

Sweco  
Annual Report  
2014



**Financial calendar**


7 May 2015	Interim report Jan–Mar 2015
17 July 2015	Interim report Jan–Jun 2015
23 October 2015	Interim report Jan–Sep 2015
11 February 2016	Year-end report 2015

**Green news**

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The future that may seem remote to others is very much present at Sweco. Today, our building service systems consultants are working on the indoor environment for a new hospital that will be admitting patients in just under five years' time. Today, our traffic engineers are analysing a new underground metro line that will open to passengers in ten years. Today, our architects are designing what will be a vibrant, dynamic new city district in around 15 years. It is Sweco's job to be one step ahead. For most people, the results of our work become reality in the future.

Sweco not only holds a leading position in the Nordic region – it is also one of Europe's largest consultancies within sustainable urban development. Our 9,000 engineers, architects and environmental experts plan and design the communities and cities of the future.

We approach small analytical assignments and major design assignments with the same high level of commitment and recognised expertise. Sweco carries out tens of thousands of assignments each year in around 70 countries across the globe. Whatever challenge you're facing, you can count on Sweco to solve it.

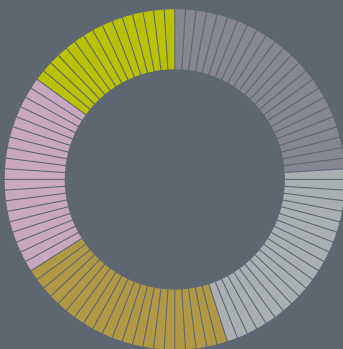
# Nordic region's leading consultancy for cities of the future

## 2014 in brief

- Sweco reported its strongest-ever full-year results. Net sales increased 13 per cent.
- The integration of Sweco's largest acquisitions to date in Sweden (Vectura) and in Finland (FMC) was finalised.
- Sweco strengthened its leadership in the infrastructure market. The new railway and underground metro assignments are among the largest infrastructure initiatives of our time in the Nordic region.
- The year was characterised by an overall stable market, which is gradually improving.
- Sweco is the largest consulting engineering company in the Nordic market and fourth largest in the European market.
- Sweco is well positioned for profitable growth. The Group holds leading market positions in Sweden, Norway and Finland and strong niche positions in several Central and Eastern European countries.

### Customers

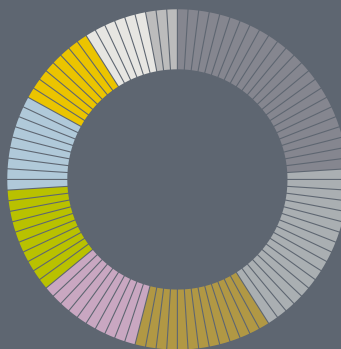
Net sales by customer category in 2014, %



Public administrations and agencies, 24 (24)
Industrial companies, 21 (31)
Municipal and county governments, 21 (23)
Other private sector companies, 19 (2)
Housing, real estate and construction companies, 15 (20)
Energy, 10 (12)

### Services

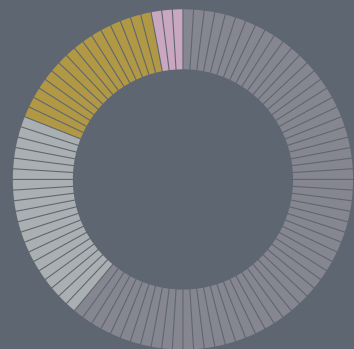
Share of consolidated net sales in 2014, %



Infrastructure, 24 (21)
Structural Engineering, 17 (19)
Building Service Systems, 13 (11)
Energy, 10 (12)
Water & Environment, 10 (10)
Project Management, 9 (8)
Industry, 8 (9)
Architecture, 6 (7)
IT for Urban Development, 3 (3)

### Net sales by business area

Share of consolidated net sales in 2014, %



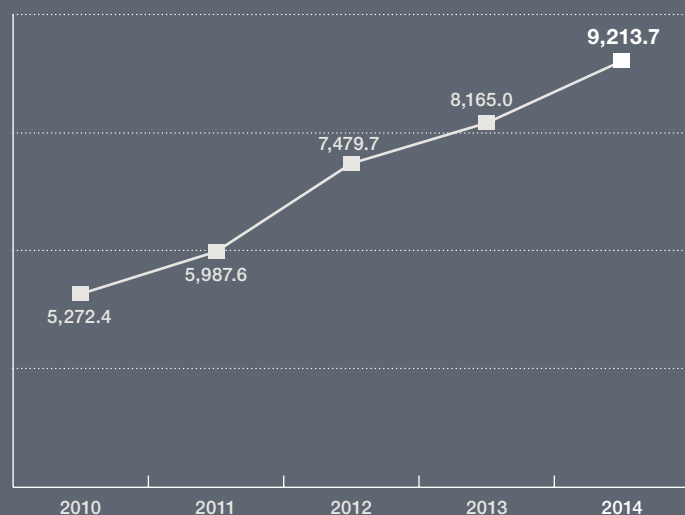
Sweco Sweden, 61 (59)
Sweco Norway, 20 (22)
Sweco Finland, 16 (16)
Sweco Central Europe, 3 (3)

## Profit and key ratios, Sweco Group

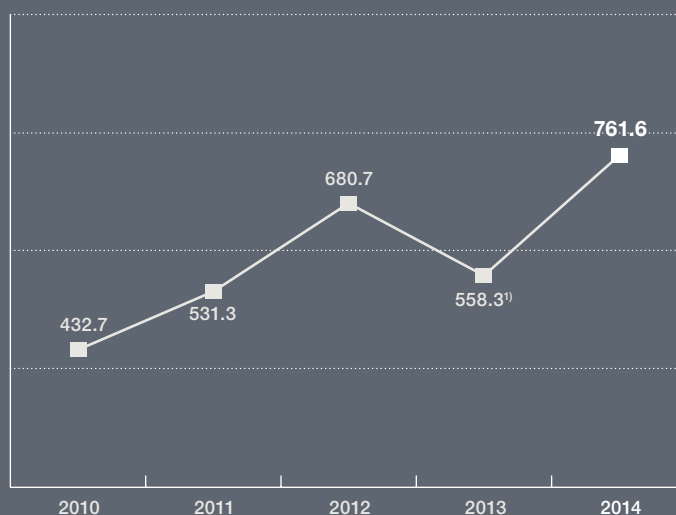
	2014	2013
Net sales, SEK M	9,213.7	8,165.0
EBITA, SEK M	814.5	652.4
EBITA margin, %	8.8	8.0
Operating profit (EBIT), SEK M	761.6	558.3
Operating margin, %	8.3	6.8
Profit before tax, SEK M	718.3	526.3
Billing ratio, %	75.6	74.2
Net debt/equity ratio, %	66.9	81.1
Net debt/EBITDA	1.3	1.7
Earnings per share, SEK	5.96	4.11
Equity per share, SEK	20.64	17.75
Distribution to shareholders per share, SEK	3.50 <sup>1)</sup>	3.25
Average number of employees	8,535	7,917

1) Proposed dividend of SEK 3.50 per share.

### Consolidated net sales, SEK M

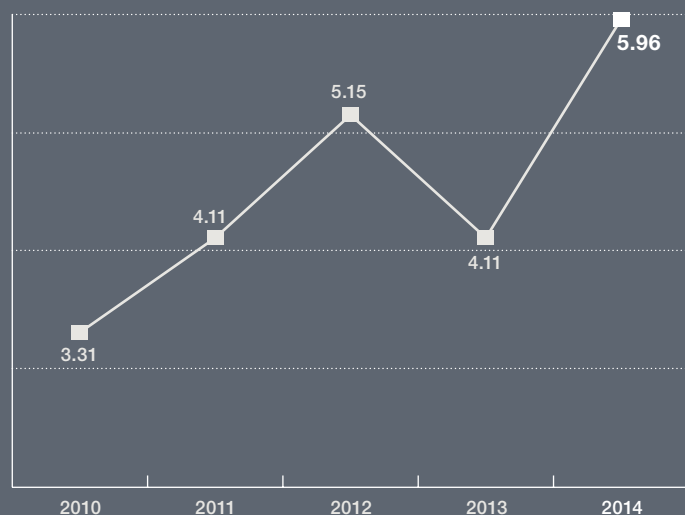


### Dividend per share, SEK

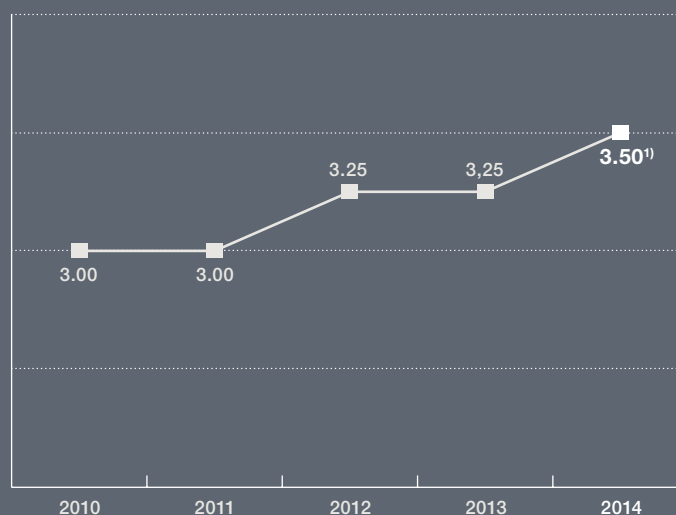


1) Profit was charged with a total of SEK 102.3 million in impairment of intangible assets in Central Europe and integration costs for Vectura.

### Earnings per share, SEK



### Earnings per share, SEK



1) Proposed dividend of 3.50 SEK per share.

# The city of the future needs foresighted consultants



Having achieved our best results so far, you might think we'd be satisfied. And Sweco certainly has good cause to be proud of successfully completing its largest company integration to date and winning several record-setting major assignments during the year. But considering the growth we've experienced, it is natural and expected for Sweco to deliver at this level. A look back over the past year confirms that we are on the right path, but there is more to do. Sweco's role in urban development is clear – cities are growing and our customers need our services more than ever before. We will provide each customer with the right solution and, together, create the communities and cities of the future.

Rapid urbanisation places heavy demands on the capacity of cities to welcome residents and offer them a good quality of life. Growing cities need more infrastructure, housing, clean water, energy and waste management. Sweco plans and designs the communities and cities of the future.

If there is one outcome of this urbanisation trend with which Sweco has been particularly involved this year, it is the decisions that have been made to invest in better transport systems in our major Nordic cities. These are some of the most comprehensive infrastructure initiatives of our time. For Sweco, the outcome has been that we have won our largest assignments to date. Throughout the Nordic region, we are now taking a leading role in designing tomorrow's infrastructure.

## **Infrastructure for large, growing cities**

We have been entrusted with designing a

section of Stockholm's new underground metro line. This is not only the largest and most complex assignment in Sweco's history – it is also the largest infrastructure investment in the Stockholm Metro in modern times. The initiative, a key component in the entire region's development, will dramatically improve public transport when it opens in 2025.

The underground metro in Helsinki will also be extended, in what is currently Finland's largest infrastructure investment. Sweco's role in managing this and similar initiatives, from vision to completed means of transport, signifies that our work will have a profound impact on the people who will live and work in the city.

Major efforts are being made in Norway to improve transport to and from the capital region. Sweco has a key role in the modernisation of the Östfoldbanan, which will become an increasingly important commuter

line in pace with the Oslo region's growth.

Within a short period of time, high-speed tracks have gone from being perceived as risky ventures to being viewed as the next generation of railways. Sweco is currently in the process of preparing and designing the eastern and western portions of Sweden's first high-speed railway. Once the travel time between Sweden's two largest cities is reduced to two hours, the regions will be able to grow in a way that meets future needs.

The Nordic trend is clear. There is a great need to create safe, efficient infrastructure, and this is highly prioritised in all of our growing Nordic cities.

It is gratifying to note that we have read the trends correctly. Infrastructure is hot. We realised this and have been preparing for it for some time now. With the acquisition of Vectura, we gained unrivalled expertise. Sweco is now awarded assignments through-



out the Nordic region that can only be managed by a true infrastructure champion.

#### **A record-breaking acquisition to learn from**

Planning, analyses and a carefully prepared integration process are key requirements for a successful acquisition. Sweco has a long history of growth through acquisitions, and this model has brought us to the leading position we hold today. We can offer our customers even better solutions by integrating our expertise. Vectura was Sweco's largest acquisition to date. Early on, we found that the synergies of the acquisition would be greater and would be realised more quickly than initially estimated.

What is perhaps less well known is that Sweco's procedure for the integration contributed greatly to this success. The term "textbook example" has been used to describe the process of carefully yet effectively merging Sweco and Vectura into a company in which the sum is greater than its parts.

To sum up, there have been several high points for Sweco this year – the successful completion of a company integration in record time, winning our largest assignments so far, and the best full-year results to date. All of this serves as strong confirmation that we are on the right path.

But we need to bear in mind that we face distinct challenges in several of our home markets. Oil prices plummeted during the

second half of the year, which is bad news for the Norwegian market as a whole. At the same time, this may provide a boost for other countries where Sweco operates. Due to the crisis in Russia and the macroeconomic turbulence in the immediate area, these markets are difficult to assess. Unresolved questions in Russia have led us to adjust operations in the region and shift focus to Central Europe.

#### **Commitment leads to even greater customer satisfaction**

During the year we intensified our efforts to achieve a more in-depth understanding of our customers. It may seem that providing the right solution for each customer goes without saying, but we are only able to do so by regularly and thoroughly evaluating our work and developing our customer relationships. One thousand of our customers participated this year in an in-depth customer analysis, the results of which confirmed Sweco's position in our largest home markets. We also regularly measure our customers' satisfaction levels to ensure that our deliveries are in line with expectations. A job well done is always the best way to maintain the confidence of our customers.

"To contribute to the cities and communities of the future." This is often the response when I ask our employees why they chose Sweco. This is something that Sweco's consultants are committed to and motivated by: the opportunity to help customers in such a

tangible way to shape tomorrow's cities and communities.

"Because you're committed to my needs and are easy to work with. And, of course, because you have the recognised expertise needed for the task at hand." This is our customers' answer to the same question. The commitment that characterises Sweco's experts is a decisive element in Sweco's successful journey.

After all, this is a precise reflection of Sweco's values. We do not sell gadgets. We are a company that charges for our employees' recognised expertise, combined with their profound understanding of and commitment to our customers' operations. There is no better description of the value of Sweco's services.

Sweco works in the industry of the future. By this I mean not only that we are experts on the communities and cities of the future. I also mean that the business Sweco is engaged in has a bright future. If you are among those who have grasped the scope of the urbanisation trend and the demands it generates, you will have no difficulty in perceiving the continued long-term need for Sweco's services.

Stockholm, February 2015

Tomas Carlsson  
President and CEO

# Urban development is the foundation for long-term growth





Growing cities place heavy demands for socially, economically and ecologically sustainable solutions for residents of the future. Consulting engineers and architects who offer the right expertise and an understanding of customer needs are in high demand, and companies offering meaningful work assignments are attractive employers. Clearly, the trend favours large international players that hold leading positions in their markets. As the Nordic market leader and with skilled employees who understand their customers' needs, Sweco is well-positioned to continue playing a key role in planning and designing the cities and communities of tomorrow.

#### **Sustainable cities in focus for urban development**

More and more people live in cities, while society simultaneously needs to adapt to a changing climate and limited natural resources. Sweco sees clear growth in demand in areas associated with emerging needs and opportunities in urban environments.

- **Urbanisation** – Never before have cities grown and new cities been created as rapidly as they are today. The pace of urbanisation is highest in Africa and Asia, although the trend is also obvious in the Nordic region. Oslo and Stockholm are among Europe's fastest-growing cities. Larger, denser cities need well-planned, integrated solutions for transport systems, buildings, water purification, waste management, etc.
- **Climate impact** – The past three decades have been warmer than any preceding decade since 1850. Changes in precipitation levels, rising temperatures and extreme weather are becoming more common. These new conditions generate a need for sustainable solutions that reduce climate impact and adapt society to a changing climate.

#### **Customers that demand a wide range of specialist expertise**

Sweco's customers come primarily from the infrastructure, energy, construction and industrial sectors. Our customers need a partner who can offer the right expertise regardless of assignment type. This creates demand for consultants who offer a wide range of specialist expertise. The ability to manage complex, comprehensive assignments is increasingly important – which benefits major players like Sweco.

- **Total solutions** – Demand for total solutions is on the rise. To a growing extent, customers prefer to retain one consulting company for a total solution rather than carrying out several separate procurement processes in different disciplines.
- **Streamlining** – Customers are streamlining their organisations and choosing to buy consulting engineering services as needed, rather than maintaining this competence in-house. This trend has been underway for some time and is driving the consulting engineering industry as a whole.
- **Turnkey contracts** – It is more and more common for engineering consultancies to be contracted by a construction company rather than by the end client. This places higher demands on the consultant, while also providing opportunities to influence and ensure the expected result for the end user.

#### **Employees who want to make a difference**

Today's engineers and architects want to be involved in and actively influence the development of society. The fact that Sweco wins the most exciting assignments and is a workplace built on personal responsibility and development attracts top talent to the company.

- **Employer's profile** – Today's engineers and architects want to work for companies they feel proud of, so there is increasing emphasis on a company's profile. Values, social impact and responsibility are factors that affect the choice of employer.
- **A meaningful job** – An important driving force for employees is feeling that their job has a valuable impact on the development of society. The company's management plays a key role in setting a clear direction while also allowing employees to run the day-to-day business.
- **Personal development** – Employees have high ambitions for their professional development, so there is a growing need for a structured development environment where learning takes place through actual work tasks and through measures such as training, mentorship and networking.

#### **Fewer and larger industry players**

The industry is characterised by consolidation, internationalisation and professionalisation. Due to its size and international presence, Sweco can ensure the right expertise for each assignment as well as the geographical proximity demanded by our customers.

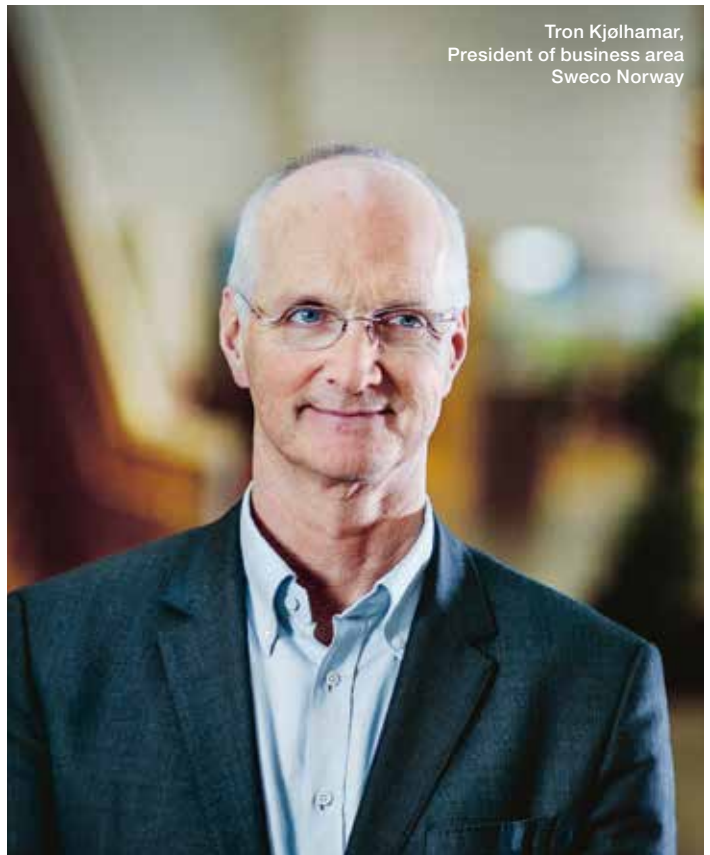
- **Consolidation** – Larger companies can offer their customers a more comprehensive service offering, greater geographical coverage and greater security, as well as significant economies of scale in administration, marketing and development. This trend creates advantages for the largest companies in the industry.
- **Internationalisation** – Leading national consulting companies are establishing themselves in new countries through acquisitions. A broader geographical presence presents greater opportunity to put together attractive customer offerings, with the right expertise for each assignment.
- **Professionalisation** – The consulting engineering industry has entered a phase of professionalisation, with a focus on strengthening internal procedures and recognised methodologies. This trend is being led by the major consulting firms in the industry.

# A record year from several perspectives

There were many high points for Sweco in 2014 – a year marked by the strongest year-end results to date, a company integration that exceeded all expectations and several record-breaking assignments. Sales and profit increased to record levels, to which the successful integration of Vectura was a major contributing cause. Today, Sweco is stronger than ever – and this is evident in our assignments. New underground metro lines, expanded railways and high-speed tracks will be the end results when Sweco undertakes some of its largest assignments to date.



Åsa Bergman,  
President of business area  
Sweco Sweden



Tron Kjølarhamar,  
President of business area  
Sweco Norway

## Sweden: Transport assignments are high points of the year

– We had a distinctly weak start to the year, but recovered during the second quarter and development was stable for the rest of the year. It's very nice to see that the major infrastructure initiatives that have been planned for a while are now starting to come to fruition. With assignments like the new underground metro in Stockholm, Sweden's first high-speed railway and renovation of the country's busiest railway tracks known as Wasp Waist, Sweco has definitely taken the position as the top expert on transport systems of the future. The year was distinguished by the integration of Vectura, involving 1,200 new employees, and by our reorganisation of the entire Swedish operation.

Higher demand within: construction and real estate, infrastructure  
Lower demand within: energy

## Norway: Rapidly growing cities increase demand

– The Norwegian market was somewhat weaker this year than it has been for many years. In this context, it is extremely gratifying that we succeeded in increasing demand for Sweco's services in Norway. Organic growth was strong. It's worth mentioning that Oslo stands out as one of Europe's fastest-growing cities, and the needs associated with rapid urbanisation are obvious. During the year we won our largest transport assignment so far, which will result in smoother train travel and improved accessibility in the growing capital region. We also have a strong position within public buildings and have been commissioned, among other things, to create energy-efficient solutions for several schools and hospitals.

Higher demand within: construction and real estate, infrastructure  
Lower demand within: oil industry

Markku Varis,  
President of business area  
Sweco Finland



Bo Carlsson,  
President of business area  
Sweco Central Europe



**Finland:**  
Solid performance in  
a challenging market

– The Finnish market has been challenging, to say the least. Even so, we delivered at a high level – particularly within construction and real estate. We’re also seeing how being a large company creates advantages for us. We won several significant assignments thanks to our ability to combine specialist expertise from multiple areas. And, of course, it’s also a matter of being the best at understanding our customers’ needs. We’ve now been commissioned for another section of the Helsinki underground metro extension – we got the first assignment on this project about five years ago. A job well done is always the best way to maintain the confidence of our customers.

Higher demand within: construction and real estate  
Lower demand within: industry

**Central Europe:**  
We have now reversed  
the negative trend

– It’s been a tough few years, but with some fairly extensive adaptations of the business we’ve now reversed the negative trend and are able to demonstrate organic growth. The most positive signs we’ve seen have been in the Czech Republic, Poland and Lithuania – Sweco’s largest markets in the region. But we can’t ignore the fact that we operate in challenging markets. This is due partly to the geopolitical unrest in the region and partly to the fact that the tender processes for the EU structural funds for 2014–2020 haven’t yet started.

Higher demand within: infrastructure, water  
Lower demand within: environment

The sharpest  
urban developer  
is the one who  
understands  
their customer



When you are easy to work with and have the right expertise, you have excellent prospects for becoming a sought-after consultant. It is no accident that Sweco holds a market-leading position as an expert in the communities and cities of the future. Sweco's business model is decentralised and is based on being close to our customers. Every customer should feel that Sweco's consultants have an in-depth understanding of their business. Only then can we be the truly committed business partner who stands ready to create value for the customer in all facets of urban development.

## **Customer focus**

### **Understanding customer needs is the key to success**

Sweco's success is based on excelling at understanding our customers' needs. But what's best for the customer is constantly changing in pace with developments in society. Sweco's task is to continuously develop our understanding of our customers' needs and combine this understanding with the appropriate expertise.

Sweco's customers aren't always able to articulate precisely what they want – and they shouldn't have to. People turn to Sweco so that we can tell them how a vision can be realised or a problem can be solved.

In a decentralised company like Sweco, every consultant needs to be accessible and committed to their customers. We measure the level of our customers' satisfaction on a regular basis. The purpose of these surveys is to empower each consultant to strengthen their customer relationships. In this way, we are constantly refining our collaborations and improving the precision of our deliveries.

**On a 1–10 scale, more than half of our customers rate us 9 or 10 after completion of the assignment.**

## **Internal efficiency**

### **Prudent resource utilisation makes a difference**

Sweco is made up of the expertise, experience and commitment of our 9,000 employees. Every group and every individual makes a difference to the overall end result. By utilising time and resources in a prudent manner, Sweco can increase value for our customers as well as profitability for the company.

Being a large international company, our collective expertise allows us to create customer offerings that are hard to beat. Should a specific type of leading-edge expertise be required for an assignment, it is likely to be found in the circle of Sweco employees – wherever in the world the expert may be located. Because our experts can work just as easily with colleagues in other countries as they can with their officemates, Sweco utilises its resources in an efficient way.

Sweco's follow-up procedures are based on billing ratios, providing us with continuous, up-to-date information about demand for our services in the market. It also shows how efficiently Sweco is using its resources. A high billing ratio is a sign of a sought-after consultant.

**In 2014 Sweco's billing ratio increased 1.4 percentage points to 75.6 per cent.**

## **The most talented employees**

### **A skilled partner for every situation**

Attracting, developing and retaining top talent is crucial to Sweco's long-term success. Sweco works systematically with employee development. We need to continually ensure that our employees have the skills that our customers demand. Day-to-day development takes place through working on assignments together with our customers. Training is also offered from day one through Sweco's training portal.

Sweco is a company that shapes the leaders of tomorrow. Identifying talented people and giving them the opportunity to succeed has always been a crucial component of Sweco's corporate culture. As a result, most of the company's managers are recruited internally.

Sweco is a company for employees who want to perform and create value for their customers. A typical Sweco employee is approachable and committed to his or her customers and has a recognised expertise. We attract the right people by being clear from the start about what Sweco stands for. The result for the customer: consultants who are easy to work with and who have the expertise needed for every task.

**Eight in ten employees feel that they develop professionally through their work at Sweco.**

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### Vision

To become Europe's most respected knowledge company in the fields of consulting engineering, environmental technology and architecture.

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### Customer promise

The most approachable and committed partner with recognised expertise.

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### Core values

Sweco's core values of curiosity, commitment and responsibility are words that define and strengthen the Group's identity and underpin our corporate culture. They provide guidance in the company's day-to-day work and create clarity in all projects.

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### Profitability target

Sweco's target is an operating margin of at least 12 per cent.

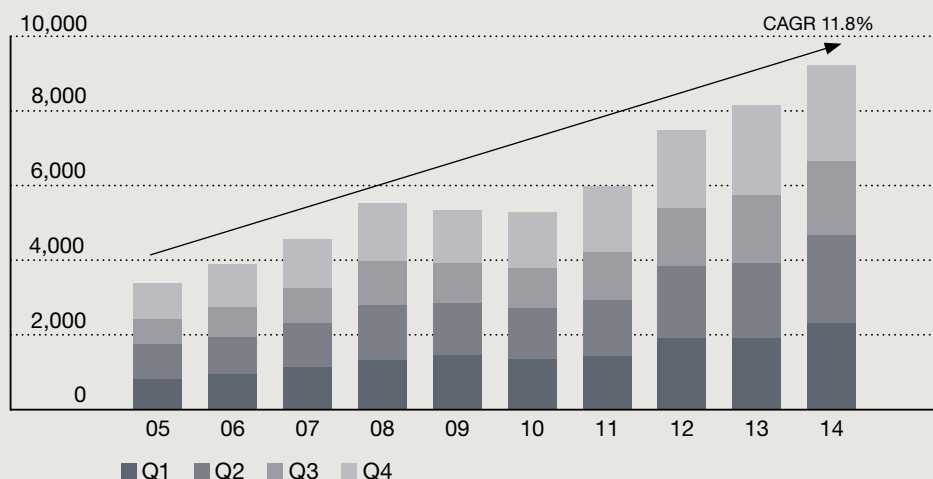
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### Financial strength

Sweco aims to maintain a net debt position over time. Sweco's net debt should not exceed 2.0 times EBITDA.

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### Full-year sales, 2005–2014





## Focusing on the future – as we’ve always done

**From the Industrial Revolution to today’s global urbanisation trend – throughout Sweco’s history, being prepared for society’s future needs and challenges has been the foundation of our business. We know that the communities and cities of tomorrow will always be different from those of yesterday. It will remain the job of Sweco’s engineers and architects to stay one step ahead. The results of our work become real for others in the future.**

Every era in society is marked by unique challenges and needs. Today, Sweco is planning and designing the communities and cities of the future. We fulfilled the same function one hundred years ago. In the late 19<sup>th</sup> century, engineers were needed to improve the manufacturing industry’s efficiency, spurring urban development throughout the Nordic region. Major investments were made in the mid-20<sup>th</sup> century to construct a welfare state, with a focus on schools, healthcare and infrastructure. Today, we see how global urbanisation is placing new demands on cities’ capacity to accommodate more residents.

Sweco’s history is based on the engineers and architects who were working across the globe 100 years ago, who improved the professions’ competencies and who today are central figures in terms of identifying

solutions for sustainable urban development.

Sweco’s employees have always been united by a driving motivation to make a real difference to those we work for. We know that our value as consultants is linked to how well we understand our customers’ needs and how we use the right expertise to ensure that their visions become reality. Our growth journey, started nearly 20 years ago, was aimed at meeting customer needs in terms of providing a wide range of specialist expertise. Gathering architects and engineers under the same roof improved customers’ prospects for receiving the right expertise for each specific occasion.

Sweco has acquired nearly 100 companies over the past ten years. The capacity to grow through acquisition is a model that has taken Sweco

to the leading position we hold today. The careful yet effective merging of two companies, where the sum is greater than its parts, is something Sweco has developed into a winning strategy. This is how we have created value for customers as well as shareholders.

The challenges faced by society change over time and with them Sweco’s expertise and solutions. Today, the world’s cities are growing rapidly. It is estimated that an additional 2.5 billion people will live in cities by 2050. Everyone needs efficient infrastructure, comfortable housing and access to electricity and clean water. As always, Sweco is ready. With recognised expertise and a focus on our customers’ best interests, we will ensure that society is prepared for the future.

Greater customer  
satisfaction when all  
employees assume  
responsibility





Sweco sells knowledge. We don't build houses and we don't lay cable. What we offer our customers is the expertise, experience and commitment of our 9,000 employees. Each and every one of them is responsible for satisfying his or her own customer. This sets high standards for the people who choose to take part in designing future communities, but a common response from our employees is that it is also one of the most exciting and challenging jobs a person can have.

Nearly all of Sweco's employees hold university degrees in architecture or engineering. An equally suitable title would be "society builder". They go to work every day and, each in their own way, shape the communities we will live in in the future.

#### **Employees with the authority to make the customer happy**

Sweco's employees are united by a driving motivation to make a real difference to those we work for. Regardless of whether we're working on a bicycle path, a district heating plant or a new residential district, our customers should always feel confident that Sweco has correctly interpreted their needs to achieve the best possible end result.

It should be easy to do business with Sweco. At Sweco, there isn't any small group of executives who maintain all important customer contacts. Our employees are expected to be out meeting customers and making deci-

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#### **Life as a Sweco employee**

**Sweco's values.** Commitment, responsibility and curiosity are key characteristics of individual employees and reflect the identity of the organisation as a whole.

**Career paths.** The primary career paths at Sweco are line manager, specialist and project manager.

**Sweco Academy.** Comprehensive term for all of our training programmes. Includes everything from introductory training for new employees to management training.

**Sweco Talk.** Our process for guaranteeing that each employee's work efforts and personal development are monitored carefully and thoroughly every year.

**Sweco Barometer.** Annual employee survey, used to further develop the business.

**Talent Review.** Our process for identifying Sweco employees who have the potential to take on greater responsibility.

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#### **Ranking of the most attractive employers for engineering students in Sweden, 2015 (Företagsbarometern).**

- |            |                              |
|------------|------------------------------|
| 1. Google  | 6. Volvo Cars                |
| 2. Sweco   | 7. ABB                       |
| 3. Ikea    | 8. Saab (Defence & Security) |
| 4. Spotify | 9. Microsoft                 |
| 5. ÅF      | 10. McKinsey & Company       |
- 

sions that are right for the business, every day. We are told that what differentiates Sweco is that our consultants are early on given full responsibility for their assignments. We do not find this strange. If you recruit approachable and committed people who know what they're doing, they should also have the authority to do a good job.

#### **Development at Sweco is not just a possibility – it's a requirement.**

Many companies claim to offer their employees the opportunity to develop. At Sweco, development is not optional. Constantly evolving and being the best at understanding our customers' needs is the foundation of Sweco's continued existence and success.

For Sweco's employees, the opportunity to work on the most exciting assignment is crucial. The primary training for Sweco's consultants takes place through actual work done on assignments and in working with our customers. Sweco also works systematically with employee development. Training is offered from day one through Sweco's training portal.

We are a company that shapes the leaders of tomorrow. Identifying talented people and giving them the opportunity to succeed has always been a crucial component of Sweco's corporate culture. As a result, most of the company's managers are recruited internally. Annual employee surveys give high marks to Sweco's managers and highlight the ability to develop the business as well as employees.

Responsible  
consultants in all  
aspects of society's  
development



Transparency and a sense of responsibility are prerequisites for the continued success of a decentralised company that has grown faster than most. Sweco's employees received training during the year in becoming even better at managing business ethics challenges.

Sweco's decentralised business model is a critical key to success. It is by having a simple, customer-focused way of working that Sweco has developed into a major international player while still maintaining local presence and expertise.

It should be easy to do business with Sweco. At Sweco, there isn't any small group of executives who maintain all important customer contacts. It is, rather, our 9,000 employees in their day-to-day meetings with customers who each assume major responsibility for their specific assignments. This creates a great deal of flexibility, but also places high demands on our working procedures.

#### **Procedures for responsible business dealings**

Sweco's contribution to society is effectuated through our assignments. The end results of our work are often widely appreciated things such as better public transport, cleaner water and buildings that are nice-looking, energy-efficient and built to last. End results are important, but so are the methods we use to achieve them. The way we get our assignments, the procedures that govern how we perform them and the monitoring of results are all crucial to our long-term success.

All of Sweco's operations are required to comply with applicable laws and regulations, just as they must comply with Sweco's internal ethical guidelines. All employees are responsible for familiarising themselves and complying with these guidelines.

Business ethics underpin Sweco's entire operations. Executive Team meeting agendas include a standing item on business ethics, and CSR risks are reported on a quarterly basis to Sweco's Board of Directors.

#### **A business ethics compass for consultants' daily work**

Business ethics relates to how we do business, how we behave towards one another, how we manage the organisation's resources and how we act in relation to our external environment. Having a well-articulated busi-

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#### **Sweco's business ethics framework**

**Sweco's CSR policy** forms the basis of Sweco's business ethics framework. Among other things, it clarifies that Sweco has zero tolerance for bribes, corruption, fraud and unpermitted competition-restricting practices.

**Sweco's Code of Conduct** is the collective ethical guidelines to ensure responsible conduct on the part of Sweco's employees, suppliers and partners.

Sweco has guidelines for **anti-corruption and bribes, gifts and business entertainment, and sponsorship**. All employees are responsible for familiarising themselves and complying with these guidelines.

**Sweco Ethics Line** is a phone and web-based service that provides the option of anonymously reporting suspected non-compliance with business ethics standards.

**Sweco's procedures for risk management with regard to suppliers and tenders** regulates whether or not Sweco will submit a tender for an assignment and ensures responsible conduct throughout the course of the assignment.

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Business ethics compass in place is essential to Sweco's ability to perform its assignments. Sweco's employees received business ethics training during the year, which included managing realistic situations that were also analysed in group discussions.

An important component of the work done by Sweco's consultants involves being on-site, meeting customers and building relationships. Clear guidelines combined with transparent working procedures are the foundation of responsible business activities.

We also set standards for our partners. It happens regularly that we decline a project or partnership opportunity based on our opinion that we would be unable to comply with our own ethical rules if we were to accept. We send a strong message to our employees: it is always better to turn down profit in the short term than to risk the company's long-term success.

# Who buys cities of the future?

It doesn't often happen that a customer comes to us and asks us to build a city of the future. What they normally ask for is a very specific service, which nonetheless fills a clear need in the city and community. Thanks to the incredible range of exciting projects that our customers commission us for, we have a unique and comprehensive view of the community and the direction in which it's moving. Our customers give us the privilege of planning the communities and cities of the future.

The future may seem remote to others, but it is very much alive at Sweco. Our building service systems consultants are currently working on the indoor environment for a new hospital that will be admitting patients in just under five years' time. Our traffic engineers are analysing a new underground metro line that will open to passengers in ten years. Our architects are designing what will be a vibrant, dynamic new city district in around 15

## Infrastructure

Sweco's infrastructure experts design transport systems to allow people to travel efficiently in tomorrow's cities and communities.

## Industry

Sweco's industry specialists improve effective, resource-efficient production in all industrial operations.

## Water and environment

Sweco's water and environment experts have solutions that reduce climate impact and adapt society to a changed climate.

## Project management

Sweco's project managers are the link between the customer's vision and the tangible implementation of complex urban development projects.

years. It is Sweco's job to be one step ahead. The results of our work become the future reality for others.

Preparing our cities for the future can entail many different things. Whatever challenge you're facing, you can depend on Sweco to solve it. This is the sort of feeling we want to convey to our customers. We combine world-leading expertise with unrivalled breadth, and take on large and small assignments with the same high level of commitment.

Sweco sells knowledge. We don't build houses and we don't lay cable. We design, quantify and construct things that are going to be built. The end result of what we do is often tangible – it might be a building, a railway track or a bridge. In other situations we are most successful when nobody notices we've been there at all – when a building maintains an ideal temperature, or when the water from the tap is clean.

Sweco provides expertise in all phases of our customers' projects. We are involved at the very early stage, when the page is still blank and the questions haven't been answered. We are also there as the project develops, when the tangible structure is determined through design and planning. We often provide support for the entire project through to completion, to ensure that the customer's visions become reality. By combining in-depth understanding of our customers' needs with awareness of the conditions and demands the future holds in store, we are able to deliver solutions that maximise value for customers and for society.

### Architecture

Sweco's architects design buildings and environments for people to live, work and thrive.

### Energy

Sweco's energy specialists are experts in how energy is produced, distributed where it's needed, and consumed as efficiently as possible.

### Structural engineering

Sweco's structural engineers create structures that stand the test of time and harmonise with building's design and indoor environment.

### Building service systems

Sweco's installation engineers create comfortable indoor climates in the city's buildings and facilities.

### IT for urban development

Sweco's experts in IT for urban development manage and process data produced by the city to streamline everything from transportation to water flows.

**Infrastructure.** A key element in a city's attractiveness is the ability of its residents to travel safely and efficiently. Sweco's infrastructure experts have what it takes to design transport systems that simplify people's everyday lives. By designing everything from roadways, railways and underground metros to bridges, tunnels and travel centres, we improve accessibility in tomorrow's communities and cities. Examples of services: transport and traffic planning, road and railway planning, rock and geotechnical engineering, design of civil engineering constructions



**Time to design next generation railway.** Railway passenger and cargo traffic have increased dramatically in recent years. In order to shorten travel times and increase capacity, Sweden's first high-speed railway is now being planned. When completed, the new railway will reduce travel time between Stockholm and Gothenburg one hour, to a total of two hours. Sweco is designing key sections of the new high-speed line: one section through downtown Norrköping in Östergötland and another between Gothenburg and Borås.



**Easier cycling in big cities.** More and more big cities are reviewing options for cyclists to move around the city with ease and speed. Using GPS technology, Sweco has helped Helsinki and Stockholm identify areas where bicycle traffic flows smoothly and areas that are difficult for bicycles to navigate. This data will form the basis for decisions on how the cities' bike paths can be improved.



**Underground metro for a growing city.** Stockholm is one of Europe's fastest growing cities. The largest investment in the Stockholm Metro in modern times is now being made to ensure the continued efficiency of the city's public transport service. Sweco has been entrusted to design 11 kilometres of new underground metro line from Kungsträdgården to Nacka and Gullmarsplan. From a technical perspective, this assignment is one of a kind. It will be first metro to run underneath the Saltsjön Sea, with a long rock tunnel and stations situated very deep underground.



**Challenging road construction over bridges and through tunnels.** The Norwegian Public Roads Administration is making a major investment in the E6 motorway due to the poor road standard and high proportion of heavy traffic. The end result will be faster, safer road connections to Trondheim and elsewhere. Sweco engineers from Sweden and Norway have worked together to solve the major technical challenges involved in designing a new two- and three-lane motorway running over 30-odd bridges and through four tunnels.

**Architecture.** Half of the world's population lives in cities. Sweco's architects are equally experts at designing an entirely new Asian city and a small-town school. Whatever the project, the focus is on creating ideal environments for people to live, work and thrive in the cities of tomorrow. By combining recognised expertise with a broad range of operations, Sweco's architects offer a unique and comprehensive view in designing the buildings and landscapes of the future. Examples of services: **building architecture, landscape architecture, interior architecture and urban planning**



**Healthcare buildings to meet high demands.** Many of Sweden's hospitals were built during the 1960s and '70s and require upgrades to meet modern healthcare building standards. To maintain its leading-edge position in modern, high-quality healthcare, Örebro University Hospital is investing in a new building for highly specialised care. Sweco's architects teamed with a partner to design a new building that facilitates daily care in a structure that optimises daylight intake and offers beautiful views.



**Green city district in Sri Lanka.** Designing an entirely new city district offers the chance to take an environmental and climate mindset to a truly high level from the outset. Sweco is creating a nearly climate-neutral city district in the Sri Lankan capital of Colombo. Well-functioning public transport makes cars virtually unnecessary. Refuse collection is integrated with energy supply, and the city's green areas will support the ecosystem and promote a good quality of life.



**Public baths that play with light.** The aspiration for the Swedish city of Ystad's new public baths was a building that would stand out aesthetically as well as functionally, without overburdening the municipal budget. Sweco's architects worked with their partner in the project to bring a "Reflection"-themed building to life. The facade creates an intriguing interplay with light, with the building changing character throughout the day. Inside, visitors are greeted with family and competition pools in surroundings with large windows overlooking a nearby park.



**New travel centre links cities.** In Linköping, Sweden, a creative initiative is underway to link together and improve transport to and from the city, including the relocation of the city's railway station. Sweco's architects worked with a partner to design the winning proposal, which involves situating the city's new travel centre on a large bridge spanning the river. With this solution, rail traffic can be linked to other modes of transport. The new "living area" along the river will add new dimensions to urban life. The proposal was named Best Infrastructure Project at the World Architecture Festival.

**Structural engineering.** Structural engineering is largely a matter of security. Sweco's structural engineers create buildings that are safe to live and work in and that stand the test of time. We take a holistic approach and ensure that load-bearing structures harmonise with the building's design and intended indoor environment. Examples of services: **building construction design, industrial structures design, advanced steel, timber and glass structures design, sustainability studies, sophisticated simulations and construction economics**



**Record investment by forest industry.** The expansion of southern Sweden's forest owner association, Södra's, Värö pulp mill is currently one of the industry's largest investments. Sweco has been commissioned for the entire construction design project and will work with experts in a variety of areas. The mill will be one of the world's largest for needle-sulphate pulp.



**Tough requirements for new school.** One of Norway's largest schools is under construction in the town of Larvik. Sweco has been commissioned to design and plan an energy-efficient school that stimulates learning. By taking maximum advantage of the southern-facing facade, light is emitted into the school without unnecessary heat loss. One challenge in terms of construction has been to create a stable, moisture-proof foundation in the clay soil the school stands on.



**An office building for the future.** When Finnish financial group OP Pohjola was planning a new office complex with space for 3,000 employees, they wanted to create a world-class working environment. Rather than building a traditional skyscraper, they preferred a campus-like area spread over 65,000 square metres. Sweco is behind the structural design of the innovative office building, which was awarded first prize at the 2014 Tekla Global BIM Awards.



**Tower with views over Stockholm.** Alviks Torn is one of the latest high-rise additions to the Stockholm skyline. With 18 floors, it is one of western Stockholm's tallest residential properties and offers impressive views of the city. In addition to the high-rise building, the construction project also includes a 9-floor residential building and a garage. Sweco's structural engineers were responsible for the foundation and miscellaneous works for both residential properties.



**Building service systems.** It's easy to take a good indoor environment for granted – but, on the other hand, it's quite noticeable when things aren't working. Sweco's building service systems consultants ensure that buildings have the right temperature, proper lighting and good ventilation. We are also experts in solutions that maximise buildings' energy efficiency. Examples of services: **energy analysis and environmental certification, design of electrical, telecom and security systems, fire engineering and risk analysis, HVAC and sanitation**



**Passive building for active preschool.** Building an internationally certified passive building in Sweden's frigid northern climate presents a major challenge. But with the help of Sweco's installation engineers and architects, the Helunda preschool in Umeå managed to do just this. The result is a unique building that utilises sunlight, lighting, ventilation and heating to optimally produce a comfortable indoor environment with minimal energy consumption.



**Kuwait's water tower gets a new interior.** Kuwait's three spectacular water towers were designed by Sweco in the 1970s and have since then been important city landmarks. Only after 40 years was an inventory of the towers' technical installations required. When Sweco's architects and engineers work on the towers for a second time, the intention is that the indoor environment, fire safety and water systems will once again maintain a high quality for many years to come.



**Controlling a huge hospital.** The 330,000 square metres New Karolinska Solna hospital is currently one of Europe's largest buildings. Building service systems of the highest quality are required to manage the operation of a facility as important and complex as a large, modern hospital. Sweco has had the challenging task of preparing all systems to work together. Systems for heating, cooling, ventilation and much more will communicate with each other to ensure the safest and most efficient hospital operation possible.



**Customised solution for more energy-efficient housing.** The Skovbakken housing co-operative in Oslo sets high standards when it comes to energy performance: to have all 252 housing units meet the standards for low energy or passive housing. Sweco led the extensive energy efficiency process, which included developing a solution that involved a combination of exhaust air heat pumps and local solar and geothermal energy.

**Energy.** A transition to sustainable energy systems is underway across the globe. Sweco's energy experts work across the entire energy supply chain. Focus is on how energy is produced, distributed where it's needed, and consumed as efficiently as possible. The result is a reliable, cost-effective and environmentally sustainable energy supply. Examples of services: **energy production studies, transmission, distribution, energy market analysis and advice in energy optimisation**



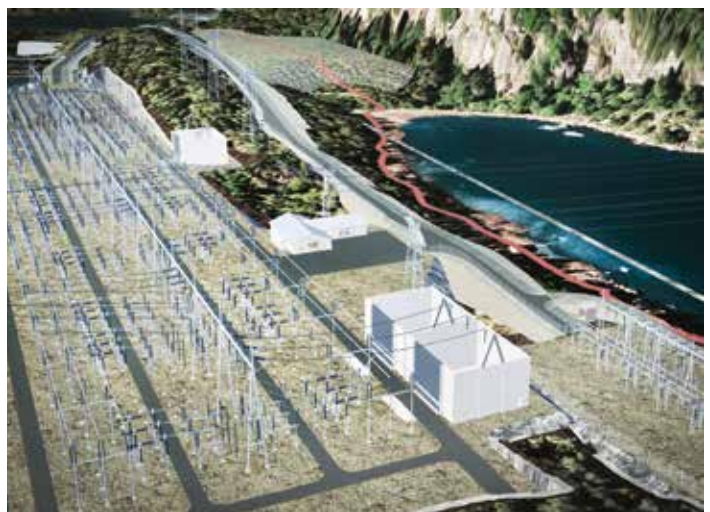
**Kenya captures energy from continental rift.** In Kenya, demand for energy is growing in pace with the country's economic development. The East African country is making major investments in geothermal energy to meet this urgent need. Utilising the vapour emitted from a continental rift, Kenya will generate its baseload power in a sustainable way. Sweco has the technical solution for the entire power plant and was responsible for electrical and process engineering.



**Efficient and safe hydropower in Latvia.** Latvia has a long tradition of utilising hydropower, which accounts for over half of the country's electricity production. The existing hydro plants were built in the 1970s and now need to be modernised. Sweco has on several occasions been retained as Owner's Engineer to ensure that the hydro plants are renovated in a manner that meets the highest efficiency, safety and environmental standards.



**Kiruna will have Sweden's least expensive district heating.** The City of Kiruna, which will be relocated to make way for expanded ore mining, can take pleasure in having Sweden's least expensive district heating. When LKAB refines magnetic iron ore into pellets, the waste heat generated can be used to provide district heating to the entire city of Kiruna. Sweco was commissioned to analyse ways of reconstructing the district heating system to provide heating to the new City of Kiruna.



**Taking Norwegian electricity transmission to the next level.** The transmission network is the electricity grid's "motorway", transporting electricity from big power plants to regional networks. To further improve efficiency, the Norwegian operator, Statnett, is now increasing transmission network voltage from 300 to 420 kV. The upgrade requires new distribution plants – areas where high voltage lines meet lower voltage electric lines. Sweco has been commissioned to design eight new distribution plants in the Vestlandet region of western Norway.

**Water and environment.** Today's cities have an unavoidable impact on the environment, but adverse effects can be minimised. Sweco's water and environmental specialists work with reducing harmful emissions, recycling waste and ensuring access to clean water. We also offer solutions that reduce climate impact and adapt society to a changed climate. Examples of services: **water and wastewater engineering services, waste management and soil/site remediation, environmental studies and impact assessments, and water resource planning**



**More, cleaner water in Stockholm.** As Stockholm grows, there is increased stress on the city's wastewater treatment plants. More water can be purified in a smaller area with the use of membrane technology. Sweco has been commissioned to design and plan the expansion of the Henriksdal treatment plant, where this new technology is used. The purified water is also particle-free, reducing environmental impact on water in Lake Mälaren and the Baltic Sea.



**Protection for a coastal city.** The Swedish city of Gothenburg has suffered major flooding in recent years. Climate change and the violent storms it may cause increase the need for sound, reliable protection. Sweco was commissioned to produce a feasibility study for designing flood barriers to make Gothenburg less vulnerable to extreme weather conditions.



**Tools that measure and capture the value of nature.** Briefly put, ecosystem services deal with the value that nature creates for humans through, for example, air and water purification and pollination. A new Swedish strategy will ensure the integration of ecosystem services with future community planning. Sweco's experts in the area have assisted property manager Riksbyggen in developing a tool to evaluate the value available in various land areas and ways in which this may be impacted by potential construction.



**Contaminated historical environment freed from toxins.** A sawmill on Norrbyskär in northern Sweden's municipality of Umeå spread toxic substances over large areas in the early 1900s. The island, of cultural-historical value, will now be decontaminated. Sweco has been commissioned to examine the ground and propose remedial measures to clear it of toxins.

**Industry.** Well-planned and well-implemented investments strengthen industrial sector competitiveness. Sweco's industry specialists have the full range of skills needed to drive projects from early stage studies to final realisation. The results are effective and resource-efficient production and a safe working environment. Examples of services: **process engineering services, plant design (electricity, automation, mechanics, piping), logistics planning and project management**



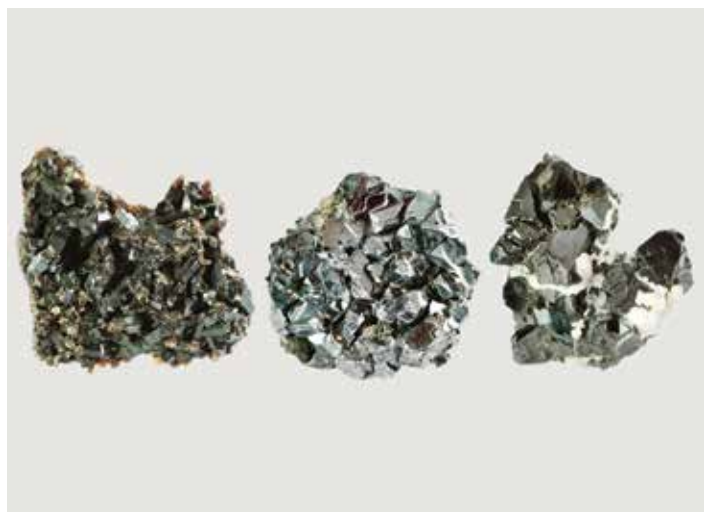
**Neutron research heats houses.** European Spallation Source (ESS) in the Swedish city of Lund will be the world's largest neutron research facility. This will open up new opportunities spanning material and solid mechanics to environmental science, medicine and archaeology. The facility is extremely energy-intensive, and Sweco has been commissioned to develop methods to re-use as much energy as possible. The facility's cooling water, for example, will be re-used for district heating.



**Major investment in next generation bioproducts.** Paper and pulp producer Metsä Group has lofty ambitions for its major investment in Äänekoski Finland, in terms of both energy efficiency and environmental impact. The goal is to create next generation factories to produce biomass, other biomaterial and bioenergy – the largest-ever investment in the Finnish forest industry. Sweco has played a key role focused on issues including project costing and environmental impact assessment.



**More paper pulp of higher quality.** Pulp supplier Södra Cell is pursuing an initiative in Karlshamn, Sweden that will increase the capacity and quality of pulp production. Sweco is responsible for sub-project management and designing and planning the plant's reconstruction. To streamline this work, Sweco developed a 3D model that provides a comprehensive picture of the mill's needs and possible solutions.



**Cleaner end products in Finnish talc production.** Talc producer Mondo Minerals is expanding in the Finnish municipality of Outokumpu. A crucial part of this initiative involves improved processing of the side-product nickel to produce a cleaner, more valuable end product. Through an EPCM contract, Sweco has overall responsibility for planning, project management, procurement services and site supervision.

**Project management.** Major urban development projects are expensive, and it is crucial that the customer's vision is fully realised in the end result. Sweco's project managers have a critical role as the link between the customer's vision and actual implementation. We are involved throughout all project phases and, with our structured working methods, we steer complex projects in the right direction. Examples of services: project and design management, property and development management, and site supervision



**A vision of the world's longest tunnel.** Tallinn and Helsinki share a vision of linking the two cities by building the world's longest tunnel under water. A fixed rail service would be extremely important to both capital regions. Today, 60,000 Estonians commute to Finland. Sweco has been engaged to examine the economic viability and analyse the socioeconomic effects of a tunnel between the two countries.



**Tunnel under Helsinki for commuters.** The City Centre Loop is a major investment in a new commuter train extension in Helsinki, most of which will be built under the city. The new railway will improve Helsinki's public transport and relieve pressure on long-distance train traffic. Sweco is responsible for planning the design of the seven-kilometre-long railway track and three associated stations.



**More housing for continued growth.** The Swedish municipality of Uppsala is growing, and there is great demand for new housing. To meet this demand, the largest urban development project currently being undertaken in Uppsala is now underway. There will be a new city district, with shops, services, expanded public transport, and 6,000-8,000 new housing units located close to the urban centre. Sweco plays a key role in the project as general consultant, including serving as the municipality's main support on configuration and design issues.



**Hospital initiative focused on patient security and modern technology.** Helsingborg Hospital in Sweden will be reconstructed to meet today's high standards for modern technology and patient security. Sweco has been engaged for production management of a new, 40,000 square metres building that will increase the hospital's capacity. A crucial part of the assignment involves combining technical expertise with proficiency in complex hospital operations.

**IT for urban development.** Advanced IT solutions play an increasingly important role in the development of tomorrow's cities and communities. Sweco's IT experts use the data flow generated by a city to streamline everything from transportation and energy consumption to lighting and water flows. Using IT, existing buildings and infrastructure can be utilised in a more optimal way. Examples of services: **systems development and big data, data coordination and BIM, 3D visualisation and geographical analyses, and strategy and operational support**



**A newly built Stockholm in Minecraft.** A growing Stockholm with housing shortages and renovation needs was the basis of Blockholm – the Minecraft version of Stockholm – in which players construct a new Stockholm from the ground up. The project is an example of a new, innovative approach to increasing involvement and citizen dialogue in the urban development process. Sweco's task was to produce the model of Stockholm in Minecraft, with all plots of land and co-ordinates from Stockholm's official land data.



**Czech Republic manages floods with map data.** All EU countries are responsible for systematically mapping the risk of lake and river flooding. The Czech Republic has been hard hit by flooding in recent years. Sweco used GIS analysis to help the country plan measures to reduce the risk of future floods. Following completion of the project, there is now a comprehensive database of the greatest flood risk areas in the Czech Republic.



**Ancient Swedish church smartens up with 3D.** Buildings in smart cities produce information about themselves, facilitating maintenance and management. And this doesn't only apply to new buildings. Lund Cathedral, built in the 12<sup>th</sup> century, is now equipped with the same technical potential. Sweco produced a 3D visualisation of the church that can be used for everything from changing pipes to forecasting the church's capacity to manage climate change.



**Drones provide quick answers to mining industry.** The use of pilotless planes – "drones" – is increasingly prevalent in society. Drones complement traditional measuring methods – compared with helicopters, they are inexpensive and quick to get into the air. Sweco, for example, flew drones over LKAB's mines to calculate the volume of gravel residue. Other areas of application are wildlife monitoring and consequence analyses for forests following storms or fires.

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## Board of Directors' report

The Board of Directors and the CEO of Sweco AB hereby submit the Annual Report and consolidated financial statements for the financial year 2014.

SWECO AB (publ), corporate identity number 556542-9841, is headquartered in Stockholm, Sweden and is the Sweco Group's parent company. The company's engineers, architects and environmental experts work together to design the communities and cities of the future. Sweco delivers qualified consulting services with high knowledge content throughout the customer's entire project chain: from feasibility studies, analyses and strategic planning through construction, design and project management. With approximately 9,000 employees, Sweco is one of Europe's largest consulting engineering companies. Around 45,000 projects were carried out this year for over 16,000 customers. Sweco has a local presence in eleven countries and conducts project exports to some 70 countries worldwide.

### SWECO GROUP

Sweco has an efficient, customer-focused organisation. With Sweco Group's decentralised, achievement-driven business model, all energy is focused on the business and the client's project. The parent company is responsible for group-wide functions. The business is run in four business areas:

Sweco Sweden  
Sweco Norway  
Sweco Finland  
Sweco Central Europe

Sweco is well-positioned for profitable growth. The Group holds market-leading positions in Sweden, Norway and Finland and strong niche positions in several Central and Eastern European countries. Sweco's home markets generally have greater GNP growth and stronger public finances than the European average. With top-class profitability in the industry, Sweco is able to grow faster than the market average – both organically and through acquisitions.

Overall, the market improved during 2014. The market in Sweden is slowly improving. The Norwegian economy is weakening somewhat, but the market is aided by government investments. The Finnish market remains challenging, while Central Europe showed some improvement during the latter part of the year.

Powerful drivers are increasing the long-term need for consulting engineering services. Trends like urbanisation and rising living standards are fuelling a need for infrastructure, industrial production, energy production, construction, etc. At the same time, there are increasing demands for sustainable urban development and adaptations in response to climate change, which increases demand for services in areas such as energy efficiency, environmental impact assessments, renewable energy solutions, effective traffic planning, water supply, wastewater treatment and soil/site remediation.

### Net sales, operating profit, operating margin and number of full-time employees, January–December

Business area	Net sales, SEK M		Operating profit, SEK M		Operating margin, %		Number of full-time employees	
	2014	2013	2014	2013	2014	2013	2014	2013
Sweco Sweden	5,703.7	4,893.9	570.2	496.0	10.0	10.1	4,614	3,995
Sweco Norway	1,917.8	1,814.5	178.5	186.0	9.3	10.3	1,250	1,194
Sweco Finland	1,496.7	1,292.3	85.1	69.5	5.7	5.4	1,840	1,764
Sweco Central Europe	289.2	301.4	12.8	-13.5	4.4	-4.3	812	949
Group-wide, eliminations, etc.	-193.7	-137.1	-32.1	-85.6	-	-	19	15
Acquisition-related items	-	-	-52.9	-94.1	-	-	-	-
<b>TOTAL SWECO GROUP</b>	<b>9,213.7</b>	<b>8,165.0</b>	<b>761.6</b>	<b>558.3</b>	<b>8.3</b>	<b>6.8</b>	<b>8,535</b>	<b>7,917</b>

### PROFIT AND OPERATIONS

Sweco Group's net sales rose 13 per cent to SEK 9,213.7 million (8,165.0). The increase was primarily attributable to the acquisition of Vectura. Organic growth totalled 3 per cent during the period.

Operating profit totalled SEK 761.6 million (558.3). The profit improvement is mainly attributable to the contribution from Vectura in Sweden, reduced integration costs, and improved profit in Finland and Central Europe.

Last year's profit was charged with impairments of intangible assets in Central Europe and integration costs for Vectura totalling SEK 102.3 million.

The billing ratio for the Group increased 1.4 percentage points year-on-year to 75.6 per cent. Sweden, Finland and Central Europe contributed positively to the improved billing ratio. Norway's year-on-year contribution to the billing ratio was negative.

Calendar effects of -4 hours had a year-on-year negative impact on profit of approximately SEK 16 million.

Operating profit before acquisition-related items (EBITA) totalled SEK 814.5 million (652.4).

Employee bonuses – including payroll overhead and pension expenses and excluding release of pension reserves – had an impact on profit of SEK -125.6 million (-134.2).

Key ratios	2014	2013
Net sales, SEK M	9,213.7	8,165.0
Organic growth, %	3	1
Acquisition-driven growth, %	10	9
EBITA, SEK M	814.5	652.4
Margin, %	8.8	8.0
Operating profit (EBIT), SEK M	761.6	558.3
Margin, %	8.3	6.8
Profit after tax, SEK M	544.6	379.6
Earnings per share, SEK	5.96	4.11
Billing ratio, %	75.6	74.2
Number of normal working hours	1,963	1,967
Average number of employees	8,535	7,917

### OUTLOOK

Demand for Sweco's services is stable overall and largely follows the general economic trend in Sweco's submarkets, with some degree of lag.

### ACQUISITIONS AND DIVESTMENTS

Sweco Sweden: Alfakonsult AB, with 21 employees, was acquired during the first quarter. The company is one of Scandinavia's leading logistics consultancies. Sweco also acquired Metro Arkitekter AB, an architecture firm specialised in infrastructure architecture, with 30 employees. The acquisition of Metro, finalised during the second quarter, has strengthened Sweco's market position within architecture. The Traffic Measurement division, with 22 employees, was divested in April through an agreement with Sensebit AB.



Sweco Norway: During the year Sweco acquired operations within BIM Consult AS, with 6 employees.

Sweco Finland: The acquisition of Tocoman Services Oy, with 26 employees, was completed in January 2014. Tocoman is specialised in construction economics services. During the year Sweco also acquired Savon Controlteam Oy, with 23 employees. The company specialises in consulting services in connection with improvement and renovation of existing buildings. Sweco also acquired Profil-Bau Consulting Oy, with 22 employees, and operations within renovation services. Sweco Finland divested the wholly owned SIA Sweco Structures Latvja in Latvia, with 14 employees. Following the divestment, Sweco no longer operates in Latvia.

Sweco Central Europe: The Russian subsidiary Sweco Lenvodokanalproekt, with 98 employees, was divested in January.

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

Sweco Sweden acquired the company OTEC Elkonsult AB with 15 employees, thereby strengthening its electricity distribution network.

Sweco Finland acquired the remaining minority interest in Silta-nylund Oy with 17 employees.

#### CASH FLOW AND FINANCIAL POSITION

Group cash flow from operating activities totalled SEK 594.8 million (495.9) during the period. Interest-bearing net debt totalled SEK 1,262.0 million (1,323.6). The net debt/EBITDA ratio was 1.3 times (1.7).

The Board of Directors adopted a new financial strength target during the year: net debt shall not exceed 2.0 times EBITDA. The new target replaces Sweco's former debt/equity ratio target (net debt shall not exceed 40 per cent of equity). The aim of the new target is to achieve a cost-effective capital structure and enable additional acquisition-based growth with balanced risk.

The credit facility taken up in connection with the acquisition of Vectura was refinanced during the third quarter. The new SEK 800 million credit facility runs over a 5-year period. The refinancing extends the duration from 3 to 5 years and provides better terms. With the new credit facility and existing loans, Sweco has secured long-term loan financing totalling approximately SEK 1,700 million for more than 3 years. Sweco has additional short-term loan financing of over SEK 500 million. Available cash and cash equivalents, including unutilised credit lines, totalled SEK 1,142.4 million (1,022.5) at the close of the reporting period.

Pension commitments in Norway were revalued due to lower market rates. The revaluation resulted in an increase in pension liability of SEK 55.7 million during the year, which is charged to Other Comprehensive Income (and thus Sweco Group equity).

#### EMPLOYEES

The number of employees at the end of the period was 8,943 (9,031), a decrease of 88. During the year 1,286 (1,141) employees were hired, 1,356 (1,233) ended their employment, 147 (–) ended their employment in conjunction with the divestment of companies and 129 (1,355) were added via acquired companies. Personnel turnover was 15 per cent (14). The Group had a total of 8,535 (7,917) full-time employees.

#### BUSINESS AREA – SWECO SWEDEN

##### Results

Sales were up 17 per cent and operating profit increased SEK 74.2 million. Growth was due primarily to acquisitions. There was a year-on-year difference of 9 fewer available working hours, which had a negative impact of approximately SEK 23 million on profit and sales.

##### Market

The Swedish market is slowly but steadily improving. Demand for Sweco's services in Sweden remains stable overall.

Demand is solid in the construction and real estate market. Housing construction is expected to increase in cities and account for a significant portion of future construction investment. The market for energy- and industrial-related services is cautious, while the industrial sector shows signs of improvement. Government investments guarantee good medium-term growth for the infrastructure market.

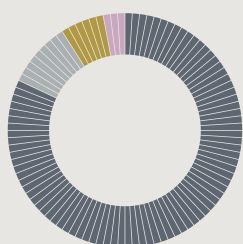
##### Assignments

Sweco was commissioned by the Stockholm County Council during the year to design a new 11-km underground metro line from Kungsträdgården to Nacka and Gullmarsplan, scheduled to open in 2025. The project also includes design of five new metro stations. The new metro line will reduce pressure on Slussen as a hub, add stations with a large catchment area in south-east Stockholm, and provide efficient connection to Stockholm Central Station. Sweco will contribute a wide range of expertise in areas ranging from architecture to underground construction and rail technology. The contract is valued at SEK 500–600 million, an estimated two-thirds of which will go to Sweco.

Sweco was commissioned by the Swedish Transport Administration to design and plan the renovation of Getingmidjan, the railway line between Stockholm Central Station and South Station trafficked by 600 trains per day. The initiative involves renovation of bridge and other foundation structures and replacement of railway facilities. The assignment is valued at approximately SEK 100 million.

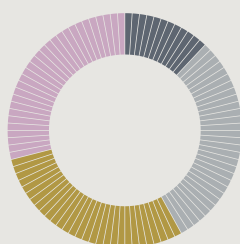
The Swedish Transport Administration commissioned Sweco to design and plan Sweden's first two high-speed railway lines: a 26-km line between Gothenburg and Borås, valued at approximately SEK

Cost structure, %



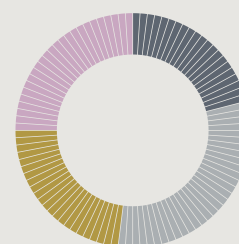
■ Personnel costs, 82 (82)  
 ■ Overhead expenses, 9 (9)  
 ■ Cost for premises, 6 (6)  
 ■ Amortisation/depreciation, 3 (3)

Term of employment, %



■ <1 year, 12 (13)  
 ■ 1–3 years, 30 (30)  
 ■ 4–9 years, 29 (28)  
 ■ >10 years, 29 (29)

Age structure, %



■ <31 years, 21 (21)  
 ■ 31–40 years, 31 (31)  
 ■ 41–50 years, 23 (22)  
 ■ >50 years, 25 (26)

50 million, and 40 kilometres of the Ostlänken, valued at approximately SEK 200 million.

Sweco was commissioned by the Swedish National Grid to design new power lines for the construction of a transmission network in western Sweden and the replacement of old lines in northern Sweden. The assignment, valued at approximately SEK 40 million, is expected to continue through 2020.

Sweco's architects have been commissioned to design Xijin Times Centre, a new district in the Chinese city of Jinan, which will be comprised of 800,000 m<sup>2</sup> office space, hotels and commercial premises. Sweco is responsible for conceptual design, including exteriors and layouts for the new buildings. Sweco's work is expected to be completed during 2015 and the new office park is scheduled for completion in 2017. The assignment is valued at approximately SEK 20 million.

Sweco also has several international hydropower assignments in Turkey, Latvia, Tanzania and Mozambique. Aggregate order value for Sweco Sweden is approximately SEK 150 million.

Net sales and profit	2014	2013
Net sales, SEK M	5,703.7	4,893.9
Organic growth, %	1	2
Acquisition-driven growth, %	16	14
Operating profit, SEK M	570.2	496.0
Operating margin, %	10.0	10.1
Average number of employees	4,614	3,995

## BUSINESS AREA – SWECO NORWAY

### Results

Organic growth totalled 8 per cent. Operating profit decreased SEK 7.5 million due to a lower billing ratio.

Calendar effects of +8 hours had a positive year-on-year impact of approximately SEK 7 million.

### Market

Although growth of the Norwegian economy has slowed, there is stable demand for Sweco's services in the Norwegian market.

There was some gradual weakening of the Norwegian economy due to the falling oil price, which primarily had a negative impact on Sweco's private construction and real estate market. The market has been aided, however, by government investments – mainly in the transportation, water and wastewater sectors – which signifies a good market in the long term. The country's growing population also signifies major investments in public buildings such as schools and hospitals.

### Assignments

Sweco was commissioned for the design and oversight of tunnels and underground excavations in connection with the construction of a new hydropower plant in Albania. Sweco will design rock strengthening measures and ensure the permanent stability of the tunnels and underground excavations that are built. The project, which will enhance the country's electricity supply and increase the share of renewable energy, is being carried out on behalf of Statkraft-owned Devoll Hydropower. The new hydropower plant will be ready for operation in late 2018. The assignment is valued at approximately SEK 60 million.

Larvik Municipality has given Sweco overall responsibility for the design of Thorstvedt School, which will meet BREEAM international environmental compatibility requirements. The assignment is worth approximately SEK 11 million.

During the fourth quarter, the Norwegian National Rail Adminis-

tration commissioned Sweco to analyse and design a 10-km stretch of the Östfoldbanan railway to increase capacity and reduce operating costs. The assignment, with an anticipated completion date of October 2015 and an order value of approximately SEK 50 million, is Sweco Norway's largest-ever infrastructure assignment.

Sweco will design a detail plan for two stretches of the E6 motorway: a 28-km stretch between Ulsberg and Vindåsliene, and a 7-km stretch between Korporalsbrua and Stören. The assignment is worth approximately SEK 17 million.

Åseral Municipality commissioned Sweco to design a new transformer station to increase electricity distribution capacity. The assignment is worth approximately SEK 8 million.

Net sales and profit	2014	2013
Net sales, SEK M	1,917.8	1,814.5
Organic growth, %	8	6
Acquisition-driven growth, %	0	3
Operating profit, SEK M	178.5	186.0
Operating margin, %	9.3	10.3
Average number of employees	1,250	1,194

## BUSINESS AREA – SWECO FINLAND

### Results

Sweco Finland's sales increased to SEK 1,496.7 million (1,292.3). Organic growth was 7 per cent.

Operating profit improved to SEK 85.1 million (69.5), due primarily to the higher billing ratio. There were no year-on-year calendar effects.

### Market

Although the protracted economic downturn of the Finnish market remains challenging, there is stable demand for Sweco's services. Demand for construction- and real estate-related services is satisfactory. The infrastructure and industrial engineering markets remain weak.

### Assignments

Sweco was given overall responsibility for the design, planning and completion of Mondo Mineral's nickel production facility in Vuonos. The assignment is valued at approximately SEK 16 million.

Sweco is responsible for structural and construction engineering and rock constructions at the Posiva encapsulation facility for spent nuclear fuel in Olkiluoto. The assignment is worth approximately SEK 14 million.

Sweco is delivering procurement services in Tammerfors, where a new 23.5-km-long tramway will be built. The assignment, commissioned by Tammerfors Municipality, is worth approximately SEK 2 million.

Sweco was commissioned during the fourth quarter to serve as site supervisor for the westbound extension of Helsinki's underground metro from Mattby to Stensvik. The project will make travel and growth more efficient for the suburb of Esbo (Finland's second-largest municipality). The new railway line, which will run underground, will be highly significant for the area's urban development. The assignment includes 7 kilometres of underground metro track, five stations and a train depot. Sweco's work is expected to continue until the underground metro is completed in 2020. The assignment, commissioned by Länsimetro, is valued at approximately SEK 180 million.

Sweco was commissioned by Finavia to conduct a feasibility study for three terminals (approximate total area of 70,000 m<sup>2</sup>) at the Helsinki-Vantaa airport. The project is part of an initiative to make the airport more attractive and ensure good airline service between Finland and the rest of the world. The assignment is worth approximately SEK 4 million.

Sweco is responsible for the design of a 5,200 m<sup>2</sup> upper secondary school in Äänekoski Municipality. The assignment is valued at approximately SEK 1.2 million.

<b>Net sales and profit</b>	<b>2014</b>	<b>2013</b>
Net sales, SEK M	1,496.7	1,292.3
Organic growth, %	7	-1
Acquisition-driven growth, %	4	6
Operating profit, SEK M	85.1	69.5
Operating margin %	5.7	5.4
Average number of employees	1,840	1,764

## **BUSINESS AREA – SWECO CENTRAL EUROPE**

### **Results**

Operating profit for Sweco Central Europe increased SEK 26.3 million to SEK 12.8 million (-13.5). The improvement was primarily attributable to higher order volumes in Poland and Russia and restructuring measures implemented within these operations.

Sales fell to SEK 289.2 million (301.4), due primarily to the previous restructuring of the Russian operations.

### **Market**

The Central European market is still impacted by the effects of the 2008 financial crisis. Investment levels remain low in most of the countries in the business area, which affects demand for Sweco's services. Demand is decreasing in Russia and the conflict in Ukraine is creating uncertainty.

Despite this, there are signs of improved demand in the Czech Republic, Poland and Lithuania, Sweco's largest markets in the region. Preparations have also been commenced for projects financed by the EU's structural funds for 2014–2020. The tendering processes for these projects are expected to begin on a large scale in mid-2015.

### **Assignments**

In the Czech Republic, Sweco began an extensive project during the first quarter to analyse and design the modernisation of a wastewater treatment plant in Prague, the largest in the Czech Republic. When completed, the plant will increase capacity and produce cleaner wastewater – benefitting residents far beyond Czech borders. The assignment is valued at approximately SEK 75 million.

In the Czech Republic Sweco was commissioned by the Thomas Garrigue Masaryk Water Research Institute to propose measures to mitigate damage caused by flooding. The assignment is worth approximately SEK 9 million.

Sweco was commissioned by Järve Biopuhastus AS to design a wastewater treatment plant in Kõhla-Järve, Estonia to reduce emissions to the Baltic Sea. The project, a collaboration between Sweco's Estonian and Swedish experts, is valued at approximately SEK 3.3 million.

Intra-group collaborations are on the rise, with consultants from Central Europe delivering services to Sweco's Nordic customers. For example, Czech consultants are working in Sweden with the expansion of the Henriksdal treatment plant in Stockholm, consultants from Lithuania are working on a hospital project in Stockholm, and consultants from Poland and Bulgaria will work on the design of the Stockholm underground metro expansion.

<b>Net sales and profit</b>	<b>2014</b>	<b>2013</b>
Net sales, SEK M	289.2	301.4
Organic growth, %	5	-17
Acquisition-driven growth, %	-9	0
Operating profit, SEK M	12.8	-13.5
Operating margin, %	4.4	-4.3
Average number of employees	812	949

## **OTHER INFORMATION**

### **Investments, January–December 2014**

Investments in equipment totalled SEK 136.7 million (116.1) and were primarily attributable to IT investments. Depreciation of equipment totalled SEK 139.3 million (117.1) and amortisation of intangible assets totalled SEK 56.6 million (61.1).

Purchase consideration paid to acquired companies totalled SEK 91.1 million (1,004.6) and had an impact of SEK -78.9 million (-904.7) on Group cash and cash equivalents. Purchase consideration received for the divestment of companies totalled SEK 44.3 million (0.8) and had an impact of SEK 41.4 million (-0.1) on Group cash and cash equivalents.

Dividends totalling SEK 295.8 million (296.2) were distributed to Sweco AB shareholders during the year.

### **Parent company, January–December 2014**

Parent company net sales totalled SEK 343.8 million (271.4) and were attributable to intra-group services. Earnings after financial items totalled SEK 504.2 million (464.2). Investments in equipment totalled SEK 25.2 million (25.7) and cash and cash equivalents at the end of the period totalled SEK 2.2 million (0.1).

### **The Sweco share**

Sweco is listed on Nasdaq Stockholm. The share price of the Sweco Class B share was SEK 106.00 at the end of the period, representing no change year-on-year. The OMX Stockholm General Index rose by 12 per cent over the same period.

In accordance with the request of the shareholders, 4,200 Class A shares were converted into Class B shares during the year, as stipulated by the conversion provision in Sweco's Articles of Association.

Sweco repurchased 349,473 Class B shares during the year for a total of SEK 37.2 million, corresponding to SEK 106.50 per share. Sweco held 1,653,437 treasury shares as of 31 December 2014: 753,437 Class B shares and 900,000 Class C shares.

The total number of shares at year-end was 92,416,847, of which 9,368,164 were Class A shares, 82,148,683 Class B shares and 900,000 Class C shares. After the allowance for treasury shares, the total number of outstanding shares at year-end was 90,763,410, of which 9,368,164 were Class A shares and 81,395,246 Class B shares.

### **Share savings schemes**

The 2014 Annual General Meeting (AGM) resolved to implement a long-term share savings scheme for Sweco Group senior executives. Through the scheme, 50 senior executives have acquired some 32,000 Sweco shares. Pursuant to IFRS 2 provisions, the cost of the 2014 Share Savings Scheme is estimated at approximately SEK 7.3 million (including social security contributions) and will be expensed on a straight-line basis over the retention period.

The 2011, 2012 and 2013 AGMs resolved on corresponding schemes, under which just over 25,000, 28,000 and 27,000 shares were acquired, respectively. Under the four share savings schemes, a total of approximately 380,000 shares may be issued if established targets are met.

### Share-based incentive scheme

The 2014 AGM resolved to implement a share-based incentive scheme for all employees in Sweden, under which payment will once again be made in shares (as opposed to the current cash payment). The AGM resolved to issue 900,000 Class C shares to carry out the 2014 Share-based Incentive Scheme.

### THE BOARD'S PROPOSED GUIDELINES FOR SENIOR EXECUTIVE COMPENSATION, FOR RESOLUTION BY THE 2015 AGM

Sweco Group's objective is to offer a competitive and market-based level of remuneration that facilitates the recruitment and retention of senior executives. Compensation for senior executives is comprised of basic salary, variable compensation, pension, other remuneration and share-based incentive schemes.

#### Basic salary and variable compensation

Compensation levels shall be based on factors such as work duties, qualifications, experience, position and performance. In addition, the breakdown between base salary and variable compensation shall be proportionate to the employee's position and work duties. Variable compensation is linked to predetermined, measurable criteria that are devised to comply with the company's long-term value creation. Variable compensation for the President and CFO may not exceed 75 per cent of basic salary. For other senior executives, variable compensation may not exceed 50 per cent of basic salary. Variable compensation is determined based on results in relation to predetermined profitability targets. Targets for the President and other senior executives are set by the Board of Directors.

#### Pensions

The terms and conditions for pensions for Sweco's President and senior executives shall be market-based relative to what generally applies to comparable senior executives in the market, and shall normally be based on defined contribution pension solutions.

#### Other compensation

Other compensation may be awarded, primarily in the form of company car and mobile phone benefits.

#### Share-based incentive schemes

Sweco Group senior executives may be offered various forms of incentive schemes on market-based terms. The rationale for share-based incentive schemes is to increase/diversify senior executives' share ownership/exposure and to more closely align the interests of the company's decision-makers and shareholders. A long-term, personal shareholder commitment among key personnel is expected to stimulate greater interest in the company's operations and earnings trend and to increase motivation and solidarity with the company.

Decisions on share-based incentive schemes are always resolved by the Annual General Meeting or Extraordinary General Meeting.

#### Terms of notice

In the event of dismissal by the company, the President shall have a maximum notice period of 18 months. In the event of the President's resignation, the notice period is six months.

For other senior executives, the term of notice is normally 12 months in the event of dismissal by the company and six months in the event of the executive's resignation.

### Other

These principles shall apply to agreements entered into subsequent to AGM resolutions and to any changes or alterations made to existing agreements after this date, to the extent permitted under the terms of the existing agreements. The Board of Directors is authorised to deviate from the principles if warranted by special circumstances in individual cases.

### BOARD PROPOSALS

#### Proposed appropriation of profits

The Board of Directors and President propose that profit carried forward and non-restricted reserves	890.3 SEK M
along with net profit for the year	435.3 SEK M
or, in aggregate,	1,325.6 SEK M
be appropriated for the distribution of a dividend to the shareholders of SEK 3.50 per share	320.3 SEK M <sup>1)</sup>
and that the remaining amount be carried forward.	1,005.3 SEK M

1) The dividend amount will be a maximum of SEK 320.3 million, calculated by the number of shares outstanding at 4 March 2015, including shares held in treasury. The dividend amount will change in the event the Board exercises the authority granted it by the 2014 AGM to buy back additional shares or to transfer treasury shares.

The estimated record date for dividend distribution is 20 April 2015.

The income statements and balance sheets of the Group and the Parent Company will be submitted to the Annual General Meeting for adoption on 16 April 2015.

The Board of Directors of SWECO AB (publ) has proposed that the 2015 AGM resolve to distribute a dividend of SEK 3.50 (3.25) per share, for a maximum total of SEK 320.3 million (295.8).

Sweco's dividend policy specifies that at least half of profit after tax shall be distributed to the shareholders, while also requiring that the company maintains a capital structure that provides scope to develop and make investments in the company's core business. Pursuant to Sweco's financial targets, net debt shall not exceed 2.0 times EBITDA. In view of the Board's proposed dividend (above), the Board hereby issues the following statement pursuant to Chapter 18, Paragraph 4 and Chapter 19, Paragraph 22 of the Swedish Companies Act.

The Board of Directors is of the opinion that the proposed distribution to shareholders does not constitute an impediment to the company's capacity to meet its obligations in the short or long term, and that the company's financial position allows for continued investments and expansion.

In light of the above, the Board deems that the proposed dividend to shareholders is warranted considering the amount of shareholder equity required due to the nature, scope and risks associated with the company's operations, and by the company's consolidation requirements, liquidity and overall financial position.

#### 2015 Share Savings Scheme

The Board has proposed that the 2015 AGM resolve to implement a long-term share savings scheme for up to 80 senior executives and other key people within the Sweco Group.

#### 2015 Share-based Incentive Scheme

The Board has also proposed that the 2015 AGM resolve to implement a share-based incentive scheme for employees in Sweden.

### ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday, 16 April 2015 at Näringslivets Hus, Storgatan 19, Stockholm.

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# Corporate governance report

## IN GENERAL ABOUT SWECO

Sweco AB is a public limited liability company headquartered in Stockholm, Sweden. Sweco's corporate governance is based on the Swedish Companies Act, Sweco's Articles of Association, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Code of Corporate Governance, other applicable Swedish and international laws and regulations, and Sweco's own policies, procedures and guidelines. Sweco's Board of Directors and management strive to live up to the requirements of the shareholders, other stakeholders and Nasdaq Stockholm regarding sound and effective corporate governance. In accordance with the Swedish Companies Act and Sweco's Articles of Association, Sweco's governance, management and control are divided between the shareholders at the Shareholders' Meeting, the Board of Directors and the President. Sweco's Corporate Governance Report has been prepared in compliance with the Swedish Code of Corporate Governance and the Swedish Annual Accounts Act, and has been examined by the company's auditors.

## BUSINESS MODEL AND PROJECT MANAGEMENT

Sweco's business model is to create value through the delivery of professional consulting services. In Sweco's decentralised organisation, individual consultants form the hub of operations. Since every individual is responsible for generating business, the company's operations must be permeated by a strong entrepreneurial attitude and approach. Sweco's core values of curiosity, commitment and responsibility reflect the corporate culture and serve to promote good conduct and uniform decision-making.

Sweco's activities are largely carried out as assignments. The project teams vary depending on project size, location and complexity. Each project is headed by a responsible assignment manager whose day-to-day work is facilitated by Sweco's group-wide business system, sweco@work. The system (which is quality, environmentally and OHS certified in accordance with ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007) promotes effective project management and a consistent approach to the project process and customer relationship. Sweco@work supports both complex and less complex projects and gives every project manager access to up-to-date financial management data for his or her projects. The system and its usage are audited every year by the independent quality assurance organisation. At the same time, there is a continuous internal monitoring of the system.

The consultants' task is to deliver sustainable and customer-adapted solutions that have high knowledge content, are of the appropriate quality and that benefit the customer's business. The Group's business system is centred on the assignment process and is accessible to the consultants at all times. Sweco works continuously with improvement measures to develop the company's working methods, promote sustainability and support employees. Strategic skills development programmes are used to meet the consultants' need for ongoing education and training. Knowledge and experience gained by the consultants in their assignments is preserved and developed for future use.

## ETHICS, RESPONSIBILITY AND COMMITMENT

Sweco's commitment to CSR (Corporate Social Responsibility), defined as the company's responsibility to society, is based on the pledge that underpins the company's business – "Sustainable engineering and design". Sweco's vision is to become Europe's most respected knowledge company in the fields of consulting engineer-

ing, environmental technology and architecture. Sweco's long-term profitability and growth are driven by solutions that promote the sustainable development of society from an ecological, social and economic perspective. As consultants, Sweco's employees are often deeply involved in customer projects, frequently in an early stage, which gives them an opportunity to exert an influence but also carries an obligation to take responsibility for aspects within their control. Sweco's employees are obligated to comply with the company's CSR policy and compliance programme. See page 15 for additional information on Sweco's compliance programme.

Sweco complies with the laws, regulations and other requirements applicable to operations in countries where the company is active. Sweco also follows the Code of Ethics prepared by the International Federation of Consulting Engineers (FIDIC), and works according to the principles of the UN's Global Compact and the UN Declaration of Human Rights.

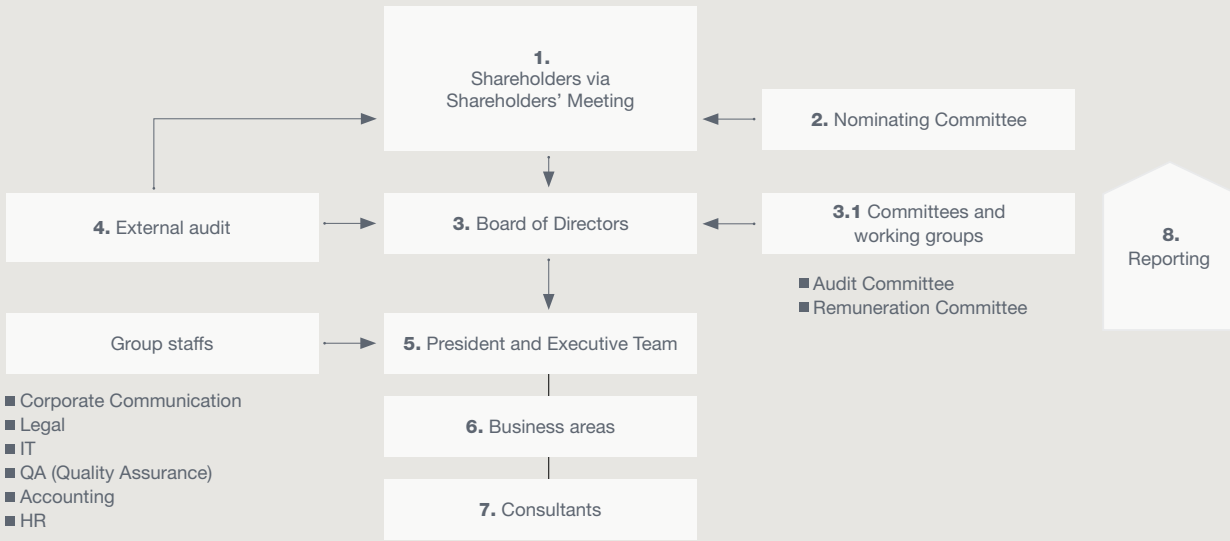
Sweco has high standards for conduct and business ethics, with objective and independent employees who act professionally in the best interest of the customer. Sweco has zero tolerance for fraud and collusion, corruption, bribes or unpermitted competition-restricting practises. No one at Sweco may, directly or indirectly, request or accept, or accept a promise of improper payment or other types of improper gifts, nor may anyone at Sweco, directly or indirectly, offer or provide payment or other types of compensation that may be regarded as improper to individuals, organisations, companies or persons closely associated thereto. No one at Sweco may provide cash or other assets to anyone representing Sweco in a particular matter who consequently promotes handling with influence or the giving or taking of bribes. Employees may not engage in activities in which there is a risk of conflict with Sweco's interests. No employee may exploit his or her position for personal gain at the expense of the company, its customers or its business partners. A Sweco employee who suspects business ethics improprieties is obligated to report this, in the first instance, to his or her manager, manager's manager, HR or group Legal Affairs staff and, in the second instance, via Sweco's whistle-blower function (Sweco Ethics Line).

Sweco takes into account the religion, culture, working conditions and traditions of each country and region and respects fundamental freedoms and rights. Sweco views diversity as essential in creating an innovative and inspiring working environment and actively promotes equal rights and opportunities in the workplace regardless of gender, ethnic origin, nationality, religious belief, disability, sexual orientation, age, etc.

In its CSR policy, Sweco has established the company's and employees' basic outlook on the company's responsibilities in society. The CSR policy covers the areas of business ethics, quality and assurance, employee development, human rights, equality and diversity, and occupational health and safety. Group-wide and local guidelines specify responsibility in each area in greater detail. Examples of this include ethics guidelines concerning anti-corruption, gifts and business entertainment.

All managers are responsible for ensuring that they and their employees comply with the CSR policy and guidelines. All employees are obligated to familiarise themselves and comply with the provisions of the policy and guidelines and to encourage external partners to apply these principles. The President holds ultimate responsibility for ensuring that the policy is monitored; which is controlled through internal and external audits, etc.

## Corporate Governance at Sweco



### Internal policies and processes that affect Sweco's governance:

- Sweco's business model
- Internal control
- Board's rules of procedure
- Instructions to the President & CEO
- Authorisation and signatory rules
- Finance policy
- CSR policy
- Corporate communication policy
- IT security policy
- Crisis management policy
- Policy for purchase of non-audit services from auditing firms
- Insurance and legal instructions
- Financial instructions
- Manual for financial accounting and reporting in the Group
- Sweco@work
- Quality and environmental policy
- Risk management

### External regulations and recommendations that affect Sweco's governance:

- Swedish Companies Act
- Swedish Code of Corporate Governance
- Nasdaq Stockholm's Rule Book for Issuers
- Laws and regulations in countries where Sweco operates
- Regulations and recommendations in the International Federation of Consulting Engineers (FIDIC) Code of Ethics
- UN rules and recommendations and Global Compact principles
- OECD guidelines for multinational companies
- Guidelines from the World Bank, Sida, OECD, NORAD and other international organisations for projects in various countries

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## ORGANISATION

### 1. SHAREHOLDER GOVERNANCE THROUGH SHAREHOLDERS' MEETINGS

The Shareholders' Meeting is Sweco's highest decision-making body, where all shareholders are entitled to make decisions on Sweco AB's affairs. Shareholders who are recorded in the share register on the record day and who provided notification of their participation by the specified date are entitled to participate in the AGM and vote for all of their shares. AGM or EGM resolutions are normally made by simple majority. In certain issues, however, the provisions of the Swedish Companies Act stipulate a certain level of attendance to achieve a quorum or a specific majority of votes.

The Annual General Meeting must be held in Stockholm within six months following the close of the financial year. Resolutions made by the AGM include adoption of Parent Company and Group income statements and balance sheets; approval of dividends; discharge from liability for the Board of Directors and President; determination of fees for the Board of Directors and auditors; election of Board members, Board Chairman and auditor; decisions regarding the Nominating Committee; and other matters as required by the Swedish Companies Act. At Sweco's Annual General Meeting, each shareholder has the opportunity to ask questions about the company and its performance during the past year. The Board of Directors, Executive Team and auditors are present to answer these questions.

#### 2014 Annual General Meeting

The 2014 Annual General Meeting was held on 16 April in Stockholm and was attended by 119 shareholders, representing 71.7 per cent of the votes and 81.9 per cent of the share capital. Olle Nordström was elected chairman of the AGM. In his address to the AGM, President and CEO Tomas Carlsson commented on Sweco's performance in 2013, Sweco's development in recent years and the outlook for 2014. The auditor in charge reported on audit-related work conducted during 2013. The submitted income statements and balance sheets were adopted, and the Board of Directors and President were discharged from liability for financial year 2013. The AGM approved an ordinary dividend of SEK 3.25 per share. The AGM also approved the election of the Board members, Chairman of the Board and auditors, and fees for the Board of Directors, the Audit Committee, the Remuneration Committee and the auditors in accordance with the Nominating Committee's proposal. The AGM also adopted the Board's proposed guidelines for senior executive compensation and instructions to the Nominating Committee.

The AGM resolved to implement the 2014 Share Bonus Program, which covers employees in Sweden. It does not entail any change to the current employee incentive scheme other than that bonuses are paid in shares rather than cash. The resolution included decisions to implement a 2014 Share Bonus Program; to amend Sweco's Articles of Association; to conduct a directed share issue of Class C shares; to authorise the Board of Directors to repurchase newly issued Class C shares and Class B treasury shares; and to authorise the Board to transfer Class B treasury shares in order to settle commitments under the 2014 Share Bonus Program and cover social security contributions. The Scheme comprises a maximum of 1,200,000 Sweco Class B shares (no more than 930,000 for delivery to participants and no more than 270,000 to cover social security contributions). Of the 1,200,000 Class B shares, a maximum of 900,000 will be newly issued. The remaining shares will be acquired on the stock exchange or, alternatively, the company will use the

treasury shares it currently holds. The issue consists of 900,000 Class C shares at an issue price of SEK 1 per share, corresponding to the quota value of the share. With deviation from shareholders' preferential rights, a bank or financial institution (that has made previous arrangements to do so) is entitled to subscribe to the directed share issue. The issue price is based on the quota value of the share. The AGM resolved to authorise the Board of Directors, during the period preceding the 2015 AGM, to repurchase the newly issued Class C shares for SEK 1 per share for a total of SEK 900,000; to acquire no more than 1,200,000 Class B treasury shares in order to settle commitments under the 2014 Share Bonus Program; to transfer no more than 930,000 Class B treasury shares to employees under the 2014 Share Bonus Program; and to transfer no more than 270,000 Class B shares to cover social security contributions. As part of the 2014 Share Bonus Program, the company's Articles of Association were amended by AGM resolution. These amendments provide for the introduction of a new class of shares (Class C shares, which entitle the holder to 1/10 of a vote but not to dividend); the introduction of a redemption clause which authorises the company's Board of Directors to decide to reduce the share capital by repurchasing Class C shares; and the introduction of a conversion provision that entitles the Board to call for the conversion of Class C treasury shares to Class B shares. The number of shares to be received by each employee corresponds to the employee's earned bonus for financial year 2014 divided by a base share price (corresponding to the average volume-weighted price paid for the Sweco Class B share during the period 24-31 March 2014) less the amount of the AGM-approved dividend per share for 2013. The base share price shall be recalculated in accordance with the usual terms in the event of occurrences that affect the value of the share, including but not limited to any decision on share splits, bonus issues, redemptions and the like during the programme's duration. Bonus per employee is based on the participating business units' operating profit per employee. The maximum bonus per employee is three months' salary. Shares will be allocated to employees free-of-charge during the first six months of 2015, premised upon continued employment.

The AGM approved a long-term share savings program (the 2014 Share Savings Program) for Sweco Group senior executives. The scheme comprises a maximum of 155,000 Sweco Class B shares (no more than 123,000 for delivery to participants and no more than 32,000 to cover social security contributions). The AGM authorised the Board of Directors, during the period preceding the 2015 AGM, to decide on the purchase of a maximum of 123,000 Class B treasury shares on the stock exchange to ensure delivery of Matching and Performance Shares to scheme participants, and on the purchase and transfer of no more than 32,000 Class B treasury shares on the stock exchange to cover the cost of social security contributions. The AGM also approved the free-of-charge transfer of no more than 123,000 Class B treasury shares to participants in the 2014 Share Savings Scheme during the period they are entitled to receive Matching and Performance Shares.

Finally, the AGM authorised the Board of Directors to decide on the transfer of Class B treasury shares on the stock exchange under the 2011 Share Savings Program. This authority, which may be exercised on one or multiple occasions during the period preceding the 2015 AGM, applies to the number of Class B shares required to cover social security contributions under the 2011 Share Savings Program, not to exceed 13,946 shares.

## 2. NOMINATING COMMITTEE

The Nominating Committee is the AGM's body for preparing resolutions related to appointments, and is tasked with preparing material to assist the AGM with these matters. Apart from proposing the composition of the Board, the Nominating Committee submits recommendations on AGM chairman, Board members, Chairman of the Board, Board fees (broken down per Chairman, other Board members and committee membership) and election and remuneration of auditors.

### During 2014 the Nominating Committee focused primarily on:

- monitoring and evaluation of the Board and its performance,
- discussion and analysis of the Board's competency requirements based on Sweco's operations, and
- proposals for Board composition and compensation issues ahead of the upcoming AGM.

The 2014 AGM resolved on instructions for the Nominating Committee ahead of the 2015 Annual General Meeting. Among other things, these instructions specify that the Board Chairman shall convene a Nominating Committee comprised of one representative from each of company's largest shareholders (at least three and at most four) and of the Chairman if he/she is not a member in the capacity of shareholder representative. The names of the committee members, together with the names of the shareholders they represent, were published on the company's website on 15 October 2014.

The Nominating Committee held four meetings ahead of the 2015 AGM. The Nominating Committee is comprised of Gustaf Douglas, representing Investment AB Latour; Birgitta Resvik, representing the J. Gust. Richert Memorial Foundation; and Board Chairman Johan Nordström, representing the Nordström family. The Nominating Committee is chaired by Johan Nordström.

## 3. BOARD OF DIRECTORS

The Board of Directors is responsible for the company's organisation and management of the company's business. The Board continuously monitors the financial situation of the company and the Group, and ensures that the company is organised in such a way that its accounting, cash management and other financial circumstances can be adequately controlled. The Board also ensures that its performance is evaluated on an annual basis through a systematic and structured process.

The Board's rules of procedures, including instructions for the division of duties between the Board and President, are updated and adopted annually. The rules of procedure regulate the Board's obligations, the division of duties within the Board, the number of Board meetings, the annual agenda and main topic of each meeting, instructions for preparing the agenda and background documentation for decisions, etc.

The Chairman supervises the work of the Board and is responsible for ensuring that the Board carries out its duties in an organised and efficient manner. The Chairman continuously monitors the Group's development through ongoing contact with the President. The Chairman represents the company in matters related to ownership structure. In accordance with Sweco's Articles of Association, the Board of Directors is comprised of at least three and not more than nine members. These members are elected by the Annual General Meeting to serve for the period through the conclusion of the next AGM.

### Composition of the Board

Sweco's Board of Directors is comprised of seven ordinary members elected by the AGM to serve for a period of one year through

the conclusion of next year's AGM. The Board has also included three employee representatives and three employee-appointed deputies. With the exception of the President (Tomas Carlsson), none of the AGM-elected Board members have an operational role in the company. All Board members but one are from Sweden. Four of the seven directors are women. All AGM-elected directors, aside from the President (Tomas Carlsson) are independent in relation to Sweco. All directors aside from Johan Nordström and Anders G. Carlberg are independent in relation to the major shareholders.

The 2014 Annual General Meeting appointed Johan Nordström as Board Chairman. The other ordinary Board members appointed by the 2014 AGM are Anders G. Carlberg, Tomas Carlsson, Gunnel Duveblad, Eva Lindqvist, Pernilla Ström and Carola Teir-Lehtinen. The employee representatives are Thomas Holm, Göran Karloja and Anna Leonsson as ordinary members, with Görgen Edenhagen, Sverker Hanson and Christer Åberg as deputies.

See pages 84–85 further information about the members of the Board of Directors.

### Work of the Board

Apart from the statutory Board meeting held immediately following the AGM, the Board meets at least six times per year. In 2014 the Board held seven meetings, four of which were held in conjunction with publication of interim reports. The meeting held in conjunction with publication of the Q2 report was held via telephone, with all documentation distributed in advance. The Board made two study visits in connection with the September meeting in Helsinki: to the West Metro/Mattby station building site and to the new Hagalund centre. Assignment presentations were made to the Board during both visits.

In addition to reporting on the development of Sweco's operations and finances, the Board meetings in 2014 devoted considerable attention to organic and acquisition-driven growth, the company's strategic focus, management and HR issues, CSR, risk management, internal control issues and other matters for which decision responsibility is assigned to the Board by the rules of procedure. Other Sweco executives participate in Board meetings to present reports when necessary. The Board Secretary is the company's General Counsel. The company's auditor takes part in at least one Board meeting per year. Attendance at Board, Audit Committee and Remuneration Committee meetings in 2014 is presented in the following table.

	Board meetings	Audit Committee	Remuneration Committee
Number of meetings	7	6	8
Olle Nordström <sup>1) 2)</sup>	1	–	4
Johan Nordström <sup>3) 4)</sup>	7	1	4
Anders G. Carlberg	6	6	–
Tomas Carlsson	7	–	–
Gunnel Duveblad	7	6	–
Eva Lindqvist <sup>5)</sup>	6	4	–
Pernilla Ström	6	–	7
Carola Teir-Lehtinen	7	–	8
Thomas Holm	6	–	–
Göran Karloja	6	–	–
Anna Leonsson	7	–	–
Görgen Edenhagen	4	–	–
Sverker Hanson	2	–	–
Christer Åberg	2	–	–

1) Resigned from the Board in conjunction with the 2014 AGM.

2) Resigned from the Remuneration Committee after the 2014 AGM.

3) Resigned from the Audit Committee after the 2014 AGM.

4) Joined the Remuneration Committee after the 2014 AGM.

5) Joined the Audit Committee after the 2014 AGM.



## Board composition and fees<sup>1)</sup>

	Position	Year of birth	Nationality	Elected in	Independent	Board and committee fees, SEK <sup>2)</sup>
Johan Nordström	Chairman of the Board, chairman of the Remuneration Committee	1966	Swedish	2012	no	550,000
Anders G. Carlberg	Board member, member of the Audit Committee	1943	Swedish	2009	no	300,000
Tomas Carlsson	Board member, President and CEO	1965	Swedish	2013	no	–
Gunnel Duveblad	Board member, chairman of the Audit Committee	1955	Swedish	2008	yes	350,000
Eva Lindqvist	Board member, member of the Audit Committee	1958	Swedish	2013	yes	300,000
Pernilla Ström	Board member, member of the Remuneration Committee	1962	Swedish	2009	yes	275,000
Carola Teir-Lehtinen	Board member, member of the Remuneration Committee	1952	Finnish	2011	yes	275,000
Thomas Holm	Employee representative, appointed by employees	1953	Swedish	2007	–	–
Göran Karloja	Employee representative, appointed by employees	1953	Swedish	2008	–	–
Anna Leonsson	Employee representative, appointed by employees	1971	Swedish	2005	–	–
Görgen Edenhagen	Deputy, appointed by employees	1964	Swedish	2011	–	–
Sverker Hanson	Deputy, appointed by employees	1963	Swedish	2011	–	–
Christer Åberg	Deputy, appointed by employees	1953	Swedish	2011	–	–

1) For the period from the 2014 AGM through the 2015 AGM.

2) Fees for work on the Board and the Audit and Remuneration Committees pursuant to the resolution of the 2014 AGM. Fees refer to remuneration paid during the period from the 2014 AGM through the 2015 AGM. For fees expensed during 2014, see Note 6 on page 56.

## Evaluation of Board performance and its members

An annual evaluation is conducted of the Board and its members to ensure that the Board meets the requisite performance criteria. Such an evaluation was also conducted in 2014. The results of the evaluation are discussed by the Board and reported to the Nominating Committee. The performance of the President and Executive Team is also regularly evaluated and is discussed during at least one Board meeting at which the Executive Team is not present.

### 3.1 BOARD COMMITTEES

#### Remuneration Committee

The statutory meeting of the Board appoints the Remuneration Committee. The members of the Committee are Johan Nordström (chairman), Pernilla Ström and Carola Teir-Lehtinen. The tasks of the Remuneration Committee include drafting proposals for principles for remuneration, terms of employment, pension benefits and bonus systems for the CEO and other senior executives, and presentation of these proposals to the Board for decision. The Remuneration Committee meets at least twice per year, and held eight meetings in 2014.

#### Audit Committee

The statutory meeting of the Board also appoints the Audit Committee. Audit Committee members are Gunnel Duveblad (chairman), Eva Lindqvist and Anders G. Carlberg. The company's independent auditor attended all committee meetings but one. The tasks of the Audit Committee include, among other things to supporting the work of the Board to ensure the quality of the company's financial reporting, meeting regularly with the company's auditors, assisting the Board in preparing a report on internal control and risk management, monitoring significant disputes and damage claims, establishing guidelines on which non-auditing services the company may procure from its auditor, and evaluating the auditor's performance. The Audit Committee meets at least three times per year. In 2014 the Audit Committee held six meetings.

### 4. EXTERNAL AUDIT

The auditor is appointed on an annual basis by the AGM. The task of the auditor is to examine, on behalf of the shareholders, the company's accounting records and annual report and the administration of the company by the Board of Directors and the President.

The auditing firm PricewaterhouseCoopers AB (PwC) was re-elected by the 2014 AGM to serve as Sweco's auditor through the conclusion of the 2015 AGM. Authorised Public Accountant Lennart Danielsson has been auditor in charge since 2008. For financial year 2014, fees for audit services totalled SEK 5.3 million (4.8) and fees for non-audit services totalled SEK 2.4 million (3.1). Apart from audit services, Sweco consulted PwC on various matters related to financial accounting and mergers. PwC also assisted in due diligence processes in connection with acquisitions. The amount of fees paid to all accounting firms is shown in Note 4 on page 55.

### 5. PRESIDENT, EXECUTIVE TEAM AND STAFFS

The Board of Directors has delegated to the President responsibility for day-to-day operations of the company and the Group. The President supervises operations within the framework determined by the Board of Directors. The Board has also established instructions governing the division of duties between the Board of Directors and the President, which are updated and adopted annually. Sweco's Executive Team was formed in 2014 and is comprised of the President, the CFO, the four business area presidents, the General Counsel, the HR Director and the Communications Director. The Executive Team replaces the former executive management, which was comprised of the President and the CFO, assisted by group staffs for Corporate Communication, QA (Quality Assurance), Accounting, Legal Affairs, HR and IT.

For more information on senior executives, see pages 86–87.

### 6. BUSINESS AREAS

The Sweco Group's business activities are organised in four business areas, each of which is headed by a president and a controller.

Each business area is led by a board of directors that meets at least four times a year. Sweco's President & CEO is chairman of the board of each business area. Apart from ongoing contacts and monthly meetings with the management of each business area, Sweco's Executive Team exercises its control over the business areas through involvement in board activities. The business areas' boards include members from the Executive Team (represented by Sweco's President & CEO and the CFO), the business areas' management teams and, in certain cases, employee representatives. All business areas are subject to the same rules for division of responsibilities between the board of directors and the president as those applicable

at the Group level. Each business area is made up of underlying companies or business divisions that are organised by area of expertise. Each division/company can then be organised by region, department or group, depending on the number of employees. The smallest organisational unit often consists of between five and 30 employees under the supervision of a manager.

## **7. CONSULTANTS AND LEADERSHIP**

Sweco has a customer-driven organisation distinguished by far-reaching decentralisation, with a high degree of autonomy for each unit. Under the Group's business model, business momentum is generated by the entire organisation and all employees take part in working with customers. With Sweco's policies and guidelines as a framework, managers at every level in the Group have explicit responsibility and authority to make autonomous decisions and develop their respective operations in line with customer needs.

Sweco's international growth ambitions place rigorous demands on leadership. Employee dedication and development are critical for Sweco's growth. All employee development is focused on performance, customer understanding and knowledge sharing. This work is supported by the annual Sweco Talk performance review. Sweco's continued success relies on strong leaders at all levels and in all operating and administrative areas of the Group. To ensure strong leadership Sweco uses the Sweco Leadership Compass, which defines the company's leadership culture and links leadership with Sweco's business culture. Effective management succession is ensured through Talent Review, a process and programme for continuous identification and development of good leaders.

## **8. INTERNAL CONTROL, RISK MANAGEMENT AND MONITORING**

### **Control environment**

Internal control (over financial reporting and in general) is based on the overall control environment established by the Board and Executive Team. This includes the culture and values communicated and practiced by the Board and Executive Team. Key components of the control environment are the organisational structure, management philosophy and style, and responsibilities and powers that are clearly defined and communicated for all levels in the organisation.

Sweco's Board of Directors has formulated explicit decision-making procedures, rules of procedure and instructions for its own work and that of the Remuneration Committee, Audit Committee and President in order to facilitate effective management of operational risks. Every year, the Board updates and adopts the rules of procedure, instructions to the President, authorisation and signatory rules and a finance policy, and reviews the Group's other policy documents. Rules of procedure for the board and instructions to the president are found in every company in the Group, and are based on the same principles as those that apply for Sweco AB's Board of Directors. Sweco also has a number of policies for financial information, corporate communication, IT security, CSR, crisis management, HR and quality assurance. These policies are the foundation for good internal control.

Sweco has signatory and authorisation rules that clearly regulate the allocation of powers at every level, from the individual consultant to the Sweco AB Board of Directors. The areas covered include tenders, investments, rental and lease agreements, expenditures and guarantees, etc.

### **Risk management**

The goal of Sweco's risk management is to secure the Group's long-term earnings growth and guarantee that Sweco's operations in the various business units are able to achieve their objectives. The company's Board of Directors and top management are responsible for risk management.

Sweco's risk management is an ongoing process. Large parts of Sweco's operations consist of work in progress. In view of this, there is a special emphasis on continuously monitoring risks and risk management for work in progress in order to further improve risk management and internal control activities.

Based on the mapping of the Group's risks and risk management, during 2014 Sweco further developed and reinforced its routines for day-to-day risk monitoring. In 2014 these activities were reported regularly to the Audit Committee and the Board. Within each business area, a risk map is continuously monitored at business area board meetings, where the agenda also includes a standing item on risk management. A report on risk management and internal control within the Group – covering the areas of market and business risks, CSR, QA (Quality Assurance), HR, Accounting, IT and Corporate Communications – was discussed by the Board of Directors, the Audit Committee and the Executive Team.

The business ethics compliance programme based on Sweco's CSR policy was further developed during the year. This included the revision of the CSR policy, new procedures and training. The sweco@work management system includes several CSR-related procedures (including those dealing with partners). Full-day training is available for managers. All employees have access to individual e-learning courses, including a "we-learning" section where groups can gather to discuss business ethical dilemmas. Dilemma discussions have also been held in Sweco's Executive Team. The training programme and dilemma discussions will continue through 2015. A whistle-blower function (Sweco Ethics Line) has been in place since 2013 and enables the anonymous reporting of suspected improprieties. The purpose of the compliance programme is to increase awareness, ensure that adequate risk management procedures are in place, and monitor compliance within the Group.

Sweco's risk process: risks are identified, necessary guidelines and policies are created, these are implemented in the organisation and monitored at several different levels, and a report is submitted annually to Sweco's Executive Team, the Audit Committee and the Board of Directors.

Information on Sweco's governing documents (including group policies, manuals, guidelines and routines) is available on the Sweco Group intranet. Important guidelines, manuals, etc., are continuously updated and communicated to the relevant employees. The goal is for all employees to complete an e-learning course on the Sweco Group – which includes details on the Group's overall objectives, values and policies (including its CSR policy) – as new employees and on an on-going basis every second year.

Guidelines and policies have been implemented at different levels in the organisation and are regularly monitored through internal follow-up, external audits and other measures.

### **Monitoring**

Each business area has a controller responsible for ensuring compliance with policies, guidelines and routines for financial reporting. Controllers are also responsible for ensuring the accuracy and completeness of the reported financial information. To further enhance internal control of financial reporting, a self-assessment question-

naire on financial reporting is produced each year and circulated to all controllers in the Group. The purpose of the questionnaire is to ensure the effectiveness of all significant internal controls related to the company's financial reporting. The submitted answers are analysed and any shortcomings are identified and corrected.

The Group's business system includes a number of functions for financial management, control and monitoring. There is a web-based project reporting system where project managers can continuously monitor their projects and track monthly earnings and key ratios at the group, region, company/division and business area levels. Operationally relevant key ratios can also be followed up weekly on all of these levels. A group-wide consolidation is carried out every month to measure actual results against budgets and internal forecasts.

Communication about financial reporting also takes place in connection with controller meetings that are held regularly within the Group. For external communication, a corporate communication policy defines the responsibilities and rules for communication with external parties.

#### **Internal audit**

Sweco has a simple and uniform operational structure throughout the Group. Controllers at the Group and business area levels regularly monitor compliance with Sweco's established operating and internal control systems. Controllers also conduct ongoing analyses of the companies' reporting and financial results in order to ensure development. In light of the above, the Board of Directors has chosen not to set up a special internal audit function.

Read more about Sweco's risks and risk management on pages 78–79.

### **9. INFORMATION TO THE CAPITAL MARKET**

Sweco strives to provide shareholders, financial analysts and other interested parties with simultaneous, timely, clear and consistent information about the Group's operations, financial position and development. Sweco has a corporate communication policy that is part of the internal control environment and ensures that Sweco meets the requirements imposed on listed companies.

#### **Sweco regularly provides the market with financial information in the form of:**

- interim and annual reports, published in Swedish and English
- press releases in Swedish and English on news and events
- conference calls and presentations for shareholders, financial analysts, investors and the media in connection with the publication of interim reports
- Capital Market Days
- regular meetings with the media, investors and analysts in Sweden and around the world throughout the year

When interim reports, annual reports and press releases are published in printed form, the material is simultaneously published on the corporate website ([www.swecogroup.com](http://www.swecogroup.com)), which also contains a large volume of other information that is updated on a regular basis.

### **REMUNERATION FOR THE BOARD AND SENIOR EXECUTIVES**

#### **Remuneration for the Board**

Board remuneration is determined by the Annual General Meeting. Board fees for 2014/2015 were set at SEK 1,750,000, of which SEK 500,000 is payable to the Chairman and SEK 250,000 to each of the

five AGM-elected Board members not employed in the company. No Board fees are paid to the President or the employee representatives. Board fees are paid on two occasions during each period.

The chairman of the Remuneration Committee is paid an additional fee of SEK 50,000 and the other members of the Remuneration Committee each receive an additional fee of SEK 25,000. The chairman of the Audit Committee is paid an additional fee of SEK 100,000 and the other members of the Audit Committee each receive an additional fee of SEK 50,000.

Principles for salary and other remuneration to senior executives pursuant to the 2014 AGM resolution are shown in Note 6 on pages 55–57.

#### **THE SWECO SHARE**

Sweco AB's shares have been traded on Nasdaq Stockholm since 21 September 1998. Sweco AB's total market capitalisation at 31 December 2014 was SEK 9,776 million (9,663). Share capital totalled SEK 92.4 million, divided between 9,368,164 Class A shares, 82,148,683 Class B shares and 900,000 Class C shares. The Class A and Class B shares are listed; the Class C shares were issued as per resolution of the 2014 AGM. The Class C shares were issued to enable the company to deliver shares (i.e., following conversion of the Class C shares to Class B shares) to employees under the 2014 Share Bonus Program. Class A shares carry one vote and Class B and C shares each carry 1/10 of one vote. Class A and Class B shares carry entitlement to dividends; Class C shares do not. Sweco's Articles of Association stipulate the right to convert Class A shares to Class B shares. Per shareholder request, 4,200 Class A shares were converted to Class B shares in February 2014 pursuant to the conversion clause in the Articles of Association. As at year-end 2014/15, Sweco held a total of 1,653,437 treasury shares: 753,437 Class B shares and 900,000 Class C shares.

Sweco AB had 7,780 shareholders at year-end 2014. The largest shareholders are the Nordström family (with 15.2 per cent of the share capital and 34.4 per cent of the votes), Investment AB Latour (with 31.4 per cent of the share capital and 22.6 per cent of the votes) and the J. Gust. Richert Memorial Foundation (with 2.1 per cent of the share capital and 10.1 per cent of the votes). Foreign investors held 17.9 per cent of the share capital and 9.5 per cent of the votes. Together, the ten largest shareholders control the equivalent of 69.4 per cent of the share capital and 79.3 per cent of the votes. The company is not aware of any agreements between shareholders that could lead to limitations in the right to transfer shares in the company.

Sweco's dividend policy specifies that at least half of profit after tax shall be distributed to the shareholders, while also requiring that the company maintain a capital structure that provides scope to develop and make investments in the company's core business.

### **10. DEVIATIONS FROM THE CODE**

The Chairman of the Board of Directors also chairs the Nominating Committee. The principal shareholders represented on the Nominating Committee in accordance with the committee's instructions deem it desirable that the committee be chaired by the representative for the largest shareholder in terms of voting power.

## Consolidated income statement

SEK M	Note	2014	2013
Net sales	2, 3, 33	9,213.7	8,165.0
Other operating income		0.0	0.0
<b>Total operating income</b>		<b>9,213.7</b>	<b>8,165.0</b>
Other external expenses	4, 5, 33	-2,234.0	-1,944.2
Personnel costs	6, 28	-6,014.9	-5,433.3
<b>EBITDA</b>		<b>964.8</b>	<b>787.5</b>
Amortisation/depreciation and impairment losses	3, 7	-150.3	-135.1
<b>EBITA</b>	3	<b>814.5</b>	<b>652.4</b>
Acquisition-related items <sup>1)</sup>	3, 7	-52.9	-94.1
<b>Operating profit (EBIT)</b>	3	<b>761.6</b>	<b>558.3</b>
Financial income	8, 33	4.6	4.7
Financial expenses	8, 33	-48.4	-38.1
Share in profit of associates and joint ventures	8	0.5	1.4
<b>Net financial items</b>	8	<b>-43.3</b>	<b>-32.0</b>
<b>Profit before tax</b>		<b>718.3</b>	<b>526.3</b>
Income tax expense	10	-173.7	-146.7
<b>PROFIT FOR THE YEAR</b>		<b>544.6</b>	<b>379.6</b>
<b>Profit for the year attributable to:</b>			
Owners of the Parent Company		541.9	374.9
Non-controlling interests		2.7	4.7
<b>Earnings per share attributable to owners of the Parent Company</b>	11		
Basic earnings per share, SEK		5.96	4.11
Diluted earnings per share, SEK		5.89	4.10

1) Acquisition-related items are defined as depreciation/amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of additional purchase prices, and losses on the sale of companies and businesses.

## Consolidated statement of comprehensive income

SEK M		2014	2013
<b>Profit for the year</b>		<b>544.6</b>	<b>379.6</b>
<b>Items that will not be reclassified to profit or loss</b>			
Revaluation of defined benefit pensions, net after tax	10	-55.7	-53.0
<b>Total items that will not be reclassified to profit or loss</b>		<b>-55.7</b>	<b>-53.0</b>
<b>Items that may be subsequently reclassified to profit or loss</b>			
Exchange difference on translation of foreign operations	10	78.9	-14.4
Hedge of net investment in subsidiary, net after tax	10	-35.9	-24.3
Exchange difference transferred to profit for the year		8.0	-
<b>Total items that may be subsequently reclassified to profit or loss</b>		<b>51.0</b>	<b>-38.7</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>539.9</b>	<b>287.9</b>
<b>Comprehensive income attributable to:</b>			
Owners of the Parent Company		536.7	282.4
Non-controlling interests		3.2	5.5

# Consolidated balance sheet

SEK M	Note	31 Dec 2014	31 Dec 2013
<b>ASSETS</b>	32		
<b>Non-current assets</b>			
Goodwill	14	2,162.5	2,088.4
Other intangible assets	14	120.9	150.6
Property, plant and equipment	15	399.3	394.7
Investments in associates	17	4.9	5.2
Investments in joint ventures	18	4.1	5.0
Financial investments	19	12.5	11.8
Deferred tax assets	10	47.2	25.8
Other non-current receivables	22, 28	7.4	8.0
<b>Total non-current assets</b>		<b>2,758.8</b>	<b>2,689.5</b>
<b>Current assets</b>			
Trade receivables	33	1,514.7	1,421.5
Work in progress less progress billings	23	1,003.5	1,252.8
Current tax assets		1.5	54.2
Other current receivables		207.7	55.3
Prepaid expenses and accrued income	24	257.4	210.8
Cash and cash equivalents	25	173.5	318.7
<b>Total current assets</b>		<b>3,158.3</b>	<b>3,313.3</b>
<b>TOTAL ASSETS</b>	3	<b>5,917.1</b>	<b>6,002.8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	26		
Share capital		92.4	91.5
Other contributed capital		239.0	239.0
Reserves		-30.4	-80.9
Retained earnings, including profit for the year		1,572.7	1,367.9
<b>Equity attributable to owners of the Parent Company</b>		<b>1,873.7</b>	<b>1,617.5</b>
Non-controlling interests		14.1	15.1
<b>Total equity</b>		<b>1,887.8</b>	<b>1,632.6</b>
<b>Liabilities</b>	32		
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	27, 29	1,085.5	1,393.1
Provisions for pensions	27, 28	134.0	68.4
Deferred tax liabilities	10	161.2	146.7
Other non-current liabilities		27.0	30.2
<b>Total non-current liabilities</b>		<b>1,407.7</b>	<b>1,638.4</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	27, 29	350.0	249.3
Progress billings in excess of work in progress	23	480.8	775.1
Trade receivables	33	337.7	246.4
Current tax liabilities		41.9	55.0
Other current liabilities	30	448.6	370.7
Accrued expenses and prepaid income	30	962.6	1,035.3
<b>Total current liabilities</b>		<b>2,621.6</b>	<b>2,731.8</b>
<b>Total liabilities</b>	3	<b>4,029.3</b>	<b>4,370.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,917.1</b>	<b>6,002.8</b>

For information about the Group's pledged assets and contingent liabilities, see Note 31.

## Consolidated cash flow statement

SEK M	Note	2014	2013
<b>Operating activities</b>			
Profit before tax	8	718.3	526.3
<b>Adjustments for non-cash items</b>			
Capital gains/losses		6.9	0.0
Amortisation/depreciation and impairment losses	3, 7	208.1	231.2
Difference between pension premiums expensed and paid		-16.0	-13.1
Other items		25.0	-4.1
<b>Total non-cash items</b>		<b>224.0</b>	<b>214.0</b>
Income taxes paid		-199.9	-179.9
<b>Cash flow from operating activities before changes in working capital</b>		<b>742.4</b>	<b>560.4</b>
<b>Changes in working capital</b>			
Change in current receivables		-26.8	-392.6
Change in current liabilities		-120.8	328.1
<b>Cash flow from operating activities</b>		<b>594.8</b>	<b>495.9</b>
<b>Investing activities</b>			
Purchase of intangible assets		-6.0	-4.5
Purchase of property, plant and equipment	12	-136.9	-92.8
Disposal of property, plant and equipment		1.0	3.4
Acquisition of subsidiaries and operations, net cash effect	13	-78.9	-904.7
Disposal of subsidiaries and operations, net cash effect	13	41.4	-0.1
Acquisition of financial investments		0.0	-0.1
Disposal of financial investments		0.2	0.1
Change in non-current receivables		2.2	1.1
<b>Cash flow from investing activities</b>		<b>-177.0</b>	<b>-997.6</b>
<b>Financing activities</b>			
Repurchase of treasury shares	26	-37.2	-9.4
Capital distribution to owners of the Parent Company	26	-295.8	-296.2
Capital distribution to non-controlling interests		-3.5	-6.0
Borrowings	27	1,157.9	896.8
Repayment of borrowings	27	-1,403.2	-113.2
<b>Cash flow from financing activities</b>		<b>-581.8</b>	<b>472.0</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>-164.0</b>	<b>-29.7</b>
<b>Cash and cash equivalents at beginning of year</b>	25	<b>318.7</b>	<b>363.6</b>
<b>Foreign exchange differences in cash and cash equivalents</b>		<b>18.8</b>	<b>-15.2</b>
<b>Cash and cash equivalents at year end</b>	25	<b>173.5</b>	<b>318.7</b>

## Consolidated statement of changes in equity

SEK M	Note	Share capital	Other contributed equity	Reserves	Retained earnings	Equity attributable to owners of the Parent Company	Non-controlling interests	Total equity
<b>Equity at 31 December 2012/</b>								
<b>1 January 2013</b>								
		91.5	239.0	-41.4	1,362.6	1,651.7	22.3	1,674.0
Profit for the year		-	-	-	374.9	374.9	4.7	379.6
Other comprehensive income for the year		-	-	-39.5	-53.0	-92.5	0.8	-91.7
Comprehensive income for the year				-39.5	321.9	282.4	5.5	287.9
Capital distribution to the shareholders – dividend	26	-	-	-	-296.2	-296.2	-6.0	-302.2
Acquisition of non-controlling interests	13	-	-	-	-13.4	-13.4	-6.7	-20.1
Share savings scheme – value of employee service		-	-	-	2.4	2.4	-	2.4
Repurchase of treasury shares		-	-	-	-9.4	-9.4	-	-9.4
<b>EQUITY AT 31 DECEMBER 2013</b>		<b>91.5</b>	<b>239.0</b>	<b>-80.9</b>	<b>1,367.9</b>	<b>1,617.5</b>	<b>15.1</b>	<b>1,632.6</b>
Profit for the year		-	-	-	541.9	541.9	2.7	544.6
Other comprehensive income for the year		-	-	50.5	-55.7	-5.2	0.5	-4.7
Comprehensive income for the year				50.5	486.2	536.7	3.2	539.9
Capital distribution to the shareholders – dividend	26	-	-	-	-295.8	-295.8	-3.5	-299.3
Non-controlling interests in acquired companies	13	-	-	-	-	-	0.8	0.8
Acquisition of non-controlling interests	13	-	-	-	-5.4	-5.4	-1.6	-7.0
Disposal of non-controlling interests		-	-	-	-	-	0.1	0.1
Share-based incentive scheme – new share issue		0.9	-	-	-	0.9	-	0.9
Share-based incentive scheme – value of employee service		-	-	-	53.6	53.6	-	53.6
Share savings scheme – value of employee service		-	-	-	3.4	3.4	-	3.4
Repurchase of treasury shares		-	-	-	-37.2	-37.2	-	-37.2
<b>EQUITY AT 31 DECEMBER 2014</b>		<b>92.4</b>	<b>239.0</b>	<b>-30.4</b>	<b>1,572.7</b>	<b>1,873.7</b>	<b>14.1</b>	<b>1,887.8</b>
<b>Proposed capital distribution to the shareholders</b>								
Dividend					-320.3	-320.3	-	-320.3

## Parent Company income statement

SEK M	Note	2014	2013
Net sales	3, 33	343.8	271.4
<b>Total operating income</b>		<b>343.8</b>	<b>271.4</b>
Other external expenses	3, 4, 5, 33	-291.1	-235.6
Personnel costs	6, 28	-53.8	-51.3
Amortisation/depreciation and impairment losses	3, 7	-19.5	-14.1
<b>Total operating expenses</b>		<b>-364.4</b>	<b>-301.0</b>
<b>Operating loss</b>	3	<b>-20.6</b>	<b>-29.6</b>
Profit from investments in group companies	8	553.2	521.6
Financial income	8, 33	2.6	2.3
Financial expenses	8, 33	-31.0	-30.1
<b>Net financial items</b>	8	<b>524.8</b>	<b>493.8</b>
<b>Profit after net financial items</b>		<b>504.2</b>	<b>464.2</b>
Appropriations	9	-1.5	86.7
<b>Profit before tax</b>		<b>502.7</b>	<b>550.9</b>
Income tax expense	10	-67.4	-74.0
<b>Profit for the year</b>		<b>435.3</b>	<b>476.9</b>

## Parent Company statement of comprehensive income

SEK M	2014	2013
<b>Profit for the year</b>	<b>435.3</b>	<b>476.9</b>
Foreign exchange differences	-	0.8
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>435.3</b>	<b>477.7</b>



## Parent Company balance sheet as at 31 December

SEK M	Note	2014	2013
<b>ASSETS</b>	32		
<b>Intangible assets</b>	14	<b>2.3</b>	<b>5.2</b>
<b>Property, plant and equipment</b>	15	<b>38.0</b>	<b>28.9</b>
<b>Financial assets</b>			
Investments in group companies	16	1,097.5	1,073.1
Receivables from group companies	21	960.9	957.3
Other non-current securities	20	0.9	0.9
<b>Total financial assets</b>		<b>2,059.3</b>	<b>2,031.3</b>
<b>Total non-current assets</b>		<b>2,099.6</b>	<b>2,065.4</b>
<b>Current assets</b>			
Receivables from group companies	21	1,695.6	1,559.9
Current tax assets		4.8	18.9
Other receivables		11.4	2.4
Prepaid expenses and accrued income	24	76.3	43.6
Cash and bank	25	2.2	0.1
<b>Total current assets</b>		<b>1,790.3</b>	<b>1,624.9</b>
<b>TOTAL ASSETS</b>	3	<b>3,889.9</b>	<b>3,690.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>	26		
Share capital		92.4	91.5
Statutory reserve		187.5	187.5
<b>Total restricted equity</b>		<b>279.9</b>	<b>279.0</b>
<i>Non-restricted equity</i>	26		
Share premium reserve		51.5	51.5
Retained earnings		838.8	637.6
Profit for the year		435.3	476.9
<b>Total non-restricted equity</b>		<b>1,325.6</b>	<b>1,166.0</b>
<b>Total equity</b>		<b>1,605.5</b>	<b>1,445.0</b>
<b>Untaxed reserves</b>	9	<b>2.8</b>	<b>1.3</b>
<b>LIABILITIES</b>	32		
<b>Non-current liabilities</b>			
Liabilities to group companies		9.5	8.9
Liabilities to credit institutions	27	962.0	1,312.0
<b>Total non-current liabilities</b>		<b>971.5</b>	<b>1,320.9</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	27	276.0	173.6
Trade payables		50.1	11.7
Liabilities to group companies		958.9	710.0
Other current liabilities	30	2.7	2.6
Accrued expenses and prepaid income	30	22.4	25.2
<b>Total current liabilities</b>		<b>1,310.1</b>	<b>923.1</b>
<b>Total liabilities</b>	3	<b>2,284.4</b>	<b>2,245.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,889.9</b>	<b>3,690.3</b>
Contingent liabilities	31	201.2	161.3

## Parent Company cash flow statement

SEK M	Note	2014	2013
<b>Operating activities</b>			
Profit after net financial items		504.2	464.2
<b>Adjustments for non-cash items</b>			
Capital gains/losses			
Amortisation/depreciation and impairment losses	7	19.5	14.1
Dividends and group contributions	8	-357.3	-298.7
Difference between interest recognised and received/paid	8	-3.5	3.0
Other items		56.0	1.0
<b>Total non-cash items</b>		<b>-285.3</b>	<b>-280.6</b>
Income taxes paid		-58.3	-71.8
<b>Cash flow from operating activities before changes in working capital</b>		<b>160.6</b>	<b>111.8</b>
<b>Changes in working capital</b>			
Change in current receivables		-115.7	-81.3
Change in current liabilities		289.7	27.2
<b>Cash flow from operating activities</b>		<b>334.6</b>	<b>57.7</b>
<b>Investing activities</b>			
Shareholder contributions		-23.0	-
Purchase of intangible assets	14	-0.4	-
Purchase of property, plant and equipment	12	-25.2	-27.0
Acquisition of subsidiaries, net cash effect		-1.4	-
<b>Cash flow from investing activities</b>		<b>-50.0</b>	<b>-27.0</b>
<b>Financing activities</b>			
Group contributions		298.7	413.3
Change in non-current receivables		-1.2	-917.9
Capital distribution to owners of the Parent Company	26	-295.8	-296.2
Repurchase of treasury shares		-37.2	-9.4
Borrowings		1,153.0	779.1
Repayment of borrowings		-1,400.0	-
<b>Cash flow from financing activities</b>		<b>-282.5</b>	<b>-31.1</b>
<b>CASH FLOW FOR THE YEAR</b>			
		<b>2.1</b>	<b>-0.4</b>
<b>Cash and cash equivalents at beginning of year</b>	25	<b>0.1</b>	<b>0.5</b>
<b>Cash and cash equivalents at year end</b>	25	<b>2.2</b>	<b>0.1</b>

## Parent Company statement of changes in equity

SEK M	Note	Share capital	Statutory reserve	Total restricted	Fair value reserve	Share premium reserve	Retained earnings	Total non-restricted	Total equity
<b>Equity at 1 January 2013</b>	26	<b>91.5</b>	<b>187.5</b>	<b>279.0</b>	<b>-0.8</b>	<b>51.5</b>	<b>941.1</b>	<b>991.8</b>	<b>1,270.8</b>
Profit for the year		-	-	-	-	-	476.9	476.9	476.9
Foreign exchange differences		-	-	-	0.8	-	-	0.8	0.8
Comprehensive income for the year		-	-	-	0.8	-	476.9	477.7	477.7
Capital distribution to the shareholders – dividend		-	-	-	-	-	-296.2	-296.2	-296.2
Share savings scheme		-	-	-	-	-	2.1	2.1	2.1
Repurchase of treasury shares		-	-	-	-	-	-9.4	-9.4	-9.4
<b>Equity at 31 December 2013/ 1 January 2014</b>	26	<b>91.5</b>	<b>187.5</b>	<b>279.0</b>	<b>-</b>	<b>51.5</b>	<b>1,114.5</b>	<b>1,166.0</b>	<b>1,445.0</b>
Profit for the year		-	-	-	-	-	435.3	435.3	435.3
Comprehensive income for the year		-	-	-	-	-	435.3	435.3	435.3
Capital distribution to the shareholders – dividend		-	-	-	-	-	-295.8	-295.8	-295.8
Share-based incentive scheme – new share issue		0.9	-	0.9	-	-	-	-	0.9
Share-based incentive scheme – value of employee service		-	-	-	-	-	53.6	53.6	53.6
Share savings scheme – value of employee service		-	-	-	-	-	3.7	3.7	3.7
Repurchase of treasury shares		-	-	-	-	-	-37.2	-37.2	-37.2
<b>EQUITY AT 31 DECEMBER 2014</b>	26	<b>92.4</b>	<b>187.5</b>	<b>279.9</b>	<b>-</b>	<b>51.5</b>	<b>1,274.1</b>	<b>1,325.6</b>	<b>1,605.5</b>
<b>Proposed capital distribution to the shareholders</b>									
Dividend	26, 36						-320.3	-320.3	-320.3

# Notes

Amounts in SEK M unless otherwise specified.

## 1 Significant accounting policies

### Compliance with norms and laws

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Commission for application in the EU. The Annual Accounts Act and RFR 1, Supplementary Accounting Rules for Groups, have also been applied.

The Parent Company applies the same accounting policies as the Group, except in those cases described under "Parent Company accounting policies".

The annual report and consolidated financial statements were approved for publication by the Board of Directors on 4 March 2015. The income statements and balance sheets of the Parent Company and the Group will be put before the Annual General Meeting for adoption on 16 April 2015.

### Basis of preparation of the consolidated and Parent Company financial statements

Assets and liabilities are stated at historical cost, with the exception of certain financial assets and liabilities that are stated at fair value. The financial assets and liabilities stated at fair value consist of derivatives, financial assets classified as financial assets at fair value through profit or loss, and available-for-sale (AFS) financial assets.

### Functional currency and presentation currency

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the presentation currency of the Group. The financial statements are therefore presented in SEK.

### Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires Sweco's senior management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assumptions.

The estimates and assumptions are evaluated on a regular basis. Changes in estimates are reported during the period the change occurs (if the change affects only that period) or during the period the change occurs and subsequent periods (if the change affects both).

Note 36 provides a description of inputs and assessments used by Sweco's senior management that have a significant impact on the financial reports, as well as estimates that may result in significant adjustments to subsequent financial statements.

### Significant applied accounting policies

The following accounting policies for the Group have been consistently applied in the periods presented in the consolidated financial statements, unless otherwise stated below. The Group's accounting policies have been consistently applied by all companies in the Group; when necessary, following alignment with Group policies on the part of associated companies.

### Changed accounting standards

#### Changes in accounting policies resulting from new, revised or amended IFRSs

Below is a description of the changed accounting standards that are applied by the Group with effect from 1 January 2014. Other changes in IFRSs with application as of 2014 have not had any significant impact on the consolidated financial statements.

The Group has applied IFRS 10, Consolidated Financial Statements, since 1 January 2014, under which the standard for determining whether or not control of investments exists has been changed. The IFRS model to be used in determining when control exists is based on (i) the control that exists, (ii) exposure to variable returns from involvement with the investee, and (iii) the ability to affect those returns through power over the investee. A new assessment of the Group's investments was conducted in conjunction with the transition to IFRS 10, which did not result in any changes to the financial statements.

IFRS 11, Joint Arrangements, has been applied since 1 January 2014. Accordingly, joint arrangements will be deemed to be joint ventures or joint operations based on whether or not the Group has a direct right to the assets and obligation for liabilities. This is determined based on the structure of the investment, its legal form, contractual arrangements and other factors and circumstances. Under former rules this assessment was made based only on the structure of the investment. IFRS 11 also specifies that the equity method must be applied, rather than the proportional method.

Under the transition to IFRS 11, Sweco Soyuz Engineering's financial statements are reported in accordance with the equity method rather than the proportional method since the company is deemed a joint arrangement in the form of a joint venture.

The change has been applied retrospectively in accordance with IAS 8 and affected the financial statements for the current period, the previous period and cumulatively as per the beginning of the comparative period as follows:

	2013
Net sales	-33.8
Other external expenses	31.4
Amortisation/depreciation and impairments	0.0
Share in profit of associates and joint ventures	1.9
Income tax expense	0.5
<b>Change in profit for the year</b>	<b>0.0</b>

	31 Dec 2013	1 Jan 2013
Property, plant and equipment	-0.2	-0.2
Holdings in joint ventures	4.1	2.3
Trade receivables	-12.5	-9.1
Work in progress less progress billings	-1.3	-1.1
Cash and cash equivalents	-1.7	-3.1
<b>CHANGE IN TOTAL ASSETS</b>	<b>-11.6</b>	<b>-11.2</b>
Trade payables	-11.5	-11.2
Other current liabilities	-0.1	0.0
<b>CHANGE IN EQUITY AND LIABILITIES</b>	<b>-11.6</b>	<b>-11.2</b>

### New IFRSs that are not yet applied:

A number of new, revised or amended IFRSs are effective for annual periods beginning on or after the start of the coming financial year and have not been adopted in advance in preparing this year's financial statements. Sweco does not plan to adopt new features or changes for future application in advance of the effective date.

IFRS 9, Financial Instruments, is intended to supersede IAS 39, Financial Instruments: Recognition and Measurement. The IASB has now completed an entire "package" of changes concerning the reporting of financial instruments. The package includes a model for classification and measurement of financial instruments, a forward-looking ("expected loss") impairment model and a significantly revised approach to hedge accounting. IFRS 9 takes effect on 1 January 2018; earlier application is permitted provided that the EU adopts the standard. No official schedule is yet available in terms of when adoption may occur.

The categories of financial assets that are found in IAS 39 will be replaced by two categories: those reported at fair value and those reported at amortised cost. Amortised cost is used for instruments that are held in a business model which focuses on collecting the contractual cash flows, to be comprised of payments of principal and interest on the principal outstanding on specified dates. Other financial assets are reported at fair value, and the option of applying the "Fair Value Option" as in IAS 39 remains in place. Changes in fair value are recognised in profit or loss, with the exception of value changes on equity instruments that are held for trading and for which an initial choice is made to recognise value changes in other comprehensive income.

As for the language on financial liabilities, the greater portion corresponds to the previous IAS 39 rules with the exception of provisions concerning financial liabilities that are voluntarily reported at fair value according to the "Fair Value Option". For these liabilities, the value change is divided between changes that are attributable to the entity's own creditworthiness and changes in a reference interest rate.

The new impairment model will require more consistent impairment of "expected credit losses", which are to be recognised as of the initial recognition of the asset.

The new rules for hedge accounting include a simplification of efficiency tests and an expanded definition of permissible hedging instruments and hedged items. The Group has not yet evaluated the effects of the introduction of the standard.

IFRS 15, Revenue from Contracts with Customers, regulates the recognition of revenue. IFRS 15's core provisions will provide users of financial statements with more useful information concerning the company's revenues. Under the expanded disclosure requirements, information on revenue type, settlement date, uncertainties associated with revenue recognition, and cash flow attributable to the company's customer contract must be provided. Revenue is recognised under IFRS 15 when, or as, control of a good or service transfers to the customer. IFRS 15 supercedes IAS 18, Revenue, and IAS 11, Accounting for Construction Contracts and the SICs and IFRICs related thereto. IFRS 15 takes effect on 1 January 2017. Early adoption is permitted. The Group has not yet evaluated the effects of the introduction of the standard.

No other IFRSs or IFRIC interpretations that are not yet effective are expected to have any significant impact on the Group.

### Other changes:

The consolidated cash flow statement was adjusted during the period. Paid payroll tax has been moved from the "Tax paid" line to "Changes in working capital". This change was made so that "Taxes paid" in the consolidated cash flow statement correspond to "Income tax" in the consolidated income statement. Comparative periods have been adjusted accordingly.

The definition of EBITA was adjusted during the year and the term "acquisition-related items" was introduced. EBITA is now defined as "Operating profit after reversal of acquisition-related items." Acquisition-related items are defined as "Amortisation and impairments of goodwill and acquisition-related intangible assets, revaluation of additional purchase price, and profit and loss on the divestment of companies and operations." Acquisition-related items do not include transaction costs, integration costs or similar expenses.

With this adjustment, changes to estimates regarding additional purchase price

and profit/loss recognised on divestments will not affect EBITA. The adjustment was made so that EBITA serves as an operational performance measure. Comparative figures have been updated accordingly.

#### Classifications

Non-current assets and non-current liabilities are essentially comprised of amounts expected to be recovered or settled later than 12 months after the balance sheet date. Current assets and current liabilities are essentially comprised of amounts that are expected to be recovered or settled within 12 months of the balance sheet date.

#### Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. Operating segment results are reviewed regularly by the Executive Team, which makes decisions on resources to be allocated to the segment and assesses its performance. For additional information about the division into and presentation of operating segments, see Note 3.

#### Basis of consolidation

##### *Subsidiaries*

Subsidiaries are all entities over which Sweco AB has a controlling influence, meaning that Sweco AB has influence over the investment object, is exposed to or has the right to variable return by virtue of its involvement, and can exert its control over the investment to influence returns. Potential share voting rights and the existence or nonexistence of de facto control are factors in determining whether controlling influence exists.

All subsidiaries are consolidated according to the acquisition method of accounting, whereby the acquisition of a subsidiary is regarded as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. A purchase price allocation (PPA) is used to determine the acquisition date fair value of the identifiable assets acquired and liabilities assumed, as well as any non-controlling interest in the acquiree. Acquisition-related costs, with the exception of those associated with the issue of equity or debt instruments, are reported as Other External Expenses.

In business combinations where the fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree (in a business combination achieved in stages) exceeds the Group's share in the fair value of net identifiable assets acquired and liabilities assumed, the difference is recorded as goodwill. When the difference is negative, the resulting gain is recognised as a bargain purchase directly in profit or loss.

The consideration transferred for the acquisition of a subsidiary does not include amounts related to the settlement of pre-existing business relationships. Such amounts are recognised in profit or loss.

Any contingent consideration payable is reported at fair value at the acquisition date. If the contingent consideration is classified as an equity instrument, it is not revalued and settlement is reported in equity. Otherwise, the fair value of contingent consideration is revalued at each reporting date and the change is recognised in profit or loss.

Non-controlling interest refers to acquisitions in which less than 100 per cent of the subsidiary is acquired. There are two alternative methods for reporting non-controlling interests: 1) as proportional share of net assets, or 2) at fair value (signifying that the non-controlling interests have a share in goodwill). The choice between these two methods can be made on an acquisition-by-acquisition basis.

For business combinations achieved in stages (step acquisitions), the amount of goodwill is determined on the date when control is obtained. Any previously held equity interests are reported at fair value and value changes are recognised in profit or loss.

Partial disposals of investments in subsidiaries that result in loss of control are reported at fair value and value changes are recognised in profit or loss.

For business combinations carried out between 1 January 2004 and 31 December 2009 in which the cost of acquisition exceeded the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed, the difference was recorded as goodwill. When the difference was negative, it was recognised directly in profit or loss. Acquisition-related costs (other than those associated with the issue of equity or debt instruments) incurred by the Group in connection with business combinations were capitalised as part of the acquisition cost.

For business combinations prior to 1 January 2004, impairment-tested goodwill was reported as the cost of acquisition corresponding to the carrying amount pursuant to previously applied accounting policies. As at 1 January 2004, in preparing the Group's opening balance in accordance with IFRS the classification and accounting treatment of business combinations prior to 1 January 2004 have not been restated in accordance with IFRS 3.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Subsidiaries' accounting policies have been changed when necessary to align them with the policies adopted by the Group.

Losses attributable to non-controlling interests are allocated even if doing so results in a deficit equity balance.

Acquisitions from non-controlling interests are reported as equity transactions; ie, transactions between owners of the Parent Company (retained earnings) and

non-controlling interests. As a result, no goodwill arises in these transactions. Changes in non-controlling interests are based on their proportionate share in net assets.

A change in the ownership interest of a subsidiary, without loss of control, is reported as an equity transaction; ie, a transaction between owners of the Parent Company and non-controlling interests. The difference between the consideration received and the non-controlling interests' proportionate share in acquired net assets is recognised in retained earnings.

##### *Associated companies*

Associated companies are entities over which the Group has a significant influence, but not control, over the operating and financial policies in a manner normally determined by the ownership of between 20 and 50 per cent of the voting power. From the date on which the significant influence passes to the Group, investments in associates are reported according to the equity method of accounting, whereby the Group's carrying amount for the investment in an associate corresponds to the Group's share in the fair value of net assets of the associated company as well as goodwill and the effects of any fair value adjustments. In the consolidated income statement, shares in profit or loss attributable to owners of the Parent Company (adjusted for amortisation, impairment losses or reversals on goodwill or negative goodwill) are recognised in "Share in profit of associates". These shares in profit, less dividends received from associated companies, constitute the main change in the carrying amount of investments in associates. The Group's share in other comprehensive income of associates is recognised on a separate line in the Group's comprehensive income.

On acquisition of the investment in an associate, any difference (whether positive or negative) between the cost of acquisition and the investor's share of the fair value of the net identifiable assets including contingent liabilities of the associated company is reported in accordance with same principles applied for the acquisition of subsidiaries.

Transaction costs, other than those attributable to the issue of equity or debt instruments, are recognised as other external costs. When the Group's share in reported losses of an associated company exceeds the carrying amount of the Group's investment in the associated company, the value of the investment is reduced to zero. Losses are also recognised against long-term interests that, in substance, form part of the investor's net investment in the associated company. Additional losses are recognised by a provision (liability) only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company. The equity method is applied until the date on which the significant influence ceases.

##### *Joint arrangements*

Joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations of each investor. Sweco AB has evaluated its joint arrangements and determined that Sweco Sojyz Engineering and 12E Energisystemintegration AB are joint ventures, and that Sweco ÅF Healthcare Systems AB is a joint operation. Joint ventures are reported under the equity method, while joint operations are reported using the Group's share of the joint venture's income, expenses, assets and liabilities. Under the equity method, joint ventures are initially reported at cost in the consolidated statement of financial position. The carrying amount is then increased or decreased to reflect the Group's share in the profit and other comprehensive income of its joint ventures after the acquisition date. The Group's share of profit is included in consolidated income and its share of other comprehensive income in other comprehensive income. The equity method is applied from the date on which joint control ceases.

##### *Transactions to be eliminated on consolidation*

All intra-group receivables and liabilities, income or expenses, and unrealised gains or losses arising on transactions between group companies are eliminated in full in presentation of the consolidated financial statements. Unrealised gains arising on transactions with associated companies and joint ventures are eliminated to the extent that corresponds to the Group's interest in the company. Unrealised losses are similarly eliminated unless they provide evidence of impairment.

##### *Foreign currency*

###### *Transactions in foreign currency*

Transactions in foreign currencies are translated to the functional currency at the rate of exchange on the transaction date. The functional currency is the currency of the primary economic environment in which the company operates. Monetary assets and liabilities in foreign currency are translated to the functional currency at the closing day rate. Foreign exchange differences arising on translation are recognised in profit or loss.

###### *Financial statements of foreign operations*

Assets and liabilities in foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from the foreign operation's functional currency to the Group's presentation currency (SEK) at the closing day rate of exchange. Income and expenses in foreign operations are translated to SEK at an average rate that is a reasonable approximation of actual rates on the respective transaction dates. Foreign currency translation differences arising on translation of foreign operations are recognised in the statement of comprehensive income and accumulated as a separate component of equity (reserves). When a foreign opera-

tion is disposed of, the cumulative amount of the exchange differences recognised in other comprehensive income and accumulated in the separate component of equity relating to that foreign operation is recognised in profit or loss when the gain or loss on disposal is recognised. Sweco has no group companies in countries with hyperinflationary economies.

The following exchange rates have been used for translation of the most significant currencies:

	2014		2013	
	Closing	Average	Closing	Average
EUR	9.52	9.10	8.94	8.65
NOK	1.05	1.09	1.06	1.11

On consolidation, foreign exchange differences arising from the translation of net investments in foreign operations and other currency instruments designated as hedges of such investments are recognised in the statement of comprehensive income and accumulated in other reserves in equity, to the extent that the hedge is effective. The ineffective portion is recognised in the consolidated income statement. When a foreign operation is disposed of, the cumulative amount of the exchange differences relating to that foreign operation, after deduction of any currency hedges, is reclassified from equity to profit or loss.

Cumulative translation differences arising before 1 January 2004 (transition to IFRS) have been recognised as a foreign currency translation reserve in equity.

#### *Net investments in foreign operations*

Monetary non-current items receivable from a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, part of Sweco's net investment in the foreign operation. Foreign exchange differences arising on monetary non-current items are recognised in other comprehensive income and accumulated in a separate component of equity (foreign currency translation reserve). When a foreign operation is disposed of, the cumulative amount of the exchange differences attributable to monetary non-current items is included in the cumulative exchange differences that are reclassified from the translation reserve in equity to profit or loss.

#### **Revenue**

Revenue is reported at the fair value of the consideration receivable for services rendered in the Group's operating activities. The Group recognises revenue when the amount can be measured reliably and it is probable that the economic benefits will flow to the company.

The Group reports service contracts (work in progress) in accordance with the percentage of completion method, under which contract revenue is recognised in pace with completion of the contract. In the consolidated income statements, the year's generated contract revenue for service contracts carried out on both a cost plus and fixed price basis is recognised in operating income. For cost plus contracts, contract revenue refers to work completed that is invoiced to the customer. For fixed price contracts, contract revenue is determined by reference to the stage of completion. The stage of completion of a contract is determined by comparing the proportion of contract costs incurred on the balance sheet date with the estimated total contract costs. In the balance sheet, service contracts are recognised at the value of the contract revenue less confirmed losses and anticipated loss risks. Service contracts where the value of work in progress exceeds progress billings are reported among assets as work in progress less progress billings. Service contracts in which the value of progress billings exceeds the value of work in progress are reported among liabilities as progress billings in excess of work in progress.

If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognised only to the extent that contract costs incurred are expected to be recoverable.

An expected loss on a contract should be recognised immediately as an expense.

#### **Financial income and expenses**

Financial income consists of interest income on invested funds, dividend income, revaluation gains on financial assets at fair value through profit or loss and gains on derivatives that are recognised through profit or loss.

Interest income on financial instruments is calculated using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, accrued transaction costs and any other discounts and premiums. Dividend income is recognised when the right to payment has been established. Gains on the sale of financial instruments are recognised when the significant risks and rewards of ownership of the instrument have been transferred to the buyer and the Group no longer has control over the instrument.

Financial expenses consist of interest expenses on loans, effects arising on reversal of the present value of provisions, revaluation losses on financial assets at fair value through profit or loss, and impairment losses on financial assets. All borrowing costs are recognised in the income statement through application of the effective interest method, regardless of how the borrowed funds have been used. Foreign exchange gains and losses are reported net. Foreign exchange gains

and losses arising on operating receivables and liabilities are recognised in operating profit, while those arising on financial assets and liabilities are recognised in net financial items.

#### **Financial instruments**

The financial instruments recognised on the asset side of the balance sheet include cash and cash equivalents, loans and receivables, financial investments and derivatives. On the liability side, these include trade payables, borrowings and derivatives.

#### *Recognition and derecognition of assets and liabilities*

A financial asset or liability is recognised in the balance sheet when the company initially becomes party to the contractual provisions of the instrument. Trade receivables are recorded in the balance sheet when an invoice has been issued. Financial liabilities are recognised when the counterparty has performed and there is contractual obligation to pay, even if no invoice has been received. Trade payables are recorded when an invoice has been received.

A financial asset is derecognised from the balance sheet when the company's rights under the agreement are realised, expire or the company has relinquished control of the asset. The same applies to a part of a financial asset. A financial liability is derecognised from the balance sheet when the obligation specified in the agreement is discharged or otherwise extinguished. The same applies to a part of a financial liability.

A financial asset and a financial liability are set off and netted in the balance sheet only when a legal right of setoff exists and there is an intent and ability to set off and net these items or to simultaneously realise the asset and settle the liability.

The purchase or sale of a financial asset is recognised on the trade date, which is the date on which the transaction takes place, except when the company acquires or sells listed securities, in which case settlement date accounting is applied.

The fair value of a listed financial asset is equal to the asset's quoted market price on the balance sheet date. The fair value of unlisted financial assets is established by using different valuation techniques such as recent transactions, prices for similar instruments and discounted cash flows.

#### *Classification and measurement*

Non-derivative financial instruments are initially reported at cost, corresponding to fair value including transaction costs for all financial assets and liabilities not reported at fair value through profit or loss, which are reported at fair value less transaction costs. On initial recognition, a financial instrument is classified based on the intent for acquisition of the financial instrument. Subsequent to initial recognition, the accounting treatment of financial liabilities depends on how they are classified, as described below.

Cash and cash equivalents comprise cash in hand and at bank and other highly liquid short-term investments with original maturities of less than three months which are exposed to insignificant risk for value fluctuations. Highly liquid short-term investments are investments that are readily convertible to known amounts of cash and for which a buyer is not required for sale to be effectuated.

Financial investments comprise either financial assets or short-term investments, depending on the period or intent of the holding. If the maturity or expected holding period is longer than one year the investments are recognised as financial assets; if shorter, they are recognised as short-term investments.

#### *Financial assets at fair value through profit or loss*

This category consists of financial assets held for trading. Financial instruments in this category are subsequently reported at fair value with fair value changes in operating profit or loss. This category consists mainly of derivatives with a positive fair value, but may also include financial investments.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted on an active market. Such receivables arise when Sweco provides goods or services directly to a debtor with no intent of trading the resulting receivables. Assets in this category are subsequently recognised at amortised cost. Amortised cost is calculated using the effective interest rate on the acquisition date. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of those receivables. Significant financial difficulties of the debtor and default or delinquency of payments are considered objective evidence of impairment. Non-current receivable are those with an anticipated holding period of more than one year. Other receivables have anticipated holding periods of less than one year.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are assets that cannot be allocated to any other category or that belong to this category by nature. Shareholdings and participations that are not recognised as subsidiaries, associated companies or joint ventures are recognised here. Available-for-sale financial assets are reported at fair value. The period's gains/losses arising from changes in fair value are recognised in other comprehensive income and cumulative gains/losses as a separate component of equity. Fair value changes due to impairment are recognised in profit or loss. On disposal of such assets, the cumulative gains/losses that were previously recog-

nised in other comprehensive income are recycled into profit or loss. An impairment loss is recognised when there is evidence of a lasting decrease in value.

#### *Financial liabilities at fair value through profit or loss*

This category consists of financial liabilities held for trading. Financial instruments in this category are subsequently reported at fair value with value changes recognised in operating profit or loss. This category includes the Group's derivatives with negative fair values.

#### *Other financial liabilities*

This category includes borrowings and other financial liabilities, such as trade payables. These liabilities are reported at amortised cost, which is calculated using the effective interest rate on the transaction date. Non-current liabilities have an expected maturity of more than one year, while current liabilities have a maturity of less than one year.

The categories in which the Group's financial assets and liabilities are grouped are presented in Note 32, Financial instruments by category.

#### **Derivative and hedge accounting**

Sweco Group derivative instruments are comprised of currency forward contracts that reduce the risk of exchange rate fluctuations. All derivatives are initially reported at fair value, signifying that transaction costs affect profit or loss for the current period. Derivatives are subsequently reported at fair value, and changes in fair value are recognised directly in the income statement within operating profit or loss when the criteria for hedge accounting have not been met.

#### *Hedge accounting for net investments in foreign companies*

Hedge accounting is applied to investments made by the FMC Group and associated loan financing. Net investments in foreign operations are hedged by raising foreign currency loans that are translated at the closing day rate on the reporting date. Foreign exchange differences in the foreign currency loan are recognised as hedges of the net investment in a group company and are included in other comprehensive income. Through hedge accounting, the asset (net investment in a foreign operation) and liability (foreign currency loan) are linked to each other; accordingly, only net value changes are recognised in other comprehensive income.

#### *Receivables and liabilities in foreign currency*

Currency forward contracts are used to hedge assets and liabilities against currency risk. Hedge accounting is not used. The underlying asset or liability and the hedge instrument are both translated at the rate of exchange on the balance sheet date and exchange gains and losses are recognised through profit or loss. Changes in the fair value of operating receivables and liabilities are recognised in operating profit, while changes in the fair value of financial assets and liabilities are recognised in net financial items.

#### **Property, plant and equipment**

##### *Owned assets*

An item of property, plant and equipment is recognised as an asset in the balance sheet when it is probable that the economic benefits attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

Historical cost includes the costs of purchase and all directly attributable costs necessary to bring the asset to its required working condition. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial amount of time to prepare for its intended use or sale is included as part of the cost of that asset.

Items of property, plant and equipment consisting of identifiable parts with different useful lives are treated as separate components of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised in the balance sheet on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on sale arising from disposal of an asset is the difference between any disposal proceeds and the carrying amount of the asset less direct sales costs, and is recognised in other operating income/expenses.

##### *Leased assets*

In the consolidated financial statements, leases are classified as either finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recorded as non-current assets in the consolidated balance sheet. The obligation to pay future lease payments is reported in the balance sheet under current and non-current liabilities. The leased assets are depreciated on a straight-line basis, while the lease payments are recognised in interest expenses and repayment of borrowings. The finance charge is allocated to income throughout the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Variable charges are expensed as incurred.

For operating leases, the lease payments are recognised in profit or loss over

the lease term according to the pattern of benefit, which may differ from the de facto amount of lease payments during the year. Incentives for the agreement of a new or renewed operating lease are recognised in the income statement as a reduction of the lease charges on a straight-line basis over the lease term. Variable charges are expensed as incurred.

#### *Subsequent expenditure*

Subsequent expenditure is added to the recorded value of the asset or recognised as a separate asset when it is probable that the future economic benefits associated with the asset will flow to Group and the cost of the asset can be measured reliably.

The decisive factor in determining if subsequent expenditure should be capitalised as a component of the asset is whether the expenditure refers to replacement of an identified component or part(s) thereof, in which case it is capitalised. In cases where a new component is created, the resulting expenditure is added to historical cost. Any residual value of a replaced component or part(s) thereof is recognised as an expense in connection with replacement. Repairs and maintenance are expensed as incurred.

#### *Depreciation*

Depreciation is charged on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The Group applies component depreciation, whereby depreciation is based on the estimated useful life of the components.

The estimated useful lives are:

– buildings, operating properties	50 years
– IT and computer equipment	3 years
– other equipment	5 years

The residual value and useful life of an asset are evaluated yearly.

#### **Intangible assets**

##### *Goodwill*

Goodwill represents the difference between the fair value of purchase consideration given in connection with an acquisition and the fair value of net assets acquired and liabilities assumed including contingent liabilities.

For goodwill arising from business combinations prior to 1 January 2004, the carrying amount becomes the Group's deemed cost, after impairment testing. Goodwill is reported at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units and is no longer amortised; it is instead tested for impairment at least annually (see next page). Goodwill arising on investments in associated companies is included in the carrying amount of the shares in the associated company.

##### *Capitalised development costs*

Costs for research aimed at obtaining new scientific or technical knowledge are expensed as incurred.

Costs for development (where knowledge is used to achieve new or improved products or processes) are recognised as an asset in the balance sheet only when the technical and commercial feasibility of the product or process has been established, the Group has adequate resources to complete development, and the Group intends and is able to complete the intangible asset and either use it or sell it. It must also be possible to demonstrate how the asset will generate probable future economic benefits and to reliably measure expenditure attributable to the asset during its development. The costs recognised should include the costs of materials, direct employment costs and indirect costs that can be attributed to the asset in a reasonable and consistent manner. Other development costs are expensed as incurred. Capitalised development costs are carried at cost less any amortisation and impairment losses. In the Group, there is a developed software solution for project management.

##### *Capitalisation of intangible assets in business combinations*

The value of the order backlog, customer relationships and brands/trademarks is reported in conjunction with a business combination. The capitalised order backlog is reported as the contribution margin on fixed orders. Customer relationships and brands/trademarks are reported at cost less accumulated amortisation.

##### *Subsequent expenditure*

Subsequent expenditure on a capitalised intangible asset is recognised within assets in the balance sheet only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and the expense can be measured reliably.

##### *Borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of "qualifying assets" are capitalised as part of the cost of the asset. A qualifying asset is an asset that takes a substantial period of time to prepare for its intended use or sale. The Group capitalises borrowing costs primarily on borrowings that are specific to the qualifying asset and, alternatively, on borrowing costs arising from general borrowings that are not specific to any other qualifying asset. The Group's centrally set internal interest rate is used to determine the interest rate for capitalised borrowing costs.

*Amortisation*

Amortisation is recognised in profit or loss and is carried out straight-line over the estimated life of the asset, unless the useful life is indefinite. Goodwill and intangible assets with indefinite lives are tested for impairment at least annually; they are tested more frequently if circumstances indicate a possible impairment. Amortisable intangible assets are amortised from the date on which they become available for use. The estimated useful lives are:

– capitalised development costs	5 years
– licences	3 years
– customer relationships	5 years
– trademarks	1–3 years
– order backlog	in pace with realisation

**Impairment**

The carrying amounts of the Group’s assets are reviewed at each balance sheet date to look for any indication that an asset may be impaired. The asset’s recoverable amount is calculated in the event impairment is indicated. For deferred tax assets, the carrying amount is reviewed according to the applicable standards (see section on taxes).

For goodwill and other intangible assets that are not yet ready for use, the recoverable value is calculated annually.

For an asset that does not generate any cash flow independently from other assets, recoverable value is calculated for the smallest identifiable cash-generating unit to which the asset belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable value, an impairment loss is recognised in the income statement.

In the event of an impairment loss, the carrying amount of any goodwill allocated to the cash-generating unit (group of units) is first reduced; the carrying amounts of the other assets of the unit (group of units) are thereafter reduced on a pro rata basis.

*Determining recoverable amount*

The recoverable amount is the fair value less costs to sell or value in use, whichever is higher. In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. If it is not possible to determine the recoverable amount for the individual asset, the recoverable amount is calculated for the smallest identifiable cash-generating unit to which the asset belongs.

*Reversal of impairment*

Impairment losses are reversed when there is an indication that a previous impairment loss may no longer exist or may have decreased and there has been a change in the estimates used to determine the asset’s recoverable amount. Reversal of impairment losses on goodwill is prohibited. An impairment loss is reversed only when the carrying amount increased due to reversal does not exceed what the depreciated historical cost would have been if the impairment had not been recognised, with an adjustment of amortisation for future periods.

Impairment losses on trade receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event occurring after the date of the impairment loss.

**Equity**

*Treasury shares*

On the repurchase of shares (treasury shares), the amount of consideration given is recognised as a reduction in equity. Proceeds from the sale of treasury shares are recognised as an increase in equity. Any transaction costs are recognised directly in equity.

*Dividends*

Dividends are recognised as a liability when they have been approved by the Annual General Meeting.

**Earnings per share**

Earnings per share are calculated by dividing profit or loss attributable to owners of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by adjusting profit or loss and the average number of shares for the effects of dilutive potential ordinary shares.

**Employee benefits**

*Pension plans*

The pension plans are financed through payment of premiums to insurance companies or pension funds, according to periodic actuarial computations. A defined benefit plan is based on a formula indicating the exact amount of benefit to be received by the employee after retiring, normally based on one or more factors such as age, duration of employment or salary. In a defined contribution plan, the employer pays a fixed contribution to a separate legal entity (insurance company). Sweco has both defined contribution and defined benefit plans.

*Defined contribution plans*

A defined contribution plan is classified as a plan where the company’s legal or constructive obligation is limited to the amount that it agrees to contribute. The amount of the post-employment benefits received by the employee is thus deter-

mined by the amount of contributions paid by the company to the pension plan or to an insurance company, together with investment returns on the accumulated contributions. Consequently, it is the employee who bears both the actuarial risk (that the amount of benefits will be lower than anticipated) and the investment risk (that the invested assets will not be adequate to provide the anticipated benefits). For defined benefit plans, the expense to be recognised in the income statement for the period is the contribution payable in exchange for service rendered by employees during the period.

*Defined benefit plans*

The Group’s net obligation under defined benefit plans is determined separately for each plan through a reliable estimate of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. This obligation is discounted to a present value. The discount rate is determined by reference to market yields at the balance sheet date on high-quality corporate bonds, including mortgage bonds, with a maturity term corresponding to the Group’s pension obligations. Valuation is carried out by a qualified actuary using the Projected Unit Credit Method. The fair value of plan assets is also computed on the reporting date. The Group’s net obligation consists of the present value of the obligation, reduced by the fair value of plan assets and adjusted for any asset ceiling.

All of the components included in a period’s cost for a defined benefit plan are recognised in operating profit or loss.

Revaluation effects consist of actuarial gains and losses, the difference between the actual return on plan assets and the amount included in net interest income/expense and any changes in the effects of the asset ceiling (excluding interest that is included in net interest income/expense). Revaluation effects are recognised in other comprehensive income.

When valuation leads to an asset for the Group, the recognised value of the asset is limited to the surplus in the plan or the asset ceiling calculated with the help of the discount rate, whichever is lower. The asset ceiling consists of the present value of the future economic benefits in the form of lower future employer contributions or cash refunds. In calculating the present value of future refunds or contributions, any minimum funding requirements are taken into account.

Changes or curtailments in a defined benefit plan are recognised at the earliest of the following dates: a) when a change in the plan or a curtailment occurs, or b) when the company recognises related restructuring costs and termination benefits. Changes/curtailments are recognised directly in profit or loss.

*Termination benefits*

An expense is recognised on the termination of employees only if the company is demonstrably committed to terminate an employee or group of employees before the normal retirement date.

*Short-term employee benefits*

For short-term employee benefits, the undiscounted amount of benefits expected to be paid in respect of service rendered by employees in a period is recognised in that period.

*Share savings schemes*

The 2011, 2012, 2013 and 2014 Annual General Meetings resolved to implement long-term share savings schemes directed at senior executives in the Sweco Group. Under the share savings schemes, participants may use their own funds to acquire Class B shares in Sweco (“Savings Shares”). If the Savings Shares are held until the announcement of the year-end report for the 2014 financial year for the 2011 share savings scheme, the 2015 financial year for the 2012 share savings scheme, the 2016 financial year for the 2013 share savings scheme, and the 2017 financial year for the 2014 share savings scheme (the “Retention Period”) and the participant remains employed in his/her position or an equivalent position in the Sweco Group throughout the Retention Period, each Savings Share shall thereafter grant entitlement to one Class B share in Sweco without consideration (“Matching Share”) and – provided that the performance criteria have been met – to an additional number of not more than one to four Class B shares in Sweco (“Performance Shares”). The granting of Performance Shares is conditional on a positive total yield for the Sweco share, and is also dependent on the Sweco share’s total yield in relation to a group of benchmark companies. The cost is expensed on a straight-line basis over the Retention Period as a personnel cost, with a corresponding increase in equity. The cost of the Matching Share is based on the fair value of the share on the acquisition date; the cost of the Performance Share is based on the fair value of the share as calculated by an external party through a “Monte Carlo simulation”.

In connection with the grant, social security contributions must be paid for the value of the employee benefit. Provisions for these estimated social security contributions are therefore made during the Retention Period.

*Share-based incentive scheme*

Sweco Group currently offers a share-based incentive scheme (the 2014 Share-based Incentive Scheme) under which bonuses are paid to employees in Sweden in the form of Sweco shares. Under this equity-managed scheme, the number of shares to be received by each employee is calculated based on a fixed base share price (corresponding to the average volume-weighted price paid for the Sweco Class B share during a specified period). The base share price is recalculated in accordance with standard terms in the event the Sweco AGM resolves to carry out a share split, preferential rights issue or similar during the duration of the scheme.



Estimated bonuses are expensed on a straight-line basis during the vesting period as a personnel cost, with a corresponding increase in equity. The expense recognised corresponds to the fair value of the estimated number of shares expected to vest. This expense is adjusted in subsequent periods to reflect the actual number of vested shares.

Social security contributions relating to share-based compensation to employees as payment for services rendered are expensed during the periods in which such services are rendered. Provisions for social security contributions are based on the fair value of the share at the reporting date.

#### Provisions

A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) that has arisen as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be estimated reliably. When the timing effect of payment is significant, provisions are reported at discounted present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The Group's provisions consist of pension provisions.

#### Taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognised in profit or loss.

Current tax refers to tax payable or receivable with respect to the year's profit or loss, with the application of the tax rates that have been enacted or substantively enacted by the balance sheet date. This also includes adjustments in current tax from earlier periods.

Deferred tax is calculated in accordance with the balance sheet method based on temporary differences between the carrying amount of an asset or liability and its tax base. The following temporary differences are not recognised: temporary differences arising on initial recognition of goodwill; the initial recognition of assets and liabilities that are not business combinations and at the time of the transaction affect neither reported nor taxable profit; and temporary differences attributable to investments in subsidiaries and associated companies not likely to be recovered in the foreseeable future and for which the Group can control the date for recovery. The measurement of deferred tax reflects the manner in which the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is computed with the application of the rates/laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets for deductible temporary differences and unused tax loss carry-forwards are recognised to the extent it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

Any additional income tax arising on dividends from subsidiaries is recorded on the date the dividend is recognised as a liability.

#### Contingent liabilities

A contingent liability is recognised where there is a possible obligation depending on the occurrence of some uncertain future event, or which will arise only through the occurrence or non-occurrence of one or more uncertain future events, or when an obligation is not recognised as a liability or provision due to the remote nature of the possibility of an outflow of economic resources.

#### Parent Company accounting policies

The annual financial statements of the Parent Company are presented in accordance with the Swedish Annual Accounts Act (1995:1554); RFR 2, Accounting for Legal Entities; and rules for listed companies issued by the Swedish Accounting Standards Board's Urgent Issues Task Force. RFR 2 specifies that in the report for the legal entity, the Parent Company shall apply all EU-endorsed IFRSs and interpretations as far as possible within the framework of the Annual Accounts Act and the Pension Protection Act, with respect to the connection between accounting and taxation. This recommendation defines exceptions to and additional disclosures to be made under IFRS provisions.

#### Differences between the accounting policies of the Group and the Parent Company

The differences between the accounting standards applied by the Group and the Parent Company are described below. The following accounting standards for the Parent Company have been applied consistently for all periods presented in the Parent Company financial statements.

#### Changed accounting policies

Unless otherwise specified, the accounting policies applied by the Parent Company in 2014 were adjusted in accordance with changes made by the Group, as described above.

#### Subsidiaries, associated companies and joint ventures

In the Parent Company, investments in subsidiaries, associated companies and joint ventures are reported in accordance with the cost method of accounting. Accordingly, acquisition-related costs are included in the carrying amount of the investment in a subsidiary, associated company or joint venture. In the consolidated financial statements, acquisition-related costs are expensed as incurred.

The value of contingent consideration is measured based on the probability that the consideration will be paid. Any changes in the provision/receivable are added

to/reduce the historical cost. In the consolidated financial statements, contingent consideration is reported at fair value with value changes through profit or loss.

A bargain purchase (negative goodwill) that is related to expectations of future losses and expenses is recognised during the periods when the expected losses and expenses occur. Negative goodwill arising for other reasons is recognised as a provision to the extent that it does not exceed the aggregate fair value of acquired identifiable non-monetary assets. The portion exceeding this value is recognised directly in profit or loss. That portion that does not exceed the aggregate fair value of acquired identifiable non-monetary assets is recognised as income on a systematic basis over the remaining weighted average useful life of the acquired identifiable depreciable/amortisable assets. In the consolidated financial statements, bargain purchases are recognised directly in profit or loss.

#### Sale of goods and performance of services

In accordance with Chapter 2, Paragraph 4 of the Annual Accounts Act In the Parent Company, the Parent Company recognises revenue from the sale of services when the performance of the service is completed. Work in progress is recognised at cost or at net realisable value, whichever is lower.

The Parent Company's invoicing of group-wide administration and other operations is recognised in net sales in the income statement.

#### Dividends

Dividends are recognised when the right to receive payment is deemed certain. This requirement also applies to subsidiaries. Any profits distributed by subsidiaries must be earned after Sweco's acquisition date. Dividends can also be anticipated if the decision to distribute the dividend has been taken or if Sweco can ensure distribution via its holding in the company.

#### Work in progress

In the balance sheet, work at a fixed price is reported at cost or fair value, whichever is lower.

#### Finance leases

In the Parent Company, all leases are recognised according to the rules for operating leases.

#### Defined benefit pension plans

The Parent Company applies different grounds for calculating defined benefit pension plans than those specified in IAS 19. The Parent Company complies with the provisions in the Pension Protection Act and the regulations of the Swedish Financial Supervisory Authority, as doing so is a requirement for tax deductibility. The most significant differences compared to IAS 19 are the manner in which the discount rate is determined, the calculation of the defined benefit obligation based on current salary level with no assumption about future salary increases, and the recognition of actuarial gains and losses in the income statement for the period during which they arise.

#### Taxes

In the Parent Company, untaxed reserves are reported including deferred tax liabilities. In the consolidated financial statements, however, untaxed reserves are divided between a deferred tax liability and equity.

#### Hedge accounting

RFR 2, IAS 21, item 4, specifies that liabilities in foreign currency can in certain cases be recognised at historical cost rather than being translated according to the exchange rate on the balance sheet date. Historical cost may be used for liabilities that constitute hedging instruments to hedge net investments in group companies. Accordingly, both the hedging instrument (the liability) and the hedged item (the investment) are translated at historical exchange rates.

In the Parent Company, loans raised to finance a net investment in a foreign operation are recognised at historical cost. In the Group, hedge accounting is applied and the foreign currency loan is translated at the closing day rate with translation effects in the statement of comprehensive income.

#### Financial guarantees

The Parent Company's financial guarantee contracts consist of guarantees issued on behalf of subsidiaries. A financial guarantee contract is a contract that requires the company to reimburse the holder for a loss it incurs due to a specified debtor's failure to make payment when due or as agreed. The Parent Company reports financial guarantee contracts in accordance with an optional exception to IAS 39 permitted by the Swedish Financial Accounting Standards Council. This relief provision applies to financial guarantee contracts on behalf of subsidiaries, associated companies and joint ventures. The Parent Company reports financial guarantees as a provision in the balance sheet when there is an obligation for which it is probable that settlement will require an outflow of resources.

#### Group and shareholder contributions for legal entities

Shareholder contributions are recognised directly in equity by the recipient and are capitalised in shares and participating interests by the giver, to the extent that no impairment charge is required. Group contributions received by the Parent Company from a subsidiary are recognised in the Parent Company in accordance with customary principles for dividend distributions from subsidiaries. Group contributions paid by the Parent Company to a subsidiary are recognised through profit or loss.

## 2 Net sales

The Group's net sales are essentially attributable to service contracts.

## 3 Segment reporting

### OPERATING SEGMENTS – BUSINESS AREAS

The Group's operations are divided into operating segments on the basis of the components of the Group that are reviewed by the President and the CFO. In the Group, the operating segments are defined as business areas. Each business area has a president who is responsible for day-to-day operations and reports regularly to the Executive Team on the business area's performance.

To establish an operational performance metric for the business areas, acquisition-related items are concentrated in the Group-wide segment. The business areas' performance metric therefore corresponds with operating profit before acquisition-related items (EBITA). Operating profit as reported below is the same performance metric as that monitored internally.

#### The following business areas have been designated:

Sweco Sweden	Architecture, Structural Engineering, Building Service Systems, Infrastructure, Water & Environment, Project Management, Energy, IT for Urban Development, Institutional Services, Industry
Sweco Norway	Structural Engineering, Energy, Water & Environment, Infrastructure, Building Service Systems, Industry
Sweco Finland	Project Management, Structural Engineering, Building Service Systems, Industry, Water & Environment
Sweco Central Europe	Water & Environment, Structural Engineering, Building Service Systems, Infrastructure, Energy, Architecture, Project Management
Group-wide	Group-wide staff functions and IT

2014	Sweco Sweden	Sweco Norway	Sweco Finland	Sweco Central Europe	Group-wide	Eliminations	Acquisition-related items <sup>1)</sup>	Unallocated	Total Group
External sales	5,594.9	1,890.8	1,458.6	269.4	–	–	–	–	9,213.7
Internal sales	108.7	27.0	38.1	19.8	533.3	-726.9	–	–	–
<b>TOTAL NET SALES</b>	<b>5,703.6</b>	<b>1,917.8</b>	<b>1,496.7</b>	<b>289.2</b>	<b>533.3</b>	<b>-726.9</b>	<b>–</b>	<b>–</b>	<b>9,213.7</b>

Amortisation/depreciation, impairment and acquisition-related items	-68.5	-18.0	-11.5	-4.8	-47.5	–	-52.9	–	-203.2
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Operating profit/loss	570.2	178.5	85.1	12.8	-32.1	–	-52.9	–	761.6
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Financial income					5.1				5.1
Financial expenses					-48.4				-48.4

Profit before tax									718.3
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Assets	3,010.6	947.4	1,506.1	349.7	3,897.1	-3,841.0	–	47.2	5,917.1
Investments in property, plant and equipment	102.2	33.1	12.1	3.6	25.0	–	–	–	176.0
Investments in intangible assets	20.3	2.7	58.7	1.3	0.4	–	–	–	83.4
Liabilities	2,634.6	567.6	416.7	402.4	2,595.7	-2,748.9	–	161.2	4,029.3

2013	Sweco Sweden	Sweco Norway	Sweco Finland	Sweco Central Europe	Group-wide	Eliminations	Acquisition-related items <sup>1)</sup>	Unallocated	Total Group
External sales	4,797.6	1,792.0	1,286.0	289.4	–	–	–	–	8,165.0
Internal sales	96.3	22.5	6.3	12.0	259.8	-396.9	–	–	–
<b>TOTAL NET SALES</b>	<b>4,893.9</b>	<b>1,814.5</b>	<b>1,292.3</b>	<b>301.4</b>	<b>259.8</b>	<b>-396.9</b>	<b>–</b>	<b>–</b>	<b>8,165.0</b>

Amortisation/depreciation, impairment and acquisition-related items	-68.7	-17.4	-9.9	-5.1	-34.0	–	-94.1	–	-229.2
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Operating profit/loss	496.0	186.0	69.5	-13.5	-85.6	–	-94.1	–	558.3
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Financial income					6.1				6.1
Financial expenses					-38.1				-38.1

Profit before tax									526.3
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Assets	3,457.7	960.7	1,405.9	373.0	2,812.3	-3,032.6	–	25.8	6,002.8
Investments in property, plant and equipment	188.1	8.6	13.1	3.3	25.7	–	–	–	238.8
Investments in intangible assets	777.1	16.8	4.8	0.9	1.2	–	–	–	800.8
Liabilities	3,253.7	529.4	328.9	464.5	1,609.2	-1,962.2	–	146.7	4,370.2

1) Acquisition-related items are defined as amortisation/depreciation and impairments of goodwill and acquisition-related intangible assets, revaluations of additional purchase price, and gains and losses on the sale of companies and operations. Impairment losses in the Group totalled SEK 4.6 million (49.3), of which SEK 4.6 million (49.3) is attributable to Sweco Central Europe.

Net financial items are not monitored at the business area level since they are affected by measures taken by the corporate finance department, which handles the Group's cash liquidity.

Parent Company net sales totalled SEK 343.8 million (271.4). One hundred per cent (100) of Parent Company net sales was comprised of sales to group companies. 34 per cent (33) of the Parent Company's other external expenses was comprised of purchases from group companies.

Assets are comprised of trade receivables, IT equipment and office equipment. The breakdown of intangible assets is shown in Note 14. Group-wide items include cash and cash equivalents of SEK 2.2 million (0.1).

The business areas' profits, assets and liabilities include directly attributable

items and items that can be allocated to the business areas in a reasonable and reliable manner. The reported items in the operating segments' profits, assets and liabilities are in accordance with the profits, assets and liabilities regularly reviewed by the Executive Team.

Transfer prices between the Group's various operating segments are set according to the "arm's length" principle (ie, market-based prices).

Group-wide items are comprised of gains and losses on the sale of financial investments; tax expenses; general administrative expenses; and acquisition-related amortisation, depreciation and impairments. Unallocated group-wide assets and liabilities are comprised of deferred tax assets and deferred tax liabilities.

## NET SALES FROM EXTERNAL CUSTOMERS BY SERVICE SEGMENT

	Group	
	2014	2013
Infrastructure	2,170.2	1,684.8
Structural Engineering	1,551.5	1,539.4
Building Service Systems	1,208.3	944.2
Energy	966.3	1,023.9
Water & Environment	940.7	860.4
Project Management	799.4	624.0
Industry	733.7	692.9
Architecture	538.3	576.8
IT for Urban Development	305.3	218.6
<b>TOTAL</b>	<b>9,213.7</b>	<b>8,165.0</b>

## OPERATING SEGMENTS – GEOGRAPHICAL AREAS

	External sales		Non-current assets <sup>1)</sup>	
	2014	2013	2014	2013
Sweden	5,482.8	4,726.7	2,133.0	2,172.3
Norway	1,918.0	1,776.7	443.4	434.3
Finland	1,334.7	1,188.1	959.5	864.3
Denmark	40.7	33.9	8.7	7.9
Estonia	25.8	32.2	20.1	18.7
Lithuania	55.7	59.3	12.9	12.1
Czech Republic	82.2	79.0	34.0	32.8
Slovakia	8.6	11.6	–	3.2
Bulgaria	17.1	18.4	6.6	5.7
Poland	76.0	25.4	28.5	28.6
Rest of EU	8.2	9.9	0.0	0.8
Russia	75.4	113.4	0.3	16.1
Rest of Europe	15.4	19.0	–	–
Africa	3.0	14.6	–	–
Asia	38.0	21.8	0.4	0.3
Oceania	9.3	2.2	–	–
North America	15.2	19.0	–	–
South and Central America	7.6	13.8	–	–
Eliminations	–	–	-957.3	-955.4
<b>TOTAL</b>	<b>9,213.7</b>	<b>8,165.0</b>	<b>2,690.1</b>	<b>2,641.7</b>

1) Refers to non-current assets that are not financial instruments, deferred tax assets, assets pertaining to post-retirement benefits or rights arising under insurance agreements.

## INFORMATION ABOUT MAJOR CUSTOMERS

The Group's 2014 earned income from the Swedish Transport Administration totalled SEK 1,228.2 million, which was reported in business area Sweco Sweden. See also the section on credit risk in Note 33.

## 4 Fees to auditors

	Group		Parent Company	
	2014	2013	2014	2013
PricewaterhouseCoopers AB				
– audit services	5.3	4.8	0.4	0.8
– audit services other than statutory audit	0.7	0.4	0.2	0.2
– tax consulting	0.2	0.1	–	–
– non-audit services	1.5	2.6	1.5	2.3
<b>Total</b>	<b>7.7</b>	<b>7.9</b>	<b>2.1</b>	<b>3.3</b>
Other auditing firms				
– audit services	1.3	2.1	–	–
<b>Total</b>	<b>1.3</b>	<b>2.1</b>	<b>–</b>	<b>–</b>
<b>TOTAL</b>	<b>9.0</b>	<b>10.0</b>	<b>2.1</b>	<b>3.3</b>

Audit services refer to examination of the consolidated financial statements, the accounts and the administration of the Board of Directors and the President of the company; other tasks incumbent on the company's auditor; and advice or other assistance prompted by observations from such audits or the performance of other such tasks. Non-audit services refer to advice on accounting and merger issues and due diligence processes for mergers and acquisitions.

## 5 Operating leases and rental contracts

Charges under signed leases and rental contracts	Group		Parent Company	
	2014	2013	2014	2013
Rents for premises paid during the year	314.1	335.4	3.2	2.2
Other charges paid during the year	5.5	15.0	0.3	0.3
<b>TOTAL RENTS AND CHARGES PAID DURING THE YEAR</b>	<b>319.6</b>	<b>350.4</b>	<b>3.5</b>	<b>2.5</b>
Future minimum lease payments and rents to be paid				
– within one year	303.6	337.9	3.2	1.7
– between one and five years	1,034.7	953.2	13.5	5.2
– in more than five years	807.3	774.1	16.9	7.3
<b>TOTAL FUTURE LEASE PAYMENTS</b>	<b>2,145.6</b>	<b>2,065.2</b>	<b>33.6</b>	<b>14.2</b>

Future minimum lease payments refer to the nominal amount stipulated in non-cancellable leases and rental contracts. Of future minimum payments, approximately 99 per cent (99) are comprised of rents for premises. Other minimum lease charges refer primarily to office equipment and IT equipment. Future finance lease payments of SEK 0.3 million (0.3) are included for the Parent Company.

## 6 Employees and personnel costs

Personnel costs	Group		Parent Company	
	2014	2013	2014	2013
Salaries and remuneration, other employees	4,164.4	3,727.0	11.1	7.2
Salaries and remuneration, senior executives	76.3	87.7	18.8	15.9
<b>Total salaries and remuneration<sup>1)</sup></b>	<b>4,240.7</b>	<b>3,814.7</b>	<b>29.9</b>	<b>23.1</b>
Social security contributions, excl. pension costs	965.4	873.8	10.7	10.1
Pension costs, senior executives <sup>2) 3) 4)</sup>	11.3	17.5	0.4	4.2
Pension costs, others <sup>2) 4)</sup>	460.3	441.0	3.8	7.5
<b>TOTAL</b>	<b>5,677.7</b>	<b>5,147.0</b>	<b>44.8</b>	<b>44.9</b>

1) Senior executives refer to board members and presidents of the Parent Company and all subsidiaries – a total of 65 individuals (81) in the Group and 12 individuals (11) in the Parent Company.

2) See also Note 28, Provisions for Pensions.

3) A total of 56 (74) senior executives in the Group and 5 (4) in the Parent Company received pension contributions.

4) The year-on-year fluctuation in pension costs is due to release of pension reserves.

Average number of employees	2014		2013	
	Total	Of which, % men	Total	Of which, % men
<b>Sweden</b>				
Parent Company	18	44	15	40
Subsidiaries	4,526	70	3,910	70
<b>Total Sweden</b>	<b>4,544</b>	<b>70</b>	<b>3,925</b>	<b>70</b>
<b>Outside Sweden</b>				
Norway	1,251	72	1,196	72
Finland	1,789	76	1,693	76
Denmark	29	48	35	63
Estonia	71	69	79	65
Lithuania	232	54	226	58
Russia	141	60	277	48
Czech Republic	219	59	218	56
Slovakia	18	67	19	63
Bulgaria	60	50	60	52
Poland	128	67	137	65
Rest of Europe	17	71	13	69
Africa	9	100	11	100
Asia	25	92	23	91
South and Central America	–	–	1	100
North America	2	100	4	100
<b>Total, outside Sweden</b>	<b>3,991</b>	<b>71</b>	<b>3,992</b>	<b>70</b>
<b>TOTAL GROUP</b>	<b>8,535</b>	<b>70</b>	<b>7,917</b>	<b>70</b>

Percentage of women	2014	2013
<b>Parent Company</b>		
Board members	57	57
Other senior executives, 6 (3) individuals	50	0
<b>Group</b>		
Board members in all companies	19	21
Other senior executives, 55 (60) individuals	18	18

	Group		Parent Company	
	2014	2013	2014	2013
<b>Sickness absence, %</b>				
Total sickness absence	2.8	2.8	0.6	0.6
– long-term sickness absence	1.1	0.9		
– sickness absence for men	2.3	2.2		
– sickness absence for women	4.0	4.0		
– employees –29 years	2.2	2.3		
– employees 30–49 years	2.8	2.7		
– employees 50– years	3.1	3.1		

## REMUNERATION TO SENIOR EXECUTIVES

### Principles

The Board of Directors appoints a Remuneration Committee which is tasked with addressing matters related to employment terms, pension benefits and bonus systems for senior executives. The Remuneration Committee also deals with general employment terms and remunerative matters affecting all employees in the company. Senior executives include the President, members of the Executive Team and all managers who report directly to the President.

Sweco Group's objective is to offer a competitive and market-based level of remuneration that enables the recruitment and retention of qualified senior executives. Remuneration to senior executives is comprised of basic salary, variable salary, pension, other remuneration and share-based incentive schemes.

### Basic and variable salary

Remuneration shall be based on factors such as work duties, expertise, experience, position and performance. In addition, the breakdown between basic and variable salary shall be proportionate to the employee's position and work duties. The variable salary component is based on predetermined and measurable criteria that are designed to promote the company's long-term value creation. Variable compensation for the President and CFO may not exceed 75 per cent of basic salary. For other senior executives, variable compensation may not exceed 50 per cent of basic salary. Variable compensation is determined based on results in relation to predetermined profitability targets. Targets for the President and other senior executives are set by the Board of Directors.

### Pensions

The terms and conditions for pensions for Sweco's President and senior executives shall be market-based relative to what generally applies to comparable senior executives in the market, and shall normally be based on defined contribution pension solutions.

### Other compensation

Other compensation may be awarded, primarily in the form of company car and mobile phone benefits.

### Share-based incentive schemes

Sweco Group senior executives may be offered various forms of incentive schemes on market-based terms. The rationale for share-based incentive schemes is to increase/diversify senior executives' share ownership/exposure and to more closely align the interests of the company's decision-makers and shareholders. A long-term, personal shareholder commitment among key personnel is expected to stimulate greater interest in the company's operations and earnings trend and to increase motivation and solidarity with the company.

Decisions on share-based incentive schemes are always resolved by the Annual General Meeting or Extraordinary General Meeting.

### Terms of notice

In the event of dismissal by the company, the President shall have a maximum notice period of 18 months. In the event of the President's resignation, the notice period is six months.

For other senior executives, the term of notice is normally 12 months in the event of dismissal by the company and six months in the event of the executive's resignation.

### Other

These principles shall apply to agreements entered into subsequent to AGM resolutions and to any changes or alterations made to existing agreements after this date, to the extent permitted under the terms of the existing agreements. The Board of Directors is authorised to deviate from the principles if warranted by special circumstances in individual cases.

## Remuneration and other benefits in 2014 (SEK 000s)

	Basic salary/ board fee	Variable salary <sup>3)</sup>	Other benefits	Pension cost	TOTAL
Board Chairman Johan Nordström <sup>1)</sup>	450	–	–	–	450
Board Chairman Olle Nordström <sup>2)</sup>	150	–	–	–	150
Board member Anders G. Carlberg	283	–	–	–	283
Board member Gunnel Duveblad	334	–	–	–	334
Board member Eva Lindqvist	267	–	–	–	267
Board member Pernilla Ström	258	–	–	–	258
Board member Carola Teir-Lehtinen	258	–	–	–	258
President	5,085	2,083	65	1,887	9,120
Other senior executives (8 individuals)	13,443	3,294	510	3,176	20,423
<b>TOTAL</b>	<b>20,528</b>	<b>5,377</b>	<b>575</b>	<b>5,063</b>	<b>31,543</b>

1) Chairman as of 2014 AGM.

2) Until 2014 AGM.

3) Variable salary includes provisions for share-based payments of SEK 657,000 to the President and SEK 846,000 to other senior executives.

## Remuneration and other benefits in 2013 (SEK 000s)

	Basic salary/ board fee	Variable salary <sup>3)</sup>	Other benefits	Pension cost	TOTAL
Board Chairman Olle Nordström	447	–	–	–	447
Board member Anders G. Carlberg	233	–	–	–	233
Board member Gunnel Duveblad	293	–	–	–	293
Board member Eva Lindqvist <sup>1)</sup>	133	–	–	–	133
Board member Johan Nordström	247	–	–	–	247
Board member Aina Nilsson Ström <sup>2)</sup>	73	–	–	–	73
Board member Pernilla Ström	230	–	–	–	230
Board member Carola Teir-Lehtinen	223	–	–	–	223
Board member Kai Wärn <sup>2)</sup>	67	–	–	–	67
President	4,886	1,598	57	1,776	8,317
Other senior executives (6 individuals)	10,834	2,268	401	3,653	17,156
<b>TOTAL</b>	<b>17,666</b>	<b>3,866</b>	<b>458</b>	<b>5,429</b>	<b>27,419</b>

1) As of 2013 AGM.

2) Until 2013 AGM.

3) Variable salary includes provisions for share-based payments of SEK 381,000 to the President and SEK 707,000 to other senior executives.

The Chairman and other Board members receive board fees and compensation for committee work in accordance with AGM resolution. Employee representatives receive no board fees.

In the above table, other senior executives are members of the Executive Team and business area presidents (excluding the President of Sweco AB).

Variable salary refers to bonuses and share-based payments that were expensed in 2014 and 2013.

**Share savings schemes**

The 2011, 2012, 2013 and 2014 Annual General Meetings resolved to implement long-term share savings schemes directed at senior executives in the Sweco Group.

Under the share savings schemes, participants may use their own funds to acquire Class B shares in Sweco (“Savings Shares”) over Nasdaq Stockholm for an amount equivalent to a maximum of 5–10 per cent of the participant’s annual basic salary for that year. If the Savings Shares are held until the announcement of the year-end report for the 2014 financial year for the 2011 share savings scheme, the 2015 financial year for the 2012 share savings scheme, the 2016 financial year for the 2013 share savings scheme, and the 2017 financial year for the 2014 share

savings scheme (the “Retention Period”) and the participant remains employed in his/her position or an equivalent position in the Sweco Group throughout the Retention Period, each Savings Share shall thereafter grant entitlement to one Class B share in Sweco without consideration (“Matching Share”) and – provided that the performance criteria have been met – to an additional number of not more than one to four Class B shares in Sweco (“Performance Shares”). The granting of Performance Shares is conditional on a positive total yield for the Sweco share, and is also dependent on the Sweco share’s total yield in relation to a group of benchmark companies. The cost is expensed on a straight-line basis over the Retention Period.

Share Savings Scheme	Group				Parent Company			
	2014	2013	2012	2011	2014	2013	2012	2011
Number of participants still employed	50	33	25	24	11	7	6	5
No. of shares acquired	32,291	26,763	28,942	25,203	11,357	10,138	13,003	8,129
No. of Matching Share granted per Savings Share	1	1	1	1	1	1	1	1
Maximum no. of Matching Shares	32,291	26,763	28,942	25,203	11,357	10,138	13,003	8,129
No. of Performance Shares granted per Savings Share <sup>1)</sup>	1–4	1–4	1–4	1–4	1–4	1–4	1–4	1–4
Maximum no. of Performance Shares	72,250	66,424	75,875	53,872	32,999	34,921	45,693	23,616
Provision for the year, SEK M <sup>2)</sup>	0.4	1.6	1.4	0.9	0.2	0.7	0.4	0.2
Accumulated provision, SEK M <sup>2)</sup>	0.4	1.9	3.4	3.5	0.2	0.8	1.5	0.8
Estimated total cost, SEK M <sup>2)</sup>	7.3	5.5	5.3	3.7	3.1	2.4	2.3	0.9
Retention period	Nov 2014– Feb 2018	Nov 2013– Feb 2017	Nov 2012– Feb 2016	Nov 2011– Feb 2015	Nov 2014– Feb 2018	Nov 2013– Feb 2017	Nov 2012– Feb 2016	Nov 2011– Feb 2015

1) The CEO and CFO may receive no more than four Performance Shares, business area presidents no more than three shares, subsidiary presidents and divisional managers no more than two shares, and key employees in staff functions no more than one share.  
2) Including social security contributions.

**7 Amortisation/depreciation, impairment and acquisition-related items**

	Group		Parent Company	
	2014	2013	2014	2013
Other intangible assets, impairment	-7.3	-14.9	-3.4	-2.9
Buildings, depreciation	-3.7	-3.1	-	-
Equipment, depreciation	-139.3	-117.1	-16.1	-11.2
<b>Total amortisation/depreciation and impairments</b>	<b>-150.3</b>	<b>-135.1</b>	<b>-19.5</b>	<b>-14.1</b>
Impairment of goodwill <sup>1)</sup>	-4.6	-43.2	-	-
Intangible assets capitalised on acquisition, depreciation	-49.2	-46.3	-	-
Intangible assets capitalised on acquisition, impairment	-	-6.1	-	-
Revaluation of purchase price	1.3	1.5	-	-
Profit/loss on sale	-0.4	-	-	-
<b>Total acquisition-related items</b>	<b>-52.9</b>	<b>-94.1</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>-203.2</b>	<b>-229.2</b>	<b>-19.5</b>	<b>-14.1</b>

1) Group impairment losses totalled SEK 4.6 million (43.2), of which SEK 4.6 million (43.2) is attributable to Sweco Central Europe.

**8 Net financial items**

**GROUP**

	2014	2013
<b>Financial income</b>		
Change in value of financial assets assessed at fair value	0.1	0.0
Dividends on financial assets assessed at fair value	0.0	0.6
Interest income – trade receivables	1.1	1.2
Interest income – bank	2.5	2.7
Other financial income	0.9	0.2
<b>Total financial income</b>	<b>4.6</b>	<b>4.7</b>
<b>Financial expenses</b>		
Interest expenses – trade payables	-0.7	-0.3
Interest expenses – bank	-34.7	-29.6
Other financial expenses	-3.9	-7.1
Net foreign exchange losses	-9.1	-1.1
<b>Total financial expenses</b>	<b>-48.4</b>	<b>-38.1</b>
<b>Share in profit of associates</b>	<b>0.5</b>	<b>1.4</b>
<b>TOTAL NET FINANCIAL ITEMS</b>	<b>-43.3</b>	<b>-32.0</b>
Interest income received during the year	3.6	3.8
Interest expenses paid during the year	-38.9	-25.9

**PARENT COMPANY**

	2014	2013
<b>Profit from participations in group companies</b>		
Dividends	195.9	222.9
Group contributions	357.3	298.7
<b>Total profit from participations in group companies</b>	<b>553.2</b>	<b>521.6</b>
<b>Financial income</b>		
Interest income from group companies	1.5	0.6
Other interest income	0.8	0.7
Foreign exchange gains	0.3	1.0
<b>Total financial income</b>	<b>2.6</b>	<b>2.3</b>
<b>Financial expenses</b>		
Interest expenses to group companies	-0.8	-0.9
Other interest expenses	-27.4	-21.7
Other financial expenses	-2.8	-7.5
<b>Total financial expenses</b>	<b>-31.0</b>	<b>-30.1</b>
<b>TOTAL NET FINANCIAL ITEMS</b>	<b>524.8</b>	<b>493.8</b>
Interest income received during the year	2.3	1.4
Interest expenses paid during the year	-31.8	-19.7

**9 Appropriations and untaxed reserves**

**PARENT COMPANY**

	2014	2013
<b>Appropriations</b>		
Accelerated depreciation	-1.5	-1.3
Provision to tax allocation reserve	-	88.0
<b>TOTAL</b>	<b>-1.5</b>	<b>86.7</b>
<b>Untaxed reserves</b>		
Accelerated depreciation	2.8	1.3
<b>TOTAL</b>	<b>2.8</b>	<b>1.3</b>

10 Taxes

	Group		Parent Company	
	2014	2013	2014	2013
<b>Current tax expense</b>				
Tax expense for the period	-151.7	-183.7	-67.4	-74.1
Adjustment of tax attributable to prior years	-3.1	-0.7	-	0.1
<b>Total current tax expense</b>	<b>-154.8</b>	<b>-184.4</b>	<b>-67.4</b>	<b>-74.0</b>
<b>Deferred tax income/expense</b>				
Deferred tax – temporary disparities	0.3	11.0	-	-
Deferred tax income – capitalised rateable value of loss carry-forwards during the year	0.2	-	-	-
Deferred tax expense – utilisation of previously capitalised rateable value of loss carry-forwards	-7.2	-	-	-
Deferred tax income/expense – change in untaxed reserves	-12.2	26.7	-	-
<b>Total deferred tax income/expense</b>	<b>-18.9</b>	<b>37.7</b>	<b>-</b>	<b>-</b>
<b>TOTAL REPORTED TAX EXPENSE</b>	<b>-173.7</b>	<b>-146.7</b>	<b>-67.4</b>	<b>-74.0</b>

No tax is recognised for translation differences arising from translation of foreign operations, which total SEK 78.9 million (-14.4).

Reconciliation of effective tax rate	2014, %	Group			Parent Company			2013
		2014	2013, %	2013	2014, %	2014	2013, %	
Profit before tax		718.3		526.3		502.7		550.9
Income tax calculated pursuant to national profit tax rates in each country	23.4	168.0	25.9	136.5	22.0	110.6	22.0	121.2
Tax effects of:								
– Non-taxable dividends	-	-	-0.1	-0.6	-8.6	-43.1	-8.9	-49.1
– Other non-taxable income	-0.9	-6.6	-1.7	-8.8	0.0	-0.3	-	-
– Non-deductible expenses	1.3	9.6	4.7	24.7	0.0	0.2	0.3	2.0
Utilisation of previously uncapitalised loss carry-forwards	0.0	-0.3	-0.3	-1.5	-	-	-	-
Effect on deferred tax – reduced tax rate	0.0	-0.1	-0.8	-4.3	-	-	-	-
Adjustment of previous years' tax expense	0.4	3.1	0.1	0.7	-	-	0.0	-0.1
<b>TAX EXPENSE FOR THE YEAR</b>	<b>24.2</b>	<b>173.7</b>	<b>27.9</b>	<b>146.7</b>	<b>13.4</b>	<b>67.4</b>	<b>13.4</b>	<b>74.0</b>

Tax attributable to other comprehensive income	2014			2013		
	Pre-tax	Tax	After tax	Pre-tax	Tax	After tax
Translation differences – translation of foreign operations	78.9	-	78.9	-14.4	-	-14.4
Hedges of net investments in subsidiaries	-46.0	10.1	-35.9	-24.3	-	-24.3
Revaluation of defined benefit pensions	-76.2	20.5	-55.7	-71.8	18.8	-53.0
<b>TOTAL</b>	<b>-43.3</b>	<b>30.6</b>	<b>-12.7</b>	<b>-110.5</b>	<b>18.8</b>	<b>-91.7</b>

## Deferred tax assets and liabilities

	Group	
	31 Dec 2014	31 Dec 2013
<b>Change in carrying amount for the year</b>		
Opening carrying amount – deferred tax assets	25.8	7.0
Change due to acquisitions	-0.3	3.5
Reclassification to deferred tax liability	1.2	-6.1
Other deferred tax expense in the income statement	-10.2	2.6
Deferred tax expense in other comprehensive income	30.6	18.8
Foreign currency translation differences	0.1	0.0
<b>Closing carrying amount – deferred tax assets</b>	<b>47.2</b>	<b>25.8</b>
Opening carrying amount – deferred tax liabilities	-146.7	-148.9
Increase due to acquisitions	-3.1	-38.6
Reclassification from deferred tax asset	-1.2	6.5
Change in component of untaxed reserves in the income statement	-12.2	26.7
Other deferred tax expenses in the income statement	3.5	8.4
Foreign currency translation differences	-1.5	-0.8
<b>Closing carrying amount – deferred tax liabilities</b>	<b>-161.2</b>	<b>-146.7</b>
<b>Deferred tax at year end</b>		
Deferred tax asset – loss carry-forwards	1.1	8.1
Deferred tax asset – consolidated pension deficits	34.7	18.7
Deferred tax asset – temporary disparities	11.4	-1.0
<b>Total deferred tax assets</b>	<b>47.2</b>	<b>25.8</b>
Deferred tax component of companies' reported untaxed reserves	-98.1	-85.9
Deferred tax liability – temporary disparities	-63.1	-60.8
<b>Total deferred tax liabilities</b>	<b>-161.2</b>	<b>-146.7</b>
<b>TOTAL DEFERRED TAX, NET</b>	<b>-114.0</b>	<b>-120.9</b>

Of total deferred tax assets, SEK 0.6 million is expected to be utilised within 12 months. Of total deferred tax liabilities, SEK 10.1 million is expected to be paid within 12 months. Uncapitalised loss carry-forwards in the Group total SEK 7.9

million; these are not expected to be utilised against future profits, and there is no time limit for their utilisation.

	Deferred tax assets		Deferred tax liabilities		Net	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Property, plant and equipment	2.7	0.7	-4.4	-3.7	-1.7	-3.0
Intangible assets	0.6	0.7	-86.9	-58.5	-86.3	-57.8
Financial assets	10.4	-0.2	0.8	-0.2	11.2	-0.4
Current assets	30.8	4.3	-5.6	-4.9	25.2	-0.6
Untaxed reserves	–	–	-98.1	-85.9	-98.1	-85.9
Pensions	34.7	18.7	–	–	34.7	18.7
Loss carry-forwards	1.0	8.1	–	–	1.0	8.1
Netting of deferred tax assets and liabilities	-33.0	-6.5	33.0	6.5	–	–
<b>TOTAL</b>	<b>47.2</b>	<b>25.8</b>	<b>-161.2</b>	<b>-146.7</b>	<b>-114.0</b>	<b>-120.9</b>

2014	Opening balance 2014	Recognised through profit or loss	Acquisitions	Reclassifications	Foreign currency translation differences	Closing balance 2014	2014		2013	
							2014	2013	2014	2013
Property, plant and equipment	-3.0	1.5	–	-0.1	-0.1	-1.7	90,950,430	91,133,507		
Intangible assets	-57.8	1.1	-3.4	-25.3	-0.9	-86.3	1,048,952	265,875		
Financial assets	-0.4	11.5	–	–	0.1	11.2				
Current assets	-0.6	0.2	–	25.6	0.0	25.2				
Untaxed reserves	-85.9	-12.2	–	–	0.0	-98.1				
Pensions	18.7	16.7	–	–	-0.7	34.7				
Loss carry-forwards	8.1	-7.1	–	-0.2	0.2	1.0				
<b>TOTAL</b>	<b>-120.9</b>	<b>11.7</b>	<b>-3.4</b>	<b>–</b>	<b>-1.4</b>	<b>-114.0</b>				

2013	Opening balance 2013	Recognised through profit or loss	Acquisitions	Reclassifications	Foreign currency translation differences	Closing balance 2013	2014		2013	
							2014	2013	2014	2013
Property, plant and equipment	-3.1	0.2	–	–	-0.1	-3.0				
Intangible assets	-43.1	11.0	-21.9	-3.6	-0.2	-57.8				
Financial assets	-1.9	1.6	–	–	-0.1	-0.4				
Current assets	0.3	-1.5	–	–	0.6	-0.6				
Untaxed reserves	-95.9	26.7	-16.7	–	0.0	-85.9				
Pensions	0.8	14.7	–	4.0	-0.8	18.7				
Loss carry-forwards	1.0	3.8	3.5	–	-0.2	8.1				
<b>TOTAL</b>	<b>-141.9</b>	<b>56.5</b>	<b>-35.1</b>	<b>0.4</b>	<b>-0.8</b>	<b>-120.9</b>				

## 11 Earnings per share

## GROUP

	2014	2013
Average number of shares before dilution	90,950,430	91,133,507
Effect of anticipated utilisation of share-based incentive scheme and share savings scheme	1,048,952	265,875
<b>Average number of shares after dilution</b>	<b>91,999,382</b>	<b>91,399,382</b>
<b>Earnings per share on profit attributable to owners of the Parent Company</b>		
Basic earnings per share, SEK	5.96	4.11
Diluted earnings per share, SEK	5.89	4.10

Earnings per share were calculated on profit for the year attributable to owners of the Parent Company, divided by the average number of shares as specified above. For calculation of diluted earnings per share, the weighted average number of common shares outstanding is adjusted for the dilutive effect of all potential common shares. For additional information about the repurchase of treasury shares, see Note 26.

## 12 Purchase of property, plant and equipment

	Group		Parent Company	
	2014	2013	2014	2013
Purchases for the year as per Note 15	173.9	116.6	25.2	25.8
Held under finance leases	-37.0	-23.8	–	–
<b>TOTAL</b>	<b>136.9</b>	<b>92.8</b>	<b>25.2</b>	<b>25.8</b>

### 13 Acquisition and divestiture of subsidiaries and operations

#### GROUP

	Date	Holding, % <sup>1)</sup>	Holding, post-transaction, % <sup>1)</sup>	Purchase price
<b>Acquisitions, 2014</b>				
Tocoman Services Oy, Finland	10 January 2014	100	100	32.3
Alfakonsult AB	1 March 2014	100	100	12.3
Sweco Germany GmbH, Germany	28 March 2014	100	100	0.2
Metro Arkitekter AB, acquisition of assets	1 April 2014	100	100	4.3
Metro Arkitekter AB	1 April 2014	100	100	3.5
Helsingborg Energikonsult AB, acquisition of assets	1 April 2014	100	100	0.5
Insinööritoimisto Savon Controlteam Oy, Finland	4 April 2014	86	86	10.9
Profil-Bau Consulting Oy, Finland, acquisition of assets	30 May 2014	100	100	17.5
Sweco Lietuva, Lithuania, acquisition of minority share	4 June 2014	0.1	99.9	0.0
Sweco Hidroprojekta, Lithuania, acquisition of minority share	16 June 2014	0.1	99.5	0.0
B&B VVS Konsult AB, correction of additional purchase price	3 July 2014		100	0.1
RS Nylund, Finland, acquisition of minority share	13 October 2014	30	100	7.1
BIM Consult AS, Norway, acquisition of assets	1 November 2014	100	100	2.4
<b>TOTAL ACQUISITIONS, 2014</b>				<b>91.1</b>
<b>Acquisitions, 2013</b>				
Planstyring AS, Norway	4 January 2013	100	100	13.8
MEK-Consult AS, Norway	1 February 2013	100	100	6.3
KPME A&L; Disain OÜ, Estonia, acquisition of associated company	28 June 2013	53	100	0.0
Inseneribüroo KPME OÜ, Estonia, acquisition of associated company	28 June 2013	53	100	0.0
B&B VVS Konsult AB, correction of additional purchase price	5 July 2013		100	0.1
Vectura Consulting AB	31 July 2013	100	100	927.0
Insinööritoimisto Sähkötele Oy, Finland, acquisition of assets	1 August 2013	100	100	2.4
Insinööritoimisto Martti O. Ojala Oy, Finland, acquisition of assets	22 August 2013	100	100	0.2
PICAB Produktion AB (energy technology), acquisition of assets	1 October 2013	100	100	9.4
PICAB Produktion AB (measurement technology), acquisition of assets	1 October 2013	100	100	18.6
ACNL Eiteknik AB, acquisition of assets	1 October 2013	100	100	6.7
Sweco Lietuva, Lithuania, acquisition of minority share	17 December 2013	8.3	99.8	4.5
Narmaplan, Finland, acquisition of minority share	19 December 2013	25	100	15.6
<b>TOTAL ACQUISITIONS, 2013</b>				<b>1,004.6</b>

1) Ownership share corresponds to equity interest.

In 2014 Sweco Sweden acquired Alfakonsult AB (21 employees), operations in Metro Arkitekter (30 employees), and operations in Helsingborg Energikonsult AB (one employee).

During the year Sweco Finland acquired Tocoman Services Oy (26 employees), Savon Controlteam Oy (23 employees), and operations in Profil-Bau Consulting Oy (22 employees).

During the year Sweco Norway acquired operations in BIM Consult AS (6 employees).

Acquisition-related costs for the above acquisitions during this period and previous periods total SEK 1.5 million (5.8) and are chiefly comprised of consultant fees associated with due diligence and transaction tax of SEK 0.7 million (0.2). These expenses, totalling SEK 1.5 million (5.6), were reported in other external expenses in the income statement.

#### Divestitures

In Russia, divestiture of the Lenvodokanalproekt subsidiary with 98 employees was finalised during the year. In Sweden, Vectura's Traffic Measurement division with 22 employees was divested this year. In Finland, the Lithuanian subsidiary Probalt with 13 employees and the Latvian subsidiary Sweco Structures Latvija with 3 employees were divested. The year's divestitures had no significant impact on profit.



## Net assets of acquired and divested companies at acquisition date

	2014		2013			
	Acquired value	Divested value	Vectura Group	Other acquisitions	Acquired value	Divested value
Intangible assets	17.3	35.5	51.8	16.8	68.6	–
Property, plant and equipment	2.2	1.2	114.0	8.2	122.2	–
Financial assets	0.0	0.0	8.8	0.1	8.9	–
Current assets <sup>1)</sup>	17.7	17.2	258.8	12.3	271.1	0.9
Cash and cash equivalents	12.4	2.9	83.9	9.0	92.9	–
Non-current liabilities	0.0	0.0	-84.4	0.0	-84.4	–
Deferred tax	-3.4	–	-34.7	-3.9	-38.6	–
Other current liabilities	-21.5	-12.2	-162.4	-21.5	-183.9	-0.1
Non-controlling interests recognised on acquisition	-0.8	–	–	–	–	–
Consolidated goodwill recognised on acquisition <sup>2)</sup>	60.1	–	691.2	36.5	727.7	–
Acquisition of non-controlling interests	1.7	–	–	6.7	6.7	–
Equity attributable to owners of the Parent Company	5.4	–	–	13.4	13.4	–
Non-controlling interests recognised on divestiture	–	0.1	–	–	–	–
Capital gain/loss recognised on divestiture	–	-0.4	–	–	–	–
<b>Total purchase price</b>	<b>91.1</b>	<b>44.3</b>	<b>927.0</b>	<b>77.6</b>	<b>1,004.6</b>	<b>0.8</b>
Purchase price outstanding	-3.2	–	–	-12.7	-12.7	–
Payment of deferred purchase price	3.4	–	–	5.7	5.7	–
Cash and cash equivalents in acquired companies	-12.4	-2.9	-83.9	-9.0	-92.9	-0.9
<b>DECREASE/INCREASE IN GROUP CASH AND CASH EQUIVALENTS</b>	<b>78.9</b>	<b>41.4</b>	<b>843.1</b>	<b>61.6</b>	<b>904.7</b>	<b>-0.1</b>

1) Of acquired current assets, SEK 16.7 million (240.6) are attributable to receivables.

2) Of acquired goodwill, SEK 21.4 million (23.0) is attributable to asset acquisition and is tax deductible in the event of any future impairment.

With the exception of the acquisition of Vectura Group, acquisitions completed in 2014 and 2013 are reported in aggregated form in the table above. Separate reporting of each acquisition is not warranted due to the size of the companies acquired.

The acquired companies had a negative impact of SEK 78.9 million (904.7) on Group cash and cash equivalents. Divested operations improved the Group's cash and cash equivalents by SEK 41.4 million (-0.1). The net impact on Group cash and cash equivalents is SEK -37.5 million (-904.8).

Acquired values correspond to fair value in accordance with IFRS 3 (ie, following completion of an acquisition analysis). The value of goodwill includes the value of employees' technical expertise.

Out of the outstanding purchase price of SEK 3.2 million refers SEK 1.3 million to conditional purchase consideration, which will be paid in the event established performance targets are met, and will not exceed SEK 1.3 million. The fair value of the conditional purchase consideration was calculated based on weighted probability figures that have since been discounted.

Sweco acquired non-controlling interests during the year. The effects of these acquisitions are shown below in aggregated form.

Effects of changes in ownership in the company's holdings:	Total
Company's holdings at beginning of the year	1.9
Dividend	-0.8
Effect of increased holdings	-1.7
Share of profit for the year	0.6
Foreign currency translation differences	0.1
<b>Company's holdings at year end</b>	<b>0.1</b>

## Contribution of acquired and divested companies to consolidated sales and operating profit

	2014		2013	
	Acquisition	Divestiture	Acquisition	Divestiture
Contribution to net sales in the year's accounts	110.1	10.6	627.8	–
Contribution to net sales if acquired company had been owned for the full year	149.0	–	1 390.1	–
Contribution to operating profit in the year's accounts	7.4	-1.5	42.7	–
Contribution to operating profit if acquired company had been owned for the full year <sup>1)</sup>	15.0	–	-0.4	–

1) The full-year contribution to operating profit is not deemed to reflect the future earning capacity of the units acquired in 2013. This assessment is based on the higher-than-normal project impairments and other impairments charged to Vectura Consulting AB's profit/loss prior to the date of acquisition, and on the expectation that profit will be improved through substantial synergies.

## 14 Intangible assets

## GROUP

	2014			2013		
	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
Opening acquisition costs	2,183.0	376.7	2,559.7	1,469.1	306.4	1,775.5
Purchases	–	6.0	6.0	–	4.5	4.5
Increase through acquisitions	60.0	17.3	77.3	727.6	68.6	796.2
Increase through recalculated acquisition analysis	0.1	–	0.1	0.1	–	0.1
Decrease through divestiture of companies	-35.2	-0.3	-35.5	–	–	–
Reclassification	–	0.0	0.0	–	-3.0	-3.0
Sales/disposals	–	-2.2	-2.2	–	-1.2	-1.2
Foreign currency translation differences	50.4	8.1	58.5	-13.8	1.4	-12.4
<b>Closing accumulated acquisition costs</b>	<b>2,258.3</b>	<b>405.6</b>	<b>2,663.9</b>	<b>2,183.0</b>	<b>376.7</b>	<b>2,559.7</b>
Opening accumulated amortisation/depreciation and impairments	-94.6	-226.1	-320.7	-51.0	-161.8	-212.8
Reclassification	–	0.0	0.0	–	2.8	2.8
Sales/disposals	–	2.2	2.2	–	1.2	1.2
Foreign currency translation differences	3.4	-4.3	-0.9	-0.4	-1.1	-1.5
Impairments for the year	-4.6	–	-4.6	-43.2	-6.1	-49.3
Amortisation/depreciation for the year	–	-56.5	-56.5	–	-61.1	-61.1
<b>Closing accumulated amortisation/depreciation and impairments</b>	<b>-95.8</b>	<b>-284.7</b>	<b>-380.5</b>	<b>-94.6</b>	<b>-226.1</b>	<b>-320.7</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>2,162.5</b>	<b>120.9</b>	<b>2,283.4</b>	<b>2,088.4</b>	<b>150.6</b>	<b>2,239.0</b>
<b>By business area</b>						
Sweco Sweden	870.4			876.3		
Sweco Norway	387.8			388.8		
Sweco Finland	844.7			748.5		
Sweco Central Europe	59.6			74.8		
Capitalised licence fees for software		8.3			9.1	
Capitalised development costs for software		2.2			5.2	
Assets capitalised on acquisition		110.0			135.9	
Other intangible assets		0.4			0.4	
<b>CLOSING CARRYING AMOUNT</b>	<b>2,162.5</b>	<b>120.9</b>		<b>2,088.4</b>	<b>150.6</b>	

The above-referenced intangible assets were acquired through acquisition or purchase, with the exception of developed software of SEK 2.2 million (5.2). See also Note 7 regarding impairment of goodwill. In the above table, borrowing costs are not included in asset acquisition costs.

## Impairments during the year

Goodwill was written down by SEK 4.6 million during the year following the review of two specific businesses in Central Europe.

## Impairment testing for cash-generating units with goodwill

Sweco's goodwill is allocated among the four business areas in accordance with the table above and values are tested on an annual basis. Recoverable amounts for the cash-generating units are established based on value in use calculations. These calculations are based on five-year cash flow forecasts that reflect past experience and on external information sources. After the first five years, cash flow forecasts are based on an annual growth rate of 2 per cent, which is deemed equivalent to the long-term growth rate of the business areas' market.

The key variables that have a major impact on value in use calculations are sales growth, EBITA margin and the discount rate.

## Sales growth

Demand for consulting services follows the general economic trend, particularly growth in GDP and fixed investments. Projected market growth is based on a projected transition from the prevailing market situation to the anticipated long-term growth rate. Sales growth is based on assumptions about market growth and assumptions about Sweco's market shares.

## EBITA margin

The EBITA margin is forecast based on an assessment of future profitability with reference to historical outcomes, concrete action plans and an assessment of future potential.

## Discount rate

The discount rate was calculated as the weighted average cost of debt and equity, taking into consideration each country's specific market conditions relating to risk-free rates of interest and risk premiums.

Based on the results of this test, no additional write-down requirement is needed.

## Sensitivity analysis

The table "Impairment tests for cash-generating units with goodwill" shows the (assumed) values used to determine value in use and the (adjusted) values that result in a recoverable amount that is equal to the carrying amount, assuming that all other variables are held constant.

## Impairment tests for cash-generating units with goodwill, years 1–5

2014	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Central Europe	
	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Variable								
Average sales growth, %	4.0	-36.9	4.2	-34.6	3.6	-18.2	1.3	-7.8
Average EBITA margin, %	9.5	2.0	9.6	1.6	8.5	3.1	6.8	5.5
Pre-tax discount rate, %	7.7	43.5	8.3	62.6	7.4	18.3	10.8	13.4
2013	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Central Europe	
	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Variable								
Average sales growth, %	4.2	-36.0	5.0	-28.0	3.7	-11.0	5.0	4.5
Average EBITA margin, %	9.5	2.3	10.3	1.1	8.1	3.7	6.3	6.2
Pre-tax discount rate, %	9.0	45.0	9.5	112.0	8.7	17.8	11.6	11.7

## PARENT COMPANY

	2014	2013
<b>Other intangible assets</b>		
Opening acquisition costs	15.3	14.1
Purchases	0.5	1.2
<b>Closing accumulated acquisition costs</b>	<b>15.8</b>	<b>15.3</b>
Opening accumulated amortisation/depreciation and impairments	-10.1	-7.2
Amortisation/depreciation for the year	-3.4	-2.9
<b>Closing accumulated amortisation/depreciation and impairments</b>	<b>-13.5</b>	<b>-10.1</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>2.3</b>	<b>5.2</b>

## 15 Property, plant and equipment

## GROUP

	2014			2013		
	Buildings and land	Equipment	Total	Buildings and land	Equipment	Total
Opening acquisition costs	53.0	861.8	914.8	46.0	713.5	759.5
Purchases	0.1	173.8	173.9	0.5	116.1	116.6
Increase through acquisitions	–	2.1	2.1	6.8	115.4	122.2
Decrease through divestiture of companies	–	-1.2	-1.2	–	–	–
Reclassification	–	0.4	0.4	0.5	-0.5	0.0
Sales/disposals	–	-80.5	-80.5	-2.0	-79.4	-81.4
Foreign currency translation differences	2.3	1.7	4.0	1.2	-3.3	-2.1
<b>Closing accumulated acquisition costs</b>	<b>55.4</b>	<b>958.1</b>	<b>1,013.5</b>	<b>53.0</b>	<b>861.8</b>	<b>914.8</b>
Opening accumulated amortisation/depreciation and impairments	-9.0	-511.1	-520.1	-6.0	-465.2	-471.2
Reclassification	0.0	-0.4	-0.4	–	–	–
Sales/disposals	–	54.0	54.0	0.5	71.2	71.7
Foreign currency translation differences	-0.9	0.2	-0.7	-0.4	0.5	0.1
Impairments	–	-4.0	-4.0	–	-0.5	-0.5
Impairments for the year	-3.7	-139.3	-143.0	-3.1	-117.1	-120.2
<b>Closing accumulated depreciation</b>	<b>-13.6</b>	<b>-600.6</b>	<b>-614.2</b>	<b>-9.0</b>	<b>-511.1</b>	<b>-520.1</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>41.8</b>	<b>357.5</b>	<b>399.3</b>	<b>44.0</b>	<b>350.7</b>	<b>394.7</b>
Of which, land:						
Opening acquisition costs	0.4	–	0.4	0.4	–	0.4
Foreign currency translation differences	0.0	–	0.0	0.0	–	0.0
<b>Closing carrying amount, land</b>	<b>0.4</b>	<b>–</b>	<b>0.4</b>	<b>0.4</b>	<b>–</b>	<b>0.4</b>
Of which, equipment financed through finance leases in following amounts:						
Closing accumulated acquisition costs	–	144.3	144.3	–	131.0	131.0
Closing accumulated depreciation	–	-51.9	-51.9	–	-28.7	-28.7
<b>Closing carrying amount of finance leases</b>	<b>–</b>	<b>92.4</b>	<b>92.4</b>	<b>–</b>	<b>102.3</b>	<b>102.3</b>

## PARENT COMPANY

	2014	2013
<b>Equipment</b>		
Opening acquisition costs	52.4	26.6
Purchases	25.0	25.8
Purchases from other group companies	0.2	–
<b>Closing accumulated acquisition costs</b>	<b>77.6</b>	<b>52.4</b>
Opening accumulated depreciation	-23.5	-12.3
Depreciation for the year	-16.1	-11.2
<b>Closing accumulated depreciation</b>	<b>-39.6</b>	<b>-23.5</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>38.0</b>	<b>28.9</b>

## 16 Shareholdings and participations in group companies

## PARENT COMPANY

Change in carrying amount for the year	2014	2013
Opening carrying amount	1,073.1	1,073.1
Shareholders' contribution	23.0	–
Acquisition from other group companies	1.4	–
<b>CLOSING CARRYING AMOUNT</b>	<b>1,097.5</b>	<b>1,073.1</b>

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
<b>Directly owned companies</b>					
Sweco Central Europe AB <sup>1)</sup>	556633-5831	Stockholm	100	1,000	0.1
Sweco Finland Oy <sup>1)</sup>	1578089-9	Finland	100	61,541	89.9
Sweco Elektronik AB	556301-1765	Västerås	100	2,000	41.6
Sweco Norge AS	967032271	Norway	100	152,349	112.1
Sweco PM Oy	1657257-2	Finland	100	500	73.9
Finnmap Consulting Oy	0871165-9	Finland	100	21,000	741.1
Sweco Russia AB <sup>1)</sup>	556221-1689	Stockholm	100	4,005	26.0
Sweco Sverige AB <sup>1)</sup>	556032-2496	Stockholm	100	100,000	10.0
Vattenbyggnadsbyrå AB <sup>2)</sup>	556077-9471	Stockholm	100	1,000	0.8
Vattenbyggnadsbyrå Export AB <sup>2)</sup>	556079-1336	Stockholm	100	4,500	0.6
Sweco International AB	556862-9918	Stockholm	100	500	1.4
<b>Total shareholdings and participations in group companies</b>					<b>1,097.5</b>

## Indirectly owned companies

## Through Sweco Central Europe AB

Sweco Germany GmbH <sup>1)</sup>	HRB 156727 B	Germany	100	25,000	
HYDROCOOP, spol. s r.o.	31336949	Slovakia	80		
Sweco Hydroprojekt a.s.	26475081	Czech Republic	100	10	
UAB Sweco Lietuva	301135783	Lithuania	99	6,104,021	
UAB Sweco Energy Consulting	135906643	Lithuania	100	400	
UAB Sweco Hidroprojektas	132118698	Lithuania	99	1,000,702	
Sweco Polska sp.z o.o.	56155	Poland	100	266,384	
Sweco Warszawa sp. z o.o.	371116	Poland	100	22,950	
Sweco Hydroprojekt Kraków sp. z o.o.	103414	Poland	100	55	
Sweco Energoprojekt JSC	1305488081	Bulgaria	73	400	
Sweco Projekt AS	11304200	Estonia	100	355,463	
Vealeidja OÜ	10633373	Estonia	100	1	
SIA Būvuzraudzība Latvija <sup>2)</sup>	40103203346	Latvia	100	1	

## Through Sweco Finland Oy

Sweco Industry Oy	0350941-9	Finland	100	1,920,000	
Kiinteistö Oy Sammonpiha <sup>3)</sup>	0770284-4	Finland	75	166	
Sweco Mecaplan Oy	1648295-6	Finland	57	54	
Sweco PIC Engenharia LTDA <sup>2)</sup>	07.984.459/001-16	Brazil	100	34,999	
Insinööritoimisto Valcon Oy	0772679-5	Finland	80	1,200	

## Through Finnmap Consulting Oy

Aaro Kohonen Oy	0990682-9	Finland	100	800	
Fennopro-Consulting Oy	0928019-2	Finland	100	60	
Sweco India Pvt. Ltd.	AABCF0979RST001	India	100	10,000	
Rakennushanke H. Lumivirta Oy	0723572-6	Finland	100	370	
Rakennuttajatoimisto Demaco Oy	0989011-8	Finland	100	80	
Sweco Talotekniikka Oy	0957613-7	Finland	100	1,000	
Air-Ix LVIS Oy <sup>1)</sup>	0974389-8	Finland	100	1,000	
Cabix Consulting CJSC JV	7727065099	Russia	55	55	
Sweco Ympäristö Oy	0564810-5	Finland	100	1,000	
Contesta Oy	1712699-6	Finland	72	7,200	
FM Projects Ltd Oy <sup>1)</sup>	0978679-1	Finland	100	28	
IS-Plan Oy	0837209-5	Finland	100	666	
KPM Engineering Oy	1764950-0	Finland	100	777	
Narmaplan Oy	0751527-7	Finland	75	44	
OOO Sweco Stroiprojekt	7806311117	Russia	100		
Rak. Suunnittelutoimisto Nylund Oy	0214837-5	Finland	100	100	
Siltanylund Oy	0923248-1	Finland	60	60	
Sweco Projects Oy <sup>1)</sup>	2627577-4	Finland	100	100	
FMC Laskentapalvelut Oy	1013429-9	Finland	100	16,667	
Insinööritoimisto Savon Controlteam Oy	1054205-7	Finland	86	86	

## Through Sweco Norge AS

Sweco Mec AS	934537920	Norway	100	1,000	
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Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares
<b>Through Sweco Russia AB</b>				
OOO IKTP	1077847208010	Russia	100	4
ZAO NIPI	1027806865668	Russia	100	10,100
<b>Through Sweco Sverige AB</b>				
Sweco Architects AB	556173-0606	Stockholm	100	20,000
Aros Arkitekter AB <sup>2)</sup>	556665-0700	Stockholm	100	10,000
Metro Arkitekter AB	556756-2516	Gothenburg	100	7,000
Sweco Architects A/S	13 64 20 01	Denmark	96	11,814
Sweco Architects Oy	0635637-4	Finland	100	100
Arkkitehtitoimisto Brunow & Maunula Oy	0399591-2	Finland	100	100
Sweco China Holding AB <sup>2)</sup>	556730-8167	Stockholm	100	102
Sweco Connect AB <sup>2)</sup>	556083-8624	Stockholm	100	15,000
Sweco Energuide AB	556007-5573	Stockholm	100	60,000
Sweco Environment AB	556346-0327	Stockholm	100	20,000
Sweco-COWI Joint Venture AB <sup>2)</sup>	556085-5867	Stockholm	100	1,000
Sweco Strategy AB	556342-6559	Stockholm	100	3,000
Stockholms stads Utrednings- och Statistikkontor AB	556740-1640	Stockholm	100	1,000
Sweco Industry AB	556341-2476	Stockholm	100	20,000
Alfakonsult AB	556189-0418	Gothenburg	100	5,000
Alfakonsult AS	991 393 714	Norway	100	100
Prows Industry & Management AB <sup>2)</sup>	556415-9688	Örebro	100	2,000
Sweco Civil AB	556507-0868	Stockholm	100	120,000
Sweco Management AB	556140-0283	Stockholm	100	5,000
Sweco Position AB	556337-7364	Stockholm	100	1,250
Sweco Structures AB	556140-9557	Stockholm	100	20,000
Sweco Systems AB	556030-9733	Stockholm	100	1,500,000
Wona AB <sup>1)</sup>	556587-1497	Gothenburg	100	1,114
Axro Holding AB <sup>1)</sup>	556049-7330	Gothenburg	100	5,300
Axro Consult AB	556250-8480	Gothenburg	100	1,000
Sweco TransportSystem AB	556949-1698	Stockholm	100	500
Inmind Scandinavia AB <sup>2)</sup>	556701-0987	Gothenburg	100	2,500
Sweco Rail AB	556767-9849	Solna	100	1,000

1) Holding company  
2) Dormant company  
3) Real estate company

Most of the Group's subsidiaries are consulting firms. Group subsidiaries also include holding companies, dormant companies and one real estate company, as shown in the table above. All material subsidiaries are owned by a majority of the votes. No non-controlling interests are material to the Group.

## 17 Shareholdings and participations in associated companies

Financial information for non-material shareholdings in associated companies, based on amounts included in the consolidated financial statements, is detailed below.

### GROUP

Group's share of:	2014	2013
Profit for the year	0.1	-0.5
Other comprehensive income	0.3	0.2
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>0.4</b>	<b>-0.3</b>

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
<b>2014</b>					
<b>Through Finnmap Consulting Oy</b>					
Rapcon Oy	0944024-8	Finland	40	40	0.4
Geotek Oy	0923058-2	Finland	45	45	4.2
Betonialan Ohuthiekeskus FMC OY	1713909-2	Finland	33	33	0.3
<b>Total shares and participations</b>					<b>4.9</b>
<b>2013</b>					
<b>Through Finnmap Consulting Oy</b>					
Oü Estkonsult	10410360	Estonia	40	40	1.2
Rapcon Oy	0944024-8	Finland	40	40	0.5
Geotek Oy	0923058-2	Finland	45	45	3.2
Betonialan Ohuthiekeskus FMC OY	1713909-2	Finland	33	33	0.3
<b>Total shares and participations</b>					<b>5.2</b>

## 18 Holdings in joint ventures and joint operations

Financial information for non-material holdings in joint ventures is detailed below.

### GROUP

Holdings in joint ventures at year end	Corp. ID number	Domicile	Share of equity, %	Carrying amount
<b>2014</b>				
SWECO Sojyz Engineering (owned through Sweco Industry Oy)	5077746846920	Russia	45	3.2
I2E Energisystemintegration AB (owned through Sweco Energuide AB)	556211-9684	Stockholm	50	0.9
<b>Total</b>				<b>4.1</b>
<b>2013</b>				
SWECO Sojyz Engineering (owned through Sweco Industry Oy)	5077746846920	Russia	45	4.1
I2E Energisystemintegration AB (owned through Sweco Energuide AB)	556211-9684	Stockholm	50	0.9
<b>Total</b>				<b>5.0</b>

Group's share of:	2014	2013
Profit for the year	0.3	1.9
Other comprehensive income	-0.5	-0.2
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-0.2</b>	<b>1.7</b>

Holdings in joint operations at year end	Corp. ID number	Domicile	Share of equity, %
<b>2014</b>			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Sweden	50
<b>2013</b>			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Sweden	50

Group's shareholdings in joint operations	2014	2013
Operating income	28.5	79.0
Operating costs	-28.5	-79.1
Net financial items	0.0	0.1
<b>PROFIT FOR THE YEAR</b>	<b>0.0</b>	<b>0.0</b>

Current assets	216.0	206.9
<b>Total assets</b>	<b>216.0</b>	<b>206.9</b>
Current liabilities	-216.0	-206.9
<b>Total liabilities</b>	<b>-216.0</b>	<b>-206.9</b>
<b>NET ASSETS</b>	<b>0.0</b>	<b>0.0</b>

There are no pledged assets or contingent liabilities.

## 19 Financial investments

### GROUP

Change in carrying amount for the year	2014	2013
Opening carrying amount	11.8	11.5
Acquisition of other shares	0.0	0.1
Divestment of other shares	0.0	-0.1
Foreign currency translation differences	0.7	0.3
<b>CLOSING CARRYING AMOUNT</b>	<b>12.5</b>	<b>11.8</b>

Financial investments are classified as available-for-sale financial assets. Assets in this category are regularly measured at fair value with changes in value reported in other comprehensive income. An impairment loss is recognised in the income statement when there is objective evidence of a lasting decrease in value. See also Note 8.

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
<b>2014</b>					
BRF Störtloppet	716414-8764	Åre			0.9
Hirsala Golf Oy	1709135-9	Finland		3	0.7
Kiinteistöosakeyhtiö Kuopion Puijonkatu 26-28	0235274-7	Finland	15	397	2.8
Kiinteistö Oy Paaluisto	0575992-1	Finland	13	444	5.2
Other shares and participations					2.9
<b>Total shares and participations</b>					<b>12.5</b>
<b>2013</b>					
BRF Störtloppet	716414-8764	Åre			0.9
Hirsala Golf Oy	1709135-9	Finland		3	0.6
Kiinteistöosakeyhtiö Kuopion Puijonkatu 26-28	0235274-7	Finland	15	397	2.6
Kiinteistö Oy Paaluisto	0575992-1	Finland	13	444	4.9
Other shares and participations					2.8
<b>Total shares and participations</b>					<b>11.8</b>

## 20 Other non-current securities

### PARENT COMPANY

<b>Change in carrying amount for the year</b>	<b>2014</b>	2013
Opening carrying amount	0.9	0.9
<b>CLOSING CARRYING AMOUNT</b>	<b>0.9</b>	<b>0.9</b>

<b>Shareholdings at year end</b>	Corp. ID number	Domicile	Carrying amount
<b>2014</b>			
BRF Störtloppet	716414-8764	Åre	0.9
<b>Total shares and participations</b>			<b>0.9</b>
<b>2013</b>			
BRF Störtloppet	716414-8764	Åre	0.9
<b>Total shares and participations</b>			<b>0.9</b>

## 21 Receivables from group companies

### PARENT COMPANY

<b>Change in carrying amount for the year</b>	<b>2014</b>	2013
<b>Non-current assets</b>		
Opening carrying amount	957.3	37.9
Lending to group companies	1.8	918.4
Capitalised interest	1.5	0.6
Recovered receivables	-0.3	-0.4
Foreign currency translation difference	0.6	0.8
<b>Closing carrying amount</b>	<b>960.9</b>	<b>957.3</b>
<b>Current assets</b>		
Opening carrying amount	1,559.9	1,598.7
Change for the year	135.7	-38.8
<b>Closing carrying amount</b>	<b>1,695.6</b>	<b>1,559.9</b>
<b>TOTAL RECEIVABLES FROM GROUP COMPANIES</b>	<b>2,656.5</b>	<b>2,517.2</b>

## 22 Other non-current receivables

### GROUP

<b>Change in carrying amount for the year</b>	<b>31 Dec 2014</b>	31 Dec 2013
Opening non-current receivables	8.0	3.9
Increase through acquisitions	-	5.3
Decrease in receivables	-0.8	-1.0
Foreign currency translation differences	0.2	-0.2
<b>CLOSING NON-CURRENT RECEIVABLES</b>	<b>7.4</b>	<b>8.0</b>

## 23 Work in progress

### GROUP

<b>Work in progress less progress billings</b>	<b>2014</b>	2013
Value of work completed	3,146.9	2,345.8
Progress billings	-2,143.4	-1,092.7
<b>NET WORK IN PROGRESS LESS PROGRESS BILLINGS</b>	<b>1,003.5</b>	<b>1,252.8</b>
<b>Progress billings in excess of work in progress</b>		
Value of work completed	1,049.9	759.2
Progress billings	-1,530.6	-1,534.3
<b>NET WORK IN PROGRESS IN EXCESS OF PROGRESS BILLINGS</b>	<b>-480.7</b>	<b>-775.1</b>

## 24 Prepaid expenses and accrued income

	Group		Parent Company	
	<b>2014</b>	2013	<b>2014</b>	2013
Prepaid rents	56.1	48.8	-	-
Prepaid insurance premiums	5.5	5.8	-	-
Accrued income	2.6	3.9	0.4	-
Prepaid licence expenses	20.9	22.8	20.9	22.8
Other prepaid expenses	172.3	129.5	55.0	20.8
<b>TOTAL</b>	<b>257.4</b>	<b>210.8</b>	<b>76.3</b>	<b>43.6</b>

## 25 Cash and cash equivalents

Surplus cash is invested in fixed-income securities such as commercial paper or certificates of deposit, which are special time accounts where the funds are held for a predetermined period of time. Commercial paper is recognised in the balance sheet and the cash flow statement as short-term investments, which are included in current receivables. Commercial paper is classified as financial assets at fair value through profit or loss. Deposits are recognised as short-term liquid investments, which are included in cash and cash equivalents. Sweco always has the option of immediately withdrawing the deposited funds prior to the maturity date, but could then lose part of the higher interest payable on the funds.

Short-term investments have been classified as cash and cash equivalents on the basis that:

- they are exposed to an insignificant risk for value fluctuations.
- they are readily convertible to cash.
- they have original maturities of less than three months.

<b>Cash and cash equivalents in the balance sheet</b>	Group		Parent Company	
	<b>2014</b>	2013	<b>2014</b>	2013
Cash/bank	172.8	315.3	2.2	0.1
Short-term liquid investments	0.7	3.5	-	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>173.5</b>	<b>318.8</b>	<b>2.2</b>	<b>0.1</b>

There was no commercial paper in Sweco Group at 31 December 2014 or 2013.

## 26 Equity

<b>Change in number of shares</b>	A shares	B shares	C shares	<b>Total</b>
Number of shares at 1 January 2013	9,381,664	81,852,018	-	91,233,682
Repurchase of treasury shares	-	-120,800	-	-120,800
Conversion of A shares to B shares	-9,300	9,300	-	-
<b>NUMBER OF SHARES AT 31 DECEMBER 2013</b>	<b>9,372,364</b>	<b>81,740,518</b>	<b>-</b>	<b>91,112,882</b>
Issue of shares	-	-	900,000	900,000
Repurchase of treasury shares	-	-349,472	-900,000	-1,249,472
Conversion of A shares to B shares	-4,200	4,200	-	-
<b>NUMBER OF SHARES AT 31 DECEMBER 2014</b>	<b>9,368,164</b>	<b>81,395,246</b>	<b>-</b>	<b>90,763,410</b>

A statement of changes in equity is found on page 43 for the Group and on page 47 for the Parent Company. Additional information about the Sweco share is provided on pages 81–83.

At the request of the shareholders, 4,200 Class A shares were converted to Class B shares during the year as stipulated by the conversion clause in Sweco's Articles of Association. The total number of votes thereafter amounts to 17,673,032.3, of which Class A shares correspond to 9,368,164.0 votes, Class B shares to 8,214,868.3 votes, and Class C shares to 90,000.0 votes. During the year Sweco repurchased 349,472 Class B shares for a total of SEK 37.2 million, corresponding to SEK 106.50 per share. During the year 900,000 Class C shares were issued to fulfil the 2014 Share-based Incentive Scheme.

### Share capital

The quota value per share is 1. All shares carry entitlement to dividends, which are determined yearly at the Annual General Meeting. Class A shares carry one vote and Class B shares carry 1/10 of one vote. All shares grant equal entitlement to the company's remaining net assets. With regard to treasury shares, all rights are suspended until these shares are reissued.

### Other contributed capital

Other contributed capital is comprised of equity contributed by the shareholders in the form of shares and other equity instruments issued at a premium, meaning that the amount paid exceeds the quota value of the shares.

### Reserves

Reserves are comprised of a translation reserve containing all exchange differences arising on the translation of foreign operations to another currency.

### Retained earnings including profit for the year

Retained earnings including profit for the year are comprised of profits earned in the Parent Company and its subsidiaries, associated companies and joint ventures. Retained earnings have been charged with the historical cost of treasury shares held by the Parent Company, its subsidiaries and associated companies. Upon utilisation of treasury shares, an amount equal to the market value of the shares is transferred to retained earnings. At 31 December 2014 the Group's holding of treasury shares amounted to 753,437 (403,965) Class B shares. The treasury shares were purchased at an average price of SEK 87.87 each, for a total of SEK 66.2 million. The market value at 31 December 2014 was SEK 79.9 million. Sweco holds 900,000 Class C shares to enable delivery of shares to employees participating in the 2014 Share-based Incentive Scheme. These shares will be converted to Class B shares prior to delivery. The repurchased shares correspond to 1.8 per cent of the total number of shares and 0.9 per cent of the votes.

### Capital distribution to shareholders

After the balance sheet date, the Board of Directors proposed the following capital distribution to shareholders for resolution by the Annual General Meeting on 16 April 2015.

	2014	2013
Dividend of SEK 3.50 per common share (3.25)	320.3	297.4

The amounts for 2014 were calculated including treasury shares. Accordingly, the change in value may be lower if the shares remain in treasury. Should the Board exercise the authority granted it by the April 2014 AGM to acquire additional treasury shares, the amount distributed to the shareholders may be further reduced.

### PARENT COMPANY

#### Restricted reserves

Restricted reserves may not be reduced through distribution to shareholders.

#### Statutory reserve

The purpose of the statutory reserve is to set aside a portion of net profit that is not used to cover an accumulated deficit. This includes the part of the share premium reserve that was transferred on 31 December 2005. The share premium reserve arose through the issue of equity instruments (shares and subscription warrants) at a premium, meaning that the amount paid exceeded the quota value of the shares.

#### Fair value reserve

The fair value reserve contains exchange differences attributable to non-current receivables that are part of the net investment in group companies.

#### Share premium reserve

The share premium reserve arose through the issue of shares and subscription warrants at a premium, meaning that the amount paid exceeded the quota value of the shares.

#### Retained earnings

Retained earnings are comprised of the previous year's non-restricted equity after deduction of dividends. Retained earnings together with profit for the year, the share premium reserve and any fair value reserves comprise total non-restricted equity; ie, the amount available for distribution to shareholders.

## 27 Current and non-current interest-bearing liabilities

Change in carrying amount for the year	Group		Parent Company	
	2014	2013	2014	2013
<b>Non-current interest-bearing liabilities</b>				
Liabilities to credit institutions	1,008.9	1,316.5	962.0	1,312.0
Liabilities under finance leases as per Note 29	76.6	76.6	–	–
<b>Total</b>	<b>1,085.5</b>	<b>1,393.1</b>	<b>962.0</b>	<b>1,312.0</b>
<b>Current interest-bearing liabilities</b>				
Bank overdraft facilities	325.0	218.1	276.0	173.6
Other liabilities to credit institutions	0.2	0.2	–	–
Liabilities under finance leases as per Note 29	24.8	31.0	–	–
<b>Total</b>	<b>350.0</b>	<b>249.3</b>	<b>276.0</b>	<b>173.6</b>
<b>TOTAL INTEREST-BEARING LIABILITIES</b>	<b>1,435.5</b>	<b>1,642.4</b>	<b>1,238.0</b>	<b>1,485.6</b>

All financial liabilities are recognised at amortised cost. Other liabilities to credit institutions essentially refer to financing of acquisitions. The most important covenant refers to net debt/EBITDA. All covenants were met by a wide margin at the end of the reporting period. The bank overdraft facilities are renewed yearly and are not associated with any special conditions or obligations.

Loan maturity structure	Group		Parent Company	
	2014	2013	2014	2013
0–1 year	350.0	624.8	276.0	173.6
1–2 years	29.8	29.1	–	–
2–3 years	42.7	671.3	662.0	1,023.7
3–4 years	1,007.9	310.1	300.0	288.3
5 years and later	5.1	7.1	–	–
	<b>1,435.5</b>	<b>1,642.4</b>	<b>1,238.0</b>	<b>1,485.6</b>

The fixed interest period for all loans is less than one year.

### Granted overdraft and credit terms

	Group		Parent Company	
	2014	2013	2014	2013
Credits granted	2,404.4	2,346.2	2,224.4	2,163.7
Credits unutilised on balance sheet date	-1,435.5	-1,642.4	-1,238.0	-1,485.6
<b>UNUTILISED CREDITS</b>	<b>968.9</b>	<b>703.8</b>	<b>986.4</b>	<b>678.1</b>
<b>Average interest rate, %</b>	<b>1.76</b>	<b>2.03</b>	<b>1.71</b>	<b>1.97</b>

## 28 Provisions for pensions

### DEFINED BENEFIT PENSION PLANS

#### Sweden

The Group's retirement pension obligations for salaried employees in Sweden are secured through insurance in Alecta and AI Pension (AIP). According to statement UFR 3 from the Swedish Accounting Standards Board's Urgent Issues Task Force, these are classified as "multi-employer" plans. The AIP pension plan is similarly structured and is therefore reported in the same manner. The Group has not had access to sufficient information to report these as defined benefit pension plans. Consequently, the ITP-based pension plans which are secured through insurance in Alecta and AIP are reported as defined contribution plans.

Surpluses in Alecta and AIP can be refunded to the policyholders and/or the insureds. At the end of 2014 Alecta's surplus measured as a collective consolidation ratio was 143 per cent (148) and AIP's was 131 per cent (131). The collective consolidation ratio is the market value of Alecta's and AIP's plan assets as a percentage of insurance obligations computed according to their own actuarial assumptions, which are not consistent with IAS 19.

#### Norway

Sweco Norge AS has several defined benefit pension plans with similar demographic and financial assumptions. Assets and liabilities in these plans are therefore computed according to the same actuarial assumptions. In 2013 the Norwegian Accounting Standards Board (NASB) changed its recommendation for future life expectancy, resulting in a SEK 43.5 million increase in the pension obligation. The pension obligation was revalued in 2014 due to reduced market rates, increasing the pension obligation by SEK 76.2 million.

#### Finland

Employees in Finland are covered by defined contribution pension plans. There is a defined benefit pension plan for supplementary pensions for employees added through the acquisition of Kemira Engineering Oy in 2004.



	31 Dec 2014	31 Dec 2013
<b>Defined benefit pension plans in the balance sheet</b>		
Present value of defined benefit pension obligations	-597.1	-486.5
Fair value of plan assets	463.1	418.1
<b>NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS</b>	<b>-134.0</b>	<b>-68.4</b>

	2014	2013
<b>Change in defined benefit pension obligations for the year</b>		
Defined benefit pension obligation at beginning of year	-486.5	-453.1
Current service costs	-13.2	-18.8
Interest expenses	-19.6	-16.6
Revaluations:		
– Actuarial gains and losses on changed financial assumptions	-93.2	-66.9
– Experienced-based adjustments	0.4	0.1
Adjustments and changes in the pension plan	0.0	3.7
Reclassification	-8.5	–
Benefits paid	18.1	21.4
Foreign currency translation differences	5.4	43.7
<b>Defined benefit pension obligation at year end</b>	<b>-597.1</b>	<b>-486.5</b>

	2014	2013
<b>Change in fair value of plan assets for the year</b>		
Fair value of plan assets at beginning of year	418.1	438.7
Employer contributions	31.4	29.3
Contributions from plan participants	-15.9	-17.1
Interest income	16.2	15.1
Return on plan assets, excluding interest income	0.5	0.6
Actuarial gains and losses	17.4	-5.0
Additional contributions	-1.6	–
Adjustments and changes in the pension plan	–	-3.7
Foreign currency translation differences	-3.0	-39.8
<b>Fair value of plan assets at year end</b>	<b>463.1</b>	<b>418.1</b>

The present value of the obligation is divided among members as follows:

- Active members – 53 per cent (56)
- Employees who left the pension plan prior to retirement – 4 per cent (3)
- Retired employees – 43 per cent (41)

	2014	2013
<b>Plan assets are comprised of</b>		
Cash and cash equivalents and short-term investments	7.6	8.9
International shares	33.8	28.2
Norwegian shares	8.9	5.2
Private equity	12.0	12.1
Alternative investments (hedge funds)	12.5	12.5
Credits	96.5	81.3
Government bonds	232.7	208.0
Fixed-income securities	18.2	15.6
Real estate	40.9	46.3
<b>TOTAL PLAN ASSETS</b>	<b>463.1</b>	<b>418.1</b>

	2014	2013
<b>Defined benefit pension plans</b>		
<b>Net expense in the income statement</b>		
Current service costs	-13.2	-18.8
Net interest income/interest expense	-2.9	-1.1
Adjustments and changes in the pension plan	–	0.2
<b>TOTAL NET EXPENSE</b>	<b>-16.1</b>	<b>-19.7</b>
<b>Net expense recognised in the income statement as</b>		
Personnel costs	-16.1	-19.7
<b>Net expense in profit for the year</b>	<b>-16.1</b>	<b>-19.7</b>
<b>Expense recognised in other comprehensive income</b>		
Revaluations:		
Actuarial gains and losses	-76.2	-71.8
<b>Net expense recognised in other comprehensive income</b>	<b>-76.2</b>	<b>-71.8</b>
<b>NET EXPENSE RECOGNISED IN COMPREHENSIVE INCOME</b>	<b>-92.3</b>	<b>-91.5</b>

The defined benefit plans are exposed to actuarial risks such as life expectancy, currency, interest rate and investment risks.

	Norway		Finland	
Actuarial assumptions, %	2014	2013	2014	2013
Discount rate	2.3	4.0	1.8	5.0
Expected return on plan assets	2.3	4.0	1.8	5.0
Annual rate of salary increase	2.8	3.8	2.0	3.0
Annual rate of pension increase	0.0	0.2	–	–
Inflation	2.8	3.8	2.0	2.0
<b>Life expectancy assumptions</b>				
<b>– pensioned at end of period:</b>				
Men	20.7	20.7	19.0	19.0
Women	23.9	23.9	24.7	24.7
<b>– pensioned 20 years after end of period:</b>				
Men	23.0	23.0	20.6	20.6
Women	26.3	26.3	26.4	26.4

The assumptions regarding future life expectancy are based on official statistics and historical experience in each country. At 31 December 2014 the weighted average maturity of the defined benefit plans was 15 years.

#### Sensitivity analysis

The table below presents possible changes in actuarial assumptions on the balance sheet date (all other assumptions remaining constant) and how these would affect the defined benefit obligation.

	Increase	Decrease
Discount rate (1% change)	96.7	76.7
Annual rate of salary increase (1% change)	33.1	29.4
Annual rate of pension increase (1% change)	58.2	

For financial year 2015, contributions to plans for post-retirement benefits are estimated at around SEK 21 million. The Group estimates that approximately SEK 26 million will be paid to defined benefit pension plans during 2015.

#### DEFINED CONTRIBUTION PLANS

	2014	2013
<b>Defined contribution pension plans</b>		
<b>Allocation of expenses by pension plan</b>		
Sweden, Alecta	-224.3	-233.9
Sweden, AIP	-22.0	-19.0
Finland	-147.7	-130.4
Norway	-60.0	-54.1
Other countries	-1.5	-1.4
<b>TOTAL</b>	<b>-455.5</b>	<b>-438.8</b>

### 29 Liabilities under finance leases

GROUP	2014		2013	
	Present value	Nominal amount	Present value	Nominal amount
<b>In current interest-bearing liabilities</b>				
Due within one year	24.8	31.7	31.0	34.1
<b>Total current liabilities</b>	<b>24.8</b>	<b>31.7</b>	<b>31.0</b>	<b>34.1</b>
<b>In liabilities to credit institutions</b>				
Due within more than one but less than two years	29.9	33.0	29.1	30.9
Due within more than two but less than five years	42.6	52.0	41.6	42.0
Due within more than five years	4.1	5.3	5.9	5.9
<b>Total non-current liabilities</b>	<b>76.6</b>	<b>90.3</b>	<b>76.6</b>	<b>78.8</b>
<b>TOTAL LIABILITIES UNDER FINANCE LEASES</b>	<b>101.4</b>	<b>122.0</b>	<b>107.6</b>	<b>112.9</b>

Liabilities under finance leases are recognised in the balance sheet at present value. The above table also shows nominal liabilities, comprising the sum of minimum future lease payments and residual value at the end of the lease period.

### 30 Accrued expenses, prepaid income and other current liabilities

	Group		Parent Company	
	2014	2013	2014	2013
<b>Accrued expenses and prepaid income</b>				
Accrued payroll costs	68.7	144.0	3.7	2.3
Accrued vacation and overtime pay	449.5	425.5	1.5	1.3
Accrued social security contributions	297.0	346.6	6.1	9.5
Accrued interest	1.5	5.3	1.5	5.1
Other	145.9	113.9	9.6	7.0
<b>TOTAL ACCRUED EXPENSES AND PREPAID INCOME</b>	<b>962.6</b>	<b>1,035.3</b>	<b>22.4</b>	<b>25.2</b>
<b>Other current liabilities</b>				
VAT	240.1	210.3	–	0.0
Employee withholding tax	126.6	124.0	0.8	0.8
Derivatives	3.5	–	–	–
Other	78.4	36.4	1.9	1.8
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>448.6</b>	<b>370.7</b>	<b>2.7</b>	<b>2.6</b>

### 31 Contingent liabilities

	Group		Parent Company	
	2014	2013	2014	2013
Guarantees for subsidiary liability	–	–	29.9	16.1
Performance bonds	223.4	188.9	171.3	145.2
<b>TOTAL</b>	<b>223.4</b>	<b>188.9</b>	<b>201.2</b>	<b>161.3</b>

### 32 Financial instruments by category

#### GROUP

The fair value and carrying amount are recognised in the balance sheet as shown below. Carrying amount is considered a good approximation of fair value.

2014	Carrying amount					Fair value				Total
	Assets held for trading	Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying amount	Level 1	Level 2	Level 3		
<b>Financial assets measured at fair value</b>										
Shares	–	–	12.5	–	12.5	–	–	12.5		12.5
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>12.5</b>	<b>–</b>	<b>12.5</b>	<b>–</b>	<b>–</b>	<b>12.5</b>		<b>12.5</b>
<b>Financial assets not measured at fair value</b>										
Non-current receivables	–	7.4	–	–	7.4	–	–	–		–
Trade receivables	–	1,514.7	–	–	1,514.7	–	–	–		–
Cash and cash equivalents	–	172.8	–	–	172.8	–	–	–		–
<b>TOTAL</b>	<b>–</b>	<b>1,694.9</b>	<b>–</b>	<b>–</b>	<b>1,694.9</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>–</b>
<b>Financial assets measured at fair value</b>										
Currency forwards for hedging	3.5	–	–	–	3.5	–	3.5	–		3.5
<b>TOTAL</b>	<b>3.5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3.5</b>	<b>–</b>	<b>3.5</b>	<b>–</b>		<b>3.5</b>
<b>Financial assets not measured at fair value</b>										
Liabilities to credit institutions	–	–	–	1,334.1	1,334.1	–	–	–		–
Liabilities under finance leases	–	–	–	101.4	101.4	–	–	–		–
Other non-current liabilities	–	–	–	27.0	27.0	–	–	–		–
Trade payables	–	–	–	337.7	337.7	–	–	–		–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,800.2</b>	<b>1,800.2</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>–</b>

2013	Carrying amount					Fair value			Total
	Assets held for trading	Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying amount	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>									
Shares	–	–	11.9	–	11.9	–	–	11.9	11.9
Currency forwards for hedging	0.7	–	–	–	0.7	–	0.7	–	0.7
<b>TOTAL</b>	<b>0.7</b>	<b>–</b>	<b>11.9</b>	<b>–</b>	<b>12.6</b>	<b>–</b>	<b>0.7</b>	<b>11.9</b>	<b>12.6</b>
<b>Financial assets not measured at fair value</b>									
Non-current receivables	–	8.0	–	–	8.0	–	–	–	–
Trade receivables	–	1,421.5	–	–	1,421.5	–	–	–	–
Cash and cash equivalents	–	315.3	–	–	315.3	–	–	–	–
<b>TOTAL</b>	<b>–</b>	<b>1,744.8</b>	<b>–</b>	<b>–</b>	<b>1,744.8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Financial assets not measured at fair value</b>									
Liabilities to credit institutions	–	–	–	1,534.8	1,534.8	–	–	–	–
Liabilities under finance leases	–	–	–	107.6	107.6	–	–	–	–
Other non-current liabilities	–	–	–	30.2	30.2	–	–	–	–
Trade payables	–	–	–	246.4	246.4	–	–	–	–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,919.0</b>	<b>1,919.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

In the above table, non-current receivables are comprised of “Other non-current receivables” with the exception of pension assets.

#### PARENT COMPANY

Fair value and carrying amount are recognised in the balance sheet as shown below:

2014	Carrying amount				Fair value		Total
	Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying amount	Level 3		
Other non-current securities	–	0.9	–	0.9	0.9	–	0.9
Cash and cash equivalents	2.2	–	–	2.2	–	–	–
<b>TOTAL</b>	<b>2.2</b>	<b>0.9</b>	<b>–</b>	<b>3.1</b>	<b>0.9</b>	<b>–</b>	<b>0.9</b>
Non-current interest-bearing liabilities	–	–	962.0	962.0	–	–	–
Current interest-bearing liabilities	–	–	276.0	276.0	–	–	–
Trade payables	–	–	50.1	50.1	–	–	–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>1,288.1</b>	<b>1,288.1</b>	<b>–</b>	<b>–</b>	<b>–</b>

2013	Carrying amount				Fair value		Total
	Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying amount	Level 3		
Other non-current securities	–	0.9	–	0.9	0.9	–	0.9
Cash and cash equivalents	0.1	–	–	0.1	–	–	–
<b>TOTAL</b>	<b>0.1</b>	<b>0.9</b>	<b>–</b>	<b>1.0</b>	<b>0.9</b>	<b>–</b>	<b>0.9</b>
Non-current interest-bearing liabilities	–	–	1,312.0	1,312.0	–	–	–
Current interest-bearing liabilities	–	–	173.6	173.6	–	–	–
Trade payables	–	–	11.7	11.7	–	–	–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>1,497.3</b>	<b>1,497.3</b>	<b>–</b>	<b>–</b>	<b>–</b>

The table above provides information about the method for determining the fair value of financial instruments measured at fair value in the balance sheet. The hierarchy for determining fair value is based on the following three levels.

- Level 1: according to quoted market prices in active markets for identical instruments
- Level 2: according to directly or indirectly observable market inputs that are not included in level 1
- Level 3: according to inputs that are not based on observable market data

No transfers between any of the levels took place during the year.

#### Measurement of fair value

Below is a summary of the primary methods and assumptions used to determine the fair values of the financial instruments reported in the above tables.

The fair value of a listed financial asset is equal to the asset's quoted market price on the balance sheet date. The fair value of unlisted financial assets is determined through a valuation technique that makes maximum use of market inputs,

such as recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, and discounted cash flows. When there is no reliable basis for determining fair value, financial assets are measured at amortised cost.

For currency forward contracts, fair value is determined on the basis of quoted market prices for currency forward contracts on the balance sheet date.

The value of long-term loans is recognised as accrued amortised cost, which is considered a good approximation of fair value.

The fair value of liabilities under finance leases is based on the present value of future cash flows discounted at the market rate of interest for similar lease contracts (Level 2).

For trade receivables and payables with a remaining life of less than one year, the carrying amount is assessed to reflect fair value.

The table on the next page presents a reconciliation between the opening and closing balances for financial instruments that are measured at fair value in the report in the balance sheet based on a valuation technique that uses unobservable market data (Level 3).

GROUP

Financial instruments measured at fair value

Opening balance at 1 January 2013	11.5
Total reported gains and losses	
– recognised in profit for the year	–
– recognised in other comprehensive income	0.3
Cost of acquisitions	0.1
Proceeds from divestitures	-0.1
<b>CLOSING BALANCE AT 31 DECEMBER 2013</b>	<b>11.8</b>
Gains and losses recognised in profit for the year for assets included in the closing balance at 31 December 2013	–
Opening balance at 1 January 2014	11.8
Total reported gains and losses	
– recognised in profit for the year	–
– recognised in other comprehensive income	0.7
Cost of acquisitions	0.0
Proceeds from divestitures	0.0
<b>CLOSING BALANCE AT 31 DECEMBER 2014</b>	<b>12.5</b>
Gains and losses recognised in profit for the year for assets included in the closing balance at 31 December 2014	–

33 Financial risks and finance policy

Through its operations, the Group is exposed to various types of financial risk arising from fluctuations in earnings and cash flow due to changes in exchange rates, interest rates, refinancing and credit risks.

FINANCE POLICY

To control and minimise the financial risks to which the Group is exposed, the Board of Directors has drawn up a finance policy that is revised and adopted at least once a year. The policy regulates the division of responsibilities between the local companies and the corporate finance department, which financial risks the Group is permitted to take, and how these risks are to be managed. Surplus cash is invested primarily in fixed-income instruments in the money market, where low credit risk and high liquidity are required criteria. Transaction exposure is hedged mainly through currency forward contracts.

MARKET RISK

Market risk is the risk for fluctuations in the value of financial instruments due to changes in market prices. Sweco's policy minimises this risk by limiting the average duration of financial instruments to 120 days.

CURRENCY RISKS

Transaction exposure

The Group's exposure to currency risk is primarily related to potential exchange rate fluctuations in contracted and anticipated payment flows in foreign currency. The objective in management of currency risk is to minimise the effects of exchange rate movements on the Group's profit and financial position. The Group normally has natural risk coverage in that both sales and expenses are denominated in local currency. In cases where contracts are entered into in a non-local currency, the contracted and anticipated payment flows are hedged through currency forward contracts after matching incoming and outgoing payments in the same currency.

The Group's transaction exposure from exports in 2014 can be broken down into the following significant currencies:

	2014			2013		
	EUR	USD	NOK	EUR	USD	NOK
Income	103.7	19.9	10.2	91.1	45.7	38.3
Expenses	-94.9	-10.2	-53.2	-63.2	-24.3	-41.0
<b>NET</b>	<b>8.8</b>	<b>9.7</b>	<b>-43.0</b>	<b>27.9</b>	<b>21.4</b>	<b>-2.7</b>

On the balance sheet date, the Group had the following open currency forward contracts with a remaining time to maturity of between 0 and 90 months (previous year 0 and 27 months).

Currency	Contract amount		Unrealised gains + / losses -		Average rate	
	2014	2013	2014	2013	2014	2013
EUR	79.2	42.3	-2.3	1.0	9.35	9.16
USD	1.3	9.8	-0.1	0.0	7.41	6.47
Other	8.3	3.2	-1.2	-0.2		

Hedge accounting was applied for the currency forward contracts outstanding on the balance sheet date. Valuation gains/losses on currency forward contracts are recognised in other external expenses in the income statement and fair value is recognised in other current receivables/liabilities in the balance sheet.

Translation exposure

When the balance sheets of foreign subsidiaries are translated to SEK, a foreign currency translation difference arises due to the fact that the current year is translated at a different rate than the preceding year, and that the income statement is translated at the average exchange rate during the year while the balance sheet is translated at the closing day rate.

Translation exposure is comprised of the risk for changes in equity resulting from translation differences. For the significant currencies, translation exposure at 31 December 2014 was NOK 387 million (442) and EUR 121.3 million (123.6). The Group's policy is to not hedge translation exposure in foreign currencies except in connection with the acquisition of FMC Group. The net investment in the foreign operation was hedged through a foreign currency loan of EUR 74.4 million.

Balance sheet exposure

On the translation of assets and liabilities in intra-group transactions, balance sheet exposure arises in the difference between exchange rates on the transaction date and the closing day rate. The resulting exchange difference is recognised over the income statement. The Group's policy is to eliminate balance sheet exposure by taking up loans in the exposed currency to the extent that this exposure is not seen as part of the net investment and does not refer to normal trade receivables or payables.

	Group		Parent Company	
	2014	2013	2014	2013
<b>Foreign exchange differences recognised in profit</b>				
Net sales	3.4	0.4	0.1	–
Other operating expenses	-9.2	-0.7	–	–
<b>Total foreign exchange differences in operating profit</b>	<b>-5.8</b>	<b>-0.3</b>	<b>0.1</b>	<b>–</b>
Financial income	–	–	0.4	1.0
Financial expenses	-9.1	-1.1	–	–
<b>Total foreign exchange differences in net financial items</b>	<b>-9.1</b>	<b>-1.1</b>	<b>0.4</b>	<b>1.0</b>
<b>TOTAL FOREIGN EXCHANGE DIFFERENCES IN PROFIT</b>	<b>-14.9</b>	<b>-1.4</b>	<b>0.5</b>	<b>1.0</b>

INTEREST RATE RISK

Interest rate risk refers to the effects of interest rate movements on the Group's net financial items and fluctuations in the value of financial instruments due to changes in market interest rates. All loans carry interest with short fixed-interest periods. The company's assessment is that loans with variable interest result in the lowest risk and financing cost over time.

LIQUIDITY RISK

Liquidity risk (the risk that the Group will incur higher costs due to insufficient liquidity), cash flow risk (the risk for variations in the size of future cash flows generated by financial instruments) and refinancing risk (the risk for costly refinancing of matured loans) are deemed minor in view of the Group's financial position with unutilised bank overdraft facilities which, including cash and cash equivalents, total SEK 1,142.4 million (1,022.5). There are cash pools in Sweden, Norway and Finland to minimise the borrowing requirement through the use of surplus liquidity in the Group. The bank overdraft facilities are renewed every year and are not associated with any special conditions or obligations; see also Note 27.

An age analysis of financial liabilities is shown in the table below:

	Nominal amount in original currency	Within					
		Total	1–3 months	3 months–1 year	1–5 years	>5 years	
2014							
Interest-bearing liabilities	1,009.1	–	–	0.2	1,008.0	0.9	
Currency forward contracts, EUR	8.2	79.2	-2.2	-1.2	11.8	50.9	19.9
Currency forward contracts, USD	0.2	1.3	0.6	0.4	0.3	–	–
Currency forward contracts, other	8.2	–	0.7	7.5	–	–	
Finance leasing liabilities, SEK	122.0	122.0	2.4	4.7	24.6	85.0	5.3
Trade payables	337.7	276.3	55.6	4.7	1.1	–	
Other liabilities	472.1	366.7	–	78.4	27.0	–	
<b>TOTAL</b>	<b>2,029.6</b>	<b>643.8</b>	<b>60.2</b>	<b>127.5</b>	<b>1,172.0</b>	<b>26.1</b>	

2013	Nominal amount in original currency	Within				
		Total	1 month	1-3 months	3 months-1 year	1-5 years
Interest-bearing liabilities	1,316.7	-	-	0.2	1,316.5	
Currency forward contracts, EUR	4.7	42.3	-1.9	4.8	36.5	2.9
Currency forward contracts, USD	1.5	9.8	-	4.4	5.4	-
Currency forward contracts, other		3.2	-	3.2	-	-
Finance leasing liabilities, SEK	112.9	112.9	4.5	6.2	23.4	78.8
Trade payables	246.4	160.2	80.9	4.5	0.8	
Other liabilities	400.9	334.3	-	36.4	30.2	
<b>TOTAL</b>	<b>2,132.2</b>	<b>497.1</b>	<b>99.5</b>	<b>106.4</b>	<b>1,429.2</b>	

#### CREDIT RISK

The risk that the Group's customers will not meet their obligations (ie, that payment will not be received from the customers), constitutes a customer credit risk. The Group carries out regular credit assessment of new customers.

Sweco currently has around 16,000 customers in both the private and public sectors. The public sector accounts for 45 per cent, property and construction companies for 15 per cent, industrial companies for 21 per cent and other private sector companies for 19 per cent.

The ten largest customers account for 28 per cent of total sales. Since Sweco is not dependent on any individual customers, there is little risk that trade receivable losses will have a significant impact on the company. Historically, such losses have been minor.

Age analysis, trade payables	2014		2013			
	Gross	Reserve Net	Gross	Reserve	Net	
Trade receivables not yet due	1,224.6	-	1,224.6	1,032.2	-	1,032.2
Overdue trade receivables 0-30 days	151.8	-0.5	151.3	224.9	-3.8	221.1
Overdue trade receivables 31-90 days	56.3	-7.0	49.3	67.7	-1.9	65.8
Overdue trade receivables 91-180 days	33.0	-7.2	25.8	57.4	-9.0	48.4
Overdue trade receivables > 180 days	76.2	-12.5	63.7	76.5	-22.5	54.0
<b>TOTAL</b>	<b>1,541.9</b>	<b>-27.2</b>	<b>1,514.7</b>	<b>1,458.7</b>	<b>-37.2</b>	<b>1,421.5</b>

At 31 December 2014, trade receivables amounting to SEK 290.1 million (389.3) were overdue without any assessed need to recognise an impairment loss. These apply to a number of independent customers that have not previously had any solvency problems.

Trade receivables by currency	2014	2013
SEK	859.4	890.6
EUR	329.3	274.4
USD	4.7	16.1
NOK	256.0	165.9
CZK	15.4	24.8
RUB	13.3	22.9
Other currencies	36.6	26.8
<b>TOTAL</b>	<b>1,514.7</b>	<b>1,421.5</b>

Changes in reserve for doubtful trade receivables	2014	2013
Opening reserve for doubtful trade receivables	-37.2	-26.6
Increase through acquisitions	-	-3.9
Provisions to reserve for doubtful trade receivables	-10.8	-13.2
Write-offs of non-collectible receivables for the year	7.3	2.9
Reversal of unutilised amount	11.9	2.7
Translation differences	1.6	0.9
<b>CLOSING RESERVE FOR DOUBTFUL TRADE RECEIVABLES</b>	<b>-27.2</b>	<b>-37.2</b>

Sweco PM Oy filed a claim against a customer for non-payment of overdue trade receivables. A countersuit was also filed against the company in Finnish court in which the counterparty is seeking damages of EUR 16.7 million on the grounds that Sweco PM showed gross negligence in an assignment. In order for the plaintiff to be considered entitled to such damages, in which case the contractual limitations of liability would not apply, the alleged gross negligence must be proven. Until further notice, the dispute is covered by consulting liability insurance. In the event that gross negligence is finally determined by the court, however, the insurance will not be valid. The district court in Helsinki announced its ruling on the case on 2 July

2013, whereby the court found that the claim of gross negligence lacked grounds. Sweco PM was found to have been negligent in certain aspects and was therefore liable for damage claims amounting to EUR 393,310.00 (excluding interest) to the counterparty. The case has been appealed to a higher court. Sweco PM contends that it did not act with negligence or gross negligence in the assignment.

Vattenbyggnadsbyrå Export AB is party to legal proceedings in Turkey in which the counterparty claims that AgriConsult AB (now a Sweco Group company) acted with negligence in planning a silo facility. The assignment was carried out in 1994 and the plaintiff filed the claim in 2004. In the course of these proceedings, two arbitration rulings have been announced – one in Sweco's favour and one in the counterparty's favour. The latter has been appealed by Sweco, for which reason the dispute is subject to further court proceedings. Sweco contends that the claim is groundless and should also be barred by the statute of limitations. The counterparty's claim has amounted to around SEK 25 million, but the appellate court in Ankara has finally established in respect of the ongoing lawsuit that the claim may not exceed EUR 84,000 (excluding interest).

Sweco's assessment is that neither of these ongoing legal proceedings will have a noticeable effect on the Group.

#### SENSITIVITY ANALYSIS

To manage currency risks, the Group strives to minimise the impact of short-term fluctuations in profit and cash flows. In a longer perspective, however, profit, cash flows and equity will be affected by more lasting changes in exchange rates and interest rates.

Factor	Change +/-	2014	2013
		Impact on earnings +/- SEK M	Impact on earnings +/- SEK M
Currency			
EUR	10%	5.9	4.0
USD	10%	0.4	1.6
NOK	10%	9.5	11.7
Interest rate on lending/borrowing	1%-point	6.4	6.1

The sensitivity analysis is based on the assumption that currency translation and transaction exposure, and all other factors, are constant. The effect is calculated based on a standard tax rate of 26 per cent.

#### CAPITAL MANAGEMENT

Sweco Group's financial objective is to uphold a good capital structure and financial stability in order to maintain the confidence of investors, creditors and the market. A good capital structure also creates a foundation for ongoing development of the Group's business operations. Capital is defined as total equity and non-controlling interests.

Capital	2014	2013
Equity	1,873.7	1,617.5
Non-controlling interests	14.1	15.1
<b>TOTAL</b>	<b>1,887.8</b>	<b>1,632.6</b>

Sweco Group's capital is used to finance acquisitions, to maintain a high level of financial flexibility and to provide competitive dividends to Sweco's shareholders.

The Group's dividend policy is to distribute at least half of profit after tax to the shareholders while also maintaining a capital structure that provides scope for development of and investment in the company's core operations. The Board of Directors has proposed that the 2015 Annual General Meeting approve a dividend of SEK 3.50 per share, equal to a dividend share of approximately 60 per cent of profit after tax. Through the dividend, a maximum of SEK 320.3 million will be distributed to the shareholders.

Sweco adopted a new financial strength target during the year. Sweco's financial target is to maintain a level of net debt over time that does not exceed 2.0 times EBITDA. During the past five years, ordinary dividends totalled an average of around 70 per cent of profit after tax. The Group's policy is to pay an extra dividend or conduct a share redemption when this is permitted by the capital structure and financing requirements.

Sweco's 2014 Annual General Meeting granted authorisation for the Board to repurchase treasury shares. The aim of the proposed repurchase is to create scope to optimise the company's capital structure and provide opportunities to use Sweco shares as consideration in connection with future acquisitions. The AGM also authorised the Board to decide on the transfer of treasury shares. Such transfers may take place in connection with acquisitions. The AGM also authorised the Board to repurchase treasury shares to enable delivery of shares under the 2014 Share Savings Scheme and the 2014 Share-based Incentive Scheme (under which bonuses are paid in shares rather than in cash for operations in Sweden).

The Board proposes that the 2015 AGM authorise the Board to decide on the repurchase and transfer of treasury shares and to enable delivery of shares for the 2015 Share-based Incentive Scheme.

### 34 Related party transactions

Sales to related parties are carried out on market-based terms. The Group has not had any sales to associated companies.

Goods and services totalling SEK 1.1 million (3.4) were sold to companies owned by the Nordström family (a shareholder controlling approximately 34.4 per cent of the votes in Sweco). Consulting service totalling SEK 2.2 million (10.6) were sold to companies owned by the Douglas family (which has a controlling interest in Investment AB Latour, a shareholder controlling approximately 22.6 per cent of the votes in Sweco). The related trade receivable at 31 December 2014 amounted to SEK 0.1 million (0.4). Consulting services totalling SEK 0.1 million (0.0) were sold to companies owned jointly by the Nordström and Douglas families.

### 35 Events after the balance sheet date

On 11 February 2015 the Board of Directors proposed that the Annual General Meeting resolve on a distribution to the shareholders in the form of a dividend totalling a maximum of SEK 320.2 million (see Note 26).

After the close of the year Sweco acquired the company OTEC Elkonsult AB with 15 employees, thereby strengthening its electricity distribution operations.

Sweco Finland acquired the remaining minority shares in Siltanylund with 17 employees.

### 36 Critical accounting estimates and assumptions

#### KEY SOURCES OF ESTIMATION UNCERTAINTY

##### Pension assumptions

Provisions for pensions are based on Sweco's best actuarial assumptions about the future (see Note 28). Deviations in the actual outcome of these parameters are recognised in other comprehensive income.

#### Impairment testing of goodwill

In determining the recoverable amount of cash-generating units for impairment testing of goodwill, the company made assumptions about future conditions and estimated key variables (see Note 14). As illustrated in Note 14, significant changes in these estimates and assumptions may affect the value of goodwill.

#### Valuation of work in progress

Approximately 19 per cent of Sweco's sales are generated in fixed price service contracts. Assets and liabilities in these contracts represent significant amounts. Work in progress is recognised at the value of contract revenue less confirmed losses and anticipated loss risks. Revenue is recognised based on the estimated stage of completion. If the stage of completion cannot be estimated reliably, the contract is valued on the basis of contract costs incurred. Determination of the risks in the assignments and the percentage of completion is based on prior experience of similar projects and the specific conditions of each assignment. The balance sheet item is comprised of multiple contracts, none of which makes up a substantial share of the total. While miscalculation of an individual contract would not have a significant impact on the value of work in progress, a general miscalculation could have a significant impact, although this is not probable.

### 37 Parent Company information

SWECO AB (publ), corporate identification number 556542-9841, is a Swedish-registered public limited company domiciled in Stockholm. The Parent Company's shares are quoted on Nasdaq Stockholm. The address to the head office is: Sweco AB, Gjörwellsgatan 22, Box 34044, SE-100 26 Stockholm, Sweden.

## Signatures of the Board of Directors

The Board of Directors and the President give their assurance that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards IFRSs as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The annual accounts have been prepared in accordance with generally accepted accounting standards and give a true and

fair view of the financial position and results of operations of the Parent Company.

The Board of Directors' report for the Group and the Parent Company gives a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, 4 March 2015

Johan Nordström  
*Board Chairman*

Anders G. Carlberg  
*Board member*

Gunnel Duveblad  
*Board member*

Eva Lindqvist  
*Board member*

Pernilla Ström  
*Board member*

Carola Teir-Lehtinen  
*Board member*

Thomas Holm  
*Employee representative*

Göran Karloja  
*Employee representative*

Anna Leonsson  
*Employee representative*

Tomas Carlsson  
*President & CEO*

Our audit report was submitted on 10 March 2015  
PricewaterhouseCoopers AB

Lennart Danielsson  
*Authorised Public Accountant*

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# Auditor's report

To the annual meeting of the shareholders of SWECO AB (publ),  
corporate identity number 556542-9841

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of SWECO AB (publ) for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 28–74.

### *Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts*

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the

financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

### **Report on other legal and regulatory requirements**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of SWECO AB (publ) for the year 2014.

### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

### *Auditor's responsibility*

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### *Opinions*

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 10 March 2015  
PricewaterhouseCoopers AB

Lennart Danielsson  
Authorized Public Accountant

## Five-year overview

	2014	2013 <sup>1)</sup>	2012 <sup>1)</sup>	2011	2010
<b>Income statement, SEK M</b>					
Net sales	9,213.7	8,165.0	7,479.7	5,987.6	5,272.4
EBITA	814.5	652.4	743.6	554.2	443.1
Operating profit (EBIT)	761.6	558.3	680.7	531.3	432.7
Net financial items	-43.3	-32.0	-26.8	-4.5	-9.0
Profit before tax	718.3	526.3	653.9	526.8	423.7
Profit for the year	544.6	379.6	475.9	374.8	299.9
<b>Balance sheet, SEK M</b>					
Balance sheet total	5,917.1	6,002.8	4,647.2	3,256.8	2,988.4
Equity	1,887.8	1,632.6	1,674.0	1,503.7	1,429.6
Cash and cash equivalents and current interest-bearing receivables	173.5	318.7	366.8	219.6	376.7
Interest-bearing liabilities	1,435.5	1,642.3	776.1	78.7	136.6
Net interest-bearing receivables/liability	-1,262.0	-1,323.6	-409.3	140.9	240.1
<b>Cash flow, SEK M</b>					
Cash flow from operating activities	594.8	495.9	414.8	513.0	341.8
Cash flow from investing activities	-177.0	-997.6	-655.5	-312.9	-132.5
Cash flow from financing activities	-581.8	472.0	393.2	-355.9	-362.5
<b>Cash flow for the year</b>	<b>-164.0</b>	<b>-29.7</b>	<b>152.5</b>	<b>-155.8</b>	<b>-153.2</b>
<b>Key ratios</b>					
Operating profit per employee, SEK 000s	89	71	93	92	87
Value added per employee, SEK 000s	794	757	753	758	758
Billing ratio, %	75.6	74.2	74.2	73.9	73.4
EBITA margin, %	8.8	8.0	9.9	9.3	8.4
Operating margin, %	8.3	6.8	9.1	8.9	8.2
Profit margin, %	7.8	6.4	8.7	8.8	8.0
Equity/assets ratio, %	31.9	27.2	36.0	46.2	47.8
Net debt/EBITDA, times	1.3	1.7	0.5	-0.2	-0.5
Net debt/equity, %	66.9	81.1	24.4	-9.4	-16.8
Debt/equity ratio, times	0.8	1.0	0.5	0.1	0.1
Interest coverage ratio, times	19	15	21	48	31
Return on equity, %	31.0	22.9	29.9	25.6	19.9
Return on capital employed, %	23.2	19.7	34.0	34.2	26.5
Return on total assets, %	14.5	10.6	17.4	17.2	14.3
Average number of employees	8,535	7,917	7,336	5,772	4,986
<b>Share data</b>					
Earnings per share, SEK	5.96	4.11	5.15	4.11	3.31
Diluted earnings per share, SEK	5.89	4.10	5.15	4.11	3.28
Dividend return, %	3.3	3.1	4.5	5.2	5.2
Equity per share, SEK	20.64	17.75	18.10	16.46	15.61
Diluted equity per share, SEK	20.30	17.70	18.10	16.46	15.61
Cash flow per share, SEK	-1.80	-0.33	1.67	-1.71	-1.70
Diluted cash flow per share, SEK	-1.78	-0.33	1.67	-1.71	-1.68
Bid price SWECO B at 31 December, SEK	106.00	106.00	73.00	57.50	58.25
Market capitalisation, SEK M	9,768	9,663	6,653	5,258	5,394
Ordinary dividend per share, SEK (2014 – proposed)	3.50	3.25	3.25	3.00	3.00
Number of shares at 31 December	90,763,410	91,112,882	91,233,682	90,719,827	90,957,774
Number of shares after dilution at 31 December	92,299,382	91,399,382	91,233,682	90,719,827	90,957,774
Number of shares after full dilution at 31 December	92,299,382	91,399,382	91,233,682	90,719,827	92,257,774
Number of Class B and C treasury shares	1,653,437	403,965	283,165	797,020	559,073

1) Figures for 2012 and 2013 have been restated due to changed accounting policies.



## Comments on the five-year overview

### 2010

The market for consulting engineering services was characterised by weak development during the spring and a burgeoning recovery in the autumn. At the end of the year the market upturn gained momentum, including in the industrial and building sectors. Net sales totalled SEK 5,272 million. Overall net sales fell by 1 per cent, mainly due to downsizing in the industrial operations in Finland. Operating profit was SEK 432.7 million. Three business areas – Sweco Sweden, Sweco Norway and Sweco Russia – reported robust earnings with operating margins of over 10 per cent. Profit in Sweco Norway was affected by non-recurring project write-downs of more than SEK 20 million. Ambitious brand building activities in a number of countries and acquisition-related expenses, together amounting to SEK 26 million, led to an increase in group-wide costs. The financial position was strong. The ratio of net debt to equity was approximately -17 per cent and the equity/assets ratio was 48 per cent. A new market was established in Poland through the acquisitions of Hydroprojekt Kraków and Transprojekt Kraków. Sweco acquired nine companies with more than 300 employees during the year. The bid price for the Sweco B share at 31 December 2010 was SEK 58.25, representing an increase of 8 per cent. The number of employees at year end was 5,418.

### 2011

2011 started with healthy demand in all of Sweco's markets. In particular, the Swedish market and the construction and infrastructure sectors showed solid growth during the year. Another stand-out was the Finnish market, which stabilised and noted rising demand for Sweco's industry-related consulting services. The generally high level of demand also continued through the second half of the year, in spite of the European debt crisis and economic contraction. Sweco Group's net sales were up 14 per cent to SEK 5,987.6 million. Operating profit rose 23 per cent to SEK 531.3 million and the operating margin was 8.9 per cent. The financial position remained strong. The ratio of net debt to equity was -9 per cent and the equity/assets ratio was 46 per cent. The number of employees rose by around 900, of which more than 300 were added through organic growth. During the year Sweco made 16 acquisitions with a total of around 600 employees. An agreement was signed in late 2011 to acquire Finland's FMC Group, with annual sales of approximately EUR 80 million and around 1,100 employees. The acquisition of FMC, completed in February 2012, gave Sweco annual sales of approximately SEK 6.7 billion and 7,400 employees. The bid price for the Sweco B share at 31 December 2011 was SEK 57.50, a decrease of 1 per cent.

### 2012

The strong market conditions that prevailed in 2011 continued throughout most of 2012, notwithstanding the European debt crisis and general contraction of the economic climate. Development was particularly strong in the Nordic countries. A downturn was noted at the end of the year, primarily for building-related services with a focus on housing and for services in certain industrial segments. Sweco Group's net sales were up 25 per cent to SEK 7,479.7 million. Organic growth was 8 per cent and acquisition-driven growth was 17 per cent. Operating profit improved 24 per cent to SEK 680.7 million and the operating margin was 9.1 per cent. The increase in profit of SEK 150 million was mainly attributable to the acquisition of FMC Group, which was consolidated on 1 February 2012, and improved earnings in Sweco Norway. Profit for the year included a positive non-recurring effect of

SEK 21 million arising from changes in Norwegian pension plans. Profit was charged with costs of SEK 15.3 million for restructuring in the Russian operations and a goodwill impairment loss of SEK 11.5 million in Sweco Industry. The financial position was good. The ratio of net debt to equity was 24 per cent and the equity/assets ratio was 36 per cent. The number of employees rose by 1,200 through acquisitions and 300 through organic growth. The bid price for the Sweco B share at 31 December 2012 was SEK 73.00, an increase of 27 per cent.

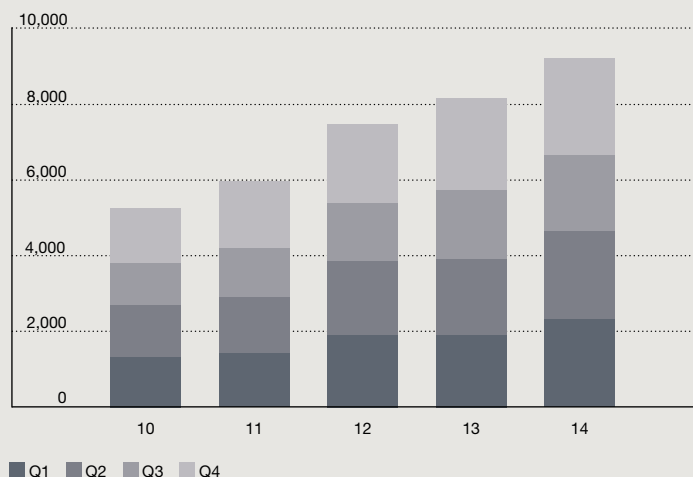
### 2013

Sweco signed an agreement in June to acquire Vectura Consulting AB from the Swedish Government. Through the acquisition, Sweco became the largest engineering consultancy in the Nordic market with an unrivalled offering in the infrastructure segment. On 1 July the Sweco Industry business area was divided between the Finland, Sweden and Norway business areas. On 1 December the Russia and Central & Eastern Europe business areas were merged to create the new Central Europe business area. The downturn in the Nordic market that started at the end of 2012 continued into the first quarter of 2013. Development was weakest in the Finnish industrial sector and remained so throughout the year. The other markets in Norway, Sweden and Finland strengthened gradually during the year. Net sales were up 9 per cent, substantially through acquisitions, and totalled SEK 8,165.0 million. Operating profit was SEK 558.3 million. Total amortisation and impairment of acquisition-related intangible assets totalled SEK 94.1 million, of which SEK 49.3 million was attributable to impairment of acquisition-related intangible assets in Russia and Eastern Europe. Integration costs for Vectura were charged to profit in an amount of SEK 53.0 million. Net debt in relation to equity was 81 per cent. Net debt in relation to EBITDA was 1.7. The number of employees rose during the year by 1,263, of which 1,355 through acquisitions. The bid price for the Sweco B share at year end was SEK 106.00, an increase of 45 per cent.

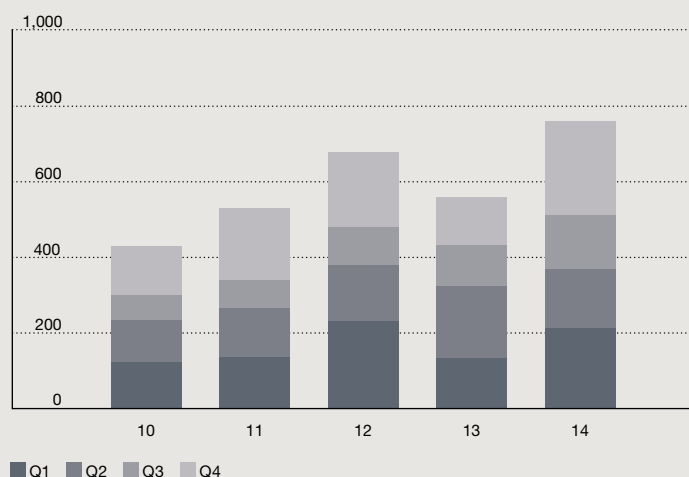
### 2014

The market improved overall during 2014. The market improved slowly but steadily in Sweden. There was some weakening of the Norwegian economy, but the market was aided by government investments. The market in Finland remained challenging, while Central Europe showed some improvement late in the year. Sweco strengthened its market-leading position within infrastructure during the second half of the year. Sweco was entrusted with contributing its expertise to some of the Nordic region's largest infrastructure initiatives in modern times. Among other things, Sweco will design two of the first three stretches of Sweden's first high-speed railway, modernise the Östfoldbanan in Norway, serve as site supervisor for the extension of Helsinki's underground metro, and design Stockholm's new underground metro line to Nacka. Vectura was fully integrated in Sweco Sweden as of 1 January. Net sales increased 13 per cent, substantially through acquisitions, to SEK 9,213.7 million. Organic growth was 3 per cent and operating profit totalled SEK 761.6 million. The profit improvement was mainly attributable to Vectura's contribution in Sweden, reduced integration costs, and improved profit in Finland and Central Europe. Profit was charged with integration costs for Vectura totalling SEK 11.3 million. The Board adopted a new financial target of net debt not to exceed 2.0 times EBITDA. Net debt in relation to EBITDA was 1.3. The number of employees at year end was 8,943. The bid price for the Sweco B share was 106.00 at year end, the same price as at year-end 2013.

**Net sales**  
SEK M



**Operating profit**  
SEK M



## Risks and risk management

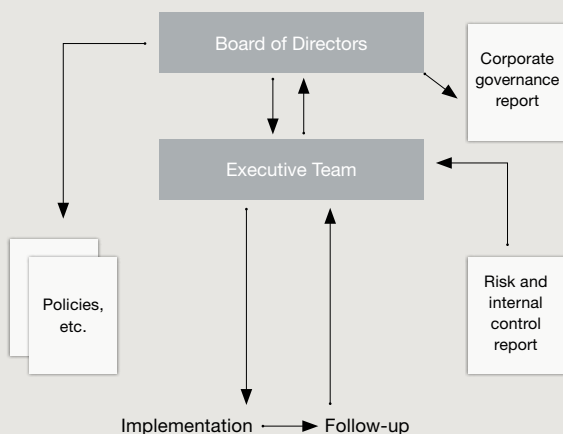
Sweco Group delivers qualified consulting services to more than 16,000 customers in some 42,000 assignments every year. The Group's operations are decentralised and are conducted at 120 locations in eleven countries. Approximately 45 per cent of customers come from the public sector and 55 per cent from the private sector. The ten largest customers account for 28 per cent of net sales. These factors give Sweco a good risk diversification. In spite of this, the Group is exposed to a number of risks through its business activities. Consequently, one important aspect of management and control of the Group's operations is to maintain effective risk management in which risks are identified, evaluated and handled. The aim of Sweco's risk management is to secure the Group's long-term earnings growth and ensure that the various business units achieve their objectives.

### RISK PROCESS

Sweco's goals, which are expressed in the company's business plan and strategy, provide a foundation for the company's risk management. The Group's risk management is based on a company-wide risk analysis. This inventory of risks is aimed at identifying the most significant risks that the company is exposed to, the probability that they will occur and their potential impact on the company's goals. Concurrently, the effectiveness of the existing controls and risk mitigation measures is assessed. The results of the overall risk analysis have been gathered in a risk map that reflects the company's risk exposure in each business area and in total for the Group. The risk maps are updated regularly and are used in quarterly risk monitoring work. At the board meetings of each business area, risk management is a standing item on the agenda.

Sweco's risk management covers all business areas, companies/divisions and processes in the Group. Each manager is responsible for risk management activities in his/her respective area. The Group's Board of Directors and top management have ultimate responsibility for risk management.

The Executive Team manages development of risk work. The Legal Counsel initiates reporting of risk work on the corporate level, which is done regularly to the Audit Committee. An annual comprehensive report on Group risk and internal control is addressed by the Board, the Audit Committee and the Executive Team. A report on the Group's material disputes is presented at each meeting of the Board and the Audit Committee. Below is a schematic illustration of the company's risk management process.



Sweco's operations are exposed to a number of strategic, operational and financial risks. The risks that Sweco has identified as the most significant in its business operations, and the ways in which these are managed, are described here.

### BUSINESS ETHICS COMPLIANCE PROGRAMME

During the year the company maintained its focus on business ethics and a business ethics compliance programme, based on Sweco's CSR policy, was implemented throughout the Group. The programme included a risk assessment that has been carried out in each business area to identify risks related to business ethics. Work included a revision of the CSR policy, new routines and training measures. There are a number of procedures including those that apply to business partners incorporated into the management system sweco@work. For managers there is a full-day training course and for all employees, an e-learning course that also includes a so-called "we-learning" section where groups meet and discuss business ethical dilemmas. Dilemma discussions have also been held by Sweco's Executive Team. The training programme and dilemma discussions will continue through 2015. A whistle-blower function (Sweco Ethics Line) has been in place since 2013 and enables the anonymous reporting of suspected improprieties. The purpose of the compliance programme is to increase awareness, ensure that adequate risk management procedures are in place, and monitor compliance within the Group. The full-day training for managers and key employees will continue in 2015 and will also include area managers.

### STRATEGIC AND OPERATIONAL RISKS

#### Market and projects

Changed market conditions caused by factors such as economic decline, lower propensity among the customers to invest, changes in political priorities, changes in purchasing behaviour, new legislation and customer consolidation, can result in lower income and margins for Sweco. Sweco's decentralised organisation and closeness to the customers enable early observation of changes in the market. The effects of these risks is reduced through a wide geographical presence in areas with often differing market cycles, a comprehensive range of services and a large customer base that is spread across different industries and sectors.

Project risks consist of the risks connected to an individual assignment, such as miscalculation of the amount of time needed or costs involved. Assignments can also lead to disputes regarding Sweco's right to payment and the customer's claim to compensation for any damages caused by Sweco. In the assignments, contracts are entered into on suitable terms to minimise risks and avoid disputes with customers. Among other things, the agreements shall ensure that the scope of the assignment is defined, that Sweco has the right to payment on performance according to the terms of the contract and that the terms of liability correspond to the insurer's requirements. Sweco has an insurance programme that includes professional indemnity insurance to protect against liability for damages related to performance of the assignments. Quality assurance of the assignments takes place with the support of the group-wide management system sweco@work, which is certified according to the ISO 9001, ISO 14001 and OHSAS 18001 standards.

## Employees and expertise

Sweco's success is dependent on its ability to attract, develop and retain the top talent. Sweco has a strong brand and is repeatedly given high rankings as an attractive workplace among students and young engineers. Sweco uses a number of processes and tools to develop employees and strengthen its leadership, such as the Sweco Talk performance review, the Sweco Barometer employee survey, skills training through Sweco Academy and the leadership aspects defined in the Sweco Leadership Compass, as well as management training and succession planning through the Next Generation Programme.

Skills development and knowledge sharing are also vital for Sweco's success. The employees' expertise and ability to translate their knowledge into optimal solutions for the customers is the core of the Group's business and distinguishes Sweco from its competitors. Shortcomings in knowledge sharing can result in risks such as low quality in customer deliveries. Knowledge and processes for knowledge sharing and cooperation are therefore a strategic priority for Sweco. The exchange of experiences and learning take place primarily through work in the assignments. All employee development is focused on performance, knowledge and knowledge sharing. Sweco has a large number of processes and tools for knowledge sharing.

## Acquisitions

Sweco's growth is partly due to acquisitions, which can involve risks. Examples include a transaction being based on incomplete or incorrect data, key persons leaving the company, the integration being unsuccessful or anticipated results failing to materialise. Acquisitions in new markets involve risks associated with factors such as an understanding of the local market conditions, price scenario and competitive situation. These risks are minimised through a well-developed acquisition and integration process where decisions about new acquisitions are made by the Board or the Executive Team according to a process with fixed decision-making points. Sweco's Board of Directors conducts an ongoing evaluation of previous acquisitions.

## Business ethics and CSR

Sweco's growth involves an expanding international presence. This can give rise to risks tied to business and political climates and increased exposure to CSR-related risks. With more than 100 years of experience of project exports, Sweco has developed and established routines and tools for initiation and implementation of assignments around the world. Sweco's policies, guidelines and processes are subject to continuous review; during the year the company further developed these with a special focus on business ethics violations such as fraud, bribery, prohibited competition-restraining collusion and conflicts of interest.

## IT

Sweco's consultants are dependent on access to advanced IT tools and a secure IT environment. The availability and reliability of the company's IT environment is therefore critical for uninterrupted business operations. Effective firewalls and virus protection, regular software upgrades and redundant data centres minimise disruptions arising from technical problems. The company has an information security policy with guidelines focusing on how the employees and sub-consultants should act in order to always uphold the highest possible level of security toward all stakeholders.

## Communication

Sweco's success is associated with the ability to communicate effectively with both internal and external stakeholders. Through clear communication and a strong brand we inspire confidence and build relationships. A deeply rooted culture in which employees are well aware of the company's values and policies strengthens the Group's identity and creates security for customers. Sweco has a communication policy with related guidelines for price-sensitive information, mass media contacts and use of the social media. There is also a policy for crisis management that includes procedures for dealing with communication in a crisis situation.

## FINANCIAL RISKS

Through its operations, Sweco is exposed to different types of financial risks. Sweco's finance policy states how these risks are to be managed in the Group. The Board of Directors is responsible for the finance policy, which contains guidelines, targets and a division of responsibilities for the treasury department together with rules for financial risk management. For more information, see Note 33 on pages 72–73.

### Interest rate, currency and liquidity risks

Changes in interest rates, exchange rates and the market prices of financial instruments can affect Sweco's cash flow, profit and balance sheet. Sweco has a strong balance sheet, which means that direct interest rate risk is low. With regard to currency risk, the Group normally has natural risk coverage since both sales and expenses are denominated in local currency. In cases where contracts are entered into in a non-local currency, the contracted and anticipated payment flows are hedged through forward contracts. Thanks to its strong financial position and large unutilised overdraft facilities, Sweco's liquidity risk is low.

### Credit risk

Credit risk is defined as the risk related to customers' ability to pay. Sweco has a balanced base of around 16,000 customers. Sweco is not dependent on any individual customer, since the largest customers account for only a small share of total sales. The assignment volume is evenly distributed between the public and private sectors. Historically, credit losses have been minor.

### Risks in financial reporting

In the Group's financial reporting, there is a risk that errors can arise and that the financial reporting is not prepared in accordance with legal requirements, rules for listed companies or applicable accounting standards. Through an effective control environment, clear instructions and internal normative documents for financial reporting, Sweco works continuously with control of its accounting and reporting. In addition, extensive monitoring and analysis take place through the use of reporting systems, budgets, forecasts, etc. The Executive Team carries out monthly reviews with the management of each business area. For more information about internal control, see pages 38–39.

# Sensitivity analysis

## Sensitivity analysis

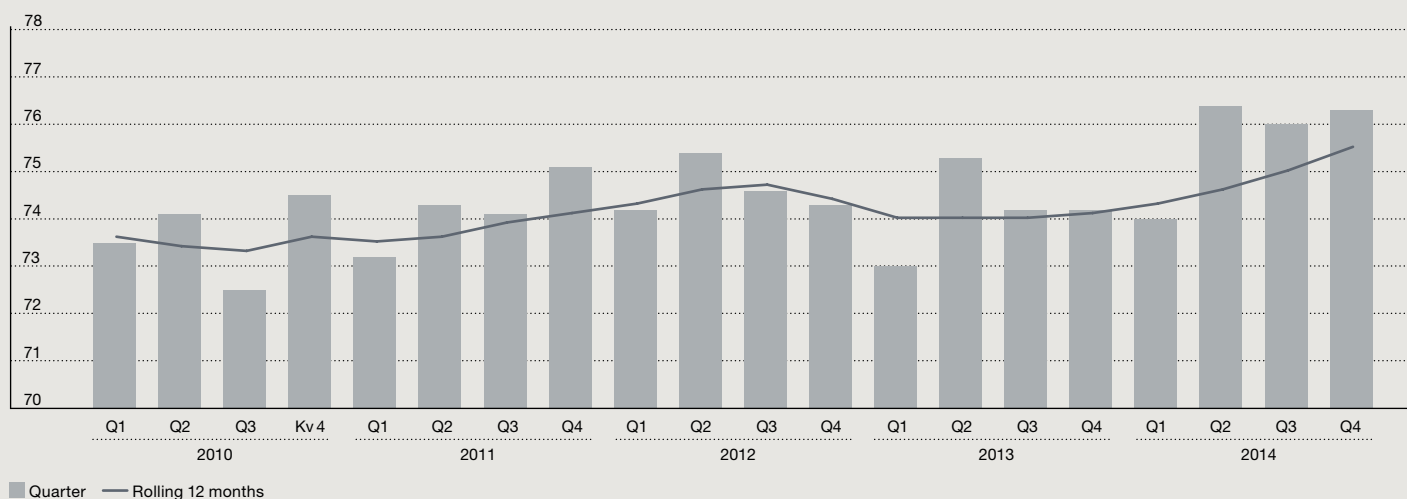
Sweco's earnings are influenced by a number of factors. The billing ratio is of vital importance for attaining high profitability in a consulting company, where small changes in capacity utilisation and prices have a significant impact on earnings, both upwards and downwards. For Sweco, an increase in the billing ratio (capacity utilisation) by one percentage point (around 25 minutes per consultant and week)

would result in an increase in profit of around SEK 106 million. An increase of SEK 10 in the average hourly fee would lead to an increase in annual profit of around SEK 109 million. The table shows the effects of some key variables on cash flow, operating profit and earnings per share based on the annual accounts for 2014. For every assumed change, all other variables are assumed to be constant.

Factor	+/-	Effect +/-	
		Cash flow/operating profit	Earnings per share <sup>1)</sup>
Net sales			
– average fee	1%	SEK 80.4 million	SEK 0.66
– average hourly fee	SEK 10	SEK 108.6 million	SEK 0.89
– billing ratio	1%-point	SEK 106.3 million	SEK 0.87
Personnel costs	1%	SEK 60.1 million	SEK 0.49
Overhead expenses	1%	SEK 12.5 million	SEK 0.10
Calendar effect	1 hour	SEK 4.1 million	SEK 0.03

1) After 26 per cent standard tax

## Billing ratio by quarter and rolling 12 months



## The Sweco share

Sweco AB's shares have been listed on Nasdaq Stockholm since 21 September 1998. Sweco's share capital is divided into Class A, Class B and Class C shares. Class A and B shares grant equal entitlement to dividends; Class C shares do not. Class A shares grant entitlement to one vote and Class B and C shares to one-tenth of one vote. Class A and B shares are listed. Class C shares were issued as per resolution of the 2014 AGM. The Class C shares were issued to enable the company to deliver shares (following conversion of the Class C shares to Class B shares) to employees under the 2014 Share Bonus Program. Sweco's Articles of Association stipulate the right to convert Class A shares to Class B shares. The combined market capitalisation of Sweco shares at year-end was SEK 9,776 million.

### Share price performance and trading

The closing price for the Sweco B share was SEK 106 at year-end 2014, the same price as at year-end 2013. Over the same period, Nasdaq Stockholm rose by 12 per cent. The highest closing price for the Class B share in 2014 was SEK 120 and the lowest was SEK 90.

The highest closing price for the Class A share was SEK 124 and the lowest was SEK 90.

A total of 5,809,759 Sweco shares were traded on Nasdaq Stockholm during the year. The average trading volume per business day was 23,111 Class B shares and 221 Class A shares.

The annual total return on the Sweco B share, defined as the sum of share price performance and reinvested dividends, has averaged at 20 per cent over the past five years. The corresponding figure for Nasdaq Stockholm was a total of 14 per cent.

### Sweco AB's shares<sup>1,2</sup>

	Number		Holding, %	
	Shares	Votes	Shares	Votes
A	9,368,164	9,368,164.0	10.1	53.0
B	82,148,683	8,214,868.3	88.9	46.5
C	900,000	90,000	1.0	0.5
<b>TOTAL</b>	<b>92,416,847</b>	<b>17,673,032.3</b>	<b>100.0</b>	<b>100.0</b>

1) As at 30 December 2014, including a total of 1,653,437 treasury shares (753,437 Class B shares and 900,000 Class C shares) and a total of 165,343.7 votes pertaining to treasury shares.

2) Based on data from Euroclear Sweden AB.

### Largest shareholders at 30 December 2014<sup>1,2</sup>

Shareholder	Number of		Number of		Total	Votes, % <sup>3</sup>	Holding, % <sup>3</sup>
	A shares	B shares	C shares				
Nordström family	5,197,116	8,813,927	0		14,011,043	34.4	15.2
Investmentaktiebolaget Latour	1,222,760	27,775,000	0		28,997,760	22.6	31.4
J. Gust Richert Memorial Foundation	1,769,420	168,511	0		1,937,931	10.1	2.1
JPM Chase NA	0	3,840,330	0		3,840,330	2.2	4.2
Lannebo fonder	0	3,290,000	0		3,290,000	1.9	3.6
Swedbank Robur Fonder	0	3,218,109	0		3,218,109	1.8	3.5
Nordea Investment Funds	0	3,026,543	0		3,026,543	1.7	3.3
KAS Bank Client Acc	0	2,893,289	0		2,893,289	1.6	3.1
Öhman, Anders	250,000	250,000	0		500,000	1.6	0.5
ODIN Sverige Aksjefondet	0	2,382,397	0		2,382,397	1.4	2.6
Total, ten largest shareholders	8,439,296	55,658,106	0		64,097,402	79.3	69.4
Others	928,868	26,490,577	900,000		28,319,445	20.7	30.6
<b>TOTAL</b>	<b>9,368,164</b>	<b>82,148,683</b>	<b>900,000</b>		<b>92,416,847</b>	<b>100.0</b>	<b>100.0</b>

1) Including a total of 1,653,437 treasury shares (753,437 Class B shares and 900,000 Class C shares) and a total of 165,343.7 votes pertaining to treasury shares.

2) Based on data from Euroclear Sweden AB.

3) Unlike the percentages indicated for each individual shareholder, figures for "Total, ten largest shareholders" are not based on rounded-off shares.

### Treasury shares

At 31 December 2014 Sweco held a total of 1,653,437 treasury shares (including 753,437 Class B shares with an average purchase price of SEK 87.87, corresponding to a total of SEK 66.2 million). The market value of the Class B treasury shares at the end of the year was SEK 79.9 million. The treasury shares correspond in total to 1.8 per cent of the total number of shares and 0.9 per cent of the votes.

Per shareholder request, 4,200 Class A shares were converted to Class B shares during the year pursuant to the conversion clause in the Articles of Association. This brought the total number of votes to 17,673,032.3: 9,368,164 corresponding to Class A shares, 8,214,868.3 to Class B shares and 90,000 to Class C shares.

## Distribution of shareholdings at 30 December 2014<sup>1, 2</sup>

Number of shares	Number of shareholders	Number of A shares	Number of B shares	Number of C shares	Holding, %	Votes, %
1–500	4,454	50,911	800,087		0.9	0.7
501–1,000	1,248	37,129	982,223		1.1	0.8
1,001–10,000	1,761	228,732	4,955,686		5.6	4.1
10,001–50,000	219	230,399	4,316,427		4.9	3.8
50,001–100,000	37	153,473	2,424,425		2.8	2.2
100,001–	61	8,667,520	68,669,835	900,000	84.7	88.4
<b>TOTAL</b>	<b>7,780</b>	<b>9,368,164</b>	<b>82,148,683</b>	<b>900,000</b>	<b>100.0</b>	<b>100.0</b>

1) Including a total of 1,653,437 treasury shares (753,437 Class B shares and 900,000 Class C shares) and a total of 165,343.7 votes pertaining to treasury shares.

2) Based on data from Euroclear Sweden AB.

## Incentive schemes for senior executives

The 2014 Annual General Meeting (like the AGMs in 2011, 2012 and 2013) resolved to implement a long-term share savings scheme for senior executives in the Sweco Group: the 2014 Share Savings Scheme. Under the scheme, participants may use their own funds to acquire Class B shares in Sweco (“Savings Shares”) on Nasdaq Stockholm for an amount equivalent to 5 to 10 per cent of the respective participant’s basic annual salary for 2014. If the Savings Shares are held until the announcement of the year-end report for the 2017 financial year (“the Retention Period”) and the participant remains employed in his/her position or an equivalent position in the Sweco Group throughout the Retention Period, each Savings Share shall thereafter grant entitlement to one Class B share in Sweco with-

out consideration (“Matching Share”) and – provided that the performance criteria have been met – to an additional number of not more than one to four Class B shares in Sweco (“Performance Shares”). The granting of Performance Shares is conditional on a positive total yield for the Sweco share, and is also dependent on the Sweco share’s total yield in relation to a group of benchmark companies.

The Board has decided to propose that the 2015 AGM approve the implementation of a long-term share savings scheme for up to 80 senior executives and key staff in the Sweco Group.

The participants and number of shares covered by each of the earlier share savings schemes are shown below.

	Share savings scheme				
	2011 <sup>2</sup>	2012	2013	2014	Total
Number of participating executives/key staff	24	25	35	50	–
Number of Savings Shares acquired by participants with own funds at market price	25,203	28,942	26,763	32,291	113,199
Maximum number of Matching and Performance Shares that can be delivered to participants <sup>1</sup>	79,075	104,817	93,187	104,541	381,620
Retention Period runs until publication of year-end report for financial year	2014	2015	2016	2017	–

1) If Savings Shares are held until the end of the respective Retention Period and the participant remains employed in his/her position, each Savings Share grants entitlement to one Matching Share and – provided that performance criteria for total yield for the Sweco share are met – to an additional number of not more than one to four Performance Shares.

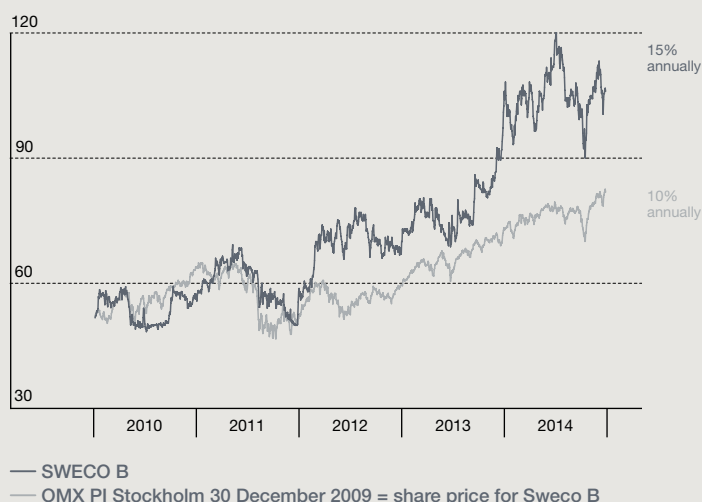
2) The scheme expired in conjunction with the publication of the 2014 year-end report. The Board subsequently decided to allocate a total of 54,673 Class B shares to the remaining participants.

## Share bonus program

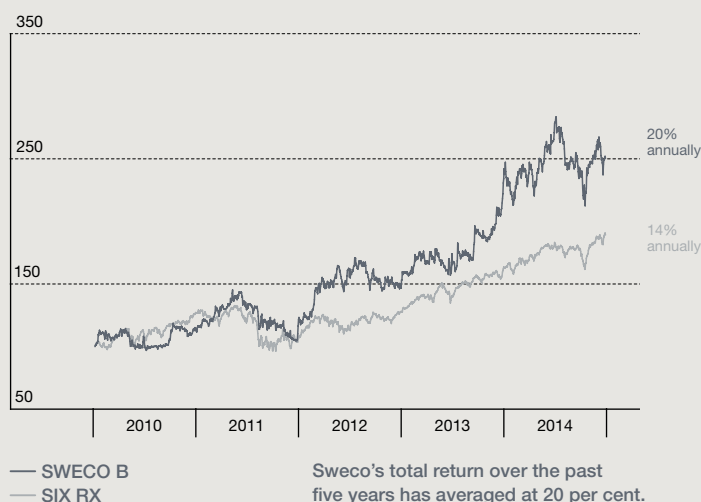
In accordance with the Board’s proposal, Sweco’s 2014 Annual General Meeting (held on 16 April 2014) resolved to introduce a share bonus program for the greater part of Group employees in Sweden. The resolution included decisions to implement the 2014 Share Bonus Program; to conduct a directed share issue of Class C

shares; to authorise the Board of Directors to repurchase newly issued Class C shares; and to transfer treasury shares in order to settle commitments under the 2014 Share Bonus Program. The estimated maximum number of shares to be issued in May 2014 under the 2014 Share Bonus Program is 1,200,000.

## Share price performance 5-year SEK



## Total return 5-year Index 100 = 30 December 2009



## Dividend policy

Sweco's dividend policy is to distribute at least half of profit after tax to the shareholders while maintaining a capital structure that permits development of and investments in the company's core business.

## Proposed dividend

The Board of Directors proposes a dividend for the 2014 financial year of SEK 3.50 per share (3.25), amounting to a maximum capital distribution of SEK 320.3 million (297.4).

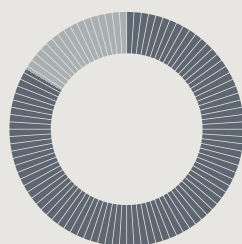
## Share capital development<sup>1</sup>

Date	Change in number of shares			Total number of shares			Quota value, SEK	Share capital, SEK M
	A shares	B shares	C shares	A shares	B shares	C shares		
1997, Jun: Company formed	1,000	–	–	1,000	–	–	100	0.1
1997, Dec: 20-for-1 split	19,000	–	–	20,000	–	–	5	0.1
1997, Dec: New share issue	1,857,815	12,925,790	–	1,877,815	12,925,790	–	5	74.0
2003, Jul–Nov: Conversion	–	234,924	–	1,877,815	13,160,714	–	5	75.2
2004, Jan: New share issue	–	1,649,601	–	1,877,815	14,810,315	–	5	83.4
2004, Jun: Conversion	–	394,740	–	1,877,815	15,205,055	–	5	85.4
2006, May: 2-for-1 split	1,877,815	15,205,055	–	3,755,630	30,410,110	–	2.5	85.4
2006, May: Redemption	-1,877,815	-15,205,055	–	1,877,815	15,205,055	–	2.5	42.7
2006, May: Bonus issue	–	–	–	1,877,815	15,205,055	–	5	85.4
2007, Apr: Issue	–	–	200,000	1,877,815	15,205,055	200,000	5	86.4
2007, May: 10-for-1 split	16,900,335	136,845,495	1,800,000	18,778,150	152,050,550	2,000,000	0.5	86.4
2007, May: Redemption	-9,389,075	-76,025,275	-1,000,000	9,389,075	76,025,275	1,000,000	0.5	43.2
2007, May: Bonus issue	–	–	–	9,389,075	76,025,275	1,000,000	1	86.4
2008, Feb: Conversion	–	850,000	-850,000	9,389,075	76,875,275	150,000	1	86.4
2008, Jun: New share issue	–	–	1,400,000	9,389,075	76,875,275	1,550,000	1	87.8
2008, Jun: New share issue	–	1,588,480	–	9,389,075	78,463,755	1,550,000	1	89.4
2008, Oct: New share issue	–	99,280	–	9,389,075	78,563,035	1,550,000	1	89.5
2009, Feb: Conversion	–	1,500,000	-1,550,000	9,389,075	80,113,035	–	1	89.5
2009, May: New share issue	–	–	2,500,000	9,389,075	80,113,035	2,500,000	1	92.0
2010, Mar: Conversion	–	2,500,000	-2,500,000	9,389,075	82,613,035	–	1	92.0
2010, May: 2-for-1 split	9,389,075	82,613,035	–	18,778,150	165,226,070	–	0.5	92.0
2010, May: Redemption	-9,389,075	-82,613,035	–	9,389,075	82,613,035	–	0.5	46.0
2010, May: Bonus issue	–	–	–	9,389,075	82,613,035	–	1	92.0
2010, Sep: Cancellation	–	-485,263	–	9,389,075	82,127,772	–	1	91.5
2011, Aug: Conversion	-3,399	3,399	–	9,385,676	82,131,171	–	1	91.5
2012, May: Conversion	-4,012	4,012	–	9,381,664	82,135,183	–	1	91.5
2013, Mar: Conversion	-3,300	3,300	–	9,378,364	82,138,483	–	1	91.5
2013, Dec: Conversion	-6,000	6,000	–	9,372,364	82,144,483	–	1	91.5
2014, Feb: Conversion	-4,200	4,200	–	9,368,164	82,148,683	–	1	91.5
2014, May: New share issue	–	–	900,000	9,368,164	82,148,683	900,000	1	92.4

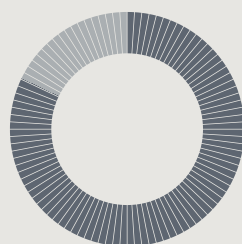
1) As at 30 December 2014, including a total of 1,653,437 treasury shares (753,437 Class B shares and 900,000 Class C shares) and a total of 165,343.7 votes pertaining to treasury shares.

## Shareholders by category, 30 December 2014

Holding as % of shares

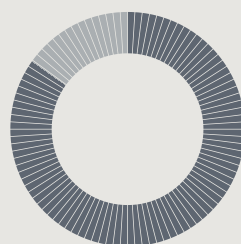


■ Institutional investors, 82.5%  
■ Private investors, 17.5%

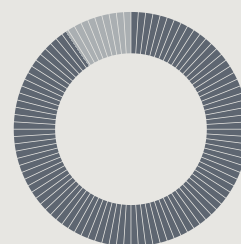


■ Swedish shareholders, 82.1%  
■ Foreign shareholders, 17.9%

Holding as % of votes



■ Institutional investors, 84.8%  
■ Private investors, 15.2%



■ Swedish shareholders, 90.5%  
■ Foreign shareholders, 9.5%

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## Board of Directors and auditors



**Johan Nordström**

Born in 1966. Board Chairman. Member of the Board since 2012. Chairman of: Besqab AB. Directorships include: Skirner AB, Hemfrid i Sverige AB and Sparbössan Fastigheter AB. Education: Architect, Royal Institute of Technology in Stockholm (KTH). Experience: CEO of Skirner AB, former Property Manager at Närkebro. Holdings in Sweco: 250,000 directly held shares and 12,326,413 shares held through Skirner Förvaltning AB, which is owned by the Nordström family.



**Anders G. Carlberg**

Born in 1943. Member of the Board since 2009. Directorships include: Axel Johnson Inc, Investment AB Latour, Recipharm AB and Beijer-Alma AB. Chairman of Gränges AB. Education: M.Sc.Econ., Lund University. Experience: former President and CEO of Axel Johnson International, former Vice President of SSAB and former President and CEO of Nobel Industrier AB. Holdings in Sweco: 10,000 shares.



**Gunnel Duveblad**

Born in 1955. Member of the Board since 2008. Chairman of: Team Olivia AB, Global Scanning A/S and the Ruter Dam Foundation. Directorships include: Anoto Group AB, HiQ International AB and PostNord AB. Education: Systems Scientist, Umeå University. Experience: former President of EDS Norra Europa. Holdings in Sweco: 1,000 shares.



**Tomas Carlsson**

Born in 1965. President and CEO since 2012. Year of employment: 2012. Education: M.Sc.Eng., Chalmers University of Technology and Executive MBA, London Business School and Columbia Business School (New York). Experience: former President of NCC Construction Sweden. Holdings in Sweco: 19,954 shares.



**Pernilla Ström**

Born in 1962. Member of the Board since 2009. Education: studies at the Stockholm School of Economics and Stockholm University. Experience: economist, journalist, financial analyst, active in own business lty AB. Holdings in Sweco: 3,000 shares.



**Carola Teir-Lehtinen**

Born in 1952. Finnish citizen. Member of the Board since 2011. Directorships include: Stockmann Oyj, Universitetsapoteket, the Arcada Foundation and the Nottbeck Foundation. Education: Ph.D., Åbo Akademi University. Experience: former Corporate Communications Director and Corporate Vice President responsible for Sustainability at Fortum Abp. Holdings in Sweco: 1,000 shares.





**Eva Lindqvist**

Born in 1958. Member of the Board since 2013. Directorships include: ASSA ABLOY AB, Tieto Oy, Bodycote plc, Episerver AB and Micronic AB. Education: M.Sc.Eng., Linköping University and MBA, University of Melbourne, Australia. Experience: former President of TeliaSonera International Carrier. Holdings in Sweco: 1,000 shares.



**Anna Leonsson**

Born in 1971. Employee representative since 2005. Education/experience: Architect SAR/MSA, Faculty of Engineering, Lund University. Employed by Sweco since: 1997. Holdings in Sweco: 401 shares.

**AUDITORS**

PricewaterhouseCoopers AB  
Auditor in Charge: Lennart Danielsson,  
Authorised Public Accountant.  
Other assignments: Mekonomen AB and Studsvik AB.

**RESIGNED**

**Olle Nordström**

Born in 1958. Resigned on 16 April 2014.

**DEPUTY MEMBERS**

**Görgen Edenhagen**

Born in 1964. Employed by Sweco. Employee representative since 2011. Holdings in Sweco: 0 shares.

**Sverker Hanson**

Born in 1963. Employed by Sweco. Employee representative since 2011. Holdings in Sweco: 2 shares.

**Christer Åberg**

Born in 1953. Employed by Sweco. Employee representative since 2011. Holdings in Sweco: 433 shares.



**Thomas Holm**

Born in 1953. Employee representative since 2007. Education/experience: M.Sc.Eng., Licentiate in Engineering. Employed by Sweco since: 1988. Holdings in Sweco: 1,000 shares.

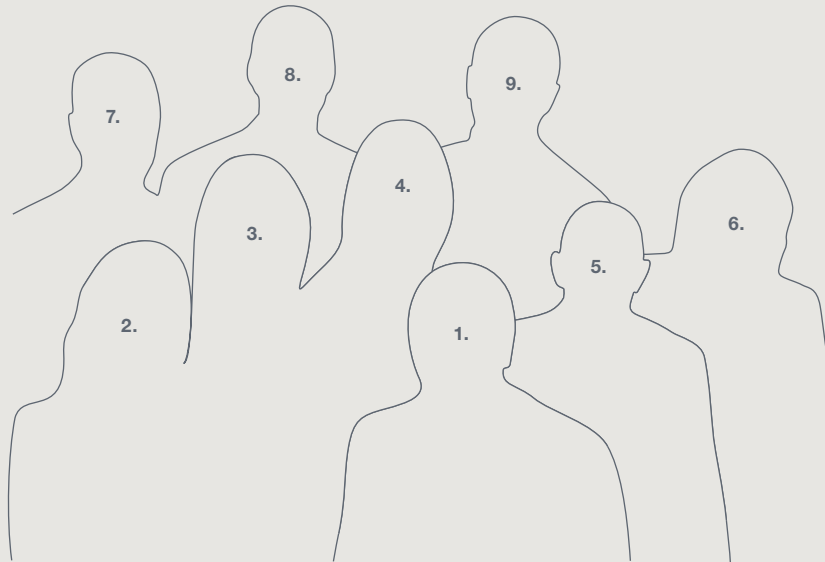


**Göran Karloja**

Born in 1953. Employee representative since 2008. Education/experience: Engineer. Employed by Sweco since: 2001. Holdings in Sweco: 677 shares.

Executive Team





**1. Tomas Carlsson**

Born in 1965.  
President & CEO since 2012.  
Year of employment: 2012.  
Holdings in Sweco: 19,954 shares.

**2. Åsa Barsness**

Born in 1973.  
Communications Director at Sweco AB since 2013.  
Year of employment: 2014.  
Holdings in Sweco: 1,174 shares.

**3. Lisa Lagerwall**

Born in 1972.  
Legal Counsel at Sweco AB since 2011.  
Year of employment: 2006.  
Holdings in Sweco: 3,722 shares.

**4. Åsa Bergman**

Born in 1967.  
President of Sweco Sweden since 2012.  
Year of employment: 1991.  
Holdings in Sweco: 10,222 shares.

**5. Jonas Dahlberg**

Born in 1973.  
Chief Financial Officer since 2012.  
Year of employment: 2008.  
Holdings in Sweco: 14,342 shares.

**6. Jessica Petrini**

Born in 1971.  
HR Director at Sweco AB since 2006.  
Year of employment: 1998.  
Holdings in Sweco: 930 shares.

**7. Bo Carlsson**

Born in 1956.  
President of Sweco Central Europe since 2012.  
Year of employment: 1990.  
Holdings in Sweco: 9,279 shares.

**8. Tron Kjøhamar**

Born in 1957.  
President of Sweco Norway since 2012.  
Year of employment: 1988.  
Holdings in Sweco: 7,768 shares.

**9. Markku Varis**

Born in 1958.  
President of Sweco Finland since 2013.  
Year of employment: 1993.  
Holdings in Sweco: 2,674 shares.

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# Annual General Meeting

## Annual General Meeting

The Annual General Meeting of SWECO AB (publ) will be held on Thursday, 16 April 2015, 3:00 p.m., at Näringslivets Hus, Storgatan 19, Stockholm, Sweden. Registration for the AGM will begin at 2:00 p.m. Light refreshments will be served after the meeting.

## Notification

Shareholders who wish to participate in the AGM must be entered in their own name in the register of shareholders maintained by Euroclear Sweden AB, and must have notified the company of their intention to participate no later than Friday, 10 April 2015 via Sweco's website, by letter or by calling the number provided below. The notification should include name, address, telephone number, personal identity number, registered holding and special mention if the shareholder wishes to be accompanied by an assistant. Registered participants will be mailed an admission card which is to be presented at the entrance to the AGM premises.

## Notification can be made:

- online via Sweco's website: [www.swecogroup.com](http://www.swecogroup.com).
- by letter to Sweco AB, "Sweco Årsstämma", Box 7835, SE-103 98 Stockholm, Sweden.
- by calling +46 (0)8-402 90 73, weekdays between 9:00 a.m. and 5:00 p.m.

## Nominee shares

Shareholders whose shares are registered in the name of a nominee must temporarily re-register the shares in their own names in order to exercise their voting rights at the AGM. Such re-registration should be requested in good time prior to Friday, 10 April 2015 from the bank or securities broker that manages the shares.

## Form of proxy

Shareholders who are represented by a proxy must submit an original form of proxy and a certificate of registration, where appropriate, to be sent to the company no later than Friday, 10 April 2015. Proxies representing a legal entity must attach a verified certificate of registration or corresponding proof of authorisation to sign for the shareholder.

## Proposed agenda

The items of business required by law and the Articles of Association will be dealt with at the Annual General Meeting.

## Dividend

The Board of Directors proposes that the shareholders receive a dividend of SEK 3.50 per share. The proposed record date is Monday, 20 April 2015. If the AGM decides in favour of the proposal, dividends are expected to be disbursed by Euroclear Sweden AB on Thursday, 23 April 2015.

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## Definitions

### Acquisition-driven growth

Annual growth in net sales in local currencies, based on acquired businesses.

### Acquisition-related items

Amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of additional purchase price, and profit and loss on the divestment of companies and operations.

### Billing ratio

Billable hours in relation to total hours of attendance.

### Capital employed

Total assets less interest-free current and non-current liabilities and deferred tax liabilities.

### Cash flow per share

The year's cash flow divided by the average number of shares outstanding (excluding treasury shares).

### Debt/equity ratio

Interest-bearing liabilities in relation to shareholders' equity.

### Direct return

The year's transfer to shareholders (proposed for 2014) in relation to the closing price for the Sweco Class B share.

### Earnings per share

Profit for the year attributable to owners of the Parent Company divided by the average number of shares outstanding (excluding treasury shares).

### EBITA

Operating profit before acquisition-related items.

### EBITA margin

EBITA in relation to net sales.

### EBITDA

Operating profit before amortisation/ depreciation and impairments of intangible assets; property, plant and equipment; and acquisition-related items.

### EBITDA margin

EBITDA in relation to net sales.

### Employee turnover rate

The number of employees who left the Group during the year in relation to the average number of employees.

### Equity/assets ratio

Shareholders' equity in relation to total assets.

### Equity per share

Equity attributable to owners of the Parent Company divided by the number of shares outstanding (excluding treasury shares) at the end of the period.

### Full-time equivalents

Hours of attendance plus hours of absence (excluding long-term absence) divided by normal working hours.

### Growth, currency effects

Effect of exchange rate fluctuations on net sales growth.

### IAS

International Accounting Standards.

### IFRS

International Financial Reporting Standards.

### Interest coverage ratio

Profit after net financial items plus financial expenses in relation to financial expenses.

### Market capitalisation

The year's closing price for the Sweco Class A, Class B and Class C share multiplied by the number of shares outstanding in each class.

### Net debt/equity ratio

Interest-bearing liabilities less cash and cash equivalents divided by shareholders' equity.

### Net debt

Interest-bearing liabilities less cash and cash equivalents.

### Normal working hours

The potential number of hours, according to the calendar, that an employee could work if he/she is not absent and does not work overtime.

### Number of employees

Number of individuals employed at the end of the period.

### Operating margin

Operating profit as a percentage of net sales.

### Operating profit (EBIT)

Profit before net financial items and tax.

### Operating profit per employee

Operating profit divided by full-time equivalents.

### Organic growth

Annual growth in net sales in local currencies, excluding acquisitions.

### Profit margin

Profit before tax in relation to net sales.

### Return on capital employed

Profit after net financial items plus financial expenses in relation to average capital employed.

### Return on equity

Profit for the year attributable to owners of the Parent Company in relation to average equity attributable to owners of the Parent Company.

### Return on total assets

Profit after net financial items plus financial expenses in relation to average total assets.

### Total return

Share price performance including reinvested dividends.

### Value added per employee

Operating profit plus personnel costs divided by full-time equivalents.



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**SWECO** 