




ÅF

# Annual Report 2013

Innovation by experience



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Cover: ÅF has been voted Sweden's second most popular employer among young professional engineers. Only Google is ahead, which makes ÅF the most attractive employer in the technical consulting industry. Read more on page 6.

ÅF offers engineering and consulting services in **three** main areas. We have around **7,000** employees at more than **100** offices in around **20 countries** on **four** continents – Europe, Asia, South America and Africa. In 2013 ÅF performed projects in more than **80 countries** worldwide.

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

# This is ÅF

ÅF is a leading engineering and consulting company. Our work focuses on energy, projects for industry and investments in infrastructure. What makes us unique is our co-workers, our networks and the technical consulting industry's greatest bank of experience. It's all summed up in our corporate motto: ÅF – Innovation by experience.

### Our 10 largest clients

- AB Volvo
- Ericsson
- Oslo Airport
- Power Machines Russia
- Scania
- Swedish Defence Materiel Administration (FMV)
- Swedish Transport Administration
- Tetra Pak
- Vattenfall
- Volvo Cars

- ÅF has offices
- ÅF has carried out projects

## Our business

### Main areas



**Energy** ÅF is one of the world's leading energy consulting companies.



**Industry** ÅF offers engineering services in all technologies and in all sectors of industry.



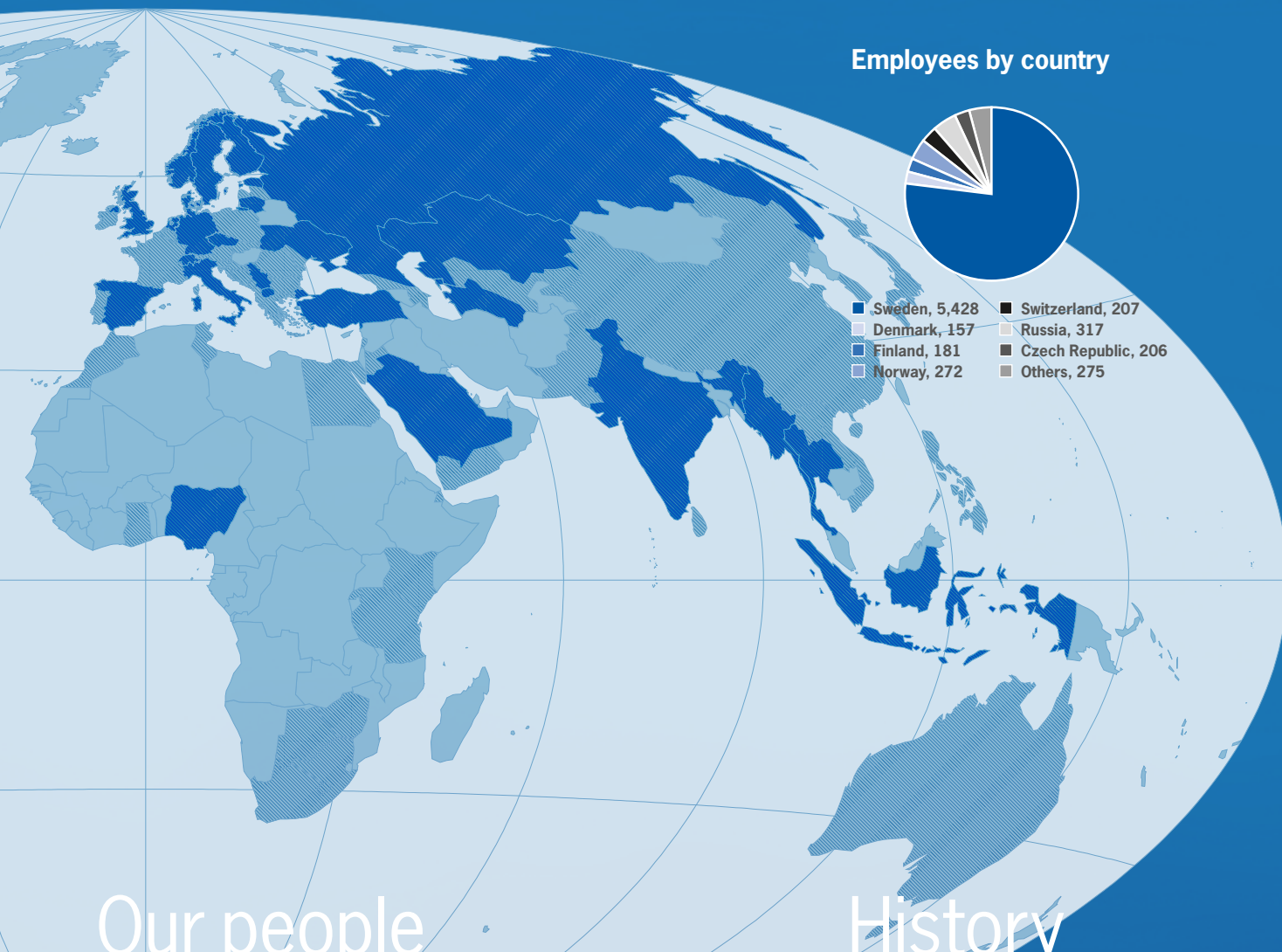
**Infrastructure** ÅF is one of the market leaders in Scandinavia in sustainable technical solutions for buildings and infrastructure projects.

### Clients

- Nuclear power
- Hydropower
- Thermal power
- Renewable energy
- Transmission and distribution
- Defence and security
- Automotive industry
- Mining
- Food processing and pharmaceuticals
- Telecommunications
- Oil and gas
- Forestry
- Engineering

### Contribution to Group sales





## Our people

ÅF has its heart in technology, and is home to the best engineers from 20 countries on four continents with unique capabilities to change, develop and improve both businesses and communities.

With a passion for technology, a strong team spirit and a clear mandate always to choose the best solution for each client, ÅF's employees create profitable, safe and sustainable solutions for our common future.



## History

ÅF has been part of four major technological revolutions: steam power, electricity, nuclear power and computerisation.

**1895**

Ångpanneföreningen – the Southern Swedish Steam Generator Association – is founded by the owners of steam generators and other pressure vessels to prevent accidents through regular inspections.

**1976**

Inspection activities are nationalised. ÅF continues to provide related consulting services.

**1986**

The company is listed on the Stockholm Stock Exchange.

**2003**

New strategy and consolidation.

**2008**

Ångpanneföreningen changes name to ÅF.

**2010**

Inspection business is sold to DEKRA Industrial.

**2012**

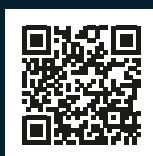
ÅF acquires Epsilon and Advansia, taking it from 5,000 to 7,000 employees in 20 countries.

# Events and reports

## Reports – 2014



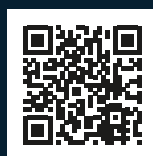
Green Advisor Report



Scan the QR code into your phone or tablet to connect to ÅF's Green Advisor Reports.



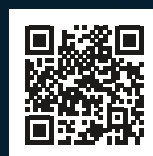
Financial reports



Scan the QR code into your phone or tablet to connect to ÅF's financial news.



ÅF Annual Report 2013 online



Scan the QR code into your phone or tablet to connect to ÅF's annual report online.

## Calendar of events – 2014

**11**

FEBRUARY

Year-end report 2013

**5**

MAY

Interim report Jan–March 2014  
and Annual General Meeting

**4**

MARCH

Capital Markets Day

**11**

JULY

Interim report Jan–June 2014

**3**

APRIL

ÅF Green Day

**21**

OCTOBER

Interim report Jan–Sept 2014



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# The year at a glance

Net sales  
**8,337**  
MSEK (5,796)

Operating profit  
**722**  
MSEK (481)

Operating margin  
**8.7**  
PERCENT (8.3)

Earnings per share  
**13.41<sup>1)</sup>**  
SEK (10.13)

Proposed dividend  
**6.50**  
SEK (5.50)

Average number of FTEs  
**6,666**  
(4,808)

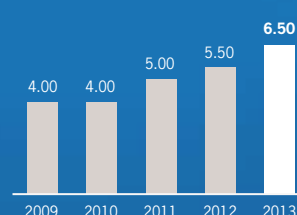
Group net sales, MSEK



Group operating profit and operating margin, excl. non-recurring items<sup>2)</sup>, MSEK



Dividend per share, SEK



## Financial summary

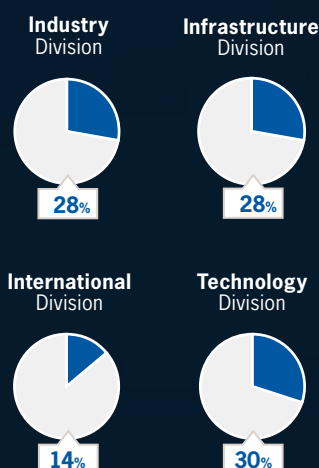
	2013	2012
Net sales, MSEK	8,337.0	5,796.4
Operating profit, MSEK	722.5	480.5
Operating margin, %	8.7	8.3
Capacity utilisation, %	75.1	74.2
Profit after net financial items, MSEK	677.3	476.6
Average number of employees (FTEs)	6,666	4,808
Equity per share, SEK	94.66	87.32
Equity/assets ratio, %	51.9	45.5
Return on equity, %	15.0	13.3
Earnings per share before dilution, SEK	13.41	10.13
Dividend per share, SEK	6.50 <sup>3)</sup>	5.50

<sup>1)</sup> Before dilution.

<sup>2)</sup> Comparative figures adjusted for share split in 2010 and change in definition of key figure.

<sup>3)</sup> Proposed dividend.

## Group sales by division



# We have resources for every technical challenge



*“Experienced and innovative engineers are shaping tomorrow’s sustainable society.”*

**Jonas Wiström**, President and CEO

**Jonas Wiström, CEO of ÅF since 2002, has led the Group as it quadrupled its sales and has his sights set on further growth. Here he talks about progress in 2013, his view of market developments and the new vision for ÅF in 2020.**

**How would you sum up 2013?** It was a year of strong growth. ÅF grew by 44 percent and is now in many ways a different company to what it was a year ago. This is due in large part to the acquisition of Epsilon in Sweden and Advansia in Norway, which brought in 1,800 new co-workers and a network of a further 16,000 engineers. The integration process dominated the first half of the year and has exceeded our expectations. Today we can justifiably claim that ÅF can take on practically any technical challenge.

In this light, I'm delighted that even in the first year we not only increased our earnings substantially but also enhanced our profitability through synergy gains – and this in a cautious market. Sales rose to SEK 8,337 million and earnings to SEK 722 million, which means that we're close to achieving our objective of sales of 1 billion euros in 2015. We also formulated new objectives at the beginning of 2014 to guide us through to 2020 and beyond.

**Can you take us through market developments in ÅF's three main areas: infrastructure, energy and industry?**

Market conditions for infrastructure in Scandinavia have been favourable in recent years, and I expect demand to remain strong. ÅF has established itself as a leading player and has expanded rapidly, partly by drawing on the Group's expertise in industrial processes. One important contract we won during the year is to modernise three large hospitals in the Stockholm region and improve their energy efficiency.

When it comes to energy, the outlook is less clear, as the sector faces major changes. In Europe, low economic growth and better energy efficiency have caused electricity consumption and investment demand to fall rapidly. Those contracts that do come up are mainly for renewable energy, upgrades and maintenance. In emerging markets, for example in Asia and South America, demand is stronger. We've been focusing on winning more contracts in these markets, and we succeeded in doing so in 2013. One example is in Vietnam, where we will be supporting the government with technical consulting services for a new nuclear power station, Ninh Thuan 2.

In the industrial sector, market conditions improved gradually during the year. Europe seems to have bottomed out and looks set to recover gradually. Demand was strong in

some industries during the year, including oil and gas in Norway and automotive and defence in Sweden. Industrial clients are also increasingly looking for outsourcing of project assignments, which favours a large and broad-based player like ÅF.

**ÅF has a uniquely broad offering, with cutting-edge expertise in most technologies. Why is this important?**

Our breadth is an increasingly important competitive advantage. Not only can we meet client demand for projects, but tomorrow's solutions will increasingly build on cross-fertilisation between different technologies.

Take tomorrow's electricity supply. The power industry is becoming increasingly dependent on energy sources such as the wind and the sun, and electricity production will be spread across a larger number of smaller players. This brings a need for smart grids where traditional expertise in areas such as electrical power is combined with advanced IT. The telecommunications and automotive industries are also good examples of where new technologies are coming together.

**ÅF was voted Sweden's second most popular employer among young professional engineers and placed in the top 20 most attractive employers among engineering students in Europe in 2013. Why do you think that is?**

A high ranking as a popular employer is one of our most important objectives, and so we invest in our people and offer unique career development opportunities. ÅF boasts a wealth of technical fields, a broad geographical footprint, a focus on sustainability and experienced colleagues with a passion for technology. We offer a creative environment where the best people in different fields work together in teams to exceed clients' expectations. We are also working hard to increase the percentage of female managers and female employees in general.

**How is ÅF contributing to a sustainable society?** As a large engineering and consulting company, we have the capability and an important responsibility to offer our clients sustainable solutions. It is experienced and innovative engineers, backed by sound political decisions, who will shape tomorrow's sustainable society.

Social and environmental sustainability is also essential for ÅF to remain competitive and economically sustainable in

the longer term. Clients, employees and shareholders all have high expectations of us. One of the reasons we rank so highly as a popular employer is that we work actively on both environmental and social sustainability, and we moved sustainability even higher up the agenda in 2013 by recruiting Nyamko Sabuni, former Minister for Gender Equality, as Director of Sustainability and part of the Group management team.

**ÅF has actively sponsored sport for many years.**

**What does this mean for the company?** Contributing to the development of sport is a way of being a good corporate citizen, which instils a sense of pride internally and strengthens our common values. As an Olympic Green Advisor, ÅF is a partner and consultant on sustainability issues for the Olympic Committees in Finland, Norway, Sweden and Switzerland. We can also learn and draw inspiration from elite athletes in a number of areas that we can apply to our own activities.

**What about 2013 are you most proud of?** Apart from enhancing our profitability while also expanding rapidly, it is our ranking as a popular employer among young professional engineers and students. This is a real vote of confidence of which we can be very proud.

**You've set ambitious new objectives for the next five years. How will you achieve them?** Yes, they are ambitious. We're now saying that we plan to double our sales to 2 billion euros in 2020. This vision is now well-anchored with all our managers, and this is what we will be working towards, with an unchanged strategy. ÅF's success rests on three pillars: our unique combination of breadth and depth in a long list of technologies, strong employer branding so that we can attract the best people, and our clients feeling that we exceed their expectations. ÅF is ideally positioned to meet the needs of tomorrow, and I therefore feel very confident that our growth and success will continue.

Stockholm, Sweden – March 2014



# Mission

**ÅF's joint pool of expertise and experience creates solutions that are profitable, safe and sustainable.**

ÅF contributes to the sustainable development of industry and society as a whole. More than 100 years' experience in the business has taught us to raise our sights.

Our collective experience places ÅF firmly in the front rank of technological progress. Even so, the solution ÅF delivers is not necessarily the most technically sophisticated – but it's always the best! ÅF never experiments with its clients or their businesses.

Our total independence from suppliers and other partners is every client's guarantee of an optimum solution.

That's why ÅF creates solutions that are profitable, safe and sustainable for its clients.

# Vision

**The best partner for the best clients.**

- ÅF meets every technical challenge.
- ÅF's business model outperforms all competitors.
- ÅF sales will total 2 billion euros by 2020.

# Motto

**Innovation by experience**

# Core values

## Great people

ÅF's employees are competent and professional team players. They exceed client expectations with their solutions and their combination of technical expertise and business acumen. They are good communicators who listen, have a positive attitude and always keep promises.

## Teamwork

ÅF's employees create good results through teamwork with clients and colleagues. For us, teamwork is about collaboration and partnerships – between people and businesses, across all boundaries. We make use of each other's experience and we share our own. This makes each individual consultant as strong as ÅF in its entirety and makes the company an indispensable strategic partner.

## Indisputable independence

It goes without saying that we will be impartial when choosing suppliers and solutions. Client needs will always be our guide. We welcome strategic partnerships, but will always choose what is best for the client.



## ÅF's business model outperforms all competitors

ÅF's business model is based on creating value for clients by drawing on the combined experience of our employees. Our unique team is one step ahead in terms of technical expertise, business acumen and the ability to choose the most appropriate solution in each specific case. With large projects, Project Business, we act as a partner for the client and are paid to deliver a solution or outcome. Our many



# Strategy

ÅF's four divisions work together to create the best solutions and strongest teams for each and every client. The key elements of this strategy are:

## **"ONE ÅF"**

ÅF's business activities are conducted as decentralised operations under one and the same brand and with common processes and systems. A strong corporate culture with shared values ensures that we work together and exploit all of the experience that is represented within ÅF.

ÅF has access to more than 100 million hours of engineering experience – know-how and solutions that are documented in "ONE", our unique knowledge database that is available to every ÅF employee. This means that:

- every ÅF employee can make use of the full, combined strength of ÅF.
- ÅF is ready to tackle every technical challenge, now and in the future.

## **Number one or two in every market**

ÅF aims to be the number one or two as measured by sales in the segments in which we operate.

## **Both organic and acquisitive growth**

We aim to continue our rapid expansion, growing both organically and through acquisitions. Half of this growth is to come from acquisitions, which must strengthen the company in our main areas – energy, industry and infrastructure – and fit well with ÅF in terms of corporate culture. Above all, ÅF's continued growth is to come in its domestic markets and the global energy market.

years of experience, understanding of our clients and well-developed systems for sharing knowledge are key factors in this part of our business.

When a client requires additional expertise or resources within its own organisation, ÅF can offer Professional Services. Here, the key success factor is quickly being able to offer consultants with the right expertise in the relevant sector or field.

# Objectives

## **Financial objectives**

ÅF shall be the most profitable company among its closest comparable competitors in the industry and achieve an operating margin of at least 10 percent over a business cycle.

Net debt shall be between 1.5 and 2.0 times EBITDA over a business cycle.

## **Growth objective**

Sales of 2 billion euros by 2020.

## **Human resources objective**

Better balance in the gender ratio. One target is for at least 30 percent of managers and at least 30 percent of employees to be women by 2020.

## **Sustainability objectives**

ÅF works resolutely to become a more sustainable company. Three overarching sustainability objectives constitute the basis for the company's sustainability work. By the year 2015, ÅF aims to:

- have halved its CO<sub>2</sub> emissions per co-worker (compared with the base year 2009).
- always offer clients a "green" alternative in the form of a more sustainable solution to every assignment.
- be the technical consultant that clients consider can best solve the challenges of the future.

## **Sales of 2 billion euros by 2020**

ÅF aims to be Europe's leading engineering and consulting company. For us, that means becoming the most profitable company among the biggest names in the business. Our rate of growth will remain high. We will grow both organically and through acquisitions, making sure that the acquisitions contribute to our profitability.

# Sweden's second most popular employer



## Two podium positions in 2013

*ÅF was voted Sweden's second most popular employer among young professional engineers and the most popular technical consulting company.*

**ÅF, Sweden's second most popular employer, won both gold and silver in 2013. Highly ranked and strongly recommended by its own employees, ÅF continues to strengthen its brand.**

## Best in sector

ÅF has been voted Sweden's second most popular employer among young professional engineers.\* Only Google is ahead, which makes ÅF the most attractive employer in the technical consulting industry. One success factor in ÅF's work on employer branding is an explicit strategy at Group management level. ÅF now ranks in the top 20 most attractive employers among engineering students in Europe.\*

## Good ambassadors

Our employees are our most important asset when it comes to attracting the best graduates. ÅF's ranking as the second most popular employer among young professional engineers in Sweden, and in the top 20 in Europe, is a result of three out of four employees now recommending ÅF as a future employer (based on our 2013 employee survey).



## Golden Evening with David Batra

The year's work on employer branding was rounded off with ÅF's biggest-ever student event, to which 170 hand-picked engineering students from the Royal Institute of Technology in Stockholm and Uppsala University were invited. CEO Jonas Wiström welcomed the students and passed on his own personal career tips, while stand-up comedian David Batra added his own special touch to the evening.





Representatives of ÅF's Group management and communications department accept the company's prizes at the Universum Talent Excellence Awards on 8 October 2013.

### Student activities in 2013

ÅF was the lead partner for Charm, the Chalmers University of Technology student union's careers fair. This involved supporting Charm's project team and getting to know potential future employees. ÅF has also partnered with other student organisations, including the female students network at the Royal Institute of Technology and the union of engineering and science students at Uppsala University.

### ÅF's rankings



Sweden's second most popular employer among young professional engineers



Best in industry among young professional engineers



Most attractive employers among engineering students in Sweden



Best in industry among engineering students in Sweden



Most popular employers in Europe among engineering students

*\*Graduate engineers under 40 years of age with 1–8 years' professional experience after graduation. Universum conducts surveys annually to rank the most attractive employers. In Sweden, 3,707 professional engineers and 4,380 engineering students took part. More than 500 engineering students participated in the European survey.*

### “ÅF Future has given me a head start in my career”



**Peter Wikholm, a chemical engineering student at the Royal Institute of Technology in Stockholm and member of ÅF Future, discusses his view of the network.**

**Why did you join ÅF Future?** To gain an insight into a very interesting company and an opportunity to carry out an industrial assignment. Thanks to ÅF Future, I've had a valuable insight into what it's like to work as a consultant. This has given me a head start in my career.

**What has your assignment at ÅF meant for you?** I've gained important experience and seen what it's like to be an engineer even before I graduate. The assignment is closely linked to my specialisation and has opened doors for when I do my dissertation.

**Can you tell us about your assignment?** I examined the working methods for the installation of a component in a laboratory to ensure that experiments are repeatable. This work resulted in an installation manual.

**How long was it before you got an offer?** I had an offer after six months that I turned down, and I had another offer after a further six months that I accepted.



**Peter Wikholm**, engineering student

# Strong team spirit produces the best solutions

Having exceptional employees is a key part of ÅF's strategy. Passionate employees with a strong team spirit are essential if we are to deliver the best solutions to our clients. Competition for the best engineers is fierce, so ÅF attaches importance to building a strong employer brand and offering employees a multitude of career opportunities. A strong common culture and quality-assured HR processes pave the way for success.



## ÅF's Employer Value Proposition



### Passion

**Passion.** If you're enjoying yourself, you perform better. That's why we encourage you to go ahead and do what you do best. When you do something that you are passionate about – at work or in your leisure time – we all stand to benefit. It's our employees' passion for what they do that generates the creative environment at ÅF where thoughts and ideas can roam free.



### Team player

**Team player.** Success needs cooperation, which is why our company is full of true team players – people who are good at their job, passionate about what they do and happy to share their expertise with others.



### Heart

**At the heart of technology.** ÅF is where it's all happening! As market leaders we are at the heart of technology. Wherever technology is to be found, we will be there too. Working for ÅF gives you access to an invaluable knowledge base as well as an extensive pool of collective expertise. Irrespective of the type of expertise you are looking for, you will find it at ÅF. We will help you to develop both the depth and breadth of your expertise.



*When employees answered the question why they work at ÅF, three clear themes emerged: passion for technology, genuine teamwork and the enormous pool of expertise within the company.*

Much of 2013 was dominated by the merger with Epsilon. At the end of 2012 the acquisition brought in 1,600 new employees at once, all of whom had to become part of ÅF's corporate culture and work towards our strategy, "ONE ÅF". Contracts, systems and procedures were coordinated. The integration has exceeded expectations, and the companies have become stronger together under the ÅF brand.

ÅF has made 27 acquisitions in the past three years, adding more than 2,100 people to its workforce, and almost 3,400 new employees have been recruited. This rapid growth underlines the need for a common corporate culture and for coordinated and quality-assured systems and processes.

### A common corporate culture

ÅF's employees collectively possess more than 100 million hours of engineering experience. Senior engineers with many years of experience of technical problem-solving work alongside younger engineers armed with the latest knowledge from leading technical universities. Both technical and business skills are developed continuously.

One important part of our strategy is to act as one company – regardless of country, city, division or sector. Our corporate culture is strong and promotes a team spirit. Common processes, procedures, rules, values and systems are important elements in maintaining a single, strong corporate culture.

### More women

The technical consulting industry has historically been dominated by men. One important part of ÅF's strategy is to increase the proportion of women. An initial target is for at least 25 percent of the company's consultants and managers to be women by 2015. Women accounted for 23.2 percent of the overall workforce in 2013, 20.8 percent of consultants and 16.6 percent of managers, and 26.8 percent of new recruits.

To achieve the target of a higher percentage of women, at least one female candidate must be shortlisted each time



### Charlotte Eriksson

graduated in technical physics from the Royal Institute of Technology in Stockholm.

Charlotte has worked at ÅF for just over a year and manages a group of IT consultants in Stockholm. The group works extensively on IT project management, operational development, systems development, systems testing and usability.

"Being a manager at ÅF is both challenging and fun! No two days are the same, and what made the biggest impression on me when I started was ÅF's ambition and drive to grow and always do more, to constantly evolve. This is fantastic for such a big company, and I felt that I wanted to be a part of it."



Charlotte Eriksson, graduate engineer

a managerial post is filled. A new process, EVEN ODDS, was started up at the end of 2013 to find ways of achieving the target of 30 percent women in 2020.

### Annual employee survey

ÅF conducts an annual employee survey measuring employees' wellbeing, pride, confidence in supervisor and sense of community with colleagues. The survey is an important tool for ensuring that ÅF retains skilled employees.

The results of the survey were positive once again in 2013, despite the company undergoing many internal changes following the integration of Epsilon.

### Gender distribution in 2013



**TARGET 2015 ▶ 25%**

Share of consultants and managers who are women



### Career development prioritised

ÅF carries out many large and prestigious projects that are both challenging and rewarding to work on. The company's size and breadth across different technologies, industries and countries create numerous opportunities for professional and personal development regardless of career path. There are also opportunities to switch roles, for example between project manager and specialist.

A new model for career development was produced in 2013 to help formulate targets and development plans for employees, partly through the personal development reviews held annually with each employee's supervisor. See also page 12.

### Clear salary model

For some years now, ÅF and the trade unions in Sweden have been using their own system to set salaries at a local level. The basic principle builds on the assumption that local managers have the clearest understanding of the scope for salary increases in the context of their own operation's profitability, market situation, demand, performance and development. Managers have considerable responsibility for setting salaries at levels that can be clearly motivated.

Variable remuneration packages as a supplement to fixed salaries are common at ÅF; some are based on the relevant unit's performance, while others are directly linked to individual performance.

Other benefits vary from country to country depending on local practice and tax rules. Examples include pensions, insurance and company cars. All employees are entitled to rent one of the cottages or apartments that are owned, managed or leased by the ÅF Staff Foundation.

### The ÅF Academy

ÅF's internal training organisation, the ÅF Academy, offers everything from introduction courses to executive management training.

All courses reflect ÅF's values and approach to sound entrepreneurial skills. Lecturers and facilitators come both from within ÅF and from external service providers. Besides relevant training, the ÅF Academy helps employees to build a wider network within the company, which is useful in their day-to-day work and creates openings for new business.

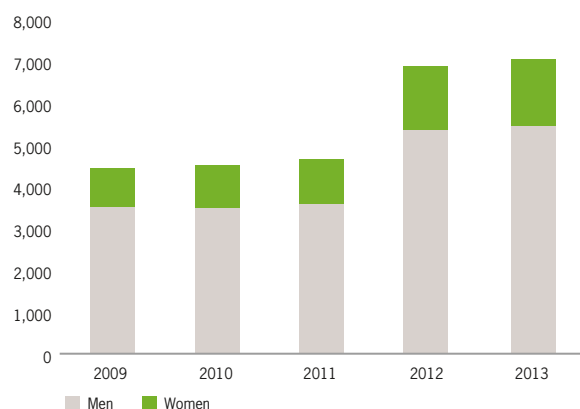
### Compulsory management training

We ask a great deal of our managers at ÅF. Besides being skilled engineers, they must also be skilled sales people, business people and communicators. Our managers are also responsible for the development and motivation of staff in their units.

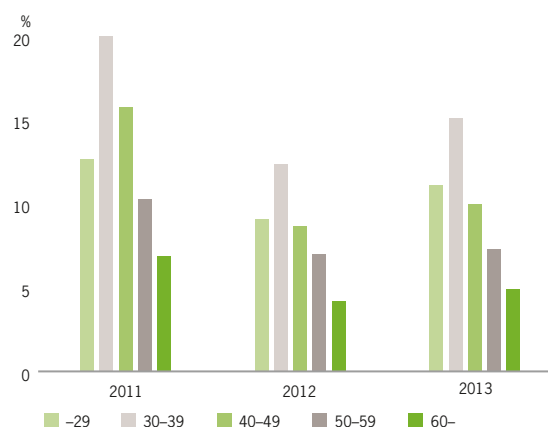
To ensure good management standards at ÅF, all newly appointed managers undergo training at the ÅF Academy. The programme covers finance, project management, sales and communication.

The ÅF Academy also gives project managers the training needed to be certified under the European IPMA standard at four different levels. ÅF has more IPMA-certified project managers than any other company in Sweden.

**Number of employees (all forms of employment)**



**Staff turnover (resignations), by age group**





**Paul Alm** is an electrical engineer with many years of experience in electrical systems and automation for large properties, infrastructure and energy projects, and industrial and process applications.

Paul works with project management, primarily on turnkey electrical and automation projects.

“There’s a big focus on relationships and deals in my job, both in Sweden and abroad. Automation is fun – it brings together technologies from different areas, and I learn a lot about other industries and new technical fields. The best thing about ÅF is my positive and skilled colleagues, together with supportive management and well-functioning tools in my daily work. I also think it’s great that ÅF works actively on the environment, energy efficiency and sustainability.”



**Paul Alm**, electrical engineer

### Management training

ÅF’s Business Executive Leadership Programme (BELP) is a joint venture with Stockholm School of Economics’ Executive Education that is aimed at selected managers in the Group. Training is spread over 12 months, during which participants acquire a deeper understanding of ÅF as a company and develop better strategic planning, international leadership and communication skills. It also results in valuable networks within the organisation. The programme is usually arranged every second year. In 2013, participants were selected for the latest programme, which started in January 2014.

### Training in nuclear power

The ÅF Nuclear Academy is a competence development initiative designed to meet the increasingly stringent requirements of the nuclear power industry and its regulatory bodies. The training leads to certification at four levels and is rated highly by both the industry and our employees. The training and certification are also open to clients and other stakeholders. Around 470 people have been certified since 2009, including 65 in 2013.

### Age distribution

Age distribution, %	2013 Men	2013 Women	2012 Men	2012 Women
–29	14.2	5.3	14.4	5.4
30–39	23.2	7.9	23.8	7.4
40–49	18.7	5.6	18.3	5.4
50–59	12.4	2.6	12.2	2.7
60–	8.7	1.4	9.0	1.4
Total	77.1	22.9	77.7	22.3

### Average age

Average age, years	2013	2012	2011	2010	2009
	41.3	41.1	42.8	43.3	43.4

### Sickness absence

Sickness absence, %	2013	2012	2011	2010	2009
Total	2.1	2.0	1.9	2.1	2.2

### Length of employment

	0–2 years	2–5 years	5–10 years	10–20 years	20 years or more
Number	2,045	1,748	1,447	902	407
Percent	31.2	26.7	22.1	13.8	6.2

### Education

Education, %	2013	2012	2011	2010	2009
Postgrad. licentiate or Ph.D. studies	3.5	3.7	3.7	3.8	3.3
University degree	59.5	57.4	54.1	52.6	46.8
Other post-secondary education	15.8	15.6	16.4	15.5	15.1
Secondary education	20.3	23.3	25.8	28.0	34.8

# A wealth of career paths

**ÅF is not only a leading engineering and consulting company that is helping build a sustainable future. We also offer fantastic opportunities for those wanting to develop and make a career – and there are numerous different ways forward. To highlight these career opportunities, ÅF developed a new model in 2013 to illustrate the paths available.**

“The aim of the new model is to develop and retain ÅF’s employees and give them greater opportunities to take responsibility for their own career development,” says Mia Jacobsson, project manager for the ÅF Career Model. “We also want to attract new people by being clear about the opportunities to be found here.”

## Much asked of an attractive employer

Today’s workers have high standards. They want to have control over their own situation and to take responsibility for their own development. It is therefore important for an attractive employer to be able to offer clear and varied career paths. Transparency is also crucial: openness about the demands of a particular role is a requirement.

“The ÅF Career Model shows that there are many more development opportunities than the three main career paths of manager, specialist and project manager that we had previously defined,” says Jacobsson. In the new model, each role is described on the basis of a number of skill factors, and each employee’s current competence level is assessed on the basis of these factors. “We want to illustrate the diversity of paths available. For example, it’s possible to switch between roles, divisions, locations and countries. You could also change from being a specialist to a manager, or take on a central support role in the company.”



**Mia Jacobsson**, project manager for the ÅF Career Model

## Phased in from 2014

All managers will undergo training in the ÅF Career Model in spring 2014. The model will start to be used in personal development reviews in selected countries during the autumn, and employees’ existing competence and development needs will be mapped at the end of the year. ÅF will then have an even clearer picture of the company’s collective expertise. The tool will also be important when recruiting staff and identifying future stars. “We know that development opportunities are an important success factor for us,” says Jacobsson. “The new model will help us stay one step ahead in this area.”

## The ÅF Career Model



- The ÅF Career Model will be introduced in Sweden, Norway, the Czech Republic, Denmark, Finland, Russia, Spain and Switzerland in 2014, with other countries following later.
- Current competence levels for all employees and managers in these countries are to be mapped by the end of 2014.
- Employees and managers will have access to the same information, for example through ÅF’s intranet, “ONE”.



**Sheida Farmand**, construction engineer



**Sheida Farmand** graduated in construction engineering from the Royal Institute of Technology in Stockholm. She works as a group manager in construction finance and has daily contact with clients.

Sheida handles various types of projects for contractors, developers and investors where ÅF produces the financial documentation needed for the client’s investment decisions and for cost management. Time is normally at a premium, and these are often business-critical decisions for the client.

“The best thing about working as a consultant is that there’s a lot of contact with clients and you build a very broad network. The work is also fast-paced, which makes the job both challenging and stimulating.”

# A consultant for every need

**A client turning to ÅF will always get the consultant best suited to the project. This we can guarantee, thanks to a combination of both our own employees and one of Sweden's largest networks of engineers.**

The ÅF Network brings together the skills of more than 20,000 engineers. Together with ÅF's own 7,000 employees, the network presents a fantastic opportunity to offer clients the most suitable consultant for every job.

## Everyone a winner

"The network means that we can quickly find specific skills among both our own employees and members of the network," explains Christer Carmevik, who is responsible for the ÅF Network. ÅF has adjusted the incentive structure so that it always pays to choose the consultant who best meets the needs of each enquiry, whether this is an external partner or one of our employees.

"It's a win-win strategy," says Carmevik. "When the client gets the best consultant, ÅF can do the best possible job, increasing our chances of winning new contracts in the future. The more contracts we get, the greater the career development opportunities for everyone in the network."

## Partner for life

The ÅF Network's system support makes finding suitably qualified consultants easy and quick. Both employees and members of the network can also subscribe to updates on available assignments and register their interest themselves.

"The network is a career partner for the whole of your working life," says Carmevik. "For students and recent graduates, it can offer a route into the labour market. For retired engineers, it can be a way of staying active. For engineers who are self-employed or work for another consulting firm, the



"We must always be able to offer the consultant who is the best match for the client's needs," says Christer Carmevik, who is responsible for the ÅF Network.

network offers opportunities for a larger number of more rewarding assignments."

Even those who are not available for work can benefit from the network, for example by attending the member meetings that are arranged.

## Three-step quality assurance process

All consultants hired by ÅF for client assignments are quality-assured in a three-step process. The first step is a competence profile that is entered into the system. Next comes an interview, and references are obtained, after which the consultant can be hired. Once an assignment has been completed, there is the third step of the quality assurance process, where the client gives an opinion on the consultant's performance. Several new clients were won on the strength of the ÅF Network in 2013.

"The ability to offer specialist expertise in unusual areas can often open doors with new clients," says Christer Carmevik.

*"With the ÅF Network behind it, ÅF has been able to give us a very quick and appropriate response. We've also had a very professional service when it comes to managing our small suppliers."*

**Cecil Robichon**, Head of Global Indirect Sourcing at GE Healthcare – Global Life Sciences & Nordic Region

## The ÅF Network in brief

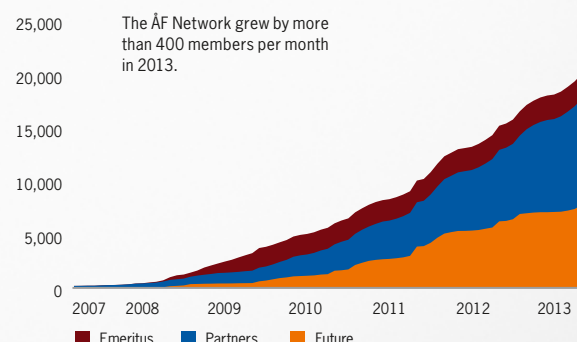


### The ÅF Network has three parts:

- **Partner** – more than 10,000 consultants at other companies, often at small consulting firms or self-employed.
- **Future** – around 8,000 students and recent graduates.
- **Emeritus** – more than 2,000 retired engineers.

The network was started up at Epsilon in 2006 and was introduced in ÅF's Technology, Industry and Infrastructure Divisions in 2013. The International Division will follow in 2014.

## Growth in the ÅF Network






# Global trends drive demand

ÅF is a leader in engineering and consulting that focuses on energy, industry and infrastructure. The company's base is in Europe, but its business and clients extend right across the globe. This is a large operating environment, and conditions vary. However, global drivers such as sustainable development, population growth, higher living standards and rapid technological advances are fuelling demand in all parts of the business.

## Four divisions in three sectors

ÅF offers engineering and consulting services in three main areas: energy, industry and infrastructure. Four divisions work together to create the strongest teams, producing the very best solution for each and every client.

Division		Industry	Infrastructure	International	Technology
Market		Scandinavia International projects	Scandinavia International projects	Outside Scandinavia	Sweden International projects
Sector	Industries				
<b>Energy</b> 	Nuclear power, hydropower, thermal power, renewable energy, transmission and distribution				
<b>Industry</b> 	Defence and security, automotive, mining, food, pharmaceuticals, telecommunications, engineering, oil and gas, forestry Process and production development IT and product development				
<b>Infrastructure</b> 	Property, roads and railways				

**Ten largest clients:** AB Volvo, Ericsson, Oslo Airport, Power Machines Russia, Scania, Swedish Defence Materiel Administration, Swedish Transport Authority, Tetra Pak, Vattenfall and Volvo Cars. These ten accounted for around a third of revenue in 2013.

## Clients and market position



13–14%  
in Sweden



Employees in  
around 20 countries



Projects in over 80  
countries in 2013

## Great potential for growth in 2014

Assignments vary in size and type, from minor one-time assignments to large projects. Clients are increasingly looking for consultants to provide large complex projects, which favours large players such as ÅF. Our markets are generally relatively national, and in some cases even local, especially in the industrial sector. Many parts of the technical consulting industry are undergoing consolidation. ÅF sees considerable potential for growth, both organically and through acquisitions.



# Energy

## International competition for advanced assignments



**ÅF's clients in the energy field include energy companies, investors, authorities and contractors and cover most forms of energy and all parts of the value chain.**

The international energy consulting market spans advanced services throughout the chain from pilot studies, through project management and implementation, to operation and maintenance. ÅF is one of the world's leading players and competes mainly with other large global consulting firms. In the Nordic region, ÅF is a leader in improving the efficiency of existing facilities and in operation and management. Contracts often have sustainability dimensions and lead to better energy efficiency and cleaner operation.

### **Global need for energy solutions**

Demand for engineering and consulting services in the energy sector is being fuelled by energy efficiency, sustainability and security needs, and by demand for new capacity in fast-growing markets. According to BP's latest Energy Outlook, published in January 2014, global energy consumption

is set to grow by 41 percent by 2035, with 95 percent of the increase in emerging markets. Access to energy is essential for economic development and increased prosperity.

Regions such as Latin America, Asia, the Middle East and Africa have considerable growth potential in terms of not only new builds but also measures to increase energy efficiency and connect renewable energy to the electricity network.

In Europe, demand is greatest for maintenance and efficiency projects. Demand for electricity has fallen due to weak economic growth, especially in southern Europe, and the market for new capacity has been slow. The supply of renewable energy has increased, putting further pressure on electricity prices. New methods for recovering gas have also contributed to a cautious market and created uncertainty about future energy solutions.

Energy markets are still largely national and governed by local and political decisions. The trend, however, is increasingly for the market to be opened up, creating demand for investment in transmission and distribution systems, including smart grids.



**Tero Sario**, project manager



**Tero Sario** is a graduate of EVTEK University of Applied Sciences in Helsinki, Finland.

Tero is a project manager in Finland focusing on various types of energy projects. He is currently working on a contract in Croatia, where ÅF is supplying owner's engineering services for Sisak's large-scale gas-fired power station.

"The best thing is the diversity of projects and helping ÅF contribute to the client's success in a profitable and sustainable way with our work and our skills. We are fortunate to have the best talents in the business."



# Industry

## Consolidation and demand for project assignments



**In the industrial sector, ÅF works mainly with companies in the automotive, defence, engineering, food, forestry, mining, oil and gas, pharmaceutical and telecommunications industries. ÅF is a strategic partner for not only IT and product development but also process and production development.**

The manufacturing industry requires consulting services covering everything from pilot studies and investments in new builds to increasing the productivity, quality and efficiency of existing facilities. In Sweden, ÅF is the market leader in both the construction and the modernisation and rationalisation of industrial and energy facilities. When it comes to product development, ÅF is the leader in Sweden with consulting services for every part of the value chain: specifications of requirements, pilot studies, technology evaluations, design, product development, user customisation, product management and service.

The manufacturing industry's production facilities are spread right across Scandinavia, so clients value geographical proximity, while product development tends to be centralised.

### Optimism in industry

ÅF's business in the industrial sector depends largely on developments in the Swedish export industry. Growing demand for exporters' products increases the need for investment in production facilities and product development. In an economic downturn, ÅF will normally be affected somewhat later than the manufacturers themselves, partly because technical projects often run over long periods, and industrial clients need to invest in product development, rationalisation and modernisation even during the hard times so as not to lose competitiveness when demand picks up.

Sweden's exporters made a relatively poor start to 2013, but were much more upbeat about the market outlook at the end of the year. In the National Institute of Economic Research's December 2013 Economic Tendency Survey, all indicators pointed to an improvement in the economic climate in Sweden. Sentiment was also believed to be improving in the EU and the US.

Demand for ÅF's services in the Nordic region increased in the latter part of 2013, primarily in the petrochemical, mining and pulp and paper industries.

### Complexity, centralised purchasing and engineer shortage

**One long-term trend** that is fuelling demand for ÅF's services is that products and production systems are becoming more complex. Clients are increasingly choosing not to hold all expertise in-house but to outsource engineering work to consultants. Examples of such areas include design, operation and maintenance. Product development is also increasingly being farmed out to suppliers and engineering consultants such as ÅF.

Central purchasing departments are becoming increasingly common at large companies. This is to some extent an advantage for ÅF, because our size and breadth enables us to take on large contracts.

One challenging trend for the industry is a shortage of engineers. Fewer and fewer are studying scientific subjects – at a time when the world is becoming more and more technically complex. ÅF expects this engineer shortage to last for the next 20 years and is continuing to counter it with various initiatives relating to its employees and their development.

# Infrastructure

## Increased investment in infrastructure



**ÅF's infrastructure projects come from clients in both the public and private sectors and relate mainly to roads, railways and property. ÅF has grown very strongly in this area in recent years and has greatly increased its market share.**

Public investment is still at relatively high levels in the Nordic countries. The main drivers for ÅF are heavy investment in new and existing infrastructure, and interest in sustainable and profitable investments in the operation of properties.

Contracts were few and far between in 2013, but a number of large public contracts will come up for tender in 2014. Examples in Sweden include the high-speed railway link between Järna and Linköping and the extension of the Stockholm underground system.

The market for infrastructure projects is largely national. Important considerations such as ground conditions and applicable standards vary from country to country, making it hard for foreign players to take overall responsibility for infrastructure projects. ÅF's advanced knowledge of Swedish conditions, on the other hand, can be combined with foreign resources in parts of a contract that do not require local knowledge.

Infrastructure is the most consolidated part of the engineering and consulting business, especially when it comes to

roads and railways. The five largest companies in this area command 60-70 percent of the Swedish market. Engineering and consulting services in the property sector, where the Infrastructure Division has a leading position, are more fragmented, with many different players of various sizes.

### Global trends drive demand and investment

Global trends such as rapid urbanisation, sustainable development, rising life expectancy and higher standards of living in emerging markets are fuelling demand for infrastructure-related services. The long-term outlook for further growth is therefore considered to be bright.

There is a great need for sustainable solutions in all areas, from road planning and intelligent buildings to expertise in lighting, acoustics and rail-bound traffic.

Sweden has one of the fastest rates of urbanisation in the world, which is asking much of transport solutions in and between the big conurbations. This has led to heavy public investment in infrastructure in recent years. ÅF has taken part in many of these big projects, including the Stockholm Bypass project and the New Karolinska University Hospital.

The expansion of health care in Stockholm is a good example of change driven by urbanisation and increased life expectancy.

### Outlook for 2014

**The overall market outlook** for ÅF in the coming years is bright. Demand for services from industry picked up at the end of 2013, and this trend seems to be continuing in 2014.

Energy consulting services are in demand worldwide due to growth and increasing sustainability requirements, and ÅF has used its leading position to expand rapidly into selected emerging markets. When it comes to infrastructure, large public contracts will be put out to tender in 2014, and ÅF has a good chance of further healthy growth given the strong position it has built up in recent years.



# Large yet agile

**ÅF is a world leader in many technical fields and has a size that few can match. To succeed in the long run, the company must also be agile, innovative and the best collaborator. Industry-leading IT systems and shared processes are pointing the way forward.**

“Our IT platform helps us to be large yet agile,” says Magnus Vesterlund, Chief Information Officer (CIO) at ÅF. “It enables us to find the most suitable consultant more quickly and more reliably than our competitors. We can easily locate a consultant with specific technical expertise and experience in a particular sector. As an engineering and consulting company with a large number of consultants in-house, we can also build structural capital and share our experiences.”

The platform’s key elements are systems that are clearly linked to ÅF’s business and processes, such as a sales support system and a competence database. These are inter-linked and mean that ÅF can take full advantage of the Group’s collective expertise and experience. These systems support the sales process and make it easy to share experience and produce the documentation needed for making decisions.

A new Corporate Development Office (CDO) was formed in 2013 to make the most of ÅF’s processes and IT systems.

“CDO is to ensure that we invest in the development projects that create the most value for the company,” explains Dennis Lundkvist, Business Development Manager and head of CDO. “All measures are anchored at both management and operational levels.”

## Systems from Epsilon

The sales support system and competence database came to ÅF via Epsilon, which was acquired at the end of 2012.

“The systems we gained access to via Epsilon complement and enhance those we already had,” says Vesterlund.

These systems were developed and tailored to ÅF’s needs and processes in 2013. The new sales support system gives everyone access to the same information about client contacts, which means that ÅF can look after its clients better across divisional and national borders.

“We’ve also introduced a uniform sales process across the business, which is bringing an increase in cross-selling and allows us to broaden what we offer our clients,” says Lundkvist.



**Magnus Vesterlund**, Chief Information Officer (CIO)  
**Dennis Lundkvist**, Business Development Manager

## Competence database linked to the ÅF Network

The new competence database is linked to both the sales support system and the ÅF Network. Anyone staffing an assignment or project has access to both ÅF’s own employees and all of the consultants in the network.

Employees and network members can also search for assignments themselves and subscribe to updates. This makes them more active in filling both their own and their colleagues’ time.

“We’re getting increased internal mobility and more cross-selling between divisions, because all employees can act on enquiries, even outside their own unit,” says Lundkvist.

Those filling an assignment now have some 27,000 consultants with different skills to search among.

“This naturally increases the chances of finding exactly the right person,” says Vesterlund. “ÅF is a knowledge business, and it’s essential that we know what we’re capable of and make sure that we offer our clients the best skills.”

## ÅF’s system platform



Central systems closely linked to the business:

- Sales support system
- Competence database
- ONE – intranet for information, process and quality assurance, project collaboration and knowledge sharing
- Support systems for time reporting, electronic billing and signing contracts
- Communication systems, such as Lync and videoconferencing, integrated for easy communication across the business.





# Operations

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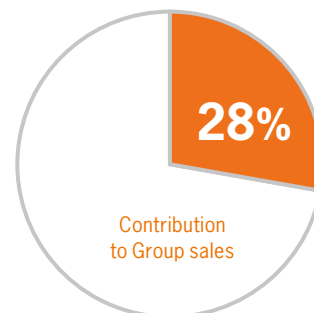
## ***In the footsteps of giants***

ÅF's lighting designers attracted considerable acclaim in 2013. A project in the ski resort of Åre won the Swedish Lighting Prize for its adventurous retelling of an old legend, while projects in Oslo, Visby and Helsingborg won special mentions in the Norwegian Lighting Prize, the Swedish Lighting Prize and the German Design Award.

Photo: Håkan Wike

# > Industry Division

**Scandinavia's largest independent engineering and consulting partner for process and production development** The Industry Division offers a comprehensive portfolio of services and extensive expertise in all sectors of industry and for all types of plants, covering everything from specific engineering tasks to full turnkey solutions. The division operates in close geographical proximity to its clients.



**Per Magnusson,**  
President of the Industry Division



**How does the Industry Division create solutions that are profitable, safe and sustainable for clients?** Our size, experience, technical expertise and supplier independence enable us to offer the best solution for each and every client. We combine the latest technology with tried-and-tested methods, and always stay close to the client so that we understand their needs.

**What were the division's main achievements and challenges in 2013?**

The integration with Epsilon went well, and we've created an efficient organisation. I'm also very pleased with our work with the ÅF Network, which has enhanced our offering and opened new doors. The weak demand at the beginning of the year was a challenge, but we were able to up the tempo during the rest of the year thanks to clients' confidence and a better market.

**What are your priorities for 2014 and beyond?** We will continue to build our bank of expertise and exploit our structural capital. With almost all enquiries, we find that we have done a similar project before – we never need to start with a blank sheet of paper. We will get even better at making the most of this.

## Total number of employees\*

**1,950**

\*Number of employees (all forms of employment), rounded to the nearest fifty.

## Markets

**Domestic markets**  
Sweden, Norway and Denmark

**Other markets**  
Scandinavian consultants working in more than 50 countries

## Key figures

	2013	2012
Net sales, MSEK	2,353.5	1,653.3
Operating profit, MSEK	238.0	195.0
Operating margin, %	10.1	11.8
Contribution to Group income, %	28	29
Average full-time equivalents (FTEs)	1,857	1,334

# Good order inflow and strong client offering

**Despite weak demand at the beginning of the year, the division's order book for fixed-price projects grew to more than SEK 1 billion in 2013. This record-high level is a vote of confidence in the division and the result of a long-term effort to build procedures and expertise for project business. The integration with Epsilon and collaboration with ÅF's other divisions strengthened the division. It has also developed procedures for delivering turnkey solutions, which had a positive effect and contributed to the increase in large projects.**

## **Market-leading partner for industrial and energy companies in Scandinavia**

The Industry Division helps industrial companies in Sweden, Norway and Denmark to modernise and increase the efficiency of industrial and energy plants. The division is also Scandinavia's largest supplier of consulting services and projects to the nuclear power industry.

Services span everything from pilot studies to upgrades to increase the productivity, quality or efficiency of a facility. Technical disciplines include process technology, technical analysis, automatic control, industrial IT, automation, electrical power, mechanical engineering, pipe constructions and inspections.

Clients opt either to integrate ÅF's consultants into their own organisation or to give ÅF turnkey responsibility for a specific function or delivery. Demand for project assignments is growing.

The Industry Division is the largest player in Sweden with a market share of 11 percent. None of its competitors can offer as broad a range of services for all industries. The division also has a large international consulting operation run from Scandinavia, with projects in more than 50 countries.

## **Experience and proximity important for clients**

The division's main competitive advantages are its experience in industrial and energy projects, its proximity to clients and ÅF's huge base of skilled consultants – both its own employees and members of the ÅF Network. Clients value personal relationships and the fact that ÅF is represented locally.

Increased collaboration with other divisions at ÅF is also contributing to the division's growth and competitiveness. In 2013, the division worked increasingly with the Infrastructure Division in areas such as hydropower, with the

Technology Division in the automotive and manufacturing industries, and with the International Division on energy.

## **Growing environmental requirements**

A growing share of the division's work is being driven by demand for sustainable solutions. Clients' customers want products that are produced with respect for the environment. Environmental considerations are generally part of work on upgrading industrial facilities.

## **Clients in all types of industry**

The Industry Division has around 3,000 clients in all parts of the industrial and energy sectors, with the 20 largest accounting for around half of sales.

Theirs is a highly competitive world, and their customers, owners and other stakeholders are demanding ever higher standards of efficiency, environmental sustainability and safety. This is boosting demand for the division's services, while also asking more of the solutions supplied.

Key clients include ABB, AB Volvo, Aker, EON, FMC Kongsberg, Fortum, LKAB, Novo Nordisk, Siemens, Stora Enso, Svenska Kraftnät, Vattenfall and Volvo Cars.

## **Important events during the year**

One significant contract signed during the year was with Volvo Cars. Mainly covering robot technology, it is one of the largest contracts ÅF has won from the automotive industry to date.

The division has been strengthened with skilled and experienced engineers through the acquisition of Epsilon, bringing with them cutting-edge expertise in areas such as robot and computational engineering.

New offices were opened in 2013 in Köping, Laxå, Olofström and Skövde in Sweden and in Kongsberg in Norway.

## **Developments in 2013**

After a slow start to the year, demand picked up in the second half, and the division's order book reached record levels.

Some clients were hit by weak markets, while others performed more positively. The steel industry, for example, is facing fierce international competition and dwindling demand. The oil and gas industry in Norway, on the other hand, is thriving, and Industry stepped up its efforts there.

The division has been working for several years to build procedures and experience to enhance its capacity to take responsibility for large projects. This has reaped rewards, and demand for project assignments increased in 2013.



# Perstorp gets both lower emissions and higher capacity

**When chemical company Perstorp had problems with corrosion at its plant in Stenungsund, it turned to ÅF for an answer. We identified the cause and proposed a solution that not only saved money, but also increased the capacity of the plant and cut energy consumption by 30 percent.**

ÅF's solution means that, without investing in the plant, Perstorp is expected to reduce its CO<sub>2</sub> emissions by around 4,900 tons a year – equivalent to heating 750 average-sized detached houses. The cost saving is estimated at SEK 5.5 million a year.

ÅF has worked with Perstorp for a decade. Perstorp's vision is to contribute to a more sustainable world by delivering innovative chemical solutions and increasing the use of renewable resources and environmentally friendly processes, which ties in well with ÅF's own values and helps the two companies to work well together.

The Perstorp group is a world leader in speciality chemicals, with 1,500 employees in 22 countries.



**Why did you choose ÅF and how have things worked out?** It was important for us to have a local partner with the necessary breadth and depth of expertise. The project not only solved the original problem but also brought energy savings, in line with Perstorp's goal of reducing our environmental impact.

**What is it like working with consultants from ÅF?** It's gone very well, thanks to mutual trust. The people we've worked with are skilled and solution-oriented.

**Christer Andersson**, manager of Perstorp's plant in Stenungsund



Photo: Per Petersson





Energy saving  
**-30%**

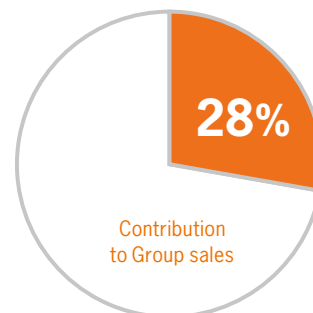
CO<sub>2</sub> saving  
**4,900 tons**

Cost saving  
**5.5 MSEK/year**

# > Infrastructure Division

## Scandinavia's most effective partner within infrastructure planning

The Infrastructure Division offers technical solutions for tomorrow's sustainable society. Solutions combine modern technology and advanced engineering expertise with thorough experience of industrial processes and project management.



**Mats Pålsson,**  
President of the Infrastructure Division

**“ How does the Infrastructure Division create solutions that are profitable, safe and sustainable for clients?**  We are Scandinavia's most effective supplier of infrastructure planning services. Our comprehensive expertise within infrastructure, combined with many years' experience of industrial processes, creates new potential for growth in infrastructure projects. We have an approach to managing projects that is unique in the sector and gives us an exceptional opportunity to contribute to a sustainable society.

**What were the division's key successes in 2013?** For the third consecutive year we have grown by over 25 percent annually on a market that increased by around 4 percent. I'm extremely proud of that. The fact that we are also the sector's most profitable company is a fantastic vote of confidence. The key to our success is that we are experts in project management and taking advantage of industry's rapid, systematic and process-oriented approach.

**What are your priorities for 2014 and beyond?** 2014 looks set to be an incredibly exciting year. Demand for our services will increase as several major infrastructure projects become active, such as the high-speed railway Ostlänken between Järna and Linköping, and the planned expansion of the Stockholm underground network. Competition is getting tougher, but we will retain our leading position by streamlining our processes and thinking along new lines. We will consolidate our role as the company that rationalises the market, and growth and profitability will remain high.

### Total number of employees\*

# 1,900

\*Number of employees (all forms of employment), rounded to the nearest fifty.

### Markets

#### Domestic markets

Sweden, Norway and Denmark

#### Other markets

Assignments are carried out all over the world, including in Russia and China

### Key figures

	2013	2012
Net sales, MSEK	2,405.9	1,892.1
Operating profit, MSEK	289.7	207.2
Operating margin, %	12.0	10.9
Contribution to Group income, %	28	33
Average full-time equivalents (FTEs)	1,720	1,435



# High growth and profitability within all service offerings

**The Infrastructure Division holds a unique position in the market. By applying the knowledge developed in the past from previous experiences and sustainable solutions, the division is able to deliver effective, long-term and profitable solutions using the sector's highest level of industrial efficiency. Developments in 2013 were extremely positive – we strengthened our market position and achieved growth of 27 percent and an operating margin of 12 percent.**

## **Comprehensive offering to a growing sector**

The division's offering comprises complete, advanced services and solutions for tomorrow's sustainable society, from road planning and smart buildings, to expertise within lighting and acoustics. To make tomorrow's urban environments a reality, ÅF is constantly working to link specialists within various areas of expertise, so that they can work together to create new and innovative solutions.

The division includes six business areas: Lighting, Buildings, Sound & Vibration, Environment, Infrastructure Planning and Project Management. Lighting leads the market in consulting, design and project planning for lighting solutions in Scandinavia. Buildings is Sweden's leading consultancy for technical services in new builds and conversions of commercial, industrial and public buildings. Sound & Vibration offers unique specialist expertise in noise, vibration and acoustics. Environment undertakes environmental impact analyses and permit-related work in all sectors. Project Management has extensive experience in, and major resources for, running projects in most sectors of society. Infrastructure Planning can offer experts with a wide range of specialist services that are in demand among our clients in planning roads, bridges, harbours, dams and railways.

ÅF is one of the leading names in the market in Sweden. The company has growing operations in Norway and is one of the largest consulting companies in the country. Danish operations are still relatively modest.

## **Public and private sector clients**

Infrastructure has around 6,500 clients in the infrastructure, transport, construction, property, environmental and energy sectors. Public sector clients account for 50 percent of total revenue. Around one third of the division's sales derive from the ten largest clients. Clients include ABB, Bravida, Sandvik, Skanska, Stockholm County Council, the Swedish Nuclear Fuel and Waste Management Company (SKB) and the Swedish Transport Administration.

## **Significant events during the year**

The division won several key projects in 2013, including one with Locum to modernise and make more efficient use of energy in three large hospitals in the Stockholm area. Other highlights among new projects include Nyköping public transport hub, part of the future Ostlänken high-speed railway, where new tracks and platforms will boost capacity.

Project management company Kåre Hagen AS in Norway was acquired and together with ÅF's other project managers forms Scandinavia's leading project management operation.

ÅF acquired the company Ljusarkitektur and created the Nordic region's largest consulting operation for lighting issues and lighting design. In 2013 ÅF's lighting designer won the Swedish lighting award Svenska Ljuspriset for the lighting feature "In the footsteps of giants" at Åre ski resort, and was given an honourable mention by the jury for work on Stora Torget in Visby, Gotland. Our Norwegian lighting colleagues were nominated for their work with Verdensparken, and given an honourable mention by the jury of the Norwegian lighting award Norska Ljuspriset.

## **Developments in 2013**

For the Infrastructure Division the year was characterised by continued high levels of activity. Demand was strongest for consulting services in the areas of energy-efficient buildings, road-related services and sustainability services. Demand for project management services also remained high.

Market orders are stable and long-term. There is political unity in all Nordic countries on prioritising a well-functioning infrastructure. Sensitivity to economic fluctuations is low and interest in sustainable solutions is boosting demand.



Energy consumption  
**-10%**

Cost saving  
**35 MSEK/year**





# Sweden's greenest hotel chain gets even greener

**In 2013, Scandic was voted Sweden's most sustainable hotel chain\* for the third year in a row. The company is a sustainability pioneer in the hotel sector, with the industry's leading sustainability programme. But still Scandic is not satisfied. By engaging the services of ÅF, the chain plans to further reduce its environmental impact while saving SEK 35 million a year.**

Measures to improve operational and energy efficiency will help reduce energy consumption by 10 percent annually. In 2013, ÅF worked with energy efficiency measures, maintenance and modernisation at 25 Scandic hotels. Optimisation work will be carried out at additional hotels over the next few years.

ÅF is responsible for the entire project, including project managing the assignment and providing other resources with respect to inventory management, optimisation and implementation.

Scandic has around 160 hotels in eight different countries. Some 85 percent of the hotels in the Nordic region have Nordic Ecolabel certification.

\*9,000 consumers voted in a survey conducted by Sustainable Brands.



## **Why did you choose ÅF and how have things worked out?**

ÅF and Scandic are both at the leading edge within sustainable development and ÅF is highly skilled in practical operational optimisation. This meant that they matched our needs.

**What is it like working with ÅF's consultants?** ÅF's employees are extremely responsive to our needs. One key success factor in the partnership has been our thorough preparatory work together, during which we made a concerted effort to understand each other and the challenges the project would present.



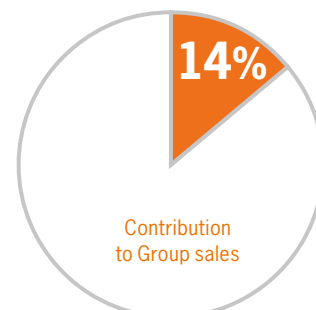
**Jonas Granström**, Vice President Technical Services at Scandic

Photo: Åke E:son Lindman



# > International Division

**One of the world's leading energy consultants** The International Division is responsible for ÅF's operations outside Scandinavia and offers international engineering and consulting services to clients in over 70 countries. Some 95 percent of the division's revenue stems from the energy sector, where the division is one of the world's leading technical consultants. The division is also active in the industrial and infrastructure sectors.



**Roberto Gerosa,**  
President of the International Division



**How does the International Division contribute to solutions that are profitable, safe and sustainable?**

Our business contributes to progress in many developing countries, since electricity is a basic necessity for economic development and prosperity.

In mature markets, we contribute to sustainable development through more efficient energy systems and lower emissions. This applies both when we facilitate efficient maintenance and when we create new, more efficient power plants or conduct investigations and analyses.

**What were your division's major achievements and challenges in 2013?**

The biggest challenge was the stagnant European energy market, and we responded by focusing on increasing orders from other parts of the world. We were successful both in expanding our client base and in growing business with existing clients.

**What are your priorities for 2014 and beyond?** We will continue on the path towards becoming a truly global player and further internationalise all our units. This is a change management process that will take some time, but we are well on our way. Expansion outside our domestic markets will also be high on the agenda for our industrial and infrastructure business.

## Total number of employees\*

1,200

\*Number of employees (all forms of employment), rounded to the nearest fifty.

## Markets

### Domestic markets

Switzerland, Finland, Baltic States, Czech Republic, Spain and Russia

### Other markets

Ongoing projects in more than 70 countries worldwide

## Key figures

	2013	2012
Net sales, MSEK	1,224.9	1,307.1
Operating profit, MSEK	74.6	54.6
Operating margin, %	6.1	4.2
Contribution to Group income, %	14	23
Average full-time equivalents (FTEs)	1,123	1,138

# Greater profitability and global expansion

**2013 was a challenging year for the International Division. A stagnant energy market in Europe made it important to increase the number of assignments from other parts of the world. Through well-managed ongoing projects, the division strengthened its profitability compared to the year before.**

## **Wide-ranging capabilities with a focus on energy**

The International Division is active across the full spectrum of ÅF consulting services, with the main focus on the energy sector, which accounts for 95 per cent of the division's revenue.

Services cover everything from engineering and design of new power plants to advice on power transmission and distribution. The division has considerable expertise in energy market issues and all types of energy production – from renewable energy (such as wind, hydro and biomass) and thermal power (such as oil, gas and coal) to nuclear power. The International Division partners with clients throughout the chain – from idea, concept and design through implementation to operation and maintenance.

## **Extensive local presence**

The International Division is one of the largest energy consultants globally. ÅF is well-reputed in the market, thanks to its long experience and strong track record of successfully completed projects.

Another of the division's success factors is its extensive international presence, which combines internationally experienced engineers and consultants with local resources who can engage with clients in their native language.

## **A global customer base**

The Division has over 1,000 clients. The ten largest account for 37 percent of total revenue.

Energy clients span every facet of the industry: power companies and utilities, financiers, authorities, international funding institutions, construction companies and manufacturers. Most of the clients are authorities, institutions and international development organisations.

Clients include Alpiq (Switzerland), CEZ (Czech Republic), Eletrobras-Electronuclear (Brazil), the European Bank for Reconstruction and Development (EBRD), Fortum (Finland), Power Machines (Russia), Škoda (Czech Republic) and the World Bank.

## **Major achievements and contracts in 2013**

The focus on markets outside Europe led to a number of new contracts during the year, including technical procurement services for a power plant build in Latin America, a consulting assignment for a new state-of-the-art coal-fired power plant in Indonesia and an agreement with the Inter-American Development Bank (IDB) to assess the feasibility of energy trading between Bolivia, Chile, Colombia, Ecuador and Peru. The division also won an order to support the Vietnamese government with technical consulting services to develop a new nuclear power plant, Ninh Thuan 2.

Other examples of notable assignments are a consulting assignment from Finnish energy company Tammervoima for a new waste-to-energy power plant and an owner-designer contract for the development of a hydropower plant in Albania.

Several contracts for efficiency improvements at existing power plants were also signed.

## **Strong expansion outside Europe**

The European energy sector, which accounts for roughly half the division's sales, has faced major challenges over the past few years.

Demand for electricity has decreased due to the weak economic climate, especially in southern Europe, while the supply of renewable energy has increased and contributed to price pressure.

To counter the decline in demand in Europe, the division continued to expand in other regions, such as Latin America, Asia, the Middle East and Africa.

Due to the enduring weak market for energy projects, the goodwill in Russia and Spain was written down in 2013.

# Energy investment creates new jobs and improves living conditions in Bosnia and Herzegovina

**In 2013, ÅF won a contract to help with the construction of a new coal-fired power plant for EFT in Bosnia and Herzegovina. The new power station, TPP Stanari, will create new jobs, improve living conditions and boost economic activity in the region. The plant has an excellent environmental performance, with emissions well below local environmental limits.**

The TPP Stanari power station is the largest current energy investment in Bosnia and Herzegovina. The plant is set to produce two million megawatt-hours a year, and is the first in the country to fully comply with the EU's directives on environmental protection.

The new plant includes a circulating fluidised bed, CFB, with a textile filter, which enables the use of local coal from an existing mine. Lower emissions are the result of a relatively low combustion temperature and the use of effective measures to keep sulphur dioxide emissions down.

ÅF's assignment involves overall project management, design, quality control and monitoring of assembly and commissioning of the power plant. Furthermore, ÅF in Switzerland will provide technical assistance to EFT throughout the project. ÅF is working as part of a consortium with Steinmüller Engineering.

The project is the culmination of many years of successful collaboration between the two parties.

EFT is a majority owner in TPP Stanari and a leading energy trading firm in Central and Southeast Europe.



**Why did you choose ÅF and how have things worked out?** ÅF in

Switzerland has successfully implemented earlier project phases – from pre-study to allocation of EPC contracts and review of basic technical documents. This has given us considerable confidence in ÅF. We know that ÅF has strong

skills within all the relevant areas and particular expertise within the construction of power plants.

**What is it like working with ÅF's consultants?**

Our partnership is characterised by mutual trust and a high degree of confidence, and we appreciate ÅF's independent position.

**Danilo Milosevic**, Assistant Head of Investments/Project Manager, EFT









# > Technology Division

**Leading partner within product development, defence technology, telecom and IT** The Technology Division is a partner that offers a comprehensive range of consulting services within advanced product development and IT. The division combines specialist expertise and considerable experience within hardware, software and mechanical engineering, with a focus on sustainable solutions and innovation.



**Fredrik Nylén,**  
President of the Technology Division

**“ How does the Technology Division create solutions that are profitable, safe and sustainable for clients?** We prioritise close dialogue and strong relationships with our clients, along with understanding the needs of our clients' customers. A large proportion of our projects are driven by sustainability factors. We always endeavour to create solutions that are as resource-efficient as possible.

**What were the division's key successes and challenges in 2013?**

Two challenges were the fierce competition within what we call Professional Services, i.e. placement of consultants in the client's organisation, and the difficult market situation faced by many of our clients. Our expertise, broad offering, close relationships and additional strength provided by the merger with Epsilon have all contributed to our positive development.

**What are your priorities for 2014 and beyond?** We intend to expand our strategic partnerships and increase the proportion of project assignments. This will enable us to boost our clients' competitive edge and allow them to focus on their core operations. We will continue to enhance our offering within Professional Services and further increase collaboration with other divisions.

## Total number of employees\*

**1,900**

\*Number of employees (all forms of employment), rounded to the nearest fifty.

## Markets

### Domestic markets

Sweden

### Other markets

Assignments in countries outside Sweden

## Key figures

	2013	2012
Net sales, MSEK	2,522.6	907.7
Operating profit, MSEK	179.3	84.4
Operating margin, %	7.1	9.3
Contribution to Group income, %	30	15
Average full-time equivalents (FTEs)	1,882	711

# Improved position and more project assignments

**The Technology Division improved its position in 2013, in part due to the merger with Epsilon, which increased the division's expertise, size and customer base. Complex turnkey projects and more in-depth partnerships will be increasingly important features of our business. At the same time, placement of consultants with clients remains a key offering.**

## **Market leader in Sweden**

The Technology Division is the market leader in Sweden and offers consulting services across the entire value chain: requirement specifications, pre-studies, technology evaluations, design, product development, customisation, product management and service.

In major projects, ÅF is the client's partner, with overall responsibility for a solution. This enables clients to focus on their core operations, while ÅF's resources are utilised in the optimum way. Demand for project assignments is rising and they will become an increasingly significant aspect of our business. However, the degree of maturity tends to vary between different industries.

The key success factors are to offer consultants with the right expertise, solutions with a highly sophisticated technical content, extremely good delivery performance, a high rate of development, flexibility and considerable transparency. Cooperation with other ÅF divisions is an important competitive advantage. With its wide-ranging capabilities and experience from different sectors, Technology can also spread knowledge between industries.

## **Important to factor in sustainability from the start**

An increasing number of assignments comprise heightened sustainability requirements, which is largely driven by clients' customers who are demanding products that are energy-efficient, user-friendly and safe. Since the manufacturing process usually accounts for the major part of the life cycle environmental impact of a product, it is important to factor sustainability into the equation right from the start.

## **Broad customer base in many sectors**

The automotive industry is the division's largest client and one of the industries that has come the furthest in terms of demand for project solutions. Assignments often relate to scaling up and optimising production processes.

Common projects within IT include the development of customised business systems, technical IT security

investigations, management of communications solutions, and project planning of broadband networks.

For the defence sector, the division offers supplier-independent services in civilian security and maintenance technology. Contracts include the development of warning systems and mobile command systems.

In product development, the Technology Division offers services for embedded systems, mechanical engineering, programming and administration. Clients are found in a wide variety of sectors, ranging from telecoms to life science.

The division has clients in both the private and public sectors, ranging from major exporting companies to innovative development companies. The ten largest clients account for approximately 60 percent of total revenues. Key clients include: AB Volvo, AstraZeneca, Ericsson, FMV, Gambro, GE, Saab, Scania, TetraPak and Volvo Cars.

## **Significant events during the year**

In 2013, ÅF won a significant order from the Swedish Defence Materiel Administration (FMV) for support in the production of command and control centres for marine and ground units.

Associated business within the automotive industry, with AB Volvo and Scania for example, doubled and opportunities opened up to support clients abroad.

In IT, Technology has strengthened its position vis-à-vis the public sector, in part as a result of orders from the Swedish Association of Local Authorities and Regions (SKL) and the Legal, Financial and Administrative Services Agency (Kammarkollegiet).

ÅF enjoys a leading position within vehicular automation, and in 2013 developed systems for driverless vehicles.

## **Developments in 2013**

The merger with Epsilon was a success and strengthened operations, which are now fully integrated.

Many of our clients have been operating on a challenging market, but the impact on Technology has been limited. The defence sector is the industry that has displayed the highest level of demand for Technology's services, and the partnership with the Swedish Defence Materiel Administration (FMV) has intensified.

Market conditions are expected to show some improvement for 2014, which should fuel demand for ÅF's services. The trend is also moving towards more project assignments.



Photo: Maja Kristin Nylander



# Brighter future for Sweden's water

By developing IT systems for the Swedish Agency for Marine and Water Management (HaV), ÅF is helping improve the quality of Sweden's seas, lakes and watercourses. The agency has engaged the services of ÅF to develop its IT systems. ÅF's contributions will give HaV effective systems for fishing control and systems that allow the agency to trace fish all the way "from sea to plate".

HaV is a government authority that is responsible for the management of Sweden's marine and freshwater environments. ÅF's task is to develop HaV's various IT system support services. The agency has identified its needs and ÅF is working with everything from designing requirement specifications, to setting up complete systems. The work is being carried out in close partnership with the operational side of the organisation and the agency's own IT technicians. ÅF is contributing both IT expertise and extra resources.

ÅF is one of several providers involved in the Legal, Financial and Administrative Services Agency's framework agreement, but is the sole provider of IT and systems development services to HaV.



## **Why did you choose ÅF and how have things**

**worked out?** ÅF was able to combine a competitive price with quality and expertise. The consultants have cooperated well with our employees, for whom they are building the systems. They have also had the necessary degree of flexibility, as assignments often have a variable set of requirements because the regulations governing our activities are being continually developed.

**What is it like working with ÅF's consultants?** ÅF's consultants are committed and have settled into the business in an exemplary manner. A particular challenge in this assignment is taking over projects from previous consultants. ÅF has managed the skills transfer process extremely well.



**Johan Löwenadler Davidsson**, Director of the Department for Operational Management, HaV



# ÅF takes the lead with sustainable innovation

**ÅF's clients are increasingly demanding sustainable solutions. This trend is fuelling the company's growth and concentrating our focus on sustainable innovation. ÅF appointed a Director of Sustainability to the Group management team in 2013 to help the company retain its leading position and ensure that sustainability issues are integrated throughout the entire business.**

ÅF's mission already includes a sustainability dimension: We create solutions that are profitable, safe and sustainable for our clients. These solutions are good investments for a sustainable society, while they also boost clients' competitive edge.

Projects in the areas in which ÅF operates – Energy, Industry and Infrastructure – generally cover sustainability aspects as a matter of course. Clients are demanding services within energy efficiency, product development with environmental aspects built into the entire value chain, and streamlined industrial processes that improve performance, energy consumption and the working environment, to name a few examples. Many infrastructure projects have a strong environmental element, for example investments in rail transport. With its high level of expertise in all these areas, ÅF can contribute to both business benefits for clients and sustainability gains for society as a whole.

Sustainability issues are not only driven by ÅF's own ambitions, but also by requirements from external stakeholders such as legislators, opinion leaders and investors. Through active sustainability work and a clear framework,

## **Since 2009, ÅF has been working with the following sustainability targets:**

- Halve CO<sub>2</sub> emissions per individual by 2015, compared with the base year 2009. Emissions per employee increased between 2009 and 2011, but then dropped 17% by 2013, to reach the same level as in 2009.
- Always offer clients a "green" alternative in the form of a more sustainable solution to assignments. In 2011, 33% of our employees worked on projects where the client was offered a proposal that made the project more sustainable; in 2013 the figure was 38%.
- By 2015, to be the technical consultant that clients consider can best solve the challenges of the future.

ÅF has laid the ground for sustainability to be a genuine integral part of ÅF's operations and corporate culture, spurred by opportunities for better business.

## **An inclusive workplace**

As far as ÅF is concerned, it goes without saying that diversity enriches the working environment. The company has ambitious targets when it comes to diversity and equality, and endeavours to create an inclusive internal culture.

To step up the pace in achieving an equal gender distribution, the EVEN ODDS process started up at the end of 2013. The purpose is to promote women's career opportunities and in so doing attract more women to the company. See page 9.

## **Framework in place**

In recent years ÅF has developed the framework that governs our sustainability efforts. The framework comprises a sustainability plan, which was adopted in 2010, a code of conduct that all employees undertake to follow, an anti-corruption policy and a whistleblowing procedure.

In 2011 the company introduced a sustainability policy based on the UN Global Compact's ten principles on human rights, working conditions, environmental considerations and anti-corruption.

## **Client risk assessments**

ÅF has offices in some 20 countries, and in 2013 the company carried out projects in over 80 different countries. Since we operate in a global environment, it is essential that we carry out risk assessments, particularly with regard to business transactions in countries where corruption and breaches of human rights remain commonplace.

All projects that ÅF is considering taking on are evaluated against three criteria: Firstly, is there a risk that the project will contravene any of the UN Global Compact's ten principles for international businesses? Secondly, are there sanctions against the potential client? Finally, is there a risk that the project could lead to a public outcry that could harm the ÅF brand? Responsibility is delegated to each division and project manager.

## **External activities**

The ÅF Green Advisor Report is published twice a year, featuring projects with a special focus on the contribution they have made to greater sustainability.

ÅF also organises ÅF Green Day, a hub for networking and sharing knowledge within sustainable enterprise. In 2012, the event was attended by Swedish Minister for the Environment Lena Ek, Professor Johan Rockström, Swedish Minister for Financial Markets Peter Norman, and a great many senior business executives.

ÅF has been appointed Green Advisor to the Olympic committees in Sweden, Norway, Finland and Switzerland. In 2013, the company was also appointed Green Advisor to the 2015 FIS Nordic World Ski Championships in Falun.

The Director of Sustainability participated in several sustainability conferences in 2013.

*“At ÅF we have a considerable responsibility and a fantastic opportunity to push technical developments in the right direction.”*

*Nyamko Sabuni, Director of Sustainability*

#### **Raising our sights for 2014**

In 2014, ÅF will expand its existing sustainability work by integrating the sustainability dimension into business operations. Focusing on sustainable innovation creates value for all our stakeholders. Sustainable solutions will be packaged and the company will step up its research and development in this area.



**You began working for ÅF in October 2013. Can you describe your role at the company?** My job will involve packaging ÅF's sustainable solutions and focusing on how we pursue sustainable innovation.

Being a member of the Group management team puts me in an excellent position to ensure that sustainability is always a key feature of our business strategy. We will be experts at packaging and communicating the initiatives we carry out. Equality and diversity are two other important issues that I will be focusing on.

**How do you view ÅF's role in a sustainable society?** Sustainability challenges open up major business opportunities for an innovation-driven technology company like ÅF. These issues are incredibly important for everyone in today's society – from individuals to legislators, and particularly decision-makers in the business sector. At ÅF we have a considerable responsibility and a fantastic opportunity to push technical developments in the right direction.

**What are the key sustainability issues and the biggest challenges facing ÅF?** One of our top priorities is to make sustainability a fully integral aspect of our business strategy. We are also focusing on pursuing sustainable innovations and creating an inclusive working environment.



**Nyamko Sabuni, Director of Sustainability**

# Sustainability report

This is the fourth year that ÅF has chosen to report on its sustainability performance with reference to the guidelines formulated by the Global Reporting Initiative (GRI). The report is part of the company's annual report and follows the criteria for GRI's reporting level C, version 3.0, at the company's discretion. The sustainability report has not been verified by an external party. ÅF's ambition is to make the transition to GRI version G4. Further information about GRI and a full description of guidelines and indicators is available at [www.globalreporting.org](http://www.globalreporting.org).

The definition of materiality and the choice of indicators are based on ÅF's overall objectives for 2010–2015, our dialogue with stakeholders and the results of the pilot study that preceded the sustainability plan. The pilot study included the reference group of employees in various positions and from different parts of ÅF. Part of this pilot study involved identifying the key stakeholders; owners, the Board, employees, clients and society, both local and global. The transition to G4 will mean that new indicators are developed based on significance and stakeholder dialogues.


ÅF is an international company with subsidiaries in more than 20 countries, seven of which have over 100 ÅF employees. These are Denmark, Finland, Norway, Russia,

Switzerland, Sweden and the Czech Republic. Conditions in these countries form the basis for what is considered relevant in terms of reporting.

One limitation in the report is the collection of data on carbon dioxide (CO<sub>2</sub>) emissions. Challenges remain in the transition to GRI G4, and in further developing follow-up systems.

## Contact

The contact for ÅF's sustainability report is Nyamko Sabuni, Director of Sustainability ÅF, [nyamko.sabuni@afconsult.com](mailto:nyamko.sabuni@afconsult.com) or +46 10 505 00 00.

Application level		C	C+	B	B+	A	A+
Mandatory	Self-assessment						
	Third-party declaration		Report externally assured		Report externally assured		Report externally assured
Voluntary	Inspected by GRI						

*Reporting with reference to GRI guidelines must be done in accordance with the criteria laid down for application level C, B or A, whichever is relevant. Please also refer to the table on pages 42–43.*





### Economic indicators of sustainability

For ÅF, the process of becoming a more sustainable company is predicated on being a profitable company. One of the challenges of economic sustainability is to make sure that the company's profitability is the result of striking a long-term balance between individual, environmental and financial interests.

#### EC1: Direct economic value generated and distributed

The table below shows the areas where ÅF has generated economic value. The information has been compiled from the audited annual reports for 2012 and 2013, which include all significant financial reporting.

Direct economic value generated (in millions of SEK)

	2013	2012	2011
Net sales	8,337	5,796	5,124
Operating costs, incl. depreciation/amortisation	-3,201	-2,070	-1,808
Employees' wages and benefits	-3,622	-2,682	-2,391
Income tax and employer's contributions	-988	-691	-613
Economic value retained	525	353	312

### Environmental performance indicators

For ÅF, the challenge that environmental sustainability poses is to make sure that the company contributes to the long-term conservation of ecosystems' production capacity and diversity while also contributing to the responsible use of natural resources.

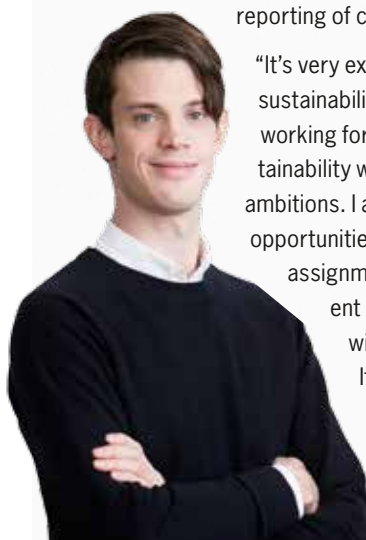
#### EN16 and EN17: Total direct and indirect greenhouse gas emissions by weight and other relevant indirect greenhouse gas emissions by weight

ÅF has no processes that give rise to direct emissions. The diagram "Greenhouse gases from energy consumption, tonnes" indicates the indirect emissions arising as a result of the business's energy use. The diagram "Greenhouse gases from travel, tonnes" indicates the indirect emissions that are the result of employees' business travel. The emissions in the two diagrams are reported in tonnes of CO<sub>2</sub> equivalents per country. Follow-up of the sustainability target of cutting carbon dioxide emissions per employee by half is presented in the diagram "Emissions per employee, kg". Emissions per employee increased between 2009 and 2011, but then dropped 17% by 2013 to the same level as in 2009.



**Philip Thormark** has an MSc in Industrial Management, specialising in energy and environment, and business and innovation.

Philip is a sustainability consultant and has been working for ÅF since 2011. He works both with ÅF's own sustainability projects and for clients, with a focus on sustainable business development, for example with CSR issues and calculations as well as reporting of climate emissions.



"It's very exciting for me as a sustainability consultant to be working for ÅF, because our sustainability work has such clear ambitions. I also appreciate the opportunities I get to try different assignments, work with different clients and collaborate with talented colleagues. It's very inspiring and instructive."

**Philip Thormark**, MSc in Engineering

#### EN18: Initiatives to reduce greenhouse gas emissions and reductions achieved

In 2013, a Travel Manager was appointed, whose job involves reducing the climate impact of business travel. New guidelines within the area of sustainability were also developed to provide support for acquisitions, change management and running ÅF's offices. In 2013, the office in Malmö moved to new premises, which resulted in a 51.8 tonne reduction in CO<sub>2</sub> emissions due to reduced energy consumption. This was achieved at the same time as the number of employees in Malmö rose by 274.

Since 2010 ÅF has had a vehicle policy for its Swedish organisation that sets emissions limits for vehicles leased through the company by ÅF employees who need use of a car to carry out their assigned duties (employee cars). In 2009, the average such car emitted 170 grams of CO<sub>2</sub> per kilometre. In 2013 the limit was set at 129 grams of CO<sub>2</sub> per kilometre. For company cars the limit was 120 grams per kilometre. Between 2009 and 2013 greenhouse gas emissions from employee cars fell by a total of 403 tonnes of carbon dioxide.

### EN28: Non-compliance with environmental laws and regulations

No fines or penalties were reported during 2013 for non-compliance with environmental legislation and regulations.

### Social performance indicators

For ÅF, the challenge that social sustainability poses is to make sure that the company contributes to every human being's right to a decent life and to the process of creating societies in which the fundamental needs and rights of human beings are respected.

### LA1: Total workforce

The total number of employees in ÅF at the end of 2013 was 7,043. The distribution of employees in the seven countries that form the basis of this report is shown in the diagram "Number of employees, 31 Dec 2013". This includes both permanent and temporary employees.

### LA2: Employee turnover

Employee turnover, both as a result of resignations and of terminations of employment made by the company, in the seven countries where ÅF has the largest numbers of employees was 11.0 percent in 2013. A total of 713 employees left the company at their own request, 697 of them (128 women and 569 men) in the company's seven largest countries. Employee turnover for the different countries is shown in the diagram "Employee turnover by country, %".

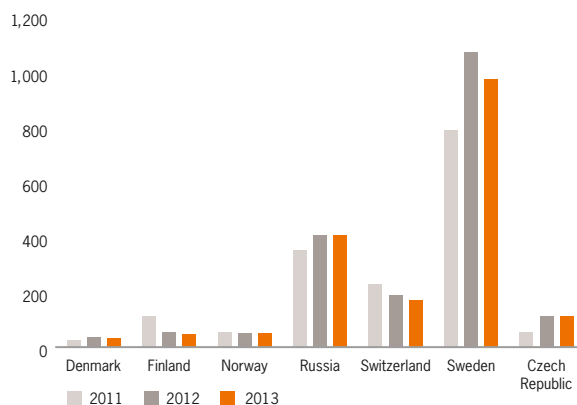
### LA7: Work-related injuries and sick days

Absence due to sickness is low at ÅF. For 2013, it was 2.1 percent. Because different countries have different systems for following up work-related injuries, it is not possible to report reliable and consistent figures regarding the number of injuries and working days lost as a result of such injuries.

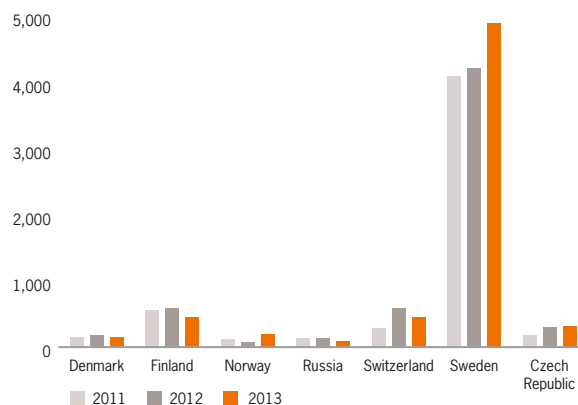
#### Sickness absence, %

	2013	2012	2011
Sickness absence, %	2.1	2.0	1.9

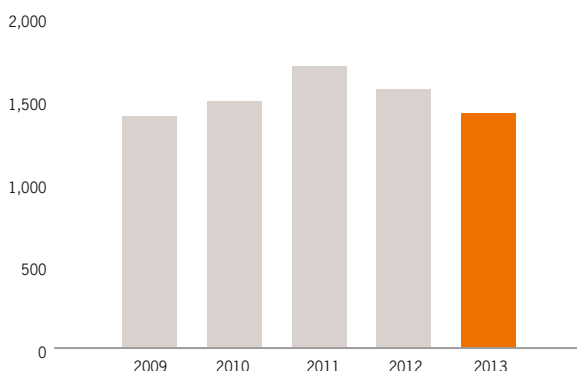
### Greenhouse gases from energy consumption, tonnes



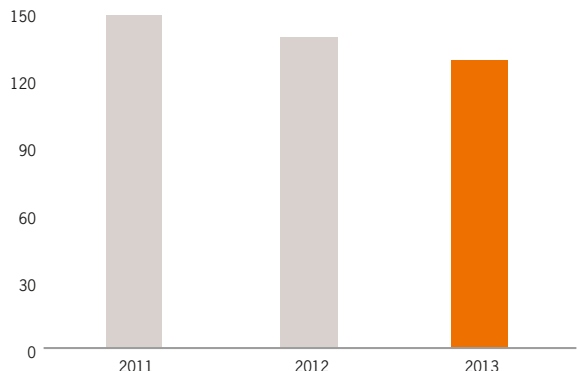
### Greenhouse gases from travel, tonnes



### Emissions per employee, kg



### Limit for employee cars, greenhouse gas emissions per new car, g/km



#### LA10: Annual hours of training per employee per year by employee category

Competence development is crucial for the continued success of ÅF. Training for new employees, various types of managerial training courses and training courses in new legislation, regulations and directives are conducted continuously. In 2013 each employee received an average of 35 hours' training, as shown in the diagram "Number of hours of training per employee".

##### Number of hours of training per employee, total

	2013	2012	2011
Hours of training	232,084	161,317	145,889
Average number of employees (FTEs)	6,666	4,808	4,367
Hours of training/employee (FTE)	35	34	33

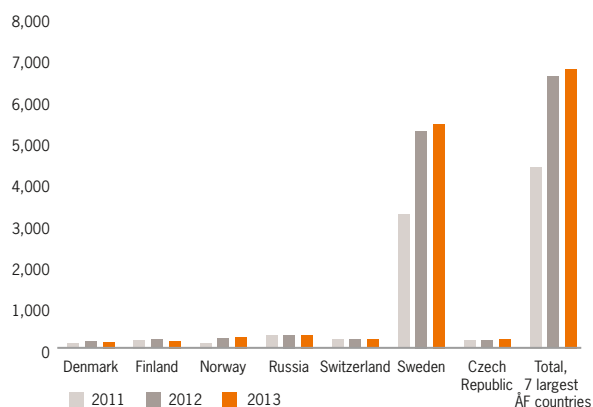
#### LA13: Composition of Board of Directors and Group management

ÅF is an engineering and consulting company and therefore most of its employees are engineers. At the end of 2013, ÅF's Group management comprised 3 women and 9 men, i.e. 25 percent female representation (20 percent in 2012). Of the directors of the company elected by the Annual General Meeting, 4 are women and 5 are men, i.e. 44 percent female representation (30 percent in 2012).

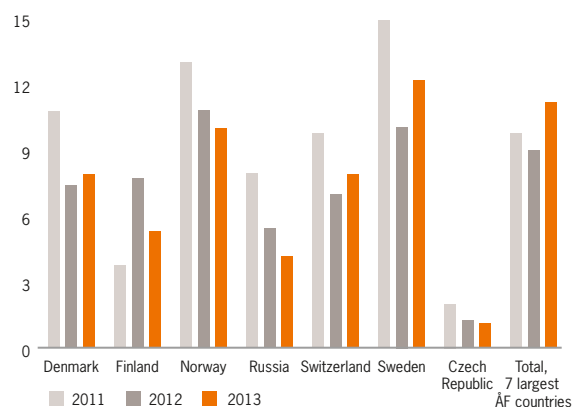
##### Composition of Board of Directors and Group management

	2013		2012		2011	
	Women	Men	Women	Men	Women	Men
Group Management	3	9	2	8	2	8
Board	4	5	3	7	3	5

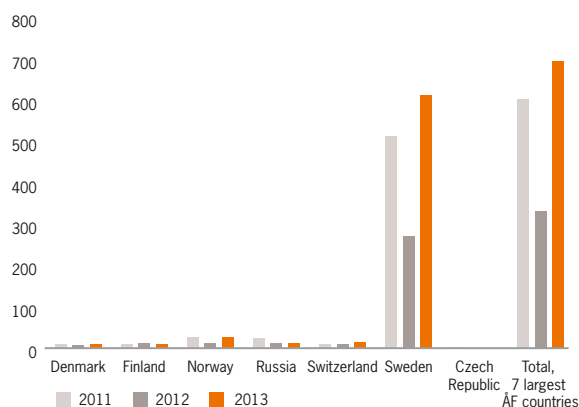
#### Number of employees, 31 Dec 2013



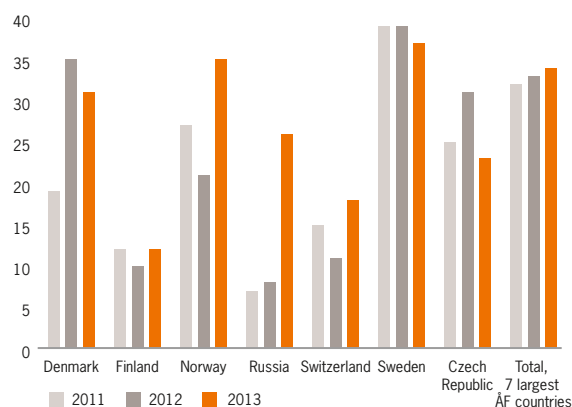
#### Employee turnover by country, %



#### Resignations



#### Number of hours of training per employee





# GRI content index

No.	Indicator	Reporting	Page reference/comment
<b>1.0</b>	<b>Strategy and Analysis</b>		
1.1	Statement from the CEO	AR	2
<b>2.0</b>	<b>Organisational Profile</b>		
2.1	Name of the organisation	AR	1, 51
2.2	Primary brands, products/services	AR	1, 51
2.3	Operational structure of the organisation	AR	1, 51
2.4	Location of organisation's headquarters	AR	1, 51
2.5	Countries in which the organisation operates	AR	1, 90–91
2.6	Ownership structure and legal form	AR	95
2.7	Markets	AR	1, 20, 24, 28, 32
2.8	Size of the company	AR	1, 57–59
2.9	Significant changes during the reporting period	AR	51–53, 65
2.10	Awards received during the reporting period	AR	6
<b>3.0</b>	<b>Report Parameters</b>		
	<i>Reporting profile</i>		
3.1	Reporting period	Yes	Reporting period is FY 2013.
3.2	Most recently published report	Yes	Latest report made in 2012.
3.3	Reporting cycle	Yes	Reporting follows an annual reporting cycle.
3.4	Contact person for report	Yes	38
	<i>Scope and limitations of the report</i>		
3.5	Process for identifying content of report	Yes	38
3.6	Boundary of the report	Yes	38
3.7	Limitations of the report	Yes	38
3.8	Basis for reporting on subsidiaries, leased facilities and outsourced operations	Yes	38
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Yes	38
3.11	Key changes to limitation, scope or measurement methods compared with previous reports	Yes	No change to the principles for limitation between countries and subsidiaries has been made since previous reports.
	<i>GRI content index</i>		
3.12	GRI content index	Yes	42
<b>4.0</b>	<b>Governance, Commitments and Engagement with Stakeholders</b>		
	<i>Governance</i>		
4.1	Governance structure for the company	AR	95
4.2	Indication of whether the Chair of the highest governance body is also an executive officer, and if so, an explanation for this arrangement	AR	95
4.3	Number of members of the Board who are independent and/or non-executive members	AR	96
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to Board/executive management	AR	95–96
	<i>Communication with stakeholders</i>		
4.14	Stakeholder groups involved in the organisation	Yes	38
4.15	Basis for identification and selection of stakeholders with whom to engage	Yes	38

No.	Indicator	Reporting	Page reference/comment
<b>Sustainability governance and performance indicators</b>			
<b>Economic indicators</b>			
<i>Economic results</i>			
EC1	Direct economic value including revenues, operating costs, employee compensation, dividends	Yes	39
<b>Environmental indicators</b>			
<i>Emissions, effluents and waste</i>			
EN16	Total direct and indirect greenhouse gas emissions, by weight	Yes	39–40
EN17	Other relevant indirect greenhouse gas emissions, by weight	Yes	39–40
EN18	Initiatives to reduce greenhouse gas emissions and reduction achieved	Yes	39–40
<i>Compliance</i>			
EN28	Fines and other non-monetary sanctions resulting from non-compliance with environmental laws and regulations	Yes	39
<b>Social indicators</b>			
<b>Employment and working conditions</b>			
<i>Employment</i>			
LA1	Total workforce by employment type, employment conditions and region	Yes	40–41
LA2	Total number of employees who have left and employee turnover by age group, gender and region	Yes	40–41
LA7	Rates of injury, work-related illness, lost days, absenteeism and number of work-related fatalities by region	Yes	40–41
<i>Training and education</i>			
LA10	Average hours of training per employee per year	Yes	41
<i>Diversity and equal opportunity</i>			
LA13	Composition of governance bodies and breakdown of other employees according to gender, age group and other indicators of diversity	Yes	41, 10–11 and 100–104

# Healthy return for shareholders



Total return  
**48.2%**

SIX Return Index  
**28.0%**

**Viktor Svensson**, Executive Vice President Corporate Information  
For the fifth consecutive year, ranked one of the Nordic region's best Investor Relations managers in Mid Cap companies. The annual survey, conducted by Regi Research & Strategi and the Swedish daily newspaper Dagens Industri, is based on interviews with 500 financial analysts and investors.

**The value of ÅF's class B share rose sharply in 2013. The share's total return was 48.2 percent, which can be compared with the SIX Return Index of 28.0 percent. There was a considerable amount of interest from institutions in 2013 and share liquidity increased.**

ÅF's class B shares have been quoted on the Stockholm Stock Exchange since January 1986. Prior to this, ÅF traded as a cooperative association from 1895 until 1980, and as a joint-stock company from 1981.

ÅF's B shares are traded in Stockholm on the Nasdaq OMX exchange's Mid Cap list under the 'AF B' symbol. At the end of 2013 the combined market capitalisation of the company's shares, including class A shares, was SEK 8,703 million (6,068).

## Share movements and turnover

The AF B share was valued at SEK 225.00 at the end of 2013, an increase in value of 44.7 percent over the year. Including the dividend of SEK 5.50, the share's total return was 48.2 percent. During the same period the Stockholm OMX Stockholm Mid Cap Price Index and SIX Return Index rose by 44.7 percent and 28.0 percent respectively. The latter is a broader index that measures total return. Measured over the past five-year period, 2009–2013, the AF B share's total return was 341 percent compared with 138 percent for the SIX Return Index.

During the year a total of 19,993,069 shares (10,257,579) were traded for an aggregate value of SEK 3,520 million (1,404). One contributory factor to the increase was a major change in ownership, which took place in May 2013.

The average turnover per trading day was 79,972 shares (41,030), corresponding to SEK 8.0 million (5.6). Shares were traded on 100 percent (100) of trading days.

## Dividend policy and dividend

The ÅF Board of Directors has adopted a dividend policy according to which the dividend corresponds to approximately 50 percent of the consolidated profit after tax, excluding capital gains.

For the company's operations during 2013 the Board of Directors proposes a dividend of SEK 6.50 per share (5.50).

## Proposed share split

The Board of Directors is proposing a 2:1 share split to the Annual General Meeting.

## Share buy-backs 2013

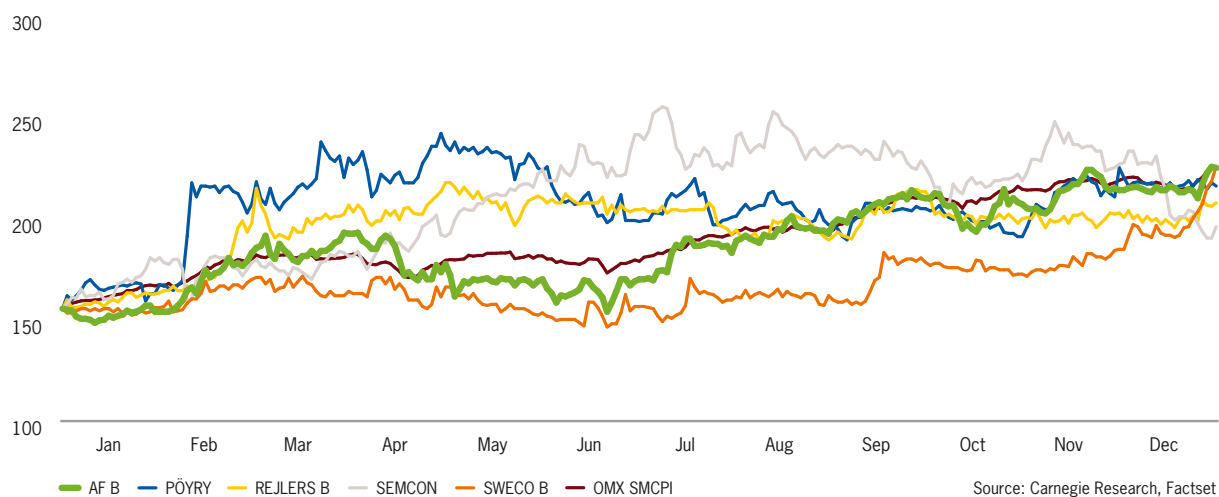
As at 31 December, ÅF held a total of 423,788 (464,000) of the company's own class B shares related to the Performance-related Share Programmes for 2010, 2011, 2012 and 2013, and 383,650 (558,782) of the company's own class B shares related to the Staff Convertible Programmes for 2012 and 2013. In 2013, a total of 383,650 (638,782) ÅF shares were repurchased. 558,782 of the shares that ÅF holds were cancelled during the year and 40,212 were used to match the share savings programme from 2010.

## Investor relations

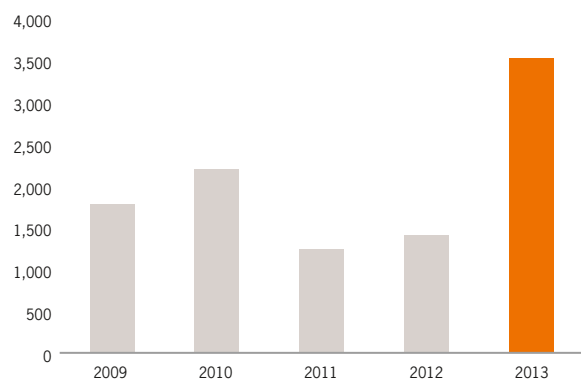
Interest in the ÅF share remained strong in 2013. The company adopts a long-term approach to its communication with the capital market.

The President and CEO, CFO and Executive Vice President Corporate Information took part either individually or together in almost 50 investor meetings during the year.

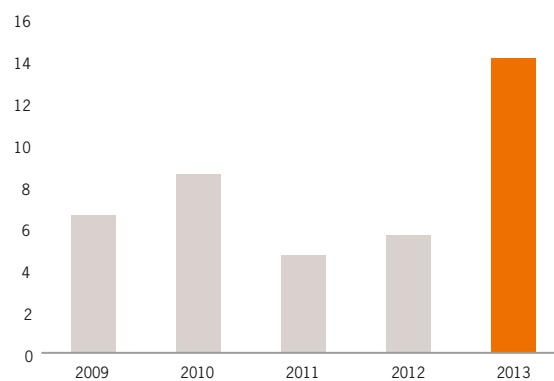
### Share trend for AF B over one year, compared with index and main competitors



### Annual turnover in AF B shares, MSEK



### Average turnover per day, MSEK



### Analysts who regularly monitor ÅF

Name	Company
Johan Dahl	Erik Penser Bankaktiebolag
Daniel Djurberg	Nordea
Mats Liss	Swedbank Markets
Erik Paulsson	Pareto Securities
Viktor Lindeberg	Carnegie
Anders Tegeback	Handelsbanken Capital Markets
Stefan Andersson	SEB





**Erik Paulsson**, Equity Analyst at Pareto Securities

**What is your view on developments at ÅF over the past year?** The company's operations performed well in 2013. Underpinned by a steady improvement in the industrial climate and a persistently healthy infrastructure market and combined with value-generating acquisitions, this development led to a healthy increase in the share price.

**What are the pivotal factors for ÅF's future development?** It is important that the company continues to win major infrastructure contracts as market growth in the Nordic region within this segment will remain very healthy going forward. Furthermore, I can see that vital efforts within the previously relatively weak energy sector are beginning to bear fruit, while we are detecting a slight

upswing within telecoms and technology – primarily driven by an improved general economic situation – which is also something that I expect the company to be able to capitalise on. From now on I believe that pricing within all types of projects is something that ÅF will focus on over the coming year. It is also important that the company pushes through either one major acquisition, or a few smaller ones.

**Who should consider having ÅF shares in their portfolio?** In my opinion, those institutions and individuals who want to have a long-term holding in a well-managed company with broad exposure within a growing technical consulting market.

# The ÅF share – facts and figures

## Historical development of share capital

Year	Quota value	Change	Change in number of shares		Number of shares		Total shares	Share capital
			A shares	B shares	A shares	B shares	Total	SEK '000
1984		ÅF issues staff convertibles to employees			727,460		727,460	36,373
1985	50	Redesignation	-42,600	42,600	684,860	42,600	727,460	36,373
1986	50	New issue and B share floated on A list		300,000	684,860	342,600	1,027,460	51,373
1987	20	Bonus issue and split	684,860	1,370,060	1,369,720	1,712,660	3,082,380	61,648
1990	20	Conversion of staff convertibles from 1984	269,420	480,580	1,639,140	2,193,240	3,832,380	76,648
1994	20	Redesignation	-810,475	810,475	828,665	3,003,715	3,832,380	76,648
1996	20	Bonus issue	414,332	1,501,857	1,242,997	4,505,572	5,748,569	114,971
1997	20	Redesignation	-840,778	840,778	402,219	5,346,350	5,748,569	114,971
2004	20	New issue		175,807	402,219	5,522,157	5,924,376	118,488
2005	20	New issue		37,766	402,219	5,559,923	5,962,142	119,243
2006	10	Split 2:1	402,219	5,559,923	804,438	11,119,846	11,924,284	119,243
2006	10	New issue		1,121,527	804,438	12,241,373	13,045,811	130,458
2006	10	New issue		3,232,164	804,438	15,473,537	16,277,975	162,780
2007	10	New issue		90,951	804,438	15,564,488	16,368,926	163,689
2007	10	Conversion of staff convertibles from 2005/2008		566,307	804,438	16,130,795	16,935,233	169,352
2008	10	Conversion of staff convertibles from 2005/2008		94,268	804,438	16,225,063	17,029,501	170,295
2010	5	Split 2:1	804,438	16,225,063	1,608,876	32,450,126	34,059,002	170,295
2012	5	Non-cash issue		5,985,915	1,608,876	38,436,041	40,044,917	200,225
2013	5	Cancelled		-558,782	1,608,876	37,877,259	39,486,135 <sup>1)</sup>	197,431

<sup>1)</sup> Of which 807,438 are held by the company.

## Shareholders in Sweden and abroad

31 December 2013	Percent of capital
Sweden	57.7
Other Nordic countries	8.5
Rest of Europe	21.2
US	11.7
Rest of the world	0.9
<b>Total</b>	<b>100.0</b>

## Size of shareholdings

31 December 2013	Shareholders	Holding, percent
≤ 500	4,371	2.0
501–5,000	1,860	7.0
≥ 5,001	269	91.0
<b>Total</b>	<b>6,500</b>	<b>100.0</b>

## The ten largest owners on 31 December 2013

Name	Total A shares	Total B shares	Holding (%)	Votes (%)
Ångpanneföreningen's Foundation for R & D	1,602,876	3,832,576	13.8	36.8
Swedbank Robur fonder	0	2,677,231	6.8	5.0
CapMan Oyj	0	1,900,000	4.8	3.5
Nordea Investment Funds	0	1,455,542	3.7	2.7
SEB Investment Management	0	1,438,726	3.6	2.7
AFA Försäkring	0	1,403,117	3.6	2.6
Handelsbanken Fonder AB	0	1,392,696	3.5	2.6
Handelsbanken fondbolag (foreign)	0	1,193,000	3.0	2.2
Montanaro European Smaller Companies	0	1,071,269	2.7	2.0
Lannebo fonder	0	1,050,000	2.7	1.9
<b>Total, 10 largest owners</b>	<b>1,602,876</b>	<b>17,414,157</b>	<b>48.2</b>	<b>62.0</b>
<b>Total, other owners</b>	<b>6,000</b>	<b>20,463,102</b>	<b>51.8</b>	<b>38.0</b>
<b>Total shares</b>	<b>1,608,876</b>	<b>37,877,259</b>	<b>100.00</b>	<b>100.00</b>

## Key ratios per share

SEK	2013	2012	2011	2010	2009	2008
Share price, 31 Dec.	225.00	155.50	111.00	139.25	97.75	59.50
Earnings per share before dilution	13.41	10.13	9.07	21.02	7.93	9.54
Earnings per share after dilution	13.20	10.02	9.02	20.95	7.91	9.54
Equity attributable to shareholders in the parent	94.66	87.32	72.38	69.47	53.68	49.73
Yield, percent	2.9 <sup>1)</sup>	3.5	4.5	2.9	4.1	5.5
Proposed dividend	6.50	5.50	5.00	4.00	4.00	3.25
<b>Market capitalisation (MSEK)</b>	<b>8,703</b>	<b>6,068</b>	<b>3,781</b>	<b>4,743</b>	<b>3,329</b>	<b>2,027</b>

A 2:1 share split was carried out on 2 June 2010. The comparative figures have been adjusted.

<sup>1)</sup> Based on proposed dividend.

# Five-year financial summary, SEK

Values in millions of SEK unless otherwise stated

	2013	2012	2011	2010	2009
<b>Net sales and earnings</b>					
Net sales	8,337	5,796	5,124	4,334	4,678
Operating profit	722	481	426	806	388
Operating profit excluding non-recurring items	724	481	426	317	380
Profit after financial items	677	477	426	798	377
Profit for the year	525	353	312	717	275
<b>Capital structure</b>					
Non-current assets	4,499	4,566	2,040	2,016	1,733
Current assets	2,575	2,950	2,083	1,934	1,850
Equity including non-controlling interest	3,674	3,422	2,450	2,361	1,827
Non-current liabilities	1,170	1,699	297	185	161
Current liabilities	2,230	2,395	1,376	1,406	1,595
Balance sheet total	7,074	7,516	4,123	3,950	3,583
Equity (average)	3,498	2,665	2,409	2,205	1,740
Total capital (average)	7,237	4,845	3,957	3,678	3,518
Capital employed (average)	4,736	3,143	2,682	2,508	2,192
Net debt (-) /net cash (+)	-853	-877	131	35	-44
<b>Key figures</b>					
Operating margin, percent	8.7	8.3	8.3	18.6	8.3
Operating margin excluding non-recurring items, percent	8.7	8.3	8.3	7.3	8.1
Profit margin, percent	8.1	8.2	8.3	18.4	8.0
Equity ratio, percent	51.9	45.5	59.4	59.8	51.0
Net debt-equity ratio, percent	23.2	25.6	N/A	N/A	2.4
Net cash-equity ratio, percent	N/A	N/A	5.3	1.5	N/A
Current ratio, times	1.2	1.2	1.5	1.4	1.2
Return on equity, percent	15.0	13.3	13.0	32.5	15.8
Return on total capital, percent	10.1	10.2	11.0	22.0	11.1
Return on capital employed, percent	15.4	15.7	16.3	32.2	17.8
Interest cover, times	14.4	28.9	37.3	78.6	30.0
<b>ÅF share</b>					
Earnings per share, SEK	13.41	10.13	9.07	21.02	7.93
Earnings per share after dilution, SEK	13.20	10.02	9.02	20.95	7.91
Yield, percent	2.9	3.5	4.5	2.9	4.1
Equity per share, SEK	94.66	87.32	72.38	69.47	53.68
Equity per share after dilution, SEK	91.73	85.32	71.82	69.25	53.53
Cash flow from operating activities per share, SEK	10.90	14.17	12.26	5.96	9.02
Cash flow from operating activities per share after dilution, SEK	10.62	13.95	12.20	5.94	9.00
Share price 31 December, SEK	225.00	155.50	111.00	139.25	97.75
Market capitalisation	8,703	6,068	3,781	4,743	3,329
Ordinary dividend per share, SEK	6.50 <sup>1)</sup>	5.50	5.00	4.00	4.00
<b>Other</b>					
Cash flow from operating activities	425	483	414	201	306
Cash flow from investing activities	-199	-1,226	-81	77	-79
Cash flow from financing activities	-529	902	-315	-289	-161
Capacity utilisation rate, percent	75.1	74.2	73.1	71.9	71.3
Average number of FTEs excluding associates	6,666	4,808	4,367	3,966	4,182

A 2:1 share split was carried out on 2 June 2010. The comparative figures have been adjusted. The figures have also been adjusted to take account of amended definitions in key figures.

<sup>1)</sup> Proposed dividend.


# Five-year financial summary, EUR

Values in millions of EUR unless otherwise stated	2013	2012	2011	2010	2009
Closing day exchange rate	8.94	8.62	8.94	9.00	10.35
Average exchange rate	8.65	8.71	9.03	9.54	10.62
<b>Net sales and earnings</b>					
Net sales	964	665	568	503	442
Operating profit	83	55	47	84	37
Operating profit excluding non-recurring items	84	55	47	33	36
Profit after financial items	78	55	47	84	35
Profit for the year	61	41	35	75	26
<b>Capital structure</b>					
Non-current assets	503	530	228	224	167
Current assets	288	342	233	215	179
Equity including non-controlling interest	411	397	274	262	176
Non-current liabilities	131	197	33	21	16
Current liabilities	249	278	154	156	154
Balance sheet total	791	872	461	439	346
Equity (average)	404	306	267	231	164
Total capital (average)	837	556	438	385	331
Capital employed (average)	548	361	297	263	206
Net debt (-) /net cash (+)	-95	-102	15	4	-4
<b>Key figures</b>					
Operating margin, percent	8.7	8.3	8.3	18.6	8.3
Operating margin excluding non-recurring items, percent	8.7	8.3	8.3	7.3	8.1
Profit margin, percent	8.1	8.2	8.3	18.4	8.0
Equity ratio, percent	51.9	45.5	59.4	59.8	51.0
Net debt-equity ratio, percent	23.2	25.6	N/A	N/A	2.4
Net cash-equity ratio, percent	N/A	N/A	5.3	1.5	N/A
Current ratio, times	1.2	1.2	1.5	1.4	1.2
Return on equity, percent	15.0	13.3	13.0	32.5	15.8
Return on total capital, percent	10.1	10.2	11.0	22.0	11.1
Return on capital employed, percent	15.4	15.7	16.3	32.2	17.8
Interest cover, times	14.4	28.9	37.3	78.6	30.0
<b>ÅF share</b>					
Earnings per share, EUR	1.55	1.16	1.00	2.20	0.75
Earnings per share after dilution, EUR	1.53	1.15	1.00	2.20	0.75
Yield, percent	2.9	3.5	4.5	2.9	4.1
Equity per share, EUR	10.59	10.13	8.09	7.72	5.19
Equity per share after dilution, EUR	10.26	9.90	8.03	7.69	5.15
Cash flow from operating activities per share, EUR	1.26	1.63	1.36	0.62	0.85
Cash flow from operating activities per share after dilution, EUR	1.23	1.60	1.35	0.62	0.85
Share price 31 December, EUR	25.17	18.04	12.41	15.47	9.44
Market capitalisation	973	704	423	527	322
Ordinary dividend per share, EUR	0.73 <sup>1)</sup>	0.64	0.56	0.44	0.39
<b>Other</b>					
Cash flow from operating activities	49	55	46	21	29
Cash flow from investing activities	-23	-141	-9	8	-7
Cash flow from financing activities	-61	104	-35	-30	-15
Capacity utilisation rate, percent	75.1	74.2	73.1	71.9	71.3
Average number of FTEs excluding associates	6,666	4,808	4,367	3,966	4,182

A 2:1 share split was carried out on 2 June 2010. The comparative figures have been adjusted. The figures have also been adjusted to take account of amended definitions in key figures.

<sup>1)</sup> Proposed dividend.





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### ÅF Offshore Race

For the fourth year in a row, ÅF is the proud title sponsor of ÅF Offshore Race, the Nordic region's largest ocean race. In 2013, the event attracted more than 160,000 visitors to the Race Village at Skeppsholmen in Stockholm. The sport of sailing has much in common with ÅF's business, such as technology, team spirit and passion.

# Administration report

## ÅF AB (publ)

Corporate identity number 556120-6474

The Board of Directors and the President of ÅF AB (publ) herewith submit their annual report for the year 2013. ÅF AB is the parent of the group. The registered office is in Stockholm.

## Net sales and profits

Net sales for the year totalled SEK 8,337 million (5,796), an increase of 44 percent (13) over the figure for the corresponding period in the preceding year. Organic growth was 2 percent (6). The acquisitions that have contributed most to growth through acquisitions are Epsilon AB and Advansia AS. Full-year operating profit rose by 50 percent (13) to SEK 722 million (481) compared to the corresponding period in the preceding year.

Non-recurring items have had a negative effect of SEK 2 million net on operating profit for the year. The items included are integration costs related to the acquisition of Epsilon AB, amounting to SEK 55 million, the reversal of a provision for anticipated additional consideration related to the acquisition of the above-mentioned company and the acquisition of CityPlan s.r.o., Czech Republic, amounting to SEK 143 million, impairments of goodwill and other assets in ZAO Lonas Technology, Russia and Mercados Energy Market Int. SA, Spain, totalling SEK 120 million, as well as a gain of SEK 30 million arising from the disposal of part of the pension obligation of AF Consult Switzerland AG.

The operating margin was 8.7 percent (8.3). The capacity utilisation rate was 75.1 percent (74.2). There was one working day less this year than last. Profit after financial items was SEK 677 million (477). Profit after tax totalled SEK 525 million (353). Earnings per share were SEK 13.41 (10.13).

## Divisional Performance

Operations are divided into four divisions. Activities are conducted in legal corporate entities in the respective countries.

### Industry Division

	2013	2012
Net sales, in millions of SEK	2,353.5	1,653.3
Operating profit, in millions of SEK	238.0	195.0
Operating margin, %	10.1	11.8
Average full-time equivalents (FTEs)	1,857	1,334

The Industry Division is Northern Europe's leading industrial consultant, and continues to show strong growth and a high level of profitability. Growth during the year amounted to 42 percent, of which 9 percent was organic. The growth, in combination with tight project control and cost control, enabled profitability to be held at satisfactory levels.

During the year, Epsilon's industrial operations were integrated, which generated an even stronger and wider offer to our clients. Among others, the Industry Division gained a significant number of engineer analysts. Along with Industry's existing consultants in the area, this forms the Nordic Region's largest centre for advanced estimation and simulation with extensive international experience from sectors such as automotive, aircraft, energy, steel, food products and life science.

The Division noted increased demand for project and turnkey assignments, which is in line with the strategy of acting increasingly as a partner with our clients. The Division's project portfolio grew during the year, and the order value of fixed-price projects exceeded SEK 1 billion at the end of the year.

### Infrastructure Division

	2013	2012
Net sales, in millions of SEK	2,405.9	1,892.1
Operating profit, in millions of SEK	289.7	207.2
Operating margin, %	12.0	10.9
Average full-time equivalents (FTEs)	1,720	1,435

The Infrastructure Division continues to operate in a strong market. The primary driving forces for the Division's business are significant investments in new and existing infrastructure, as well as energy efficiency improvements in buildings.

The Infrastructure Division enjoys a prominent position in all three of Sweden's major metropolitan regions, and in Norway.

Growth was strong during the year, and sales grew by 27 percent, of which 6 percentage points represented organic growth. Operating profit rose by 40 percent to SEK 290 million. The division's operating margin was 12.0 percent (10.9).

For some time, the Infrastructure Division has been heavily involved in a number of important projects, such as the development of Gardermoen in Norway, the new Stockholm bypass, the Stockholm City Line, the West Link in Gothenburg and the New Karolinska University Hospital in Solna.

The division acquired 12 operations during the year, the majority of which are small. The largest was the acquisition of Kåre Hagen AS in Norway. In combination with ÅF's other project managers, this has created Scandinavia's leading project management operation.

### International Division

	2013	2012
Net sales, in millions of SEK	1,224.9	1,307.1
Operating profit, in millions of SEK	74.6	54.6
Operating margin, %	6.1	4.2
Average full-time equivalents (FTEs)	1,123	1,138

The market for energy projects on the International Division's domestic markets was weak during the year. This is largely down to declining electricity consumption in Europe and uncertainty regarding future energy solutions. The weak situation in Europe was compensated for in part by healthy order levels in South-East Asia, the Middle East and Latin America.

Looking at the division's various areas of expertise, demand continued to be strongest within hydropower and renewable energy. Activity within thermal power remained relatively low, while the market for nuclear power showed signs of improvement towards the end of the year. The orders won by International included a new nuclear power installation in Vietnam.

Net sales totalled SEK 1,225 million (1,307), a reduction of SEK 82 million compared with the preceding year. The fall is related to weak demand on the Russian market. Operating profit rose by SEK 20 million.

The market for energy projects in Europe was weak during the year, and this weakness is expected to continue. This has led to an impairment of goodwill related to ÅF's operations in Russia and Spain.



### Technology Division

	2013	2012
Net sales, in millions of SEK	2,522.6	907.7
Operating profit, in millions of SEK	179.3	84.4
Operating margin, %	7.1	9.3
Average full-time equivalents (FTEs)	1,882	711

On 1 January, Technology was integrated with Epsilon's corresponding operation. The new Division, with around 2,000 staff, is a market leader in advanced product development in Sweden, and has a broad client base.

The market for advanced product development and IT was largely unchanged in 2013. Technology's capacity utilisation rate gradually increased during the second half of the year.

Net sales were in line with the previous year, adjusted for acquisitions. The division's operating margin was 7.1 percent (9.3). Lower profitability was the result of a weaker trend in the south of Sweden and a general decline in demand from the telecom sector.

Technology signed additional significant orders from the Swedish Defence Materiel Administration (FMV). In addition, there was a rise in demand from the automotive industry, where ÅF is steadily increasing its share of project assignments. ÅF's position within IT was strengthened through framework agreements with public agencies and the public sector.

### Acquisitions

ÅF acquired 100 percent of the shares in Kåre Hagen AS, which is based in Oslo, Norway. The company was established in 1961, and is involved chiefly in project management and site supervision assignments for construction activities for public sector clients (hospitals, schools, airports, etc.) in the Oslo region. The company has 75 employees and sales for the current year are expected to reach around NOK 100 million, with good profit levels. The acquisition of Kåre Hagen further reinforces the strengths of the ÅF Infrastructure Division and its Project Management business area. Agreement has been reached on a consideration of NOK 60 million and an additional consideration of a maximum of NOK 56 million, based on earnings trends over the period 2013–2015. Kåre Hagen was consolidated into ÅF with effect from 1 October.

In addition to the acquisitions mentioned above, ÅF acquired a further 12 smaller companies/operations, through the purchase either of shares or assets and liabilities. These acquisitions were all in the Nordic Region, primarily in Sweden. The total consideration for these amounted to SEK 100 million including estimated contingent consideration.

### Cash flow and financial position

Cash flow from operating activities was SEK 425 million (483). The reduced cash flow is largely a result of higher interest expenses and integration costs relating to the major acquisitions completed at the end of 2012, combined with lower client advances linked to a lower level of activity in major project business in Russia.

Corporate acquisitions and additional considerations paid totalled SEK 142 million (1,193), chiefly relating to the acquisition of the Norwegian company, Kåre Hagen AS. Not taking into account acquisitions of lines of business, gross investment in tangible and intangible assets during the year totalled SEK 63 million (36).

Consolidated net debt fell to SEK 853 million (877) during the year. ÅF AB had unutilised credit facilities amounting to SEK 789 million (712) at the end of the year. No new acquisition credit facilities have been arranged. A convertible programme for employees in Sweden was issued, with a nominal value of SEK 77 million. Amortisations, including a reduction in the utilisation of credit facilities, amounted to SEK 301 million. Group liquid assets totalled SEK 188 million (498) at the end of the reporting period. Total cash flow was SEK –303 million (159).

Equity at the end of the year was SEK 3,674 million (3,422), equivalent to equity per share of SEK 94.66 (87.32). The equity/assets ratio was 51.9 percent (45.5).

### Parent

The parent's operating income for the period January–December totalled SEK 458 million (374), and relates chiefly to internal services within the Group. Profit/loss after financial items was SEK –85 million (75). Dividends from subsidiaries and associates totalled SEK 156 million (134). Cash and cash equivalents totalled SEK 29 million (39). Gross investment in non-current assets was SEK 34 million (15).

### The environment and sustainability

Together with its stakeholders and society in general, ÅF has an important duty to work towards more sustainable development. In many instances, ÅF is tasked with introducing new and better technology, implementing rationalisation measures and reducing emissions. And also with providing analyses and helping government authorities and other governing bodies to understand the challenges that we are all facing. With more than a century's experience, and with a deep understanding of the importance of utilising the expertise of both women and men, ÅF has its sights firmly set on making a positive contribution to long-term sustainable development. ÅF has no licensable operations.

For ÅF's Sustainability Report, please see pages 38–43 of the annual report.

### Employees

The average number of full-time equivalents was 6,666 (4,808). The total number of employees at the end of the reporting period was 7,043 (6,867), of whom 5,428 (5,258) were based in Sweden and 1,615 (1,609) abroad.

ÅF adopts an active, long-term perspective to HR work in order to attract and retain skilled employees. This approach involves marketing ÅF as an employer externally, while also providing clear information about the various career paths and opportunities for development available at ÅF, and offering all employees the kind of work that develops them as individuals.

ÅF improved its market standing during 2013, particularly in infrastructure. ÅF intended strong appeal as a potential employer. In Universum's annual survey of some 3,500 practising young engineers, ÅF came second overall among Swedish companies in the "Ideal Employer" rankings. ÅF devotes considerable effort to employer branding activities to market itself as an attractive employer among potential co-workers and to bolster the company's image. During the year a number of outreach activities were conducted at universities. ÅF also works to achieve a good gender balance within the company. Whenever a managerial post becomes vacant, at least one woman must be selected as a possible candidate. At the end of the reporting period, women constituted 21 percent (20) of the total number of consultants in the company.

In 2013, the Group developed the new ÅF Career Model. During 2014, the model will be implemented in all ÅF's operations in Sweden, Norway, Denmark, Finland, the Czech Republic, Switzerland, Spain and Russia. The model will clarify the development opportunities for staff and showcase talent within ÅF. The model also attract new members of staff by showing the development opportunities available within the company. For further details about ÅF's work with human resources, please see pages 8–11 in the Group's annual report.

### The share

ÅF's class B shares have been quoted on the Nasdaq OMX Exchange (Mid Cap) in Stockholm since January 1986. Prior to that, ÅF (formerly Ångpanneföreningen) traded as a cooperative association from 1895 until 1980 and as a joint-stock company from 1981. ÅF's class B shares are traded in Stockholm on the Nasdaq OMX exchange's Mid Cap list under the

'AF B' symbol. At the end of the year, the combined market capitalisation of the company's shares, including class A shares, was SEK 8,703 million (6,068). ÅF shares traded at SEK 225 at the end of 2013, a rise of 44.7 per cent in value over 2013. The Stockholm OMX Stockholm Mid Cap Price Index and the SIX Return Index rose by 44.7 and 28.0 percent respectively during the same period. The latter is a wider index which measures total yield.

The total number of ÅF shares on 31 December 2013 amounted to 39,486,135, of which 1,608,876 were class A shares and 37,877,259 were class B shares. Of these, 807,438 are held by the company. The ten largest shareholders in ÅF are listed on page 47 of the annual report. The single largest shareholder is Ångpanneföreningen's Foundation for Research & Development, which holds 1,602,876 class A shares and 3,832,576 class B shares, corresponding to 36.8% of the voting rights and 13.8% of the total number of shares. There are no limitations, either in law or in the company's articles of association, relating to the transfer of shares.

#### Long-term incentive programme

The Annual General Meeting held on 26 April approved a motion on a convertible programme for all employees of the ÅF Group in Sweden, and a performance-related share programme for key employees of the ÅF Group outside Sweden. The programmes involve a maximum of 2.2 per cent of the number of issued shares and 1.7 percent of the voting rights.

The convertible programme means that ÅF AB raised a staff convertible of a nominal maximum of SEK 200,000,000 through the issue of convertibles. The convertibles may be exchanged for shares at a predetermined price of SEK 200.00 between 15 June 2016 and 15 March 2017. Convertibles with a nominal value of SEK 76,620,000 have been subscribed for, equivalent to 383,100 shares. The company has bought back that number of shares. The aim of the buy-back was to reduce the share capital by the number of shares bought back in order to neutralise the diluting effect that conversion would otherwise entail. These shares were withdrawn in January 2014.

The performance-related share programme, which specifically targets 41 key management personnel outside Sweden, provides the opportunity to reserve an amount equivalent to a maximum of 5 percent of the individual's gross salary for the purchase of ÅF shares on the Nasdaq OMX Exchange in Stockholm over a 12-month period from the date of implementation of the programme. On expiry of the application period, 21 senior executives and key personnel had expressed an interest in purchasing approximately 6,000 shares for the entire 2013 programme. In the event that the pre-set performance targets are achieved in full in the period between 2013 and 2016, some 30,000 shares will be transferred to these employees free of consideration through matching. This could lead to dilution of a maximum 0.1 percent of earnings per share. Approximately 1,250,000 shares were covered by all ongoing programmes as at 31 December 2013, which is equivalent to about 3.1 percent of the number of shares issued and 2.3 percent of the voting rights. To help meet the challenges arising from the integration of Epsilon's operations, a special one-off incentive programme was started in 2013. The programme was offered to a few key employees, giving them the opportunity to receive extra remuneration up to a maximum of 60 percent of their fixed basic salary for the period 2013–2015 provided that, by the end of 2015, ÅF achieved certain financial targets linked to the integration.

#### Guidelines for remuneration of the Group management

The guidelines adopted for 2013 by the Annual General Meeting are set out in Note 6.

The Board of Directors proposes that the 2014 Annual General Meeting resolves that the principles for remuneration and other conditions of employment for the Group management for 2014 shall be in line with the principles that applied in 2013.

#### Dividend

The Board of Directors proposes a dividend for 2013 of SEK 6.50 per share (5.50).

#### Prospects for 2014

The market forecast for 2014 is cautiously optimistic. The market for infrastructure is expected to remain strong. There are several indications that the market outlook for industry is a positive improvement on a year ago. The energy market continues to be characterised by low levels of investment in Europe, with a more encouraging outlook on the markets in Asia and South America. All in all, the general assessment is that ÅF's total market will see gradual improvement in 2014, compared with 2013.

#### Proposed appropriation of profits

Non-restricted profits of SEK 3,253,409,063 are at the disposal of the Annual General Meeting. The Board of Directors and CEO propose that these profits be appropriated as follows:

A dividend of SEK 6.50 per share is being paid to the shareholders	251,411,531
To be carried forward	3,001,997,532
<b>Total, SEK</b>	<b>3,253,409,063</b>

The board's explanation of the proposed appropriation of profits will be posted on the company's website, [www.afconsult.com](http://www.afconsult.com). It can also be ordered from the company on request.



# Risks and risk management

ÅF's risk management model is intended to meet the strategic, financial and operational risks associated with ÅF's operations. Throughout 2013, ÅF continuously assessed and monitored risk trends, and this made a major contribution to ÅF's ability to cope with changes in the market and changes resulting from the company's strong growth.

Strategic risks	Description	Risk management
<b>Market</b>	<p>Changes in the economic cycle, structural changes and changes in market trends are events which challenge ÅF at regular intervals, demanding watchfulness and initiative at several levels and throughout the organisation.</p> <p>In addition, ÅF faces challenges from a number of major international players as well as various small and mid-sized local players in each market.</p>	<p>ÅF faces risks associated with the economic cycle, structural risks and market trends since it is active in several markets and within areas which are subject to different economic cycles, and which are affected in different ways by structural changes and fluctuating market trends. ÅF tries to be responsive internally, and utilise its resources to best meet the needs of the moment.</p> <p>The company also carries out regular evaluations of the competition situation in each local market and at all relevant levels in the operation. ÅF's broad collective expertise, in combination with accurate assessments in each situation, increase competitiveness.</p>
<b>Sustainability</b>	<p>ÅF's presence in a global energy, industry and infrastructure market gives rise to sustainability risks in areas such as human rights, working conditions, the environment and anti-corruption.</p>	<p>ÅF reduces its exposure to these risks through its code of practice, a clear regulatory sustainability policy and a mandatory sustainability risk analysis at an early stage of the business process. Responsibility for the maintenance and development of ÅF's sustainability programme is clearly allotted in the organisation, and the company's Sustainability Manager is a member of the Group management.</p> <p>With respect to the environment, ÅF has follow-up procedures in place within the framework of the certified environmental management system to ensure that all parts of the Group comply with environmental legislation.</p> <p>An anti-corruption framework has been adopted, which clarifies the ethical rules governing ÅF's behaviour in relation to clients and in its operations.</p> <p>A whistleblowing channel gives every member of ÅF's staff the opportunity, with privacy guaranteed, to report any breaches.</p>
<b>Acquisitions</b>	<p>The consolidation of the technical consultancy sector is continuing, and ÅF is participating in this trend through acquisitions, to prevent any loss of competitiveness. But acquisitions also involve risks – before and after the acquisition is announced.</p>	<p>ÅF minimises the risks associated with acquisitions through a systematic approach and a sophisticated acquisition and integration process.</p> <p>To ensure that ÅF adopts a forward-looking and systematic approach to acquisitions and start-ups in new geographical markets, decisions on acquisitions are taken by the Group management and the Board of Directors. An annual review of recent acquisitions over a certain limit is carried out by the Board of Directors. Responsibility for the acquisition process itself and for the integration of acquired companies is allocated among the parts of the organisation involved in each acquisition. The company's Mergers &amp; Acquisitions Manager is a member of the Group management.</p>
<b>IT</b>	<p>It is crucial that the IT infrastructure at ÅF is operationally reliable since unplanned outages inevitably mean loss of income.</p>	<p>ÅF ensures that the Group has the appropriate IT resources by utilising both internal expertise and outsourcing to highly-regarded suppliers. Both internal and external resources have signed agreements setting out how rapidly faults are to be rectified. An incentive structure to avoid problems arising is in place. ÅF checks continuously to ensure that the available resources are adequate and have the necessary expertise.</p> <p>ÅF ensures that sufficient resources are allocated to system ownership and management, and that provision is made for training and development.</p>

Operational risks	Description	Risk management
<b>Quality</b>	<p>The engineering and consulting services that ÅF supplies from the basis for the development of products, systems, buildings, infrastructure and industry. ÅF has a major responsibility to supply services and/or functions which meet clients' requirements and expectations as to quality and performance. It is essential to monitor and manage risks related to this responsibility on a continuous basis.</p>	<p>ÅF has its own business support system for the internal control, management and follow-up of operations and operational projects. This system has been certified under ISO 9001:2008 (quality) and ISO 14001:2004 (environment), and is accessible to all members of staff via the intranet.</p> <p>This system's process descriptions for operations are tailored to suit each technical area, and contain detailed support for the planning, follow-up, control and delivery of the assignments ÅF is tasked with. Experts in the operating organisation have been given responsibility for the respective operating processes to ensure the reliability and performance of the processes, and for their implementation within the organisation.</p> <p>Operational compliance with the business support system is monitored continuously by the internal audit team and by externally conducted annual audits of the quality and environmental management systems.</p> <p>ÅF has comprehensive insurance cover including public liability insurance, product liability insurance and consultant liability insurance.</p>
<b>Capacity utilisation rate and price per hour</b>	<p>ÅF has a relatively high proportion of consultants working within its clients' organisations, providing expertise and detailed knowledge. A feature of this consulting operation is that the services are provided at the client's premises in the client's system, which reduces ÅF's risk exposure associated with responsibility for the final result. Competition is, however, fierce, and it is essential to monitor the operation's financial performance continuously, since every percentage point change in the capacity utilisation rate and the price per hour has an appreciable impact on ÅF's annual earnings. Every percentage point difference in the capacity utilisation rate equates to a rise or fall of around SEK 75 million in ÅF's annual earnings. An increase in the price per hour of 1 percent, with an unchanged capacity utilisation rate, improves ÅF's annual earnings by around SEK 60 million.</p>	<p>ÅF has effective systems for sales support and managing expertise to ensure sustainable business contracts and successful matching of expertise with indicated requirements.</p> <p>ÅF's sensitivity analysis has been designed to emphasise the importance of a high capacity utilisation rate and appropriate price per hour.</p> <p>The risk is also reduced through the use of subconsultants and an increased proportion of variable salary.</p>
<b>Project operations</b>	<p>As a result of a number of substantial assignments carried out successfully in recent years in the infrastructure and industry sectors, ÅF is seen as a confidence-inspiring partner for setting up competent and effective project organisations.</p> <p>Large assignments with great responsibility also increase risk exposure – both financial and in relation to quality and performance in the project result. A fixed-price contract may involve an increased risk if the time required to complete the assignment is not correctly estimated. In ÅF's case this can lead to reduced margins.</p>	<p>Within the project operation as well, the systems for sales support and managing expertise provide a highly-effective basis for creating competent project organisations and achieving sustainable business relationships.</p> <p>For projects with a clearly-specified scope, a fixed-price contract can be advantageous. This allows the consultant to take advantage of previous experience which will benefit the client and enable the consultant to assess time and resource requirements more accurately in his or her project estimates.</p> <p>Once the projects are underway, there is a system for project management directly linked to the process descriptions and tools that ÅF has developed for its project operation.</p> <p>ÅF has training programmes designed to develop the expertise required for project management and project work. Considerable importance is attached to the formulation of appropriate terms and conditions to reduce the risks associated with fixed-price contracts.</p> <p>ÅF's methods for continuously monitoring and evaluating the amount of work remaining in projects also reduce this risk.</p>
<b>Partners, sub-contractors and subconsultants</b>	<p>ÅF's continued growth, both in respect of supplying professional consultants and complete project organisations, is leading to an increase in the requirement for subcontractors with specialist expertise as well as subcontractors who can supply specific project planning services.</p> <p>ÅF is exposed to risk both when the company arranges an assignment and where partners are working in ÅF's name as subcontractors in a project assignment.</p>	<p>ÅF needs to ensure that all projects involving sub-consultants match the quality of projects carried out by ÅF itself, and that sub-consultants are given the same opportunities to do an excellent job as the company's own consultants. Tools are available to assess and evaluate sub-consultants project by project, so reducing risk exposure.</p> <p>ÅF's system for managing partners includes separate functions for evaluating and following up to ensure that quality and performance reached the expected levels – even in the event that the service is provided by a partner.</p>

<b>Employees</b>	<p>As competition for qualified members of staff increases, so too does the pressure on ÅF to present itself as an attractive employer.</p> <p>Employees that are motivated and possess the relevant skills and knowledge are essential if a consulting company is to achieve its targets. There is always a risk that highly competent employees may leave ÅF to join competitors or clients, or set up their own businesses. The risk is exacerbated if these people are able to use their inside knowledge of the company to cherry-pick the best of their skilled colleagues.</p>	<p>ÅF devotes substantial resources each year to recruitment and induction activities. ÅF achieved a high rating in a number of polls measuring attractiveness as an employer.</p> <p>In order to retain and stimulate co-workers of the right calibre, ÅF invests through, for example, the ÅF Academy in continual professional development, skills development and management training. It is also the company's ambition to conduct a personal development review with each employee once a year in order to discuss and draw up an individual development plan.</p> <p>Annual staff surveys are carried out to ascertain how satisfied members of staff are with their work situation.</p>
<b>Disputes</b>	<p>ÅF's business activities do involve a risk of dispute. Disputes may arise if ÅF disagrees with a client about the conditions that pertain to a certain assignment. Disputes can also arise in conjunction with acquisitions.</p>	<p>Drawing up contracts for all assignments with terms appropriate to the project in hand reduces the risk. Legal advice is always sought in more complex transactions.</p> <p>Ultimate responsibility for a legal questions lies with the Group's General Counsel who is a member of the Group management.</p>

Financial risks	Description	Risk management
<b>Financing and liquidity risks</b>	<p>The financing risk faced by the Group is the risk of not being able to raise new loans or refinance existing ones on acceptable terms. The Group is also exposed to liquidity risk, which is defined as the risk that it will not be able to meet its immediate payment obligations.</p>	<p>Responsibility for the Group's financial transactions and risks is handled centrally by the parent's Treasury Department, which implements the policy set by the Board of Directors. There is a routine in place to ensure the availability of appropriate lines of credit at all times. It is ÅF policy for the company to have net debt over a period of time, but net indebtedness shall not exceed 40 percent of equity.</p> <p>In accordance with the current policy, the company is to have liquid assets and unutilised credit facilities that together amount to the equivalent of at least 6 percent of annual sales.</p>
<b>Interest rate risk</b>	<p>Interest rate risk is the risk that changes in interest rates may have a negative impact on the Group's net interest income/expense and cash flow.</p>	<p>ÅF's exposure to interest rate risk relates chiefly to outstanding external loans. Under the current policy, ÅF raises loans both at fixed and variable interest, but the average fixed-interest period must not exceed 12 months.</p> <p>A change of one percentage point in market rates would have a negative effect of SEK 8 million on the Group's interest expenses.</p>
<b>Exchange rate risk</b>	<p>Currency risk comprises the risk that fluctuations in exchange rates will have a negative impact on the consolidated income statement, balance sheet and cash flow. Currency risk can be split into transaction exposure and translation exposure.</p> <p>Transaction exposure is the net of operating and financial inflows and outflows in foreign currencies.</p> <p>Translation exposure comprises foreign subsidiaries' net assets and profits/losses in foreign currency.</p>	<p>ÅF's transaction exposure is relatively limited, as the majority of sales and expenses are invoiced in local currencies. In accordance with current policy, payment flows in foreign currencies are hedged when it is possible to determine the amount and time of the transaction with a great degree of certainty, and in cases where the future payment flow is anticipated to exceed a value of EUR 100,000.</p> <p>In line with Group policy, ÅF does not hedge translation exposure.</p>
<b>Credit risk</b>	<p>ÅF's commercial and financial transactions give rise to credit risks in relation to counterparties. Credit risk or counterparty risk is the risk of loss in the event that the counterparty does not fulfil its obligations.</p>	<p>The credit risk consists of outstanding accounts receivable and uninvoiced consulting assignments.</p> <p>This risk is limited through ÅF's highly effective credit policy. All new clients are vetted for creditworthiness and project services are invoiced on a pay-as-you-go basis to minimise the risk of bad debts. ÅF's ten largest clients, who account for a total of 31 percent of Group sales, are all large listed companies or publicly owned institutions.</p>

# Consolidated income statement

1 January – 31 December (in millions of SEK)	Note	2013	2012
Net sales	2	8,337.0	5,796.4
Purchases of services and materials		-2,327.7	-1,375.6
Other external costs	5, 24	-795.9	-632.1
Personnel costs	6	-4,458.8	-3,250.2
Depreciation/amortisation and impairment of tangible and intangible assets	11, 12	-174.1	-57.6
Other operating income	4	147.8	2.4
Other operating expenses	7	-6.7	-3.5
Profit attributable to participation in associates	13	0.7	0.7
<b>Operating profit</b>	2	<b>722.5</b>	<b>480.5</b>
<b>Result from financial investments</b>			
Financial income		13.3	16.9
Financial expenses		-58.5	-20.8
<b>Net financial items</b>	8	<b>-45.2</b>	<b>-3.9</b>
<b>Profit after financial items</b>		<b>677.3</b>	<b>476.6</b>
Tax	20	-151.8	-123.3
<b>Profit for the year</b>		<b>525.5</b>	<b>353.3</b>
Attributable to:			
Shareholders in the parent		522.8	345.0
Non-controlling interest		2.7	8.3
		<b>525.5</b>	<b>353.3</b>
<b>Earnings per share with regard to profit attributable to shareholders in the parent</b>	10		
Before dilution (SEK)		13.41	10.13
After dilution (SEK)		13.20	10.02

# Statement of consolidated comprehensive income

1 January – 31 December (in millions of SEK)	2013	2012
<b>Profit for the year</b>	<b>525.5</b>	<b>353.3</b>
<b>Items which will be classified to profit or loss</b>		
Change in translation reserve for the year	-40.1	-25.9
Change in value of cash flow hedging	-0.4	0.8
Tax	0.3	-0.2
<b>Items which will not be classified to profit or loss</b>		
Pensions	62.7	22.4
Tax	-12.7	-4.4
<b>Other comprehensive income</b>	<b>9.7</b>	<b>-7.2</b>
<b>Total comprehensive income for the period</b>	<b>535.2</b>	<b>346.1</b>
Attributable to:		
Shareholders in the parent	533.3	338.0
Non-controlling interest	1.8	8.1
	<b>535.2</b>	<b>346.1</b>



# Consolidated balance sheet

As at 31 December (in millions of SEK)	Note	2013	2012
<b>ASSETS</b>	3		
<b>Non-current assets</b>			
Intangible assets	2, 11	4,144.2	4,263.4
Property, plant and equipment	2, 12	289.7	279.3
Participations in associates	13	1.1	5.9
Plan assets	18	47.9	—
Financial investments	14	0.7	0.8
Non-current receivables		3.6	4.7
Deferred tax asset	20	12.1	12.3
<b>Total non-current assets</b>		<b>4,499.3</b>	<b>4,566.3</b>
<b>Current assets</b>			
Accounts receivable	22	1,550.3	1,610.0
Revenue generated but not invoiced		685.4	608.2
Current tax assets	20	5.2	11.9
Other receivables		58.2	133.5
Prepaid expenses and accrued income	15	87.9	88.3
Cash and cash equivalents		187.7	497.7
<b>Total current assets</b>		<b>2,574.6</b>	<b>2,949.6</b>
<b>Total assets</b>		<b>7,073.9</b>	<b>7,515.9</b>

As at 31 December (in millions of SEK)	Note	2013	2012
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	16		
Share capital		197.4	200.2
Other contributed capital		1,176.6	1,238.3
Reserves		15.8	55.3
Profit brought forward including net profit for the year		2,271.7	1,913.5
<b>Equity attributable to shareholders in parent</b>		<b>3,661.5</b>	<b>3,407.3</b>
Non-controlling interest		12.7	14.2
<b>Total equity</b>		<b>3,674.2</b>	<b>3,421.5</b>
<b>Liabilities</b>	3		
Loans and credit facilities	17, 22	607.8	815.6
Provisions for pensions	18	64.8	117.9
Other provisions	19	17.1	12.4
Deferred tax liabilities	20	148.4	137.2
Other liabilities	22	332.0	616.2
<b>Total non-current liabilities</b>		<b>1,170.2</b>	<b>1,699.4</b>
Loans and credit facilities	17, 22	416.4	441.1
Other provisions	19	21.9	4.6
Work invoiced but not yet carried out		193.5	277.3
Accounts payable – trade		482.8	620.4
Current tax liability	20	95.4	54.5
Accrued expenses and prepaid income	21	688.3	641.6
Other liabilities	22	331.2	355.5
<b>Total current liabilities</b>		<b>2,229.5</b>	<b>2,395.0</b>
<b>Total liabilities</b>		<b>3,399.7</b>	<b>4,094.4</b>
<b>Total equity and liabilities</b>		<b>7,073.9</b>	<b>7,515.9</b>

For information about the Group's pledged assets and contingent liabilities, please refer to Note 25.

<b>Net borrowings</b>	<b>2013</b>	<b>2012</b>
Loans and credit facilities	1,024.2	1,256.7
Net pension liability	16.9	117.9
Cash and cash equivalents	-187.7	-497.7
	<b>853.3</b>	<b>876.9</b>

# Statement of change in consolidated equity

In millions of SEK	Equity attributable to shareholders in the parent				Total	Non-controlling interest	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit for the year			
Equity brought forward 1 Jan 2012	170.3	468.4	80.3	1,718.5	2,437.5	12.7	2,450.2
Profit for the year				345.0	345.0	8.3	353.3
Other comprehensive income			-25.0	18.0	-7.0	-0.2	-7.2
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>-25.0</b>	<b>363.0</b>	<b>338.0</b>	<b>8.1</b>	<b>346.1</b>
Dividends				-168.0	-168.0	-5.6	-173.6
Non-cash issue	29.9	850.0			879.9		879.9
Issue expenses		-5.5			-5.5		-5.5
Value of conversion option		9.2			9.2		9.2
Tax on value of conversion option		-2.0			-2.0		-2.0
Share savings programmes		12.5			12.5		12.5
Share buy-backs		-94.4			-94.4		-94.4
Gradual acquisition of non-controlling interest					—	-0.9	-0.9
<b>Equity carried forward 31 Dec 2012</b>	<b>200.2</b>	<b>1,238.3</b>	<b>55.3</b>	<b>1,913.5</b>	<b>3,407.3</b>	<b>14.2</b>	<b>3,421.5</b>
Equity brought forward 1 Jan 2013	200.2	1,238.3	55.3	1,913.5	3,407.3	14.2	3,421.5
Profit for the year				522.8	522.8	2.7	525.5
Other comprehensive income			-39.5	50.0	10.5	-0.8	9.7
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>-39.5</b>	<b>572.8</b>	<b>533.3</b>	<b>1.8</b>	<b>535.2</b>
Dividends				-214.6	-214.6	-2.6	-217.2
Value of conversion option		9.6			9.6		9.6
Tax on value of conversion option		-2.1			-2.1		-2.1
Share savings programmes		8.7			8.7		8.7
Share buy-backs/sales		-80.6			-80.6		-80.6
Cancellation of shares	-2.8	2.8			—		—
Gradual acquisition of non-controlling interest					—	-0.8	-0.8
<b>Equity carried forward 31 Dec 2013</b>	<b>197.4</b>	<b>1,176.6</b>	<b>15.8</b>	<b>2,271.7</b>	<b>3,661.5</b>	<b>12.7</b>	<b>3,674.2</b>

For supplementary information, please see Note 16.

# Statement of consolidated cash flows

1 January – 31 December (in millions of SEK)	Note	2013	2012
<b>Operating activities</b>	29		
Profit after financial items		677.3	476.6
Adjustment for items not included in cash flow		48.6	81.0
Income tax paid		-117.3	-128.2
<b>Cash flow from operating activities before changes in working capital</b>		<b>608.6</b>	<b>429.3</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		43.2	85.9
Change in operating liabilities		-226.7	-32.5
<b>Cash flow from operating activities</b>		<b>425.1</b>	<b>482.7</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		-46.9	-22.5
Disposal of property, plant and equipment		5.6	1.3
Acquisition of intangible assets		-16.5	-13.3
Acquisition of businesses	3	-107.0	-1,182.7
Additional consideration paid and gradual acquisitions		-34.7	-9.9
Disposal of financial assets		1.0	1.6
<b>Cash flow from investing activities</b>		<b>-198.5</b>	<b>-1,225.6</b>
<b>Financing activities</b>			
Borrowings		69.5	1,264.8
Amortisation of loans		-300.8	-89.7
Dividend paid (including non-controlling interest)		-217.2	-173.6
Share buy-backs		-80.6	-94.4
Issue expenses for non-cash issue		—	-5.5
<b>Cash flow from financing activities</b>		<b>-529.1</b>	<b>901.8</b>
<b>Cash flow for the year</b>		<b>-302.6</b>	<b>158.9</b>
Opening cash and cash equivalents		497.7	345.3
Exchange difference in cash and cash equivalents		-7.5	-6.6
<b>Closing cash and cash equivalents</b>		<b>187.7</b>	<b>497.7</b>



# Parent income statement

1 January – 31 December (in millions of SEK)	Note	2013	2012
<b>Operating income</b>			
Net sales		301.5	246.2
Other operating income	4	156.3	127.5
		<b>457.7</b>	<b>373.7</b>
<b>Operating expenses</b>			
Other external costs	5, 24	–266.9	–200.8
Personnel costs	6	–97.2	–83.6
Depreciation/amortisation and impairment of tangible and intangible assets	11, 12	–16.4	–13.6
Other operating expenses	7	–148.0	–124.4
<b>Operating profit/loss</b>		<b>–70.7</b>	<b>–48.7</b>
<b>Result from financial investments</b>			
Result from shares in Group companies and associates	8	27.6	134.4
Interest income and similar profit/loss items	8	7.5	5.3
Interest expense and similar profit/loss items	8	–49.6	–15.9
		<b>–14.5</b>	<b>123.8</b>
<b>Profit/loss after financial items</b>		<b>–85.2</b>	<b>75.1</b>
Appropriations	9	609.4	335.7
<b>Pre-tax profit</b>		<b>524.1</b>	<b>410.8</b>
Tax	20	–109.0	–67.0
<b>Profit for the year</b>		<b>415.1</b>	<b>343.8</b>
Other comprehensive income		0.6	—
<b>Total comprehensive income for the period</b>		<b>415.7</b>	<b>343.8</b>

# Parent balance sheet

As at 31 December (in millions of SEK)	Note	2013	2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	11	15.4	9.4
Property, plant and equipment	12	59.7	53.8
Financial assets			
Participations in Group companies	27	4,876.1	5,218.5
Participations in associates	13	—	7.3
Receivables from Group companies	26	20.4	16.9
Non-current receivables		7.7	5.3
<b>Total non-current assets</b>		<b>4,979.3</b>	<b>5,311.2</b>
<b>Current assets</b>			
Current receivables			
Accounts receivable		0.4	2.4
Receivables from Group companies and associates	26	730.8	564.1
Current tax assets	20	—	11.9
Other receivables		14.4	30.3
Prepaid expenses and accrued income	15	56.9	51.1
<b>Total current receivables</b>		<b>802.5</b>	<b>659.8</b>
Cash and bank balances		29.1	39.3
<b>Total current assets</b>		<b>831.6</b>	<b>699.1</b>
<b>Total assets</b>		<b>5,810.9</b>	<b>6,010.3</b>

As at 31 December (in millions of SEK)	Note	2013	2012
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	16		
<b>Restricted equity</b>			
Share capital (1,608,876 class A shares, 37,877,259 class B shares, total 39,486,135 shares with a quota value of SEK 5)		197.4	200.2
Statutory reserve		46.9	46.9
<b>Non-restricted equity</b>			
Share premium reserve		1,118.1	1,188.5
Fair value reserve		0.6	—
Profit brought forward		1,720.2	1,582.3
Profit for the year		415.1	343.8
<b>Total equity</b>		<b>3,498.3</b>	<b>3,361.7</b>
<b>Untaxed reserves</b>	28	122.5	126.4
<b>Provisions</b>			
Provisions for pensions and similar obligations	18	24.5	26.0
Deferred tax liability		3.3	1.9
Other provisions	19	274.8	644.3
<b>Total provisions</b>		<b>302.6</b>	<b>672.2</b>
<b>Non-current liabilities</b>			
Staff convertible	17	150.2	79.6
Liabilities to credit institutions	17	450.0	700.0
Liabilities to Group companies	26	0.2	0.2
Other liabilities	22	2.9	—
<b>Total non-current liabilities</b>		<b>603.3</b>	<b>779.8</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	17	376.3	427.0
Accounts payable – trade		83.2	73.7
Liabilities to Group companies	26	755.6	531.9
Current tax liability	20	22.5	—
Other liabilities	22	2.4	2.0
Accrued expenses and prepaid income	21	44.2	35.6
<b>Total current liabilities</b>		<b>1,284.1</b>	<b>1,070.2</b>
<b>Total equity and liabilities</b>		<b>5,810.9</b>	<b>6,010.3</b>
<b>Pledged assets and contingent liabilities for the parent</b>			
Pledged assets	25	None	None
Contingent liabilities	25	95.7	106.8

# Statement of change in parent equity

In millions of SEK	Restricted equity		Non-restricted equity				Total equity
	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Profit brought forward	Profit for the year	
Equity brought forward 1 Jan 2012	170.3	46.9	431.1	—	1,737.9	—	2,386.2
Profit for the year						343.8	343.8
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>343.8</b>	<b>343.8</b>
Dividends					-168.0		-168.0
Non-cash issue	29.9		850.0				879.9
Issue expenses			-5.5				-5.5
Value of conversion option			9.2				9.2
Tax on value of conversion option			-2.0				-2.0
Share buy-backs			-94.4				-94.4
Share savings programmes					12.5		12.5
<b>Equity carried forward 31 Dec 2012</b>	<b>200.2</b>	<b>46.9</b>	<b>1,188.5</b>	<b>—</b>	<b>1,582.3</b>	<b>343.8</b>	<b>3,361.7</b>
Equity brought forward 1 Jan 2013	200.2	46.9	1,188.5	—	1,926.1	—	3,361.7
Profit for the year						415.1	415.1
Other comprehensive income				0.6			0.6
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.6</b>	<b>—</b>	<b>415.1</b>	<b>415.7</b>
Dividends					-214.6		-214.6
Value of conversion option			9.6				9.6
Tax on value of conversion option			-2.1				-2.1
Share buy-backs/sales			-80.6				-80.6
Cancellation of shares	-2.8		2.8				0.0
Share savings programmes					8.7		8.7
<b>Equity carried forward 31 Dec 2013</b>	<b>197.4</b>	<b>46.9</b>	<b>1,118.1</b>	<b>0.6</b>	<b>1,720.2</b>	<b>415.1</b>	<b>3,498.3</b>

For supplementary information, please see Note 16.



# Statement of cash flows for parent

1 January – 31 December (in millions of SEK)	Note	2013	2012
<b>Operating activities</b>	29		
Profit/loss after financial items		-85.2	75.1
Adjustment for items not included in cash flow		143.8	15.0
Income tax paid		-76.3	-96.1
<b>Cash flow from operating activities before changes in working capital</b>		<b>-17.7</b>	<b>-6.0</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		132.8	16.1
Change in operating liabilities		597.6	374.2
<b>Cash flow from operating activities</b>		<b>712.7</b>	<b>384.3</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		-21.4	-6.2
Disposal of property, plant and equipment		5.9	—
Acquisition of intangible assets		-12.7	-8.7
Acquisition of businesses		—	-1,240.1
Shareholders' contribution made		-144.5	-76.0
Additional consideration paid		-30.7	-2.7
<b>Cash flow from investing activities</b>		<b>-203.4</b>	<b>-1,333.8</b>
<b>Financing activities</b>			
Borrowings		76.6	1,264.8
Amortisation of loans		-300.8	-50.0
Dividends paid		-214.6	-168.0
Issue expenses		—	-5.5
Share buy-backs		-80.6	-94.4
<b>Cash flow from financing activities</b>		<b>-519.4</b>	<b>947.0</b>
<b>Cash flow for the year</b>		<b>-10.2</b>	<b>-2.4</b>
Opening cash and cash equivalents		39.3	41.7
<b>Closing cash and cash equivalents</b>		<b>29.1</b>	<b>39.3</b>



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### New landmark in Gothenburg

In February 2014, 1,200 members of ÅF's staff met in a single building at Grafiska vägen 2 in Gothenburg. Working closely with Skanska, ÅF had been involved in giving the property a strong environmental profile and the lowest possible energy consumption.

Photo: Nicholas Almanakis



# Notes with accounting policies and comments

Financial values in the tables of accounts are in millions of SEK unless otherwise stated.

## 1 Accounting policies

### 1.1 Compliance with standards and legislation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations published by the International Financial Reporting Interpretations Committee (IFRIC) approved by the European Commission for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups) has been applied.

The parent applies the same accounting policies as the Group except as stated below in the section "Parent accounting policies". The differences between the accounting policies of the parent and the Group are due to limitations in the parent's scope to apply IFRS imposed by the Swedish Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen), and in some cases to tax reasons.

### 1.2 Basis of preparation of the parent and consolidated financial statements

The parent's functional currency is the Swedish krona (SEK), which is also the presentation currency for the parent and the Group. This means that the financial statements are presented in SEK.

Assets and liabilities are recognised at cost, with the exception of various financial assets and liabilities which are carried at fair value. The financial assets and liabilities which are carried at fair value are derivative instruments and financial assets classified as available for sale.

The preparation of financial statements in accordance with IFRS requires management to make judgements and estimates, and to make assumptions which affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and a number of other factors deemed reasonable under the circumstances. The results of these estimates and assumptions are then used to judge the carrying amounts of assets and liabilities where these are not clear from other sources. The actual outcome may differ from these estimates and judgements.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made if the change affects only that period, or in both the period in which the change is made and future periods if the change affects both the current and future periods.

Judgements made by management in applying IFRS which have a significant effect on the financial statements, and estimates made which could result in material adjustments in subsequent years' financial statements are described in more detail in Note 31.

The following accounting policies for the Group have been applied consistently to all periods presented in the Group's financial statements unless otherwise stated below. The Group's accounting policies have been applied consistently in the reporting and consolidation of the parent, subsidiaries and the inclusion of associates in the consolidated financial statements.

The annual report and consolidated financial statements were approved for release by the Board of Directors on 10 March 2014. The consolidated income statement and balance sheet and the parent income statement and balance sheet will be put forward for adoption at the Annual General Meeting on 5 May 2014.

### 1.3 Amendments to accounting policy and disclosure requirements

#### 1.3.1 Amended and new accounting policies for the year

##### IAS 1 "Presentation of financial statements"

The amendments revise the grouping of transactions in other comprehensive income. Items that are reclassifiable to profit or loss are to be presented separately from items that are not. The proposal does not alter

the actual content of other comprehensive income, but solely the presentation.

##### IAS 19 "Employee benefits"

The amendments mean that past service costs are to be recognised immediately. Interest expense and expected return on the plan assets are replaced by a net interest rate which is calculated using the discount rate, based on the net surplus or net deficit in the defined-benefit plan. The effect of this is insignificant.

##### IAS 36 "Impairment of assets"

An amendment has been made in respect of recoverable amount disclosures for non-financial assets. The amendment removes the requirement for recoverable amount disclosures for cash-generating units that had been adopted. The amendment is not obligatory before 1 January 2014, but the Group elected to apply it with effect from 1 January 2013.

### 1.3.2 Future amendments in accounting policies

None of the IFRS or IFRIC interpretations which have not yet become effective, are expected to have any significant effect on the Group.

### 1.4 Segment reporting

Segment reporting is based on operating segments which consist of the Group's four divisions. This corresponds to the structure for the Group management team's monitoring and management of operations.

### 1.5 Classification, etc.

In the financial statements for both the parent and the ÅF Group, non-current assets and non-current liabilities consist essentially of amounts expected to be recovered or settled more than twelve months after the end of the reporting period. Current assets and liabilities consist essentially of amounts expected to be recovered or settled within twelve months of the end of the reporting period.

### 1.6 Basis of consolidation

#### 1.6.1 Subsidiaries

Subsidiaries are companies over which ÅF AB has a controlling influence. A controlling influence means, directly or indirectly, the power to govern a company's financial and operating policies with a view to deriving economic benefits. Potential voting rights which are currently exercisable or convertible are taken into account when assessing whether a controlling influence is held.

Subsidiaries are accounted for using the acquisition method. This means that the acquisition of a subsidiary is treated as a transaction where the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated cost is determined by means of an analysis undertaken in connection with the acquisition of a business. The analysis determines the acquisition value of participations or businesses, the fair value of acquired identifiable assets and assumed liabilities, contingent liabilities and equity instruments issued as consideration for the net assets acquired.

Goodwill is the difference between the cost of the shares in a subsidiary and the fair value of the assets acquired and liabilities and contingent liabilities assumed.

Subsidiaries' financial statements are consolidated from the date of acquisition until such time as the controlling influence is relinquished.

#### 1.6.2 Associates

Associates are companies over whose operational and financial management the Group exercises a significant but not controlling influence, generally through a holding of 20–50 percent of the votes. Investments in associates are accounted for in the consolidated financial statements using the equity method from the time significant influence is obtained. This means that the carrying amount of the shares in the associate recognised in the consolidated financial statements consists of the Group's

cont. **Note 1**

share of the associate's equity plus goodwill and any other remaining fair value adjustments. The Group's share of the associate's profit/loss after tax, adjusted for any depreciation/amortisation, impairment or reversal of fair value adjustments, is recognised in the consolidated income statement under "Share of associates' profit/loss". Any dividends received from the associate reduce the carrying amount of the investment.

Any difference at the time of acquisition between the cost of the investment and the investor's interest in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recognised in accordance with IFRS 3 "Business combinations".

If the Group's interest in the recognised losses of an associate exceeds the carrying amount of the shares in the consolidated balance sheet, the carrying amount of the shares is reduced to zero. Losses are also allocated against unsecured non-current financial balances which effectively form part of the investor's net investment in the associate. Further losses are not recognised unless the Group has issued guarantees to cover losses arising at the associate. The equity method is applied until such time as significant influence is relinquished.

### **1.6.3 Transactions eliminated on consolidation**

Intra-group receivables, liabilities, income and expenses, and unrealised gains and losses arising on transactions between Group companies, are eliminated in their entirety when preparing the consolidated financial statements.

Unrealised gains arising on transactions with associates and joint ventures are eliminated in proportion to the Group's interests in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

## **1.7 Foreign currency**

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

Transactions in foreign currency are translated into the functional currency at the exchange rate ruling on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate ruling at the end of the reporting period. Exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities carried at cost are translated at the exchange rate ruling on the transaction date. Non-monetary assets and liabilities carried at fair value are translated into the functional currency at the exchange rate ruling when their fair value was determined, and changes in exchange rates are then recognised in the same way as other changes in the value of the asset or liability.

The functional currency is the currency of the primary economic environments in which the companies in the ÅF Group operate. The parent's functional currency and presentation currency is the Swedish krona (SEK). The ÅF Group's presentation currency is also the Swedish krona (SEK).

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

The assets and liabilities of foreign operations, including goodwill and other fair value adjustments, are translated into SEK at the exchange rate ruling at the end of the reporting period. The income and expenses of foreign operations are translated into SEK at an average exchange rate which approximates the exchange rates on the various transaction dates.

Translation differences arising on the translation of net investments in foreign operations are recognised in other comprehensive income. When a foreign operation is sold, the accumulated translation differences attributable to the operation are realised net of any currency hedging in the consolidated balance sheet.

## **1.8 Revenue**

Revenue from services rendered is recognised in accordance with IAS 18. The percentage of completion method is applied to all assignments whose outcome can be measured reliably. The majority of assignments are performed on a current account basis, according to which income is entered into the accounts when the work is performed, and clients are normally invoiced one month after the work is carried out. Where assignments are carried out on a fixed-price basis, revenue is recognised in profit or loss on the basis of the stage of completion at the end of the reporting period. The stage of completion of an assignment is determined by comparing the expenditure at the end of the reporting period with estimated total expenditure. If it is probable that the total assignment expenditure will exceed the total assignment revenue, the anticipated loss is immediately recognised as an expense in its entirety. Revenue is not recognised if it is probable that the economic benefits will not flow to the Group. In the event of significant uncertainty about payment or

associated expenses, no revenue is recognised. For joint risk projects ÅF recognises only its own share of the income.

## **1.9 Operating expenses and financial income and expenses**

### **1.9.1 Operating lease agreements**

Payments under operating leases are recognised in profit or loss on a straight-line basis over the lease term. Benefits received in connection with signing a lease are reported as part of the total lease cost in profit or loss. Contingent rents are recognised in the periods in which they arise.

### **1.9.2 Finance lease agreements**

Minimum lease payments are apportioned between a finance charge and a reduction of the outstanding liability. The finance charge is spread over the lease term so that the amount charged in each reporting period corresponds to a fixed rate of interest on the liability recognised in that period. Contingent rents are recognised in the periods in which they arise.

### **1.9.3 Financial income and expense**

Financial income and expense consist of interest receivable on bank balances and receivables, interest payable on loans, borrowing costs, dividend income and exchange differences on loans.

Interest receivable on receivables and interest payable on liabilities are calculated using the effective interest rate method. The effective interest rate is the rate of interest that makes the present value of all future inflows and outflows over the life of the receivable or liability equal to its carrying amount. The interest component of finance lease payments is recognised in profit or loss by applying the effective interest rate method. Interest receivable includes accrued transaction costs and any discounts, premiums or other differences between the original value of the receivable and the amount received at maturity.

Borrowing costs are charged to profit for the period to which they relate. Costs arising when raising a loan are divided over the maturity of the loan on the basis of the recognised liability.

Dividend income is recognised when the right to receive payment has been ascertained.

## **1.10 Financial instruments**

Financial instruments recognised on the asset side of the balance sheet include cash and cash equivalents, trade receivables, shares and other equity instruments, and derivatives. Included in equity and liabilities are trade payables, issued debt and equity instruments, borrowings and derivatives.

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the contractual terms of the instrument. Trade receivables are recognised in the balance sheet when an invoice has been sent. Liabilities are recognised once the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are recognised when an invoice has been received.

A financial asset is derecognised from the balance sheet when the rights in the contract are transferred or expire or the company loses control over them. The same applies to parts of a financial asset. A financial liability is derecognised when the obligation in the contract is discharged or in some other way extinguished. The same applies to parts of a financial liability.

Acquisitions and disposals of financial assets are recognised on the trade date, which is the day when the company makes a binding commitment to buy or sell the asset.

The fair value of quoted financial assets is the asset's quoted bid price at the end of the reporting period. For further information, please see Note 22.

### **1.10.1 Classification and valuation**

Financial instruments that are not derivatives are recognised initially at an acquisition value equivalent to the fair value of the instrument with the addition of transaction costs for all financial instruments except those in the financial assets category, which are recognised at fair value excluding transaction costs. A financial instrument is classified on initial recognition on the basis of the purpose for which the instrument was acquired. The classification determines how the financial instrument is to be valued after initial recognition, as described below.

Derivative instruments are recognised initially at fair value, indicating that transaction costs are charged to profit or loss for the period. Subsequent to the initial recognition, derivative instruments are recognised in the manner described below. If a derivative instrument is used for



cont. Note 1

hedging, to the extent that this is effective, changes in value of the derivative instrument are recognised on the same line in profit or loss as the hedged item. Even if hedge accounting is not applied, increases or decreases in the value of the derivative are recognised as income or expense in the operating profit/loss or in net financial income/expense depending on the intention behind the use of the derivative and whether the use relates to an operating item or a financial item. With hedge accounting, the ineffective part of the hedge is recognised in the same way as changes in the value of a derivative that is not used for hedge accounting.

### 1.10.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are valued at amortised cost. Amortised cost is determined on the basis of the effective interest rate calculated on the date of acquisition. Assets with a short term are not discounted.

Accounts receivable are recognised at the amount which it is estimated will be received, i.e. after the deduction of doubtful receivables and as the result of individual evaluation. Impairments of accounts receivable are recognised in operating expense.

Other receivables are classified as non-current receivables if the holding period exceeds one year and if it is shorter than other receivables.

Cash and cash equivalents consist of cash, immediately accessible deposits with banks and similar institutions, and short-term liquid investments with a maturity of less than three months from the date of purchase, which are subject to only an insignificant risk of changes in value.

### 1.10.3 Other financial liabilities

Loans and other financial liabilities, e.g. accounts payable, are included in this category. The liabilities are valued at amortised acquisition value. Accounts payable have a short expected term and are valued without discounting at their nominal amount.

Non-current liabilities have an expected term longer than one year, while current liabilities have a term shorter than one year.

Staff convertibles can be converted into shares by the counterparty exercising an option to convert the instrument into shares. Staff convertibles are recognised as a compound financial instrument comprising a liability component and an equity component. The fair value of the liability is calculated by discounting future cash flows using the current market interest rate for an equivalent liability without a conversion right. The value of the equity instrument is calculated as the difference between the issue proceeds when the staff convertible was issued and the fair value of the financial liability at the time of issue. Any deferred tax attributable to the liability on the date of issue is deducted from the recognised value of the equity instrument. The transaction costs relating to the issue of a compound financial instrument are apportioned between the liability component and the equity component in the same proportions as the issue proceeds. The interest cost is recognised in profit or loss and calculated using the effective interest rate method.

### 1.11 Derivative instruments and hedging

Derivatives used for hedging future cash flows are recognised in the balance sheet at fair value. The changes in value recognised in other comprehensive income until such time as the hedged flow affects profit or loss, at which point the accumulated changes in value of the hedging instrument are recycled into profit or loss simultaneously with the profit or loss effects of the hedged transaction. Flows from both contracted and forecast transactions can be hedged.

To meet the requirements for hedge accounting under IAS 39, there must be an unequivocal link to the hedged item. In addition, the hedging of the item must be effective, hedging documentation must have been prepared and it must be possible for effectiveness to be measured. Gains and losses on hedging are recognised in profit or loss on the same date as gains and losses on the hedged items are recognised.

### 1.12 Property, plant and equipment

#### 1.12.1 Owned assets

Property, plant and equipment are recognised as assets in the balance sheet if it is probable that future economic benefits will flow to the company, and that the cost of the item can be measured reliably. Property, plant and equipment are recognised in the consolidated financial statements at cost less accumulated depreciation and any impairment losses. Cost is defined as the purchase price plus any additional expenses

directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

Property, plant and equipment which consist of parts with different useful lives are treated as separate components of property, plant and equipment.

The carrying amount of an asset is derecognised from the balance sheet on retirement or disposal or when no future economic benefits are expected to flow from the use or retirement/disposal of the asset. The gain or loss arising on the disposal or retirement of an asset is the difference between the disposal proceeds and the carrying amount less direct costs to sell. The gain or loss is recognised under other operating income/expenses.

#### Future expenditure

Future expenditure is added to the acquisition value only if it is probable that future economic benefits that are attributable to the asset will flow to the company, and the acquisition value can be measured reliably.

#### Depreciation

Linear depreciation is applied over the estimated useful life of the asset. Land is not depreciated. The ÅF Group applies component depreciation, which means that the estimated useful life of the components forms the basis for depreciation.

#### 1.12.2 Leased assets

Leased assets are accounted for in accordance with IAS 17. Leases are classified as either finance leases or operating leases in the consolidated financial statements. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Otherwise it is classified as an operating lease.

Assets held under finance leases are recognised as assets in the consolidated balance sheet. The liability to make future lease payments is recognised under non-current and current liabilities. The leased assets are depreciated on a straight-line basis, while the lease payments are recognised as a finance charge and a reduction in the liability.

With operating leases, the lease payments are recognised as expense over the lease term on a straight-line basis.

#### 1.12.3 Depreciation

Depreciation is charged on a straight-line basis over the estimated useful life of an asset.

Estimated useful lives are:

IT equipment	3 years
Cars	5 years
Office equipment	5 years
Office furnishings	10 years
Buildings (business premises)	40–100 years

Business premises consist of a number of components with different useful lives. The primary division is between buildings and land. No depreciation is applied to the land component, which is regarded as having an unlimited useful life. The buildings, however, consist of many components with varying useful lives. The useful lives of these components have been assessed as varying between 40 and 100 years.

The residual value and useful life of an asset are reviewed annually.

### 1.13 Intangible assets

#### 1.13.1 Goodwill

Goodwill is the difference between the cost of a business combination (i.e. corporate acquisition, takeover, etc.) and the fair value of the assets acquired and liabilities and contingent liabilities assumed.

When it comes to goodwill arising on business combinations before 1 January 2004, the Group has not applied IFRS retroactively; instead, the carrying amount on that date will continue to be the cost of acquisition in the consolidated financial statements, net of impairment losses.

Goodwill is apportioned between cash-generating units and groups of cash-generating units, and is tested annually for impairment (see §1.14 below). Thus goodwill is carried at cost less accumulated impairment losses. Goodwill arising on the acquisition of associates is included in the carrying amount of the investment in the associate.

Where the cost of a business combination is less than the net fair value of the assets acquired and liabilities and contingent liabilities assumed, the difference is recognised immediately in profit or loss.

cont. **Note 1**

### 1.13.2 Research and development

Expenditure on research aimed at obtaining new scientific or technical knowledge is recognised as an expense as it is incurred.

Expenditure on development where research results or other knowledge is applied to achieve new or improved products or processes is recognised as an asset in the balance sheet if the product or process is technically and commercially feasible and the company has sufficient resources to complete its development and then use or sell the intangible asset. The carrying amount includes the cost of materials, direct payroll costs and indirect costs which can reasonably and consistently be attributed to the asset. Other development expenditure is recognised in profit or loss as expense as it is incurred. Development expenditure recognised in the balance sheet is carried at cost less accumulated amortisation and impairment losses.

### 1.13.3 Other intangible assets

Other intangible assets acquired by the Group are recognised at cost less accumulated amortisation (see below) and impairment losses (see §1.14 below).

Costs incurred in respect of internally generated goodwill and internally generated trademarks are recognised in profit or loss as they are incurred.

### 1.13.4 Future expenditure

Subsequent expenditure on capitalised intangible assets is recognised as an asset in the balance sheet only if it increases the future economic benefits from the specific asset to which it relates. All other expenditure is recognised as an expense as it is incurred.

### 1.13.5 Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the asset, unless its useful life is indefinite. Goodwill and intangible assets with an indefinite life are tested for impairment annually or as soon as there are indications that the asset in question has diminished in value. Amortisable intangible assets are amortised from the date they become available for use.

Estimated useful lives are:

Capitalised development expenditure	1–3 years
Order book	2–5 years
Client relations	10–20 years
Brands	2–5 years

### 1.14 Impairment

The carrying amounts of the Group's assets – with the exception of assets held for sale recognised in accordance with IFRS 5 and deferred tax assets – are tested at the end of each reporting period to assess whether there is any indication of impairment. If there is any such indication, the asset's recoverable amount is determined. The carrying amounts of the exceptions stated above are tested in accordance with the relevant standard.

#### 1.14.1 Impairment tests for tangible and intangible assets and participations in subsidiaries and associates

The recoverable amount is the higher of fair value less costs to sell and value in use. When calculating value in use, future cash flows are discounted at a discount rate which reflects the risk-free rate of interest and the risk associated with the specific asset. For an asset that does not generate cash flows that are essentially independent of other assets, the value in use is calculated for the cash-generating unit to which the asset belongs. The impairment loss is the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses in respect of cash-generating units are allocated in the first instance to goodwill. Impairment is then applied to the other assets included in the unit on a pro rata basis.

In the case of goodwill, other intangible assets with an indefinite life and intangible assets not yet ready for use, the recoverable amount is calculated annually.

#### 1.14.2 Impairment tests for financial assets

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset or group of assets requires impairment. Objective evidence consists both of observable circumstances that have arisen and which have a negative effect on the ability to recover the acquisition cost, and of significant and long-lasting reductions in the fair value of an investment in an available-for-sale financial asset.

On the impairment of an equity instrument designated as an available-for-sale financial asset, accumulated losses already recognised outside profit or loss are reversed through profit or loss.

The recoverable amount of assets in the loans and receivables category which are recognised at amortised cost is measured as the present value of the future cash flow discounted at the effective interest rate current on the date on which the asset was first recognised. Assets with a short term are not discounted. Impairment is charged to profit or loss.

### 1.14.3 Reversal of an impairment loss

An impairment loss is reversed if there are indications that the impairment requirement no longer exists and there has been a change in the assumptions which formed the basis for the measurement of the recoverable amount. Impairment of goodwill is never reversed. A reversal is carried out only to the extent that the carrying amount after reversal does not exceed the carrying amount which would have been recognised, less depreciation/amortisation if appropriate, if no impairment had been applied.

Impairment of loans and receivables that has been recognised at amortised cost is reversed if a subsequent increase in the recoverable amount can be attributed objectively to an event occurring after the impairment had been made.

Impairment losses on equity instruments designated as available-for-sale financial assets that have already been recognised in profit or loss may not subsequently be reversed via profit or loss. The impaired value is the value from which subsequent revaluations are made, and these are recognised in other comprehensive income. Impairment losses on interest-bearing instruments designated as available-for-sale financial assets are reversed in profit or loss if the fair value increases and the increase can be attributed objectively to an event occurring after the impairment had been made.

### 1.15 Dividends

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

### 1.16 Employee benefits

#### 1.16.1 Defined-contribution retirement benefit plans

Obligations to contribute to defined-contribution plans are recognised as an expense in profit or loss as they arise.

#### 1.16.2 Defined benefit retirement benefit plans

The Group's net obligations under defined-benefit plans are calculated separately for each plan by estimating the future benefits earned by employees through their employment in prior periods. These benefits are discounted to present value. The discount rate is the interest rate at the end of the reporting period on a high-quality investment-grade corporate bond with the term equivalent to the Group's pension obligations. Where there is no active market for corporate bonds of this type, government bonds with a corresponding term are used instead. The calculations have been performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are recognised in other comprehensive income for the period in which they arise. The Group's net liabilities, which are also recognised in the balance sheet, for each defined benefit plan consist of the present value of obligations less the fair value of the plan assets. If the value of plan assets exceed the value of the obligations, surplus arises, and this is recognised as a plan asset under non-current assets. Previous service costs are recognised in profit or loss.

When a difference arises between the way in which pension costs are determined in the legal entity and Group, a provision or receivable in respect of special employers' contribution based on this difference is recognised. The provision or receivable is not discounted to present value.

#### 1.16.3 Share-related remuneration

Under the share savings programme adopted by the AGM, employees are eligible to receive performance-related matching shares for shares which they have themselves purchased under the programme. For these share programmes, salary expenses for matching shares are recognised during the vesting period (3 years) based on the fair value of the shares on the date on which the employee purchased shares under the programme. Provisions for estimated social security contributions are made during the vesting period. The buy-back of shares to meet obligations under outstanding share programmes is recognised in equity.

#### 1.16.4 Termination benefits

A provision is made for termination benefits only when the company is demonstrably committed to terminating employment before the normal date, or when the benefits are the result of an offer made in order to encourage voluntary redundancy. In the event that the company is obliged to lay off members of staff, a detailed plan is drawn up specifying as a minimum the location, function and approximate number of employees involved, the benefits for each job classification or function, and the time at which the plan will be implemented.

#### 1.17 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and when it is probable that an outflow of economic resources will be required to meet this obligation, and a reliable estimate of the amount of the obligation can be made. Where the effect of the point in time when payment takes place is significant, provisions are calculated by discounting expected future cash flows at a rate of interest before tax that reflects current market assessments of the time value of money and, where appropriate, the risks associated with the liability.

Provisions for restructuring are recognised once the Group has adopted a detailed and formal restructuring plan, and the work of restructuring has either begun or been publicly announced. No provisions are made for future operating expenses.

#### 1.18 Tax

Income tax consists of current tax and deferred tax. Income tax is recognised in profit or loss other than when the underlying transaction is recognised outside profit or loss, in which case the associated tax effect is recognised outside profit or loss.

Current tax is the tax payable or recoverable in respect of the current year, based on the tax rates enacted or substantively enacted as at the end of the reporting period, including adjustments of current tax in respect of prior periods.

Deferred tax is calculated in accordance with the balance-sheet method starting from temporary differences between the carrying amount and the value for tax purposes of assets and liabilities. The following temporary differences are disregarded: temporary differences arising on the initial recognition of goodwill; the initial recognition of assets and liabilities which do not constitute business combinations and affect neither recognised nor taxable income at the time of the transaction; and temporary differences attributable to investments in subsidiaries and associates, in cases where the parent, investor or joint owner can exert some influence over the point in time when the temporary differences will be reversed and when it is not anticipated that this reversal will take place in the foreseeable future. The valuation of deferred tax is based on how the carrying amounts of assets and liabilities are expected to be realised or adjusted. Deferred tax is calculated using the tax rates and tax rules enacted or substantively enacted as at the end of the reporting period.

Deferred tax assets in respect of deductible temporary differences and unused tax losses are recognised only to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer deemed probable that they can be utilised.

Any additional income tax arising on the payment of dividends is recognised at the same time as the dividend is recognised as a liability.

#### 1.19 Contingent liabilities

A contingent liability is reported when there is a potential obligation relating to past events whose existence will be confirmed only by one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because it is not probable that an outflow of resources will be required, or the amount cannot be measured reliably.

#### 1.20 Earnings per share

The calculation of earnings per share is based on the consolidated profit or loss attributable to the parent's shareholders and on the weighted average number of shares outstanding during the year. In calculating

earnings per share after dilution, the profit or loss and the weighted average number of shares are adjusted to take account of the effects of potential diluting ordinary shares, which derive during the reporting period from matching shares in the savings programme and the staff convertible programme.

#### 1.21 Parent accounting policies

The parent has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities". RFR 2 requires that the parent's annual report applies all IFRS standards and interpretations approved by the EU as far as is possible within the constraints of the Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen), and while taking into account the relationship between reporting and taxation. The recommendation specifies which exceptions and supplements are to be made with respect to IFRS. The differences between the accounting policies of the Group and parent are presented below.

The accounting policies outlined below have been applied consistently to all periods presented in the parent's financial statements.

#### Differences between accounting policies for the Group and the parent

##### 1.21.1 Subsidiaries and associates

Shares in subsidiaries and associates are recognised in the parent using the acquisition method. Dividends received are recognised as income.

##### 1.21.2 Property, plant and equipment

###### Leased assets

The parent reports all leases on the basis of the rules for operating leases.

##### 1.21.3 Financial guarantees

The parent's financial guarantees consist mainly of guarantee commitments in favour of subsidiaries and associates. Financial guarantees mean that the company has an obligation to reimburse holders of a debt instrument for losses they suffer through a specified debtor not making due payments under the terms of the contract. In recognising financial guarantee contracts, the parent applies RFR 2, which involves an easing of the rules of IAS 39 in respect of financial guarantee contracts executed in favour of subsidiaries and associates. The parent recognises financial guarantee contracts as provisions in the balance sheet when the company has an obligation for which it is probable that payment will be required to settle the obligation.

##### 1.21.4 Employee benefits

###### Defined benefit retirement benefit plans

In calculating defined benefit retirement benefit plans, the basis for calculation applied by the parent differs from those set out in IAS 19. The parent complies with the provisions of the Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's rules since these are a condition for tax deductibility. The most significant differences compared with IAS 19 are the method for determining the discount rate, the calculation of defined benefit obligations on the basis of current tax levels without assumptions on future salary increases and the recognition of all actuarial gains and losses in profit or loss when they arise.

##### 1.21.5 Tax

The parent recognises untaxed reserves including deferred tax liability. In the consolidated financial statements, untaxed reserves are apportioned between a deferred tax liability and equity.

##### 1.21.6 Group contribution and shareholders' contribution for legal entities

Group contributions both made and received are recognised as appropriations.

Shareholder's contributions are recognised outside profit or loss by the recipient and are capitalised as participations by the contributor, insofar as impairment is not required.

## 2 Segment reporting

	Industry		Infrastructure		International		Technology		Group-wide and eliminations		Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>Income and expense</b>												
Sales to external clients	2,301	1,618	2,362	1,842	1,216	1,291	2,470	881	-11	164	8,337	5,796
Sales between segments	53	36	44	50	9	15	53	27	-159	-128	—	—
Net sales	2,354	1,653	2,406	1,892	1,225	1,307	2,523	908	-170	36	8,337	5,796
Operating expense	-2,108	-1,454	-2,097	-1,671	-1,133	-1,233	-2,329	-822	228	-78	-7,441	-5,258
Amortisation and impairment of intangible assets	-4	-1	-9	-6	-5	-6	-13	0	-103	-6	-133	-19
Depreciation and impairment of property, plant and equipment	-4	-3	-9	-8	-12	-13	-2	-1	-14	-13	-41	-38
Operating profit	238	195	290	207	75	55	179	84	-59	-61	722	481
Operating margin, %	10.1	11.8	12.0	10.9	6.1	4.2	7.1	9.3			8.7	8.3
<b>Assets and liabilities</b>												
Operating assets	1,633	1,211	1,946	1,702	1,398	1,668	2,552	406	-455	2,529	7,074	7,516
Operating liabilities	1,357	1,106	2,059	1,360	1,336	1,612	806	317	-2,157	-301	3,400	4,094

The historical figures above are adjusted based on the organisational changes implemented on 1 July, 2013.

### Operating segments

The Group's operating structure and internal reporting to Group management and the Board is based on accounting by divisions. The aim is to classify the divisions on the basis of their clients and their own expertise. Intra-group sales between segments are based on an internal market price, calculated on an arms-length basis, i.e. as between parties who are mutually independent, well-informed and with an interest in completing the transactions.

All of the Group's operating assets and liabilities have been placed directly in divisions or allocated by division. The Group-wide items refer to traditional parent functions. The accounting policies governing operating segments are the same as those applied in the Group in general. There are no individual clients whose sales amount to 10 percent or more of the Group's total sales.

Non-recurring items have had a negative effect of SEK 2 million net on operating profit for 2013. The items included are both integration costs related to the acquisition of Epsilon of SEK -55 million, and non-recurring items recognised during the fourth quarter amounting to SEK +53 million. The non-recurring items relate to the revaluation of contingent consideration for Epsilon and one of the companies in the Czech Republic of SEK 143 million, an impairment of goodwill of SEK 95 million, impairment of operating asset of SEK 25 million and the disposal of pension obligations

in Switzerland of SEK 30 million. The effect of the items is recognised under "Group-wide and eliminations" so as not to impact on the analysis of the results of the operating divisions. Other expense and income relating to the former Epsilon are recognised within the Technology and Industry Divisions. Other non-recurring items originate from countries which are otherwise recognised within the International Division.

During 2012, the sales and profits of the acquired company, Epsilon, for the period 29 November – 31 December are included in "group-wide and eliminations". With effect from 1 January 2013, Epsilon is included in the Technology Division and the Industry Division.

By geographical area	Net sales		Non-current assets	
	2013	2012	2013	2012
Sweden	6,239	4,048	3,006	3,171
Norway	691	269	634	478
Switzerland	390	426	445	315
Other countries	1,017	1,053	349	579
<b>Total</b>	<b>8,337</b>	<b>5,796</b>	<b>4,434</b>	<b>4,543</b>

Income from external clients has been attributed to individual countries on the basis of the country from which the sale was made.

## 3 Acquisition of business operations

### Acquisitions 2013

During 2013, ÅF acquired all the shares of Kåre Hagen AS and Hjertnes Byggrådgivning AS in Norway. In Sweden, Konfem AB, Teknogram AB, Connect Konsult AB and Ljusarkitektur Sweden AB were acquired. A number of other small businesses have also been taken over in Sweden and Norway. In total, ÅF acquired 13 operations with 167 employees. SEK 131 million of the consideration including estimated contingent consideration recognised below relates to Kåre Hagen AS and SEK 100 million to other acquisitions. None of the acquisitions is substantial, and for that reason they are all recognised together in the lists below.

Two major acquisitions have been completed so far in 2014. More information on these is provided in Note 30.

### Effects of acquisitions

The table below shows the effect of the acquisitions on the consolidated assets and liabilities. The acquisition analyses are provisional since the assets of the acquired companies have not yet been finally analysed.

### Total net assets of acquired companies on acquisition date 2013

2013	Identifiable assets and liabilities	Fair value adjustment	Fair value recognised in the Group
Intangible assets	—	10.9	10.9
Property, plant and equipment	1.2	—	1.2
Accounts receivable and other receivables	39.2	—	39.2
Cash and cash equivalents	27.2	—	27.2
Non-current provisions	—	-2.7	-2.7
Accounts payable and other liabilities	-42.6	—	-42.6
<b>Net identifiable assets and liabilities</b>	<b>25.1</b>	<b>8.2</b>	<b>33.3</b>
Consolidated goodwill			197.6
<b>Consideration including estimated contingent consideration</b>			<b>230.8</b>
Transaction costs			3.9
Deduct:			
Cash (acquired)			27.2
Estimated additional consideration			100.6
<b>Net cash outflow</b>			<b>107.0</b>



cont. Note 3

### Goodwill

Goodwill refers primarily to human capital in the form of staff expertise, as well as synergy effects. The goodwill is not expected to be tax-deductible.

### Contingent consideration

Agreed contingent consideration in the acquired companies relates to the performance of each company over the next two to three years. Total contingent consideration for the acquired companies is a maximum of SEK 121 million. For further information on contingent consideration, please see Note 22.

### Acquisition-related expenditure

Transaction costs are recognised in "Other operating expense" in profit or loss.

### Acquired receivables

The acquired receivables are expected to be settled in full. The agreed gross values are substantially equivalent to the fair values of the receivables.

### Income and profits of acquired companies

During the year, acquired companies/businesses contributed SEK 104 million (326) to consolidated income and SEK 14 million (34) to operating profit.

If the above-mentioned acquisitions had been executed on 1 January 2013, they would have contributed sales of SEK 228 million (2,635) and operating profits of SEK 27 million (272).

### Acquisitions 2012

The preliminary acquisition analyses for Epsilon Holding AB and Advansia AS were established during 2013. This resulted in a SEK 226 million reduction in goodwill in respect of Epsilon Holding AB and an increase of SEK 58 million in respect of Advansia AS. The net effect is a reduction of SEK 168 million. Contingent consideration decreased by an equivalent amount as a result of changes to assessments regarding the size of the contingent consideration, linked to conditions that existed at the time the preliminary acquisition analyses were established. In addition, a revaluation of the contingent consideration for Epsilon with regard to changed conditions following the acquisition has generated operating income of SEK 136 million and an equivalent further reduction to the estimated contingent consideration. Further information on contingent consideration is provided in Note 22.

The effects of the above adjustments are summarised in the following table.

	Epsilon Holding AB	Advansia AS
Estimated contingent consideration before establishment of PPA	500	74
Estimated contingent consideration as at 31 December 2013	138	132
Adjustment of contingent consideration	-362	58
Of which adjustment of goodwill	-226	58
Of which adjustment in income statement (income)	-136	-

The final acquisition analyses for these two acquisitions are as follows.

### Epsilon's acquired net assets on the acquisition date (final acquisition analysis)

2012	Identifiable assets and liabilities	Fair value adjustment	Fair value recognised in the Group
Intangible assets	2.9	307.2	310.1
Property, plant and equipment	7.2	—	7.2
Accounts receivable and other receivables	699.2	—	699.2
Cash and cash equivalents	31.9	—	31.9
Non-current provisions	-16.0	-67.6	-83.6
Accounts payable and other liabilities	-530.7	—	-530.7
<b>Net identifiable assets and liabilities</b>	<b>194.5</b>	<b>239.6</b>	<b>434.1</b>
Consolidated goodwill			1,562.4
<b>Consideration including estimated contingent consideration</b>			<b>1,996.5</b>
Transaction costs			11.0
Deduct:			
Cash (acquired)			31.9
Estimated additional consideration			274.9
Non-cash issue			879.9
<b>Net cash outflow</b>			<b>820.8</b>

### Advansia's acquired net assets on the acquisition date (final acquisition analysis)

2012	Identifiable assets and liabilities	Fair value adjustment	Fair value recognised in the Group
Intangible assets	—	35.4	35.4
Property, plant and equipment	2.4	—	2.4
Accounts receivable and other receivables	66.4	—	66.4
Cash and cash equivalents	66.7	—	66.7
Non-current provisions	-2.1	-9.9	-12.0
Accounts payable and other liabilities	-74.5	—	-74.5
<b>Net identifiable assets and liabilities</b>	<b>58.9</b>	<b>25.5</b>	<b>84.4</b>
Consolidated goodwill			439.9
<b>Consideration including estimated contingent consideration</b>			<b>524.3</b>
Transaction costs			1.8
Deduct:			
Cash (acquired)			66.7
Estimated additional consideration <sup>1)</sup>			138.6
<b>Net cash outflow</b>			<b>320.8</b>

<sup>1)</sup> The contingent consideration recognised as at 31 December 2013 amounted to SEK 132 million. The difference from the estimated figure above is due to exchange differences.

cont. Note 3

**Other acquired companies' net assets at time of acquisition**

During 2012, ÅF acquired all the shares of Sivilingeniörene Munthe-Kaas og Udnas AS in Norway, VTB i Kristianstad AB, Byggnalys AB and Demikon D-Miljö AB in Sweden, as well as a number of smaller acquisitions of operations in Sweden and Denmark.

2012	Identifiable assets and liabilities	Fair value adjustment	Fair value recognised in the Group
Intangible assets	—	3.3	3.3
Property, plant and equipment	2.0	—	2.0
Accounts receivable and other receivables	25.7	—	25.7
Cash and cash equivalents	8.5	—	8.5
Non-current provisions	—	-0.8	-0.8
Accounts payable and other liabilities	-26.0	—	-26.0
<b>Net identifiable assets and liabilities</b>	<b>10.2</b>	<b>2.5</b>	<b>12.7</b>
Consolidated goodwill			66.5
<b>Consideration including estimated contingent consideration</b>			<b>79.2</b>
Transaction costs			0.1
Deduct:			
Cash (acquired)			8.5
Estimated additional consideration			29.7
<b>Net cash outflow</b>			<b>41.1</b>

**Total net assets of acquired companies on acquisition date 2012**

2012	Identifiable assets and liabilities	Fair value adjustment	Fair value recognised in the Group
Intangible assets	2.9	345.9	348.8
Property, plant and equipment	11.6	—	11.6
Accounts receivable and other receivables	791.3	—	791.3
Cash and cash equivalents	107.1	—	107.1
Non-current provisions	-18.1	-78.3	-96.4
Accounts payable and other liabilities	-631.2	—	-631.2
<b>Net identifiable assets and liabilities</b>	<b>263.6</b>	<b>267.6</b>	<b>531.2</b>
Consolidated goodwill			2,068.8
<b>Consideration including estimated contingent consideration</b>			<b>2,600.0</b>
Transaction costs			12.9
Deduct:			
Cash (acquired)			107.1
Estimated additional consideration			443.2
Non-cash issue <sup>1)</sup>			879.9
<b>Net cash outflow</b>			<b>1,182.7</b>

<sup>1)</sup> The non-cash issue has been fixed at 5,985,915 shares, valued at the price on the acquisition date, SEK 147 per share.

The number of employees in companies/operations acquired was 1,941.

**4 Other operating income**

Group	2013	2012
Exchange gains	3.3	2.0
Gain on disposal of non-current assets	—	0.4
Adjustment of contingent consideration	144.5	—
	<b>147.8</b>	<b>2.4</b>

Other operating income of SEK 156.3 million (127.5) in the parent relates to the invoicing of rental charges, chiefly to subsidiaries.

**5 Fees and remuneration of auditors' expenses**

	Group		Parent	
	2013	2012	2013	2012
<b>Auditing firm EY</b>				
Audit assignments	5.1	4.3	0.8	0.8
Tax advice	0.3	0.1	0.3	—
Other assignments	1.4	4.3	0.8	3.6
	<b>6.8</b>	<b>8.7</b>	<b>1.9</b>	<b>4.4</b>
<b>Other auditors</b>				
Audit assignments	0.3	0.4	0.1	—
Tax advice	0.3	—	—	—
Other assignments	1.4	0.9	0.3	0.6
	<b>2.0</b>	<b>1.3</b>	<b>0.4</b>	<b>0.6</b>

"Audit assignments" refer to the auditing of the annual report, the accounting records and the administration by the Board of Directors and the CEO, other duties which it is incumbent upon the company's auditors to carry out, as well as advice and other assistance stemming from observations made during such audits or the execution of such other duties.

**6 Employees and personnel costs**

Total remuneration is included in profit or loss under the heading "Personnel costs".

**Average number of full-time employees, FTEs, by gender**

	2013			2012		
Parent	Women	Men	Total	Women	Men	Total
Sweden	55	29	84	52	22	74
<b>Subsidiaries</b>						
Sweden	927	4,115	5,042	575	2,753	3,328
Russia	193	138	331	199	148	347
Norway	67	217	285	34	107	141
Finland	38	156	195	40	172	212
Switzerland	46	142	188	54	153	207
Czech Republic	30	146	176	36	139	175
Denmark	22	127	149	19	108	127
India	8	43	51	11	43	54
Spain	12	25	37	13	19	32
Estonia	6	29	35	6	27	33
Lithuania	7	15	22	6	26	32
Turkey	4	17	20	3	17	20
Other	15	36	51	9	17	26
<b>Group total</b>	<b>1,431</b>	<b>5,235</b>	<b>6,666</b>	<b>1,057</b>	<b>3,751</b>	<b>4,808</b>
Associates, total			16			30
<b>Total average number of FTEs including associates</b>			<b>6,682</b>			<b>4,838</b>

**Gender distribution – Board of Directors and Group management**

	Women, %	
Group	2013	2012
The Board of Directors	44	30
Group management	25	20

cont. Note 6

## Salaries, other remuneration and payroll overheads

Group	2013		2012	
	Salaries and remuneration	Social security contributions	Salaries and remuneration	Social security contributions
The Board of Directors and Group management	37.0	21.1	31.1	16.1
of which annual variable remuneration	6.3	2.0	6.1	1.9
of which pension costs <sup>1)</sup>	—	9.4	—	6.7
Other employees	3,150.1	1,184.9	2,278.9	832.8
of which annual variable remuneration	96.8	30.4	107.7	33.8
of which pension costs <sup>1)</sup>	—	369.5	—	274.0
	<b>3,187.1</b>	<b>1,206.0</b>	<b>2,310.0</b>	<b>848.8</b>

<sup>1)</sup> Including statutory charges.

<sup>2)</sup> The information excludes non-recurring effects of pensions in Switzerland.  
For more information, see Note 18.

Parent	2013		2012	
	Salaries and remuneration	Social security contributions	Salaries and remuneration	Social security contributions
The Board of Directors and Group management	9.6	5.3	9.5	4.6
of which annual variable remuneration	1.4	0.4	2.2	0.7
of which pension costs <sup>1)</sup>	—	2.1	—	1.6
Other employees	52.2	25.2	41.4	21.0
of which annual variable remuneration	6.1	1.9	5.5	1.7
of which pension costs <sup>1)</sup>	—	9.7	—	8.4
	<b>61.8</b>	<b>30.6</b>	<b>51.0</b>	<b>25.6</b>

<sup>1)</sup> Including statutory charges.

## Remuneration to Group executives

### Guidelines for the remuneration of Group management in accordance with the resolution of the Annual General Meeting for 2013

ÅF Group policy is that remuneration should be on competitive market terms, as this will facilitate recruitment and enable the Group to retain senior executives. ÅF applies the "grandfather principle", according to which each employee's manager's immediate superior shall always be involved in discussions about and approve the terms of remuneration for the employee in question.

The remuneration package for senior executives consists of basic salary, a variable salary element, long-term incentive programmes and pension entitlements. Other remuneration may be awarded, primarily in the form of the use of a company car.

The Board of Directors shall ensure that there is an appropriate balance between fixed and variable elements of the remuneration package.

### Basic salary and variable remuneration

Basic salary and variable remuneration are renegotiated annually. Remuneration is based on factors such as duties, expertise, experience, position and performance. The apportionment between basic salary and variable remuneration is also related to the individual's position and duties. The annual variable element for the CEO and senior executives is a maximum of 60 percent of the fixed annual salary. The fixed annual salary is the current monthly salary multiplied by 12. The variable remuneration paid is the amount after the deduction of social security contributions. The variable element is based on outcomes in relation to targets. The targets and salary for the CEO are determined by the Board of Directors. For other senior executives, these are set by the Remuneration Committee.

To help meet the challenges arising from the integration of Epsilon's operations, a special one-off incentive programme was started in 2013. The programme was offered to a few key employees, giving them the opportunity to receive extra remuneration up to a maximum of 60 percent of their fixed basic salary for the period 2013–2015 provided that, by the end of 2015, ÅF achieved certain financial targets linked to the integration.

## Remuneration to the directors of the company approved by the 2013 AGM

The AGM held on 26 April 2013 approved remuneration, including remuneration for committee work, totalling SEK 2,895,000 for the work of the Board in 2013. The Chairman received SEK 550,000 and members of the Board not employed in the Group received SEK 250,000 each.

In addition, it was resolved to pay fees for committee work of SEK 45,000 to each member of the Audit Committee not employed in the Group, of SEK 45,000 to each member of the Remuneration Committee not employed in the Group, of SEK 90,000 to the Chair of the Audit Committee, and of SEK 75,000 to the Chair of the Remuneration Committee.

## Remuneration to the directors of the company in 2013

The remuneration of the Board of Directors is determined annually at the AGM, and relates to the period until the next AGM. This means that the remuneration to the Board was at the rate determined by the AGM in 2012 for the first two quarters and at the rate determined by the AGM in 2013 for the remaining two quarters of the year.

During 2013 a total of SEK 2,552,500 (2,205,900) was recognised as an expense for remuneration to the Board of the parent. In addition, the employee representatives on the Board received a total of SEK 40,000 (40,000).

No agreements have been signed concerning future pensions or severance pay for the Chairman or other members of the Board.

## Information relating to remuneration to directors of the company in 2013

Director	Remuneration in SEK		
	Board of Directors	Committee	Total
Ulf Dinkelspiel	500,000	114,000	614,000
Marika Fredriksson	125,000	—	125,000
Eva-Lotta Kraft	100,000	22,500	122,500
Anders Narvinger	225,000	42,000	267,000
Björn O. Nilsson	225,000	—	225,000
Maud Olofsson	125,000	—	125,000
Joakim Rubin	225,000	22,500	247,500
Kristina Schauman	225,000	90,000	315,000
Anders Snell	225,000	19,500	244,500
Lena Treschow Torell	225,000	42,000	267,000
<b>Total</b>	<b>2,200,000</b>	<b>352,500</b>	<b>2,552,500</b>

## Information relating to remuneration to directors of the company in 2012

Director	Remuneration in SEK		
	Board of Directors	Committee	Total
Ulf Dinkelspiel	450,000	107,500	557,500
Patrik Enblad	100,000	—	100,000
Johan Glennmo	16,700	—	16,700
Eva-Lotta Kraft	200,000	45,000	245,000
Anders Narvinger	200,000	40,000	240,000
Björn O. Nilsson	200,000	—	200,000
Dan Olofsson	16,700	—	16,700
Joakim Rubin	100,000	—	100,000
Kristina Schauman	100,000	45,000	145,000
Helena Skåntorp	100,000	45,000	145,000
Anders Snell	200,000	—	200,000
Lena Treschow Torell	200,000	40,000	240,000
<b>Total</b>	<b>1,883,400</b>	<b>322,500</b>	<b>2,205,900</b>

## CEO

Annual variable remuneration is based on the Group's results, as well as a number of pre-set targets, and may amount to a maximum of 60 percent of fixed basic salary. The fixed basic salary of the CEO for 2013 was SEK 4.8 million (4.3). The CEO also has the use of a company car.

The period of notice for the CEO of the parent is two years from the company's side. From the CEO's side, a period of six months' notice applies. The retirement age for the CEO is 60. The CEO's retirement benefit plan is defined-contribution, and an annual provision equivalent to 40 percent of the year's basic salary is made for this. Full salary continues to be payable

cont. Note 6

during the period of notice. An obligation to work during the period of notice may apply for a maximum of one year.

The CEO has also been given the opportunity to receive extra remuneration up to a maximum of 60 percent of his fixed basic salary for the period 2013–2015 provided that, by the end of 2015, ÅF achieved certain financial targets linked to the integration.

#### ÅF Group management, excluding the CEO

The ÅF Group management consists of eleven (nine) individuals excluding the CEO. In the second and fourth quarters of 2013 respectively, the Group management was increased by two.

Annual variable remuneration may amount to a maximum of 60 percent of fixed basic salary. Benefits available to members of the ÅF Group management team include the use of a company car.

The Group management has also been given the opportunity to receive extra remuneration up to a maximum of 60 percent of their fixed basic salary for the period 2013–2015 provided that, by the end of 2015, ÅF achieved certain financial targets linked to the integration.

For members of the Group management, the period of notice from the company's side is normally twelve months. Full salary continues to be payable during the period of notice. From the individual's side, a period of six months' notice applies. The retirement age for members of Group management is 65.

One of the members of the Group management has retirement benefit conditions in line with the ITP occupational pension plan. Others have defined-contribution retirement benefits, towards which an amount equivalent to 30–35 percent of basic salary is allocated annually.

ÅF has no outstanding retirement benefit obligations to current or former members of the Board and/or CEOs.

#### Determination of remuneration

The level of remuneration paid to the CEO for financial year 2013 was set by the Board of Directors following a proposal drafted by the board's Remuneration Committee. Remuneration paid to other Group executives was set by the CEO in consultation with the Remuneration Committee.

#### Annual variable remuneration

Within ÅF's divisions, there are different systems of variable remuneration for co-workers. Remuneration may either be based on the division's performance or linked directly to individual performance.

#### Long-term variable remuneration

##### Performance-related share savings programme

##### General conditions

The first performance-related share savings programme (performance share plan: PSP) for key members of staff was introduced in 2008. PSPs current at the end of the reporting period relate to 2011, 2012 and 2013.

The aim of the programmes is to encourage continued loyalty and excellent performance. The incentive programmes are also considered to make the ÅF Group even more attractive as an employer.

To participate in the programmes, employees must invest their own money. Employees who participate in the performance-related share savings programmes may save an amount equivalent to a maximum of 5 percent of their fixed salaries. Senior executives may be given the right to performance matching of up to four shares, the Group management up to five shares and the CEO up to six shares for each share purchased within the PSPs. To qualify for performance matching, the individual concerned must also have been employed during the entire three-year period from the beginning of the respective programme.

A condition for performance matching is that ÅF's average annual percentage increase in earnings per share meets certain targets. (See the table for each share savings programme.) The base value for the calculation of the increase in earnings per share is the total of earnings per share for the four quarters immediately preceding the implementation of a new share savings programme.

Before the number of performance shares for matching is finally determined, the Board of Directors will consider whether performance matching is reasonable with regard to the company's financial performance and position, and the situation on the stock market and in general. Should the Board conclude that full matching is not appropriate, it may reduce the number of performance shares to a number it deems appropriate.

If the minimum performance has not been achieved, no performance matching shares will be issued.

In addition to performance matching, employees will be allocated a number of class B shares free of charge, equivalent to the number saved.

The expense is arrived at and charged by periodising a straight-line estimated expense over three years for each programme.

During the year, the first matching was implemented, under PSP 2010. The target outcome was 14.16% and the price on allocation was SEK 204.50.

	Performance-related share savings programmes (PSP)			Total
	2011	2012	2013	
Base value earnings per share, SEK	7.76	9.87	10.46	
Target for annual average increase in earnings per share, %	5–15	5–15	5–15	
Number of participants in the allocation	95	19	21	
Allocation of matching shares, number	0–6	0–5	0–5	
Allocation of number of free shares per saved share	1	1	1	
Maximum number of matching shares	163,000	34,000	55,000	252,000
Maximum dilution of earnings per share, %	0.4	0.1	0.2	0.7
Provisions for the year, in millions of SEK	10.5	2.4	1.2	14.1
Accumulated provision, in millions of SEK	24.4	3.4	1.2	29.0
Minimum cost, in millions of SEK <sup>1)</sup>	5.6	1.3	1.5	8.4
Maximum cost, in millions of SEK <sup>1)</sup>	29.3	6.9	7.2	43.4
Saving period	July 2011– June 2012	July 2012– June 2013	July 2013– June 2014	
Closing date	June 2014	June 2015	June 2016	

<sup>1)</sup> Estimated on the number of participants and the share price at the end of the reporting period.

#### Cost of remuneration of the CEO and other members of the Group Management

	2013			2012		
	CEO	Other members of the Group Management <sup>1)</sup>	Total	CEO	Other members of the Group Management	Total
Salary including daily allowance	4.9	21.0	25.9	4.4	15.6	20.0
Provisions for Annual variable remuneration accrued during current year	1.4	4.9	6.3	2.2	3.8	6.1
Provisions for long-term variable remuneration	0.5	1.5	2.0	0.8	2.1	2.8
Pension costs <sup>2)</sup>	2.1	7.3	9.4	1.6	5.1	6.7
Other social security contributions	2.6	8.5	11.1	2.5	6.4	8.9
<b>Total</b>	<b>11.5</b>	<b>43.2</b>	<b>54.7</b>	<b>11.5</b>	<b>33.0</b>	<b>44.5</b>

<sup>1)</sup> including severance pay totalling SEK 5.9 million.

<sup>2)</sup> Including statutory charges.



## 7 Other operating expenses

Group	2013	2012
Exchange losses	—	3.5
Loss on disposal of non-current assets	6.7	—
	<b>6.7</b>	<b>3.5</b>

Other operating expenses of SEK 148.0 million (124.4) in the parent relates to rental charges.

## 8 Net financial items

Group	2013	2012
Interest income <sup>1)</sup>	5.3	13.2
Exchange gains	8.0	3.8
<b>Financial income</b>	<b>13.3</b>	<b>16.9</b>
Interest expense <sup>1)</sup>	-39.9	-9.8
Other financial expenses	-8.8	-4.9
Exchange losses	-9.8	-6.1
<b>Financial expenses</b>	<b>-58.5</b>	<b>-20.8</b>
<b>Net financial items</b>	<b>-45.2</b>	<b>-3.9</b>

Parent	2013	2012
Interest income, Group companies	1.8	1.5
Interest income	0.5	1.6
Exchange gains	5.2	2.2
Dividends from Group companies and associates	156.3	134.4
<b>Financial income</b>	<b>163.8</b>	<b>139.7</b>
Interest expense, Group companies	-0.8	-2.4
Result of disposal of participations in Group companies and associates	-8.8	—
Impairment of participations in Group companies <sup>2)</sup>	-119.9	—
Interest expense <sup>1)</sup>	-42.9	-10.4
Exchange losses	-5.9	-3.1
<b>Financial expenses</b>	<b>-178.3</b>	<b>-15.9</b>
<b>Net financial items</b>	<b>-14.5</b>	<b>123.8</b>

<sup>1)</sup> Includes interest on pension provisions.

<sup>2)</sup> Refers to impairment of the shares in Russia and Spain.

## 9 Appropriations

Parent	2013	2012
Difference between recognised depreciation and depreciation according to plan	3.9	-5.5
Group contribution received	606.7	434.2
Group contribution made	-1.2	-1.7
Transfer to tax allocation reserve	—	-91.3
	<b>609.4</b>	<b>335.7</b>

## 10 Earnings per share

SEK	Before dilution		After dilution	
	2013	2012	2013	2012
Earnings per share	13.41	10.13	13.20	10.02

The calculation of the numerator and denominator used in the above calculations of earnings per share is specified below.

### Earnings per share before dilution

The calculation of earnings per share for 2013 has been based on the profit for the year attributable to the parent's ordinary shareholders, amounting to SEK 522.8 million (345.0) and on a weighted average number of outstanding shares during 2013 amounting to 38,985,682 (34,065,811).

### Weighted average number of outstanding ordinary shares before dilution

	2013	2012
Total number of ordinary shares 1 January	39,022,135	33,675,002
Effect of share buy-backs	-36,453	-108,017
Effect of non-cash issue	—	498,826

<b>Weighted average number of ordinary shares during the year, before dilution</b>	<b>38,985,682</b>	<b>34,065,811</b>
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### Earnings per share after dilution

In calculating earnings per share after dilution, the weighted number of outstanding ordinary shares were adjusted for the dilution effect of all outstanding potential ordinary shares. In calculating earnings per share after dilution, outstanding ordinary shares have been adjusted for a potential dilution effect for shares in outstanding PSPs, as well as staff convertibles.

### Profit attributable to the parent's ordinary shares, after dilution

	2013	2012
Profit attributable to the parent's ordinary shares	522.8	345.0
Reversal of interest expense for staff convertibles	5.3	1.8
	<b>528.1</b>	<b>346.8</b>

### Weighted average number of outstanding ordinary shares, after dilution

	2013	2012
Weighted average number of ordinary shares during the year, before dilution	38,985,682	34,065,811
Effect of outstanding PSPs	329,519	303,174
Effect of outstanding staff convertibles	703,833	241,223
<b>Weighted average number of ordinary shares during the year, after dilution</b>	<b>40,019,034</b>	<b>34,610,208</b>

## 11 Intangible assets

Group	Goodwill		Development expenditure		Client relationships		Other intangible assets		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Cost	3,868.2	3,878.6	11.4	8.5	326.4	323.8	141.1	120.0	4,347.0	4,331.0
Accumulated amortisation	-2.7	-2.7	-6.4	-3.9	-17.1	-1.7	-82.1	-59.3	-108.3	-67.6
Accumulated impairment	-94.5	—	—	—	—	—	—	—	-94.5	—
<b>Carrying amount</b>	<b>3,771.0</b>	<b>3,875.9</b>	<b>5.0</b>	<b>4.6</b>	<b>309.3</b>	<b>322.1</b>	<b>59.0</b>	<b>60.7</b>	<b>4,144.2</b>	<b>4,263.4</b>
Opening carrying amount	3,875.9	1,651.2	4.6	2.5	322.1	—	60.7	41.5	4,263.3	1,695.2
Purchases	—	—	1.9	0.5	—	—	14.8	12.7	16.7	13.2
Sales and disposals	—	—	—	—	—	—	-1.0	-0.1	-1.0	-0.1
Acquired businesses	197.6	2,235.7	—	2.9	5.9	323.5	5.0	22.4	208.5	2,584.5
Changes in contingent consideration	-173.9	4.0	—	—	—	—	—	0.9	-173.9	4.9
Amortisation for the year	—	—	-2.7	-1.2	-17.2	-1.7	-18.7	-16.7	-38.7	-19.6
Impairment for the year	-94.5	—	—	—	—	—	—	—	-94.5	—
Exchange differences	-34.1	-15.0	1.2	0.1	-1.4	0.3	-1.9	—	-36.2	-14.8
<b>Closing carrying amount</b>	<b>3,771.0</b>	<b>3,875.9</b>	<b>5.0</b>	<b>4.6</b>	<b>309.3</b>	<b>322.1</b>	<b>59.0</b>	<b>60.7</b>	<b>4,144.2</b>	<b>4,263.4</b>

### Group

The Group's intangible assets arise primarily from business combinations. These acquired intangible assets consist largely of goodwill, since the main value of consulting companies lies in their human capital, the expertise of their co-workers. Other intangible assets identified in connection with the acquisitions include client relationships. For information on amortisation, see the accounting policies in Note 1.

Goodwill has been allocated to cash-generating units. In most cases, each division constitutes a cash-generating unit. International Division is not fully-integrated, for which reason the impairment requirement for the International Division is tested at company level. Advansia has not yet been fully integrated into the Infrastructure Division. For this reason, impairment is tested separately from the Infrastructure Division.

Impairment tests on goodwill and other intangible assets are carried out annually, during Q4 or when there are indications that an impairment need has arisen, by discounting the anticipated future cash flow by a weighted average cost of capital per cash-generating unit. The present value of the cash flows, the value in use, is compared with the carrying amount including goodwill and other intangible assets.

The forecasts of future cash flows used are based on the forecast made by Group management for the next year, supplemented by an individual assessment of a further four years. From that point onwards the calculation is based on an annual growth rate of 2 percent.

The forecasts are based on previous experience, internal assessments and external sources of information. The most important variable is operating margin, which is affected by hourly rate, capacity utilisation rate, payroll costs and number of employees.

The weighted average cost of capital is based on assumptions about average interest rates on 10-year government bonds, as well as company-specific risk factors and beta values. The Group's average cost of capital, the discount rate, for 2013 has been calculated at 10 percent (11) before tax and 8 percent (8) after tax. The forecast cash flows have been discounted to present value.

The market for energy projects in Europe has been weak, and this weakness is expected to continue. The impairment test indicated that impairment was required in respect of the International Division's operations in Russia and Spain. As a result, goodwill in respect of Russia has been impaired by SEK 65 million and goodwill in respect of Spain has been impaired by SEK 30 million. After impairment, the carrying amount for these units is in conformity with the estimated recoverable amount. An increase in the discount rate of 1 percentage point would involve additional impairment of around SEK 5 million, other parameters remaining equal. A fall in the forecast operating margin of 0.5 percentage points would involve additional impairment of around SEK 6 million, other things remaining equal.

For other cash-generating units, no reasonably feasible change in critical assumptions over the next few years should lead to any change in the recoverable amount sufficient to involve additional impairment.

The discount rate varies between cash-generating units as shown in the following table.

Cash-generating unit	Discount rate before tax, %	
	2013	2012
Industry Division	10.2	10.5
Infrastructure Division (excl. Advansia)	10.2	10.5
Advansia	11.4	—
Technology Division	10.2	10.5
International Division – Finland	10.2	13.0
International Division – Russia	17.3	17.0
International Division – Switzerland	8.9	9.0
International Division – Spain <sup>1)</sup>	10.4	11.0
International Division – Czech Republic	11.2	11.0

<sup>1)</sup> The ÅF Group's interest rate has been used as the discount rate, since the Spanish company operates in a global market.

The following cash-generating units have significant carrying amounts for goodwill in relation to the Group's total carrying amount for goodwill:

Cash-generating unit	2013	2012
Industry Division	1,013.3	572.6
Infrastructure Division (excl. Advansia)	462.5	380.8
Advansia	408.9	386.9
Technology Division	1,209.3	84.4
International Division – Finland	176.4	170.2
International Division – Switzerland	294.7	288.1
Other	205.8	1,992.9
<b>Total</b>	<b>3,771.0</b>	<b>3,875.9</b>

The item "Other" for 2012 includes goodwill relating to the Epsilon acquisition, which had not been integrated into the Technology and Industry Divisions as at 31 December.

Parent	Intangible assets	
	2013	2012
Cost	31.1	18.4
Accumulated amortisation	-15.7	-8.9
<b>Carrying amount</b>	<b>15.4</b>	<b>9.4</b>
Opening carrying amount	9.4	4.9
Purchases	12.7	8.7
Amortisation for the year	-6.7	-4.2
<b>Closing carrying amount</b>	<b>15.4</b>	<b>9.4</b>

## 12 Property, plant and equipment

Group	Equipment, tools, fixtures and fittings		Buildings and land		Total	
	2013	2012	2013	2012	2013	2012
Cost	242.3	219.9	184.4	182.4	426.6	402.3
Accumulated depreciation	-98.4	-87.5	-38.6	-35.5	-136.9	-123.0
<b>Carrying amount</b>	<b>143.9</b>	<b>132.4</b>	<b>145.8</b>	<b>146.9</b>	<b>289.7</b>	<b>279.3</b>
Opening carrying amount	132.4	129.2	146.9	156.7	279.3	285.9
Purchases	53.3	30.0	0.4	—	53.6	30.0
Sales and disposals	-6.4	-3.6	-0.2	-1.2	-6.5	-4.8
Acquired businesses	1.2	11.2	—	0.5	1.2	11.7
Depreciation for the year	-36.4	-33.6	-4.5	-4.4	-40.9	-38.0
Exchange differences	-0.2	-0.7	3.2	-4.8	3.0	-5.4
<b>Closing carrying amount</b>	<b>143.9</b>	<b>132.4</b>	<b>145.8</b>	<b>146.9</b>	<b>289.7</b>	<b>279.3</b>

### Group

#### Finance leases

Equipment held under finance leasing agreements is included in the Group at the carrying amount of SEK 15.8 million (12.1).

Current and non-current liabilities in the consolidated balance sheet include future payments in respect of leasing obligations entered as liabilities.

See also Note 17 Loans and credit facilities.

### Parent

#### Equipment, tools, fixtures and fittings

	2013	2012
Cost	129.0	122.8
Accumulated depreciation	-69.4	-68.9
<b>Carrying amount</b>	<b>59.7</b>	<b>53.8</b>
Opening carrying amount	53.8	57.1
Purchases	21.3	6.2
Sales and disposals	-5.7	—
Depreciation for the year	-9.7	-9.4
<b>Closing carrying amount</b>	<b>59.7</b>	<b>53.8</b>

## 13 Participations in associates

	Group		Parent	
	2013	2012	2013	2012
Carrying amount at the start of the year	5.9	5.3	7.3	7.3
Participations in the profits of associates after tax	0.7	0.7	—	—
Gain/loss on disposal of associates	-5.6	—	-7.3	—
Translation difference	0.1	-0.1	—	—
<b>Carrying amount at the end of the year</b>	<b>1.1</b>	<b>5.9</b>	<b>—</b>	<b>7.3</b>

Associates' total income, profits, assets and liabilities are specified below.

Associates 2013	Country	Income	Profit	Assets	Liabilities	Equity	Percentage owned
ÅF-Incepal S.A	Spain	11.4	0.8	—	—	—	—
FEM Consult I/S	Denmark	35.0	0.5	9.3	7.8	1.5	50

Associates 2012	Country	Income	Profit	Assets	Liabilities	Equity	Percentage owned
ÅF-Incepal S.A	Spain	20.0	0.1	33.1	22.7	10.4	47
FEM Consult I/S	Denmark	26.8	0.9	6.2	5.2	0.9	50

ÅF-Incepal S.A ceased to be classified as an associate as at 30 June 2013 due to disposal. The holding at the end of the reporting period was less than 20 percent.

## 14 Financial investments

### Financial assets which are non-current assets

Group	2013	2012
Unlisted shares and participations	0.7	0.8
	<b>0.7</b>	<b>0.8</b>

### Specification of change in carrying amount for the year

Group	2013	2012
Opening carrying amount	0.8	0.9
Disposals/impairment	—	-0.1
Translation difference	-0.1	0.0
<b>Closing carrying amount</b>	<b>0.7</b>	<b>0.8</b>

## 15 Prepaid expenses and accrued income

	Group		Parent	
	2013	2012	2013	2012
Rent	41.1	45.2	37.7	35.2
Support and maintenance agreements	8.0	13.3	5.9	5.5
Other	38.8	29.8	13.3	10.4
	<b>87.9</b>	<b>88.3</b>	<b>56.9</b>	<b>51.1</b>

## 16 Equity

### Group

As at 31 December 2013, the total number of shares, 39,486,135, was divided into 1,608,876 class A shares (10 votes per share) and 37,877,259 class B (1 vote per share). Holders of ordinary shares are entitled to dividends as approved annually by the Annual General Meeting. All shares have the same rights to the company's residual net assets. As a result of the share buy-back authorised by the Annual General Meeting, ÅF AB held 807,438 treasury B shares on 31 December 2013. These shares are not entitled to dividends. In January 2013, 558,782 ÅF B shares were cancelled. In January 2014, 383,650 ÅF B shares were cancelled. Dividends paid in 2013 and 2012 amounted to SEK 214.6 million (SEK 5.50 per share) and SEK 168.0 million (SEK 5.00 per share) respectively. At the Annual General Meeting to be held on 5 May 2014, a dividend in respect of 2013 of SEK 6.50 per share will be proposed, equivalent to a total pay-out of SEK 251.4 million. The proposed dividend has not been recognised in these financial reports.

The quota value of the share is SEK 5 (5).

Reserves Group	Translation reserve	Hedging reserve	Total reserves
<b>Opening balance as at 1 January 2012</b>	<b>80.1</b>	<b>0.2</b>	<b>80.3</b>
Exchange differences for the year	-25.7	—	-25.7
Cash flow hedges	—	0.8	0.8
Tax	—	-0.2	-0.2
<b>Closing balance as at 31 December 2012</b>	<b>54.4</b>	<b>0.9</b>	<b>55.3</b>
<b>Opening balance as at 1 January 2013</b>	<b>54.4</b>	<b>0.9</b>	<b>55.3</b>
Exchange differences for the year	-39.3	—	-39.3
Cash flow hedges	—	-0.4	-0.4
Tax	—	0.3	0.3
<b>Closing balance as at 31 December 2012</b>	<b>15.1</b>	<b>0.7</b>	<b>15.8</b>

### Capital management

Capital is defined as total equity, which corresponds to equity in the consolidated balance sheet. ÅF's objective is that, over time, the Group shall have a net debt. The net debt shall not, however, exceed 40 percent of equity.

As at 31 December 2013, net debt amounted to 23.2 percent (25.6).

As from 1 January 2014, net debt will be measured as a proportion of EBITDA (Net debt/EBITDA). The target is that it shall amount to 1.5–2.0 over an economic cycle.

As at 31 December 2013, net debt/EBITDA was 0.95.

There are external requirements in the agreements governing the bank loans. Additional information on these is given in Note 17.

There were no changes in capital requirement during the year.

### Items within equity

#### Other contributed capital

This refers to equity which has been contributed by the shareholders. It includes premium reserve transferred to statutory reserve as at 31 December 2005. Transfers to the premium reserve on and after 1 January 2006 are also recognised as contributed capital.

#### Translation reserve

The translation reserve includes all exchange differences arising on the translation of financial reports from foreign operations with a functional currency other than the Group's presentation currency. The presentation currency for both the parent and the Group is the Swedish krona (SEK).

### Hedging reserve

The hedging reserve includes the effective portion of the accumulated net changes of fair value of a cash-flow hedging instrument attributable to hedging transactions which have not yet taken place.

### Profits brought forward including profit for the year

Profits brought forward including net profit for the year include profits earned by the parent and its subsidiaries and associates. Previous transfers to the statutory reserve, excluding premium reserve transferred, are included in this equity item.

### Parent

#### Restricted reserves

Restricted reserves must not be reduced through dividends.

#### Statutory reserve

The purpose of the statutory reserve is to block a portion of net profits, which are not to be used to cover losses brought forward. With effect from 2006, it is no longer obligatory to make transfers to the statutory reserve.

#### Non-restricted equity

##### Premium reserve

When shares are issued at a premium, i.e. when shareholders pay more than the quota value of the shares, an amount equivalent to the amount received in excess of the quota value of the shares is transferred to the premium reserve. Premium reserves attributable to transactions before 1 January 2006 have been transferred to the statutory reserve. Premium reserves which arise after that date are recognised as non-restricted equity.

##### Fair value reserve

The fair value reserve includes the effective proportion of the accumulated net changes in fair value of a cash-flow hedging instrument attributable to hedging transactions which have not yet taken place.

##### Profits brought forward

These constitute non-restricted equity from previous years after any transfer to reserves and after the payment of any dividends. Along with net profit for the year and any reserve for fair value, these constitute total non-restricted equity, i.e. the amount available for dividends to shareholders.

## 17 Loans and credit facilities

Group	2013	2012
<b>Non-current liabilities</b>		
Bank loans	450.7	730.6
Staff convertible	150.2	79.6
Finance leasing liabilities	7.0	5.3
	<b>607.8</b>	<b>815.6</b>
<b>Current liabilities</b>		
Bank loans	407.6	434.3
Finance leasing liabilities	8.8	6.8
	<b>416.4</b>	<b>441.1</b>

For more information on the company's interest risk and the risk of fluctuations in exchange rates, please refer to Note 23.

Parent	2013	2012
<b>Non-current liabilities</b>		
Bank loans	450.0	700.0
Staff convertible	150.2	79.6
	<b>600.2</b>	<b>779.6</b>
<b>Current liabilities</b>		
Bank loans	376.3	427.0
	<b>376.3</b>	<b>427.0</b>

ÅF has credit facilities amounting to EUR 80 million (equivalent to SEK 715 million) and SEK 300 million, of which SEK 226 million was utilised at the end of the reporting period.



cont. Note 17

## Conditions and amortisation periods

Group	2013				
	Interest-rate, %	Nominal amount in original currency	Carrying amount	Maturity year	Fair value
<b>Long-term bank loan</b>					
Sweden, SEK, variable interest rate	2.64	450.0	450.0	2015	450.0
Other		0.7	0.7		0.7
			<b>450.7</b>		<b>450.7</b>
<b>Short-term bank loans</b>					
Sweden, SEK, variable interest rate	2.64	150.0	150.0	2015	150.0
Sweden, SEK, variable interest rate	1.84	150.0	150.0	2014	150.0
Sweden, SEK, variable interest rate	1.01	76.3	76.3	2014	76.3
Switzerland, CHF, fixed interest rate	1.90	4.3	31.0	2014	31.0
Other			0.3		0.3
			<b>407.6</b>		<b>407.6</b>
Group	2012				
	Interest-rate, %	Nominal amount in original currency	Carrying amount	Maturity year	Fair value
<b>Long-term bank loan</b>					
Sweden, SEK, variable interest rate	3.00	700.0	700.0	2015	700.0
Switzerland, CHF, fixed interest rate	1.99	1.3	8.9	2014	8.9
Switzerland, CHF, fixed interest rate	1.81	3.0	21.4	2014	21.4
Other			0.3		0.3
			<b>730.6</b>		<b>730.6</b>
<b>Short-term bank loans</b>					
Sweden, SEK, variable interest rate	2.38	350.0	350.0	2013	350.0
Sweden, SEK, variable interest rate	1.30	77.0	77.0	2013	77.0
Switzerland, CHF, fixed interest rate	1.99	1.0	7.1	2013	7.1
Other			0.2		0.2
			<b>434.3</b>		<b>434.3</b>

The agreements governing the Group's bank loans include certain financial obligations which must be fulfilled to retain the loan and avoid increased borrowing cost. The most important obligation is net debt/operating profit (EBITDA). All financial obligations were fulfilled by a good margin during the year.

For calculation of fair value, see Note 22.

## Finance leasing liabilities

Finance leasing liabilities fall due for payment as shown in the table below:

Group	2013			2012		
	Minimum lease charges	Interest rate	Capital amount	Minimum lease charges	Interest rate	Capital amount
Within one year	9.1	0.3	8.8	7.0	0.2	6.8

## Staff convertible

During 2012, ÅF AB issued target convertibles to staff totalling SEK 87.8 million. The loan runs with an annual interest of Stibor 360 and a margin of 1.41 with effect from 26 July 2012. Conversion may be called during the period from 15 June 2015 to 15 March 2016. The conversion price is SEK 157.10. Under IFRS, the convertible is divided into a financial liability and a conversion option, which is recognised as equity. A commercial interest rate for the liability has been estimated at Stibor 180 and a margin of 4.50.

During 2013, ÅF AB issued target convertibles to staff totalling SEK 76.6 million. The loan runs with an annual interest of Stibor 180 and a margin of 0.86 with effect from 15 August 2013. Conversion may be called during the period from 15 June 2016 to 15 March 2017. The conversion price is SEK 200. Under IFRS, the convertible is divided into a financial liability and a conversion option, which is recognised as equity. A commercial interest rate for the liability has been estimated at Stibor 180 and a margin of 4.50.

## 18 Pension obligations

Of the Group's total number of employees at the end of the year, around 3 percent have pensions that are recognised as defined-benefit. Other employees within circuits have pensions that are recognised as defined-contribution.

Defined-benefit plans are in place in Sweden, Switzerland and Finland. The plan in Finland is not significant.

The defined-benefit plans in Sweden and Switzerland are governed by a broadly similar framework of rules. The plans are final salary retirement plans which give employees benefits in the form of a guaranteed level of pension payment during their lives. The plans are exposed, broadly speaking, to similar risks. The Swedish plan, however, covers only pensioners and paid-up policyholders, while the Swiss plan covers only active employees. The plan in Switzerland is secured by a fund. The Swedish plan is unfunded.

Changes in the pension plan in Switzerland were implemented at the end of 2013. The changes related both to a change in the terms of the plan for employees in the company and to a settlement of that part of the plan which relates to pensioners. In connection with the settlement, a contribution of CHF 0.8 million was made.

### Group

#### Defined benefit plans

	2013	2012
Present value of funded obligations	-351.9	-806.2
Fair value of plan assets	409.5	758.8
	<b>57.6</b>	<b>-47.4</b>
Present value of unfunded obligations	-64.8	-70.5
Effect of asset ceiling	-9.7	—
	<b>-16.9</b>	<b>-117.9</b>
Asset recognised in the balance sheet	47.9	—
Liability recognised in the balance sheet	-64.8	-117.9
	<b>-16.9</b>	<b>-117.9</b>

#### Change in defined benefit net debt

	2013				2012		
	Present value of plan assets	Present value of obligations	Effect of asset ceiling	Total	Present value of plan assets	Present value of obligations	Total
Opening balance	758.8	-876.7	0.0	-117.9	722.7	-868.0	-145.3
Current service costs	—	-14.6	—	-14.6	—	-16.9	-16.9
Past service costs	—	5.3	—	5.3	—	—	—
Gain on settlement	-403.2	439.1	—	35.9	—	—	—
Change in special employers' contribution (Sweden)	—	-2.5	—	-2.5	—	—	—
Interest income/expense	15.3	-18.2	—	-2.9	17.6	-22.6	-5.0
Other	—	-0.2	—	-0.2	—	—	—
Return on plan assets (excluding interest)	45.6	—	—	45.6	29.2	—	29.2
Actuarial gains/losses	—	18.9	—	18.9	—	0.8	0.8
Effect of amendments to IAS 19	—	5.9	—	5.9	—	—	—
Change in asset ceiling (excluding interest)	—	—	-9.7	-9.7	—	—	—
Exchange difference	4.0	-1.3	—	2.7	-22.8	24.9	2.1
Contributions by the employer	12.7	—	—	12.7	13.5	—	13.5
Contributions by the plan participants	11.6	-11.6	—	—	12.3	-12.3	—
Benefits paid	-35.4	39.3	—	3.9	-13.6	17.4	3.8
<b>Closing balance</b>	<b>409.5</b>	<b>-416.7</b>	<b>-9.7</b>	<b>-16.9</b>	<b>758.8</b>	<b>-876.7</b>	<b>-117.9</b>

The amendment to IAS 19 involved a reduction in the present value of the obligation by SEK 5.9 million. Since the effect of the amended standard is insignificant, the opening balance has not been changed. The effect has been recognised in comprehensive income.

#### Actuarial gains and losses

	2013	2012
Financial assumptions	4.4	-11.2
Experience adjustments	14.5	12.0
<b>Total</b>	<b>18.9</b>	<b>0.8</b>

### Alecta

For white-collar staff in Sweden, the ITP 2 occupational pension plan defined-benefit pension obligation for retirement and survivor pensions are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board (UFR 3), this is a defined-benefit multi-employer plan. For financial year 2013, the company has not had access to the information required to recognise this plan as a defined-benefit plan. The ITP supplementary pensions plan for salaried employees' retirement benefits that is secured through insurance with Alecta is, therefore, recognised as a defined-contribution plan.

Contributions during the year for retirement benefit insurance with Alecta amounted to SEK 190.7 million (128.7). Alecta's surplus may be allocated to the insurance policy holder and/or the insured. At the close of 2013 Alecta's surplus in the form of the collective funding ratio was 148 percent (129). The collective funding ratio is the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial calculation assumptions, which are not in conformity with IAS 19.

In the event that funding is low, one possible action is to raise the agreed price for new entrants and for the extension of existing benefits. In the event that funding is high, one possible action is to reduce premiums.

#### Breakdown of plan assets

	2013	2012
Cash	13.6	—
Equity instruments	151.4	289.7
Debt instruments	151.4	263.6
Real property	67.3	141.2
Other	25.8	64.3
<b>Total</b>	<b>409.5</b>	<b>758.8</b>

All assets relating to 2013 have a quoted market price.

cont. Note 18

### Assumptions for defined-benefit obligations

The most significant actuarial assumptions as at the end of the reporting period.

Sweden	2013	2012
Discount rate as at 31 December, %	3.5	3.0
Future increase in pensions, %	1.75	1.75
<b>Switzerland</b>	<b>2013</b>	<b>2012</b>
Discount rate as at 31 December, %	2.1	2.1
Expected return on plan assets, %	—	3.5
Future increase in pensions, %	0.0	0.0
Future increase in salaries, %	1.0	1.0

The discount rate is equivalent to the market interest rate on mortgage bonds with the duration corresponding to the average remaining term of the obligation.

### Sensitivity analysis of pension obligations

	Sweden		Switzerland	
	Changes in assumptions	Increase/decrease	Changes in assumptions	Increase/decrease
Discount rate	+/-0.5%	+/-4	+/-0.25%	+13/-12
Rate of salary increases	—	—	+/-0.25%	+/-1.5

The above sensitivity analysis is based on a change in one assumption while all other assumptions remain constant. It is unlikely that this will current practice, and changes in several of the assumptions may be correlated.

Plan fees are expected to total SEK 22 million next year.

The average remaining term for the Swedish plan is 21.4 years and for the Swiss plan, 15.3 years.

### Defined-contribution plans

	Group		Parent	
	2013	2012	2013	2012
Cost of defined-contribution plans (including Alecta)	364.2	262.8	11.8	9.5

### Parent

#### Defined benefit retirement benefit plans

	2013	2012
Present value of unfunded obligations	25	26
<b>The net amount recognised in respect of defined-benefit plans</b>	<b>25</b>	<b>26</b>
Of this amount, the following is covered by credit insurance via FPG/PRI	25	26

### Changes in the obligations during the year

	2013	2012
Net present value of pension obligations at the start of the year	26.0	26.9
Cost excluding interest expense charged to profit or loss	-0.1	0.4
Interest expense	1.0	1.1
Payment of pensions	-2.4	-2.4
<b>Net present value of pension obligations at the end of the year</b>	<b>24.5</b>	<b>26.0</b>

The discount rate for the parent's pension obligations for 2013 amounted to 3.8 percent (3.8).

## 19 Other provisions

### Change in provisions which are non-current liabilities

	2013	2012
Carrying amount at the start of the period	12.4	4.9
Provisions during the period	11.6	8.0
Releases during the period	-1.3	—
Amount utilised during the period	-2.2	-0.5
Transfer from non-current to current liabilities	-3.4	—
<b>Carrying amount at the end of the period</b>	<b>17.1</b>	<b>12.4</b>

### Change in provisions which are current liabilities

	Restructuring		Other		Total	
	2013	2012	2013	2012	2013	2012
Carrying amount at the start of the period	2.0	4.5	2.6	0.4	4.6	4.9
Provisions during the period	48.0	4.5	5.9	2.2	53.9	6.7
Releases during the period	—	—	-0.1	—	-0.1	—
Amount utilised during the period	-39.4	-7.1	-0.6	0	-39.9	-7.1
Transfer from non-current to current liabilities	—	—	3.4	—	3.4	—
<b>Carrying amount at the end of the period</b>	<b>10.6</b>	<b>2.0</b>	<b>11.3</b>	<b>2.6</b>	<b>21.9</b>	<b>4.6</b>

### Parent

#### Other provisions

	2013	2012
<b>Change in provisions</b>		
Carrying amount at the start of the period	644.3	70.8
Provisions during the period	69.3	581.4
Reversals during the period	-376.8	-3.7
Amount utilised during the period	-53.2	-4.2
Exchange differences	-8.8	—
<b>Carrying amount at the end of the period</b>	<b>274.8</b>	<b>644.3</b>

Reversals during the period include changed contingent consideration in Epsilon of SEK -362 million and provisions during the period include Advansia AS of SEK 58 million.

## 20 Tax

### Recognised in profit or loss

Group	2013	2012
<b>Current tax</b>		
Tax expense for the period	-158.1	-101.5
Adjustment of tax attributable to previous years	0.5	-0.7
<b>Deferred tax</b>		
Deferred tax expense	5.8	-21.1
<b>Total recognised tax expense in the Group</b>	<b>-151.8</b>	<b>-123.3</b>

Parent	2013	2012
<b>Current tax</b>		
Tax expense for the period	-110.6	-72.0
Adjustment of tax attributable to previous years	—	4.8
<b>Deferred tax</b>		
Deferred tax expense	1.6	0.2
<b>Total recognised tax expense in the parent</b>	<b>-109.0</b>	<b>-67.0</b>

### Reconciliation of effective tax

Group	2013 (%)	2013	2012 (%)	2012
Pre-tax profit		677.3		476.6
Tax in accordance with the tax rate applicable to the parent	-22.00	-149.0	-26.30	-125.3
Effect of other tax rates for foreign subsidiaries	-0.51	-3.5	0.73	3.5
Non-deductible costs	-4.04	-27.3	-1.45	-6.9
Non-deductible costs, on acquisitions	—	—	-0.72	-3.4
Non-taxable income	4.49	30.4	0.32	1.5
Effects of loss carry-forward without corresponding capitalisation of deferred tax	-0.07	-0.5	—	—
Effect of changed tax rates	0.04	0.3	1.58	7.5
Tax attributable to previous years	0.07	0.5	-0.14	-0.7
Other	-0.40	-2.7	0.11	0.5
<b>Recognised effective tax</b>	<b>-22.42</b>	<b>-151.8</b>	<b>-25.87</b>	<b>-123.3</b>

Parent	2013 (%)	2013	2012 (%)	2012
Pre-tax profit		524.1		410.8
Tax in accordance with the tax rate applicable to the parent	-22.00	-115.3	-26.30	-108.0
Non-deductible costs	-5.69	-29.8	-0.17	-0.7
Non-taxable income, other	6.60	34.6	8.65	35.5
Tax attributable to previous years	—	—	1.17	4.8
Other	0.29	1.5	0.35	1.4
<b>Recognised effective tax</b>	<b>-20.80</b>	<b>-109.0</b>	<b>-16.30</b>	<b>-67.0</b>

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Deferred tax asset		Deferred tax liability		Net	
	2013	2012	2013	2012	2013	2012
Non-current assets	0.7	0.1	-108.5	-98.0	-107.8	-98.0
Current receivables and liabilities	4.3	4.2	-2.0	-6.0	2.3	-1.8
Provisions and non-current liabilities	17.0	15.2	-5.4	-1.7	11.6	13.5
Untaxed reserves	—	—	-44.1	-47.4	-44.1	-47.4
Loss carry-forward	1.7	8.7	—	—	1.7	8.7
<b>Tax assets/liabilities</b>	<b>23.7</b>	<b>28.2</b>	<b>-160.0</b>	<b>-153.1</b>	<b>-136.3</b>	<b>-125.0</b>
Set off	-11.6	-15.9	11.6	15.9	—	—
<b>Tax assets/liabilities, net</b>	<b>12.1</b>	<b>12.3</b>	<b>-148.4</b>	<b>-137.2</b>	<b>-136.3</b>	<b>-125.0</b>



cont. Note 20

### Unrecognised deferred tax assets

Deductible temporary differences and loss carry-forwards for tax purposes for which deferred tax assets have not been recognised in profit or loss and balance sheets:

Group	2013	2012
Tax deficit	6.6	26.4
	<b>6.6</b>	<b>26.4</b>

Deferred tax assets have not been recognised in respect of these losses for tax purposes, since it has not yet been deemed likely that the Group will be able to utilise them against future taxable profits within the time limit allowed for this facility. The deficit is attributable to ÄF's subsidiary in Germany. The deficit is not due.

### Change in deferred tax in temporary differences and loss carry-forward

Group	Balance as at 1 January 2012	Recognised in profit or loss	Recognised in comprehensive income	Recognised in equity	Acquisition/disposal of businesses	Balance as at 31 December 2012
Non-current assets	-22.1	3.0	0.2	—	-79.2	-98.0
Current receivables and liabilities	2.3	-3.4	0.0	—	-0.7	-1.8
Provisions and non-current liabilities	17.3	2.1	-4.9	-2.0	1.0	13.5
Untaxed reserves	-10.5	-20.4	—	—	-16.5	-47.4
Loss carry-forward	11.2	-2.4	-0.1	—	—	8.7
	<b>-1.7</b>	<b>-21.1</b>	<b>-4.8</b>	<b>-2.0</b>	<b>-95.4</b>	<b>-125.0</b>

Group	Balance as at 1 January 2013	Recognised in profit or loss	Recognised in comprehensive income	Recognised in equity	Acquisition/disposal of businesses	Balance as at 31 December 2013
Non-current assets	-98.0	2.3	-9.5	—	-2.7	-107.8
Current receivables and liabilities	-1.8	5.3	-1.2	—	—	2.3
Provisions and non-current liabilities	13.5	1.9	-1.7	-2.1	—	11.6
Untaxed reserves	-47.4	3.3	—	—	—	-44.1
Loss carry-forward	8.7	-7.0	—	—	—	1.7
	<b>-125.0</b>	<b>5.8</b>	<b>-12.4</b>	<b>-2.1</b>	<b>-2.7</b>	<b>-136.3</b>

## 21 Accrued expenses and prepaid income

	Group		Parent	
	2013	2012	2013	2012
Personnel-related liabilities	515.0	510.3	19.2	17.1
Accrued expenses, subconsultants	109.3	67.9	0.1	0.2
Other	64.0	63.4	24.9	18.3
	<b>688.3</b>	<b>641.6</b>	<b>44.2</b>	<b>35.6</b>

## 22 Financial assets and liabilities

### Group 2013

	Derivatives used in hedge accounting	Financial assets/ liabilities valued at fair value in profit or loss	Loans and receivables	Financial liabilities	Total carrying amount	Fair value
Financial investments (level 3)		0.7			0.7	0.7
Non-current receivables			3.3		3.3	3.3
Accounts receivable			1,550.3		1,550.3	1,550.3
Revenue generated but not invoiced			685.4		685.4	685.4
Currency derivatives (level 2)	2.0				2.0	2.0
Cash and cash equivalents			187.7		187.7	187.7
<b>Total</b>	<b>2.0</b>	<b>0.7</b>	<b>2,426.6</b>	<b>—</b>	<b>2,429.3</b>	<b>2,429.3</b>
Long-term loans and credit facilities				607.8	607.8	607.8
Other non-current liabilities				2.6	2.6	2.6
Short-term loans and credit facilities				416.4	416.4	416.4
Accounts payable – trade				482.8	482.8	482.8
Accrued expenses, subcontractors				109.3	109.3	109.3
Currency derivatives (level 2)	3.7					
Contingent consideration (level 3)		398.0			398.0	398.0
<b>Total</b>	<b>3.7</b>	<b>398.0</b>	<b>—</b>	<b>1,618.9</b>	<b>2,016.9</b>	<b>2,016.9</b>

### Group 2012

	Derivatives used in hedge accounting	Financial assets/ liabilities valued at fair value in profit or loss	Loans and receivables	Financial liabilities	Total carrying amount	Fair value
Financial investments (level 3)		0.7			0.7	0.7
Non-current receivables			4.7		4.7	4.7
Accounts receivable			1,610.0		1,610.0	1,610.0
Revenue generated but not invoiced			608.2		608.2	608.2
Currency derivatives (level 2)	2.2				2.2	2.2
Cash and cash equivalents			497.7		497.7	497.7
<b>Total</b>	<b>2.2</b>	<b>0.7</b>	<b>2,720.6</b>	<b>—</b>	<b>2,723.5</b>	<b>2,723.5</b>
Long-term loans and credit facilities				815.6	735.9	735.9
Other non-current liabilities				2.6	82.3	82.3
Short-term loans and credit facilities				441.1	441.1	441.1
Accounts payable – trade				620.4	620.4	620.4
Accrued expenses, subcontractors				67.9	67.9	67.9
Contingent consideration (level 3)		673.7			673.7	673.7
<b>Total</b>	<b>—</b>	<b>673.7</b>	<b>—</b>	<b>1,947.6</b>	<b>2,621.3</b>	<b>2,621.3</b>

### Parent 2013

	Derivatives used in hedge accounting	Financial assets/ liabilities valued at fair value in profit or loss	Loans and receivables	Financial liabilities	Total carrying amount	Fair value
Accounts receivable			79.1		79.1	79.1
Currency derivatives (level 2)	1.6				1.6	1.6
Cash and bank balances			29.1		29.1	29.1
<b>Total</b>	<b>1.6</b>	<b>—</b>	<b>108.2</b>	<b>—</b>	<b>109.8</b>	<b>109.8</b>
Non-current liability to credit institutions				450.0	450.0	450.0
Other non-current liabilities				150.2	150.2	150.2
Current liability to credit institutions				376.3	376.3	376.3
Currency derivatives (level 2)	3.7				3.7	3.7
Accounts payable – trade				91.5	91.5	91.5
<b>Total</b>	<b>3.7</b>	<b>—</b>	<b>—</b>	<b>1,068.0</b>	<b>1,071.6</b>	<b>1,071.6</b>

### Parent 2012

	Derivatives used in hedge accounting	Financial assets/ liabilities valued at fair value in profit or loss	Loans and receivables	Financial liabilities	Total carrying amount	Fair value
Accounts receivable			73.0		73.0	73.0
Currency derivatives (level 2)	0.2				0.2	0.2
Cash and bank balances			39.3		39.3	39.3
<b>Total</b>	<b>0.2</b>	<b>—</b>	<b>112.2</b>	<b>—</b>	<b>112.5</b>	<b>112.5</b>
Non-current liability to credit institutions				700.0	700.0	700.0
Other non-current liabilities				79.9	79.9	79.9
Current liability to credit institutions				427.0	427.0	427.0
Accounts payable – trade				76.8	76.8	76.8
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,283.7</b>	<b>1,283.7</b>	<b>1,283.7</b>

cont. Note 22

### Ageing analysis of accounts receivable that are overdue but not impaired

	Group		Parent	
	2013	2012	2013	2012
< 30 days	105.3	103.6	—	0.3
30–90 days	38.1	27.2	—	0.3
91–180 days	27.6	17.2	0.2	—
> 180 days	7.2	15.0	—	—
<b>Total</b>	<b>178.3</b>	<b>163.0</b>	<b>0.2</b>	<b>0.5</b>

The group has set procedures to maintain capital tied-up and credit risks at appropriate levels.

### Change in doubtful receivables

	Group		Parent	
	2013	2012	2013	2012
<b>Provision for doubtful receivables</b>				
Provision at the start of the year	28.6	21.4	—	—
Provision for anticipated losses	19.7	19.7	—	—
Established losses	–3.2	–10.8	—	—
Recovered losses	–8.7	–1.5	—	—
Exchange differences	–0.5	–0.2	—	—
<b>Provision at the end of the year</b>	<b>36.0</b>	<b>28.6</b>	<b>—</b>	<b>—</b>

### Credit quality

Credit risk is managed in each subsidiary in accordance with a centrally drawn up credit policy. Outstanding accounts receivable are monitored and reported regularly within each company and within the Group. Provisions have been made after individual assessment. The assessment of the amount which it is expected would be received is based on careful analysis of the clients' ability to pay and the markets they operate in. ÅF's ten largest clients, who account for a total of 31 percent of Group sales, are all large listed companies or publicly owned institutions.

### Calculation of fair value

Fair value agrees in all essentials with recognised value, except in the case of certain fixed-interest non-current and current liabilities to credit institutions (see Note 17). No deviation was noted for 2013.

The following provides a summary of the main methods and assumptions used to determine the fair value of the Group's financial instruments.

### Derivative instruments

Forward contracts are valued at recoverable amount in accordance with level 2, i.e. fair value determined using a valuation technique based on directly observable market inputs, either direct (such as price) or indirect (derived from price), and which are not included in level 1 (fair value determined on the basis of quoted prices for the same instruments on active markets).

### Non-current and current liabilities to credit institutions

Non-current and current liabilities are valued by adding to the loan the discounted interest rate difference between the agreed loan interest rate and the market rate up to maturity for equivalent loans.

### Contingent consideration

The calculation of contingent consideration is dependent on parameters in the relevant agreements. These parameters are chiefly linked to expected EBIT over the next two to three years for the acquired companies.

An increase in expected EBIT involves a higher liability for contingent consideration. Normally, there is a ceiling on each contingent consideration which limits how large liability can become (for more information, see Note 3).

### Epsilon

The contingent consideration recognised at present is equivalent to the amount which will be due if EBIT in the Technology and Industry Divisions is below SEK 626 million for 2014. If EBIT for these Divisions exceeds SEK 626 million, a consideration of at least SEK 400 million will be payable. The ceiling set for the additional consideration is SEK 1,100 million.

### Advansia

Recognised contingent consideration of SEK 132 million corresponds to a maximum contingent consideration of NOK 125 million. The most important parameter in calculating the contingent consideration is EBIT growth within ÅF's operation in Norway.

Change in contingent consideration	2013
Opening balance	673.7
Acquisitions this year	100.6
Payments	–48.2
Changes in value recognised in other operating income – Epsilon	–136.0
Changes in value recognised in other operating income – other	–8.5
Changes in value recognised against goodwill – Epsilon	–225.1
Changes in value recognised against goodwill – Advansia	58.2
Changes in value recognised against goodwill – other	–7.3
Exchange differences	–9.4
<b>Closing balance</b>	<b>398.0</b>

## 23 Financial risks and finance policy

The Group's overall risk management policy is intended to reduce financial risks at a cost that is reasonable for ÅF. The aim is to ensure cost-effective financing and minimising the negative effects of market fluctuations on the Group's earnings. Derivative instruments are used to hedge some risk exposure.

The Group's risk management is handled centrally by Group Treasury on the basis of policies adopted by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units.

The Group is exposed to different kinds of financial risk through its operations, including exchange rate risk, interest rate risk, credit risk and financing risk.

### Exchange rate risk

Exchange rate risk covers future business transactions, recognised assets and liabilities in foreign currency, and net investments in foreign operations. Exchange rate risk is relatively limited in the ÅF Group.

Loans are raised, and investments made, in the local currency for each company.

### Translation exposure

Translation exposure comprises foreign subsidiaries' net assets and profits/losses in foreign currency. In line with Group policy, ÅF does not hedge translation exposure.

### Transaction exposure

Exchange rate risks are relatively limited as most payments are made in the local currency for each company. Where this is not the case, any large sums are hedged using derivatives. The Group classifies the forward contracts used for hedging forecast transactions as cash flow hedges. The fair value of such forward contracts amounted to SEK –1.8 million (1.5) and is recognised in the balance sheet under the headings Other Receivables and Other Liabilities respectively.

### Interest rate risk

The Group's cash and cash equivalents are kept in central cash pools or in bank accounts in local banks. There are no other significant interest-bearing assets otherwise.

Liabilities to credit institutions are bank loans at both fixed and variable interest rates. Information on loan conditions, interest and due date structure are contained in Note 17.

### Credit risks

Credit risk is a result of the company having at all times a substantial number of outstanding trade receivables, as well as fees earned but not invoiced, in other words the credit granted to clients. This risk is limited through the Group's well-established principles for ensuring that sales are made to clients with an appropriate payment history, and through advance payments. ÅF's ten largest clients, who together account for 31 percent of the Group's net sales, are all large listed companies with good credit ratings or government institutions. There is, therefore, not deemed

cont. Note 23

to be any significant credit risk with regard to any single major client. Counterparties for derivative contracts and cash transactions are limited to financial institutions with a high credit rating. Historically ÅF has suffered only very limited credit losses.

### Financing risk

Financing risk is the risk of not being able to obtain financing at all, or only at a greatly inflated price. For ÅF, prudent management of financing risk means having adequate cash and cash equivalents and committed credit lines. The Group has credit facilities amounting to SEK 1,015 million, of which SEK 789 million was unutilised at the end of the reporting period.

### Sensitivity analysis

#### Interest rate

96 percent of the Group's total borrowings at the close of the reporting period comprise loans at variable interest rates. A change in the average annual interest rate on these loans of +/-1 percent affects interest expense by +/- SEK 8 million.

#### Currency

27 percent (25) of the Group's profit before tax comes from foreign units, of which 10 percent (5) is generated by units whose local currency is NOK and 9 percent (6) by units whose local currency is CHF. A change in the average exchange rate for 2013 of the NOK of +/-SEK 0.25 would have affected profit before tax by +/- SEK 15 million, and a change in CHF of +/-SEK 0.25 would have affected profit before tax by +/- SEK 2 million.

### Due date structure, financial liabilities

	2013			
	0-6 months	6-12 months	1-5 years	> 5 years
Bank loans, SEK	225	151	450	—
Bank loans, CHF	31	—	—	—
Convertible debt instruments	—	—	150	—
Finance leasing liabilities	4	4	7	—
Contingent consideration	77	—	321	—
Accounts payable – trade	483	—	—	—
Accrued expenses, subcontractors	109	—	—	—
Interest rates	11	7	12	—

	2012			
	0-6 months	6-12 months	1-5 years	> 5 years
Bank loans, SEK	275	152	700	—
Bank loans, CHF	—	7	31	—
Convertible debt instruments	—	—	77	—
Finance leasing liabilities	3	3	5	—
Contingent consideration	50	14	609	—
Accounts payable – trade	620	—	—	—
Accrued expenses, subcontractors	68	—	—	—
Interest rates	13	12	25	—

### Exchange rates

	31 December 2013	31 December 2012
CHF	7.29	7.13
CZK	0.33	0.34
DKK	1.20	1.16
EUR	8.94	8.62
NOK	1.06	1.17
RUB	0.20	0.21

## 24 Operating leases

### Leasing agreements where the company is the lessee

Operating leases cover rental agreements for properties, leasing agreements for vehicles under which employees assume all the financial risks and benefits associated with the vehicles, and the lease of certain items of office equipment. The cars are leased primarily over three years.

### Non-terminable leasing payments

	Group		Parent	
	2013	2012	2013	2012
Within one year	252.8	276.8	152.1	167.3
Between one and five years	696.0	614.0	475.2	456.5
Longer than five years	581.1	603.4	569.4	598.8
<b>Total</b>	<b>1,529.9</b>	<b>1,494.2</b>	<b>1,196.7</b>	<b>1,222.6</b>

### Leasing charges during the year

	Group		Parent	
	2013	2012	2013	2012
Premises	191.9	191.6	146.9	141.5
Other	62.6	43.9	5.1	5.3
<b>Total</b>	<b>254.5</b>	<b>235.5</b>	<b>152.0</b>	<b>146.8</b>

## 25 Pledged assets, contingent liabilities and contingent assets

	Group		Parent	
	2013	2012	2013	2012
<b>Pledged assets</b>				
In the form of pledged assets for own liabilities and provisions				
Property mortgages	31.0	37.4	—	—
Floating charges	2.7	1.2	—	—
Pledged assets, other	1.2	0.2	—	—
<b>Total pledged assets</b>	<b>34.9</b>	<b>38.8</b>	<b>—</b>	<b>—</b>
<b>Contingent liabilities</b>				
Guarantee commitments, FPG/PRI	1.0	0.7	0.5	0.5
Guarantee commitments in favour of subsidiaries	—	—	49.4	65.3
Guarantee commitments	146.4	138.9	45.8	41.0
<b>Total contingent liabilities</b>	<b>147.4</b>	<b>139.6</b>	<b>95.7</b>	<b>106.8</b>

Guarantee commitments refer primarily to performance guarantees for tenders and the completion of projects.

### Contingent assets

The Group has determined that no contingent assets exist.



## 26 Related-party transactions

The parent has a related-party relationship with its subsidiaries, please see Note 27.

### Summary of related-party transactions

Ångpanneföreningen's Foundation for Research & Development, which holds 36.8 percent of the votes in ÅF AB and associates. Transactions with these parties took place on commercial terms.

Group	Year	Sales of services to related parties	Purchases of services from related parties	Receivables from related parties as at 31 Dec	Liabilities to related parties as at 31 Dec
Associates	2013	—	0.2	—	—
Associates	2012	0.4	0.3	—	—
Ångpanneföreningen's Foundation for Research & Development	2013	0.8	—	4.6	—
Ångpanneföreningen's Foundation for Research & Development, The Danir Group <sup>1)</sup>	2012	1.8	1.4	3.8	500.0

<sup>1)</sup> Refers to additional consideration for the acquisition of Epsilon, see also Note 3 and Note 22. The Danir Group is not a related party as at 31 December 2013.

During 2013, in addition to the above, the Group received grants from Ångpanneföreningen's Foundation for Research & Development amounting to SEK 4.4 million (4.2). These grants were for projects administered by the Group.

For details of remuneration to Group executives, please see Note 6.

Parent	Year	Sales of services to related parties	Purchases of services from related parties	Receivables from related parties as at 31 Dec	Liabilities to related parties as at 31 Dec
Subsidiaries	2013	441.9	32.8	751.2	755.8
Subsidiaries	2012	357.2	21.6	580.7	532.1
Associates	2013	—	—	—	—
Associates	2012	0.2	—	0.3	—
Ångpanneföreningen's Foundation for Research & Development	2013	0.1	—	—	—
Ångpanneföreningen's Foundation for Research & Development, The Danir Group <sup>1)</sup>	2012	0.1	—	—	500.0

<sup>1)</sup> Refers to additional consideration for the acquisition of Epsilon, see also Note 3 and Note 22. The Danir Group is not a related party as at 31 December 2013.

## 27 Group companies

### Comprehensive list of Group subsidiaries

	Corporate ID No.	Registered office	2013	
			Percentage holding <sup>1)</sup>	Carrying amount in parent
AB Ångpanneföreningen	556158-1249	Sweden	100	0.2
ÅF-Industry AB	556224-8012	Sweden	100	683.1
OrbiTec AB	556470-7015	Sweden	100	—
ÅF-Infrastructure AB	556185-2103	Sweden	100	574.4
Bygganalys AB	556461-1050	Sweden	100	—
Konfer Byggekonsult AB	556608-6731	Sweden	100	—
Teknogram AB	556581-6773	Sweden	100	—
HEK Holst Elkonsult AB	556496-2727	Sweden	100	—
Pecama Elkonsult AB	556473-1114	Sweden	100	—
Bro Elektriska AB	556332-5165	Sweden	100	—
Connect Consult AB	556641-5260	Sweden	100	—
Ljusarkitektur Sweden AB	556568-9485	Sweden	100	—
AF-CityPlan s.r.o.	473 07 218	Czech Republic	13	—
ÅF-Consult AB	556101-7384	Sweden	100	39.8
ÅF-Process GmbH	218 403 818	Germany	100	—
ÅF-Teknik & Miljö AB	556534-7423	Sweden	100	10.5
ÅF-Funktionspartner AB	556099-8071	Sweden	100	0.6
ÅF-Technology AB (formerly Epsilon AB)	556866-4444	Sweden	100	168.0
Epsilon Holding AB	556421-6884	Sweden	100	1,871.4
Epsilon Design AB	556314-1380	Sweden	100	—
Epsilon Polen Sp. z o.o.	9521980649	Poland	100	—

cont. Note 27

	Corporate ID No.	Registered office	2013	
			Percentage holding <sup>1)</sup>	Carrying amount in parent
Advansia AS	883 889 762	Norway	100	527.4
Advansia AB	556742-2596	Sweden	100	—
Kåre Hagen AS	968 187 082	Norway	100	—
ÅF Norge AS	911 567 989	Norway	100	68.2
ÅF Infrastruktur AS (formerly ÅF Norge AS)	955 021 037	Norway	100	—
ÅF Industry AS (formerly Epsilon Solutions AS)	997 671 651	Norway	100	—
ÅF A/S	21 007 994	Denmark	100	37.6
ÅF-Hansen & Henneberg A/S	13 59 08 85	Denmark	90	38.3
ÅF-Consult Oy	1800189-6	Finland	100	291.1
ÅF-Consulting AS	10 449 422	Estonia	100	—
UAB AF-Consult	135 744 077	Lithuania	100	—
Enprima Engineering Oy	0477940-2	Finland	100	—
Oy Vesirakentaja	0115808-8	Finland	100	—
ÅF-Automaatika OÜ	11 297 301	Estonia	100	8.2
AF Consult LLC	1 037 800 096 641	Russia	100	0.9
ZAO Lonas Technologia	1 037 808 021 228	Russia	75	—
LLC Lonas Technologia Ukraine	15 851 020 000 006 500	Ukraine	100	—
TOO AF Lonas Technologia Kazakhstan	620 200 351 121	Kazakhstan	100	—
XO AF Lonas Technologia Turkmenistan	102 621 002 900	Turkmenistan	100	—
AF-Engineering s.r.o.	263 66 550	Czech Republic	100	10.6
AF-Consult Czech Republic s.r.o.	453 06 605	Czech Republic	100	74.6
AF Nuclear Projects CZ s.r.o.	016 06 239	Czech Republic	100	—
AF-CityPlan s.r.o.	473 07 218	Czech Republic	87	15.4
AF-Consult Switzerland AG	CH-400.3.924.101-4	Switzerland	100	418.7
International Power Design Ltd.	CH-400.3.025.445-4	Switzerland	100	—
Colenco Engineering S.r.l.	17669779	Romania	51	—
AF-Consult Italia S.r.l.	MI-1808529	Italy	100	—
AF-Consult (Thailand) Ltd	3011879733	Thailand	100	—
AF-Consult India Pvt Ltd	U74140DL2009FTC197507	India	100	—
AF Consult do Brazil Ltda	08.307.539/0001-08	Brazil	51	—
AF-Consult Ltd.	4080012527924	Macedonia	100	—
AF-Consult Energy doo Beograd	20 801 298	Serbia	100	—
Mercados Energy Markets International Investments SL	B-854 82 883	Spain	100	37.2
AF Mercados Energy Markets International S.A.	A-82316902	Spain	100	—
Mercados Energy Markets International Europé S.r.l.	6622220967	Italy	100	—
AF-MERCADOS EMI Enerji Mühendisligi, AR-GE, Kontrol ve Test Hizmetleri Ltd.Sti.	6 160 390 509	Turkey	100	—
AF Mercados EMI Yates + Pope Ltd	111 1461 77	UK	100	—
Mercados Energy Markets India, Pvt Ltd	AAFCM5128DST001	India	100	—
				<b>4,876.1</b>

<sup>1)</sup> Participating interest refers to both voting share and proportion of the total number of shares.**Specification of change in carrying amount for the year**

	Parent	
	2013	2012
Opening carrying amount	5,218.5	2,445.1
Acquisitions	143.3	2,701.8
Sales	-191.8	—
Correction of additional consideration	-318.3	-4.4
Impairment	-119.9	—
Shareholders' contribution	144.3	76.0
<b>Closing carrying amount</b>	<b>4,876.1</b>	<b>5,218.5</b>

## 28 Untaxed reserves

Parent	2013	2012
<b>Accumulated accelerated depreciation</b>		
Opening balance 1 January	35.1	29.6
Depreciation during the year, equipment & fittings	-3.9	5.5
<b>Closing balance 31 December</b>	<b>31.2</b>	<b>35.1</b>
<b>Transfer to tax allocation reserve</b>		
Opening balance 1 January	91.3	—
Transfers for the year	—	91.3
<b>Closing balance 31 December</b>	<b>91.3</b>	<b>91.3</b>
<b>Total untaxed reserves</b>	<b>122.5</b>	<b>126.4</b>

## 29 Statement of cash flows

### Interest paid and dividends received

	Group		Parent	
	2013	2012	2013	2012
Dividends received	—	—	156.3	134.4
Group contribution received	—	—	606.6	392.1
Interest received	5.2	8.4	2.3	3.2
Interest paid	-39.2	-9.9	-36.4	-8.9
	<b>-34.0</b>	<b>-1.5</b>	<b>728.9</b>	<b>520.8</b>

### Adjustment for items not included in cash flow

	Group		Parent	
	2013	2012	2013	2012
Depreciation/amortisation	75.0	57.6	16.4	13.6
Changed estimated contingent consideration, Epsilon	-136.0	—	—	—
Impairment of goodwill/shares in subsidiaries	94.5	—	119.9	—
Changes in pension arrangements, Switzerland	-40.9	—	—	—
Impairment of operating assets, Russia	25.0	—	—	—
Other	27.1	23.4	7.5	1.3
	<b>48.6</b>	<b>81.0</b>	<b>143.8</b>	<b>15.0</b>

## 30 Subsequent events

Two major acquisitions have been completed to date in 2014. ÅF acquired Norwegian Xact Consultance AS, which provides engineering services to the Norwegian oil and gas market. Around 90 consultants operate within Xact and in 2013 the company had sales of NOK 85 million. ÅF acquired ES-KONSULT Energi och Säkerhet AB, which provides expert services to Swedish and international nuclear power customers. ES employs approximately 60 people, and the company had sales of around SEK 70 million in 2013. The effective date for the acquisitions is 1 January 2014. A number of other small businesses have also been taken over in Sweden. Acquisition analyses for these have yet to be drawn up.

## 31 Critical estimates and judgements

### Important sources of uncertainty in estimates and judgements

The Group makes estimates and judgements about the future. By definition, the resulting accounting estimates will rarely correspond to the actual outcome. Estimates and judgements are reviewed regularly and are based on historical experience and other factors, including the expected outcomes of future events that are considered reasonable under the circumstances.

Estimates and judgements which, if they prove to be incorrect, can result in material adjustments to the carrying amounts of assets and liabilities during the coming financial year are presented below.

### Impairment of goodwill

When calculating the recoverable amount of cash-generating units, a number of assumptions about future circumstances and estimates of parameters have been made. Changes to these assumptions and estimates could have an effect on the carrying amount of goodwill (see Note 11).

A lower rate of growth or margin would result in a lower recoverable amount. The reverse applies if the calculation of the recoverable amount is based on a higher growth rate or margin. Were future cash flows to be discounted at a higher rate of interest, the recoverable amount would be lower. Conversely, the recoverable amount would be higher with a lower discount rate.

The annual impairment test indicated an impairment need in respect of goodwill in the cash-generating units Russia and Spain, totalling SEK 95 million. See also Note 11.

### Contingent consideration

An additional consideration linked to a corporate acquisition is frequently dependent on the future economic development of the business acquired. The actual outcome may deviate from these assumptions and the effect of this will be to change the size of the previously recognised additional consideration, see Note 22.

During the year, the estimate of contingent consideration related to the acquisition of Epsilon Holding AB change substantially, which has led to a positive impact on profit of SEK 136 million. See also Note 22.

### Retirement benefit assumptions

The Group's net obligations under defined-benefit plans are calculated separately for each plan by estimating the future benefits earned by employees through their employment in prior periods. These benefits are discounted to present value. The calculation of the size of the Group's total retirement benefit obligations is based on a number of assumptions (see Note 19). Were a lower discount rate to be used, the obligations would increase and have a negative effect on the Group's equity. The reverse applies if a higher discount rate is used.

### Determination of final cost forecast and stage of completion of contracts

The Group applies the percentage of completion method, which means that income is recognised on the basis of stage of completion. The stage of completion is determined by comparing the accrued expenditure at the end of the reporting period with total expenditure. This means that the Group must estimate how large a percentage of the total expenditure is represented by the accrued expenditure at the end of the reporting period.

## 32 Information about the parent

ÅF AB is registered in Stockholm as a joint-stock company. The parent's shares are listed on the Nasdaq OMX stock exchange in Stockholm. The postal address to the company's head office is ÅF AB, SE-169 99 Stockholm, Sweden.

The consolidated financial statements for the financial year 2013 comprise the accounts for the parent and its subsidiaries, which together form the Group. The Group also includes participations in associates.

# Auditor's report

To the annual meeting of the shareholders of ÅF AB  
Corp. ID No. 556120-6474

## Report on the annual accounts and consolidated financial statements

We have audited the annual accounts and consolidated financial statements of ÅF AB for the financial year 2013. The annual accounts and consolidated financial statements of the company are included in the printed version of this document on pages 51–92.

## Responsibilities of the Board of Directors and the President/CEO for the annual report and the consolidated financial statements

The Board of Directors and the President/CEO are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President/CEO determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President/CEO, as well as evaluating the overall presentation of the annual report and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in

accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent and the Group.

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President/CEO of ÅF AB for the financial year 2013.

## Responsibilities of the Board of Directors and the President/CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President/CEO are responsible for administration under the Companies Act.

## Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated financial statements, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President/CEO is liable to the company. We also examined whether any member of the Board of Directors or the President/CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President/CEO be discharged from liability for the financial year.

Stockholm Sweden – 10 March 2014  
Ernst & Young AB

Lars Träff  
Authorised Public Accountant

# Statement from the Chairman

**From vision to reality. That would be my way of summarising ÅF's development over the past five years. And that is primarily with positive overtones.**

Five years ago we, the Board and management, forged a plan for the company's development up until the year 2015. Briefly, this vision involved ÅF doubling the size of its business over the course of these five years, half through organic growth and half through acquisitions, to reach sales of EUR 1 billion by 2015. We also set ourselves the goal of being the most profitable company among ÅF's closest comparable firms in the industry and achieving an operating margin (EBIT) of at least 10 percent over a business cycle.

And on top of that we established several sustainability targets that by 2015 will result in ÅF being regarded as the technical consultancy that, from a sustainability perspective, is best at resolving clients' technical challenges.

Four years have passed now, and we can see that we are well on the way to fulfilling our goals.

Healthy organic growth and a few major acquisitions, which have been financed predominantly using funds generated internally, have enabled us to come closer to achieving our sales target. And from a relatively modest position in the profitability league five years ago we have now joined the leaders of the pack, looking at our most significant competitors. With an improved economic environment, our profitability target is also within reach. We have consolidated our position in our key areas – Energy, Industry, Infrastructure – and are now number one or two on our main markets.

Environmental considerations have gained importance. It is no coincidence that our head offices in Stockholm are among the first to achieve Green Building status. Symbolic values are important for a company like ÅF, and we consistently endeavour in practice, both internally and with our clients, to live up to our high ambitions in this area. A central goal that we established four years ago is our aim in all our quotations to offer clients a more environmental alternative, and we have come a long way in this regard.

ÅF's financial position remains strong. Our debt/equity ratio has increased as a result of the major acquisitions completed in recent years, but it is well within the framework of the targets set up by the Board, and there is scope for additional acquisitions.

Naturally it is also pleasing to be able to note that the company's owners have benefited from our success. Over the past five-year period, ÅF's share has performed significantly better than those of our competitors, with our share price almost tripling in value.



This trend has been reflected in the work of the Board and management over the past year. Key elements, as in the past, have included decisions on business plans and budgets and associated follow-up of operations, along with discussions on various acquisitions, some of which have been realised. A considerable amount of attention has also been devoted to integration issues regarding the relatively large acquisitions of Epsilon and Advansia, which were completed in 2012.

Given the progress we have made, we are adopting a new approach this year and bringing forward discussions on our strategy for the subsequent five-year period, 2015–2020. The main features of this strategy, which anticipates a further doubling in sales while retaining the same level of profitability, are described elsewhere in this annual report.

For a more detailed report on how operations are pursued, I refer the reader to the traditional corporate governance report that follows. We have not identified a need to make any significant changes to our way of working. I see this as an endorsement of the Board's view that the company is being managed efficiently and that relations between the Board of Directors and the executive management function effectively.

I know I speak for the entire Board when I express my thanks to ÅF's management team, with Jonas Wiström at the helm, as well as to all the company's employees for a job well done. This past year has been both eventful and challenging, particularly following the acquisitions of Epsilon and Advansia, but also because of the fairly dismal economic situation. It is therefore especially satisfying to see that the goals we established, both short-term and long-term, have essentially been achieved.

We also feel that ÅF is well-equipped to face the challenges that lie ahead. The strategy that has been formed for the coming five-year period has strong endorsement within the organisation, and there is a firm desire to continue along the adopted path. That is how we will transform our vision into reality over the next five years as well.

Ulf Dinkelspiel  
Chairman of the Board



# Corporate governance report

This corporate governance report has been submitted in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. The report, which has been drawn up by the company's Board of Directors and reviewed by the company's auditors, covers the corporate governance of ÅF during financial year 2013.

ÅF did not deviate from the Code in 2013. ÅF complies with the NASDAQ OMX rules for issuers and generally accepted Stock market practice. The corporate governance report has been reviewed by Ernst & Young.

## Corporate governance at ÅF

ÅF AB is a Swedish public company with its registered office in Stockholm. The company's class B shares are listed on the Nasdaq OMX Stockholm exchange. Governance, management and control are divided between the shareholders, the Board of Directors and the President/CEO in accordance with the applicable laws, rules and recommendations and with ÅF's articles of association and internal regulatory framework. The shareholders' meeting is the company's highest decision-making body and is the forum in which the shareholders exercise their voting rights. The Board of Directors and the Chairman of the Board are elected at the annual general meeting. The Board appoints the President/CEO.

The administration of the company by the Board of Directors and the President/CEO, as well as the company's financial reporting are reviewed by the external auditor appointed by the Annual General Meeting.

For the purpose of streamlining and strengthening its work in certain areas, the Board has appointed an Audit

Committee and a Remuneration Committee. One important support function for the Audit Committee is ÅF's Internal Audit Function.

The most important internal instrument of governance is the articles of association adopted by the shareholders' meeting. In addition, there are the Board's Rules of Procedure and the Board's instructions for the President/CEO.

Internal policies and instructions constitute essential management documents for the whole company, clarifying responsibility and authority within specific areas, such as information security, regulatory compliance and risk management.

## Ownership structure

ÅF has issued two classes of share: A shares and B shares. Each A share is entitled to 10 votes, and each B share to 1 vote. At the end of 2013, the total number of shareholders was 6,500, and the total number of shares was 39,486,135, of which 1,608,876 were A shares and 37,877,259 were B shares. The total number of votes was 53,582,369.

The largest shareholder was Ångpanneföreningen's Foundation for Research & Development with 36.8 percent of the votes. Swedbank Robur Fonder had 5.0 percent and CapMan 3.5 percent of the votes.

## ÅF's Annual General Meeting

The shareholders' meeting held within six months of the end of the financial year, and which approves the income statement and balance sheet, is called the Annual General Meeting (AGM). Shareholders who are registered in the share



register on the record day, and who have given sufficient notice of participation, have the right to participate in the shareholders' meeting. The notice convening the meeting is published on the company's website and advertised in the Swedish Official Gazette. The fact that the notice convening the meeting has been published is advertised in Dagens Industri.

The AGM for 2013 was held at ÅF's Group Head Office in Solna, Sweden, on 26 April. A total of 180 shareholders participated, representing 64 percent of the share capital and 74 percent of the votes. In addition to the election of the Board of Directors, the meeting resolved on the introduction of the Staff Convertibles Programme 2013 and the Performance-related Share Programme (PSP) 2013, and also authorised the Board to acquire and transfer the company's own shares and to make a new issue of B shares. The minutes of the meeting together with all the documentation issued prior to the AGM are available on the ÅF website, under the section for Corporate Governance.

### **Nomination Committee**

In accordance with a resolution passed at the AGM on 26 April 2013, the Nomination Committee shall, up until the time of the 2014 AGM, consist of the Chairman of the Board together with representatives for at least three and at most five of the shareholders with the largest number of votes in the company. In addition, the Chairman of the Board shall be a member of the Nomination Committee. The names of the members of the committee shall be announced no later than six months before the 2014 AGM.

The Nomination Committee comprises: Staffan Westlin (Chair), representing Ångpanneföreningen's Foundation for Research & Development; Annika Andersson appointed by Swedbank Robur; Ulf Dinkelspiel, in his capacity as Chairman of the Board of ÅF; Jan Särilvik appointed by Nordea Fonder; Karl Åberg, appointed by CapMan Public Market Funds.

### **Duties of the Nomination Committee**

The Nomination Committee submits proposals, prior to the AGM, on the number of Board members, the composition and remuneration of the Board, and any fees payable for committee work. The committee shall also submit proposals on who is to chair the Board of Directors and the AGM and on auditors and their fees. In accordance with its remit, the committee shall also carry out those duties assigned to it under the Swedish Code of Corporate Governance.

### **Work of the Nomination Committee**

In the period up to and including February 2014 the committee has held five minuted meetings and maintained contact between meetings. To assess how well the present Board of Directors meets the demands that will be placed on the Board in consequence of the company's position and future focus, the committee has discussed the size and composition of the Board in relation to, for example, experience in the industry and specialist expertise. As a basis for the

committee's work, the Chairman of the Board has informed the committee about the work of the Board during the year and of the work undertaken by the Audit Committee and the Remuneration Committee. The Nomination Committee has also familiarised itself with the results of the evaluation of the Board and its work, and interviewed individual members of the Board.

No remuneration has been paid for work on the committee. All shareholders are entitled to approach the committee with suggestions for Board members. The committee's proposals, the report on the committee's work prior to the 2014 AGM, and supplementary information on the proposed members of the Board will be published in connection with the notice convening the 2014 AGM, and will be presented at the meeting.

### **Board of Directors**

The Board of Directors of ÅF shall consist of a minimum of six and a maximum of ten members, with a maximum of five deputies appointed by the AGM. From and including the 2013 AGM, there are nine directors without deputies. The President/CEO of ÅF is not a member of the Board. In addition, the employees have two ordinary representatives on the Board, with two deputies.

The following members were re-elected to the Board of Directors for 2013: Ulf Dinkelspiel, Anders Narvinger, Björn O. Nilsson, Joakim Rubin, Kristina Schauman, Anders Snell and Lena Treschow Torell. Marika Fredriksson and Maud Olofsson were elected to the Board. Ulf Dinkelspiel was elected by the AGM to serve as Chairman of the Board up until the next AGM. The Board elected Lena Treschow Torell as its Deputy Chair. The President/CEO of ÅF, Jonas Wiström, does not sit on the Board, but participates in Board meetings to present reports. The Group's CFO, Stefan Johansson, also participates to present reports. Viktor Svensson, Executive Vice President Corporate Information, serves as Secretary to the Board.

For more information on the Board of Directors, please refer to pages 100–101 of the annual report.

### **Independence of members of the Board**

The composition of the Board of ÅF meets the requirements for independent directors laid down by the Swedish Code of Corporate Governance. Directors Björn O. Nilsson and Anders Snell are considered to hold positions of dependence with regard to ÅF's major shareholders.

### **Work of the Board of Directors**

Each year the Board produces a written formal work plan which sets out the responsibilities of the Board, and which governs the allocation of duties among Board members, the rules for decision-making, dates and times of Board meetings, notification, agenda and minutes for Board meetings, and the Board's work with accounting and auditing matters. The ÅF Board holds an inaugural meeting immediately after the AGM, after which it is required to meet at least four times

per calendar year. Every ordinary Board meeting follows the agenda set out in the board's formal work plan, which includes a report from the President/CEO, a financial report and various strategic matters. The Board of Directors has decided to appoint a Remuneration Committee and an Audit Committee.

### Work during the year

During the year, the Board held 14 meetings in addition to the inaugural meeting, including two per capsulam and three telephone meetings for which the relevant documentation was sent out in advance. Four of the meetings were held in connection with the publication of the company's interim reports.

The work of the Board revolves mostly around strategic issues, business plans, budgeting, accounts and acquisitions, in addition to other decisions which, under the company's rules for decision-making, are dealt with by the Board. Employee representatives' deputies attend only when the employee representative is absent and in conjunction with the inaugural meeting of the Board. Reports on the progress of the company's operational activities and finances are a standing item on the agenda. A strategy seminar was held at the meeting in September, and included a thorough review of each division. Most of the ordinary Board meetings include an in-depth presentation of one of ÅF's business areas or departments.

On one occasion each year the Board discusses issues related to succession planning for senior executives in the company.

### Participation in Board and Committee meetings 2013

	Board	Audit Committee	Remuneration Committee
<b>Total no. of meetings, incl. the statutory meeting</b>	14	4	5
Ulf Dinkelspiel (Chairman)	14	4	5
Lena Treschow Torell (Deputy Chair)	11		5
Marika Fredriksson <sup>2)</sup>	8		
Johan Glenmo <sup>1)</sup>	5		
Eva-Lotta Kraft <sup>1)</sup>	5	1	
Anders Narvinger	13		5
Björn O. Nilsson	13		
Dan Olofsson <sup>1)</sup>	5		
Maud Olofsson <sup>2)</sup>	7		
Joakim Rubin	14	3 <sup>2)</sup>	
Kristina Schauman	14	4	
Anders Snell	14		2 <sup>2)</sup>
Fredrik Sundin, Employee rep.	14		
Anders Toll, Employee rep.	14		

<sup>1)</sup> Until 26 April. <sup>2)</sup> Starting 26 April.

### Evaluation of the Board of Directors and President/CEO

Once a year, the Chairman of the Board initiates an evaluation of the work of the Board by issuing each director with a detailed questionnaire, which is answered anonymously. The questionnaire covers areas such as the climate of coop-

eration, the breadth of expertise available and the manner in which the work of the Board has been carried out. The object of the evaluation is to obtain an understanding of the directors' opinions on how the work of the Board has been carried out, and what measures may be taken to improve the efficiency of this work. The results of the questionnaire are discussed by the Board and communicated to the Nomination Committee.

The Board of Directors evaluates the work of the President/CEO on an ongoing basis, by monitoring the progress of the business against the targets that have been set. A formal evaluation is carried out once a year, and the results are discussed with the President/CEO.

### Remuneration Committee

The Remuneration Committee is tasked with considering and making recommendations on salaries, other terms of employment and incentive programmes for the President/CEO and Group management. The committee also deals with matters relating to overall conditions of employment and remuneration packages for all of the company's employees. The committee reports to the Board. The committee consists of Ulf Dinkelspiel (Chair), Anders Narvinger, Anders Snell and Lena Treschow Torell. The President/CEO and ÅF's Director of Human Resources attend as co-opted members. Remuneration has been paid to the company's directors for their work on the committee.

### Audit Committee

The Audit Committee is a vital communications link between the Board and the company's auditors. The Audit Committee supports the work of the Board by safeguarding the quality of financial reports and following up the results of the reviews and audits carried out by the external auditors. The company's internal audit staff support the committee in its work. Since the 2013 AGM, the committee has consisted of Kristina Schauman (Chair), Ulf Dinkelspiel and Joakim Rubin. All members are independent of the owners and the company's management. The committee held four minuted meetings in 2013. The company's auditor has attended all of the meetings of the committee. The CFO and the manager responsible for the Group Accounting and Reporting department attend as co-opted members. The company's internal auditors attend and report to the Board as required. Remuneration has been paid to the directors for their work on the committee.

### Auditors

The Nomination Committee is tasked with proposing auditors to the AGM. The auditors work for and on behalf of the shareholders to audit the company's accounting records, the annual financial statements and the administration of the Board of Directors and the President/CEO. The 2013 AGM appointed the accounting firm Ernst & Young AB, represented by Lars Träff as auditor in charge, as the company's auditors to serve to the end of the AGM in 2014. Ernst & Young carries out the audit of ÅF AB and major units within

the ÅF Group. A full audit of the annual financial statements is carried out. At the same time, there is also an examination of the nine-month interim report for the period up to September each year. An examination is also carried out of the Group's corporate governance report and of compliance with the guidelines approved by the AGM relating to remuneration to senior executives.

### CEO and Group management

The Board of Directors has delegated operational responsibility for the administration of the company and the Group to the company's CEO. The CEO leads operations within the framework laid down by the Board. The Board has adopted instructions for the division of responsibility between the Board and the CEO. These are updated and approved each year.

The CEO has appointed a Group management team with day-to-day responsibility for various aspects of the Group's operation.

From 1 August 2013 this Group management team has consisted of the CEO, divisional Presidents, CFO, General Counsel, Executive Vice President for Corporate Information, head of Business Development and M&A, and the PA to the President, who serves as secretary to the Group management team. For further information about the members of the Group management team, please see pages 102–103 of the annual report.

ÅF's Group management team normally meets once a month, to discuss matters such as the Group's financial performance, acquisitions, group-wide development projects, succession planning and competence development, together with various other strategic issues. During 2013, nine minuted meetings were held, as well as a two-day meeting to which additional Group managers were invited.

Once a month the CEO and the CFO discuss each of the divisions' income statements, balance sheets and key figures with the relevant divisional management team and conduct a status review of any major projects. In addition, meetings are held three times a year to discuss longer-term matters, focusing on HR, strategy and budget.

### The Board's description of internal controls

The Board's responsibility for internal controls is regulated in the Swedish Companies Act and the Swedish Code of Corporate Governance, which set out requirements for annual external disclosures on how internal controls over financial reporting are organised.

Board members must keep themselves informed about the state of affairs in the company and evaluate the internal control system on a regular basis. Internal controls at ÅF are designed to ensure that the company's operations are efficient and fit for purpose, that financial reporting is reliable, and that applicable laws and regulations are complied with.

ÅF divides its internal controls over financial reporting into the following components: Control environment, Risk assessment, Control activities, Information and Communication, and Follow-up.

### Control environment

The control environment constitutes the basis for internal controls over financial reporting. One important aspect of the control environment is that decision paths, authority and responsibility are clearly defined and communicated between different levels of the organisation, and that guidance documents are available in the form of policies, guidelines and manuals.

A description of ÅF's internal control system is included in the company's process-orientated business management system used for managing and supporting day-to-day business operations. This sets out the organisational structure, together with the authority and responsibility vested in the various roles in the business. The process orientation of the management system guides users to the relevant routines and appropriate tools for the particular task in question, thus providing a sound basis for compliance with requirements and expectations for an appropriate control environment. The management system is available to all employees via the ÅF intranet.

### Risk assessment

ÅF's risk assessment in respect of financial reporting aims to identify and evaluate the key risks affecting financial reporting in the ÅF Group's companies, business areas, divisions and processes. Risk assessment results in control targets that help to ensure that the fundamental requirements of external financial reporting are met, and provides a basis for managing risk through a variety of control structures. The risks are considered, assessed and reported by ÅF centrally together with the divisions. Risks are also considered in specific constellations; for example, risks associated with fixed-price projects and acquisitions.

### Control activities

In order to ensure that the business is run efficiently and that the scheduled financial reports consistently provide a true and fair view of the situation, each process has a number of built-in control activities. These involve all levels of the organisation.

Responsibility for implementing control activities at ÅF is allocated appropriately in the organisation, with clear roles ensuring effectiveness and reliability. Specific internal control activities are in place, with the aim of identifying or preventing the risk of reporting errors. For all ÅF units, including those outside Sweden, result analysis takes place continuously. Other control activities are carried out through

the finance functions of the various divisions and ÅF AB's Group Accounting and Reporting department. All accounting and reporting activities for ÅF's Swedish operations are centralised under ÅF Business Services (ABS) at the Group's head office, using standardised control processes.

Control activities at ABS include profit analyses and other controls in respect of revenue and receivables, payments, noncurrent assets, work in progress, wages and salaries, VAT/tax, book-keeping, consolidation and reporting as well as the maintenance of databases.

### **Information and Communication**

Information about and the communication of policies, process descriptions, routines and tools applicable to financial reports are contained in the management system that is available to the relevant personnel via the ÅF intranet. Updates are carried out in the event of any changes in internal or external requirements or expectations with regard to financial reports.

Communication with internal and external parties is governed by a communication and IR policy, which sets out guidelines for the form this should take. The policy aims to ensure that all disclosure obligations are met properly and in full. Internal communication aims to ensure that every employee understands ÅF's values and business activities. Information is actively communicated on an ongoing basis through the Group's intranet in order to keep employees informed.

### **Follow-up**

Compliance and the efficacy of internal controls are followed up on an ongoing basis by both the Board and management to guarantee the quality of the processes. The company's financial situation and strategy in respect of its financial position are considered at every Board meeting. The Board also receives detailed monthly reports on the company's financial position and the development of the business. The Audit Committee fulfils an important function by guaranteeing control activities for key risk areas in the financial reporting process. The Audit Committee, management and the internal audit function regularly follow up any reported non-conformances.

ÅF's system for financial management and control paves the way for effective financial follow-ups throughout ÅF. Monthly reports are submitted for each profit centre, and the reports on the financial performance of assignments reflect the highest standards of reliability and detail. Any errors that are identified and any measures that are taken are reported to the next level up in the line organisation. ÅF's internal audit function carries out independent audits to monitor whether the internal control and management systems live up to ÅF's internal ambitions and external

requirements and expectations. Priority areas for ÅF's internal audits are the ÅF brand, ÅF's values and ethics, processes and systems, as well as the assignments that ÅF has undertaken to perform. Reports are submitted to the President/CEO and the board's Audit Committee.

### **Sustainable business development**

The sustainability goals set up by ÅF constitute the basis for ÅF's long-term strategic work to become a more sustainable business. The ten principles of the UN Global Compact and the OECD's guidelines are fundamental to this work. The company's sustainability objectives govern the priorities set in this area. This sustainability work is intended to contribute to the company's growth and is, therefore, followed up by both the Board of Directors and by Group management. For further details about the work that ÅF is engaged in with regard to sustainability, please see pages 36–43.

### **Auditor's report on the Corporate Governance Statement**

To the annual meeting of the shareholders of ÅF AB corporate ID No. 556120-6474 It is the Board of Directors who is responsible for the corporate governance statement for the year 2013 on pages 95–99 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated financial statements.

Stockholm Sweden – 10 March 2014

Ernst & Young AB

**Lars Träff**

Authorised Public Accountant



# Board of Directors



Ulf Dinkelspiel	Lena Treschow Torell	Marika Fredriksson	Anders Narvinger	Björn O. Nilsson	Maud Olofsson
Chairman of the Board, Chairman of the Remuneration Committee and member of the Audit Committee	Deputy Chair and member of the Remuneration Committee	Director	Director and member of the Remuneration Committee	Director	Director
<b>Elected</b>					
2004	2006	2013	2011	2010	2013
<b>Born</b>					
1939	1946	1963	1948	1956	1955
<b>Education</b>					
MBA, Stockholm School of Economics	Ph.D. in Physics, University of Gothenburg, Senior Lecturer in Physics, Chalmers University of Technology.	Master of Business Administration from Hanken School of Economics in Helsinki.	Master of Engineering, Faculty of Engineering, LTH, Lund University, and graduate in economics, Uppsala University.	Doctor of Technology, Royal Institute of Technology (KTH), Stockholm.	Upper Secondary School diploma.
<b>Current position and other significant duties outside ÅF</b>					
Ambassador, E. Öhman J:or AB, Director of Nordnet AB, Premiefinans K Bolin AB and BockholmenGruppen AB. Member of the Royal Swedish Academy of Engineering Sciences, IVA. Deputy director of Ponte Fiore AB.	Chair of the Board of MISTRA, the Swedish Foundation for Strategic Environmental Research and Chalmers University of Technology. Director of Saab AB, Investor AB and Aktiebolaget SKF.	CFO, Vestas Wind system A/S. Director of Ferronordic machines.	Chair of the Board of Alfa Laval AB, Coor Service Management Group AB, Capio Holding AB, and Director of JM AB and PernodRicard SA.	Professor, CEO and member of the Royal Swedish Academy of Engineering Sciences (IVA). Senior lecturer at the Royal Institute of Technology, Stockholm. Chairman of the Board of BiolInvent International AB, Deputy Chair of the Board of Directors of Ångpanneföreningen's Foundation for Research & Development. Director of Jubileum P 350 AB and SwedNano Tech AB.	Director of LKAB, Arise AB, Diös Fastigheter AB and Envac AB.
<b>Professional experience</b>					
Swedish Ministry of Foreign Affairs, 1962–1995, Director General of the Swedish Trade Council, 1995–2004. Permanent Secretary, Swedish Department of Trade, 1979–1981. Minister of European and Foreign Trade, 1991–1994.	Chairman of the Board and CEO: Royal Swedish Academy of Engineering Sciences (IVA), Research Director: Joint Research Centre, European Commission (Brussels), Professor of Physics: Chalmers University of Technology, Uppsala University, Chair of EuroCASE, the umbrella organisation for Europe's academies of engineering science.	Member of the company management team of Volvo Construction Equipment, Autoliv and Gambro.	CEO of Teknikföretagen, formerly President and CEO of ABB Sverige.	Deputy President, Biovitrum AB; Director of Research, Amersham Pharmacia Biotech AB; CEO of KaroBio AB.	Party Chair of The Centre Party, Sweden's Minister of Enterprise, Energy and Communications, 2006–2011 and Sweden's Deputy Prime Minister, 2006–2010.
<b>Holding, 31 December 2013</b>					
61,000 B shares	2,000 B shares	0	5,000 B shares	0	0



Joakim Rubin	Kristina Schauman	Anders Snell	Fredrik Sundin	Anders Toll
Director and member of the Audit Committee	Director and Chair of the Audit Committee	Director and member of the Remuneration Committee	Employee representative	Employee representative
2012	2012	2009	2009	2009
1960	1965	1950	1972	1955
Master of Engineering, Institute of Technology, Linköping University	MBA, Stockholm School of Economics.	Master of Chemical, Engineering, Royal Institute of Technology, Stockholm.	M.Sc. Engineering Physics, Uppsala University.	Upper Secondary School diploma.
Senior Partner at the Finnish venture capital company, CapMan and Funding Partner at Zeres Capital Partners. Director of Intrum Justitia AB and B&B TOOLS AB.	Director and Chair of the Audit Committee of Apoteket AB and Orexo AB. Director of Livförsäkringsbolaget Skandia, ömsesidigt. Chair of the Board of Barony AB. Director of Save the Children's Advisory Board in Sweden.	Chair of the Board of Ångpanneföreningen's Foundation for Research & Development and of Wibax AB.	Employed in ÅF's Technology Division.	Employed in ÅF's Industry Division
AGA AB, Strategic planning, Transferator FK, Handelsbanken, Head of Corporate Finance and Dept Capital Markets.	CFO of OMX, Carnegie and Apoteket AB, CEO of Apoteket AB and CFO of Investor AB.	Formerly worked with Billerud-Korsnäs AB and as Director of Värmeforsk AB and the Swedish Forest Industries Federation.	Project Manager, Systems Engineer at ÅF Technology.	Inspection Engineer, Project Engineer at ÅF Industry.
0	0	0	1,000 B shares 2013 convertible programme: nominal amount SEK 60,000 2012 convertible programme: nominal amount SEK 60,000	2012 convertible programme: nominal amount SEK 20,000

#### Anders Forslund

Deputy for employee representative  
**Elected:** 2012  
**Born:** 1974  
**Education:** Graduate Engineer, Mechanical Engineering, Institute of Technology, Linköping University  
**Other assignment:** Employed in ÅF Industry Division.  
**Holding, 31 December 2013:**  
 2012 convertible programme: nominal amount SEK 60,000  
 2013 convertible programme: nominal amount SEK 60,000.

#### Bengt Lerkén

Deputy for employee representative  
**Elected:** 2013  
**Born:** 1950  
**Education:** Upper Secondary School Engineer, Mechanical Engineering  
**Other assignment:** Employed in ÅF Technology Division,  
**Holding, 31 December 2013:**  
 2013 Convertible programme amount SEK 20,000.

# Group management



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## Fredrik Nylén

President, Technology Division

**Employed:** 2008 **Born:** 1971

**Professional experience:** Consultant, Group Manager, Regional Manager SWECO, Business Area Manager ÅF, Deputy Divisional Manager, ÅF  
**Education:** MBA, Uppsala University and Graduate in Engineering, Royal Institute of Technology, Stockholm

**Holding (incl. related parties):** Shares 2,198  
2012 Staff Convertible Programme: nominal amount SEK 100,000  
2013 Staff Convertible Programme: nominal amount SEK 1,500,000

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## Nyamko Sabuni

Vice President Sustainability

**Employed:** 2013 **Born:** 1969

**Professional experience:** Project Manager, Folksam sociala råd, Communications Adviser Geelmyuden.Kiese, Member of the Swedish Parliament, Committee on Industry and Trade, Minister of State.

**Education:** Law; Uppsala, Information and Communication; Bergs School of Communication, Migration Policy; Mälardalens University  
**Holding (incl. related parties):** 0

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## Per Magnusson

President, Industry Division

**Employed:** 2006 **Born:** 1954

**Professional experience:** Plant Engineer ASEA AB, consultant Rejlers Ingenjörer AB, Consulting Manager J&W AB, Sigma AB, CEO Benima SydVäst

**Education:** Electrical Power Engineering, Polhem Technical Upper Secondary School, and advanced supplementary courses in economics, marketing and business development, KTH Executive School

**Holding (incl. related parties):** Shares 3,620  
2012 Staff Convertible Programme: nominal amount SEK 1,500,000  
2013 Staff Convertible Programme: nominal amount SEK 500,000

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## Stefan Johansson

CFO

**Employed:** 2011 **Born:** 1958

**Professional experience:** CFO Haldex and Duni, and various positions in the ABB Group  
**Education:** MBA, Linköping University

**Holding (incl. related parties):** Shares: 7,364  
2012 Staff Convertible Programme: nominal amount SEK 1,500,000  
2013 Staff Convertible Programme: nominal amount SEK 1,500,000

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## Viktor Svensson

Group Sales & Marketing

**Employed:** 2003 **Born:** 1975

**Professional experience:** Stock market journalist Finanstidningen  
**Education:** MBA, Blekinge Institute of Technology

**Holding (incl. related parties):** Shares 7,250  
2012 Staff Convertible Programme: nominal amount SEK 1,500,000  
2013 Staff Convertible Programme: nominal amount SEK 1,500,000

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## Jonas Wiström

President and CEO

**Employed:** 2002 **Born:** 1960

**Other duties:** Director of Teknikföretagen (the Swedish Engineering Industry Employers' Association), Member of the Royal Swedish Academy of Engineering Sciences, IVA, Member of the Board of IVA's Business Executives Council

**Professional experience:** Philips, Saab-Scania, Manager Sun Microsystems Sweden, CEO Silicon Graphics, northern Europe, President/CEO Prevas AB

**Education:** M.Sc., Royal Swedish Institution of Technology (KTH)

**Holding (incl. related parties):** Shares 28,034  
2012 Staff Convertible Programme: nominal amount SEK 3,060,000  
2013 Staff Convertible Programme: nominal amount SEK 3,060,000  
No significant holdings in companies with which the company has important business connections.



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**7 Ulrika Lundgren**

Corporate Development

**Employed:** 2012 **Born:** 1970

**Professional experience:** M&A and strategic business development with Saab AB, Gambro, Investor and Handelsbanken Capital Markets

**Education:** Graduate business administrator, Stockholm School of Economics

**Holding (incl. related parties):** Shares 650  
2013 Staff Convertible Programme: nominal amount SEK 1,500,000

**9 Mats Pålsson**

President, Infrastructure Division

**Employed:** 2009 **Born:** 1954

**Professional experience:** Site engineer Skanska, CEO of SWECO VBB Viak and SWECO VBB, Business Area Manager ÅF Infrastructure Planning

**Education:** M.Sc. Civil Engineering, Luleå University of Technology

**Holding (incl. related parties):** Shares 2,736  
2012 Staff Convertible Programme: nominal amount SEK 1,500,000  
2013 Staff Convertible Programme: nominal amount SEK 1,500,000

**11 Marie Edman**

PA to the President

**Employed:** 2010 **Born:** 1953

**Professional experience:** PA to the President at Proffice, Electrolux Cleaning Appliances and Skandex

**Education:** Managerial Secretarial studies; PR & Business Communication, IHM Business School

**Holding (incl. related parties):** Shares 600  
2012 Staff Convertible Programme: nominal amount SEK 1,500,000  
2013 Staff Convertible Programme: nominal amount SEK 1,500,000

**8 Christer Carmevik**

ÅF Network

**Employed:** 2012 **Born:** 1964

**Professional experience:** Designer, Project Manager and Product Manager at Stiga, Engineering Manager at Combitech Traffic Systems, Chief Designer at Swedrive and consultant, Consulting Manager, MD of subsidiary and business developer at Epsilon

**Education:** M.Sc., Institute of Technology, Linköping University.

**Holding (incl. related parties):** 0

**10 Roberto Gerosa**

President, International Division

**Employed:** 2007 **Born:** 1965

**Professional experience:** CEO AF-Colenco Ltd, Switzerland, CEO Colenco Power Engineering Ltd, Switzerland

**Education:** M.Sc., Swiss Federal Institute of Technology, Zürich

**Holding (incl. related parties):** Shares 11,540

**12 Jacob Landén**

General Counsel

**Employed:** 2008 **Born:** 1965

**Professional experience:** Legal profession  
**Education:** LL.B., Uppsala University

**Holding (incl. related parties):** Shares 2,271  
2012 Staff Convertible Programme: nominal amount SEK 1,500,000  
2013 Staff Convertible Programme: nominal amount SEK 1,500,000

# Definitions

**Operating margin**

Operating profit in relation to net sales.

**Profit margin**

Profit/loss after net financial items, in relation to net sales.

**Equity ratio**

Equity including non-controlling interest in relation to balance sheet total.

**Current ratio**

Current assets in relation to current liabilities.

**Return on equity**

Profit/loss after tax in relation to average shareholders' equity including non-controlling interests.

**Return on total capital**

Profit/loss after net financial items and restoration of financial expenses, in relation to the average balance sheet total.

**Return on capital employed**

Profit/loss after net financial items and restoration of financial expenses, in relation to the average balance sheet total less non-interest-bearing liabilities and the net of deferred tax.

**Interest cover**

Profit after net financial items with the restoration of financial expenses, in relation to financial expenses.

**Earnings per share**

Earnings attributable to the parent's shareholders relative to the average number of outstanding shares.

ÅF shares held by the company are not regarded as outstanding shares.

**Dividend yield**

Dividend per share in relation to the share price at the end of the reporting period.

**Equity per share**

Equity attributable to the parent's shareholders relative to the total number of outstanding shares.

**Cash flow per share**

Cash flow from operating activities in relation to the average number of outstanding shares.

**Capacity utilisation rate**

The time invoiced to clients as a percentage of the total time all employees are present at work.

**Average full-time equivalents (FTEs)**

Average number of employees during the year converted to the equivalent number of full-time positions. The actual number of employees is higher, owing to part-time employment and the fact that some employees work for only part of the year.

**Number of employees**

Total number of employees at the end of the reporting period.

**EBITDA**

Earnings Before Interest, Taxes, Depreciation and Amortisation.



**ÅF – leading the way in engineering and consulting:** Our work focuses on energy, projects for industry and investments in infrastructure. Our base is in Europe, but our business and clients extend right across the globe. What makes us unique is our co-workers, our networks and the technical consulting industry's greatest bank of experience. It's all summed up in our corporate motto: ÅF – innovation by experience.

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