

## Profitable growth and international expansion

**Jonas Wiström is the President and CEO of ÅF. Below he sums up a strong 2007, outlines some current projects and reports on ÅF's international growth in the expansive energy and environment sectors.**

**Jonas Wiström, last year you predicted that all ÅF's divisions would report improved earnings in 2007. Were you right?**

"For 2007 we reported an operating profit of SEK 332 million compared to SEK 168 million in 2006. All divisions reported a better or significantly better result, not only compared to the year before, but also in comparison with the industry as a whole. At the same time we continued to grow strongly, appearing during the year in *Business Week's* list of the 500 fastest growing companies in Europe.

"The Engineering Division witnessed particularly high levels of activity. In January, for example, we acquired Automaatika in Estonia, which offers consulting service for automatic solutions for industrial processes. In our Infrastructure Division business is developing steadily on the back of a major contract for the City-banan rail project in Stockholm and thanks, too, to significantly improved profitability in Norway. For the Process Division, the takeover of the Swiss energy consultant Colenco with 250 members of staff has considerably strengthened the division's offer to the energy market: 80 percent of the Process Division's sales are now generated outside Sweden, and today ÅF is the world's largest independent consulting company to the nuclear power sector. The Inspection Division consolidated its market position significantly through organic growth, with good progress in the nuclear power segment being particularly noticeable. And, for the Systems Division, 2007 saw a continued steep rise in organic growth, underpinned by a steady improvement in earnings."

**What does expansion mean for the ÅF brand?**

"At a time of rapid growth it is important to take measures to safeguard the good reputation of ÅF. Our clients continue to give us very high marks in market surveys, and our brand, too, is becoming stronger all the time. Early in 2007 we recruited Susanna Kallur, one of the top athletes in the world, to our Corporate Information team, and this attracted a lot of positive attention. Like her ÅF colleagues, Susanna has an indomitable winning instinct and is passionate about environmental issues. There was a tremendous upsurge of interest in the environment and energy issues in 2007, and I must say that ÅF is very well placed to take full advantage of this in the years to come."

**What are the most immediate challenges facing ÅF?**

"We need to grow while still maintaining good levels of profitability. That means our greatest challenge is to develop the most valuable of all ÅF's assets – its co-workers. 2007 saw the start of a new educational initiative, the ÅF Academy, which will be holding a large number of courses in 2008. Many consultants, will be trained as certified project leaders in accordance with the European IPMA standard. We are also determined to recruit even more co-workers with the right skills, experience and motivation. At the end of 2007 we had a workforce of 4,000, but the target is to increase this to 5,000 by 2010.

"As far as investments in the market are concerned, our priorities are to grow our business in the infrastructure and energy sectors. Russia is just one example of the enormous potential in these spheres.

"Another constant challenge is to continue to develop the 'One ÅF' concept – our decentralised, business-oriented internal networking structure."

### What about future expansion?

"Our aims in this regard are clear. We have set ourselves the target of averaging annual growth of 15 percent over a period of time – half organic and half via acquisitions. In practice this means that growth is greater some years than others. The board and senior management have also resolved that ÅF will have net debt, with a gearing ratio that doesn't exceed 40 percent of equity. This, together with a strong cash flow, gives us the financial muscle we need to make further acquisitions."

### What is your opinion of the prospects in the market?

"They continue to look good. Of course, we need to realise that the situation can change quickly as a result of turbulence on the financial markets. But the fact is that today our expertise is in demand across more of the world than ever before. Globalisation continues to drive developments and we can see clear evidence of increases in investments in Europe that are a direct consequence of the progress that is being made in India, China and South-East Asia. ÅF's international strategy is clear: we are committed to becoming number one or two in the markets where we are most active. This will enable us to complement a broad portfolio of services on our domestic markets in the Nordic countries, the Baltic region and Switzerland, with global cutting-edge skills within certain selected areas."

### How would you sum up the current situation?

"First of all I would like to thank our clients for the confidence they have shown in us. I would also like to emphasise just how much we have strengthened our offer right across the board, particularly in the energy sector. The bigger we become, the more synergies we can benefit from and the stronger we can

make our offer to our clients. Today ÅF is a more cost-effective organisation than it has ever been. And that benefits our clients at least as much as it benefits us.

"To our shareholders I would say that we are proud of what we have achieved so far – but we're not satisfied yet! We still have the potential to improve earnings even more.

"And finally, I would like to offer my sincere thanks to all our co-workers for their outstanding efforts during the year. I can promise that the future will be every bit as exciting – and at least as much fun!"

Stockholm, February 2008

Jonas Wiström  
President and CEO



**"We will grow while still maintaining good levels of profitability."**

Jonas Wiström, President and CEO