

SKANSKA

# Fourth quarter report 2023

We build for a better society



George Washington Bridge New York and New Jersey USA

# Fourth quarter report 2023

- Strong Construction performance.
  - Operating margin 4.4% (5.4)
  - Order backlog of SEK 229.6 bn (229.8)
- Property asset values impacted by weak markets.
  - Impairments/change in market values of SEK -2.0 bn
  - ROCE in Project Development -3.7% (8.1)
- Return on Equity 5.8% (15.8)
- Robust financial position maintained
- Proposed dividend of SEK 5.50 (7.50) per share
- Carbon emission (scope 1 and 2) reduction 60% since 2015



# Construction

- Revenue SEK 41.6 bn (42.7)
- Order bookings SEK 44.1 bn (51.6)
  - Book-to-build 103%
  - Order backlog SEK 229.6 bn (229.8)
- Operating income SEK 1,843 M (2,305)
  - Operating margin 4.4% (5.4)
- Solid performance continues
- Strong order intake and order backlog remains high, supported by the strong US market
- Full-year operating margin was 3.5%, in line with long-term Group target



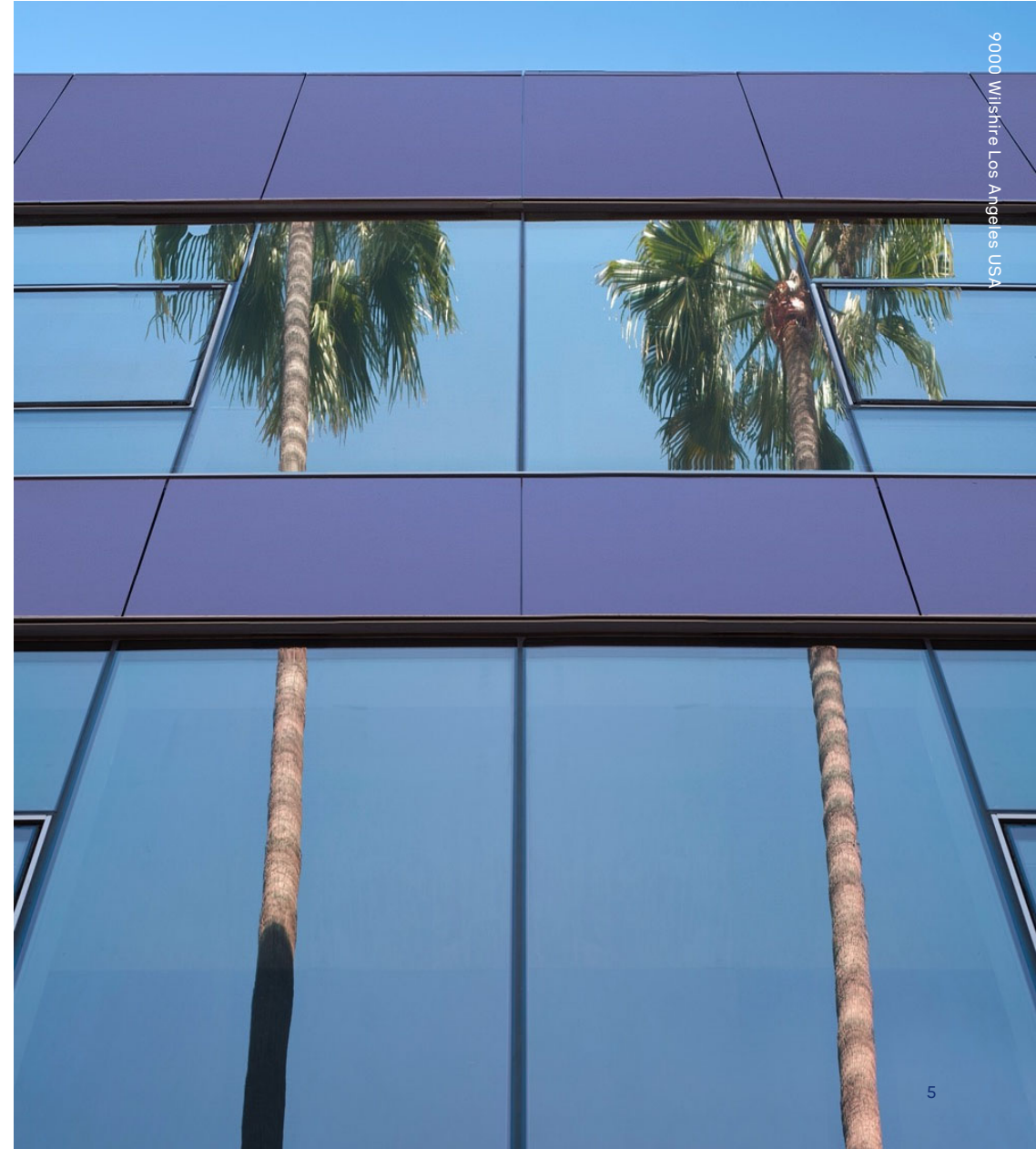
# Residential Development

- Revenue SEK 1.9 bn (0.8)
  - 384 (155) homes sold
  - 339 (671) homes started
- Operating income SEK -502 M (-16)
  - Impairment charges SEK 0.5 bn
- ROCE -7.0 (6.8)
- Lower-than-normal sales volumes in all markets except for Central Europe
- BoKlok turnaround



# Commercial Property Development

- Operating income SEK -932 M (1,350)
  - Gain on sale SEK 598 M (1,516)
  - Impairment charges SEK 1.4 bn
  - ROCE -2.6% (8.7)
- 23 ongoing projects
  - SEK 28.7 bn total investment
  - Three projects started in Q4
- 22 completed projects
  - SEK 9.5 bn total investment
  - 74% leased
- Four properties divested, two externally and two internally to Investment Properties
- 63,000 sq m leased



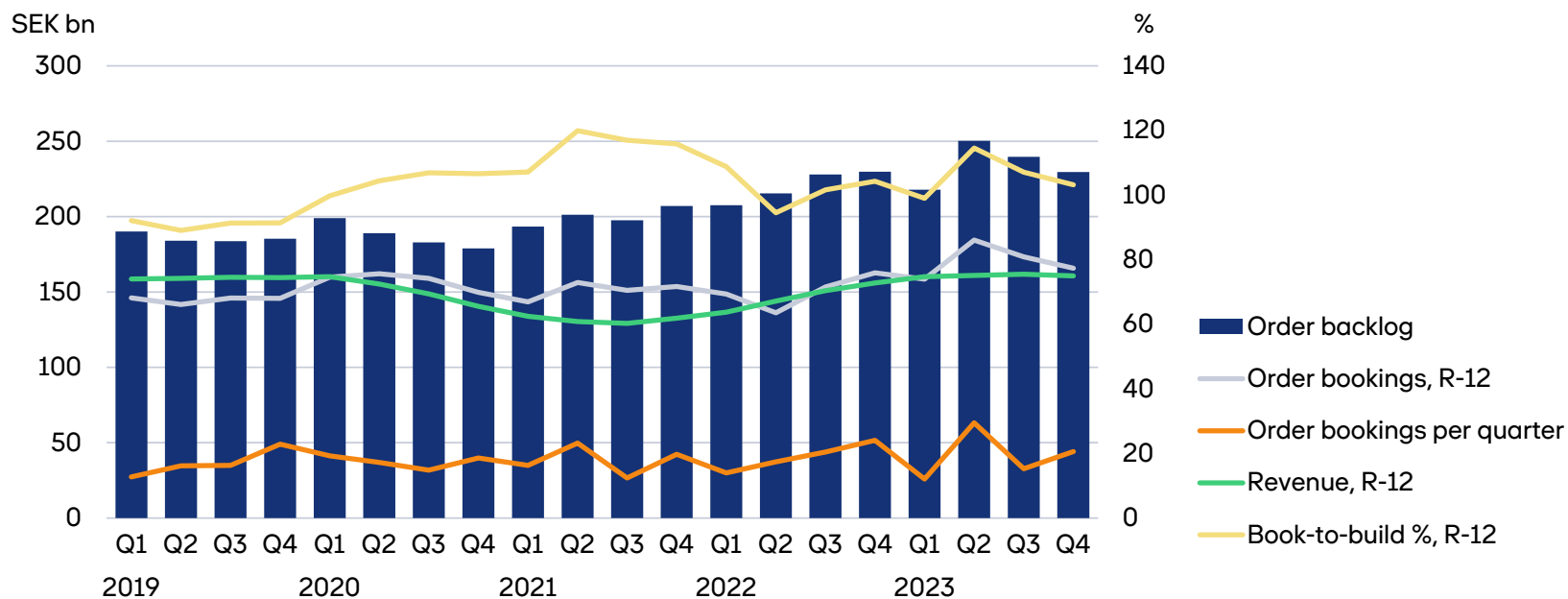
# Investment Properties

- Two properties acquired in the fourth quarter: Sthlm 04 in Stockholm and Hyllie Terrass in Malmö
- Results impacted by a reduction of fair market values of SEK 0.2 bn
- Economic occupancy rate at 91 percent
- Targeting a high quality, sustainable, office portfolio of SEK 12-18 bn, to generate stable cash flow

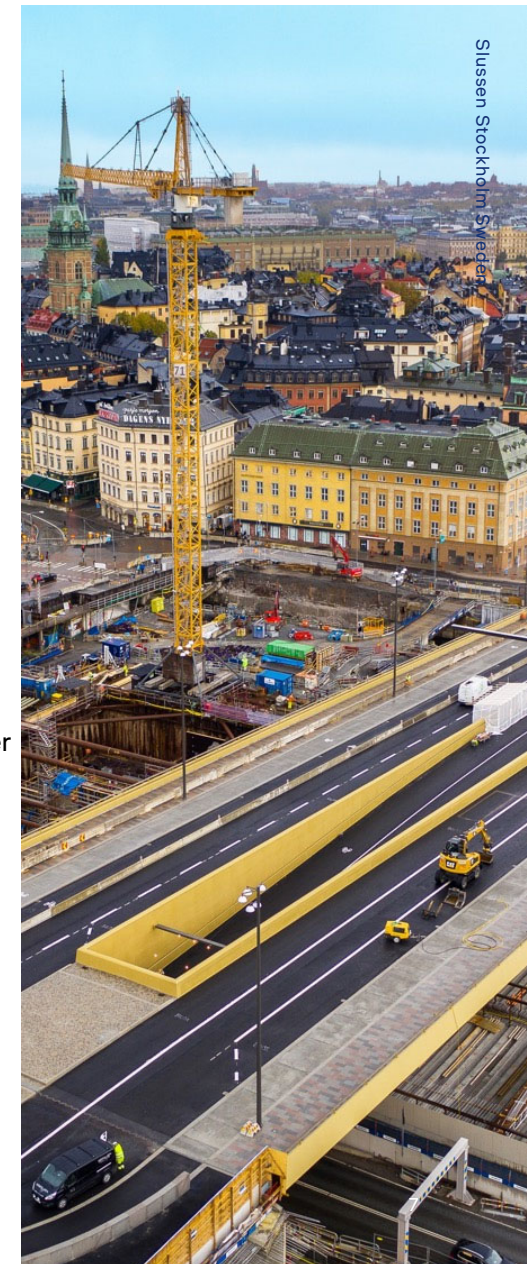


# Construction

## Order bookings



SEK bn	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Revenue	<b>41.6</b>	42.7	160.6	156.0
Order bookings	<b>44.1</b>	51.6	165.8	162.7
Order backlog	<b>229.6</b>	229.8		229.8



# Construction

## Order bookings

SEK bn	Oct-Dec 2023	Oct-Dec 2022	Book-to- build, % (R-12 months)	Months of production
Nordics	10.7	18.2	109	15
of which Sweden	6.0	8.0	86	11
Europe	6.4	4.0	73	16
USA	27.0	29.4	110	21
<b>Total</b>	<b>44.1</b>	<b>51.6</b>	<b>103</b>	<b>18</b>

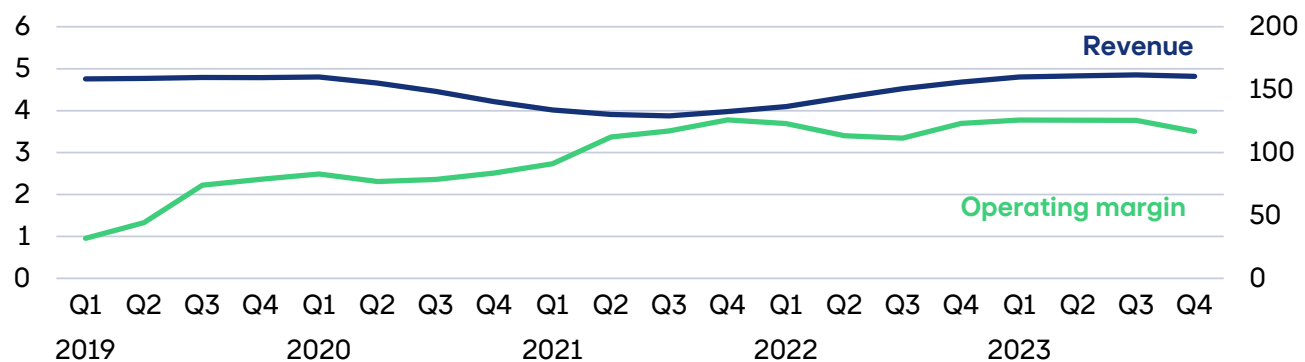




# Construction Income statement

Operating margin, R-12, %

Revenue, R-12, SEK bn



SEK bn	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Revenue	41.6	42.7	160.6	156.0
Gross income	3.7	4.2	12.4	12.3
Selling and administrative expenses	-1.8	-1.9	-6.8	-6.5
<b>Operating income</b>	<b>1.8</b>	<b>2.3</b>	<b>5.6</b>	<b>5.8</b>
Gross margin, %	8.8	9.8	7.7	7.9
Selling and administrative expenses, %	-4.4	-4.4	-4.2	-4.2
Operating margin, %	4.4	5.4	3.5	3.7

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# Construction

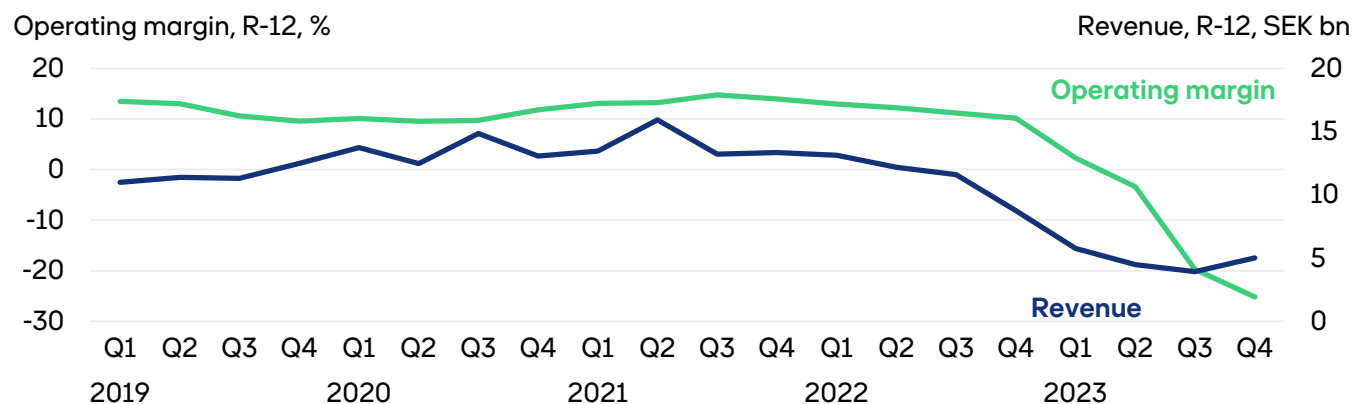
## Income statement

	Operating income, SEK M		Operating margin, %	
	Oct-Dec 2023	Oct-Dec 2022	Oct-Dec 2023	Oct-Dec 2022
Nordics	692	966	4.5	5.9
of which Sweden	383	654	4.5	6.7
Europe	77	286	1.2	3.8
USA	1,074	1,054	5.5	5.5
<b>Total</b>	<b>1,843</b>	<b>2,305</b>	<b>4.4</b>	<b>5.4</b>



# Residential Development

## Income statement, segment reporting



Including residential rentals until Q4 2020

SEK M	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Revenue	1,867	784	5,013	8,751
Gross income	-325	214	-332	1,674
Selling and administrative expenses	-176	-229	-930	-783
Operating income	-502	-16	-1,262	891
Gross margin, %	-17.4	27.2	-6.6	19.1
Selling and administrative expenses, %	-9.4	-29.2	-18.5	-9.0
Operating margin, %	-26.9	-2.0	-25.2	10.2

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# Residential Development

## Income statement

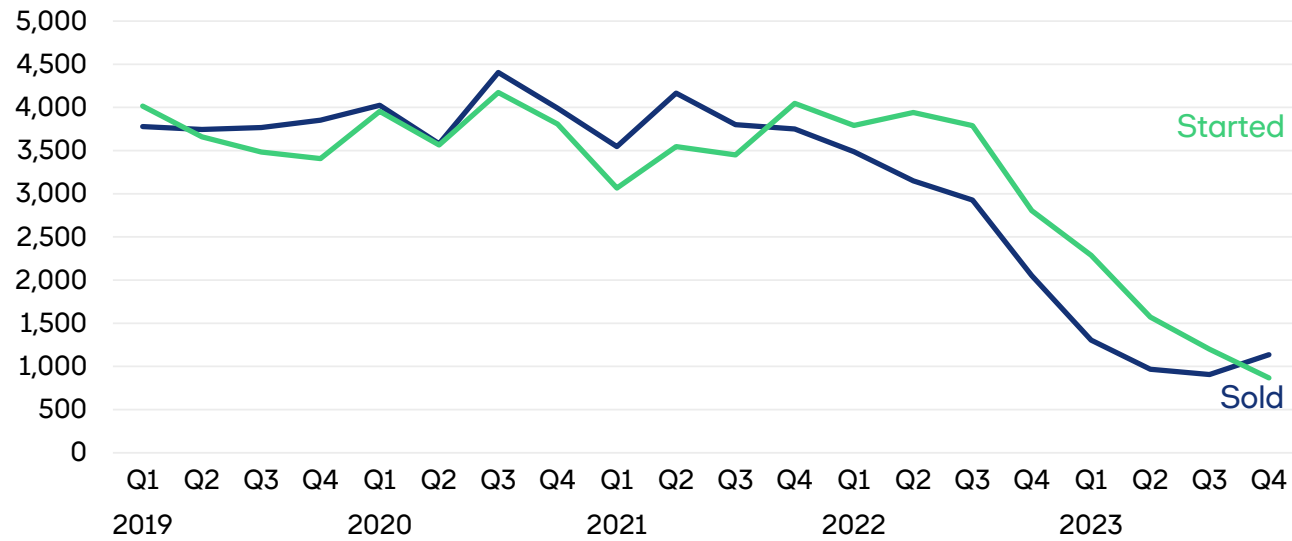
	Operating income, SEK M		Operating margin, %	
	Oct-Dec 2023	Oct-Dec 2022	Oct-Dec 2023	Oct-Dec 2022
Nordics	-480	-67	-41.2	-13.3
of which Sweden	-165	-90	-27.6	neg
Europe	-21	52	-3.0	18.6
<b>Total</b>	<b>-502</b>	<b>-16</b>	<b>-26.9</b>	<b>-2.0</b>



# Residential Development

## Homes started and sold

Homes, R-12



Including residential Rentals until Q4 2020

Homes started				Homes sold			
Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
339	671	868	2,805	384	155	1,136	2,052

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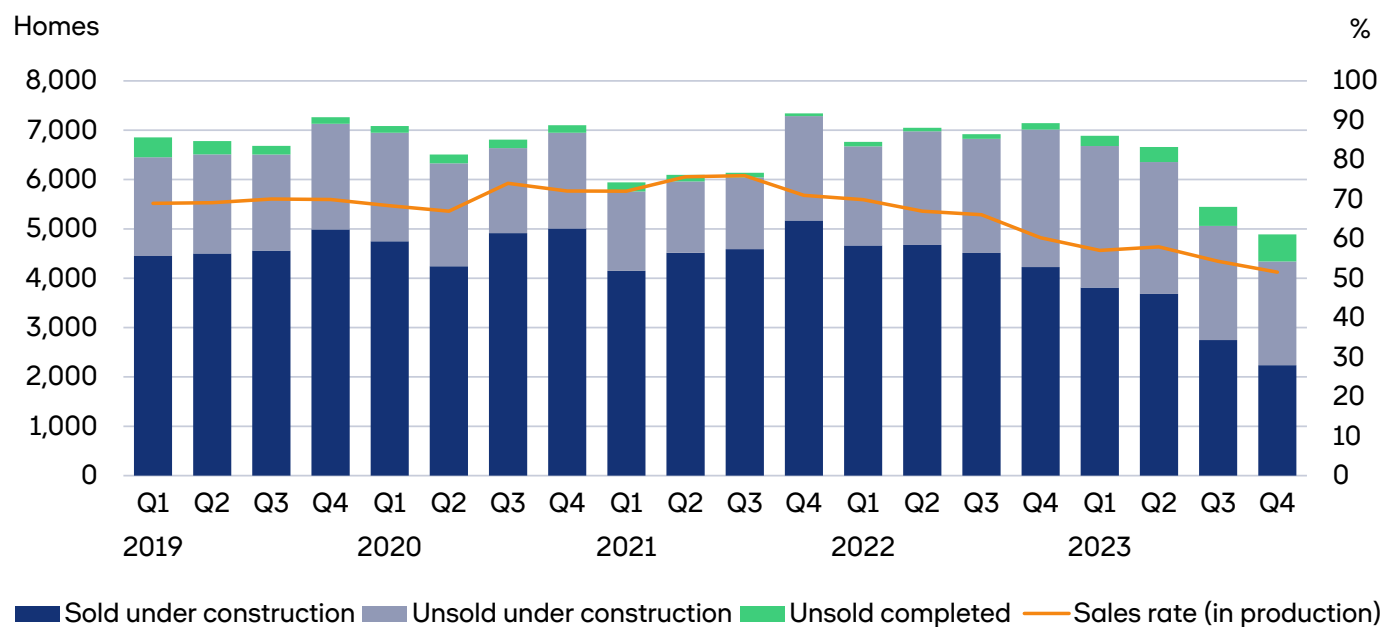
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# Residential Development

## Homes in production



Including residential Rentals until Q4 2020

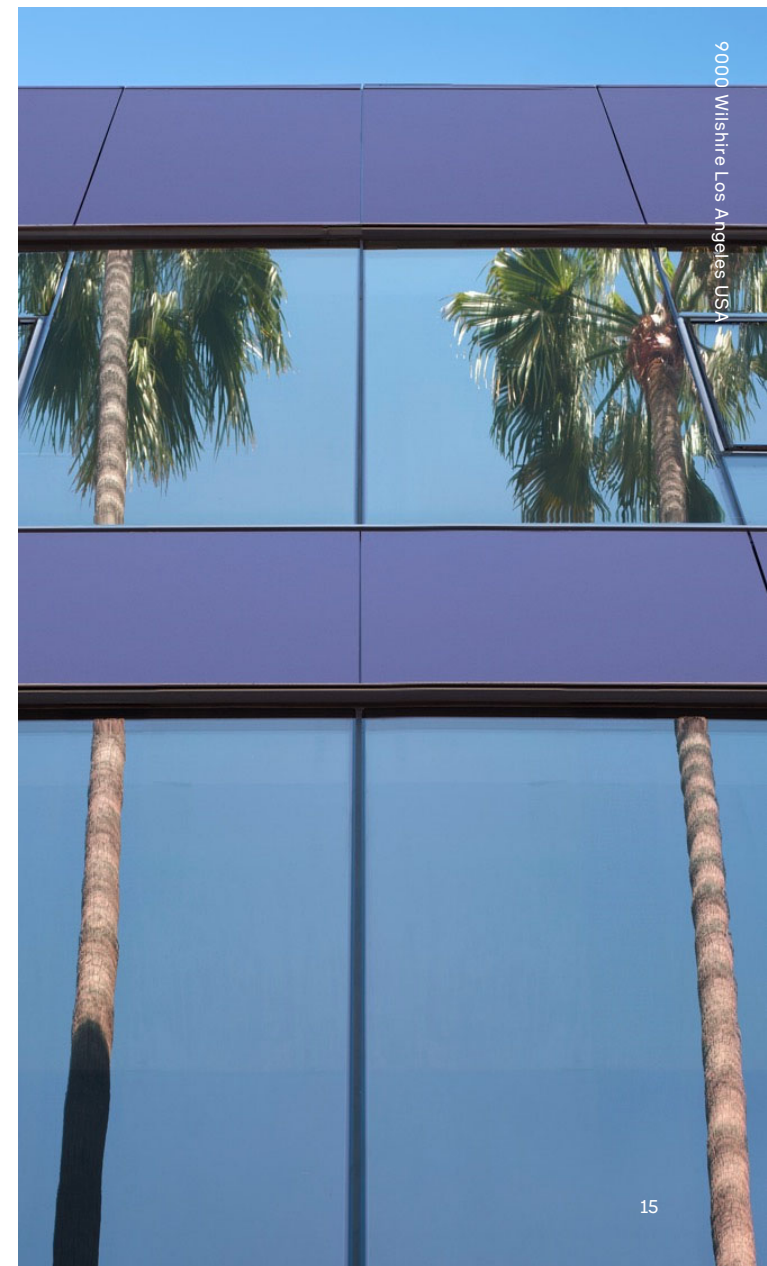
Homes in production		Of which sold, %		Unsold complete homes	
Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
4,341	7,015	52	60	549	130



# Commercial Property Development

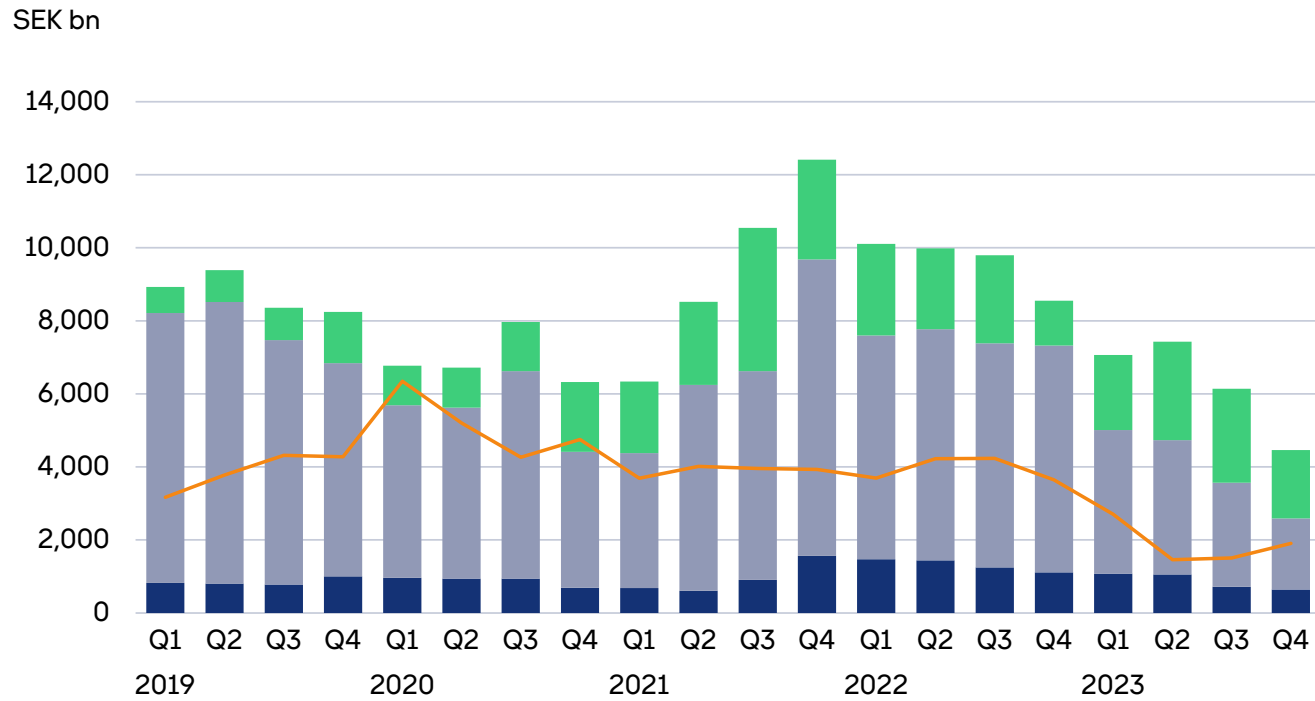
## Income statement, segment reporting

SEK M	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Revenue	2,832	3,443	5,331	14,276
<b>Gross income</b>	<b>-652</b>	<b>1,562</b>	<b>-416</b>	<b>3,857</b>
Selling and administrative expenses	-230	-371	-895	-999
Income from JV's and associated companies	-50	159	-54	165
<b>Operating income</b>	<b>-932</b>	<b>1,350</b>	<b>-1,365</b>	<b>3,023</b>
of which gains from divestments of properties <sup>1</sup>	598	1,516	1,014	3,839
of which write downs/reversal of write downs	-1,314	5	-1,647	-43
1 Additional gain included in eliminations	23	39	108	112



# Commercial Property Development

## Unrealized and realized gains, segment reporting



Unrealized gains in:

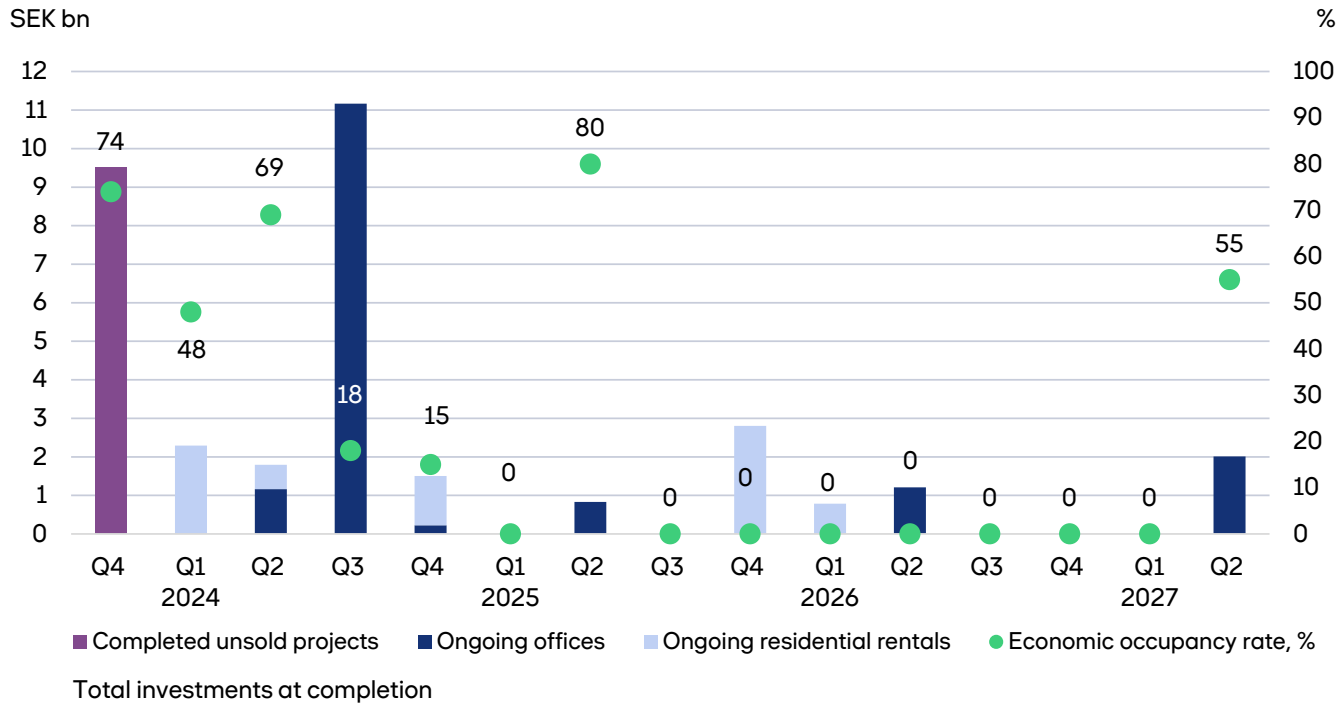
- Land
- Ongoing projects at completion
- Completed projects
- Realized gains, R-12

Including residential rentals as of Q1 2023.



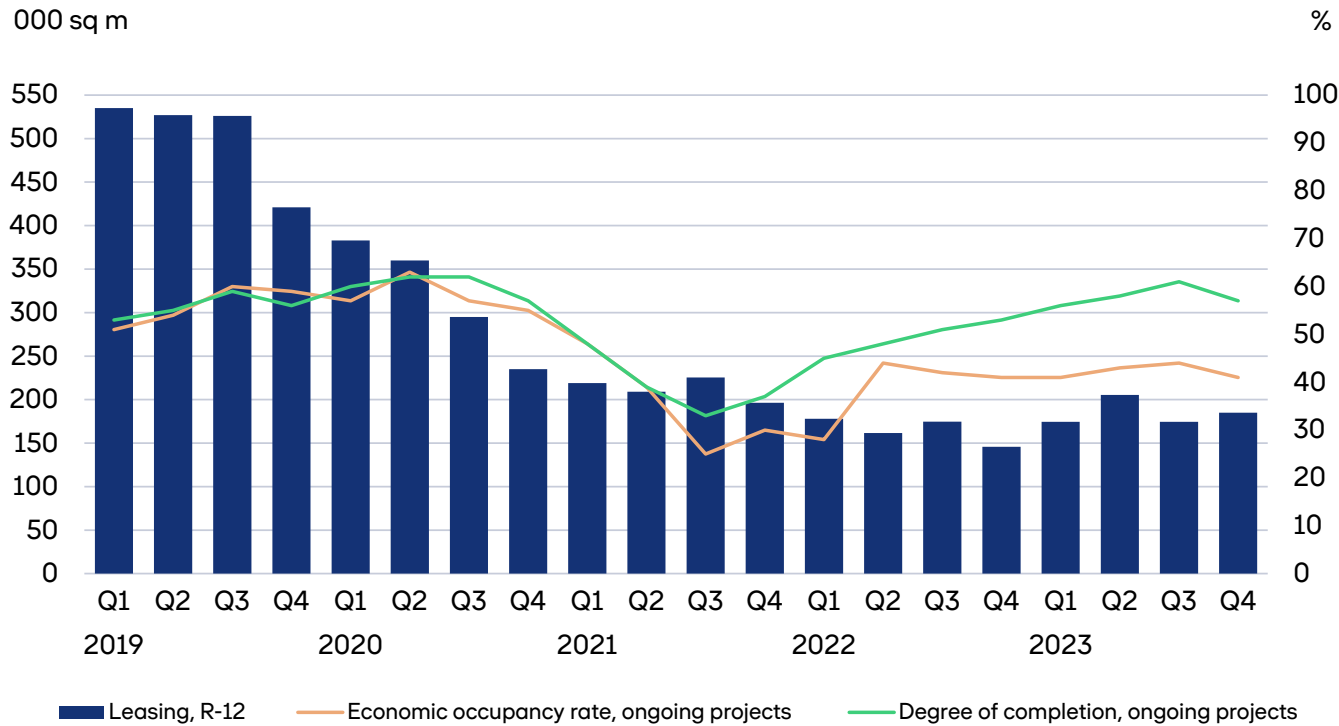


# Commercial Property Development Completion profile and unsold projects



# Commercial Property Development

## Leasing Commercial Properties



Leasing including residential rentals in the USA and Denmark until Q4 2020.



# Investment Properties

## Income statement

SEK M	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Revenue	56	20	186	40
<b>Operating net</b>	<b>42</b>	<b>15</b>	<b>137</b>	<b>30</b>
Selling and administrative expenses	-6	-1	-9	-2
Change in property value	-165	86	-190	112
Income from joint ventures and associated companies	0	0	0	0
<b>Operating income</b>	<b>-129</b>	<b>100</b>	<b>-62</b>	<b>140</b>

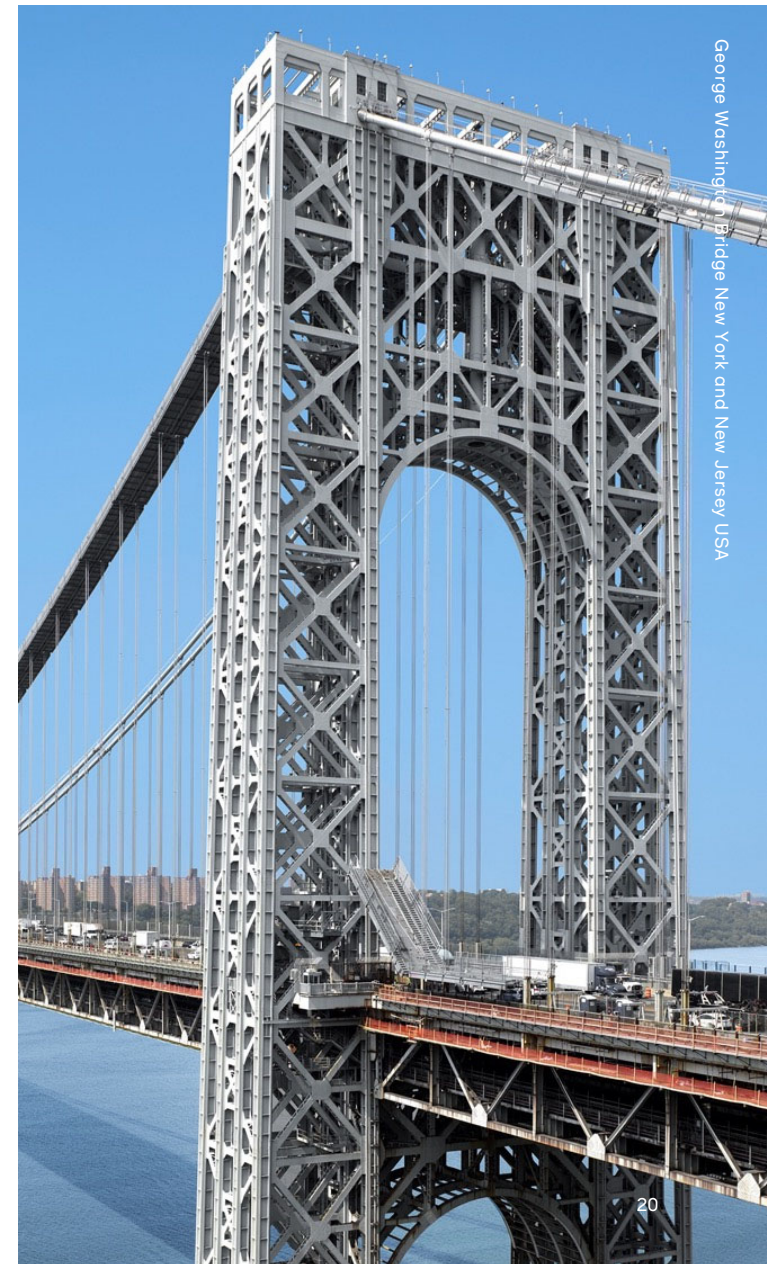
1 Investment Properties is a new business stream from 2022.

Location	Leasable area, sqm	Rental value, SEK M	Economic occupancy rate, %	Property value, SEK M	Environmental certification, %
Malmö	38,543	134	92	2,095	100
Stockholm	42,962	187	91	3,046	100
<b>Total</b>	<b>81,505</b>	<b>321</b>	<b>91</b>	<b>5,141</b>	<b>100</b>

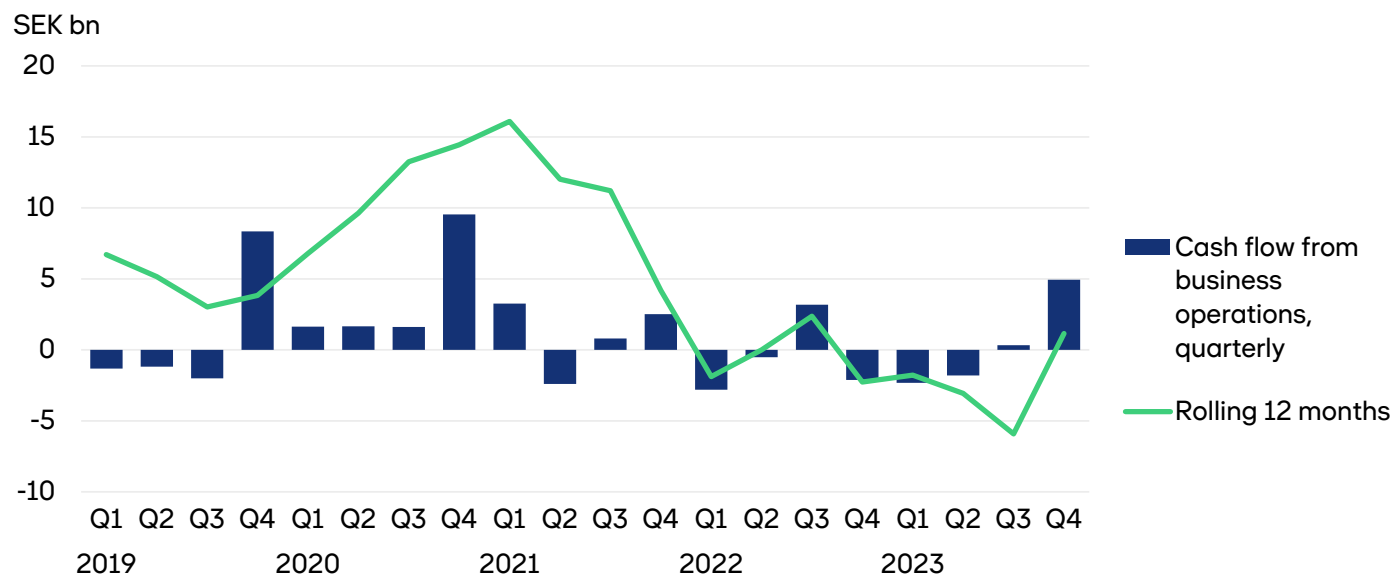


# Group Income Statement

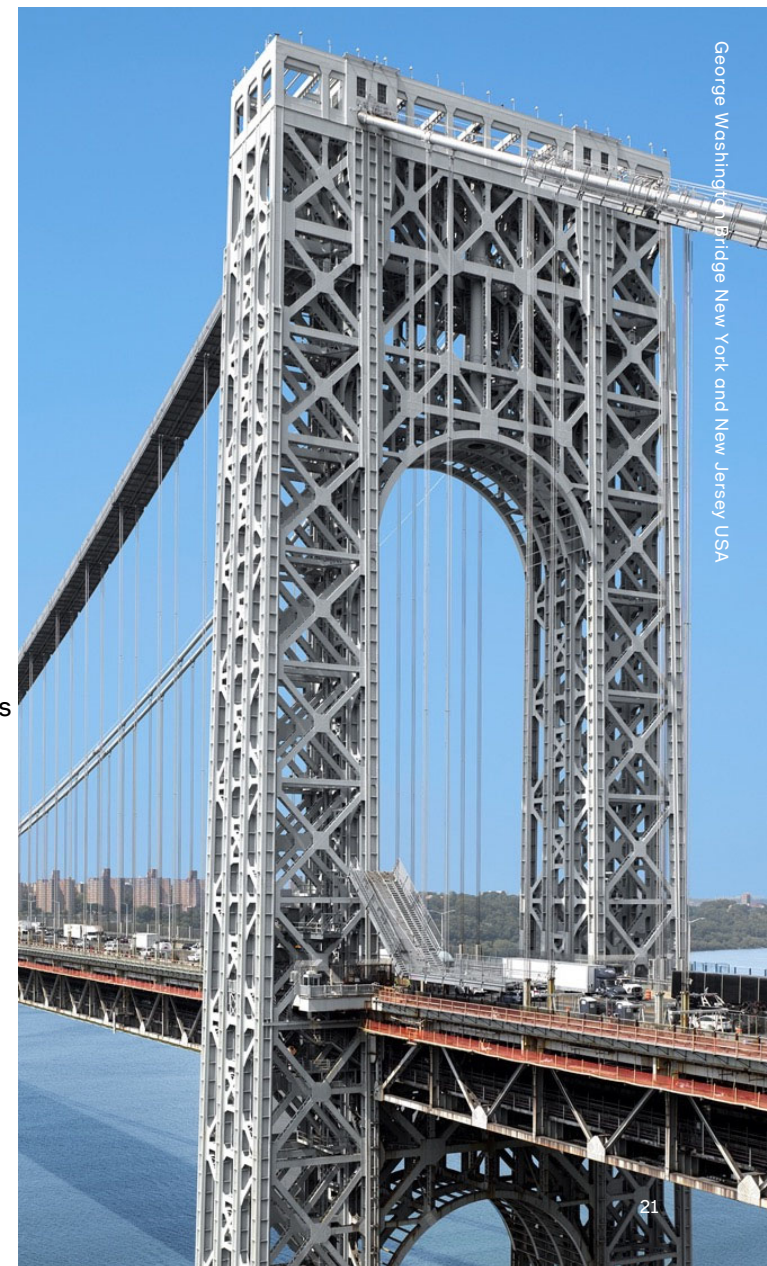
SEK M	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Operating income from business streams	281	3,739	2,943	9,824
Central	607	-160	290	-339
Eliminations	69	-49	-3	-187
<b>Operating income</b>	<b>957</b>	<b>3,530</b>	<b>3,231</b>	<b>9,297</b>
<b>Net financial items</b>	<b>171</b>	<b>201</b>	<b>601</b>	<b>289</b>
<b>Income after financial items</b>	<b>1,128</b>	<b>3,731</b>	<b>3,832</b>	<b>9,586</b>
Taxes	-110	-726	-560	-1,885
<b>Profit for the period</b>	<b>1,019</b>	<b>3,006</b>	<b>3,272</b>	<b>7,702</b>
Earnings per share, SEK	2.48	7.28	7.89	18.62
Tax rate, %	10	19	15	20



# Group Cash flow

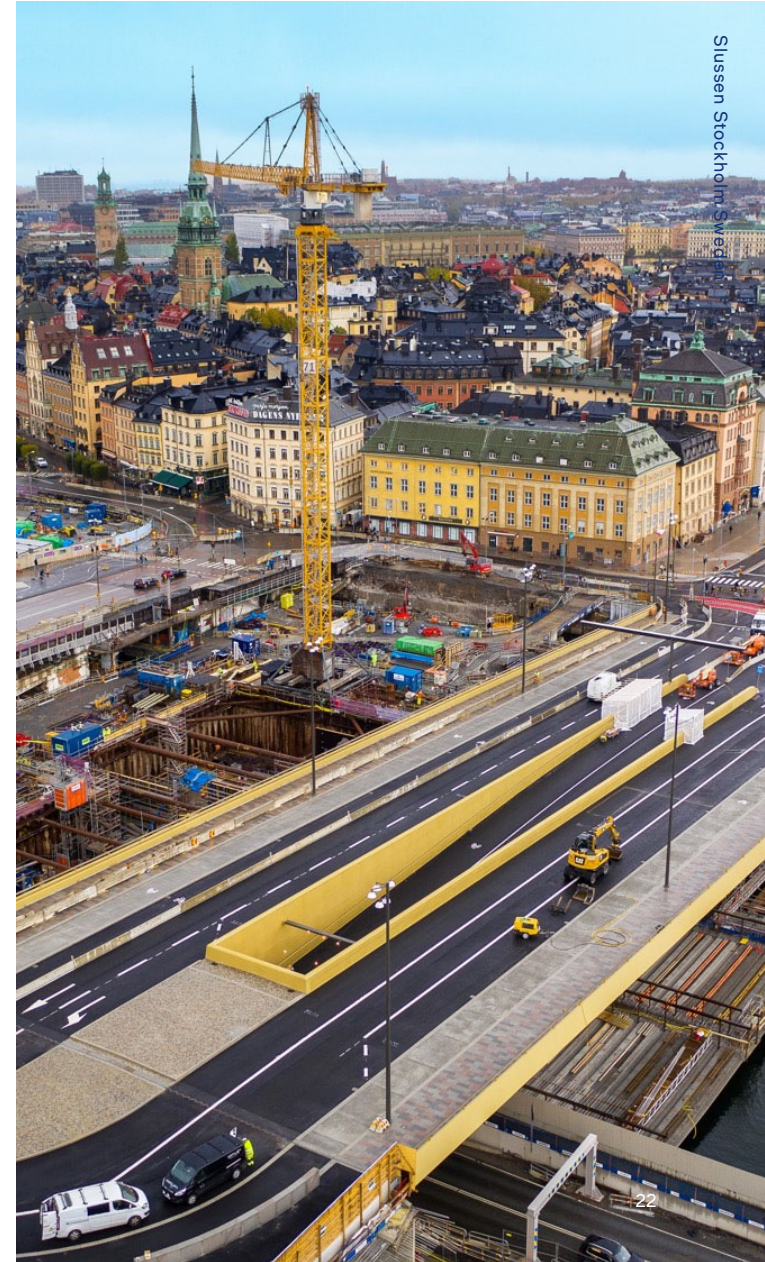
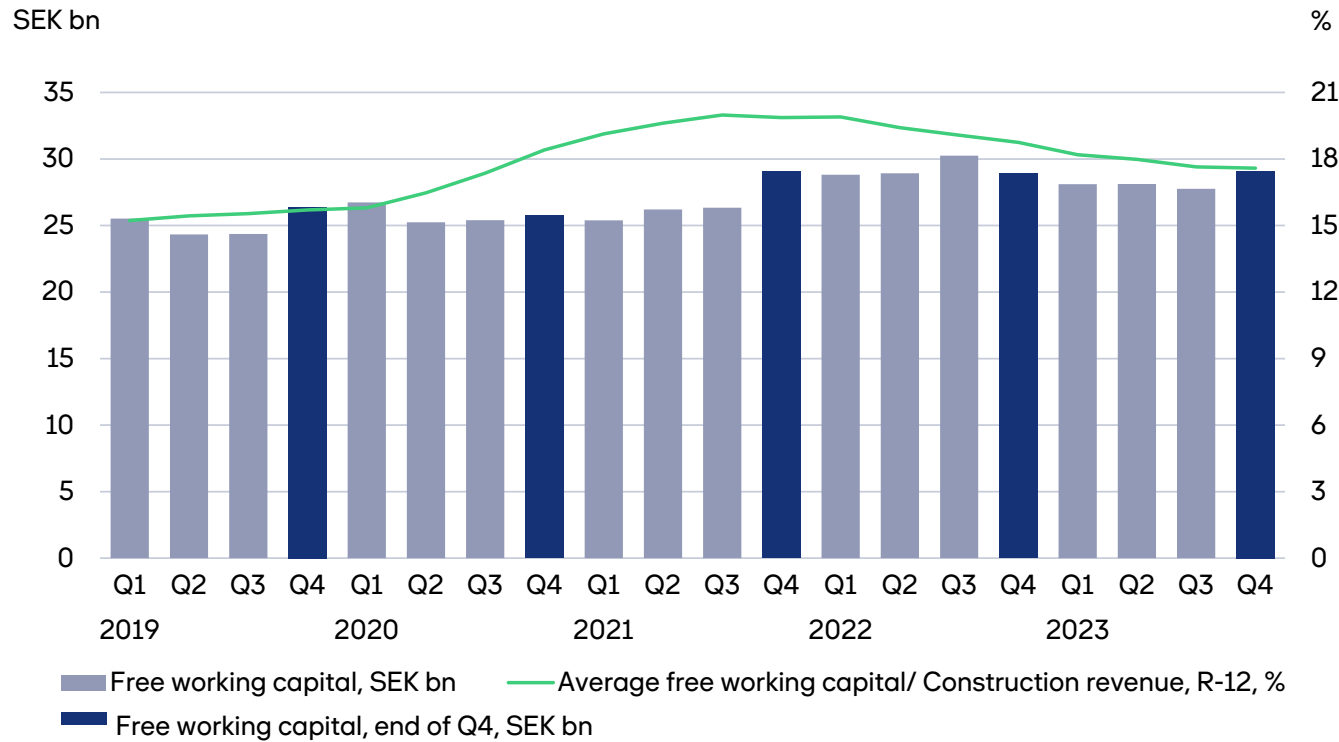


SEK bn	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Operating cash flow from operations	4.9	-2.1	1.1	-2.3
Dividend and net strategic divestment	-0.1	0.0	-3.6	-4.4
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>4.8</b>	<b>-2.1</b>	<b>-2.4</b>	<b>-6.7</b>



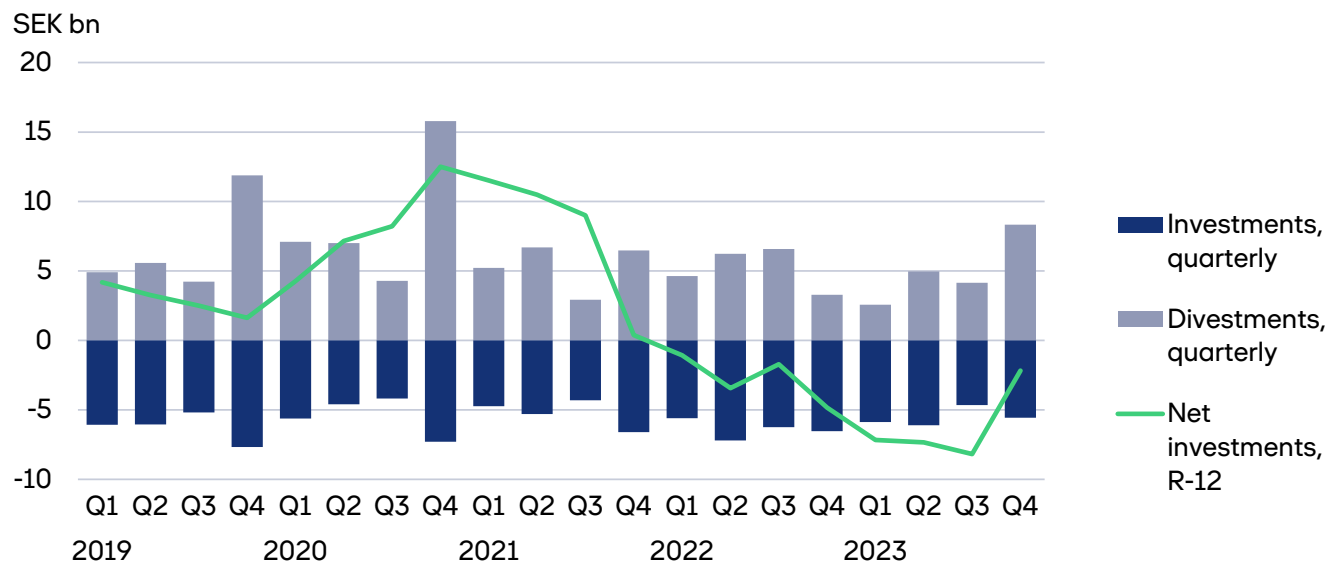
# Construction

## Free working capital

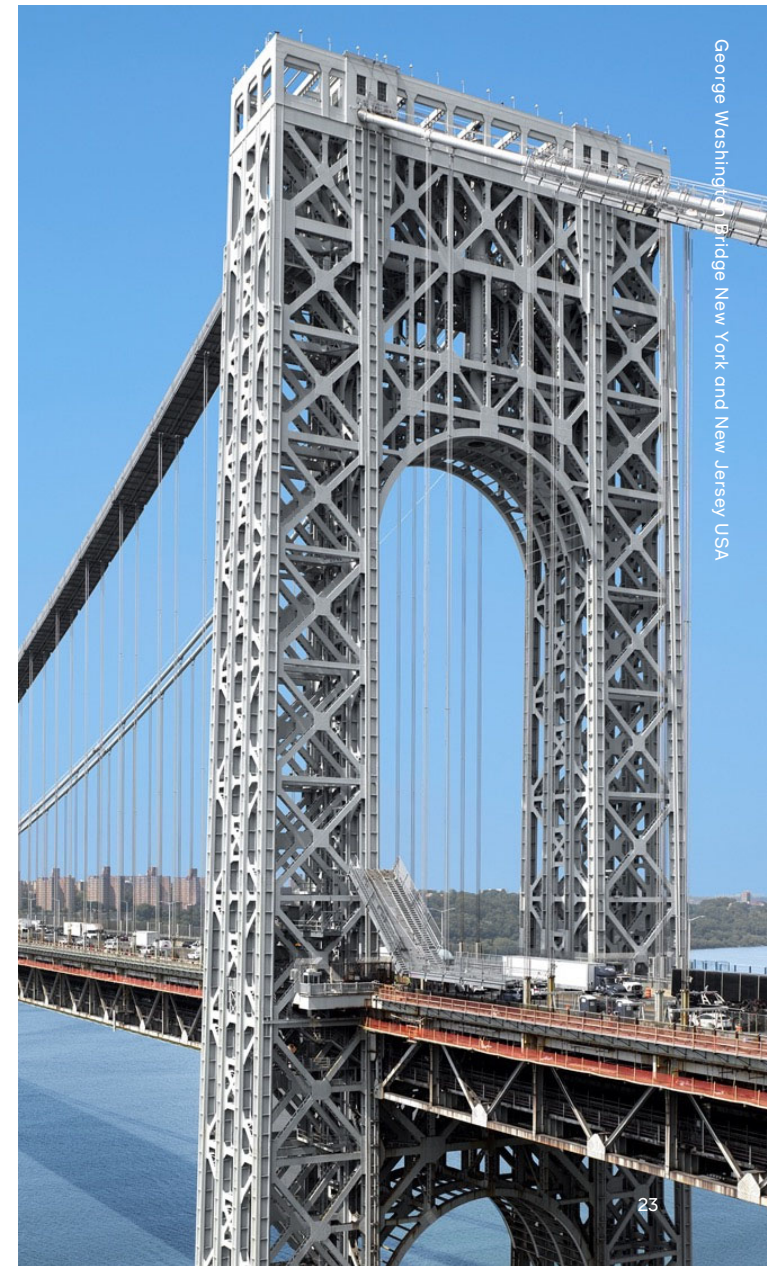


# Group

## Investments, divestments and capital employed



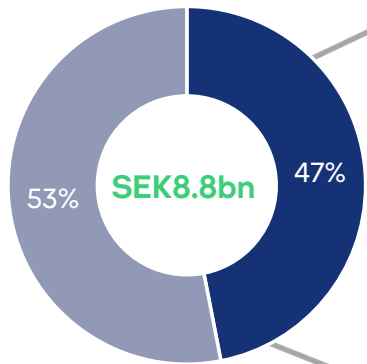
SEK bn	Dec 31, 2023	Dec 31, 2022
<b>Capital employed in:</b>		
Residential Development	14.4	16.3
Commercial Property Development	40.8	38.5
Investment Properties	5.1	3.7
<b>Total in Project Development and Investment Properties</b>	<b>60.2</b>	<b>58.6</b>



# Group

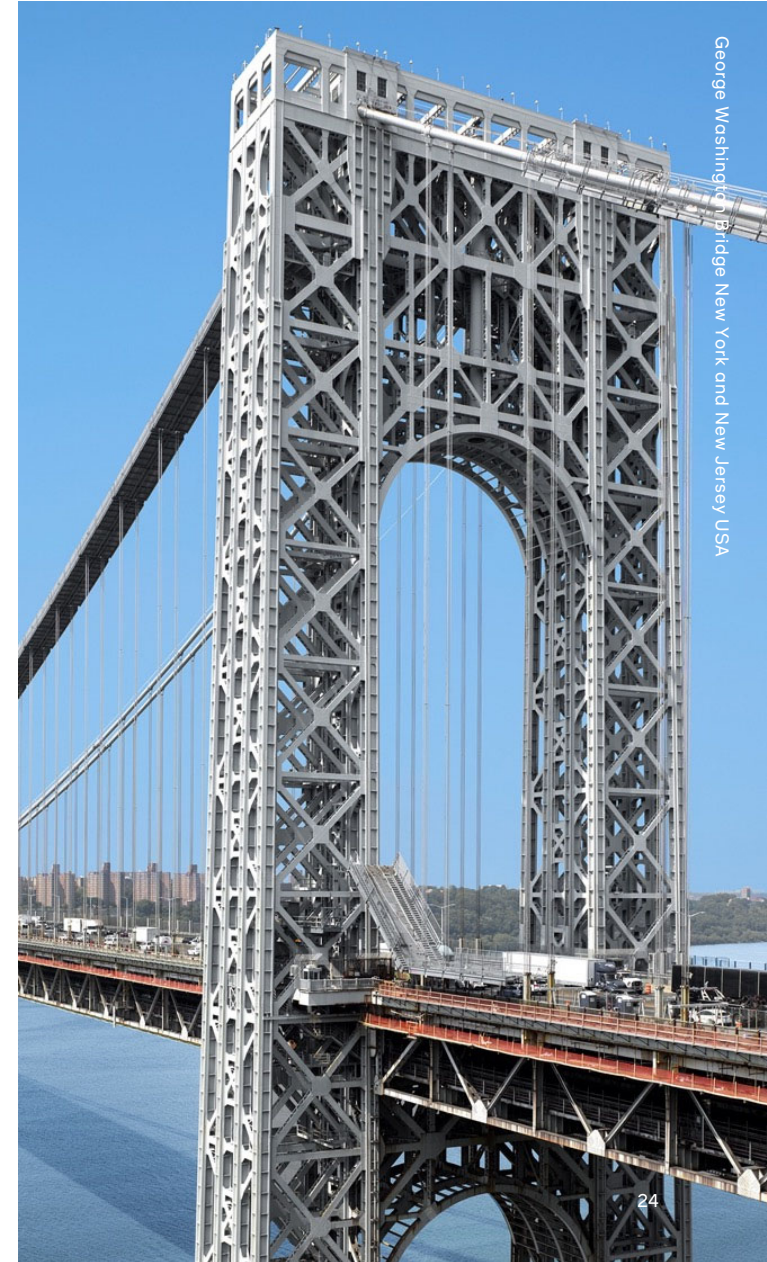
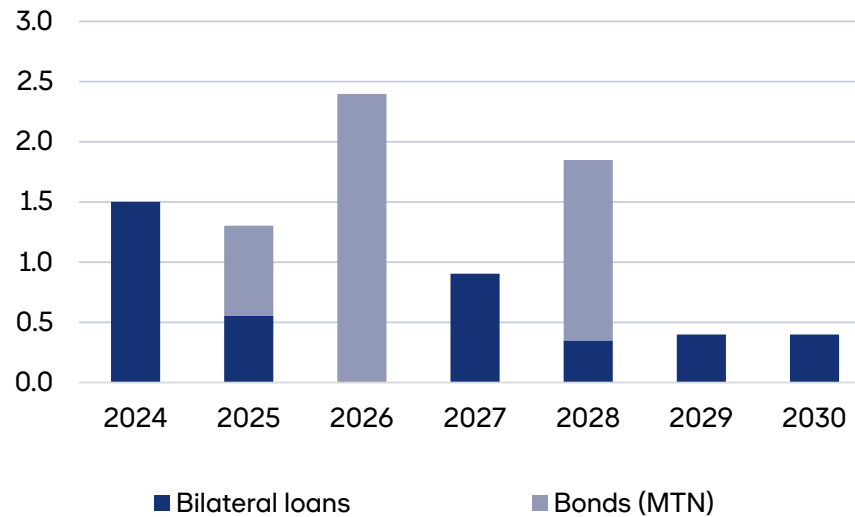
Available funds: SEK 27.8 bn,  
o/w unutilized credit facilities SEK 9.9 bn

## Central funding



■ Bilateral loans ■ Bonds

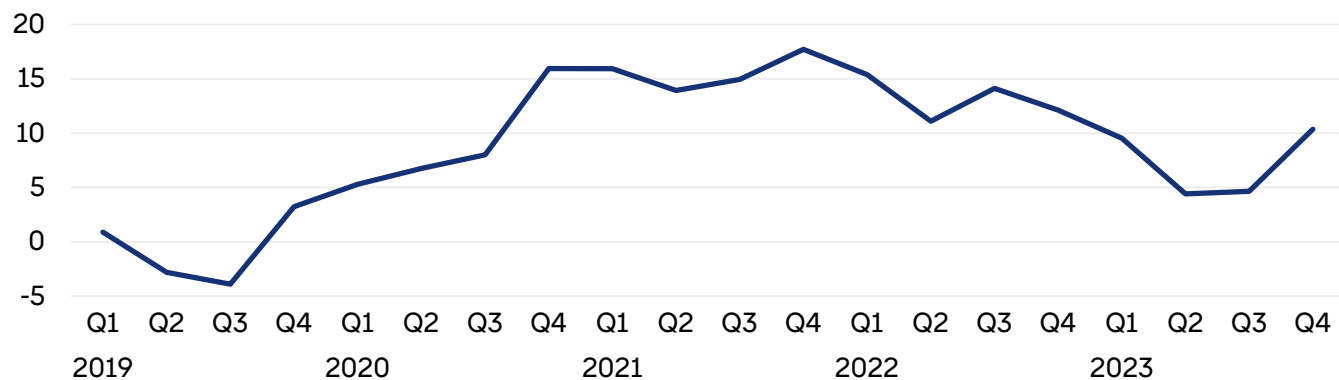
## Maturity profile



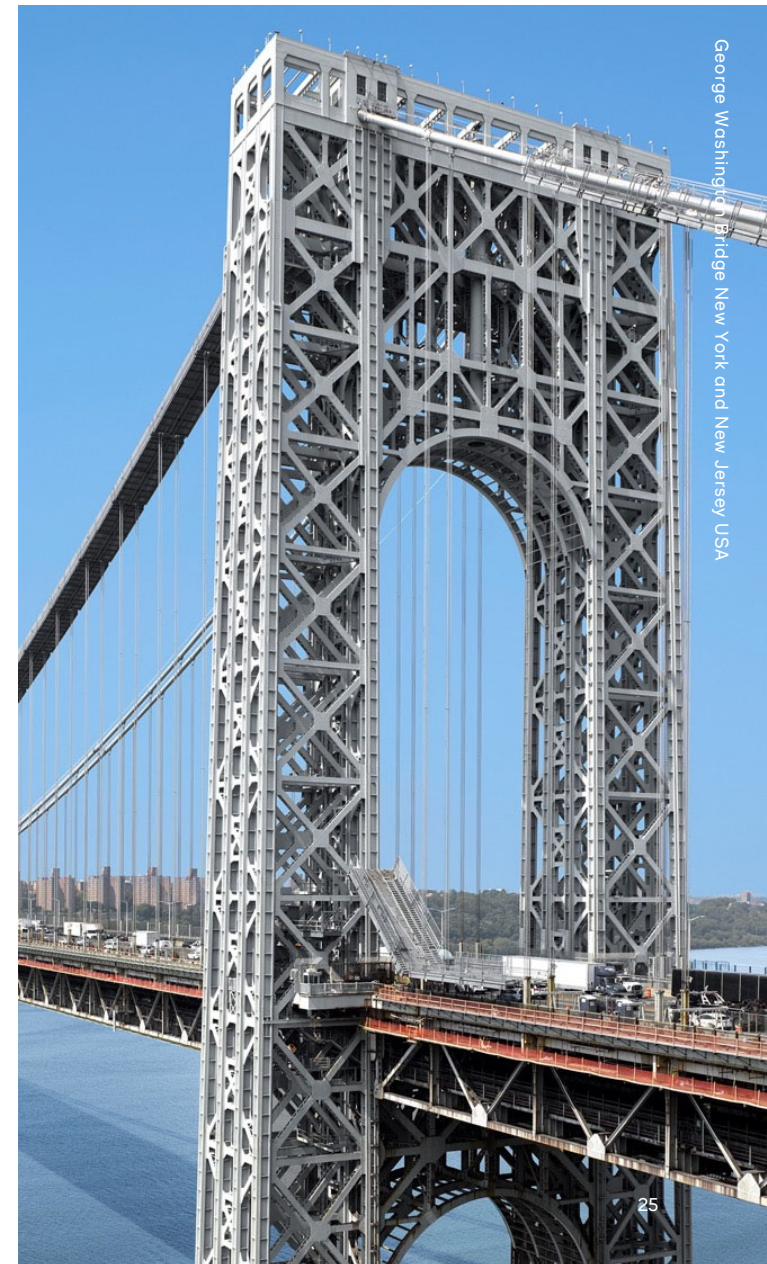


# Group Financial position

Adjusted interest-bearing net receivables (+)/net debt (-), SEK bn



SEK bn	Dec 31, 2023	Dec 31, 2022
Total assets	155.2	151.6
Equity attributable to equity holders	56.3	55.3
Interest-bearing net receivables (+)/net debt (-)	9.0	10.3
Adj. interest-bearing net receivables (+)/net debt (-)	10.4	12.1
Capital employed, closing balance	77.4	72.8
Equity/assets ratio, %	36.3	36.4



# Market outlook



## Construction

- Mostly in line with previous expectations.
- Improved outlook for the civil market in Norway, robust spending in the infrastructure, energy and water sectors expected
- USA remains the strongest market



## Residential Development

- Low activity in the housing market
- Cost-of-living pressure, impact on low-cost segment continues
- Potential interest rate cuts could stimulate the market over the coming 12 months



## Commercial Property Development

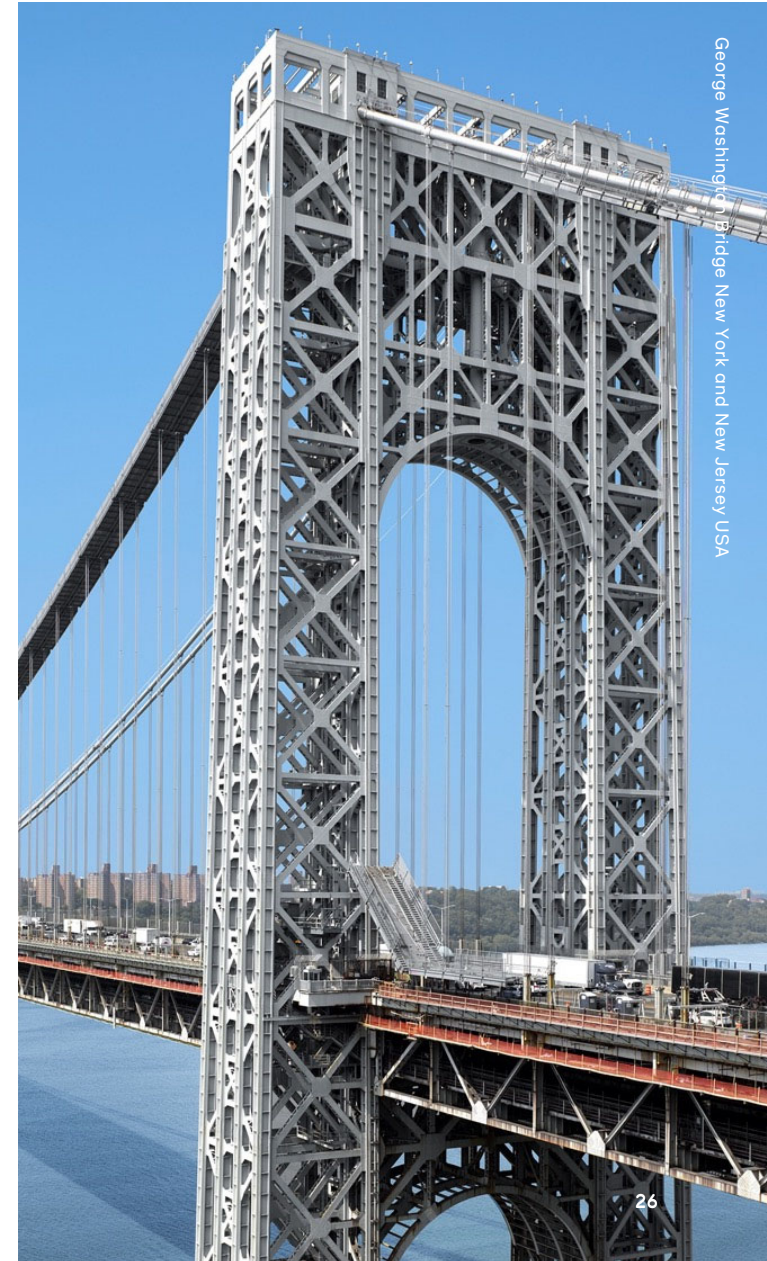
- Low transaction volumes and hesitant investor market
- Leasing market gradually improving, especially in Central Europe



## Investment Properties

- Polarization in occupier market. Stronger demand for high quality space
- Rents expected to remain stable

Outlook compared to previous quarter   ● Weaker   ● Unchanged   ● Improved



# Group Summary

- Performance in the fourth quarter
  - Construction – delivers strong results
  - Residential Development – lower-than-normal sales volumes
  - Commercial Property Development – four properties divested in Sweden and the US
  - Investment Properties – two high-quality properties acquired
- Property asset values impacted by weak markets
- Proposed dividend of SEK 5.50 (7.50) per share
- Maintaining a strong financial position

