



Press release from ÅF

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The ÅF Group – Summary of Annual Report for 2007

Operating profit doubled

Q4 2007

- Net sales totalled SEK 1,118 million (Q4 2006: SEK 973 million)
- Operating profit totalled SEK 108 million (SEK 57 million)
- Profit after tax rose to SEK 68 million (SEK 47 million)
- Earnings per share, before dilution, amount to SEK 3.95 (SEK 2.87)

Full year 2007

- Net sales totalled SEK 3,862 million (2006: SEK 3,114 million)
- Operating profit totalled SEK 332 million (SEK 168 million)
- Operating profit, excluding other operating income, totalled SEK 331 million (SEK 148.3 million)
- Profit after tax rose to SEK 220 million (SEK 108 million)
- Earnings per share, before dilution, amount to SEK 13.15 (SEK 7.38)

Proposed shareholders' dividend

- The Board proposes a shareholders' dividend for 2007 of SEK 6:50 (SEK 3:00) per share

A few words from the President, Jonas Wiström

ÅF continues to grow, and profitability is increasing. The operating margin for the fourth quarter was 9.6 percent (Q4 2006: 5.9 percent). The operating margin for the full year was 8.6 percent (2006: 4.8 percent). This means that 2007 was our best year to date.

Growth for the full year was 24 percent, which surpasses our target figure for realising our vision of achieving at least SEK 5 billion in sales by 2010. Organic growth was 11 percent, and the ÅF brand continues to attract the best consultants. Most divisions achieved an operating margin of 10 percent or more in Q4.

The improvement in results is due to the enduring good state of health of the business climate and to the further headway that ÅF is making in the market. We are continuing to win market share, not least outside our domestic markets. Last year's acquisition of the energy consulting company, ÅF-Colenco, which is based in Switzerland and currently has contracts in 40 countries, has had a positive impact on ÅF's growth in many ways.

ÅF currently has more than 900 members of staff outside Sweden; this is a five-fold increase over the past five years

Current uncertainty in respect of the economic prospects for the market has not yet affected demand for our services. So far we can see no signs of a slow-down.



Sales and profits

Net sales for the year totalled SEK 3,862 million, an increase of 24 percent on the 2006 figure of SEK 3,114 million. Sales in the fourth quarter amounted to SEK 1,118 million (Q4 2006: SEK 973 million).

Operating profit for the year was SEK 332 million (SEK 168 million), and the operating margin was 8.6 percent (5.4 percent).

When comparing these results with those from 2006, it is important to bear in mind that the figures for the first quarter of 2006 were positively affected by a capital gain of SEK 19 million following the sale of the software company PX Business Solutions. If the profits from this sale are excluded from the 2006 figures, operating profit that year totalled SEK 148 million and the operating margin was 4.8 percent.

Operating profit for the fourth quarter was SEK 108 million (SEK 57 million), and the operating margin was 9.6 percent (5.9 percent).

Capacity utilisation for the year was 75 percent (73 percent). For the fourth quarter, capacity utilisation was 75 percent (74 percent).

Profit after tax amounted to SEK 220 million (SEK 108 million). For the fourth quarter, profit after tax was SEK 68 million (SEK 47 million).

Earnings per share before dilution amounted to SEK 13.15 (SEK 7.38) for the year and SEK 3.95 (SEK 2.87) for the fourth quarter.

Important events during Q4 2007 and after the close of the reporting period

As a result of the second conversion exercise date for the convertible bonds 2005/2008 made available to ÅF employees, 42,699 new class B shares have been issued. This means that 566,307 new shares have been issued within the framework for the employee convertibles programme 2005/2008. The maximum possible number was 660,644 shares. This brings the total number of shares in ÅF to 16,935,233, of which 804,438 are class A shares and 16,130,795 class B.

ÅF has won an agreement for technical consulting services in connection with the construction of a new gas-fired power station in Sisak, Croatia. The agreement involves consulting services during the design and production phase, as well as monitoring the construction and commissioning of this 230 MW power plant. The order is worth EUR 3.4 million to ÅF.

ÅF has also won an agreement regarding technical consulting services in connection with the construction of a new gas-fired power station in Cikarang, Indonesia. The agreement involves consulting services during the design and production phase, as well as monitoring the construction and commissioning of this 360 MW power station. The order is worth EUR 3 million to ÅF.



Divisional performance

Engineering Division

Operating margin Q4: 10.3% (8.6%)

Operating margin 12 mths: 9.5% (8.8%)

The Engineering Division, which offers services within automation, industrial IT and mechanical engineering, is a leader in its field in the Nordic countries.

The market remained strong during the fourth quarter, with excellent levels of capacity utilisation in most units. The creation of a competence centre for paper and pulp was highly successful, and resulted in new assignments during the period, including joint projects with the Process Division.

Competence centres allow us to bring together the division's unique competence within a specific area, and consequently to handle major projects in a cost-effective manner even in smaller locations. Additional competence centres will be established during the year.

During Q4, Engineering won a major assignment with a Danish pharmaceuticals company in connection with the redevelopment of a production plant. The assignment involves designing and implementing software, in addition to the reconstruction of process equipment, including testing and verification.

The Division was granted two patents in Finland. These relate to a method developed in-house called Balance+, which is a control system for boilers that use a variety of biofuels.

Infrastructure Division

Operating margin Q4: 10.2% (9.0%)

Operating margin 12 mths: 9.9% (8.1%)

The Infrastructure Division offers infrastructure consulting services in the following business areas: Communications & Maintenance, Installations, Infrastructure Planning, Electric Power and Sound & Vibrations.

The market remained good in all business areas. Numerous assignments relating to major investments and infrastructure projects in a variety of areas, such as electric power, road and rail, mean that the division is involved in several undertakings that will run for many years. High oil prices and increasingly stringent environmental criteria are generating growing interest in issues related to future public transport and goods transportation solutions, and this, too, has resulted in a number of exciting projects.

The largest business area, Installations, which employs more than 500 members of staff in Sweden and Norway, is benefiting from a strong property and construction market. A proliferation of energy-saving alternatives for properties has coincided with an extraordinarily high demand for energy declaration inspections of the kind that the Infrastructure Division is accredited to carry out.

New assignments in the fourth quarter included a hydropower project on behalf of a leading Swedish energy company, an undertaking to optimise telephone and network capacity for TDC Song, and transmission planning work on behalf of Telenor. In addition, the Sound & Vibrations business area was commissioned to carry out a noise and vibration survey on behalf of the new Swedish National Arena in Solna, Stockholm.

**Inspection Division****Operating margin Q4: 16.7% (5.2%)****Operating margin 12 mths: 15.3% (9.7%)**

The Inspection Division works with technical inspections, chiefly in the form of periodic inspections, testing and certification. Major clients include the engineering and nuclear power industries.

The seasonal slow-down that is the norm for the Inspection Division in the fourth quarter was less marked this year than it has traditionally been in the past. The shortage of experienced test engineers and surveyors, both in Sweden and neighbouring countries, is no doubt a contributory factor behind this state of affairs.

To improve our ability to tap into new growth areas and to be able to market the specialist services offered by the Inspection Division more clearly, a new business area, "Projects and New Markets" was established in Q4.

New orders include one relating to the extensive testing of gas and steam-turbine plants on behalf of Siemens Industrial Turbomachinery. This assignment will be carried out both in Sweden and abroad during 2008

Early in 2008 Inspection was also commissioned to carry out design reviews, manufacturing inspections, assembly inspections, and other inspections in connection with the Perstorp Group's construction of a new plant in Stenungsund.

Process Division**Operating margin Q4: 8.8% (2.1%)****Operating margin 9 mths: 6.9% (0.9%)**

The Process Division offers consulting services for every aspect of an industrial process and possesses world-leading expertise in certain specialist areas of the pulp and paper industry and in the energy sector.

Demand in all segments of the energy industry remained strong in Q4. Within the forestry industry, demand for chemical pulp projects was high, and this is an area in which ÅF is a world-leader. A strike which affected major technical and engineering consulting companies in Finland had a negative impact on capacity utilisation for about two weeks.

Major orders won by the division included engineering consulting services for the Croatian state-owned energy company, HEP, relating to the construction of a gas-fired power station in the Croatian town of Sisak.

Another assignment involves planning and project management at a hydroelectric plant in India. This assignment was won by the energy consulting company, ÅF-Colenco, which was acquired by ÅF last year.

Early in 2008 the division also won a major assignment from the Indonesian power generator, PT Cikarang Listrondo, which is building a gas-fired power station. The contract is for consultancy and project management services for the design and production phases, as well as monitoring services during construction and commissioning.

**Systems Division****Operating margin Q4: 9.8% (6.0%)****Operating margin 9 mths: 8.4% (5.5%)**

The Systems Division offers services in the field of embedded systems, mechanical engineering and IT systems.

The market for services within IT and product development continued to flourish during the fourth quarter.

One growing trend is for clients to request that environmental expertise be factored into their product development activities. To meet this need, the Systems Division has established the EcoDesign Center, a network to facilitate clients' access both to the division's core competences and to ÅF's extensive expertise within the field of environmental consulting services. Investments in Gothenburg and the Öresund region (Malmö-Copenhagen) continued to show satisfactory growth with sustained profitability.

New assignments during the fourth quarter included the development of a next-generation test system for a world-leading telecom supplier. The system will be used in the client's R&D centres worldwide.

Sony Ericsson placed additional orders for development work in multi-media. And the Volvo dealers' development company, Volvohandlarnas Utvecklingsbolag, commissioned the division to develop a new business system for the sales and servicing of Volvo cars.

Cash flow and financial position

Cash flow for the year was SEK 53 million (SEK 15 million). Before dividends, borrowings and amortisation, cash flow was SEK 85 million (SEK -156 million).

Cash flow for the fourth quarter was SEK 177 million (SEK 86 million).

The ÅF Group's liquid assets totalled SEK 310 million (SEK 257 million).

Equity per share was SEK 79.28, and the equity/assets ratio was 47.9 percent. At the beginning of the 2007, equity per share was SEK 67.06 and the equity/assets ratio was 47.5 percent.

The Group's net loan debt (cash and cash equivalents minus interest-bearing liabilities) totalled SEK 88 million at the end of December (SEK 97 million).

Investments

Gross investment in machinery and equipment for the period January to December 2007 totalled SEK 45 million (2006: SEK 40 million).

Parent company

Parent company sales totalled SEK 197 million (SEK 188 million), leading to a loss after net financial items of SEK 25 million, compared to a profit of SEK 1 million in 2006.



Accounting principles

This summary of the ÅF Group's annual report has been prepared in accordance with IAS 34 ("Interim Financial Reporting"). The report has been drawn up in accordance with International Financial Reporting Standards (IFRS), as well as statements on interpretation from the International Financial Reporting Interpretations Committee (IFRIC) as they have been approved by the European Commission for use in the EU, and in accordance with the Swedish Financial Accounting Standards Council's Recommendation RR 31 ("Interim Reporting for Groups"), and the relevant references to Chapter 9 of the Swedish Annual Accounts Act. The report has been drawn up using the same accounting principles and methods of calculation as those in the Annual Report for 2006 (see Note 2, page 52). The parent company has implemented the Swedish Financial Accounting Standards Council's Recommendation RR 32:06, which means that the parent company shall apply all the IFRS and related statements approved by the EU as far as this is possible.

Risks and uncertainty factors

The significant risks and uncertainty factors to which the ÅF Group is exposed include business risks linked to the general economic situation, the propensity of various markets to invest, the ability to recruit and retain qualified co-workers, and the effect of political decisions. In addition, the Group is exposed to a number of financial risks, including currency risk, interest-rate risk and credit risks. No significant risks are considered to have arisen over and above those risks described on pages 36–38 in ÅF's annual report.

ÅF shares

The ÅF share price at the close of the reporting period was SEK 169, which represents a rise of 14 percent during 2007. The Stockholm Stock Exchange all-share index (OMXSPI index) fell by 7 percent during the year.

Dividend

The Board of Directors proposes a shareholders' dividend for 2007 of SEK 6.50 per share (2006: SEK 3.00 per share).

Reporting dates for financial information 2008

Interim report January–March 2008	23 April
Interim report January–June 2008	25 July
Interim report January–September 2008	23 October

Annual General Meeting

The Annual General Meeting of Shareholders will take place at 17.00 (5.00 pm) on 23 April at ÅF's head office at number 7 Fleminggatan in Stockholm, Sweden. A formal call to the meeting will be issued via an advertisement placed in a national Swedish daily newspaper. The ÅF Group's Annual Report for 2007 will be despatched by post to shareholders who have indicated their interest to the ÅF Corporate Information Department. It will also be available at the ÅF Group's offices and via the Internet from 31 March.

Stockholm, Sweden – 19 February 2008, AB Ångpanneföreningen (publ)
Jonas Wiström, President and CEO

This summary of the annual report for 2007 has not been subjected to scrutiny by the company's auditors.


CONSOLIDATED INCOME STATEMENT (in millions of SEK)

	Oct-Dec 2007	Oct-Dec 2006	Full year 2007	Full year 2006
Net sales	1 118,3	973,3	3 861,6	3 113,6
Other operating income	0,2	0,5	0,7	20,0
Operating income	1 118,5	973,8	3 862,3	3 133,6
Personnel costs	-636,3	-569,8	-2 310,2	-1 915,4
Other costs	-362,5	-328,8	-1 175,6	-995,5
Depreciation	-13,0	-19,9	-48,8	-58,1
Share of associated companies' profit/loss	1,3	1,7	4,1	3,8
Operating profit	107,9	57,1	331,9	168,3
Net financial items	-5,7	-0,8	-9,8	-10,4
Profit after net financial items	102,2	56,3	322,1	157,9
Tax	-34,2	-9,6	-102,1	-50,1
Profit after tax	68,0	46,7	220,0	107,8
<i>Attributable to:</i>				
Shareholders in parent company	66,7	46,7	217,5	107,6
Minority interests	1,3	0,0	2,5	0,2
Profit after tax	68,0	46,7	220,0	107,8
Operating margin, %	9,6	5,9	8,6	5,4
Profit margin, %	9,1	5,8	8,3	5,0
Operating margin, excl. other operating income, %	9,6	5,8	8,6	4,8
Profit margin, excl. other operating income, %	9,1	5,7	8,3	4,4
Capacity utilisation rate (invoiced time ratio), %	75,1	74,1	75,1	72,9
Earnings per share before dilution, SEK	3,95	2,87	13,15	7,38
Earnings per share after dilution, SEK*)	3,88	2,78	13,11	7,16
Number of shares outstanding	16 935 233	16 277 975	16 935 233	16 277 975
Average number of outstanding shares**)	16 905 390	16 277 975	16 543 598	14 587 519

*) After full conversion the number of shares will rise to 17,029,570.

***) In September 2006 a new share issue was made. To take account of the bonus issue element in the new issue, the shareholding has been recalculated using an adjustment factor of 1.074661.

CONSOLIDATED BALANCE SHEET (in millions of SEK)

	31 Dec 2007	31 Dec 2006
Assets		
Non-current assets		
Intangible assets	1 083,7	852,9
Tangible assets	210,7	103,3
Financial assets	25,8	40,8
Total non-current assets	1 320,2	997,1
Current assets		
Current receivables	1 165,0	1 045,7
Cash equivalents	310,4	257,5
Total current assets	1 475,4	1 303,1
Total assets	2 795,6	2 300,2
Equity and liabilities		
Equity		
Attributable to shareholders in parent company	1 334,9	1 091,5
Attributable to minority	4,2	0,0
Total equity	1 339,2	1 091,5
Non-current liabilities		
Provisions	89,7	96,7
Non-current liabilities	185,9	118,1
Total non-current liabilities	275,7	214,8
Current liabilities		
Provisions	9,6	1,3
Current liabilities	1 171,1	992,5
Total current liabilities	1 180,7	993,9
Total equity and liabilities 1)	2 795,6	2 300,2
1) of which, interest-bearing liabilities	398,0	354,8

Pledged assets and Contingent liabilities are essentially the same as in the annual accounts for 2006



CASH FLOW ANALYSIS (in millions of SEK)	Full year 2007	Full year 2006
Cash flow from operating activities before change in working capital	317,7	114,5
Cash flow from change in working capital	-4,5	6,8
Cash flow from investing activities	-228,5	-564,8
Cash flow from financing activities	-31,8	458,9
Cash flow for the period	52,9	15,5
 CHANGES IN EQUITY (in millions of SEK)	 Full year 2007	 Full year 2006
Equity at start of period	1 091,5	581,2
Change in translation reserve	14,6	-8,8
Change in fair value reserve	0,0	-0,9
Change in hedging reserve	-0,3	0,1
Actuarial gains/loss on calculation of retirement benefit obligations	-	-
Tax attributable to items recognised in equity	-3	0,3
	-	-
	1	0,1
Total changes in assets recognised in equity, excluding transactions with the company's owners	12,4	-9,1
Result for the period	220,0	107,8
Total changes in assets, excluding transactions with the company's owners	232,4	98,7
Dividend paid	-48,8	-30,4
New share issue	62,2	442,8
Minority interest in aquired company	1,8	-0,8
Dividend to minority	-1,1	-
Equity at end of period	1 339,2	1 091,5
Attributable to:		
Shareholders in the parent company	1 334,9	1 091,5
Minority interest	4,2	-
Total	1 339,2	1 091,5
 KEY RATIOS	 Full year 2007	 Full year 2006
Return on equity, % (full year)	18,1	12,9
Return on capital employed, % (full year)	23,4	17,5
Equity ratio, %	47,9	47,5
Equity per share, SEK	79,28	67,06
Employees (FTEs) excl. associated companies	3 623	3 167



QUARTERLY FINANCIAL TRENDS

	2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating income (millions of SEK)	541,8	570,3	460,0	587,5	583,4	633,7	465,7	586,5
Operating profit (millions of SEK)	19,5	24,4	8,4	-15,8	25,3	37,2	14,4	149,6
Operating margin, %	3,6%	4,3%	1,8%	-2,7%	4,3%	5,9%	3,1%	25,5%
Number of working days	65	60	65	63	62	62	65	64
Number of FTEs	2 167	2 379	2 431	2 470	2 576	2 588	2 559	2 538

	2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating income (millions of SEK)	642,0	771,0	746,7	973,8	932,4	967,5	844,0	1 118,5
Operating profit (millions of SEK)	44,0	30,3	36,9	57,1	74,3	84,7	65,0	107,9
Operating margin, %	6,9%	3,9%	4,9%	5,9%	8,0%	8,8%	7,7%	9,6%
Number of working days	64	59	65	63	64	59	65	62
Number of FTEs	2 563	2 848	3 046	3 167	3 531	3 520	3 675	3 761

FINANCIAL INFORMATION BY DIVISION

(in millions of SEK)

	Oct-Dec 2007	Oct-Dec 2006	Full year 2007	Full year 2006
Operating income				
Engineering *)	293,8	252,4	1 110,2	602,3
Infrastructure	351,3	298,7	1 207,6	994,0
Inspection	75,4	56,1	269,9	215,6
Process	305,2	307,5	974,7	1 092,2
Systems	129,0	101,0	433,0	308,8
Other/Eliminations	-36,3	-41,9	-133,0	-79,2
Total	1 118,5	973,8	3 862,3	3 133,6
Operating profit/loss				
Engineering *)	30,1	21,8	105,6	53,0
Infrastructure	36,0	26,8	119,4	80,1
Inspection	12,6	2,9	41,4	20,9
Process	26,7	6,4	67,5	9,8
Systems	12,7	6,1	36,5	17,0
Other/Eliminations	-10,2	-6,6	-38,5	-12,5
Total	107,9	57,4	331,9	168,3
Operating margin				
Engineering *)	10,3%	8,6%	9,5%	8,8%
Infrastructure	10,2%	9,0%	9,9%	8,1%
Inspection	16,7%	5,2%	15,3%	9,7%
Process	8,8%	2,1%	6,9%	0,9%
Systems	9,8%	6,0%	8,4%	5,5%
Other/Eliminations				
Total	9,6%	5,9%	8,6%	5,4%

*)The Benima-companies were consolidated into the ÅF Group w.e.f. 1 May 2006.

In conjunction with the acquisition of the Benima-companies, operations were restructured by amalgamating parts of the Process Division with the newly acquired activities to create the new Engineering Division.


INCOME STATEMENT PARENT COMPANY (in millions of SEK)

	Oct -Dec 2007	Oct -Dec 2006	Full year 2007	Full year 2006
Net sales	0	43	142	141
Other operating income	53	0	55	47
Operating income	53	43	197	188
Personnel costs	-19	-12	-56	-58
Other costs	-47	-33	-175	-134
Depreciation	-1	-2	-4	-7
Operating profit/loss	-14	-4	-38	-11
Net financial items	5	-1	13	12
Profit/loss after net financial items	-9	-5	-25	1
Appropriations	84	-	84	-19
Pre-tax profit/loss	75	-5	59	-18
Tax	-22	2	-17	12
Profit/loss after tax	53	-3	42	-6

BALANCE SHEET PARENT COMPANY (in millions of SEK)

	31 Dec 2007	31 Dec 2006
Assets		
Non-current assets		
Participations in Group companies	998	758
Tangible assets	15	20
Financial assets	4	-
Total non-current assets	1 017	778
Current assets		
Current receivables	722	598
Cash equivalents	2	102
Total current assets	724	700
Total assets	1 741	1 478
Equity and liabilities		
Equity		
Share Capital	169	163
Statutory reserve	103	47
Profit brought forward	943	809
Profit/loss for the year	42	-6
Total equity	1 257	1 013
Untaxed reserves	2	85
Non-current liabilities		
Provisions	32	36
Non-current liabilities	8	55
Total non-current liabilities	40	91
Current liabilities		
Provisions	9	
Current liabilities	433	289
Total current liabilities	442	289
Total equity and liabilities	1 741	1 478

For 2007 as a whole the parent company reports a profit after tax of SEK 42 million. This includes SEK 84 million from the liquidation of tax allocation reserves. During the first six months of the year a shareholders' dividend of SEK 3.00/share was issued, totalling SEK 48.8 million.

**ACQUIRED COMPANIES' NET ASSETS AT TIME OF ACQUISITION (in millions of SEK)**

	Colenco	Other companies	Total Acq'd companies
Date of acquisition (YYYY-MM-DD)	2007-07-01		Jan-Dec
Intangible non-current assets	-	0,4	0,4
Tangible non-current assets	83,6	2,1	85,7
Accounts receivable and other receivables	77,1	24,0	101,1
Cash equivalents	95,0	18,6	113,6
Accounts payable and other liabilities	-95,0	-28,8	-123,8
Net identifiable assets and liabilities	160,7	16,3	177,0
Group goodwill (preliminary estimate)	207,4	35,9	243,3
Fair value adjustment intangible assets	6,0	1,3	7,3
Fair value adjustment tangible assets, land & bldgs	24,7	-	24,7
Fair value adjustment non-current provisions	-8,7	-0,5	-9,3
Adjustment for previously acquired participations	-	-3,9	-3,9
Acq'n cost incl. est'd additional purchase price	390,1	49,1	439,1
Deduct:			
Cash (acquired)	95,0	18,6	113,6
Sales promissory note	79,4	4,8	84,2
Shares issued	-	16,8	16,8
Net outflow of cash	215,7	8,9	224,5
Estimated sales after acquisition date	191,0	62,8	253,8
Estimated effect on profit after acquisition date	24,6	6,3	30,9

If Colenco and other companies had been acquired on 1 Jan 2007 ÅF Group sales and operating profit for 2007 would have been 4,046.3 and 348.3 respectively.

The acquisition analyses are preliminary as the assets in the companies acquired have not been definitively analysed.

In the case of the above acquisitions, the purchase price has been greater than the assets recognised in the companies acquired: as a result, the acquisition analyses have created intangible assets.

The acquisition of a consulting business involves in the first instance the acquisition of human capital in the form of the skills and expertise of the workforce: thus, the greater part of the intangible assets in the companies acquired is attributable to goodwill.

The acquisitions of ECC Teknik AB, Cordinor Energi & Miljö AB, LHT Konsult AB, Ing. K Adolfsen AS, Automaatika, Hansen & Henneberg, Bennolund AS, Elektrokonsult AB and business combinations from X din are reported under the heading Other companies.

(For definitions, you are referred to the Annual Report for 2006)

The information in this summary of the annual report for 2007 is that which ÅF is required by Swedish law to disclose under the terms of the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was released for publication on 19 November 2008.