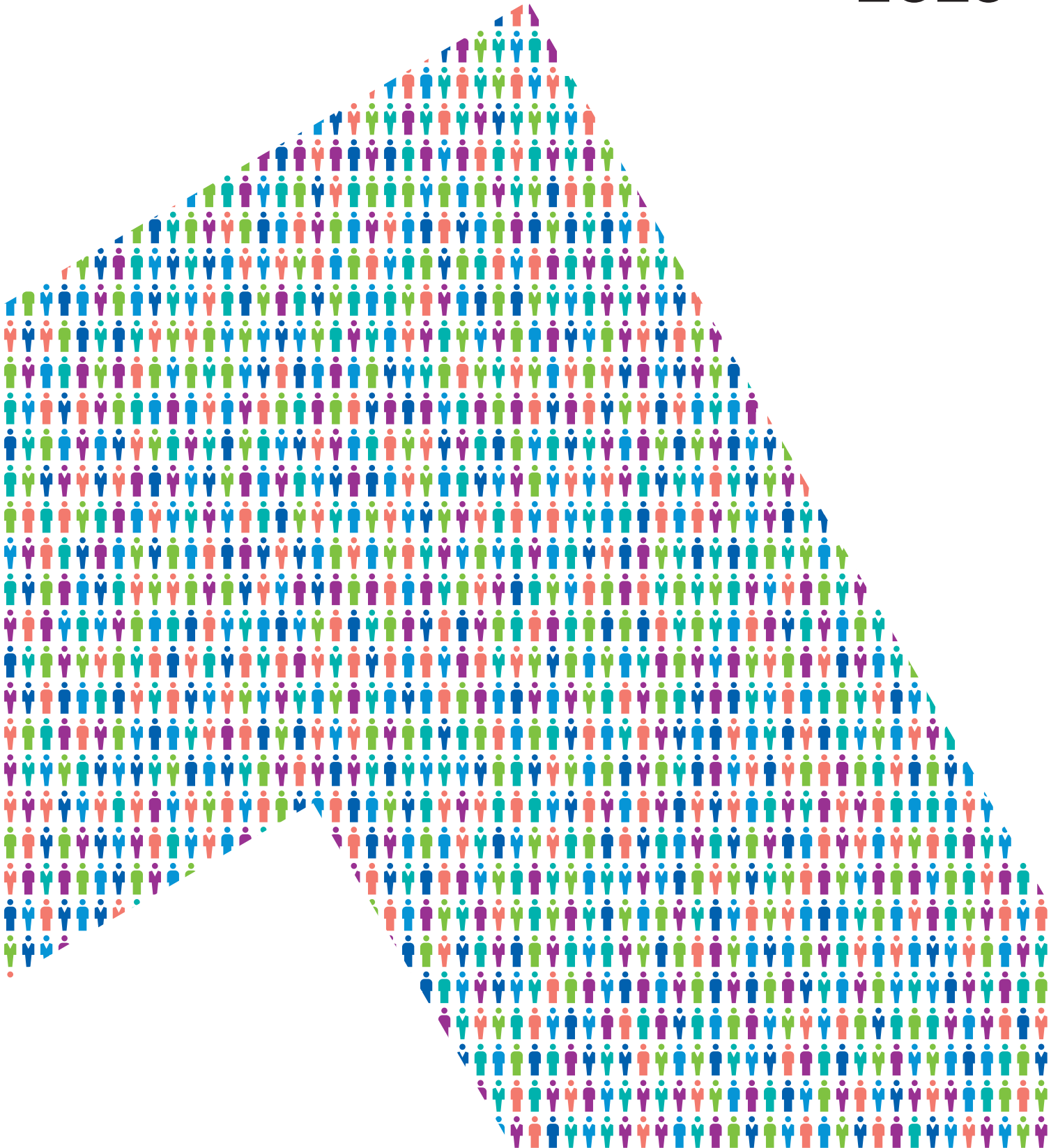


INNOVATION
BY EXPERIENCE



Interim Report January – June 2016



ÅF reports increased earnings and continued growth

Second quarter 2016

- Net sales amounted to SEK 2,942 million (2,589)
- Operating profit, excl items affecting comparability, totalled SEK 284 million (225)
- Operating margin, excl items affecting comparability, was 9.7 percent (8.7)
- Operating profit totalled SEK 281 million (260)
- Operating margin was 9.5 percent (10.0)
- Profit after tax totalled SEK 211 million (199)
- Earnings per share, before dilution: SEK 2.75 (2.55)

First half year 2016

- Net sales amounted to SEK 5,585 million (4,986)
- Operating profit, excl items affecting comparability, totalled SEK 504 million (432)
- Operating margin, excl items affecting comparability, was 9.0 percent (8.7)
- Operating profit totalled SEK 501 million (466)
- Operating margin was 9.0 percent (9.4)
- Profit after tax totalled SEK 372 million (351)
- Earnings per share, before dilution: SEK 4.85 (4.51)

A FEW WORDS FROM THE PRESIDENT

ÅF's operating profit totalled SEK 281 million, which is the highest quarterly profit ever. At the same time the Group is reporting persistently high growth and a strong cash flow. Three of four divisions report an operating margin of over 10 percent. The operating margin for the International Division remained unchanged, despite challenging market conditions.

ÅF is of the opinion that the market situation is largely unchanged compared with the previous quarter. There is persistent high variation between different sectors, with strong demand from the automotive, pulp, food and pharma industries, infrastructure planning and infrastructure projects within roads, railways and the construction sector. The weak level of demand within nuclear power, the oil industry and commodities sector is persisting. However, ÅF takes a positive view of the agreement on Swedish energy policy, which will generate a need for increased investment in the energy sector including nuclear power in Sweden.

In order to further boost profitability, ÅF has launched a second cost-cutting programme within the Industry and Technology divisions, as well as in the parent company, which resulted in

restructuring costs of SEK 25 million during the quarter. The measures are expected to generate annual savings of about SEK 38 million.

The Infrastructure Division is reporting solid growth with healthy profitability. Growth is strong within roads and railways, but the construction sector is also experiencing healthy and increasing growth. Design and architecture will gain increasing significance in the move towards a sustainable society. The acquisition of sandell-sandberg will strengthen ÅF's broad offering within infrastructure planning and architecture, which also means that ÅF will enter the project phase at an earlier stage. The integration of ÅF Reinertsen in Norway is proceeding according to plan.

The Industry Division is continuing to increase its share of end-to-end solutions. With its experience of leading large and complex projects and broad expertise across a number of technical areas, the company is able to guarantee customers' requirements in terms of technical proficiency, delivery reliability, quality and cost. The automotive industry is continuing to perform well, particularly in China. In the second quarter ÅF established a permanent presence in Shanghai in order to meet increasing demand for qualified product development expertise from Chinese car manufacturers.

The International Division is exhibiting negative growth as a result of a shrinking market in Europe. Sales are also being affected by political turmoil in Brazil, along with delayed decisions regarding investments in nuclear power in Europe and Asia. However, the quarter saw a healthy inflow of orders, which will have a positive impact on the second half of the year.

The Technology Division is seeing a persistent increase in growth and improved profitability in a flourishing market for digitalisation and embedded systems. The improvements are primarily a result of increased capacity utilisation and better prices, along with the effects of the cost-cutting programme initiated in autumn 2015.

Overall, ÅF has never been stronger. ÅF's wide-ranging technical expertise combined with quality and delivery reliability are ever popular among the company's clients. The target for 2020 remains, in which ÅF will generate net sales of at least EUR 2 billion and achieve an operating margin of at least 10 percent over a business cycle.

Stockholm, Sweden - 13 July 2016

Jonas Wiström
President and CEO

NET SALES AND EARNINGS

April-June 2016

Net sales for the quarter totalled SEK 2,942 million (2,589). Growth was 13.6 percent, of which 5.3 percentage points was organic. The calendar effect due to Easter falling entirely in March this year, and the fact that the quarter included two more working days compared with the previous year had a positive impact of around SEK 60 million on net sales. Taking account of this calendar effect and negative currency translation effects, underlying organic growth amounted to 3.6 percent.

Adjusted for items affecting comparability, operating profit totalled SEK 284 million (225) and the operating margin was 9.7 percent (8.7).

An additional cost-cutting and streamlining programme is being implemented with the aim of increasing profitability, related mainly to the Industry Division but also to the Technology Division and parent company. The cost of this programme was recognised in its entirety in the second quarter and totalled SEK 25 million. These measures save a total of SEK 38 million a year and are expected to produce the full effect as of the fourth quarter. In the

second quarter the measures contributed savings of SEK 5 million.

In the second quarter the Group received a refund regarding an adjustment to pension premiums from prior years amounting to SEK 21 million. In addition, an adjustment was made to the estimated size of future contingent considerations, which resulted in a positive effect on earnings of SEK 1 million. Expenses relating to the cost-cutting programme, together with the above-mentioned items, have been recognised under 'Group-wide' items. Including these items, operating profit totalled SEK 281 million (260) and the operating margin was 9.5 percent (10.0). Items affecting comparability last year amounted to SEK 34 million (positive). The underlying profit has consequently risen by SEK 59 million compared with the year-earlier period.

Capacity utilisation was 78.6 percent (77.8). Profit after financial items was SEK 270 million (250) and profit after tax was SEK 211 million (199).

January-June 2016

During the period, net sales amounted to SEK 5,585 million (4,986). Growth was 12.0 per-

cent, of which 3.0 percentage points was organic. Taking account of negative currency translation effects and the fact that H1 included one more working day compared with the previous year, underlying organic growth amounted to 3.4 percent.

Adjusted for items affecting comparability, operating profit totalled SEK 504 million (432) and the operating margin was 9.0 percent (8.7). Items affecting comparability totaling a net cost of SEK 3 million were posted in the second quarter concerning expenses relating to streamlining measures, repayment of pension premiums and adjustments to the size of future contingent considerations. The above items have been recognised under 'Group-wide' items. Including these items, operating profit totalled SEK 501 million (466) and the operating margin was 9.0 percent (9.4). Items affecting comparability last year amounted to SEK 34 million (positive).

Capacity utilisation was 77.8 percent (76.9). Profit after financial items was SEK 481 million (448) and profit after tax was SEK 372 million (351).

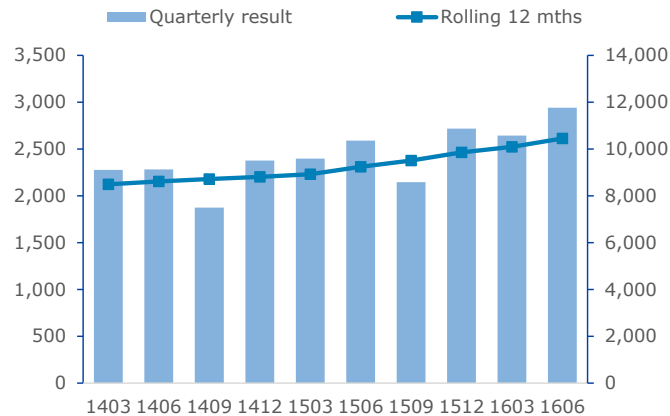
KEY RATIOS

	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Net sales, SEK million	2,941.6	2,588.8	5,584.6	4,986.1	9,850.6
Operating profit excl items affecting comparability, SEK million	284.0	225.3	504.3	432.0	832.0
Operating margin excl items affecting comparability, %	9.7	8.7	9.0	8.7	8.4
Operating profit, SEK million	280.7	259.7	501.0	466.4	839.0
Operating margin, %	9.5	10.0	9.0	9.4	8.5
Profit after financial items, SEK million	269.9	250.1	481.0	448.4	799.1
Earnings per share, before dilution, SEK	2.75	2.55	4.85	4.51	7.81
Net debt, SEK million	-	-	1,851.2	1,766.7	1,485.6
Net debt/EBITDA rolling 12-months, times	-	-	1.9	1.9	1.6
Net debt-equity ratio, %	-	-	42.1	43.0	35.1
Total number of employees	-	-	8,549	7,714	7,852
Capacity utilisation, %	78.6	77.8	77.8	76.9	76.9

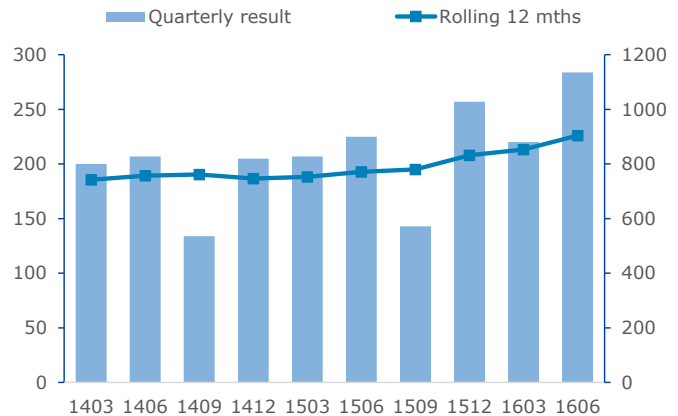
Items affecting comparability

	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Restructuring costs	-25.5	-	-25.5	-	-43.3
Revaluation of contingent consideration	0.6	34.4	0.6	34.4	50.4
Pension refunds	21.5	-	21.5	-	-
Total	-3.3	34.4	-3.3	34.4	7.0

NET SALES SEK MILLION



OPERATING PROFIT SEK MILLION *)



*) excl items affecting comparability

Cash flow and financial position

The Group's net debt totalled SEK 1,851 million (1,767) at the end of the quarter and SEK 1,748 million (1,364) at the start of the quarter. Cash flow from operating activities reduced net debt by SEK 307 million (138) and it increased via investments in non-current assets totalling SEK 26 million (15), dividends paid of SEK 292 million (273) and purchase price payments including contingent considerations of SEK 90 million (292).

At the beginning of the year, the Group's net debt totalled SEK 1,486 million (870), generating an accumulated increase in net debt of SEK 365 million (897). Cash flow from operating activities reduced net debt by SEK 386 million (97) and it increased via investments in non-current assets totalling SEK 50 million (30), dividends paid of SEK 292 million (273) and purchase price payments including contingent considerations of SEK 421 million (692).

The Group's cash and cash equivalents totalled SEK 255 million (173) at the end of the period and unused credit facilities amounted to SEK 1,071 million (686). Equity per share was SEK 56.22 (52.82). The equity/assets ratio was 48.2 percent (48.9). Equity totalled SEK 4,398 million (4,106).

Parent company

Parent company operating income for the January–June period totalled SEK 315 million (277) and relates chiefly to internal services within the Group. Profit after net financial items was SEK 28 million (122). Cash and cash equivalents totalled SEK 77 million (40) and gross investment in non-current assets was SEK 27 million (11).

Acquisitions and divestments

Seven businesses have been acquired since the beginning of the year, and they are expected to contribute sales of approximately SEK 675 million over a full year. The acquired businesses also added about 700 employees to ÅF's roster.

Number of employees

The average number of full-time equivalents was 7,978 (7,294). The total number of employees at the end of the period was 8,549 (7,714): 6,789 (6,269) in Sweden and 1,760 (1,445) outside Sweden.

The share

The ÅF share price at the end of the reporting period was SEK 140.25 (112.75), representing an increase in value of 0.2 percent since the start of the year, adjusted for dividends. The total return on the OMX Stockholm Allshare index amounted to -4.5 percent.

A shares	3,217,752
B shares	75,334,001
Total shares	78,551,753
Of which own B shares	451,290
Votes	107,511,521

In 2016, 25,681 own shares were used for matching of the 2012 share savings programme. Shares were converted during the period as per the 2012 staff convertible programme, increasing the number of B shares by 486,460.

Important events in second quarter 2016 and after end of reporting period

ÅF is expanding operations in China and in May the company appointed Tomas Camén as head of ÅF's business ÅF China in Shanghai. The move establishes a permanent ÅF presence in China with a focus on attracting more development projects to Sweden, but also in the long term to gain leverage for ÅF's entire range of services on the Chinese market. Tomas Camén has previously worked for Saab Automobile and LeanNova Engineering.

In May, ÅF acquired the award-winning sandellsandberg, and appointed Thomas Sandell Chief Architect for the ÅF Group. Sandellsandberg is one of Sweden's strongest brands within design and architecture, and the acquisition brings ÅF an even more robust offering within everything from individual housing projects, to entire districts. In his role as Chief Architect, Thomas Sandell will work on developing architectural aspects and design across all of ÅF's business areas, and conduct quality assurance checks on contracts from other architects. Sandellsandberg has an international reputation, with both award-winning residential districts and furniture designs on its list of achievements. The company had a turnover of SEK 42 million in 2015, with healthy profitability. The acquisition of sandellsandberg complements ÅF's existing operations within industrial design, lighting design and landscape architecture, which now employ a total of just over 250 persons, and will broaden and improve our community development offerings. The aim is for the business to continue to grow.

Industry Division



The Industry Division is the Nordic region's leading consultant in product development, process and production systems. Its mission is clear: to improve profitability for its clients. Experience from previous projects guarantees stability, competitive strength and peace of mind for clients. Geographical proximity to clients and a thorough understanding of the sectors in which they work are the most important foundations for long-term client relations.

The industrial market continued to be split during the second quarter of 2016. The automotive, pharma and pulp industries are showing considerable willingness to invest, while sectors such as commodities and energy are displaying weak demand.

Growth in the second quarter reached 3.7 percent, of which 2.6 percentage points were attributable to organic growth. Organic growth continues to be a challenge, primarily due to the decline in demand from the nuclear power industry and oil and gas. When adjusted for the effects of an early Easter and two more working days compared to the previous year, organic growth amounted to 0.3 percent.

Both operating profit and the operating margin increased compared with the previous year, totalling SEK 122 million (115) and 10.3 percent (10.0), respectively. Contributory factors include the division's move to redistribute some of its resources between various sectors, thereby increasing capacity utilisation, and the effects of cost-cutting measures imple-

mented in the second half of 2015. To further boost profitability, a second cost-cutting programme was launched in Q2, which is expected to generate annual savings of SEK 35 million. The savings effect during the quarter was SEK 5 million.

In the second quarter ÅF expanded its presence in China via the establishment of an office in Shanghai to meet increasing demand for qualified product development expertise from Chinese car manufacturers. Some of the design work will be carried out locally in Shanghai, but most of the work will take place in Sweden.

Assignments in China are examples of end-to-end solutions in which ÅF, with its experience of leading large and complex projects and its broad and in-depth expertise across a number of technical areas, is able to guarantee customers' requirements in terms of technical proficiency, delivery reliability, quality and cost.

Further examples of end-to-end projects that have been won during the quarter include a new development assignment from car manufacturer Jaguar Land Rover within the field of power trains, orders from pharmaceutical company Octapharma for their albumin production project, delivery of a new production system to Semper's baby food factory in Götene, a contract with Stora Enso regarding cutting emissions at Skutskär Mill and Skoghäll Mill, and an order from quick connect company CEJN, in which ÅF will automate and streamline operations at the factory in Skövde.

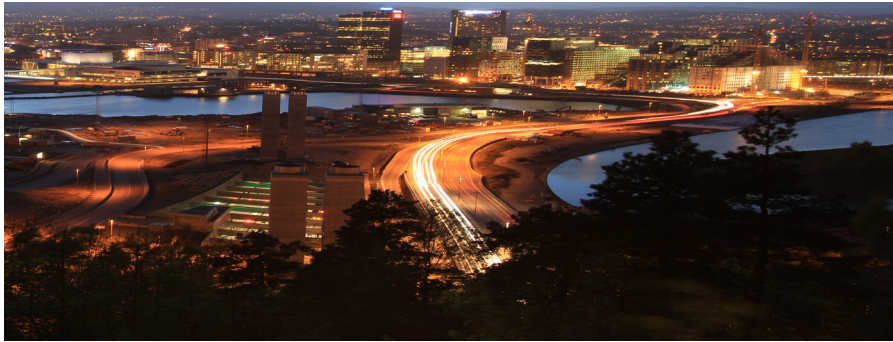
There is a clear trend of customers increasingly demanding end-to-end solutions, proven by the order value of current fixed-price projects, which totals over SEK 1.5 billion.

KEY RATIOS - INDUSTRY DIVISION

	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Net sales, SEK million	1,186.6	1,144.3	2,256.3	2,144.6	4,146.6
Operating profit, SEK million	122.2	114.8	207.5	195.7	371.0
Operating margin, %	10.3	10.0	9.2	9.1	8.9
Average number of full-time employees, FTEs	3,144	3,272	3,172	3,169	3,204
Total growth, %	3.7	10.1	5.2	3.9	11.6
of which organic growth, %	2.6	-2.4	0.9	-4.6	-0.2

The historical figures above are adjusted based on the organisational changes implemented on 1 July 2015 and 1 January 2016, except growth numbers.

Infrastructure Division



The Infrastructure Division enjoys a leading position in the Scandinavian market for technical solutions for infrastructure projects. The division's strengths include a portfolio of services that offer clients sustainable, hi-tech solutions.

Thanks to its ability to develop innovative solutions that boost client profitability and target fulfilment, the division is continuously enhancing its market potential.

The infrastructure market in Sweden and Norway is characterised by a persistently stable high level of demand within both roads and railways, as well as the construction sector. Public sector investments remain at high levels and investments are being made in both new and existing infrastructure, hospital upgrades and sustainable investments in properties.

Growth during the quarter totalled 36.3 percent, of which 11.3 percentage points was organic. Growth is strong in both Sweden and Norway, with Norway now accounting for around 25 percent of the division's sales. Taking account of the Easter effect, two more working days compared with the previous year and currency translation effects (NOK), underlying organic growth amounted to 10.0 percent. The division's ability to run both smaller projects and large, complex projects is one of its success factors.

Operating profit for the division rose by 33 percent to SEK 126 million (95), with a persis-

tently strong operating margin of 11.5 percent (11.8).

As part of efforts to further strengthen the customer offering, ÅF acquired the internationally renowned design and architecture company sandellsandberg in Q2. ÅF now has an even more robust offering in earlier phases within everything from individual housing projects, to entire districts. The company had a turnover of SEK 42 million in 2015, with healthy profitability. The acquisition complements ÅF's existing operations within industrial design, lighting design and landscape architecture. We now have a total of just over 250 employees within the above-mentioned areas, which broadens and improves our community development offerings.

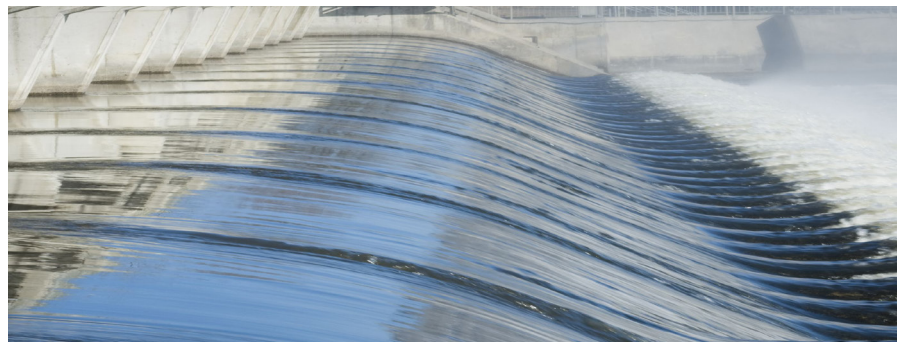
The division is seeing an increase in the number of major infrastructure projects, including the West Link and East Link railway projects and Gardermoen Airport. The Stockholm Bypass project, which has been one of the division's largest projects in recent years, is

being expanded, with ÅF providing support to the client as the construction phase begins. The division continues to consolidate its strong position on the growing market for hospitals, both new builds and alterations to existing hospitals. ÅF is able to offer unique expertise in advanced technical installations within this segment. An order was received during the quarter regarding Helsingborg's general infirmary.

KEY RATIOS - INFRASTRUCTURE DIVISION

	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Net sales, SEK million	1,098.2	805.6	2,031.5	1,555.2	3,146.8
Operating profit, SEK million	126.3	95.0	226.4	190.8	346.8
Operating margin, %	11.5	11.8	11.1	12.3	11.0
Average number of full-time employees, FTEs	2,988	2,185	2,862	2,123	2,254
Total growth, %	36.3	15.2	30.6	12.0	15.3
of which organic growth, %	11.3	9.3	7.7	7.9	7.7

International Division



The International Division offers technical consulting services, in the energy, Industry and infrastructure sectors. Most of the services provided are within the energy sector. The division's domestic markets are Switzerland, Finland and the Baltic countries, and the Czech Republic, but it also performs projects in around 70 countries worldwide. The division enjoys a strong position within renewable energy, thermal power, hydropower and nuclear power.

The energy market continued to be challenging, with few investments in Europe. The market in the Middle East has also been affected by low oil prices and delayed projects, and the political situation in Brazil is having an impact on ÅF's projects in the country. However, ÅF has strengthened its position on interesting geographical markets such as Africa and Southeast Asia.

All in all this has meant that sales have dropped by 12 percent, with currency effects accounting for 3 percentage points. Despite this decline in sales, the operating margin has been maintained at just over 6 percent. This indicates that the division's strategy of compensating for the decline in its main market, Europe, via a combination of projects in primarily Asia and Africa and effectively implemented restructuring measures has been successful.

The division is continuing with its expansion into the growing markets in Asia and Africa, where a number of contracts have been won over the past quarter, including one in which ÅF will supply consulting and engineering services to a hydropower plant in Laos. The project will extend over six years. Similar services will also be supplied to a client in Bhutan.

Within the field of transmission & distribution, ÅF will assist with the implementation of an EBRD-funded project in Kosovo. ÅF has also won orders in Uganda and Nigeria regarding quality assurance of designs and project management for new transmission and distribution lines.

In Q2, ÅF won several orders regarding optimisation of process control systems for power stations (Balance+) in Finland. The solution developed by ÅF improves the power station's

efficiency and delivery reliability, while reducing flue gas emissions.

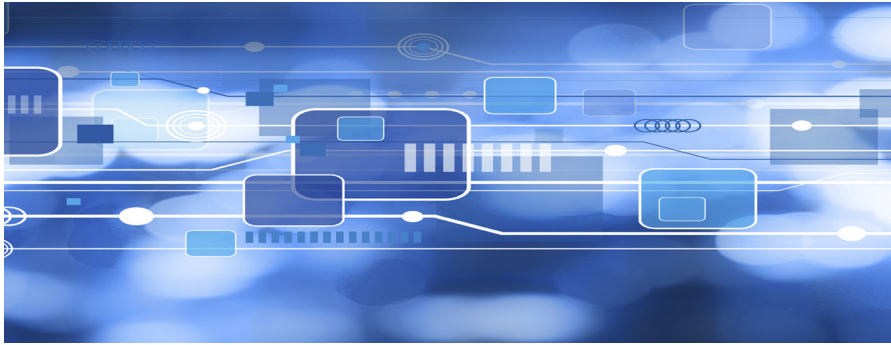
The strategy of focusing on the hydropower sector continues, and ÅF sees good opportunities for expansion in this field. At the beginning of the year, ÅF concentrated its expertise within this area by merging the hydropower operations of the Industry and International divisions to form a global unit, which was placed with the International Division.

KEY RATIOS - INTERNATIONAL DIVISION

	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Net sales, SEK million	262.9	298.8	541.0	580.8	1,179.0
Operating profit, SEK million	16.6	18.4	30.3	32.6	82.0
Operating margin, %	6.3	6.2	5.6	5.6	7.0
Average number of full-time employees, FTEs	842	908	850	894	893
Total growth, %	-12.0	4.3	-6.8	4.1	3.9
of which organic growth, %	-12.0	13.4	-6.8	12.5	6.8

The historical figures above are adjusted based on the organisational changes implemented on 1 January 2016, except growth numbers.

Technology Division



The Technology Division's main operations are in Sweden, where it works with R&D, communication technology, and IT. Technology helps companies, government agencies, and the military take advantage of the possibilities of the connected world. A firm base and a long track record of success provide stability and give clients peace of mind.

The market for digital solutions and embedded systems remained positive during the second quarter, with demand for digital services in particular continuing to rise, generating new business opportunities.

Growth was entirely organic and amounted to 13.5 percent for the three-month period. Adjusted for calendar effects, growth was 11.9 percent.

During the same period, operating profit saw a 67 percent improvement. The operating margin continued to improve, amounting to 10.1 percent (6.9). The main factors behind the improved result were increased capacity utilisation and better prices, along with the savings programme that was implemented in autumn 2015.

Digitalisation continues to fuel demand. ÅF's total range of expertise, combined with Technology's in-depth knowledge of applica-

tion and system development, creates a unique offering on the market that is having an increasingly significant impact. The initiative to establish a unique digitalisation offering, encompassing a new venture with regard to strategy consulting, will continue into the autumn. A popular seminar was held in conjunction with the ÅF Offshore Race, during which senior executives from the Swedish business community and within the field of digitalisation discussed and shared their experiences and trends.

The automotive sector continued to account for the strongest demand, while demand within the telecom sector from both suppliers and operators remained healthy. Technology continues to win telecom orders through its ability to put together cross-functional consulting teams. In the second quarter, new contracts were also signed within telecom infrastructure with clients such as IP Only, Telia and Empower.

In the defence industry, for which Technology is currently one of Sweden's primary technology suppliers, the division is continuing to expand and win new business in both Sweden and abroad.

Technology is also expanding within IT services in general, as well as in the public sector. The strategic IT breakthrough in the banking and finance sector that was made in the second half of 2015 through an agreement with Ikano Bank is progressing according to plan and also encouraging new business in Denmark.

KEY RATIOS - TECHNOLOGY DIVISION

	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Net sales, SEK million	459.9	405.3	884.8	819.9	1,600.6
Operating profit, SEK million	46.5	27.8	87.9	64.1	124.6
Operating margin, %	10.1	6.9	9.9	7.8	7.8
Average number of full-time employees, FTEs	968	993	973	992	983
Total growth, %	13.5	17.1	7.9	13.3	9.5
of which organic growth, %	13.5	8.1	7.9	6.5	9.5

The historical figures above are adjusted based on the organisational changes implemented on 1 July 2015, except growth numbers.

Risks and uncertainty factors

The significant risks and uncertainty factors to which the ÅF Group is exposed include strategic risks linked to the market, acquisitions, sustainability and IT, and operational risks related to projects and the ability to recruit and retain qualified co-workers. In addition, the Group is exposed to a number of financial risks, including currency risks, interest-rate risks and credit risks. The risks to which the Group is exposed are described in detail in ÅF's Annual Report for 2015. No significant risks are considered to have arisen since the publication of the annual report.

Accounting policies

This report has been prepared in accordance with IAS 34, "Interim Financial Reporting". The accounting policies conform to International Financial Reporting Standards (IFRS), as well as with the EU approved interpretations of the relevant standards, the International Financial Reporting Interpretations Committee (IFRIC) and Chapter 9 of the Swedish Annual Accounts Act. The report has been drawn up using the same accounting policies and methods of calculation as those in the Annual Report for 2015 (Note 1). New or revised IFRS standards that came into force in 2016 did not have any material impact on the Group.

The parent company has implemented the Swedish Financial Reporting Board's Recommendation RFR 2, which means that the parent in the legal entity shall apply all EU approved IFRS and related statements as far as this is possible, while continuing to apply the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and paying due regard to the relationship between accounting and taxation.

Definitions

ESMA's guidelines on alternative key ratios are being applied as of 3 July 2016. Most of the alternative key ratios used in this report are defined in the 2015 Annual Report. For the alternative key ratios that are not covered by the Annual Report, the following definitions apply:

Acquired growth – Total growth with regard to net sales less organic growth. Sales from an acquired operation are calculated as acquired sales 12 months from the takeover date.

Rolling 12-month sales and operating profit – Sales and operating profit with regard to the most recent 12-month period.

Operating profit excl. items affecting comparability – Operating profit adjusted for items affecting comparability according to separate table (page 2).

Operating margin excl. items affecting comparability – Operating margin adjusted for items affecting comparability according to separate table (page 2).

This report has not been subject to review by the company's auditors.

The information in this interim report fulfils ÅF AB's disclosure requirements under the provisions of the Swedish Securities Markets Act and/or the Financial Instruments Trading Act. The information was released for publication at 10.30, 13 July, 2016.

All assumptions about the future that are made in this report are based on the best information available to the company at the time the report was written. As is the case with all assessments of the future, such assumptions are subject to risks and uncertainties, which may mean that the actual outcome differs from the anticipated result.

This is a translation of the Swedish original. The Swedish text is the binding version and shall prevail in the event of any discrepancies.

Calendar 2016

21 October, Interim Report Jan-Sep

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The Board of Directors and the President/CEO certify that this half-year report gives a true and fair presentation of the Parent's and the Group's operations, financial position and profits, and that it describes the material risks and uncertainties facing the Parent and companies that together constitute the ÅF Group.

Stockholm, Sweden, 13 July 2016
ÅF AB (publ)

Anders Narvinger
Chairman of the Board

Jonas Wiström
CEO

Marika Fredriksson
Director

Staffan Jufors
Director

Björn O. Nilsson
Director

Maud Olofsson
Director

Joakim Rubin
Director

Kristina Schauman
Director

Anders Snell
Director

Anders Forslund
Employee Rep.

Anders Toll
Employee Rep.

Consolidated income statement

SEK million	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015	Jul 2015- Jun 2016
Net sales	2,941.6	2,588.8	5,584.6	4,986.1	9,850.6	10,449.1
Personnel costs	-1,621.0	-1,425.7	-3,137.5	-2,790.6	-5,467.3	-5,814.2
Purchases of services and materials	-780.2	-713.0	-1,449.6	-1,321.1	-2,672.1	-2,800.6
Other costs	-229.6	-200.3	-441.2	-395.1	-827.9	-874.0
Other income	-2.2	35.5	0.6	35.5	54.7	19.9
Amortisation and impairment of intangible assets	-11.5	-10.7	-22.9	-21.4	-42.9	-44.4
Depreciation and impairment of property, plant and equipment	-164	-14.9	-33.0	-27.0	-56.2	-62.1
Profit attributable to participations in associates	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit	280.7	259.7	501.0	466.4	839.0	873.6
Net financial items	-10.7	-9.6	-20.0	-18.0	-39.9	-41.9
Profit after financial items	269.9	250.1	481.0	448.4	799.1	831.7
Tax	-59.3	-51.4	-109.1	-97.5	-189.8	-201.3
Profit for the period	210.6	198.7	371.9	350.9	609.3	630.4
Attributable to:						
Shareholders in the parent	213.9	197.7	377.2	348.5	605.2	633.9
Non-controlling interest	-3.3	1.0	-5.2	2.3	4.1	-3.5
Profit for the period	210.6	198.7	371.9	350.9	609.3	630.4
Operating margin, %	9.5	10.0	9.0	9.4	8.5	8.4
Capacity utilisation, %	78.6	77.8	77.8	76.9	76.9	76.7
Earnings per share before dilution, SEK	2.75	2.55	4.85	4.51	7.81	-
Earnings per share after dilution, SEK	2.70	2.50	4.76	4.42	7.63	-
Number of shares outstanding	78,100,463	77,711,541	78,100,463	77,711,541	77,588,322	
Average number of outstanding shares before dilution	77,881,872	77,375,849	77,770,940	77,329,331	77,502,515	
Average number of outstanding shares after dilution	79,917,592	79,479,421	79,932,109	79,474,443	79,931,532	

Statement of consolidated comprehensive income

SEK million	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Profit for the period	210.6	198.7	371.9	350.9	609.3
Items which will be transferred to profit or loss					
Change in translation reserve	42.8	-13.2	62.7	40.7	-38.5
Change in hedge reserve	-4.6	2.5	-13.3	0.8	-2.7
Tax	0.6	-0.5	3.0	-0.1	0.4
Items which will not be transferred to profit or loss					
Pensions	0.4	-	0.6	-	-22.1
Tax	-0.1	-	-0.1	-	4.4
Other comprehensive income for the period	39.1	-11.2	52.8	41.3	-58.5
Comprehensive income for the period	249.8	187.5	424.7	392.2	550.9
Attributable to:					
Shareholders in the parent	251.0	186.7	427.8	390.1	546.6
Non-controlling interest	-1.2	0.7	-3.1	2.1	4.3
Total	249.8	187.5	424.7	392.2	550.9

Consolidated balance sheet

SEK million	30 Jun 2016	30 Jun 2015	31 Dec 2015
ASSETS			
Non-current assets			
Intangible assets	5,322.6	4,865.6	4,817.7
Property, plant and equipment	402.2	384.7	384.8
Other non-current assets	24.2	16.3	21.4
Total non-current assets	5,749.0	5,266.6	5,223.8
Current assets			
Current receivables	3,116.0	2,957.2	2,828.2
Cash and cash equivalents	255.3	173.3	264.3
Total current assets	3,371.4	3,130.6	3,092.5
Total assets	9,120.3	8,397.1	8,316.3
EQUITY AND LIABILITIES			
Equity			
Attributable to shareholders in the parent	4,390.5	4,104.8	4,225.5
Attributable to non-controlling interest	7.1	1.3	4.1
Total equity	4,397.5	4,106.1	4,229.7
Non-current liabilities			
Provisions	264.5	221.2	252.4
Non-current liabilities	1,793.9	1,495.4	1,275.0
Total non-current liabilities	2,058.4	1,716.6	1,527.4
Current liabilities			
Provisions	34.7	17.9	29.1
Current liabilities	2,629.7	2,556.6	2,530.3
Total current liabilities	2,664.4	2,574.5	2,559.3
Total equity and liabilities	9,120.3	8,397.1	8,316.3

Pledged assets and Contingent liabilities are essentially the same as in the annual accounts for 2015.

Statement of change in consolidated equity

SEK million	30 Jun 2016	30 Jun 2015	31 Dec 2015
Equity at start of period	4,229.7	3,954.5	3,954.5
Comprehensive income for the period	424.7	392.2	550.9
Dividends	-291.7	-273.4	-273.2
Conversion into shares under the staff convertible debenture program	21.1	25.5	65.0
Value of conversion right	-	-	7.6
Share buy-backs/sales	-	-	-86.0
Transactions related to non-controlling interest	7.6	-	-
Share savings programmes	6.2	7.3	10.9
Equity at end of period	4,397.5	4,106.1	4,229.7
Attributable to:			
Shareholders in the parent	4,390.5	4,104.8	4,225.5
Non-controlling interest	7.1	1.3	4.1
Total	4,397.5	4,106.1	4,229.7

Statement of consolidated cash flows

SEK million	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Profit after financial items	269.9	250.1	481.0	448.4	799.1
Adjustment for items not included in cash flow	55.1	-3.7	78.8	23.3	87.7
Income tax paid	-42.4	-66.5	-115.7	-158.9	-231.0
Cash flow from operating activities before changes in working capital	282.6	179.9	444.2	312.8	655.8
Cash flow from changes in working capital	24.6	-42.5	-58.6	-216.1	-133.0
Cash flow from operating activities	307.2	137.4	385.5	96.7	522.8
Cash flow from investing activities	-113.3	-306.6	-419.2	-720.6	-807.0
Cash flow from financing activities	-129.0	124.5	27.2	620.9	370.2
Cash flow for the period	64.9	-44.7	-6.5	-3.0	86.0
Opening cash and cash equivalents	192.5	217.7	264.3	178.4	178.4
Exchange difference in cash and cash equivalents	-2.0	0.3	-2.4	-2.1	-0.1
Closing cash and cash equivalents	255.3	173.3	255.3	173.3	264.3

Change in consolidated net debt

	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Opening balance	1,748	1,364	1,486	870	870
Cash flow from operating activities	-307	-138	-386	-97	-523
Acquisitions of intangible assets, property, plant and equipment	26	15	50	30	66
Acquisition and contingent considerations paid	90	292	421	692	741
Dividend	292	273	292	273	273
Share buy-backs/sales	-	-	-	-	86
Other	3	-40	-12	-2	-27
Closing balance	1,851	1,767	1,851	1,767	1,486

Consolidated net debt

	30 Jun 2016	30 Jun 2015	31 Dec 2015
Loans and credit facilities	1,997.8	1,854.9	1,643.5
Net pension liability	108.8	85.2	106.4
Cash and cash equivalents	-255.3	-173.3	-264.3
Group	1,851.2	1,766.7	1,485.6

Consolidated key ratios

	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Return on equity, %	14.8	15.2	14.8
Return on capital employed, %	14.3	15.2	14.8
Equity ratio, %	48.2	48.9	50.9
Equity per share, SEK	56.22	52.82	54.46
Interest-bearing liabilities, SEK million	2,106.6	1,940.1	1,749.9
Average number of employees (FTEs)	7,978	7,294	7,453

Quarterly information by division

NET SALES, SEK million	2015					2016				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Industry	1,000.3	1,144.3	897.1	1,104.9	4,146.6	1,069.6	1,186.6			
Infrastructure	749.7	805.6	661.2	930.5	3,146.8	933.2	1,098.2			
International	282.0	298.8	289.7	308.5	1,179.0	278.2	262.9			
Technology	414.7	405.3	334.0	446.7	1,600.6	424.9	459.9			
Group-wide/ eliminations	-49.4	-65.1	-34.7	-73.2	-222.4	-62.9	-66.1			
Group	2,397.3	2,588.8	2,147.2	2,717.4	9,850.6	2,643.0	2,941.6			

OPERATING PROFIT/LOSS SEK million	2015					2016				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Industry	80.8	114.8	65.7	109.7	371.0	85.3	122.2			
Infrastructure	95.9	95.0	56.7	99.3	346.8	100.1	126.3			
International	14.2	18.4	18.5	30.9	82.0	13.6	16.6			
Technology	36.2	27.8	19.6	41.0	124.6	41.5	46.5			
Group-wide/ eliminations	-20.5	3.7	-48.4	-20.3	-85.4	-20.1	-30.9			
Group	206.7	259.7	112.0	260.6	839.0	220.4	280.7			

OPERATING MARGIN (%)	2015					2016				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Industry	8.1	10.0	7.3	9.9	8.9	8.0	10.3			
Infrastructure	12.8	11.8	8.6	10.7	11.0	10.7	11.5			
International	5.0	6.2	6.4	10.0	7.0	4.9	6.3			
Technology	8.7	6.9	5.9	9.2	7.8	9.8	10.1			
Group	8.6	10.0	5.2	9.6	8.5	8.3	9.5			

EMPLOYEES (FTES)	2015					2016				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Industry	3,070	3,272	3,216	3,260	3,204	3,200	3,144			
Infrastructure	2,062	2,185	2,318	2,446	2,254	2,734	2,988			
International	881	908	891	893	893	859	842			
Technology	992	993	969	981	983	978	968			
ÅF AB	111	121	114	124	118	127	116			
Group	7,116	7,478	7,508	7,705	7,453	7,898	8,057			

NUMBER OF WORKING DAYS	2015					2016				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Sweden only	62	60	66	62	250	61	62	66	63	252
All countries	62	60	66	62	250	61	62	66 ¹⁾	63 ¹⁾	252 ¹⁾

¹⁾ Estimated weighted average.

The historical figures above are adjusted based on the organisational changes implemented on 1 July 2015 concerning Industry Division and Technology Division and on 1 January 2016 concerning Industry Division and International Division.

Acquired companies' net assets at time of acquisition

SEK million	Jan-Jun 2016
Intangible assets	2.5
Property, plant and equipment	1.8
Financial assets	4.1
Accounts receivable and other receivables	134.2
Cash and cash equivalents	37.6
Accounts payable and other liabilities	-116.5
Net identifiable assets and liabilities	63.7
Goodwill	421.9
Fair value adjustment intangible assets	30.8
Fair value adjustment non-current provisions	-6.6
Non-controlling interest	-89.3
Purchase price incl estimated contingent consideration	420.6
Transaction costs	0.4
Deduct:	
Cash (acquired)	-37.6
Estimated contingent consideration	-74.9
Other assets	-41.5
Net outflow of cash	267.1

Acquisition analyses are preliminary as the assets in the companies acquired have not been definitively analysed. In the case of the above acquisitions, the purchase price has been greater than the assets recognised in the companies acquired: as a result, the acquisition analysis has created intangible assets. The acquisition of a consulting business involves in the first instance the acquisition of human capital in the form of the skills and expertise of the workforce: thus, the greater part of the intangible assets in the companies acquired is attributable to goodwill.

The acquisitions refer to Alteco AB, ÅF Reinertsen Deal Sverige AB, Erstad & Lekven Oslo AS, ÅF Reinertsen AS, sandellsandberg arkitekter AB and two smaller acquisitions of business operation in Sweden. As of 1 February ÅF owns 50.6 percent of ÅF Reinertsen AS. ÅF has the option to acquire and Reinertsen has the option to sell the remaining 49.4 percent no earlier than 2019. ÅF has determined that there is a controlling influence. The option is recognised in the balance sheet as a liability at fair value.

Valuation of fair value

Contingent considerations are valued to fair value in accordance with level 3. The changes in the balance are reported in the table below.

Change in contingent consideration

SEK million	2016
Opening balance as of 1 January 2016	188
Acquisitions this year	75
Payments	-106
Changes in value recognised in other operational income	-1
Discounting	1
Exchange differences	3
Closing balance	161

As regards other financial assets and liabilities, no significant changes in fair value measurement have been made since the 2015 Annual Report. Fair values are essentially consistent with carrying amounts.

Information in accordance with IAS 34.16A can partly be found on pages prior to the consolidated income statement for the group.

Parent income statement

SEK million	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Net sales	1135	92.7	216.8	187.6	389.8
Other operating income	49.8	46.5	98.0	89.5	184.0
Operating income	163.4	139.2	314.8	277.1	573.8
Personnel costs	-39.4	-30.7	-74.0	-63.9	-125.7
Other costs	-131.5	-110.7	-248.2	-217.3	-454.8
Depreciation and amortisation	-7.5	-6.4	-14.8	-12.6	-25.6
Operating profit/loss	-15.1	-8.6	-22.1	-16.7	-32.4
Net financial items	-4.3	85.2	49.7	138.7	631.4
Profit/loss after financial items	-19.4	76.5	27.6	122.0	599.1
Appropriations	-	-	-	-	55.1
Pre-tax profit/loss	-19.4	76.5	27.6	122.0	654.2
Tax	4.6	3.1	7.5	5.2	0.0
Profit/loss for the period	-14.8	79.6	35.0	127.2	654.3
Other comprehensive income	-2.9	0.8	-9.7	0.6	-3.0
Comprehensive income for the period	-17.7	80.4	25.3	127.8	651.2

Parent balance sheet

SEK million	30 Jun 2016	30 Jun 2015	31 Dec 2015
ASSETS			
Non-current assets			
Intangible assets	20.9	15.2	15.7
Property, plant and equipment	95.9	86.0	89.1
Financial assets	5,510.9	5,197.0	5,477.3
Total non-current assets	5,627.6	5,298.2	5,582.0
Current assets			
Current receivables	899.4	746.0	1,183.7
Cash and bank balances	76.9	39.6	92.4
Total current assets	976.2	785.6	1,276.1
Total assets	6,603.9	6,083.7	6,858.1
EQUITY AND LIABILITIES			
Equity	3,935.4	3,685.2	4,180.7
Untaxed reserves	129.0	126.4	129.0
Provisions	67.9	138.1	132.3
Non-current liabilities	1,522.7	1,386.6	1,221.3
Current liabilities	949.0	747.5	1,194.9
Total equity and liabilities	6,603.9	6,083.7	6,858.1



INNOVATION
BY EXPERIENCE

ÅF is an engineering and consulting company with assignments in the energy, industrial and infrastructure sectors, creating progress for our clients since 1895.

By connecting technologies we provide profitable, innovative, and sustainable solutions to shape the future and improve people's lives.

Building on our strong base in Europe, our business and clients are found all over the world.

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