# INTERIM REPORT
# JANUARY – SEPTEMBER 2019
# SWECO AB (PUBL)

25 October 2019

## CONTINUED PROFITABLE GROWTH

### JULY – SEPTEMBER 2019

- Net sales increased to SEK 4,623 million (4,078)
- EBITA increased to SEK 384 million (263), margin 8.3 per cent (6.5)
- EBIT increased to SEK 361 million (260), margin 7.8 per cent (6.4)
- Profit after tax increased to SEK 249 million (169), corresponding to SEK 2.12 per share (1.43)

### JANUARY – SEPTEMBER 2019

- Net sales increased to SEK 14,938 million (13,623)
- EBITA increased to SEK 1,337 million (1,135), margin 8.9 per cent (8.3)
- EBIT increased to SEK 1,296 million (1,126), margin 8.7 per cent (8.3)
- Profit after tax increased to SEK 921 million (797), corresponding to SEK 7.84 per share (6.71)
- Net debt decreased to SEK 2,511 million (2,650)
- Net debt/EBITDA decreased to 1.2 x (1.4)

### COMMENTS FROM PRESIDENT AND CEO ÅSA BERGMAN:

Sweco continues to deliver profitable growth, in line with the trend from recent quarters. In the quarter, EBITA increased around 22 per cent or SEK 58 million and organic growth amounted to around 6 per cent, after adjustment for calendar effects. The improved performance was driven by positive fee development and an increased number of employees, supported by a solid order backlog.

In particular, Finland and Belgium performed strongly, combining good organic growth with profitability improvements. Sweden continues to deliver industry leading profitability, combined with solid organic growth. The acquisitions announced last quarter, MLM Group in the UK and Imp GmbH in Germany, also contributed positively.

On 12 August, Sweco signed an agreement to acquire the rail infrastructure engineering and consulting services business from NRC Group. The Finnish competition authority has approved the acquisition which will be closed on 1 November.

Overall, the market for Sweco's services is good and largely unchanged compared with recent quarters. Essentially 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 is good overall while the residential segment remains weak in several countries.

Sweco plans and designs tomorrow's communities and cities. Our work produces sustainable buildings, efficient infrastructure and access to electricity and clean water. With more than 16,000 full-time employees in Europe, we offer our clients the right expertise for every project. We carry out projects in some 70 countries annually throughout the world. Sweco is Europe's leading engineering and architecture consultancy, with sales of approximately SEK 18.7 billion (EUR 1.8 billion). The company is listed on Nasdaq Stockholm.
This information is information that Sweco is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons, at around 07:20 CET on 25 October 2019.

SWECO

# PROFIT AND OPERATIONS

**JULY-SEPTEMBER**

Organic growth amounted to approximately 6 per cent after adjustment for calendar effects. Acquired growth amounted to 4 per cent. In addition, currency effects contributed 1 per cent to net sales, which in total increased 13 per cent to SEK 4,623 million (4,078).

Organic growth was mainly driven by an increased number of employees and positive fee development, supported by a solid order backlog in all Business Areas. Organic growth adjusted for calendar effects was particularly strong in Belgium, Finland and Germany & Central Europe. Acquired growth was predominantly driven by the acquisitions of MLM in the UK and of Imp in Germany.

EBITA increased to SEK 384 million (263), an improvement of SEK 121 million.

EBITA increased approximately 22 per cent or SEK 58 million year-on-year after adjustment for calendar effects. The EBITA improvement was mainly attributable to Belgium, Finland and Denmark. Overall for the Group, a positive trend in hourly fees and an increased number of employees were the main drivers of increased EBITA.

The quarter had 8 more working hours compared with same period last year. This had a positive year-on-year impact of approximately SEK 63 million on earnings and net sales.

The billing ratio decreased slightly to 73.6 per cent (73.7). The billing ratio increased in Finland, the Netherlands and Belgium, while it declined in the other Business Areas.

Total net financial items improved to SEK -30 million (-41) due primarily to foreign exchange revaluation effects.

**JANUARY-SEPTEMBER**

Net sales increased 10 per cent to SEK 14,938 million (13,623). Organic growth was 5 per cent after adjustment for calendar effects. Acquired growth contributed 3 per cent, while currency effects contributed 2 per cent.

EBITA increased to SEK 1,337 million (1,135), an improvement of SEK 202 million.

EBITA increased SEK 183 million after adjustment for calendar effects. The improvement was mainly attributable to Finland, Belgium, Norway and Sweden. Overall for the Group, a positive trend in hourly fees and an increased number of employees were the main drivers of increased EBITA.

The calendar effect of 2 more hours had a positive year-on-year impact of approximately SEK 19 million on net sales and EBITA.

The billing ratio decreased slightly to 74.2 per cent (74.5).

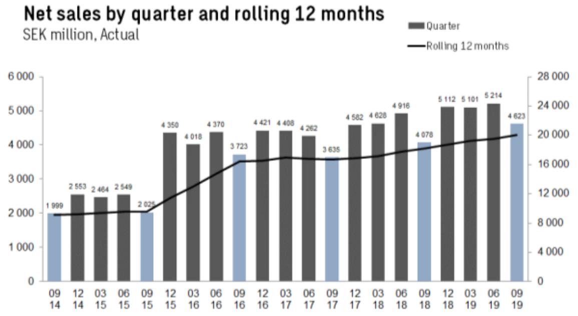
Total net financial items reduced to SEK -89 million (-84) due primarily to higher interest expenses.

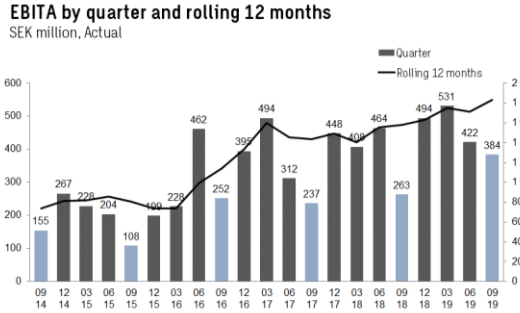
Earnings per share increased to SEK 7.84 per share (6.71).

| Key ratios | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 | Oct 2018-Sep 2019 | Full-year 2018 |
|---|---|---|---|---|---|---|
| Net sales, SEK M | 4,623 | 4,078 | 14,938 | 13,623 | 20,049 | 18,735 |
| *Organic growth, %* | *8* | *4* | *5* | *4* | | *5* |
| *Acquisition-related growth, %* | *4* | *3* | *3* | *3* | | *3* |
| *Currency, %* | *1* | *5* | *2* | *3* | | *3* |
| EBITA, SEK M[1] | 384 | 263 | 1,337 | 1,135 | 1,830 | 1,629 |
| *Margin, %* | *8.3* | *6.5* | *8.9* | *8.3* | *9.1* | *8.7* |
| Profit after tax, SEK M | 249 | 169 | 921 | 797 | 1,380 | 1,256 |
| Earnings per share, SEK | 2.12 | 1.43 | 7.84 | 6.71 | 11.74 | 10.59 |
| Number of full-time employees | 16,463 | 15,197 | 16,191 | 15,187 | 16,060 | 15,306 |
| Billing ratio, % | 73.6 | 73.7 | 74.2 | 74.5 | 74.3 | 74.5 |
| Normal working hours | 519 | 511 | 1,477 | 1,475 | 1,966 | 1,964 |
| Net debt/EBITDA, x[2] | | | 1.2 | 1.4 | | 1.0 |

1) EBITA is an alternative performance measure (APM) defined as Earnings before Interest, Taxes and Acquisition-related items, under which all leases are treated as operating leases and the total cost of the lease affects EBITA. For further information, see page 9-10 and 12.

2) Net debt/EBITDA is an alternative performance measure (APM). Net debt is an alternative performance measure (APM) defined as net financial debt (comprised almost exclusively of interest-bearing bank debt) less cash and cash equivalents and short-term investments. Lease liabilities are excluded from Net debt. EBITDA is an alternative performance measure (APM) defined as Earnings before Interest, Taxes, Depreciation & amortisation and Acquisition-related items, under which all leases are treated as operating leases and the total cost of the lease affects EBITDA. For further information, see page 9-10 and 12.




## EXAMPLES OF NEW PROJECTS

In a consortium, Sweco will provide process guidance and set out the mobility vision for several transport regions in Belgium. The project has been commissioned by the Flemish Department of Mobility and Public Works and is worth approximately EUR 3.4 million. The consortium is currently drawing up the mobility plan for the transport region of Antwerp. All transport regions in Flanders have a framework within which they can collaborate on mobility challenges. Our assignment will assist 155 of the 300 Flemish municipalities to set a mobility vision for all modes of transport, including public transport networks, measures for improving traffic flow, traffic safety and cycling policies.

Sweco is assigned by the Swedish Transport Administration to update the signal system between Älvsjö and Huddinge in the Stockholm area. The assignment also includes implementing speed increases from 120 km/h to 160 km/h in order to create a more efficient transport system. The signaling system on the route needs to be modernised and Sweco will, on behalf of the Swedish Transport Administration, produce the request documentation for the upcoming contract. Sweco will also support in transforming it to a more flexible system that allows more frequent train traffic.

Sweco will assist the Dutch National police in the coming years with technical advice on their housing assignment. In addition to the realisation of more than three hundred projects and the search for a new destination for more than two hundred buildings, the existing buildings must also improve in quality with extra attention to sustainability. To ensure that this runs smoothly, the police set up a Technical Expertise Center (TEC) that acts as an independent team. It is a four-year framework contract with the possible extension for another four years with an annual volume of around EUR 4.8 million. In addition to Sweco, two other engineering firms are associated with this assignment.

## MARKET

Overall, the market for Sweco's services is good and largely unchanged compared with recent quarters. Essentially 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 is good overall while the residential segment remains weak in several countries.

## OUTLOOK

Demand for Sweco's services predominantly follows the general macroeconomic trend in Sweco's markets, with some time lag. Northern European GDP development is solid. Political uncertainty, the global macroeconomic situation and events in the financial market comprise risk factors in terms of future performance.

Sweco does not provide forecasts.

## EVENTS DURING THE QUARTER

On 1 July, Sweco acquired Tovatt Architects & Planners, a Swedish architecture firm with 20 employees, thereby strengthening its position in urban planning and building architecture. Tovatt has a long tradition of designing sustainable everyday environments for future city residents, both in Sweden and internationally. Historically, the company arose from Ralph Erskine Architect & Planner and Erskine Tovatt Architects.

On 5 July, Sweco completed the acquisition of Imp GmbH in Germany – a consulting company with 380 employees, active predominantly in the power transmission and distribution networks markets. Sweco's ability to support clients in the ongoing transition toward renewable energy in Germany is strengthened by Imp, which has annual net sales of about SEK 210 million and an EBITA of approximately SEK 21 million.

On 12 August, Sweco signed an agreement to acquire the rail infrastructure engineering and consulting services business from NRC Group. With the acquisition, Sweco becomes the leading, full-service railway design expert in Finland, while at the same time reinforcing the position in Sweden. The acquisition brings 320 new railway design experts to Sweco, located in Finland (80 per cent) and Sweden (20 per cent). The Finnish competition authority has approved the acquisition which will be closed on 1 November.

As of 1 July, Martin Aronsson, previously Head of Business Development, holds the role as Chief Strategy and Mergers & Acquisitions Officer and thereby became a member of the Executive Team.

## EVENTS AFTER THE QUARTER

On 1 October, Mattias Goldmann took on the role as new Chief Sustainability Officer at Sweco Sweden. Mattias will also support the Group on sustainability.

On 17 October, Olof Stålnacke took office as Chief Financial Officer of Sweco AB and joined the Executive Team.

## CASH FLOW AND FINANCIAL POSITION

Group cash flow from operating activities totalled SEK 1,245 million (835) for the first nine months of the year. Net debt decreased to SEK 2,511 million (2,650). Net debt was impacted negatively by recent acquisitions, while lower working capital levels contributed positively.

The Net debt/EBITDA ratio was 1.2 x (1.4).

Available cash and cash equivalents, including unutilised credit lines, totalled SEK 2,377 million (995) at the end of the reporting period.

Purchase considerations paid to acquire companies and operations totalled SEK 525 million (241) and had an impact of SEK -459 million (-233) on the Group's cash and cash equivalents. Purchase considerations received on the divestment of companies and operations totalled SEK 22 million (5) and had an impact of SEK 18 million (-1) on the Group's cash and cash equivalents.

Repurchases of Sweco shares totalled SEK 2 million (283) and had the same effect on the Group's cash and cash equivalents.

Dividends totalling SEK 644 million (593) were distributed to Sweco AB's shareholders during the period.

## INVESTMENTS, JANUARY-SEPTEMBER 2019

Investments in equipment totalled SEK 177 million (208) and were primarily attributable to IT investments. Depreciation of equipment amounted to SEK 177 million (154) and amortisation of intangible assets totalled SEK 103 million (85).

# SWECO SWEDEN

### SALES AND PROFIT, JULY-SEPTEMBER

Organic growth amounted to approximately 5 per cent and EBITA decreased around SEK 5 million, after adjustment for calendar effects. The order backlog, hourly fees and number of employees continued to develop positively during the quarter. However, a lower billing ratio had a negative impact on net sales and profit. The year-on-year calendar effect of 8 more hours had a positive impact of approximately SEK 24 million on net sales and EBITA.

The Swedish market remains good but there are differences between the different 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 good demand within public buildings, whereas demand related to residential construction remains weak in Sweden. The market for power transmission services is strong while demand in energy generation remains challenging.

### IN BRIEF

| Net sales and profit | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 |
|---|---|---|---|---|
| Net sales, SEK M | 1,519 | 1,427 | 5,428 | 5,227 |
| *Organic growth, %* | *7* | *0* | *5* | *3* |
| *Acquisition-related growth, %* | *0* | *-1* | *-1* | *0* |
| *Currency, %* | *0* | *0* | *0* | *0* |
| EBITA, SEK M | 102 | 83 | 587 | 550 |
| *EBITA margin, %* | *6.7* | *5.8* | *10.8* | *10.5* |
| Number of full-time employees | 5,720 | 5,490 | 5,825 | 5,584 |

# SWECO NORWAY

### SALES AND PROFIT, JULY-SEPTEMBER

Organic growth was approximately 6 per cent, after adjustment for calendar effects. Organic growth was mainly driven by an increased number of employees and higher hourly fees, and was supported by a solid order backlog. The year-on-year calendar effect of 8 more hours had a positive impact of approximately SEK 8 million on net sales and EBITA.

EBITA increased approximately SEK 6 million, after adjustment for calendar effects. EBITA was impacted positively by higher hourly fees and an increased number of employees, whereas a lower billing ratio had a negative impact.

Overall, the Norwegian market remains good, with a historically strong infrastructure market dominated by large scale rail and road projects. The residential market is weakening, albeit from a high level, while the market for office buildings is flat. Investments in energy production are still decreasing, including a declining market for energy transmission.

### IN BRIEF

| Net sales and profit | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 |
|---|---|---|---|---|
| Net sales, SEK M | 550 | 516 | 1,914 | 1,732 |
| *Organic growth, %* | *7* | *13* | *9* | *8* |
| *Acquisition-related growth, %* | *0* | *4* | *0* | *4* |
| *Currency, %* | *-1* | *7* | *1* | *3* |
| EBITA, SEK M | 55 | 41 | 151 | 119 |
| *EBITA margin, %* | *10.0* | *8.0* | *7.9* | *6.9* |
| Number of full-time employees | 1,545 | 1,474 | 1,549 | 1,455 |

# SWECO FINLAND

### SALES AND PROFIT, JULY-SEPTEMBER

Net sales increased to SEK 536 million (465). Organic growth was approximately 11 per cent, after adjustment for calendar effects. Organic growth was mainly driven by improved average fees and a higher billing ratio.

EBITA increased approximately SEK 22 million, after adjustment for calendar effects, and the margin improved to 14.2 per cent (9.9). The increase in EBITA was mainly attributable to improved average fees and a higher billing ratio. The year-on-year calendar effect of 8 more hours had a positive impact of approximately SEK 8 million on net sales and EBITA.

The Finnish and Estonian market is good overall, but there are slight differences between segments. Demand for services within the construction and real estate segments is good overall. Residential construction is declining. The renovation maintenance improvement market continues to grow. The market for industrial services is stable. The market for infrastructure-related services is satisfactory and pre-studies for future state level railway investments have been started.

### IN BRIEF

| Net sales and profit | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 |
|---|---|---|---|---|
| Net sales, SEK M | 536 | 465 | 1,725 | 1,516 |
| *Organic growth, %* | *12* | *-1* | *8* | *0* |
| *Acquisition-related growth, %* | *1* | *2* | *2* | *1* |
| *Currency, %* | *2* | *9* | *3* | *7* |
| EBITA, SEK M | 76 | 46 | 223 | 144 |
| *EBITA margin, %* | *14.2* | *9.9* | *12.9* | *9.5* |
| Number of full-time employees | 2,128 | 2,071 | 2,143 | 2,077 |

# SWECO DENMARK

### SALES AND PROFIT, JULY-SEPTEMBER

Net sales increased to SEK 410 million (403). Organic growth was approximately -2 per cent, after adjustment for calendar effects. Organic growth was impacted negatively by a lower number of employees and a lower billing ratio. The calendar effect of 8 more hours had a positive impact of approximately SEK 5 million on net sales and EBITA.

EBITA increased approximately SEK 12 million, after adjustment for calendar effects. The EBITA improvement was primarily attributable to higher average fees and positive project adjustments, while a lower billing ratio impacted negatively.

The market in Denmark is satisfactory overall. Demand in the water and environmental sectors remains stable, driven by climate-related services in the larger cities. The energy market is driven by transmission, gas and wind but it remains weak. The infrastructure market is fairly stable, however with a decline in state financed road and rail projects due to lack of a new national infrastructure plan. The market for building services remains good overall, but the residential market remains weak.

### IN BRIEF

| Net sales and profit | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 |
|---|---|---|---|---|
| Net sales, SEK M | 410 | 403 | 1,307 | 1,247 |
| *Organic growth, %* | *-1* | *2* | *-3* | *-4* |
| *Acquisition-related growth, %* | *0* | *27* | *5* | *19* |
| *Currency, %* | *2* | *9* | *3* | *7* |
| EBITA, SEK M | 44 | 27 | 96 | 91 |
| *EBITA margin, %* | *10.7* | *6.7* | *7.4* | *7.3* |
| Number of full-time employees | 1,156 | 1,210 | 1,174 | 1,184 |

# SWECO NETHERLANDS

### SALES AND PROFIT, JULY-SEPTEMBER

Net sales increased to SEK 488 million (447). Organic growth amounted to 5 per cent after adjustment for calendar effects and was driven by higher average fees, an increased number of employees and an improved billing ratio.

EBITA increased approximately SEK 6 million after adjustment for calendar effects. The EBITA margin increased to 5.0 per cent (2.8). The improvement of EBITA was attributable to higher average fees, an improved billing ratio and an increased number of employees. The year-on-year calendar effect of 8 more hours had a positive impact of approximately SEK 6 million on net sales and EBITA.

The Dutch economy is strong, and the engineering market remains positive, as is the demand for Sweco's services within infrastructure, energy, water and public sector buildings.

### IN BRIEF

| Net sales and profit | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 |
|---|---|---|---|---|
| Net sales, SEK M | 488 | 447 | 1,513 | 1,406 |
| *Organic growth, %* | *7* | *6* | *4* | *5* |
| *Acquisition-related growth, %* | *0* | *0* | *0* | *0* |
| *Currency, %* | *2* | *9* | *3* | *7* |
| EBITA, SEK M | 24 | 13 | 104 | 84 |
| *EBITA margin, %* | *5.0* | *2.8* | *6.9* | *6.0* |
| Number of full-time employees | 1,398 | 1,373 | 1,404 | 1,362 |

# SWECO BELGIUM

### SALES AND PROFIT, JULY-SEPTEMBER

Net sales increased to SEK 326 million (240), and organic growth was 29 per cent after adjustment for calendar effects. Organic growth was primarily driven by increased revenue from subconsultants, an increased number of employees and higher average fees. Acquired growth contributed 3 per cent and related to the acquisitions of Planet Engineering and Nexilis. The year-on-year calendar effect of 8 more hours had a positive impact of approximately SEK 3 million on net sales and EBITA.

The strong performance in Belgium improved further, with a tailwind from an accommodating market. EBITA increased approximately SEK 22 million after adjustment for calendar effects. The improvement in earnings was mainly attributable to higher average fees and an increased number of employees. The acquisitions of Planet Engineering and Nexilis also contributed positively.

The market is good within all market segments and both the private and the public sector building markets are strong. The residential market is stable as is the office market. The industry market and public infrastructure markets are strong. Belgium is in the middle of a complete energy transition with focus on decarbonisation in the transportation, building and industry sectors as well as transforming energy production. The electrification in industry and public domain is increasing.

### IN BRIEF

| Net sales and profit | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 |
|---|---|---|---|---|
| Net sales, SEK M | 326 | 240 | 1,012 | 801 |
| *Organic growth, %* | *30* | *5* | *20* | *12* |
| *Acquisition-related growth, %* | *3* | *6* | *3* | *11* |
| *Currency, %* | *2* | *9* | *3* | *7* |
| EBITA, SEK M | 38 | 12 | 117 | 62 |
| *EBITA margin, %* | *11.6* | *5.1* | *11.6* | *7.8* |
| Number of full-time employees | 872 | 770 | 846 | 774 |

# SWECO UK

### SALES AND PROFIT, JULY-SEPTEMBER

Net sales increased to SEK 317 million (212). Organic growth after adjustment for calendar effects was approximately -5 per cent. The acquisition of MLM Group contributed acquired growth of 52 per cent. The year-on-year calendar effect of 8 more hours had a positive impact of approximately SEK 2 million on net sales and EBITA.

EBITA increased to SEK 15 million (6). Performance in the UK was weak primarily due to a low billing ratio. The decline was driven by project delays in the public infrastructure sector and a temporary tender cycle decline in the water sector. The acquisition of MLM Group, which was consolidated into Sweco UK as of May, contributed positively.

In general, the market for Sweco's services in the UK is satisfactory with a slow down due to uncertainty connected to Brexit. Demand in the infrastructure and energy schemes, especially where investment is regulated or government led, continues to be impacted by delays and postponements. The water market continues to be impacted by the public tender cycle. However, there is a more positive outlook for the transportation and environment market. The London commercial building market is good despite Brexit-related uncertainty.

### IN BRIEF

| Net sales and profit | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 |
|---|---|---|---|---|
| Net sales, SEK M | 317 | 212 | 822 | 650 |
| *Organic growth, %* | *-4* | *9* | *-6* | *18* |
| *Acquisition-related growth, %* | *52* | *0* | *29* | *0* |
| *Currency, %* | *1* | *9* | *3* | *5* |
| EBITA, SEK M | 15 | 6 | 27 | 23 |
| *EBITA margin, %* | *4.8* | *2.8* | *3.3* | *3.6* |
| Number of full-time employees | 1,257 | 871 | 1,088 | 856 |

# SWECO GERMANY & CENTRAL EUROPE

### SALES AND PROFIT, JULY-SEPTEMBER

Net sales increased to SEK 502 million (397). Organic growth was approximately 8 per cent after adjustment for calendar effects. Organic growth was primarily driven by an increased number of employees. Acquired growth amounted to 14 per cent and primarily related to the acquisition of Imp GmbH which was consolidated into Sweco Germany & Central Europe as of July. The year-on-year calendar effect of 10 more hours had a positive impact of approximately SEK 6 million on net sales and EBITA.

EBITA decreased approximately SEK 4 million after adjustment for calendar effects mainly due to negative project adjustments in Poland. The operations in Germany were affected by a lower billing ratio and negative project adjustments while the acquisition of Imp GmbH contributed positively.

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

The Lithuanian market has stabilised, and the Czech market is good. The Polish market is developing positively with increasing investments in transportation and water.

### IN BRIEF

| Net sales and profit | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 |
|---|---|---|---|---|
| Net sales, SEK M | 502 | 397 | 1,336 | 1,136 |
| *Organic growth, %* | *9* | *12* | *8* | *12* |
| *Acquisition-related growth, %* | *14* | *2* | *6* | *1* |
| *Currency, %* | *3* | *10* | *3* | *7* |
| EBITA, SEK M | 26 | 24 | 56 | 68 |
| *EBITA margin, %* | *5.2* | *6.1* | *4.2* | *6.0* |
| Number of full-time employees | 2,331 | 1,848 | 2,092 | 1,790 |

# OTHER INFORMATION

### PARENT COMPANY, JANUARY-SEPTEMBER 2019

Parent Company net sales totalled SEK 569 million (525) and were attributable to intra-group services. Profit after net financial items totalled SEK 222 million (204). Investments in equipment totalled SEK 27 million (33). Cash and cash equivalents at the end of the period totalled SEK 95 million (222).

### ACCOUNTING PRINCIPLES

Sweco complies with the International Financial Reporting Standards (IFRS) and interpretive statements from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. This interim report was prepared in accordance with IAS 34, Interim Reporting; the Swedish Annual Accounts Act; and the Swedish Financial Reporting Board's RFR 2, Reporting for Legal Entities.

From 1 January 2019, Sweco is applying one new IFRS standard: IFRS 16, Leases. The accounting principles for this standard are described in Note 1 of the Annual Report for 2018 on page 57. In all other respects, the Group applies the same accounting and valuation principles as those described in Note 1 in the Annual Report for 2018.

In this interim report, 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. The interim report comprises pages 1-18; the interim financial information presented on pages 1-18 is therefore part of this financial report.

### NEW ACCOUNTING PRINCIPLES FOR 2019

Sweco is applying IFRS 16 Leases, the new standard for lease accounting, as of 1 January 2019. Under IFRS 16 essentially all leases are recognised in the balance sheet, since finance leases and operating leases are no longer treated differently, as was the case under the previous standard IAS 17. Sweco has chosen the full retrospective transition method and has accordingly accounted for all lease contracts as if IFRS 16 had always been applied. The comparative figures for 2018 have been restated.

Sweco will not be applying IFRS 16 at the Business Area level. Segment reporting for 2019 will therefore remain unchanged from 2018. Additional information regarding Sweco's application of IFRS 16 can be found in the Annual report for 2018 on pages 56-57 and in the press, release dated 12 April 2019.

The consolidated financial statements for 2018, including the opening balance on 1 January 2018, have been restated for IFRS 16. To facilitate the analysis of financial development, Sweco has adjusted the presentation of the financial statements by adding new line items.

In the income statement, as presented in the interim reports, the financial net has been divided into three items to facilitate the analysis of lease liabilities and other interest-bearing liabilities.

•*Net financial items*: Comprises interest expenses on credit facilities and other costs related to credit facilities less interest income on cash and cash equivalents and short-term investments.

•*Interest cost of leasing*: Comprises the interest cost of leasing pursuant to IFRS 16.

•*Other financial items*: Result and distributions from participations in associated companies and other securities, result from the sale of participations in associated companies and other securities, foreign exchange gains and losses on financial assets and liabilities, and other interest income and interest expenses.

### KEY PERFORMANCE MEASURES

Sweco follows the guidelines from ESMA (European Securities and Markets Authority) regarding APMs (Alternative Performance Measures). In brief, these are measures of historical or ongoing 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 our 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. A complete list of all Sweco's definitions can be found on our website: http://www.sweco.se/en/IR/definitions/

The adoption of IFRS 16 has a significant impact on the presentation of financial statements. There will be a significant increase in both assets and liabilities and a decrease in other expenses, and a corresponding increase in depreciation and interest expenses. Sweco has chosen to maintain its key financial metrics close to previous definitions, producing minor differences to previously presented values. The objective is to facilitate comparability with previous periods and provide transparency regarding Sweco's operational performance and the Group's financial strength, apart from the accounting effects of IFRS 16. Under this approach, Sweco's targets for profitability (EBITA margin of 12 per cent) and financial strength (a Net debt/EBITDA ratio of less than 2.0 x) also remain unchanged.

Sweco's key financial metrics, defined as Alternative Performance Measures (APMs) in accordance with IFRS, are EBITA and Net debt/EBITDA.

EBITA is the Group's key metric for operational performance at Group and BA level. Sweco's EBITA measure is defined as Earnings Before Interest, Taxes and Acquisition-related items. All leases are treated as operating leases and the total cost of the lease affects EBITA. Operating lease treatment follows IAS 17 (the standard for leases applicable through 31 December 2018).

Net debt/EBITDA is Sweco's key metric for financial strength. The definition remains essentially in line with the covenants defined in Sweco's bank financing agreements. Net debt is defined as net financial debt (comprised almost exclusively of interest-bearing bank debt) less cash and cash equivalents and short-term investments. Lease liabilities are excluded from Net debt. As with the calculation of EBITA, when calculating EBITDA all leases are assumed to comprise operating leases pursuant to IAS 17.

The reconciliation of Sweco's key financial metrics, described above, and IFRS measures is presented on page 12. Organic growth calculation is presented on page 17.

### THE SWECO SHARE

The Sweco share is listed on Nasdaq Stockholm. The share price of the Sweco Class B share was SEK 279,60 at the end of the period, representing a 10 per cent increase during the quarter. The Nasdaq Stockholm General Index increased 2 per cent over the same period.

The total number of shares at the end of the period was 121,083,819: 10,420,274 Class A shares and 110,663,545 Class B shares. The total number of shares outstanding was 117,798,459: 10,420,274 Class A shares and 107,378,185 Class B shares.

### RISKS AND UNCERTAINTIES

Significant risks and uncertainties affecting the Sweco Group and the Parent Company include business risks associated with the general economic trend and investment level in various markets, the capacity to attract and retain skilled personnel and the effects of political decisions. The Group is also exposed to various types of financial risk, such as foreign currency, interest rate and credit risk. No significant risks are deemed to have arisen apart from the risks detailed in Sweco's 2018 Annual Report (page 102, Risks and Risk Management).

### ANNUAL GENERAL MEETING

The 2020 annual general meeting will be held on Thursday, 23 April 2020 at 3:00 PM at Fotografiska, Stadsgårdshamnen 22, Stockholm. Sweco's 2019 Annual Report will be available for shareholder perusal at Sweco's headquarters, Gjörwellsgatan 22, Stockholm, and on the company's website, www.swecogroup.com, approximately three weeks prior to the AGM.

### CALENDAR EFFECTS

*Current year*

The number of normal working hours in 2019, based on the 12-month sales- weighted business mix as of September 2018, is broken down as follows:

| | 2019 | 2018 | |
|---|---|---|---|
| Quarter 1: | 496 | 490 | +6 |
| Quarter 2: | 462 | 474 | -12 |
| Quarter 3: | 519 | 511 | +8 |
| Quarter 4: | 485 | 489 | -4 |
| Total: | 1,962 | 1,964 | -2 |

*Year 2020*

The number of normal working hours in 2020, based on the 12-month sales-weighted business mix as of September 2019, is broken down as follows:

| | 2020 | 2019 | |
|---|---|---|---|
| Quarter 1: | 500 | 496 | +4 |
| Quarter 2: | 465 | 462 | +3 |
| Quarter 3: | 518 | 519 | -1 |
| Quarter 4: | 491 | 485 | +6 |
| Total: | 1,974 | 1,962 | +12 |

### ACQUISITION-RELATED AMORTISATION

Acquisition-related intangible assets and expensed cost for future services will be amortised pursuant to the following schedule, based on acquisitions to date:

| | |
|---|---|
| 2019 Estimate | SEK -127 million |
| 2020 Estimate | SEK -111 million |
| 2021 Estimate | SEK -95 million |
| 2022 Estimate | SEK -59 million |

### FORTHCOMING FINANCIAL INFORMATION

| | |
|---|---|
| Year-end report 2019 | 12 February 2020 |
| Interim report January-March | 15 May 2020 |
| Interim report January-June | 16 July 2020 |
| Interim report January-September | 4 November 2020 |

Stockholm, 25 October 2019

Åsa Bergman
President and CEO, Member of the Board of Directors

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# AUDITOR'S REPORT

This is the Auditor's review report on interim financial information, prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

## INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Sweco AB as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## SCOPE OF REVIEW

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

## CONCLUSION

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

Stockholm, 25 October 2019
PricewaterhouseCoopers AB

Michael Bengtsson
Auditor-in-charge
Authorised public accountant

Aleksander Lyckow
Authorised public accountant

# KEY RATIOS

| Key ratios[1] | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 | Oct 2018-Sep 2019 | Full-year 2018 |
|---|---|---|---|---|---|---|
| **Profitability** | | | | | | |
| EBITA margin, % | 8.3 | 6.5 | 8.9 | 8.3 | 9.1 | 8.7 |
| Operating margin (EBIT), % | 7.8 | 6.4 | 8.7 | 8.3 | 8.9 | 8.6 |
| Profit margin, % | 7.2 | 5.4 | 8.1 | 7.6 | 8.4 | 8.1 |
| **Revenue growth**[2] | | | | | | |
| Organic growth, % | 8 | 4 | 5 | 4 | | 5 |
| Acquisition-related growth, % | 4 | 3 | 3 | 3 | | 3 |
| Currency, % | 1 | 5 | 2 | 3 | | 3 |
| Total growth, % | 13 | 12 | 10 | 11 | | 11 |
| **Debt** | | | | | | |
| Net debt, SEK M | | | 2,511 | 2,650 | | 1,849 |
| Interest-bearing debt, SEK M | | | 3,059 | 3,008 | | 2,624 |
| **Financial strength** | | | | | | |
| Net debt/Equity, % | | | 37.1 | 44.0 | | 30.0 |
| Net debt/EBITDA, x | | | 1.2 | 1.4 | | 1.0 |
| Equity/Assets ratio, % | | | 36.3 | 33.3 | | 35.5 |
| Available cash and cash equivalents, SEK M | | | 2,377 | 995 | | 1,749 |
| -of which unutilised credit, SEK M | | | 1,829 | 637 | | 974 |
| **Return** | | | | | | |
| Return on equity, % | | | 21.6 | 22.3 | | 20.9 |
| Return on capital employed, % | | | 14.5 | 15.7 | | 14.6 |
| **Share data** | | | | | | |
| Earnings per share, SEK | 2.12 | 1.43 | 7.84 | 6.71 | 11.74 | 10.59 |
| Diluted earnings per share, SEK | 2.06 | 1.40 | 7.61 | 6.57 | 11.40 | 10.35 |
| Equity per share, SEK[3] | | | 57.34 | 50.78 | | 52.60 |
| Diluted equity per share, SEK[3] | | | 55.83 | 49.66 | | 50.91 |
| Number of outstanding shares at reporting date | | | 117,798,459 | 118,305,118 | | 117,069,942 |
| Number of repurchased Class B shares | | | 3,285,360 | 2,778,701 | | 4,013,877 |

1) Key ratio definitions are available on Sweco's website.
2) See page 17 for details on Sweco's calculation of revenue growth.
3) Refers to portion attributable to Parent Company shareholders.

| Reconciliation of EBIT and the APMs EBITA and EBITDA, SEK M | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 | Oct 2018-Sep 2019 | Full-year 2018 |
|---|---|---|---|---|---|---|
| **Operating profit (EBIT)** | **361** | **260** | **1,296** | **1,126** | **1,787** | **1,618** |
| Acquisition-related items | 43 | 20 | 99 | 57 | 116 | 75 |
| Lease expenses[1] | -184 | -171 | -540 | -497 | -709 | -665 |
| Depreciation and impairments, right-of-use assets | 165 | 154 | 483 | 449 | 635 | 602 |
| **EBITA[2]** | **384** | **263** | **1,337** | **1,135** | **1,830** | **1,629** |
| Amortisation/depreciation and impairment, tangible and intangible fixed assets | 77 | 62 | 218 | 184 | 286 | 252 |
| **EBITDA[3]** | **461** | **326** | **1,555** | **1,320** | **2,116** | **1,881** |

1) Lease expenses pertain to adjustments made in order to treat all leases as operating leases.
2) EBITA is an alternative performance measure (APM) defined as Earnings before Interest, Taxes and Acquisition-related items, under which all leases are treated as operating leases and the total cost of the lease affects EBITA.
3) EBITDA is an alternative performance measure (APM) defined as Earnings before Interest, Taxes, Depreciation & amortisation and Acquisition-related items, under which all leases are treated as operating leases and the total cost of the lease affects EBITDA.

| Net debt, SEK M[1] | 30 Sep 2019 | 30 Sep 2018 | 31 Dec 2018 | 1 Jan 2018 |
|---|---|---|---|---|
| Non-current interest-bearing debt | 2,123 | 2,140 | 2,105 | 2,120 |
| Current interest-bearing debt | 936 | 868 | 519 | 56 |
| Cash and cash equivalents incl. short-term investments | -548 | -358 | -775 | -572 |
| **NET DEBT** | **2,511** | **2,650** | **1,849** | **1,604** |

1) Net debt is an alternative performance measure (APM) defined as net financial debt (comprised almost exclusively of interest-bearing bank debt) less cash and cash equivalents and short-term investments. Lease liabilities are excluded from Net debt.

## CONSOLIDATED INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT

| Income Statement SEK M | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 | Oct 2018-Sep 2019 | Full-year 2018 |
|---|---|---|---|---|---|---|
| Net sales | 4,623 | 4,078 | 14,938 | 13,623 | 20,049 | 18,735 |
| Other income | 8 | 5 | 15 | 12 | 17 | 14 |
| Other external expenses | -1,030 | -928 | -3,142 | -2,969 | -4,285 | -4,112 |
| Personnel expenses | -2,956 | -2,659 | -9,716 | -8,849 | -12,957 | -12,091 |
| Amortisation/depreciation and impairment, tangible and intangible fixed assets[1] | -77 | -62 | -218 | -184 | -286 | -252 |
| Depreciation and impairment, right-of-use assets | -165 | -154 | -483 | -449 | -635 | -602 |
| Acquisition-related items[2] | -43 | -20 | -99 | -57 | -116 | -75 |
| **Operating profit (EBIT)** | **361** | **260** | **1,296** | **1,126** | **1,787** | **1,618** |
| Net financial items[3] | -10 | -13 | -35 | -32 | -47 | -45 |
| Interest cost of leasing[4] | -17 | -15 | -49 | -46 | -64 | -61 |
| Other financial items[5] | -3 | -13 | -5 | -6 | 0 | -1 |
| **Profit before tax** | **331** | **219** | **1,207** | **1,042** | **1,676** | **1,511** |
| Income tax | -81 | -50 | -286 | -245 | -296 | -255 |
| **PROFIT FOR THE PERIOD** | **249** | **169** | **921** | **797** | **1,380** | **1,256** |
| **Attributable to:** | | | | | | |
| Parent Company shareholders | 249 | 169 | 921 | 796 | 1,379 | 1,254 |
| Non-controlling interests | 0 | 0 | 0 | 1 | 1 | 1 |
| Earnings per share attributable to Parent Company shareholders, SEK | 2.12 | 1.43 | 7.84 | 6.71 | 11.74 | 10.59 |
| Average number of shares | 117,798,459 | 118,374,481 | 117,494,870 | 118,654,377 | 117,538,393 | 118,408,024 |
| Dividend per share, SEK | | | | | | 5.50 |

1) Includes tangible assets and intangible assets that are not acquisition-related.

2) Acquisition-related items consist of amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of purchase price, profit and losses on the divestment of companies, operations, land and buildings, as well as expensed cost for future service. See page 15 for additional details.

3) Net financial items comprise interest expenses on credit facilities and costs related to credit facilities less interest income on cash and cash equivalents.

4) Interest cost of leasing comprises the interest cost of leasing pursuant to IFRS 16.

5) Other financial items: Result and distributions from participation in associated companies and other securities, result from sale of participations in associated companies and other securities, foreign exchange gains and losses on financial assets and liabilities, and other interest income and interest expenses.

| Consolidated income statement and other comprehensive income, SEK M | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 | Oct 2018-Sep 2019 | Full-year 2018 |
|---|---|---|---|---|---|---|
| Profit for the period | 249 | 169 | 921 | 797 | 1,380 | 1,256 |
| **Items that will not be reversed in the income statement** | | | | | | |
| Revaluation of defined benefit pensions, net after tax[1,2] | 2 | 0 | 2 | 0 | -9 | -11 |
| **Items that may subsequently be reversed in the income statement** | | | | | | |
| Translation differences, net after tax | 63 | -39 | 225 | 176 | 136 | 87 |
| **COMPREHENSIVE INCOME FOR THE PERIOD** | **314** | **130** | **1,147** | **973** | **1,507** | **1,332** |
| **Attributable to:** | | | | | | |
| Parent Company shareholders | 313 | 130 | 1,147 | 971 | 1,506 | 1,330 |
| Non-controlling interests | 1 | 0 | 1 | 2 | 1 | 2 |
| *1) Tax on revaluation of defined benefit pensions* | *0* | *-* | *0* | *-* | *1* | *2* |

2) Revalued annually. Reviewed quarterly in the event of material changes to actuarial assumptions.

# STATEMENTS OF CONSOLIDATED CASH FLOW, CONSOLIDATED BALANCE SHEET AND CHANGES IN EQUITY

| Cash flow statement<br>SEK M | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 | Oct 2018-Sep 2019 | Full-year 2018 |
|---|---|---|---|---|---|---|
| Profit before tax | 331 | 219 | 1,207 | 1,042 | 1,676 | 1,511 |
| Amortisation/depreciation and impairment | 270 | 236 | 768 | 692 | 1,006 | 930 |
| Other non-cash items | 68 | 50 | 185 | 167 | 211 | 194 |
| **Cash flow from operating activities before changes in working capital, tax paid, interest paid and received** | **669** | **506** | **2,160** | **1,902** | **2,894** | **2,635** |
| Interest cost leasing | -17 | -15 | -49 | -46 | -64 | -62 |
| Net interest paid | -10 | -7 | -27 | -24 | -35 | -32 |
| Tax paid | -94 | -63 | -368 | -260 | -438 | -329 |
| Changes in working capital | -331 | -227 | -471 | -736 | 104 | -161 |
| **Cash flow from operating activities** | **216** | **192** | **1,245** | **835** | **2,461** | **2,051** |
| Acquisition and divestment of subsidiaries and operations | -132 | 0 | -441 | -234 | -463 | -257 |
| Purchase and disposal of intangible and tangible assets | -61 | -109 | -194 | -239 | -261 | -307 |
| Other investing activities | -1 | -2 | 0 | 0 | -5 | -5 |
| **Cash flow from investing activities** | **-194** | **-112** | **-635** | **-474** | **-729** | **-569** |
| Borrowings and repayment of borrowings | 267 | 83 | 319 | 753 | -14 | 420 |
| Principal elements of lease payments | -164 | -153 | -477 | -447 | -608 | -579 |
| Dividends paid | 0 | - | -645 | -593 | -645 | -593 |
| Repurchase of treasury shares | - | -33 | -2 | -283 | -239 | -520 |
| **Cash flow from financing activities** | **102** | **-102** | **-804** | **-569** | **-1,506** | **-1,271** |
| **CASH FLOW FOR THE PERIOD** | **125** | **-21** | **-193** | **-208** | **225** | **211** |

| Balance sheet<br>SEK M | 30 Sep 2019 | 30 Sep 2018 | 31 Dec 2018 | 1 Jan 2018 |
|---|---|---|---|---|
| Goodwill | 7,227 | 6,685 | 6,615 | 6,278 |
| Other intangible assets | 333 | 314 | 300 | 315 |
| Property, plant and equipment | 629 | 588 | 580 | 524 |
| Right-of-use assets | 2,987 | 2,672 | 2,724 | 2,585 |
| Financial assets | 477 | 418 | 502 | 422 |
| Current assets excl. cash and cash equivalents | 6,437 | 7,029 | 5,901 | 6,116 |
| Cash and cash equivalents incl. short-term investments | 548 | 358 | 775 | 572 |
| **TOTAL ASSETS** | **18,638** | **18,065** | **17,397** | **16,812** |
| Equity attributable to Parent Company shareholders | 6,754 | 6,007 | 6,158 | 5,823 |
| Non-controlling interests | 10 | 9 | 10 | 12 |
| **Total equity** | **6,764** | **6,017** | **6,168** | **5,835** |
| Non-current leasing liabilities | 2,492 | 2,231 | 2,314 | 2,176 |
| Non-current interest-bearing debt | 2,123 | 2,140 | 2,105 | 2,120 |
| Other non-current liabilities | 1,022 | 886 | 923 | 811 |
| Current leasing liabilities | 664 | 614 | 599 | 579 |
| Current interest-bearing debt | 936 | 868 | 519 | 56 |
| Other current liabilities | 4,636 | 5,308 | 4,770 | 5,234 |
| **TOTAL EQUITY AND LIABILITIES** | **18,638** | **18,065** | **17,397** | **16,812** |
| | | | | |
| Pledged assets | 20 | 21 | 20 | 21 |
| Contingent liabilities | 875 | 731 | 791 | 711 |

| Changes in equity | Jan-Sep 2019 | | | Jan-Sep 2018 | | |
|---|---|---|---|---|---|---|
| SEK M | Equity attributable to Parent Company shareholders | Non-controlling interests | Total equity | Equity attributable to Parent Company shareholders | Non-controlling interests | Total equity |
| Equity, opening balance | 6,158 | 10 | 6,168 | 5,967 | 12 | 5,979 |
| Change in accounting principle | | | | -144 | - | -144 |
| Comprehensive income for the period | 1,147 | 1 | 1,147 | 971 | 2 | 973 |
| Transfer to shareholders | -644 | 0 | -645 | -593 | -1 | -594 |
| Buy-back of treasury shares | -2 | - | -2 | -283 | - | -283 |
| Divestment of non-controlling interests | - | - | - | - | -3 | -3 |
| Share-based incentive schemes | 93 | - | 93 | 84 | - | 84 |
| Share savings schemes | 3 | - | 3 | 4 | - | 4 |
| **EQUITY, CLOSING BALANCE** | **6,754** | **10** | **6,764** | **6,007** | **9** | **6,017** |

# ACQUISITIONS, ACQUISITION-RELATED ITEMS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

## ACQUISITION OF SUBSIDIARIES AND OPERATIONS

During the period Sweco acquired Linnunmaa Oy, MLM Holdings Limited, Tovatt Architects & Planners AB, Imp GmbH and JIE engineering d.o.o. The acquired businesses have approximately 907 employees (individuals). Of the consideration paid, SEK 151 million is classified in accordance with IFRS as the cost for future service of staff. The cost for future service is thus accounted for as a prepaid asset and will be expensed over the coming three years on the line Acquisition-related items. Since the amount is prepaid, it impacts the operating cash flow on the line Changes in working capital. The purchase consideration, excluding cost for future service, totalled SEK 525 million and had a negative impact on cash and cash equivalents of SEK 459 million. The acquisitions impacted the consolidated balance sheet as detailed in the table below. The acquisition analyses regarding Linnunmaa, MLM, Tovatt and Imp are preliminary. During the period, the acquired companies contributed SEK 258 million in net sales, SEK 24 million in EBITA and SEK -26 million in operating profit (EBIT). If the companies had been owned as of 1 January 2019 they would have contributed approximately SEK 560 million in net sales, about SEK 42 million EBITA and about SEK -50 million in operating profit (EBIT). The transaction cost for the acquisitions during this period and previous period totalled SEK 12 million.

| Acquisitions, SEK M | |
|---|---|
| Intangible assets | 462 |
| Property, plant and equipment | 47 |
| Right-of-use assets | 131 |
| Current assets | 301 |
| Non-current liabilities | -1 |
| Deferred tax | -22 |
| Leasing liabilities | -126 |
| Other current liabilities | -266 |
| **Total purchase consideration** | **525** |
| Unsettled purchase price commitment | -52 |
| Payment of deferred purchase price | 2 |
| Cash and cash equivalents | -17 |
| **DECREASE IN GROUP CASH AND CASH EQUIVALENTS** | **459** |

## DIVESTMENT OF SUBSIDIARIES

During the period Sweco sold its Swedish subsidiary Sweco Elektronik AB with 23 employees. The business contributed SEK 13 million in net sales and SEK 1 million in operating profit. The divestment had a negative impact on profit of SEK 9 million and a positive impact on the Group's cash and cash equivalents of SEK 18 million. The divestment impacted the consolidated balance sheet as detailed below.

| Divestments, SEK M | |
|---|---|
| Intangible assets | 15 |
| Property, plant and equipment | 0 |
| Current assets | 22 |
| Current liabilities | -5 |
| Capital loss recorded on divestment | -9 |
| **Total purchase consideration** | **22** |
| Cash and cash equivalents in divested companies | -4 |
| **INCREASE IN GROUP CASH AND CASH EQUIVALENTS** | **18** |

## ACQUISITION-RELATED ITEMS

| Acquisition-related items SEK M | Jul-Sep 2019 | Jul-Sep 2018 | Jan-Sep 2019 | Jan-Sep 2018 | Oct 2018-Sep 2019 | Full-year 2018 |
|---|---|---|---|---|---|---|
| Amortisation of acquisition-related intangible assets | -29 | -20 | -68 | -59 | -85 | -77 |
| Revaluation of additional purchase price | - | - | 0 | 0 | -1 | -1 |
| Profit/loss on divestment of buildings and land | 0 | 1 | 1 | 0 | 1 | 1 |
| Profit/loss on divestment of companies and operations | - | 0 | -9 | 2 | -9 | 2 |
| Expensed cost for future service | -14 | - | -22 | - | -22 | - |
| **ACQUISITION-RELATED ITEMS** | **-43** | **-20** | **-99** | **-57** | **-116** | **-75** |

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial assets measured at fair value totalled SEK 11 million (13). The derivative instruments are forward currency contracts, the fair value of which is determined based on listed prices for forward currency contracts on the balance sheet date (Level 2). The fair value of unlisted financial assets is determined through market valuation techniques (observable market inputs) such as recent transactions, listed prices of similar instruments and discounted cash flows. In the event no reliable inputs are available for determining fair value, financial assets are reported at acquisition value (Level 3). There were no transfers between levels during the period.

# QUARTERLY REVIEW PER BUSINESS AREA

In the table below, 2017 and 2018 segment information has been restated to reflect the adjusted business area structure applicable from 1 January 2019.

| Quarterly summary restated for adjusted business area structure[1] | 2019 Q3 | 2019 Q2 | 2019 Q1 | 2018 Q4 | 2018 Q3 | 2018 Q2 | 2018 Q1 | 2017 Q4 | 2017 Q3 |
|---|---|---|---|---|---|---|---|---|---|
| **Net sales, SEK M** | | | | | | | | | |
| Sweco Sweden | 1,519 | 1,952 | 1,958 | 2,003 | 1,427 | 1,926 | 1,874 | 1,936 | 1,437 |
| Sweco Norway | 550 | 658 | 706 | 661 | 516 | 639 | 577 | 561 | 413 |
| Sweco Finland | 536 | 611 | 579 | 556 | 465 | 549 | 502 | 488 | 420 |
| Sweco Denmark | 410 | 442 | 455 | 460 | 403 | 469 | 375 | 349 | 290 |
| Sweco Netherlands | 488 | 519 | 506 | 520 | 447 | 492 | 466 | 459 | 389 |
| Sweco Belgium | 326 | 352 | 335 | 323 | 240 | 271 | 290 | 233 | 200 |
| Sweco UK | 317 | 291 | 214 | 207 | 212 | 225 | 213 | 196 | 179 |
| Sweco Germany & Central Europe | 502 | 438 | 397 | 436 | 397 | 387 | 352 | 379 | 322 |
| Group-wide, Eliminations, etc. | -26 | -49 | -47 | -55 | -29 | -41 | -22 | -19 | -14 |
| **TOTAL GROUP** | **4,623** | **5,214** | **5,101** | **5,112** | **4,078** | **4,916** | **4,628** | **4,582** | **3,635** |
| **EBITA, SEK M[2]** | | | | | | | | | |
| Sweco Sweden | 102 | 233 | 252 | 284 | 83 | 234 | 234 | 296 | 95 |
| Sweco Norway | 55 | 18 | 78 | 60 | 41 | 49 | 29 | 29 | 24 |
| Sweco Finland | 76 | 73 | 74 | 53 | 46 | 63 | 35 | 34 | 43 |
| Sweco Denmark | 44 | 16 | 36 | 17 | 27 | 41 | 23 | 5 | 14 |
| Sweco Netherlands | 24 | 37 | 43 | 31 | 13 | 34 | 38 | 18 | 5 |
| Sweco Belgium | 38 | 41 | 38 | 37 | 12 | 24 | 26 | 21 | 11 |
| Sweco UK | 15 | 4 | 8 | -6 | 6 | 6 | 11 | 11 | 14 |
| Sweco Germany & Central Europe | 26 | 18 | 11 | 27 | 24 | 25 | 19 | 36 | 20 |
| Group-wide, Eliminations, etc.[3] | 3 | -18 | -9 | -8 | 11 | -11 | -7 | -2 | 11 |
| **EBITA** | **384** | **422** | **531** | **494** | **263** | **464** | **408** | **448** | **237** |
| **EBITA margin, %[2]** | | | | | | | | | |
| Sweco Sweden | 6.7 | 11.9 | 12.9 | 14.2 | 5.8 | 12.1 | 12.5 | 15.3 | 6.6 |
| Sweco Norway | 10.0 | 2.7 | 11.0 | 9.0 | 8.0 | 7.7 | 5.0 | 5.2 | 5.8 |
| Sweco Finland | 14.2 | 12.0 | 12.8 | 9.5 | 9.9 | 11.5 | 7.0 | 7.0 | 10.2 |
| Sweco Denmark | 10.7 | 3.6 | 8.0 | 3.7 | 6.7 | 8.8 | 6.1 | 1.5 | 4.7 |
| Sweco Netherlands | 5.0 | 7.1 | 8.6 | 5.9 | 2.8 | 6.8 | 8.1 | 4.0 | 1.4 |
| Sweco Belgium | 11.6 | 11.7 | 11.4 | 11.5 | 5.1 | 8.8 | 9.0 | 9.0 | 5.4 |
| Sweco UK | 4.8 | 1.4 | 3.7 | -3.0 | 2.8 | 2.7 | 5.2 | 5.7 | 7.9 |
| Sweco Germany & Central Europe | 5.2 | 4.1 | 2.9 | 6.3 | 6.1 | 6.4 | 5.5 | 9.4 | 6.2 |
| **EBITA margin** | **8.3** | **8.1** | **10.4** | **9.7** | **6.5** | **9.4** | **8.8** | **9.8** | **6.5** |
| Billing ratio, % | 73.6 | 74.8 | 74.1 | 74.5 | 73.7 | 75.2 | 74.4 | 75.8 | 75.1 |
| Number of normal working hours | 519 | 462 | 496 | 489 | 511 | 474 | 490 | 490 | 511 |
| Number of full-time employees | 16,463 | 16,281 | 15,823 | 15,665 | 15,197 | 15,387 | 14,981 | 14,774 | 14,396 |

1) Sweco is not applying IFRS 16 at the business area level. In the table above, business area EBITA values for 2018 therefore remain unchanged from previous values. 2017 has not been restated for IFRS 16.

2) EBITA is an alternative performance measure (APM) defined as Earnings before Interest, Taxes and Acquisition-related items, under which all leases are treated as operating leases and the total cost of the lease affects EBITA.

3) Group EBITA for 2018 differs slightly from previously reported 2018 figures due to the change in treatment of leases previously reported as finance leases. This difference between reported and restated Group EBITA is reported in Group-wide, Eliminations, etc.

# PERIOD REVIEW PER BUSINESS AREA

| January-September | Net sales, SEK M | | EBITA, SEK M[2] | | EBITA margin, %[2] | | Number of full-time employees | |
|---|---|---|---|---|---|---|---|---|
| Business Area[1] | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Sweco Sweden | 5,428 | 5,227 | 587 | 550 | 10.8 | 10.5 | 5,825 | 5,584 |
| Sweco Norway | 1,914 | 1,732 | 151 | 119 | 7.9 | 6.9 | 1,549 | 1,455 |
| Sweco Finland | 1,725 | 1,516 | 223 | 144 | 12.9 | 9.5 | 2,143 | 2,077 |
| Sweco Denmark | 1,307 | 1,247 | 96 | 91 | 7.4 | 7.3 | 1,174 | 1,184 |
| Sweco Netherlands | 1,513 | 1,406 | 104 | 84 | 6.9 | 6.0 | 1,404 | 1,362 |
| Sweco Belgium | 1,012 | 801 | 117 | 62 | 11.6 | 7.8 | 846 | 774 |
| Sweco UK | 822 | 650 | 27 | 23 | 3.3 | 3.6 | 1,088 | 856 |
| Sweco Germany & Central Europe | 1,336 | 1,136 | 56 | 68 | 4.2 | 6.0 | 2,092 | 1,790 |
| Group-wide, Eliminations, etc.[3] | -121 | -93 | -24 | -8 | - | - | 70 | 106 |
| **TOTAL GROUP** | **14,938** | **13,623** | **1,337** | **1,135** | **8.9** | **8.3** | **16,191** | **15,187** |

[1] Sweco is not applying IFRS 16 at the business area level. In the table above, business area EBITA values for 2018 therefore remain unchanged from previous values

[2] EBITA is an alternative performance measure (APM) defined as Earnings before Interest, Taxes and Acquisition-related items, under which all leases are treated as operating leases and the total cost of the lease affects EBITA.

[3] Group-wide, Eliminations, etc. includes Group functions and the Dutch real estate operations. Group EBITA for 2018 differs slightly from previously reported 2018 figures due to the change in treatment of leases previously reported as finance leases. This difference between reported and restated Group EBITA is reported in Group-wide, Eliminations, etc.

# NET SALES GROWTH

The table below shows the calculation of organic growth excluding calendar effect – i.e., net sales growth adjusted for the impact of acquisitions and divestments as well as the effect of foreign currency fluctuations and calendar effect.

| Net sales growth | 2019 Jul-Sep | 2018 Jul-Sep | Growth, % Jul-Sep 2019 | 2019 Jan-Sep | 2018 Jan-Sep | Growth, % Jan-Sep 2019 |
|---|---|---|---|---|---|---|
| Reported net sales | 4,623 | 4,078 | 13 | 14,938 | 13,623 | 10 |
| Adjustment for currency effects | | 47 | 1 | | 239 | 2 |
| **Net sales, currency-adjusted** | **4,623** | **4,125** | **12** | **14,938** | **13,861** | **8** |
| Adjustment for acquisitions/divestments | -171 | 7 | 4 | -272 | 75 | 3 |
| **Comparable net sales, currency-adjusted** | **4,452** | **4,132** | **8** | **14,666** | **13,937** | **5** |
| Adjustment of calendar effect | -63 | | | -19 | | |
| **Comparable net sales, adjusted for currency and calendar effect** | **4,389** | **4,132** | **6** | **14,647** | **13,937** | **5** |

| Net sales growth | 2018 Jul-Sep | 2017 Jul-Sep | Growth, % Jul-Sep 2018 | 2018 Jan-Sep | 2017 Jan-Sep | Growth, % Jan-Sep 2018 |
|---|---|---|---|---|---|---|
| Reported net sales | 4,078 | 3,635 | 12 | 13,623 | 12,305 | 11 |
| Adjustment for currency effects | | 192 | 5 | | 428 | 3 |
| **Net sales, currency-adjusted** | **4,078** | **3,828** | **7** | **13,623** | **12,733** | **7** |
| Adjustment for acquisitions/divestments | -91 | 11 | 3 | -234 | 86 | 3 |
| **Comparable net sales, currency-adjusted** | **3,987** | **3,838** | **4** | **13,389** | **12,819** | **4** |
| Adjustment of calendar effect | 0 | | | 40 | | |
| **Comparable net sales, adjusted for currency and calendar effect** | **3,987** | **3,838** | **4** | **13,429** | **12,819** | **5** |

# PARENT COMPANY INCOME STATEMENT AND BALANCE SHEET

| Parent Company income statement, SEK M | Jan-Sep 2019 | Jan-Sep 2018 | Full-year 2018 |
|---|---|---|---|
| Net sales | 569 | 525 | 703 |
| Operating expenses | -593 | -536 | -734 |
| **Operating loss** | **-23** | **-11** | **-30** |
| Net financial items | 245 | 215 | 945 |
| **Profit/loss after net financial items** | **222** | **204** | **915** |
| Appropriations | - | 1 | -164 |
| **Profit/loss before tax** | **222** | **204** | **751** |
| Tax | - | - | -110 |
| **PROFIT/LOSS AFTER TAX** | **222** | **204** | **640** |

| Parent Company balance sheet, SEK M | 30 Sep 2019 | 31 Dec 2018 |
|---|---|---|
| Intangible assets | 30 | 40 |
| Property, plant and equipment | 60 | 54 |
| Financial assets | 6,316 | 6,358 |
| Current assets | 2,353 | 2,661 |
| **TOTAL ASSETS** | **8,759** | **9,113** |
| Equity | 4,126 | 4,448 |
| Untaxed reserves | 354 | 354 |
| Non-current liabilities | 1,731 | 1,703 |
| Current liabilities | 2,547 | 2,608 |
| **TOTAL EQUITY AND LIABILITIES** | **8,759** | **9,113** |