

SWECO ANNUAL REPORT 2016





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FINANCIAL CALENDAR

11 May 2017	Interim report Jan–Mar 2017
20 July 2017	Interim report Jan–Jun 2017
27 October 2017	Interim report Jan–Sep 2017
13 February 2018	Year-end report 2017

DIGITAL NEWS

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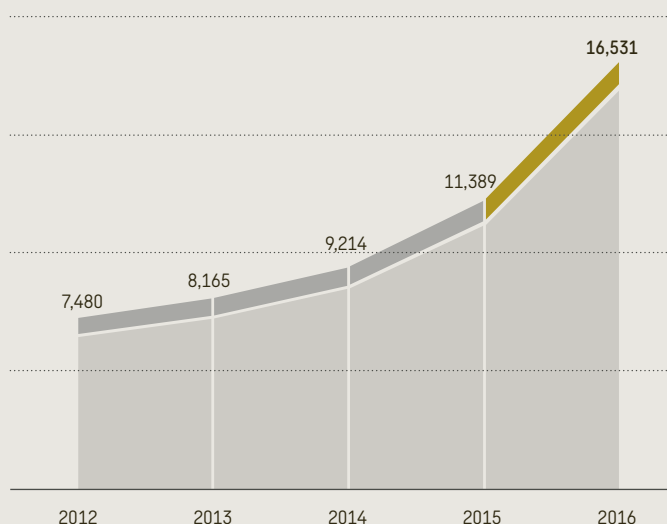
The future may seem remote to others, but it is very much alive at Sweco. Our building service systems consultants are currently working on the indoor environment for a new hospital that will be admitting patients in five years' time. Our traffic engineers are analysing a new underground metro line that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

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

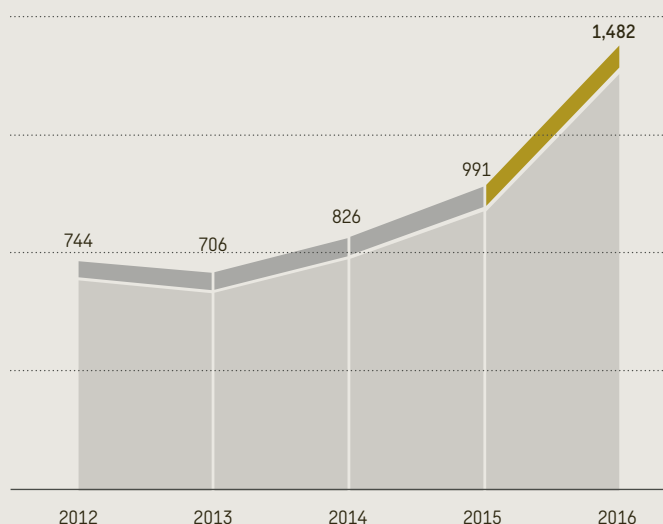
Sweco plans and designs the communities and cities of the future. The results of our work are sustainable buildings, efficient infrastructure and access to electricity and clean water. With 14,500 employees in Europe, we offer our customers the right expertise for every situation.

EUROPE'S LEADING CONSULTANCY FOR FUTURE COMMUNITIES AND CITIES

CONSOLIDATED NET SALES, SEK M



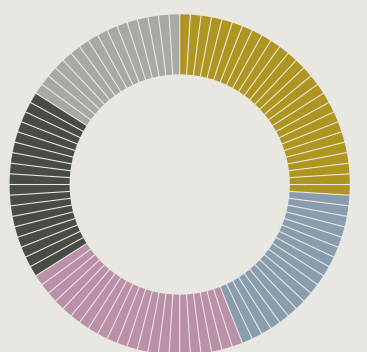
EBITA EXCL. EXTRAORDINARY ITEMS¹, SEK M



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

CUSTOMERS

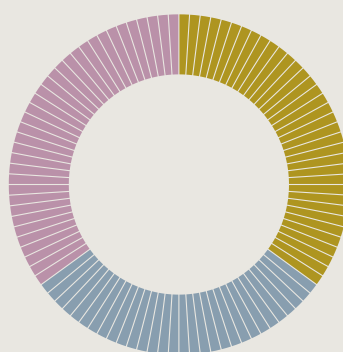
Sales by customer category in 2016, %



- Public administrations and agencies, 26 (23)
- Industrial companies, 18 (24)
- Municipal and county governments, 22 (19)
- Other private sector companies, 18 (21)
- Housing, real estate and construction companies, 16 (13)

SERVICES

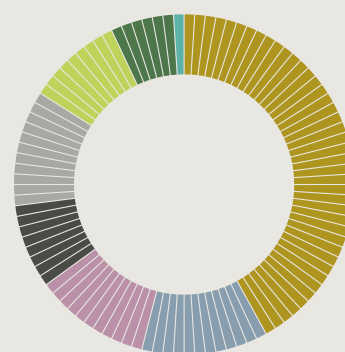
Share of consolidated sales in 2016, %



- Buildings and urban districts, 35 (40)
- Water, energy and industry, 30 (30)
- Transport infrastructure, 35 (30)

NET SALES BY BUSINESS AREA

Share of consolidated sales in 2016, %



- Sweco Sweden, 42
- Sweco Norway, 12
- Sweco Finland, 11
- Sweco Denmark, 8
- Sweco Netherlands, 11
- Sweco Western Europe, 9
- Sweco Central Europe, 6
- Group-wide, 1

Sweco reported its strongest full-year results to date. Net sales increased 45 per cent.

The integration of Grontmij, with 6,000 employees, was completed and outperformed the original financial estimates.

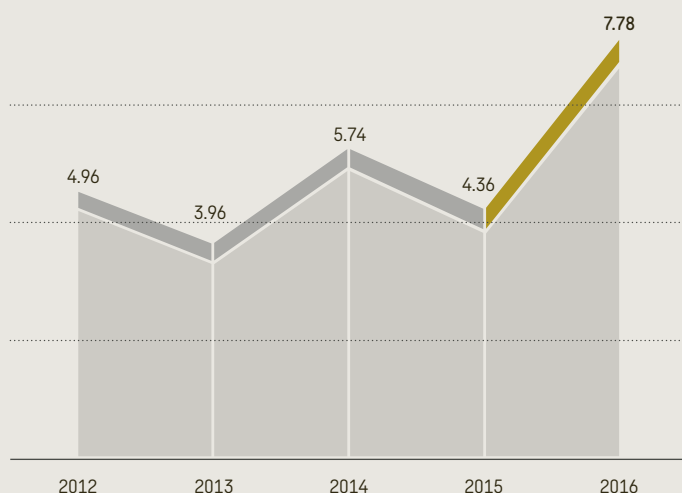
Sweco is now the leading engineering and architecture consultancy in Europe, with 14,500 employees and annual net sales of SEK 16.5 billion.

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

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

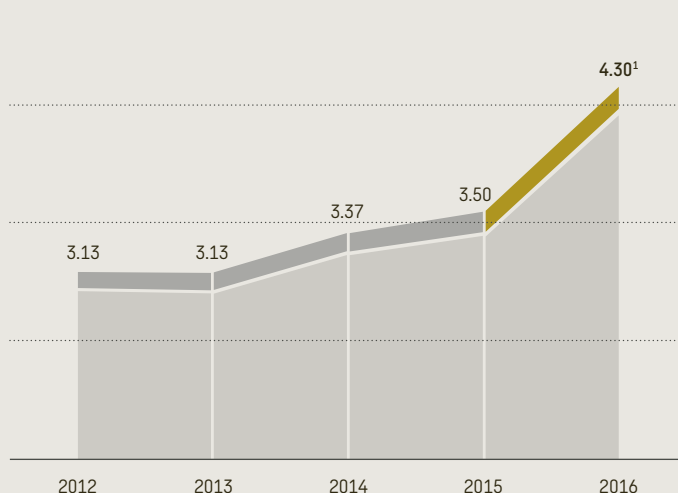
Sweco's experts have been commissioned for some of the largest urban projects in modern times. Projects span everything from new underground metros in major European cities, electrified railways and river flood protection to modernised road and waterway transport systems and designing several hospitals throughout Europe. Sweco also worked on tens of thousands of smaller projects during the year, such as environmental impact analyses, statistical analyses, strength calculations, geotechnical tests and building inspections. With our local presence, we have good understanding of the communities where we work and of our customers' needs.

EARNINGS PER SHARE, SEK



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

DIVIDEND PER SHARE, SEK



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

1) Proposed dividend of SEK 4.30 per share.

PROFIT AND KEY RATIOS, SWECO GROUP

	2016	2015
Net sales, SEK M	16,531	11,389
EBITA excl. extraordinary items, SEK M	1,482	991
EBITA margin excl. extraordinary items, %	9.0	8.7
EBITA, SEK M	1,336	740
EBITA margin, %	8.1	6.5
Profit before tax, SEK M	1,216	640
Billing ratio, pro forma, %	74.9	74.2
Net debt/EBITDA	1.0	1.8
Earnings per share, SEK ²	7.78	4.36
Equity per share, SEK ²	45.37	40.98
Dividend to shareholders, per share, SEK ²	4.30 ¹	3.50
Number of full-time employees	14,653	10,188

1) Proposed dividend of SEK 4.30 per share.

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

STRONGEST
YEAR IN
SWECO'S
HISTORY



WE BELIEVE
IN EUROPE

In 2016, the news was filled with reports of political divisions and major societal challenges in Europe. Tensions linked to security policy have escalated. The possibility of Brexit is creating uncertainty in the EU. And we have yet to find out what the new US administration will entail concerning free trade and global environmental collaborations.

In times like these, we must not forget Europe's power and potential. Although political and economic developments can shift over time, the foundations are stable and functioning well. In the European communities in which Sweco has its most prominent presence and expertise, market economics and free trade are deeply ingrained. The business community is innovative, outward-looking and sustainable. Corruption is very rare and the rule of law reigns supreme. There are established institutions and the welfare, educational and infrastructure systems are among the most advanced in the world.

Whenever European societies and cities undergo transformations, Sweco is involved in their planning and design. And we perform this work based on a long-term perspective. From this position, I feel a great sense of hope for the future.

RECORD EARNINGS ALONGSIDE RECORD INTEGRATION

Our earnings in 2016 are a testament to the fact that Sweco's focus on Europe is the right way forward. They just so happen to be the best earnings in Sweco's history. And our second consecutive record-setting year.

Net sales rose to SEK 16,531 million, largely driven by acquisition growth, though Sweco also grew organically. Profit after tax increased to SEK 931 million. We strengthened our balance sheet the year after we completed our largest acquisition ever.

More than 50 per cent of Sweco's customers gave us the highest marks in the survey they receive after we have completed a project. According to our annual employee survey, 80 per cent of Sweco's employees feel motivated. And in an otherwise highly guarded year for markets in 2016, Sweco's share boasted a 45-per cent increase. Satisfied customers, satisfied employees and satisfied shareholders lead to record earnings.

The integration of Grontmij has also made a strong contribution to our splendid earnings. It can be summed up in three words: higher, lower, faster. The annual synergies have proven to be 20 per cent higher than originally anticipated. The total cost of the transaction turned out to be 11 per cent lower. And the expected synergies will be reached in two years – meaning twice as fast as we had estimated. We

have brought together 6,000 new colleagues. And all former Grontmij countries are now operating under the Sweco brand. The largest integration to date for Sweco has essentially been completed.

From an overall geographical perspective, the market for Sweco's services is good.

Our largest operation by far is found in Sweden. The Swedish market remains strong and Sweco is performing well. The Stockholm City Line will be opened in 2017 – a six-kilometre railway tunnel with two new stations under Stockholm. The Stockholm City Line will double the rail capacity through Stockholm, which will help ensure a better flow of train traffic throughout Sweden. In the early stages, Sweco determined the location and design of the stations and has later been in charge of designing the Odenplan Station and the northbound continuation of the tunnel, as well as all railway installations in the southern part of the tunnel.

The Norwegian market is good and has stabilised. However, the Norwegian economy is in a state of transition due to the low price of oil, and demand is unevenly distributed. The market in the Oslo region and in the infrastructure sector remains strong. Sweco grew organically by 6 per cent during the year.

THE BEST RESULT IN SWECO'S HISTORY

In Denmark, the market is performing well overall, particularly in the major cities. We are continuing to work on sustainably improving profitability, and operating profit increased continuously during the year.

The markets in Western Europe and Central Europe are generally good. In 2016, Sweco was commissioned to manage and perform detailed design work on the construction of a new underground railway in Paris – currently the largest underground railway investment in Europe. At the end of the year, Sweco was commissioned to enhance flooding protection in the Polish cities of Wroclaw and Szczecin.

The results of the referendum in the UK have created uncertainty, although we do not see any signs of a slowdown.

Our UK operations constitute about 4 per cent of Sweco's overall sales. The direct impact of this development is thus limited, although it could influence the general economic development in Europe.

The Finnish market remains challenging. Its economy has experienced essentially zero growth since 2011. Despite this, the demand for Sweco's services is stable, and the demand for construction and real estate related services is satisfactory, which contributed to organic growth of 6 per cent during the year.

The integration of Grontmij is the focus of our operations in the Netherlands. Now that it has been successfully completed, we can concentrate on gaining even greater leverage from the acquired business. Due to the country's property and financial crisis, the market has been challenging for several years. There are, however, signs that it is stabilising. We remain both patient and convinced that this will turn out well.

EVERY CUSTOMER MEETING AND PROJECT COUNTS

The ability to grow by way of acquisition has lifted Sweco to leading positions, first in Sweden and then in the Nordic region and onward into Europe. By striking a balance between organic growth and acquisitions, Sweco will ultimately gain a leading position in all of our markets.

SOCIETIES UNDERGOING TRANSFORMATION CREATE OPPORTUNITIES

We refuse to become complacent. We are aware that our business is at the centre of many of the transformations that are now the hallmark of our societies. And above all, this actually entails substantial opportunities. Several macro trends are so powerful that they will continue with uninterrupted force regardless of political leadership and the fluctuations of the global economy – some of which very clearly impact Sweco.

Climate change is forcing societies to rethink technology and consumption. Fresh air, clean water and thriving nature are all in demand. Put simply, we must retool our energy system, streamline infrastructure, build flooding protection

along the coast and otherwise climate-proof our societies. For these efforts, Sweco helps find new and smarter solutions.

In Europe, a strong wave of urbanisation is under way. The need for new housing, office space and transportation systems is on the rise, and the specifications related to these are becoming increasingly complex. European cities are unique and each have their own local conditions. The fundamental urban environment is already in place and controls our ability to design anew. European cities are older and therefore require special consideration to be taken. They are also home to cultural heritage sites, skills and investments, all of which affect the entire world. This provides amazing opportunities for a company whose business it is to plan and design the communities and cities of the future.

We are also benefitting from an increased focus on core operations among our customers. Customers in the private sector are faced with competition from companies in other regions of the world. In a global market like this, companies have to focus. They secure help from experts to address that which falls outside their core operations. Similarly, the public sector is experiencing diminished resources and greater demands. A municipality might build a school once every ten years. We plan and design schools all the time. Letting us handle it ends up being a more efficient alternative.

Sweco's vision is to become Europe's most respected knowledge company in the fields of architecture, engineering and the environment. Our strategy for achieving this centres on our service offering, organic and acquisition growth and a business model focused on customers, internal efficiency, and employees that are engaged through decentralised responsibility.

Another year of record earnings, the integration of Grontmij and the smaller acquisitions we completed in 2016 – all of these accomplishments indicate the same thing: That our business, organisational and growth models work. However, continuing to advance our business in the interest of our customers and ourselves is not based on some miracle strategy. Good results come from hard work every day and from the knowledge that every customer meeting and project counts.

Stockholm, February 2017



Tomas Carlsson
President and CEO

VISION

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

CUSTOMER PROMISE

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

PROFITABILITY TARGET

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

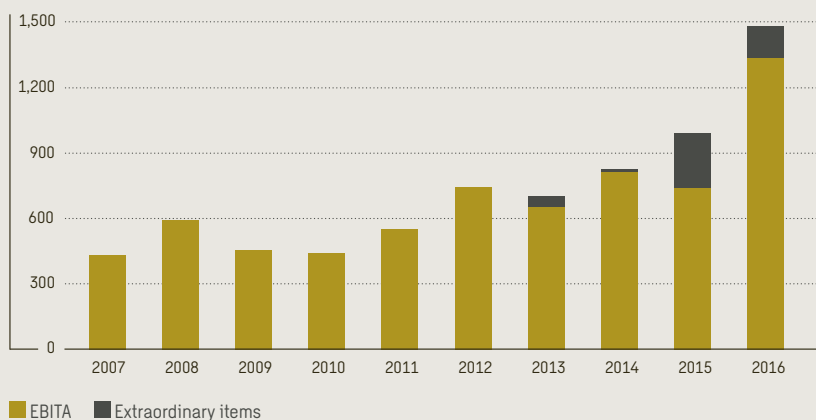
FINANCIAL STRENGTH

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

DIVIDEND POLICY

At least half of profit after tax shall be distributed to the shareholders. The company must maintain a capital structure that permits development of and investments in the company's core business.

EBITA, SEK M





BECOMING THE MOST RESPECTED IN EUROPE

Sweco plans and designs the cities and communities of the future. We are a consulting company providing professional services in engineering and design. With 14,500 engineers and architects, we can offer our customers the right expertise for every situation and in all aspects of the built environment. Our services are divided into three segments: buildings and urban areas; water, energy and industry; and transportation infrastructure. Our projects are the base for Sweco's development and new solutions. Working on projects in tandem with our customers, we deliver advanced services with a high level of knowledge content. We do not invest in our projects, act as a staffing agency or develop products on our own account.

Sweco's home market is in Northern Europe and we aim to become the leader in all countries where we have permanent presence. Through market leadership, we can uphold the broadest and deepest competence and become the preferred choice for customers and employees. Sweco pursues profitable growth, organically and through acquisitions. Organic growth, increasing revenues through increased sales and subsequent recruitment, is our starting point for growth. We pursue acquired growth when and if there is a rational opportunity. We operate based on "earn your right to grow"; there must always be a clear case for value creation.

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



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

OUR OPERATING MODEL BUILDS UPON FOUR AREAS:

Customer focus

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

Internal efficiency

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

The best people

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

Serving our customers in challenging projects is an integral part of our daily work and continuous development of our expertise is a requirement, not an option. To achieve this, Sweco needs to be the most attractive employer for the best people. We have a thorough process to ensure that we recruit the best people. Candidates are required to meet our high quality standards regarding conduct, approach and expertise. To retain our people, Sweco continuously

works to outperform our competitors in terms of providing development opportunities. Sweco actively manages performance to optimise the contribution of all employees.

Decentralised responsibility

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

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

TO US, IT'S ALL CONNECTED

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

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

ENGAGED CONSULTANTS ARE THE DRIVING FORCE BEHIND URBAN DEVELOPMENT



SOCIETY

Globalisation – balance between universal solutions and distinctive local features

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

Urbanisation – tomorrow's cities need more of everything

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

IT development – smarter cities with correct use of information

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

Climate change – the right solutions limit emissions and adapt society

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

CUSTOMERS

Streamlining – consultants as advisors

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

An international market – advantageous for consultants to be both large-scale and local

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

EMPLOYEES

A meaningful job – important to help shape society

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

Personal development – through customers, colleagues and challenging projects

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

THE INDUSTRY

Competitive situation – market leader is the first choice for customers and employees

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

Specialisation – advisors with a unrivalled knowledge bank

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

BEST RESULT AND LARGEST INTEGRATION – SIMULTANEOUSLY



SWEDEN

RECORD EARNINGS YET AGAIN

– For the second consecutive year, we generated record earnings. This is thanks to a clear focus on truly understanding our customers, while also capitalising on the extensive expertise found in our organisation. The market is strong and our customers have entrusted us with working on many interesting projects during the year. A few examples include smart traffic solutions for a new city district in Stockholm, a new research centre in Gothenburg, and a major initiative involving sustainable packaging solutions.

Åsa Bergman,
President Sweco Sweden

2016 was yet another record year for Sweco, with our strongest earnings to date. At the same time, Sweco completed the integration of the Grontmij acquisition, including 6,000 employees. The whole organisation is now operating under the Sweco brand as the leading engineering and architecture consultancy in Europe, with 14,500 employees and operations in seven geographically based business areas.



NORWAY

ENHANCED EFFICIENCY THROUGH COORDINATION

– During the year, we worked on coordinating operations to enhance efficiency towards our customers. This has generated results in terms of increased sales and profitability. The Norwegian market is good, but demand is unevenly distributed due to the lower price of oil. Sweco is involved in the transformation of Norwegian society and works on such projects as ensuring reliable power transmission and modernising railways.

Grete Aspelund,
President Sweco Norway

FINLAND

HARD WORK CREATES RESULTS

– Spending time in the right areas combined with hard work generates results, even in a market that remains challenging overall. As the communities and cities of the future are being planned and designed in Finland, Sweco has been entrusted with projects including modernising city districts, designing new district heating plants and planning a highway tunnel.

Markku Varis,
President Sweco Finland



DENMARK

IMPROVED PROFITABILITY IN A GOOD MARKET

– During the year, we worked on improving profitability and reducing unprofitable operations. We have increased earnings, making us well positioned in a positively developing market. Sweco's consultants were involved in designing and managing the construction of a new psychiatric centre, designing a tunnel aimed at protecting Copenhagen from flooding, creating the next generation biopower plant, and a significant new bridge project.

John Chubb (through March 2017)
Dariush Rezai (from April 2017),
President Sweco Denmark

NETHERLANDS

FOCUS ON OUR CUSTOMERS

– The market in the Netherlands remains challenging, although there are early signs of a stabilisation. In order to better harness the opportunities available, we have continued to implement the customer-focused and decentralised organisational model that was introduced in late 2015. We also continue to enhance our internal efficiency. In collaboration with our customers, we have developed energy efficient solutions for shopping centres and modernised railways for better accessibility.

Eugene Grüter,
President Sweco Netherlands

Sweco's home market is Northern Europe and we aim to be the market leader in all of the countries in which we have permanent operations. Our strategy is focused on profitable growth and a business model centred on customers, internal efficiency and engaged employees through decentralised responsibility.



WESTERN EUROPE

PLANNING AND DESIGNING EUROPE'S CAPITALS

– The UK market remains good. However, Brexit is causing uncertainty about market development, although there are no tangible signs of a slowdown. Belgium also has a stable market. We are planning and designing Europe's capital cities, for example in London where we are working on building service systems in what will be Western Europe's tallest residential building, as well as in Paris, where we are doing project management and detailed civil design for the construction of a new metro line.

Bo Carlsson,
President Sweco Western Europe

CENTRAL EUROPE

ACQUISITIONS FOR GROWTH AND EXPERTISE

– We are expanding Sweco's offering in the German market, which is good overall and developing positively. The two architecture firms that we acquired during the year have strengthened our expertise, particularly concerning hospital buildings where we now can offer our customers turnkey solutions. During the year, we designed several hospitals and are planning a new baggage tunnel at Frankfurt airport. Demand in Poland has developed favourably, our involvement in a sizable flood protection scheme being one good example. The other Central European markets remain challenging.

Ina Brandes,
President Sweco Central Europe

A JOB THAT SHAPES THE FUTURE

APPROACHABLE AND COMMITTED EMPLOYEES ARE THE CORE OF OUR BUSINESS

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

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

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

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

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

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

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

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

We set the bar high and also ensure that our employees have the opportunity to reach new heights. From the start,

our employees are encouraged to take responsibility for their own development and projects, and they have the opportunity to work as part of a dynamic team. We offer training courses from day one through Sweco Academy and by way of support from experienced colleagues and managers. The primary career paths at Sweco are as project manager, specialist or line manager.

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

Our annual employee surveys serves as a key indicator of how we should continue to develop Sweco as a customer-focused company. Some 90 per cent of our employees responded to the 2016 employee survey. This resulted in high marks for motivation, loyalty and commitment. Eight out of ten employees feel a high level of satisfaction in their job and believe that they have a very good manager.

FACTS ABOUT LIFE AS A SWECO EMPLOYEE

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

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

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

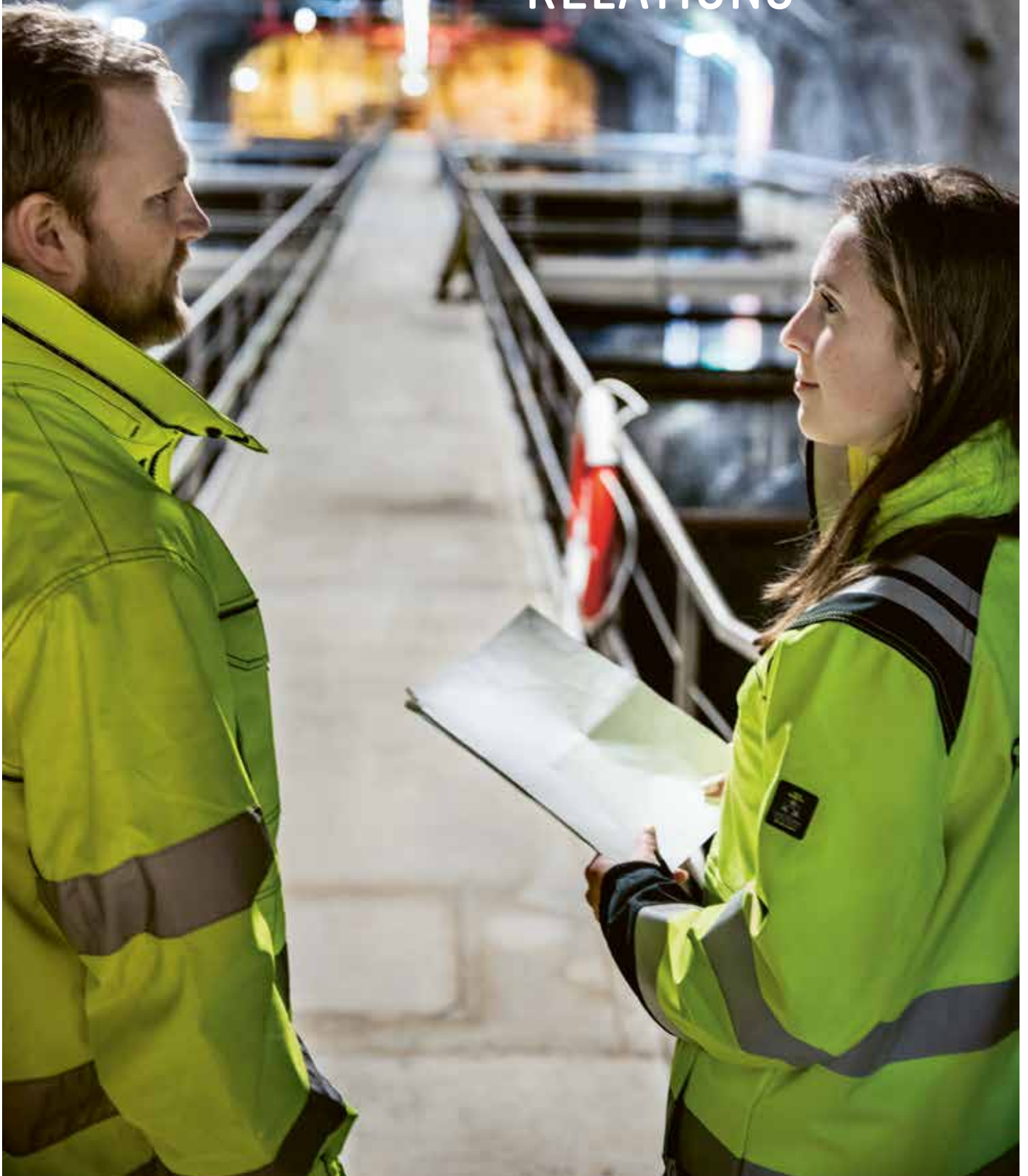
Sweco Employee Survey. Annual employee survey, used to further develop the business.

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

Sweco's employees are united under the driving force of planning and designing the communities and cities of the future together with our customers. What sets us apart is the combined expertise and experience of 14,500 approachable and committed engineers and architects. We believe in the positive power of human curiosity and the art of engineering and design. Together, we are shape the future for a more sustainable society.



BUSINESS ETHICS IN ALL RELATIONS



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

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

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

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

SWECO'S BUSINESS ETHICS FRAMEWORK

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

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

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

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

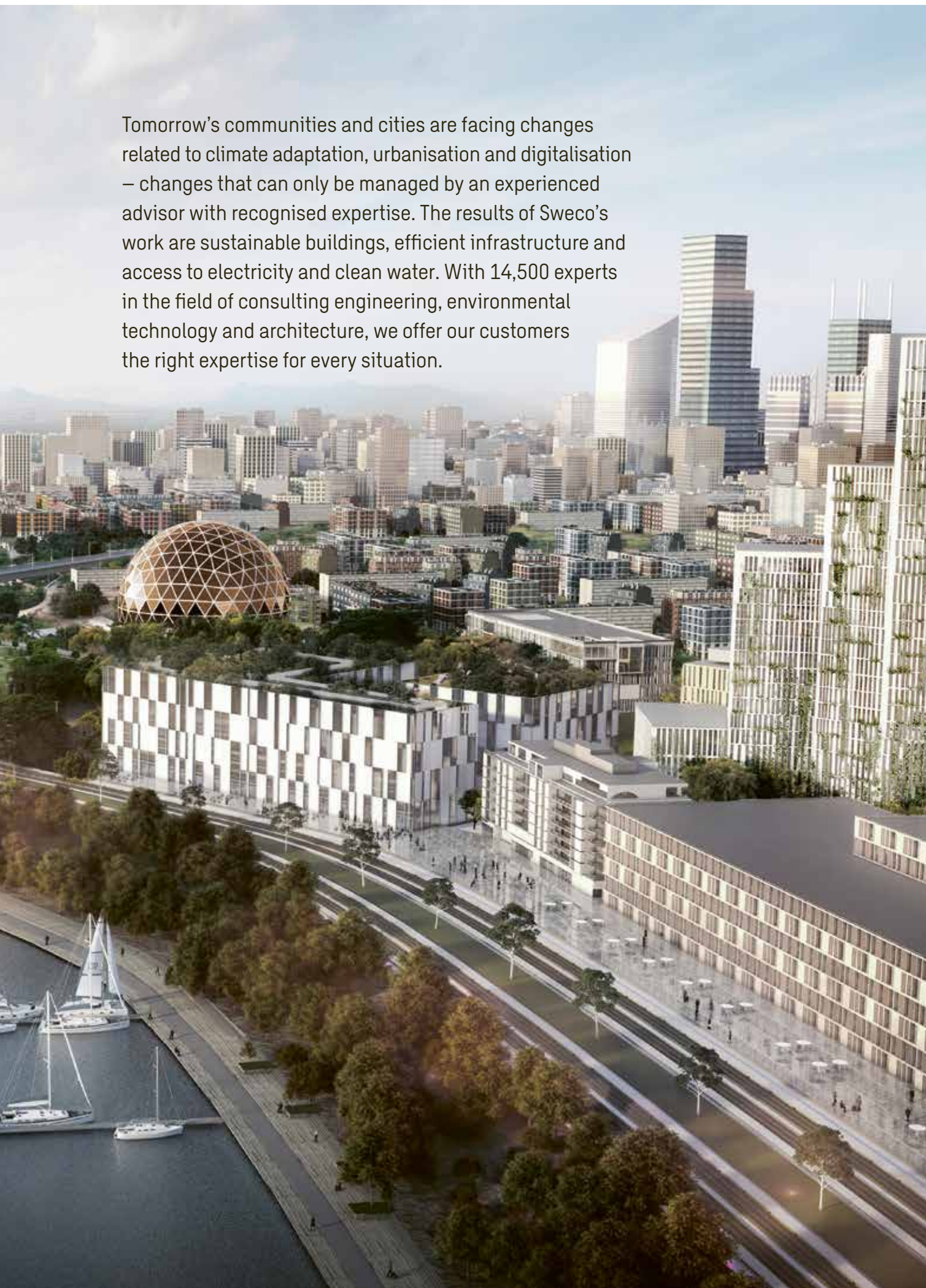
Sweco **Ethics Line** is a phone- and web-based service that provides the option of anonymously reporting suspected non-compliance with business ethics standards.

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

RECOGNISED EXPERTISE FOR CITIES OF THE FUTURE



Tomorrow's communities and cities are facing changes related to climate adaptation, urbanisation and digitalisation – changes that can only be managed by an experienced advisor with recognised expertise. The results of Sweco's work are sustainable buildings, efficient infrastructure and access to electricity and clean water. With 14,500 experts in the field of consulting engineering, environmental technology and architecture, we offer our customers the right expertise for every situation.



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

BUILDINGS AND URBAN AREAS

ARCHITECTURE

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

Examples of services:

- General architecture
- Landscape architecture
- Interior architecture

BUILDING SERVICE SYSTEMS

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

Examples of services:

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

STRUCTURAL ENGINEERING

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

Examples of services:

- Steel, timber and glass structures design
- Building construction design
- Industrial structures design
- Construction economics

URBAN PLANNING

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

Examples of services:

- Statistics and forecasts
- Analysis and strategy
- Studies
- Planning and design

PROJECT MANAGEMENT

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

Examples of services:

- Project and design management
- Property development and management
- Site supervision

IT

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

Examples of services:

- Systems development and big data,
- Data coordination and BIM
- 3D visualisation and geographical analyses
- Strategy and operational support



CARE FACILITIES PROMOTING ROUND-THE-CLOCK WELLBEING

The wellbeing of patients is front and centre as a new psychiatric centre for children and adults is being built in the Danish city of Skejby. Sweco is in charge of project management, structural engineering and building service systems in the 50,000-square-metre establishment. The rooms are illuminated by lighting that promotes better sleeping patterns, an indoor atmosphere free of noise and featuring ample daylight.



DAIRY WITH A FOCUS ON ENERGY

Sweco has been enlisted by Tine, one of Norway's largest food companies, to build a new dairy in Bergen. The focus is on creating environmentally friendly production and ensuring low energy consumption. The project entails conducting a feasibility study to enable the procurement of processing equipment, warehousing systems and construction.



WESTERN EUROPE'S TALLEST RESIDENTIAL BUILDING

Along the River Thames, the Spire London will emerge in 2020, standing 235 metres tall and featuring 861 apartments on 67 storeys. The building will house everything from rental units to luxurious penthouses, as well as a pool, gym and parking for 1,000 bicycles. Sweco will provide a wide range of services, including everything from solutions for high-speed elevators and transport planning, to building service systems for low-energy buildings.



NEW CLINIC BASED ON PATIENT NEEDS

Sweco's architects have been commissioned to design and manage the construction of a new hospital in Munich, Germany. The building complex will become part of Munich's University Hospital and will replace most of the numerous specialist clinics that are currently scattered throughout the buildings. Consolidating several operations under a single roof will yield numerous positive synergy effects. To improve patient care, the planning is based specifically on various patient groups – such as people with cardiac issues, pregnant women, or the elderly – rather than on traditional medical departments.



NEW CITY DISTRICT CREATES NEW BUSINESS OPPORTUNITIES FOR THE MALDIVES

The continued expansion of the artificial island of Hulhumalé in the Maldives is creating a new city district for the growing population. It is also making way for the establishment of new companies that specialise in IT outsourcing and a new port to accommodate the numerous cruise ships that dock on the islands. Sweco has been commissioned to develop a climate-smart solution for the new city district that integrates the infrastructure with water, energy and waste management services.



LUXURY HOTEL ON STABLE GROUND

Ninety steel piles comprise the foundation for the Burj Al Arab Terrace in Dubai. The solution that Sweco's structural engineers created cut down on both time and costs for the customer, while also protecting the marine environment. The Burj Al Arab is known as the world's most luxurious hotel, with seven stars.

UNDERGROUND PARKING GARAGE PROVIDES SPACE FOR NEW SHOPPING CENTRE

The city of Espoo in Finland is modernising Hagalund, a district that emerged in the 1950s and sparked national and global interest because of its unique character. When the old parking garage was replaced by one underground, space was made available for a new shopping centre, residences and a bus terminal. Sweco has been in charge of the complex construction solutions at the new shopping centre, including the bus terminal, commercial space and residences. Yet also for the construction of Finland's largest underground parking garage, with space for more than 2,000 parked cars.





MAKING EMBASSY COMPLEX EARTHQUAKE RESISTANT
 Bangladesh has been hit by earthquakes before and there is a substantial risk of new ones. To improve the security of its personnel, the Dutch Ministry of Foreign Affairs has commissioned Sweco to safeguard its diplomatic complexes in the country against future quakes. By conducting a complex analysis, the structures' sensitivity to movement can be determined, thus enabling Sweco to outline recommendations on how to address these sensitivities. Sweco's experts hold extensive experience in the area and have carried out work at numerous Dutch embassies worldwide.



ENERGY EFFICIENT SOLUTIONS FOR DUTCH SHOPPING CENTRE
 The Dutch property company Wereldhave has high ambitions when it comes to energy performance. They have now set a target of securing the BREEM "very good" classification for their eight shopping centres. Sweco has been placed in charge of planning this and proposing measures to reduce its energy consumption by 30 per cent by 2020.



NEW LUGGAGE TUNNEL CONNECTS FRANKFURT AIRPORT TERMINALS
 Frankfurt Airport is one of the busiest in Europe, and the airport's expansion to accommodate the growing number of travellers includes construction of a new terminal. To efficiently manage luggage flow, a 1.7 km long tunnel is now being planned to transport luggage between terminals. Sweco is responsible for both planning and design of the tunnel, which runs below the runway. The greatest challenge is to not cause disturbance to flight operations with the construction work.



INVITING ARCHITECTURE MERGES HEALTHCARE AND RESEARCH
 Sweco's architects designed the winning proposal for Sahlgrenska Life, a new centre that will merge healthcare, research and the business community in Gothenburg. Sahlgrenska University Hospital and Gothenburg University are currently separated from one another by a heavily trafficked street. Sweco's solution fuses research with clinical care and creates an inviting cityscape for the entire medical area.

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

WATER, ENERGY AND INDUSTRY

WATER

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

Examples of services:

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

ENERGY

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

Examples of services:

- Energy production studies
- Transmission and distribution planning
- Energy market analysis
- Energy optimisation advice

ENVIRONMENT

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

Examples of services:

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

INDUSTRY

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

Examples of services:

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

IT

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

Examples of services:

- Systems development and big data,
- Data coordination and BIM
- 3D visualisation and geographical analyses
- Strategy and operational support



NORWEGIAN POWER GRIDS SAFEGUARDED FOR FUTURE

Statnett, a Norwegian state-owned power grid operator, plays a leading role in Norwegian power transmission and is now planning the next-generation central power grid. For years, Sweco has maintained a close cooperation and has now been commissioned to help Statnett in both designing new transformer stations and power lines, and in overhauling the existing facilities. The end result will ensure reliable power transmission for the next 50 years.



TUNNEL PROTECTS COPENHAGEN FROM FLOODING

Under Strandboulevarden, a central street in Copenhagen, Denmark, a kilometre long tunnel will be built to protect the city from flooding during heavy downpours. Sweco is designing the tunnel, which will be able to handle 100 millimetres of water – known as a 100-year storm. In a densely built city where all land has been used, a tunnel is an effective solution for gathering vast quantities of rainwater. In Copenhagen, the tunnel will be combined with a park, which will serve as both a public recreation area and as a collection area for water.



MAJOR SUSTAINABLE PACKAGING SOLUTIONS INITIATIVE

Being able to package products in a way that minimises their climate footprint is a key issue as the global demand for packaging solutions for food and beverages increases. As such, BillerudKorsnäs is expanding its operations at the Gruvön site with a new board machine that will have an annual capacity of 550,000 tonnes of board, thus making it one of the largest of its kind in the world. Sweco has been enlisted to provide construction management services for the entire investment, and to design the reconstruction of the existing pulp mill.



LESS WASTE AND MORE ENERGY IN POLAND

For years, Poland has grappled with the problem of growing landfills. As part of an effort to reduce the amount of waste that is dumped at landfills, Sweco has been commissioned to design the country's largest waste-fired CHP plant to date. Sweco holds extensive experience in Waste to Energy production throughout Europe and is helping the customer harness a valuable local source of energy in this project.

DAMS IN ZAMBIA BEING REINFORCED

About 50 years ago, Sweco was commissioned by Zesco – Zambia's state energy company – to design hydropower plants and dams at two sites along the Kafue River. Sweco has subsequently been entrusted with helping Zesco on various projects. One of the dams is now in need of modernisation and Sweco has been placed in charge of assessing the state of the plant, outlining repair measures and helping the customer procure contractors.



NEW WASTEWATER TREATMENT PLANT MAKES WAY FOR RESIDENTIAL UNITS

The Swedish city of Lidköping, an idyllic little city along the shores of Lake Vänern, is currently expanding thanks to a growing population. To cope with the increased capacity and meet more stringent standards on wastewater treatment, the old plant is being replaced by a brand new plant. The closure of the old wastewater treatment plant is making way for attractive land by the port where a new city district is being planned. Sweco is assisting the municipality in the project coordination and planning of the new wastewater treatment plant, which includes conducting a study that reveals the most optimal location for the new plant.



NEW TELEMETRY SYSTEM REGISTERS WATER AND GAS CONSUMPTION IN IRELAND

Ervia is in charge of the drinking water, gas supply, and waste management in Ireland. With infrastructure throughout the country and a vast number of facilities with various solutions for measuring consumption, it is difficult to gain an overview. Sweco has been commissioned to plan and design a central system to measure and collect data from all facilities. It will provide a clear picture of the flows and an opportunity to make better use of existing resources.



NEW DISTRICT HEATING PLANT IMPROVES AIR QUALITY

To ensure the future of district-heating production in the area, Lahti Energia in Finland is planning a new biomass power plant. Upon completion in 2019, they will be able to shut down an older coal power plant, which will reduce carbon emissions by 600,000 tonnes annually. Sweco's industrial experts and structural engineers have secured a leading role in creating the hyper-modern biomass facility.



FLOODING PROTECTION FOR SUSTAINABLE DEVELOPMENT

Oder and Vistula are Poland's largest rivers and they run out into the Baltic Sea. As early as in the Middle Ages, dams were built in Oder to protect its residents from flooding. Under a project financed by the Polish authorities and the World Bank, Sweco will reinforce flooding protection in several cities, and on industrial and agricultural lands along the rivers. Sweco's flooding-protection expertise will help ensure sustainable social and economic development in the region.

HIGH-VOLTAGE LINK WILL CONNECT BELGIUM AND THE UK

Power Transmission Companies Elia in Belgium and National Grid in the UK are advancing the European electricity market with the installation of a submarine cable with adjoining onshore high voltage direct circuit converter stations in each country. The solution will enable electricity to flow in either direction between the two countries. This effort will allow the two countries to enhance the reliability of their power supply, improve the electricity trade between the UK and continental Europe and facilitate the integration of renewable energy sources. Sweco's Belgian and UK consultants have been commissioned to design the buildings for both of the converter stations. One of the challenges is how to cost-effectively produce identical stations in two countries with different technical requirements.



CLIMATE NEUTRAL HEATING FROM AMBITIOUS POWER PLANT

By transitioning from natural gas to biomass, the Skærbækværket power plant in Fredericia, Denmark will offer environmentally friendly heating at a lower cost. Sweco's energy experts and structural engineers have a leading role in the work of creating the next generation bio power plant. Using both new and existing buildings at the facility, the transition to another energy source is safe and cost-effective.



IMPROVED WATER MANAGEMENT IN JAKARTA

With approximately 10 million residents, Jakarta is one of the most populous cities in Southeast Asia. The city is facing a number of challenges related to land subsidence, sanitation and access to clean water. In order to make the right investments to address flooding protection and water and wastewater treatment, Sweco has been commissioned to serve as a strategic advisor to the government for three years. This will ultimately result in recommendations for a cost-effective way to improve water-management standards for as much of the population as possible.

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

TRANSPORTATION INFRASTRUCTURE

CIVIL ENGINEERING

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

Examples of services:

- Road and land use planning
- Rock excavation design and geotechnical engineering
- Bridge design
- Port master planning
- Surveying

PROJECT MANAGEMENT

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

Examples of services:

- Project and design management
- Property and development management
- Site supervision

RAILWAY

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

Examples of services:

- Planning for
- Tracks
 - Electricity
 - Operation and maintenance
 - Signalling
 - Telecoms

IT

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

Examples of services:

- Systems development and big data,
- Data coordination and BIM
- 3D visualisation and geographical analyses
- Strategy and operational support

TRAFFIC PLANNING

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

Examples of services:

- Capacity planning
- Accessibility planning
- Strategic planning
- Intelligent transportation systems (ITS)



RECORD-BREAKING INITIATIVE ON THE UNDERGROUND RAILWAY IN PARIS

In Paris, a record-breaking initiative is now under way to create new connections between the city's densely built-up suburbs and enhance commuting efficiency. Some 200 kilometres of new underground railway lines and 68 new stations will make commuting easier and improve air quality. In the project, Sweco is being enlisted for overall project management and the detailed design of line 17, with five new stations. Sweco is currently working on underground railway projects in five European capitals.



UNDERGROUND RINGWAY CREATES SPACE FOR RESIDENCES

Traffic passes through a 450 metre underground tunnel on Ringway 1 in the Keilaniemi district outside Helsinki and creates space for urban development. The area above the tunnel will provide space for four high-rises with a total of 1,100 apartments, as well as parklands. Sweco has been commissioned to develop a solution for the planned highway tunnel – a challenging project that requires traffic to flow throughout the entire construction process and for consideration to be taken of residents in the area.



SMART TRAFFIC SOLUTIONS FOR NEW CITY DISTRICT

The Norra Djurgårdsstaden district in Stockholm is one of Europe's most extensive urban development areas. In total, plans are in the works for 12,000 new residential units and 35,000 new workplaces. Underlying the initiative is an opportunity to transform former industrial grounds into an attractive and climate-neutral city district. Sweco has been commissioned by the City of Stockholm to plan and design the public street spaces. Planning for parking garages on the outskirts of the area and limiting vehicle traffic and public transportation to certain main streets creates a modern street environment. The objective is to create vibrant street spaces where pedestrian and bicycle paths are given priority and with room for plant beds that filter the rainwater.



INNOVATIVE RAILWAY TECHNOLOGY SAVES MILLIONS

Savings of SEK 60–100 million and simpler operations. This was the outcome when Sweco's railway experts helped the Swedish Transport Administration make preparations ahead of the transition to ERTMS, the new European railway traffic management system. The solution will be implemented on Malmbanan, the Iron Ore Railway Line – Sweden's most heavily trafficked railway. The technology involves the use of "fictitious switch-gears" and parallel traffic images. The new system can be implemented gradually instead of all at once, thus reducing risks and increasing flexibility. The transition to ERTMS is being conducted to allow trains to operate in several European countries and pass across national borders more easily.



MODERNISATION OF CENTRAL TRAIN ROUTE

Overcrowded trains, delays and missed connections have been routine for travellers between the Dutch cities of Nijmegen and Roermond. That route will now be electrified to provide faster, quieter and more environmentally friendly train traffic. Work is scheduled to be completed in December 2020. Sweco has been commissioned to design the new partially double-track railway line and to acquire a full set of permit documents to facilitate an expeditious process. The project also includes examining all bridges, railway crossings and bicycle tunnels along the 80 kilometre route.



SHORTER TRIPS ON A SAFER ROAD IN SCOTLAND

In a major venture to upgrade the Scottish road A96, Sweco has been enlisted to optimise the selection of routes and for detailed planning services. With two lanes in each direction and overpass intersections, travelling time will be reduced and traffic safety enhanced. Sweco holds extensive experience in major infrastructure projects in Europe and has previously been involved in the modernisation of the A1 in the UK, the Antwerp ring road in Belgium and the E6 in Norway, among others.

PORT EXPANSION IN DANISH CITY OF FREDRIKSHAMN

With a hundred-odd companies, many of which want to expand, the port is simply not big enough. To address the increased need for capacity, plans are being made for a nearly three-kilometre expansion of the docks, deeper port basins and a new 330,000-square-metre land site. The expansion will allow the port to take larger ships and more cargo transports. The new land site will allow for heavier industry, while also improving the management of bulk products. Sweco is contributing a wide array of expertise ranging from detailed design services to construction management.





MODERN HUB FOR COPENHAGEN'S COMMUTERS

The old Østerport station, which is over a century old, is one of the most trafficked railway stations in Copenhagen, Denmark. It will now be overhauled and prepared ahead of its connection of the new Cityringen underground railway line. Meanwhile, the station will be held open as usual. Sweco's extensive experience in renovating older stations enables us to carry out this reconstruction project with as little disruptions as possible for travellers.

REDUCED EMISSIONS WHEN NORWEGIAN RAILWAY IS UPGRADED

The Trønderbanan and Meråkerbanan railway lines are among the most heavily trafficked railway lines in central Norway and are key transportation arteries for both passengers and cargo. These lines will now be electrified; a venture that will reduce carbon emissions by 12,300 tonnes annually. Sweco is in charge of detailed planning services and the preparation of procurement documentation for the construction of auto-transformers and overhead lines.



EFFICIENT SHIPPING ROUTES ON EUROPEAN RIVERS

The regions around the Rivers Seine and Scheldt are key industrial hubs in Europe. Under an EU initiative, the two regions will be joined by a waterway capable of handling far greater cargo transports than are currently possible, including container ships and barges. Sweco's project involves developing solutions to prepare and deepen existing routes, raise bridges and modernise several water locks.



"LEGO BRIDGE" ACROSS MOTORWAY

Hundreds of old bridges in Germany will soon reach the end of their useful lives and be replaced by new ones. To minimise the amount of time consumed by closed roads and traffic problems, the transport ministry in the German state of North Rhine-Westphalia announced a competition to encourage innovative designs for new bridges that can be put quickly into place. Sweco has designed the winning proposal – a "Lego bridge" that will be built across the A 46 motorway in Hagen, Germany. Using a completely prefabricated framework structure comprising reinforced concrete and steel components, both construction time and costs can be cut. The end result is a high-quality modern bridge that can be built in just two months.

BOARD OF DIRECTORS' REPORT

The Board of Directors and the President & CEO of Sweco AB hereby submit the Annual Report and consolidated financial statements for financial year 2016.

SWECO AB (publ), corporate identity number 556542-9841, is headquartered in Stockholm, Sweden and is the Sweco Group's parent company. The company's engineers and architects work together to plan and design the cities and communities of the future. Sweco delivers qualified consulting services with high knowledge content throughout the customer's entire project chain: from feasibility studies, analyses and strategic planning through construction, design and project management. With approximately 14,500 employees, Sweco is the largest engineering and architecture consultancy in the European market. Sweco operates its business in seven business areas and conducts project exports to some 70 countries worldwide.

SWECO GROUP

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

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

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

Overall, the market for Sweco's services is good. The Swedish market is strong. The markets in Norway, Denmark, Western Europe and Central Europe are generally good. The markets in Finland and the Netherlands remain challenging, although there are signs of improvement.

Powerful drivers are increasing the long-term need for consulting engineering and architecture services. Trends like urbanisation and rising living standards are fuelling a need for infrastructure, industrial production, energy production, construction, etc. At the same time, there is greater demand for sustainable urban development and adaptations in response to climate change, which increases demand for services in areas such as energy efficiency, environmental impact assessments,

renewable energy solutions, effective traffic planning, water supply, wastewater treatment and soil/site remediation.

PROFIT AND OPERATIONS

Net sales increased 45 per cent to SEK 16,531 million (11,389). Organic growth totalled 3 per cent.

Adjusted for extraordinary expenses related to the Grontmij acquisition, EBITA totalled SEK 1,482 million (991), which is Sweco's best full-year result to date.

Extraordinary expenses related to the Grontmij acquisition totalled SEK 146 million (250). EBITA thus totalled SEK 1,336 million (740).

Key ratios	2016	2015
Net sales, SEK M	16,531	11,389
Organic growth, %	3	6
Acquisition-related growth, %	42	18
Currency, %	0	0
EBITA excl. extraordinary items, SEK M	1,482	991
Margin excl. extraordinary items, %	9.0	8.7
EBITA, SEK M	1,336	740
Margin, %	8.1	6.5
Profit after tax, SEK M	931	439
Earnings per share, SEK	7.78	4.36
Number of full-time employees	14,653	10,188
Net debt/EBITDA	1.0	1.8

OUTLOOK

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

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

There is uncertainty following the EU referendum ("Brexit") in the UK and potential consequences to the general European economy may impact Sweco.

Sweco does not provide forecasts.

DEFINITIONS

As of third quarter 2016 Sweco follows the new guidelines from ESMA (European Securities and Markets Authority) regarding APMs (Alternative Performance Measures). In brief, these are measures of historical or ongoing operating results and financial performance that are not specified or defined in IFRS. The presentation of non-IFRS financial measures is limited as an analytical tool and should not be used as a substitute for our key ratios pursuant to IFRS. Sweco believes that the APMs will enhance the investor's evaluation of our ongoing operating results, aid

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

Business area	Net sales, SEK M		EBITA, SEK M		EBITA margin, %		Number of full-time employees	
	Actual 2016	Pro forma 2015	Actual 2016	Pro forma 2015	Actual 2016	Pro forma 2015	Actual 2016	Pro forma 2015
Sweco Sweden	7,148	6,838	852	672	11.9	9.8	5,482	5,375
Sweco Norway	2,059	1,991	195	161	9.5	8.1	1,344	1,326
Sweco Finland	1,785	1,663	138	89	7.7	5.4	1,984	1,913
Sweco Denmark	1,376	1,350	98	39	7.1	2.9	1,077	1,109
Sweco Netherlands	1,746	1,831	27	24	1.5	1.3	1,504	1,666
Sweco Western Europe	1,580	1,594	105	83	6.6	5.2	1,704	1,618
Sweco Central Europe	1,052	951	58	49	5.5	5.1	1,457	1,402
Group-wide, eliminations, etc.	-216	-221	-138	-336	-	-	101	142
TOTAL GROUP	16,531	15,998	1,336	781	8.1	4.9	14,653	14,552

in forecasting future periods and facilitate meaningful comparison of results between periods. The non-IFRS financial measures presented in this report may differ from similarly titled measures used by other companies. A complete list of all Sweco's definitions can be found on page 101.

ACQUISITION OF GRONTMIJ

Grontmij, with some 6,000 employees in 9 countries, was acquired on 1 October 2015, making Sweco the leading engineering and architecture consultancy in Europe.

The acquisition has proved to be a perfect match and has created value for all stakeholders – customers, employees, shareholders and society in general. It has contributed to the best yearly performance to date and Sweco now holds a leadership position in seven Northern European countries. With the integration mainly completed and all former Grontmij countries operating under the Sweco brand since second quarter 2016, focus forward will be on continuous operational improvement and profitable growth.

One year after closing, Sweco conducted a thorough review of the integration plan. The updated estimate shows outperformance against all estimates communicated at the announcement.

The updated financial estimates are:

- Annual cost synergies totalling SEK 300 million. Previously estimated at SEK 250 million (+20 per cent)
- Realisation of full run rate at the start of 2018. Previously estimated at 90 per cent within 4 years of acquisition (2 years earlier)
- Extraordinary items totalling SEK -400 million. Previously estimated at SEK -450 million (-11 per cent)
- Acquisition is EPS-accretive as early as 2016. Previously estimated at within 2 years of acquisition (1 year earlier)

The annual run rate of cost synergies at the end of the fourth quarter was approximately SEK 263 million, an increase from SEK 250 million at the end of third quarter 2016. Cost synergies made a positive contribution of approximately SEK 222 million during the year (17).

Cost synergies are found in four main areas and have the following status:

- IT (approximately 30 per cent of cost-saving potential): All major supplier contracts have been renegotiated to a lower price. The new central IT organisation has been implemented. The local IT integrations in Sweden, Denmark and the Netherlands have been completed. IT integration in Belgium is underway. The IT integration is largely expected to be completed during the first half of 2017
- Head office (approximately 20 per cent of cost-saving potential): The new head office organisation is operational. Reductions in staff and management functions are completed and full cost savings have been realised
- Overhead costs within business area Sweden (approximately 20 per cent of cost-saving potential): The new organisation for administrative support has been implemented and staff reductions are completed. Grontmij's Stockholm operations, with approximately 275 employees, have moved to Sweco's premises
- Country-specific operational improvements (approximately 30 per cent of cost-saving potential): The new administrative support organisation in the Netherlands and Denmark is implemented. A new decentralised, customer-focused organisational model is implemented in the Netherlands. The divestment of ancillary operations and restructuring of unprofitable units is ongoing. Reductions in the Dutch consultant organisation commenced during fourth quarter 2015. Measures taken in the Netherlands involved a downsizing of operations during 2016, with sales and profitability expected to stabilise from 2017

In summary, a reduction of approximately 200 positions in total is expected within the Group due to integration and restructuring. Notice has been given in most cases, and 192 employees have left the Group at the end of the period.

Extraordinary transactional, integration and restructuring items were

initially estimated at approximately SEK -450 million. Extraordinary items totalled SEK -146 million (-250) for the full year. To date, total extraordinary items for the entire acquisition amount to SEK -396 million. All extraordinary items are reported in the Group-wide segment.

While the short-term cost synergies have now been largely realised, additional value creation can be achieved in the longer term through increased customer focus and internal efficiency as well as organic and acquisition-based growth in Sweco's new home markets. Sweco continues to work towards the vision of becoming Europe's most respected knowledge company in the fields of consulting engineering, environmental technology and architecture.

Other information on the Grontmij acquisition

On 25 October, the Enterprise Chamber of Amsterdam (Ondernemingskamer) issued a decision on a statutory buy-out procedure and ordered all remaining Grontmij N.V. shareholders to transfer their shares to Sweco. The payment and transfer of the outstanding shares was finalised in November, whereafter Sweco holds 100 per cent of the shares.

ACQUISITIONS AND DIVESTMENTS

In April, Sweco acquired Ludes, a German architecture design and project management consultancy with around 100 employees. Ludes has a particularly strong position within healthcare and Sweco Germany established a presence in the German architecture market through the acquisition.

In October, Sweco announced that it would acquire Jo.Franzke, a German architectural firm with 44 employees. The acquisition was finalised 31 December.

During the year, Sweco also acquired Petro Team Engineering AB in Sweden, Sletten AS in Norway and expanded its participation in Par 2 Ontwikkeling B.V. in the Netherlands to 100 per cent (previously owned 50 per cent). In Finland, Sweco acquired Altenia Oy's operations.

During the year, Sweco divested businesses within Sweco Nederland BV and Park Frederiksoord B.V. with an aggregate total of 38 employees. In the fourth quarter, Sweco divested its operations in China. These divestments had no significant impact on Group profit and position.

OTHER SIGNIFICANT EVENTS

Grete Aspelund has been the President of Sweco Norway since 1 January.

Eugene Grüter has been the new President of Sweco Netherlands since 1 September.

OTHER SIGNIFICANT SUBSEQUENT EVENTS

On 11 January 2017, it was announced that Dariush Rezai will take up the position of new President of Sweco Denmark by 1 April.

On 6 February 2017 Sweco announced that it is acquiring the Finnish business of Karves Yhtiöt Oy and the total share capital of its subsidiaries Karves Suunnittelu Oy and Karves Energia & Valvonta Oy. The companies have more than 50 employees. Sweco is thereby further strengthening its offering and presence in the Finnish market.

CASH FLOW AND FINANCIAL POSITION

Group cash flow from operating activities totalled SEK 1,165 million (1,140) during the period. Net debt decreased to SEK 1,558 million (1,688).

The net debt/EBITDA ratio was 1.0 times (1.8). Pro forma and adjusted for extraordinary expenses, the net debt/EBITDA ratio was 0.9 times (1.2).

Available cash and cash equivalents, including unutilised credit lines, totalled SEK 2,138 million (2,229) at the end of the year.

EMPLOYEES

The number of employees at the end of the period was 15,236 (15,151), an increase of 85. During the year 2,548 employees (2,095) were hired, 2,578 (1,929) ended their employment, 45 (111) ended their employment in conjunction with the divestment of companies and 160 (6,153) were added via acquired companies. Personnel turnover was 17 per cent (16). The Group had a total of 14,653 full-time employees (10,188).

SELECTED PROJECTS

Sweco has been commissioned by Jernbaneverket, the Norwegian government's agency for railway services, to electrify the Norwegian Trønder Line and Meråker Line that cover a distance of approximately 200 kilometres. The capacity, efficiency and environmental aspects of the region's public transport system will be improved. The electrification will reduce carbon dioxide emissions by 12,300 tonnes per year. The project is valued at approximately SEK 26 million.

In Denmark, Sweco has been commissioned by Danish Railways (DSB) to design and manage the planning and construction of the renovation of Østerport train station in Copenhagen. The result will be a modern junction linking the existing rail lines with the city's new City Ring underground metro line. The project is valued at approximately SEK 21 million.

In France, Sweco Belgium has been commissioned by Société du Grand Paris for overall project management and detailed civil design for the construction of the new Metro line 17 in Paris. The line includes five new stations and covers a distance of 20 kilometres, from Saint-Denis to Les Mesnil Amelot. The project is valued at approximately SEK 158 million.

Sweco has been commissioned by Transport Scotland to carry out route options assessment and detailed design work for the upgrade of the A96 road in Scotland. The improvements will lead to reduced journey times and better road safety. The order value is approximately SEK 300 million.

Sweco Finland has been commissioned by Lahti Energy to take a leading role in the construction of a modern biomass plant in Lahti. The new plant will improve air quality in the area. The old plant will be closed when the new bio plant is completed in 2019, which will reduce carbon dioxide emissions by 600,000 tonnes per year. The project is valued at approximately SEK 30 million.

Sweco Belgium has been commissioned by Flemish waterway company Waterwegen en Zeekanaal NV to design and project manage transport route improvements on the Seine-Scheldt rivers. Sweco will design solutions to broaden and deepen existing waterways, raise bridges and modernise several locks. The project is valued at approximately SEK 50 million.

In Germany, Sweco designed the winning proposal for a "Lego bridge" to be built across road A46 in the city of Hagen. Construction time and costs are reduced by using a completely prefabricated frame structure consisting of reinforced concrete and steel elements. The result will be a modern high-quality bridge that can be built in only two months.

In Sweden, Sweco's architects designed the winning proposal for a new centre – Sahlgrenska Life – for healthcare, research and business in Gothenburg. Sweco will design three new buildings totalling just over 90,000 square metres of floor space. Sweco's work will be completed by 2021, when the centre is scheduled to open.

In Poland, Sweco has signed two contracts with the Regional Water Management Authorities in Wrocław and Szczecin, to provide consulting services for the Odra-Vistula Flood Management Project. The project, which is being co-financed by the World Bank, aims to improve flood protection for people living in the area. The combined value of the contracts is approximately SEK 265 million.

In Sweden, Sweco has been commissioned by BillerudKorsnäs for construction management of a new board machine and structural engineering for redesign of the existing pulp mill at Gruvön. The result will be a packaging facility that contributes to reducing fossil dependency and climate impact, while improving food safety. The new board machine will have an annual production capacity of 550,000 tonnes, making it one of the largest in the world. According to BillerudKorsnäs, the entire investment totals SEK 5.7 billion. Sweco has a leading role in nearly all major and recent forest industry projects in the Nordics, including the expansion of SCA's Östrand and Södra Cell's Värö mills in Sweden and Metsä Fibre's Äänekoski mill in Finland.

BUSINESS AREA STRUCTURE AND PRO FORMA REPORTING

For 2015, business areas are reported on a pro forma basis following the new organisation as of 1 October 2015. Pro forma reporting facilitates analysis of developments in operational activities on a like-for-like basis, assuming that Grontmij had been part of Sweco since the beginning of 2015.

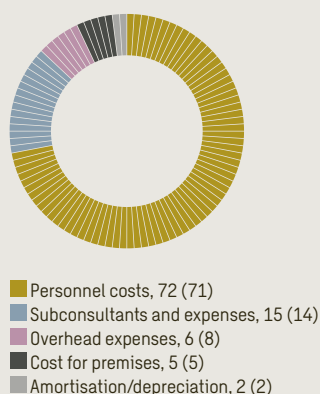
BUSINESS AREA – SWECO SWEDEN

Sales increased 5 per cent to SEK 7,148 million (6,838). EBITA increased SEK 180 million. Organic growth was 4 per cent.

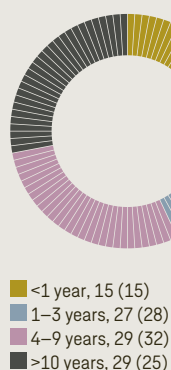
The Swedish market remains strong. There is strong demand in the construction and real estate sector, particularly in the larger cities. The infrastructure market is also strong, supported by major public investments. The industrial market is stable and the market for IT-related services is developing positively. The market for power transmission services is strong, while the energy generation market is weak.

	Actual 2016	Pro forma 2015
Net sales and profit		
Net sales, SEK M	7,148	6,838
Organic growth, %	4	6
Acquisition-related growth, %	0	0
Currency, %	0	0
EBITA, SEK M	852	672
EBITA, %	11.9	9.8
Number of full-time employees	5,482	5,375

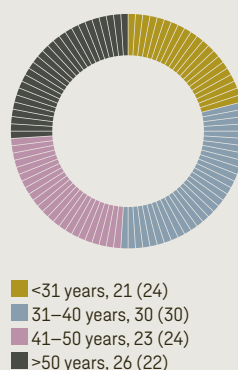
COST STRUCTURE (EBITA), %



TERM OF EMPLOYMENT, %



AGE STRUCTURE, %



BUSINESS AREA – SWECO NORWAY

Sales increased to SEK 2,059 (1,991). EBITA increased SEK 34 million. Organic growth was 6 per cent.

The Norwegian market is good, but demand is distributed unevenly. Markets in the Oslo region and within public infrastructure remain strong. The private commercial construction market is muted due to low oil prices, while the residential and public construction market is good with strong demand. The markets in southern and western Norway are challenging, while the eastern and northern areas are experiencing moderate growth.

	Actual 2016	Actual 2015
Net sales and profit		
Net sales, SEK M	2,059	1,991
Organic growth, %	6	8
Acquisition-related growth, %	0	0
Currency, %	-3	-4
EBITA, SEK M	195	161
EBITA, %	9.5	8.1
Number of full-time employees	1,344	1,326

BUSINESS AREA – SWECO FINLAND

Sales for Sweco Finland increased to SEK 1,785 million (1,663). Organic growth was 6 per cent. EBITA increased to SEK 138 million (89).

The Finnish market remains challenging. The Finnish economy has basically had zero GDP growth since 2011, although there are signs of improvement. Despite this, demand for Sweco's services is stable with positive signs in the building market in the Helsinki region. Demand for construction and real estate-related services is satisfactory, while the infrastructure and industry markets remain challenging.

	Actual 2016	Actual 2015
Net sales and profit		
Net sales, SEK M	1,785	1,663
Organic growth, %	6	6
Acquisition-related growth, %	0	0
Currency, %	1	2
EBITA, SEK M	138	89
EBITA, %	7.7	5.4
Number of full-time employees	1,984	1,913

BUSINESS AREA – SWECO DENMARK

Sales increased to SEK 1,376 million (1,350) and organic growth was 1 per cent. EBITA increased SEK 59 million to SEK 98 million.

The market in Denmark is generally good and is developing positively. The construction and real estate sector is developing well and is particularly strong in the larger cities. The infrastructure market is stable with a weaker demand in road construction. Demand in the water and energy sector is stable with growth in international water exceeding growth in the domestic market.

	Actual 2016	Pro forma 2015
Net sales and profit		
Net sales, SEK M	1,376	1,350
Organic growth, %	1	5
Acquisition-related growth, %	0	-1
Currency, %	1	3
EBITA, SEK M	98	39
EBITA, %	7.1	2.9
Number of full-time employees	1,077	1,109

BUSINESS AREA – SWECO NETHERLANDS

Sales fell to SEK 1,746 million (1,831). EBITA increased to SEK 27 million (24).

The market in the Netherlands has been challenging for several years due to the country's real estate and financial crises. The first signs of market stabilisation are visible, particularly within private building construction.

Sweco Netherlands delivers services primarily in the areas of public infrastructure, energy, water and public sector buildings. These markets typically lag behind the private construction market, and the market remains challenging overall.

Sweco Netherlands introduced a new decentralised, customer-focused organisational model in late 2015 and implementation continued throughout 2016 with staff reductions within administration and the consultant organisation.

	Actual 2016	Pro forma 2015
Net sales and profit		
Net sales, SEK M	1,746	1,831
Organic growth, %	-3	-7
Acquisition-related growth, %	-3	0
Currency, %	1	3
EBITA, SEK M	27	24
EBITA, %	1.5	1.3
Number of full-time employees	1,504	1,666

BUSINESS AREA – SWECO WESTERN EUROPE

Sales fell to SEK 1,580 million (1,594). EBITA increased to SEK 105 million (83). Organic growth was 4 per cent.

Demand for Sweco's services in the UK remained good throughout the fourth quarter. The infrastructure market is good and the energy and water markets are stable. Although there are no tangible signs of a slowdown, there is uncertainty about market development following the EU referendum ("Brexit"). While it is too early to determine the consequences, the private construction market is expected to be more exposed than the market for publicly financed projects.

The market in Belgium is generally stable within all market segments. The private and public building markets are improving. The industry market and the public infrastructure markets are good.

	Actual 2016	Pro forma 2015
Net sales and profit		
Net sales, SEK M	1,580	1,594
Organic growth, %	4	5
Acquisition-related growth, %	0	0
Currency, %	-4	7
EBITA, SEK M	105	83
EBITA, %	6.6	5.2
Number of full-time employees	1,704	1,618

BUSINESS AREA – SWECO CENTRAL EUROPE

Sales increased to SEK 1,052 million (951) and organic growth was 2 per cent. EBITA totalled SEK 58 million (49).

The German market is good overall and is developing positively. The healthcare and commercial markets are good. Demand is strong in the transport and environmental sector due to public investments, while the energy market remains challenging.

The Lithuanian market is experiencing weak development due to delayed EU investments in public infrastructure, water and environment. The EU investments were initiated gradually during the third quarter and are expected to increase. The Czech market remains challenging, although there is solid demand for Sweco's services. The Polish market is developing positively and shows good investments in energy, transport and water.

	Actual 2016	Pro forma 2015
Net sales and profit		
Net sales, SEK M	1,052	951
Organic growth, %	2	7
Acquisition-related growth, %	9	-3
Currency, %	1	1
EBITA, SEK M	58	49
EBITA, %	5.5	5.1
Number of full-time employees	1,457	1,402

OTHER INFORMATION

Investments

Investments in equipment totalled SEK 213 million (179) and were primarily attributable to IT investments. Depreciation of equipment totalled SEK 219 million (168) and amortisation of intangible assets totalled SEK 133 million (75).

Purchase consideration paid to acquire companies totalled SEK 175 million (3,368) and had a negative impact of SEK 152 million (-1,246) on Group cash and cash equivalents. Purchase consideration received for the divestment of companies totalled SEK 10 million (6) and had a positive impact of SEK 7 million (2) on Group cash and cash equivalents. Repurchases of Sweco shares totalled SEK 126 million and had the same effect on Group cash and cash equivalents.

Dividends totalling SEK 418 million (318) were distributed to Sweco AB shareholders during the year.

Parent Company

Parent Company net sales totalled SEK 538 million (355) and were attributable to intra-group services. Profit after financial items totalled SEK 488 million (464). Investments in equipment totalled SEK 31 million (36). Cash and cash equivalents at the end of the year totalled SEK 570 million (13).

The Sweco share

Sweco is listed on Nasdaq Stockholm. The share price of the Sweco Class B share was SEK 180.20 at the end of the year, representing a 45 per cent year-on-year increase. Nasdaq Stockholm rose by 6 per cent over the same period.

The total number of shares at year-end was 121,983,819, of which 10,533,731 were Class A shares, 110,550,088 Class B shares and 900,000 Class C shares. After the allowance for treasury shares, the total number of outstanding shares at year-end was 119,554,270, of which 10,533,731 were Class A shares and 109,020,539 Class B shares.

Share Savings Schemes

The 2016 Annual General Meeting (AGM) resolved to implement a long-term share savings scheme for Sweco Group senior executives. Through the scheme, 56 senior executives have acquired some 26,000 shares. Pursuant to IFRS 2 provisions, the cost of the 2016 Share Savings Scheme is estimated at approximately SEK 20 million (including social fees) and will be expensed on a straight-line basis over the retention period. Sweco transferred 85,446 Class B treasury shares to participants in the 2012 Share Savings Scheme during the period.

Resolutions were made by the 2013, 2014 and 2015 AGMs on corresponding schemes, under which slightly more than 27,000, 33,000 and 36,000 shares were acquired, respectively. Under the four Share Savings Schemes, a total of approximately 385,000 shares may be issued if established targets are met.

Share Bonus Scheme

The 2016 AGM resolved to implement the 2016 Share Bonus Scheme for all employees in Sweden, under which payment will be made in shares. The AGM resolved to issue 900,000 Class C shares to carry out the 2016 Share Bonus Scheme.

THE BOARD'S PROPOSED GUIDELINES FOR SENIOR EXECUTIVE COMPENSATION, FOR RESOLUTION BY THE 2017 AGM

Sweco Group's objective is to offer a competitive and market-based level of remuneration that facilitates the recruitment and retention of senior executives. Compensation for senior executives is comprised of base salary, variable compensation, pension, other remuneration and share-based incentive schemes.

Base salary and variable compensation

Compensation levels are based on factors such as work duties, qualifications, experience, position and performance. In addition, the breakdown between base salary and variable compensation is proportionate to the employee's position and work duties. Variable compensation is linked to predetermined, measurable criteria that are devised to comply with the company's long-term value creation. Variable compensation for the President & CEO and the CFO may not exceed 75 per cent of base salary. For other senior executives, variable compensation may not exceed 50 per cent of base salary. Variable compensation is determined based on results in relation to predetermined profitability targets. Targets for the President & CEO and other senior executives are set by the Board of Directors.

Pensions

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

Other compensation

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

Share-based incentive schemes

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

Decisions on share-based incentive schemes are always resolved by the Annual General Meeting or Extraordinary General Meeting.

Terms of notice

In the event of dismissal by the company, the President & CEO has a maximum notice period of 18 months. In the event of the President & CEO's resignation, the notice period is six months.

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

Other

These principles shall apply to agreements entered into subsequent to AGM resolutions and to any changes or alterations made to existing agreements after this date, to the extent permitted under the terms of the existing agreements. The Board of Directors is authorised to deviate from the principles if warranted by special circumstances in individual cases.

BOARD PROPOSALS

Proposed appropriation of profits

The Board of Directors and the President & CEO propose that profit carried forward and non-restricted reserves	3,903 SEK M
along with net profit for the year	413 SEK M
or, in aggregate,	4,316 SEK M
be appropriated for the distribution of a dividend to the shareholders of SEK 4.30 per share	521 SEK M ¹
and that the remaining amount be carried forward.	3,795 SEK M

1) The dividend amount will be a maximum of SEK 521 million, calculated by the number of shares outstanding at 16 March 2017, including shares held in treasury. The dividend amount will change in the event the Board exercises the authority granted it by the 2016 AGM to buy back additional shares or to transfer treasury shares.

The estimated record date for dividend distribution is 2 May 2017.

The income statements and balance sheets of the Group and the Parent Company will be submitted to the Annual General Meeting for adoption on 27 April 2017.

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

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

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

2017 Share Savings Scheme

The Board of Directors has proposed that the 2017 AGM resolve to implement a long-term share savings scheme for up to 100 senior executives and other key people within the Sweco Group. The proposal corresponds to last year's proposal.

2017 Share Bonus Scheme

The Board of Directors has proposed that the 2017 AGM resolve to implement a share bonus scheme for employees in Sweden. The proposal largely corresponds with last year's proposal.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 3:00 PM on Thursday, 27 April 2017 at Näringslivets Hus, Storgatan 19, Stockholm.

CORPORATE GOVERNANCE REPORT

SWECO AB IN GENERAL

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

BUSINESS MODEL AND PROJECT MANAGEMENT

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

Sweco's activities are carried out as projects. The project teams vary depending on project size, location and complexity. Each project is headed by a responsible project manager whose day-to-day work is facilitated by Sweco's group-wide business system. All operating countries are certified in accordance with ISO 9001 and most are also certified in accordance with ISO 14001 and OHSAS 18001. These management standards promote effective project management and a consistent approach to the project process. They also help Sweco comply with legislation, improve projects' environmental aspects, identify potential risks and measure and improve customer satisfaction. The system and its usage are audited every year by an independent quality assurance organisation. The system is also monitored internally on a continuous basis.

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

CSR AND COMPLIANCE

Sweco's work with CSR (Corporate Social Responsibility), defined as Sweco's responsibility to society and Sweco's contribution to society, is based on the results it achieves in its projects. Sweco's vision is to become Europe's most respected knowledge company in the fields of consulting engineering, environmental technology and architecture. Sweco's long-term profitability and growth are driven by solutions that promote the sustainable development of society from an ecological, social and economic perspective. As consultants, Sweco's employees are often deeply involved in customer projects, frequently in an early stage, which gives them an opportunity to exert an influence but also carries an obligation to take responsibility for aspects within their control. Besides this, Sweco also influences CSR performance directly through its own initiatives. Sweco's employees are obligated to comply with Sweco's CSR policy and compliance programme. See page 17 for additional information on Sweco's compliance programme.

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

Sweco has high standards for conduct and business ethics, with objective and independent employees who act professionally in the best interest of the customer. Sweco has zero tolerance for fraud and collusion, corruption, bribes or unpermitted competition-restricting practises. No one at Sweco may, directly or indirectly, request, accept, or accept a promise of improper payment or other types of improper gifts, nor may anyone at Sweco, directly or indirectly, offer, provide or promise payment or other types of compensation that may be regarded as improper to individuals, organisations, companies or persons closely associated thereto. No one at Sweco nor anyone representing Sweco in a particular matter may provide cash or other assets to other parties. Employees may not engage in activities in which there is a risk of conflict with Sweco's interests. No employee may exploit his or her position for personal gain. An employee who suspects business ethics improprieties is obligated to report this, in the first instance, to his or her manager, manager's manager, HR or group Legal Affairs staff and, in cases where anonymity is called for, via Sweco's whistle-blower function (Sweco Ethics Line).

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

The company's and employees' basic outlook on the company's responsibilities in society has been established in its CSR policy. The CSR policy covers the areas of business ethics, quality assurance, employee development, human rights, equality and diversity and occupational health and safety. Where applicable, Group-wide and local guidelines have specified responsibility in each area in greater detail. Examples of this include ethics guidelines concerning anti-corruption, gifts and business entertainment.

All managers are responsible for ensuring that they and their employees comply with the CSR policy and guidelines. All employees are obligated to familiarise themselves and comply with the provisions of the policy and guidelines and to encourage external partners to apply these principles. The President & CEO holds ultimate responsibility for ensuring that the policy is monitored, including through internal and external audits.

ORGANISATION

SHAREHOLDER GOVERNANCE THROUGH SHAREHOLDERS' MEETINGS

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

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

2016 Annual General Meeting

The 2016 AGM was held on 14 April in Stockholm and was attended by 202 shareholders, representing 76.5 per cent of the votes and 64.8 per cent of the share capital. Johan Nordström was elected chairman of the AGM. In his address to the AGM, President & CEO Tomas Carlsson commented on Sweco's performance in 2015, Sweco's development in recent years and the outlook for 2016. The statutory auditor reported on audit-related work conducted during 2015. The submitted income statements and balance sheets were adopted and the Board and President & CEO were discharged from liability for the financial year 2015. The AGM approved an ordinary dividend of SEK 3.50 per share.

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

Based on the Board's proposal, the AGM resolved to implement the 2016 Share Bonus Scheme. The scheme, which covers employees in Sweden and does not entail any change to the 2015 scheme, stipulates that bonuses are paid in shares rather than cash. The resolution included decisions to implement the 2016 Share Bonus Scheme per se, as well as decisions related thereto – i.e., to conduct a directed share issue of Class C shares; to authorise the Board to repurchase newly issued Class C shares and Class B treasury shares; and to authorise the Board to transfer Class B treasury shares to security obligations under the 2016 Share Bonus Scheme and cover social security contributions.

The Share Bonus Scheme comprises a maximum of 1,500,000 Sweco Class B shares (no more than 1,125,000 for delivery to participants and no more than 375,000 to cover social security contributions). Of the 1,500,000 Class B shares, a maximum of 900,000 will be newly issued. The remaining shares will be acquired on the stock exchange or, alternatively, the company will use the treasury shares it currently holds. The share issue consists of 900,000 Class C shares at an issue price of SEK 1 per share, corresponding to the shares' quota value. Deviating from shareholders' preferential rights, a bank or financial institution (that has made previous arrangements to do so) is entitled to subscribe for the directed share issue. The issue price is based on the share's quota value. The AGM resolved to authorise the Board, during the period preceding the 2017 AGM, to repurchase the newly issued Class C shares at SEK 1 per share for a total of SEK 900,000; to acquire no more than 1,500,000 Class B treasury shares to security obligations under the 2016 Share Bonus Scheme; to transfer no more than 1,125,000 Class B treasury shares to employees under the 2015 Share Bonus Scheme; and to transfer no more than 375,000 Class B shares to cover social security contributions. The number of shares to be received by each employee corresponds to the employee's earned bonus for financial year 2016 divided by a base share price (corresponding to the average volume-weighted price paid for the Sweco Class B share during the period 21–28 March 2016) less the amount of the AGM-approved dividend per share for 2015. The base share price is restated in accordance with usual terms and conditions if events occur that affect the value of the share, including but not limited to any decision on share splits, bonus issues, redemptions and the like during the scheme's duration. Bonus per employee is based on the participating business units' operating profit per employee. Shares will be allocated to employees free-of-charge during the first six months of 2017, premised upon continued employment.

The AGM resolved to renew the Board's authority to decide on the transfer of Class B shares on Nasdaq Stockholm to ensure payment of social security contributions under the 2015 Share Bonus Scheme. Transfers may also take place outside of Nasdaq Stockholm to a bank or financial institution, deviating from existing shareholders' preferential rights. Such transfers may be made at a price corresponding to market value, with market-based deviations as deemed appropriate by the Board.

The Board's authority may be exercised on one or more occasions during the period preceding the 2017 AGM.

The AGM approved a long-term share savings scheme (the 2016 Share Savings Scheme) for Sweco Group senior executives. The scheme comprises a maximum of 259,000 Sweco Class B shares (no more than 205,000 for delivery to participants and no more than 54,000 to cover social security contributions). The AGM authorised the Board, during the period preceding the 2017 AGM, to decide on the purchase of a maximum of 205,000 Class B treasury shares on the stock exchange to ensure delivery of Matching and Performance Shares to scheme participants and on the purchase and transfer of no more than 54,000 Class B treasury shares on the stock exchange to cover the cost of social security contributions. The AGM also approved the free-of-charge transfer of no more than 205,000 Class B treasury shares to participants in the 2016 Share Savings Scheme during the period they are entitled to receive Matching and Performance Shares.

Finally, the AGM authorised the Board to decide on the transfer of Class B treasury shares on the stock exchange under the 2013 Share Savings Scheme. This authority, which may be exercised on one or more occasions during the period preceding the 2017 AGM, applies to the number of Class B shares required to cover social fees under the 2013 Share Savings Scheme, not to exceed 13,289 shares.

The Board decided at the statutory Board meeting to exercise its authority as granted by the AGM.

NOMINATING COMMITTEE

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

During 2016 the Nominating Committee focused primarily on:

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

The 2016 AGM resolved on instructions for the Nominating Committee ahead of the 2017 AGM. Among other things, these instructions specify that the Chairman of the Board shall convene a Nominating Committee comprised of one representative from Sweco AB's largest shareholders (at least three and at most four) and the Chairman of the Board if he/she is not a member in his/her capacity of shareholder representative. The names of the Committee members, together with the names of the shareholders they represent, were published on Sweco's website on 20 October 2016 and were based on the known number of votes held immediately prior to publication.

The Nominating Committee held five meetings in 2016. Ahead of the 2017 AGM the Nominating Committee consists of Eric Douglas representing Investment AB Latour, Birgitta Resvik representing the J. Gust. Richert Memorial Foundation and Chairman of the Board Johan Nordström representing the Nordström family. The Nominating Committee is chaired by Johan Nordström.

BOARD OF DIRECTORS

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

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

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

Composition of the Board

The Board consists of eight ordinary members elected by the AGM and three employee representatives, with three union-appointed deputies. The AGM-elected Board members serve for a one-year period through the conclusion of next year's AGM. With the exception of the President & CEO (Tomas Carlsson), none of the AGM-elected Board members have an operational role in the company. Six of the AGM-elected Board members are Swedish citizens, one is Finnish and one is German. There are four female and four male AGM-elected Board members. With the exception of the President & CEO (Tomas Carlsson), all AGM-elected Board members are independent in relation to Sweco. With the exception of Johan Nordström, Tomas Carlsson, Johan Hjertonsson and Anders G. Carlberg, the AGM-elected Board members are independent in relation to the major shareholders.

The 2016 AGM re-elected Johan Nordström as Chairman of the Board. The other ordinary Board members re-elected by the 2016 AGM are Anders G. Carlberg, Tomas Carlsson, Gunnel Duveblad, Eva Lindqvist, Carola Teir-Lehtinen and Johan Hjertonsson. Christine Wolff was elected as new Board member. The employee representatives are Thomas Holm, Maria Ekh and Anna Leonsson, with Görgen Edenhagen, Sverker Hanson and Tom Ahasverussen as deputies.

See pages 96–97 for further information on members of the Board.

Work of the Board

Apart from the statutory Board meeting held immediately following the AGM, the Board meets at least six times per year. In 2016 the Board held eight meetings, four of which were held in conjunction with publication of interim reports. The meeting held in conjunction with publication of the Q2 report was held via telephone, with all documentation distributed in advance. In conjunction with the September meeting in Berlin, the Board visited the Charité University Hospital, where Sweco's architects have modernised the main building.

In addition to reporting on the development of Sweco's operations and finances, the Board meetings in 2016 devoted considerable attention to organic and acquisition-driven growth, the company's strategic focus, management and HR issues, CSR, risk management, internal control issues and other matters for which decision responsibility is assigned to the Board by the rules of procedure. Executive Team members other than the President & CEO participate in Board meetings to present reports when necessary. The Board Secretary is the company's General Counsel. The company's statutory auditor takes part in at least one Board meeting per year.

Attendance at Board, Audit Committee and Remuneration Committee meetings in 2016 is presented in the following table.

	Board meetings	Audit Committee	Remuneration Committee
Number of meetings	8	5	6
Johan Nordström	8	–	6
Anders G. Carlberg	7	5	–
Tomas Carlsson	8	–	–
Gunnel Duveblad	8	5	–
Johan Hjertonsson	8	–	4
Eva Lindqvist	8	5	–
Pernilla Ström ¹	2	–	2
Carola Teir-Lehtinen	7	–	6
Christine Wolff ²	6	–	–
Thomas Holm	6	–	–
Maria Ekh ³	4	–	–
Göran Karloja ⁴	3	–	–
Anna Leonsson	7	–	–
Görgen Edenhagen	7	–	–
Sverker Hanson	2	–	–
Tom Ahasverussen ⁵	–	–	–

1) Resigned as Board member at 2016 AGM.

2) Joined the Board at 2016 AGM.

3) Replaced Göran Karloja as ordinary employee representative in May 2016.

4) Resigned as employee representative in May 2016.

5) Joined as deputy employee representative in May 2016, replacing Maria Ekh.

Board composition and fees¹

	Position	Year of birth	Nationality	Elected in	Independent	Board and committee fees, SEK ²
Johan Nordström	Chairman of the Board, chairman of the Remuneration Committee	1966	Swedish	2012	no	790,000
Anders G. Carlberg	Board member, member of the Audit Committee	1943	Swedish	2009	no	430,000
Tomas Carlsson	Board member, President & CEO	1965	Swedish	2013	no	–
Gunnel Duveblad	Board member, chairman of the Audit Committee	1955	Swedish	2008	yes	490,000
Johan Hjertonsson	Board member, member of the Remuneration Committee	1968	Swedish	2015	no	400,000
Eva Lindqvist	Board member, member of the Audit Committee	1958	Swedish	2013	yes	430,000
Carola Teir-Lehtinen	Board member, member of the Remuneration Committee	1952	Finnish	2011	yes	400,000
Christine Wolff	Board Member	1960	German	2016	yes	350,000
Thomas Holm	Employee representative, appointed by employees	1953	Swedish	2007	–	–
Maria Ekh	Employee representative	1974	Swedish	2016	–	–
Anna Leonsson	Employee representative	1971	Swedish	2005	–	–
Tom Ahasverussen	Deputy employee representative	1984	Swedish	2016	–	–
Görger Edenhagen	Deputy employee representative	1964	Swedish	2011	–	–
Sverker Hanson	Deputy employee representative	1963	Swedish	2011	–	–

1) For the period from the 2016 AGM through the 2017 AGM.

2) Fees for work on the Board and the Audit and Remuneration Committees pursuant to the resolution of the 2016 AGM. Fees refer to remuneration paid during the period from the 2016 AGM through the 2017 AGM. For fees expensed during 2016, see Note 6 on page 61.

Evaluation of Board performance and its members

An annual self-assessment evaluation is conducted of the Board and its members to ensure that the Board meets the requisite performance criteria. Such an evaluation was also conducted in 2016. The results of the evaluation are discussed by the Board and reported to the Nominating Committee. The performance of the President & CEO and Executive Team is also regularly evaluated and is discussed during at least one Board meeting at which the relevant person is not present.

BOARD COMMITTEES

Remuneration Committee

The statutory meeting of the Board appoints the Remuneration Committee. The members of the Committee are Johan Nordström (chairman), Johan Hjertonsson and Carola Teir-Lehtinen. The tasks of the Remuneration Committee include drafting proposals for principles of remuneration, terms of employment, pension benefits and bonus systems for the President & CEO and other senior executives, and presentation of these proposals to the Board for decision. The Remuneration Committee meets at least twice per year and held six meetings in 2016.

Audit Committee

The statutory meeting of the Board also appoints the Audit Committee. Audit Committee members are Gunnell Duveblad (chairman), Eva Lindqvist and Anders G. Carlberg. The tasks of the Audit Committee include supporting the work of the Board to ensure the quality of the company's financial reporting, oversight of the internal audit function and reporting, meeting regularly with the company's statutory auditor, assisting the Board in preparing a report on internal control and risk management, monitoring significant disputes and damage claims, establishing guidelines on the non-auditing services the company may procure from its statutory auditor, and evaluating the statutory auditor's performance. The Audit Committee meets at least three times per year. In 2016 the Audit Committee held five meetings. The statutory auditor attended all committee meetings.

REMUNERATION FOR THE BOARD AND SENIOR EXECUTIVES

Remuneration for the Board

Board remuneration is determined by the AGM. Board fees for 2016/17 were set at SEK 3,290,000, of which SEK 700,000 is payable to the Chairman of the Board and SEK 350,000 to each of the six AGM-elected Board members not employed in the company. No Board fees are paid to the President & CEO or the employee representatives and deputies. Board fees are paid in two instalments during each period.

The chairman of the Remuneration Committee is paid an additional fee of SEK 90,000 and the other members of the Remuneration Committee each receive an additional fee of SEK 50,000. The chairman of the

Audit Committee is paid an additional fee of SEK 140,000 and the other members of the Audit Committee each receive an additional fee of SEK 80,000.

Remuneration for senior executives

Principles for salary and other remuneration to senior executives pursuant to the 2016 AGM resolution are shown in Note 6 on pages 60–61.

STATUTORY AUDIT

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

The auditing firm PricewaterhouseCoopers AB (PwC) was re-elected by the 2016 AGM to serve as the company's statutory auditor through the conclusion of the 2017 AGM. Authorised Public Accountant Michael Bengtsson was elected chief statutory auditor for financial year 2016. For the financial year 2016, fees for audit services totalled SEK 10 million (5) and fees for non-audit services totalled SEK 1 million (13). The non-audit services related to financial accounting and mergers. PwC also assisted in due diligence processes in connection with acquisitions. The amount of fees paid to all accounting firms is shown in Note 4 on page 60.

PRESIDENT & CEO AND EXECUTIVE TEAM IN 2016

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

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

For more information on the Executive Team, see pages 98–99.

BUSINESS AREAS

Sweco Group's business activities are organised in seven business areas: Sweco Sweden, Sweco Norway, Sweco Finland, Sweco Denmark, Sweco Netherlands, Sweco Western Europe and Sweco Central Europe. Each business area are headed by a Business Area President ("BA President") and a Business Area Finance Director ("BA FD").

At least four business area management meetings are held per year. Sweco's President & CEO and CFO monitor the business areas by participating in business area management meetings with the relevant BA President and BA FD, as well as through ongoing contact. The President

& CEO is also chairman of the business areas' boards of directors and the CFO is a member of the business area boards. All business areas are subject to the Sweco Group rules for division of responsibilities between business area board of directors and BA President. Each business area consists of one or more business divisions that are organised by area of expertise. Each division may be organised by region, department or group, depending on the number of employees.

CONSULTANTS AND LEADERSHIP

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

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

INTERNAL CONTROL, RISK MANAGEMENT AND MONITORING

Control environment

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

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

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

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

Risk management

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

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

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

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

Monitoring

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

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

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

Internal audit

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

To ensure a systematic approach to internal control, Sweco dedicated additional resources during the year to the development of a corporate control function. As it assumes many of the responsibilities typically performed by an internal audit function, the working name of the function is "internal audit". The function will be evaluated on an annual basis.

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

Audits were conducted in multiple business areas in 2016, focusing on:

- (Financial) project management
- Revenue recognition
- Compliance with business ethics programme

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

Read more about Sweco's risks and risk management on pages 94–95.

INFORMATION TO THE CAPITAL MARKET

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

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

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

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

THE SWECO SHARE

Sweco AB's shares have been traded on Nasdaq Stockholm since 21 September 1998. Sweco AB's total market capitalisation at 31 December 2016 was SEK 22.3 billion. Share capital totalled SEK 122.0 million, divided between 10,533,731 Class A shares, 110,550,088 Class B shares and 900,000 Class C shares, representing 21,678,739.8 votes in the company. The Class A and Class B shares are listed; the Class C shares are not. The Class C shares were issued as per resolution of the 2016 AGM and in order to enable the company to deliver shares (i.e., following conversion of the Class C shares to Class B shares) to employees under the 2016 Share Bonus Scheme. In May 2016, 888,989 of the 900,000

Class C shares issued in connection with the 2015 Share Bonus Scheme were converted to Class B shares; the remaining 11,011 Class C shares were redeemed. Class A shares carry one vote and Class B and C shares each carry 1/10 of one vote. Class A and Class B shares carry entitlement to dividends; Class C shares do not. Sweco's Articles of Association grant shareholders the right to convert Class A shares to Class B shares. A total of 5,453 Class A shares were converted to Class B shares during financial year 2016 pursuant to the conversion clause in the Articles of Association. As of 31 December 2016, Sweco held a total of 2,429,549 treasury shares: 1,529,549 Class B shares and 900,000 Class C shares. Sweco's treasury shares do not carry voting rights.

Sweco AB had 14,358 shareholders at year-end 2016. The largest shareholders are the Nordström family (with 13.5 per cent of the share capital and 32.3 per cent of the votes), Investment AB Latour (with 26.7 per cent of the share capital and 20.8 per cent of the votes) and the J. Gust. Richert Memorial Foundation (with 1.7 per cent of the share capital and 9.2 per cent of the votes). Foreign investors held 24.8 per cent of the share capital and 14.1 per cent of the votes. Together, the ten largest shareholders control the equivalent of 65.0 per cent of the share capital and 72.7 per cent of the votes. The company is not aware of any agreements between shareholders that could lead to limitations in the right to transfer shares in the company.

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

DEVIATIONS FROM THE CODE

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

CONSOLIDATED INCOME STATEMENT

SEK M	Note	2016	2015
Net sales	2, 3, 33	16,531	11,389
Other operating income		0	0
Other external expenses	4, 5, 33	-4,052	-2,877
Personnel costs	6, 27	-10,875	-7,581
EBITDA		1,605	931
Amortisation/depreciation and impairment losses	3, 7	-269	-190
EBITA	3	1,336	740
Acquisition-related items ¹	7	-87	-60
Operating profit (EBIT)	3	1,249	681
Financial income	8, 33	31	7
Financial expenses	8, 33	-65	-48
Profit from participations in associated companies and joint ventures	8	1	1
Net financial items	8	-33	-41
Profit before tax		1,216	640
Income tax expense	10	-285	-200
PROFIT FOR THE YEAR		931	439
Profit for the year attributable to:			
Owners of the Parent Company		930	438
Non-controlling interests		1	1
Earnings per share attributable to owners of the Parent Company²	11		
Basic earnings per share, SEK		7.78	4.36
Diluted earnings per share, SEK		7.65	4.30

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

2) Due to the preferential rights issue conducted during Q4 2015, all historical share data has been restated in accordance with IAS 33.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	2016	2015
Profit for the year		931	439
Items that will not be reversed to profit or loss			
Revaluation of defined benefit pensions, net after tax	10	-30	45
Total items that will not be reversed to profit or loss		-30	45
Items that may be subsequently reversed to profit or loss			
Revaluation of holding in Grontmij N.V., net after tax	10	-	12
Exchange difference on translation of foreign operations		101	-140
Hedge of net investment in subsidiary, net after tax	10	-63	48
Exchange difference transferred to profit for the year		1	5
Total items that may be subsequently reversed to profit or loss		39	-75
COMPREHENSIVE INCOME FOR THE YEAR		940	410
Comprehensive income attributable to:			
Owners of the Parent Company		939	409
Non-controlling interests		1	1

CONSOLIDATED BALANCE SHEET

SEK M	Note	31 Dec 2016	31 Dec 2015
ASSETS	3, 32		
Non-current assets			
Goodwill	13	6,098	5,752
Other intangible assets	13	346	416
Property, plant and equipment	14	616	639
Investments in associates	16	7	6
Investments in joint ventures	17	0	2
Financial investments	18	14	14
Deferred tax assets	10	64	35
Other non-current receivables	21, 27	134	100
Total non-current assets		7,278	6,964
Current assets			
Trade receivables	33	2,618	2,441
Work in progress less progress billings	22	2,480	2,021
Inventories		14	43
Current tax assets		3	17
Other current receivables		215	248
Prepaid expenses and accrued income	23	319	298
Cash and cash equivalents	24	892	544
Total current assets		6,542	5,612
TOTAL ASSETS		13,820	12,575
EQUITY AND LIABILITIES			
Equity	25		
Share capital		122	121
Other contributed capital		3,088	3,088
Reserves		-66	-105
Retained earnings, including profit for the year		2,281	1,795
Equity attributable to owners of the Parent Company		5,424	4,899
Non-controlling interests		10	9
Total equity		5,435	4,907
Liabilities	3, 32		
Non-current liabilities			
Non-current interest-bearing liabilities	26, 29	1,515	1,985
Provisions for pensions	27	143	113
Other non-current provisions	28	232	194
Deferred tax liabilities	10	431	382
Other non-current liabilities		26	26
Total non-current liabilities		2,347	2,700
Current liabilities			
Current interest-bearing liabilities	26, 29	936	246
Provisions for pensions	27	16	17
Other current provisions	28	61	85
Progress billings in excess of work in progress	22	1,732	1,436
Trade payables	33	698	655
Current tax liabilities		145	133
Other current liabilities	30	768	750
Accrued expenses and prepaid income	30	1,681	1,644
Total current liabilities		6,038	4,968
Total liabilities		8,385	7,668
TOTAL EQUITY AND LIABILITIES		13,820	12,575

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

CONSOLIDATED CASH FLOW STATEMENT

SEK M	Note	2016	2015
Operating activities			
Profit before tax		1,216	640
Adjustments for non-cash items			
Capital gains/losses		-6	4
Amortisation/depreciation and impairment losses	3, 7	361	251
Difference between pension premiums expensed and paid		-55	-17
Other items		161	74
Total non-cash items		461	312
Income taxes paid		-196	-157
Cash flow from operating activities before changes in working capital		1,481	795
Changes in working capital			
Change in current receivables		-121	-14
Change in current liabilities		-195	359
Cash flow from operating activities		1,165	1,140
Investing activities			
Purchase of intangible assets		-39	-27
Disposal of intangible assets		1	1
Purchase of property, plant and equipment		-213	-179
Disposal of property, plant and equipment		28	6
Acquisition of subsidiaries and operations, net cash effect	12	-152	-1,246
Disposal of subsidiaries and operations, net cash effect	12	7	2
Disposal of associated companies		-	9
Acquisition of financial investments		-4	-1
Disposal of financial investments		2	0
Change in non-current receivables		-30	-4
Cash flow from investing activities		-401	-1,440
Financing activities			
Capital distribution to owners of the Parent Company	25	-418	-318
Capital distribution to non-controlling interests		-1	-1
Preferential rights issue	25	-	1,077
Issue expenses	25	-2	-15
Repurchase of treasury shares	25	-126	-14
Sale of treasury shares	25	3	17
Borrowings		733	2,361
Repayment of borrowings		-617	-2,400
Cash flow from financing activities		-428	707
CASH FLOW FOR THE YEAR		336	407
Cash and cash equivalents at beginning of year	24	544	174
Foreign exchange differences in cash and cash equivalents		12	-37
Cash and cash equivalents at end of year	24	892	544

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK M	Note	Share capital	Other contributed equity	Reserves	Retained earnings	Equity attributable to owners of the Parent Company	Non-controlling interests	Total equity
Equity at 1 January 2015		92	239	-30	1,573	1,874	14	1,888
Profit for the year		-	-	-	438	438	1	439
Other comprehensive income for the year		-	-	-75	45	-30	0	-30
Comprehensive income for the year		-	-	-75	483	409	1	410
Capital distribution to the shareholders – dividend	25	-	-	-	-318	-318	-1	-319
Issue in kind	25	15	1,785	-	-	1,800	-	1,800
Preferential rights issue	25	13	1,064	-	-15	1,062	-	1,062
Non-controlling interests in acquired companies	12	-	-	-	-	-	-1	-1
Acquisition of non-controlling interests	12	-	-	-	-12	-12	-4	-16
Share bonus scheme – new share issue		1	-	-	-1	-	-	-
Share bonus scheme – value of employee service		-	-	-	76	76	-	76
Share savings scheme – value of employee service		-	-	-	5	5	-	5
Sale of treasury shares		-	-	-	17	17	-	17
Repurchase of treasury shares		-	-	-	-14	-14	-	-14
EQUITY AT 31 DECEMBER 2015		121	3,088	-105	1,795	4,899	9	4,907
Profit for the year		-	-	-	930	930	1	931
Other comprehensive income for the year		-	-	39	-30	9	0	9
Comprehensive income for the year		-	-	39	900	939	1	940
Capital distribution to the shareholders – dividend	25	-	-	-	-418	-418	-1	-419
Issue in kind	25	-	-	-	-2	-2	-	-2
Acquisition of non-controlling interests	12	-	-	-	0	0	0	0
Disposal of non-controlling interests	12	-	-	-	-	-	1	1
Share bonus scheme – new share issue		1	-	-	-1	-	-	-
Share bonus scheme – value of employee service		-	-	-	125	125	-	125
Share savings scheme – value of employee service		-	-	-	5	5	-	5
Sale of treasury shares		-	-	-	3	3	-	3
Repurchase of treasury shares		-	-	-	-126	-126	-	-126
EQUITY AT 31 DECEMBER 2016		122	3,088	-66	2,281	5,424	10	5,435
Proposed capital distribution to the shareholders								
Dividend	25, 35					521		521

PARENT COMPANY INCOME STATEMENT

SEK M	Note	2016	2015
Net sales	3, 33	538	355
Total operating income		538	355
Other external expenses	3, 4, 5, 33	-465	-312
Personnel costs	6	-81	-58
Amortisation/depreciation and impairment losses	3, 7	-55	-29
Total operating expenses		-600	-399
Operating profit/loss	3	-63	-44
Profit from investments in group companies	8	574	548
Financial income	8, 33	11	3
Financial expenses	8, 33	-35	-43
Net financial items	8	551	508
Profit after net financial items		488	464
Appropriations	9	10	-20
Profit before tax		499	444
Income tax expense	10	-86	-61
PROFIT FOR THE YEAR		413	383

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK M	2016	2015
Profit for the year	413	383
COMPREHENSIVE INCOME FOR THE YEAR	413	383

PARENT COMPANY BALANCE SHEET

SEK M	Note	31 Dec 2016	31 Dec 2015
ASSETS	3, 32		
Intangible assets	13	75	81
Property, plant and equipment	14	54	50
Financial assets			
Investments in group companies	15	4,512	4,508
Receivables from group companies	20	1,831	1,837
Other non-current securities	19	1	1
Other non-current receivables		2	2
Total financial assets		6,346	6,348
Total non-current assets		6,475	6,479
Current assets			
Receivables from group companies	20	1,925	1,841
Current tax assets		–	12
Other receivables		4	5
Prepaid expenses and accrued income	23	73	89
Cash and bank	24	570	13
Total current assets		2,572	1,960
TOTAL ASSETS		9,047	8,440
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>	25		
Share capital		122	121
Statutory reserve		188	188
Total restricted equity		310	309
<i>Non-restricted equity</i>	25		
Share premium reserve		2,900	2,900
Retained earnings		1,003	1,027
Profit for the year		413	383
Total non-restricted equity		4,316	4,311
Total equity		4,626	4,619
Untaxed reserves	9	12	23
LIABILITIES	3, 32		
Non-current liabilities			
Liabilities to group companies		10	193
Liabilities to credit institutions	26	1,370	1,890
Total non-current liabilities		1,379	2,083
Current liabilities			
Current interest-bearing liabilities	26	820	201
Trade payables		25	62
Liabilities to group companies		2,131	1,413
Current tax liabilities		15	–
Other current liabilities	30	1	6
Accrued expenses and prepaid income	30	38	32
Total current liabilities		3,030	1,715
Total liabilities		4,409	3,820
TOTAL EQUITY AND LIABILITIES		9,047	8,440

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

PARENT COMPANY CASH FLOW STATEMENT

SEK M	Note	2016	2015
Operating activities			
Profit after net financial items		488	464
Adjustments for non-cash items			
Capital gains/losses		1	–
Amortisation/depreciation and impairment losses	7	55	29
Dividends and group contributions	8	-471	-380
Impairment of shares in group companies	8	61	–
Difference between interest recognised and received/paid	8	1	1
Other items		1	11
Total non-cash items		-352	-339
Income taxes paid		-59	-68
Cash flow from operating activities before changes in working capital		77	57
Changes in working capital			
Change in current receivables		100	-45
Change in current liabilities		685	479
Cash flow from operating activities		862	491
Investing activities			
Shareholder contributions		–	-38
Purchase of intangible assets	13	-22	-84
Purchase of property, plant and equipment	14	-31	-36
Acquisition of subsidiaries, net cash effect		-105	-1,478
Cash flow from investing activities		-158	-1,636
Financing activities			
Group contributions		380	357
Capital distribution to owners of the Parent Company	25	-418	-318
Change in non-current receivables/liabilities		-176	-694
Preferential rights issue		–	1,077
Issue expenses		-2	-15
Sale of treasury shares		3	17
Repurchase of treasury shares		-126	-14
Borrowings		726	2,325
Repayment of borrowings		-534	-1,579
Cash flow from financing activities		-147	1,156
CASH FLOW FOR THE YEAR			
Cash and cash equivalents at beginning of year	24	13	2
Cash and cash equivalents at end of year	24	570	13

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK M	Note	Share capital	Statutory reserve	Total restricted	Share premium reserve	Retained earnings	Total non-restricted	Total equity
Equity at 1 January 2015	25	92	188	280	52	1,274	1,326	1,606
Profit for the year		–	–	–	–	383	383	383
Comprehensive income for the year		–	–	–	–	383	383	383
Capital distribution to the shareholders – dividend		–	–	–	–	-318	-318	-318
Issue in kind		15	–	15	1,785	–	1,785	1,800
Preferential rights issue		13	–	13	1,064	-15	1,049	1,062
Share bonus scheme – new share issue		1	–	1	–	-1	-1	–
Share bonus scheme – value of employee service		–	–	–	–	76	76	76
Share savings scheme		–	–	–	–	8	8	8
Sale of treasury shares		–	–	–	–	17	17	17
Repurchase of treasury shares		–	–	–	–	-14	-14	-14
Equity at 31 December 2015/1 January 2016	25	121	188	309	2,900	1,410	4,311	4,619
Profit for the year		–	–	–	–	413	413	413
Comprehensive income for the year		–	–	–	–	413	413	413
Capital distribution to the shareholders – dividend		–	–	–	–	-418	-418	-418
Preferential rights issue		–	–	–	–	-2	-2	-2
Share bonus scheme – new share issue		1	–	1	–	-1	-1	–
Share bonus scheme – value of employee service		–	–	–	–	125	125	125
Share savings scheme		–	–	–	–	12	12	12
Sale of treasury shares		–	–	–	–	3	3	3
Repurchase of treasury shares		–	–	–	–	-126	-126	-126
EQUITY AT 31 DECEMBER 2016	25	122	188	310	2,900	1,416	4,316	4,626
Proposed capital distribution to the shareholders								
Dividend	25, 35						-521	-521

1 SIGNIFICANT ACCOUNTING POLICIES

Compliance with norms and laws

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

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

The annual report and consolidated financial statements were approved for publication by the Board of Directors on 16 March 2017. The income statements and balance sheets of the Parent Company and the Group will be presented to the Annual General Meeting for adoption on 27 April 2017.

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

Basis of preparation of the consolidated and Parent Company financial statements

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

Functional currency and presentation currency

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

Critical accounting estimates and assumptions

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

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

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

Significant accounting policies applied

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

Changed accounting policies

Changes in accounting policies resulting from new, revised or amended IFRSs

No revisions or amendments to IFRS taking effect as of 2016 have had any significant impact on the consolidated financial statements.

New IFRSs that are not yet applied:

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

IFRS 9, Financial Instruments, is intended to supersede IAS 39, Financial Instruments: Recognition and Measurement. The IASB has now completed an entire "package" of changes concerning the reporting of financial instruments. The package includes a model for classification and measurement of financial instruments, a forward-looking ("expected loss") impairment model and a significantly revised approach to hedge accounting. IFRS 9 takes effect on 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. Sweco does not intend to adopt IFRS 9 before its mandatory date.

The Group assessment is that IFRS 9 will not have any significant impact on financial statements.

IFRS 15, Revenue from Contracts with Customers, regulates the recognition of revenue. IFRS 15's core provisions will provide users of financial statements with more useful information concerning the company's revenues. Under the expanded disclosure requirements, information on revenue type, settlement date, uncertainties associated with revenue recognition, and cash flow attributable to the company's customer contracts must be provided. Revenue is recognised under IFRS 15 when control of a good or service transfers to the customer. IFRS 15 supersedes IAS 18, Revenue, and IAS 11, Accounting for Construction Contracts, and the SICs and IFRICs related thereto. IFRS 15 takes effect on 1 January 2018.

Sweco is currently assessing the effects of applying the new standard on the Group's financial statements and at this stage, the Group estimates that the impact of IFRS 15 will not be significant to the timing of the recognition of revenue. The Group will make more detailed assessments and prepare the implementation in the coming periods.

IFRS 16, Leases, is a new leasing standard meant to replace IAS 17, Lease contracts, and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that all assets and liabilities attributable to lease contracts (with a few exceptions) are recognised in the balance sheet. Reporting requirements are based on the viewpoint that the lessee has the

right to use the asset during a specified period of time and is also obligated to pay for this right of use. Reporting requirements for lessors remain essentially unchanged. The standard takes effect for financial years beginning 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

The standard will primarily affect accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of SEK 3,925 million; see Note 5. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's earnings and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

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

Alternative Performance Measures

Alternative Performance Measures (APM) are measures of operating results and financial performance that are not specified or defined in IFRS. The presentation of non-IFRS financial measures is limited as an analytical tool and should not be used as a substitute for our key ratios pursuant to IFRS. Sweco believes that the APMs will enhance investors' evaluation of our ongoing operating results, aid in forecasting future periods and facilitate meaningful comparison of results between periods. The non-IFRS financial measures presented in this report may differ from similarly titled measures used by other companies. Below follows a more detailed description of the most important APMs and a complete list of all Sweco's definitions can be found on page 101.

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

Classifications

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

Segment reporting

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

Basis of consolidation

Subsidiaries

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

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

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

Consideration transferred for the acquisition of a subsidiary does not include amounts

related to the settlement of pre-existing business relationships. Such amounts are recognised in profit or loss.

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

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

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

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

For acquisitions conducted between 1 January 2004 and 31 December 2009 in which the acquisition cost exceeded the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed, the difference was recognised as goodwill. When the difference was negative, it was recognised directly in profit or loss. Acquisition-related costs (other than those associated with the issue of equity or debt instruments) incurred by the Group in connection with business combinations were capitalised as part of the acquisition cost.

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

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

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

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

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

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

Associated companies

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

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

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

Joint arrangements

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

included in consolidated income and its share of other comprehensive income in other comprehensive income. The equity method is applied from the date on which joint control ceases.

Transactions eliminated on consolidation

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

Foreign currency

Transactions in foreign currency

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

Financial statements of foreign operations

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

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

	2016		2015	
	Closing	Average	Closing	Average
EUR	9.59	9.47	9.17	9.36
NOK	1.06	1.02	0.96	1.05
DKK	1.29	1.27	1.23	1.25

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

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

Net investments in foreign operations

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

Revenue

Revenue is recognised at the fair value of the consideration received for services rendered in the Group's operating activities. The Group recognises revenue when the amount can be measured reliably and it is probable that the economic benefits will flow to the company.

The Group reports service contracts (work in progress) in accordance with the percentage of completion method, under which contract revenue is recognised in pace with completion of the contract. In the consolidated income statements, the year's generated contract revenue for service contracts carried out on both a cost plus and fixed price basis is recognised in operating income. For cost plus contracts, contract revenue refers to work completed that is invoiceable to the customer. For fixed price contracts, contract revenue is determined by reference to the stage of completion. The stage of completion of a contract is determined by comparing the proportion of contract costs incurred on the balance sheet date with the estimated total contract costs. In the balance sheet, service contracts are recognised at the value of the contract revenue less confirmed losses and anticipated loss risks. Service contracts where the value of work in progress exceeds progress billings are reported among receivables as work in progress less progress billings. Service contracts in which the value of progress billings exceeds the value of work in progress are reported among liabilities as progress billings in excess of work in progress.

If the outcome of a service contract cannot be estimated reliably, contract revenue is recognised only to the extent that contract costs incurred are expected to be recoverable.

An anticipated loss on a contract is recognised immediately as an expense.

Financial income and expenses

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

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

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

Financial instruments

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

Recognition and derecognition of assets and liabilities

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

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

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

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

The fair value of a listed financial asset corresponds to the asset's quoted market price on the balance sheet date. The fair value of unlisted financial assets is established by using different valuation techniques such as recent transactions, prices for similar instruments and discounted cash flows.

Classification and measurement

Non-derivative financial instruments are initially reported at cost, corresponding to fair value including transaction costs for all financial assets and liabilities not reported at fair value through profit or loss, which are reported at fair value less transaction costs. On initial recognition, a financial instrument is classified based on the intent for acquisition of the financial instrument. Subsequent to initial recognition, the accounting treatment of financial liabilities depends on how they are classified, as described below.

Cash and cash equivalents comprise cash in hand and at bank and other highly liquid short-term investments with original maturities of less than three months which are exposed to insignificant risk for value fluctuations. Highly liquid short-term investments are investments that are readily convertible to known amounts of cash and for which a buyer is not required for sale to be effectuated.

Financial investments comprise either financial assets or short-term investments, depending on the period or intent of the holding. If the maturity or expected holding period is longer than one year the investments are recognised as financial assets; if shorter, they are recognised as short-term investments.

Financial assets at fair value through profit or loss

This category consists of financial assets held for trading. Financial instruments in this category are valued at fair value, with changes in value recognised in profit or loss. This category consists mainly of derivatives with a positive fair value, but may also include financial investments.

Loan receivables and trade receivables

Loan receivables and trade receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted on an active market. Such receivables arise when Sweco provides goods or services directly to a debtor with no intent of trading the resulting receivables. Assets in this category are subsequently recognised at amortised cost. Amortised cost is calculated using the effective interest rate on the acquisition date. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original

terms of those receivables. Significant financial difficulties of the debtor and default or delinquency of payments are considered objective evidence of impairment. Non-current receivables are those with an anticipated holding period of more than one year. Other receivables have anticipated holding periods of less than one year.

Held-to-maturity investments

Investments that the Group intends and is able to hold over their entire maturity are classified as held-to-maturity. Held-to-maturity investments are initially reported at fair value including directly attributable costs, and are subsequently recognised at amortised cost using the effective interest method less impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are assets that cannot be allocated to any other category or that are classified in this category. Shareholdings and participations that are not recognised as subsidiaries, associated companies or joint ventures are recognised here. Available-for-sale assets are reported at fair value. The period's gains/losses arising from changes in fair value are recognised in other comprehensive income and cumulative gains/losses as a separate component of equity. Fair value changes due to impairment are recognised in profit or loss. On disposal of such assets, the cumulative gains/losses that were previously recognised in other comprehensive income are recycled into profit or loss. An impairment loss is recognised when there is evidence of a lasting decrease in value.

Financial liabilities at fair value through profit or loss

This category consists of financial liabilities held for trading. Financial instruments in this category are subsequently reported at fair value with changes in value recognised in operating profit or loss. This category includes the Group's derivatives with negative fair values.

Other financial liabilities

This category includes borrowings and other financial liabilities, such as trade payables. These liabilities are reported at amortised cost, which is calculated using the effective interest rate on the transaction date. Non-current liabilities have an expected maturity of more than one year, while current liabilities have a maturity of less than one year.

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

Derivative and hedge accounting

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

Hedge accounting for net investments in foreign companies

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

Receivables and liabilities in foreign currency

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

Property, plant and equipment*Owned assets*

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

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

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

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

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

Leased assets

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

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

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

Subsequent expenditure

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

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

Depreciation method

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

The estimated useful lives are:

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

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

Intangible assets

Goodwill

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

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

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

Capitalised development expenditures

Costs for research aimed at obtaining new scientific or technical knowledge are expensed as incurred.

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

Capitalisation of intangible assets in acquisitions

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

Subsequent expenditure

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

Borrowing costs

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

Amortisation

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

– capitalised development expenditures	5 years
– licenses	3–5 years
– customer relationships	5–8 years
– trademarks	1–3 years
– order backlog	as order is realised

Impairment

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

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

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

The impairment of assets attributable to a cash-generating unit (group of units) is allocated first to goodwill. A proportional impairment of other assets in the unit (group of units) is conducted thereafter.

Calculation of recoverable amount

The recoverable amount is the fair value less selling expenses or value in use, whichever is higher. In measuring value in use, future cash flows are discounted with a discounting factor that reflects risk-free rates and the risks specific to the asset. For assets that do not generate cash flows that are essentially independent in relation to other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Reversal of impairment

Impairment losses are reversed when there is an indication that a write-down requirement no longer exists and there has been a change in the assumptions on which the calculation of recoverable amount is based. Reversal of impairment losses on goodwill is prohibited. An impairment loss is reversed only when the asset's carrying amount after reversal does not exceed the carrying amount that would have been reported, less amortisation, if the impairment had not been recognised.

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

Inventories

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

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

Equity

Treasury shares

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

Dividends

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

Earnings per share

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

Employee benefits*Pension plans*

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

Defined contribution plans

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

Defined benefit plans

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

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

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

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

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

Termination benefits

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

Short-term employee benefits

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

Other long-term employee benefits

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

Share savings schemes

The 2013, 2014, 2015 and 2016 Annual General Meetings resolved to implement long-term share savings schemes for Sweco Group senior executives. Under the share savings schemes, participants may use their own funds to acquire Class B shares in Sweco ("Savings Shares"). If the Savings Shares are held until the announcement of the year-end report for the 2016 financial year for the 2013 share savings scheme, the 2017 financial year for the 2014 share savings scheme, the 2018 financial year for the 2015 share savings scheme, and the 2019 financial year for the 2016 share savings scheme (the "Retention Period") and the participant remains employed in his/her position or an equivalent position in the Sweco Group throughout the Retention Period, each Savings Share shall thereafter grant entitlement to one Class B share in Sweco without consideration ("Matching Share") and – provided that the performance criteria have been met – to an additional number of not more than one to four Class B shares in Sweco ("Performance Shares"). The granting of Performance Shares is

conditional on a positive total yield for the Sweco share, and is also dependent on the Sweco share's total yield in relation to a group of benchmark companies. The cost is expensed on a straight-line basis over the Retention Period as a personnel cost, with a corresponding increase in equity. The cost of the Matching Share is based on the fair value of the share on the acquisition date; the cost of the Performance Share is based on the fair value of the share as calculated by an external party through a "Monte Carlo simulation".

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

Share bonus scheme

Sweco Group currently offers a share bonus scheme (the 2016 Share Bonus Scheme) under which bonuses are paid to employees in Sweden in the form of Sweco shares. Under this equity-managed scheme, the number of shares to be received by each employee is calculated based on a fixed base share price (corresponding to the average volume-weighted price paid for the Sweco Class B share during a specified period). The base share price is restated in accordance with standard terms in the event the Sweco AGM resolves to conduct a share split, preferential rights issue or similar during the duration of the scheme. Estimated bonuses are expensed on a straight-line basis during the vesting period as a personnel cost, with a corresponding increase in equity. The expense recognised corresponds to the fair value of the estimated number of shares expected to vest. This expense is adjusted in subsequent periods to reflect the actual number of vested shares.

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

Provisions

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

After-care liabilities

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

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

Restructuring

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

Other provisions

Other provisions are primarily related to provisions for restoration of office space.

Taxes

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

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

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

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

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

Contingent liabilities

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

Parent Company accounting policies

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

Differences between the accounting policies of the Group and the Parent Company

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

Changed accounting policies

Unless otherwise specified, the accounting policies applied by the Parent Company in 2016 were adjusted in accordance with changes made by the Group, as described above.

Subsidiaries, associated companies and joint ventures

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

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

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

Sale of goods and performance of services

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

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

Dividends

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

2 NET SALES

The Group's net sales are essentially attributable to service contracts.

REVENUE GROWTH

During the year net sales increased 45 per cent to SEK 16,531 million (11,389).

Acquisition-based growth was 42 per cent and is almost exclusively attributable to the Grontmij acquisition.

Pro forma reporting facilitates analysis of developments in operational activities on

Work in progress

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

Finance leases

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

Defined benefit pension plans

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

Taxes

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

Hedge accounting

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

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

Financial guarantees

The Parent Company's financial guarantee contracts consist of guarantees issued on behalf of subsidiaries. A financial guarantee contract is a contract that requires the company to reimburse the holder for a loss it incurs due to a specified debtor's failure to make payment when due or as agreed. The Parent Company reports financial guarantee contracts in accordance with an optional exception to IAS 39 permitted by the Swedish Financial Accounting Standards Council. This relief provision applies to financial guarantee contracts on behalf of subsidiaries, associated companies and joint ventures. The Parent Company reports financial guarantees as a provision in the balance sheet when there is an obligation for which it is probable that settlement will require an outflow of resources.

Group and shareholder contributions for legal entities

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

a like-for-like basis, assuming that Grontmij had been part of Sweco since the beginning of 2015. Net sales compared to pro forma sales 2015 increased 3 per cent to SEK 16,531 million (15,998). Organic growth was 3 per cent. The growth calculation is presented in the table below.

	Actual 2016	Pro forma 2015	Actual 2015	Growth, %	
				Actual 2016 vs Pro forma 2015	Actual 2016 vs Actual 2015
Net sales	16,531	15,998	11,389	3	45
Currency effects	0	-53	-20	0	0
Net sales currency-adjusted	16,531	15,945	11,370	4	45
Acquisitions/divestments	-120	-64	4,546	0	42
COMPARABLE NET SALES CURRENCY-ADJUSTED	16,411	15,881	15,916	3	3

3 SEGMENT REPORTING

OPERATING SEGMENTS – BUSINESS AREAS

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

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

Sweco is organised into 7 geographically based business areas:

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

Pro forma information 2015

Sales, operating profit (EBITA) and amortisation/depreciation and impairments per business area are reported pro forma as if Grontmij had been acquired on 1 January 2015, and show the consolidated Group as per Sweco's new organisational structure. Financial pro forma information has been prepared and presented in accordance with Sweco's accounting policies; accordingly, figures for Grontmij have been adjusted to reflect Sweco's income statement presentation format. The material pro forma adjustments to Grontmij's financial statements are:

- Other income is included in Net sales
- Exchange gains and losses on operating items are included in EBITA
- Amortisation of software is included in Amortisation/depreciation and impairments and is therefore charged to EBITA
- Profit related to the sale of subsidiaries is included in Acquisition-related items and is therefore not included in EBITA

Pro forma information only includes operations acquired by Sweco and therefore does not include Grontmij's operations in France which were divested in 2015 prior to Sweco's acquisition. These operations were previously reported by Grontmij as Assets attributable to divested operations.

SALES PER OPERATING SEGMENT

	External sales			Internal sales			Total sales		
	Actual 2016	Pro forma 2015	Actual 2015	Actual 2016	Pro forma 2015	Actual 2015	Actual 2016	Pro forma 2015	Actual 2015
Sweco Sweden	6,929	6,621	6,118	219	217	189	7,148	6,838	6,307
Sweco Norway	2,022	1,958	1,958	37	33	33	2,059	1,991	1,991
Sweco Finland	1,738	1,621	1,621	47	42	42	1,785	1,663	1,663
Sweco Denmark	1,352	1,343	362	24	7	3	1,376	1,350	365
Sweco Netherlands	1,726	1,818	442	20	13	8	1,746	1,831	450
Sweco Western Europe	1,556	1,558	433	24	36	10	1,580	1,594	443
Sweco Central Europe	1,020	920	404	32	31	30	1,052	951	434
Group-wide and eliminations	188	159	51	-403	-380	-315	-216	-221	-264
TOTAL GROUP	16,531	15,998	11,389	-	-	-	16,531	15,998	11,389

EBITA AND AMORTISATION PER OPERATING SEGMENT

	EBITA			Amortisation/depreciation and impairments ²		
	Actual 2016	Pro forma 2015	Actual 2015	Actual 2016	Pro forma 2015	Actual 2015
Sweco Sweden	852	672	652	-111	-80	-75
Sweco Norway	195	161	161	-18	-19	-19
Sweco Finland	138	89	89	-16	-13	-13
Sweco Denmark	98	39	28	-24	-30	-7
Sweco Netherlands	27	24	-1	-25	-27	-6
Sweco Western Europe	105	83	27	-15	-19	-6
Sweco Central Europe	58	49	25	-15	-13	-7
Group-wide and eliminations ¹	-138	-336	-241	-45	-70	-58
TOTAL GROUP	1,336	781	740	-269	-271	-190

1) Extraordinary items are fully reported in Group-wide.

2) Amortisation/depreciation and impairment included in EBITA.

RECONCILIATION OF EBITA TO EBITA EXCLUDING EXTRAORDINARY ITEMS

	Actual 2016	Pro forma 2015	Actual 2015
EBITA	1,336	781	740
Extraordinary items	146	319	250
EBITA EXCL. EXTRAORDINARY ITEMS	1,482	1,100	991

RECONCILIATION OF PROFIT BEFORE TAX AND EBITA

	Actual 2016	Actual 2015
Pro forma EBITA	–	781
EBITA Grontmij N.V. Group	–	-41
EBITA	1,336	740
Acquisition-related items ¹	-87	-60
EBIT	1,249	681
Financial income	31	7
Financial expenses	-65	-48
Profit from participations in associated companies and joint ventures	1	1
PROFIT BEFORE TAX	1,216	640

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

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

Parent Company net sales totalled SEK 538 million (355). One hundred per cent (100) of Parent Company net sales were comprised of sales to group companies. Twenty-eight per cent (34) of the Parent Company's other external expenses was comprised of purchases from group companies.

BALANCE SHEET AND INVESTMENT INFORMATION PER OPERATING SEGMENT

	Assets		Investments Property, plant and equipment		Investments Intangible assets		Liabilities	
	2016	2015	2016	2015	2016	2015	2016	2015
Sweco Sweden	5,363	4,733	126	155	27	1,224	4,239	3,891
Sweco Norway	1,121	950	21	18	6	–	578	501
Sweco Finland	1,586	1,523	24	7	8	4	448	467
Sweco Denmark	2,006	1,772	11	48	13	1,006	1,333	1,147
Sweco Netherlands	1,277	1,369	11	54	4	278	631	689
Sweco Western Europe	2,197	2,112	16	32	26	1,057	555	460
Sweco Central Europe	1,686	1,230	18	17	165	411	942	572
Group-wide	10,128	9,819	21	123	22	87	6,365	6,039
Eliminations	-11,607	-10,968					-7,136	-6,480
Unallocated	64	35					431	382
TOTAL GROUP	13,820	12,575	248	455	271	4,067	8,385	7,668

Assets are comprised of receivables, IT equipment and office equipment. The breakdown of intangible assets is shown in Note 13. Group-wide items include cash and cash equivalents of SEK 570 million (13).

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

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

Group-wide items are comprised of gains and losses on the sale of financial investments, tax expenses, and general administrative expenses. Unallocated group-wide assets and liabilities are comprised of deferred tax assets and deferred tax liabilities.

INCOME FROM EXTERNAL CUSTOMERS BY SERVICE SEGMENT

	2016	2015
Buildings and urban districts	5,749	4,530
Water, energy and industry	4,972	3,450
Transport infrastructure	5,810	3,410
TOTAL	16,531	11,389

OPERATING SEGMENTS – GEOGRAPHIC AREAS

	External sales		Non-current assets ¹	
	2016	2015	2016	2015
Sweden	6,274	5,801	2,489	2,510
Norway	2,120	1,960	443	397
Netherlands	1,886	595	334	319
Finland	1,694	1,605	949	906
Denmark	1,371	372	1,080	1,034
Belgium	820	214	505	460
Germany	810	163	593	411
UK	599	191	629	700
Asia	282	58	1	1
Poland	155	91	10	25
Turkey	89	22	1	2
Rest of EU	85	43	–	0
Africa	83	1	–	–
Czech Republic	69	89	37	36
Rest of Europe	48	46	–	–
Lithuania	43	64	13	13
Estonia	41	41	18	17
Russia	23	6	–	0
Bulgaria	20	19	7	6
South and Central America	11	2	–	–
North America	7	6	–	–
Oceania	1	0	–	–
Eliminations	–	–	–	-29
TOTAL	16,531	11,389	7,109	6,807

1) Refers to non-current assets that are not financial instruments, held-to-maturity investments, deferred tax assets, assets pertaining to post-retirement benefits and rights arising under insurance agreements.

INFORMATION ABOUT MAJOR CUSTOMERS

The Group's 2016 earned income from the Swedish Transport Administration totalled SEK 1,550 million, which was reported in business area Sweco Sweden. See also the section on credit risk in Note 33.

4 FEES TO AUDITORS

	Group		Parent Company	
	2016	2015	2016	2015
PricewaterhouseCoopers				
– audit services	10	5	1	1
– audit services other than statutory audit	0	1	–	0
– tax consulting	0	0	0	0
– non-audit services ¹	1	12	1	12
Total	11	18	2	13
Other auditing firms				
– audit services	1	1	–	–
Total	1	1	–	–
TOTAL	13	20	2	13

1) Of which, issue expenses of SEK 2 million were reported against equity as issue expenses 2015.

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

5 OPERATING LEASES AND RENTAL CONTRACTS

Charges under signed leases and rental contracts	Group		Parent Company	
	2016	2015	2016	2015
TOTAL CHARGES PAID DURING THE YEAR	709	386	7	7
Future minimum lease payments and rents to be paid				
– within one year	711	555	4	6
– between one and five years	2,222	1,751	17	14
– in more than five years	992	675	8	14
TOTAL FUTURE LEASE PAYMENTS	3,925	2,981	29	34

Minimum lease payments for 2015 have been updated.

Future minimum lease payments refer to the nominal amount stipulated in non-cancellable leases and rental contracts. Most future minimum payments are comprised of rents for premises. Other minimum lease charges refer primarily to office equipment and IT equipment. Future finance lease payments of SEK 0.2 million (0.4) are included for the Parent Company.

6 EMPLOYEES AND PERSONNEL COSTS

Personnel costs	Group		Parent Company	
	2016	2015	2016	2015
Salaries and remuneration, other employees	7,565	5,299	16	12
Salaries and remuneration, senior/other executives	122	84	29	21
Total salaries and remuneration¹	7,687	5,383	45	33
Social fees, excl. pension costs	1,519	1,144	17	12
Pension costs, senior executives ^{2,3}	17	11	4	4
Pension costs, others ²	759	579	6	3
Agency staff	260	60	–	–
Other personnel costs	632	404	8	6
TOTAL PERSONNEL COSTS	10,875	7,581	81	58

1) Senior/other executives refer to the Executive Team, board members of the Parent company and board members and presidents of all subsidiaries – a total of 64 individuals (72) in the Group and 12 individuals (13) in the Parent Company.

2) See also Note 27, Provisions for Pensions.

3) A total of 57 (65) senior executives in the Group and 5 (6) in the Parent Company received pension contributions.

Number of full-time employees	2016		2015	
	Total	Of which, % men	Total	Of which, % men
Sweden				
Parent Company	24	33	21	29
Subsidiaries	5,373	68	4,825	69
Total Sweden	5,397	68	4,846	69
Outside Sweden				
Norway	1,349	71	1,327	72
Finland	1,963	76	1,873	76
Netherlands	1,571	83	431	83
Denmark	1,076	79	289	96
UK	779	73	190	75
Germany	764	66	160	59
Belgium	761	72	187	67
Poland	296	57	174	57
Lithuania	202	57	234	60
Czech Republic	198	60	225	61
Turkey	101	54	25	61
Estonia	85	69	78	68
Bulgaria	64	45	62	50
Russia	1	0	36	61
Rest of Europe	5	100	12	67
Asia	34	76	38	81
Africa	6	100	1	100
South and Central America	1	100	–	–
Total, outside Sweden	9,256	73	5,342	73
TOTAL GROUP	14,653	71	10,188	71

Percentage of women	2016	2015
	Parent Company	
Board members	50	50
Other senior executives, 5 (6) individuals	60	50
Group		
Board members in all companies	28	17
Other senior executives, 57 (65) individuals	27	16

Sickness absence, %	Group		Parent Company	
	2016	2015	2016	2015
Total sickness absence	3.3	2.7	1.4	1.6
– long-term sickness absence	1.0	0.8		
– sickness absence for men	2.6	2.1		
– sickness absence for women	4.8	4.1		
– employees – 29 years	2.3	2.2		
– employees 30 – 49 years	3.3	2.6		
– employees 50 – years	3.8	3.0		

REMUNERATION TO SENIOR EXECUTIVES

Principles

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

Sweco Group's objective is to offer a competitive and market-based level of remuneration that facilitates the recruitment and retention of senior executives. Compensation for senior executives is comprised of base salary, variable compensation, pension, other remuneration and share-based incentive schemes.

Base and variable salary

Compensation levels are based on factors such as work duties, qualifications, experience, position and performance. In addition, the breakdown between base salary and variable compensation is proportionate to the employee's position and work duties. Variable compensation is linked to predetermined, measurable criteria that are devised to comply with the company's long-term value creation. Variable compensation for the President & CEO and the CFO may not exceed 75 per cent of base salary. For other senior executives, variable compensation may not exceed 50 per cent of base salary. Due to acquisitions, exceptions to maximum per cent, may apply for a limited period, until integration with Sweco variable pay program is aligned. Variable compensation is determined based on results in relation to predetermined profitability targets. Targets for the President & CEO and other senior executives are set by the Board of Directors.

Pensions

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

Other compensation

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

Share-based incentive schemes

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

Decisions on share-based incentive schemes are always resolved by the Annual General Meeting or Extraordinary General Meeting.

Terms of notice

In the event of dismissal by the company, the President & CEO has a maximum notice period of 18 months. In the event of the President & CEO's resignation, the notice period is six months.

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

Other

These principles shall apply to agreements entered into subsequent to AGM resolutions and to any changes or alterations made to existing agreements after this date, to the extent permitted under the terms of the existing agreements. The Board of Directors is authorised to deviate from the principles if warranted by special circumstances in individual cases.

Remuneration and other benefits expensed in 2016 (SEK 000s)

	Base salary/ board fee	Variable salary	Share savings scheme ³	Other benefits	Pension cost	TOTAL
Board Chairman Johan Nordström	717	–	–	–	–	717
Board member Anders G. Carlberg	393	–	–	–	–	393
Board member Gunnel Duveblad	453	–	–	–	–	453
Board member Johan Hjertonsson	350	–	–	–	–	350
Board member Eva Lindqvist	393	–	–	–	–	393
Board member Pernilla Ström ¹	97	–	–	–	–	97
Board member Carola Teir-Lehtinen	363	–	–	–	–	363
Board member Christine Wolff ²	233	–	–	–	–	233
President & CEO	6,504	3,845	1,321	60	2,353	14,083
Total Board members and President & CEO	9,503	3,845	1,321	60	2,353	17,082
Other senior executives (11 individuals)	24,067	12,742	1,702	1,369	5,059	44,939
TOTAL	33,570	16,587	3,023	1,429	7,412	62,021

1) Until 2016 AGM.

2) As of 2016 AGM.

3) The cost of share savings scheme corresponds to the cost reported in the Group pursuant to IFRS 2.

Remuneration and other benefits expensed in 2015 (SEK 000s)

Actual	Base salary/ board fee	Variable salary	Share savings scheme ²	Other benefits	Pension cost	TOTAL
Board Chairman Johan Nordström	563	–	–	–	–	563
Board member Anders G. Carlberg	313	–	–	–	–	313
Board member Gunnel Duveblad	370	–	–	–	–	370
Board member Eva Lindqvist	313	–	–	–	–	313
Board member Pernilla Ström	285	–	–	–	–	285
Board member Carola Teir-Lehtinen	285	–	–	–	–	285
Board member Johan Hjertonsson ¹	167	–	–	–	–	167
President & CEO	5,695	1,677	1,069	58	1,923	10,422
Total Board members and President & CEO	7,991	1,677	1,069	58	1,923	12,718
Other senior executives (11 individuals)	15,931	1,442	936	1,193	3,591	23,093
TOTAL	23,922	3,119	2,005	1,251	5,514	35,811

1) As of 2015 AGM.

2) The cost of share savings scheme corresponds to the cost reported in the Group pursuant to IFRS 2.

Remuneration and other benefits expensed in 2015 (SEK 000s) pro forma¹

Pro forma	Base salary/ board fee	Variable salary	Share savings scheme	Other benefits	Pension cost	TOTAL
Total Board members and President & CEO	7,991	1,677	1,069	58	1,923	12,718
Other senior executives (11 individuals)	21,189	2,612	936	2,957	4,170	31,864
TOTAL PRO FORMA	29,180	4,289	2,005	3,015	6,093	44,582

1) Pro forma has been produced to reflect what remuneration to other senior executives would have been if the new organisation (with the new business area presidents) had applied as of 1 January 2015. The pro forma information includes the new business presidents' remuneration and other benefits as of 1 January 2015, rather than as from 1 October 2015.

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

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

Variable salary and share savings scheme refers to expensed remuneration in 2016 and 2015.

Share savings schemes

The 2013, 2014, 2015 and 2016 Annual General Meetings resolved to implement long-term share savings schemes directed at senior executives in the Sweco Group.

Under the share savings schemes, participants may use their own funds to acquire Class B shares in Sweco ("Savings Shares") over NASDAQ Stockholm for an amount equivalent to a maximum of 5–10 per cent of the participant's annual base salary for that year. If the Saving Shares are held until the announcement of the year-end report for the 2016 financial year for the 2013 share savings scheme, the 2017 financial year for the 2014 share savings scheme, the 2018 financial year for the 2015 share savings scheme and the 2019 financial year for the 2016 share savings scheme (the "Retention Period") and the participant remains employed in his/her position or an equivalent position in the Sweco Group throughout the Retention Period, each Savings Share shall thereafter grant entitlement to one Class B share in Sweco without consideration ("Matching Share") and – provided that the performance criteria have been met – to an additional number of not more than one to four Class B shares in Sweco ("Performance Shares"). The granting of Performance Shares is conditional on a positive total yield for the Sweco share, and is also dependent on the Sweco share's total yield in relation to a group of benchmark companies. The cost is expensed on a straight-line basis over the Retention Period.

	Group				Parent Company			
	2016	2015	2014	2013	2016	2015	2014	2013
Share savings scheme³								
No. of participants still employed	56	55	46	29	12	10	10	6
No. of shares acquired	26,012	32,377	31,579	25,292	7,745	9,415	10,740	9,285
No. of Matching Shares granted per Savings Share	1	1	1	1	1	1	1	1
Maximum no. of Matching Shares	26,012	32,377	31,579	25,292	7,745	9,415	10,740	9,285
No. of Performance Shares granted per Savings Share ¹	1–4	1–4	1–4	1–4	1–4	1–4	1–4	1–4
Maximum no. of Performance Shares	60,348	72,037	72,235	65,145	23,087	27,571	31,108	32,533
Provision for the year, SEK M ^{2,4}	0.5	2.5	2.3	1.8	0.2	0.7	0.7	0.5
Accumulated provision, SEK M ^{2,4}	0.5	3.0	5.0	5.4	0.2	0.9	1.9	2.1
Estimated total cost, SEK M ^{2,4}	9.9	8.6	7.8	5.7	3.5	2.7	3.0	2.2
Retention period	Nov 2016– Feb 2020	Nov 2015– Feb 2019	Nov 2014– Feb 2018	Nov 2013– Feb 2017	Nov 2016– Feb 2020	Nov 2015– Feb 2019	Nov 2014– Feb 2018	Nov 2013– Feb 2017

1) The President & CEO and the CFO may receive no more than four performance shares, business area presidents no more than three shares, subsidiary presidents and divisional managers no more than two shares, and key employees in staff functions no more than one share.

2) Including social fees.

3) Due to the preferential rights issue conducted during Q4 2015, the number of shares for the 2013 and 2014 share savings schemes were adjusted in accordance with the schemes' terms and conditions.

4) Provision is updated annually and is affected mainly by changes in employee turnover.

7 AMORTISATION/DEPRECIATION, IMPAIRMENT AND ACQUISITION-RELATED ITEMS

	Group		Parent Company	
	2016	2015	2016	2015
Other intangible assets, depreciation and impairments	-43	-19	-8	-4
Buildings, depreciation and impairments	-7	-3	-	-
Equipment, depreciation and impairments	-219	-168	-27	-24
Total amortisation/depreciation and impairments	-269	-190	-35	-28
Intangible assets capitalised on acquisition, amortisations	-93	-57	-20	-2
Revaluation of purchase price	3	3	-	-
Profit/loss on sale	3	-5	-	-
Total acquisition-related items	-87	-60	-20	-2
TOTAL	-356	-250	-55	-29

8 NET FINANCIAL ITEMS

GROUP

	2016	2015
Financial income		
Dividends on financial assets at fair value	0	0
Fair value gains on financial assets at fair value	0	0
Interest income – trade receivables	5	2
Interest income – bank	3	3
Other financial income	6	2
Net exchange rate fluctuations	17	-
Total financial income	31	7
Financial expenses		
Interest expenses – trade payables	-1	-1
Interest expenses – bank	-43	-26
Other financial expenses	-21	-12
Net exchange rate fluctuations	-	-10
Other financial expenses	-65	-48
Profit from participations in associated companies and joint ventures	1	1
TOTAL NET FINANCIAL ITEMS	-33	-41
Interest income received during the year	5	11
Interest expenses paid during the year	-39	-39

PARENT COMPANY

	2016	2015
Profit from participations in group companies		
Dividends	164	168
Group contributions	471	380
Impairment of shares in group companies	-61	-
Total profit from participations in group companies	574	548
Financial income		
Interest income from group companies	1	3
Other interest income	3	0
Foreign exchange gains	7	-
Total financial income	11	3
Financial expenses		
Interest expenses to group companies	-1	0
Other interest expenses	-27	-23
Foreign exchange losses	-	-14
Other financial expenses	-6	-7
Total financial expenses	-35	-43
TOTAL NET FINANCIAL ITEMS	551	508
Interest income received during the year	4	3
Interest expenses paid during the year	-27	-27

9 APPROPRIATIONS AND UNTAXED RESERVES

PARENT COMPANY

	2016	2015
Appropriations		
Accelerated depreciation	10	-20
TOTAL	10	-20
Untaxed reserves		
Accelerated depreciation	12	23
TOTAL	12	23

10 TAXES

	Group		Parent Company	
	2016	2015	2016	2015
Current tax expense				
Tax expense for the period	-237	-195	-87	-60
Adjustment of tax attributable to prior years	15	-6	1	-1
Total current tax expense	-222	-202	-86	-61
Deferred tax income/expense				
Deferred tax – temporary differences	-55	-8	–	–
Deferred tax – adjustment of tax attributable to prior years	-11	5	–	–
Deferred tax – change in tax rate	1	12	–	–
Deferred tax income – capitalised rateable value of loss carry-forwards during the year	4	-2	–	–
Deferred tax expense – utilisation of previously capitalised rateable value of loss carry-forwards	-2	-5	–	–
Total deferred tax income/expense	-63	2	–	–
TOTAL REPORTED TAX EXPENSE	-285	-200	-86	-61

No tax is recognised for translation differences arising from translation of foreign operations, which total SEK 101 million (-140).

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

The reconciliation of the actual tax expense is as follows:

	Group				Parent Company			
	2016, %	2016	2015, %	2015	2016, %	2016	2015, %	2015
Reconciliation of effective tax rate								
Profit before tax		1,216		640		488		444
Income tax calculated pursuant to national profit tax rates in each country	22.9	279	22.8	146	22.0	107	22.0	98
Tax effects of:								
– Non-taxable dividends	0.0	0	0.0	0	-7.4	-36	-8.3	-37
– Other non-taxable income	-0.5	-6	-0.8	-5	0.3	1	–	–
– Non-deductible expenses	2.0	24	4.2	27	3.0	15	-0.2	-1
Utilisation of previously uncapitalised loss carry-forwards	-0.1	-1	-0.1	-1	–	–	–	–
Tax effect of uncapitalised loss carry-forwards	-0.4	-5	6.9	44	–	–	–	–
Effect on deferred tax – reduced tax rate	-0.1	-1	-1.8	-12	–	–	–	–
Adjustment of previous years' tax expense	-0.4	-5	0.1	1	-0.3	-1	0.2	1
TAX EXPENSE FOR THE YEAR	23.4	285	31.3	200	17.6	86	13.7	61

GROUP

	2016			2015		
	Pre-tax	Tax	After tax	Pre-tax	Tax	After tax
Tax attributable to other comprehensive income						
Translation differences – translation of foreign operations	101	–	101	-140	–	-140
Hedges of net investments in subsidiaries	-80	17	-63	61	-13	48
Revaluation of defined-benefit pensions	-35	5	-30	61	-16	45
Revaluation of holding in Sweco Holdco B.V. (former named as Grontmij N.V.)	–	–	–	16	-3	12
TOTAL	-14	23	9	-2	-32	-35

Note 10

Deferred tax assets and liabilities

	Group	
	2016	2015
Change in carrying amount for the year		
Opening carrying amount – deferred tax assets	35	47
Increase through acquisitions	2	26
Measurement period adjustment	27	26
Reclassification to deferred tax liability	5	-3
Other deferred tax expense in the income statement	-16	-13
Deferred tax expense in other comprehensive income	10	-21
Foreign currency translation differences	1	-1
Closing carrying amount – deferred tax assets	64	35
Opening carrying amount – deferred tax liabilities	-382	-161
Increase through acquisitions	-4	-229
Measurement period adjustment	-1	-
Decrease through divestitures	3	-
Reclassification from deferred tax asset	-5	3
Change in component of untaxed reserves in the income statement	-33	-30
Other deferred tax expense in the income statement	-14	45
Deferred tax expense in other comprehensive income	13	-11
Foreign currency translation differences	-8	2
Closing carrying amount – deferred tax liabilities	-431	-382
Deferred tax at year end		
Deferred tax asset – loss carry-forwards	4	2
Deferred tax asset – consolidated pension deficits	11	4
Deferred tax asset – temporary differences	49	28
Total deferred tax assets	64	35
Deferred tax component of companies' reported untaxed reserves	-173	-140
Deferred tax liability – temporary differences	-258	-242
Total deferred tax liabilities	-431	-382
TOTAL DEFERRED TAX, NET	-367	-347

Of total deferred tax assets, SEK 1 million is expected to be utilised within 12 months. Of total deferred tax liabilities, SEK 12 million is expected to be paid within 12 months. Uncapitalised

loss carry-forwards in the Group total SEK 1,164 million (1,187); these are not expected to be utilised against future profits, and for the majority there is a time limit for utilisation.

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net	
	2016	2015	2016	2015	2016	2015
Property, plant and equipment	10	12	3	1	13	13
Intangible assets	1	0	-118	-120	-117	-119
Financial assets	11	5	-1	-11	11	-6
Current assets	20	1	-138	-121	-118	-120
Current liabilities	-2	11	4	-1	3	9
Untaxed reserves	-	-	-173	-140	-173	-139
Pensions	11	4	-6	7	5	12
Other provisions	8	0	-3	0	5	0
Loss carry-forwards	4	2	1	2	5	5
TOTAL	64	35	-431	-382	-367	-347

Movements in net deferred taxes can be summarised as follows:

2016	Opening balance 2016	Recognised through profit or loss	Recognised in other comprehensive income	Acquisitions/divestitures	Reclassifications	Foreign currency translation differences	Closing balance 2016
Property, plant and equipment	13	-2	0	2	0	-1	13
Intangible assets	-119	8	0	-4	0	-2	-117
Financial assets	-6	0	17	0	0	-1	11
Current assets	-120	-17	0	29	0	-11	-118
Current liabilities	9	-8	0	-1	1	2	2
Untaxed reserves	-139	-33	0	0	0	0	-173
Pensions	12	-11	5	0	-1	-1	5
Other provisions	0	-1	0	0	-1	6	5
Loss carry-forwards	5	0	0	0	1	0	5
TOTAL	-347	-63	23	27	-	-7	-367

2015	Opening balance 2015	Recognised through profit or loss	Recognised in other comprehensive income	Acquisitions	Reclassifications	Foreign currency translation differences	Closing balance 2015
Property, plant and equipment	-2	2	0	10	3	0	13
Intangible assets	-86	-10	0	-54	32	-1	-119
Financial assets	11	0	-17	1	-1	0	-6
Current assets	25	46	0	-169	-24	2	-120
Non-current liabilities	0	1	0	4	4	0	9
Untaxed reserves	-98	-32	0	-9	0	0	-139
Pensions	35	2	-16	5	-14	0	12
Other provisions	-	0	0	0	-1	1	0
Loss carry-forwards	1	-7	0	10	1	0	5
TOTAL	-114	1	-33	-202	-	1	-347

11 EARNINGS PER SHARE

GROUP

	2016	2015
Average number of shares before dilution	119,598,820	100,445,122
Effect of anticipated utilisation of options		
Effect of anticipated utilisation of share bonus scheme and share savings scheme	2,059,303	1,451,145
Average number of shares after dilution	121,658,123	101,896,266
Earnings per share on profit attributable to owners of the Parent Company		
Basic earnings per share, SEK	7.78	4.36
Diluted earnings per share, SEK	7.65	4.30

Earnings per share were calculated on profit for the year attributable to Parent Company shareholders, divided by the average number of shares as specified in the table. For calculation of diluted earnings per share, the weighted average number of common shares outstanding is adjusted for the dilutive effect of all potential common shares. For additional information about the repurchase of treasury shares, see Note 25. Historical values and current period values were restated in accordance with IAS 33 due to the preferential rights issue conducted by Sweco during 2015 at a subscription price that was below the current share price. The adjustment does not have a dilutive effect and thus does not affect earnings per share before and after dilution.

12 ACQUISITION AND DIVESTITURE OF SUBSIDIARIES AND OPERATIONS

GROUP

	Date	Acquired share, % ¹	Holding, post-transaction, % ¹
Acquisitions, 2016			
Sletten AS, Norway	1 January 2016	100	100
Petro Team AB, acquisition of assets, Sweden	4 January 2016	100	100
PAR 2 Ontwikkeling B.V, acquisition of minority share, Netherlands	1 March 2016	50	100
Ludes Generalplaner GmbH, Germany	15 April 2016	100	100
Altenia Oy, acquisition of assets, Finland	30 June 2016	100	100
Sweco Architects A/S, acquisition of minority share, Denmark	1 July 2016	1	97
Grontmij N.V., adjusted purchase price, Netherlands	11 November 2016		100
Jo. Franzke Architekten GmbH, Germany	6 December 2016	100	100
Acquisitions, 2015			
Rapcon Oy, acquisition of assets, Finland	28 February 2015	100	100
Siltanylund Oy, acquisition of minority share, Finland	28 February 2015	40	100
Contesta Oy, acquisition of minority share, Finland	28 February 2015	28	100
OTEC Elkonsult AB, Sweden	2 March 2015	100	100
Sweco Architects A/S, acquisition of minority share, Denmark	7 April 2015	0	96
Valcon Oy, acquisition of minority share, Finland	28 September 2015	20	100
Grontmij N.V., Netherlands	1 October 2015	100	100

1) Ownership share corresponds to equity interest.

Note 12

During 2016 Sweco acquired Ludes Generalplaner GmbH, a German architecture and project management consultancy with 97 employees, and Jo. Franzke Architekten GmbH, a German architectural firm with 44 employees. The acquisitions are in line with Sweco's strategy to leverage its footprint in Germany and Northern Europe for further bolt-on acquisitions.

Sweco also acquired Petro Team Engineering AB in Sweden, with 5 employees, and Sletten AS in Norway, with 8 employees, as well as operations within Altenia Oy in Finland, with 6 employees. Sweco also increased its participation in Par 2 Ontwikkeling B.V. in the Netherlands to 100 per cent (was previously 50 per cent owned) and increased its participation in Sweco Architects A/S in Denmark.

Acquisition-related costs for the above acquisitions during the year and previous periods total SEK 2 million (59) and are chiefly comprised of financial advisor and consultant fees associated with due diligence and transaction tax of SEK 0 million (0). These expenses, totalling SEK 2 million (57) during the year, were reported in other external expenses in the income statement.

Sweco acquired Grontmij N.V. in 2015. In November 2016 the final payment of SEK 99 mil-

lion was made and the transfer of the outstanding shares was finalised after a decision by the Enterprise Chamber of Amsterdam (Ondernemingskamer) on a statutory buy-out procedure. The purchase price for 100 per cent of Grontmij's shares totals SEK 3,342 million, of which approximately SEK 1,542 million in cash and SEK 1,800 million in 14,949,247 newly issued Sweco Class B shares. The table below also includes revaluation of the Grontmij acquisition, which has an impact of SEK 87 million on goodwill, SEK -18 million on property, plant and equipment, SEK 28 million on financial assets, SEK -70 million on non-current liabilities, and SEK -18 million on current liabilities.

Divestitures

During the year Sweco divested businesses within Sweco Netherlands B.V., with 38 employees, China Hubei Engineering Consulting Co.Ltd, with 7 employees, and Park Frederiksoord B.V. The divestments had a positive impact on profit of SEK 3 million and a positive impact on the Group's cash and cash equivalents of SEK 7 million.

Net assets of acquired and divested companies at acquisition date

	2016		2015			
	Acquired value	Divested value	Grontmij Group	Other acquisitions	Acquired value	Divested value
Intangible assets	16	-	334	6	340	-
Property, plant and equipment	-14	6	238	-	238	1
Financial assets	28	-	118	-	118	-
Current assets ¹	296	3	2,123	6	2,129	15
Cash and cash equivalents	19	3	206	4	210	4
Non-current liabilities	-85	-2	-388	-	-388	-1
Deferred tax	-5	-1	-227	-2	-229	-
Other current liabilities	-300	-3	-2,760	-7	-2,767	-7
Non-controlling interests recognised on acquisition	0	-	1	4	5	-
Consolidated goodwill recognised on acquisition ²	220	-	3,692	8	3,700	-
Acquisition of non-controlling interests	0	-	-	-	-	-
Equity attributable to Parent Company shareholders	-	-	-	12	12	-
Non-controlling interests recognised on divestiture	-	1	-	-	-	0
Capital gain/loss recognised on divestiture	-	3	-	-	-	-6
Total purchase price	175	10	3,337	31	3,368	6
Purchase price outstanding	-4	-	-94	-2	-96	-
Payment of deferred purchase price	-	-	-	1	1	-
Issue in kind	-	-	-1,800	-	-1,800	-
Revaluation of previous holdings ³	-	-	-17	-	-17	-
Cash and cash equivalents in acquired companies	-19	-3	-206	-4	-210	-4
DECREASE/INCREASE IN GROUP CASH AND CASH EQUIVALENTS	152	7	1,220	26	1,246	2

1) Of which, receivables total SEK 258 million (2,016).

2) Of which, SEK 5 million (2) is attributable to acquisitions of assets which are tax deductible in the event of future write-downs.

3) Revaluation of shares in Grontmij acquired in July 2015.

With the exception of the acquisition of Grontmij Group in 2015, acquisitions completed in 2016 and 2015 are reported in aggregate form in the table above. Separate reporting of each acquisition is not warranted due to the size of the companies acquired. For 2016 acquisitions, the acquisition analysis for Jo. Franzke Architekten GmbH is preliminary.

The acquired companies had a negative impact of SEK 152 million (1,246) on Group cash and cash equivalents. Divested operations improved the Group's cash and cash equivalents by SEK 7 million (2). The net impact on Group cash and cash equivalents is SEK -145 million (-1,244).

Acquired values correspond to fair value in accordance with IFRS 3 (i.e., following completion of an acquisition analysis). Acquired goodwill is attributable to synergy effects and geographic expansion.

Of the unsettled purchase price commitment of SEK 4 million, SEK 2 million refers to conditional purchase consideration.

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

	2016		2015	
	Acquisition	Divestiture	Acquisition	Divestiture
Contribution to net sales in the year's accounts	112	7	1,659	9
Contribution to net sales if acquired company had been owned for the full year	148	-	6,277	-
Contribution to operating profit in the year's accounts	10	-4	95	2
Contribution to operating profit if acquired company had been owned for the full year	6	-	191	-

Sweco acquired non-controlling interests during the year. The effects of these acquisitions are shown below in aggregate form.

Effects of changes in ownership in the company's holdings:	Total
Company's holdings at beginning of the year	0.4
Effect of increased holdings	-0.1
Share of profit for the year	-0.1
Company's holdings at year end	0.2

13 INTANGIBLE ASSETS

GROUP

	2016			2015		
	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
Opening acquisition costs	5,823	763	6,586	2,258	406	2,664
Purchases	–	32	32	–	27	27
Developed internally	–	7	7	–	4	4
Increase through acquisitions	133	16	149	3,700	340	4,040
Measurement period adjustment	87	–	87	–	–	–
Decrease through divestiture of companies	–	–	–	0	0	0
Reclassification	–	9	9	–	3	3
Sales/disposals	–	-42	-42	-23	–	-23
Foreign currency translation differences	125	17	142	-112	-17	-129
Closing accumulated acquisition costs	6,168	802	6,970	5,823	763	6,586
Opening accumulated amortisation/depreciation and impairments	-71	-348	-419	-96	-285	-381
Reclassification	–	-1	-1	–	–	–
Sales/disposals	–	40	40	23	–	23
Foreign currency translation differences	–	-14	-14	2	12	14
Impairments for the year	–	–	–	–	0	0
Amortisation/depreciation for the year	–	-133	-133	–	-75	-75
Closing accumulated amortisation/depreciation and impairments	-71	-456	-527	-71	-348	-419
CLOSING CARRYING AMOUNT	6,098	346	6,443	5,752	416	6,168
By business area						
Sweco Sweden	2,059			2,033		
Sweco Norway	395			352		
Sweco Finland	856			830		
Sweco Denmark	991			933		
Sweco Netherlands	264			250		
Sweco Western Europe	949			956		
Sweco Central Europe	584			399		
Capitalised license costs for software		105			89	
Assets capitalised on acquisition		241			327	
Other intangible assets		–			0	
CLOSING CARRYING AMOUNT	6,098	346	6,443	5,752	416	6,168

Self-developed software of SEK 7 million (4) was capitalised in the Netherlands during the year, while other intangible assets were acquired through acquisition or purchase. See also Note 7 regarding impairment of goodwill. In the above table, borrowing costs are not included in asset acquisition costs.

PARENT COMPANY

	2016	2015
Other intangible assets		
Opening acquisition costs	100	16
Purchases from Group companies	2	64
Purchases	20	20
Closing accumulated acquisition costs	122	100
Opening accumulated amortisation	-20	-14
Amortisation for the year	-28	-6
Closing accumulated amortisation	-47	-20
CLOSING CARRYING AMOUNT	75	81

Impairment testing for cash-generating units with goodwill

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

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

Sales growth

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

EBITA margin

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

Discount rate

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

Based on the results of this test, no impairment is needed.

Sensitivity analysis

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

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

2016 Variable	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Central Europe	
	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	4.0	-27.0	2.0	-37.0	2.1	-18.9	4.6	-7.7
Average EBITA margin, %	8.8	2.5	8.7	1.2	8.0	3.3	7.4	5.1
Pre-tax discount rate, %	7.2	26.6	8.6	119.8	7.0	16.7	7.9	11.7

2016 Variable	Sweco Denmark		Sweco Netherlands		Sweco Western Europe		
	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	
Average sales growth, %		3.4	-8.8	1.3	-22.1	3.6	-4.3
Average EBITA margin, %		7.2	4.3	2.2	0.4	7.4	6.0
Pre-tax discount rate, %		7.0	11.3	7.2	32.4	8.9	11.4

2015 Variable	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Central Europe	
	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	4.0	-22.2	2.0	-34.2	2.1	-14.6	1.7	-10.1
Average EBITA margin, %	8.7	3.0	8.5	1.7	7.9	3.8	7.2	5.3
Pre-tax discount rate, %	8.0	24.6	8.5	58.4	7.7	14.9	8.0	11.4

2015 Variable	Sweco Denmark		Sweco Netherlands		Sweco Western Europe		
	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	
Average sales growth, %		3.2	-8.2	1.1	-25.4	3.0	-2.6
Average EBITA margin, %		5.5	3.9	2.2	0.0	7.3	6.4
Pre-tax discount rate, %		6.7	10.6	7.2	109.8	9.1	10.9

14 PROPERTY, PLANT AND EQUIPMENT

GROUP

	2016			2015		
	Buildings and land	Equipment	Total	Buildings and land	Equipment	Total
Opening acquisition costs	147	1,075	1,222	55	958	1,014
Purchases	0	262	262	0	217	217
Increase through acquisitions	–	4	4	96	142	238
Measurement period adjustment	-18	0	-18	–	–	–
Decrease through divestiture	-9	0	9	–	-1	-1
Reclassification	0	-5	-5	–	-31	-31
Sales/disposals	-18	-222	-240	-1	-202	-203
Foreign currency translation differences	20	9	29	-3	-8	-11
Closing accumulated acquisition costs	123	1,123	1,245	147	1,075	1,222
Opening accumulated amortisation/depreciation and impairments	-20	-563	-583	-13	-601	-614
Reclassification	0	1	1	–	27	27
Sales/disposals	1	190	191	0	179	179
Decrease through divestiture	3	–	3	–	–	–
Foreign currency translation differences	-15	0	-15	0	1	1
Impairments	–	0	0	-4	-1	-5
Impairments for the year	-7	-219	-226	-3	-168	-171
Closing accumulated depreciation	-38	-591	-629	-20	-563	-583
CLOSING CARRYING AMOUNT	85	532	616	127	512	639
Of which, land:						
Opening acquisition costs	13		13	0		0
Foreign currency translation differences	1		1	0		0
Increase through acquisitions	–		–	13		13
Closing carrying amount, land	14		14	13		13
Of which, equipment financed through finance leases:						
Closing accumulated acquisition costs	36	144	180	32	148	180
Closing accumulated depreciation	-4	-60	-64	0	-61	-61
Closing carrying amount of finance leases	32	84	116	32	87	119
Of which, closing carrying amount of property, plant and equipment under construction		6	6		7	7
Finance lease purchases for the year		49	49		37	37
Other purchases of property, plant and equipment for the year		213	213		179	179
Total property, plant and equipment purchases for the year		262	262		217	217

PARENT COMPANY

	2016	2015
Equipment		
Opening acquisition costs	113	78
Purchases	31	36
Sales/disposals	-24	–
Closing accumulated acquisition costs	120	113
Opening accumulated depreciation	-64	-40
Sales/disposals	24	–
Depreciation for the year	-27	-24
Closing accumulated depreciation	-66	-64
CLOSING CARRYING AMOUNT	54	50

15 SHAREHOLDINGS AND PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY

Change in carrying amount for the year	2016	2015
Opening carrying amount	4,508	1,098
Shareholders' contribution	55	38
Acquisition of subsidiaries	10	3,372
Write-downs shareholdings	-61	-
CLOSING CARRYING AMOUNT	4,512	4,508

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
Directly owned companies					
Sweco Central Europe AB ¹	556633-5831	Stockholm	100	1,000	55
Sweco Elektronik AB	556301-1765	Västerås	100	2,000	42
Sweco Norge AS	967032271	Norway	100	152,349	112
Sweco Finland Oy ¹	0871165-9	Finland	100	21,000	905
Sweco Western Europe AB ¹	556221-1689	Stockholm	100	4,005	3
Sweco Sverige AB ¹	556032-2496	Stockholm	100	100,000	10
Vattenbyggnadsbyrån AB ²	556077-9471	Stockholm	100	1,000	1
Vattenbyggnadsbyrån Export AB ²	556079-1336	Stockholm	100	4,500	1
Sweco International AB	556862-9918	Stockholm	100	500	1
Sweco Holdco B.V. ¹	30029428	Netherlands	100	76,114,143	3,383
Total shareholdings and participations in group companies					4,512

Indirectly owned companies

Through Sweco Central Europe AB

Sweco Hydroprojekt a.s.	26475081	Czech Republic	100	10	
UAB Sweco Lietuva	301135783	Lithuania	100	6,105,128	
Sweco Engineering sp. z o.o	56155	Poland	100	266,384	
Sweco Energoprojekt JSC	1305488081	Bulgaria	73	400	
Sweco Projekt AS	11304200	Estonia	100	355,463	
Sweco EST OÜ	10633373	Estonia	100	1	
SIA Būvuzraudzība Latvija ²	40103203346	Latvia	100	1	

Through Sweco Finland Oy

Sweco Asiantuntijapalvelut Oy	2635440-5	Finland	100	10,000	
Contesta Oy	1712699-6	Finland	100	10,000	
FMC Laskentapalvelut Oy	1013429-9	Finland	100	16,667	
Sweco Industry Oy	0350941-9	Finland	100	1,920,000	
Kiinteistö Oy Sammonpiha ³	0770284-4	Finland	75	166	
Sweco Mecaplan Oy	1648295-6	Finland	57	54	
Sweco PIC Engenharia LTDA ²	07.984.459/001-16	Brazil	100	34,999	
Sweco International Oy	2635445-6	Finland	100	10,000	
000 Sweco Stroiproject	7806311117	Russia	100		
Sweco PM Oy	2635438-4	Finland	100	10,000	
Rakennuttajatoimisto Demaco Oy	0989011-8	Finland	100	80	
Sweco Rakennetekniikka Oy	2635439-2	Finland	100	10,000	
Sweco Projekt Oy ²	2627577-4	Finland	100	100	
Sweco Talotekniikka Oy	0957613-7	Finland	100	1,000	
Sweco Ympäristö Oy	0564810-5	Finland	100	1,000	

1) Holding company

2) Dormant company

3) Real estate company

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares
Through Sweco Sverige AB				
Sweco Architects AB	556173-0606	Stockholm	100	20,000
Sweco Architects A/S	13 64 20 01	Denmark	97	1,216,250
Sweco Architects Oy	0635637-4	Finland	100	100
Sweco China Holding AB ²	556730-8167	Stockholm	100	102
Sweco Connect AB ²	556083-8624	Stockholm	100	15,000
Sweco Energuide AB	556007-5573	Stockholm	100	60,000
Sweco Environment AB	556346-0327	Stockholm	100	20,000
Sweco-COWI Joint Venture AB ²	556085-5867	Stockholm	100	1,000
Sweco Strategy AB	556342-6559	Stockholm	100	3,000
Sweco Industry AB	556341-2476	Stockholm	100	20,000
Alfakonsult AB ²	556189-0418	Gothenburg	100	5,000
Sweco Civil AB	556507-0868	Stockholm	100	120,000
Sweco India Pvt. Ltd.	AABCF0979RST001	India	100	10,000
Sweco Management AB	556140-0283	Stockholm	100	5,000
Sweco Position AB	556337-7364	Stockholm	100	1,250
Sweco Structures AB	556140-9557	Stockholm	100	20,000
Sweco Systems AB	556030-9733	Stockholm	100	1,500,000
Sweco Society AB	556949-1698	Stockholm	100	500
Sweco Rail AB	556767-9849	Solna	100	1,000
OTEC Elkonsult AB	556581-1816	Sollentuna	100	1,000
Grontmij Sverige AB	556013-2341	Stockholm	100	53,000
Grontmij AB	556563-7237	Stockholm	100	18,000
Teldako i Sundsvall AB	556609-4990	Stockholm	100	1,000
Through Sweco International AB				
Sweco Singapore Pte Ltd	201613136K	Singapore	100	500,000
Through Sweco Holdco B.V.				
Sweco Nederland Holding B.V. ¹	30161447	Netherlands	100	5,000
Sweco Capital Consultants B.V.	27091285	Netherlands	100	32,305
Stoel Partners Holding B.V. ¹	05031421	Netherlands	100	240
Stoel Partners Bouwtechniek B.V.	05070722	Netherlands	100	180
Verhoeven Raadgevende Ingenieurs B.V.	31016314	Netherlands	100	250
Sweco Nederland B.V.	30129769	Netherlands	100	1,816
Grontmij Inc.		USA	100	3,000
Grontmij Maunsell Holding B.V.	30164459	Netherlands	100	102
Grontmij Maunsell Infrastr. Consultancy Srv B.V.	30164468	Netherlands	100	102
Sweco Vastgoedmanagement B.V.	23064728	Netherlands	100	1,816
Grontmij Assetmanagement Holding B.V. ¹	30136340	Netherlands	100	182
Grontmij Beheer Reststoffenprojecten B.V. ¹	30078590	Netherlands	100	100
Afvalverwerking IJssel-Vecht B.V. ⁵	30103098	Netherlands	100	100
Afvalverwerking Regio Oost-Groningen B.V. ⁵	04079356	Netherlands	100	180
Afvalverwerking Stainkoeln B.V. ⁵	30097382	Netherlands	100	100
Grontmij BRP International B.V. ⁵	30156457	Netherlands	100	454
Schenkenschans I B.V. ⁵	30087893	Netherlands	100	100
Secundaire Bouwstoffen Unie B.V. ⁵	30093454	Netherlands	100	250
Specie Bewerking Delfzijl B.V. ⁵	30157433	Netherlands	100	182
Top Gaarkeuken B.V. ⁵	30139289	Netherlands	100	182
Vagroen B.V. ⁵	30132624	Netherlands	100	250
Waterzuivering Milieuboulevard Groningen B.V. ⁵	30158802	Netherlands	100	40
Grontmij Nederland Projecten B.V. ³	30163316	Netherlands	100	200
Golfexploitatie maatschappij Naarderbos B.V. ³	53984595	Netherlands	100	18,000
Grontmij Nederland Ontwikkeling B.V. ³	30217429	Netherlands	100	1,800
Grontmij Real Estate Nederland B.V. ³	30149254	Netherlands	100	454
MaasBilt B.V. ³	30039313	Netherlands	100	45,379
Naarderbos Ontwikkeling B.V. ³	37105570	Netherlands	100	18,000
PAR 2 Ontwikkeling B.V. ³	577	Netherlands	100	180
Grontmij Vastgoed Holding B.V. ¹	30146673	Netherlands	100	5,000
Coman Holding B.V. ²	14627570	Netherlands	100	320
Grontmij Vastgoed Contracting B.V. ¹	14626661	Netherlands	100	100
Grontmij Business Services B.V. ¹	30116897	Netherlands	100	4,550
Assutex C.V. ⁴	30122026	Netherlands	100	
Grontmij International B.V. ¹	30223584	Netherlands	100	180
Sweco Denmark Holding ApS ¹	31862671	Denmark	100	600,000
Sweco Denmark A/S	48233511	Denmark	100	62,800,896
A/S af 20/11 19802	83049316	Denmark	100	1
GSA Gesellschaft für Strassenanalyse GmbH	HRB 2231	Germany	100	1
Grontmij AS	961 168 848	Norway	100	1,500
Sweco Pavement Consultants AB	556228-0361	Sweden	100	10,006

Note 15–16

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares
Sweco Belgium Holding N.V. ¹	BE0423285828	Belgium	100	3,944,591
Sweco Belgium N.V.	BE0405647664	Belgium	100	218,248
GM Contracting N.V.	BE0419330703	Belgium	100	18,252
Sweco UK Holding Limited ⁴	2237772	UK	100	31,243,690
Sweco Ireland Limited	120358	Ireland	100	175,100
Sweco UK Limited	2888385	UK	100	8,214,013
RP+K International Ltd ²	2749020	UK	100	2
Roger Preston & Partners Ltd ²	2748664	UK	100	56
Roger Preston Ltd ²	1207754	UK	100	24
Sweco Services UK Limited ¹	2707426	UK	100	200
Roger Preston Group Ltd ¹	6546246	UK	100	1
Whitelaw Turkington Landscape Architects Ltd ²	4369622	UK	100	11,500
Grontmij Holding France SNC ¹	523637593	France	100	2,080,360
Sweco Mühendislik Müsavirlik ve T. LTD Sir	662694	Turkey	100	100
Grontmij China B.V.	4084398	Netherlands	100	200
Sweco GmbH	HRB21768HB	Germany	100	200
Ludes Generalplaner GmbH	HRB88279	Germany	100	3
Jo. Franzke Architekten GmbH	HRB102538	Germany	100	1
Sweco Consulting Sp. z o.o.	0000140225	Poland	100	30,469
Grontmij Participations B.V. ¹	31034252	Netherlands	100	11,350

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

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

16 SHAREHOLDINGS AND PARTICIPATIONS IN ASSOCIATED COMPANIES

Financial information for non-material shareholdings in associated companies, based on amounts included in the consolidated financial statements, is detailed below.

GROUP

Group's share of:	2016	2015
Profit for the year	2	4
Capital gain on sale of associated company	0	-2
Other comprehensive income	0	0
TOTAL COMPREHENSIVE INCOME	2	2

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
2016					
Through Sweco Finland Oy					
Geotek Oy	0923058-2	Finland	45	45	5
Betonialan Ohuthiekeskus FMC OY	1713909-2	Finland	33	33	0
Through Sweco Danmark A/S					
Odeon A/S	26391253	Denmark	22	600,000	1
PavEx Consulting s.r.o.	cz63487624	Czech Republic	50		0
Through Grontmij Belgium N.V.					
Arteum Architects BVBA	BE0896004242	Belgium	40	100	0
Total shares and participations					7

2015					
Through Sweco Finland Oy					
Geotek Oy	0923058-2	Finland	45	45	5
Betonialan Ohuthiekeskus FMC OY	1713909-2	Finland	33	33	0
Through Sweco Danmark A/S					
Odeon A/S	26391253	Denmark	22	600,000	1
PavEx Consulting s.r.o.	cz63487624	Czech Republic	50		0
Through Grontmij Belgium N.V.					
Arteum Architects BVBA	BE0896004242	Belgium	40	100	0
Through Grontmij GmbH					
Concept Ingenerie S.A.	B155341997	Tunisia	34		0
Through Grontmij N.V.					
Aerosat Surveys Ltd.		Ghana	33		0
Total shares and participations					6

17 HOLDINGS IN JOINT VENTURES AND JOINT OPERATIONS

During 2016 a holding in Sweco Saudi Arabia was added and holdings in the Netherlands were sold. None of the remaining joint ventures are of a significant size and amounted in total to SEK 2 million (2).

GROUP

Group's share of joint ventures:	2016	2015
Profit for the year	-1	-1
Other comprehensive income	0	0
TOTAL COMPREHENSIVE INCOME	-1	-1

Holdings in joint operations at year end	Corp. ID number	Domicile	Share of equity, %
2016			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Sweden	50
2015			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Sweden	50

Group's shareholdings in joint operations	2016	2015
Operating income	21	27
Operating costs	-21	-27
PROFIT FOR THE YEAR	0	0
<hr/>		
Current assets	263	231
Total assets	263	231
<hr/>		
Current liabilities	-263	-231
Total liabilities	-263	-231
NET ASSETS	0	0

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

18 FINANCIAL INVESTMENTS

GROUP

Change in carrying amount for the year	2016	2015
Opening carrying amount	14	13
Acquisition of other shares	0	274
Reclassification	0	-290
Gained through acquisition	-	1
Revaluation of holding in Grontmij N.V.	-	16
Foreign currency translation difference	1	0
CLOSING CARRYING AMOUNT	14	14

Financial investments are classified as available-for-sale financial assets. Assets in this category are regularly measured at fair value with changes in value reported in other comprehensive income. An impairment loss is recognised in the income statement when necessary. See also Note 8.

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
2016					
BRF Störtloppet	716414-8764	Åre			1
Hirsala Golf Oy	1709135-9	Finland		3	1
Kiinteistöosakeyhtiö Kuopion Puijonkatu 26-28	0235274-7	Finland	15	397	3
Kiinteistö Oy Paalupuisto	0575992-1	Finland	13	444	5
Other shares and participations					4
Total shares and participations					14
<hr/>					
2015					
BRF Störtloppet	716414-8764	Åre			1
Hirsala Golf Oy	1709135-9	Finland		3	1
Kiinteistöosakeyhtiö Kuopion Puijonkatu 26-28	0235274-7	Finland	15	397	3
Kiinteistö Oy Paalupuisto	0575992-1	Finland	13	444	5
Other shares and participations					4
Total shares and participations					14

19 OTHER NON-CURRENT SECURITIES

PARENT COMPANY

Change in carrying amount for the year	2016	2015
Opening carrying amount	1	1
CLOSING CARRYING AMOUNT	1	1

Shareholdings at year end	Corp. ID number	Domicile	Carrying amount
2016			
BRF Störtloppet	716414-8764	Åre	1
Total shares and participations			1
2015			
BRF Störtloppet	716414-8764	Åre	1
Total shares and participations			1

20 RECEIVABLES FROM GROUP COMPANIES

PARENT COMPANY

Change in carrying amount for the year	2016	2015
Non-current assets		
Opening carrying amount	1,837	961
Lending to group companies	-5	878
Foreign currency translation difference	-1	-1
Closing carrying amount	1,831	1,837

Current assets		
Opening carrying amount	1,841	1,696
Change for the year	84	145
Closing carrying amount	1,925	1,841
TOTAL RECEIVABLES FROM GROUP COMPANIES	3,756	3,678

21 OTHER NON-CURRENT RECEIVABLES

GROUP

Change in carrying amount for the year	2016			2015		
	Held-to-maturity investments	Other non-current receivables	Total	Held-to-maturity investments	Other non-current receivables	Total
Opening non-current receivables	82	19	100	–	7	7
Increase in receivables	4	32	36	1	9	10
Measurement period adjustment	–	-1	-1	82	6	88
Decrease in receivables	–	-2	-2	–	-3	-3
Reclassification	–	-5	-5	–	–	–
Foreign currency translation difference	4	1	5	-1	0	-1
CLOSING NON-CURRENT RECEIVABLES	90	44	134	82	19	100
Non-current receivables at year end						
Pension receivables as per Note 27	–	2	2	–	1	1
Other receivables	90	43	133	82	18	99
TOTAL NON-CURRENT RECEIVABLES	90	44	134	82	19	100

Held-to-maturity investments refer to a bank deposit to cover future cash outflows in connection with costs associated with one of the Group's landfills. The balance serves as collateral for the landfill licensee.

22 WORK IN PROGRESS

GROUP

Work in progress less progress billings	2016	2015
Value of work completed	7,976	6,835
Progress billings	-5,495	-4,814
NET WORK IN PROGRESS LESS PROGRESS BILLINGS	2,480	2,021

Progress billings in excess of work in progress		
Value of work completed	3,400	3,495
Progress billings	-5,133	-4,931
NET WORK IN PROGRESS IN EXCESS OF PROGRESS BILLINGS	-1,732	-1,436

23 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2016	2015	2016	2015
Prepaid rents	73	75	–	–
Prepaid insurance premiums	20	21	–	–
Prepaid IT expenses	8	16	–	–
Accrued interest income	10	6	–	0
Other accrued income	1	2	–	–
Prepaid license expenses	29	43	29	43
Other prepaid expenses	177	135	43	47
TOTAL	319	298	73	89

24 CASH AND CASH EQUIVALENTS

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

Current investments have been classified as cash and cash equivalents on the basis that:

- they are exposed to an insignificant risk for value fluctuations.
- they are readily convertible to cash.
- they have original maturities of less than three months.

Cash and cash equivalents in the balance sheet	Group		Parent Company	
	2016	2015	2016	2015
Cash/bank	892	544	570	13
TOTAL CASH AND CASH EQUIVALENTS AND CURRENT INVESTMENTS	892	544	570	13

There was no commercial paper in Sweco Group at 31 December 2016 or 2015.

25 EQUITY

Change in number of shares ¹	A shares	B shares	C shares	Total
Number of shares at 1 January 2015	9,368,164	81,395,246	–	90,763,410
Preferential rights issue	1,171,020	12,123,925	–	13,294,945
Issue in kind	–	14,949,247	–	14,949,247
Issuance of treasury shares – share savings scheme	–	57,122	–	57,122
Issuance of treasury shares – share bonus scheme	–	449,961	–	449,961
Issuance of treasury shares	–	–	900,000	900,000
Sale of treasury shares	–	139,825	–	139,825
Repurchase of treasury shares	–	-117,000	-900,000	-1,017,000
NUMBER OF SHARES AT 31 DECEMBER 2015	10,539,184	108,998,326	–	119,537,510
Issuance of treasury shares – share savings scheme	–	85,446	–	85,446
Issuance of treasury shares – share bonus scheme	–	828,544	–	828,544
Conversion of A shares to B shares	-5,453	5,453	–	–
Sale of treasury shares	–	22,180	–	22,180
Issuance of treasury shares	–	–	900,000	900,000
Repurchase of treasury shares	–	-919,410	-900,000	-1,819,410
NUMBER OF SHARES AT 31 DECEMBER 2016	10,533,731	109,020,539	–	119,554,270

1) After deduction for treasury shares.

A statement of changes in equity is found on page 47 for the Group and on page 51 for the Parent Company. Additional information about the Sweco share is provided on pages 89–91.

In accordance with the request of the shareholders, 5,453 Class A shares were converted into Class B shares pursuant to the conversion clause in Sweco's Articles of Association.

Sweco repurchased 919,410 Class B shares during the year for SEK 126 million, corresponding to SEK 137.49 per share. During the year 900,000 Class C shares were issued for settlement of the 2016 Share Bonus Scheme. Sweco sold 22,180 Class B shares for SEK 3 million during the year, corresponding to SEK 130.60 per share.

The total number of shares, including treasury shares, at the end of the period was 121,983,819: 10,533,731 Class A shares, 110,550,088 Class B shares and 900,000 Class C shares. The total number of votes was 21,678,739.8: 10,533,731 represented by Class A shares, 11,055,008.8 by Class B shares and 90,000 by Class C shares.

Share capital

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

Other contributed capital

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

Reserves

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

Retained earnings including profit for the year

Retained earnings including profit for the year are comprised of profits earned in the Parent Company and its subsidiaries, associated companies and joint ventures. Retained earnings have been charged with the historical cost of treasury shares held by the Parent Company, its subsidiaries and associated companies. Upon utilisation of treasury shares, an amount equal to the market value of the shares is transferred to retained earnings. At 31 December 2016 the Group's holding of treasury shares amounted to 1,529,549 (657,320) Class B shares. The treasury shares were purchased at an average price of SEK 115.16 each, for a total of SEK 176 million. The market value at 31 December 2016 was SEK 276 million. Sweco holds 900,000 Class C shares to enable delivery of shares to employees participating in the 2016 Share Bonus Scheme. These shares will be converted to Class B shares prior to delivery. The repurchased shares correspond to 2.0 per cent of the total number of shares and 1.1 per cent of the votes.

Capital distribution to shareholders

After the balance sheet date, the Board of Directors proposed the following capital distribution to shareholders for resolution by the Annual General Meeting on 27 April 2017.

	2016	2015
Dividend of SEK 4.30 per common share (3.50 SEK)	521	418

Amounts for 2016 were calculated including treasury shares. Accordingly, the change in value may be lower if the shares remain in treasury. Should the Board exercise the authority granted it by the April 2016 AGM to acquire additional treasury shares, the amount distributed to the shareholders may be further reduced. More information is found in the Board of Directors Report on page 37.

PARENT COMPANY

Restricted reserves

Restricted reserves may not be reduced through distribution to shareholders.

Statutory reserve

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

Share premium reserve

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

Retained earnings

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

26 CURRENT AND NON-CURRENT INTEREST-BEARING LIABILITIES

Change in carrying amount for the year	Group		Parent Company	
	2016	2015	2016	2015
Non-current interest-bearing liabilities				
Liabilities to credit institutions	1,410	1,879	1,368	1,890
Liabilities under finance leases as per Note 29	105	107	–	–
Total	1,515	1,985	1,368	1,890
Current interest-bearing liabilities				
Bank overdraft facilities	41	94	–	201
Other liabilities to credit institutions	874	130	820	–
Liabilities under finance leases as per Note 29	21	23	–	–
Total	936	246	820	201
TOTAL INTEREST-BEARING LIABILITIES	2,451	2,232	2,188	2,092

All financial liabilities are recognised at amortised cost. Other liabilities to credit institutions essentially refer to financing of acquisitions. The most important covenant in the loan agreements refers to net debt/EBITDA. All covenants were met by a wide margin at the end of the reporting period. The bank overdraft facilities are renewed yearly and are not associated with any special conditions or obligations.

Loan maturity structure	Group		Parent Company	
	2016	2015	2016	2015
0–1 year	936	248	820	201
1–5 years	1,481	1,943	1,368	1,891
5 years and later	34	41	–	–
	2,451	2,232	2,188	2,092

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

Granted overdraft and credit terms

	Group		Parent Company	
	2016	2015	2016	2015
Credits granted	3,696	3,823	3,459	3,593
Credits utilised on balance sheet date	-2,451	-2,232	-2,188	-2,092
UNUTILISED CREDITS	1,245	1,591	1,271	1,501
Average interest rate, %¹	1.05	1.14	0.92	1.09

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

27 PROVISIONS FOR PENSIONS

DEFINED BENEFIT PENSION PLANS

Sweden

The Group's retirement pension obligations for salaried employees in Sweden are secured through insurance in Alecta and AI Pension (AIP). According to statement UFR 3 from the Swedish Accounting Standards Board's Urgent Issues Task Force, Alecta is a "multi-employer" plan. The AIP pension plan is similarly structured and is therefore reported in the same manner. The Group has not had access to sufficient information to report these as defined benefit pension plans. Consequently, the ITP-based pension plans which are secured through insurance in Alecta and AIP are reported as defined contribution plans.

Surpluses in Alecta and AIP can be refunded to the policyholders and/or the insureds. At the end of 2016 Alecta's surplus measured as a collective consolidation ratio was 149 per cent (171) and AIP's was 142 per cent (144). The collective consolidation ratio is the market value of Alecta's and AIP's plan assets as a percentage of insurance obligations computed according to their own actuarial assumptions, which are not consistent with IAS 19.

Norway

As at the close of 2016, Sweco Norge AS, has two remaining defined benefit pension plans with similar demographic and financial assumptions. These remaining plans apply to only 30 retired members. The plans' assets and liabilities are calculated using identical actuarial assumptions. A decision was taken during fourth quarter 2016 to settle the primary, 150-member defined benefit plan. Actuarial assumptions used for this calculation are the same as those used to for the remaining plans due to similar assumptions at the settlement date. Plan participants have been transferred to the defined contribution plan. This settlement had a positive impact on EBITA of NOK 26 million during fourth quarter 2016.

Re-measurement loss is calculated at NOK 6 million and booked in other comprehensive income due to the lower year-on-year discount rate assumptions in December of 2.5 per cent (2.7).

Netherlands

Most of the Dutch pension plan is comprised of a collective defined contribution plan. Contribution is based on a fixed premium. The plan has no provisions covering additional funding by the Netherlands in the event of a deficit. According to pension fund estimates, the fund has reserves totalling 100.3 (104.7) per cent as at 31 December 2016.

The Dutch defined benefit pension plan relates to a conditional early retirement plan for approximately 620 participants. The plan is only applicable to active employees who were younger than 56 years at 1 January 2006 and 31 December 2005. The plan is effective through 31 December 2020. The employer contribution through 31 December 2020 is a fixed annual amount of EUR 1.8 million.

Both plans are administered by Stichting Pensioenfonds Grontmij, a fund that is legally separated from the Group.

Belgium

Sweco Belgium has several defined benefit pension plans with similar demographic and financial assumptions. Assets and liabilities in these plans are computed according to the same actuarial assumptions. As the legislature requires employers to ensure a minimum return on pension plans, several Belgian pension plans previously classified as defined contribution plans are now recognised as defined benefit plans. The initial recognition of the defined benefit pension plan liability (SEK 38 million) is reported as part of the purchase price allocation of the Grontmij transaction.

Other countries (Finland, Germany, UK, Denmark and Poland)

Employees in Finland are covered by defined contribution pension plans. There is a defined benefit pension plan for supplementary pensions for employees added through the acquisition of Kemira Engineering Oy in 2004. Germany and the UK participate in defined contribution pension plans with local pension funds or insurance companies. Both countries have limited defined benefit pension plans. The German plan is unfunded. The Group participates in defined benefit pensions plans with local pension funds or insurance companies in Poland and Denmark.

Breakdown of net asset/ liability for defined benefit plans by country	2016					
	Norway	Netherlands	Germany	Belgium	Other	Total
Present value of defined benefit pension obligations	-70	-82	-37	-159	-24	-373
Fair value of plan assets	46	58	-	109	20	234
Liability for jubilee benefits	-	-13	-2	-	-4	-19
NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS	-24	-37	-38	-51	-8	-158

2015

Breakdown of net asset/ liability for defined benefit plans by country	Norway	Netherlands	Germany	Other	Total
Present value of defined benefit pension obligations	-482	-68	-34	-40	-625
Fair value of plan assets	427	51	-	36	514
Liability for jubilee benefits	-	-14	-	-4	-18
NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS	-55	-31	-34	-8	-128

Defined benefit pension plans in the balance sheet	2016	2015
Present value of defined benefit pension obligations	-373	-625
Fair value of plan assets	234	514
Liability for jubilee benefits	-19	-18
NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS	-158	-128
Other non-current receivables	2	1
Non-current pension provisions	-143	-113
Current pension provisions	-16	-17
NET BALANCE SHEET AMOUNT	-158	-128

Change in defined benefit pension obligations for the year	2016	2015
Defined benefit pension obligation at beginning of year	-625	-597
Current service costs	-25	-25
Curtaiment gain	26	11
Interest expense	-16	-15
Revaluations:		
– Actuarial gains and losses on changed demographic assumptions	0	2
– Actuarial gains and losses on changed financial assumptions	-48	58
– Experienced-based adjustments	-9	-6
Settlement and changes in the pension plan	443	0
Reclassification	-	0
Benefits paid	54	33
Increase through acquisitions	-	-137
Measurement period adjustment	-131	-
Foreign currency translation difference	-42	51
Defined benefit pension obligation at year end	-373	-625

Change in fair value of plan assets for the year	2016	2015
Fair value of plan assets at beginning of year	514	463
Employer contributions	47	27
Contributions from plan participants	-	-16
Interest income	13	11
Return on plan assets, excluding interest income	0	-1
Actuarial gains and losses	22	8
Additional contributions	1	26
Settlement and changes in the pension plan	-443	-
Benefits paid	-47	-9
Increase through acquisitions	-	50
Measurement period adjustment	93	-
Foreign currency translation difference	34	-45
Fair value of plan assets at year end	234	514

Plan assets are comprised of	2016	2015
Cash and cash equivalents and current investments	69	5
Shares	10	24
Private equity	-	12
Alternative investments (hedge funds)	1	9
Credits	12	106
Government bonds	23	234
Fixed-income securities	10	19
Real estate	-	52
Other	109	53
TOTAL PLAN ASSETS	234	514

Defined benefit pension plans	2016	2015
Net expense in the income statement		
Current service costs	-25	-25
Curtailment gain	26	11
Net interest income/interest expense	-3	-4
TOTAL NET EXPENSE	-2	-17
Net expense is recognised in the income statement as		
Personnel costs	-2	-17
Net expense in profit for the year	-2	-17
Expense recognised in other comprehensive income		
Revaluations:		
Actuarial gains (+) and losses (-)	-35	61
Net expense recognised in other comprehensive income	-35	61
NET EXPENSE RECOGNISED IN COMPREHENSIVE INCOME	-37	40

The defined benefit plans are exposed to actuarial risks such as life expectancy, currency, interest rate and investment risks.

	Norway		Netherlands		Germany		Belgium
Actuarial assumptions, %	2016	2015	2016	2015	2016	2015	2016
Discount rate	2.5	2.7	-0.1	2.4	2.0	2.2	1.5
Anticipated return on plan assets	2.5	2.7	0.0	2.4	0.0		1.5
Annual rate of salary increase	2.3	2.5	1.0	0-1.5	2.0	2.0	2.8
Annual rate of pension increase	0.0	0.0	0.0	1.7	1.5	1.5-4.0	0.0
Inflation	2.0	2.3	0.0		0.0		1.8
Discount rate jubilee	-	-	1.1	1.6	2.0	-	-
Life expectancy assumption, years							
- pensioned at end of period:							
Men	21.0	21.0	24.5	21.0	21.0	15.0	21.6
Women	24.1	24.1	26.9	24.0	25.0	18.0	25.3
Life expectancy assumption, years							
- pensioned 20 years after end of period:							
Men	23.2	23.2	26.9	23.0	14.0	21.0	-
Women	26.5	26.5	29.3	25.0	17.0	25.0	-
Other information							
Weighted average maturity of obligation, years	10.0	15.0	3.8		25.0		11.0
Number of active members in relation to total number of individuals, %	10	50	100		61		100

Sensitivity analysis

The table below presents possible changes in actuarial assumption on the balance sheet date (all other assumptions remaining constant) and how these would affect the defined benefit obligation.

Defined benefit obligation, SEK M	Increase	Decrease
Discount rate (-/+ 1% change)	244	260
Annual rate of salary increase (+/- 1% change)	41	50
Annual rate of pension increase (+/- 1% change)	47	34
Life expectancy (+/- 1 year)	194	199

For the financial year 2017, contributions to plans for post-retirement benefits are estimated at around SEK 1 million. The Group estimates that approximately SEK 43 million will be paid to defined benefit pension plans during 2017.

DEFINED CONTRIBUTION PENSION PLANS

	2016	2015
Allocation of expenses by pension plan		
Sweden, Alecta	-302	-258
Sweden, AIP	-16	-20
Finland	-171	-165
Netherlands	-118	-10
Norway	-65	-65
Denmark	-56	-14
United Kingdom	-30	-8
Belgium	-12	-3
Other countries	-4	-0
TOTAL	-773	-543

28 OTHER PROVISIONS

GROUP

Change in fair value for the year	2016				2015			
	After-care liabilities	Restructuring	Other provisions	Total	After-care liabilities	Restructuring	Other provisions	Total
Other provisions								
Opening balance, other provisions	174	69	35	279	–	–	–	–
Increase through acquisition	–	–	5	5	176	21	33	230
Measurement period adjustment	–	–	30	30	–	–	–	–
Provision for the year	–	53	8	61	0	68	6	74
Utilised provision	-2	-10	-15	-27	0	-19	-2	-22
Reversal of unutilised provision	–	-18	-1	-19	2	0	–	2
Interest	8	–	–	8	0	0	–	0
Foreign currency translation difference	8	3	2	13	-3	-1	-1	-6
Reclassification to accrued expenses	–	-54	-2	-56	–	–	–	–
TOTAL OTHER PROVISIONS	189	43	62	293	174	69	35	279
OF WHICH, CURRENT OTHER PROVISIONS	5	42	13	61	1	68	16	85

After-care liabilities

The Group is responsible for the after-care of waste sites in the Netherlands and ensuring that waste products are processed for storage, and for securing long-term waste product maintenance. The provisions for landfill sites are calculated pursuant to IPO's RIINAS model (umbrella organisation for twelve provinces in the Netherlands) at a 4 to 5 per cent (4.00–5.00) discount rate.

Restructuring

Provisions include the anticipated costs incurred as a result of the Group's decision to conduct restructuring activities, primarily related to operations in the Netherlands. Provisions for restructuring are only recognised when Sweco has a formal detailed restructuring plan in place and has notified those impacted by the plan as at 31 December 2016. Amounts are based on management's best estimates and are adjusted if there are changes to these estimates. Most of the provision as at 31 December 2016 will be used during 2017.

Other provisions

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

29 LIABILITIES UNDER FINANCE LEASES

GROUP

	2016		2015	
	Present value	Nominal amount	Present value	Nominal amount
In current interest-bearing liabilities				
Due within one year	21	27	23	27
Total current liabilities	21	27	23	27
In liabilities to credit institutions				
Due within more than one but less than five years	71	83	73	74
Due within more than five years	34	95	34	34
Total non-current liabilities	105	178	107	108
TOTAL LIABILITIES UNDER FINANCE LEASES	126	205	130	135

Liabilities under finance leases are recognised in the balance sheet at present value. The above table also shows nominal liabilities, comprising the sum of future lease payments and residual value at the end of the lease period.

30 ACCRUED EXPENSES, PREPAID INCOME AND OTHER CURRENT LIABILITIES

Accrued expenses and prepaid income	Group		Parent Company	
	2016	2015	2016	2015
Accrued payroll costs	185	148	5	3
Accrued holiday and overtime pay	714	698	1	2
Accrued social fees	358	387	9	6
Other personnel-related costs	99	141	6	12
Accrued IT expenses	8	4	–	–
Accrued audit and consulting costs	7	14	–	–
Accrued rents	18	17	–	–
Accrued waste management costs	55	45	–	–
Accrued interest	13	8	3	3
Prepaid income	5	6	–	–
Other	220	176	14	8
TOTAL ACCRUED EXPENSES AND PREPAID INCOME	1,681	1,644	38	32

Other current liabilities	Group		Parent Company	
	2016	2015	2016	2015
VAT	492	442	–	–
Employee withholding tax	199	133	1	1
Derivatives	0	0	–	–
Other	78	175	0	5
TOTAL OTHER CURRENT LIABILITIES	768	750	1	6

31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	2016	2015	2016	2015
Pledged assets				
Pledged funds for rent	22	–	–	–
TOTAL PLEDGED ASSETS	22	–	–	–
Corporate liabilities				
Corporate guarantees	245	185	145	117
Total corporate guarantees	245	185	145	117
Bank guarantees				
Advance payment guarantees	161	191	83	35
Performance guarantees	116	208	69	88
Other	184	120	76	87
Total bank guarantees	461	518	228	210
TOTAL CONTINGENT LIABILITIES	706	704	373	326

Contingent liabilities for 2015 have been updated. Sweco AB has issued a guarantee pursuant to Article 2:403 of the Dutch Civil Law (Burgerlijk Wetboek) under which the Parent Company is the guarantor for liabilities and obligations of Sweco Holdco B.V.

32 FINANCIAL INSTRUMENTS BY CATEGORY

GROUP

The fair value and carrying amount are recognised in the balance sheet as shown below. Carrying amount is considered a good approximation of fair value.

2016	Carrying amount				Total carrying amount	Fair value		Total
	Assets held for trading	Loans and receivables	Available-for-sale financial assets	Other liabilities		Level 2	Level 3	
Financial assets measured at fair value								
Shares	–	–	14	–	14	–	14	14
TOTAL	–	–	14	–	14	–	14	14
Financial assets not carried at fair value								
Non-current receivables	–	133	–	–	133	–	–	–
Trade receivables	–	2,618	–	–	2,618	–	–	–
Cash and cash equivalents	–	892	–	–	892	–	–	–
TOTAL	–	3,643	–	–	3,643	–	–	–
Financial liabilities measured at fair value								
Currency forwards for hedging	2	–	–	–	2	2	–	2
TOTAL	2	–	–	–	2	2	–	2
Financial liabilities not carried at fair value								
Liabilities to credit institutions	–	–	–	2,325	2,325	–	–	–
Liabilities under finance leases	–	–	–	126	126	–	–	–
Other non-current liabilities	–	–	–	26	26	–	–	–
Trade payables	–	–	–	698	698	–	–	–
TOTAL	–	–	–	3,175	3,175	–	–	–

2015	Carrying amount				Total carrying amount	Fair value		Total
	Assets held for trading	Loans and receivables	Available-for-sale financial assets	Other liabilities		Level 2	Level 3	
Financial assets measured at fair value								
Shares	–	–	14	–	14	–	14	14
Currency forwards for hedging	–	–	–	–	–	–	–	–
TOTAL	–	–	14	–	14	–	14	14
Financial assets not carried at fair value								
Non-current receivables	–	99	–	–	99	–	–	–
Trade receivables	–	2,441	–	–	2,441	–	–	–
Cash and cash equivalents	–	544	–	–	544	–	–	–
TOTAL	–	3,084	–	–	3,084	–	–	–
Financial liabilities measured at fair value								
Currency forwards for hedging	2	–	–	–	2	2	–	2
TOTAL	2	–	–	–	2	2	–	2
Financial liabilities not carried at fair value								
Liabilities to credit institutions	–	–	–	2,102	2,102	–	–	–
Liabilities under finance leases	–	–	–	130	130	–	–	–
Other non-current liabilities	–	–	–	26	26	–	–	–
Trade payables	–	–	–	655	655	–	–	–
TOTAL	–	–	–	2,913	2,913	–	–	–

In the above table, non-current receivables are comprised of held-to-maturity investments and "Other non-current receivables" with the exception of pension assets. See also Note 21.

PARENT COMPANY

Fair value and carrying amount are recognised in the balance sheet as shown below:

2016	Carrying amount				Fair value	
	Loan and trade receivables	Available-for-sale financial assets	Other liabilities	Total carrying amount	Level 3	Total
Other non-current securities	–	1	–	1	1	1
Other non-current receivables	2	–	–	2	–	–
Cash and cash equivalents	570	–	–	570	–	–
TOTAL	572	1	–	573	1	1
Non-current interest-bearing liabilities	–	–	1,368	1,368	–	–
Trade payables	–	–	25	25	–	–
TOTAL	–	–	1,393	1,393	–	–

2015	Carrying amount				Fair value	
	Loan and trade receivables	Available-for-sale financial assets	Other liabilities	Total carrying amount	Level 3	Total
Other non-current securities	–	1	–	1	1	1
Other non-current receivables	2	–	–	2	–	–
Cash and cash equivalents	13	–	–	13	–	–
TOTAL	15	1	–	16	1	1
Non-current interest-bearing liabilities	–	–	1,890	1,890	–	–
Current interest-bearing liabilities	–	–	201	201	–	–
Trade payables	–	–	62	62	–	–
TOTAL	–	–	2,154	2,154	–	–

The table above provides information about the method for determining the fair value of financial instruments measured at fair value in the balance sheet. The hierarchy for determining fair value is based on the following three levels.

- Level 1: according to quoted market prices in active markets for identical instruments
- Level 2: according to directly or indirectly observable market inputs that are not included in level 1
- Level 3: according to inputs that are not based on observable market data

No transfers between any of the levels took place during the year.

Measurement of fair value

Below is a summary of the primary methods and assumptions used to determine the fair values of the financial instruments reported in the above tables.

The fair value of a listed financial asset is equal to the asset's quoted market price on the balance sheet date. The fair value of unlisted financial assets is determined through market valuation, such as recently completed transactions, the price of similar instruments and discounted cash flows. When there is no reliable basis for determining fair value, financial assets are measured at amortised cost.

For forward exchange contracts, fair value is determined on the basis of quoted market prices for forward exchange contracts on the balance sheet date.

The value of non-current loans is recognised as accrued amortised cost, which is considered a good approximation of fair value.

The fair value of finance lease liabilities is based on the present value of future cash flows discounted at the market rate of interest for similar lease contracts (Level 2).

For trade receivables and payables with a remaining life of less than one year, the carrying amount is assessed to reflect fair value.

The table below presents reconciliation between the opening and closing balances for financial instruments measured at fair value in the balance sheet based on a valuation technique that uses unobservable market data (Level 3).

GROUP

GROUP	Financial investments
Opening balance at 1 January 2015	13
Total reported gains and losses	–
– recognised in profit for the year	–
– recognised in other comprehensive income	16
Cost of acquisitions	274
Reclassification	-290
Increase through acquisitions	1
CLOSING BALANCE AT 31 DECEMBER 2015	14
Gains and losses recognised in profit for the year for assets included in the closing balance at 31 December 2015	–
Opening balance at 1 January 2016	14
Total reported gains and losses	–
– recognised in profit for the year	–
– recognised in other comprehensive income	1
Cost of acquisitions	0
Reclassification	0
CLOSING BALANCE AT 31 DECEMBER 2016	14
Gains and losses recognised in profit for the year for assets included in the closing balance at 31 December 2016	–

33 FINANCIAL RISKS AND FINANCE POLICY

Through its operations, the Group is exposed to various types of financial risk arising from fluctuations in earnings and cash flow due to changes in exchange rates, interest rates, refinancing and credit risks.

FINANCE POLICY

To control and minimize the financial risks to which the Group is exposed, the Board of Directors has drawn up a finance policy that is revised and adopted at least once a year. The policy regulates the division of responsibilities between local companies and the corporate finance department, and specifies the financial risks at the Group is permitted to take and how these risks are to be managed. Surplus cash is invested primarily in fixed-income instruments in the money market, with low credit risk and high liquidity as required criteria. Transaction exposure for customer projects is hedged primarily through forward exchange contracts.

MARKET RISK

Market risk is the risk for fluctuations in the value of financial investments due to changes in market prices. Sweco's policy minimises this risk by limiting the average duration of financial investments to 120 days.

CURRENCY RISKS

Transaction exposure

The Group's exposure to currency risk is primarily related to potential exchange rate fluctuations in contracted and anticipated payment flows in foreign currency. The objective in management of currency risk is to minimise the effects of exchange rate movements on the Group's profit and financial position. The Group normally has natural risk coverage in that both sales and expenses are denominated in local currency. In cases where contracts are entered into in a non-local currency, the contracted and anticipated payment flows are hedged through forward exchange contracts after matching incoming and outgoing payments in the same currency.

The Group's transaction exposure from exports in 2016 can be broken down into the following significant currencies:

	2016			2015		
	EUR	USD	NOK	EUR	USD	NOK
Income	342	89	100	151	62	32
Expenses	-202	-31	-48	-242	-94	-51
NET	139	58	52	-91	-32	-19

On the balance sheet date, the Group had the following open forward exchange contracts with a remaining time to maturity of between 0 and 66 months (0 and 78 months).

Currency	Contract amount		Unrealised gain + / losses -		Average rate	
	2016	2015	2016	2015	2016	2015
EUR	14	4	1	0	9.46	9.24
GBP	-14	-	0	-	10.80	-
TRY	-27	-	-2	-	2.58	-
NOK	-19	-13	1	0	1.02	1.05
USD	3	10	0	0	8.19	8.35
Other	0	1	0	-1	-	-

2016	Nominal amount in original currency				
	Total	0-1 years	1-5 years	>5 years	
Interest-bearing liabilities	2,284	874	1,410	-	
Forward exchange contracts, EUR	2	14	-29	40	4
Forward exchange contracts, GBP	-1	-14	-14	-	-
Forward exchange contracts, TRY	-10	-27	-27	-	-
Forward exchange contracts, NOK	-18	-19	-19	-	-
Forward exchange contracts, USD	0	3	3	-	-
Finance lease liabilities	205	27	83	95	
Trade payables	698	698	0	-	
Other liabilities	794	768	26	-	
TOTAL	3,938	2,280	1,559	99	
2015	Nominal amount in original currency				
	Total	0-1 years	1-5 years	>5 years	
Interest-bearing liabilities	2,009	130	1,879	-	
Forward exchange contracts, EUR	0	4	-33	28	9
Forward exchange contracts, NOK	-14	-13	-13	-	-
Forward exchange contracts, USD	2	11	8	3	-
Forward exchange contracts, other	1	1	-	-	-
Finance lease liabilities	124	24	67	33	
Trade payables	655	650	5	-	
Other liabilities	776	750	26	-	
TOTAL	3,567	1,517	2,008	42	

Forward exchange contracts in EUR for 2015 have been updated.

Hedge accounting was not applied for the forward exchange contracts outstanding on the balance sheet date. Valuation gains/losses on forward exchange contracts are recognised in other external expenses in the income statement and fair value is recognised in other current receivables/liabilities in the balance sheet.

Translation exposure

When the balance sheets of foreign subsidiaries are translated to SEK, a foreign currency translation difference arises due to the fact that the current year is translated at a different rate than the preceding year, and that the income statement is translated at the average exchange rate during the year while the balance sheet is translated at the closing day rate.

Translation exposure is comprised of the risk for changes in equity resulting from translation differences. For the significant currencies, translation exposure at 31 December 2016 was NOK 522 million (473), GBP 73 million (132), DKK 496 million (764) and EUR 271 million (315). The Group's policy is to not hedge translation exposure in foreign currencies except in connection with major acquisitions. Sweco previously decided to hedge the net investments in FMC Group and Grontmij Group with foreign currency loans denominated in EUR, which totalled EUR 186 million (186) as at the balance sheet date.

Balance sheet exposure

On the translation of assets and liabilities in intra-group transactions, balance sheet exposure arises in the difference between exchange rates on the transaction date and the closing day rate. The resulting exchange difference is recognised over the income statement.

Foreign exchange differences recognised in income statement	Group		Parent Company	
	2016	2015	2016	2015
Other operating expenses	-2	-9	-1	-
Total foreign exchange differences in operating profit	-2	-9	-1	-
Financial income	17	-	7	-
Financial expenses	-	-10	-	-14
Total foreign exchange differences in net financial items	17	-10	7	-14
TOTAL FOREIGN EXCHANGE DIFFERENCES IN PROFIT AFTER TAX	15	-19	6	-14

INTEREST RATE RISK

Interest rate risk refers to the effects of interest rate movements on the Group's net financial items and fluctuations in the value of financial instruments due to changes in market interest rates. All loans carry interest with short fixed-interest periods. The company's assessment is that loans with short interest periods result in the lowest risk and financing cost over time.

LIQUIDITY RISK

Liquidity risk (the risk that the Group will incur higher costs due to insufficient liquidity), cash flow risk (the risk for variations in the size of future cash flows generated by financial instruments) and refinancing risk (the risk for costly refinancing of matured loans) are deemed minor in view of the Group's financial position with unutilised bank overdraft facilities which, including cash and cash equivalents, total SEK 2,138 million (2,229). There are cash pools in place to minimise the borrowing requirement through the use of surplus liquidity in the Group. The bank overdraft facilities are renewed every year and are not associated with any special conditions or obligations; see also Note 26.

An age analysis of financial liabilities is shown in the table below:

CREDIT RISK

The risk that the Group's customers will not meet their obligations (i.e., that payment will not be received from the customers), constitutes a customer credit risk. The Group carries out regular credit assessment of new customers.

Sweco currently has around 19,000 customers in both the private and public sectors. Of total sales the public sector accounts for 48 per cent, property and construction companies for 16 per cent, industrial companies for 18 per cent and other private sector companies for 18 per cent.

The ten largest customers account for 19 per cent of total sales. Since Sweco is not dependent on any individual customer, there is little risk that trade receivable losses will have a significant impact on the company. Historically, such losses have been minor.

Age analysis, trade receivables	2016			2015		
	Gross	Provision	Net	Gross	Provision	Net
Trade receivables not yet due	1,922	–	1,922	1,895	–	1,895
Overdue trade receivables 0–30 days	361	-1	360	271	-3	268
Overdue trade receivables 31–90 days	131	-2	129	101	-2	99
Overdue trade receivables 91–180 days	90	-9	81	67	-4	63
Overdue trade receivables > 180 days	184	-57	127	180	-65	115
TOTAL	2,687	-69	2,618	2,513	-74	2,441

At 31 December 2016, trade receivables amounting to SEK 696 million (545) were overdue without any assessed need to recognise an impairment loss. These apply to a number of independent customers that have not previously had any solvency problems.

Trade receivables by currency	2016	2015
EUR	1,069	937
SEK	860	841
DKK	272	197
NOK	210	242
GBP	102	99
USD	28	31
PLN	26	29
CZK	17	26
Other currencies	33	38
TOTAL	2,618	2,441

Changes in provision for doubtful trade receivables	2016	2015
Opening reserve for doubtful trade receivables	-74	-27
Increase through acquisitions	0	-51
Provisions to reserve for doubtful trade receivables	-26	-15
Write-offs of non-collectible receivables for the year	4	7
Reversal of unutilised amount	30	14
Translation difference	-3	-2
CLOSING PROVISION FOR DOUBTFUL TRADE RECEIVABLES	-69	-74

SENSITIVITY ANALYSIS

To manage currency risks, the Group strives to minimise the impact of short-term fluctuations in profit and cash flows. In a longer perspective, however, profit, cash flows and equity will be affected by more lasting changes in exchange rates and interest rates.

Factor	Change +/-	2016 Impact on earnings +/- SEK M	2015 Impact on earnings +/- SEK M
Currency			
EUR	10%	22	1
NOK	10%	18	10
DKK	10%	5	
GBP	10%	1	
USD	10%	4	2
Interest rate on lending/borrowing	1%-point	17	8

The sensitivity analysis is based on the assumption that currency translation and transaction exposure, and all other factors, are constant. The effect is calculated based on a standard tax rate of 26 per cent.

CAPITAL MANAGEMENT

Sweco Group's financial objective is to uphold a good capital structure and financial stability in order to maintain the confidence of investors, creditors and the market. A good capital structure also creates a foundation for ongoing development of the Group's business operations. Capital is defined as total equity and non-controlling interests.

Capital	2016	2015
Equity	5,424	4,899
Non-controlling interests	10	9
TOTAL	5,435	4,907

Sweco Group's capital is used to finance acquisitions, to maintain a high level of financial flexibility and to provide competitive dividends to Sweco's shareholders.

The Group's dividend policy is to distribute at least half of profit after tax to the shareholders while also maintaining a capital structure that provides scope for development of and investment in the company's core operations. The Board of Directors has proposed that the 2017 Annual General Meeting approve a dividend of SEK 4.30 per share, equal to a dividend share of approximately 56 per cent of profit after tax. Through the dividend, a maximum of SEK 521 million will be distributed to the shareholders.

Sweco's target for financial strength is to maintain a level of net debt over time that does not exceed 2.0 times EBITDA. During the past five years, ordinary dividends totalled an average of around 70 per cent of profit after tax.

Sweco's 2016 Annual General Meeting granted authorisation for the Board to repurchase treasury shares to enable delivery of shares under the 2016 Share Savings Scheme and the 2016 Share Bonus Scheme, under which bonuses are paid in shares rather than in cash for operations in Sweden.

The Board proposes that the 2017 AGM authorise the Board to decide on the repurchase and transfer of treasury shares and to enable delivery of shares for the 2017 Share Savings Scheme and the 2017 Share Bonus Scheme.

34 RELATED PARTY TRANSACTIONS

The Group's related parties are major shareholders, joint ventures, associated companies, the Board of Directors and other senior executives.

Sales to related parties are carried out on market-based terms.

Goods and services totalling SEK 2 million (1) were sold to companies owned by the Nordström family (a shareholder controlling approximately 32.3 per cent of the votes in Sweco). Consulting service totalling SEK 1 million (2) were sold to companies owned by the Douglas family (which has a controlling interest in Investment AB Latour, a shareholder controlling approximately 20.8 per cent of the votes in Sweco). The related trade receivable at 31 December 2015 amounted to SEK 0 million (1). Consulting services totalling SEK 0 million (0) were sold to companies owned jointly by the Nordström and Douglas families.

The Group had insignificant sales to associated companies and joint ventures. Dividends from associated companies totalled SEK 1 million (1). Trade receivables with Associated companies at 31 December 2016 amounted to SEK 3 million (3).

For information on remuneration to the Board of Directors and senior executives, see Note 6.

35 EVENTS AFTER THE BALANCE SHEET DATE

On 13 February 2017 the Board of Directors proposed that the Annual General Meeting resolve on a distribution to the shareholders in the form of a dividend totalling a maximum of SEK 521 million (see Note 25).

On 6 February Sweco announced that it is acquiring the Finnish business of Karves Yhtiöt Oy and the total share capital of its subsidiaries Karves Suunnittelu Oy and Karves Energia & Valvonta Oy. The companies have more than 50 employees. Sweco is thereby further strengthening its offering and presence in the Finnish market.

36 CRITICAL ESTIMATES AND ASSESSMENTS

KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements in accordance with EU IFRS requires the company to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Estimates and underlying assumptions are based on historical experience and on several other factors that may be considered probable based on the specific conditions. The result of this process forms the basis for evaluating reported assets and obligations that may be difficult to identify from other sources. Actual results may deviate from these estimates.

Significant estimates and underlying assumptions are reviewed periodically. Revised estimates are reported during the period in which the estimate was revised if the revision affects only that year. Otherwise, they are reported during the year under review and future periods if the revision affects both the year under review and future periods.

Pension assumptions

Provisions for pensions are based on Sweco's best actuarial assumptions about the future (see Note 27). Deviations in the actual outcome of these parameters are recognised in other comprehensive income.

Impairment testing of goodwill

In determining the recoverable amount of cash-generating units for impairment testing of goodwill, the company made assumptions about future conditions and estimated key variables (see Note 13). As illustrated in Note 13, significant changes in these estimates and assumptions may affect the value of goodwill.

Valuation of work in progress

Approximately 33 per cent of Sweco's sales are generated in fixed price service contracts. Assets and liabilities in these contracts represent significant amounts. Work in progress is recognised at the value of contract revenue less confirmed losses and anticipated loss risks. Revenue is recognised based on the estimated stage of completion. If the stage of completion cannot be estimated reliably, the contract is valued on the basis of contract costs incurred. Determination of the risks in the projects and the percentage of completion is based on prior experience of similar projects and the specific conditions of each project. The balance sheet item is comprised of multiple contracts, none of which makes up a substantial share of the total. While miscalculation of an individual contract would not have a significant impact on the value of work in progress, a general miscalculation could have a significant impact, although this is not probable.

The effect of ongoing litigation and the valuation of contingent liabilities on the consolidated financial position

The Group has made a number of acquisitions in different countries over the years and has taken over certain contingent liabilities attributable to the acquired companies. Companies within the Group are also involved in various other legal proceedings arising in the ordinary course of business. For further information, see Note 31 and Note 33.

Reporting of income tax, VAT and other taxes

Reporting of income tax, VAT and other taxes is based on applicable regulations in the countries where the Group operates. Due to the overall complexity of tax and tax accounting regulations, application and reporting are based on interpretations and on estimates and assessments of possible outcomes. Deferred tax is calculated on temporary differences between the reported and taxable values of assets and liabilities. There are two main types of assumptions and assessments that affect reported deferred tax: assumptions and assessments (i) to determine the carrying amount of various assets and liabilities and (ii) regarding future taxable profit, in cases where future utilisation of reported and non-reported deferred tax assets is dependent on this in addition to existing deferred tax liabilities. Significant assessments and assumptions are also made when reporting provisions and contingent liabilities with respect to tax risks. For additional information on taxes, please see Note 10.

Impact from UK's referendum to leave the EU

Sweco's operations in the UK are primarily directed towards local customers in local currency. The preliminary assessment is thus that the implementation of UK's referendum to leave the EU will have limited effect on Sweco's local business. When translated to SEK, any positive or negative effects on the valuation of the British currency will affect the Group's consolidated accounts.

37 PARENT COMPANY INFORMATION

SWECO AB (publ), corporate identification number 556542-9841, is a Swedish-registered public limited company domiciled in Stockholm. The Parent Company's shares are listed on Nasdaq Stockholm. The headquarter address is: Sweco AB, Gjörwellsгатan 22, Box 34044, SE-100 26 Stockholm.

SIGNATURES OF THE BOARD OF DIRECTORS

The Board of Directors and the President & CEO give their assurance that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The annual accounts have been prepared in accordance with generally accepted accounting standards and give a true and fair view of the financial position and results of operations of the Parent Company.

The Board of Directors' report for the Group and the Parent Company gives a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, 16 March 2017

Johan Nordström
Board chairman

Anders G. Carlberg
Board member

Gunnel Duveblad
Board member

Johan Hjertonsson
Board member

Eva Lindqvist
Board member

Carola Teir-Lehtinen
Board member

Christine Wolff
Board member

Maria Ekh
Employee representative

Thomas Holm
Employee representative

Anna Leonsson
Employee representative

Tomas Carlsson
President & CEO

Our audit report was submitted on 16 March 2017
PricewaterhouseCoopers AB

Michael Bengtsson
Authorised Public Accountant

AUDITOR'S REPORT

(Translation of the Swedish original, for interpretation the Swedish version shall prevail)
To the general meeting of the shareholders of Sweco AB (publ), corporate identity number 556542-9841

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Sweco AB (publ) for the year 2016, with the exception of the Corporate Governance Report on pages 38–43 of the printed version of this document. The annual accounts and consolidated accounts of the company are included on pages 32–84 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

Sweco are engineering and architectural consultants and manages their assignments in projects. Thousands of project are ongoing within Sweco's decentralized organization. The majority of these project are based on time and material, there are however a significant part which is fixed price projects. The majority of the operations are conducted in 8 countries. Sweco's growth has been driven organically as well as through acquisitions. In our audit we have therefore focused on project accounting of projects (with focus on fixed price projects), acquisitions and valuation of goodwill (which is accounted for as a consequence of acquisitions made).

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

KEY AUDIT MATTER

Cut-off and accuracy in revenue recognition of fixed price projects

Sweco describe this area further in note 22, 33 and 36 in this annual report.

Accounting of revenues relating to fixed price projects require, in particular when it comes to fixed price projects, that estimates must be made. Sweco applies percentage of completion accounting for fixed price projects. The revenue to be accounted for can be impacted by various circumstances. Example of such circumstances can be changes in contractual terms, actual costs exceeding planned cost and discussions and negotiations regarding achievement of milestones may exist. Factors such as these can impact the accounting and thereby lead to a higher level of inherent uncertainty in this area. Accounting of revenue from fixed price projects which span over a longer period of time lead to a higher risk for errors were revenue may be accounted for in the wrong period and/or at the wrong amount. Since project accounting require estimates to be made errors may either occur due to conscious or unconscious errors and/or erroneous estimates.

uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account Sweco's structure, accounting processes and controls, and the industry in which the group operates.

Main focus areas and risks identified are further detailed in the "Key Audit Matters" included below. Our audit of Sweco mainly consist of the following main parts:

- Planning procedures and related activities
- Procedures relating to internal control over financial reporting, routines procedures based on assessed risk and Sweco's self-assessment.
- Limited review procedures to issue a limited review report for the third quarter closing 2016.
- Audit procedures for the full year 2016.
- Final audit procedures required to issue this auditors report for the parent company and the group. In connection to this procedures needed to issue our statement on adherence to the guidelines for remuneration to senior management.

The audit is performed by audit teams which are part of the PwC network. Work is conducted in accordance with local audit requirements and specific instructions and work programs. Local audit teams exists in each country and these auditors report the result of their work to the group audit team. In addition to work performed by the local audit teams the auditor in charge and members of the group audit team have performed five country visits outside of Sweden during the year. During these visits activities relating to the local balance sheets and income statements, discussions on internal control, routines and procedures and follow up and to compliance to these are performed. The scope and extent of our audit procedures for Sweco mean that we have covered all material units within Sweco which together represent a significant part of revenues, earnings and assets. The outcome of our work is during the year continuously reported to the company, the Audit Committee and for the full year also to the Board of Directors.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We have in our audit performed certain main activities including, though not limited to, the following:

- Testing on a sample basis that information in the project management system tie to the accounting system.
- Examined a selection of projects and performed a walk-through of projects with the responsible controller
- The walk through of projects includes verifying existing agreements, challenging the percentage of completion, examination of support for project provisions, assessments on the aging of project balances and explanations to overdue but not paid invoices.
- Procedures relating to internal control and routines for additions to existing projects, for making sure registered hours are assessed for invoicing and testing of IT-general controls.
- Examination of routines and procedures to assess consistent application of accounting principles for project provisions.

No observations of significance have been reported to the Audit Committee as a result of our audit in this area.

Acquisition accounting and assessments in connection to the acquisition of Grontmij
Sweco describe this area further in Note 7, 12 and 36 in this annual report.

Valuation of acquired assets and liabilities should be made at fair value. The methods applied to achieve this require that assumptions are made. Significant assumptions made on connection to the preparation of the acquisition balance sheet and analysis of Grontmij are for example the valuation of the acquired real estate and waste management operations (which is considered non-core part of the Sweco operations) and assessments relating to the valuation of work in progress. When making assessments relating to areas such as those mentioned above there is a risk for errors which can have a significant impact on the financial statements of Sweco. Sweco has performed procedures to ensure that assessments made as per the point of the acquisition are reasonable. Forward looking routines were also implemented to ensure no significant out of period income statement impacts would be accounted for in the periods after the acquisition.

Valuation of goodwill

Sweco describe this area further in Note 13 and 36 in this annual report.

Sweco's growth has historically been partly driven by acquisitions. Acquisitions leads to goodwill. Sweco's goodwill amounts to MSEK 6,098, equivalent to 44% of total assets. Each year management prepares an impairment test of goodwill. The test aims to test the goodwill value, i.e. whether book value of the asset tested exceeds its recoverable amount or not. The calculation of the impairment test is based on management's estimates and assumptions considering for example revenue and margin development and discount rate (WACC). A development which deviates negatively from the assumptions included in the test can trigger a need for impairment. The test is performed for each Cash Generating Unit. Sweco has defined these as their Business Areas. The Business Areas have their own management team and it is on this level that Sweco monitors their goodwill. Sweco's impairment test shows that no need for impairment exists.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–31 and 88–101. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

We have in our audit performed certain main activities including, though not limited to, the following:

- Examination of Sweco's routines for follow up of the acquisition balance sheet.
- On a sample basis tested the accuracy and valuation of actual outcome of adjustments made to the acquisition balance sheet as per the date of the acquisition.
- On a sample basis verified the accuracy and value of items identified post acquisition but subsequently being adjusted for against the acquisition balance sheet.
- Controlled and assessed the accounting treatment of out of period income statement items that was identified (and adjusted for against the acquisition balance sheet instead of the income statement).

Assumptions which are the base for the acquisition accounting of Grontmij are deemed to be within a reasonable range.

We have in our audit performed for example the following key audit activities:

- Examined Sweco's model for impairment testing in order to conclude on the mathematical accuracy and reasonability in assumptions applied.
- On a sample basis verified data used in the impairment test calculation versus the budgets prepared by Sweco. In the test focus has been revenue growth, the operating margin and its assessed development and the applied discount rate. We have also verified data against external sources when possible.
- Performed sensitivity analysis were the effects of changes in assumptions and assessments are analysed to identify when/if/in what extent changes in these triggers a need for impairment.
- Examined that disclosure requirements according to IAS 36 Impairment have been included in the annual report.

Assumptions which form the basis for Sweco's impairment test are deemed to be within a reasonable range.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sweco AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always

detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

The auditors' examination of the corporate governance report

The Board of Directors is responsible for the Corporate Governance Report on pages 38–43 of the printed version of this document having been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance report is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, the second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7, Section 31, the second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 16 March 2017
PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

SENSITIVITY ANALYSIS

Sweco's earnings are influenced by a number of factors. The billing ratio is of vital importance for attaining high profitability in a consulting company, where small changes in capacity utilisation and prices have a significant impact on earnings, both upwards and downwards. For Sweco, an increase in the billing ratio (capacity utilisation) by one percentage point (around 25 minutes per consultant and week) would

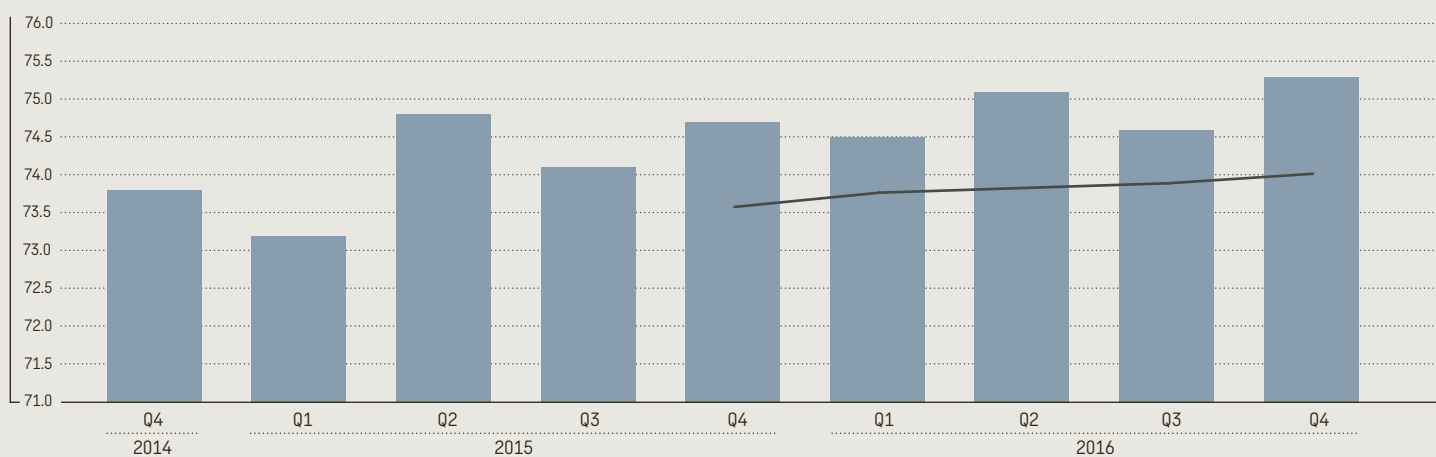
result in an increase in profit of around SEK 189 million. An increase of SEK 10 in the average hourly fee would lead to an increase in annual profit of around SEK 187 million. The table shows the effects of some key variables on cash flow, operating profit and earnings per share based on the annual accounts for 2016. For every assumed change, all other variables are assumed to be constant.

Factor	+/-	Effect +/-	
		Cash flow/operating profit	Earnings per share ¹
Net sales			
– average fee	1%	SEK 142 million	SEK 0.89
– average hourly fee	SEK 10	SEK 187 million	SEK 1.17
– billing ratio	1%-point	SEK 189 million	SEK 1.19
Personnel costs			
– personnel costs	1%	SEK 108 million	SEK 0.68
Overhead expenses			
– overhead expenses	1%	SEK 19 million	SEK 0.12
Calendar effect			
– calendar effect	1 hour	SEK 7 million	SEK 0.04

1) After 25 per cent standard tax.

BILLING RATIO BY QUARTER¹

%



1) Billing ratio for rolling 12 months and quarter 4 2014 until quarter 3 2015 is pro forma including Grontmij.

■ Quarter — Rolling 12 months

THE SWECO SHARE

Sweco AB's shares have been listed on Nasdaq Stockholm since 21 September 1998. Sweco's share capital is divided into Class A, Class B and Class C shares. Class A and B shares grant equal entitlement to dividends; Class C shares do not. Class A shares grant entitlement to one vote and Class B and C shares to one-tenth of one vote. Class A and B shares are listed. Class C shares were issued as per resolution of the 2016 AGM. The Class C shares were issued to enable the company to deliver shares (following conversion of the Class C shares to Class B shares) to employees under the 2016 Share Bonus Scheme. Sweco's Articles of Association grant shareholders the right to convert Class A shares to Class B shares. The combined market capitalisation of Sweco shares at year-end was SEK 22,260 million.

SHARE PRICE PERFORMANCE AND TRADING

The closing price for the Sweco B share was SEK 180.20 at year-end 2016, representing an increase of 45 per cent during the year. Over the same period, Nasdaq Stockholm rose by 6 per cent. The highest closing price for the Class B share in 2016 was SEK 188.80 and the lowest was SEK 108.00. The highest closing price for the Class A share was SEK 285.60 and the lowest was SEK 112.00.

A total of 18,288,171 Sweco shares were traded on Nasdaq Stockholm during the year. The average trading volume per business day was 71,453 Class B shares and 842 Class A shares.

The annual total yield on the Sweco B share, defined as the sum of share price performance and reinvested dividends, has averaged at 31 per cent over the past five years. The corresponding figure for Nasdaq Stockholm was a total of 16 per cent.

SWECO AB'S SHARE^{1,2}

	Number		Holding, %	
	Shares	Votes	Shares	Votes
A	10,533,731	10,533,731.0	8.7	48.6
B	110,550,088	11,055,008.8	90.6	51.0
C	900,000	90,000.0	0.7	0.4
TOTAL	121,983,819	21,678,739.8	100.0	100.0

1) As at 30 December 2016, including a total of 2,429,549 treasury shares (1,529,549 Class B shares and 900,000 Class C shares) and a total of 242,954.9 votes pertaining to treasury shares.

2) Based on data from Euroclear Sweden AB.

LARGEST SHAREHOLDERS AT 30 DECEMBER 2016^{1,2}

Shareholder	Number of A shares	Number of B shares	Number of C shares	Total	Votes, % ³	Holding, % ³
Nordström family	5,948,808	10,553,778	0	16,502,586	32.3	13.5
Investmentaktiebolaget Latour	1,375,605	31,246,875	0	32,622,480	20.8	26.7
J. Gust. Richerts Memorial Foundation	1,991,260	67,832	0	2,059,092	9.2	1.7
NN Group	0	6,129,130	0	6,129,130	2.8	5.0
ODIN fonder	0	4,959,999	0	4,959,999	2.3	4.1
Lannebo fonder	0	4,078,526	0	4,078,526	1.9	3.3
Swedbank Robur Fonder	0	4,049,923	0	4,049,923	1.9	3.3
SEB Investment Management	0	3,366,140	0	3,366,140	1.6	2.8
JPM Chase NA	0	2,492,326	0	2,492,326	1.2	2.0
Öhman, Anders	200,000	200,000	0	400,000	1.0	0.3
Total, ten largest shareholders	9,515,673	67,144,529	0	76,660,202	72.7	65.0
Other	1,018,058	43,405,559	900,000	45,323,617	27.3	35.0
TOTAL	10,533,731	110,550,088	900,000	121,983,819	100.0	100.0

1) Including a total of 2,429,549 treasury shares (1,529,549 Class B shares and 900,000 Class C shares) and a total of 242,954.9 votes pertaining to treasury shares.

2) Based on data from Euroclear Sweden AB.

3) Unlike the percentages indicated for each individual shareholder, figures for "Total, ten largest shareholders" are not based on rounded-off shares.

TREASURY SHARES

At 31 December 2016 Sweco held a total of 2,429,549 treasury shares (including 1,529,549 Class B shares with an average purchase price of SEK 115.16, corresponding to SEK 176 million). The market value of the

Class B treasury shares at the end of the year was SEK 276 million. The treasury shares correspond to 2.0 per cent of the total number of shares and 1.1 per cent of the votes.

DISTRIBUTION OF SHAREHOLDINGS AT 30 DECEMBER 2016^{1,2}

Number of shares	Number of shareholders	Number of A shares	Number of B shares	Number of C shares	Holding, %	Votes, %
1–500	10,103	84,107	1,387,883	0	1.2	1.0
501–1,000	1,503	30,847	1,055,693	0	0.9	0.6
1,001–10,000	2,295	252,858	5,819,411	0	5.0	3.9
10,001–50,000	290	227,624	5,560,387	0	4.7	3.6
50,001–100,000	61	222,802	4,005,980	0	3.5	2.9
100,001–	106	9,715,493	92,720,734	900,000	84.7	88.0
TOTAL	14,358	10,533,731	110,550,088	900,000	100.0	100.0

1) Including a total of 2,429,549 treasury shares (1,529,549 Class B shares and 900,000 Class C shares) and a total of 242,954.9 votes pertaining to treasury shares.

2) Based on data from Euroclear Sweden AB.

INCENTIVE SCHEMES FOR SENIOR EXECUTIVES

The 2016 Annual General Meeting (like the AGMs in 2011–15) resolved to implement a long-term share savings scheme for senior executives in the Sweco Group: the 2016 Share Savings Scheme. Under the scheme, participants may use their own funds to acquire Class B shares in Sweco (“Saving Shares”) on Nasdaq Stockholm for an amount equivalent to 5 to 10 per cent of the respective participant’s basic annual salary for 2016. If the Saving Shares are held until the announcement of the year-end report for the 2019 financial year (“the Retention Period”) and the participant remains employed in his/her position or an equivalent position in the Sweco Group throughout the Retention Period, each Savings Share shall thereafter grant entitlement to one Class B share in Sweco

without consideration (“Matching Share”) and – provided that the set performance criteria have been met – to an additional number of not more than one to four Class B shares in Sweco (“Performance Shares”). The granting of Performance Shares is conditional on a positive total yield for the Sweco share, and is also dependent on the Sweco share’s total yield in relation to a group of benchmark companies.

The Board has decided to propose that the 2017 AGM approve the implementation of a long-term share savings scheme for up to 100 senior executives and key staff in the Sweco Group.

The participants and number of shares covered by each of the earlier share savings schemes are shown below.

	Share savings scheme				Total
	2013 ²	2014	2015	2016	
Number of participating executives/key staff	29	46	55	56	–
Number of Savings Shares acquired by participants with own funds at market price	25,292	31,579	32,377	26,012	115,260
Maximum number of Matching and Performance Shares that can be delivered to participants ¹	90,431	103,814	104,414	86,360	385,024
Retention Period runs until publication of year-end report for financial year	2016	2017	2018	2019	–

1) If Savings Shares are held until the end of the respective Retention Period and the participant remains employed in his/her position, each Savings Share grants entitlement to one Matching Share and – provided that performance criteria for total yield for the Sweco share are met – to an additional number of not more than one to four Performance Shares.

2) The scheme expired in conjunction with the publication of the 2016 year-end report. The Board subsequently decided to allocate a total of 90,431 Class B shares to the remaining participants.

The number of Performance Shares allocated to participants at the end of the share savings scheme is dependent on the performance of the Sweco Class B share as compared with the share performance of a comparison group determined by Sweco’s Board of Directors. The Board may change the composition of the comparison group as required due to the de-listing of a comparison company during the savings period. The table below lists the comparison groups used for Sweco’s share saving schemes.

Comparison group 2011 share savings scheme	Comparison group 2012–14 share savings schemes	Comparison group 2015–16 share savings schemes
Atkins	Atkins	Arcadis
Grontmij	Pöyry	Atkins
Pöyry	Rejler Group	Multiconsult
Rejler Group	ÅF	Pöyry
ÅF		Rejler Group
		ÅF

SHARE BONUS SCHEME

In accordance with the Board’s proposal, Sweco’s 2016 Annual General Meeting (held on 14 April 2016) resolved to introduce a Share Bonus Scheme for the greater part of Group employees in Sweden. The resolution included decisions to implement a 2016 Share Bonus Scheme; to conduct a directed share issue of Class C shares; to authorise the Board of Directors to repurchase newly-issued Class C shares; and to transfer treasury shares in order to settle commitments under the 2016 Share Bonus Scheme. A maximum of 1,500,000 shares are comprised in the 2016 Share Bonus Scheme.

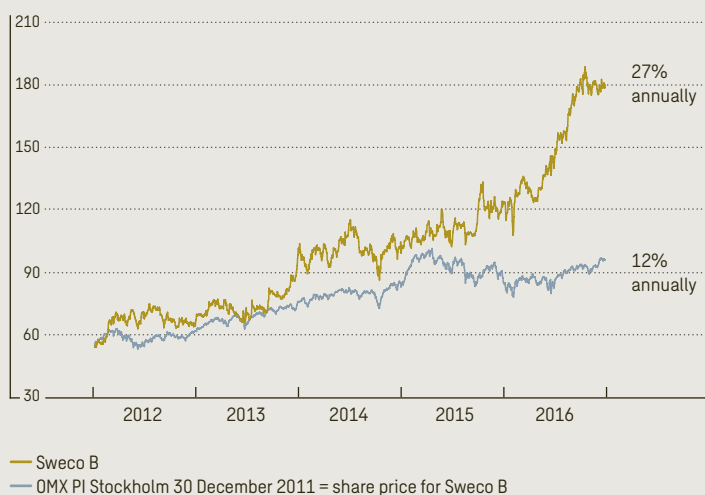
DIVIDEND POLICY

Sweco’s dividend policy is to distribute at least half of profit after tax to the shareholders while maintaining a capital structure that permits development of and investments in the company’s core business.

PROPOSED DIVIDEND

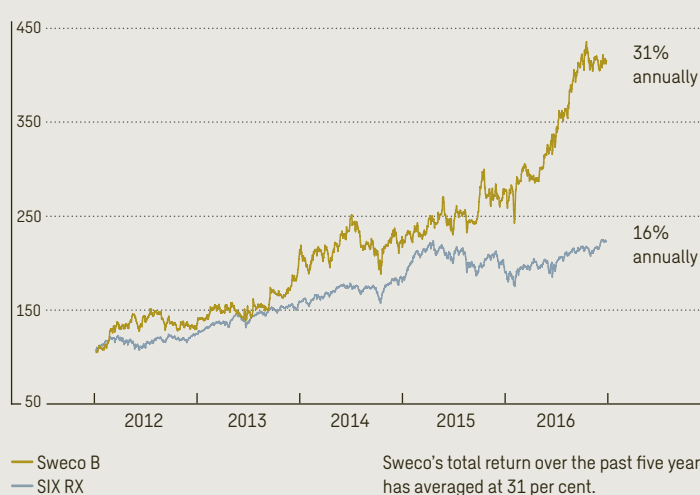
The Board of Directors proposes a dividend for the 2016 financial year of SEK 4.30 per share (3.50), amounting to a maximum capital distribution of SEK 521 million (421).

SHARE PRICE PERFORMANCE 5-YEAR SEK



TOTAL RETURN 5 YEAR

Index 100 = 30 December 2011



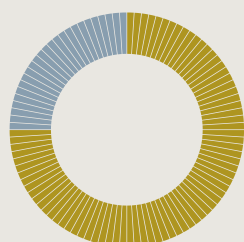
SHARE CAPITAL DEVELOPMENT¹

Date	Change in number of shares			Total number of shares			Quota value, SEK	Share capital, SEK M
	A shares	B shares	C shares	A shares	B shares	C shares		
2011, Aug: Conversion	-3,399	3,399	-	9,385,676	82,131,171	-	1	91.5
2012, May: Conversion	-4,012	4,012	-	9,381,664	82,135,183	-	1	91.5
2013, Mar: Conversion	-3,300	3,300	-	9,378,364	82,138,483	-	1	91.5
2013, Dec: Conversion	-6,000	6,000	-	9,372,364	82,144,483	-	1	91.5
2014, Feb: Conversion	-4,200	4,200	-	9,368,164	82,148,683	-	1	91.5
2014, May: New share issue	-	-	900,000	9,368,164	82,148,683	900,000	1	92.4
2015, May: New share issue	-	-	900,000	9,368,164	82,148,683	1,800,000	1	93.3
2015, May: Conversion and redemption	-	433,741	-900,000	9,368,164	82,582,474	900,000	1	92.9
2015, Sep: Issue in kind	-	13,116,828	-	9,368,164	95,699,302	900,000	1	106.0
2015, Oct: Issue in kind	-	1,832,419	-	9,368,164	97,531,721	900,000	1	107.8
2015, Dec: New share issue	1,171,020	12,123,925	-	10,539,184	109,655,646	900,000	1	121.2
2016, Mar: Conversion	-5,453	5,453	-	10,533,731	109,661,099	900,000	1	121.1
2016, May: New share issue	-	-	900,000	10,533,731	109,661,099	1,800,000	1	122.0
2016, May: Conversion and redemption	-	900,000	-900,000	10,533,731	110,550,088	900,000	1	122.0

1) As at 30 December 2016, including a total of 2,429,549 treasury shares (1,529,549 Class B shares and 900,000 Class C shares) and a total of 242,954.9 votes pertaining to treasury shares.

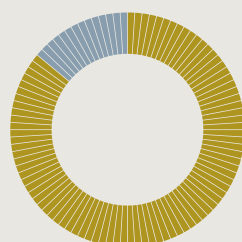
SHAREHOLDERS PER CATEGORY, 30 DECEMBER 2016

Holding as % of shares



Swedish shareholders, 75.2%
Foreign shareholders, 24.8%

Holding as % of votes



Swedish shareholders, 85.9%
Foreign shareholders, 14.1%

FIVE-YEAR OVERVIEW

	2016	2015	2014	2013 ¹	2012 ¹
Income statement, SEK M					
Net sales	16,531	11,389	9,214	8,165	7,480
EBITA excl. extraordinary items	1,482	991	826	706	744
EBITA	1,336	740	814	652	744
Operating profit (EBIT)	1,249	681	762	558	681
Net financial items	-33	-41	-43	-32	-27
Profit before tax	1,216	640	718	526	654
Profit for the year	931	439	545	380	476
Balance sheet, SEK M					
Balance sheet total	13,820	12,575	5,917	6,003	4,647
Equity	5,435	4,907	1,888	1,633	1,674
Cash and cash equivalents and current interest-bearing receivables	892	544	174	319	367
Interest-bearing liabilities	2,451	2,232	1,436	1,642	776
Net interest-bearing receivable/liability	-1,558	-1,688	-1,262	-1,324	-409
Cash flow, SEK M					
Cash flow from operating activities	1,165	1,140	595	496	415
Cash flow from investing activities	-401	-1,440	-177	-998	-656
Cash flow from financing activities	-428	707	-582	472	393
Cash flow for the year	336	407	-164	-30	153
Key ratios					
Operating profit per employee, SEK 000s	85	67	89	71	93
Value added per employee, SEK 000s	827	835	794	757	753
Billing ratio, % ²	74.9	74.2	75.6	74.2	74.2
EBITA margin excl. extraordinary items, %	9.0	8.7	9.0	8.6	9.9
EBITA margin, %	8.1	6.5	8.8	8.0	9.9
Operating margin, %	7.6	6.0	8.3	6.8	9.1
Profit margin, %	7.4	5.6	7.8	6.4	8.7
Equity/assets ratio, %	39.3	39.0	31.9	27.2	36.0
Net debt/EBITDA, times	1.0	1.8	1.3	1.7	0.5
Net debt/equity, %	28.7	34.4	66.9	81.1	24.4
Debt/equity ratio, times	0.5	0.5	0.8	1.0	0.5
Interest coverage ratio, times	20	15	19	15	21
Return on equity, %	18.0	12.9	31.0	22.9	29.9
Return on capital employed, %	16.8	13.2	23.2	19.7	34.0
Return on total assets, %	9.7	7.4	14.5	10.6	17.4
Number of full-time employees	14,653	10,188	8,535	7,917	7,336
Share data					
Earnings per share, SEK ³	7.78	4.36	5.74	3.96	4.96
Diluted earnings per share, SEK ³	7.65	4.30	5.67	3.95	4.96
Dividend return, % ³	2.4	2.8	3.3	3.1	4.5
Equity per share, SEK ³	45.37	40.98	19.89	17.10	17.44
Diluted equity per share, SEK ³	44.47	40.49	19.55	17.05	17.44
Cash flow per share, SEK ³	2.81	4.05	-1.73	-0.32	1.61
Diluted cash flow per share, SEK ³	2.76	3.99	-1.71	-0.32	1.61
Closing price SWECO B at 31 December, SEK ³	180.20	124.25	101.81	101.81	70.11
Market capitalisation, SEK M	22,260	15,038	9,768	9,663	6,653
Ordinary dividend per share, SEK (2016 – proposed) ³	4.30	3.50	3.37	3.13	3.13
Number of shares at 31 December	119,554,270	119,537,510	90,763,410	91,112,882	91,233,682
Number of shares after dilution at 31 December	121,983,819	120,972,890	92,299,382	91,399,382	91,233,682
Number of shares after full dilution at 31 December	121,983,819	120,972,890	92,299,382	91,399,382	91,233,682
Number of Class B and C treasury shares	2,429,549	1,557,320	1,653,437	403,965	283,165

1) Figures for 2012 and 2013 have been restated due to changed accounting policies.

2) Billing ratio for 2015 is pro forma and includes the Grontmij Group as of 1 January 2015.

3) Historical share data has been restated in accordance with IAS 33 due to the preferential rights issue conducted during Q4 2015.

COMMENTS ON THE FIVE-YEAR OVERVIEW

2012

The strong market conditions that prevailed in 2011 continued throughout most of 2012, notwithstanding the European debt crisis and general contraction of the economic climate. Development was particularly strong in the Nordic countries. A downturn was noted at the end of the year, primarily for building-related services with a focus on housing and for services in certain industrial segments. Sweco Group's net sales were up 25 per cent to SEK 7,480 million. Organic growth was 8 per cent and acquisition-driven growth was 17 per cent. Operating profit improved 24 per cent to SEK 681 million and the operating margin was 9.1 per cent. The increase in profit of SEK 150 million was mainly attributable to the acquisition of FMC Group, which was consolidated on 1 February 2012, and improved earnings in Sweco Norway. Profit for the year included a positive non-recurring effect of SEK 21 million arising from changes in Norwegian pension plans. Profit was charged with costs of SEK 15 million for restructuring in the Russian operations and a goodwill impairment loss of SEK 12 million in Sweco Industry. The financial position was good. The ratio of net debt to equity was 24 per cent and the equity/assets ratio was 36 per cent. The number of employees rose by 1,200 through acquisitions and 300 through organic growth. The bid price for the Sweco B share at 31 December 2012 was SEK 73.00, an increase of 27 per cent.

2013

Sweco signed an agreement in June to acquire Vectura Consulting AB from the Swedish Government. Through the acquisition, Sweco became the largest engineering consultancy in the Nordic market with an unrivalled offering in the infrastructure segment. On 1 July the Sweco Industry business area was divided between the Finland, Sweden and Norway business areas. On 1 December the Russia and Central & Eastern Europe business areas were merged to create the new Central Europe business area. The downturn in the Nordic market that started at the end of 2012 continued into the first quarter of 2013. Development was weakest in the Finnish industrial sector and remained so throughout the year. The other markets in Norway, Sweden and Finland strengthened gradually during the year. Net sales were up 9 per cent, substantially through acquisitions, and totalled SEK 8,165 million. Operating profit was SEK 558 million. Total amortisation and impairment of acquisition-related intangible assets totalled SEK 94 million, of which SEK 49 million was attributable to impairment of acquisition-related intangible assets in Russia and Eastern Europe. Integration costs for Vectura were charged to profit in an amount of SEK 53 million. Net debt in relation to equity was 81 per cent. Net debt in relation to EBITDA was 1.7. The number of employees rose during the year by 1,263, of which 1,355 through acquisitions. The bid price for the Sweco B share at year end was SEK 106.00, an increase of 45 per cent.

2014

The market improved overall during 2014. The market improved slowly but steadily in Sweden. There was some weakening of the Norwegian economy, but the market was aided by government investments. The market in Finland remained challenging, while Central Europe showed some improvement late in the year. Sweco strengthened its market-leading position within infrastructure during the second half of the year. Sweco was entrusted with contributing its expertise to some of the Nordic region's largest infrastructure initiatives in modern times. Among other things, Sweco will design two of the first three stretches of

Sweden's first high-speed railway, modernise the Östfoldbanan in Norway, serve as site supervisor for the extension of Helsinki's underground metro, and design Stockholm's new underground metro line to Nacka. Vectura was fully integrated in Sweco Sweden as of 1 January. Net sales increased 13 per cent, substantially through acquisitions, to SEK 9,214 million. Organic growth was 3 per cent and operating profit totalled SEK 762 million. The profit improvement was mainly attributable to Vectura's contribution in Sweden, reduced integration costs, and improved profit in Finland and Central Europe. Profit was charged with integration costs for Vectura totalling SEK 11 million. The Board adopted a new financial target of net debt not to exceed 2.0 times EBITDA. Net debt in relation to EBITDA was 1.3. The number of employees at year end was 8,943. The bid price for the Sweco B share was SEK 106.00 at year end, the same price as at year end 2013.

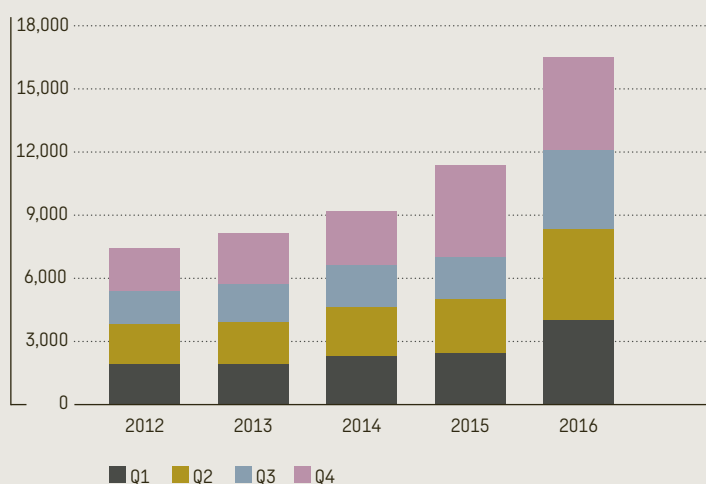
2015

Overall, the market for Sweco's services is good and development is stable. The Swedish market was strong. The Norwegian market was good, but had weakened. Markets in Denmark, Western Europe and Central Europe were good and developed positively. The markets in Finland and the Netherlands remained challenging. Grontmij, with approximately 6,000 employees in 9 countries, was acquired on 1 October. Sweco is now Europe's leading engineering and architecture consultancy. In 2014 Grontmij had annual sales of approximately SEK 6.0 billion and EBITA (as per Sweco's definition) of approximately SEK 203 million, excluding extraordinary expenses and the divested business in France. Sales for the combined company total approximately SEK 16 billion. Following the acquisition, Sweco has around 14,500 employees (pro forma 2015). Integration is underway and proceeding according to plan. As of 1 October Sweco is organised into 7 geographic business areas. Sweco's Board of Directors decided to introduce EBITA as the primary earnings measure, to replace EBIT (operating profit). Accordingly, EBITA has been the primary earnings measure used for internal and external results monitoring since Q4 2015. Net sales increased 24 per cent to SEK 11,389 million. Adjusted for extraordinary expenses of SEK 250 million related to the Grontmij acquisition, EBITA totalled SEK 991 million. EBITA totalled SEK 740 million. Net debt in relation to EBITDA was 1.8 times. The number of employees at year end was 15,151. The closing price for the Sweco B share was SEK 124.25, an increase of 21 per cent.

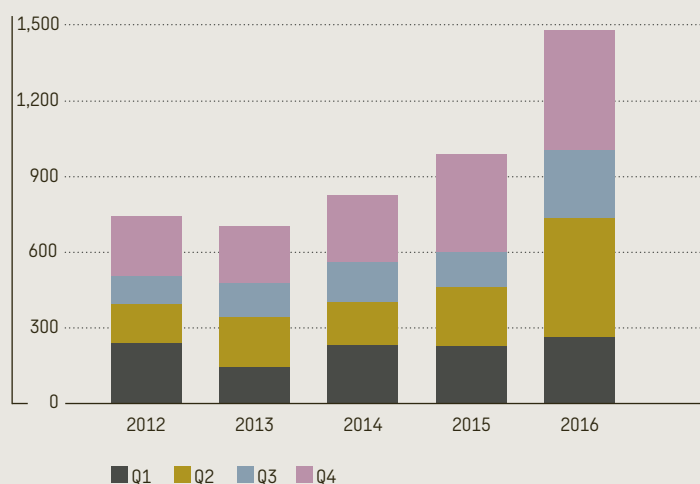
2016

Overall, the market for Sweco's services is good. The Swedish market is strong. The markets in Norway, Denmark, Western Europe and Central Europe are generally good. The markets in Finland and the Netherlands remain challenging, although there are signs of improvement. Net sales increased 45 per cent to SEK 16,531 million. Acquisition-based growth was 42 per cent and is almost exclusively attributable to the Grontmij-acquisition. Adjusted for extraordinary expenses of SEK 146 million related to the Grontmij acquisition, EBITA totalled SEK 1,482 million. EBITA amounted to 1,336 million. Amortisation of acquisition-related intangible assets increased to SEK 92 million. The increase is primarily a result of the Grontmij acquisition and impacted EBIT, which totalled SEK 1,249 million. Net debt in relation to EBITDA was 1.0 times. The number of employees at the end of the period was 15,236. The share price of the Sweco Class B share was SEK 180.20 at the end of the year, representing a 45 per cent year-on-year increase.

NET SALES, SEK M



EBITA EXCL. EXTRAORDINARY ITEMS, SEK M



RISKS AND RISK MANAGEMENT

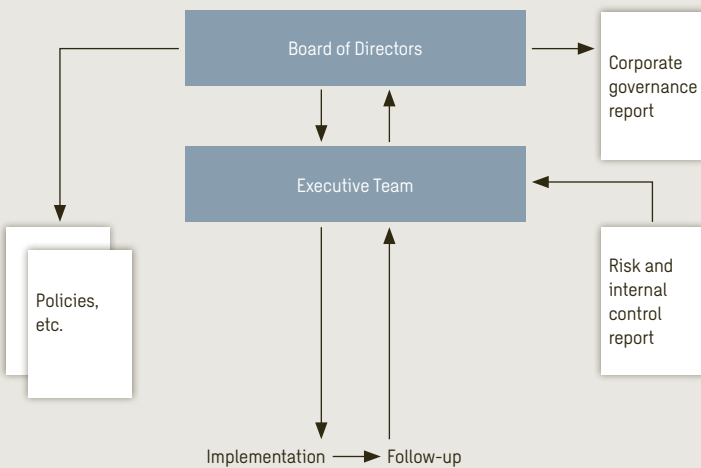
Sweco plans and designs tomorrow's communities and cities. Our work produces sustainable buildings, efficient infrastructure and access to electricity and clean water. With 14,500 employees in Europe, we offer our customers the right expertise for every project. We deliver qualified consulting services in the fields of engineering, environmental technology and architecture to thousands of customer in tens of thousands of projects every year. Approximately 48 per cent of our turnover is from the public sector and 52 per cent from the private sector. Our ten largest customers account for around 19 per cent of net sales. These factors give Sweco a good risk diversification. In spite of this, the Group is exposed to a number of risks through its business activities. Consequently, one important aspect of management and control of the Group's operations is to maintain effective risk management in which risks are identified, evaluated and handled. The aim of Sweco's risk management is to secure the Group's long-term earnings growth and ensure that the various business areas achieve their objectives.

RISK PROCESS

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

Sweco's risk management covers all business areas, companies/divisions and processes in the Group. Each manager is responsible for risk management activities in his/her respective area. The Group's Board of Directors and top management have ultimate responsibility for risk management.

The Executive Team develops and follows up on risk management at Group level. The General Counsel initiates reporting of risks on the corporate level, which is done regularly to the Audit Committee. An annual comprehensive report on Group risk and internal control is addressed by the Board, the Audit Committee and the Executive Team. This report contains an overview of the top risks within the Group and the mitigating actions taken. It also provides insights into incidents regarding these risks that occurred during the year. The report is based on the risk assessments conducted in the business areas and is regularly reviewed in BA management team meetings. A report on the Group's material disputes is presented at each meeting of the Board and the Audit Committee. Below is a schematic illustration of the company's risk management process.



Sweco's operations are exposed to a number of strategic, operational and financial risks. The risks that Sweco has identified as the most significant in its business operations, and the ways in which these are managed, are described here.

STRATEGIC AND OPERATIONAL RISKS

Market and projects

Changed market conditions caused by factors such as economic decline, lower propensity among the customers to invest, changes in political priorities, changes in purchasing behaviour, new legislation and customer consolidation may result in lower income and margins for Sweco. Sweco's decentralised organisation and closeness to the customers enable early observation of changes in the market. The effects of these risks are reduced through a wide geographic presence in areas with often differing market cycles, a comprehensive range of services and a large customer base that is spread across different industries and sectors.

Project risks consist of the risks connected to an individual project, such as miscalculation of the amount of time needed or costs involved. Projects may also lead to disputes regarding Sweco's right to payment and the customer's claim to compensation for any damages caused by Sweco. In the projects, contracts are entered into on suitable terms to minimise risks and avoid disputes with customers. Among other things, the agreements ensure that the scope of the project is defined, that Sweco has the right to payment on performance according to the terms of the contract and that the terms of liability correspond to the insurer's requirements. Training programmes for project managers are in place to continuously develop the project management skills of our employees. Improving these skills helps mitigate risks in our portfolio.

Sweco has an insurance programme that includes professional indemnity insurance to protect against liability for damages related to performance of the projects. Quality assurance of the projects is supported by management systems (which are certified according to ISO 9001 and most are also certified in accordance with ISO 14001 and OHSAS 18001).

Employees and expertise

Sweco's success is dependent on its ability to attract, develop and retain the top talent. Sweco has a strong brand and is repeatedly given high rankings as an attractive workplace among students and young engineers. Sweco uses a number of processes and tools to develop employees and strengthen its leadership, such as the Sweco Talk performance review, the Sweco Employee Survey, skills training through Sweco Academy and the leadership aspects defined in the Sweco Leadership Compass, as well as management training and succession planning through the Talent Review.

Skills development and knowledge sharing are also vital for Sweco's success. The employees' expertise and ability to translate their knowledge into optimal solutions for the customers is the core of the Group's business and distinguishes Sweco from its competitors. Shortcomings in knowledge sharing may result in risks such as low quality in customer deliveries. Knowledge and processes for knowledge sharing and co-operation are therefore a strategic priority for Sweco. The exchange of experiences and learning takes place primarily through work in the projects. All employee development is focused on performance, knowledge and knowledge sharing. Sweco has a large number of processes and tools for knowledge sharing.

Acquisitions

Sweco's growth is partly due to acquisitions, which may involve risks. Examples include a transaction being based on incomplete or incorrect data, key persons leaving the company, the integration being unsuccessful or anticipated results failing to materialise. Acquisitions in new markets involve risks associated with factors such as an understanding of

the local market conditions, price scenario and competitive situation. These risks are minimised through a well-developed acquisition and integration process where decisions about new acquisitions are made by the Board or the Executive Team according to a process with fixed decision-making points. Sweco's Board of Directors conducts an ongoing evaluation of previous acquisitions. During 2016 the company successfully concluded the integration of Grontmij. Two acquisitions in Germany were also executed.

IT

Sweco's consultants are dependent on access to advanced IT tools and a secure IT environment. The availability and reliability of the company's IT environment is therefore critical for uninterrupted business operations. IT operations are centralised to ensure maximum effectiveness and efficiency. Effective firewalls and virus protection, regular software upgrades and redundant data centres minimise disruptions arising from technical problems. The company has information security guidelines focused on how the employees and subconsultants should act in order to always uphold the highest possible level of security toward all stakeholders.

Communication

Sweco's success is associated with the ability to communicate effectively with both internal and external stakeholders. Through clear communication and a strong brand we inspire confidence and build relationships. A deeply rooted culture in which employees are well aware of the company's values and policies strengthens the Group's identity and creates security for customers. Sweco's communication guidelines include instructions for price-sensitive information, mass media contacts and use of the social media. There are also guidelines for crisis management that include procedures for dealing with communication in a crisis situation. All Grontmij entities were successfully rebranded during 2016.

COMPLIANCE RISKS

Business ethics and CSR

Sweco's growth involves an expanding international presence. This may give rise to risks tied to business and political climates and increased exposure to CSR-related risks. With more than 100 years of experience in project exports, Sweco has developed and established routines and tools for initiating and implementing projects around the world. Sweco's policies, guidelines and processes are subject to continuous review and development with a special focus on business ethics violations such as fraud, bribery, unpermitted competition-restricting practices and conflicts of interest.

Sweco has a zero tolerance policy with regard to non-compliance with business ethics. Training measures and procedures for structured follow-up of incidents are in place. The procedures that apply to business partners were rolled out and reviews implemented and executed. The full-day training course and e-learning courses were continued for all relevant employees. "Team-learning" sessions, where teams meet and discuss business ethical dilemmas, were held across the Group. Dilemma discussions have also been held by Sweco's Executive Team.

A whistle-blower function (Sweco Ethics Line) has been in place since 2013 and enables the anonymous reporting of suspected improprieties. During 2016 we integrated Grontmij's and Sweco's Ethics Lines so that we now have one whistle-blower function for the whole organisation. Compliance audits have been held based on identified risk areas to enable a structured review of implementation quality.

FINANCIAL RISKS

Interest rate, currency and liquidity risks

Through its operations, Sweco is exposed to different types of financial risks. Sweco's finance policy states how these risks are to be managed

in the Group. The Board of Directors is responsible for the finance policy, which contains guidelines, targets and a division of responsibilities for the Treasury Department together with rules for financial risk management. For more information, see Note 33 on pages 81–82.

Changes in interest rates, exchange rates and the market prices of financial instruments may affect Sweco's cash flow, profit and balance sheet. Sweco has a strong balance sheet, which means that direct interest rate risk is limited. With regard to currency risk, the Group normally has natural risk coverage since both sales and expenses are denominated in local currency. In cases where contracts are entered into in a non-local currency, the contracted and anticipated payment flows are hedged through forward contracts. Liquidity risk is the risk of being unable to meet financial obligations when they fall due. Thanks to its strong financial position and available overdraft facilities, Sweco's liquidity risk is low.

Credit risk

Credit risk is defined as the risk related to customers' ability to pay. Sweco has a balanced base of around 19,000 customers. Sweco is not dependent on any individual customer, since the largest customers account for only a small share of total sales. The project volume is evenly distributed between the public and private sectors. Historically, credit losses have been minor.

Tax Risks

Non-compliance with tax regulations may result in fines or other expenses for the company. There is also a risk that anticipated benefits resulting from the existence of compensable tax losses may not be realised. New legislation requires increased transparency and also increases reporting responsibilities for the Group parent company. The Group tax department is responsible for monitoring these developments and ensuring compliance.

Risks in financial reporting

In the Group's financial reporting, there is a risk that errors may arise and that the financial reporting is not prepared in accordance with legal requirements, rules for listed companies or applicable accounting standards. Through an effective control environment, clear instructions and internal normative documents for financial reporting, Sweco works continuously with control of its accounting and reporting. In addition, extensive monitoring and analysis take place through the use of reporting systems, budgets, forecasts, etc. The Executive Team carries out monthly reviews with the management of each business area. For more information about internal control, see page 42.

BOARD OF DIRECTORS AND AUDITORS



JOHAN NORDSTRÖM

Born in 1966. Board Chairman. Member of the Board since 2012. Directorships include: Skirner AB and Hemfrid i Sverige AB. Education: Architect, Royal Institute of Technology in Stockholm (KTH). Experience: CEO of Skirner AB. Holdings in Sweco: 316,250 directly held shares and 14,573,706 shares held through Skirner Förvaltning AB, which is owned by the Nordström family.



ANDERS G. CARLBERG

Born in 1943. Member of the Board since 2009. Chairman of: Gränges AB and Herenco AB. Directorships include: AxFast AB, Investment AB Latour, Recipharm AB and Beijer-Alma AB. Education: M.Sc.Econ., Lund University. Experience: former President and CEO of Axel Johnson International, former Vice President of SSAB and former President and CEO of Nobel Industrier AB. Holdings in Sweco: 13,500 shares (with related parties).



GUNNEL DUVEBLAD

Born in 1955. Member of the Board since 2008. Chairman of: Team Olivia Group AB, Global Scanning A/S, HiQ International AB and the Ruter Dam Foundation. Directorships include: PostNord AB and Dustin Group AB. Education: Systems Scientist, Umeå University. Experience: former President of EDS Norra Europa. Holdings in Sweco: 4,000 shares.



TOMAS CARLSSON

Born in 1965. President and CEO since 2012. Year of employment: 2012. Education: M.Sc.Eng., Chalmers University of Technology; Executive MBA, London Business School and Columbia Business School (New York). Experience: former President of NCC Construction Sweden. Holdings in Sweco: 258,507 shares (with related parties).



CHRISTINE WOLFF

Born in 1960. German citizen. Member of the Board since 2016. Directorships include: Hochtief AG, Berliner Wasserbetriebe A.ö.R and KSBG GmbH. Education: M.Sc. Geology and MBA, HSBA Hamburg. Experience: former Senior Vice President and Managing Director Europe & Middle East URS Corporation and board member of Grontmij N.V. Holdings in Sweco: 1,000 shares.



CAROLA TEIR-LEHTINEN

Born in 1952. Finnish citizen. Member of the Board since 2011. Directorships include: Universitetsapoteket, the Arcada Foundation and the Nottbeck Foundation. Education: Ph.D., Åbo Akademi University. Experience: former Corporate Communications Director and Corporate Vice President responsible for Sustainability at Fortum Abp. Holdings in Sweco: 6,800 shares.



EVA LINDQVIST

Born in 1958. Member of the Board since 2013. Directorships include: ASSA ABLOY AB, Tieto Oy, Bodycote plc and Micronic AB. Education: M.Sc.Eng., Linköping University and MBA, University of Melbourne, Australia. Experience: former President of TeliaSonera International Carrier. Holdings in Sweco: 1,125 shares.



JOHAN HJERTONSSON

Born in 1968. Member of the Board since 2015. Directorships include: AB Fagerhult and Nord-Lock International AB. Education: MBA, Lund University. Experience: President and CEO of Fagerhult, former CEO of Lamhults Design Group, senior executive positions with Electrolux Group within product development and marketing. Holdings in Sweco: 30,000 shares.



ANNA LEJONSSON

Born in 1971. Employee representative since 2005. Education/experience: Architect SAR/MSA, Faculty of Engineering, Lund University. Employed by Sweco since: 1997. Holdings in Sweco: 504 shares.



THOMAS HOLM

Born in 1953. Employee representative since 2007. Education/experience: M.Sc.Eng., Licentiate in Engineering. Employed by Sweco since: 1988. Holdings in Sweco: 1,233 shares.



MARIA EKH

Born in 1974. Employee representative since 2015. Education/experience: Engineer. Employed by Sweco since: 1999. Holdings in Sweco: 1,398 shares.

AUDITORS

PricewaterhouseCoopers AB

Auditor in charge:

Michael Bengtsson, Authorised Public Accountant.

Other assignments: Indutrade, Bure, Nobina and Carnegie.

DEPUTIES

Görgen Edenhagen

Born in 1964. Employee representative since 2011.

Holdings in Sweco: 2,101 shares.

Sverker Hanson

Born in 1963. Employee representative since 2011.

Holdings in Sweco: 2 shares.

Tom Ahasverussen

Born in 1984. Employee representative since 2016.

Holdings in Sweco: 0 shares.

EXECUTIVE TEAM



TOMAS CARLSSON

Born in 1965.
President & CEO since 2012.
Year of employment: 2012.
Holdings in Sweco: 258,507 shares (with related parties).



GRETE ASPELUND

Born in 1971.
President of Sweco Norway since 2016.
Year of employment: 2016.
Holdings in Sweco: 2,212 shares.



ÅSA BARSNESS

Born in 1973.
Communications Director at Sweco AB since 2013.
Year of employment: 2014.
Holdings in Sweco: 3,474 shares.



ÅSA BERGMAN

Born in 1967.
President of Sweco Sweden since 2012.
Year of employment: 1991.
Holdings in Sweco: 24,859 shares.



INA BRANDES

Born in 1977.
President of Sweco Central Europe since 2015.
Year of employment: 2015 (previously employed by Grontmij). Holdings in Sweco: 5,899 shares.



BO CARLSSON

Born in 1956.
President of Sweco Western Europe since 2015.
Year of employment: 1990.
Holdings in Sweco: 22,015 shares.



JONAS DAHLBERG

Born in 1973.
Chief Financial Officer since 2012.
Year of employment: 2008.
Holdings in Sweco: 42,121 shares.



EUGENE GRÜTER

Born in 1959.
President of Sweco Netherlands since 2016.
Year of employment: 2016.
Holdings in Sweco: 1,119 shares.



LISA LAGERWALL

Born in 1972.
General Counsel at Sweco AB since 2011.
Year of employment: 2006.
Holdings in Sweco: 6,685 shares.



JESSICA PETRINI

Born in 1971.
HR Director at Sweco AB since 2006.
Year of employment: 1998.
Holdings in Sweco: 2,278 shares.



DARIUSH REZAI

Born in 1975.
President of Sweco Denmark since 2017.
Year of employment: 2017.
Holdings in Sweco: 0 shares.



MARKKU VARIS

Born in 1958.
President of Sweco Finland since 2013.
Year of employment: 1993.
Holdings in Sweco: 4,931 shares.

ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING

The Annual General Meeting of SWECO AB (publ) will be held at 3:00 p.m. on Thursday, 27 April 2017 at Näringslivets Hus, Storgatan 19, Stockholm, Sweden. Registration for the AGM will begin at 2:00 p.m. Light refreshments will be served after the meeting.

NOTIFICATION

Shareholders who wish to participate in the AGM must be entered in their own name in the register of shareholders maintained by Euroclear Sweden AB, and must have notified the company of their intention to participate no later than Friday, 21 April 2017 via Sweco's website, by letter or by calling the number provided below. The notification should include name, address, telephone number, personal identity number, registered holding and special mention if the shareholder wishes to be accompanied by an assistant. Registered participants will be mailed an admission card which is to be presented at the entrance to the AGM premises.

NOTIFICATION CAN BE MADE:

- online via Sweco's website: www.swecogroup.com.
- by letter to Sweco AB, "Sweco Årsstämma", Box 7835, SE-103 98 Stockholm, Sweden.
- by calling +46 (0)8-402 90 73, weekdays between 9:00 a.m. and 5:00 p.m.

NOMINEE SHARES

Shareholders whose shares are registered in the name of a nominee must temporarily re-register the shares in their own names in order to exercise their voting rights at the AGM. Such re-registration should be requested in good time prior to Friday, 21 April 2017 from the bank or securities broker that manages the shares.

FORM OF PROXY

Shareholders who are represented by a proxy must submit an original form of proxy and a certificate of registration, where appropriate, to be sent to the company no later than Friday, 21 April 2017. Proxies representing a legal entity must attach a verified certificate of registration or corresponding proof of authorisation to sign for the shareholder.

PROPOSED AGENDA

The items of business required by law and the Articles of Association will be dealt with at the Annual General Meeting.

DIVIDEND

The Board of Directors proposes that the shareholders receive a dividend of SEK 4.30 per share. The proposed record date is Tuesday, 2 May 2017. If the AGM decides in favour of the proposal, dividends are expected to be disbursed by Euroclear Sweden AB on Friday, 5 May 2017.

DEFINITIONS

Acquisition-driven growth

Annual growth in net sales in local currencies, based on acquired businesses.

Acquisition-related items

Amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of additional purchase price, and profit and loss on the divestment of companies and operations.

Billing ratio

Billable hours in relation to total hours of attendance for all employees.

Capital employed

Total assets less interest-free current and non-current liabilities and deferred tax liabilities.

Cash flow per share

The year's cash flow divided by the average number of shares outstanding (excluding treasury shares).

Debt/equity ratio

Interest-bearing liabilities in relation to shareholders' equity.

Direct return

The year's transfer to shareholders (proposed for 2016) in relation to the closing price for the Sweco class B share.

Earnings per share

Profit for the year attributable to owners of the Parent Company divided by the average number of shares outstanding (excluding treasury shares).

EBITA

Operating profit before Acquisition-related items.

EBITA margin

EBITA in relation to net sales.

EBITDA

Operating profit before amortisation/depreciation and impairments of intangible assets, property, plant and equipment and Acquisition-related items.

EBITDA margin

EBITDA in relation to net sales.

Employee turnover rate

The number of employees who left the Group during the year in relation to the average number of employees.

Equity/assets ratio

Shareholders' equity in relation to total assets.

Equity per share

Equity attributable to owners of the Parent Company divided by the number of shares outstanding (excluding treasury shares) at the end of the period.

Extraordinary items

Consists of extraordinary transaction, integration and restructuring costs of acquired operations.

Growth, currency effects

Effect of exchange rate changes on net sales growth.

IAS

International Accounting Standards.

IFRS

International Financial Reporting Standards.

Interest coverage ratio

Profit after net financial items plus financial expenses in relation to financial expenses.

Market capitalisation

The year's closing price for the Sweco class A and class B share multiplied by the number of shares outstanding in each class.

Net debt/equity ratio

Interest-bearing liabilities less cash and cash equivalents divided by shareholders' equity.

Net debt

Interest-bearing liabilities less cash and cash equivalents.

Normal working hours

The potential number of hours, according to the calendar, that an full-time employee could work if he/she is not absent and does not work overtime.

Number of employees

Number of individuals employed at the end of the period.

Number of full-time employees

Hours of attendance plus hours of absence (excluding long-term absence) divided by normal working hours.

Operating margin

Operating profit as a percentage of net sales.

Operating profit (EBIT)

Profit before net financial items and tax.

Operating profit per employee

Operating profit divided by the full time equivalents.

Organic growth

Annual growth in net sales in local currencies, excluding acquisitions.

Profit margin

Profit before tax in relation to net sales.

Return on capital employed

Profit after net financial items plus financial expenses in relation to average capital employed.

Return on equity

Profit for the year attributable to owners of the Parent Company in relation to average equity attributable to owners of the Parent Company.

Return on total assets

Profit after net financial items plus financial expenses in relation to average total assets.

Total return

Share price performance including reinvested dividends.

Value added per employee

Operating profit plus personnel costs divided by the full time equivalents.

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