



Press release from ÅF

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ÅF Interim Report, January–March 2010

First quarter 2010

- Net sales totalled SEK 1,107 million (Q1 2009: SEK 1,205 million)
- Operating income totalled SEK 1,565 million (SEK 1,208 million)
- Operating profit was SEK 541, incl. capital gain of SEK 458 million (SEK 106 million)
- Operating profit excl. other operating income was SEK 83 million (SEK 104 million)
- Operating margin excl. other operating income was 7.5 percent (8.6 percent)
- Operating margin excl. other operating income and ÅF-Inspection was 8.2 percent
- Earnings per share, before dilution, were SEK 30.53 (SEK 4.51)

A few words from the President, Jonas Wiström

The market remained subdued in the first quarter, although there were indications of a gradual recovery as the reporting period progressed. Our capacity utilisation rate was relatively low, but rose month by month, and our operating margin for March was 10 percent.

The clearest signs of recovery so far have been in the energy sector worldwide, which currently accounts for 40 percent of ÅF's sales. Investments in new electricity production have once again begun to pick up on the back of a more stable situation in the credit market. ÅF won several major power plant orders in the first quarter and the level of activity is now significantly higher than it was a year ago. The Energy Division reported an operating margin in excess of 10 percent for the quarter, with profitability highest in the division's Russian operations, where some 250 consultants are currently employed.

The Inspection Division, whose operations had a negative effect on the Group's operating profit in the first quarter, was sold at the end of March. The income from this transaction has left ÅF in a strong financial position, and the future focus will now be to grow the core business through corporate acquisitions in existing and new markets.

ÅF remains of the opinion that 2010 will be a challenging year, albeit with a gradual improvement in the market as the year advances. Our objective is clear: to continue to report levels of profitability that place us among the best performers in our industry at the same time as we increase our growth rate.



Income and earnings

Net sales for the reporting period totalled SEK 1,107 million (Q1 2009: SEK 1,205 million)
Operating income totalled SEK 1,565 million (SEK 1,208 million).

Operating profit amounted to SEK 541 million (SEK 106 million).
Operating profit excluding other operating income was SEK 83 million (SEK 104 million).

The operating margin excluding other operating income was 7.5 percent (8.6 percent).

Profit after net financial items amounted to SEK 538 million (SEK 104 million).

Capacity utilisation was 70 percent (71 percent).

Profit after tax totalled SEK 518 million (SEK 77 million).

Earnings per share before dilution were SEK 30.53 (SEK 4.51).

Acquisitions and disposals

On 25 March ÅF signed an agreement to transfer 100 percent of the shares in the ÅF Inspection Division, ÅF-Kontroll and its subsidiaries, to DEKRA AG in Germany.

Based on an enterprise value of SEK 610 million, DEKRA paid SEK 550 million for the shares in ÅF-Kontroll. (The sale included the transfer of net liabilities of SEK 60 million.)

The transaction led to a capital gain of SEK 458 million in the ÅF accounts. The Inspection Division's results were deconsolidated from ÅF with effect from 25 March 2010.

Important events during Q1 and after the reporting date

ÅF signed an agreement with Fortum to provide technical consulting and project management services in conjunction with the construction of a new cogeneration plant in Klaipeda, Lithuania. This is a so-called "waste-to-energy" plant which generates electricity from incinerating domestic and industrial waste. The order is worth several million euros for ÅF.

ÅF signed an agreement with Latvia's state-owned energy company, Latvenergo, to provide technical consulting and project management services in conjunction with the construction of a new, 420 MW natural gas-fired power plant in Riga. The order is worth several million euros for ÅF.

ÅF won an additional assignment for a hydropower contract currently being performed for Nant de Drance SA in Switzerland. (ÅF announced the initial 27 million euro order for this project on 23 September 2009). The main focus of this additional contract is on analysis and design engineering services to increase the power plant's capacity from 600 MW to 900 MW.



Investments

Gross investment in property, plant and equipment during the reporting period totalled SEK 9 million (SEK 7 million).

Cash flow and financial position

Cash flow from operating activities was SEK 1 million (SEK 20 million).

Total cash flow for the period was SEK 467 million (SEK -7 million). The sale of ÅF-Kontroll generated a positive cash flow of SEK 592 million, while the net of borrowing and amortisation of loans had a negative effect on cash flow of SEK 114 million (SEK -2 million).

The Group's cash and cash equivalents at the end of the reporting period totalled SEK 805 million (SEK 281 million).

The Group's net cash balance at the end of March was SEK 550 million (SEK -187 m).

Equity per share was SEK 135.89 and the equity/assets ratio was 61.9 percent. At the beginning of 2010 equity per share was SEK 107.36 and the equity/assets ratio was 51.0 percent. On 31 March 2010 equity totalled SEK 2,311 million.

Divisional performance

Energy

Operating income Q1: SEK 236 million (SEK 313 m)

Operating margin Q1: 10.6% (7.9%)

The Energy Division is a front-rank international energy consultant and a world leader in nuclear power consulting.

The market for energy consulting picked up during the fourth quarter of last year. This positive trend was sustained throughout the first three months of 2010, leading to a rise in capacity utilisation and an inflow of orders that exceeded expectations. One of the main reasons for this improvement in the market is the stabilisation of the global credit market.

Demand was particularly strong for expertise in project management and specialist competence with regard to biofuel and waste-to-energy cogeneration plants in Europe. The first quarter also saw brisk demand in a number of countries for strategic studies related to investments in nuclear power, a field in which the division enjoys a position as a world leader among independent consulting companies.

The Energy Division's clients are private and publicly owned power companies, other energy-intensive industries, authorities and financial institutions. Investments are often substantial and extend over many years. Energy has well-filled order books, equivalent to almost two years' sales, and is currently involved in power plant projects in more than 30 countries.

**Engineering**

Operating income Q1: SEK 337 million (SEK 344 m)
Operating margin Q1: 6.8% (10.7%)

The Engineering Division is Northern Europe's leading technical consultant for industry.

The first quarter was marked by caution in the market. The completion of one or two large-scale projects for the division and the fact that a number of industrial clients are still biding their time before committing to major, new investments led to a slight dip in capacity utilisation.

However, market activity picked up towards the end of the reporting period and the division won a number of important contracts with clients that include Scania and SSAB. After the reporting period, ÅF was appointed lead technical consultant for a major environmental engineering project in the form of a biofuel-fired block heat power plant on an industrial site, adjacent to one of the Korsnäs company's pulp and paper mills. The client is Bomhus Energi and the order is worth approximately SEK 50 million for ÅF.

Infrastructure

Operating income Q1: SEK 467 million (SEK 497 m)
Operating margin Q1: 8.6% (9.2%)

The Infrastructure Division holds a leading position in consulting services for infrastructure development in Scandinavia. Clients are found in industry, the public sector, the defence industry and the property market.

In comparison with the situation at the end of 2009, the market for infrastructure consulting services showed some signs of recovery during the first quarter of the year. The most noticeable improvement was in the number of projects relating to public investment in infrastructure, particularly in terms of investments in the Nordic road and rail network. The division is currently involved in rail projects in Sweden, Norway and Denmark.

The Infrastructure Division's largest business area, Installations, which has operations in both Sweden and Norway, reported a good quarter given that the market for construction-related services for industry and private construction and property companies remains weak. A new collaborative agreement relating to energy efficiency measures in properties was initiated during the first quarter with Ahlsell, a Swedish trading company that supplies goods and services to professional users.

The first quarter also saw Ove Guttormsen recruited as the new manager for ÅF in Norway, where Infrastructure is the largest of ÅF's divisions. ÅF currently employs 150 consultants in Norway. Ove, who joins the company after holding a number of managerial positions with Siemens/Bravida, brings with him considerable experience from the industry and infrastructure sectors. He takes up his new position at ÅF on 3 May. His objective is to expand ÅF in Norway over the coming years at the same time as he increases the company's profitability.

**Inspection***Operating income 1 Jan-25 March: SEK 89 million (SEK 94 m)**Operating margin 1 Jan-25 March: -1.4 % (7.4%)*

The Inspection Division was sold to DEKRA, a German company, on 25 March 2010. For further information, please refer to the section headed "Acquisitions and disposals" above, or see www.afconsult.com

Number of employees

The number of FTE's was 4,150 (4,249). The total number of employees at the end of the reporting period was 3,890 (4,443); 2,741 in Sweden and 1,149 outside Sweden. The Inspection Division, which was sold on 25 March, had 512 employees.

Parent company

Parent company sales, primarily for various intra-group services, totalled SEK 76 million for the period (SEK 66 million). The parent company reported a profit after net financial items of SEK 464 million (SEK -8 million). This includes the profit of SEK 469 million that the parent company made on the sale of ÅF-Kontroll. Cash and cash equivalents totalled SEK 548 million (SEK 0.3 million), and gross investment in machinery and equipment for the period January through March amounted to SEK 2 million (SEK 2 million).

Accounting principles

This interim report has been prepared in accordance with IAS 34 ("Interim Financial Reporting"). The report conforms with International Financial Reporting Standards (IFRS), as well as with statements on interpretation from the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission for use in the EU, and with the relevant references to Chapter 9 of the Swedish Annual Accounts Act. The report has been drawn up using the same accounting principles and methods of calculation as those in the Annual Report for 2009 (see Note 1, page 79). As from 1 January 2010 IFRS 3 Business Combinations (revised) and IAS 27 Consolidated and Separate Financial Statements (revised) will be applied. The parent company has implemented the Swedish Financial Reporting Board's Recommendation RFR 2.3, which means that the parent company in the legal entity shall apply all the IFRS and related statements approved by the EU as far as this is possible, while continuing to apply the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and paying due regard to the relationship between accounting and taxation in the preparation of the legal entity's annual accounts.

Risks and uncertainty factors

The significant risks and uncertainty factors to which the ÅF Group is exposed include business risks linked to the general economic situation and the propensity of various markets to invest, the ability to recruit and retain qualified co-workers, and the effect of certain political decisions. In addition, the Group is exposed to a number of financial risks, including currency risks, interest-rate risks and credit risks. The risks to which the



Group is exposed are described in detail in ÅF's Annual Report for 2009. No significant risks are considered to have arisen since the publication of the annual report.

ÅF shares

The ÅF share rose by 15.3 % during the first quarter. This can be compared with the Stockholm Stock Exchange OMXSPI index that rose by 8.3 % and the Mid Cap index that rose by 9.4 % during the same period.

Financial information – schedule for 2010

Interim report January–June 2010	14 July
Interim report January–September 2010	21 October

Stockholm, Sweden – 5 May 2010
Jonas Wiström, President & CEO, ÅF AB

This interim report has not been subjected to scrutiny by the company's auditors.

The information in this interim report is that which ÅF AB is required by Swedish law to disclose under the terms of the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was released for publication at 08.30 C.E.T. on 5 May 2010.

All forward-looking statements in this report are based on the company's best assessment at the time of the report. Like all assessments of the future, such statements include risks and uncertainties that may mean that the actual outcome is different.

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CONSOLIDATED INCOME STATEMENT (in millions of SEK)	Jan-Mar 2010	Jan-Mar 2009	Full year 2009
Net sales	1 107,0	1 205,3	4 677,9
Other operating income	457,7	2,6	14,1
Operating income	1 564,7	1 207,9	4 692,0
Personnel costs	-679,0	-712,4	-2 671,9
Other costs	-330,6	-374,9	-1 571,8
Depreciation	-15,3	-15,4	-61,6
Share of associated companies' profit/loss	0,9	0,9	1,6
Operating profit	540,6	106,1	388,3
Net financial items	-2,3	-2,5	-11,3
Profit after net financial items	538,3	103,6	377,0
Tax	-20,5	-26,2	-101,6
Profit after tax	517,8	77,4	275,3
<i>Attributable to:</i>			
Shareholders in parent company	515,6	76,6	268,7
Minority interests	2,2	0,8	6,6
Profit after tax	517,8	77,4	275,3
Operating margin, %	34,6	8,8	8,3
Profit margin, %	34,4	8,6	8,0
Operating margin, %, excl other operating income	7,5	8,6	8,0
Profit margin, %, excl other operating income	7,3	8,4	7,8
Capacity utilisation rate (invoiced time ratio), %	69,8	70,9	71,3
Earnings per share before dilution, SEK	30,53	4,51	15,86
Earnings per share after dilution, SEK	30,44	4,50	15,81
Number of shares outstanding	16 887 501	16 947 501	16 887 501
Average number of outstanding shares before dilution	16 887 501	16 984 109	16 949 036
Average number of outstanding shares after dilution	16 936 268	17 012 632	16 996 179

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in millions of SEK)	Jan-Mar 2010	Jan-Mar 2009	Full year 2009
Change in translation reserve for the period	-34,4	-9,6	-56,7
Cash flow hedging	-	0,2	-0,4
Pensions	-	-	44,1
Tax	-	-0,1	-8,7
Total other comprehensive income for the period	-34,4	-9,4	-21,7
Profit for the period	517,8	77,4	275,3
Total comprehensive income for the period	483,4	68,0	253,7
Total comprehensive income attributable to:			
Shareholders in parent company	481,3	67,4	247,4
Non-controlling interest	2,1	0,6	6,3
Total	483,4	68,0	253,7



CONSOLIDATED BALANCE SHEET (in millions of SEK)	31 Mar 2010	31 Mar 2009	31 Dec 2009
Assets			
Non-current assets			
Intangible assets	1 265,8	1 354,4	1 369,8
Tangible assets	278,5	334,9	332,9
Other non-current assets	32,4	31,5	30,2
Total non-current assets	1 576,7	1 720,8	1 732,9
Current assets			
Current receivables	1 352,1	1 566,2	1 505,0
Cash equivalents	805,4	281,1	344,7
Total current assets	2 157,5	1 847,3	1 849,6
Total assets	3 734,2	3 568,1	3 582,5
Equity and liabilities			
Equity			
Attributable to shareholders in parent company	2 294,9	1 753,2	1 813,0
Attributable to minority	15,6	9,1	13,6
Total equity	2 310,5	1 762,3	1 826,6
Non-current liabilities			
Provisions	110,7	186,8	119,6
Non-current liabilities	28,3	179,9	41,4
Total non-current liabilities	139,0	366,7	161,0
Current liabilities			
Provisions	9,9	7,5	30,7
Current liabilities	1 274,8	1 431,6	1 564,2
Total current liabilities	1 284,7	1 439,0	1 595,0
Total equity and liabilities ¹⁾	3 734,2	3 568,1	3 582,5
¹⁾ of which, interest-bearing liabilities	258,0	467,6	391,5

Pledged assets and Contingent liabilities are essentially the same as in the annual accounts for 2009.

CASH FLOW ANALYSIS (in millions of SEK)	Jan-Mar 2010	Jan-Mar 2009	Full year 2009
Profit after financial items	538,3	103,6	377,0
Adjustment for items not included in cash flow	-466,1	12,9	49,0
Income tax paid	-38,0	-30,6	-150,2
Cash flow from operating activities before change in working capital	34,2	85,9	275,8
Cash flow from change in working capital	-33,7	-65,7	30,1
Cash flow from operating activities	0,5	20,3	305,8
Cash flow from investing activities	581,3	-25,3	-79,1
Cash flow from financing activities	-114,3	-2,0	-161,0
Cash flow for the period	467,5	-7,0	65,8
Cash and cash equivalents brought forward	344,7	290,3	290,3
Exchange rate difference in cash/cash equivalents	-6,8	-2,2	-11,5
Cash and cash equivalents carried forward	805,4	281,1	344,7



CHANGES IN EQUITY (in millions of SEK)	31 Mar 2010	31 Mar 2009	31 Dec 2009
Equity at start of period	1 826,6	1 698,6	1 698,6
Total comprehensive income for the period	483,4	68,0	253,7
Dividends	-	-	-111,5
Share buy-back	-	-4,9	-16,1
Share savings scheme 2008/2009	0,6	0,6	1,8
Equity at end of period	2 310,5	1 762,3	1 826,6
Attributable to:			
Shareholders in the parent company	2 294,9	1 753,2	1 813,0
Minority interest	15,6	9,1	13,6
Total	2 310,5	1 762,3	1 826,6

KEY RATIOS	Jan-Mar 2010	Jan-Mar 2009	Full year 2009
Return on equity, % (full year), excl sale of ÅF Kontroll	14,6	20,8	15,8
Return on equity, % (full year), incl sale of ÅF Kontroll	38,4	-	-
Return on capital employed, % (full year), excl sale of ÅF Kontroll	16,7	23,7	17,8
Return on capital employed, % (full year), incl sale of ÅF Kontroll	36,2	-	-
Equity ratio, %	61,9	49,4	51,0
Equity per share, SEK	135,89	103,45	107,36
Employees (FTEs) excl. associated companies	4 150	4 249	4 182

QUARTERLY FINANCIAL TRENDS

	2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating income (millions of SEK)	932,4	967,5	844,0	1 118,5	1 064,3	1 173,6	986,5	1 345,3
Operating profit (millions of SEK)	74,3	84,7	65,0	107,9	116,5	134,7	81,0	146,4
Operating margin, %	8,0	8,8	7,7	9,6	10,9	11,5	8,2	10,9
Number of working days	64	59	65	62	62	62	66	62
Number of FTEs	3 531	3 520	3 675	3 761	3 747	3 885	3 884	4 276

	2009				2010			
	Q1	Q2	Q3	Q4	Q1 ¹⁾	Q2	Q3	Q4
Operating income (millions of SEK)	1 207,9	1 199,0	997,0	1 288,2	1 107,0			
Operating profit (millions of SEK)	106,1	100,3	72,1	109,8	83,0			
Operating margin, %	8,8	8,4	7,2	8,5	7,5			
Number of working days	62	60	66	63	62			
Number of FTEs	4 249	4 215	4 099	4 172	4 150			

¹⁾ Actual incl sale of ÅF Kontroll (Inspection)
 Operating income (millions of SEK): 1 564,7
 Operating profit (millions of SEK): 540,6
 Operating margin, %: 34,6



FINANCIAL INFORMATION BY DIVISION
(in millions of SEK)

	Jan-Mar 2010	Jan-Mar 2009	Full year 2009
Operating income			
Energy	236,1	312,7	1 289,6
Engineering	336,8	344,0	1 316,1
Infrastructure	466,8	496,7	1 774,3
Inspection	89,2	94,0	407,0
Other/Eliminations	-21,9	-39,4	-95,0
Sale of ÅF Kontroll (Inspection)	457,7	-	-
Total	1 564,7	1 207,9	4 692,0
Operating profit/loss			
Energy	25,0	24,8	124,5
Engineering	22,9	36,7	126,3
Infrastructure	40,3	45,9	141,2
Inspection	-1,3	6,9	28,5
Other/Eliminations	-4,0	-8,2	-32,3
Sale of ÅF Kontroll (Inspection)	457,7	-	-
Total	540,6	106,1	388,3
Operating margin			
Energy	10,6%	7,9%	9,7%
Engineering	6,8%	10,7%	9,6%
Infrastructure	8,6%	9,2%	8,0%
Inspection	-1,4%	7,4%	7,0%
Other/Eliminations			
Total	34,6%	8,8%	8,3%
Employees (FTEs)			
Energy	821	909	879
Engineering	1 250	1 226	1 210
Infrastructure	1 571	1 627	1 573
Inspection	439	417	448
Other/Eliminations	69	70	72
Total	4 150	4 249	4 182

**SALE OF BUSINESS OPERATIONS (in millions of SEK)**

Date of disposal	Division Inspection 2010-03-25
Intangible non-current assets	15,9
Tangible non-current assets	30,3
Financial non-current assets	2,6
Accounts receivable and other receivables	85,5
Cash equivalents	10,8
Accounts payable and other liabilities	-60,5
Net identifiable assets and liabilities	84,6
Goodwill	68,1
Adjustment capital gain	457,7
Adjustment realized exchange difference	-0,4
Sales price	610,0
Deduct:	
Cash (disposal)	10,8
Selling expenses	7,4
Net inflow of cash	591,8



INCOME STATEMENT PARENT COMPANY (in millions of SEK)	Jan-Mar 2010	Jan-Mar 2009	Full year 2009
Net sales	52,3	45,1	207,4
Other operating income	23,2	21,1	86,8
Operating income	75,5	66,2	294,1
Personnel costs	-18,0	-20,7	-71,7
Other costs	-57,3	-51,1	-219,0
Depreciation	-2,7	-2,3	-9,3
Operating profit/loss	-2,5	-7,9	-5,7
Net financial items	466,9	0,1	1,4
Profit/loss after net financial items	464,4	-7,8	-4,3
Appropriations	-	-	-13,2
Pre-tax profit/loss	464,4	-7,8	-17,6
Tax	1,2	2,1	5,5
Profit/loss after tax	465,6	-5,7	-12,1

BALANCE SHEET PARENT COMPANY (in millions of SEK)	31 Mar 2010	31 Mar 2009	31 Dec 2009
Assets			
Non-current assets			
Participations in Group and Associated companies	2 043,6	1 055,6	2 117,5
Intangible assets	3,2	-	3,3
Tangible assets	57,4	56,2	57,5
Financial assets	3,1	6,5	3,4
Total non-current assets	2 107,3	1 118,3	2 181,7
Current assets			
Current receivables	124,3	731,8	252,5
Cash equivalents	548,1	0,3	3,9
Total current assets	672,4	732,1	256,4
Total assets	2 779,7	1 850,4	2 438,1
Equity and liabilities			
Equity			
Share Capital	170,3	170,3	170,3
Statutory reserve	46,9	46,9	46,9
Non-restricted equity	1 175,6	1 134,8	1 187,9
Profit/loss for the period	465,6	-5,7	-12,1
Total equity	1 858,5	1 346,3	1 393,1
Untaxed reserves	25,8	12,5	25,8
Non-current liabilities			
Provisions	40,0	45,2	40,0
Non-current liabilities	0,2	0,2	0,2
Total non-current liabilities	40,2	45,4	40,2
Current liabilities			
Provisions	9,7	0,3	11,5
Current liabilities	845,6	445,9	967,6
Total current liabilities	855,3	446,2	979,0
Total equity and liabilities	2 779,7	1 850,4	2 438,1