

An aerial photograph of a rugged, red-colored landscape, possibly a volcanic or mineral-rich terrain. The surface is highly textured with white and dark spots. Large, dark, irregular shadows are cast across the terrain, suggesting a low sun position. A black diagonal banner is overlaid across the middle of the image.

# SWECO ANNUAL REPORT 2011

# SWECO IN BRIEF

The engineers, architects and environmental experts at Sweco are working together to develop total solutions for a sustainable society. We call it sustainable engineering and design. We make it possible for our clients to do business with quality and good economy but also with the best possible conditions for sustainable development. Sweco has a high knowledge content throughout the client's project chain, from feasibility studies, analyses and strategic planning to project management. With around 7,400<sup>1)</sup> employees, Sweco is among the largest players in Europe and a leader in the region and Central and Eastern Europe. Since undertaking its first international assignment in Russia in 1997, Sweco has worked in more than 100 different countries. Of Sweco's total of 7,400 employees, around 6,100 are based in the Nordic region and Central and Eastern Europe. Sweco has a client-driven organisation with subsidiaries and offices in Sweden, Norway, Lithuania, Poland, Slovakia, the Czech Republic and Bulgaria. In 2011 Sweco carried out close to 30,000 projects in 80 countries worldwide.

1) Including the acquisition of FMC Group, which was completed at the beginning of 2012.

- Net sales of SEK 5,987.6 million (5,272.4).
- Operating profit of SEK 531.3 million (432.7).
- Operating margin of 8.9 per cent (8.2).
- Profit before tax of SEK 526.8 million (423.7).
- Solid financial position with a net receivable of SEK 140.9 million (240.1). Strong cash flow from operating activities of SEK 513.0 million (341.8).
- Profit after tax of SEK 374.8 million (299.9) and earnings per share of SEK 4.11 (3.31).
- The Board proposes a dividend of SEK 3.00 per share (3.00).

## PROFIT AND KEY RATIOS, GROUP

	2011	2010
Net sales, SEK M	5,987.6	5,272.4
Operating profit, SEK M	531.3	432.7
Profit before tax, SEK M	526.8	423.7
Operating margin, %	8.9	8.2
Billing ratio, %	73.9	73.4
Return on equity, %	25.6	19.9
Return on capital employed, %	34.2	26.5
Net debt/equity ratio, %	-9.4	-16.8
Equity/assets ratio, %	46.2	47.8
Earnings per share, SEK	4.11	3.31
Equity per share, SEK	16.46	15.61
Distribution to the shareholders per share, SEK	3.00 <sup>1)</sup>	3.00
Average number of employees	5,772	4,986

1) Proposed dividend of SEK 3.00 per share.

## CONSOLIDATED NET SALES, SEK M



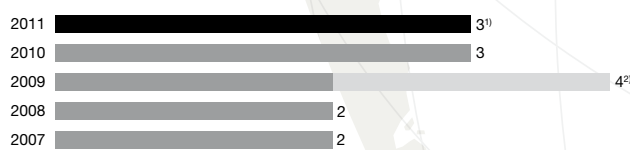
## CONSOLIDATED OPERATING PROFIT, SEK M



## EARNINGS PER SHARE, SEK



## DIVIDEND PER SHARE, SEK



1) Proposed dividend of SEK 3.00 per share 2) Dividend and share redemption

tions that contribute to the creation of a  
 carry out their projects not only with the right  
 delivers professional consulting services with  
 strategic planning to engineering, design and pro-  
 vider in several market segments in the Nordic  
 903, Sweco has carried out projects in more  
 region and close to 1,300 in Russia and Central  
 way, Finland, Denmark, Russia, Estonia, Latvia,  
 projects for more than 10,000 clients in some

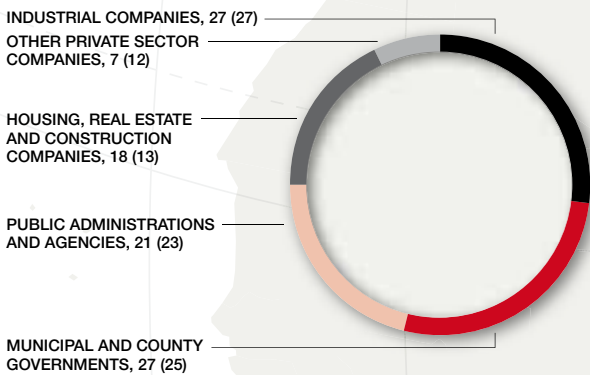


# #7,400

**EMPLOYEES IN AN  
INTERNATIONAL NETWORK**

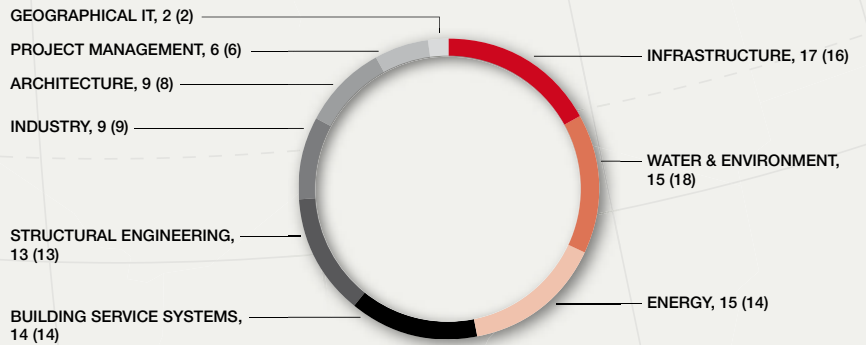
**CLIENTS**

Sales by client category in 2011, %



**SERVICES**

Share of group sales in 2011, %



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8 May 2012	Interim report January–March 2012
17 July 2012	Interim report January–June 2012
31 October 2012	Interim report January–September 2012
14 February 2013	Year-end report 2012

## GREEN NEWS

Visit [www.swecogroup.com/ir](http://www.swecogroup.com/ir) to subscribe for press releases and reports from Sweco. Select the information you want to receive and it will be sent to your e-mail address on the date of publication. Fast, easy and eco-friendly.

## COVER PHOTO

Today around half of all people on earth live in cities and by 2030 this figure is expected to rise to two thirds. Accelerating urbanisation and improved standards of living are powerful structural drivers that are boosting long-term demand for consulting engineering services aimed at development of infrastructure, industrial production, energy production and construction. At the same time, there are increasingly stringent requirements for sustainable development of society, which is stimulating demand for services in areas like energy efficiency, renewable energy solutions, effective traffic planning, water supply, wastewater treatment and waste management.

A person with their back to the camera, wearing a light-colored jacket and dark pants, stands on a pier or walkway overlooking a large body of water. In the background, a city skyline is visible at dusk or dawn, with lights from buildings and a bridge reflecting on the water. The sky is a mix of blue and orange.

# **SWECO'S BUSINESS MODEL IS TO CREATE VALUE THROUGH THE DELIVERY OF PROFESSIONAL CONSULTING SERVICES**

## **VALUE FOR SOCIETY**

The engineers, architects and environmental experts at Sweco are working together to contribute to an environmentally, economically and socially sustainable society. The tangible results of our work are cleaner air and purer water, attractive and functional living and working environments, more effective energy usage, roads and bridges that increase traffic safety and shorten travelling time and industries that are efficient, profitable and environmentally sound.

## **VALUE FOR OUR SHAREHOLDERS**

We create value for our shareholders by conducting growing and profitable operations in areas of vital importance to society in both mature and emerging markets. We generate profitable growth both organically and through acquisitions.

## **VALUE FOR OUR CLIENTS**

We help our clients to realise their ambitions by delivering professional consulting engineering services. With our skills and knowledge, we enable our clients to carry out their projects with high quality and good profitability. Through cooperation between urban planners, infrastructure engineers, architects, structural engineers, industrial and energy consultants and environmental experts, we create the conditions for client projects that contribute to sustainable development of society.

## **VALUE FOR OUR EMPLOYEES**

Sweco aims to be the most attractive employer for consulting engineers and architects, with ample opportunities for professional and personal development. Here, our employees can grow and develop in teams together with professional colleagues, take far-reaching personal responsibility and work in challenging projects that contribute to sustainable development of society.



**MESSAGE FROM THE CEO:**  
**A BIGGER AND STRONGER SWECO**

**2011 was a year of stable growth and profitability. Sweco now has more than 7,400 highly skilled employees who deliver sustainable solutions to clients in projects around the world.**

**How was Sweco affected by the economic scenario in 2011?**

The economic recovery lost momentum during the spring and the debt crisis in several Southern European countries had a negative impact on the European market. In spite of this, demand for our services improved in all geographical markets throughout the year, particularly in the Swedish and Finnish markets. Many of the countries where we are active have well ordered state finances and capacity to stimulate their economies. In a more long-term perspective we also expect to benefit from our presence in the markets of Central and Eastern Europe, which have favourable growth potential.

**Comment on Sweco's financial performance in 2011.**

Starting in mid-2010 we noted a return to growth and have succeeded in strengthening our margins, albeit at a slow rate. For each quarter of 2011 we improved our performance compared to the same period of last year. Consolidated operating profit increased by nearly SEK 100 million to SEK 531 million, which is equal to an operating margin of 8.9 per cent. Net sales rose by 14 per cent and organic growth reached 9 per cent. Our growth accelerated further in the fourth quarter when we grew by 21 per cent.

The general stock market climate was harsh in 2011, which also affected Sweco's shareholders. The price of Sweco's class B share at the end of 2011 was SEK 57.50, a decrease of 1.3 per cent. Together with the dividend, this is equal to a total return of 3.5 per cent. Total annual return over the past 10-year period has averaged at 21 per cent, compared to 6 per cent for NASDAQ OMX Stockholm. For 2011 the Board proposes a dividend of SEK 3 per share.

**Were there any special assignments that stood out during the year?**

Among other things, we signed a collaboration agreement with Mitsubishi Research Institute for sustainable urban development in Japan. In Sweden, Sweco is involved in designing Facebook's new data centre in Luleå and is also providing extensive engineering design services for expansion of the mining company Boliden's ore production in Garpenberg. Our consultants in the Czech Republic have been chosen for several new assignments to prevent future flooding along the Elbe River. In Lithuania, Sweco's consultants are taking part in development of Rail Baltica, a railway that will link together Finland, the Baltic countries and Poland. And our industrial consultants won a large-scale contract to provide services for Stora Enso's investment in a new board machine at its Polish facility Ostroleka Mills.

In 2011 Sweco also won the Kasper Salin Prize for Station Triangeln in Malmö, one of the rail stations for the recently completed City Tunnel. The Kasper Salin Award is regarded as the most prestigious architectural prize in Sweden.

**You have strengthened your market presence through a number of acquisitions. Tell us a little about them.**

Growth is a central component of our value creation and we have strengthened our positions through several acquisitions – a total of 16 during 2011. At the beginning of 2012 we completed the acquisition of Finland's FMC Group, which is our largest acquisition of all time. FMC Group has more than 1,100 employees and annual sales of approximately EUR 80 million. We are now the second largest engineering consultancy in Finland and have reinforced our already leading position in the Nordic region.

FMC Group is the market-leader in structural engineering and also has strong positions in building service systems and industrial engineering.

We complement each other in several areas and can now offer our Finnish clients an even wider range of services. The acquisition has also given us better opportunities to grow in the environmental, energy and infrastructure segments.

In Russia we have diversified our offering through the acquisition of two Russian infrastructure consulting companies and in Slovakia we are now one of the leading water and environment consultancies thanks to an acquisition. In Norway we acquired NEAS's consulting operations and are now the country's leading fire protection consultancy. In Sweden we acquired the City of Stockholm's Office of Research and Statistics and have thereby more than doubled our number of specialists in institutional services.

**How have you pursued your strategic priorities?**

Our strategic priorities stand firm and in the past year we continued working according to these, with further growth through acquisitions and successful recruitment. In the past ten years we have more than tripled our net sales, and the goal is to achieve all growth with strong profitability. Every Sweco consultant is now supported by an international network of 7,400 experts. This represents a strong offering to our clients.

Knowledge is a decisive factor when clients choose a consulting engineer or architect, as confirmed by our client surveys. It is therefore a priority to raise the level of knowledge in the Group and we have among other things developed a new intranet where it will be easier to find and share knowledge across national and organisational boundaries. We are also working to promote internal mobility in the company. Knowledge was the theme of our annual management meeting, Sweco Business Forum, where around 70 of our senior managers gathered to focus on strategic issues.

Our leadership development initiatives have also produced good results. In Sweco's employee survey, the share of leaders who were given top ratings by their employees increased dramatically from an already high level. Next Generation, our first group-wide leadership development program, was completed in May and of the 21 young participants, 17 have already advanced to new, strategic positions in the company. Furthermore, in a short span of time we succeeded in appointing new heads of Sweco Sweden, Sweco Management and its Stockholm Business Unit through internal recruitment. This is a testimony to our ability to develop leaders within the company and is proof that our methods are effective.

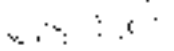
In addition, we have continued to strengthen our brand and further advance our positions in sustainable development. In Norway and Sweden we are seen as the leading player and in Finland we have stepped up as number two. We are also considered easy to work with and our wide service offering is highlighted as one of Sweco's greatest strengths.

**What do you see ahead in 2012?**

2011 is off to a good start and we anticipate continued strong performance in the first half of the year. In view of the current economic slowing and the euro crisis, however, development in the second half of the year is more difficult to predict.

We have healthy finances, a wide range of services and have advanced our positions. The prospects for continued growth and profitability are favourable and together with a rising number of motivated and skilled employees, I look forward to the remainder of 2012 with confidence.

Stockholm, February 2012

  
Mats Wåppling  
President and CEO

# MARKETS AND TRENDS: GOOD DEMAND AND STRONG DRIVERS

**2011 was a year of strong demand for Sweco's services despite general slowing in the economy. It was also distinguished by a higher number of corporate transactions.**

## **Strong market in 2011**

After the financial crisis of 2008–2009, the general economy began to recover during 2010. When the economy picks up, this generates a greater need for new investments across most of Sweco's market segments. Industrial and energy production increase, the real estate market strengthens and the opportunities for financing public infrastructure projects improve.

The consulting engineering market is late in the business cycle and this recovery did not reach Sweco until the second half of 2010.

2011 started with healthy demand in all of Sweco's geographical markets. In particular, the Swedish market and the construction and infrastructure sectors showed solid growth during the year. Another stand-out was the Finnish market, which stabilised and among other things noted escalating demand for Sweco's industry-related consulting services.

The generally high level of demand also continued through the second half of the year, in spite of the European debt crisis and a downward economic trend. Growing concern about the future direction of the economy is contributing to widespread uncertainty about market development.

## **Growing pressure for consolidation**

The consulting engineering industry remains fragmented compared to other professional service industries like auditing and IT. At the Nordic level, no engineering consultancy has a market share of over 10 per cent and at the European level there is none with a leading position in more than one major country.

2011 saw a higher level of acquisition activity in the industry compared to 2009–2010. The industry's economies of scale are acting as strong drivers for consolidation. A series of large and cross-border mergers and acquisitions in the past few years have given rise to multinational consulting engineering groups that have continued growth ambitions at the European and international level. Sweco is one of the companies that are actively participating in the consolidation process. Several of Sweco's major competitors are also taking part in restructuring of the industry, such as WSP, Grontmij, Pöyry, Ramböll, COWI, Norconsult and ÄF.

This consolidation pressure will most likely increase during 2012, above all in mainland Europe and the British Isles, where development in the past year was significantly weaker than in Sweco's markets. The recovery that began during 2010 was far slower in these countries, at the same time that the industry was hard hit in 2011 by the effects of the debt crisis in the form of public sector budget cuts, financing problems and high interest rates.

## **BREADTH OF KNOWLEDGE INCREASES COMPETITIVENESS**

A ground-breaking initiative for sustainable development. This is the vision for the Lørenskog eco-city in Norway. Sweco's consultants have been chosen to prepare a strategy and plan for prioritisation of environmental activities. The goal is a precedent-setting project with a focus on the environment, where the idea is for the city to achieve energy self-sufficiency, generate a minimum of pollutants and be characterised by a high level of environmental consideration.

The project was carried out with the help of an interdisciplinary team from Sweco Norway with knowledge of process management, landscape architecture, traffic and infrastructure planning, energy, water and environment. In addition, Sweco's architects in Sweden contributed specialist skills in social sustainability and the Design Dialogue. With their combined expertise, they were able to deliver an overall solution for the city.

The Design Dialogue is a method in which representatives for the various stakeholders in a project meet and exchange knowledge related to design and function. The ambition is for all parties, both experts and users, to take part in the process and feel that they have had the opportunity to influence the outcome.





### Strong drivers for long-term growth

In a long-term perspective, there are powerful drivers that are boosting demand for consulting engineering services. These are related to urbanisation and rising living standards, which are among other things contributing to a need for infrastructure, industrial production, energy production and construction. Added to this are increasingly stringent requirements for sustainable development of society and adaptation to climate change. This is stimulating demand for energy efficiency improvements, environmental impact assessments, renewable energy solutions, effective traffic planning and services relating to water supply, wastewater treatment and site remediation.

The pace of urbanisation is accelerating around the world and today around half of all people on earth live in cities. By 2030 this figure is expected to successively rise to two thirds.

In several parts of Europe there is an urgent need for renewal of infrastructure such as power supply systems, roads, railways, harbours and water/wastewater networks. At the same time that whole new systems and facilities are necessary in many areas, extensive upgrading of the existing infrastructure is also required. This applies not least to power production and transmission, which in many European countries is outdated and in need of modernisation. Parallel to this, the existing climate targets call for radical restructuring of the global power generation system to reduce emissions of greenhouse gases to sustainable long-term levels.

Another driver for market growth is a distinct trend towards outsourcing of technical expertise to specialised consulting companies by both private companies and the public sector.

### Scale economies driving consolidation

The clients have increasingly high requirements on breadth and cutting-edge expertise and there is a rising demand for consultancies capable of providing full-service solutions and coordinating multiple disciplines. This offers significant advantages for large consulting engineering companies.

At the same time, the rapid rate of globalisation is creating opportunities for sourcing of planning and design services from low-cost countries, which many clients have started to show an interest in. Industrial clients in particular are seeking consultants with high international delivery capacity, but public sector clients are also seeing the advantages of using resources from low-cost countries.

Competition for the top employees is also intensifying. In this context, the ability to offer the most exciting technical challenges and the best career opportunities in an international environment are valuable competitive advantages. There are also considerable economies of scale in brand building, administration and the delivery process.

### CROSS-FERTILISATION OF SWECO'S KNOWLEDGE

Sweco has attracted considerable attention for its study on development of school facilities in the Municipality of Kristinehamn. Instead of looking only at the nature of the facilities and costs, other significant factors have also been taken into account in the same study. Sweco's institutional services consultants analysed population growth and student enrolment forecasts, while Sweco's architects from Karlstad focused on the configuration of the facilities and environmental aspects. Several other municipalities have now shown a strong interest in Sweco's comprehensive approach.

In 2011 Sweco's specialists in institutional services more than doubled their staff to more than 50 employees through the acquisition of USK, the City of Stockholm's Office of Research and Statistics. Sweco Eurofutures delivers evaluations, analyses and strategies and through the acquisition of USK has widened its offering to include statistical and forecast services.



# **STRATEGIES: SETTING CLEAR PRIORITIES** **FOR PROFITABLE GROWTH**



In 2011 Sweco won the Kasper Salin Prize for its architectural design of Station Triangeln in Malmö. The prize is awarded annually to a Swedish building or building project of high architectural standard and is regarded as the most prestigious architectural prize in Sweden.

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

**MISSION** To actively contribute to sustainable development of society.

**BUSINESS MODEL** Sweco's business model is based on simplicity and client focus, where the idea is that it should be easy for clients to do business with Sweco. The Group has a decentralised and client-driven organisation. The individual consultants form the hub of operations, and it is their work and attitudes that transform the company's aggregate knowledge, experience and creativity into tangible benefit for the clients.

**CORE VALUES** Sweco's core values of curiosity, commitment and responsibility are words that define and strengthen the Group's identity and underpin the corporate culture. They provide guidance in the company's day-to-day work and create clarity in all assignments.

**PROFITABILITY TARGET** Sweco's target is an operating margin of at least 12 per cent. In 2011 the margin was 8.9 per cent.

**FINANCIAL STRENGTH** Sweco aims to maintain a level of net debt over time. Sweco's net debt should not exceed 40 per cent of equity.

## STRATEGIC PRIORITIES

### GROWTH

Sweco will consolidate its position as the industry leader in the Nordic market, strengthen its positions in the emerging markets of Central and Eastern Europe and consider the opportunities for expansion in Western Europe. The focus is on long-term growth segments such as energy, infrastructure, and water and environment. This growth will take place both organically and through acquisitions. All growth will be accompanied by strict profitability requirements.

### EMPLOYEES

Sweco aims to be the most attractive employer for consulting engineers and architects, with ample opportunities for professional and personal development in an international environment. Sweco's goal is to be the preferred choice of potential employees, whether recent graduates or experienced consultants.

Employee development is essential for Sweco's growth. All employee development should be focused on performance, expertise and knowledge sharing. This work is supported by the annual performance review, Sweco Talk.

Sweco's client-driven organisation relies on strong and decentralised leadership. Strong leadership is promoted through the Sweco Leadership Compass, a framework that defines the company's leadership culture and links together leadership with Sweco's business culture. As a tool for ensuring effective management succession Sweco uses Next Generation, a process and program to continuously identify and develop good leaders.

### KNOWLEDGE

Sweco's knowledge strategy is to effectively utilise the company's combined expertise to provide the clients with optimal solutions. These solutions enable the clients to carry out their projects with high quality, good economy and the best possible conditions for sustainable development.

Sweco is characterised by a corporate culture of curiosity in which knowledge sharing and teamwork between the Group's employees are a natural aspect of all dealings with clients. The knowledge and experience gained by the employees in the assignments are safeguarded and developed for future use. The management system sweco@work ensures that the assignments are performed in an optimal manner and that new knowledge is preserved.

### CORPORATE CULTURE AND BRAND

Sweco uses a uniform brand in all markets where the company is active to ensure that the clients and other stakeholders have a clear idea of what Sweco does and what we stand for. The brand should express the company's core values of curiosity, commitment and responsibility. Curiosity drives development, uncovers new knowledge and contributes to better solutions. Commitment provides a foundation for greater work satisfaction, higher quality, deeper relationships and new contact interfaces. Responsibility creates security for our clients.

## RESULTS AND ACTIVITIES IN 2011

- Organic growth of 9 per cent.
- Acquisition-driven growth of 6 per cent.
- The number of employees passed 3,000 in Sweco Sweden and 1,000 in Sweco Norway.
- 16 acquisitions completed in areas such as infrastructure in Russia, water and environment in Slovakia, fire protection in Norway, project management in Estonia, and regional statistics and forecasts in Sweden.
- Agreement to acquire FMC Group in Finland with over 1,100 employees (completed at the beginning of 2012).

- 900 employees added during the year through acquisitions and recruitment.
- In Norway Sweco was rated as the third most popular employer among engineering students.
- In Sweden Sweco was ranked among the top six employers by young professional engineers and in third place by future engineering graduates.
- The first group completed the Next Generation leadership development program. Of 21 participants, 17 have been promoted to strategically important positions.
- Improved and continued strong result in the Sweco Barometer employee survey: index of 72 per cent.
- 81 per cent of all employees completed Sweco Talk performance reviews.

- Several initiatives started to develop knowledge sharing in the Group, including searchable resumes, a joint reference database and a stronger focus on structured network building.
- New intranet developed for launch in 2012.
- English established as the Group's common language.
- Two Excellence Meetings held during the year with experts in the railway and water areas from the entire Sweco Group.
- Implementation of the sweco@work management system in acquired units in Sweden, Lithuania and Finland.

- Customer surveys in Sweden, Norway and Finland show that the company is perceived as a leader in sustainable development and that the wide service offering is a strength.
- Targeted brand-building toward clients.
- Implementation of a uniform brand platform in Russia and Poland.

# GROWTH: ACCELERATED GROWTH IN 2011

**In 2011 Sweco carried out successful recruitment and made several strategic acquisitions, after which the company now has around 7,400 employees. Sweco's growth ambitions are high and the goal remains unchanged – to achieve continued profitable growth both organically and through acquisitions.**

At year-end 2011 Sweco had approximately 6,300 employees, an increase of more than 900 compared to the end of 2010. The acquisition of Finland's FMC Group added a further 1,100 employees.

## Strong growth in 2011

Over the past ten-year period Sweco has nearly tripled its net sales, from SEK 2,063 million to SEK 5,988 million. In 2011 Sweco grew by 14 per cent, of which organic growth accounted for 9 per cent. The growth rate accelerated at the end of the year and in the fourth quarter Sweco grew by 21 per cent, of which 14 per cent was organic growth.

## New employees and new acquisitions

Sweco has mobilised its forces to boost organic growth. Each business area has prepared action plans to further enhance the recruitment process. Sweco Sweden, in particular, showed strong organic growth of 12 per cent and the number of employees passed 3,000. Sweco Norway also reported robust growth and now has more than 1,000 employees.

Sweco's powerful organic growth in a fiercely competitive labour market for technical talents is possible thanks to the company's strong market position and brand as an employer. In Norway Sweco was rated as the third most attractive company in all categories and the most attractive engineering consultancy by Norwegian engineering students. In addition, Sweco was once again ranked highly among young Swedish engineers and engineering students.

A total of 16 acquisitions were carried out in 2011 (see table). Sweco's position in Russia was strengthened through the acquisition of IKTP and NIPI, two leading consultancies in the transport sector.

In Norway, Sweco has secured a position as the leading fire protection consultancy through the acquisition of NEAS's consulting operations. In Slovakia, Sweco is now one of the largest water and environment consultancies following the acquisition of Hydrocoop. In Sweden, Sweco acquired the City of Stockholm's Office of Research and Statistics (USK).

At the end of 2011 an agreement was signed to acquire Finland's FMC Group with annual sales of approximately EUR 80 million and around 1,100 employees. The acquisition was completed at the beginning of 2012 and is Sweco's largest to date. Following the acquisition, Sweco is the second largest engineering consultancy in Finland and will be able to offer its Finnish clients a wider range of services and market-leading total solutions for sustainable development of society.

## Value-creating growth strategy

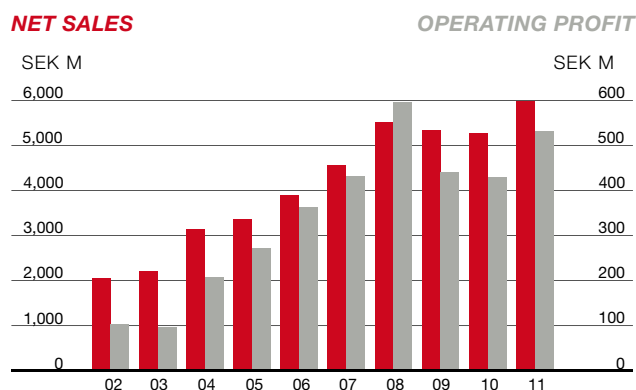
Both organic and acquisition-driven growth are equally important components of Sweco's value creation. Sweco will continue to play an active role in consolidation of the European consulting engineering industry and all growth will be accompanied by strict profitability requirements.

The challenges differ between Sweco's home markets, but the ambition is the same: To be the most respected consulting engineering company both among clients and in the labour market, with a multidisciplinary and market-leading position in all countries where Sweco is established.

- **Consolidate the leading Nordic position:** Sweco is one of the leading engineering consultancies in the Nordic region. However, the market remains fragmented and the potential for sustained growth is good. Sweco's ambition is to continue consolidating its forefront position to attain the size needed for long-term market leadership. This will be achieved primarily through organic growth, but also through supplementary acquisition.
- **Diversify and grow in Central and Eastern Europe and Russia:** In these markets Sweco has strong growth platforms in one or several areas, but lacks a comprehensive multidisciplinary offering. There are also ample opportunities to maximise competitiveness by advancing the market positions. Sweco's strategy is therefore to broaden its range of services while at the same time growing in the existing niches. Acquisition-driven growth is the primary tool for expanding the offering, while a combination of organic growth and supplementary acquisitions is being used to grow in the already established niches.
- **Consider establishment in adjacent Western European markets.** Sweco regularly carries out assignments in nearby areas of Western Europe, but has no significant establishments in these countries. In the long term it is natural for Sweco to expand its geographical presence. Sweco will monitor market development and play an active role in consolidation of the European industry if the right opportunities are offered.

## Well poised for continued growth

Sweco has good prospects for profitable long-term growth. The company's home markets in the Nordic region and Eastern Europe have significantly stronger GDP growth, higher rates of investment and healthier state finances than the European average. Sweco is an attractive employer with a highly respected brand and leading market positions, which offers excellent possibilities for sustained and powerful organic growth. Even after the acquisition of FMC Group, Sweco has a strong financial position and cash flow that provide scope for further acquisition-driven growth.



Sweco has shown strong financial development over the past ten years. Net sales have risen by an average of 13 per cent annually and operating profit by 20 per cent annually.

**ACQUISITION OF FMC GROUP  
STRENGTHENS POSITION IN  
FINLAND AND NORDIC REGION**

In December 2011 Sweco signed an agreement to acquire the Finnish consulting engineering group FMC Group, thereby creating the second largest engineering consultancy in the Finnish market. Through the acquisition, Sweco will reinforce its leading position in the Nordic region.

FMC Group is Finland's market-leader in structural engineering and has strong positions in areas such as building service systems and industrial engineering. FMC Group has annual sales of approximately EUR 80 million and around 1,100 employees.

The acquisition of FMC Group will give Sweco a very strong position in Finland and the capacity to offer the clients a wider range of services. The ambition is to be number one in the Finnish market and through the acquisition Sweco has broadened its growth platform.

Sweco and FMC Group complement each other in several areas, including structural and industrial engineering. The merger will also provide excellent growth opportunities in Finland in the environmental, energy and infrastructure segments.

FMC Group has operations in the Baltic countries, Poland, Russia and India. Sweco is already established in most of these countries and will thus be able to further strengthen its international presence.

FMC Group won the Finnish Steel Design Prize 2010 for the Tapiola Group's new head office.



**Acquisitions in 2011**

Company	Country	No. of employees	Services
Axro Consult	Sweden	35	Building service systems
Stockholms Stads Utrednings- och Statistikkontor	Sweden	33	Institutional services
Inmind Scandinavia	Sweden	11	Intelligent transport systems
K-Konsult Elteknik	Sweden	4	Structural engineering
Metrix	Sweden	9	Structural engineering
TD VVS-konsult	Sweden	5	Building service systems
NEAS rådgivende ingeniørvirksomhet	Norway	71	Fire protection and project management
Oppland Bygg Consult	Norway	23	Construction and project management
Kilde Akustikk	Norway	10	Acoustics and vibrations
Markowski Architekci	Poland	20	Architecture
Energetikos Linijos	Lithuania	34	Energy
HYDROCOOP	Slovakia	22	Water and environment
Vealeidja	Estonia	31	Project management
IKTP	Russia	40	Infrastructure
NIPI	Russia	224	Infrastructure
PROWS	Sweden	25	Industrial engineering and building service systems
FMC Group <sup>1)</sup>	Finland	1,100	Structural engineering, building service systems, industrial engineering

1) An acquisition agreement was signed in 2011 and the acquisition was completed at the beginning of 2012.

# SUSTAINABLE ENGINEERING AND DESIGN: COMBINED EXPERTISE FOR SUSTAINABLE SOLUTIONS

**An attractive residential area in a capital city. A functioning power grid in a developing country. Waste management and clean drinking water in sensitive areas. At Sweco, the focus is on helping our clients to build a sustainable society. Sweco's solutions create both direct and long-term benefits for companies, people and the environment.**

In all of the areas where Sweco is active, there is an ongoing process to define, clarify and above all implement solutions related to sustainable development. The basic aim of these efforts is to use resources more efficiently as a means to reduce impact on the environment and ensure that mankind is able to meet its needs both today and in the future. In order to actively contribute to sustainable development of society, which is Sweco's mission, it is necessary to have a holistic approach to urban development, curious and dedicated employees and continuous renewal of knowledge and skills.

With a wide range of services and cutting-edge expertise in areas like energy, architecture, environment, infrastructure and institutional services, Sweco's consultants provide sustainable

solutions for clients around the world. Thanks to our understanding of the interplay between fundamental components like water, energy and waste, we are able to realise synergies and achieve more self-sufficient and cost-effective solutions.

## Drivers for Sweco's business

Sustainable development, climate issues and energy supply are high on both the political and corporate agenda, a fact that is offering steadily expanding business opportunities for Sweco. In a long-term perspective, there are powerful structural drivers that are increasing the need for consulting engineering services. These include rising requirements for efficient management of resources and adaptation to a changing climate. This is generating an escalating demand for services like energy efficiency optimisation, environmental impact assessments, renewable energy solutions, effective traffic solutions, water supply, wastewater treatment and remediation of contaminated sites. A growing insight among companies and businesses about the advantages of progressive and proactive sustainability strategies is boosting demand for Sweco's services. The business benefits

## SWECO'S CONCEPT FOR SUSTAINABLE DEVELOPMENT

Sweco's concept for sustainable development of society includes both urban and rural environments, and the company strives for integrated total solutions in areas like infrastructure, housing, energy, water supply, waste management and transportation – solutions that not only reduce resource-dependency but also lead to direct financial savings. Demand for Sweco's sustainability services is growing globally and this applies to both new and existing urban areas and communities.

### 1. SUSTAINABLE BUILDINGS

Optimal buildings combine functionality with aesthetics, space efficiency with comfort and urban development with ecological sustainability. Outgoing flows from buildings in the form of wastewater (6) and solid waste (5) are utilised and converted into biogas, district heating (4) and fuel for public transport (2).

### 2. PUBLIC TRANSPORT

Local transport can be powered by surplus energy from renewable resources (4) such as the biogas that is produced in treatment of organic waste (5). Through effectively designed public transport solutions, individual

travel requirements are met in an efficient and economical manner, at the same time that a long-term sustainable transport system leads to better traffic safety and reduces congestion in the local area.

### 3. PRIVATE TRANSPORT

Long-distance transports are a large and costly source of emissions in modern society, and there is significant potential for resource gains by optimising our transport systems. Sweco is a forerunner in planning of future travel systems and is working on solutions like route optimisation via geographical IT.



of sustainable development are found in many areas of our clients' operations. Sustainable solutions contribute to lower costs for raw materials, energy, operation and maintenance. In many cases, these measures also lead to minimisation of risks and adaptation to upcoming legislation. An active commitment to sustainability strengthens the brand, attracts new talent and motivates the existing employees.

**Combined knowledge and expertise**

Sweco is a multidisciplinary company in which consultants with various core competencies work together in all areas that are instrumental in building a sustainable society. Our breadth means that we are always prepared to take on current and future challenges, whether related to methods for cleaner air and purer water, efficient energy usage, better living and working environments or industries that are both profitable and environmentally sound.

We offer both individual solutions and more complex projects that span across all of our service segments. The more we can utilise and cross-fertilise the competencies in our many disciplines, the more sustainable solutions we can deliver. As a result of our expertise in strategic planning, Sweco's consultants often become involved in the early stages of a project. This gives us the opportunity to analyse and plan for more sustainable implementation and results already from the start.

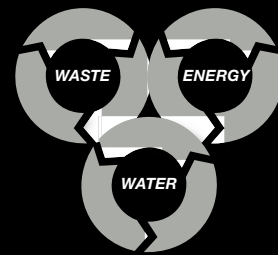
With the help of our consultants' combined knowledge and expertise, Sweco makes it possible for the clients to carry out their projects with high quality, good economy and the best possible conditions for sustainable development.

**EXAMPLES OF SWECO'S SERVICES**

- Sustainable urban planning
- Advice in energy optimisation of buildings and industrial processes
- Renewable energy production solutions
- Optimisation of building materials
- Sustainability strategy and advice
- Solutions for remediation of contaminated soil and water
- Waste management planning
- Planning and design of water and wastewater treatment plants
- Sustainable infrastructure planning
- Environmental impact assessments
- Analyses, strategies and evaluations for sustainable development of society
- Sustainable building design

**THREE INTEGRATED FLOWS**

Utilisation and recycling of renewable resources are central aspects of a sustainable society. Sweco emphasises the existing synergies between the three flows of water, waste and energy, and sees the interplay between them as a contiguous system. If these synergies are not utilised, vital resources are wasted, the system is disrupted and valuable financial and ecological gains to society are lost.



**4. RENEWABLE ENERGY**

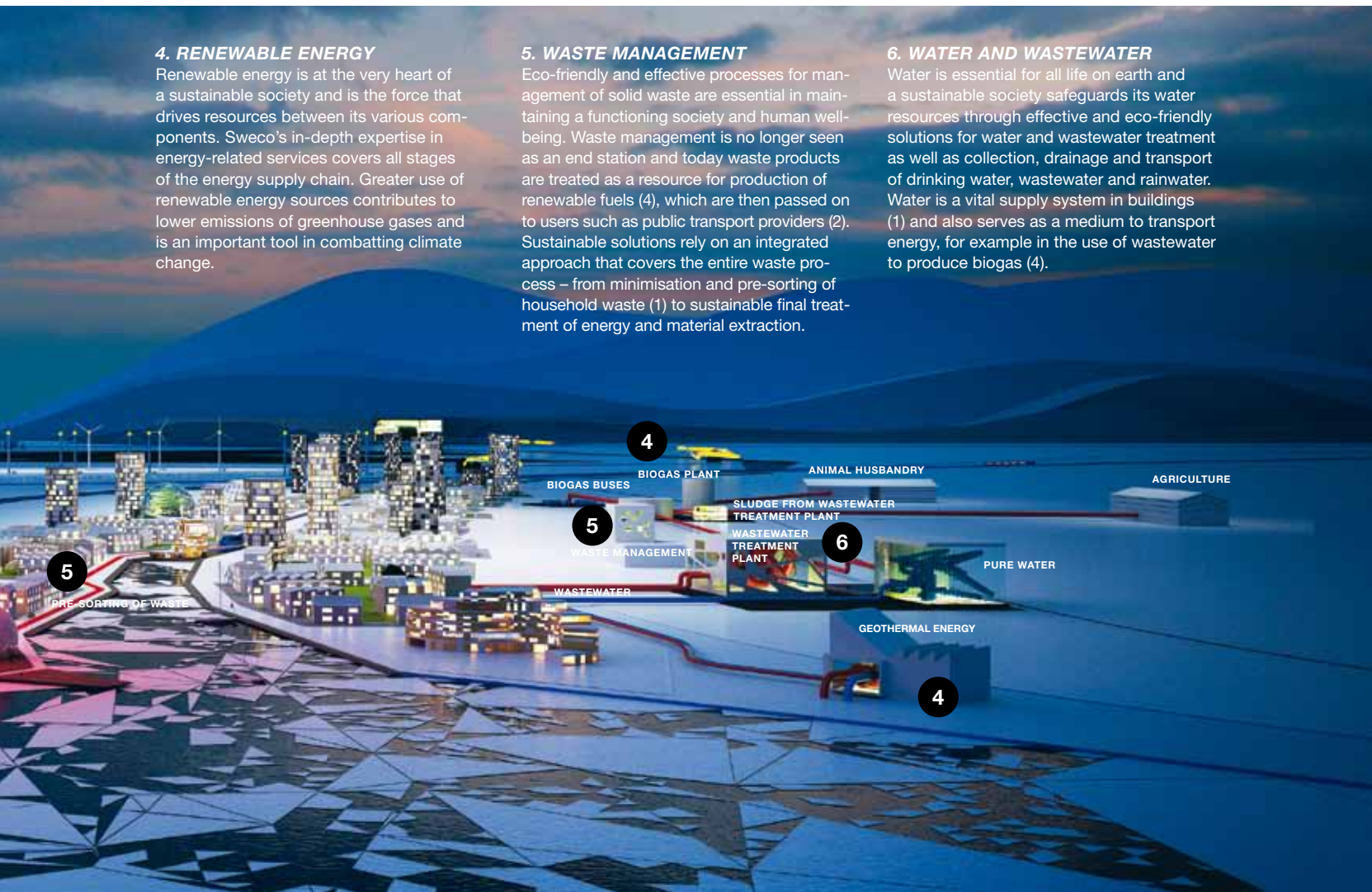
Renewable energy is at the very heart of a sustainable society and is the force that drives resources between its various components. Sweco's in-depth expertise in energy-related services covers all stages of the energy supply chain. Greater use of renewable energy sources contributes to lower emissions of greenhouse gases and is an important tool in combatting climate change.

**5. WASTE MANAGEMENT**

Eco-friendly and effective processes for management of solid waste are essential in maintaining a functioning society and human well-being. Waste management is no longer seen as an end station and today waste products are treated as a resource for production of renewable fuels (4), which are then passed on to users such as public transport providers (2). Sustainable solutions rely on an integrated approach that covers the entire waste process – from minimisation and pre-sorting of household waste (1) to sustainable final treatment of energy and material extraction.

**6. WATER AND WASTEWATER**

Water is essential for all life on earth and a sustainable society safeguards its water resources through effective and eco-friendly solutions for water and wastewater treatment as well as collection, drainage and transport of drinking water, wastewater and rainwater. Water is a vital supply system in buildings (1) and also serves as a medium to transport energy, for example in the use of wastewater to produce biogas (4).



5  
PRE-SORTING OF WASTE

4  
BIOGAS BUSES  
BIOGAS PLANT

5  
WASTE MANAGEMENT

ANIMAL HUSBANDRY

AGRICULTURE

6  
SLUDGE FROM WASTEWATER TREATMENT PLANT  
WASTEWATER TREATMENT PLANT

PURE WATER

GEOTHERMAL ENERGY

4

# WATER & ENVIRONMENT

Sweco is one of Europe's largest providers of consulting services related to water and the environment. The consultants offer solutions to optimise water and wastewater treatment and minimise negative impact on the environment.

Sweco provides investigation and design services for waste and water treatment plants, mains systems and biogas plants. In connection with construction and infrastructure projects, Sweco studies protection and utilisation of water resources, storm water management and performs environmental impact assessments (EIA). The consultants carry out climate mitigation and adaptation measures such as coastal erosion protection and develop solutions to safeguard communities from flooding.

Sweco also implements processes to recycle waste and sustainable ways to handle materials that are not suitable for recycling. In addition, Sweco develops solutions that contribute to reducing the volume of waste arising from various processes.

Industries, transports and various products leave traces on the natural environment. Sweco's environmental consultants study contaminated sites and recommend solutions that are optimal from both an ecological and resource standpoint.

Furthermore, Sweco has in-depth expertise in building client-adapted management systems for environment, quality and occupational health and safety.



## THE FUTURE OF URBAN FARMING HAS ARRIVED

Today's climate changes are placing new demands and providing inspiration for innovative solutions. The company Plantagon lies behind an idea for urban agriculture in a vertical greenhouse. This method makes it possible to farm in an urban environment and thereby reduce transports. The first greenhouse will be built in Linköping, Sweden. The greenhouse will use surplus CO<sub>2</sub> from the Tekniska Verken biogas plant and waste heat from the district heating system. Sweco's architects and engineers are working on the design and technical solutions for the greenhouse.



## SIMPLER TRANSPORT OF NATURAL GAS

As a step in implementing Lithuania's national energy strategy, different alternatives for construction of an import terminal for liquefied natural gas (LNG) are being studied. Sweco's consultants have been commissioned to evaluate the alternatives and perform an environmental impact assessment. Sweco's task is to select the most suitable location and create the technical design of the terminal, which will have an annual capacity of 2 billion cubic metres of gas.



## WASTEWATER TREATMENT ON A HIGH LEVEL IN OLYMPIC VILLAGE

The 2014 Winter Olympic Games will be held in Sochi, Russia. The construction of a winter sports stadium is in full swing and Sweco has been chosen to design the water supply and sewage systems. This work is being carried out under challenging conditions at an altitude of 1,500 metres. Environmental consideration is a top priority, since the area is located within a national park.





**BETTER WATER QUALITY IN THAILAND**

There is an urgent need for better wastewater treatment in Thailand, not least in areas surrounding the capital city of Bangkok. Sweco has been chosen to plan and design a new wastewater treatment plant in Om Noi, one of Bangkok's satellite cities. In the future, the new plant will treat wastewater for 350,000 residents.



**MODERNISATION OF CZECH WATER TREATMENT PLANT**

The water treatment plant in the Czech city of Jirkov produces and delivers water to northern Bohemia. Sweco was awarded a contract as advisory consultant and designer to oversee the extensive renovation and modernisation of this facility that was built in the 1960s.



**ENVIRONMENTAL EXPERTS HELP KIRUNA TO MOVE CITY'S LAKE**

It's not every day that you move a city from one place to another. Now that the city of Kiruna is facing this reality, Sweco is on site to provide assistance in several key aspects. In order to continue mining iron ore under Lake Luossajärvi, which lies close to the city, it is necessary to shrink the lake and build a dam that prevents water from seeping into the mine. In this challenging undertaking, Sweco has been responsible for pre-construction planning and environmental impact assessments.



**CLEANER FUTURE FOR LARGEST LAKE IN THE BALKANS**

Sweco has been contracted to improve the environment in and around the Balkans' largest lake, Lake Skadar, in Montenegro. Under the contract, Sweco will study and propose remediation measures at a deposit for waste products from an aluminium smelter outside the capital city. Today, mixed waste from earlier production activities threatens the surface and ground water that drain into the lake.

# INFRASTRUCTURE

Sweco offers comprehensive services in the infrastructure area. The goal is to contribute to a society in ecological balance, where traffic flows smoothly and infrastructure and public works contribute to greater ease of use and higher quality of life. The wide range of services includes engineering and design of structures such as roads, railways, bridges, tunnels, dams, harbours and power stations.

Sweco works with land use planning in residential and industrial areas, which includes engineering and design of streets, water/wastewater systems and the external environment.

In the public transport area, Sweco's consultants plan and design pedestrian paths, stations, tracks, stops, transport networks, transport interchanges, terminals and travel centres.

In connection with hard rock and civil engineering projects, Sweco works with engineering and design of road and railway

tunnels and other underground structures. The hydraulic engineering assignments include tailings and hydropower dams, hydropower plants and underwater constructions.

Sweco is also active in engineering and design of different types of bridges from the early planning stages to realisation. Planning of harbours and shipping fairways, as well as engineering and design of port structures, are other areas of expertise.

When it comes to railway projects, Sweco has expertise in planning and design of track, electrical, signal and telecom systems, as well as other related areas such as geotechnical and rock engineering, traffic planning and landscape architecture. Sweco also performs risk and environmental analyses for road and rail projects and develops systems for road traffic management and road information that make traffic safer and more efficient.



## **MORE PLEASANT WALKING IN OSLO**

Less road traffic, more open city spaces and better conditions for outdoor activities. These are a few of the gains for residents resulting from the renovation of Torggata in Oslo. Sweco has further developed a pilot project and prepared a plan for the street that will encourage its use for cycling and walking.



## **NEW MOTORWAY SECTION IN POLAND**

In recent years, the Polish section of the A4 motorway has undergone extensive rebuilding to meet modern EU standards. Sweco has been responsible for designing the 80-km section of road that links together the cities of Kraków and Tarnów. As part of the assignment, Sweco has developed solutions for service areas, close to 100 bridges, noise barriers and wildlife crossings.



## **TOTAL REFURBISHMENT OF ESTONIAN RAILWAY LINE**

In Estonia, Sweco's consultants are involved in the 52-km railway line that runs between Türi, Võhma and Viljandi, a project that includes 35 culverts, three bridges, 15 railway crossings and six platforms. The refurbishment will shorten the travel time by 15 minutes for passengers between Tallinn and Viljandi.



**EXTENDED SUBWAY SYSTEM IN SWECO'S CONCEPTUAL STUDY**

The population of the Stockholm region is growing by 35,000 people annually, putting major strain on both the rail-bound and road traffic systems. Sweco has carried out a study to explore how a future expansion of the subway system from Kungsträdgården to Nacka could be combined with the Eastern Link road traffic route – a solution that would provide many benefits to society from both a traffic and environmental standpoint.



**RUSSIAN MOTORWAY PROJECT INTERCONNECTS ST. PETERSBURG**

In St. Petersburg, Sweco is taking part in the design of the “Western High-Speed Diameter” motorway. The motorway, which is 50 km long and includes car toll systems, links together the southern, central and northern parts of the city and connects it to the Russian road network. Sweco’s tasks include preparation of a business plan and documentation, such as application documents to obtain financing.



**REVIEW OF GLOBAL WATER RESOURCE MANAGEMENT**

The World Bank has commissioned Sweco to develop an operative framework that can be used in further development and expansion of hydropower resources and water infrastructure. The focus is on finding processes and methods that maximise the benefits of new technology through direct improvements while at the same time minimising impact on the environment. Six case studies, in Laos, Nepal, Costa Rica, Colombia, Lesotho and Norway, have been chosen to analyse best practice.



**HIGH ENVIRONMENTAL DEMANDS IN DEVELOPMENT OF NEW POWER STATION**

At the Hissmofors power plant by the mouth of Lake Storsjön, Sweco has planned a new power station that will replace the existing unit in one of the old stations. Sweco is active in all stages of the project and consultants from several different disciplines are involved. The geological conditions, which include swelling bedrock, are a challenge and the environmental demands are high due to the location on the Indalsälven River.

# ENERGY

Efficient energy usage is crucial for a sustainable society. The need for restructuring is extensive and the potential for efficiency gains is vast. Sweco's expertise in energy-related services covers all stages of the energy supply chain – from production to distribution and end use. The goal is to help the clients develop a safe, cost-effective and ecologically sustainable energy supply.

A large share of Sweco's projects in the energy area are aimed at upgrading and optimising electricity generation resources on behalf of power companies. Sweco is deeply committed to the expansion of renewable energy production and offers total solutions throughout the process that satisfy society's need for electric power.



## **RELIABLE POWER SUPPLY IN EASTERN AFRICA**

Many parts of Africa still lack access to a reliable supply of energy. Sweco has been given the task of improving the power supply in a number of locations in Tanzania and Kenya. These contracts include supervision and implementation of a new power transmission line between Makambako and Songea in Tanzania and electrification of the entire area, as well as knowledge transfer and support for electrification of 34 areas spread across five regions of Kenya.



## **LONG-TERM INITIATIVE FOR RENEWABLE ENERGY ACKNOWLEDGED**

For many years ENA Energi has been committed to modernising the energy production and district heating systems in the Swedish city of Enköping, which run almost exclusively on renewable fuels. Sweco has taken part in developing a combustion principle and converting one of the power plant's oil-fired boilers, as well as improving the efficiency of the facility. In 2011 ENA Energi was awarded a prize by the IEA (International Energy Agency) for its work.

The systems for transmission and distribution of electricity are undergoing continuous development and differ between electricity markets. A large share of Sweco's work in this area is focused on meeting the need for increased transmission capacity. Higher capacity and smart grids are essential in ensuring security of supply and optimal utilisation of production resources.

Both economic and regulatory conditions have a powerful influence on the opportunities for change in the energy sector. Sweco has been working for many years to propose solutions and analyse the effects of laws, rules, steering instruments and market forces on behalf of public agencies, energy producers, industries and property companies.



## **NEW HYDROPOWER PLANT IN BULGARIA**

In Bulgaria Sweco has been contracted to design a hydropower plant on the Iskar River – a tributary to the Danube. The project includes both the power station itself and structures for the water flow, as well as a fish crossing and a dam.



## **CAPACITY EXPANSION AT NORWEGIAN HYDROPOWER PLANT**

Sweco has been chosen to provide extensive consulting services in connection with the construction of two large rock fill dams at the Skjerka power plant, north of Kristiansand in southern Norway. The assignment also includes planning for demolition of the old dams at the plant. These changes will raise the fall in the intake dam to the plant by 23 meters and result in a larger regulation reservoir.

# BUILDING SERVICE SYSTEMS

Sweco's building service systems consultants offer solutions for buildings and facilities that meet today's high demands on energy performance. The wide service offering ranges from advice and planning to control and inspection of HVAC and sanitation, electrical, telecom, fire protection and building automation systems.

Clients can get a clear picture of the final results through technical analyses and visualisation of the buildings, service systems and interiors. Different simulations are tested in a Building Information Model (BIM), where the consequences of changes are clearly illustrated. The use of BIM ensures that a project is carried out with high efficiency and quality throughout the building process and in the operation and maintenance phase.



## MAJOR OFFICE PROJECT IN BERGEN

In the Sandsli area of Bergen, Statoil is expanding its office complex by 45,000 square metres. The plans include new office workstations and joint buildings containing a reception area and cafeteria, as well as a 12,000 square metre underground car park. The project also includes construction of a pedestrian bridge, a roundabout and internal roads and walking paths. Sweco's consultants have delivered solutions for building service systems, infrastructure, structural engineering, landscape architecture and project management. Through BIM (Building Information Modelling) it has been possible to visualise the project in an easy-to-grasp manner for all parties involved.



## EFFORT TO REDUCE ENERGY USAGE BY HALF

A long-term goal for the property manager Västfastigheter is to reduce its energy usage by 50 per cent by 2030, compared to 1997. Sweco's task is to carry out a study to describe the effects of this goal on planned investments in new construction and renovation of existing buildings. Sweco has also performed simulations and, together with the client, has prepared an action plan for implementation.

Homes and workplaces account for nearly half of society's total energy consumption. Many of Sweco's assignments are aimed at optimising the functional performance and minimising the energy usage of existing buildings. For Sweco, environmental and energy issues go hand-in-hand. Integrated systems and new technical solutions lead to a good indoor climate, low energy usage and functional buildings. Sweco has special expertise in designing and implementing energy analyses and energy optimisations that help clients to reduce their energy consumption.



## SPECTACULAR CENTRE FOR POP & ROCK IN TRONDHEIM

Norway's new pop and rock museum, Rockheim, has quickly become a landmark in Trondheim. The upper floors of the building are covered with illuminated glass plates on which the most well known Norwegian album covers are printed. The Museum contains 4,500 square metres of exhibition space and a concert hall with seating for 350 people. Sweco lies behind planning and design of the electrical, HVAC and sanitation systems, which include a seawater-based cooling system.



## ENVIRONMENTAL UPGRADE FOR APARTMENTS IN UMEÅ

In Umeå, Sweden, the municipal property company Bostaden has initiated an energy conservation project in the Åliden housing development. Sweco has performed a feasibility study, proposed system solutions and carried out planning and design for contracting of building service systems. In a pilot building, so-called hipped roofs have replaced the earlier flat roofs to make room for additional insulation. New ventilation systems and energy-efficient windows have also been installed. The development contains a total of around 400 apartments.

# ARCHITECTURE

Sweco has more than 500 architects and is one of the largest architectural firms in Europe. Through cooperation with Sweco's other disciplines, the architects can offer total solutions that contribute to the development of a sustainable society.

Sweco's architects combine functionality with aesthetics, space efficiency with comfort and urban development with ecological sustainability. Sweco creates value for its clients by designing buildings and environments of the highest class.

Many of the projects Sweco's architects are involved in are visible not only in the Nordic countries but also around the world.

The services range from architectural, interior and landscape design to industrial and urban planning, building conservation and advanced visualisation. The entire design process is permeated by knowledge, creativity, enthusiasm and commitment.

Sweco's comprehensive expertise makes it possible for the architects to take on complex assignments and meet the requirements for modern environments where people can live, work and thrive.



## **CHILDREN IN FOCUS AT RUSSIAN RESORT**

Child-friendly and ecological have been guiding principles in designing the Four Elements Borodino Club Hotel resort outside Moscow. Sweco has developed a design concept for the entire hotel that includes buildings, interior design and furnishings, the surrounding area and activities. The assignment also included a program to reduce energy-dependency and promote the use of ecological materials. The resort contains a "Children's Club", a spa and facilities for a variety of indoor and outdoor sporting activities.



## **TENANT-ADAPTED ARCHITECTURE THROUGH DESIGN DIALOGUE**

Several different agencies and organisations are sharing space in the new Regionhuset in Malmö. By involving the different stakeholders in a so-called design dialogue, Sweco's architects have studied the various tenants' corporate cultures and working methods. The result is 650 workstations in an open plan office, with nearby support functions, central rest areas and a conference centre. The idea is to promote the exchange of ideas and knowledge between organisations and people.



## **SUSTAINABLE URBAN DEVELOPMENT IN CHINA**

There is a rapid population influx to China's metropolitan areas and the environmental consequences are severe. In the shadow of the country's many megacities, initiatives are being taken to develop urban environments in a more sustainable direction. Sweco has been chosen for planning assignments in connection with the development of three new eco-cities where the goal is to minimise the cities' environmental impact. Among other things, Sweco will develop a concept for a park area where politicians, executives and the public can learn more about sustainability issues.



**THE OFFICE OF THE FUTURE**

The island of Kungsholmen in Stockholm is the future site of Lustgården – a large office project with a clear environmental profile. Sweco’s architects have placed a heavy emphasis on the choice of materials and on creating an efficient and healthy indoor environment. Energy usage will be at least 50 per cent lower than the applicable norm and the property will be the first in Stockholm to earn the highest green building rating according to the international certification system LEED.



**NEW HOTEL GIVES ARLANDA A LIFT**

Clarion Arlanda is a hotel with 414 rooms and conference facilities at Stockholm’s Arlanda Airport, with direct connections to the terminals and Sky City. Sweco’s architects and engineers have designed a building that is well matched to the airport’s other architecture and conveys a feeling of flight and rapid motion. The hotel will be an important part of the planned Airport City together with several interlinking office buildings in a park environment.



**DESOLATE PORT AREA TRANSFORMED INTO CHARMING CITY DISTRICT**

The Port of Tallinn will become an attractive city district for both tourists and local residents, with a focus on sustainability. Today the site contains large unused areas from its past as an industrial port and naval base for Soviet warships. The transformation will be carried out by Sweco’s architects, environmental experts and engineers.



**BEECH FOREST CREATES SOUTHERN SWEDISH CHARACTER IN NEW PLAZA**

Sweco’s architects have designed a plaza in the middle of the new city district Hyllie in Malmö, where a beech forest has been planted to give this flat, windy site a southern Swedish character. From the plaza’s durable covering of Swedish granite, 32 beech trees emerge from a series of openings. In the air, a spider’s web of thin cables with LED lighting floats above the plaza. The plaza also contains four large basins, covered with slate in black and gold and filled with water that trickles over the edges.

# STRUCTURAL ENGINEERING

In reality, structural engineering is all about security. Buildings should be made to last for a long time and should be safe to live and work in. Sweco designs and plans different types of buildings, such as industrial facilities, homes, offices and public facilities.

In land-based projects, the clients are found primarily in the forestry, steel and mining industries. In the offshore sector, the clients are found mainly among technology and oil companies for which Sweco designs steel and concrete structures for wind farms and oil installations. The industrial assignments often cover the entire process from feasibility studies to construction documents.

In building construction, Sweco plans everything from

homes, offices and shopping centres to sporting facilities, schools and hospitals. Sweco also has expertise in the structure of older buildings and has performed many technically advanced conversions in these properties.

Sweco has developed effective methods to coordinate structural engineering in terms of the process, equipment and installations. The models are coordinated in 3D already in the early stages of the planning and design process. The final model then functions as a fabrication drawing for building production. Sweco's structural engineers are the Swedish market-leaders in planning and design of load-bearing structures of wood, steel and concrete.



## UNIQUE HOUSING IN REMODELLED CONCRETE SILO

A unique living environment is being planned in the Port of Nyköping, where a concrete silo will be preserved and converted into residential units. The surrounding workshops will be torn down and new housing built on the site. Sweco's assignment includes engineering design and architecture. Sweco was also the designer when the silos were originally built.



## GREEN THEME FOR NEW URBAN COMMUNITY

In the heart of Kristiansand, Norway, between Bystranda and the Otra River, Sweco is taking part in development of a new urban community consisting of four blocks with more than 100 apartments in each and a mix of commercial properties. The community will have a green character with abundant foliage. Sweco is responsible for planning and design as well as structural, fire protection, environmental and geotechnical engineering.



## STOCKHOLM'S CENTRAL STATION TO BE CLIMATE SMART

200,000 people pass through Stockholm's central train station every day. The station, which opened in 1871, is in the process of being redeveloped into a modern travel centre. Sweco's structural engineers are planning foundational reinforcement of the building and are also responsible for engineering design related to modernisation. One ambition is to reduce energy usage by 25 per cent and for the station to earn Green Building certification.



## HISTORICAL IRON ORE MINE REOPENED

The Dannemora iron ore mine was opened in the 1400s but closed in 1992. Now, Dannemora Mineral is planning to resume operations and is therefore building a new sorting plant with railway pockets for ore loading and renovating the existing personnel areas. Sweco's structural engineers are responsible for planning and design, and are contributing calculation and procurement support to the project organisation. In addition to structural engineering, Sweco's fire protection consultants have been chosen to coordinate fire and risk management in the mine.



# INDUSTRY

Sweco offers customised total solutions for all types of technical investments in the industrial sector, where the goal is to enhance our clients' competitiveness by expanding, optimising, and developing their production. A close dialogue with the clients and an in-depth knowledge and understanding of their business are key success factors. Sweco's engineers take part in investment projects in the process, energy production, mining, manufacturing and offshore industries.

Through professional project management, Sweco contributes to handling the high degree of complexity that typifies the investment process. Successful projects are ensured through experienced project managers and effective methods for planning and implementation.



## **COMBINED HEAT AND POWER FROM BIOFUEL IN FINLAND**

Combined heat and power production is a more sustainable way to fully utilise the energy in the fuel. This fact is being exploited in the construction of a new CHP plant near Rovaniemi, Finland. The CHP plant will be flexible and will enable the use of local, renewable energy resources such as wood-based fuels and peat. Sweco's services include project management, engineering design, procurement and delivery supervision.



## **INCREASED CAPACITY AT POLISH BOARD MILL**

The level of investment in the European paper industry has been low for many years. Now Stora Enso is investing in a whole new board machine to increase production of recycled fibre-based container-board products at the company's board mill in northwestern Poland. Sweco has been assigned a major contract that includes process and layout engineering, as well as piping, electrical, automation, HVAC, sanitation and fire protection systems.



## **3D MODEL OF FACTORY SHORTENS CONSTRUCTION TIME**

EKA Chemicals is building a production plant for chlorine dioxide and sodium chlorate in Tres Lagoas, Brazil. Sweco planned the detailed design of the piping system for this whole new facility and together with the client worked in a joint 3D model of the facility. The focus was on high quality and safety, but time was also a critical factor in this project in which some 10,000 metres of pipe were designed for rapid on-site assembly.

# PROJECT MANAGEMENT

Sweco offers professional project managers and project developers that drive projects with high demands on results for the clients.

Sweco's assignments cover a wide spectrum and include everything from serving as project manager, design manager and client representative to construction manager, building service systems coordinator, quality manager and inspector. Sweco's project managers are active in both smaller property conversions and large-scale projects for the construction of new schools, offices, commercial facilities, hospitals, industries and infrastructure.

Sweco's project managers also offer services for project and operational development, mainly in the construction and real es-

tate industries. The services include strategic advice, process planning, preparation of decision data, organisational support and supervision of interests.

In Facility Management, Sweco offers services to coordinate and optimise facilities and support functions in the best and most cost-effective manner. The offering covers the entire range from needs analysis to implementation and procurement of property operation and management services.

Sweco also offers a system and services for document and information management in a solution called Projektstruktur that is used to structure work activities and documents and facilitate project management and administration.



## **NEW TERMINAL AT BERGEN AIRPORT**

In 2016 a new terminal will stand completed at Bergen Airport. Sweco is responsible for project management during construction of the new terminal, which will include offices and piers, as well as expansion of one of the existing terminals. After the expansion, the airport will have capacity for 7 million passengers annually.



## **HISTORICAL BUILDING PROTECTED FROM EARTHQUAKES**

The Swedish Research Institute in Istanbul rents premises in a historical building from 1870. Sweco has served as project manager for renovation and earthquake-proofing of the building. The beams have been reinforced and carbon fibre sheeting has been installed along important walls. To the greatest possible extent, the beautiful ceilings and floors have been preserved to protect the property's cultural and historical values. The assignment has also included replacement of ventilation and electrical systems and installation of a new fire protection system.



## **SUSTAINABLE RENOVATION OF "MILLION PROGRAM"**

An area that was part of the Swedish government's "million program" housing initiative from the late 1960s and early 1970s, will be redeveloped over a period of 20 years. The community will be a green oasis in Helsingborg, featuring housing, shops, workplaces and communal areas. The project is being carried out with a focus on social, financial and ecological sustainability and the residents are actively participating throughout the process in different ways. Sweco is responsible for project management and preparation of detail plans.



## **BETTER ENVIRONMENT WHEN TRAFFIC IS REROUTED**

Some 80,000 vehicles per day pass through the Leppävaara area of Espoo, Finland, at the intersection of National Road 1 and Ring I, giving rise to enormous traffic jams during rush hour. Sweco has provided project management services for the construction of new bridges, two four-lane tunnels and roads that will reroute this traffic. The aims are to reduce traffic congestion, improve the flow for public transport, increase traffic safety and create a better environment for local residents. The project will also create new land for development.

# GEOGRAPHICAL IT

Geographical IT is used to structure, analyse and present information in a clear and easy-to-grasp manner with the help of maps and geographical positioning. Sweco's services include everything from systems development, strategic issues and feasibility studies to development of enterprise portals and applications. The clients are found in areas such as energy, infrastructure, public environments, forestry and transport.

Sweco delivers geographical IT solutions that contribute to sustainable development of society. The goal is to reduce impact where it is highest. For example, through route optimisation in transport planning, it is possible to eliminate unnecessary traffic and significantly decrease emissions.



## **EASIER FOR ELECTRIC VEHICLES TO FIND CHARGING POLES**

Sweco has been chosen by the Nordic Council of Ministers' Energy and Transport Program to gather information about all of the Nordic countries' charging poles for electric vehicles and make this information available to road users. Aside from collecting facts about the charging poles, Sweco is developing a route planner for the entire Nordic region with suggestions for suitable places to recharge vehicles.

The energy industry is a major user of geographical information and requires detailed map data. To minimise the environmental effects of production, Sweco can assist with everything from strategies for geographical IT and testing to procurement and deployment of new technology.

Sweco also has experience of both large and small projects in data coordination, where the most significant assignments are carried out in infrastructure projects that generate large volumes of information over a long period of time.

As a supplier-unaffiliated geographical IT consultant, Sweco offers the greatest possible client and business benefits in every assignment, regardless of the underlying technology.



## **3D MODELS HELP TO DEMOLISH NUCLEAR POWER PLANT**

Demolition of the Barsebäck nuclear power plant calls for careful and thorough planning. Sweco is taking part in the preparations for example through 3D modelling of all of the plant's facilities and surrounding areas. The 3D models will be used to visualise planned and completed samples and results. They will also be used for planning of demolition logistics and estimation of demolition volumes.



## **POTENTIAL FOR NEW WIND FARMS**

At the request of Bergvik Skog, Sweco's consultants have identified areas in Sweden that are suitable for development of wind farms. Some 2.3 million hectares of land have been analysed and the identified areas provide scope for wind power investments of up to SEK 80 billion, equal to an annual production volume of nearly 20 TWh.

# HUMAN RESOURCES: A WORKPLACE WHERE TECHNICAL TALENTS CAN GROW

**With the industry's best opportunities for professional and personal development, Sweco's ambition is to be the most attractive employer for consulting engineers and architects.**

The ability to attract, develop and retain the best consultants is critical in meeting Sweco's growth challenge. At the same time, diverse conditions place high demands on leadership and employee development.

## Sweco's offering

Sweco's corporate culture is founded on curiosity, commitment and responsibility. Here, the employees can grow and develop in teams together with professional colleagues, take far-reaching personal responsibility and work in challenging projects that contribute to sustainable development of society. It is Sweco's explicit ambition that the employees be given ample opportunities to influence the balance between their work and personal lives.

The company offers equal career opportunities for all employees and there are many women in senior positions. In Sweden, Sweco is ranked number two among female engineers when asked about their ideal employer.

## Many new employees

In 2011 the number of employees in the Sweco Group grew by 900 through acquisitions and recruitment.

The recruitment process at Sweco is largely decentralised and supported by a web-based tool that facilitates professional handling of candidates. At the beginning of the year Sweco conducted a large-scale recruitment campaign to further promote these activities. The focus is on growing with profitability, recruiting the right people and offering new employees the chance to work in client assignments from their first day on the job.

Competition for skilled manpower is fierce and Sweco has a strong brand as an employer. In the past year this was underlined by the results of Universum's annual survey in which the industry as a whole, and Sweco, were given high rankings. In Sweden, Sweco was ranked in the top six by young professional engineers and in third place among future engineering graduates. In Norway, Sweco was chosen as the third most popular employer by engineering students.

## Attractive opportunities for development

In order for Sweco to continue growing and maintain its competitiveness, it is imperative to continuously attract and develop new talent. A growing company, in turn, provides more opportunities in the form of challenging assignments and possible career paths.

Sweco Talk is the framework for Sweco's employee develop-

ment program and means that every year, each employee formulates a personal development plan and goals that are adopted in dialogue with the immediate manager. The objective is to offer attractive development opportunities for the individual employees while at the same time securing Sweco's long-term supply of expertise. Sweco's employee survey clearly shows that a high quality Sweco Talk performance review leads to greater motivation.

Sweco encourages internal mobility, both to ensure that the clients are offered the best available expertise from the entire Sweco Group and to enhance the employees' skills and offer new challenges.

Sweco has established a mentorship programs that is aimed at transferring knowledge from experienced consultants to new employees. Read more about mentorship on page 26.

## Leadership development is central

Strong leadership is imperative in a client-driven, decentralised organisation like Sweco's.

The model for Sweco's leadership development is the Sweco Leadership Compass. The Compass supports leaders at all levels in the Group by defining their responsibilities and powers and establishing a clear connection between values, business success, client deliveries and employee development. In addition, Sweco carries out a regularly recurring Sweco Business Forum at which some 70 of the Group's senior managers gather to discuss strategic issues and exchange experiences. The theme for the 2011 Sweco Business Forum was knowledge.

Sweco's commitment to leadership development through targeted programs and a focus on setting goals for managers has shown favourable results. This was confirmed by Sweco's employee survey, in which the leadership index rose sharply from an already high level.

Effective management succession is a top priority. Through the Next Generation Review process, Sweco identifies leaders and specialists with the potential to take on greater responsibility. This takes place in connection with the annual Sweco Talk performance reviews. The process is devoted to discussion of the employees and their opportunities throughout the organisation.

The first round of Sweco's global leadership development initiative, Next Generation Program, started in March 2010 and was completed in May 2011. A large share of the program is conducted in the form of projects where project teams work to solve real-life strategic challenges that have been identified by Sweco's Executive Management. Both during and after the program, 17 of 21 participants have been recruited to strategically important positions within Sweco.

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## EMPLOYEE FACTS

**Number of employees:** 7,400\*. **Share of men/women:** Approximately 70 per cent men and 30 per cent women. **Educational levels at Sweco:** Master's or bachelor's degree in engineering with a focus on water and environment, geology or similar technical areas, degrees in architecture.

**Typical jobs/titles:** Project manager, design engineer, process engineer, environmental engineer, architect.

\* Including the acquisition of FMC Group, which was completed at the beginning of 2012.



### **OFFICE ENVIRONMENT FOR SUSTAINABLE CONSULTING**

In 2012 Sweco's consultants in Stockholm will move into their newly renovated head office. 1,600 consultants will now be housed under the same roof.

Sustainability has been a guiding principle throughout the renovation process. The goal is for the building to achieve the "Gold" level in the Sweden Green Building Council's environmental certification system, with an emphasis on energy usage, the working environment and material selection.

The heart of the new head office will be the "living room" – a creative space that invites conversation and knowledge sharing. The environment is warm and comfortable but at the same time open and bright – quite simply a more sustainable working environment for Sweco's consultants.

### **EMPLOYEE VOICES HEARD**

To ensure that Sweco is moving in the right direction and in line with the Group's established goals and strategies, Sweco carries out a yearly group-wide employee survey – Sweco Barometer. Among other things, the Barometer monitors trends in Sweco's leadership culture, business focus and organisational expertise.

In 2011 Sweco's total index in the survey improved to 72 (70), which is very high in relation to external comparisons. The contributors to this strong result included a clear increase in employee motivation and a higher share of managers who earned top ratings from their staff. The survey is conducted by TNS SIFO.





## MENTORSHIP PROGRAM: NATURAL KNOWLEDGE TRANSFER

**Heidi Ose has been an energy and environmental consultant at Sweco in Norway since 2009. Soon after joining the company, she was assigned Knut Tjugen as her mentor. The two have worked together on projects in the dam and hydropower area and both have had a very positive experience of the mentorship program.**

### **What has the mentorship program meant to you personally?**

**Knut:** It has shown me that it's possible to share experience and knowledge in a systematic way. Being invited to act as a mentor has made me feel that I have knowledge and experience that are worth passing on. Mentorship has also given me inspiration and hope that young and enthusiastic employees will preserve Sweco's longstanding traditions and professional pride.

**Heidi:** It has meant a great deal. I have gained more self-confidence in the assignments and the courage to accept bigger challenges. It has also accelerated my development. And having a mentor is a source of security – I always have someone I can turn to with my questions and problems. Knut gives me motivation and insight into exciting work that I can look forward to in the future if I continue to push myself. It also feels good to know that Sweco is investing in me.

### **What have you taught each other?**

**Knut:** I have seen that it can be good to let younger employees tackle problems where they can find computer-based solutions. Personally, I have learned more about the use of IT tools.

**Heidi:** Knut has taught me a lot in all of the areas needed to be a good consultant. We have had many valuable discussions both on work-related topics and of a more human nature. Another lesson from Knut is that there's no point in worrying before it's necessary.

### **As a company, what does Sweco gain from the mentorship program?**

**Knut:** First and foremost, Sweco wins by allowing younger and older employees to get to know each other and cooperate at an early stage. There is a focus on knowledge transfer in many areas of the company. Through the mentorship program, knowledge flows in a natural way in both directions.

**Heidi:** A mentorship program is an effective way to share knowledge in connection with activities in the assignments. A program of this type also creates more motivated employees and is a good reason to stay at Sweco.

# THREE QUICK QUESTIONS:



**Name:** Anna Yman  
**Position:** Regional Manager at Sweco Environment, Sweden

## **You have worked at Sweco for some time. What aspects contribute to development in the company?**

There are many aspects! But the top two are freedom and responsibility. I alone set the limits for what I can achieve. This, combined with the fact that I have been able to realise my ambitions by working with environmental issues, makes my work meaningful. Sweco's business model with delegated responsibility for each employee to create business and develop client relationships is a challenge that requires professional expertise, social ability and business skills.

## **How would you describe leadership at Sweco?**

All of my managers have been very involved in operating activities – generating business, managing projects and giving employees the chance to show what they are capable of. I have always encountered a high degree of openness and a

lack of self-interest among managers at all levels, together with a strong focus on the task at hand. As consultants we need to be mobile and flexible, and I strive to see the possibilities and clarify our common goals. To ensure that these goals are credible, I also make a point of monitoring them. As a manager I want to remain active in the assignments, partly because I enjoy it and partly to avoid becoming too far removed from day-to-day business activities.

## **What advice would you give to younger employees?**

I think they should be humble, ask a lot of questions and try to find an older mentor. It's also important to dare to make mistakes. But at the same time, you have to have patience. There are many things to master in the consulting role, and it takes time. There is endless potential to find new challenges at Sweco.



**Name:** Tomi Keskinen  
**Position:** Director, Chemical and Mining Industry at Sweco Industry, Finland

## **What do you think characterises Sweco as an employer?**

We are in the knowledge business, and that means that the company's success is closely tied to employee development. Sweco invests strategically in development issues, which I have personal experience of from the Next generation Program. Sweco is a truly multicultural group that encourages its employees to cooperate across cultural and organisational boundaries, and that will be an asset in the future.

## **You took part in the Next Generation Program. How has it contributed to your development?**

Perhaps the greatest benefit was the chance to form an international network among motivated fellow participants and Sweco's top management.

During the program we learned more about Sweco's business practices and outstanding engineering capabilities. I am confident that the program has made me a better leader. On 1 January 2012 I will also start in a new position as Director, Chemical and Mining Industry at Sweco Industry.

## **How do you maintain a balance between work and leisure time?**

It's important to pursue interests outside work, otherwise your job will suffer sooner or later. We have flexible hours at work and I make sure that I take time for leisure activities. My family consists of five people and a dog. We like to travel when we have the chance and on the weekends we enjoy cooking. I also try to take the time to exercise and stay in shape.



**Name:** Anna Sorokina  
**Position:** Architect at Sweco LVKP, Russia

## **Why did you choose to start at Sweco?**

I came to Sweco in 2008 as an intern when I was still studying architecture at the university. After several months I knew that I wanted to work in this organisation and I was later hired after graduation. Several factors influenced my decision: friendly staff, interesting work, Sweco's good name and the company's history. The same factors helped me to get through the introduction period smoothly.

## **What projects have you participated in and what would you like to work with in the future?**

During my three years at Sweco I have taken part in many projects and all of these have given me invaluable experience. I want to take more responsibility in the future, to take part in de-

signing large industrial buildings and facilities and to become a highly skilled architect.

## **How do you see your development opportunities in the company?**

I'm glad to work for such a large international company with excellent possibilities for personal development. I continuously gain new knowledge from experienced specialists, am able to master new software programs and design tools and have the chance to develop as a professional. Some employees from my department recently visited Sundsvall, Sweden, where they had the opportunity to exchange knowledge and experience with foreign colleagues. I would also like to participate in similar projects and hope to really develop professionally in the future.

# **BUSINESS ETHICS AND SOCIAL RESPONSIBILITY: STRONG COMMITMENT TO SUSTAINABLE DEVELOPMENT**

**Sweco's consultants work in projects that have an impact on development of society and quality of life, which places high demands on consideration to ecological, ethical and socioeconomic aspects.**

Sweco's commitment to social responsibility is reflected in the company's mission to contribute to sustainable development of society. Based on the employees' combined knowledge and expertise, Sweco makes it possible for clients to carry out their projects with the right quality, good economy and the best possible conditions for sustainable development. We call it sustainable engineering and design.

## **Responsibility and business ethics**

Sweco has a decentralised organisation and a client-driven business model. Each employee is responsible for delivering client-adapted solutions of that are of the right quality and environmentally sound, and in this way has far-reaching individual responsibility for both Sweco's and the client's business. This places significant demands on consideration to ethical and socioeconomic aspects and professional conduct in the best interests of the client.

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

Sweco's CSR policy describes how the employees are expected to conduct themselves and take responsibility in client projects. The policy, which was updated in 2011, covers the areas of business ethics, quality and environment, employee development, human rights, equality and diversity, and occupational health and safety. A review of the CSR policy is part of the About Sweco training course that was completed at the beginning of 2012 and is mandatory for all of the company's employees. In addition, there are group-wide and local guidelines that specify responsibility on a detailed level.

The full version of Sweco's CSR policy is found at [www.swecogroup.com](http://www.swecogroup.com).

## **Quality and environment**

Sweco's consultants always carefully weigh the quality and environmental impacts of the assignments. This is ensured by the management system sweco@work, which is certified according to the ISO 9001 and ISO 14001 standards. The system contains Sweco's group-wide working methods for performance of the assignments and ensures that all necessary help functions are accessible to the employees. The use of standardised methodologies helps Sweco's consultants to work together and guarantees the best possible quality for the client, regardless of the area or country. The system assures the quality of the assignment process and management of quality, environment and OHS parameters. The uniform approach to both large and small projects results in higher efficiency and optimal assignment management.



## **AWARD-WINNING ECOSYSTEM**

For more than 25 years Sweco has been presenting the Swedish Energy Prize to acknowledge energy-saving ideas and innovations. The prize for 2011 went to the Municipality of Norrköping for the Händelö energy cluster. In the cluster, companies like E.ON, Lantmännen Agroetanol and Svensk Biogas are cooperating in an industrial ecosystem where they generate a higher exchange of energy and greater climate benefits than each company could achieve on its own.



## **PARTNERSHIP FOR DIVERSITY**

In Norway Sweco is a cooperation partner to Global Futures, a career development program by the Confederation of Norwegian Enterprise (NHO) to mobilise highly educated individuals with a multicultural background for relevant positions and directorships in the private and public sectors.



In 2011 Sweco's assignment managers were given a new set of guidelines, "Environmental Management in Assignments", that will facilitate the dialogue with clients to reduce environmental impact throughout each assignment. The management system has also been prepared for OHSAS 18001 – an international standard for occupational health and safety management systems. Acquired units are certified on an ongoing basis.

The employee performance review, Sweco Talk, secures the employees' need for ongoing education and training. The knowledge and experience that they gain in the assignments is preserved and developed for future use. By continuously evaluating the assignments, Sweco actively pursues continuous improvements.

### Direct environmental impact

In Sweco's own operations, direct environmental impact is attributable to the company's office environments and business trips. Through structured internal activities, training and effective contract negotiation processes in which Sweco sets high environmental criteria, Sweco strives to achieve the best possible energy performance and use the most suitable technical systems in its own office environments. During 2011–2012 Sweco is renovating its head office in Stockholm, where more than 1,600 employees will work. The goal is for the building to achieve the "Gold" level in the Sweden Green Building Council's environmental certification system, with an emphasis on energy usage, the working environment and material selection.

There are clear directives for travel. The company's employees are expected to choose eco-friendly modes of transport and, when possible, to replace business trips with tele- or videoconferences. Newly purchased cars should be environmentally-classified vehicles (ECVs).

In 2011 Sweco continued its efforts to reinforce the employees' knowledge in the sustainability area. Among other things, Sweco has a group-wide, web-based sustainability course that is a mandatory part of the introduction for new employees.

### INITIATIVES IN 2011

As an acknowledged leader in sustainable development, it is vital to maintain a wide-ranging commitment. Sweco therefore provides support and inspiration and acts as a speaker in a number of different initiatives and partnerships that contribute to greater knowledge.

- Expert assistance and analysis in issues related to energy, sustainable cities and climate change. For example, Sweco participated in the annual political week in Almedalen, Sweden.
- Spreading of knowledge about sustainable development of society through the following forums, among others: the Swedish Green Building Council, Renewal in the Civil Engineering Industry, the Swedish Federation of Consulting Engineers and Architects' sustainability group, the Swedish Association for Environmental Management, the Norwegian Society of Graduate Technical and Scientific Professionals, buildingSMART, the Norwegian Mining and Quarry Industries and the International Federation of Consulting Engineers (FIDIC).
- Further development of sustainability concepts. Sweco has organised a Partner Arena event for 30 of the company's co-operation partners.
- Observation and transfer of knowledge to national leaders and decision-makers in connection with international climate meetings. Sweco has attended several of the UN's climate summits, most recently COP17 in Durban, South Africa.
- Financial sponsorship and expertise in sustainable urban development. Sweco is a member of the Beyond Skiing 2015 Foundation, a special interest association of businesses and organisations supporting preparations for the FIS Nordic World Ski Championships in Falun, Sweden, in 2015.
- Connections with the academic sphere. Sweco collaborates in research in different areas and accepts students working on thesis projects.



### KOUK KHLIANG YOUTH CENTRE

In Cambodia, Finnish architectural students have designed a youth centre in cooperation with local human rights organisations. The young people who will use the youth centre have contributed to the design by describing their needs and aesthetic preferences. The project has used environmentally sustainable building methods and eco-friendly materials that are suited to the Cambodian culture and climate. Sweco has provided financial backing for the project.



### DOCTORS WITHOUT BORDERS

Sweco has collaborated with Doctors without Borders/Médecins Sans Frontières (MSF) since 2009 and provides financial donations to the organisation. Sweco's employees can also take a leave of absence to apply their architectural and engineering skills in the field. Their expertise in construction management, transport, logistics and the water and environmental area have already been put to good use.

# BOARD OF DIRECTORS' REPORT

The Board of Directors and the President of SWECO AB (publ) hereby submit the annual report and consolidated annual report for the financial year 2011.

SWECO AB (publ) domiciled in Stockholm, corporate identification number 556542-9841, is the Parent Company of the Sweco Group. The engineers, architects and environmental experts at Sweco are working together to develop total solutions that contribute to the creation of a sustainable society. Sweco delivers professional consulting services with a high knowledge content throughout the client's entire project chain, from feasibility studies, analyses and strategic planning to engineering, design and project management. With around 7,400 employees, Sweco is among the largest players in Europe. In 2011 Sweco carried out some 30,000 projects for more than 10,000 clients. Sweco has a local presence in 12 countries and conducts project exports to some 80 countries worldwide.

## SWECO GROUP

Sweco has an efficient and client-driven organisation. Based on Sweco's decentralised and result-oriented business model, all energy can be focused on the company's business and work in the client projects. The Parent Company is responsible for group-wide functions. Operations are conducted in six business areas:

Sweco Sweden  
Sweco Norway  
Sweco Finland  
Sweco Central & Eastern Europe  
Sweco Russia  
Sweco Industry

Sweco is well poised to continue growing with profitability. Sweco has market-leading positions in Sweden, Norway and Finland and solid niche positions in several countries in Central and Eastern Europe. Sweco's home markets have generally stronger GDP growth and healthier state finances than the European average.

Sweco has a highly respected brand among its clients and is regarded as an attractive employer in the labour market. With a profitability and financial strength at the top of the industry, Sweco has capacity to grow faster than the market average, both organically and through acquisitions.

2011 was characterised by strong growth. During the year Sweco acquired companies in Sweden, Norway, Poland, Russia,

Estonia and Slovakia with a total of around 600 employees.

The year's acquisitions included two Russian firms in the transport sector with 260 employees and the consulting operations of Norwegian-based NEAS with some 70 employees.

At the end of 2011 an agreement was signed to acquire Finland's FMC Group with annual sales of approximately EUR 80 million and around 1,100 employees. FMC Group is the Finnish market-leader in structural engineering and also has strong positions in areas like building service systems and industrial engineering. The transaction has significantly strengthened Sweco's positions in the Nordic market. Through the acquisition, Sweco will become the second largest engineering consultancy in Finland and the market-leader in total solutions for sustainable urban development.

The acquisition of FMC Group, which was completed at the beginning of 2012, will give Sweco annual sales of approximately SEK 6.7 billion and a total of around 7,400 employees.

2011 started with good demand in all of Sweco's markets. In particular, the Swedish market and the construction and infrastructure sectors showed solid growth during the year. Another stand-out was the Finnish market, which stabilised and among other things noted rising demand for Sweco's industry-related consulting services.

The generally high level of demand also continued through the second half of the year, in spite of the European debt crisis and a slowing economic trend. Growing concern about the future direction of the economy is contributing to widespread uncertainty about market development.

There are powerful drivers that are boosting demand for consulting engineering services. These are related to urbanisation and rising living standards, which are among other things contributing to a need for infrastructure, industrial production, energy production and construction. At the same time, there are increasingly stringent requirements for sustainable development of society and adaptation to climate change. This is stimulating demand for energy efficiency improvements, environmental impact assessments, renewable energy solutions, effective traffic planning and services related to water supply, wastewater treatment and site remediation.

## CONSOLIDATED SALES AND PROFIT

The Sweco Group's net sales increased by 14 per cent to SEK 5,987.6 million (5,272.4). Organic growth was 9 per cent and

### Net sales, operating profit, operating margin and average number of employees for January–December 2011

Business area	Net sales, SEK M		Operating profit, SEK M		Operating margin, %		Average number of employees	
	2011	2010	2011	2010	2011	2010	2011	2010
Sweco Sweden	3,596.7	3,103.9	412.3	334.2	11.5	10.8	2,907	2,571
Sweco Norway	1,401.8	1,296.6	125.9	130.8	9.0	10.1	994	913
Sweco Finland	92.4	81.9	7.3	7.2	7.9	8.8	73	64
Sweco Central & Eastern Europe	256.5	278.2	1.6	7.3	0.6	2.6	823	749
Sweco Russia	109.7	28.5	10.3	3.4	9.4	11.8	306	97
Sweco Industry	649.4	536.6	24.9	1.5	3.8	0.3	653	579
Group-wide, eliminations	-118.9	-53.3	-51.0	-51.7	-	-	16	13
<b>Total Group</b>	<b>5,987.6</b>	<b>5,272.4</b>	<b>531.3</b>	<b>432.7</b>	<b>8.9</b>	<b>8.2</b>	<b>5,772</b>	<b>4,986</b>

acquisition-driven growth was 6 per cent. Foreign exchange effects resulting from a stronger Swedish krona had a negative impact on growth of 1 per cent.

Operating profit rose by 23 per cent to SEK 531.3 million (432.7). The increase of SEK 98.6 million is explained mainly by a strong profit in Sweco Sweden and higher earnings for Sweco Industry. Consolidated profit was affected by costs of SEK 11.5 million (9.8) in connection with acquisition activities.

Sweco Sweden reported a strong operating profit that was up by around 23 per cent and reached SEK 412.3 million (334.2). The improvement in earnings is attributable to a robust market and healthy growth.

Sweco Norway's operating profit amounted to SEK 125.9 million (130.8) and operating margin was 9.0 per cent (10.1). Compared to the previous year, profit was affected by an increase in project write-downs of approximately SEK 17 million.

Sweco's operations in Central and Eastern Europe showed a year-on-year drop in earnings that was primarily attributable to structural measures in the infrastructure area in Poland.

Profit in Sweco Industry improved over the previous year, mainly owing to a better market situation in Finland. The industrial units in Sweden and Norway showed continued high earnings.

Operating profit for Sweco Russia was SEK 10.3 million (3.4) and operating margin was 9.4 per cent (11.8). The increase in profit is mainly an accretive effect of past acquisitions.

Employee bonuses were charged to the Sweco Group's earnings in a total amount of SEK -126.6 million (-102.5) including social security expenses and pension costs.

The Group's overall operating margin was 8.9 per cent (8.2). The billing ratio, including all administrative personnel, was 73.9 per cent (73.4).

Profit before tax amounted to SEK 526.8 million (423.7). The Group's net financial items totalled SEK -4.5 million (-9.0), and included foreign exchange effects of SEK -1.6 million (-5.7).

Profit after tax was SEK 374.8 million (299.9).

Return on equity was 25.6 per cent (19.9) and return on capital employed was 34.2 per cent (26.5).

No significant transactions with related parties took place during the year.

#### EARNINGS PER SHARE

Earnings per share were SEK 4.11 (3.31) before dilution and SEK 4.11 (3.28) after dilution.

#### INVESTMENTS

Capital expenditure on equipment totalled SEK 115.7 million (69.8) and referred mainly to computers and other IT investments. Depreciation of equipment amounted to SEK 76.6 million (71.0) and amortisation of intangible assets was SEK 31.3 million (22.1).

Consideration paid for the acquisition of companies amounted to SEK 278.6 million (86.6) and the effect on consolidated cash and cash equivalents was SEK -221.3 million (-63.1).

#### CASH FLOW AND FINANCIAL POSITION

The Group's cash flow from operating activities was strong at SEK 513.0 million (341.8).

Cash and cash equivalents amounted to SEK 219.6 million (376.7). Disposable cash and cash equivalents including unutilised bank overdraft facilities at the end of the period totalled SEK 687.8 million (946.5). Interest-bearing debt is reported at SEK 78.7 million (136.6). The net interest-bearing receivable was SEK 140.9 million (240.1).

Dividends were paid to Sweco AB's shareholders in a total amount of SEK 272.8 million (355.7) during the year.

The ratio of net debt to equity was -9.4 per cent (-16.8). The equity/assets ratio was 46.2 per cent (47.8).

#### EMPLOYEES

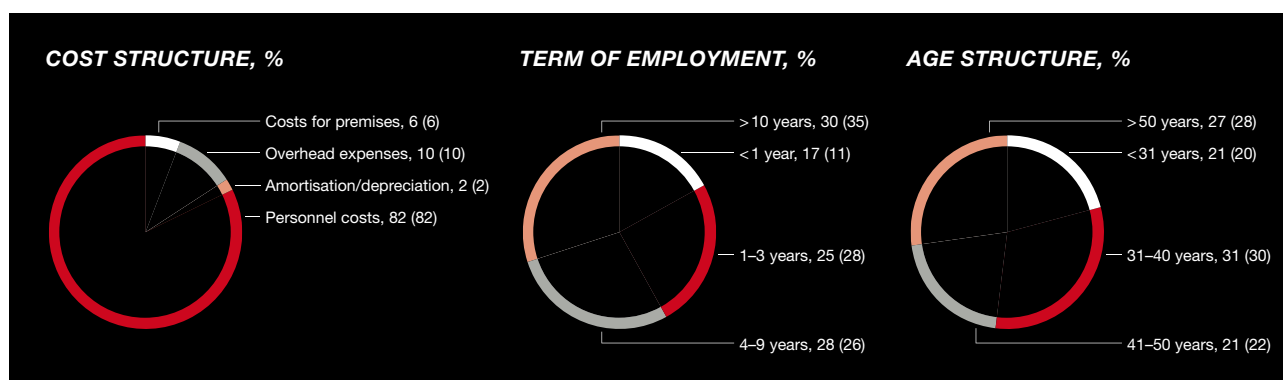
The number of employees at 31 December 2011 was 6,324 (5,418), an increase of 906. A total of 1,093 employees (656) were hired during the year, 784 resigned or retired (599), 0 left in connection with the sale of operations (77) and 597 were added through acquisitions (301). The employee turnover rate was 13 per cent (11). The average number of employees in the Group during the period was 5,772 (4,986).

#### PARENT COMPANY

The Parent Company recorded net sales of SEK 80.3 million (49.1), all of which refers to intra-group services. Profit after net financial items was SEK 411.2 million (240.7). Capital expenditure on equipment amounted to SEK 1.4 million (0.3) and cash and cash equivalents at the end of the period totalled SEK 60.7 million (211.2).

#### THE SWECO SHARE

Sweco is listed on NASDAQ OMX Stockholm. The bid price for the Sweco B share at 31 December 2011 was SEK 57.50, a decrease of 1 per cent during the year. The OMX Stockholm



General Index fell by 17 per cent over the same period. The total return on the Sweco share during the year was 3.5 per cent.

At the request of shareholders, 3,399 class A shares were converted to class B shares during the year with the support of the conversion clause in the Articles of Association. The total number of votes thereafter amounts to 17,598,793.1, of which the class A shares correspond to 9,385,676 votes and the class B shares to 8,213,117.1 votes.

The total number of shares at the end of the period was 91,516,847, of which 9,385,676 are of class A and 82,131,171 are of class B. After deduction of treasury shares, the number of shares outstanding at the end of the period was 90,719,827, of which 9,385,676 are of class A and 81,334,151 are of class B.

### 2011 Share Savings Scheme

The 2011 Annual General Meeting resolved to implement a long-term share savings scheme directed to senior executives in the Sweco Group.

Under the 2011 Share Savings Scheme, the participants may use their own funds to acquire class B shares in Sweco ("saving shares") on NASDAQ OMX Stockholm for an amount equivalent to no more than 5 to 10 per cent of the respective participant's basic annual salary for 2011. If the saving shares are held until the publication date of the year-end report for the 2014 financial year ("the lock-up period") and the participant remains employed in his/her position or an equivalent position in the Sweco Group throughout the lock-up period, each saving share shall thereafter grant entitlement to the free-of-charge award of one class B share in Sweco ("matching shares") and – provided that the performance targets have been met – to an additional number of not more than one to four class B shares in Sweco ("performance shares"). The grant of performance shares is conditional on a positive total return for the Sweco share, and is also dependent on the Sweco share's total return in relation to a group of comparable companies.

Through the Share Savings Scheme, 36 senior executives have acquired around 43,000 saving shares, which means that a maximum of 149,000 shares may be granted if the predetermined targets are met. In accordance with IFRS 2, the cost of the 2011 Share Savings Scheme is estimated at approximately SEK 5.4 million (including social security expenses) and will be expensed on a straight-line basis over the lock-up period.

### Treasury shares

During the year Sweco repurchased 237,947 class B shares for SEK 13.6 million, which is equal to SEK 57.36 per share. At 31 December 2011 Sweco held a total of 797,020 class B treasury shares that can be used as consideration in acquisitions. The treasury shares correspond to 0.9 per cent of the total number of shares and 0.5 per cent of the votes. The shares were repurchased at an average price of SEK 32.63 each, equal to a total of SEK 26.0 million. The market value of the shares at the end of the period was SEK 45.8 million.

A total of 795,000 class B treasury shares were used for the acquisition of FMC Group at the beginning of 2012, after which the holding of Sweco class B treasury shares amounts to 2,020.

## SWECO'S BUSINESS AREAS

### Sweco Sweden

Net sales and profit	2011	2010
Net sales, SEK M	3,596.7	3,103.9
Operating profit, SEK M	412.3	334.2
Operating margin, %	11.5	10.8

Sweco Sweden is the country's leading provider of consulting engineering services and the Group's largest business area, with over 3,200 employees in some 50 locations. Services are offered in the areas of Architecture, Structural Engineering, Building Service Systems, Infrastructure, Water & Environment, Project Management, Energy Systems, Geographic IT and Institutional Services. Sweco Sweden has extensive project exports to countries in Eastern Europe, Africa, Asia, the Middle East and Latin America.

2011 was characterised by a favourable market in all service segments. Ongoing growth is anticipated in the infrastructure and energy areas, particularly for services related to hydroelectric power. The market for water and environmental services is good both in Sweden and internationally, above with regard to water supply (treatment, distribution and surface water management). The market for building-related services for industrial, private construction and real estate companies also remains strong. Interest in Sweco's service offering in sustainable urban development is showing steady growth both in Sweden and globally. Continued positive development is also awaited for geographical IT.

### Sweco Norway

Net sales and profit	2011	2010
Net sales, SEK M	1,401.8	1,296.6
Operating profit, SEK M	125.9	130.8
Operating margin, %	9.0	10.1

Sweco is one of Norway's leading engineering consultancies, with close to 1,100 employees. The Norwegian business area, which also has some project export operations, is organised in six divisions: Energy, Water & Environment, Building & Construction, Infrastructure, Building Service Systems and Vest.

The Norwegian market showed stable development in 2011. In the transport sector there is a far-reaching need for upgrading of both the road and railway network. The construction sector is seeing continued growth in residential building, mainly in central locations. In addition there is a rising demand for energy-efficient solutions for buildings and facilities, and this applies to both residential and commercial properties. A new joint Norwegian/Swedish electricity certificate system is expected to create a better market for services related to renewable energy, primarily hydro and wind power. An urgent need for modernisation of the country's water and wastewater systems is also generating good long-term demand for Sweco's services.

**Sweco Finland**

Net sales and profit	2011	2010
Net sales, SEK M	92.4	81.9
Operating profit, SEK M	7.3	7.2
Operating margin, %	7.9	8.8

The business area has around 70 employees in the subsidiary Sweco PM, which provides project management services to clients in the infrastructure, construction and industrial sectors.

Demand for Sweco PM's services has remained stable. Major road and railway projects have among other things contributed to greater demand for related commercial and public buildings. Industrial investments showed continued recovery in the fourth quarter and new tendering and procurement methods have created a good market for Sweco's project managers. Indicators of weaker market development in the construction and civil engineering sector over the next few years have grown stronger, but no dramatic changes are awaited in Sweco PM's areas of activity. New customer segments and new types of project management assignments are expected to compensate for a possible downturn in the existing market.

**Sweco Central & Eastern Europe**

Net sales and profit	2011	2010
Net sales, SEK M	256.5	278.2
Operating profit, SEK M	1.6	7.3
Operating margin, %	0.6	2.6

Sweco Central & Eastern Europe has more than 900 employees and is active in Estonia, Lithuania, Poland, the Czech Republic, Slovakia and Bulgaria.

The ongoing adaptation to EU standards in Central & Eastern Europe is continuing to benefit the business area, whose services are concentrated in the water, environment, energy and infrastructure areas.

The Baltic states, Slovakia and Bulgaria are noting increased demand for Sweco's services related to energy, water and environment. Demand in the Baltic region is also good with regard to industry-related assignments and projects with private investors. In Poland, the infrastructure market remains weak while demand for services in the water and environment areas is strong. Continued price pressure is being felt throughout the business area, which has primarily affected operations in Poland and Lithuania.

**Sweco Russia**

Net sales and profit	2011	2010
Net sales, SEK M	109.7	28.5
Operating profit, SEK M	10.3	3.4
Operating margin, %	9.4	11.8

Sweco Russia has around 370 employees and is active in the areas of Infrastructure and water and environmental services. Sweco Russia is also responsible for coordination of project exports from the other business areas to Russia.

Public finances are improving steadily and thereby driving

investments in public infrastructure. The healthier Russian economy is also visible in the form of increased industrial investments, above all in the raw materials sector. Although the debt crisis in the West is giving rise to uncertainty in a mid-term perspective, major events such as the winter Olympics in 2014 and the FIFA World Cup in 2018 are creating favourable market conditions for the long term.

**Sweco Industry**

Net sales and profit	2011	2010
Net sales, SEK M	649.4	536.6
Operating profit, SEK M	24.9	1.5
Operating margin, %	3.8	0.3

Sweco Industry is the Group's resource for qualified industrial consulting services. The business area's capabilities include consulting, planning, engineering and project management services for product optimisation and plant investment. With some 440 employees in Finland, 230 in Sweden and 20 in Norway, Sweco Industry is one of the Nordic region's largest industrial engineering consultancies. Sweco Industry also has extensive operations in Russia, Eastern Europe and South America. The business area works with a focus on the energy, chemical and petrochemical, pulp and paper, mining and mineral industries, as well as offshore projects and product development.

The market situation for Sweco's industrial consultants in Finland improved markedly during 2011 after a period of very low activity, and there are no signs of slowing. The share of more long-term assignments is rising and there is a growing need for new recruitment. Market development in Sweden and Norway has also remained good. In the energy area, increased investments are being seen in biogas facilities and biomass power plants, which is stimulating demand for Sweco's services in both Finland and Sweden. Both the Swedish and Finnish mining industries are investing heavily in new production facilities, which is benefiting demand in the civil engineering area. Substantial investments are being planned in the chemical industry, but so far there is a lack of truly large-scale projects. One general trend is that the number of feasibility studies for major investments has increased in all segments.

**ASSIGNMENTS IN 2011**

In 2011 Sweco was awarded a contract for planning of Facebook's new data centre in Luleå, Sweden, the company's first facility outside the USA. In addition, Sweco was commissioned to provide extensive planning and design services for expansion of the mining company Boliden's ore production in Garpenberg, Sweden. Sweco's consultants have also been contracted for several major energy assignments in Africa, in countries like Tanzania, Kenya and Zambia. In 2011 Sweco won the Kasper Salin Prize for Station Triangeln in Malmö, one of the rail stations built as part of the recently completed City Tunnel project. The Kasper Salin Award is regarded as the most prestigious architectural prize in Sweden.

In Norway Sweco was chosen to study and propose technical solutions to double the capacity at Oslo's Bekkelaget municipal wastewater treatment plant. Sweco also secured a large-scale

planning contract for modernisation of the Norwegian defence's helicopter base in Bardufoss, among other things with new office facilities and workshops. Additional assignments include engineering design of a new hydropower plant in Govdessaåga in Nordland.

In Finland Sweco is responsible for project management in connection with rebuilding of Helsinki's central train station and construction of an approach road to the Port of Turku. Sweco's Finnish project managers have also signed a national framework agreement to provide construction management services to Senatfastigheter.

Notable new assignments in Central and Eastern Europe include contracts for the modernisation of several wastewater treatment plants in Estonia and design services for the planned subsea power cable between the Baltic and Nordic regions, NordBalt. In Lithuania, Sweco was awarded a major contract by Rail Baltica. New assignments in Poland include upgrading of a water reservoir in Szalejów Górny and a hotel expansion project in Warsaw. In the Czech Republic, Sweco will modernise the wastewater treatment plants in Kutna Hova and Caslav. Sweco's Bulgarian consultants will take part in the construction of Sveta Petka Hydropower, a new hydropower plant in Macedonia.

Sweco's Russian consultants were commissioned for several sizeable assignments, particularly towards the end of the year, such as a contract for wastewater treatment at the Lebedinskiy iron ore mine, studies and design services for the Port of Ust-Luga and planning and design work for roads in the Olympic city of Sochi.

Sweco's industrial consultants won a large-scale contract to provide services for Stora Enso's investment in a new paper machine at its Polish facility Ostroleka Mills. In Sweden, contracts have been signed with clients like Metso Minerals, Boliden and LKAB.

## ACQUISITIONS

The following acquisitions gave the Sweco Group approximately 600 new employees during 2011. An additional 300 employees were added through organic growth.

### Sweco Sweden

In 2011 Sweco acquired Axro Consult, with 35 employees and offices in Gothenburg, Jönköping and Skövde. Axro has core expertise in building service systems for the healthcare sector.

In the past year Sweco also acquired the City of Stockholm's Office of Research and Statistics, USK, with 33 employees. USK has provided clients like the City of Stockholm with statistics, forecasts, research and studies on issues related to regional development.

In addition, Sweco has acquired Inmind Scandinavia AB, active in Intelligent Transport Systems (ITS) with 11 employees, K-Konsult Elteknik i Gävle AB with four employees, the construction engineering company Metrix AB with nine employees and TD VVS-konsult AB with five employees.

### Sweco Norway

Sweco has acquired the Norwegian facility management company NEAS's consulting operations with a focus on fire protection, security, project management and advice related to planning and

building rules. The acquired units have a total of 71 employees at offices in Trondheim, Stavanger, Bergen, Stokke, Skien and Oslo.

In Norway Sweco has also acquired Oppland Bygg Consult AS with 23 employees and operations in construction and project management. An additional acquisition in Norway was Kilde Akustikk AS with 10 employees, which among other things offers services related to acoustics and vibrations.

### Sweco Central & Eastern Europe

In Poland Sweco acquired the architectural operations of APA Markowski Architekci with a total of 20 employees in Warsaw during the year.

In Lithuania Sweco has acquired UAB Energetikos Linijos with 34 employees. The company's offering includes services for CHP plants, district heating and biogas facilities.

In Slovakia Sweco has acquired 80 per cent of the shares in Hydrocoop spol. s r.o in Bratislava. Hydrocoop is a provider of consulting services in water and environment and has 22 employees.

In Estonia Sweco has acquired Vealeidja OÜ, one of the country's leading project management companies with 31 employees. Through the acquisition, Sweco has widened its service offering and strengthened its positions in the Estonian market.

### Sweco Russia

In Russia Sweco has acquired the two infrastructure consulting companies OOO IKTP and ZAO NIPI with a total of 264 employees. Both companies are leading engineering consultancies in the transport sector. IKTP is active mainly in civil engineering and NIPI in studies and strategic planning. Through the acquisitions, Sweco will significantly advance its positions in Russia and increase the number of consultants in the country to around 370.

### Sweco Industry

Sweco has acquired the Swedish industrial consultant PROWS Industry & Management AB, with 25 employees. The company offers consulting engineering services to clients primarily in the industrial and healthcare sectors.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

### Acquisitions

After the end of the year, Sweco acquired the Finnish engineering consultancy FMC Group (whose parent company is Finnmap Consulting Oy) with annual sales of approximately EUR 80 million and around 1,100 employees. The transaction will create the second largest engineering consultancy in the Finnish market.

The enterprise value of the acquisition is EUR 65 million and was paid for through a combination of cash consideration and 795,000 Sweco class B treasury shares. FMC Group is the Finnish market-leader in structural engineering and also has strong positions in areas like building service systems and industrial engineering. FMC Group reported an operating profit (EBITA) of EUR 9.4 million for the financial year 2010/2011. FMC Group has offices at 21 locations in Finland and operations in the Baltic countries, Poland, Russia and India. The group includes companies like Finnmap Consulting, Aaro Kohonen and the Airix companies.

After the end of the year Sweco has also acquired Pyramide AS in Norway with 13 employees and operations in project and construction management.

**Other events**

After the end of the period, Åsa Bergman was appointed as the new President of Sweco Sweden. Åsa Bergman comes most recently from a position as President of Sweco Management.

**THE BOARD'S PROPOSED PRINCIPLES FOR SALARY AND REMUNERATION TO SENIOR EXECUTIVES FOR DECISION BY THE 2012 ANNUAL GENERAL MEETING**

The Sweco Group's objective is to offer a competitive and market-based level of remuneration that makes it possible to recruit and retain qualified senior executives. Remuneration to senior executives consists of basic salary, variable salary, pension, other remuneration and share-based incentive schemes.

**Basic salary and variable salary**

The level of remuneration shall be based on factors such as work duties, expertise, experience, position and performance. Furthermore, the relationship between basic and variable salary shall be proportionate to the responsibilities and powers of the individual in question. Variable salary shall be based on the attainment of predetermined and measurable targets that are designed to promote the company's long-term value creation. The maximum amount of variable salary for the President and Vice President is 75 per cent of basic salary. For other senior executives, the maximum amount of variable salary is 50 per cent of basic salary. The variable salary component is based on actual outcomes in relation to predetermined profitability targets. The targets for the President and other senior executives are established by the Board of Directors.

**Pension**

The pension terms of the President and other senior executives shall be market-based in relation to that which is generally applicable for comparable executives in the market and shall normally be based on defined contribution pension solutions.

**Other remuneration**

Other remuneration may be awarded and may consist primarily of company car and mobile telephone benefits.

**Share-based incentive schemes**

Senior executives in the Sweco Group may be offered various forms of incentive schemes on market-based terms. The motive for share-based incentive schemes is to achieve an increase and spread of share ownership/exposure among the senior executives and to achieve a greater alignment of interests between senior executives and the company's shareholders. A long-term personal share ownership commitment among key personnel can be expected to stimulate greater interest in the company's operations and profit growth, and to increase motivation and solidarity with the company.

Decisions regarding share-based incentive schemes shall always be resolved on by an Annual General Meeting or Extraordinary General Meeting.

**Notice period and termination benefits**

In the event of dismissal by the company, the President shall receive termination benefits equal to a maximum of 16 monthly salaries. In the event of his resignation, the President has a six-

month notice period. A maximum notice period of 16 months shall apply even if the President resigns in the event of a change in circumstances whereby the company's principal owner is other than the two currently largest shareholders.

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

**Other**

These principles shall apply to agreements entered into after the decision of the Annual General Meeting and any changes in existing agreements made after this date, to the extent that this is permitted under the existing agreements. The Board shall have the right to deviate from the principles in individual cases when there is special reason to do so.

**BOARD PROPOSALS****Dividend**

The Board proposes a dividend of SEK 3.00 per share (3.00), amounting to a maximum capital distribution of SEK 274.6 million (272.8).

Based on the balance sheet at 31 December 2011, the ratio of net debt to equity after the proposed dividend will be approximately 11 per cent.

**Repurchase and transfer of treasury shares**

The Board of Directors has decided to propose that the 2012 Annual General Meeting authorise the Board to decide on the repurchase of treasury shares. This mandate would enable the Board, during the period before the next Annual General Meeting, to decide on the repurchase of Sweco shares when deemed appropriate. The number of repurchased shares may amount to no more than 10 per cent of the total outstanding share capital, in accordance with the applicable legislation. The repurchase may be carried out over the stock exchange or through an offer to the shareholders. The Board's authorisation is also proposed to include the right to transfer treasury shares.

**2012 Share Savings Scheme**

The Board has furthermore decided to propose that the 2012 Annual General Meeting approve the implementation of a long-term share savings scheme for up to 80 senior executives and other key staff in the Sweco Group.

**ANNUAL GENERAL MEETING**

The Annual General Meeting will be held on Tuesday, 17 April 2012, at Hotel Courtyard by Marriott, Rålambshovsleden 50, in Stockholm.

**OUTLOOK FOR 2012**

The market for consulting engineering and architectural services is generally good, although there is continued uncertainty about future market development. Sweco's ambition is to achieve sustained profitable growth by strengthening its market positions in the Nordic region and in Central and Eastern Europe. Sweco's healthy finances, leading market positions in several important growth areas and wide offering of services provide a solid platform for stable long-term development.

# CORPORATE GOVERNANCE REPORT

## GENERAL ABOUT SWECO

Sweco AB is a public limited company domiciled in Stockholm, Sweden. Sweco's corporate governance is regulated by the Swedish Companies Act, the Articles of Association, NASDAQ OMX Stockholm's Rules for Issuers, the Swedish Code of Corporate Governance and other applicable Swedish and international laws and rules. Sweco's Board of Directors and management strive to live up to the requirements of the shareholders, other stakeholders and NASDAQ OMX Stockholm regarding sound and effective corporate governance. Sweco's governance, management and control are divided between the shareholders at the Annual General Meeting, the Board of Directors and the President in accordance with the Swedish Companies Act and the Articles of Association. Sweco's corporate governance report has been prepared in compliance with the Swedish Code of Corporate Governance and the Swedish Companies Act, and has been examined by the company's auditors.

## BUSINESS MODEL AND ASSIGNMENT MANAGEMENT

Sweco's business model is to create value through the delivery of professional consulting services. In Sweco's decentralised organisation, the individual consultants form the hub of operations. Since every individual 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.

To a large extent, Sweco's activities are carried out in the form of projects. The project teams vary with consideration to project size, location and complexity. Each assignment is headed by a responsible assignment manager whose day-to-day work is facilitated by Sweco's group-wide management system, sweco@work. The system, which is quality and environmentally certified according to ISO 9001:2008 and 14001:2004, promotes effective project management and a consistent approach to the assignment process and client relationship. Sweco@work supports both large and complex projects and smaller undertakings and gives every assignment manager access to up-to-date financial management data for his or her projects. The system and its usage are audited every year by the independent quality assurance organisation LRQA, and also undergo continuous internal audits.

The task of the consultants is to deliver sustainable, client-adapted solutions with a high knowledge content, of the right quality for the benefit of the client's business. The Group's business system is centred around the assignment process and is accessible to the consultants at all times. Sweco pursues continuous improvements to develop the company's working methods, promote sustainability and support the employees. Strategic skills development programs are used to meet the consultants' need for ongoing education and training. The knowledge and experience gained by the consultants in the assignments is preserved and developed for future use.

## ETHICS, RESPONSIBILITY AND COMMITMENT

Sweco's mission is to actively contribute to sustainable development of society. In all operations, Sweco strives to uphold the highest standards of conduct and business ethics, with objective and independent employees who act professionally and in the clients' best interests.

Virtually all of Sweco's activities affect the environment and society in some way. Sweco is often involved in the early stages of a project, which creates an obligation to take responsibility but also provides ample opportunities to exert an influence. Sweco strives to carefully weigh the possible consequences when faced with matters relating to the quality and environmental impact of the assignments. As a result of Sweco's decentralised organisation, these decisions are ultimately made by the individual consultants.

Sweco's consultants serve as advisors to companies, public agencies, ministries and national governments in projects that have a direct impact on development of society and quality of life, a fact that places considerable demands on integrity and consideration to ethical and socioeconomic aspects. In order to be a socially responsible corporate citizen in every way, Sweco works continuously to enhance the individual employees' awareness of the Group's attitudes towards ethical conduct.

Sweco is represented in many countries and always acts in compliance with local and international laws and regulations. Sweco does not accept corruption, bribes or unpermitted competition-restricting practices. No one at Sweco may, directly or indirectly, request or accept improper payment or other types of improper gifts, nor may anyone at Sweco, directly or indirectly, offer payment or other types of compensation that can be regarded as improper to individuals, organisations or companies. The employees may not engage in activities where there is a risk for conflict with Sweco's interests. No employee may exploit his or her position for personal gain at the expense of the company, the clients or business partners.

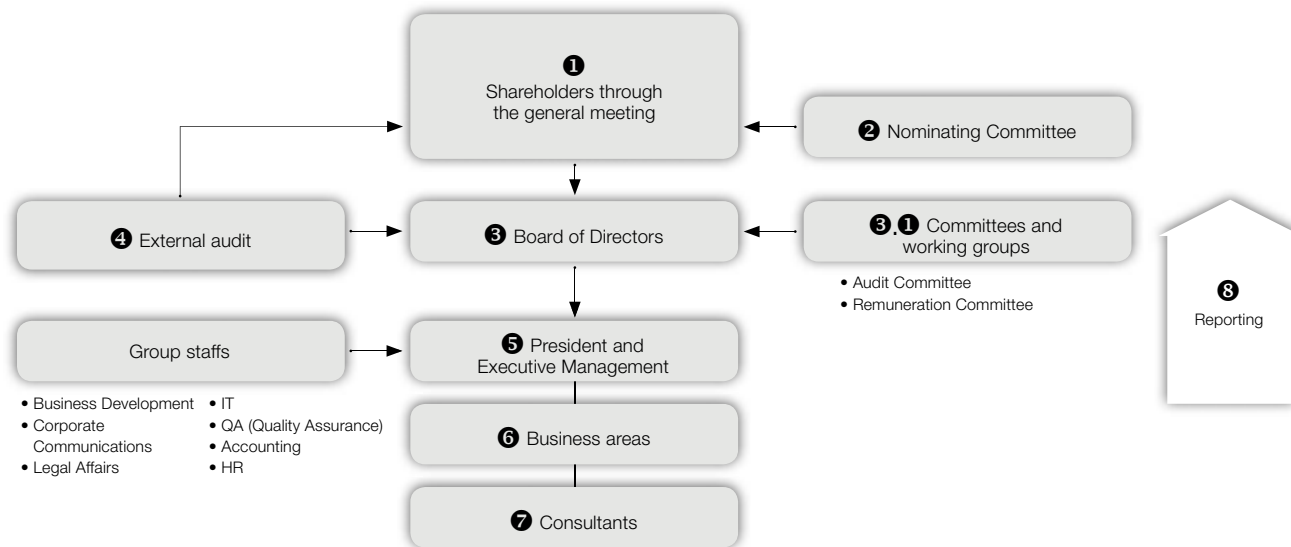
Sweco gives consideration to the religions, cultures, working conditions and traditions of different countries and regions and respects basic freedoms and rights. Sweco sees diversity as essential in creating an innovative and inspiring working environment and actively promotes the equal rights and opportunities of employees in the workplace regardless of their gender, ethnic origin, nationality, religious beliefs, disabilities, sexual orientation, age, etc.

In its CSR policy, Sweco establishes the company's and employees' basic views with regard to Corporate Social Responsibility and thereby defines the company's responsibilities in society. The CSR policy covers the areas of business ethics, quality and environment, employee development, human rights, equality and diversity, and occupational health and safety. Group-wide and local guidelines specify responsibility in each area with a greater level of detail.

Sweco supports the Code of Ethics formulated by the International Federation of Consulting Engineers (FIDIC) and strives to act according to the principles in the UN's Global Compact and the UN Declaration of Human Rights.



Corporate governance at Sweco



Internal policies and processes that affect Sweco's governance:

- Sweco's business model
- Internal control
- The Board's procedural rules
- Instructions for the President & CEO
- Authorisation and signatory rules
- Finance policy
- CSR policy
- Corporate communications policy
- IT security policy
- Crisis management policy
- Insurance and legal instructions
- Financial instructions
- Manual for financial accounting and reporting in the Group
- Sweco@work
- Quality and environmental policy

External rules and recommendations that affect Sweco's governance:

- The Swedish Companies Act
- The Swedish Code of Corporate Governance
- NASDAQ OMX Stockholm's Rules for Issuers
- Laws and regulations in the countries where Sweco operates
- Rules and recommendations in the International Federation of Consulting Engineers' (FIDIC) Code of Ethics
- The UN's rules and recommendations and the principles in the Global Compact
- The OECD's guidelines for multinational companies
- Guidelines from the World Bank, Sida, the OECD, NORAD and other international organisations for assignments in different countries

Responsibility for compliance with the CSR policy and the above-mentioned guidelines is shared by all of Sweco's employees. All employees are obligated to familiarise themselves with and follow the contents of the policy and the guidelines, and to also encourage external partners to apply these principles.

## ORGANISATION

### 1. SHAREHOLDER GOVERNANCE THROUGH THE GENERAL MEETING OF SHAREHOLDERS

The general meeting of shareholders is Sweco's highest decision-making body through which the shareholders exercise their influence over the company. Shareholders who are recorded in the share register on the record date and have notified the company by the specified date have the right to participate in a general meeting and to vote all of their shares. Decisions of the general meeting are normally passed by a simple majority of those present, although in some cases the Swedish Companies Act requires a certain level of attendance to achieve a quorum or a specific voting majority.

The Annual General Meeting must be held within six months after the end of the financial year, and is held in Stockholm. The responsibilities of the Annual General Meeting include adoption of the income statements and balance sheets of the Parent Company and the Group, approval of dividends, discharge from liability for the Board of Directors and President, determination of fees to the Board of Directors and auditors (as of the 2012 Annual General Meeting the auditor is elected yearly), decisions regarding the Nominating Committee and other items of business as required by the Swedish companies Act. At Sweco's Annual General Meeting, each shareholder has the opportunity to ask questions about the company and its performance in the past year. Representatives from the Board, the Executive Management and the auditors are present to answer these questions.

#### 2011 Annual General Meeting

The 2011 Annual General Meeting was held on 13 April in Stockholm and was attended by a total of 187 shareholders, representing 78 per cent of the votes and 65 per cent of the share capital. Olle Nordström was elected chairman of the Annual General Meeting. The Annual General Meeting approved an ordinary dividend of SEK 3.00 per share. In addition, the Annual General Meeting resolved to implement a long-term share savings scheme, the 2011 Share Savings Scheme, directed to senior executives in the Sweco Group. The program consists of a maximum of 250,000 Sweco class B shares (of which, no more than 198,000 shares for delivery to the participants and no more than 52,000 shares to cover the cost of social security expenses). The Annual General Meeting furthermore authorised the Board to decide on the repurchase and transfer of treasury shares, both for the 2011 Share Savings Scheme and to give the Board greater freedom of action in working with the company's capital structure and shares for use in acquisitions.

In addition, the Annual General Meeting resolved on fees for the Board of Directors, the Audit Committee, the Remuneration

Committee and the auditors in accordance with the Nominating Committee's proposal. The Annual General Meeting furthermore resolved on principles for salary and other remuneration to senior executives and instructions for the Nominating Committee. In his address to the Annual General Meeting, President and CEO Mats Wäppling commented on Sweco's performance in 2010 and the outlook for 2011.

The Annual General Meeting also resolved on an amendment to the Articles of Association so that so that the wording of the first paragraph § 9 be changed to "Notice of General Meetings shall be given through publication in the official gazette Post- och Inrikes Tidningar and on the Company's website. An announcement stating that notice has been given shall be published in Svenska Dagbladet" and that the specified time of 12:00 p.m. in the second paragraph be removed.

### 2. NOMINATING COMMITTEE

The tasks of the Nominating Committee are to recommend candidates for election of officers by the Annual General Meeting and to prepare a solid foundation for the Annual General Meeting's decision in these matters. Aside from proposing the composition of the Board for approval by the Annual General Meeting, the Nominating Committee puts forward recommendations for election of the chairman of the Annual General Meeting, the Board members, the Board Chairman, the amount of Board fees and their apportionment between the Chairman and other Board members and any compensation for committee work, as well as election of auditors and auditing fees.

In 2011 the Nominating Committee focused primarily on:

- discussion and evaluation of the Board and its performance,
- discussion and analysis of the Board's competency requirements with respect to Sweco's operations, and
- recommendations for the composition of the Board and remunerative matters ahead of the upcoming Annual General Meeting.

The 2011 Annual General Meeting resolved on instructions for the Nominating Committee ahead of the 2012 Annual General Meeting. Among other things, these state that the Board Chairman shall convene a Nominating Committee consisting of one representative for each of the largest shareholders in the company, at least three and at most four, and the Chairman if he/she is not a member in the capacity of shareholder representative. The names of the committee members, together with the names of the shareholders they represent, were published on the company's website on 14 October 2011.

Ahead of the 2012 Annual General Meeting, the Nominating Committee has held three meetings. Sweco's Nominating Committee ahead of the 2012 Annual General Meeting consists of Gustaf Douglas, representing Investment AB Latour, Board Chairman Olle Nordström, representing the Nordström family, and Birgitta Resvik, representing the J. Gust. Richert Memorial Fund. The chairman of the Nominating Committee is Olle Nordström.

### 3. BOARD OF DIRECTORS

The Board of Directors is responsible for overseeing the company's organisation and the conduct of the company's business. 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 a yearly basis through a systematic and structured process.

The Board's procedural rules with instructions for the division of responsibilities between the Board and President is updated and adopted yearly. The procedural rules regulate the Board's obligations, the division of responsibilities within the Board, the number of Board meetings, the annual agenda, the main theme of each meeting, instructions for preparing the agenda and background documentation for decisions, etc.

The Chairman supervises the work of the Board and is responsible for ensuring that the Board carries out its duties in an organised and efficient manner. The Chairman continuously monitors the Group's development through ongoing contact with the President. The Chairman represents the company in matters related to the ownership structure. In accordance with Sweco's Articles of Association, the Board of Directors consists of at least three and at most eight members. These members are elected by the Annual General Meeting to serve for the period until the end of the next Annual General Meeting.

#### Composition of the Board

Sweco's Board of Directors consists of eight regular members that are elected by the Annual General Meeting to serve for a period of one year, as well as three employee representatives with three deputies appointed by the employees. With the exception of the President, none of the Board members elected by the Annual General Meeting has an operating role in the company. All Board members except one are from Sweden. Half of the Board members are men. All members elected by the Annual General Meeting, aside from the President, are independent in relation to Sweco. All members aside from Olle Nordström are independent in relation to the major shareholders.

The 2011 Annual General Meeting appointed Olle Nordström as Board Chairman. The other regular Board members appointed in 2011 were Anders G. Carlberg, Gunnel Duveblad, Aina Nilsson Ström, Pernilla Ström, Carola Teir-Lehtinen, Kai Wärn and Mats Wäppling. The employee representatives have been Thomas Holm, Göran Karloja and Anna Leonsson as regular members, with Sahar Almashta (until 31 May 2011), Anders Karlsson (until 16 June 2011), Sverker Hanson, Görgen Edenhagen (as of 16 June 2011) and Christer Åberg (as of 16 June 2011) as deputies.

No Board member has been elected on the basis of agreements with any major shareholder, client, supplier or other party.

For more information about the members of the Board of Directors, see pages 88–89.

#### Board composition and fees<sup>1)</sup>

	Position	Year of birth	Nationality	Elected in	Independent	Board and committee fees, SEK <sup>2)</sup>
Olle Nordström	Chairman, chairman of the Remuneration Committee	1958	Swedish	1997	No	390,000
Anders G. Carlberg	Board member, member of the Audit Committee	1943	Swedish	2009	No	215,000
Gunnel Duveblad	Board member, chairman of the Audit Committee	1955	Swedish	2008	Yes	255,000
Aina Nilsson Ström	Board member, member of the Remuneration Committee	1953	Swedish	2005	Yes	195,000
Pernilla Ström	Board member, member of the Audit Committee	1962	Swedish	2009	Yes	215,000
Carola Teir-Lehtinen	Board member	1952	Finnish	2011	Yes	175,000
Mats Wäppling	Board member, President and CEO	1956	Swedish	2003	No	–
Kai Wärn	Board member, member of the Remuneration Committee	1959	Swedish	2010	Yes	195,000
Thomas Holm	Employee representative, appointed by the employees	1953	Swedish	2007	–	–
Göran Karloja	Employee representative, appointed by the employees	1953	Swedish	2008	–	–
Anna Leonsson	Employee representative, appointed by the employees	1971	Swedish	2005	–	–
Görgen Edenhagen	Deputy, appointed by the employees	1964	Swedish	2011	–	–
Sverker Hanson	Deputy, appointed by the employees	1963	Swedish	2011	–	–
Christer Åberg	Deputy, appointed by the employees	1953	Swedish	2011	–	–

1) For the period from the 2011 Annual General Meeting to the 2012 Annual General Meeting.

2) Fees for work on the Board, the Remuneration Committee and the Audit Committee according to the decision of the 2011 Annual General Meeting.

### Work of the Board

Aside from the statutory Board meeting, which is held immediately following the Annual General Meeting, the Board meets at least six times per year. In 2011 the Board held ten meetings, of which one resolution by circulation for decision in urgent matters. Four of the Board meetings were held in connection with publication of interim reports. The meeting prior to publication of second quarter report was held by telephone, with all documentation previously distributed. The September meeting was held at the company's office in Gothenburg, where a presentation of the Älvstad project was held. Study visits were also made to Sweco's projects such as an award-winning residential development in Mölnlycke and Road 155.

In addition to reporting on development of Sweco's operations and finances, the Board meetings in 2011 devoted considerable attention to growth, both organic and acquisition-driven, the company's strategic focus, management and HR issues, risk management, internal control issues and other matters for which decision responsibility is assigned to the Board according to the procedural rules. When needed, other executives in the company participate in Board meetings in order to present reports. The Board Secretary is the company's Chief Legal Counsel. The company's auditor takes part in at least one Board meeting per year. Attendance at meetings of the Board, the Audit Committee and the Remuneration Committee in 2011 is shown in the following table.

	Board meetings	Audit Committee	Remuneration Committee
<b>Number of meetings</b>	<b>10</b>	<b>5</b>	<b>3</b>
Olle Nordström	10	–	3
Anders G. Carlberg	9	4	–
Gunnel Duveblad	10	5	–
Aina Nilsson Ström	10	–	3
Pernilla Ström	10	5	–
Carola Teir-Lehtinen <sup>1)</sup>	6	–	–
Mats Wäppling	10	–	–
Kai Wärn	9	–	3
Håkan Brinkenberg <sup>2)</sup>	2	–	–
Thomas Holm	10	–	–
Göran Karloja	9	–	–
Anna Leonsson	7	–	–
Sahar Almashta <sup>3)</sup>	1	–	–
Görgen Edenhagen <sup>4)</sup>	5	–	–
Sverker Hanson <sup>1)</sup>	2	–	–
Christer Åberg <sup>4)</sup>	–	–	–
Anders Karlsson <sup>5)</sup>	–	–	–

1) As of the 2011 Annual General Meeting.

2) Until the 2011 Annual General Meeting.

3) Until 31 May 2011.

4) As of 6 June 2011.

5) Until 6 June 2011.

### Assessment of Board performance

To ensure that the Board meets the requisite performance criteria, a yearly assessment is made of the work of the Board and its members, as was also the case in 2011. The results of the assessment are then subject to open discussion within the Board. The performance of the President and Executive Management is also continuously evaluated and discussed at a minimum of one Board meeting without the presence of the Executive Management.

### 3.1 BOARD COMMITTEES

#### Remuneration Committee

The statutory meeting of the Board appoints a Remuneration Committee, which in 2011/2012 has consisted of Olle Nordström, Aina Nilsson Ström and Kai Wärn. The task of the Remuneration Committee is to draft proposals for terms of employment, pension benefits and bonus systems for the President and other senior executives, and to present these to the Board for decision. The Remuneration Committee meets at least twice a year, and held three meetings during 2011.

#### Audit Committee

The statutory meeting of the Board also appoints an Audit Committee. The Audit Committee consists of Gunnel Duveblad, Anders G. Carlberg and Pernilla Ström. The company's independent auditor attends all meetings. Among other things, the tasks of the Audit Committee are to support the work of the Board by ensuring the quality of the company's financial reporting, maintaining continuous contact with the company's independent auditor, monitoring the effectiveness of the company's risk management and internal control, establishing guidelines for which non-auditing services the company may procure from its auditor and evaluating the auditor's performance. In 2011 the Audit Committee held five meetings.

### 4. EXTERNAL AUDIT

The auditor is appointed by the Annual General Meeting every fourth year. As of the 2012 Annual General Meeting, the auditor will be appointed yearly. The task of the auditor, on behalf of the shareholders, is to examine the company's accounting records and annual report and the administration of the company by the Board of Directors and the President.

The auditing firm of PricewaterhouseCoopers AB (PwC) was re-elected by the 2008 Annual General Meeting to serve as Sweco's auditor until the end of the 2012 Annual General Meeting. Auditor in Charge since 2008 is Authorised Public Accountant Lennart Danielsson. For the financial year 2011, fees for audit services amounted to SEK 3.5 million and for non-audit services to SEK 5.8 million. In 2010, fees for non-audit services amounted to SEK 3.7 million. Aside from audit services, Sweco has consulted PwC on various matters related to financial accounting and mergers. Furthermore, PwC has assisted in due diligence processes in connection with acquisitions. The amount of fees paid to all accounting firms is shown in Note 4 on page 59.

## 5. PRESIDENT, EXECUTIVE MANAGEMENT AND STAFFS

The Board of Directors has delegated responsibility for the day-to-day operations of the company and the Group to the President. The President supervises operations within the framework determined by the Board of Directors. The Board has also established instructions governing the division of responsibilities between the Board of Directors and the President that are updated and adopted yearly. The Executive Management is assisted by group staffs for Business Development, Corporate Communications, QA (Quality Assurance), Accounting, Legal Affairs, HR and IT.

For more information about senior executives, see pages 90–91.

## 6. BUSINESS AREAS

The Sweco Group's business activities are organised in six business areas, each of which is headed by a president and a controller.

Each business area is led by a board of directors that meets at least four times a year. Sweco's President & CEO is chairman of the board of each business area. Aside from ongoing contact, the Executive Management exercises its control over the business areas through involvement in the board activities of each business area. The board of each business area always includes representatives from the Executive Management and the business area's management and, in certain cases, includes employee representatives. The respective business areas are subject to the same rules for division of responsibilities between the board of directors and the president that apply at the Group level. Each business area is made up of underlying companies or business divisions that are organised by area of expertise. Each division/company can then be organised by region, department or group, depending on the number of employees. The smallest organisational unit often consists of between five and 30 employees under the supervision of a manager.

## 7. CONSULTANTS AND LEADERSHIP

Sweco has a client-driven organisation that is distinguished by far-reaching decentralisation where each unit has a high degree of autonomy. The Group works according to a business model in which business momentum is generated by the entire organisation and all employees take part in working with clients. Managers at every level in the Group have explicit responsibility and authority to make autonomous decisions and develop their respective operations in line with client needs.

Sweco's international growth ambitions place rigorous demands on the company's leadership. Employee dedication and development are critical for Sweco's growth. All employee development should be focused on performance, expertise and knowledge sharing. This work is supported by the yearly Sweco Talk performance review. Sweco's continued success relies on strong leaders at all levels and in all operating and administrative areas of the Group. To promote strong leadership Sweco uses the Sweco Leadership Compass, which defines the company's

leadership culture and links together leadership with Sweco's business culture. Effective management succession is ensured through Next Generation, a process and a program for continuous identification and development of good leaders. Of the 21 participants in Sweco's first global Next Generation Program, 17 have advanced to strategically important positions.

## 8. INTERNAL CONTROL, RISK MANAGEMENT AND MONITORING

### Control environment

Internal control, both over financial reporting and in general, is based on the overall control environment established by the Board and Executive Management. This includes the culture and values communicated and practiced by the Board and management. Key components of the control environment are the organisational structure and the management philosophy and style, as well as responsibilities and powers that are clearly defined and communicated for all levels in the organisation.

The Board of Sweco has formulated explicit procedural rules and instructions for its own work and that of the Remuneration Committee, Audit Committee and President in order to facilitate effective management of operational risks. Every year, the Board updates and adopts the procedural rules, instructions for the President, decision-making and signatory rules and a finance policy, and reviews the Group's other policy documents. Procedural rules for the board and instructions for the president are found in every company in the Group, and are based on the same principles as those that apply for the Board of Sweco AB. In addition, Sweco has a number of policies for financial information, corporate communications, IT security, CSR, crisis management, HR and quality assurance. These policies create a foundation for good internal control.

Sweco has signatory and decision-making rules that clearly regulate the allocation of powers at every level, from the individual consultant to the Board of Directors of Sweco AB. The areas that are covered include price offers, investments, rental and lease agreements, expenditures and guarantees, etc.

### 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 meet their objectives. The company's Board of Directors and Executive Management are responsible for risk management.

Sweco's risk management is an ongoing process. A large share of Sweco's operations consist of assignments and work in progress. There is a special emphasis on continuously monitoring risks and risk management in the assignments and work in progress in order to further improve the risk management and internal control activities.

Based on the mapping of the Group's risks and risk management that was carried out in 2010, in the past year Sweco further developed and reinforced its routines for day-to-day risk monitoring. In 2011 these activities were reported regularly to the

Audit Committee and the Board. For each business area, a risk map has been prepared and is continuously monitored at the business area's board meetings, where the agenda has also been supplemented with a standing item on risk management. A report on risk management and internal control in the Group, covering the areas of Accounting, QA (Quality Assurance), IT, HR and Corporate Communications, has been discussed by the Audit Committee and approved by both the EGM (Extended Group Management, consisting of the Executive Management, the business area presidents and the heads of the group staffs) and the Board of Directors.

The illustration at right describes Sweco's risk process: risks are identified, necessary guidelines and policies are created, these are implemented in the organisation and monitored at several different levels, and a yearly report is submitted to the EGM, the Audit Committee and the Board.

Information about Sweco's normative documents such as group policies, manuals, guidelines and routines is gathered on the Sweco Group's intranet. Important guidelines, manuals, etc., are continuously updated and communicated to the affected employees. One such example is the e-learning course on the Sweco Group that was introduced during the year and includes overall goals, values and policies (including the CSR policy). The ambition is for all employees to complete the course during the first quarter of 2012.

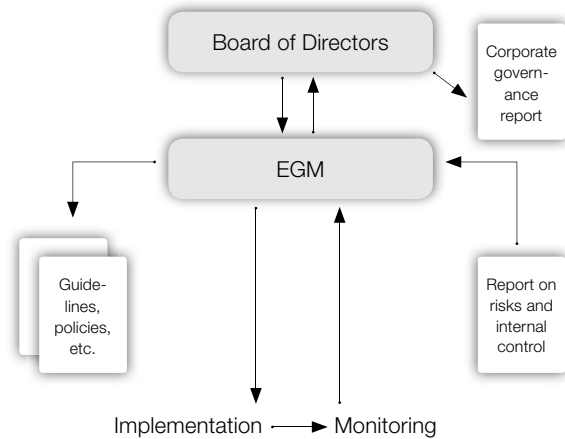
Guidelines and policies have been implemented at different levels in the organisation and are monitored continuously, among other things through internal follow-up and external audits.

**Monitoring**

Each business area has a controller whose task is to monitor compliance with policies, guidelines and routines. The controllers are also responsible for ensuring the accuracy and completeness of the reported financial information. In order to further enhance internal control over the financial reporting, a self-assessment questionnaire on financial reporting has been developed and circulated to all controllers 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 contains a number of functions for financial management, control and monitoring. There is a web-based project reporting system where project managers can continuously monitor their projects and track monthly earnings and key ratios at the group, region, company/division and business area level. Key ratios of relevance for operations can also be followed up weekly at all of these levels. Every month, a group-wide consolidation is carried out to measure actual results against budgets and internal forecasts.

Communication about financial reporting also takes place in connection with controller meetings that are held regularly within the Group. For external communication there is a corporate communications policy that defines the responsibilities and rules for communication with external parties.



**Internal audit**

Sweco has a simple and uniform operating structure throughout the Group. Controllers at the Group and business area level regularly monitor compliance with Sweco's established steering and internal control systems. In addition, the controllers conduct ongoing analyses of the companies' reporting and financial results in order to oversee their development. In light of the above, the Board of Directors has chosen not to set up a special internal audit function.

Read more about Sweco's risks on pages 82–83.

**9. INFORMATION TO THE CAPITAL MARKET**

Sweco strives to provide the shareholders, financial analysts and other interested parties with simultaneous, timely, clear and consistent information about the Group's operations, financial position and development. Sweco has a corporate communications policy that is part of the internal control environment and ensures that Sweco meets the requirements to which it is subject as a listed company.

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

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

In addition to interim reports, annual reports and press releases, Sweco publishes material on the corporate website [www.swecogroup.com](http://www.swecogroup.com), which also contains a large volume of other information that is continuously updated.

## REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES

### Remuneration to the Board

The amount of remuneration to the Board of Directors is determined by the Annual General Meeting. Board fees for 2011/2012 were set at SEK 1,400,000, of which SEK 350,000 is payable to the Chairman and SEK 175,000 to each of the six members elected by the Annual General Meeting who are not employed in the company. No Board fees are paid to the President or the employee representatives. Board fees are paid on two occasions during the period in question.

The chairman of the Remuneration Committee is paid an additional fee of SEK 40,000 and the other members of the Remuneration Committee receive additional fees of SEK 20,000 each. The chairman of the Audit Committee is paid an additional fee of SEK 80,000 and the other members of the Audit Committee receive additional fees of SEK 40,000 each.

The principles for salary and other remuneration to senior executives according to the decision of the 2011 Annual General Meeting are shown in Note 6 on page 60–61.

### THE SWECO SHARE

Sweco AB's shares have been traded on NASDAQ OMX Stockholm since 21 September 1998. Sweco AB's total market capitalisation at 31 December 2011 was SEK 5,258 million (5,394). The share capital amounted to SEK 91.5 million, divided between 9,385,676 class A shares and 82,131,171 class B shares. The class A shares grant one vote and the class B shares 1/10 of one vote. All shares carry equal entitlement to dividends. Sweco's Articles of Association stipulate the right to convert shares of class A to class B. In August 2011, at the request of shareholders, 3,399 class A shares were converted to class B shares with the support of the conversion clause in the Articles of Association.

At year-end 2011 Sweco AB had 7,979 shareholders. The two largest shareholders were the Nordström family (with 14.9 per cent of the share capital and 34.2 per cent of the votes) and Investment AB Latour (with 31.7 per cent of the share capital and 22.7 per cent of the votes). Foreign investors held 18.6 per cent of the share capital and 9.8 per cent of the votes. Together, the ten largest shareholders control the equivalent of 65.2 per cent of the share capital and 76.1 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 is to distribute at least half of profit after tax to the shareholders while at the same time maintaining a capital structure that provides scope for development of, and investment in, the company's core operations.

### 10. DEVIATIONS FROM THE CODE

The Board Chairman is also chairman of the Nominating Committee. In the opinion of the principal shareholders who are represented on the Nominating Committee in accordance with the committee's instructions, it is desirable that the committee be chaired by the representative for the largest shareholder in terms of voting power.

## CONSOLIDATED INCOME STATEMENT

SEK M	Note	2011	2010
Net sales	2, 3, 33	5,987.6	5,272.4
Other operating income		–	3.9
<b>Total operating income</b>		<b>5,987.6</b>	<b>5,276.3</b>
Other external expenses	4, 5, 33	–1,505.1	–1,400.2
Personnel costs	6, 28	–3,841.6	–3,349.0
Amortisation/depreciation and impairment losses	3, 7	–109.6	–94.4
<b>Total operating expenses</b>		<b>–5,456.3</b>	<b>–4,843.6</b>
<b>Operating profit</b>	3	<b>531.3</b>	<b>432.7</b>
Financial income	8, 33	8.6	5.3
Financial expenses	8, 33	–13.1	–14.3
Share in profit of associates	8	–	0.0
<b>Net financial items</b>	8	<b>–4.5</b>	<b>–9.0</b>
<b>Profit before tax</b>		<b>526.8</b>	<b>423.7</b>
Income tax expense	10	–152.0	–123.8
<b>PROFIT FOR THE YEAR</b>		<b>374.8</b>	<b>299.9</b>
<b>Profit for the year attributable to:</b>			
Owners of the Parent Company		373.5	298.5
Non-controlling interests		1.3	1.4
<b>Earnings per share attributable to owners of the Parent Company</b>			
	11		
Basic earnings per share, SEK		4.11	3.31
Diluted earnings per share, SEK		4.11	3.28

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	2011	2010
<b>Profit for the year</b>	<b>374.8</b>	<b>299.9</b>
Foreign currency translation difference	–13.6	–101.1
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>361.2</b>	<b>198.8</b>
<b>Comprehensive income attributable to:</b>		
Owners of the Parent Company	360.0	198.8
Non-controlling interests	1.2	0.0



# CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

SEK M	Note	2011	2010
<b>ASSETS</b>	32		
<b>Non-current assets</b>			
Goodwill	14	907.5	734.4
Other intangible assets	14	88.3	49.3
Property, plant and equipment	15	230.8	199.5
Investments in associates	17	1.0	1.0
Financial investments	19	7.9	8.9
Deferred tax assets	10	5.3	7.1
Other non-current receivables	22, 28	20.3	32.6
<b>Total non-current assets</b>		<b>1,261.1</b>	<b>1,032.8</b>
<b>Current assets</b>			
Trade receivables	33	909.5	775.4
Work in progress less progress billings	23	650.1	564.3
Current tax assets		34.2	78.6
Other current receivables		49.2	43.7
Prepaid expenses and accrued income	24	133.1	116.9
Cash and cash equivalents	25	219.6	376.7
<b>Total current assets</b>		<b>1,995.7</b>	<b>1,955.6</b>
<b>TOTAL ASSETS</b>	3	<b>3,256.8</b>	<b>2,988.4</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	26		
Share capital		91.5	91.5
Other contributed capital		239.0	239.0
Reserves		-29.4	-15.9
Retained earnings, including profit for the year		1,192.1	1,105.0
<b>Equity attributable to owners of the Parent Company</b>		<b>1,493.2</b>	<b>1,419.6</b>
Non-controlling interests		10.5	10.0
<b>Total equity</b>		<b>1,503.7</b>	<b>1,429.6</b>
<b>Liabilities</b>	32		
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	27, 29	23.5	11.0
Provisions for pensions	27, 28	6.9	4.7
Deferred tax liabilities	10	141.7	133.4
Other non-current liabilities		20.2	2.2
<b>Total non-current liabilities</b>		<b>192.3</b>	<b>151.3</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	27, 29	48.2	120.9
Progress billings in excess of work in progress	23	280.3	272.6
Trade payables	33	245.8	191.7
Current tax liabilities		41.0	32.8
Other current liabilities	30	282.9	225.8
Accrued expenses and deferred income	30	662.6	563.7
<b>Total current liabilities</b>		<b>1,560.8</b>	<b>1,407.5</b>
<b>Total liabilities</b>	3	<b>1,753.1</b>	<b>1,558.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,256.8</b>	<b>2,988.4</b>

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

# CONSOLIDATED CASH FLOW STATEMENT

SEK M	Note	2011	2010
<b>Operating activities</b>			
Profit before tax		526.8	423.7
<b>Adjustments for non-cash items</b>			
Capital gains/losses		0.0	-0.4
Amortisation/depreciation and impairment losses	3, 7	109.6	94.4
Difference between pension premiums expensed and paid		18.6	-6.4
Other items		2.7	-0.6
<b>Total non-cash items</b>		<b>130.9</b>	<b>87.0</b>
Income taxes paid		-138.6	-142.0
<b>Cash flow from operating activities before changes in working capital</b>	8	<b>519.1</b>	<b>368.7</b>
<b>Changes in working capital</b>			
Change in current receivables		-131.2	-30.9
Change in current liabilities		125.1	4.0
<b>Cash flow from operating activities</b>		<b>513.0</b>	<b>341.8</b>
<b>Investing activities</b>			
Purchase of intangible assets	14	-4.1	-6.3
Disposal of intangible assets		-	0.1
Purchase of property, plant and equipment	12	-91.3	-61.3
Disposal of property, plant and equipment		3.4	2.0
Acquisition of subsidiaries and operations, net cash effect	13	-221.3	-63.1
Disposal of subsidiaries and operations, net cash effect	13	-	-4.0
Disposal of financial investments	19	1.1	0.1
Investment in non-current investments		-0.7	-
<b>Cash flow from investing activities</b>		<b>-312.9</b>	<b>-132.5</b>
<b>Financing activities</b>			
Repurchase of treasury shares	26	-13.6	-
Issue expenses		-	-0.7
Capital distribution to owners of the Parent Company	26	-272.8	-355.7
Capital distribution to non-controlling interests		-1.0	-0.7
Borrowings		34.6	1.3
Repayment of borrowings		-103.1	-6.7
<b>Cash flow from financing activities</b>		<b>-355.9</b>	<b>-362.5</b>
<b>CASH FLOW FOR THE YEAR</b>			
<b>Cash and cash equivalents at beginning of year</b>	25	<b>376.7</b>	<b>557.3</b>
<b>Exchange differences in cash and cash equivalents</b>		<b>-1.3</b>	<b>-27.4</b>
<b>Cash and cash equivalents at end of year</b>	25	<b>219.6</b>	<b>376.7</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK M	Note	Share capital	Other contributed capital	Reserves	Retained earnings	Equity attributable to owners of the Parent Company	Non-controlling interests	Total equity
<b>Equity, 1 January 2010</b>	26	<b>92.0</b>	<b>239.0</b>	<b>83.8</b>	<b>1,170.1</b>	<b>1,584.9</b>	<b>10.8</b>	<b>1,595.7</b>
Profit for the year		–	–	–	298.5	298.5	1.4	299.9
Foreign currency translation difference		–	–	–99.7	–	–99.7	–1.4	–101.1
Comprehensive income for the year		–	–	–99.7	298.5	198.8	0.0	198.8
Capital distribution to the shareholders – dividends	26	–	–	–	–177.9	–177.9	–0.7	–178.6
Capital distribution to the shareholders – share redemption	26	–	–	–	–177.8	–177.8	–	–177.8
Non-controlling interests in acquired companies	13	–	–	–	–	–	0.7	0.7
Acquisition of non-controlling interests	13	–	–	–	–1.1	–1.1	–0.8	–1.9
Share bonus program – value of employee service	26	–	–	–	–6.6	–6.6	–	–6.6
Cancellation of repurchased shares		–0.5	–	–	0.5	–	–	–
Issue expenses		–	–	–	–0.7	–0.7	–	–0.7
<b>Equity, 31 December 2010/1 January 2011</b>	26	<b>91.5</b>	<b>239.0</b>	<b>–15.9</b>	<b>1,105.0</b>	<b>1,419.6</b>	<b>10.0</b>	<b>1,429.6</b>
Profit for the year		–	–	–	373.5	373.5	1.3	374.8
Foreign currency translation difference		–	–	–13.5	–	–13.5	–0.1	–13.6
Comprehensive income for the year		–	–	–13.5	373.5	360.0	1.2	361.2
Capital distribution to the shareholders – dividend	26	–	–	–	–272.8	–272.8	–1.0	–273.8
Non-controlling interests in acquired companies	13	–	–	–	–	–	0.2	0.2
Acquisition of non-controlling interests	13	–	–	–	–	–	–0.1	–0.1
Change in non-controlling interests		–	–	–	–0.2	–0.2	0.2	–
Share savings scheme		–	–	–	0.2	0.2	–	0.2
Repurchase of treasury shares	26	–	–	–	–13.6	–13.6	–	–13.6
<b>EQUITY, 31 DECEMBER 2011</b>	26	<b>91.5</b>	<b>239.0</b>	<b>–29.4</b>	<b>1,192.1</b>	<b>1,493.2</b>	<b>10.5</b>	<b>1,503.7</b>
<b>Proposed capital distribution to the shareholders</b>								
Dividend	26, 35				–274.6	–274.6		–274.6

## PARENT COMPANY INCOME STATEMENT

SEK M	Note	2011	2010
Net sales	3, 33	80.3	49.1
<b>Total operating income</b>		<b>80.3</b>	<b>49.1</b>
Other external expenses	3, 4, 5, 33	-92.2	-73.6
Personnel costs	6, 28	-37.3	-31.5
Amortisation/depreciation and impairment losses	3, 7	-3.9	-1.9
<b>Total operating expenses</b>		<b>-133.4</b>	<b>-107.0</b>
<b>Operating loss</b>	3	<b>-53.1</b>	<b>-57.9</b>
Profit from investments in group companies	8	465.9	304.8
Financial income	8, 33	4.6	2.4
Financial expenses	8, 33	-6.2	-8.6
<b>Net financial items</b>	8	<b>464.3</b>	<b>298.6</b>
<b>Profit after net financial items</b>		<b>411.2</b>	<b>240.7</b>
Appropriations	9	-1.1	-0.1
<b>Profit before tax</b>		<b>410.1</b>	<b>240.6</b>
Income tax expense	10	-93.7	-50.9
<b>PROFIT FOR THE YEAR</b>		<b>316.4</b>	<b>189.7</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK M	2011	2010
<b>Profit for the year</b>	<b>316.4</b>	<b>189.7</b>
Exchange difference	-0.2	-1.5
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>316.2</b>	<b>188.2</b>

# PARENT COMPANY BALANCE SHEET AT 31 DECEMBER

SEK M	Note	2011	2010
<b>ASSETS</b>	32		
<b>Intangible assets</b>	14	<b>9.7</b>	<b>12.4</b>
<b>Property, plant and equipment</b>	15	<b>12.0</b>	<b>0.7</b>
<b>Financial assets</b>			
Investments in group companies	16	332.0	332.0
Receivables from group companies	21	38.3	38.6
Other non-current securities	20	0.9	0.9
<b>Total financial assets</b>		<b>371.2</b>	<b>371.5</b>
<b>Total non-current assets</b>		<b>392.9</b>	<b>384.6</b>
<b>Current assets</b>			
Work in progress less progress billings		0.6	–
Receivables from group companies	21	1,547.5	1,395.1
Current tax assets		–	40.4
Other receivables		5.7	5.3
Prepaid expenses and accrued income	24	10.3	1.8
Cash and bank	25	60.7	211.2
<b>Total current assets</b>		<b>1,624.8</b>	<b>1,653.8</b>
<b>TOTAL ASSETS</b>	3	<b>2,017.7</b>	<b>2,038.4</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>	26		
Share capital		91.5	91.5
Statutory reserve		187.5	187.5
<b>Total restricted equity</b>		<b>279.0</b>	<b>279.0</b>
<i>Non-restricted equity</i>	26		
Fair value reserve		–0.4	–0.2
Share premium reserve		51.5	51.5
Retained earnings		637.2	733.9
Profit for the year		316.4	189.7
<b>Total non-restricted equity</b>		<b>1,004.7</b>	<b>974.9</b>
<b>Total equity</b>		<b>1,283.7</b>	<b>1,253.9</b>
<b>Untaxed reserves</b>	9	<b>1.2</b>	<b>0.1</b>
<b>Liabilities</b>	32		
<b>Current liabilities</b>			
Current interest-bearing liabilities	27	–	100.4
Progress billings in excess of work in progress		1.7	–
Trade payables		12.7	3.0
Liabilities to group companies		693.8	663.6
Current tax liabilities		0.6	–
Other current liabilities	30	5.4	5.4
Accrued expenses and deferred income	30	18.6	12.0
<b>Total current liabilities</b>		<b>732.8</b>	<b>784.4</b>
<b>Total liabilities</b>	3	<b>734.0</b>	<b>784.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,017.7</b>	<b>2,038.4</b>
Contingent liabilities	31	204.1	201.7

# PARENT COMPANY CASH FLOW STATEMENT

SEK M	Note	2011	2010
<b>Operating activities</b>			
Profit after net financial items		411.2	240.7
<b>Adjustments for non-cash items</b>			
Capital gains/losses			
Amortisation/depreciation and impairment losses	7	3.9	1.9
Group contributions	8	-408.9	-261.3
Difference between interest recognised and received	8	-0.2	-0.2
<b>Total non-cash items</b>		<b>-405.2</b>	<b>-259.6</b>
Income taxes paid		-53.7	-87.4
<b>Cash flow from operating activities before changes in working capital</b>		<b>-47.7</b>	<b>-106.3</b>
<b>Changes in working capital</b>			
Change in current receivables		-12.7	-85.7
Change in current liabilities		47.9	108.1
<b>Cash flow from operating activities</b>		<b>-12.5</b>	<b>-83.9</b>
<b>Investing activities</b>			
Purchase of intangible assets	14	-0.1	-14.0
Purchase of property, plant and equipment	12	-12.4	-0.3
<b>Cash flow from investing activities</b>		<b>-12.5</b>	<b>-14.3</b>
<b>Financing activities</b>			
Group contributions		261.3	257.3
Repurchase of treasury shares	26	-13.6	-
Issue expenses		-	-0.7
Capital distribution to owners of the Parent Company	26	-272.8	-355.7
Repayment of borrowings		-100.4	-1.2
<b>Cash flow from financing activities</b>		<b>-125.5</b>	<b>-100.3</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>-150.5</b>	<b>-198.5</b>
Cash and cash equivalents at beginning of year	25	211.2	409.7
Cash and cash equivalents at end of year	25	60.7	211.2

# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK M	Note	Share capital	Statutory reserve	Total restricted equity	Fair value reserve	Share premium reserve	Retained earnings	Total non-restricted equity	Total equity
<b>Equity, 1 January 2010</b>	26	<b>92.0</b>	<b>187.5</b>	<b>279.5</b>	<b>1.3</b>	<b>51.5</b>	<b>1,096.4</b>	<b>1,149.2</b>	<b>1,428.7</b>
Profit for the year		–	–	–	–	–	189.7	189.7	189.7
Exchange difference		–	–	–	–1.5	–	–	–1.5	–1.5
Comprehensive income for the year		–	–	–	–1.5	–	189.7	188.2	188.2
Capital distribution to the shareholders – dividend		–	–	–	–	–	–177.9	–177.9	–177.9
Capital distribution to the shareholders – share redemption		–	–	–	–	–	–177.8	–177.8	–177.8
Share bonus program – value of employee service		–	–	–	–	–	–6.6	–6.6	–6.6
Cancellation of repurchased shares		–0.5	–	–0.5	–	–	0.5	0.5	–
Issue expenses		–	–	–	–	–	–0.7	–0.7	–0.7
<b>Equity, 31 December 2010/1 January 2011</b>	26	<b>91.5</b>	<b>187.5</b>	<b>279.0</b>	<b>–0.2</b>	<b>51.5</b>	<b>923.6</b>	<b>974.9</b>	<b>1,253.9</b>
Profit for the year		–	–	–	–	–	316.4	316.4	316.4
Exchange difference		–	–	–	–0.2	–	–	–0.2	–0.2
Comprehensive income for the year		–	–	–	–0.2	–	316.4	316.2	316.2
Capital distribution to the shareholders – dividend		–	–	–	–	–	–272.8	–272.8	–272.8
Repurchase of treasury shares	26	–	–	–	–	–	–13.6	–13.6	–13.6
<b>EQUITY, 31 DECEMBER 2011</b>	26	<b>91.5</b>	<b>187.5</b>	<b>279.0</b>	<b>–0.4</b>	<b>51.5</b>	<b>953.6</b>	<b>1,004.7</b>	<b>1,283.7</b>
<b>Proposed capital distribution to the shareholders</b>									
Dividend	26, 35						–274.6	–274.6	–274.6

## 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. Furthermore, the Annual Accounts Act and RFR 1, Supplementary Accounting Rules for Groups, have 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 28 February 2012. The income statements and balance sheets of the Parent Company and the Group will be put before the Annual General Meeting for adoption on 17 April 2012.

### Basis of preparation of the consolidated and Parent Company financial statements

Assets and liabilities are stated at historical cost, aside from certain financial assets and liabilities that are stated at fair value. The financial assets and liabilities stated at fair value consist of derivatives, financial assets classified as financial assets at fair value through profit or loss and available-for-sale (AFS) financial assets.

### Functional currency and presentation currency

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the presentation currency of the Parent Company and 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 the management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual outcomes may differ from these estimates and assumptions.

The estimates and assumptions are evaluated on a regular basis. Changes in estimates are reported in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Note 36 provides a description of inputs and assessments used by the company's management that have a significant impact on the financial reports, and estimates that can lead to significant adjustments in the financial statements of later years.

### Significant applied accounting policies

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 needed after adjustment to the Group's policies in associated companies.

### New standards, amendments and interpretations effective 1 January 2011

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

None of the new IFRSs or IFRIC interpretations that are effective for annual periods beginning on or after 1 January 2011 have had any significant impact on the financial statements of the Group.

### *New IFRSs not yet applied by the Group:*

A number of new, revised or amended IFRSs are effective for annual periods beginning on or after the start of the coming financial year and have not been adopted in advance in the preparation of the year's financial statements. Sweco does not plan to adopt new features or changes for future application in advance of the effective date.

IFRS 9, Financial Instruments, is intended to replace IAS 39, and covers the classification, measurement and recognition of financial assets and liabilities. IFRS 9 was published in November 2009 for financial assets and in October 2010 for financial liabilities, and replaces those parts of IAS 39 that are related to classification and measurement of financial instruments. Under IFRS 9, financial assets are classified in two different categories; those measured at fair value and those measured at amortised cost. The classification is determined on initial recognition based on the company's business model and the contractual cash flow characteristics. For financial liabilities, there are no major changes compared to IAS 39. The most significant change refers to liabilities measured

at fair value. For these, the portion of change in fair value that is attributable to own credit risk is recognised in other comprehensive income rather than profit or loss, to the extent that this does not lead to accounting mismatch. The Group intends to apply the new standard at the latest by the financial year beginning on 1 January 2015 and has not yet evaluated the effects. The standard has not yet been approved by the EU.

IAS 19, Employee Benefits, was amended in June 2011. As a result of the change, the Group will no longer apply the "corridor approach" and will instead recognise all actuarial gains and losses in other comprehensive income as they arise. Past service costs will be recognised immediately. Interest expenses and the expected return on plan assets will be replaced by a net interest income/expense that is calculated with the help of the plan's discount rate, based on the net surplus or deficit in the defined benefit plan. The Group intends to apply the amended standard for the financial year beginning on 1 January 2013. The anticipated effect on equity at 1 January 2012 is SEK 233.4 million, excluding any effects before income tax. The standard has not yet been approved by the EU.

IFRS 10, Consolidated Financial Statements, is based on the already existing principles in that it establishes control as the single basis for consolidation of a company. The standard provides detailed guidance on how to establish control when it is difficult to determine. The Group intends to apply IFRS 10 for the financial year beginning on 1 January 2013 and has not yet evaluated the full effect on the financial statements. The standard has not yet been approved by the EU.

IFRS 12, Disclosures of Interests in Other Entities, contains disclosure requirements for interests in subsidiaries, joint arrangements, associated companies and unconsolidated "structured entities". The Group intends to apply IFRS 12 for the financial year beginning on 1 January 2013. The standard has not yet been approved by the EU.

IFRS 13, Fair Value Measurement, is designed to make fair value measurement more consistent and less complex by providing an exact definition and a single IFRS source of guidance for fair value measurement and related disclosures. The standard does not regulate when fair value measurement is required, but prescribes how fair value is to be measured when it is already required or permitted under IFRSs. The Group has not yet evaluated the full effect of IFRS 13 on the financial statements. The Group intends to apply the new standard for the financial year beginning on 1 January 2013. The standard has not yet been approved by the EU.

None of the other IFRSs or IFRIC interpretations that are not yet effective are expected to have any significant impact on the Group.

### Classifications

Non-current assets and non-current liabilities essentially consist of amounts that are expected to be recovered or settled later than 12 months after the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or settled within 12 months from 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. An operating segment's results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and assess its performance. 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 influence, meaning that the Parent Company directly or indirectly has the power to govern the subsidiary's financial and operating policies in order to obtain economic benefits. The existence and effect of potential voting rights that can be readily used or converted are a factor to be considered in deciding whether significant influence exists.

All subsidiaries are consolidated according 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. A purchase price allocation (PPA) is used to determine the acquisition date fair value of the identifiable assets acquired and liabilities assumed, 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 expensed as incurred.

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 (in a business combination achieved in stages) ex-



ceeds the Group's share in the fair value of net identifiable assets acquired and liabilities assumed, the difference is recorded as goodwill. When the difference is negative, the resulting gain is recognised as a bargain purchase directly in profit or loss.

The consideration transferred for the acquisition of a subsidiary does not include amounts related to the settlement of pre-existing business relationships. Such amounts are recognised in profit or loss.

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

In business combinations where less than 100 per cent of the subsidiary is acquired, non-controlling interests arise. There are two alternative methods for accounting for non-controlling interests. The first of these is to record non-controlling interests as their proportionate share of net assets, while the second is to record non-controlling interests at fair value, which means 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 acquisitions carried out during 2011, non-controlling interests are measured as their proportionate share of net assets.

For business combinations achieved in stages (step acquisitions), the amount of goodwill is determined on the date when control is obtained. Any previously-held equity interests are measured at fair value and value changes are recognised in profit or loss.

Partial disposals of an investment in a subsidiary that result in loss of control are measured at fair value and value changes are recognised in profit or loss.

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

For business combinations prior to 1 January 2004, after impairment testing, goodwill was measured at a cost of acquisition corresponding to the carrying amount according to the previously applied accounting policies. The classification and accounting treatment of business combinations prior to 1 January 2004 have not been restated according to IFRS 3 in presentation of the Group's opening balance sheet according to IFRS at 1 January 2004.

Acquisitions 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.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit equity balance.

Acquisitions from non-controlling interests are accounted for as equity transactions, i.e. transactions between owners of the Parent Company (retained earnings) and non-controlling interests. As a result, 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 accounted for 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 all entities over which the Group has a significant influence, but not control, over the operating and financial policies in a manner normally determined by the ownership of between 20 and 50 per cent of the voting power. From the date on which the significant influence passes the Group, investments in associates are reported according to the equity method of accounting, whereby the Group's carrying amount for the investment in an associate corresponds to the Group's share in the fair value of net assets of the associated company as well as goodwill and the effects of any fair value adjustments. In the consolidated income statement, shares in profit or loss attributable to owners of the Parent Company, adjusted for amortisation, impairment losses or reversals on goodwill or negative goodwill, are recognised 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 recognised on a separate line in the Group's comprehensive income.

On acquisition of the investment in an associate, any difference (whether positive or negative) between the cost of acquisition and the investor's share of the fair values of

the net identifiable assets including contingent liabilities of the associated company is accounted for in accordance with same principles applied for the acquisition of subsidiaries.

Acquisition-related costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with business combinations are capitalised as part of the cost of the acquisition. 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 recognised against long-term interests that, in substance, form part of the investor's net investment in the associated company. Additional losses are recognised by a provision (liability) only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company. The equity method is applied until the date on which the significant influence ceases.

#### Joint ventures

For accounting purposes, joint ventures are those companies for which the Group has entered into a contractual arrangement whereby two or more parties have joint control over the operating and financial policies. Joint ventures are consolidated according to the proportional method, whereby the Group's share of the joint venture's income, expenses, assets, and liabilities are recognised in the consolidated statement of comprehensive income and the statement of financial position. This is done by combining the venturer's share of the assets, liabilities, income and expenses of the jointly controlled entity with the corresponding items, line by line, in the venturer's consolidated financial statements. Only equity earned after the acquisition date is included in consolidated equity. The proportional method is applied from the date on which joint control passes to the Group and until the date on which joint control ceases.

#### Transactions to be eliminated on consolidation

All intra-group receivables and liabilities, income or expenses, and unrealised gains or losses arising on transactions between group companies 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 of 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 ruling 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. Foreign exchange differences arising on translation are recognised in the profit or loss.

##### Financial statements of foreign operations

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

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

	2011		2010	
	Closing day rate	Average rate	Closing day rate	Average rate
EUR	8.94	9.03	9.00	9.54
NOK	1.15	1.16	1.15	1.19

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

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

#### *Net investments in foreign operations*

Monetary non-current items receivable 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, the foreign currency translation reserve. When a foreign operation is disposed of, the cumulative amount of the exchange differences attributable to monetary non-current items is included in the cumulative exchange differences that are reclassified from the translation reserve in equity to profit or loss.

#### **Revenue**

Revenue is measured at the fair value of the consideration receivable 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 accounts for service contracts (work in progress) in accordance with the percentage of completion method, which means that 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 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 invoiced to the client. 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 assets as work in progress less progress billings. Service contracts where 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 should be recognised only to the extent that contract costs incurred are expected to be recoverable.

An expected loss on a contract should be recognised as an expense immediately.

#### **Financial income and expenses**

Financial income consists of interest income on invested funds, dividend income, revaluation gains on financial assets at fair value through profit or loss and gains on hedge instruments that are recognised through profit or loss.

Interest income on financial instruments is calculated using the effective interest method. The effective interest rate is the rate that exactly 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 that are an integral part of the effective interest rate, accrued 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 significant 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 on reversal of the present value of provisions, revaluation losses on financial assets at fair value through profit or loss and impairment losses on financial assets. All borrowing costs are recognised in the income statement through application of the effective interest method, regardless of how the borrowed funds have been used.

Foreign exchange gains and losses are reported net. Foreign 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.

#### **Financial instruments**

The 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 for when the company acquires or sells listed securities, in which case settlement date accounting is applied.

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

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

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, and if it is shorter they are recognised as short-term investments.

#### *Financial assets at fair value through profit or loss*

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

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted on an active market. Such receivables arise when Sweco provides goods or services directly to a debtor with no intent of trading the resulting receivables. Assets in this category are subsequently recognised at amortised cost. Amortised cost is calculated using the effective interest rate on the acquisition date. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of those receivables. Significant financial difficulties of the debtor and default or delinquency of payments are considered objective evidence of impairment. If the expected holding period is longer than one year, they are non-current receivables, and if it is shorter they are other receivables.

#### *Available-for-sale financial assets*

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

#### *Financial liabilities at fair value through profit or loss*

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

#### *Other financial liabilities*

This category includes borrowings and other financial liabilities, such as trade payables. These liabilities are measured at amortised cost, which is calculated using the effective

interest rate on the transaction date. Non-current liabilities have an expected maturity of longer than one year, while current liabilities have a maturity of shorter than one year.

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

#### *Subscription warrants*

Premiums received on the issue of subscription warrants are recognised as other contributed capital within equity. Upon exercise of the warrants, the payment received is divided between the share capital and other contributed capital. The subscription warrants in Sweco have been granted only to senior executives in the Group and have been priced at fair market value, with application of the Black & Scholes valuation model, see also Note 33. These are consequently not regarded as share-based payment.

#### **Derivatives and hedge accounting**

Derivative instruments in the Sweco Group consist of forward exchange contracts entered into in order to reduce the risk for exchange rate movements. All derivatives are initially measured at fair value, which means that transaction costs affect profit or loss for the current period. Derivatives are subsequently measured at fair value and changes in fair value are recognised directly in the income statement within operating profit or loss when the criteria for hedge accounting have not been met.

#### *Receivables and liabilities in foreign currency*

Forward exchange contracts are used to hedge assets and liabilities against currency risk. Hedge accounting is not used for these currency hedges, since an economic hedge is reflected in the financial statements in that both the underlying asset or liability and the hedge instrument are translated at the rate of exchange on the balance sheet date and exchange gains and losses are recognised through profit or loss. Changes in the fair value of operating receivables and liabilities are recognised in operating profit, while changes in the fair value of financial assets and liabilities are recognised in net financial items.

#### **Property, plant and equipment**

##### *Owned assets*

An item of property, plant and equipment (PPE) 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.

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 that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready 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 PPE.

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 costs to sell, 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 non-current 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. The finance charge is allocated to income 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, the lease payments are recognised in profit or loss over the lease term according to the pattern of benefit, which may differ from the de facto amount of lease payments during the year. Incentives for the agreement of a new or renewed operating lease are recognised in the income statement as a reduction of the lease charges 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 if subsequent expenditure should be capitalised

as a component of the asset is whether the expenditure refers to replacement of an identified component, or parts 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 value of a replaced component, or parts thereof, is recognised as an expense in connection with replacement. Repairs and maintenance are expensed as incurred.

##### *Depreciation*

Depreciation is charged on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The Group applies component depreciation, whereby depreciation is based on the estimated useful life of the components.

The estimated useful lives are:

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

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

#### **Intangible assets**

##### *Goodwill*

Goodwill represents the difference between the fair value of purchase consideration given in connection with an acquisition and the fair value of net assets acquired and liabilities assumed including contingent liabilities.

For goodwill arising from business combinations prior to 1 January 2004, the carrying amount becomes the Group's deemed cost, after impairment testing. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units and is no longer amortised but is instead tested for impairment at least annually (see next page). Goodwill arising on investments in associated companies is included in the carrying amount of the shares in the associated company.

##### *Capitalised development costs*

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 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 costs recognised should include 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 costs are expensed as incurred. Capitalised development costs are carried at cost less any amortisation and impairment losses. In the Group, there is a developed software solution for project management.

##### *Capitalisation of intangible assets in business combinations*

In connection with a business combination, the value of the order backlog, customer relationships and brands/trademarks is measured. The capitalised order backlog is measured as the contribution margin on fixed orders. Customer relationships and brands/trademarks are measured at cost less accumulated amortisation.

##### *Subsequent expenditure*

Subsequent expenditure on a capitalised intangible asset is recognised within assets in the balance sheet only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and the expense can be measured reliably.

##### *Borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of so-called 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 get ready 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 on general borrowings that are not specific to any other qualifying asset. The Group's centrally set internal interest rate is used to determine the interest rate for capitalised borrowing costs.

##### *Amortisation*

Amortisation is recognised in profit or loss and is carried out straight-line over the estimated life of the asset, unless the useful life is indefinite. Goodwill and intangible assets with indefinite lives are tested for impairment at least annually, or more frequently if circumstances indicate a possible impairment. Amortisable intangible assets are amortised

from the date on which they become available for use. The estimated useful lives are:

– capitalised development costs	5 years
– licenses	3 years
– customer relationships	5 years
– brands/trademarks	1–3 years
– order backlog	in pace with realisation

### Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to look for any indication that an asset may be impaired. If there is an indication of impairment, the asset's recoverable amount is calculated. For deferred tax assets the carrying amount is reviewed according to the applicable standards (see section on taxes).

For goodwill and other intangible assets with indefinite useful lives, the recoverable value is calculated annually.

For an asset that does not generate any cash flow independently from other assets, recoverable value is calculated for the smallest identifiable cash-generating unit to which the asset belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable value, an impairment loss is recognised in the income statement.

In the event of an impairment loss, the carrying amount of any goodwill allocated to the cash-generating unit (group of units) is first reduced, and then the carrying amounts of the other assets of the unit (group of units) on a pro rata basis.

#### Determining recoverable amount

The recoverable amount of other assets is the higher of fair value less costs to sell and value in use. In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. If it is not possible to determine the recoverable amount for the individual asset, the recoverable amount is calculated for the smallest identifiable cash-generating unit to which the asset belongs.

#### Reversal of impairment

Impairment losses are reversed when there is an indication that a previous impairment loss may no longer exist or may have decreased and there has been a change in the estimates used to determine the asset's recoverable amount. Reversal of impairment losses on goodwill is prohibited. An impairment loss is reversed only when the increased carrying amount due to reversal is not more than what the depreciated historical cost would have been if the impairment had not been recognised, with an adjustment of amortisation for future periods.

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.

### Equity

#### Treasury shares

On the repurchase of shares (treasury shares), the amount of consideration given is recognised as a reduction in equity. Proceeds from the sale of treasury shares are recognised as an increase in equity. Any 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, which during the reported periods consist of warrants issued to employees.

### 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 of 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 where the company's legal or constructive 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 benefit plans, the expense to be recognised in the profit loss account for the period is the contribution payable in exchange for service rendered by employees during the period.

#### Defined benefit plans

The Group's net obligation under defined benefit plans is determined separately for each plan through a reliable estimate of 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 determined by reference to market yields at the balance sheet date on high quality corporate bonds with a term to maturity corresponding to the Group's pension obligations. When there is no active market for such corporate bonds, the market yield on government bonds with a corresponding term to maturity is instead used. Valuation is carried out by a qualified actuary using the Projected Unit Credit Method. The fair value of plan assets is also computed on the reporting date. For defined benefit plans, the present value of the defined benefit obligation is reduced by the fair value of plan assets. Defined benefit plans in which the fair value of plan assets exceeds the amount of the obligation are recognised as financial assets.

When the benefits of a plan are improved, that portion of increased benefits attributable to employee service in prior periods is recognised as an expense and is amortised on a straight-line basis over the average period until the amended benefits become vested. If the benefits are fully vested, past service cost is recognised immediately in the income statement.

The corridor approach is applied, whereby accumulated unrecognised actuarial gains and losses that exceed +/- ten per cent of the higher of the present value of plan obligations and the fair value of plan assets are recognised in income or expense over the expected average remaining working lives of the participating employees. In other case, actuarial gains and losses are not recognised.

When valuation leads to an asset for the Group, the recognised value of the asset is limited to the net total of unrealised actuarial losses and past service costs and the present value of any benefits available in the form of refunds or reductions in future employer contributions to the plan.

When there is a difference between how the pension expense is determined in a legal entity and in the Group, a provision or asset for special payroll tax is recognised on the basis of this difference.

#### Termination benefits

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

#### Short-term employee benefits

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

#### Share-based payment

The 2011 Annual General Meeting resolved to implement a long-term share savings scheme directed to senior executives in the Sweco Group. Under the 2011 share savings scheme, the participants may use their own funds to acquire class B shares in Sweco ("saving shares"). If the saving shares are held until the publication date of the year-end report for the 2014 financial year ("the lock-up period") and the participant remains employed in his/her position or an equivalent position in the Sweco Group throughout the lock-up period, each saving share shall thereafter grant entitlement to the free-of-charge award of one class B share in Sweco ("matching shares") and – provided that the performance targets have been met – to an additional number of not more than one to four class B shares in Sweco ("performance shares"). The grant of performance shares is conditional on a positive total return for the Sweco share, and is also dependent on the Sweco share's total return in relation to a group of comparable companies. The cost will be expensed on a straight-line basis over the lock-up 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 and the cost of the performance share is based on the fair value of the share as calculated by an external party through a so-called Monte Carlo simulation.

In connection with the grant, social security expenses must be paid for the value of the employee benefit. Provisions for these estimated social security expenses are therefore made during the lock-up period.

### Provisions

A provision is recognised in the balance sheet when the Group has a present obligation

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

#### Income taxes

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

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

Deferred tax is calculated according to the balance sheet method on the basis of 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, initial recognition of assets and liabilities that are not business combinations and at the time of the transaction affect neither reported nor taxable profit, nor temporary differences attributable to investments in subsidiaries and associated companies where the Group can control the date for recovery of these and it is probable that these will not be recovered in the foreseeable future. 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 by the balance sheet date.

Deferred tax assets for deductible temporary differences and unused tax loss carry-forwards are recognised to the extent that it is probable that these 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 on dividends is recorded on the date when the dividend is recognised as a liability.

#### Contingent liabilities

A contingent liability is recognised where there is a possible obligation depending on the occurrence of some uncertain future event, or whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when an obligation is not recognised as a liability or provision because the possibility of an outflow of economic resources is remote.

#### Parent Company accounting policies

The annual financial statements of the Parent Company are presented in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2, Accounting for Legal Entities. The statements for listed companies issued by the Swedish Accounting Standards Board's Urgent Issues Task Force are also applied. RFR 2 states that in the report for the legal entity, the Parent Company shall apply all EU-endorsed IFRS and IFRSs and statements as far as possible within the framework of the Annual Accounts Act and the Pension Protection Act, with respect to the connection between accounting and taxation. This recommendation defines the exceptions and additional disclosures compared with IFRS.

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

The differences between the accounting standards applied by the Group and the Parent Company are described below. The following accounting standards 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 2011 have been adjusted in accordance with the changes described above for the Group.

#### Subsidiaries, associated companies and joint ventures

In the Parent Company, investments subsidiaries, associated companies and joint ventures are accounted for in accordance with the cost method of accounting. This means that 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 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 consideration is measured at fair value with value changes through profit or loss.

A bargain purchase (negative goodwill) that is related to expectations of future losses and expenses is recognised when the expected losses and expenses occur. Negative

goodwill arising for other reasons is recognised as a provision to the extent that it does not exceed the aggregate fair value of acquired identifiable non-monetary assets. The portion exceeding this value is recognised directly in profit or loss. That portion that does not exceed the aggregate fair value of acquired identifiable non-monetary assets is recognised as income on a systematic basis over the remaining weighted average useful life of the acquired identifiable depreciable/amortisable assets. In the consolidated financial statements, bargain purchases are recognised directly in profit or loss.

#### Sale of goods and performance of services

In the Parent Company, revenue from the sale of services is recognised when the performance of the service is completed, according to Chapter 2, paragraph 4 of the Annual Accounts Act. Until then, work in progress is recognised at the lower of cost and net realisable value on the balance sheet date.

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. Similar requirements apply to dividends from subsidiaries, and that the distributed profits must be earned after Sweco's acquisition date. Dividends can also be anticipated if the dividend has been decided or if Sweco can ensure that dividends are paid via its holding in the company.

#### Work in progress

In the balance sheet, work at a fixed price is reported at the lower of cost and fair value. Work performed on a cost plus basis is not assigned a value in the balance sheet.

#### Finance leases

In the Parent Company, all leases are recognised according to the rules for operating leases.

#### Defined benefit pension plans

The Parent Company applies different grounds for calculation of defined benefit pension plans than those stated in IAS 19. The Parent Company complies with the provisions in the Pension Protection Act and the regulations of the Swedish Financial Supervisory Authority since this is a requirement for tax deductibility. The most significant differences compared to the rules in IAS 19 are how the discount rate is determined, that the defined benefit obligation is calculated on the basis of current salary level with no assumption about future salary increases, and that actuarial gains and losses are recognised in the income statement for the period during which they arise.

#### Income 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.

#### 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 because a specified debtor fails to make payment when due or as agreed. The Parent Company reports financial guarantee contracts according to an optional exception permitted by the Swedish Financial Accounting Standards Council compared to the rules in IAS 39. This optional exception refers to financial guarantee contracts on behalf of subsidiaries, associated companies and joint ventures. The Parent Company reports financial guarantees as a provision in the balance sheet when there is an obligation for which it is probable that settlement will require an outflow of resources.

#### Group and shareholder contributions for legal entities

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

## 2 NET SALES

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

### 3 SEGMENT REPORTING

#### OPERATING SEGMENTS – BUSINESS AREAS

The Group's operations are divided into operating segments on the basis of the components of the Group that are regularly reviewed by the Executive Management, with application of the so-called management perspective. In the Group, the operating segments are defined as business areas.

Sweco's operations are organised in such a way that the Executive Management monitors the profit, operating margin and billing ratio generated by the Group's different geographical areas. Each business area is headed by an individual who is responsible overseeing day-to-day operations and who regularly reports the business area's operating results and performance to the Executive Management. Since the Executive Management monitors the results of the business areas, these comprise the Group's operating segments.

The Group's internal reporting is structured so that the Group Management can monitor the performance and results of all geographical areas. One exception to this is the Industry business area, whose operations consist of industrial consulting engineering services that are based in several countries. On the basis of this internal reporting, the Group's business areas have been identified and their various components have undergone a process aimed at combining segments that are similar. Consequently, the segments have been combined when they have similar financial attributes, meaning that their services, customers and distribution methods operate in a similar regulatory environment.

#### The following business areas have been identified:

Sweco Sweden	Architecture, structural engineering, building service systems, infrastructure, water and environment, project management, energy, geographical IT, institutional services
Sweco Norway	Structural engineering, energy, water and environment, infrastructure, building service systems
Sweco Finland	Project management
Sweco Russia	Water and environment, energy, infrastructure
Sweco Central & Eastern Europe	Water and environment, structural engineering, building service systems, infrastructure, energy, architecture, project management
Sweco Industry	Chemical industry, pulp and paper industry, marine industry, energy, product development
Group-wide	Group-wide functions

	Sweco Sweden	Sweco Norway	Sweco Finland	Sweco Central & Eastern Europe	Sweco Russia	Sweco Industry	Group-wide	Eliminations	Unallocated	Total Group
<b>2011</b>										
External sales	3,543.9	1,391.7	91.8	246.7	106.1	607.4	–	–	–	<b>5,987.6</b>
Internal sales	52.8	10.1	0.6	9.8	3.6	42.0	80.3	-199.2	–	–
<b>TOTAL NET SALES</b>	<b>3,596.7</b>	<b>1,401.8</b>	<b>92.4</b>	<b>256.5</b>	<b>109.7</b>	<b>649.4</b>	<b>80.3</b>	<b>-199.2</b>	–	<b>5,987.6</b>
Amortisation/depreciation	-50.7	-20.2	-0.5	-11.4	-7.2	-6.9	-12.7	–	–	<b>-109.6</b>
Operating profit/loss	412.3	125.9	7.3	1.6	10.3	24.9	-51.0	–	–	<b>531.3</b>
Financial income							8.6			<b>8.6</b>
Financial expenses							-13.1			<b>-13.1</b>
Profit before tax										<b>526.8</b>
Significant non-cash items aside from amortisation/depreciation	0.9	19.4	0.0	-1.3	0.3	0.6	1.4	–	–	<b>21.3</b>
Assets	1,976.3	855.0	85.4	354.8	144.3	480.2	1,918.7	-2,563.2	5.3	<b>3,256.8</b>
Investments in property, plant and equipment	86.6	21.3	0.4	3.5	4.6	6.0	1.4	–	–	<b>123.8</b>
Investments in intangible assets	57.5	130.5	0.1	21.0	33.9	6.7	–	–	–	<b>249.7</b>
Liabilities	1,974.0	390.0	21.5	339.3	139.3	131.1	889.0	-2,272.8	141.7	<b>1,753.1</b>
<b>2010</b>										
External sales	3,101.6	1,289.9	81.4	269.8	26.9	502.8	–	–	–	<b>5,272.4</b>
Internal sales	2.3	6.7	0.5	8.4	1.6	33.8	49.1	-102.4	–	–
<b>TOTAL NET SALES</b>	<b>3,103.9</b>	<b>1,296.6</b>	<b>81.9</b>	<b>278.2</b>	<b>28.5</b>	<b>536.6</b>	<b>49.1</b>	<b>-102.4</b>	–	<b>5,272.4</b>
Amortisation/depreciation	-46.9	-18.9	-0.5	-10.3	-0.4	-8.9	-8.5	–	–	<b>-94.4</b>
Operating profit/loss	334.2	130.8	7.2	7.3	3.4	1.5	-51.7	–	–	<b>432.7</b>
Financial income							5.3			<b>5.3</b>
Financial expenses							-14.3			<b>-14.3</b>
Profit before tax										<b>423.7</b>
Significant non-cash items aside from amortisation/depreciation	7.1	6.0	0.0	-1.1	-0.3	0.4	-4.7	–	–	<b>7.4</b>
Assets	1,725.0	768.7	84.2	321.2	40.3	418.4	2,021.7	-2,398.2	7.1	<b>2,988.4</b>
Investments in property, plant and equipment	47.3	20.1	0.1	38.7	0.2	1.5	0.3	–	–	<b>108.2</b>
Investments in intangible assets	19.3	14.6	0.3	3.6	0.0	2.2	–	–	–	<b>40.0</b>
Liabilities	1,741.9	335.6	20.4	296.8	42.2	75.0	1,021.3	-2,107.8	133.4	<b>1,558.8</b>

Net financial items are not followed up at the business area level since they are affected by measures taken by the central treasury department, which handles the Group's cash liquidity.

Net sales in the Parent Company amounted to SEK 80.3 million (49.1). Of total net sales in the Parent Company, 100 per cent (100) consisted of sales to group companies. Of the Parent Company's other external expenses, 24 per cent (23) consisted of purchases from group companies.

Non-cash items refer to capital gains, share-based bonus payments and the difference between pension premiums recognised and paid, see also cash flow statement on page 46.

Assets consist of operating receivables, IT equipment and office equipment. The breakdown of intangible assets is shown in Note 14. Group-wide items include cash and cash equivalents of SEK 60.7 million (211.2).

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 profits, assets and liabilities of the operating segments are measured in accordance with the profits, assets and liabilities regularly reviewed by the Executive Management.

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 consist of gains and losses on the sale of financial investments, income tax expenses, tax expenses and general administrative expenses. The group-wide assets and liabilities that have not been allocated are deferred tax assets and deferred tax liabilities.

#### NET SALES FROM EXTERNAL CUSTOMERS BY SERVICE SEGMENT

	Group	
	2011	2010
Infrastructure	993.9	840.4
Water & Environment	910.2	932.6
Energy	870.9	756.2
Building Service Systems	825.9	727.5
Structural Engineering	777.9	673.2
Industry	571.1	475.9
Architecture	523.3	435.0
Project management	375.5	306.4
Geographical IT	138.9	125.2
<b>TOTAL</b>	<b>5,987.6</b>	<b>5,272.4</b>

#### OPERATING SEGMENTS – GEOGRAPHICAL AREAS

	External sales		Non-current assets <sup>1)</sup>	
	2011	2010	2011	2010
Sweden	3,399.1	2,974.4	334.5	255.1
Norway	1,446.6	1,302.1	459.0	328.1
Denmark	74.7	57.8	6.9	7.2
Finland	345.2	280.0	274.8	276.1
Estonia	21.1	22.3	35.5	28.5
Lithuania	59.2	69.7	24.7	25.4
Czech Republic	88.7	115.3	36.7	37.9
Slovakia	5.2	9.3	3.4	0.0
Bulgaria	23.0	26.6	6.5	7.2
Poland	60.1	44.2	26.8	36.7
Rest of EU	51.3	66.6	–	–
Russia	175.4	81.8	49.7	22.4
Rest of Europe	70.2	40.8	–	–
Africa	40.0	47.0	–	–
Asia	117.3	122.6	–	–
Oceania	0.7	0.4	–	–
North America	3.2	3.2	–	–
South and Central America	6.6	8.3	–	–
Unallocated	–	–	–	–
Eliminations	–	–	-28.1	-38.3
<b>TOTAL</b>	<b>5,987.6</b>	<b>5,272.4</b>	<b>1,230.4</b>	<b>986.3</b>

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

#### INFORMATION ABOUT MAJOR CUSTOMERS

The Group has no revenue attributable to any individual customer that accounts for 10 per cent or more of the Group's total revenue. See also section on credit risk in Note 33.

#### 4 FEES TO AUDITORS

	Group		Parent Company	
	2011	2010	2011	2010
PricewaterhouseCoopers AB				
– audit services	3.5	3.3	0.6	0.4
– audit services aside from the statutory audit	0.9	0.8	0.4	0.4
– tax advice	0.1	0.2	–	–
– non-audit services	4.8	2.7	4.3	2.2
<b>Total</b>	<b>9.3</b>	<b>7.0</b>	<b>5.3</b>	<b>3.0</b>
Other auditing firms				
– audit services	0.5	0.3	–	–
– audit services aside from the statutory audit	0.1	–	–	–
– tax advice	0.3	0.1	0.2	–
– non-audit services	0.6	0.2	0.0	0.0
<b>Total</b>	<b>1.5</b>	<b>0.6</b>	<b>0.2</b>	<b>0.0</b>
<b>TOTAL FEES</b>	<b>10.8</b>	<b>7.6</b>	<b>5.5</b>	<b>3.0</b>

Audit services refer to examination of the consolidated financial statements, the accounts and the administration of the Board of Directors and the President 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. All other work is classified as non-audit services.

#### 5 OPERATING LEASES AND RENTAL CONTRACTS

	Group		Parent Company	
	2011	2010	2011	2010
<b>Fees according to leases and rental contracts in force</b>				
Rents paid during the year	225.5	187.6	1.2	1.1
Other charges paid during the year	7.4	7.2	0.2	0.2
<b>TOTAL RENTS AND CHARGES PAID DURING THE YEAR</b>	<b>232.9</b>	<b>194.8</b>	<b>1.4</b>	<b>1.3</b>
Future lease payments and rents,				
– within one year	222.1	202.5	1.2	1.0
– between one and five years	578.5	469.3	4.8	4.0
– longer than five years	531.1	584.2	9.1	8.6
<b>TOTAL FUTURE LEASE PAYMENTS</b>	<b>1,331.7</b>	<b>1,256.0</b>	<b>15.1</b>	<b>13.6</b>

Future lease payments refer to the nominal amount stipulated in non-cancellable leases and rental contracts. Of future minimum payments, approximately 99 per cent (99) consists of rents for premises. Other lease charges refer primarily to office equipment and IT equipment. For the Parent Company, future finance lease payments are included in an amount of SEK 0.2 million (0.2).

## 6 EMPLOYEES AND PERSONNEL COSTS

Personnel costs	Group		Parent Company	
	2011	2010	2011	2010
Salaries and remuneration, other employees	2,601.8	2,278.6	7.3	6.7
Salaries and remuneration, senior executives	55.2	47.2	12.1	11.1
<b>Total salaries and remuneration<sup>1)</sup></b>	<b>2,657.0</b>	<b>2,325.8</b>	<b>19.4</b>	<b>17.8</b>
Social security expenses, excl. pension costs	654.8	569.6	8.1	6.6
Pension costs, senior executives <sup>2) 3)</sup>	10.7	10.2	3.6	3.1
Pension costs, others <sup>2)</sup>	305.6	269.2	3.1	1.3
<b>TOTAL</b>	<b>3,628.1</b>	<b>3,174.8</b>	<b>34.2</b>	<b>28.8</b>

- 1) Senior executives in the table consist of board members and presidents in the Parent Company and all subsidiaries, and amount to 58 individuals (46) in the Group and 10 individuals (10) in the Parent Company.  
 2) See also Note 28, Provisions for pensions.  
 3) Senior executives who have received pension contributions according to the table include 51 individuals (41) in the Group and 3 individuals (3) in the Parent Company.

Average number of employees	2011		2010	
	Total	Of whom, men %	Total	Of whom, men %
<b>Sweden</b>				
Parent Company	16	38	13	38
Subsidiaries	3,045	71	2,673	73
<b>Total Sweden</b>	<b>3,061</b>	<b>71</b>	<b>2,686</b>	<b>72</b>
<b>Outside Sweden</b>				
Norway	1,016	74	933	74
Finland	513	82	459	83
Denmark	34	68	36	67
Estonia	51	49	57	53
Lithuania	251	56	243	55
Russia	305	38	96	34
Czech Republic	244	54	258	49
Slovakia	8	63	4	50
Bulgaria	67	52	75	44
Poland	198	68	110	67
Africa	4	100	9	100
Asia	19	89	19	95
South and Central America	1	100	1	100
<b>Total outside Sweden</b>	<b>2,711</b>	<b>67</b>	<b>2,300</b>	<b>68</b>
<b>TOTAL GROUP</b>	<b>5,772</b>	<b>69</b>	<b>4,986</b>	<b>70</b>

Percentage of women, %	Group		Parent Company	
	2011	2010	2011	2010
Board members in all companies	24	24	50	50
Other senior executives, 50 individuals (40)	18	15	0	0

Sickness absence, %	Group		Parent Company	
	2011	2010	2011	2010
Total sickness absence	2.6	2.6	0.4	0.8
– long-term sickness absence	0.7	0.8		
– sickness absence for men	2.1	2.2		
– sickness absence for women	3.6	3.6		
– employees –29 years	2.2	2.4		
– employees 30–49 years	2.1	2.2		
– employees 50+ years	3.6	3.4		

## REMUNERATION TO SENIOR EXECUTIVES

### Principles

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

The Sweco Group's objective is to offer a competitive and market-based level of remuneration that makes it possible to recruit and retain qualified senior executives. Remuneration to senior executives consists of basic salary, variable salary, pension, other remuneration and share-based incentive schemes.

### Basic and variable salary

Remuneration shall be based on factors such as work duties, expertise, experience, position and performance. Furthermore, the relationship between basic and variable salary shall be proportionate to the responsibilities and powers of the individual in question. The variable salary component is based on predetermined and measurable criteria that are designed in order to promote the company's long-term value creation. The maximum amount of variable salary for the President and Vice President is 75 per cent of basic salary. For other senior executives, the maximum amount of variable salary is 50 per cent of basic salary. The variable salary component is based on actual outcomes in relation to predetermined profitability targets. The targets for the President and other senior executives are established by the Board of Directors.

### Pension

The pension terms of the President and other senior executives shall be market-based in relation to those that generally apply for comparable executives in the market and shall normally be based on defined contribution pension solutions.

### Other remuneration

Other remuneration may be awarded and consists primarily of company car and telephone benefits.

### Share-based incentive schemes

Senior executives in the Sweco Group may be offered various forms of incentive schemes on market-based terms. The motive for share-based incentive schemes is to achieve an increase in and spread of share ownership/exposure among the senior executives and to achieve a greater alignment of interests between the executives and the company's shareholders. A long-term personal share ownership commitment among key personnel can be expected to stimulate greater interest in the company's operations and profit growth, and to increase motivation and solidarity with the company.

Decisions regarding share-based incentive schemes shall always be resolved on by an Annual General Meeting or an Extraordinary General Meeting.

### Notice period and termination benefits

In the event of dismissal by the company, the President shall receive termination benefits equal to 18 monthly salaries. In the event of his resignation, the President has a six-month notice period. A maximum notice period of 18 months shall apply even if the President resigns in the event of a change in circumstances whereby the company's principal owner is other than the two currently largest shareholders.

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

### Other

These principles shall apply to agreements entered into after the decision of the Annual General Meeting and any changes in existing agreements made after this date, to the extent that this is permitted under the existing agreements. The Board shall have the right to deviate from the principles in individual cases when there is special reason to do so.



## Remuneration and other benefits in 2011 (SEK 000s)

	Basic salary/ board fees	Variable <sup>2)</sup> salary	Other benefits	Pension cost	TOTAL
Board Chairman Olle Nordström	390	-	-	-	390
Board member Anders G. Carlberg	215	-	-	-	215
Board member Gunnel Duveblad	255	-	-	-	255
Board member Aina Nilsson Ström	195	-	-	-	195
Board member Pernilla Ström	215	-	-	-	215
Board member Carola Teir-Lehtinen <sup>1)</sup>	88	-	-	-	88
Board member Kai Wärn	195	-	-	-	195
President	4,236	1,423	107	2,110	7,876
Other senior executives (6 individuals)	9,938	1,589	654	3,747	15,928
<b>TOTAL</b>	<b>15,727</b>	<b>3,012</b>	<b>761</b>	<b>5,857</b>	<b>25,357</b>

1) As of the 2011 Annual General Meeting.

2) Variable salary includes share-based payments of SEK 47,000 to the President and SEK 60,000 to other senior executives.

## Remuneration and other benefits in 2010 (SEK 000s)

	Basic salary/ board fees	Variable salary	Other benefits	Pension cost	TOTAL
Board Chairman Olle Nordström	390	-	-	-	390
Board member Sofia Arkelsten	88	-	-	-	88
Board member Anders G. Carlberg	215	-	-	-	215
Board member Gunnel Duveblad	255	-	-	-	255
Board member Aina Nilsson Ström	195	-	-	-	195
Board member Pernilla Ström	208	-	-	-	208
Board member Kai Wärn	108	-	-	-	108
President	4,092	1,010	103	1,223	6,428
Other senior executives (6 individuals)	9,649	1,045	656	3,250	14,600
<b>TOTAL</b>	<b>15,200</b>	<b>2,055</b>	<b>759</b>	<b>4,473</b>	<b>22,487</b>

The Chairman and other members of the Board receive Board fees and compensation for committee work according to the decision of the Annual General Meeting. The President and employee representatives receive no board fees.

In the above table, other senior executives consist of the members of the Executive Management and the business area presidents (excluding the President of Sweco AB).

Variable salary refers to bonuses and share-based payments that were expensed in 2011 and 2010.

## Share savings scheme

The 2011 Annual General Meeting resolved to implement a long-term share savings scheme directed to senior executives in the Sweco Group.

Under the 2011 Share Savings Scheme, the participants may use their own funds to acquire class B shares in Sweco ("saving shares") on NASDAQ OMX Stockholm for an amount equivalent to no more than 5 to 10 per cent of the respective participant's basic annual salary for 2011. If the saving shares are held until the publication date of the year-end report for the 2014 financial year ("the lock-up period") and the participant remains employed in his/her position or an equivalent position in the Sweco Group throughout the lock-up period, each saving share shall thereafter grant entitlement to the free-of-charge award of one class B share in Sweco ("matching shares") and – provided that the performance targets have been met – to an additional number of not more than one to four class B shares in Sweco ("performance shares"). The grant of performance shares is conditional on a positive total return for the Sweco share, and is also dependent on the Sweco share's total return in relation to a group of comparable companies.

Through the share savings scheme, 36 senior executives have acquired around 43,059 saving shares, which means that a maximum of 148,356 shares may be granted if the predetermined targets are met. The cost of the 2011 share savings scheme is estimated at approximately SEK 5.4 million (including social security expenses) and will be expensed on a straight-line basis over the lock-up period. The share savings scheme started in 2011 and the year's provision including social security expenses was thus SEK 0.3 million.

## 7 AMORTISATION/DEPRECIATION AND IMPAIRMENT

	Group		Parent Company	
	2011	2010	2011	2010
Other intangible assets, amortisation	-31.3	-22.1	-2.8	-1.6
Buildings, depreciation	-1.7	-1.3	-	-
Equipment, depreciation	-76.6	-71.0	-1.1	-0.3
<b>TOTAL</b>	<b>-109.6</b>	<b>-94.4</b>	<b>-3.9</b>	<b>-1.9</b>

## 8 NET FINANCIAL ITEMS

## GROUP

	2011	2010
<b>Financial income</b>		
Distribution of available-for-sale financial assets	0.2	-
Interest income – trade receivables	2.4	1.3
Interest income – bank	5.8	3.8
Other financial income	0.2	0.2
<b>Total financial income</b>	<b>8.6</b>	<b>5.3</b>
<b>Financial expenses</b>		
Interest expenses – trade payables	-0.3	-0.2
Interest expenses – bank	-9.4	-6.2
Other financial expenses	-1.8	-2.2
Net foreign exchange losses	-1.6	-5.7
<b>Total financial expenses</b>	<b>-13.1</b>	<b>-14.3</b>
<b>Shares in profit of associates</b>	<b>-</b>	<b>0.0</b>
<b>TOTAL NET FINANCIAL ITEMS</b>	<b>-4.5</b>	<b>-9.0</b>
Interest income received during the year	8.2	5.1
Interest expenses paid during the year	-9.7	-6.5

## PARENT COMPANY

	2011	2010
<b>Profit from investments in group companies</b>		
Dividends	57.0	43.5
Group contributions	408.9	261.3
<b>Total profit from investments in group companies</b>	<b>465.9</b>	<b>304.8</b>
<b>Financial income</b>		
Interest income from group companies	0.9	0.6
Other interest income	3.7	1.8
<b>Total financial income</b>	<b>4.6</b>	<b>2.4</b>
<b>Financial expenses</b>		
Interest expenses to group companies	-1.2	-1.0
Other interest expense	-3.7	-1.8
Foreign exchange losses	-	-4.0
Other financial expenses	-1.3	-1.8
<b>Total financial expenses</b>	<b>-6.2</b>	<b>-8.6</b>
<b>TOTAL NET FINANCIAL ITEMS</b>	<b>464.3</b>	<b>298.6</b>
Interest income received during the year	4.4	2.3
Interest expenses paid during the year	-4.9	-8.6

## 9 APPROPRIATIONS AND UNTAXED RESERVES

### PARENT COMPANY

Appropriations	2011	2010
Accelerated depreciation	-1.1	-0.1
<b>Total</b>	<b>-1.1</b>	<b>-0.1</b>

Untaxed reserves	2011	2010
Accelerated depreciation	1.2	0.1
<b>Total</b>	<b>1.2</b>	<b>0.1</b>

## 10 INCOME TAXES

	Group		Parent Company	
Current income tax	2011	2010	2011	2010
The period's income tax expense	-155.3	-101.6	-93.7	-52.6
Adjustment of tax attributable to prior years	-1.4	2.0	0.0	1.7
<b>Total current income tax</b>	<b>-156.7</b>	<b>-99.6</b>	<b>-93.7</b>	<b>-50.9</b>
<b>Deferred tax income/expense</b>				
Deferred tax on temporary differences	9.7	-13.4	-	-
Deferred tax expense arising from prior tax values in loss carryforwards	-0.4	-	-	-
Deferred tax income/expense arising on change in untaxed reserves	-4.6	-10.8	-	-
<b>Total deferred tax income/expense</b>	<b>4.7</b>	<b>-24.2</b>	<b>-</b>	<b>-</b>
<b>TOTAL REPORTED INCOME TAX</b>	<b>-152.0</b>	<b>-123.8</b>	<b>-93.7</b>	<b>-50.9</b>

The items in the statement of comprehensive income are reported net after tax. No tax is recognised for foreign currency translation difference arising on translation of the financial statements of foreign operations, which amount to SEK -13.6 million (-101.1).

	Group		Parent Company	
Reconciliation of effective tax	2011	2010	2011	2010
Profit before tax	526.8	423.7	410.1	240.6
Income tax computed according to national tax rates for profit in each country	151.6	132.1	107.8	63.3
Tax effects of:				
- Non-taxable dividends	-18.9	-15.0	-15.0	-11.4
- Non-taxable revaluations and capital gains on shares	-	0.3	-	-
- Other non-taxable income	-0.9	-0.5	-	-
- Other non-deductible expenses	20.0	8.9	0.9	0.7
Utilisation of previously uncapitalised loss carryforwards	-1.2	-	-	-
Correction of income tax expense in prior years	1.4	-2.0	0.0	-1.7
<b>THE YEAR'S INCOME TAX EXPENSE</b>	<b>152.0</b>	<b>123.8</b>	<b>93.7</b>	<b>50.9</b>

### Deferred tax assets and liabilities

	Group	
The year's change in carrying amount	2011	2010
Opening carrying amount, deferred tax assets	7.1	14.0
Increase through business combinations	0.4	3.1
Reclassification to deferred tax liabilities	-2.2	-0.4
Other deferred tax expenses in the income statement	0.3	-8.6
Foreign currency translation difference	-0.3	-1.0
<b>Closing carrying amount, deferred tax assets</b>	<b>5.3</b>	<b>7.1</b>
Opening carrying amount, deferred tax liabilities	-133.4	-106.9
Increase through business combinations	-16.1	-13.2
Reclassification from deferred tax asset	2.2	0.4
Change in tax component of untaxed reserves in the income statement	-4.7	-10.8
Other deferred tax liabilities in the income statement	9.1	-4.8
Foreign currency translation difference	1.2	1.9
<b>Closing carrying amount, deferred tax liabilities</b>	<b>-141.7</b>	<b>-133.4</b>
<b>Deferred taxes at end of year</b>		
Deferred tax asset in loss carryforwards	1.1	0.9
Deferred tax asset in revaluation deficit relating to pensions	0.7	0.8
Deferred tax asset in other temporary differences	3.5	5.4
<b>Total deferred tax assets</b>	<b>5.3</b>	<b>7.1</b>
Deferred tax component in the companies' reported untaxed reserves	-102.0	-96.9
Deferred tax liabilities in temporary differences	-39.7	-36.5
<b>Total deferred tax liabilities</b>	<b>-141.7</b>	<b>-133.4</b>
<b>TOTAL DEFERRED TAXES, NET</b>	<b>-136.4</b>	<b>-126.3</b>

Of the deferred tax assets, a sum of SEK 1.9 million is expected to be utilised within 12 months. Of the deferred tax liabilities, a sum of SEK 6.0 million is expected to be paid within 12 months. There are no deductible temporary differences, loss carryforwards or other future tax deductions that are not included in deferred tax assets. Furthermore, in the Group there are Group uncapitalised loss carryforwards equal to SEK 1.0 million. At present, these are not deemed utilisable against future profits.

	Deferred tax assets		Deferred tax liabilities		Net	
	2011	2010	2011	2010	2011	2010
Property, plant and equipment	1.6	1.6	-4.1	-4.8	-2.5	-3.2
Intangible assets	0.7	0.7	-26.2	-15.5	-25.5	-14.8
Financial assets	-0.2	0.0	-0.5	-1.4	-0.7	-1.4
Current assets	1.4	3.1	-1.3	-3.4	0.1	-0.3
Untaxed reserves	-	-	-102.0	-96.9	-102.0	-96.9
Pensions	0.7	0.8	-7.6	-11.4	-6.9	-10.6
Loss carryforwards	1.1	0.9	-	-	1.1	0.9
<b>TOTAL</b>	<b>5.3</b>	<b>7.1</b>	<b>-141.7</b>	<b>-133.4</b>	<b>-136.4</b>	<b>-126.3</b>

2011	Opening balance 2011	Recognised through profit or loss	Acquisitions	Foreign currency translation difference	Closing balance
					2011
Property, plant and equipment	-3.2	0.1	-	0.6	-2.5
Intangible assets	-14.8	4.2	-15.7	0.8	-25.5
Financial assets	-1.4	0.7	-	-	-0.7
Current assets	-0.3	0.2	0.3	-0.1	0.1
Untaxed reserves	-96.9	-4.8	-0.3	-	-102.0
Pensions	-10.6	4.1	-	-0.4	-6.9
Loss carryforwards	0.9	0.2	-	0.0	1.1
<b>TOTAL</b>	<b>-126.3</b>	<b>4.7</b>	<b>-15.7</b>	<b>0.9</b>	<b>-136.4</b>

2010	Opening balance 2010	Recognised through profit or loss	Acquisitions	Reclassifications	Foreign currency translation difference	Closing balance
						2010
Property, plant and equipment	1.8	0.1	-5.0	-	-0.1	-3.2
Intangible assets	-16.8	-5.8	-1.9	9.2	0.5	-14.8
Financial assets	-0.4	-1.0	-	-	0.0	-1.4
Current assets	0.7	-1.8	0.8	-	-	-0.3
Untaxed reserves	-83.9	-10.8	-2.2	-	-	-96.9
Pensions	5.6	-5.7	-1.8	-9.2	0.5	-10.6
Loss carryforwards	0.1	0.8	-	-	-	0.9
<b>TOTAL</b>	<b>-92.9</b>	<b>-24.2</b>	<b>-10.1</b>	<b>-</b>	<b>0.9</b>	<b>-126.3</b>

## 11 EARNINGS PER SHARE

### GROUP

	2011	2010
Average number of shares before dilution	90,858,246	90,285,021
Effect of assumed utilisation of share bonus program	2,856	697,594
<b>Average number of shares after dilution</b>	<b>90,861,102</b>	<b>90,982,615</b>

### Earnings per share on profit attributable to owners of the Parent Company

Basic earnings per share, SEK	4.11	3.31
Diluted earnings per share, SEK	4.11	3.28

Earnings per share have been calculated on profit for the year attributable to owners of the Parent Company, divided by the average number of shares as specified above. 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. The dilutive effects are a result of the warrant program and the share bonus program. The warrant program has not led to any adjustment in profit for the year in calculation of diluted earnings per share.

For additional information about the repurchase of treasury shares, see Note 26.

## 12 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Parent Company	
	2011	2010	2011	2010
The year's purchases according to Note 15	117.5	73.1	12.4	0.3
Held under finance leases	-26.2	-11.8	-	-
<b>TOTAL</b>	<b>91.3</b>	<b>61.3</b>	<b>12.4</b>	<b>0.3</b>

## 13 ACQUISITION AND DIVESTITURE OF SUBSIDIARIES AND OPERATIONS

### GROUP

	Date	Holding, % <sup>1)</sup>	Holding after transaction, % <sup>1)</sup>	Consideration transferred
<b>Acquisitions</b>				
Ingeniør Per Ødemark, Norway, asset deal	1 January 2010	100	100	0.9
Sweco Lietuva, Lithuania, acquisition of non-controlling interest	25 January 2010	0,5	91	0.2
Hydroprojekt Kraków Sp. z o.o., Poland	8 February 2010	95	95	6.5
Ilje AS, Norway	1 April 2010	100	100	5.0
Conradi AS, Norway	1 June 2010	100	100	3.3
Hydroprojekt Kraków Sp. z o.o., Poland, acquisition of non-controlling interest	21 June 2010	5	100	0.4
Krakowskie Biuro Projektów Dróg i Mostów TRANSPROJEKT sp. z o.o., Poland	29 June 2010	97	97	33.2
B&B VVS Konsult AB, adjustment of contingent consideration	2 August 2010		100	0.1
Krakowskie Biuro Projektów Dróg i Mostów TRANSPROJEKT sp. z o.o., Poland, acquisition of non-controlling interest	19 August 2010, 10 November 2010	3	100	1.2
Kasos sp. z o.o (under name change to Sweco Polska), Poland	1 September 2010	100	100	0.0
Aros Arkitekter AB	1 October 2010	100	100	28.3
Effekt RI AS, Norway, asset deal	1 October 2010	100	100	1.3
Eiendomsprosjektering AS, Norway	1 December 2010	100	100	6.2
<b>TOTAL ACQUISITIONS IN 2010</b>				<b>86.6</b>
<b>2011</b>				
TD VVS-konsult AB	1 January 2011	100	100	0.8
Castelo Investment sp. z o.o, Poland	3 February 2011	100	100	0.0
APA Markowski Architekci, Poland, asset deal	15 February 2011	100	100	7.7
Wona AB (with subsidiary Axro Consult)	1 March 2011	100	100	14.4
Oppland Bygg Consult AS, Norway	15 March 2011	100	100	10.8
OOO IKTP, Russia	27 April 2011	100	100	9.4
ZAO NIPI, Russia	27 April 2011	100	100	50.6
Stockholms Stads Utrednings- och Statistikkontor AB	1 June 2011	100	100	24.7
PROWS Industry & Management AB	1 June 2011	100	100	8.0
B&B VVS Konsult AB, adjustment of contingent consideration	1 July 2011		100	0.1
UAB Energetikos linijos, Lithuania	22 July 2011	100	100	1.7
Sweco Architects AS, Denmark, acquisition of non-controlling interest	31 August 2011	94	96	0.1
Kilde Akustikk AS, Norway	1 September 2011	100	100	10.2
K-konsult Elteknik i Gävle AB, asset deal	1 September 2011	100	100	1.3
Inmind Scandinavia AB	12 September 2011	100	100	8.3
HYDROCOOP, spol. s r.o., Slovakia	30 September 2011	80	80	4.4
Sweco International Export AB	30 September 2011	100	100	0.1
Metrix AB, asset deal	1 October 2011	100	100	4.5
Vealeidja OÜ, Estonia	15 December 2011	100	100	11.1
NEAS rådgivende ingeniørvirksomhet, Norway, asset deal	31 December 2011	100	100	110.4
<b>TOTAL ACQUISITIONS IN 2011</b>				<b>278.6</b>
<b>Divestitures</b>				
Part of Sweco Industry Oy, Finland	1 April 2010		100	-4.0
<b>TOTAL DIVESTITURES IN 2010</b>				<b>-4.0</b>

1) The ownership stake corresponds to the equity interest.

Acquisitions made in 2011 and 2010 are reported in aggregated form since they are not of an individual size that motivates separate reporting of each acquisition. The purchase price allocations in the tables are preliminary for Vaeleidja OÜ and NEAS rådgivende ingeniørvirksomhet. However, any adjustments in these purchase price allocations are expected to be of insignificant value.

In 2011 Sweco acquired Axro Consult, with 35 employees and offices in Gothenburg, Jönköping and Skövde. Axro has core expertise in building service systems for the healthcare sector. In the past year Sweco also acquired the City of Stockholm's Office of Research and Statistics, USK, with 33 employees, which has provided clients like the City of Stockholm with statistics, forecasts, research and studies on issues related to regional development. In addition, Sweco has acquired Inmind Scandinavia AB, active in Intelligent Transport Systems (ITS) with 11 employees, K-Konsult Elteknik i Gävle AB with four employees, the construction engineering company Metrix AB with nine employees and TD VVS-konsult AB with five employees.

During the year, Sweco has acquired the Norwegian facility management company NEAS's consulting operations with a focus on fire and security, project management and advice related to planning and building rules. The acquired units have a total of 71 employees at their offices in Trondheim, Stavanger, Bergen, Stokke, Skien and Oslo. In Norway Sweco has also acquired Oppland Bygg Consult AS with 23 employees and operations in construction and project management. An additional acquisition in Norway was Kilde Akustikk AS with 10 employees, which among other things offers services related to acoustics and vibrations.

In Poland Sweco has acquired the architectural operations of APA Markowski Architekci with a total of 20 employees in Warsaw during the year. In Lithuania Sweco has

acquired UAB Energetikos Linijos with 34 employees. The company's offering includes services for CHP plants, district heating and biogas facilities. In Slovakia Sweco has acquired 80 per cent of the shares in HYDROCOOP spol. s r.o in Bratislava. HYDROCOOP is a provider of consulting services in water and environment and has 22 employees. In Estonia Sweco has acquired Vealeidja OÜ, one of the country's leading project management companies with 31 employees. Through the acquisition, Sweco has widened its service offering and strengthened its positions in the Estonian market.

In Russia Sweco has acquired the two infrastructure consulting companies OOO IKTP and ZAO NIPI with a total of 264 employees. Both companies are leading engineering consultancies in the transport sector. IKTP is active mainly in civil engineering and NIPI in studies and strategic planning. Through the acquisitions, Sweco will significantly advance its positions in Russia and increase the number of consultants in the country to 370.

Sweco Industry has acquired the Swedish industrial consultant PROWS Industry & Management AB, with 25 employees. The company offers consulting engineering services to clients primarily in the industrial and healthcare sectors.

No operations were divested during 2011.

Acquired companies had a negative impact of SEK 221.3 million (63.1) on the Group's cash and cash equivalents and divested operations decreased consolidated cash and cash equivalents for 2011 by SEK 4.0 million. The net effect on the Group's cash and cash equivalents is SEK -221.3 million (-67.1). Goodwill includes the value of the employees' technical expertise. The consideration transferred consists of cash payments. Acquisition-related costs for the above acquisitions totalled SEK 5.6 million (3.4) and consist of fees to consultants in connection with due diligence procedures. This expenditure is recognised as other external expenses in the income statement.

## Net assets of companies acquired and divested on the acquisition date

	2011		2010	
	Acquired values	Acquired values	Acquired values	Divested values
Intangible assets	67.4	14.6	0.5	
Property, plant and equipment	6.3	35.1	-	
Financial assets	0.7	3.4	-	
Current assets <sup>1)</sup>	87.6	44.5	-	
Cash and cash equivalents	26.5	12.6	-	
Non-current liabilities	-0.4	-4.2	-	
Deferred tax	-16.1	-13.2	-	
Other current liabilities	-71.5	-26.8	-4.5	
Non-controlling interest recognised on acquisitions	-0.2	0.0	-	
Consolidated goodwill recognised on acquisitions	178.2	19.5	-	
Acquisition of non-controlling interests	0.1	1.1	-	
Capital gain recognised on divestiture	-	-	0.0	
<b>Total purchase price</b>	<b>278.6</b>	<b>86.6</b>	<b>-4.0</b>	
Unsettled purchase price commitments	-34.9	-11.1	-	
Payment of previously withheld purchase price	4.1	0.2	-	
Cash and cash equivalents in acquired companies	-26.5	-12.6	-	
<b>DECREASE IN THE GROUP'S CASH AND CASH EQUIVALENTS</b>	<b>221.3</b>	<b>63.1</b>	<b>-4.0</b>	

1) Of which, receivables amount to SEK 74.8 million.

Of the unsettled purchase price commitments of SEK 34.9 million, SEK 28.9 million refers to conditional contingent consideration. The conditional contingent consideration is payable on the attainment of certain predetermined targets for profit and/or sales and can amount to a maximum of SEK 33.2 million. The fair value of the conditional contingent consideration has been calculated on the basis of weighted probable amounts that have then been discounted.

During the year Sweco made minor acquisitions of non-controlling interests. The effects of these acquisitions are shown below in aggregated form.

Effects of changes in ownership in the company's holdings:	Total
Company's holding at beginning of year	0.4
Acquisitions during the year	0.2
Effect of increased holding	-0.1
Share of profit for the year	0.0
Foreign currency translation difference	0.0
<b>Company's holding at end of year</b>	<b>0.5</b>

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

	2011		2010	
	Acquisitions	Acquisitions	Divestiture	
Contribution to net sales in the year's accounts	206.2	65.8	9.4	
Contribution to net sales if the companies had been owned for the full year	402.8	153.5		
Contribution to operating profit in the year's accounts	9.9	7.3	0.0	
Contribution to operating profit if the companies had been owned for the full year	29.3	11.1		

## 14 INTANGIBLE ASSETS

## GROUP

	2011			2010		
	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
Opening cost	760.4	135.0	895.4	813.0	126.2	939.2
Purchases	-	4.1	4.1	-	5.9	5.9
Increase through business combinations	178.1	67.4	245.5	19.4	14.6	34.0
Increase on adjustment of purchase price allocation	0.1	-	0.1	0.1	-	0.1
Reclassification	-	-0.4	-0.4	-	-	-
Sales and disposals	-	-3.0	-3.0	-	-0.9	-0.9
Foreign currency translation difference	-5.2	-2.0	-7.2	-72.1	-10.8	-82.9
<b>Closing accumulated cost</b>	<b>933.4</b>	<b>201.1</b>	<b>1,134.5</b>	<b>760.4</b>	<b>135.0</b>	<b>895.4</b>
Opening accumulated amortisation and impairment	-26.0	-85.7	-111.7	-29.5	-72.8	-102.3
Reclassification	-	0.1	0.1	-	-	-
Sales and disposals	-	3.0	3.0	-	0.8	0.8
Foreign currency translation difference	0.1	1.1	1.2	3.5	8.4	11.9
The year's amortisation	-	-31.3	-31.3	-	-22.1	-22.1
<b>Closing accumulated amortisation and impairment</b>	<b>-25.9</b>	<b>-112.8</b>	<b>-138.7</b>	<b>-26.0</b>	<b>-85.7</b>	<b>-111.7</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>907.5</b>	<b>88.3</b>	<b>995.8</b>	<b>734.4</b>	<b>49.3</b>	<b>783.7</b>
<b>Specification</b>						
Sweco Sweden	139.7			112.1		
Sweco Norway	378.8			259.3		
Sweco Finland	47.0			47.3		
Sweco Central & Eastern Europe	93.9			81.8		
Sweco Russia	35.5			21.9		
Sweco Industry	212.6			212.0		
Capitalised licence costs for software		11.0			12.3	
Capitalised development costs for software		9.7			12.4	
Assets capitalised on acquisition		67.3			24.3	
Other intangible assets		0.3			0.3	
<b>CLOSING CARRYING AMOUNT</b>	<b>907.5</b>	<b>88.3</b>		<b>734.4</b>	<b>49.3</b>	

All of the above intangible assets have been acquired, aside from developed software for a value of SEK 9.7 million (12.4). See also Note 7 regarding impairment of goodwill. No borrowing costs have been included in the historical cost of the assets in the above table.

The most significant intangible values are found in the Sweco Industry and Sweco Norway business areas, which also comprise cash-generating units. The estimated recoverable amounts of both units are based on the same assumptions. The calculations are based on five-year forecasts with reference to historical data and external information sources. In the normal case, the cash flows forecasted after the first five years are based on an annual real growth rate of 2 per cent, which corresponds to the expected long-term growth rate in the business areas' markets. In some markets, however, a higher growth rate may be reasonable. One such example is the Sweco Russia business area, where a growth rate of 5 per cent has been used in view of the high expected future rates of inflation and growth.

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

The conclusion of this test is that there is no indication of impairment.

The most important variables are market growth, hourly rates and personnel costs.

#### Market growth

Demand for consulting services has historically followed the business cycle. Projected market growth is based on a forecasted transition from the prevailing market situation to the anticipated long-term growth rate. The current market share has been assumed to apply for future periods. In this context, market growth means growth in operating profit.

#### Hourly rates

Over a business cycle, hourly rates have essentially risen in pace with inflation and real income growth. The forecast for hourly rates is based on anticipated inflation and real income growth.

#### Personnel costs

The forecast for personnel costs is based on anticipated inflation, a certain degree of real salary growth (historical average), an unchanged billing ratio and efficiency improvements in operations.

#### Discount rate

The discount rate before tax, based on general market conditions and the specific circumstances of the respective unit, is 12 per cent (13) for Sweco Sweden, 13 per cent (14) for Sweco Norway, 14 per cent (14) for Sweco Finland, 15 per cent (16) for Sweco Central & Eastern Europe, 18 per cent (21) for Sweco Russia and 14 per cent (14) for Sweco Industry.

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

2011 Variable	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Central & Eastern Europe		Sweco Russia		Sweco Industry	
	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average market growth, %	6	-62.9	3	-20.1	12	0.1	21	16.9	10	3.4	19	8.5
Average hourly rate, %	4	-11.0	3	-2.8	6	1.5	3	2.3	7	4.4	8	0.4
Average increase in personnel costs, %	5	20.2	3	10.3	7	15.0	4	6.0	10	13.7	11	22.5
Discount rate, %	12	85.4	13	33.3	14	21.2	15	16.0	18	21.6	14	34.7

2010 Variable	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Central & Eastern Europe		Sweco Russia		Sweco Industry	
	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average market growth, %	7	-26.5	2	-31.4	14	1.1	10	4.5	13	6.6	18	15.8
Average hourly rate, %	6	-2.8	2	-5.6	6	1.7	3	1.9	15	12.9	10	8.7
Average increase in personnel costs, %	6	17.5	2	13.3	7	14.7	3	5.1	16	20.1	14	16.1
Discount rate, %	13	49.3	14	51.3	14	20.5	16	17.5	21	23.0	14	17.9

#### PARENT COMPANY

Other intangible assets	2011	2010
Opening cost	14.0	-
Purchases from other group companies	0.1	14.0
<b>Closing accumulated cost</b>	<b>14.1</b>	<b>14.0</b>
Opening accumulated amortisation	-1.6	-
The year's amortisation	-2.8	-1.6
<b>Closing accumulated amortisation</b>	<b>-4.4</b>	<b>-1.6</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>9.7</b>	<b>12.4</b>

## 15 PROPERTY, PLANT AND EQUIPMENT

### GROUP

	2011			2010		
	Buildings and land	Equipment	Total	Buildings and land	Equipment	Total
Opening cost	48.0	565.0	613.0	16.4	539.8	556.2
Purchases	1.8	115.7	117.5	3.3	69.8	73.1
Increase through business combinations	–	6.3	6.3	32.1	3.0	35.1
Reclassifications	–	0.4	0.4	–	–	0.0
Sales and disposals	–	–60.9	–60.9	–	–44.3	–44.3
Foreign currency translation difference	–3.7	–0.8	–4.5	–3.8	–3.3	–7.1
<b>Closing accumulated cost</b>	<b>46.1</b>	<b>625.7</b>	<b>671.8</b>	<b>48.0</b>	<b>565.0</b>	<b>613.0</b>
Opening accumulated depreciation	–3.5	–410.0	–413.5	–3.7	–378.6	–382.3
Reclassifications	–	–0.2	–0.2	–	–	0.0
Sales and disposals	–	51.4	51.4	–	39.6	39.6
Foreign currency translation difference	0.2	–0.6	–0.4	1.5	0.0	1.5
The year's depreciation	–1.7	–76.6	–78.3	–1.3	–71.0	–72.3
<b>Closing accumulated depreciation</b>	<b>–5.0</b>	<b>–436.0</b>	<b>–441.0</b>	<b>–3.5</b>	<b>–410.0</b>	<b>–413.5</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>41.1</b>	<b>189.7</b>	<b>230.8</b>	<b>44.5</b>	<b>155.0</b>	<b>199.5</b>
Of which, land:						
Opening cost	0.4	–	0.4	0.1	–	0.1
Foreign currency translation difference	0.0	–	0.0	0.0	–	0.0
Increase through business combinations	–	–	–	0.3	–	0.3
<b>Closing carrying amount of land</b>	<b>0.4</b>	<b>–</b>	<b>0.4</b>	<b>0.4</b>	<b>–</b>	<b>0.4</b>
Of which, equipment financed through finance leases in the following amounts:						
Closing accumulated cost	–	50.4	50.4	–	36.6	36.6
Closing accumulated depreciation	–	–15.5	–15.5	–	–13.0	–13.0
<b>Closing carrying amount of finance leases</b>	<b>–</b>	<b>34.9</b>	<b>34.9</b>	<b>–</b>	<b>23.6</b>	<b>23.6</b>

### PARENT COMPANY

Equipment	2011	2010
Opening cost	4.8	4.5
Purchases	1.4	0.3
Purchases from other group companies	11.0	–
<b>Closing accumulated cost</b>	<b>17.2</b>	<b>4.8</b>
Opening accumulated depreciation	–4.1	–3.8
The year's depreciation	–1.1	–0.3
<b>Closing accumulated depreciation</b>	<b>–5.2</b>	<b>–4.1</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>12.0</b>	<b>0.7</b>

## 16 SHAREHOLDINGS AND PARTICIPATIONS IN GROUP COMPANIES

### PARENT COMPANY

The year's change in carrying amounts	2011	2010
Opening carrying amount	332.0	332.0
<b>CLOSING CARRYING AMOUNT</b>	<b>332.0</b>	<b>332.0</b>

Shareholdings at end of year	Corp. ID number	Domicile	Holding, %	No. of shares	Carrying amount
<b>Directly owned companies</b>					
Sweco Central Eastern Europe AB	556633-5831	Stockholm	100	1,000	0.1
Sweco Finland Oy	1578089-9	Finland	100	61,541	89.9
Sweco JAPS AB	556301-1765	Västerås	100	2,000	41.6
Sweco Norge AS	967032271	Norway	100	152,349	112.1
Sweco PM Oy	1657257-2	Finland	100	500	73.9
Sweco Russia AB	556221-1689	Stockholm	100	4,005	3.0
Sweco Sverige AB	556032-2496	Stockholm	100	100,000	10.0
Vattenbyggnadsbyrån AB	556077-9471	Stockholm	100	1,000	0.8
Vattenbyggnadsbyrån Export AB	556079-1336	Stockholm	100	4,500	0.6
<b>Total shareholdings and participations in group companies</b>					<b>332.0</b>
<b>Indirectly owned companies</b>					
<b>Through Sweco Central Eastern Europe AB</b>					
HYDROCOOP, spol. s r.o.	31336949	Slovakia	80		
Hydroprojekt C.Z a.s.	26475081	Czech Republic	100	10	
Hydroprojekt Slovakia s.r.o.	36036307	Slovakia	100		
Sweco Energooprojekt JSC	1305488081	Bulgaria	73	400	
UAB Sweco Lietuva	301135783	Lithuania	91	5,557,199	
UAB Energetikos linijos	135906643	Lithuania	100	400	
UAB Sweco Hidroprojektas	132118698	Lithuania	99	1,000,702	
Sweco Polska sp. z o.o.	356143	Poland	100	100	
Sweco Architekci sp. z o.o.	371116	Poland	100	100	
Sweco Hydroprojekt Kraków sp. z o.o.	103414	Poland	100	55	
Sweco Infraprojekt sp. z o.o.	56155	Poland	100	6,350	
Sweco Projekt AS	11304200	Estonia	99	355,463	
Vealeidja OÜ	10633373	Estonia	100	1	
SIA Būvuzraudzība Latvija		Latvia	100	1	
<b>Through Sweco Finland Oy</b>					
Sweco Industry Oy	0350941-9	Finland	100	1,920,000	
Kiinteistö Oy Sammonpiha	0770284-4	Finland	75	166	
Sweco Industry AB	556341-2476	Stockholm	100	20,000	
Prows Industry & Management AB	556415-9688	Örebro	100	2,000	
Sweco Mecaplan Oy	1648295-6	Finland	57	54	
Sweco Mec AS	934537920	Norway	100	1,000	
Sweco PIC Engenharia LTDA	07.984.459/001-16	Brazil	100	34,999	
<b>Through Sweco Norge AS</b>					
Kilde Akustikk AS	942878338	Norway	100	510	
Oppland Bygg Consult AS	939260781	Norway	100	1,600	
Hans Olav Lie Taksering AS	987642017	Norway	100	400	
<b>Through Sweco Russia AB</b>					
Sweco Lenvodokanalproekt	1057803925409	Russia	100	100	
ООО ИКТП	1077847208010	Russia	100	4	
ZAO NIPi	1027806865668	Russia	100	10,100	
<b>Through Sweco Sverige AB</b>					
Sweco Architects AB	556173-0606	Stockholm	100	20,000	
Aros Arkitekter AB	556665-0700	Stockholm	100	10,000	
SIA Aros Architects	40103889521	Latvia	100	2,000	
Sweco Architects A/S	13 64 20 01	Denmark	96	11,814	
Sweco Paatela Architects Oy	0635637-4	Finland	100	100	
Sweco China Holding AB	556730-8167	Stockholm	100	102	
Sweco Connect AB	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	556085-5867	Stockholm	100	1,000	
Sweco EuroFutures AB	556342-6559	Stockholm	100	3,000	
Stockholms Stads Utrednings- och Statistikkontor AB	556740-1640	Stockholm	100	1,000	
Sweco Infrastructure AB	556507-0868	Stockholm	100	120,000	
Inmind Scandinavia AB	556701-0987	Gothenburg	100	2,500	
Sweco International AB	556862-9918	Stockholm	100		
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	
TD VVS Konsult AB	556363-8153	Malmö	100	1,000	
Probeko AB	556279-4148	Stockholm	100	3,360	
Wona AB	556587-1497	Gothenburg	100	1,114	
Axro Holding AB	556049-7330	Gothenburg	100	5,300	
Axro Consult AB	556250-8480	Gothenburg	100	1,000	



## 17 SHAREHOLDINGS AND PARTICIPATIONS IN ASSOCIATED COMPANIES

### GROUP

The year's change in carrying amount	2011	2010
Opening carrying amount	1.0	1.0
Share in profit after tax of associates	–	0.0
<b>CLOSING CARRYING AMOUNT</b>	<b>1.0</b>	<b>1.0</b>

Shareholdings at end of year	Corp. ID number	Domicile	Holding, %	No. of shares	Carrying amount
<b>2011</b>					
I2E Energisystemintegration AB	556211-9684	Stockholm	50	50	1.0
<b>Total shareholdings and participations</b>					<b>1.0</b>
<b>2010</b>					
I2E Energisystemintegration AB	556211-9684	Stockholm	50	50	1.0
<b>Total shareholdings and participations</b>					<b>1.0</b>

No operations were conducted in the associated companies during the year. At 31 December 2011, the assets of the associated companies amounted to SEK 1.9 million (1.9) and the liabilities to SEK 0.1 million (0.1).

## 18 JOINT VENTURES

### GROUP

Shareholding at end of year	Corp. ID number	Domicile	Holding, %
<b>2011</b>			
Sweco Sojyz Engineering (owned through Sweco Industry Oy)	5077746846920	Russia	45
<b>2010</b>			
Sweco Sojyz Engineering (owned through Sweco Industry Oy)	5077746846920	Russia	45

### The Group's shareholdings in joint ventures

### GROUP

	2011	2010
Operating income	35.9	10.1
Operating expenses	–34.3	–9.8
Net financial items	0.1	–0.1
Income taxes	–0.6	–0.1
<b>PROFIT FOR THE YEAR</b>	<b>1.1</b>	<b>0.1</b>
Non-current assets	0.2	0.1
Current assets	11.5	4.7
<b>Total assets</b>	<b>11.7</b>	<b>4.8</b>
Current liabilities	–9.7	–3.8
<b>Total liabilities</b>	<b>–9.7</b>	<b>–3.8</b>
<b>NET ASSETS</b>	<b>2.0</b>	<b>1.0</b>

There are no pledged assets or contingent liabilities.

## 19 FINANCIAL INVESTMENTS

### GROUP

The year's change in carrying amounts	2011	2010
Opening carrying amount	8.9	10.0
Disposal of other shares	-1.0	-0.1
Foreign currency translation difference	0.0	-1.0
<b>CLOSING CARRYING AMOUNT</b>	<b>7.9</b>	<b>8.9</b>

Financial investments are classified as available-for-sale financial assets. Assets in this category are subsequently measured at fair value with fair value changes in other comprehensive income. An impairment loss is recognised in the income statement when there is objective evidence of a lasting decrease in value, see also Note 8.

Shareholdings at end of year	Corp. ID number	Domicile	Holding, %	No. of shares	Carrying amount
<b>2011</b>					
BRF Störtloppet	716414-8764	Åre			0.9
Kiinteistö Oy Paalupuisto	0575992-1	Finland	13	444	4.9
Other shareholdings and participations					2.1
<b>Total shareholdings and participations</b>					<b>7.9</b>
<b>2010</b>					
BRF Störtloppet	716414-8764	Åre			0.9
Kiinteistö Oy Paalupuisto	0575992-1	Finland	13	444	4.9
Other shareholdings and participations					3.1
<b>Total shareholdings and participations</b>					<b>8.9</b>

## 20 OTHER NON-CURRENT SECURITIES

### PARENT COMPANY

The year's change in carrying amounts	2011	2010
Opening carrying amount	0.9	0.9
<b>CLOSING CARRYING AMOUNT</b>	<b>0.9</b>	<b>0.9</b>

Shareholdings at end of year	Corp. ID number	Domicile	Carrying amount
<b>2011</b>			
BRF Störtloppet	716414-8764	Åre	0.9
<b>Total shareholdings and participations</b>			<b>0.9</b>
<b>2010</b>			
BRF Störtloppet	716414-8764	Åre	0.9
<b>Total shareholdings and participations</b>			<b>0.9</b>

## 21 RECEIVABLES FROM GROUP COMPANIES

### PARENT COMPANY

The year's change in carrying amounts	2011	2010
<b>Non-current assets</b>		
Opening carrying amount	38.6	44.4
Capitalised interest	0.7	0.5
Recovered receivables	-0.7	-0.5
Foreign currency translation difference	-0.3	-5.8
<b>Closing carrying amount</b>	<b>38.3</b>	<b>38.6</b>
<b>Current assets</b>		
Opening carrying amount	1,395.1	1,296.9
The year's change	152.4	98.2
<b>Closing carrying amount</b>	<b>1,547.5</b>	<b>1,395.1</b>
<b>TOTAL RECEIVABLES FROM GROUP COMPANIES</b>	<b>1,585.8</b>	<b>1,433.7</b>

## 22 OTHER NON-CURRENT RECEIVABLES

### GROUP

The year's change in carrying amounts	2011	2010
Opening non-current receivables	32.6	34.3
Increase in receivables	0.7	2.1
Increase through business combinations	0.0	0.2
Decrease in receivables	-12.9	-1.4
Foreign currency translation difference	-0.1	-2.6
<b>CLOSING NON-CURRENT RECEIVABLES</b>	<b>20.3</b>	<b>32.6</b>

Non-current receivables at end of year	2011	2010
Pension assets according to Note 28	16.5	29.5
Other receivables	3.8	3.1
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<b>20.3</b>	<b>32.6</b>

## 23 WORK IN PROGRESS

### GROUP

	2011	2010
<b>Work in progress less progress billings</b>		
Value of work completed	1,988.3	1,806.0
Progress billings	-1,338.2	-1,241.7
<b>NET WORK IN PROGRESS LESS PROGRESS BILLINGS</b>	<b>650.1</b>	<b>564.3</b>
<b>Progress billings in excess of work in progress</b>		
Value of work completed	890.8	432.0
Progress billings	-1,171.1	-704.6
<b>NET PROGRESS BILLINGS IN EXCESS OF WORK IN PROGRESS</b>	<b>-280.3</b>	<b>-272.6</b>

## 24 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2011	2010	2011	2010
Prepaid rents	26.9	30.8	–	–
Prepaid insurance premiums	11.3	4.8	0.1	–
Accrued income	2.4	5.1	0.6	–
Other prepaid expenses	92.5	76.2	9.6	1.8
<b>TOTAL</b>	<b>133.1</b>	<b>116.9</b>	<b>10.3</b>	<b>1.8</b>

## 25 CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Surplus cash is invested in fixed-income securities such as commercial paper or certificates of deposit, which are special time accounts where the funds are held for a pre-determined period of time. Commercial paper is recognised in the balance sheet and the cash flow statement as short-term investments, which are included in current receivables. Commercial paper is classified as financial assets at fair value through profit or loss. Deposits are recognised as short-term liquid investments, which are included in cash and cash equivalents. However, 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.

Cash and cash equivalents and short-term investments in the balance sheet	Group		Parent Company	
	2011	2010	2011	2010
Cash and bank	219.6	376.7	60.7	211.2
<b>TOTAL CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>	<b>219.6</b>	<b>376.7</b>	<b>60.7</b>	<b>211.2</b>

There was no commercial paper in the Sweco Group at 31 December 2011 or 2010.

## 26 EQUITY

Change in the number of shares	A shares	B shares	Total
Number of shares at 1 January 2010	9,389,075	79,553,962	88,943,037
Issue of treasury shares	–	2,014,737	2,014,737
<b>NUMBER OF SHARES AT 31 DECEMBER 2010</b>	<b>9,389,075</b>	<b>81,568,699</b>	<b>90,957,774</b>
Repurchase of treasury shares	–	–237,947	–237,947
Conversion of A shares to B shares	–3,399	3,399	–
<b>NUMBER OF SHARES AT 31 DECEMBER 2011</b>	<b>9,385,676</b>	<b>81,334,151</b>	<b>90,719,827</b>

A statement of changes in equity is found on page 47 for the Group and on page 51 for the Parent Company. Additional information about the Sweco share is provided on pages 85–87.

At the request of shareholders, 3,399 class A shares were converted to class B shares during the year with the support of the conversion clause in the Articles of Association. The total number of votes thereafter amounts to 17,598,793.1, of which the class A shares correspond to 9,385,676 votes and the class B shares to 8,213,117.1 votes. In 2011 Sweco repurchased 237,947 class B shares for a total of SEK 13.6 million, which is equal to SEK 57.36 per share.

In the consolidated statement of changes in equity on page 47, the change in the share bonus program of SEK –6.6 million refers to an adjustment in the 2009 share bonus program.

### 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 grant entitlement to one vote in a general meeting and class B shares grant entitlement to one-tenth of one vote each. 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 consists 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 consist of a translation reserve containing all exchange differences arising on the translation of foreign operations which present their financial statements in a currency other than that used by the Group. The translation reserve also includes exchange differences arising on revaluation of a net investment in a foreign operation, which amounted to SEK –0.4 million (–0.2).

### Retained earnings including profit for the year

Retained earnings including profit for the year consist 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 associated companies and joint ventures. Upon utilisation of treasury shares, an amount equal to the market value of the shares is transferred to retained earnings. At 31 December 2011 the Group's holding of treasury shares amounted to 797,020 class B shares (559,073). The 797,020 class B shares consist of repurchased shares that may be used as payment in acquisitions. The treasury shares were purchased at an average price of SEK 32.63 each, which is equal to a total of SEK 26.0 million. The market value at 31 December 2011 was SEK 45.8 million. The repurchased shares correspond to 0.9 per cent of the total number of shares and 0.5 per cent of the votes.

### Capital distribution to the shareholders

After the balance sheet date, the Board of Directors has proposed the following for decision by the Annual General Meeting on 17 April 2012.

	2011	2010
Dividend of SEK 3.00 per common share (3.00)	274.6	272.8

The amounts for 2011 have been calculated including treasury shares that can be used as payment in acquisitions. Should the Board exercise the authorisation granted by the Annual General Meeting in April 2011 to acquire additional treasury shares, the amount distributed to the shareholders could be reduced.

### PARENT COMPANY

#### Restricted reserves

Restricted reserves may not be reduced through distribution to the 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 shares and other equity instruments at a premium, meaning that the amount paid exceeded the quota value of the shares.

#### Fair value reserve

The fair value reserve contains exchange differences attributable to non-current receivables that are part of the net investment in group companies.

#### 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 consist 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 the shareholders.

## 27 CURRENT AND NON-CURRENT INTEREST-BEARING LIABILITIES

The year's change in carrying amount	Group		Parent Company	
	2011	2010	2011	2010
<b>Non-current interest-bearing liabilities</b>				
Provisions for pensions	6.9	4.7	–	–
Liabilities to credit institutions	1.5	0.1	–	–
Liabilities under finance leases according to Note 29	22.0	10.9	–	–
<b>Total</b>	<b>30.4</b>	<b>15.7</b>	<b>–</b>	<b>–</b>
<b>Current interest-bearing liabilities</b>				
Bank overdraft facilities	34.2	104.4	–	100.4
Other liabilities to credit institutions	0.2	2.6	–	–
Liabilities under finance leases according to Note 29	13.8	13.9	–	–
<b>Total</b>	<b>48.2</b>	<b>120.9</b>	<b>–</b>	<b>100.4</b>
<b>TOTAL INTEREST-BEARING LIABILITIES</b>	<b>78.6</b>	<b>136.6</b>	<b>–</b>	<b>100.4</b>

There are no non-current liabilities with a time to maturity of longer than five years. All financial liabilities are recognised at amortised cost. Bank overdraft facilities are renewed yearly and are not associated with any special conditions or obligations.

### Granted overdraft and credit terms

	Group		Parent Company	
	2011	2010	2011	2010
Granted bank overdraft facilities	502.4	676.8	447.1	647.0
Utilised bank overdraft facilities on the balance sheet date	–34.2	–107.0	–	–100.4
<b>UNUTILISED BANK OVERDRAFT FACILITIES</b>	<b>468.2</b>	<b>569.8</b>	<b>447.1</b>	<b>546.6</b>
<b>Rates of interest on the balance sheet date</b>				
Borrowings from credit institutions, variable interest, %	4.51	4.63	–	–
Utilised bank overdraft facilities, variable interest, %	2.55	1.73	2.18	1.73

## 28 PROVISIONS FOR PENSIONS

### DEFINED BENEFIT PENSION PLANS

#### Sweden

The Group's retirement pension obligations for salaried employees in Sweden are secured through insurance in Alecta and AI Pension (AIP). According to statement UFR 3 from the Swedish Accounting Standards Board's Urgent Issues Task Force, these are classified as "multi-employer" plans. The pension plan in AIP 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 insured. At the end of 2011 Alecta's surplus measured as a collective consolidation ratio was 113 per cent (143) and AIP's was 114 per cent (133). 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

Sweco Norge AS has several defined benefit pension plans with similar demographic and financial assumptions. Assets and liabilities in these plans are therefore computed according to the same actuarial assumptions.

#### Finland

The employees in Finland are covered by defined contribution pension plans. For the employees added through the acquisition of Kemira Engineering Oy in 2004, there is a defined benefit pension plan for supplementary pensions.

Actuarial assumptions, %	Norway		Finland	
	2011	2010	2011	2010
Discount rate	2.6	3.7	5.0	4.3
Expected return on plan assets	4.1	5.1	5.0	4.0
Annual rate of salary increase	3.5	4.0	3.0	2.0
Annual rate pension increase	1.1	1.5	0.0	0.5
Inflation	3.3	2.0	2.0	2.0

Assumptions with regard to the future life expectancy are based on official statistics and historical experience in each country. The average remaining life expectancy for an individual who retires at the age of 67 years is 16 years for men and 19 for women.

Defined benefit pension plans in the balance sheet	2011	2010
Present value of pension obligations	–675.8	–596.1
Fair value of plan assets	452.0	437.1
Unrecognised actuarial gains and losses	233.4	183.8
<b>NET ASSETS AT END OF YEAR</b>	<b>9.6</b>	<b>24.8</b>
Other non-current receivables	16.5	29.5
Provisions for pensions	–6.9	–4.7
<b>NET ASSET IN THE BALANCE SHEET</b>	<b>9.6</b>	<b>24.8</b>

The year's change in defined benefit pension obligations	2011	2010
Defined benefit pension obligation at beginning of year	–596.1	–558.4
Current service costs and interest expenses	–61.2	–60.0
Actuarial gains and losses	–42.8	13.1
Reclassifications	2.8	–
Benefits paid	19.9	21.1
Effects of business combinations	–	–57.1
Foreign currency translation difference	1.6	45.2
<b>Defined benefit pension obligation at end of year</b>	<b>–675.8</b>	<b>–596.1</b>

The year's change in fair value of plan assets	2011	2010
Fair value of plan assets at beginning of year	437.1	438.4
Employer contributions	30.8	42.4
Expected return on plan assets	20.8	22.0
Actuarial gains and losses	–23.4	–12.3
Contributions	1.6	2.5
Benefits paid	–14.1	–21.1
Foreign currency translation difference	–0.8	–34.8
<b>Fair value of plan assets at end of year</b>	<b>452.0</b>	<b>437.1</b>

Plan assets consist of	2011	2010
Shares	66.4	48.4
Fixed-income securities	219.3	199.1
Real estate	75.5	66.5
Other	90.8	123.1
<b>TOTAL PLAN ASSETS</b>	<b>452.0</b>	<b>437.1</b>

Defined benefit pension plans	2011	2010
<b>Net expense in the income statement</b>		
Current service costs	–40.1	–37.8
Interest expense on pension obligations	–21.1	–22.2
Recognised actuarial gains and losses	–16.8	–7.4
Expected return on plan assets	20.8	22.0
<b>TOTAL NET EXPENSE</b>	<b>–57.2</b>	<b>–45.4</b>

Pension expenses recognised in the income statement as	2011	2010
Personnel costs	–56.9	–45.3
Net financial items	–0.3	–0.1
<b>TOTAL NET EXPENSE</b>	<b>–57.2</b>	<b>–45.4</b>

The actual return on plan assets was SEK –19.5 million (2.2).

The expected return on plan assets was established with reference to the expected return on the assets covered by the applicable investment policy. The expected return on investments with fixed interest rates is based on the return earned if these securities are held to maturity. The expected return on shares and real estate is based on historical long-term return in the respective market.

For the financial year 2012, fees for post-retirement benefits are estimated at approximately SEK 55 million.

	2011	2010	2009	2008
Present value of defined benefit pension obligations	–675.8	–596.1	–558.4	–527.5
Fair value of plan assets	452.0	437.1	438.4	371.3
<b>DEFICIT</b>	<b>–223.8</b>	<b>–159.0</b>	<b>–120.0</b>	<b>–156.2</b>
Experience adjustments of defined benefit pension obligations	–42.8	13.1	12.9	11.5
Experience adjustments of plan assets	–23.4	–12.3	–14.3	–11.2

Defined contribution pension plans	2011	2010
<b>Allocation of expenses by pension plan</b>		
Sweden, Alecta	–178.7	–164.2
Sweden, AIP	–15.9	–12.5
Finland	–34.0	–32.7
Norway	–28.7	–23.2
Other countries	–2.1	–1.6
<b>TOTAL EXPENSE OF DEFINED CONTRIBUTION PENSION PLANS</b>	<b>–259.4</b>	<b>–234.2</b>

## 29 LIABILITIES UNDER FINANCE LEASES

### GROUP

	2011		2010	
	Present value	Nominal amount	Present value	Nominal amount
<b>In current interest-bearing liabilities</b>				
Due within one year	13.8	15.9	13.9	15.8
<b>Total current liabilities</b>	<b>13.8</b>	<b>15.9</b>	<b>13.9</b>	<b>15.8</b>
<b>In liabilities to credit institutions</b>				
Due within more than one but less than two years	8.3	10.4	5.7	7.0
Due within more than two but less than three years	13.7	21.2	5.2	4.7
<b>Total non-current liabilities</b>	<b>22.0</b>	<b>31.6</b>	<b>10.9</b>	<b>11.7</b>
<b>TOTAL LIABILITIES UNDER FINANCE LEASES</b>	<b>35.8</b>	<b>47.5</b>	<b>24.8</b>	<b>27.5</b>

Liabilities under finance leases are recognised in the balance sheet at present value.

The above table also shows nominal liabilities, comprising the sum of minimum lease payments and residual value at the end of the lease period.

Sweco has no liabilities under finance leases falling due after more than three years.

## 30 ACCRUED EXPENSES, DEFERRED INCOME AND OTHER CURRENT LIABILITIES

	Group		Parent Company	
	2011	2010	2011	2010
Accrued payroll costs	106.9	92.5	2.7	1.9
Accrued vacation and overtime pay	269.5	230.7	1.0	1.0
Accrued social security expenses	210.1	171.1	4.8	3.1
Other	76.1	69.4	10.1	6.0
<b>TOTAL</b>	<b>662.6</b>	<b>563.7</b>	<b>18.6</b>	<b>12.0</b>
<b>Other current liabilities</b>				
VAT	149.7	121.1	0.1	0.1
Employee withholding tax	84.9	78.1	0.5	0.5
Other	48.3	26.6	4.8	4.8
<b>TOTAL</b>	<b>282.9</b>	<b>225.8</b>	<b>5.4</b>	<b>5.4</b>

## 31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	2011	2010	2011	2010
<b>Pledged assets</b>				
Real estate mortgages	–	16.6	–	–
<b>TOTAL</b>	<b>–</b>	<b>16.6</b>	<b>–</b>	<b>–</b>
<b>Contingent liabilities</b>				
Guarantee for liability of subsidiary	–	–	51.9	28.7
Performance bonds	207.7	198.4	152.2	173.0
<b>TOTAL</b>	<b>207.7</b>	<b>198.4</b>	<b>204.1</b>	<b>201.7</b>

**32 FINANCIAL INSTRUMENTS BY CATEGORY****GROUP**

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

	Financial assets at fair value through profit or loss <sup>1)</sup>	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total carrying amount	Fair value
<b>2011</b>							
Financial investments	-	-	7.9	-	-	7.9	7.9
Non-current receivables	-	3.8	-	-	-	3.8	3.8
Trade receivables	-	909.5	-	-	-	909.5	909.5
Other current receivables	2.1	-	-	-	-	2.1	2.1
Cash and cash equivalents	-	219.6	-	-	-	219.6	219.6
<b>TOTAL</b>	<b>2.1</b>	<b>1,132.9</b>	<b>7.9</b>	<b>-</b>	<b>-</b>	<b>1,142.9</b>	<b>1,142.9</b>
Non-current interest-bearing liabilities	-	-	-	-	23.5	23.5	23.5
Other non-current liabilities	-	-	-	-	20.2	20.2	20.2
Current interest-bearing liabilities	-	-	-	-	48.2	48.2	48.2
Trade payables	-	-	-	-	245.8	245.8	245.8
Other current liabilities	-	-	-	0.1	-	0.1	0.1
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>337.7</b>	<b>337.8</b>	<b>337.8</b>
<b>2010</b>							
Financial investments	-	-	8.9	-	-	8.9	8.9
Non-current receivables	-	3.1	-	-	-	3.1	3.1
Trade receivables	-	775.4	-	-	-	775.4	775.4
Other current receivables	5.2	-	-	-	-	5.2	5.2
Cash and cash equivalents	-	376.7	-	-	-	376.7	376.7
<b>TOTAL</b>	<b>5.2</b>	<b>1,155.2</b>	<b>8.9</b>	<b>-</b>	<b>-</b>	<b>1,169.3</b>	<b>1,169.3</b>
Non-current interest-bearing liabilities	-	-	-	-	11.0	11.0	11.0
Other non-current liabilities	-	-	-	-	2.2	2.2	2.2
Current interest-bearing liabilities	-	-	-	-	120.9	120.9	120.9
Trade payables	-	-	-	-	191.7	191.7	191.7
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325.8</b>	<b>325.8</b>	<b>325.8</b>

1) Held for trading purposes.

In the above table, non-current receivables consist of "Other non-current receivables" except for pension assets. Other current liabilities/assets consist of derivatives and refer to fair value changes in forward transactions. Non-current and current interest-bearing liabilities include finance lease agreements, see also Notes 27 and 29.

**PARENT COMPANY**

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

	Loans and receivables	Available-for-sale financial assets	Other financial liabilities	Total carrying amount	Fair value
<b>2011</b>					
Other non-current securities	-	0.9	-	0.9	0.9
Cash and cash equivalents	60.7	-	-	60.7	60.7
<b>TOTAL</b>	<b>60.7</b>	<b>0.9</b>	<b>-</b>	<b>61.6</b>	<b>61.6</b>
Trade payables	-	-	12.7	12.7	12.7
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>12.7</b>	<b>12.7</b>	<b>12.7</b>
<b>2010</b>					
Other non-current securities	-	0.9	-	0.9	0.9
Cash and cash equivalents	211.2	-	-	211.2	211.2
<b>TOTAL</b>	<b>211.2</b>	<b>0.9</b>	<b>-</b>	<b>212.1</b>	<b>212.1</b>
Current interest-bearing liabilities	-	-	100.4	100.4	100.4
Trade payables	-	-	3.0	3.0	3.0
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>103.4</b>	<b>103.4</b>	<b>103.4</b>

The table below 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

## GROUP

Information about financial instruments measured at fair value through profit or loss

	Level 1	Level 2	Level 3	Total carrying amount
<b>2011</b>				
Financial investments	–	–	7.9	7.9
Financial assets at fair value through profit or loss				
– Derivative instruments	–	2.1	–	2.1
<b>TOTAL</b>	<b>–</b>	<b>2.1</b>	<b>7.9</b>	<b>10.0</b>
Financial liabilities at fair value through profit or loss				
– Derivative instruments	–	0.1	–	0.1
<b>TOTAL</b>	<b>–</b>	<b>0.1</b>	<b>–</b>	<b>0.1</b>
<b>2010</b>				
Financial investments	–	–	8.9	8.9
Financial assets at fair value through profit or loss				
– Derivative instruments	–	5.2	–	5.2
<b>TOTAL</b>	<b>–</b>	<b>5.2</b>	<b>8.9</b>	<b>14.1</b>

## PARENT COMPANY

Profit for the year includes no financial instruments measured at fair value through profit or loss.

## GROUP

	Financial investments
Opening balance, 1 January 2010	10.0
Total recognised gains and losses	
– recognised in profit for the year	–
– recognised in other comprehensive income	–1.0
Proceeds from sale	–0.1
<b>CLOSING BALANCE, 31 DECEMBER 2010</b>	<b>8.9</b>
Gains and losses recognised in profit for the year for assets included in the closing balance at 31 December 2010	–
Opening balance, 1 January 2011	8.9
Total recognised gains and losses	
– recognised in profit for the year	0.1
– recognised in other comprehensive income	–
Historical cost of acquisitions	0.0
Proceeds from sale	–1.1
<b>CLOSING BALANCE, 31 DECEMBER 2011</b>	<b>7.9</b>
Gains and losses recognised in profit for the year for assets included in the closing balance at 31 December 2011	–

The above table presents a reconciliation between the opening and closing balances for financial instruments measured at fair value through profit or loss in the balance sheet according to a valuation technique based on inputs that are not observable in the market (level 3).

## Measurement of fair value

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

The fair value of a listed financial asset is equal to the asset's quoted market price on the balance sheet date. The fair value of unlisted financial assets is determined through a valuation technique that makes maximum use of market inputs, such as recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same 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 fair value of liabilities under finance leases is based on the present value of future cash flows discounted at the market rate of interest for similar lease contracts.

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

## 33 FINANCIAL RISKS AND FINANCE POLICY

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

### FINANCE POLICY

To control and minimise the financial risks to which the company 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 the local companies and the central treasury department, which financial risks 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, where low credit risk and high liquidity are required criteria. Transaction exposure is hedged mainly through forward contracts.

### MARKET RISK

Market risk is the risk for fluctuations in the value of financial instruments due to changes in market prices. Sweco's policy minimises this risk by limiting the average duration of financial instruments 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 a non-local currency, the contracted and anticipated payment flows are hedged through forward contracts after matching of incoming and outgoing payments in the same currency.

The Group's transaction exposure from exports in 2011 can be broken down into the following significant currencies:

SEK M	2011			2010		
	EUR	USD	NOK	EUR	USD	NOK
Income	64.0	62.9	2.2	123.0	90.9	2.0
Expenses	–42.3	–10.6	–1.7	–45.7	–3.3	–5.6
<b>NET</b>	<b>21.7</b>	<b>52.3</b>	<b>0.5</b>	<b>77.3</b>	<b>87.6</b>	<b>–3.6</b>

On the balance sheet date, the Group had the following open forward contracts with remaining time to maturity of between 0 and 45 months (previous year 0 and 40 months)

Currency	Contract amount		Unrealised gains + / losses –		Average rate	
	2011	2010	2011	2010	2011	2010
EUR	51.6	33.0	0.7	1.6	9.22	9.43
USD	32.2	48.3	1.3	3.5	7.20	7.30
Others	14.5	3.2	0.0	0.1		

Hedge accounting has not been applied for the forward 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 in 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 consists of the risk for changes in equity resulting from translation differences. For the significant currencies, translation exposure at 31 December 2011 was NOK 419 million (387) and EUR 40.4 million (31.4). The Group's policy is to not hedge translation exposure in foreign currencies.

**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. The Group's policy is to eliminate balance sheet exposure by taking up loans in the exposed currency to the extent that this exposure is not seen as part of the net investment and does not refer to normal trade receivables or payables.

Exchange differences recognised in profit	Group		Parent Company	
	2011	2010	2011	2010
Net sales	0.9	0.9	–	0.0
Other operating expenses	–0.9	–1.3	–	0.0
<b>Total exchange differences in operating profit</b>	<b>0.0</b>	<b>–0.4</b>	<b>–</b>	<b>0.0</b>
Financial income	–	–	0.0	–
Financial expenses	–1.6	–5.7	–	–4.0
<b>Total exchange differences in net financial items</b>	<b>–1.6</b>	<b>–5.7</b>	<b>0.0</b>	<b>–4.0</b>
<b>TOTAL EXCHANGE DIFFERENCES IN PROFIT</b>	<b>–1.6</b>	<b>–6.1</b>	<b>0.0</b>	<b>–4.0</b>

**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. Sweco has a strong balance sheet with a low level of borrowing, which means that direct interest rate risk is low. All loans carry variable interest rates and are not associated with any special conditions or obligations. The company's assessment is that loans with variable interest result in the lowest financing cost over time. Indirectly, interest rates can affect the general economic climate and willingness to invest.

**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, amounted to SEK 687.8 million (946.5) and with a net interest-bearing receivable of SEK 140.9 million (240.1). To minimise the borrowing requirement through the use of surplus liquidity in the Group, there are cash pools in Sweden, Norway and Finland. The bank overdraft facilities are renewed every year and are not associated with any special conditions or obligations, see also Note 27.

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

2011	Nominal amount in original currency	Total	Within 1 mth	1–3 mths	3 mths –1 year	1–5 years
Forward contracts, EUR	5.7	51.6	9.6	2.4	12.5	27.1
Forward contracts, USD	4.6	32.2	1.0	0.8	12.7	17.7
Forward contracts, others		14.5	–	1.2	2.7	10.6
Finance lease liabilities, SEK	47.5	47.5	4.6	2.3	9.0	31.6
Trade payables		245.8	193.1	44.3	4.5	3.9
Other liabilities		303.1	234.6	–	48.3	20.2
<b>TOTAL</b>		<b>696.4</b>	<b>442.9</b>	<b>51.0</b>	<b>89.9</b>	<b>112.6</b>

2010	Nominal amount in original currency	Total	Within 1 mth	1–3 mths	3 mths –1 year	1–5 years
Forward contracts, EUR	3.7	33.0	4.3	3.1	14.4	11.2
Forward contracts, USD	7.1	48.3	–	0.7	18.2	29.4
Forward contracts, others		3.2	3.2	–	–	–
Finance lease liabilities, SEK	27.5	27.5	1.8	3.5	10.5	11.7
Trade payables		191.7	158.7	32.7	0.3	–
Other liabilities		228.0	199.2	–	26.6	2.2
<b>TOTAL</b>		<b>534.4</b>	<b>367.2</b>	<b>40.0</b>	<b>72.6</b>	<b>54.6</b>

**CREDIT RISK**

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

Sweco currently has around 10,000 clients in both the private and public sectors. The public sector accounts for 48 per cent, property and construction companies for 18 per cent, industrial companies for 27 per cent and other private sector companies for 7 per cent.

The clients include most of the Nordic region's major companies. The ten largest clients account for 21 per cent of total sales. Since Sweco is not dependent on any individual clients, 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 payables**

	2011			2010		
	Gross	Reserve	Net	Gross	Reserve	Net
Trade receivables not yet due	689.8	–	689.8	579.7	–	579.7
Overdue trade receivables 0–30 days	116.0	–4.7	111.3	121.8	–0.9	120.9
Overdue trade receivables > 31–90 days	40.9	–0.2	40.7	25.7	–0.3	25.4
Overdue trade receivables > 91–180 days	24.7	–2.8	21.9	25.4	–0.7	24.7
Overdue trade receivables > 180 days	56.9	–11.1	45.8	35.9	–11.2	24.7
<b>TOTAL</b>	<b>928.3</b>	<b>–18.8</b>	<b>909.5</b>	<b>788.5</b>	<b>–13.1</b>	<b>775.4</b>

At 31 December 2011, trade receivables amounting to SEK 219.7 million (195.7) were overdue without any assessed need to recognise an impairment loss. These apply to a number of independent clients that have not previously had any solvency problems.

Trade receivables by currency	2011	2010
SEK	497.7	502.0
EUR	123.6	84.6
USD	17.7	1.7
NOK	175.5	125.6
Other currencies	95.0	61.5
<b>TOTAL</b>	<b>909.5</b>	<b>775.4</b>

Changes in the reserve for doubtful trade receivables	2011	2010
Opening reserve for doubtful trade receivables	–13.1	–16.8
Provisions to reserve for doubtful trade receivables	–9.3	–4.2
The year's write-off of non-collectible receivables	2.1	7.3
Reversal of unutilised amount	1.4	–0.1
Foreign currency translation difference	0.1	0.7
<b>CLOSING RESERVE FOR DOUBTFUL TRADE RECEIVABLES</b>	<b>–18.8</b>	<b>–13.1</b>

Sweco PM Oy has filed a claim against a client for non-payment of overdue trade receivables. At the same time, a countersuit has been filed against the company in Finnish court in which the counterparty claims the right to damages on the grounds that Sweco PM has shown gross negligence in an assignment. The damage claim amounts to EUR 16.3 million. In order for the plaintiff to be considered entitled to such damages, in which case the contractual limitations of liability would not apply, the alleged gross negligence must be proven. Until further notice, the dispute is covered by consulting liability insurance. In the event that gross negligence is finally determined by the court, however, the insurance will not be valid. Sweco PM does not consider itself to have acted with either negligence or gross negligence in the assignment.

Vattenbyggnadsbyrå Export AB is party to legal proceedings in Turkey where the counterparty claims that AgriConsult AB (which is now a company in the Sweco Group) acted with negligence in planning of a silo facility. The assignment was carried out in 1994 and the plaintiff filed the claim in 2004. In the course of these proceedings, two arbitration rulings have been announced, one in Sweco's favour and one in the counterparty's favour. The latter has been appealed by Sweco, for which reason the dispute is subject to further court procedure. Sweco feels that the claim is without grounds and should furthermore be considered barred by the statute of limitations. The claim amounts to approximately SEK 25 million.

Sweco's assessment is that neither of these ongoing legal proceedings will have a noticeable effect on the Group.

**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 and interest rates.



Factor	Change +/-	2011 Effect +/-	2010 Effect +/-
Currency			
EUR	10%	2.5	5.8
USD	10%	3.8	6.4
NOK	10%	9.3	9.4
Interest rate on lending/borrowing	1%-point	0.7	1.5

The sensitivity analysis is based on the assumption that all other factors are constant. The effect is stated after a standard tax rate of 27 per cent.

#### CAPITAL MANAGEMENT

The 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	2011	2010
Equity	1,493.2	1,419.6
Non-controlling interests	10.5	10.0
<b>TOTAL</b>	<b>1,503.7</b>	<b>1,429.6</b>

The 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 at the same time maintaining a capital structure that provides scope for development of, and investment, the company's core operations. The Board of Directors has proposed that the 2012 Annual General Meeting approve a dividend of SEK 3.00 per share, equal to a dividend share of approximately 74 per cent of profit after tax. Through the dividend, a maximum of SEK 274.6 million will be distributed to the shareholders.

Sweco's financial target is for Sweco to maintain a level of net debt over time. Sweco's net debt should not exceed 40 per cent of equity. After the proposed dividend, the ratio of net debt to equity, based on the balance sheet at 31 December 2011, will amount to approximately 11 per cent and equity/assets ratio will be approximately 41 per cent. During the past five years, ordinary dividends and the redemption procedure in 2009 have amounted to an average of around 75 per cent of profit after tax. The Group's policy to pay an extra dividend or carry out a redemption of shares when this is permitted by the capital structure and financing requirements. Decisions to pay an extra dividend and/or capital contribution to the shareholders through redemption programs reflect an ambition to distribute any capital to the shareholders that is not deemed necessary for the Group's development. In addition to the ordinary dividend, the Group has paid an extra dividend in 2002 and carried out share redemption procedures in 2005, 2006 and 2009.

The subscription warrant series 2008/2011 that was issued to 50 senior executives in the Group expired during the year. Since the exercise price was higher than the market price during the subscription period, there was no subscription for new shares.

Sweco's 2011 Annual General Meeting granted authorisation for the Board to repurchase treasury shares. The aim of the proposed repurchase is to create scope to optimise the company's capital structure and provide opportunities to use Sweco shares as consideration in connection with future acquisitions. The Annual General Meeting also authorised the Board to decide on the transfer of treasury shares. Such transfers may take place in connection with acquisitions. The Board proposes that the 2012 Annual General Meeting grant renewed authorisation for the Board to decide on the repurchase and transfer of treasury shares.

The 2011 Annual General Meeting furthermore authorised the Board to repurchase treasury shares in order to enable delivery of shares for the 2011 share savings scheme.

### 34 RELATED PARTY TRANSACTIONS

Sales to related parties are carried out on market-based terms. The Group has not had any sales to associated companies.

Consulting services have been sold for an amount of SEK 0.0 million (0.0) to companies owned by the Nordström family, which is a shareholder controlling approximately 34 per cent of the votes in Sweco. Consulting services have been sold for an amount of SEK 0.5 million (0.4) to companies owned by the Douglas family, which has a controlling interest in Investment AB Latour, a shareholder controlling approximately 23 per cent of the votes in Sweco.

See also transactions with senior executives in Note 6.

### 35 EVENTS AFTER THE BALANCE SHEET DATE

On 14 February 2012 the Board of Directors proposed that the Annual General Meeting resolve on a distribution to the shareholders in the form of a dividend amounting to a maximum of SEK 274.6 million (see Note 26).

After the end of the year, Sweco acquired the Finnish engineering consultancy FMC Group (whose parent company is Finnmap Consulting Oy) with annual sales of approximately EUR 80 million and around 1,100 employees. The transaction will create the second largest engineering consultancy in the Finnish market. The enterprise value of the acquisition is EUR 65.8 million and was paid for through a combination of cash consideration and 795,000 Sweco class B treasury shares. FMC Group is the Finnish market-leader in structural engineering and also has strong positions in areas like building service systems and industrial engineering. FMC Group reported an operating profit (EBITA) of EUR 9.4 million for the financial year 2010/2011. FMC Group has offices at 21 locations in Finland and operations in the Baltic countries, Poland, Russia and India. The group includes companies like Finnmap Consulting, Aaro Kohonen and the Airix companies. Since the company previously had a broken financial year and the balance sheet had not yet been adopted on the transaction date, it has not been possible to complete the purchase price allocation or provide additional information other than that mentioned above.

Following the acquisition of FMC-Group, the holding of Sweco class B treasury shares amounts to 2,020.

After the end of the year Sweco has also acquired Pyramide AS in Norway with 13 employees and operations in project and construction management.

### 36 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

#### KEY SOURCES OF ESTIMATION UNCERTAINTY

##### Pension assumptions

Provisions for pensions are based on Sweco's best actuarial assumptions about the future (see Note 28). When there are large differences between the assumptions and actual outcomes of these variables, the resulting actuarial gains/losses may fall outside the corridor and a portion of the net gain/loss must be recognised in the income statement and balance sheet.

##### Impairment testing of goodwill

In determining the recoverable amount of cash generating units for impairment testing of goodwill, the company has made assumptions about future conditions and estimated key variables, see Note 14. As illustrated in Note 14, significant changes in these estimates and assumptions can affect the value of goodwill.

##### Valuation of work in progress

Around 26 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 assignments and the percentage of completion is based on prior experience of similar projects and the specific conditions of each assignment. The balance sheet item consists 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.

### 37 INFORMATION ABOUT THE PARENT COMPANY

SWECO AB (publ), corporate identification number 556542-9841, is a Swedish-registered public limited company domiciled in Stockholm. The Parent Company's shares are quoted on NASDAQ OMX Stockholm. The address to the head office is: Sweco AB, Gjörwellsgatan 22, Box 34044, SE-100 26 Stockholm, Sweden.

# PROPOSED APPROPRIATION OF PROFITS

## PARENT COMPANY

The Board of Directors and the President & CEO propose that retained earnings, non-restricted reserves	SEK 688.3 million
and net profit for the year	SEK 316.4 million
together amounting to	SEK 1,004.7 million
<i>be appropriated</i>	
so that the shareholders receive a dividend of SEK 3.00 per share	SEK 274.6 million <sup>1)</sup>
and that the remaining sum be carried forward to new account.	SEK 730.1 million

<sup>1)</sup> The distribution will amount to a maximum of SEK 274.6 million calculated on the number of shares outstanding at 28 February 2012, including shares held in treasury. Should the Board exercise the authorisation granted by the Annual General Meeting in April 2011 to either purchase additional treasury shares or transfer treasury shares, the amount to be distributed will change.

The estimated record date for payment of dividends is 20 April 2012.

The income statements and balance sheets of the Group and the Parent Company will be put before the Annual General Meeting on 17 April 2012 for adoption.

The Board of Directors of SWECO AB (publ) has proposed that the 2012 Annual General Meeting resolve to approve a dividend of SEK 3.00 (3.00) per share, or a maximum of SEK 274.6 million (272.8).

Sweco's dividend policy states that at least half of profit for the year attributable to owners of the Parent Company shall be distributed to the shareholders, while at the same time maintaining a capital structure that provides scope for development of, and investment in, the company's core operations. Sweco's financial targets mean that the company should maintain a level of net debt over time. Sweco's net debt should not exceed 40 per cent of equity. In view of the Board's proposal for payment of dividends as stated 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 the shareholders does not represent a hinder for the company to meet its obligations in the short or long term, at the same time that the company's financial position permits continued investment and expansion. Based on the balance sheet at 31 December 2011, the Group's net debt/equity ratio after the proposed dividend will amount to around

11 per cent. The net debt/equity ratio prior to the dividend is approximately –9 per cent. Based on the balance sheet at 31 December 2011, the Group's equity/assets ratio after the proposed dividend will amount to approximately 41 per cent. The equity/assets ratio prior to the dividend is approximately 46 per cent.

In view of that stated above, the Board of Directors believes that the proposed dividend to the shareholders is warranted with respect to the amount of shareholders' equity required by the nature, scope and risks associated with the company's business, as well as its consolidation requirements, liquidity and overall financial position.

The Board of Directors and the President give their assurance that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards IFRSs as adopted by the EU and give a true and fair view of the financial position and results of operations of the Group. The annual accounts have been prepared in accordance with generally accepted accounting standards and give a true and fair view of the financial position and results of operations of the Parent Company.

The Board of Directors' report for the Group and the Parent Company gives a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, 28 February 2012

Olle Nordström  
*Chairman*

Anders G. Carlberg  
*Board member*

Gunnel Duveblad  
*Board member*

Aina Nilsson Ström  
*Board member*

Pernilla Ström  
*Board member*

Carola Teir-Lehtinen  
*Board member*

Kai Wärn  
*Board member*

Thomas Holm  
*Employee representative*

Göran Karloja  
*Employee representative*

Anna Leonsson  
*Employee representative*

Mats Wäppling  
*Board member,  
President & CEO*

Our audit report was submitted on 5 March 2012

PricewaterhouseCoopers AB  
Lennart Danielsson  
*Authorised Public Accountant*

# AUDITOR'S REPORT

To the annual meeting of the shareholders of SWECO AB (publ),  
corporate identity number 556542-9841

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of SWECO AB (publ) for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 30–78.

### *Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts*

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinions*

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2011 and of its financial performance (and its cash flows) for the year then ended in accordance with the Annual Accounts Act, and 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 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of SWECO AB (publ) for the year 2011.

### *Responsibilities of the Board of Directors and the President*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

### *Auditor's responsibility*

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Opinions*

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, 5 March 2012  
PricewaterhouseCoopers AB

Lennart Danielsson  
Authorised Public Accountant

# FIVE-YEAR OVERVIEW

	2011	2010	2009	2008	2007
<b>Income statement, SEK M</b>					
Net sales	5,987.6	5,272.4	5,338.7	5,522.8	4,569.5
Operating profit	531.3	432.7	443.6	596.3	432.5
Net financial items	-4.5	-9.0	0.0	-8.1	-6.8
Profit before tax	526.8	423.7	443.6	588.2	425.7
Profit for the year	374.8	299.9	294.6	402.9	303.3
<b>Balance sheet, SEK M</b>					
Balance sheet total	3,256.8	2,988.4	3,151.3	3,012.5	2,438.0
Equity	1,503.7	1,429.6	1,595.7	1,414.8	950.3
Cash and cash equivalents and current interest-bearing receivables	219.6	376.7	557.3	321.3	192.0
Interest-bearing liabilities	78.7	136.6	138.8	161.2	209.8
Net interest-bearing receivable/liability	140.9	240.1	418.5	160.1	-17.8
<b>Cash flow, SEK M</b>					
Cash flow from operating activities	513.0	341.8	529.7	557.1	314.2
Cash flow from investing activities	-312.9	-132.5	-93.6	-273.1	-203.6
Cash flow from financing activities	-355.9	-362.5	-201.3	-176.5	-155.7
<b>Cash flow for the year</b>	<b>-155.8</b>	<b>-153.2</b>	<b>234.8</b>	<b>107.5</b>	<b>-45.1</b>
<b>Key ratios</b>					
Operating profit per employee, SEK 000s	92	87	87	109	92
Value added per employee, SEK 000s	758	758	743	720	701
Billing ratio, %	73.9	73.4	73.6	75.6	76.1
Operating margin, %	8.9	8.2	8.3	10.8	9.5
Profit margin, %	8.8	8.0	8.3	10.6	9.3
Equity/assets ratio, %	46.2	47.8	50.6	47.0	39.0
Net debt/equity ratio, %	-9.4	-16.8	-26.2	-11.3	1.9
Debt/equity ratio, times	0.1	0.1	0.1	0.1	0.2
Interest coverage ratio, times	48	31	42	32	35
Return on equity, %	25.6	19.9	19.6	34.6	33.8
Return on capital employed, %	34.2	26.5	27.5	44.4	41.7
Return on total assets, %	17.2	14.3	14.7	22.3	19.5
Average number of employees	5,772	4,986	5,082	5,453	4,699
<b>Share data</b>					
Basic earnings per share, SEK	4.11	3.31	3.31	4.68	3.53
Diluted earnings per share, SEK	4.11	3.28	3.28	4.65	3.46
Dividend return, %	5.2	5.2	7.4	5.7	3.1
Basic equity per share, SEK	16.46	15.61	17.82	16.09	11.06
Diluted equity per share, SEK	16.46	15.61	17.40	15.72	10.83
Basic cash flow per share, SEK	-1.71	-1.70	2.66	1.25	-0.54
Diluted cash flow per share, SEK	-1.71	-1.68	2.63	1.24	-0.53
Bid price Sweco B at 31 December, SEK	57.50	58.25	53.75	35.00	65.00
Market capitalisation, SEK M	5,258	5,394	4,963	3,211	5,599
Ordinary dividend per share, SEK (2011 – proposed)	3.00	3.00	2.00	2.00	2.00
Extraordinary dividend and other profit distribution	-	-	2.00	-	-
Number of shares at 31 December <sup>1)</sup>	90,719,827	90,957,774	88,943,037	87,144,243	84,260,044
Number of shares after dilution at 31 December <sup>1)</sup>	90,719,827	90,957,774	91,074,951	89,172,369	86,029,339
Number of shares after full dilution at 31 December <sup>1)</sup>	90,719,827	92,257,774	92,374,951	90,424,369	86,947,804
Number of class B and C treasury shares <sup>1)</sup>	797,020	559,073	3,059,073	2,357,867	2,154,306

1) The number of shares for prior periods has been restated with respect to the completed share split in 2007.

# COMMENTS ON THE FIVE-YEAR OVERVIEW

## 2007

All of Sweco's business units saw keen demand for consulting engineering services during 2007, resulting in continued strong performance and yet another record year for Sweco. Net sales rose by 17 per cent, of which around 60 per cent was attributable to acquisition-driven growth and 40 per cent to organic growth. Operating profit improved by 20 per cent to SEK 433 million, an increase mainly explained by a sustained strong market, improved internal efficiency and the accretive effects of past acquisitions. During the year, Sweco acquired companies and operations with total annual sales of approximately SEK 329 million and around 620 employees. In Norway, Sweco continued its expansion through a number of acquisitions and is now one of the country's leading multidisciplinary engineering consultancies. Further advances were made in the Group's expansion in Central and Eastern Europe. Through the acquisition of Czech-based Hydroprojekt, a new home market was established in Central Europe. Additional acquisitions were made in Estonia and Lithuania, where Sweco now has a clearly dominant market position. The bid price of the Sweco B share rose by 23 per cent during the year and was SEK 65 at year-end. The number of employees at the end of the period was 4,934.

## 2008

The market for consulting engineering services was good during the year. Demand was particularly strong for services in the environment, energy and infrastructure areas. As the effects of the financial crisis reached the European markets, this caused dramatic slowing in the real economy. At the end of the year, lower demand was noted in the construction sector and parts of the industrial sector. In spite of the rapid economic downturn at the end of the year, Sweco recorded its best performance ever in 2008. The Sweco Group's net sales rose to SEK 5,523 million, an increase of 21 per cent of which around 50 per cent was organic and 50 per cent was acquisition-driven. Operating profit improved by 38 per cent to SEK 596 million, with the Swedish and Norwegian units showing the strongest earnings growth. During the year Sweco continued its expansion and strengthened its market positions in both the Nordic region and in Eastern and Central Europe. Several acquisitions were carried out in Norway and the expansion in Eastern Europe continued through additional acquisitions in Lithuania and Bulgaria. In 2008 subscription warrants were issued to some 50 senior executives in the Group. The bid price for the Sweco B share at year-end 2008 was SEK 35, a decrease of 47 per cent during the year. The number of employees at 31 December 2008 was 5,536.

## 2009

2009 was characterised by a weak market for building-related and industrial services, particularly in Finland and the Baltic countries. At the same time, demand for services related to the environment, energy and infrastructure was generally good. As a result of the unfavourable market, the Sweco Group's net sales fell by 3 per cent to SEK 5,339 million. Operating profit amounted to SEK 444 million with an operating margin of 8.3 per cent. Sweden and Norway delivered strong performance with operating margins of around 11 per cent. Operating profit was burdened with restructuring charges and a write-down of goodwill in Sweco Industry amounting to a total of SEK 41 million, as well

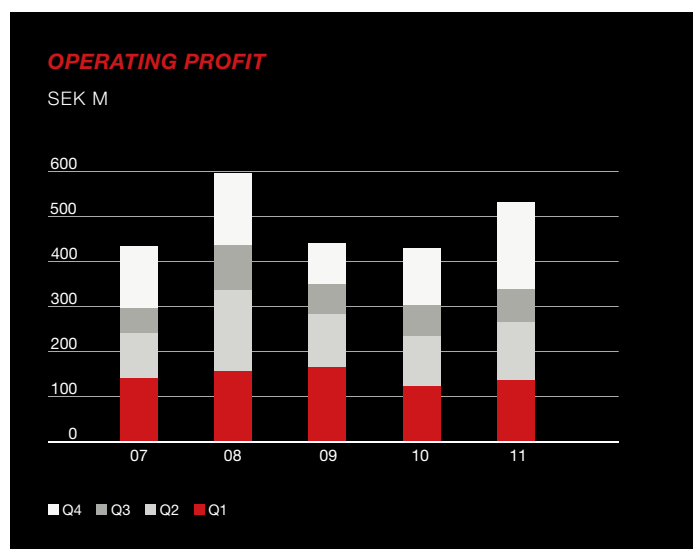
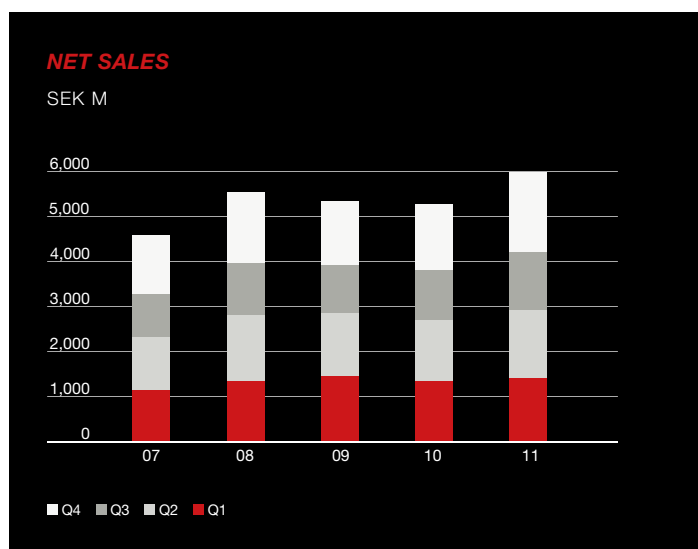
as SEK 8 million in costs for resource adaptations in the Baltic countries. The Sweco Group's financial position was strong, with a net receivable of SEK 419 million and cash and cash equivalents including unutilised bank overdraft facilities of SEK 1,122 million. Acquisition activity was low during the year and only a few minor acquisitions were carried out. The bid price for the Sweco B share rose by 54 per cent and amounted to SEK 53.75 at year-end. The number of employees at year-end 2009 was 5,137.

## 2010

2010 was characterised by weak market development during the spring and a burgeoning recovery in the autumn. At the end of the year the market upturn gained momentum in several of Sweco's segments, including the industrial and building sectors. Net sales amounted to SEK 5,272 million. Overall net sales fell by 1 per cent, mainly due to down-sizing in the industrial operations in Finland. Operating profit was SEK 432.7 million. Three business areas, Sweco Sweden, Sweco Norway and Sweco Russia, reported robust earnings with operating margins of over 10 per cent. Profit in Sweco Norway was affected by one-time project write-downs of more than SEK 20 million. Ambitious brand building activities in a number of countries and acquisition-related expenses, together amounting to SEK 26 million, led to an increase in group-wide costs. The financial position was strong. The ratio of net debt to equity was approximately -17 per cent and the equity/assets ratio was 48 per cent. Through the acquisitions of Hydroprojekt Kraków and Transprojekt Kraków, a new market was established in Poland. Sweco acquired nine companies with more than 300 employees during the year. The bid price for the Sweco B share at 31 December 2010 was SEK 58.25, representing an increase of 13 per cent. The number of employees at the end of the year was 5,418.

## 2011

2011 started with healthy demand in all of Sweco's markets. In particular, the Swedish market and the construction and infrastructure sectors showed solid growth during the year. Another stand-out was the Finnish market, which stabilised and noted rising demand for Sweco's industry-related consulting services. The generally high level of demand also continued through the second half of the year, in spite of the European debt crisis and economic slowing. Growing concern about the future direction of the economy is contributing to widespread uncertainty about market development. The Sweco Group's net sales were up by 14 per cent to SEK 5,987.6 million. Operating profit rose by 23 per cent to SEK 531.3 million and the operating margin was 8.9 per cent. The financial position remained strong. The ratio of net debt to equity was -9 per cent and the equity/assets ratio was 46 per cent. The number of employees rose by around 900, of which more than 300 employees were added through organic growth. During the year Sweco made 16 acquisitions with a total of around 600 employees. At the end of 2011 an agreement was signed to acquire Finland's FMC Group with annual sales of approximately EUR 80 million and around 1,100 employees. The acquisition of FMC, which was completed in February 2012, will give Sweco annual sales of approximately SEK 6.7 billion and 7,400 employees. The bid price for the Sweco B share at 31 December 2011 was SEK 57.50, a decrease of 1 per cent.



# RISKS

*The goal of Sweco's risk assessment is to secure the Group's long-term earnings growth and ensure that the various business units are able to meet their objectives. The Group's Board of Directors and Executive Management are responsible for risk management.*

In 2011 Sweco further developed and reinforced its routines for risk management. In the board meetings of the business areas, risk management is a standing item on the agenda in which the business areas' respective risks are monitored. A report on risk and internal control that covers the areas of Accounting, QA, IT, HR and Corporate Communications has been discussed by the Board, the Audit Committee and the EGM (Extended Group Management). Read more about Sweco's risk management process in the corporate governance report on page 36.

Sweco's operations are exposed to a number of strategic, operational and financial risks. Sweco has a project-driven business in which different types of risk arise in the assignments. Sweco is also exposed to a number of risks tied to the general economic trend, the situation in the labour market and the effects of political decisions. In addition, the Group is exposed to different types of financial risk, such as currency risk, interest rate risk and credit risk.

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

Sweco has identified a number of significant risks that can affect the Group's opportunities to meet its strategic and operational goals. A strong emphasis has been placed on the development of working methods and control routines to minimise their potential effects.

### Market and external factors

Political instability, shifts in the business cycle, a lower propensity to invest among the clients and increased consolidation in the industry are examples of market risks that can result in lower revenue and margins for Sweco. Sensitivity to these risks is reduced through a wide geographical presence, a comprehensive range of services and a large client base that is spread across different industries and sectors. For Sweco, it is important to have a good mix of long and short-term assignments and to work with both private and public sector clients. Sweco has a strong brand and a market-leading position in several countries, which means that Sweco is often the preferred choice of clients.

### International presence

Sweco's growth is associated with an expanding international presence. This gives rise to risks tied to the business and political climate and greater exposure to CSR-related risks. With more than 100 years of experience of project exports, Sweco has developed and established routines and tools for initiation and implementation of assignments around the world. In 2011 Sweco reviewed the Group's CSR policy, which describes how the employees are expected to act and take responsibility in the client projects and internally within Sweco.

### Acquisitions

Sweco's growth takes place partly through acquisitions. This can lead to risks for example that a transaction is based on incomplete or incorrect facts, that the integration of an acquired company is unsuccessful or that the anticipated results fail to materialise, in which case the acquisition instead has a negative effect on income and margins. These risks are minimised through a well developed acquisition and integration process with fixed decision-making points. Sweco's Board of Directors conducts a yearly evaluation of previous acquisitions. So far, Sweco's acquisition activity has resulted in profitable growth for many years.

### Knowledge and knowledge sharing

The employees' expertise and ability to translate their knowledge into optimal solutions for the clients is the core of the Group's business and also that which distinguishes Sweco from its competitors. Shortcomings in knowledge sharing can result in risks such as low quality in client deliveries. Knowledge and processes for knowledge sharing and cooperation are therefore a strategic priority for Sweco.

The exchange of experiences and learning take place primarily through work in the assignments. All employee development is focused on performance, knowledge and knowledge sharing. Sweco has a large number of processes and tools for knowledge sharing. Further enhancement of these was discussed at the year's Sweco Business Forum, the conference for Sweco's top managers, where the overall theme in 2011 was knowledge. A new intranet with ample scope for direct exchange between consultants was launched at the beginning of 2012.

## Employees

Sweco's success is dependent on the 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 was also successful in its ambitions to recruit and grow organically during 2011. Sweco uses a number of processes and tools to develop the employees and strengthen its leadership, such as the Sweco Talk performance review, the Sweco Barometer employee survey, skills training through Sweco Academy and the leadership aspects defined in the Sweco Leadership Compass, as well as management training and succession through Next Generation. Read more about Sweco's HR activities on page 24.

## Projects

Project risks consist of the risks connected to an individual assignment, such as miscalculation of the amount of time needed or costs involved. Around 75 per cent of Sweco's assignments are billed by the hour, which means that the clients are billed for the full number of hours worked. Assignments can also lead to disputes regarding Sweco's right to payment and the client's claim to compensation for any damages caused by Sweco. In the assignments, contracts are entered into on suitable terms to minimise risks and avoid disputes with clients. Among other things, the agreements should ensure that the scope of the assignment is defined, that Sweco has the right to payment on performance according to the terms of contract and that the terms of liability correspond to the insurer's requirements. Sweco has an insurance program that includes professional indemnity insurance to protect against liability for damages related to performance of the assignments. Quality assurance of the assignments takes place in the group-wide management system sweco@work, which is certified according to the ISO 9001:2008 and ISO 14001:2004 standards and has been prepared for OHSAS 18001.

## 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. Effective firewalls and virus protection and regular software upgrades minimise disruptions arising from technical problems. At the beginning of 2012 Sweco adopted a new information security policy with guidelines focusing on how the employees and sub-consultants should act in order to always uphold highest possible level of security toward all stakeholders.

## Brand

Sweco's image is formed through all types of contacts with internal and external stakeholders, and the company's success is therefore closely associated with the ability to communicate. Effective communication and a strong brand minimise the risk for negative publicity and loss of confidence. A deeply rooted culture where the employees are well aware of the company's values and policies strengthens the Group's identity and creates security for the clients. Sweco has a communication policy with related guidelines for price-sensitive information, mass media contacts and use of the social media. There is also a policy crisis management that among other things deals with communication in a crisis situation.

## FINANCIAL RISKS

Through its operations, Sweco is exposed to different types of financial risk. 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 central treasury department together with rules for financial risk management. For more information, see Note 33 on page 75.

### Interest rate, currency and liquidity risks

Changes in interest rates, exchange rates and the market prices of financial instruments can affect Sweco's cash flow, profit and balance sheet. Sweco has a strong balance sheet with a small share of borrowing, which means that direct interest rate risk is low. With regard to currency risk, 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 contracts. In view of the Group's financial position with a low level of borrowing and large unutilised overdraft facilities, Sweco's liquidity risk is low.

### Credit risk

Credit risk is defined as the risk related to the clients' ability to pay. Sweco has a balanced base of around 10,000 clients. The ten largest clients account for 21 per cent of net sales. Consequently, Sweco is not dependent on any individual clients. 52 per cent of the assignment volume comes from the private sector and 48 per cent of the clients come from municipal or county governments, public agencies and government authorities. Historically, credit losses have been minor.

### Risks in the financial reporting

In the Group's financial reporting, there is a risk that errors can arise and that the financial reporting is not prepared in accordance with the 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 Management carries out monthly reviews with the management of each business area. For more information about internal control, see page 41.

# SENSITIVITY ANALYSIS

## 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, a change in the billing ratio (capacity utilisation) by one

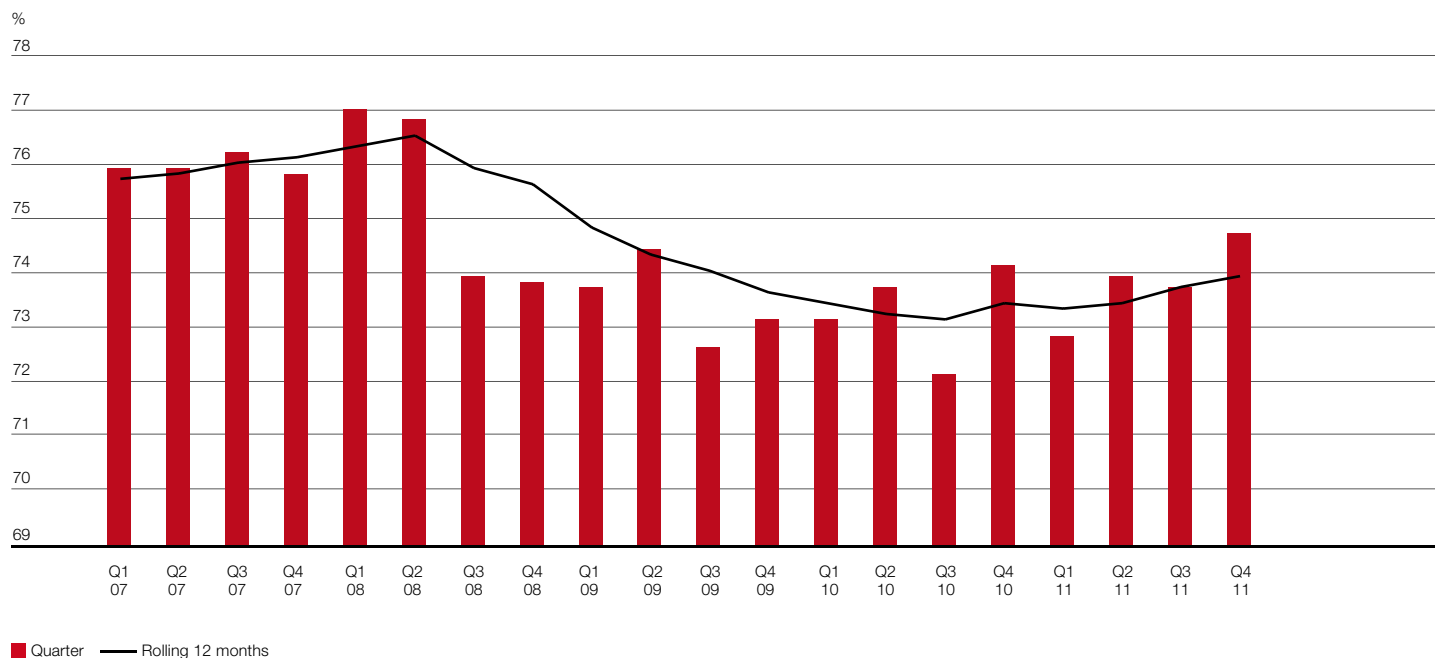
percentage point (around 25 minutes per consultant and week) would have an effect on profit of around SEK 70 million. A change of SEK 10 in the average hourly fee would affect annual profit by SEK 74 million. The table shows the effects of some key variables on cash flow, operating profit and earnings per share based on the annual accounts for 2011. For every assumed change, all other variables are assumed to be constant.

## Sensitivity analysis

Factor	+/-	Effect +/-	
		Cash flow/ operating profit	Earnings per share <sup>1)</sup>
Net sales			
– average fee	1%	SEK 52 M	SEK 0.42
– average hourly fee	SEK 10	SEK 74 M	SEK 0.59
– billing ratio	1%-point	SEK 70 M	SEK 0.56
Personnel costs	1%	SEK 38 M	SEK 0.31
Overhead expenses	1%	SEK 8 M	SEK 0.07

1) After 27 per cent standard tax.

## Billing ratio by quarter and rolling 12 months





# THE SWECO SHARE

Sweco AB's share has been listed on NASDAQ OMX Stockholm AB since 21 September 1998. Sweco's share capital is divided into class A and class B shares, both of which grant equal entitlement to dividends. The class A share grants entitlement to one vote and the class B share to one-tenth of one vote in general shareholder meetings. Sweco's Articles of Association stipulate the right to convert shares of class A to class B. The combined market capitalisation of the Sweco share at year-end was SEK 5,258 million.

## SHARE PRICE PERFORMANCE AND TRADING

The bid price of the Sweco B share was SEK 58.25 at the beginning of the year and SEK 57.50 at the end of the year, representing a decrease of 1 per cent during the year. Over the same period, NASDAQ OMX Stockholm fell by 17 per cent. The highest bid price for the class B share in 2011 was SEK 71.00 and the lowest was SEK 49.30. The highest bid price for the class A share was SEK 74.00 and the lowest was SEK 50.25.

A total of 5,750,002 Sweco shares were traded on NASDAQ OMX Stockholm in 2011 for a total value of approximately SEK 343.4 million,

equal to a daily average of around SEK 1.35 million. The average trading volume per business day was 22,152 class B shares and 397 class A shares.

Annual total return on the Sweco share, defined as the sum of share price growth and reinvested dividends, has averaged at 6 per cent over the past five years and 21 per cent over the past ten years. The corresponding figures for NASDAQ OMX Stockholm are 0 per cent and 6 per cent, respectively.

## SWECO AB'S SHARES<sup>1) 2)</sup>

	Number of		Holding, %	
	Shares	Votes	Shares	Votes
A	9,385,676	9,385,676.0	10.3	53.3
B	82,131,171	8,213,117.1	89.7	46.7
<b>TOTAL</b>	<b>91,516,847</b>	<b>17,598,793.1</b>	<b>100.0</b>	<b>100.0</b>

1) Including 797,020 class B shares and 79,702 votes pertaining to treasury shares.

2) Based on data from Euroclear Sweden AB.

## LARGEST SHAREHOLDERS AT 31 DECEMBER 2011<sup>1) 2)</sup>

Shareholder	Number of A shares	Number of B shares	Total	Votes, %	Holding, %
Nordström family	5,165,616	8,484,797	13,650,413	34.2	14.9
Investment AB Latour	1,222,760	27,775,000	28,997,760	22.7	31.7
J. Gust. Richert Memorial Fund	1,769,420	40,025	1,809,445	10.1	2.0
KAS Depository Trust Company	0	5,142,490	5,142,490	2.9	5.6
JPM Chase Na	0	5,039,609	5,039,609	2.9	5.5
Swedbank Robur Fonder	0	3,396,610	3,396,610	1.9	3.7
Öhman, Anders	250,000	450,000	700,000	1.7	0.8
Lannebo Fonder	0	2,860,000	2,860,000	1.6	3.1
Eriksson family	147,707	795,883	943,590	1.3	1.0
Odin Sverige Aksjefondet	0	1,615,683	1,615,683	0.9	1.8
<b>Total, ten largest shareholders</b>	<b>8,555,503</b>	<b>55,600,097</b>	<b>64,155,600</b>	<b>80.2</b>	<b>70.1</b>
<b>Others</b>	<b>830,173</b>	<b>26,531,074</b>	<b>27,361,247</b>	<b>19.8</b>	<b>29.9</b>
<b>TOTAL</b>	<b>9,385,676</b>	<b>82,131,171</b>	<b>91,516,847</b>	<b>100.0</b>	<b>100.0</b>

1) Including 797,020 class B shares and 79,702 votes pertaining to treasury shares.

2) Based on data from Euroclear Sweden AB.

## TREASURY SHARES

At 31 December 2011 Sweco held a total of 797,020 class B treasury shares purchased at an average price of SEK 32.63 each, equal to a total of SEK 26.0 million. The market value at the end of the year was SEK 45.8 million. The treasury shares correspond to 0.9 per cent of the total number of shares and 0.5 per cent of the votes.

Sweco's 2011 Annual General Meeting authorised the Board of Directors to purchase treasury shares during the period before the next Annual General Meeting. The aim of the repurchase is to give the Board greater freedom of action in optimising the company's capital structure and to finance acquisitions in a cost-effective manner. No more than 10 per cent

of the total number of shares outstanding may be repurchased. The same Annual General Meeting also authorised the Board to decide on the transfer of treasury shares in connection with acquisitions and for an amount corresponding to the appraised market value. The Board has decided to propose that the 2012 Annual General Meeting grant the Board renewed authorisation for the purchase and transfer of treasury shares.

During the year, at the request of shareholders, 3,399 class A shares were converted to class B shares with the support of the conversion clause in the Articles of Association. The total number of votes thereafter amounts to 17,598,793.1, of which class A shares correspond to 9,385,676 votes and class B shares to 8,213,117.1 votes.

## Distribution of shareholdings at 30 December 2011<sup>1) 2)</sup>

Number of shares	Number of shareholders	Number of A shares	Number of B shares	Holding, %	Votes, %
1–500	4,187	45,591	827,636	0.9	0.7
501–1,000	1,420	38,799	1,110,983	1.3	0.9
1,001–10,000	2,049	217,963	5,777,135	6.6	4.5
10,001–50,000	226	274,772	4,320,365	5.0	4.0
50,001–100,000	41	148,522	2,746,435	3.2	2.4
100,001–	56	8,660,029	67,348,617	83.0	87.5
<b>TOTAL</b>	<b>7,979</b>	<b>9,385,676</b>	<b>82,131,171</b>	<b>100.0</b>	<b>100.0</b>

1) Including 797,020 class B shares and 79,702 votes pertaining to treasury shares.

2) Based on data from Euroclear Sweden AB.

### INCENTIVE SCHEMES FOR SENIOR EXECUTIVES

Under the subscription warrant series 2008/2011, which expired during the year, none of the participants subscribed for shares within the framework of the program.

The 2011 Annual General Meeting resolved to implement a long-term share savings scheme directed to senior executives in the Sweco Group. Under the 2011 Share Savings Scheme, the participants may use their own funds to acquire class B shares in Sweco (“saving shares”) on NASDAQ OMX Stockholm for an amount equivalent to no more than 5 to 10 per cent of the respective participant’s basic annual salary for 2011. If the saving shares are held until the publication date of the year-end report for the 2014 financial year (“the lock-up period”) and the participant remains employed in his/her position or an equivalent position in the Sweco Group throughout the lock-up period, each saving share shall thereafter grant entitlement to the free-of-charge award of one class B share in Sweco (“matching shares”) and – provided that the performance targets have been met – to an additional number of not more than one to four class B shares in Sweco (“performance shares”). The grant of performance shares is conditional on a positive total return

for the Sweco share, and is also dependent on the Sweco share’s total return in relation to a group of comparable companies.

A total of 36 participants have acquired around 43,000 saving shares, which means that a maximum of 149,000 shares may be granted if the predetermined targets are met.

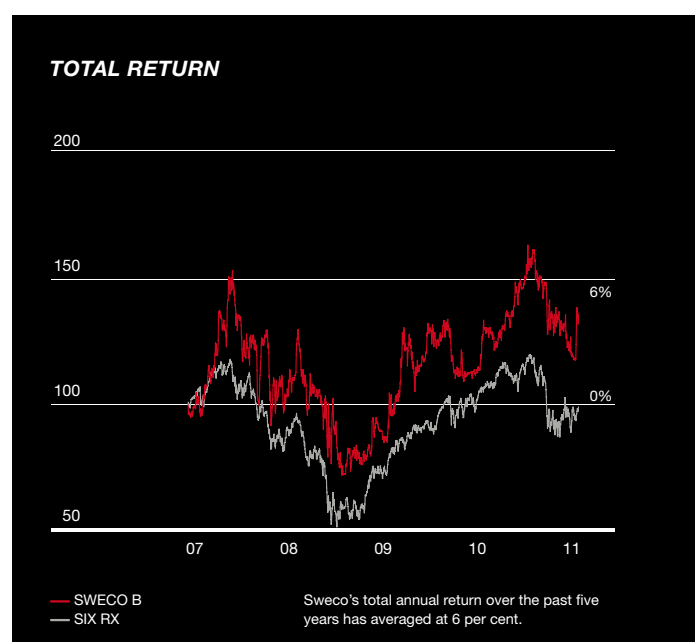
The Board has decided to propose that the 2012 Annual General Meeting approve the implementation of a long-term share savings scheme for up to 80 senior executives and key staff in the Sweco Group.

### 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 or Directors proposes a dividend for the 2011 financial year of SEK 3.00 per share (3.00), amounting to a maximum capital distribution of SEK 274.6 million (272.8).



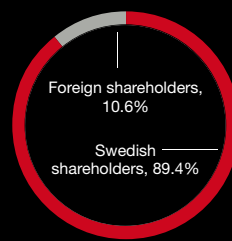
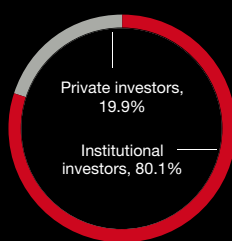
## Development of the share capital<sup>1)</sup>

Date	Change in the number of shares			Total number of shares			Quota value, SEK	Share capital, SEK M
	A shares	B shares	C shares	A shares	B shares	C shares		
1997, Jun: Company formed	1,000	–	–	1,000	–	–	100	0.1
1997, Dec: 20-for-1 split	19,000	–	–	20,000	–	–	5	0.1
1997, Dec: New share issue	1,857,815	12,925,790	–	1,877,815	12,925,790	–	5	74.0
2003, Jul-Nov: Conversion	–	234,924	–	1,877,815	13,160,714	–	5	75.2
2004, Jan: New share issue	–	1,649,501	–	1,877,815	14,810,315	–	5	83.4
2004, Jun: Conversion	–	394,740	–	1,877,815	15,205,055	–	5	85.4
2006, May: 2-for-1 split	1,877,815	15,205,055	–	3,755,630	30,410,110	–	2.5	85.4
2006, May: Redemption	–1,877,815	–15,205,055	–	1,877,815	1,877,055	–	2.5	42.7
2006, May: Bonus issue	–	–	–	–	–	–	5	85.4
2007, Apr: New share issue	–	–	200,000	1,877,815	15,205,055	200,000	5	86.4
2007, May: 10-for-1 split	16,900,335	136,845,495	1,800,000	187,781,501	152,050,550	2,000,000	0.5	86.4
2007, May: Redemption	–9,389,075	–76,025,275	–1,000,000	9,389,075	76,025,275	1,000,000	0.5	43.2
2007, May: Bonus issue	–	–	–	9,389,075	76,025,275	1,000,000	1	86.4
2008, Feb: Conversion	–	850,000	–850,000	9,389,075	76,875,275	150,000	1	86.4
2008, Jun: New share issue	–	–	1,400,000	9,389,075	76,875,275	1,550,000	1	87.8
2008, Jun: New share issue	–	1,588,480	–	9,389,075	78,463,755	1,550,000	1	89.4
2008, Oct: New share issue	–	99,280	–	9,389,075	78,563,035	1,550,000	1	89.5
2009, Feb: Conversion	–	1,500,000	–1,500,000	9,389,075	80,113,035	–	1	89.5
2009, May: New share issue	–	–	2,500,000	9,389,075	80,113,035	2,500,000	1	92.0
2010, Mar: Conversion	–	2,500,000	–2,500,000	9,389,075	82,613,035	–	1	92.0
2010, May: 2-for-1 split	9,389,075	82,613,035	–	18,778,150	165,226,070	–	0.5	92.0
2010, May: Redemption	–9,389,075	–82,613,035	–	9,389,075	82,613,035	–	0.5	46.0
2010, May: Bonus issue	–	–	–	–	–	–	1	92.0
2010, Sep: Cancellation	–	–485,263	–	9,389,075	82,127,772	–	1	91.5
2011, Aug: Conversion	–3,399	3,399	–	9,385,676	82,131,171	–	1	91.5

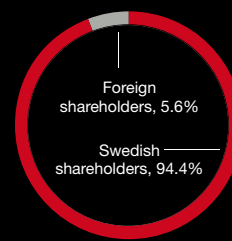
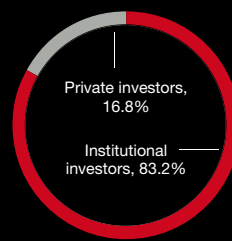
1) Including 797,020 class B shares and 79,702 votes pertaining to treasury shares.

## SHAREHOLDERS BY CATEGORY, 31 DECEMBER 2011

### HOLDING AS A % OF SHARES



### HOLDING AS A % OF VOTES



# BOARD OF DIRECTORS AND AUDITORS



## **OLLE NORDSTRÖM, BORN IN 1958**

Board Chairman. Member of the Board since 1997. Chairman of: Skirner AB, Stockholms Stads Brandförsäkringskontor and Gustafs Scandinavia AB. Board member of: Sparbössan Fastigheter AB, ClimateWell AB and Teletec Connect AB, among others.

**Education:** M.Sc.Econ., Stockholm School of Economics.

**Experience:** Working Chairman of the family company Skirner AB, former Managing Director of Humlegården Fastigheter AB and FFNS Gruppen AB.

**Holdings in Sweco:** 525,000 directly held shares and 11,933,413 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: Höganäs AB.

Board member of: Axel Johnson Inc, Investment AB Latour, Mekonomen AB, Svenskt Stål AB and Beijer-Alma AB, among others. Deputy Chairman of Sapa AB.

**Education:** M.Sc.Econ, Lund University.

**Experience:** former President and CEO of Axel Johnson International and former President and CEO of Nobel Industrier AB.

**Holdings in Sweco:** 10,000 shares.



## **GUNNEL DUVEBLAD, BORN IN 1955**

Member of the Board since 2008.

Board member of: Anoto Group AB, HiQ International AB, Aditro Holding AB and PostNord AB, among others.

**Education:** Systems Scientist, Umeå University.

**Experience:** former President of EDS Norra Europa.

**Holdings in Sweco:** 1,000 shares.



## **MATS WÄPLING, BORN IN 1956**

Member of the Board since 2003.

President and CEO since 2007.

Board member of: Besqab AB, Padox AB and Vasakronan AB.

**Education:** M.Sc.Eng., Royal Institute of Technology in Stockholm (KTH).

**Experience:** former Senior Vice President of Skanska AB and NCC AB.

**Holdings in Sweco:** 7,237 shares.



## **AINA NILSSON STRÖM, BORN IN 1953**

Member of the Board since 2006.

Board member of: The Royal Swedish Academy of Engineering Sciences (IVA) and the Finnish-Swedish Design Academy.

**Education:** Industrial Designer, School of Design and Crafts, University of Gothenburg.

**Experience:** Global Design Director at AB Volvo.

**Holdings in Sweco:** 1,500 shares.



## **PERNILLA STRÖM, BORN IN 1962**

Member of the Board since 2009.

Board member of: Bonnier AB, Uniflex AB and Bonnierförlagen AB, among others.

**Education:** studies at the Stockholm School of Economics and Stockholm University.

**Experience:** Economist, journalist, financial analyst, active in own business Ity AB.

**Holdings in Sweco:** 3,000 shares.



**KAI WÄRN, BORN IN 1959**

Member of the Board since 2010.  
Board member of: Dynea Oy, Hansa AG and Trigo SA.  
Education: M.Sc.Eng., Royal Institute of Technology in Stockholm (KTH).  
Experience: Partner in IK Investment Partners, responsible for strategy, operations and business control, former President and CEO of Seco Tools AB.  
Holdings in Sweco: 2,000 shares.



**CAROLA TEIR-LEHTINEN, BORN IN 1952**

Finnish citizen. Member of the Board since 2011.  
Board member of: Stockmann Oyj, the Stiftelsen Arcada Foundation and the Nottbeck Foundation, among others.  
Education: Ph.D., Åbo Akademi University.  
Experience: former Corporate Vice President with responsibility for Sustainability at Fortum Abp.  
Holdings in Sweco: 1,000 shares.



**THOMAS HOLM, BORN IN 1953**

Employee representative since 2007.  
Education/experience: M.Sc.Eng., Licentiate in Engineering.  
Employed by Sweco since: 1988.  
Holdings in Sweco: 1,000 shares.



**ANNA LEONSSON, BORN IN 1971**

Employee representative since 2005.  
Education/experience: Architect SAR/MSA.  
Employed by Sweco since: 1997.  
Holdings in Sweco: 401 shares.



**GÖRAN KARLOJA, BORN IN 1953**

Employee representative since 2008.  
Education/experience: Engineer.  
Employed by Sweco since: 2001.  
Holdings in Sweco: 677 shares.

**Deputies**

**Christer Åberg**

Born in 1953. Employed by Sweco.  
Employee representative since 2011.  
Holdings in Sweco: 433 shares.

**Görgen Edenhagen**

Born in 1964. Employed by Sweco.  
Employee representative since 2011.  
Holdings in Sweco: 0 shares.

**Sverker Hanson**

Born in 1963. Employed by Sweco.  
Employee representative since 2011.  
Holdings in Sweco: 2 shares.

**Auditor**

PricewaterhouseCoopers AB  
Auditor in Charge:  
Lennart Danielsson,  
Authorised Public Accountant.  
Other assignments: Clas Ohlson AB,  
Indutrade AB and Studsvik AB

# EXECUTIVE MANAGEMENT AND SENIOR EXECUTIVES

## EXECUTIVE MANAGEMENT

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**MATS WÄPPLING,  
BORN IN 1956**

President and CEO since 2007.  
Member of the Board of Sweco AB since 2003.  
Year of employment: 2007.  
Board member of: Besqab AB, Pandox AB and Vasakronan AB.  
Holdings in Sweco: 7,237 shares.



**BO JANSSON,  
BORN IN 1952**

Chief Financial Officer since 2000  
and Vice President since 2008.  
Year of employment: 2000.  
Board member of: AI Pension  
Holdings in Sweco: 3,543 shares.

## GROUP STAFFS

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**Stig Bremer**

Head of IT.  
Born in 1971.  
Year of employment:  
1995.

**Fredrik Hedlund**

Head of Corporate  
Communications.  
Born in 1961.  
Year of employment:  
2000.

**Anna Johansson**

Head of Group  
Accounting.  
Born in 1973.  
Year of employment:  
2006.

**Lisa Lagerwall**

Chief Legal Counsel.  
Born in 1972.  
Year of employment:  
2006.

**Jessica Petrini**

Head of Human  
Resources.  
Born in 1971.  
Year of employment:  
1998.

## SENIOR EXECUTIVES

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**ÅSA BERGMAN,  
BORN IN 1967**

President of Sweco Sweden since 2012.  
Year of employment: 1991.  
Holdings in Sweco: 3,096 shares.



**VIBEKE HVERVEN,  
BORN IN 1963**

President of Sweco Norway since 2005.  
Year of employment: 1987–2012\*.  
Holdings in Sweco: 2,761 shares.

\* Tron Kjelhamar Acting President of Sweco Norway as of 6 March 2012.



**PÄR HAMMARBERG,  
BORN IN 1964**

President of Sweco Central and Eastern Europe since 2008.  
Year of employment: 1995.  
Holdings in Sweco: 3,934 shares.



**JONAS DAHLBERG,  
BORN IN 1973**

President of Sweco Russia and Head of Business Development since 2008.  
Year of employment: 2008.  
Holdings in Sweco: 2,035 shares.



**KARI HARSUNEN,  
BORN IN 1953**

President of Sweco Industry since 2007.  
Year of employment: 1999.  
Holdings in Sweco: 948 shares.



**MARKKU VARIS,  
BORN IN 1958**

President of FMC Group since 2010.  
Year of employment: 1993.  
Holdings in Sweco: 0 shares.

# ANNUAL GENERAL MEETING

## Annual General Meeting

The Annual General Meeting of SWECO AB (publ) will be held on Tuesday, 17 April 2012, 3:00 p.m., at Hotel Courtyard by Marriott, Rålambshovsleden 50, in Stockholm, Sweden. Registration for the Meeting will begin at 2:00 p.m. Light refreshments will be served after the Meeting.

## Notification

Shareholders who wish to participate in the Meeting 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 Wednesday, 11 April 2012, 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 Meeting premises.

Notification can be made:

- online via Sweco's website: [www.swecogroup.com](http://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 Meeting. Such re-registration should be requested in good time prior to Wednesday, 11 April 2012, 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 Wednesday, 11 April 2012. 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 3.00 per share. The proposed record date is Friday, 20 April 2012. If the Meeting decides in favour of the proposal, dividends are expected to be disbursed by Euroclear Sweden AB on Wednesday, 25 April 2012.



# DEFINITIONS

## AVERAGE NUMBER OF EMPLOYEES

Hours of attendance plus hours of absence (excluding long-term absence) divided by normal working hours.

## BILLING RATIO

Billable hours in relation to total hours of attendance.

## 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 after dilution.

## DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

## DIRECT RETURN

The year's shareholder dividend (proposed dividend for 2011) divided by the closing bid 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.

## EMPLOYEE TURNOVER RATE

The number of employees who left the Group during the year divided by the average number of employees.

## EQUITY/ASSETS RATIO

Shareholders' equity divided by total assets.

## EQUITY PER SHARE

Equity attributable to owners of the Parent Company divided by the number of shares outstanding.

## IAS

International Accounting Standards.

## IFRS

International Financial Reporting Standards.

## INTEREST COVERAGE RATIO

Profit after net financial items plus financial expenses divided by financial expenses.

## MARKET CAPITALISATION

The year's closing bid price for the Sweco class A and class B share multiplied by the number of shares outstanding (excluding treasury shares) in each class.

## NET DEBT/EQUITY RATIO

Cash and cash equivalents less interest-bearing liabilities divided by shareholders' equity.

## OPERATING MARGIN

Operating profit as a percentage of net sales.

## OPERATING PROFIT PER EMPLOYEE

Operating profit excluding one-time items divided by the average number of employees.

## 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 divided by average total assets.

## TOTAL RETURN

Share price performance including reinvested dividends.

## VALUE ADDED PER EMPLOYEE

Operating profit excluding one-time items plus personnel costs divided by the average number of employees.

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E-mail: [info@sweco.se](mailto:info@sweco.se) · [www.swecogroup.com](http://www.swecogroup.com)

**SWECO**   
Sustainable engineering and design