



1(10)

Press release from ÅF

For further information:

Jonas Wiström, President/CEO	+46 (0)70-608 12 20
Viktor Svensson, Director, Corporate Information	+46 (0)70-657 20 26

Interim Report: January–March 2008

Operating profit up 57%

First Quarter 2008

- Net sales totalled SEK 1,064 million (Q1 2007: SEK 932 million)
- Operating profit totalled SEK 117 million (SEK 74 million)
- Profit after tax rose to SEK 80 million (SEK 49 million)
- Earnings per share, before dilution, amounted to SEK 4.69 (SEK 3.01)

A few words from the President, Jonas Wiström

ÅF continues to grow, and profitability is increasing. The operating margin for the first quarter was 10.9 percent (Q1 2007: 8.0 percent). This improvement in earnings was attributable above all to a growth in volumes and increases in the prices we charge to our clients, but also to the effects of ÅF's sale of a number of poorly performing businesses.

We grew our business 14 percent compared with the same period last year, and the figure for organic growth was 5 percent. There were two days fewer in the first quarter this year compared with the first quarter in 2007, which corresponds to 3 percent less invoiceable time for the reporting period.

Today, with almost 4,000 employees in 19 countries, ÅF is one of Europe's 500 most rapidly expanding companies according to the international magazine, *Business Week*.

All five divisions reported improved levels of profitability. Three divisions achieved operating margins in excess of 12 percent, and the trends in the Engineering and Systems Divisions were especially pleasing.

Current uncertainty about the economy as a whole has not yet begun to impact on demand for our services, and to date we have seen no signs of a downturn.

The market remains strong in all our areas of operation, with the increasing interest in ÅF's specialist expertise in infrastructure, energy and the environment worthy of special mention.



Sales and profits

Net sales for the reporting period totalled SEK 1,064 million, an increase of 14 percent on the figure for the corresponding period in 2007 (SEK 932 million).

Operating profit was SEK 117 million (SEK 74 million), and the operating margin was 10.9 percent (8.0 percent).

The reduction in occupational pension premiums introduced by Alecta had a positive effect on ÅF's operating profit of SEK 9.5 million compared with the first quarter of 2007.

Profit after net financial items was SEK 109 million (SEK 72 million), and the profit margin was 10.2 percent (7.8 percent).

Net financial items for the first quarter totalled SEK –7.8 million compared with SEK –1.9 million for the same period last year. This change is due to a combination of negative exchange rate differences and generally higher interest rates.

Capacity utilisation for the period was 74 percent (74 percent).

Profit after tax totalled SEK 80 million (SEK 49 million).

Earnings per share before dilution were SEK 4.69 (SEK 3.01).

Important events during Q1 2008 and after the closing of the reporting period

ÅF signed a contract for technical consulting services in connection with the construction of a gas-fired power plant in Cikarang, Indonesia. The agreement involves consulting and project control services during the design and production phases, as well as monitoring the construction and commissioning of this 360 MW power station. The contract value is EUR 3 million. The client is the privately owned power generation company PT Cikarang Listrindo.

ÅF won an order from ABB for the plant design of facilities at the kraft unit at Stora Enso's plant at Hyltebruk, Sweden. The assignment extends to approximately 20,000 consulting hours and work will be led from ÅF's office in Norrköping. This full-service undertaking involves the replacement of existing control and monitoring equipment with a modern process control system.

ÅF has been appointed chief consultant for technical consulting services for the construction of a new 600 MW coal-fired power plant in Vietnam. The contract value is EUR 2.3 million. ÅF will be responsible for project control and project engineering of the power plant, which is being built by the Vietnamese state utility EVN. The project is financed by the Japanese Bank of International Cooperation, and ÅF is conducting its consulting activities in cooperation with the Japanese company JPower.

Acquisitions and disposals

In March ÅF acquired the consulting company Proplate IT, via the ÅF Systems Division. Proplate IT, with 22 employees in three central locations in Sweden (Karlskoga, Örebro and Karlstad), is a well-established consulting company that offers qualified IT consulting services to industrial clients in Sweden. Its major client is Outokumpu.

Divisional performance

Engineering Division **Sales Q1, SEK 288 million (Q1 2007: SEK 289 m)**
Operating margin Q1: 13.4% (9.1%)

The Engineering Division, which offers services within automation, industrial IT and mechanical engineering, is a leader in its field in the Nordic countries.

The level of activity remained high on the market during the first quarter, which contributed to the continued rise in the division's capacity utilisation rate.

Demand was strongest from the nuclear power, petrochemical, iron and steel, and mining industries. Clients in these industries are investing in increased automation to improve productivity.

Work with the division's competence centres has continued. These competence centres are a way of bringing together the division's unique skills within a specific area, enabling us to handle large-scale projects in a cost-effective manner even in smaller locations. The first quarter saw the establishment of new competence centres for Nuclear Power and Industrial IT.

Engineering won a number of major contracts during the reporting period, including projects for Iggesund Paperboard and ABB.

Another assignment was secured in collaboration with the Infrastructure Division: this involves responsibility for electrical project engineering work in connection with Outokumpu's modernisation of the plate-rolling mill at Degerfors.

Infrastructure **Sales Q1, SEK 333 million (Q1 2007: SEK 298 m)**
Operating margin Q1: 12.2% (11.5%)

The Infrastructure Division offers infrastructure consulting services in the following business areas: Communications & Maintenance, Installations, Infrastructure Planning, Electric Power and Sound & Vibrations.

The market for qualified consulting services in the field of infrastructure developments remained strong in the first quarter.

One of the factors driving demand is the raft of major investment programmes to improve and expand the Swedish road and rail networks. ÅF is involved in important undertakings for the City Tunnel rail project in Malmö and the Citybanan Rail Link in Stockholm. High oil prices and new environmental criteria are contributing to a growing interest in

future solutions for public transport and other traffic issues. Increasing environmental awareness is also driving demand in our biggest business area, Installations, which serves the construction industry and property-owners' market. The need for energy consulting is growing both with regard to new construction and in existing properties.

The division is involved in a number of major communication-based projects for the Swedish Defence Materiel Administration, FMV.

Inspection

Sales Q1, SEK 64 million (Q1 2007: SEK 56 m)

Operating margin Q1: 7.7% (6.2%)

The Inspection Division works with technical inspections, chiefly in the form of periodic inspections, testing and certification. Major clients include the engineering and nuclear power industries.

Demand was strong during the first quarter and the rate of growth could be maintained at around 15 percent. Growth was the result of a large number of new, small and medium-sized assignments of the kind that characterise the division's business as a whole.

Demand was greatest from the nuclear power and petrochemical industries. Assignments in the nuclear power industry have, for the most part, involved safety improvements and efficiency enhancing measures.

Intensive recruitment efforts are ongoing to consolidate the division's position in the market, primarily in the fields of advanced mechanised testing and design, and the supply of complete systems for non-destructive testing.

Early in the first quarter Inspection won a contract to carry out design reviews, manufacturing inspections, assembly inspections and other inspections in connection with the Perstorp Group's construction of a new plant in Stenungsund.

Process

Sales Q1, SEK 280 million (Q1 2007: SEK 212 m)

Operating margin Q1: 8.1% (5.7%)

The Process Division offers consulting services for every aspect of an industrial process and possesses world-leading expertise in certain specialist areas of the pulp and paper industry and in the energy sector.

The market during the first quarter was characterised by the continued buoyancy of the energy sector, where demand is driven by a rise in electricity consumption and the ongoing expansion of capacity in the Nordic countries, Eastern Europe, Russia and Asia. Orders on the Process Division's books from the energy sector are currently at historically high levels.

Examples of recent assignments include a project for TGK in Russia to conduct feasibility studies ahead of the construction of a proposed new power plant, an appointment as technical consultant for Kalmar Energi's planned power plant construction, and project engineering and project control services for the Jindal Group in connection with the construction of a new hydropower plant in India.

There has been a slight increase in demand from the pulp and paper industry. This sector is driven by new investments and the construction of new plant, primarily in Asia and South America. In Chile ÅF is conducting a project to renovate a pulp line for the Chilean pulp company CMPC.

Systems

Sales Q1, SEK 130 million (Q1 2007: SEK 106 m)
Operating margin Q1: 12.7% (6.9%)

The Systems Division offers services in the fields of embedded systems, mechanical engineering and IT systems.

The market for IT and product development services remained strong, and was a contributory factor behind the improved capacity utilisation rate for the division compared with the figure for the corresponding period in 2007.

The first quarter saw the acquisition of the IT consulting company Proplate IT with around 20 employees in West-Central Sweden. This takeover of Proplate IT reinforces the System Division's claim to be one of the leading IT consultants in the region with a total of around 100 members of staff. Proplate IT brings with it into the ÅF Group its well-established relations with clients such as Outokumpo and the steel company Smidox.

New assignments include a new laser application designed to improve traffic safety on the Öresund Bridge that links Sweden and Denmark. The division has also won new contracts for test systems for 2G and 3G mobile systems with a leading supplier of telecommunications equipment.

Other new projects have come from Scania as part of the company's Fleet Management System for logistics and vehicle administration.

Cash flow and financial position

Cash flow for the period was SEK –46 million (SEK +7 million). Before borrowings and amortisation of loans, cash flow was SEK 20 million (SEK 8 million).

The Group's liquid assets totalled SEK 269 million (SEK 265 million).

Equity per share was SEK 84.46, and the equity/assets ratio was 50.7 percent. At the beginning of the 2008, equity per share was SEK 78.83 and the equity/assets ratio was 47.9 percent.

The Group's net loan debt (cash and cash equivalents minus interest-bearing liabilities) at the end of March totalled SEK 61 million (SEK 95 million).

Number of employees

The number of full-time equivalents employed by the company was 3,747 (3,531). The total number of employees at the end of the reporting period was 3,938 (3,723): 3,007 in Sweden and 931 outside Sweden.



Investments

Gross investment in machinery and equipment for the period January to March 2008 totalled SEK 15 million (Q1 2007: SEK 8 million).

Accounting principles

This interim report has been prepared in accordance with IAS 34 (“Interim Financial Reporting”). The report has been drawn up in accordance with International Financial Reporting Standards (IFRS), as well as statements on interpretation from the International Financial Reporting Interpretations Committee (IFRIC) as they have been approved by the European Commission for use in the EU, and the relevant references to Chapter 9 of the Swedish Annual Accounts Act. The report has been drawn up using the same accounting principles and methods of calculation as those in the Annual Report for 2007 (see Note 1, page 78). The parent company has implemented the Swedish Financial Accounting Standards Council’s Recommendation RR 32:06, which means that the parent company shall apply all the IFRS and related statements approved by the EU as far as this is possible while continuing to apply the Swedish Annual Accounts Act in the preparation of the legal entity’s accounts.

Risks and uncertainty factors

The significant risks and uncertainty factors to which the ÅF Group is exposed include business risks linked to the general economic situation, the propensity of various markets to invest, the ability to recruit and retain qualified co-workers, and the effect of political decisions. In addition, the Group is exposed to a number of financial risks, including currency risk, interest-rate risk and credit risks. No significant risks are considered to have arisen over and above those described on pages 57–60 of ÅF’s Annual Report for 2007.

ÅF shares

The ÅF share price at the close of the reporting period was SEK 145.75, which represents a fall of 12.2 percent during the period January–March 2008.

The Stockholm Stock Exchange all-share index (OMXSPI index) fell by 9.5 percent during the same period.

Reporting dates for financial information 2008

Interim report January–June 2008	25 July
Interim report January–September 2008	23 October

Stockholm, Sweden – 23 April 2008
AB Ångpanneföreningen (publ)
Jonas Wiström, President and CEO

This interim report has not been subjected to scrutiny by the company’s auditors.


CONSOLIDATED INCOME STATEMENT (in millions of SEK)

	Jan - Mar 2008	Jan - Mar 2007	Full year 2007
Net sales	1 064,1	932,4	3 861,6
Other operating income	0,2	0,0	0,7
Operating income	1 064,3	932,4	3 862,3
Personnel costs	-617,8	-596,9	-2 310,2
Other costs	-318,5	-251,8	-1 175,6
Depreciation	-12,5	-10,7	-48,8
Share of associated companies' profit/loss	1,1	1,2	4,1
Operating profit	116,5	74,3	331,9
Net financial items	-7,8	-1,9	-9,8
Profit after net financial items	108,7	72,4	322,1
Tax	-28,9	-23,2	-102,1
Profit after tax	79,8	49,1	220,0
<i>Attributable to:</i>			
Shareholders in parent company	79,4	49,0	217,5
Minority interests	0,4	0,2	2,5
Profit after tax	79,8	49,1	220,0
Operating margin, %	10,9	8,0	8,6
Profit margin, %	10,2	7,8	8,3
Operating margin, excl. other operating income, %	10,9	8,0	8,6
Profit margin, excl. other operating income, %	10,2	7,8	8,3
Capacity utilisation rate (invoiced time ratio), %	74,2	74,2	75,1
Earnings per share before dilution, SEK	4,69	3,01	13,15
Earnings per share after dilution, SEK*)	4,67	2,93	13,11
Number of shares outstanding	16 966 519	16 277 975	16 935 233
Average number of outstanding shares	16 941 078	16 227 975	16 543 598

*) After full conversion the number of shares will rise to 17,029,570.

CONSOLIDATED BALANCE SHEET (in millions of SEK)

	31 Mar 2008	31 Mar 2007	31 Dec 2007
Assets			
Non-current assets			
Intangible assets	1 100,8	858,6	1 083,7
Tangible assets	223,1	98,6	210,7
Financial assets	25,9	54,8	25,8
Total non-current assets	1 349,8	1 012,0	1 320,2
Current assets			
Current receivables	1 215,4	1 097,9	1 165,0
Cash equivalents	269,5	264,7	310,4
Total current assets	1 484,9	1 362,5	1 475,4
Total assets	2 834,7	2 374,5	2 795,6
Equity and liabilities			
Equity			
Attributable to shareholders in parent company	1 433,0	1 147,9	1 334,9
Attributable to minority	3,5	0,1	4,2
Total equity	1 436,5	1 148,0	1 339,2
Non-current liabilities			
Provisions	95,7	110,5	89,7
Non-current liabilities	177,9	117,3	185,9
Total non-current liabilities	273,7	227,8	275,7
Current liabilities			
Provisions	9,6	1,2	9,6
Current liabilities	1 115,0	997,4	1 171,1
Total current liabilities	1 124,5	998,6	1 180,7
Total equity and liabilities 1)	2 834,7	2 374,5	2 795,6
1) of which, interest-bearing liabilities	330,5	359,3	398,0

Pledged assets and Contingent liabilities are essentially the same as in the annual accounts for 2007



CASH FLOW ANALYSIS (in millions of SEK)	31 Mar 2008	31 Mar 2007	Full year 2007
Profit after financial items	108,7	72,4	322,1
Adjustment for items not included in cash flow	16,5	16,8	73,6
Income tax paid	-20,5	-25,7	-78,0
Cash flow from operating activities before change in working capital	104,7	63,5	317,7
Cash flow from change in working capital	-59,8	-46,6	-4,5
Cash flow from investing activities	-24,7	-8,7	-236,0
Cash flow from financing activities	-66,1	-1,0	-24,2
Cash flow for the period	-45,8	7,2	52,9
Cash and cash equivalents brought forward	310,4	257,5	257,5
Exchange rate difference in cash/cash equivalents	4,9	0,0	0,0
Cash and cash equivalents carried forward	269,5	264,7	310,4
 CHANGES IN EQUITY (in millions of SEK)	 31 Mar 2008	 31 Mar 2007	 Full year 2007
Equity at start of period	1 339,2	1 091,5	1 091,5
Change in translation reserve	15,0	7,4	14,6
Change in hedging reserve	-	-	-0,2
Actuarial gains on calculation of retirement benefit obligations	-	-	-2,7
Tax attributable to items recognised in equity	-	-	0,8
Total changes in assets recognised in equity, excluding transactions with the company's owners	15,0	7,4	12,5
Result for the period	79,8	49,1	220,0
Total changes in assets, excluding transactions with the company's owners	94,8	56,5	232,5
Dividend paid	-	-	-49,2
New share issue	2,6	-	62,2
Minority participation in acquired companies	-	-	2,1
Equity at end of period	1 436,5	1 148,0	1 339,2
Attributable to:			
Shareholders in the parent company	1 433,0	1 147,9	1 334,9
Minority interest	3,5	0,1	4,2
Total	1 436,5	1 148,0	1 339,2
 KEY RATIOS	 31 Mar 2008	 31 Mar 2007	 Full year 2007
Return on equity, % (full year)	23,0	17,5	18,1
Return on capital employed, % (full year)	27,2	23,1	23,4
Equity ratio, %	50,7	48,3	47,9
Equity per share, SEK	84,46	70,52	78,83
Employees (FTEs) excl. associated companies	3 747	3 531	3 623



QUARTERLY FINANCIAL TRENDS

	2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating income (millions of SEK)	583,4	633,7	465,7	586,5	642,0	771,0	746,7	973,8
Operating profit (millions of SEK)	25,3	37,2	14,4	149,6	44,0	30,3	36,9	57,1
Operating margin, %	4,3%	5,9%	3,1%	25,5%	6,9%	3,9%	4,9%	5,9%
Number of working days	62	62	65	64	64	59	65	63
Number of FTEs	2 576	2 588	2 559	2 538	2 563	2 848	3 046	3 167

	2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating income (millions of SEK)	932,4	967,5	844,0	1 118,5	1 064,3			
Operating profit (millions of SEK)	74,3	84,7	65,0	107,9	116,5			
Operating margin, %	8,0%	8,8%	7,7%	9,6%	10,9%			
Number of working days	64	59	65	62	62			
Number of FTEs	3 531	3 520	3 675	3 761	3 747			

FINANCIAL INFORMATION BY DIVISION

(in millions of SEK)

	Jan-Mar 2008	Jan-Mar 2007	Full year 2007
Operating income			
Engineering	288,4	289,0	1 110,2
Infrastructure	332,5	298,2	1 207,6
Inspection	64,4	55,5	269,9
Process	279,7	212,2	974,7
Systems	129,8	106,2	432,9
Other/Eliminations	-30,6	-28,7	-133,0
Total	1 064,3	932,4	3 862,3

	Jan-Mar 2008	Jan-Mar 2007	Full year 2007
Operating profit/loss			
Engineering	38,8	26,3	105,6
Infrastructure	40,7	34,2	119,4
Inspection	5,0	3,5	41,4
Process	22,7	12,1	67,5
Systems	16,4	7,3	36,5
Other/Eliminations	-7,1	-9,2	-38,5
Total	116,5	74,3	331,9

	Jan-Mar 2008	Jan-Mar 2007	Full year 2007
Operating margin			
Engineering	13,4%	9,1%	9,5%
Infrastructure	12,2%	11,5%	9,9%
Inspection	7,7%	6,2%	15,3%
Process	8,1%	5,7%	6,9%
Systems	12,7%	6,9%	8,4%
Other/Eliminations			
Total	10,9%	8,0%	8,6%


INCOME STATEMENT PARENT COMPANY (in millions of SEK)

	Jan-Mar 2008	Jan-Mar 2007	Full year 2007
Net sales	41,9	32,0	142,5
Other operating income	15,5	12,3	54,5
Operating income	57,4	44,3	197,0
Personnel costs	-15,6	-13,5	-56,1
Other costs	-48,1	-37,0	-175,4
Depreciation	-0,9	-1,3	-4,4
Operating profit/loss	-7,2	-7,5	-38,9
Net financial items	3,5	2,0	13,5
Profit/loss after net financial items	-3,7	-5,5	-25,4
Appropriations	-	-	83,9
Pre-tax profit/loss	-3,7	-5,5	58,5
Tax	1,2	2,0	-16,5
Profit/loss after tax	-2,5	-3,5	42,0

BALANCE SHEET PARENT COMPANY (in millions of SEK)

	31 Mar 2008	31 Mar 2007	31 Dec 2007
Assets			
Non-current assets			
Participations in Group companies	998,5	758,5	998,5
Tangible assets	16,8	14,4	14,6
Financial assets	4,1	0,3	3,8
Total non-current assets	1 019,4	773,2	1 016,9
Current assets			
Current receivables	636,3	698,2	721,4
Cash and cash equivalents	0,4	3,0	2,4
Total current assets	636,7	701,2	723,8
Total assets	1 656,1	1 474,4	1 740,7
Equity and liabilities			
Equity			
Share capital	169,7	162,8	169,4
Statutory reserve	46,9	46,9	46,9
Profit brought forward	1 042,6	803,4	998,3
Profit/loss for the year	-2,5	-3,7	42,0
Total equity	1 256,7	1 009,4	1 256,6
Untaxed reserves	1,6	85,6	1,6
Non-current liabilities			
Provisions	32,7	37,4	31,6
Non-current liabilities	0,1	54,7	7,8
Total non-current liabilities	32,8	92,1	39,4
Current liabilities			
Provisions	9,2	-	9,2
Current liabilities	355,8	287,3	433,9
Total current liabilities	365,0	287,3	443,1
Total equity and liabilities	1 656,1	1 474,4	1 740,7

For the first quarter 2008 the parent company reports a loss after tax of SEK 2.5 million.