

SWECO AB (publ) Year-end report 2008

Record profit and powerful growth

- Operating profit improved by 38 per cent to SEK 596.3 million (432.5).
- Operating margin was 10.8 per cent (9.5).
- Net sales increased by 21 per cent to SEK 5,522.8 million (4,569.5).
- Profit before tax was SEK 588.2 million (425.7).
- Profit after tax was SEK 402.9 million (303.3), equal to earnings per share of SEK 4.68 (3.53).
- The Board proposes a dividend of SEK 2.00 (2.00) per share.

Comments from CEO Mats Wäppling:

“In 2008 we recorded our best year ever with a dramatic improvement in earnings and an operating margin that rose to 10.8 per cent. The units in Sweden and Norway showed the strongest earnings growth. In the past year Sweco continued its expansion and strengthened its market positions in both the Nordic region and in Eastern and Central Europe.

“Demand has been particularly keen for services in the environment, energy and infrastructure areas, although we noted weaker demand in the construction sector and parts of the industrial sector toward the end of the year.

“Market conditions have continued to deteriorate, which is mainly affecting industrial and building-related consulting services, and we are adapting our resources as needed. At the same time, the outlook is bright in the majority of Sweco’s areas of operation. The fundamental drivers underlying demand for our services are population growth and urbanisation, a growing awareness of environmental and climate issues and modernisation of the new EU member states. These trends are creating new business opportunities and generating healthy demand primarily for environmental, energy and infrastructure services. Sweco’s strong market positions in these areas vouch for positive long-term development.

“Sweco’s growth strategy stands firm. Our healthy finances provide a platform for continued profitable growth in new markets in the years ahead.”

PROFIT AND FINANCIAL POSITION

Net sales and profit

The Sweco Group's net sales rose by 21 per cent to SEK 5,522.8 million (4,569.5). Of the increase, around 50 per cent was organic and 50 per cent was acquisition-driven.

Profit summary, SEK M	2008	2007
Sweco Sweden	404.1	278.8
Sweco Norway	121.8	66.7
Sweco Finland	15.6	14.3
Sweco Central & Eastern Europe	3.2	12.4
Sweco Russia	-5.5	0.9
Sweco Industry	82.0	60.2
Group-wide, etc.	-24.9	-0.8
Operating profit	596.3	432.5
Consolidated net financial items	-8.1	-6.8
Profit before tax	588.2	425.7

Operating profit is reported at SEK 596.3 million (432.5), an increase of SEK 163.8 million that is mainly explained by strong earnings in the Swedish and Norwegian units. The improvement is attributable to a robust market, improved margins and lower pension costs in Sweco Sweden owing to a premium rebate of approximately SEK 44 million from Alecta.

Profit in Sweco Central & Eastern Europe has been affected by the rapid economic downturn in Estonia. The year's profit included provisions of SEK 6 million for bad debt losses.

The drop in earnings for Sweco Russia is due to costs arising from changes in management, project losses and provisions for bad debt losses.

Profit in Sweco Industry was positively affected by a gain of SEK 9.4 million on the sale of operations. As a result of restructuring in the Finnish unit, a write-down of goodwill amounting to SEK 12.9 million has been made and also a provision of SEK 7.3 million for restructuring charges.

The increase in group-wide costs is mainly explained by acquisition activities and costs arising from the transition to a uniform brand.

Profit for the SWECO Group was affected by employee bonuses of SEK 118.7 million (97.9) including social security expenses.

The Group's overall operating margin was 10.8 per cent (9.5). The billing ratio, including all administrative personnel, was 75.6 per cent (76.1).

Profit before tax amounted to SEK 588.2 million (425.7). The Group's net financial items totalled SEK -8.1 million (-6.8).

Profit after tax was SEK 402.9 million (303.3), of which SEK 403.6 million (297.4) is attributable to equity holders in the Parent Company.

Return on equity was 34.6 per cent (33.8) and return on capital employed was 44.4 per cent (41.7).

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

Earnings per share

Earnings per share were SEK 4.68 (3.53) before dilution and SEK 4.65 (3.46) after dilution.

Capital expenditure

Net expenditure on equipment during the year totalled SEK 101.3 million (86.4) and referred mainly to computers, other IT investments and cars. Depreciation of equipment amounted to SEK 73.2 million (60.2) and amortisation of intangible assets to SEK 24.9 million (14.3).

Purchase consideration paid for the acquisition of companies amounted to SEK 271.2 million (242.3) and purchase consideration received on the sale of operations to SEK 47.6 million. The effect on consolidated cash and cash equivalents was SEK 163.4 million (163.2).

Cash flow and financial position

The Group's cash flow from operating activities was SEK 557.1 million (314.2).

Cash and cash equivalents totalled SEK 321.3 million (192.0). Disposable cash and cash equivalents including unutilised bank overdraft facilities at the end of the year amounted to SEK 812.7 million (751.7). Interest-bearing debt is reported at SEK 161.2 million (209.8). The net interest-bearing asset was thus SEK 160.1 million (net debt of SEK 17.8 million).

During the year, a total of SEK 170.6 million (269.6) was transferred to the Parent Company's shareholders. The figures for the previous year include share redemption payments of SEK 143.2 million.

The equity/assets ratio was 47 per cent (39.0). Based on the balance sheet at 31 December 2008, and after the proposed dividend, the equity/assets ratio will be approximately 44 per cent.

Personnel

The number of employees at 31 December 2008 was 5,536 (4,934). The average number of employees in the Group during the year was 5,453 (4,699).

Fourth quarter

Net sales were up by 19 per cent over the same period of 2007 and reached SEK 1,560.0 million (1 309.9). The billing ratio was 73.9 per cent (75.9). Operating profit rose by 18 per cent to SEK 159.7 million (135.7) and operating margin was 10.2 per cent (10.4). Operating profit was affected by a premium rebate of approximately SEK

14 million from Alecta. Costs for goodwill impairment and restructuring in Sweco Industry were charged to profit in a total amount of SEK 20.2 million.

Parent Company

The Parent Company recorded net sales of SEK 67.9 million (57.8), all of which refers to intra-group services. Profit after net financial items was SEK 420.0 million (327.3). Capital expenditure on equipment amounted to SEK 0.1 million (0.6) and cash and cash equivalents at the end of the year totalled SEK 152.0 million (61.9).

THE SWECO SHARE

Sweco is listed on NASDAQ OMX Stockholm. The bid price for the Sweco B share at the end of the year was SEK 35, representing a decrease of 47 per cent since the beginning of the year. The OMX Stockholm General Index fell by 42 per cent over the same period. Total yield on the Sweco share in 2008 was -44 per cent. Over the past five years, total annual yield on the Sweco share has average at 32 per cent.

The number of shares was changed during the year through the issue of 1,400,000 class C shares for fulfilment of the 2008 share bonus programme and through subscription for 1,687,760 class B shares under the warrant series 2005/2008.

The total number of shares at the end of the year was 89,502,110, of which 9,389,075 are of class A, 78,563,035 are of class B and 1,550,000 are of class C. After deduction of treasury shares, the number of shares outstanding at the end of the year was 87,144,243, of which 9,389,075 are of class A and 77,755,188 are of class B.

Incentive scheme for senior executives

The 2008 AGM approved the issue of subscription warrants (2008/2011) on market-based terms to some 50 senior executives in the Sweco Group. A total of 1,252,000 warrants were subscribed for, equal to a dilutive effect of 1.4 per cent of the share capital and 0.7 per cent of the votes. In addition, 448,000 subscription warrants have been retained for possible award to future senior executives. The warrants may be exercised for subscription to shares during the period from 30 May 2011 to 30 November 2011 at an exercise price of SEK 65 per share.

Share bonus programme

Under the 2007 share bonus programme, which covers the majority of the Group's employees in Sweden, the employees have been awarded 674,587 class B shares in Sweco, equal to the earned bonus for 2007.

The 2008 AGM approved the implementation of a share bonus programme directed to the majority of employees in Sweden, Norway, Finland and Denmark.

Under the share bonus programme, the employees will receive shares in Sweco equal to the earned bonus for the 2008 financial year divided by a base share price. The base share price will be equal to the average volume-weighted bid price for SWECO AB's (publ) class B share during the period from 20 March 2008 to 28 March 2008, less an amount corresponding to the dividend resolved on by the 2008 AGM. The base share price was set at SEK 49.

Treasury shares

Sweco's holding of repurchased class B shares (treasury shares) changed during the year through the issue of 350,000 shares in connection with the acquisition of Opticonsult AS and 171,852 shares in connection with the acquisition of the remaining 50 per cent of the shares in Lenvodokanalproekt. Thereafter Sweco holds 2,357,867 treasury shares, of which 807,867 are of class B and 1,550,000 are of class C. The treasury shares correspond to 2.7 per cent of the total number of shares and 1.4 per cent of the votes. Of the 807,867 class B shares, 632,454 are treasury shares that can be used in corporate acquisitions. The shares were purchased at average price of SEK 22.10 each, equal to a total of SEK 14.0 million. The market value at the end of the year was SEK 22.1 million. In addition, Sweco holds 175,413 class B treasury shares and 1,550,000 class C treasury shares to be used under the 2008 share bonus programme.

OPERATIONS

The engineers, architects and environmental experts at Sweco are working together to contribute to the development of a sustainable society. With its more than 5,500 employees, the Sweco Group is one of the dominant players in Europe and a market-leader in several segments of the Nordic and Baltic markets, the Czech Republic and northwestern Russia. Sweco has subsidiaries in ten countries and projects currently under way in 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.

The general economy is continuing to deteriorate, which is mainly affecting demand for building-related and industrial services. In the autumn steps were taken to adjust to the new market conditions at an early stage. These measures consist mainly of intensified marketing activities, resource adaptations and a review of costs and investments. Two units in the Finnish industrial operations have been sold and a total of around 190 employees in Finland and Estonia have been given notice of temporary redundancy or termination.

At the same time, the outlook is bright in the majority of Sweco's areas of operation. The fundamental drivers underlying demand for our services are population growth and urbanisation, a growing awareness of environmental and climate issues and modernisation of the new EU member states. These trends are creating new business opportunities and generating healthy demand primarily for environmental, energy and infrastructure services. Sweco's strong market positions in these areas vouch for positive long-term development

The growth strategy stands firm. Sweco's healthy finances provide a platform for continued profitable growth and there is a great preparedness to seize new opportunities in the coming years. As an important component of the growth strategy, Sweco will also prioritise employee development with a focus on increased cooperation across organisational and national boundaries.

Sweco Sweden

Sweco Sweden is the country's leading provider of consulting engineering services and the Group's largest business unit, with around 2,630 employees in 49 locations. Services are offered in the areas of architecture, structural engineering, building

service systems, infrastructure, water and environment, project management, energy systems and geographic IT. Sweco Sweden also has extensive project exports to countries in Eastern Europe, Africa, Asia, the Middle East and Latin America.

Net sales increased by 14 per cent to SEK 3,036.9 million (2,662.1). Operating profit reached SEK 404.1 million (278.8) and operating margin was 13.3 per cent (10.5).

Market

Continued robust development has been seen in most areas of operation. The infrastructure market is expanding and the outlook remains positive. Long-term growth is anticipated in the energy area, particularly with regard to wind and hydroelectric power, and demand for water and environment services is accelerating in pace with stricter environmental requirements. The market for geographical IT is also expanding with a steadily rising number of applications.

Declining demand is being noted in the construction sector, among other things for architectural services. In the industrial sector, the order situation remains favourable, although there is considerable uncertainty about future investments.

Major contracts during the year

In 2008 Sweco was selected to act as structural engineer for construction of the new Swedbank Arena in Solna. The arena will be Scandinavia's premier football and entertainment venue and the largest in the Nordic region.

Sweco has been chosen to perform a system analysis of the Stockholm region's future energy supply. Sweco will formulate a number of clearly defined courses of action and strategies that will enable the Stockholm region to minimise its energy usage and climate impact within three time horizons – by 2020, 2030 and 2050.

A new city with an ecological profile is being planned in the Tangshan region of China, some 250 km east of Beijing. Sweco has been commissioned to prepare a concept for sustainable development. In the future, the eco-city is expected to be home to around one million people. Sweco has also been selected to perform sustainable urban planning for two new communities outside St. Petersburg, Russia, that will contain housing, parks, commercial centres and places of work for around 100,000 people.

In Mozambique's capital city of Maputo, Sweco has been chosen to plan how the municipal electrical grid can be expanded and study how the existing infrastructure can be modernised. The assignment is being carried out on behalf of the energy company Electricidade de Moçambique. In Maputo Sweco has also been commissioned to develop a strategy to ensure access to drinking water in the city. Sweco's services will also include studies on the opportunities to reduce the water requirement in Maputo through water reclamation and more efficient water management.

At the end of the year Sweco won a design competition for a new hospital annex in Falun, Sweden. The building will be the largest addition to Falun Hospital since the 1970s. Sweco's proposal meets high demands on efficiency and flexibility. The facilities will permit a varying number of beds throughout the hours of the day and days of the week. It will also be simple to convert clinic areas into patient wards, and vice versa.

Also at the end of the year, Sweco was awarded a contract to prepare a comprehensive development programme for Iraq's Ministry of the Environment. Sweco

will draw up an environmental plan to address acute pollution problems in the country, review and propose changes in Iraq's environmental legislation and develop a waste management plan for the capital city of Baghdad.

Sweco Norway

Sweco is one of Norway's largest engineering consultancies with more than 810 employees. The Norwegian unit, which also has extensive export operations, is organised in six business divisions: Energy, Water & Environment, Building & Construction, Infrastructure, Building Service Systems and Vest.

Net sales grew by 45 per cent to SEK 1,132.7 million (781.2). Of the increase, around 25 per cent was organic and 75 per cent was acquisition-driven. Operating profit amounted to SEK 121.8 million (66.7), an increase of 83 per cent. Operating margin was 10.8 per cent (8.5).

Market

Although the market climate in Norway worsened during the fourth quarter, continued strong demand is being noted for most of Sweco's services. Activity in the construction sector has slowed further, above all with regard to residential building, while the markets for energy and infrastructure services are showing sustained strength. Investments in both the road and railway network are expected to generate increased demand for Sweco's services. Growth is also expected to continue in the environmental area, primarily in water and wastewater treatment.

Major contracts during the year

In Porsgrunn, Sweco has been chosen to plan installations in a new recycling facility for waste products from REC ScanWafer's production of solar cells. The new facility will recycle around 90 per cent of the waste products, primarily lubricant oils.

Along the E6 motorway in the Municipality of Sarpsborg, Sweco will plan a large and highly publicised rest stop that will serve as a landmark for the area. Among other things, the rest stop will be equipped with a 30 meter tall viewing tower.

Sweco will take part in developing the concept for Norway's pavilion at the Shanghai World Expo in 2010. With their joint proposal "The Nature of Norway", focusing on sustainability and urbanisation, Sweco Norway together with Helen & Hard Arkitektkontor and Melvær&Lien Idé-entreprenør has been chosen as the winners. The themes of the concept are sustainability and urbanisation. Norwegian trade and commerce will be represented with the help of nature, activity and experiences.

At the end of the year Sweco was chosen to plan for expansion of the rail yard at the Halden railway station and to engineering foundational and concrete structures for the construction of offices and residential buildings in central Fredriksstad, Norway.

Sweco Finland

The business unit has more than 80 employees and mainly provides construction management and project management services through the subsidiary Sweco CMU. At the beginning of 2009 the company changed name to Sweco PM.

Net sales reached SEK 135.8 million (93.4). Operating profit was 15.6 million (14.3) and operating margin was 11.5 per cent (15.3).

At the end of the year, 37 employees in Sweco Finland were given notice of temporary redundancy or termination in order to adjust the workforce to declining demand.

Market

The market for consulting engineering and project management services was severely impacted by economic slowing at the end of the year. Housing construction has fallen by nearly half and construction of commercial space has also decreased markedly. However, increased rebuilding and renovation is anticipated as a result of new energy and environmental requirements. In the infrastructure sector, where the level of investment remains high and is expected to rise further, the outlook is significantly better. Planned stimulus measures in both the construction and infrastructure area are awaited to have a positive effect on demand for Sweco's services.

Major contracts during the year

Sweco was chosen for project management of Saint-Gobain's new building materials plant in Latvia and planning of a new wind park in Estonia.

In connection with rebuilding of the Ring I motorway in Helsinki, Sweco was commissioned by the Port of Helsinki for a large-scale development assignment.

Other notable projects during the year include project management for the rebuilding of a train yard in the Böle district in Helsinki and planning of a gas pipeline for Finnish Innogas.

In the by far largest assignment started during 2008, Sweco was awarded a contract for project management in connection with expansion of the Helsinki Metro subway system with the new Western Metro line that will link together the cities of Helsinki and Espoo. The project is the largest infrastructure initiative of all time in Finland, carrying an estimated price tag of over SEK 6.8 billion. The new Western Metro extension will consist of a 13 km subway section with a total of eight stations. Sweco's contract is worth close to SEK 100 million.

Sweco Central & Eastern Europe

Sweco Central & Eastern Europe has more than 870 employees and is active in Estonia, Lithuania, the Czech Republic, Slovakia and Bulgaria. At the same time, Sweco has extensive project exports to these markets, primarily in water and environment, infrastructure, industry and architecture.

Net sales for Central & Eastern Europe rose dramatically to SEK 312.9 million (196.1). Operating profit amounted to SEK 3.2 million (12.4) and operating margin was 1.0 per cent (6.3).

At the end of the year, the economic downturn started to have a tangible impact on parts of Sweco's Estonian operations and the number of employees has been reduced by around 20 in response to the current market situation.

Market

Growth in Central and Eastern Europe has slowed. The assessment is that the ongoing adaptation to EU standards will continue, but at a more moderate pace. In the construction sector there has been a clear drop in demand for residential building, although Sweco's exposure to this sector is limited. The slowdown is most pronounced in Estonia. In the Czech Republic and Bulgaria, where Sweco's emphasis is on water and environmental services, the market situation is stable.

Demand for Sweco's services is found mainly in the environmental, infrastructure and energy areas, driven by modernisation and upgrading of water/wastewater, transport and energy systems, which indicates potential for positive long-term development.

Major contracts during the year

Sweco has been chosen to help Lithuania's largest producer of cement products, Akmens Cementas, expand its operations. Sweco has been given responsibility for structural engineering and preparation of manufacturing documents. The contract is worth close to SEK 25 million. In Lithuania, Sweco has also been commissioned to plan a modern waste treatment plant for the production of district heating. Sweco's Czech subsidiary Hydroprojekt has won several new water and environmental contracts. Among other things, Sweco will plan a whole new water treatment plan in the city of Ledvice and supervise renovation of the wastewater system in the city of Vrchlab.

In a widely publicised project in Estonia, Sweco's consultants have been selected by Tallinn Zoo to plan a renovation of the pachyderm house for rhinos, elephants and hippos in the zoo's African exhibit.

Sweco Russia

Sweco Russia is focused primarily on water and environmental services and the majority of its clients are found in the public sector. Operations are conducted mainly through the subsidiary Lenvodokanalproekt with over 160 employees. At the same time, Sweco has project exports to the Russia market from Sweden, Norway, Finland and the Czech Republic, primarily in water and environment, infrastructure, industry and architecture.

Net sales for Sweco Russia increased by 83 per cent to SEK 28.6 million (15.6). Operating profit amounted to SEK -5.5 million (0.9) and operating margin was -19.2 per cent (5.9).

Market

Activity in the Russia market decreased sharply in the fourth quarter. The most significant slowing has taken place in the raw material and industrial sectors, which have been hard hit by steep price falls and lower demand. A generally weak market for consulting engineering services is therefore anticipated in 2009.

In spite of this trend, Sweco remains relatively well positioned. Public finances are strong and the government is committed to upholding public investments, of which clean drinking water and improved wastewater treatment are an explicit priority. However, several anticipated projects in the private sector have been postponed and this shift toward public sector clients will most likely continue in 2009.

Major contracts during the year

The year's most notable projects include upgrading and modernisation of the Leskovolo water treatment plant in the Municipality of Leningrad. The project includes a new water intake structure, a pumping station and new distribution pipes to the community.

Sweco's Russian subsidiary won a major contract to plan and design storage facilities for natural gas on behalf of Russian-based Gazprom. In total, the project will include 20 underground storage rooms to be built in Kaliningrad.

Sweco Industry

Sweco Industry is the Group's global resource for qualified industrial consulting services. The unit's capabilities include consulting, planning, engineering, and project management services for product development, production optimisation and plant investment. With around 730 employees in Finland, 210 in Sweden and 20 in Norway, Industry is one of the Nordic region's largest industrial engineering consultancies. The unit also has extensive international operations in Europe, Asia and South America.

The business area works with a focus on the chemical and petrochemical industry, the pulp and paper industry, the marine industry, energy production and product development.

Net sales improved by 10 per cent to SEK 993.2 million (901.7). Operating profit strengthened to SEK 82.0 million (60.2) and operating margin was 8.3 per cent (6.7).

At the end of the year, more than 120 employees at Sweco Industry in Finland were given notice of temporary redundancy or termination in response to the falling demand in certain industrial segments.

Market

Demand for industrial consulting services was severely impacted by the economic downturn at the end of 2008.

Market slowing and postponed investments have affected the mining, pulp and paper, telecom, electronics and other industries in Finland.

Despite ongoing turbulence in the economy, the level of industrial investment remains high. New projects have been started in areas such as energy, chemicals, oil and gas. In particular, stable long-term development is awaited for industrial consulting services in the energy area.

There is considerable uncertainty about how the current economic situation will affect investment levels in 2009.

Major contracts during the year

Sweco's industrial consultants were awarded a major contract in connection with the construction of a new CHP plant in Dunaújváros, Hungary. The assignment includes total responsibility for planning and design. The facility will produce 50 MW of electricity and 160 MW of process steam for nearby pulp and paper mills.

In Sweden, Sweco's industrial consultants won a development contract in collaboration with Denmark's leading contract manufacturer, BB Electronics. The assignment

includes design and development of a control system that will be produced in BB Electronics' factories in China. Other assignments in Sweden include production planning for a new pump controller on behalf of ABS Pumpex.

The chemical company Yara has chosen Sweco to boost production capacity at its plant in Siilinjärvi, Finland. In the pulp and paper industry, Sweco has won several new assignments from clients like Metso and Andritz, in connection with the construction of a new cooking plant for China Sun Paper.

At the end of the year Sweco was awarded a contract by STX Finland Cruise for services in connection with the construction of two car-passenger ferries for British P&O Ferries. The assignment includes engineering design of the hull and machinery. The ferries will be built at the STX shipyard in Rauma, Finland, and will be as environmentally friendly as possible. Among other things, fuel consumption will be reduced with the help of a hydro-dynamically efficient hull form.

ACQUISITIONS

Sweco Sweden

Sweco has acquired the building design unit of Stockholm Vatten, the City of Stockholm's municipal water utility with 24 employees. Stockholm Vatten Byggprojekt AB provides studies, planning, design and construction management services in the water and wastewater area. The motive for the acquisition is to strengthen Sweco's capabilities primarily in mains engineering.

Sweco has acquired the operations of the Danish architectural firm Birk Nielsen, with 18 employees in Copenhagen and Aarhus. Birk Nielsen is specialised in landscape architecture, urban planning and wind power.

During the year Sweco also acquired B & B VVS-konsult AB with seven employees in Sweden's Skåne region. The company provides consulting services in heating, ventilation, sanitation, cooling, control and monitoring systems.

Sweco Norway

At the beginning of the year Sweco Norway acquired Opticonsult AS with 160 employees, most of whom are based in Bergen and Stavanger. Opticonsult offers consulting services in a number of areas, with an emphasis on construction and civil engineering. The company also has special expertise in implementing projects in the polar region.

In addition, Sweco Norway has acquired Tveiten Rådgivende Ingenjører AS with 29 employees in the Telemark region, southwest of Oslo. Its speciality areas include water and wastewater engineering, environmental engineering, technical installations, climate technology and structural engineering.

Furthermore, Sweco Norway has acquired Eurospatial AS, a provider of GIS-related services that has established itself as a leader in the development of information systems and databases for the forestry industry. Eurospatial AS has five employees in Lillehammer, Norway.

Sweco has also acquired the operations of Anders Digernes AS, a firm with four employees specialised in structural engineering.

Sweco Central & Eastern Europe

Sweco has acquired 98 per cent of the Lithuanian company Hidroprojektas with around 175 employees. Hidroprojektas has offices in Vilnius, Kaunas, Klaipeda and Siauliai, and is a provider of consulting engineering services with an emphasis on water supply, hydropower and infrastructure. Through the acquisition, Sweco has become the country's largest engineering consultancy.

Sweco has acquired 72.7 per cent of the Bulgarian energy consulting company Energoproekt Hydropower Ltd, with more than 80 employees. Energoproekt is the country's leading provider of consulting services related to hydropower and also offers qualified consulting services in water and environment. The acquisition will create opportunities for continued expansion in Bulgaria.

Sweco has also raised its holding in the Estonian subsidiary Sweco Projekt from 73 per cent to 92 per cent.

Sweco Russia

Sweco has acquired the remaining 50 per cent of the Russian consulting company Lenvodokanalproekt with close to 150 employees and offices in St. Petersburg, Moscow and Saratov. The company is one of the leading providers of environmental consulting services in northwestern Russia. Through the acquisition of Lenvodokanalproekt, Sweco has further strengthened its position in the Russian market for water and environmental consulting.

DIVESTITURES

Sweco has sold the Finnish industrial operation's mechanical engineering service unit, with approximately 130 employees, to Engineering Office Comatec Oy. The aim of the sale is to streamline the service offering in industrial engineering and focus on core activities in plant investment, production optimisation and product development/design.

During the year Sweco also sold a subsidiary in China, Sweco PIC China, and the property company Hydroreal in the Czech Republic.

SUBSEQUENT EVENTS

Sweco has signed an agreement to sell the Finnish industrial operation's mechanical engineering service unit, with 38 employees, to the Swiss electronics company Enics. The aim of the sale is to streamline the service offering in industrial engineering and focus on core activities in plant investment, production optimisation and product development/design. The transfer of ownership will take place in mid-February.

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 year-end report is presented in accordance with IAS 34, Interim Financial Reporting, the Swedish Companies Act and the Swedish Financial

Reporting Board's recommendation RFR 2.1, Accounting for Legal Entities. The accounting and valuation standards applied in this year-end report are the same as those described in Note 1 of the annual report for 2007.

RISKS AND UNCERTAINTIES

The significant risks and uncertainties of the Sweco Group and Parent Company include business risks tied to the general economic trend and investment propensity 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, interest rate and credit risk. No significant risks are assessed to have arisen aside from those presented on page 44 of Sweco's 2007 annual report, "Risk Management".

BOARD PROPOSALS

Dividend

The Board of Directors and Managing Director propose a dividend per share of SEK 2.00 (2.00), amounting to a maximum capital distribution of SEK 175.6 million (170.6). No dividends will be paid on treasury shares.

Sweco's growth strategy stands firm. The Board of Directors believes that interesting opportunities for acquisitions can arise in the next few years. In light of the current unrest in the credit market, the Board considers it urgent to maintain an especially strong financial position. The Board has decided to maintain the dividend at the same level as in the preceding year.

Share bonus programme

The Board of Directors has decided to propose that the Annual General Meeting approves the implementation of a share bonus programme directed to the majority of employees in Sweden, Norway, Finland and Denmark.

Repurchase or sale of treasury shares

The Board of Directors has decided to propose that the Annual General Meeting authorises 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 five 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 repurchased shares.

The Board's final proposals regarding the share bonus programme, and repurchase/sale of treasury shares will be published in connection with the notice to attend the Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 3:30 p.m. on Thursday, 16 April 2009, at Hotell Rival, Mariatorget 3, in Stockholm, Sweden. Sweco's annual report will be available to the shareholders at the head office, Gjörwellsgatan 22, in Stockholm and on Sweco's website www.swecogroup.com, around two weeks prior to the 2009 Annual General Meeting.

FINANCIAL CALENDAR 2009

Interim report January-March	4 May 2009
Interim report January-June	20 July 2009
Interim report January-September	9 November 2009
Year-end report 2009	12 February 2010

OUTLOOK

Market conditions have continued to deteriorate, which is mainly affecting industrial and building-related services. SWECO's ambition is to achieve sustained profitable growth by strengthening its market positions in the Nordic region and Central and Eastern Europe. SWECO's healthy finances and leading market positions in areas such as water and environment, infrastructure and energy provide a solid platform for stable long-term development.

Stockholm, 13 February 2009
SWECO AB (publ)

Mats Wäppling
President & CEO

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

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The information contained herein may be subject to the disclosure requirements of Sweco pursuant to the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 13 February 2009, 12:55 pm CET.

Income statement, SEK M	Oct-Dec 2008	Oct-Dec 2007	Full year 2008	Full year 2007
Net sales	1,560.0	1,309.9	5,522.8	4,569.5
Other operating income	4.0	-	12.8	-
Other external expenses	-457.1	-362.0	-1,496.1	-1,201.7
Personnel costs	-906.8	-788.1	-3,331.5	-2,860.0
Amortisation/depreciation and impairment losses	-40.4	-24.1	-111.7	-75.3
Operating profit	159.7	135.7	596.3	432.5
Net financial items	-0.4	-2.4	-8.1	-6.8
Profit before tax	159.3	133.3	588.2	425.7
Income tax expense	-62.9	-39.3	-185.3	-122.4
Profit after tax	96.4	94.0	402.9	303.3

Attributable to:

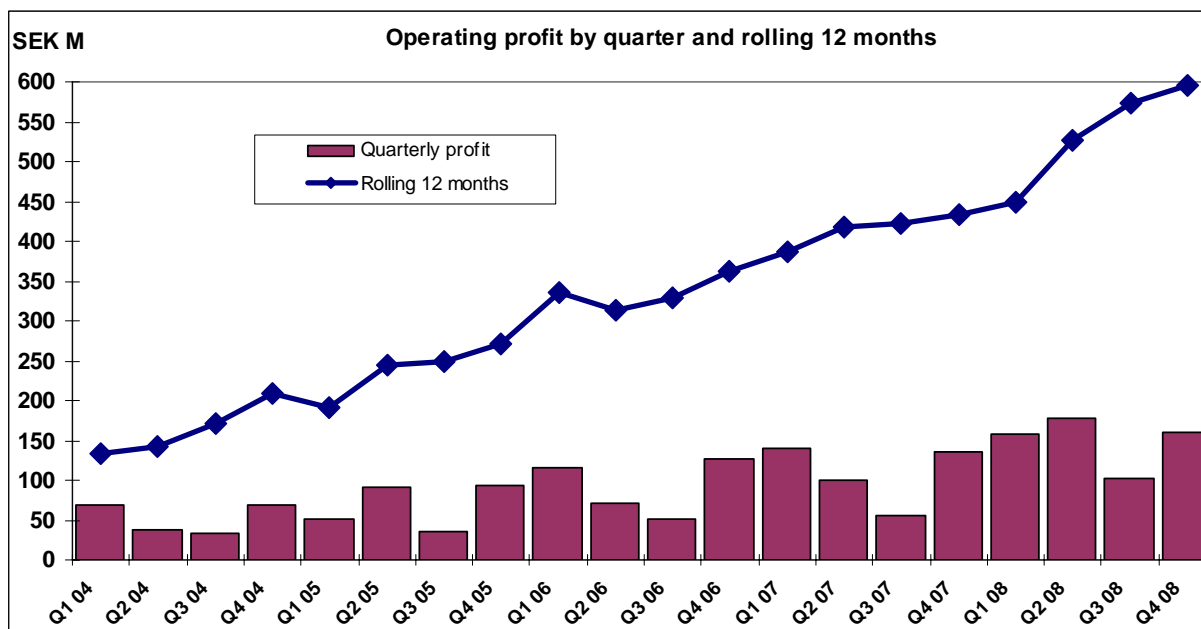
Equity holders in the Parent Company	97.8	94.0	403.6	297.4
Minority interests	-1.4	0.0	-0.7	5.9

Earnings per share for profit attributable to equity holders in the Parent Company, SEK

- Basic EPS	1.12	1.11	4.68	3.53
- Diluted EPS	1.11	1.09	4.65	3.46

Dividend per share, SEK (proposed for 2008)

	-	-	2.00	2.00
Average number of shares	87,111,150	84,260,044	86,228,335	84,254,248
Average number of shares after dilution	87,787,192	85,978,879	86,753,004	85,889,241



Cash flow statement, SEK M	Oct-Dec 2008	Oct-Dec 2007	Full year 2008	Full year 2007
Cash flow from operating activities before changes in working capital and paid tax	237.0	141.6	787.4	488.1
Paid tax	-29.4	-10.6	-144.2	-166.6
Changes in working capital	50.9	40.9	-86.1	-7.3
Cash flow from operating activities	258.5	171.9	557.1	314.2
Cash flow from investing activities	-40.7	-37.1	-273.1	-203.6
Cash flow from financing activities	-110.5	-93.8	-176.5	-155.7
Cash flow for the period	107.3	41.0	107.5	-45.1

Balance sheet, SEK M	31 Dec 2008	31 Dec 2007
Goodwill	771.7	599.4
Other intangible assets	69.6	36.8
Tangible assets	191.2	162.2
Financial assets	59.0	39.5
Current assets excl. cash and cash equivalents	1,599.7	1,408.1
Cash and cash equivalents	321.3	192.0
Total assets	3,012.5	2,438.0
Equity and reserves attributable to equity holders in the Parent Company	1,401.9	931.9
Minority interests	12.9	18.4
Total equity	1,414.8	950.3
Non-current liabilities	134.1	98.1
Current liabilities	1,463.6	1,389.6
Total equity and liabilities	3,012.5	2,438.0
Contingent liabilities	0.4	-
Equity and reserves attributable to equity holders in the Parent Company	121.3	105.3

Changes in equity, SEK M	Full year 2008	Full year 2007
Equity, opening balance	950.3	835.9
Exchange difference on translation of foreign operations	65.4	38.1
Income and expenses recognised directly in equity	65.4	38.1
Profit for the period	402.9	303.3
Total recognised income and expenses	468.3	341.4
Capital distribution to the shareholders	-171.4	-269.6
Minority interests in acquired companies	1.0	16.9
Purchase of minority interests	-8.8	-15.2
Issue of treasury shares	27.3	0.6
Issue expenses	-	-1.1
Issue of shares	46.1	-
Issue of warrants	8.0	-
2008 share bonus programme	99.4	-
2007 share bonus programme	-5.4	41.4
Equity, closing balance	1,414.8	950.3
Proposed dividend of 2.00 per share for 2008 and dividend of SEK 2.00 per share for 2007	-175.6	-170.6

Key ratios ¹⁾	Full year 2008	Full year 2007
Operating margin, %	10.8	9.5
Profit margin, %	10.6	9.3
Return on equity, %	34.6	33.8
Return on capital employed, %	44.4	41.7
Equity/assets ratio, %	47.0	39.0
Equity per share for profit attributable to equity holders in the Parent Company, SEK		
- Basic EPS	16.09	11.06
- Diluted EPS	15.72	10.83
Interest-bearing liabilities, SEK M	161.2	209.8
Of which, liabilities to credit institutions	154.6	207.0
Average number of employees	5 453	4 699
Number of shares on closing date	87,144,243	84,260,044
Number of shares on closing date after dilution	89,172,369	86,029,339
Number of shares on closing date after full dilution	90,424,369	86,947,804
Number of class B and C treasury shares	2,357,867	2,154,306

1) The definitions of key ratios are unchanged and can be found in Sweco's annual report for 2007.

Net sales, operating profit, operating margin and average number of employees for the period January-December								
Business segment	Net sales SEK M		Operating profit SEK M		Operating margin %		Average no. of employees	
	2008	2007	2008	2007	2008	2007	2008	2007
Sweco Sweden	3,036.9	2,662.1	404.1	278.8	13.3	10.5	2,479	2,336
Sweco Norway	1,132.7	781.2	121.8	66.7	10.8	8.5	831	582
Sweco Finland	135.8	93.4	15.6	14.3	11.5	15.3	87	77
Sweco Central & Eastern Europe	312.9	196.1	3.2	12.4	1.0	6.3	806	529
Sweco Russia	28.6	15.6	-5.5	0.9	-19.2	5.9	126	64
Sweco Industry	993.2	901.7	82.0	60.2	8.3	6.7	1,110	1,097
Group-wide, eliminations, etc.	-117.3	-80.6	-24.9	-0.8	-	-	14	14
Total Group	5,522.8	4,569.5	596.3	432.5	10.8	9.5	5,453	4,699

Acquisition of subsidiaries and operations

During the period, Sweco acquired Stockholm Vatten Byggprojekt AB, EuroSpatial AS, Tveiten Rådgivende Ingeniører AS, UAB Hidroprojekta (99%), Opticonsult AS, Energoprojekt Hydropower Ltd (73%), B & B VVS-Konsult and the remaining 50 per cent av Lenvodokanalproekt, as well as the net assets of Anders Digernes AS, Birk Nielsens and Traficon AB, which together have 566 employees. During the same period Sweco also acquired minority interests in Sweco Projekt, Sweco Architects A/S (former Skaarup & Jespersen A/S), Sweco BKG LSPI and Hydroprojekt CZ, and adjusted and settled the additional purchase consideration regarding JAPS Elektronik AB, Autosolvia AB, Probeko AB, Sweco MEC AS and EuroFutures AB. Based on a preliminary purchase price allocation, these acquisitions have affected the Group's balance sheet and cash and cash equivalents as shown in the table below. Since the beginning of the year, the acquired companies have contributed net sales of SEK 347 million and operating profit of SEK 24 million. If all of the companies had been acquired at 1 January 2008, the Sweco Group's net sales would have increased by an additional amount of approximately SEK 55 million and operating profit by SEK 11 million. In connection with the acquisitions of Opticonsult AS and Lenvodokanalproekt, 350,000 and 171,852 treasury shares, respectively, were used as part of the purchase consideration.

SEK M	Acquisitions			Divestitures
	Opticonsult	Others	Total	
Assets in acquired and divested companies	85.3	82.5	167.8	6.3
Liabilities in acquired and divested companies	-61.8	-53.9	-115.7	-5.8
Minority interest recognised on acquisition	-	7.8	7.8	0.1
Surplus value				
Goodwill, orderbacklog, customer relationships, etc.	123.4	94.4	217.8	34.5
Deferred tax	-3.7	-2.8	-6.5	-
Capital gain recognised on divestiture	-	-	-	12.5
Total purchase price	143.2	128.0	271.2	47.6
Payment in shares	-17.9	-9.4	-27.3	-
Unsettled purchase price commitments	-	-5.3	-5.3	-
Settled purchase price commitments for acquisitions in earlier years	-	19.6	19.6	-
Cash and cash equivalents in acquired companies	-16.0	-32.7	-48.7	-1.5
Effect on the Group's cash and cash equivalents	109.3	100.2	209.5	46.1
Operating profit after the acquisition date	19	5	24	7
Acquisition date	21 February 2008			

Divestiture of subsidiaries and operations

During the period, Sweco sold Sweco PIC China and the property company Hydoreal in the Czech Republic. Since the beginning of the year, the divested companies have contributed net sales of SEK 1.3 million and operating profit of SEK -1.0 million. The sale of the companies provided a capital gain of SEK 3.1 million. Sweco has sold the Finnish industrial operation's mechanical engineering service unit, with 130 employees. During the period, the unit contributed net sales of SEK 66.6 million and operating profit of SEK 7.7 million. The sale provided a capital gain of SEK 9.4 million. A minority holding in Sweco Architects A/S was also sold during the period.

Five-year overview¹⁾

	2008	2007	2006	2005	2004
Net sales, SEK M	5,522.8	4,569.5	3,894.7	3,372.2	3,141.4
Operating profit, SEK M	596.3	432.5	361.9	271.6	208.6
Profit before tax, SEK M	588.2	425.7	364.4	351.2	222.3
Operating margin, %	10.8	9.5	9.3	8.1	6.6
Billing ratio, %	75.6	76.1	75.3	74.2	72.1
Return on equity, %	34.6	33.8	29.9	35.3	26.7
Return on capital employed, %	44.4	41.7	38.2	38.1	27.7
Equity/assets ratio, %	47.0	39.0	40.8	43.2	38.1
Earnings per share, SEK					
- Basic EPS	4.68	3.53	3.00	3.18	1.88
- Diluted EPS	4.65	3.46	2.99	3.17	1.86
Dividend per share, SEK ²⁾	2.00	2.00	1.50	1.10	0.80
Redemption amount per share, SEK ²⁾	-	-	1.70	2.00	-
Average number of employees	5,453	4,699	3,986	3,626	3,445

1) The definitions of key ratios are unchanged and can be found in Sweco's annual report for 2007.

2) The amount for 2008 is a proposed dividend.

Parent Company income statement, SEK M	Full year 2008	Full year 2007
Net sales	67.9	57.8
Other external expenses	-59.1	-23.8
Personnel costs	-31.7	-32.6
Amortisation/depreciation and impairment losses	-0.4	-0.5
Operating profit	-23.3	0.9
Net financial items	443.3	326.4
Profit after financial items	420.0	327.3
Appropriations	-104.0	0.1
Profit before tax	316.0	327.4
Income tax expense	-87.3	-84.8
Profit after tax	228.7	242.6

Parent Company balance sheet, SEK M	31 Dec 2008	31 Dec 2007
Tangible assets	1.0	1.3
Financial assets	431.1	472.8
Current assets	1,713.8	1,343.0
Total assets	2,145.9	1,817.1
Equity	1,295.4	1,063.2
Current liabilities	104.0	-
Total equity and liabilities	746.5	753.9
Equity	2,145.9	1,817.1