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Press release from the ÅF Group

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AB Ångpanneföreningen (publ) Interim Report January–June 2001

- **Profits double in size to SEK 59 million.
(Corresponding period 2000: SEK 27 million
excluding refunds from SPP pensions insurance)**
- **Operating margin 6.5 (4.3) percent**
- **Sales expand by 18 percent to SEK 1,002 (849) million**
- **Inspection & Testing reports a profit**

Demand for the consulting services offered by the ÅF Group has remained good throughout the second quarter of 2001 with capacity utilisation running close to 72 percent. During the first six months of 2001 capacity utilisation was 71 (68) percent. The first indications of a general downturn in the market have been noted in the company's dealings with the telecommunications sector, but, given the ÅF Group's status as a "preferred supplier" to Ericsson, this slackening demand is expected to be of a temporary character. The framework agreement that the company has signed with Ericsson means that over the next few years the ÅF Group will be well placed to take further shares of the market.

Of the Group's six business areas, all except for Software, Electronics & Mechanical Engineering reported substantial improvements on their margins from the corresponding period in 2000. Inspection & Testing was able to report its first half-year of profits since it was established as a business area. The balance between supply and demand in this area is now more favourable than before and capacity utilisation for the period was 65 (58) percent. The trend in rising profits for Software, Electronics & Mechanical Engineering has stalled as a result of falling demand from the telecom industry, but business areas working in the field of installations have continued to report good operating margins.

The Group's Swedish-based operations serving plant and process industries showed an improvement, and the companies in France, Finland and the UK also reported good results and good levels of capacity utilisation.



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During the reporting period certain acquisitions were made with regard to shareholdings in companies outside Sweden. 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 to 33 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 consulting companies that work mostly with 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 60 employees and works with installation consulting services in Electrical Engineering & Instrumentation.

Since the end of the reporting period two further acquisitions have been made. The management consultants Graphium Consult and the IT consulting company Arjano Data will add extra strength to the ÅF Group's resources within the areas of Education & Management and Software, Electronics & Mechanical Engineering respectively. Together these two companies employ around 25 people and have a turnover of approximately SEK 50 million a year.

Group profit after net financial items and proportions of associated companies' profits amounted to SEK 59 million, compared to a figure for the corresponding period in 2000 of SEK 27 million excluding premium refunds from SPP pensions insurance. This gives an operating margin of 6.5 (4.3) percent and a profit margin of 5.9 (3.1) percent. These profits are charged with unrealised losses in the share portfolio of SEK 2.0 million, and have also been influenced by a bonus to ÅF Group staff calculated at SEK 7 (1) million. Return on equity was 14.9 (10.1) percent. When comparing the quarterly results, it is important to note that the second quarter was four working days shorter than the first.

Sales amounted to SEK 1,002 (849) million, with order stock remaining at a level more or less identical to that in the corresponding period last year, namely SEK 464 (468) million. The number of employees (calculated as full-time equivalents) during the period was 2,433 (2,215) including those in associated companies, or 2,157 (2,069) excluding those in associated companies. The increase in staff was attributable chiefly to the CTS acquisition.

Parent company sales totalled SEK 52 (52) million, and the result after net financial items was SEK -6.9 (-0.6) million.

The ÅF Group's net worth, after a 20 percent standard tax deduction on the estimated surplus value of property was SEK 117 (109) per share. Adjusted equity ratio was 45 (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 of this offer, 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 exceeded an agreed level.



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Profit and sales by business area

Amounts in millions of SEK

Business area	Profit		Sales		Profit		Sales		Profit	Sales
	April–June		April–June		Jan–June		Jan–June		Full year	Full year
	2001	2000	2001	2000	2001	2000	2001	2000	2000	2000
Electrical Engineering & Instrumentation	6	9	145	129	22	16	300	258	38	522
Energy, Environment & Process Technology	7	-1	165	102	10	-6	271	202	1	442
HVAC & Sanitation Eng.	8	4	61	46	16	8	120	95	17	191
Software, Electronics & Mechanical Engineering	7	12	123	113	22	24	256	229	50	462
Inspection & Testing	2	-2	32	30	1	-7	59	58	-8	115
Education & Management	-1	0	33	35	0	-2	65	67	0	136
Total	28	21	560	454	70	33	1,069	908	98	1,868

The profits generated by the Group's consulting businesses for the first six months of 2001 were more than double those in the corresponding period for 2000, totalling SEK 70 (33) million. Capacity utilisation level rose to 73 (69) percent and sales increased by 18 percent to SEK 1,069 (908) million. Five percentage points of this rise were attributable to the incorporation of Chleq Froté into the Group's consolidated accounts. If the performance of the French company is excluded, sales rose by 13 percent.

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 sq.m. 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 27 (23) million, excluding investments made via corporate acquisitions.

The Group's liquid assets totalled SEK 158 (92) million, with SEK 27 million of this figure being invested in Swedish and foreign shares. Interest-bearing liabilities and allocations totalled SEK 369 (357) million, bringing the Group's net borrowing to SEK 211 (265) million.

The negative cash flow for the period of SEK -142 (+20) 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.



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Major change in ownership

Early in July 2001 Sweco AB acquired 751,700 B shares in AB Ångpanneföreningen from Traction AB. This corresponds to 13 percent of the capital and 8 percent of the shares. Prior to this SWECO owned no shares in AB Ångpanneföreningen. The acquisition was agreed at a price of SEK 180 per share.

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 2001 as a whole

Market conditions for all the ÅF Group's business areas with the exception of Software, Electronics & Mechanical Engineering are anticipated to be somewhat more favourable throughout the remainder of 2001 than they were in 2000. Notwithstanding a degree of uncertainty with regard both to the downturn in the telecom sector as well as to the state of the economy as a whole and the effect this may have on investment, 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.

Stockholm, 9 August 2001

AB ÅNGPANNEFÖRENINGEN (publ)

Gunnar Grönkvist
Managing Director and CEO



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CONSOLIDATED INCOME STATEMENT**(in millions of SEK)**

	April-June 2001	April-June 2000	Jan.-June 2001	Jan.-June 2000	Full year 2000
Operating income	524.5	426.7	1,002.2	848.9	1,746.9
Personnel costs	-301.4	-259.5	-598.7	-530.5	-1,030.8
Other external expenses	-181.3	-127.9	-307.0	-248.4	-553.5
Depreciation	-16.4	-16.5	-33.0	-32.6	-64.1
Refunds from SPP	-	257.3	-	257.3	240.3
Share of associated companies' profit/loss	0.4	-0.5	1.2	-1.2	0.5
Operating profit	25.8	279.6	64.7	293.5	339.3
Income from financial investments	-1.6	-4.8	-6.0	-9.6	-8.4
Profit after financial items	24.2	274.8	58.7	283.9	330.9
Tax	-7.3	-77.0	-17.7	-79.5	-96.3
Minority shareholders' share of profit	-1.1	-2.8	-1.9	-2.5	-4.4
Profit for the reporting period	15.8	195.0	39.1	201.9	230.2
Operating margin (percent)	4.9	5.2	6.5	4.3	5.7
Operating margin incl. SPP (percent)	-	65.5	-	34.6	19.4
Profit margin (percent)	4.6	4.1	5.9	3.1	5.2
Profit margin incl. SPP (percent)	-	64.4	-	33.4	18.9
Capacity utilisation (percent)	71.7	69.7	71.4	67.9	69.5
Profit per share, SEK	2.75	1.69	6.79	3.33	9.95
Profit incl. SPP per share, SEK	-	33.92	-	35.24	40.04
Profit per share after full conversion, SEK	2.54	-	6.26	-	9.13
Number of shares 5.748.569 (after full conversion 6.329.369)					

CONSOLIDATED BALANCE SHEET**(in millions of SEK)**

	30 June 2001	30 June 2000	31 Dec. 2000
Assets			
Intangible fixed assets	37.6	45.2	40.6
Tangible fixed assets	400.4	403.2	399.9
Financial assets	152.5	162.4	168.4
Current receivables	549.9	615.3	478.2
Liquid assets and investments	158.5	91.9	301.4
Total assets	1,298.9	1,318.0	1,388.5
EQUITY AND LIABILITIES			
Equity	508.7	514.0	542.8
Minority shareholding	9.5	6.9	9.0
Provisions	160.8	231.0	160.6
Long-terms liabilities	150.4	64.1	151.2
Short-terms liabilities	469.5	502.0	524.9
Total equity and liabilities 1)	1,298.9	1,318.0	1,388.5
1) of which interest-bearing provisions and liabilities	368.8	357.0	368.0

CONSOLIDATED STATEMENT OF CASH FLOW**(in millions of SEK)**

	Jan.-June 2001	Jan.-June 2000	Full year 2000
Cash flow from operating activities before changes in working capital	13.4	40.4	173.5
Cash flow from changes in working capital	-65.8	25.0	55.5
Cash flow from investing activities	-16.0	-26.3	-40.6
Cash flow from financing activities	-74.5	-18.8	0.4
Cash flow for the reporting period	-142.9	20.3	188.8



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

	Jan.-June 2001	Jan.-June 2000	Full year 2000
Beginning balance	542.8	332.7	332.7
Dividend	-74.7	-20.0	-20.0
Translation difference for the period	1.5	-0.6	-0.1
Profit/loss for the period	39.1	201.9	230.2
Closing balance	508.7	514.0	542.8

KEY RATIOS

	Jan.-June 2001	Jan.-June 2000	Full year 2000
Return on equity, full year (percent)	14.9	10.1	13.1
Return on equity incl. SPP, full year (percent)	-	50.4	52.6
Return on capital employed, full year (percent)	17.3	14.9	18.8
Return on capital employed incl. SPP, full year (percent)	-	53.7	52.9
Equity ratio (percent)	39.2	39.0	39.1
Adjusted equity ratio (percent)	44.7	42.9	44.2
Equity ratio per share, SEK	88	89	94
Net worth per share, SEK	117	109	122
Employees (FTEs) excluding associated companies	2,157	2,069	2,044
Employees (FTEs) including associated companies	2,433	2,215	2,191

(definitions see Annual report 2000.)

Interim Report

We have reviewed this Interim Report in outline and thereby followed the recommendations of the Swedish Institute of Authorised Public Accounts (FAR). An outline review is considerably limited in comparison with an audit. There is no evidence of anything to indicate that this Interim Report does not meet the requirements of legislation relating to securities and annual reports.

Stockholm, 9 August 2001

Åke Hedén
Authorised public accountant

Ulf Egenäs
Authorised public accountant

Forthcoming activities

The interim report for the period January -September will be issued on 24th October.

The report is available in Swedish and English versions.