



# Press release from the ÅF Group

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**For immediate release**

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## **AB Ångpanneföreningen (publ) Summary of Annual Report for 2000**

- **Strong growth in profits within Product Development and IT**
- **Group profits before tax, including premium refunds from SPP insurance, totalled SEK 331 million (corresponding figure for 1999: SEK 55 million)**
- **Group profits before tax, excluding premium refunds from SPP insurance, totalled SEK 91 (55) MSEK**
- **Eps including SPP premium refunds: SEK 40.76 (6.90)**
- **Proposed dividend: SEK 13.00 (3.50) per share**
- **Acquisition of up to 33 percent of shares in CTS Engineering will create strong consultancy services for the pulp & paper industry**

The result of the ÅF Group's combined efforts in the area of product development and IT exceeded expectations for 2000 with the profit for this business area more than tripling in size to SEK 50 million.

Demand for the entire palette of services offered by the ÅF Group was brisker during the year than at any time in 1999. Measured monthly, capacity utilisation increased over the accounting period from 64 percent to 71 percent, producing an average for the year of 69.5 (1999: 68.2) percent.

Consolidated profit after net financial items, together with proportional interests in associated companies and including the premium refunds from the SPP pensions insurance company, amounted to SEK 331 (55) million. The profit margin was 18.9 (3.4) percent. Refunds from SPP total SEK 299 million gross, which, after present value calculations and deductions for the performance bonus to ÅF Group employees, amounts to SEK 240 million. The previously announced redemption of the Group's pensions commitments with the Pension Registration Institute worth SEK 105 million has been postponed as it is believed that the cost for this will be lower if these funds are redeemed at a later date. This means that previous estimates of a present value figure of approximately SEK 257 million have been adjusted to approximately SEK 240 million. Consolidated profit excluding the SPP refund totalled SEK 91 (55) million. The profit margin excluding the SPP refund was 5.2 (3.4) percent.



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Seen for the Group as a whole net turnover rose by 8 percent, half of this rise being attributable to the consolidation of the UK consulting company ÅF-QPS. Turnover for those sections of the Group's commercial activities which are most heavily IT-orientated increased by 19 percent. Personnel figures calculated as the number of full-time equivalents for the year yielded a total of 2,191 compared to 2,222 in 1999.

The Group's profit figures were reduced by performance bonuses to employees amounting to a total of SEK 31 (3) million. Earnings per share after the deduction of 28 percent standard tax amounted to SEK 40.76 (6.90). Net financial items for the year showed a loss of SEK 8 million (SEK 2 million more than in 1999), of which the capital gain amounted to SEK 1 (15) million.

The parent company's turnover totalled SEK 106 (103) million, with profit after net financial items amounting to SEK 25 (5) million. The improved result is due chiefly to the premium refunds from the SPP pensions insurance company.

Net worth, calculated as shareholders' equity with the addition of 80 percent of the surplus value of property, amounted at the year-end to an equivalent of SEK 122 (77) per share.

At the start of the accounting period the ÅF Group acquired operations in Miljöforskargruppen AB, and increased from 40 to 70 percent its ownership stake in ÅF-QPS Consultants, a UK company with around 30 employees. Later in the year the Group signed a cooperation agreement with Joseph Maier Papiertechnologie, which provides improved access to the important German pulp and paper industry market.

More than 700 of the ÅF Group's employees subscribed for convertible bond loans during the reporting period, paying a total of SEK 96 million for the privilege in July 2000.

The number of shareholders in the company amounted to 3,900 on 31 December 2000.

As part of an agreement reached after the end of the reporting period between ÅF-IPK and the owners of CTS Engineering (CTS), a Finnish consultancy engineering company for the pulp and paper industries, ÅF-IPK is to acquire up to 33.0 percent of the outstanding shares in CTS. At the same time CTS is being offered an option to acquire up to 9.9 percent of the shares in ÅF-IPK. CTS is one of the leading consultancy engineering companies in the paper machine sector, and has 230 employees in Finland. Together the ÅF Group and CTS can offer a total of 850 consultants for the pulp and paper industry in Europe.

### **Consulting activities**

The consolidated profit for the Group's consulting activities rose to SEK 99 (61) million. The value of orders on hand on 31 December 2000 amounted to SEK 438 (453) million.



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The tables below show recent trends for the consulting activities per business area.

**Turnover (in millions of SEK)**

	1996	1997	1998	1999	2000
Elec. Eng. & Instrumentation	365	394	436	498	522
Energy, Environment & Process Technology	428	393	373	391	442
HVAC & Sanitation	136	153	164	186	191
Software, Electronics & Mechanical Engineering	223	277	310	390	462
Inspection & Testing	40	53	55	108	115
Education & Management	-	-	55	140	136

**Profit/Loss (in millions of SEK)**

	1996	1997	1998	1999	2000
Elec. Eng. & Instrumentation	45*	40*	51*	36*	38*
Energy, Environment & Process Technology	45*	16*	21*	12*	1*
HVAC & Sanitation	1	-7	8	13	17
Software, Electronics & Mechanical Engineering	19	27	17	15	50
Inspection & Testing	-25	-20	-16	-17	-8
Education & Management	-	-	2	1	0

\*including associated companies

Figures for the parent company are not included in the above tables.

The general trend for consulting services developed positively during 2000, particularly in the areas of development, real estate and property management.

In view of the fact that demand from certain sections of the market was sluggish during the year, the profit margin for Electrical Engineering & Instrumentation, more than 50 percent of whose business comes from IT consulting assignments, was satisfactory. The most profitable business area was Software, Electronics & Mechanical Engineering, which concentrates solely on IT and development services: the profit margin here was very good indeed. HVAC & Sanitation, which is involved in sophisticated projects for the property management and real estate sectors also recorded a good profit margin for the year.

Energy, Environment & Process Technology attracts most of its clients from the energy sector and staple industries. While low levels of investment, especially from the energy companies, had a negative effect on the result for the year as a whole, an improvement in the second six months brought both capacity utilisation and profits up to acceptable levels.

Inspection & Testing continued to improve its results, reporting better figures than in 1999, but even so, the result remains unsatisfactory, despite the introduction of capacity-reduction measures.



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The result for Education & Management was slightly poorer than for 1999. The work of restructuring the education company ÅF-SIFU is continuing to proceed according to plan and the company recorded a small profit for the year. The difficulties of securing financing for aid programmes had a negative impact on developments in the Group's international management consulting activities.

### **Real Estate and Finance Administration**

The Group's properties consist of 97 percent offices and are used mainly by the Group's consulting businesses. At the end of 2000 the Group's property portfolio comprised a total of 33,000 square metres of business premises. During the reporting period the Group sold premises in Södertälje for SEK 7 million, which generated a capital gain of SEK 600,000. Net investments in real estate amounted to SEK 10 (36) million.

Towards the end of the reporting period, Fastighetsforum estimated the market value of the Group's properties at SEK 469 (394) million. The book value was SEK 271 (263) million.

On 31 December 2000 the Group's liquid assets, including current investments, totalled SEK 301 (113) million. Interest-bearing liabilities and allocations amounted to SEK 368 (352) million, bringing the Group's net borrowings to SEK 67 (239) million.

### **Dividend**

It is company policy to propose a shareholders' dividend equivalent to approximately 50 percent of the Group's profit after tax. For the past year profit after tax, excluding refunds from SPP, is approximately SEK 11 per share.

The SEK 240 million refund from SPP corresponds to a profit after tax of SEK 30 per share. This money will be refunded to the ÅF Group in the form of reduced premiums for pension insurance over the course of the next five to six years. During 2000 the refund from SPP was equivalent to SEK 7.50 per share after tax.

The Board proposes a dividend of SEK 5.50 per share, equivalent to 50 percent of the consolidated profit excluding the SPP refunds. The Board also proposes that the refund received from SPP during the year, equivalent to SEK 7.50 per share, be paid out in full. This would bring the Board's proposal for a shareholders' dividend for 2000 to a total of SEK 13 per share.

### **Outlook for 2001**

Forecasts suggest that market conditions for the sectors in which the ÅF Group is active will be somewhat more favourable during the coming year than they have been in 2000. This will probably be most evident when comparing the first six months of 2001 with



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the corresponding period in 2000. In view of this, it is our considered opinion that the ÅF Group's profit for 2001, notwithstanding premium refunds from the SPP insurance company, will exceed that reported in 2000.

Stockholm, Sweden, 12 February 2001  
The Board of AB Ångpanneföreningen (publ)



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<b>CONSOLIDATED INCOME STATEMENT</b> <b>(in millions of SEK)</b>	Full year 1996	Full year 1997	Full year 1998	Full year 1999	Full year 2000
Net sales	1 087.6	1 169.5	1 312.2	1 612.0	1 746.9
Personnel costs	-638.9	-730.0	-820.8	-996.2	-1 030.8
Other expenses	-324.0	-339.1	-367.5	-503.9	-553.5
Depreciation	-42.7	-48.3	-51.4	-63.7	-64.1
Refunds from SPP	-	-	-	-	240.3
Share of associated companies' profit/loss	2.3	0.3	-1.8	1.1	0.5
Operating profit	84.3	52.4	70.7	49.3	339.3
Net financial items/expense	4.4	15.4	10.8	5.8	-8.4
Profit after net financial income/expense	88.7	67.8	81.5	55.1	330.9
Tax	-28.1	-22.6	-33.5	-18.5	-96.3
Minority interests' share of the profit/loss	-	-	-	-0.1	-4.4
Profit after tax	60.6	45.2	48.0	36.5	230.2
Operating margin, %	7.8	4.5	5.4	3.1	5.7
Operating margin incl. SPP refunds, %	-	-	-	-	19.4
Profit margin, %	8.0	5.8	6.2	3.4	5.2
Profit margin incl SPP refunds, %	-	-	-	-	18.9
Profit per share after standard tax, SEK	11.11	8.49	10.21	6.90	11.10
after full conversion	10.12	7.74	9.30	6.28	10.11
Profit per share after standard tax incl. SPP refunds, SEK	-	-	-	-	40.76
after full conversion	-	-	-	-	37.13
<b>CONSOLIDATED BALANCE SHEET</b> <b>(in millions of SEK)</b>	31 Dec.1996	31 Dec.1997	31 Dec. 1998	31 Dec.1999	31 Dec.2000
Assets					
Intangible assets	25.2	23.5	30.7	43.8	40.6
Tangible assets	288.8	321.1	325.3	391.1	399.9
Financial assets	29.3	31.9	39.3	41.0	168.4
Current receivables	262.6	284.7	325.4	417.3	478.2
Liquid assets and investments	121.6	91.0	92.9	112.6	301.4
Total assets	727.5	752.2	813.6	1 005.8	1 388.5
Equity and liabilities					
Equity	367.0	380.6	382.6	332.7	542.8
Minority interests	-	-	-	3.9	9.0
Provisions	160.0	156.8	153.9	151.3	160.6
Long-term liabilities	2.8	15.2	44.4	58.7	151.2
Short-term liabilities	197.7	199.6	232.7	459.2	524.9
Total equity and liabilities	727.5	752.2	813.6	1 005.8	1 388.5
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b> <b>(in millions of SEK)</b>	Full year 1996	Full year 1997	Full year 1998	Full year 1999	Full year 2000
Cash flow from operating activities before changes in working capital	107.3	95.0	103.8	65.1	375.3
Cash flow from changing in working capital	-22.9	-29.0	0.2	-26.1	-5.6
Cash flow from investing activities	-61.9	-79.1	-76.1	-130.3	-181.3
Cash flow from financing activities	-37.1	-17.5	-28.4	111.0	0.4
Cash flow for the reporting period	-14.6	-30.6	-0.5	19.7	188.8



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<b>KEY RATIOS</b>	Full year	Full year	Full year	Full year	Full year
	1996	1997	1998	1999	2000
Return on equity after standard tax, %	18.2	13.1	15.4	11.1	18.2
Return on equity incl. SPP refunds after standard tax, %	-	-	-	-	53.5
Return on capital employed, %	20.4	14.7	17.2	12.9	18.8
Return on capital employed incl. SPP refunds, %	-	-	-	-	52.9
Equity ratio, %	50.4	50.6	47.0	33.1	39.1
Adjusted equity ratio, %	54.2	54.4	51.8	38.7	44.2
Equity per share, SEK	64	66	67	58	94
Net worth per share, SEK	79	82	86	77	122
Number of full-time equivalent employees. excl. Assoc. Companies	1 562	1 624	1 770	2 048	2 044
Number of full-time equivalent employees. incl. Assoc. Companies	1 702	1 764	1 910	2 222	2 191
No. of shares 5,748,569 (after full conversion 6,310,009)					

(Definitions see Annual Report 1999.)

**Future events:**

8 May, Interim Report for the first quarter, 2001

Annual Report 2000 will be available on 20 April, 2001, can be ordered via the ÅF-Group tel. +46 8 657 10 00 or e-mail to info@af.se

Annual General Meeting on 8 May, 2001 at 17.00 hours at the ÅF-Group head office, Fleminggatan 7, Stockholm. The report will be available in Swedish and English.