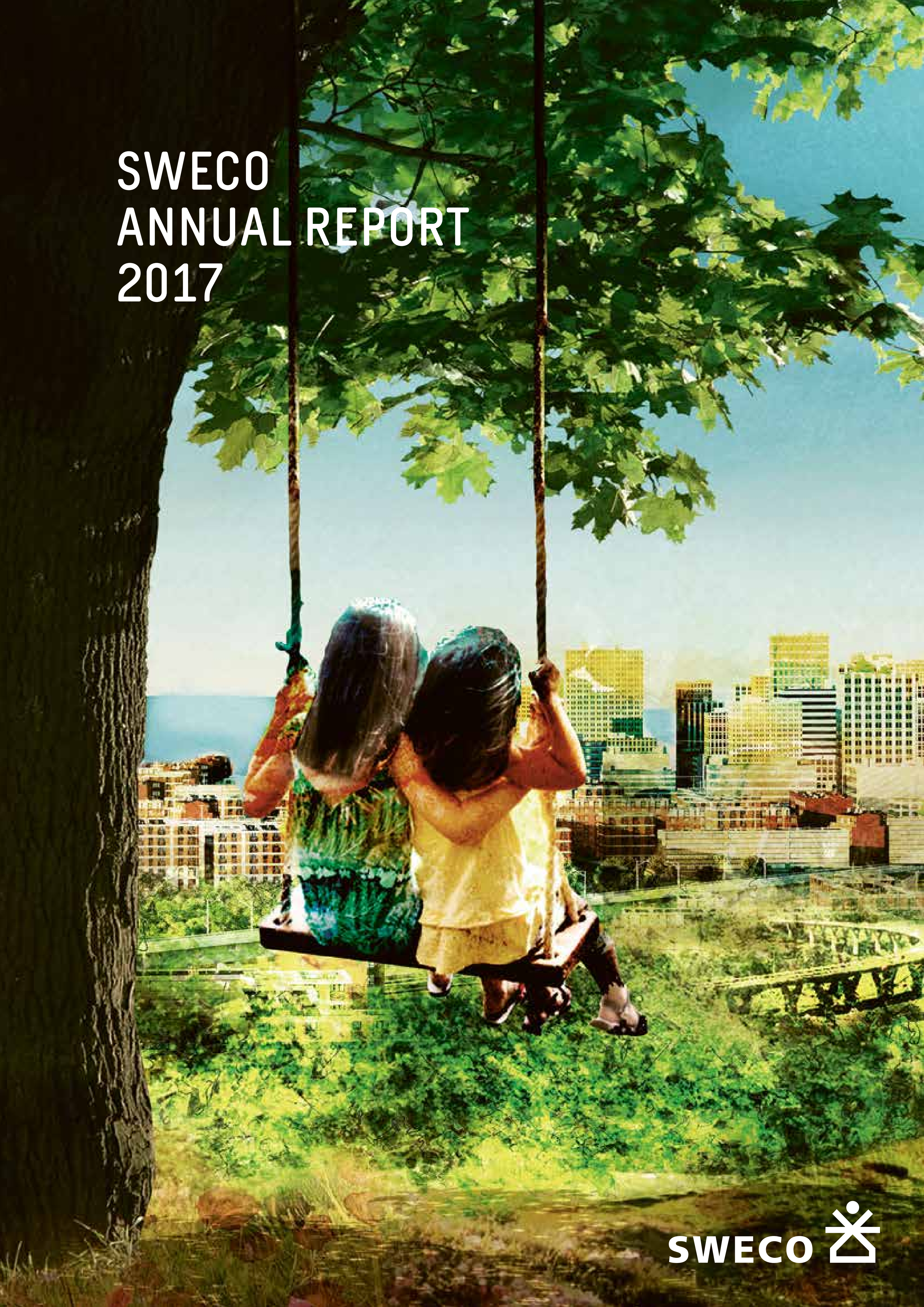
SWECO ANNUAL REPORT 2017



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9 May 2018	Interim report Jan–Mar 2018
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DIGITAL NEWS

Visit www.swecogroup.com/ir to subscribe to press releases and reports from Sweco. Select the information you want to receive and it will be sent to your email address on the date of publication. Fast, easy and eco-friendly.

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

Sweco's strongest year so far – fourth consecutive record year.

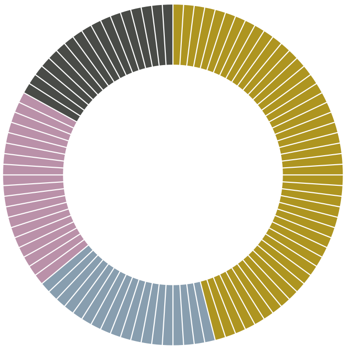
Sweco is the leading engineering and architecture consultancy in Europe, with 14,500 employees and annual net sales of SEK 16.9 billion.

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.

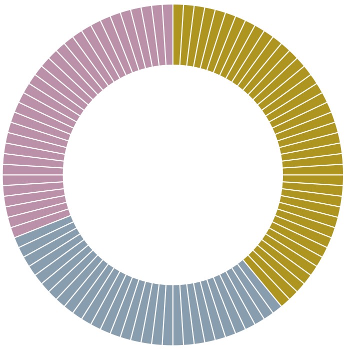
Sweco's experts have been commissioned for some of the largest urban projects in modern times. Projects span everything from underground metros in major European cities, electrified railways and river flood protection to modernised road and waterway transport systems and designing several hospitals throughout 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.

CUSTOMERS
Sales by customer category in 2017, %



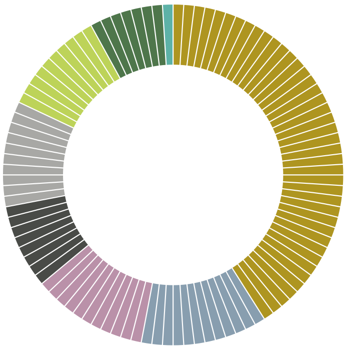
- Public sector, 46 (48)
- Industrial companies, 18 (18)
- Other private sector companies, 19 (18)
- Housing, real estate and construction companies, 17 (16)

SERVICES
Share of consolidated sales in 2017, %



- Buildings and urban districts, 39 (35)
- Water, energy and industry, 30 (30)
- Transport infrastructure, 31 (35)

NET SALES BY BUSINESS AREA
Share of consolidated sales in 2017, %



- Sweco Sweden, 41
- Sweco Norway, 12
- Sweco Finland, 11
- Sweco Denmark, 8
- Sweco Netherlands, 10
- Sweco Western Europe, 10
- Sweco Central Europe, 7
- Group-wide, 1

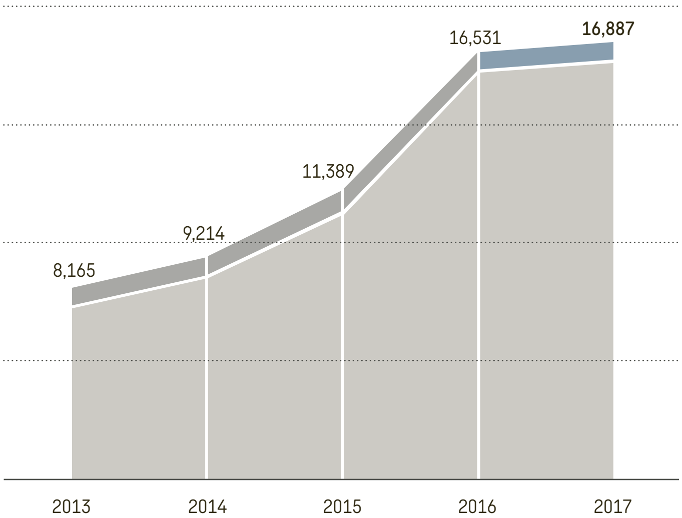
PROFIT AND KEY RATIOS, SWECO GROUP

	2017	2016
Net sales, SEK M	16,887	16,531
EBITA excl. extraordinary items, SEK M	1,492	1,482
EBITA margin excl. extraordinary items, %	8.8	9.0
EBITA, SEK M	1,492	1,336
EBITA margin, %	8.8	8.1
Profit before tax, SEK M	1,377	1,216

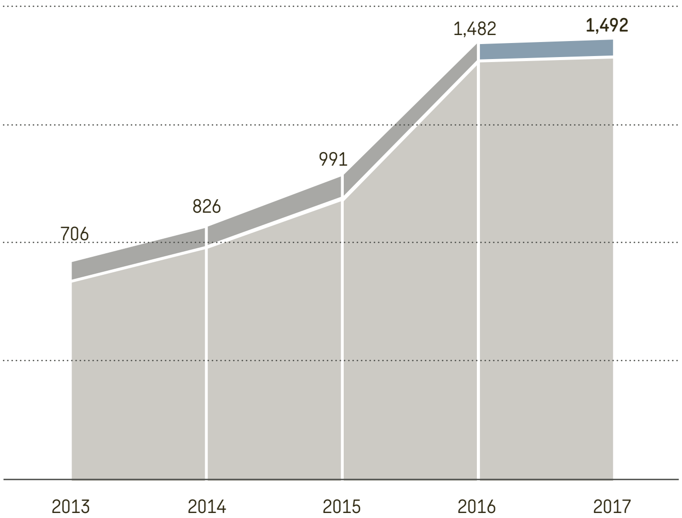
	2017	2016
Billing ratio, pro forma, %	75.2	74.9
Net debt/EBITDA	1.0	1.0
Earnings per share, SEK	10.23	7.78
Equity per share, SEK	50.09	45.37
Dividend to shareholders, per share, SEK	5.00[1]	4.30
Number of full-time employees	14,530	14,365

1) Proposed dividend of SEK 5.00 per share.

CONSOLIDATED NET SALES, SEK M

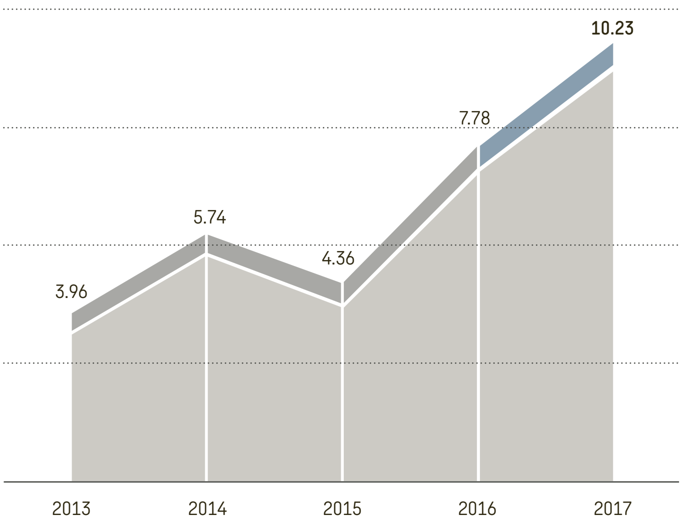


EBITA EXCL. EXTRAORDINARY ITEMS[1], SEK M



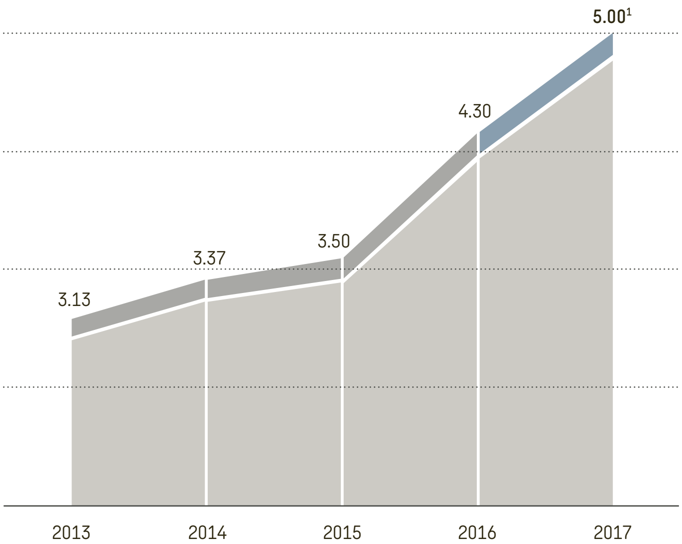
1) Extraordinary items refer exclusively to expenses for the acquisition and integration of Vectura and Grontmij.

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 5.00 per share.

THE WAY FORWARD IS CLEAR

A larger, broader Sweco Group is now in place. If 2015 was the year we conducted our largest acquisition to date, 2016 was the year during which the acquisition was integrated and synergies were secured. Our focus this year has been on the continued development of the organisation and putting the structure as a whole into place.

The improvements were implemented as we maintained our fast operational tempo. Net sales for 2017 totalled SEK 16,887 million, and profit after tax was SEK 1,223 million. This is a good result – Sweco's strongest yet, and our fourth consecutive record-setting year.

But we can do even better. The market situation and our strategy give us potential for further growth.

Sweco's vision is to be Europe's most respected knowledge company in the fields of consulting engineering, environmental technology and architecture. We will achieve this by developing our service offering in the markets where we operate, applying a business model based on customer focus, internal efficiency, decentralised responsibility and committed employees.

After completion of each project, our customers are encouraged to evaluate, on a 0–10 point scale, their likelihood of recommending Sweco to colleagues or friends. We conduct this survey so that we can continuously improve and bring customer satisfaction to even higher levels. In 2017, Sweco received top marks (9–10) from more than half of our customers. We are proud, but not satisfied, with this figure – and we will continue our intensive improvement efforts in 2018. Sweco's customers should have high expectations. We want to be the most approachable and committed partner, one that understands the customer's needs better than anyone else and provides exactly the expertise needed.

One example of this type of customer-focused project is the planned encapsulation plant for spent nuclear fuel in Oskarshamn. The Swedish Nuclear Fuel and Waste Management Company (SKB) selected Sweco to finalise general specifications at the facility-level and safety, control and power systems at the system-level. This project will draw on all of our combined expertise. Our commitment to and understanding of the customer's needs is crucial in a project of this complexity.

STRONG SIMULTANEOUS DEVELOPMENT IN ALL MARKETS

Being present in the right markets enhances Sweco's opportunities. We maintain our focus on northern Europe, with its deep-rooted free market economy and free trade system. The region has an innovative and sustainable business sector, low corruption and a strong rule of law. Institutions are stable, and the welfare, education and infrastructure systems are among the world's most highly developed.

The foundations for continued growth and urban development are solid and well-functioning in the markets where Sweco has its most prominent presence and expertise. All of these markets developed positively in 2017.

BEING PRESENT IN THE RIGHT MARKETS ENHANCES SWECO'S OPPORTUNITIES

Our largest operation is in Sweden, where the market remains strong and Sweco is performing well. The markets in Norway, Western Europe and Central Europe are also generally good. Although Brexit is generating uncertainty about market development and may affect the general economic trend in Europe, the market is currently normal. We had double-digit growth in Germany.

The Danish operation is not doing as well as we would like, and we therefore made changes to the management and organisational structure during the year. Even so, the market is generally satisfactory and is developing in the right direction. To strengthen Sweco Denmark's position within architecture, Årstiderne Arkitekter was acquired in early 2018 – making Sweco the first fully integrated engineering and architecture consultancy in Denmark.

A change is also now being seen in the countries where market growth has been sluggish. This is gratifying.

First of all, Finland – which has basically had zero economic growth for several years. The economy has been gradually improving over the past two years. Demand for Sweco's services is stable. Net sales increased 8 per cent and EBITA increased 36 per cent. As the Finnish economy improves, Sweco can benefit from a leading market position, high levels of internal efficiency and a strong customer focus.

Secondly, the Netherlands – where the market has been challenging for several years following the country's property and financial crisis. The Dutch economy is now recovering and the market is developing positively. We are also seeing results from our efforts to achieve sustained higher earnings. We will continue with these efforts, with a focus on implementing Sweco's business model using a change programme to improve customer focus, leadership and collaboration. EBITA more than doubled during the year, albeit from a low level.

The integration of Grontmij was also completed during the year. This successful acquisition is proof of Sweco's ability to grow through a combination of organic growth and acquisitions. This ability has lifted Sweco to leading positions – first in Sweden, then in the Nordic region and now out into Europe. In time, we will hold leading positions in all of our markets.

WE ARE PROUD, BUT NOT SATISFIED

SKILLS SHORTAGE HAMPERS GROWTH

Our strategy is strong and the way forward is clear. But as I mentioned above, we can do better.

Our greatest challenge is the skills shortage in the Nordic and European labour markets. There are not enough engineers or architects to meet the rapidly growing demand, and not enough are being trained. This hampers growth potential.

Sweco is working to meet this challenge by helping more young people pursue studies in engineering, architecture, environmental technology and urban development. In countries where we operate, we were actively involved in inspirational meetings and visits at universities and colleges during 2017. We participate in career fairs and guest lectures, and arrange case competitions and study visits. We have strategic partnerships with several academic institutions. We offer trainee programmes, internships, and summer and student jobs, giving students a first step into our industry. Of Sweco's new hires in 2017, 633 were new graduates – representing around one-quarter of total recruitments for the year.

We need to capture the best talents, and we have a thorough process to ensure that we recruit from that pool. Successful deliveries are ultimately defined by the expertise, behaviour and approach of our consultants.

Our recruitment efforts are effective, and Sweco has no trouble in attracting and retaining talent. We employ many new colleagues, and our employer brand is strong. According to our annual employee survey, 78 per cent of Sweco's employees are motivated in their work.

Paradoxically, this creates another challenge: Our employees are popular among recruiters. The fact that work experience from Sweco is appreciated by other companies actually underscores our strength – but with the prevailing skills shortage, we need to retain more employees. We are therefore working intently to monitor work performance and provide better development opportunities than our competitors.

By offering the most exciting and challenging projects, Sweco remains an attractive employer for the most talented people. This allows us to continue offering our customers the right expertise. Customer satisfaction is on the rise, and we continue our profitable growth trajectory. This makes us an even more attractive company to do business with and to work for.

SWECO WORKS IN AN INDUSTRY OF THE FUTURE

Gunnar Nordström passed away in 2017. Gunnar founded FFNS back in 1958 and served for many years as the architecture company's innovative CEO. Sweco was formed in 1997 when FFNS merged with engineering consultancy VBB, with Gunnar serving as the group's first chairman of the board. The merger manifested a vision Gunnar had early on: Better results for customers can be achieved through collaboration between engineers and architects. The sky is the limit in terms of how far such a knowledge company can develop.

This realisation still shapes Sweco's view of the future and guides us on our way forward. Gunnar is still with us.

It is actually quite logical. Sweco works in an industry of the future. We are capable of attracting tomorrow's talents to choose a career with us. We are experts in tomorrow's communities. And we run a business that has a bright future.

Stockholm, February 2018

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.

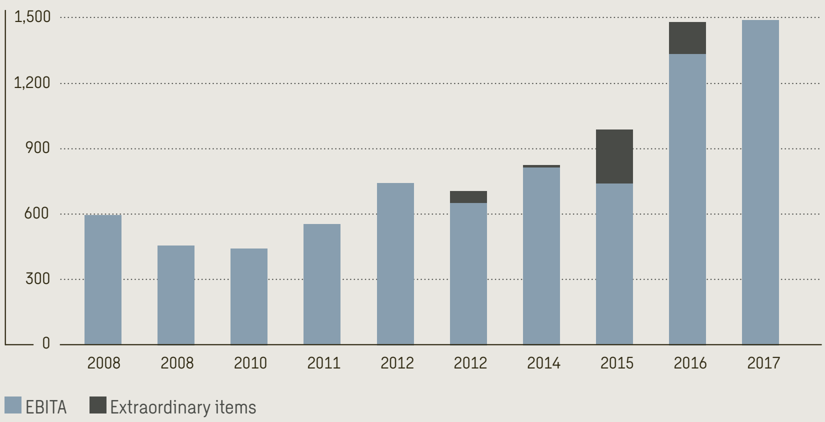
FINANCIAL STRENGTH

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, while also requiring that the company maintains a capital structure that provides scope to develop and make investments in the company's core business.

EBITA, SEK M



A CLEAR STRATEGY – THE CORE OF OUR FUTURE DEVELOPMENT

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.

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.

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 lightweight 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.

WELL-POSITIONED TO DEVELOP TOMORROW'S COMMUNITIES

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 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.

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.

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.

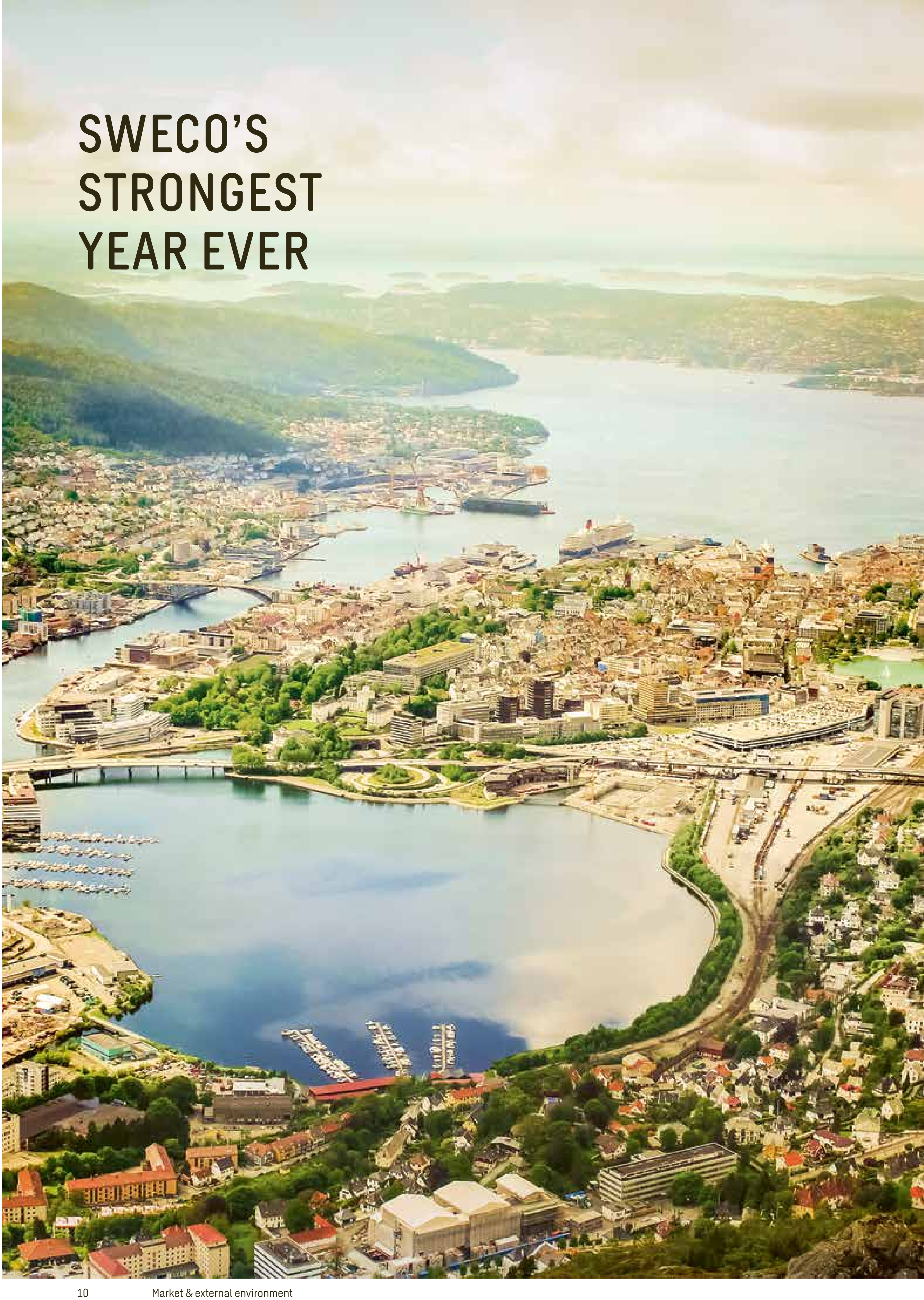
Personal development – through customers, colleagues and challenging projects
An environment in which customers have high expectations and colleagues collaborate and share knowledge creates an attractive and dynamic work environment. Working as a consultant means working on projects, which is itself 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.

SWECO'S STRONGEST YEAR EVER



2017 was Sweco's strongest year to date, for the fourth consecutive year. Sweco is the largest in the European market, with 14,500 employees and operations in seven geographically based business areas. Several key markets improved during the year, and demand for Sweco's services is strong throughout Europe.

SWEDEN
ANOTHER STRONG YEAR

Åsa Bergman,
President
Sweco Sweden

– Sweco had another strong year in Sweden. Although we are seeing increased competition for skilled workers, we are well positioned due to our focus on quality and long-term customer relationships. Demand for Sweco's services has been exceptionally strong in all sectors. Sweco was commissioned during the year to work on many major and important projects, including modernisation of Stockholm Central Station, renovation and expansion of Sala Hospital, and planning and designing the encapsulation plant at Oskarshamn for the Swedish Nuclear Fuel and Waste Management Company (SKB).

NORWAY
STRONG POSITION IN A STABLE MARKET

Grete Aspelund,
President
Sweco Norway

– The Norwegian market improved during the year, with modest growth and declining unemployment. This is evident in Sweco's activity level. There was strong demand for Sweco's services in all regions during the year, with an improved market on the west coast. Sweco's consultants have been involved in several significant urban projects – including the new 24-kilometre-long E6 motorway in Hedmark, the expansion and renovation of Haugesund Hospital, and the design of Mjøsa Tower, which will be the world's tallest wooden building.

FINLAND
SUCCESSES IN AN IMPROVED MARKET

Markku Varis,
President
Sweco Finland

– The Finnish market has gradually improved and Sweco is seeing strong demand for our services. The work carried out in recent years to build a market-leading position is now producing results, and Sweco is well positioned as a market leader. Together with our customers, we have worked on projects including development of the area adjacent to the station in Kuopio, expansion of the Helsinki Airport and a sodium chlorate production line at Kemira's plant in Joutseno.

DENMARK
ACQUISITIONS OPEN THE DOOR FOR NEW OPPORTUNITIES

Dariush Rezai,
President
Sweco Denmark

– The market in Denmark was stable in 2017. Demand for Sweco's services has been good – particularly in our metropolitan areas, where the housing construction market is strong. Sweco was commissioned during the year to convert part of the Carlsberg brewery area into residences, offices and cafés. Sweco worked on several infrastructure projects, including the Fjord Link Frederikssund with a high bridge and a four-lane motorway. In January 2018 Sweco signed an agreement to acquire Årstiderne Arkitekter, one of Denmark's leading architecture firms, forming the first fully integrated architecture and engineering offering in Denmark. This opens the door for new opportunities in 2018.

NETHERLANDS
STABLE MARKET CONDITIONS DRIVE GROWTH IN DEMAND

Eugene Grüter,
President
Sweco Netherlands

– The recovery in market conditions in the Netherlands gained momentum in 2017, and we now see growing demand for Sweco's services. Sweco is well positioned to benefit from this improvement, and deepen relationships with new and existing customers. Sweco delivers a variety of services to the public and private sectors, in the segments water, energy, transportation infrastructure and urban development. For example, Sweco has been contracted to provide engineering and advisory services related to three new Amsterdam neighbourhoods, and flood protection for the Nederrijn and Lek rivers.

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
STABLE MARKET WITH SOLID DEMAND

Bo Carlsson,
President
Sweco Western Europe

– The market in the UK has been good, particularly within infrastructure and water. The EU Brexit negotiations are generating some uncertainty, but there are no signs of the market weakening. Sweco is involved in designing and planning a number of property projects in London, including Bloomberg's new BREEAM-certified headquarters. The market in Belgium is generally stable, and the acquisitions of M&R and Snoeck & Partners have generated new opportunities and projects. Sweco in Belgium continues to work in the expansion of the Paris metro network, having been commissioned to design a new maintenance facility.

CENTRAL EUROPE
EXPANDED SERVICE OFFERING AND IMPROVED MARKET SITUATION

Ina Brandes,
President
Sweco Central Europe

– The market for Sweco's services in Germany is good, and we developed our offer in this key market during the year. The healthcare and transport sectors are particularly strong. Sweco's consultants have been involved in planning and designing a new building for nuclear medicine and radiotherapy at Klinikum Stuttgart and a commercial property project at Frankfurt Grand Central. The markets in the Czech Republic and Poland developed positively during the year. Sweco won additional projects for Odra-Vistula flood protection in Poland, and is providing detail design for the renovation of a water treatment plant in Zelivka, Czech Republic.

DEDICATED EMPLOYEES WHO SHAPE 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 2017 employee survey. This resulted in high marks for motivation, loyalty and commitment. Seven out of ten employees feel a high level of satisfaction in their job and approximately 80 per cent 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.

RESPONSIBLE CONSULTANTS BUILD STRONG CUSTOMER RELATIONSHIPS

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 cites 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.

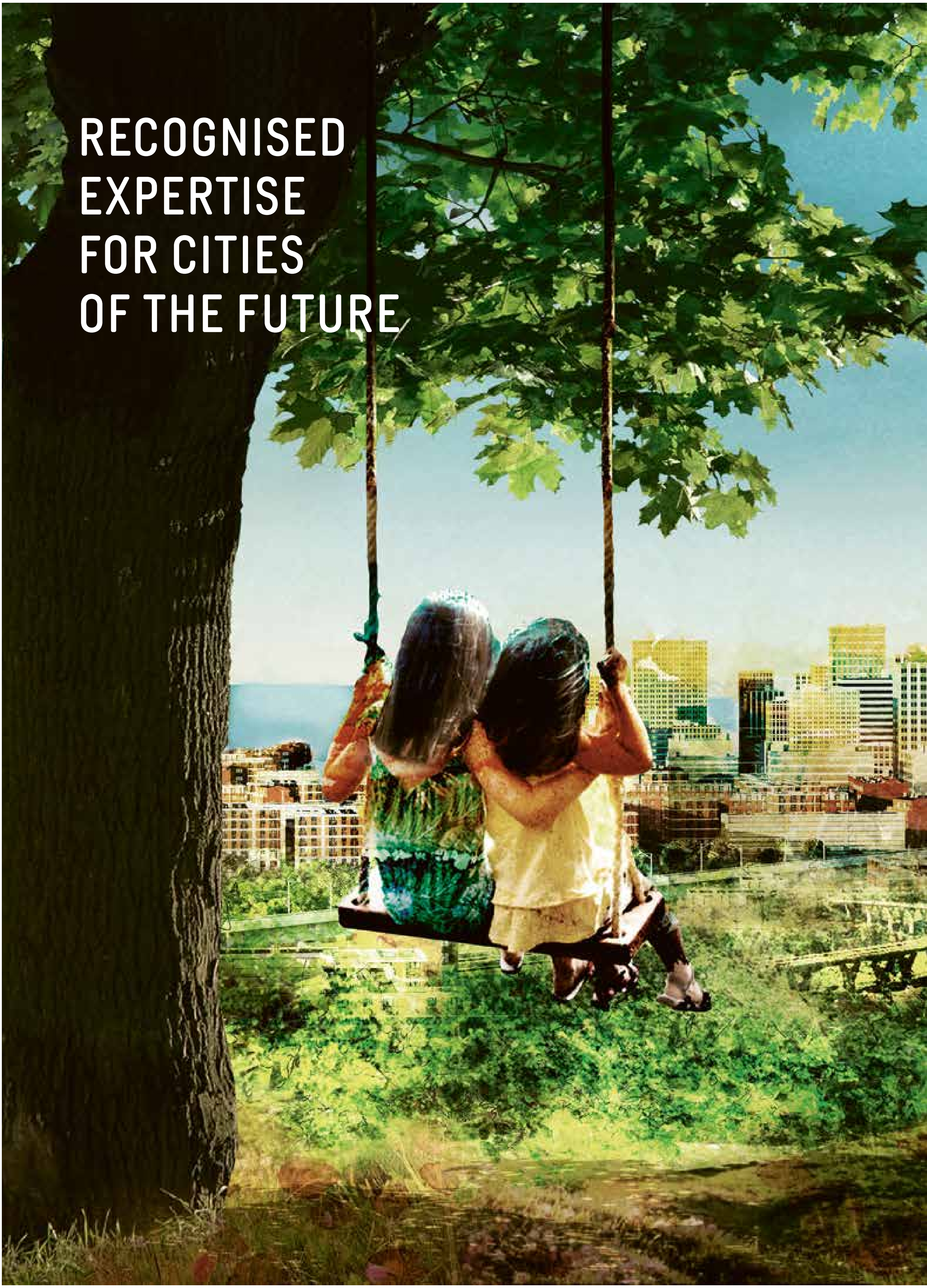
Sweco has guidelines for **anti-corruption and bribes, gifts and business entertainment, and sponsorship**. All employees are responsible for familiarising themselves and complying with these guidelines.

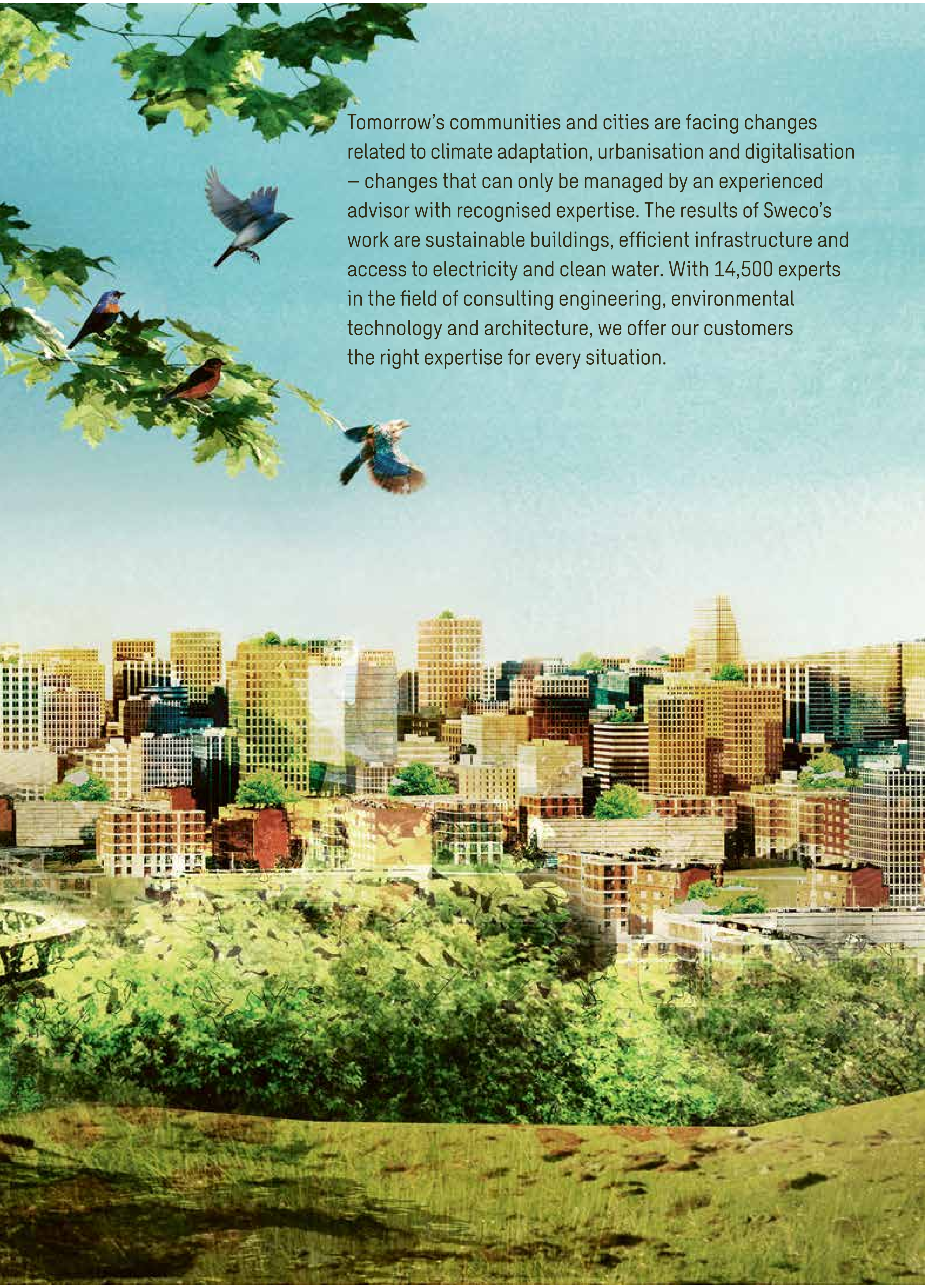
The Sweco **Business Partner Program** ensures that current and prospective business partners comply with our requirements on ethical business practices.

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

NEW MULTI-USE CULTURAL CENTRE
Sweco's architects designed the winning entry for Gothenburg's new cultural centre at Bergsjön. The building will include a library, café, studios, workshops, as well as assembly halls for theatre, dance and film. The cultural centre is designed to grow out of an existing hill and wind its way down to a town square. The building has an open, inviting façade and weaves indoor and outdoor environments together to form a compelling whole.

MODERNISATION OF KUOPIO'S TOWN CENTRE
Kuopio, one of the Finnish cities that has seen a lot of development in recent years, is planning a modern new city district. Located near the town centre, the district will be completed in 2023 and will include residences, offices, commercial areas and a travel centre. Sweco is responsible for structural engineering, building service systems and BIM coordination.

MODERNISING THE ROYAL SWEDISH OPERA HOUSE
The Royal Swedish Opera House in Stockholm is a landmark in the Swedish capital and the national stage for opera, ballet and modern dance. In 2016 the Swedish Government directed the National Property Board of Sweden to modernise the building, which dates back to the 1890s. The renovation is extensive and new facilities will be created through both reconstruction and expansion. Sweco is providing services in the areas of structural engineering, geotechnics and building engineering physics. The project will be completed in 2025.

PLANNING AND DESIGNING THE GRAND CENTRAL PROJECT IN FRANKFURT AM MAIN
The area next to Frankfurt's central station, one of Europe's busiest, is about to undergo an extensive transformation. An area of 18,000 square metres, including a group of buildings from the 1970s, will be completely redesigned. Sweco will provide services in planning, architecture, structural engineering and design for a large office project adjacent to the city's central station. The buildings will become the new head office of DB Netz AG, subsidiary of Deutsche Bahn, and its 2,200 employees.

NUCLEAR MEDICINE AND RADIOTHERAPY IN STUTTGART
Klinikum Stuttgart, one of Germany's largest hospitals, is planning an expansion to improve its operations. The building will comprise a total of 6,350 square metres distributed over eight storeys, and will include the housing of departments for nuclear medicine and radiotherapy. The Stuttgart Cancer Centre, administrative divisions and operating theatres will also be located in the building. Sweco has been commissioned to plan and design the new building, which will open for patients in 2020.

SETTING A NEW RECORD FOR THE TALLEST WOODEN BUILDING
When completed in March 2019, Mjøsa Tower in the Norwegian town of Brumunddal will be the world's tallest wooden building. The 18-storey, 80-metre-tall building will house a hotel, residential flats and a restaurant. Sweco is providing consulting services in structural engineering, fire engineering and acoustics. In 2014–15 Sweco designed the structural engineering for "the Tree" in Bergen, at the time the world's largest wooden building at 50 metres and 14 storeys.

WORLD'S HIGHEST BREEAM-CERTIFIED OFFICE BUILDING
Bloomberg's new European headquarters has taken shape in London between the Bank of England and St Paul's Cathedral. The 100,000-square-metre building will house offices, shops, public plazas and a restaurant boulevard with a restored Ancient Roman temple uncovered during the construction process. With its expertise in areas including building service systems, Sweco was successful in meeting the customer's stringent environmental goals. The building received an "Outstanding" BREEAM certification and the highest score ever achieved by a large office complex.

SMART HOSPITAL IMPROVES HEALTHCARE EFFICIENCY
Haugesund Hospital in Norway will soon be revitalised with a 20,000-square-metre expansion and the renovation of large parts of the existing building. In addition to being a passive building, the new hospital will also introduce the latest technology to simplify procedures for the staff and improve the patient experience. Sweco is providing a wide range of services, from energy optimisation solutions for hot water heating to advanced ventilation solutions for preventing airborne contagion.

PLANNING THE EXPANSION OF JINAN, CHINA
Jinan, with approximately seven million inhabitants, is the capital of Shandong Province in eastern China. Until now, the city has grown alongside a mountain range to the south and the Yellow River to the north. The city's new strategy is to continue its expansion in another direction – on the other side of the river. Sweco's architects have been commissioned to plan a new area of 800 square kilometres. This strategic plan for the city will serve as a guide in future decades and needs to be adaptable to future digital and technological transformations. This is Sweco's eighth project in the city.

NEW CITY DISTRICTS IN AMSTERDAM
Amsterdam is growing rapidly, and the city has initiated a programme to create 50,000 new homes by 2025. Sweco has been commissioned to advise and provide services for three major urban development projects: IJburg 2, Zeeburgereiland and Overamstel. The three areas – all of which have different characteristics – are key initiatives in Amsterdam's housing growth strategy, and this requires optimal use of Sweco's expertise within design, engineering, procurement assistance and contract management.

EXPANSION OF HELSINKI AIRPORT
To increase capacity and strengthen Helsinki Airport's position as a transit hub between Europe and Asia, the most extensive renovation and expansion in the airport's history is now being planned and carried out. The terminal will be expanded by 103,000 square metres, and the existing airport will be modified to improve service and passenger experience. Sweco's services include project management and complex construction solutions.

REVITALISED BREWERY AREA
Copenhagen's city centre, the former site of the Carlsberg brewery, is being transformed into a dynamic mix of residences, offices, cultural spaces and cafés. The mineral water factory will be redesigned to include residential flats and office space, with a cycle park at basement level. Sweco is the main consultant on the project, providing everything from detailed design work to construction management.

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

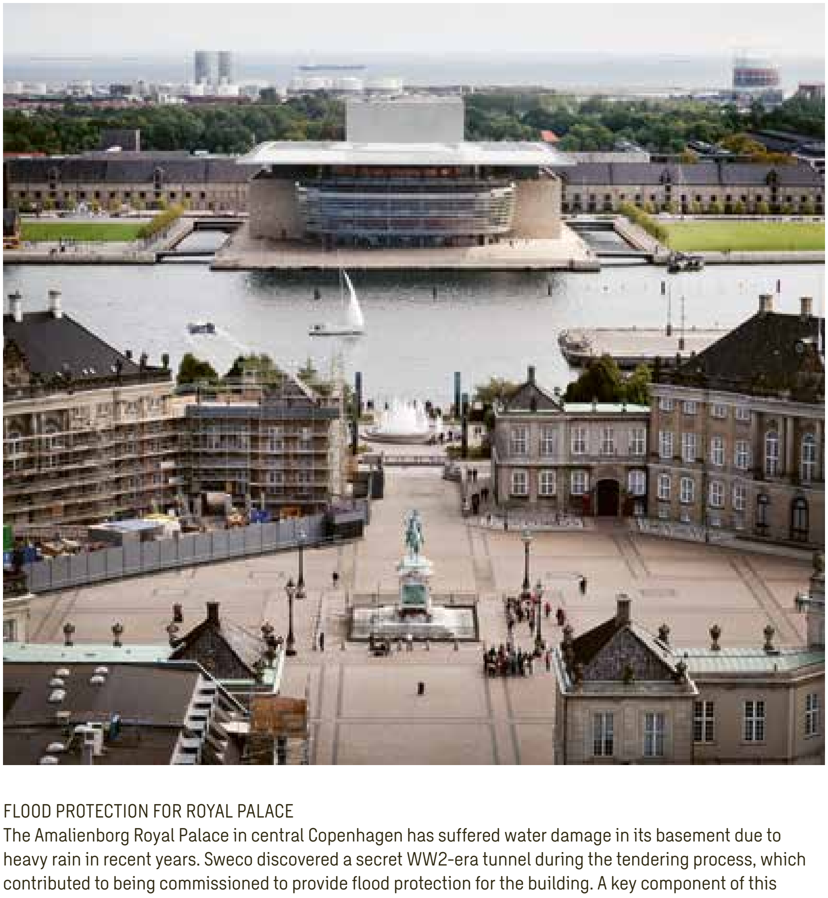
IT

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

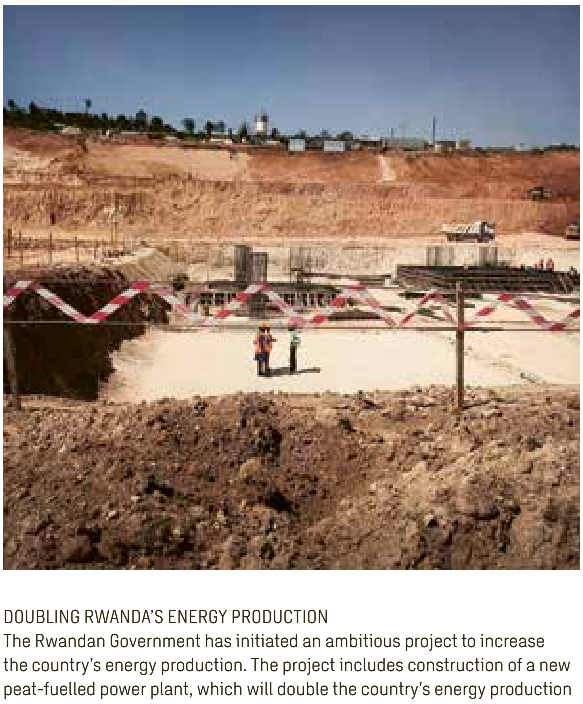
Examples of services:
- Systems development and big data,
- Data coordination and BIM
- 3D visualisation and geographical analyses
- Strategy and operational support

RENEWABLE ENERGY TRANSITION IN SOUTH AFRICA
Sweco is providing Eskom, South Africa's energy utility, with expertise as the country prepares a large-scale transition towards renewable energy. New methods and technologies need to be implemented to enable distribution of energy from new sources, such as wind and solar. The project is a key initiative in meeting the South Africa's climate goals.

HYDROPOWER IN BHUTAN
With a total vertical drop exceeding 7,000 metres, Bhutan has ideal conditions for hydropower. The country plans to continue expanding its hydropower, and Sweco has been commissioned by the World Bank to study the effects of such an expansion on the environment, inhabitants and society. The results of the study will be used in the strategic planning for the country's continued hydropower expansion.



FLOOD PROTECTION FOR ROYAL PALACE
The Amalienborg Royal Palace in central Copenhagen has suffered water damage in its basement due to heavy rain in recent years. Sweco discovered a secret WW2-era tunnel during the tendering process, which contributed to being commissioned to provide flood protection for the building. A key component of this project has been identifying alternative locations for the new rainwater tunnel to avoid collision with the no-longer-secret WW2 tunnel.



DOUBLING RWANDA'S ENERGY PRODUCTION
The Rwandan Government has initiated an ambitious project to increase the country's energy production. The project includes construction of a new peat-fuelled power plant, which will double the country's energy production while also reducing production costs and harmful emissions. Sweco's energy experts conducted feasibility studies, assisted in the tender and contract phase, and are now overseeing the construction process.

FIRST GEOTHERMAL POWER PLANT IN FLANDERS
Construction of a new power plant is being planned to reduce Flanders's dependence on foreign fossil fuels. Successful test drillings in Mol in northern Belgium have identified an aqueous layer with temperatures of up to 124 °C. Sweco is involved in designing the new power plant that will convert the hot water to renewable electricity and provide heating for many nearby households.

FLOOD PROTECTION FOR THE NEDERRIJN AND LEK
Lekdijk, a flood protection dike running along the Nederrijn and Lek rivers, protects a large part of the central and western Netherlands from flooding. A breach of the Lekdijk would put much of the Randstad region, extending all the way to Amsterdam, at risk of flooding. The potential cost of such flooding would run to tens of billions of euros and would put more than one million residents in danger. Sweco has been commissioned to produce plans and designs in order to improve the height and stability of the dike, thereby ensuring a safe future environment.

NEW SODIUM CHLORATE PRODUCTION LINE
To meet increased demand for bleaching agents for the paper industry, Kemira is expanding production with a new sodium chlorate line at its plant in Joutseno in southeast Finland. Sweco's industrial experts have played a prominent role over the course of the entire project, from planning and engineering to procurement and construction management.

IMPROVED WATER QUALITY FOR PRAGUE RESIDENTS
Situated beside Zelivka River is Central Europe's largest water treatment plant, which supplies drinking water to the entire city of Prague and the region of Central Bohemia. The plant needs to be modernised to meet the tougher quality requirements for drinking water in the future. Sweco has been commissioned for detailed design of the rehabilitation of the treatment process, to improve filtration and ensure the elimination of organic contaminants.

PRODUCTION OF ELECTRICITY, HEAT AND BIOGAS FROM RECYCLED ENERGY
To meet electricity, heating and biofuel needs in the expanding Stockholm region, E.ON is planning construction of a new closed-loop facility at Högbytorp. Sweco's work includes project management and planning for the CHP plant, project management and planning for a 23-kilometre pipeline to transmit district heating to the Stockholm grid, and planning for the biogas facility.

PRODUCTION FACILITY FOR OFFSHORE WIND TURBINE FOUNDATIONS
More and more offshore wind farms are being placed offshore in deepwater. Production facilities need to be adapted and expanded for construction of the increasingly larger, heavier wind turbines. Sweco was involved in the development of a new 500-metre assembly hall for construction of the Maasvlakte 2 wind farm monopiles, as well as a 40-hectare logistics area for loading the monopiles on offshore installation vessels.

IRELAND'S LARGEST WIND FARM
When completed, the Galway Wind Farm will have the capacity to generate enough green energy for around 90 per cent of households in the province. Sweco has been involved from the early stages in several aspects of the wind farm's development. One recent commission has been developing practical and economical construction solutions for five types of turbine foundations adapted to Galway's challenging soil conditions.

PLANNING AND DESIGNING NUCLEAR ENCAPSULATION PLANT
SKB, the Swedish Nuclear Fuel and Waste Management Company, is planning a final storage solution for Sweden's spent nuclear fuel. A vital part of this project is the Clink encapsulation plant, where the fuel is prepared prior to reaching the final repository. Sweco has been commissioned to plan and design the plant, where the spent fuel will be encapsulated in copper and nodular cast iron.

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

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

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)

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

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

MOBILITY IMPROVEMENTS IN SOUTHERN AMSTERDAM

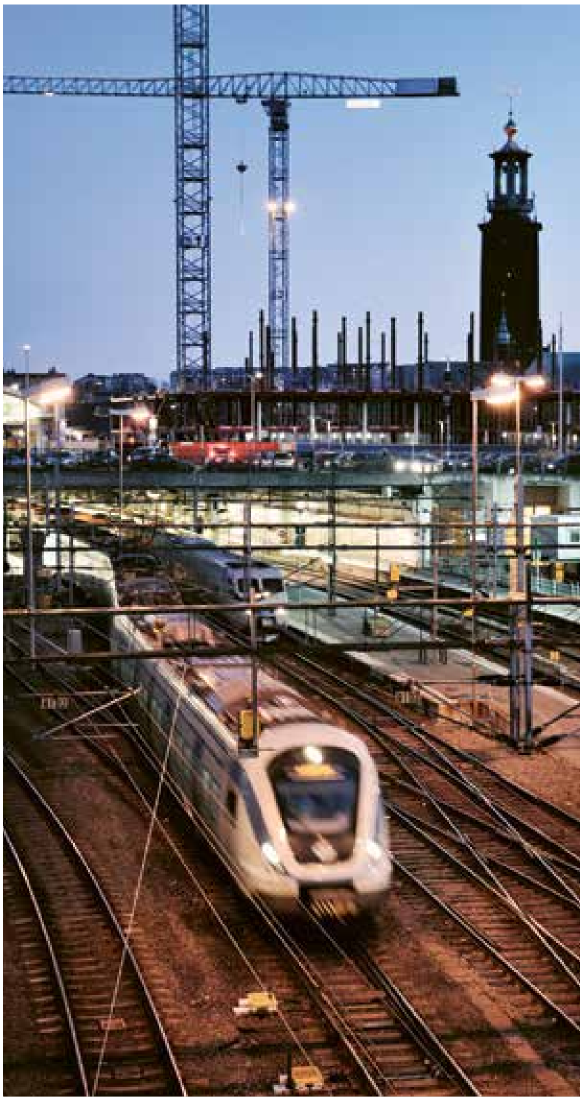
In Amsterdam, Sweco provides its services in the infrastructure project Zuidasdok that includes the widening of the southern section of the highway A10, creating two highway tunnels and expanding the Amsterdam Zuid railway station. The overall objective is to vastly improve traffic flow and allow new urban development. Sweco's focus will be technical advice on the full scope of the project, such as stakeholder management, highway and tunnel design, multi-modal solutions, rail design & public space design.

METRO LINE FOR A GROWING CITY

The largest investment in Stockholm's metro network since the 1980s is underway. Under this major project, Sweco will plan an 11-kilometre-long metro line and design seven new stations. From a technical perspective, the assignment is one of a kind. The new track tunnels will run through the bedrock under Saltsjön Bay, with one of the stations situated up to 100 metres underground. The initiative is a key component in the fast-growing city of Stockholm and is essential for the construction of new housing offering good public transport.

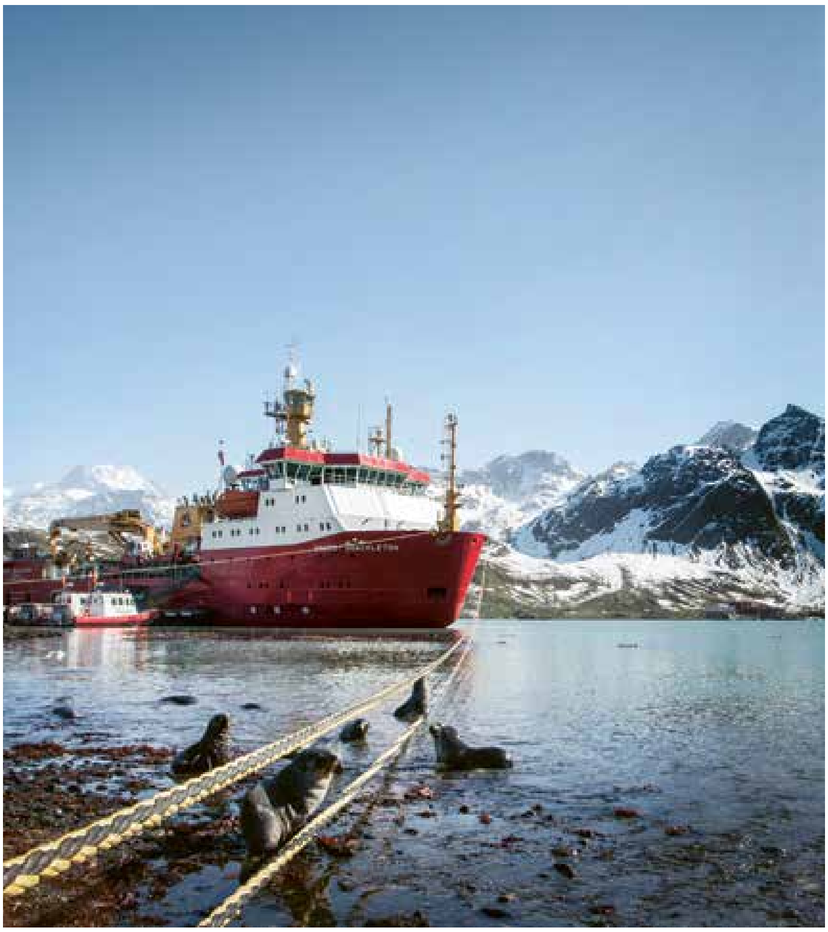
NEW FJORD LINK FOR FREDERIKSSUND

To meet the current traffic challenges on both sides of Roskilde Fjord, the Danish Road Directorate (Vejdirektoratet) is planning a new 10-kilometre link with a high bridge and four-lane motorway. Sweco has been responsible for geotechnical studies and for the bridge plan and design. Use of the latest 3D technology streamlined the process and produced significant time savings. The new bridge will open in 2019 and be used by an estimated 13,000 cars per day.



MOTORWAY SECTION UPGRADE

As part of a comprehensive effort to improve traffic safety and road connections between the country's big cities, Sweco was commissioned to modernise six sections of the A47 motorway in eastern England. The project includes widening existing roads and modernising intersections, which will shorten travel times for road users and make car journeys safer and more pleasant.



MODERNISING STOCKHOLM CENTRAL STATION

With approximately 1,000 trains arriving and departing daily, Stockholm Central Station is the busiest in Sweden. To prepare for future passenger and freight transport needs, Sweco has been commissioned by the Swedish Transport Administration to plan and design a complete modernisation of the railway network and station environment. The project includes everything from platform renovation and accessibility adaption to switchgears, new turntables and waiting bays for the trains. The project will be carried out in stages to ensure that the station operates efficiently through to project completion in 2022.

MODERNISING ANTARCTIC RESEARCH FACILITY

Sweco's experts have been commissioned by BAM for the Natural Environment Research Council, the UK's leading public funder of environmental research, to manage the modernisation of the British Antarctic Survey's research facility. Initially, the existing quay will be modernised and adapted to accommodate research vessel RRS Sir David Attenborough. Sweco will work with BAM to deliver the entire project and providing expertise in the areas of civil and structural engineering, building service systems, energy and environmental services.

DESIGNING GRAND PARIS EXPRESS MAINTENANCE FACILITY
With 200 kilometres of new underground metro lines and 68 new stations, the Grand Paris Express is the largest metro project in Europe. Sweco was commissioned for the detailed planning and project management of the maintenance facility that will support the new Line 15 East metro line. The line connects suburbs from Saint-Denis Pleyel to Champigny through a new ring line around Paris.

DESIGNING THE SOUTHERN ROAD IN RZESZOW
Sweco has been commissioned to design a new southern bypass of the city of Rzeszów in southeast of Poland. A dual carriageway will connect to the S19 expressway – including an overpass spanning the Rzeszow Reservoir. All solutions are designed to improve the region's transportation system while taking the natural environment and ecosystem protection into account. The project is scheduled for completion in 2020.

ADVISOR ON INFRASTRUCTURE PROJECTS IN AFGHANISTAN
With Regional Infrastructure Development Fund (RIDF) support, Sweco has been commissioned to assist with implementation of infrastructure projects in northwest Afghanistan. Sweco will provide advisory and support services in areas including project selection, planning and tendering. Sweco will also provide construction supervision services for road construction, flood protection, irrigation, schools and power supply – all of which support the development of Afghan civil society.

NEW MOTORWAY SECTION IN NORWAY
The European E6 motorway is the main north-south road through Norway, connecting Norway to the European mainland through western Sweden. Sweco has been commissioned to plan and design a 24-kilometre stretch between Arnkvern and Moelv, east of Mjøsa, Norway's largest lake. The project will be completed in 2021.

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 2017. The Sustainability report is part of the Board of Directors' Report and is found on pages 43–45.

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 higher 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 remains strong in most segments, while residential construction is slowing down. The markets in Finland and the Netherlands have improved and are good. Essentially all other core markets remain good.

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 increased 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 2 per cent to SEK 16,887 million (16,531). Acquired growth contributed 1 per cent, and currency effects 1 per cent. Organic growth totalled 0 per cent. Excluding calendar effects, organic growth was 1 per cent.

EBITA increased to SEK 1,492 million (1,336), which is Sweco's best full-year result to date. The absence of extraordinary items related to the Grontmij acquisition contributed SEK 146 million to the EBITA improvement.

Sweco Netherlands is on a solid trajectory of profitability. As a consequence of accounting rules, a deferred tax asset related to historical losses in Grontmij has been recognised. The tax asset is valued at SEK 161 million and impacts net profit positively by the same amount.

Key ratios	2017	2016
Net sales, SEK M	16,887	16,531
Organic growth, %	*0*	*3*
Acquisition-related growth, %	*1*	*42*
Currency, %	*1*	*0*
EBITA excl. extraordinary items, SEK M	1,492	1,482
Margin excl. extraordinary items, %	*8.8*	*9.0*
EBITA, SEK M	1,492	1,336
Margin, %	*8.8*	*8.1*
Profit after tax, SEK M	1,223	931
Earnings per share, SEK	10.23	7.78
Number of full-time employees	14,530	14,365
Net debt/EBITDA	1.0	1.0

DEFINITIONS

The number of full-time employees as well as Net Sales and EBITA margin for the business areas have been restated for 2016, to reflect the new definitions employed since 1 January, 2017. For further details, see page 54.

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 macroeconomic situation and financial market events are risks to the development.

Sweco does not provide forecasts.

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

	Net sales, SEK M		EBITA, SEK M		EBITA margin, %		Number of full-time employees	
Business area	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Sweco Sweden	7,024	7,064	844	852	12.0	12.1	5,524	5,482
Sweco Norway	2,070	2,055	148	195	7.2	9.5	1,347	1,344
Sweco Finland	1,893	1,759	187	138	9.9	7.9	2,046	1,984
Sweco Denmark	1,371	1,375	44	98	3.2	7.1	1,011	1,055
Sweco Netherlands	1,709	1,746	66	27	3.9	1.5	1,368	1,444
Sweco Western Europe	1,637	1,579	115	105	7.0	6.6	1,625	1,534
Sweco Central Europe	1,303	1,050	84	58	6.4	5.5	1,541	1,427
Group-wide, eliminations, etc.	-120	-97	4	-138	–	–	68	95
TOTAL GROUP	**16,887**	**16,531**	**1,492**	**1,336**	**8.8**	**8.1**	**14,530**	**14,365**

ACQUISITIONS AND DIVESTMENTS

In 2017, Sweco in total acquired five businesses with close to 170 employees generating an annual Net Sales of approximately SEK 208 million and about SEK 9 million in annual operating profit.

In February, Sweco acquired the operations of Karves Yhtiöt Ltd and the entire share capital of its subsidiaries Karves Suunnittelu Ltd and Karves Energia & Valvonta Ltd. These Finnish companies have more than 50 employees specialising in design and expert renovation services, as well as energy efficiency and life cycle services for housing companies. The acquisition strengthens Sweco's offering and presence in the Finnish market.

In June, Sweco acquired M&R Engineering, a Belgian engineering consultancy. M&R Engineering is specialised in technical building services and is one of the market leaders in Belgium. The company offers expertise in building services engineering, environmental building concepts, and facilities and maintenance management. The company has approximately 40 employees and offices in Brussels and Antwerp. The acquisition further strengthens Sweco's offering in Belgium.

In July, Sweco acquired Norwegian Byggteam Bodö AS, with 7 employees.

In August, Sweco acquired Snoeck & Partners, a Belgian building consultancy with a well-established market position in western Belgium. The company offers services in architecture, structural engineering and infrastructure and has 24 employees.

In October, Sweco acquired Dimensjon Rådgivning AS, a Norwegian engineering consultancy based in Stavanger. Dimensjon is specialised in urban planning, building engineering, municipal engineering and infrastructure. The company was founded in 2001 and has 47 employees at its office in Stavanger in southwest Norway.

In December, Sweco signed an asset purchase agreement with Royal HaskoningDHV to acquire the operations of HaskoningDHV Belgium as of January 2018. HaskoningDHV Belgium has 36 employees and is specialised in soil investigations and decontamination, environmental impact assessments and integrated area development.

In June, Sweco divested the Naarderbos golf course in the Netherlands, which was part of a portfolio of non-core real estate assets of the former Grontmij group. The business had 65 employees (approximately 25 full-time employees). The divestment had no significant impact on Group profit.

OTHER SIGNIFICANT SUBSEQUENT EVENTS

On 10 January 2018 Sweco announced the acquisition of Årstiderne Arkitekter, one of Denmark's leading architecture firms, with approximately 220 employees. Through the acquisition Sweco will establish the first fully integrated architecture and engineering offering in Denmark and become the leading architecture firm in Europe with more than 1,200 architects.

On 12 January Sweco announced that Tomas Carlsson will leave his position as President and CEO of Sweco. The Board of Directors has initiated the process of finding a replacement. Tomas Carlsson will continue in his current role during his termination period until July 2018.

On 6 February Sweco announced Urban Insight, a global initiative under which Sweco's experts will explore ways in which various urban structures in Europe influence citizens' ability to meet needs and preferences. The experts' insights will be shared throughout the year on an Urban Insight website.

On 1 January, the acquisition of the operations of Royal HaskoningDHV in Belgium was completed. On 1 March, Sweco announced the acquisition of BML Ingenieure GmbH, a German engineering company operating in the Frankfurt area with 21 employees.

CASH FLOW AND FINANCIAL POSITION

Group cash flow from operating activities totalled SEK 1,060 million (1,165) during the period. Net debt increased to SEK 1,698 million (1,558).

The net debt/EBITDA ratio was 1.0 times (1.0).

Available cash and cash equivalents, including unutilised credit lines, totalled SEK 1,991 million (2,138) at the end of the year.

EMPLOYEES

The number of employees at the end of the period was 15,557 (15,236), an increase of 321. During the year 2,791 employees (2,548) were hired, 2,569 (2,578) ended their employment, 65 (45) ended their employment in conjunction with the divestment of companies and 164 (160) were added via acquired companies. Personnel turnover was 17 per cent (17). The Group had a total of 14,530 full-time employees (14,365).

SELECTED PROJECTS

In Poland, Sweco signed new consultant service agreements for the Odra-Vistula Flood Management project. These represent Sweco's third and fourth contracts under the same scheme and have an aggregate value of approximately SEK 53 million. The project is co-financed by the World Bank and is designed to improve flood protection for the area's residents. Sweco's main role is to support the project's implementation units with preparatory work, design and supervision.

In the UK, Sweco has partnered with BAM Nuttall, which was appointed to the British Antarctic Survey (BAS) Construction Partner framework, to provide design and construction services for the modernisation of research facilities in the Antarctic. The programme, commissioned by the Natural Environment Research Council, will be conducted over the next ten years, and will enable British scientists to continue their vital research into major issues facing the planet.

In Germany, Sweco has been commissioned to provide design services for a new building ("House G") at Klinikum Stuttgart. The building will house the latest cancer therapy and nuclear medicine technologies. The project includes healthcare planning as well as structural design, general planning services, fire protection measures, technical equipment and thermal building physics. House G will comprise a total of 6,350 square metre of usable area distributed over eight storeys. The project started in January 2017 and House G will open for patients in late 2020.

In Sweden, Sweco has been commissioned as the Swedish Nuclear Fuel and Waste Management Company (SKB) begins systems engineering and safety analysis reporting for the planned encapsulation plant Clink in Oskarshamn. Sweco's project for SKB includes finalising general specifications at the facility-level and safety, control and power systems at the system-level. Sweco will provide expertise in several disciplines, including energy, environment, architecture and structural engineering. The contract value for Sweco may exceed SEK 200 million provided that SKB obtains all necessary authorisations. The project will continue through mid-2020.

The municipality of Amsterdam has signed a collaboration agreement with Sweco to provide advisory and civil engineering services for three extensive urban development projects, IJburg-2, Zeeburgereiland, and Overamstel. Sweco's experts will advise and provide services in design, engineering, procurement assistance and contract management. The municipality of Amsterdam has estimated the contract value at SEK 9 million per year. The agreement runs through to April 2021 with four additional one-year options for continuation.

In Sweden, the Swedish Transport Administration has commissioned Sweco to plan and design the modernisation of the station environment and railway network at Stockholm Central Station – the busiest railway station in Sweden with around 1,000 daily arrivals and departures. Sweco's consultants will work in all of the project's technical areas. Work on the project will continue through 2022. Sweco estimates the project's total order value to exceed SEK 300 million.

Sweco Belgium has been commissioned by Société du Grand Paris for detailed design work and project management of the maintenance complex for Line 15 East of the Grand Paris Express metro network. With 200 kilometres of new underground metro lines and 68 new stations, the Grand Paris Express in the French capital is the largest metro project in Europe. The objective is to support urban expansion and make travelling more efficient, reduce road traffic, and improve the city's air quality. The line will be opened in stages from 2025 to 2030. The order value for Sweco is approximately SEK 100 million.

In Norway, Sweco has been commissioned to design the new 24-kilometre-long motorway E6 in Hedmark, Norway, one of the country's largest upcoming infrastructure projects. Sweco has been commissioned by construction company Veidekke and the responsible authority is Nye Veier, the Norwegian infrastructure development company. The project will start immediately and the motorway is scheduled to open to the public in December 2020. The order value for Sweco is approximately SEK 70 million.

Sweco has been commissioned by a joint venture of Groß & Partner Grundstücksentwicklungsgesellschaft mbH and Phoenix Real Estate Development GmbH to plan and design a vital part of the Grand Central project in Frankfurt am Main. Sweco will provide services in planning, architecture, structural engineering and redesign, for the project "Grand Central Frankfurt – Building A and B". The project comprises two new interconnected seven-storey buildings, with a gross floor area above ground of approximately 52,000 square metres, extensive outdoor facilities and a two-storey underground parking. The buildings will become the new head office of DB Netz AG, a subsidiary of Deutsche Bahn, with 2,200 employees.

BUSINESS AREA – SWECO SWEDEN

Sales decreased 1 per cent to SEK 7,024 million (7,064). EBITA decreased SEK 8 million. Organic growth was -1 per cent.

The Swedish market is good, but growth is slowing down and competition for talent is intense. There is strong demand in the construction and real estate sector, while residential construction is slowing down. The infrastructure market is 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 demand in energy generation remains challenging.

Net sales and profit	2017	2016
Net sales, SEK M	7,024	7,064
Organic growth, %	*-1*	*4*
Acquisition-related growth, %	*0*	*0*
Currency, %	*0*	*0*
EBITA, SEK M	844	852
EBITA, %	*12.0*	*12.1*
Number of full-time employees	5,524	5,482

BUSINESS AREA – SWECO NORWAY

Sales increased to SEK 2,070 (2,055). EBITA decreased SEK 47 million. Organic growth was -1 per cent.

The Norwegian market is good, but demand is distributed unevenly. The markets in the greater Oslo region are strong within public infrastructure, private and public commercial construction and residential construction. The markets in southern and western Norway remain challenging, while the northern areas are experiencing moderate growth.

Net sales and profit	2017	2016
Net sales, SEK M	2,070	2,055
Organic growth, %	*-1*	*5*
Acquisition-related growth, %	*1*	*0*
Currency, %	*1*	*-3*
EBITA, SEK M	148	195
EBITA, %	*7.2*	*9.5*
Number of full-time employees	1,347	1,344

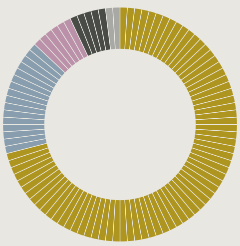
BUSINESS AREA – SWECO FINLAND

Sales for Sweco Finland increased to SEK 1,893 million (1,759). Organic growth was 3 per cent. EBITA increased to SEK 187 million (138).

The Finnish economy has gradually improved over the last two years and the market is good. Demand for Sweco's services is stable and developing positively, primarily in the building market in the Helsinki region. Demand for industry, construction and real estate-related services is good, while the infrastructure market remains challenging.

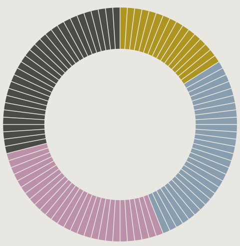
Net sales and profit	2017	2016
Net sales, SEK M	1,893	1,759
Organic growth, %	*3*	*6*
Acquisition-related growth, %	*3*	*0*
Currency, %	*2*	*1*
EBITA, SEK M	187	138
EBITA, %	*9.9*	*7.9*
Number of full-time employees	2,046	1,984

COST STRUCTURE (EBITA), %



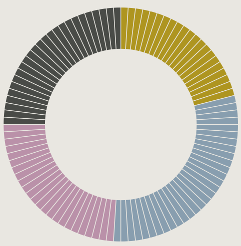
- Personnel costs, 71 (72)
- Subconsultants and expenses, 16 (15)
- Overhead expenses, 6 (6)
- Cost for premises, 5 (5)
- Amortisation/depreciation, 2 (2)

TERM OF EMPLOYMENT, %



- <1 year, 16 (15)
- 1–3 years, 28 (27)
- 4–9 years, 27 (29)
- >10 years, 29 (29)

AGE STRUCTURE, %



- <30 years, 21 (21)
- 31–40 years, 30 (30)
- 41–50 years, 24 (23)
- >50 years, 25 (26)

BUSINESS AREA – SWECO DENMARK

Sales decreased to SEK 1,371 million (1,375) and organic growth was -2 per cent. EBITA decreased SEK 54 million to SEK 44 million (98).

The market in Denmark is generally good with stable development. The construction and real estate sector is developing well and is particularly strong in the larger cities. The infrastructure market is stable, with the exception of weaker demand in road construction and larger public infrastructure projects. Demand in the water and environmental sectors is increasing, driven by an increased demand for climate adaptation services in the larger cities. The energy market is weak due to a decreasing activity level.

Net sales and profit	2017	2016
Net sales, SEK M	1,371	1,375
Organic growth, %	*-2*	*1*
Acquisition-related growth, %	*0*	*0*
Currency, %	*2*	*1*
EBITA, SEK M	44	98
EBITA, %	*3.2*	*7.1*
Number of full-time employees	1,011	1,055

BUSINESS AREA – SWECO NETHERLANDS

Sales fell to SEK 1,709 million (1,746). EBITA increased to SEK 66 million (27).

The journey to sustainably improve operational performance continues, with a focus on implementing Sweco's operating model supported by a cultural change programme focused on customers, leadership and collaboration. Due to the gradual improvement of the Dutch economy, the engineering market in the Netherlands has improved and the demand for Sweco's services is good. Sweco Netherlands is well-positioned for continued growth and delivers services primarily in the areas of public infrastructure, energy, water and public sector buildings.

Net sales and profit	2017	2016
Net sales, SEK M	1,709	1,746
Organic growth, %	*-3*	*-3*
Acquisition-related growth, %	*-1*	*-3*
Currency, %	*2*	*1*
EBITA, SEK M	66	27
EBITA, %	*3.9*	*1.5*
Number of full-time employees	1,368	1,444

BUSINESS AREA – SWECO WESTERN EUROPE

Sales increased to SEK 1,637 million (1,579). EBITA increased to SEK 115 million (105). Organic growth was 1 per cent.

Demand for Sweco's services in the UK remains good. The infrastructure and water markets are good. The energy and building markets are stable. Although there are no tangible signs of a slowdown, there is uncertainty about market development following the EU referendum ("Brexit").

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

Net sales and profit	2017	2016
Net sales, SEK M	1,637	1,579
Organic growth, %	*1*	*4*
Acquisition-related growth, %	*2*	*0*
Currency, %	*0*	*-4*
EBITA, SEK M	115	105
EBITA, %	*7.0*	*6.6*
Number of full-time employees	1,625	1,534

BUSINESS AREA – SWECO CENTRAL EUROPE

Sales increased to SEK 1,303 million (1,050) and organic growth was 13 per cent. EBITA increased SEK 26 million to SEK 84 million (58).

The German market is good overall and is developing positively. The health-care 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 has stabilised and the Czech market is showing signs of a recovery with good demand for Sweco's services. The Polish market is developing positively with good investments in energy, transportation and water.

Net sales and profit	2017	2016
Net sales, SEK M	1,303	1,050
Organic growth, %	*13*	*2*
Acquisition-related growth, %	*9*	*9*
Currency, %	*2*	*1*
EBITA, SEK M	84	58
EBITA, %	*6.4*	*5.5*
Number of full-time employees	1,541	1,427

OTHER INFORMATION

Investments

Investments in equipment totalled SEK 229 million (213) and were primarily attributable to IT investments. Depreciation of equipment totalled SEK 227 million (219) and amortisation of intangible assets totalled SEK 108 million (133).

Purchase consideration paid to acquire companies totalled SEK 181 million (175) and had an impact of SEK -136 million (-152) on Group cash and cash equivalents. Purchase consideration received for the divestment of companies totalled SEK 15 million (10) and had a positive impact of SEK 13 million (7) on Group cash and cash equivalents. Repurchases of Sweco shares totalled SEK 289 million (126) and had the same effect on Group cash and cash equivalents.

Dividends totalling SEK 513 million (418) were distributed to Sweco AB shareholders during the second quarter.

Parent Company

Parent Company net sales totalled SEK 621 million (538) and were attributable to intra-group services. Profit after financial items totalled SEK 1,171 million (488). Investments in equipment totalled SEK 7 million (31). Cash and cash equivalents at the end of the year totalled SEK 218 million (570).

The Sweco share

Sweco is listed on Nasdaq Stockholm. The share price of the Sweco Class B share was SEK 181.80 at the end of the year, representing a 1 per cent year-on-year increase. Nasdaq Stockholm rose by 9 per cent over the same period.

The total number of shares at year-end was 121,583,819, of which 10,533,731 were Class A shares, 110,550,088 Class B shares and 500,000 Class C shares. After the allowance for treasury shares, the total number of outstanding shares at year-end was 119,124,596, of which 10,533,731 were Class A shares and 108,590,865 Class B shares.

Share Savings Schemes

The 2017 Annual General Meeting (AGM) resolved to implement a long-term share savings scheme for Sweco Group senior executives. Through the scheme, 61 senior executives have acquired some 29,000 shares. Pursuant to IFRS 2 provisions, the cost of the 2017 Share Savings Scheme is estimated at approximately SEK 9 million (including social fees) and will be expensed on a straight-line basis over the retention period. Sweco transferred 90,431 Class B treasury shares to participants in the 2013 Share Savings Scheme during the period.

Resolutions were made by the 2014, 2015 and 2016 AGMs on corresponding schemes, under which slightly more than 33,000, 36,000 and

27,000 shares were acquired, respectively. Under the four Share Savings Schemes, a total of approximately 350,000 shares may be issued if established targets are met based on participants still employed as at year end.

Share Bonus Scheme

The 2017 AGM resolved to implement the 2017 Share Bonus Scheme for all employees in Sweden, under which payment will be made in shares. The AGM resolved to issue 500,000 Class C shares to carry out the 2017 Share Bonus Scheme.

THE BOARD'S PROPOSED GUIDELINES FOR SENIOR EXECUTIVE COMPENSATION, FOR RESOLUTION BY THE 2018 AGM

The Sweco Group's aim is to offer a competitive and market-based level of remuneration to recruit and retain its senior executives. Remuneration to senior executives comprises basic salary, variable compensation consisting of short term variable remuneration and long term variable remuneration (Sweco Share Saving Scheme), pension and other benefits.

Base salary and Short Term Variable Remuneration

Remuneration is to be based on factors such as work duties, qualifications, experience, position and performance. In addition, the break-down between base salary and short term variable remuneration, shall be proportionate to the employee's position and work description. Sweco's short term incentive remuneration shall be linked to predetermined, measurable criteria that are devised to comply with the company's long term value creation.

Short term variable remuneration for the President & CEO and the CFO may not exceed 75 per cent of base salary. For other senior executives, the short term variable remuneration 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's short term incentive programme is aligned. Short term variable remuneration shall be determined, based on results in relation to predetermined profitability targets. Targets for the President & CEO and other senior executives shall be determined by the Board of Directors.

Long Term Variable Remuneration – Share-based incentive schemes

Sweco senior executives may be offered various forms of long term incentive schemes, based on market terms. The rationale for share-based incentive schemes is to increase and/or diversify senior executives' share ownership and/or 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.

Resolutions on share-based incentive schemes shall always be made by the Annual General Meeting or at an Extraordinary General Meeting.

Pensions

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

Other benefits

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

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 shall not exceed 6 months.

For other senior executives, the term of notice shall normally be 12 months in the event of dismissal by the company and 6 months in the event of the executive's resignation.

Other

These principles shall apply to agreements entered into subsequent to the Annual General Meeting's resolutions and to any changes or alterations made to existing agreements after this time, to the extent permitted under the terms of the existing agreements. The Board of Directors shall have the right to deviate from these principles in individual cases if there are extraordinary reasons therefor.

BOARD PROPOSALS

Proposed appropriation of profits

The Board of Directors and the President & CEO propose that profit carried forward and non-restricted reserves	3,586 SEK M
along with net profit for the year	866 SEK M
or, in aggregate,	4,452 SEK M
be appropriated for the distribution of a dividend	
to the shareholders of SEK 5.00 per share	605 SEK M[1]
and that the remaining amount be carried forward.	3,847 SEK M

1) The dividend amount will be a maximum of SEK 605 million, calculated by the number of shares outstanding at 16 March 2018, including shares held in treasury. The dividend amount will change in the event the Board exercises the authority granted by the 2017 AGM to buy back additional shares or to transfer treasury shares.

The estimated record date for dividend distribution is 23 April 2018.

The income statements and balance sheets of the Group and the Parent Company will be submitted to the Annual General Meeting for adoption on 19 April 2018.

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.

2018 Share Savings Scheme

The Board of Directors proposes that the 2018 AGM resolve to implement a long-term share savings scheme for up to 100 Sweco Group senior executives and other key employees. The proposal principally corresponds to the terms in last year´s proposal. This year's proposal to authorise the Board of Directors to repurchase Series B treasury shares is now part of a separate proposal.

2018 Share Bonus Scheme

The Board of Directors also proposes that the 2018 AGM resolve to implement a share-based incentive scheme for employees in Sweden. The proposal principally corresponds to the terms in last year's proposal. This year´s proposal does not include any issue of Series C shares and the proposal to authorise the Board of Directors to repurchase Series B treasury shares is now part of a separate proposal.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 3:00 PM on Thursday, 19 April 2018 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 Group's business 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 a high knowledge content, are of the appropriate quality and 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 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 staff or in cases where anonymity is called for, via Sweco's whistleblower 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.

The Nomination Committee has complied with Section 4.1 in the Swedish Corporate Governance Code as a policy for diversity of the members in the Board. Diversity is however an important element in the nomination process. The Nomination Committee has continuously strived for an equal representation with regard to gender and diversity as to competencies, experience and background, which is reflected in the current composition of the Board.

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.

2017 Annual General Meeting

The 2017 AGM was held on 27 April in Stockholm and was attended by 259 shareholders, representing 77.7 per cent of the votes and 67.3 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 2016, Sweco's development in recent years and the outlook for 2017. The statutory auditor reported on audit-related work conducted during 2016. The submitted income statements and balance sheets were adopted and the Board and President & CEO were discharged from liability for the financial year 2016. The AGM approved an ordinary dividend of SEK 4.30 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 for the Nominating Committee.

Based on the Board's proposal, the AGM resolved to implement the 2017 Share Bonus Scheme. The scheme, which covers employees in Sweden and does not entail any change to the 2016 scheme, stipulates that bonuses are paid in shares rather than cash. The resolution included decisions to implement the 2017 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 2017 Share Bonus Scheme and cover social security contributions.

The Share Bonus Scheme comprises a maximum of 2,000,000 Sweco Class B shares (no more than 1,500,000 for delivery to participants and no more than 500,000 to cover social security contributions). Of the 2,000,000 Class B shares, a maximum of 500,000 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 500,000 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 2018 AGM, to repurchase the newly issued Class C shares at SEK 1 per share for a total of SEK 500,000; to acquire no more than 2,000,000 Class B treasury shares to security obligations under the 2017 Share Bonus Scheme; to transfer no more than 1,500,000 Class B treasury shares to employees under the 2017 Share Bonus Scheme; and to transfer no more than 500,000 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 2017 divided by a base share price (corresponding to the average volume-weighted price paid for the Sweco Class B share during the period 20–31 March 2017) less the amount of the AGM-approved dividend per share for 2016. 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 2018, 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 2016 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 2018 AGM.

The AGM approved a long-term share savings scheme (the 2017 Share Savings Scheme) for Sweco Group senior executives. The scheme comprises a maximum of 176,400 Sweco Class B shares (no more than 140,000 for delivery to participants and no more than 36,400 to cover social security contributions). The AGM authorised the Board, during the period preceding the 2018 AGM, to decide on the purchase of a maximum of 140,000 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 36,400 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 140,000 Class B treasury shares to participants in the 2017 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 2014 Share Savings Scheme. This authority, which may be exercised on one or more occasions during the period preceding the 2018 AGM, applies to the number of Class B shares required to cover social fees under the 2014 Share Savings Scheme, not to exceed 14,189 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 2017 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 2017 AGM resolved on instructions for the Nominating Committee ahead of the 2018 AGM. Among other things, these instructions specify that the Chairman of the Board shall convene a Nominating Committee comprised of three or four representatives -one representative from each of Sweco AB's three largest shareholders 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 16 October 2017 and were based on the known number of votes held immediately prior to publication.

The Nominating Committee held five meetings in 2017. Ahead of the 2018 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 of Swedish nationality, one of German and one of Swedish and American. 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 2017 AGM re-elected Johan Nordström as Chairman of the Board. The other ordinary Board members re-elected by the 2017 AGM are Anders G. Carlberg, Tomas Carlsson, Gunnel Duveblad, Eva Lindqvist, Christine Wolff and Johan Hjertonsson. Elaine Grunewald was elected as new Board member. The employee representatives are Maria Ekh, Anna Leonsson and Görgen Edenhagen, with Tom Ahasverussen, Amanda Carlberg and Peter Rothstein as deputies.

See pages 100–101 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 2017 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 London, the Board visited buildings in London Borough of Camden, continuing with a visit to King's Cross Development visitors' centre, where the different projects Sweco has been part of was presented.

In addition to reporting on the development of Sweco's operations and finances, the Board meetings in 2017 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 2017 is presented in the following table.

	Board meetings	Audit Committee	Remuneration Committee
Number of meetings	8	6	5
Johan Nordström	8	–	5
Anders G. Carlberg	7	6	–
Tomas Carlsson	8	–	–
Gunnel Duveblad	8	6	–
Johan Hjertonsson	7	–	5
Eva Lindqvist[1]	8	1	3
Carola Teir-Lehtinen[2]	1	–	2
Christine Wolff[3]	7	5	–
Elaine Grunewald[4]	5	–	–
Thomas Holm[5]	3	–	–
Maria Ekh	8	–	–
Anna Leonsson	8	–	–
Görgen Edenhagen[6]	7	–	–
Sverker Hanson[7]	–	–	–
Tom Ahasverussen[8]	4	–	–
Amanda Carlberg[9]	–	–	–
Peter Rothstein[10]	–	–	–

1) Replaced Carola Teir-Lehtinen as member of the Remuneration Committee after 2017 AGM.
2) Resigned as Board member at 2017 AGM.
3) Replaced Eva Lindqvist as member of the Audit Committee after 2017 AGM.
4) Joined the Board at 2017 AGM.
5) Resigned as ordinary employee representative in May 2017.
6) Replaced Thomas Holm as ordinary employee representative in May 2017.
7) Resigned as deputy employee representative in May 2017.
8) Replaced Görgen Edenhagen as deputy employee representative with right of attendance.
9) Joined as deputy employee representative in May 2017.
10) Joined as deputy employee representative in May 2017.

Board composition and fees[1]

	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	840,000
Anders G. Carlberg	Board member, member of the Audit Committee	1943	Swedish	2009	no	455,000
Tomas Carlsson	Board member, President & CEO	1965	Swedish	2013	no	–
Gunnel Duveblad	Board member, chairman of the Audit Committee	1955	Swedish	2008	yes	515,000
Johan Hjertonsson	Board member, member of the Remuneration Committee	1968	Swedish	2015	no	425,000
Eva Lindqvist	Board member, member of the Remuneration Committee	1958	Swedish	2013	yes	425,000
Christine Wolff	Board Member, member of the Audit Committee	1960	German	2016	yes	455,000
Elaine Grunewald	Board member	1967	American / Swedish	2017	yes	375,000
Maria Ekh	Employee representative	1974	Swedish	2016	–	–
Anna Leonsson	Employee representative	1971	Swedish	2005	–	–
Görgen Edenhagen	Employee representative	1964	Swedish	2011	–	–
Tom Ahasverussen	Deputy employee representative with right of attendance	1984	Danish	2016	–	–
Amanda Carlberg	Deputy employee representative	1965	Swedish	2017	–	–
Peter Rothstein	Deputy employee representative	1959	Swedish	2017	–	–

1) For the period from the 2017 AGM through the 2018 AGM.
2) Fees for work on the Board and the Audit and Remuneration Committees pursuant to the resolution of the 2017 AGM. Fees refer to remuneration paid during the period from the 2017 AGM through the 2018 AGM. For fees expensed during 2017, see Note 6 on page 65.

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 2017. 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 during which discussion 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 Eva Lindqvist. 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 five meetings in 2017.

Audit Committee

The statutory meeting of the Board also appoints the Audit Committee. Audit Committee members are Gunnel Duveblad (chairman), Anders G. Carlberg and Christine Wolff. 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 compliance status and incidents reported, 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 four times per year. In 2017 the Audit Committee held six 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 2017/18 were set at SEK 3,490,000, of which SEK 750,000 is payable to the Chairman of the Board and SEK 375,000 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 2017 AGM resolution are shown in Note 6 on pages 64–65.

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 2017 AGM to serve as the company's statutory auditor through the conclusion of the 2018 AGM. Authorised Public Accountant Michael Bengtsson was by the auditing firm appointed chief statutory auditor for financial year 2017. For the financial year 2017, fees for audit services totalled SEK 10 million (10) and fees for non-audit services totalled SEK 1 million (1). The non-audit services in 2017 primarily relate to internal IT risk and compliance projects. The amount of fees paid to all accounting firms is shown in Note 4 on page 64.

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 102–103.

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 is 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 and 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 regulates 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.

Sweco has a dedicated internal audit function, consisting of a head of internal audit and a team of qualified business auditors. Business auditors are experienced financial professionals that rotate into Group Internal Audit as part of their management development.

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 2017, 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 98–99.

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 2017 was SEK 22.0 billion. Share capital totalled SEK 121.6 million, divided between 10,533,731 Class A shares, 110,550,088 Class B shares and 500,000 Class C shares, representing 21,638,739.8 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 2017 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 2017 Share Bonus Scheme. In May 2017, all of the 900,000 Class C shares issued in connection with the 2016 Share Bonus Scheme were redeemed. No shares were converted into Class B Shares. 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. No Class A shares were converted to Class B shares during financial year 2017 pursuant to the conversion clause in the Articles of Association. As of 31 December 2017, Sweco held a total of 2,459,223 treasury shares: 1,959,223 Class B shares and 500,000 Class C shares. Sweco's treasury shares do not carry voting rights.

Sweco AB had 17,022 shareholders at year-end 2017. The largest shareholders are the Nordström family (with 13.7 per cent of the share capital and 32.4 per cent of the votes), Investment AB Latour (with 26.8 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 24.7 per cent of the share capital and 14.0 per cent of the votes. Together, the ten largest shareholders control the equivalent of 62.4 per cent of the share capital and 74.6 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.

SUSTAINABILITY REPORT

SWECO'S VIEWS ON SUSTAINABILITY

We believe in the positive power of human curiosity and the opportunities inherent in technology and design. Together, we are shaping tomorrow's sustainable communities. We do this by providing expertise, guidance and solutions for our customers, aimed at making their businesses and projects more sustainable from the economic, social and environmental perspectives.

Together with our customers, Sweco plans and designs communities and cities. Naturally, these need to be sustainable. Whether we are designing a new city district, planning a transportation system or creating an energy solution, the end product needs to work for future generations. The guidance we provide, solutions we offer and methods we use in running Sweco's operations have a major impact on society.

Sustainability and corporate responsibility are therefore central to Sweco and the way we conduct business. Sweco's goal is to create positive results for its stakeholders and its business, while also managing risks and containing our impact. The basis of Sweco's work with sustainability and corporate responsibility is the company's 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.

Sweco's sustainability report is based on our business and covers the measures taken to make the operations even more sustainable. Accordingly, Sweco' s sustainability report focuses on indicators that are material for a service-based engineering and architecture consultancy. Dialogues with customers and other key stakeholders are also important in terms of identifying areas in which Sweco has the most impact and, accordingly, determining its most important sustainability issues. Sweco provides consultancy services for public and private customers, including advisory services and design, often at an early stage in the customers' projects. The risks inherent in Sweco's activities in relation to sustainability, and the ways the company manage and follow up on these risks, are described below.

Further details on Sweco's business model are presented on page 37 of the annual report.

Further details on Sweco's views on risks and risk management in the four sustainability dimensions Environment, Social conditions and Employees, Respect for human rights and Anti-corruption measures covered in this report are presented on pages 98–99 of the annual report.

Presented below is a report on the four areas specific for Sweco, covered by the legal requirements for sustainability reporting, as specified in the Swedish Annual Accounts Act.

ENVIRONMENT

Sweco's greatest environmental impact occurs in its customer projects, in which Sweco provides expertise in designing tomorrow's sustainable communities and cities. Sweco assists its customers in making sustainable choices, and its solutions help customers reduce their total environmental, social and economic footprint. Some of the world's leading environmental experts work at Sweco, and we provide competency development to ensure that our expertise is always on the cutting edge when it comes to environmentally friendly solutions.

As a consulting firm, with no production or manufacturing, Sweco's direct environmental impact is essentially limited to its offices and business travel. Sweco's ambition is to limit its negative environmental footprint to contribute to sustainable societal development.

Sweco's assessment is that indicators such as carbon dioxide emissions, energy consumption, water consumption, and hazardous and non-hazardous waste are not significant sustainability indicators for the company.

Sweco's internal work with environmental issues is based on a number of governing documents, including ISO standards. 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.

Sweco conducts systematic evaluations to ensure that resources are invested in the right environmental issues. Regular audit procedures satisfy the requirements of ISO audits, as the evaluation system and its usage are audited annually by the independent quality assurance organisation. The evaluation system is also monitored internally on a continuous basis.

Sweco aims to have environmental certification at its new offices and to provide digital tools (e.g. Skype), allowing its employees to work remotely and hold virtual meetings to avoid unnecessary travel. To ensure that new office leases meet the appropriate terms and requirements, new office leases are subject to an approval process specified in the company's decision and authorisation manual. Lease contracts require approval of the President and CEO except where the amount involved is below SEK 1 million, in which case the contract must be approved by the Business Area Manager.

Sweco strives to relocate to premises that have sustainability or energy certification as its current lease agreements for non-certified buildings expire.

Sweco applies various environmental accreditation and energy labelling schemes to its certified office spaces, depending on country. Sweco uses a three-level classification method based on comprehensiveness to measure progress in terms of size of physical areas that are certified, with a higher level indicating higher environmental ambitions.

Level 1

Level 1 includes the BREEAM and LEED international environmental certifications. These schemes cover the physical buildings as well as the construction management process, land-use issues, pollution, transport, social responsibility and the users' opportunities to act sustainably. Buildings in these categories can achieve a total of around 100 credits, which are weighted to produce a final rating. There are 4 rating levels for LEED and 5 for BREEAM.

Level 2

Level 2 includes narrower national environmental certification schemes that focus only on the building. Currently, Sweden is the only country in which Sweco uses such a scheme. The Sweden Green Building Council (Miljöbyggnad) covers 16 issues in the areas of energy, materials and indoor environment. There are three final rating levels for the buildings.

Level 3

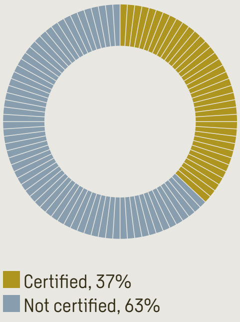
Level 3 includes classifications that are not environmental certifications, but rather environmental labels focused on only one issue. Sweco currently uses the Green Building and Passive House labels. Green Building is an EU label for buildings using 25 per cent less energy than standard buildings. The Passive House label is given to buildings that meet specific requirements for very low energy use.

Key Result Indicators

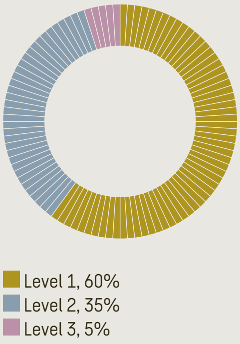
Quantitative measurements:
Percentage and breakdown by level of certified square metres of offices, as per Sweco's classification.

Qualitative measurements:
N/A

ARE THE PREMISES CERTIFIED?



AT WHICH SWECO LEVEL ARE THE PREMISES CERTIFIED?



SOCIAL CONDITIONS AND EMPLOYEES

Social conditions and personnel issues are a key sustainability indicator for a consulting firm like Sweco. Sweco's operations are based on the combined expertise of its employees, so Sweco needs to be an attractive employer for the best architects and engineers. Sweco's ability to offer continuous development opportunities and an engaging corporate culture to all employees is crucial.

Sweco views diversity among employees as essential to 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. Or as Gunnar Nordström, one of the instrumental persons that founded Sweco, said: "Our company's organisation should reflect the diversity of the society that we operate in". Sweco strives to maintain a working environment where its employees can develop and thrive in a climate of physical and emotional well-being. Sweco works systematically to investigate, conduct and monitor operations in such a way as to prevent illness and on-the-job accidents and to continuously improve the working environment.

The company's internal work with issues related to social conditions and employees is based on a number of governing documents, including Sweco's CSR policy and Code of Conduct.

Sweco's Code of Conduct provides the framework for managing social conditions and employee behaviour, clarifying how the company should act and specifying its responsibilities towards customers, competitors, colleagues, shareholders and society at large. Sweco's Code of Conduct is the foundation for how the company operate and guides it in maintaining trust and credibility with its stakeholders. It applies to all parts of the Sweco Group, including business partners. By meeting the high standards specified in the Code of Conduct, Sweco not only complies with rules and regulations but also mitigates risks and is more attractive to employees, customers and other stakeholders.

Sweco conducts systematic evaluations to ensure that resources are invested in the right issues regarding social conditions and employees, using an annual employee survey and performance review. The company also requires each employee to re-read and re-sign the Code of Conduct annually.

Key Result Indicators

Quantitative measurements:

- Employee turnover, 17%
- Sickness absence, 3.5%
- Female employees, 31.4%

Qualitative measurements:

Sweco measures employee engagement annually through the Sweco Employee Survey. All employees employed for at least three months are asked to provide their feedback. This is an important indicator of how well Sweco is developing as a customer-focused company where all employees can develop and be successful. Indicators with less-than-optimal results are followed up by the immediate manager and the HR department. Together they analyse the results and set up action points for improvement.

In addition to the employee survey process, Sweco uses a number of local processes and tools to develop employees and strengthen its leadership, as including the Sweco talk performance review and skills training through Sweco Academy.

RESPECT FOR HUMAN RIGHTS

Sweco promotes the equal rights and opportunities of employees in the workplace regardless of gender, ethnic origin, nationality, religious belief, sexual orientation, etc. Salary disparities may not exist for identical or equivalent work unless objectively justified, and all employees are given equal opportunities for professional development in their existing fields and in new areas. Internally, these issues are monitored with tools such as the employee survey.

Sweco promotes diversity as an asset both within the company and in its relationships with customers and other external stakeholders. Human rights violations are strictly prohibited. Sweco does not tolerate child labour in any part of its own operations or in the operations of any business partner, and does not permit illegal or forced labour.

Sweco complies with the laws, regulations and other requirements applicable to operations in the countries in which the Group is active. Sweco also follows the Code of Ethics formulated by the International Federation of Consulting Engineers (FIDIC) and operates in accordance with the principles in the UN Global Compact and the UN Universal Declaration of Human Rights.

Sweco's position on human rights is defined in its CSR policy. Compliance with the CSR policy is reviewed and measured through, e.g., the number of employees who have signed the CSR policy annually.

The main area defined as a human rights-related risk is unequal rights and opportunities in the workplace regardless of gender, ethnic origin, nationality, religious belief or sexual orientation. Sweco works actively with and is highly committed to ensuring equal rights and opportunities in the workplace regardless of gender, ethnic origin, nationality, religious belief or sexual orientation. Action plans for handling deficiencies in this respect have been developed and are used within the company.

No human rights violations were identified during the year.

Key Result Indicators

Quantitative measurements:

The annual employee survey is used as a key result indicator. 90 per cent of Sweco's employees responded to the 2017 employee survey. Results showed high marks for motivation, loyalty and commitment. Seven out of ten employees feel a high level of satisfaction in their job and 80 per cent believe that they have a very good manager. Further details on Sweco's employee survey are presented on page 14 of the annual report.

Qualitative measurements:

Work in accordance with the UN Declaration of Human Rights.

Work in accordance with the UN Global Compact.

ANTI-CORRUPTION MEASURES

Fighting corruption involves taking responsibility for the projects Sweco carry out and the business methods being used. As experts in planning and designing tomorrow's communities and cities, this is an absolute prerequisite for long-term success and is therefore a key sustainability indicator for Sweco.

Sweco has a zero-tolerance policy to non-compliance with business ethics. The company's view on anti-corruption is specified in its CSR policy. Where applicable, Group-wide and local guidelines have specified responsibility in each area in greater detail. Examples of this include the Code of Conduct, guidelines for gifts and entertainment, anti-bribery and corruption guidelines, and sponsorship guidelines.

Sweco's work to abolish corruption is as important in its home markets as in its export projects. By informing, educating and encouraging employees to report suspected or confirmed instances of corruption, Sweco is committed to consolidating a real and positive change throughout its operations. 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 (the Sweco Ethics Line).

Compliance with anti-corruption policies is reviewed and measured on an annual basis in all Sweco countries through, e.g., checking the number of employees who have signed the CSR policy and Code of Conduct and completed training in business ethics. Further details can be found on page 17 in the Annual Report.

Sweco's operations involve an international presence. This may lead to increased exposure to CSR-related risks, especially when working in cooperation with external third parties and joint ventures. For this reason, Sweco has developed its Business Partner Programme, which includes procedures for assessment and selection of business partners.

Key Result Indicators

Quantitative measurements:

CSR policy

75.1 per cent of Sweco employees confirmed that they have read and understood Sweco's CSR policy. There are several qualitative measurements within CSR compliance. Each year all employees are required to confirm that they have read and understood the CSR policy and Code of Conduct. Sweco communicates on an ongoing basis with all employees to provide information and encourage them to read and sign Sweco's CSR policy. Supervisors of employees who fail to read and sign the policy are notified via email to remind the employee to do so. If necessary, a reminder is also sent to the supervisor's manager. Attendance at training sessions is regularly measured. All Ethics Line incidents are followed up on and reported on.

Code of Conduct

77.5 per cent of Sweco employees confirmed that they have read and understood Sweco's Code of Conduct.

Internal Business Ethics training

85.2 per cent of Sweco employees who are required to complete internal training in Business Ethics have done so.

Ethics Line

Four compliance incidents were reported through Sweco's Ethics Line for reporting compliance incidents.

Qualitative measurements:

Compliance programme for business ethics

Sweco's compliance programme for business ethics encompasses all business areas and subsidiaries. It is mandatory for all Sweco employees and includes policies, guidelines, risk assessment processes, training modules and systems for internal audit and review of programme compliance. Compliance audits were carried out on projects in home markets and export markets. These audits showed a generally high level of awareness and utilisation of the compliance programme for business ethics, although some parts of the organisation require stronger implementation measures.

Business Partner Programme

Sweco's compliance programme for business ethics includes a module for managing risks related to external third parties. This module is called the Business Partner Programme and provides processes and procedures for assessing new and current business partners in terms of their ability to meet Sweco's business ethics requirements. Internal compliance audits conducted during the year showed a generally high level of awareness and utilisation of the Business Partner Programme, although some parts of the organisation require stronger implementation measures.

FIDIC Code of Ethics

In addition to Sweco's Code of Conduct, which is a part of the compliance programme for business ethics, Sweco also follows and complies with the Code of Ethics formulated by the International Federation of Consulting Engineers (FIDIC). For example, in export projects Sweco bases its work on FIDIC standard agreements, in which the terms and conditions include the FIDIC Code of Ethics. Internal compliance audits show that the FIDIC Code of Ethics is well known and used by the organisation.

CONSOLIDATED INCOME STATEMENT

SEK M	Note	2017	2016
Net sales	2, 3, 33	16,887	16,531
Other operating income		2	0
Other external expenses	4, 5, 33	-4,187	-4,052
Personnel costs	6, 27	-10,938	-10,875
EBITDA		**1,763**	**1,605**
Amortisation/depreciation and impairment losses	3, 7	-272	-269
EBITA	3	**1,492**	**1,336**
Acquisition-related items[1]	7	-67	-87
Operating profit (EBIT)	3	**1,425**	**1,249**
Financial income	8, 33	9	31
Financial expenses	8, 33	-61	-65
Profit from participations in associated companies and joint ventures	8	3	1
Net financial items	8	**-49**	**-33**
Profit before tax		**1,377**	**1,216**
Income tax expense	10	-154	-285
PROFIT FOR THE YEAR		**1,223**	**931**
Profit for the year attributable to:			
Owners of the Parent Company		1,221	930
Non-controlling interests		2	1
Earnings per share attributable to owners of the Parent Company	11		
Basic earnings per share, SEK		10.23	7.78
Diluted earnings per share, SEK		10.04	7.65

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 divestments of companies and businesses, and gains/losses on divestments of buildings and land.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	2017	2016
Profit for the year		**1,223**	**931**
Items that will not be reversed to profit or loss			
Revaluation of defined benefit pensions, net after tax	10	1	-30
Total items that will not be reversed to profit or loss		**1**	**-30**
Items that may be subsequently reversed to profit or loss			
Exchange difference on translation of foreign operations		62	101
Hedge of net investment in subsidiary, net after tax	10	-38	-63
Exchange difference transferred to profit for the year		–	1
Total items that may be subsequently reversed to profit or loss		**25**	**39**
COMPREHENSIVE INCOME FOR THE YEAR		**1,249**	**940**
Comprehensive income attributable to:			
Owners of the Parent Company		1,247	939
Non-controlling interests		2	1

CONSOLIDATED BALANCE SHEET

SEK M	Note	31 Dec 2017	31 Dec 2016
ASSETS	3, 32		
Non-current assets			
Goodwill	13	6,278	6,098
Other intangible assets	13	315	346
Property, plant and equipment	14	610	616
Investments in associates	16	7	7
Investments in joint ventures	17	0	0
Financial investments	18	13	14
Deferred tax assets	10	212	64
Other non-current receivables	21, 27	111	134
Total non-current assets		**7,546**	**7,278**
Current assets			
Trade receivables	33	3,046	2,618
Work in progress less progress billings	22	2,614	2,480
Inventories		8	14
Current tax assets		2	3
Other current receivables		209	215
Prepaid expenses and accrued income	23	283	319
Cash and cash equivalents	24	572	892
Total current assets		**6,734**	**6,542**
TOTAL ASSETS		**14,279**	**13,820**
EQUITY AND LIABILITIES			
Equity	25		
Share capital		122	122
Other contributed capital		3,088	3,088
Reserves		-42	-66
Retained earnings, including profit for the year		2,799	2,281
Equity attributable to owners of the Parent Company		**5,967**	**5,424**
Non-controlling interests		12	10
Total equity		**5,979**	**5,435**
Liabilities	3, 32		
Non-current liabilities			
Non-current interest-bearing liabilities	26, 29	2,192	1,515
Provisions for pensions	27	112	143
Other non-current provisions	28	236	232
Deferred tax liabilities	10	425	431
Other non-current liabilities		23	26
Total non-current liabilities		**2,988**	**2,347**
Current liabilities			
Current interest-bearing liabilities	26, 29	79	936
Provisions for pensions	27	18	16
Other current provisions	28	27	61
Progress billings in excess of work in progress	22	1,849	1,732
Trade payables	33	625	698
Current tax liabilities		231	145
Other current liabilities	30	841	768
Accrued expenses and prepaid income	30	1,642	1,681
Total current liabilities		**5,313**	**6,038**
Total liabilities		**8,300**	**8,385**
TOTAL EQUITY AND LIABILITIES		**14,279**	**13,820**

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

CONSOLIDATED CASH FLOW STATEMENT

SEK M	Note	2017	2016
Operating activities			
Profit before tax		1,377	1,216
Adjustments for non-cash items			
Capital gains/losses		-3	-6
Amortisation/depreciation and impairment losses	3, 7	340	361
Difference between pension premiums expensed and paid		-26	-55
Share bonus scheme and share savings scheme		98	130
Other items		4	31
Total non-cash items		**413**	**461**
Income taxes paid		-226	-196
Cash flow from operating activities before changes in working capital		**1,564**	**1,481**
Changes in working capital			
Change in current receivables		-413	-121
Change in current liabilities		-91	-195
Cash flow from operating activities		**1,060**	**1,165**
Investing activities			
Purchase of intangible assets		-41	-39
Disposal of intangible assets		0	1
Purchase of property, plant and equipment		-230	-213
Disposal of property, plant and equipment		10	28
Acquisition of subsidiaries and operations, net cash effect	12	-136	-152
Disposal of subsidiaries and operations, net cash effect	12	13	7
Acquisition of financial investments		0	-4
Disposal of financial investments		1	2
Change in non-current receivables		18	-30
Cash flow from investing activities		**-364**	**-401**
Financing activities			
Capital distribution to owners of the Parent Company	25	-513	-418
Capital distribution to non-controlling interests		-1	-1
Issue expenses	25	0	-2
Repurchase of treasury shares	25	-289	-126
Sale of treasury shares	25	–	3
Borrowings	26	1,114	733
Repayment of borrowings	26	-1,317	-617
Cash flow from financing activities		**-1,005**	**-428**
CASH FLOW FOR THE YEAR		**-309**	**336**
Cash and cash equivalents at beginning of year	24	**892**	**544**
Foreign exchange differences in cash and cash equivalents		**-11**	**12**
Cash and cash equivalents at end of year	24	**572**	**892**

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 2016		**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**
Profit for the year		–	–	–	1,221	1,221	2	1,223
Other comprehensive income for the year		–	–	24	1	25	0	25
Comprehensive income for the year		–	–	24	1,222	1,247	2	1,249
Capital distribution to the shareholders – dividend	25	–	–	–	-513	-513	-1	-514
Share bonus scheme – new share issue		0	–	–	0	0	–	0
Share bonus scheme – value of employee service		–	–	–	93	93	–	93
Share savings scheme – value of employee service		–	–	–	5	5	–	5
Repurchase of treasury shares		–	–	–	-289	-289	–	-289
EQUITY AT 31 DECEMBER 2017		**122**	**3,088**	**-42**	**2,799**	**5,967**	**12**	**5,979**
Proposed capital distribution to the shareholders								
Dividend	25, 35					-605		-605

PARENT COMPANY INCOME STATEMENT

SEK M	Note	2017	2016
Net sales	3, 33	621	538
Total operating income		**621**	**538**
Other external expenses	3, 4, 5, 33	-514	-465
Personnel costs	6	-79	-81
Amortisation/depreciation and impairment losses	3, 7	-57	-55
Total operating expenses		**-650**	**-600**
Operating profit/loss	3	**-29**	**-63**
Profit from investments in group companies	8	1,223	574
Financial income	8, 33	8	11
Financial expenses	8, 33	-31	-35
Net financial items	8	**1,200**	**551**
Profit after net financial items		**1,171**	**488**
Appropriations	9	-178	10
Profit before tax		**994**	**499**
Income tax expense	10	-127	-86
PROFIT FOR THE YEAR		**866**	**413**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK M	2017	2016
Profit for the year	**866**	**413**
COMPREHENSIVE INCOME FOR THE YEAR	**866**	**413**

PARENT COMPANY BALANCE SHEET

SEK M	Note	31 Dec 2017	31 Dec 2016
ASSETS	3, 32		
Intangible assets	13	**61**	**75**
Property, plant and equipment	14	**36**	**54**
Financial assets			
Investments in group companies	15	4,511	4,512
Receivables from group companies	20	1,833	1,831
Other non-current securities	19	1	1
Other non-current receivables		2	2
Total financial assets		**6,347**	**6,346**
Total non-current assets		**6,444**	**6,475**
Current assets			
Receivables from group companies	20	2,295	1,925
Other receivables		3	4
Prepaid expenses and accrued income	23	78	73
Cash and bank	24	218	570
Total current assets		**2,594**	**2,572**
TOTAL ASSETS		**9,038**	**9,047**
EQUITY AND LIABILITIES			
Equity			
Restricted equity	25		
Share capital		122	122
Statutory reserve		188	188
Development expenditure fund		34	–
Total restricted equity		**344**	**310**
Non-restricted equity	25		
Share premium reserve		2,900	2,900
Retained earnings		686	1,003
Profit for the year		866	413
Total non-restricted equity		**4,452**	**4,316**
Total equity		**4,796**	**4,626**
Untaxed reserves	9	**190**	**12**
LIABILITIES	3, 32		
Non-current liabilities			
Liabilities to group companies		10	10
Liabilities to credit institutions	26	1,982	1,370
Total non-current liabilities		**1,991**	**1,379**
Current liabilities			
Current interest-bearing liabilities	26	8	820
Trade payables		43	25
Liabilities to group companies		1,918	2,131
Current tax liabilities		64	15
Other current liabilities	30	2	1
Accrued expenses and prepaid income	30	27	38
Total current liabilities		**2,061**	**3,030**
Total liabilities		**4,052**	**4,409**
TOTAL EQUITY AND LIABILITIES		**9,038**	**9,047**

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

PARENT COMPANY CASH FLOW STATEMENT

SEK M	Note	2017	2016
Operating activities			
Profit after net financial items		1,171	488
Adjustments for non-cash items			
Capital gains/losses		-13	1
Amortisation/depreciation and impairment losses	7	57	55
Dividends and group contributions	8	-796	-471
Impairment of shares in group companies	8	–	61
Difference between interest recognised and received/paid	8	-2	1
Other items		-3	1
Total non-cash items		**-756**	**-352**
Income taxes paid		-79	-59
Cash flow from operating activities before changes in working capital		**336**	**77**
Changes in working capital			
Change in current receivables		53	100
Change in current liabilities		-200	685
Cash flow from operating activities		**190**	**862**
Investing activities			
Purchase of intangible assets	13	-18	-22
Purchase of property, plant and equipment	14	-7	-31
Acquisition of subsidiaries, net cash effect		–	-105
Divestment of subsidiaries, net cash effect		14	–
Cash flow from investing activities		**-10**	**-158**
Financing activities			
Group contributions		471	380
Capital distribution to owners of the Parent Company	25	-513	-418
Change in non-current receivables/liabilities		–	-176
Issue expenses		0	-2
Sale of treasury shares		–	3
Repurchase of treasury shares		-289	-126
Borrowings		1,108	726
Repayment of borrowings		-1,308	-534
Cash flow from financing activities		**-531**	**-147**
CASH FLOW FOR THE YEAR		-351	557
Cash and cash equivalents at beginning of year	24	**570**	**13**
Cash and cash equivalents at end of year	24	**218**	**570**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK M	Note	Share capital	Statutory reserve	Development expenditure fund	Total restricted	Share premium reserve	Retained earnings	Total non-restricted	Total equity
Equity at 1 January 2016	25	**121**	**188**	–	**309**	**2,900**	**1,410**	**4,311**	**4,619**
Profit for the year		–	–	–	0	–	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**
Profit for the year		–	–	–	–	–	866	866	866
Comprehensive income for the year		–	–	–	–	–	866	866	866
Capital distribution to the shareholders – dividend		–	–	–	–	–	-513	-513	-513
Development expenditure fund		–	–	34	34	–	-34	-34	–
Share bonus scheme – new share issue		0	–	–	0	–	0	0	–
Share bonus scheme – value of employee service		–	–	–	–	–	93	93	93
Share savings scheme		–	–	–	–	–	13	13	13
Repurchase of treasury shares		–	–	–	–	–	-289	-289	-289
EQUITY AT 31 DECEMBER 2017	25	**122**	**188**	**34**	**344**	**2,900**	**1,552**	**4,452**	**4,796**
Proposed capital distribution to the shareholders									
Dividend	25, 35							-605	-605

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 2018. The income statements and balance sheets of the Parent Company and the Group will be presented to the Annual General Meeting for adoption on 19 April 2018.

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 and 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 IFRS

No revisions of or amendments to IFRS taking effect as of 2017 have had any significant impact on the consolidated financial statements.

Changes in definitions

To align internal and external reporting, Sweco has as of 1 January 2017 changed the definition of Net sales, EBITA and Number of full-time employees as below.

The definition of Acquisition-related items, and therefore also the definition of EBITA, has been adjusted. Profit on the divestment of buildings and land has been moved from Net sales to Acquisition-related items, and loss on the divestment of buildings and land has been moved from Other expenses to Acquisition-related items. The definition of Acquisition-related items has thus been changed to "Amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of additional purchase price, profit and loss on the divestment of companies and operations, and profit and loss on the divestment of buildings and land". Historical figures have been restated, but the change has no material impact on reported figures.

The definition of Net sales has been adjusted to exclude internal revenues concerning internal administrative services. This change only affects Net sales of the business areas. Net sales for previous periods have been restated. This change has no impact on consolidated Group sales and no impact on the Group's or business areas' reported EBITA.

As of 1 January 2017, the accounting treatment of "agency staff" has been aligned across the Group. Accordingly agency staff that were previously reported as employees by former Grontmij entities will now be reported as subconsultants. Historical financial figures have not been restated due to this change in accounting treatment; however, the Number of full-time employees has been restated for 2016. This change has no impact on Net Sales and EBITA.

New IFRS standard that are not yet applied:

A number of new, revised or amended IFRS standards 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, replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard introduces a new model for how an entity shall classify and measure its financial assets, a forward-looking approach for expected credit losses and hedge accounting that mirrors risk management in the entity. The Group will adopt the standard as of 1 January 2018 and comparatives will not be restated.

Sweco has concluded that the new standard will have no material effect on the Group's financial statements. In terms of classification and measurement of financial assets, the majority of Sweco's financial assets are debt instruments where the objective is to collect the contractual cash flows and thus will be classified as hold to collect and measured at amortized cost. Equity instruments for which the purpose is to benefit Sweco's operations will be classified as hold to collect and sell, and measured at fair value through other comprehensive income. The new classification and valuation model will therefore not change the measurement method applied in the Group.

As regards expected credit losses, Sweco has chosen the standard's simplified approach, a life-time expected credit loss. Sweco concluded during the implementation phase that the new impairment model will have no material opening balance effects on the financial statements at transition date. The reason for this is that the estimated provision for expected credit losses according to IFRS 9 is at the same level as the current provision. An IFRS 9 forward-looking approach does, at transition date, not support a change in the expected credit loss rate, since the economic environment Sweco operates in, mainly Europe, is currently strong. However, this can change if business cycle condition deteriorate. Historically, Sweco's operations have deteriorated late in the business cycle, and it is the company's assessment that this connection remains valid. Provisions of doubtful trade receivables stemming from earlier acquisition have been exempted from the new forward-looking expected credit loss provision.

IFRS 15, Revenue from Contracts with Customers, regulates the recognition of revenue and is mandatory from 1 January 2018. IFRS 15 supersedes IAS 18, Revenue, and IAS 11, Accounting for Construction Contracts, and the SICs and IFRICs related thereto. The standard permits two methods of adoption: a full retrospective approach, or a retrospective approach with the cumulative effect recognised as an adjustment in equity. Sweco has chosen the second method, and comparative figures for 2017 will therefore not be restated.

Sweco has concluded that the new standard will have limited effect on the consolidated financial statements. The following areas can have an impact on Sweco:

- Accounting for incremental costs of obtaining a contract and contract costs incurred to fulfil a contract – in 2017 Sweco expensed costs that related directly to the contract and were expected to be recovered. Under IFRS 15 these costs will be eligible for capitalisation and recognised as a contract asset as of 1 January 2018. Costs for 2017, however, are not considered material and will therefore not affect the financial statements.
- Accounting for item sales and licences – an analysis of the accounting of income 2017 from certain item sales and licenses has shown that the new standard will not result in any material change of the income recognition. Therefore no adjustment will be made to the opening balance at 1 January 2018.
- Classification of contract costs – in 2017 Sweco reported some contract costs as a cost rather than a decrease in revenue. This will not have an effect on EBITA, but will entail a reclassification between costs and net sales in the profit and loss statement. The total amount that should have been reclassified according to IFRS 15 is not material.

IFRS 16, Leases, supersedes existing standards related to the recognition of leases, such as IAS 17 Leases and IFRIC 4 Determining Whether an Agreement Contains a Lease. The Group will apply the standard from 1 January 2019.

IFRS 16 primarily affects lessees and the main effect is that all leases that are currently reported as operating leases are to be reported in a manner similar to the current accounting of finance leases i.e. accounted for as right in use asset. This means that even for operational leases, assets and liabilities need to be reported, including accounting for depreciation and interest costs, as opposed to today, where leasing fees are reported as operating expenses. Exceptions are available for leases with low value and short-term leases less than 12 months.

The Group has completed the initial assessment of the potential effects on its financial reports, but has not yet completed a more detailed analysis. The final effect of the introduction of IFRS 16 on the financial statements will depend on future economic conditions, including the interest rate; the composition of the Group's leasing portfolio at the time of the Group's latest assessment as to whether it wishes to use any options to extend lease agreements; and the extent to which the Group chooses to apply relief rules and exemptions from reporting in the balance sheet. The most significant impact so far identified is that the Group will need to report new assets and liabilities for its operational leases for offices. As at December 31, 2017, the Group's future minimum lease payments and non-cancellable operating leases amounted to SEK 3,583 million on an undiscounted basis, see note 5.

No significant effect is expected for the Group's financial leasing agreements. The Group does not expect the introduction of IFRS 16 to affect its ability to meet its loan agreements.

The Group plans to apply the relief rule to "inherit" the earlier definition of leasing at the transition. This means that Sweco will apply IFRS 16 to all contracts entered into prior to January 1, 2019, which have been identified as leasing under IAS 17 and IFRIC 4.

As a lessee, the Group may choose to apply the standard either retroactively, or with a modified retroactive approach. The Group has not yet chosen its preferred transition method, and, will conduct further analysis into this during 2018.

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

New accounting policies from 1 January 2018

Revenue

Net sales are defined as the gross inflow of economic benefits (cash, receivables, other assets) arising from the ordinary operating activities in Sweco (such as sales of goods and sales of professional consulting services). The Group's net sales are essentially attributable to service contracts. A five-step model is used to define when and how revenue should be recognised.

1 – Identify the contract
2 – Identify the performance obligations in the contract
3 – Determine the transaction price
4 – Allocate the transaction price to the performance obligations in the contract
5 – Recognise revenue when (or as) the entity satisfies a performance obligation

Contracts
Revenue can only be recognised if there is a contract with the customer. A number of criteria should be fulfilled in order for the contract to be enforceable, such as terms of payment and services to be transferred.

Performance obligations
The standard refers to work that has been promised to the customer under the contract as a "performance obligation". Performance obligations are assessed and identified at contract inception. Sweco's obligations towards its customers will be derived from the contracts, most of which include only one performance obligation. For contracts that include multiple obligations, Sweco will, in some cases, bundle these obligations into one performance obligation based on the level of integration between the obligations. Under the standard, it is acceptable to bundle together multiple obligations to form a new, distinct obligation if certain criteria are fulfilled. An obligation is distinct when the customer can benefit from the service on its own, or when the service is separately identifiable. Factors Sweco will then consider are the point in time at which the customer can generate economic benefits, and the relationship and level of integration between the different services Sweco provides.

Transaction price
The transaction price is the price that will be allocated to the performance obligations. The transaction price is the amount to which Sweco expects to be entitled in exchange for the transfer of goods or services; it may include fixed and/or variable amounts. Variable consideration can either increase or decrease the transaction price. If this is specified in the contract, it needs to be estimated and reflected in the transaction price and reassessed on a continuous basis. Variable consideration in Sweco's customer contracts primarily includes incentives and performance bonuses, as well as penalties for delay.

Allocation
The transaction price is allocated to each performance obligation based on a relative standalone selling price. The standalone selling price is determined at contract inception and allocated based on each item's relative value to the total value of the goods/services. The standalone selling price is the price for that good or service when it is sold separately in similar circumstances to similar customers. Sweco will use one of the following methods if the good/service is not sold in a similar situation.
- Adjusted market assessment approach
- Expected cost plus a margin approach

Recognition
Revenue is recognised as performance obligations are satisfied and control has passed, either over time or at a point in time. Revenue can be recognised over time if Sweco's performance does not create an asset with an alternative use to the entity, and Sweco has an enforceable right to payment for performance completed to date. This is applicable for Sweco's consulting services.

The assessment of whether an asset has an alternative use is made at contract inception, and is not reassessed. Sweco takes into account the ability to redirect a product that is partially completed to another customer, considering both formal and practical limitations. A substantive contractual restriction that limits management's ability to redirect the asset indicates that the asset has no alternative use. Practical limitations, such as significant costs required to rework the asset so it can be directed to another customer, indicate that the asset has no alternative use. The "no alternative use" requirement is met in Sweco's customer contracts, as large parts of Sweco's services are unique and are adapted to our customers' specific requirements.

A right to payment exists if Sweco is entitled to payment for performance completed to date in the event the customer terminates the contract for reasons other than Sweco's non-performance. Sweco's assessment of the enforceability of the right to payment includes consideration of the contract terms and any legal precedent. Sweco's right to payment needs to cover cost plus a reasonable profit margin, and not only compensation for costs incurred.

Since performance obligations are satisfied over time, Sweco must measure its progress towards completion to determine the timing of revenue recognition. The purpose of measuring progress toward satisfaction of a performance obligation is to recognise revenue in a pattern that reflects the transfer of control of the promised good or service to the customer. The progress evaluation is done per performance obligation and not per contract. Sweco uses the cost-incurred method to measure progress towards completion.

Contract modifications
A contract modification is a change to an existing contract. A contract modification might change the contract's scope, price, or both. A contract modification exists when the parties to the contract approve the modification. An assessment is often needed to determine whether changes to existing rights and obligations should have been accounted for as part of the original contract, or as a separate contract. Contract modifications can be accounted for either as a separate contract, prospectively, or as a catch-up adjustment. The nature of the modification determines the way it is accounted for.

Contract cost
In projects costs may be incurred before services are transferred to the customer. These may include the incremental costs of obtaining a contract and costs to fulfil a contract. External costs incurred before transferring services to the customer include sales commissions payable in the event Sweco wins the contract and specific guarantee costs for longer projects. If a project is planned to last more than 12 months, external contract costs will be capitalised as an asset and amortised during the project if the costs are expected to be recovered. Sweco will use the practical expedient which means that contract cost not will be capitalised if the contract is shorter than 12 months.

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 a party to the contractual terms 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 applicable services 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 set-off 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.

Classification and measurement
The classification of financial instruments is based on the entity's business model for managing the financial instruments, and on which contractual cash flows that is characteristic of the financial asset.

There are three types of financial asset:
- Equity instruments – can be measured at fair value through profit and loss or fair value through other comprehensive income. Items reported at fair value through other comprehensive income cannot be reversed to profit and loss when the instrument is derecognised from the balance sheet.
- Derivatives – are measured at fair value through profit and loss.
- Debt instruments – are defined as all other financial instruments that are not equities or derivatives. Debt instruments can be measured at fair value through profit and loss, fair value through other comprehensive income or at amortised cost. In fair value through profit and loss are debt instruments that are held for trading. In fair value through other comprehensive income are debt instruments where the entity's purpose can be both to sell the financial asset and to collect the contractual cash flows, that are solely payments of the principal amount and interest. Debt instruments measured at amortised cost are used when the entity has the business model to hold and collect contractual cash flows that are solely payments of the principal amount and interest.

Depending on the entity's purpose, i.e. business model, for holding financial assets they are classified into different business models:
- Hold to collect – generating value by collecting contractual cash flows. Measured at amortised cost.
- Hold to collect and sell – generating value by collecting contractual cash flows and to some extent, sell the asset. Measured at fair value through other comprehensive income.
- Other – generating value through trading and market valuation. Measured at fair value through profit and loss.

Financial investments
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, investments are recognised as financial assets; if less than a year, they are recognised as short-term investments. The financial assets in Sweco consist of shares in small enterprises, which are not stock exchange-listed. These shares are classified as equity instruments. Sweco's purpose of holding these shares is not to trade them frequently; rather, it is to benefit Sweco's operations. As there is no active market for these shares and thus no current market valuation, the acquisition value is the most reasonable estimated market value, which is also the recognised value. The business model is hold to collect and sell, and these shares are measured at fair value through other comprehensive income.

Other non-current receivables
Other non-current receivables in Sweco consist of various receivables. Main receivables include a bank deposit to cover future cash outflow in connection with costs associated with one of the Group's landfills. These receivables are classified as debt instruments. The

purpose is to hold the assets and collect the principal amount. These receivables are thus measured at amortised cost.

Current receivables and cash and cash equivalents
Current receivables in Sweco consist mainly of trade receivables. Trade receivables arise when Sweco provides goods or services directly to a customer. Cash and cash equivalents comprise cash, bank balances and other short-term investments with original maturities of less than three months. 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. Cash and cash equivalents are held solely to collect contractual cash flows. The business model for both trade receivables and cash are hold to collect and measured at amortised cost.

Derivatives
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 and 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 and loss when the criteria for hedge accounting have not been met.

Financial liabilities
In Sweco, financial liabilities consist of liabilities to credit institutions, liabilities under finance leases, other non-current liabilities and trade payables, and are measured at amortised cost.

Expected credit losses on contract assets
A forward-looking model is used to recognise expected credit losses for contract assets, such as trade receivables and work in progress less progress billings. Sweco has chosen the standard's simplified approach with lifetime expected credit losses. Sweco uses a provision matrix that divides customers into two segments: the private sector, and the public, tax financed, sector. The probability of default and customers' inability to pay Sweco's invoices in the future is assessed in consideration of the expectation of change in the economic environment in each segment, given the location of Sweco's customers. Provisions of doubtful trade receivables stemming from earlier acquisitions are exempted from the expected credit loss provision.

Hedge accounting
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 and 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.

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 key ratios pursuant to IFRS. Sweco believes that the APMs will enhance investors' evaluation of 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 105.

- 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 divestment of companies and operations, and profit and loss on the divestments of buildings and land. 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 understand 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 the profit and 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 and 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 and 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 and 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 and 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 the difference was recognised as goodwill. Acquisition-related costs 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 and 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 ÅF 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 and 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 and 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:

	2017		2016	
	Closing	Average	Closing	Average
EUR	9.84	9.64	9.59	9.47
NOK	1.00	1.03	1.06	1.02
DKK	1.32	1.30	1.29	1.27

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 and 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 and loss.

Revenue
From 1 January 2018, when IFRS 15 supersedes IAS 18, Revenue, and IAS 11, Accounting for Construction Contracts, and the SICs and IFRICs related thereto, there are new accounting policies for revenue that is described from page 54.

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 and 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 and 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
From 1 January 2018, from when IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, there are new accounting policies for financial instruments that is described from page 55.

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 and 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, bank balances and other short-term investments with original maturities of less than three months. 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 and 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 and 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 customer. 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 current 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 can be sold. 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 and loss. On disposal of such assets, the cumulative gains/losses that were previously recognised in other comprehensive income are recycled into profit and loss. An impairment loss is recognised when there is evidence of a lasting decrease in value.

Financial liabilities at Fair value through profit and 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 and 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 and 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 and loss when the criteria for hedge accounting have not been met.

Hedge accounting for net investments in foreign operations
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 applied. The underlying asset or liability and the hedge instrument are both translated to the exchange rate on the balance sheet date, and exchange gains and losses are recognised through profit and 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.

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 at the acquisition date. 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 and 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	expensed based on estimated useful lives

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 and 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.

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 that there has been a change in the assumptions on which the calculation of recoverable amount is based. The carrying amount is then increased to the recoverable amount, but cannot exceed what the reported value would have been if the impairment loss was not recognized. Reversal of impairment losses on goodwill is prohibited.

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 and 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 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 and 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 2014, 2015, 2016 and 2017 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 2017 financial year for the 2014 share savings scheme, the 2018 financial year for the 2015 share savings scheme, the 2019 financial year for the 2016 share savings scheme and the 2020 financial year for the 2017 share savings scheme (the "Retention Period") and the participant remains employed in his/her position or an equivalent or higher 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 2017 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 and it is probable that an outflow of resources will be required to settle the obligation. A reliably estimation of the amount can be done. When the effect of the time value of payments is material, provisions are reported at discounted present value using a pre-tax discount rate. 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, costs 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 refer primarily to the restoration of office space and future costs associated with disputes that have not been settled.

Taxes

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

Current tax refers to tax payable or receivable with respect to the year's profit and 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 IFRS 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.

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 2017 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 and 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 and 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 and 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 AB can ensure distribution via its holding in the company.

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

Development expenditure fund
For capitalisation of internal development expenditures, the corresponding amount is transferred from unrestricted equity to the development expenditure fund in restricted equity. The fund is reduced as capitalised expenditures are depreciated or written off.

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 investments in group companies 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 and loss.

2 NET SALES

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

REVENUE GROWTH

During the year net sales increased 2 per cent to SEK 16,887 million (16,531). Organic growth was 0 per cent. The growth calculation is presented in the table below.

			Growth, %
	Actual 2017	Actual 2016	Actual 2017 vs Actual 2016
Net sales	16,887	16,531	2
Currency effects	0	143	1
Net sales currency-adjusted	**16,887**	**16,680**	**1**
Acquisitions/divestments	-165	-4	1
COMPARABLE NET SALES CURRENCY-ADJUSTED	**16,723**	**16,676**	**0**

			Growth, %
	Actual 2016	Actual 2015	Actual 2016 vs Actual 2015
Net sales	16,531	11,389	45
Currency effects	0	-20	0
Net sales currency-adjusted	**16,531**	**11,370**	**45**
Acquisitions/divestments	-120	4,546	42
COMPARABLE NET SALES CURRENCY-ADJUSTED	**16,411**	**15,916**	**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, IT and other assets.

NET SALES PER OPERATING SEGMENT

	External net sales		Internal net sales		Total net sales	
	Actual 2017	Actual 2016	**Actual 2017**	Actual 2016	**Actual 2017**	Actual 2016
Sweco Sweden	6,900	6,929	124	219	7,024	7,148
Sweco Norway	2,063	2,022	7	37	2,070	2,059
Sweco Finland	1,870	1,738	23	47	1,893	1,785
Sweco Denmark	1,355	1,352	16	24	1,371	1,376
Sweco Netherlands	1,680	1,726	29	20	1,709	1,746
Sweco Western Europe	1,621	1,556	16	24	1,637	1,580
Sweco Central Europe	1,282	1,020	21	32	1,303	1,052
Group-wide and eliminations	116	188	-236	-403	-120	-216
TOTAL GROUP	**16,887**	**16,531**	**–**	**–**	**16,887**	**16,531**

EBITA AND AMORTISATION PER OPERATING SEGMENT

	EBITA		Amortisation/depreciation and impairments[2]	
	Actual 2017	Actual 2016	**Actual 2017**	Actual 2016
Sweco Sweden	844	852	-109	-111
Sweco Norway	148	195	-20	-18
Sweco Finland	187	138	-16	-16
Sweco Denmark	44	98	-21	-24
Sweco Netherlands	66	27	-30	-25
Sweco Western Europe	115	105	-15	-15
Sweco Central Europe	84	58	-19	-15
Group-wide and eliminations[1]	4	-138	-41	-45
TOTAL GROUP	**1,492**	**1,336**	**-272**	**-269**

1) Extraordinary items are fully reported in Group-wide.
2) Amortisation/depreciation and impairment included in EBITA.

RECONCILIATION OF PROFIT BEFORE TAX AND EBITA

	Actual 2017	Actual 2016
EBITA	**1,492**	**1,336**
Acquisition-related items[1]	-67	-87
EBIT	**1,425**	**1,249**
Financial income	9	31
Financial expenses	-61	-65
Profit from participations in associated companies and joint ventures	3	1
PROFIT BEFORE TAX	**1,377**	**1,216**

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, operations, buildings and land.

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 621 million (538). One hundred per cent (100) of Parent Company net sales were comprised of sales to group companies. 35 per cent (28) 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	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Sweco Sweden	5,551	5,363	131	126	0	27	4,448	4,239
Sweco Norway	1,022	1,121	22	21	76	6	610	578
Sweco Finland	1,636	1,586	26	24	39	8	522	448
Sweco Denmark	2,016	2,006	11	11	2	13	1,376	1,333
Sweco Netherlands	1,300	1,277	11	11	0	4	572	631
Sweco Western Europe	2,258	2,197	16	16	46	26	641	555
Sweco Central Europe	2,028	1,686	16	18	11	165	1,131	942
Group-wide	10,055	10,128	39	21	18	22	5,847	6,365
Eliminations	-11,799	-11,607					-7,272	-7,136
Unallocated	212	64					425	431
TOTAL GROUP	**14,279**	**13,820**	**272**	**248**	**192**	**271**	**8,300**	**8,385**

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 218 million (570).

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.

NET SALES FROM EXTERNAL CUSTOMERS BY SERVICE SEGMENT

	2017	2016
Buildings and urban districts	6,674	5,749
Water, energy and industry	5,018	4,972
Transport infrastructure	5,196	5,810
TOTAL	**16,887**	**16,531**

INFORMATION ABOUT MAJOR CUSTOMERS

Sweco's largest customer in 2017 was the Swedish Transport Administration. Net sales to this customer totalled SEK 1,306 million and was reported in business area Sweco Sweden. See also the section on credit risk in Note 33.

OPERATING SEGMENTS – GEOGRAPHIC AREAS

	External sales		Non-current assets[1]	
	2017	2016	**2017**	2016
Sweden	6,232	6,274	2,436	2,489
Norway	2,176	2,120	491	443
Netherlands	1,801	1,886	325	334
Finland	1,775	1,694	999	949
Denmark	1,335	1,371	1,097	1,080
Germany	915	810	612	593
Belgium	773	820	560	505
UK	722	599	619	629
Asia	261	282	1	1
Rest of Europe	240	133	–	–
Poland	180	155	9	10
Africa	121	83	–	–
Czech Republic	91	69	41	37
Lithuania	68	43	12	13
Turkey	58	89	1	1
Estonia	48	41	18	18
Oceania	32	1	–	–
Russia	28	23	–	–
Bulgaria	19	20	6	7
South and Central America	6	11	–	–
North America	6	7	–	–
TOTAL	**16,887**	**16,531**	**7,227**	**7,109**

1) Refers to non-current assets that are not financial instruments, held-to-maturity investments, deferred tax assets, assets pertaining to post-retirement benefits nor rights arising under insurance agreements.

4 FEES TO AUDITORS

	Group		Parent Company	
	2017	2016	2017	2016
PricewaterhouseCoopers				
– audit services	10	10	1	1
– audit services other than statutory audit	0	0	0	0
– tax consulting	0	0	0	0
– non-audit services	1	1	1	1
Total	**12**	**11**	**2**	**2**
Other auditing firms				
– audit services	1	1	–	–
Total	**1**	**1**	**–**	**–**
TOTAL	**13**	**13**	**2**	**2**

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 services such as advice on accounting and merger issues and due diligence processes for mergers and acquisitions as well as other services.

Of the total fee for audit services, SEK 4 million are invoiced by PricewaterhouseCoopers Sweden for the statutory audit. Of total other fees, SEK 1 million are invoiced by PricewaterhouseCoopers Sweden (the statutory auditors of Sweco AB (publ.)) and primarily relate to internal IT risk and compliance projects.

5 OPERATING LEASES AND RENTAL CONTRACTS

	Group		Parent Company	
Charges under signed leases and rental contracts	**2017**	2016	**2017**	2016
TOTAL CHARGES PAID DURING THE YEAR	**660**	**709**	**4**	**7**
Future minimum lease payments and rents to be paid				
– within one year	663	711	4	4
– between one and five years	1,998	2,222	14	17
– in more than five years	922	992	3	8
TOTAL FUTURE LEASE PAYMENTS	**3,583**	**3,925**	**22**	**29**

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 0.3 million (0.2) are included for the Parent Company.

6 EMPLOYEES AND PERSONNEL COSTS

	Group		Parent Company	
Personnel costs	**2017**	2016	**2017**	2016
Salaries and remuneration, other employees	7,792	7,565	16	16
Salaries and remuneration, senior executives	103	122	25	29
Total salaries and remuneration[1]	**7,895**	**7,687**	**42**	**45**
Social fees, excl. pension costs	1,573	1,519	18	17
Pension costs, senior executives[2, 3]	17	17	5	4
Pension costs, others[2]	815	759	6	6
Agency staff	–	260	–	–
Other personnel costs	639	632	8	8
TOTAL PERSONNEL COSTS	**10,938**	**10,875**	**79**	**81**

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 65 (64) individuals in the Group and 12 (12) individuals in the Parent Company.
2) See also Note 27, Provisions for Pensions.
3) A total of 58 (57) senior executives in the Group and 5 (5) in the Parent Company received pension contributions.

	2017		2016	
Number of full-time employees	Total	Of which, % men	Total	Of which, % men
Sweden				
Parent Company	25	32	24	33
Subsidiaries	5,430	67	5,373	68
Total Sweden	**5,455**	**67**	**5,397**	**68**
Outside Sweden				
Finland	1,990	75	1,963	76
Netherlands	1,411	82	1,571	83
Norway	1,353	71	1,349	71
Denmark	1,007	75	1,076	79
Germany	911	59	764	66
UK	792	73	779	73
Belgium	700	68	761	72
Poland	277	55	296	57
Lithuania	196	58	202	57
Czech Republic	173	61	198	60
Estonia	81	69	85	69
Turkey	75	57	101	54
Bulgaria	58	52	64	45
Russia	–	–	1	0
Rest of Europe	6	100	5	100
Asia	41	85	34	76
Africa	3	100	6	100
South and Central America	1	100	1	100
Total, outside Sweden	**9,075**	**72**	**9,256**	**73**
TOTAL GROUP	**14,530**	**70**	**14,653**	**71**

Percentage of women	**2017**	2016
Parent Company		
Board members	50	50
Other senior executives, 5 (5) individuals	60	60
Group		
Board members in all companies	29	28
Other senior executives, 58 (57) individuals	28	27

	Group		Parent Company	
Sickness absence, %	**2017**	2016	**2017**	2016
Total sickness absence	3.5	3.3	0.8	1.4
– sickness absence for men	2.8	2.6		
– sickness absence for women	4.8	4.8		
– employees – 29 years	2.3	2.3		
– employees 30 – 49 years	3.5	3.3		
– employees 50 – years	4.2	3.8		

REMUNERATION TO SENIOR EXECUTIVES

Principles

The Board of Directors appoints a Remuneration Committee which is tasked with addressing matters related to remuneration principles, employment terms, pension benefits and bonus systems for senior executives, as well as monitoring and evaluating these principles as well as remuneration structures. 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 benefits
Other benefits 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 share ownership and diversify exposure for senior executives 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 6 months.

For other senior executives, the term of notice is normally 12 months in the event of dismissal by the company and 6 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 2017 (SEK 000s)

	Base salary/ board fee	Variable salary	Share savings scheme[3]	Other benefits	Pension cost	TOTAL
Board Chairman Johan Nordström	823	–	–	–	–	823
Board member Anders G. Carlberg	447	–	–	–	–	447
Board member Gunnel Duveblad	507	–	–	–	–	507
Board member Elaine Grunewald[1]	250	–	–	–	–	250
Board member Johan Hjertonsson	417	–	–	–	–	417
Board member Eva Lindqvist	427	–	–	–	–	427
Board member Carola Teir-Lehtinen[2]	133	–	–	–	–	133
Board member Christine Wolff	420	–	–	–	–	420
President & CEO	6,648	4,435	69	70	2,442	13,664
Other senior executives (11 individuals)	25,818	7,955	1,528	1,032	5,732	42,065
TOTAL	**35,890**	**12,390**	**1,597**	**1,102**	**8,174**	**59,153**

1) As of 2017 AGM.
2) Until 2017 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 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
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.

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 2017 and 2016.

Share savings schemes
The 2014, 2015, 2016 and 2017 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 2017 financial year for the 2014 share savings scheme, the 2018 financial year for the 2015 share savings scheme, the 2019 financial year for the 2016 share savings scheme and the 2020 financial year for the 2017 share savings scheme (the "Retention Period") and the participant remains employed in his/her position or an equivalent or higher 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			
Share savings scheme[3]	2017	2016	2015	2014	2017	2016	2015	2014
No. of participants still employed	59	51	49	41	13	9	6	8
No. of shares acquired	24,658	21,001	25,975	28,822	5,215	3,490	4,121	9,619
No. of Matching Shares granted per Savings Share	1	1	1	1	1	1	1	1
Maximum no. of Matching Shares	24,658	21,001	25,975	28,822	5,215	3,490	4,121	9,619
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	49,086	43,952	52,203	68,987	9,856	8,203	9,452	29,987
Provision for the year, SEK M[2, 4]	0.4	2.4	2.0	2.3	0.1	0.3	0.3	0.8
Accumulated provision, SEK M[2, 4]	0.4	2.8	4.4	7.2	0.1	0.4	0.6	2.5
Estimated total cost, SEK M[2, 4]	7.2	8.1	6.8	7.6	1.3	1.1	0.9	2.7
Retention period	Nov 2017–Feb 2021	Nov 2016–Feb 2020	Nov 2015–Feb 2019	Nov 2014–Feb 2018	Nov 2017–Feb 2021	Nov 2016–Feb 2020	Nov 2015–Feb 2019	Nov 2014–Feb 2018

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 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	
	2017	2016	**2017**	2016
Other intangible assets, depreciation and impairments	-40	-43	-12	-8
Buildings, depreciation and impairments	-4	-7	–	–
Equipment, depreciation and impairments	-228	-219	-26	-27
Total amortisation/depreciation and impairments	**-272**	**-269**	**-38**	**-35**
Intangible assets capitalised on acquisition, amortisations	-69	-93	-20	-20
Profit/loss on divestment of buildings and land	2	–	–	–
Revaluation of purchase price	0	3	–	–
Profit/loss on divestment of companies and operations	0	3	–	–
Total acquisition-related items	**-67**	**-87**	**-20**	-20
TOTAL	**-338**	**-356**	**-57**	**-55**

8 NET FINANCIAL ITEMS

GROUP

	2017	2016
Financial income		
Dividends on financial assets at fair value	–	0
Fair value gains on financial assets at fair value	–	0
Interest income – trade receivables	1	5
Interest income – bank	1	3
Other financial income	7	6
Net exchange rate fluctuations	–	17
Total financial income	**9**	**31**
Financial expenses		
Fair value losses on financial assets at fair value	-1	–
Interest expenses – trade payables	-1	-1
Interest expenses – bank	-33	-43
Other financial expenses	-19	-21
Net exchange rate fluctuations	-7	–
Other financial expenses	**-61**	**-65**
Profit from participations in associated companies and joint ventures	**3**	**1**
TOTAL NET FINANCIAL ITEMS	**-49**	**-33**
Interest income received during the year	3	5
Interest expenses paid during the year	-37	-39

PARENT COMPANY

	2017	2016
Profit from participations in group companies		
Dividends	414	164
Group contributions	796	471
Capital gain on intra-group sale of subsidiaries	13	–
Impairment of shares in group companies	–	-61
Total profit from participations in group companies	**1,223**	**574**
Financial income		
Interest income from group companies	2	1
Other interest income	6	3
Foreign exchange gains	–	7
Total financial income	**8**	**11**
Financial expenses		
Interest expenses to group companies	-1	-1
Other interest expenses	-24	-27
Foreign exchange losses	-1	–
Other financial expenses	-6	-6
Total financial expenses	**-31**	**-35**
TOTAL NET FINANCIAL ITEMS	**1,200**	**551**
Interest income received during the year	8	4
Interest expenses paid during the year	-26	-27

9 APPROPRIATIONS AND UNTAXED RESERVES

PARENT COMPANY

Appropriations	**2017**	2016
Accelerated depreciation	12	10
Transfer to tax allocation reserve	-190	–
TOTAL	**-178**	**10**

Untaxed reserves	**2017**	2016
Accelerated depreciation	0	12
Transfer to tax allocation reserve	190	–
TOTAL	**190**	**12**

10 TAXES

	Group		Parent Company	
Current tax expense	**2017**	2016	**2017**	2016
Tax expense for the period	-309	-237	-126	-87
Adjustment of tax attributable to prior years	-1	15	-1	1
Total current tax expense	**-309**	**-222**	**-127**	**-86**
Deferred tax income/expense				
Deferred tax – temporary differences	0	-53	–	–
Deferred tax – recognition of previously unrecognised losses	161	0	–	–
Deferred tax – adjustment of tax attributable to prior years	-2	-11	–	–
Deferred tax – change in tax rate	-3	1	–	–
Total deferred tax income/expense	**156**	**-63**	–	**–**
TOTAL REPORTED TAX EXPENSE	**-154**	**-285**	-127	**-86**

No tax is recognised for translation differences arising from translation of foreign operations, which total SEK 62 million (101).

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			
Reconciliation of effective tax rate	**2017, %**	**2017**	2016, %	2016	**2017, %**	**2017**	2016, %	2016
Profit before tax		1,377		1,216		1,165		488
Income tax calculated pursuant to national profit tax rates in each country	22.8	314	22.9	279	22.0	256	22.0	107
Tax effects of:								
– Non-taxable dividends	0.0	0	0.0	0	-7.8	-91	-7.4	-36
– Other non-taxable income	-0.9	-13	-0.5	-6	-3.5	-41	0.3	1
– Non-deductible expenses	1.6	22	2.0	24	0.2	2	3.0	15
Recognition of previously uncapitalised loss carry-forwards	-11.7	-161	0	0	–	–	–	–
Utilisation of previously uncapitalised loss carry-forwards	-1.1	-15	-0.1	-1	0.0	0	0.0	0
Tax effect of uncapitalised loss carry-forwards	0.1	1	-0.4	-5	0.0	0	0.0	0
Effect on deferred tax – reduced tax rate	0.2	3	-0.1	-1	0.0	0	0.0	0
Adjustment of previous years' tax expense	0.2	3	-0.4	-5	0.1	1	-0.3	-1
TAX EXPENSE FOR THE YEAR	**11.2**	**154**	**23.4**	**285**	**10.9**	**127**	**17.6**	**86**

In view of the expected future (taxable) profits in The Netherlands, a deferred tax asset has been recognized in 2017 for part of the losses. This recognition resulted in a deferred tax benefit of SEK 161 million. The remaining tax losses in The Netherlands are classified as unrecognised as it is not probable that these will be utilised as these losses are time barred.

GROUP

	2017			2016		
Tax attributable to other comprehensive income	Pre-tax	Tax	After tax	Pre-tax	Tax	After tax
Translation differences – translation of foreign operations	62	–	62	101	–	101
Hedges of net investments in subsidiaries	-49	11	-38	-80	17	-63
Revaluation of defined-benefit pensions	3	-3	1	-35	5	-30
TOTAL	**16**	**8**	**25**	**-14**	**23**	**9**

Note 10

Deferred tax assets and liabilities

	Group	
Change in carrying amount for the year	**2017**	2016
Opening carrying amount – deferred tax assets	64	35
Increase through acquisitions	0	2
Measurement period adjustment	0	27
Reclassification to deferred tax liability	-17	5
Other deferred tax income/expense in the income statement	160	-16
Deferred tax income/expense in other comprehensive income	1	10
Foreign currency translation differences	4	1
Closing carrying amount – deferred tax assets	**212**	**64**
Opening carrying amount – deferred tax liabilities	-431	-382
Increase through acquisitions	-10	-4
Measurement period adjustment	0	-1
Decrease through divestitures	0	3
Reclassification from deferred tax asset	17	-5
Change in component of untaxed reserves in the income statement	1	-33
Other deferred tax income/expense in the income statement	-5	-14
Deferred tax income/expense in other comprehensive income	7	13
Foreign currency translation differences	-4	-8
Closing carrying amount – deferred tax liabilities	**-425**	**-431**

	Group	
Deferred tax at year end	**2017**	2016
Deferred tax asset – loss carry-forwards	162	4
Deferred tax asset – consolidated pension deficits	5	11
Deferred tax asset – temporary differences	44	49
Total deferred tax assets	**212**	**64**
Deferred tax component of companies' reported untaxed reserves	-172	-173
Deferred tax liability – temporary differences	-253	-258
Total deferred tax liabilities	**-425**	**-431**
TOTAL DEFERRED TAX, NET	**-214**	**-367**

Of total deferred tax assets, less than SEK 29 million is expected to be utilised within 12 months. Of total deferred tax liabilities, less than SEK 1 million is expected to be paid within 12 months. Unrecognized loss carry-forwards in the Group total SEK 442 million (1,164); these are not expected to be utilised against future profits, and for the majority there is a time limit for utilisation. Approximately SEK 212 million (569) have a duration up to 5 years, approximately SEK 227 million (590) have a duration of 6–9 years, and the remainder of approximately SEK 3 million (6) have an indefinite duration.

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net	
	2017	2016	**2017**	2016	**2017**	2016
Property, plant and equipment	7	10	-4	3	3	13
Intangible assets	0	1	-105	-118	-105	-117
Financial assets	16	11	6	-1	22	11
Current assets	13	20	-142	-138	-128	-118
Current liabilities	1	-2	2	4	3	3
Untaxed reserves	0	–	-172	-173	-172	-173
Pensions	5	11	2	-6	7	5
Other provisions	7	8	-14	-3	-6	5
Loss carry-forwards	162	4	1	1	164	5
TOTAL	**212**	**64**	**-425**	**-431**	**-214**	**-367**

Movements in net deferred taxes can be summarised as follows:

2017	Opening balance 2017	Recognised through profit or loss	Recognised in other comprehensive income	Acquisitions/ divestitures	Reclassifications	Foreign currency translation differences	Closing balance 2017
Property, plant and equipment	13	-10	0	0	0	0	3
Intangible assets	-117	24	0	-10	0	-2	-105
Financial assets	11	0	11	0	0	0	22
Current assets	-118	-7	0	0	0	-3	-128
Current liabilities	2	1	0	0	0	0	3
Untaxed reserves	-173	1	0	0	0	0	-172
Pensions	5	5	-3	0	0	0	7
Other provisions	5	-13	0	0	0	2	-6
Loss carry-forwards	5	155	0	0	0	4	164
TOTAL	**-367**	**156**	**8**	**-10**	**–**	**0**	**-214**

2016	Opening balance 2016	Recognised through profit or loss	Recognised in other comprehensive income	Acquisitions	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
Non-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**

11 EARNINGS PER SHARE

GROUP

	2017	2016
Average number of shares before dilution	119,432,155	119,598,820
Effect of anticipated utilisation of share bonus scheme and share savings scheme	2,242,532	2,059,303
Average number of shares after dilution	**121,674,687**	**121,658,123**
Earnings per share on profit attributable to owners of the Parent Company		
Basic earnings per share, SEK[1]	10.23	7.78
Diluted earnings per share, SEK[2]	10.04	7.65

1) Excluding the impact from revaluation of tax assets amounted earnings per share 2017 to SEK 8.88 per share.
2) Excluding the impact from revaluation of tax assets amounted earnings per share 2017 to SEK 8.72 per share.

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.

12 ACQUISITION AND DIVESTITURE OF SUBSIDIARIES AND OPERATIONS

GROUP

	Date	Acquired share, %[1]	Holding, post-transaction, %[1]
Acquisitions 2017			
Karves Yhtiöt Ltd., acquisition of shares and assets, Finland	3 February 2017	100	100
Byggteam Bodö AS, acquisition of assets, Norway,	1 July 2017	100	100
MR-Group NV, Belgium	31 May 2017	100	100
Snoeck & Partners NV, Belgium	25 August 2017	100	100
Dimensjon Rådgivning AS, Norway	23 October 2017	100	100
Acquisitions 2016			
Sletten AS, Norway	1 January 2016	100	100
Petro Team AB, acquisition of assets, Sweden	4 January 2016	100	100
PAR 2 Ontvikkeling B. V, acquisition of minority shares, 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 shares, 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

1) Ownership share corresponds to equity interest.

During 2017 Sweco acquired the operations of Karves Yhtiöt Ltd., a Finnish group with 50 employees specialised in design and renovation services as well as energy efficiency and life cycle services for building companies.

Sweco also acquired MR-Group NV, a Belgian group with 40 employees specialised in technical building services and Snoeck & Partners NV, a Belgian building consultancy with 24 employees.

During the period Sweco also acquired the operations within Byggtjänst Bodö AS in Norway with 7 employees and Dimensjon Rådgivning AS, a Norwegian company with 47 employees specialised in urban planning, buildings engineering and infrastructure. The acquisitions are in line with Sweco's strategy to leverage the footprint in Northern Europe for further bolt-on acquisitions.

Acquisition-related costs for the above acquisitions during the year and previous periods total SEK 1 million (2) and are chiefly comprised of financial advisor and consultant fees associated with due diligence and transaction tax of SEK 1 million (0). These expenses, totalling SEK 1 million (2) the year, were reported in other external expenses in the income statement.

Divestitures

During the year Sweco divested the Naaderbos golf course in the Netherlands (Golfexploitatiemaatschappij Naarderbos B.V and Naarderbos Ontwikkeling B.V.), with a total of 65 employees (approximately 25 full-time employees). The divestments had a positive impact on profit of SEK 0.1 million.

Note 12

Net assets of acquired and divested companies at acquisition date

	2017		2016	
	Acquired value	Divested value	Acquired value	Divested value
Intangible assets	33	–	16	–
Property, plant and equipment	11	40	-14	6
Financial assets	0	–	28	–
Current assets[1]	52	8	296	3
Cash and cash equivalents	32	2	19	3
Non-current liabilities	-8	-35	-85	-2
Deferred tax	-10	–	-5	-1
Other current liabilities	-53	0	-300	-3
Non-controlling interests recognised on acquisition	–	–	0	–
Consolidated goodwill recognised on acquisition[2]	124	–	220	–
Acquisition of non-controlling interests	–	–	0	–
Non-controlling interests recognised on divestiture	–	–	–	1
Capital gain/loss recognised on divestiture	–	0	–	3
Total purchase price	**181**	**15**	**175**	**10**
Purchase price outstanding	-13	–	-4	–
Payment of deferred purchase price	0	–	–	–
Cash and cash equivalents in acquired and divested companies	-32	-2	-19	-3
DECREASE/INCREASE IN GROUP CASH AND CASH EQUIVALENTS	**136**	**13**	**152**	**7**

1) Of which, receivables total SEK 47 million (258).
2) Of which, SEK 6 million (5) is attributable to acquisitions of assets which are tax deductible in the event of future write-downs.

Acquisitions completed in 2017 and 2016 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 2017 acquisitions, the acquisition analysis for Dimensjon Rådgivning AS is preliminary.

The acquired companies had a negative impact of SEK 136 million (152) on Group cash and cash equivalents. Divested operations improved the Group's cash and cash equivalents by SEK 13 million (7). The net impact on Group cash and cash equivalents is SEK -123 million (-145).

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 13 million, 13 million refers to conditional purchase consideration.

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

	2017		2016	
	Acquisition	Divestiture	Acquisition	Divestiture
Contribution to net sales in the year's accounts	100	11	112	7
Contribution to net sales if acquired company had been owned for the full year	208		148	
Contribution to operating profit in the year's accounts	6	-4	10	-4
Contribution to operating profit if acquired company had been owned for the full year	9		6	

13 INTANGIBLE ASSETS

GROUP

	2017			2016		
	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
Opening acquisition costs	6,168	802	6,970	5,823	763	6,586
Purchases	–	35	35	–	32	32
Developed internally	–	6	6	–	7	7
Increase through acquisitions	126	33	159	133	16	149
Decrease through revaluation of purchase price	-2	–	-2	–	–	–
Measurement period adjustment	–	–	–	87	–	87
Reclassification	–	–	–	–	9	9
Sales/disposals	–	-8	-8	–	-42	-42
Foreign currency translation differences	57	11	68	125	17	142
Closing accumulated acquisition costs	**6,349**	**878**	**7,228**	**6,168**	**802**	**6,970**
Opening accumulated amortisation/depreciation and impairments	-71	-456	-527	-71	-348	-419
Reclassification	–	0	0	–	-1	-1
Sales/disposals	–	8	8	–	40	40
Foreign currency translation differences	–	-7	-7	–	-14	-14
Amortisation/depreciation for the year	–	-108	-108	–	-133	-133
Closing accumulated amortisation/depreciation and impairments	**-71**	**-563**	**-634**	**-71**	**-456**	**-527**
CLOSING CARRYING AMOUNT	**6,278**	**315**	**6,594**	**6,098**	**346**	**6,443**
By business area						
Sweco Sweden	2,060			2,059		
Sweco Norway	440			395		
Sweco Finland	929			856		
Sweco Denmark	1,016			991		
Sweco Netherlands	271			264		
Sweco Western Europe	980			949		
Sweco Central Europe	584			584		
Capitalised development costs for software		108			105	
Assets capitalised on acquisition		207			241	
CLOSING CARRYING AMOUNT	**6,278**	**315**		**6,098**	**346**	

Internally developed software of SEK 6 million (7) 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

Other intangible assets	**2017**	2016
Opening acquisition costs	122	100
Purchases from Group companies	–	2
Purchases	18	20
Sales/disposals	-1	–
Closing accumulated acquisition costs	**138**	**122**
Opening accumulated amortisation	-47	-20
Amortisation for the year	-32	-28
Sales/disposals	1	–
Closing accumulated amortisation	**-77**	**-47**
CLOSING CARRYING AMOUNT	**61**	**75**

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, tangible 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.

The impairment testing reveals no impairment requirement.

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

2017	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Central Europe	
Variable	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	2.6	-28.3	2.6	-35.1	2.6	-19.9	2.9	-15.5
Average EBITA margin, %	8.9	2.6	8.7	1.5	8.2	3.0	7.7	4.2
Pre-tax discount rate, %	6.8	24.0	7.7	61.8	6.9	18.5	7.3	13.5

2017	Sweco Denmark		Sweco Netherlands		Sweco Western Europe	
Variable	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	3.6	-9.7	1.7	-26.8	5.4	-5.7
Average EBITA margin, %	7.1	3.9	4.0	0.7	7.8	5.5
Pre-tax discount rate, %	6.4	11.2	6.3	35.8	8.3	11.9

2016	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Central Europe	
Variable	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	Sweco Denmark		Sweco Netherlands		Sweco Western Europe	
Variable	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

14 PROPERTY, PLANT AND EQUIPMENT

GROUP

	2017			2016		
	Buildings and land	Equipment	Total	Buildings and land	Equipment	Total
Opening acquisition costs	123	1,123	1,246	147	1,075	1,222
Purchases	0	277	277	0	262	262
Increase through acquisitions	5	6	11	–	4	4
Measurement period adjustment	–	–	–	-18	0	-18
Decrease through divestiture of companies	-121	-5	-126	-9	0	-9
Reclassification	1	-1	0	0	-5	-5
Sales/disposals	-6	-103	-109	-18	-222	-240
Revaluation	3	–	3	–	–	–
Foreign currency translation differences	3	2	5	20	9	29
Closing accumulated acquisition costs	**8**	**1,299**	**1,307**	**123**	**1,123**	**1,245**
Opening accumulated amortisation/depreciation and impairments	-38	-591	-629	-20	-563	-583
Reclassification	–	–	–	0	1	1
Sales/disposals	–	79	79	1	190	191
Decrease through divestiture of companies	83	2	85	3	–	3
Foreign currency translation differences	-1	1	0	-15	0	-15
Impairments	–	0	0	–	0	0
Impairments for the year	-4	-228	-232	-7	-219	-226
Closing accumulated depreciation	**40**	**-737**	**-697**	**-38**	**-591**	**-629**
CLOSING CARRYING AMOUNT	**48**	**562**	**610**	**85**	**532**	**616**
Of which, land:						
Opening acquisition costs	14	–	14	13	–	13
Foreign currency translation differences	0	–	0	1	–	1
Increase through acquisitions	0	–	0	–	–	0
Closing carrying amount, land	**14**	**–**	**14**	**14**	**–**	**14**
Of which, equipment financed through finance leases:						
Closing accumulated acquisition costs	9	168	177	36	144	180
Closing accumulated depreciation	-4	-86	-90	-4	-60	-64
Closing carrying amount of finance leases	**5**	**82**	**87**	**32**	**84**	**116**
Of which, closing carrying amount of property, plant and equipment under construction	**–**	**1**	**1**	**–**	**6**	**6**
Finance lease purchases for the year	–	48	48	–	49	49
Other purchases of property, plant and equipment for the year	0	–	–	0	213	213
Total property, plant and equipment purchases for the year	0	**48**	**48**	0	**262**	**262**

PARENT COMPANY

Equipment	**2017**	2016
Opening acquisition costs	120	113
Purchases	7	31
Sales/disposals	–	-24
Closing accumulated acquisition costs	**127**	**120**
Opening accumulated depreciation	-66	-64
Sales/disposals	–	24
Depreciation for the year	-26	-27
Closing accumulated depreciation	**-92**	**-66**
CLOSING CARRYING AMOUNT	**36**	**54**

Note 15

15 SHAREHOLDINGS AND PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY

Change in carrying amount for the year	2017	2016
Opening carrying amount	4,512	4,508
Shareholders' contribution	–	55
Acquisition of subsidiaries	–	10
Disposal to other group companies	-1	–
Write-downs shareholdings	–	-61
CLOSING CARRYING AMOUNT	**4,511**	**4,512**

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	887
Vattenbyggnadsbyrån AB[2]	556077-9471	Stockholm	100	1,000	1
Vattenbyggnadsbyrån Export AB[2]	556079-1336	Stockholm	100	4,500	1
Sweco Holdco B.V.[1]	30029428	Netherlands	100	76,114,143	2,506
Total shareholdings and participations in group companies					**4,511**
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 Energoproekt JSC	1305488081	Bulgaria	73	400	
Sweco Projekt AS	11304200	Estonia	100	355,463	
Sweco EST OÜ	10633373	Estonia	100	1	
SIA Büvuzraudziba 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	
Karves Suunnittelu Oy	2563541-6	Finland	100	200	
Karves Energia & Valvonta Oy	2179130-7	Finland	100	1,100	
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 International Oy	2635445-6	Finland	100	10,000	
OOO Sweco Stroiproject	7806311117	Russia	100		
Sweco PM Oy	2635438-4	Finland	100	10,000	
Sweco Rakenntekniikka 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	
Through Sweco Norge AS					
Dimensjon Rådgivning AS	983513905	Norway	100	200	

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 International AB	556862-9918	Stockholm	100	500
Sweco Singapore Pte Ltd	201613136K	Singapore	100	500,000
Sweco Business Information Consulting Co.	91310000MA1K349X1E	China	100	10
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
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
Grontmij Sverige AB	556013-2341	Stockholm	100	53,000
Grontmij AB	556563-7237	Stockholm	100	18,000
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 BV	30164468	Netherlands	100	102
Grontmij 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
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
Grontmij Real Estate Nederland B.V.[3]	30149254	Netherlands	100	454
MaasBilt B.V.[3]	30039313	Netherlands	100	45,379
PAR 2 C.V.[3]	817762723	Netherlands	100	
PAR 2 Ontwikkeling B.V.[3]	577	Netherlands	100	180
Assutex C.V.[4]	30122026	Netherlands	100	
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
Sweco Pavement Consultants AS	961 168 848	Norway	100	1,500
Sweco Pavement Consultants AB	556228-0361	Sweden	100	10,006
Sweco Belgium Holding NV[1]	BE0423285828	Belgium	100	3,944,591
Sweco Belgium NV	BE0405647664	Belgium	100	218,248
GM Contracting NV	BE0419330703	Belgium	100	18,252
MR-Group NV	BE0854603185	Belgium	100	500
M&R Engineering NV	BE0402680256	Belgium	100	10,000

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares
Atlas Building Engineering NV	BE0897921575	Belgium	100	1,250
Snoeck & Partners NV	BE0422061846	Belgium	100	666
Sweco UK Holding Limited[1]	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
Sweco GmbH	HRB21768HB	Germany	100	200
Ludes Generalplaner GmbH	HRB88279	Germany	100	3
Jo Franzke Generalplaner 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:	2017	2016
Profit for the year	2	2
Capital gain on sale of associated company	–	0
Other comprehensive income	–	0
TOTAL COMPREHENSIVE INCOME	**2**	**2**

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
2017					
Through Sweco Finland Oy					
Geotek Oy	0923058-2	Finland	45	45	6
Betonialan Ohuthiekeskus FMC OY	1713909-2	Finland	33	33	0
Through Sweco Denmark A/S					
Odeon A/S	26391253	Denmark	22	600,000	1
PavEx Consulting s.r.o.	cz63487624	Czech Republic	50		0
Through Sweco Belgium NV					
Arteum Architects BVBA	BE0896004242	Belgium	40	100	0
Total shares and participations					**7**
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 Denmark A/S					
Odeon A/S	26391253	Denmark	22	600,000	1
PavEx Consulting s.r.o.	cz63487624	Czech Republic	50		0
Through Sweco Belgium NV					
Arteum Architects BVBA	BE0896004242	Belgium	40	100	0
Total shares and participations					**7**

17 HOLDINGS IN JOINT VENTURES AND JOINT OPERATIONS

During 2017 holdings in the Netherlands were sold. 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 0 million (0).

GROUP

Group's share of joint ventures:	2017	2016
Profit for the year	-1	-1
Other comprehensive income	–	0
TOTAL COMPREHENSIVE INCOME	**-1**	**-1**

Holdings in joint operations at year end	Corp. ID number	Domicile	Share of equity, %
2017			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Sweden	50
2016			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Sweden	50

Group's shareholdings in joint operations	2017	2016
Operating income	14	21
Operating costs	-14	-21
PROFIT FOR THE YEAR	**0**	**0**
Current assets	11	263
Total assets	**11**	**263**
Current liabilities	-11	-263
Total liabilities	**-11**	**-263**
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	2017	2016
Opening carrying amount	14	14
Acquisition of other shares	0	0
Reclassification	0	0
Disposal of other shares	0	0
Gained through acquisition	0	–
Revaluation of holdings	-1	–
Foreign currency translation difference	0	1
CLOSING CARRYING AMOUNT	**13**	**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
2017					
BRF Störtloppet	716414-8764	Åre			1
Hirsala Golf Oy	1709135-9	Finland		3	0
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					**13**
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**

19 OTHER NON-CURRENT SECURITIES

PARENT COMPANY

Change in carrying amount for the year	2017	2016
Opening carrying amount	1	1
CLOSING CARRYING AMOUNT	1	1

Shareholdings at year end	Corp. ID number	Domicile	Carrying amount
2017			
BRF Störtloppet	716414-8764	Åre	1
Total shares and participations			1
2016			
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	2017	2016
Non-current assets		
Opening carrying amount	1,831	1,837
Lending to group companies	2	-5
Foreign currency translation difference	–	-1
Closing carrying amount	1,833	1,831
Current assets		
Opening carrying amount	1,925	1,841
Change for the year	370	84
Closing carrying amount	2,295	1,925
TOTAL RECEIVABLES FROM GROUP COMPANIES	4,128	3,756

21 OTHER NON-CURRENT RECEIVABLES

GROUP

	2017			2016		
Change in carrying amount for the year	Held-to-maturity investments	Other non-current receivables	Total	Held-to-maturity investments	Other non-current receivables	Total
Opening non-current receivables	90	44	134	82	19	100
Decrease through divestiture of companies	–	-1	-1	–	–	–
Increase in receivables	4	3	7	4	32	36
Measurement period adjustment	–	–	–	–	-1	-1
Decrease in receivables	-3	-23	-26	–	-2	-2
Reclassification	–	-7	-7	–	-5	-5
Foreign currency translation difference	2	1	3	4	1	5
CLOSING NON-CURRENT RECEIVABLES	93	17	111	90	44	134
Non-current receivables at year end						
Pension receivables as per Note 27	–	0	0	–	2	2
Other receivables	93	17	111	90	43	133
TOTAL NON-CURRENT RECEIVABLES	93	17	111	90	44	134

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

	2017	2016
Work in progress less progress billings		
Value of work completed	6,776	7,976
Progress billings	-4,162	-5,495
NET WORK IN PROGRESS LESS PROGRESS BILLINGS	2,614	2,480
Progress billings in excess of work in progress		
Value of work completed	2,139	3,400
Progress billings	-3,988	-5,133
NET PROGRESS BILLINGS IN EXCESS OF WORK IN PROGRESS	-1,849	-1,732

23 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2017	2016	2017	2016
Prepaid rents	72	73	–	–
Prepaid insurance premiums	17	20	–	–
Prepaid IT expenses	6	8	–	–
Accrued interest income	2	10	–	–
Other accrued income	9	1	–	–
Prepaid licence expenses	32	29	32	29
Other prepaid expenses	145	177	47	43
TOTAL	283	319	78	73

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 and 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	
	2017	2016	2017	2016
Cash/bank	572	892	218	570
TOTAL CASH AND CASH EQUIVALENTS	572	892	218	570

There was no commercial paper in Sweco Group at 31 December 2017 or 2016.

25 EQUITY

Change in number of shares[1]	A shares	B shares	C shares	Total
Number of shares at 1 January 2016	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**
Issuance of treasury shares – share savings scheme	–	90,431	–	90,431
Issuance of treasury shares – share bonus scheme	–	875,895	–	875,895
Issuance of treasury shares	–	–	500,000	500,000
Repurchase of treasury shares	–	-1,396,000	-500,000	-1,896,000
NUMBER OF SHARES AT 31 DECEMBER 2017	**10,533,731**	**108,590,865**	**–**	**119,124,596**

1) After deduction for treasury shares.

A statement of changes in equity is found on page 49 for the Group and on page 53 for the Parent Company. Additional information about the Sweco share is provided on pages 93–95.

Sweco repurchased 1,396,000 Class B shares during the year for SEK 289 million, corresponding to SEK 206.99 per share. During the year 500,000 Class C shares were issued for settlement of the 2017 Share Bonus Scheme.

The total number of shares, including treasury shares, at the end of the period was 121,583,819: 10,533,731 Class A shares, 110,550,088 Class B shares and 500,000 Class C shares. The total number of votes was 21,638,739.8: 10,533,731 represented by Class A shares, 11,055,008.8 by Class B shares and 50,000 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 and Class C 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 2017 the Group's holding of treasury shares amounted to 1,959,223 (1,529,549) Class B shares. The treasury shares were purchased at an average price of SEK 228.24 each, for a total of SEK 447 million. The market value at 31 December 2017 was SEK 356 million. Sweco holds 500,000 Class C shares to enable delivery of shares to employees participating in the 2017 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 19 April 2018.

	2017	2016
Dividend of SEK 5.00 per common share (4.30 SEK)	605	513

Amounts for 2017 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 2017 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 36.

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.

Development expenditure fund
For capitalisation of internal development expenditures, the corresponding amount is transferred from unrestricted equity to the development expenditure fund in restricted equity. The fund is reduced as capitalised expenditures are depreciated or written off.

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	
	2017	2016	**2017**	2016
Non-current interest-bearing liabilities				
Liabilities to credit institutions	2,120	1,410	1,980	1,368
Liabilities under finance leases as per Note 29	72	105	–	–
Total	**2,192**	**1,515**	**1,980**	**1,368**
Current interest-bearing liabilities				
Bank overdraft facilities	45	41	–	–
Other liabilities to credit institutions	12	874	8	820
Liabilities under finance leases as per Note 29	22	21	–	–
Total	**79**	**936**	**8**	**820**
TOTAL INTEREST-BEARING LIABILITIES	**2,271**	**2,451**	**1,988**	**2,188**

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.

	Group		Parent Company	
Loan maturity structure	**2017**	2016	**2017**	2016
0–1 year	79	936	8	820
1–5 years	2,192	1,481	1,980	1,368
5 years and later	–	34	–	–
	2,271	**2,451**	**1,988**	**2,188**

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

Granted overdraft and credit terms

	Group		Parent Company	
	2017	2016	2017	2016
Credits granted	3,689	3,696	3,494	3,459
Credits utilised on balance sheet date	-2,271	-2,451	-1,988	-2,188
UNUTILISED CREDITS	**1,418**	**1,245**	**1,506**	**1,271**
Average interest rate, %[1]	1.33	1.05	0.83	0.92

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.

Net debt

	2017	2016
Cash and cash equivalents	572	892
Non-current interest-bearing liabilities	-2,192	-1,515
Current interest-bearing liabilities	-79	-936
NET DEBT	**-1,698**	**-1,558**

Below are the changes in net debt and other non-current liabilities analysed.

GROUP	Cash and cash equivalents	Non-current interest-bearing liabilities	Current interest-bearing liabilities	Net debt	Other non-current liabilities	Total
OPENING BALANCE AT 1 JANUARY 2017	**892**	**-1,515**	**-936**	**-1,558**	**-26**	**-1,584**
Non-cash items						
Increase through acquisitions	–	-8	-2	-10	-11	-21
Decrease through divestiture of companies	–	35	0	35	–	35
Acquisition finance leases and leasing benefits	–	5	-1	4	–	4
Reclassification	–	-819	819	0	15	15
Foreign currency translation differences	-11	-101	49	-62	0	-63
Total non-cash items	**-11**	**-887**	**865**	**-33**	**4**	**-30**
Cash flow	-309	210	-7	-107	-1	-107
CLOSING BALANCE AT 31 DECEMBER 2017	**572**	**-2,192**	**-79**	**-1,698**	**-23**	**-1,721**

PARENT COMPANY	Cash and cash equivalents	Non-current interest-bearing liabilities	Current interest-bearing liabilities	Net debt	Other non-current liabilities	Total
OPENING BALANCE AT 1 JANUARY 2017	**570**	**-1,368**	**-820**	**-1,617**	**-11**	**-1,629**
Non-cash items						
Reclassification	–	-820	820	–	–	–
Foreign currency translation differences	–	–	–	–	0	0
Total non-cash items	**–**	**-820**	**820**	**–**	**0**	**0**
Cash flow	-352	208	-8	-152	–	-152
CLOSING BALANCE AT 31 DECEMBER 2017	**218**	**-1,980**	**-8**	**-1,769**	**-12**	**-1,781**

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 10 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 2017 Alecta's surplus measured as a collective consolidation ratio was 154 per cent (149) and AIP's was 151 per cent (142). 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 2017, Sweco Norge AS, has two remaining defined benefit pension plans with similar demographic and financial assumptions. These remaining plans apply to 34 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.

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 108.1 (100.3) per cent as at 31 December 2017.

The Dutch defined benefit pension plan relates to a conditional early retirement plan for approximately 539 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 for 2017 is EUR 1.6 million (1.6).

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.

	2017					
Breakdown of net asset/ liability for defined benefit plans by country	Norway	Netherlands	Germany	Belgium	Other	Total
Present value of defined benefit pension obligations	-59	-82	-37	-160	-18	-355
Fair value of plan assets	44	67	–	119	15	244
Liability for jubilee benefits	–	-13	-2	–	-4	-19
NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS	**-15**	**-28**	**-39**	**-42**	**-7**	**-130**

	2016					
Breakdown of net asset/ liability for defined benefit plans by country	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	0	109	20	234
Liability for jubilee benefits	–	-13	-2	–	-4	-19
NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS	**-24**	**-37**	**-38**	**-51**	**-8**	**-158**

Defined benefit pension plans in the balance sheet	2017	2016
Present value of defined benefit pension obligations	-355	-373
Fair value of plan assets	244	234
Liability for jubilee benefits	-19	-19
NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS	-130	-158
Other non-current receivables	0	2
Non-current pension provisions	-112	-143
Current pension provisions	-18	-16
NET BALANCE SHEET AMOUNT	-130	-158

Change in defined benefit pension obligations for the year	2017	2016
Defined benefit pension obligation at beginning of year	-373	-625
Current service costs	-23	-25
Past service cost	1	
Curtailment gain	2	26
Interest expense	-5	-16
Revaluations:		
– Actuarial gains and losses on changed demographic assumptions	0	0
– Actuarial gains and losses on changed financial assumptions	5	-48
– Experienced-based adjustments	-2	-9
Settlement and changes in the pension plan	8	443
Benefits paid	36	54
Measurement period adjustment	–	-131
Foreign currency translation difference	-4	-42
Defined benefit pension obligation at year end	-355	-373

Change in fair value of plan assets for the year	2017	2016
Fair value of plan assets at beginning of year	234	514
Employer contributions	35	47
Contributions from plan participants	7	–
Interest income	3	13
Return on plan assets, excluding interest income	3	0
Actuarial gains and losses	-2	22
Additional contributions	–	1
Settlement and changes in the pension plan	-8	-443
Benefits paid	-31	-47
Measurement period adjustment	–	93
Foreign currency translation difference	2	34
Fair value of plan assets at year end	244	234

Plan assets are comprised of	2017	2016
Cash and cash equivalents and current investments	77	69
Shares	3	10
Alternative investments (hedge funds)	–	1
Credits	–	12
Government bonds	44	23
Fixed-income securities	4	10
Other	115	109
TOTAL PLAN ASSETS	244	234

Defined benefit pension plans	2017	2016
Net expense in the income statement		
Current service costs	-23	-25
Past service costs	1	–
Curtailment gain	2	26
Net interest income/interest expense	-2	-3
Settlement and changes in the pension plan	0	–
TOTAL NET EXPENSE	-21	-2
Net expense is recognised in the income statement as		
Personnel costs	-21	-2
Net expense in profit for the year	-21	-2
Expense recognised in other comprehensive income		
Revaluations:		
Actuarial gains (-) and losses (+)	1	-35
Difference between actual return and return on discount rate on plan assets	3	–
Effects of change in asset limit, excluding amounts reported in net interest income	-0	–
Net expense recognised in other comprehensive income	3	-35
NET EXPENSE RECOGNISED IN COMPREHENSIVE INCOME	-18	-37

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, %	2017	2016	2017	2016	2017	2016	2017	2016
Discount rate	2.4	2.5	-0.2	-0.1	3.7	2.0	1.8	1.5
Anticipated return on plan assets	2.4	2.5	0.0	0.0	0.0	0.0	1.8	1.5
Annual rate of salary increase	2.5	2.3	1.0	1.0	2.0	2.0	2.8	2.8
Annual rate of pension increase	0.5	0.0	0.0	0.0	1.5	1.5	0.0	0.0
Inflation	1.5	2.0	0.0	0.0	0.5	0.0	1.8	1.8
Discount rate jubilee	–	–	1.1	1.1	1.9	2.0	–	–
Life expectancy assumption, years								
– pensioned at end of period:								
Men	21.0	21.0	24.6	24.5	21.0	21.0	21.6	21.6
Women	24.1	24.1	27.0	26.9	25.0	25.0	25.3	25.3
Life expectancy assumption, years								
– pensioned 20 years after end of period:								
Men	23.2	23.2	27.0	26.9	14.0	14.0	–	–
Women	26.5	26.5	29.4	29.3	17.0	17.0	–	–
Other information								
Weighted average maturity of obligation, years	8.0	10.0	2.8	3.8	23.8	25.0	10.9	11.0
Number of active members in relation to total number of individuals, %	0	10	100	100	40	61	100	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)	95	68
Annual rate of salary increase (+/- 1% change)	57	52
Annual rate of pension increase (+/- 1% change)	47	38
Life expectancy (+/-1 year)	40	40

The Group estimates that approximately SEK 31 million will be paid to defined benefit pension plans during 2018.

DEFINED CONTRIBUTION PENSION PLANS

	2017	2016
Allocation of expenses by pension plan		
Sweden, Alecta	-320	-302
Sweden, AIP	-22	-16
Finland	-184	-171
Netherlands	-118	-118
Norway	-86	-65
Denmark	-58	-56
UK	-21	-30
Belgium	-3	-12
Other countries	-3	-4
TOTAL	**-814**	**-773**

28 OTHER PROVISIONS

GROUP

	2017				2016			
Change in fair value for the year	After-care liabilities	Restructuring	Other provisions	Total	After-care liabilities	Restructuring	Other provisions	Total
Other provisions								
Opening balance, other provisions	189	43	62	293	174	69	35	279
Increase through acquisition	–	–	0	0	–	–	5	5
Measurement period adjustment	–	–	–	–	–	–	30	30
Provision for the year	–	1	9	10	–	53	8	61
Utilised provision	-3	-2	-14	-18	-2	-10	-15	-27
Reversal of unutilised provision	–	–	–	–	–	-18	-1	-19
Interest	8	–	–	8	8	–	–	8
Foreign currency translation difference	5	0	1	7	8	3	2	13
Reclassification	–	–	-5	-5	–	–	–	–
Reclassification to accrued expenses	–	-33	–	-33	–	-54	-2	-56
TOTAL OTHER PROVISIONS	**199**	**10**	**54**	**263**	**189**	**43**	**62**	**293**
OF WHICH, CURRENT OTHER PROVISIONS	**6**	**10**	**11**	**27**	**5**	**42**	**13**	**61**

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 an 4.00 to 5.00 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 2017. 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 2017 will be used during 2018.

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

	2017		2016	
	Present value	Nominal amount	Present value	Nominal amount
In current interest-bearing liabilities				
Due within one year	22	24	21	27
Total current liabilities	**22**	**24**	**21**	**27**
In liabilities to credit institutions				
Due within more than one but less than five years	72	73	71	83
Due within more than five years	–	–	34	95
Total non-current liabilities	**72**	**73**	**105**	**178**
TOTAL LIABILITIES UNDER FINANCE LEASES	**94**	**97**	**126**	**205**

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. The decline in liabilities under finance leases in 2017 compared to 2016 is mainly related to the divestment of Naarderbos golf course.

30 ACCRUED EXPENSES, PREPAID INCOME AND OTHER CURRENT LIABILITIES

	Group		Parent Company	
Accrued expenses and prepaid income	**2017**	2016	**2017**	2016
Accrued payroll costs	173	185	5	5
Accrued holiday and overtime pay	734	714	2	1
Accrued social fees	362	358	11	9
Other personnel-related costs	71	99	–	6
Accrued IT expenses	4	8	–	–
Accrued audit and consulting costs	5	7	–	–
Accrued rents	20	18	–	–
Accrued waste management costs	61	55	–	–
Accrued interest	10	13	1	3
Prepaid income	5	5	–	–
Other	199	220	8	14
TOTAL ACCRUED EXPENSES AND PREPAID INCOME	**1,642**	**1,681**	**27**	**38**

	Group		Parent Company	
Other current liabilities	**2017**	2016	**2017**	2016
VAT	525	492	–	–
Employee withholding tax	214	199	1	1
Derivatives	–	0	–	–
Other	102	78	0	0
TOTAL OTHER CURRENT LIABILITIES	**841**	**768**	**2**	**1**

31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	2017	2016	**2017**	2016
Pledged assets				
Pledged funds for rent	21	22	–	–
TOTAL PLEDGED ASSETS	**21**	22	–	–
Contingent liabilities				
Corporate guarantees	268	245	157	145
Total corporate guarantees	**268**	**245**	**157**	**145**
Bank guarantees				
Advance Payment Guarantees	153	161	72	83
Performance Guarantees	104	116	46	69
Others	186	184	86	76
Total bank guarantees	**443**	**461**	**204**	**228**
TOTAL CONTINGENT LIABILITIES	**711**	**706**	**362**	**373**

Sweco AB has since 2015 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 amounts are recognised in the balance sheet as shown below. Carrying amount is considered a good approximation of fair value.

	Carrying amount					Fair value hierarchy		
2017	Assets held for trading	Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying amount	Level 2	Level 3	**Total**
Financial assets measured at fair value								
Shares	–	–	13	–	13	–	13	**13**
TOTAL	–	–	**13**	–	**13**	–	**13**	**13**
Financial assets not carried at fair value								
Non-current receivables	–	–	110	–	110	–	–	–
Trade receivables	–	–	3,046	–	3,046	–	–	–
Cash and cash equivalents	–	–	572	–	572	–	–	–
TOTAL	–	–	**3,728**	–	**3,728**	–	–	–
Financial liabilities measured at fair value								
Currency forwards for hedging	1	–	–	–	1	1	–	1
TOTAL	**1**	–	–	–	**1**	**1**	–	**1**
Financial liabilities not carried at fair value								
Liabilities to credit institutions	–	–	–	2,177	2,177	–	–	–
Liabilities under finance leases	–	–	–	94	94	–	–	–
Other non-current liabilities	–	–	–	11	11	–	–	–
Trade payables	–	–	–	625	625	–	–	–
TOTAL	–	–	–	**2,907**	**2,907**	–	–	–

Note 32

2016	Assets held for trading	Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying amount	Level 2	Level 3	Total
	Carrying amount					Fair value hierarchy		
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**	**–**	**–**	**–**

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 amounts are recognised in the balance sheet as shown below:

2017	Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying amount	Level 3	Total
	Carrying amount				Fair value hierarchy	
Other non-current securities	–	1	–	1	1	1
Other non-current receivables	2	–	–	2	–	–
Cash and cash equivalents	218	–	–	218	–	–
TOTAL	**220**	**1**	**–**	**221**	**1**	**1**
Non-current interest-bearing liabilities	–	–	1,980	1,980	–	–
Current interest-bearing liabilities	–	–	8	8	–	–
Trade payables	–	–	43	43	–	–
TOTAL	**–**	**–**	**2,031**	**2,031**	**–**	**–**

2016	Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying amount	Level 3	Total
	Carrying amount				Fair value hierarchy	
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**	**–**	**–**

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 tables above.

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

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

	Financial investments
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
Increase through acquisitions	–
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	–
Opening balance at 1 January 2017	14
Total reported gains and losses	
– recognised in profit for the year	-1
– recognised in other comprehensive income	–
Cost of acquisitions	0
Reclassification	0
Gained through acquisition	0
Proceeds from divestitures	0
CLOSING BALANCE AT 31 DECEMBER 2017	**13**
Gains and losses recognised in profit for the year for assets included in the closing balance at 31 December 2017	–

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 that 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 2017 can be broken down into the following significant currencies:

	2017			2016		
SEK M	EUR	USD	NOK	EUR	USD	NOK
Income	287	100	78	342	89	100
Expenses	-347	-33	-70	-202	-31	-48
NET	**-60**	**67**	**8**	**139**	**58**	**52**

On the balance sheet date, the Group had the following open forward exchange contracts with a remaining time to maturity of between 0 and 54 months (0 and 66 months).

	Contract amount		Unrealised gain + / losses -		Average rate	
Currency	**2017**	2016	**2017**	2016	**2017**	2016
EUR	42	14	-2	1	9.74	9.46
GBP	1	-14	0	0	10.99	10.80
TRY	–	-27	–	-2	–	2.58
NOK	18	-19	1	1	1.04	1.02
USD	1	3	0	0	7.99	8.19
Other	4	0	0	0		

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 2017 was NOK 414 million (522), GBP 65 million (73), DKK 468 million (496) and EUR 277 million (271). 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 191 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 the income statement	Group		Parent Company	
	2017	2016	**2017**	2016
Other operating expenses	-1	-2	0	-1
Total foreign exchange differences in operating profit	**-1**	**-2**	0	-1
Financial income	–	17	–	7
Financial expenses	-7	0	-1	–
Total foreign exchange differences in net financial items	**-7**	**17**	**-1**	**7**
TOTAL FOREIGN EXCHANGE DIFFERENCES IN PROFIT AFTER TAX	**-8**	**15**	**-1**	**6**

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 1,991 million (2,138). 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:

2017	Nominal amount in original currency	Total	0–1 years	1–5 years	>5 years
Interest-bearing liabilities		2,132	12	2,120	–
Forward exchange contracts, EUR	4	43	18	25	–
Forward exchange contracts, GBP	1	1	1	–	–
Forward exchange contracts, NOK	17	17	17	–	–
Forward exchange contracts, USD	0	1	1	–	–
Forward exchange contracts, other		4	3	1	–
Finance lease liabilities		97	24	73	–
Trade payables		625	622	3	–
Other liabilities		864	841	23	–
TOTAL		**3,784**	**1,539**	**2,245**	–

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**

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 22,000 customers in both the private and public sectors. Of total sales the public sector accounts for 46 per cent, property and construction companies for 17 per cent, industrial companies for 18 per cent and other private sector companies for 19 per cent.

The ten largest customers account for 17 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	**2017**			2016		
	Gross	**Reserve**	**Net**	Gross	Reserve	Net
Trade receivables not yet due	2,353	–	2,353	1,922	–	1,922
Overdue trade receivables 0–30 days	357	-1	356	361	-1	360
Overdue trade receivables > 31–90 days	107	-2	105	131	-2	129
Overdue trade receivables > 91–180 days	128	-8	120	90	-9	81
Overdue trade receivables > 180 days	164	-53	111	184	-57	127
TOTAL	**3,109**	**-63**	**3,046**	**2,687**	**-69**	**2,618**

At 31 December 2017, trade receivables amounting to SEK 692 million (696) 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	**2017**	2016
SEK	1,171	860
EUR	1,138	1,069
DKK	297	272
NOK	270	210
GBP	95	102
PLN	26	26
USD	16	28
CZK	18	17
Other currencies	16	33
TOTAL	**3,046**	**2,618**

Changes in reserve for doubtful trade receivables	**2017**	2016
Opening reserve for doubtful trade receivables	-69	-74
Increase through acquisitions	-1	0
Provisions to reserve for doubtful trade receivables	-26	-26
Write-offs of non-collectible receivables for the year	15	4
Reversal of unutilised amount	20	30
Translation difference	-1	-3
CLOSING RESERVE FOR DOUBTFUL TRADE RECEIVABLES	**-63**	**-69**

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 +/-	2017 Impact on earnings +/-	2016 Impact on earnings +/-
Currency	%	SEK M	SEK M
EUR	10	23	22
NOK	10	12	18
DKK	10	2	5
GBP	10	4	1
USD	10	6	4
Interest rate on lending/borrowing	1%-point	15	17

The sensitivity analysis is based on the assumption that currency translation and transaction exposure, and all other factors, are constant. The sensitivity analysis shows the calculated impact on earnings after tax (standard tax rate of 24 per cent) when changing currency exchange rates and interest rates respectively.

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	2017	2016
Equity	5,967	5,424
Non-controlling interests	12	10
TOTAL	**5,979**	**5,435**

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 2018 Annual General Meeting approve a dividend of SEK 5.00 per share, equal to a dividend share of approximately 49 per cent of profit after tax. Through the dividend, a maximum of SEK 605 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 67 per cent of profit after tax.

Sweco's 2017 Annual General Meeting granted authorisation for the Board to repurchase treasury shares to enable delivery of shares under the 2017 Share Savings Scheme and the 2017 Share Bonus Scheme, under which bonuses are paid in shares for operations in Sweden.

The Board proposes that the 2018 AGM authorises the Board to decide on the repurchase and transfer of treasury shares and to enable delivery of shares for the 2018 Share Savings Scheme and the 2018 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 4 million (2) were sold to companies owned by the Nordström family (a shareholder controlling approximately 32.4 per cent of the votes in Sweco). The related trade receivable at 31 December 2017 amounted to SEK 1 million (0). Consulting service totalling SEK 9 million (1) 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 2017 amounted to SEK 1 million (0).

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 2017 amounted to SEK 0 million (3). Trade payables with Associated companies at 31 December 2017 amounted to SEK 2 million (0).

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 2018 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 605 million (see Note 25).

On 10 January Sweco announced the acquisition of Årstiderne Arkitekter, one of Denmark's leading architecture firms with approximately 220 employees.

On 12 January Sweco announced that Tomas Carlsson will leave his position as President and CEO of Sweco. The Board of Directors has initiated the process of finding a replacement. Tomas Carlsson will continue in his current role during his termination period until July 2018.

On 1 January the acquisition of the operations of Royal HaskoningDHV in Belgium with 36 employees was completed.

On 1 March Sweco announced the acquisition of BML Ingenieure GmbH, a German engineering company operating in the Frankfurt area with 21 employees.

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.

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 36 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.

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.

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, Gjörwellsgatan 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, including the sustainability 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 2018

Johan Nordström
Board chairman

Anders G. Carlberg
Board member

Gunnel Duveblad
Board member

Elaine Grunewald
Board member

Johan Hjertonsson
Board member

Eva Lindqvist
Board member

Christine Wolff
Board member

Maria Ekh
Employee representative

Görgen Edenhagen
Employee representative

Anna Leonsson
Employee representative

Tomas Carlsson
President & CEO

Our audit report was submitted on 16 March 2018
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 2017, with the exception of the corporate governance report and the statutory sustainability report on pages 37–42 and 43–45 respectively of the printed version of this document. The annual accounts and consolidated accounts of the company are included on pages 32–88 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 2017 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 2017 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. Our opinions do not cover the corporate governance report and the statutory sustainability report on pages 37–42 and 43–45 respectively. 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of my (our) knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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) 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 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's financial reporting has included audit of the company's routines, processes and internal controls over the financial reporting, analytic review of the financial information and detailed testing of supporting documents from the accounting function. Our audit has been performed during the whole year with increased effort during the third and fourth quarter.

The audit is performed by audit teams which are part of the PwC network. 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 four country visits outside of Sweden during the year. 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.

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	HOW OUR AUDIT ADDRESSED THE 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.	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 has been identified in the audit.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
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 often leads to goodwill. Sweco's goodwill amounts to MSEK 6,278, 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 group management monitors the group's goodwill. Sweco's impairment test shows that no need for impairment exists.	We have in our audit performed for example the following key audit activities: • Examined Sweco's models 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 and approved 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 has been included in the annual report. Assumptions which form the basis for Sweco's impairment test is deemed to be within a reasonable range.

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 92–105. This other information does not include the annual report and our audit opinion relating to it. 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.

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 2017 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 37–42 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.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 43–45, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability 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 opinion.

A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB was appointed auditor of SWECO AB (publ) by the general meeting of the shareholders on the April 27, 2017 and has been the company's auditor since the annual general meeting 1995.

Stockholm, 16 March 2018
PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

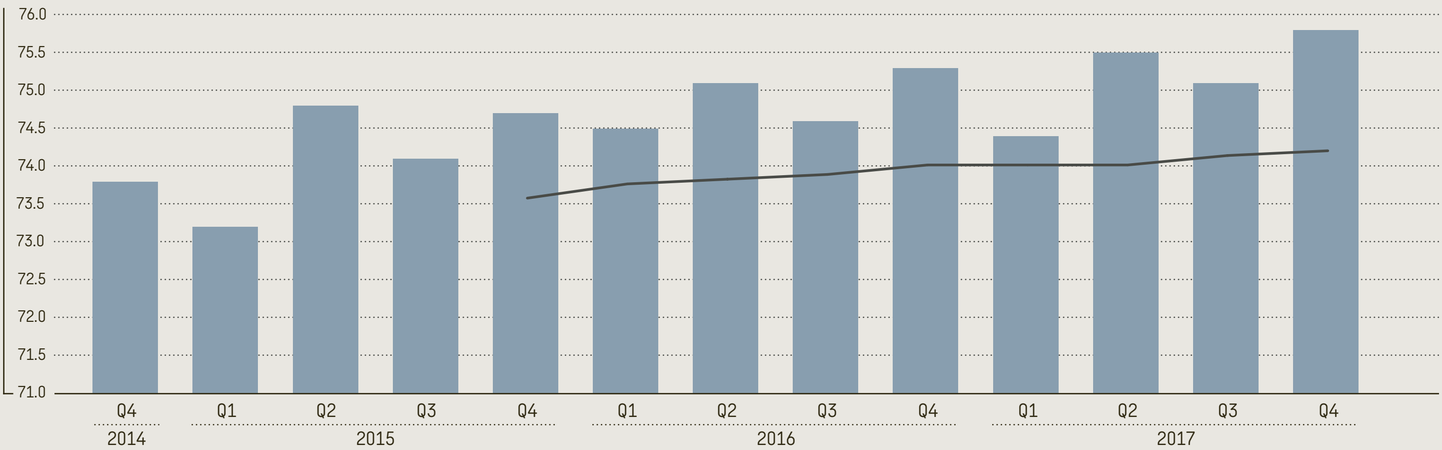
SENSITIVITY ANALYSIS

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 191 million. An increase of SEK 10 in the average hourly fee would lead to an increase in annual profit of around SEK 184 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 2017. For every assumed change, all other variables are assumed to be constant.

		Effect +/-	
Factor	**+/-**	**Cash flow/operating profit**	**Earnings per share**[1]
Net sales			
– average fee	1%	SEK 144 million	SEK 0.91
– average hourly fee	SEK 10	SEK 184 million	SEK 1.17
– billing ratio	1%-point	SEK 191 million	SEK 1.22
Personnel costs	1%	SEK 109 million	SEK 0.70
Overhead expenses	1%	SEK 20 million	SEK 0.13
Calendar effect	1 hour	SEK 7 million	SEK 0.05

1) After 24 per cent standard tax.

BILLING RATIO BY QUARTER[1]
%



1) Billing ratio for 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 2017 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 2017 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 22,018 million.

SHARE PRICE PERFORMANCE AND TRADING

The closing price for the Sweco B share was SEK 181.80 at year-end 2017, representing an increase of 1 per cent during the year. Over the same period, Nasdaq Stockholm rose by 9 per cent. The highest closing price for the Class B share in 2017 was SEK 231.70 and the lowest was SEK 166.80. The highest closing price for the Class A share was SEK 236.90 and the lowest was SEK 172.20.

A total of 20,934,543 Sweco shares were traded on Nasdaq Stockholm during the year. The average trading volume per business day was 82,742 Class B shares and 662 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 25 per cent over the past five years. The corresponding figure for Nasdaq Stockholm was a total of 14 per cent.

SWECO AB'S SHARE[1, 2]

	Number		Holding, %	
	Shares	Votes	Shares	Votes
A	10,533,731	10,533,731.0	8.7	48.7
B	110,550,088	11,055,008.8	90.9	51.1
C	500,000	50,000.0	0.4	0.2
TOTAL	**121,583,819**	**21,638,739.8**	**100.0**	**100.0**

1) As at 29 December 2017, including a total of 2,459,223 treasury shares (1,959,223 Class B shares and 500,000 Class C shares) and a total of 245,922.3 votes pertaining to treasury shares.
2) Based on data from Euroclear Sweden AB.

LARGEST SHAREHOLDERS AT 29 DECEMBER 2017[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	10,728,778	0	16,677,586	32.4	13.7
Investmentaktiebolaget Latour	1,375,605	31,246,875	0	32,622,480	20.8	26.8
J. Gust. Richerts Memorial Foundation	1,991,260	67,832	0	2,059,092	9.2	1.7
NN Group	0	6,149,644	0	6,149,644	2.8	5.1
ODIN fonder	0	4,883,997	0	4,883,997	2.3	4.0
Swedbank Robur Fonder	0	4,161,924	0	4,161,924	1.9	3.4
SEB Investment Management	0	3,460,861	0	3,460,861	1.6	2.8
Lannebo fonder	0	3,331,375	0	3,331,375	1.5	2.7
JPM Chase NA	0	2,285,748	0	2,285,748	1.1	1.9
Öhman, Anders	200,000	200,000	0	400,000	1.0	0.3
Total, ten largest shareholders	**9,515,673**	**66,517,034**	**0**	**76,032,707**	**74.6**	**62.4**
Other	1,018,058	44,033,054	500,000	45,551,112	25.4	37.6
TOTAL	**10,533,731**	**110,550,088**	**500,000**	**121,583,819**	**100.0**	**100.0**

1) Including a total of 2,459,223 treasury shares (1,959,223 Class B shares and 500,000 Class C shares) and a total of 245,922.3 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 2017 Sweco held a total of 2,459,223 treasury shares (including 1,959,223 Class B shares with an average purchase price of SEK 228,24, corresponding to SEK 447 million). The market value of the Class B treasury shares at the end of the year was SEK 356 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 29 DECEMBER 2017[1, 2]

Number of shares	Number of shareholders	Number of A shares	Number of B shares	Number of C shares	Holding, %	Votes, %
1–500	12,516	83,694	1,610,356	0	1.4	1.1
501–1,000	1,758	37,449	1,233,738	0	1.1	0.8
1,001–10,000	2,322	243,457	5,960,246	0	5.1	3.9
10,001–50,000	272	230,584	5,242,578	0	4.5	3.5
50,001–100,000	52	220,065	3,485,683	0	3.0	2.6
100,001–	102	9,718,482	93,017,487	500,000	84.9	88.1
TOTAL	**17,022**	**10,533,731**	**110,550,088**	**500,000**	**100.0**	**100.0**

1) Including a total of 2,459,223 treasury shares (1,959,223 Class B shares and 500,000 Class C shares) and a total of 245,922.3 votes pertaining to treasury shares.
2) Based on data from Euroclear Sweden AB.

INCENTIVE SCHEMES FOR SENIOR EXECUTIVES

The 2017 Annual General Meeting (like the AGMs in 2011–16) resolved to implement a long-term share savings scheme for senior executives in the Sweco Group: the 2017 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 2017. If the Saving Shares are held until the fourth business day following the day of the announcement of the year-end report for the 2020 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 2018 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				
	2014[2]	2015	2016	2017	Total
Number of participating executives/key staff	41	49	51	59	–
Number of Savings Shares acquired by participants with own funds at market price	28,822	25,975	21,001	24,658	100,455
Maximum number of Matching and Performance Shares that can be delivered to participants[1]	97,809	78,178	64,953	73,744	314,494
Retention Period runs until publication of year-end report for financial year	2017	2018	2019	2020	–

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 2017 year-end report. The Board subsequently decided to allocate a total of 97,809 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 group of benchmark companies used for Sweco's share saving schemes.

Group of benchmark companies 2011 share savings scheme	Group of benchmark companies 2012–14 share savings schemes	Group of benchmark companies 2015–16 share savings schemes	Group of benchmark companies 2017 share savings scheme
Atkins	Atkins	Arcadis	Arcadis
Grontmij	Pöyry	Atkins	Multiconsult
Pöyry	Rejler Group	Multiconsult	Pöyry
Rejler Group	ÅF	Pöyry	Rejler Group
ÅF		Rejler Group	ÅF
		ÅF	

SHARE BONUS SCHEME

In accordance with the Board's proposal, Sweco's 2017 Annual General Meeting (held on 27 April 2017) resolved to introduce a Share Bonus Scheme for the greater part of Group employees in Sweden. The resolution included decisions to implement a 2017 Share Bonus Scheme; to conduct a directed share issue of Class C shares; authorisation for the Board of Directors to repurchase the newly issued Class C shares, authorisation for the Board of Directors to repurchase Class B treasury shares, authorisation for the Board of Directors to transfer Class B treasury shares for completion of the undertakings under the 2017 Share Bonus Scheme and authorisation for the Board of Directors to sell Class B treasury shares to secure payment of social security contributions. A maximum of 2,000,000 shares are comprised in the 2017 Share Bonus Scheme.

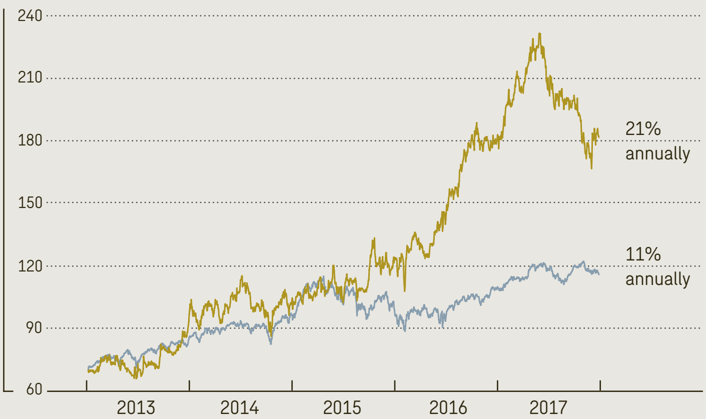
DIVIDEND POLICY

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

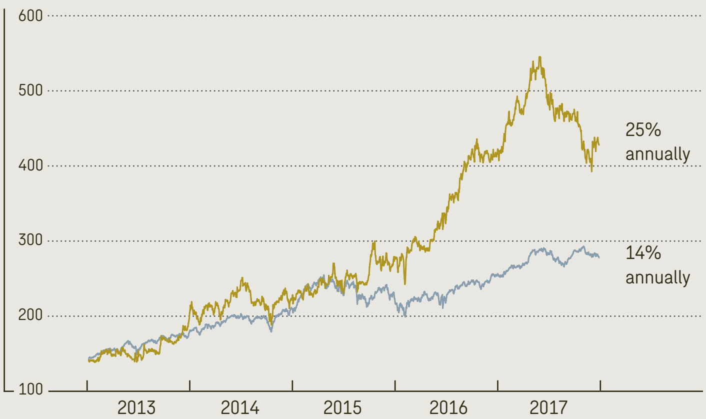
The Board of Directors proposes a dividend for the 2017 financial year of SEK 5.00 per share (4.30), amounting to a maximum capital distribution of SEK 605 million (513).

SHARE PRICE PERFORMANCE 5-YEAR
SEK



— Sweco B
— OMX PI Stockholm 28 December 2012 = share price for Sweco B

TOTAL RETURN 5 YEAR
Index 100 = 28 December 2012



— Sweco B
— SIX RX

Sweco's total return over the past five years has averaged at 25 per cent.

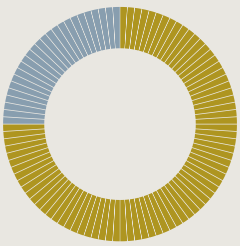
SHARE CAPITAL DEVELOPMENT[1]

	Change in number of shares			Total number of shares				
Date	A shares	B shares	C shares	A shares	B shares	C shares	Quota value, SEK	Share capital, SEK M
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
2017, May: New share issue			500,000	10,533,731	110,550,088	1,400,000	1	122.5
2017, June: Redemption			-900,000	10,533,731	110,550,088	500,000	1	121.6

1) As at 29 December 2017, including a total of 2,459,223 treasury shares (1,959,223 Class B shares and 500,000 Class C shares) and a total of 245,922.3 votes pertaining to treasury shares.

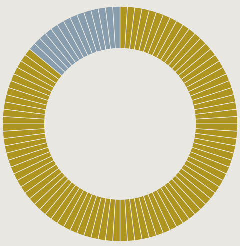
SHAREHOLDERS PER CATEGORY AT 29 DECEMBER 2017

Holding as % of shares



Swedish shareholders, 75.3%
Foreign shareholders, 24.7%

Holding as % of votes



Swedish shareholders, 86.0%
Foreign shareholders, 14.0%

FIVE-YEAR OVERVIEW

	2016	2016	2015	2014	2013[1]
Income statement, SEK M					
Net sales	16,887	16,531	11,389	9,214	8,165
EBITA excl. extraordinary items	1,492	1,482	991	826	706
EBITA	1,492	1,336	740	814	652
Operating profit (EBIT)	1,425	1,249	681	762	558
Net financial items	-49	-33	-41	-43	-32
Profit before tax	1,377	1,216	640	718	526
Profit for the year	1,223	931	439	545	380
Balance sheet, SEK M					
Balance sheet total	14,279	13,820	12,575	5,917	6,003
Equity	5,979	5,435	4,907	1,888	1,633
Cash and cash equivalents and current interest-bearing receivables	572	892	544	174	319
Interest-bearing liabilities	2,271	2,451	2,232	1,436	1,642
Net interest-bearing receivable/liability	-1,698	-1,558	-1,688	-1,262	-1,324
Cash flow, SEK M					
Cash flow from operating activities	1,060	1,165	1,140	595	496
Cash flow from investing activities	-364	-401	-1,440	-177	-998
Cash flow from financing activities	-1,005	-428	707	-582	472
Cash flow for the year	**-309**	**336**	**407**	**-164**	**-30**
Key ratios					
Operating profit per employee, SEK 000s	98	85	67	89	71
Value added per employee, SEK 000s	851	827	835	794	757
Billing ratio, %[2]	75.2	74.9	74.2	75.6	74.2
EBITA margin excl. extraordinary items, %	8.8	9.0	8.7	9.0	8.6
EBITA margin, %	8.8	8.1	6.5	8.8	8.0
Operating margin, %	8.4	7.6	6.0	8.3	6.8
Profit margin, %	8.2	7.4	5.6	7.8	6.4
Equity/assets ratio, %	41.9	39.3	39.0	31.9	27.2
Net debt/EBITDA, times	1.0	1.0	1.8	1.3	1.7
Net debt/equity, %	28.4	28.7	34.4	66.9	81.1
Debt/equity ratio, times	0.4	0.5	0.5	0.8	1.0
Interest coverage ratio, times	28	20	15	19	15
Return on equity, %	21.4	18.0	12.9	31.0	22.9
Return on capital employed, %	17.8	16.8	13.2	23.2	19.7
Return on total assets, %	10.2	9.7	7.4	14.5	10.6
Number of full-time employees	14,530	14,653	10,188	8,535	7,917
Share data					
Earnings per share, SEK[3]	10.23	7.78	4.36	5.74	3.96
Diluted earnings per share, SEK[3]	10.04	7.65	4.30	5.67	3.95
Dividend return, %[3]	2.8	2.4	2.8	3.3	3.1
Equity per share, SEK[3]	50.09	45.37	40.98	19.89	17.10
Diluted equity per share, SEK[3]	49.12	44.47	40.49	19.55	17.05
Cash flow per share, SEK[3]	-2.59	2.81	4.05	-1.73	-0.32
Diluted cash flow per share, SEK[3]	-2.54	2.76	3.99	-1.71	-0.32
Closing price SWECO B at 31 December, SEK[3]	181.8	180.20	124.25	101.81	101.81
Market capitalisation, SEK M	22,109	22,260	15,038	9,768	9,663
Ordinary dividend per share, SEK (2016 – proposed)[3]	5.00	4.30	3.50	3.37	3.13
Number of shares at 31 December	119,124,596	119,554,270	119,537,510	90,763,410	91,112,882
Number of shares after dilution at 31 December	121,466,354	121,983,819	120,972,890	92,299,382	91,399,382
Number of shares after full dilution at 31 December	121,466,354	121,983,819	120,972,890	92,299,382	91,399,382
Number of Class B and C treasury shares	2,459,223	2,429,549	1,557,320	1,653,437	403,965

1) Figures for 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

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.

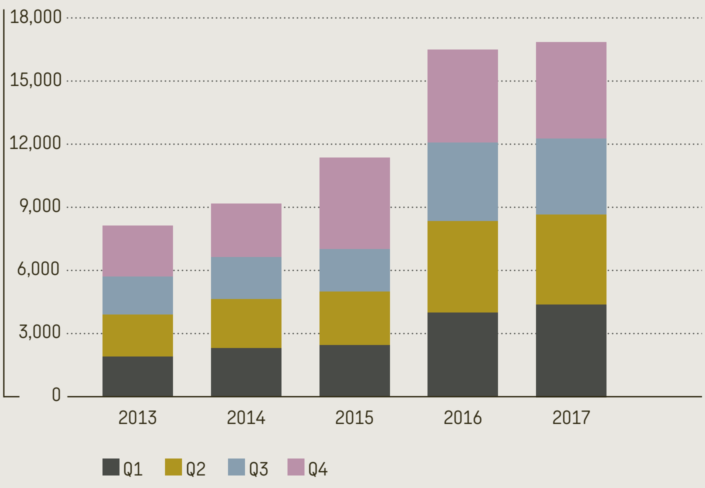
2014
The market improved overall during 2014. The market improved slowly but steadily in Sweden. There was some weakening of the Norwegian economy, but the market was aided by government investments. The market in Finland remained challenging, while Central Europe showed some improvement late in the 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.

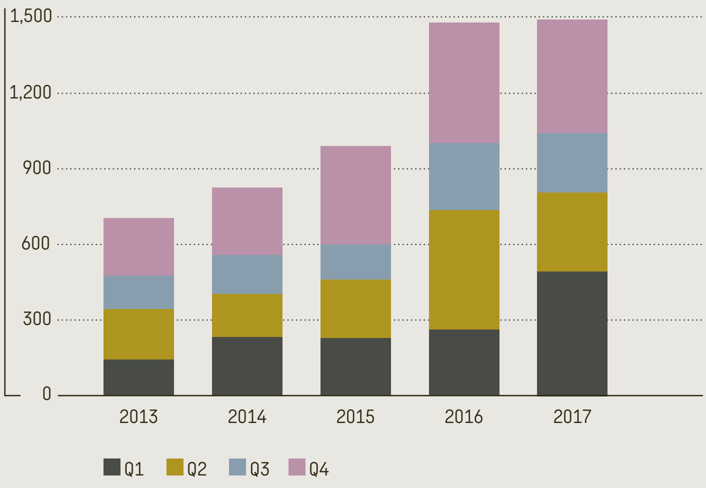
2016
Overall, the market for Sweco's services was good. The Swedish market was strong. Performance in Denmark, Norway, and Central and Western Europe was generally good. Conditions in Finland and the Netherlands remained challenging, although there were signs of improvement. Net sales increased 45 per cent to SEK 16,531 million. Acquisition-based growth was 42 per cent, and was 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. This increase was primarily a result of the Grontmij acquisition that impacted EBIT, which totalled SEK 1,249 million. Net debt in relation to EBITDA was 1.0. 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.

2017
Overall, the market for Sweco's services was good. The Swedish market remained strong in most segments, while residential construction softened. Performance in Finland and the Netherlands was good, and indeed improved during the year. Essentially all other core markets remained strong. Net sales increased 2 per cent to SEK 16,887 million. Acquisition-based growth contributed 1 per cent, and currency effects 1 per cent. Organic growth totalled 0 per cent. Excluding calendar effects, organic growth was 1 per cent. EBITA increased to SEK 1,492 million. Acquisition-related items amounted to SEK 67 million. EBIT totalled SEK 1,425 million. Sweco Netherlands is on a solid trajectory of profitability. As a consequence of accounting rules, a deferred tax asset related to historical losses in Grontmij has been recognised. Tax assets were valued at SEK 161 million and impacted net profit positively by the same amount. Net debt in relation to EBITDA was 1.0. The number of employees at the end of the period was 15,557. The share price of the Sweco Class B share was SEK 181.80 at the end of the year, representing a 1 per cent year-on-year increase.

NET SALES, SEK M



EBITA EXCL. EXTRAORDINARY ITEMS, SEK M



RISKS AND RISK MANAGEMENT

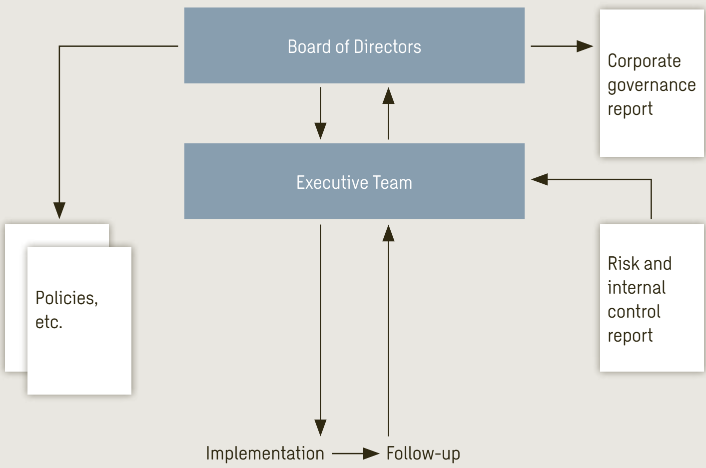
Sweco plans and designs tomorrow's communities and cities. Our work produces sustainable buildings, efficient infrastructure and access to electricity and clean water. With 14,500 employees in Europe, we offer our customers the right expertise for every project. We deliver qualified consulting services in the fields of engineering, environmental technology and architecture to thousands of customers in tens of thousands of projects every year. Approximately 46 per cent of our turnover is from the public sector and 54 per cent from the private sector. Our ten largest customers account for around 17 per cent of net sales. These factors give Sweco 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 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 of Directors, 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 customers enable early observation of changes in the market. The effects of these risks are reduced through a wide geographic presence in areas that often have different market cycles, a comprehensive range of services, and a large customer base spread across different industries and sectors.

Project risks are the risks associated with 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. Project contracts are drafted with terms and conditions that minimise risks and avoid disputes with customers. Among other things, the agreements ensure that the scope of the project is defined, that Sweco is entitled to payment upon performance pursuant to the contract terms, and that contractual liability meets the insurer's requirements. Training programmes for project managers are in place to continuously develop our employees' project management skills. Improving these skills helps mitigate risks in our portfolio.

Sweco has an insurance programme that includes professional indemnity insurance against liability for damages related to project performance. Project quality assurance is supported by management systems (certified under ISO 9001, with most also certified under 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, including the Sweco Talk performance review, the Sweco Employee Survey, skills training through Sweco Academy and the leadership aspects defined in Leadership@Sweco, as well as management training and succession planning through the Talent Review.

Skills development and knowledge sharing are also vital for Sweco's success. Employees' expertise and ability to translate their knowledge into optimal solutions for 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 cooperation are therefore a strategic priority for Sweco. The learning and experience exchange takes place primarily through work on 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, an unsuccessful integration 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 2017 the company successfully executed acquisitions in Belgium, Finland and Norway.

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 employees and subconsultants should act in order to always uphold the highest possible level of security toward all stakeholders. A Chief Information Security Officer (CISO) was appointed in 2017 to oversee IT security.

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 the use of social media. There are also guidelines for crisis management that include procedures for dealing with communication in a crisis situation.

COMPLIANCE RISKS

Business ethics and CSR

Sweco's operations involve an international presence. This may lead to 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, prohibited competition-restricting practices and conflicts of interest.

Sweco has a zero-tolerance policy with regard to non-compliance with business ethics. In addition to training measures and procedures for structured follow-up of incidents, procedures for assessment and selection of business partners are applied in accordance with the Sweco Business Partner Programme. Managers and employees on international assignments attend mandatory full-day training courses, and e-learning courses are required for all employees. "Team learning" sessions, where teams meet and discuss business ethical dilemmas, are regularly held across the Group. Dilemma discussions are also held on a regular basis by Sweco's Executive Team.

Sweco Ethics Line, a whistle-blower function operated by an external provider, enables anonymous reporting of suspected improprieties. Compliance audits are held on a Group-wide and global basis, 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 various 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 85–87.

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 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 22,000 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 41.

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: 605,000 directly held shares and 14,941,831 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: 286,960 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.

ELAINE WEIDMAN GRUNEWALD
Born in 1967. Swedish and American citizen. Member of the Board since 2017. Education: M.A., Resource and Environmental Management, M.A., International Relations, Boston University Graduate School. B.A., Communications and Debate, Suffolk University. Experience: Senior Vice President and Chief Sustainability and Public Affairs Officer Ericsson AB. Holdings in Sweco: 1,000 shares.

EVA LINDQVIST
Born in 1958. Member of the Board since 2013. Directorships include: ASSA ABLOY AB, Bodycote plc, Alimak Group AB and Caverion Oy. 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 Lammhults Design Group, senior executive positions with Electrolux Group within product development and marketing. Holdings in Sweco: 30,000 shares.

ANNA LEONSSON
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: 561 shares.

GÖRGEN EDENHAGEN
Born 1964. Employee representative since 2011. Education: Master of Science in Industrial Engineering, Luleå University of Technology. Employed by Sweco since 2008. Holdings in Sweco: 2,954 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
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.

Amanda Carlberg
Born in 1965. Employee representative since 2017.
Holdings in Sweco: 189 shares.

EXECUTIVE TEAM

TOMAS CARLSSON
Born in 1965.
President & CEO since 2012.
Year of employment: 2012.
Holdings in Sweco: 286,960 shares (with related parties).

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.

DARIUSH REZAI
Born in 1975.
President of Sweco Denmark since 2017.
Year of employment: 2017.
Holdings in Sweco: 1,292 shares.

BO CARLSSON
Born in 1956.
President of Sweco Western Europe since 2015.
Year of employment: 1990.
Holdings in Sweco: 24,214 shares.

LISA LAGERWALL
Born in 1972.
General Counsel at Sweco AB since 2011.
Year of employment: 2006.
Holdings in Sweco: 8,043 shares.

LARS TORSTENSSON
Born in 1973.
Chief Communication Officer at Sweco AB since 2018.
Year of employment: 2018.
Holdings in Sweco: 1,524 shares.

JONAS DAHLBERG
Born in 1973.
Chief Financial Officer at Sweco AB since 2012.
Year of employment: 2008.
Holdings in Sweco: 52,020 shares.

MARKKU VARIS
Born in 1958.
President of Sweco Finland since 2013.
Year of employment: 1993.
Holdings in Sweco: 10,608 shares.

ÅSA BERGMAN
Born in 1967.
President of Sweco Sweden since 2012.
Year of employment: 1991.
Holdings in Sweco: 31,902 shares.

GRETE ASPELUND
Born in 1971.
President of Sweco Norway since 2016.
Year of employment: 2016.
Holdings in Sweco: 3,141 shares.

EUGENE GRÜTER
Born in 1959.
President of Sweco Netherlands since 2016.
Year of employment: 2016.
Holdings in Sweco: 2,227 shares.

MIKAEL LANDBERG
Born in 1968.
Chief HR Officer at Sweco AB since 2018.
Year of employment: 2018.
Holdings in Sweco: 655 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, 19 April 2018 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, 13 April 2018 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, 13 April 2018 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, 13 April 2018. 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 5.00 per share. The proposed record date is Monday, 23 April 2018. If the AGM decides in favour of the proposal, dividends are expected to be disbursed by Euroclear Sweden AB on Thursday, 26 April 2018.

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, and profit and loss on the divestment of buildings and land.

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 2017) 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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