



INNOVATION
BY EXPERIENCE

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ÅF is an engineering and consulting company for the energy, industrial and infrastructure markets, creating progress for our clients since 1895.

By connecting technologies we provide profitable, innovative and sustainable solutions to shape the future and improve people's lives.

Building on our strong base in Europe, our business and clients are found all over the world.

ÅF – Innovation by experience.

Cover: ÅF and Charlotte Kalla reached an agreement on a four-year partnership. The partnership consists of a traditional sponsorship and an educational component designed to prepare Charlotte for life after her sporting career. Find out more on page 6.

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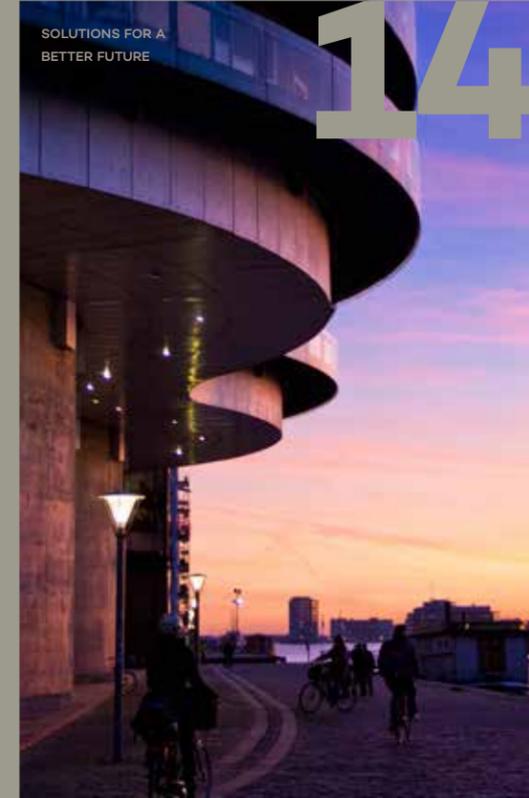
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EMMA CLAESSION, VICE PRESIDENT,
HUMAN RESOURCES & COMMUNICATIONS

14

SOLUTIONS FOR A
BETTER FUTURE



Annual Report 2014



This is ÅF

Progress since 1895

Many believe ÅF is all about technology. But we think our story is mainly about people – bold engineers, business experts, visionary leaders and other professionals working together so new insights and ideas can grow into smart solutions that move society forward.

Every day we strive to improve people's lives, by developing energy-efficient solutions, investments in infrastructure, assignments within various types of energy, projects for industry and much more. We connect cities, countries and cultures with bridges, competence networks and mobile solutions. We generate jobs through technology that make companies grow and prosper.

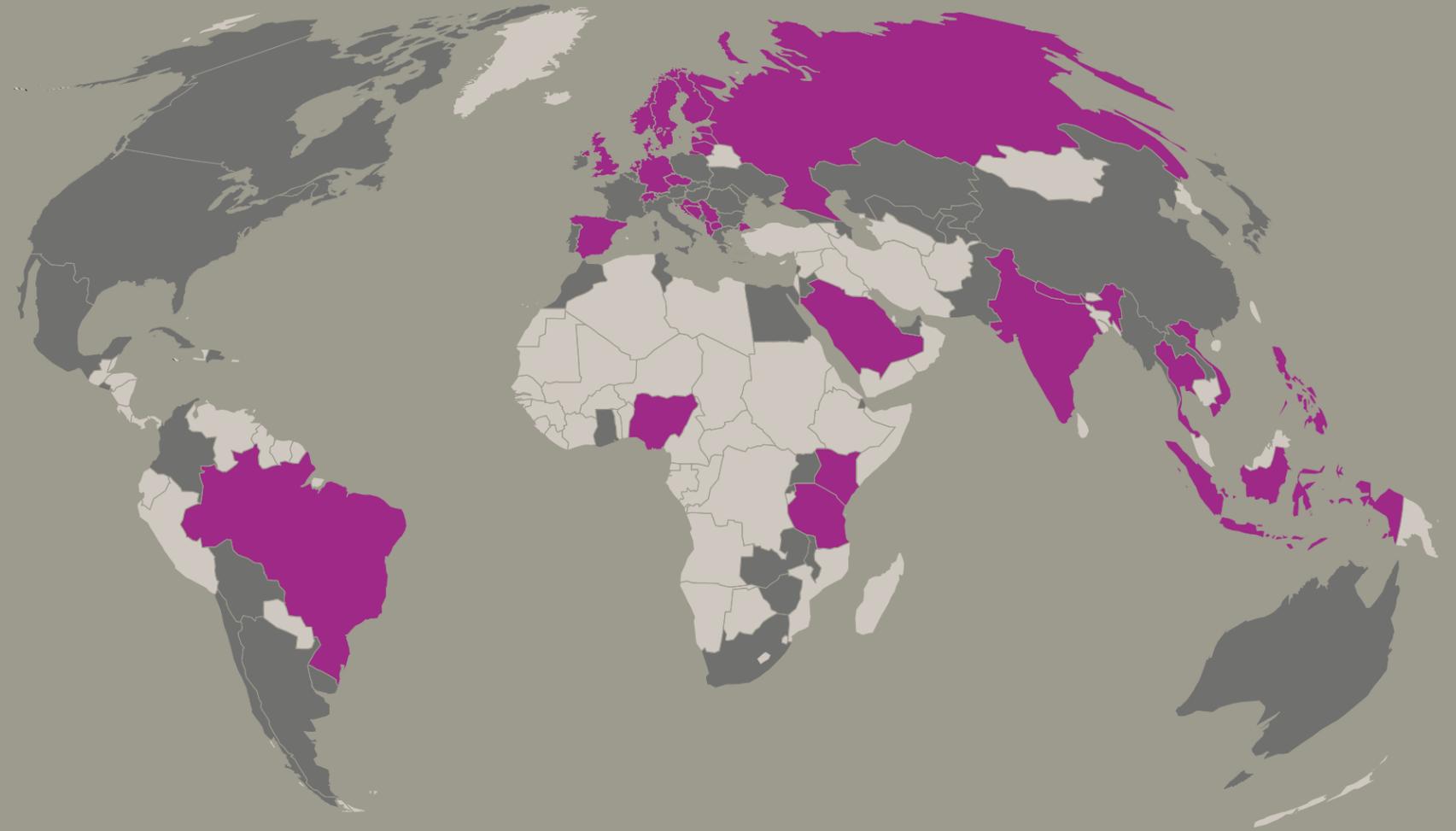
As an engineering and consulting company operating across the globe, we connect technologies to create progress for our clients. This is something we have done successfully for more than one hundred years. We started in 1895 as Ångpanneföreningen, an association focusing on

steam power, from which we have derived our name and trademark, ÅF.

Our driving force is powered by the curiosity and knowledge of our forward-thinking employees. This places high demands on our ability to lead and empower people in exploring new opportunities beyond conventional solutions, and support them in continuing to build on established knowledge and experience in a creative way.

At the heart of our culture, we're a company where people are allowed to grow as individuals and as a team. A company that believes equality will make us stronger, more productive and successful. A company that works hard to make a difference – because tomorrow will always be a result of what we achieve today.

ÅF –
Innovation by experience



■ ÅF has offices and projects
■ ÅF has carried out projects

Sectors

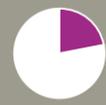


ENERGY

ÅF is one of the world's leading engineering and consulting companies within energy.

Industries

- Hydropower
- Nuclear power
- Renewable energy
- Thermal power
- Transmission and distribution



22%



INDUSTRY

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

Industries

- Automotive
- Defence and security
- Engineering
- Food processing and pharmaceuticals
- Forestry
- Mining
- Oil and gas
- Telecommunications



44%



INFRASTRUCTURE

ÅF is one of the leading names in Scandinavia in sustainable technical solutions for buildings and infrastructure.

Industries

- Property
- Roads and railways



34%

Our 10 largest clients

AB Volvo
EON
Ericsson
Helse SørØst
Oslo Lufthavn
Scania

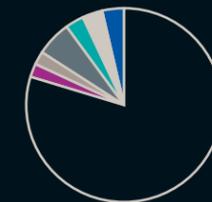
Swedish Defence Materiel Administration (FMV)
Swedish Transport Administration
Vattenfall
Volvo Cars

History

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

- 1895** Ångpanneföreningen – the Southern Swedish Steam Generator Association – is founded by the owners of steam generators and other pressure vessels to prevent accidents through regular inspections.
- 1976** Inspection activities are nationalised. ÅF continues to provide related consulting services.

Proportion of employees per country



■ Sweden
■ Denmark
■ Finland
■ Norway
■ Switzerland
■ Czech Republic
■ Other

- 1986** The company is listed on the Stockholm Stock Exchange.
- 2003** New strategy and consolidation.
- 2008** Ångpanneföreningen changes name to ÅF.
- 2010** Inspection business is sold to DEKRA Industrial.
- 2012** ÅF acquires Epsilon and Advantia, taking it from 5,000 to 7,000 employees in 20 countries.

The year at a glance

Net sales

8,805

SEK m (8,337)

Operating profit

756

SEK m (722)

Operating margin

8.6

PERCENT (8.7)

Earnings per share

7.16¹⁾

SEK (6.70)

Proposed dividend

3.50

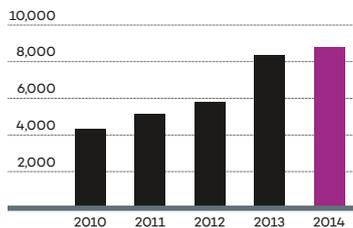
SEK (3.25)

Number of employees

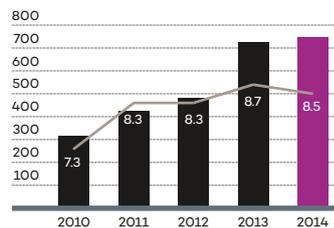
7,117

(7,043)

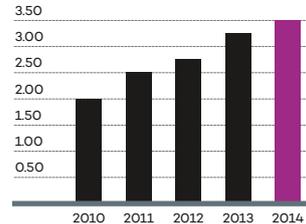
Group net sales, SEK m



Group operating profit and operating margin, excl. non-recurring items, SEK m



Dividend per share, SEK



Financial summary

Financial summary	2014	2013
Net sales, SEK m	8,805.0	8,337.0
Operating profit, SEK m	756.3	722.5
Operating margin, %	8.6	8.7
Capacity utilisation, %	76.1	75.1
Profit after net financial items, SEK m	720.1	677.3
Number of employees	7,117	7,043
Equity per share, SEK	51.17	47.33
Equity ratio, %	54.1	51.9
Return on equity, %	14.5	15.0
Basic earnings per share, SEK	7.16	6.70
Dividend per share, SEK	3.50 ²⁾	3.25

Group net sales by division

Industry Division



29%

Infrastructure Division



30%

International Division



12%

Technology Division



29%

¹⁾ Basic.

²⁾ Proposed dividend.

Comparative figures adjusted for share split in 2014.

Our unique breadth of expertise gains relevance

With primarily organic growth and the best annual profit to date, the outcome for 2014 was satisfactory, despite uncertain economic conditions in most markets. The major long-term trends, globalisation and urbanisation, as well as sustainability, mean we are well-positioned with our technical expertise to be able to meet clients' future needs for profitable, innovative and sustainable solutions.



2014 was something of a year of consolidation for ÅF, with growth of just under six percent. A slowdown was noted in several of our markets, mainly in the second half of the year. We did not make any large acquisitions during the year, which means that growth was generated almost exclusively organically and through a large number of new appointments. This growth also compensated for the sale of the Russian business Lonas, with 350 employees.

Annual profit was ÅF's best to date and we displayed the highest level of profitability in 2014 among comparable companies, which is consistent with our financial objectives. Our strong cash flows were also encouraging, as it means we have a firm basis from which to continue to grow.

Our divisions achieved a satisfactory level of growth and profitability, despite increasing price competition and a noticeable weakening in some market segments. The Industry Division signed a number of significant agreements during the year, including within the forestry, mining and automotive industries, which further consolidated the division's position as the leading project supplier within the Nordic region's process and manufacturing industry.

The Infrastructure Division displayed healthy growth, especially within the area of roads and railways. One particularly satisfying new assignment was the East Link, the first stage of the high-speed East Link railway that is to be constructed in Sweden, and which ÅF, together with Tyréns, won on expertise and quality, despite a higher price compared to that of our competitors.

The International Division has seen positive development in our core countries Switzerland and the Czech Republic, while restructuring initiatives have been carried out in Spain. Work on developing new markets outside Europe has proved successful, as has our ambition of being an international bridgehead for other divisions, which resulted for example in an assignment for the Technology Division in Brazil.

In the Technology Division, the business area IT Solutions accounted for the highest growth, however Embedded Systems also displayed healthy growth and profitability. Several significant contracts were signed during the year with the defence industry, along with a number of framework agreements with public sector clients.

Factors for sustainable growth

Two major trends are fundamental to our clients, and therefore also to ÅF's ability to retain a competitive edge and grow. The first is globalisation, and the second is urbanisation. Both trends are expected to persist for the foreseeable future and have a global impact on both social and industrial development, with sustainability as the common denominator.

In the three sectors in which ÅF chiefly operates, energy, industry and infrastructure, the need for solutions that are more sustainable is a consistent theme throughout essentially all client assignments and projects. More eco-friendly electricity production and a lower proportion of fossil energy sources is a strong trend in the energy sector. The need for electricity supply in new industrial economies and growing cities,

as well as for new forms of energy such as wind power, also places high demands for more efficient transmission and distribution.

For industry, globalisation brings requirements for new, innovative solutions, shorter product life cycles, and more efficient production and use of materials. For example, as a sector the automotive industry is experiencing considerable advances when it comes to cutting fuel consumption, development of hybrid technology and electric cars and increased automation in vehicles. The drivers for infrastructure are closely linked to more sustainable urbanisation, with major investments in railways, underground roads, sustainable construction and rail-bound public transport, which also help improve people's quality of life.

The sustainability trend is something that favours us as a company, as it gives us the opportunity to create value for our owners, clients, society and the environment. Among our 7,500 employees and in our network of 25,000 engineers we have both the breadth of experience and the expert knowledge needed for us to make a substantial contribution to a more sustainable world. Our ability to combine different skills as part of project assignments and our industrial approach to working efficiently mean we can help our clients identify innovative and more sustainable solutions, for example new traffic solutions that draw on our expertise within the field of vehicle automation.

Sustainability is therefore not something that is dealt with as a separate issue; it is an integral aspect of everything we do. In all our projects, our employees carry out an obligatory analysis based on a sustainability perspective.

I am convinced that sustainability does not clash with profitability, particularly not when taking a slightly more long-term view of the client's investments.

The best engineers

The megatrends that I have outlined above mean that engineering is without doubt a profession in which we will be seeing fierce competition for qualified employees in the future. This is why our employer brand is so very important. The strength of our brand has resulted in young professional engineers placing us among the top employers within

the engineering industry for two years in a row. Ultimately it is a matter of ensuring we have the conditions in place for achieving our growth and profitability objectives via solutions that exceed our clients' expectations.

Our good reputation makes it easier for us to recruit the best people, but we also need to make sure they have opportunities to grow and develop professionally at ÅF. I believe we really do have a great deal to offer, with a raft of specialist roles and career paths, opportunities for international work and our approach of working with full-service solutions that combine technologies in increasingly stimulating and important projects.

Offering an attractive workplace is also about a more equal gender distribution. This is the thinking behind the EVEN ODDS process, which was initiated last year. It is a collective term for various processes and projects that we will pursue until we have achieved the goal of at least 30 percent of employees being women by the year 2020. One initiative under this process was the women-only recruitment drive for the month of September. The initiative led to the recruitment of more than twice the number of women compared to the same period the previous year.

In this context I would also like to mention our partnership with the Olympic Committees in Finland, Norway, Switzerland and Sweden, which we extended in 2014. The purpose of this is for us to continue to develop as an attractive employer, by learning from the top sportsmen and women to set and achieve goals and maintain a focus on performance. The experience of various elite athletes is always a feature of our lead-

ership conferences, as well as during recruitment and client initiatives. Cross-country skiing medallist Charlotte Kalla became personally associated with ÅF in 2014, and hurdles champion Susanna Kallur has been with us for many years. They both bring a great deal to ÅF and genuinely reflect the company's values.

Outlook for 2015

ÅF's future prospects are essentially extremely healthy. Our position on the market is strong and we are in the right locations and in tune with the times. We have a solid financial position, which means we are well prepared to act when we see future opportunities for growth.

In terms of the economic situation and demand levels, I am cautiously optimistic about 2015. The economic trend for infrastructure projects remains very positive in Scandinavia. The industry sector is unpredictable, but we still believe it will experience some growth. On the energy side, investments in Sweden are falling and activity in the rest of Europe will also be low. Larger investments are increasingly taking place in emerging economies in other parts of the world.

However, the most important element when facing the future is ÅF's unique breadth, which is becoming more relevant for our clients, whatever the sector, with the rapidly growing need to combine different technologies.

Stockholm, Sweden – March 2015
Jonas Wiström, President and CEO

Q1

- ÅF acquires ES-Konsult
- ÅF acquires Xact
- ÅF signs long-term agreement with AB Volvo
- ÅF obtains significant order from Volvo Cars
- ÅF launches vision for 2020

Q2

- ÅF recruits Emma Claesson as VP Human Resources
- ÅF wins East Link Phase 1 from Swedish Transport Administration

Q3

- ÅF sells Lonas Technologia
- ÅF wins new assignment in Stockholm Bypass project
- ÅF awarded Swedish Lighting Prize
- EVEN ODDS attracts more women to ÅF

Q4

- ÅF signs agreement in Finland within "waste-to-energy"
- Charlotte Kalla chooses ÅF
- ÅF wins prestigious West Link, rail project in Gothenburg, Sweden
- ÅF wins major project from brewery Åbro Bryggerier
- ÅF wins framework agreement as A-supplier to Vattenfall

Vision, mission, objectives, strategy



Vision

The best partner for the best clients.

Mission

ÅF is an engineering and consulting company for the energy, industrial and infrastructure markets.

Our pool of experience, with a unique range of technologies, creates solutions that are profitable, innovative and sustainable.

Core values

Great people with drive

ÅF's employees are competent and forward-thinking team players, who take the initiative and are prepared to learn from others. They exceed client expectations with solutions that combine technical expertise and business acumen. They are good communicators who listen, have a positive attitude and who always keep promises.

Teamwork

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

Indisputable independence

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



“Innovation by experience”
– ÅF’s motto

Objectives

Financial objectives

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

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

Growth objective

Sales of 2 billion euros by 2020.

Human resources objective

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

Sustainability objectives

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

- have halved its CO₂ emissions per co-worker (compared with the base year, 2009).
- always offer clients a “green” alternative in the form of a more sustainable solution to every assignment.
- be the technical consultant that clients consider can best solve the challenges of the future.

Strategy

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

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

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

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

Number one or two in every market

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

Both organic growth and growth through acquisitions

Our rate of growth will remain high. ÅF will grow both organically and through acquisitions. Half of this growth is to come from acquisitions, which must strengthen the company in our main areas – energy, industry and infrastructure – and fit well with ÅF in terms of corporate culture. Above all, ÅF’s continued growth is to occur in its domestic markets and the global energy market.

A brand built by people

As an engineering and consulting company with global operations, we combine different technologies to help our clients develop, which is something we have successfully dedicated ourselves to for more than a hundred years.

Many believe ÅF is all about technology. But we think our story is mainly about people - bold engineers, business experts, visionary leaders and other professionals working together so new insights and ideas can grow into smart solutions that move society forward.

Every day we strive to improve people's lives, by developing energy-efficient solutions, investments in infrastructure, assignments within various types of energy, projects for industry and much more. We connect cities, countries and cultures with bridges, competence networks and mobile solutions. We generate jobs through technology that make companies grow and prosper.

Our driving force is powered by the curiosity and knowledge of our forward-thinking employees. This places high demands on our ability to lead and empower people in exploring new opportunities beyond conventional solutions, and support them in continuing to build on established knowledge and experience in a creative way.

At the heart of our culture, we're a company where people are allowed to grow as individuals and as a team. A company that believes equality will make us stronger, more productive and successful. A company that works hard to make a difference - because tomorrow will always be a result of what we achieve today.

ÅF one of Sweden's most attractive employers for young engineers

In 2014, for the second year in a row, ÅF was named as Sweden's second most attractive employer by young professional engineers. As in previous years,

Google topped the list. The survey on Sweden's most attractive employer among young professional engineers was conducted by Universum. In 2014, 3,694 young engineers took part in the survey, all of whom had worked in the industry for 1-8 years since graduating.

Charlotte Kalla chooses ÅF

ÅF and Charlotte Kalla reached an agreement on a four-year partnership. The partnership consists of a traditional sponsorship and an educational component designed to prepare Charlotte for life after her sporting career.

For more than ten years ÅF has been a major sponsor of Swedish and international sport; the agreement with Charlotte once again breaks new ground in this area. During the contract period, ÅF will provide Charlotte with a tailor-made educational opportunity based on the knowledge and expertise of ÅF's employees.

Following her success at the last Winter Olympics, Charlotte has been eagerly pursued and she chose ÅF's plan, which is founded on a quality education.

Since 2006 ÅF has had hurdler and world record holder Susanna Kallur among its employees; both ÅF and Charlotte see many opportunities for interaction and collaboration between the two stars.

"Patience and long-term thinking are my guiding principles, and it's exciting to get the chance to meet like-minded people through my partnership with ÅF," says Charlotte. "I've also heard a lot of positive things about ÅF through Sanna Kallur. It feels like a big plus that ÅF understands the special requirements

and challenges faced by an elite athlete, and I'm also very happy and enthusiastic about the educational component," says Charlotte.

ÅF advises four Olympic Committees

ÅF has been acting as advisor on green issues to four National Olympic Committees since 2010, and is also a resource for developing the Olympic events from a sustainability perspective. In 2014, ÅF entered into a new agreement for the next four years with four National Olympic Committees: Finland, Norway, Switzerland and Sweden.

The brand journey continues

ÅF's development since the time of Ångpanneföreningen into one of Sweden's and Europe's most attractive employers has created a strong brand. In the fourth quarter of 2014, ÅF took a new step by welcoming Charlotte Kalla to ÅF while launching a new communication platform with a new visual identity, reflecting the ÅF we are today. An updated logo, new colours, graphic elements, images and fonts are now used consistently in all communication from ÅF, and our new look has been well by both clients and employees.

ÅF ONE OF SWEDEN'S MOST ATTRACTIVE EMPLOYERS
FOR YOUNG ENGINEERS



Employer Brand Manager Greta Mathiesen, CEO Jonas Wiström, VP Human Resources & Communications Emma Claesson, Executive VP Group Sales & Marketing Viktor Svensson, Corporate Brand Manager Peter Berglund, Corporate Communication Manager Theresa Bauer.



CHARLOTTE KALLA CHOOSES ÅF

"I felt it was important that my future employer was a leading light when it comes to equality and I believe ÅF's focused determination to attract more women is a factor that sets us apart from the rest. I was also impressed by ÅF's breadth and the opportunity to be part of a winning team with a mix of experienced and junior consultants."

Lisa Svanholm, overhead line engineer at ÅF



LISA SVANHOLM, ÅF

"We've been working on highlighting the modern and innovative company that ÅF is today, and our new communication platform allows us to market ÅF's offering to our target groups in a thoughtful and clear way. When combined with raising the company's profile in relevant settings, this will further strengthen ÅF's brand going forward."

Theresa Bauer,
Corporate Communication Manager, ÅF



ÅF ADVISES FOUR OLYMPIC COMMITTEES

"We're extremely happy to have ÅF on board with the expertise they bring when we're working with different countries to influence the International Olympic Committee."

Stefan Lindeberg,
Chairman of the Swedish Olympic Committee.

ÅF CEO Jonas Wiström and Stefan Lindeberg, Chairman of the Swedish Olympic Committee.

Passion for technology and teamwork

ÅF's employees are competent and forward-looking team players, who take the initiative and are prepared to learn from others. They exceed client expectations with solutions that combine technical expertise and business acumen. There is fierce competition for the best engineers. ÅF offers a raft of different career opportunities in a strong, common corporate culture.

Almost 1,200 employees were recruited in 2014. This rapid growth underlines the need for a common corporate culture and for coordinated and quality-assured systems and processes.

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

New career development model

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

2014 saw the launch of ÅF's new career development initiative, ÅF Career Model. The aim of the model is to develop ÅF's employees and give them greater opportunities to take responsibility for their own professional development. The career model shows that there are many more development opportunities than the three previously defined career paths of manager, specialist and project manager. ÅF Career Model started being used in personal development reviews in selected countries at the end of the year, to analyse employees' existing competence and development needs.

The ÅF Academy

ÅF's internal training organisation, ÅF Academy, offers everything from induc-

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

Compulsory management training

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

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

Talent Management Programme

A management programme for women was trialled in 2014 via the EVEN ODDS gender equality process. The aim is to identify potential female managers at ÅF. The programme combines training with transfer of experience. All participants have been offered a senior mentor.

Specialist training

ÅF Academy trains project managers to achieve certification provided by such organisations as the International Project Management Association, which offers the European certification standard IPMA at four levels. ÅF has more

employees who are certified project managers than any other company in Sweden.

The ÅF Nuclear Academy is a competence development initiative designed to meet the increasingly stringent requirements of the nuclear power industry and its regulatory bodies. The training leads to certification at four levels. The training and certification are also open to clients and other stakeholders. A total of 508 people have been certified since 2009, including 31 in 2014.

Management training

ÅF's Business Executive Leadership Programme (BELP) is a joint venture with IFL Executive Education that is aimed at selected managers in the Group. Training is spread over 12 months, during which participants acquire a deeper understanding of ÅF as a company and develop better strategic planning, international leadership and communication skills. It also results in valuable networks within the organisation. The programme is usually arranged every second year. The training programme was carried out in 2014 and included 25 individuals.

Better balance in the gender ratio

ÅF's overall human resources objective is to achieve a better balance in the gender ratio among both consultants and managers. An intermediate target is for at least 30 percent of managers and at least 30 percent of employees to be women by 2020. Women accounted for 22.3 percent of the overall workforce in 2014, 20.2 percent of consultants, 14.5 percent of managers and 24.2 percent of new recruits.



What was your most interesting project in 2014?

“We have an exciting large-scale project in Finland. Our client is planning to build a new nuclear power plant on a greenfield site. In September we signed a contract for the Owner’s Engineering services, in which ÅF supports the client in project management, nuclear safety, licensing, design review and auditing of the subcontracting chains. In my position I get to work together with ÅF colleagues from different countries, which is very rewarding and inspiring.”

Maria Palo,
Manager, Nuclear Energy, International Division

What are you working on right now?

“At the moment I’m involved in an exciting project in which the superstructure of a flyover, which is made of wood and steel, is being replaced with concrete. It means it will be treated as a completely new bridge. Usually you do the casting on site, but this time the superstructure will consist of prefabricated sections, which complicates the force distribution in the bridge. I help the client with reinforcement dimensions and solutions regarding how to distribute the forces in these sections. It’s challenging, but it’s also an example of the most enjoyable aspect of my job, the fact that I am constantly given opportunities to develop professionally.”

Siamak Rouhani,
Bridge Engineer, Infrastructure Division



To achieve the target of a higher percentage of women, at least one female candidate must be shortlisted each time a managerial post is filled. To define the measures needed to achieve the human resources objective, the EVEN ODDS process has been in progress since the end of 2013. Several activities were carried out in 2014 within the framework of this process. One such activity was ÅF’s women-only recruitment campaign for the month of September (see also page 40).

Annual employee survey

ÅF regularly conducts an employee survey measuring employees’ wellbeing, pride, confidence in supervisor and sense of community with colleagues. The

survey is an important tool for ensuring that ÅF retains skilled employees.

A snapshot was carried out in 2014 and once again gave positive results. A full employee survey will be conducted in 2015.

Clear salary model

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

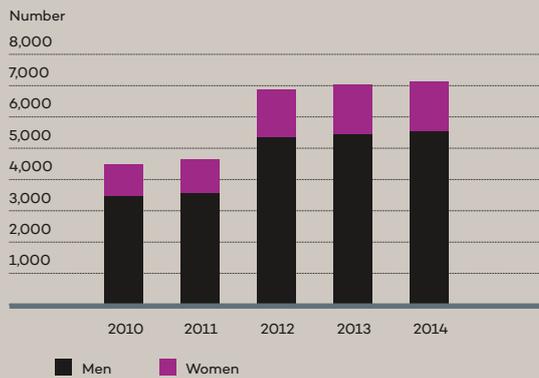
els that can be clearly motivated.

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

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

Our people in figures

Number of employees (all forms of employment)



Length of employment

%	0-2 years	3-5 years	6-10 years	11-20 years	21 years or more
	32.0	31.2	18.3	12.1	6.4

Age distribution

%	2014 men	2014 women	2013 men	2013 women
-29	14.4	5.1	14.2	5.3
30-39	23.3	8.0	23.2	7.9
40-49	19.2	5.6	18.7	5.6
50-59	12.9	5.6	12.4	2.6
60-	8.0	1.0	8.7	1.4
Total	77.8	22.2	77.1	22.9

Average age

YEAR	2014	2013	2012	2011	2010
	41.1	41.3	41.1	42.8	43.3

Education

%	2014	2013	2012	2011	2010
Postgrad. licentiate or Ph.D. studies	3.8	3.5	3.7	3.7	3.8
University degree	59.7	59.5	57.4	54.1	52.6
Other post-secondary education	16.1	15.8	15.6	16.4	15.5
Secondary education	20.4	20.3	23.3	25.8	28.0

Sickness absence

%	2014	2013	2012	2011	2010
Total	2.2	2.1	2.0	1.9	2.1

Gender distribution in 2014*

Consultants



20.2%

Managers



14.5%

Recruited in 2014



24.2%

Total employees



22.3%

Target 2020

ÅF



30%

ÅF's human resources objective is that by 2020 at least 30 per cent of the company's employees and managers will be women.

* All permanent employees and employees on probationary periods.



It's natural to have a strong focus on technology and specialist knowledge at a company like ÅF. And it's equally important to maintain a constant emphasis on leadership and leadership development.

Emma Claesson

Vice President, Human Resources & Communications

You took up your position as Vice President Human Resources and member of Group management in October 2014. What are your thoughts about your job and your role within the company?

My task is to lead HR work at ÅF based on a strategic approach. Our entire mission is based on human capital, which is our most significant success factor. That's why I regard HR as a business-critical function that helps ensure we achieve our objectives for growth, profitability and business development, but also our aim of creating a cohesive ÅF, across division and country boundaries.

Our divisions are rooted in different cultures and via the acquisitions that are continually happening. As with our international growth, this makes the issue of a single corporate culture even more important. HR has a significant role to play as the glue that binds us together in this process.

Which areas will be in the spotlight for you in future?

We have a firm base to start from and we don't intend to stop doing what we've done in the past, but we will enhance

our activities within certain areas based on the premise that HR work needs to constantly develop as ÅF grows. One area that we want to focus on in particular is leadership. It's natural to have a strong focus on technology and specialist knowledge at a company like ÅF. And it's equally important to maintain a constant emphasis on leadership and leadership development to achieve our objectives.

We will also continue aiming to be as good at developing and retaining employees as we are at recruiting them. Our recruitment efforts have been extremely successful and helped us establish ÅF's external image as an employer. It is of course vital for us to attract a steady flow of talented people. And it's just as important for them to want to continue their career path at ÅF.

What will be your approach to developing and retaining talented employees?

The opportunity to follow clear career paths is a central element. It's not just about progressing to managerial positions; we need to highlight the wealth of specialist and other career paths available within ÅF. The launch of ÅF Career

Model marks the start of an initiative that extends to all ÅF employees. It's about analysing the skills that already exist within ÅF, as well as identifying opportunities for each individual.

In this context it is also important to review ÅF's offering throughout the entire employment period. By that I mean being able to respond to the question, "which offering suits me at the stage I'm at in my career and my life?"

Equality and diversity are also ever-present issues both when it comes to recruitment and retaining and developing employees. Sometimes it requires additional initiatives and activities, such as the women-only recruitment campaign for the month of September in 2014. But the most important long-term objective is of course for equality to be a natural aspect of all ÅF's operations and permeate all our processes.

Cooperation across technologies creates added value for clients

ÅF is an engineering and consulting company with strong industrial roots that conducts assignments in the energy, industry and infrastructure sectors. By combining different technical areas and expertise, ÅF creates profitable, innovative and sustainable solutions that help clients develop and succeed.

Business model

ÅF's business model is based on creating added value for clients by drawing on the combined experience of our consultants. Our exceptional employees, together with ÅF's network, are one step ahead in terms of technical expertise, business acumen and the ability to choose the most appropriate solution for the client.

Through its Project Business, which covers large projects and project assignments, ÅF acts as a partner for clients and delivers a specific solution or outcome. Our many years of experience, understanding of our clients and well-developed systems for sharing knowledge are key factors in this part of our business.

When a client requires additional expertise or resources within its own organisation, ÅF can offer Professional Services. The key success factor here is the ability to quickly offer consultants with the right expertise in the relevant industry or technical field.

Expertise across a broad range of areas

ÅF offers specialist knowledge across an unparalleled raft of areas in all its client relationships and in all sectors.

These include product development

and IT in automotive, telecom, defence and life science, process engineering for industrial facilities, manufacturing robotics, production facilities, development of customised business systems, communications systems management and IT and civilian security.

For infrastructure projects, ÅF offers management and project planning expertise for major projects in most sectors, particularly in road, railways and buildings. In the energy sector, ÅF's expertise encompasses energy transfer and distribution and all types of power stations for all energy sources – refuse-derived fuel, gas, coal, nuclear and bio-fuel, as well as water, wind and other renewables. ÅF's history and origins in an industrial culture with a long-term perspective also provide added value in many client relationships and constitute a success factor, especially in infrastructure projects.

Cooperation and knowledge sharing

ÅF is increasingly combining its different divisions and capabilities across projects and solutions for clients. A growing number of clients are turning to ÅF with projects that involve a variety of technologies and competence, such as increased

use of IT in transport systems, vehicles and electricity grids. Combining different technologies requires ÅF's staff to have a good understanding of each other's capabilities, as well as the ability to share and learn from experience of previous projects. ÅF's employees also have to understand the driving forces in society.

ÅF boosts its capacity to meet client demand for end-to-end project management through a growing number of knowledge centres and clusters focused on particular sectors and clients, such as the automotive, defence and telecom industries and life science.

End-to-end management is often the result of gradually increasing responsibility, which takes place in a "satellite organisation". This involves ÅF dedicating its own facilities to a specific client, from where the project team can work directly in client systems. Satellite organisations make it easier for clients to outsource assignments and demand for this is also growing.

Large, complex projects provide advantages for both clients and ÅF. They create a shared incentive to achieve productivity and efficiency, to draw on previous experience and to make better use of personnel.

A unique network

ÅF's network is a unique resource centre of just over 25,000 engineers consisting of academics, self-employed consultants, researchers and retired engineers. Together with ÅF's 7,500 current employees, the network presents an exceptional opportunity to provide clients with the most suitable consultant for each job. This growing network provides clients with access to an unparalleled resource in terms of the expertise and range offered. The network grew by more than 400 members per month in 2014. ÅF's tailored incentive structure also ensures that it pays to always choose the consultants that best match client needs. The ÅF network's system support makes finding suitably qualified consultants quick and easy. Both employees and members of the network can subscribe to updates on available assignments and register their interest themselves.

The network provides a career partner throughout consultants' working life. For students and recent graduates it can offer a route into the job market, while for retired engineers it can be a way of staying professionally active. For engineers who are self-employed, the network offers opportunities for a larger number of more rewarding assignments.

All sub-consultants hired by ÅF for client assignments are quality-assured based on three steps. The first is a competence profile that is entered into the system. The next consists of an interview and obtaining references. Once an assignment has been completed, the third quality assurance step involves the client reviewing the consultant's performance. This quality system provides reassurance for clients, as ÅF always selects the most suitable people for each job.

Four divisions in three sectors

ÅF's four divisions, Industry, Infrastructure, International and Technology, offer engineering and consulting services across three main sectors: energy, industry and infrastructure. These sectors each contain a large number of industry areas and private and public activities within infrastructure.

The Industry and Infrastructure divisions are established in Scandinavia and Technology is based in the Swedish market. All divisions also participate in international projects. Our International division provides the entire service offering on ÅF's markets outside Scandinavia. The divisions always work together to create the strongest teams, producing the very best solution for each and every client.



Energy

Hydropower, nuclear power, renewable energy, thermal power, transmission and distribution



Industry

Automotive, defence and security, engineering, food processing, forestry, mining, oil and gas, pharmaceuticals, telecommunications

There are two main areas within Industry:
Process and production development
and IT and product development



Infrastructure

Property,
roads and railways

INDUSTRY DIVISION

INDUSTRY DIVISION

INFRASTRUCTURE DIVISION

TECHNOLOGY DIVISION

INTERNATIONAL DIVISION

INTERNATIONAL DIVISION

INTERNATIONAL DIVISION

TEN LARGEST CLIENTS

AB Volvo, EON, Ericsson, Helse SørØst, Oslo Lufthavn, Scania, Swedish Defence Materiel Administration, Swedish Transport Authority, Vattenfall and Volvo Cars

CLIENTS AND MARKET POSITION



Projects
in more than 90 countries



Employees
in around 30 countries



Market share
in Sweden: 13–14%



The ten largest clients
accounted
for 36% of total sales

Solutions for a better future



More reliable payments for clients

ÅF is an accredited assessor and assists a number of clients with securing their card transactions as per the global payment card industry's PCI-DSS security standard. Clients include MAX Hamburgerrestauranger AB, where ÅF contributes expertise relating to process improvements, technical and physical security and business development.

Intelligent lighting for the Danish capital

The City of Copenhagen has decided to replace almost 20,000 street lights with innovative, intelligent and energy-efficient street light solutions, which will be a cornerstone in Copenhagen's Smart City solutions for the future. ÅF has been the strategic technical advisor for the City, and the procurement process was for the first time in Denmark conducted through competitive dialogue.

Photo: Ursula Bach



West Link rail connects Gothenburg

The West Link is a new 8 km long double-track commuter rail link that runs through central Gothenburg. Three new stations will expand capacity and cut travel time for commuters. The Swedish Transport Administration has appointed ÅF as the engineering and consulting company in charge, tasked with responsibility for detailed project services and specification documentation for the project.

Game programming support for urban planning

ÅF is carrying out an investigation into localisation alternatives for two new underground stations in Stockholm. The solution, which uses game programming to simulate the anticipated flow of pedestrians in the vicinity of the planned stations, provides advanced and flexible support to help plan and develop sites and districts with attractive and vibrant environments.



Smart, energy-efficient hospital building

The project Framtidens Akademiska is the largest ever new building and modernisation project to be carried out at Uppsala's University Hospital in Sweden. ÅF has been commissioned to plan electrical engineering and telecommunications installations, transport, HVAC, monitoring and control, as well as sound and vibration in a completely new care and treatment centre. The new building will be classified in accordance with Miljöbyggnad Guld, issued by the Sweden Green Building Council.

Photo: County Council Services in Uppsala County, image produced by White



Fortum secures power plant dams

Three of ÅF's divisions – Industry, Infrastructure and Technology – have spent three years working together with Fortum in a project to develop the company's practices, system support and instrumentation linked to dam surveillance. The project has focused on over 20 of Fortum's dams with high consequence class to identify their potential error modes and surveillance requirements. The planning began in 2014 to supply the dams with the instrumentation needed for measuring and surveillance, for completion during 2016.



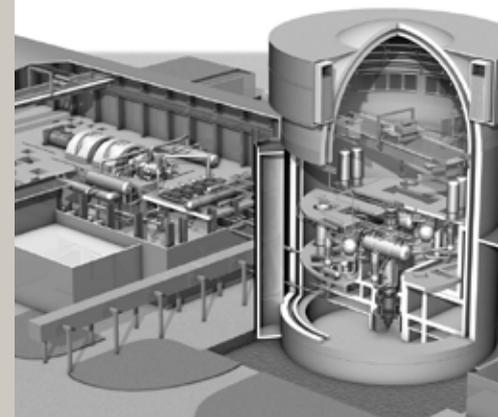
Volvo Cars chooses ÅF as strategic supplier

As part of a significant agreement with Volvo Car Corporation, ÅF will develop and deliver a number of automated production lines for Volvo for future car models. Industrial automation technology is one of the areas of technical expertise in which ÅF excels in the automotive industry. Three of ÅF's consultants were acknowledged with the Volvo Cars Technology Award 2014.

Major assignment at new nuclear power plant

Fennovoima Oy has appointed a consortium consisting of ÅF and M+W Group as Owner's Engineer for the entirely new nuclear power plant due to be constructed in Pyhäjoki, Finland. The contract includes services within the areas of nuclear safety, design review, licensing and permitting, auditing of the subcontracting chains of the supplier chain and project management.

Photo: Fennovoima



Largest hydropower project in Albania

In the valley of Albania's River Devoll, Devoll Hydropower Project, a subsidiary of Norwegian Statkraft A.S., is constructing two hydropower plants that will generate 800 GWh annually. The project is set to boost the country's electricity production by around 20 percent. ÅF is responsible for the design of hydraulic structures, dams and power plants.

European home base with clients worldwide

EXTERNAL TRENDS



Global trends steer towards a sustainable society

ÅF is an engineering and consulting company that focuses on three sectors: energy, industry and infrastructure. The company's base is in Europe, but its business and clients extend right across the globe. Conditions and the needs that fuel demand therefore vary both geographically and depending on the degree of economic development.

Besides economic developments there are major global trends – urbanisation, sustainability and the connected society – that govern demand within virtually all the sectors and industries in which ÅF operates.

The most significant underlying trend of the above three is urbanisation, which remains strong in many parts of the industrialised world, and which is a transforming power in emerging economies, owing to increased industrialisation and rising prosperity.

Growing cities bring a greater need and requirement for sustainable solutions. Demand encompasses everything from better transport solutions, reduced carbon footprint and resource management, to improved quality of life. The issues that affect people's everyday lives, from better housing and efficient public transport, to cleaner air, less noise and better lighting, are key factors in achieving a sustainable society.

The third major trend, the connected society, means IT solutions are becoming an increasingly important element in projects within all three sectors: energy, industry and infrastructure. They will be included to a growing degree in, for example, intelligent vehicles and intelligent, energy-efficient buildings, but also in large-scale energy and transport systems. Increased use of IT also supports the route to a more sustainable society by contributing to more efficient use of resources.

All in all, the major social trends bring both challenges as well as considerable opportunities for an engineering company like ÅF. The large and increasingly complex projects demanded by clients within infrastructure planning and industry require an ability to take a comprehensive approach and get various technologies and competences to work together and cross-fertilise. This leads to new working models and forms of cooperation, and the creation of new interfaces between industries and sectors, with IT as an increasingly significant element. With its many years of solid industrial experience within both development and processes, ÅF has an advantage in being able to reuse and further develop and link this experience in completely new areas.

- ⊕ Urbanisation drives investments within all ÅF's sectors
- ⊕ Growing cities bring a greater need for sustainable solutions
- ⊕ IT solutions increasingly important in all major development projects
- ⊕ New interfaces between industries and sectors an advantage for ÅF

ENERGY



Energy needs of emerging economies fuel demand

The international energy consulting market spans advanced services throughout the chain from pilot studies, through project management and implementation, to operation and maintenance. ÅF is one of the world's leading players and competes mainly with other large global consulting firms.

Demand for engineering and consulting services in the energy sector is being fuelled by energy efficiency improvements, sustainability and security needs, and by demand for new capacity in fast-growing markets. Regions such as Asia, Latin America, the Middle East and Africa have considerable growth potential in the foreseeable future, in terms of not only new builds but also measures to increase energy efficiency and improve efficiency in the electricity network.

Energy markets are still largely national and are affected by both political decisions and various forms of subsidies. The trend is increasingly for the market to be opened up, creating demand for investment in transmission and distribution systems, including smart grids.

The balance between different energy sources is partly governed by political decisions and the intention to phase out fossil fuels in favour of renewables. Meanwhile, energy-intensive industrial sectors demand a stable basic supply and reliable deliveries. This means that fossil fuels coal and gas, together with nuclear power, still dominate for new construction in growth regions such as the Asia-Pacific.

However, the growth curve for coal-based energy is expected to level off in the long term, and the same applies to nuclear power seen from a global perspective. Renewables, including hydropower, will gradually see an increase in their share of new capacity and power investments over the next 20 years. Hydropower is the main resource that is not yet being utilised to its full potential. Europe and the US are at the forefront of developments in this area. However, for other types of renewables, several uncertainty factors remain, including delivery reliability and profitability.

ÅF's offering covers all types of energy and high capacity within renewables puts us in a good position to meet growth in these areas.

Developments in 2014

Levels of investment in Europe remained low during the year. Demand was greatest for maintenance and efficiency projects. At the same time there was continued substantial growth primarily in Southeast Asia, but also in Africa and Latin America.

- ⊕ Market requirements for energy-efficient solutions
- ⊕ Growing capacity needs in emerging markets
- ⊕ Renewable energy increasing, but continued need for all forms of energy
- ⊖ Low level of investment in Europe

INDUSTRY



Streamlining and product development drive market

The majority of ÅF's industrial clients are based in the Nordic region, but an increasing number of clients all over the world are benefitting from ÅF's industrial expertise. The market is largely driven by the need to improve efficiency and rationalise production, as well as by product development among the major exporters.

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

Demand is determined by factors such as increased complexity in clients' production processes. This means there is a need to access ÅF's broad and thorough technical expertise to support clients in their processes.

Another trend is that clients are increasingly opting to use fewer, larger suppliers, who can deliver a wide range of skills. Clients want suppliers who can take increasing responsibility for their deliveries.

The situation is changing as regards demand within product development and IT and more clients are now choosing to outsource projects or subprojects to external contractors.

Developments in 2014

The recovery in the industrial sector in 2014 was not really as strong as had been anticipated. Economic performance in Europe as a whole was weak, and the German market lost some of its momentum. Growth in the US continued to increase during the year, which had a certain ripple effect. However, emerging economies such as India, Russia and Brazil saw a decline. For ÅF, these developments resulted in a mixed level of demand, depending on the market. The pace of investment was mainly high within the automotive and defence industries. Even industries such as forestry and mining experienced relatively healthy demand. For these three industries, falling electricity and commodity prices increased the need to invest in efficiency improvements and cost reductions.

Common to all these industries is the fact that demand is rising for large projects and project assignments that may involve several different specialist skills. The long-term trend also indicates there is a continued need to invest in both production and product development, which was made apparent by the increase in the number of project tenders from clients to ÅF in the autumn, despite an uncertain and weak economic trend.

- ⊕ Increasing demand for project assignments from industrial clients
- ⊕ Continued need to invest in production and product development
- ⊖ Weak economies in parts of Europe

INFRASTRUCTURE



Growing need for more intelligent buildings and traffic systems

ÅF's market for infrastructure projects is primarily in the Scandinavian countries. The division has both public and private sector clients within infrastructure planning and in the property industry. The market has enjoyed a relatively high level of public investment in recent years.

Although markets for infrastructure projects are chiefly national, they are still driven by trends that have a global reach. These trends relate mainly to rapid urbanisation, the ambition of a sustainable society, greater demands for improved living conditions and increasing average life expectancy.

All trends contribute towards the growing need for efficient transport solutions, including major investments in roads and rail traffic. Two examples of current projects in this area are the Stockholm Bypass and high-speed East Link railway. But they also help increase demand for intelligent buildings and traffic systems involving advanced IT solutions, as well as expertise within lighting and acoustics.

In the property industry, demographic trends have also encouraged the structural changes that are currently under way within healthcare systems, with investments in highly specialised acute care hospitals featuring considerable technological content, such as New Karolinska in Stockholm.

ÅF is taking part in many of these major projects and has a considerable competitive advantage in its ability to manage the large and complex technological revolutions that are happening, leading towards increased use of IT and automation to improve efficiency both in buildings and traffic systems for roads and railways.

Infrastructure is the most consolidated part of the engineering and consulting industry, especially when it comes to roads and railways. The five largest companies within infrastructure planning, of which ÅF is the second largest, command 60–70 percent of the Swedish market. Engineering and consulting services in the property sector, where ÅF has a leading position, are more fragmented, with many different players of various sizes.

Developments in 2014

The infrastructure market in Sweden and Norway performed strongly in 2014, and public sector investments remained at high levels. Most in demand were project management services, railway-related services and sustainability-related projects. Several major projects came onto the market, which combined with ongoing projects extending over several years and new projects announced, bodes well for continued high levels of activity over the coming years. A major technological revolution is also occurring internationally within railways. In the long term, all old traffic management systems will be replaced via the EU-backed ERMTS, European Traffic Management System, which aims to boost rail capacity.

- ⊕ Strong market growth in Sweden and Norway
- ⊕ Increased demand for intelligent buildings and traffic systems
- ⊕ Major technological revolution under way for railways

Growing market share and more project assignments

The Industry Division is the Nordic region's leading consultant in process and production development. The division offers a comprehensive portfolio of specialist services to virtually all industrial sectors and has a particularly strong position within the nuclear power, energy, automotive, mining and process and forestry industries. Geographical proximity to clients and a thorough understanding of the sectors in which they work are the most important foundations for long-term client relations.

The Industry Division continued to win market share in a market that was somewhat cautious in 2014. The strongest demand was from the automotive, chemical, pharmaceutical, mining, hydropower and forestry industries. The division has grown alongside increasing client demand for project deliveries and project assignments. Orders for fixed-price projects (EPC) for the division exceeded SEK 1.2 billion at the end of the year.

The 2,000 engineers who work within the Industry Division represent a broad spectrum of skills within all the fields of technology that are in demand from almost all sectors of industry. Of all European consulting companies, ÅF's Industry Division has one of the largest contingents of engineers working within advanced structural and fluid dynamics analysis.

The combination of wide-ranging and specialist expertise allows Industry to take responsibility for all phases of a project for a client, from pilot studies and documentation for decisions by the board, calculation and design, to commissioning and operation of a complete facility. Industrial clients particularly value

areas of expertise such as process engineering, transmission and distribution of electrical power, mechanical engineering and pipe construction, industrial automation and manufacturing robotics. Industry has world-class specialist knowledge within several of these areas.

Client demands for project assignments mean the division's projects are often multidisciplinary, for example assignments where automation and industrial IT are combined to link the client's business system with production, and regularly include skills spanning all ÅF's divisions, for example within hydropower projects. ÅF's network of over 25,000 independent consultants, who are available at short notice for new projects, is a real asset for such projects.

A major competitive advantage for the division is ÅF's financial strength and stable ownership. The fact that the division has the capacity to implement large and complex projects is reassuring for the client. Geographical range is also a positive factor. The Industry Division has offices in over 50 cities in Scandinavia and also has a presence and runs projects in more than 50 different countries.

Increased demand for comprehensive project management

The challenging economic environment for many industrial sectors brings a need to invest to reduce costs and streamline production. Industrial companies are also increasingly demanding comprehensive multidisciplinary project assignments, involving fewer, larger suppliers. Almost all projects have a link to sustainability, where the client's ambition is to boost competitiveness through environmental initiatives, increased quality and reduced use of resources.

The growth potential for the Industry Division lies in a strong need among clients to develop a cost-effective, sustainable and high-quality approach to manufacturing. In order to achieve this, clients want ÅF to take responsibility for a greater portion of the project. ÅF's wide-ranging capabilities constitute a competitive advantage here, as we can put together a large number of different skills based on client needs, for example by complementing the division's industrial expertise with specialist skills within infrastructure, product development and international projects in other divisions.

Contribution to Group

SALES



29%

PROFIT



33%

Markets

Domestic markets

Sweden, Norway and Denmark

Other markets

Involved in projects in more than 50 countries

Key figures

	2014	2013
Net sales, SEK m	2,653.3	2,353.5
Operating profit, SEK m	267.6	241.6
Operating margin, %	10.1	10.3
Average number of FTEs	2,034	1,857

The historical figures above are adjusted based on changes to segment reporting, see Note 2.

Focus on competence centres to meet client needs

During the year, work has continued on adapting the organisation to market requirements for project assignments. The focus is on building competence centres around clients, industries, specialists and geographical areas.

One such example is the division's focus on the Heat and Power area, with an emphasis on power, heat and manufacturing plants, as well as the heavy process industry. The initiative continued to produce results during the year and we are seeing a steady rise in the number of assignments in major investment projects.

Increased interest from the nuclear power industry was noted following the establishment of a new business area, Nuclear Projects. The division's strategic expansion in Norway is continuing, especially in project assignments in the area of oil and gas.

DLA-Elteknik in Sandviken was acquired during the year. The company has a strong regional brand in the electrical engineering field and strengthens ÅF's local offering to clients in the steel and manufacturing industries.

New orders across a broad range of areas

Significant agreements were signed during the year, including with BillerudKorsnäs concerning planning for expanded production, with E.ON for automation of two combined heat and power furnaces in Malmö and with LKAB regarding mine planning in Svappavaara. Two new agreements were concluded with Volvo Cars within the field of advanced robotics, and with Stockholm Vatten regarding pre-planning of a new water treatment plant. Other new contracts were signed with Siemens, Öresundskraft, Vattenfall, Novo Nordisk, Göteborg Energi and Mondi.



Per Magnusson,
President, Industry Division

How do you view the division's challenges and achievements over the past year?

It is satisfying to see that we have continued to win market share in an economic environment that has been challenging for several key client industries. This indicates that our clients are confident in ÅF's ability to deliver services that help reduce their costs and boost competitiveness in the long term. Our focus on project assignments and new areas of expertise has also paid off. During the year we have strengthened, grown and become a leading company in Sweden within hydropower. We have also experienced considerable growth within the focus areas Transmission & Distribution.

How do you expect things to develop in 2015 and beyond?

We are noticing a rise in the number of new project enquiries, which is usually an indication of growth in investment appetite. So we believe that industrial activity will slowly but surely increase.

I also predict that we'll be seeing stronger and closer cooperation with our clients in both expertise and projects in which we jointly develop new commercial arrangements, to the benefit of both parties. If our technical expertise, experience and familiarity with working on a project basis are fully utilised, we can help our clients boost their profitability, thereby becoming a profitable long-term partner for them.

We are also aiming towards greater participation in the major infrastructure projects together with the Infrastructure Division, and increased internationalisation in partnership with the International Division. We will achieve this by further developing our successful cross-division client teams, both in terms of the range and depth of skills.



DID YOU KNOW

Over 200 CAE engineers work for the Industry Division. This means we can offer our customers one of Europe's largest skill pools within Computer-aided Engineering.





LKAB REPLACES CONTROL SYSTEM

Energy-saving system produces fresher air below ground

LKAB's ventilation fans, at its Kiruna mine in Sweden, are controlled by a system that has been in operation for more than 20 years. ÅF was commissioned to replace the control system for the mine's 600 or so fans with a new system from ABB. The new control system allows greater control of the ventilation, which reduces energy consumption while improving the work environment.

In order to be able to work in the Kiruna mine, at different levels right down to a depth of 1,365 metres, new air needs to be continually brought down and old air removed. Nearly 2,000 cubic metres of fresh air is pumped down into the mine every second. During winter, the air that is pumped down also needs to be heated.

Patching up and repairing the old system to control ventilation was not an option. Several fans also lacked any means of control, and fans that are continually operating consume large amounts of energy, even when there is no real need for air circulation.

ÅF was therefore appointed general contractor and tasked with replacing the entire system with a new, modern and controllable system, adapted to the specific needs of the Kiruna mine. The project was implemented successfully, thanks to cross-division cooperation within ÅF and total commitment from LKAB's project team.

With the new system in place, the operating time for each fan can be reduced by an average of eight hours in every 24-hour period. This is achieved by the ventilation being focused on the areas where it is needed most. This in turn results in a significantly lower and more efficient use of energy. The system also allows the quality of the air to be measured to reduce the aeration time.

What has it been like working with ÅF?

"It's been very good. They are flexible, they listen and they have cooperated well with our staff. Implementing a major project in a mine is a challenge. It can be a difficult environment to work in at times, things are happening all the time while mining is taking place. The work has also covered a large geographical area."

What sort of impression do you have of ÅF's consultants?

"They have a positive attitude and are clearly focused on identifying a solution. Despite the geographical challenges, ÅF has been heavily involved in the project. Several of them even commuted here over extended periods of time, so the project was a success."

Fia Lindroos, Project Manager, Energy, LKAB Kiruna

Strong demand and persistently high investment

The Infrastructure Division is Scandinavia's most efficient partner within infrastructure planning, offering technical solutions for tomorrow's sustainable society. Solutions combine modern technology and advanced engineering expertise with thorough experience of industrial processes and project management.

The market for infrastructure projects remained strong in 2014. In Sweden and Norway, where most of the Infrastructure Division's business was located, public investments remained at high levels. Most in demand were project management services, railway-related services and sustainability-related projects. Sales rose by 13 percent, of which 7 percentage points were due to organic growth.

The Infrastructure Division has a market-leading position in Scandinavia and offers consulting services for infrastructure development in six business areas: Buildings (Installation), Infrastructure Planning, Sound and Vibration, Lighting, Project Management and Environment.

The services include methods and solutions, from pilot studies and planning, to large and complex end-to-end solutions with a focus on technology, economy, environment and maintenance. Infrastructure has unique cutting-edge expertise within most of these areas, including new construction and reconstruction of commercial, indus-

trial and public buildings, noise, vibration and acoustic issues, environmental impact assessments and licensing matters, management skills for major projects within most sectors of society and for planning of roads, bridges, ports, dams and railways.

Ongoing developments within infrastructure projects, from buildings to traffic solutions, are a major advantage for the division. ÅF's size and combined range of skills allow the division to offer experience and knowledge of industrial processes that can be increasingly applied to infrastructure projects as well. It is a matter of IT support and reliable solutions within, for example, telecommunications, regulatory and control systems, mechanics and programming or high-tech process and installation expertise.

The division's clients are primarily within the public sector, Swedish industry and the Nordic property and infrastructure market. Furthermore, the division carries out one-off projects all over the world. Approximately 1,900 members of staff work in some 50 offices in Sweden, Norway and Denmark.

Industrial expertise an increasingly significant asset

Demand strengthened throughout the year. In 2014, 385 new employees were recruited. Growth was particularly strong in northern Sweden.

Demand is governed by a number of key trends. Within Buildings, hospitals are a growing market, which is partly due to the structural changes in health-care needed to cater for an ageing population. ÅF has built up a considerable amount of expertise relating to the modern acute care hospitals, which involve extremely complicated projects in terms of both buildings and equipment.

Major technological revolutions are under way for roads and railways. In railways, developments will in part be driven by the new cross-border traffic management system that has been adopted in Europe. For roads, one factor fuelling developments is greater use of IT and automation in vehicles, in particular opportunities for interaction with infrastructure systems.

Contribution to Group



Markets

Domestic markets

Sweden, Norway and Denmark

Other markets

Assignments are carried out all over the world

Key figures

	2014	2013
Net sales, SEK m	2,730.0	2,406.4
Operating profit, SEK m	296.6	295.7
Operating margin, %	10.9	12.3
Average number of FTEs	1,930	1,720

The historical figures above are adjusted based on changes to segment reporting, see Note 2.

Strategic rail assignment for East Link

During the year, the Infrastructure Division, together with Tyréns, won a public procurement with the Swedish Transport Administration and was designated as the engineering and consulting company in charge of phase 1 of the high-speed rail project, East Link. The project is the first of its kind in terms of Swedish high-speed trains. ÅF won the contract thanks to its unique and wide-ranging skills in infrastructure projects.

ÅF also won a significant contract within the framework of the Stockholm Bypass project, beating fierce competition. The order will involve continued work on the rock tunnels in the northern sections of the bypass. New contracts also include four road schemes in central Sweden for the Transport Administration.

The Buildings business area won a new and important project for the European Spallation Source (ESS) research facility in Lund, where ÅF will design the structural equipment with a focus on function, safety and sustainability.

The division's light designers were commissioned to develop the EU's new method for comparing the energy performance of various street lighting fixtures. The work will be the basis for a new eco-friendly and roadworthy European standard for road and street lighting. ÅF's lighting designer won, for the second consecutive year, the prestigious Swedish Lighting Award for work on the underground part of the National Library of Sweden in Stockholm.



Mats Pålsson,
President, Infrastructure Division

How do you view the division's challenges and achievements over the past year?

Following a government decision during the year, there is currently a considerable focus on high-speed railways in Sweden. The assignment we won for the first project, East Link phase 1, is strategically important, because a number of decisions will be made regarding solutions as part of the project that will impact future projects. That's why it's extremely satisfying to be appointed as the responsible engineering consultants.

On the whole we've seen an extremely healthy flow of orders during the year, with growth of 13 percent. And on top of that we have a significant number of major ongoing projects. All in all we've built a very stable foundation for the future over the past few years.

How do you expect things to develop in 2015 and beyond?

We have experienced excellent growth over the past years. One key explanation is our industrial culture; the fact that we have a knowledge of industrial processes that surpasses anyone else in the business. This is something clients appreciate and that will gain significance as demand for interaction between different technologies and IT increases in almost all major infrastructure projects.



DID YOU KNOW

40 percent of the world's energy consumption is spent on our buildings. ÅF's Pay-As-You-Save business model offers a risk-free way of saving energy, money and the environment.



EAST LINK

High-speed train to link regions

2014 saw the launch of the first phase of the East Link high-speed railway, currently Sweden's largest infrastructure project. The Swedish Transport Administration has commissioned ÅF, together with Tyréns, as the engineering and consulting company in charge of the Södertälje/Trosa section. The project began in 2014 and is due for completion in 2017.

The East Link is the first stage of a new generation of railways, and when it is finished, the Swedish Transport Administration will have written Swedish railway history. The railway links Stockholm with primarily the southern provinces of Södermanland and Östergötland. The high-speed railway, on which trains will be able to run at speeds of up to 320 km/hour, will facilitate commuting and cut travel time to places of study and leisure destinations.

When the East Link is finished, the journey time from Stockholm to Linköping will be one hour, and from Stockholm to Nyköping just 45 minutes. The East Link will also be part of a future high-speed network between the major metropolitan regions of Stockholm, Gothenburg and Malmö.

ÅF and Tyréns are responsible for planning the railway, environmental impact assessments, system documentation and design programmes on the Södertälje/Trosa section. The project also involves responsibility for a number of investigations that will set the standard for particular solutions in future projects as well. To provide assurance of the highest possible quality, ÅF and Tyréns will be consulting foreign expertise from Japan and France, two countries that already have high-speed railways.

Why did you choose ÅF and Tyréns for the job?

"We had a public procurement process with strict criteria, in which price was certainly a key aspect, but where we also evaluated other elements in the offer. For example, we valued their description of how they viewed the assignment, what their thoughts were regarding implementation, communication and cooperation. We have the same approach to each tender and it was particularly significant here to treat each one equally, and for us to be able to rely on it being a sustainable tender.

We met five individuals from both companies and they had the chance to give their views on the project in their own words. We were also careful to point out that this was phase 1 of the project and it would therefore set the bar for the remaining stages. That was the most important thing when making the decision. In our view they stood out as the best and most preferable alternative financially."

What has your experience with ÅF been like so far?

"We started work on the project at the end of August/beginning of September 2014 and defined what needed to be done and when. ÅF/Tyréns proposed an extremely attractive schedule. I'm confident that the project is going to go well!"

Ali Sadeghi, Head of Project, Swedish Transport Administration





Global success across all energy sources

The International Division is responsible for ÅF's operations outside Scandinavia and offers international engineering and consulting services to clients in over 80 countries. Over 90 percent of the division's sales come from the energy sector, in which the division is one of the world's leading Europe-based technical consultants. The division is also active in the industrial and infrastructure sectors.

Over the year, the International Division has been highly successful in a number of regions outside Europe.

The division's expertise in the energy sector encompasses energy transfer and distribution and all types of power stations for different energy sources – water, coal, gas, biofuel and refuse-derived fuel, nuclear and renewables.

ÅF can offer its clients extensive expertise, owing to its ability to cover the entire spectrum of power generation and the entire investment lifecycle. Its energy source independence ensures the division can always recommend what's best for the client. The International Division's experts also possess knowledge about all types of technology provided by different suppliers, such as in nuclear energy. This also helps guarantee ÅF's independent position. The division also has considerable technical capabilities within the complex and demanding environmental aspects involved in major energy projects.

The division's clients are mainly private operators such as the power industry and energy companies, as well as

financial institutions, investors and government agencies. Projects often span over several years and are based on previous experience of similar assignments.

The division's clients are based all over the world, which requires a local and regional presence. The International Division has assignments in 80 countries and has over 900 experts in more than 30 offices, who help clients realise both large and small projects.

Key markets where the division is also well established with strong bases include the Czech Republic, Switzerland, Finland, Spain, Turkey, India and South-east Asia.

Renewables gaining ground

Despite a significant focus on the issue of climate change and future energy technology, the global energy market is still largely based on non-renewable sources. Around 1,000 GW of fossil fuel production capacity is expected to be added over the next 16 years, as well as many nuclear power stations, mostly in the Asia-Pacific region.

However, over the next 20 years renewables (including hydropower) are expected to account for more than 60 percent of new energy capacity and 65 percent of power investments. This offers good future growth opportunities for International. Over 40 percent of the division's capacity is in renewables.

A clear market trend is the growing demand for services relating to efficiency improvements in existing power plants, an area where the International Division has an impressive portfolio of references and a strong market position.

Growth markets outside Europe

The European energy market remained weak in 2014. Regions in Southeast Asia, the Middle East and Africa, however, are investing in energy for the growing needs of populations and industry, and ÅF is actively involved in these markets.

There are also positive signs in Europe, with the Swiss business delivering healthy and increasing earnings owing mainly to continued high levels of activity in hydropower. The Czech business also continued to

Contribution to Group



12%



7%

Markets

Domestic markets

Switzerland, Finland, Baltic countries, the Czech Republic and Spain

Other markets

Involved in projects in more than 80 countries

Key figures

	2014	2013
Net sales, SEK m	1,038.1	1,224.9
Operating profit, SEK m	54.2	73.5
Operating margin, %	5.2	6.0
Average number of FTEs	964	1,123

The historical figures above are adjusted based on changes to segment reporting, see Note 2.

see improved earnings along with a strong order book. Finnish operations delivered positive earnings given the weak domestic economy.

During the year, Russian subsidiary Lonas was divested due to profitability issues and inadequate synergies with the rest of ÅF. A programme of measures and savings was implemented in the Spanish business and the division also reduced its presence in India.

Significant orders within nuclear power

Of the major orders won by the division during the year, the largest was in partnership with Germany-based M+W Group for the planned Fennovoima nuclear power plant in Finland. ÅF was appointed lead technical consultant and the project will involve ÅF's expertise in Finland, Switzerland, Sweden and the Czech Republic. In Vietnam, the International Division won its second contract for an additional nuclear power plant for the same client. The division has also won energy contracts in the Middle East, North Africa and India, along with a contract for a biofuel plant in the Netherlands, an agreement in Brazil for an interim storage facility for spent nuclear fuel and a contract relating to a pumping/storage facility in North America. Together with the Technology Division, the International Division also entered into an agreement with Scania in Brazil.



Roberto Gerosa,
President, International Division

How do you view the division's challenges and achievements over the past year?

I'm satisfied with the financial results, considering the tough market conditions we faced. There were some difficult decisions this year. We divested our Russian subsidiary, restructured the Spanish business and reduced our presence in India. These measures have stabilised the division's finances, and we will be in even better shape to meet the demands of the market in 2015.

How do you expect things to develop in 2015 and beyond?

I'm optimistic about the future. We are well positioned to adjust to a business environment in which some markets are declining or are stagnant, while others are growing and even booming, and if we are adaptable and focused we can identify business opportunities. Together with the other divisions, we'll continue working to enlarge ÅF's footprint in selected markets to offer a constantly expanding range of ÅF's services.



DID YOU KNOW

50 nationalities, speaking 36 different languages, work within the International Division. We're ready to assist our clients anywhere in the world.





BABELAN

More reliable electricity supply contributes to urban development

ÅF in Finland has a long-standing relationship with the Indonesian power company PT Cikarang Listrindo, and several joint projects have been carried out since 1996. The Babelan project, a new coal-fired power plant, is the third major collaborative project in a row and testament to ÅF's solid experience with large and complex international assignments.

Power company PT Cikarang Listrindo produces and distributes electricity to industrial clients and the national grid in Indonesia. The company began operations in 1992 and its current production capacity totals 755 megawatts.

Babelan is a coal-power project located outside the capital Jakarta, encompassing two power units with a combined capacity of 270 megawatts. The plant has two CFB boilers (circulating fluidised bed) featuring the latest technology and with low emissions. The power plant project has now entered the construction phase and is scheduled to go into commercial operation in 2016.

ÅF's team developed the project, from choice of site to the ultimate solution for the power plant configuration. ÅF's extensive experience of similar projects helped determine the technical configuration. The assignment involves satisfying stringent local and international environmental requirements. The ÅF team is responsible for construction management of the project and for overseeing installation and building works, as well as supervision of mechanical engineering, power generation and the facility for commercial and industrial distribution. ÅF will also supervise the commissioning of the power plant.

"I'm extremely happy with our long-term cooperation with ÅF. We've always been satisfied with their experienced teams and their understanding of our local needs. It means we can all focus on getting the project completed on time and in the way we want."

EC P'ng, Technical Director, PT Cikarang Listrindo



Successful focus on project assignments

The Technology Division is a leading name in Sweden in industrial product development and defence technology, and is also expanding considerably within IT. A firm base and a long track record of success provide stability and give clients peace of mind. The division also has a growing client base in the public sector and strong offerings relating to sustainability within its specialist fields.

In 2014, the Technology Division operated in markets with varying conditions depending on the industry and the location. The strongest demand was from the automotive, defence and telecommunications industries. ÅF's strategy of increasing its share of project assignments has proved successful for the division, and projects and project assignments account for a growing proportion of new assignments.

The division is a market leader in Sweden and offers its clients advanced services and solutions within four business areas: Systems Management, Embedded Systems, Product Engineering and IT Solutions.

Clients engage the services of the Technology Division for consulting assignments, Professional Services, in which ÅF employees provide expertise at the clients' organisation, and for a growing proportion of project assignments in which ÅF takes overall responsibility for implementing the solutions required by the client.

Clients within the manufacturing industry account for most of the division's assignments, with the automotive industry as the single largest sector. Defence and telecoms also make up a significant share of the division's business. The public sector constitutes a growing clientele.

The Technology Division's cutting-edge expertise within IT is also something that is increasingly and very successfully being linked to assignments within ÅF's entire client base. Assignments can relate to product development and product optimisation from a life cycle perspective, development of customised business systems, management of communication systems, IT and civilian security and maintenance technology. Examples of the latter include warning systems and mobile command systems. Embedded Systems is one of the division's strengths, as well as being a field that is generally growing in all types of projects.

Generally speaking, all assignments include a sustainability dimension, for example reducing the use of materials and energy consumption. The division has an advantage in being able to get involved in the whole value chain, from choice of material to packaging and distribution, for example by documenting the material's entire life cycle up to recycling.

Growth comes via a greater number of projects requiring ÅF's full range of skills to resolve problems for the client. The Technology Division mainly operates on the Swedish market, but during the year it followed its client Scania to Brazil for a product development assignment. In the future, the division sees potential in

using the Group's international presence to be able to assist Swedish clients with their international operations.

Need for effective solutions in uncertain economic climate

Although the division's clients felt the effects of an uncertain economic climate in 2014, they still need to keep up the pace in their product development. Investments in improving efficiency are also vital. At the same time, clients are increasingly reviewing which activities constitute their core operations and which areas can be outsourced to external suppliers. This is a significant explanation for the increasing proportion of project assignments that make up our assignment portfolio.

Public sector clients, an area where the division is continuing to grow, are less sensitive to economic fluctuations, but they also have a need for innovative solutions and efficient processes where ÅF can contribute industrial expertise.

New business opportunities with combined skills

ÅF experienced positive demand from the automotive industry during the year, with an increased share of project assignments. ÅF is at the forefront within the field of active safety, and works with Volvo Cars Corporation on

Contribution to Group

SALES



29%

PROFIT



24%

Markets

Domestic market

Sweden

Other markets

Assignments carried out in countries outside Sweden

Key figures

	2014	2013
Net sales, SEK m	2,614.1	2,522.6
Operating profit, SEK m	191.3	190.4
Operating margin, %	7.3	7.5
Average number of FTEs	1,858	1,882

The historical figures above are adjusted based on changes to segment reporting, see Note 2.

several projects aimed at preventing various types of accident scenarios (see pages 34–35).

The division has also extended its product development collaboration with Scania, both in Sweden and Brazil. This international venture is in line with ÅF's overall strategy and the result of a collaboration between the Technology and International divisions.

As part of its efforts to be the best partner to the automotive industry, Technology created a shared skills cluster with the various entities that supply the automotive industry. Similar clusters have been created within the field of Life Science.

A new business area, Systems Management, was established during the year for defence and telecom assignments. The aim is to generate more synergies and business opportunities via shared clients and joint projects. Major clients for this business area include the Swedish Defence Materiel Administration (FMV) and TeliaSonera. Another business area, IT Solutions, was also established in 2014 and presented strong growth and good profitability. The business area is expanding, particularly in the public sector, which now accounts for about 30 percent of sales.

Several significant contracts

During the year, several significant contracts were signed with the Swedish Defence Materiel Administration (FMV). In one of the company's largest assignments, ÅF is supporting FMV with the development of documentation for the operation of the Swedish camp at the UN mission in Mali, and various configurations for management support systems. The division has also increased its share of project business and collaboration with Ericsson. A new agreement was signed with GE Healthcare in Sweden for engineering and IT consulting services. The agreement is an extension of the current contract. A framework agreement was also entered into with GKN Aerospace (formerly Volvo Aero). In addition, the division has concluded several framework agreements with public sector clients, including the Swedish Legal, Financial and Administrative Services Agency and the City of Gothenburg.



Fredrik Nylén,
President, Technology Division

How do you view the division's challenges and achievements over the past year?

Many clients have felt the effects of the cautious market situation in 2014. But product development and constant improvements in efficiency are continual processes essential to companies that want to retain and increase their competitive capability. We have a common goal, and that is for our clients to be successful. That's why it's important to be able to follow clients even when the economy fluctuates and work together to come up with creative ways of strengthening their future competitiveness.

How do you expect things to develop in 2015 and beyond?

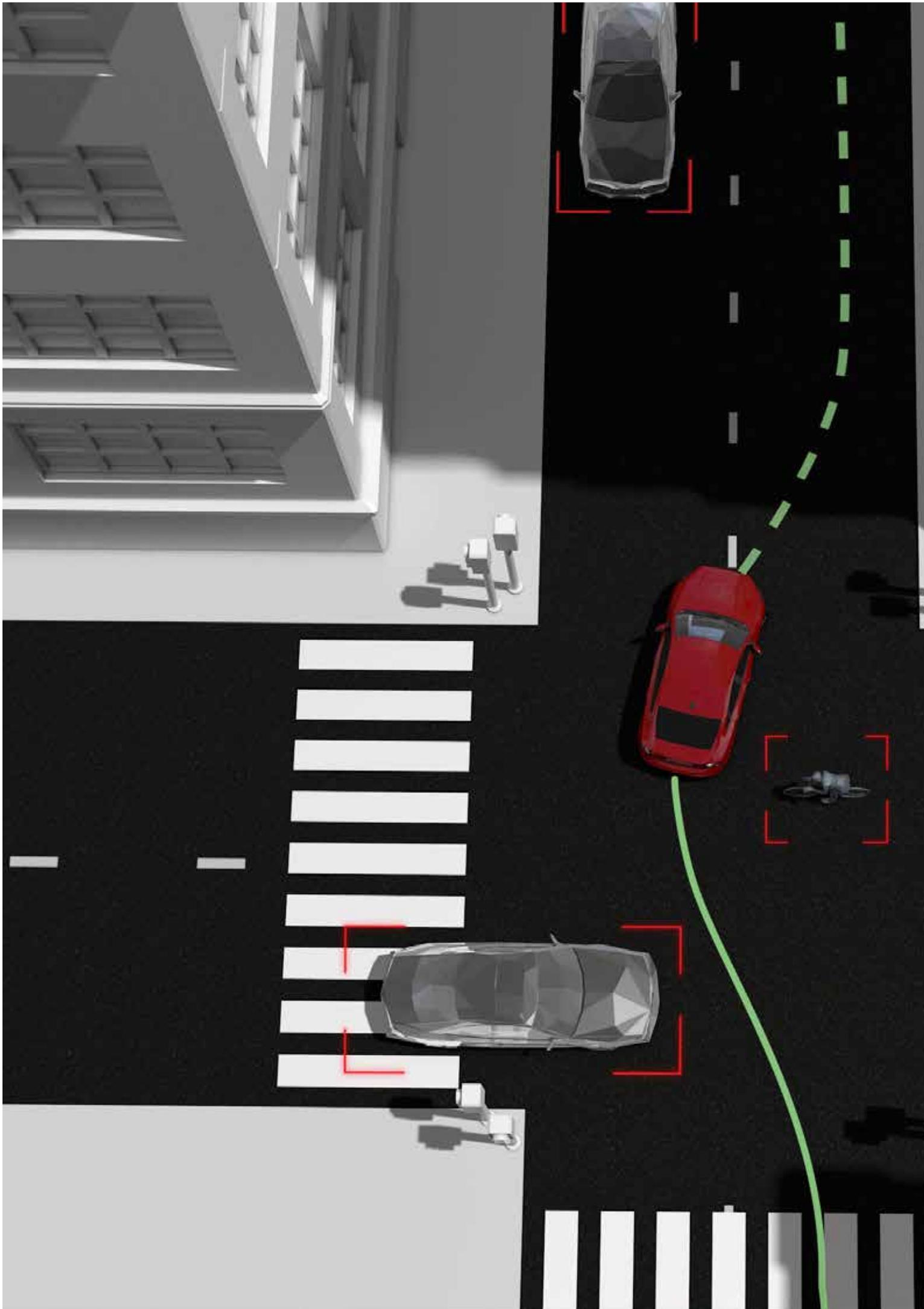
We will continue to focus on expanding our business with project assignments. The aim is for them to constitute at least 50 percent of earnings. Projects are important, which is why we're confident we can provide added value for the client in this way. And ÅF will become less sensitive to economic fluctuations. In less profitable times we are often the partner that is entrusted to help our clients when other consulting firms are making cut-backs. This is solid proof of ÅF's technical quality.

Following the merger with Epsilon, the division became a market leader within product development and naturally that's something we want to build on. For example, we're extremely strong on embedded electronics, which is much in demand within various product areas. One such area is security, including within payment solutions, where we can draw on our industrial background and the vast number of assignments we've carried out for the defence and nuclear power industries.



DID YOU KNOW

Our 1,900 consultants at the Technology Division know what the future holds! Together with our clients we develop tomorrow's products for the society of the future.





VOLVO CARS

ÅF partners with Volvo Cars

Volvo Cars' vision is that by 2020, no one should be killed or seriously injured in a new Volvo. The four-year project Non-Hit Car and Truck, which was concluded in December 2014, is a step towards achieving this ambition. ÅF has been a partner to Volvo cars during all phases of the project.

The project's main breakthrough is the next generation of Sensor Fusion technology, with a 360-degree view around the vehicle. The system, which constantly analyses potential threats around the vehicle, can also assist the driver with automatic braking and steering. The 360-degree view is supported by the manoeuvre generator, a new safety function that can identify collision-free escape routes, whatever the traffic scenario.

ÅF has primarily contributed to developing a Sensor Fusion platform, combining signals to create a view around the vehicle that is as accurate as possible. This information is used for various functions to avoid accidents and minimise injuries.

By focusing on powerful, high-quality vehicle sensors, the project has taken a giant leap in making this new technology a reality within the near future. The technology is in turn a prerequisite for the development of driverless cars.

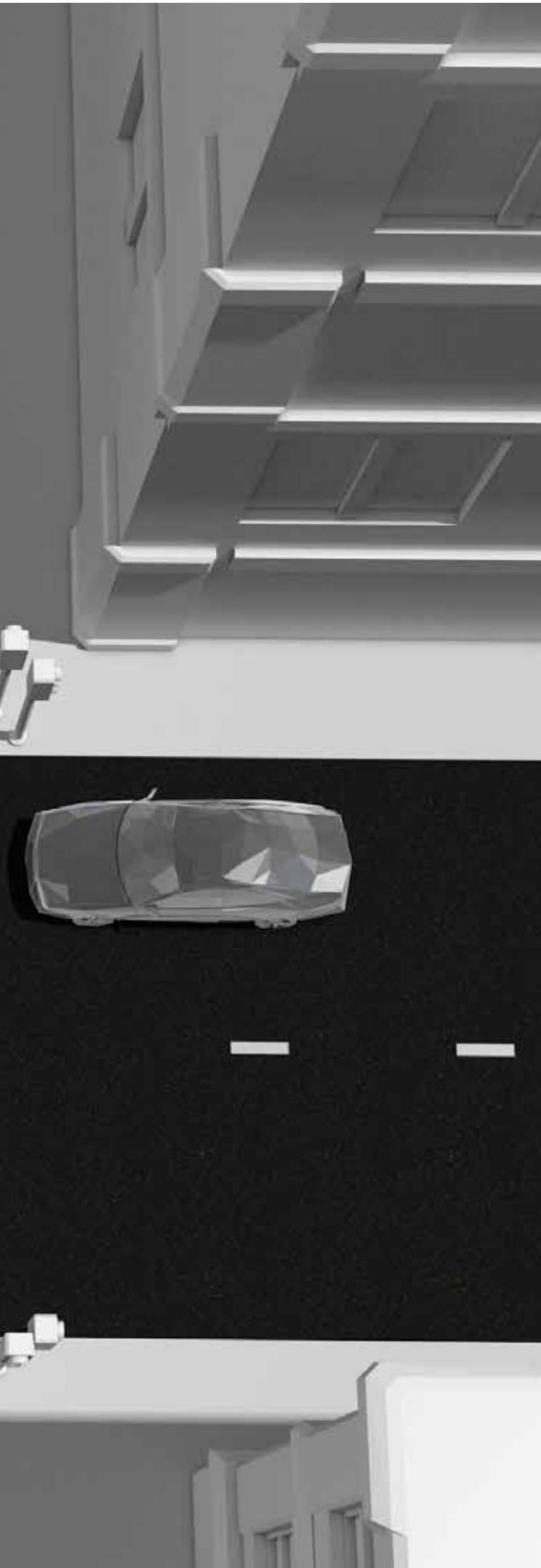
Why did you choose ÅF as a partner, and how did it go?

"ÅF has been one of our established service providers for many years. ÅF has demonstrated considerable willingness and initiative when it comes to innovative projects like Non-Hit Car and Truck, and the company is keen to take an active role in developing new technology. The partnership has worked extremely well and ÅF has delivered an excellent result."

What is it like working with consultants from ÅF?

"Our experience of working with ÅF has been positive. ÅF is a forward-thinking company that sees opportunities and the consultants have skills that complement us."

Anders Almevad,
Project Manager, Volvo Cars Corporation



The helipad on New Karolinska hospital in Solna, Sweden, where ÅF experts are involved in creating a solution using renewable energy via an energy centre for heating and cooling. The energy centre is one of the solutions that will contribute towards achieving the goal of cutting energy consumption by half in the new hospital building, compared with current hospital energy consumption. Find out more about the project in the Green Advisor Report at afconsult.com/sustainability

Illustration: White Tengbom Team



Sustainability as a business strategy

It is entirely possible for countries to work together to reduce climate risks and achieve high-quality and sustainable economic growth. This is the conclusion of the Global Commission on the Economy and Climate in its final report: The New Climate Economy – Better Growth Better Climate.¹⁾

The Commission’s conclusion is consistent with ÅF’s ambition of strengthening clients’ sustainability performance in every project. One example in 2014 was ÅF’s initiative to ensure a sustainable electricity supply on the island of Mauritius. The island has long been heavily dependent on imported fuel and wanted to expand its own supply of electricity from wind and solar energy. Another example is New Karolinska hospital in Solna, Sweden, where ÅF has designed a solution for energy, heating and cooling that is at the forefront in terms of efficiency, innovation and creativity.

ÅF reports its sustainability work partly in accordance with the international standard Global Reporting Initiative (GRI) G4. This year’s report covers all operations in 2014, with 7,000 employees and assignments in some 90 different countries.

New target areas for ÅF’s sustainability work were drawn up during the year, and efforts have continued to improve integration of our sustainability work into operations.

Sustainability objectives 2015

Sustainability is part of ÅF’s business

strategy and an essential element of ÅF’s overall operations. ÅF ensures that the company’s profitability is based on maintaining a balance between economic, environmental and social interests.

Long-term profitability is secured by ÅF being more proactive about pushing developments towards a more sustainable society.

The following target areas follow on from previous sustainability objectives and will result in more detailed objectives for 2015, replacing the previous ones:

1. Develop sustainable solutions

ÅF contributes to sustainable development by offering the best sustainable solutions. Each project adds value for ÅF, the client and society.

2. Ensure responsible business agreements

All projects and assignments will satisfy the principles in ÅF’s Code of Conduct, which is based on the principles of the UN Global Compact. ÅF ensures responsible business agreements through the risk assessment process.

3. Guarantee an attractive workplace

ÅF’s employees are the most important factor in the company’s success. We attract outstanding, motivated employees. Teamwork is absolutely essential to enable us to develop innovative and sustainable cross-sector solutions.

ÅF’s value chain

ÅF’s value chain is described based on the value that is created in assignments. The value is generated by employees and determined by their expertise. ÅF

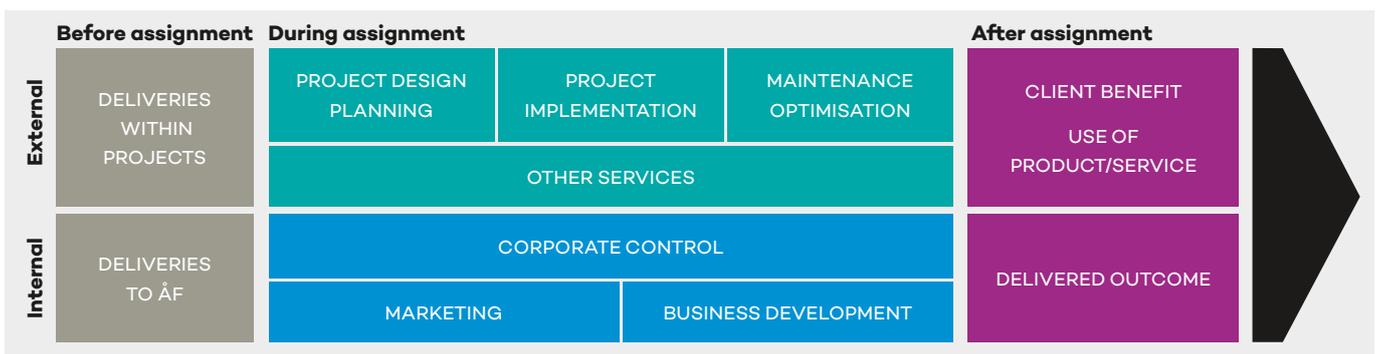
has the greatest sustainability impact in assignments. When ÅF participates in the early phase of projects, it allows the company the greatest potential for exerting its influence in relation to design, implementation, choice of materials and choice of suppliers.

Many of ÅF’s assignments comprise, or are a part of larger projects, such as energy, infrastructure or industry projects. ÅF is often on board at an early stage and is able to influence areas that can affect the project’s sustainability performance. There are also projects where the aim is to contribute to sustainable development by making improvements in energy efficiency, developing technology for renewables or investigating and proposing emission reductions. Other services include investigations and analyses that are not linked to projects, and Professional Services, which involves ÅF’s staff being temporarily placed within the client’s organisation.

The value chain also includes deliveries to ÅF’s offices, as well as travel and materials for project implementation. Within the framework of assignments, ÅF has a varying degree of influence over which material and which services are procured for the assignment.

The most important stakeholders are ÅF’s employees, clients, investors and partners. But potential employees, clients and other stakeholders such as politicians, voluntary organisations, subcontractors and end consumers also affect, and are affected, by ÅF.

ÅF’s value chain



¹⁾ The Global Commission on the Economy and Climate, advised by some of the world’s leading economists, sets out a global ten-point action plan for governments and businesses to secure better growth in a low-carbon economy. The report was launched in September 2014.

Governance and responsibility

ÅF's work generates sustainable value and is part of ÅF's business model. With a constant focus on sustainability work, ÅF endeavours to create value for employees, clients and society. ÅF's sustainability work is based on the ten principles enshrined in the UN Global Compact regarding human rights, working conditions, the environment and anti-corruption. ÅF's core values are based on great people with drive, teamwork and indisputable independence, with the vision of being the best partner for the best clients.

VP Sustainability on Group management

ÅF's Vice President, Sustainability, Nyamko Sabuni, is a member of Group management and has overall strategic responsibility for sustainability issues. The Sustainability VP reports continually to ÅF's Board, all the members of which have relevant knowledge of sustainability issues. A project manager was recruited in 2014 to further strengthen sustainability work at ÅF. The goal is for sustainability work to be a core element throughout the organisation, which is why in 2014 each division elected its own sustainability officer.

Existing employee functions (HR, Finance and Legal) also have operative responsibility for various areas of sustainability, such as anti-corruption, human rights and diversity. These areas are governed and followed up via ÅF's Group-wide management system and processes.

Global Compact

ÅF has undertaken to follow the UN Global Compact and its principles. ÅF does not enter into business projects where there is a risk of these principles or ÅF's Code of Conduct being breached. Sustainability work is governed by ÅF's sustainability policy, operations policy, travel policy, equality policy, whistle-blower policy and Code of Conduct.



ÅF has enabled Mauritius to increase the proportion of renewable energy in its electricity supply. Find out more in the Green Advisor Report, afconsult.com/sustainability

The Code of Conduct is a summary of the rules and guidelines that form the basis of our operations. It defines how ÅF conducts its business relations with clients, business partners, employees and other stakeholders. The code extends to all employees and the Group's Board of Directors. ÅF has a Group-wide management system that includes quality, environmental and working environment processes, and the company monitors employees' compliance with the Code of Conduct. A new Health & Safety policy was also drawn up during the year, with the aim of certifying the system globally in accordance with OHSAS 18001 in 2015. ÅF has established an anti-corruption framework, in which anti-corruption work is included as part of the sustainability policy. Employees have access to a whistle-blower function. The e-mail address whistleblowing@afconsult.com is used to report suspected incidents that constitute a danger to life, health and the environment, as well as corruption. No cases were reported in 2014.

In 2015, improved risk tools will be developed to further ensure that ÅF does not enter into business projects that breach guidelines. In addition to the general run-through of ÅF's anti-corruption framework that all employ-

ees receive, ÅF consultants who work on assignments where there is a clear risk of corruption will undergo specific anti-corruption training before the project begins.

Implementation through communication

ÅF's strategy and ambition for its sustainability work requires understanding and awareness of sustainability issues across the whole organisation. The Code of Conduct is therefore communicated to all new employees. Sustainability training was updated during the year and all employees will have undergone the training by the end of Q1 2015. Implementation of sustainability work involves several communication and training initiatives at various levels. Sustainability training and dialogue with the Sustainability VP is part of the compulsory induction day for new employees, as well as compulsory leadership training. Issues relating to human rights, diversity and equality are also part of EVEN ODDS's Talent Management Programme. In 2014, 28 managers completed anti-corruption training.

Focus areas for long-term profitability

By creating profitable, innovative and sustainable solutions for our clients, ÅF is contributing to a sustainable society.

ÅF's business concept is based on the ability of its employees to develop smart, sustainable solutions across a range of technologies. Solutions that involve efficient use of energy and resources, where the needs of society are in harmony with what nature and the planet are able to regenerate. This work is based on the precautionary principle, which guarantees effective environmental and health protection. ÅF ensures long-term profitability by working responsibly and proactively in three areas:

- Sustainable solutions
- Responsible assignments
- Attractive workplace

Focus areas for long-term profitability

1

SUSTAINABLE SOLUTIONS

ÅF's operations affect the development of a more sustainable society. Assignments span over a broad area, with a focus on energy, infrastructure investments and product and process development. ÅF proposes new technology that contributes to the efficient use of resources and reduced environmental impact, or environmental improvements.

Energy projects show the way forward

The European energy market is currently experiencing major structural changes. Making more efficient use of energy can bring about huge gains. Increasing requirements for a reduced carbon foot-

print led to new solutions within renewables. ÅF is involved in projects that cover all forms of energy. In 2014, this type of project made up a significant share of ÅF's business. In this way ÅF has contributed to reducing climate impact by lowering carbon dioxide emissions.

Smart communications

The strong trend of urbanisation today is resulting in demand for smart communications, such as intelligent traffic solutions and driverless vehicles. ÅF is leading developments towards a sustainable society via expert knowledge and innovative solutions. ÅF provides society with intelligent solutions, covering everything from road and rail planning and smart buildings, to sound and acoustics.

Product development for daily life

Product development is currently driven by stringent demands in terms of sus-

tainability. Efficient use of resources and renewable materials are obvious requirements. Expertise within sustainability is a competitive advantage. During the course of the assignments in which they are involved, ÅF's consultants develop a host of applications and products that are used daily. Everything from dishwashers, packaging and smart vehicles, to telecom solutions. ÅF aims to contribute to the advancement of a circular approach to product development.

Collaboration produces sustainable results

When ÅF combines its broad knowledge from various fields, it can offer sustainable, comprehensive solutions. You can read more about this in the Green Advisor Report, which can be downloaded at afconsult.com/sustainability.

2

RESPONSIBLE ASSIGNMENTS

ÅF mainly carries out assignments in the Nordic region, but also in 90 other countries across the globe. To manage any potential risks, a systematic risk assessment is conducted in conjunction with the tendering process and agreement. ÅF works systematically to ensure that assignments satisfy the requirements stipulated in the UN Global Compact guidelines.

Sustainability risks in ÅF's assignments vary considerably between different business areas, projects and markets. ÅF has developed tools and methods to ensure compliance with ÅF's sustainability policy and Code of Conduct throughout the company. The frame-

work for anti-corruption is integrated into the risk management process. ÅF operates a zero tolerance policy regarding all forms of corruption, extortion and bribery. Internal audits of processes, projects and physical locations are also conducted within the remit of the business management system.

ÅF places considerable emphasis on fulfilling the sustainability aspects in all assignments. One essential condition for this is transparency. Lack of transparency and difficulties in ensuring the sustainability aspects was one of the reasons behind the decision to divest parts of business operations in Russia in 2014.

Assignments risk assessed

A risk assessment is carried out at the tendering stage of the assignment, based on sustainability criteria. The assessment includes a checklist of questions relating to the principles of the UN Global Compact. The purpose is to identify high-risk assignments at an early

stage and, if necessary, carry out a more in-depth analysis.

In the event of a more in-depth risk analysis, ÅF compiles data and information on the project from various sources, including government agencies, media, working documents and websites. The analysis aims to identify possible risks and offer recommendations on how to avoid them. ÅF's Sustainability VP then decides, in consultation with divisional and project managers, whether or not ÅF should proceed with the tendering process, and whether action needs to be taken to reduce the risks. At all times, ÅF aims to be able to influence and contribute to responsible and sustainable development via its assignments.

Risk assessments conducted in 2014 resulted in seven in-depth risk analyses. Over the next year ÅF will further systemise procedures and risk tools. There will also be a greater focus on communication and training within anti-corruption.

3

ATTRACTIVE WORKPLACE

It is crucial for ÅF to be able to attract new, talented employees while helping existing employees to develop professionally. Satisfied, committed employees are ÅF's recipe for success.

In 2014, ÅF was named second most attractive employer by young professional engineers in the engineering category, and achieved tenth place in an equivalent survey among students. ÅF fulfils its ambition of contributing towards a more sustainable society through its employees. Employees' skills, both now and in the future, determine whether ÅF will succeed in establishing long-term profitability, in which economic, environmental and social issues are in harmony and

contribute to sustainable social development. To appeal to the most talented prospective employees, ÅF needs to offer an attractive workplace.

Investments in future skills

Statistics Sweden is warning that Sweden will suffer from a shortage of roughly 50,000 engineers by the year 2030. To encourage interest among young people in the engineering profession, ÅF took part in Tekniskprånget in 2014, which involves companies offering young people qualified to enrol in an engineering programme the opportunity to take on a four-month internship. The purpose of the internship is to give an insight into the profession and inspire people to study engineering at university. ÅF will continue to participate in the project in 2015. The programme is run by the Royal Swedish Academy of Engineering Sciences, IVA, on behalf of the Swedish National Agency for Education, and will continue until 2016.

In 2014, a number of female ÅF employees acted as mentors to female students at KTH Royal Institute of Technology in Stockholm, who in turn became mentors to female upper secondary school students. The initiative, PEPP, was launched by a KTH student and is run jointly with companies, including ÅF. The aim is to support and inspire young women to take the step of pursuing a career in engineering. The mentor programme is part of ÅF's gender equality process, EVEN ODDS.

Continual efforts are under way to build on the skills of existing employees via ÅF Academy, and there is a greater focus on leadership in combination with specialist training. ÅF Career Model was also implemented during the year. The aim of the model is to develop and retain ÅF's skilled employees and give them greater opportunities to take responsibility for their own professional development. More information about ÅF Career Model can be found on page 8.

EVEN ODDS attracts more women

EVEN ODDS is ÅF's gender equality process, which aims to increase the proportion of women working at the company. The target is for at least 30 percent of all positions at the company to be held by women by 2020.

Of ÅF's total number of employees in 2014, 22.3 percent were women. The proportion of female employees has risen in many parts of ÅF, but the percentage declined in the International Division with the sale of the Russian business. This resulted in a fall in the total percentage of female employees at ÅF in 2014.

Several activities were pursued in 2014 to help achieve the target of 30 percent. One example was the women-only recruitment campaign in September. A total of 55 women were recruited, compared with 17 in September 2013. A management programme for women

was trialled via the EVEN ODDS gender equality process. The aim of the programme is to identify potential female managers at ÅF.

The purpose of EVEN ODDS is to provide conditions for improved gender equality at the company, to encourage more women to make ÅF their first choice. It was therefore pleasing to see that the percentage of female candidates applying to ÅF increased by 23 percent during the year.

Travel survey leads to pilot project in Solna, Sweden

A travel habits survey was conducted in spring 2014 at ÅF's Group Head Office in Solna. The aim was to find out about employees' business travel and commuting habits. An estimate of the climate impact of this travel revealed that business travel accounted for 73 percent and commuting for 27 percent for

employees in Solna. National business travel accounted for the largest portion of emissions.

ÅF's ambition is to cut carbon dioxide emissions produced by business travel. A number of measures will be launched at the Solna office in 2015 following the survey, as a pilot project for the whole company. Improved communication, featuring tips on changing behaviour, will be a key element. It is already possible to hold video conferences, use loan bicycles and access Sunfleet's car pool. In 2015, it will also be possible to loan travel cards for shorter business trips. And a screen will be set up in reception providing details of public transport departures. The project will be evaluated to learn from the experience before rolling it out to other ÅF offices, where appropriate.



What is the most exciting aspect of your job?

“I work with business development within information management. Assured Security is about developing and ensuring information management, for example payment card information. The great thing about my job is the combination of technology and people. It’s often about changes in people’s behaviour, reaching an understanding about the significance of the information and supporting it with technical solutions.”

Katarina Sunnegårdh,
Information and IT security consultant,
Technology Division

What is the biggest challenge in your job?

“There’s a long tradition of audit and construction inspections at ÅF. This both improves our performance and gives us pride in our work. My main task is to assess the performance and state of electrical installations, and during construction inspections to check that the contract has been fulfilled. This involves a strong legal element. The biggest challenge is providing expert opinions for lawyers in my capacity as technical expert, developing the pedagogical aspect so the lawyer can stand up in court and win. It’s stimulating and challenging.”

Stanley Berglund,
Inspection Engineer, Industry Division



Awards during the year

ÅF received four awards during the year;

- Sports Sponsor of the Year 2014, from the magazine Sport & Affärer
- Second most attractive employer of the year, Universum Ideal Employer ranking, young professionals, in the engineering category
- Tenth place, most attractive employer. Universum Ideal Employer ranking, engineering students, in the engineering category
- CEO of the Year, category Large Companies Motivation.se, Executive People

Sustainability audit

Oekom Research has awarded ÅF a C+ for its sustainability work, which is a very high rating that only 10 percent of the 56 ranked companies in the industry have managed to achieve. ÅF's sustainability work has also been audited and approved by Ecovadis and Akilles.

Materiality analysis

A materiality analysis was carried out before the sustainability report was produced. The stakeholder groups that were considered the most important and therefore included in the analysis were employees, clients, investors and partners. Stakeholders were chosen via an internal stakeholder analysis based on who affects ÅF or is affected by ÅF's operations.

Every year, selected clients carry out client surveys, which examine matters such as quality and sustainability issues. Environmental responsibility, professional development and working environment were areas that appeared high on the agenda with clients. These areas also emerged among the requirements

placed by clients on ÅF when procuring services.

ÅF's employees have been involved in the analysis via both workshops and questionnaires. People in the network of partners have also responded to questionnaires. These questionnaires reveal that long-term profitability, anti-corruption, working conditions and skills development are issues that employees feel are important for ÅF. Succession planning and development of ÅF's services were also given high priority.

In the dialogue with some of ÅF's largest shareholders, risk assessments, anti-corruption and project impact were rated highly, along with professional development for employees.

The results of the materiality analysis led to a selection of issues that have been put together in the focus areas also described on pages 39–40. The aspects are: skills development, equality and diversity, working conditions, anti-corruption, human rights, strategic sustainable development and impact on society. All aspects are relevant for the whole of ÅF's operations.



Find out more about our sustainability projects in the 2014 Green Advisor Report. www.afconsult.com/sustainability

About the report

The report relates to the 2014 financial year. It is published annually; the most recent report was produced for 2013 and published in spring 2014. The report is set out partly in accordance with GRI G4; the GRI index can be found at www.afconsult.com/GRI2014index. The report is not reviewed by a third party.

The reporting principles in accordance with GRI G4 have been used to define the content of the report. No changes have been made to the principles for calculations and measurements, and there have been no major changes to limitations.

Questions regarding the sustainability report should be directed to: Nyamko Sabuni, Vice President, Sustainability, tel: +46 10 505 00 00.

Sustainability data

Follow-up of sustainability objectives

In 2009, ÅF established a number of sustainability objectives up until 2015. The objectives were to cut CO₂ emissions per employee by half, to offer clients alternatives for a more sustainable solution and to be the technical consultant that clients consider can best solve the challenges of the future.

Total CO₂ emissions per employee have fallen by 10 percent over the past two years. Emissions from energy consumption have declined the most, owing to several offices moving to more energy-efficient premises. In 2014, ÅF combined its Swedish electricity supply under a single agreement. The move cut Swedish CO₂ emissions linked to electricity consumption by half. However, emissions per employee from travel have seen a slight increase as a result of ÅF's expansion into new countries during the period. Total CO₂ emissions per employee have risen by 1 percent since 2009.

Offering clients sustainable solutions is an area that has strengthened in 2014 and will gain significance in 2015. This has been defined under the new target area "Develop sustainable solutions", find out more on page 39. Most client surveys have clearly highlighted ÅF's solid reputation in the field of sustainability.

Skills development

Number of hours of training per average FTE, total	2014	2013	2012
Hours of training	219,745	232,084	161,317
Average number of FTEs	6,887	6,666	4,808
Number of hours of training/employee	32	35	34

Equality and diversity

Distribution 2014*, %	Men	Women	Age <30	Age 30-50	Age >50
Board of Directors	66.7	33.3	0	25.0	75.0
Group management	69.2	30.8	0	61.5	38.5
Managers	85.5	14.5	0.7	68.1	31.2
Consultants	79.8	20.2	21.6	57.2	21.2
Admin staff	18.5	81.5	8.4	56.6	35
Total	77.7	22.3	18.8	58.3	22.9

*All permanent employees and employees on probationary periods.

ÅF employs just over 50 nationalities, speaking 36 different languages.

Equality by division

Percentage women, %	2014		2013	
	Managers	Consultants	Managers	Consultants
Industry Division	9.9	13.8	6.7	12.9
Infrastructure Division	13.5	25.9	12.3	25.5
International Division	8.7	19.8	25.5	30.6
Technology Division	23.0	21.0	21.3	19.0

Profitability

Direct economic value generated, SEK m	2014	2013	2012
Net sales	8,805	8,337	5,796
Operating costs, incl. depreciation/amortisation	-3,253	-3,201	-2,070
Employees' salaries and benefits	-3,932	-3,622	-2,682
Income tax and employer's contributions	-1,066	-988	-691
Economic value retained	553	525	353

Climate

Emissions per employee, kg CO ₂ eqv per employee	2014	2013	2012	2011	2010	2009
Energy	221	305	408	415	313	283
Travel	1,201	1,087	1,165	1,297	1,182	1,125
Total emissions	1,423	1,393	1,573	1,712	1,495	1,408

The calculations relate to the climate impact of business travel and energy consumption for all ÅF employees. Energy emissions include purchased electricity, heating and cooling for offices. Business travel includes journeys by car and air.



Sustainability is embedded in our brand and in almost everything we do. It is in the very nature of an engineering company to create innovative, improved and more sustainable solutions to meet the needs of clients and society.

Nyamko Sabuni
Vice President, Sustainability

In 2014, ÅF carried out an analysis of the company's most important stakeholders and their priority issues. What conclusions have you drawn from it?

“It means we now have a basis for taking our sustainability work to the next level. Sustainability is embedded in our brand and in almost everything we do. It is in the very nature of an engineering company to create innovative, improved and more sustainable solutions to meet the needs of clients and society. It isn't always easy to see and understand the bigger picture of what it is we as a company actually create and contribute. That's why we need to be better at communicating our achievements and raising awareness of what sustainability actually entails.

“When the concept of sustainability was first coined, it mainly covered issues relating to the environment and charity. But sustainability is so much more than that, and complex, which is often also the case with the projects we carry out for our clients. We bring all manner of technical skills to the projects, which result in safer roads, improved public

transport, more eco-friendly lighting, energy-efficient processes and economic use of resources and materials.

“Clients rely on us being able to make efficiency improvements and cut costs, but also our ability to provide expertise, innovation and development. And for our part, we learn a great deal from clients' own sustainability targets. We constantly strive to communicate the overall picture of sustainability as a goal that generates value, both for them and for us.”

Are there other areas you want to work with more in the future, based on the stakeholder analysis?

“Yes, with an area that affects our investors. There are risks associated with the fact that we have consulting operations in 90 countries, many of which are emerging economies. We are continually working to calculate and minimise these risks. We must therefore have stable systems and tools in place, so we can be satisfied that regulations are being followed and that everyone involved knows how to meet international standards and conventions. Many investors have ÅF in their sustainability portfolios and we

must do our utmost to continue to live up to their expectations.”

Tell us more about ÅF's external activities during the year within the area of sustainability.

“We have a high level of ambition with regard to equality and diversity. The women-only recruitment campaign in September was a huge success.

“And in November we also organised the space seminar “Space for Sustainability”, with contributions from NASA and ESA. The lesson we took from this is that collaboration in space can serve as a model for Earth, for example with research that promotes a minimalist lifestyle.

“The seminar ÅF Green Day was also a big success and the dialogue on opportunities to be found in crises was extremely stimulating. Instead of being paralysed by the fear of doing something wrong, we want to improve our focus and our skills, to be even better at handling the difficult situations we encounter when making business decisions. We need to make mistakes sometimes in our attempts to get it right.”



In September, ÅF was visited by Sweden's then Minister for Gender Equality, Maria Arnholm, who gave an inspirational talk. September was ÅF's women-only recruitment month.

Campaign attracted more women to ÅF

In September 2014, ÅF in Sweden signed new employment contracts exclusively with women. The campaign took place under the remit of ÅF's equality process, EVEN ODDS, which aims to increase the percentage of women working at ÅF.

It was a huge success and the number of women who signed employment contracts with ÅF tripled in September 2014, compared with September 2013. The campaign also clearly helped raise ÅF's profile among women. Compared with 2013, 23 percent more women applied for jobs at ÅF in 2014. In September 2014 alone, ÅF received 46 percent more applications from women than in the same period the previous year.

The campaign to only recruit women in September was inspired by ÅF's ambition to raise awareness of gender equality, thereby demonstrating ÅF's serious approach to the issue. Since one of ÅF's objectives is to double sales and earnings by 2020, the company must continue to attract the best people, both men and women. ÅF also has a human resources objective of at least 30 percent of the company's employees and managers being women by 2020.

ÅF Green Day discussed crisis as a force for change

ÅF Green Day has become an important forum for discussion and networking for anyone interested in sustainable business development. The event was organised for the third year in a row in 2014, on the theme "Crisis as a force for change". The theme for the day was chosen to demonstrate the link between risks and opportunities, and to examine how companies that have experienced major crises or high-risk situations could have acted to produce a positive outcome that would have also helped strengthen their business. The link is particularly relevant as a driving force for the rapid developments happening in the field of sustainability. ÅF Green Day aims to encourage discussion and transparency to improve overall expertise within sustainability.

Several well-known personalities participated in the programme, including Anitra Steen, Chairwoman of Svenska Spel, Johan Kuylenstierna, CEO of the Stockholm Environment Institute, Maria Wetterstrand, debater, Maud Olofsson, ÅF Board member, Nadine Viel Lamare, Senior ESG Analyst First AP Fund, Peter Wågström, President and CEO of NCC, and Sarah McPhee, CEO of SPP.



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Europe's longest foot and cycle bridge, Sölvesborgsbron in Sweden, sweeps across Sölvesborgsviken. A long-distance view of the illuminated arches gives the town a unique silhouette at night. The lighting project was executed by ÅF's prize-winning lighting designers. Photo: Olof Thiel

Administration report

ÅF AB (publ)

Corporate identity number 556120-6474

The Board of Directors and the CEO of ÅF AB (publ) herewith submit their annual report for the year 2014. ÅF AB is the parent of the Group. The registered office is in Stockholm.

Net sales and earnings

Net sales amounted to SEK 8,805 million (8,337). Of the 5.6 percent increase, 2.8 percentage points represented organic growth. Adjusting for the disposal of the Russian company, ZAO Lonas Technologia, during the period, growth was 8.4 percent.

Consolidated net profit rose to SEK 756 million (722) during the year. The operating margin was 8.6 percent (8.7). All shares in the Russian subsidiary, ZAO Lonas Technologia, were divested in the third quarter. The holding amounted to 75 percent. The sale resulted in a capital gain of SEK 18 million. The transaction also resulted in a negative translation difference of SEK -32 million, which was previously recognised in equity, but is now recognised in profit or loss. During the year, an adjustment was made to the estimated size of future contingent considerations. This adjustment resulted in a positive effect on earnings of SEK 23 million. The sum of these items was SEK 9 million. Non-recurring items amounted to SEK -2 million net in 2013. Adjusted for the above items, operating profit totalled SEK 747 million (724) and the operating margin was 8.5 percent (8.7). There was one less working day in the period compared with the previous year. Capacity utilisation was 76.1 percent (75.1). Profit after financial items was SEK 720 million (677). Profit after tax totalled SEK 553 million (526). Earnings per share were SEK 7.16 (6.70).

Divisions

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

Industry Division

	2014	2013*
Net sales, SEK m	2,653.3	2,353.5
Operating profit, SEK m	267.6	241.6
Operating margin, %	10.1	10.3
Average number of FTEs	2,034	1,857

The Industry Division is the Nordic region's leading consultant in process and production systems, and continues to show strong growth and good profitability, even though demand weakened slightly towards the end of the year. Growth during the year amounted to 12.7 percent, of which 6.2 percentage points was organic. More than 300 new consultants were recruited during the full year as a consequence of a strategic focus on organic growth. The division's project portfolio increased overall, which is in line with the strategy of becoming more and more of a partner to our clients. The total value of orders in fixed-price projects for the Industry Division exceeded SEK 1.2 billion at the end of the period. The Industry Division received orders for several major projects covering a wide range of industries. In the automotive industry, for example, the division won an order for a production line for automated vehicle body production.

Infrastructure Division

	2014	2013*
Net sales, SEK m	2,730.0	2,406.4
Operating profit, SEK m	296.6	295.7
Operating margin, %	10.9	12.3
Average number of FTEs	1,930	1,720

The Infrastructure Division enjoys a leading position in the Scandinavian market for technical solutions for infrastructure projects. The division's

strengths include a portfolio of services that offer clients sustainable, hi-tech solutions. Thanks to its ability to develop innovative solutions that boost client profitability and target fulfilment, the division is continuously enhancing its market potential. The division continued to grow in a strong market. Growth was 13.4 percent, of which 7.0 percentage points was organic. Over the entire year, more than 300 new consultants were recruited to Infrastructure. The East Link and West Link railway links are examples of major projects won thanks to ÅF's years of experience in conducting large infrastructure projects. In the Buildings business area, the level of activity remained good, with ÅF's installation experts involved in most major hospital projects in Sweden.

International Division

	2014	2013*
Net sales, SEK m	1,038.1	1,224.9
Operating profit, SEK m	54.2	73.5
Operating margin, %	5.2	6.0
Average number of FTEs	964	1,123

The International Division offers engineering and consulting services in the energy and infrastructure sectors. The division's domestic markets are Switzerland, Finland and the Baltic countries, the Czech Republic and Spain, but it also performs projects in around 80 countries worldwide. The market for energy projects in the International Division's domestic markets in Europe remained relatively weak, even though it is estimated that demand has bottomed out. The situation in Europe was compensated for in part by healthy order levels in South-East Asia, the Middle East and Latin America. For example, demand is increasing, albeit from a low level, in the nuclear power area. Looking at the division's various areas of expertise, demand continued to be strongest within hydropower along with transmission and distribution. Net sales amounted to SEK 1,038 million (1,225). The reduction reflects the divestment of the Russian company, ZAO Lonas Technologia. Adjusted for the divestment, sales grew by 3 percent. The division's operating profit was SEK 54.2 million (73.5). The Spanish operation was restructured during the year, which has led to a charge against the profit for the year of SEK 7 million. A new pension plan was introduced in ÅF in Switzerland last year, which meant the reversal of approximately SEK 10 million from previous years' pension costs.

Technology Division

	2014	2013*
Net sales, SEK m	2,614.1	2,522.6
Operating profit, SEK m	191.3	190.4
Operating margin, %	7.3	7.5
Average number of FTEs	1,858	1,882

The Technology Division is active mainly in Sweden, where it is a leading name in product development and defence technology. The Division's position in IT has been strengthened during the year. Growth was 3.7 percent, and was entirely organic. The strongest demand was from the telecom, automotive and defence industries as well as the public sector. The Technology Division continued to position itself in the automotive industry with additional projects and undertakings.

Acquisitions and divestments

Nine businesses have been acquired since the beginning of the year, and they are expected to contribute sales of SEK 248 million over the full year. These businesses also added 219 employees and an additional 45 sub-consultants to ÅF's roster. The acquisitions have taken place in Sweden, Norway and Switzerland, with the majority relating to businesses in Sweden. The total consideration for these amounted to SEK 154 million including estimated contingent consideration.

All shares in subsidiary ZAO Lonas Technologia in Russia were divested in the third quarter. The holding amounted to 75 percent. The sale resulted

*The amounts for 2013 are adjusted based on changes to segment reporting, see Note 2.

in a capital gain of SEK 18 million. The transaction also means that negative translation differences of SEK 32 million, previously recognised in the translation reserve in equity, are charged to profit or loss. In segment reporting, the total result from the transactions is recognised as a Group-wide expense and is not charged to the International Division's profit or loss.

Cash flow and financial position

Cash flow from operating activities was SEK 601 million (425). The improvement is due primarily to a reduction in working capital. Company acquisitions and contingent considerations paid totalled SEK 158 million (142). Not taking into account acquisitions of business operations, gross investment in property, plant and equipment and intangible assets during the year totalled SEK 102 million (63). The dividend paid to shareholders amounted to SEK 254 million (217), share repurchases and sales to SEK -47 million (-81), and the net of loans raised and loan repayment to SEK -66 million (-231). Total cash flow was SEK -5 million (-303).

During the year, ÅF refinanced its loan portfolio by signing a new revolving credit facility of SEK 1,000 million, for a term of three years with an option for an additional two years and a new bank overdraft facility of SEK 500 million. Consolidated net debt totalled SEK 870 million (853) at the end of the year. The Group had unutilised credit facilities amounting to SEK 742 million (789) at the end of the year, and cash and cash equivalents at the end of the period totalled SEK 178 million (188). The total of unutilised credit facilities and cash and cash equivalents is, therefore, SEK 920 million (977).

Equity at the end of the year was SEK 3,955 million (3,674), equivalent to equity per share of SEK 51.17 (47.33). The equity ratio was 54.1 percent (51.9).

Parent

Parent operating income for the full year totalled SEK 520 million (458) and relates chiefly to internal services within the Group. Profit/loss after financial items was SEK 532 million (-85). Dividends from Group companies totalled SEK 600 million (156). Cash and cash equivalents totalled SEK 27 million (29). Gross investment in non-current assets was SEK 54 million (34).

The environment and sustainability

Together with its stakeholders and society in general, ÅF has an important duty to work towards more sustainable development. In many instances, ÅF is tasked with introducing new and better technology, implementing rationalisation measures and reducing emissions. It also analyses and helps government authorities and other governing bodies to understand the challenges that we are all facing. With over a century of experience, ÅF has its sights firmly set on making a positive contribution to long-term sustainable development. ÅF has no licensable operations. For ÅF's Sustainability Report, please see pages 37-45 of the annual report.

Human resources

The average number of full-time equivalents was 6,887 (6,666). The total number of employees at the end of the period was 7,117 (7,043): 5,680 (5,428) in Sweden and 1,437 (1,615) outside Sweden. ÅF adopts an active, long-term perspective to HR work in order to attract and retain skilled employees. This approach involves marketing ÅF as an employer externally, while also providing clear information about the various career paths and opportunities for development available at ÅF, and offering all employees the kind of work that develops them as individuals. ÅF improved its market standing during 2014, particularly in Infrastructure. ÅF also maintained a strong appeal as a potential employer. In Universum's annual Career Barometer survey of young practising engineers (with 3,694 participating), ÅF came second overall among Swedish companies in the "Ideal Employer" rankings in the engineering category. ÅF devotes considerable effort to Employer Branding activities to market itself as an attractive employer among potential co-workers and to bolster the company's image. During the year a number of outreach activities were conducted at universities and colleges. ÅF also works to achieve a good gender balance within the company. In 2014, ÅF worked closely with a number of student associations and networks to inspire and attract more women to take up engineering.

Whenever a managerial post becomes vacant, at least one woman must be selected for the short list. The proportion of female employees has risen in many parts of ÅF, but the percentage declined in the International Division with the sale of the Russian business. This resulted in a fall in the total percentage of female employees at ÅF in 2014. At the end of the reporting period, women constituted 20 (21) percent of the total number of consultants in the company. In 2014, the Group launched the new ÅF Career Model, which was implemented in all ÅF's operations in Sweden, Norway, Denmark, Finland, the Czech Republic, Switzerland and Spain. The model clarifies the development opportunities for staff and showcases talent within ÅF. The model also aims to attract new members of staff by showing the development opportunities available within the company. ÅF has collective agreements with Sveriges Ingenjörer [the Swedish Association of Graduate Engineers] and Unionen, Sweden's largest private-sector trade union. For further details about ÅF's work with human resources, please see pages 8-11 in the annual report.

The share

ÅF's Class B shares have been quoted on the Nasdaq OMX Exchange in Stockholm since January 1986. Prior to that, ÅF (formerly Ångpanneföreningen) traded as a cooperative association from 1895 until 1980 and as a joint-stock company from 1981. ÅF's B shares are traded in Stockholm on the Nasdaq OMX exchange's Mid Cap list under the 'AF B' symbol. At the end of the year, the combined market capitalisation of the company's outstanding shares, including Class A shares, was SEK 9,734 million (8,703).

ÅF shares traded at SEK 126 at the end of 2014, a rise of 12 percent in value in 2014. During the same period, the OMX SPI index rose by 12 percent. The total number of ÅF shares on 31 December 2014 amounted to 78,204,970, of which 3,217,752 were Class A shares and 74,987,218 were

Class B shares. Of these, 953,094 are held by the company. The ten largest shareholders in ÅF are listed on page 101 of the annual report. The single largest shareholder is the ÅForsk Foundation, which holds 3,205,752 Class A shares and 7,665,152 Class B shares, corresponding to 37.1 percent of the voting rights and 13.9 percent of the equity. There are no limitations, either in law or in the company's articles of association, relating to the transfer of shares.

The 2014 Annual General Meeting voted in favour of the Board's proposal for a 2:1 share split. 430,000 shares have been repurchased in respect of the performance-related share programme under the authority granted by a resolution of the AGM.

Long-term incentive programme

The Annual General Meeting held on 5 May approved a motion on a performance-related share programme for key employees of the ÅF Group. The programmes involve a maximum of 0.5 percent of the number of issued shares and 0.4 percent of the voting rights. The performance-related share programme, specifically directed at 160 key management personnel both inside and outside Sweden, provides the opportunity to reserve an amount equivalent to a maximum of 5 percent of the individual's gross salary for the purchase of ÅF shares on the Nasdaq OMX Exchange in Stockholm over a 12-month period from the date of implementation of the programme. On expiry of the application period, 125 key management personnel had expressed an interest in purchasing approximately 50,000 shares for the entire 2014 programme. In the event that the pre-set performance targets are achieved in full in the period between 2014 and 2017, some 250,000 shares will be transferred to these employees free of consideration through matching. This could lead to dilution of a maximum 0.5 percent of earnings per share. Approximately 2,300,000 shares were covered by all ongoing share and convertible programmes as at 31 December 2014, corresponding to about 2.9 percent of the number of shares issued and 2.1 percent of the voting rights.

Guidelines for the remuneration of Group management

The guidelines adopted for 2014 by the AGM are set out in note 6. The Board of Directors proposes that the 2015 AGM resolves that the policies for the Group management's remuneration and other conditions of employment for the Group management for 2015 shall be in line with the policies that applied in 2014.

Corporate Governance

ÅF prepares its Corporate Governance report as a separate document from the statutory annual report. Please see pages 91–95.

Dividend

The Board of Directors proposes a dividend for 2014 of SEK 3.50 per share (3.25).

Expectations for 2015

The overall outlook for 2015 is cautiously optimistic. The market for Infrastructure is expected to remain strong. The market outlook for energy investments in Sweden has deteriorated, while it remains unchanged in the rest of the world. The outlook for the industrial market remains difficult to assess.

Proposed appropriation

Non-restricted profits of SEK 3,560,320,944 are at the disposal of the Annual General Meeting. The Board of Directors and CEO propose that these profits be appropriated as follows:

A dividend of SEK 3.50 per share paid to the shareholders	270,381,566
To be carried forward	3,289,939,378
Total	3,560,320,944

The Board's explanation of the proposed appropriation of profits will be posted on the company's website, www.afconsult.com. It is also available from the company on request.

Risks and risk management

ÅF's risk management model has been implemented to meet the strategic, operational and financial risks linked to ÅF's operations. During 2014, ÅF continuously assessed and monitored risk trends, which helped ÅF to cope with both changes in the market and the changes resulting from the company's strong growth.

Strategic risks	Description	Risk management
Market	<p>Changes in the economic cycle, structural changes and changes in market trends are events which challenge ÅF at regular intervals, demanding watchfulness and initiative at several levels and throughout the organisation.</p> <p>In addition, ÅF faces challenges from a number of major international players as well as various small and medium-sized local competitors in each market.</p>	<p>ÅF manages the risks linked to the economic cycle, structure and market trends by trading in multiple markets and in areas which have different business cycles and which are affected in individual ways by structural changes and fluctuating market trends. ÅF also aims to be flexible internally and to utilise its resources to best meet the needs of the moment. The company also carries out regular evaluations of the current competitive situation in each local market and at appropriate levels within the operation. ÅF's broad collective expertise, in combination with accurate assessments in each situation, increases competitiveness.</p>
Sustainability	<p>ÅF's presence in a global energy, industry and infrastructure market gives rise to sustainability risks in areas such as human rights, working conditions, the environment and corruption.</p>	<p>ÅF reduces its exposure to risks related to sustainability through its Code of Conduct, a clear and regulating sustainability policy and an obligatory sustainability risk analysis at an early stage of the business process. Responsibility for upholding and developing ÅF's sustainability efforts is clearly allocated within the organisation, and ÅF's Sustainability Manager is a member of Group management. With respect to the environment, ÅF has a follow-up system to ensure that all units within the Group comply with environmental law.</p> <p>The Group's anti-corruption framework clearly sets out the ethical rules governing ÅF's conduct in relation to clients as well as in its operations.</p> <p>A whistleblowing channel enables every member of ÅF's staff to report deviations with complete confidentiality. ÅF's obligatory sustainability training was updated during 2014.</p>
Acquisitions	<p>Consolidation of the technical consultancy sector continues, and ÅF is part of this trend through acquisitions, to prevent any loss of competitiveness.</p>	<p>ÅF minimizes acquisition risks through a systematic approach and a carefully considered acquisition and integration process.</p> <p>To ensure that ÅF adopts a forward-looking and systematic approach to acquisitions and start-ups in new geographical markets, decisions on acquisitions are taken by Group management and the Board of Directors. An annual review of recent acquisitions over a certain limit is carried out by the Board of Directors. Responsibility for the acquisition process itself and for the integration of acquired companies is allocated among the parts of the organisation involved in each acquisition. ÅF's VP Mergers & Acquisitions is a member of Group management.</p>
IT	<p>It is crucial that the IT infrastructure at ÅF is operationally reliable since unplanned outages inevitably mean loss of income.</p>	<p>ÅF ensures that the Group has the appropriate IT resources by utilising both internal expertise and outsourcing to suppliers.</p> <p>Both internal and external resources have signed agreements setting out how rapidly faults are to be rectified. An incentive structure to prevent problems is in place. ÅF checks continuously to ensure that the available resources are adequate and have the necessary expertise.</p> <p>ÅF ensures that sufficient resources are allocated to system ownership and management, and that these are handled in accordance with an adopted management model. Provisions are made for development and training.</p>

Operating risks	Description	Risk management
Quality	<p>The engineering and consulting services that ÅF supplies form the basis for the development of products, systems, buildings, infrastructure and industry. ÅF has a major responsibility to supply services and/or functions which meet clients' requirements and expectations as to quality and performance. It is essential to monitor and manage risks related to this responsibility on a continuous basis.</p>	<p>ÅF has its own business support system for the internal control, management and follow-up of operations and operational projects. This system has been certified under ISO 9001:2008 (quality) and ISO 14001:2004 (environment), and is accessible to all members of staff via the intranet.</p> <p>This system's process descriptions for operations are tailored to suit each technical area, and contain detailed support for the planning, follow-up, control and delivery of the assignments ÅF is tasked with. Experts in the operating organisation have been given responsibility for the respective operating processes to ensure the reliability and performance of the processes, and for their implementation within the organisation.</p> <p>Operational compliance with the business support system is monitored continuously by the internal audit team and by externally conducted annual audits of the quality and environmental management systems.</p> <p>ÅF has comprehensive insurance cover including public liability insurance, product liability insurance and consultant liability insurance.</p>
Capacity utilisation and price per hour	<p>ÅF has a relatively high proportion of consultants working within its clients' organisations, providing expertise and detailed knowledge. A feature of this consulting operation is that the services are provided at the client's premises in the client's system, which reduces ÅF's risk exposure associated with responsibility for the final result. Competition is, however, fierce and it is essential to monitor the operation's financial performance continuously, since every percentage point change in the capacity utilisation rate and the price per hour has an appreciable impact on ÅF's annual earnings. Every percentage point change in the capacity utilisation rate affects ÅF's profit or loss by plus/minus approximately SEK 80 million. An increase in the price per hour of 1 percent, with an unchanged capacity utilisation rate, improves ÅF's annual earnings by around SEK 60 million.</p>	<p>ÅF has effective systems for sales support and managing expertise to ensure sustainable business relationships and successful matching of expertise with the notified needs.</p> <p>ÅF's sensitivity analysis is designed to emphasise the importance of a high capacity utilisation rate and appropriate price per hour.</p> <p>The risk is also reduced through the use of sub-consultants and an increased proportion of variable salary.</p>
Project operations	<p>As a result of a number of substantial assignments carried out successfully in recent years in the infrastructure and industry sectors, ÅF is seen as a confidence-inspiring partner for setting up competent and effective project organisations.</p> <p>Large assignments with great responsibility also increase risk exposure – both financial and in relation to quality and performance in the project result. A fixed-price contract may involve an increased risk if the time required to complete the assignment is not correctly estimated. In ÅF's case this can lead to reduced margins.</p>	<p>The systems for sales support and managing expertise provide a basis for creating competent project organisations and achieving sustainable business relationships also within project operations.</p> <p>A fixed-price arrangement may be advantageous for projects with a clearly defined scope. This allows the consultant to take advantage of previous experience which will benefit the client and enable the consultant to assess time and resource requirements more accurately in his or her project estimates.</p> <p>Once the projects are underway, there is a system for project management directly linked to the process descriptions and tools that ÅF has developed for its project operation.</p> <p>ÅF has training programmes designed to develop the expertise required for project management and project work. Considerable importance is attached to the formulation of appropriate terms and conditions to reduce the risks associated with fixed-price projects.</p> <p>ÅF's methods for continuously monitoring and evaluating the amount of work remaining in projects also reduce this risk.</p>
Partners, subcontractors and sub-consultants	<p>ÅF's continued growth, both in respect of supplying professional consultants and complete project organisations, is leading to an increasing need for subcontractors with specialist expertise as well as subcontractors who can supply specific project planning services.</p> <p>ÅF is exposed to risk both when the company arranges an assignment and where partners are working in ÅF's name as subcontractors in a project assignment.</p>	<p>ÅF needs to ensure that all projects involving sub-consultants match the quality of projects carried out by ÅF itself, and that sub-consultants are given the same opportunities to do an excellent job as the company's own consultants. Tools are available to assess and evaluate sub-consultants project by project, so reducing risk exposure.</p> <p>ÅF's system for managing partners includes separate functions for evaluating and following up to ensure that quality and performance reached the expected levels – also in cases where the service is provided by a partner.</p>

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

Financial risks	Description	Risk management
Financing and liquidity risks	<p>The financing risk faced by the Group is the risk of not being able to raise new loans or refinance existing ones on acceptable terms. The Group is also exposed to liquidity risk, which is defined as the risk that it will not be able to meet its immediate payment obligations.</p>	<p>Responsibility for the Group's financial transactions and risks is handled centrally by the parent's Treasury Department, which implements the policy set by the Board of Directors. There is a routine in place to ensure the availability of appropriate lines of credit at all times. ÅF's policy is that the company shall have a net debt over time, and that net debt shall be between 1.5 and 2.0 times EBITDA over a business cycle.</p> <p>In accordance with the current policy, the company is to have cash and cash equivalents and unutilised credit facilities that together correspond to at least 6 percent of annual sales.</p>
Interest rate risk	<p>Interest rate risk is the risk that changes in interest rates may have a negative impact on the Group's net interest income/expense and cash flow.</p>	<p>ÅF's exposure to interest rate risk relates chiefly to outstanding external loans. Under the current policy, ÅF raises loans both at fixed and variable interest, but the average fixed-interest period must not exceed 12 months.</p> <p>A change of one percentage point in market rates would have an effect of SEK 10 million on the Group's interest expenses.</p>
Exchange rate risk	<p>Exchange rate risk refers to changes in exchange rates which have a negative impact on the consolidated income statement, balance sheet and cash flow.</p> <p>Exchange rate risk can be split into transaction exposure and translation exposure.</p> <p>Transaction exposure is the net of operating and financial inflows and outflows in foreign currencies.</p> <p>Translation exposure consists of the net assets and profit/loss of foreign subsidiaries in foreign currency.</p>	<p>ÅF's transaction exposure is relatively limited, as the majority of sales and expenses are invoiced in local currencies. In accordance with current policy, payment flows in foreign currencies are hedged when it is possible to determine the amount and time of the transaction with a great degree of certainty, and in cases where the future payment flow is anticipated to exceed a value of EUR 100,000.</p> <p>ÅF's largest operational transaction exposures involve the currency pairs USD/EUR, EUR/CHF and NOK/SEK. An unhedged currency fluctuation of 10 percent in these currencies would affect ÅF's operating profit by SEK 7 million, SEK 2 million and SEK 2 million respectively on an annual basis.</p> <p>In line with Group policy, ÅF does not hedge translation exposure.</p>
Credit risk	<p>ÅF's commercial and financial transactions give rise to credit risks in respect of counterparties. Credit risk or counterparty risk is the risk of loss in the event that the counterparty does not fulfil its obligations.</p>	<p>The credit risk consists of outstanding accounts receivable and uninvoiced consulting assignments.</p> <p>This risk is limited through ÅF's highly effective credit policy. All new clients are vetted for creditworthiness and project services are invoiced on a pay-as-you-go basis to minimise the risk of bad debts.</p> <p>ÅF's ten largest clients, who account for a total of 36 percent of consolidated sales, are all large listed companies or publicly owned institutions. The remaining 64 percent of sales are spread over a large number of clients.</p>

Consolidated income statement

1 January - 31 December (SEK million)	Note	2014	2013
Net sales	2	8,805.0	8,337.0
Purchases of services and materials		-2,392.8	-2,327.7
Other external costs	5, 21	-751.3	-795.9
Personnel costs	6	-4,831.4	-4,458.8
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	12, 13	-91.1	-174.1
Other operating income	4	32.3	147.8
Other operating expenses	7	-14.4	-6.7
Profit attributable to participations in associates	14	0.2	0.7
Operating profit	2	756.3	722.5
Profit/loss from financial items			
Financial income	8	23.7	13.3
Financial expenses	8	-59.8	-58.5
Net financial items		-36.1	-45.2
Profit after financial items		720.1	677.3
Tax	19	-166.7	-151.8
Profit for the period		553.5	525.5
Attributable to:			
Shareholders in the parent		553.1	522.8
Non-controlling interest		0.3	2.7
		553.5	525.5
Attributable to the parent's shareholders	10		
Basic earnings per share (SEK)		7.16	6.70
Diluted earnings per share (SEK)		7.03	6.60

Statement of consolidated comprehensive income

1 January - 31 December (SEK million)	2014	2013
Profit for the period	553.5	525.5
Items that will be transferred to profit for the period		
This year's translation differences for foreign operations	58.3	-40.1
Translation differences transferred to profit or loss	32.0	—
Change in value of cash flow hedging	-0.9	-0.4
Tax	0.2	0.3
Items that will not be transferred to profit for the period		
Pensions (actuarial gains and losses)	-68.4	62.7
Tax	13.7	-12.7
Other comprehensive income	34.9	9.7
Comprehensive income for the period	588.4	535.2
Attributable to:		
Shareholders in the parent	588.0	533.3
Non-controlling interest	0.4	1.8
	588.4	535.2

Consolidated balance sheet

As at 31 December (SEK million)	Note	2014	2013
ASSETS			
Non-current assets			
Intangible assets	2, 12	4,276.4	4,144.2
Property, plant and equipment	2, 13	346.4	289.7
Participations in associates	14	1.4	1.1
Plan assets	17	—	47.9
Financial investments	11	0.7	0.7
Non-current receivables	11	2.3	3.6
Deferred tax asset	19	10.3	12.1
Total non-current assets		4,637.5	4,499.3
Current assets			
Accounts receivable	11	1,623.2	1,550.3
Revenue generated but not invoiced		672.5	685.4
Current tax assets	19	15.9	5.2
Other receivables		80.4	58.2
Prepaid expenses and accrued income	15	95.7	87.9
Cash and cash equivalents		178.4	187.7
Total current assets		2,666.0	2,574.6
Total assets		7,303.5	7,073.9

As at 31 December (SEK million)	Note	2014	2013
EQUITY AND LIABILITIES			
Equity	16		
Share capital		195.5	197.4
Other contributed capital		1,139.9	1,176.6
Reserves		105.4	15.8
Profits brought forward including profit for the period		2,512.0	2,271.7
Equity attributable to shareholders in the parent		3,952.7	3,661.5
Non-controlling interest		1.8	12.7
Total equity		3,954.5	3,674.2
Liabilities			
Loans and credit facilities	11	611.3	607.8
Provisions for pensions	17	83.2	64.8
Other provisions	18	12.6	17.1
Deferred tax liabilities	19	133.1	148.4
Other liabilities	11	180.8	332.0
Total non-current liabilities		1,020.9	1,170.2
Loans and credit facilities	11	353.8	416.4
Other provisions	18	11.8	21.9
Work invoiced but not yet carried out		176.6	193.5
Accounts payable		535.2	482.8
Current tax liability	19	92.1	95.4
Accrued expenses and prepaid income	20	695.3	688.3
Other liabilities	11	463.2	331.2
Total current liabilities		2,328.1	2,229.5
Total liabilities		3,349.0	3,399.7
Total equity and liabilities		7,303.5	7,073.9

For information about the Group's pledged assets and contingent liabilities, please refer to Note 22.

Net debt	2014	2013
Loans and credit facilities	965.1	1,024.2
Net pension liability	83.2	16.9
Cash and cash equivalents	-178.4	-187.7
	869.8	853.3

Statement of change in consolidated equity

SEK million	Equity attributable to shareholders in the parent						Non-controlling interest	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit for the period	Total			
Equity brought forward 1 Jan 2013	200.2	1,238.3	55.3	1,913.5	3,407.3	14.2	3,421.5	
Profit for the period				522.8	522.8	2.7	525.5	
Other comprehensive income			-39.5	50.0	10.5	-0.8	9.7	
Comprehensive income for the period	—	—	-39.5	572.8	533.3	1.8	535.2	
Dividends				-214.6	-214.6	-2.6	-217.2	
Value of conversion option		9.6			9.6		9.6	
Tax on value of conversion option		-2.1			-2.1		-2.1	
Share programmes		8.7			8.7		8.7	
Share buy-backs/sales		-80.6			-80.6		-80.6	
Cancellation of shares	-2.8	2.8			—		—	
Gradual acquisition of non-controlling interest					—	-0.8	-0.8	
Equity carried forward 31 Dec 2013	197.4	1,176.6	15.8	2,271.7	3,661.5	12.7	3,674.2	
Equity brought forward 1 Jan 2014	197.4	1,176.6	15.8	2,271.7	3,661.5	12.7	3,674.2	
Profit for the period				553.1	553.1	0.3	553.5	
Other comprehensive income			89.6	-54.7	34.9	0.0	34.9	
Comprehensive income for the period	—	—	89.6	498.4	588.0	0.4	588.4	
Dividends				-251.9	-251.9	-2.2	-254.0	
Share programmes		8.9			8.9		8.9	
Share buy-backs/sales		-47.5			-47.5		-47.5	
Cancellation of shares	-1.9	1.9			—		—	
Gradual acquisition of non-controlling interest				-6.3	-6.3	-1.2	-7.5	
Divestment of non-controlling interest					—	-8.0	-8.0	
Equity carried forward 31 Dec 2014	195.5	1,139.9	105.4	2,512.0	3,952.7	1.8	3,954.5	

For supplementary information, please see Note 16.

Statement of consolidated cash flows

1 January - 31 December (SEK million)	Note	2014	2013
Operating activities	26		
Profit after financial items		720.1	677.3
Adjustment for items not included in cash flow		82.2	48.6
Income tax paid		-190.2	-117.3
Cash flow from operating activities before changes in working capital		612.2	608.6
Cash flow from changes in working capital			
Change in operating receivables		-53.1	43.2
Change in operating liabilities		41.7	-226.7
Cash flow from operating activities		600.7	425.1
Investment activities			
Acquisition of property, plant and equipment		-86.8	-46.9
Disposal of property, plant and equipment		2.3	5.6
Acquisition of intangible assets		-14.9	-16.5
Acquisition of businesses	3	-83.3	-107.0
Disposal of businesses		18.1	—
Contingent considerations paid and gradual acquisitions		-74.6	-34.7
Disposal of financial assets		1.2	1.0
Cash flow from investment activities		-238.0	-198.5
Financing activities			
Borrowings		46.7	69.5
Amortisation of loans		-112.5	-300.8
Dividend paid (including non-controlling interest)		-254.0	-217.2
Share buy-backs/sales		-47.5	-80.6
Cash flow from financing activities		-367.3	-529.1
Cash flow for the period		-4.6	-302.6
Opening cash and cash equivalents		187.7	497.7
Exchange difference in cash and cash equivalents		-4.8	-7.5
Closing cash and cash equivalents		178.4	187.7

Parent income statement

1 January - 31 December (SEK million)	Note	2014	2013
Operating income			
Net sales		352.1	301.5
Other operating income	4	168.0	156.3
		520.1	457.7
Operating expenses			
Other external costs	5, 21	-253.1	-266.9
Personnel costs	6	-114.5	-97.2
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	12, 13	-22.0	-16.4
Other operating expenses	7	-167.8	-148.0
		-37.3	-70.7
Profit/loss from financial items			
Result from participations in Group companies and associates	8	600.7	27.6
Interest income and similar profit/loss items	8	20.8	7.5
Interest expense and similar profit/loss items	8	-52.6	-49.6
		568.9	-14.5
Profit/loss after financial items			
		531.6	-85.2
Appropriations	9	63.2	609.4
Pre-tax profit			
		594.8	524.1
Tax	19	-0.3	-109.0
Profit for the period			
		594.6	415.1
Other comprehensive income		0.3	0.6
Comprehensive income for the period			
		594.9	415.7

Parent balance sheet

As at 31 December (SEK million)	Note	2014	2013
TOTAL ASSETS			
Non-current assets			
Intangible assets	12	15.8	15.4
Property, plant and equipment	13	86.9	59.7
Financial assets			
Participations in Group companies	24	4,945.0	4,876.1
Receivables from Group companies	23	24.5	20.4
Non-current receivables		8.7	7.7
Total non-current assets		5,080.9	4,979.3
Current assets			
Current receivables			
Accounts receivable		3.3	0.4
Receivables from Group companies and associates	23	356.8	730.8
Current tax assets	19	70.5	—
Other receivables		459.3	14.4
Prepaid expenses and accrued income	15	64.9	56.9
Total current receivables		954.8	802.5
Cash and bank balances		26.9	29.1
Total current assets		981.7	831.6
Total assets		6,062.5	5,810.9

As at 31 December (SEK million)	Note	2014	2013
EQUITY AND LIABILITIES			
Equity	16		
Restricted equity			
Share capital (3,217,752 A shares, 74,987,218 B shares, Total 78,204,970 shares with a quota value of SEK 2.50)		195.5	197.4
Statutory reserve		46.9	46.9
Non-restricted equity			
Share premium reserve		1,072.5	1,118.1
Fair value reserve		0.9	0.6
Profit brought forward		1,892.4	1,720.2
Profit for the period		594.6	415.1
Total equity		3,802.8	3,498.3
Untaxed reserves	25	126.4	122.5
Provisions			
Provisions for pensions and similar obligations	17	22.4	24.5
Deferred tax liability	19	2.3	3.3
Other provisions	18	254.4	274.8
Total provisions		279.1	302.6
Non-current liabilities			
Staff convertible	11	70.6	150.2
Liabilities to credit institutions	11	500.0	450.0
Liabilities to Group companies	23	0.2	0.2
Other liabilities	11	3.3	2.9
Total non-current liabilities		574.1	603.3
Current liabilities			
Staff convertible	11	84.7	—
Liabilities to credit institutions	11	257.5	376.3
Accounts payable		91.8	83.2
Liabilities to Group companies	23	792.3	755.6
Current tax liability	19	—	22.5
Other liabilities	11	11.8	2.4
Accrued expenses and prepaid income	20	42.1	44.2
Total current liabilities		1,280.2	1,284.1
Total equity and liabilities		6,062.5	5,810.9
Pledged assets and contingent liabilities			
Pledged assets	22	None	None
Contingent liabilities	22	82.4	95.7

Statement of change in parent equity

SEK million	Restricted equity		Non-restricted equity				Total equity
	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Profit brought forward	Profit for the period	
Equity brought forward 1 Jan 2013	200.2	46.9	1,188.5	—	1,926.1	—	3,361.7
Profit for the period						415.1	415.1
Other comprehensive income				0.6			0.6
Comprehensive income for the period	—	—	—	0.6	—	415.1	415.7
Dividends					-214.6		-214.6
Value of conversion option			9.6				9.6
Tax on value of conversion option			-2.1				-2.1
Share buy-backs/sales			-80.6				-80.6
Cancellation of shares	-2.8		2.8				—
Share programmes					8.7		8.7
Equity carried forward 31 Dec 2013	197.4	46.9	1,118.1	0.6	1,720.2	415.1	3,498.3
Equity brought forward 1 Jan 2014	197.4	46.9	1,118.1	0.6	1,720.2	415.1	3,498.3
Profit for the period						594.6	594.6
Other comprehensive income				0.3			0.3
Comprehensive income for the period	—	—	—	0.3	—	594.6	594.9
Appropriations					415.1	-415.1	0.0
Dividends					-251.9		-251.9
Share buy-backs/sales			-47.4				-47.4
Cancellation of shares	-1.9		1.9				—
Share programmes					8.9		8.9
Equity carried forward 31 Dec 2014	195.5	46.9	1,072.6	0.9	1,892.3	594.6	3,802.8

For supplementary information, please see Note 16.

Statement of cash flows for parent

1 January - 31 December (SEK million)	Note	2014	2013
Operating activities	26		
Profit/loss after financial items		531.6	-85.2
Adjustment for items not included in cash flow		-400.4	143.8
Income tax paid		-93.9	-76.3
Cash flow from operating activities before changes in working capital		37.3	-17.7
Cash flow from changes in working capital			
Change in operating receivables		-42.0	132.8
Change in operating liabilities		506.6	597.6
Cash flow from operating activities		501.9	712.7
Investment activities			
Acquisition of property, plant and equipment		-42.8	-21.4
Disposal of property, plant and equipment		3.8	5.9
Acquisition of intangible assets		-10.6	-12.7
Acquisition of subsidiaries		-11.4	—
Shareholders' contribution made		-75.0	-144.5
Contingent considerations paid		—	-30.7
Cash flow from investment activities		-136.0	-203.4
Financing activities			
Borrowings		43.7	76.6
Amortisation of loans		-112.5	-300.8
Dividend paid		-251.9	-214.6
Share buy-backs		-47.5	-80.6
Cash flow from financing activities		-368.1	-519.4
Cash flow for the period		-2.2	-10.2
Opening cash and cash equivalents		29.1	39.3
Closing cash and cash equivalents		26.9	29.1

1 Accounting policies

1.1 Compliance with standards and legal requirements

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

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

1.2 Basis of preparation of the parent and consolidated financial statements

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

Assets and liabilities are recognised at cost, with the exception of various investments and liabilities which are carried at fair value. The financial assets and liabilities which are carried at fair value are derivative instruments, contingent consideration and financial assets.

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

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

Judgements made by management in applying IFRS which have a significant effect on the financial years' financial statements, and estimates made which could result in material adjustments in subsequent year's financial statements, are described in more detail in Note 28.

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

The annual report and consolidated financial statements were approved for release by the Board of Directors on 6 March 2015. The consolidated income statement and balance sheet and the parent income statement and balance sheet will be put forward for adoption at the Annual General Meeting on 29 April 2015.

1.3 Amendments to accounting policies and disclosure requirements

1.3.1 Amended and new accounting policies for the period

IAS 36 – Impairment of Assets

An amendment has been made in respect of recoverable amount disclosures for non-financial assets. The amendment removes the requirement for recoverable amount disclosures for cash-generating units that came into force with IFRS 13 as of 1 January 2013. The amendment is not obligatory before 1 January 2014, but the Group elected to apply it with effect from 1 January 2013. The amendment has therefore no effect on the Group.

Other

Other amended and new accounting policies have had no significant effect on the Group.

1.3.2 Future changes in accounting policies

IFRS 9 – Financial Instruments

IFRS 9 will supersede the current IAS 39 - Financial Instruments: Recognition and Measurement. The standard comes into force on 1 January 2018 and will be applied retroactively. The standard will not be applied in advance. The Group is currently estimating the effect of the new standard.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 will supersede the current IAS 11 – Construction Contracts and IAS 18 – Revenue. The standard comes into force on 1 January 2017 and will be applied retroactively. The standard will not be applied in advance. The Group is currently estimating the effect of the new standard.

In general, it is considered that none of the IFRS or IFRIC interpretations which have not yet become effective will have any significant impact on the Group.

1.4 Segment reporting

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

1.5 Classification etc.

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

1.6 Basis of consolidation

1.6.1 Subsidiaries

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

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

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

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

1.6.2 Associates and joint arrangements

Associates

Associates are companies over whose operational and financial management the Group exercises a significant but not controlling influence, generally through a holding of 20–50 percent of the votes. As from and including the date on which the controlling influence is obtained, participations in associates are recognised in accordance with the equity method in the consolidated financial statements.

Joint arrangements

There are two types of joint arrangement: joint operation and joint ventures. A joint operation arises when one party in a joint arrangement has direct rights to the assets and obligations for the liabilities in that joint arrangement. In such an arrangement, the assets, liabilities, revenues and expenses are recognised in proportion to the operator's interest in these. A joint venture is a joint arrangement whereby the parties that have joint controlling influence over the arrangement have rights to the net assets of the arrangement. Holdings in such an arrangement are recognised using the equity method.

The equity method

The equity method means that the carrying amount of the shares in the associate/joint venture recognised in the consolidated financial statements consists of the Group's share of the associate's/joint venture's equity plus goodwill and any other remaining fair value adjustments. The Group's share of the associate's/joint venture's profit/loss after tax and non-controlling interests, adjusted for any depreciation/amortisation, impairment or reversal of fair value adjustments, is recognised in the consolidated income statement under "Profit attributable to participation in associates". Any dividends received reduce the carrying amount of the investment.

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

If the Group's interest in recognised losses exceeds the carrying amount of the shares in the consolidated balance sheet, the carrying amount of the shares is reduced to zero. Further losses are not recognised unless the Group has issued guarantees to cover losses arising. The equity method is applied until such time as significant influence is relinquished.

1.6.3 Transactions eliminated on consolidation

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

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

1.7 Foreign currencies

1.7.1 Transactions in foreign currency

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

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

1.7.2 Financial statements of foreign operations

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

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

1.8 Revenue

Revenue from services rendered is recognised in accordance with IAS 18. The percentage of completion method is applied to all assignments whose outcome can be measured reliably. The majority of assignments are performed on a current account basis, according to which income is entered into the accounts when the work is performed, and clients are normally invoiced one month after the work is carried out. Where assignments are carried out on a fixed-price basis, revenue is recognised in profit or loss on the basis of the stage of completion at the balance sheet date. The stage of completion of an assignment is determined by comparing the expenditure at the balance sheet date with estimated total expenditure. If it is probable that the total assignment expenditure will exceed the total assignment revenue, the anticipated loss is immediately recognised as an expense in its

entirety. Revenue is not recognised if it is probable that the economic benefits will not flow to the Group. In the event of significant uncertainty about payment or associated expenses, no revenue is recognised.

1.9 Operating expense and financial income and expense

1.9.1 Operating leases

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

1.9.2 Finance leases

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

1.9.3 Financial income and expense

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

Interest income on receivables and interest payable on liabilities are calculated using the effective interest rate method. The effective interest rate is the rate of interest that makes the present value of all future inflows and outflows over the life of the receivable or liability equal to its carrying amount.

The interest component of finance lease payments is recognised in profit or loss by applying the effective interest rate method. Interest receivable includes accrued transaction costs and any discounts, premiums or other differences between the original value of the receivable and the amount received at maturity.

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

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

1.10 Financial instruments

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

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

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

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

The fair value of quoted financial assets is the asset's quoted bid price at the balance sheet date. For further information, please see Note 11.

1.10.1 Classification and valuation

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

Derivative instruments are recognised initially at fair value, indicating that transaction costs are charged to profit or loss for the period. Subse-

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

1.10.2 Loans and receivables

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

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

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

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

1.10.3 Financial assets and liabilities valued at fair value in profit or loss.

This category consists of two sub-groups: financial assets and liabilities held for sale and other financial assets and liabilities which the company has decided to place in this category. The second sub-category includes contingent consideration. Assets and liabilities in this category are valued continuously at fair value with changes for the period recognised in profit or loss for the period.

1.10.4 Other financial liabilities

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

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

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

1.11 Derivatives and hedging

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

To meet the requirements for hedge accounting under IAS 39, there must be an unequivocal link to the hedged item. In addition, the hedging of the item must be effective, hedging documentation must have been prepared and it must be possible for effectiveness to be measured. Gains and losses

on hedging are recognised in profit or loss on the same date as gains and losses on the hedged items are recognised.

1.12 Property, plant and equipment

1.12.1 Owned assets

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

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

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

Subsequent expenditure

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

Depreciation

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

1.12.2 Leased assets

Leased assets are accounted for in accordance with IAS 17. Leases are classified as either finance leases or operating leases in the consolidated financial statements. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Otherwise it is classified as an operating lease. Assets held under finance leases are recognised as assets in the consolidated balance sheet. The liability to make future lease payments is recognised under non-current and current liabilities. The leased assets are depreciated according to plan.

1.12.3 Depreciation

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

Estimated useful lives are:

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

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

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

1.13 Intangible assets

1.13.1 Goodwill

Goodwill is the difference between the cost of a business combination and the fair value of the assets acquired and liabilities and contingent liabilities assumed.

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

Goodwill is apportioned between cash-generating units and groups of cash-generating units, and is tested annually for impairment (see Account-

ing policies 1.14 below). Thus goodwill is carried at cost less accumulated impairment losses. Goodwill arising on the acquisition of associates is included in the carrying amount of the investment in the associate.

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

1.13.2 Research and development

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

1.13.3 Other intangible assets

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

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

1.13.4 Subsequent expenditure

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

1.13.5 Amortisation

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

Estimated useful lives are:

Capitalised development expenditure	1–3 years
Outstanding orders	2–5 years
Client relationships	10–20 years
Trademarks	2–5 years

1.14 Impairment

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

1.14.1 Impairment tests for property, plant and equipment and intangible assets, as well as shares in subsidiaries and associates

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

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

1.14.2 Impairment test for financial assets

At the end of each reporting period, the company assesses whether there is

objective evidence that a financial asset or group of assets requires impairment. Objective evidence consists both of observable circumstances that have arisen and which have a negative effect on the ability to recover the acquisition cost, and of significant and long-lasting reductions in the fair value of an investment designated as an available-for-sale financial asset.

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

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

1.14.3 Reversal of an impairment loss

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

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

1.15 Dividend

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

1.16 Employee benefits

1.16.1 Defined-contribution pension plans

Obligations in respect of contributions to defined contribution pension plans are recognised as an expense in profit or loss when they arise.

1.16.2 Defined-benefit pension plans

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

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

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

1.16.3 Share-based payment

Under the share programme adopted by the AGM, employees are eligible to receive performance-related matching shares for shares which they have themselves purchased under the programme. For these share programmes, payroll expenses for matching shares are recognised during the vesting

period (three years) based on the fair value of the shares on the date on which the employee purchased shares under the programme. Provisions for estimated social security contributions are made during the vesting period. The buy-back of shares to meet obligations under outstanding share programmes is recognised in equity.

1.16.4 Termination benefits

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

1.17 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and when it is probable that an outflow of economic resources will be required to meet this obligation, and a reliable estimate of the amount of the obligation can be made. Where the effect of the point in time when payment takes place is significant, provisions are calculated by discounting expected future cash flows at a rate of interest before tax that reflects current market assessments of the time value of money and, where appropriate, the risks associated with the liability. Provisions for restructuring are recognised once the Group has adopted a detailed and formal restructuring plan, and the work of restructuring has either begun or been publicly announced. No provisions are made for future operating expenses.

1.18 Taxes

Income tax consists of current tax and deferred tax. Income tax is recognised in profit or loss unless the underlying transaction is recognised in other comprehensive income, in which case the tax effect is recognised in other comprehensive income.

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

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

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

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

1.19 Contingent liabilities

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

1.20 Earnings per share

The calculation of earnings per share is based on the consolidated profit or loss attributable to the parent's shareholders and on the weighted average

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

1.21 Parent accounting policies

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

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

Differences between the accounting policies of the Group and parent

1.21.1 Subsidiaries and associates

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

1.21.2 Property, plant and equipment

Leased assets

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

1.21.3 Financial guarantees

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

1.21.4 Employee benefits

Defined-benefit pension plans

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

1.21.5 Taxes

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

1.21.6 Group contributions and shareholders' contributions for legal entities

Group contributions both made and received are recognised as appropriations. Shareholders' contributions are recognised directly in equity by the recipient and are capitalised as participations by the contributor, insofar as impairment is not required.

2 Segment reporting

	Industry		Infrastructure		International		Technology		Group-wide and eliminations		The Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Income and expense												
Sales to external clients	2,559	2,296	2,665	2,356	1,027	1,216	2,561	2,465	-8	5	8,805	8,337
Sales between segments	94	58	65	50	11	9	53	58	-223	-175	-	-
Net sales	2,653	2,354	2,730	2,406	1,038	1,225	2,614	2,523	-231	-170	8,805	8,337
Operating expense	-2,381	-2,108	-2,420	-2,099	-969	-1,136	-2,421	-2,329	234	233	-7,957	-7,441
Amortisation and impairment of intangible assets	0	0	-1	-2	-3	-2	0	-2	-37	-128	-42	-133
Depreciation and impairment of property, plant and equipment	-4	-4	-12	-9	-12	-12	-2	-2	-19	-14	-49	-41
Operating profit/loss	268	242	297	296	54	74	191	191	-53	-79	756	722
Operating margin, %	10.1	10.3	10.9	12.3	5.2	6.0	7.3	7.5			8.6	8.7
Assets and liabilities												
Operating assets	1,312	1,633	2,013	1,946	1,400	1,398	2,494	2,552	84	-455	7,303	7,074
Operating liabilities	1,526	1,357	2,091	2,059	1,397	1,336	784	806	-2,449	-2,157	3,349	3,400

Operating segments

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

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

With effect from 1 January 2014, the Group has changed the principle for segment reporting. From 1 January 2014, amortisation and any impairment of intangible assets which arise in relation to acquisitions are always recognised within "Group-wide and eliminations" and not in the operational divisions. The same applies to changes in contingent considerations which are recognised in profit or loss and to the currency effects of these. The comparative figures have been changed on the basis of the above, which means that the full-year result in "Group-wide and eliminations" in respect of 2013 has been impaired by SEK 19.7 million. The corresponding amount affected the full-year result for 2013 for the operational divisions Industry (SEK 3.6 million), Infrastructure (SEK 6.0 million), International (SEK -1.1 million) and Technology (SEK 11.2 million).

By geographical area	Net sales		Non-current assets	
	2014	2013	2014	2013
Sweden	6,739	6,239	3,087	3,006
Norway	850	691	684	634
Switzerland	437	390	483	445
Other countries	779	1,017	369	349
Total	8,805	8,337	4,623	4,434

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

3 Acquisition of business operations

Acquisitions 2014

In 2014, ÅF acquired all the shares of ES-KONSULT Energi and Säkerhet AB in Sweden and Xact Consultance AS in Norway. A number of other small businesses have also been taken over in Sweden, Norway and Switzerland. In total, ÅF acquired nine operations with 219 employees. The total consideration for these amounted to SEK 154 million (231) including estimated contingent consideration. None of the acquisitions is substantial, and for that reason they are all recognised together in the table below.

Two major acquisitions have been completed to date in 2015. More information on these is provided in Note 27.

Effects of acquisitions

The table below shows the effect of the acquisitions on the consolidated assets and liabilities. Acquisition analyses are preliminary as the assets in the companies acquired have not been finally analysed.

Total of acquired companies' net assets at time of acquisition, 2014

2014	Identifiable assets and liabilities	Fair value adjustment	Fair value recognised in the Group
Intangible assets	0.1	6.8	6.9
Property, plant and equipment	1.2		1.2
Accounts receivable and other receivables	56.5		56.5
Cash and cash equivalents	36.1		36.1
Non-current provisions	—	-1.7	-1.7
Accounts payable and other liabilities	-53.4		-53.4
Net identifiable assets and liabilities	40.4	5.2	45.6
Consolidated goodwill			108.0
Consideration including estimated contingent consideration			153.6
Transaction costs			2.6
Other			3.9
Deduct:			
Cash (acquired)			-36.1
Estimated contingent consideration			-40.7
Net cash outflow			83.3

Goodwill

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

Contingent consideration

Agreed contingent consideration in the acquired companies relates to the performance of each company over the next two to three years. Total contingent consideration for the acquired companies is a maximum of SEK 51 million. For further information on contingent consideration, please see Note 11.

Acquisition-related expenditure

Transaction costs are recognised in "Other external costs" in profit or loss.

Acquired receivables

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

Income and profit from acquired companies

During the year, acquired companies/businesses contributed SEK 198 million (104) to consolidated income and SEK 18 million (14) to operating profit.

If the above-mentioned acquisitions had been executed on 1 January 2014, they would have contributed sales of SEK 239 million (228) and operating profits of SEK 23 million (27).

Acquisitions 2013

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

Total of acquired companies' net assets at time of acquisition, 2013

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

4 Other operating income

The Group	2014	2013
Exchange gains	2.0	3.3
Adjustment of contingent consideration	27.2	144.5
Government assistance	3.1	—
	32.3	147.8

Other operating income of SEK 168.0 million (156.3) in the parent relates to the invoicing of rental charges, chiefly to subsidiaries.

5 Fees and reimbursement of auditors' expenses

	The Group		Parent	
	2014	2013	2014	2013
Auditing firm EY				
Audit assignments	5.1	5.1	0.9	0.8
Tax advice	—	0.3	—	0.3
Other assignments:	1.8	1.4	0.4	0.8
	6.9	6.8	1.3	1.9
Other auditors				
Audit assignments	0.3	0.3	—	0.1
Tax advice	0.1	0.3	—	—
Other assignments:	0.5	1.4	—	0.3
	0.9	2.0	—	0.4

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

6 Employees and personnel costs

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

Parent	2014			2013		
	Women	Men	Total	Women	Men	Total
Sweden	60	40	100	55	29	84
Subsidiaries						
Sweden	1,044	4,246	5,290	927	4,115	5,042
Norway	94	314	409	67	217	285
Czech Republic	41	167	208	30	146	176
Switzerland	45	147	191	46	142	188
Finland	36	144	180	38	156	195
Russia	88	75	163	193	138	331
Denmark	21	123	143	22	127	149
India	6	36	42	8	43	51
Spain	12	28	40	12	25	37
Estonia	7	29	36	6	29	35
Turkey	6	18	24	4	17	20
Lithuania	6	8	15	7	15	22
Other	12	35	47	15	36	51
Group total	1,477	5,410	6,887	1,431	5,235	6,666
Associates, total			—			16
Total average number of FTEs including associates			6,887			6,682

Gender distribution on the Board of Directors and Group management

The Group	Women, %	
	2014	2013
The Board of Directors	38	44
Group management	31	25

Salaries, other remuneration and social security contributions

The Group	2014		2013	
	Salaries and remuneration	Social security contributions	Salaries and remuneration	Social security contributions
The Board of Directors and Group management	36.7	19.9	37.0	21.1
of which annual variable remuneration	5.6	1.8	6.3	2.0
of which pension costs ¹⁾	—	9.1	—	9.4
Other employees	3,384.2	1,294.5	3,150.1	1,184.9
of which annual variable remuneration	107.9	33.9	96.8	30.4
of which pension costs ^{1) 2)}	—	406.1	—	369.5
	3,420.9	1,314.4	3,187.1	1,206.0

¹⁾ Including statutory charges.

²⁾ The information excludes non-recurring effects of pensions in Switzerland.

Parent	2014		2013	
	Salaries and remuneration	Social security contributions	Salaries and remuneration	Social security contributions
The Board of Directors and CEO	9.2	5.0	9.6	5.3
of which annual variable remuneration	0.5	0.2	1.4	0.4
of which pension costs ¹⁾	—	2.3	—	2.1
Other employees	64.4	31.6	52.2	25.2
of which annual variable remuneration	6.0	1.9	6.1	1.9
of which pension costs ¹⁾	—	11.9	—	9.7
	73.6	36.6	61.8	30.6

¹⁾ Including statutory charges.

Annual variable remuneration

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

Remuneration to the Board of Directors

The AGM held on 5 May 2014 approved remuneration, including remuneration for committee work, totalling SEK 2,765,000 for the work of the Board in 2014. The Chair received SEK 600,000 and members of the Board not employed in the Group received SEK 260,000 each.

Fees for committee work of SEK 45,000 are to be paid to each member of the Audit Committee not employed in the Group, of SEK 45,000 to each member of the Remuneration Committee not employed in the Group, of SEK 90,000 to the Chair of the Audit Committee, and of SEK 75,000 to the Chair of the Remuneration Committee.

The remuneration of the Board of Directors is determined annually at the AGM, and relates to the period until the next AGM. This means that the remuneration to the Board was at the rate determined by the AGM in 2013 for the first two quarters and at the rate determined by the AGM in 2014 for the remaining two quarters of the year.

In addition, the employee representatives on the Board received a total of SEK 48,000 (40,000).

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

Director	Fees in SEK 2014		
	Board of Directors	Committee	Total
Ulf Dinkelspiel	275,000	48,000	323,000
Marika Fredriksson	255,000	22,500	277,500
Staffan Jufors	130,000	—	130,000
Anders Narvinger	425,000	76,500	501,500
Björn O. Nilsson	255,000	—	255,000
Maud Olofsson	255,000	—	255,000
Joakim Rubin	255,000	45,000	300,000
Kristina Schauman	255,000	90,000	345,000
Anders Snell	255,000	39,000	294,000
Lena Treschow Torell	125,000	16,500	141,500
Total	2,485,000	337,500	2,822,500

Director	Fees in SEK 2013		
	Board of Directors	Committee	Total
Ulf Dinkelspiel	500,000	114,000	614,000
Marika Fredriksson	125,000	—	125,000
Eva-Lotta Kraft	100,000	22,500	122,500
Anders Narvinger	225,000	42,000	267,000
Björn O. Nilsson	225,000	—	225,000
Maud Olofsson	125,000	—	125,000
Joakim Rubin	225,000	22,500	247,500
Kristina Schauman	225,000	90,000	315,000
Anders Snell	225,000	19,500	244,500
Lena Treschow Torell	225,000	42,000	267,000
Total	2,200,000	352,500	2,552,500

Guidelines for remuneration of senior executives in accordance with the resolution of the AGM 2014

ÅF Group policy is that remuneration should be on competitive market terms, as this will facilitate recruitment and enable the Group to retain senior executives. ÅF applies the grandfather principle, which means that terms and conditions of employment must always be approved by the immediate superior of the manager who negotiated the terms and conditions.

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

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

Basic salary and variable remuneration

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

Long-term incentive programme

Key personnel within the ÅF Group may be offered a range of long-term incentive programmes. The emphasis is on share-based incentive programmes, with the object of rewarding performance, increasing and spreading ownership among senior executives and providing an inducement for them to remain with the company. A personal, long-term ownership commitment among key personnel can be expected to stimulate interest in the business and its future performance and to increase motivation and a sense of affinity with the company, resulting in the retention of valuable expertise.

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

Decisions on the details of long-term incentive programmes have been delegated to the Board of Directors, with the proviso that share-based and share price-based programmes are to be submitted to the Annual General Meeting for approval.

Pension

Senior executives have defined-contribution pension plans with market contributions. All pension benefits are vested, and are not, therefore, dependent on future employment. The retirement age for the CEO is 60, and for other senior executives, 65. Remuneration in accordance with the long-term incentive programme does not qualify for pension entitlement.

Employees' notice of termination and severance pay

The period of notice for the CEO is 12 months from the company's side, and the CEO is entitled to 12 months' severance pay. The period of notice from the CEO's side is 6 months.

The period of notice for other senior executives is normally 12 months from the company's side and 6 months from the senior executive's side.

Proposal and decision process

The level of remuneration paid to the CEO was set by the Board of Directors following a proposal drafted by the Board's Remuneration Committee. Remuneration paid to other senior executives was set by the Remuneration Committee.

Cost of remuneration of the CEO and other members of Group management

	2014		
	CEO	Other members of Group management	Total
Salary including daily allowance	5.4	20.6	26.0
Provisions for annual variable remuneration earned during the current year	0.5	5.1	5.6
Provisions for long-term variable remuneration	0.5	1.9	2.3
Pension costs ¹⁾	2.3	6.9	9.1
Other social security contributions	2.1	8.1	10.2
Total	10.7	42.5	53.2

	2013		
	CEO	Other members of Group management	Total
Salary including daily allowance	4.9	21.0	25.9
Provisions for annual variable remuneration earned during the current year	1.4	4.9	6.3
Provisions for long-term variable remuneration	0.5	1.5	2.0
Pension costs ¹⁾	2.1	7.3	9.4
Other social security contributions	2.6	8.5	11.1
Total	11.5	43.2	54.7

¹⁾Including statutory charges.

²⁾Including severance pay totalling SEK 5.9 million.

President/CEO

The remuneration of the CEO has been based on the "Guidelines for the remuneration of senior executives" as set out above.

The fixed basic salary of the CEO was SEK 5.4 million (4.8). The CEO also has the use of a company car. Annual variable remuneration is based on the Group's results, as well as a number of pre-set targets, and may amount to a maximum of 60 percent of fixed basic salary.

The CEO also participates in ÅF's long-term incentive programmes.

The CEO's retirement benefit plan is defined-contribution, and an annual provision equivalent to 40 percent of the year's basic salary is made for this.

Full salary continues to be payable during the period of notice. An obligation to work during the period of notice may apply for a maximum of one year.

Group management, excluding the President/CEO

In 2014, ÅF Group management consisted of twelve (eleven) individuals excluding the CEO. In the fourth quarter, Group management was expanded by one person.

The remuneration of Group management has been based on the "Guidelines for the remuneration of senior executives" as set out above.

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

ÅF has no outstanding retirement benefit obligations to current or former members of the Board and/or Presidents. Full salary continues to be payable during the period of notice.

Long-term variable remuneration

One-off incentive programme

This programme was introduced in 2013, and is described in "Guidelines for the remuneration of senior executives" in this note.

Staff convertible

During 2012, ÅF AB issued target convertibles to staff totalling SEK 87.8 million. The loan runs with an annual interest of Stibor 360 and a margin of 1.41 with effect from 26 July 2012. Conversion may be called during the period from 15 June 2015 to 15 March 2016. The conversion price is SEK 78.55. Under IFRS, the convertible is divided into a financial liability and a

conversion option, which is recognised as equity. A commercial interest rate for the corresponding liability without conversion right has been estimated at Stibor 180 and a margin of 4.50.

During 2013, ÅF AB issued target convertibles to staff totalling SEK 76.6 million. The loan runs with an annual interest of Stibor 180 and a margin of 0.86 with effect from 15 August 2013. Conversion may be called during the period from 15 June 2016 to 15 March 2017. The conversion price is SEK 100. Under IFRS, the convertible is divided into a financial liability and a conversion option, which is recognised as equity. A commercial interest rate for the corresponding liability without conversion right has been estimated at Stibor 180 and a margin of 4.50.

Performance-related share programmes

Employees who participate in the performance-related share programmes may save an amount equivalent to a maximum of 5 percent of their fixed salaries, which is used for the purchase of shares. Senior executives may be given the right to performance matching of up to four shares, Group management up to five shares and the CEO up to six shares for each share pur-

chased within the PSPs. To qualify for performance matching, the individual concerned must also have been employed during the entire three-year period from the beginning of the respective programme.

A condition for performance matching is that ÅF's average annual percentage increase in earnings per share meets certain targets. (See the table for each share programme.) The base value for the calculation of the increase in earnings per share is the total of earnings per share for the four quarters immediately preceding the implementation of a new share programme. Before the number of performance shares for matching is finally determined, the Board of Directors will consider whether performance matching is reasonable. If the minimum performance has not been achieved, no performance matching shares will be issued. In addition to performance matching, employees will be allocated a number of Class B shares free of charge, equivalent to the number saved.

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

	Share programmes (PSP)			Total
	2012	2013	2014	
Base value earnings per share, SEK	4.94	5.23	7.75	
Target for annual average increase in earnings per share, %	5–15	5–15	5–15	
Number of participants in the allocation	19	21	125	
Number of participants at the balance sheet date	17	19	125	
Allocation of matching shares, number	0–5	0–5	0–5	
Allocation of number of free shares per saved share	1	1	1	
Maximum number of matching shares	68,000	110,000	500,000	678,000
Maximum dilution of earnings per share, %	0.1	0.2	0.5	0.8
Provisions for the year, SEK million	2.0	2.2	7.1	11.3
Accumulated provision, SEK million	5.4	3.4	7.1	15.9
Minimum cost, SEK million ¹⁾	1.3	1.4	8.4	11.1
Maximum cost, SEK million ¹⁾	6.5	6.9	42.9	56.3
Saving period	July 2012–June 2013	July 2013–June 2014	July 2014–June 2015	
Closing date	June 2015	June 2016	June 2017	

A 2:1 share split was implemented in 2014. The comparative figures have been adjusted.

¹⁾ Estimated on the number of participants and the share price at the balance sheet date.

7 Other operating expenses

The Group	2014	2013
Capital loss on divestment of subsidiary	14.0	—
Capital loss on disposal of non-current assets	0.4	6.7
	14.4	6.7

Other operating expenses of SEK 164.8 million (148.0) in the parent relate primarily to rental charges.

8 Financial items

The Group	2014	2013
Interest income ¹⁾	4.5	5.3
Exchange gains	19.2	8.0
Financial income	23.7	13.3
Interest expense ¹⁾	–32.1	–39.9
Other financial expenses	–8.3	–8.8
Exchange losses	–19.4	–9.8
Financial expenses	–59.8	–58.5
Financial items	–36.1	–45.2

Parent	2014	2013
Dividends from Group companies and associates	599.7	156.3
Impairment of participations in Group companies ²⁾	—	–119.9
Result of disposal of participations in Group companies and associates	1.0	–8.8
Results from participations in Group companies	600.7	27.6
Interest income, Group companies	5.0	1.8
Interest income	0.8	0.5
Exchange gains	15.0	5.2
Interest income and similar profit/loss items	20.8	7.5
Interest expense, Group companies	–0.3	–0.8
Interest expense ¹⁾	–34.9	–42.9
Exchange losses	–17.4	–5.9
Interest expense and similar profit/loss items	–52.6	–49.6
Financial items	568.9	–14.5

¹⁾ Includes interest on pension provisions.

²⁾ Refers to impairment of the shares in the Russian and Spanish subsidiaries.

9 Appropriations

Parent	2014	2013
Difference between recognised depreciation and depreciation according to plan	–3.9	3.9
Group contribution received	67.1	606.7
Group contribution made	—	–1.2
	63.2	609.4

10 Earnings per share and number of shares

SEK	Before dilution		After dilution	
	2014	2013	2014	2013
Earnings per share	7.16	6.70	7.03	6.60

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

Basic earnings per share

The calculation of earnings per share for 2014 has been based on the profit for the year attributable to the parent's ordinary shareholders, amounting to SEK 553.1 million (522.8) and on a weighted average number of outstanding shares during 2014 amounting to 77,243,656 (77,971,364).

Diluted earnings per share

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

Total number of shares

	2014				
	A shares	B shares	Total number of shares	Of which shares held by the company	Total number of outstanding shares
Opening balance 2014	1,608,876	37,877,259	39,486,135	807,438	38,678,697
Cancellation	—	-383,650	-383,650	-383,650	—
Split 2:1	1,608,876	37,493,609	39,102,485	423,788	38,678,697
Share buy-backs	—	—	—	430,000	-430,000
Matching shares for share programmes	—	—	—	-324,482	324,482
Closing balance 2014	3,217,752	74,987,218	78,204,970	953,094	77,251,876

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

	2014	2013
Profit attributable to the parent's ordinary shares	553.1	522.8
Reversal of interest expense for staff convertibles	6.6	5.3
	559.8	528.1

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

	2014	2013
Weighted average number of ordinary shares during the year, before dilution	77,243,656	77,971,364
Effect of outstanding PSPs	473,405	659,038
Effect of outstanding staff convertibles	1,884,864	1,407,666
Weighted average number of ordinary shares during the year, after dilution	79,601,925	80,038,068

11 Financial assets and liabilities

The Group's overall financial risk management policy is intended to reduce financial risks at a cost that is reasonable for ÅF. The aim is to ensure cost-effective financing while minimising the negative effects of market fluctuations on the Group's earnings. Derivative instruments are used to hedge some risk exposure.

The Group's risk management is handled centrally by the Group Treasury Department on the basis of policies adopted by the Board of Directors. The Treasury Department identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units.

The Group is exposed to different kinds of financial risk through its operations, including exchange rate risk, interest rate risk, credit risk and financing risk.

Exchange rate risk

Exchange rate risk covers future business transactions, recognised assets and liabilities in foreign currency, and net investments in foreign operations. Exchange rate risk is relatively limited in the ÅF Group.

Loans are raised, and investments made, in the local currency for each company, at ÅF's Treasury Department.

Translation exposure

Translation exposure consists of the net assets and profit/loss of foreign subsidiaries in foreign currency. In line with Group policy, ÅF does not hedge translation exposure.

Transaction exposure

Exchange rate risks are relatively limited as most payments are made in the local currency for each company. Where this is not the case, any large sums are hedged using derivatives. The Group classifies the forward contracts used for hedging forecast transactions as cash flow hedges. The fair value of such forward contracts amounted to SEK -2.4 million (-1.8) and is recognised in the balance sheet under the headings Other Receivables and Other Liabilities respectively.

Interest rate risk

The Group's cash and cash equivalents are kept in central cash pools or in bank accounts in local banks. There are no other significant interest-bearing assets otherwise.

Liabilities to credit institutions are bank loans at both fixed and variable interest rates.

Credit risk

Credit risk is a result of the company having at all times a substantial number of outstanding trade receivables, as well as fees earned but not invoiced, in other words the credit granted to clients. This risk is limited through the Group's established policies for ensuring that sales are made to clients with an appropriate payment history, and through advance payments. ÅF's ten largest clients, who together account for 36 percent of the Group's sales, are all large listed companies with good credit ratings or government institutions. The remaining 64 percent is spread over a large number of clients. There is, therefore, not deemed to be any significant credit risk with regard to any single major client. Counterparties for derivative contracts and cash transactions are limited to financial institutions with a high credit rating. Historically ÅF has suffered only very limited credit losses.

Financing risk

Financing risk is the risk of not being able to obtain financing at all, or only at a greatly inflated price. For ÅF, prudent management of financing risk means having adequate cash and cash equivalents and committed credit lines. The Group has credit facilities amounting to SEK 1,500 million, of which SEK 742 million was unutilised at the balance sheet date.

Sensitivity analysis

Interest

100 percent of the Group's total borrowings at the close of the reporting period comprise loans at variable interest rates. A change in the average annual interest rate on these loans of +/- 1 percent affects interest expense by +/- SEK 9.6 million.

Currency

21 (27) percent of the Group's profit before tax comes from foreign units, of which 11 (10) percent is generated by units whose local currency is NOK and 4 (9) percent by units whose local currency is CHF. A change in the average exchange rate for 2014 of the NOK of +/- SEK 0.25 would have affected profit before tax by +/- SEK 18 million, and a change in CHF of +/- SEK 0.25 would have affected profit before tax by +/- SEK 1 million.

Exchange rates	31 December 2014	31 December 2013
CHF	7.91	7.29
CZK	0.34	0.33
DKK	1.28	1.20
EUR	9.52	8.94
NOK	1.05	1.06

The Group 2014	2014					
	Derivatives used in hedge accounting	Financial assets/liabilities valued at fair value via profit or loss	Loans and receivables	Financial liabilities	Total carrying amount	Fair value
Financial investments (level 3)		0.7			0.7	0.7
Non-current receivables			2.3		2.3	2.3
Accounts receivable			1,623.2		1,623.2	1,623.2
Revenue generated but not invoiced			672.5		672.5	672.5
Currency derivatives (level 2)	7.0				7.0	7.0
Cash and cash equivalents			178.4		178.4	178.4
Total	7.0	0.7	2,476.4	—	2,484.1	2,484.1
Non-current loans and credit facilities				611.3	611.3	611.3
Other non-current liabilities				0.7	0.7	0.7
Current loans and credit facilities				353.8	353.8	353.8
Accounts payable				535.2	535.2	535.2
Accrued expenses, subcontractors				125.7	125.7	125.7
Currency derivatives (level 2)	9.4				9.4	9.4
Contingent consideration (level 3) – other liabilities		342.2			342.2	342.2
Total	9.4	342.2	—	1,626.6	1,978.3	1,978.3

The Group 2013	2013					
	Derivatives used in hedge accounting	Financial assets/liabilities valued at fair value via profit or loss	Loans and receivables	Financial liabilities	Total carrying amount	Fair value
Financial investments (level 3)		0.7			0.7	0.7
Non-current receivables			3.3		3.3	3.3
Accounts receivable			1,550.3		1,550.3	1,550.3
Revenue generated but not invoiced			685.4		685.4	685.4
Currency derivatives (level 2)	2.0				2.0	2.0
Cash and cash equivalents			187.7		187.7	187.7
Total	2.0	0.7	2,426.6	—	2,429.3	2,429.3
Non-current loans and credit facilities				607.8	607.8	607.8
Other non-current liabilities				2.6	2.6	2.6
Current loans and credit facilities				416.4	416.4	416.4
Accounts payable				482.8	482.8	482.8
Accrued expenses, subcontractors				109.3	109.3	109.3
Currency derivatives (level 2)	3.7				3.7	3.7
Contingent consideration (level 3) – other liabilities		398.0			398.0	398.0
Total	3.7	398.0	—	1,618.9	2,020.6	2,020.6

Parent 2014	2014					
	Derivatives used in hedge accounting	Financial assets/liabilities valued at fair value via profit or loss	Loans and receivables	Financial liabilities	Total carrying amount	Fair value
Accounts receivable			73.9		73.9	73.9
Currency derivatives (level 2)	7.0				7.0	7.0
Cash and bank balances			26.9		26.9	26.9
Total	7.0	—	100.8	—	107.8	107.8
Non-current liabilities to credit institutions				500.0	500.0	500.0
Other non-current liabilities				70.6	70.6	70.6
Current liabilities to credit institutions				257.5	257.5	257.5
Other current liabilities				84.7	84.7	84.7
Accounts payable				97.0	97.0	97.0
Currency derivatives (level 2)	8.6				8.6	8.6
Total	8.6	—	—	1,009.8	1,018.4	1,018.4

Parent 2013	2013					
	Derivatives used in hedge accounting	Financial assets/liabilities valued at fair value via profit or loss	Loans and receivables	Financial liabilities	Total carrying amount	Fair value
Accounts receivable			79.1		79.1	79.1
Currency derivatives (level 2)	1.6				1.6	1.6
Cash and bank balances			29.1		29.1	29.1
Total	1.6	—	108.2	—	109.8	109.8
Non-current liabilities to credit institutions				450.0	450.0	450.0
Other non-current liabilities				150.2	150.2	150.2
Current liabilities to credit institutions				376.3	376.3	376.3
Accounts payable				91.5	91.5	91.5
Currency derivatives (level 2)	3.7				3.7	3.7
Total	3.7	—	—	1,068.0	1,071.6	1,071.6

Measurement of fair value

Fair value agrees in all essentials with carrying amount, except in the case of fixed-interest current liabilities to credit institutions. No significant deviation was noted for 2014.

The following provides a summary of the main methods and assumptions used to determine the fair value of the Group's financial instruments.

Derivative instruments

Forward contracts are valued at recoverable amount in accordance with level 2, i.e. fair value determined using a valuation technique based on directly observable market inputs, either direct (such as price) or indirect (derived from price), and which are not included in level 1 (fair value determined on the basis of quoted prices for the same instruments on active markets).

Non-current and current liabilities to credit institutions

Non-current and current liabilities are valued by adding to the loan the discounted interest rate difference between the agreed loan interest rate and the market rate up to maturity for equivalent loans.

Due date structure, financial liabilities

	2014			
	0-6 months	6-12 months	1-5 years	> 5 years
Bank loans, SEK	—	258	500	—
Bank loans, CHF	—	—	32	—
Convertible debt instruments	—	85	71	—
Finance leasing liabilities	5	6	8	—
Contingent consideration	165	—	179	—
Accounts payable	536	—	—	—
Accrued expenses, subcontractors	126	—	—	—
Interest	6	3	11	—

	2013			
	0-6 months	6-12 months	1-5 years	> 5 years
Bank loans, SEK	225	151	450	—
Bank loans, CHF	31	—	—	—
Convertible debt instruments	—	—	150	—
Finance leasing liabilities	4	4	7	—
Contingent consideration	77	—	321	—
Accounts payable	483	—	—	—
Accrued expenses, subcontractors	109	—	—	—
Interest	11	7	12	—

Contingent consideration

The calculation of contingent consideration is dependent on parameters in the relevant agreements. These parameters are chiefly linked to expected EBIT over the next two to three years for the acquired companies.

An increase in expected EBIT involves a higher liability for contingent consideration. Normally, there is a ceiling on each contingent consideration which limits how large the liability can become (for more information, see Note 3).

Epsilon

The contingent consideration recognised at present is equivalent to the amount which will be due if EBIT in the Technology and Industry Divisions is below SEK 626 million for 2014. The ceiling set for the contingent consideration is SEK 1,100 million.

Advansia

Recognised contingent consideration amounts to NOK 100 million, maximal contingent consideration to NOK 125 million. The most important parameter in calculating the contingent consideration is EBIT growth within ÅF's operation in Norway.

Accounts receivable

Age analysis of accounts receivable which are due but not impaired	The Group		Parent	
	2014	2013	2014	2013
< 30 days	131.6	105.3	0.0	—
30-90 days	35.1	38.1	—	—
91-180 days	27.3	27.6	—	0.2
> 180 days	15.2	7.2	—	—
Total	209.2	178.3	0.0	0.2

Provision for doubtful receivables	The Group		Parent	
	2014	2013	2014	2013
Provision at the start of the year	36.0	28.6	—	—
Provision for anticipated losses	28.5	19.7	—	—
Established losses	-3.8	-3.2	—	—
Recovered losses	-8.2	-8.7	—	—
Divested companies	-12.1	—	—	—
Exchange differences	-0.9	-0.5	—	—
Provision at the end of the year	39.4	36.0	—	—

Credit quality

Credit risk is managed in each subsidiary in accordance with a centrally drawn up credit policy. Outstanding accounts receivable are monitored and reported regularly within each company and within the Group. Provisions have been made after individual assessment. The assessment of the amount which it is expected would be received is based on careful analysis of the clients' ability to pay and the markets they operate in. ÅF's ten largest clients, who account for a total of 36 percent of Group sales, are all large listed companies or publicly owned institutions.

Loans and credit facilities

The Group	2014	2013
Non-current liabilities		
Bank loans	532.3	450.7
Staff convertible	70.6	150.2
Finance leasing liabilities	8.4	7.0
	611.3	607.8
Current liabilities		
Bank loans	257.8	407.6
Staff convertible	84.7	—
Finance leasing liabilities	11.3	8.8
	353.8	416.4

During the year, ÅF refinanced its loan portfolio by taking out a revolving credit facility of SEK 1,000 million for a period of three years, with an option for an additional two years, along with a bank overdraft facility of SEK 500 million.

This means that the Group has credit facilities amounting to SEK 1,500 million, of which SEK 758 million was utilised at the balance sheet date.

The agreements governing the Group's bank loans include certain financial obligations which must be fulfilled to retain the loan and avoid increased borrowing cost. The most important obligation is net debt/operating profit (EBITDA). All financial obligations were fulfilled by a good margin during the year.

Conditions and repayment periods

The Group	2014				
	Interest rate, %	Nom. amount in original currency	Carrying amount	Due, year	Fair value
Non-current bank loans					
Sweden, SEK, variable interest rate	1.11	500.0	500.0	2017	500.0
Switzerland, CHF, fixed interest rate	1.90	4.0	31.6	2016	31.6
Other		0.6	0.6		0.6
			532.2		532.2
Current bank loans					
Sweden, SEK, variable interest rate	0.49	189.7	189.7	2015	189.7
Sweden, SEK, variable interest rate	0.60	67.8	67.8	2015	67.8
Other			0.3		0.3
			257.8		257.8

The Group	2013				
	Interest rate, %	Nom. amount in original currency	Carrying amount	Due, year	Fair value
Non-current bank loans					
Sweden, SEK, variable interest rate	2.64	450.0	450.0	2015	450.0
Other		0.7	0.7		0.7
			450.7		450.7
Current bank loans					
Sweden, SEK, variable interest rate	2.64	150.0	150.0	2015	150.0
Sweden, SEK, variable interest rate	1.84	150.0	150.0	2014	150.0
Sweden, SEK, variable interest rate	1.01	76.3	76.3	2014	76.3
Switzerland, CHF, fixed interest rate	1.90	4.3	31.0	2014	31.0
Other			0.3		0.3
			407.6		407.6

Contingent consideration

Changes in contingent consideration	2014	2013
Opening balance	398.0	673.7
Estimated liabilities on acquisitions	40.7	100.6
Payments	-67.2	-48.2
Changes in value recognised in other operating income – Advansia	-26.3	—
Changes in value recognised in other operating income – other	-4.5	-144.5
Changes in value recognised against goodwill – Advansia	—	58.2
Changes in value recognised against goodwill – other	3.8	-232.4
Discounting	1.2	—
Exchange differences	-3.6	-9.4
Closing balance	342.2	398.0

12 Intangible assets

The Group	Goodwill		Development expenditure		Client relationships		Other intangible assets		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Cost	3,959.3	3,868.2	12.7	11.4	329.2	326.4	157.8	141.1	4,459.0	4,347.0
Accumulated amortisation	-2.7	-2.7	-9.3	-6.4	-35.2	-17.1	-102.8	-82.1	-150.1	-108.3
Accumulated impairment	-31.7	-94.5	-0.8	—	—	—	—	—	-32.6	-94.5
Carrying amount	3,924.9	3,771.0	2.6	5.0	294.0	309.3	54.9	59.0	4,276.4	4,144.2
Opening carrying amount	3,771.0	3,875.9	5.0	4.6	309.3	322.1	59.0	60.7	4,144.3	4,263.3
Purchases	—	—	1.0	1.9	—	—	13.9	14.8	14.9	16.7
Divestments and disposals	—	—	—	—	—	—	-1.8	-1.0	-1.8	-1.0
Acquired businesses	108.0	197.6	—	—	2.3	5.9	4.6	5.0	114.9	208.5
Changes in contingent consideration	3.8	-173.9	—	—	—	—	—	—	3.8	-173.9
Amortisation for the period	—	—	-2.6	-2.7	-17.6	-17.2	-21.0	-18.7	-41.2	-38.7
Impairment for the period	—	-94.5	-0.8	—	—	—	—	—	-0.8	-94.5
Exchange differences	42.0	-34.1	0.1	1.2	0.0	-1.4	0.1	-1.9	42.3	-36.2
Closing carrying amount	3,924.9	3,771.0	2.6	5.0	294.0	309.3	54.9	59.0	4,276.4	4,144.2

The Group

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

Goodwill has been allocated to cash-generating units. In most cases, each division constitutes a cash-generating unit. The International Division is not fully-integrated, for which reason the impairment requirement for the International Division is tested at company level.

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

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

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

The weighted average cost of capital is based on assumptions about average interest rates on 10-year government bonds, as well as company-specific risk factors and beta values. The Group's average cost of capital, the discount rate, for 2014 has been calculated at 10 percent (10) before tax and 8 percent (8) after tax. The forecast cash flows have been discounted to present value. The impairment tests have not indicated any impairment requirement.

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

Cash-generating unit	Discount rate before tax, %	
	2014	2013
Industry Division	9.8	10.2
Infrastructure Division	9.8	10.2
International Division – Finland	9.6	10.2
International Division – Switzerland	8.3	8.9
International Division – Spain ¹⁾	9.9	10.4
International Division – Czech Republic	10.2	11.2
Technology Division	9.8	10.2

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

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

Cash-generating unit	2014	2013
Industry Division	1,082.7	1,013.3
Infrastructure Division	1,018.8	871.4
International Division – Finland	182.6	176.4
International Division – Switzerland	320.8	294.7
Technology Division	1,209.5	1,209.3
Other	110.4	205.8
Total	3,924.9	3,771.0

13 Property, plant and equipment

The Group	Equipment, tools, fixtures and fittings		Buildings and land		Total	
	2014	2013	2014	2013	2014	2013
Cost	327.8	242.3	199.9	184.4	527.7	426.6
Accumulated depreciation	-134.6	-98.4	-46.8	-38.6	-181.3	-136.9
Carrying amount	193.2	143.9	153.1	145.8	346.4	289.7
Opening carrying amount	143.9	132.4	145.8	146.9	289.7	279.3
Purchases	97.8	53.3	—	0.4	97.8	53.6
Divestments and disposals	-6.6	-6.4	—	-0.2	-6.6	-6.5
Acquired businesses	1.2	1.2	—	—	1.2	1.2
Depreciation for the period	-44.2	-36.4	-4.8	-4.5	-49.0	-40.9
Exchange differences	1.1	-0.2	12.1	3.2	13.3	3.0
Closing carrying amount	193.2	143.9	153.1	145.8	346.4	289.7

The Group

Finance leases

Equipment held under finance leasing agreements is included in the Group at the carrying amount of SEK 19.7 million (15.8).

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

See also Note 11 Financial assets and liabilities.

Parent	Intangible assets	
	2014	2013
Cost	39.2	31.1
Accumulated amortisation	-23.4	-15.7
Carrying amount	15.8	15.4
Opening carrying amount	15.4	9.4
Purchases	10.6	12.7
Divestments and disposals	-1.7	—
Amortisation for the period	-8.6	-6.7
Closing carrying amount	15.8	15.4

Parent

Equipment, tools, fixtures and fittings

Parent	2014	2013
	Cost	167.9
Accumulated depreciation	-80.9	-69.4
Carrying amount	86.9	59.7
Opening carrying amount	59.7	53.8
Purchases	42.6	21.3
Divestments and disposals	-1.9	-5.7
Depreciation for the period	-13.4	-9.7
Closing carrying amount	86.9	59.7

14 Participations in associates and joint arrangements

	The Group		Parent	
	2014	2013	2014	2013
Carrying amount at the start of the year	1.1	5.9	—	7.3
Participations in the profits of joint ventures after tax	0.2	0.7	—	—
Gain/loss on disposal of associates	—	-5.6	—	-7.3
Translation difference	0.1	0.1	—	—
Carrying amount at the end of the year	1.4	1.1	—	—

	Country	Category	Project
FEM Consult I/S	Denmark	Joint venture	Tunnel
Sweco ÅF Healthcare AB	Sweden	Joint venture	Hospital
Bypass Stockholm	Sweden	Joint operations	Roads
East Link	Sweden	Joint operations	Railways
Fennovoima	Finland	Joint operations	Nuclear power
Atdorf	Switzerland	Joint operations	Hydropower
Stanari	Switzerland	Joint operations	Thermal power
Jerada	Switzerland	Joint operations	Thermal power

15 Prepaid expenses and accrued income

	The Group		Parent	
	2014	2013	2014	2013
Rent	45.9	41.1	42.5	37.7
Support and maintenance agreements	9.4	8.0	7.6	5.9
Other	40.4	38.8	14.8	13.3
	95.7	87.9	64.9	56.9

16 Equity

The Group

As at 31 December 2014, the total number of shares, amounting to 78,204,970, was divided into 3,217,752 Class A shares (10 votes per share) and 74,987,218 Class B (1 vote per share). The maximum permitted number of shares is one hundred million (100,000,000).

Holders of ordinary shares are entitled to dividends as approved annually by the Annual General Meeting. All shares have the same rights to the company's residual net assets. As a result of the share buy-back authorised by the Annual General Meeting, ÅF AB held 953,094 of its own Class B shares on 31 December 2014. These shares are not entitled to dividends. In January 2014, 383,650 (equivalent to 767,300 shares after the split) Class B shares were cancelled.

Dividends paid in 2014 and 2013 amounted to SEK 251.9 million (SEK 3.25 per share) and SEK 214.6 million (SEK 2.75 per share) respectively. At the Annual General Meeting to be held on 29 April 2015, a dividend for 2014 of SEK 3.50 per share will be proposed, equivalent to a total pay-out of SEK 270.4 million. The proposed dividend has not been recognised in these financial statements.

The quota value of the shares is SEK 2.50 (5.00).

Consolidated reserves	Translation reserve	Hedging reserve	Total reserves
Opening balance as at 1 January 2013	54.4	0.9	55.3
Exchange differences for the year	-39.3	—	-39.3
Cash flow hedges	—	-0.4	-0.4
Tax	—	0.3	0.3
Closing balance as at 31 December 2013	15.1	0.7	15.8
Opening balance as at 1 January 2014	15.1	0.7	15.8
Exchange differences for the year	58.2	—	58.2
Translation differences transferred to profit for the period	32.0	—	32.0
Cash flow hedges	—	-0.9	-0.9
Tax	—	0.2	0.2
Closing balance as at 31 December 2014	105.4	0.0	105.4

Capital management

Capital is defined as total equity, which corresponds to equity in the consolidated balance sheet. ÅF's objective is that, over time, the Group shall have a net debt. The net debt shall not, however, exceed 40 percent of equity. As at 31 December 2014, net debt amounted to 22.0 percent (23.2).

As from 1 January 2014, net debt will be measured as a proportion of EBITDA (Net debt/EBITDA). The target is that it shall amount to 1.5–2.0 over an economic cycle. As at 31 December 2014, net debt/EBITDA was 1.0 (1.0).

There are external requirements in the agreements governing the bank loans. Additional information on these is given in Note 11.

There were no changes in capital requirements during the year.

Items within equity**Other contributed capital**

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

Translation reserve

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

Hedging reserve

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

Profits brought forward including profit for the period

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

Parent**Restricted reserves**

Restricted reserves must not be reduced through dividends.

Statutory reserve

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

Non-restricted equity**Share premium reserve**

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

Fair value reserve

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

Profit brought forward

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

17 Pension obligations

Of the Group's total number of employees at the end of the year, around 3 percent have pensions that are recognised as defined-benefit. Other employees within ÅF have pensions that are recognised as defined-contribution.

Defined-benefit plans are in place in Sweden, Switzerland and Finland. The plan in Finland is not significant.

The defined-benefit plans in Sweden and Switzerland are governed by a broadly similar framework of rules. The plans are final salary retirement plans which give employees benefits in the form of a guaranteed level of pension payment during their lives. The plans are exposed, broadly speaking, to similar risks. The Swedish plan, however, covers only pensioners and paid-up policyholders, while the Swiss plan covers only active employees. The plan in Switzerland is secured by a fund. The Swedish plan is unfunded.

Alecta

For white-collar staff in Sweden, the ITP 2 occupational pension plan's defined-benefit pension obligation for retirement and survivor pensions is secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board (UFR 3) this is a defined-benefit multi-employer plan. For financial year 2014, the company has not had access to the information required to recognise this plan as a defined-benefit plan. The ITP supplementary pensions plan for salaried employees' retirement benefits that is secured through insurance with Alecta is, therefore, recognised as a defined-contribution plan.

Contributions during the year for retirement benefit insurance with Alecta amounted to SEK 221.3 million (190.7). Alecta's surplus may be allocated to the insurance policy holder and/or the insured. At the close of 2014 Alecta's surplus in the form of the collective funding ratio was 143 percent (148). The collective funding ratio is the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial calculation assumptions, which are not in conformity with IAS 19.

In the event that funding is low, one possible action is to raise the agreed price for new entrants and for the extension of existing benefits. In the event that funding is high, one possible action is to reduce premiums.

The Group**Defined-benefit plans**

	2014	2013
Present value of funded obligations	-441.9	-351.9
Fair value of plan assets	424.9	409.5
	-17.1	57.6
Present value of unfunded obligations	-66.1	-64.8
Effect of asset ceiling	-	-9.7
	-83.2	-16.9
Asset recognised in the balance sheet	-	47.9
Liability recognised in the balance sheet	-83.2	-64.8
	-83.2	-16.9

Change in the defined-benefit net debt

	2014				2013			
	Present value of plan assets	Present value of obligations	Effect of asset ceiling	Total	Present value of plan assets	Present value of obligations	Effect of asset ceiling	Total
Opening balance	409.5	-416.7	-9.7	-16.9	758.8	-876.7	—	-117.9
Current service costs	—	-14.1	—	-14.1	—	-14.6	—	-14.6
Past service costs	—	—	—	—	—	5.3	—	5.3
Gain on settlement	—	—	—	—	-403.2	439.1	—	35.9
Change in special employers' contribution (Sweden)	—	-0.9	—	-0.9	—	-2.5	—	-2.5
Interest income/expense	8.1	-8.9	-0.2	-1.1	15.3	-18.2	—	-2.9
Other	—	-0.2	—	-0.2	—	-0.2	—	-0.2
Return on plan assets (excluding interest)	18.6	—	—	18.6	45.6	—	—	45.6
Actuarial gains/losses	—	-96.6	—	-96.6	—	18.9	—	18.9
Effect of amendments to IAS 19	—	—	—	—	—	5.9	—	5.9
Change in asset ceiling (excluding interest)	—	—	10.2	10.2	—	—	-9.7	-9.7
Exchange difference	33.5	-32.8	-0.3	0.4	4.0	-1.3	—	2.7
Contributions by the employer	13.6	—	—	13.6	12.7	—	—	12.7
Contributions by the plan participants	12.2	-12.2	—	—	11.6	-11.6	—	—
Benefits paid	-70.5	74.4	—	3.9	-35.4	39.3	—	3.9
Closing balance	424.9	-508.1	—	-83.2	409.5	-416.7	-9.7	-16.9

Actuarial gains and losses

	2014	2013
Financial assumptions	-53.0	4.4
Experience adjustments	-43.7	14.5
Total	-96.6	18.9

Present value of plan assets

	2014	2013
Cash and cash equivalents	3.9	13.6
Equity instruments	159.5	151.4
Debt instruments	172.3	151.4
Real property	74.6	67.3
Other	14.5	25.8
Total	424.9	409.5

All assets have a quoted market price.

Assumptions for defined-benefit obligations

Sweden	2014	2013
Discount rate, %	2.75	3.5
Future increase in pensions, %	1.5	1.75
Switzerland	2014	2013
Discount rate, %	0.8	2.1
Future increase in pensions, %	0.0	0.0
Future increase in salaries, %	1.0	1.0

The discount rate is equivalent to the market interest rate on mortgage bonds with the duration corresponding to the average remaining term of the obligation.

Sensitivity analysis of pension obligations

	Sweden		Switzerland	
	Changes in assumptions	Increase/decrease	Changes in assumptions	Increase/decrease
Discount rate	+/-0.25%	+/-2	+/- 0.25%	+19/-18
Rate of salary increases	—	—	+/- 0.25%	+3/-2

The above sensitivity analysis is based on a change in one assumption while all other assumptions remain constant. It is unlikely that this will occur in practice, and changes in several of the assumptions may be correlated.

Payments to plans are expected to total SEK 14 million next year.

The average remaining term for the Swedish plan is 21.0 years and for the Swiss plan, 17.1 years.

Defined-contribution plans

	The Group		Parent	
	2014	2013	2014	2013
Cost of defined-contribution plans (including Alecta)	388.4	364.2	14.1	11.8

Parent

Defined-benefit plans

	2014	2013
Present value of unfunded obligations	22.4	24.5
Net amount recognised in respect of defined-benefit plans	22.4	24.5
Of this amount, the following is covered by credit insurance via FPG/PRI	22.4	24.5

Changes in the obligations during the year

	2014	2013
Net present value of pension obligations at the start of the year	24.5	26.0
Cost excluding interest expense charged to profit or loss	-1.1	-0.1
Interest expense	1.3	1.0
Payment of pensions	-2.3	-2.4
Present value of pension obligations at the end of the year	22.4	24.5

18 Other provisions

Change in provisions that are non-current

	2014	2013
Carrying amount at the start of the period	17.1	12.4
Provisions during the period	6.1	11.6
Releases during the period	-1.0	-1.3
Amount utilised during the period	-3.6	-2.2
Transfer from non-current to current liabilities	-5.0	-3.4
Exchange differences	-1.0	—
Carrying amount at the end of the period	12.6	17.1

Change in provisions that are current

	Restructuring		Other		Total	
	2014	2013	2014	2013	2014	2013
Carrying amount at the start of the period	10.6	2.0	11.3	2.6	21.9	4.6
Provisions during the period	4.9	48.0	9.6	5.9	14.5	53.9
Releases during the period	—	—	—	-0.1	—	-0.1
Amount utilised during the period	-13.2	-39.4	-16.7	-0.6	-29.9	-39.9
Transfer from non-current to current liabilities	—	—	5.0	3.4	5.0	3.4
Exchange differences	—	—	0.2	—	0.2	—
Carrying amount at the end of the period	2.3	10.6	9.5	11.3	11.8	21.9

Parent

Other provisions

	2014	2013
Change in provisions		
Carrying amount at the start of the period	274.8	644.3
Provisions during the period	8.8	69.3
Releases during the period	-26.3	-376.8
Amount utilised during the period	-2.1	-53.2
Exchange differences	-0.8	8.8
Carrying amount at the end of the period	254.4	274.8

Of the recognised provisions, SEK 252.8 million (271.1) is due to contingent considerations that are expected to be paid during 2015 and 2016.

19 Taxes

Recognised in profit or loss

The Group	2014	2013	Parent	2014	2013
Current tax			Current tax		
Tax expense for the period	172.5	158.1	Tax expense for the period	0.4	110.6
Adjustment of tax attributable to previous years	0.9	-0.5	Adjustment of tax attributable to previous years	0.4	—
Deferred tax			Deferred tax		
Deferred tax expense	-6.7	-5.8	Deferred tax expense	-0.6	-1.6
Total recognised consolidated tax expense	166.7	151.8	Total recognised parent tax expense	0.3	109.0

Reconciliation of effective tax

The Group	2014 (%)	2014	2013 (%)	2013
Pre-tax profit		720.1		677.3
Tax in accordance with the tax rate applicable to the parent	22.0	158.4	22.0	149.0
Effect of other tax rates for foreign subsidiaries	-0.1	-0.8	0.5	3.5
Non-deductible costs	1.2	8.6	4.0	27.3
Non-taxable income	-0.2	-1.2	-4.5	-30.4
Effects of loss carry-forward without corresponding capitalisation of deferred tax	0.1	0.5	0.1	0.5
Revaluation of temporary differences	-0.5	-3.4	—	—
Effect of changed tax rates	0.0	0.0	0.0	-0.3
Tax attributable to previous years	0.1	0.9	-0.1	-0.5
Other	0.5	3.5	0.4	2.7
Recognised effective tax	23.1	166.7	22.4	151.8
Parent	2014 (%)	2014	2013 (%)	2013
Pre-tax profit		594.8		524.1
Tax in accordance with the tax rate applicable to the parent	22.0	130.9	22.0	115.3
Non-deductible costs	0.2	1.2	5.7	29.8
Non-taxable income	-22.3	-132.3	-6.6	-34.6
Tax attributable to previous years	0.1	0.4	—	—
Other	0.0	0.1	-0.3	-1.5
Recognised effective tax	0.0	0.3	20.8	109.0

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

The Group	Deferred tax asset		Deferred tax liability		Net	
	2014	2013	2014	2013	2014	2013
Non-current assets	1.6	0.7	-96.3	-108.5	-94.7	-107.8
Current receivables and liabilities	2.9	4.3	-6.1	-2.0	-3.2	2.3
Provisions and non-current liabilities	24.1	17.0	-4.8	-5.4	19.3	11.6
Untaxed reserves	—	—	-44.3	-44.1	-44.3	-44.1
Loss carry-forward	0.1	1.7	—	—	0.1	1.7
Tax assets/liabilities	28.7	23.7	-151.6	-160.0	-122.9	-136.3
Set off	-18.4	-11.6	18.4	11.6	—	—
Net tax assets/liabilities	10.3	12.1	-133.1	-148.4	-122.9	-136.3

Unrecognised deferred tax assets

Deductible temporary differences and loss carry-forwards for tax purposes for which deferred tax assets have not been recognised in profit or loss and balance sheets:

The Group	2014	2013
Tax deficit	8.2	6.6
	8.2	6.6

Deferred tax assets have not been recognised in respect of these losses for tax purposes, since it has not yet been deemed likely that the Group will be able to utilise them against future taxable profits within the time limit allowed for this facility. The deficit is attributable to ÁF's subsidiary in Germany. The deficit is not due.

Change in deferred tax in temporary differences and loss carry-forward

The Group	Balance as at 1 January 2014	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Acquisition/dis- posal of businesses	Balance as at 31 December 2014
Non-current assets	-107.8	20.0	—	-0.8	-6.1	-94.7
Current receivables and liabilities	2.3	-5.7	0.2	—	—	-3.2
Provisions and non-current liabilities	11.6	-5.7	13.7	-0.3	—	19.3
Untaxed reserves	-44.1	-0.2	—	—	—	-44.3
Loss carry-forward	1.7	-1.7	—	—	—	0.0
	-136.3	6.7	13.9	-1.1	-6.1	-122.9

The Group	Balance as at 1 January 2013	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Acquisition/dis- posal of businesses	Balance as at 31 December 2013
Non-current assets	-98.0	2.3	-9.5	—	-2.7	-107.8
Current receivables and liabilities	-1.8	5.3	-1.2	—	—	2.3
Provisions and non-current liabilities	13.5	1.9	-1.7	-2.1	—	11.6
Untaxed reserves	-47.4	3.3	—	—	—	-44.1
Loss carry-forward	8.7	-7.0	—	—	—	1.7
	-125.0	5.8	-12.4	-2.1	-2.7	-136.3

20 Accrued expenses and prepaid income

	The Group		Parent	
	2014	2013	2014	2013
Personnel-related liabilities	517.7	515.0	22.7	19.2
Accrued expenses, sub-contractors	125.7	109.3	0.1	0.1
Other	51.9	64.0	19.3	24.9
	695.3	688.3	42.1	44.2

21 Operating leases

Leasing agreements in which the company is the lessee

Operating leases cover rental agreements for properties, leasing agreements for vehicles under which employees assume all the financial risks and benefits associated with the vehicles, and the lease of certain items of office equipment. The cars are leased primarily over three years.

Non-terminable minimum lease payments

The Group	Premises		Other	
	2014	2013	2014	2013
During the year	207.8	191.9	66.5	62.6
Within one year	211.8	193.4	66.3	59.4
Between one and five years	645.5	564.1	182.9	131.9
Longer than five years	519.1	580.7	0.0	0.4
Total	1,584.2	1,530.1	315.7	254.3

Parent	Premises		Other	
	2014	2013	2014	2013
During the year	164.1	146.9	6.0	5.1
Within one year	170.6	147.2	6.0	4.9
Between one and five years	564.2	459.7	21.0	15.5
Longer than five years	519.1	569.4	0.0	0.0
Total	1,418.0	1,323.2	33.0	25.5

23 Related party transactions

The parent has a related party relationship with its subsidiaries, please see Note 24.

Summary of related party transactions

This refers to the ÅForsk Foundation, which holds 37.1 percent of the votes in ÅF AB, associates and joint ventures. Transactions with these parties took place on commercial terms.

The Group	Year	Sales of services to related parties	Purchases of services from related parties	Receivables from related parties as at 31 Dec	Liabilities to related parties as at 31 Dec
Associates	2014	—	—	—	—
Associates	2013	—	0.2	—	—
Joint venture	2014	41.2	—	5.3	—
Joint venture	2013	112.8	—	28.0	—
The ÅForsk Foundation	2014	1.0	—	—	—
The ÅForsk Foundation	2013	0.8	—	4.6	—

During 2014, in addition to the above, the Group received grants from ÅForsk Foundation amounting to SEK 2.9 million (4.4). These grants were for projects administered by the Group.

For details of remuneration to Group executives, please see Note 6.

Parent	Year	Sales of services to related parties	Purchases of services from related parties	Receivables from related parties as at 31 Dec	Liabilities to related parties as at 31 Dec
Subsidiaries	2014	525.8	30.4	381.2	792.4
Subsidiaries	2013	441.9	32.8	751.2	755.8
The ÅForsk Foundation	2014	0.1	—	—	—
The ÅForsk Foundation	2013	0.1	—	—	—

22 Pledged assets, contingent liabilities and contingent assets

	The Group		Parent	
	2014	2013	2014	2013
Pledged assets				
In the form of pledged assets for own liabilities and provisions				
Property mortgages	31.6	31.0	—	—
Floating charges	0.8	2.7	—	—
Pledged assets, other	—	1.2	—	—
Total pledged assets	32.4	34.9	—	—
Contingent liabilities				
Guarantee commitments, FPG/PRI	1.0	1.0	0.4	0.5
Guarantee commitments in favour of subsidiaries	—	—	25.0	49.4
Guarantee commitments	182.7	146.4	57.0	45.8
Total contingent liabilities	183.7	147.4	82.4	95.7

Guarantee commitments refer primarily to performance guarantees for tenders and the completion of projects.

Contingent assets

The Group has determined that no contingent assets exist.

24 Group companies

Comprehensive list of all the Group's subsidiaries

	Corporate ID number	Registered office	2014	
			Share percent ¹⁾	Carrying amount in parent
AB Ångpanneforeningen	556158-1249	Sweden	100	0.2
ÅF-Industry AB	556224-8012	Sweden	100	1,259.4
OrbiTec AB	556470-7015	Sweden	100	—
ES-KONSULT Energi and Säkerhet AB	556415-0067	Sweden	100	—
DLA Elteknik AB	556614-4779	Sweden	100	—
ÅF-Infrastructure AB	556185-2103	Sweden	100	611.4
Bygganalys AB	556461-1050	Sweden	100	—
HEK Holst Elkonsult AB	556496-2727	Sweden	100	—
Connect Consult AB	556641-5260	Sweden	100	—
Ljusarkitektur Sweden AB	556568-9485	Sweden	100	—
AF-CityPlan spol. s.r.o.	473 07 218	Czech Republic	13	—
ÅF-Consult AB	556101-7384	Sweden	100	15.0
AF-Consult GmbH	39,102,485	Germany	100	—
ÅF-Teknik & Miljö AB	556534-7423	Sweden	100	10.5
ÅF-Funktionspartner AB	556099-8071	Sweden	100	0.6
ÅF-Technology AB	556866-4444	Sweden	100	1,488.5
Epsilon Holding AB	556421-6884	Sweden	100	50.0
Epsilon Design AB	556314-1380	Sweden	100	—
Epsilon Polen Sp.z o.o.	9521980649	Poland	100	—
ÅF Advansia AS	883,889,762	Norway	100	501.1
Advansia AB	556742-2596	Sweden	100	—
Kåre Hagen AS	968 187 082	Norway	100	—
ÅF AdvansIT AS (formerly Four Dimensions AS)	974 415 852	Norway	100	—
ÅF Norge AS	911 567 989	Norway	100	68.2
ÅF Infrastruktur AS	955 021 037	Norway	100	—
ÅF Industry AS	997 671 651	Norway	100	—
ÅF A/S	21 007 994	Denmark	100	37.6
ÅF-Hansen & Henneberg A/S	13 59 08 85	Denmark	100	45.8
ÅF-Consult Oy	1800189-6	Finland	100	291.1
ÅF-Consulting AS	10 449 422	Estonia	100	—
UAB AF-Consult	135 744 077	Lithuania	100	—
Enprima Engineering Oy	0477940-2	Finland	100	—
ÅF-Automaatika OÜ	11 297 301	Estonia	100	8.2
AF Consult LLC	1 037 800 096	Russia	100	0.9
AF-Engineering s.r.o.	263 66 550	Czech Republic	100	10.6
AF-Consult Czech Republic s.r.o.	453 06 605	Czech Republic	100	74.6
AF Nuclear Projects CZ s.r.o.	016 06 239	Czech Republic	100	—
AF-CityPlan spol. s.r.o.	473 07 218	Czech Republic	87	15.4
AF-Consult Switzerland AG	CH-400.3924.101-4	Switzerland	100	418.7
International Power Design Ltd.	CH-400.3.025.445-4	Switzerland	100	—
AF-Consult Italia S.r.l.	MI-1808529	Italy	100	—
AF-Consult (Thailand) Ltd	3011879733	Thailand	100	—
AF-Consult India Pvt Ltd	U74140DL2009FTC197507	India	100	—
AF Consult do Brazil Ltda	108.307.539/0001-08	Brazil	51	—
ÅF-Consult Ltd	4080012527924	Macedonia	100	—
AF-Consult Energy doo Beograd	20 801 298	Serbia	100	—
AF-Itenco AG	CH-020.3.914.049-4	Switzerland	100	—
ITECO Nepal (Pvt.) Ltd	2616/043-44	Nepal	66.6	—
AF Mercados Energy Markets International Europe S.A.	A-82316902	Spain	100	37.2
Mercados Energy Markets International Europé S.r.l.	6622220967	Italy	100	—
AF-MERCADOS EMI Enerji Muhendisligi, AR-GE, Kontrol ve Test Hizmetleri Ltd.Sti.	6 160 390 509	Turkey	100	—
AF Mercados EMI Yates + Pope Ltd	111 1461 77	UK	100	—
Mercados Energy Markets India, Pvt Ltd	AAF5C5128DST001	India	100	—
				4,945.0

¹⁾ Participating interest refers to both voting share and proportion of the total number of shares.

Specification of changes in carrying amounts for the year

	Parent	
	2014	2013
Opening carrying amount	4,876.1	5,218.5
Acquisitions	11.4	143.3
Sales	—	-191.8
Changed estimated contingent consideration	-17.5	-318.3
Impairment	—	-119.9
Shareholders' contribution	75.0	144.3
Closing carrying amount	4,945.0	4,876.1

25 Untaxed reserves

Parent	2014	2013
Accumulated additional depreciation		
Opening balance 1 January	31.2	35.1
Depreciation during the year, equipment & fittings	3.9	-3.9
Closing balance 31 December	35.1	31.2
Transfers to tax allocation reserve		
Opening balance 1 January	91.3	91.3
Closing balance 31 December	91.3	91.3
Total untaxed reserves	126.4	122.5

26 Statement of cash flows**Interest paid and dividends received**

	The Group		Parent	
	2014	2013	2014	2013
Dividends received	—	—	599.7	156.3
Group contribution received	—	—	67.1	606.6
Interest received	4.4	5.2	5.8	2.3
Interest paid	-31.7	-39.2	-28.4	-36.4
	-27.3	-34.0	644.2	728.9

Adjustment for items not included in cash flow

	The Group		Parent	
	2014	2013	2014	2013
Depreciation/amortisation	85.0	75.0	22.0	16.4
Capital loss on divestment of subsidiary in Russia	14.0	—	—	—
Changed estimated contingent consideration	-30.8	-136.0	—	—
Impairment of goodwill/shares in subsidiaries	—	94.5	—	119.9
Changes in pension arrangements, Switzerland	—	-40.9	—	—
Impairment of operating assets, Russia	—	25.0	—	—
Anticipated dividend from subsidiaries	—	—	-425.0	—
Other	14.0	31.0	2.6	7.5
	82.2	48.6	-400.4	143.8

27 Subsequent events

On 1 February, ÅF acquired LeanNova Engineering, with around 200 employees in Trollhättan, Gothenburg, Coventry and Shanghai. The company's sales amounted to approximately SEK 250 million in 2014. LeanNova will be part of the Technology Division and will be an important resource in the continued growth of the operation in product development for the automotive industry.

On 1 March, ÅF acquired PRC Engineering, making the Group an even stronger player in Food & Pharma. The company has around 230 engineers in ten locations in Sweden, and had sales of approximately SEK 260 million in 2014, with healthy profitability. PRC will, in its entirety, be part of ÅF's Industry Division.

Acquisition analyses for these have yet to be drawn up.

28 Critical estimates and judgements**Important sources of uncertainty in estimates**

The Group makes estimates and judgements about the future. By definition, the resulting accounting estimates will rarely correspond to the actual outcome. Estimates and judgements are reviewed regularly and are based on historical experience and other factors, including the expected outcomes of future events that are considered reasonable under the circumstances.

The main features of the estimates and judgements which represent a significant risk of material adjustments to the carrying amounts of assets and liabilities during the coming financial year are presented below.

Impairment test of goodwill

When calculating the recoverable amount of cash-generating units, a number of assumptions about future circumstances and estimates of parameters have been made. Changes to these assumptions and estimates could have an effect on the carrying amount of goodwill (see Note 12).

A lower rate of growth and reduced operating margin would result in a lower recoverable amount. The reverse applies if the calculation of the recoverable amount is based on a higher growth rate or margin. Were future cash flows to be discounted at a higher rate of interest, the recoverable amount would be lower. Conversely, the recoverable amount would be higher with a lower discount rate.

The impairment test for the year did not give rise to any impairment in respect of goodwill.

Contingent consideration

A contingent consideration linked to a corporate acquisition is frequently dependent on the future economic development of the business acquired. The actual outcome may deviate from these assumptions and the effect of this will be to change the size of the previously recognised contingent consideration.

During the year, the estimate of contingent consideration related to the acquisition of Advansia AS changed substantially, which has led to a positive impact on profit of SEK 26,3 million. See also Note 11.

Pension assumptions

The Group's net obligations under defined-benefit plans are calculated separately for each plan by estimating the future benefits earned by employees through their employment in prior periods. These benefits are discounted to present value. The calculation of the size of the Group's total retirement benefit obligations is based on a number of assumptions (see Note 17). Were a lower discount rate to be used, the obligations would increase and have a negative effect on the Group's equity. The reverse applies if a higher discount rate is used.

During 2014, the discount rate in Switzerland decreased significantly, which has led to an actuarial loss which has been recognised in other comprehensive income. See also Note 17.

Assessment of forecast and the stage of completion of contracts

The Group applies the percentage of completion method, which means that income is recognised on the basis of stage of completion. The stage of completion is determined by comparing the accrued expenditure at the balance sheet date with total expenditure. This means that the Group must estimate how large a percentage of the total expenditure is represented by the accrued expenditure at the end of the reporting period. The forecasts for each assignment also represent an estimate of final income and expenditure.

29 Information on Parent

ÅF AB is registered in Sweden as a joint-stock company. The parent's shares are listed on the Nasdaq OMX stock exchange in Stockholm. The postal address to the company's head office is ÅF AB, SE-169 99 Stockholm, Sweden.

The Group consolidated accounts for the financial year 2014 comprise the accounts for the parent and its subsidiaries, which together form the Group. The Group also includes participations in associates.

The undersigned declare that the consolidated accounts and annual report have been prepared in accordance with IFRS, as approved by the EU, and with generally accepted accounting practice, to give a faithful representation of the position and performance of the Group and the company, and that the Group administration report and the administration report give a faithful review of the progress of the Group's and the company's operations, position and performance, as well as describing the material risks and uncertainty factors to which the companies that are members of the Group are exposed.

Stockholm, 6 March 2015

Anders Narvinger
Chairman of the Board

Jonas Wiström
The President/CEO

Marika Fredriksson
Director

Staffan Jufors
Director

Björn O. Nilsson
Director

Maud Olofsson
Director

Joakim Rubin
Director

Kristina Schauman
Director

Anders Snell
Director

Anders Forslund
Director,
employee representative

Anders Toll
Director,
employee representative

Our Auditor's report was submitted on 11 March 2015

Ernst & Young AB

Hamish Mabon
Authorised Public Accountant

Erik Sandström
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of ÅF AB, corporate identity number 556120-6474

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of ÅF AB for the financial year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 47–88.

Responsibilities of the Board of Directors and the President/CEO for the annual accounts and consolidated accounts

The Board of Directors and the President/CEO are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President/CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President/CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows 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 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting

Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the Group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President/CEO of ÅF AB for the financial year 2014.

Responsibilities of the Board of Directors and the President/CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President/CEO are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President/CEO is liable to the company. We also examined whether any member of the Board of Directors or the President/CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President/CEO be discharged from liability for the financial year.

Stockholm, 11 March 2015
Ernst & Young AB

Hamish Mabon
Authorised Public Accountant

Erik Sandström
Authorised Public Accountant

Chairman's report



In the work of the Board it is important to represent continuity, while focusing on the long-term business objectives. The Board is responsible, through sound corporate governance, for supporting executive management and creating conditions for growth, and thus also value for shareholders, for whom we ultimately work.

ÅF is well-qualified to create such value. The company has a solid structure that is capable of taking on future needs in key sectors such as industry, IT, infrastructure and energy, with an international operation that provides leverage out in the world for all sectors, not just in the field of energy.

ÅF has a uniquely broad offering and specialist expertise in a vast number of areas. Over the past decade it has undergone a successful process of transforming these technical advantages into sound business acumen, client value, growth and profitability. We are continuing to focus on this process, partly by developing the concept of key accounts for our largest clients, enabling us to set out the company's unique breadth and ability to take on major assignments involving several different technical areas and areas of expertise.

Growth through acquisitions is a prioritised and constantly relevant area, as is the integration of previously acquired companies.

Focus on sustainable business ethics

We also have a Board of Directors that is strongly committed to sustainability issues. In day-to-day operations, the environment, climate, use of resources and sustainable transportation and societies are an integral part of the client offering. The Board also focuses much of its attention on the business ethics of sustainability. We follow and monitor compliance with regulations, primarily the UN Global Compact, with regard to ethics, anti-corruption and human rights, along with our decision processes and risk management within these areas. Every year, the Board holds a strategy conference, which in 2014 took place at the International Division's head office, and on this particular occasion much of the discussion centred on sustainability.

A key issue for creating value in a company is being an attractive employer. Our business stands or falls by its ability to develop a strong brand so we can attract talented employees, which in turn makes us a credible and popular business partner. Contributing towards developing ÅF's brand and commercial successes is therefore closely linked to the Board's goals and commitment, to generate growth and value for share-

holders via sound corporate governance, good organisation and firm control.

Society needs companies like ÅF

Looking back, this work has been successful. ÅF has contributed towards creating considerable value for its owners and other stakeholders. I am also confident that we will continue to maintain good conditions for success over the coming years. There is a great need for companies like ÅF within key areas such as infrastructure planning, product development and improving efficiency in industry, future energy supply and the route to an increasingly sustainable society. With the strength of the expertise we have among over 7,500 employed engineers and 25,000 in our network, I am convinced that ÅF can deliver continued positive value growth, while making essential contributions to opportunities for future generations to enjoy a good quality of life.

Anders Narvinger

Chair of the Board

Corporate governance report

The report, which has been drawn up by the company's Board of Directors, covers the corporate governance of ÅF during financial year 2014. This corporate governance report has been submitted in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code.

The corporate governance report has been reviewed by Ernst & Young AB, whose opinion follows immediately after the report.

Corporate governance in ÅF

ÅF AB is a Swedish public limited company with its registered office in Stockholm. The company's Class B shares are listed on the NASDAQ OMX Stockholm exchange.

Governance, management and control are divided between the shareholders, the Board of Directors, the CEO and the company's Group management in accordance with applicable laws, rules and recommendations and with ÅF's Articles of Association and internal regulations.

The shareholders' meeting is the company's highest decision-making body and is the forum in which the shareholders exercise their voting rights. The Board of Directors and the Chair of the Board are elected at the Annual General Meeting (AGM). The Board appoints the CEO. The administration of the company by the Board of Directors and the CEO, as well as

the company's financial reporting are reviewed by the external auditor appointed by the AGM.

For the purpose of streamlining and strengthening its work in certain areas, the Board has appointed an Audit Committee and a Remuneration Committee. One important support function for the Audit Committee is ÅF's Internal Audit Function.

ÅF applies the Swedish Corporate Governance Code (available at www.corporategovernanceboard.se), and has made no deviations from this during 2014. ÅF complies with the NASDAQ OMX Rule Book for Issuers (available at www.nasdaqomx.com) and generally accepted stock exchange practice.

The most important internal instrument of governance is the Articles of Association adopted by the shareholders' meeting. In addition, there are the Board's Rules of Procedure and the Board's instructions for the CEO.

Internal policies and instructions constitute essential management documents for the whole company, clarifying responsibility and authority within specific areas, such as information security, regulatory compliance and risk management.

Ownership structure

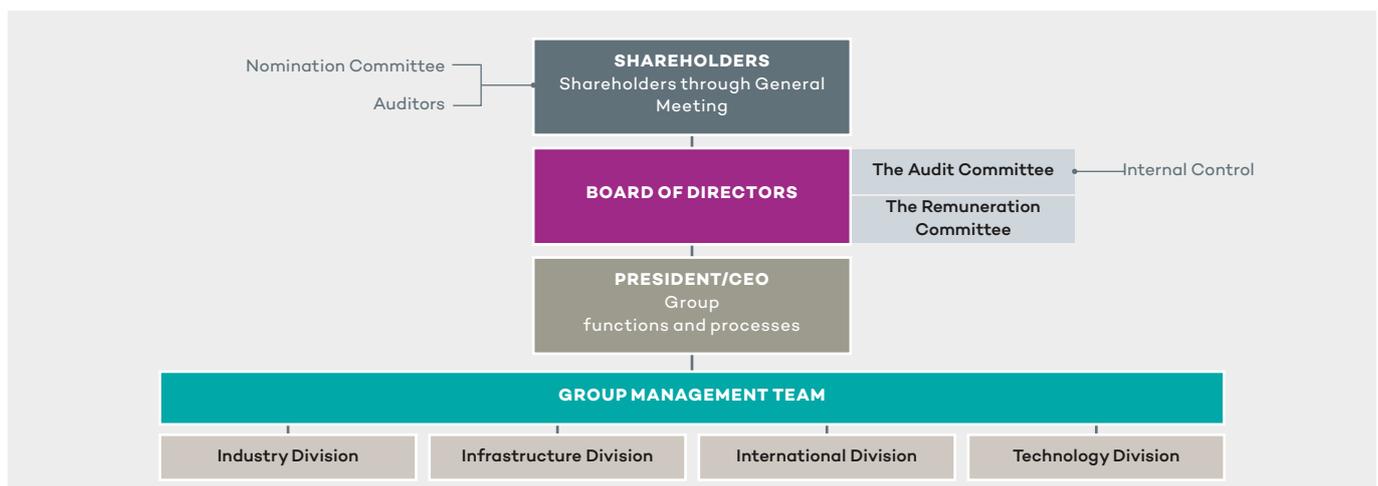
ÅF has issued two classes of share: A shares and B shares. Each A share is entitled to 10 votes, and each B share to

1 vote. On 17 June 2014, a share split was implemented, in which each existing share was divided into two new shares (2:1 split). At the end of 2014, the total number of shareholders was 8,877 and the total number of shares amounted to 78,204,970, of which 3,217,752 were Class A shares and 74,987,218 Class B shares, with the company holding 953,094 of its own Class B shares. The total number of votes was 107,164,738.

The largest shareholders at the end of the year were the ÅForsk Foundation with 37.1 percent of the votes, Swedbank Robur funds with 5.0 percent and Handelsbanken funds with 4.5 percent of the votes.

ÅF's Annual General Meeting

The shareholders' meeting held within six months of the end of the financial year, and which approves the income statement and balance sheet, is called the Annual General Meeting. Shareholders who are registered in the share register on the record day, and who have given sufficient notice of participation, have the right to participate in the shareholders' meeting. The notice convening the AGM is published on the company's website and advertised in the Swedish Official Gazette. The fact that the notice convening the AGM has been published is advertised in Dagens Industri. The 2014 AGM was held at ÅF's Group Head Office in Solna, Sweden, on 5 May 2014.



In total, 138 shareholders participated, representing 46 percent of the share capital and 61 percent of the votes. In addition to the election of the Board of Directors, the AGM resolved, among other things, on the introduction of the Performance-related Share Programme (PSP) 2014, and also authorised the Board to acquire and transfer the company's own shares and to make a new issue of Class B shares. The minutes of the meeting together with all the documentation issued prior to the AGM are available on the ÅF website, under the section for Corporate Governance.

Nomination Committee

In accordance with a resolution passed at the 2014 AGM, the members of the Nomination Committee shall be appointed by at least three and at most five of the shareholders with the largest number of votes in the company. In addition, the Chair of the Board shall be a member of the Nomination Committee. Since material changes in ownership took place in the ownership structure of ÅF after the appointment of the members of the Nomination Committee preparing for the 2015 AGM, an additional member has been appointed to the Nomination Committee preparing for the 2015 AGM in accordance with the policies for the Nomination Committee adopted by the 2014 AGM. The names of the members of the committee shall be announced no later than six months before the AGM.

The Nomination Committee in preparation for the 2015 AGM comprises: Staffan Westlin (Chair), appointed by The ÅForsk Foundation; Annika Andersson appointed by Swedbank Robur; Frank Larsson, appointed by Handelsbanken Asset Management; Anders Narvinger, Chair of the Board; Henrik Schmidt, appointed by Montanaro Asset Management; Johan Strandberg, appointed by SEB Investment Management; and Karl Åberg, appointed by CapMan.

Duties of the Nomination Committee

The Nomination Committee submits proposals, prior to the AGM, on the number of Board members, the composition and remuneration of the Board, and any fees payable for committee work. The committee shall also submit proposals on who is to chair the Board of Directors and the AGM, as well as on auditors and their remuneration. In accordance with its remit, the committee shall also carry out any other duties assigned to it under the Swedish Corporate Governance Code.

The work of the Nomination Committee

In the period up to and including February 2015 the committee has held three minuted meetings and maintained contact between meetings. To assess how well the present Board of Directors meets the demands that will be placed on the Board in consequence of the company's position and future focus, the committee has discussed the size and composition of the Board in relation to, for example, experience in the industry and specialist expertise. As a basis for the committee's work, the Chair of the Board has informed the committee about the work of the Board during the year and of the work undertaken by the Audit Committee and the Remuneration Committee. The Nomination Committee has also considered the results of the evaluation of the Board and its work, and interviewed individual members of the Board.

No remuneration has been paid for work on the committee. All shareholders are entitled to approach the committee with suggestions for Board members. The committee's proposals, the report on the committee's work prior to the 2015 AGM, and supplementary information on the proposed members of the Board will be published in connection with the notice convening the 2015 AGM, and will be presented at the 2015 AGM.

Board of Directors

The Board of Directors of ÅF shall consist of a minimum of six and a maximum of ten members, with a maximum of five deputies, appointed by the AGM. From and including the 2014 AGM, there are eight directors without deputies. The CEO is not a member of the Board. In addition, the employees have two ordinary representatives on the Board, with two deputies.

The following members were re-elected to the Board of Directors for 2014: Marika Fredriksson, Anders Narvinger, Björn O. Nilsson, Maud Olofsson, Joakim Rubin, Kristina Schauman and Anders Snell. Staffan Jufors was elected as a new member of the Board. Anders Narvinger was elected by the AGM to serve as Chair of the Board up until the close of the next AGM.

The CEO, Jonas Wiström participates in Board meetings to present reports. The Group's CFO, Stefan Johansson, also participates to present reports, and Viktor Svensson, ÅF's Head of Marketing, participates as Secretary to the Board. For more information on the Board of Directors, please refer to pages 96–97 of the annual report.

The fees paid to the Board of Directors are determined by the AGM after the suggestion of the Nomination Committee. The Chair and members of the Audit Committee and Remuneration Committee are paid an additional fee.

Independence

The composition of the Board of ÅF meets the requirements for independent directors laid down by the Swedish Corporate Governance Code. Members of the Board Björn O. Nilsson and Anders Snell are dependent in relation to the largest shareholder by voting rights in ÅF, but are not dependent of the company or Group management. None of the other members of the Board are dependent in relation to the company's major shareholders, the company or Group management.

The work of the Board of Directors

Each year the Board produces a written formal work plan which sets out the responsibilities of the Board, and which governs the allocation of duties among Board members, the rules for decision-making, dates and times of Board meetings, notification, agenda and minutes for Board meetings, and the Board's work with accounting and auditing matters. The ÅF Board holds an inaugural meeting immediately after the AGM. Thereafter, the Board is required to meet at least four times per calendar year. Every ordinary Board meeting follows the agenda set out in the Board's formal work plan, which includes a report from the CEO, a financial report and various strategic matters.

The Board of Directors has elected to appoint a Remuneration Committee and an Audit Committee.

During the year, the Board held eleven meetings in addition to the inaugural meeting, including two telephone meetings for which the relevant documentation was sent out in advance. Four of the meetings were held in connection with the publication of the company's interim reports.

The work of the Board revolves mostly around strategic issues, business plans, budgeting, accounts and acquisitions, in addition to other decisions which, under the company's decision-process rules, are dealt with by the Board. Employee representatives' deputies attend only when the employee representative is absent and in conjunction with the inaugural meeting of the Board. Reports on the progress of the company's operational activities and finances are a standing item on the agenda. A strategy seminar was held at the meeting in September, and included a thorough review of each division. Most of the ordinary Board meetings include an in-depth presentation of one of ÅF's business areas or departments. On one occasion each year, the Board discusses issues related to succession planning for senior executives in the company.

During 2014, the Board met with the company's auditors without the presence of the management on one occasion.

Attendance at Board and Committee meetings, 2014

Attendance at Board meetings during the year was very good. All directors attended every Board meeting. The employees have been represented by ordinary employee representative members or deputies. The Audit Committee and the Remuneration Committee meetings recorded full attendance at every meeting.

Evaluation of the Board of Directors and the CEO

Once a year, the Chair of the Board initiates an evaluation of the work of the Board by issuing each director with a detailed questionnaire, which is answered anonymously. The questionnaire covers areas such as the climate of cooperation, the breadth of expertise available and the manner in which the work of the Board has been carried out. The object of the evaluation is to obtain an understanding of the directors' opinions on how the work of the Board has been carried out, and what measures may be taken to improve the efficiency of this work. The results of the evaluation are discussed individually by the Chair with each director, as well as with the Board as a whole, and communicated to the Nomination Committee.

The Board of Directors evaluates the work of the CEO on an ongoing basis, by monitoring the progress of the business against the targets that have been set. A formal evaluation is carried out once a year, and the results are discussed with the CEO.

The Remuneration Committee

The task of the Remuneration Committee is to prepare the guidelines for the remuneration of senior executives which is then decided by the AGM, and to submit proposals to the Board for the salary and terms and conditions of the CEO.

The committee also deals with matters relating to the salary and terms and conditions of employment for senior executives who report directly to the CEO, and overall terms of employment and remuneration packages for all of the company's employees. The Remuneration Committee reports to the Board.

Since the inaugural meeting of 2014, the Remuneration Committee has consisted of Anders Narvinger (Chair), Anders Snell and Marika Fredriksson.

The CEO and the HR Manager participate as co-opted members. The committee has held two minuted meetings.

The Audit Committee

The Audit Committee is a vital communications link between the Board and the company's auditors. The Audit Committee supports the work of the Board by safeguarding the quality of financial reports and following up the results of the reviews and audits carried out by the external auditors. The company's internal audit staff support the committee in its work.

Since the inaugural Board meeting in 2014, the Remuneration Committee has consisted of Kristina Schauman (Chair), Anders Narvinger and Joakim Rubin. Ernst & Young AB, the company's auditors, were represented by Hamish Mabon as auditor in charge at three of the four meetings, and, in his absence, by Erik Sandström, Authorised Public Accountant. The CFO and the manager responsible for the Group Accounting and Reporting department attend as co-opted members. The company's internal auditors attended as rapporteur when needed. The committee held four minuted meetings.

Auditors

The Nomination Committee is tasked with proposing auditors for approval by the AGM. The auditors work for and on behalf of the shareholders to audit the company's accounting records, the annual accounts and the administration of the Board of Directors and the CEO. A full audit of the annual report and the

consolidated financial statements is carried out. The auditors also carry out an examination of the nine-month interim report for the period up to September each year, and attend the meetings of the Audit Committee. An examination is also carried out of the Group's corporate governance report and of compliance with the guidelines approved by the AGM relating to remuneration to senior executives.

The 2014 AGM reappointed the accounting firm Ernst & Young AB, represented by Hamish Mabon as the newly appointed auditor in charge, to serve to the end of the AGM in 2015.

The CEO and Group management

The Board of Directors has delegated operational responsibility for the administration of the company and the Group to the company's CEO. The CEO leads operations within the framework laid down by the Board. The Board has adopted instructions for the division of responsibility between the Board and the CEO. These are updated and approved each year.

The CEO has appointed a Group management team with day-to-day responsibility for various aspects of the Group's operation. ÅF's Group management normally meets once a month to discuss matters such as the Group's financial performance, acquisitions, Group-wide development projects, succession planning and competence development, together with various other strategic issues. During 2014, ten minuted meetings were held, as well as a two-day meeting with additional Group managers invited.

Once a month the CEO and the CFO discuss each of the divisions' income statements, balance sheets, key figures and major projects with the relevant president and controller. In addition, meetings are held three times a year to discuss longer-term matters, focusing on HR, strategy and budget.

Since October 2014 Group management has consisted of the CEO, divi-

sional Presidents, CFO, General Counsel, Executive Vice President for Corporate Information, head of Business Development and M&A, ÅF's Network Manager, Sustainability Manager, HR Manager and the PA to the CEO, who serves as secretary to Group management. For further information about the members of Group management, please see pages 98–99 of the annual report.

The Board's description of internal controls

The Board's responsibility for internal controls is regulated in the Swedish Companies Act and the Swedish Corporate Governance Code, which set out requirements for annual external disclosures on how internal controls over financial reporting are organised.

Board members must keep themselves informed about the state of affairs in the company and evaluate the internal control system on a regular basis. Internal controls at ÅF are designed to ensure that the company's operations are efficient and fit for purpose, that financial reporting is reliable, and that applicable laws and regulations are complied with. ÅF divides its internal controls over financial reporting into the following components: Control environment, Risk assessment, Control activities, Information & Communication, and Follow-up.

Control environment

The control environment constitutes the basis for internal controls over financial reporting. One important aspect of the control environment is that decision paths, authority and responsibility are clearly defined and communicated between different levels of the organisation, and that guidance documents are available in the form of policies, guidelines and manuals.

A description of ÅF's internal control system is included in the company's process-orientated business management system used for managing and supporting day-to-day business operations. This sets out the organisational structure,

together with the authority and responsibility vested in the various roles in the business. The process orientation of the management system guides users to the relevant routines and appropriate tools for the particular task in question, thus providing a sound basis for compliance with requirements and expectations for an appropriate control environment. The management system is available to all employees via the ÅF intranet.

Risk assessment

ÅF's risk assessment in respect of financial reporting aims to identify and evaluate the key risks affecting financial reporting in the Group's companies, business areas, divisions, processes and operations, all of which can affect financial reporting. Risk assessment forms the basis for risk management and control, as well as control targets that help to ensure that the fundamental requirements of external financial reporting are met. The risks are assessed, reported and managed by ÅF centrally together with the divisions. Risks are also assessed and managed in other contexts; for example, risks associated with fixed-price projects and acquisitions.

Control activities

In order to ensure that the business is run efficiently and that the scheduled financial reports consistently provide a fair presentation of the situation, each process has a number of built-in control activities. These involve all levels of the organisation.

Responsibility for implementing control activities at ÅF is allocated appropriately within the organisation, with clear roles ensuring effectiveness and reliability. Specific internal control activities are in place, with the aim of identifying or preventing the risk of reporting errors. For all ÅF units, including those outside Sweden, result analysis takes place continuously. Other control activities are carried out through the finance functions of the various divisions and ÅF AB's Group Accounting and Reporting

department. All accounting and reporting activities for ÅF's Swedish operations are centralised under ÅF Business Services (ÅBS) at the Group's head office, using standardised control processes.

Control activities at ÅBS include profit analyses and other controls in respect of revenue and receivables, payments, non-current assets, work in progress, wages and salaries, VAT/tax, book-keeping, consolidation and reporting as well as the maintenance of databases.

Information and communication

Information about and the communication of policies, process descriptions, routines and tools applicable to financial reports are contained in the management system that is available to the relevant personnel via the ÅF intranet. Updates are carried out in the event of any changes in internal or external requirements or expectations with regard to financial reports.

Communication with internal and external parties is governed by a communication and IR policy, which sets out guidelines for the form this should take. The policy aims to ensure that all disclosure obligations are met properly and in full. Internal communication aims to ensure that every employee understands ÅF's values and business activities. Information is actively communicated

on an ongoing basis through the Group's intranet and other channels in order to keep employees informed.

Follow-up

Compliance and the efficacy of internal controls are followed up on an ongoing basis by both the Board and management to guarantee the quality of the processes. The company's financial situation and strategy in respect of its financial position are considered at every Board meeting. The Board also receives detailed monthly reports on the company's financial position and the development of the business. The Audit Committee fulfils an important function by guaranteeing control activities for key risk areas in the financial reporting process. The Audit Committee, management and the internal audit function regularly follow up any reported non-conformances. ÅF's system for financial management and control paves the way for effective financial follow-ups throughout ÅF. Monthly reports are submitted for each profit centre, and the reports on the financial performance of assignments reflect the highest standards of reliability and detail. Any errors that are identified and any measures that are taken are reported to the next level up in the line organisation. ÅF's internal audit function carries out independent audits to

monitor whether the internal control and management systems live up to ÅF's internal ambitions and external requirements and expectations. Priority areas for ÅF's internal audits are the ÅF brand, ÅF's values and ethics, processes and systems, as well as the assignments that ÅF has undertaken to perform. Reports are submitted to the CEO and the Board's Audit Committee.

Sustainable enterprise

ÅF focuses on long-term strategic work aimed at ensuring the company becomes a more sustainable business. The ten principles of the UN Global Compact and the OECD's guidelines are fundamental to this work. The company's sustainability objectives govern the priorities set in this area. This sustainability work is intended to contribute to the company's growth and is, therefore, followed up by both the Board of Directors and by Group management. For further details about the work that ÅF is engaged in with regard to sustainability, please see pages 37–45 of the annual report.

Stockholm, 6 March 2015
The Board of Directors of ÅF AB

AUDITORS' REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the annual meeting of the shareholders of ÅF AB corporate ID No. 556120-6474

It is the Board of Directors who is responsible for the corporate governance statement for the financial year 2014 on pages 91–95 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our

opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent

with the annual accounts and the consolidated accounts.

Stockholm, 11 March 2015
Ernst & Young AB

Hamish Mabon
Authorised Public Accountant

Erik Sandström
Authorised Public Accountant

Board of Directors



Anders Narvinger

Chairman of the Board, Chairman of the Remuneration Committee and member of the Audit Committee



Marika Fredriksson

Director and member of the Remuneration Committee



Staffan Jufors

Director



Björn O. Nilsson

Director



Maud Olofsson

Director

Elected

2011

2013

2014

2010

2013

Born

1948

1963

1951

1956

1955

Education

Master of Engineering, Faculty of Engineering, Lund University, and graduate in economics, Uppsala University.

Master of Business Administration, Hanken School of Economics, Helsinki.

Graduate business administrator, Gothenburg School of Business, Economics and Law.

Doctor of Technology, M.Sc., Royal Institute of Technology (KTH), Stockholm.

Upper Secondary School diploma.

Current position and other significant duties outside ÅF

Chair of the Board of Alfa Laval AB, Capio Holding AB and Coor Service Management Group AB. Director of JM AB and Pernod-Ricard SA.

CFO, Vestas Wind system A/S. Director of Ferronordic machines.

Director of Akelius Residential Property AB, Haldex AB (publ) and Nordens Ark.

Professor, CEO and member of the Royal Swedish Academy of Engineering Science (IVA), Senior lecturer at the Royal Institute of Technology, Stockholm. Chairman of the Board of BioInvent International AB and of the ÅForsk Foundation. Director of SwedNano Tech AB.

Chair of the Board of Arise AB, Diös Fastigheter AB and Envac AB.

Professional experience

CEO of Teknikföretagen, former President and CEO of ABB Sverige.

Member of the Senior Management team of Volvo Construction Equipment, Autoliv and Gambro.

President of Volvo Trucks and Volvo Penta, and Chair of Volvo Buses.

Deputy President, Biovitrum AB; President KaroBio AB, Director of Research, Amersham Pharmacia Biotech AB.

Party Chair of the Centre Party, Sweden's Minister of Enterprise, Energy and Communications, 2006–2011 and Sweden's Deputy Prime Minister, 2006–2010.

Shareholding as at 31 December 2014

10,000 B shares

0

2,000 B shares

0

1,000 B shares



Joakim Rubin

Director and member of the Audit Committee



Kristina Schauman

Director and Chair of the Audit Committee



Anders Snell

Director and member of the Remuneration Committee



Anders Forslund

Director, employee representative



Anders Toll

Director, employee representative

2012

2012

2009

2012

2009

1960

1965

1950

1974

1955

Master of Engineering, Institute of Technology, Linköping University.

MBA, Stockholm School of Economics.

Master of Chemical Engineering, Royal Institute of Technology (KTH), Stockholm.

Graduate Engineer, Faculty of Engineering, Lund University.

Engineer.

Founding Partner of Zeres Capital Partners and Senior Partner at CapMan, a Finnish venture capital company. Director of B&B TOOLS AB, Intrum Justitia AB and Sanitec Abps.

Director and Chair of the Audit Committee of Apoteket AB, BillerudKorsnäs AB and Orexo AB. Director of Livförsäkringsbolaget Skandia, ömsesidigt. Director of Save the Children's Advisory Board in Sweden.

Chair of the ÅForsk Foundation and Wibax AB.

Employed in ÅF's Industry Division.

Employed in ÅF's Industry Division.

Head of Corporate Finance and Dept Handelsbanken Capital Markets.

CFO of OMX, Carnegie and Apoteket AB, CEO of Apoteket AB and CFO of Investor AB.

Formerly with Billerud-Korsnäs AB.

Automation engineer, Industry Division.

Inspection Engineer, Project Engineer at Industry Division.

0

0

0

2012 convertible programme: nominal amount SEK 60,000.
2013 convertible programme: nominal amount SEK 60,000

2012 convertible programme: nominal amount SEK 20,000

Deputies

Ida Yveborg
Deputy for Employee representative.

Elected: 2014

Born: 1979

Education: M.Sc., Institute of Technology, Linköping University.

Other appointments:

Employed in ÅF's Technology Division.

Holding, 31 December 2014: 0.

Bengt Lerkén
Deputy for Employee representative.

Elected: 2013

Born: 1950

Education: Engineer

Other appointments:

Employed in ÅF's Technology Division.

Holding, 31 December 2014: 2013 convertible programme: nominal amount SEK 20,000.

Auditors

Ernst & Young AB

Auditor in charge

Hamish Mabon

Group management



Fredrik Nylén
President, Technology Division

Employed: 2008

Born: 1971

Education: MSc, Business and Economics, Uppsala University and BSc, Constructional Engineering, Royal Institute of Technology, Stockholm

Professional experience: Consultant, Group Manager, Regional Manager SWECO, Business Area Manager ÅF, Deputy Divisional Manager, ÅF

Holding: 9,492 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 100,000

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

Marie Edman
PA to the President

Employed: 2010

Born: 1953

Education: Managerial Secretary studies; PR & Business Communication, IHM Business School

Professional experience: PA to the President at Proffice, Electrolux Cleaning Appliances and Skandex

Holding: 1,274 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 1,500,000

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

Per Magnusson
President, Industry Division

Employed: 2006

Born: 1954

Education: Electrical power engineering, Polhem Technical Upper Secondary School, and advanced supplementary courses in economics, marketing, and business development. KTH Executive School

Professional experience: Plant Engineer ASEA AB, consultant Rejlers Ingenjörer AB, Consulting Manager J&W AB, Sigma AB, CEO Benima SydVäst

Holding: 13,418 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 1,500,000

2013 Staff Convertible Programme: nominal amount SEK 500,000

Stefan Johansson
CFO

Employed: 2011

Born: 1958

Education: MBA, Linköping University

Professional experience: CFO Haldex and Duni, and various positions in the ABB Group

Holding: 15,004 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 1,500,000

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

Viktor Svensson
Executive VP, Group Sales & Marketing

Employed: 2003

Born: 1975

Education: MBA, Blekinge Institute of Technology

Professional experience: Stock market journalist at Finanstidningen

Holding: 16,250 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 1,500,000

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

Jonas Wiström
President and CEO

Employed: 2002

Born: 1960

Education: M.Sc., Royal Institute of Technology (KTH)

Other appointments: Director of Teknikföretagen (the Swedish Engineering Industry Employers' Association), Business Sweden. Member of the Royal Swedish Academy of Engineering Sciences (IVA) and Director of IVA's Business Executives Council

Professional experience: President/CEO Prevas AB, Managing Director Silicon Graphics, northern Europe, Manager Sun Microsystems Sweden

Holding: 64,262 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 3,060,000

2013 Staff Convertible Programme: nominal amount SEK 3,060,000



Ulrika Lundgren
Vice President M&A and
Corporate Development

Employed: 2012

Born: 1970

Education: MBA, Stockholm School of Economics

Professional experience: M&A and strategic business development at Saab AB, Gambro, Investor and Handelsbanken Capital Markets

Holding: 1,484 Class B shares

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

Christer Carmevik
ÅF Network

Employed: 2012

Born: 1964

Education: M.Sc., Institute of Technology, Linköping University

Professional experience: Designer, Project Manager and Product Manager at Stiga; Engineering Manager, Combitech Traffic Systems; Chief Designer, Swedrive; and consultant, Consulting Manager, MD of subsidiary and business developer, Epsilon

Holding: 152 Class B shares

Mats Pålsson
President, Infrastructure Division

Employed: 2009

Born: 1954

Education: M. Sc. Civil Engineering, Luleå University of Technology

Professional experience: Site Engineer, Skanska, CEO of SWECO VBB Viak and SWECO VBB, Business Area Manager ÅF Infrastructure Planning

Holding: 14,480 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 1,500,000

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

Roberto Gerosa
President, International Division

Employed: 2007

Born: 1965

Education: M.Sc., Swiss Federal Institute of Technology, Zürich

Professional experience: CEO ÅF-Colenco Ltd, Switzerland, CEO Colenco Power Engineering Ltd, Switzerland

Holding: 31,011 Class B shares

Emma Claesson
Vice President,
Human Resources & Communications

Employed: 2014

Born: 1974

Education: MBA, Uppsala University

Professional experience: VP HR SSAB EMEA, Director Leadership & Competence Development SSAB, Management Consultant Accenture

Holding: 0

Jacob Landén
General Counsel

Employed: 2008

Born: 1965

Education: LL.B., Uppsala University

Professional experience: Legal profession

Holding: 10,236 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 1,500,000

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

Nyamko Sabuni
Vice President, Sustainability

Employed: 2013

Born: 1969

Education: Law, Uppsala; Information and Communication, Berghs School of Communication; Migration Policy, Mälardalens University

Professional experience: Project Manager, Folksam sociala råd, Communications Advisor Geelmyuden, Kiese, Member of the Swedish Parliament, Committee on Industry and Trade, Minister of State.

Holding: 177 Class B shares

Healthy return for the shareholders

The price of ÅF's Class B share rose by 12 percent during 2014 and the total shareholder return, including dividends, amounted to 15 percent. Institutional interest remained high during the year, with a sharp increase in the number of shareholders. The liquidity of the share fell slightly, but remained the second-highest over the last five-year period.

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

ÅF's Class B shares are traded on the Nasdaq Stockholm exchange's Mid Cap list under the "AF B" ticker. At the end of the year, the combined market capitalisation of the company's shares, including Class A shares, was SEK 9,734 million (8,703).

Price trend and turnover

The AF B share was valued at SEK 126.00 at the end of the year, an increase of 12 percent in 2014. Including reinvested dividends of SEK 3.25, the total return on the share was 14.9 percent. The OMX Stockholm rose by 11.9 percent during the same period.

Measured over the past five-year period, 2010–2014, the AF B share's total return was 204 percent compared with 84 percent for the SIX Return Index.

During the year a total of 21,444,797 shares (39,832,262) were traded for an aggregate value of SEK 2,492 million (3,520).

A 2:1 share split was carried out in 2014. The comparative figures have been adjusted.

The average turnover per trading day was 86,124 shares (159,329), corresponding to SEK 10.0 million (14.1). The share was traded on all trading days.

Dividend policy and dividend

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

For the company's operations during 2014 the Board of Directors proposes a dividend of SEK 3.50 per share (3.25), equivalent to a pay-out ratio of 49 percent.

2:1 share split

The 2014 AGM approved a proposal from the Board of Directors for a 2:1 share split. After this, the number of shares is 78.2 million.

Share buy-backs, 2014

As of 31 December, ÅF held a total of 953,094 (847,576) of the company's own Class B shares related to the Performance-related Share Programmes for 2011, 2012, 2013 and 2014, and 0 (767,300) of the company's own Class B shares related to the Staff Convertible

Programmes for 2012 and 2013. In 2014, a total of 430,000 (767,300) ÅF shares were repurchased. Of ÅF's total shareholdings, 767,300 (1,117,564) were cancelled during the year and 324,482 (80,424) were used to match the 2010 and 2011 share programs.

ÅF's Vision 2020 unveiled on capital market day

The company has an ongoing long-term communication strategy towards the capital market, and interest in the ÅF share remained strong in 2014.

The CEO, CFO and Executive Vice President Corporate Information took part in almost 50 investor meetings during 2014.

A capital market day was held in March 2014, with over fifty people attending and with Ericsson's CTO Ulf Ewaldsson as guest speaker. ÅF Vision 2020 was unveiled on the capital market day, presenting financial targets up to 2020. The targets include a sales target of EUR 2 billion in 2020 and that ÅF shall be the most profitable company among its closest comparable competitors in the industry and achieve an operating margin of at least 10 percent over a business cycle.

Owners in Sweden and abroad

31 December 2014	Percent of equity
Sweden	59.1
Other Nordic countries	4.8
Rest of Europe (excl. Sweden and the Nordic countries)	24.7
USA	10.6
Rest of world	0.8
Total	100.0

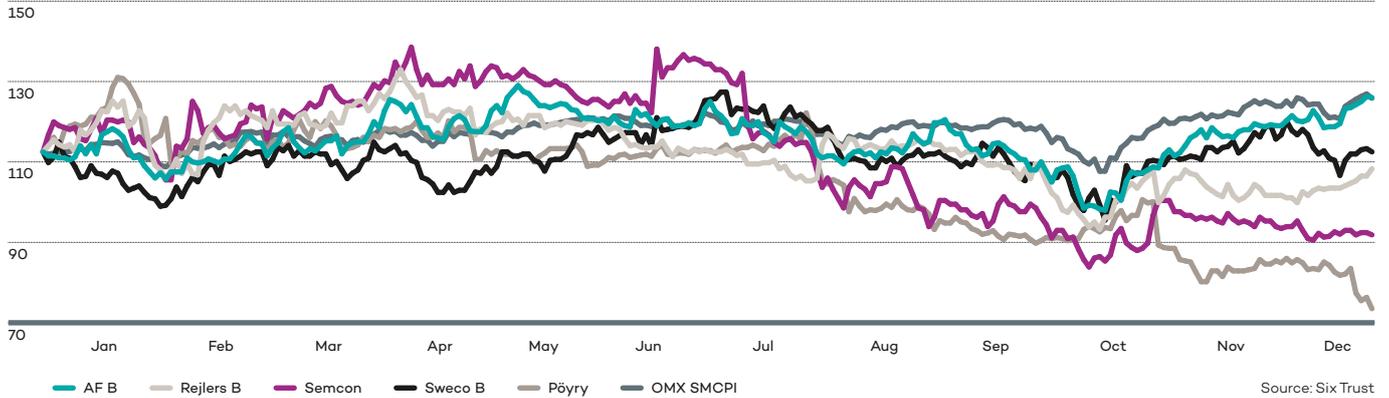
Size of shareholdings

	Number of share-holders	Shareholding, %
31 December 2014		
≤ 500	4,957	1.2
501 – 5,000	3,383	7.0
≥ 5,001	537	91.8
Total	8,877	100.0

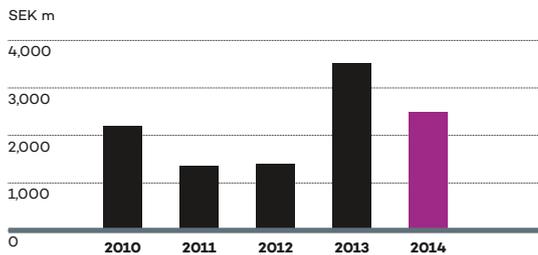
Analysts who monitor ÅF regularly

Name	Company
Viktor Lindeberg	Carnegie Investment Bank AB
Johan Dahl	Erik Penser Bankaktiebolag
Staffan Åberg	Handelsbanken Capital Markets
Erik Paulsson	Pareto Securities AB
Stefan Andersson	SEB Equities
Mats Liss	Swedbank Markets

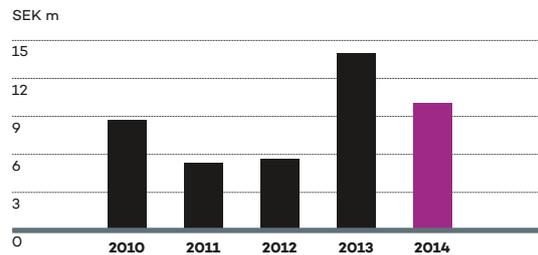
Price trend of AF B compared with the index and competitors within the industry during 2014



Annual turnover of the AF Class B share



Average daily trading of the AF Class B share



Key ratios per share

SEK	2014	2013	2012	2011	2010
Share price, 31 December	126.00	112.50	77.75	55.50	69.63
Basic earnings	7.16	6.70	5.07	4.54	10.51
Diluted earnings	7.03	6.60	5.01	4.51	10.48
Equity attributable to shareholders in the parent	51.17	47.33	43.66	36.19	34.74
Yield, percent	2.8 ¹⁾	2.9	3.5	4.5	2.9
Proposed dividend	3.50	3.25	2.75	2.50	2.00
Market capitalisation, SEK million	9,734	8,703	6,068	3,781	4,743

A 2:1 share split was carried out in 2014. The comparative figures have been adjusted.

¹⁾ Based on proposed dividend

The ten largest shareholders as at 31 December 2014

Owner	Class A shares	Class B shares	Shareholding, %	Votes, %
The ÅForsk Foundation	3,205,752	7,665,152	13.90	37.07
Swedbank Robur funds	0	5,355,862	6.85	5.00
SHB investment funds	0	4,817,827	6.16	4.50
Norges Bank Investment Management	0	3,935,663	5.03	3.67
CapMan Oyj	0	3,500,000	4.48	3.27
SEB investment funds	0	3,090,982	3.95	2.88
Nordea investment funds	0	2,489,714	3.18	2.32
Zeres Public Market Fund	0	2,347,872	3.00	2.19
Montanaro investment funds	0	2,129,884	2.72	1.99
Lannebo funds	0	2,100,000	2.69	1.96
Total other	12,000	37,554,262	48.04	35.15
Total shares	3,217,752	74,987,218	100.00	100.00



Interview with Mats Liss, analyst, Swedbank

What do you think about ÅF's performance over the past year?

The ÅF share has performed well over the past year, driven by good financial performance and a favourable stock market.

What will be the decisive factor in ÅF's growth in the future?

ÅF is expected to have a healthy profit growth over the next years, not least thanks to the strong trend in infrastructure, which ÅF benefits from as one of the major players. ÅF also enjoys strong acquisition-driven growth, which has reinforced profit growth. We expect this trend to continue

and be an important factor in achieving the objective of doubling sales by 2020. Finally, consultants have a limited need of capital and a flexible cost base, which enables them to also cope with a weakening market.

Who should consider having ÅF shares in their portfolio?

The ÅF share has benefited from strong value growth over a long period, and we expect this trend to continue. This earns the ÅF share a place as a bedrock share to have in a long-term share portfolio.

The trend in share capital

Year	Quota value	Change	Change in number of shares		Total number of shares		Total shares	Share capital
			Class A shares	Class B shares	Class A shares	Class B shares	Number	SEK thousand
1984		ÅF issues convertibles to employees			727,460		727,460	36,373
1985	50	Redesignation	-42,600	42,600	684,860	42,600	727,460	36,373
1986	50	New issue and Class B share floated on A list		300,000	684,860	342,600	1,027,460	51,373
1987	20	Bonus issue and split	684,860	1,370,060	1,369,720	1,712,660	3,082,380	61,648
1990	20	Conversion of convertibles from 1984	269,420	480,580	1,639,140	2,193,240	3,832,380	76,648
1994	20	Redesignation	-810,475	810,475	828,665	3,003,715	3,832,380	76,648
1996	20	Bonus issue	414,332	1,501,857	1,242,997	4,505,572	5,748,569	114,971
1997	20	Redesignation	-840,778	840,778	402,219	5,346,350	5,748,569	114,971
2004	20	New issue		175,807	402,219	5,522,157	5,924,376	118,488
2005	20	New issue		37,766	402,219	5,559,923	5,962,142	119,243
2006	10	Split 2:1	402,219	5,559,923	804,438	11,119,846	11,924,284	119,243
2006	10	New issue		1,121,527	804,438	12,241,373	13,045,811	130,458
2006	10	New issue		3,232,164	804,438	15,473,537	16,277,975	162,780
2007	10	New issue		90,951	804,438	15,564,488	16,368,926	163,689
2007	10	Conversion of staff convertibles from 2005/2008		566,307	804,438	16,130,795	16,935,233	169,352
2008	10	Conversion of staff convertibles from 2005/2008		94,268	804,438	16,225,063	17,029,501	170,295
2010	5	Split 2:1	804,438	16,225,063	1,608,876	32,450,126	34,059,002	170,295
2012	5	Non-cash issue		5,985,915	1,608,876	38,436,041	40,044,917	200,225
2013	5	Cancellation		-558,782	1,608,876	37,877,259	39,486,135	197,431
2014	5	Cancellation		-383,650	1,608,876	37,493,609	39,102,485	195,513
2014	2.5	Split 2:1	1,608,876	37,493,609	3,217,752	74,987,218	78,204,970 ¹⁾	195,513

¹⁾ Of which 953,094 shares are held by the company

ÅF Offshore Race: ÅF and Volvo combine technology and expertise

The three-point belt is nowadays taken for granted as a safety standard in every car. So what will be the next technological breakthrough for tomorrow's car safety? How are Volvo and ÅF working together on developing safer cars?

In the middle of the 2014 ÅF Offshore Race, the general public and boat lovers could stroll along the pontoons along Skeppsholmen in central Stockholm, admire over 300 sailing boats and enjoy the festive atmosphere.

Invited guests could also study expert visions of the cars and traffic systems of the future.

This took place at two seminars on the theme "Why does the future require smart cars?", one for clients and one for students and young professionals. Participants included Håkan Samuelsson, CEO of Volvo Cars, Jonas Wiström CEO of ÅF, Claes Tingvall, "the father of the zero vision", the Swedish Transport Administration and Anders Berglund, CEO of Google in Sweden.

The message from the experts was that smarter cars will be with us much sooner than many people think. The vehicle could, for example, be connected to an "information cloud", and be able to receive information on road conditions while driving. By extension, it will also be possible to link the vehicle's information system to the infrastructure, and this will make the vision of the autonomous car possible, along with the dream of zero fatal accidents in traffic.

A crucial step on the way is Volvo Cars' Non-Hit Car and Trucks Project, in which ÅF is participating by developing a sensor function with a 360° view around the car that is as realistic as possible and used in various functions to avoid accidents and minimise injuries.

In general, adapting infrastructure to new technology is progressing more slowly than developments in the industry. The ability and experience to bring together expertise from the Technology and Infrastructure Divisions gives ÅF

a flying start for the future, on the way towards driverless cars.

At a business seminar during the ÅF Offshore Race, KSSS Business Cup, ÅF's Head of Marketing, Viktor Svensson, and Volvo's Director of Market Communications, Per Carleö, spoke on their own company's most important steps and strategies to create strong brands in different sectors.

2014 was ÅF's fourth year as title sponsor of the ÅF Offshore Race, and Volvo Cars' first year as a main sponsor.



Five-year financial summary, SEK

SEK million, unless otherwise stated	2014	2013	2012	2011	2010
Net sales and earnings					
Net sales	8,805	8,337	5,796	5,124	4,334
Operating profit/loss	756	722	481	426	806
Operating profit excluding non-recurring items	747	724	481	426	317
Profit after net financial income/expense	720	677	477	426	798
Profit/loss for the period	553	525	353	312	717
Capital structure					
Non-current assets	4,638	4,499	4,566	2,040	2,016
Current assets	2,666	2,575	2,950	2,083	1,934
Equity including non-controlling interest	3,955	3,674	3,422	2,450	2,361
Non-current liabilities	1,021	1,170	1,699	297	185
Current liabilities	2,328	2,230	2,395	1,376	1,406
Balance sheet total	7,304	7,074	7,516	4,123	3,950
Equity (average)	3,805	3,498	2,665	2,409	2,205
Total capital (average)	7,317	7,237	4,845	3,957	3,678
Capital employed (average)	5,005	4,736	3,143	2,682	2,508
Net debt (-) /net cash (+)	-870	-853	-877	131	35
Key figures					
Operating margin, percent	8.6	8.7	8.3	8.3	18.6
Operating margin excluding non-recurring items, percent	8.5	8.7	8.3	8.3	7.3
Profit margin, percent	8.2	8.1	8.2	8.3	18.4
Equity ratio, percent	54.1	51.9	45.5	59.4	59.8
Net debt/EBITDA, times	1.0	1.0	1.6	-0.3	-0.1
Net debt-equity ratio, percent	22.0	23.2	25.6	N/A	N/A
Net cash-equity ratio, percent	N/A	N/A	N/A	5.3	1.5
Current ratio, times	1.1	1.2	1.2	1.5	1.4
Return on equity, percent	14.5	15.0	13.3	13.0	32.5
Return on total capital, percent	10.4	10.1	10.2	11.0	22.0
Return on capital employed, percent	15.2	15.4	15.7	16.3	32.2
Interest cover, times	19.3	14.4	28.9	37.3	78.6
The ÅF share					
Basic earnings per share, SEK	7.16	6.71	5.07	4.54	10.51
Diluted earnings per share, SEK	7.03	6.60	5.01	4.51	10.48
Yield, percent	2.8	2.9	3.5	4.5	2.9
Equity per share basic, SEK	51.17	47.33	43.66	36.19	34.74
Equity per share diluted, SEK	49.74	45.86	42.66	35.91	34.63
Cash flow from operating activities per share basic, SEK	7.78	5.45	7.09	6.13	2.98
Cash flow from operating activities per share diluted, SEK	7.55	5.31	6.97	6.10	2.97
Share price 31 December, SEK	126.00	112.50	77.75	55.50	69.63
Market capitalisation	9,734	8,703	6,068	3,781	4,743
Ordinary dividend per share, SEK	3.50 ¹⁾	3.25	2.75	2.50	2.00
Other					
Cash flow from operating activities	601	425	483	414	201
Cash flow from investment activities	-238	-199	-1,226	-81	77
Cash flow from financing activities	-367	-529	902	-315	-289
Capacity utilisation rate, percent	76.1	75.1	74.2	73.1	71.9
Average number of FTEs excluding associates	6,887	6,666	4,808	4,367	3,966

A 2:1 share split was carried out in 2014. The comparative figures have been adjusted.

¹⁾ Proposed dividend.

Five-year financial summary, EUR

EUR million, unless otherwise stated	2014	2013	2012	2011	2010
Closing day exchange rate	9.52	8.94	8.62	8.94	9.00
Average exchange rate	9.10	8.65	8.71	9.03	9.54
Net sales and earnings					
Net sales	968	964	665	568	503
Operating profit/loss	83	83	55	47	84
Operating profit excluding non-recurring items	82	84	55	47	33
Profit after net financial income/expense	79	78	55	47	84
Profit/loss for the period	61	61	41	35	75
Capital structure					
Non-current assets	487	503	530	228	224
Current assets	280	288	342	233	215
Equity including non-controlling interest	416	411	397	274	262
Non-current liabilities	107	131	197	33	21
Current liabilities	245	249	278	154	156
Balance sheet total	768	791	872	461	439
Equity (average)	418	404	306	267	231
Total capital (average)	804	837	556	438	385
Capital employed (average)	550	548	361	297	263
Net debt (-) /net cash (+)	-91	-95	-102	15	4
Key figures					
Operating margin, percent	8.6	8.7	8.3	8.3	18.6
Operating margin excluding non-recurring items, percent	8.5	8.7	8.3	8.3	7.3
Profit margin, percent	8.2	8.1	8.2	8.3	18.4
Equity ratio, percent	54.1	51.9	45.5	59.4	59.8
Net debt/EBITDA, times	1.0	1.0	1.6	-0.3	-0.1
Net debt-equity ratio, percent	22.0	23.2	25.6	N/A	N/A
Net cash-equity ratio, percent	N/A	N/A	N/A	5.3	1.5
Current ratio, times	1.1	1.2	1.2	1.5	1.4
Return on equity, percent	14.5	15.0	13.3	13.0	32.5
Return on total capital, percent	10.4	10.1	10.2	11.0	22.0
Return on capital employed, percent	15.2	15.4	15.7	16.3	32.2
Interest cover, times	19.3	14.4	28.9	37.3	78.6
The ÅF share					
Basic earnings per share, EUR	0.79	0.78	0.58	1.00	2.20
Diluted earnings per share, EUR	0.77	0.76	0.58	1.00	2.20
Yield, percent	2.8	2.9	3.5	4.5	2.9
Equity per share basic, EUR	5.38	5.29	5.06	8.09	7.72
Equity per share diluted, EUR	5.23	5.13	4.95	8.03	7.69
Cash flow from operating activities per share basic, EUR	0.85	0.63	0.81	1.36	0.62
Cash flow from operating activities per share diluted, EUR	0.83	0.61	0.80	1.35	0.62
Share price 31 December, EUR	13.24	12.58	9.02	12.41	15.47
Market capitalisation	1,023	973	704	423	527
Ordinary dividend per share, EUR	0.37 ¹⁾	0.36	0.32	0.28	0.22
Other					
Cash flow from operating activities	66	49	55	46	21
Cash flow from investment activities	-26	-23	-141	-9	8
Cash flow from financing activities	-40	-61	104	-35	-30
Capacity utilisation rate, percent	76.1	75.1	74.2	73.1	71.9
Average number of FTEs excluding associates	6,887	6,666	4,808	4,367	3,966

A 2:1 share split was carried out in 2014. The comparative figures have been adjusted.

¹⁾ Proposed dividend.

Definitions

Operating margin

Operating profit in relation to net sales

Profit margin

Profit/loss after net financial income/expense, in relation to net sales.

Equity ratio

Equity including non-controlling interests in relation to the balance sheet total.

Current ratio

Current assets in relation to current liabilities.

Return on equity

Profit/loss after tax in relation to average shareholders' equity including non-controlling interests.

Return on total capital

Profit/loss after net financial income/expense and restoration of financial expenses, in relation to the average balance sheet total.

Return on capital employed

Profit/loss after financial items and restoration of financial expenses in relation to the average balance sheet total, minus non-interest-bearing liabilities and net deferred tax.

Interest cover

Profit after financial items with the restoration of financial expenses, in relation to financial expenses.

Earnings per share

Earnings attributable to the parent's shareholders relative to the average number of outstanding shares. ÅF shares held by the company are not regarded as outstanding shares.

Yield

Dividend per share in relation to the year-end share price.

Equity per share

Equity attributable to the parent's shareholders relative to the total number of outstanding shares.

Cash flow per share

Cash flow from operating activities in relation to the average number of outstanding shares.

Capacity utilisation

The time invoiced to clients as a percentage of the total time all employees are present at work.

Average number of FTEs

Average number of FTEs during the year converted to the equivalent number of year-long, full-time positions. The actual number of employees is higher, owing to part-time employment and the fact that some employees work for only part of the year.

Number of employees

Total number of employees at the end of the reporting period.

EBITDA

Operating profit/loss before interest rates, tax, impairment and depreciation/amortisation.

Net debt/net cash

Interest-bearing liabilities (excluding contingent consideration) and provisions minus cash, cash equivalents and interest-bearing receivables.

Net debt-equity ratio

Net debt divided by equity including non-controlling interests.

Events and reports



Green Advisor Report 2014



Year-end report 2014



Scan the QR code into your phone or tablet to connect to ÅF's Green Advisor Report or Year-end report 2014.

Calendar of events – 2015

10 Feb

Year-end report
2014

13 Jul

Interim Report
January–June 2015

29 Apr

Interim Report
January–March 2015

6 Oct

ÅF Green Day

29 Apr

Annual General Meeting

23 Oct

Interim Report
January–September 2015



Eskilstuna railway bridge in Sweden is bathed in a stunning blue-green shimmer that really accentuates the bridge for the passing train. The lighting project was carried out by ÅF's award-winning lighting designers. Photo: Sten Jansin



Production: Hallvarsson & Halvarsson. Translation: Fluid Translation AB. Print: Ineko, Årsta, April 2015.
Photo: Olof Holdar, Lars Bahl (p. 18), Olof Thiel (p. 46), Sten Jansin (p. 18), and others.
This is a translation of the Swedish original. The Swedish text is the binding version and shall prevail in the event of any discrepancies.

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**INNOVATION
BY EXPERIENCE**

ÅF is an engineering and consulting company for the energy, industrial and infrastructure markets, creating progress for our clients since 1895.

By connecting technologies we provide profitable, innovative and sustainable solutions to shape the future and improve people's lives.

Building on our strong base in Europe, our business and clients are found all over the world.

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