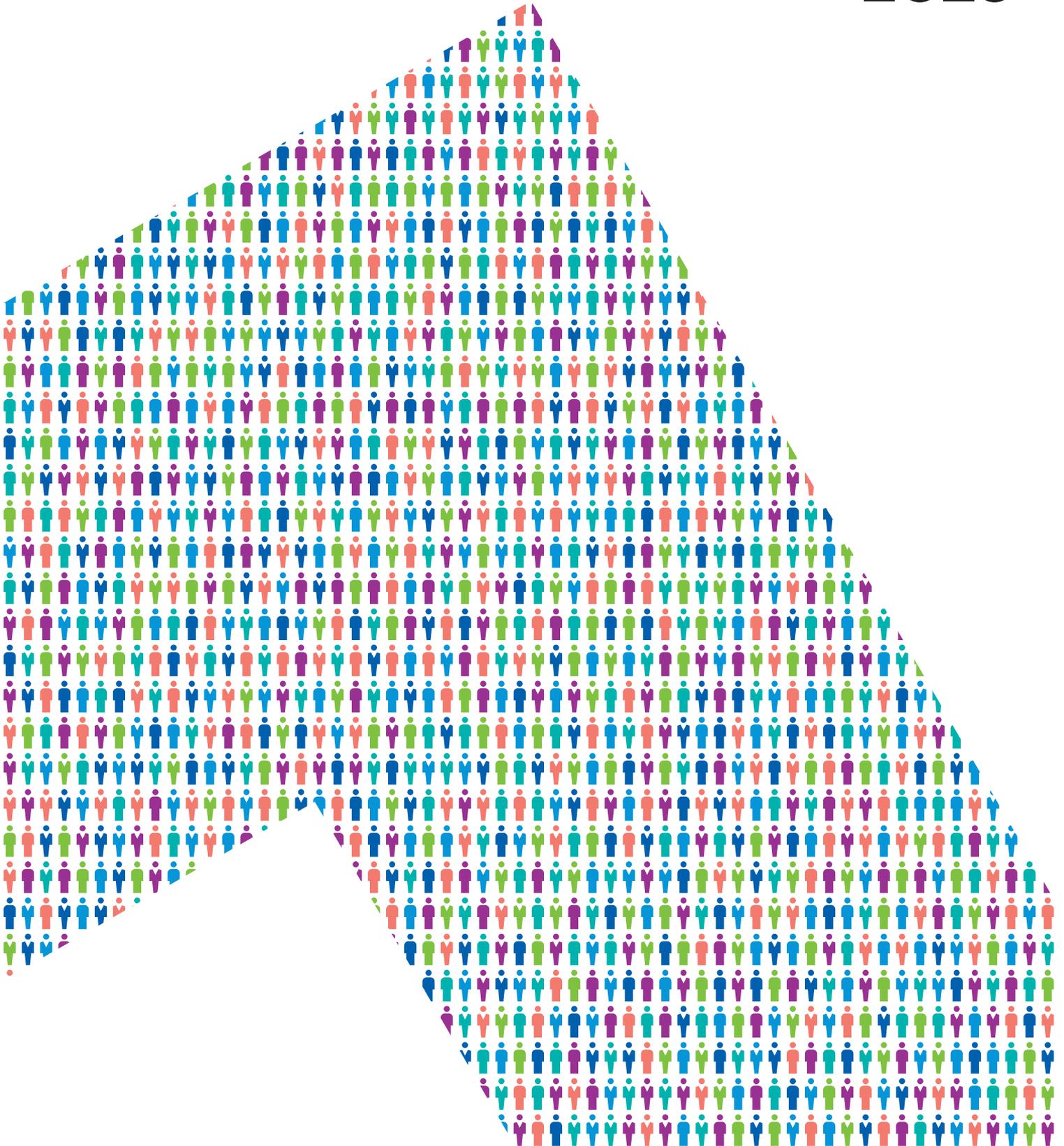


INNOVATION
BY EXPERIENCE



Year-end Report January – December 2016



Increased profit and continued growth

Comment from Jonas Wiström:

ÅF's operating profit for both the fourth quarter and the full year was the highest ever. The high profit and pace of acquisitions, coupled with the fact that this year Universum ranked us Sweden's most popular employer among postgraduate engineers gives us a solid platform for continued growth in 2017.

Fourth quarter 2016

- Net sales amounted to SEK 3,138 million (2,717)
- Operating profit, excl. items affecting comparability, was SEK 297 million (257)
- Operating margin, excl. items affecting comparability, was 9.5 percent (9.5)
- Operating profit totalled SEK 302 million (261)
- Operating margin was 9.6 percent (9.6)
- Profit after tax totalled SEK 221 million (191)
- Earnings per share, before dilution: SEK 2.84 (2.46)

January – December 2016

- Net sales amounted to SEK 11,070 million (9,851)
- Operating profit, excl. items affecting comparability, totalled SEK 964 million (832)
- Operating margin, excl. items affecting comparability, was 8.7 percent (8.4)
- Operating profit totalled SEK 965 million (839)
- Operating margin was 8.7 percent (8.5)
- Profit after tax totalled SEK 711 million (609)
- Earnings per share, before dilution: SEK 9.32 (7.81)
- The Board proposes a dividend for 2016 of SEK 4.50 per share (3.75)

COMMENTS BY THE CEO

ÅF's operating profit for both the fourth quarter and full year 2016 was the highest ever. Excluding items affecting comparability, operating profit for the quarter amounted to SEK 297 million (257), a rise of 16 percent. Meanwhile, we are continuing to see healthy growth, with a sales increase of 15 percent. In line with ÅF's strategy, a number of acquisitions were carried out in Q4 that have reinforced the company's presence in Denmark and Switzerland. Norway is seeing persistent growth, which totalled over 40 percent in 2016.

ÅF believes there is a slight improvement in the market outlook compared with the year-earlier period. There is continued strong demand from certain parts of the industrial sector, primarily in the automotive, pulp, food and pharmaceutical industries. Meanwhile, demand in infrastructure planning is strong in both roads and railways, as well as the construction sector. There has been a rise in demand within renewable energy, transmission and distribution, and there were indications that the weak mining, steel and nuclear power industries were stabilising.

The Industry Division is exhibiting profitable growth. The automotive business in China is continuing to perform well and in the fourth quarter ÅF also won a three-year assignment for AB Volvo in Brazil. The Industry Division strengthened its offering through the acquisition of Reinertsen's Swedish chemicals

and petrochemicals business, with just over 100 employees.

The Infrastructure Division is gaining market share on the robust infrastructure market and experiencing healthy growth of 27 percent. Profitability remains stable at over 10 percent, although investments mainly in Norway have had a negative impact on profitability in the short term. Demand for the division's services is high throughout Scandinavia. Growth in Norway is continuing and the business in Denmark is being strengthened through the acquisition of the company Midtconsult.

The International Division finished the year on a high, as is usual for this time of year. The market for power production in Europe remains weak, while demand in Africa and Southeast Asia is persistently strong. Q4 saw the acquisition of Edy Toscano, a leading engineering and consultancy firm in Switzerland, operating primarily within infrastructure. The acquisition makes ÅF one of the largest engineering and consultancy companies in Switzerland. ÅF is also broadening its energy offering via the acquisition of the international solar energy company Aries.

The Technology Division continues to grow, mainly organically, with persistently healthy profitability. Demand for embedded systems and digital solutions remained high, particularly in the automotive industry. ÅF's wide ranging industry expertise and the Technology Division's in-depth knowledge of appli-

cation and systems development for the interconnected world combine to produce a solid offering within digital transformation. This digitalisation expertise will be an increasingly significant feature of ÅF's overall offering for clients within the fields of industry, infrastructure and energy.

The strong end to the year meant that operating profit excluding items affecting comparability amounted to SEK 964 million (832) in 2016, an increase of 16 percent. The pace of acquisitions has been high in 2016 and a total of 15 companies were acquired, with combined sales totalling SEK 1.5 billion. The acquisitions have positioned ÅF for further growth primarily in Norway, Denmark and Switzerland, as well as in new fields, such as architecture with the acquisition of sandellsandberg.

The acquisitions completed in 2016 secures a good growth in 2017. Combined with our financial earnings and ÅF's strong ranking as an attractive employer for postgraduate engineers, this provides the company with a solid platform for continued growth in 2017. The target for 2020 remains: generate net sales of at least EUR 2 billion and achieve an operating margin of at least 10 percent over a business cycle.

Stockholm, Sweden – 3 February, 2017

Jonas Wiström
President and CEO

NET SALES AND EARNINGS

October-December 2016

Net sales for the quarter totalled SEK 3,138 million (2,717). Growth was 15.5 percent, of which 3.4 percentage points were organic. The International Division reported negative organic growth of 5.0 percent. When adjusted for currency translation effects, total growth amounted to 14.3 percent.

Operating profit and the operating margin were SEK 302 million (261) and 9.6 percent (9.6), respectively. Items affecting comparability total SEK 5 million and relate to an adjustment to the estimated size of future contingent considerations. Items affecting comparability last year amounted to SEK 4 million. Adjusted for these items, operating profit totalled SEK 297 million (257) and the operating margin was 9.5 percent (9.5). The underlying operating profit thus rose by 16 percent. All divisions are reporting an operating margin exceeding 9 percent.

In addition to items affecting comparability, operating profit was affected by two significant items: impairment of a receivable in the Norwegian business totalling SEK 10 million and a downward adjustment of the pension liability in Switzerland in the amount of SEK 8 million, resulting from a change in the terms of the pension scheme. These items thus impacted profit by a net amount of SEK -2 million. The impairment rela-

tes to the fact that ÅF has worked on various projects together with Reinertsen AS, which has now initiated a reconstruction procedure. ÅF's outstanding receivables were therefore written down by 75 percent and have impacted the Infrastructure Division in the amount of SEK 7 million and had a Group-wide effect of SEK 3 million. The adjustment to the pension liability in Switzerland has been recorded in the International Division. There was one more working day in Q4 compared with the previous year.

Capacity utilisation was 77.7 percent (77.7). Profit after financial items was SEK 289 million (250) and profit after tax was SEK 221 million (191).

January-December

Net sales for the year totalled SEK 11,070 million (9,851). Growth was 12.4 percent, of which 2.9 percentage points were organic. The International Division reported negative organic growth of 7.4 percent. Currency translation effects had a marginal impact on growth. The pace of acquisitions has remained high. Towards the end of the year, infrastructure company Edy Toscano AG in Switzerland was acquired as part of ÅF's strategy of growing in countries where the Group already operates. ÅF is now one of the three largest engineering consultancy firms in Switzerland, with over 600 employees. The businesses acquired in 2016, including the acquisitions announced with a takeover date of 1 January 2017, will contribute an increase in net sales of approximately 9 percent in 2017.

Adjusted for items affecting comparability, operating profit and the operating margin totalled SEK 964 million (832) and 8.7 percent (8.4), respectively. The underlying operating profit thus rose by 16 percent.

In order to boost profitability, a cost-cutting and streamlining programme was carried out in 2016, mainly related to the Industry Division but also to the Technology Division and the parent company. The cost of this programme amounted to SEK 25 million and the annual saving effect totalled SEK 38 million. During the year, the Group received a refund regarding an adjustment to pension premiums from prior years, amounting to SEK 22 million. In addition, adjustments were made to the estimated size of future contingent considerations, which resulted in a positive effect on earnings of SEK 6 million. The above-mentioned items, which amounted to net SEK 2 million, were recognised under Group-wide items. Including these items, operating profit totalled SEK 965 million (839) and the operating margin was 8.7 percent (8.5). Items affecting comparability last year amounted to SEK 7 million. There were two more working days compared with the previous year.

Capacity utilisation was 77.6 percent (76.9). Profit after financial items was SEK 923 million (799) and profit after tax was SEK 711 million (609).

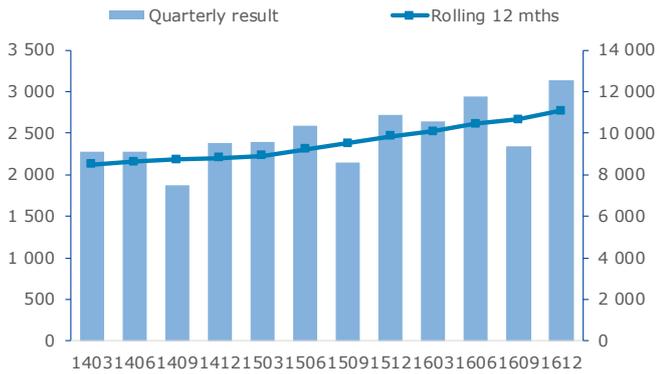
KEY RATIOS

	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Net sales, SEK million	3 138	2 717	11 070	9 851
Operating profit excl items affecting comparability, SEK million	297	257	964	832
Operating margin excl items affecting comparability, %	9,5	9,5	8,7	8,4
Operating profit, SEK million	302	261	965	839
Operating margin, %	9,6	9,6	8,7	8,5
Profit after financial items, SEK million	289	250	923	799
Earnings per share, before dilution, SEK	2,84	2,46	9,32	7,81
Net debt, SEK million	-	-	2 298	1 486
Net debt/EBITDA rolling 12-months, times	-	-	2,1	1,6
Net debt-equity ratio, %	-	-	48,9	35,1
Total number of employees	-	-	9 133	7 852
Capacity utilisation, %	77,7	77,7	77,6	76,9

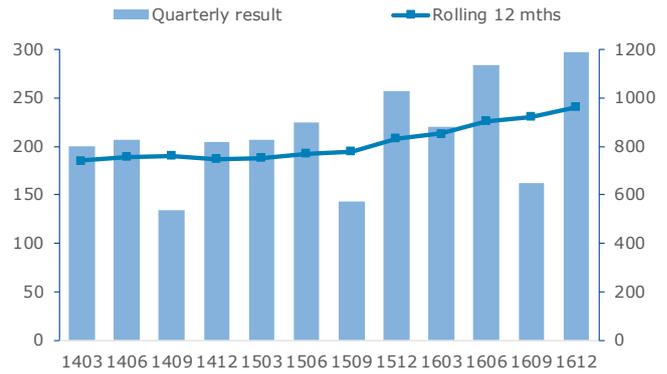
Items affecting comparability

	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full Year 2015
Restructuring costs	-	-	-25	-43
Revaluation of contingent consideration	5	4	6	50
Pension refunds	-	-	22	-
Total	5	4	2	7

NET SALES SEK MILLION



OPERATING PROFIT SEK MILLION *)



*) excl items affecting comparability

Cash flow and financial position

Consolidated net debt totalled SEK 2,298 million (1,486) at the end of the quarter and SEK 2,006 million (1,639) at the start of the quarter. Cash flow from operating activities reduced net debt by SEK 205 million. Increasing business with sectors with longer payment terms has led to more working capital being tied up, which has reduced the cash flow from operating activities. Purchase price payments of SEK 282 million and share buy-backs of SEK 128 million have also raised net debt.

Net debt grew by SEK 812 million during the year. Cash flow from operating activities reduced net debt by SEK 622 million, while dividends paid of SEK 292 million, share buy-backs of SEK 128 million and purchase price payments of SEK 917 million increased it.

On 14 March, ÅF issued a senior non-secured bond loan totalling SEK 500 million. The bond loan has a variable interest rate of three months' STIBOR +135 basis points and a term of three years, with a final maturity date of 21 March 2019. The bond loan is listed on the Nasdaq OMX Exchange in Stockholm. The Group therefore has outstanding bond loans totalling SEK 1,200 million.

Consolidated cash and cash equivalents totalled SEK 329 million (264) at the end of the period and unused credit facilities amounted to SEK 939 million (842).

Equity per share was SEK 60.19 (54.46). The equity/assets ratio was 45.1 percent (50.9). Equity totalled SEK 4,697 million (4,230).

Parent company

Parent company operating income for the January – December period amounted to SEK 658 million (574) and relates chiefly to internal services within the Group. Profit after net financial items was SEK 522 million (599). Cash and cash equivalents totalled SEK 62 million (92) and gross investment in non-current assets was SEK 49 million (27).

Acquisitions and divestments

Fifteen businesses have been acquired since the beginning of the year, and they are expected to contribute sales of approximately SEK 1,500 million over a full year.

Number of employees

The average number of full-time equivalents was 8,115 (7,453). The total number of employees at the end of the period was 9,133 (7,852): 6,916 (6,455) in Sweden and 2,217 (1,397) outside Sweden.

Important events in third quarter 2016 and after end of reporting period

To strengthen its position in the Nordic energy market, ÅF acquired the Norwegian energy technology consultant Solid Engineering AS in October. The company provides engineering and consulting services to the Norwegian energy market in the electric power mains area. Solid Engineering AS and its subsidiary Solid Consult AS, which is also included in the acquisition, together have around 70 employees and net sales of approximately NOK 100 million.

In October, ÅF acquired Reinertsen's Swedish business, thereby strengthening the company's offering in chemicals and petrochemicals, as well as in the process industry. The business has annual sales of approximately SEK 100 million and around 100 employees based in Gothenburg and Stenungsund.

In November, ÅF acquired all the shares in AB Teknoplan. ÅF has consequently consolidated its offering regarding technical installations for properties and infrastructure. Teknoplan has 42 employees, annual sales of around SEK 50 million and is based in Stockholm.

In December, to bolster the company's global position in the renewable energy sector, ÅF acquired the energy division of the Spanish engineering firm ARIES Ingeniería y Sistemas S.A. Aries is an engineering company based in

Madrid with an energy division offering consulting and engineering services in the renewable energy sector, focusing on solar power for the global market. The business has around 30 employees and annual sales of roughly EUR 5 million.

In December, ÅF acquired Edy Toscano AG, a leading engineering and consultancy firm in Switzerland. ÅF's Swiss business has so far been focusing its attention on the energy sector, but the acquisition of Edy Toscano adds infrastructure to ÅF's business in Switzerland. Edy Toscano AG has sales of just over SEK 400 million.

In January 2017, ÅF acquired Quality Engineering Group AB. The acquisition enables ÅF to offer a complete range of quality assurance services to industry clients in Scandinavia. Annual sales total approximately SEK 30 million and the company has 24 employees based in Sweden.

In line with ÅF's growth strategy and ambition to expand its presence in Denmark, Midtconsult P/S was acquired, which will be part of the Group as of 1 January 2017. The company's main market is in the construction and property sector, but it is also growing within infrastructure.

The board of directors of ÅF has appointed Jonas Gustavsson as new President and CEO. Mr Gustavsson will assume the post by August 1st, replacing Jonas Wiström who is stepping down after 15 years at the helm.

Mr Gustavsson has headed Sandvik Machining Solutions since 2013 and, prior to that, has held a series of management positions within Sandvik since 2008. He served as Vice President Operations at Rotax from 2002–07 and in various management roles at Bombardier from 1997–2002 and at ABB from 1995–97. He is a Swedish citizen, born in 1967, and holds a degree in engineering. Jonas Wiström will step down as CEO when Mr Gustavsson takes up his new post.

Industry Division



The Industry Division is the Nordic region's leading consultant in product development, process and production systems. Its mission is clear: to improve profitability for its clients. Experience from previous projects guarantees stability, competitive strength and peace of mind for clients. 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.

ÅF believes the climate for investment in industry saw an improvement during the autumn. The difference between various sectors remains, with weaker demand during the year from many sectors that traditionally rely heavily on consulting, including nuclear power, mining, oil and gas and to some extent the steel industry. Over the past six months, there were indications that demand from these industries was stabilising.

In the automotive, food and pharmaceutical industries, and generally within industrial automation and robotics, demand has been consistently strong throughout 2016, which has also affected the most recent quarter.

All in all, the market has therefore improved and the demand trend is positive. For example, there is an increasing number of inquiries regarding major project undertakings, in which ÅF, with its experience and expertise in managing large projects, is well-positioned to fulfil clients' needs.

Another clear trend emerging is that industrial clients are experiencing a heightened need for engineering services at all stages of their cycles, from industrial design and product development, to industrial automation. With

its wide-ranging capabilities, ÅF can supply all aspects of the value chain.

Growth in the fourth quarter reached 13.2 percent, of which 4.1 percentage points were attributable to organic growth.

Operating profit totalled SEK 123 million (110), an increase of 12 percent compared with last year. The operating margin was 9.9 percent (9.9).

ÅF is continuing to consolidate its position in the food and pharma sectors, where the healthy underlying market paired with ÅF's high level of expertise in the sector are contributing to strong growth. Several new orders were received, including in Denmark.

ÅF is continuing to grow within the automotive industry, both in Sweden and abroad. Operations in China performed well. One of ÅF's largest clients in China, NextEV, is developing electric cars for the Chinese market. ÅF is involved in the development of the company's first volume car; a seven-seater SUV planned to go on the market in China at the end of 2017. ÅF's assignment involves the development and validation of all the chassis systems, including wheel suspension, brakes,

steering and active safety. The assignment is being carried out by a team with the client in Shanghai, in cooperation with colleagues in Sweden and India. Furthermore, ÅF won an assignment from AB Volvo in Q4 to supply its Brazilian unit with a team of engineers. The order expands ÅF's client base in Brazil, where ÅF is already working with Scania.

Partly owing to our local presence and considerable expertise within project assignments for the pulp and paper pulp industry, ÅF has been entrusted with planning major parts of the renovation related to increasing capacity at BillerudKorsnäs' facility in Gruvön. The investment, which amounts to nearly SEK 6 billion, is one of the largest ever in Sweden for BillerudKorsnäs.

To strengthen its position in the Nordic energy market, ÅF has acquired the Norwegian energy technology consultant Solid Engineering AS, with sales of around NOK 100 million.

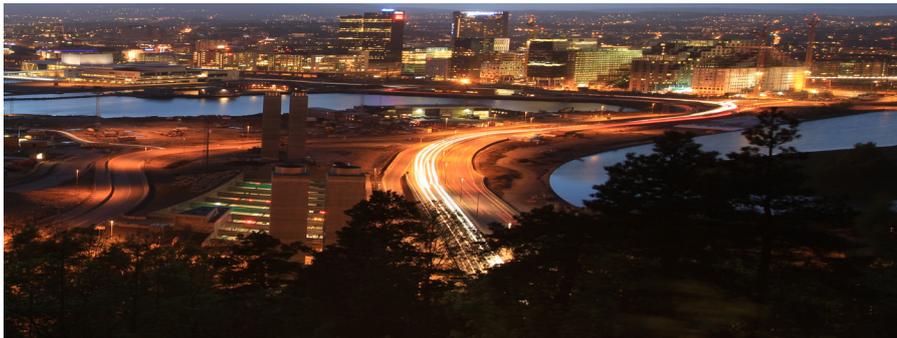
In the fourth quarter, the Industry Division strengthened its offering through the acquisition of Reinertsen's Swedish chemicals and petrochemicals business, with just over 100 employees.

KEY RATIOS - INDUSTRY DIVISION

	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Net sales, SEK million	1 251	1 105	4 437	4 147
Operating profit, SEK million	123	110	403	371
Operating margin, %	9,9	9,9	9,1	8,9
Average number of full-time employees, FTEs	3 284	3 260	3 177	3 204
Total growth, %	13,2	14,9	7,0	11,6
of which organic growth, %	4,1	2,3	2,1	-0,2

The historical figures above are adjusted based on the organisational changes implemented 1 January 2016.

Infrastructure Division



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.

Demand for engineering services in infrastructure remains strong in Scandinavia. Public sector investment is consistently high in both new and existing infrastructure, as well as in sustainable investments for maintaining properties.

ÅF continues to combine steady growth with high profitability, and the company is persistently gaining market share in both Sweden and Norway, which are the Group's largest infrastructure markets. Growth was 26.9 percent in Q4, of which 5.3 percentage points was organic.

Operating profit increased by 28 percent, amounting to SEK 127 million (99), and the operating margin rose to 10.8 percent (10.7). A strong underlying market, growth and the division's ability to run both smaller projects and large, complex projects are just a few of its success factors. Operating profit for the quarter was affected by an impairment of receivables in the amount of SEK 7 million relating to project collaborations with Reinertsen AS, which is now under reconstruction.

ÅF's considerable and unique expertise within the growing hospital sector, with technically advanced equipment and complex installations, is continuing to produce results. New assignments include alterations to the Thoracic Clinic at Karolinska University Hospital in Solna.

ÅF won an order within the area of energy efficiency from Coop, in which ÅF has been contracted to conduct a national energy survey of just over 100 stores and come up with suggestions for cost-effective and sustainable improvements.

The division is continuing to build on its infrastructure planning offering. In the fourth quarter, ÅF was commissioned by the Swedish Transport Administration for the project planning of part of the North Bothnia Line, encompassing route studies, consulting documents and the development of railway plans with environmental impact assessments.

The Infrastructure Division continues to run a number of large projects, including the expansion of Oslo Gardermoen Airport in Norway, the Stockholm Bypass and the West Link rail tunnel in Gothenburg, ÅF, together with Tyréns, is also the technical consulting company in charge of Phase 1 of the East Link project.

In line with ÅF's growth strategy and ambition to expand its presence in Denmark, Midtconsult AS was acquired, which will be part of the Group as of 1 January 2017. The company's main market is in the construction and property sector, but it is also growing within infrastructure.

Integration of the acquired companies sandellsandberg, Optiman, Traffic Team, Erstad & Lekven and Reinertsen is progressing as planned. However, profit for the period was impacted by costs relating to implementation and integration of the acquisitions, which had a negative effect on the operating margin.

KEY RATIOS - INFRASTRUCTURE DIVISION

	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Net sales, SEK million	1 180	930	4 082	3 147
Operating profit, SEK million	127	99	427	347
Operating margin, %	10,8	10,7	10,5	11,0
Average number of full-time employees, FTEs	3 191	2 446	2 977	2 254
Total growth, %	26,9	22,4	29,7	15,3
of which organic growth, %	5,3	10,7	7,6	7,7

International Division



The International Division offers technical consulting services, in the energy, Industry and infrastructure sectors. Most of the services provided are within the energy sector. The division's domestic markets are Switzerland, Finland and the Baltic countries, and the Czech Republic, but it also performs projects in around 70 countries worldwide. The division enjoys a strong position within renewable energy, thermal power, hydropower and nuclear power.

The market for energy projects in the division's domestic market of Europe is still weak, while the markets in Southeast Asia and Africa continue to report healthy demand. Population growth and urbanisation are driving demand for power generation and distribution in these markets.

Net sales dropped by 2.7 percent in the fourth quarter. The figure includes growth through acquisitions of 2.3 percent and currency translation effects of 4.1 percent (positive). The main reasons for the decline are the weak European energy market and the temporarily postponed nuclear power project Angra 3 in Brazil. The Angra 3 project remains on hold, but is still expected to be resumed in the first half of 2017.

Operating profit totalled SEK 28 million (31) and the operating margin was 9.3 percent (10.0). One contributory factor was a downward adjustment of the pension liability in

Switzerland amounting to SEK 8 million, because of a change in the terms of the pension scheme. The underlying operating margin in Q4, normally a strong quarter, was 6.6 percent.

In the fourth quarter, ÅF acquired the Swiss engineering consultancy firm Edy Toscano AG. The company, which is one of the leading engineering consultants in Switzerland in the infrastructure sector, offers planning, engineering and consultancy services for tunnels, roads, railways, traffic planning and the environment. The company has net sales of just over SEK 400 million. The acquisition is consistent with the Group's strategy of growing on its domestic markets. Edy Toscano AG was consolidated into the ÅF Group on 31 December, 2016.

In accordance with ÅF's efforts to reinforce its global position within renewable energy, the company acquired the energy division of the

Spanish engineering firm ARIES Ingeniería y Sistemas. The Madrid-based company offers consulting and engineering services, primarily within the international solar energy market. The firm has annual sales of EUR 5 million and was consolidated into ÅF on 1 December.

The market trend is continuing, with existing power plants being upgraded to reduce emissions and optimise processes, and in the fourth quarter ÅF concluded a number of agreements in Europe and Southeast Asia.

In the hydropower sector, ÅF also won orders to construct a new hydropower plant in Norway and to upgrade existing facilities in Sweden, as well as a substantial expansion assignment from a Swiss client.

KEY RATIOS - INTERNATIONAL DIVISION

	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Net sales, SEK million	300	309	1 098	1 179
Operating profit, SEK million	28	31	58	82
Operating margin, %	9,3	10,0	5,3	7,0
Average number of full-time employees, FTEs	851	893	844	893
Total growth, %	-2,7	-1,0	-6,9	3,9
of which organic growth, %	-5,0	-2,6	-7,4	6,8

The historical figures above are adjusted based on the organisational changes implemented on 1 January 2016.

Technology Division



The Technology Division's main operations are in Sweden, where it works with R&D, communication technology, and IT. Technology helps companies, government agencies, and the military take advantage of the possibilities of the connected world. A firm base and a long track record of success provide stability and give clients peace of mind.

The market for embedded systems and digital solutions remains strong. Growth was 11.3 percent for the fourth quarter, of which 7.0 percentage points were organic. Sales and operating profit continued to increase, largely owing to strong demand, a persistently high capacity utilisation rate and the high pace of recruitment. The operating margin was 9.2 percent (9.2).

ÅF's breadth of expertise combined with the Technology Division's in-depth knowledge of application and systems development for the connected world constitutes a solid offering in the market. Demand from the automotive industry remained strong, primarily within embedded systems with applications in active safety, autonomous driving intelligence and IT services linked to telematics. ÅF is now established as one of Sweden's leading development partners to the Swedish automotive

industry. Demand from the telecom sector's operators remained good, while the telecom market was weaker on the supply side. However, ÅF sees continued opportunities to win telecom business through the ability to put together cross-functional consulting teams and cost-effective outsourcing projects both in Sweden and abroad. Growth continued in the banking and finance sector, where there is a significant need for digitalisation, while another of the division's main markets, the defence industry, accounted for a somewhat lower level of demand than expected in Q4.

Several significant new orders were secured in the quarter and new framework agreements were signed with Scania, AB Volvo, Autoliv, ICA and a number of public-sector clients. Key individual orders were signed with BAE Systems and Telia.

The strategic investment in digital management consultancy services initiated in the third quarter has progressed well, with a continued build-up of qualified consultants. ÅF's wide ranging expertise in industry and essential services in society and the Technology Division's in-depth knowledge of application and systems development for the interconnected world combine to produce a unique digital transformation offering for ÅF's clients.

The integration of Sjöland & Thyselius, which was acquired on 1 September, has progressed according to schedule and the business is now fully integrated. Sjöland & Thyselius' focus on the defence industry, telecommunications, the automotive industry and civil safety has contributed synergies between the two companies in a relatively short period of time.

KEY RATIOS - TECHNOLOGY DIVISION

	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Net sales, SEK million	497	447	1 736	1 601
Operating profit, SEK million	46	41	162	125
Operating margin, %	9,2	9,2	9,3	7,8
Average number of full-time employees, FTEs	1 063	981	995	983
Total growth, %	11,3	8,1	8,5	9,5
of which organic growth, %	7,0	8,1	6,9	9,5

Risks and uncertainty factors

The significant risks and uncertainty factors to which the ÅF Group is exposed include strategic risks linked to the market, acquisitions, sustainability and IT, and operational risks related to projects and the ability to recruit and retain qualified co-workers. In addition, the Group is exposed to a number of financial risks, including currency risks, interest-rate risks and credit risks. The risks to which the Group is exposed are described in detail in ÅF's 2015 Annual Report. No significant risks are considered to have arisen since the publication of the Annual Report.

Accounting policies

This report has been prepared in accordance with IAS 34, "Interim Financial Reporting". The accounting policies conform to International Financial Reporting Standards (IFRS), as well as with the EU approved interpretations of the relevant standards, the International Financial Reporting Interpretations Committee (IFRIC) and Chapter 9 of the Swedish Annual Accounts Act. The report has been drawn up using the same accounting policies and methods of calculation as those in the 2015 Annual Report (Note 1). New or revised IFRS standards that came into force in 2016 did not have any material impact on the Group.

The parent company has implemented the Swedish Financial Reporting Board's Recommendation RFR 2, which means that the parent in the legal entity shall apply all EU approved IFRS and related statements as far as this is possible, while continuing to apply the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and paying due regard to the relationship between accounting and taxation.

Definitions

ESMA's guidelines on alternative performance measures are being applied as of 3 July 2016. Most of the alternative performance measures used in this report are defined in the 2015 Annual Report. For the alternative performance measures that are not covered by the Annual Report, the following definitions apply:

Organic growth – total growth as regards net sales less acquired growth. Sales from an acquired operation are calculated as acquired sales twelve months from the takeover date.

Rolling twelve-month sales and operating profit – sales and operating profit with regard to the most recent twelve-month period.

Operating profit excl. items affecting comparability – Operating profit adjusted for items

affecting comparability per separate table (page 2).

Operating margin excl. items affecting comparability – operating margin adjusted for items affecting comparability per separate table (page 2).

The share

The ÅF share price at the end of the reporting period was SEK 167.00 (143.75). Adjusted for dividends, the total return for the ÅF share amounted to 19.3 percent since the start of the year. The total return on the OMX Stockholm Allshare index for the same period amounted to 8.7 percent.

A shares	3,217,752
B shares	75,696,001
Total shares	78,913,753
Of which own B shares	1,202,750
Votes	107,873,521

In 2016, 49,905 own shares were used for matching of the 2012 and 2013 share savings programmes. Shares were converted during the period as per the 2012 and 2013 staff convertible programme, increasing the number of B shares by 848,460. In the fourth quarter, 775,684 B shares were repurchased with regard to the 2016 staff convertible programme.

Dividend

The Board proposes a dividend per share for 2016 of SEK 4.50 (3.75).

Stockholm, Sweden - 3 February, 2017
ÅF AB (publ)

Jonas Wiström
President and CEO

This report has not been subject to review by the company's auditors.

This information is information that ÅF AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 3 February at 11.30 am CET.

All assumptions about the future that are made in this report are based on the best information available to the company at the time the report was written. As is the case with all assessments of the future, such assumptions are subject to risks and uncertainties, which may mean that the actual outcome differs from the anticipated result.

Calendar 2017

25 April Interim Report Jan-Mar
25 April Annual General Meeting
13 July Interim Report Jan-Jun
23 October Interim Report Jan-Sep

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Consolidated income statement

SEK million	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Net sales	3 138	2 717	11 070	9 851
Personnel costs	-1 700	-1 469	-6 139	-5 467
Purchases of services and materials	-848	-751	-2 944	-2 672
Other costs	-265	-216	-918	-828
Other income	7	5	10	55
Amortisation and impairment of intangible assets	-13	-11	-48	-43
Depreciation and impairment of property, plant and equipment	-17	-15	-67	-56
Profit attributable to participations in associates	0	0	0	0
Operating profit	302	261	965	839
Net financial items	-13	-11	-42	-40
Profit after financial items	289	250	923	799
Tax	-68	-59	-212	-190
Profit for the period	221	191	711	609
Attributable to:				
Shareholders in the parent	222	191	726	605
Non-controlling interest	0	0	-15	4
Profit for the period	221	191	711	609
Operating margin, %	9,6	9,6	8,7	8,5
Capacity utilisation, %	77,7	77,7	77,6	76,9
Earnings per share before dilution, SEK	2,84	2,46	9,32	7,81
Earnings per share after dilution, SEK	2,79	2,40	9,14	7,63
Number of shares outstanding	77 711 003	77 588 322	77 711 003	77 588 322
Average number of outstanding shares before dilution	78 032 108	77 586 415	77 937 176	77 502 515
Average number of outstanding shares after dilution	80 394 698	80 117 453	80 220 366	79 931 532

Statement of consolidated comprehensive income

SEK million	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Profit for the period	221	191	711	609
Items which will be transferred to profit or loss				
Change in translation reserve	-17	-43	112	-38
Change in hedge reserve	6	4	-11	-3
Tax	-1	-1	2	0
Items which will not be transferred to profit or loss				
Pensions	-6	-24	-5	-22
Tax	1	5	1	4
Other comprehensive income for the period	-18	-59	99	-58
Comprehensive income for the period	203	132	810	551
Attributable to:				
Shareholders in the parent	204	132	818	547
Non-controlling interest	0	0	-8	4
Total	203	132	810	551

Consolidated balance sheet

SEK million	31 Dec 2016	31 Dec 2015
ASSETS		
Non-current assets		
Intangible assets	5 955	4 818
Property, plant and equipment	476	385
Other non-current assets	31	21
Total non-current assets	6 462	5 224
Current assets		
Current receivables	3 616	2 828
Cash and cash equivalents	329	264
Total current assets	3 945	3 093
Total assets	10 407	8 316
EQUITY AND LIABILITIES		
Equity		
Attributable to shareholders in the parent	4 677	4 226
Attributable to non-controlling interest	19	4
Total equity	4 697	4 230
Non-current liabilities		
Provisions	360	252
Non-current liabilities	2 520	1 275
Total non-current liabilities	2 880	1 527
Current liabilities		
Provisions	39	29
Current liabilities	2 791	2 530
Total current liabilities	2 830	2 559
Total equity and liabilities	10 407	8 316

Pledged assets and Contingent liabilities are essentially the same as in the annual accounts for 2015.

Statement of change in consolidated equity

SEK million	31 Dec 2016	31 Dec 2015
Equity at start of period	4 230	3 954
Comprehensive income for the period	810	551
Dividends	-292	-273
Conversion into shares under the staff convertible debenture program	79	65
Value of conversion right	8	8
Share buy-backs/sales	-128	-86
Transactions related to non-controlling interest	-20	-
Share savings programmes	10	11
Equity at end of period	4 697	4 230
Attributable to:		
Shareholders in the parent	4 677	4 226
Non-controlling interest	19	4
Total	4 697	4 230

Statement of consolidated cash flows

SEK million	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Profit after financial items	289	250	923	799
Adjustment for items not included in cash flow	-4	2	95	88
Income tax paid	-33	-35	-188	-231
Cash flow from operating activities before changes in working capital	253	217	830	656
Cash flow from changes in working capital	-48	52	-208	-133
Cash flow from operating activities	205	269	622	523
Cash flow from investing activities	-311	-72	-963	-807
Cash flow from financing activities	160	-158	411	370
Cash flow for the period	54	40	70	86
Opening cash and cash equivalents	275	223	264	178
Exchange difference in cash and cash equivalents	0	1	-5	0
Closing cash and cash equivalents	329	264	329	264

Change in consolidated net debt

	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Opening balance	2 006	1 639	1 486	870
Cash flow from operating activities	-205	-270	-622	-523
Acquisitions of intangible assets, property, plant and equipment	28	21	97	66
Acquisition and contingent considerations paid	282	51	917	741
Dividend	0	0	292	273
Share buy-backs/sales	128	41	128	86
Other	59	4	0	-27
Closing balance	2 298	1 486	2 298	1 486

Consolidated net debt

	31 Dec 2016	31 Dec 2015
Loans and credit facilities	2 464	1 644
Net pension liability	163	106
Cash and cash equivalents	-329	-264
Group	2 298	1 486

Consolidated key ratios

	Full year 2016	Full year 2015
Return on equity, %	15,9	14,8
Return on capital employed, %	14,7	14,8
Equity ratio, %	45,1	50,9
Equity per share, SEK	60,19	54,46
Interest-bearing liabilities, SEK million	2 627	1 750
Average number of employees (FTEs)	8 115	7 453

Quarterly information by division

NET SALES, SEK million	2015					2016				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Industry	1,000.3	1,144.3	897.1	1,104.9	4,146.6	1,069.6	1,186.6	929.7	1 251	4 437
Infrastructure	749.7	805.6	661.2	930.5	3,146.8	933.2	1,098.2	870.0	1 180	4 082
International	282.0	298.8	289.7	308.5	1,179.0	278.2	262.9	256.9	300	1 098
Technology	414.7	405.3	334.0	446.7	1,600.6	424.9	459.9	354.4	497	1 736
Group-wide/ eliminations	-49.4	-65.1	-34.7	-73.2	-222.4	-62.9	-66.1	-62.8	-91	-283
Group	2,397.3	2,588.8	2,147.2	2,717.4	9,850.6	2,643.0	2,941.6	2,348.1	3 138	11 070

OPERATING PROFIT/LOSS SEK million	2015					2016				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Industry	80.8	114.8	65.7	109.7	371.0	85.3	122.2	72.0	123	403
Infrastructure	95.9	95.0	56.7	99.3	346.8	100.1	126.3	73.2	127	427
International	14.2	18.4	18.5	30.9	82.0	13.6	16.6	0.3	28	58
Technology	36.2	27.8	19.6	41.0	124.6	41.5	46.5	28.3	46	162
Group-wide/ eliminations	-20.5	3.7	-48.4	-20.3	-85.4	-20.1	-30.9	-11.7	-22	-85
Group	206.7	259.7	112.0	260.6	839.0	220.4	280.7	162.1	302	965

OPERATING MARGIN (%)	2015					2016				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Industry	8.1	10.0	7.3	9.9	8.9	8.0	10.3	7.7	9.9	9.1
Infrastructure	12.8	11.8	8.6	10.7	11.0	10.7	11.5	8.4	10.8	10.5
International	5.0	6.2	6.4	10.0	7.0	4.9	6.3	0.1	9.3	5.3
Technology	8.7	6.9	5.9	9.2	7.8	9.8	10.1	8.0	9.2	9.3
Group	8.6	10.0	5.2	9.6	8.5	8.3	9.5	6.9	9.6	8.7

EMPLOYEES (FTES)	2015					2016				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Industry	3,070	3,272	3,216	3,260	3,204	3,200	3,144	3,085	3 284	3 177
Infrastructure	2,062	2,185	2,318	2,446	2,254	2,734	2,988	2,987	3 191	2 977
International	881	908	891	893	893	859	842	826	851	844
Technology	992	993	969	981	983	978	968	970	1 063	995
ÅF AB	111	121	114	124	118	127	116	131	117	122
Group	7,116	7,478	7,508	7,705	7,453	7,898	8,057	7,998	8 505	8 115

NUMBER OF WORKING DAYS	2015					2016				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Sweden only	62	60	66	62	250	61	62	66	63	252
All countries	62	60	66	62	250	61	62	66	63	252

The historical figures above are adjusted based on the organisational changes implemented on 1 January 2016 concerning Industry Division and International Division.

Acquired companies' net assets at time of acquisition

SEK million	Full year 2016
Intangible assets	17
Property, plant and equipment	45
Financial assets	49
Accounts receivable and other receivables	371
Cash and cash equivalents	172
Accounts payable and other liabilities	-419
Net identifiable assets and liabilities	234
Goodwill	968
Fair value adjustment intangible assets	72
Fair value adjustment intangible assets	9
Fair value adjustment non-current provisions	-13
Non-controlling interest	-102
Purchase price incl estimated contingent consideration	1 168
Transaction costs	2
Deduct:	
Cash (acquired)	-172
Estimated contingent consideration/option	-307
Other assets	-41
Net outflow of cash	649

Acquisition analyses are preliminary as the assets in the companies acquired have not been definitively analysed. In the case of the above acquisitions, the purchase price has been greater than the assets recognised in the companies acquired: as a result, the acquisition analysis has created intangible assets. The acquisition of a consulting business involves in the first instance the acquisition of human capital in the form of the skills and expertise of the workforce: thus, the greater part of the intangible assets in the companies acquired is attributable to goodwill.

The acquisitions refer to Alteco AB, ÅF Reinertsen Deal Sverige AB, Erstad & Lekven Oslo AS, ÅF Reinertsen AS, sandellsandberg arkitekter AB, Optiman Prosjektledelse AS, TrafficTeam A/S, Ingenjörprojekt Sverige AB, Sjöland & Thyselius AB, Solid Engineering AS, AF-Aries SA and AF-Toscana AG, business operation Reinertsen Oil & Gas, and two small business operations in Sweden. None of the acquisitions are significant individually, so the information has been consolidated for presentation.

Valuation of fair value

Contingent considerations are valued to fair value in accordance with level 3. The changes in the balance are reported in the table below.

Change in contingent consideration/option

SEK million	2016
Opening balance as of 1 January 2016	188
Acquisitions this year	307
Payments	-113
Changes in value recognised in other operational income	-6
Discounting	3
Exchange differences	6
Closing balance	386

As regards other financial assets and liabilities, no significant changes in fair value measurement have been made since the 2015 Annual Report. Fair values are essentially consistent with carrying amounts.

Information in accordance with IAS 34.16A can partly be found on pages prior to the consolidated income statement for the group.

Parent income statement

SEK million	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Net sales	124	107	456	390
Other operating income	53	52	202	184
Operating income	177	159	658	574
Personnel costs	-44	-36	-149	-126
Other costs	-137	-127	-517	-455
Depreciation and amortisation	-8	-7	-31	-26
Operating profit/loss	-11	-10	-39	-32
Net financial items	526	501	561	631
Profit/loss after financial items	515	491	522	599
Appropriations	65	55	65	55
Pre-tax profit/loss	580	546	588	654
Tax	-11	-8	-1	0
Profit/loss for the period	569	538	587	654
Other comprehensive income	4	2	-9	-3
Comprehensive income for the period	573	541	579	651

Parent balance sheet

SEK million	31 Dec 2016	31 Dec 2015
ASSETS		
Non-current assets		
Intangible assets	19	16
Property, plant and equipment	107	89
Financial assets	5 764	5 477
Total non-current assets	5 890	5 582
Current assets		
Current receivables	1 875	1 184
Cash and bank balances	62	92
Total current assets	1 937	1 276
Total assets	7 828	6 858
EQUITY AND LIABILITIES		
Equity	4 436	4 181
Untaxed reserves	134	129
Provisions	68	132
Non-current liabilities	2 157	1 221
Current liabilities	1 033	1 195
Total equity and liabilities	7 828	6 858



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