



Interim Report January – June 2017

INNOVATION
BY EXPERIENCE



A strong result and continued good growth

“ÅF continues to grow and shows a strong profit. We won new business during the quarter where we support our clients in the ongoing digitalisation of industry, in the development of sustainable cities and in a more efficient energy supply. This means that we have a good platform for continued growth in 2017,” says Jonas Gustavsson, President and CEO.

Second quarter 2017

- Net sales amounted to SEK 3,231 million (2,942)
- EBITA¹⁾ excl. items affecting comparability, was SEK 302 million (292)
- EBITA margin, excl. items affecting comparability, was 9.4 percent (9.9)
- EBITA totalled SEK 282 million (288)
- EBITA margin was 8.7 percent (9.8)
- EBIT (operating profit) was SEK 273 million (281)
- Earnings per share, before dilution: SEK 2.52 (2.75)

COMMENTS BY THE CEO

ÅF's EBITA for the second quarter totalled SEK 302 million (292) excluding items affecting comparability. At the same time, we can report a stable growth of 10 percent and strong cash flow. Profit was affected negatively by the Easter holiday and by fewer working days compared with last year. Items affecting comparability are related to restructuring costs of SEK 20 million.

The industrial climate is strong in Sweden, which is reflected in the performance of the automotive industry, the pulp and paper industry, the pharmaceutical industry and other manufacturing industries. The mining and steel industries continue to show signs of increased demand, but from low levels. Investments in infrastructure in Sweden and Norway remain at a high level, while the ongoing digitalisation is resulting in a good market for embedded systems and IT. The energy market in Europe remains weak, while demand continues to grow in Southeast Asia and Africa.

The Industry Division continues to show profitable growth. Demand for end-to-end solutions is increasing and outstanding orders for fixed-price projects continued to grow during the quarter. Among other things, demand for industrial digitalisation and automation solutions is increasing. During the quarter, a number of major projects were won for production

facilities in the automotive industry, as well as control and monitoring of power and lighting systems for airports.

The Infrastructure Division reports continued good profitability. However, the organic growth rate has decreased slightly in the current year. A number of major projects are being wound up, while several major investment projects are in the procurement stage. At the same time, the market for sustainable properties is growing, which drives demand for the division's services, such as installations in properties, project management and architecture. The architect company Konzept Stockholm was acquired during the quarter, which has a leading market position in the premium segment for commercial clients. The integration of Midtconsult in Denmark is proceeding according to plan, and ÅF has been commissioned to deliver all technical installations for Denmark's highest residential building when it is built.

Business in the International Division continued to be influenced by the weak European energy market. At the same time, the division continues to win new projects, most recently an assignment related to the construction of a new nuclear power plant in Turkey and a new hydropower plant in Egypt. Growth in the quarter is good and is largely related to the acquisition of the Swiss infrastructure company AF Toscano.

January-June 2017

- Net sales amounted to SEK 6,496 million (5,585)
- EBITA excl. items affecting comparability, was SEK 589 million (520)
- EBITA margin, excl. items affecting comparability, was 9.1 percent (9.3)
- EBITA totalled SEK 568 million (516)
- EBITA margin was 8.7 percent (9.2)
- EBIT (operating profit) was SEK 560 million (501)
- Earnings per share, before dilution: SEK 5.17 (4.85)

The Technology Division continues to grow with healthy profitability on an expanding market in digitalisation and embedded systems. Demand for the division's services is strong, especially from the automotive industry, but demand is also increasing in other sectors where the need for digitalisation is significant. Several new deals were secured this quarter, including with SAAB, CEVT and Scania.

Overall, we continue to grow and our technical breadth combined with high quality and delivery reliability continues to be appreciated by our clients. In order to take further steps in ÅF's development and thereby ensure that ÅF's long-term targets are met, a strategy review is now being carried out, combined with a restructuring program. The implementation is expected to entail additional restructuring costs estimated not to exceed SEK 70 million and will impact profit in the third quarter.

The target for 2020 remains: ÅF will generate net sales of EUR 2 billion and achieve an operating margin of 10 percent over a business cycle.

Stockholm, Sweden – 13 July, 2017

Jonas Gustavsson
President and CEO

¹⁾ As of the first quarter of 2017 the ÅF Group uses EBITA as the operating income measure. Operating profit (EBIT) was used previously. For further information, please see page 8.

NET SALES AND EARNINGS 2017

April-June

Net sales for the quarter totalled SEK 3,231 million (2,942). Growth was 9.8 percent. The calendar effect meant three fewer working days than the previous year for the period. This, along with Easter as a whole falling in March last year, resulted in organic growth of -1.3 percent or -2.3 percent when adjusted for currency effects. Adjusted for calendar effects and currency effects, underlying organic growth was 2.1 percent.

Adjusted for items affecting comparability, EBITA totalled SEK 302 million (292) and the EBITA margin was 9.4 percent (9.9). EBITA and the EBITA margin were SEK 282 million (288) and 8.7 percent (9.8), respectively. The calendar effect had a negative effect on profit.

During the quarter, a strategy review was initiated combined with a restructuring program. The strategy work, which is aimed at achieving the Group's growth and profitability targets, includes a review of the Group's structure. The review will include ensuring that ÅF has the relevant expertise for meeting the future demands of our clients. The cost of implementing the strategy, including the restructuring

program, is estimated to not exceed SEK 90 million, of which SEK 20 million has been charged to the second quarter and is recognised as items affecting comparability under 'Group-wide' items. The remaining amount will be charged to the third quarter.

EBIT totalled SEK 273 million (281). The difference between EBIT and EBITA consists entirely of acquisition-related items, namely, amortisation of acquisition-related assets amounting to SEK 8 million (8) and a change in future contingent considerations amounting to SEK 1 million (-1).

Profit after financial items was SEK 253 million (270) and profit after tax was SEK 196 million (211).

Net financial items during the quarter totalled SEK -20 million (-11). Interest expense increased due to increased borrowing. In addition, net financial items was charged with increased cost for discount rates for contingent considerations, which do not affect cash flow, amounting to SEK 4 million (1).

Capacity utilisation was 78.2 percent (78.6).

January-June

Net sales for the year totalled SEK 6,496 million (5,585). Growth was 16.3 percent. Organic growth was 3.9 percent or 2.8 percent in local currencies. The period had the same number of working days as last year. Adjusted for items affecting comparability, EBITA totalled SEK 589 million (520) and the EBITA margin was 9.1 percent (9.3). EBITA and the EBITA margin were SEK 568 million (516) and 8.7 percent (9.2), respectively.

EBIT totalled SEK 560 million (501). The difference between EBIT and EBITA consists entirely of acquisition-related items, namely, amortisation of acquisition-related assets amounting to SEK 18 million (16) and a change in future contingent considerations amounting to SEK -10 million (-1).

Profit after financial items was SEK 520 million (481) and profit after tax was SEK 402 million (372).

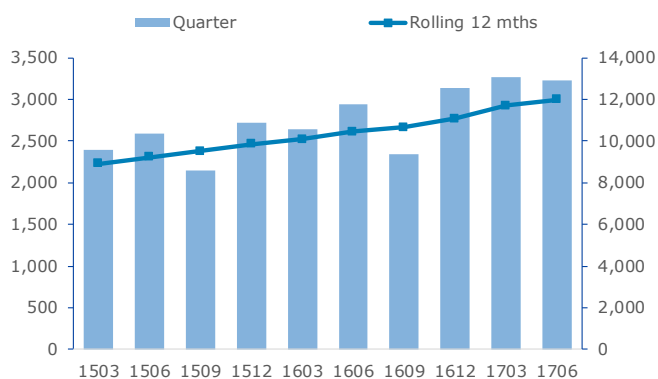
Net financial items for the period were SEK -40 million (-20). Interest expense increased due to increased borrowing. In addition, net financial items was charged with increased cost for discount rates for contingent considerations, which do not affect cash flow, amounting to SEK 10 million (1).

Capacity utilisation was 77.7 percent (77.8).

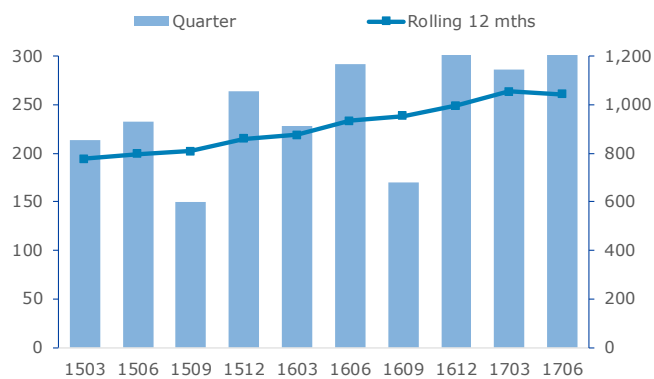
KEY RATIOS

	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Net sales, SEK million	3,231	2,942	6,496	5,585	11,070
Total growth, %	9.8	13.6	16.3	12.0	12.4
Acquired, %	11.2	8.3	12.4	9.0	9.5
Organic, %	-1.3	5.3	3.9	3.0	2.9
whereof currency, %	1.0	-1.0	1.1	-1.0	-0.2
EBITA excl items affecting comparability, SEK million	302	292	589	520	996
EBITA margin excl items affecting comparability, %	9.4	9.9	9.1	9.3	9.0
EBITA, SEK million	282	288	568	516	992
EBITA margin, %	8.7	9.8	8.7	9.2	9.0
Operating profit (EBIT), SEK million	273	281	560	501	965
Profit after financial items, SEK million	253	270	520	481	923
Earnings per share, before dilution, SEK	2.52	2.75	5.17	4.85	9.32
Net debt, SEK million	-	-	2,639	1,851	2,298
Net debt/EBITDA rolling 12-month, times	-	-	2.3	1.9	2.1
Net debt-equity ratio, %	-	-	55.6	42.1	48.9
Total number of employees	-	-	9,705	8,549	9,133
Capacity utilisation, %	78.2	78.6	77.7	77.8	77.6

NET SALES SEK MILLION



EBITA SEK MILLION *)



*) excl items affecting comparability

Cash flow and financial position

Consolidated net debt totalled SEK 2,639 million (1,851) at the end of the quarter and SEK 2,431 million (1,748) at the start of the quarter. Cash flow from operating activities reduced net debt by SEK 235 million. Net debt increased through investments in non-current assets amounting to SEK 25 million, dividends paid of SEK 350 million and considerations paid, including contingent considerations, of SEK 67 million.

At the beginning of the year, consolidated net debt totalled SEK 2,298 million (1,486), generating an accumulated increase in net debt of SEK 341 million (365). Cash flow from operating activities reduced net debt by SEK 368 million. Net debt increased through investments in non-current assets amounting to SEK 51 million, dividends paid of SEK 350 million and considerations paid, including contingent considerations, of SEK 285 million.

During the second quarter, ÅF established a Commercial Paper Program with a total value of SEK 1,000 million. The commercial paper program is a complement to ÅF's core funding. In connection with the establishment of the Commercial Paper Program, ÅF has entered into a new Multi-Currency Revolving Credit Facility of SEK 1,000 million to ensure underlying available credit facilities for the Commercial Paper Program. The facility has a tenure of 2 years with extension options.

Consolidated cash and cash equivalents totalled SEK 206 million (255) at the end of the period and unused credit facilities amounted to SEK 1,375 million (1,071). Equity per share was SEK 60.68 (56.22). The equity ratio was 43.3 percent (48.2). Equity totalled SEK 4,746 million (4,398).

Parent company

Parent company operating income for the January–June period totalled SEK 374 million (315) and relates chiefly to internal services within the Group. Profit after net financial items was SEK 66 million (28). Cash and cash equivalents totalled SEK 16 million (77) and gross investment in non-current assets was SEK 21 million (27).

Acquisitions and divestments

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

Number of employees

The average number of FTEs was 9,160 (7,978). The total number of employees at the end of the period was 9,705 (8,549).

Important events in first quarter 2017 and after end of reporting period

Jonas Gustavsson took over as President and CEO of ÅF on 1 April 2017. He had been head

of Sandvik Machining Solutions since 2013 and previously held various leading positions at Sandvik since 2008. Jonas Wiström left his post as CEO when Jonas Gustavsson took over.

In May 2017, ÅF acquired Koncept Stockholm, thereby further strengthening its offer in architecture and infrastructure planning. Koncept Stockholm is a fast-growing company with a strong brand. The company has a leading market position in the premium segment for commercial clients in the hotel-restaurant, retail and office sectors. The company has around 70 employees with current sales of approximately SEK 85 million. Koncept Stockholm was consolidated as of May 2017.

In July, ÅF acquired Eitech's automation business, thereby strengthening its offer in automation to industrial clients. The company has annual sales of approximately SEK 90 million and 42 employees. The company will be consolidated as of 1 September 2017 and integrated with ÅF's Industry Division.

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.

The market for industrial investment is strong and demand is increasing, with the exception of a few industries. The division's growth was 5.8 percent and was due entirely to acquired growth. When adjusted for calendar effects, organic growth amounted to 4.2 percent. EBITA and the EBITA margin were SEK 118 million (122) and 9.4 percent (10.3), respectively. Profit was affected negatively by the Easter holiday and by fewer working days compared with last year.

Demand for end-to-end solutions is increasing and outstanding orders for fixed-price projects reached a high level during the quarter. With our technical breadth and years of experience running large, complex projects, we can meet clients' high demands for innovative solutions, delivery reliability and quality.

Demand for industrial digitalisation and automation solutions is also increasing. During the quarter, a number of major projects were won for production facilities in the automotive industry and projects for control and monitoring of power and lighting systems for airports.

LKAB in Malmberget has given ÅF the task of carrying out extensive electrical engineering to enable a flexible production system. The assignment includes an extension of the concentrator plant, and the reconstruction of the existing plant.

ÅF has been commissioned by Stora Enso Skutskär to mount, install and deploy a new control system as part of its efforts to further improve accessibility in the production process.

KEY RATIOS - INDUSTRY DIVISION

	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Net sales, SEK million	1,256	1,187	2,516	2,256	4,437
EBITA, SEK million	118	122	227	207	403
EBITA margin, %	9.4	10.3	9.0	9.2	9.1
Average number of employees, FTEs	3,361	3,144	3,355	3,172	3,177
Total growth, %	5.8	3.7	11.5	5.2	7.0
of which organic growth, %	-0.3	2.6	4.9	0.9	2.1

Infrastructure Division



The Infrastructure Division enjoys a leading position in design and technical solutions for Scandinavian properties and infrastructure. One strength is the division's solid know-how in sustainable and high-tech solutions, and its ability to transform experience into innovation. The community builders in Infrastructure are united by their drive to create, along with our clients, places people can live, work and visit for generations to come.

In Scandinavia, demand for the division's services remains high. Several major infrastructure initiatives are on their way to the market and investments in sustainable properties are increasing. This drives demand for the division's services in road and rail, architecture and installations in properties.

The division continues to grow with strong profitability. Growth for the period was 6.2 percent. Acquired growth amounted to 10.6 percent, mainly from the Danish infrastructure company Midtconsult and the architectural firms Sandellsandberg and Koncept Stockholm. The companies are developing according to plan, both in terms of sales and profit. Organic growth was negative 4.4 percent, of which currency effects had a positive impact of 1 percentage point. Adjusted for the calendar effect, organic growth was negative 0.5 percent and the corresponding accumulative figure was 1.8 percent. The organic growth rate has decreased slightly in the current year compared with the previous year, mainly due

to the fact that several major projects are being wound up. However, as mentioned above, several major investment projects are in the procurement stage.

EBITA and the EBITA margin were SEK 125 million (125) and 10.9 percent (11.5), respectively. Profit was impacted by a weak earnings trend in the acquired company Reinertsen in Norway, now ÅF Engineering AS.

The division continues to drive the development of Sweden's care and treatment facilities and is engaged in three major projects at Borås Hospital. In total, the projects comprise approximately 40,000 m², of which over half are new construction.

The bicycle road network is in focus throughout Scandinavia as more municipalities see a shift in travel behaviour. The division has won several urban development and sustainable transportation assignments to meet a growing trend of greener communities.

In the second quarter, the division acquired the architect firm Koncept Stockholm with more than 70 employees. The company has a leading market position in the premium segment for commercial clients in the hotel-restaurant, retail and office sectors. Within the division there are now more than 350 employees working with design, architecture and configuration, and ÅF is ranked as one of Sweden's largest employers of architects.

New business in Norway includes project management of a new national police response centre.

In Denmark, integration of the acquired company Midtconsult is proceeding according to plan. In the second quarter, ÅF was commissioned to deliver the technical installations for Denmark's highest residential building.

KEY RATIOS - INFRASTRUCTURE DIVISION

	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Net sales, SEK million	1,155	1,087	2,345	2,009	4,037
EBITA, SEK million	125	125	252	224	421
EBITA margin, %	10.9	11.5	10.8	11.1	10.4
Average number of employees, FTEs	3,467	2,977	3,412	2,851	2,966
Total growth, %	6.2	36.3	16.8	30.6	29.7
of which organic growth, %	-4.4	11.3	3.4	7.7	7.6

The historical figures above are adjusted based on the organisational changes implemented on 1 January 2017, when ÅF Technology AS (previously ÅF AdvansIT AS) was transferred from Infrastructure Division to Technology Division.

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 energy market in the division's home market of Europe remains weak, while demand continues to grow in Southeast Asia and Africa.

Growth in the second quarter reached 55.7 percent, of which 47.8 percentage points were acquired growth. Acquired growth relates to the Swiss infrastructure company AF Toscano and the solar energy company Aries. Following the acquisition of AF Toscano, infrastructure operations represent approximately 30 percent of net sales in the division. Organic growth, which is mainly related to the energy sector, was 7.9 percent or 2.5 percent in local currencies.

EBITA amounted to SEK 30 million (17) and the EBITA margin was 7.3 percent (6.3). The acquired infrastructure businesses contribute

positively to the division's profit and margin. Weak performance in the energy sector, with a low willingness to invest, continues to be a challenge. Nevertheless, the division continues to receive new assignments and the capacity utilisation rate has gradually improved, meaning profit has improved compared to the weak first quarter. Excluding acquired units, the EBITA margin amounted to 5.7 percent.

Assignments during the quarter include an Owner's Engineering contract for a new hydropower plant in Egypt. The assignment runs over seven years, and the power plant will meet the increased demand for electricity in the area.

The division has also won an Owner's Engineering contract for a new nuclear power plant in northern Turkey. The length of the assignment

is expected to be one year. Several contracts have also been received in the field of transmission and distribution in Southeast Asia and Africa.

KEY RATIOS - INTERNATIONAL DIVISION

	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Net sales, SEK million	409	263	784	541	1,098
EBITA, SEK million	30	17	45	30	58
EBITA margin, %	7.3	6.3	5.7	5.6	5.3
Average number of employees, FTEs	1,171	842	1,185	850	844
Total growth, %	55.7	-12.0	45.0	-6.8	-6.9
of which organic growth, %	7.9	-12.0	-0.5	-6.8	-7.4

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 and we are seeing increased demand. The digital content of products is increasing while the need to link mechanical and electronic devices with different software is growing. ÅF's extensive expertise combined with in-depth knowledge of application and systems development in the connected world constitutes a strong offering.

We see a slowly increasing demand for product development undertakings. With our broad competence and project experience, we can offer both end-to-end solutions and cross-functional teams where we are responsible for project management as well as gathering resources and expertise.

Compared to the previous quarter, EBITA and the EBITA margin improved, despite negative calendar effects. This is mainly due to increased demand, a continued high capacity utilisation and a good recruitment rate. EBITA

and the EBITA margin were SEK 48 million (48) and 9.7 percent (10.1), respectively, for the quarter. Adjusted for the calendar effect of three fewer working days in the quarter, organic growth was 4.6 percent.

Demand continues to be strong in the automotive industry, mainly in embedded systems with applications in active safety, hybrid development, autonomous driving intelligence and IT services related 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 increased slightly after a period of low demand. The Technology Division continues to see good opportunities to win telecom business by composing cross-functional teams and undertaking cost-effective outsourcing projects. The Division also continued to grow in the public IT sector, where the need for digita-

lisation is significant. The defence industry, another of the division's selected main markets, was stable with good demand in the second quarter. Erik Heilborn has been appointed new head of telecom and defense operations. Erik comes most recently from TDC in Sweden where he served as CEO for seven years. He will start his new position at ÅF on 1 September.

Several new assignments were secured in the second quarter with customers such as BAE Systems, Scania, SAAB, CEVT and the security company Verisure. New significant framework agreements signed in the quarter included Zenuity, which is Volvo Cars and Autoliv's joint development company.

KEY RATIOS - TECHNOLOGY DIVISION

	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Net sales, SEK million	490	476	1,005	914	1,793
EBITA, SEK million	48	48	95	91	167
EBITA margin, %	9.7	10.1	9.4	9.9	9.3
Average number of employees, FTEs	1,078	979	1,081	984	1,006
Total growth, %	3.0	13.5	10.0	7.9	8.5
of which organic growth, %	-0.1	13.5	6.8	7.9	6.9

The historical figures above are adjusted based on the organisational changes implemented on 1 January 2017, when ÅF Technology AS (previously ÅF AdvansIT AS) was transferred from Infrastructure Division to Technology Division.

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 Annual Report for 2016. 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 with 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 Annual Report for 2016 (Note 1). New or revised IFRS standards that came into force in 2017 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.

Work with the new IFRS 9 and 15 standards continues according to plan. The Group does not expect the new standards to have any significant impact on the balance sheet and income statement.

Definitions

Key ratios in this report are defined in ÅF's Annual Report for 2016. ÅF is changing its operating income measure from EBIT to EBITA. EBITA is defined by ÅF as operating profit with restoration of acquisition-related items. Operating profit is thereby adjusted with amortisation and impairment of acquisition-related intangible assets including goodwill, revaluation of contingent considerations and gains/losses on the divestment of companies and businesses.

The purpose of the measure is to present a picture of business operations and their earnings capacity in an acquisition-intense company like ÅF. ÅF can thus help the reader to easily distinguish between income items attributable to operating activities and income items attributable to acquisition activity.

EBITA – Operating profit with restoration of acquisition-related items.

EBITA margin – EBITA in relation to net sales.

Acquisition-related items – Amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of contingent considerations and gains/losses on the divestment of companies and businesses.

Operating profit (EBIT) – Profit before net financial items and tax.

The share

The ÅF share price was 174.10 (140.25) kronor at the end of the reporting period, representing an increase of 6.8 percent since year-end, adjusted for dividends. Total shareholder return on the OMX Stockholm Allshare index amounted to 10.9 percent.

A shares	3,217,752
B shares	75,879,601
Total shares	79,097,353
Of which own B shares	1,179,488
Votes	108,057,121

In 2017, 23,262 own shares were used for matching of the 2013 share savings programme. Shares were converted during the period as per the 2013 staff convertible programme, increasing the number of B shares by 183,600.

Stockholm, Sweden - 13 July, 2017
ÅF AB (publ)

Jonas Gustavsson
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 and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 13 July at 11.00 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.

Investor call

ÅF invites analysts and investors to an online presentation of the interim report for the second quarter, 2017, on July 13 at 2.00 pm with Jonas Gustavsson, CEO and Stefan Johansson, CFO.

The presentation will be in English. Link to the webcast and presentation can be found at www.afconsult.com/en/investor-relations/financial-reports.

You can also participate by telephone:

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Confirmation code 7074733

Calendar 2017

13 July, Interim report January-June
23 October, Interim report January-September
8 November, Capital Markets Day

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The Board of Directors and the President/CEO certify that this half-year report gives a true and fair presentation of the Parent's and the Group's operations, financial position and profits, and that it describes the material risks and uncertainties facing the Parent and companies that together constitute the ÅF Group.

Stockholm, Sweden, 13 July 2017

ÅF AB (publ)
556120-6474

Anders Narvinger
Chairman of the Board

Jonas Gustavsson
CEO

Gunilla Berg
Director

Staffan Jufors
Director

Björn O. Nilsson
Director

Maud Olofsson
Director

Joakim Rubin
Director

Kristina Schauman
Director

Anders Snell
Director

Gunnar Parkefelt
Employee Rep.

Anders Toll
Employee Rep.

Consolidated income statement

SEK million	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016	Jul 2016- Jun 2017
Net sales	3,231	2,942	6,496	5,585	11,070	11,981
Personnel costs	-1,832	-1,621	-3,755	-3,137	-6,139	-6,757
Purchases of services and materials	-822	-780	-1,585	-1,450	-2,944	-3,080
Other costs	-268	-231	-535	-442	-918	-1,010
Other income	0	-2	0	1	4	3
Profit attributable to participations in associates	0	0	0	0	0	0
EBITDA	309	308	620	556	1,074	1,138
Amortisation and impairment of non-current assets ¹⁾	-27	-20	-52	-40	-82	-94
EBITA	282	288	568	516	992	1,044
Acquisition-related items ²⁾	-9	-7	-8	-15	-27	-20
Operating profit (EBIT)	273	281	560	501	965	1,025
Net financial items	-20	-11	-40	-20	-42	-62
Profit after financial items	253	270	520	481	923	962
Tax	-57	-59	-119	-109	-212	-222
Profit for the period	196	211	402	372	711	741
Attributable to:						
Shareholders in the parent	196	214	402	377	726	751
Non-controlling interest	0	-3	-1	-5	-15	-10
Profit for the period	196	211	402	372	711	741
Earnings per share before dilution, SEK	2.52	2.75	5.17	4.85	9.32	-
Earnings per share after dilution, SEK	2.48	2.70	5.08	4.76	9.14	-
Number of shares outstanding	77,917,865	78,100,463	77,917,865	78,100,463	77,711,003	
Average number of outstanding shares before dilution	77,888,668	77,881,872	77,819,902	77,770,940	77,937,176	
Average number of outstanding shares after dilution	79,970,350	79,917,592	79,966,476	79,932,109	80,220,366	

¹⁾ Depreciation/amortisation and impairment of non-current assets refers to property, plant and equipment and intangible non-current assets excluding intangible non-current assets related to acquisitions.

²⁾ Acquisition-related items are defined as depreciation/amortisation and impairment of acquisition-related intangible non-current assets including goodwill, revaluation of contingent considerations and gains/losses on divestment of companies and businesses. See page 14 for further details.

Statement of consolidated comprehensive income

SEK million	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Profit for the period	196	211	402	372	711
Items which will be transferred to profit or loss					
Change in translation reserve	-17	43	-27	63	112
Change in hedge reserve	0	-5	2	-13	-11
Tax	0	1	0	3	2
Items which will not be transferred to profit or loss					
Pensions	0	0	0	1	-5
Tax	0	0	0	0	1
Other comprehensive income for the period	-17	39	-26	53	99
Comprehensive income for the period	179	250	376	425	810
Attributable to:					
Shareholders in the parent	180	251	377	428	818
Non-controlling interest	-1	-1	-1	-3	-8
Total	179	250	376	425	810

Consolidated balance sheet

SEK million	30 Jun 2017	30 Jun 2016	31 Dec 2016
ASSETS			
Non-current assets			
Intangible assets	6,433	5,323	5,955
Property, plant and equipment	513	402	476
Other non-current assets	18	24	31
Total non-current assets	6,964	5,749	6,462
Current assets			
Current receivables	3,777	3,116	3,616
Cash and cash equivalents	206	255	329
Total current assets	3,984	3,371	3,945
Total assets	10,948	9,120	10,407
EQUITY AND LIABILITIES			
Equity			
Attributable to shareholders in the parent	4,728	4,391	4,677
Attributable to non-controlling interest	18	7	19
Total equity	4,746	4,398	4,697
Non-current liabilities			
Provisions	353	264	360
Non-current liabilities	1,833	1,794	2,520
Total non-current liabilities	2,187	2,058	2,880
Current liabilities			
Provisions	75	35	39
Current liabilities	3,940	2,630	2,791
Total current liabilities	4,015	2,664	2,830
Total equity and liabilities	10,948	9,120	10,407

Statement of change in consolidated equity

SEK million	30 Jun 2017	30 Jun 2016	31 Dec 2016
Equity at start of period	4,697	4,230	4,230
Comprehensive income for the period	376	425	810
Dividends	-350	-292	-292
Conversion into shares under the staff convertible debenture program	18	21	79
Value of conversion right	-	-	8
Share buy-backs/sales	-	-	-128
Transactions related to non-controlling interest	-	8	-20
Share savings programmes	5	6	10
Equity at end of period	4,746	4,398	4,697

Statement of consolidated cash flows

SEK million	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Profit after financial items	253	270	520	481	923
Adjustment for items not included in cash flow	43	55	53	79	95
Income tax paid	-43	-42	-133	-116	-188
Cash flow from operating activities before changes in working capital	253	283	441	444	830
Cash flow from changes in working capital	-18	25	-73	-59	-208
Cash flow from operating activities	235	307	367	386	622
Cash flow from investing activities	-91	-113	-335	-419	-963
Cash flow from financing activities	-160	-129	-155	27	411
Cash flow for the period	-16	65	-122	-7	70
Opening cash and cash equivalents	223	192	329	264	264
Exchange difference in cash and cash equivalents	-1	-2	-1	-2	-5
Closing cash and cash equivalents	206	255	206	255	329

Change in consolidated net debt

SEK million	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Opening balance	2,431	1,748	2,298	1,486	1,486
Cash flow from operating activities	-235	-307	-368	-386	-622
Acquisitions of intangible assets, property, plant and equipment	25	26	51	50	97
Acquisition and contingent considerations paid	67	90	285	421	917
Dividend	350	292	350	292	292
Share buy-backs/sales	-	-	-	-	128
Other	1	3	22	-12	0
Closing balance	2,639	1,851	2,639	1,851	2,298

Consolidated net debt

SEK million	30 Jun 2017	30 Jun 2016	31 Dec 2016
Loans and credit facilities	2,697	1,998	2,464
Net pension liability	148	109	163
Cash and cash equivalents	-206	-255	-329
Group	2,639	1,851	2,298

Consolidated key ratios

	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Return on equity, %	15.9	14.8	15.9
Return on capital employed, %	14.2	14.3	14.7
Equity ratio, %	43.3	48.2	45.1
Equity per share, SEK	60.68	56.22	60.19
Interest-bearing liabilities, SEK million	2,845	2,107	2,627
Average number of employees (FTEs)	9,160	7,978	8,115

Items affecting comparability

SEK million	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Restructuring costs	-20	-25	-20	-25	-25
Pension refunds	-	22	-	22	22
Total	-20	-4	-20	-4	-4

Quarterly information by division

NET SALES, SEK million	2016					2017				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Industry	1,070	1,187	930	1,251	4,437	1,260	1,256			
Infrastructure	921	1,087	861	1,167	4,037	1,190	1,155			
International	278	263	257	300	1,098	375	409			
Technology	438	476	366	513	1,793	515	490			
Group-wide/ eliminations	-64	-71	-66	-94	-295	-76	-79			
Group	2,643	2,942	2,348	3,138	11,070	3,265	3,231			

EBITA, SEK million	2016					2017				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Industry	85	122	72	123	403	109	118			
Infrastructure	99	125	72	126	421	127	125			
International	14	17	0	28	58	15	30			
Technology	42	48	29	47	167	47	48			
Group-wide/ eliminations	-12	-24	-3	-18	-58	-12	-39			
Group	228	288	170	306	992	286	282			

EBITA MARGIN (%)	2016					2017				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Industry	8.0	10.3	7.7	9.9	9.1	8.7	9.4			
Infrastructure	10.8	11.5	8.4	10.8	10.4	10.6	10.9			
International	4.9	6.3	0.1	9.3	5.3	3.9	7.3			
Technology	9.7	10.1	8.1	9.2	9.3	9.1	9.7			
Group	8.6	9.8	7.3	9.7	9.0	8.8	8.7			

EMPLOYEES (FTES)	2016					2017				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Industry	3,200	3,144	3,085	3,284	3,177	3,350	3,361			
Infrastructure	2,724	2,977	2,976	3,178	2,966	3,361	3,467			
International	859	842	826	851	844	1,199	1,171			
Technology	988	979	980	1,076	1,006	1,085	1,078			
ÅF AB	127	116	131	117	122	116	137			
Group	7,898	8,057	7,998	8,505	8,115	9,110	9,214			

NUMBER OF WORKING DAYS	2016					2017				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Sweden only	61	62	66	63	252	64	59	65	63	251
All countries	61	62	66	63	252	64	59	65 ¹⁾	63 ¹⁾	252 ¹⁾

¹⁾ Estimated weighted average.

The historical figures above are adjusted based on the organisational changes implemented on 1 January 2017, where ÅF Technology AS (formerly ÅF AdvansIT) was transferred from the Infrastructure Division to the Technology Division.

Acquired companies' net assets at time of acquisition

SEK million	Jan-Jun 2017
Intangible assets	3
Property, plant and equipment	11
Financial assets	0
Accounts receivable and other receivables	120
Cash and cash equivalents	20
Accounts payable and other liabilities	-145
Net identifiable assets and liabilities	10
Goodwill	457
Fair value adjustment intangible assets	29
Fair value adjustment non-current provisions	-6
Purchase price incl estimated contingent consideration	490
Transaction costs	-
Deduct:	
Cash (acquired)	-20
Estimated contingent consideration/option	-232
Net outflow of cash	238

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 AB Teknoplan, Midtconsult P/S, Quality Engineering Group AB, Vatten & Miljöbyrå i Sverige AB, Teroc Engineering AB Climate Energy Consulting Piteå AB and Koncept Stockholm AB. None of the acquisitions are significant individually, so the information has been consolidated for presentation.

Eitech's automation business was acquired after the end of the reporting period. An acquisition analysis has not yet been prepared for this acquisition.

Acquisition-related items

SEK million	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Amortisation and impairment of intangible assets	-8	-8	-18	-16	-33
Revaluation of contingent considerations	-1	1	10	1	6
Total	-9	-7	-8	-15	-27

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	30 Jun 2017
Opening balance as at 1 January 2017	385
Acquisitions this year	232
Payments	-51
Changes in value recognised in other operational income	-11
Adjustment, preliminary acquisition analysis	-7
Discounting	10
Exchange differences	-2
Closing balance	557

As regards other financial assets and liabilities, no significant changes in fair value measurement have been made since the 2016 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	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Net sales	145	114	275	217	456
Other operating income	49	50	100	98	202
Operating income	194	163	374	315	658
Personnel costs	-44	-39	-84	-74	-149
Other costs	-162	-131	-305	-248	-517
Depreciation and amortisation	-9	-7	-17	-15	-31
Operating profit/loss	-22	-15	-32	-22	-39
Net financial items	72	-4	98	50	561
Profit/loss after financial items	51	-19	66	28	522
Appropriations	-	-	-	-	65
Pre-tax profit/loss	51	-19	66	28	588
Tax	6	5	11	7	-1
Profit/loss for the period	57	-15	77	35	587
Other comprehensive income	0	-3	1	-10	-9
Comprehensive income for the period	57	-18	78	25	579

Parent balance sheet

SEK million	30 Jun 2017	30 Jun 2016	31 Dec 2016
ASSETS			
Non-current assets			
Intangible assets	15	21	19
Property, plant and equipment	116	96	107
Financial assets	1,862	5,511	5,764
Total non-current assets	1,993	5,628	5,890
Current assets			
Current receivables	6,176	899	1,875
Cash and bank balances	16	77	62
Total current assets	6,191	976	1,937
Total assets	8,184	6,604	7,828
EQUITY AND LIABILITIES			
Equity	4,182	3,935	4,436
Untaxed reserves	134	129	134
Provisions	159	68	85
Non-current liabilities	1,335	1,523	2,157
Current liabilities	2,375	949	1,016
Total equity and liabilities	8,184	6,604	7,828



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By connecting technologies and skills, 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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