



Malmö Agata Andersson is an environmental consultant. "The best thing about working for ÅF is that the job is so varied and so stimulating. You learn something new every day. And it feels so safe at ÅF to tell clients 'We'll sort it out'. Even if you yourself don't have what's needed, you know that there's always someone with the right expertise somewhere in ÅF."

MARKET TRENDS AND BUSINESS REVIEW

ÅF's services – a summary

ÅF's operational activities comprise four divisions offering technical consulting services for industry (approximately 70 percent of revenue) and infrastructure projects (approximately 30 percent).

The Energy Division focuses on technical and financial consulting for the energy sector, from advice in connection with business models to implementing investments in power plants and all manner of environmental considerations associated with this. The division possesses world-class expertise in nuclear power.

The Engineering Division is Northern Europe's leading industrial consultant offering services in process technology, energy efficiency, environmental engineering, automation, industrial IT, electrical power systems and mechanical engineering.

The Infrastructure Division is a major player in the consulting industry for infrastructure development in Scandinavia and has clients in industry, the public sector, defence and the property sector.

The Inspection Division is an independent third-party inspection body that inspects, tests and certifies plant, products and systems for clients in both industry and infrastructure. Sweden, the Czech Republic and Lithuania are the division's domestic markets.

Clients

Each year ÅF performs more than 61,000 assignments for some 25,000 clients. The size of the assignments varies from just a few hours to hundreds of thousands.

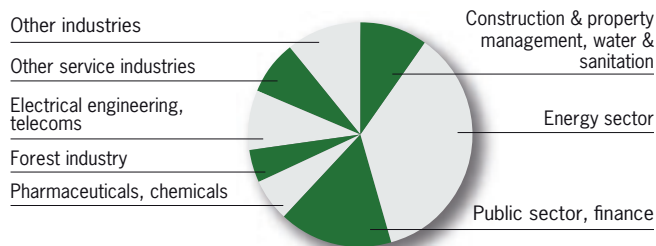
ÅF's ten largest clients in 2009 were Alpiq, Banverket (the Swedish National Rail Administration), Ericsson, FMV (the Swedish Defence Materiel Administration), Fortum, Power Machines Company, Vattenfall, Siemens, Stockholm's regional transport authority (SL) and Westinghouse. Together these clients accounted for 23 percent of total invoiced sales.

Market

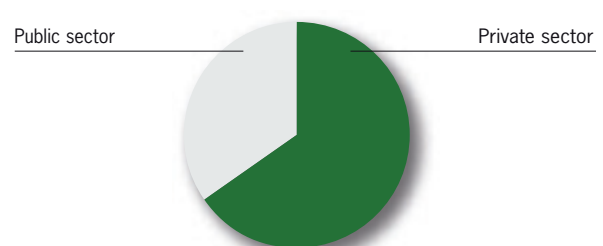
Demand for ÅF's services was good in 2009 despite the steep downturn in the economy. However, assignments tended to be slightly shorter in duration and the main emphasis was on rationalising existing facilities rather than major new investments, although the market did begin to stabilise as the year drew to a close.

The Energy Division started the year with well-filled order books, which ensured good capacity utilisation despite the weak state of the economy. Uncertainty was greatest in Russia, the Baltic countries, Finland and South-East Asia, but the markets there stabilised towards the end of the year and even showed some signs of an upswing.

Business areas – contribution to Group sales 2009



Client base – sales by customer segment 2009



The market for the Engineering Division's services contracted as the year wore on, although demand remained good from the food processing and pharmaceutical industries, as well as in energy and nuclear power. Demand from industry is chiefly driven by the need for efficiency improvements in manufacturing plants, environmental engineering projects, the development of alternative fuels and conversion to efficient energy management.

For the Infrastructure Division the market was mixed in 2009. Business began slowly for product development activities, but gathered speed towards the end of the year. Infrastructure planning, on the other hand, continued to go from strength to strength. Other business areas showed steady development, but clients and investors do still remain cautious.

Demand for the services of the Inspection Division remained relatively stable in all business areas, with the strongest performance coming from testing-related services for the nuclear power industry.

Outlook – Nordic countries

Growth in the Nordic energy market will be driven mainly by investments in nuclear power in Finland and preparations for the expansion of Sweden's nuclear power facilities and renewable

energy sources in the other Nordic countries. Alongside major new investments that have already been approved, there will also be a need for a large number of efficiency improvement projects, upgrades, capacity increases and environmental improvements in existing plants, in both the power industry and other industries.

It is anticipated that demand will remain high from industries such as mining, petrochemicals, energy, food technology and pharmaceuticals, whereas manufacturing industries, particularly the automotive industry, are expected to continue to struggle in the wake of the general economic downturn.

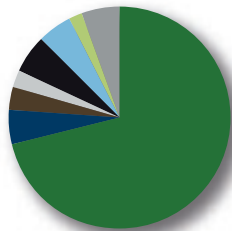
The shift to more efficient energy use, the advent of new sources of energy and increased competition within the energy sector have many ramifications that should have a positive effect on the demand for consulting services for many years to come.

Alongside these developments, the forest industry continues to expand the scope of its activities to include biofuels and electricity in addition to its core business of pulp and paper.

Nordic industry is at the forefront of environmentally related technology, and it is widely believed that this will pave the way for future export successes and sustained demand for technical consulting services.

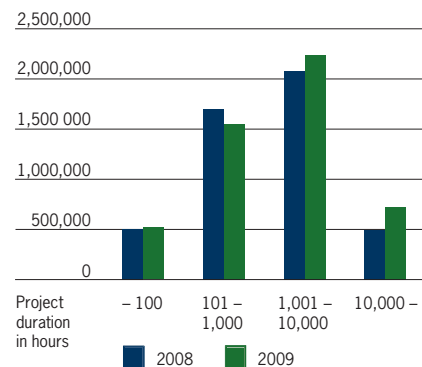
Geographical spread of ÅF business

Number of employees per country, December 2009



ÅF's domestic markets are the Nordic countries, the Baltic countries and Switzerland, but the company is becoming increasingly international. It has offices in more than 20 countries, but conducts business activities and attracts clients throughout the world.

Size of ÅF projects, in number of hours



In order to better secure activity levels and thus improve profitability, ÅF works actively to increase the proportion of long-term assignments.

The Nordic countries also have strong state finances, which suggests that infrastructure investments, especially road and rail projects, will remain well-funded. At municipal level, however, lower tax revenues and the cost of rising unemployment are expected to delay investments, while private investors are also expected to remain cautious as they wait for clearer signs of economic recovery. One exception is the area of energy-efficiency improvements, for which demand seems set to remain robust throughout the entire Nordic region.

The Nordic market for technical consulting services is gradually being deregulated, and it is expected that these services as a whole will increase in importance, not least as preventive measures to safeguard good levels of productivity.

Outlook – Europe and beyond

Europe's energy needs continue to grow, driving demand for services in both power generation and distribution. In Western and Central Europe expansion is in the form of new nuclear power facilities and biofuel plants, but there is also a pressing need to improve the efficiency and environmental performance of the continent's old coal-fired plants. In Eastern Europe and South-East Asia the markets appear to be picking themselves up again after the knockout blow delivered by the financial crisis.

It is expected that demand for projects that aim to make better use of energy and reduce industry's environmental impact will remain good in all markets.

As before, growth for pulp and paper is expected to come from Africa, Asia and South America, while in Europe the shift from new production plants to a greater focus on facilities for managing paper for recycling will continue, parallel with work to modernise and improve efficiency in existing mills.

There is still plenty of potential for technical inspection services in Eastern and Central Europe as deregulation and the process of EU harmonisation continue. For ÅF, establishing subsidiaries in the Czech Republic and Lithuania has provided important springboards for expanding these services in neighbouring markets.

Increased internationalisation

Over a number of years ÅF has expanded through acquisitions and organic growth, becoming increasingly international. A great deal of effort has been made to standardise the structure of our competence development work, internal information banks, intranet and brand identity, and to establish an understanding within the organisation of our shared corporate values and aims. Each part of ÅF enjoys considerable autonomy which helps secure strong local roots while the company's global structure contributes strength and stability.

Innovation means daring to challenge old ideas

Each year, together with the Swedish business magazine *Veckans Affärer*, ÅF presents "The Swedish Innovation Award". The prize for 2009 went to SKF for its "Beyond Zero" vision, which bolsters the company's product offer with cutting-edge research and technology to meet the new demands of a market that is thirsting for climate change adaptation and energy-efficiency improvements. The SEK 100,000 prize was awarded at a ceremony in the Grünwald Auditorium at Stockholm Concert Hall.

