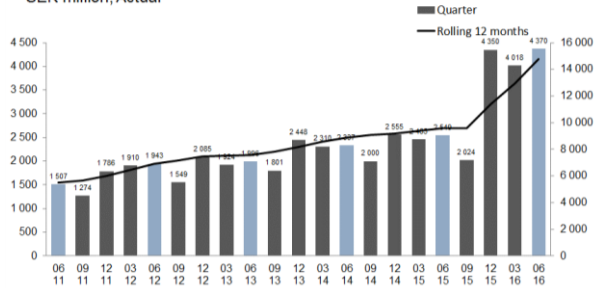
Earnings per share increased to SEK 2.85 per share (1.39).

Key ratios, Pro forma	Actual Apr-Jun 2016	Pro forma Apr-Jun 2015	Actual Jan-Jun 2016	Pro forma Jan-Jun 2015	Pro forma Jul 2015- Jun 2016	Pro forma Full-year 2015
Net sales, SEK M	4,370	4,120	8,387	8,144	16,241	15,998
Organic growth, %	8		5			4
EBITA, excl. extraordinary items, SEK M	474	257	737	514	1,323	1,100
Margin, %	10.8	6.2	8.8	6.3	8.1	6.9
Number of full-time employees	14,804	14,707	14,696	14,632	14,583	14,552
Billing ratio	75.1%	74.8%	74.8%	74.0%	74.6%	74.2%
Normal working hours	490	469	968	957	1,979	1,968
Net debt/EBITDA excl. extraordinary items			1.6			1.2

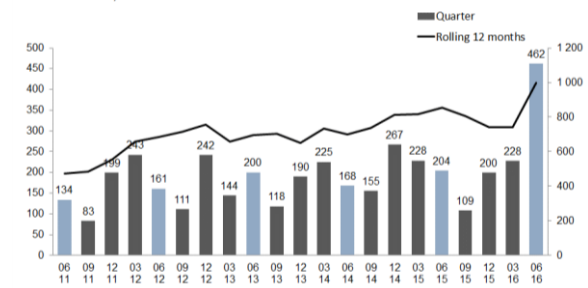
Key ratios, Actual	Actual Apr-Jun 2016	Actual Apr-Jun 2015	Actual Jan-Jun 2016	Actual Jan-Jun 2015	Actual Jul 2015- Jun 2016	Actual Full-year 2015
Net sales, SEK M	4,370	2,549	8,387	5,015	14,762	11,389
Acquisition-related growth, %	66	0	65	0		18
EBITA, excl. extraordinary items, SEK M	474	233	737	462	1,266	991
Margin, %	10.8	9.1	8.8	9.2	8.6	8.7
EBITA, SEK M	462	204	690	432	998	740
Margin, %	10.6	8.0	8.2	8.6	6.8	6.5
Profit after tax, SEK M	342	132	489	292	637	439
Earnings per share, SEK*	2.85	1.39	4.09	3.09	5.62	4.36
Number of full-time employees	14,804	8,894	14,696	8,769	13,045	10,188
Net debt/EBITDA			2.0	1.4		1.8

* In view of the preferential rights issue conducted during Q4 2015, historical share data is restated pursuant to IAS 33.

Net sales by quarter and rolling 12 months
SEK million, Actual



EBITA by quarter and rolling 12 months
SEK million, Actual



PRO FORMA, JANUARY-JUNE

Net sales increased to SEK 8,387 million (8,144 million). The organic growth was 5 per cent.

Calendar effects amount to 11 hours and made a positive contribution of SEK 62 million to sales and profit compared with last year. Adjusted for calendar effects organic growth was 4 per cent.

EBITA totalled SEK 737 million (514), excluding extraordinary cost that amounted to SEK 48 million (60).

Synergies contributed with approximately SEK 87 million to EBITA.

Billing ratio increased to 74.8 per cent (74.0).

ACTUALS, JANUARY-JUNE

Net sales increased 67 per cent to SEK 8,387 million (5,015). Acquisition-based growth was 65 per cent.

Extraordinary costs were SEK 48 million (30) and EBITA thus amounted to SEK 690 million (432).

Amortisations of acquisition-related intangible assets due to the Grontmij-acquisition increased to SEK 47 million (25). The increase impacted EBIT which totalled SEK 643 million (407).

Financing costs increased due to increased net debt, impacting profit after tax, which increased to SEK 489 million (292).

Earnings per share increased to SEK 4.09 per share (3.09).

EXAMPLES OF NEW PROJECTS

Sweco has been commissioned by Transport Scotland to carry out route option assessment and detailed design work for the upgrade of the A96 highway. The improvements will lead to reduced journey time and better road safety. Sweco will design a 46-kilometres stretch between the villages of Hardmuir and Fochabers. The order value is approximately SEK 300 million.

In France, Sweco Belgium has been commissioned by Société du Grand Paris for overall project management and detailed civil design for the construction of the new Metro line 17. The line includes five new stations and covers a distance of 20 kilometres, from Saint-Denis to

Le Mesnil Amelot. It is the largest metro investment in Europe today. The project is valued at approximately SEK 158 million.

In Poland, Sweco will design a waste-to-energy plant in order to decrease landfilled waste. The plant in Warsaw will be the largest of its kind in Poland and will contribute to the region's electric power supply. The customer is the municipal waste treatment agency Miejskie Przedsiębiorstwo Oczyszczania and the order value is approximately SEK 33 million.

MARKET

Overall, the market for Sweco's services is good.

The Swedish market is strong. The markets in Norway, Denmark, Western Europe and Central Europe are generally good, with positive developments. There is uncertainty following the EU referendum ("Brexit") in the UK. The markets in Finland and the Netherlands remain challenging.

OUTLOOK

The European economy has strengthened and GDP growth improved in all of Sweco's home markets, with the exception of Norway. Geopolitical turbulence, the global macro-economic situation and financial market developments are risks to the development.

Demand for Sweco's services predominantly follows the general economic trend in Sweco's markets, with some time lag.

There is uncertainty following the EU referendum ("Brexit") in the UK. With Sweco's UK operations representing around 4 per cent of total Group revenue, the direct impact of a potential slowdown in the UK is limited. However, potential consequences to the general European economy may impact Sweco.

Sweco does not provide forecasts.

ACQUISITIONS DURING THE QUARTER

During the quarter, Sweco completed the acquisition of Ludes, a German architecture and project management consultancy. The company has approximately 100 employees primarily focusing on the health care sector. Ludes was consolidated into Sweco Group as of 1 May.

The acquisition of Ludes is in line with Sweco's strategy to leverage the footprint in Germany and Northern Europe for further bolt-on acquisitions, in line with the same strategy that has been successfully applied in the Nordics.

THE INTEGRATION OF GRONTMIJ

Grontmij, with approximately 6,000 employees in 9 countries, was acquired on 1 October 2015. Sweco is now the leading engineering and architecture consultancy in Europe. In 2014 Grontmij had annual sales of approximately SEK 6.0 billion and EBITA (as per Sweco's definition) of approximately SEK 203 million, excluding extraordinary expenses and the divested business in France. Sales for the combined company totalled approximately SEK 16 billion. Following the acquisition, Sweco has around 14,500 employees (pro forma 2015).

The acquisition of Grontmij creates value for all stakeholders – customers, employees, shareholders and society in general:

- A nearly perfect match: geographically, operationally and culturally
- Value creation through cost savings: approximately SEK 250 million in annual cost synergies and operational improvements
- Strengthened customer offer: Sweco now has the broadest and deepest technical expertise in Northern Europe, with unique opportunities to take on the industry's largest, most complex projects
- Increased opportunities for employees: expanded international expertise network and greater resources improve development opportunities for Sweco's current and future employees

Sweco has completed around 100 acquisitions over the past 10 years. The acquisition of Grontmij is fully in line with Sweco's growth strategy and vision to be Europe's most respected architecture, engineering and environmental consultancy.

INTEGRATION UPDATE

The integration is progressing well and in several areas faster than originally planned. Focus is mainly on profitability improvements and facilitating joint business opportunities.

- The operations in the Netherlands, the UK and Poland were rebranded during the second quarter. All of the former Grontmij-countries are rebranded and operate under Sweco's name

- Grontmij's Swedish operations have been fully integrated into Sweco Sweden's operations since the beginning of the year
- Grontmij's Group-wide data-network and basic IT infrastructure have been integrated into Sweco's IT environment since 1 October. The local IT integrations in Sweden and Denmark have been completed

SYNERGIES AND COST SAVINGS

The annual run rate of profitability improvements at the end of the second quarter was around SEK 210 million, an increase from SEK 160 million at the end of the first quarter 2016. Synergies and cost savings made a positive contribution of approximately SEK 50 million to EBITA in the second quarter and SEK 87 million year-to-date.

Profitability improvements are found in four main areas:

- IT (approximately 30 per cent of cost-saving potential): All major supplier contracts have been renegotiated to lower cost. The new central IT organisation has been implemented. The local IT integrations in Sweden and in Denmark have been completed. The IT integration is largely expected to be completed during the first half of 2017
- Head office (approximately 20 per cent of cost-saving potential): The new head office organisation is operational. Reductions in staff and management functions are completed and full-cost savings will be realised before year-end 2016
- Overhead costs within business area Sweden (approximately 20 per cent of cost-saving potential): The new organisation for administrative support has been implemented and staff reductions are completed. Grontmij's Stockholm operations, with approximately 275 employees have moved to Sweco's premises. Further co-location in Sweden is underway and will be completed over the next years when operationally and economically favourable
- Country-specific operational improvements (approximately 30 per cent of cost-saving potential): The new administrative support organisation in the Netherlands and Denmark is implemented. A new decentralised, customer-focused organisational model is implemented in the Netherlands. The divestment of ancillary operations and restructuring of unprofitable units is underway. Reductions in the Dutch consultant organisation commenced during the fourth quarter 2015. Measures taken in the Netherlands are expected to involve a downsizing of operations during 2016 while sales and profitability are expected to stabilise from 2017

A reduction of approximately 200 positions is expected within the Group due to integration and restructuring. Notice has been given in most cases, and approximately 170 of these employees have left the Group by the end of the period.

At the announcement of the acquisition, annual profitability improvements were estimated at approximately SEK 250 million through cost savings in the joint operations. Ninety per cent of the savings were expected to be realised within four years, and the majority within two years. Realised savings to date show that Sweco is well on its way to realise the targets that were initially set up.

Accumulated extraordinary transaction, integration and restructuring costs totalled SEK 298 million at the end of the period, of which SEK 12 million arose during the second quarter and SEK 48 million year-to-date. All extraordinary costs are reported in the Group-wide segment.

Extraordinary costs were initially estimated at approximately SEK 450 million and expected to arise mostly during the fourth quarter of 2015 and first half of 2016. Extraordinary costs are developing according to plan and integration is expected to be completed within the previously announced cost-frame.

Additional value creation can be achieved in the longer term by increasing customer focus and internal efficiency as well as through organic and acquisition-based growth in Sweco's new home markets.

OTHER INFORMATION ON THE GRONTMIJ ACQUISITION
Sweco currently holds 97.36 per cent of all Grontmij shares and has initiated a statutory squeeze-out procedure for the remaining shares. Approximately SEK 94 million of the cash component remains to be paid in conjunction with the squeeze-out. Since Sweco has initiated a statutory squeeze-out procedure, 100 per cent of the shares are consolidated in the Group accounts. As a consequence, the remaining consideration is reported as a liability and is included in net debt.

CASH FLOW AND FINANCIAL POSITION

Group cash flow from operating activities totalled SEK -21 million (197) during the first six months of the year. Interest-bearing net debt totalled SEK 2,534 million (1,446).

The net debt/EBITDA ratio was 2.0 times (1.4). Pro forma and adjusted for extraordinary costs, the net debt/EBITDA ratio was 1,6 times.

Available cash and cash equivalents, including unutilised credit lines, totalled SEK 1,267 million (908) at the end of the reporting period.

INVESTMENTS, JANUARY-JUNE 2016

Investments in equipment totalled SEK 101 million (72) and were primarily attributable to IT investments. Depreciation of equipment totalled SEK 107 million (75) and amortisation of intangible assets totalled SEK 68 million (29).

Purchase consideration paid to acquire companies and operations totalled SEK 150 million (32) and had a negative impact of SEK -135 million (-26) on Group cash and cash equivalents. Purchase consideration on the divestment of companies and operations totalled SEK 9 million (6) and had a positive impact of SEK 9 million (3) on Group cash and cash equivalents. Repurchases of Sweco shares totalled SEK 114 million and had the same effect on Group cash and cash equivalents.

During the period, dividends totalling SEK 418 million (318) were distributed to Sweco AB shareholders.

BUSINESS AREAS

PRO FORMA ACCOUNTS, APRIL-JUNE

Business Areas are reported on a pro forma basis following the new organisation since 1 October 2015. The pro forma reporting facilitates analysis of developments in operational activities on a like-for-like basis, assuming that Grontmij had been part of Sweco since the beginning of 2015.

SWECO SWEDEN

SALES AND PROFIT, APRIL-JUNE

Since 1 January, Grontmij Sweden's operations are fully integrated in corresponding divisions within Sweco Sweden.

Calendar effects of 24 more working hours had a positive impact, providing a positive year-on-year effect on sales and operating profit of approximately SEK 68 million. Further improvement to EBITA mainly came from increased fee level, improved billing ratio and synergies realised within administrative overhead.

The Swedish market remains strong. There is strong demand in the construction and real estate sector. The infrastructure market is also strong, supported by major public investments. The industrial market and the market for IT-related services is developing positively. The market for power transmission services is strong, while other energy sectors are weak.

IN BRIEF

Net sales and profit	Actual Apr-Jun 2016	Pro forma Apr-Jun 2015	Actual Jan-Jun 2016	Pro forma Jan-Jun 2015
Net sales, SEK M	1,935	1,795	3,693	3,527
<i>Organic growth, %</i>	8		5	
<i>Currency, %</i>	0		0	
EBITA, SEK M	280	186	450	370
<i>EBITA margin, %</i>	14.5	10.4	12.2	10.5
Number of full-time employees	5,551	5,496	5,509	5,394

SWECO NORWAY

SALES AND PROFIT, APRIL-JUNE

Organic growth was 10 per cent and is mainly attributable to Easter falling in the first quarter this year, as opposed to the second quarter in 2015. However, also adjusted for the calendar, organic growth was solid.

The calendar effect during Easter is more pronounced in Norway compared with the rest of the Group. The year-on-year calendar effect of 33 hours had a positive impact on sales and profit of approximately SEK 29 million. Negative currency effects reduced net sales and profit by 7 per cent when translated into the Group accounts. Lower project write-downs had a positive contribution to EBITA.

The Norwegian market is good and has stabilised. However, the Norwegian economy is in transition and demand is distributed unevenly. Markets in the Oslo region and within public infrastructure remain strong. The private construction market is good with strong demand within the industry. The markets in southern and western Norway are challenging, while the eastern and northern parts are experiencing moderate growth.

IN BRIEF

Net sales and profit	Actual Apr-Jun 2016	Pro forma Apr-Jun 2015	Actual Jan-Jun 2016	Pro forma Jan-Jun 2015
Net sales, SEK M	568	551	1,067	1,082
<i>Organic growth, %</i>	10		6	
<i>Currency, %</i>	-7		-8	
EBITA, SEK M	68	44	97	84
<i>EBITA margin, %</i>	12.0	8.0	9.1	7.8
Number of full-time employees	1,349	1,350	1,351	1,332

SWECO FINLAND

SALES AND PROFIT, APRIL-JUNE

Organic growth was 18 per cent despite a challenging market. The calendar effect was 17 hours, which made a positive contribution to sales and profit of approximately SEK 14 million.

Operating profit improved to SEK 42 million (10). The profit improvement is mainly attributable to the positive calendar effect, lower project write-downs and an increased billing ratio.

The Finnish market remains challenging. The Finnish economy has basically had zero GDP growth since 2011. Despite this, the demand for Sweco's services is stable with positive signs on the building market in the Helsinki region. Demand for construction and real estate-related services is satisfactory, while the infrastructure and industry markets remain challenging.

IN BRIEF

	Actual Apr-Jun 2016	Pro forma Apr-Jun 2015	Actual Jan-Jun 2016	Pro forma Jan-Jun 2015
Net sales and profit				
Net sales, SEK M	477	408	909	800
<i>Organic growth, %</i>	18		14	
<i>Currency, %</i>	-1		-1	
EBITA, SEK M	42	10	63	27
<i>EBITA margin, %</i>	8.8	2.5	6.9	3.3
Number of full-time employees	2,019	1,935	1,996	1,920

SWECO DENMARK

SALES AND PROFIT, APRIL-JUNE

Net sales increased compared to last year, primarily due to lower project write downs and positive calendar effects. The positive calendar effect was 22 hours and had a positive year-on-year impact of SEK 13 million on net sales and profit. Operating profit increased to SEK 23 million (-8), primarily due to lower project write-downs and positive calendar effects.

The market in Denmark is generally good and is developing positively. The construction and real estate sector is developing well and is particularly strong in the bigger cities. The public infrastructure market is experiencing weaker demand and is competitive. Demand in the water and energy sector is stable.

Continued measures are being taken to sustainably improve profitability in the Danish operations.

IN BRIEF

	Actual Apr-Jun 2016	Pro forma Apr-Jun 2015	Actual Jan-Jun 2016	Pro forma Jan-Jun 2015
Net sales and profit				
Net sales, SEK M	361	331	691	665
<i>Organic growth, %</i>	9		4	
<i>Currency, %</i>	0		0	
EBITA, SEK M	23	-8	27	-7
<i>EBITA margin, %</i>	6.5	-2.3	4.0	-1.1
Number of full-time employees	1,084	1,105	1,112	1,124

SWECO NETHERLANDS

SALES AND PROFIT, APRIL-JUNE

Sales decreased to SEK 455 million (465), primarily due to the divestment of minor non-core businesses. The calendar effect was 8 hours, which made a positive contribution to sales and profit of approximately SEK 6 million. Operating profit increased to SEK 12 million (0). The profit improvement was mainly due to lower project write-downs, improved billing ratio and positive calendar effects.

The market in the Netherlands has been challenging for several years due to the country's real estate and financial crisis. The first signs of stabilisation of the market were visible during the first half-year, particularly within private building construction. Sweco Netherlands delivers services primarily in the areas of public infrastructure, energy, water and public sector buildings. This market typically lags behind the private construction market, and overall remains challenging.

Sweco Netherlands introduced a new customer-focused and decentralised organisational model during the end of 2015 and the implementation will continue in 2016. The business is being restructured and staff reductions within administration and the consultant-organisation are ongoing.

IN BRIEF

	Actual Apr-Jun 2016	Pro forma Apr-Jun 2015	Actual Jan-Jun 2016	Pro forma Jan-Jun 2015
Net sales and profit				
Net sales, SEK M	455	465	878	936
<i>Organic growth, %</i>	2		-4	
<i>Acquisition-related growth, %</i>	-4		-2	
<i>Currency, %</i>	-1		-1	
EBITA, SEK M	12	0	31	14
<i>EBITA margin, %</i>	2.7	0.1	3.5	1.5
Number of full-time employees	1,497	1,694	1,520	1,700

SWECO WESTERN EUROPE

SALES AND PROFIT, APRIL-JUNE

Organic growth was 7 per cent during the quarter, mainly due to good growth in the UK. Operating profit increased to SEK 33 million (23) mainly due to increased profits in the UK. Negative currency effects from the GBP depreciation reduced net sales and profits of the UK by 8 per cent when translated into the Group accounts.

The demand for Sweco's services in the UK remained good throughout the second quarter. The infrastructure market is good, while demand varies in the energy and water markets. Although there are no tangible signs of a slowdown, the EU referendum ("Brexit") brings uncertainty about the market development. While it is too early to determine the consequences, the private construction market is expected to be more exposed than the market for publicly financed projects.

The market in Belgium is general stable within all market segments. The private and public building markets are improving. The industry market and the public infrastructure markets are good.

IN BRIEF

	Actual Apr-Jun 2016	Pro forma Apr-Jun 2015	Actual Jan-Jun 2016	Pro forma Jan-Jun 2015
Net sales and profit				
Net sales, SEK M	396	393	795	778
<i>Organic growth, %</i>	7		7	
<i>Currency, %</i>	-6		-4	
EBITA, SEK M	33	23	57	36
<i>EBITA margin, %</i>	8.4	5.8	7.1	4.6
Number of full-time employees	1,714	1,589	1,689	1,595

SWECO CENTRAL EUROPE

SALES AND PROFIT, APRIL-JUNE

Sales remained stable at SEK 244 million (245), as solid organic growth in Germany and the acquisition of Ludes offset negative sales developments in Lithuania and the Czech Republic.

Operating profit remained unchanged at SEK 11 million (11). Improved profits in the existing German business and the acquisition of Ludes offset the negative effects from weaker developments in Lithuania and the Czech Republic.

The German market is good overall and is developing positively. The construction and real estate market is good and is developing well. Demand is solid in the transport and environmental sector due to public investments, while the energy market remains challenging.

The Lithuanian market is experiencing weak development due to delayed EU investments in public infrastructure, water and environment. The EU investments are expected to begin in the second half of 2016. The Czech market remains challenging, although there is solid demand for Sweco's services. The Polish market is improving and shows good investments in energy, building and water. Demand will be supported once the new round of EU funding becomes fully available.

IN BRIEF

	Actual Apr-Jun 2016	Pro forma Apr-Jun 2015	Actual Jan-Jun 2016	Pro forma Jan-Jun 2015
Net sales and profit				
Net sales, SEK M	244	245	465	469
<i>Organic growth, %</i>	-5		-2	
<i>Acquisition-related growth, %</i>	7		2	
<i>Currency, %</i>	-2		-2	
EBITA, SEK M	11	11	14	23
<i>EBITA margin, %</i>	4.7	4.3	3.0	4.8
Number of full-time employees	1,476	1,396	1,416	1,420

OTHER INFORMATION

PARENT COMPANY, JANUARY-JUNE 2016

Parent Company net sales totalled SEK 258 million (177) and were attributable to intra-group services. Profit after net financial items totalled SEK -15 million (7).

Investments in equipment totalled SEK 11 million (13).

Cash and cash equivalents at the end of the period totalled SEK 187 million (7).

ACCOUNTING PRINCIPLES

Sweco complies with the International Financial Reporting Standards (IFRS) and interpretive statements from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. This interim report was prepared in accordance with IAS 34, Interim Reporting; the Swedish Annual Accounts Act; and the Swedish Financial Reporting Board's RFR 2, Reporting for Legal Entities.

The Group applies the same accounting and valuation principles as those described in Note 1 of the 2015 annual report. In this interim report, amounts in brackets refer to the corresponding period of the previous year. Because table items are individually rounded off, table figures do not always tally.

THE SWECO SHARE

The Sweco share is listed on Nasdaq Stockholm. The share price of the Sweco B share was SEK 146 at the end of the period, representing a 13 per cent increase during the quarter. The Nasdaq Stockholm General Index decreased by 0.3 per cent over the same period.

In May 2016 Sweco conducted a new share issue totalling 900,000 shares of class C at a price of SEK 1.00 per share. Under the Articles of Association, the Board also converted 888,989 class C shares into class B shares and reduced the capital for repayment to the shareholders by redemption of 11,011 class C shares.

The total number of shares at the end of the period was 121,983,819: 10,533,731 Class A shares, 110,550,088 Class B shares and 900,000 Class C shares. The total number of outstanding shares was 119,624,270: 10,533,731 Class A shares and 109,090,539 Class B shares.

RISKS AND UNCERTAINTIES

Significant risks and uncertainties affecting the Sweco Group and the Parent Company include business risks associated with the general economic trend and investment spending in various markets, the capacity to attract and retain skilled personnel and the effects of political decisions. The Group is also exposed to various types of financial risks, such as foreign currency, interest rate and credit risks. No significant risks are deemed to have arisen apart from the risks detailed in Sweco's 2015 annual report (page 90, Risks and Risk Management).

SEASONALITY

The number of normal working hours in 2016, based on the pro forma 12-month sales-weighted business mix as of Q3 2015, is broken down as follows:

Quarter 1:	478 (488)	-10
Quarter 2:	490 (469)	+21
Quarter 3:	518 (519)	-1
Quarter 4:	493 (492)	+1
Total 2016:	1,979 (1,968)	+11

FORTHCOMING FINANCIAL INFORMATION

Interim report January-September 28 October 2016
Year-end report 2016 14 February 2017

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The Board of Directors and the President give their assurance that this interim report gives a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and Group companies are exposed.

Stockholm, 18 July 2016

Johan Nordström
Board Chairman

Anders G. Carlberg
Board member

Gunnel Duveblad
Board member

Eva Lindqvist
Board member

Johan Hjertonsson
Board member

Christine Wolff
Board member

Carola Teir-Lehtinen
Board member

Maria Ekh
Employee representative

Anna Leonsson
Employee representative

Thomas Holm
Employee representative

Tomas Carlsson
President and CEO
Board member

KEY RATIOS, ACTUAL

Key ratios ¹⁾	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jul 2015- Jun 2016	Full-year 2015
Profitability						
EBITA margin, %	10.6	8.0	8.2	8.6	6.8	6.5
Operating margin (EBIT), %	10.0	7.5	7.7	8.1	6.2	6.0
Profit margin, %	9.8	7.2	7.4	7.9	5.9	5.6
Revenue growth						
Organic growth, %	7	9	4	7		6
Acquisition-related growth, %	66	0	65	0		18
Currency, %	-2	0	-2	1		0
Total growth, %	71	9	67	8		24
Debt						
Net debt, SEK M			2,534	1,446		1,688
Interest-bearing debt, SEK M			2,851	1,532		2,232
Financial strength						
Net debt/Equity, %			51.9	77.2		34.4
Net debt/EBITDA, x			2.0	1.4		1.8
Equity/Assets ratio, %			35.5	28.5		39.0
Available cash and cash equivalents, SEK M ²⁾			1,267	908		2,229
Return						
Return on equity, %			18.9	33.6		12.9
Return on capital employed, %			16.6	24.1		13.2
Share data³⁾						
Earnings per share, SEK ³⁾	2.85	1.39	4.09	3.09	5.62	4.36
Diluted earnings per share, SEK ³⁾	2.81	1.37	4.03	3.04	5.55	4.30
Equity per share, SEK ^{3,4)}			40.75	19.63		40.98
Diluted equity per share, SEK ^{3,4)}			39.97	19.35		40.49
Number of outstanding shares at reporting date			119,624,270	91,407,869		119,537,510
Number of repurchased Class B and Class C shares			2,359,549	1,442,769		1,557,320

¹⁾ Key ratio definitions are available on Sweco's website. Key ratios in this table refer to the consolidated accounts (not pro forma).

²⁾ Including unutilised credit.

³⁾ Historical share data is restated in accordance with IAS 33 due to the preferential rights issue conducted during Q4 2015.

⁴⁾ Refers to portion attributable to parent company shareholders.

CONSOLIDATED INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT

Income Statement SEK M	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jul 2015- Jun 2016	Full-year 2015
Net sales	4,370	2,549	8,387	5,015	14,762	11,389
Other income	0	0	0	0	0	0
Other external expenses	-1,016	-618	-1,968	-1,158	-3,688	-2,877
Personnel expenses	-2,826	-1,686	-5,595	-3,344	-9,832	-7,581
EBITDA	528	244	824	513	1,242	931
Amortisation/depreciation and impairments	-66	-41	-135	-80	-245	-190
EBITA	462	204	690	432	998	740
Acquisition-related items ¹⁾	-24	-13	-47	-25	-81	-60
Operating profit (EBIT)	438	191	643	407	917	681
Net financial items	-8	-7	-19	-13	-47	-41
Profit before tax	429	184	624	394	870	640
Income tax	-88	-52	-134	-101	-233	-200
PROFIT FOR THE PERIOD	342	132	489	292	637	439
Attributable to:						
Parent company shareholders	342	132	489	292	636	438
Non-controlling interests	0	0	0	0	1	1
Earnings per share attributable to parent company shareholders, SEK ²⁾	2.85	1.39	4.09	3.09	5.62	4.36
Average number of shares ²⁾	119,694,871	94,638,039	119,585,036	94,448,686	113,013,297	100,445,122
Dividend per share, SEK ²⁾						3.50

¹⁾ Acquisition-related items are defined as amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of additional purchase price, and profit and loss on the divestment of companies and operations.

²⁾ Historical share data is restated in accordance with IAS 33 due to the preferential rights issue conducted during Q4 2015.

Consolidated income statement and other comprehensive income, SEK M	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jul 2015- Jun 2016	Full-year 2015
Profit for the period	342	132	489	292	637	439
Items that will not be reversed in the income statement						
Revaluation of defined benefit pensions, net after tax ¹⁻³⁾	-9	42	-30	42	-26	45
Items that may subsequently be reversed in the income statement						
Revaluation of Grontmij NV holding, net after tax ²⁾	-	-	-	-	12	12
Translation differences, net after tax	15	-17	-13	-25	-80	-92
Translation differences transferred to profit for the period	-	0	-	0	5	5
COMPREHENSIVE INCOME FOR THE PERIOD	348	157	447	309	548	410
Attributable to:						
Parent company shareholders	348	157	447	309	547	409
Non-controlling interests	0	0	0	0	1	1
¹⁾ Tax on revaluation of defined benefit pensions	2	-16	9	-16	13	-16
²⁾ Tax on revaluation of Grontmij NV holding	-	-	-	-	-3	-3

³⁾ Revalued annually. Reviewed quarterly in the event of material changes to actuarial assumptions.

CONSOLIDATED BALANCE SHEET, STATEMENTS OF CONSOLIDATED CASH FLOW AND CHANGES IN EQUITY

Cash flow statement SEK M	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jul 2015- Jun 2016	Full-year 2015
Cash flow from operating activities before changes in working capital and tax paid	547	235	821	496	1,277	952
Tax paid	-54	-60	-135	-115	-177	-157
Changes in working capital	-270	-37	-707	-184	-178	345
Cash flow from operating activities	223	139	-21	197	922	1,140
Cash flow from investing activities	-183	-38	-239	-105	-1,574	-1,440
Cash flow from financing activities	-72	-110	38	-175	920	707
CASH FLOW FOR THE PERIOD	-32	-10	-222	-83	268	407

Balance sheet SEK M	30 Jun 2016	30 Jun 2015	31 Dec 2015
Goodwill	5,916	2,140	5,752
Other intangible assets	380	112	416
Property, plant and equipment	643	391	639
Financial assets	172	58	157
Current assets excl. cash and cash equivalents	6,328	3,792	5,068
Cash and cash equivalents incl. short-term investments	317	86	544
TOTAL ASSETS	13,756	6,579	12,575
Equity attributable to parent company shareholders	4,875	1,862	4,899
Non-controlling interests	8	10	9
Total equity	4,884	1,872	4,907
Non-current liabilities	3,269	1,482	2,700
Current liabilities	5,604	3,225	4,968
TOTAL EQUITY AND LIABILITIES	13,756	6,579	12,575
Contingent liabilities	633	252	704

Changes in equity SEK M	Jan-Jun 2016			Jan-Jun 2015		
	Equity at- tributable to parent company shareholders	Non- controlling interests	Total equity	Equity at- tributable to parent company shareholders	Non- controlling interests	Total equity
Equity, opening balance	4,899	9	4,908	1,874	14	1,888
Comprehensive income for the period	447	0	447	309	0	309
Transfer to shareholders	-418	-1	-419	-318	-1	-318
Acquisition of non-controlling interests	-	-	-	-12	-3	-15
Preferential rights issue	-2	-	-2	-	-	-
Divestments of non-controlling interests	-	-	-	-	-1	-1
Buy-back of treasury shares	-114	-	-114	-	-	-
Sales of treasury shares	3	-	3	17	-	17
Share-based incentive schemes	59	-	59	-9	-	-9
Share savings schemes	1	-	1	2	-	2
EQUITY, CLOSING BALANCE	4,875	8	4,884	1,862	10	1,872

ACQUISITIONS, DIVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

ACQUISITION OF SUBSIDIARIES AND OPERATIONS

During the period Sweco acquired Petro Team Engineering AB, Sletten AS, Ludes Generalplaner GmbH and extended the participation in Par 2 Ontwikkeling B.V. to 100 per cent (was 50 per cent owned). Sweco has also acquired the operations within Altenia Oy. The acquired businesses have an aggregate total of 116 employees. Purchase consideration totalled SEK 150 million and had a negative impact on cash and cash equivalents of SEK 135 million. The acquisitions impacted the consolidated balance sheet as detailed in the table below. Of the unsettled purchase price commitment of SEK 3 million, SEK 1 million refers to conditional contingent consideration. During the period the acquired companies contributed SEK 11 million in sales and SEK 2 million in operating profit (EBIT) before extraordinary costs. If all of the companies had been owned as of 1 January 2016 they would have contributed approximately SEK 46 million in sales and about SEK -4 million in operating profit before extraordinary costs.

Acquisitions, SEK M	
Intangible assets	131
Property, plant and equipment	3
Financial assets	1
Current assets	306
Non-current liabilities	-12
Deferred tax	-4
Other current liabilities	-275
Total purchase consideration	150
Unsettled purchase price commitment	-3
Cash and cash equivalents	-12
DECREASE IN GROUP CASH AND CASH EQUIVALENT	135

DIVESTMENT OF SUBSIDIARIES AND OPERATIONS

During the period Sweco divested business within Sweco Nederland BV and Park Frederiksoord B.V. with total 38 employees. The businesses contributed SEK 5 million in sales and SEK 0 million in operating profit. The divestments had a positive impact on profit of SEK 0.5 million and a positive impact on the Group's cash and cash equivalents of SEK 9 million. The divestments impacted the consolidated balance sheet as detailed below.

Divestments, SEK M	
Property, plant and equipment	6
Current assets	3
Capital gain recorded on divestment	1
Total purchase consideration	9
Cash and cash equivalents in divested companies	-
INCREASE IN GROUP CASH AND GROUP EQUIVALENTS	9

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial assets measured at fair value totalled SEK 14 million (14). The derivative instruments are forward currency contracts, the fair value of which are determined based on listed prices for forward currency contracts on the balance sheet date (Level 2). The fair value of unlisted financial assets is determined through market valuation techniques (observable market inputs) such as recent transactions, listed prices of similar instruments and discounted cash flows. In the event no reliable inputs are available for determining fair value, financial assets are reported at acquisition value (Level 3). There were no transfers between levels during the period.

QUARTERLY REVIEW PER BUSINESS AREA

Sweco has restated historical figures to reflect the new Sweco Group organisational structure, effective as of 1 October 2015. Grontmij is included pro forma as if the acquisition had taken place on 31 December 2013¹⁾.

Quarterly summary ²⁾	Actual 2016 Q2	Actual 2016 Q1	Actual 2015 Q4	Pro forma 2015 Q3	Pro forma 2015 Q2	Pro forma 2015 Q1	Pro forma 2014 Q4
Net sales, SEK M							
Sweco Sweden	1,935	1,758	1,921	1,390	1,795	1,732	1,768
Sweco Norway	568	499	508	401	551	531	521
Sweco Finland	477	432	488	375	408	392	417
Sweco Denmark	361	330	365	320	331	334	328
Sweco Netherlands	455	423	450	445	465	471	496
Sweco Western Europe	396	398	428	389	393	384	362
Sweco Central Europe	244	221	262	220	245	224	258
Group-wide, Eliminations, etc.	-66	-45	-73	-36	-68	-44	-43
TOTALT GROUP	4,370	4,018	4,350	3,504	4,120	4,024	4,107
EBITA, SEK M							
Sweco Sweden	280	170	211	91	186	184	223
Sweco Norway	68	29	52	24	44	40	58
Sweco Finland	42	21	35	27	10	17	3
Sweco Denmark	23	4	28	18	-8	0	-5
Sweco Netherlands	12	18	-1	12	0	14	21
Sweco Western Europe	33	23	25	22	23	13	20
Sweco Central Europe	11	3	19	7	11	12	19
Group-wide, Eliminations, etc.	-9	-40	-170	-63	-79	-23	-58
EBITA	462	228	200	138	187	257	281
Extraordinary items ³⁾	12	36	190	59	70	1	58
EBITA excl. extraordinary items	474	263	390	197	257	258	339
EBITA-margin, %							
Sweco Sweden	14.5	9.7	11.0	6.6	10.4	10.6	12.6
Sweco Norway	12.0	5.8	10.2	6.1	8.0	7.5	11.0
Sweco Finland	8.8	4.8	7.1	7.3	2.5	4.2	0.8
Sweco Denmark	6.5	1.2	7.7	5.6	-2.3	0.1	-1.4
Sweco Netherlands	2.7	4.4	-0.3	2.6	0.1	2.9	4.2
Sweco Western Europe	8.4	5.9	5.9	5.7	5.8	3.4	5.5
Sweco Central Europe	4.7	1.1	7.4	3.1	4.3	5.4	7.4
EBITA-margin	10.6	5.7	4.6	3.9	4.5	6.4	6.8
Extraordinary items ³⁾	0.2	0.9	4.4	1.7	1.7	0.0	1.5
EBITA-margin excl. extraordinary items	10.8	6.6	9.0	5.6	6.2	6.4	8.3
Billing ratio, %	75.1%	74.5%	74.7%	74.1%	74.8%	73.2%	73.8%
Number of normal working hours	490	478	492	519	469	488	486
Number of full-time employees	14,804	14,589	14,621	14,339	14,707	14,557	14,565

¹⁾The pro forma information is based on the consolidated income statements for the fourth quarter of 2014 and for the first three quarters of 2015 of Sweco and Grontmij respectively. Sweco and Grontmij both apply IFRS. The financial pro forma information has been compiled and presented in accordance with Sweco's accounting policies as described in Sweco's annual report for 2015. Herewith, the financials of Grontmij have been adjusted to be consistent with Sweco's presentation of the income statement. The pro forma information is only intended to describe a hypothetical situation and has been prepared solely with an illustrative purpose.

²⁾The pro forma information excludes Grontmij's French activities which were divested during 2015 and reported by Grontmij as Assets held for sale. Group-wide, eliminations, etc. includes Group functions, the operations in China as well as Grontmij's real estate operations.

³⁾Extraordinary items include Sweco's and Grontmij's extraordinary items to the extent they are part of Sweco's definition of EBITA. All extraordinary items are included in Group-wide.

PERIOD REVIEW PER BUSINESS AREA

January-June Business area	Net sales, SEK M		EBITA, SEK M		EBITA-margin, %		Number of full-time employees	
	Actual 2016	Pro forma 2015	Actual 2016	Pro forma 2015	Actual 2016	Pro forma 2015	Actual 2016	Pro forma 2015
Sweco Sweden	3,693	3,527	450	370	12.2	10.5	5,509	5,394
Sweco Norway	1,067	1,082	97	84	9.1	7.8	1,351	1,332
Sweco Finland	909	800	63	27	6.9	3.3	1,996	1,920
Sweco Denmark	691	665	27	-7	4.0	-1.1	1,112	1,124
Sweco Netherlands	878	936	31	14	3.5	1.5	1,520	1,700
Sweco Western Europe	795	778	57	36	7.1	4.6	1,689	1,595
Sweco Central Europe	465	469	14	23	3.0	4.8	1,416	1,420
Group-wide, eliminations, etc. ¹⁾	-111	-112	-49	-103	-	-	104	147
TOTAL GROUP	8,387	8,144	690	444	8.2	5.4	14,696	14,632

¹⁾Group-wide, eliminations, etc. includes Group functions, the operations in China as well as Grontmij's real estate operations. All extraordinary items are included in Group-wide.

PARENT COMPANY INCOME STATEMENT AND BALANCE SHEET

Parent Company income statement, SEK M	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Net sales	258	177	355
Operating expenses	-310	-190	-399
Operating loss	-52	-13	-44
Net financial items	37	20	508
Profit/loss after net financial items	-15	7	464
Appropriations	-	-	-20
Profit/loss before tax	-15	7	444
Tax	-	-	-61
PROFIT/LOSS AFTER TAX	-15	7	383

Parent Company balance sheet, SEK M	30 Jun 2016	31 Dec 2015
Intangible assets	76	81
Property, plant and equipment	48	50
Financial assets	6,286	6,348
Current assets	1,788	1,911
TOTAL ASSETS	8,198	8,390
Equity	4,142	4,619
Untaxed reserves	23	23
Non-current liabilities	2,200	2,083
Current liabilities	1,833	1,665
TOTAL EQUITY AND LIABILITIES	8,198	8,390