

## SWECO AB (publ) Interim report January – June 2008

### Continued strong growth in earnings

- Operating profit improved by 39 per cent to SEK 335.0 million (240.4).
- Operating margin was 11.9 per cent (10.4).
- Net sales increased by 22 per cent to SEK 2,803.7 million (2,302.7).
- Profit before tax was SEK 329.1 million (238.6).
- Profit after tax was SEK 236.3 million (166.4), equal to earnings per share of SEK 2.76 (1.91).

Comments from CEO Mats Wäppling:

“Sweco performed well in the first half of 2008 and delivered continued growth in both earnings and margins. Operating margin rose to 11.9 per cent. The most significant improvement was seen in Norway, where operating profit nearly doubled.

Development in the long-term growth areas of infrastructure, energy and environment remains very positive in all of Sweco’s markets. In particular, there is a growing interest in Sweco’s special expertise in climate-related issues and sustainable development. The current climate of economic uncertainty has not had any appreciable impact on demand for our services.

We are working with a sustained focus on the emerging markets of Central and Eastern Europe. In Russia Sweco acquired the remaining shares in the water and environmental consulting company Lenvodokanalproekt and in Bulgaria we acquired the country’s leading energy consultancy Energoproekt Hydropower.

Sweco’s healthy finances and leading market positions in areas like water and environment, infrastructure and energy provide a solid platform for robust long-term development.”

## PROFIT AND FINANCIAL POSITION

### Net sales and profit

The Sweco Group's net sales rose by 22 per cent to SEK 2,803.7 million (2,302.7). Of the increase, around 60 per cent was organic and 40 per cent was acquisition-driven.

<b>Profit summary, SEK M</b>	<b>2008, 6 mths</b>	<b>2007, 6 mths</b>
SWECO Sweden	225.6	155.2
SWECO Norway	70.1	36.6
SWECO Finland	9.6	7.3
SWECO Central & Eastern Europe	4.0	8.1
SWECO Russia	-2.5	0.6
SWECO Industry	47.5	37.8
Group-wide, etc.	-19.3	-5.2
<b>Operating profit</b>	<b>335.0</b>	<b>240.4</b>
Consolidated net financial items	-5.9	-1.8
<b>Profit before tax</b>	<b>329.1</b>	<b>238.6</b>

Operating profit is reported at SEK 335.0 million (240,4), an increase of SEK 94.6 million that is mainly explained by strong earnings in the Swedish and Norwegian operations. The improvement was attributable to a continued robust market, better internal efficiency and lower pension costs in Sweden owing to a premium rebate of approximately SEK 21 million from Alecta.

Profit in Russia was affected by costs for changes in management following Sweco's acquisition of the remaining 50 per cent of Lenvodokanalproekt.

The Group's overall operating margin was 11.9 per cent (10.4). The billing ratio, including all administrative personnel, rose by 0.8 percentage units to 76.8 per cent (76.0).

Profit before tax was SEK 329.1 million (238.6). The Group's net financial items totalled SEK -5.9 million (-1.8).

Profit after tax amounted to SEK 236.3 million (166.4), of which SEK 235.9 million (161.0) is attributable to equity holders in the Parent Company. Profit was charged with a tax rate of 28 per cent (30).

Return on equity was 40.1 per cent (39.3) and return on capital employed was 41.7 per cent (43.8).

Transactions with related parties have been carried out on market-based terms. No related-party transactions with a significant impact on the profit or financial position of the Group or Parent Company took place during the period.

### Earnings per share

Basic earnings per share were SEK 2.76 (1.91) and diluted earnings per share were SEK 2.74 (1.89).

## **Capital expenditure**

Net expenditure on equipment during the period totalled SEK 37.5 million (34.8) and referred mainly to computers and other IT investments. Depreciation of equipment amounted to SEK 35.6 million (28.4) and amortisation of intangible assets to SEK 10.5 million (4.3).

Purchase consideration paid for the acquisition of associated companies and subsidiaries during the period amounted to SEK 239.1 million (217.3). The effect on consolidated cash and cash equivalents was SEK 219.8 million (137.7).

## **Cash flow and financial position**

The Group's cash flow from operating activities was SEK 180.7 million (106.6).

Cash and cash equivalents and other current interest-bearing assets amounted to SEK 150.7 million (149.4). Disposable cash and cash equivalents including unutilised bank overdraft facilities at the end of the period totalled SEK 487.0 million (396.1), which includes unutilised overdraft facilities of SEK 336.3 (246.7). Interest-bearing debt is reported at SEK 340.5 million (324.9). The net interest-bearing liability was thus SEK 189.8 million (175.5).

Shareholder dividends were paid in a total amount of SEK 170.6 million (269.6) during the period.

The equity/assets ratio was 39.0 per cent (32.7).

## **Employees**

The number of employees at 30 June 2008 was 5,475 (4,905). The average number of employees in the Group during the period was 5,359 (4,606).

## **Second quarter**

Net sales were up by 27 per cent compared to the same period of 2007 and amounted to SEK 1,469.4 million (1,157.7). Operating profit rose by 78 per cent to SEK 177.7 million (100.0) and operating margin was 12.1 per cent (8.6). The billing ratio was 76.9 (76.0).

## **Parent Company**

The Parent Company recorded net sales of SEK 37.0 million (28.9), all of which referred to intra-group services. Profit after net financial items was SEK -15.0 million (17.3), where the figure for the previous year is mainly attributable to dividends from subsidiaries. Capital expenditure on equipment amounted to SEK 0.0 million (0.5) and cash and cash equivalents and short-term investments at the end of the period totalled SEK 46.0 million (10.1).

## **THE SWECO SHARE**

Sweco share is listed on the OMX Nordic Stock Exchange Stockholm. The bid price for the SWECO B share at the end of the period was SEK 53.00, representing a decrease

of 18 per cent since the beginning of the year. The OMX Stockholm General Index fell by 21 per cent over the same period.

In the second quarter, the number of shares was changed through the issue of 1,400,000 class C shares for completion of the 2008 Share Bonus Programme, subscription for 1,588,480 class B shares under the warrant series 2005/2008 and the transfer of 171,852 class B treasury shares as partial consideration for the acquisition of the remaining 50 per cent of the shares in Lenvodokanalprojekt. The total number of shares at the end of the period thus amounted to 89,402,830, consisting of 9,389,075 class A shares, 78,463,755 class B shares and 1,550,000 class C shares. After deduction of treasury shares, the number of shares outstanding at the end of the period was 87,044,963, of which 9,389,075 were class A shares and 77,655,888 were class B shares.

### **Incentive scheme for senior executives**

The 2008 AGM approved the issuance 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.

### **Treasury shares**

Sweco's total holding of treasury shares amounts to 2,357,867, 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 consist of repurchased shares that can be used as consideration in connection with acquisitions. The treasury shares were purchased at average price of SEK 22.10, equal to a total of SEK 14.0 million. The market value at the end of the period was SEK 33.5 million. In addition, Sweco holds 175,413 class B and 1,550,000 class C treasury shares to be used under the 2008 Share Bonus Programme.

## **OPERATIONS**

Engineers, architects and environmental experts in the Sweco companies are working together to contribute to the development of a sustainable society. With its approximately 5,500 employees, the Sweco Group is among the dominant players in Europe and is a leader in several segments of the Nordic and Baltic markets. Sweco has subsidiaries in ten countries and projects currently under way in 80 countries worldwide. Operations are conducted in six business units: SWECO Sweden, SWECO Norway, SWECO Finland, SWECO Central & Eastern Europe, SWECO Russia and SWECO Industry.

Total demand for consulting engineering services remains high. A stronger focus on climate change is stimulating interest in Sweco's services, above all in the environmental and energy areas. Market development in the infrastructure area is also

very positive. A slight downturn has been noted for building-related services, particularly in the residential sector.

### **SWECO Sweden**

SWECO Sweden is one of the country's leading providers of consulting engineering services and the Group's largest business unit, with around 2,550 employees in 49 locations and services in architecture, structural engineering, building service systems, infrastructure, water and environment, project management and geographic information systems (GIS). SWECO Sweden has extensive project exports to countries in Eastern Europe, Africa, Asia, the Middle East and Latin America.

Net sales rose by 14 per cent to SEK 1,551.4 million (1,364.6). Operating profit reached SEK 225.6 million (155.2) and operating margin was 14.5 per cent (11.4).

#### ***Market***

The consulting engineering market remains favourable, with particularly strong potential in infrastructure, water and environment, energy and GIS.

Sweco's special expertise is attracting powerful interest in pace with rising energy prices and society's increasingly stringent environment requirements. Investments in development of wind and hydroelectric power are accelerating in response to a growing need for renewable energy, which is in turn creating an expanding market and higher demand for Sweco's services.

The Swedish market for building-related services remains vigorous, mainly in the metropolitan areas, although some contraction is taking place. The assessment is that assignments in healthcare and urban planning have growth potential, while construction of housing and offices is declining. Market development for industrial consulting services is stable and positive. Investments in new plants and process technology for the mining and steel industries are generating increased volumes for Sweco. The market for geographical information systems is expanding rapidly with steady growth in the number of applications.

#### ***Major contracts during the period***

Sweco has been hired by Outokumpu for planning and design and construction management services in connection with expansion of the Avesta steelworks, where production capacity will be more than doubled from the current 250,000 to 650,000 tonnes. The contract is worth close to SEK 70 million.

Sweco has been chosen for project and assembly management and plant design in connection with safety enhancements in the switchgears at Ringhals 1. The contract is worth nearly SEK 160 million and will employ more than 20 consultants from Sweco through the period to 2012.

The Swedish Road Administration and the Swedish Rail Administration are carrying out a joint project to build a double-track railway and four-lane highway between Gothenburg and Trollhättan in western Sweden. Sweco has been awarded a contract worth SEK 11 million to perform detail planning on parts of the new railway alignment.

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 Norway**

Sweco is one of Norway's largest engineering consultancies with around 790 employees. The Norwegian unit, which also has extensive export operations, is organised in five business areas: Energy, Water & Environment, Building & Construction, Land & Transportation and Building Service Systems.

Net sales improved by 53 per cent to SEK 575.8 million (375.7). Operating profit amounted to SEK 70.1 million (36.6) and operating margin to 12.2 per cent (9.7).

#### ***Market***

On the whole, market development for consulting engineering services remains positive in Norway and all of Sweco's areas of operation are experiencing robust demand.

Although growth in the construction industry has slowed, particularly with regard to housing construction, this is being offset by anticipated positive development for public facilities. In the industrial sector, a generally unchanged level of investment is awaited. Large planned oil and gas projects are expected to generate increased demand for Sweco's services.

In the infrastructure sector, planned investments in the road and railway network are expected to generate strong and steady demand for Sweco's services. A growing awareness in Norway about climate issues and sustainable development is fuelling demand for Sweco's environmentally-related services. In the energy sector there is an accelerating demand for consulting services, above all with regard to development of bioenergy and small-scale hydropower.

#### ***Major contracts during the period***

Sweco has been selected by Ruter As to evaluate environmental initiatives related to public transport in the Romerike region. This will primarily involve evaluation of an investment in the use of biofuel for the region's bus traffic.

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 Finland**

SWECO Finland has some 90 employees and mainly provides construction management and project management services through the subsidiary CMU. On 1 June 2008, Jyrki Keinänen took up duties as the new President of SWECO CMU.

Net sales increased by 54 per cent to SEK 65.1 million (42.2). Operating profit was SEK 9.6 million (7.3) and operating margin was 14.7 per cent (17.4).

### ***Market***

The market for consulting engineering and project management services is showing continued positive development. There is a growing inflow of investment to the infrastructure sector and the environmental market is expanding dramatically. Development in the construction sector is characterised by slower growth for housing construction but a still vigorous market for public facilities in areas like healthcare.

### ***Major contracts during the period***

In the second quarter of 2008 Sweco was awarded several significant contracts, including project management for the rebuilding of a train yard in the Böle district in Helsinki, planning of a gas pipeline for Finnish Innogas and engineering design for a mine project on behalf of Kylylahti Copper Oy.

### **SWECO Central & Eastern Europe, SWECO Russia**

Operations are conducted in two business units: SWECO Central & Eastern Europe with some 800 employees and SWECO Russia with around 150 employees. At the same time, Sweco has extensive project exports to these markets from Sweden, Norway, Finland and the Czech Republic, primarily in water and environment, infrastructure, industry and architecture.

Net sales for SWECO Central & Eastern Europe rose to SEK 141.1 million (77.6). Operating profit amounted to SEK 4.0 million (8.1) and operating margin to 2.8 per cent (10.5). Net sales for SWECO Russia increased by 33 per cent to SEK 7.2 million (5.4). Operating profit was SEK -2.5 million (0.6) and operating margin was -34.4 per cent (10.7).

### ***Market***

The economies of Central and Eastern Europe are undergoing dynamic expansion driven partly by continued development and modernisation of society and partly by ongoing adaptation to EU standards. Environmental improvements and modernisation of infrastructure are continuing with undiminished strength. In the construction sector, however, there has been a clear drop in demand for residential building, especially in the Baltic countries.

There is an urgent demand for Sweco's services, particularly in the environmental area, infrastructure, energy and increasingly also industrial engineering, as these countries upgrade their water, wastewater, transport and energy systems and build new industrial facilities.

### ***Major contracts during the period***

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.

A statue depicting Estonia's mythical hero Kalevipoeg will be erected 100 metres offshore from Tallinn Harbour. The statue will be more than 20 metres tall and will be mounted on an underwater platform. Sweco has been commissioned by the City of Tallinn to handle structural design of the monument.

## **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 more than 870 employees in Finland, 200 in Sweden and 20 in Norway, SWECO Industry is one of the Nordic region's largest industrial engineering consultancies. The company also has extensive international operations in Europe, Asia and South America.

The business unit 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 12 per cent to SEK 529.2 million (473.3). Operating profit was SEK 47.5 million (37.8) and operating margin was 9.0 per cent (8.0).

### ***Market***

The market for industrial consulting services is showing continued growth. A rising rate of investment is being noted in facilities for industry, above all in the chemical, mining and energy areas, as well as research and product development. However, a slowing trend is being noted in the telecom sector with regard to network infrastructure and mobile telephony. The manufacturing and telecom industries are increasingly contracting out product development and industrial design to external consultants, both domestic and in the international market in Europe and Asia.

Demand for Sweco's services in the energy, chemical, oil and pulp and paper industries is stable and high and the outlook for the rest of the year remains favourable, although the industrial sector is starting to feel the effects of rising energy prices and higher raw material costs.

### ***Major contracts during the period***

Sweco has been hired by the prospecting company Vulcan Resources Ltd. for a large-scale mining project in the Finnish city of Kylylahti. Sweco has been given responsibility for detail engineering of a new mine for extraction of cobalt, nickel and copper.

The chemical company Yara has chosen Sweco to boost production capacity at its plant in Siilinjärvi. 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.

## **ACQUISITIONS**

### **SWECO Sweden**

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 hydropower. After the acquisition, Sweco will have 55 employees in Denmark.

### **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 a rapidly expanding market.

### **Divestitures**

Sweco has signed an agreement to sell the Finnish industrial operation's mechanical engineering service business, with 130 employees, to Engineering Office Comatec Oy. The transaction is expected to be completed on 31 August 2008. 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.

In the first half of 2008, net sales in the sold operation reached SEK 53.9 million (47.2).

## **SUBSEQUENT EVENTS**

### **Acquisitions**

Sweco has acquired 72.7 per cent of the Bulgarian energy consulting company Energoproekt Hydropower Ltd with more than 80 employees. Energoproekt is Bulgaria's leading hydropower consultancy and also offers qualified consulting services in water and environment. The acquisition will create the conditions for continued growth in Bulgaria and neighbouring countries of the Balkan region.

## **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 accounting and valuation standards applied in this interim report are the same as those used in 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".

## FINANCIAL CALENDAR 2008

Capital Markets Day	25 September 2008
Interim report January-September	4 November 2008
Year-end report	13 February 2009

## OUTLOOK

Sweco's ambition is to achieve sustained profitable growth by strengthening its positions in the Nordic market and expanding its operations in the markets of Central and Eastern Europe. The current climate of economic uncertainty has not had any appreciable impact on demand for our services. Sweco's healthy finances and leading market positions in areas such as water and environment, infrastructure and energy provide a solid platform for positive long-term development.

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

Stockholm, 21 July 2008  
SWECO AB (publ)

Olle Nordström  
Chairman

Eric Douglas  
Vice Chairman

Gunnel Duveblad  
Board member

Birgit Erngren Wohlin  
Board member

Aina Nilsson Ström  
Board member

Øystein Løseth  
Board member

Anna Leonsson  
Employee representative

Thomas Holm  
Employee representative

Håkan Brinkenber  
Employee representative

Mats Wäppling  
Board member,  
President & CEO

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

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The information from Sweco contained herein is subject to the disclosure requirements in the Securities Market Act and/or the Act on Trading in Financial Instruments. The information was submitted for publication on 22 July 2008, 8:30 a.m.

Income statement, SEK M	April-June 2008	April-June 2007	Jan-June 2008	Jan-June 2007	July 2007- June 2008	Full year 2007
Net sales	1,469.4	1,157.7	2,803.7	2,302.7	5,070.5	4,569.5
Other external expenses	-375.9	-296.3	-706.1	-571.9	-1,335.9	-1,201.7
Personnel costs	-891.9	-744.4	-1,716.1	-1,457.4	-3,118.7	-2,860.0
Amortisation/depreciation and impairment losses	-23.9	-17.0	-46.5	-33.0	-88.8	-75.3
<b>Operating profit</b>	<b>177.7</b>	<b>100.0</b>	<b>335.0</b>	<b>240.4</b>	<b>527.1</b>	<b>432.5</b>
Net financial items	-3.9	-1.5	-5.9	-1.8	-10.9	-6.8
<b>Profit before tax</b>	<b>173.8</b>	<b>98.5</b>	<b>329.1</b>	<b>238.6</b>	<b>516.2</b>	<b>425.7</b>
Income tax expense	-48.7	-30.9	-92.8	-72.2	-143.0	-122.4
<b>Profit after tax</b>	<b>125.1</b>	<b>67.6</b>	<b>236.3</b>	<b>166.4</b>	<b>373.2</b>	<b>303.3</b>

Attributable to:

Equity holders in the Parent

Company	125.2	63.6	235.9	161.0	372.3	297.4
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Minority interest	-0.1	4.0	0.4	5.4	0.9	5.9
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Earnings per share for profit  
attributable to equity holders in  
the Parent Company, SEK

- Basic EPS	1.46	0.75	2.76	1.91	4.39	3.53
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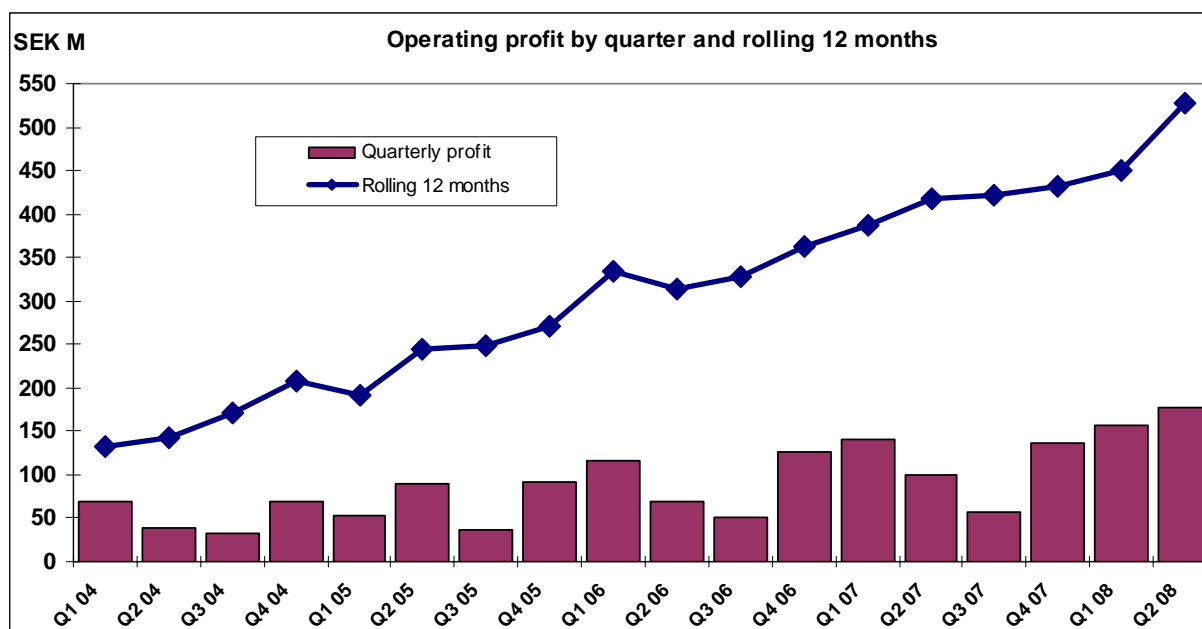
- Diluted EPS	1.45	0.75	2.74	1.89	4.34	3.46
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Dividend per share, SEK

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Average number of shares	85,814,124	84,251,350	85,378,613	84,251,350	84,817,880	84,254,248
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Average number of shares after dilution	86,381,863	85,080,904	86,206,635	84,978,824	85,731,683	85,889,241
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<b>Cash flow statement, SEK M</b>	<b>April-June 2008</b>	<b>April-June 2007</b>	<b>Jan-June 2008</b>	<b>Jan-June 2007</b>	<b>July 2007- June 2008</b>	<b>Full year 2007</b>
Cash flow from operating activities before changes in working capital and paid tax	240.1	115.6	415.4	273.3	630.2	488.1
Paid tax	-47.3	-48.8	-100.7	-134.5	-132.8	-166.6
Changes in working capital	-45.8	-6.6	-134.0	-32.2	-109.1	-7.3
<b>Cash flow from operating activities</b>	<b>147.0</b>	<b>60.2</b>	<b>180.7</b>	<b>106.6</b>	<b>388.3</b>	<b>314.2</b>
Cash flow from investing activities	-67.0	-93.2	-264.4	-134.7	-333.3	-203.6
Cash flow from financing activities	-55.8	-41.6	39.5	-53.2	-63.0	-155.7
<b>Cash flow for the period</b>	<b>24.2</b>	<b>-74.6</b>	<b>-44.2</b>	<b>-81.3</b>	<b>-8.0</b>	<b>-45.1</b>

<b>Balance sheet, SEK M</b>	<b>30 June 2008</b>	<b>30 June 2007</b>	<b>31 Dec. 2007</b>
Goodwill	778.1	580.4	599.4
Other intangible assets	55.8	22.0	36.8
Tangible assets	175.3	149.7	162.2
Financial assets	78.2	64.4	39.5
Current assets excl. cash and cash equivalents	1,684.0	1,347.1	1,408.1
Cash and cash equivalents	150.7	149.4	192.0
<b>Total assets</b>	<b>2,922.1</b>	<b>2,313.0</b>	<b>2,438.0</b>
Equity and reserves attributable to equity holders in the Parent Company	1,121.2	733.7	931.9
Minority interest	19.5	22.3	18.4
<b>Total equity</b>	<b>1,140.7</b>	<b>756.0</b>	<b>950.3</b>
Non-current liabilities	101.3	117.9	98.1
Current liabilities	1,680.1	1,439.1	1,389.6
<b>Total equity and liabilities</b>	<b>2,922.1</b>	<b>2,313.0</b>	<b>2,438.0</b>
Contingent liabilities	97.9	125.6	105.3

<b>Changes in equity, SEK M</b>	<b>Jan-June 2008</b>	<b>Jan-June 2007</b>	<b>Full year 2007</b>
<b>Equity, opening balance</b>	<b>950.3</b>	<b>835.9</b>	<b>835.9</b>
Exchange difference on translation of foreign operations	6.2	18.0	38.1
<b>Income and expenses recognised directly in equity</b>	<b>6.2</b>	<b>18.0</b>	<b>38.1</b>
Profit for the period	236.3	166.4	303.3
<b>Total recognised income and expenses</b>	<b>242.5</b>	<b>184.4</b>	<b>341.4</b>
Capital distribution to the shareholders	-170.6	-269.6	-269.6
Minority interests in acquired companies	0.2	16.7	16.9
Purchase of minority interests	-0.7	-10.3	-15.2
Issue of treasury shares	27.3	-	0.6
Issue expenses	-	-1.1	-1.1
Issue of shares	43.6	-	-
Issue of warrants	8.0	-	-
2008 share bonus programme	45.5	-	-
2007 share bonus programme	-5.4	-	41.4
<b>Equity, closing balance</b>	<b>1,140.7</b>	<b>756.0</b>	<b>950.3</b>
Dividend of SEK 2.00 per share	-	-	-170.6

<b>Key ratios<sup>1)</sup></b>	<b>Jan-June 2008</b>	<b>Jan-June 2007</b>	<b>Full year 2007</b>
Operating margin, %	11.9	10.4	9.5
Profit margin, %	11.7	10.4	9.3
Return on equity, %	40.1	39.3	33.8
Return on capital employed, %	41.7	43.8	41.7
Equity/assets ratio, %	39.0	32.7	39.0
Equity per share for profit attributable to equity holders in the Parent Company, SEK			
- Basic EPS	12.88	8.61	11.06
- Diluted EPS	12.88	8.61	10.83
Interest-bearing liabilities, SEK M	340.5	324.9	209.8
Of which, liabilities to credit institutions	338.4	307.3	207.0
Average number of employees	5,359	4,606	4,699
Number of shares on closing date	87,044,963	84,251,350	84,260,044
Number of shares on closing date after dilution	87,044,963	85,256,334	86,029,339
Number of shares on closing date after full dilution	88,296,963	85,939,110	86,947,804
Number of class B and C treasury shares	2,357,867	2,163,000	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-June 2008**

<b>Business segment</b>	<b>Net sales SEK M</b>		<b>Operating profit SEK M</b>		<b>Operating margin %</b>		<b>Average number of employees</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
SWECO Sweden	1,551.4	1,364.6	225.6	155.2	14.5	11.4	2,454	2,342
SWECO Norway	575.8	375.7	70.1	36.6	12.2	9.7	775	534
SWECO Finland	65.1	42.2	9.6	7.3	14.7	17.4	89	74
SWECO Central & Eastern Europe	141.1	77.6	4.0	8.1	2.8	10.5	778	419
SWECO Russia	7.2	5.4	-2.5	0.6	-34.4	10.7	93	48
SWECO Industry	529.2	473.3	47.5	37.8	9.0	8.0	1,155	1,176
Group-wide, eliminations, etc.	-66.1	-36.1	-19.3	-5.2	-	-	15	13
<b>Total Group</b>	<b>2,803.7</b>	<b>2,302.7</b>	<b>335.0</b>	<b>240.4</b>	<b>11.9</b>	<b>10.4</b>	<b>5,359</b>	<b>4,606</b>

### Acquisition of subsidiaries and operations

During the period, Sweco acquired Stockholm Vatten Byggsprojekt AB, EuroSpatial AS, Tveiten Rådgivende Ingeniører AS, UAB Hidroprojekta, Opticonsult AS and the remaining 50 per cent of Lenvodokanalproekt, as well as the net assets of Anders Digernes AS, Birk Nielsens and Traficon AB, which together have 487 employees. During the same period Sweco also acquired minority interests in SWECO Projekt, Skaarup & Jespersen A/S and SWECO BKG LSPI and adjusted and settled the additional purchase consideration regarding JAPS Elektronik AB, Autosolvvia 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 145 million and operating profit of SEK 15 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 47 million and operating profit by approximately SEK 9 million.

SEK M	Acquisitions		
	Opticonsult	Others	Total
Assets in acquired companies	92.1	61.3	153.4
Liabilities in acquired companies	-61.8	-40.1	-101.9
Minority interest recognised on acquisition	-	0.6	0.6
<b>Surplus value</b>			
Intangible assets	116.6	75.7	192.3
Deferred tax	-3.7	-1.6	-5.3
<b>Total purchase price</b>	<b>143.2</b>	<b>95.9</b>	<b>239.1</b>
Unsettled purchase price commitments	-	2.1	2.1
Settled purchase price commitments for acquisitions in earlier years	-	18.1	18.1
Cash and cash equivalents in acquired companies	-16.0	-23.5	-39.5
<b>Effect on the Group's cash and cash equivalents</b>	<b>127.2</b>	<b>92.6</b>	<b>219.8</b>
Operating profit after the acquisition date	9	6	15

### Sale of subsidiaries and operations

During the period, Sweco has sold SWECO PIC China. Since the beginning of the year, the sold company has contributed net sales of SEK 0.8 million and operating profit of SEK -1.1 million. The sale of the company provided a capital loss of SEK -0.3 million. During the period a minority holding in Skaarup & Jespersen A/S has also been sold.

### Subsequent acquisitions

After the end of the reporting period Sweco acquired 72,7 per cent of Energoproekt Hydropower Ltd with 80 employees. The acquired company has annual sales of approximately SEK 23 million and operating profit of approximately 4 million. At the time of acquisition, assets amounted to approximately SEK 10 million, of which around SEK 6 million consisted of cash and cash equivalents. Liabilities amounted to approximately SEK 1 million. The purchase price was SEK 12 million. According to a preliminary purchase price allocation, the acquisition will increase the Group's intangible assets by around SEK 3 million. The net cash flow arising from the acquisition transaction is approximately SEK -6 million.

Five-year overview <sup>1)</sup>	July 2007-				
	June 2008	2007	2006	2005	2004
Net sales, SEK M	5,070.5	4,569.5	3,894.7	3,372.2	3,141.4
Operating profit, SEK M	527.1	432.5	361.9	271.6	208.6
Profit before tax, SEK M	516.2	425.7	364.4	351.2	222.3
Operating margin, %	10.4	9.5	9.3	8.1	6.6
Billing ratio, %	76.5	76.1	75.3	74.2	72.1
Return on equity, %	40.1	33.8	29.9	35.3	26.7
Return on capital employed, %	41.7	41.7	38.2	38.1	27.7
Equity/assets ratio, %	39.0	39.0	40.8	43.2	38.1
Earnings per share, SEK					
- Basic EPS	4.39	3.53	3.00	3.18	1.88
- Diluted EPS	4.34	3.46	2.99	3.17	1.86
Dividend per share, SEK	-	2.00	1.50	1.10	0.80
Redemption amount per share, SEK	-	-	1.70	2.00	-
Average number of employees	5,119	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.

Parent Company income statement, SEK M	Jan-June 2008	Jan-June 2007	Full year 2007
Net sales	37.0	28.9	57.8
Other external expenses	-34.7	-19.1	-23.8
Personnel costs	-19.7	-14.8	-32.6
Amortisation/depreciation and impairment losses	-0.2	-0.2	-0.5
<b>Operating profit</b>	<b>-17.6</b>	<b>-5.2</b>	<b>0.9</b>
Net financial items	2.6	22.5	326.4
<b>Profit after financial items</b>	<b>-15.0</b>	<b>17.3</b>	<b>327.3</b>
Appropriations	-	-	0.1
<b>Profit before tax</b>	<b>-15.0</b>	<b>17.3</b>	<b>327.4</b>
Income tax expense	-	0.1	-84.8
<b>Profit after tax</b>	<b>-15.0</b>	<b>17.4</b>	<b>242.6</b>

Parent Company balance sheet, SEK M	30 June 2008	31 Dec. 2007
Tangible assets	1.1	1.3
Financial assets	471.0	472.8
Current assets	850.1	1,343.0
<b>Total assets</b>	<b>1,322.2</b>	<b>1,817.1</b>
Equity	995.7	1,063.2
Current liabilities	326.5	753.9
<b>Total equity and liabilities</b>	<b>1,322.2</b>	<b>1,817.1</b>