

SKANSKA

# First quarter report 2023

We build for a better society



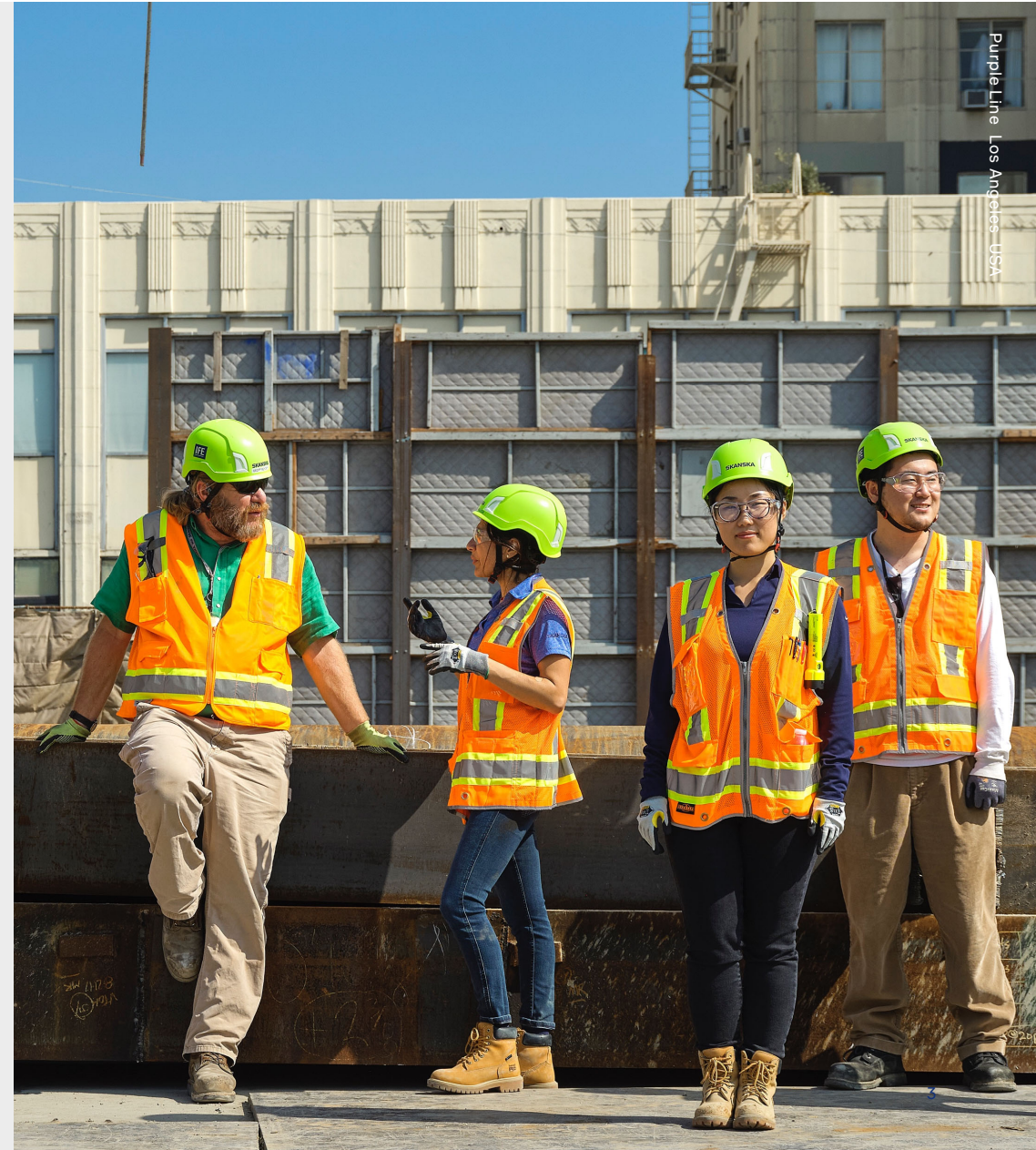
# First quarter report 2023

- Mixed performance in Q1 2023
  - Construction – delivering strong results
  - Residential Development – few homes sold and turnaround in BoKlok
  - Commercial Property Development – No transactions recorded
  - Investment Properties – No acquisitions completed
- Operating margin in Construction 2.8% (2.3)
- ROCE in Project Development 4.5% (10.8), R-12
- ROCE in Investment Properties 7.7% (27.1), R-12
- Return on Equity 13.0% (18.4), R-12
- Strong financial position
- Carbon reduction 57% since 2015



# Construction

- Revenue SEK 37.5 bn (33.4)
- Order bookings SEK 25.8 bn (30.0)
  - Book-to-build 99%, R-12
  - Order backlog SEK 217.9 bn (207.6)
- Operating income SEK 1,033 M (756)
  - Operating margin 2.8% (2.3)
- Solid performance across geographies
- Revenue growth and strong operating margin
- Order backlog remains high and healthy



# Residential Development

- Revenue SEK 0.6 bn (3.6)
  - 132 (879) homes sold
  - 288 (806) homes started
- Operating income SEK -314 M (445)
  - Operating margin neg (12.4)
- ROCE 2.0% (13.0), R-12
  
- Low market activity
- Few homes sold and turnaround in BoKlok impacting results



# Commercial Property Development

- Operating income SEK -142 M (856)
  - Gain on sale SEK 46 M (1,072)
- ROCE 5.6% (9.9), R-12
- 39 ongoing projects, of which 10 residential rentals (corresponding to 2,357 homes)
  - SEK 34.1 bn total investment
  - 34% economic occupancy rate / 55% completion rate
- No divestments were recorded in the first quarter
- Activity slowly returning in the leasing market
  - 43,000 sq m leased in Q1 (13,000)



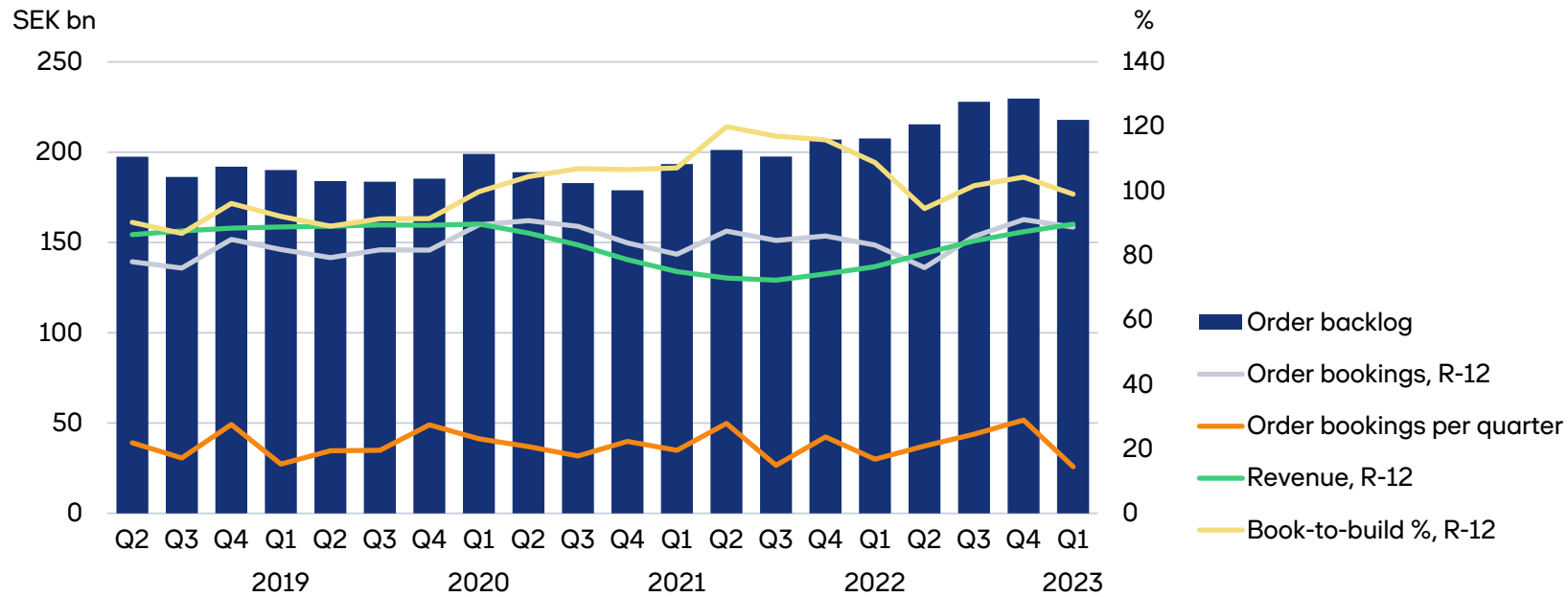
# Investment Properties

- Targeting a high quality, sustainable office portfolio of SEK 12-18 bn
  - Strong stable cash flow
  - Value increase potential
- No acquisitions completed in the first quarter
- Leasing increasing portfolio occupancy rate to 93%

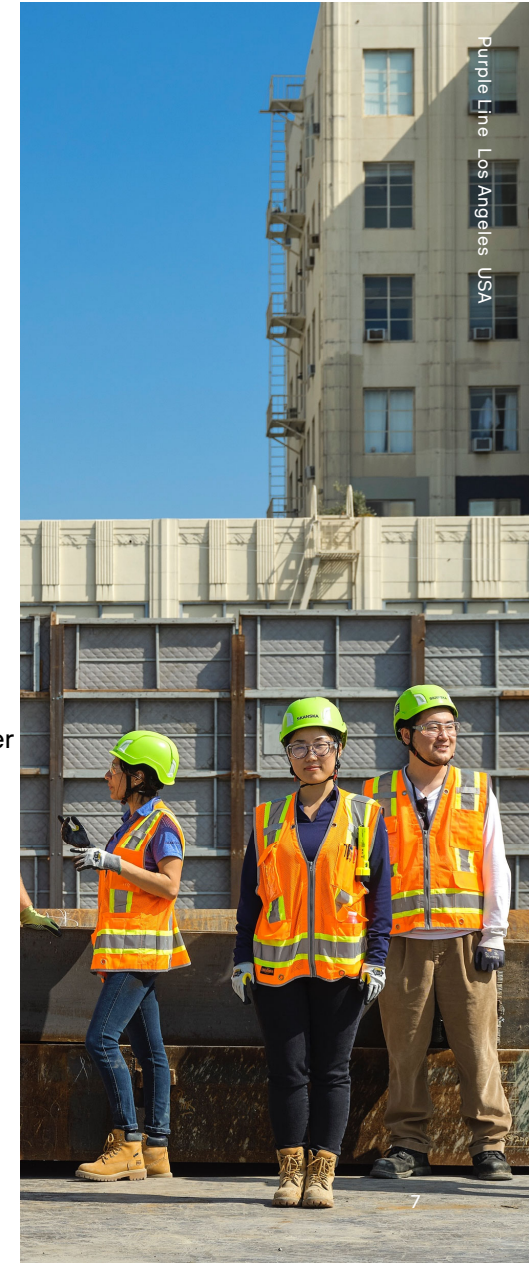


# Construction

## Order bookings



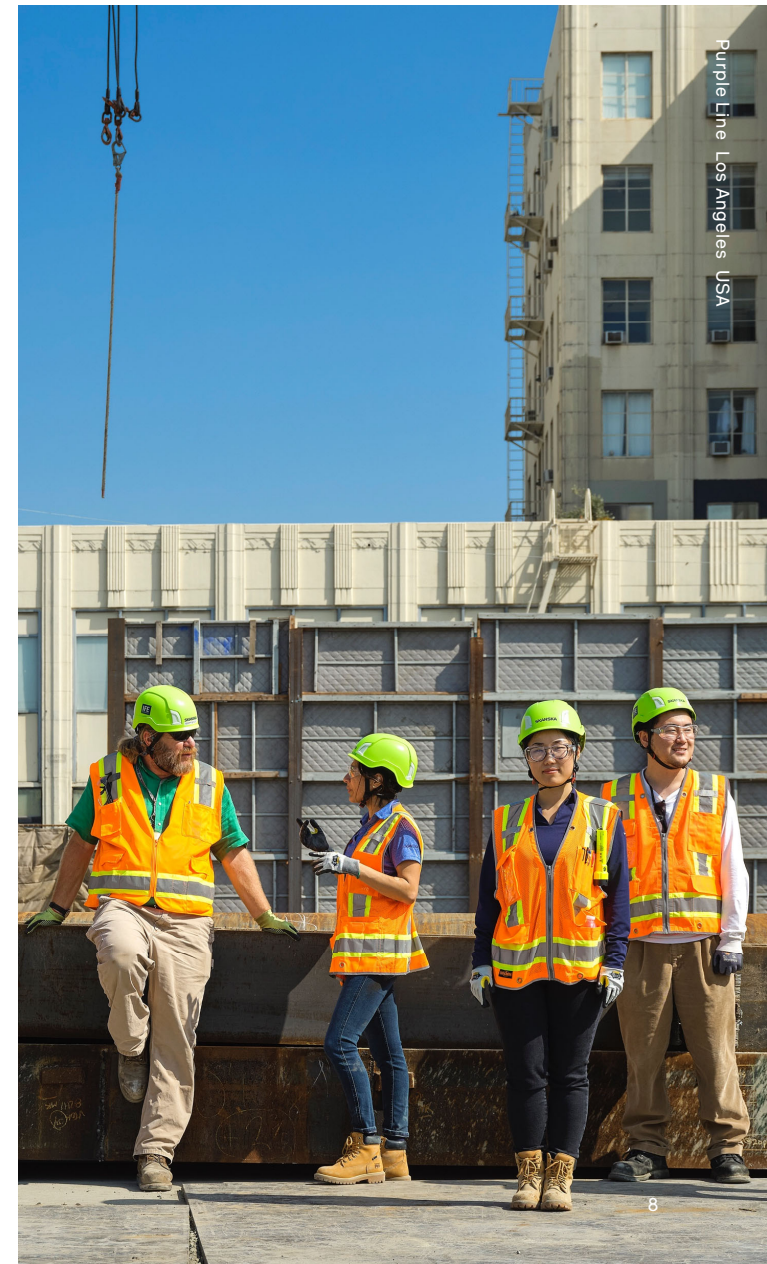
SEK bn	Jan-Mar 2023	Jan-Mar 2022	R12 months	Jan-Dec 2022
Revenue	37.5	33.4	160.1	156.0
Order bookings	25.8	30.0	158.5	162.7
Order backlog	217.9	207.6		229.8



# Construction

## Order bookings

SEK bn	Jan-Mar 2023	Jan-Mar 2022	Book-to- build, %	Months of production
Nordics	11.8	11.9	96	13
of which Sweden	7.0	8.6	93	11
Europe	2.6	5.5	84	17
USA	11.4	12.5	107	19
<b>Total</b>	<b>25.8</b>	<b>30.0</b>	<b>99</b>	<b>16</b>

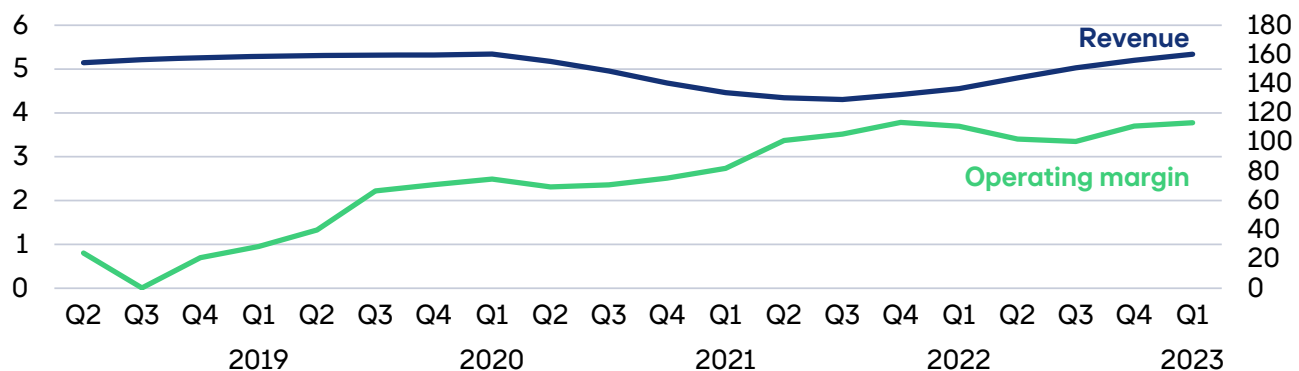




# Construction Income statement

Operating margin, R-12, %

Revenue, R-12, SEK bn

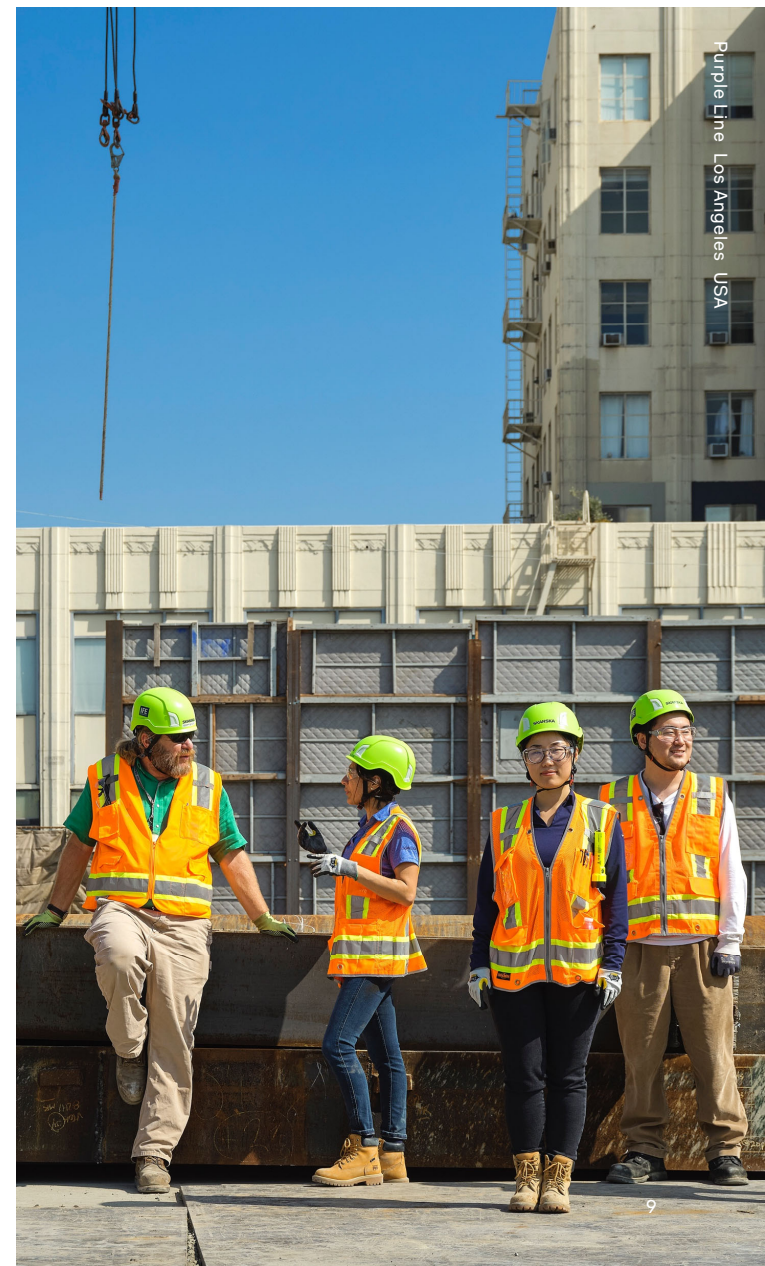


SEK bn	Jan-Mar 2023	Jan-Mar 2022	R12 months	Jan-Dec 2022
Revenue	37.5	33.4	160.1	156.0
Gross income	2.7	2.3	12.7	12.3
Selling and administrative expenses	-1.7	-1.5	-6.7	-6.5
<b>Operating income</b>	<b>1.0</b>	<b>0.8</b>	<b>6.0</b>	<b>5.8</b>
Gross margin, %	7.2	6.8	7.9	7.9
Selling and administrative expenses, %	-4.4	-4.5	-4.2	-4.2
Operating margin, %	2.8	2.3	3.8	3.7

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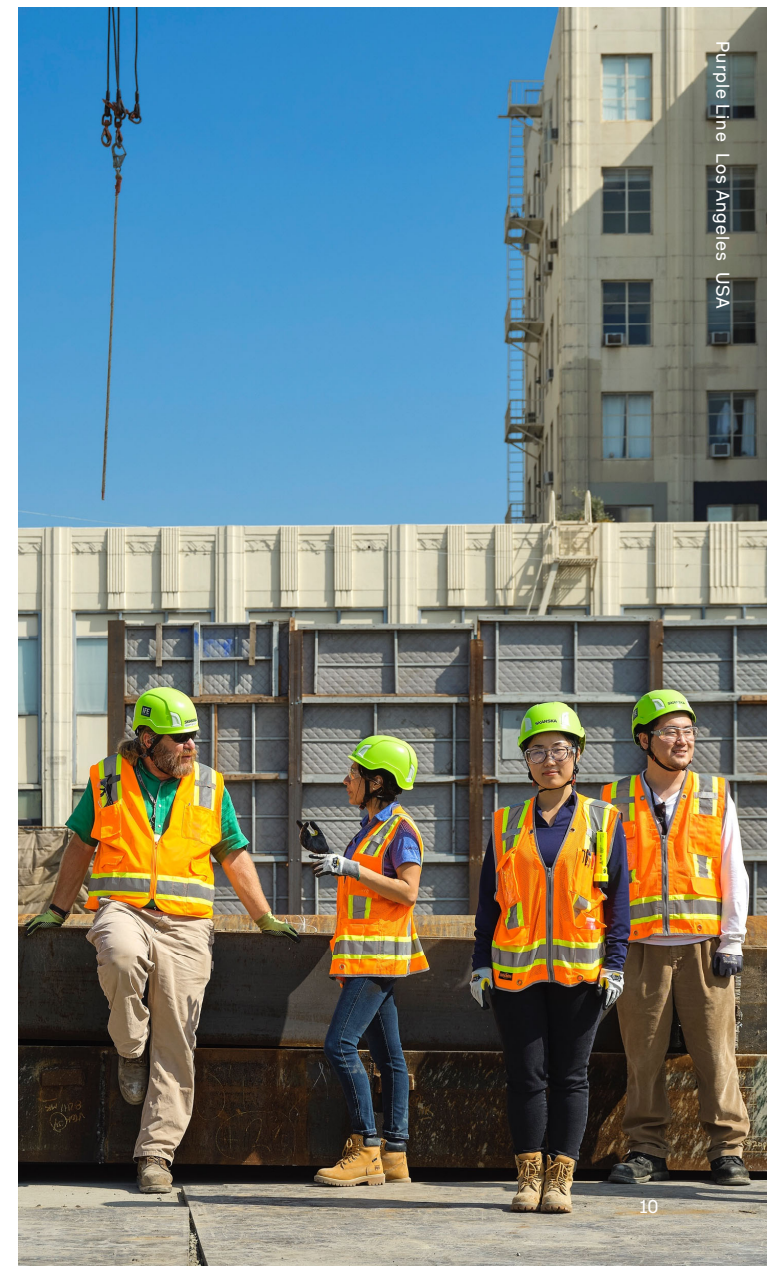
Skanska Q1 report 2023



# Construction

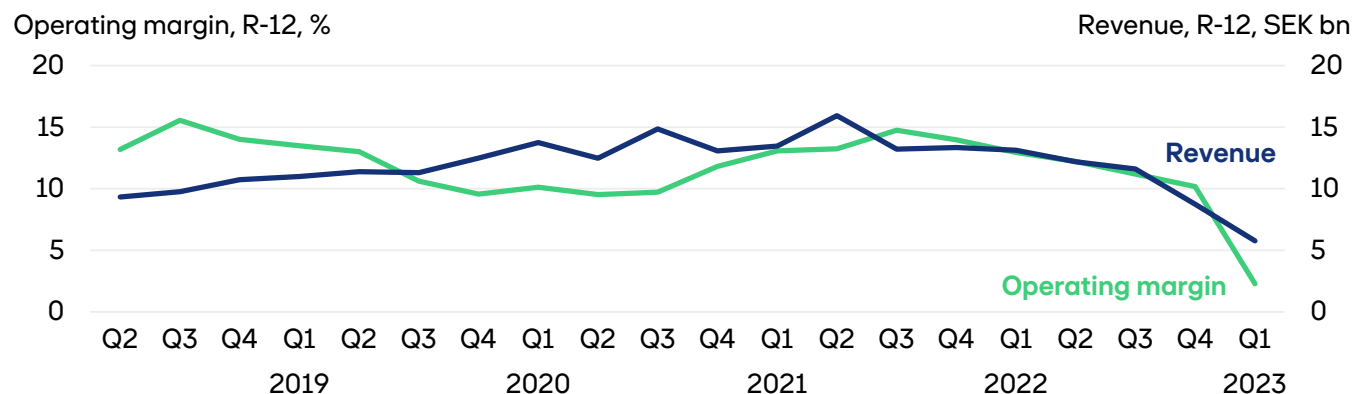
## Income statement

	Operating income, SEK M		Operating margin, %	
	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022
Nordics	399	375	2.8	2.8
of which Sweden	181	172	2.3	2.3
Europe	-5	-18	neg	neg
USA	638	399	3.7	2.7
<b>Total</b>	<b>1,033</b>	<b>756</b>	<b>2.8</b>	<b>2.3</b>



# Residential Development

## Income statement, segment reporting



Including residential Rentals until Q4 2020

SEK M	Jan-Mar 2023	Jan-Mar 2022	R12 months	Jan-Dec 2022
Revenue	586	3,573	5,764	8,751
<b>Gross income</b>	<b>-91</b>	<b>617</b>	<b>966</b>	<b>1,674</b>
Selling and administrative expenses	-223	-173	-834	-783
<b>Operating income</b>	<b>-314</b>	<b>445</b>	<b>132</b>	<b>891</b>
Gross margin, %	neg	17.3	16.8	19.1
Selling and administrative expenses, %	-38.1	-4.8	-14.5	-9.0
<b>Operating margin, %</b>	<b>neg</b>	<b>12.4</b>	<b>2.3</b>	<b>10.2</b>

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# Residential Development

## Income statement

	Operating income, SEK M		Operating margin, %	
	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022
Nordics	-268	397	neg	12.3
of which Sweden	-281	272	neg	13.1
Europe	-46	48	neg	13.9
<b>Total</b>	<b>-314</b>	<b>445</b>	<b>neg</b>	<b>12.4</b>



# Residential Development

## Homes started and sold

Homes, R-12



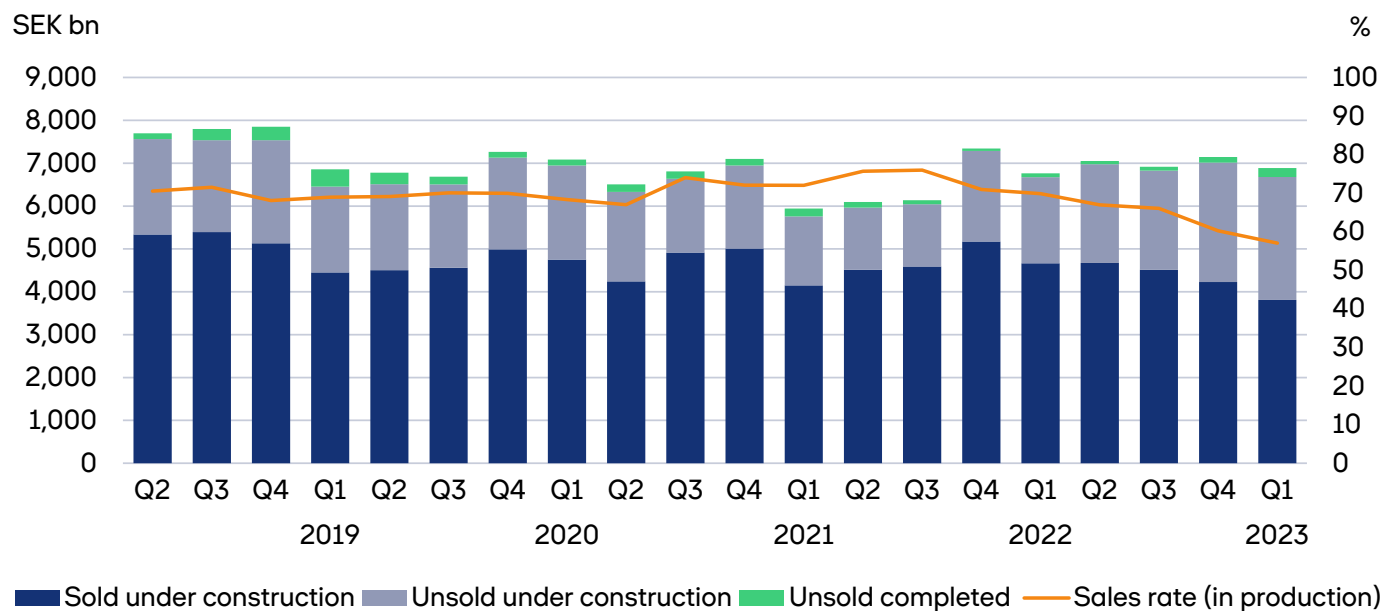
Including residential Rentals until Q4 2020.

Homes started				Homes sold			
Jan-Mar 2023	Jan-Mar 2022	R12 months	Jan-Dec 2022	Jan-Mar 2023	Jan-Mar 2022	R12 months	Jan-Dec 2022
288	806	2,287	2,805	132	879	1,305	2,052



# Residential Development

## Homes in production



Including residential Rentals until Q4 2020.

Homes in production		Of which sold, %		Unsold complete homes	
Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
6,679	6,675	57	70	210	89



# Commercial Property Development

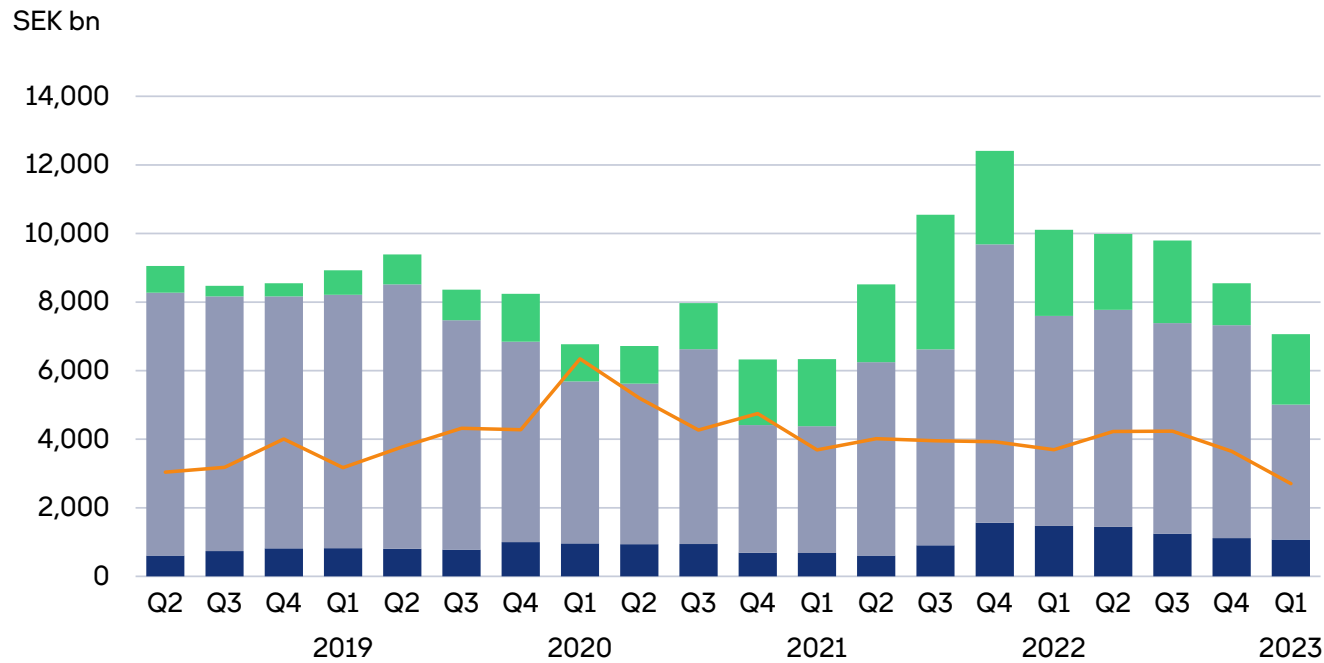
## Income statement, segment reporting

SEK bn	Jan-Mar 2023	Jan-Mar 2022	R12 months	Jan-Dec 2022
Revenue	267	4,840	9,703	14,276
<b>Gross income</b>	<b>59</b>	<b>1,046</b>	<b>2,870</b>	<b>3,857</b>
Selling and administrative expenses	-198	-191	-1,005	-999
Income from JV's and associated companies	-3	2	160	165
<b>Operating income</b>	<b>-142</b>	<b>856</b>	<b>2,025</b>	<b>3,023</b>
of which gains from divestments of properties <sup>1</sup>	46	1,072	2,814	3,839
of which write downs/reversal of write downs	-18	-30	-31	-43
1 Additional gain included in eliminations	21	63	70	112



# Commercial Property Development

## Unrealized and realized gains, segment reporting



Unrealized gains in:

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

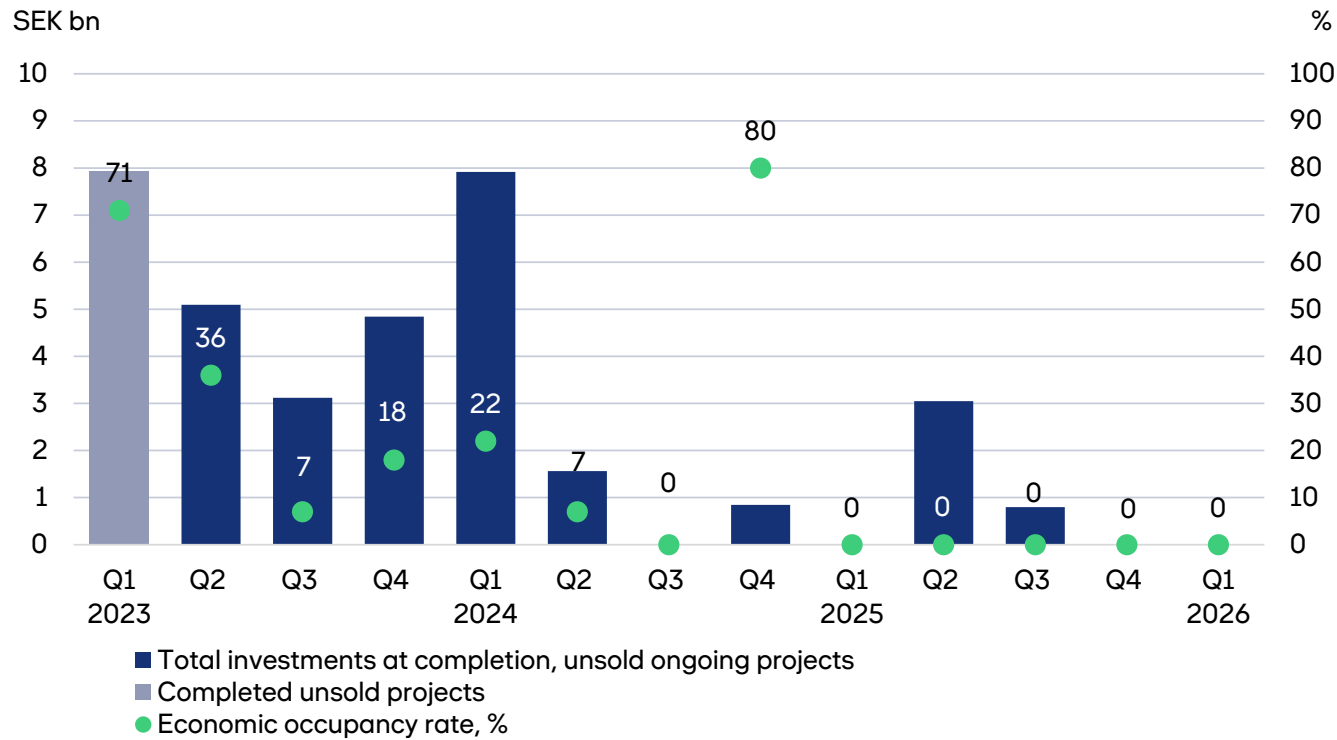
Including residential Rentals as of Q1 2023.





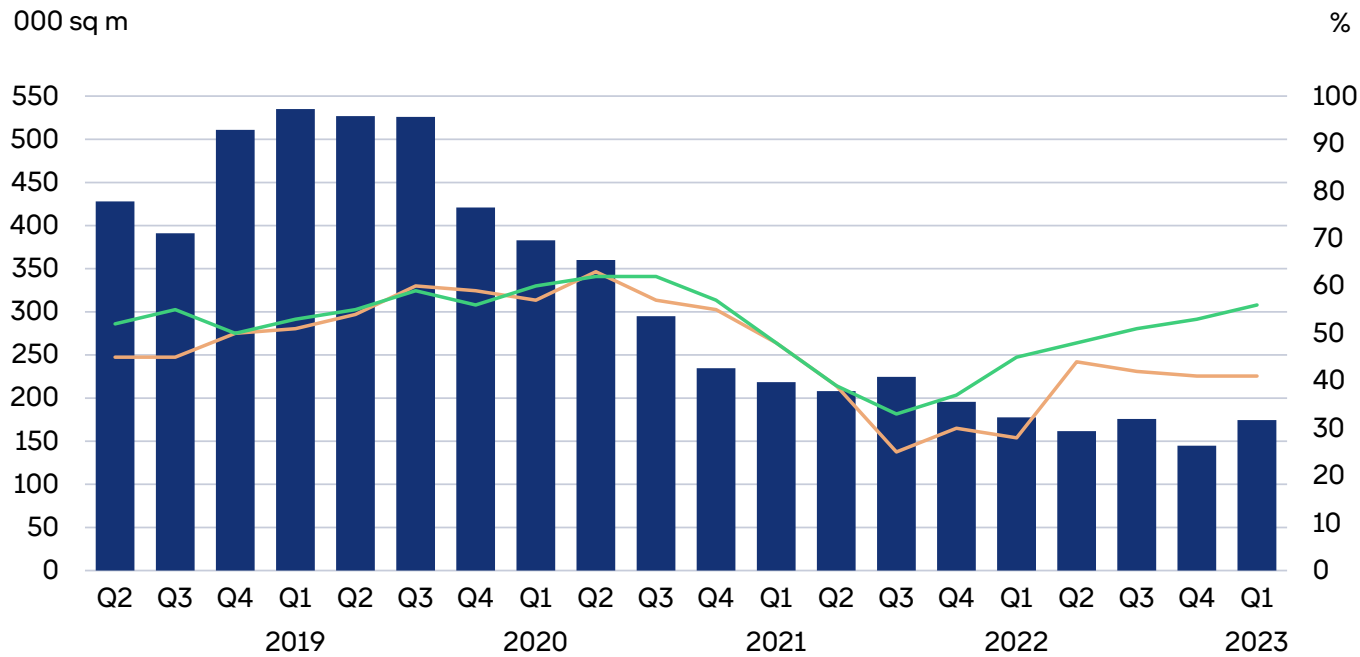
# Commercial Property Development

## Completion profile, unsold projects (excl. residential rentals)



# Commercial Property Development

## Leasing in the commercial property portfolio (excl. residential rentals)



■ Leasing, R-12 — Economic occupancy rate, ongoing projects — Degree of completion, ongoing projects

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



# Investment Properties

## Income statement

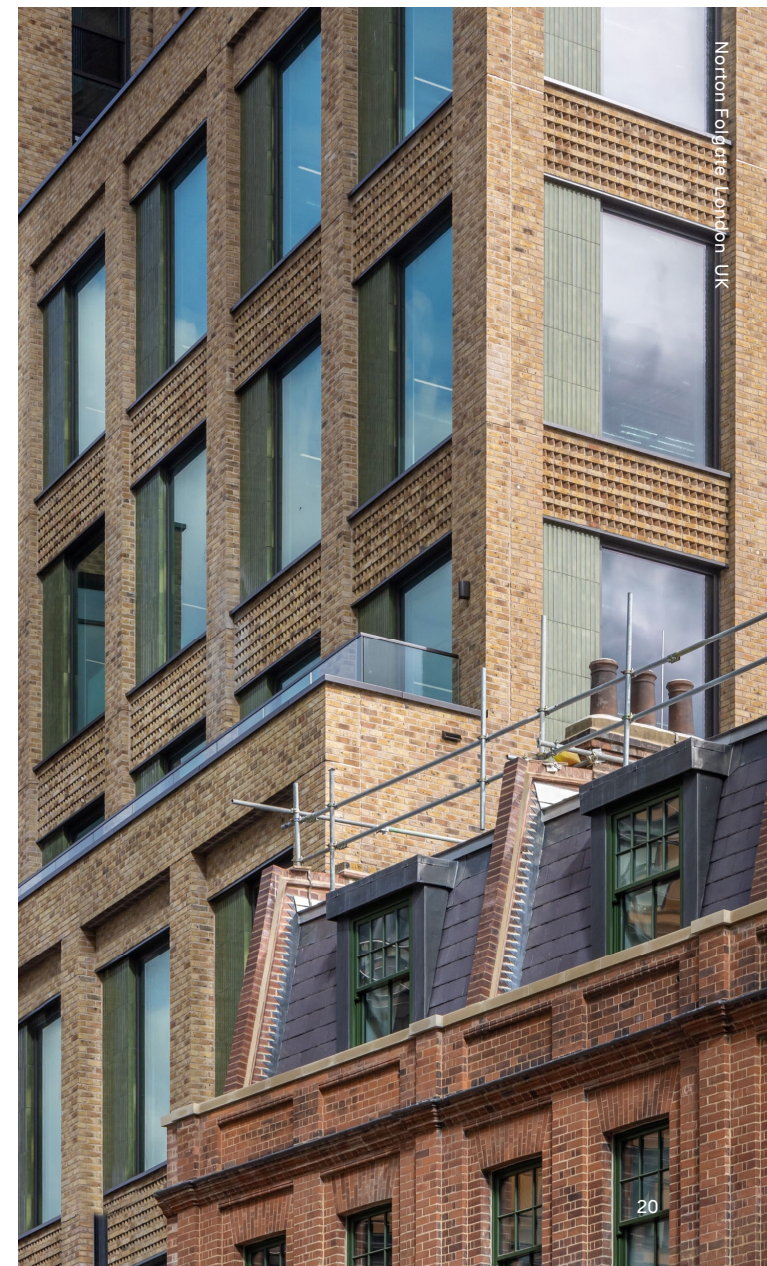
SEK M	Jan-Mar 2023	Jan-Mar 2022	R12 months	Jan-Dec 2022
Revenue	41	0	81	40
<b>Operating net</b>	<b>31</b>	<b>0</b>	<b>61</b>	<b>30</b>
Selling and administrative expenses	-1	-1	-3	-2
Change in property value	0	26	86	112
Income from joint ventures and associated companies	0	0	0	0
<b>Operating income</b>	<b>30</b>	<b>25</b>	<b>145</b>	<b>140</b>

Location	Leasable area, sqm	Rental value, SEK M	Economic occupancy rate, %	Property value, SEK M	Environmental certification, %
Malmö	23,110	74	98	1,378	100
Stockholm	28,992	122	90	2,381	100
<b>Total</b>	<b>52,102</b>	<b>196</b>	<b>93</b>	<b>3,759</b>	<b>100</b>

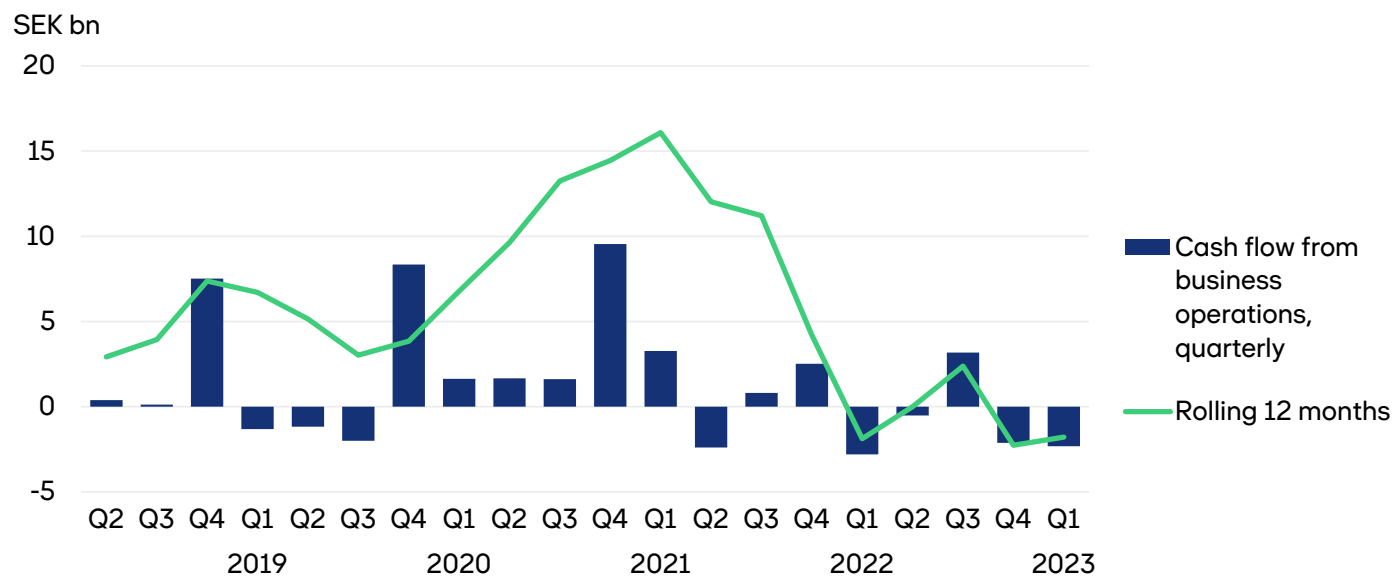


# Group Income Statement

SEK m	Jan-Mar 2023	Jan-Mar 2022	R12 months	Jan-Dec 2022
Operating income from business streams	607	2,082	8,348	9,824
Central	-159	-135	-363	-339
Eliminations	-54	-95	-147	-187
<b>Operating income</b>	<b>394</b>	<b>1,852</b>	<b>7,838</b>	<b>9,297</b>
Net financial items	146	8	428	289
<b>Income after financial items</b>	<b>540</b>	<b>1,860</b>	<b>8,266</b>	<b>9,586</b>
Taxes	-106	-365	-1,626	-1,885
<b>Profit for the period</b>	<b>434</b>	<b>1,495</b>	<b>6,641</b>	<b>7,702</b>
Earnings per share, SEK	1.04	3.62	16.04	18.62
Tax rate, %	20	20	20	20



# Group Cash flow

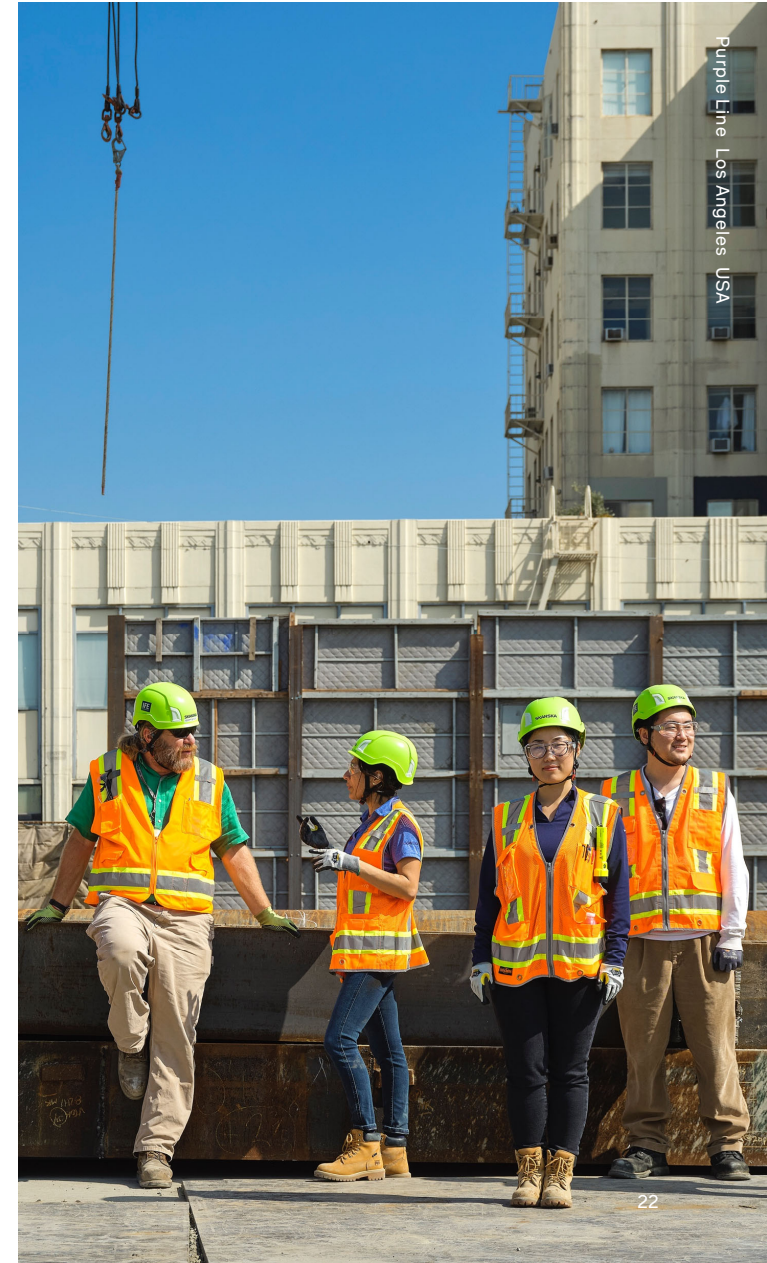
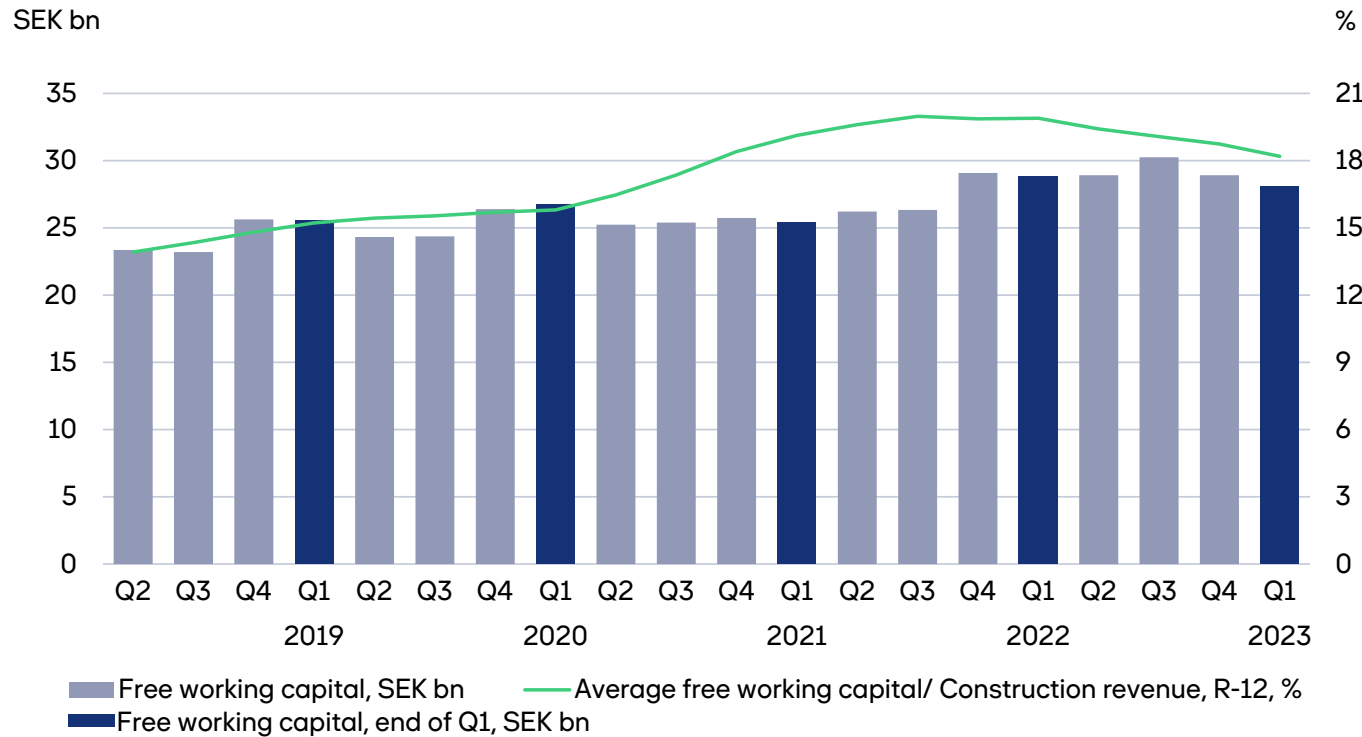


SEK bn	Jan-Mar 2023	Jan-Mar 2022	R12 months	Jan-Dec 2022
Operating cash flow from operations	-2.3	-2.8	-1.8	-2.3
Dividend and net strategic divestment	-0.2	-0.1	-4.5	-4.4
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-6.3</b>	<b>-6.7</b>



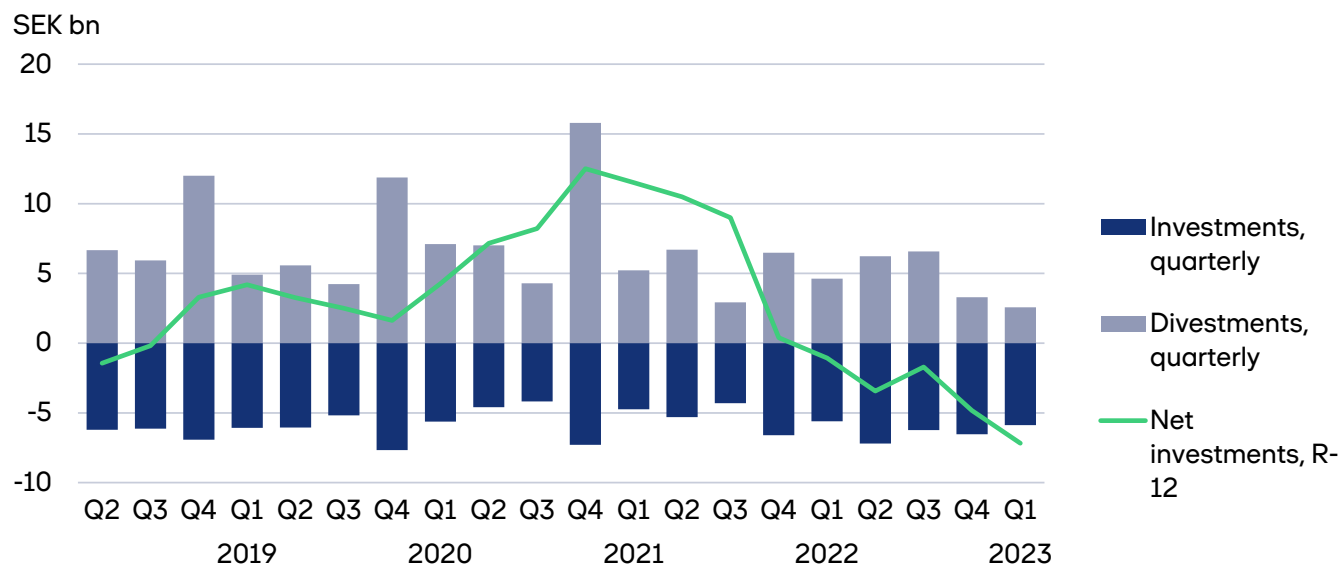
# Construction

## Free working capital

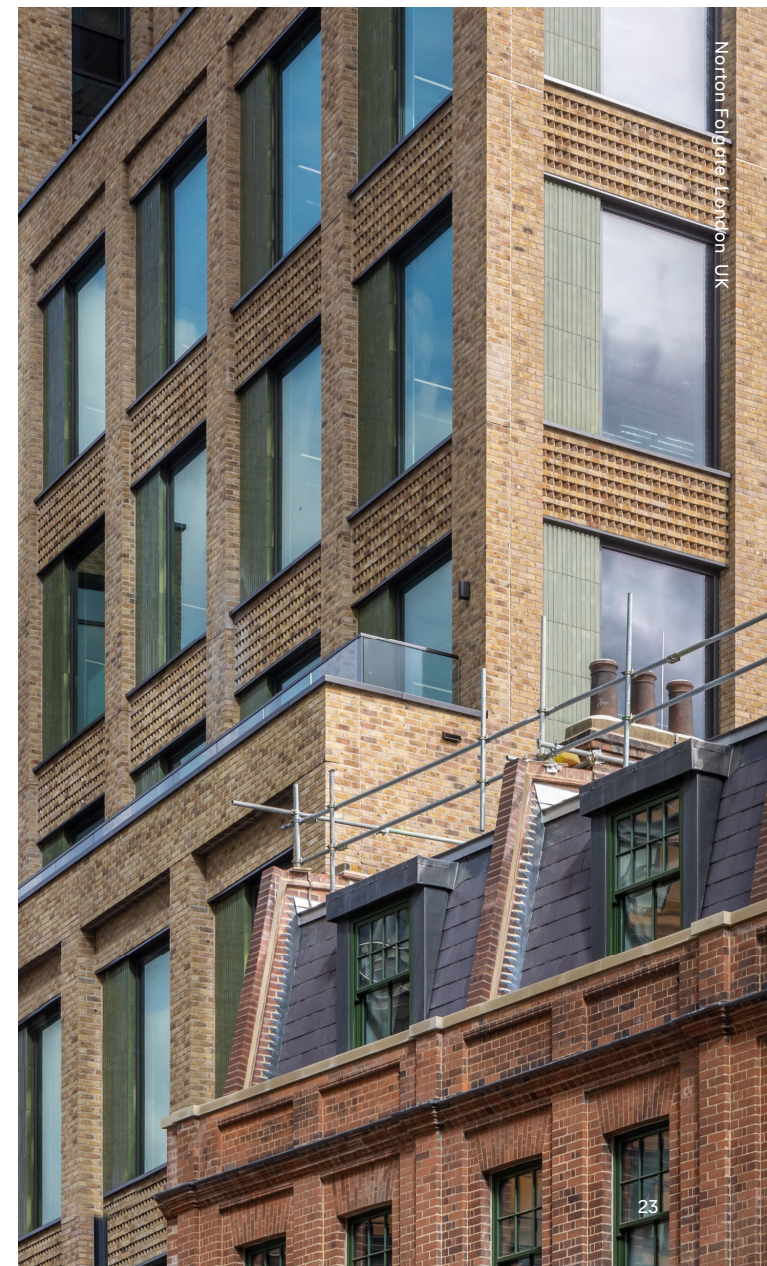


# Group

## Investments, divestments and capital employed



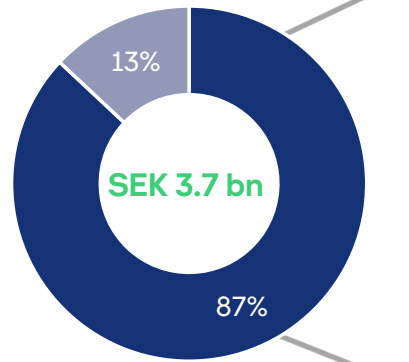
SEK bn	Mar 31, 2023	Mar 31, 2022	31 dec 2022
<b>Capital employed in:</b>			
Residential Development	15.6	15.1	16.3
Commercial Property Development	41.6	34.5	38.5
Investment Properties	3.7	0.7	3.7
<b>Total in in Project Development and Investment Properties</b>	<b>61.0</b>	<b>50.4</b>	<b>58.6</b>



# Group

Available funds: SEK 16.0 bn,  
o/w unutilized credit facilities SEK 6.2 bn

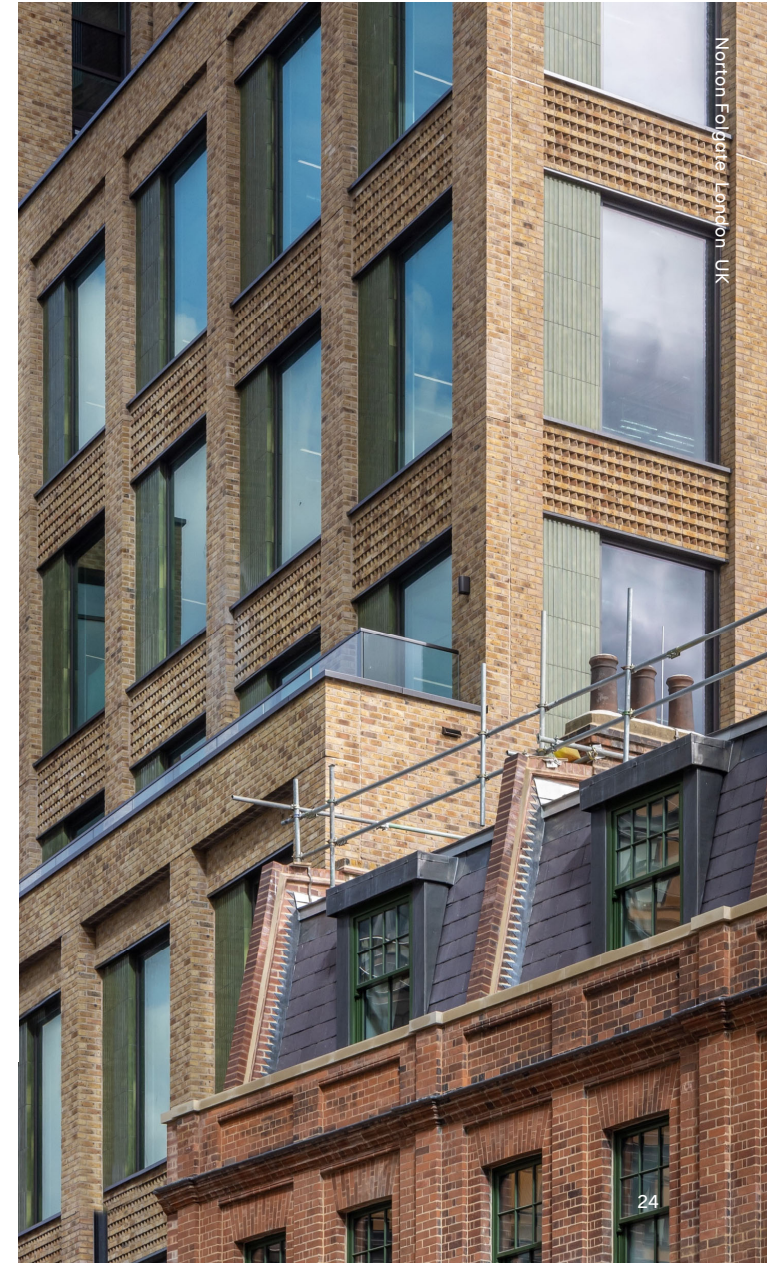
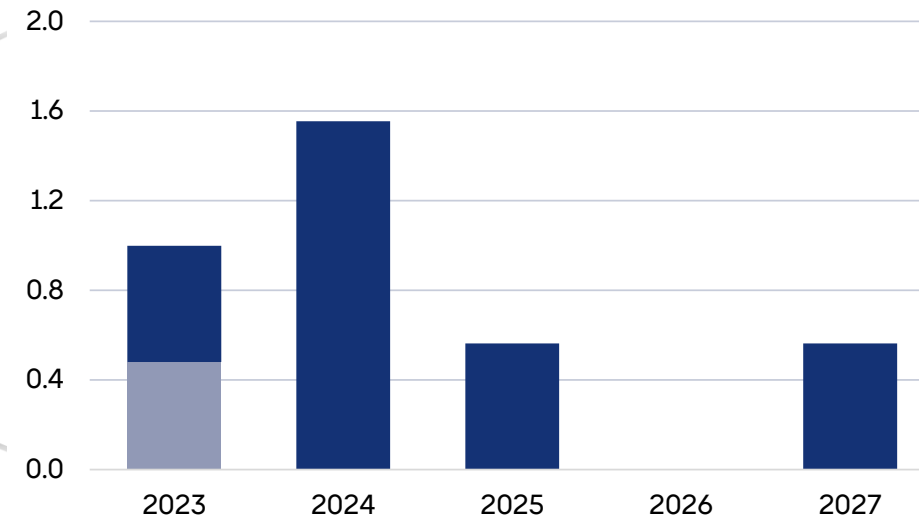
Central funding



- Green bilateral loan
- Green bonds

SEK bn

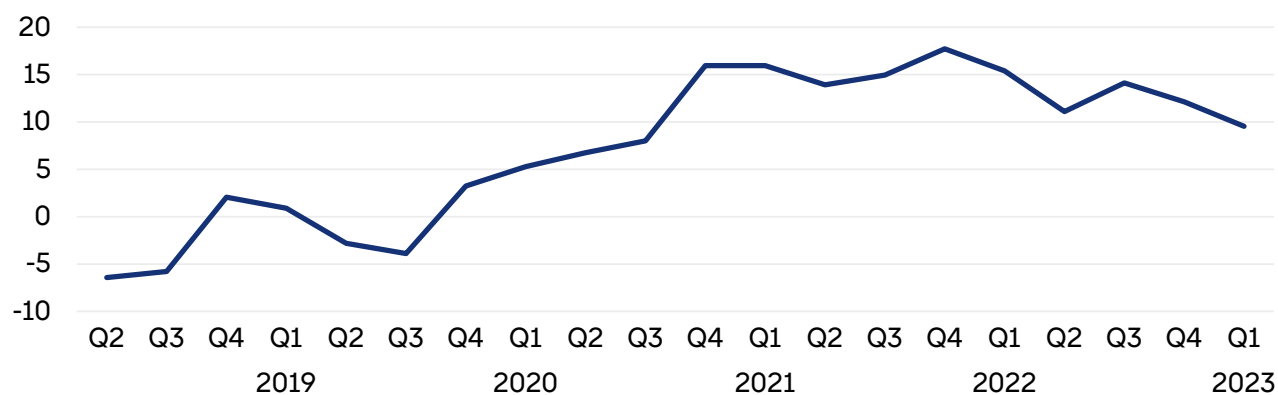
Maturity profile



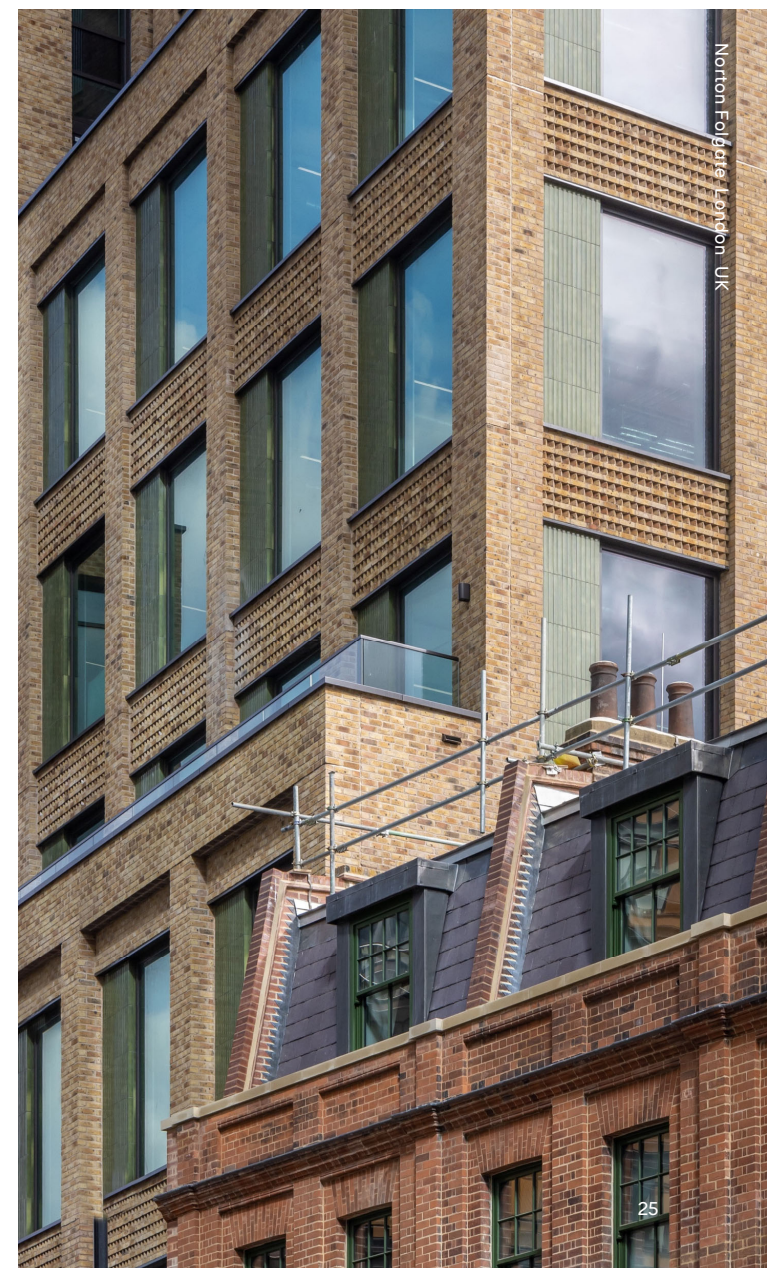


# Group Financial position

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



SEK bn	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Total assets	151.0	140.5	151.6
Equity attributable to equity holders	53.3	43.8	55.3
Interest-bearing net receivables (+)/net debt (-)	8.4	11.1	10.3
Adj. interest-bearing net receivables (+)/net debt (-)	9.5	15.4	12.1
Capital employed, closing balance	70.7	64.8	72.8
Equity/assets ratio, %	35.3	31.2	36.4



# Market outlook



## Construction

- Strong or stable for the USA and Nordics
- Active sectors: civil infrastructure and social infrastructure
- Material availability improved and material prices have leveled out



## Residential Development

- Low activity in the housing market
- Cost-of-living pressure, impact on low-cost segment
- Activity expected to return once uncertainties regarding macro and household economies subsides



## Commercial Property Development

- Hesitant investor market and increased cost of funding
- Leasing market gradually improving



## Investment Properties

- Polarization in occupier and investor market
- Stronger demand for high quality space in buildings with high sustainability standards

Outlook compared to previous quarter   ● Weaker   ● Unchanged   ● Improved



# Group Summary

- Mixed performance in the first quarter
  - Construction – delivering strong results
  - Residential Development – few homes sold and turnaround in BoKlok
  - Commercial Property Development – No transactions recorded
  - Investment Properties – No acquisitions completed
- Robust financial position
- Strategic direction:
  - Deliver strong profitability and grow responsibly in Construction
  - Leading residential developer
  - Grow Commercial Property Development
  - Build up Investment Properties portfolio



