



# Six month report 2016

LaGuardia Airport, New York, U.S.



# Six month report 2016

- Flat revenue in local currency
- Significant increase in operating income SEK 3.6 bn (2.5)
  - Strong performance in Commercial and Residential Development
  - Decreased profitability in Construction
- Continued good ROCE in Project Development 15.9% (15.3)
- Considerable increase in earnings per share SEK 6.89 (4.22)
- Strong order bookings SEK 84.2 bn (58.3)



JW Marriott Hotel, Nashville, U.S.

# LaGuardia Central Terminal Building B New York, U.S.

**Skanska:** USD 70 M equity investment  
USD 2.8 billion construction  
contract

**Term:** 2016–2022 Construction  
2016–2050 Operations

**PPP model:** Airline and retail revenue,  
limited market risk

**Financing:** Debt, equity and milestone  
payments by PANYNJ

**Scope:** New Central Terminal,  
Central Hall, West Parking  
garage, supporting  
infrastructure







## Elizabeth River Tunnels Virginia, U.S.

Skanska: USD 136 M equity investment  
USD 661 M construction

Term: 2012–2018 Construction, first tunnel opened six months ahead of schedule  
2012–2070 Operations

PPP model: Revenue and toll risk

Scope: Construction of a two-lane submerged tunnel, improvements to the existing Midtown Tunnel and an extension of the MLK Freeway



## I-4 Ultimate Express Lanes Florida, U.S.

Skanska: USD 73 M equity investment  
USD 920 M construction

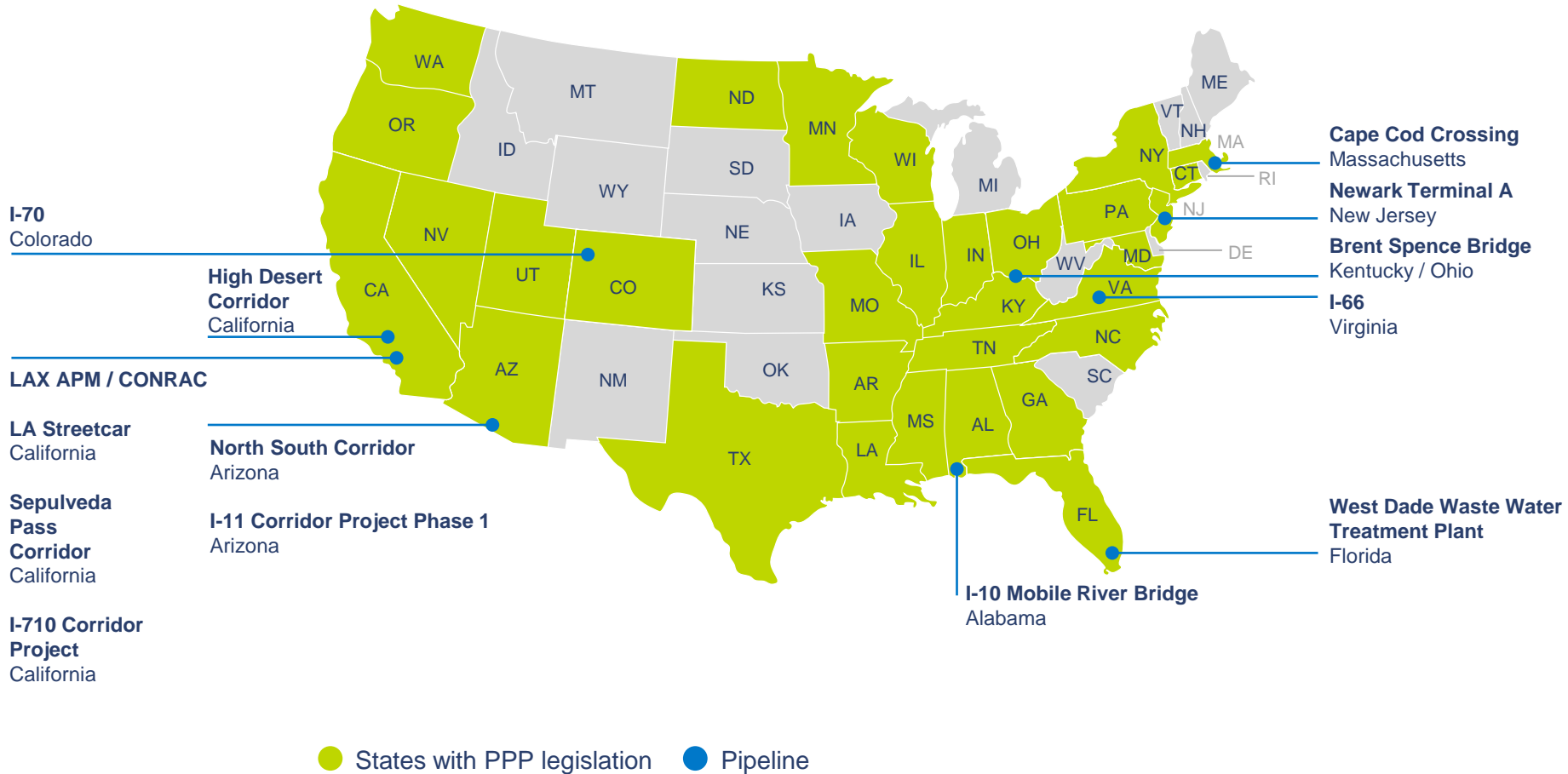
Term: 2015–2021 Construction  
2015–2061 Operations

PPP model: Availability

Scope: 21-miles Express lanes, 140 bridges and 15 major interchanges

# Skanska ID U.S.

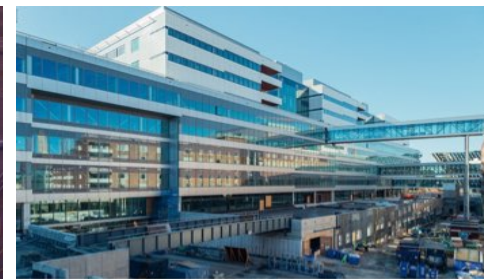
## Potential Skanska Pipeline 2016–2020





# Skanska Infrastructure Development

- Established in 1996
- 103 employees
- Operations in the U.S., UK, CEE and the Nordics
- Experience of 33 projects within transportation, social infrastructure and energy
- Current portfolio 9 projects



# Infrastructure Development

- Operating income SEK 217 M (252)
- Project portfolio's net present value SEK 5.2 bn, SEK 0.4 bn in underlying increase year-to-date
- ROCE 16.3% (26.7)
- Financial close of LaGuardia Airport achieved
- First phases of NKS delivered



Interstate 4, Orlando, Florida, U.S.



# Residential Development

- Revenue SEK 6.1 bn (6.6)
  - 2,181 (2,157) homes sold
  - 2,143 (1,876) homes started
- Operating income SEK 675 M (631)
  - Operating margin 11% (9.5%)
- ROCE 14.3% (10.8)
- Completed unsold homes decreasing
- Amortization regulations reduce speculation



BoKlok Älvdansen, Älvängen Ale, Sweden



# Commercial Property Development

- Operating income SEK 1,812 M (567)
- Divestments of SEK 5.9 bn (2.4)
  - Gain SEK 2.0 bn (0.9)
- ROCE 16.6% (15.5)
- 47 ongoing projects
  - SEK 19.3 bn in investment value
  - 42% pre-leasing rate
  - 44% completion rate
  - 12 projects started
- 395,000 sq m leased R-12



Klipporna, Malmö, Sweden

# Construction

- Revenue SEK 64.2 bn (66.9)
- Order bookings SEK 84.2 bn (58.3)
  - Norway, USA Civil and USA Building strong
  - Book-to-build: 107% R-12
  - No visible impact of Brexit
- Operating income SEK 1,340 M (1,687)
  - USA Civil still challenging
  - Polish market shifting
  - Strong Nordic and USA Building operations

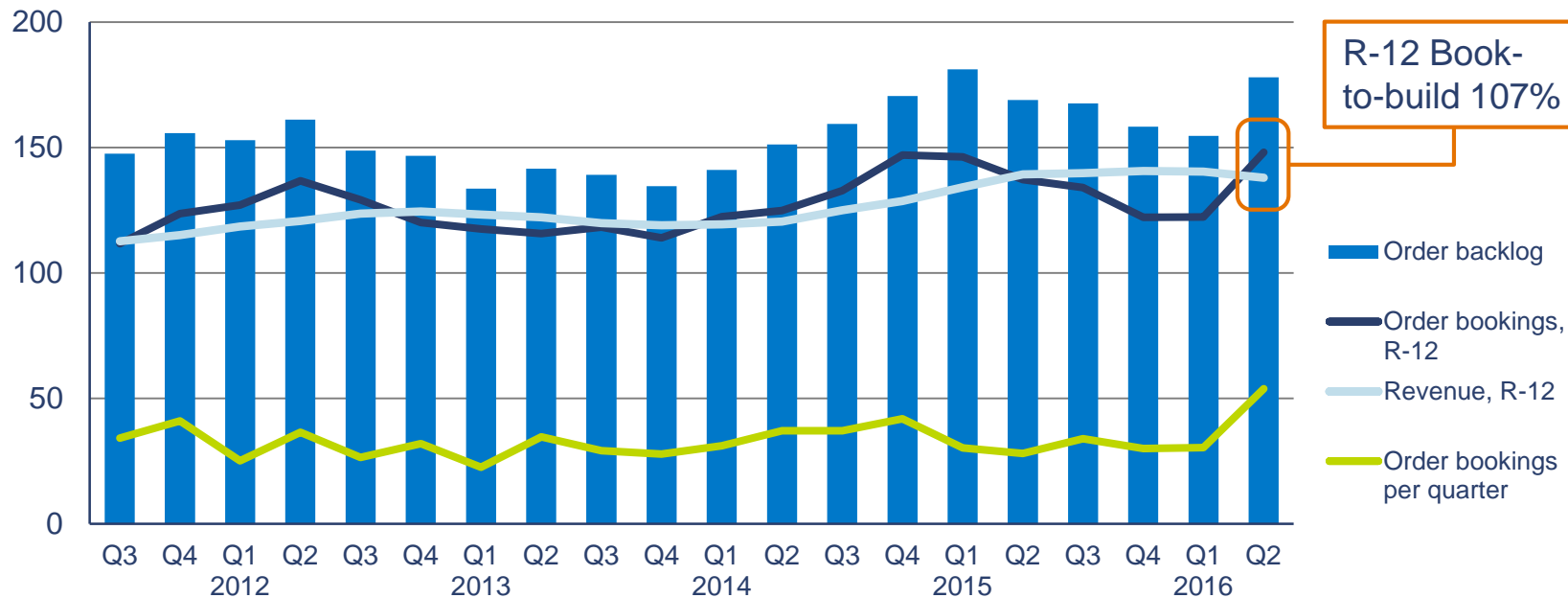


D.C. Water headquarters, Washington, D.C., U.S.



# Construction Order situation

SEK bn



SEK bn	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Revenue	64.2	66.9	140.6
Order bookings	84.2	58.3	122.1
Order backlog	177.9	168.8	158.2

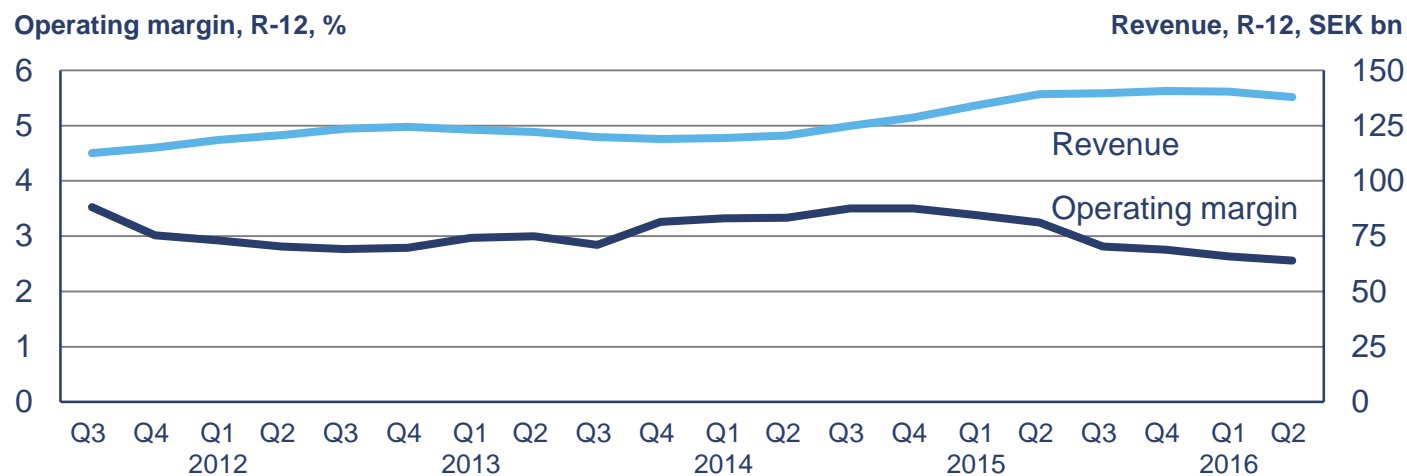
# Construction

## Order bookings

SEK bn	Jan–Jun 2016	Jan–Jun 2015	Book- to-build, R-12, %	Months of production
Sweden	16.2	16.2	105	13
Norway	6.7	5.5	130	13
Finland	2.8	3.2	101	11
Poland	4.5	4.1	106	9
Czech Republic	1.7	3.1	85	11
UK	7.4	13.8	65	15
USA Building	29.6	5.5	131	16
USA Civil	15.1	6.8	107	27
<b>Total</b>	<b>84.2</b>	<b>58.3</b>	<b>107</b>	<b>15</b>



# Construction Income statement



	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
<b>SEK bn</b>			
Revenue	64.2	66.9	140.6
<b>Gross income</b>	<b>4.6</b>	<b>4.8</b>	<b>10.0</b>
Selling and administrative expenses	-3.2	-3.1	-6.2
<b>Operating income</b>	<b>1.3</b>	<b>1.7</b>	<b>3.9</b>
Gross margin, %	7.1	7.1	7.1
Selling and administrative expenses, %	-5.0	-4.6	-4.4
Operating margin, %	2.1	2.5	2.8

# Construction

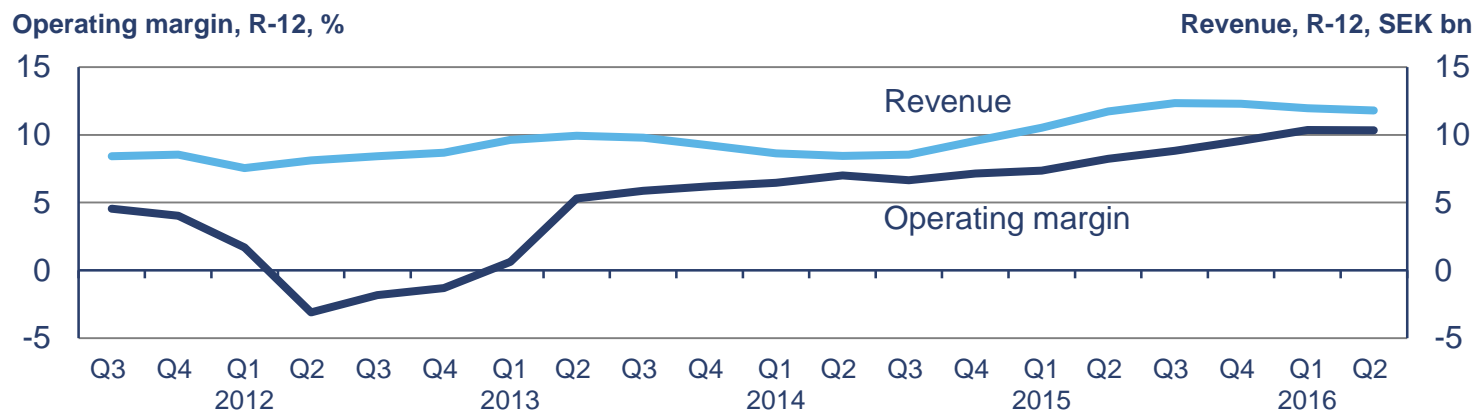
## Income statement

	Operating income, SEK M		Operating margin, %	
	Jan–Jun 2016	Jan–Jun 2015	Jan–Jun 2016	Jan–Jun 2015
Sweden	454	538	3.1	3.7
Norway	177	182	3.1	2.8
Finland	119	95	3.6	3.3
Poland	-90	94	neg	3.0
Czech Republic	-18	17	neg	0.8
UK	198	205	2.0	2.4
USA Building	233	101	1.3	0.5
USA Civil	267	455	3.1	4.4
<b>Total</b>	<b>1,340</b>	<b>1,687</b>	<b>2.1</b>	<b>2.5</b>



# Residential Development

## Income statement, segment reporting



SEK M	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Revenue	6,139	6,642	12,298
<b>Gross income</b>	<b>974</b>	<b>937</b>	<b>1,724</b>
Selling and administrative expenses	-299	-306	-550
<b>Operating income</b>	<b>675</b>	<b>631</b>	<b>1,174</b>
Gross margin, %	15.9	14.1	14.0
Selling and administrative expenses, %	-4.9	-4.6	-4.5
Operating margin, %	11.0	9.5	9.5

# Residential Development

## Income statement

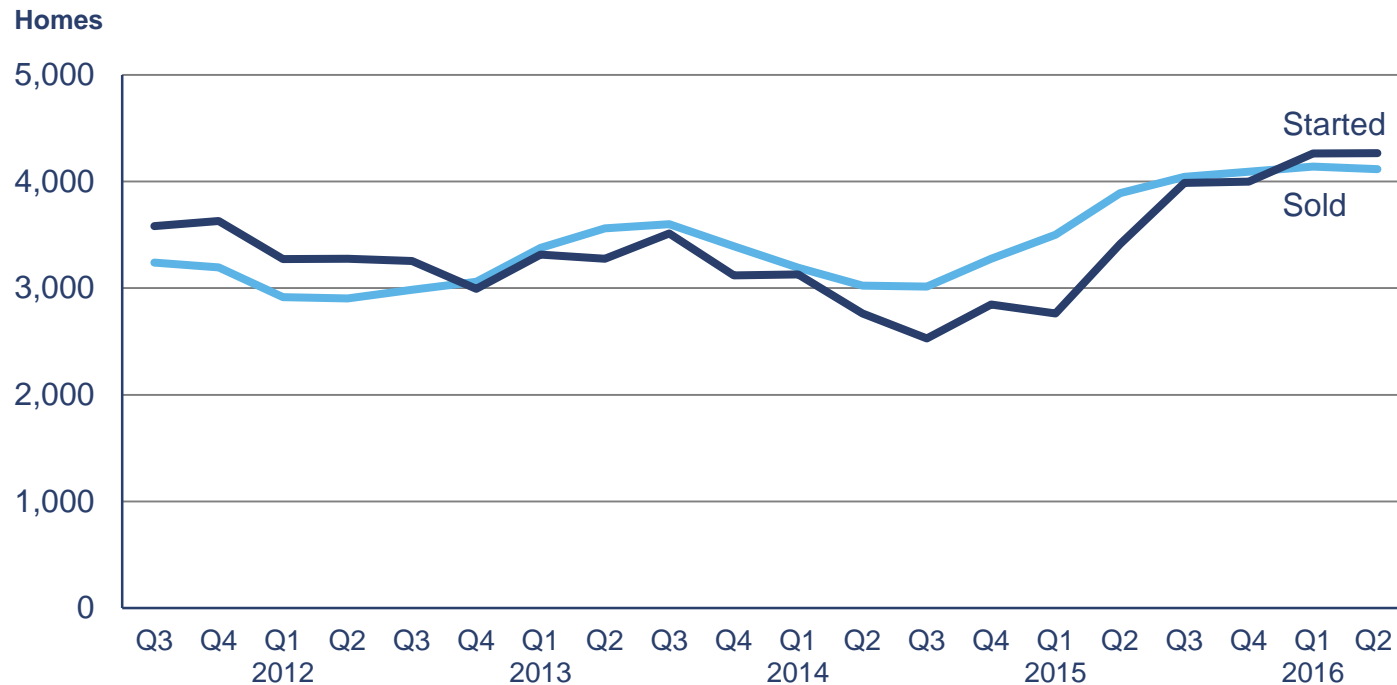
	Operating income, SEK M <sup>1</sup>		Operating margin, % <sup>1</sup>	
	Jan–Jun 2016	Jan–Jun 2015	Jan–Jun 2016	Jan–Jun 2015
Sweden	441	441	13.5	11.0
Norway	124	82	10.1	7.1
Finland	58	70	5.4	6.2
<b>Nordics</b>	<b>623</b>	<b>593</b>	<b>11.2</b>	<b>9.4</b>
Central Europe <sup>2</sup>	52	38	9.3	11.3
<b>Total</b>	<b>675</b>	<b>631</b>	<b>11.0</b>	<b>9.5</b>

1 Development gain only, construction margin reported under Construction

2 Czech Republic, Poland and the UK

# Residential Development

## Homes started and sold, R-12

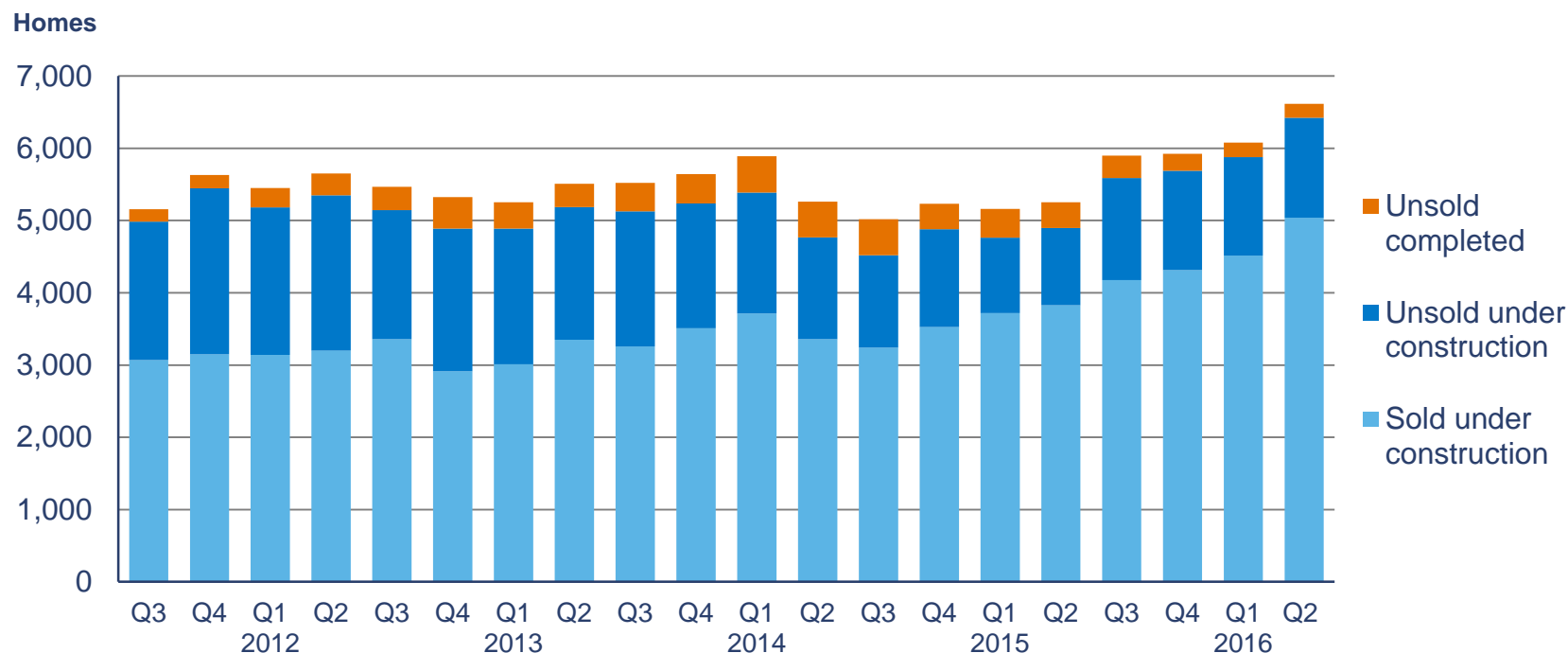


Homes started			Homes sold		
Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
2,143	1,876	4,000	2,181	2,157	4,093



# Residential Development

## Homes in production



Homes in production		Of which sold, %		Unsold completed homes	
Jun 30, 2016	Jun 30, 2015	Jun 30, 2016	Jun 30, 2015	Jun 30, 2016	Jun 30, 2015
6,424	4,896	78	78	190	358

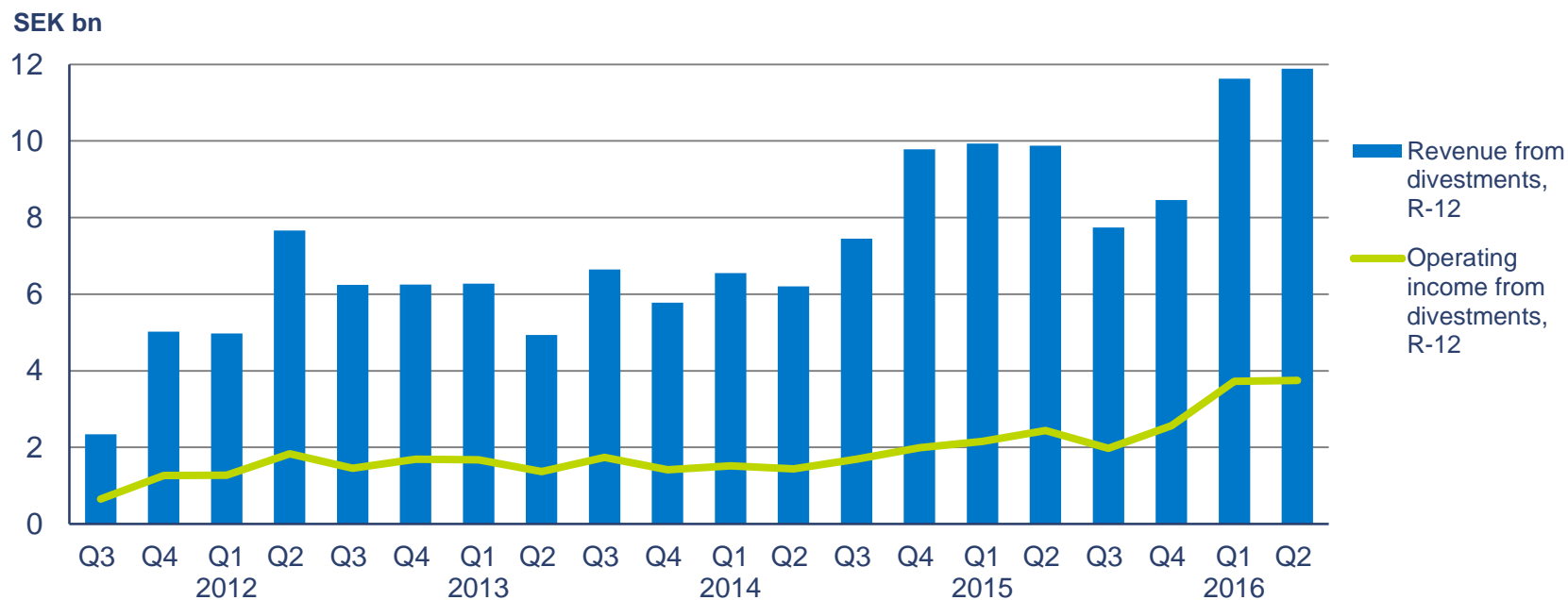
# Commercial Property Development

## Income statement, segment reporting

SEK M	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Revenue	6,214	2,659	9,034
<b>Gross income</b>	<b>2,167</b>	<b>877</b>	<b>2,661</b>
Selling and administrative expenses	-358	-316	-677
Income from joint ventures and associated companies	3	6	-37
<b>Operating income</b>	<b>1,812</b>	<b>567</b>	<b>1,947</b>
of which gain from divestments of properties <sup>1</sup>	2,040	856	2,564
of which write downs/reversal of write downs	–	-50	-56
1 Additional gain included in eliminations	127	48	190

Development gain only, construction margin reported under Construction

# Commercial Property Development Divestments



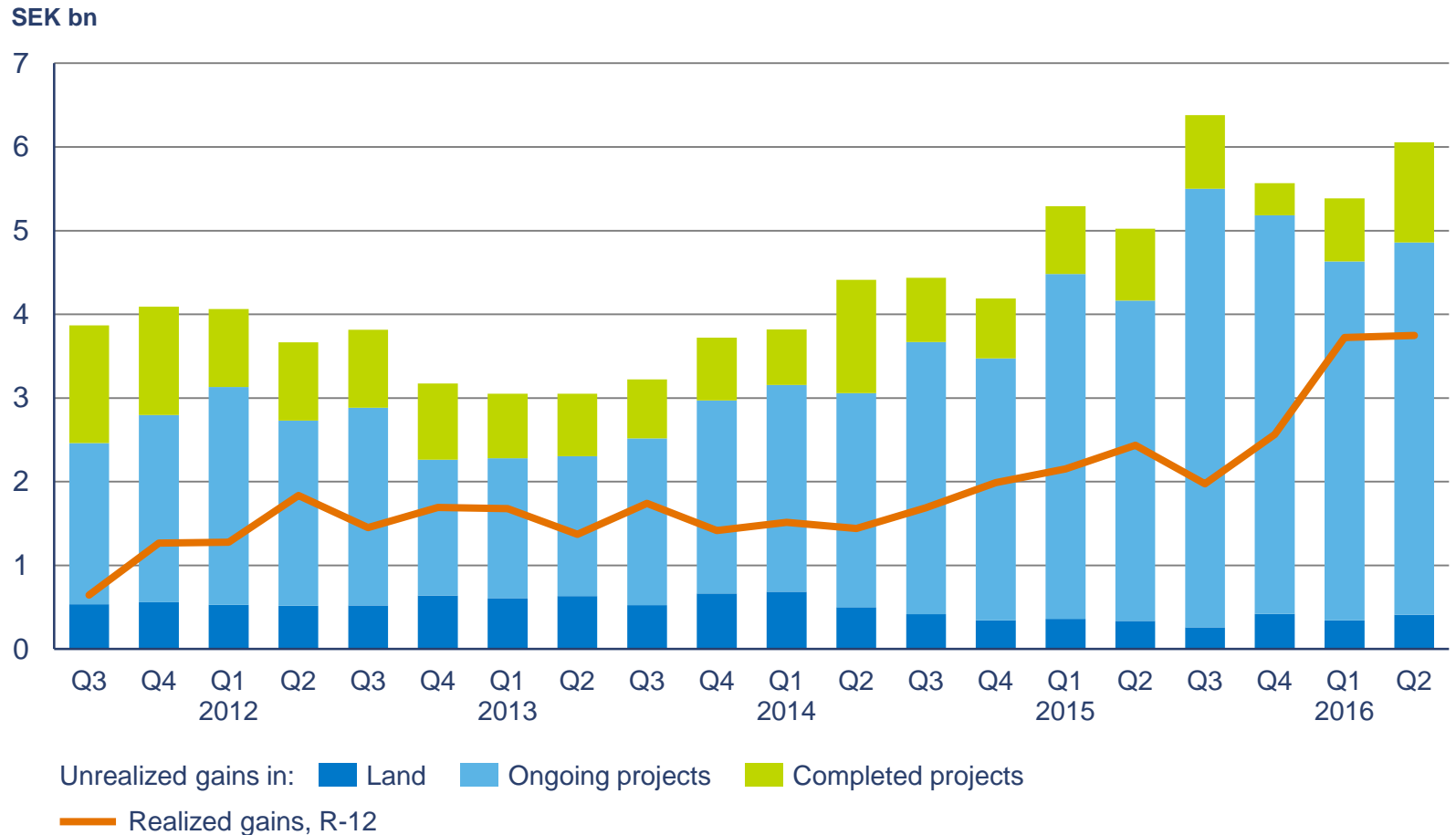
## Sale of commercial properties

SEK M	Sales price	Capital gain
Year-to-date	5,862	2,040

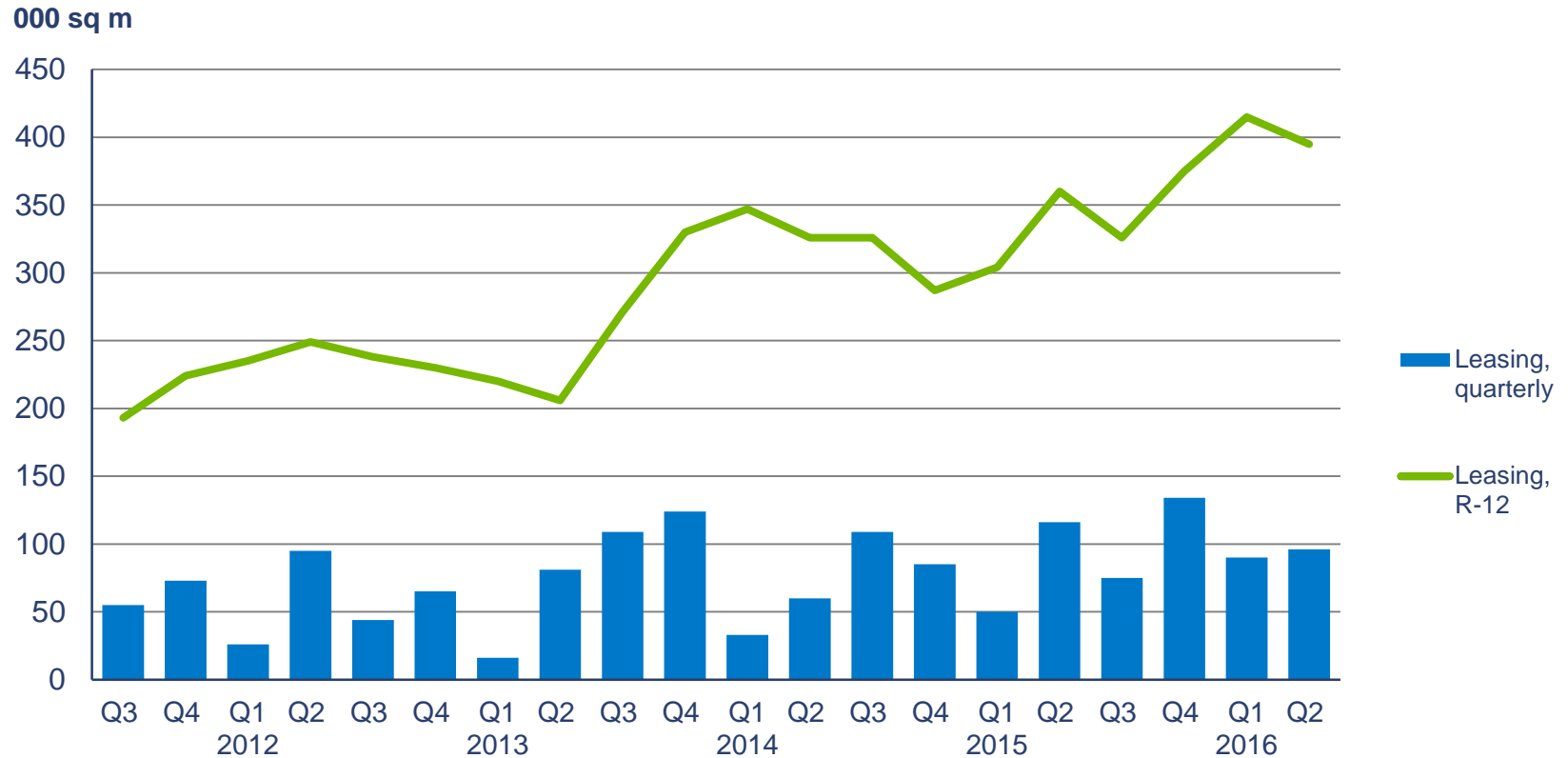


# Commercial Property Development

## Unrealized and realized gains



# Commercial Property Development Leasing



New leases of space were signed for 395,000 sq m, R-12

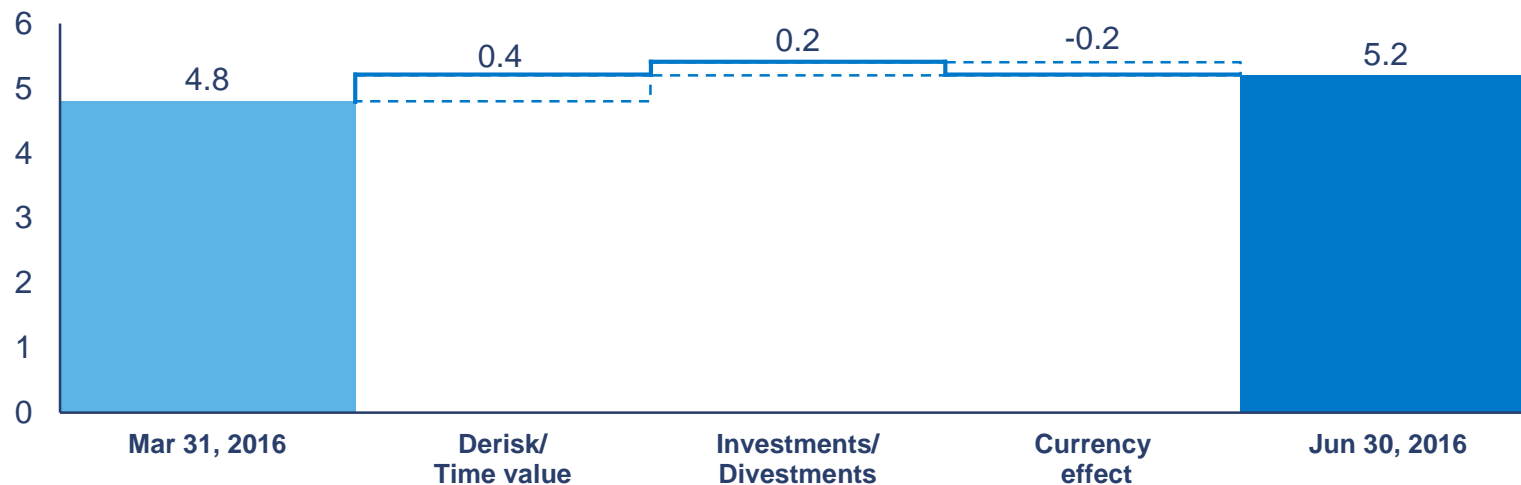
# Infrastructure Development

## Income statement

SEK M	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Revenue	174	54	106
<b>Gross income</b>	<b>84</b>	<b>-60</b>	<b>-128</b>
Selling and administrative expenses	-86	-77	-156
Income from joint ventures	219	389	1,147
<b>Operating income</b>	<b>217</b>	<b>252</b>	<b>863</b>
of which gains from divestments of shares in projects	–	–	420

# Infrastructure Development Project portfolio

Net present value of projects, SEK bn



SEK bn	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Present value of cash flow from projects	6.1	7.2	6.1
<b>Net present value of projects</b>	<b>5.2</b>	<b>5.9</b>	<b>4.8</b>
Carrying amount	-3.3	-3.6	-3.1
<b>Unrealized development gain</b>	<b>1.9</b>	<b>2.3</b>	<b>1.7</b>
Cash flow hedge	2.1	1.7	1.6
<b>Effect in unrealized Equity</b>	<b>4.0</b>	<b>4.0</b>	<b>3.3</b>



# Group

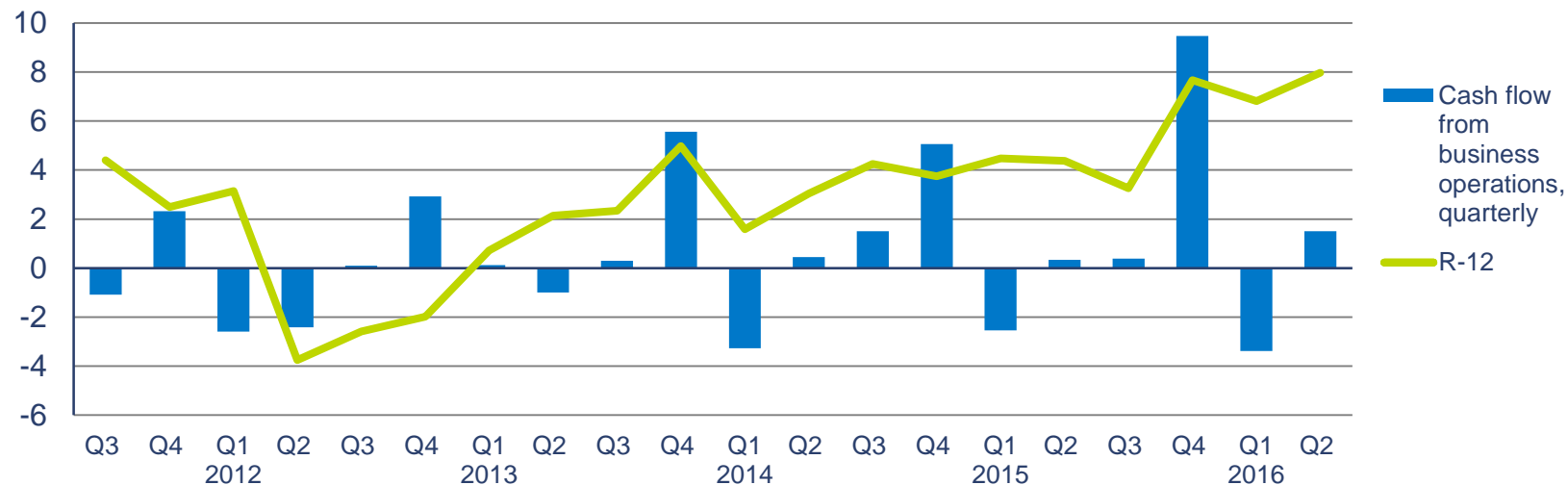
## Income statement

SEK M	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Operating income from business streams	4,044	3,137	7,858
Central <sup>1</sup>	-483	-603	-1,346
Eliminations	72	-34	-51
<b>Operating income</b>	<b>3,633</b>	<b>2,500</b>	<b>6,461</b>
<b>Net financial items</b>	<b>-41</b>	<b>-244</b>	<b>-313</b>
<b>Income after financial items</b>	<b>3,592</b>	<b>2,256</b>	<b>6,148</b>
Taxes	-755	-519	-1,219
<b>Profit for the period</b>	<b>2,837</b>	<b>1,737</b>	<b>4,929</b>
Earnings per share, SEK	6.89	4.22	11.96
Tax rate, %	21	23	20

1 Latin American operations included from 1/1 2013

# Group Cash flow

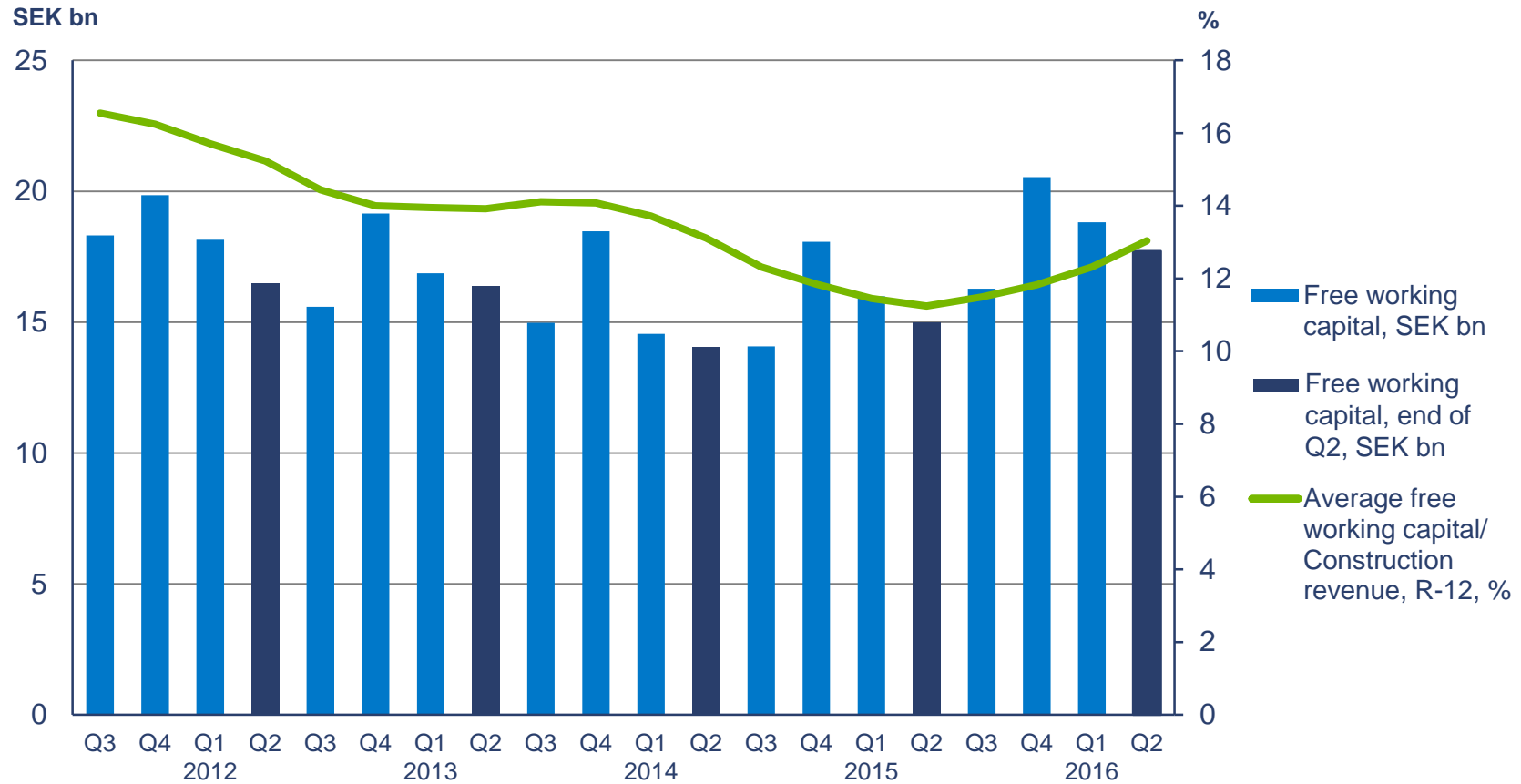
SEK bn



SEK bn	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Cash flow from operations	-1.9	-2.2	7.7
Net strategic investments	0.1	–	0.5
Dividend etc.	-3.6	-3.0	-3.2
Cash flow before change in interest-bearing receivables and liabilities	-5.3	-5.2	4.9

# Construction

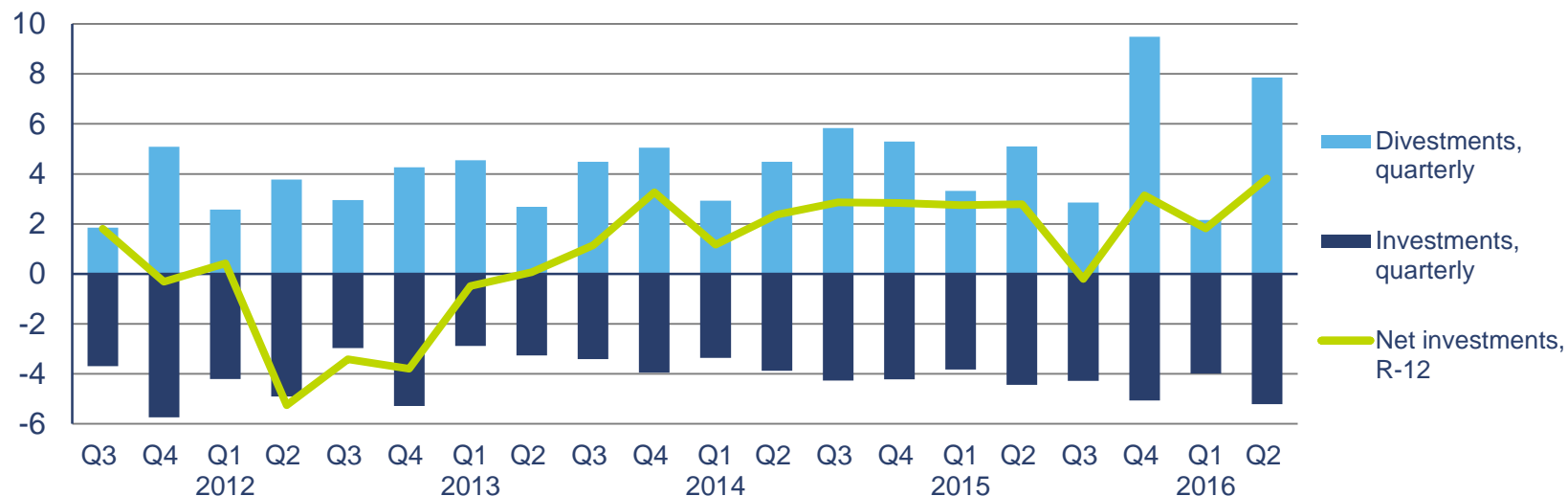
## Free working capital



# Group

## Investments, divestments and capital employed

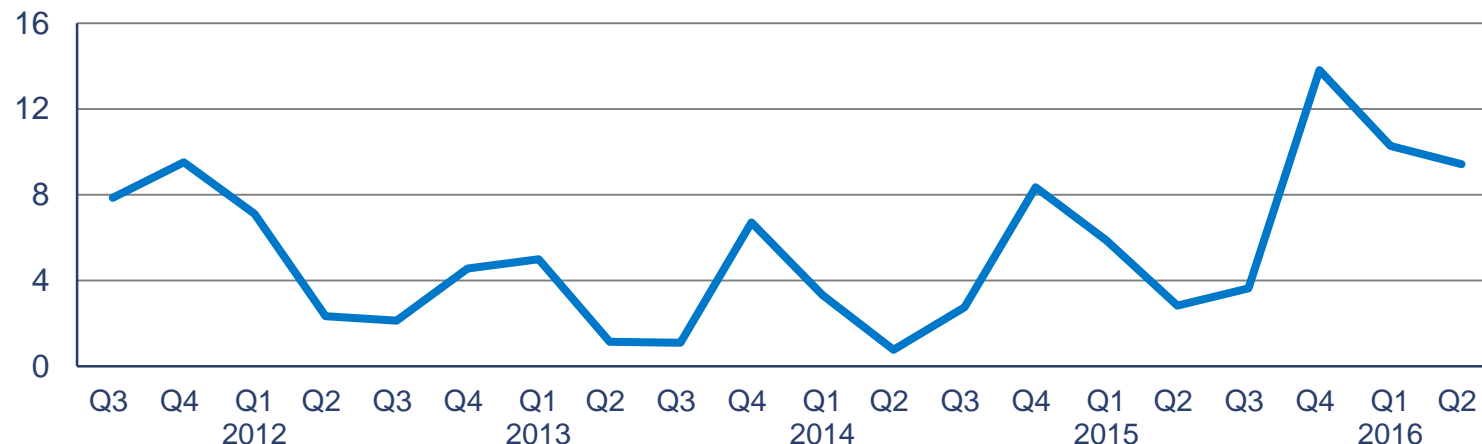
SEK bn



SEK bn	Jun 2016	Jun 2015	Dec 2015
<b>Capital employed in:</b>			
Residential Development	10.2	8.5	9.3
Commercial Property Development	17.1	17.2	16.5
Infrastructure Development	1.4	2.1	1.8
<b>Total in Development Streams</b>	<b>28.8</b>	<b>27.8</b>	<b>27.6</b>

# Group Financial position

Operating net financial assets/liabilities, SEK bn



SEK bn	Jun 30 2016	Jun 30 2015	Dec 31 2015
Total assets	96.6	93.9	97.7
Equity attributable to equity holders	21.9	21.1	24.2
Interest-bearing net receivables (+)/net debt (-)	-0.5	-3.9	6.3
Operating net financial assets/liabilities	9.4	2.8	13.8
Capital employed, closing balance	36.7	36.3	38.4
Equity/assets ratio, %	22.7	22.4	24.8



# Market outlook

## Brexit

- Impact on our UK operations
  - No direct impact, close dialogue with our clients
  - Good visibility of pipeline
  - Non-residential building likely to be impacted
- Potentially continued low interest rates and yields – high quality assets in CD and ID continue to be attractive
- Positive impact on CD in other markets?



# Market outlook

## Construction

Increased uncertainty impacts outlook



### Nordic countries

- Strong building market in Sweden, stable in Norway, mixed in Finland
- Strong civil market with fierce competition in Norway and Sweden, Finland weak



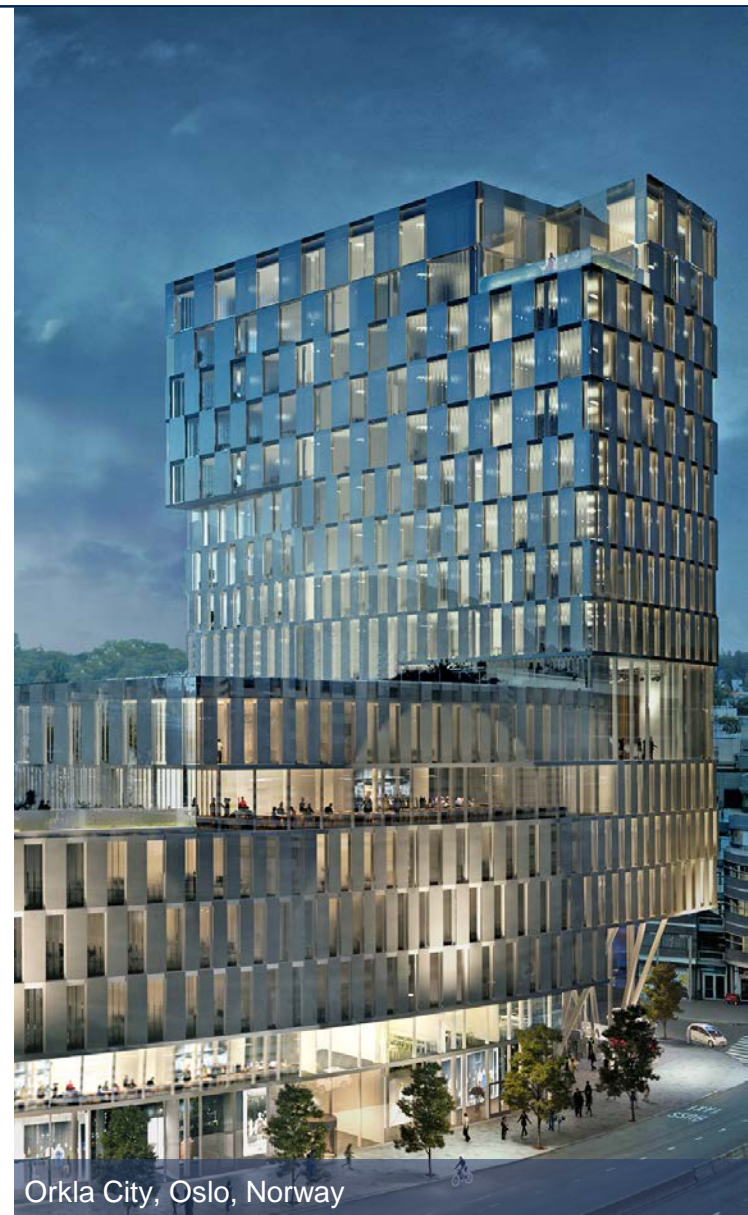
### Other European countries

- UK building market likely to be impacted by Brexit
- Poland civil and building market impacted by delays in EU funded projects



### North America

- The U.S. continues to be a good market, but with fierce competition



Orkla City, Oslo, Norway

# Market outlook

## Residential Development

### General

- Challenge to acquire land in all home markets except for Finland



### Nordic countries

- Sweden very strong. A more balanced market with amortization regulations
- Norway mixed, Oslo and Bergen good
- Finland stable



### Central Europe

- Volumes and prices continue to increase



BoKlok Lingonriset, Huddinge, Sweden



# Market outlook

## Commercial Property Development

### General

- Tenants and investors: Strong demand, vacancy rates low
- Brexit potentially positive impact



### Nordic countries

- High interest from investors and low vacancy rates in Sweden especially



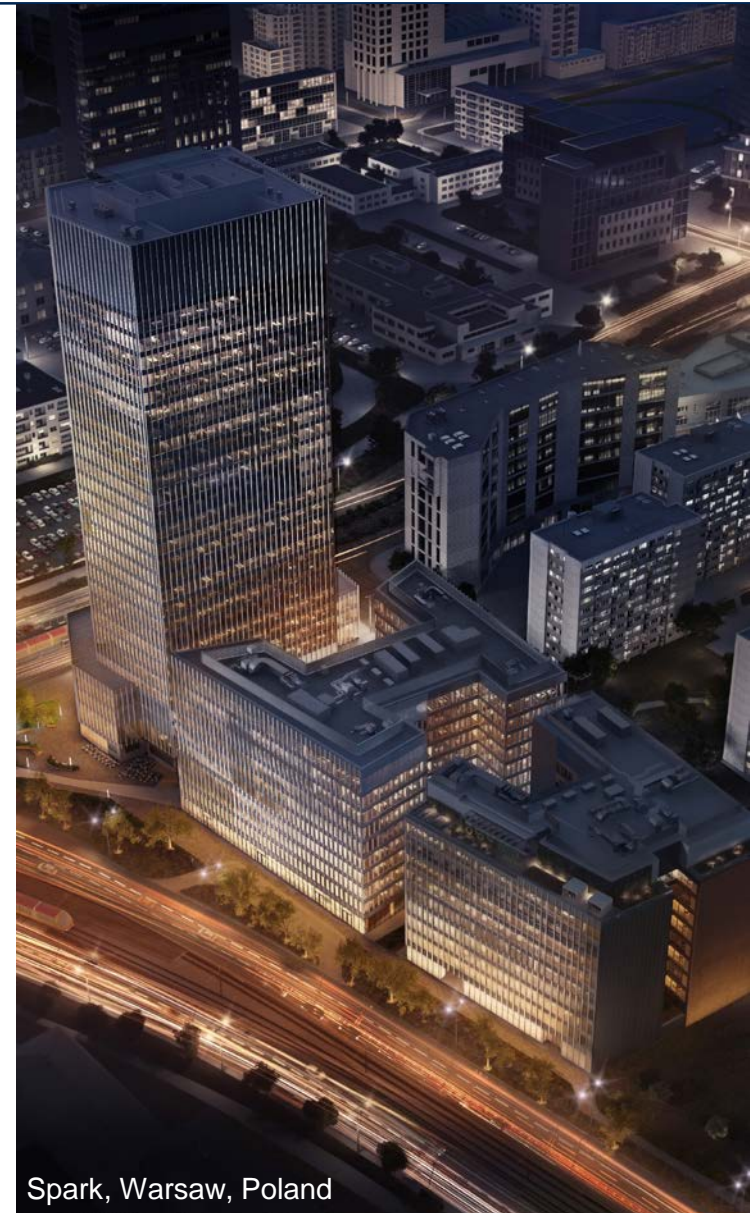
### Central Europe

- High demand in Poland and improving in other parts of Central Europe



### North America

- Strong investor appetite and good tenant demand



Spark, Warsaw, Poland

# Market outlook

## Infrastructure Development



### All countries

- Strong market for PPPs in the U.S., but competition is considerable
- Norwegian market improving
- Thin pipeline in the other markets



New Karolinska Solna, Stockholm, Sweden



