ÅF PÖYRY AB (PUBL) INTERIM REPORT JANUARY–DECEMBER 2019

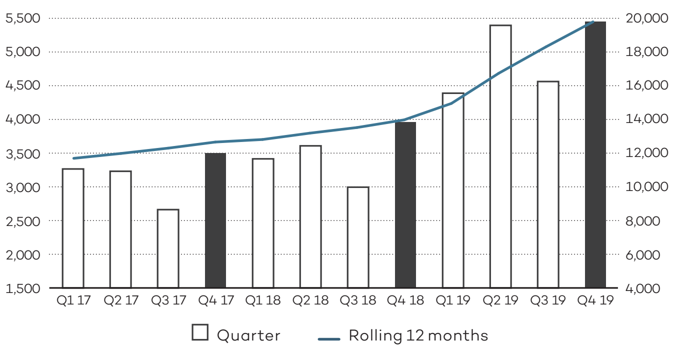
Improved profitability and strengthened cash flow

Fourth quarter 2019[1]
- Net sales amounted to SEK 5,447 million (3,957)
- EBITA, excl. items affecting comparability, was SEK 516 million (357)
- EBITA margin, excl. items affecting comparability, was 9.5 percent (9.0)
- EBITA totalled SEK 327 million (332)
- EBITA margin was 6.0 percent (8.4)
- EBIT (operating profit) amounted to SEK 298 million (328)
- Basic earnings per share: SEK 1.63 (2.85)

January–December 2019[1]
- Net sales amounted to SEK 19,792 million (13,975)
- EBITA, excl. items affecting comparability, was SEK 1,731 million (1,268)
- EBITA margin, excl. items affecting comparability, was 8.7 percent (9.1)
- EBITA amounted to SEK 1,368 million (1,243)
- EBITA margin was 6.9 percent (8.9)
- EBIT (operating profit) amounted to SEK 1,276 million (1,203)
- Basic earnings per share: SEK 8.07 (10.98)
- The Board of Directors proposes a dividend for 2019 of SEK 5.00 (5.00)

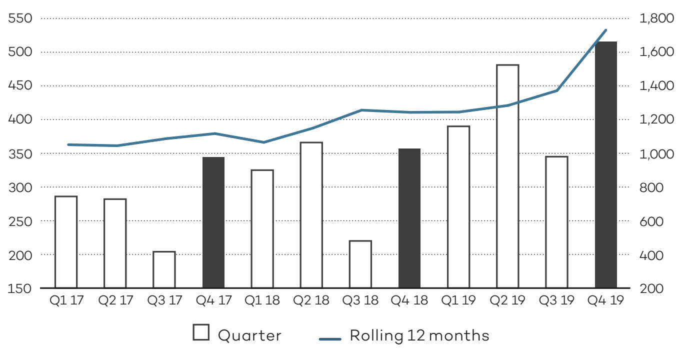
“In 2019, we created a leading engineering and design company in the Nordics, and in the fourth quarter, we delivered improved profitability and strong cash flow.”

Net sales, SEK million



Pöyry was consolidated into ÅF Pöyry as from 28 February 2019.
[1]Including effects of IFRS 16 Leases 2019; see page 5 for further details
[2]Excluding items affecting comparability

EBITA[2], SEK million



Pöyry was consolidated into ÅF Pöyry as from 28 February 2019.

Comments by the CEO

In 2019, we created a leading engineering and design company in the Nordics, and in the fourth quarter, we delivered improved profitability and a strengthened cash flow. I am pleased with the high-paced integration of Pöyry, which has achieved run-rate cost synergies of SEK 218 million, thus exceeding the target of SEK 180 million. This is reflected in our margin growth and will support our business moving forward.

In general, the market is stable in most of our segments and geographic regions. Compared to the same quarter last year we still face lower volumes in the automotive segment and its related supply structure. However, the volumes have stabilised compared to the previous quarter.

Combined net sales amounted to SEK 5,447 million (5,609) in the quarter, with total growth of -2.9 percent adjusted for calendar effects. The corresponding figure for full year 2019 ended at 5.3 percent, while the formal reported growth was 41.6 percent. In the quarter, both the Infrastructure and Process Industries Divisions delivered positive organic growth while Industrial & Digital Solutions had negative growth due to the lower volume in the automotive segment. The Energy Division had negative growth caused by the ongoing repositioning as well as one large EPC project reaching its final stage and generating less revenue compared to the previous year. The Management Consulting Division was negatively affected by normal volatility arising from success fees.

In the quarter, we delivered improved earnings with combined EBITA, excluding items affecting comparability, amounting to SEK 516 million (492) and the corresponding EBITA margin to 9.5 percent (8.8). The corresponding full-year number for EBITA was 1,809 (1,716) and the EBITA margin was 8.7 percent (8.7). Performance improved compared to the previous quarter in all divisions and there were strong contributions from the cost synergy program.

Continued focus on efficiency and cost optimisation
In 2019, the cost synergy program delivered SEK 218 million in run-rate savings, above our target of SEK 180

million. In 2020, we will continue to take cost optimisation and efficiency measures with a target of an additional SEK 120 million in run-rate savings. In parallel, we are driving an investment programme to improve our system platform, including implementing a new ERP system. Increased costs due to the investment programme is estimated to have a negative impact on profitability in 2020 by SEK 50-70 million.

The repositioning costs of the Energy Division amounted to SEK 105 million in the quarter, compared to the range of SEK 130-150 million that was announced earlier.

Focus on growth in all divisions
During the quarter, we signed several contracts. I wish to highlight the assignment with Oatley in the Netherlands to deliver two new process plants and the engineering assignment for a new renewable production unit for St1 in Sweden.

In Infrastructure, the general demand in our core markets continues to be solid. The quarter was affected by our transportation segment where some projects were closed with lower profitability than expected. Activity continues to be on a high level.

In Industrial & Digital Solutions, volumes were lower compared to the same quarter last year mainly driven by lower activity in the automotive segment. As a consequence, the division has focused on efficiency and ongoing cost measures. However, the volumes have stabilised compared to the previous quarter and we continue to see good demand in food & pharma as well as the defence industry.

The Process Industries Division continued to perform well in the quarter, supported by megatrends where bio-based material is replacing fossil-based materials. The overall market outlook for the division has been good although some slowness in taking decisions on large investments has been seen.

In the quarter, the Energy Division continued to integrate operations and focus on executing the repositioning as planned. Demand improved in the quarter, particularly in the nuclear segment. There have been some delays in investment decisions, but future growth opportunities remain strong.

Management Consulting's key markets have remained consistently stable. The most important drivers continue to be high business transaction volume in all sectors as well as the ongoing transition of the energy sector.

Strengthened position in 2020
The integration of Pöyry has been successful with cost synergies exceeding the target. We have strengthened our competitive position with a continued focus on efficiency in all divisions. We are focused on driving organic growth, and based on our strengthened balance sheet, we have the capability to ramp up acquisitions.

In November, we launched AFRY, our common brand, which reflects our position as a leading engineering and design company with focus on sustainable solution.

We are now leaving 2019 behind us with a strong fourth quarter and we look forward to an exciting new year, ready to meet our clients' needs and to continue pursuing profitable growth.

Stockholm, 7 February 2020

Jonas Gustavsson
President and CEO

Net sales and earnings 2019

October–December
Net sales for the quarter amounted to SEK 5,447 million (3,957). Growth amounted to 37.7 percent (13.0). Organic growth excluding Pöyry totalled -3.9 percent (6.7) and -2.6 percent (8.2) when adjusted for calendar effects.

Adjusted for items affecting comparability, EBITA was SEK 516 million (357). The corresponding EBITA margin was 9.5 percent (9.0). Items affecting comparability amounted to SEK 189 million (25) and refer to integration costs associated with the acquisition of Pöyry and transition costs for the Energy Division.

EBITA and the EBITA margin were SEK 327 million (332) and 6.0 percent (8.4), respectively. The effects of IFRS 16 Leases were SEK 7 MSEK on EBITA, SEK 141 million on EBITDA and SEK 15 million in increased interest expenses.

Capacity utilisation was 75.4 percent (77.2) in the quarter. Capacity utilisation is negatively affected by the fact that Pöyry offers fewer services within Professional Services and more projects and advisory business within areas such as Management Consulting.

If Pöyry had been consolidated as from 1 January 2018 (combined operations), net sales would have amounted to approximately SEK 5,447 million (5,609), a decline of 2.9 percent. The corresponding EBITA and EBITA margin adjusted for items affecting comparability would have amounted to approximately SEK 516 million (492) and 9.5 percent (8.8) respectively.

EBIT totalled SEK 298 million (328). The difference between EBIT and EBITA consists of acquisition-related non-cash items: amortisation of acquisition-related assets amounting to SEK 62 million (11) and the change in estimates of future contingent consideration amounting to SEK 31 million (8).

	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Net sales				
Net sales, SEK million	5,447	3,957	19,792	13,975
Total growth, %	37.7	13.0	41.6	10.4
Acquired, %	40.9	4.9	39.0	4.1
Organic, %	-3.9	6.7	1.7	6.3
Currency, %	0.6	1.5	0.9	1.1
Adjusted/underlying organic growth due to calendar effect, %	-2.6	8.2	2.1	5.6
Earnings				
EBITA excl. items affecting comparability, SEK million	516	357	1,731	1,268
EBITA margin excl. items affecting comparability, %	9.5	9.0	8.7	9.1
EBITA, SEK million	327	332	1,368	1,243
EBITA margin, %	6.0	8.4	6.9	8.9
Operating profit (EBIT), SEK million	298	328	1,276	1,203
Profit after net financial items, SEK million	234	287	1,039	1,103
Profit after tax, SEK million	182	222	821	850
Key ratios				
Basic earnings per share, SEK	1.63	2.85	8.07	10.98
Diluted earnings per share, SEK	1.61	2.79	7.99	10.76
Cash flow from operating activities, SEK million	1,078	358	1,993	874
Net debt, SEK million[1]	–	–	4,424	3,455
Net debt/equity ratio, %[1]	–	–	47.2	63.2
Net debt/EBITDA, rolling 12 months, times[1]	-	–	3.0	2.5
Number of employees	–	–	16,348	10,928
Capacity utilisation, %	75.4	77.2	75.8	77.2

[1)]Excluding effects of IFRS 16 Leases 2019. If Pöyry had been consolidated as from 1 January 2018, net debt/EBITA excluding the effect of IFRS 16 and excluding items affecting comparability would have been 2.2.

Profit after financial items was SEK 234 million (287) and profit after tax for the period was SEK 182 million (222). Net financial items totalled SEK -64 million (-41) in the quarter. Interest expense rose mainly due to more borrowing and an increase in the average credit term in the loan portfolio.

Net financial items were impacted by discount rates related to leases in accordance with the new IFRS 16 standard and revaluation of contingent considerations that do not affect cash flow, amounting to SEK 15 million (-) and SEK 3 million (4) respectively.

The tax expense amounted to SEK 53 million (65), corresponding to a tax rate of 22.4 percent (22.6).

January–December
Pöyry was consolidated as from 28 February 2019. Net sales in the period amounted to SEK 19,792 million (13,975). Growth amounted to 41.6 percent (10.4). Organic growth excluding Pöyry totalled 1.7 percent (6.3) and 2.1 percent (5.6) when adjusted for calendar effects.

Adjusted for items affecting comparability, EBITA was SEK 1,731 million (1,268). The corresponding EBITA margin was 8.7 percent (9.1). Items affecting comparability amounted to SEK 364 million (25), of which SEK 44 million relates to transaction costs concerning the acquisition of Pöyry, SEK 215 million relates to integration costs and SEK 105 million to transition costs for the Energy Division.

EBITA was SEK 1,368 million (1,243) and the EBITA margin was 6.9 percent (8.9). The effects of IFRS 16 Leases were SEK 31 million on EBITA, SEK 551 million on EBITDA and SEK 60 million in increased interest expenses, including ten months for Pöyry.

Capacity utilisation was 75.8 percent (77.2) for the period. Capacity utilisation is negatively affected by the fact that Pöyry offers fewer services within Professional Services and more projects and advisory business within areas such as Management Consulting.

If Pöyry had been consolidated as from 1 January 2018 (combined operations), net sales would have amounted to approximately SEK 20,827 million (19,773), an increase of 5.3 percent. The corresponding EBITA and EBITA margin adjusted for items affecting comparability would have amounted to approximately SEK 1,809 million (1,716) and 8.7 percent (8.7) respectively.

EBIT amounted to SEK 1,276 million (1,203). The difference between EBIT and EBITA consists of acquisition-related non-cash items: amortisation of acquisition-related assets amounting to SEK 211 million (41) and the change in estimates of future contingent consideration amounting to SEK 119 million (2).

Profit after financial items was SEK 1,039 million (1,103) and profit after tax for the period was SEK 821 million (850). Net financial items totalled SEK -237 million (-99) in the period. Interest expense rose mainly due to more borrowing and an increase in the average credit term in the loan portfolio. Net financial items were affected by non-recurring costs of SEK 32 million related to the acquisition of Pöyry.

Net financial items were impacted by discount rates related to leases in accordance with the new IFRS 16 standard and revaluation of contingent considerations that do not affect cash flow, amounting to SEK 60 million (-) and SEK 16 million (16) respectively.

Tax expense amounted to SEK 219 million (253), corresponding to a tax rate of 21.0 percent (22.9). The lower tax rate is attributable to lower tax in acquired companies.

Cash flow and financial position
Consolidated net debt including IFRS 16 Leases amounted to SEK 7,203 million (3,455). Consolidated net debt excluding IFRS 16 Leases amounted to SEK 4,424 million (3,455) at year-end, and SEK 3,455 million (2,631) at the start of the year. Cash flow from operating activities reduced net debt by SEK 1,473 million (874). Net debt increased through share buy-backs of SEK 164 million (177) and considerations paid, including contingent considerations, of SEK 5,201 million but decreased as a result of rights issue of SEK 3,967 million.

The acquisition of Pöyry was fully financed through credit facilities from Skandinaviska Enskilda Banken AB (publ) and Svenska Handelsbanken AB (publ). Debt financing consisted of a bank loan of EUR 81 million, a bridge facility of EUR 182 million and a bridge facility of SEK 3,644 million. To finance part of the repayment of the debt financing for the acquisition, ÅF issued 6,576,866 new Class B private placement shares on 21 February, generating proceeds of approximately SEK 1,210 million for the company which was subsequently used to reduce the bridge facility in March 2019. During the first quarter, ÅF Pöyry had a bond loan of SEK 500 million that matured on 21 March 2019. In the short term, ÅF Pöyry AB refinanced the bond loan through existing credit facilities within ÅF Pöyry AB's other financing. Pöyry redeemed its EUR 30 million hybrid bond on 25 March 2019.

On 27 March, the Board of Directors of ÅF Pöyry resolved on a rights issue of approximately SEK 2,777 million. The rights issue was fully subscribed in April 2019 and ÅF Pöyry has subsequently repaid the remaining bridge facility of SEK 2,434 million using proceeds from the rights issue. In June, ÅF Pöyry increased its MTN programme and commercial paper programmes to SEK 5,000 million and SEK 2,000 million respectively and issued bonds within its MTN programme for a total amount of SEK 2,000 million to repay the remaining bridge facility of EUR 182 million.

Consolidated cash and cash equivalents totalled SEK 997 million (239) at the end of the period and unused credit facilities amounted to SEK 2,297 million (7,841).

If Pöyry had been consolidated as from 1 January 2018 (combined operations), net debt/EBITA excluding the effect of IFRS 16 and excluding items affecting comparability would have been 2.2.

Parent company
Parent company operating income for the January–December period totalled SEK 972 million (831) and relates chiefly to internal services within the Group. Profit after net financial items was SEK 300 million (687). Cash and cash equivalents totalled SEK 133 million (32). Gross investments in intangible assets and property, plant and equipment totalled SEK 92 million (56); the increase relates primarily to investments in new business systems.

Acquisitions and divestments
One business was acquired during the quarter (see below) and is expected to contribute sales of about SEK 40 million over a full year.

Number of employees
The average number of FTEs was 14,680 (10,037).
The total number of employees at the end of the period was 16,348 (10,928).

Significant events during the quarter and after the end of the reporting period
During the quarter, ÅF Pöyry acquired Cervino Consulting AB in Sweden. The acquisition will strengthen ÅF Pöyry's position as a complete supplier of engineering and design solutions in the Swedish defence market. The company has annual sales of about SEK 40 million and has 22 employees in Stockholm, Gothenburg and Oslo. The business will be consolidated as from 1 November 2019.

After the end of the quarter, ÅF Pöyry acquired One World AS in Norway. The acquisition enables the company to offer existing and potential clients comprehensive security advisory services. One World has annual sales of SEK 15 million and employs 8 people in Norway. The business will be consolidated as from 1 January 2020.

The Infrastructure Division provides technical solutions for buildings and infrastructure, in areas such as road and rail, as well as water and the environment. The division also operates in the fields of architecture and design. The division's strengths include its in-depth knowledge of sustainable, high-tech solutions, and its clients are primarily within the property and urban development sectors. The division is led by Malin Frenning and operates in the Nordic region and Central Europe.

The Industrial & Digital Solutions Division conducts engineering operations in the field of product development and production systems, as well as IT and defence technology. The Division is active in all industry sectors and works with both private and public sector clients. The division's technical capabilities include project management, industrial design, mechanical product development, automation, quality assurance and digitalisation services for various industries to develop and connect systems and products and create the society of the future. Services encompass the entire value chain and the assignments are project-based or end-to-end solutions for specific functions. The division is led by Robert Larsson and operates primarily in the Nordic region.

The Process Industries Division provides engineering and consulting services, project management and implementation services to clients in the process industry. Its clients are primarily in the forest, chemical and biorefinery industries, as well as the metal and mining industries. Focus sectors extend from pulp and paper to chemicals and biorefining, metals and mining and other process industries, and the division delivers solutions for both new investment projects and reconstruction of existing plants. The division, led by Nicholas Oksanen, delivers solutions globally and operates primarily in the Nordic region and South America.

The Energy Division provides international engineering and consulting services to clients in over 80 countries. The division has expertise in the transmission and distribution of all types of electricity generated from various energy sources, such as water, coal, gas, bio- and waste fuel, nuclear power and renewable energy sources, and holds a leading position in hydro. The division has a high level of technical capability when it comes to complex environmental aspects. Owing to its ability to cover the entire spectrum of power generation as well as the complete investment life cycle, the division can offer its clients comprehensive expertise. The division, led by Richard Pinnock, delivers solutions globally and operates primarily in the Nordic region, Switzerland, Czech Republic and Southeast Asia.

The Management Consulting Division provides strategic and operational advisory services across the value chain, underpinned by in-depth expertise and market insights. Core services encompass a wide range of consulting services and include corporate and business strategies; resource, technology and investment strategies; operational and organisational excellence; market insights and modelling; sales and supply chain strategies; M&A and due diligence; as well as innovation management and digitalisation. The services are primarily aimed at the energy sector, the forest industry and bio-based industries. The division is led by Roland Lorenz and has operations in 17 offices across three continents.

Infrastructure Division

Demand remains healthy in the division's markets. Growth in the quarter was positive, albeit lower than in the previous quarter, primarily due to delayed projects. The division maintained a high level of activity, winning several new and extended assignments, and continues to focus on improving efficiency.

Net sales

Net sales for the fourth quarter totalled SEK 2,105 million (1,680). Growth was 25.3 percent, of which 1.5 was organic. Adjusted for calendar effects, organic growth was 2.3 percent. Total combined growth was 2.4 percent.

Net sales for the full year totalled SEK 7,670 million (5,955). Growth was 28.8 percent, of which 5.5 was organic. Adjusted for calendar effects, organic growth was 5.7 percent. Total combined growth was 8.9 percent.

EBITA

EBITA amounted to SEK 191 million (185) and the EBITA margin was 9.0 percent (11.0). EBITA for the full year totalled SEK 685 million (637), and the EBITA margin was 8.9 percent (10.7).

For the combined business, EBITA amounted to SEK 191 million (199) and the EBITA margin was 9.0 percent (9.7). EBITA for the full year totalled SEK 702 million (717), and the EBITA margin was 8.9 percent (9.9).

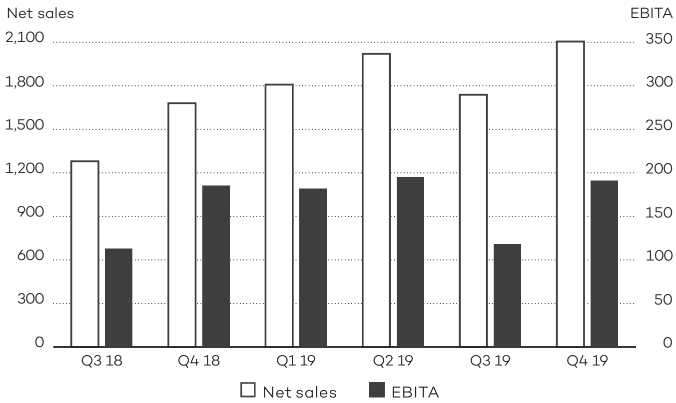
Market and business development

The division's markets are displaying a continued stable rate of investment in the transport infrastructure, buildings and water segments, particularly in Switzerland but also in Sweden, Norway and Finland. Profitability improved compared to the previous quarter but declined compared to the same quarter last year. Profitability was negatively affected by project completions and delayed projects in Scandinavia. The slowdown in architecture and the weak trend in Denmark earlier in the year saw a slight improvement towards the end of the quarter. The division continues to have a clear focus on improving efficiency and strengthening the profitability.

The buildings segment is experiencing persistently high levels of activity but had a weaker quarter, mostly due to investments in an expansion of the service portfolio in response to new requirements from the market. Demand for the division's services is being fuelled by the need to modernise and upgrade digital solutions, and sustainability adaptations. In transport infrastructure, the trend is towards green procurement.

Demand in the water segment remains strong and the business performed well in the quarter. There is a persistent high need for renovations and upgrades to water treatment plants on all markets.

Net sales and EBITA, SEK million



Key ratios[1]

	Oct-Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Net sales, SEK million	2,105	1,680	7,670	5,955
EBITA, SEK million	191	185	685	637
EBITA margin, %	9.0	11.0	8.9	10.7
Average number of full-time employees (FTEs)	5,962	4,660	5,729	4,445
Total growth, %	25.3	–	28.8	–
Structural changes, %	23.3	–	22.2	–
Currency, %	0.5	–	1.0	–
Organic, %	1.5	–	5.5	–
Adjusted/underlying organic growth due to calendar effect, %	2.3	–	5.7	–
Combined growth[2], %	2.4	–	8.9	–

The historical figures above have been adjusted to account for organisational changes.

[1] Excluding effects of IFRS 16 Leases 2019, which are recognised under the Group-wide item.

[2] The figures are presented as though consolidation of Pöyry took place on 1 January 2018. Combined operations are presented on page 23.

The company has strengthened its position in security advisory services through the acquisition of Norwegian firm One World, which became part of the subsidiary Advansia after year-end. The fourth quarter saw the launch of the Light Bureau and Efterklang brands to promote our lighting design offering and boost the company's leading position in acoustics.

Industrial & Digital Solutions Division

Demand for the division's services and projects was in general stable in the fourth quarter compared with the previous quarter. Clients' activity levels have stabilised in the automotive industry and consequently the demand for product development services, however on relatively low levels. In the quarter there was a certain continued restraint to execute new investments in the manufacturing industry.

Net sales

Net sales in the fourth quarter totalled SEK 1,540 million (1,628). Growth was -5.4 percent, of which -6.4 was organic. Adjusted for calendar effects, organic growth was -4.7 percent. There was one working day less than previous year. Organic growth was primarily negatively affected by weaker demand from clients in the automotive industry compared to the same quarter last year.

Net sales for the full year totalled SEK 5,805 million (5,782). Growth was 0.4 percent, of which -1.0 was organic. Adjusted for calendar effects, organic growth was -0.6 percent.

EBITA

EBITA in the fourth quarter amounted to SEK 131 million (150) and the EBITA margin was 8.5 percent (9.2). The lower margin can be attributed to a drop in demand mainly in the automotive industry. For the full year, EBITA amounted to SEK 486 million (525) and the EBITA margin was 8.4 percent (9.1).

Market and business development

Demand stabilised in the automotive industry towards the end of the year, however on relatively low levels. Demand has been driven by both decisions related to choices linked to the technological transition, and in some cases the need of cost reductions. As a consequence of the reduced volumes, especially in the automotive industry, the division has focused on efficiency and ongoing cost measures.

In the manufacturing industry, the market was stable during the fourth quarter. A pattern of more of smaller projects in the manufacturing industry was noted, and in water and waste water there is an increase in the number of big projects.

ÅF Pöyry won an order from VA SYD, a collaborative project involving the replacement of automation systems at plants with modern technology. The project will run from 2020 to 2024. Cyber security for all new automation systems is also included in the project.

Developments in food & pharma continue to be favourable, with a healthy activity level and appetite for new investment among clients.

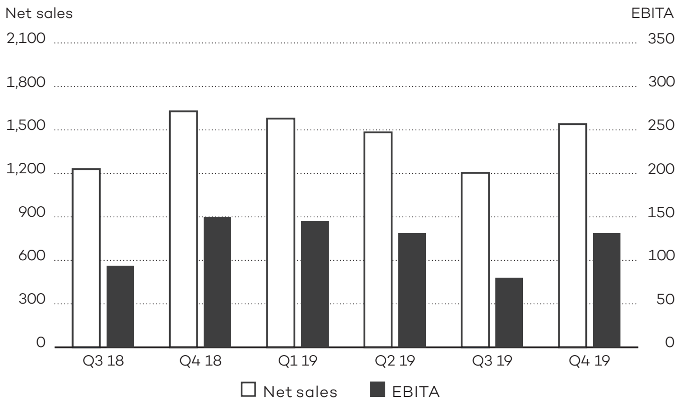
Demand from the defence sector was stable in the fourth quarter. The acquisition of Cervino Consulting has made the division a more comprehensive supplier of engineering and design solutions in all areas of defence. The acquisition received a positive response from our clients.

Demand has been satisfying in the advancement of telecom equipment, with a greater focus on developments related to 5G. Continued caution was noted on the operator side.

The market for digitalisation services has been mixed, with increased growth in for example AI, and a strong market in Norway where the division won several framework agreements, while cost-cutting programmes have affected investments in certain industries.

New technology, new business models and ecosystems are essential for the companies future competitiveness. The combination of industry knowledge and technical expertise makes the division an attractive digitalisation partner within all sectors.

Net sales and EBITA, SEK million



Key ratios[1]

	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net sales, SEK million	1,540	1,628	5,805	5,782
EBITA, SEK million	131	150	486	525
EBITA margin, %	8.5	9.2	8.4	9.1
Average number of full-time employees (FTEs)	3,797	3,863	3,800	3,748
Total growth, %	-5.4	–	0.4	–
Structural changes, %	0.8	–	1.2	–
Currency, %	0.2	–	0.2	–
Organic, %	-6.4	–	-1.0	–
Adjusted/underlying organic growth due to calendar effect, %	-4.7	–	-0.6	–

The historical figures above have been adjusted to account for organisational changes.

[1] Excluding effects of IFRS 16 Leases 2019, which are recognised under the Group-wide item.

Process Industries Division

The division continued to perform well in the fourth quarter. Persistently strong demand was noted in the Nordics and Latin America in particular. Major investment projects are underway in many regions.

Net sales

Net sales for the fourth quarter totalled SEK 917 million (223). Growth was 311.4 percent, of which 18.9 was organic. Adjusted for calendar effects, organic growth was 20.2 percent. Total combined growth was 8.2 percent.

Net sales for the full year totalled SEK 3,047 million (811). Growth was 275.5 percent, of which 13.0 was organic. Adjusted for calendar effects, organic growth was 14.0 percent. Total combined growth was 8.9 percent.

EBITA

EBITA amounted to SEK 119 million (33) and the EBITA margin was 13.0 percent (14.7). For the full year, EBITA was SEK 323 million (91) and the EBITA margin was 10.6 percent (11.2).

For the combined business EBITA amounted to SEK 119 million (107) and the EBITA margin was 13.0 percent (12.6). EBITA for the full year totalled SEK 371 million (328), and the EBITA margin was 10.8 percent (10.4).

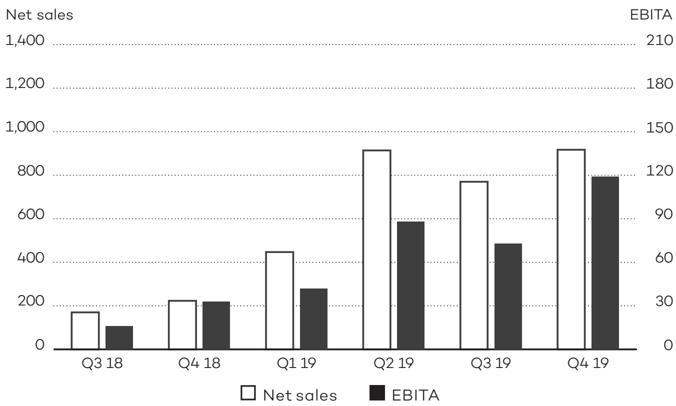
Market and business development

The overall market outlook in the divisions sectors is good although some slowness in bigger investment projects decision making has been seen. The megatrends support the growth of the Pulp and Paper sector through growth in e-commerce and packaging and through the replacement of plastics. The replacement of fossil-based materials impacts the growth of bio based fuels and chemicals consumption which supports the Chemicals and Biorefining sector. More raw materials are needed which is seen in increasing activity in the Mining and Metals sector.

New investments are being implemented in all sectors. Major investments in bioproduct mills are planned in Finland, Latin America and Russia and at the same time we have a number of ongoing projects in South America. New board and tissue projects as well as conversions to board are planned and executed mainly in Central Europe and North America. Mining and Metals sector is active in investments in the Nordics and Latin America. New investments into biofuels and battery chemicals are started in the Nordics supporting the sustainability targets. The OPEX business has been stable and will increase with new and ageing assets.

Sustainability and efficiency improvements are top priority targets for the process industry sector. Utilisation of side and waste streams and the development of new technologies supports both these targets. Also improvement in health and safety is a key priority area for companies in the process industry sector, which is seen in the demand of the smart solutions.

Net sales and EBITA, SEK million



Key ratios[1]

	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net sales, SEK million	917	223	3,047	811
EBITA, SEK million	119	33	323	91
EBITA margin, %	13.0	14.7	10.6	11.2
Average number of full-time employees (FTEs)	3,075	747	2,680	688
Total growth, %	311.4	–	275.5	–
Structural changes, %	292.0	–	262.1	–
Currency, %	0.4	–	0.5	–
Organic, %	18.9	–	13.0	–
Adjusted/underlying organic growth due to calendar effect, %	20.2	–	14.0	–
Combined growth[2], %	8.2	–	8.9	–

The historical figures above have been adjusted to account for organisational changes.

1) Excluding effects of IFRS 16 Leases 2019, which are recognised under the Group-wide item.

2) The figures are presented as though consolidation of Pöyry took place on 1 January 2018. Combined operations are presented on page 23.

Clients are more and more looking for digital solutions to improve their competitiveness. The division has been supporting the process industry clients with the digitalisation concept 'AFRY Smart Site' integrating various data sources including operational data to improve the efficiency and competitiveness. New built assets will mostly be developed taking the data integrations into account although existing assets are also taking steps into digitalisation.

Energy Division

In the fourth quarter, the division continued to integrate operations to improve efficiency. The division performed well and experienced an improved demand, particularly within the nuclear segment. There have been some delays in investment decisions, but the future growth opportunities are strong within the entire division.

Net sales

Net sales for the fourth quarter totalled SEK 871 million (430). Growth was 102.6 percent, of which -3.6 was organic. Adjusted for calendar effects, organic growth was -2.4 percent. Total combined growth was -1.4 percent.

Net sales for the full year totalled SEK 3,001 million (1,559). Growth was 92.5 percent, of which -3.4 was organic. Adjusted for calendar effects, organic growth was -2.4 percent. Total combined growth was 7.6 percent.

EBITA

EBITA amounted to SEK 73 million (13) and the EBITA margin was 8.3 percent (3.1). The improved margin was fuelled by the acquisition of Pöyry, and a strong performance within Contracting as well as the Nuclear business in the Nordics and Central Europe. For the full year, EBITA was SEK 215 million (72) and the EBITA margin was 7.2 percent (4.6).

For the combined business, EBITA amounted to SEK 73 million (60) and the EBITA margin was 8.3 percent (6.8). EBITA for the full year totalled SEK 238 million (191), and the EBITA margin was 7.3 percent (6.2).

Market and business development

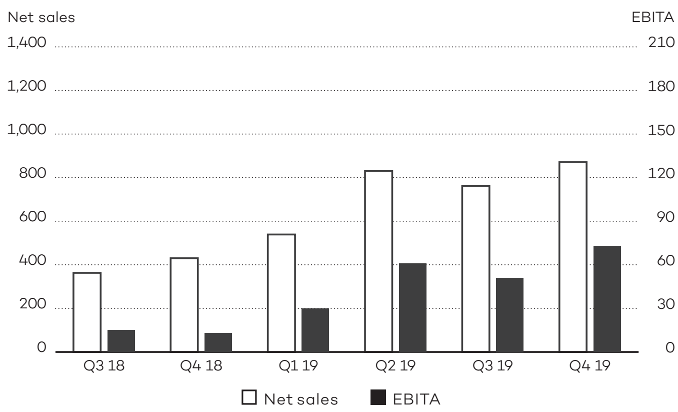
The division developed well in the fourth quarter. There have been some delays in project investment decisions in certain business areas, such as Hydro. This as a consequence of the on-going trade negotiations between US and China as well as the BREXIT uncertainty. However, some of these tensions eased during the last weeks of the year resulting in more positive signals that our Energy sector clients are ready to reactivate their strategic investment plans. Some investment decisions are now being taken which should improve the market opportunity potential for the Energy Division in the medium term.

Thermal & Renewables experienced a strong trend in the quarter in Central Europe, the Nordics and the Middle East. In Asia, Thermal & Renewables was affected by the lack of detailed engineering work and other project delays. Following our business adjustments actions in the third quarter, improving signs are now emerging.

The development within Nuclear was strong, particularly in the Nordics and Central Europe.

Transmission & Distribution noted a weaker development in the quarter particularly in the Nordics and Central Europe, where clients have delayed their investment decisions in response to greater uncertainty in the market. Some positive signs in these regions are emerging.

Net sales and EBITA, MSEK



Key ratios[1]

	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net sales, SEK million	871	430	3,001	1,559
EBITA, SEK million	73	13	215	72
EBITA margin, %	8.3	3.1	7.2	4.6
Average number of full-time employees (FTEs)	2,016	1,015	1,885	992
Total growth, %	102.6	–	92.5	–
Structural changes, %	103.1	–	93.1	–
Currency, %	3,1	–	2.8	–
Organic, %	-3.6	–	-3.4	–
Adjusted/underlying organic growth due to calendar effect, %	-2.4	–	-2.4	–
Combined growth[2], %	-1.4	–	7.6	–

The historical figures above have been adjusted to account for organisational changes.

[1]Excluding effects of IFRS 16 Leases 2019, which are recognised under the Group-wide item.

[2]The figures are presented as though consolidation of Pöyry took place on 1 January 2018. Combined operations are presented on page 23.

The contracting business enjoyed a strong performance in the quarter with the large EPC+ project in the Philippines nearing completion. During the first quarter 2020 this project will come to an end and therefore the revenue levels for contracting are expected to be lower in 2020 and will also have an impact on the division as a whole.

In the fourth quarter of 2019, extensive work was initiated to develop a clearer position for the division. The division implements a global/local business model, which involves streamlining the sales structure, fewer subsidiaries with some projects being discontinued, and shutting down or selling under-performing units. The negative effects on earnings amounted to SEK 105 million in the quarter.

Management Consulting Division

The division's key markets remained stable and is driven by strong transaction volumes within all sectors as well as the ongoing transition of the energy sector.

Net sales

Net sales for the fourth quarter totalled SEK 211 million (-). Total combined growth was -9.3 percent. The growth affected by normal volatility arising from success fees within he projects as well as a strong quarter last year.

Net sales for the full year totalled SEK 668 million (-). Total combined growth was -2.1 percent.

EBITA

EBITA amounted to SEK 28 million (-) and the EBITA margin was 13.3 percent (-). For the full year, EBITA was SEK 92 million (.) and the EBITA margin was 13.7 percent (-).

For the combined business, EBITA amounted to SEK 28 million (37) and the EBITA margin was 13.3 percent (15.9). EBITA for the full year totalled SEK 103 million (106), and the margin was 13.1 percent (13.3).

Market and Business development

Overall demand for services in the divisions core markets has remained stable compared to the first six months of the year.

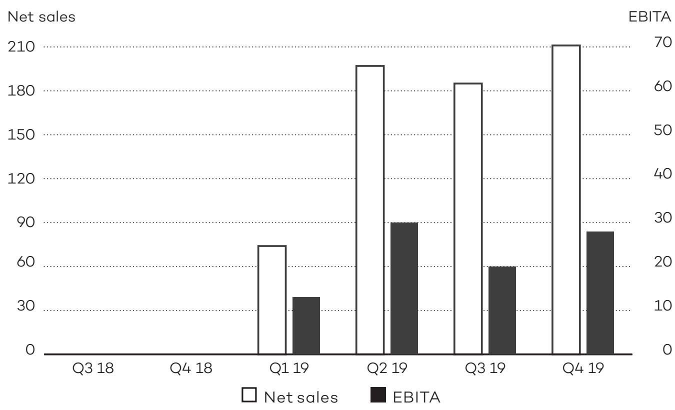
Key industry drivers remain strong in the energy and bioindustry sector. In the energy sector, the demand for strategic and operational services related to the ongoing energy transition to meet Paris decarbonisation targets has remained stable across markets.

In the bioindustry sector, the demand for consulting services in the packaging and tissue business remains good, on the back of changes in shopping patterns and general population growth. The biofuel and biomaterials markets are evolving resulting in demand for related consulting services.

M&A volumes remain stable across the sectors resulting in stable demand for transaction related services.

During the year, the division was chosen to coordinate the Finnish government initiative "climate neutral Finland 2035" that spans across all key export industries. In collaboration with clients in the industry and company experts the division is creating and combining separate sectoral scenarios to help Finland reach its climate targets.

Net sales and EBITA, MSEK



Key ratios[1]

	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net sales, SEK million	211	-	668	–
EBITA, SEK million	28	-	92	–
EBITA margin, %	13,3	-	13,7	–
Average number of full-time employees (FTEs)	362	-	300	–
Total growth, %	–	–	–	–
Structural changes, %	–	–	–	–
Currency, %	–	–	–	–
Organic, %	–	–	–	–
Adjusted/underlying organic growth due to calendar effect, %	–	–	–	–
Combined growth[2], %	-9.3	–	-2.1	–

The historical figures above have been adjusted to account for organisational changes.

1) Excluding effects of IFRS 16 Leases 2019, which are recognised under the Group-wide item.

2) The figures are presented as though consolidation of Pöyry took place on 1 January 2018. Combined operations are presented on page 23.

Risks and uncertainties

The significant risks and uncertainties to which the ÅF Pöyry Group is exposed include strategic risks linked to the market, acquisitions, sustainability and IT, and operational risks related to projects and the ability to recruit and retain qualified co-workers. In addition, the Group is exposed to several financial risks, such as currency risks, interest-rate risks and credit risks. The risks to which the Group is exposed are described in detail in ÅF Pöyry's Annual Report for 2018 and in Pöyry PLC's Annual Report for 2018. No significant risks are considered to have arisen since the publication of these annual reports. The 2018 Annual Report gives details of the dispute with Danir regarding additional contingent consideration in connection with ÅF Pöyry's acquisition of Epsilon Holding AB in 2012. The outcome was announced on 23 May 2019, with the arbitration panel ruling in favour of ÅF Pöyry. The ruling is in line with ÅF Pöyry's expectations.

Accounting policies

This report was prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies conform with International Financial Reporting Standards (IFRS), as well as with the EU approved interpretations of the relevant standards, the International Financial Reporting Interpretations Committee (IFRIC) and Chapter 9 of the Swedish Annual Accounts Act. The report has been drawn up using the same accounting policies and methods of calculation as those in the Annual Report for 2018 (Note 1), except that IFRS 16 Leases was implemented as from 2019.

Other than IFRS 16, new or revised IFRS standards that came into force in 2019 did not have any material impact on the Group. The parent company has implemented the Swedish Financial Reporting Board's Recommendation RFR 2, which means that the parent in the legal entity shall apply all EU approved IFRS and related statements as far as this is possible, while continuing to apply the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and paying due regard to the relationship between accounting and taxation. Disclosures according to IAS 34 16A can partly be found on the pages preceding the condensed consolidated income statement.

The Group applied IFRS 16 Leases as from 1 January 2019. IFRS 16 introduces a uniform lease accounting model for lessees. A lessee recognises a right-of-use asset that represents a right to use the underlying asset and a lease liability that represents an obligation make lease payments. ÅF Pöyry applies exemptions for short-term leases and leasing of low-value assets. The interest rate that has been used is set per country and asset class, and as regards the respective contract's lease term.

On 1 January 2019, the Group recognised additional lease liabilities of approximately SEK 1.7 billion (after adjustment for prepayment of leases recognised on 31 December 2018), as well as right-of-use assets of approximately SEK 1.7 billion.

The Group applied the modified retrospective approach. This means that the accumulated effect was recognised as the opening balance at 1 January 2019 without recalculation of comparative figures. Right-of-use assets attributable to previous operating leases have been recognised at the value of the liability on 1 January 2019, with adjustments for advance payments recognised in the balance sheet as at 31 December 2018. Existing finance leases recognised in accordance with IAS 17 have been recognised in accordance with IFRS 16 at the amount of their value immediately prior to the transition to the new standard. All effects of IFRS 16 have been allocated to Group-wide.

The Group does not expect the introduction of IFRS 16 to affect its ability to meet the requirements contained in the covenants for the Group. The parent will not apply IFRS 16; it will instead utilise the exception in RFR 2.

Definitions

Key ratios and alternative performance measures used in this report are defined in ÅF Pöyry's Annual Report for 2018.

The share

The ÅF Pöyry share price at the end of the reporting period was SEK 218.60 (160.40).

Class A shares	4,290,336
Class B shares	107,883,792
Total number of shares	112,174,128
Of which own Class B shares	-
Votes	150,787,152

Shares were converted during the period as per the 2016 staff convertible programme, increasing the number of B shares by 21,926. The share reduction implemented in the quarter reduced the number of B shares by 703,470.

Dividend

The Board of Directors proposes a dividend for 2019 of SEK 5.00 (5.00)

Condensed consolidated income statement

SEK MILLION	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Net sales	5,447	3,957	19,792	13,975
Personnel costs	-3,243	-2,221	-11,782	-7,996
Purchases of services and materials	-1,217	-1,056	-4,408	-3,547
Other costs	-503	-318	-1,608	-1,074
Other income	12	0	27	0
Profit attributable to participations in associates	2	0	4	0
EBITDA	**497**	**361**	**2,024**	**1,358**
Depreciation/amortisation and impairment of non-current assets[1]	-170	-30	-657	-115
EBITA	**327**	**332**	**1,368**	**1,243**
Acquisition-related items[2]	-29	-4	-91	-40
Operating profit (EBIT)	**298**	**328**	**1,276**	**1,203**
Net financial items	-64	-41	-237	-99
Profit after financial items	**234**	**287**	**1,039**	**1,103**
Tax	-53	-65	-219	-253
Profit for the period	**182**	**222**	**821**	**850**
Attributable to:				
Shareholders in the parent	182	221	821	850
Non-controlling interest	0	1	0	0
Profit for the period	**182**	**222**	**821**	**850**
Basic earnings per share, SEK	1.63	2.85	8.07	10.98
Diluted earnings per share, SEK	1.61	2.79	7.99	10.76
Number of shares outstanding	112,174,128	77,376,703	112,174,128	77,376,703
Average number of basic shares outstanding	111,643,840	77,366,806	101,712,840	77,396,321
Average number of diluted shares outstanding	113,926,467	80,064,456	104,043,894	80,021,397

1) Depreciation/amortisation and impairment of non-current assets refers to property, plant and equipment excluding intangible assets related to acquisitions.
2) Acquisition-related items are defined as depreciation/amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of contingent considerations and gains/losses on divestment of companies and operations. See page 21 for further details.

Statement of consolidated comprehensive income

SEK MILLION	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Profit for the period	**182**	**222**	**821**	**850**
Items that have been or will be reclassified to profit or loss for the period				
Change in translation reserve	-254	-52	81	87
Change in hedging reserve	83	-4	14	2
Change in fair value reserve	–	15	5	15
Tax	-18	1	-4	0
Items that will be not be reclassified to profit or loss for the period				
Pensions	-98	-31	-97	-31
Tax	18	5	18	6
Other comprehensive income	**-270**	**-65**	**16**	**79**
Comprehensive income for the period	**-88**	**156**	**837**	**929**
Attributable to:				
Shareholders in the parent	-88	155	837	929
Non-controlling interest	0	1	0	0
Total	**-88**	**156**	**837**	**929**

Condensed consolidated balance sheet

SEK MILLION	31 Dec 2019	31 Dec 2018
ASSETS		
Non-current assets		
Intangible assets	13,355	7,166
Property, plant and equipment	587	571
Other non-current assets	2,929	695
Total non-current assets	**16,872**	**8,432**
Current assets		
Current receivables	6,505	4,538
Cash and cash equivalents	997	239
Total current assets	**7,502**	**4,776**
Total assets	**24,375**	**13,208**
EQUITY AND LIABILITIES		
Equity		
Attributable to shareholders in parent company	9,367	5,449
Attributable to non-controlling interest	1	16
Total equity	**9,369**	**5,465**
Non-current liabilities		
Provisions	1,032	389
Non-current liabilities	7,207	3,329
Total non-current liabilities	**8,240**	**3,718**
Current liabilities		
Provisions	101	58
Current liabilities	6,666	3,968
Total current liabilities	**6,767**	**4,026**
Total equity and liabilities	**24,375**	**13,208**

Condensed statement of change in consolidated equity

SEK MILLION	31 Dec 2019	31 Dec 2018
Equity at start of period	**5,465**	**4,989**
Changed accounting policies (IFRS 9)	–	-2
Adjusted equity at start of period	–	4,987
Comprehensive income for the period	**837**	**929**
Dividends	-560	-387
Private placement	3,967	–
Conversion of convertible bonds into shares	147	103
Value of conversion right	8	10
Share buy-backs/sales	-164	-177
Hybrid	-331	–
Share savings programmes	–	0
Equity at end of period	**9,369**	**5,465**

Condensed statement of consolidated cash flows (incl. IFRS 16)

SEK MILLION	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Profit after financial items	234	287	1,039	1,103
Adjustment for items not included in cash flow and other	243	3	880	47
Income tax paid	-29	-61	-284	-256
Cash flow from operating activities before change in working capital	**448**	**229**	**1,635**	**894**
Cash flow from change in working capital	630	130	358	-21
Cash flow from operating activities[1]	**1,078**	**358**	**1,993**	**874**
Cash flow from investing activities	-171	-820	-5,290	-1,153
Cash flow from financing activities	-717	500	4,066	306
Cash flow for the period	**190**	**39**	**769**	**26**
Opening cash and cash equivalents	**808**	**200**	**239**	**223**
Exchange difference in cash and cash equivalents	-1	0	-11	-10
Closing cash and cash equivalents	**997**	**239**	**997**	**239**

1) The effects of IFRS 16 Leases on cash flow from operating activities are SEK 134 million in the Oct-Dec 2019 period and SEK 520 million for full year 2019.

Change in consolidated net debt (excl. IFRS 16)

SEK MILLION	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Opening balance	5,112	2,950	3,455	2,631
Cash flow from operating activities	-944	-358	-1,473	-874
Investments	70	50	197	121
Acquisitions and contingent considerations	93	111	5,201	374
Rights issue	–	–	-3,967	–
Dividend	–	–	560	387
Share buy-backs/sales	–	–	164	177
Acquisition of Pöyry PLC shares	–	657	–	657
Repayment of hybrid bond	–	–	331	–
Other	93	45	-44	-19
Closing balance	**4,424**	**3,455**	**4,424**	**3,455**

Consolidated net debt (excl. IFRS 16)

SEK MILLION	31 Dec 2019	31 Dec 2018
Loans and credit facilities	5,034	3,553
Net pension liability	387	141
Cash and cash equivalents	-997	-239
Group	**4,424**	**3,455**

Consolidated net debt (incl. IFRS 16)

SEK MILLION	31 Dec 2019	31 Dec 2018
Loans and credit facilities	7,813	3,553
Net pension liability	387	141
Cash and cash equivalents	–997	–239
Group	**7,203**	**3,455**

Consolidated key ratios[1]

SEK MILLION	Full year 2019	Full year 2018
Return on equity, %	10.6	16.1
Return on capital employed, %	8.3	14.4
Equity ratio, %	38.4	41.4
Equity per share, SEK	83.51	70.42
Interest-bearing liabilities, SEK m	8,201	3,694
Average number of full-time employees (FTEs)[2]	14,680	10,037

1) Including IFRS 16 Leases 2019.
2) This key ratio includes ÅF employees and ten months of Pöyry.

Items affecting comparability[1]

SEK MILLION	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Transaction costs	–	-25	-44	-25
Integration costs	-84	–	-215	–
Transition costs for Energy Division	-105	–	-105	–
Total	**-189**	**-25**	**-364**	**-25**

1) Items affecting comparability are recognised as personnel costs and other costs.

Income
Net sales for full year 2019 according to business model

SEK MILLION	Infrastructure	Industrial & Digital Solutions	Process Industries	Energy	Management Consulting	Group-wide/ eliminations	Total Group
Project Business	7,208	1,638	1,928	2,503	528	-248	13,557
Professional Services	463	4,166	1,119	498	140	-152	6,234
Total	**7,670**	**5,805**	**3,047**	**3,001**	**668**	**-400**	**19,792**

The Group applies the new accounting standard IFRS 15 Revenue from Contracts with Customers as from 1 January 2018. ÅF Pöyry's business model is divided into two client offerings: Project Business and Professional Services. Project Business is ÅF Pöyry's offering for major projects and end-to-end solutions. In such projects, ÅF Pöyry acts as a partner for the client, leading and running the entire project. Professional Services is ÅF Pöyry's offering where the client leads and runs the project, while ÅF Pöyry provides suitable expertise at the right time.

Invoicing in Project Business takes place as work proceeds in accordance with agreed terms and conditions, either periodically (monthly) or when contractual milestones are reached. Invoicing ordinarily takes place after the income has been recorded, resulting in contract assets. However, ÅF Pöyry sometimes receives advance payments or deposits from clients before the income is recognised, which then results in contract liabilities. In Professional Services, hours spent on a project are ordinarily invoiced at the end of each month. Performance obligations in Project Business are fulfilled over time as the service is provided. Revenue recognition is based on costs with accumulated costs set in relation to total estimated costs. In Professional Services, revenue is recognised by the amount that the unit is entitled to invoice, in accordance with IFRS 15 B16.

Quarterly information by division

	2018					2019				
Net sales (SEK million)	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Infrastructure	1,457	1,537	1,280	1,680	5,955	1,808	2,020	1,738	2,105	7,670
Industrial & Digital Solutions	1,453	1,472	1,229	1,628	5,782	1,578	1,483	1,204	1,540	5,805
Process Industries	206	213	170	223	811	447	914	770	917	3,047
Energy	359	406	363	430	1,559	539	830	761	871	3,001
Management Consulting	–	–	–	–	–	74	197	185	211	668
Other/eliminations	-59	-20	-48	-5	-132	-56	-50	-96	-197	-399
Group	**3,415**	**3,608**	**2,995**	**3,957**	**13,975**	**4,389**	**5,393**	**4,562**	**5,447**	**19,792**

	2018					2019				
EBITA (SEK million)	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Infrastructure	165	174	113	185	637	182	195	118	191	685
Industrial & Digital Solutions	137	144	94	150	525	145	131	80	131	486
Process Industries	18	24	16	33	91	42	88	73	119	323
Energy	15	29	15	13	72	30	61	51	73	215
Management Consulting	–	–	–	–	–	13	30	20	28	92
Other/eliminations[2)]	-10	-5	-18	-49	-82	-86	-100	-33	-214	-432
Group	**325**	**366**	**220**	**332**	**1,243**	**327**	**405**	**309**	**327**	**1,368**

	2018					2019				
EBITA margin (%)	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Infrastructure	11.3	11.4	8.8	11.0	10.7	10.1	9.6	6.8	9.0	8.9
Industrial & Digital Solutions	9.4	9.8	7.7	9.2	9.1	9.2	8.8	6.6	8.5	8.4
Process Industries	8.8	11.4	9.2	14.7	11.2	9.5	9.6	9.5	13.0	10.6
Energy	4.1	7.1	4.2	3.1	4.6	5.7	7.3	6.7	8.3	7.2
Management Consulting	–	–	–	–	–	18.1	15.3	10.7	13.3	13.7
Group	**9.5**	**10.2**	**7.4**	**8.4**	**8.9**	**7.5**	**7.5**	**6.8**	**6.0**	**6.9**

	2018					2019[1]				
Average number of full-time employees (FTEs)	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Infrastructure	4,258	4,395	4,465	4,660	4,445	5,098	5,954	5,916	5,962	5,729
Industrial & Digital Solutions	3,616	3,732	3,782	3,863	3,748	3,845	3,825	3,738	3,797	3,800
Process Industries	666	668	672	747	688	1,471	3,021	3,170	3,075	2,680
Energy	1,002	993	960	1,015	992	1,326	2,146	2,059	2,016	1,885
Management Consulting	–	–	–	–	–	112	348	389	362	300
Group functions	143	166	184	160	164	229	268	270	363	285
Group	**9,685**	**9,954**	**10,063**	**10,445**	**10,037**	**12,081**	**15,562**	**15,540**	**15,575**	**14,680**

	2018					2019				
Number of working days	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Sweden only	63	60	65	62	250	63	59	66	61	249
All countries	63	60	65	62	249	63	60	65	62	250

1) This key ratio includes ÅF employees and ten months of Pöyry employees.
2) Including IFRS 16 Leases 2019, which is recognised under the Group-wide item.

The historical figures above have been adjusted based on the organisational changes implemented on 1 June 2019, involving certain changes among the divisions.

New divisional structure

Since 22 February 2019, ÅF Pöyry's operations are conducted through five divisions: Infrastructure, Industrial & Digital Solutions, Process Industries, Energy and Management Consulting. The divisions offer services to multiple industries and sectors. They create sustainable solutions in the infrastructure, industry and energy sectors, for clients from both the private and public sectors. The Infrastructure Division is formed by ÅF and Pöyry and provides technical solutions for buildings and infrastructure. The Industrial & Digital Solutions Division is formed by ÅF and is one of the leading providers of industrial and digital solutions in the Nordics. The Process Industries Division is formed by Pöyry and ÅF and the division is world leading in pulp and paper. The Energy Division is also formed by ÅF and Pöyry and has a global presence, with operations in 80 countries. The Management Consulting Division is formed by Pöyry and provides strategic and operational advisory services across the value chain.

Acquisitions 2019

The following acquisitions were made during the period

SEK million	Company	Country	Division	Annual net sales	FTEs
Period					
Jan–Mar	Pöyry PLC	FI		5,944	4,700
Apr–Jun	–				
Jul–Sep	AF-Incepal S.A.	ES	Process Industries	35	40
Jul–Sep	CTT Systems AB	SE	Industrial & Digital Solutions	12	10
Jul–Sep	Sonny Svenson Konsult AB	SE	Infrastructure	14	10
Oct–Dec	Cervino Consulting AB	SE	Industrial & Digital Solutions	40	22
Total				**6,045**	**4,782**

Acquired companies' net assets on acquisition date

	Full year 2019		
SEK million	Pöyry	Other acquisitions	Total
Intangible assets	57	0	57
Property, plant and equipment	66	1	67
Right-of-use assets	938	–	938
Financial assets	303	0	303
Accounts receivable and other receivables	1,753	41	1,794
Cash and cash equivalents	1,044	22	1,066
Accounts payable, loans and other liabilities	-3,592	-21	-3,612
Net identifiable assets and liabilities	**569**	**44**	**613**
Non-controlling interest	-2	–	-2
Goodwill	4,829	83	4,912
Fair value adjustment, intangible assets	1,304	5	1,309
Fair value adjustment, non-current provisions	-293	-1	-295
Purchase consideration including estimated contingent consideration	**6,407**	**131**	**6,538**
Transaction costs	69	1	70
Deduct:			
Cash (acquired)	1,044	22	1,066
Estimated contingent consideration	–	29	29
Estimated minority buyout	46	–	46
Net cash outflow	**5,387**	**80**	**5,467**

Pöyry
In February 2019, ÅF Pöyry announced the completion of the acquisition of Pöyry PLC. Pöyry is an international consultancy and engineering company with services related to energy, the process industry, infrastructure and management consulting. The table shows the effect of the acquisition on consolidated assets and liabilities. The acquisition analysis is preliminary since fair value has not been determined for all items. The purchase consideration was higher than the book value of the acquired net assets (equity), and the acquisition analysis resulted in intangible assets.

Other acquisitions
The acquisition analyses are preliminary, since the assets of the acquired companies have not been definitively analysed. No single acquisition is material, which is why the disclosures are presented in consolidated form. The purchase consideration for acquisitions for the year was larger than the book assets of the acquired companies, which means that the acquisition analyses have resulted in intangible assets.

Contingent consideration
Total undiscounted contingent consideration for the acquired companies during the year is a maximum of SEK 32 million (203).

Goodwill
Goodwill consists mainly of human capital in the form of employee skills and synergy effects. Goodwill is not expected to be tax deductible on acquisition of a company. The acquisition of a consulting business essentially involves the acquisition of human capital, and most of the intangible assets in the company acquired are thus attributable to goodwill.

Other intangible assets
Order backlogs and customer relationships were identified and measured in connection with the acquisition of Pöyry.

Acquisition-related costs
Transaction costs are recognised in Other external costs in profit or loss. Transaction costs amount to SEK 70 million.

Revenue and profit from acquired company
If the acquisition of Pöyry had been completed on 1 January 2018, it would have contributed sales of approximately EUR 580 million and operating profit of approximately EUR 55 million in 2018.

If other acquired companies had been consolidated as from 1 January 2019, they would have contributed sales of approximately SEK 101 million and operating profit of approximately SEK 21 million for the full year.

Change in contingent considerations/option

SEK million	31 Dec 2019
Opening balance, 1 January 2019	731
Acquisitions for the year	29
Payments	-290
Changes in value recognised in income statement	-119
Adjustment of preliminary acquisition analysis	-14
Discounting	16
Translation differences	5
Closing balance	**358**

Measurement of fair value
Contingent considerations are measured at fair value and classified at level 3. The calculation of contingent consideration is dependent on parameters in the relevant agreements. These parameters are chiefly linked to expected EBIT over the next two to three years for the acquired companies. The change in the balance sheet items is recognised in the table.

As regards other financial assets and liabilities, no significant changes in fair value measurement have been made since the 2018 Annual Report. Fair values are essentially consistent with carrying amounts.

Acquisition-related items

SEK million	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Amortisation and impairment of intangible non-current assets	-62	-11	-211	-41
Revaluation of contingent considerations	31	8	119	2
Divestment of operations	1	-1	1	-1
Total	**-29**	**-4**	**-91**	**-40**

Parent income statement

SEK MILLION	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Net sales	175	171	701	601
Other operating income	70	61	271	230
Operating income	**245**	**232**	**972**	**831**
Personnel costs	-55	-55	-225	-188
Other costs	-247	-193	-853	-678
Depreciation/amortisation	-9	-8	-34	-34
Operating profit/loss	**-66**	**-25**	**-140**	**-69**
Net financial items	489	686	440	753
Profit after financial items	**423**	**661**	**300**	**684**
Appropriations	248	107	248	107
Pre-tax profit	**671**	**768**	**548**	**791**
Tax	-33	-12	2	1
Profit for the period	**638**	**755**	**549**	**792**
Other comprehensive income	23	12	9	17
Comprehensive income for the period	**661**	**767**	**558**	**808**

Parent balance sheet

SEK MILLION	31 Dec 2019	31 Dec 2018
ASSETS		
Non-current assets		
Intangible assets	61	12
Property, plant and equipment	155	137
Financial assets	13,267	6,818
Total non-current assets	**13,483**	**6,967**
Current assets		
Current receivables	2,875	2,630
Cash and bank balances	133	32
Total current assets	**3,007**	**2,662**
Total assets	**16,490**	**9,629**
EQUITY AND LIABILITIES		
Equity	8,997	5,041
Untaxed reserves	82	57
Provisions	100	252
Non-current liabilities	4,803	2,828
Current liabilities	2,508	1,451
Total equity and liabilities	**16,490**	**9,629**

Combined operations

The figures are presented as though the consolidation of Pöyry took place on 1 January 2018.

	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Net sales, SEK million				
Infrastructure	2,105	2,055	7,917	7,273
Industrial & Digital Solutions	1,540	1,628	5,805	5,782
Process Industries	917	847	3,442	3,162
Energy	871	884	3,284	3,052
Management Consulting	211	232	785	802
Group-wide/eliminations	-197	-38	-405	-298
Group	**5,447**	**5,609**	**20,827**	**19,773**
EBITA excl. items affecting comparability, SEK million				
Infrastructure	191	199	702	717
Industrial & Digital Solutions	131	150	486	525
Process Industries	119	107	371	328
Energy	73	60	238	191
Management Consulting	28	37	103	106
Group-wide/eliminations[1]	-25	-60	-91	-152
Group	**516**	**492**	**1,809**	**1,716**
EBITA margin excl. items affecting comparability, %				
Infrastructure	9.0	9.7	8.9	9.9
Industrial & Digital Solutions	8.5	9.2	8.4	9.1
Process Industries	13.0	12.6	10.8	10.4
Energy	8.3	6.8	7.3	6.2
Management Consulting	13.3	15.9	13.1	13.2
Group	**9.5**	**8.8**	**8.7**	**8.7**

1) Including IFRS 16 Leases 2019, which is recognised under the Group-wide item.

AFRY is a leading European engineering, design and advisory company. We create solutions for our clients based on a sustainability perspective and global trends such as urbanisation and digitalisation. We are more than 16,000 devoted experts within the fields of infrastructure, industry and energy operating across the world to create sustainable solutions for the next generation. Making Future.

Stockholm, 7 February 2020

ÅF Pöyry AB (publ)
Jonas Gustavsson
President and CEO

This report is unaudited.

This information fulfils ÅF Pöyry AB's (publ) disclosure requirements under the provisions of the EU's Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication through the agency of the contact person set out above on 7 February 2020 at 08.00 CET.

All forward-looking statements in this report are based on the company's best assessment at the time the report was written. As is the case with all assessments of the future, such assumptions are subject to risks and uncertainties, which may mean that the actual outcome differs from the anticipated result.

Jonas Gustavsson, President and CEO
+46 70 509 16 26

Juuso Pajunen, CFO
+358 10 33 26632

Head Office: ÅF Pöyry AB, SE-169 99 Stockholm, Sweden
Visiting address: Frösundaleden 2, Solna
Tel: +46 10 505 00 00
www.afry.com
info@afry.com
Corp. ID no 556120-6474

Investor presentation

Time:	7 February at 10.00 CET
Webcast:	https://afry.com/sv/investor-relations/finansiella-rapporter
Via telephone:	code 8284607
Sweden:	+46 (0) 850 692 180
UK:	+44 (0)2071 928000
USA:	+1 631 510 7495

Calendar

Annual report	2 April 2020
Q1 2020	28 April 2020
Annual General Meeting	28 April 2020
Q2 2020	14 July 2020
Q3 2020	23 October 2020
Q4 2020	5 February 2021