

SWECO AB (publ)

Year-end report 2007

Powerful growth and improved earnings

- **Operating profit improved by 20 per cent to SEK 432.5 million (361.9).**
- **Operating margin was 9.5 per cent (9.3).**
- **Net sales increased by 17 per cent to SEK 4,569.5 million (3,894.7).**
- **Profit before tax was SEK 425.7 million (364.4).**
- **Profit after tax was SEK 303.3 million (258.3), equal to earnings per share of SEK 3.53 (3.00).**
- **The Board proposes a dividend of SEK 2.00 (1.50) per share.**

Comments from CEO Mats Wäppling:

“SWECO is continuing to grow with strong profitability and 2007 was company’s best year on record.

“The general economy has been buoyant and all units are benefiting from favourable market conditions. SWECO’s special expertise in climate-related issues and sustainable development is attracting particularly keen interest.

“We have advanced our positions in both existing and new markets. In Norway our operations have expanded by 24 percent and the latest acquisitions have made us one of the countries largest engineering consultancies, with around 800 employees. We have also grown dramatically in Central and Eastern Europe, among other things through acquisitions in the Czech Republic, Estonia and Lithuania. SWECO currently has some 950 employees and an excellent order intake in these markets.

“The current climate of economic uncertainty has not had any negative impact on demand for our services. SWECO’s healthy finances and leading market positions in areas like water and environment, infrastructure and energy provide a solid platform for our positive long-term development.”

PROFIT AND FINANCIAL POSITION

Net sales and profit

The SWECO Group's net sales were up by 17 per cent to SEK 4,569.5 million (3,894.7). Of the increase, around 40 per cent consists of organic growth and 60 per cent of acquisition-driven growth.

Profit summary, SEK M	2007	2006
SWECO Sweden	278.8	233.8
SWECO Norway	66.7	56.7
SWECO Finland	14.3	8.8
SWECO Central & Eastern Europe	12.4	3.4
SWECO Russia	0.9	1.1
SWECO Industry	60.2	59.9
Group-wide, etc.	-0.8	-1.8
Operating profit	432.5	361.9
Consolidated net financial items	-6.8	2.5
Profit before tax	425.7	364.4

Operating profit amounted to SEK 432.5 million (361.9), an improvement of SEK 70.6 million that is mainly explained by a continued strong market and the accretive effects of past acquisitions. Profit in SWECO Industry was burdened with costs of approximately SEK 7 million arising from the strike in Finland at the end of the year and restructuring charges of around SEK 4 million in the Finnish operations, for a total of SEK 11 million. Profit for the SWECO Group was negatively affected by employee bonuses of SEK 97.9 million (69.7) including social security contributions.

The Group's overall operating margin was 9.5 per cent (9.3). The billing ratio, including all administrative personnel, rose by 0.8 percentage units to 76.1 per cent (75.3).

Profit before tax was SEK 425.7 million (364.4). The Group's net financial items totalled SEK – 6.8 million (2.5), where the year-earlier figure included a value change of SEK 2.1 million pertaining to the sold shares in AB Ångpanneföreningen.

Profit after tax amounted to SEK 303.3 million (258.3), of which SEK 297.4 million (253.4) is attributable to equity holders in the Parent Company. Profit was charged with a tax rate of 29 per cent (29).

Return on equity was 33.8 per cent (29.9) and return on capital employed was 41.7 per cent (38.2).

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

Earnings per share

Earnings per share were SEK 3.53 (3.00) before dilution and SEK 3.46 (2.99) after dilution.

Capital expenditure

Net expenditure on equipment during the period totalled SEK 86.4 million (73.2) and referred mainly to computers, other IT investments and cars. Depreciation of equipment amounted to SEK 60.2 million (50.4) and amortisation of intangible assets to SEK 14.3 million (4.5).

Purchase consideration paid for the acquisition of associated companies and subsidiaries during the period amounted to SEK 242.3 million, which had an effect on consolidated cash and cash equivalents of SEK 163.2 million (135.3).

Cash flow and financial position

The Group's cash flow from operating activities was SEK 314.3 million (243.8).

Cash and cash equivalents and other current interest-bearing assets amounted to SEK 192.0 million (255.6). Disposable cash and cash equivalents including unutilised bank overdraft facilities at the end of the period totalled SEK 751.7 million (414.3), including unutilised overdraft facilities of SEK 559.7 million (159.9). Interest-bearing debt is reported at SEK 209.8 million (105.8). The net interest-bearing liability was thus SEK 17.8 million (net interest-bearing asset of SEK 149.8).

During the year, a total of SEK 269.6 million (261.8) was transferred to the shareholders in the form of dividends and redemption of shares.

The equity/assets ratio was 39.0 per cent (40.8). Based on the balance sheet at 31 December 2007, and after the proposed dividend, the equity/assets ratio will be approximately 33 per cent.

Personnel

The number of employees at 31 December 2007 was 4,934 (4,229). The average number of employees in the Group during the year was 4,699 (3,986).

Fourth quarter

Net sales were up by 13 per cent over the same period of 2006 and reached SEK 1,309.9 million (1,161.9). Operating profit rose by 8 per cent to SEK 135.7 million (125.8) and operating margin was 10.4 per cent (10.8). The billing ratio was 75.9 (75.8).

Parent Company

The Parent Company recorded net sales of SEK 57.8 million (71.1), all of which referred to intra-group services. Profit after net financial items was SEK 327.3 million (744.4) and is mainly attributable to dividends from subsidiaries. The figures for the previous year also include gains on the internal transfer of subsidiaries in connection with organisational changes. Capital expenditure on equipment amounted to SEK 0.6 million (2.7) and cash and cash equivalents and short-term investments at the end of the year totalled SEK 61.9 million (147.3).

THE SWECO SHARE

The SWECO share is listed on the OMX Nordic Stock Exchange in Stockholm. The bid price for the SWECO B share at the end of the period was SEK 65.00, representing a total increase of 23 per cent during the year. The OMX Stockholm General Index fell by 6.0 per cent over the same period. Total yield on the SWECO share in 2007 was 30 per cent. Over the past five years, total annual yield on the SWECO share has average at 50 per cent.

The number of shares was changed during the year through the issue of 1,000,000 class C shares for fulfilment of the 2007 Share Bonus Programme, a 10-for-1 share split and a redemption procedure in which every five shares of class A and B were redeemed for a cash price of SEK 8.50. The total number of shares thereafter was 86,414,350, consisting of 9,389,075 class A shares, 76,025,275 class B shares and 1,000,000 class C shares. After deduction of treasury shares, the number of shares outstanding at the end of the period was 84,260,044, of which 9,389,075 were class A shares and 74,870,969 were class B shares. The class A share grants entitlement to one vote and the class B share to one-tenth of a vote in general shareholder meetings.

Incentive scheme for senior executives

The 2005 AGM approved the issue of subscription warrants (2005/2008) to some 50 senior executives in the SWECO Group. A total of 289,000 warrants were subscribed for. The warrants may be exercised for subscription to shares during the period from 1 May 2008 to 31 October 2008 at an exercise price of SEK 26.70 per share. Each warrant grants the right to subscribe for 5.84 shares.

On full exercise of the warrant series 2005/2008, the number of class B shares will increase by 1,687,760, corresponding to a dilutive effect of 1.9 per cent of the share capital and 1.0 per cent of the votes.

Share bonus programme

The extraordinary general meeting on 21 March 2007 approved the implementation of a share bonus programme directly to the majority of the Group's employees in Sweden. The share bonus programme has replaced the earlier cash-based bonus system.

Under the share bonus programme, the employees will receive shares in SWECO in March 2008 equal to the earned bonus for the 2007 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 22 March 2007 to 30 March 2007, less an amount corresponding to the dividend and redemption price per share as resolved on by the 2007 Annual General Meeting. The base price was set at SEK 53.46. The number of shares to be awarded under the 2007 share bonus programme is estimated at around 850,000.

Treasury shares

SWECO's holding of repurchased class B shares (treasury shares) changed during the year through the issue of 8,694 shares in connection with the acquisition of operations in NNBK Finnmark, after which SWECO holds 1,154,306 class B treasury shares. The shares were purchased at average price of SEK 22.10 each, equal to a total of SEK 25.5 million. The market value at the end of the period was SEK 75.0 million. To enable

delivery of shares to the employees covered by the 2007 share bonus programme, SWECO holds 1,000,000 repurchased class C shares that will be converted to B shares prior to distribution under the share bonus programme. The treasury shares correspond to 2.5 per cent of the total number of shares and 1.3 per cent of the votes.

Liquidity provider

SWECO has an agreement with HQ Bank AB to act as a market maker to improve the liquidity of SWECO's class B share. Under the agreement, HQ Bank AB issues bid and offer prices for SWECO's class B share and is committed to buying and selling the share at these prices on its own account.

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 5,000 employees, the SWECO Group is among the dominant players in Europe and the market-leader in several segments of the Nordic and Baltic regions. SWECO has subsidiaries in ten countries and projects currently under way in 75 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 still shows no signs of slowing. A stronger focus on climate change is stimulating interest in SWECO's services, above all in the environmental and energy areas. However, a slight downturn is anticipated for building-related assignments.

SWECO Sweden

SWECO Sweden is one of the country's leading providers of consulting engineering services and the Group's largest business unit, with more than 2,400 employees in 44 locations and services in architecture, structural engineering, building service systems, transportation and civil engineering, water and environment, project management, energy systems and geographic information systems. 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 2,662.1 million (2,343.9). Operating profit was SEK 278.8 million (233.8) and operating margin was 10.5 per cent (10.0).

Market

The consulting engineering market remains strong, with particularly vigorous demand for services in infrastructure, water and environment, energy and GIS.

SWECO's special expertise in climate-related issues and sustainable development is attracting powerful interest as a greater awareness of mankind's negative impact on the environment stimulates demand for solutions to create a sustainable society. SWECO is also noting an expanding market for preventative measures to mitigate the effects of climate change, such as rising sea levels and increased precipitation.

Power producers are stepping up their investments in development of wind and hydroelectric power in response to an increasing need for renewable energy, which is in turn creating a growing market and rising demand for SWECO's services.

Continued high investment levels are being seen in the infrastructure sector and this positive development is expected to continue in 2008. The market for building-related services in Sweden remains good, mainly in the metropolitan areas, although some contraction is awaited. The assessment is that assignments in healthcare and urban planning have growth potential, while housing and offices are declining. The market for geographical information systems (GIS) is expanding rapidly with steady growth in the number of applications. Robust demand for these services is anticipated, since many GIS solutions contribute to reduced environmental impact.

Major contracts during the year

On behalf of the Swedish Forest Agency, SWECO has been chosen to develop a GIS-based solution for more efficient reforestation.

SWECO's Swedish architects have been commissioned to plan a housing development in St. Petersburg, Russia, with a Scandinavian design. The project is focused on sustainable development and energy conservation.

SWECO has been chosen for a wind power initiative in northern Sweden where SCA and Statkraft have formed a joint company for large-scale wind power investment. In the first phase, SWECO will perform studies on the intended sites and drive the necessary permitting processes including environmental impact assessments (EIA).

In 2007 SWECO won assignments in connection with two of Sweden's largest infrastructure projects. Together with Grontmij, SWECO's consultants will carry out a large-scale consulting assignment ahead of the planned Citybanan railway line in Stockholm. The contract is worth a total of approximately SEK 100 million.

At the beginning of October, SWECO's consultants were selected by the Swedish National Road Administration to prepare two work plans for Sweden's largest road project, the Stockholm Bypass. The assignment will be carried out in collaboration with WSP Sverige and Tyréns and is worth a total of SEK 155 million.

SWECO Norway

SWECO is one of Norway's largest engineering consultancies with around 600 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. At the beginning of 2008 the business unit will change name from SWECO Grøner to SWECO Norway.

Net sales improved by 24 per cent to SEK 781.2 million (629.4). Operating profit amounted to SEK 66.7 million (56.7) and operating margin to 8.5 per cent (9.0).

Market

On the whole, market development for consulting engineering services remains positive. All of SWECO's areas of operation are experiencing powerful demand,

although growth in the construction sector and parts of the industrial sector has slowed somewhat.

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 in development of wind power, bio energy and small-scale hydropower.

Major contracts during the year

SWECO has been selected for a large-scale assignment on behalf of REC, which is building a new production plant in Porsgrunn, for manufacturing of silicon wafers for solar applications and a plant in Narvik for manufacturing of solar cells and modules.

SWECO has been chosen by Sargas AS for preconstruction planning of Norway's first coal power plant with full CO₂ capture. The capture technology is the first of its kind and can also be applied to existing coal and gas-fired power plants.

SWECO's consultants in Norway have been commissioned to prepare a construction plan for the E6 motorway through Gudbrandsdalen. Among other things, the 14 km section of road includes a 4 km tunnel. The assignment will be carried out on behalf of the Norwegian Public Roads Administration. SWECO has also been chosen by the Norwegian power producer VOKKS Kraft to plan the expansion of the Fall hydroelectric plant at Randfjorden.

SWECO Finland

SWECO Finland has some 80 employees and at present mainly provides construction management and project management services through the subsidiary SWECO CMU.

Net sales amounted to 93.4 million (58.4). Operating profit was SEK 14.3 million (8.8) and operating margin was 15.3 per cent (15.1).

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 further. The previously vigorous growth in the construction sector is expected to subside, but with a sustained strong market for public facilities in areas like healthcare. On the whole, market development in 2008 is expected to be on par with the prior year.

Major contracts during the year

In 2007 SWECO won several notable contracts, including project management of Vattenfall's district heating plant in the Finnish city of Tavastehus and project management for construction of housing by the property development company SATO in Helsinki. Other notable projects include planning of a district heating plant for Fortum and rebuilding of the Ring I motorway at Vallikallio in Espoo.

SWECO Central & Eastern Europe, SWECO Russia

Operations are conducted in two business units: SWECO Central & Eastern Europe with some 640 employees and SWECO Russia with around 140 employees. SWECO also has extensive project exports to these markets from Sweden, Norway and Finland, primarily in water and environment, infrastructure, industry and architecture.

SWECO is continuing its expansion in the Russian market. At the beginning of October SWECO's joint-owned company Lenvodokanalproekt established operations in the city of Saratov, 800 km southeast of Moscow, with 35 employees.

Net sales for SWECO Central & Eastern Europe rose sharply to SEK 196.1 million (50.3). Operating profit was SEK 12.4 million (3.4) and operating margin was 6.3 per cent (6.8). Net sales for SWECO Russia increased by 56 per cent to SEK 15.6 million (10.0). Operating profit amounted to SEK 0.9 million (1.1) and operating margin to 5.9 per cent (11.0).

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.

There is a keen demand for SWECO's services, particularly in the environmental area but increasingly also in the industrial, infrastructure, energy and architecture areas as these countries upgrade their water and sewage systems, transport systems, energy supply and industrial facilities.

Major contracts during the year

In Lithuania, SWECO has been chosen to develop and modernise the water supply and wastewater systems in 13 cities throughout the country.

SWECO's Estonian consultants have been awarded a contract to design and detail plan the rebuilding of Freedom Square in Tallinn. Among other things, the project includes new underground parking spaces, a car-free zone, new green areas and walking paths.

At the beginning of July, SWECO's Russian company Lenvodokanalproekt won two major environmental contracts in the city of Petrozavodsk in northwest Russia. The contracted services include inspection of the city's water and wastewater systems and drafting of proposals for how the systems can be improved.

SWECO's recently acquired subsidiary Hydroprojekt has been chosen to plan the expansion of wastewater treatment plants in the Czech cities of Kladno and Slany. The assignment also includes expansion of wastewater systems in an additional four cities.

In the autumn, SWECO was awarded a contract in Lithuania for decommissioning of the nuclear power plant in Ignalina. The assignment includes an environmental impact assessment (EIA) and planning for dismantling of the turbine hall in reactor 1.

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 some 900 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 was restructured at the end of the year and now has seven business units focusing on the chemical and petrochemical industry, the pulp and paper industry, the marine industry, energy production and product development. At year-end 2007, SWECO PIC changed name to SWECO Industry.

Net sales improved by 7 per cent to SEK 901.7 million (843.0). Operating profit rose to SEK 60.2 million (59.9) and operating margin was 6.7 per cent (7.1).

Market

The market for industrial consulting services is showing stable 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. 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.

New investments in the forestry industry are concentrated outside the Nordic region, in regions like South America, Asia and Russia. The oil and gas industry is boosting its investments in the domestic market and Russia, and the same trend is also being seen among the major power-producing companies.

Major contracts during the year

In Russia, SWECO's was commissioned for preconstruction planning of a bio fuel-fired CHP plant for Kostroma, a subsidiary of the Russian-based Gazprom.

In Sweden, SWECO was awarded a major contract by Växjö Värnamo Biomass Gasification Centre (VVBGC) in connection with rebuilding and retrofitting of a unique biomass gasification plant in Värnamo, Sweden. The rebuild of the gasification plant is part of a R&D project, where the aim is to develop and optimise an energy- and cost-efficient method to produce hydrogen-rich gases from renewable biomass. The contract is worth approximately SEK 18 million.

In Finland, SWECO will deliver consulting engineering services for construction of the world's largest luxury cruise vessel, Genesis, which can accommodate 5,400 passengers.

In product development and industrial design, SWECO has been awarded several interesting assignments for clients like Fiskars' Buster boats and Metso Automation.

SWECO' industrial consultants have been awarded a major contract in connection with the construction of a new bio fuel-fired Combined Heat and Power (CHP) plant north of

Helsinki, Finland. The plant will be fired with biomass fuels and will combine electricity and thermal production, covering about 75 per cent of district heating requirement in the city of Kerava. The plant is scheduled for completion in the autumn of 2009.

ACQUISITIONS

In 2007 SWECO acquired companies and operations with a total of approximately 620 employees. Annual sales in the acquired companies during 2007 amounted to approximately SEK 329 million, with an operating profit of around SEK 15 million. During the year, the acquired companies contributed net sales of SEK 255 million and operating profit of SEK 11 million. The combined purchase price for the acquired companies and operations was SEK 242.3 million.

SWECO Sweden

SWECO Energuide acquired the consulting firm of Autosolvia AB in Gothenburg, with 20 employees. Autosolvia will expand SWECO Energuide's service offering for clients in the energy sector and heavy base industries in western Sweden.

SWECO FFNS acquired the consulting firm of EuroFutures Fredriksson & Partners AB with 15 employees. The acquisition will strengthen SWECO FFNS's position in urban planning and strategic development while at the same time broadening the company's traditional offering with new areas of expertise.

SWECO Theorells has acquired the building service systems consultancy Grapenfelt Norr AB in Östersund, with 15 employees, and Kedbrant & Wickberg Teknik AB in Gävle, with five employees. Grapenfelt Norr offers consulting services in HVAC, sanitation, energy and environment and works with a focus on HVAC and sanitation engineering for the real estate and industrial sectors. Kedbrant & Wickberg provides services in planning, studies, control and inspection in the HVAC and sanitation and energy areas. In the autumn, SWECO Theorells acquired the electronic engineering consultancy Probeko AB in Göteborg, with 8 employees. The acquisition has given SWECO Theorells greater breadth and strength in the power systems area.

SWECO Position has acquired the Swedish GIS consulting firm SWEGIS with 7 employees. The company is a total supplier of software and services for Geographic Information Systems (GIS). The acquisition will further strengthen SWECO Position's offering in the Swedish consulting market for GIS.

SWECO Norway

SWECO Norway acquired the northern Norwegian consulting engineering firm of AT Consult with 27 employees. The company is primarily active in the construction and civil engineering sectors and has longstanding experience of assignments in the Arctic region. The acquisition will strengthen SWECO's position in northern Norway and the capacity to offer clients in this region a wider range of services.

SWECO Norway has also acquired the operations of the Norwegian engineering consultancy NNBK Finnmark with 14 employees. NNBK Finnmark has a strong market position in Northern Norway and is specialised in areas like planning, design and construction management.

At the end of the year, SWECO Norway signed an agreement to acquire Opticonsult AS with 160 employees. The majority of Opticonsult's employees are based in Bergen and Stavanger. The company is active in a number of areas with an emphasis on consulting services for construction and civil engineering. In addition, Opticonsult has special expertise of carrying out assignments in the polar region. The acquisition has given SWECO Norway more comprehensive geographical coverage in Norway.

SWECO Central & Eastern Europe

At the beginning of the year, SWECO Projekt was formed through a merger between the three Estonian companies ETP Grupp, Eesti Projekt and SWECO Eesti. The company has around 180 employees and is the market-leader in Estonia with services in water and environment, energy, building service systems, infrastructure, architecture and structural engineering. SWECO's holding at year-end was 72.8 per cent.

SWECO has acquired the Czech consulting company Hydroprojekt CZ a.s. with 270 employees who are active mainly in water and wastewater management. The acquisition has given SWECO a strong position in the Czech Republic and a new home market in Central Europe.

SWECO has acquired an additional 29 per cent of the shares in the Lithuanian consulting engineering company LSPI during 2007, bringing its total holding to 99 per cent. LSPI was acquired in 2006 by SWECO's Lithuanian subsidiary SWECO BKG, which then became the market leader in the country. SWECO BKG and LSPI were merged during the autumn.

SWECO Industry

SWECO Industry has acquired JAPS Elektronik AB, one of Sweden's leading engineering consultancies in the field of industrial electronics. The acquisition will advance SWECO PIC's market position in Sweden, primarily in the product development area. The company has 45 employees.

SWECO has acquired the wireless product development unit of Flextronics ODM Finland Oy, with 16 employees in Kuopio, Finland. The acquisition will widen SWECO's scope to offer comprehensive product development services for companies in the telecom sector.

SUBSEQUENT EVENTS

Acquisitions

SWECO Sweden

SWECO VIAK has acquired the building design unit of Stockholm Vatten, 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 Central & Eastern Europe

SWECO has acquired 98 per cent of the Lithuanian company Hidroprojektas with approximately 175 employees. Through the acquisition, SWECO has become the country's largest engineering consultancy.

SWECO Norway

SWECO has acquired the consulting engineering firm Tveiten Rådgivende Ingeniører AS with 29 employees in the Telemark region, southwest of Oslo. The company's speciality areas include water and wastewater engineering, environmental engineering, technical installations, climate technology and structural engineering.

SWECO 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 5 employees in Lillehammer, Norway.

SWECO has acquired the operations of Anders Digernes AS. The company has 4 employees and is specialised in construction design.

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 2006.

RISKS AND UNCERTAINTIES

The SWECO Group's and the Parent Company's significant risks and uncertainties 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 40 of SWECO's annual report 2006, "Risk Management".

FINANCIAL TARGETS

The Board of Directors has set a new profitability target for SWECO to achieve an operating margin of at least 12 per cent.

BOARD PROPOSALS

Dividend

The Board of Directors and Managing Director propose a dividend per share of SEK 2.00 (1.50), amounting to a total capital distribution of SEK 172.5 (126.4). No dividends will be paid on treasury shares.

Share bonus programme

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

Warrant programme

The Board of Directors has decided to propose that the Annual General Meeting approve the implementation of a warrant programme for senior executives in the SWECO Group.

Repurchase and transfer of treasury shares

The Board of Directors has decided to propose that the Annual General Meeting authorise the Board to decide on the repurchase of treasury shares. This mandate would enable the Board, during the period before the next annual general meeting, to decide on the repurchase of SWECO shares when deemed appropriate. The number of repurchased shares may amount to no more than 5 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 transfer repurchased shares.

The Board's final proposal regarding the share bonus programme, warrant programme and repurchase and transfer of treasury shares will be published in conjunction with the notice to attend the Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting of SWECO will be held at 3:30 p.m. on Thursday, 10 April 2008, at Hotel Rival, Mariatorget 3, in Stockholm, Sweden.

SWECO's annual report will be available to the shareholders at the head office, Gjörwellsgatan 22, in Stockholm, around two weeks prior to the 2008 AGM.

FINANCIAL CALENDAR 2008

Interim report January-March	6 May 2008
Interim report January-June	22 July 2008
Capital Market Day	25 September 2008
Interim report January-September	4 November 2008
Year-end report	10 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 Eastern and Central Europe. The current climate of economic uncertainty has not had any negative 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.

Stockholm, 6 February 2008
SWECO AB (publ)

Mats Wäppling
President & CEO

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

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The information in this press release is such that it must be published by SWECO in accordance with the Securities Market Act and/or the Act on Trading in Financial Instruments. The information was submitted for publication at 12:50 p.m. on 6 February 2008.

Income statement, SEK M	Oct-Dec	Oct-Dec	Full year	Full year
	2007	2006	2007	2006
Net sales	1,309.9	1,161.9	4,569.5	3,894.7
Other external expenses	-362.0	-342.5	-1,201.7	-1,043.2
Personnel costs	-788.1	-679.0	-2,860.0	-2,431.8
Amortisation/depreciation and impairment	-24.1	-14.6	-75.3	-57.8
Operating profit	135.7	125.8	432.5	361.9
Net financial items	-2.4	-0.6	-6.8	2.5
Profit before tax	133.3	125.2	425.7	364.4
Income tax expense	-39.3	-34.1	-122.4	-106.1
Profit after tax	94.0	91.1	303.3	258.3

Attributable to:

Equity holders in the Parent Company	94.0	91.0	297.4	253.4
Minority interest	0.0	0.1	5.9	4.9

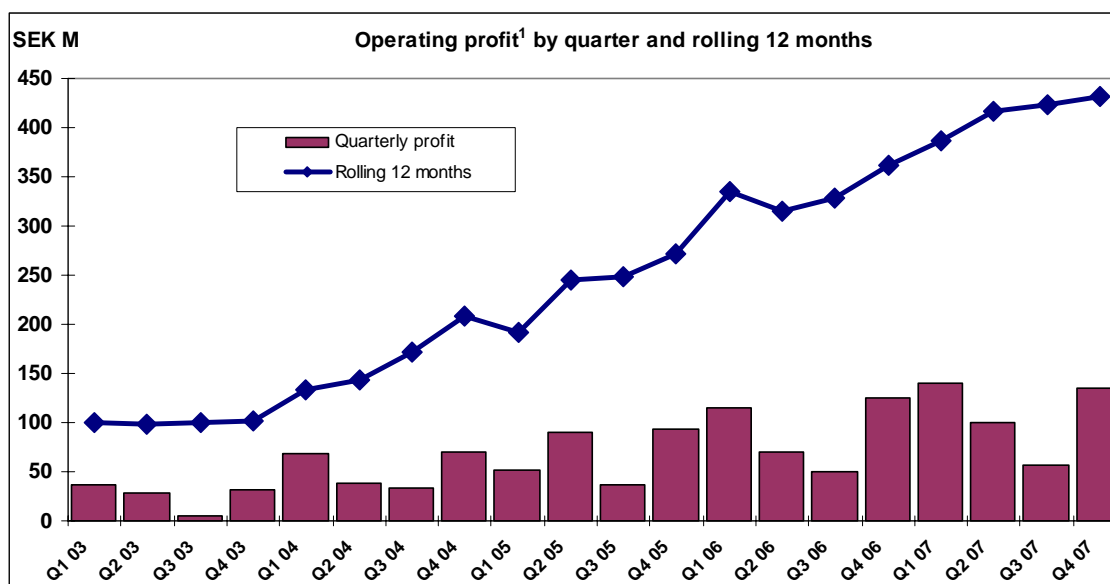
Earnings per share for profit attributable to equity holders in the Parent Company, SEK

- Before dilution	1.11	1.08	3.53	3.00
- After dilution	1.09	1.07	3.46	2.99

Dividend per share, SEK (proposed for 2007)

	-	-	2.00	1.50
Redemption amount per share, SEK	-	-	-	1.70
Average number of shares*	84,260,044	84,251,350	84,254,248	84,384,685
Average number of shares after dilution*	85,978,879	84,733,375	85,889,241	84,805,825

* The number of shares for earlier periods has been recalculated with respect to the completed share split.



1) The period prior to 2004 refers to operating profit according to the then applicable accounting standards excluding goodwill amortisation.

Cash flow statement, SEK M	Oct-Dec 2007	Oct-Dec 2006	Full year 2007	Full year 2006
Cash flow from operating activities before changes in working capital and paid tax	141.7	130.7	488.2	421.2
Paid tax	-10.6	-29.3	-166.6	-142.9
Changes in working capital	40.9	85.5	-7.3	-34.5
Cash flow from operating activities	172.0	186.9	314.3	243.8
Cash flow from investing activities	-37.3	-68.9	-203.8	30.2
Cash flow from financing activities	-93.8	-25.5	-155.7	-283.1
Cash flow for the period	40.9	92.5	-45.2	-9.1

Balance sheet, SEK M	31 Dec. 2007	31 Dec. 2006
Goodwill	599.4	426.3
Other intangible assets	36.8	18.2
Tangible assets	162.2	142.4
Financial assets	39.5	44.3
Current assets excl. cash and cash equivalents	1,408.1	1,195.1
Cash and cash equivalents	192.0	224.6
Total assets	2,438.0	2,050.9
Equity attributable to equity holders of the Parent Company	931.9	825.6
Minority interest	18.4	10.3
Total equity	950.3	835.9
Long-term liabilities	98.1	107.6
Current liabilities	1,389.6	1,107.4
Total equity and liabilities	2,438.0	2,050.9
Pledged assets	-	1.8
Contingent liabilities	105.3	128.5

Changes in equity, SEK M	Full year 2007	Full year 2006
Equity, opening balance	835.9	880.7
Exchange difference on translation of foreign operations	38.1	-25.1
Net income recognised directly in equity	38.1	-25.1
Profit for the period	303.3	258.3
Total recognised income and expenses	341.4	233.2
Capital distribution to the shareholders	-269.6	-269.9
Minority interests in acquired companies	16.9	3.5
Purchase of minority interests	-15.2	-10.1
Issue of treasury shares	0.6	-
Issue expenses	-1.1	-1.5
Share bonus programme	41.4	-
Equity, closing balance	950.3	835.9
Dividend of SEK 2.00 per share proposed for 2007 and SEK 1.50 per share for 2006	-172.5	-126.4
Redemption amount of SEK 1.70 per share for 2006	-	-143.2

Key ratios ¹⁾	Full year 2007	Full year 2006
Operating margin, %	9.5	9.3
Profit margin, %	9.3	9.4
Return on equity, %	33.8	29.9
Return on capital employed, %	41.7	38.2
Equity/assets ratio, %	39.0	40.8
Equity per share for profit attributable to equity holders in the Parent Company, SEK		
- Before dilution	11.06	9.80
- After dilution	10.83	9.73
Interest-bearing liabilities, SEK M	209.8	105.8
Of which, liabilities to credit institutions	207.0	75.3
Average number of employees	4,699	3,986
Number of shares on closing date ²⁾	84,260,044	84,251,350
Number of shares on closing date after dilution ²⁾	86,029,339	84,887,845
Number of shares on closing date after full dilution ²⁾	86,947,804	85,739,700
Number of class B and C treasury shares ²⁾	2,154,306	1,163,000

1) The definitions of key ratios are unchanged and can be found in SWECO's annual report for 2006.

2) The number of shares for earlier periods has been recalculated with respect to the completed share split.

**Net sales, operating profit, operating margin and average number of employees for the period
January-December 2007**

Business segment	Net sales SEK M		Operating profit SEK M		Operating margin %		Average number of employees	
	2007	2006	2007	2006	2007	2006	2007	2006
SWECO Sweden	2,662.1	2,343.9	278.8	233.8	10.5	10.0	2,336	2,079
SWECO Norway	781.2	629.4	66.7	56.7	8.5	9.0	582	502
SWECO Finland	93.4	58.4	14.3	8.8	15.3	15.1	77	47
SWECO Central & Eastern Europe	196.1	50.3	12.4	3.4	6.3	6.8	529	144
SWECO Russia	15.6	10.0	0.9	1.1	5.9	11.0	64	37
SWECO Industry	901.7	843.0	60.2	59.9	6.7	7.1	1,097	1,126
Group-wide, eliminations, etc.	-80.6	-40.3	-0.8	-1.8	-	-	14	51
Total Group	4,569.5	3,894.7	432.5	361.9	9.5	9.3	4,699	3,986

Acquisition of subsidiaries and operations

During the year, SWECO has acquired Autosolvvia AB, JAPS Elektronik AB, EuroFutures Fredriksson & Partners AB, Kedbrant & Wickberg Teknik AB, Hydroprojekt CZ a.s, Hydroreal a.s, Costers Geoborr AB, SWEGIS AB and Probeko AB, as well as the net assets of Grapenfelt norr AB, Markteknik i Bromma AB, Anleggsteknikk Consult AS, Flextronic's unit for wireless product development and Nordnorsk Byggekontroll Finnmark AS. During the year, SWECO Projekt was merged with ETP Grupp, Eesti Projekt and SWECO Eesti, of which ETP Grupp and Eesti Projekt were not previously included in the Group. In 2007 SWECO also acquired minority interests in LSPI, Sweco Projekt, Hydroreal and JAPS Elektronik AB's subsidiary. Based on preliminary acquisition analyses, 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 255 million and operating profit of SEK 11 million. If all companies had been acquired at 1 January 2007, the SWECO Group's net sales would have increased by approximately SEK 74 million and operating profit by approximately SEK 4 million.

SEK M	Acquisitions			Total
	JAPS	Hydroprojekt	Others	
Assets in acquired companies	28.5	45.7	82.6	156.8
Liabilities in acquired companies	-16.9	-17.9	-41.5	-76.3
Minority interest recognised on acquisition	-0.0	-0.4	-1.2	-1.6
Surplus value				
Intangible assets	35.1	32.6	99.1	166.8
Tangible assets	-	-	1.5	1.5
Deferred tax	-1.6	-1.1	-2.2	-4.9
Total purchase price	45.1	58.9	138.3	242.3
Unsettled purchase price commitments	-4.5	-	-14.9	-19.4
Settled purchase price commitments for acquisitions in earlier years	-	-	-2.1	-2.1
Cash and cash equivalents in acquired companies	-6.3	-6.5	-44.8	-57.6
Effect on the Group's cash and cash equivalents	34.3	52.4	76.5	163.2
Operating profit after the acquisition date	1	1	9	11

Subsequent acquisitions

After the end of the reporting period SWECO acquired Stockholm Vatten Byggprojekt AB, Hidroprojekta, Eurospatial AS and Tveiten Rådgivende Ingeniører AS, as well as the net assets of Anders Digernes AS, which together have 228 employees. The acquired companies have combined annual sales of approximately SEK 93 million and operating profit of approximately SEK 10 million. At the time of acquisitions, the assets of the companies amounted to approximately SEK 48 million, of which around SEK 9 million consisted of cash and cash equivalents. The liabilities of the acquired companies amounted to approximately SEK 31 million. The total purchase price was SEK 60 million. According to a preliminary acquisition analysis, the acquisitions will increase the Group's intangible assets by around SEK 44 million. The net cash flow arising from the acquisition transactions is approximately SEK -58 million.

Five-year overview ¹⁾

	2007	2006	2005	2004	2003²⁾
Net sales, SEK M	4,569.5	3,894.7	3,372.2	3,141.4	2,211.4
Operating profit, SEK M	432.5	361.9	271.6	208.6	96.8
Profit before tax, SEK M	425.7	364.4	351.2	222.3	119.5
Operating margin, %	9.5	9.3	8.1	6.6	4.4
Billing ratio, %	76.1	75.3	74.2	72.1	68.9
Return on equity, %	33.8	29.9	35.3	26.7	16.8
Return on capital employed, %	41.7	38.2	38.1	27.7	19.6
Equity/assets ratio, %	39.0	40.8	43.2	38.1	32.4
Earnings per share, SEK					
- Before dilution	3.53	3.00	3.18	1.88	1.13
- After dilution	3.46	2.99	3.17	1.86	1.12
Dividend per share, SEK ³⁾	2.00	1.50	1.10	0.80	0.60
Redemption amount per share, SEK ³⁾	-	1.70	2.00	-	-
Average number of employees	4,699	3,986	3,626	3,445	2,437

1) The definitions of key ratios are unchanged and can be found in SWECO's annual report for 2006.

2) 2003 is not covered by IFRS but are reported according to the then applicable accounting standards.

3) Proposed dividend for 2007.

Parent Company income statement, SEK M	Full year 2007	Full year 2006
Net sales	57.8	71.1
Other external expenses	-23.8	-19.4
Personnel costs	-32.6	-54.8
Amortisation/depreciation and impairment	-0.5	-2.0
Operating profit	0.9	-5.1
Net financial items	326.4	749.5
Profit after financial items	327.3	744.4
Appropriations	0.1	0.1
Profit before tax	327.4	744.5
Tax	-84.8	-72.6
Profit after tax	242.6	671.9

Parent Company balance sheet, SEK M	31 Dec. 2007	31 Dec. 2006
Tangible assets	1.3	2.0
Financial assets	472.8	406.1
Current assets	1,342.8	1,216.1
Total assets	1,816.9	1,624.2
Equity	1,063.0	1,048.7
Untaxed reserves	-	0.1
Current liabilities	753.9	575.4
Total equity and liabilities	1,816.9	1,624.2