



Press release from the ÅF Group

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AB Ångpanneföreningen (publ) Interim Report January–September 2001

- **Profits SEK 60 million.**
(Corresponding period 2000: SEK 46 million)
- **Operating margin 5.3 (4.9) percent**
- **Sales increase by 16 percent to SEK 1,396 (1,200) million**
- **Acquisitions within Software, Electronics & Mechanical Engineering**
- **Revised profits forecast: Consolidated result for 2001 now forecast to remain at same level as in 2000**
- **Public bid for the ÅF Group**

Demand for the consulting services offered by the ÅF Group fell during the third quarter of 2001 and capacity utilisation was lower than that for the preceding year. For the period as a whole capacity utilisation was, however, 70 percent (2000: 69 percent).

The effect of the general downturn in the state of the economy, compounded by the mounting sense of insecurity in the world, makes forecasting the future difficult. There has been a slowdown in demand for consulting services within the areas in which the ÅF Group is active, most noticeably for Software, Electronics & Mechanical Engineering, for whom the plight of the telecom industry has had a markedly negative impact on both capacity utilisation and profits.

The ÅF Group has, however, signed a framework agreement with Ericsson as a corporate preferred supplier, and in view of the Group's strong standing in the telecom industry, it is anticipated that this reduced demand will be only temporary in nature.

Of the Group's six business areas, all except for Software, Electronics & Mechanical Engineering reported better or substantially better results compared with the corresponding period in 2000. This applied in particular to the business areas Energy, Environment & Process Technology, HVAC & Sanitation Engineering and Inspection & Testing, which together constitute half of the ÅF Group. Inspection & Testing continued to show improvements throughout the third quarter and so far in 2001 has reported profits which are fully SEK 9 million better than the business area's result last year. The fact that the balance between supply and demand in this area is now more favourable than before has had positive effects on both capacity utilisation and prices. The cooperation with TÜV Nord is also continuing to proceed according to plan.

Operations within HVAC & Sanitation Engineering and in those areas of Electrical Engineering & Instrumentation which work with installations in buildings generated very good results, while Electrical Engineering & Instrumentation operations which

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concentrate on the weaker industrial and energy markets had a lower capacity utilisation.

There was also an improvement in the result for Energy, Environment & Process Technology, with the Group's companies in France, Finland and Great Britain reporting good levels of capacity utilisation and good profits.

During the reporting period certain acquisitions were made with regard to shareholdings in companies outside Sweden that are active within the area of Energy, Environment & Process Technology. At the beginning of the year the Group acquired a 20 percent share in the Finnish consulting company CTS Engineering, with an option to subsequently increase ownership by a further 13 percent. CTS has 250 employees. The Group also increased its interest in the French company Chleq Froté from 49 to 66 percent, thereby conferring subsidiary status on the company and incorporating its results into the consolidated accounts. CTS and Chleq Froté are both consulting companies specialising in the pulp and paper industry. The ÅF Group's shareholding has risen too in the Danish company Hansen & Henneberg, from 25 to 49 percent. Hansen & Henneberg has around 50 employees and works with Electrical Engineering & Instrumentation.

Operations within Software, Electronics & Mechanical Engineering were hard hit in the third quarter as a result of the economic downturn, especially that affecting the telecom sector. Capacity utilisation for the business area fell sharply and profits did not exceed SEK 1 (12) million. Although this steep decline in the market is expected to continue throughout the first half of 2002, it is nevertheless the ambition of the ÅF Group to find ways of strengthening the business area's position during this period in order to realise the aim of expansion.

During the reporting period the ÅF Group acquired the operations of the management consultants Graphium Consult and the IT consulting company Arjano Data, together with the electrical consulting company Elikab. These companies add extra muscle to the ÅF Group's resources in areas where we work with major IT clients. During the summer the Group also acquired Svensk Trafikkompetens from SL (the Greater Stockholm public transport authority), making ÅF a major name in traffic planning and, with around sixty specialists, one of Sweden's leading consulting companies in this area. Together the four companies acquired have just under 100 employees.

Group profit after net financial items and proportions of associated companies' profits amounted to SEK 60 million, compared to a figure for the corresponding period in 2000 of SEK 46 million excluding premium refunds from SPP pensions insurance. This gives an operating margin of 5.3 (4.9) percent and a profit margin of 4.3 (3.9) percent. These profits are charged with unrealised losses in the share portfolio of SEK 6.4 million, and have also been influenced by a bonus to ÅF Group staff calculated at SEK 8.4 (5.6) million. Return on equity was 10.1 (12.9) percent.

Sales amounted to SEK 1,396 (1,200) million, while order stocks were SEK 435 (476) million. The number of employees (calculated as full-time equivalents) during the period was 2,440 (2,198) including those in associated companies, or 2,145 (2,050) excluding those in associated companies. The increase in staff was attributable chiefly to the acquisition of CTS.

Parent company sales totalled SEK 75 (77) million, and the result after net financial items was SEK –11 (1.0) million.



The ÅF Group's net worth, after a 20 percent standard tax deduction on the estimated surplus value of property, was SEK 117 (111) per share. Adjusted equity ratio was 46 (43) percent.

Last year ÅF Group employees were given the opportunity to subscribe to a convertible bond loan, which may be converted to shares in 2004–2005. More than 700 people made use of this offer. In accordance with the conditions, the conversion rate was re-calculated in June 2001 and revised from SEK 171.00 to SEK 162.70 as the shareholders' dividend for 2000 approved by the Annual General Meeting had exceeded an agreed level.

Profit and sales by business area

Amounts in millions of SEK

Business area	Profit		Sales		Profit		Sales		Profit		Sales	
	July -Sept		July -Sept		Jan -Sept		Jan -Sept		Full year		Full year	
	2001	2000	2001	2000	2001	2000	2001	2000	2000	1999	2000	1999
Electrical Engineering & Instrumentation	2	6	119	107	24	22	419	365	38	36	522	498
Energy, Environment & Process Technology	-1	-3	114	76	8	-9	385	278	1	12	442	391
HVAC & Sanitation Eng.	4	5	43	40	20	13	163	135	17	13	191	186
Software, Electronics & Mechanical Engineering	1	12	97	102	22	36	353	331	50	15	462	390
Inspection & Testing	2	1	31	29	3	-6	90	87	-8	-17	115	108
Education & Management	-2	-1	15	17	-2	-3	79	84	0	1	136	140
Total	6	20	419	372	76	53	1,489	1,280	98	60	1,868	1,713

The profits generated by the Group's consulting businesses for the first nine months of 2001 rose to SEK 76 (53) million. Capacity utilisation level totalled 70 (69) percent and sales increased by 16 percent. Four percentage points of this rise were attributable to the incorporation of Chleq Froté into the Group's consolidated accounts.

Real Estate and Finance Administration

The Group's properties, 95 percent of which are offices, are used primarily by the Group's consulting businesses. The vacancy ratio at the end of the reporting period was 5 (5) percent. The Group currently owns 33,500 square metres of real estate. In an evaluation carried out by Fastighetsforum at the end of 2000, the market value of the Group's properties was assessed at SEK 469 (394) million. Book value was SEK 272 million.

Gross investments in machinery and equipment amounted to SEK 35 (31) million, excluding investments made via corporate acquisitions.

The Group's liquid assets totalled SEK 108 (147) million, with SEK 24 (0) million of this figure being invested in Swedish and foreign shares. At the end of the period a SEK 6 million downward adjustment was made to the Group's share portfolio as a result of unrealised exchange losses. Interest-bearing liabilities and allocations totalled SEK 370 (373) million, bringing the Group's net borrowing to SEK 262 (226) million.

The negative cash flow for the period of SEK -194 (+34) million is attributable partly to the payment of tax on the large premium refund from Alecta (formerly SPP), which was



entered in the Group's accounts for last year, and partly to the SEK 75 million that was paid out as a shareholders' dividend during the second quarter.

Major change in ownership and public bid for ÅF shares

Early in July 2001 Traction AB sold its entire holding of 751,700 B shares in AB Ångpanneföreningen to SWECO AB. This corresponds to 13 percent of the capital and 8 percent of the voting rights. Prior to this SWECO owned no shares in AB Ångpanneföreningen. The sale was agreed at a price of SEK 180 per share.

On 24 September SWECO made a public bid for the company's shares, containing an offer to purchase A shares for a price of SEK 185 each and B shares for SEK 180 each. Alternatively shares in AB Ångpanneföreningen can be exchanged for newly issued shares in SWECO. At the time this interim report was being prepared no prospectus had yet been issued. More about the SWECO bid may be found on the company's website www.sweco.se

The board of AB Ångpanneföreningen has not yet made known its response to the bid, but shareholders representing more than 50 percent of the voting rights in the company rejected the offer in September and October.

Accounting and valuation principles

The principles and calculation methods used in this interim report remain unchanged from those used in the ÅF Group's most recent annual report.

Outlook for the remainder of 2001

The increasingly weak economy and the effects of the current, highly unsettled political situation in the world make any forecast of the prospects for the market extremely difficult. However, with the exception of the business area Software, Electronics & Mechanical Engineering for which there exists a risk of continued deterioration, I do not anticipate any further decline in the market conditions for the remaining months of 2001. In the interim report for the previous reporting period, prospects for 2001 were described thus: "Notwithstanding a degree of uncertainty ... we remain confident that the consolidated profit for the ÅF Group in 2001 will show a marked improvement on the result for 2000 excluding SPP refunds."

With due regard to the downturn in the business economy, it is now necessary to revise the outlook for 2001 as follows: the consolidated profit for the ÅF Group this year, excluding SPP refunds, is expected to remain at the same level as that for 2000.

Stockholm, 24 September 2001

AB ÅNGPANNEFÖRENINGEN (publ)

Gunnar Grönkvist
Managing Director and CEO



CONSOLIDATED INCOME STATEMENT

(in millions of SEK)

	July -Sept. 2001	July -Sept. 2000	Jan.-Sept. 2001	Jan.-Sept. 2000	Full year 2000	Full year 1999
Operating income	393.9	350.7	1,396.1	1,199.6	1,746.9	1,612.0
Personnel costs	-271.8	-217.7	-870.5	-748.2	-1,030.8	-996.2
Other external expenses	-95.3	-95.3	-402.3	-343.7	-553.5	-503.9
Depreciation	-17.7	-16.0	-50.7	-48.6	-64.1	-63.7
Refunds from SPP	-	-	-	257.3	240.3	-
Share of associated companies' profit/loss	0.2	0.9	1.4	-0.3	0.5	1.1
Operating profit	9.3	22.6	74.0	316.1	339.3	49.3
Income from financial investments	-8.3	-3.0	-14.3	-12.6	-8.4	5.8
Profit after financial items	1.0	19.6	59.7	303.5	330.9	55.1
Tax	-0.3	-5.8	-18.0	-85.3	-96.3	-18.5
Minority shareholders' share of profit	-0.1	-1.0	-2.0	-3.5	-4.4	-0.1
Profit for the reporting period	0.6	12.8	39.7	214.7	230.2	36.5
Profit after financial items excl. SPP	1.0	19.6	59.7	46.2	90.6	49.3
Operating margin (percent)	2.4	6.4	5.3	4.9	5.7	3.1
Operating margin incl. SPP (percent)	-	-	-	26.3	19.4	-
Profit margin (percent)	0.3	5.6	4.3	3.9	5.2	3.4
Profit margin incl. SPP (percent)	-	-	-	25.3	18.9	-
Capacity utilisation (percent)	68.5	70.5	70.5	68.7	69.5	68.2
Profit per share, SEK	0.12	2.22	6.91	5.12	9.95	6.35
Profit incl. SPP per share, SEK	-	-	-	37.35	40.04	-
Profit per share after full conversion, SEK	0.15	-	6.41	-	9.13	-
Number of shares 5.748.569 (after full conversion 6.329.369)						

CONSOLIDATED BALANCE SHEET

(in millions of SEK)

	30 Sept. 2001	30 Sept. 2000	31 Dec. 2000	31 Dec. 1999
Assets				
Intangible fixed assets	38.0	42.7	40.6	43.8
Tangible fixed assets	396.0	390.7	399.9	391.1
Financial assets	144.6	163.2	168.4	41.0
Current receivables	574.3	601.9	478.2	417.3
Liquid assets and investments	107.8	147.0	301.4	112.6
Total assets	1,260.7	1,345.5	1,388.5	1,005.8
Equity and liabilities				
Equity	510.7	527.1	542.8	332.7
Minority shareholding	9.7	8.1	9.0	3.9
Provisions	178.0	236.5	160.6	151.3
Long-terms liabilities	151.5	120.8	151.2	58.7
Short-terms liabilities	410.8	453.0	524.9	459.2
Total equity and liabilities 1)	1,260.7	1,345.5	1,388.5	1,005.8
1) of which interest-bearing provisions and liabilities	370.2	373.0	368.0	352.0

CONSOLIDATED STATEMENT OF CASH FLOW

(in millions of SEK)

	Jan.-Sept. 2001	Jan.-Sept. 2000	Full year 2000	Full year 1999
Cash flow from operating activities before changes in working capital	22.4	134.0	173.5	65.1
Cash flow from changes in working capital	-122.9	-65.4	55.5	-26.1
Cash flow from investing activities	-20.0	-35.1	-40.6	-130.3
Cash flow from financing activities	-73.1	0.9	0.4	111.0
Cash flow for the reporting period	-193.6	34.4	188.8	19.7



SPECIFICATION OF THE CHANGE IN SHAREHOLDERS' EQUITY
(in millions of SEK)

	Jan.-Sept. 2001	Jan.-Sept 2000	Full year 2000	Full year 1999
Beginning balance	542.8	332.7	332.7	382.6
Dividend	-74.7	-20.0	-20.0	-86.2
Translation difference for the period	2.9	-0.3	-0.1	-0.2
Profit/loss for the period	39.7	214.7	230.2	36.5
Closing balance	510.7	527.1	542.8	332.7

KEY RATIOS

Return on equity, full year (percent)	10.1	12.9	13.1	10.2
Return on equity incl. SPP, full year (percent)	-	52.1	52.6	-
Return on capital employed, full year (percent)	12.5	16.4	18.8	12.8
Return on capital employed incl. SPP, full year (percent)	-	53.6	52.9	-
Equity ratio (percent)	40.5	39.2	39.1	33.1
Adjusted equity ratio (percent)	45.9	43.0	44.2	38.7
Equity ratio per share, SEK	89	92	94	58
Net worth per share, SEK	117	111	122	77
Employees (FTEs) excluding associated companies	2,145	2,050	2,044	2,048
Employees (FTEs) including associated companies	2,440	2,198	2,191	2,222

(Definitions see Annual report 2000.)

The company's auditors have not reviewed this Interim Report.

Forthcoming activities

Summary of Annual Report 2001 will be published on 14th February 2002.

The report is available in Swedish and English versions.