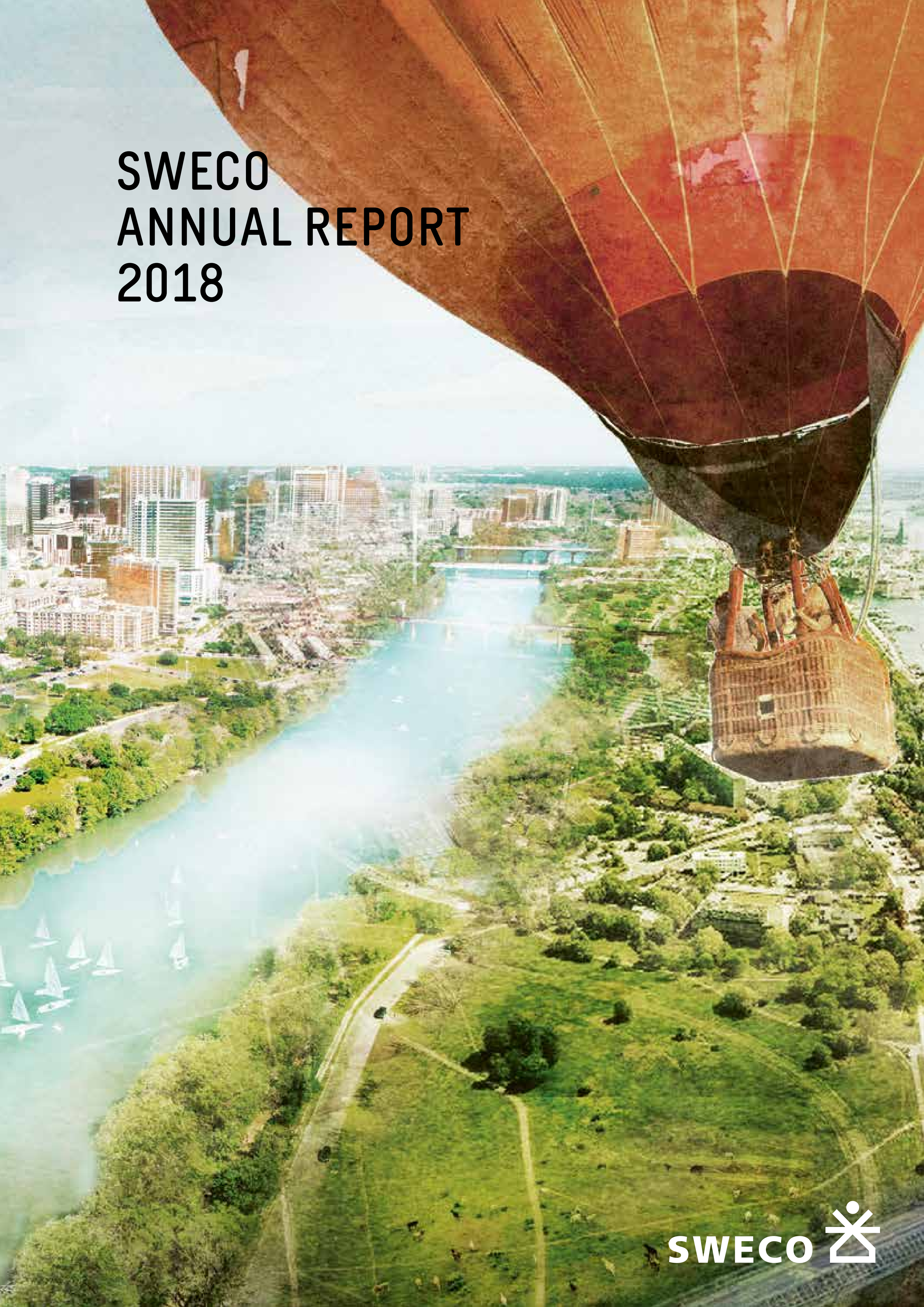
SWECO
ANNUAL REPORT
2018



FINANCIAL CALENDAR

10 May 2019	Interim report Jan–Mar 2019
16 July 2019	Interim report Jan–Jun 2019
25 October 2019	Interim report Jan–Sep 2019
12 February 2020	Year-end report 2019

DIGITAL NEWS

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

Come to Sweco with high expectations. We want to be your most approachable and committed partner, with recognised expertise. It's easy to do business with Sweco, and we do our utmost to understand your needs better than anyone else. We deliver expertise tailored to your situation. Whatever challenge you're facing, you can count on Sweco to solve it.

Sweco plans and designs the communities and cities of the future. The results of our work are sustainable buildings, efficient infrastructure and access to electricity and clean water. With 15,000 employees in Europe, we offer our customers the right expertise for every situation.

EUROPE'S LEADING CONSULTANCY FOR FUTURE COMMUNITIES AND CITIES

Sweco's strongest year so far – fifth consecutive record year.

– Sales increased 11 per cent driven by positive fee development, a higher number of employees and lower project adjustments.
– Increased customer and employee satisfaction.
– Continued strong financial position.

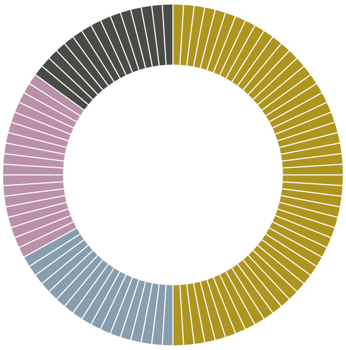
Sweco is the leading engineering and architecture consultancy in Europe, with 15,000 full-year employees and annual net sales of SEK 18.7 billion.

The strategy going forward is focused on profitable growth in Northern Europe and a decentralised business model centred on customer focus, internal efficiency and the best people.

The market for Sweco's services is good overall, and the trend is stable.

CUSTOMERS

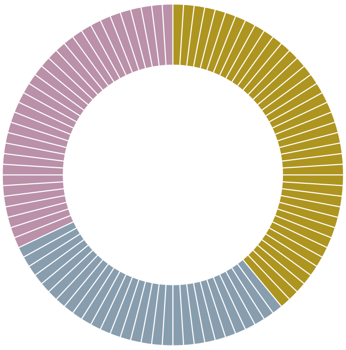
Sales by customer category in 2018, %



- Public sector, 50 (46)
- Industrial companies, 17 (18)
- Other private sector companies, 18 (19)
- Housing, real estate and construction companies, 15 (17)

SERVICES

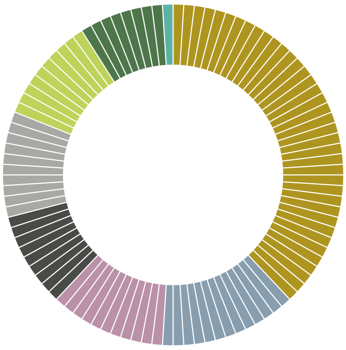
Share of consolidated sales in 2018, %



- Buildings and urban districts, 39 (39)
- Water, energy and industry, 29 (30)
- Transport infrastructure, 32 (31)

NET SALES BY BUSINESS AREA

Share of consolidated sales in 2018, %



- Sweco Sweden, 38
- Sweco Norway, 13
- Sweco Finland, 11
- Sweco Denmark, 9
- Sweco Netherlands, 10
- Sweco Western Europe, 10
- Sweco Central Europe, 8
- Group-wide, 1

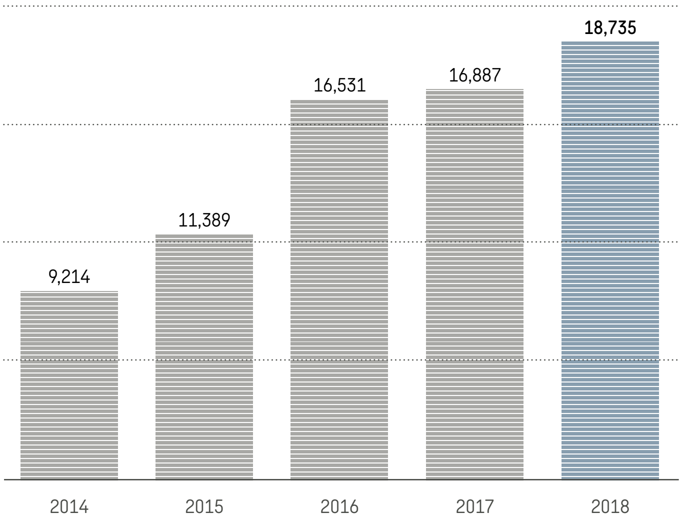
PROFIT AND KEY RATIOS, SWECO GROUP

	2018	2017
Net sales, SEK M	18,735	16,887
EBITA, SEK M	1,631	1,492
EBITA margin, %	8.7	8.8
Profit before tax, SEK M	1,508	1,377
Billing ratio, %	74.5	75.2

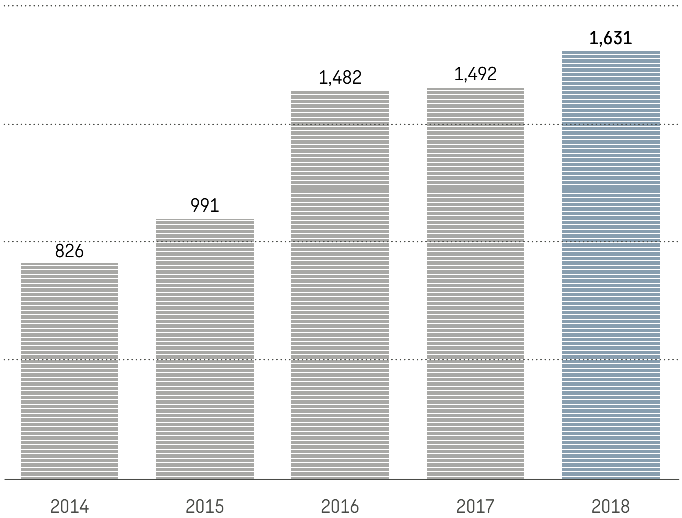
	2018	2017
Net debt/EBITDA	1.0	1.0
Earnings per share, SEK	10.58	10.23
Equity per share, SEK	53.83	50.09
Dividend to shareholders, per share, SEK	5.50[1]	5.00
Number of full-year employees	15,306	14,530

1) Proposed dividend of SEK 5.50 per share.

CONSOLIDATED NET SALES, SEK M

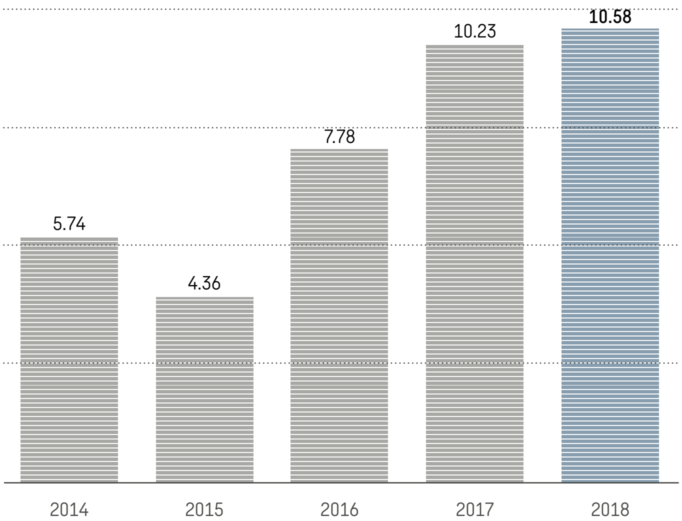


EBITA EXCL. EXTRAORDINARY ITEMS[1], SEK M



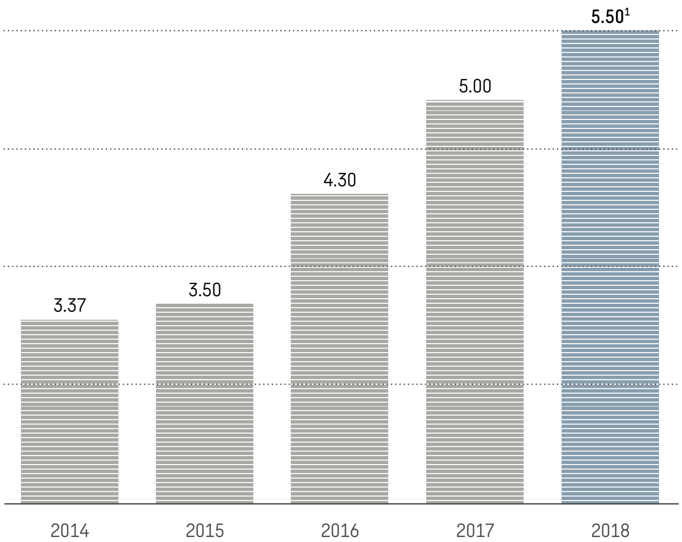
1) Extraordinary items refer exclusively to expenses for the acquisition and integration of Vectura and Grontmij.

EARNINGS PER SHARE, SEK



Historical share data is restated in accordance with IAS 33 in view of the preferential rights issue conducted during Q4 2015.

DIVIDEND PER SHARE, SEK



Historical share data is restated in accordance with IAS 33 in view of the preferential rights issue conducted during Q4 2015.

1) Proposed dividend of SEK 5.50 per share.

A SUCCESSFUL MODEL FOR CONTINUED GROWTH

During my 28 years at Sweco, the company has grown from a strong player in Sweden into a European leader. This success is largely based on the strength of the Sweco model – a decentralised approach with strong customer focus, efficient internal processes, and the best employees in the industry. Our model and our focus on engineering, environmental technology and architecture services creates tremendous value for our customers.

During my initial period as President & CEO, I have gained an overview of our various markets, opportunities and challenges. The most important conclusion I have drawn is that our Sweco model is the key to Sweco's continued success. My primary focus is now to ensure that we work in the same way across all our markets and that we continue to deliver on our growth strategy through a mix of organic and acquired growth in our prioritised Northern European markets.

STRONG MEGATRENDS DRIVING GROWTH

Our cities and communities are undergoing extensive changes associated with urbanisation, sustainability and digitalisation. Demand for sustainable engineering solutions, streamlined production and smart cities has never been greater and is expected to remain strong for the foreseeable future. Despite the challenges we face, I am optimistic and believe in the role that technology plays in promoting a more sustainable society. With our expertise, we offer our customers solutions that reduce climate impact and harmful emissions. We are improving our use of resources and promoting greater environmental, social and financial sustainability.

Sweco is unmatched in driving the sustainable development of society in this way, and I truly cannot think of a better organisation to lead. The fact that we brought together architects and engineers early on in our history also gives us uniquely broad-based expertise for tomorrow's urban development.

With our decentralised approach, we work close to our customers. Customers should come to us with high expectations, and we need to deliver on these expectations by offering the right expertise, having in-depth understanding of the customer's business, and being easy to work with. It is therefore positive that customer satisfaction increased during the year. Satisfied customers generate exciting assignments, which in turn make Sweco an interesting and stimulating place to work.

Another definite fundamental factor is that we are a workplace hallmarked by equality and diversity. This strengthens our capacity to recruit and retain the industry's best employees, while also providing the environment to create innovative solutions. With talented employees, we win new, exciting assignments. This creates a positive spiral that underlies the development of the entire company.

ANOTHER RECORD YEAR FOR SWECO

2018 was another record year for Sweco, characterised by positive operational development and progress on multiple levels. All business areas contributed to the profit improvement. Organic growth was five per cent, which is in line with Sweco's long-term average and the level at which we aim to remain over time. Overall, net sales increased 11 per cent to SEK 18,735 million, and profit after tax amounted to SEK 1,254 million.

Growth was driven primarily by a solid order backlog and positive development of our hourly rates, supported by successful recruitments.

Sweco Sweden and Finland delivered a stable 2018 in generally good markets. Sweco Norway developed positively during the year, with strong growth and an improved margin.

In Denmark, the acquisition of Årstiderne Arkitekter contributed to double-digit growth. The margin doubled due to continued work on operational improvements. Sweco Denmark now has a strong platform in place for future growth and continued operational improvements.

Work is underway in the Netherlands to fully implement the Sweco model. Progress during the year resulted in good growth and a dramatically strengthened margin. There is more to do, however, to improve efficiency and support continued growth and margin improvements.

Sweco Western Europe showed strong growth but variations in operational development. Growth is strong in Belgium and profitability is at a good level. In the UK, though, Sweco delivered a week result during the year. Because the UK market in which we operate is good and our long-term view is positive, we are focusing on strengthening the business.

Sweco Central Europe showed double-digit growth in 2018. Developments in Lithuania, the Czech Republic and Poland were positive during the year. In Germany, which accounts for around three-quarters of the business area, costs were incurred during the fourth quarter to prepare operations for continued growth, which dampened the full-year result.

All in all, 2018 was a good year for Sweco. But we can do even more. Our forward focus is on our day-to-day work: to ensure efficiency and guarantee that we work at our absolute best – in all of our markets. In line with this ambition and our growth strategy, we announced in early 2019 that Sweco Belgium and Sweco UK will become individual business areas, and that Sweco Central Europe will be renamed Sweco Germany & Central Europe. This is being done to direct more focus on driving growth and making necessary changes in our prioritised core markets.

OUR ACQUISITIONS ARE INSTRUMENTAL IN OUR SUCCESS

In 2015, Sweco made its largest-ever acquisition with the buy-out of engineering consultancy Grontmij from the Amsterdam Stock Exchange. A three-phase value creation approach was planned for the Grontmij acquisition. The first phase was completed in 2016 and exceeded our goals with greater cost synergies, faster implementation and lower costs. The second phase entails introducing the Sweco model across the entire organisation to increase profitability and growth. This work is well underway, and I am pleased to confirm that the Netherlands and Denmark – previously Grontmij's largest business areas – made a significant contribution to the Group's development in 2018. Meanwhile, we have already begun phase three of the Grontmij acquisition, which is focused on growth. All Grontmij countries grew in 2018, organically and through add-on acquisitions in Denmark, Belgium and Germany. Companies with complementary expertise and the right culture strengthen Sweco in local markets. Our ambition is to continue growing through acquisitions in order to create value for customers, employees and shareholders.

SWECO STANDS FOR CUSTOMER-DRIVEN INNOVATION

Climate change, digitalisation and urbanisation have made technological changes even more complex. Technology is developing rapidly, and Sweco is – and will continue to be – an innovative company involved in this development. An equally fundamental and indisputable factor is that our innovative work reflects our customers' needs.

We often develop new solutions together with the customer. At other times we lead the customer. And in other cases, the customer takes the lead and we provide support for the project and learn valuable lessons for other projects. The common denominator in all types of development work is that we do it together with the customer and based on genuine customer needs.

We started many such projects in 2018.

Terrafame has developed technology that enables production of battery chemicals with low carbon footprint, and has commissioned Sweco to design a production plant in Finland. The plant will supply high-quality products to the electric car battery industry, promoting a sustainable transport sector. On behalf of the Swedish Transport Administration, we are investigating the need and power supply options for fast-charging electric car stations along Sweden's major roads. This is part of the initiative to encourage new travel behaviours and achieve a fossil-free Sweden.

These two projects are examples of how we help to carry cutting-edge technology out into society. But we also help in spreading more basic technology to places where its presence may not be self-evident. An example of this is the project to plan the transformation of a centrally located, run-down industrial area in the Chinese city of Yantai into a vibrant urban area, using advanced environmental engineering and applying a planning philosophy entirely new to China.

POSITIVE PROSPECTS

Humans are facing a number of major, large-scale challenges, of which climate impact is among the most serious. By conveying knowledge and a comprehensive perspective, Sweco can support the business sector and other societal stakeholders in being even more proactive with their long-term sustainability efforts. As communities and cities change to become more sustainable, demand increases for our services.

One future challenge is the skills shortage in the Nordic and European labour markets. In a long-term perspective, not enough engineers and architects are being trained to meet the fast-growing demand presented by this societal transformation. Even so, we see that Sweco remains an attractive employer and that we successfully attract many talented new employees.

I am optimistic and hopeful in spite of the major challenges faced by society. At Sweco, our motivating force is to provide technological expertise for advancing constructive solutions that develop societies and improve living conditions.

Change is nothing new for us. We have always developed – and we will continue to do so.

Stockholm, February 2019

Åsa Bergman
President and CEO

VISION

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

CUSTOMER PROMISE

To be the most approachable and committed partner with recognised expertise.

PROFITABILITY TARGET

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

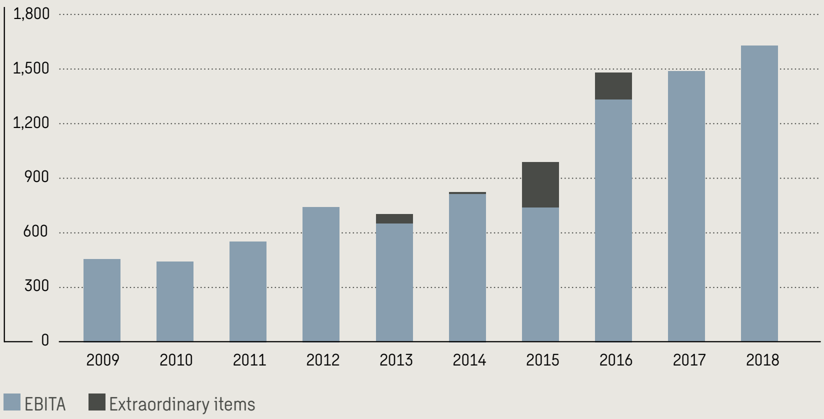
FINANCIAL STRENGTH

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

DIVIDEND POLICY

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

EBITA, SEK M



A CLEAR STRATEGY – THE CORE OF OUR FUTURE DEVELOPMENT

Sweco's vision is to become Europe's most respected knowledge company in the fields of consulting engineering, environmental technology and architecture. To fulfil our vision, we have a clear strategy focused on our service offering, geographic footprint and operating model, aiming at profitable growth. Together, these form the foundation of our strategic direction and provide guidance for our future development.

Sweco plans and designs the cities and communities of the future. We are a consulting company providing professional services in engineering and design. With 15,000 engineers and architects, we can offer our customers the right expertise for every situation and in all aspects of the built environment. Our services are divided into three segments: buildings and urban areas; water, energy and industry; and transportation infrastructure. Our projects are the base for Sweco's development and new solutions. Working on projects in tandem with our customers, we deliver advanced services with a high level of knowledge content. We do not invest in our projects, act as a staffing agency or develop products on our own account.

Sweco's home market is in Northern Europe and we aim to become the leader in all countries where we have permanent presence. Through market leadership, we can uphold the broadest and deepest competence and become the preferred choice for customers and employees. Sweco pursues profitable growth, organically and through acquisitions. Organic growth, increasing revenues through increased sales and subsequent recruitment, is our starting point for growth. We make acquisitions if and when doing so creates value and supports our offering.

We excel through our operating model. Sweco differentiates by being our customers' most approachable and committed partner, with recognised expertise. We want to be the most attractive employer for the best engineers and architects in the business and have industry-leading internal efficiency to minimise time and resources spent outside customer projects. We have a decentralised organisation with business responsibility at the front line.

OUR OPERATING MODEL BUILDS UPON FOUR AREAS:

Customer focus

As consultants, we aim to be a committed partner that is easy to work with. Together we offer the most accessible expertise. This means that we are attentive, solution-oriented, uncomplicated and result-focused in all of our customer relationships. We strive to understand our customers' drivers and needs better than anyone else and thereby provide the best solution for their particular situation.

Internal efficiency

Since we exist to service our customers, we prioritise our time and resources on customer projects. To ensure optimal internal efficiency, we maintain a culture of simplicity with efficient processes and working practices as well as lightweight systems. Our organisational structure is flat, with a minimum of management layers.

The best people

Our consultants' expertise, conduct and approach are ultimately what define a successful delivery to our customers, and Sweco strives to differentiate by having the most approachable and committed experts.

Serving our customers in challenging projects is an integral part of our daily work and continuous development of our expertise is a requirement. To achieve this, Sweco needs to be the most attractive employer for the best people. We have a thorough process to ensure that we recruit the best people. Candidates are required to meet our high quality standards regarding conduct, approach and expertise. To retain our people, Sweco continuously works to outperform our competitors in terms of providing development opportunities. Sweco actively manages performance to optimise the contribution of all employees.

Decentralised responsibility

At Sweco, consultants are empowered to solve customers' demands and develop customer relationships. All consultants and managers are expected to be customer-facing and are encouraged to do business. Consultant teams are the basic building blocks of the organisation. Team managers have full business responsibility, including managing customer relationships, projects, people and financial performance. We measure our financial, customer, operational and people performance.

We act as one Sweco and operate under the same brand. This means we capture the benefits of being a large, leading company in Northern Europe. We always offer all of our customers the best expertise from the entire company through cross-border co-operation.

TO US, IT'S ALL CONNECTED

By working with complex projects, Sweco becomes an attractive employer for the best engineers and architects. This allows us to continue offering the most recognised expertise, which results in satisfied customers and, accordingly, opportunities for Sweco to grow profitably and continue to develop as a great company to do business with and to work for. Through continuous development, Sweco will become Europe's most respected knowledge company in the fields of consulting engineering, environmental technology and architecture.

COMMITTED CONSULTANTS DEVELOP THE COMMUNITIES OF TOMORROW

SOCIETY

Globalisation – balance between universal solutions and distinctive local features
National borders are becoming less important in terms of labour force, information and ideas. For cities, this involves some degree of standardisation, with universal solutions that are sustainable and cost efficient. At the same time, every city and district has its own unique characteristics that need to be addressed intelligently. Balance needs to be maintained between global opportunities and local characteristics.

Urbanisation – tomorrow's cities need more of everything
The pace of urbanisation is increasing throughout the world. Tomorrow's cities need more of everything. Attractive places to live and work require sustainable, integrated solutions for housing, transport systems, energy and water.

IT development – smarter cities with correct use of information
Society is increasingly connected and interconnected, presenting opportunities to use resources more efficiently and to optimise traffic and energy flows, among other things. To create value, huge amounts of data need to be analysed and used tangibly in the appropriate way. This involves everything from simplifying road maintenance with real-time data to creating broader-based decision-making data through digital citizen dialogue.

Climate change – the right solutions limit emissions and adapt society
The past three decades have been the warmest since the 1850s. Changes in precipitation patterns, higher temperatures and extreme weather are increasingly common. These new conditions call for sustainable solutions that reduce climate impact and adapt society to a changing climate.

CUSTOMERS

Streamlining – consultants as advisors
An increasing number of Sweco's customers are moving away from having in-house technology departments and are focusing on their core business. This trend, which has been underway for many years, is galvanising the technical consulting sector as a whole. Consulting engineers are now playing a key role in all aspects of the development of society. Customers need consultants who create solutions based on the external environment's challenges and opportunities.

Societal trends that are setting the ground rules for the future include climate change, urbanisation and technological development. This highlights the need for new solutions. Sweco is well-positioned to be the first choice of customers and employees for planning and designing communities and cities of the future.

An international market – advantageous for consultants to be both large-scale and local
Customers today do not allow themselves to be limited by the selection of local consultants. It is essential to have access to the right expertise – even if it's located across the globe. Similarly, it is important to the customer that the consultant working on the project understands the unique characteristics of the particular city or district. Consultants who offer local presence combined with international strength are in high demand.

EMPLOYEES

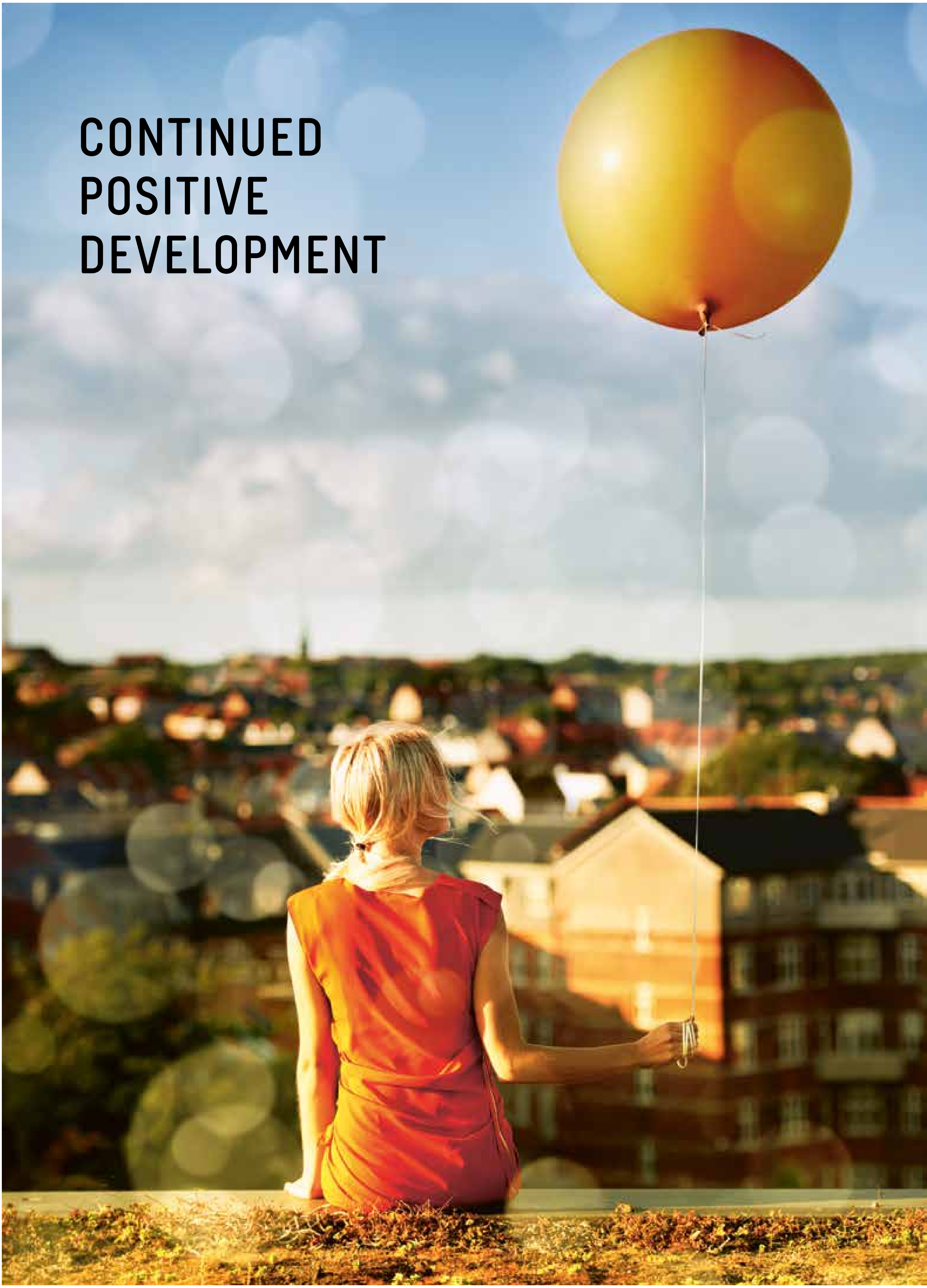
A meaningful job – important to help shape society
Engineers and architects have the expertise it takes to plan and design tomorrow's sustainable cities and communities in a positive direction. The knowledge that their work produces meaningful results is an important driving force for consultancy firm employees.

Personal development – through customers, colleagues and challenging projects
An environment in which customers have high expectations and colleagues collaborate and share knowledge creates an attractive and dynamic work environment. Working as a consultant means working on projects, which is itself synonymous with personal development. Participating in the most challenging projects involves maximum personal development.

THE INDUSTRY

Competitive situation – market leader is the first choice for customers and employees
The architecture and consulting engineering sector has long been characterised by consolidation. Acquisitions create large international players that can offer a wide range of specialised expertise. Holding a leading position in each local market is a key factor in becoming the first choice for customers and employees.

Specialisation – advisors with a unrivalled knowledge bank
The consultant's role is evolving as customers focus increasingly on their core business. This produces added value that did not exist when each customer did the job in-house. Consultants who design everything from schools and hospitals to roads and power plants – not just occasionally, but on a daily basis – build a knowledge bank that is unparalleled in society. The consulting firms that offer recognised expertise within a wide range of areas will be key advisors for tomorrow's communities and cities.



CONTINUED POSITIVE DEVELOPMENT

2018 was Sweco's strongest year to date. Sweco is Europe's leading architecture and engineering consultancy, with 15,000 employees and operations in seven geographically based business areas (eight business areas as from 1 January 2019). Sweco continues to grow and develop positively across Europe.

SWEDEN
EXCITING PROJECTS IN SWEDEN AND AROUND THE WORLD

Ann-Louise Lökholm-Klasson, President Sweco Sweden

– The market was generally good, with strong demand in most segments. The infrastructure market and the markets for industrial investments and water and environmental services were strong. The property market was mainly good, although demand was weaker in the residential segment. The power transmission market was strong, while the energy producing sector remained challenging. Sweco is one of the country's most attractive employers for engineers and architects, and we recruited many highly skilled employees. Examples of new projects during the year include a foundry at Scania for expanded and more sustainable production, and a district cooling system proposal for the city of Pimpri in India, as part of the country's development of 100 smart and sustainable cities.

NORWAY
STRONG TURNAROUND IN 2018

Grete Aspelund, President Sweco Norway

– 2018 showed a strong operational turnaround as compared with 2017. Good order volumes, particularly within infrastructure, and an increase in recruitments were the main reasons for the improvement. The market for civil construction is still strong, though showing signs of cooling off. For energy solutions, the market for electrical grid upgrades is still driving growth. The Oslo area was the strongest regional market, with strong growth in all segments. Markets in southern and western Norway developed in a positive direction, while northern Norway was relatively stable.

FINLAND
CONTINUED POSITIVE DEVELOPMENT

Markku Varis,
President
Sweco Finland

– Finland showed gradual improvement throughout the year and an overall good demand for our services. The efforts made to strengthen our market-leading position are producing results. Sweco is well positioned on the market and has been commissioned to work on several significant projects in Finland and Estonia. We have worked with our customers on projects including a challenging construction project that will create a new centre for the Pasila neighbourhood in Helsinki, a new production plant for high-quality electric vehicle battery chemicals in Sotkamo, the design of two 500 metre moveable concrete bridges in the Kyrönsalmi channel, and a new plywood production facility in Pärnu.

DENMARK
SUCCESSFUL INTEGRATION PAVES WAY FOR NEW OPPORTUNITIES

Dariush Rezai,
President
Sweco Denmark

– The market in Denmark was satisfactory overall. Demand in the water and environmental sectors remained at a high level. However, demand slowed down within residential construction in the major cities. In January 2018, Sweco signed an agreement to acquire Årstiderne Arkitekter, one of Denmark's leading architecture firms, resulting in the first fully integrated architecture and engineering offering in Denmark. The integration has been successful so far and will continue to contribute in a positive way going forward.

NETHERLANDS
INTEGRATION LEADS TO HIGHER MARGINS

Eugene Grüter,
President
Sweco Netherlands

– The Dutch market developed positively and demand for Sweco's services was good in essentially all segments. The profit improvement was mainly attributable to higher average fees and an increased number of employees. Examples of projects during the year include a multi-year contract to supply GEO-ICT services for a large drinking water company in western Holland and assisting in the transformation of the Bijlmer prison complex into housing, an excellent example of circularity in real estate. With improved profitability and a good market, Sweco Netherlands is well positioned for continued growth.

Sweco's home market is Northern Europe and we aim to be the market leader in our eight core markets. Our strategy is focused on profitable growth and a business model centred on customers, internal efficiency and engaged employees through decentralised responsibility.

WESTERN EUROPE
STABLE MARKET WITH SOLID DEMAND

Bo Carlsson,
President
Sweco Western Europe

– The market in Belgium was good within all market segments. The private and public building markets were strong, and the industry market and public infrastructure markets were good. In general, the market for Sweco's services in the UK has been satisfactory. Demand in the transportation market slowed down during the second half of the year as a Highways England framework contract came to an end. Sweco's award of the new Highways England's "Routes to Market" framework at the end of the year was important. The London building market was impacted by Brexit-related uncertainty and reduced foreign investments. The energy generation market remained weak.

CENTRAL EUROPE
BUILDING MARKET POSITION WITH IMPROVED OFFERINGS

Ina Brandes,
President
Sweco Central Europe

– The German market was good overall and developed positively. The healthcare and commercial markets were good. Demand was also strong in the transport and environmental sector due to public investment. Sweco Germany has grown rapidly since the acquisition of Grontmij and continued to grow during the year due to an increased number of employees and higher average fees. Lithuania and the Czech operations contributed positively. The Polish market also developed positively with increased investments in energy, transportation and water.

APPROACHABLE EMPLOYEES ARE OUR STRENGTH

APPROACHABLE AND COMMITTED EMPLOYEES ARE THE CORE OF OUR BUSINESS

Our success relies on strong relationships with our customers and being the best at understanding their demands.

It should be easy to work with Sweco. We are told that what distinguishes Sweco is that our consultants are given full responsibility for their projects. At Sweco, you will not find any sales people or bureaucratic customer relationship management processes. Since we recruit committed and responsible individuals that are highly skilled, they also have the authority to make the decisions that produce the right end result for our customers.

A Sweco consultant maintains a close relationship with their customers, is focused on their challenges and has the right recognised expertise.

SERVING OUR CUSTOMERS IN CHALLENGING PROJECTS IS PART OF OUR DAILY WORK

Since our work involves meeting the challenges of tomorrow, we always need to be one step ahead. Personal advancement happens daily through working together with our customers. According to our employees, working on exciting projects is the best and most challenging way to develop.

Profitable growth, satisfied customers and engaged employees are connected. By working with the most interesting and exciting projects, Sweco becomes an attractive employer, both locally and globally. This allows us to continue to offer our customers the right expertise, which in turn leads to more satisfied customers and enables Sweco to keep growing and developing.

THE CONTINUOUS DEVELOPMENT OF OUR EXPERTISE IS NOT AN OPTION, BUT A REQUIREMENT

Since we constantly have to ensure that we offer the expertise that our customers demand, continuous development of our employees is a prerequisite. Being in a continuous state of development is not a choice for us, it is something we have to and want to do.

From day one, employees are encouraged to take personal responsibility for their development and their work assignments, supported by experienced colleagues and managers. We offer training courses from day one through Sweco Academy and by way of support from experienced colleagues and managers. The primary career paths at Sweco are as project manager, specialist or line manager.

Sweco is a company that shapes the leaders of tomorrow. Identifying talented individuals and giving them the opportunity to succeed has always been a crucial component of Sweco's corporate culture.

Annual employee surveys are an important indicator of how Sweco should continue to develop as a customer-focused company. Eighty-nine per cent of our employees responded to the 2018 employee survey. This resulted in high marks for expertise, leadership and confidence that drive motivation, loyalty and commitment. More than 7 in 10 employees have a high level of satisfaction in their job and approximately 86 per cent feel that they have a very good manager.

GREATER EXPERTISE AND DIVERSITY

Recruiting the best employees and reflecting the communities we design are key components of Sweco's strategy. As an urban developer, it is also our job to provide constructive solutions. We therefore took several initiatives during the year to make it easier for new arrivals to Sweden to enter the labour market. We have successfully recruited many new employees, and we can confirm that we become truly innovative and identify the best solutions when people with different backgrounds, thoughts and ideas meet. We will continue to recruit the best employees and ensure that we reflect the communities in which we operate.

FACTS ABOUT LIFE AS A SWECO EMPLOYEE

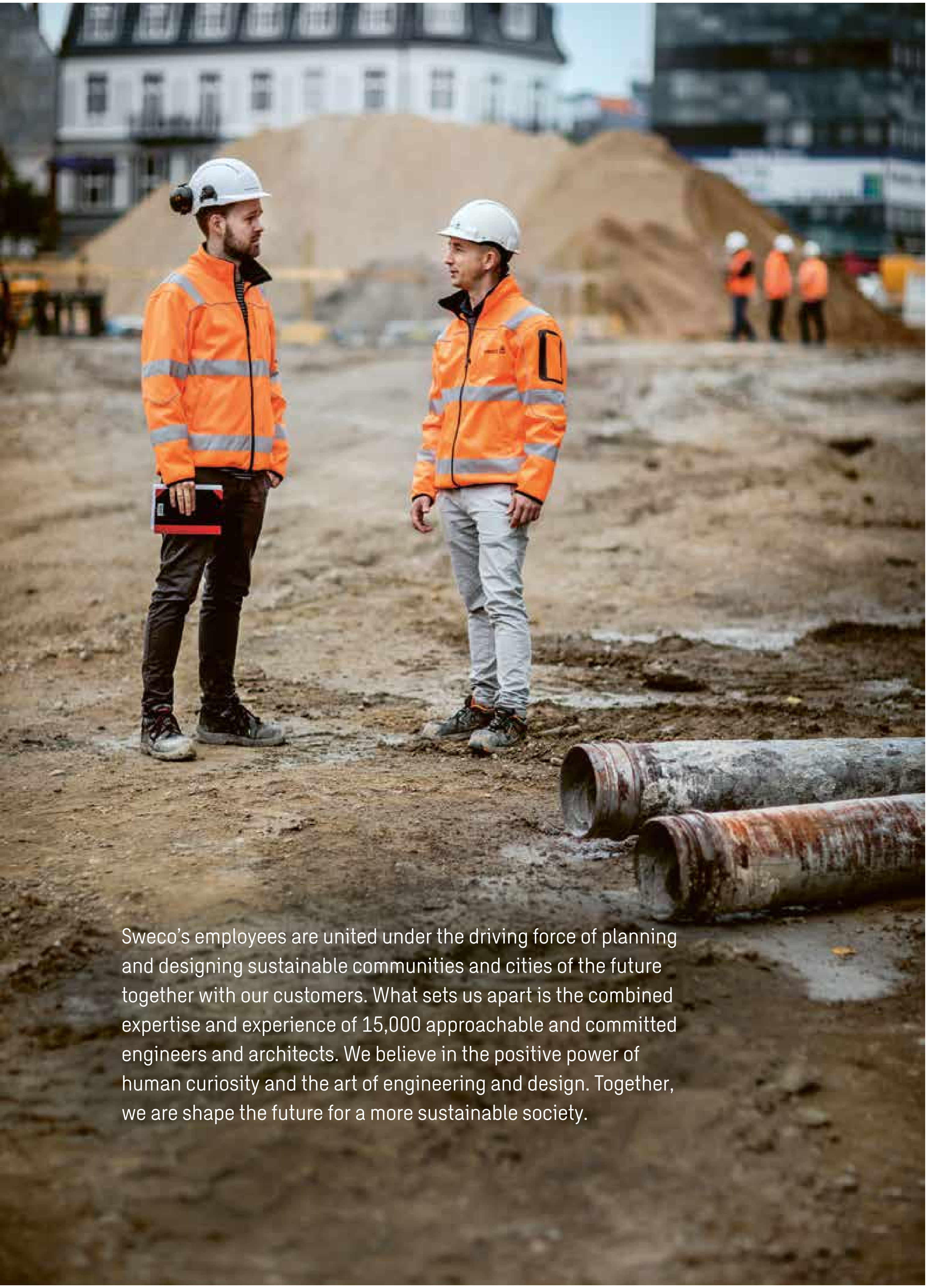
Career paths. The primary career paths at Sweco are as line manager, specialist and project manager.

Sweco Academy. Comprehensive term for our common training programmes. Includes everything from introductory training for new employees to leadership programmes.

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

Sweco Employee Survey. Annual employee survey, used to further develop the business.

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



Sweco's employees are united under the driving force of planning and designing sustainable communities and cities of the future together with our customers. What sets us apart is the combined expertise and experience of 15,000 approachable and committed engineers and architects. We believe in the positive power of human curiosity and the art of engineering and design. Together, we are shape the future for a more sustainable society.

BUSINESS ETHICS AWARENESS UNDERPINS OPERATIONS

Sweco's decentralised approach, in which all employees are responsible for their own business relationships, leads to good customer understanding. It also sets high standards for individual business ethics awareness. Each Sweco employee is required to comply with laws, regulations and our own business ethics guidelines. We also set high standards for our business partners.

Business ethics is about taking responsibility for the projects that we work on and for the business methods that we use. Being an ethical and responsible company is fundamental to long-term success. As experts in planning and designing communities and cites of the future, we have to set high standards – naturally for ourselves, but also for those with whom we collaborate. Accordingly, we have also developed the Sweco Business Partner Program, which ensures that our business partners also comply with Sweco's strict requirements. For instance, we only accept business partners with ethics standards that are consistent with our own, just like we only undertake projects that we regard as having been procured in a business ethical manner. Sweco's customers, employees and owners must be able to trust our ability to conduct business in a transparent and responsible manner.

Sweco is a decentralised company. In our daily interactions with customers, each employee has considerable responsibility for their relationships and projects. This generates good customer understanding, yet also places high demands on individual awareness and our procedures. This is why Sweco has framework of business ethical guidelines. It helps Sweco's employees become familiar with the rules and enables them to act accordingly. All Sweco employees sign Sweco's CSR policy and Code of Conduct annually and complete training in business ethics. Sweco's business areas may also have additional guidelines based on local regulations. Business ethics awareness underpins the entire operations. It is a standing item on monthly reviews with the business areas, and CSR risks are reported to Sweco's Board of Directors on a quarterly basis.

Sweco's engineers and architects work on projects that impact on society and people's everyday lives. These projects result in effective public transportation, access to electricity and clean water and sustainable buildings. The end result is just as important as the business methods used get there. Transparency and accountability are prerequisites for continued success.

SWECO'S BUSINESS ETHICS FRAMEWORK

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

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

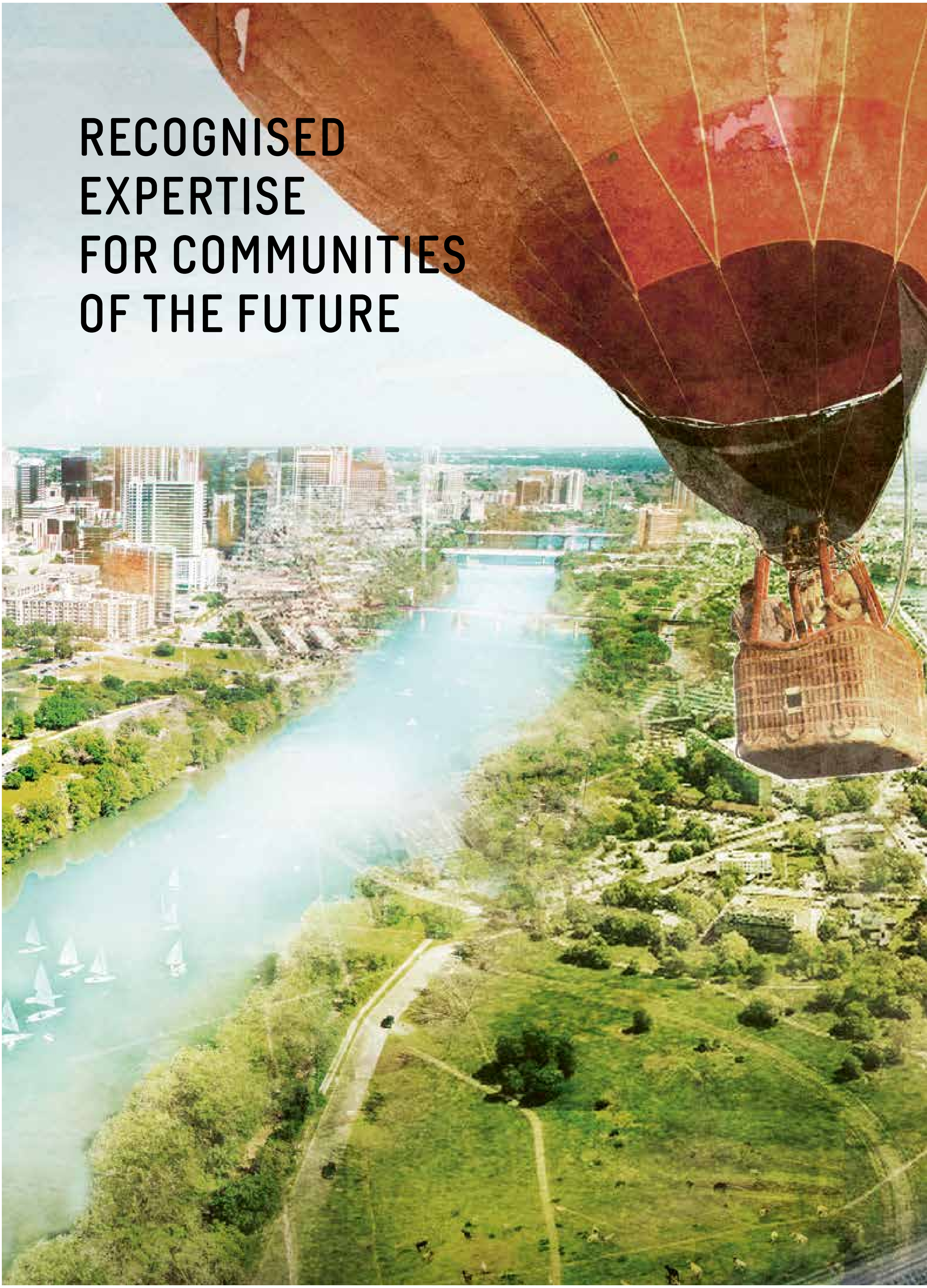
Sweco has guidelines for **anti-corruption and bribes, gifts and business entertainment, and sponsorship**. All employees are responsible for familiarising themselves and complying with these guidelines.

The Sweco **Business Partner Program** ensures that current and prospective business partners comply with our requirements on ethical business practices.

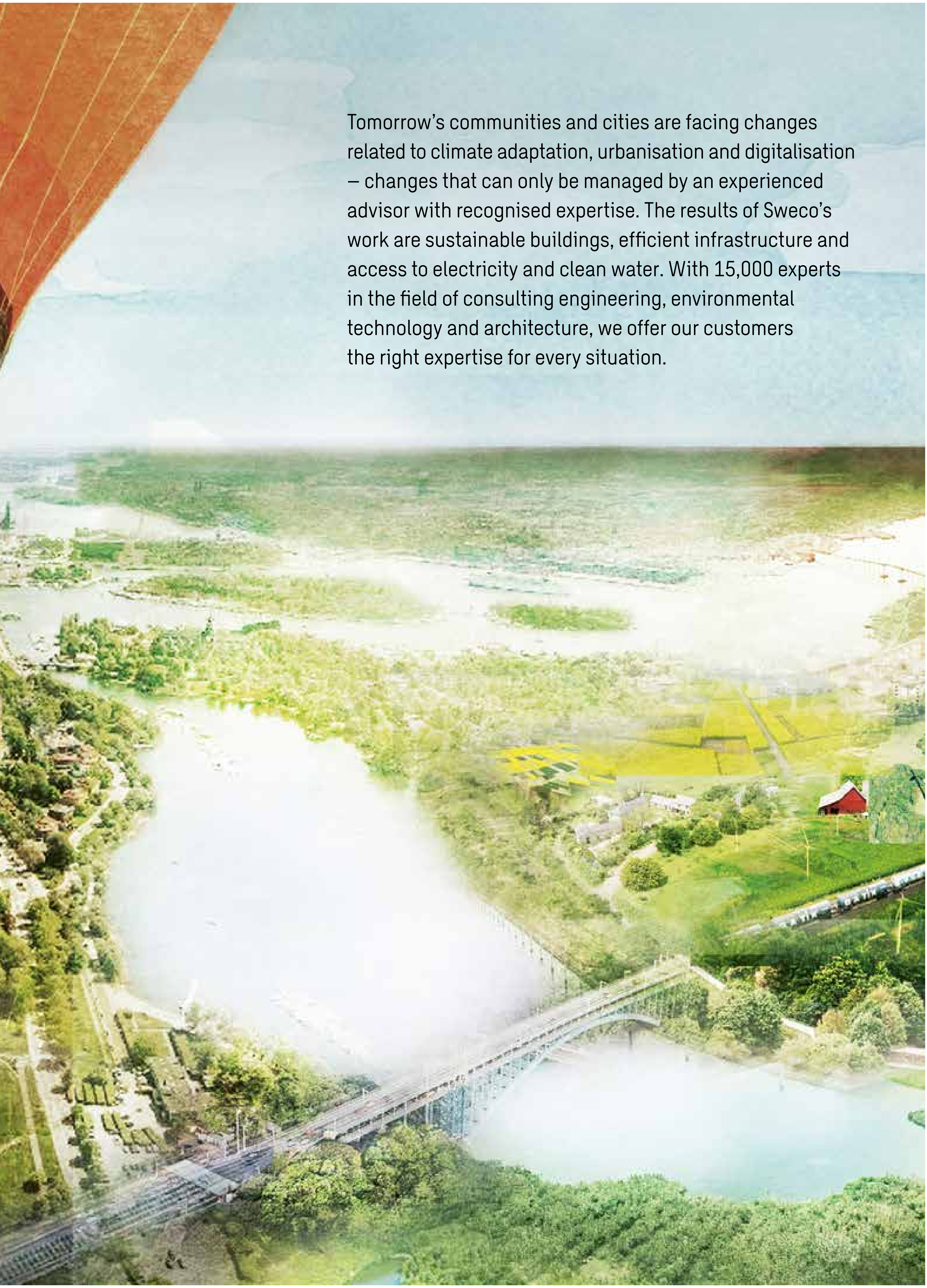
Sweco **Ethics Line** is a phone- and web-based service that provides the option of anonymously reporting suspected non-compliance with business ethics standards.

Sweco's **procedures for risk management** regulates whether or not Sweco will submit a tender for a project and ensures responsible conduct throughout the course of the project.

RECOGNISED EXPERTISE FOR COMMUNITIES OF THE FUTURE



Tomorrow's communities and cities are facing changes related to climate adaptation, urbanisation and digitalisation – changes that can only be managed by an experienced advisor with recognised expertise. The results of Sweco's work are sustainable buildings, efficient infrastructure and access to electricity and clean water. With 15,000 experts in the field of consulting engineering, environmental technology and architecture, we offer our customers the right expertise for every situation.



Never before have the cities of the world been growing as quickly as today. Regardless of whether it's a brand new city district or a building in need of modernisation, having a holistic perspective is imperative. Sweco plans and designs buildings and city districts with the aim of being aesthetically pleasing, energy efficient and safe, as well as having a comfortable atmosphere. Genuine insight into local conditions and working closely alongside our customers are key to a successful outcome.

BUILDINGS AND URBAN AREAS

ARCHITECTURE

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

Examples of services:
- General architecture
- Landscape architecture
- Interior architecture

BUILDING SERVICE SYSTEMS

Sweco's building service systems consultants create comfortable indoor climates in cities' buildings and facilities.

Examples of services:
- Energy analysis and environmental certification
- Design of electrical, telecom and security systems
- Fire safety engineering and risk analysis
- HVAC and sanitation

STRUCTURAL ENGINEERING

Sweco's structural engineers create buildings with a focus on safety and functionality, with load-bearing structures that harmonise with the design, the indoor environment and the customer's business.

Examples of services:
- Steel, timber and glass structures design
- Building construction design
- Industrial structures design
- Construction economics

URBAN PLANNING

Sweco's urban planning experts harness the possibilities of tomorrow, providing everything from analyses and forecasts, to completed master plans for new city districts.

Examples of services:
- Statistics and forecasts
- Analysis and strategy
- Studies
- Planning and design

PROJECT MANAGEMENT

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

Examples of services:
- Project and design management
- Property development and management
- Site supervision

IT

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

Examples of services:
- Systems development and big data
- Data coordination and BIM
- 3D visualisation and geographical analyses
- Strategy and operational support

CUTTING EDGE SCIENCE AND MATHEMATICS CENTRE IN SURREY
Charterhouse School, UK has changed the way science and maths are taught for future generations by providing a flexible and modern environment which promotes co-operation between the two subjects. Sweco's expertise in areas including building service system solutions successfully met the customer's high environmental standards whilst contributing to the school's academic standing.

BUILDING DESIGNED FOR TREATMENT OF HEADACHES
The world's first building specifically designed for research, diagnosis and treatment of headaches is now a reality at the Danish Headache Center, Rigshospitalet – an exciting project that required innovative solutions for this particular patient group. In close collaboration with clinical staff and representatives from multiple patient groups, Sweco developed solutions in areas including acoustics and lighting control. Sweco was involved in several of the project's disciplines and had overall responsibility for planning and designing the new section of the hospital.

SAFEGUARDING BUILDINGS AGAINST EARTHQUAKES
Large quantities of natural gas are extracted in the Groningen region, the Netherlands. As a result, earthquakes have become a major problem in the heavily populated residential area. To safeguard the buildings, Sweco is conducting complex measurements and analyses and advising on strengthening homes, dikes and industrial buildings, located in the earthquake zone. Work is being carried out in close collaboration between Sweco's local experts in the Netherlands and construction experts from Sweco's Finnish operations.

SPECTACULAR WOODEN OFFICE BUILDING
In Helsfyr, four kilometres from Oslo's city centre, Norway's largest solid wood office building is being constructed by NCC. The 6,700 square metre building, called Valle Wood, will have a natural Nordic character and will help shape the area's modern new cityscape. The real estate sector has traditionally been sceptical about building tall wooden buildings based on concerns including risk of fire accidents and the spread of fire. Nowadays, wood can be used to build tall, closely constructed buildings because fire protection can be guaranteed. Sweco is leading the work with fire safety and acoustics for the office building.

TAKE ROOT – TAKING THE LEAD IN SUSTAINABLE HOUSING CONSTRUCTION
Movable walls, balcony greenhouses, ecosystem services integrated into yards and roofs, and energy systems with roof solar cells. Take Root is a block of flats that is challenging and taking the lead in sustainable housing construction. Situated in Gothenburg's Gibraltarvallen area, the multi-family residential building is constructed of wood and has 45 flats, including rooftop terrace units. The vision has been developed by Sweco architects, energy and environmental experts, structural engineers and business developers.

NEW HEAD OFFICE WITH ENVIRONMENTAL FOCUS
One of Europe's largest banks, BNP Paribas Fortis, is planning a new head office in Brussels. The office, accommodating 4,500 workspaces, has ambitious goals in terms of combining ecological, economic, aesthetic and social sustainability. Among other things, a system will be used for seasonal energy storage. With expertise in HVAC technology and electrical engineering, Sweco will be able to achieve the customer's ambitious environmental target: an "excellent" BREEAM certification for sustainable buildings.

REVITALISING COPENHAGEN'S ROYAL POST OFFICE
Located along one of Copenhagen's most popular shopping streets, the Royal Post Office has been operating since the late 18th century. Over a three-year period, Sweco's architects has thoroughly redesigned the building with the goal of creating an open and inviting area with shops and offices, without completely altering the building's appearance. This has given the entire neighbourhood a facelift, positively impacting the surrounding cityscape.

SUSTAINABLE RESIDENTIAL AREA IN RWANDA
The Rwandan government is developing a new residential area for low- and middle-wage earners in the capital, Kigali, with affordable homes near to services and public transport. This neighbourhood, Kinyinya Hill, is part of Rwanda's initiative to construct sustainable, energy-efficient and climate-friendly residential areas. Sweco's role includes supporting Rwanda with feasibility studies and implementation frameworks, working in close collaboration with residents and local authorities. Sweco is also arranging an international urban planning and architecture competition and supervising implementation of the development project.

CROSS-BORDER COLLABORATION
FOR OFFICE PARK IN CHINA

Sweco's architects have been commissioned to design a 14-hectare office park in Baoshan, outside Shanghai. The project covers all design disciplines: urban planning, buildings, landscaping, fixtures and fittings, lighting and signage. Sweco will monitor the work until construction of the entire area is completed in 2020. The project is being managed from Stockholm and Shanghai and also involves architects from Sweco's offices in Copenhagen, Uppsala, Gothenburg, Malmo, Umeå and Karlstad.

HOT-AIR BALLOON REPLACES SNOW CLEARING

The Nordic Hall in Sundsvall, Sweden has had a problem with excessive amounts of snow on the roof. Sweco was commissioned to examine ways to strengthen the building's roof beams to avoid having to clear snow manually from the roof, which is expensive and dangerous. The solution was a nine-metre-high hot-air balloon that makes the snow disappear with its shape and heat. The balloon is filled with surplus heat from the cold-storage plant that makes ice for the hockey rink. Energy consumption inside the hall is now more efficient due to extra insulation on the roof.

SPECIALISED EXPERTISE FOR HEALTH CLINIC EXPANSION

The Rangauklinik in Ansbach, Germany is a health clinic and rehabilitation facility for patients with pulmonary problems, allergies and oncological diseases. This imposed special requirements when expanding the clinic with a new building and conducting a renovation. Sweco was commissioned to plan the new building and create a master plan for the entire property. The project includes design, building service systems, fire protection, and coordination of safety issues and environmental health protection.

CHALLENGING CONSTRUCTION PROJECT IN HELSINKI

Helsinki is growing with the Tripla construction project, which will create a new centre for the Pasila neighbourhood. Three city blocks are being added, with a shopping centre, housing, a hotel and a railway station. Sweco's responsibilities include the principal design and structural engineering of the station area. This is a challenging project — a new station, shopping centre and offices will be built on the same site as the existing station, while traffic needs to flow round-the-clock without disruption.

The driving forces behind the creation of sustainable urban development cause a demand for modern technical solutions. Access to clean water, a reliable energy supply and resource-efficient industrial facilities are examples of what Sweco's efforts yield. Sweco's experts have what it takes to handle challenges under evolving circumstances – even as standards rise due to climate change and growing cities. Transforming complexity into simplicity for our customers is among Sweco's foremost specialties.

WATER, ENERGY AND INDUSTRY

WATER

Sweco's experts manage water for a variety of situations, ranging from providing access to clean water to protecting societies from flooding.

Examples of services:
- Water and wastewater engineering services
- Water resource planning
- Urban water management
- Design of flood protection structures

ENVIRONMENT

Sweco's environmental specialists create inhabitable environments that are not harmful to man or nature through measures including reducing the presence of toxins and effective waste management.

Examples of services:
- Waste management planning and advice on remediation of contaminated areas
- Environmental studies and impact assessments
- Services related to chemical substances and associated legislation

IT

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

Examples of services:
- Systems development and big data
- Data coordination and BIM
- 3D visualisation and geographical analyses
- Strategy and operational support

ENERGY

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

Examples of services:
- Energy production studies
- Transmission and distribution planning
- Energy market analysis
- Energy optimisation advice

INDUSTRY

Sweco's industrial consultants improve effective and resource-efficient production in all industrial operations.

Examples of services:
- Process engineering services
- Plant design (electricity, automation, mechanics, piping)
- Logistics planning and project management

ONE OF THE UK'S LARGEST DISTRICT HEATING NETWORK
Leeds' new district heating network will be completed in 2019. Surplus waste heat and hot water from the City's new recycling and energy recovery plant will be delivered to public buildings and nearly 2,000 homes through a new district heat network. It will be one of the largest city networks in the UK. Residents' energy bills will be decreased by up to 25 per cent, while emissions will also be reduced. Sweco has multiple roles in the project, including contractor procurement support, civil and structural design support, and independent certifier for the main heating network.

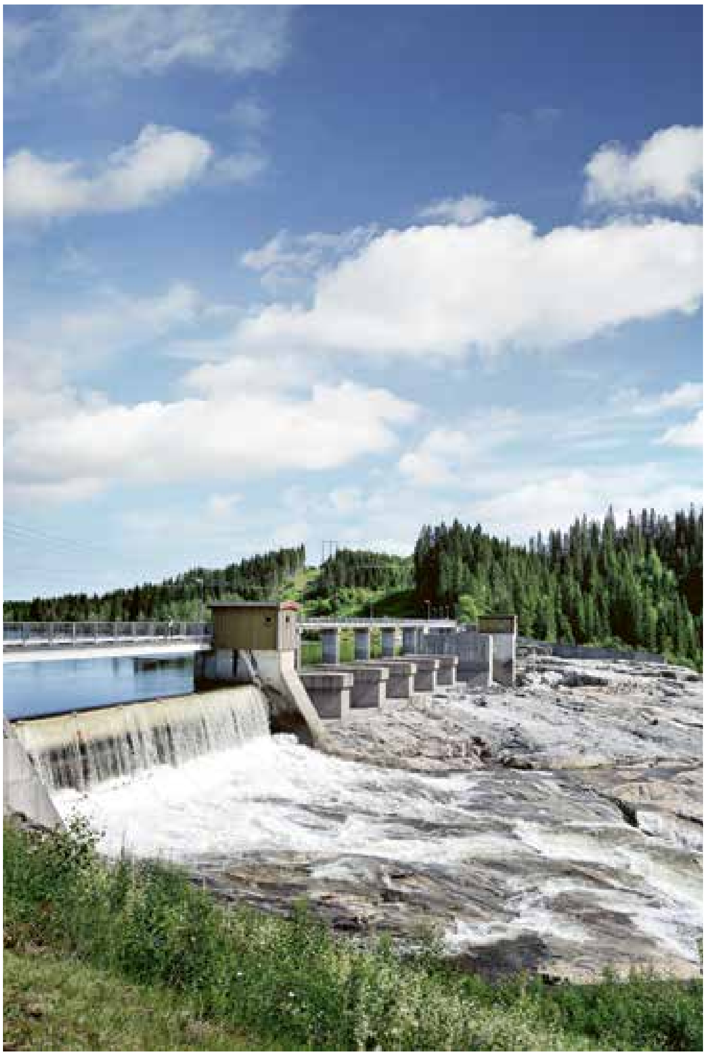
PREPARING LOCAL AUTHORITIES FOR CLIMATE CHANGE
In the Netherlands, climate change may cause billions of euros of damage to buildings, infrastructure and arable land in coming years. Climate-related effects such as flooding and increased temperatures may also adversely impact citizens' health and safety. Sweco has been commissioned to examine climate-related risks for the municipality of Groningen. Sweco's climate adaptation stress test will help the local authorities identify vulnerabilities and prepare for the consequences of climate change. The pilot project will also serve as a model for other municipalities in the northern part of the Netherlands. Groningen is the seat of the Global Centre of Excellence on Climate Adaptation (GCECA).

NEW PLANT FOR CHEMICALS USED IN BATTERY PRODUCTION
The growing use of electric vehicles has increased global demand for chemicals used in batteries. Sweco has been commissioned by Terrafame to design a new production plant in Sotkamo, Finland. The new plant will produce high-quality chemicals for electric vehicle batteries, which will promote a more sustainable transport sector over the long term.

NEW FOUNDRY FOR EXPANDED, MORE SUSTAINABLE PRODUCTION
Improved safety, quality and sustainability are the focus of Scania's major investment in a new engine block foundry in Södertälje, Sweden. Production will be nearly tripled, while energy consumption will be reduced 30 per cent. The greatest energy savings will be achieved through foundry process improvements and recovery of the heat this generates. The foundry will also be powered by electricity produced from renewable energy sources. Sweco has overall responsibility for earthworks and building construction, electricity and ventilation installations, and control engineering. The building has sophisticated process equipment to handle large material flows, which must be taken into account in designing the foundry.

ENSURING SECURE ELECTRICITY SUPPLY FOR STOCKHOLMERS

The need for electricity in the Stockholm region is increasing as the population grows. To meet this need, energy company Vattenfall is planning to increase voltage levels in parts of the regional grid. Sweco has been commissioned to conduct feasibility studies to identify the best solution for ensuring a continued secure electricity supply for Stockholmers. The project comprises station and cable projects in northern and southern Stockholm, with a total of 16 stations and 11 power lines.



WASTEWATER TREATMENT TO IMPROVE LIVING STANDARDS IN BOLIVIA

Sweco has been engaged to design a new wastewater treatment plant in La Paz, located in the Bolivian Andes. One of the highest cities in the world, La Paz currently lacks wastewater treatment entirely. Due to the prevailing water shortage, which presents challenges for the area's farmers, the re-use of treated wastewater will be highly prioritised. The new plant will treat wastewater from around 1 million residents, improving their health and living standards.

BIG DATA FOR ENERGY COMPANIES

Norwegian energy companies Agder and Skagerak learned from Sweco consultants how to use available data to increase their power plants' operating time, reduce reinvestments, and conduct maintenance work more efficiently. In the project's next phase, Sweco will help Agder develop dashboards for predictive maintenance that works with real-time data in a cloud-based solution.

ELECTRICITY FOR RURAL AREAS IN TANZANIA

Within one year, 23,000 households in southern Tanzania will have electricity for the first time. Several villages have already been connected to the national electricity system. Access to electricity will, among other things, reduce the use of diesel generators, coal and wood used in cooking and provide indoor and street lighting. Sweco has been responsible for project management, station and transmission line design, and quality assurance during the entire building phase.

NEW WOODEN PRODUCTION FACILITY
When planning a new plywood production facility in Pärnu, Estonia Metsä Wood wanted the plant's appearance to reflect the company's business activities. Rather than traditional solutions, they chose to use wooden roof structures. The building's office areas also feature wooden structures on the exterior and in prominent interior spaces. Sweco provided expertise in the areas of architecture, interior design, structural engineering, building service systems and land use planning.

REDUCE ENVIRONMENTAL DAMAGE IN SRI LANKA
There is a serious shortage of communal wastewater solutions in Sri Lanka, causing increased environmental damage. The SHIFT (Sanitation and Hygiene Initiative for the Towns) project is now investing in new wastewater solutions. Over the coming five years, Sweco will advise on and design solutions to protect marine life biodiversity from pollution. The project is funded by the EU, Agence Française de Développement (AFD) and the Sri Lankan government.

INCREASE CAPACITY FOR BOSSUIT-KORTRIJK CANAL
The canal linking the Belgian cities of Kortrijk and Bossuit, connecting to the Seine, needs to be upgraded. Major portions date back to the 19th century and need to be altered to allow larger vessels, such as container ships, to use the canal. Sweco has extensive experience when it comes to waterways and harbours, and is providing expertise in areas including solutions to deepen the canal and modernise certain locks and bridges. The project is an EU initiative aimed at connecting the Lys and Scheldt regions.

NEW PRODUCTION LINE FOR RECYCLED ENERGY
As part of its focus on alternative energy sources, the German company "Energy from Waste" is doubling production at its Premnitz plant. Sweco has extensive experience throughout Europe in the production of recycled energy, and is assisting this customer with project management and design of an entirely new production line.

In an accessible society, people and goods can move about safely and efficiently. Modern technology lays the foundation for an accessible future. Sweco's experts are planning and designing transportation systems that will help tomorrow's cities manage everything from growing populations to new transportation solutions. Achieving this requires a profound understanding of the demands from customers, society and the end users – and requires us to approach every project with the same steadfast commitment, from the very beginning to the very end.

TRANSPORTATION INFRASTRUCTURE

CIVIL ENGINEERING

Sweco's civil engineering specialists plan and design everything from roads and tunnels to bridges and ports for an even more accessible society.

Examples of services:
- Road and land use planning
- Rock excavation design and geotechnical engineering
- Bridge design
- Port master planning
- Surveying

RAILWAYS

Sweco's experts have technical expertise in areas ranging from studies and plans for new tracks and railways to operation and maintenance of those already in place.

Examples of services:
Planning for
- Tracks
- Electricity
- Operation and maintenance
- Signalling
- Telecoms

TRAFFIC PLANNING

Sweco's traffic planners are involved in planning and strategies at an early stage for everything from public transportation to freight traffic, to ensure smooth and safe travel for all road and rail users.

Examples of services:
- Capacity planning
- Accessibility planning
- Strategic planning
- Intelligent transportation systems (ITS)

PROJECT MANAGEMENT

Sweco's project managers are the link between the customer's vision and the actual implementation of complex construction projects.

Examples of services:
- Project and design management
- Property and development management
- Site supervision

IT

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

Examples of services:
- Systems development and big data
- Data coordination and BIM
- 3D visualisation and geographical analyses
- Strategy and operational support

COMPLEX PROJECT TO MAKE COMMUTING EASIER
The West Link is one Sweden's largest, most complex infrastructure projects: an 8 kilometre long commuter train connection, with 6 kilometres running through tunnels underneath central areas of Gothenburg. The project will increase regional commuter traffic capacity and improve accessibility for commuters with the addition of new stations. Sweco has been responsible for revising and supplementing previous detailed design work for the railway. The project is scheduled for completion in 2021, with the first trains running in 2026.

NEW TRAM LINE IN BERGEN
The new tramway in the Norwegian city Bergen was opened in 2010 and is the city's most important public transport initiative to date. The project is focused on social and environmental effects and serves as an excellent example of how standardised transport solutions can have a positive impact on the entire cityscape. Sweco is responsible for planning and designing the tramway's new line between Bergen's city centre and the growing suburb Fyllingsdalen. The new tram line, approximately 9 kilometres long with nine stops, will run 50 per cent above ground and 50 per cent through tunnels.

NEW BRIDGES NEEDED FOR SAFER CHANNEL TRAFFIC
Due to vessel accidents and navigational difficulties in the Finnish Kyrönsalmi channel, large vessel traffic has been redirected to the Laitaatsalmen strait, which is easier to navigate. To enable the movement of land-borne traffic, Sweco has been commissioned to design two 500 metre moveable bridges. These will be the largest prestressed concrete bridges in Finland. Sweco's experts have utilised BIM (building information modelling) to a large extent to facilitate effective collaboration among everyone involved in this complex project.

FASTER, SAFER TRAVEL BETWEEN MANDAL AND LYNGDAL
One of Norway's most important road initiatives is the expansion of the E39 motorway. This section of the motorway has been plagued by head-on collisions and often needs to be closed when snowfall is heavy. Plans are now being made to replace this section with a new safer four-lane motorway with a speed limit of 110 km/hour – which will also be shorter and will significantly shorten motorists' travel time. Sweco has been commissioned by Nye Veier AS to plan and prepare the preliminary design for the 26 kilometre long section between Mandal and Lyngdal in southern Norway.

NEW FOOTBRIDGE FOR KĖDAINIAI'S OLD TOWN
Kėdainiai, one of Lithuania's oldest cities, is renovating its city centre, and the old footbridge traversing the river Nevėžis will be replaced. The new bridge has a modern design and will connect the old town with the modern city district of the future. Sweco has been involved in the design and geotechnical surveys for the footbridge.

NEW RAIL LINK TO BILLUND AND LEGOLAND
Rail Net Denmark is exploring options for building a new rail link to Billund on Jutland. Three different lines have been proposed, and the plans would allow passengers to travel by train to Legoland, Billund Airport and the City of Billund. This would improve public transport and the development of the area's business sector and tourism. Sweco's commission includes the technical survey and preliminary design of the three alternative lines.

COMPLETE THE RING ROAD CIRCLING ANTWERP
To improve the situation on the heavily trafficked roads in and around Antwerp, studies are being conducted on completing the ring road circling the city. Sweco has been commissioned by BAM nv to plan the left and right bank and the Scheldt tunnel, one of the largest infrastructure projects currently underway in Europe. The project is a central part of the infrastructure plan for the greater Antwerp region, and will also improve connections between the Netherlands and France.

CHANGING THE STREETSCAPE AS NEW SHOPPING AREA TAKES SHAPE
The Edinburgh St James shopping area will have a complete makeover following the demolition of the old buildings, leaving space for a modern shopping destination with flats and a 5-star hotel. Sweco has been commissioned to plan and design the area's road network, which will be rebuilt, and to create a new northern approach road to the city centre. This will require reconstruction of intersections, pavements and cycle paths, and infrastructure improvements for trams and buses.

VISION TO ENCOURAGE CYCLING IN SWEDEN
More and more people are using bicycles or mopeds as a means of transportation. Sweco has been commissioned by the Swedish Association of Local Authorities and Regions to develop a vision for safe, user-friendly cycling and moped networks for road users in Sweden. The goal is to encourage more people to cycle – a key element in long-term sustainable transport systems. The future scenarios extend through 2030 and the vision will be presented in early 2019.

TUNNEL UNDER THE ŚWINA RIVER SHORTENS TRAVEL TIME
People travelling between the Polish islands of Wolin and Uznam have previously needed to travel by ferry. A 3.2 kilometre long underwater tunnel is now being built, which will significantly shorten travel time and make the islands more accessible. Underwater tunnels are not particularly common in Poland today, which makes the project unique. Sweco's assignment includes project management and construction supervision.

ONE OF GERMANY'S LARGEST BRIDGE PROJECTS
Sweco has been commissioned to expand the A1 motorway between Köln-Niehl and Leverkusen-West, from six to eight lanes. The assignment also includes designing a new bridge to replace the Rhine bridge, which was built in 1965 to accommodate the traffic of the day. The bridge project has attracted much public attention, as lorries have been barred from using the bridge for the past few years.

MORE SPACE FOR CRUISE SHIPS IN RÖNNE HARBOUR
The Port of Rönne is the largest harbour on the Danish island of Bornholm, with 3,000 ships calling every year. Traffic is increasing dramatically, and the port is preparing to receive more and larger cruise ships. This includes construction of a new ship ramp, a 600-metre extension of the quay, and 15-hectare land reclamation. Sweco is involved in detailed design work, construction supervision, and geotechnical studies for the harbour's extension.

BOARD OF DIRECTORS' REPORT

The Board of Directors and the President & CEO of Sweco AB hereby submit the Annual Report and consolidated financial statements for financial year 2018. The Sustainability report is part of the Board of Directors' Report and is found on pages 43–47.

SWECO AB (publ), corporate identity number 556542-9841, is headquartered in Stockholm, Sweden and is the Sweco Group's parent company. The company's engineers and architects work together to plan and design the cities and communities of the future. Sweco delivers qualified consulting services with high knowledge content throughout the customer's entire project chain: from feasibility studies, analyses and strategic planning through construction, design and project management. With more than 15,000 full-time employees, Sweco is the largest engineering and architecture consultancy in the European market. Sweco operates its business in seven business areas and conducts project exports to some 70 countries worldwide.

SWECO GROUP

Sweco has an efficient, customer-focused organisation. With Sweco Group's decentralised, profitable growth-driven business model, all effort is focused on the business and the customer's project. The parent company is responsible for group-wide functions. The business was organized in seven business areas until the end of 2018:

Sweco Sweden
Sweco Norway
Sweco Finland: Finland and Estonia
Sweco Denmark
Sweco Netherlands
Sweco Western Europe: UK, Belgium, Bulgaria
Sweco Central Europe: Germany, Poland, Lithuania and Czech Republic

Since January 2019, Sweco UK and Sweco Belgium are new Business Areas. Sweco Central Europe changed name to Germany & Central Europe. Bulgaria was moved to Sweco Germany & Central Europe. Sweco Western Europe was discontinued.

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

Overall, the market for Sweco's services remains good, with variations between countries and segments. All Business Areas are experiencing a good market for Sweco's services in the infrastructure, water and industry segments. Demand for services in the real estate segment remains good in most countries, except for the UK and residential construction in the Nordics, where demand has slowed down.

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

PROFIT AND OPERATIONS

Net sales increased 11 per cent to SEK 18,735 million (16,887). Acquired growth contributed 3 per cent, and currency effects 3 per cent. Organic growth totalled 5 per cent. Excluding calendar effects, organic growth was 5 per cent.

EBITA increased to SEK 1,631 million (1,492), which is Sweco's best full-year result to date. The Netherlands and Denmark combined more than doubled their contribution to group EBITA. Norway also contributed to the improvement. Overall for the Group, a positive trend in hourly fees, an increased number of employees, acquired growth and positive foreign exchange translation effects were the main drivers of the improvement, while a lower billing ratio had a negative impact. Calendar effects of -7 hours had a negative year-on-year impact of approximately SEK 48 million on net sales and EBITA. EBITA increased approximately SEK 187 million, adjusted for calendar effects.

Due to the continued positive development in the Netherlands, Sweco has recognised a deferred tax asset for all remaining tax losses carried forward from Grontmij. The tax asset is valued at SEK 60 million (161) and impacts profit after tax positively by the same amount.

Key ratios	**2018**	**2017**
Net sales, SEK M	18,735	16,887
Organic growth, %	*5*	*0*
Acquisition-related growth, %	*3*	*1*
Currency, %	*3*	*1*
EBITA excl. extraordinary items, SEK M	1,631	1,492
Margin excl. extraordinary items, %	*8.7*	*8.8*
Profit after tax, SEK M	1,254	1,223
Earnings per share, SEK	10.58	10.23
Number of full-time employees	15,306	14,530
Billing ratio, %	74.5	75.2
Normal working hours	1,964	1,971
Net debt/EBITDA, times	1.0	1.0

NET SALES, EBITA, EBITA MARGIN AND NUMBER OF FULL-TIME EMPLOYEES, JANUARY–DECEMBER

	Net sales, SEK M		EBITA, SEK M		EBITA margin, %		Number of full-time employees	
Business area	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Sweco Sweden	7,230	7,024	835	844	11.5	12.0	5,654	5,524
Sweco Norway	2,392	2,070	179	148	7.5	7.2	1,469	1,347
Sweco Finland	2,072	1,893	197	187	9.5	9.9	2,067	2,046
Sweco Denmark	1,707	1,371	108	44	6.3	3.2	1,187	1,011
Sweco Netherlands	1,926	1,709	115	66	6.0	3.9	1,373	1,368
Sweco Western Europe	2,004	1,637	120	115	6.0	7.0	1,707	1,625
Sweco Central Europe	1,550	1,303	92	84	6.0	6.4	1,752	1,541
Group-wide, eliminations, etc.	-147	-120	-15	4	–	–	99	68
TOTAL GROUP	**18,735**	**16,887**	**1,631**	**1,492**	**8.7**	**8.8**	**15,306**	**14,530**

OUTLOOK

Demand for Sweco's services predominantly follows the general economic trend in Sweco's markets, with some time lag.

The Northern European GDP development is solid and the development is stable. Political uncertainty, the global macro-economic situation and financial market events are risks to the development.

Sweco does not provide forecasts.

ACQUISITIONS AND DIVESTMENTS

In 2018, Sweco in total acquired 7 businesses with approximately 365 employees generating an annual Net Sales of approximately SEK 455 million and about SEK 35 million in annual operating profit.

In January, Sweco concluded the acquisition of Royal HaskoningDHV in Belgium. The company has 36 employees and specialises in soil investigations and decontamination, environmental impact and integrated area development.

In February, Sweco acquired Årstiderne Arkitekter in Denmark, one of the country's leading architecture firms. The company has 237 employees. Through the acquisition, Sweco has established Denmark's first fully integrated architecture and engineering offering and become Europe's leading architecture firm, with over 1,200 architects.

In March, Sweco acquired the German engineering consultancy BML Ingenieure GmbH. The company has 20 employees and will become part of Sweco's Building division. Through the acquisition, Sweco has become one of the largest operators in the Rhein-Main region.

In May, Sweco acquired Avecon Ltd engineering consultancy in Finland. The company has 35 employees and specialises in HVAC (heating, ventilation and air conditioning) and electrical engineering. The acquisition strengthens Sweco's offering and presence in the Finnish Ostrobothnia region.

In October, Sweco acquired Planet Engineering and Nexilis in Belgium. Planet Engineering has deep expertise in structural engineering in concrete and steel for buildings, industrial construction and civil engineering. Nexilis is an engineering consultancy focusing on building service systems and is best known for its participation Flemish and European research projects. The acquisition of the two companies will add 16 highly skilled employees to Sweco.

In October, Sweco also acquired Götzelmann + Partner in Germany. The company has 21 employees and has specialist competences mainly in the area of wastewater treatment plants, but also provides services in the areas of water, environmental technology, transport and energy.

CASH FLOW AND FINANCIAL POSITION

Group cash flow from operating activities totalled SEK 1,473 million (1,060) during the period. Net debt increased to SEK 1,944 million (1,698).

The net debt/EBITDA ratio was 1.0 times (1.0).

Available cash and cash equivalents, including unutilised credit lines, totalled SEK 1,749 million (1,991) at the end of the year.

EMPLOYEES

The number of employees at the end of the period was 16,422 (15,557), an increase of 865. During the year 2,853 employees (2,791) were hired, 2,320 (2,569) ended their employment, 33 (65) ended their employment in conjunction with the divestment of companies and 365 (164) were added via acquired companies. Personnel turnover was 15 per cent (17). The Group had a total of 15,306 full-time employees (14,530).

SELECTED PROJECTS

The projects described below have been selected to demonstrate the broad project portfolio of Sweco.

In Belgium, Germany and Norway, Sweco has been commissioned for new hospital projects – hospitals that meet both today's strict requirements and tomorrow's need for patient security and modern technology. Sweco experts will advise on architectural and technological issues.

In Sweden, Sweco has overall responsibility for Scania's new engine foundry in Södertälje. The project includes the planning and design of land improvements, construction of buildings and building service systems.

In Poland, Sweco has been commissioned to manage the construction of a tunnel running underneath the Świna River. The 3.2 kilometre tunnel will connect the Uznam and Wolin islands. The project is scheduled for completion during the second half of 2022.

In Finland, Sweco has been engaged by Terrafame to design a new production facility in the city of Sotkamo. The plant will manufacture high-quality chemicals for electric vehicle batteries. Sweco will be involved in the project for more than two years, with 100 consultants working during the project's most intensive phase.

In the Netherlands, the TenneT energy system operator has hired Sweco and two other partners to expand and replace the high voltage grid in several places. The objective is to ensure a reliable and secure electricity supply in the country. The project is a three-year framework agreement to deliver system-based contract management.

In Sri Lanka, Sweco and two joint venture partners have been selected to create new solutions for the island's wastewater. The absence of collective solutions for wastewater treatment has created contamination problems along the coast and in the lagoons, and a major investment is now being made through the "Sanitation and Hygiene Initiative for Towns" (SHIFT) project aimed at creating new solutions. Over the next five years Sweco will play a key role in protecting the coastline and the biological diversity of Sri Lanka's marine life from pollution.

In the UK, Sweco will design a range of major road and motorway improvements, as partner to two lead contractors on the new Highways England regional delivery framework. The new framework forms part of Highways England's new Routes to Market programme which aims to improve safety and reduce traffic delays across England. Sweco will work across three lots of the programme over a time frame of six years.

In Bolivia, Sweco has been engaged to design a wastewater treatment plant in the city of La Paz. Currently, La Paz lacks wastewater treatment entirely and the new plant will treat wastewater from approximately one million citizens, resulting in better health and living standards.

BUSINESS AREA – SWECO SWEDEN

Net sales increased 3 per cent to SEK 7,230 million (7,024). EBITA decreased SEK 9 million. Organic growth was 3 per cent.

The Swedish market is good overall, but there are differences between segments. Demand for infrastructure services remains strong, backed by major public investments. The markets for industrial investments, water and environmental services are good. The real estate market is divided, with strong demand within public buildings, whereas demand related to residential construction remains weak. The market for power transmission services is strong while demand in energy generation remains challenging.

Net sales and profit	**2018**	**2017**
Net sales, SEK M	7,230	7,024
Organic growth, %	*3*	*-1*
Acquisition-related growth, %	*-1*	*0*
Currency, %	*0*	*0*
EBITA, SEK M	835	844
EBITA, %	*11.5*	*12.0*
Number of full-time employees	5,654	5,524

BUSINESS AREA – SWECO NORWAY

Net sales increased to SEK 2,392 (2,070). EBITA increased SEK 31 million to SEK 179 million (148). Organic growth was 9 per cent.

The Norwegian market is good overall. The market for infrastructure remains strong. The real estate market is good in all segments, with the exception of residential construction which has weak demand. The power transmission market is strong, while the market for power generation remains weak. The greater Oslo area is strong in all segments and the markets in southern and western Norway are developing in a positive direction. The markets in northern Norway are experiencing moderate growth.

Net sales and profit	**2018**	**2017**
Net sales, SEK M	2,392	2,070
Organic growth, %	*9*	*-1*
Acquisition-related growth, %	*4*	*1*
Currency, %	*3*	*1*
EBITA, SEK M	179	148
EBITA, %	*7.5*	*7.2*
Number of full-time employees	1,469	1,347

BUSINESS AREA – SWECO FINLAND

Net sales for Sweco Finland increased to SEK 2,072 million (1,893). Organic growth was 1 per cent. EBITA increased to SEK 197 million (187).

The Finnish market is good overall. Demand in the buildings and real estate segment is good overall. The market in industrial services is also good. The market for infrastructure-related services is satisfactory.

Net sales and profit	**2018**	**2017**
Net sales, SEK M	2,072	1,893
Organic growth, %	*1*	*3*
Acquisition-related growth, %	*2*	*3*
Currency, %	*6*	*2*
EBITA, SEK M	197	187
EBITA, %	*9.5*	*9.9*
Number of full-time employees	2,067	2,046

BUSINESS AREA – SWECO DENMARK

Net sales increased 25 per cent and amounted to SEK 1,707 million (1,371). Acquired growth contributed 20 per cent and was primarily related to the acquisition of Årstiderne Arkitekter. Organic growth was -2 per cent. EBITA increased SEK 64 million to SEK 108 million (44).

The market in Denmark is satisfactory overall. Demand in the water and environmental sectors remains at a high level, driven by increased demand for climate adaption services in the larger cities. The infrastructure market is stable, with the exception of weaker demand in road construction and larger public infrastructure projects. The market for real estate services is good but has weakened within residential construction in the largest cities. The energy market remains weak.

Net sales and profit	**2018**	**2017**
Net sales, SEK M	1,707	1,371
Organic growth, %	*-2*	*-2*
Acquisition-related growth, %	*20*	*0*
Currency, %	*6*	*2*
EBITA, SEK M	108	44
EBITA, %	*6.3*	*3.2*
Number of full-time employees	1,187	1,011

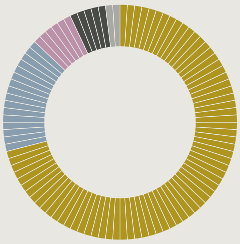
BUSINESS AREA – SWECO NETHERLANDS

Net sales increased 13 per cent and amounted to SEK 1,926 million (1,709). Organic growth was 6 per cent. EBITA increased to SEK 115 million (66).

The Dutch market is good and demand for Sweco's services is good in essentially all segments. Sweco Netherlands is well-positioned for continued growth, with a service offering primarily in the areas of public infrastructure, energy, water and public sector buildings.

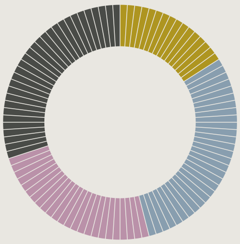
Net sales and profit	**2018**	**2017**
Net sales, SEK M	1,926	1,709
Organic growth, %	*6*	*-3*
Acquisition-related growth, %	*0*	*-1*
Currency, %	*6*	*2*
EBITA, SEK M	115	66
EBITA, %	*6.0*	*3.9*
Number of full-time employees	1,373	1,368

COST STRUCTURE (EBITA), %



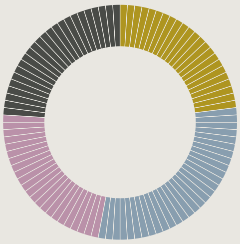
- Personnel costs, 71 (71)
- Subconsultants and expenses, 16 (16)
- Overhead expenses, 6 (6)
- Cost for premises, 5 (5)
- Amortisation/depreciation, 2 (2)

TERM OF EMPLOYMENT, %



- <1 year, 16 (16)
- 1–3 years, 30 (28)
- 4–9 years, 24 (27)
- >10 years, 30 (29)

AGE STRUCTURE, %



- <30 years, 23 (21)
- 31–40 years, 30 (30)
- 41–50 years, 23 (24)
- >50 years, 24 (25)

BUSINESS AREA – SWECO WESTERN EUROPE

Net sales increased to SEK 2,004 million (1,637). EBITA increased to SEK 120 million (115). Organic growth was 13 per cent.

The market in Belgium is good within all market segments. The private and public building markets are strong. The industry market and public infrastructure markets are good.

In general, the market for Sweco's services in the UK is satisfactory. Demand in the infrastructure market remains good, as exemplified by the profitability of Sweco's Highways England's "Routes to Market" framework. The water market is also fundamentally good, but negatively impacted by the public tender cycle. The London building market is impacted by Brexit-related uncertainty and reduced foreign investments. The energy generation market remains weak.

Net sales and profit	2018	2017
Net sales, SEK M	2,004	1,637
Organic growth, %	*13*	*1*
Acquisition-related growth, %	*4*	*2*
Currency, %	*6*	*0*
EBITA, SEK M	120	115
EBITA, %	*6.0*	*7.0*
Number of full-time employees	1,707	1,625

BUSINESS AREA – SWECO CENTRAL EUROPE

Net sales increased to SEK 1,550 million (1,303) and organic growth was 10 per cent. EBITA increased to SEK 92 million (84).

The German market is good overall and is developing positively. The healthcare and commercial markets are good. Demand is strong in the transport and environmental sector due to public investments. Power transmission continues to be a good market, while power generation remains challenging.

The Lithuanian market has stabilised and the Czech market is improving, with satisfactory demand for Sweco's services. The Polish market is developing positively with increasing investments in energy, transportation and water.

Net sales and profit	2018	2017
Net sales, SEK M	1,550	1,303
Organic growth, %	*10*	*13*
Acquisition-related growth, %	*2*	*9*
Currency, %	*7*	*2*
EBITA, SEK M	92	84
EBITA, %	*6.0*	*6.4*
Number of full-time employees	1,752	1,541

OTHER INFORMATION

Investments

Investments in equipment totalled SEK 266 million (229) and were primarily attributable to IT investments. Depreciation of equipment totalled SEK 233 million (227) and amortisation of intangible assets totalled SEK 116 million (108).

Purchase consideration paid to acquire companies and operations totalled SEK 276 million (181) and had an impact of SEK -256 million (-136) on Group cash and cash equivalents. Purchase consideration on the divestment of companies and operations totalled SEK 5 million (15) and had an impact of SEK -1 million (13) on Group cash and cash equivalents.

Dividends totalling SEK 593 million (513) were distributed to Sweco AB shareholders during the second quarter.

Parent Company

Parent Company net sales totalled SEK 703 million (621) and were attributable to intra-group services. Profit after financial items totalled SEK 915 million (1,171). Investments in equipment totalled SEK 42 million (7). Cash and cash equivalents at the end of the year totalled SEK 381 million (218).

The Sweco share

Sweco is listed on Nasdaq Stockholm. The share price of the Sweco Class B share was SEK 196.90 at the end of the year, representing an approximately 8 per cent year-on-year increase. Nasdaq Stockholm decreased by 10 per cent over the same period.

The total number of shares at the end of the period was 121,083,819: 10,431,991 Class A shares and 110,651,828 Class B shares. The total number of outstanding shares was 117,069,942: 10,431,991 Class A shares and 106,637,951 Class B shares.

Share Savings Schemes

The 2018 Annual General Meeting (AGM) resolved to implement a long-term share savings scheme for Sweco Group senior executives. Through the scheme, 58 senior executives have acquired some 26,000 shares. Pursuant to IFRS provisions, the cost of the 2018 Share Savings Scheme is estimated at approximately SEK 7 million (including social fees) and will be expensed on a straight-line basis over the retention period. Sweco transferred 97,809 Class B treasury shares to participants in the 2014 Share Savings Scheme during the period.

Resolutions were made by the 2015, 2016 and 2017 AGMs on corresponding schemes, under which slightly more than 36,000, 27,000 and 29,000 shares were acquired, respectively. Under the four Share Savings Schemes, a total of approximately 273,000 shares may be issued if established targets are met based on participants still employed as at year end.

Share Bonus Scheme

The 2018 AGM resolved to implement the 2018 Share Bonus Scheme for all employees in Sweden, under which payment will be made in shares.

THE BOARD'S PROPOSED GUIDELINES FOR SENIOR EXECUTIVE COMPENSATION, FOR RESOLUTION BY THE 2018 AGM

The Sweco Group's aim is to offer a competitive and market-based level of remuneration to recruit and retain its senior executives. Remuneration to senior executives comprises basic salary, variable compensation consisting of short-term variable remuneration and long-term variable remuneration (Sweco Share Saving Scheme), pension and other benefits.

Base salary and Short-term Variable Remuneration

Remuneration is to be based on factors such as work duties, qualifications, experience, position and performance. In addition, the break-down between base salary and short-term variable remuneration, shall be proportionate to the employee's position and work description. Sweco's short-term incentive remuneration shall be linked to predetermined, measurable criteria that are devised to comply with the company's long-term value creation.

Short-term variable remuneration for the President & CEO and the CFO may not exceed 75 per cent of base salary. For other senior executives, the short-term variable remuneration may not exceed 50 per cent of base salary. Due to acquisitions, exceptions to maximum per cent may apply for a limited period, until integration with Sweco's short-term incentive programme is aligned. Short-term variable remuneration shall be determined, based on results in relation to predetermined profitability targets. Targets for the President & CEO and other senior executives shall be determined by the Board of Directors.

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

Resolutions on share-based incentive schemes shall always be made by the Annual General Meeting or at an Extraordinary General Meeting.

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

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

Terms of notice
In the event of dismissal by the company, the President & CEO has a maximum notice period of 18 months. In the event of the President & CEO's resignation, the notice period shall not exceed 6 months.

For other senior executives, the term of notice shall normally be 12 months in the event of dismissal by the company and 6 months in the event of the executive's resignation.

Other
These principles shall apply to agreements entered into subsequent to the Annual General Meeting's resolutions and to any changes or alterations made to existing agreements after this time, to the extent permitted under the terms of the existing agreements. The Board of Directors shall have the right to deviate from these principles in individual cases if there are extraordinary reasons therefor.

BOARD PROPOSALS

Proposed appropriation of profits

The Board of Directors and the President & CEO propose that profit carried forward and non-restricted reserves	3,464 SEK M
along with net profit for the year	640 SEK M
or, in aggregate,	4,104 SEK M
be appropriated for the distribution of a dividend	
to the shareholders of SEK 5.50 per share	666 SEK M[1]
and that the remaining amount be carried forward.	3,438 SEK M

1) The dividend amount will be a maximum of SEK 666 million, calculated by the number of shares outstanding at 14 March 2019, including shares held in treasury. The dividend amount will change in the event the Board exercises the authority granted by the 2018 AGM to buy back additional shares or to transfer treasury shares.

The estimated record date for dividend distribution is 15 April 2019.

The income statements and balance sheets of the Group and the Parent Company will be submitted to the Annual General Meeting for adoption on 11 April 2019.

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

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

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

2019 Share Savings Scheme
The Board of Directors proposes that the 2019 AGM resolve to implement a long-term share savings scheme for up to 100 Sweco Group senior executives and other key employees. The proposal principally corresponds to the terms in last year's proposal.

2019 Share Bonus Scheme
The Board of Directors also proposes that the 2019 AGM resolve to implement a share-based incentive scheme for employees in Sweden. The proposal principally corresponds to the terms in last year's proposal.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 3:00 PM on Thursday, 11 April 2019 at Fotografiska, Stadsgårdshamnen 22, Stockholm.

CORPORATE GOVERNANCE REPORT

SWECO AB IN GENERAL

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

BUSINESS MODEL AND PROJECT MANAGEMENT

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

Sweco's activities are carried out as projects. The project teams vary depending on project size, location and complexity. Each project is headed by a responsible project manager whose day-to-day work is facilitated by Sweco's group-wide business system. All operating countries are certified in accordance with ISO 9001 and most are also certified in accordance with ISO 14001 and OHSAS 18001.

They also help Sweco comply with legislation, improve projects' environmental aspects, identify potential risks and measure and improve customer satisfaction. The Group's business system and its usage are audited every year by an independent quality assurance organisation. The system is also monitored internally on a continuous basis.

The responsibility of the Sweco consultant is to deliver sustainable and customer-adapted solutions that have a high knowledge content, are of the appropriate quality and benefit the customers business. The Group's business system includes guidelines, policies and procedures focused on project results and is accessible to the consultants at all times. Sweco works continuously with improvement measures to develop working methods, promote sustainability and support employees. Strategic skills development programmes are used to meet the consultants' need for ongoing education and training. Knowledge and experience gained by the consultants in their projects is preserved and developed for future use.

SUSTAINABILITY AND COMPLIANCE

Sweco's work with sustainability, defined as Sweco's responsibility and contribution to society, is based on the results it achieves in its customer projects. Long-term profitability and growth are driven by solutions that promote the sustainable development of society from an ecological, social and economic perspective. As consultants, Sweco's employees are often deeply involved in customer projects, frequently in an early stage where there is great opportunity to exert an influence. This places high demands for individual awareness of business ethics and Sweco's procedures.

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

Sweco's CSR policy establishes the basic outlook of Sweco and its employees on the company's social responsibilities, covering business ethics, quality assurance, employee development, human rights, equality and diversity, and occupational health and safety. Sweco's Code of Conduct gathers together the ethical guidelines designed to enable corporate responsibility on the part of Sweco's employees and partners. Sweco has a Business Partner Programme to enable that existing and prospective partners meet corporate responsibility requirements. Sweco also has group-wide policies on anti-corruption, gifts and business entertainment. Local guidelines specify areas of responsibilities in more detail.

All managers are responsible for ensuring that adequate information and guidelines are available to employees to comply with Sweco policies and guidelines. Each employee is responsible to ensure that they live up to the policies and guidelines, and are obligated to familiarise themselves and comply with the provisions of the policies and guidelines and to encourage external partners to apply these principles. An employee who suspects business ethics improprieties is obligated to report this internally, in the first instance to his or her manager, manager's manager, HR or Group Legal Affairs and, in cases where anonymity is called for, via Sweco's external whistle-blower function (Sweco Ethics Line). The President & CEO holds ultimate responsibility for ensuring that the policies and guidelines are monitored, including e.g. through internal and external audits, internal statistics and line manager reviews.

Sweco views diversity as essential in creating an innovative and inspiring working environment and actively promotes equal rights and opportunities in the workplace regardless of gender, ethnic origin, nationality, religious belief, disability, sexual orientation or age. This is set forth in Sweco's CSR policy.

The Nomination Committee has applied Section 4.1 in the Swedish Corporate Governance Code as a policy for diversity of the members in the Board. Diversity is an important element in the nomination process. The Nomination Committee has continuously strived for an equal representation with regard to gender and diversity as to competencies, experience and background, which is reflected in the current composition of the Board.

See pages 43–47 for additional information on Sweco's sustainability work.

ORGANISATION

SHAREHOLDER GOVERNANCE THROUGH SHAREHOLDERS' MEETINGS

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

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

2018 Annual General Meeting

The 2018 AGM was held on 19 April in Stockholm and was attended by 261 shareholders, representing 79.9 per cent of the votes and 69.8 per cent of the share capital. Johan Nordström was elected chairman of the AGM. In his address to the AGM, leaving President & CEO Tomas Carlsson commented on Sweco's performance in 2017, Sweco's development in recent years and the outlook for 2018. The statutory auditor reported on audit-related work conducted during 2017. The submitted income statements and balance sheets were adopted and the Board and President & CEO were discharged from liability for the financial year 2017. The AGM approved an ordinary dividend of SEK 5.00 per share.

The AGM approved the (re-)election of the Board members, the Chairman of the Board and the statutory auditors and the fees for the Board members, members of the Audit Committee and the Remuneration Committee and the statutory auditors in accordance with the Nominating Committee's proposal. The AGM also adopted the Board's proposed guidelines for remuneration to senior executives and instructions for the Nominating Committee.

Based on the Board's proposal, the AGM resolved to implement the 2018 Share Bonus Scheme on terms and conditions that generally corresponds to those of Share Bonus Scheme 2017 (however, Share Bonus Scheme 2018 does not include any issue of Series C shares), and stipulates that bonuses are paid in shares rather than cash. The resolution included decisions to implement the 2018 Share Bonus Scheme per se and to authorise the Board to transfer Class B treasury shares to secure obligations under the 2018 Share Bonus Scheme and to sell Class B treasury shares to secure payment of social security contributions.

The Share Bonus Scheme comprises a maximum of 2,000,000 Sweco Class B shares (no more than 1,500,000 for delivery to participants and no more than 500,000 to cover social security contributions). The AGM resolved to authorise the Board to transfer no more than 1,500,000 Class B treasury shares to employees under the 2018 Share Bonus Scheme; and to sell no more than 500,000 Class B shares to cover social security contributions. The number of shares to be received by each employee corresponds to the employee's earned bonus for financial year 2018 divided by a base share price (corresponding to the average volume-weighted price paid for the Sweco Class B share during the period 19–30 March 2018) less the amount of the AGM-approved dividend per share for 2017. The base share price is restated in accordance with usual terms and conditions if events occur that affect the value of the share, including but not limited to any decision on share splits, bonus issues, redemptions and the like during the scheme's duration. Bonus per employee is based on the participating business units' operating profit per employee. Shares will be allocated to employees free-of-charge during the first six months of 2019, premised upon continued employment.

The AGM approved a long-term share savings scheme (the 2018 Share Savings Scheme) for Sweco Group senior executives. The scheme comprises a maximum of 176,400 Sweco Class B shares (no more than 140,000 for delivery to participants and no more than 36,400 to cover social security contributions). The AGM approved the free-of-charge transfer of no more than 140,000 Class B treasury shares to participants in the 2018 Share Savings Scheme during the period they are entitled to receive Matching and Performance Shares.

The AGM authorised the Board to decide on acquisitions and transfers of treasury shares in order to deliver shares under the 2018 Share Bonus Scheme and the 2018 Share Savings Scheme and to cover thereto related costs for social security contributions, as well as to give the Board greater freedom of action in working to optimize Sweco's capital structure, including to enable Sweco to use treasury shares as consideration in, or otherwise finance, potential future company or business acquisitions. The authorization may be used on one or several occasions up until the next Annual General Meeting. The number of acquired Sweco Series B shares may, together with Sweco shares otherwise acquired and held by Sweco, at any given time not exceed ten (10) percent of all issued shares in Sweco. Up to 2,000,000 Series B shares may be required to ensure Sweco's obligations under the 2018 Share Bonus Scheme. In order to implement the 2018 Share Savings Scheme, a maximum of 176,400 Series B shares are required.

Finally, the AGM authorised the Board to decide on the sale of Class B treasury shares on the stock exchange under the 2017 Share Bonus Scheme and the 2015 Share Savings Scheme. This authority, which may be exercised on one or more occasions during the period preceding the 2019 AGM, applies to the number of Class B shares required to cover social fees under the 2017 Share Bonus Scheme (not to exceed 500,000 shares) and the 2015 Share Savings Scheme (not to exceed 10,335 shares).

The Board decided at the statutory Board meeting to exercise its authority as granted by the AGM (as regard to the repurchase of shares: up to 12,000,000 Class B treasury shares).

NOMINATING COMMITTEE

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

During 2018 the Nominating Committee focused primarily on:

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

The 2018 AGM resolved on instructions for the Nominating Committee ahead of the 2019 AGM. Among other things, these instructions specify that the Chairman of the Board shall convene a Nominating Committee comprised of three or four representatives -one representative from each of Sweco AB's three largest shareholders and the Chairman of the Board if he/she is not a member in his/her capacity of shareholder representative. The names of the Committee members, together with the names of the shareholders they represent, were published on Sweco's website on 10 October 2018 and were based on the known number of votes held immediately prior to publication.

The Nominating Committee held five meetings in 2018. Ahead of the 2019 AGM the Nominating Committee consists of Eric Douglas representing Investment AB Latour, Birgitta Resvik representing the J. Gust. Richert Memorial Foundation and Chairman of the Board Johan Nordström representing the Nordström family. The Nominating Committee is chaired by Johan Nordström.

BOARD OF DIRECTORS

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

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

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

Composition of the Board

The Board consists of eight ordinary members elected by the AGM and three employee representatives, with three union-appointed deputies. The AGM-elected Board members serve for a one-year period through the conclusion of next year's AGM. With the exception of the President & CEO (Åsa Bergman), none of the AGM-elected Board members have an operational role in the company. After the AGM, Tomas Carlsson left his position as ordinary Board member and CEO & President. Six of the AGM-elected Board members are of Swedish nationality, one of German and one of Swedish and American. There are five female and three male AGM-elected Board members. With the exception of the President & CEO Åsa Bergman, all AGM-elected Board members are independent in relation to Sweco. With the exception of Gunnel Duveblad, Johan Hjertonsson and Johan Nordström, the AGM-elected Board members are independent in relation to the major shareholders.

The 2018 AGM re-elected Johan Nordström as Chairman of the Board. The other ordinary Board members re-elected by the 2018 AGM are, Gunnel Duveblad, Elaine Grunewald, Johan Hjertonsson, Eva Lindqvist and Christine Wolff. Åsa Bergman and Alf Göransson were elected as new ordinary Board members. Åsa Bergman was appointed as President & CEO by the Board. was elected as new ordinary Board Member. The employee representatives are Görgen Edenhagen, Maria Ekh and Anna Leonsson, with Tom Ahasverussen, Amanda Carlberg and Peter Rothstein as deputies.

See pages 104–105 for further information on members of the Board.

Work of the Board

Apart from the statutory Board meeting held immediately following the AGM, the Board meets at least six times per year. In 2018 the Board held ten meetings, four of which were held in conjunction with publication of interim reports. The meeting held in conjunction with publication of the Q2 report was held via telephone, with all documentation distributed in advance. In conjunction with the September meeting in Bergen, Norway, the Board visited Bybanen, a railway project and, different projects Sweco has been part of in Bergen city centre.

In addition to reporting on the development of Sweco's operations and finances, the Board meetings in 2018 devoted considerable attention to organic and acquisition-driven growth, the company's strategic focus, management and HR issues, CSR, risk management, internal control issues and other matters for which decision responsibility is assigned to the Board by the rules of procedure. Additional Board meetings in the beginning of 2018 were held in connection with the recruitment of a new President & CEO. Executive Team members other than the President & CEO participate in Board meetings to present reports when necessary. The Board Secretary is the company's General Counsel. The company's statutory auditor takes part in at least one Board meeting per year. Attendance at Board, Audit Committee and Remuneration Committee meetings in 2018 is presented in the following table.

	Board meetings	Audit Committee	Remuneration Committee
Number of meetings	10	5	5
Johan Nordström	10	–	5
Åsa Bergman[1]	6	–	–
Anders G. Carlberg[2]	4	1	–
Tomas Carlsson[3]	3	–	–
Gunnel Duveblad	10	5	–
Elaine Grunewald[4]	10	3	–
Alf Göransson[5]	6	–	–
Johan Hjertonsson	9	–	4
Eva Lindqvist	10	-	5
Christine Wolff	9	5	–
Görgen Edenhagen	9	–	–
Maria Ekh	9	–	–
Anna Leonsson	10	–	–
Tom Ahasverussen	8	–	–
Amanda Carlberg	2	–	–
Peter Rothstein	1	–	–

1) Appointed as President & CEO and Board member at 2018 AGM.
2) Resigned as Board member at 2018 AGM.
3) Resigned as President & CEO and Board member at 2018 AGM.
4) Replaced Anders G. Carlberg as member of the Audit Committee after 2018 AGM.
5) Joined the Board at 2018 AGM.

Board composition and fees[1]

	Position	Year of birth	Nationality	Elected in	Independent larger share-holders	Board and committee fees, SEK[2]
Johan Nordström	Chairman of the Board, chairman of the Remuneration Committee	1966	Swedish	2012	no	900,000
Åsa Bergman	Board member, President & CEO	1967	Swedish	2018	yes	–
Gunnel Duveblad	Board member, chairman of the Audit Committee	1955	Swedish	2008	no	550,000
Elaine Grunewald	Board member, member of the Audit Committee	1967	American / Swedish	2017	yes	490,000
Alf Göransson	Board Member	1957	Swedish	2018	yes	400,000
Johan Hjertonsson	Board member, member of the Remuneration Committee	1968	Swedish	2015	no	460,000
Eva Lindqvist	Board member, member of the Remuneration Committee	1958	Swedish	2013	yes	460,000
Christine Wolff	Board Member, member of the Audit Committee	1960	German	2016	yes	490,000
Görgen Edenhagen	Employee representative	1964	Swedish	2011	–	–
Maria Ekh	Employee representative	1974	Swedish	2016	–	–
Anna Leonsson	Employee representative	1971	Swedish	2005	–	–
Tom Ahasverussen	Deputy employee representative with right of attendance	1984	Danish	2016	–	–
Amanda Carlberg	Deputy employee representative	1965	Swedish	2017	–	–
Peter Rothstein	Deputy employee representative	1959	Swedish	2017	–	–

1) For the period from the 2018 AGM through the 2019 AGM.
2) Fees for work on the Board and the Audit and Remuneration Committees pursuant to the resolution of the 2018 AGM. Fees refer to remuneration paid during the period from the 2018 AGM through the 2019 AGM. For fees expensed during 2018, see Note 6 on page 67.

Evaluation of Board performance and its members

An annual self-assessment evaluation is conducted of the Board and its members to ensure that the Board meets the requisite performance criteria. Such an evaluation was also conducted in 2018. The results of the evaluation are discussed by the Board and reported to the Nominating Committee. The performance of the President & CEO and Executive Team is also regularly evaluated and is discussed during at least one Board meeting during which discussion the relevant person is not present.

BOARD COMMITTEES

Remuneration Committee

The statutory meeting of the Board appoints the Remuneration Committee. The members of the Committee are Johan Nordström (chairman), Johan Hjertonsson and Eva Lindqvist. The tasks of the Remuneration Committee include drafting proposals for principles of remuneration, terms of employment, pension benefits and bonus systems for the President & CEO and other senior executives and presentation of these proposals to the Board for decision. The Remuneration Committee meets at least twice per year and held five meetings in 2018.

Audit Committee

The statutory meeting of the Board appoints the Audit Committee. Audit Committee members are Gunnel Duveblad (chairman), Elaine Grunewald and Christine Wolff. The tasks of the Audit Committee include supporting the work of the Board to ensure the quality of the company's financial reporting, oversight of the internal audit function and reporting, meeting regularly with the company's statutory auditor, assisting the Board in preparing a report on internal control and risk management, monitoring compliance status and incidents reported, monitoring significant disputes and damage claims, establishing guidelines on the non-auditing services the company may procure from its statutory auditor, and evaluating the statutory auditor's performance. The Audit Committee meets at least four times per year. In 2018 the Audit Committee held five meetings. The statutory auditor attended all committee meetings.

REMUNERATION FOR THE BOARD AND SENIOR EXECUTIVES

Remuneration for the Board

Board remuneration is determined by the AGM. Board fees for 2018/19 were set at SEK 3,750,000, of which SEK 800,000 is payable to the Chairman of the Board and SEK 400,000 to each of the six AGM-elected Board members not employed in the Group. No Board fees are paid to the President & CEO or the employee representatives and deputies. Board fees are paid in two instalments during each period.

The chairman of the Remuneration Committee is paid an additional fee of SEK 100,000 and the other members of the Remuneration Committee each receive an additional fee of SEK 60,000. The chairman of the Audit Committee is paid an additional fee of SEK 150,000 and the other members of the Audit Committee each receive an additional fee of SEK 90,000.

Remuneration for senior executives

Principles for salary and other remuneration to senior executives pursuant to the 2018 AGM resolution are shown in Note 6 on pages 66–67.

STATUTORY AUDIT

The statutory auditor is appointed annually by the AGM. The task of the statutory auditor is to examine, on behalf of the shareholders, the company's accounting records and annual report and the administration of the company by the Board and the President & CEO.

The auditing firm PricewaterhouseCoopers AB (PwC) was re-elected by the 2018 AGM to serve as the company's statutory auditor through the conclusion of the 2019 AGM. Authorised Public Accountant Michael Bengtsson was by the auditing firm appointed chief statutory auditor for financial year 2018. For the financial year 2018, fees for audit services totalled SEK 11 million (10) and fees for non-audit services totalled SEK 2 million (1). The non-audit services in 2018 primarily relate to internal IT risk projects. The amount of fees paid to all accounting firms is shown in Note 4 on page 66.

PRESIDENT & CEO AND EXECUTIVE TEAM

The Board has delegated to the President & CEO responsibility for day-to-day operations of the company and the Group. The President & CEO supervises operations within the framework determined by the Board. The Board has also established instructions governing the division of responsibilities between the Board and the President & CEO, which are updated and adopted annually.

During 2018, Sweco's Executive Team was comprised of the President & CEO, the CFO, the seven Business Area Presidents, the General Counsel, the HR Director and the Communications Director.

For more information on the Executive Team, see pages 106–107.

BUSINESS AREAS

As of January 2019, the Sweco Group's business activities are organised in eight business areas: Sweco Sweden, Sweco Norway, Sweco Finland, Sweco Denmark, Sweco Netherlands, Sweco Belgium, Sweco United Kingdom and Sweco Germany & Central Europe. Each business area is headed by a Business Area President ("BA President") and a Business Area Finance Director ("BA FD").

At least three business area management meetings are held per year. Sweco's President & CEO and CFO monitor the business areas by participating in business area management meetings with the relevant BA President and BA FD, as well as through ongoing contact. The President & CEO is also chairman of the business areas' boards of directors and the CFO is a member of the business area boards. All business areas are subject to the Sweco Group rules for division of responsibilities between business area board of directors and BA President. Each business area consists of one or more business divisions that are organised by area of expertise. Each division may be organised by region, department or group, depending on the number of employees.

CONSULTANTS AND LEADERSHIP

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

Sweco's size and international breadth place rigorous demands on leadership. Employee dedication and development are critical for Sweco's growth. All employee development is focused on performance, customer understanding and knowledge sharing. This work is supported by the annual Sweco Talk performance review. Sweco's continued success relies on strong leaders at all levels and in all of the Group's operating and administrative areas. Sweco invests in management development to ensure strong leadership. Our skilled and committed managers help our customers achieve success and conduct good business and enable our employees to develop. Effective management succession is supported through Talent Review, a process and programme for continuous identification and development of good leaders.

INTERNAL CONTROL, RISK MANAGEMENT AND MONITORING

Control environment

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

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

Sweco has a decision-making procedure and authorisation policy that clearly regulates the allocation of powers at every level, from the individual consultant to the Sweco AB Board. The areas covered include tenders, investments, rental and lease agreements, expenditures and guarantees.

Through the Audit Committee, the Board adopts and monitors policies and procedures on financial reporting and reporting to the Board to ensure that internal control activities focused on these issues are functioning properly. Internal controls are reviewed by Group Internal Audit, as well as the statutory auditor. The outcomes are reported to the Audit Committee.

Risk management

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

The company's Board and senior management are ultimately responsible for risk management. Sweco's risk management covers all business areas, companies/divisions and processes in the Group. Each manager is responsible for risk management activities in his/her respective area.

Sweco's goals, which are expressed in the company's business plan and strategy, provide a foundation for the company's risk management. Risk management is based on a Group-wide risk analysis. This inventory of risks is aimed at identifying the most significant risks that the Group is exposed to, the probability that these will occur and the potential impact on Sweco's goals. At the same time, the effectiveness of existing controls and risk mitigation measures is assessed. The results of the overall risk analysis have been gathered in a risk map that reflects Sweco's estimate of its risk exposure.

A report on risk management and internal control within the Group was discussed by the Board, the Audit Committee and the Executive Team. Risk management is a standing item on the agenda for each business area management meeting.

Monitoring

Each business area has a Finance Director responsible for ensuring compliance with policies, guidelines and routines for financial reporting. Finance Directors are also responsible for ensuring the accuracy and completeness of the reported financial information. To further enhance internal control of financial reporting, a self-assessment questionnaire on internal control is produced each year and circulated to all Finance Directors in the Group. The purpose of the questionnaire is to ensure the effectiveness of significant internal controls related to the company's financial reporting. The submitted answers are analysed and any shortcomings are identified and corrected.

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

Communication about financial reporting also takes place in connection with business area management meetings, which are held regularly. A corporate communications policy defines the responsibilities and rules for communication with external parties.

Internal audit

Sweco has a simple and uniform operational structure throughout the Group. Controllers at the Group and business area levels regularly monitor compliance with Sweco's established operating and internal control systems.

Sweco has a dedicated internal audit function, consisting of the head of internal audit and a team of qualified business auditors. Business auditors are experienced financial professionals that rotate into Group Internal Audit as part of their management development.

Internal audit work is governed by the annual audit plan, which reflects risk assessment relative to the realisation of business objectives (risk-based approach). The audit plan is approved by the Audit Committee, with detailed audit assignments defined on a quarterly basis.

Audits were conducted in multiple business areas in 2018, focusing on:
- (Financial) project management
- Revenue recognition
- Compliance with business ethics programme

A summary of audit findings is reported to the Audit Committee on a quarterly basis.

Read more about Sweco's risks and risk management on pages 102–103.

INFORMATION TO THE CAPITAL MARKET

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

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

- Interim and annual reports published in Swedish and English
- Press releases in Swedish and English on news and events
- Teleconferences and presentations for shareholders, financial analysts, investors and the media in connection with the publication of interim and annual reports
- Capital Market Days
- Regular meetings with the media, investors and analysts in Sweden and around the world throughout the year.

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

THE SWECO SHARE

Sweco AB's shares have been traded on Nasdaq Stockholm since 21 September 1998. Sweco AB's total market capitalisation at 31 December 2018 was SEK 23.8 billion. Share capital totalled SEK 121.1 million, divided between 10,431,991 Class A shares and 110,651,828 Class B shares, representing 21,497,173.8 votes in the company. There are no Class C shares issued. The Class A and Class B shares are listed. Class A shares carry one vote and Class B shares carry 1/10 of one vote. Class A and Class B shares carry entitlement to dividends. Sweco's Articles of Association grant shareholders the right to convert Class A shares to Class B shares. 88,903 Class A shares were converted to Class B shares during financial year 2018 pursuant to the conversion clause in the Articles of Association. 500,000 Class C shares were redeemed. As of 31 December 2018, Sweco held a total of 4,013,877 treasury shares, all of which are Class B shares. Sweco's treasury shares do not carry voting rights.

Sweco AB had 16,832 shareholders at year-end 2018. The largest shareholders are the Nordström family (with 13.9 per cent of the share capital and 33.4 per cent of the votes), Investment AB Latour (with 26.9 per cent of the share capital and 20.9 per cent of the votes) and the J. Gust. Richert Memorial Foundation (with 1.7 per cent of the share capital and 9.3 per cent of the votes). Foreign investors held 22.1 per cent of the share capital and 12.6 per cent of the votes. Together, the ten largest shareholders control the equivalent of 66.4 per cent of the share capital and 77.1 per cent of the votes. The company is not aware of any agreements between shareholders that could lead to limitations in the right to transfer shares in the company.

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

DEVIATIONS FROM THE CODE

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

SUSTAINABILITY REPORT

SWECO'S VIEWS ON SUSTAINABILITY

Sustainability and corporate responsibility are central to Sweco and the way we conduct our business. As the leading engineering and architecture consultancy in Europe, we have an obligation – and the opportunity – to take responsibility. Based on our vision to become Europe's most respected knowledge company in the fields of consulting engineering, environmental technology and architecture, and on our customer promise to be the most approachable and committed partner, with recognised expertise, our overall ambition is to create long-term value for our customers and our stakeholders, and for our own operations. At the same time, we need to manage risks, limit our environmental impact and maximise our social impact. We do this by ensuring that we have the highest level of performance in the areas where we have the greatest opportunity to make a difference.

We believe in the positive power of human curiosity and the opportunities inherent in technology and design. Together with our customers, Sweco plans and shapes tomorrow's communities and cities. We do this by providing expertise, guidance and solutions for our customers, aimed at making their businesses and projects profitable while also creating societal benefit.

The future is intrinsic to Sweco's business and offering. Whether we are designing a new city district, planning a transportation system or creating an energy solution, the end product needs to work for future generations. The guidance we provide, solutions we offer and methods we use in running Sweco's operations have a major impact on society. In other words, it is through our guidance – in helping others reduce their footprint – that Sweco has the greatest potential to make a difference and promote sustainable societal development.

Agenda 2030 and the UN's 17 Global Goals, which have been adopted by all UN member states, establish a common and urgent agenda for sustainable development. As an urban developer, Sweco has been working with these issues for many years. Representatives from the Swedish operations have also been involved in the national consultation process to develop the global goals. Sweco's collective expertise promotes sustainable societal development and, together with our customers, we work with all of the 17 global goals to varying degrees and at various stages. Our main contribution is made by providing our customers with sustainable solutions. In several countries, work is underway to implement the global goals as a core value in individual customer projects. Examples of this include a sustainable residential area in Rwanda (goals 1, 2, 10 and 11), a vision to encourage more people to cycle in Sweden (goals 3, 5, 11, 12 and 13) and preparing municipalities for climate change in the Netherlands (goals 11 and 13). Linking customer requirements and offerings to the UN's Global Goals creates real solutions such as sustainable buildings, efficient infrastructure, and access to electricity and clean water. Sweco's expertise and projects are often key initiatives for meeting the customer's environmental goals and national climate goals in accordance with the UN Global Goals. We also support goal 17, Partnerships for the goals, by collaborating with our customers and partners, and between Sweco's various areas of expertise and businesses in the countries where we operate. Sweco business sector representatives and experts also participate in UN climate summits. Through our membership in the World Business Council for Sustainable Development, we help safeguard and develop the business sector's key role in sustainable urban development.

With Sweco Group's decentralised, profitable growth-driven business model, all effort is focused on the business and the customer's project. In our daily work, all employees are responsible for their own business relationships to achieve maximum customer understanding and benefit. Our efforts, our commitment to sustainability applies in all of our efforts. Sweco complements this responsibility on the central level with resources, networks, guidelines and tools to assist employees in their work. The organisation of sustainability efforts varies between business areas depending on specific requirements, market maturity and customer structure.

Details on Sweco's business model are presented on page 37 of the annual report.

Risks and risk management

A key element in managing Sweco's operations is having well-functioning risk management processes in place to identify, evaluate and manage risk. Within the framework of the group-wide risk process, a number of CSR-related risks have been identified as the most significant for operations. These include business ethics violations such as fraud, corruption, prohibited competition-restricting practices and conflicts of interest. Because Sweco's success is dependent on its ability to attract, develop and retain the best employees, the most significant risks also cover this area. Inadequate knowledge sharing may entail risks such as low-quality delivery to the customer. CSR risks are reported quarterly to Sweco's Board of Directors. The risks that Sweco has identified as the most significant in its business operations, and the ways in which these are managed, are described in more detail in the Risks and Risk Management section on pages 102–103 of the annual report.

Sweco ensures proper management of quality, environment and health and safety in its core markets through the certification of its management systems, in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (health and safety).

Basis of Sweco's work with sustainability

The company's CSR policy forms the basis of Sweco's work with sustainability and corporate responsibility on the Group level. This policy specifies the company's and employees' basic outlook on the company's responsibilities in society, and covers the areas of the environment, business ethics, quality assurance, employee development, human rights, equality and diversity, and occupational health and safety. Sweco's Code of Conduct is the collective ethical guideline to ensure responsible conduct on the part of Sweco's employees and business partners. Sweco also has a business partner programme that ensures that its partners comply with ethical business practices, as well as group-wide policies regarding anti-corruption, gifts and business entertainment.

Sweco's sustainability work is based on common principles, although implementation is carried out based on local conditions in Sweco's markets. Factors such as market maturity and national legislation affect the way work is done on a local level. Business Area Sweco Sweden, for example, is a market leader and has many customers engaged in far-reaching sustainability work and with ambitious sustainability requirements. Local guidelines define specific areas of responsibility in more detail.

All Sweco employees are obligated to comply with the CSR policy and the company's other policies and guidelines. All employees are obligated to familiarise themselves and comply with the provisions of the policy and guidelines and to encourage external partners to apply these principles. The President & CEO has ultimate responsibility for ensuring that the policy and guidelines are adhered to, and compliance is monitored among other things through internal and external audits.

Read more about the governance of Sweco in the Corporate Governance Report on pages 37–42. Sweco's group-wide policies, Code of Conduct and business partner programme are available at www.sweco.se/en/for-partners.

Operational sustainability goals and focus areas

Based on the business plan, strategy, internal priorities and ongoing dialogues with customers and stakeholders, Sweco has identified the sustainability areas that are most relevant. As a service-based consultancy, with operations based on our employees' collective expertise, it is mainly in the social area that Sweco has the greatest direct influence and the greatest opportunity to make a difference.

Although the environmental impact of Sweco's own operations is limited, we still take responsibility and strive to minimise our impact on the environment and climate. Examples of this include the selection of office supplies and business travel.

In 2018, Sweco adopted three climate goals for its Swedish operations, with an associated activity plan that initially includes a car policy, office handbook and guidelines for purchasing and travel.

Sweco Sweden's three climate goals:

- Sweco Sweden's direct operations will be climate neutral by 2040
- Sweco Sweden's office operations will be fossil free by 2030
- Sweco Sweden's vehicle fleet[1] will be fossil independent by 2023

1) The target will be cost-neutral for Sweco and refers to new company cars.

The goal is to report annually on the three climate goals, with 2018 as base year. More comprehensive environmental data will therefore be available as of 2019. Reporting on indicators in the climate and environment area will initially be done for Business Area Sweco Sweden, which represents 38 per cent of total net sales and is therefore Sweco's largest business area. The goal is to report environmental data for all eight core markets as of 2019.

ENVIRONMENT

Climate adaptations are becoming increasingly necessary if we are to maintain the functions of society at current levels even as they are being impacted by climate change. By proactively adapting today's societies, we can reduce the risk of harm to people's lives and health and the environment, and prevent the spiralling cost of damage to infrastructure, buildings, etc.

Given the nature of our business, we carefully consider the environmental impact of our projects. Sweco's consultants have comprehensive experience and expertise that enables them to offer solutions that calculate and reduce environmental impact from all sectors of society. We also have broad-based expertise in climate adaptation. We support scientific and political goals focused on rapid climate adaptation and stand ready to contribute our expertise. Sweco offers opportunities for its employees to continuously develop their competencies in environmental and climate issues to ensure that our expertise is always at the cutting edge.

Sweco's greatest environmental impact occurs in its customer projects, in which Sweco provides expertise in designing tomorrow's sustainable communities and cities. In 2018 Sweco was awarded the NCE100 "New Civil Engineer Low Carbon Leader" prize for its work to reduce carbon dioxide emissions in the infrastructure area. The NCE100 also named Sweco one of the best engineering firms in the United Kingdom.

We aim to carry out our own business with the least possible negative environmental impact. In accordance with the Law on Energy Mapping in Large Companies, Sweco conducted an energy survey of the Swedish operations in 2015. The survey forms the basis for the entire Group's development work in the energy area and also serves as a benchmark measurement for future surveys. Several measures to improve the energy efficiency of Sweco's operations have been initiated. Measurable monitoring of energy consumption is one example of this. With activities that enhance expertise and raise employees' awareness of the importance of energy issues, along with effective contract negotiation processes that have high environmental requirements, Sweco strives to have the best possible energy performance and technical systems at its offices. A new energy survey of the Swedish operations will be conducted in 2019–20.

Sweco has supported the Fossil-free Sweden initiative since 2018, signifying our commitment to the declaration to support a fossil-free world. Along with 45 European cities, regions, companies and investors, Sweco supports the Step-up Europe initiative to encourage EU countries to raise their climate ambitions.

Governance

Sweco's internal work with environmental issues is based on a number of policies, including its CSR policy. All core markets are certified under ISO 14001 standard. Our management systems effectively support efforts to reduce the business's total environmental impact and manage environmental risks, and serve as a control tool for the development of environmental efforts. Policies and guidelines are also in place on the local level for areas including business travel, purchasing and office environment.

Sweco carries out systematic evaluations to ensure that resources are invested in the right environmental issues. The company's regular audit procedures satisfy the requirement of ISO audits, as the evaluation processes and their implementation are audited annually by independent quality assurance organisations. The evaluation processes are also monitored internally on a continuous basis.

Focus issues

As a consulting firm, Sweco's direct environmental impact is essentially limited to its offices, purchasing and business travel. As of 2018, Sweco reports carbon emissions from business travel and the energy consumption of the Swedish operations.

Sweco strives to reduce unnecessary travel. Environmental impact must be taken into account for all business travel. Video conferencing equipment and IT tools are widely available and facilitate digital meetings. For large internal meetings such as company-wide meetings, timing and venue are designed to prioritise eco-friendly train and bus travel.

Sweco does not own its own office buildings and therefore has the most influence over its office environment when lease contracts are negotiated or revised. We aim to have recognised environmental classification for new offices and we provide digital tools so that employees can work remotely and hold virtual meetings to avoid unnecessary travel. New lease contracts are subject to an approval process as specified in Sweco's decision and authorisation manual in order to ensure that new office premises meet the appropriate conditions and requirements.

Sweco strives to relocate to premises that have sustainability or energy certification as its current lease agreements for non-certified buildings expire. Sweco works to ensure that energy surveys are regularly conducted in all buildings it leases, and that the electricity used is eco-labelled.

During 2018, no significant change occurred in the total distribution of certified office spaces.

Key Result Indicators

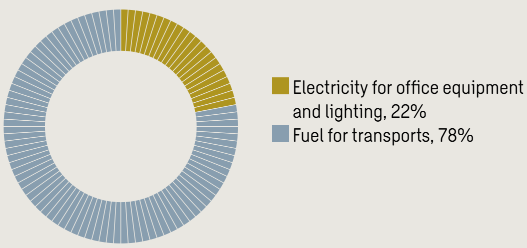
Carbon dioxide emissions for business travel in Sweden, total:	2018	2017
Train, kg CO_2	14.49	13.31
Car hire, tonnes CO_2	158	177
Vehicle fleet, tonnes CO_2	5,303[1]	–[1]
Air travel, tonnes CO_2	2,755	2,796
Air travel, kg GHG	2,753	2,794

1) No comparative figures available for 2017, as the registration system was not in place.

Total carbon dioxide emissions per employee at Sweco Sweden amounted to 1,453 kg. As no reliable statistics are available for 2017, the 2018 survey should be viewed as a benchmark against which future measurements will be compared.

Figures are based on information provided by Sweco's suppliers. The NEDC Corr method of measurement is used for carbon dioxide emissions from the vehicle fleet (passenger, company and service cars). Business travel also includes fuel used in privately owned cars used for work. Fuel consumption is estimated based on kilometres driven. Air travel calculations are based on DEFRA 2012 conversion factors.

ENERGY USE IN SWEDISH OPERATIONS

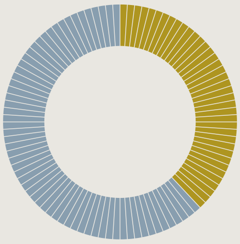


Energy use in the Swedish operations amounted to 12,026,518 kWh, or 2,237 kWh per employee, in 2015. This figure was produced by the energy survey conducted by Sweco in 2015–16 in accordance with the Law on Energy Mapping in Large Companies. This survey should be viewed as a benchmark measurement. A new survey will be conducted in 2019–20, and the goal is to report more comprehensive energy data as of 2020.

The energy consumption included in the reported value is that which the company can influence, pursuant to the Swedish Energy Agency's definition. This includes the company's own electricity contracts for approximately 70 offices, cases where electricity consumption in kWh is presented on the property owner's invoice, and transport with vehicles owned or leased by Sweco.

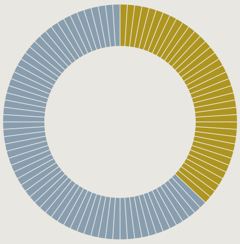
CERTIFIED SQUARE METRES OF OFFICE SPACE. REFERS TO OFFICES AND STOREROOMS.

2018



Certified, 38%
Not certified, 62%

2017



Certified, 37%
Not certified, 63%

SOCIAL CONDITIONS

Socially sustainable development involves enabling all people to meet their basic needs and to live well. It also involves building and maintaining vital common societal functions. Social sustainability appears not only in the results of our projects but is also achieved through the work methods and processes we use, where involvement, citizen dialogue and co-creation serve as important guiding principles.

Sweco's operations are run with a high degree of social responsibility and consideration in accordance with laws and regulations. We support and respect fundamental human rights as specified in the Universal Declaration of Human Rights. Dialogue and collaboration with other operators also play an important role.

In their daily work, all employees are responsible for complying with Sweco's ethical standards in relation to customers, competitors, business partners and society as a whole.

Governance

Every year, Sweco purchases products and services such as IT systems, office supplies and external consulting from suppliers throughout the world. Sweco's Code of Conduct and several policies – including CSR policy, anti-bribery and corruption policy and gifts and business entertainment policy – are in place to enable well-informed purchases and good control of resource efficiency in procurements. Sweco's business ethics framework also covers the management of risks associated with external partners. In our special business partner programme, we impose detailed requirements for ethical business practices on existing and future partners. These requirements for our partners are also included as contractual provisions in our cooperation agreements.

Sweco's core markets are certified under the ISO 9001 for quality management. Our management systems support our efforts to prevent potential risks and to measure and improve customer satisfaction, supplier contacts, and ways in which our solutions make an impact from a sustainability perspective.

Sweco's Group Compliance Officer oversees Sweco's efforts to prevent bribes and corruption and is responsible for regularly reporting on the results of compliance with these policies to Sweco's Board of Directors.

Focus issues

Sweco works almost exclusively with other operators, such as subconsultants, in projects that shape society and impact people's lives. To ensure that we take joint responsibility in our projects and for the methods we use when doing business, we impose detailed requirements for ethical business practices on existing and future partners. These requirements are presented in Sweco's business partner programme.

The business partner programme specifies processes and procedures for assessing new and existing partners in terms of their capacity to meet Sweco's business ethics requirements. Prior to signing agreements with new partners, Sweco conducts both a general risk assessment in accordance with quality assurance procedures and a specific ethics assessment. This assessment, which follows internationally recognised standards (e.g., World Bank guidelines) is then conducted annually during the contract period. An external supplier, ethiXbase, is used if required.

Internal audits conducted in 2018 showed generally high levels of awareness and use of the business partner programme, although some parts of the organisation require additional measures to achieve an even higher degree of awareness about CSR-related risks.

EMPLOYEES

Sweco needs to be the most attractive employer, recruit the best people in the industry, and be the preferred choice for the most talented people. Approachable and committed employees are the core of Sweco's business.

By working with the most interesting and exciting projects, Sweco becomes an attractive employer – locally and globally. Focus on development opportunities and a positive corporate culture are prerequisites for attracting the best architects and engineers. This involves development through daily work tasks and specific training programmes through Sweco Academy.

We recruit highly skilled consultants who have the authority to make decisions that produce the right end result for our customers. This also sets high standards for individual business ethics awareness. This is why Sweco has a well-defined business ethics framework.

Sweco works systematically with employee development, equality and diversity, and occupational health and safety. This includes ensuring that the performance of every employee is managed in the best possible way. Several companies within Sweco also include in their business plans specific goals linked to workplace equality and diversity.

A special group-wide council – the Sweco European Works Council, with representatives from all Sweco countries – has been in place since 2016 to ensure open dialogue, information exchange and collaboration between employees and Sweco's Executive Team. The council monitors cross-border issues, such as development opportunities, organisational changes and new working methods, from a group perspective.

Governance

Sweco's Code of Conduct and business ethics framework assist Sweco's employees in conducting themselves in accordance with the company's values and in a responsible manner. The Code of Conduct provides guidance in maintaining trust and credibility with our stakeholders. By meeting the high standards specified in the Code of Conduct, Sweco complies with rules and regulations, mitigates risks, and is more attractive to employees, customers and other stakeholders. Read more about Sweco's internal work and business ethics framework in the Business Ethics and Anti-corruption section on page 17.

Sweco works systematically to investigate, conduct and monitor operations in such a way as to prevent illness and on-the-job accidents and to continuously improve the working environment. Operations in all Sweco's core markets are certified in accordance with OHSAS 18001 standard. Our management systems enable the operations to manage work environment risks and improve work environment performance.

Sweco conducts systematic evaluations to ensure that resources are invested in the right issues regarding employees. This is done through, among other things, an annual employee survey and annual performance reviews. Employee satisfaction is measured annually through the group-wide employee survey. All employees employed for at least three months are asked to provide their feedback. This is an important indicator of how well Sweco is developing as a customer-focused company where all employees can develop and be successful. Indicators with less-than-optimal results are followed up by the immediate manager and the HR department. Together they analyse the results and set up action plans for improvement.

Focus issues

Employee development

We need to continuously ensure that we always possess the expertise demanded by our customers. Sweco works systematically to offer professional development. The ability to offer development opportunities and an engaging corporate culture to all employees is crucial to our continued success and customer satisfaction. Focus is on development, performance, expertise, knowledge sharing and leadership. Among other things, we offer training courses from day one through Sweco Academy and with the support of experienced colleagues and managers.

We hold annual performance reviews – Sweco Talk – to ensure that each employee develops in their job. In 2018, annual review discussions were held with 88 per cent (88) of employees, and 4.2 (4.1) on a 5-point scale felt that they are able to influence their own professional development. We also have a specific process for identifying talents with leadership potential who have the capability to take on greater responsibility.

This year's employee survey had a response rate of 89 per cent (90). Scores on all questions improved over last year's survey and remained high for motivation, loyalty and commitment. Nearly 8 out of 10 employees feel a high level of satisfaction in their job. Results for leadership were also good, with approximately 86 per cent (81) of employees stating that their manager is doing an excellent job. Additional information on Sweco's 2018 employee survey is presented on page 14 of the annual report.

Occupational health and safety

The health and safety of all Sweco employees is top priority. Sweco strives to maintain a physical and psychosocial work environment where all employees can develop and thrive in a climate of physical and emotional well-being. Our workplaces need to be free from discrimination, harassment and retaliation. We promote open communication with respect for all opinions.

Sweco works systematically to investigate, conduct and monitor operations in such a way as to prevent illness and on-the-job accidents and to continuously improve the work environment. Our management systems support this entire process. The annual performance reviews and employee surveys are key follow-up tools. Managers play an important role in creating a good work environment and the HR department provides support in identifying solutions to work-related problems, as regards both preventative measures and plans for returning to work.

The total number of incidents/accidents increased somewhat in 2018. All of the year's incidents/accidents required further action pursuant to OHSAS 18001. Follow-up responsibility is local, so measures are taken in the relevant country with support from Sweco's HR department. Among other things, the Group has introduced new common business travel insurance.

Sweco held several work environment training sessions in 2018, at operations in Sweden and elsewhere. Various other initiatives were arranged, including sports activities and talks on mental training and the importance of a healthy lifestyle – this is something that will be focused on also in future.

Equality and diversity

Sweco views diversity among employees as essential to creating an innovative and inspiring working environment, and actively promotes equal rights and opportunities in the workplace regardless of gender, ethnic origin, nationality, religious belief, disability, sexual orientation or age. Or as Gunnar Nordström, one of Sweco's founders, said: "Our company's organisation should reflect the diversity of the society that we operate in."

Unjustifiable salary disparities for identical or equivalent work are prohibited. All employees are given equal opportunities for professional development in their existing fields and in new areas. The annual employee survey is an important follow-up tool.

The Swedish operations took several initiatives during the year to highlight the issue of equal treatment. These included multiple workshops and lectures on workplace harassment and equality. Specific efforts have been made to develop an equal treatment plan that clarifies procedures and routines concerning equal treatment issues in various areas, including the recruitment process. Sweco takes proactive measures to prevent discrimination and promote equal treatment. In all recruitments and promotions, equal opportunity is offered to all applicants regardless of gender, transgender identity or expression, ethnic background, religion or other belief system, disability, sexual orientation or age.

In 2018, Sweco was once again included on the green list of equal companies presented in the annual report from AllBright, which maps gender distribution among listed companies' management teams every year. Sweco's Executive Team is 42 per cent female and its Board of Directors is 63 per cent female.

Sweco has taken several steps to promote diversity in society. In 2018, Sweco signed the Equal by 2030 initiative, which works to increase female representation in the energy industry.

Several initiatives were taken in a number of Sweco's markets to broaden the recruitment base, make a contribution in the then prevailing refugee crisis, and utilise valuable expertise. For example, Sweco decided in 2015 to join "Sweden Together – the 100 Club", a national initiative to facilitate labour market entry for new arrivals to Sweden. Three years later, more than 100 people have been offered internships at Sweco, of which nearly 40 per cent have resulted in employment.

Key Result Indicators

	2018	2017
Employee turnover, %	15	17
Sickness absence, %	3.1	3.5
Female employees, %	32.3	31.4
Number of incidents/accidents	79	68

Satisfied employees on "Motivate – Recommend – Retain"
- 81 per cent (78) of employees feel motivated in their daily work
- 80 per cent (77) of employees would recommend Sweco to others as a workplace
- 78 per cent (76) of employees would like to still be working at Sweco in one year's time

RESPECT FOR HUMAN RIGHTS

Sweco complies with the laws, regulations and other requirements applicable to operations in the countries in which the Group operates. Sweco also works in accordance with the Universal Declaration of Human Rights and the principles in the UN Global Compact.

Human rights violations are strictly prohibited. Sweco does not tolerate child labour (defined as work that deprives children of their childhood, their potential and their dignity, and work that is harmful to their physical and mental development) in any part of its own operations or in the operations of any business partner. To Sweco, this means work that is mentally, physically, socially or morally dangerous and harmful to anyone under the age of 18, and interferes with the schooling of anyone under the age of 16 by depriving them of the opportunity to attend school, obliging them to leave school prematurely, or requiring them to attempt to combine school attendance with excessively long and arduous work. Neither does Sweco tolerate forced labour, contemporary forms of slavery, debt bondage and human trafficking.

We actively promote equal rights and opportunities in the workplace regardless of gender, ethnic origin, nationality, religious belief, disability, sexual orientation or age, both within the company and in its relationships with customers and other external stakeholders.

The main human rights-related risk is unequal rights and opportunities in the workplace due to gender, transgender identity or expression, ethnicity, religious belief, disability, sexual orientation or age. Sweco is deeply committed to ensuring equal rights and opportunities in the workplace. Sweco's views on human rights are defined in the company's CSR policy. Action plans for handling deficiencies in this respect have been developed and are used within the company.

Key Result Indicators

No (0) human rights violations were identified during the year pursuant to Sweco's business ethics reporting process.

BUSINESS ETHICS AND ANTI-CORRUPTION

Fighting corruption involves taking responsibility for the projects Sweco carries out and the business methods that are used. As experts in planning and designing tomorrow's communities and cities, this is an absolute prerequisite for long-term success and is therefore a key sustainability indicator for Sweco.

Sweco takes a zero-tolerance approach to any kind of bribery, corruption, fraud and competition-restricting practices. Sweco's operations involve an international presence. This may lead to increased exposure to CSR-related risks, especially when working in cooperation with external third parties and joint ventures. Sweco's business partner programme was developed to address these risks.

Sweco's work to fight corruption is as important in its home markets as in its export projects. Employees and managers receive regular training in business ethics issues, pursuant to Sweco's specific training principles, in order to increase awareness, generate internal dialogue and equip employees with an ethical compass. By informing and educating employees regarding business ethics and encouraging them to report suspected or confirmed instances of corruption, Sweco is committed to consolidating a real and positive change throughout its operations. During 2018 we saw a positive development, with an increased share of employees completing internal training in business ethics and familiarising themselves with the CSR policy and the Code of Conduct.

An employee who suspects business ethics improprieties is obligated to report this, in the first instance to his or her manager, manager's manager, HR or Group Legal Affairs staff and, in cases where anonymity is called for, via Sweco's whistle-blower function (the Sweco Ethics Line).

Governance

Sweco's basic view on anti-corruption is specified in the company's CSR policy, which forms the basis for Sweco's business ethics framework. The policy covers all business areas and subsidiaries and clarifies, among other things, that Sweco has zero tolerance for bribery, corruption, fraud and competition-restricting practices. Sweco's Code of Conduct is the collective ethical guidelines for ensuring responsible conduct. All employees confirm each year that they have read and understood the CSR policy and Code of Conduct. Multiple qualitative measures are in place to ensure compliance with the CSR policy. If an employee fails to read and sign the policy, an escalation process is initiated notifying the immediate supervisor to remind the employee to do so. When necessary, a reminder is also sent to the supervisor's manager. All Ethics Line incidents are followed up and reported on.

All employees are also required to familiarise themselves and comply with Sweco's policies for anti-corruption and bribes, gifts and business entertainment, and sponsorship. Sweco also has in place risk management procedures that regulate whether or not Sweco will submit a tender for a project and ensure responsible conduct throughout the course of the project.

Where applicable, group-wide and local guidelines have specified responsibility in each area in greater detail.

Sweco also follows and complies with the Code of Ethics formulated by the International Federation of Consulting Engineers (FIDIC). For example, in export projects Sweco bases its work on FIDIC standard agreements, in which the terms and conditions include the FIDIC Code of Ethics. Business ethics is a standing item on Group Executive Team meeting agendas. Compliance with CSR and anti-corruption policies are evaluated and measured annually in all of Sweco's markets. This is done, for instance, by examining the number of employees who have signed the CSR policy and the Code of Conduct and completed business ethics training.

Internal audits were conducted of projects in home and export markets in 2018. These showed a generally high level of awareness of and compliance with Sweco's business ethics framework, although some parts of the organisation require more detailed measures for implementation.

Key Result Indicators

	2018	2017
CSR policy per cent of Sweco employees confirmed that they have read and understood Sweco's CSR policy	95.0	75.1
Code of Conduct per cent of Sweco employees confirmed that they have read and understood Sweco's Code of Conduct	94.1	77.5
Internal Business Ethics training per cent of Sweco employees who are required to complete internal training in business ethics have done so	92.6	85.2
Ethics Line number of compliance incidents reported through Sweco's Ethics Line	2	4

CONSOLIDATED INCOME STATEMENT

SEK M	Note	2018	2017
Net sales	2, 3, 33	18,735	16,887
Other operating income		14	2
Other external expenses	4, 5, 33	-4,661	-4,187
Personnel costs	6, 27	-12,177	-10,938
EBITDA		**1,911**	**1,763**
Amortisation/depreciation and impairment losses	3, 7	-280	-272
EBITA	3	**1,631**	**1,492**
Acquisition-related items[1]	7	-77	-67
Operating profit (EBIT)	3	**1,554**	**1,425**
Financial income	8, 33	7	9
Financial expenses	8, 33	-64	-61
Profit from participations in associated companies and joint ventures	8	10	3
Net financial items	8	**-47**	**-49**
Profit before tax		**1,508**	**1,377**
Income tax expense	10	-254	-154
PROFIT FOR THE YEAR		**1,254**	**1,223**
Profit for the year attributable to:			
Owners of the Parent Company		1,252	1,221
Non-controlling interests		1	2
Earnings per share attributable to owners of the Parent Company	11		
Basic earnings per share, SEK		10.58	10.23
Diluted earnings per share, SEK		10.33	10.04

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	2018	2017
Profit for the year		**1,254**	**1,223**
Items that will not be reversed to profit or loss			
Revaluation of defined benefit pensions, net after tax	10	-11	1
Total items that will not be reversed to profit or loss		**-11**	**1**
Items that may be subsequently reversed to profit or loss			
Exchange difference on translation of foreign operations		120	62
Hedge of net investment in subsidiary, net after tax	10	-31	-38
Total items that may be subsequently reversed to profit or loss		**89**	**25**
COMPREHENSIVE INCOME FOR THE YEAR		**1,332**	**1,249**
Comprehensive income attributable to:			
Owners of the Parent Company		1,330	1,247
Non-controlling interests		2	2

CONSOLIDATED BALANCE SHEET

SEK M	Note	31 Dec 2018	31 Dec 2017
ASSETS	3, 32		
Non-current assets			
Goodwill	13	6,615	6,278
Other intangible assets	13	300	315
Property, plant and equipment	14	668	610
Investments in associates	16	2	7
Investments in joint ventures	17	0	0
Financial investments	18	10	13
Deferred tax assets	10	279	212
Other non-current receivables	21, 27	130	111
Total non-current assets		**8,004**	**7,546**
Current assets			
Trade receivables	33	3,243	3,046
Work in progress less progress billings	22	2,145	2,614
Inventories		12	8
Current tax assets		6	2
Other current receivables		271	209
Prepaid expenses and accrued income	23	251	283
Cash and cash equivalents	24	775	572
Total current assets		**6,703**	**6,734**
TOTAL ASSETS		**14,708**	**14,279**
EQUITY AND LIABILITIES			
Equity	25		
Share capital		121	122
Other contributed capital		3,088	3,088
Reserves		46	-42
Retained earnings, including profit for the year		3,047	2,799
Equity attributable to owners of the Parent Company		**6,302**	**5,967**
Non-controlling interests		10	12
Total equity		**6,312**	**5,979**
Liabilities	3, 32		
Non-current liabilities			
Non-current interest-bearing liabilities	26, 29	2,177	2,192
Provisions for pensions	27	128	112
Other non-current provisions	28	251	236
Deferred tax liabilities	10	491	425
Other non-current liabilities		37	23
Total non-current liabilities		**3,084**	**2,988**
Current liabilities			
Current interest-bearing liabilities	26, 29	542	79
Provisions for pensions	27	9	18
Other current provisions	28	20	27
Progress billings in excess of work in progress	22	1,224	1,849
Trade payables	33	636	625
Current tax liabilities		194	231
Other current liabilities	30	930	841
Accrued expenses and prepaid income	30	1,758	1,642
Total current liabilities		**5,312**	**5,313**
Total liabilities		**8,396**	**8,300**
TOTAL EQUITY AND LIABILITIES		**14,708**	**14,279**

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

CONSOLIDATED CASH FLOW STATEMENT

SEK M	Note	2018	2017
Operating activities			
Profit before tax		1,508	1,377
Adjustments for non-cash items			
Capital gains/losses		-2	-3
Amortisation/depreciation and impairment losses	3, 7	357	340
Difference between pension premiums expensed and paid		-12	-26
Share bonus scheme and share savings scheme		117	98
Other items		-2	4
Total non-cash items		**459**	**413**
Income taxes paid		-329	-226
Cash flow from operating activities before changes in working capital		**1,637**	**1,564**
Changes in working capital			
Change in current receivables		512	-413
Change in current liabilities		-676	-91
Cash flow from operating activities		**1,473**	**1,060**
Investing activities			
Purchase of intangible assets		-55	-41
Disposal of intangible assets		0	0
Purchase of property, plant and equipment		-266	-230
Disposal of property, plant and equipment		15	10
Acquisition of subsidiaries and operations, net cash effect	12	-256	-136
Disposal of subsidiaries and operations, net cash effect	12	-1	13
Disposal of associated companies		8	–
Acquisition of financial investments		0	0
Disposal of financial investments		3	1
Change in non-current receivables		-16	18
Cash flow from investing activities		**-569**	**-364**
Financing activities			
Capital distribution to owners of the Parent Company	25	-593	-513
Capital distribution to non-controlling interests		-1	-1
Repurchase of treasury shares	25	-520	-289
Borrowings	26	1,162	1,114
Repayment of borrowings	26	-742	-1,317
Cash flow from financing activities		**-693**	**-1,005**
CASH FLOW FOR THE YEAR		**211**	**-309**
Cash and cash equivalents at beginning of year	24	**572**	**892**
Foreign exchange differences in cash and cash equivalents		**-9**	**-11**
Cash and cash equivalents at end of year	24	**775**	**572**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK M	Note	Share capital	Other contributed equity	Reserves	Retained earnings	Equity attributable to owners of the Parent Company	Non-controlling interests	Total equity
Equity at 1 January 2017		**122**	**3,088**	**-66**	**2,281**	**5,424**	**10**	**5,435**
Profit for the year		–	–	–	1,221	1,221	2	1,223
Other comprehensive income for the year		–	–	24	1	25	0	25
Comprehensive income for the year		–	–	24	1,222	1,247	2	1,249
Capital distribution to the shareholders – dividend	25	–	–	–	-513	-513	-1	-514
Share bonus scheme – new share issue		0	–	–	0	0	–	0
Share bonus scheme – value of employee service		–	–	–	93	93	–	93
Share savings scheme – value of employee service		–	–	–	5	5	–	5
Repurchase of treasury shares		–	–	–	-289	-289	–	-289
EQUITY AT 31 DECEMBER 2017		**122**	**3,088**	**-42**	**2,799**	**5,967**	**12**	**5,979**
Profit for the year		–	–	–	1,252	1,252	1	1,254
Other comprehensive income for the year		–	–	88	-11	77	1	78
Comprehensive income for the year		–	–	88	1,242	1,330	2	1,332
Capital distribution to the shareholders – dividend	25	–	–	–	-593	-593	-1	-594
Acquisition of non-controlling interests	12	–	–	–	0	0	0	–
Disposal of non-controlling interests	12	–	–	–	–	–	-3	-3
Share bonus scheme – new share issue		-1	–	–	1	–	–	–
Share bonus scheme – value of employee service		–	–	–	112	112	–	112
Share savings scheme – value of employee service		–	–	–	5	5	–	5
Sale of treasury shares								
Repurchase of treasury shares		–	–	–	-520	-520	–	-520
EQUITY AT 31 DECEMBER 2018		**121**	**3,088**	**46**	**3,047**	**6,302**	**10**	**6,312**
Proposed capital distribution to the shareholders								
Dividend	25, 35				-666	-666		-666

PARENT COMPANY INCOME STATEMENT

SEK M	Note	2018	2017
Net sales	3, 33	703	621
Total operating income		**703**	**621**
Other external expenses	3, 4, 5, 33	-581	-514
Personnel costs	6	-98	-79
Amortisation/depreciation and impairment losses	3, 7	-55	-57
Total operating expenses		**-734**	**-650**
Operating profit/loss	3	**-30**	**-29**
Profit from investments in group companies	8	993	1,223
Financial income	8, 33	12	8
Financial expenses	8, 33	-60	-31
Net financial items	8	**945**	**1,200**
Profit after net financial items		**915**	**1,171**
Appropriations	9	-164	-178
Profit before tax		**751**	**994**
Income tax expense	10	-110	-127
PROFIT FOR THE YEAR		**640**	**866**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK M	2018	2017
Profit for the year	**640**	**866**
COMPREHENSIVE INCOME FOR THE YEAR	**640**	**866**

PARENT COMPANY BALANCE SHEET

SEK M	Note	31 Dec 2018	31 Dec 2017
ASSETS	3, 32		
Intangible assets	13	**40**	**61**
Property, plant and equipment	14	**54**	**36**
Financial assets			
Investments in group companies	15	4,511	4,511
Receivables from group companies	20	1,833	1,833
Other non-current securities	19	1	1
Other non-current receivables		13	2
Total financial assets		**6,358**	**6,347**
Total non-current assets		**6,452**	**6,444**
Current assets			
Receivables from group companies	20	2,138	2,295
Other receivables		60	3
Prepaid expenses and accrued income	23	82	78
Cash and bank	24	381	218
Total current assets		**2,661**	**2,594**
TOTAL ASSETS		**9,113**	**9,038**
EQUITY AND LIABILITIES			
Equity			
Restricted equity	25		
Share capital		121	122
Statutory reserve		188	188
Development expenditure fund		35	34
Total restricted equity		**344**	**344**
Non-restricted equity	25		
Share premium reserve		2,900	2,900
Retained earnings		564	686
Profit for the year		640	866
Total non-restricted equity		**4,104**	**4,452**
Total equity		**4,448**	**4,796**
Untaxed reserves	9	**354**	**190**
LIABILITIES	3, 32		
Non-current liabilities			
Liabilities to group companies		–	10
Liabilities to credit institutions	26	1,690	1,980
Other non-current liabilities	26	13	2
Total non-current liabilities		**1,703**	**1,991**
Current liabilities			
Current interest-bearing liabilities	26	450	8
Trade payables		46	43
Liabilities to group companies		1,997	1,918
Current tax liabilities		70	64
Other current liabilities	30	13	2
Accrued expenses and prepaid income	30	32	27
Total current liabilities		**2,608**	**2,061**
Total liabilities		**4,311**	**4,052**
TOTAL EQUITY AND LIABILITIES		**9,113**	**9,038**

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

PARENT COMPANY CASH FLOW STATEMENT

SEK M	Note	2018	2017
Operating activities			
Profit after net financial items		915	1,171
Adjustments for non-cash items			
Capital gains/losses		–	-13
Amortisation/depreciation and impairment losses	7	55	57
Dividends and group contributions	8	-739	-796
Difference between interest recognised and received/paid	8	1	-2
Other items		27	-3
Total non-cash items		**-656**	**-756**
Income taxes paid		-104	-79
Cash flow from operating activities before changes in working capital		**155**	**336**
Changes in working capital			
Change in current receivables		131	53
Change in current liabilities		104	-200
Cash flow from operating activities		**390**	**190**
Investing activities			
Purchase of intangible assets	13	-11	-18
Purchase of property, plant and equipment	14	-42	-7
Disposal of property, plant and equipment		0	–
Divestment of subsidiaries, net cash effect	25	–	14
Cash flow from investing activities		**-53**	**-10**
Financing activities			
Group contributions		796	471
Capital distribution to owners of the Parent Company	25	-593	-513
Repurchase of treasury shares	25	-520	-289
Borrowings	26	885	1,108
Repayment of borrowings	26	-744	-1,308
Cash flow from financing activities		**-175**	**-531**
CASH FLOW FOR THE YEAR		**163**	**-351**
Cash and cash equivalents at beginning of year	24	**218**	**570**
Cash and cash equivalents at end of year	24	**381**	**218**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK M	Note	Share capital	Statutory reserve	Development expenditure fund	Total restricted	Share premium reserve	Retained earnings	Total non-restricted	Total equity
Equity at 1 January 2017	25	**122**	**188**	–	**310**	**2,900**	**1,416**	**4,316**	**4,626**
Profit for the year		–	–	–	–	–	866	866	866
Comprehensive income for the year		–	–	–	–	–	866	866	866
Capital distribution to the shareholders – dividend		–	–	–	–	–	-513	-513	-513
Development expenditure fund		–	–	34	34	–	-34	-34	–
Share bonus scheme – new share issue		0	–	–	0	–	0	0	–
Share bonus scheme – value of employee service		–	–	–	–	–	93	93	93
Share savings scheme		–	–	–	–	–	13	13	13
Repurchase of treasury shares		–	–	–	–	–	-289	-289	-289
EQUITY AT 31 DECEMBER 2017	25	**122**	**188**	**34**	**344**	**2,900**	**1,552**	**4,452**	**4,796**
Profit for the year		–	–	–	–	–	640	640	640
Comprehensive income for the year		–	–	–	–	–	640	640	640
Capital distribution to the shareholders – dividend		–	–	–	–	–	-593	-593	-593
Development expenditure fund		–	–	1	1	–	–	–	1
Share bonus scheme – new share issue		-1	–	–	-1	–	1	1	–
Share bonus scheme – value of employee service		–	–	–	–	–	112	112	112
Share savings scheme		–	–	–	–	–	12	12	12
Repurchase of treasury shares		–	–	–	–	–	-520	-520	-520
EQUITY AT 31 DECEMBER 2018	25	**121**	**188**	**35**	**344**	**2,900**	**1,203**	**4,104**	**4,448**
Proposed capital distribution to the shareholders									
Dividend	25, 35						-666	-666	-666

NOTES Amounts in SEK M unless otherwise specified.

1 SIGNIFICANT ACCOUNTING POLICIES

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

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

The annual report and consolidated financial statements were approved for publication by the Board of Directors on 14 March 2019. The income statements and balance sheets of the Parent Company and the Group will be presented to the Annual General Meeting for adoption on 11 April 2019.

Amounts in brackets refer to the corresponding period of the previous year. Because table items are individually rounded off, table figures do not always tally.

Basis of preparation of the consolidated and Parent Company financial statements
Assets and liabilities are recognised at historical cost, with the exception of certain financial assets and liabilities that are reported at fair value. Financial assets and liabilities reported at fair value consist of derivatives, financial assets classified as financial assets at fair value through profit and loss, and available-for-sale (AFS) financial assets.

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

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

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

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

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

Changed accounting policies
Changes in accounting policies resulting from new, revised or amended IFRS
Below is a description of the changed accounting standards that are applied by the Group with effect from 1 January 2018. Other changes in IFRS with application as of 2018 have not had any significant impact on the consolidated financial statements.

The Group has applied IFRS 9, Financial Instruments, which replaced IAS 39, Financial Instruments: Recognition and Measurement, since 1 January 2018. The standard introduces a new model for classifying and measuring financial assets, a forward-looking approach for expected credit losses and hedge accounting that mirrors risk management in the entity. The comparatives for 2017 have not been restated.

The new standard has no material effect on the Group's financial statements. In terms of classification and measurement of financial assets, the majority of Sweco's financial assets are debt instruments for which the objective is to collect the contractual cash flows and which are therefore classified as 'hold to collect' and measured at amortized cost. Equity instruments held for the purpose of benefitting Sweco's operations are classified as "hold to collect and sell", and measured at fair value through other comprehensive income. The new classification and valuation model has therefore not changed the measurement method applied in the Group.

The table below shows the classification and valuation before and after application of the new standard.

Financial assets	**IAS 39 Reported at 31 December 2017**			
Category	Available-for-sale assets	Asset held for trading	Held-to-maturity	Loan receivables and trade receivables
Valuation	Fair value through other comprehensive income	Fair value through profit and loss	Amortised cost	
Shares	13	–	–	–
Non-current receivables	–	–	93	17
Trade receivables	–	–	–	3,046
Cash and cash equivalents	–	–	–	572
Currency forward contracts for hedging	–	1	–	–
TOTAL	**13**	**1**	**93**	**3,635**

Financial assets	**IFRS 9 Reported at 1 January 2018**		
Category	Hold to collect	Hold to collect and sell	Other
Valuation	Amortised cost	Fair value through other comprehensive income	Fair value through profit and loss
Shares	–	13	–
Non-current receivables	110	–	–
Trade receivables	3,046	–	–
Cash and cash equivalents	572	–	–
Currency forward contracts for hedging	–	–	1
TOTAL	**3,728**	**13**	**1**

As regards expected credit losses, Sweco has chosen the standard's simplified approach, a life-time expected credit loss. The new impairment model did not have any material effect on financial statement opening balances at the transition date, as the IFRS 9 provision for expected credit losses is at the same level as the previous provision. Because the economic environment in which Sweco operates (primarily Europe) is currently strong, an IFRS 9 forward-looking approach did not support any change to the expected credit loss rate as at the transition date. This may change, however, if the economic situation deteriorates. Historically, Sweco's operations have deteriorated late in the business cycle, and it is the company's assessment that this relation remains valid. Provisions of doubtful trade receivables stemming from earlier acquisitions have been exempted from the new forward-looking expected credit loss provision. Under IAS 39, which was applied during 2017, a provision for impairment of trade receivables was established when there was objective evidence that the Group would be unable to collect all amounts due pursuant to the original terms of those receivables. Significant financial difficulties of the debtor and default or delinquency of payments were considered objective evidence of impairment.

As of 1 January 2018, the Group has applied IFRS 15, Revenue from Contracts with Customers, which is the standard that regulates the recognition of revenue. IFRS 15 supersedes IAS 18, Revenue, and IAS 11, Accounting for Construction Contracts, and the SICs and IFRICs related thereto. The standard permits two methods of adoption: a full retrospective approach, or a retrospective approach with the cumulative effect recognised as an adjustment in equity. Sweco decided on the second method and comparative figures for 2017 are therefore not restated.

The new standard had a limited effect on the consolidated financial statements. Areas with potential impact for 2018 were:

- Accounting for incremental costs of obtaining a contract and contract costs incurred to fulfil a contract – in 2017 Sweco expensed costs that related directly to the contract and were expected to be recovered. Under IFRS 15 these costs are eligible for capitalisation and recognised as a contract asset. This was not material and therefore no adjustment was made to the opening balance at 1 January 2018.
- Accounting for item sales and licences – an analysis of the accounting of 2017 income from certain item sales and licenses showed that the new standard would not result in any material change in revenue recognition. Therefore no adjustment was made to the opening balance at 1 January 2018.
- Classification of contract costs – in 2017 Sweco reported some contract costs as a cost rather than a decrease in revenue. This was not material and therefore no adjustment was made to the opening balance at 1 January 2018.

New IFRS standards that are not yet applied:
A number of new, revised or amended IFRS standards take effect in future financial years and have not been adopted in advance in preparing this year's financial statements. Sweco does not plan to adopt new features or changes for future application in advance of the effective date.

IFRS 16, Leases, supersedes existing standards related to the recognition of leases, such as IAS 17 Leases and IFRIC 4 Determining Whether an Agreement Contains a Lease. The Group will apply the standard from 1 January 2019.

IFRS 16 will primarily affect lessees. The main effect of the new standard is that all leases currently reported as operating leases are to be reported in a manner similar to the current accounting of finance leases; i.e., accounted for as a right-of-use asset. This means that also operating lease assets and liabilities need to be reported on the balance sheet, and depreciation and interest expense in the income statement, as opposed to the current practice under which leasing fees are reported as operating expenses. Exceptions are available for low-value leases and leases shorter than 12 months.

Sweco has in all material aspects finalised the assessment of the transition to IFRS 16 and the estimated effects on the financial statements are shown in the tables below. As a lessee, Sweco may choose to apply the standard either retroactively or with a modified retrospective approach. Sweco has chosen the full retrospective transition method and has accordingly accounted for all contracts as if IFRS 16 had always been applied. Due to the selected transition method, Sweco will restate the comparative numbers for 2018.

Sweco has chosen to use the practical expedient for leases of low value and leases shorter than 12 months. These leases will be expensed in the period which they occur and will not be recognised in the balance sheet. The Group will apply the relief rule to "inherit" the former definition of leasing at the transition. This means that Sweco will apply IFRS 16 to all contracts entered into prior to 1 January 2019 that have been identified as leases under IAS 17 and IFRIC 4. Sweco has used hindsight to determine the lease term when a contract contains an extension or termination option. Finance leases have been reclassified to the reported values immediately prior to transition, i.e. reported value as of 31 December 2017.

IFRS 16 states that the implicit interest rate of each lease contract should be applied.

Sweco has used that interest rate when it is available. In most cases, however, the implicit interest rate has not been available. The alternative approach provided by IFRS 16 for such situations is to apply the lessee's incremental borrowing rate. The incremental borrowing rate used by Sweco is estimated based on Sweco's interest rate margin, contract length and country-specific interest rate levels where the asset is leased.

Sweco's lease portfolio contains approximately 2,800 contracts and consists of leases of offices, vehicles and equipment. The most significant impact on the financial statements comes from the office leases.

Sweco's ability to meet its obligations under existing loan agreements will not change with the introduction of IFRS 16.

Estimated impact on the financial statements:

Income statement	**2018**
EBITDA	**637**
Amortisation/depreciation and impairments	-574
EBIT	**63**
Financial net	-60
Profit before tax	**3**
Income taxes	-1
Total change in net profit of the year	**2**

Balance sheet	**31 Dec 2018**	**1 Jan 2018**
Property, plant and equipment	-88	-86
Right-of-use asset	2,724	2,585
Other receivables	63	63
Deferred tax assets	41	42
Prepaid expenses and accrued income	-53	-72
CHANGE IN TOTAL ASSETS	**2,688**	**2,531**
Equity	-144	-144
Leasing liabilities	2,817	2,661
Provisions	15	13
Other liabilities	0	0
CHANGE IN EQUITY AND LIABILITIES	**2,688**	**2,531**

The estimated bridge from the reported future lease payments under IAS 17 (see Note 5, Operational leases for 2017) to the transition to IFRS 16 is shown in the table below:

Lease liabilities	
Reported operating lease commitments 31 December 2017	3,583
Discounting of cash flows	-219
Finance lease liabilities recognised 31 December 2017	94
Less low-value and short-term leases	-27
Non-lease components of lease agreements	-213
Adjustments resulting from different treatment of extension and termination options	-452
Adjustments relating to changes in the index or rate affecting variable payments	-43
Other	33
LEASE LIABILITIES RECOGNISED 1 JANUARY 2018	**2,756**

With transition to IFRS 16, re-allocations will be made in the cash flow of previous operating lease payments, which under IFRS 16 are reported as interest and amortisation on the lease liability. Cash flow from operating activities will therefore increase and cash flow from financing activities will decrease.

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

New accounting policies from 1 January 2019

Right-of-use assets and lease liability

A right-of-use asset is an asset that Sweco is entitled to use for a period of time in accordance with contractual terms in exchange for a consideration. In order to be considered a right-of-use asset for Sweco, the contract must convey the right to control the use of an identified asset from which Sweco obtains substantially all economic benefit, and the right to direct the use of the identified asset (i.e., Sweco has the right to direct how and for what purpose the asset is used). Sweco does not have control of the asset if the supplier in practice is able to substitute an alternative asset throughout the period of use and gain economic benefit from exercising that right. The right-of-use period for Sweco is defined as the non-cancellable period.

Sweco has chosen to apply the expedients; accordingly, short-term and low-value leases are not considered right-of-use assets and are recognised as an expense in the income statement in the period they occur.

The right-of-use asset should be measured at cost and is comprised of the following;

- The initial lease liability measurement calculated at the present value of lease payments that are unpaid at that date. Lease payments are discounted by applying the implicit interest rate, or incremental borrowing rate;
- Any lease payments made on or before the commencement date;
- Any initial direct cost incurred by the lessee (excluding costs for construction or design of the underlying asset);
- An estimated cost to be incurred by the lessee for dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to a condition required in the contract;
- Less any accumulated depreciation and any accumulated impairment; and
- Adjusted for any remeasurement of the lease liability
  - when there is a change in the lease term, the revised lease payments should be determined on the basis of the revised lease terms as a new lease; or
  - there is a change in the assessment of an option to purchase the underlying asset; or
  - remeasurement arising from a change in the amounts expected to be payable under a residual value guarantee; or
  - remeasurement arising from a change in future lease payments resulting from a change in an index or a rate.

Variable charges are expensed as incurred.

Assets are depreciated to residual value on a straight-line basis over the estimated useful life of the asset. The right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Alternative Performance Measures

Alternative Performance Measures (APM) are measures of operating results and financial performance that are not specified or defined in IFRS. The presentation of non-IFRS financial measures is limited as an analytical tool and should not be used as a substitute for key ratios pursuant to IFRS. Sweco believes that the APMs will enhance investors' evaluation of ongoing operating results, aid in forecasting future periods and facilitate meaningful comparison of results between periods. The non-IFRS financial measures presented in this report may differ from similarly titled measures used by other companies. Below follows a more detailed description of the most important APMs. A complete list of all Sweco's definitions can be found on page 109.

- Organic growth – Organic growth is growth in Net sales in local currency, excluding the impact of acquisitions and disposals. Sweco considers organic growth a relevant measure for comparing and monitoring underlying growth in Net sales.
- EBITA – EBITA is operating profit before acquisition-related items. Acquisition-related items are amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of additional purchase price and profit and loss on divestment of companies and operations, and profit and loss on the divestments of buildings and land. Acquisition-related items do not include transaction costs, integration costs or similar expenses and these costs are therefore impacting EBITA. EBITA is considered a relevant measure since it facilitates equalised result comparisons between operational, cash-flow-generating business areas.
- EBITA excluding extraordinary items – EBITA excluding extraordinary items (items effecting comparability) is considered a relevant measure to facilitate analysis of the business and underlying earnings. When comparing EBITA to previous periods, it is important to highlight the impact on earnings of income/expense related to items of an extraordinary nature. Extraordinary items refer to transaction expenses, expenses associated with restructuring and/or integration of acquired businesses into the Group. Classification as an "extraordinary item" requires fulfilment of several criteria, including whether the item would have arisen if the acquisition had not taken place and whether the item should be attributed to a project/event identified by senior management.
- Net debt – Net debt is interest-bearing liabilities less cash and cash equivalents, and is considered a relevant measure to understand Sweco's indebtedness.

Classifications

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

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. Within Sweco, operating segments are defined by geography and reflect the operational structure. Operating segment results are reviewed regularly by the CEO. For additional information about the division into and presentation of operating segments, see Note 3.

Basis of consolidation

Subsidiaries

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

All subsidiaries are consolidated pursuant to the acquisition method of accounting, whereby the acquisition of a subsidiary is regarded as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. An acquisition analysis establishes the fair value of the identifiable assets acquired and liabilities assumed as at acquisition, as well as any non-controlling interest in the acquiree. Acquisition-related costs, with the exception of those associated with the issue of equity or debt instruments, are recognised as Other External Expenses.

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

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

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

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

For step-by-step acquisitions, the amount of goodwill is determined on the date when control is obtained. Any previously held equity interests are reported at fair value and changes in value are recognised in profit and loss.

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

For acquisitions conducted between 1 January 2004 and 31 December 2009 in which the acquisition cost exceeded the fair value of identifiable assets and liabilities acquired, the difference was recognised as goodwill. Acquisition-related costs incurred by the Group in connection with business combinations were capitalised as part of the acquisition cost.

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

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

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

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

Acquisitions from non-controlling interests are recognised as equity transactions; i.e., transactions between owners of the Parent Company (retained earnings) and non-controlling interests. As a result, no goodwill arises in these transactions. Changes in non-controlling interests are based on their proportionate share in net assets.

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

Associated companies

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

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

Transaction costs, other than those attributable to the issue of equity or debt instruments, are reported as other external costs. When the Group's share in reported losses of an associated company exceeds the carrying amount of the Group's investment in the associated company, the value of the investment is reduced to zero. Losses are also deducted from long-term interests that, in substance, form part of the investor's net investment in the associated company. Additional losses are recognised to the extent the Group has furnished guarantees to cover associated company losses. The equity method is applied until the date on which the significant influence ceases.

Joint arrangements

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

Transactions eliminated on consolidation

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

Foreign currency

Transactions in foreign currency

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

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from the foreign operation's functional currency to the Group's presentation currency (SEK) at the closing day rate of exchange. Income and expenses in foreign operations are translated to SEK at an average rate that is a reasonable approximation of actual rates on the respective transaction dates. Translation differences arising on translation of foreign operations are recognised in the statement of comprehensive income and accumulated as a separate component of equity (reserves). When a foreign operation is disposed of, the cumulative amount of the exchange differences recognised in other comprehensive income, and accumulated in the separate component of equity relating to that foreign operation, is recognised in profit and loss when the gain or loss on disposal is recognised. Sweco has no group companies in countries with hyperinflationary economies.

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

	2018		2017	
	Closing	Average	Closing	Average
EUR	10.16	10.26	9.84	9.64
NOK	1.03	1.07	1.00	1.03
DKK	1.36	1.38	1.32	1.30
GBP	11.30	11.59	11.08	11.00

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

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

Net investments in foreign operations

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

Revenue

Contracts

Revenue can only be recognised if there is a contract with the customer. A number of criteria should be fulfilled in order for the contract to be enforceable, such as terms of payment and services to be transferred.

Performance obligations

Work that has been promised to the customer under the contract is referred to as a "performance obligation". Performance obligations are assessed and identified at contract inception. Sweco's obligations towards its customers will be derived from the contracts, most of which include only one performance obligation.

For contracts that include multiple obligations, Sweco will, in some cases, bundle these obligations into one performance obligation based on the level of integration between the obligations. Under the standard, it is acceptable to bundle together multiple obligations to form a new, distinct obligation if certain criteria are fulfilled. An obligation is distinct when the customer can benefit from the service on its own, or when the service is separately identifiable. Factors Sweco will then consider are the point in time at which the customer can generate economic benefits, and the relationship and level of integration between the different services Sweco provides.

Transaction price

The transaction price is the price that will be allocated to the performance obligations. The transaction price is the amount to which Sweco expects to be entitled in exchange for the transfer of goods or services; it may include fixed and/or variable amounts. Variable consideration can either increase or decrease the transaction price. If this is specified in the contract, it needs to be estimated and reflected in the transaction price and reassessed on a continuous basis. Variable consideration in Sweco's customer contracts primarily includes incentives and performance bonuses, as well as penalties for delay.

Allocation

The transaction price is allocated to each performance obligation based on a relative stand-alone selling price. The stand-alone selling price is determined at contract inception and allocated based on each item's relative value to the total value of the goods/services. The stand-alone selling price is the price for that good or service when it is sold separately in similar circumstances to similar customers. Sweco will use one of the following methods if the good/service is not sold in a similar situation:

- Adjusted market assessment approach
- Expected cost plus a margin approach

Recognition

Revenue is recognised as performance obligations are satisfied and control has passed, either over time or at a point in time. Revenue can be recognised over time if Sweco's performance does not create an asset with an alternative use to the entity, and Sweco has an enforceable right to payment for performance completed to date. This is applicable for Sweco's consulting services.

The assessment of whether an asset has an alternative use is made at contract inception, and is not reassessed. Sweco takes into account the ability to redirect a product that is partially completed to another customer, considering both formal and practical limitations. A substantive contractual restriction that limits management's ability to redirect the asset indicates that the asset has no alternative use. Practical limitations, such as significant costs required to rework the asset so it can be directed to another customer, indicate that the asset has no alternative use. The "no alternative use" requirement is met in Sweco's customer contracts, as large parts of Sweco's services are unique and are adapted to our customers' specific requirements.

A right to payment exists if Sweco is entitled to payment for performance completed to date in the event the customer terminates the contract for reasons other than Sweco's non-performance. Sweco's assessment of the enforceability of the right to payment includes consideration of the contract terms and any legal precedent. Sweco's right to payment needs to cover cost plus a reasonable profit margin, and not only compensation for costs incurred.

Since performance obligations are satisfied over time, Sweco must measure its progress towards completion to determine the timing of revenue recognition. The purpose of measuring progress toward completion of a performance obligation is to recognise revenue in a pattern that reflects the transfer of control of the promised good or service to the customer. The progress evaluation is done per performance obligation and not per contract. Sweco uses the input method cost incurred in relation to total estimated cost to measure progress towards completion.

An anticipated loss on a contract is recognised immediately in the income statement.

Contract modifications

A contract modification is a change to an existing contract. A contract modification might change the contract's scope, price, or both. A contract modification exists when the parties to the contract approve the modification. An assessment is often needed to determine whether changes to existing rights and obligations should have been accounted for as part of the original contract, or as a separate contract. Contract modifications can be accounted for either as a separate contract, prospectively, or as a catch-up adjustment. The nature of the modification determines the way it is accounted for.

Contract cost

In projects, cost may be incurred before services are transferred to the customer. These may include the incremental cost of obtaining a contract and cost to fulfil a contract. External cost incurred before transferring services to the customer include sales commissions payable in the event Sweco wins the contract and specific guarantee cost for longer projects. If a project is planned to last more than 12 months, external contract cost will be capitalised as an asset and amortised during the project if the cost is expected to be recovered. Sweco will use the practical expedient, which means that contract cost will not be capitalised if the contract is shorter than 12 months.

Service contracts in balance sheet

In the balance sheet, service contracts are recognised at the value of the work performed less confirmed losses and anticipated loss risks. Service contracts where the value of work in progress exceeds progress billings are reported among receivables as work in progress less progress billings. Service contracts in which the value of progress billings exceeds the value of work in progress are reported among liabilities as progress billings in excess of work in progress.

Financial income and expenses

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

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

Financial expenses consist of interest expenses on loans, effects arising from write-backs of present value calculations for provisions, revaluation losses on financial assets at fair value through profit and loss, and impairment losses on financial assets. All borrowing costs are recognised in the income statement through application of the effective interest method, regardless of how the borrowed funds were utilised. Exchange gains and losses are reported net. Exchange gains and losses arising on operating receivables and liabilities are recognised in operating profit, while those arising on financial assets and liabilities are recognised in net financial items or in other comprehensive income.

Financial instruments

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

Recognition and derecognition of assets and liabilities

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

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

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

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

The fair value of a listed financial asset corresponds to the asset's quoted market price on the balance sheet date.

Classification and measurement

The classification of financial instruments is based on the entity's business model for managing the financial instruments, and on the contractual cash flows that are characteristic of the financial asset.

There are three types of financial assets:

- Equity instruments – can be measured at fair value through profit and loss or fair value through other comprehensive income. Items reported at fair value through other comprehensive income cannot be reversed to profit and loss when the instrument is derecognised from the balance sheet.
- Derivatives – are measured at fair value through profit and loss.
- Debt instruments – are defined as all other financial instruments that are not equities or derivatives. Debt instruments can be measured at fair value through profit and loss, fair value through other comprehensive income, or at amortised cost. Debt instruments held for trading are measured at fair value through profit and loss. Debt instruments where the entity may intend both to sell the financial asset and to collect contractual cash flows comprised solely of principal and interest payments are measured at fair value through other comprehensive income. Debt instruments measured at amortised cost are used when the entity's business model is to hold and collect contractual cash flows comprised solely of principal and interest payments.

The entity's purpose for holding financial assets determined the business model classification:

- Hold to collect – generating value by collecting contractual cash flows. Measured at amortised cost.
- Hold to collect and sell – generating value by collecting contractual cash flows and, to some extent, sell the asset. Measured at fair value through other comprehensive income.
- Other – generating value through trading and market valuation. Measured at fair value through profit and loss.

Financial investments

Financial investments comprise either financial assets or short-term investments, depending on the period or intent of the holding. If the maturity or expected holding period is longer than one year, investments are recognised as financial assets; if less than a year, they are recognised as short-term investments. The financial assets in Sweco consist of shares in small enterprises, which are not stock exchange-listed. These shares are classified as equity instruments. Sweco's purpose in holding these shares is not to trade them frequently; rather, it is to benefit Sweco's operations. As there is no active market for these shares and thus no current market valuation, the acquisition value is the most reasonable estimated market value, which is also the recognised value. The business model is hold to collect and sell, and these shares are measured at fair value through other comprehensive income.

Other non-current receivables

Other non-current receivables in Sweco consist of various receivables. Main receivables include a bank deposit to cover future cash outflow in connection with costs associated with one of the Group's landfills. These receivables are classified as debt instruments. The purpose is to hold the assets and collect the principal amount. These receivables are thus measured at amortised cost.

Current receivables and cash and cash equivalents
Current receivables in Sweco consist mainly of trade receivables. Trade receivables arise when Sweco provides goods or services directly to a customer. Cash and cash equivalents comprise cash, bank balances and other short-term investments with original maturities of less than three months. Highly liquid short-term investments are investments that are readily convertible to known amounts of cash and for which a buyer is not required for sale to be effectuated. Cash and cash equivalents are held solely to collect contractual cash flows. The business model for both trade receivables and cash is hold to collect and these receivables are measured at amortised cost.

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

Financial liabilities
In Sweco, financial liabilities consist of liabilities to credit institutions, liabilities under finance leases, other non-current liabilities and trade payables, and are measured at amortised cost.

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

Expected credit losses on contract assets
A forward-looking model is used to recognise expected credit losses for contract assets, such as trade receivables and work in progress less progress billings. Sweco has chosen the standard's simplified approach with lifetime expected credit losses. Sweco uses a provision matrix that divides customers into two segments: the private sector and the public sector. The probability of default and customers' inability to pay Sweco's invoices in the future is assessed in consideration of the expectation of change in the economic environment in each segment, given the location of Sweco's customers. Provisions of doubtful trade receivables stemming from earlier acquisitions are exempted from the expected credit loss provision.

Hedge accounting
Hedge accounting for net investments in foreign companies
Hedge accounting is applied to investments made in FMC Group and the Grontmij Group, and associated loan financing. Net investments in foreign operations are hedged by raising foreign currency loans that are reported at the rate of exchange on the balance sheet date. Translation differences in the foreign currency loan are recognised as hedges of the net investment in a subsidiary and are included in other comprehensive income. Through hedge accounting, the asset (net investment in a foreign operation) and liability (foreign currency loan) are linked to each other; accordingly, only net changes in value are recognised in other comprehensive income

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

Intangible assets
Goodwill
Goodwill represents the difference between the historical cost of the acquisition and the fair value of the Group's share of the acquired assets, assumed liabilities and contingent liabilities.

For goodwill arising from acquisitions conducted prior to 1 January 2004, the carrying amount is the Group's historical cost. Goodwill is recognised at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units and is no longer amortised; rather, it is tested for impairment annually (see section on impairment). Goodwill arising on acquisition of associated companies is included in the carrying amount of the shares in the associated company.

Capitalised development expenditures
Costs for research aimed at obtaining new scientific or technical knowledge are expensed when incurred.

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

Capitalisation of intangible assets in acquisitions
The value of order backlog, customer relationships and brands/trademarks are recognised in conjunction with an acquisition. The capitalised order backlog refers to operating profit on fixed orders at the acquisition date. Customer relationships and brands/trademarks are reported at fair value at acquisition date less accumulated depreciation.

Subsequent expenditure
Subsequent expenditure on a capitalised intangible asset is recognised as an asset in the balance sheet only when the expenditure increases future economic benefits of the specific asset and the expense can be measured reliably.

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

Amortisation
Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful life of the intangible asset, unless the useful life is indefinite. Goodwill and intangible assets not yet ready for use are impairment tested annually or when circumstances indicate that the asset has decreased in value. Amortisable intangible assets are amortised from the date on which they become available for use. The estimated useful lives are:

– capitalised development expenditures	5 years
– licences	3–5 years
– customer relationships	5–8 years
– trademarks	1–3 years
– order backlog	expensed based on estimated useful lives

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

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

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

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

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

Leased assets
From 1 January 2019, when IFRS 16 supersedes existing standards related to the recognition of leases, such as IAS 17 Leases and IFRIC 4 Determining Whether an Agreement Contains a Lease, there are new accounting policies for leased assets that are described on pages 56–57.

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

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

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

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

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

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

The estimated useful lives are:

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

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

Impairment
The carrying amounts of the Group's assets are reviewed at each balance sheet date for any indication of a write-down requirement. The asset's recoverable value is calculated if such a requirement is indicated. The carrying amounts of deferred tax assets are reviewed according to the applicable standards (see section on taxes).

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

If it is not possible to establish material independent cash flows for an individual asset, these assets are grouped at the lowest level at which it is possible to identify material independent cash flows (a "cash-generating unit"). When the carrying amount of an asset or cash-generating unit exceeds its recoverable value, an impairment loss is recognised in the income statement.

The impairment of assets attributable to a cash-generating unit (group of units) is allocated first to goodwill. A proportional impairment of other assets in the unit (group of units) is conducted thereafter. I In Sweco, the cash-generating units are Sweco's seven business areas.

Calculation of recoverable amount
The recoverable amount is the fair value less selling expenses or value in use, whichever is higher. In measuring value in use, future cash flows are discounted with a discounting factor that reflects risk-free rates and the risks specific to the asset.

Reversal of impairment
Impairment losses are reversed when there is an indication that a write-down requirement no longer exists and that there has been a change in the assumptions on which the calculation of recoverable amount is based. The carrying amount is then increased to the recoverable amount, but cannot exceed what the reported value would have been if the impairment loss was not recognised. Reversal of impairment losses on goodwill is prohibited.

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

Inventories
Inventories are comprised primarily of projects (building constructions) and are valued at historical cost or net realisable value, whichever is lower. Net realisable value is the estimated sales price in the ordinary course of business, less estimated costs of completion and selling expenses.

Land development projects and projects in which buyers have only a limited impact on the main elements of the assets' design are reported under inventories. The transfer of risks and benefits varies depending on the contractual provisions. If management and the key risks associated with ownership are transferred to the buyer gradually during the course of the project, revenues and earnings are reported in line with the project's development and valuation then follows the accounting method applied to services.

Equity
Treasury shares
Upon the repurchase of shares (treasury shares), the purchase sum is recognised as a reduction in equity. Proceeds from the sale of treasury shares are recognised as an increase in equity. Transaction costs are recognised directly in equity.

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

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

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

Defined contribution plans
A defined contribution plan is classified as a plan in which the company's obligation is limited to the amount that it agrees to contribute. The amount of the post-employment benefits received by the employee is thus determined by the amount of contributions paid by the company to the pension plan or to an insurance company, together with investment returns on the accumulated contributions. Consequently, it is the employee who bears both the actuarial risk (that the amount of benefits will be lower than anticipated) and the investment risk (that the invested assets will not be adequate to provide the anticipated benefits). For defined contribution plans, the expense to be recognised in the income statement for the period is the contribution payable in exchange for services rendered by employees during the period.

Defined benefit plans
Defined benefit plans are plans for post-employment benefits other than defined contribution plans. The Group's net obligation under defined benefit plans is determined separately for each plan by estimating expected future payments required to settle the obligation resulting from employee service in the current and prior periods. This obligation is discounted to a present value. The discount rate is the interest rate at the balance sheet date for high-quality corporate bonds, including mortgage bonds, with a maturity term corresponding to the Group's pension obligations. Calculations are done by a qualified actuary using the Projected Unit Credit Method. The fair value of plan assets is also calculated on the reporting date. The Group's net obligation consists of the present value of the obligation, reduced by the fair value of plan assets and adjusted for any asset ceiling.

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

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

When the calculation results in an asset for the Group, the recognised value of the asset is limited to the plan surplus or the asset ceiling (calculated by applying the discount rate), whichever is lower. The asset ceiling is the present value of future economic benefits in the form of lower future employer contributions or cash refunds. Minimum funding requirements are taken into account in calculating the present value of future refunds or contributions.

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

Termination benefits
An expense is recognised on the termination of employees only if the company is demonstrably obliged to terminate an employee or group of employees prior to the normal retirement date.

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

Other long-term employee benefits
Other long-term employee benefits such as jubilee benefits are valued at the current actuarial value. The discount rate used is the yield on high-quality corporate bonds with maturity terms corresponding to the Group's obligations. Actuarial gains and losses are recognised in the income statement during the period incurred.

Share savings schemes
The 2015, 2016, 2017 and 2018 Annual General Meetings resolved to implement long-term share savings schemes for Sweco Group senior executives. Under the share savings schemes, participants may use their own funds to acquire Class B shares in Sweco ("Savings Shares"). If the Savings Shares are held until the announcement of the year-end report for the 2018 financial year for the 2015 share savings scheme, the 2019 financial year for the 2016 share savings scheme, the 2020 financial year for the 2017 share savings scheme and the 2021 financial year for the 2018 share savings scheme (the "Retention Period") and the participant remains employed in his/her position or an equivalent or higher position in the Sweco Group throughout the Retention Period, each Savings Share shall thereafter grant entitlement to one Class B share in Sweco without consideration ("Matching Share") (the 2018 share savings scheme also includes a performance criteria specifying that the Sweco share must maintain a positive TSR during the Retention Period in order for Matching Shares to be allocated) and, provided that the performance criteria have been met, to an additional number of not more than one to four Class B shares in Sweco ("Performance Shares").The granting of Performance Shares is conditional on a positive total yield for the Sweco share, and is also dependent on the Sweco share's total yield in relation to a group of benchmark companies. The cost is expensed on a straight-line basis over the Retention Period as a personnel cost, with a corresponding increase in equity. The cost of the Matching Share is based on the fair value of the share on the acquisition date; the cost of the Performance Share is based on the fair value of the share as calculated by an external party through a "Monte Carlo simulation".

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

Share bonus scheme

Sweco Group currently offers a share bonus scheme (the 2017 Share Bonus Scheme) under which bonuses are paid to employees in Sweden in the form of Sweco shares. Under this equity-managed scheme, the number of shares to be received by each employee is calculated based on a fixed base share price (corresponding to the average volume-weighted price paid for the Sweco Class B share during a specified period). The base share price is restated in accordance with standard terms in the event the Sweco AGM resolves to conduct a share split, preferential rights issue or similar during the duration of the scheme. Estimated bonuses are expensed on a straight-line basis during the vesting period as a personnel cost, with a corresponding increase in equity. The expense recognised corresponds to the fair value of the estimated number of shares expected to vest. This expense is adjusted in subsequent periods to reflect the actual number of vested shares.

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

Provisions

A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation. It is also required that the amount can be estimated reliably. When the effect of the time value of payments is material, provisions are reported at discounted present value using a pre-tax discount rate. The Group's provisions consist of pension provisions, provisions for soil/site remediation, restructuring provisions and other provisions.

After-care liabilities

The Group is responsible for the after-care of waste sites in the Netherlands and ensuring that waste products are processed for storage, and for securing long-term waste product maintenance. The provisions for landfill sites are calculated pursuant to IPO's RIINAS model (umbrella organisation for the twelve provinces in the Netherlands). These provisions are increased in proportion to waste disposal per sector.

The provision is valued at present value of estimated future costs based on past experience. Key assumptions in this valuation are the discount rate, inflation, costs of materials and dues for cleaning waste water. The current market and the risks associated with the obligation were taken into account when determining future cash flows.

Restructuring

A restructuring provision is recognised when a formal detailed restructuring plan is in place and restructuring has begun or been publicly announced. No provision is made for future operating costs.

Other provisions

Other provisions refer primarily to the restoration of office space and future costs associated with disputes that have not been settled.

Taxes

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

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

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

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

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

Contingent liabilities

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

Parent Company accounting policies

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

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

Changed accounting policies

Unless otherwise specified, the accounting policies applied by the Parent Company in 2018 were adjusted in accordance with changes made by the Group, as described above.

Subsidiaries, associated companies and joint ventures

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

The value of contingent purchase consideration is measured based on the probability that the consideration will be paid. Any changes in the provision/receivable are added to/reduce the historical cost. In the consolidated financial statements, contingent purchase consideration is reported at fair value with value changes through profit and loss.

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

Sale of goods and performance of services

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

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

Dividends

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

Work in progress

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

Development expenditure fund

For capitalisation of internal development expenditures, the corresponding amount is transferred from unrestricted equity to the development expenditure fund in restricted equity. The fund is reduced as capitalised expenditures are depreciated or written off.

Finance leases

The Parent Company recognises all lease agreements (both financial and operational) as operational.

Defined benefit pension plans

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

Taxes

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

Hedge accounting

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

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

Financial guarantees
The Parent Company's financial guarantee contracts consist of guarantees issued on behalf of subsidiaries. A financial guarantee contract is a contract that requires the company to reimburse the holder for a loss it incurs due to a specified debtor's failure to make payment when due or as agreed. The Parent Company reports financial guarantee contracts in accordance with an optional exception to IFRS 9 permitted by the Swedish Financial Accounting Standards Council. This relief provision applies to financial guarantee contracts on behalf of subsidiaries, associated companies and joint ventures. The Parent Company reports financial guarantees as a provision in the balance sheet when there is an obligation for which it is probable that settlement will require an outflow of resources.

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

2 NET SALES

NATURE OF GOODS AND SERVICES

Sweco is a consulting company providing professional engineering and design services in three areas: Buildings and urban districts, Water, energy and industry and Transportation infrastructure. Sweco delivers consulting services throughout the customer's entire project chain, from feasibility studies, analyses and strategic planning through construction, design and project management. Sweco delivers one type of service: professional consulting services. Below is a description of the nature and timing of Sweco's services in all operating segments.

Nature of the service	Sweco derives its revenue from contracts with customers, and delivers its consulting services through projects. Fixed-price projects and time & material projects are the two most common project types across the Group. A third project type, percentage of construction cost, is also common in Business Area Central Europe (Germany) and Western Europe (Belgium). In fixed-price projects, the total consideration is fixed and is not dependent on the number of hours required by Sweco to perform its contractual duties. In time & material projects, the consideration is based on an hourly fee multiplied by the number of hours worked, while in percentage of construction projects, the total consideration is variable dependent on the construction cost. As described in Note 1, Sweco in most cases has only one performance obligation towards its customers. For information on the fulfilment of obligations and how this relates to revenue recognition, see the Revenue section in Note 1.
Contract assets and liabilities	In the balance sheet, service contracts are recognised at the value of the work performed less confirmed losses and anticipated loss risks. Sweco's work in service contracts creates work in progress, which is the only contract asset recognised by Sweco in the balance sheet. Contract liabilities recognised in the balance sheet arise when invoices are sent in advance to the customer (progress billings). In the balance sheet, service contracts are reported net, meaning if the value of work in progress exceeds progress billings, the contract is reported among current assets as "work in progress less progress billings". Service contracts in which the value of progress billings exceeds the value of work in progress are reported among current liabilities as "progress billings in excess of work in progress". For more information, see Note 22.
Timing of satisfaction of performance obligations	Revenue is recognised as control is passed, which is over the lifetime of the project as services are rendered. The progress evaluation is done per performance obligation, for more information see the Revenue section in Note 1.

General invoice frequency and payment terms	**Invoice frequency Fixed price**	**Invoice frequency Time & material**	**Payment terms Fixed price**	**Payment terms Time & material**
Sweden	Monthly or predefined schedule in contract	On a monthly basis	30 days	30 days
Norway	Monthly or predefined schedule in contract	On a monthly basis	30 days	30 days
Finland	Milestones achieved	On a monthly basis	14 days	14 days
Denmark	Predefined schedule in contract	On a monthly basis	30 days	30 days
Netherlands	Milestones achieved	On a monthly basis	30 days	30 days
Western Europe	Monthly, milestones achieved or predefined schedule in contract	On a monthly basis	Belgium: 50 days UK: 30 days	Belgium: 30 or 60 days UK: 30 days
Central Europe	Milestones achieved or predefined schedule in contract	On a monthly basis	30 days except for Lithuania with 60 days	30 days

Variable consideration (e.g., performance bonuses, penalty fees for project delays) may occur in certain instances.

Transaction price allocated to the remaining performance obligations
Revenue from contracts with customers that is expected to be recognised in the future and is related to performance obligations not yet fulfilled per December 31, 2018, amounts to approximately SEK 12,800 million. Management estimates that around 75 per cent will be recognised as revenue during the next reporting period and the remainder will be recognised in the financial years thereafter. The majority of Sweco's projects and performance obligations are performed and fulfilled within twelve months. For more information, see Note 36.

REVENUE GROWTH

During the year, net sales increased 11 per cent to SEK 18,735 million (16,887). Organic growth was 5 per cent. The growth calculation is presented in the table below.

	2018	2017	**Growth, %** 2018 vs 2017
Net sales	18,735	16,887	11
Currency effects		572	3
Net sales currency-adjusted	**18,735**	**17,459**	**7**
Acquisitions/divestments	-354	86	3
COMPARABLE NET SALES CURRENCY-ADJUSTED	**18,380**	**17,545**	**5**

	2017	2016	**Growth, %** 2017 vs 2016
Net sales	16,887	16,531	2
Currency effects		149	1
Net sales currency-adjusted	**16,887**	**16,680**	**1**
Acquisitions/divestments	-165	-4	1
COMPARABLE NET SALES CURRENCY-ADJUSTED	**16,723**	**16,676**	**0**

3 SEGMENT REPORTING

OPERATING SEGMENTS – BUSINESS AREAS

The Group's operations are divided into operating segments that are reviewed by the CEO. In the Group, the operating segments are defined as business areas. Each business area has a president who is responsible for day-to-day operations and the business area's financial performance. The business area presidents are members of the Group's Executive Team and report to the CEO.

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

Sweco is organised into seven geographically based business areas (until 31 December 2018):

Sweco Sweden	Sweco's operations in Sweden.
Sweco Norway	Sweco's operations in Norway.
Sweco Finland	Sweco's operations in Finland and Estonia.
Sweco Denmark	Sweco's operations in Denmark.
Sweco Netherlands	Sweco's operations in the Netherlands.
Sweco Western Europe	Sweco's operations in the UK and Belgium and, to a lesser extent, Bulgaria.
Sweco Central Europe	Sweco's operations in Germany and, to a lesser extent Lithuania, Czech Republic and Poland.

In addition group-wide staff functions, IT and other assets are reported as Group-wide and eliminations.

NET SALES PER OPERATING SEGMENT

	External sales		Internal sales		Total sales	
	2018	2017	**2018**	2017	**2018**	2017
Sweco Sweden	7,154	6,900	76	124	7,230	7,024
Sweco Norway	2,386	2,063	7	7	2,392	2,070
Sweco Finland	2,038	1,870	34	23	2,072	1,893
Sweco Denmark	1,691	1,355	16	16	1,707	1,371
Sweco Netherlands	1,838	1,680	88	29	1,926	1,709
Sweco Western Europe	1,992	1,621	12	16	2,004	1,637
Sweco Central Europe	1,517	1,282	33	21	1,550	1,303
Group-wide and eliminations	119	116	-266	-236	-147	-120
TOTAL GROUP	**18,735**	**16,887**	**–**	**–**	**18,735**	**16,887**

EBITA AND AMORTISATION PER OPERATING SEGMENT

	EBITA		Amortisation/depreciation and impairment[1]	
	2018	2017	**2018**	2017
Sweco Sweden	835	844	-99	-109
Sweco Norway	179	148	-22	-20
Sweco Finland	197	187	-16	-16
Sweco Denmark	108	44	-19	-21
Sweco Netherlands	115	66	-38	-30
Sweco Western Europe	120	115	-22	-15
Sweco Central Europe	92	84	-23	-19
Group-wide and eliminations	-15	4	-41	-41
TOTAL GROUP	**1,631**	**1,492**	**-280**	**-272**

1) Amortisation/depreciation and impairment included in EBITA.

RECONCILIATION OF PROFIT BEFORE TAX AND EBITA

	2018	2017
EBITA	**1,631**	**1,492**
Acquisition-related items	-77	-67
EBIT	**1,554**	**1,425**
Financial income	7	9
Financial expenses	-64	-61
Profit from participations in associated companies and joint ventures	10	3
PROFIT BEFORE TAX	**1,508**	**1,377**

Acquisition-related items are defined as amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of additional purchase prices, and profit and loss on the divestment of companies, operations, buildings and land.

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

Parent Company net sales totalled SEK 703 million (621). One hundred per cent (100) of Parent Company net sales were comprised of sales to group companies. 37 per cent (35) of the Parent Company's other external expenses was comprised of purchases from group companies.

BALANCE SHEET AND INVESTMENT INFORMATION PER OPERATING SEGMENT

	Total assets		Investments in Property, plant and equipment		Investments in Intangible assets		Total liabilities	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Sweco Sweden	5,144	5,551	113	131	10	0	3,989	4,448
Sweco Norway	1,112	1,022	22	22	1	76	662	610
Sweco Finland	1,750	1,636	7	26	9	39	578	522
Sweco Denmark	2,430	2,016	53	11	189	2	1,712	1,376
Sweco Netherlands	1,435	1,300	25	11	0	0	575	572
Sweco Western Europe	2,358	2,258	30	16	25	46	673	641
Sweco Central Europe	1,866	2,028	29	16	53	11	861	1,131
Group-wide	10,362	10,055	46	39	11	18	6,357	5,847
Eliminations	-12,028	-11,799					-7,502	-7,272
Unallocated	279	212					491	425
TOTAL GROUP	**14,708**	**14,279**	**325**	**272**	**298**	**192**	**8,396**	**8,300**

The breakdown of intangible assets is shown in Note 13. Group-wide items include cash and cash equivalents of SEK 381 million (218).

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

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

Unallocated assets and liabilities are comprised of deferred tax assets and deferred tax liabilities.

NET SALES FROM EXTERNAL CUSTOMERS BY SERVICE SEGMENT

	2018	2017
Buildings and urban districts	7,437	6,674
Water, energy and industry	5,389	5,018
Transport infrastructure	5,909	5,196
TOTAL	**18,735**	**16,887**

INFORMATION ABOUT MAJOR CUSTOMERS

Sweco's largest customer in 2018 was the Swedish Transport Administration. Net sales to this customer totalled SEK 1,392 million (1,306) and were reported in Business Area Sweco Sweden. See also the section on credit risk in Note 33.

OPERATING SEGMENTS – GEOGRAPHIC AREAS

	External sales		Non-current assets[1]	
	2018	2017	**2018**	2017
Sweden	6,855	6,232	2,414	2,436
Norway	2,412	2,176	502	491
Netherlands	2,049	1,801	335	325
Finland	1,920	1,775	1,041	999
Denmark	1,531	1,335	1,339	1,097
Germany	1,139	915	681	612
Belgium	1,046	773	586	560
UK	776	722	627	619
Rest of Europe	215	240	–	–
Asia	213	261	1	1
Poland	193	180	7	9
Czech Republic	102	91	45	41
Lithuania	75	68	13	12
Africa	71	121	–	–
Estonia	57	48	19	18
Russia	27	28	–	–
Turkey	21	58	0	1
Bulgaria	18	19	7	6
South and Central America	13	6	–	–
North America	2	6	–	–
Oceania	0	32	–	–
TOTAL	**18,735**	**16,887**	**7,617**	**7,227**

1) Refers to non-current assets that are not financial instruments, non-current receivables relating to the Group's landfills (see Note 21), deferred tax assets, assets pertaining to post-retirement benefits, or rights arising under insurance agreements.

4 FEES TO AUDITORS

	Group		Parent Company	
	2018	2017	**2018**	2017
PricewaterhouseCoopers				
– audit services	11	10	1	1
– audit services other than statutory audit	1	0	0	0
– tax consulting	0	0	–	0
– non-audit services	1	1	1	1
Total	**13**	**12**	**3**	**2**
Other auditing firms				
– audit services	1	1	–	–
Total	**1**	**1**	–	–
TOTAL	**14**	**13**	**3**	**2**

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

Of the total fee for audit services, SEK 4 million (4) is invoiced by PricewaterhouseCoopers Sweden for the statutory audit. Of total other fees, SEK 1 million (1) is invoiced by PricewaterhouseCoopers Sweden (the statutory auditors of Sweco AB (publ.)) and is primarily attributable to internal IT risk projects.

5 OPERATING LEASES AND RENTAL CONTRACTS

	Group		Parent Company	
Charges under signed leases and rental contracts	**2018**	2017	**2018**	2017
TOTAL CHARGES PAID DURING THE YEAR	**710**	**660**	**4**	**4**
Future minimum lease payments and rents to be paid				
– within one year	696	663	4	4
– in between one and five years	2,011	1,998	15	14
– in more than five years	857	922	3	3
TOTAL FUTURE LEASE PAYMENTS	**3,564**	**3,583**	**22**	**22**

Future minimum lease payments refer to the nominal amount stipulated in non-cancellable leases and rental contracts. Most future minimum payments are comprised of rents for premises. Other minimum lease charges refer primarily to office equipment and IT equipment. Future finance lease payments of SEK 0.4 million (0.3) are included for the Parent Company.

6 EMPLOYEES AND PERSONNEL COSTS

	Group		Parent Company	
Personnel costs	**2018**	2017	**2018**	2017
Salaries and remuneration, other employees	8,702	7,792	27	16
Salaries and remuneration, senior/other executives[1]	104	103	26	25
Total salaries and remuneration	**8,806**	**7,895**	**53**	**42**
Social fees, excl. pension costs	1,733	1,573	22	18
Pension costs, senior executives[2, 3]	19	17	5	5
Pension costs, others[2]	910	815	6	6
Other personnel costs	709	639	12	8
TOTAL PERSONNEL COSTS	**12,177**	**10,938**	**98**	**79**

1) Senior/other executives refers to the Executive Team, board members of the Parent Company and board members and presidents of all subsidiaries – a total of 62 (65) individuals in the Group and 12 (12) individuals in the Parent Company.
2) See also Note 27, Provisions for Pensions.
3) A total of 55 (58) senior executives in the Group and 5(5) in the Parent Company received pension contributions.

	2018		2017	
Number of full-time employees	Total	Of which, % men	Total	Of which, % men
Sweden				
Parent Company	29	38	25	32
Subsidiaries	5,586	67	5,430	67
Total Sweden	**5,615**	**67**	**5,455**	**67**
Outside Sweden				
Finland	1,995	76	1,990	75
Netherlands	1,396	82	1,411	82
Norway	1,484	69	1,353	71
Denmark	1,148	72	1,007	75
Germany	1,040	56	911	59
UK	860	71	792	73
Belgium	790	68	700	68
Poland	353	54	277	55
Lithuania	194	57	196	58
Czech Republic	182	63	173	61
Estonia	80	66	81	69
Turkey	38	47	75	57
Bulgaria	56	55	58	52
Rest of Europe	–	–	6	100
Asia	72	79	41	85
Africa	2	100	3	100
South and Central America	1	100	1	100
Total, outside Sweden	**9,691**	**70**	**9,075**	**72**
TOTAL GROUP	**15,306**	**69**	**14,530**	**70**

Percentage of women	**2018**	2017
Group		
Board members in all companies	29	29
Other senior executives, 54 (57) individuals	26	28
Parent Company		
Board members	63	50
Other senior executives, 5 (5) individuals	40	60

	Group		Parent Company	
Sickness absence, %	**2018**	2017	**2018**	2017
Total sickness absence	3.1	3.5	0.5	0.8
– sickness absence for men	2.5	2.8		
– sickness absence for women	4.6	4.8		
– employees – 29 years	2.3	2.3		
– employees 30 – 49 years	3.3	3.5		
– employees 50 – years	3.4	4.2		

REMUNERATION TO SENIOR EXECUTIVES

Principles

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

The Sweco Group's aim is to offer a competitive and market-based level of remuneration to recruit and retain its senior executives. Remuneration to senior executives comprises basic salary, variable compensation consisting of short-term variable remuneration and long-term variable remuneration (Sweco Share Saving Scheme), pension and other benefits.

Base salary and Short-term Variable Remuneration

Remuneration is to be based on factors such as work duties, qualifications, experience, position and performance. In addition, the break-down between base salary and short-term variable remuneration shall be proportionate to the employee's position and work description. Sweco's short-term incentive remuneration shall be linked to predetermined, measurable criteria that are devised to comply with the company's long-term value creation.

Short-term variable remuneration for the President & CEO and the CFO may not exceed 75 per cent of base salary. For other senior executives, the short-term variable remuneration may not exceed 50 per cent of base salary. Due to acquisitions, exceptions to maximum per cent may apply for a limited period, until integration with Sweco's short-term incentive programme is aligned. Short-term variable remuneration shall be determined based on results in relation to predetermined profitability targets. Targets for the President & CEO and other senior executives shall be determined by the Board of Directors.

Long-term Variable Remuneration – Share-based incentive schemes

Sweco senior executives may be offered various forms of long-term incentive schemes, based on market terms. The rationale for share-based incentive schemes is to increase and/

or diversify senior executives' share ownership and/or exposure and to more closely align the interests of the company's decision makers and shareholders. A long-term, personal shareholder commitment among key personnel is expected to stimulate greater interest in the company's operations and earnings trend and to increase motivation and solidarity with the company.

Resolutions on share-based incentive schemes shall always be made by the Annual General Meeting or at an Extraordinary General Meeting.

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

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

Terms of notice
In the event of dismissal by the company, the President & CEO has a maximum notice period of 18 months. In the event of the President & CEO's resignation, the notice period shall not exceed 6 months.

For other senior executives, the term of notice shall normally be 12 months in the event of dismissal by the company and 6 months in the event of the executive's resignation.

Other
These principles shall apply to agreements entered into subsequent to the Annual General Meeting's resolutions and to any changes or alterations made to existing agreements after this time, to the extent permitted under the terms of the existing agreements. The Board of Directors shall have the right to deviate from these principles in individual cases if there are extraordinary reasons therefor.

Remuneration and other benefits expensed in 2018 (SEK 000s)

	Base salary/ board fee	Variable salary	Share savings scheme[5]	Other benefits	Pension cost	TOTAL
Board Chairman Johan Nordström	880	–	–	–	–	880
Board member Anders G. Carlberg[1]	152	–	–	–	–	152
Board member Gunnel Duveblad	538	–	–	–	–	538
Board member Elaine Grunewald	452	–	–	–	–	452
Board member Alf Göransson[2]	267	–	–	–	–	267
Board member Johan Hjertonsson	448	–	–	–	–	448
Board member Eva Lindqvist	448	–	–	–	–	448
Board member Christine Wolff	478	–	–	–	–	478
President & CEO[3]	4,591	3,135	253	52	1,429	9,460
Former President & CEO[4]	2,633	-64	–	31	829	3,429
Other senior executives (11 individuals)	28,260	5,905	709	1,058	6,455	42,387
TOTAL	**39,147**	**8,976**	**962**	**1,141**	**8,713**	**58,939**

1) Until 2018 AGM.
2) As of 2018 AGM.
3) From 20 April 2018.
4) Until 19 April 2018.
5) The cost of share savings scheme corresponds to the cost reported in the Group pursuant to IFRS.

Remuneration and other benefits expensed in 2017 (SEK 000s)

	Base salary/ board fee	Variable salary	Share savings scheme[3]	Other benefits	Pension cost	TOTAL
Board Chairman Johan Nordström	823	–	–	–	–	823
Board member Anders G. Carlberg	447	–	–	–	–	447
Board member Gunnel Duveblad	507	–	–	–	–	507
Board member Elaine Grunewald[1]	250	–	–	–	–	250
Board member Johan Hjertonsson	417	–	–	–	–	417
Board member Eva Lindqvist	427	–	–	–	–	427
Board member Carola Teir-Lehtinen[2]	133	–	–	–	–	133
Board member Christine Wolff	420	–	–	–	–	420
President & CEO	6,648	4,435	69	70	2,442	13,664
Other senior executives (11 individuals)	25,818	7,955	1,528	1,032	5,732	42,065
TOTAL	**35,890**	**12,390**	**1,597**	**1,102**	**8,174**	**59,153**

1) As of AGM 2017.
2) Until AGM 2017.
3) The cost of share savings scheme corresponds to the cost reported in the Group pursuant to IFRS.

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

In the above tables, other senior executives are members of the Executive Team excluding the President of Sweco AB.

Variable salary and share savings scheme refers to expensed remuneration in 2018 and 2017.

Share savings schemes
The 2015, 2016, 2017 and 2018 Annual General Meetings resolved to implement long-term share savings schemes directed at senior executives in the Sweco Group.

Under the share savings schemes, participants may use their own funds to acquire Class B shares in Sweco ("Savings Shares") over NASDAQ Stockholm for an amount equivalent to a maximum of 5–10 per cent of the participant's annual base salary for that year. If the Savings Shares are held until the announcement of the year-end report for the 2018 financial year for the 2015 share savings scheme, the 2019 financial year for the 2016 share savings scheme, the 2020 financial year for the 2017 share savings scheme and the 2021 financial year for the 2018 share savings scheme (the "Retention Period") and the participant remains employed in his/her position or an equivalent or higher position in the Sweco Group throughout the Retention Period, each Savings Share shall thereafter grant entitlement to one Class B share in Sweco without consideration ("Matching Share") (the 2018 share savings scheme also includes a performance criteria specifying that the Sweco share must maintain a positive TSR during the Retention Period in order for Matching Shares to be allocated) and, provided that the performance criteria have been met, to an additional number of not more than one to four Class B shares in Sweco ("Performance Shares"). The granting of Performance Shares is conditional on a positive total yield for the Sweco share, and is also dependent on the Sweco share's total yield in relation to a group of benchmark companies. The cost for the Group is accounted for according to IFRS and is expensed on a straight-line basis over the Retention Period.

	Group				Parent Company			
Share savings scheme	2018	2017	2016	2015	2018	2017	2016	2015
No. of participants still employed	58	53	45	48	10	10	7	7
No. of shares acquired	26,421	21,162	17,682	25,358	6,264	2,899	1,697	4,121
No. of Matching Shares granted per Savings Share	1	1	1	1	1	1	1	1
Maximum no. of Matching Shares	26,421	21,162	17,682	25,358	6,264	2,899	1,697	4,121
No. of Performance Shares granted per Savings Share[1]	1-4	1-4	1-4	1-4	1-4	1	1	1-4
Maximum no. of Performance Shares	57,322	39,769	34,394	50,969	17,277	2,899	1,697	9,452
Provision for the year, SEK M[2,3]	0.3	1.8	1.7	2.3	0.1	0.1	-0.2	0.3
Accumulated provision, SEK M[2,3]	0.3	2.2	4.5	6.7	0.1	0.2	0.2	0.9
Estimated total cost, SEK M[2,3]	6.8	6.3	6.8	7.0	1.8	0.5	0.4	0.9
Retention period	Nov 2018–Feb 2022	Nov 2017–Feb 2021	Nov 2016–Feb 2020	Nov 2015–Feb 2019	Nov 2018–Feb 2022	Nov 2017–Feb 2021	Nov 2016–Feb 2020	Nov 2015–Feb 2019

1) The President & CEO and the CFO may receive no more than four performance shares; business area presidents no more than three shares; subsidiary presidents, divisional managers and Heads of Group staff no more than two shares; and key employees in staff functions no more than one share.
2) Including social fees.
3) Provision is updated annually and is affected mainly by changes in employee turnover.

7 AMORTISATION/DEPRECIATION, IMPAIRMENT AND ACQUISITION-RELATED ITEMS

	Group		Parent Company	
	2018	2017	**2018**	2017
Other intangible assets, depreciation and impairments	-40	-40	-14	-12
Buildings, depreciation and impairments	-7	-4	–	–
Equipment, depreciation and impairments	-233	-228	-23	-26
Total amortisation/depreciation and impairments	**-280**	**-272**	**-37**	**-38**
Amortisation of acquisition-related intangible assets	-77	-69	-18	-20
Profit/loss on divestment of buildings and land	-1	2	–	–
Revaluation of purchase price	-1	0	–	–
Profit/loss on divestment of companies and operations	2	0	–	–
Total acquisition-related items	**-77**	**-67**	**-18**	-20
TOTAL	**-357**	**-338**	**-55**	**-57**

8 NET FINANCIAL ITEMS

GROUP

	2018	2017
Financial income		
Dividends on financial assets at fair value	0	–
Interest income – trade receivables	1	1
Interest income – bank	1	1
Other financial income	6	7
Total financial income	**7**	**9**
Financial expenses		
Fair value losses on financial assets at fair value	0	-1
Interest expenses – trade payables	-1	-1
Interest expenses – bank	-32	-33
Other financial expenses	-23	-19
Net exchange rate fluctuations	-8	-7
Other financial expenses	**-64**	**-61**
Profit for the year from participations in associated companies and joint ventures	2	3
Capital gain on sale of associated companies	8	0
Profit from participations in associated companies and joint ventures	**10**	**3**
TOTAL NET FINANCIAL ITEMS	**-47**	**-49**
Interest income received during the year	9	3
Interest expenses paid during the year	-41	-37

PARENT COMPANY

	2018	2017
Profit from participations in group companies		
Dividends	254	414
Group contributions	739	796
Capital gain on intra-group sale of subsidiaries	–	13
Total profit from participations in group companies	**993**	**1,223**
Financial income		
Interest income from group companies	4	2
Other interest income	8	6
Total financial income	**12**	**8**
Financial expenses		
Interest expenses to group companies	–	-1
Other interest expenses	-24	-24
Foreign exchange losses	-27	-1
Other financial expenses	-9	-6
Total financial expenses	**-60**	**-31**
TOTAL NET FINANCIAL ITEMS	**945**	**1,200**
Interest income received during the year	12	8
Interest expenses paid during the year	-23	-26

9 APPROPRIATIONS AND UNTAXED RESERVES

PARENT COMPANY

Appropriations	**2018**	2017
Accelerated depreciation	–	12
Transfer to tax allocation reserve	-164	-190
TOTAL	**-164**	**-178**

Untaxed reserves	**2018**	2017
Transfer to tax allocation reserve	354	190
TOTAL	**354**	**190**

10 TAXES

	Group		Parent Company	
Current tax expense	**2018**	2017	**2018**	2017
Tax expense for the period	-279	-309	-111	-126
Adjustment of tax attributable to prior years	3	-1	1	-1
Total current tax expense	**-276**	**-309**	**-110**	**-127**
Deferred tax income/expense				
Deferred tax – temporary differences	-49	0	–	–
Deferred tax – recognition of previously unrecognised losses	60	161	–	–
Deferred tax – adjustment of tax attributable to prior years	2	-2	–	–
Deferred tax – change in tax rate	10	-3	–	–
Total deferred tax income/expense	**22**	**156**	–	–
TOTAL REPORTED TAX EXPENSE	**-254**	**-154**	**-110**	**-127**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted nominal tax rates applicable to profits of the consolidated entities.

The reconciliation of the actual tax expense is as follows:

	Group				Parent Company			
Reconciliation of effective tax rate	**2018, %**	**2018**	2017, %	2017	**2018, %**	**2018**	2017, %	2017
Profit before tax		1,508		1,377		751		994
Income tax calculated pursuant to national profit tax rates in each country	22.8	344	22.8	314	22.0	165	22.0	219
Tax effects of:								
– Non-taxable dividends	–	–	–	–	-7.4	-56	-9.2	-91
– Other non-taxable income	-0.7	-11	-0.9	-13	0.0	0	-0.3	-3
– Non-deductible expenses	2.2	34	1.6	22	0.3	2	0.2	2
Recognition of previously uncapitalised loss carry-forwards	-4.0	-60	-11.7	-161	–	–	–	–
Utilisation of previously uncapitalised loss carry-forwards	-2.5	-38	-1.1	-15	–	–	–	–
Tax effect of uncapitalised loss carry-forwards	0.0	0	0.1	1	–	–	–	–
Effect on deferred tax – reduced tax rate	-0.6	-10	0.2	3	–	–	–	–
Adjustment of previous years' tax expense	-0.3	-5	0.2	3	-0.1	-1	0.1	1
TAX EXPENSE FOR THE YEAR	**16.8**	**254**	**11.2**	**154**	**14.7**	**110**	**12.8**	**127**

In view of the expected future (taxable) profits in The Netherlands the remaining part of the tax losses has been recognised. This recognition resulted in a deferred tax benefit of SEK 60 million (161).

GROUP

	2018			2017		
Tax attributable to other comprehensive income	Pre-tax	Tax	After tax	Pre-tax	Tax	After tax
Translation differences – translation of foreign operations	120	–	120	62	–	62
Hedges of net investments in subsidiaries	-40	9	-31	-49	11	-38
Revaluation of defined-benefit pensions	-12	2	-11	3	-3	1
TOTAL	**68**	**11**	**79**	**16**	**8**	**25**

Note 10

Deferred tax assets and liabilities

	Group	
Change in carrying amount for the year	**2018**	2017
Opening carrying amount – deferred tax assets	212	64
Increase through acquisitions	0	0
Measurement period adjustment	0	0
Reclassification to deferred tax liability	-1	-17
Other deferred tax income/expense in the income statement	56	160
Deferred tax income/expense in other comprehensive income	6	1
Foreign currency translation differences	5	4
Closing carrying amount – deferred tax assets	**279**	**212**
Opening carrying amount – deferred tax liabilities	-425	-431
Increase through acquisitions	-30	-10
Measurement period adjustment	–	0
Decrease through divestitures	-1	0
Reclassification from deferred tax asset	1	17
Change in component of untaxed reserves in the income statement	-36	1
Other deferred tax income/expense in the income statement	2	-5
Deferred tax income/expense in other comprehensive income	5	7
Foreign currency translation differences	-6	-4
Closing carrying amount – deferred tax liabilities	**-491**	**-425**

	Group	
Deferred tax at year-end	**2018**	2017
Deferred tax asset – loss carry-forwards	228	162
Deferred tax asset – consolidated pension deficits	7	5
Deferred tax asset – temporary differences	44	44
Total deferred tax assets	**279**	**212**
Deferred tax component of companies' reported untaxed reserves	-199	-172
Deferred tax liability – temporary differences	-292	-253
Total deferred tax liabilities	**-491**	**-425**
TOTAL DEFERRED TAX, NET	**-212**	**-214**

Of total deferred tax assets, SEK 10 million is expected to be utilised within 12 months. Of total deferred tax liabilities, SEK 81 million is expected to be paid within 12 months. Unrecognised loss carry-forwards in the Group total SEK 15 million (442); these are not expected to be utilised against future profits, and most have a time limit for utilisation. Approximately SEK 8 million (212) of unrecognised loss carry-forwards have a duration of up to 5 years, approximately SEK 4 million (227) have a duration of 6–9 years, and the remainder of approximately SEK 3 million (3) have an indefinite duration.

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net	
	2018	2017	**2018**	2017	**2018**	2017
Property, plant and equipment	8	7	-3	-4	5	3
Intangible assets	0	0	-110	-105	-110	-105
Financial assets	20	16	10	6	30	22
Current assets	14	13	-154	-142	-141	-128
Current liabilities	-4	1	-19	2	-23	3
Untaxed reserves	–	–	-199	-172	-199	-172
Pensions	7	5	3	2	10	7
Other provisions	7	7	-19	-14	-13	-6
Loss carry-forwards	228	162	0	1	228	164
TOTAL	**279**	**212**	**-491**	**-425**	**-212**	**-214**

Movements in net deferred taxes can be summarised as follows:

2018	Opening carrying amount 2018	Recognised through profit or loss	Recognised in other comprehensive income	Acquisitions/ divestitures	Reclassification	Foreign currency translation differences	Closing carrying amount 2018
Property, plant and equipment	3	2	–	–	–	–	5
Intangible assets	-105	4	–	-9	0	-1	-110
Financial assets	22	-1	9	–	0	0	30
Current assets	-128	-8	–	–	0	-5	-141
Current liabilities	3	-5	–	-21	1	0	-23
Untaxed reserves	-172	-27	–	–	–	–	-199
Pensions	7	2	2	–	0	0	10
Other provisions	-6	-6	–	–	0	0	-13
Loss carry-forwards	164	60	–	–	0	5	228
TOTAL	**-214**	**22**	**11**	**-30**	0	-1	**-212**

2017	Opening carrying amount 2017	Recognised through profit or loss	Recognised in other comprehensive income	Acquisitions/ divestitures	Reclassification	Foreign currency translation differences	Closing carrying amount 2017
Property, plant and equipment	13	-10	–	–	–	–	3
Intangible assets	-117	24	–	-10	–	-2	-105
Financial assets	11	0	11	–	–	0	22
Current assets	-118	-7	–	–	–	-3	-128
Non-current liabilities	2	1	–	–	–	0	3
Untaxed reserves	-173	1	–	–	–	0	-172
Pensions	5	5	-3	–	–	0	7
Other provisions	5	-13	–	–	0	2	-6
Loss carry-forwards	5	155	–	–	–	4	164
TOTAL	**-367**	**156**	**8**	**-10**	**0**	**0**	**-214**

11 EARNINGS PER SHARE

GROUP

	2018	2017
Average number of outstanding shares before dilution	118,408,024	119,432,155
Effect of anticipated utilisation of share bonus scheme and share savings scheme	2,766,663	2,242,532
Average number of outstanding shares after dilution	**121,174,687**	**121,674,687**
Earnings per share on profit attributable to owners of the Parent Company		
Basic earnings per share, SEK[1]	10.58	10.23
Diluted earnings per share, SEK[2]	10.33	10.04

1) Excluding the impact from tax asset revaluation, 2018 earnings per share amounted to SEK 10.07 per share (8.88).
2) Excluding the impact from tax asset revaluation, 2018 earnings per share amounted to SEK 9.84 per share (8.72).

Earnings per share were calculated on profit for the year attributable to Parent Company shareholders divided by the average number of outstanding shares as specified in the table. For calculation of diluted earnings per share, the weighted average number of common shares outstanding is adjusted for the dilutive effect of all potential common shares. For additional information about the repurchase of treasury shares, see Note 25.

12 ACQUISITION AND DIVESTITURE OF SUBSIDIARIES AND OPERATIONS

GROUP

	Date	Acquired share, %[1]	Holding post-transaction, %[1]
Acquisitions 2018			
Royal HaskoningDHV, acquisition of assets, Belgium	1 January 2018	100	100
Sweco Architects A/S, acquisition of minority share, Denmark	28 February 2018	3	100
Årstiderne Arkitekter AS, Denmark	28 February 2018	100	100
BML Ingenieurgesellschaft mbH, Germany	1 March 2018	100	100
Avecon Ltd, Finland	1 June 2018	100	100
Planet Engineering, Belgium	16 October 2018	100	100
Nexilis, acquisition of assets, Belgium	16 October 2018	100	100
Götzelmann + Partner GmbH, Germany	31 October 2018	100	100
Acquisitions 2017			
Karves Yhtiöt Ltd., acquisition of shares and assets, Finland	3 March 2017	100	100
Byggteam Bodö AS, acquisition of assets, Norway	1 July 2017	100	100
MR-Group NV, Belgium	31 May 2017	100	100
Snoeck & Partners NV, Belgium	25 August 2017	100	100
Dimensjon Rådgivning AS, Norway	23 October 2017	100	100

	Date	Divested share, %[1]	Holding post-transaction, %[1]
Divestitures 2018			
Sweco Mecaplan Oy, Finland	20 April 2018	54	0
Divestitures 2017			
Golfexploitatiemaatschappij Naarderbos B.V. and Naarderbos Ontwikkeling B.V, Netherlands	1 June 2017	100	0

1) Ownership share corresponds to equity interest.

In 2018, Sweco in total acquired 7 businesses with approximately 365 employees generating an annual Net Sales of approximately SEK 455 million and about SEK 35 million in annual operating profit.

In January, Sweco concluded the acquisition of Royal HaskoningDHV in Belgium. The company has 36 employees and specialises in soil investigations and decontamination, environmental impact and integrated area development.

In February, Sweco acquired Årstiderne Arkitekter in Denmark, one of the country's leading architecture firms. The company has approximately 237 employees. Through the acquisition, Sweco has established Denmark's first fully integrated architecture and engineering offering and become Europe's leading architecture firm, with over 1,200 architects.

In March, Sweco acquired the German engineering consultancy BML Ingenieure GmbH. The company has 20 employees and will become part of Sweco's Building division. Through the acquisition, Sweco has become one of the largest operators in the Rhein-Main region.

In May, Sweco acquired the engineering consultancy Avecon Ltd in Finland. The company has 35 employees and specialises in HVAC (heating, ventilation and air conditioning) and electrical engineering. The acquisition strengthens Sweco's offering and presence in the Finnish Ostrobothnia region.

In October, Sweco acquired Planet Engineering and Nexilis in Belgium. Planet Engineering has deep expertise in structural engineering in concrete and steel for buildings, industrial construction and civil engineering. Nexilis is an engineering consultancy focusing on building service systems and is best known for its participation in Flemish and European research projects. The acquisition of the two companies will add 16 highly skilled employees to Sweco.

In October, Sweco also acquired Götzelmann + Partner in Germany. The company has 21 employees and has specialist competences mainly in the area of wastewater treatment plants, but also provides services in the areas of water, environmental technology, transport and energy.

Acquisition-related costs for the above acquisitions during the year and previous periods total SEK 5 million (1) and are chiefly comprised of financial advisory and consulting fees associated with due diligence and tax. These expenses, totalling SEK 2 million (1) during the year, were reported in other external expenses in the income statement.

Divestitures

In April 2018, Sweco divested Sweco Mecaplan Oy with 29 employees. The business contributed SEK 8 million in sales and SEK 2 million in operating profit. The divestment had a positive impact on profit of SEK 2 million and a negative impact on the Group's cash and cash equivalents of SEK 1 million.

Note 12

Net assets of acquired and divested companies at acquisition date

	2018		2017	
	Acquired value	Divested value	Acquired value	Divested value
Intangible assets	40	0	33	–
Property, plant and equipment	13	–	11	40
Financial assets	0	–	0	–
Current assets[1]	170	8	52	8
Cash and cash equivalents	15	6	32	2
Non-current liabilities	-6	–	-8	-35
Deferred tax	-31	–	-10	–
Other current liabilities	-137	-8	-53	0
Consolidated goodwill recognised on acquisition[2]	212	–	124	–
Acquisition of non-controlling interests	0	–	–	–
Non-controlling interests recognised on divestiture	–	-3	–	–
Capital gain/loss recognised on divestiture	–	2	–	0
Total purchase price	**276**	**5**	**181**	**15**
Purchase price outstanding	-5	–	-13	–
Payment of deferred purchase price	0	–	0	–
Cash and cash equivalents in acquired and divested companies	-15	-6	-32	-2
DECREASE/INCREASE IN GROUP CASH AND CASH EQUIVALENTS	**256**	**-1**	**136**	**13**

1) Of which, receivables total SEK 162 million (47).
2) Of which, SEK 2 million (6) is attributable to acquisitions of assets which are tax deductible in the event of future write-downs.

Acquisitions completed in 2018 and 2017 are reported in aggregate form in the table above. Separate reporting of each acquisition is not warranted due to the size of the companies acquired. For acquisitions made in 2018, the acquisition analyses for Årstiderne Arkitekter, Götzelmann+Partner GmbH, Planet Engineering and Nexilis are preliminary.

The acquisitions had a negative impact of SEK 256 million (136) on Group cash and cash equivalents. Divestments impacted the Group's cash and cash equivalents by SEK -1 million (13). The net impact on Group cash and cash equivalents is SEK -257 million (-123).

Acquired values correspond to fair value in accordance with IFRS 3 (i.e., following completion of an acquisition analysis). Acquired goodwill is attributable to employees' technical expertise.

Of the unsettled purchase price commitment of SEK 5 million, SEK 3 million refers to conditional purchase consideration.

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

	2018		2017	
	Acquisition	Divestiture	Acquisition	Divestiture
Contribution to net sales in the year's accounts	354	8	100	11
Contribution to net sales if acquired company had been owned for the full year	455		208	
Contribution to operating profit (EBIT) in the year's accounts	30	2	6	-4
Contribution to operating profit (EBIT) if acquired company had been owned for the full year	35		9	

13 INTANGIBLE ASSETS

GROUP

	2018			2017		
	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
Opening acquisition costs	6,349	878	7,228	6,168	802	6,970
Purchases	–	47	47	–	35	35
Developed internally	–	7	7	–	6	6
Increase through acquisitions	212	40	251	126	33	159
Decrease through revaluation of purchase price	–	–	–	-2	–	-2
Measurement period adjustment	1	–	1	–	–	–
Reclassification	–	0	0	–	–	–
Sales/disposals	–	0	0	–	-8	-8
Foreign currency translation differences	125	18	143	57	11	68
Closing accumulated acquisition costs	**6,686**	**990**	**7,677**	**6,349**	**878**	**7,228**
Opening accumulated amortisation/depreciation and impairments	-71	-563	-634	-71	-456	-527
Reclassification	–	0	0	–	0	0
Sales/disposals	–	–	–	–	8	8
Foreign currency translation differences	–	-11	-11	–	-7	-7
Amortisation/depreciation for the year	–	-116	-116	–	-108	-108
Closing accumulated amortisation/depreciation and impairments	**-71**	**-690**	**-761**	**-71**	**-563**	**-634**
CLOSING CARRYING AMOUNT	**6,615**	**300**	**6,916**	**6,278**	**315**	**6,594**
By business area						
Sweco Sweden	2,038			2,060		
Sweco Norway	453			440		
Sweco Finland	985			929		
Sweco Denmark	1,211			1,016		
Sweco Netherlands	279			271		
Sweco Western Europe	1,022			980		
Sweco Central Europe	627			584		
Capitalised development costs for software		106			108	
Assets capitalised on acquisition		194			207	
CLOSING CARRYING AMOUNT	**6,615**	**300**		**6,278**	**315**	

Internally developed software of SEK 7 million (6) was capitalised in the Netherlands during the year, while other intangible assets were acquired through acquisition or purchase. See also Note 7 regarding impairment of goodwill. In the above table, borrowing costs are not included in asset acquisition costs.

PARENT COMPANY

Other intangible assets	**2018**	2017
Opening acquisition costs	138	122
Purchases	11	18
Sales/disposals	–	-1
Closing accumulated acquisition costs	**149**	**138**
Opening accumulated amortisation	-77	-47
Amortisation for the year	-32	-32
Sales/disposals	–	1
Closing accumulated amortisation	**-109**	**-77**
CLOSING CARRYING AMOUNT	**40**	**61**

Impairment testing for cash-generating units with goodwill
Sweco's goodwill is allocated among the seven business areas in accordance with the table on preceding page and values are tested on an annual basis. Recoverable amounts for the cash-generating units are established based on value in use calculations. These calculations are based on five-year cash flow forecasts that reflect past experience and on external information sources. After the first five years, cash flow forecasts are based on an annual growth rate of 1 per cent, which is deemed as a conservative estimate of the long-term growth rate of the business areas' markets.

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

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

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

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

The impairment testing reveals no need for impairment.

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

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

2018	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Central Europe	
Variable	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	2.2	-27.4	3.2	-33.5	3.2	-18.5	3.6	-10.7
Average EBITA margin, %	8.8	2.7	8.5	1.7	8.2	3.0	7.6	5.2
Pre-tax discount rate, %	7.3	25.0	8.8	57.5	7.9	21.8	8.1	12.2

2018	Sweco Denmark		Sweco Netherlands		Sweco Western Europe	
Variable	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	3.3	-6.6	2.5	-27.2	3.7	-6.7
Average EBITA margin, %	7.2	4.8	4.6	0.9	7.8	5.6
Pre-tax discount rate, %	7.0	10.2	7.0	40.2	9.1	12.7

2017	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Central Europe	
Variable	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	2.6	-28.3	2.6	-35.1	2.6	-19.9	2.9	-15.5
Average EBITA margin, %	8.9	2.6	8.7	1.5	8.2	3.0	7.7	4.2
Pre-tax discount rate, %	6.8	24.0	7.7	61.8	6.9	18.5	7.3	13.5

2017	Sweco Denmark		Sweco Netherlands		Sweco Western Europe	
Variable	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	3.6	-9.7	1.7	-26.8	5.4	-5.7
Average EBITA margin, %	7.1	3.9	4.0	0.7	7.8	5.5
Pre-tax discount rate, %	6.4	11.2	6.3	35.8	8.3	11.9

14 PROPERTY, PLANT AND EQUIPMENT

GROUP

	2018			2017		
	Buildings and land	Equipment	Total	Buildings and land	Equipment	Total
Opening acquisition costs	90	1,299	1,389	123	1,123	1,246
Purchases	0	313	313	0	277	277
Increase through acquisitions	2	11	13	5	6	11
Decrease through divestiture of companies	–	-1	-1	-39	-5	-44
Reclassification	4	-1	3	1	-1	0
Sales/disposals	-36	-24	-60	-6	-103	-109
Revaluation	–	–	–	3	–	3
Foreign currency translation differences	1	8	9	3	2	5
Closing accumulated acquisition costs	**61**	**1,605**	**1,666**	**90**	**1,299**	**1,389**
Opening accumulated amortisation/depreciation and impairments	-42	-737	-779	-38	-591	-629
Reclassification	–	-4	-4	–	–	–
Sales/disposals	25	–	25	–	79	79
Decrease through divestiture of companies	–	1	1	1	2	3
Foreign currency translation differences	0	-1	-1	-1	1	0
Impairments	–	–	–	–	0	0
Impairments for the year	-7	-233	-240	-4	-228	-232
Closing accumulated depreciation	**-24**	**-974**	**-998**	**-42**	**-737**	**-779**
CLOSING CARRYING AMOUNT	**37**	**631**	**668**	**48**	**562**	**610**
Of which, land:						
Opening acquisition costs	14		14	14		14
Foreign currency translation differences	0		0	0		0
Increase through acquisitions	–		–	0		0
Closing carrying amount, land	**14**		**14**	**14**		**14**
Of which, equipment financed through finance leases:						
Closing accumulated acquisition costs	9	180	189	9	168	177
Closing accumulated depreciation	-5	-96	-101	-4	-86	-90
Closing carrying amount of finance leases	**4**	**84**	**88**	**5**	**82**	**87**
Of which, closing carrying amount of property, plant and equipment under construction		**1**	**1**		**1**	**1**
Finance lease purchases for the year	–	47	47	–	48	48
Other purchases of property, plant and equipment for the year	–	1	1	0	–	0
Total property, plant and equipment purchases for the year	**–**	**48**	**48**	**0**	**48**	**48**

Decrease through divestiture of companies for 2017 have been updated in the category Buildings and land.

PARENT COMPANY

Equipment	**2018**	2017
Opening acquisition costs	127	120
Purchases	42	7
Sales/disposals	0	–
Closing accumulated acquisition costs	**169**	**127**
Opening accumulated depreciation	-92	-66
Sales/disposals	0	–
Depreciation for the year	-23	-26
Closing accumulated depreciation	**-115**	**-92**
CLOSING CARRYING AMOUNT	**54**	**36**

Note 15

15 SHAREHOLDINGS AND PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY

Change in carrying amount for the year	2018	2017
Opening carrying amount	4,511	4,512
Disposal to other group companies	–	-1
CLOSING CARRYING AMOUNT	**4,511**	**4,511**

Shareholdings at year-end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
Directly owned companies					
Sweco Central Europe AB[1]	556633-5831	Stockholm	100	1,000	55
Sweco Elektronik AB	556301-1765	Västerås	100	2,000	42
Sweco Norge AS	967032271	Norway	100	152,349	112
Sweco Finland Oy[1]	0871165-9	Finland	100	21,000	905
Sweco Western Europe AB[1]	556221-1689	Stockholm	100	4,005	3
Sweco Sverige AB[1]	556032-2496	Stockholm	100	100,000	887
Vattenbyggnadsbyrån AB[2]	556077-9471	Stockholm	100	1,000	1
Vattenbyggnadsbyrån Export AB[2]	556079-1336	Stockholm	100	4,500	1
Sweco Holdco B.V.[1]	30029428	Netherlands	100	76,114,143	2,506
Total shareholdings and participations in group companies					**4,511**
Indirectly owned companies					
Through Sweco Central Europe AB					
Sweco Hydroprojekt a.s.	26475081	Czech Republic	100	10	
UAB Sweco Lietuva	301135783	Lithuania	100	6,105,128	
Sweco Engineering sp. z o.o	56155	Poland	100	266,384	
Sweco Energoproekt JSC	1305488081	Bulgaria	73	400	
Sweco Projekt AS	11304200	Estonia	100	355,463	
Sweco EST OÜ	10633373	Estonia	100	1	
Through Sweco Finland Oy					
Sweco Architects Oy	0635637-4	Finland	100	100	
Sweco Asiantuntijapalvelut Oy	2635440-5	Finland	100	10,000	
Contesta Oy	1712699-6	Finland	100	10,000	
FMC Laskentapalvelut Oy	1013429-9	Finland	100	16,667	
Sweco Industry Oy	0350941-9	Finland	100	1,920,000	
Kiinteistö Oy Sammonpiha[3]	0770284-4	Finland	75	166	
Sweco International Oy	2635445-6	Finland	100	10,000	
OOO Sweco Stroiproject	7806311117	Russia	100		
Sweco PM Oy	2635438-4	Finland	100	10,000	
Sweco Rakenntekniikka Oy	2635439-2	Finland	100	10,000	
Sweco Projekt Oy[2]	2627577-4	Finland	100	100	
Sweco Talotekniikka Oy	0957613-7	Finland	100	1,000	
Avecon Ltd	0399675-5	Finland	100	6,500	
Sweco Ympäristö Oy	0564810-5	Finland	100	1,000	

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

Shareholdings at year-end	Corp. ID number	Domicile	Share of equity, %	No. of shares
Through Sweco Sverige AB				
Sweco International AB	556862-9918	Stockholm	100	500
Sweco Business Information Consulting Co.	91310000MA1K349X1E	China	100	10
Sweco Architects AB	556173-0606	Stockholm	100	20,000
Årstiderne Arkitekter AB	556640-6111	Stockholm	100	1,000
Sweco China Holding AB[2]	556730-8167	Stockholm	100	102
Sweco Connect AB[2]	556083-8624	Stockholm	100	15,000
Sweco Energy AB	556007-5573	Stockholm	100	60,000
Sweco Environment AB	556346-0327	Stockholm	100	20,000
Sweco-COWI Joint Venture AB[2]	556085-5867	Stockholm	100	1,000
Sweco Industry AB	556341-2476	Stockholm	100	20,000
Sweco Civil AB	556507-0868	Stockholm	100	120,000
Sweco India Pvt. Ltd.	AABCF0979RST001	India	100	10,000
Sweco Management AB	556140-0283	Stockholm	100	5,000
Sweco Position AB	556337-7364	Stockholm	100	1,250
Sweco Structures AB	556140-9557	Stockholm	100	20,000
Sweco Systems AB	556030-9733	Stockholm	100	1,500,000
Sweco Society AB	556949-1698	Stockholm	100	500
Sweco Rail AB	556767-9849	Solna	100	1,000
Grontmij Sverige AB	556013-2341	Stockholm	100	53,000
Grontmij AB	556563-7237	Stockholm	100	18,000
Through Sweco Holdco B.V.				
Sweco Nederland Holding B.V.[1]	30161447	Netherlands	100	5,000
Sweco Capital Consultants B.V.	27091285	Netherlands	100	32,305
Stoel Partners Holding B.V.[1]	05031421	Netherlands	100	240
Stoel Partners Bouwtechniek B.V.	05070722	Netherlands	100	180
Verhoeven Raadgevende Ingenieurs B.V.	31016314	Netherlands	100	250
Sweco Nederland B.V.	30129769	Netherlands	100	1,816
Grontmij Maunsell Holding B.V.	30164459	Netherlands	100	102
Grontmij Maunsell Infrastr. Consultancy Srv BV	30164468	Netherlands	100	102
Grontmij Vastgoedmanagement B.V.	23064728	Netherlands	100	1,816
Grontmij Assetmanagement Holding B.V.[1]	30136340	Netherlands	100	182
Grontmij Beheer Reststoffenprojecten B.V.[1]	30078590	Netherlands	100	100
TOP Groningen B.V.	30103098	Netherlands	100	100
Afvalverwerking Regio Oost-Groningen B.V.[5]	04079356	Netherlands	100	180
Afvalverwerking Stainkoeln B.V.[5]	30097382	Netherlands	100	100
Schenkenschans I B.V.[5]	30087893	Netherlands	100	100
Secundaire Bouwstoffen Unie B.V.[5]	30093454	Netherlands	100	250
TOP Delfzijl B.V.	30157433	Netherlands	100	182
Top Gaarkeuken B.V.[5]	30139289	Netherlands	100	182
Vagroen B.V.[5]	30132624	Netherlands	100	250
Waterzuivering Milieuboulevard Groningen B.V.[5]	30158802	Netherlands	100	40
Grontmij Nederland Projecten B.V.[3]	30163316	Netherlands	100	200
Grontmij Real Estate Nederland B.V.[3]	30149254	Netherlands	100	454
MaasBilt B.V.[3]	30039313	Netherlands	100	45,379
PAR 2 Ontwikkeling B.V.[3]	577	Netherlands	100	180
PAR 2 C.V.[3]	817762723	Netherlands	100	
Assutex C.V.[4]	30122026	Netherlands	100	
Sweco Denmark Holding ApS[1]	31862671	Denmark	100	600,000
Sweco Denmark A/S	48233511	Denmark	100	62,800,896
A/S af 20/11 19802	83049316	Denmark	100	1
GSA Gesellschaft für Strassenanalyse GmbH	HRB 2231	Germany	100	1
Sweco Pavement Consultants AS	961 168 848	Norway	100	1,500
Sweco Pavement Consultants AB	556228-0361	Sweden	100	10,006
Årstiderne Arkitekter AS	990180466	Norway	100	1,000
Sweco Belgium NV	BE0405647664	Belgium	100	218,248
GM Contracting NV	BE0419330703	Belgium	100	18,252
Planet ENG MVBA	BE0845988666	Belgium	100	100
Planet Engineering BVBA	BE0465100053	Belgium	100	750
Planet ESB BVBA	BE0898867821	Belgium	100	100

1) Holding company
2) Dormant company
3) Real estate company
4) Insurance company
5) Waste treatment company

Shareholdings at year-end	Corp. ID number	Domicile	Share of equity, %	No. of shares
Sweco UK Holding Limited[1]	2237772	UK	100	31,243,690
Sweco Ireland Limited	120358	Ireland	100	175,100
Sweco UK Limited	2888385	UK	100	8,214,013
RP+K International Ltd[2]	2749020	UK	100	2
Roger Preston & Partners Ltd[2]	2748664	UK	100	56
Roger Preston Ltd[2]	1207754	UK	100	24
Sweco Services UK Limited[1]	2707426	UK	100	200
Roger Preston Group Ltd[1]	6546246	UK	100	1
Whitelaw Turkington Landscape Architects Ltd[2]	4369622	UK	100	11,500
Grontmij Holding France SNC[1]	523637593	France	100	2,080,360
Sweco Mühendislik Müsavirlik ve T. LTD Sir	662694	Turkey	100	100
Sweco GmbH	HRB21768HB	Germany	100	200
Jo Franzke Architekten GmbH	HRB102538	Germany	100	1
Götzelmann+Partner GmbH	HRB13815	Germany	100	1
Sweco Consulting Sp. z o.o.	0000140225	Poland	100	30,469
Grontmij Participations B.V.[1]	31034252	Netherlands	100	11,350

1) Holding company
2) Dormant company
3) Real estate company
4) Insurance company
5) Waste treatment company

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

16 SHAREHOLDINGS AND PARTICIPATIONS IN ASSOCIATED COMPANIES

During 2018 Sweco divested its shares in Geotek Oy in Finland. Financial information for non-material shareholdings in associated companies, based on amounts included in the consolidated financial statements, is detailed below.

GROUP

Group's share of:	2018	2017
Profit for the year	2	2
Capital gain on sale of associated company	8	0
TOTAL COMPREHENSIVE INCOME	**10**	**2**

Shareholdings at year-end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
2018					
Through Sweco Finland Oy					
Betonialan Ohuthiekeskus FMC OY	1713909-2	Finland	33	33	0
Through Sweco Denmark A/S					
Odeon A/S	26391253	Denmark	22	600,000	2
PavEx Consulting s.r.o.	cz63487624	Czech Republic	50		0
Through Sweco Belgium NV					
Arteum Architects BVBA	BE0896004242	Belgium	40	100	0
Total shares and participations					**2**
2017					
Through Sweco Finland Oy					
Geotek Oy	0923058-2	Finland	45	45	6
Betonialan Ohuthiekeskus FMC OY	1713909-2	Finland	33	33	0
Through Sweco Denmark A/S					
Odeon A/S	26391253	Denmark	22	600,000	1
PavEx Consulting s.r.o.	cz63487624	Czech Republic	50		0
Through Sweco Belgium NV					
Arteum Architects BVBA	BE0896004242	Belgium	40	100	0
Total shares and participations					**7**

17 HOLDINGS IN JOINT VENTURES AND JOINT OPERATIONS

None of the Group's joint ventures are of a significant size, and value of the holdings amounted to SEK 0 million (0). During 2017 holdings in the Netherlands were sold.

GROUP

Group's share of joint ventures:	2018	2017
Profit for the year	-1	-1
TOTAL COMPREHENSIVE INCOME	**-1**	**-1**

Holdings in joint operations at year-end	Corp. ID number	Domicile	Share of equity, %
2018			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Sweden	50
2017			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Sweden	50

Group's shareholdings in joint operations	2018	2017
Operating income	3	14
Operating costs	-3	-14
PROFIT FOR THE YEAR	**0**	**0**
Current assets	6	11
Total assets	**6**	**11**
Current liabilities	-6	-11
Total liabilities	**-6**	**-11**
NET ASSETS	**0**	**0**

There are no pledged assets or contingent liabilities relating to holdings in joint operations.

18 FINANCIAL INVESTMENTS

GROUP

Change in carrying amount for the year	2018	2017
Opening carrying amount	13	14
Acquisition of other shares	0	0
Reclassification	0	0
Disposal of other shares	-3	0
Gained through acquisition	0	0
Revaluation of holdings	-1	-1
Foreign currency translation difference	0	0
CLOSING CARRYING AMOUNT	**10**	**13**

The business model for financial investments is "hold to collect and sell". The assets are regularly measured at fair value with changes in value reported in other comprehensive income. An impairment loss is recognised in the income statement when necessary. See also Note 8. In 2017, financial investments were classified as available-for-sale financial assets and were also measured then at fair value through other comprehensive income.

Shareholdings at year-end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
2018					
BRF Störtloppet	716414-8764	Åre			1
Hirsala Golf Oy	1709135-9	Finland		3	0
Kiinteistö Oy Paalupuisto	0575992-1	Finland	13	444	5
Other shares and participations					4
Total shares and participations					**10**
2017					
BRF Störtloppet	716414-8764	Åre			1
Hirsala Golf Oy	1709135-9	Finland		3	0
Kiinteistöosakeyhtiö Kuopion Puijonkatu 26-28	0235274-7	Finland	15	397	3
Kiinteistö Oy Paalupuisto	0575992-1	Finland	13	444	5
Other shares and participations					4
Total shares and participations					**13**

19 OTHER NON-CURRENT SECURITIES

PARENT COMPANY

Change in carrying amount for the year	2018	2017
Opening carrying amount	1	1
CLOSING CARRYING AMOUNT	1	1

Shareholdings at year-end	Corp. ID number	Domicile	Carrying amount
2018			
BRF Störtloppet	716414-8764	Åre	1
Total shares and participations			**1**
2017			
BRF Störtloppet	716414-8764	Åre	1
Total shares and participations			**1**

20 RECEIVABLES FROM GROUP COMPANIES

PARENT COMPANY

Change in carrying amount for the year	2018	2017
Non-current assets		
Opening carrying amount	1,833	1,831
Lending to group companies	-1	2
Foreign currency translation difference	1	0
Closing carrying amount	**1,833**	**1,833**
Current assets		
Opening carrying amount	2,295	1,925
Change for the year	-157	370
Closing carrying amount	**2,138**	**2,295**
TOTAL RECEIVABLES FROM GROUP COMPANIES	**3,971**	**4,128**

21 OTHER NON-CURRENT RECEIVABLES

GROUP

	2018	2017		
Change in carrying amount for the year	Hold to collect	Held-to-maturity investments	Other non-current receivables	Total
Opening non-current receivables	110	90	44	134
Decrease through divestiture of companies	–	–	-1	-1
Increase in receivables	23	4	3	7
Decrease in receivables	-7	-3	-23	-26
Reclassification	–	–	-7	-7
Foreign currency translation difference	3	2	1	3
CLOSING NON-CURRENT RECEIVABLES	**130**	**93**	**17**	**111**
Non-current receivables at year-end				
Other receivables	130	93	17	111
TOTAL NON-CURRENT RECEIVABLES	**130**	**93**	**17**	**111**

Of the "hold to collect" amount, SEK 98 million is attributable to a bank deposit to cover future cash outflows for costs associated with one of the Group's landfills. The balance serves as collateral for the landfill licensee. Last year, this deposit was reported in held-to-maturity investments. Details on the new classification following changes to accounting standards can be found on page 56.

22 WORK IN PROGRESS

GROUP

Below is a description of significant movements in work in progress less progress billings and progress billings in excess of work in progress.

2018	Work in progress less progress billings	Progress billings in excess of work in progress
Opening carrying amount	2,614	-1,849
Increase through acquisitions	79	-50
Decrease through divestments	–	0
Progress billings	-13,596	-4,122
Value of work completed	13,048	4,797
CLOSING CARRYING AMOUNT	**2,145**	**-1,224**

The majority of the opening balance for progress billing in excess of work in progress has been recognised as income during 2018. No significant revenue from performance obligations fulfilled during previous periods has been reported.

23 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2018	2017	**2018**	2017
Prepaid rents	84	72	–	–
Prepaid insurance premiums	17	17	–	–
Prepaid IT expenses	7	6	–	–
Accrued interest income	2	2	–	–
Other accrued income	2	9	–	–
Prepaid licence expenses	40	32	40	32
Other prepaid expenses	99	145	43	47
TOTAL	**251**	**283**	**82**	**78**

24 CASH AND CASH EQUIVALENTS

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

Current investments have been classified as cash and cash equivalents on the basis that:
- they are exposed to an insignificant risk for value fluctuations
- they are readily convertible to cash
- they have original maturities of less than three months.

Cash and cash equivalents in the balance sheet	Group		Parent Company	
	2018	2017	**2018**	2017
Cash/bank	775	572	381	218
TOTAL CASH AND CASH EQUIVALENTS	**775**	**572**	**381**	**218**

There was no commercial paper in Sweco Group at 31 December 2018 or 2017.

25 EQUITY

Change in number of outstanding shares[1]	A shares	B shares	C shares	Total
Number of shares at 1 January 2017	10,533,731	109,020,539	–	119,554,270
Issuance of treasury shares – share savings scheme	–	90,431	–	90,431
Issuance of treasury shares – share bonus scheme	–	875,895	–	875,895
Issuance of treasury shares	–	–	500,000	500,000
Repurchase of treasury shares	–	-1,396,000	-500,000	-1,896,000
NUMBER OF OUTSTANDING SHARES AT 31 DECEMBER 2017	**10,533,731**	**108,590,865**	**–**	**119,124,596**
Issuance of treasury shares – share savings scheme	–	97,809	–	97,809
Issuance of treasury shares – share bonus scheme	–	537,163	–	537,163
Conversion of A shares to B shares	-101,740	101,740	–	–
Repurchase of treasury shares	–	-2,689,626	–	-2,689,626
NUMBER OF OUTSTANDING SHARES AT 31 DECEMBER 2018	**10,431,991**	**106,637,951**	**–**	**117,069,942**

1) After deduction for treasury shares.

A statement of changes in equity is found on page 51 for the Group and on page 55 for the Parent Company. Additional information about the Sweco share is provided on pages 97–99.

Sweco repurchased 2,689,626 Class B shares during the year for SEK 520 million, corresponding to SEK 193.23 per share. During the year all Class C shares were redeemed.

The total number of shares, including treasury shares, at the end of the period was 121,083,819 (10,431,991 Class A shares and 110,651,828 Class B shares.) The total number of votes was 21,497,173.8 whereof 10,431,991 represented by Class A shares and 11,065,182.8 by Class B shares.

Share capital

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

Other contributed capital

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

Reserves

Reserves are comprised of a translation reserve containing all exchange differences arising on the translation of foreign operations to another currency and exchange differences arising on the hedged net investments in FMC Group and Grontmij Group with loans denominated in EUR.

Retained earnings including profit for the year

Retained earnings including profit for the year are comprised of profits earned in the Parent Company and its subsidiaries, associated companies and joint ventures. Retained earnings have been charged with the historical cost of treasury shares held by the Parent Company, its subsidiaries and associated companies. Upon utilisation of treasury shares, an amount equal to the market value of the shares is transferred to retained earnings. At 31 December 2018 the Group's holding of treasury shares amounted to 4,013,877 (1,959,223) Class B shares. The treasury shares were purchased at an average price of SEK 161.57 each, for a total of SEK 649 million. The market value at 31 December 2018 was SEK 790 million. The repurchased shares correspond to 3.3 per cent of the total number of shares and 1.9 per cent of the votes.

Capital distribution to shareholders

After the balance sheet date, the Board of Directors proposed the following capital distribution to shareholders for resolution by the Annual General Meeting on 11 April 2019.

	2018	2017
Dividend of SEK 5.50 per common share (5.00 SEK)	666	593

Amounts for 2018 were calculated including treasury shares. Accordingly, the change in value may be lower if the shares remain in treasury. Should the Board exercise the authority granted it by the April 2018 AGM to acquire additional treasury shares, the amount distributed to the shareholders may be further reduced. More information is found in the Board of Directors Report on page 36.

PARENT COMPANY

Restricted reserves

Restricted reserves may not be reduced through distribution to shareholders.

Statutory reserve

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

Development expenditure fund

For capitalisation of internal development expenditures, the corresponding amount is transferred from unrestricted equity to the development expenditure fund in restricted equity. The fund is reduced as capitalised expenditures are depreciated or written off.

Share premium reserve

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

Retained earnings

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

26 CURRENT AND NON-CURRENT INTEREST-BEARING LIABILITIES

	Group		Parent Company	
Interest-bearing liabilities	**2018**	2017	**2018**	2017
Non-current interest-bearing liabilities				
Liabilities to credit institutions	2,105	2,120	1,690	1,980
Liabilities under finance leases as per Note 29	72	72	–	–
Total	**2,177**	**2,192**	**1,690**	**1,980**
Current interest-bearing liabilities				
Bank overdraft facilities	66	45	–	–
Other liabilities to credit institutions	453	12	450	8
Liabilities under finance leases as per Note 29	23	22	–	–
Total	**542**	**79**	**450**	**8**
TOTAL INTEREST-BEARING LIABILITIES	**2,719**	**2,271**	**2,140**	**1,988**

All financial liabilities are recognised at amortised costs. Liabilities to credit institutions were mainly raised to finance acquisitions. The most important covenant in the loan agreement is the Net debt/EBITDA ratio. All covenants were met by a wide margin at the end of the reporting period. The bank overdraft facilities are renewed yearly and are not associated with any special conditions or obligations.

	Group		Parent Company	
Loan maturity structure	**2018**	2017	**2018**	2017
0–1 year	542	79	450	8
1–5 years	2,177	2,192	1,690	1,980
5 years and later	0	0	–	–
	2,719	**2,271**	**2,140**	**1,988**

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

Granted overdraft and credit terms

	Group		Parent Company	
	2018	2017	**2018**	2017
Credits granted	3,693	3,689	3,146	3,494
Credits utilised on balance sheet date	-2,719	-2,271	-2,140	-1,988
UNUTILISED CREDITS	**974**	**1,418**	**1,006**	**1,506**
Average interest rate, %[1]	1.14	1.33	0.80	0.83

1) The average interest rate is calculated based on the interest expense of several loans set against the average outstanding balances of these loans through the year, excluding fees.

Net debt

	2018	2017
Cash and cash equivalents	775	572
Non-current interest-bearing liabilities	-2,177	-2,192
Current interest-bearing liabilities	-542	-79
NET DEBT	**-1,944**	**-1,698**

Below are the changes in net debt and other non-current liabilities analysed.

GROUP	Cash and cash equivalents	Non-current interest-bearing liabilities	Current interest-bearing liabilities	**Net debt**	Other non-current liabilities	**Total**
Carrying amount at 1 January 2017	**892**	**-1,515**	**-936**	**-1,558**	**-26**	**-1,584**
Non-cash items						
Increase through acquisitions	–	-8	-2	**-10**	-11	**-21**
Decrease through divestiture of companies	–	35	0	**35**	–	**35**
Acquisition finance leases and leasing benefits	–	5	-1	**4**	–	**4**
Reclassification	–	-819	819	**0**	15	**15**
Foreign currency translation differences	-11	-101	49	**-62**	0	**-63**
Total non-cash items	**-11**	**-887**	**865**	**-33**	**4**	**-30**
Cash flow	-309	210	-7	**-107**	-1	**-107**
CARRYING AMOUNT AT 31 DECEMBER 2017	**572**	**-2,192**	**-79**	**-1,698**	**-23**	**-1,721**
Non-cash items						
Increase through acquisitions	–	-3	-5	**-8**	-2	**-10**
Decrease through divestiture of companies	–	–	4	**4**	–	**4**
Acquisition finance leases and leasing benefits	–	1	-1	**0**	–	**0**
Reclassification	–	301	-300	**1**	-1	**–**
Foreign currency translation differences	-9	-38	0	**-47**	0	**-47**
Total non-cash items	**-9**	**261**	**-302**	**-50**	**-3**	**-53**
Cash flow	211	-246	-161	**-195**	-12	**-207**
CARRYING AMOUNT AT 31 DECEMBER 2018	**775**	**-2,177**	**-542**	**-1,944**	**-37**	**-1,980**

PARENT COMPANY	Cash and cash equivalents	Non-current interest-bearing liabilities	Current interest-bearing liabilities	**Net debt**	Other non-current liabilities	**Total**
Carrying amount at 1 January 2017	**570**	**-1,368**	**-820**	**-1,617**	**-11**	**-1,629**
Non-cash items						
Reclassification	–	-820	820	**–**	–	**–**
Foreign currency translation differences	–	–	–	**–**	0	**0**
Total non-cash items	**–**	**-820**	**820**	**0**	**0**	**0**
Cash flow	-352	208	-8	**-152**	–	**-152**
CARRYING AMOUNT AT 31 DECEMBER 2017	**218**	**-1,980**	**-8**	**-1,769**	**-12**	**-1,781**
Non-cash items						
Reclassification	–	300	-300	**–**	-11	**-11**
Foreign currency translation differences	–	–	–	**–**	-1	**-1**
Total non-cash items	**–**	**300**	**-300**	**–**	**-12**	**-12**
Cash flow	163	-10	-142	**11**	11	**22**
CARRYING AMOUNT AT 31 DECEMBER 2018	**381**	**-1,690**	**-450**	**-1,758**	**-13**	**-1,771**

27 PROVISIONS FOR PENSIONS

DEFINED BENEFIT PENSION PLANS

Sweden

The Group's retirement pension obligations for salaried employees in Sweden are secured through insurance in Alecta and AI Pension (AIP). According to statement UFR 10 from the Swedish Accounting Standards Board's Urgent Issues Task Force, Alecta is a "multi-employer" plan. The AIP pension plan is similarly structured and is therefore reported in the same manner. The Group has not had access to sufficient information to report these as defined benefit pension plans. Consequently, the ITP-based pension plans which are secured through insurance in Alecta and AIP are reported as defined contribution plans.

Surpluses in Alecta and AIP can be refunded to the policyholders and/or the insureds. At the end of 2018 Alecta's surplus measured as a collective consolidation ratio was 142 per cent (154) and AIP's was 137 per cent (151). The collective consolidation ratio is the market value of Alecta's and AIP's plan assets as a percentage of insurance obligations computed according to their own actuarial assumptions, which are not consistent with IAS 19.

Norway

As at the close of 2018, Sweco Norge AS has two remaining defined benefit pension plans with similar demographic and financial assumptions. These remaining plans apply to 33 retired members. The plans' assets and liabilities are calculated using identical actuarial assumptions.

Netherlands

Most of the Dutch pension plan is comprised of a collective defined contribution plan. Contribution is based on a fixed premium. The plan has no provisions covering additional funding by the Netherlands in the event of a deficit. According to pension fund estimates, the fund has reserves totalling 105.4 (108.1) per cent as at 31 December 2018.

The Dutch defined benefit pension plan relates to a conditional early retirement plan for approximately 446 participants. The plan is only applicable to active employees who were younger than 56 years at 1 January 2006 and 31 December 2005. The plan is effective through 31 December 2020. The employer contribution for 2018 is EUR 1.4 million (1.6).

Both plans are administered by Stichting Pensioenfonds Grontmij, a fund that is legally separated from the Group.

Belgium

Sweco Belgium has several defined benefit pension plans with similar demographic and financial assumptions. Assets and liabilities in these plans are computed according to the same actuarial assumptions. As the legislature requires employers to ensure a minimum return on pension plans, several Belgian pension plans previously classified as defined contribution plans are now recognised as defined benefit plans. The initial recognition of the defined benefit pension plan liability (SEK 38 million) is reported as part of the purchase price allocation of the Grontmij transaction.

Other countries (Finland, Germany, UK, Denmark and Poland)

Employees in Finland are covered by defined contribution pension plans. There is a defined benefit pension plan for supplementary pensions for employees added through the acquisition of Kemira Engineering Oy in 2004. Germany and the UK participate in defined contribution pension plans with local pension funds or insurance companies. Both countries have limited defined benefit pension plans. The German plan is unfunded. The Group participates in defined benefit pensions plans with local pension funds or insurance companies in Poland and Denmark.

	2018					
Breakdown of net asset/ liability for defined benefit plans by country	Norway	Netherlands	Germany	Belgium	Other	Total
Present value of defined benefit pension obligations	-56	-89	-37	-191	-14	-388
Fair value of plan assets	41	76	–	143	10	270
Liability for jubilee benefits	–	-13	-2	–	-4	-19
NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS	**-15**	**-25**	**-40**	**-48**	**-9**	**-137**

	2017					
Breakdown of net asset/ liability for defined benefit plans by country	Norway	Netherlands	Germany	Belgium	Other	Total
Present value of defined benefit pension obligations	-59	-82	-37	-160	-18	-355
Fair value of plan assets	44	67	–	119	15	244
Liability for jubilee benefits	–	-13	-2	–	-4	-19
NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS	**-15**	**-28**	**-39**	**-42**	**-7**	**-130**

Defined benefit pension plans in the balance sheet	2018	2017
Present value of defined benefit pension obligations	-388	-355
Fair value of plan assets	270	244
Liability for jubilee benefits	-19	-19
NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS	**-137**	**-130**
Non-current pension provisions	-128	-112
Current pension provisions	-9	-18
NET BALANCE SHEET AMOUNT	**-137**	**-130**

Change in defined benefit pension obligations for the year	2018	2017
Defined benefit pension obligation at beginning of year	-355	-373
Current service costs	-24	-23
Past service cost	0	1
Curtailment gain	0	2
Interest expense	-5	-5
Revaluations:		
– Actuarial gains and losses on changed demographic assumptions	1	0
– Actuarial gains and losses on changed financial assumptions	0	5
– Experienced-based adjustments	-13	-2
Settlement and changes in the pension plan	0	8
Reclassification	-1	–
Benefits paid	22	36
Increase through acquisitions	0	–
Foreign currency translation difference	-12	-4
Defined benefit pension obligation at year-end	**-388**	**-355**

Change in fair value of plan assets for the year	2018	2017
Fair value of plan assets at beginning of year	244	234
Employer contributions	31	35
Contributions from plan participants	3	7
Interest income	4	3
Return on plan assets, excluding interest income	3	3
Actuarial gains and losses	-3	-2
Settlement and changes in the pension plan	–	-8
Benefits paid	-19	-31
Increase through acquisitions	0	–
Administration cost	-1	–
Foreign currency translation difference	8	2
Fair value of plan assets at year-end	**270**	**244**

Plan assets are comprised of	2018	2017
Cash and cash equivalents and current investments	87	77
Shares	–	3
Government bonds	41	44
Fixed-income securities	2	4
Other	139	115
TOTAL PLAN ASSETS	**270**	**244**

Defined benefit pension plans	2018	2017
Net expense in the income statement		
Current service costs	-25	-23
Past service costs	0	1
Curtailment gain	–	2
Net interest income/interest expense	-2	-2
Settlement and changes in the pension plan	0	0
TOTAL NET EXPENSE	**-27**	**-21**
Net expense is recognised in the income statement as		
Personnel costs	-27	-21
Net expense in profit for the year	**-27**	**-21**
Expense recognised in other comprehensive income		
Revaluations:		
Actuarial gains (-) and losses (+)	-16	-1
Difference between actual return and return on discount rate on plan assets	3	3
Effects of change in asset limit, excluding amounts reported in net interest income	–	0
Net expense recognised in other comprehensive income	**-12**	**3**
NET EXPENSE RECOGNISED IN COMPREHENSIVE INCOME	**-39**	**-18**

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

	Norway		Netherlands		Germany		Belgium	
Actuarial assumptions, %	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Discount rate	2.6	2.4	0.0	-0.2	2.0	3.7	1.8	1.8
Anticipated return on plan assets	2.6	2.4	0.0	0.0	0.0	0.0	1.8	1.8
Annual rate of salary increase	0.0	0.0	1.0	1.0	2.0	2.0	2.8	2.8
Annual rate of pension increase	0.8	0.5	0.0	0.0	1.5	1.5	0.0	0.0
Inflation	0.3	1.5	0.0	0.0	0.0	0.5	1.8	1.8
Discount rate jubilee	–	–	0.0	1.1	2.0	1.9	–	–
Life expectancy assumption, years								
– pensioned at end of period:								
Men	21.0	21.0	24.6	24.6	14.0	14.0	21.6	21.6
Women	24.1	24.1	26.6	27.0	17.0	17.0	25.3	25.3
Life expectancy assumption, years								
– pensioned 20 years after end of period:								
Men	23.2	23.2	26.2	27.0	22.0	21.0	–	–
Women	26.5	26.5	28.3	29.4	25.0	25.0	–	–
Other information								
Weighted average maturity of obligation, years	8.0	8.0	1.9	2.8	15.0	23.8	10.2	10.9
Number of active members in relation to total number of individuals, %	0	0	100	100	36	40	100	100

Sensitivity analysis

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

Defined benefit obligation, SEK M	Increase	Decrease
Discount rate (-/+ 1% change)	41	28
Annual rate of salary increase (+/- 1% change)	15	19
Annual rate of pension increase (+/- 1% change)	10	9
Life expectancy (+/-1 year)	1	1

The Group estimates that approximately SEK 33 million will be paid to defined benefit pension plans during 2019.

DEFINED CONTRIBUTION PENSION PLANS

	2018	2017
Allocation of expenses by pension plan		
Sweden, Alecta	-351	-320
Sweden, AIP	-17	-22
Finland	-196	-184
Netherlands	-124	-118
Norway	-107	-86
Denmark	-75	-58
United Kingdom	-30	-21
Belgium	0	-3
Germany	-3	-2
Other countries	0	-1
TOTAL	**-902**	**-814**

28 OTHER PROVISIONS

GROUP

	2018				2017			
Change in fair value for the year	After-care liabilities	Restructuring	Other provisions	Total	After-care liabilities	Restructuring	Other provisions	Total
Opening carrying amount	199	10	54	263	189	43	62	293
Increase through acquisition	–	–	–	–	–	–	0	0
Provision for the year	–	9	12	21	–	1	9	10
Utilised provision	-3	-4	-8	-15	-3	-2	-14	-18
Reversal of unutilised provision	–	-8	-1	-9	–	–	–	–
Interest	9	–	–	9	8	–	–	8
Foreign currency translation difference	6	0	2	8	5	0	1	7
Reclassification	–	–	–	–	–	–	-5	-5
Reclassification to accrued expenses	–	-7	–	-7	–	-33	–	-33
TOTAL OTHER PROVISIONS	**211**	**0**	**59**	**271**	**199**	**10**	**54**	**263**
OF WHICH, CURRENT OTHER PROVISIONS	**6**	**0**	**13**	**20**	**6**	**10**	**11**	**27**

After-care liabilities
The Group is responsible for the after-care of landfill sites in the Netherlands and ensuring that waste products are processed for storage, and for securing long-term waste product maintenance. The provisions for landfill sites are calculated pursuant to IPO's RIINAS model (umbrella organisation for twelve provinces in the Netherlands) at a 4.0 to 5.0 per cent (4.0–5.0) discount rate.

Restructuring
Provisions include the anticipated costs incurred as a result of the Group's decision to conduct restructuring activities. During the year the provision related to operations in the Netherlands have been utilised. Provisions for restructuring are only recognised when Sweco has a formal detailed restructuring plan in place and has notified those impacted by the plan as at balance sheet date. Amounts are based on management's best estimates and are adjusted if there are changes to these estimates.

Other provisions
Other provisions refer primarily to the restoration of office space and future costs associated with disputes that have not been settled.

29 LIABILITIES UNDER FINANCE LEASES

GROUP

	2018		2017	
	Present value	Nominal value	Present value	Nominal value
In current interest-bearing liabilities				
Due within one year	23	26	22	24
Total current liabilities	**23**	**26**	**22**	**24**
In liabilities to credit institutions				
Due within more than one but less than five years	72	73	72	73
Due within more than five years	0	0	–	–
Total non-current liabilities	**72**	**73**	**72**	**73**
TOTAL LIABILITIES UNDER FINANCE LEASES	**95**	**99**	**94**	**97**

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

30 ACCRUED EXPENSES, PREPAID INCOME AND OTHER CURRENT LIABILITIES

	Group		Parent Company	
Accrued expenses and prepaid income	**2018**	2017	**2018**	2017
Accrued payroll costs	238	173	8	5
Accrued holiday and overtime pay	764	734	3	2
Accrued social fees	388	362	16	11
Other personnel-related costs	55	71	–	–
Accrued IT expenses	4	4	–	–
Accrued audit and consulting costs	6	5	–	–
Accrued rents	24	20	–	–
Accrued waste management costs	71	61	–	–
Accrued interest	2	10	2	1
Prepaid income	6	5	–	–
Other	200	199	3	8
TOTAL ACCRUED EXPENSES AND PREPAID INCOME	**1,758**	**1,642**	**32**	**27**

	Group		Parent Company	
Other current liabilities	**2018**	2017	**2018**	2017
VAT	566	525	–	–
Employee withholding tax	235	214	1	1
Derivatives	–	–	–	–
Other	129	102	12	0
TOTAL OTHER CURRENT LIABILITIES	**930**	**841**	**13**	**2**

31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	2018	2017	**2018**	2017
Pledged assets				
Pledged funds for rent	20	21	–	–
TOTAL PLEDGED ASSETS	**20**	21	–	–
Contingent liabilities				
Corporate guarantees	330	268	164	157
Total corporate guarantees	**330**	**268**	**164**	**157**
Bank guarantees				
Advance Payment guarantees	119	153	42	72
Performance guarantees	135	104	38	46
Others	207	186	97	86
Total bank guarantees	**461**	**443**	**178**	**204**
TOTAL CONTINGENT LIABILITIES	**791**	**711**	**342**	**362**

Sweco AB has since 2015 issued a guarantee pursuant to Article 2:403 of the Dutch Civil Law (Burgerlijk Wetboek) under which the Parent Company is the guarantor for liabilities and obligations of Sweco Holdco B.V.

32 FINANCIAL INSTRUMENTS BY CATEGORY

GROUP

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

	Carrying value					Fair value hierarchy			
2018	Hold to collect	Hold to collect and sell	Other assets	Other liabilities	Total carrying amount	Level 1	Level 2	Level 3	**Total**
Financial assets measured at fair value through comprehensive income									
Shares	–	10	–	–	10	–	–	10	**10**
TOTAL	**–**	**10**	**–**	**–**	**10**	**–**	**–**	**10**	**10**
Financial assets measured at amortised cost									
Non-current receivables	130	–	–	–	130	–	–	–	–
Trade receivables	3,243	–	–	–	3,243	–	–	–	–
Cash and cash equivalents	775	–	–	–	775	–	–	–	–
TOTAL	**4,148**	**–**	**–**	**–**	**4,148**	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value through profit and loss									
Currency forwards for hedging	–	–	3	–	3	–	3	–	3
TOTAL	**–**	**–**	**3**	**–**	**3**	**–**	**3**	**–**	**3**
Financial liabilities measured at amortised cost									
Liabilities to credit institutions	–	–	–	2,624	2,624	–	–	–	–
Liabilities under finance leases	–	–	–	95	95	–	–	–	–
Other non-current liabilities	–	–	–	25	25	–	–	–	–
Trade payables	–	–	–	636	636	–	–	–	–
TOTAL	**–**	**–**	**–**	**3,380**	**3,380**	**–**	**–**	**–**	**–**

2017	Carrying value Assets held for trading	Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying amount	Fair value hierarchy Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Shares	–	–	13	–	13	–	–	13	**13**
TOTAL	**–**	**–**	**13**	**–**	**13**	**–**	**–**	**13**	**13**
Financial assets not carried at fair value									
Non-current receivables	–	110	–	–	110	–	–	–	–
Trade receivables	–	3,046	–	–	3,046	–	–	–	–
Cash and cash equivalents	–	572	–	–	572	–	–	–	–
TOTAL	**–**	3,728	**–**	**–**	**3,728**	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value									
Currency forwards for hedging	1	–	–	–	1	–	1	–	1
TOTAL	**1**	**–**	**–**	**–**	**1**	**–**	**1**	**–**	**1**
Financial liabilities not carried at fair value									
Liabilities to credit institutions	–	–	–	2,177	2,177	–	–	–	–
Liabilities under finance leases	–	–	–	94	94	–	–	–	–
Other non-current liabilities	–	–	–	11	11	–	–	–	–
Trade payables	–	–	–	625	625	–	–	–	–
TOTAL	**–**	**–**	**–**	**2,907**	**2,907**	**–**	**–**	**–**	**–**

In the above table for 2017, non-current receivables are comprised of held-to-maturity investments and "Other non-current receivables" with the exception of pension assets. See also Note 21.

PARENT COMPANY

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

2018	Carrying value Hold to collect	Hold to collect and sell	Other liabilities	Total carrying amount	Fair value hierarchy Level 3	Total
Other non-current securities	–	1	–	1	1	1
Other non-current receivables	13	–	–	13	–	–
Cash and cash equivalents	381	–	–	381	–	–
TOTAL	**394**	**1**	**–**	**395**	**1**	**1**
Non-current interest-bearing liabilities	–	–	1,690	1,690	–	–
Current interest-bearing liabilities	–	–	450	450	–	–
Trade payables	–	–	46	46	–	–
TOTAL	**–**	**–**	**2,186**	**2,186**	**–**	**–**

2017	Carrying value Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying amount	Fair value hierarchy Level 3	Total
Other non-current securities	–	1	–	1	1	1
Other non-current receivables	2	–	–	2	–	–
Cash and cash equivalents	218	–	–	218	–	–
TOTAL	**220**	**1**	**–**	**221**	**1**	**1**
Non-current interest-bearing liabilities	–	–	1,980	1,980	–	–
Current interest-bearing liabilities	–	–	8	8	–	–
Trade payables	–	–	43	43	–	–
TOTAL	**–**	**–**	**2,031**	**2,031**	**–**	**–**

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

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

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

Measurement of fair value

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

The fair value of a listed financial asset is equal to the asset's quoted market price on the balance sheet date. The fair value of unlisted financial assets is determined through market valuation, such as recently completed transactions, the price of similar instruments and discounted cash flows. When there is no reliable basis for determining fair value, financial assets are measured at amortised cost. The financial assets in Sweco consist of shares in small enterprises, which are not stock exchange-listed. As there is no active market for these shares and thus no current market valuation, the acquisition value is the most reasonable estimated market value, which is also the recognised value.

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

The value of non-current loans is recognised as accrued amortised cost, which is considered a good approximation of fair value since the fixed interest period for all loans is less than one year.

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

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

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

GROUP

	Financial investments
Opening carrying amount at 1 January 2017	14
Total reported gains and losses	
– recognised in profit for the year	1
– recognised in other comprehensive income	–
Cost of acquisitions	0
Reclassification	0
Increase through acquisitions	–
CLOSING CARRYING AMOUNT AT 31 DECEMBER 2017	**13**
Gains and losses recognised in profit for the year for assets included in the closing carrying amount at 31 December 2017	–
Opening carrying amount at 1 January 2018	13
Total reported gains and losses	
– recognised in profit for the year	-1
– recognised in other comprehensive income	–
Cost of acquisitions	0
Reclassification	0
Gained through acquisition	0
Proceeds from divestitures	-3
CLOSING CARRYING AMOUNT AT 31 DECEMBER 2018	**10**
Gains and losses recognised in profit for the year for assets included in the closing carrying amount at 31 December 2018	–

33 FINANCIAL RISKS AND FINANCE POLICY

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

FINANCE POLICY

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

MARKET RISK

Market risk is the risk for fluctuations in the value of financial investments due to changes in market prices. Sweco's policy minimises this risk by limiting the average fixed-interest term of financial investments to 120 days.

CURRENCY RISKS

Transaction exposure

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

The Group's transaction exposure from exports in 2018 can be broken down into the following significant currencies:

	2018			2017		
SEK M	EUR	USD	NOK	EUR	USD	NOK
Income	461	42	153	287	100	78
Expenses	-464	-42	-44	-347	-33	-70
NET	**-3**	**0**	**109**	**-60**	**67**	**8**

On the balance sheet date, the Group had the following open forward exchange contracts with a remaining time to maturity of between 0 and 42 months (0 and 54 months).

	Contract amount		Unrealised gain + / losses -		Average rate	
Currency	**2018**	2017	**2018**	2017	**2018**	2017
EUR, buy	-38	-24	0	1	10.23	9.40
EUR, sell	56	66	-3	-3	9.85	9.43
GBP	1	1	0	0	10.99	10.99
DKK	3	–	0	–	1.31	–
NOK	4	18	0	1	1.01	1.04
USD	3	1	0	0	8.30	7.99
Other	2	4	0	0		

Hedge accounting was not applied for the forward exchange contracts outstanding on the balance sheet date. Valuation gains/losses on forward exchange contracts are recognised in other external expenses in the income statement and fair value is recognised in other current receivables/liabilities in the balance sheet.

Translation exposure

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

Translation exposure is comprised of the risk for changes in equity resulting from translation differences. For the significant currencies, translation exposure at 31 December 2018 was NOK 441 million (414), GBP 61 million (65), DKK 442 million (468) and EUR 310 million (277). The Group's policy is to not hedge translation exposure in foreign currencies except in connection with major acquisitions.

Sweco has previously chosen to hedge the net investments in FMC Group and Grontmij with currency loans in EUR, which are reported in the table below. During 2018, an amount of EUR 10 million (-) was amortised on currency loans. There were no inefficiencies to be reported from hedges of net investments in foreign operations.

	Group	
Net investment in foreign operations	**2018**	2017
Carrying amount foreign currency loan, SEK M	-1,843	-1,884
Carrying amount foreign currency loan, EUR M	-181	-191
Hedge ratio for both loans	1:3	1:3
Change in carrying amount of the loans as a result of changed foreign currency rate	-40	-49
Change in value of hedged item used to determine hedge effectiveness	439	435
Of which, due to changed foreign currency rate	*173*	*130*

Balance sheet exposure

On the translation of assets and liabilities transactions, balance sheet exposure arises in the difference between exchange rates on the transaction date and the closing day rate. The resulting exchange difference is recognised in the income statement.

	Group		Parent Company	
Foreign exchange differences recognised in the income statement	**2018**	2017	**2018**	2017
Other income	6	–	7	–
Other operating expenses	-1	-1	0	0
Total foreign exchange differences in operating profit	**5**	**-1**	**7**	**0**
Financial income				
Financial expenses	-8	-7	-27	-1
Total foreign exchange differences in net financial items	**-8**	**-7**	**-27**	**-1**
TOTAL FOREIGN EXCHANGE DIFFERENCES IN PROFIT BEFORE TAX	**-3**	**-8**	**20**	**-1**

INTEREST RATE RISK

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

LIQUIDITY RISK

Liquidity risk (the risk that the Group will incur higher costs due to insufficient liquidity and unable to fulfil its payment obligation), cash flow risk (the risk for variations in the size of future cash flows generated by financial instruments) and refinancing risk (the risk that the Group would be unable to refinance matured loans) are deemed minor in view of the Group's financial position with unutilised bank overdraft facilities which, including cash and cash equivalents, total SEK 1,749 million (1,991). There are cash pools in place to minimise the borrowing requirement through the use of surplus liquidity in the Group. The bank overdraft facilities are renewed every year and are not associated with any special conditions or obligations; see also Note 26.

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

2018	Nominal amount in original currency	Total	0–1 year	1–5 years	>5 years
Interest-bearing liabilities		2,558	453	2,105	–
Forward exchange contracts, EUR	2	18	-2	20	–
Forward exchange contracts, GBP	0	1	1	–	–
Forward exchange contracts, DKK	2	3	3	–	–
Forward exchange contracts, NOK	4	4	4	–	–
Forward exchange contracts, USD	0	3	3	–	–
Forward exchange contracts, other		2	2	–	–
Finance lease liabilities		95	23	72	0
Trade payables		636	634	2	–
Other liabilities		967	930	37	–
TOTAL FINANCIAL LIABILITIES		**4,287**	**2,051**	**2,236**	**0**

2017	Nominal amount in original currency	Total	0–1 year	1–5 years	>5 years
Interest-bearing liabilities		2,132	12	2,120	–
Forward exchange contracts, EUR	4	43	18	25	–
Forward exchange contracts, GBP	0	1	1	–	–
Forward exchange contracts, DKK	–	–	–	–	–
Forward exchange contracts, NOK	17	17	17	–	–
Forward exchange contracts, USD	0	1	1	–	–
Forward exchange contracts, other		4	3	1	–
Finance lease liabilities		97	24	73	–
Trade payables		625	622	3	–
Other liabilities		864	841	23	–
TOTAL FINANCIAL LIABILITIES		**3,784**	**1,539**	**2,245**	**–**

CREDIT RISK

Credit risk in Sweco arises mainly from cash and cash equivalents, other non-current receivables, and trade receivables in particular

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

Sweco currently has around 25,000 customers in both the private and public sectors. Of total sales the public sector accounts for 50 per cent, property and construction companies for 15 per cent, industrial companies for 17 per cent and other private sector companies for 18 per cent.

The ten largest customers account for 17 per cent of total sales. Since Sweco is not dependent on any individual customer, there is little risk that trade receivable losses will have a significant impact on the company. Historically, such losses have been minor.

To measure the expected credit loss regarding trade receivables and work in progress less progress billings Sweco applies the simplified approach which uses a lifetime expected loss allowance.

To measure the expected credit losses, trade receivables and work in progress less progress billings have been grouped based on shared credit risk characteristics. The work in progress less progress billings have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that expected credit loss rates for trade receivables are a reasonable approximation of the loss rates for work in progress less progress billings.

The expected loss rates calculated to 0.05 per cent (1 January 2018 0.05 per cent) are based on the historical credit loss experience compare with net sales over a period of 36 months (24). Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the customers' capacity to settle the receivables. On the balance sheet date, the forward-looking approach does not support a change in the expected credit loss rate, as the economic environment Sweco operates in (primarily Europe) is currently strong. This may change, however, if the economic situation deteriorates. Historically, Sweco's operations have deteriorated late in the business cycle, and it is the company's assessment that this relation remains valid. Provisions of doubtful trade receivables stemming from earlier acquisition have been exempted from the forward-looking expected credit loss provision.

Age analysis, trade receivables	2018			2017		
	Gross	Reserve	Net	Gross	Reserve	Net
Trade receivables not yet due	2,527	0	2,527	2,353	–	2,353
Overdue trade receivables 0–30 days	362	-1	361	357	-1	356
Overdue trade receivables > 31–90 days	113	-3	110	107	-2	105
Overdue trade receivables > 91–180 days	54	-3	51	128	-8	120
Overdue trade receivables > 180 days	254	-60	194	164	-53	111
TOTAL	**3,310**	**-67**	**3,243**	**3,109**	**-63**	**3,046**

Trade receivables by currency	2018	2017
SEK	1,185	1,171
EUR	1,119	1,138
DKK	380	297
NOK	368	270
GBP	93	95
PLN	37	26
USD	12	16
CZK	34	18
Other currencies	15	16
TOTAL	**3,243**	**3,046**

Changes in reserve for doubtful receivables	Trade receivables		Work in progress less progress billings
	2018	2017	**2018**
Opening reserve for doubtful receivables	-63	-69	-8
Increase through acquisitions	-1	-1	–
Provisions to reserve for doubtful receivables	-37	-26	–
Write-offs of non-collectible receivables/ non-invoiceable for the year	9	15	–
Reversal of unutilised amount	26	20	1
Translation difference	-1	-1	–
CLOSING RESERVE FOR DOUBTFUL RECEIVABLES	**-67**	**-63**	**-7**

Other non-current receivables at amortised cost amounted to SEK 130 million (110), comprised mainly of a bank deposit to cover future cash outflows for costs associated with one of the Group's landfills. The balance serves as collateral for the landfill licensee and amounts to SEK 98 million (93). Other non-current receivables include endowment insurance, deposits and other receivables.

Surplus cash is firstly used to make repayment on loans. In the event there are no loan repayments to be made, cash surplus may be invested in accordance with the rules stipulated in the Finance Policy, such as deposits with a minimum Standard & Poor's rating of A or equivalent rating, etc.

SENSITIVITY ANALYSIS

To manage currency risks, the Group strives to minimise the impact of short-term fluctuations in profit and cash flows. However, in a longer perspective, profit, cash flows and equity will be affected by more lasting changes in exchange rates and interest rates. The sensitivity analysis is presented in the table below.

Factor	Change +/-	2018 Impact on earnings +/-	2017 Impact on earnings +/-
Currency	%	SEK M	SEK M
EUR	10	38	23
NOK	10	22	12
DKK	10	10	2
GBP	10	3	4
USD	10	0	6
Interest rate on lending/borrowing	1%-point	18	15

The sensitivity analysis is based on the assumption that currency translation and transaction exposure, and all other factors, are constant. The sensitivity analysis shows the calculated impact on earnings after tax (standard tax rate of 23.7 per cent) when changing currency exchange rates and interest rates respectively.

CAPITAL MANAGEMENT

Sweco Group's financial objective is to uphold a good capital structure and financial stability in order to maintain the confidence of investors, creditors and the market. A good capital structure also creates a foundation for ongoing development of the Group's business operations. Capital is defined as total equity and non-controlling interests.

Capital	2018	2017
Equity	6,302	5,967
Non-controlling interests	10	12
TOTAL	**6,312**	**5,979**

Sweco Group's capital is used to finance acquisitions, to maintain a high level of financial flexibility and to provide competitive dividends to Sweco's shareholders.

The Group's dividend policy is to distribute at least half of profit after tax to the shareholders while also maintaining a capital structure that provides scope for development of and investment in the company's core operations. The Board of Directors has proposed that the 2019 Annual General Meeting approve a dividend of SEK 5.50 per share, equal to a dividend share of approximately 53 per cent of profit after tax. Through the dividend, a maximum of SEK 666 million will be distributed to the shareholders.

Sweco's target for financial strength is to maintain a level of net debt that over time does not exceed 2.0 times EBITDA. Over the past five years, ordinary dividends totalled an average of around 62 per cent of profit after tax.

Sweco's 2018 Annual General Meeting granted authorisation for the Board to repurchase treasury shares to enable delivery of shares under the 2018 Share Savings Scheme and the 2018 Share Bonus Scheme, under which bonuses are paid in shares for operations in Sweden.

The Board proposes that the 2019 AGM authorise the Board to decide on the repurchase and transfer of treasury shares and to enable delivery of shares for the 2019 Share Savings Scheme and the 2019 Share Bonus Scheme.

34 RELATED PARTY TRANSACTIONS

The Group's related parties are major shareholders, joint ventures, associated companies, the Board of Directors and other senior executives.

Sales to related parties are carried out on market-based terms.

Goods and services totalling SEK 1 million (4) were sold to companies owned by the Nordström family (a shareholder controlling approximately 33.4 per cent of the votes in Sweco). The related trade receivable at 31 December 2018 amounted to SEK 0 million (1). Consulting service totalling SEK 10 million (9) were sold to companies owned by the Douglas family (which has a controlling interest in Investment AB Latour, a shareholder controlling approximately 20.9 per cent of the votes in Sweco). The related trade receivable at 31 December 2018 amounted to SEK 1 million (1).

The Group had insignificant sales to associated companies and joint ventures. Dividends from associated companies totalled SEK 1 million (1). Trade payables with associated companies at 31 December 2017 amounted to SEK 2 million (2).

For information on remuneration to the Board of Directors and senior executives, see Note 6.

35 EVENTS AFTER THE BALANCE SHEET DATE

On 12 February 2019 the Board of Directors proposed that the Annual General Meeting resolve on a distribution to the shareholders in the form of a dividend totalling a maximum of SEK 666 million (see Note 25).

On 2 January Sweco acquired Linnunmaa Ltd, a chemicals and environmental safety consultancy in Finland. Linnunmaa has 17 specialists in environmental and chemicals safety consultancy and in EU legislation, which expands Sweco's offering, especially for industrial clients.

On 7 January Sweco announced that Jonas Dahlberg will leave his position as CFO of Sweco. Sweco has initiated the process of finding a successor. Dahlberg will continue in his current role until a successor is appointed.

On 17 January Sweco announced an adjustment to its business area structure, to reflect the strategic focus on core markets in Northern Europe. In the adjusted structure, Sweco Belgium and Sweco United Kingdom become new business areas. Sweco Central Europe were renamed Germany & Central Europe. Country Managing Director of Belgium, Erwin Malcorps, and Country Managing Director of the UK, Max Joy, become members of the Executive Team. After the adjustment, there will be eight business areas within Sweco: Belgium, Denmark, Finland, Germany & Central Europe, Netherlands, Norway, Sweden and United Kingdom. Bo Carlsson who held the role as President of Sweco Western Europe, took on the position as senior advisor reporting directly to Åsa Bergman.

36 CRITICAL ESTIMATES AND ASSESSMENTS

KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements in accordance with IFRS requires the company to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Estimates and underlying assumptions are based on historical experience and on several other factors that may be considered probable based on the specific conditions. The result of this process forms the basis for evaluating reported assets and obligations that may be difficult to identify from other sources. Actual results may deviate from these estimates.

Significant estimates and underlying assumptions are reviewed periodically. Revised estimates are reported during the period in which the estimate was revised, if the revision affects only that year. Otherwise, they are reported during the year under review and future periods if the revision affects both the year under review and future periods.

Impairment testing of goodwill

In determining the recoverable amount of cash-generating units for impairment testing of goodwill, the company made assumptions about future conditions and estimated key variables (see Note 13). As illustrated in Note 13, significant changes in these estimates and assumptions may affect the value of goodwill.

Valuation of work in progress and remaining performance obligation

Approximately 31 per cent of Sweco's net sales are generated in fixed price service contracts. Assets and liabilities in these contracts represent significant amounts. Work in progress is recognised at the value of work performed less confirmed losses and anticipated loss risks. Revenue is recognised based on the estimated stage of completion. If the stage of completion cannot be estimated reliably, the project is valued to incurred cost. Determination of the risks in the projects and the percentage of completion is based on prior experience of similar projects and the specific conditions of each project. The balance sheet amount is comprised of multiple contracts, none of which makes up a substantial share of the total. While miscalculation of an individual project would not have a significant impact on the value of work in progress, a general miscalculation could have a significant impact, although this is not probable.

The value of the remaining performance obligations mentioned in Note 2 gives an indication of contracted work still to be performed. Experience says that it is difficult to conclude on the exact timing of the revenue recognition of this work and customers has the possibility to postpone and/or cancel the contract. Therefore the amount is uncertain and should not be interpreted as a guidance for the overall future performance in Sweco.

The effect of ongoing litigation and the valuation of contingent liabilities on the consolidated financial position

The Group has made a number of acquisitions in different countries over the years and has taken over certain contingent liabilities attributable to the acquired companies. Companies within the Group are also involved in various other legal proceedings arising in the ordinary course of business. For further information, see Note 31 and Note 33.

Reporting of income tax, VAT and other taxes
Reporting of income tax, VAT and other taxes is based on applicable regulations in the countries where the Group operates. Due to the overall complexity of tax and tax accounting regulations, application and reporting are based on interpretations and on estimates and assessments of possible outcomes. Deferred tax is calculated on temporary differences between the reported and taxable values of assets and liabilities. There are two main types of assumptions and assessments that affect reported deferred tax: assumptions and assessments (i) to determine the carrying amount of various assets and liabilities and (ii) regarding future taxable profit, in cases where future utilisation of reported and non-reported deferred tax assets is dependent on this in addition to existing deferred tax liabilities. Significant assessments and assumptions are also made when reporting provisions and contingent liabilities with respect to tax risks. For additional information on taxes, please see Note 10.

Pension assumptions
Provisions for pensions are based on Sweco's best actuarial assumptions about the future (see Note 27). Deviations in the actual outcome of these parameters are recognised in other comprehensive income.

Impact from UK's referendum to leave the EU
Sweco's operations in the UK are primarily directed towards local customers in local currency. Sweco UK represents about 4 per cent of Group revenues. While Brexit may have a material impact on Sweco UK, the assessment is that the impact on Group is limited. When Sweco UK's financial statements are translated to SEK, any positive or negative effects on the valuation of the British currency will affect the Group's consolidated accounts. Transaction risk is limited as most revenues are matched with local cost.

37 PARENT COMPANY INFORMATION

SWECO AB (publ), corporate identification number 556542-9841, is a Swedish-registered public limited company domiciled in Stockholm. The Parent Company's shares are listed on Nasdaq Stockholm. The headquarter address is: Sweco AB, Gjörwellsgatan 22, Box 34044, SE-100 26 Stockholm.

SIGNATURES OF THE BOARD OF DIRECTORS

The Board of Directors and the President & CEO give their assurance that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The annual accounts have been prepared in accordance with generally accepted accounting standards and give a true and fair view of the financial position and results of operations of the Parent Company.

The Board of Directors' report, including the sustainability report, for the Group and the Parent Company gives a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, 14 March 2019

Johan Nordström
Board chairman

Gunnel Duveblad
Board member

Alf Göransson
Board member

Elaine Weidman Grunewald
Board member

Johan Hjertonsson
Board member

Eva Lindqvist
Board member

Christine Wolff
Board member

Maria Ekh
Employee representative

Görgen Edenhagen
Employee representative

Anna Leonsson
Employee representative

Åsa Bergman
President & CEO

Our audit report was submitted on 14 March 2019
PricewaterhouseCoopers AB

Michael Bengtsson
Auditor in charge
Authorised Public Accountant

Aleksander Lyckow
Authorised Public Accountant

AUDITOR'S REPORT

(Translation of the Swedish original, for interpretation the Swedish version shall prevail)
To the general meeting of the shareholders of Sweco AB (publ), corporate identity number 556542-9841

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Sweco AB (publ) for the year 2018 except for the corporate governance statement and the statutory sustainability report on pages 37–42 and 43–47 respectively. The annual accounts and consolidated accounts of the company are included on pages 32–92 in this document.

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 parent company and the group as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the statutory sustainability report on pages 37–42 and 43–47 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

Sweco are engineering and architectural consultants and manages their assignments in projects. Thousands of projects are ongoing within Sweco's decentralized organization. The majority of these project are based on time and material, there are however a significant part which is fixed price projects. The majority of the operations are conducted in 8 countries. Sweco's growth has been driven organically as well as through acquisitions. In our audit we have therefore focused on project accounting of projects (with focus on fixed price projects) and valuation of goodwill (which is accounted for as a consequence of acquisitions made).

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Main focus areas and risks identified are further detailed in the "Key Audit Matters" included below. Our audit of Sweco's financial reporting has included audit of the company's routines, processes and internal controls over the financial reporting, analytic review of the financial information and detailed testing of supporting documents from the accounting function. Our audit has been performed during the whole year with increased effort during the third and fourth quarter. The audit is performed by audit teams which are part of the PwC network. Local audit teams exists in each country and these auditors report the result of their work to the group audit team. In addition to work performed by the local audit teams the auditor in charge and members of the group audit team have performed four country visits outside of Sweden during the year. The scope and extent of our audit procedures for Sweco mean that we have covered all material units within Sweco which together represent a significant part of revenues, earnings and assets. The outcome of our work is during the year continuously reported to the company, the Audit Committee and for the full year also to the Board of Directors.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Cut-off and accuracy in revenue recognition of fixed price projects Sweco describe this area further in note 22, 33 and 36 in this annual report. Accounting of revenues relating to fixed price projects require, in particular when it comes to fixed price projects, that estimates must be made. Sweco applies percentage of completion accounting for fixed price projects. The revenue to be accounted for can be impacted by various circumstances. Example of such circumstances can be changes in contractual terms, actual costs exceeding planned cost and discussions and negotiations regarding achievement of milestones may exist. Factors such as these can impact the accounting and thereby lead to a higher level of inherent uncertainty in this area. Accounting of revenue from fixed price projects which span over a longer period of time lead to a higher risk for errors were revenue may be accounted for in the wrong period and/or at the wrong amount. Since project accounting require estimates to be made errors may either occur due to conscious or unconscious errors and/or erroneous estimates.	We have in our audit performed certain main activities including, though not limited to, the following: • Testing on a sample basis that information in the project management system tie to the accounting system. • Examined a selection of projects and performed a walk-through of projects with the responsible controller • The walk through of projects includes verifying existing agreements, challenging the percentage of completion, examination of support for project provisions, assessments on the aging of project balances and explanations to overdue but not paid invoices. • Procedures relating to internal control and routines for additions to existing projects, for making sure registered hours are assessed for invoicing and testing of IT-general controls. • Examination of routines and procedures to assess consistent application of accounting principles for project provisions. Overall, we deem that Swecos assumptions and judgments are within reasonable ranges.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of goodwill Sweco describe this area further in Note 13 and 36 in this annual report. Sweco's growth has historically been partly driven by acquisitions. Acquisitions leads to goodwill. Sweco's goodwill amounts to MSEK 6,615, a significant part of total assets. Each year management prepares an impairment test of goodwill. The test aims to test the goodwill value, i.e. whether book value of the asset tested exceeds its recoverable amount or not. The calculation of the impairment test is based on management's estimates and assumptions considering for example revenue and margin development and discount rate (WACC). A development which deviates negatively from the assumptions included in the test can trigger a need for impairment. The test is performed for each Cash Generating Unit. Sweco has defined these as their Business Areas. The Business Areas have their own management team and it is on this level that Sweco monitors their goodwill. Sweco's impairment test shows that no need for impairment exists.	We have in our audit performed for example the following key audit activities: • Examined Sweco's model for impairment testing in order to conclude on the mathematical accuracy and reasonability in assumptions applied. • On a sample basis verified data used in the impairment test calculation versus the budgets prepared by Sweco. In the test focus has been revenue growth, the operating margin and its assessed development and the applied discount rate. We have also verified data against external sources when possible. • Performed sensitivity analysis were the effects of changes in assumptions and assessments are analysed to identify when/if/in what extent changes in these triggers a need for impairment. • Examined that disclosure requirements according to IAS 36 Impairment has been included in the annual report. Assumptions which form the basis for Sweco's impairment test is deemed to be within reasonable ranges.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–31 and 93–109. This other information also comprises of the statutory sustainability report included on pages 43–47. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Sweco AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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 Director's and the Managing Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 37–42 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our 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. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 43–47, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report 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. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, Sweden, was appointed auditor of Sweco AB (publ) by the general meeting of the shareholders on the 19 April 2018 and has been the company's auditor since the general meeting of the shareholders in 1995.

Stockholm 14 March 2019
PricewaterhouseCoopers AB

Michael Bengtsson
Auditor in charge
Authorized Public Accountant

Aleksander Lyckow
Authorized Public Accountant

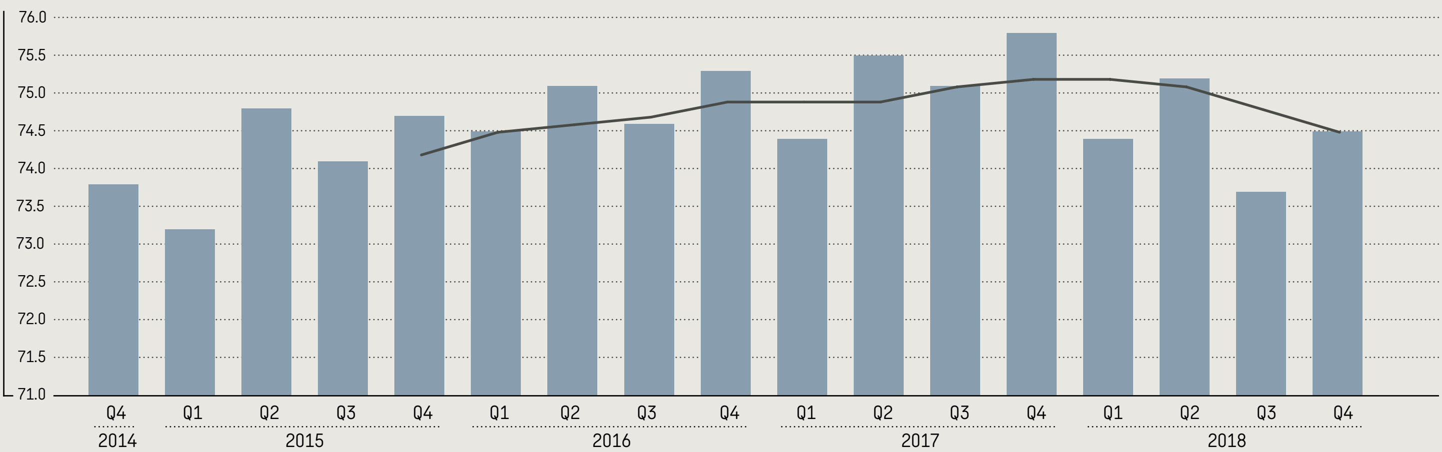
SENSITIVITY ANALYSIS

Sweco's earnings are influenced by a number of factors. The billing ratio is of vital importance for attaining high profitability in a consulting company, where small changes in capacity utilisation and prices have a significant impact on earnings, both upwards and downwards. For Sweco, an increase in the billing ratio (capacity utilisation) by one percentage point (around 25 minutes per consultant and week) would result in an increase in profit of around SEK 213 million. An increase of SEK 10 in the average hourly fee would lead to an increase in annual profit of around SEK 192 million. The table shows the effects of some key variables on cash flow, operating profit and earnings per share based on the annual accounts for 2018. For every assumed change, all other variables are assumed to be constant.

		Effect +/-	
Factor	**+/-**	**Cash flow/operating profit**	**Earnings per share[1]**
Net sales			
– average fee	1%	SEK 159 million	SEK 1.04
– average hourly fee	SEK 10	SEK 192 million	SEK 1.25
– billing ratio	1%-point	SEK 213 million	SEK 1.39
Personnel costs	1%	SEK 122 million	SEK 0.79
Overhead expenses	1%	SEK 22 million	SEK 0.14
Calendar effect	1 hour	SEK 8 million	SEK 0.05

1) After 22.8 per cent standard tax.

BILLING RATIO BY QUARTER[1]
%



1) Billing ratio for quarter 4 2014 until quarter 3 2015 is pro forma including Grontmij.

Quarter — Rolling 12 months

THE SWECO SHARE

Sweco AB's shares have been listed on Nasdaq Stockholm since 21 September 1998. Sweco's share capital is divided into Class A, Class B and Class C shares. Class A and B shares grant equal entitlement to dividends. Class A shares grant entitlement to one vote and Class B shares to one-tenth of one vote. Class A and B shares are listed. There are currently no Class C shares issued. Sweco's Articles of Association grant shareholders the right to convert Class A shares to Class B shares. The combined market capitalisation of Sweco shares at year-end was SEK 23,769 million.

SHARE PRICE PERFORMANCE AND TRADING

The closing price for the Sweco B share was SEK 196.90 at year-end 2018, representing an increase of 8 per cent during the year. Over the same period, Nasdaq Stockholm fell by 10 per cent. The highest closing price for the Class B share in 2018 was SEK 244.20 and the lowest was SEK 162.30. The highest closing price for the Class A share was SEK 240.00 and the lowest was SEK 163.00.

A total of 27,892,986 Sweco shares were traded on Nasdaq Stockholm during the year. The average trading volume per business day was 111,091 Class B shares and 480 Class A shares.

The annual total yield on the Sweco B share, defined as the sum of share price performance and reinvested dividends, has averaged at 17 per cent over the past five years. The corresponding figure for Nasdaq Stockholm was a total of 8 per cent.

SWECO AB'S SHARE[1,2]

	Number		Holding, %	
	Shares	Votes	Shares	Votes
A	10,431,991	10,431,991.0	8.6	48.5
B	110,651,828	11,065,182.8	91.4	51.5
C	0	0.0	0.0	0.0
TOTAL	**121,083,819**	**21,497,173.8**	**100.0**	**100.0**

1) As at 28 December 2018, including a total of 4,013,877 treasury shares (all of which are Class B shares) and a total of 401,387.7 votes regarding repurchased shares.
2) Based on data from Euroclear Sweden AB.

LARGEST SHAREHOLDERS AT 28 DECEMBER 2018[1]

Shareholder	Number of A shares	Number of B shares	Number of C shares	Total	Votes, %	Holding, %
Nordström family	6,118,808	10,660,646	0	16,779,454	33.4	13.9
Investmentaktiebolaget Latour	1,375,605	31,246,875	0	32,622,480	20.9	26.9
J. Gust. Richerts Memorial Foundation	1,991,260	67,832	0	2,059,092	9.3	1.7
BNY Mellon SA/NV	0	6,772,198	0	6,772,198	3.2	5.6
SEB Investment Management	0	5,463,549	0	5,463,549	2.5	4.5
Swedbank Robur Fonder	0	3,822,723	0	3,822,723	1.8	3.2
ODIN Fonder	0	3,561,539	0	3,561,539	1.7	2.9
Lannebo fonder	0	3,000,631	0	3,000,631	1.4	2.5
JPM Chase NA	0	2,352,347	0	2,352,347	1.1	1.9
Afa Försäkring	0	1,849,244	0	1,849,244	0.9	1.5
Total, ten largest shareholders	**9,485,673**	**68,797,584**	**0**	**78,283,257**	**76.1**	**64.7**
Other[2]	946,318	41,854,244	0	42,800,562	23.9	35.3
TOTAL	**10,431,991**	**110,651,828**	**0**	**121,083,819**	**100.0**	**100.0**

1) Based on data from Euroclear Sweden AB.
2) Including a total of 4,013,877 treasury shares (all of which are Class B shares) and a total of 401,387.7 votes regarding repurchased shares.

TREASURY SHARES

At 31 December 2018 Sweco held a total of 4,013,877 treasury shares (all of which are Class B shares) with an average purchase price of SEK 161.57, corresponding to SEK 649 million. The market value of the Class B treasury shares at the end of the year was SEK 790 million. The treasury shares correspond to 3.3 per cent of the total number of shares and 1.9 per cent of the votes.

DISTRIBUTION OF SHAREHOLDINGS AT 28 DECEMBER 2018[1,2]

Number of shares	Number of shareholders	Number of A shares	Number of B shares	Number of C shares	Holding, %	Votes, %
1–500	12,717	71,789	1,511,724	0	1.3	1.0
501–1,000	1,562	30,587	1,109,052	0	0.9	0.7
1,001–10,000	2,162	229,270	5,531,053	0	4.8	3.6
10,001–50,000	250	230,998	4,927,542	0	4.3	3.4
50,001–100,000	44	182,051	2,663,356	0	2.3	2.1
100,001–	97	9,687,296	94,909,101	0	86.4	89.2
TOTAL	**16,832**	**10,431,991**	**110,651,828**	**0**	**100.0**	**100.0**

1) Including a total of 4,013,877 treasury shares (all of which are Class B shares) and a total of 401,387.7 votes regarding repurchased shares.
2) Based on data from Euroclear Sweden AB.

INCENTIVE SCHEMES FOR SENIOR EXECUTIVES

The 2018 Annual General Meeting (like the AGMs in 2011–17) resolved to implement a long-term share savings scheme for senior executives in the Sweco Group: the 2018 Share Savings Scheme. Under the scheme, participants may use their own funds to acquire Class B shares in Sweco ("Saving Shares") on Nasdaq Stockholm for an amount equivalent to 5 to 10 per cent of the respective participant's basic annual salary for 2018. If the Saving Shares are held until the fourth business day following the day of the announcement of the year-end report for the 2021 financial year ("the Retention Period") and the participant remains employed in his/her position or an equivalent position in the Sweco Group throughout the Retention Period, each Savings Share shall thereafter grant entitlement to one Class B share in Sweco without consideration ("Matching Share") provided that the Sweco share has maintained a positive TSR during the Retention Period, and – provided that the set performance criteria have been met – to an additional number of not more than one to four Class B shares in Sweco ("Performance Shares"). The granting of Performance Shares is conditional on a positive total yield for the Sweco share, and is also dependent on the Sweco share's total yield in relation to a group of benchmark companies.

The Board has decided to propose that the 2018 AGM approve the implementation of a long-term share savings scheme for up to 100 senior executives and key staff in the Sweco Group.

The participants and number of shares covered by each of the earlier share savings schemes are shown below.

	Share savings scheme				
	2015[2]	2016	2017	2018	Total
Number of participating executives/key staff	48	45	53	58	–
Number of Savings Shares acquired by participants with own funds at market price	25,358	17,682	21,162	26,421	90,623
Maximum number of Matching and Performance Shares that can be delivered to participants[1]	76,327	52,076	60,931	83,743	273,077
Retention Period runs until publication of year-end report for financial year	2018	2019	2020	2021	–

1) If Savings Shares are held until the end of the respective Retention Period and the participant remains employed in his/her position, each Savings Share grants entitlement to one Matching Share (the 2018 Share Savings Scheme is also subject to the performance requirement specifying that Sweco's TSR must be positive during the Retention Period in order for Matching Shares to be issued) and – provided that performance criteria for total yield for the Sweco share are met – to an additional number of not more than one to four Performance Shares.
2) The scheme expired in conjunction with the publication of the 2018 year-end report. The Board subsequently decided to allocate a total of 74,722 Class B shares to the remaining participants.

The number of Performance Shares allocated to participants at the end of the share savings scheme is dependent on the performance of the Sweco Class B share as compared with the share performance of a comparison group determined by Sweco's Board of Directors. The Board may change the composition of the comparison group as required due to the de-listing of a comparison company during the savings period. The table below lists the group of benchmark companies used for Sweco's share saving schemes.

Group of benchmark companies 2012–14 share savings schemes	Group of benchmark companies 2015–16 share savings schemes	Group of benchmark companies 2017 share savings scheme	Group of benchmark companies 2018 share savings scheme
Atkins	Arcadis	Arcadis	Arcadis
Pöyry	Multiconsult	Multiconsult	Multiconsult
Rejler Group	Rejler Group	Pöyry	Pöyry
ÅF	ÅF	Rejler Group	Rejler Group
		ÅF	RPS
			WSP
			ÅF

SHARE BONUS SCHEME

In accordance with the Board's proposal, Sweco's 2018 Annual General Meeting resolved to introduce a Share Bonus Scheme for the greater part of Group employees in Sweden. The resolution included decisions to implement a 2018 Share Bonus Scheme; authorisation for the Board of Directors to repurchase Class B treasury shares, authorisation for the Board of Directors to transfer Class B treasury shares for completion of the undertakings under the 2018 Share Bonus Scheme and authorisation for the Board of Directors to sell Class B treasury shares to secure payment of social security contributions. A maximum of 2,000,000 shares are comprised in the 2018 Share Bonus Scheme.

DIVIDEND POLICY

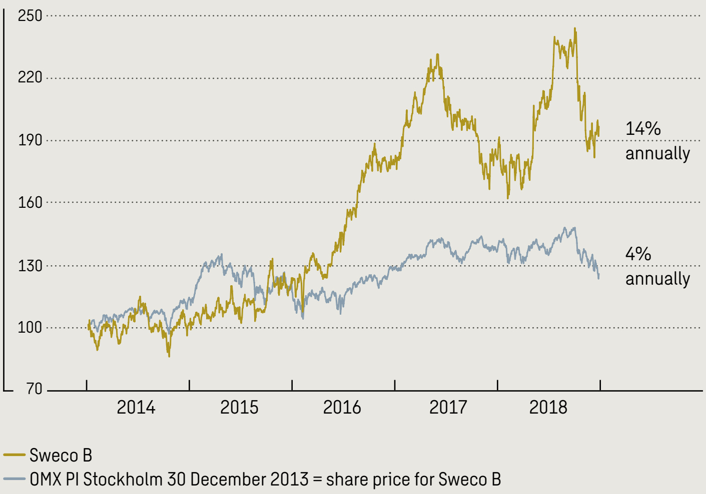
Sweco's dividend policy is to distribute at least half of profit after tax to the shareholders while maintaining a capital structure that permits development of and investments in the company's core business.

PROPOSED DIVIDEND

The Board of Directors proposes a dividend for the 2018 financial year of SEK 5.50 per share (5.00), amounting to a maximum capital distribution of SEK 666 million (593).

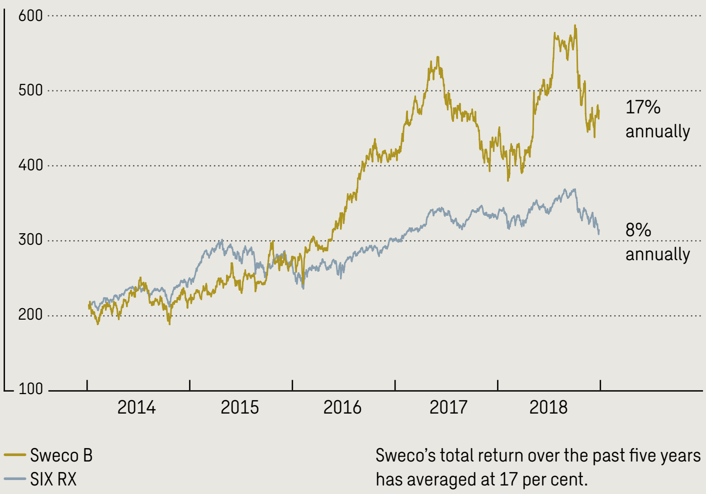
SHARE PRICE PERFORMANCE 5-YEAR

SEK



TOTAL RETURN 5 YEAR

Index 100 = 30 December 2013



Sweco's total return over the past five years has averaged at 17 per cent.

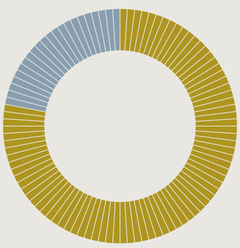
SHARE CAPITAL DEVELOPMENT[1]

	Change in number of shares			Total number of shares				
Date	A shares	B shares	C shares	A shares	B shares	C shares	Quota value, SEK	Share capital, SEK M
2011, Aug: Conversion	-3,399	3,399	–	9,385,676	82,131,171	–	1	91.5
2012, May: Conversion	-4,012	4,012	–	9,381,664	82,135,183	–	1	91.5
2013, Mar: Conversion	-3,300	3,300	–	9,378,364	82,138,483	–	1	91.5
2013, Dec: Conversion	-6,000	6,000	–	9,372,364	82,144,483	–	1	91.5
2014, Feb: Conversion	-4,200	4,200	–	9,368,164	82,148,683	–	1	91.5
2014, May: New share issue	–	–	900,000	9,368,164	82,148,683	900,000	1	92.4
2015, May: New share issue	–	–	900,000	9,368,164	82,148,683	1,800,000	1	93.3
2015, May: Conversion and redemption	–	433,741	-900,000	9,368,164	82,582,474	900,000	1	92.9
2015, Sep: Issue in kind	–	13,116,828	–	9,368,164	95,699,302	900,000	1	106.0
2015, Oct: Issue in kind	–	1,832,419	–	9,368,164	97,531,721	900,000	1	107.8
2015, Dec: New share issue	1,171,020	12,123,925	–	10,539,184	109,655,646	900,000	1	121.2
2016, Mar: Conversion	-5,453	5,453	–	10,533,731	109,661,099	900,000	1	121.1
2016, May: New share issue	–	–	900,000	10,533,731	109,661,099	1,800,000	1	122.0
2016, May: Conversion and redemption	–	900,000	-900,000	10,533,731	110,550,088	900,000	1	122.0
2017, May: New share issue	–	–	500,000	10,533,731	110,550,088	1,400,000	1	122.5
2017, Jun: Redemption	–	–	-900,000	10,533,731	110,550,088	500,000	1	121.6
2018, May: Conversion	-49,655	49,655	–	10,484,076	110,599,743	500,000	1	121.6
2018, Jun: Conversion and redemption	-1,586	1,586	-500,000	10,482,490	110,601,329	–	1	121.1
2018, Jul: Conversion	-12,837	12,837	–	10,469,653	110,614,166	–	1	121.1
2018, Sep: Conversion	-13,592	13,592	–	10,456,061	110,627,758	–	1	121.1
2018, Oct: Conversion	-15,707	15,707	–	10,440,354	110,643,465	–	1	121.1
2018, Nov: Conversion	-400	400	–	10,439,954	110,643,865	–	1	121.1
2018, Dec: Conversion	-7,963	7,963	–	10,431,991	110,651,828	–	1	121.1

1) As at 28 December 2018, including a total of 4,013,877 treasury shares (all of which are Class B shares) and a total of 401,387.7 votes regarding repurchased shares.

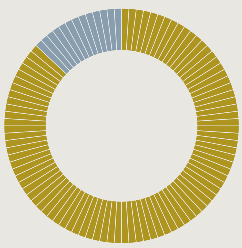
SHAREHOLDERS PER CATEGORY AT 28 DECEMBER 2018

Holding as % of shares



Swedish shareholders, 77.9%
Foreign shareholders, 22.1%

Holding as % of votes



Swedish shareholders, 87.4%
Foreign shareholders, 12.6%

FIVE-YEAR OVERVIEW

	2018	2017	2016	2015	2014
Income statement, SEK M					
Net sales	18,735	16,887	16,531	11,389	9,214
EBITA excl. extraordinary items	1,631	1,492	1,482	991	826
EBITA	1,631	1,492	1,336	740	814
Operating profit (EBIT)	1,554	1,425	1,249	681	762
Net financial items	-47	-49	-33	-41	-43
Profit before tax	1,508	1,377	1,216	640	718
Profit for the year	1,254	1,223	931	439	545
Balance sheet, SEK M					
Balance sheet total	14,708	14,279	13,820	12,575	5,917
Equity	6,312	5,979	5,435	4,907	1,888
Cash and cash equivalents and current interest-bearing receivables	775	572	892	544	174
Interest-bearing liabilities	2,719	2,271	2,451	2,232	1,436
Net interest-bearing receivable/liability	-1,944	-1,698	-1,558	-1,688	-1,262
Cash flow, SEK M					
Cash flow from operating activities	1,473	1,060	1,165	1,140	595
Cash flow from investing activities	-569	-364	-401	-1,440	-177
Cash flow from financing activities	-693	-1,005	-428	707	-582
Cash flow for the year	**211**	**-309**	**336**	**407**	**-164**
Key ratios					
Operating profit per employee, SEK 000s	102	98	85	67	89
Value added per employee, SEK 000s	897	851	827	835	794
Billing ratio, %[1]	74.5	75.2	74.9	74.2	75.6
EBITA margin excl. extraordinary items, %	8.7	8.8	9.0	8.7	9.0
EBITA margin, %	8.7	8.8	8.1	6.5	8.8
Operating margin, %	8.3	8.4	7.6	6.0	8.3
Profit margin, %	8.0	8.2	7.4	5.6	7.8
Equity/assets ratio, %	42.9	41.9	39.3	39.0	31.9
Net debt/EBITDA, times	1.0	1.0	1.0	1.8	1.3
Net debt/equity, %	30.8	28.4	28.7	34.4	66.9
Debt/equity ratio, times	0.4	0.4	0.5	0.5	0.8
Interest coverage ratio, times	28	28	20	15	19
Return on equity, %	20.4	21.4	18.0	12.9	31.0
Return on capital employed, %	18.2	17.8	16.8	13.2	23.2
Return on total assets, %	10.8	10.2	9.7	7.4	14.5
Number of full-time employees	15,306	14,530	14,653	10,188	8,535
Share data					
Earnings per share, SEK[2]	10.58	10.23	7.78	4.36	5.74
Diluted earnings per share, SEK[2]	10.33	10.04	7.65	4.30	5.67
Dividend return, %[2]	2.8	2.8	2.4	2.8	3.3
Equity per share, SEK[2]	53.83	50.09	45.37	40.98	19.89
Diluted equity per share, SEK[2]	52.10	49.12	44.47	40.49	19.55
Cash flow per share, SEK[2]	1.79	-2.59	2.81	4.05	-1.73
Diluted cash flow per share, SEK[2]	1.75	-2.54	2.76	3.99	-1.71
Closing price SWECO B at 31 December, SEK[2]	196.90	181.8	180.20	124.25	101.81
Market capitalisation, SEK M	23,769	22,109	22,260	15,038	9,768
Ordinary dividend per share, SEK (2018 – proposed)[2]	5.50	5.00	4.30	3.50	3.37
Number of shares at 31 December	117,069,942	119,124,596	119,554,270	119,537,510	90,763,410
Number of shares after dilution at 31 December	120,966,354	121,466,354	121,983,819	120,972,890	92,299,382
Number of shares after full dilution at 31 December	120,966,354	121,466,354	121,983,819	120,972,890	92,299,382
Number of Class B and C treasury shares	4,013,877	2,459,223	2,429,549	1,557,320	1,653,437

1) Billing ratio for 2015 is pro forma and includes the Grontmij Group as of 1 January 2015.
2) Historical share data has been restated in accordance with IAS 33 due to the preferential rights issue conducted during Q4 2015.

COMMENTS ON THE FIVE-YEAR OVERVIEW

2014
The market improved overall during 2014. The market improved slowly but steadily in Sweden. There was some weakening of the Norwegian economy, but the market was aided by government investments. The market in Finland remained challenging, while Central Europe showed some improvement late in the year. Sweco strengthened its market-leading position within infrastructure during the second half of the year. Sweco was entrusted with contributing its expertise to some of the Nordic region's largest infrastructure initiatives in modern times. Among other things, Sweco will design two of the first three stretches of Sweden's first high-speed railway, modernise the Östfoldbanan in Norway, serve as site supervisor for the extension of Helsinki's underground metro, and design Stockholm's new underground metro line to Nacka. Vectura was fully integrated in Sweco Sweden as of 1 January. Net sales increased 13 per cent, substantially through acquisitions, to SEK 9,214 million. Organic growth was 3 per cent and operating profit totalled SEK 762 million. The profit improvement was mainly attributable to Vectura's contribution in Sweden, reduced integration costs, and improved profit in Finland and Central Europe. Profit was charged with integration costs for Vectura totalling SEK 11 million. The Board adopted a new financial target of net debt not to exceed 2.0 times EBITDA. Net debt in relation to EBITDA was 1.3. The number of employees at year end was 8,943. The bid price for the Sweco B share was SEK 106.00 at year end, the same price as at year end 2013.

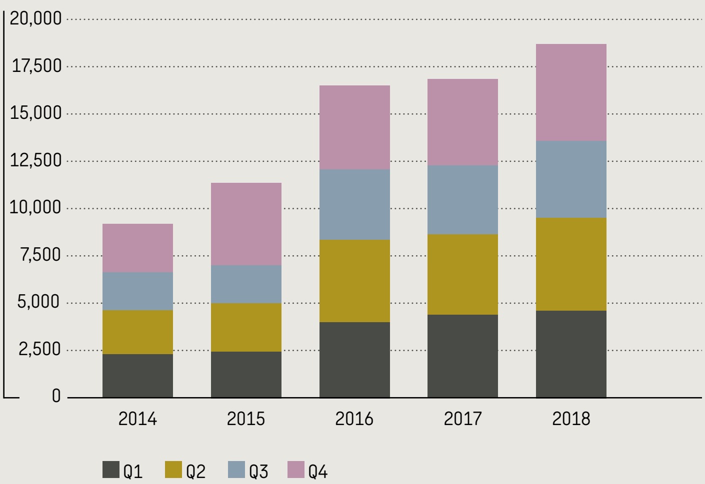
2015
Overall, the market for Sweco's services is good and development is stable. The Swedish market was strong. The Norwegian market was good, but had weakened. Markets in Denmark, Western Europe and Central Europe were good and developed positively. The markets in Finland and the Netherlands remained challenging. Grontmij, with approximately 6,000 employees in 9 countries, was acquired on 1 October. Sweco is now Europe's leading engineering and architecture consultancy. In 2014 Grontmij had annual sales of approximately SEK 6.0 billion and EBITA (as per Sweco's definition) of approximately SEK 203 million, excluding extraordinary expenses and the divested business in France. Sales for the combined company total approximately SEK 16 billion. Following the acquisition, Sweco has around 14,500 employees (pro forma 2015). Integration is underway and proceeding according to plan. As of 1 October, Sweco is organised into 7 geographic business areas. Sweco's Board of Directors decided to introduce EBITA as the primary earnings measure, to replace EBIT (operating profit). Accordingly, EBITA has been the primary earnings measure used for internal and external results monitoring since Q4 2015. Net sales increased 24 per cent to SEK 11,389 million. Adjusted for extraordinary expenses of SEK 250 million related to the Grontmij acquisition, EBITA totalled SEK 991 million. EBITA totalled SEK 740 million. Net debt in relation to EBITDA was 1.8 times. The number of employees at year end was 15,151. The closing price for the Sweco B share was SEK 124.25, an increase of 21 per cent.

2016
Overall, the market for Sweco's services was good. The Swedish market was strong. Performance in Denmark, Norway, and Central and Western Europe was generally good. Conditions in Finland and the Netherlands remained challenging, although there were signs of improvement. Net sales increased 45 per cent to SEK 16,531 million. Acquisition-based growth was 42 per cent, and was almost exclusively attributable to the Grontmij-acquisition. Adjusted for extraordinary expenses of SEK 146 million related to the Grontmij acquisition, EBITA totalled SEK 1,482 million. EBITA amounted to 1,336 million. Amortisation of acquisition-related intangible assets increased to SEK 92 million. This increase was primarily a result of the Grontmij acquisition that impacted EBIT, which totalled SEK 1,249 million. Net debt in relation to EBITDA was 1.0. The number of employees at the end of the period was 15,236. The share price of the Sweco Class B share was SEK 180.20 at the end of the year, representing a 45 per cent year-on-year increase.

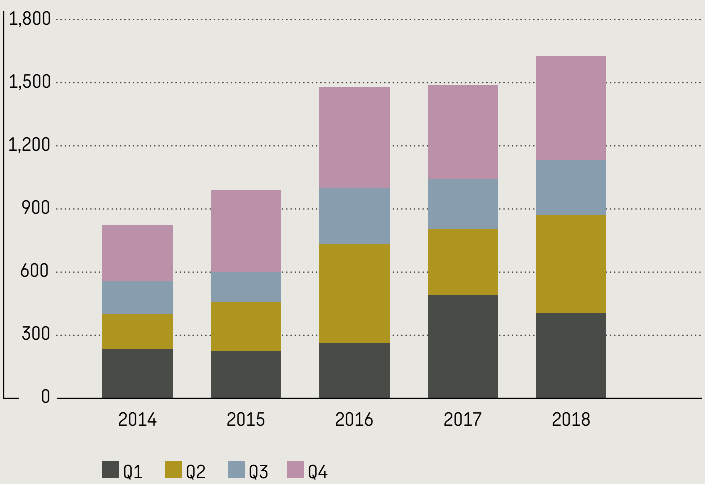
2017
Overall, the market for Sweco's services was good. The Swedish market remained strong in most segments, while residential construction softened. Performance in Finland and the Netherlands was good, and indeed improved during the year. Essentially all other core markets remained strong. Net sales increased 2 per cent to SEK 16,887 million. Acquisition-based growth contributed 1 per cent, and currency effects 1 per cent. Organic growth totalled 0 per cent. Excluding calendar effects, organic growth was 1 per cent. EBITA increased to SEK 1,492 million. Acquisition-related items amounted to SEK 67 million. EBIT totalled SEK 1,425 million. Sweco Netherlands is on a solid trajectory of profitability. As a consequence of accounting rules, a deferred tax asset related to historical losses in Grontmij has been recognised. Tax assets were valued at SEK 161 million and impacted net profit positively by the same amount. Net debt in relation to EBITDA was 1.0. The number of employees at the end of the period was 15,557. The share price of the Sweco Class B share was SEK 181.80 at the end of the year, representing a 1 per cent year-on-year increase.

2018
Overall, the market for Sweco's services was good, with variations between countries and segments. Essentially all Business Areas experienced a good market for Sweco's services in the infrastructure, water and industry segments. Demand for services in the real estate segment remained good in most countries, except for the UK and residential construction in the Nordics, where demand slowed down. Net sales increased 11 per cent to SEK 18,735 million. Organic growth totalled 5 per cent. Excluding calendar effects, organic growth was 5 per cent. Acquisition-based growth contributed 3 per cent, and currency effects 3 per cent. EBITA increased to SEK 1,631 million. Acquisition-related items amounted to SEK 77 million. EBIT totalled SEK 1,554 million. Due to the positive development in the Netherlands, Sweco recognised the remaining tax value of historical losses in Grontmij. As a result, a one-off tax asset of SEK 60 million had a positive impact on profit after tax. Net debt in relation to EBITDA was 1.0 times. The number of employees at the end of the period was 16,422. The share price of the Sweco Class B share was SEK 196.90 at the end of the year, representing an 8 per cent year-on-year increase.

NET SALES, SEK M



EBITA EXCL. EXTRAORDINARY ITEMS, SEK M



RISKS AND RISK MANAGEMENT

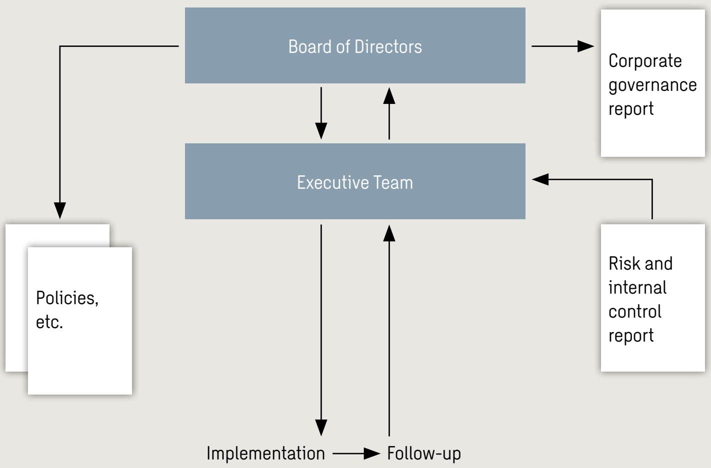
Sweco plans and designs tomorrow's communities and cities. Our work produces sustainable buildings, efficient infrastructure and access to electricity and clean water. With 15,000 employees in Europe, we offer our customers the right expertise for every project. We deliver qualified consulting services in the fields of engineering, environmental technology and architecture to thousands of customers in tens of thousands of projects every year. Approximately 50 per cent of our turnover is from the public sector and 50 per cent from the private sector. Our ten largest customers account for around 17 per cent of net sales. These factors give Sweco good risk diversification. Despite this, the Group is exposed to a number of risks through its business activities. Consequently, one important aspect of management and control of the Group's operations is to maintain effective risk management in which risks are identified, evaluated and handled. The aim of Sweco's risk management is to secure the Group's long-term earnings growth and ensure that the various business areas achieve their objectives.

RISK PROCESS

Sweco's goals, which are expressed in the company's business plan and strategy, provide a foundation for the company's risk management. The Group's risk management is based on a company-wide risk analysis. This inventory of risks is aimed at identifying the most significant risks that the company is exposed to, the probability that they will occur and their potential impact on the company's goals. At the same time, the effectiveness of existing controls and risk mitigation measures is assessed. The results of the overall risk analysis have been gathered in a risk map that reflects the company's risk exposure. Risk management is a standing item on the agenda at business area board meetings.

Sweco's risk management covers all business areas, companies/divisions and processes in the Group. Each manager is responsible for risk management activities in his/her respective area. The Group's Board of Directors and top management have ultimate responsibility for risk management.

The Executive Team develops and follows up on risk management at Group level. The General Counsel initiates reporting of risks on the corporate level, which is done regularly to the Audit Committee. An annual comprehensive report on Group risk and internal control is addressed by the Board of Directors, the Audit Committee and the Executive Team. This report contains an overview of the top risks within the Group and the mitigating actions taken. It also provides insights into incidents regarding these risks that occurred during the year. The report is based on the risk assessments conducted in the business areas and is regularly reviewed in BA management team meetings. A report on the Group's material disputes is presented at each meeting of the Board and the Audit Committee. Below is a schematic illustration of the company's risk management process.



Sweco's operations are exposed to a number of strategic, operational and financial risks. The risks that Sweco has identified as the most significant in its business operations, and the ways in which these are managed, are described here.

STRATEGIC AND OPERATIONAL RISKS

Market and projects

Changed market conditions caused by factors such as economic decline, lower propensity among the customers to invest, changes in political priorities, changes in purchasing behaviour, new legislation, and competitor and customer consolidation may result in lower income and margins for Sweco. Sweco's decentralised organisation and closeness to customers enable early observation of changes in the market. The effects of these risks are reduced through a wide geographic presence in areas that often have different market cycles, a comprehensive range of services, and a large customer base spread across different industries and sectors.

Project risks are the risks associated with an individual project, such as miscalculation of the amount of time needed or costs involved. Projects may also lead to disputes regarding Sweco's right to payment and the customer's claim to compensation for any damages caused by Sweco. Project contracts are drafted with terms and conditions that minimise risks and ensure that disputes with customers are handled correctly and efficiently. Among other things, the agreements ensure that the scope of the project is defined, that Sweco is entitled to payment upon performance pursuant to the contract terms, and that contractual liability meets the insurer's requirements. Training programmes for project managers are in place to continuously develop our employees' project management skills. Improving these skills helps mitigate risks in our portfolio.

Sweco has an insurance programme that includes professional indemnity insurance against liability for damages related to project performance. Project quality assurance is supported by management systems (certified under ISO 9001, with most also certified under ISO 14001 and OHSAS 18001).

Employees and expertise

Sweco's success is dependent on its ability to attract, develop and retain the top talent. Sweco has a strong brand and is repeatedly given high rankings as an attractive workplace among students and young engineers. Sweco uses a number of processes and tools to develop employees and strengthen its leadership, including the Sweco Talk performance review, the Sweco Employee Survey, skills training through Sweco Academy and the leadership aspects defined in Leadership@Sweco, as well as management training and succession planning through the Talent Review. We continuously improve the quality of our onboarding and track its efficiency and effectiveness with onboarding surveys.

Skills development and knowledge sharing are also vital for Sweco's success. Employees' expertise and ability to translate their knowledge into optimal solutions for customers is the core of the Group's business and distinguishes Sweco from its competitors. Shortcomings in knowledge sharing may result in risks such as low quality in customer deliveries. Knowledge and processes for knowledge sharing and cooperation are therefore a strategic priority for Sweco. The learning and experience exchange takes place primarily through work on the projects. All employee development is focused on performance, knowledge and knowledge sharing. Sweco has a large number of processes and tools for knowledge sharing.

With 15,000 employees, Sweco is highly committed to a safe environment for our staff. Sweco works in accordance with OHSAS 18001. Incidents and near misses are monitored and reported on a monthly basis.

Acquisitions

Sweco's growth is partly due to acquisitions, which may involve risks. Examples include a transaction being based on incomplete or incorrect data, key persons leaving the company, an unsuccessful integration or anticipated results failing to materialise. Acquisitions in new markets involve risks associated with factors such as an understanding of the local market conditions, price scenario and competitive situation. These risks are minimised through a well-developed acquisition and integration process where decisions about new acquisitions are made by the Board or the Executive Team according to a process with fixed decision-making points. Sweco's Board of Directors conducts an ongoing evaluation of previous acquisitions. During 2018 the company successfully executed acquisitions in Belgium, Finland, Denmark and Germany.

IT

Sweco's consultants are dependent on access to advanced IT tools and a secure IT environment. The availability and reliability of the company's IT environment is therefore critical for uninterrupted business operations. IT operations are centralised to ensure maximum effectiveness and efficiency. Effective firewalls and virus protection, regular software upgrades, high-tech vulnerability scanning, and a structured approach to patch management minimise disruptions arising from technical problems. Next to this, Sweco has redundant data centres to serve the IT infrastructure. The company has information security guidelines focused on how employees and subconsultants should act in order to always uphold the highest possible level of security toward all stakeholders.

Communication

Sweco's success is associated with the ability to communicate effectively with both internal and external stakeholders. Through clear communication and a strong brand we inspire confidence and build relationships. A deeply rooted culture in which employees are well aware of the company's values and policies strengthens the Group's identity and creates security for customers. Sweco's communication guidelines include instructions for price-sensitive information, mass media contacts and the use of social media. There are also guidelines for crisis management that include procedures for dealing with communication in a crisis situation.

COMPLIANCE RISKS

Business ethics and CSR

Sweco's operations involve an international presence. This may lead to increased exposure to CSR-related risks. With more than 100 years of experience in project exports, Sweco has developed and established routines and tools for initiating and implementing projects around the world. Sweco's policies, guidelines and processes are subject to continuous review and development with a special focus on business ethics violations such as fraud, bribery, prohibited competition-restricting practices and conflicts of interest.

Sweco has a zero-tolerance policy with regard to non-compliance with business ethics. In addition to training measures and procedures for structured follow-up of incidents, procedures for assessment and selection of business partners are applied in accordance with the Sweco Business Partner Programme. Managers and employees on international assignments attend mandatory full-day training courses, and e-learning courses are required for all employees. "Team learning" sessions, where teams meet and discuss business ethical dilemmas, are regularly held across the Group. Dilemma discussions are also held on a regular basis by Sweco's Executive Team.

Sweco Ethics Line, a whistle-blower function operated by an external provider, enables anonymous reporting of suspected improprieties. Compliance audits are held on a Group-wide and global basis, based on identified risk areas, to enable a structured review of implementation quality.

FINANCIAL RISKS

Through its operations, Sweco is exposed to various types of financial risks. Sweco's finance policy states how these risks are to be managed in the Group. The Board of Directors is responsible for the finance policy, which contains guidelines, targets and a division of responsibilities for the Treasury Department together with rules for financial risk management. For more information, see Note 33 on pages 88–89.

Changes in interest rates, exchange rates and the market prices of financial instruments may affect Sweco's cash flow, profit and balance sheet. Sweco has a strong balance sheet, which means that direct interest rate risk is limited. With regard to currency risk, the Group normally has natural risk coverage since sales and expenses are denominated in local currency. In cases where contracts are entered into in a non-local currency, the contracted and anticipated payment flows are hedged through forward contracts. Liquidity risk is the risk of being unable to meet financial obligations when they fall due. Thanks to its strong financial position and available overdraft facilities, Sweco's liquidity risk is low.

Credit risk is defined as the risk related to customers' ability to pay. Sweco has a balanced base of around 25,000 customers. Sweco is not dependent on any individual customer, since the largest customers account for only a small share of total sales. Historically, credit losses have been minor.

Non-compliance with tax regulations may result in fines or other expenses for the company. There is also a risk that anticipated benefits resulting from the existence of compensable tax losses may not be realised. New legislation requires increased transparency and also increases reporting responsibilities for the Group parent company. The Group tax department is responsible for monitoring these developments and ensuring compliance.

In the Group's financial reporting, there is a risk that errors may arise and that the financial reporting is not prepared in accordance with legal requirements, rules for listed companies or applicable accounting standards. Through an effective control environment, clear instructions and internal normative documents for financial reporting, Sweco works continuously with control of its accounting and reporting. In addition, extensive monitoring and analysis take place through the use of reporting systems, budgets, forecasts, etc. The Executive Team carries out monthly reviews with the management of each business area. For more information about internal control, see page 41.

BOARD OF DIRECTORS AND AUDITORS

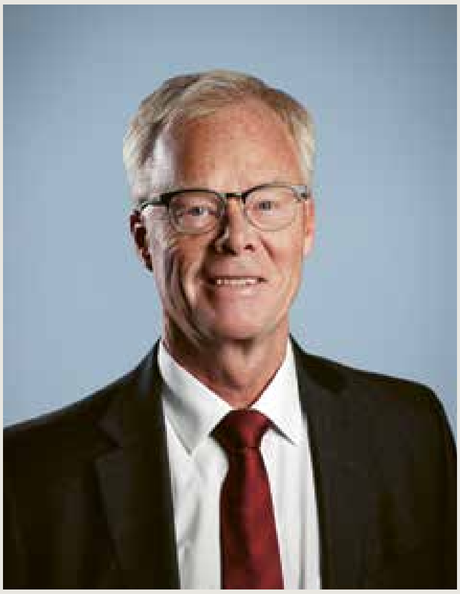
JOHAN NORDSTRÖM
Born in 1966. Board Chairman. Member of the Board since 2012. Directorships include: Skirner AB, Hemfrid i Sverige AB, among others. Education: Architect, Royal Institute of Technology in Stockholm (KTH). Experience: President of Skirner AB. Holdings in Sweco: 605,000 directly held shares and 15,041,831 shares held through Skirner Förvaltning AB, which is owned by the Nordström family.

GUNNEL DUVEBLAD
Born in 1955. Member of the Board since 2008. Chairman of: Team Olivia Group AB, Global Scanning A/S, HiQ International AB and the Ruter Dam Foundation. Directorships include: Dustin Group AB, Kindred Group Plc and Skirner AB. Education: Systems Scientist, Umeå University. Experience: former President of EDS Northern Europe. Holdings in Sweco: 4,000 shares.

CHRISTINE WOLFF
Born in 1960. German citizen. Member of the Board since 2016. Directorships include: Hochtief AG, Berliner Wasserbetriebe A.ö.R and KSBG GmbH. Education: M.Sc. Geology and MBA, HSBA Hamburg. Experience: former Senior Vice President and Managing Director Europe & Middle East URS Corporation and board member of Grontmij N.V. Holdings in Sweco: 1,000 shares.

ÅSA BERGMAN
Born in 1967. President and CEO since 2018. Directorships include: Persson Invest AB and Almega Tjänsteförbunden. Education: Civil Engineering, KTH. Experience: CEO of Sweco Management AB and Sweco Sverige AB. Holdings in Sweco: 40,886 shares.

ELAINE GRUNEWALD
Born in 1967. Swedish and American citizen. Member of the Board since 2017. Education: M.A., Resource and Environmental Management, M.A., International Relations, Boston University Graduate School. B.A., Communications and Debate, Suffolk University. Experience: Co-founder of AI Sustainability Center AB. Senior Vice President and Chief Sustainability and Public Affairs Officer, Ericsson AB. Holdings in Sweco: 1,000 shares.



ALF GÖRANSSON
Born in 1957. Member of the Board since 2018. Chairman of: Loomis AB. Directorships include: Hexpol AB, Attendo AB, Axfast AB, Melker Schörling AB, Axel Johnson Inc, and Sandberg Development Group. Education: International Economics, University of Gothenburg, Sweden. Experience: Among previous positions can be mentioned CEO and member of the Board of Directors of Securitas AB, CEO of NCC AB, CEO of Svedala Industri AB. Holdings in Sweco: 1,000 shares.

EVA LINDQVIST
Born in 1958. Member of the Board since 2013. Directorships include: Tele2 AB, Bodycote plc, Keller Group plc among others. Education: M.Sc.Eng., Linköping University and MBA, University of Melbourne, Australia. Experience: former President of TeliaSonera International Carrier. Holdings in Sweco: 1,125 shares.

JOHAN HJERTONSSON
Born in 1968. Member of the Board since 2015. Directorships include: Swegon Group AB, Nederman Group AB. Education: MBA, Lund University, Harvard University – The General Manager Program. Experience: Former CEO and President of Fagerhult, former CEO and President of Lammhults Design Group, managing positions within marketing, product development and finance at Electrolux. Holdings in Sweco: 30,000 shares.

ANNA LEONSSON
Born in 1971. Employee representative since 2005. Education/experience: Architect SAR/MSA, Faculty of Engineering, Lund University. Employed by Sweco since: 1997. Holdings in Sweco: 568 shares.

GÖRGEN EDENHAGEN
Born 1964. Employee representative since 2011. Education: Master of Science in Industrial Engineering, Luleå University of Technology. Employed by Sweco since 2008. Holdings in Sweco: 4,125 shares

MARIA EKH
Born in 1974. Employee representative since 2015. Education/experience: Engineer. Employed by Sweco since: 1999. Holdings in Sweco: 1,730 shares.

AUDITORS
PricewaterhouseCoopers AB
Auditor in charge:
Michael Bengtsson, Authorised Public Accountant. Other assignments: Indutrade, Bure, Nobina and Bonnier Group.

DEPUTIES
Tom Ahasverussen
Born in 1984. Employee representative since 2016. Holdings in Sweco: 264 shares.

Amanda Carlberg
Born in 1965. Employee representative since 2017. Holdings in Sweco: 304 shares.

Peter Rothstein
Born in 1959. Employee representative since 2017. Holdings in Sweco: 1,640 shares.

EXECUTIVE TEAM

ÅSA BERGMAN
Born in 1967.
President & CEO since 2018.
Year of employment: 1991.
Holdings in Sweco: 40,886 shares.

INA BRANDES
Born in 1977.
President of Sweco Germany & Central Europe (former Sweco Central Europe) since 2015. Year of employment: 2015 (previously employed by Grontmij). Holdings in Sweco: 7,411 shares.

MARKKU VARIS
Born in 1958.
President of Sweco Finland since 2013.
Year of employment: 1993.
Holdings in Sweco: 15,952 shares.

GRETE ASPELUND
Born in 1971.
President of Sweco Norway since 2016.
Year of employment: 2016.
Holdings in Sweco: 9,204 shares.

EUGENE GRÜTER
Born in 1959.
President of Sweco Netherlands since 2016.
Year of employment: 2016.
Holdings in Sweco: 3,346 shares.

MAX JOY
Born in 1969.
President of Sweco UK since 2019.
Year of employment: 2016.
Holdings in Sweco: 1,363 shares.

ERWIN MALCORPS
Born in 1973.
President of Sweco Belgium since 2019.
Year of employment: 2015 (previously employed by Grontmij).
Holdings in Sweco: 625 shares.

ANN-LOUISE LÖKHOLM-KLASSON
Born in 1971.
President of Sweco Sweden since 2018.
Year of employment: 2008.
Holdings in Sweco: 6,895 shares.

JONAS DAHLBERG
Born in 1973.
Chief Financial Officer at Sweco AB since 2012.
Year of employment: 2008.
Holdings in Sweco: 62,417 shares.

DARIUSH REZAI
Born in 1975.
President of Sweco Denmark since 2017.
Year of employment: 2017.
Holdings in Sweco: 2,618 shares.

LARS TORSTENSSON
Born in 1973.
Chief Communication Officer at Sweco AB since 2018.
Year of employment: 2018.
Holdings in Sweco: 2,621 shares.

LISA LAGERWALL
Born in 1972.
General Counsel at Sweco AB since 2011.
Year of employment: 2006.
Holdings in Sweco: 9,636 shares.

MIKAEL LANDBERG
Born in 1968.
Chief HR Officer at Sweco AB since 2018.
Year of employment: 2018.
Holdings in Sweco: 1,277 shares.

ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING
The Annual General Meeting of SWECO AB (publ) will be held at 3:00 p.m. on Thursday, 11 April 2019 at Fotografiska, Stadsgårdshamnen 22, Stockholm, Sweden. Registration for the AGM will begin at 2:00 p.m. Light refreshments will be served after the meeting.

NOTIFICATION
Shareholders who wish to participate in the AGM must be entered in their own name in the register of shareholders maintained by Euroclear Sweden AB, and must have notified the company of their intention to participate no later than Friday, 5 April 2019 via Sweco's website, by letter or by calling the number provided below. The notification should include name, address, telephone number, personal identity number, registered holding and special mention if the shareholder wishes to be accompanied by an assistant. Registered participants will be mailed an admission card which is to be presented at the entrance to the AGM premises.

NOTIFICATION CAN BE MADE:
- online via Sweco's website: www.swecogroup.com.
- by letter to Sweco AB, "Sweco Årsstämma", Box 7835, SE-103 98 Stockholm, Sweden.
- by calling +46 (0)8-402 90 73, weekdays between 9:00 a.m. and 5:00 p.m.

NOMINEE SHARES
Shareholders whose shares are registered in the name of a nominee must temporarily re-register the shares in their own names in order to exercise their voting rights at the AGM. Such re-registration should be requested in good time prior to Friday, 5 April 2019 from the bank or securities broker that manages the shares.

FORM OF PROXY
Shareholders who are represented by a proxy must submit an original form of proxy and a certificate of registration, where appropriate, to be sent to the company no later than Friday, 5 April 2019. Proxies representing a legal entity must attach a verified certificate of registration or corresponding proof of authorisation to sign for the shareholder.

PROPOSED AGENDA
The items of business required by law and the Articles of Association will be dealt with at the Annual General Meeting.

DIVIDEND
The Board of Directors proposes that the shareholders receive a dividend of SEK 5.50 per share. The proposed record date is Monday, 15 April 2019. If the AGM decides in favour of the proposal, dividends are expected to be disbursed by Euroclear Sweden AB on Thursday, 18 April 2019.

DEFINITIONS

Acquisition-driven growth
Annual growth in net sales in local currencies, based on acquired businesses.

Acquisition-related items
Amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of additional purchase price, and profit and loss on the divestment of companies, operations, buildings and land.

Billing ratio
Billable hours in relation to total hours of attendance for all employees.

Capital employed
Total assets less interest-free current and non-current liabilities and deferred tax liabilities.

Cash flow per share
The year's cash flow divided by the average number of shares outstanding (excluding treasury shares).

Debt/equity ratio
Interest-bearing liabilities in relation to shareholders' equity.

Direct return
The year's transfer to shareholders (proposed for 2018) in relation to the closing price for the Sweco class B share.

Earnings per share
Profit for the year attributable to owners of the Parent Company divided by the average number of shares outstanding (excluding treasury shares).

EBITA
Operating profit before Acquisition-related items.

EBITA margin
EBITA in relation to net sales.

EBITDA
Operating profit before amortisation/depreciation and impairments of intangible assets, property, plant and equipment and Acquisition-related items.

EBITDA margin
EBITDA in relation to net sales.

Employee turnover rate
The number of employees who left the Group during the year in relation to the average number of employees.

Equity/assets ratio
Shareholders' equity in relation to total assets.

Equity per share
Equity attributable to owners of the Parent Company divided by the number of shares outstanding (excluding treasury shares) at the end of the period.

Extraordinary items
Consists of extraordinary transaction, integration and restructuring costs of acquired operations.

Growth, currency effects
Effect of exchange rate changes on net sales growth.

IAS
International Accounting Standards.

IFRS
International Financial Reporting Standards.

Interest coverage ratio
Profit after net financial items plus financial expenses in relation to financial expenses.

Market capitalisation
The year's closing price for the Sweco class A and class B share multiplied by the number of shares outstanding in each class.

Net debt/equity ratio
Interest-bearing liabilities less cash and cash equivalents divided by shareholders' equity.

Net debt
Interest-bearing liabilities less cash and cash equivalents.

Normal working hours
The potential number of hours, according to the calendar, that a full-time employee could work if he/she is not absent and does not work overtime.

Number of employees
Number of individuals employed at the end of the period.

Number of full-time employees
Hours of attendance plus hours of absence (excluding long-term absence) divided by normal working hours.

Operating margin
Operating profit in relation to net sales.

Operating profit (EBIT)
Profit before net financial items and tax.

Operating profit per employee
Operating profit divided by the number of full-time employees.

Organic growth
Annual growth in net sales in local currencies, excluding acquisitions.

Profit margin
Profit before tax in relation to net sales.

Return on capital employed
Profit after net financial items plus financial expenses in relation to average capital employed.

Return on equity
Profit for the year attributable to owners of the Parent Company in relation to average equity attributable to owners of the Parent Company.

Return on total assets
Profit after net financial items plus financial expenses in relation to average total assets.

Total return
Share price performance including reinvested dividends.

Value added per employee
Operating profit plus personnel costs divided by the full-time equivalents.

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