

## **SWECO AB (publ)** **Year-end report 2011**

14 February 2012

### **Strong growth and higher profitability**

#### **October – December 2011**

- Net sales of SEK 1,786.1 million (1,479.0).
- Operating profit of SEK 191.6 million (128.5).
- Operating margin of 10.7 per cent (8.7).
- Profit after tax of SEK 129.0 million (85.8) and earnings per share of SEK 1.41 (0.94).

#### **January – December 2011**

- Net sales of SEK 5,987.6 million (5,272.4).
- Operating profit of SEK 531.3 million (432.7).
- Operating margin of 8.9 per cent (8.2).
- Profit after tax of SEK 374.8 million (299.9) and earnings per share of SEK 4.11 (3.31).
- Strong financial position, net receivable of SEK 140.9 million (240.1).
- The Board proposes a dividend of SEK 3.00 (3.00) per share.

Comments from CEO Mats Wäppling:

“The year ended on a high note for Sweco, with operating profit for the fourth quarter up by close to 50 per cent compared to the same period of last year. Operating margin for the same period was 10.7 per cent and our growth for the quarter was 21 per cent. For the full year, operating profit improved by nearly SEK 100 million over 2010.

“The acquisition of FMC Group with 1,100 employees has significantly strengthened our forefront position in the Nordic region, and Sweco is now also one of the leading players in Finland. The acquisition, which was completed at the beginning of 2012, will give Sweco annual sales of around SEK 6.7 billion and 7,400 employees.

“The fourth quarter saw strong demand for Sweco’s services, in spite of the European debt crisis and general economic slowing. Growing concern about the future direction of the economy is contributing to widespread uncertainty about market development.

“With a profitability and financial strength at the absolute top of the industry, we have excellent potential for sustained growth. Our wide service offering and leading market positions in several key areas of society give us a solid platform for favourable long-term development.”

## PROFIT AND FINANCIAL POSITION

### Net sales and profit, January – December 2011

The Sweco Group's net sales increased by 14 per cent to SEK 5,987.6 million (5,272.4). Organic growth was 9 per cent and acquisition-driven growth was 6 per cent. Foreign exchange effects resulting from a stronger Swedish krona had a negative impact on growth of 1 per cent.

<b>Profit summary, SEK M</b>	<b>Oct-Dec 2011</b>	<b>Oct-Dec 2010</b>	<b>Jan-Dec 2011</b>	<b>Jan-Dec 2010</b>
Sweco Sweden	139.2	106.2	412.3	334.2
Sweco Norway	45.2	30.0	125.9	130.8
Sweco Finland	0.3	1.3	7.3	7.2
Sweco Central & Eastern Europe	5.3	3.5	1.6	7.3
Sweco Russia	5.9	1.0	10.3	3.4
Sweco Industry	14.0	2.5	24.9	1.5
Group-wide, etc.	-18.3	-16.0	-51.0	-51.7
<b>Operating profit</b>	<b>191.6</b>	<b>128.5</b>	<b>531.3</b>	<b>432.7</b>
Consolidated net financial items	-0.2	-1.5	-4.5	-9.0
<b>Profit before tax</b>	<b>191.4</b>	<b>127.0</b>	<b>526.8</b>	<b>423.7</b>

Operating profit rose by 23 per cent to SEK 531.3 million (432.7). The increase of SEK 98.6 million is explained mainly by a strong profit in Sweco Sweden and higher earnings for Sweco Industry and Sweco Russia. Consolidated profit was affected by costs of SEK 11.5 million (9.8) in connection with acquisition activities.

Sweco Sweden reported a strong operating profit that was up by around 23 per cent and reached SEK 412.3 million (334.2). The improvement in earnings is attributable to a robust market and healthy growth.

Sweco Norway's operating profit amounted to SEK 125.9 million (130.8) and operating margin was 9.0 per cent (10.1). Compared to the previous year, profit was affected by increased project write-downs of approximately SEK 17 million.

Sweco's operations in Central and Eastern Europe showed a year-on-year drop in earnings that was primarily attributable to structural measures in the infrastructure area in Poland.

Profit in Sweco Industry improved over the previous year, mainly owing to a better market situation in Finland. The industrial units in Sweden and Norway showed continued high earnings.

Operating profit for Sweco Russia was SEK 10.3 million (3.4) and operating margin was 9.4 per cent (11.8). The increase in profit is mainly an accretive effect of past acquisitions.

Employee bonuses were charged to the Sweco Group's earnings in a total amount of SEK -126.6 million (-102.5) including social security expenses and pension costs.

The Group's overall operating margin was 8.9 per cent (8.2). The billing ratio, including all administrative personnel, was 73.9 per cent (73.4).

Profit before tax amounted to SEK 526.8 million (423.7). The Group's net financial items totalled SEK -4.5 million (-9.0), and included foreign exchange effects of SEK -1.6 million (-5.7).

Profit after tax was SEK 374.8 million (299.9).

Return on equity was 25.6 per cent (19.9) and return on capital employed was 34.2 per cent (26.5).

No significant transactions with related parties took place during the period.

### **Earnings per share**

Earnings per share were SEK 4.11 (3.31) before dilution and SEK 4.11 (3.28) after dilution.

### **Investments**

Capital expenditure on equipment totalled SEK 115.7 million (69.8) and referred mainly to computers and other IT investments. Depreciation of equipment amounted to SEK 76.6 million (71.0) and amortisation of intangible assets was SEK 31.3 million (22.1).

Consideration paid for the acquisition of companies amounted to SEK 278.6 million (86.6) and the effect on consolidated cash and cash equivalents was SEK -221.3 million (-63.1).

### **Cash flow and financial position**

The Group's cash flow from operating activities was strong at SEK 513.0 million (341.8).

Cash and cash equivalents amounted to SEK 219.6 million (376.7). Disposable cash and cash equivalents including unutilised bank overdraft facilities at the end of the period totalled SEK 687.8 million (946.5). Interest-bearing debt is reported at SEK 78.7 million (136.6). The net interest-bearing receivable was SEK 140.9 million (240.1).

Dividends were paid to Sweco AB's shareholders in a total amount of SEK 272.8 million (355.7) during the year.

The ratio of net debt to equity was -9.4 per cent (-16.8). The equity/assets ratio was 46.2 per cent (47.8).

### **Employees**

The number of employees at 31 December 2011 was 6,324 (5,418). The average number of employees in the Group during the period was 5,772 (4,986).

### **Net sales and profit, October – December 2011**

There was a keen demand for Sweco's services in the fourth quarter. Net sales increased by 21 per cent to SEK 1,786.1 million (1,479.0). Organic growth was 14 per cent and acquisition-driven growth was 7 per cent.

Operating profit rose by 49 per cent to SEK 191.6 million (128.5). The improvement in earnings is explained by a strong market and robust growth, above all in the Nordic region.

Operating margin was 10.7 per cent (8.7). The billing ratio was 74.8 (74.2).

Profit before tax amounted to SEK 191.4 million (127.0). Profit after tax was SEK 129.0 million (85,8).

Cash flow from operating activities was SEK 324.2 million (248.8).

### **Parent Company**

The Parent Company recorded net sales of SEK 80.3 million (49.1), all of which refers to intra-group services. Profit after net financial items was SEK 411.2 million (240.7). Capital expenditure on equipment amounted to SEK 1.4 million (0.3) and cash and cash equivalents at the end of the period totalled SEK 60.7 million (211.2).

### **THE SWECO SHARE**

Sweco is listed on NASDAQ OMX Stockholm. The bid price for the Sweco B share at 31 December 2011 was SEK 57.50, a decrease of 1 per cent during the year. The OMX Stockholm General Index fell by 17 per cent over the same period.

At the request of shareholders, 3,399 class A shares were converted to class B shares during the year with the support of the conversion clause in the Articles of Association. The total number of votes thereafter amounts to 17,598,793.1, of which the class A shares correspond to 9,385,676 votes and the class B shares to 8,213,117.1 votes.

The total number of shares at the end of the period was 91,516,847, of which 9,385,676 are of class A and 82,131,171 are of class B. After deduction of treasury shares, the number of shares outstanding at the end of the period was 90,719,827, of which 9,385,676 are of class A and 81,334,151 are of class B.

### **2011 Share Savings Scheme**

The 2011 Annual General Meeting resolved to implement a long-term share savings scheme directed to senior executives in the Sweco Group.

Under the 2011 Share Savings Scheme, the participants may use their own funds to acquire class B shares in Sweco ("savings shares") on NASDAQ OMX Stockholm for an amount equivalent to no more than 5 to 10 per cent of the respective participant's basic annual salary for 2011. If the savings shares are held until the publication date of the year-end report for the 2014 financial year ("the retention period") and the participant remains employed in his/her position or an equivalent position in the Sweco Group throughout the lock-up period, each savings share shall thereafter grant entitlement to the free-of-charge award of one class B share in Sweco ("matching share") and – provided that the performance targets have been met – to an additional number of not more than one to four class B shares in Sweco ("performance shares"). The grant of performance shares is conditional on a positive total return for the Sweco share, and is also dependent on the Sweco share's total return in relation to a group of comparable companies.

Through the share savings scheme, 36 senior executives have acquired around 43,000 saving shares, which means that a maximum of 149,000 shares may be granted if the predetermined targets are met. In accordance with IFRS 2, the cost of the 2011 share savings scheme is estimated at approximately SEK 5.4 million (including social security expenses) and will be expensed on a straight-line basis over the lock-up period.

## **Treasury shares**

During the year Sweco repurchased 237,947 class B shares for SEK 13.6 million, which is equal to SEK 57.36 per share. Sweco thus holds a total of 797,020 class B treasury shares that can be used as consideration in acquisitions. The treasury shares correspond 0.9 per cent of the total number of shares and 0.5 per cent of the votes. The shares were repurchased at an average price of SEK 32.63 each, equal to a total of SEK 26.0 million. The market value of the shares at the end of the period was SEK 45.8 million.

## **OPERATIONS AND MARKET**

The engineers, architects and environmental experts at Sweco are working together to contribute to the development of a sustainable society. With around 7,400 employees, the Sweco Group is one of the largest players in Europe. Sweco has local companies in 13 countries and projects currently underway in some 80 countries worldwide. Operations are conducted in six business areas: Sweco Sweden, Sweco Norway, Sweco Finland, Sweco Central & Eastern Europe, Sweco Russia and Sweco Industry.

Sweco is well poised to continue growing with profitability. Sweco 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 stronger GDP growth and healthier state finances than the European average.

Sweco has a strong brand among its clients and is regarded as an attractive employer in the labour market. With a profitability and financial strength at the top of the industry, Sweco has capacity to grow faster than the market average, both organically and through acquisitions.

2011 was characterised by strong growth. During the year Sweco acquired operations in Sweden, Norway, Poland, Russia, Estonia and Slovakia with a total of around 600 employees. The year's acquisitions included two Russian firms in the transport sector with 260 employees and the consultancy operations of Norwegian-based NEAS with some 70 employees.

At the end of 2011 an agreement was signed to acquire Finland's FMC Group with annual sales of approximately EUR 80 million and 1,100 employees. FMC Group is the Finnish market-leader in structural engineering and also has strong positions in areas like building service systems and industrial engineering. The transaction will significantly strengthen Sweco's positions in the Nordic market. Through the acquisition, Sweco will become the second largest engineering consultancy in Finland and the market-leader in total solutions for sustainable urban development.

The acquisition of FMC Group, which was completed at the beginning of 2012, will give Sweco annual sales of approximately SEK 6.7 billion and a total of 7,400 employees.

2011 started with good demand in all of Sweco's markets. In particular, the Swedish market and the construction and infrastructure sectors showed solid growth during the year. Another stand-out was the Finnish market, which stabilised and among other things noted rising demand for Sweco's industry-related consulting services.

The generally high level of demand also continued through the second half of the year, in spite of the European debt crisis and a slowing economic trend. Growing concern about the future direction of the economy is contributing to widespread uncertainty about market development.

There are powerful drivers that are boosting demand for consulting engineering services. These are related to urbanisation and rising living standards, which are among other things contributing to a need for infrastructure, industrial production, energy production and construction. At the same time, there are increasingly stringent requirements for sustainable development of society and adaptation to climate change. This is stimulating demand for services in areas like energy efficiency, environmental impact assessments, renewable energy solutions, effective traffic planning, water supply, wastewater treatment and soil/site remediation.

## Sweco Sweden

Net sales and profit	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Net sales, SEK M	1,053.2	902.1	3,596.7	3,103.9
Operating profit, SEK M	139.2	106.2	412.3	334.2
Operating margin, %	13.2	11.8	11.5	10.8

Sweco Sweden is the country's leading provider of consulting engineering services and the Group's largest business area, with over 3,200 employees in some 50 locations. Services are offered in the areas of Architecture, Structural Engineering, Building Service Systems, Infrastructure, Water & Environment, Project Management, Energy Systems, Geographic IT and Institutional Services. Sweco Sweden has extensive project exports to countries in Eastern Europe, Africa, Asia, the Middle East and Latin America.

2011 was characterised by a favourable market in all service segments. Ongoing growth is anticipated in the infrastructure and energy areas, particularly for services related to hydroelectric power. The market for water and environmental services is good both in Sweden and internationally, above with regard to water supply (treatment, distribution and surface water management). The market for building-related services for industrial, private construction and real estate companies also remains strong. Interest in Sweco's service offering in sustainable urban development is showing steady growth both in Sweden and globally. Continued positive development is also awaited for geographical IT.

In the fourth quarter Sweco among other things was awarded contract for planning of Facebook's new data centre in Luleå, the company's first facility outside the USA. In Alingsås Sweco will be responsible for planning and design of Sweden's first net zero energy school, which will be built using passive house technology and will produce its own energy with the help of solar panels. Sweco has also been contracted for additional energy assignments in Africa, where parts of central and northern Zambia will be given improved access to electricity. The assignment includes project management, technical advice, delivery and implementation control for expansion of the existing distribution network.

In 2011 Sweco won the Kasper Salin Prize for Station Triangeln in Malmö, one of the rail stations built in connection with the recently completed City Tunnel. The Kasper Salin Award is regarded as the most prestigious architectural prize in Sweden.

## Sweco Norway

Net sales and profit	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Net sales, SEK M	405.7	324.3	1,401.8	1,296.6
Operating profit, SEK M	45.2	30.0	125.9	130.8
Operating margin, %	11.1	9.3	9.0	10.1

Sweco is one of Norway's largest engineering consultancies, with close to 1,100 employees. The Norwegian business area, which also has some project export operations,

is organised in six divisions: Energy, Water & Environment, Building & Construction, Infrastructure, Building Service Systems and Vest.

The Norwegian market showed stable development in 2011. In the transport sector there is a far-reaching need for upgrading of both the road and railway network. The construction sector is seeing continued growth in residential building, mainly in central locations. In addition there is a rising demand for energy-efficient solutions for buildings and facilities, and this applies to both residential and commercial properties. A new joint Norwegian/Swedish electricity certificate system is expected to create a better market for services related to renewable energy, primarily hydro and wind power. An urgent need for modernisation of the country's water and wastewater systems is also generating good long-term demand for Sweco's services.

Sweco Norway won several new assignments during the fourth quarter, including engineering design of a new hydropower plant at Govddesåga in Nordland. Sweco's Norwegian consultants were also awarded a large-scale contract to plan new construction and renovation of a nursing home in the Municipality of Bø in Telemark.

### Sweco Finland

Net sales and profit	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Net sales, SEK M	27.0	24.6	92.4	81.9
Operating profit, SEK M	0.3	1.3	7.3	7.2
Operating margin, %	1.0	5.3	7.9	8.8

The business area has around 70 employees in the subsidiary Sweco PM, which provides project management services to clients in the infrastructure, construction and industrial sectors.

Demand for Sweco PM's services has remained stable. Major road and railway projects have among other things contributed to greater demand for related commercial and public buildings. Industrial investments showed continued recovery in the fourth quarter and new tendering and procurement methods have created a good market for Sweco's project managers. Indicators of weaker market development in the construction and civil engineering sector over the next few years have grown stronger, but no dramatic changes are awaited in Sweco PM's areas of activity. Among other things, new customer segments and new types of project management assignments are expected to compensate for a possible downturn in the existing market.

Contracts won in the fourth quarter include project management in connection with planning of a road tunnel under the city of Tampere, rebuilding of Helsinki's central train station and construction of an approach road to the Port of Turku. Sweco has also signed a national framework agreement to provide construction management services to Senate Properties.

### Sweco Central & Eastern Europe

Net sales and profit	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Net sales, SEK M	86.5	85.1	256.5	278.2
Operating profit, SEK M	5.3	3.5	1.6	7.3
Operating margin, %	6.1	4.1	0.6	2.6

Sweco Central & Eastern Europe has more than 900 employees and is active in Estonia, Lithuania, Poland, the Czech Republic, Slovakia and Bulgaria.

The ongoing adaptation to EU standards in Central & Eastern Europe is continuing to benefit the business area, whose services are concentrated in the water, environment, energy and infrastructure areas.

The Baltic states, Slovakia and Bulgaria are noting increased demand for Sweco's services related to energy, water and environment. Demand in the Baltic region is also good with regard to industry-related assignments and projects with private investors. In Poland, the infrastructure market remains weak while demand for services in the water and environment areas is strong. Continued price pressure is being felt throughout the business area, which has primarily affected operations in Poland and Lithuania.

In the fourth quarter Sweco won several important contracts in Central and Eastern Europe. In Estonia Sweco was commissioned for two major railway assignments in Sillamäe and Tapa. In Lithuania, Sweco was awarded a major contract by Rail Baltica for a 35-km section of railway between Marijampole and Sestokai. New assignments in Poland include upgrading of a water reservoir in Szalejów Górny and a hotel expansion project in Warsaw. In the Czech Republic, Sweco will modernise the wastewater treatment plants in Kutna Hova and Caslav. A new assignment in Bulgaria is to oversee the modernisation of the power supply to central parts of Sofia.

### Sweco Russia

Net sales and profit	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Net sales, SEK M	44.4	7.1	109.7	28.5
Operating profit, SEK M	5.9	1.0	10.3	3.4
Operating margin, %	13.5	14.1	9.4	11.8

Sweco Russia has around 370 employees and is active in the areas of Infrastructure and Water & Environment. Sweco Russia is also responsible for coordination of project exports from the other business areas to Russia.

Order intake remains strong in the infrastructure segment and also rose to a good level in the water and environment area during the quarter. Public finances are improving steadily and thereby driving investments in public infrastructure. The healthier Russian economy is also visible in the form of increased industrial investments, above all in the raw materials sector. Although the debt crisis in the West is creating uncertainty in a mid-term perspective, major events such as the winter Olympics in 2014 and the FIFA World Cup in 2018 are creating favourable market conditions for the long term.

Sweco Russia won several sizeable assignments during the fourth quarter, such as a contract for wastewater treatment at the Lebedinskiy iron ore mine, studies and design services for the Port of Ust-Luga and planning and design work for roads in the Olympic city of Sochi.

### Sweco Industry

Net sales and profit	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Net sales, SEK M	210.0	143.0	649.4	536.6
Operating profit, SEK M	14.0	2.5	24.9	1.5
Operating margin, %	6.7	1.7	3.8	0.3

Sweco Industry is the Group's resource for qualified industrial consulting services. The business area's capabilities include consulting, planning, engineering and project management services for product optimisation and plant investment. With some 440



employees in Finland, 230 in Sweden and 20 in Norway, Sweco Industry is one of the Nordic region's largest industrial engineering consultancies. Sweco Industry also has extensive operations in Russia, Eastern Europe and South America. The business area works with a focus on the energy, chemical and petrochemical, pulp and paper, mining and mineral industries, as well as offshore projects and product development.

The market situation for Sweco's industrial consultants in Finland improved markedly during 2011 after a period of very low activity, and there are no signs of slowing. The share of more long-term assignments is rising and there is a growing need for new recruitment. Market development in Sweden and Norway has also remained good. In the energy area, increased investments are being seen in biogas facilities and biomass power plants, which is stimulating demand for Sweco's services in both Finland and Sweden. Both the Swedish and Finnish mining industries are investing heavily in new production facilities, which is generating increased demand in the civil engineering area. Substantial investments are being planned in the chemical industry, but so far there is a lack of truly large-scale projects. One general trend is that the number of feasibility studies for major investments have increased in all segments.

Investments in the South American pulp industry generated several new assignments for Sweco's Finnish industrial consultants in the fourth quarter. In Norway, Sweco has among other things been commissioned by EPAX for services in connection with development of its production facility in Ålesund. In Finland, Sweco was awarded a number of contracts in the forestry, steel and mineral industries.

## **ACQUISITIONS**

The acquisitions during 2011 gave the Sweco Group approximately 600 new employees, and an additional around 300 employees were added through organic growth.

### **Sweco Sweden**

In 2011 Sweco acquired Axro Consult, with 35 employees and offices in Gothenburg, Jönköping and Skövde. Axro has core expertise in building service systems for the healthcare sector.

In the past year Sweco also acquired the City of Stockholm's Office of Research and Statistics, USK, with 33 employees, which has provided clients like the City of Stockholm with statistics, forecasts, research and studies on issues related to regional development.

In addition, Sweco has acquired Inmind Scandinavia AB, active in Intelligent Transport Systems (ITS) with eleven employees, K-Konsult Elteknik i Gävle AB with four employees, the construction engineering company Metrix AB with nine employees and TD VVS-konsult AB with five employees.

### **Sweco Norway**

Sweco has acquired the Norwegian facility management company NEAS's consulting operations with a focus on fire and security, project management and advice related to planning and building rules. The acquired units have a total of 71 employees at their offices in Trondheim, Stavanger, Bergen, Stokke, Skien and Oslo.

In Norway Sweco has also acquired Oppland Bygg Consult AS with 23 employees and operations in construction and project management. An additional acquisition in Norway

was Kilde Akustikk AS with ten employees, which among other things offers services related to acoustics and vibrations.

### **Sweco Central & Eastern Europe**

In Poland Sweco has acquired the architectural operations of APA Markowski Architekci with a total of 20 employees in Warsaw during the year.

In Lithuania Sweco has acquired UAB Energetikos Linijos with 34 employees. The company's offering includes services for CHP plants, district heating and biogas facilities.

In Slovakia Sweco has acquired 80 per cent of the shares in Hydrocoop spol. s r.o in Bratislava. Hydrocoop is a provider of consulting services in water and environment and has 22 employees.

In Estonia Sweco has acquired Vealeidja OÜ, one of the country's leading project management companies with 31 employees. Through the acquisition, Sweco has widened its service offering and strengthened its positions in the Estonian market.

### **Sweco Russia**

In Russia Sweco has acquired the two infrastructure consulting companies OOO IKTP and ZAO NIPI with a total of 264 employees. Both companies are leading engineering consultancies in the transport sector. IKTP is active mainly in civil engineering and NIPI in studies and strategic planning. Through the acquisitions, Sweco will significantly advance its positions in Russia and increase the number of consultants in the country to 370.

### **Sweco Industry**

Sweco has acquired the Swedish industrial consultant PROWS Industry & Management AB with 25 employees. The company offers consulting engineering services to clients primarily in the industrial and healthcare sectors.

## **EVENTS AFTER THE END OF THE REPORTING PERIOD**

### **Acquisitions**

After the end of the year, Sweco acquired the Finnish engineering consultancy FMC Group (whose parent company is Finnmap Consulting Oy) with annual sales of approximately EUR 80 million and around 1,100 employees. The transaction will create the second largest engineering consultancy in the Finnish market. The enterprise value of the acquisition is EUR 65.8 million and was paid for through a combination of cash consideration and 795,000 Sweco class B treasury shares. FMC Group is the Finnish market-leader in structural engineering and also has strong positions in areas like building service systems and industrial engineering. FMC Group reported an operating profit (EBITA) of EUR 9.4 million for the financial year 2010/2011. FMC Group has offices at 21 locations in Finland and operations in the Baltic countries, Poland, Russia and India. The group includes companies like Finnmap Consulting, Aaro Kohonen and the Airix companies.

Following the acquisition of FMC Group, Sweco's holding of class B treasury shares amounts to 2,020.

After the end of the year Sweco also acquired Pyramide AS in Norway, with 13 employees and operations in project and construction management.

### **Other events**

After the end of the period, Åsa Bergman was appointed as the new President of Sweco Sweden. Åsa Bergman comes most recently from a position as President of Sweco Management and will succeed Eva Nygren.

### **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. The accounting and valuation standards applied by the Group are the same as those described in Note 1 of the annual report for 2010.

### **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 84 of Sweco's annual report for 2010, "Risk management".

### **BOARD PROPOSALS**

#### **Dividend**

The Board of Directors proposes a dividend per share of SEK 3.00 (3.00), amounting to a maximum capital distribution of SEK 274.6 million (272.8).

Based on the balance sheet at 31 December 2011, the ratio of net debt to equity after the proposed dividend will be approximately 11 per cent.

#### **Repurchase and sale of treasury shares**

The Board decided to propose that the 2012 Annual General Meeting authorise the Board to decide on the repurchase of treasury shares. This mandate would enable the Board, during the period before the next annual general meeting, to decide on the repurchase of Sweco shares when deemed appropriate. The number of repurchased shares may amount to no more than ten per cent of the total outstanding share capital, in accordance with the applicable legislation. The repurchase may be carried out over the stock exchange or through an offer to the shareholders. The Board's authorisation is also proposed to include the right to sell the repurchased shares.

## **2012 Share Savings Scheme**

The Board has furthermore decided to propose that the 2012 Annual General Meeting approve the implementation of a long-term share savings scheme for up to 80 senior executives and other key staff in the Sweco Group.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting will be held on Tuesday, 17 April 2012, at Hotel Courtyard by Marriott, Rålambshovsleden 50, in Stockholm. Sweco's annual report will be available to the shareholders at the head office, Gjörwellsgatan 22, in Stockholm, and on the company's website [www.swecogroup.com](http://www.swecogroup.com), around three to two weeks prior to the Annual General Meeting.

## **FINANCIAL CALENDAR 2012**

Interim report January-March	8 May 2012
Interim report January-June	17 July 2012
Interim report January-September	31 October 2012
Year-end report 2012	14 February 2013

## **OUTLOOK**

The market for consulting engineering and architectural services is generally good, although there is continued uncertainty about future market development. 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 healthy finances, leading market positions in several important growth areas and wide offering of services provide a solid platform for stable long-term development.

Stockholm, 14 February 2012

Mats Wäppling  
President & CEO

This report has not been examined by the company's auditors.

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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 14 February 2012, 12:45 CET.

Income statement, SEK M	Oct-Dec	Oct-Dec	Full year	Full year
	2011	2010	2011	2010
Net sales	1,786.1	1,479.0	5,987.6	5,272.4
Other operating income	-	0.3	-	3.9
Other external expenses	-481.3	-417.7	-1,505.1	-1,400.2
Personnel costs	-1,081.9	-909.8	-3,841.6	-3,349.0
Amortisation/depreciation and impairment	-31.3	-23.3	-109.6	-94.4
<b>Operating profit</b>	<b>191.6</b>	<b>128.5</b>	<b>531.3</b>	<b>432.7</b>
Net financial items	-0.2	-1.5	-4.5	-9.0
<b>Profit before tax</b>	<b>191.4</b>	<b>127.0</b>	<b>526.8</b>	<b>423.7</b>
Income tax expense	-62.4	-41.2	-152.0	-123.8
<b>Profit for the period</b>	<b>129.0</b>	<b>85.8</b>	<b>374.8</b>	<b>299.9</b>

**Profit for the period attributable to:**

Owners of the Parent Company	128.3	85.3	373.5	298.5
Non-controlling interests	0.7	0.5	1.3	1.4

Earnings per share for profit attributable to owners of the Parent Company, SEK

- Basic	1.41	0.94	4.11	3.31
- Diluted	1.41	0.94	4.11	3.28

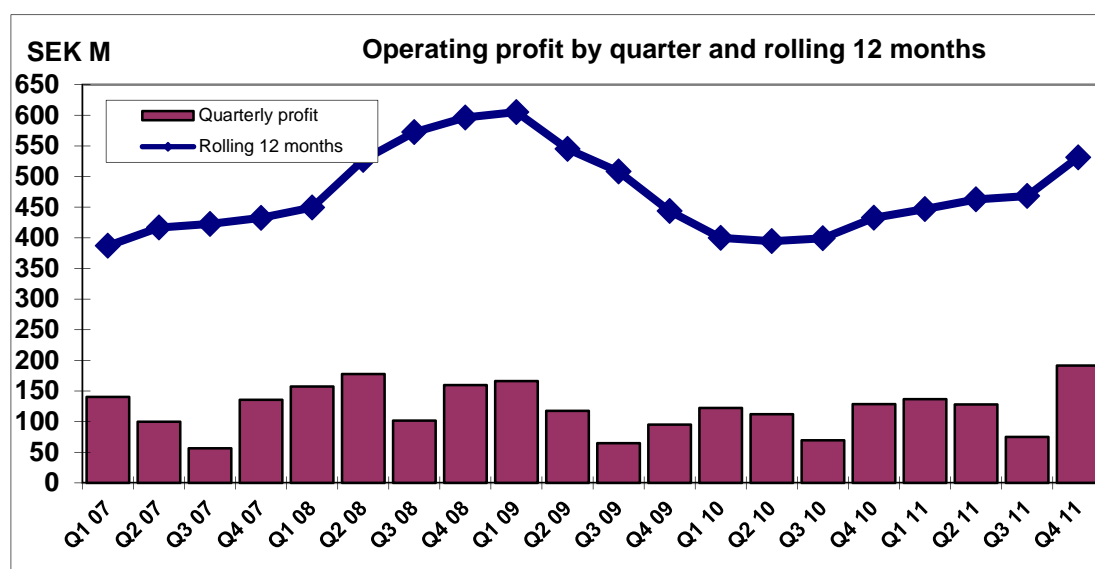
Dividend per share, SEK  
(proposed for 2011)

	-	-	3.00	3.00
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Statement of comprehensive income, SEK M	Oct-Dec	Oct-Dec	Full year	Full year
	2011	2010	2011	2010
<b>Profit for the period</b>	<b>129.0</b>	<b>85.8</b>	<b>374.8</b>	<b>299.9</b>
Translation differences	-30.1	-9.6	-13.6	-101.1
<b>Comprehensive income for the period</b>	<b>98.9</b>	<b>76.2</b>	<b>361.2</b>	<b>198.8</b>

**Comprehensive income attributable to:**

Owners of the Parent Company	98.6	75.8	360.0	198.8
Non-controlling interests	0.3	0.4	1.2	0.0



Cash flow statement, SEK M	Oct-Dec	Oct-Dec	Full year	Full year
	2011	2010	2011	2010
Cash flow from operating activities before changes in working capital and paid tax	244.5	143.6	657.7	510.7
Paid tax	-41.2	-6.4	-138.6	-142.0
Changes in working capital	120.9	111.6	-6.1	-26.9
<b>Cash flow from operating activities</b>	<b>324.2</b>	<b>248.8</b>	<b>513.0</b>	<b>341.8</b>
Cash flow from investing activities	-157.6	-43.1	-312.9	-132.5
Cash flow from financing activities	-73.6	-11.1	-355.9	-362.5
<b>Cash flow for the period</b>	<b>93.0</b>	<b>194.6</b>	<b>-155.8</b>	<b>-153.2</b>

Balance sheet, SEK M	31 Dec 2011	31 Dec 2010
Goodwill	907.5	734.4
Other intangible assets	88.3	49.3
Tangible assets	230.8	199.5
Financial assets	34.5	49.6
Current assets excl. cash and cash equivalents	1,776.1	1,578.9
Cash and cash equivalents incl. short-term investments	219.6	376.7
<b>Total assets</b>	<b>3,256.8</b>	<b>2,988.4</b>
Equity attributable to owners of the Parent Company	1,493.2	1,419.6
Non-controlling interests	10.5	10.0
<b>Total equity</b>	<b>1,503.7</b>	<b>1,429.6</b>
Non-current liabilities	192.3	151.3
Current liabilities	1,560.8	1,407.5
<b>Total equity and liabilities</b>	<b>3,256.8</b>	<b>2,988.4</b>
Pledged assets	-	16.6
Contingent liabilities	207.7	198.4

Changes in equity, SEK M	Jan-Dec 2011			Jan-Dec 2010		
	Equity attributable to owners of the Parent Company	Non-controlling interests	Total equity	Equity attributable to owners of the Parent Company	Non-controlling interests	Total equity
<b>Equity, opening balance</b>	<b>1,419.6</b>	<b>10.0</b>	<b>1,429.6</b>	<b>1,584.9</b>	<b>10.8</b>	<b>1,595.7</b>
Comprehensive income for the period	360.0	1.2	361.2	198.8	0.0	198.8
Distribution to the shareholders	-272.8	-1.0	-273.8	-355.7	-0.7	-356.4
Non-controlling interests in acquired companies	-	0.2	0.2	-	0.7	0.7
Acquisition of non-controlling interests	-	-0.1	-0.1	-1.1	-0.8	-1.9
Change in holding of non-controlling interests	-0.2	0.2	-	-	-	-
Issue costs	-	-	-	-0.7	-	-0.7
Repurchase of treasury shares	-13.6	-	-13.6	-	-	-
2011 Share Savings Scheme	0.2	-	0.2	-	-	-
2009 share bonus programme	-	-	-	-6.6	-	-6.6
<b>Equity, closing balance</b>	<b>1,493.2</b>	<b>10.5</b>	<b>1,503.7</b>	<b>1,419.6</b>	<b>10.0</b>	<b>1,429.6</b>

<b>Key ratios<sup>1)</sup></b>	<b>Full year 2011</b>	<b>Full year 2010</b>
Operating margin, %	8.9	8.2
Profit margin, %	8.8	8.0
Billing ratio, %	73.9	73.4
Return on equity, %	25.6	19.9
Return on capital employed, %	34.2	26.5
Net debt/equity ratio, %	-9.4	-16.8
Equity/assets ratio, %	46.2	47.8
Earnings per share, SEK		
- Basic	4.11	3.31
- Diluted	4.11	3.28
Equity per share for profit attributable to owners of the Parent Company, SEK		
- Basic	16.46	15.61
- Diluted	16.46	15.61
Interest-bearing liabilities, SEK M	78.7	136.6
Of which, liabilities to credit institutions	71.8	131.9
Average number of employees	5,772	4,986
Average number of shares	90,858,246	90,285,021
Average diluted number of shares	90,861,102	90,982,615
Number of shares on closing date	90,719,827	90,957,774
Number of shares on closing date after dilution	90,719,827	90,957,774
Number of shares on closing date after full dilution	90,719,827	92,257,774
Number of class B treasury shares	797,020	559,073

1) The definitions of key ratios are unchanged and can be found in Sweco's annual report for 2010.

#### Net sales, operating profit, operating margin and average number of employees for the period January-December

<b>Business areas</b>	<b>Net sales SEK M</b>		<b>Operating profit SEK M</b>		<b>Operating margin %</b>		<b>Average no. of employees</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Sweco Sweden	3,596.7	3,103.9	412.3	334.2	11.5	10.8	2,907	2,571
Sweco Norway	1,401.8	1,296.6	125.9	130.8	9.0	10.1	994	913
Sweco Finland	92.4	81.9	7.3	7.2	7.9	8.8	73	64
Sweco Central & Eastern Europe	256.5	278.2	1.6	7.3	0.6	2.6	823	749
Sweco Russia	109.7	28.5	10.3	3.4	9.4	11.8	306	97
Sweco Industry	649.4	536.6	24.9	1.5	3.8	0.3	653	579
Group-wide eliminations, etc.	-118.9	-53.3	-51.0	-51.7	-	-	16	13
<b>Total Group</b>	<b>5,987.6</b>	<b>5,272.4</b>	<b>531.3</b>	<b>432.7</b>	<b>8.9</b>	<b>8.2</b>	<b>5,772</b>	<b>4,986</b>

Operating profit for group-wide consists mainly of the Parent Company's loss of SEK -53.1 million (-57.9).



## Acquisition of subsidiaries and operations

In the period under review Sweco acquired TD VVS-konsult AB, Castelo Investment sp. z o.o, Wona AB (and its subsidiary Axro Consult), Oppland Bygg Consult AS, Stockholm Stads Utrednings- och Statistikkontor AB, ZAO NIPI, OOO IKTP, PROWS Industry & Management AB, UAB Energetikos linijos, Kilde Akustikk AS, Inmind Scandinavia AB, Hydrocoop, spol. s r.o. (80%) and Vealeidja OÜ, as well as the operations of APA Markowski Architekci, Pracownias, K-konsult Elteknik i Gävle AB, Metrix and NEAS rådgivende ingeniørvirksomhet with a total of 597 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 have contributed net sales of SEK 206.2 million and operating profit of SEK 9.9 million. If all of the companies had been acquired at 1 January 2011, the contribution would have been around SEK 402.8 million to net sales and SEK 29.3 million to operating profit. Transaction costs for the acquisitions amount to SEK 5.6 million.

### Acquisitions, SEK M

Intangible assets	245.6
Tangible assets	6.3
Financial assets	0.7
Current assets	114.1
Non-current liabilities	-0.4
Deferred tax	-16.1
Other current liabilities	-71.5
Non-controlling interests	-0.1
<b>Total consideration</b>	<b>278.6</b>
Unsettled purchase price commitments	-34.9
Settled purchase price commitments for acquisitions in earlier years	4.1
Cash and cash equivalents in acquired companies	-26.5
<b>Effect on the Group's cash and cash equivalents</b>	<b>221.3</b>

### Events after the balance sheet date

After the end of the year, Sweco acquired the Finnish engineering consultancy FMC Group (whose parent company is Finnmap Consulting Oy) with annual sales of approximately EUR 80 million and around 1,100 employees. The enterprise value of the acquisition is EUR 65.8 million and was paid for through a combination of cash consideration and 795,000 Sweco class B treasury shares. FMC Group reported an operating profit (EBITA) of EUR 9.4 million for the financial year 2010/2011. Because the company previously had a broken financial year and the balance sheet had not yet been adopted on the date of the transfer of ownership, it has not been possible to complete the purchase price allocation or provide additional information other than that mentioned above.

**Five-year overview<sup>1)</sup>**

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Net sales, SEK M	5,987.6	5,272.4	5,338.7	5,522.8	4,569.5
Operating profit, SEK M	531.3	432.7	443.6	596.3	432.5
Profit before tax, SEK M	526.8	423.7	443.6	588.2	425.7
Operating margin, %	8.9	8.2	8.3	10.8	9.5
Billing ratio, %	73.9	73.4	73.6	75.6	76.1
Return on equity, %	25.6	19.9	19.6	34.6	33.8
Return on capital employed, %	34.2	26.5	27.5	44.4	41.7
Net debt/equity ratio, %	-9.4	-16.8	-26.2	-11.3	1.9
Equity/assets ratio, %	46.2	47.8	50.6	47.0	39.0
Earnings per share, SEK					
- Basic	4.11	3.31	3.31	4.68	3.53
- Diluted	4.11	3.28	3.28	4.65	3.46
Dividend per share, SEK	3.00	3.00	2.00	2.00	2.00
Redemption amount per share, SEK	-	-	2.00	-	-
Average number of employees	5,772	4,986	5,082	5,453	4,699

1) The definitions of key ratios are unchanged and can be found in Sweco's annual report for 2010.

<b>Parent Company income statement,</b>	<b>Full year</b>	<b>Full year</b>
<b>SEK M</b>	<b>2011</b>	<b>2010</b>
Net sales	80.3	49.1
Other external expenses	-92.2	-73.5
Personnel costs	-37.3	-31.5
Amortisation/depreciation and impairment	-3.9	-1.9
<b>Operating loss</b>	<b>-53.1</b>	<b>-57.9</b>
Net financial items	464.3	298.6
<b>Profit after financial items</b>	<b>411.2</b>	<b>240.7</b>
Appropriations	-1.1	-0.1
<b>Profit before tax</b>	<b>410.1</b>	<b>240.6</b>
Income tax expense	-93.7	-50.9
<b>Profit after tax</b>	<b>316.4</b>	<b>189.7</b>

<b>Parent Company balance sheet, SEK M</b>	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
Intangible assets	9.7	12.4
Tangible assets	12.0	0.7
Financial assets	371.2	371.5
Current assets	1,624.8	1,653.8
<b>Total assets</b>	<b>2,017.7</b>	<b>2,038.4</b>
Equity	1,283.7	1,253.9
Untaxed reserves	1.2	0.1
Current liabilities	732.8	784.4
<b>Total equity and liabilities</b>	<b>2,017.7</b>	<b>2,038.4</b>

<b>Business areas</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>
	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>
<b>Net sales, SEK M</b>												
Sweco Sweden	1,053.2	750.5	923.3	869.7	902.1	626.1	803.0	772.7	806.6	592.9	782.1	773.0
Sweco Norway	405.7	307.2	339.5	349.4	324.3	276.1	345.6	350.6	344.7	265.7	329.8	348.0
Sweco Finland	27.0	21.4	23.9	20.1	24.6	18.4	19.3	19.6	25.2	19.9	22.8	26.8
Sweco Central & Eastern Europe	86.5	54.3	60.8	54.9	85.1	64.5	64.2	64.4	94.3	71.1	72.4	69.2
Sweco Russia	44.4	33.1	27.1	5.1	7.1	7.7	7.3	6.4	7.0	8.6	8.3	7.1
Sweco Industry	210.0	137.6	157.3	144.5	143.0	114.1	129.4	150.1	175.3	128.4	207.8	250.8
Group-wide, eliminations, etc.	-40.7	-30.0	-25.2	-23.0	-7.2	-18.0	-3.3	-24.8	-24.0	-23.8	-28.3	-23.0
<b>Total Group</b>	<b>1,786.1</b>	<b>1,274.1</b>	<b>1,506.7</b>	<b>1,420.7</b>	<b>1,479.0</b>	<b>1,088.9</b>	<b>1,365.5</b>	<b>1,339.0</b>	<b>1,429.1</b>	<b>1,062.8</b>	<b>1,394.9</b>	<b>1,451.9</b>
<b>Operating profit, SEK M</b>												
Sweco Sweden	139.2	53.4	113.6	106.1	106.2	44.1	98.1	85.8	97.9	37.3	91.9	100.3
Sweco Norway	45.2	26.7	16.4	37.6	30.0	25.4	36.2	39.2	46.2	21.4	25.4	48.2
Sweco Finland	0.3	2.2	2.9	1.9	1.3	2.6	2.1	1.2	1.9	1.7	1.9	3.4
Sweco Central & Eastern Europe	5.3	-1.1	0.6	-3.2	3.5	-0.6	3.4	1.0	5.4	3.6	-2.2	-1.4
Sweco Russia	5.9	3.0	1.7	-0.3	1.0	1.4	0.5	0.5	0.0	1.2	0.7	-0.7
Sweco Industry	14.0	4.1	3.8	3.0	2.5	-3.3	0.7	1.6	-42.7	-5.5	5.7	20.2
Group-wide, eliminations, etc.	-18.3	-13.2	-11.0	-8.5	-16.0	0.0	-28.8	-6.9	-13.6	5.1	-5.9	-3.8
<b>Total Group</b>	<b>191.6</b>	<b>75.1</b>	<b>128.0</b>	<b>136.6</b>	<b>128.5</b>	<b>69.6</b>	<b>112.2</b>	<b>122.4</b>	<b>95.1</b>	<b>64.8</b>	<b>117.5</b>	<b>166.2</b>
<b>Operating margin, %</b>												
Sweco Sweden	13.2	7.1	12.3	12.2	11.8	7.0	12.2	11.1	12.1	6.3	11.8	13.0
Sweco Norway	11.1	8.7	4.8	10.8	9.3	9.2	10.5	11.2	13.4	8.1	7.7	13.9
Sweco Finland	1.0	10.5	12.0	9.5	5.3	14.1	10.7	6.3	7.5	8.1	8.3	12.7
Sweco Central & Eastern Europe	6.1	-2.1	1.1	-5.9	4.1	-0.9	5.3	1.6	5.7	5.1	-3.1	-2.0
Sweco Russia	13.5	8.9	6.2	-5.1	14.1	18.2	6.6	7.8	0.0	14.0	9.3	-10.5
Sweco Industry	6.7	3.0	2.4	2.1	1.7	-2.9	0.5	1.1	-24.4	-4.3	2.8	8.1
<b>Total Group</b>	<b>10.7</b>	<b>5.9</b>	<b>8.5</b>	<b>9.6</b>	<b>8.7</b>	<b>6.4</b>	<b>8.2</b>	<b>9.1</b>	<b>6.7</b>	<b>6.1</b>	<b>8.4</b>	<b>11.4</b>