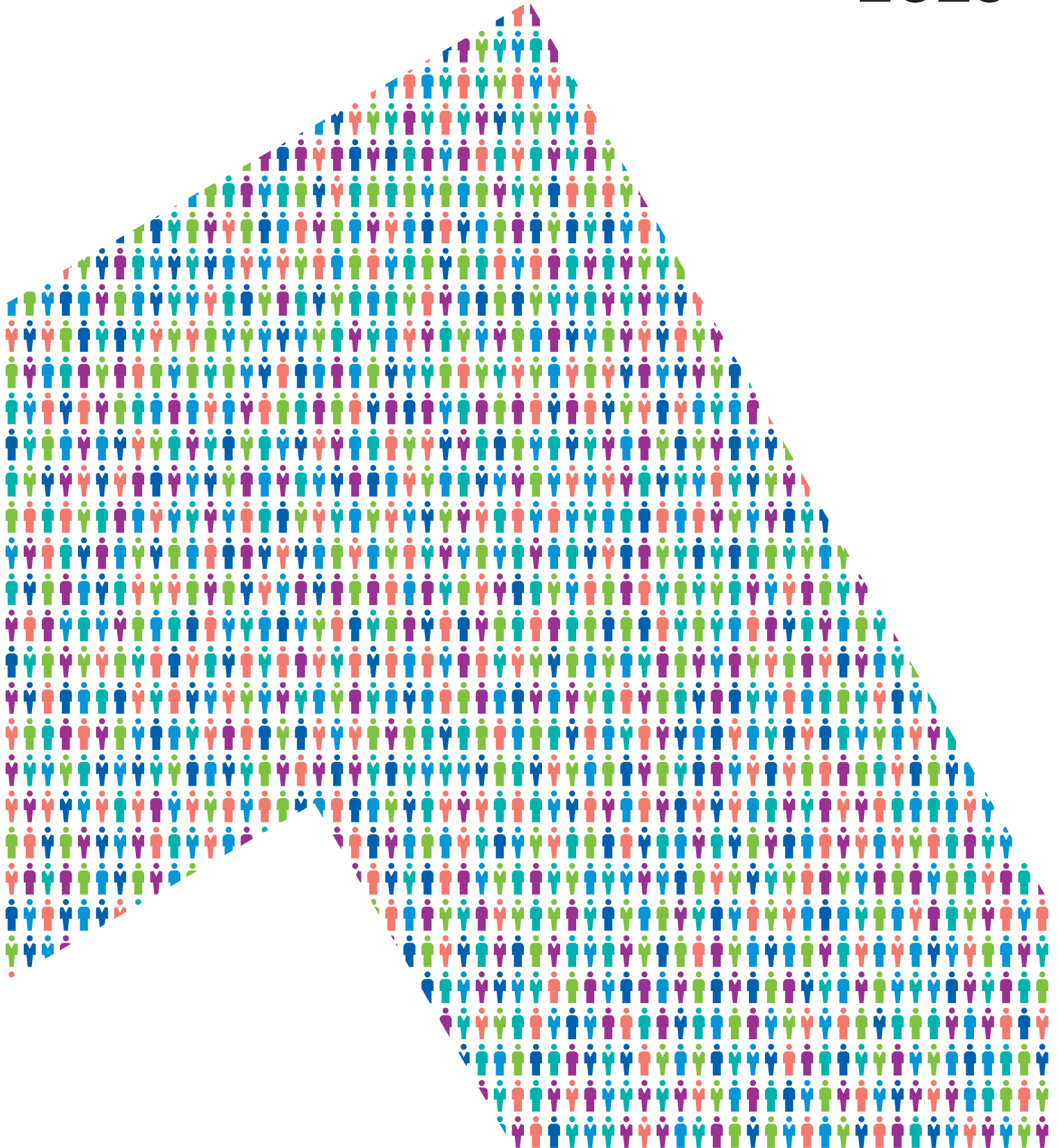


INNOVATION
BY EXPERIENCE



Interim Report January – September 2016



ÅF continues to grow and further increase profitability

Third quarter 2016

- Net sales amounted to SEK 2,348 million (2,147)
- Operating profit, excl items affecting comparability, totalled SEK 162 million (143)
- Operating margin, excl items affecting comparability, was 6.9 percent (6.7)
- Operating profit totalled SEK 162 million (112)
- Operating margin was 6.9 percent (5.2)
- Profit after tax totalled SEK 118 million (67)
- Earnings per share, before dilution: SEK 1.63 (0.84)

January-September 2016

- Net sales amounted to SEK 7,933 million (7,133)
- Operating profit, excl items affecting comparability, totalled SEK 666 million (575)
- Operating margin, excl items affecting comparability, was 8.4 percent (8.1)
- Operating profit totalled SEK 663 million (578)
- Operating margin was 8.4 percent (8.1)
- Profit after tax totalled SEK 490 million (418)
- Earnings per share, before dilution: SEK 6.47 (5.35)

COMMENTS BY THE CEO

ÅF's operating profit for the third quarter totalled SEK 162 million, which is an increase of 13 percent compared with last year and the best third quarter profit to date. So far this year operations have been acquired that together have net sales of approximately SEK 900 million on an annual basis. The Industry, Infrastructure and Technology Divisions continue to perform well. The International Division has been affected by unforeseen costs in the Angra 3 nuclear power project, a result of the unstable political situation in Brazil. As a consequence, the Division reports a break even result for the quarter.

The most gratifying news for the quarter is that ÅF now ranks as the most popular employer in Sweden among M. Sc. Engineers at a time when the demand for engineers is stronger than it has been for many years. This is a testament to ÅF's ongoing efforts to create a workplace that provides unique opportunities to develop in an environment of co-operation with interesting projects in many countries.

ÅF assesses the market situation as good, but with wide variations in demand between different industries. There is continued strong demand from infrastructure and urban planning clients, as well as the automotive, paper, food and pharmaceutical industries. Demand in the energy, commodities, and oil industries remains weak, even though last spring's energy agreement in Sweden is expected to have some positive effects on investments in nuclear

power. The ongoing digitalisation of society increases demand for digital services from most industries.

The Industry Division continues to show a positive trend with profitable growth. The automotive business is growing and orders were received from Swedish, British and Chinese clients. ÅF's business in Denmark also showed good growth, where assignments include modernisation of production facilities.

The Infrastructure Division exhibits persistently strong growth with healthy profitability. In Sweden and Norway, the demand for the division's services in the road, railway and construction sectors remains high. With the division's combined expertise in hospitals ÅF can now offer unique competence in new construction and remodelling projects, and among new major assignments are the modernisation of the emergency hospitals in Gävle and Hudiksvall. The expansion in Norway is proceeding, and earlier this year ÅF, together with the Norwegian engineering and consulting company Reinertsen, combined their infrastructure, construction and installation operations in a jointly owned company. In the third quarter ÅF took the next step and acquired 100 percent of the company.

The International Division continued to show negative growth due to a shrinking market in Europe. Profit was negatively affected by the political turmoil in Brazil, which has led to lost revenue and restructuring costs. Electronuclear, the state-owned Brazilian nuclear power operator, has called for a temporary

suspension to the nuclear power project Angra 3. In South-east Asia, operations are developing positively with several new assignments in Indonesia, which is one of the fastest growing markets in the region.

Operating profit in the Technology Division continues to improve due to better prices and higher capacity utilisation. The market for digitalisation is growing and demand in the quarter was high in the automotive and defence industries where Technology has a strong offering and numerous assignments. Technology is growing profitably and in September the division was further strengthened by the acquisition of Sjöland & Thyselius.

Overall, ÅF continues to grow both organically and through acquisitions, while profitability improves. ÅF's innovation capability and its technological breadth, combined with high quality and delivery reliability, are appreciated by both clients and employees. The target for 2020 remains: 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. ÅF is stronger than ever.

Stockholm, Sweden - 21 October 2016

Jonas Wiström
President and CEO

NET SALES AND EARNINGS

July-September 2016

Net sales for the quarter totalled SEK 2,348 million (2,147). Growth was 9.4 percent, of which 2.1 percentage points were organic.

Operating profit and operating margin were SEK 162 million (112) and 6.9 percent (5.2), respectively. Last year's figures contain items affecting comparability related to cost-cutting programmes and an adjustment to the estimated size of future contingent considerations. Adjusted for these items, operating profit and operating margin last year totalled SEK 143 million and 6.7 percent, respectively. The underlying operating profit thus rose by 13 percent. The period had the same number of working days as last year.

All divisions except International recognised profit increases over the previous year. The Technology Division and Infrastructure Division increased their profits by 45 and 29 percent, respectively. The International Division reported very weak results for the quarter, largely due to the fact that Electronuclear, the Brazilian state-owned nuclear power operator, called for a temporary suspension to the ongoing nuclear power project Angra 3, one of the division's largest projects. This resulted in additional costs and loss of revenue for the division. In addition, the division restructured

the Czech infrastructure business, including a change of management, which had a negative effect on results for the quarter. The effects of these events on profit have to some extent been offset by dissolution of project reserves, which were recognised under 'Group-wide' items.

The cost-cutting programme launched in the second quarter, related mainly to the Industry Division, contributed savings of SEK 6 million.

Capacity utilisation was 76.8 percent (76.0). Profit after financial items was SEK 153 million (101) and profit after tax was SEK 118 million (67).

January-September

Net sales for the period totalled SEK 7,933 million (7,133). Growth was 11.2 percent, of which 2.7 percentage points were organic. The acquisition rate is still high. During the year, operations have been acquired that together have net sales of approximately SEK 900 million on an annual basis.

Adjusted for items affecting comparability, operating profit totalled SEK 666 million (575) and the operating margin was 8.4 percent (8.1). The underlying operating profit thus rose by 16 percent.

To increase profitability a cost-cutting and streamlining programme, mainly related to the Industry Division but also to the Technology Division and the parent company, was implemented in the second quarter. The cost of this programme amounted to SEK 25 million and it is expected to provide annual savings of up to SEK 38 million, with full effect as of the fourth quarter. So far this year the measures have contributed savings of SEK 10 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. The above-mentioned items, which amounted to net SEK -3 million, were recognised under 'Group-wide' items. Including these items, operating profit totalled SEK 663 million (578) and the operating margin was 8.4 percent (8.1). Items affecting comparability last year amounted to SEK 3 million.

Capacity utilisation was 77.5 percent (76.7). Profit after financial items was SEK 634 million (549) and profit after tax was SEK 490 million (418).

There was one more working day in the January-September period than in the corresponding period last year.

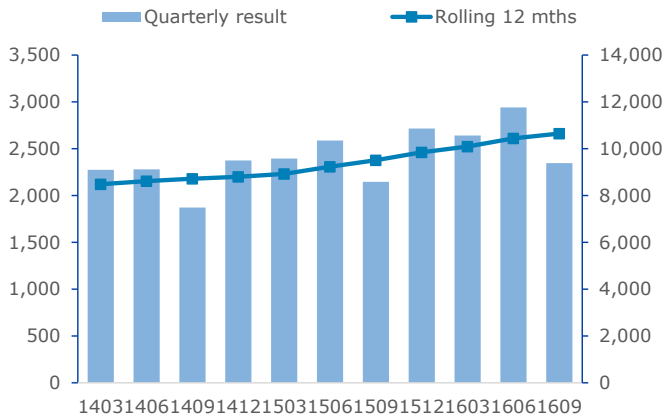
KEY RATIOS

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Net sales, SEK million	2,348.1	2,147.2	7,932.7	7,133.3	9,850.6
Operating profit excl items affecting comparability, SEK million	162.1	143.1	666.4	575.1	832.0
Operating margin excl items affecting comparability, %	6.9	6.7	8.4	8.1	8.4
Operating profit, SEK million	162.1	112.0	663.1	578.4	839.0
Operating margin, %	6.9	5.2	8.4	8.1	8.5
Profit after financial items, SEK million	152.9	100.7	634.0	549.1	799.1
Earnings per share, before dilution, SEK	1.63	0.84	6.47	5.35	7.81
Net debt, SEK million	-	-	2,006.3	1,638.5	1,485.6
Net debt/EBITDA rolling 12-months, times	-	-	1.9	1.8	1.6
Net debt-equity ratio, %	-	-	43.6	39.7	35.1
Total number of employees	-	-	8,605	7,830	7,852
Capacity utilisation, %	76.8	76.0	77.5	76.7	76.9

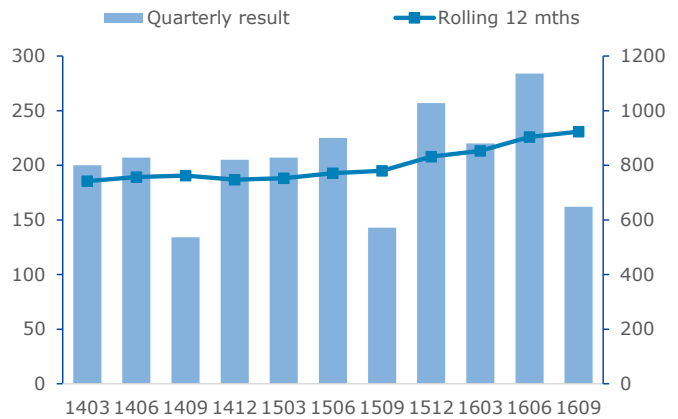
Items affecting comparability

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Restructuring costs	-	-43.3	-25.5	-43.3	-43.3
Revaluation of contingent consideration	-	12.2	0.6	46.7	50.4
Pension refunds	-	-	21.5	-	-
Total	-	-31.1	-3.3	3.3	7.0

NET SALES SEK MILLION



OPERATING PROFIT SEK MILLION *)



*) excl items affecting comparability

Cash flow and financial position

Consolidated net debt totalled SEK 2,006 million (1,639) at the end of the quarter and SEK 1,851 million (1,767) at the start of the quarter. Cash flow from operating activities reduced net debt by SEK 32 million (156) and it increased via investments in non-current assets totalling SEK 19 million (15) and purchase price payments including contingent considerations of SEK 214 million (10).

At the beginning of the year, consolidated net debt totalled SEK 1,486 million (870), generating an accumulated increase in net debt of SEK 520 million (769). Cash flow from operating activities reduced net debt by SEK 417 million (253). Investments in non-current assets totalled SEK 69 million (45), dividends paid totalled SEK 292 million (273) and purchase price payments including contingent considerations increased net debt by SEK 636 million (690).

Consolidated cash and cash equivalents totalled SEK 275 million (223) at the end of the period and unused credit facilities amounted to SEK 985 million (729). Equity per share was SEK 58.58 (53.02). The equity/assets ratio was 49.6 percent (50.9). Equity totalled SEK 4,607 million (4,122).

Parent company

Parent company operating income for the January–September period totalled SEK 481 million (415) and relates chiefly to internal services within the Group. Profit after net financial items was SEK 8 million (108). Cash and cash equivalents totalled SEK 58 million (70) and gross investment in non-current assets was SEK 36 million (12).

Acquisitions and divestments

Ten businesses have been acquired since the beginning of the year, and they are expected to contribute sales of approximately SEK 900 million over a full year.

Number of employees

The average number of full-time equivalents was 7,985 (7,369). The total number of employees at the end of the period was 8,605 (7,830): 6,848 (6,385) in Sweden and 1,757 (1,445) outside Sweden.

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

In August, ÅF signed a new agreement with the biotech company Chr. Hansen A/S that is worth approximately SEK 52 million. The order is an end-to-end solution in which ÅF will modernise Chr. Hansen's production facility for probiotics in Roskilde, Denmark. The agreement strengthens ÅF as a project supplier in the food and pharmaceutical industries.

In August, ÅF acquired a majority stake in the Danish consulting company Traffic Team A/S, which specialises in traffic solutions for road repair work. Together ÅF and Traffic Team have thorough knowledge of technical traffic solutions and traffic analysis. ÅF acquired 51 percent of the shares and Traffic Team's CEO retained 49 percent of the shares. ÅF has an option to buy the remaining shares within three years.

Also acquired in August by ÅF were all shares in defence and technical management consultancy Sjöland & Thyselius AB. The acquisition further strengthens ÅF's position in the defence industry and other industries. The company has sales of SEK 78 million and has

50 employees with offices in Stockholm and Gothenburg.

In September, ÅF acquired engineering and consulting company Ingenjörprojekt Sverige AB with just over 60 employees in Karlshamn, Växjö and Lund. The acquisition strengthens ÅF's local presence in each city and together with Ingenjörprojekt ÅF can provide engineering and consulting services in product and production development as well as industrial project management.

Earlier this year ÅF and engineering and consulting company Reinertsen combined their infrastructure, construction and installation operations in a jointly owned company. In September ÅF took the next step and acquired the remaining 49 percent of the company. The business has about 400 employees in Trondheim, Oslo, Bergen, Lillestrøm and Sandefjord.

To strengthen its position in the Nordic energy market ÅF acquired the Norwegian energy technology consultant Solid Engineering AS in October. The company provides strategy and engineering consulting services to the Norwegian energy market in the electric power mains area. Solid Engineering AS and its subsidiary Solid Consult AS, which is also included in the acquisition, together have around 70 employees and net sales of approximately NOK 100 million.

CEO Jonas Wiström has informed the Board of Directors of his intention to step down as CEO during 2017. A recruitment process has been initiated to identify and evaluate internal and external candidates.

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 continues to be divided in two with very high demand in industries such as automotive and pharmaceuticals. Demand is also high in the paper industry as well as transmission and distribution, while demand in the commodities and energy sectors is weak.

Growth in the third quarter reached 3.6 percent, of which 2.4 percentage points were attributable to organic growth. Net sales rose sharply in automotive, especially regarding the Chinese market where there is great demand from Chinese automakers for ÅF's qualified product development expertise. Design and construction work is done partly locally in Shanghai, but most of the work takes place in Sweden. Sales also increased in Denmark, mainly driven by high demand from the pharmaceutical industry. This includes an assignment to modernise the production facility of biotechnology company Chr. Hansen A/S in Roskilde. Organic growth is, however,

a continuing challenge for the division, but demand from the nuclear power and oil and gas industries, which had previously decreased greatly, has now stabilised.

Operating profit totalled SEK 72 (66) million, an increase of 10 percent compared with last year. The operating margin also increased, amounting to 7.7 percent (7.3). Contributing factors include the division's reallocation of some resources between different sectors, therefore increasing capacity utilisation, and the impact of cost reduction measures implemented in 2015 and 2016.

The trend of clients outsourcing end-to-end solutions and requesting fewer and larger suppliers continues, favouring the Industry Division, which with its experience in managing large and complex projects, together with its broad and deep expertise in many areas of engineering, can ensure the fulfilment of clients' requirements for technical expertise, delivery reliability, quality and cost. The pro-

portion of fixed-price projects for the division continues to increase. The total order value of fixed-price projects now exceeds SEK 1.6 billion.

During the quarter, ÅF received an order for an end-to-end solution from Stena Recycling for development of a production system for a new facility: Stena Nordic Recycling Center, Halmstad. The new facility, which will be one of the most modern in Europe, takes recycling to a whole new level. Another undertaking is delivery of project planning for increased production of fluff pulp to Stora Enso's Skutskär Bruk mill.

During the third quarter the division was strengthened by the acquisition of Ingenjörprojekt with just over 60 employees in product and production development as well as industrial project management.

KEY RATIOS - INDUSTRY DIVISION

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Net sales, SEK million	929.7	897.1	3,186.0	3,041.7	4,146.6
Operating profit, SEK million	72.0	65.7	279.5	261.3	371.0
Operating margin, %	7.7	7.3	8.8	8.6	8.9
Average number of full-time employees, FTEs	3,085	3,216	3,141	3,186	3,204
Total growth, %	3.6	16.1	4.7	10.5	11.6
of which organic growth, %	2.4	1.9	1.4	-1.1	-0.2

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

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.

In Sweden and Norway, the demand for the division's services in the road, railway and construction sectors remains high. Public sector investments remain at high levels and investments are being made in both new and existing infrastructure, along with sustainable solutions for maintaining properties.

The division showed persistently strong growth in the third quarter, amounting to 31.6 percent, of which 10.7 percentage points were organic. Growth through acquisitions, which is an important part of the division's strategy, also remains high. During the year, operations were acquired that together have net sales of more than SEK 600 million. The division's operating profit rose by 29 percent to SEK 73 million (57) with an operating margin of 8.4 percent (8.6). The division's ability to run both smaller projects and large, complex projects is one of its success factors.

The division's combined expertise in hospitals offers unique competence in new construction and remodelling projects. Among new major assignments are the modernisation of the emergency hospitals in Gävle and Hudiksvall. ÅF's assignment here is extensive and experts in everything from installation technology to structural engineering are involved in the project. ÅF has a strong position in the growing hospital market.

In the third quarter ÅF was chosen by Skanska to plan the route of the tramway between Lund C and research facility ESS. The route consists of an approximately 5.5 km long double track with nine stops. Traffic is planned to start in autumn 2019.

Major ongoing infrastructure projects include the expansion of Gardermoen in Norway, the Stockholm Bypass project and the West Link in Gothenburg. ÅF, together with Tyréns, is

also the technical consulting company in charge of Phase 1 of the East Link project.

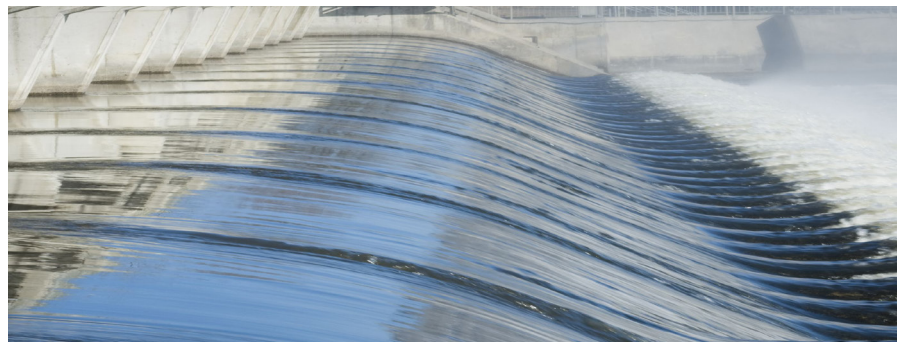
In the third quarter, ÅF won the prestigious Swedish Lighting Award for game development company King's new Stockholm office. ÅF now has 250 designers and architects who are working to broaden and develop ÅF's offerings in infrastructure planning. The aim is for the business to continue to grow.

Expansion also continues in Norway. Earlier this year ÅF and engineering and consulting company Reinertsen combined their infrastructure, construction and installation operations in a jointly owned company. In the third quarter the division took the next step and acquired 100 percent of the company. The business has about 400 employees in Trondheim, Oslo, Bergen, Lillestrøm and Sandefjord.

KEY RATIOS - INFRASTRUCTURE DIVISION

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Net sales, SEK million	870.0	661.2	2,901.4	2,216.4	3,146.8
Operating profit, SEK million	73.2	56.7	299.5	247.5	346.8
Operating margin, %	8.4	8.6	10.3	11.2	11.0
Average number of full-time employees, FTEs	2,987	2,318	2,906	2,191	2,254
Total growth, %	31.6	13.9	30.9	12.5	15.3
of which organic growth, %	10.7	3.6	8.6	6.6	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 market for energy projects in the division's home market of Europe is still weak. However, demand continues to develop positively in Southeast Asia and Africa. Population growth and urbanisation are driving demand for power generation and distribution in these markets. Falling oil prices have reduced the willingness of energy companies to invest in the Middle East, which resulted in cancelled or postponed projects in the region.

In Brazil, Electronuclear, the state-owned nuclear power operator, has called for a temporary suspension to the Angra 3 nuclear power project. The reason is lack of funding and an investigation of the purchasing process for all suppliers. The project is expected to resume during the first half of 2017. The project's delay has resulted in lost revenues for ÅF and restructuring costs for local operations in Brazil. As a result of this, but mainly because of the weak European energy market,

net sales in the International Division decreased by 11.3 percent during the quarter. Currency translation effects had no impact on the reported net sales. In addition, operating profit was negatively affected by restructuring costs, including changes in management in the Czech infrastructure business. The drop in net sales along with the events mentioned above reduced operating profit by SEK 18 million.

In the third quarter ÅF won several assignments in Indonesia, which is now one of the fastest growing markets in Southeast Asia. Assignments range widely from feasibility studies to owner's engineering services and maintenance. Project durations vary from a few months to four years.

During the quarter, the division won two new contracts in Thailand for Balance+, a solution developed by ÅF for the optimisation of process control systems for power plants. The cli-

mate impact of power plant carbon dioxide emissions will be reduced by improving efficiency and reducing emissions, while also increasing the power plants' delivery reliability.

Net sales in hydropower have declined since several long-term projects are nearing completion. ÅF's support of Myanmar's renewable energy generation continues with a feasibility study for a new hydropower plant.

ÅF has also won a significant order related to EPC services covering electrical and I&C part for a power plant in the Czech Republic. The project will last two and a half years.

KEY RATIOS - INTERNATIONAL DIVISION

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Net sales, SEK million	256.9	289.7	798.0	870.4	1,179.0
Operating profit, SEK million	0.3	18.5	30.6	51.1	82.0
Operating margin, %	0.1	6.4	3.8	5.9	7.0
Average number of full-time employees, FTEs	826	891	842	893	893
Total growth, %	-11.3	8.9	-8.3	5.7	3.9
of which organic growth, %	-11.3	5.7	-8.3	10.3	6.8

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

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 remains strong. Growth was 6.1 percent for the third quarter, of which 4.2 percentage points were organic.

Operating profit improved by 45 percent in the third quarter, of which the clear majority was organic. The operating margin continued to increase, amounting to 8.0 percent (5.9). Increased capacity utilisation and better prices were the main factors behind the improved profitability, but the cost reduction program implemented in 2015 also contributed.

ÅF's breadth of expertise combined with Technology's in-depth knowledge of application and systems development for the connected world constitutes a strong offering in the market.

Demand was strongest in the automotive and defence industries in the third quarter.

Demand from the telecom sector's operators remained good while the telecom market was weaker on the supply side. However, Technology sees continued opportunities to win telecom business through the ability to compose so-called cross-functional consulting teams and cost-effective outsourcing projects.

The market for embedded systems remained strong, particularly in the automotive field, with rapidly growing demand in the fields of active safety, autonomous driving intelligence and hybrid development, specialist areas in which ÅF now possesses leading expertise in Sweden. Increased demand is also evident from other industries in this area, where ÅF with its experience and expertise can deliver services for the entire value chain, from soft-

ware development to finished product. The division increased its business in IT services generally, but particularly in the public sector and banking and finance sector. The division has also created a new business area, offering digital strategy consulting.

On 1 September, Sjöland & Thyselius was acquired. The company was established in 1989 and has 50 employees who offer high quality services that include modelling and simulation, advanced communication systems, connected vehicles and technical management services. Clients are mainly in defence, but also in telecommunications, the automotive industry and civil safety and security.

KEY RATIOS - TECHNOLOGY DIVISION

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Net sales, SEK million	354.4	334.0	1,239.2	1,153.9	1,600.6
Operating profit, SEK million	28.3	19.6	116.2	83.6	124.6
Operating margin, %	8.0	5.9	9.4	7.2	7.8
Average number of full-time employees, FTEs	970	969	972	984	983
Total growth, %	6.1	10.1	7.4	10.0	9.5
of which organic growth, %	4.2	10.1	6.8	10.0	9.5

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).

The share

The ÅF share price at the end of the reporting period was SEK 167.00 (115.75), representing an increase in value of 19.3 percent since the start of the year, adjusted for dividends. The total return on the OMX Stockholm Allshare index amounted to 5.1 percent.

A shares	3,217,752
B shares	75,557,701
Total shares	78,775,453
Of which own B shares	440,142
Votes	107,735,221

In 2016, 36,829 own shares were used for matching of the 2012 and 2013 share savings programmes. Shares were converted during the period as per the 2012 and 2013 staff convertible programme, increasing the number of B shares by 710,160.

Stockholm 21 October, 2016
ÅF AB

Jonas Wiström
President and CEO

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 11.30, 21 October, 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 2017

3 February Year-end report 2016
25 April Interim Report Jan-Mar
25 April Annual General Meeting
13 July Interim Report Jan-Jun
23 October Interim Report Jan-Sep

Please Contact

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Review report

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

ÅF AB, org.nr 556120-6474

INTRODUCTION

We have reviewed the condensed interim report for ÅF AB as at September 30, 2016 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm October 21, 2016

Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Erik Sandström
Authorized Public Accountant

Consolidated income statement

SEK million	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015	Oct 2015- Sep 2016
Net sales	2,348.1	2,147.2	7,932.7	7,133.3	9,850.6	10,650.1
Personnel costs	-1,301.7	-1,207.6	-4,439.1	-3,998.1	-5,467.3	-5,908.3
Purchases of services and materials	-646.7	-600.0	-2,096.3	-1,921.1	-2,672.1	-2,847.3
Other costs	-209.8	-217.2	-652.3	-612.4	-827.9	-867.8
Other income	0.9	14.7	2.7	50.2	54.7	7.3
Amortisation and impairment of intangible assets	-12.0	-10.7	-34.9	-32.2	-42.9	-45.7
Depreciation and impairment of property, plant and equipment	-16.7	-14.3	-49.7	-41.3	-56.2	-64.6
Profit attributable to participations in associates	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit	162.1	112.0	663.1	578.4	839.0	923.7
Net financial items	-9.1	-11.3	-29.1	-29.3	-39.9	-39.7
Profit after financial items	152.9	100.7	634.0	549.1	799.1	884.0
Tax	-35.0	-33.6	-144.1	-131.1	-189.8	-202.8
Profit for the period	117.9	67.1	489.9	418.0	609.3	681.2
Attributable to:						
Shareholders in the parent	127.1	65.6	504.3	414.2	605.2	695.4
Non-controlling interest	-9.2	1.5	-14.4	3.8	4.1	-14.1
Profit for the period	117.9	67.1	489.9	418.0	609.3	681.2
Operating margin, %	6.9	5.2	8.4	8.1	8.5	8.7
Capacity utilisation, %	76.8	76.0	77.5	76.7	76.9	77.5
Earnings per share before dilution, SEK	1.63	0.84	6.47	5.35	7.81	-
Earnings per share after dilution, SEK	1.59	0.83	6.35	5.23	7.63	-
Number of shares outstanding	78,335,311	77,678,349	78,335,311	77,678,349	77,588,322	
Average number of outstanding shares before dilution	78,174,718	77,764,983	77,905,533	77,474,549	77,502,515	
Average number of outstanding shares after dilution	80,622,548	80,383,329	80,162,255	79,869,558	79,931,532	

Statement of consolidated comprehensive income

SEK million	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Profit for the period	117.9	67.1	489.9	418.0	609.3
Items which will be transferred to profit or loss					
Change in translation reserve	66.5	-36.4	129.1	4.3	-38.5
Change in hedge reserve	-3.6	-7.1	-16.9	-6.3	-2.7
Tax	0.7	1.3	3.7	1.2	0.4
Items which will not be transferred to profit or loss					
Pensions	0.7	1.6	1.3	1.6	-22.1
Tax	-0.1	-0.3	-0.3	-0.3	4.4
Other comprehensive income for the period	64.2	-40.8	117.0	0.5	-58.5
Comprehensive income for the period	182.1	26.3	606.8	418.5	550.9
Attributable to:					
Shareholders in the parent	186.8	24.5	614.5	414.6	546.6
Non-controlling interest	-4.6	1.8	-7.7	3.8	4.3
Total	182.1	26.3	606.8	418.5	550.9

Consolidated balance sheet

SEK million	30 Sep 2016	30 Sep 2015	31 Dec 2015
ASSETS			
Non-current assets			
Intangible assets	5,560.1	4,819.4	4,817.7
Property, plant and equipment	414.4	381.4	384.8
Other non-current assets	19.8	19.9	21.4
Total non-current assets	5,994.3	5,220.6	5,223.8
Current assets			
Current receivables	3,021.5	2,657.4	2,828.2
Cash and cash equivalents	275.2	223.2	264.3
Total current assets	3,296.7	2,880.6	3,092.5
Total assets	9,291.0	8,101.2	8,316.3
EQUITY AND LIABILITIES			
Equity			
Attributable to shareholders in the parent	4,588.5	4,118.7	4,225.5
Attributable to non-controlling interest	18.1	3.6	4.1
Total equity	4,606.6	4,122.3	4,229.7
Non-current liabilities			
Provisions	264.0	226.2	252.4
Non-current liabilities	1,901.9	1,381.4	1,275.0
Total non-current liabilities	2,165.9	1,607.5	1,527.4
Current liabilities			
Provisions	26.2	55.0	29.1
Current liabilities	2,492.3	2,316.4	2,530.3
Total current liabilities	2,518.6	2,371.4	2,559.3
Total equity and liabilities	9,291.0	8,101.2	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 Sep 2016	30 Sep 2015	31 Dec 2015
Equity at start of period	4,229.7	3,954.5	3,954.5
Comprehensive income for the period	606.8	418.5	550.9
Dividends	-291.7	-273.3	-273.2
Conversion into shares under the staff convertible debenture program	65.3	48.9	65.0
Value of conversion right	8.1	7.6	7.6
Share buy-backs/sales	-	-45.0	-86.0
Transactions related to non-controlling interest	-20.4	-	-
Share savings programmes	8.8	11.1	10.9
Equity at end of period	4,606.6	4,122.3	4,229.7
Attributable to:			
Shareholders in the parent	4,588.5	4,118.7	4,225.5
Non-controlling interest	18.1	3.6	4.1
Total	4,606.6	4,122.3	4,229.7

Statement of consolidated cash flows

SEK million	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Profit after financial items	1530	1007	634.0	549.1	799.1
Adjustment for items not included in cash flow	194	62.3	98.2	85.6	87.7
Income tax paid	-39.2	-37.2	-154.9	-196.1	-231.0
Cash flow from operating activities before changes in working capital	133.1	125.7	577.3	438.5	655.8
Cash flow from changes in working capital	-101.6	31.2	-160.2	-184.9	-133.0
Cash flow from operating activities	31.5	157.0	417.0	253.7	522.8
Cash flow from investing activities	-233.1	-14.6	-652.4	-735.2	-807.0
Cash flow from financing activities	223.9	-93.2	251.0	527.7	370.2
Cash flow for the period	22.2	49.2	15.7	46.2	86.0
Opening cash and cash equivalents	255.3	173.3	264.3	178.4	178.4
Exchange difference in cash and cash equivalents	-2.4	0.7	-4.8	-1.4	-0.1
Closing cash and cash equivalents	275.2	223.2	275.2	223.2	264.3

Change in consolidated net debt

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Opening balance	1,851	1,767	1,486	870	870
Cash flow from operating activities	-31	-156	-417	-253	-523
Acquisitions of intangible assets, property, plant and equipment	19	15	69	45	66
Acquisition and contingent considerations paid	214	-2	636	690	741
Dividend	-	-	292	273	273
Share buy-backs/sales	-	45	-	45	86
Other	-47	-29	-59	-31	-27
Closing balance	2,006	1,639	2,006	1,639	1,486

Consolidated net debt

	30 Sep 2016	30 Sep 2015	31 Dec 2015
Loans and credit facilities	2,170.7	1,777.1	1,643.5
Net pension liability	110.8	84.7	106.4
Cash and cash equivalents	-275.2	-223.2	-264.3
Group	2,006.3	1,638.5	1,485.6

Consolidated key ratios

	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Return on equity, %	15.6	14.6	14.8
Return on capital employed, %	14.7	14.6	14.8
Equity ratio, %	49.6	50.9	50.9
Equity per share, SEK	58.58	53.02	54.46
Interest-bearing liabilities, SEK million	2,281.4	1,861.7	1,749.9
Average number of employees (FTEs)	7,985	7,369	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	929.7		
Infrastructure	749.7	805.6	661.2	930.5	3,146.8	933.2	1,098.2	870.0		
International	282.0	298.8	289.7	308.5	1,179.0	278.2	262.9	256.9		
Technology	414.7	405.3	334.0	446.7	1,600.6	424.9	459.9	354.4		
Group-wide/ eliminations	-49.4	-65.1	-34.7	-73.2	-222.4	-62.9	-66.1	-62.8		
Group	2,397.3	2,588.8	2,147.2	2,717.4	9,850.6	2,643.0	2,941.6	2,348.1		

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	72.0		
Infrastructure	95.9	95.0	56.7	99.3	346.8	100.1	126.3	73.2		
International	14.2	18.4	18.5	30.9	82.0	13.6	16.6	0.3		
Technology	36.2	27.8	19.6	41.0	124.6	41.5	46.5	28.3		
Group-wide/ eliminations	-20.5	3.7	-48.4	-20.3	-85.4	-20.1	-30.9	-11.7		
Group	206.7	259.7	112.0	260.6	839.0	220.4	280.7	162.1		

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	7.7		
Infrastructure	12.8	11.8	8.6	10.7	11.0	10.7	11.5	8.4		
International	5.0	6.2	6.4	10.0	7.0	4.9	6.3	0.1		
Technology	8.7	6.9	5.9	9.2	7.8	9.8	10.1	8.0		
Group	8.6	10.0	5.2	9.6	8.5	8.3	9.5	6.9		

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	3,085		
Infrastructure	2,062	2,185	2,318	2,446	2,254	2,734	2,988	2,987		
International	881	908	891	893	893	859	842	826		
Technology	992	993	969	981	983	978	968	970		
ÅF AB	111	121	114	124	118	127	116	131		
Group	7,116	7,478	7,508	7,705	7,453	7,898	8,057	7,998		

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	63 ¹⁾	252 ¹⁾

¹⁾ Estimated weighted average.

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

Acquired companies' net assets at time of acquisition

SEK million	Jan-Sep 2016
Intangible assets	8.7
Property, plant and equipment	4.1
Financial assets	6.7
Accounts receivable and other receivables	170.1
Cash and cash equivalents	70.6
Accounts payable and other liabilities	-164.5
Net identifiable assets and liabilities	95.7
Goodwill	585.2
Fair value adjustment intangible assets	39.1
Fair value adjustment non-current provisions	-8.4
Non-controlling interest	-102.0
Purchase price incl estimated contingent consideration	609.5
Transaction costs	0.7
Deduct:	
Cash (acquired)	-70.6
Estimated contingent consideration	-129.4
Other assets	-41.5
Net outflow of cash	368.7

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, Reinertsen Deal Sverige AB, Erstad & Lekven Oslo AS, ÅF Reinertsen AS, sandellsandberg arkitekter AB, Optiman Prosjektledelse AS, TrafficTeam A/S, Ingenjörprojekt Sverige AB, Sjöland & Thyselius AB and two small acquisitions of business operations in Sweden.

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	139
Payments	-111
Changes in value recognised in other operational income	-1
Discounting	2
Exchange differences	5
Closing balance	222

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	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Net sales	114.7	94.8	331.5	282.4	389.8
Other operating income	51.3	42.7	149.3	132.2	184.0
Operating income	166.0	137.5	480.8	414.6	573.8
Personnel costs	-31.2	-25.9	-105.2	-89.8	-125.7
Other costs	-132.3	-110.8	-380.4	-328.2	-454.8
Depreciation and amortisation	-8.0	-6.3	-22.8	-18.9	-25.6
Operating profit/loss	-5.5	-5.6	-27.6	-22.3	-32.4
Net financial items	-14.1	-8.6	35.5	130.1	631.4
Profit/loss after financial items	-19.6	-14.2	7.9	107.8	599.1
Appropriations	-	-	-	-	55.1
Pre-tax profit/loss	-19.6	-14.2	7.9	107.8	654.2
Tax	2.5	2.9	10.0	8.2	0.0
Profit/loss for the period	-17.1	-11.3	17.9	116.0	654.3
Other comprehensive income	-2.7	-6.0	-12.4	-5.5	-3.0
Comprehensive income for the period	-19.8	-17.3	5.5	110.5	651.2

Parent balance sheet

SEK million	30 Sep 2016	30 Sep 2015	31 Dec 2015
ASSETS			
Non-current assets			
Intangible assets	20.0	14.9	15.7
Property, plant and equipment	101.5	88.0	89.1
Financial assets	5,515.2	5,253.8	5,477.3
Total non-current assets	5,636.7	5,356.7	5,582.0
Current assets			
Current receivables	1,130.8	849.7	1,183.7
Cash and bank balances	58.0	69.9	92.4
Total current assets	1,188.8	919.6	1,276.1
Total assets	6,825.6	6,276.3	6,858.1
EQUITY AND LIABILITIES			
Equity	3,967.8	3,653.9	4,180.7
Untaxed reserves	129.0	126.4	129.0
Provisions	69.1	136.4	132.3
Non-current liabilities	1,655.4	1,293.7	1,221.3
Current liabilities	1,004.2	1,066.0	1,194.9
Total equity and liabilities	6,825.6	6,276.3	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.

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