



SKANSKA

Q4 2016

Press release, February 3, 2017, 7:30 a.m. CET

We build for a better society.
M25, London, UK

Year-end report, January–December 2016

Highlights

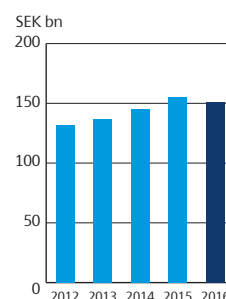
- Revenue amounted to SEK 151.3 billion (154.9); adjusted for currency effects, revenue decreased 1 percent.
- Operating income amounted to SEK 8.2 billion (6.5); adjusted for currency effects, operating income increased by 27 percent. Impairments in Project Development amounted to about SEK 500 M. The comparable period includes writedowns in the Construction stream amounting to SEK 750 M.
- Earnings per share increased by 33 percent to SEK 15.89 (11.96).
- The Board of Directors proposes a dividend of SEK 8.25 (7.50) per share.
- Operating cash flow from operations amounted to SEK –1.2 billion (7.7).
- Operating net financial assets totaled SEK 10.6 billion (Sep. 30, 2016: 9.2).
- Order bookings in Construction amounted to SEK 170.2 billion (122.1); adjusted for currency effects, order bookings increased by 40 percent. The order backlog amounted to SEK 196.3 billion (Sep. 30, 2016: 191.6).
- Operating income in Construction amounted to SEK 3.5 billion (3.9), corresponding to an operating margin of 2.6 percent (2.8); adjusted for currency effects, operating income decreased by 7 percent.
- Operating income in Project Development amounted to SEK 5.8 billion (4.0); adjusted for currency effects, operating income increased by 44 percent.
- Return on capital employed in Project Development was 18.4 percent (14.9).
- Net divestments in Project Development amounted to SEK 0.8 billion (3.9).

Performance analysis

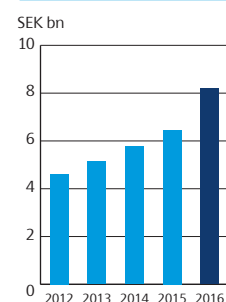
Tables referring to segment reporting are in shaded background, for more information see page 15. For definitions of non-IFRS financial measures see page 16-18.

SEK M	Jan-Dec 2016	Jan-Dec 2015	Change, %	Oct-Dec 2016	Oct-Dec 2015	Change, %
Revenue						
Construction	138,001	140,648	-2	38,827	37,979	2
Residential Development	13,264	12,298	8	4,529	3,197	42
Commercial Property Development	10,226	9,034	13	2,673	5,405	-51
Infrastructure Development	237	106	124	35	29	21
Central and eliminations	-10,421	-7,151	46	-3,827	-3,363	14
Skanska Group	151,307	154,935	-2	42,237	43,247	-2
Operating income						
Construction	3,546	3,874	-8	1,264	1,398	-10
Residential Development	1,605	1,174	37	680	326	109
Commercial Property Development	2,336	1,947	20	322	1,271	-75
Infrastructure Development	1,818	863	111	1,475	458	222
Central	-1,140	-1,346	-15	-431	-391	10
Eliminations	34	-51	-	-10	-2	400
Operating income	8,199	6,461	27	3,300	3,060	8
Net financial items	-118	-313	-62	-60	58	-
Income after financial items	8,081	6,148	31	3,240	3,118	4
Taxes	-1,555	-1,219	28	-537	-584	-8
Profit for the period	6,526	4,929	32	2,703	2,534	7
Earnings for the period per share, SEK	15.89	11.96	33	6.59	6.15	7
Earnings for the period per share according to IFRSs, SEK	13.96	11.63	20	5.65	6.27	-10
Operating cash flow from operations	-1,154	7,660	-	1,328	9,467	-86
Interest-bearing net receivables(+)/net debt(-)	1,219	6,317	-81	1,219	6,317	-81
Return on capital employed in Project Development, %	18.4	14.9				
Operating net financial assets(+)/liabilities(-)	10,595	13,818	-23			
Return on equity, %	28.3	22.5				

Revenue



Operating income

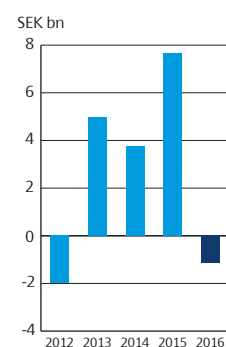


Operating income per segment, Dec 31, 2016



- Construction, 38%
- Residential Development, 17%
- Commercial Property Development, 25%
- Infrastructure Development, 20%

Operating cash flow from operations



Comments from Skanska's President and CEO Johan Karlström:



Throughout 2016 we delivered a very strong earnings growth and increased investments in our Project Development business while maintaining a solid financial position. We clearly met the return targets in Project Development and for the Group but did not reach the operating margin target in Construction. Based on these results the Board is proposing to

increase the dividend to SEK 8.25 per share.

In our Construction stream the performance in 2016 was strong in our largest units by revenue, Sweden and USA Building. In Poland, the performance was weak due to a rapidly declining market; leading to a rightsizing of the organization in the third quarter, as well as a reduced operating margin in certain projects during the year. In USA Civil the performance was negatively impacted by lower revenue, increased S&A costs and extended negotiations with clients regarding design changes. We see great potential to over time improve the operating margin in the Construction stream by continuing to focus on improving the performance in units not delivering at their fullest potential.

Order bookings were very strong during 2016, especially in the U.S., as well as in Sweden and the UK. Our order backlog reached an all-time high by the end of the year, SEK 196.3 billion. This is the result of a structured bidding process in favorable but competitive market conditions.

Our Residential Development stream continued to improve its performance during the year, reaching an all-time high in operating income and clearly overshooting its return targets.

Our strong performance is a combination of favorable market conditions and improved operational efficiency. I would like to highlight BoKlok, the affordable homes business, which due to its high operational efficiency, is able to combine an affordable offer to our customers with great returns.

In our Commercial Property Development stream the divestment gains of SEK 3.1 billion in 2016 surpassed the all-time high level achieved during 2015. By the end of 2016, all three geographies, the U.S., Nordics and Central Europe, contributed to this success. Given the good market conditions and our momentum in leasing activity the pipeline for start-up of new projects in 2017 looks promising.

In the Infrastructure Development stream we ended the year with the realization of the value created in one of the investments in our PPP-portfolio – the M25 motorway in London. This is a perfect example of the great operational synergies within Skanska. The initial investment did not only generate a very large and profitable construction contract, but also a very attractive development gain. And we have more to come, as communicated earlier we plan to divest the A1 motorway project in Poland during 2017. We have the ambition to continue to invest in PPP-projects and we continue to bid on new projects, especially in the U.S. where we currently see the biggest potential.

In 2016 our earnings grew significantly and we have a strong financial position, but we cannot be fully satisfied. In our Construction stream we still have a few units that can perform much better and it is a top priority to make sure that this materializes. Overall we have good and improving market conditions that supports the business, and with our strong performance and increased activity in our Project Development streams, we look forward to the years ahead of us.



M25 Motorway, one of the UK's largest ever public-private partnerships, is one of the world's largest orbital motorways and carries 15 percent of the UK's motorway traffic, or 200,000 vehicles a day. This project demonstrates the synergies within Skanska, both financially and operationally. It involved both Skanska's Infrastructure Development stream and Construction stream. The free working capital in Construction combined with the profits generated by the Group enables the financing of investments in development projects such as M25 and the investment generated both a profitable construction contract and a solid development gain.

Market outlook, next 12 months

Slightly improving market conditions during the quarter.

- Weaker outlook compared to previous quarter. ● Unchanged outlook compared to previous quarter. ● Improved outlook compared to previous quarter.
- ⬆️ Very strong market coming 12m ⬇️ Strong market coming 12m ➡️ Stable market coming 12m ⬇️ Weak market coming 12m ⬇️ Very weak market coming 12m

Construction

The overall construction market outlook continues to be positive.

The non-residential and civil markets in Sweden are very strong, although the landscape is competitive. The residential building market continues to be strong. In Norway, the outlook for the civil market remains positive, but with significant and increasing competition in new bids. The non-residential market also benefits from increased public investments, while the residential building market is stable with the exception of certain regions that are dependent on the energy sector. The overall market situation in Finland remains relatively weak, but the non-residential building market is improving.

The civil market remains strong in the UK, whilst the uncertainty in the non-residential building market post Brexit continues. The civil market in Poland and Czech Republic are still impacted by delays in the allocation of designated EU funds.

In the U.S. the market is strong and the new U.S. President is over time expected to increase investments into infrastructure even further. The market for large and complex civil construction projects remains good, although competition is intense. The building construction market is strong in the aviation, education, data center, life science and healthcare sectors.

	Building, non-residential	Building, residential	Civil
⬇️ Nordic countries			
Sweden	➡️	⬇️	➡️
Norway	➡️	⬇️	⬇️
Finland	➡️	⬇️	⬇️
➡️ Other European countries			
Poland	➡️	⬇️	⬇️
Czech Republic ¹	➡️	⬇️	➡️
United Kingdom	➡️	-	⬇️
⬇️ North America			
USA	⬇️	-	⬇️

¹ Including Slovakia.

Residential Development

The Swedish residential market is still strong and the new amortization requirements have led to a more balanced market. The Norwegian market is stable but is being negatively affected by low oil prices in certain regions that are dependent on the energy sector. There are signs of improvement in the Finnish market.

In Central Europe the market is solid, with high transaction volumes and stability in sales prices.

Common to all home markets, except for Finland, is the challenge to acquire and develop land due to increasing prices and long permitting processes.

⬇️ Nordic countries	
Sweden	➡️
Norway	➡️
Finland	➡️
⬇️ Central Europe	



The View, Nacka Strand, Sweden.

Commercial Property Development

Vacancy rates for office space in most of the Nordic and Central European cities where Skanska has operations are stable. Vacancy rates are low in Sweden in particular. Demand for office space is strong in Poland and continues to improve in other parts of Central Europe. In the U.S., demand from tenants continues to improve in Washington D.C. and remains strong in Boston and Seattle, while demand in Houston is weaker due to low oil prices.

Modern properties with high quality tenants are in demand from property investors, resulting in attractive valuations for these properties. Investor appetite remains strong in the Nordics, especially Sweden, the U.S. and Central Europe. In Poland the foreign investor appetite is still strong but has softened somewhat due to the political turbulence.

In all home markets, except for Finland, there is a challenge to acquire and develop land due to increasing prices and long permitting processes.

⬇️ Nordic countries	
Sweden	➡️
Norway	➡️
Finland	⬇️
Denmark	⬇️
⬇️ Central Europe	
Poland	⬇️
Czech Republic	⬇️
Hungary	⬇️
Romania	➡️
⬇️ North America	
USA	⬇️



Atrium 2, Warsaw, Poland.

Infrastructure Development

The public-private partnership (PPP) market in the U.S. is strong, albeit with considerable competition. In the other markets the pipeline is thin, with the Norwegian market showing signs of improvement.

➡️ All countries	
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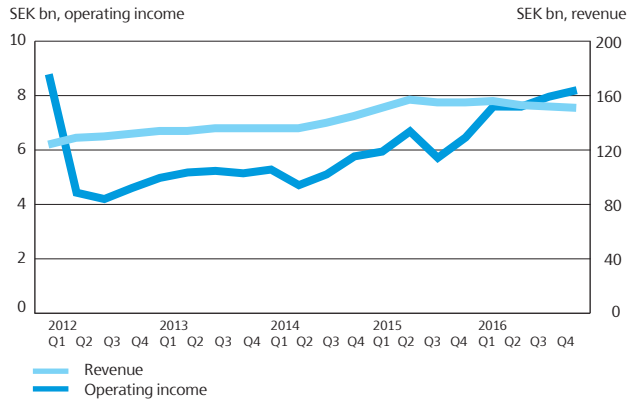


A1 Motorway, Poland.

Performance analysis

Group

Revenue and operating income, rolling 12 months



The operating income in the first quarter of 2012 includes a profit of SEK 4.5 billion from the sale of Autopista Central in Chile.

Revenue and earnings

SEK M	Jan-Dec 2016	Jan-Dec 2015	Change, %	Oct-Dec 2016	Oct-Dec 2015	Change, %
Revenue	151,307	154,935	-2	42,237	43,247	-2
Operating income ^{1,2}	8,199	6,461	27	3,300	3,060	8
Net financial items	-118	-313		-60	58	
Income after financial items	8,081	6,148	31	3,240	3,118	4
Taxes	-1,555	-1,219		-537	-584	
Profit for the period	6,526	4,929	32	2,703	2,534	7
Earnings for the period per share, SEK ³	15.89	11.96	33	6.59	6.15	7
Earnings for the period per share according to IFRSs, SEK ³	13.96	11.63	20	5.65	6.27	-10

1 Central, SEK -1,140 M (-1,346).

2 Eliminations, SEK 34 M (-51).

3 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

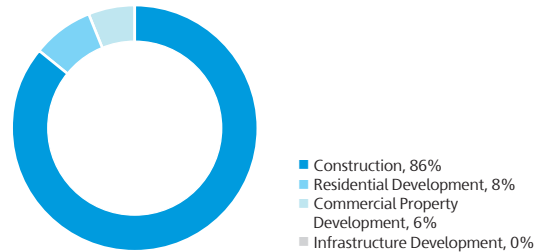
Changes and currency rate effects

	Jan-Dec 2016 / Jan-Dec 2015		
	Change in SEK	Change in local currency	Currency effect
Revenue	-2%	-1%	-1%
Operating income	27%	27%	0%

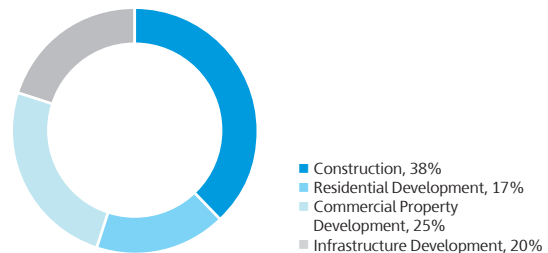
Revenue decreased by 2 percent and amounted to SEK 151.3 billion (154.9); adjusted for currency effects, revenue decreased by 1 percent.

Operating income increased by 27 percent and amounted to SEK 8.2 billion (6.5); there were no currency effects during the period. The increase is mainly attributable to Project Development.

Revenue per segment, January–December 2016



Operating income per segment, January–December 2016



In the fourth quarter the divestment of the investment in the M25 motorway project in the UK contributed positively, while impairments in the Commercial Property and Infrastructure Development streams amounting to about SEK 500 M contributed negatively. The comparable period includes writedowns in the U.S. Construction operations amounting to SEK 750 M.

Central expenses totaled SEK -1,140 M (-1,346). As of January 1, 2013, the Latin American operation is included in Central. In the comparable period costs amounting to SEK 0.3 billion incurred in connection with closing down the Latin American operations. Skanska has no ongoing projects in Latin America. The elimination of gains in Intra-Group projects amounted to SEK 34 M (-51).

Net financial items amounted to SEK -118 M (-313). Lower interest costs and the absence of negative currency effects are the main reasons for the decrease. Non-recurring costs impacted the first quarter of 2016 by SEK -24 M, stemming from negative change in market value on interest rate swaps and in the comparable period by SEK -80 M, relating to a currency hedge closed prior to maturity.

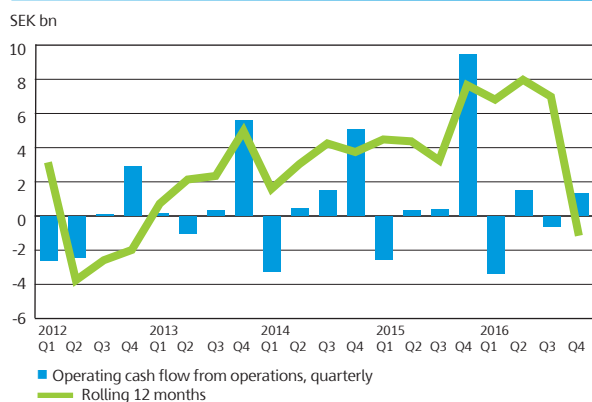
For a specification of net financial items according to IFRS, see page 20.

Taxes for the period amounted to SEK -1,555 M (-1,219), corresponding to an effective tax rate of about 19 (20) percent.

Cash flow

Group

Operating cash flow from operations



Operating cash flow

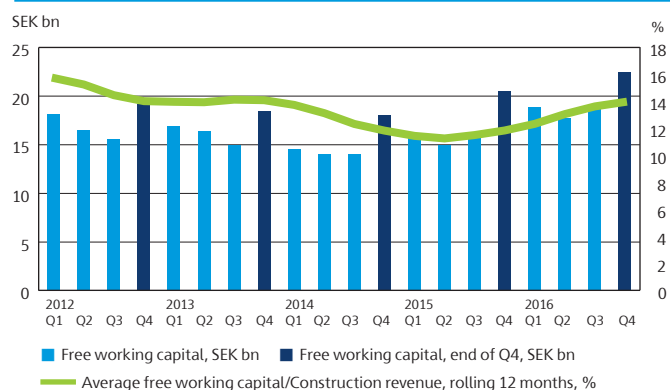
SEK M	Jan-Dec 2016	Jan-Dec 2015	Change, %	Oct-Dec 2016	Oct-Dec 2015	Change, %
Cash flow from business operations	2,302	3,077	-25	466	939	-50
Change in working capital	-1,328	3,312	-	627	4,312	-85
Net divestments(+)/investments(-)	-719	2,685	-	636	4,338	-85
Cash flow adjustment	-96	-68	41	-65	-21	210
Cash flow from business operations before taxes paid	159	9,006	-98	1,664	9,568	-83
Taxes paid in business operations	-1,237	-966	28	-258	-132	95
Cash flow from financing operations	-76	-380	-80	-78	31	-
Operating cash flow from operations	-1,154	7,660	-	1,328	9,467	-86
Net strategic divestments(+)/investments(-)	862	456	89	524	88	495
Dividend etc	-3,874	-3,226	20	-135	-102	32
Cash flow before change in interest-bearing receivables and liabilities	-4,166	4,890	-	1,717	9,453	-82
Change in interest-bearing receivables and liabilities	-2,400	-2,235	7	-852	-337	153
Cash flow for the period	-6,566	2,655	-	865	9,116	-91

Operating cash flow from operations amounted to SEK -1,154 M (7,660). Net investments totaled SEK -719 M (2,685). Change in working capital impacted cash flow negatively in the amount of SEK -1,328 M (3,312), and is a result of the divestment of the investment in the M25 motorway project, where the payment of SEK 3.1 billion will be received in the first quarter of 2017. This together with the change in net investments is the main reason for the lower operating cash flow from operations compared to the same period 2015.

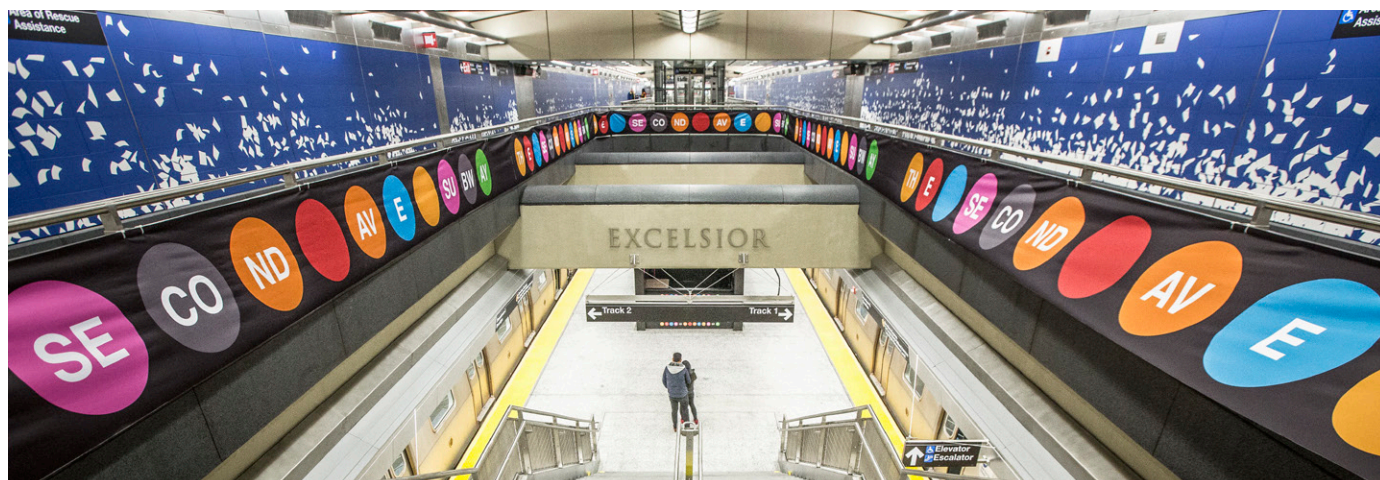
Taxes paid in business operations amounted to SEK -1,237 M (-966).

Commercial Property and Infrastructure Development assets sold but not yet transferred will have a positive effect on cash flow of about SEK 5.9 billion in 2017, of which SEK 4.3 billion in the first quarter of 2017.

Free working capital in Construction



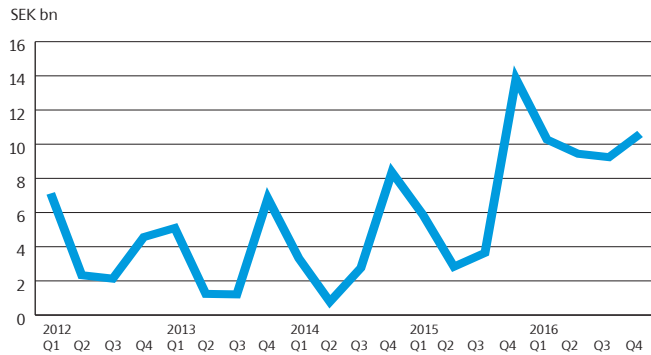
The free working capital in Construction amounted to SEK 22.5 billion (20.5) with the average free working capital in relation to revenue in Construction in the past 12 months at 13.9 percent. The free working capital in Construction has increased due to improved cash flow profile in a number of projects and the maintained focus on cash generation in the Construction stream. Cash flow due to changes in working capital in Construction amounted to SEK 1,051 M (2,375).



2nd Avenue Subway, New York, U.S.

Financial position

Operating net financial assets/liabilities



Balance sheet – Summary

SEK bn	Dec 31, 2016	Dec 31, 2015
Total assets	106.5	97.7
Total equity	27.5	24.2
Interest-bearing net receivables (+)/net debt (-)	1.2	6.3
Operating net financial assets(+)/liabilities(-)	10.6	13.8
Capital employed, closing balance	42.6	38.4
Equity/assets ratio, %	25.8	24.8

Change in interest-bearing receivables and liabilities

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Opening balance interest-bearing net receivables(+)/net debt(-)	6,317	698	-3,210	-3,376
Cash flow for the period	-6,566	2,655	865	9,116
Less change in interest-bearing receivables and liabilities	2,400	2,235	852	337
Cash flow before change in interest-bearing receivables and liabilities	-4,166	4,890	1,717	9,453
Translation differences, net receivables/net debt	972	266	605	-189
Remeasurements of pension liabilities	-1,022	608	2,641	395
Interest-bearing liabilities acquired/divested	-663	120	-568	58
Other changes, interest-bearing net receivables/net debt	-219	-265	34	-24
Change in interest-bearing net receivables/net debt	-5,098	5,619	4,429	9,693
Closing balance interest-bearing net receivables(+)/net debt(-)	1,219	6,317	1,219	6,317
Pension liability, net	4,537	3,740	4,537	3,740
Loans to housing co-ops	4,839	3,761	4,839	3,761
Closing balance operating net financial assets(+)/liabilities(-)	10,595	13,818	10,595	13,818

The operating net financial assets amounted to SEK 10.6 billion (Sep. 30, 2016: 9.2). The interest-bearing net receivables amounted to SEK 1.2 billion (Sep. 30, 2016: -3.2). Commercial Property and Infrastructure Development assets sold but not yet transferred will have a positive effect of about SEK 5.9 billion in 2017, of which SEK 4.3 billion in the first quarter of 2017.

Skanska's committed unutilized credit facilities of SEK 5.7 billion, in combination with operating net financial assets of SEK 10.6 billion,

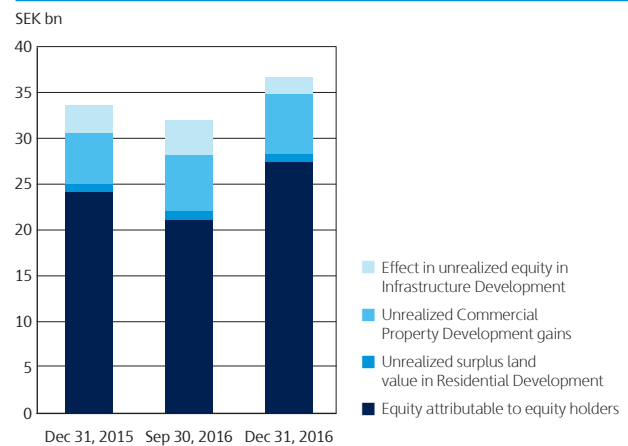
ensure a strong financial capacity for the Group. External loans to housing co-ops totaled SEK 4.8 billion (Sep. 30, 2016: 5.4) and the net pension liabilities totaled SEK 4.5 billion (Sep. 30, 2016: 7.1), a decrease by SEK 2.6 billion mainly due to higher discount rates in the UK and Sweden. At the end of the quarter, capital employed amounted to SEK 42.6 billion (Sep. 30, 2016: 38.7).

Equity

Changes in equity

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Opening balance	24,206	21,405	21,221	21,440
Dividend to shareholders	-3,075	-2,775	0	0
Other changes in equity not included in total comprehensive income for the year	-513	-192	-66	-34
Profit for the period	5,735	4,791	2,318	2,582
Other comprehensive income				
Translation differences	1,209	47	277	-387
Effects of remeasurements of pensions	-938	610	2,292	378
Effects of cash flow hedges	882	320	1,464	227
Closing balance	27,506	24,206	27,506	24,206

Adjusted equity, less standard tax of 10 percent



The Group's equity amounted to SEK 27.5 billion (24.2), the equity/assets ratio was 25.8 percent (24.8) and the net debt/equity ratio amounted to -0.0 (-0.3).

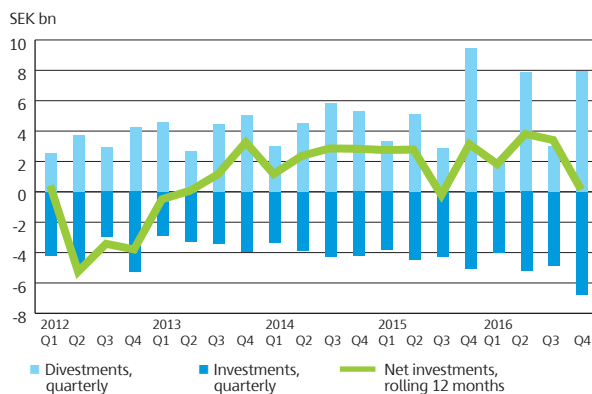
The effects of remeasurements of pensions amounted to SEK -938 M (610). The change is mainly related to lower discount rates in the UK and Sweden during the year. The effects of cash flow hedges, SEK 882 M (320) are mainly related to changes in the interest-rate swaps attributable to Infrastructure Development projects, including effects of the interest-rate swaps from the divestment of the investment in the M25 motorway project no longer being included in the cash flow hedges.

Translation differences amounted to SEK 1,209 M (47) mainly due to a strengthening U.S. dollar. As of December 31, 2015, Skanska no longer hedges its equity in foreign subsidiaries against the Swedish krona.

The unrealized surplus values less standard tax in the development units amounted to SEK 9.3 billion (Sep. 30, 2016: 10.9), of which SEK 0.6 billion is realized according to segment reporting.

Investments and divestments

Investments and divestments



The Group's investments amounted to SEK -20,799 M (-17,611). Divestments amounted to SEK 20,942 M (20,752) and the Group's net divestments amounted to SEK 143 M (3,141).

In Construction, investments totaled SEK -1,829 M (-1,645). The investments were mainly related to property, plant and equipment for the Group's own production. Net investments in Construction amounted to SEK -1,234 M (-975). Depreciation of property, plant and equipment amounted to SEK -1,271 M (-1,391).

In Residential Development, investments totaled SEK -9,148 M (-6,675), of which about SEK -1,994 M (-1,351) relates to the acquisition of land corresponding to 5,759 building rights. Divestments amounted to SEK 7,517 M (8,630). Net investments in Residential Development amounted to SEK -1,631 M (1,955).

In Commercial Property Development, investments totaled SEK -8,364 M (-8,826) of which SEK -1,936 M (-1,240) related to investments in new land. Divestments amounted to SEK 9,043 M (9,914). Net divestments in Commercial Property Development amounted to SEK 679 M (1,088).

Investments in Infrastructure Development amounted to SEK -1,336 M (-234). Divestments amounted to SEK 3,102 M (1,114).

The increased capital employed in Infrastructure Development is due to the SEK 3.1 billion receivable for the divestment of the investment in the M25 motorway project. Payment is scheduled for the first quarter 2017.



Investment in office project at Universitetsholmen in Malmö, Sweden.

Investments, divestments and net divestments/investments

SEK M	Jan-Dec 2016	Jan-Dec 2015	Change, %	Oct-Dec 2016	Oct-Dec 2015	Change, %
Investments						
Construction	-1,829	-1,645	11	-549	-418	31
Residential Development	-9,148	-6,675	37	-2,951	-1,605	84
Commercial Property Development	-8,364	-8,826	-5	-2,683	-2,879	-7
Infrastructure Development	-1,336	-234	471	-576	-90	540
Other	-122	-231		-16	-66	
Total	-20,799	-17,611	18	-6,775	-5,058	34
Divestments						
Construction	595	670	-11	107	467	-77
Residential Development	7,517	8,630	-13	2,463	1,693	45
Commercial Property Development	9,043	9,914	-9	1,761	6,222	-72
Infrastructure Development	3,102	1,114	178	3,087	1,103	180
Other	685	424		517	-1	
Total	20,942	20,752	1	7,935	9,484	-16
Net divestments(+)/ investments(-)						
Construction	-1,234	-975	27	-442	49	-
Residential Development	-1,631	1,955	-	-488	88	-
Commercial Property Development	679	1,088	-38	-922	3,343	-
Infrastructure Development	1,766	880	101	2,511	1,013	148
Other	563	193		501	-67	
Total	143	3,141	-95	1,160	4,426	-74
Of which strategic	862	456		524	88	

Capital employed in Development Streams

SEK M	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015
Residential Development	11,607	10,707	9,277
Commercial Property Development	19,936	18,517	16,510
Infrastructure Development	5,434	2,071	1,843
Total in Development Streams	36,977	31,295	27,630

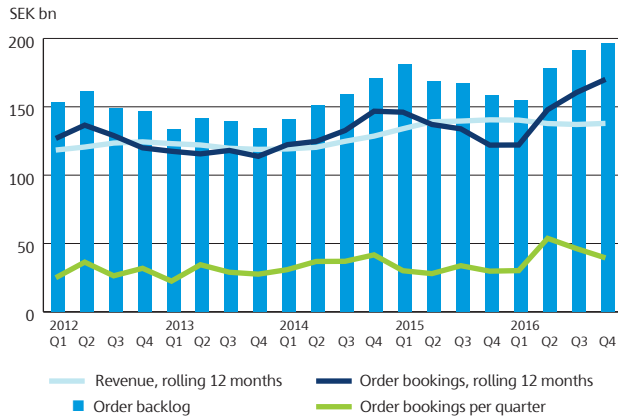


Divestment of Hotel Westin Warsaw, Poland.

Performance analysis, business streams

Construction – Order situation

Order backlog, revenue and order bookings



Order bookings and order backlog in Construction

SEK bn	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Order bookings	170.2	122.1	39.6	29.9
Order backlog ¹	196.3	158.2	-	-

¹ Refers to the end of each period.

Order bookings amounted to SEK 170.2 billion (122.1); adjusted for currency effects, order bookings increased by 40 percent. All Business Units, except Finland, had higher order bookings than revenue in 2016. On a rolling 12 months basis the book-to-build ratio was 123 percent (Sep. 30, 2016: 117). Order bookings in the U.S. business were especially strong, driven by the LaGuardia Airport project.

At the end of the quarter, the order backlog amounted to SEK 196.3 billion, compared to 191.6 billion at the end of the previous quarter. The order backlog corresponds to about 17 months of production (Sep. 30, 2016: 17).

Changes and currency rate effects

	Change in SEK	Change in local currency	Currency effect
Jan-Dec 2016 / Jan-Dec 2015			
Order bookings	39%	40%	-1%
Dec 31, 2016 / Sep 30, 2016			
Order backlog	2%	0%	2%

Major orders in the quarter

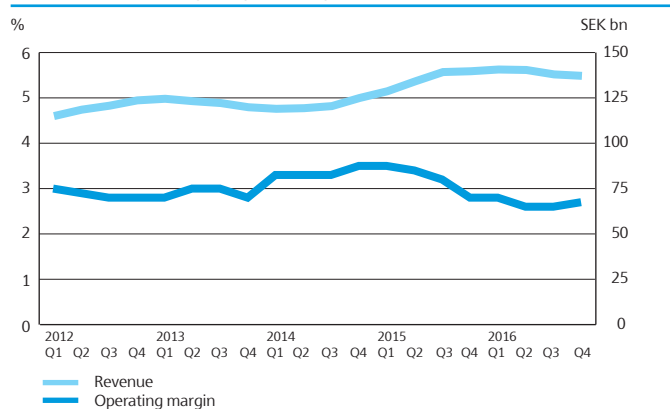
Business Unit	Contract	Amount SEK M	Client
Skanska Sweden & Skanska UK	Research Facility	2,500	European Spallation Source (ESS)
Skanska UK	Rail	1,900	Network Rail
Skanska USA Building	Hospital	1,200	University of Virginia
Skanska UK	Highway maintenance	820	Devon County Council
Skanska USA Civil	Highway	750	California Department of Transportation
Skanska UK	Hospital	700	Great Ormond Street Hospital



ESS Research Facility, Lund, Sweden.

Construction

Revenue and operating margin, rolling 12 months



Revenue and earnings

SEK M	Jan-Dec 2016	Jan-Dec 2015	Change, %	Oct-Dec 2016	Oct-Dec 2015	Change, %
Revenue	138,001	140,648	-2	38,827	37,979	2
Gross income	10,080	10,039	0	2,975	3,077	-3
Selling and administrative expenses	-6,567	-6,198	6	-1,722	-1,685	2
Income from joint ventures and associated companies	33	33		11	6	
Operating income	3,546	3,874	-8	1,264	1,398	-10
Gross margin, %	7.3	7.1		7.7	8.1	
Selling and administrative expenses, %	-4.8	-4.4		-4.4	-4.4	
Operating margin, %	2.6	2.8		3.3	3.7	
Employees	40,991	42,193				

Changes and currency rate effects

	Jan-Dec 2016 / Jan-Dec 2015		
	Change in SEK	Change in local currency	Currency effect
Revenue	-2%	-1%	-1%
Operating income	-8%	-7%	-1%

Revenue in the Construction business stream decreased by 2 percent and amounted to SEK 138.0 billion (140.6); adjusted for currency effects, the revenue decreased by 1 percent. Operating income amounted to SEK 3,546 M (3,874); adjusted for currency effects, operating income decreased by 7 percent. The operating margin was 2.6 percent (2.8). The comparable period includes writedowns in the U.S. Construction operations amounting to SEK 750 M.

The majority of the Construction units had a stable performance, with Sweden and USA Building standing out as the top performers. However, as communicated earlier the market in Poland has been negatively impacted by delays in the allocation of designated EU funds, leading to a rapid decrease of small to medium sized projects. A restructuring and rightsizing of the organization was done in the third quarter. This, together with continued weak performance in certain projects, affected the Polish operating margin negatively during the year. Long-term, the Polish market is viewed as being robust as EU funds are in place.

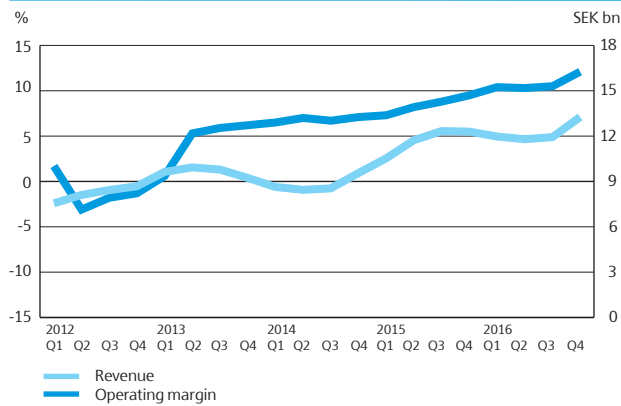
In USA Civil the operating margin continues to be affected by lower revenue, increased S&A costs and extended negotiations with clients regarding design changes.



Waterloo and South West Upgrade, UK.

Residential Development

Revenue and operating margin, rolling 12 months



Revenue and earnings

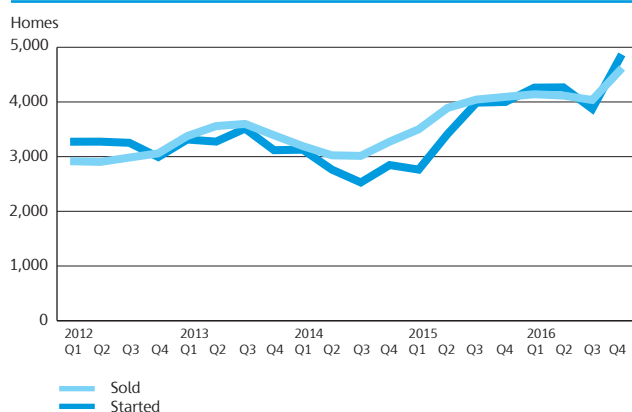
SEK M	Jan-Dec 2016	Jan-Dec 2015	Change, %	Oct-Dec 2016	Oct-Dec 2015	Change, %
Revenue	13,264	12,298	8	4,529	3,197	42
Gross income	2,164	1,724	26	813	453	79
Selling and administrative expenses	-559	-550	2	-133	-127	5
Income from joint ventures and associated companies	0	0		0	0	
Operating income	1,605	1,174	37	680	326	109
Gross margin, %	16.3	14.0		18.0	14.2	
Selling and administrative expenses, %	-4.2	-4.5		-2.9	-4.0	
Operating margin, %	12.1	9.5		15.0	10.2	
Return on capital employed, % ¹	17.1	14.4		-	-	

1 See definition on page 17.

Revenue in the Residential Development business stream amounted to SEK 13,264 M (12,298). The number of homes sold totaled 4,603 (4,093) in 2016. Operating income amounted to SEK 1,605 M (1,174). The operating margin increased to 12.1 percent (9.5) and was especially strong in Sweden. In Central Europe a non-recurring cost related to adjustment of land value was taken in the second quarter.

The return on capital employed increased to 17.1 percent (14.4).

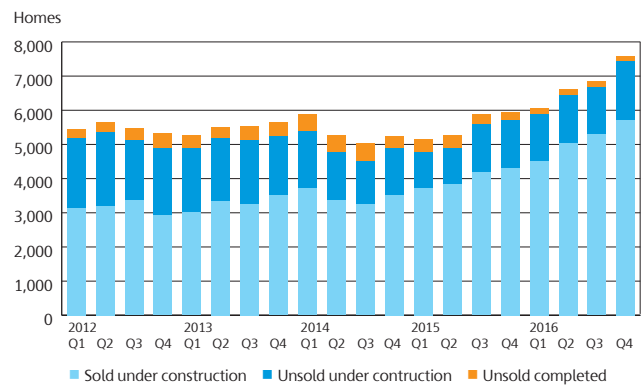
Homes sold and started, rolling 12 months



Homes sold and started

	Jan-Dec 2016	Jan-Dec 2015
Homes sold	4,603	4,093
Homes started	4,848	4,000

Homes under construction and unsold



Homes under construction and unsold

	Dec 31, 2016	Dec 31, 2015
Homes under construction	7,421	5,689
of which sold, %	77	76
Completed unsold, number of homes	158	237

At the end of the quarter, there were 7,421 homes (Sep. 30, 2016: 6,680) under construction. Of these, 77 percent (Sep. 30, 2016: 79) were sold. The number of completed, unsold homes totaled 158 (Sep. 30, 2016: 174) and most of these homes are in Finland and Norway. Efforts to reduce the number of unsold completed units in Finland and Norway remain. In 2016, construction was started on 4,848 homes (4,000).

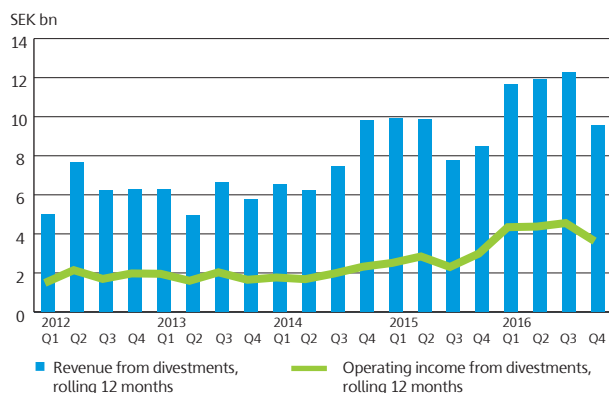
Breakdown of carrying amounts

SEK M	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015
Completed projects	631	847	934
Ongoing projects	6,955	6,112	4,329
Undeveloped land and development properties	6,364	5,799	5,107
Total	13,950	12,758	10,370

A breakdown of the carrying amounts is presented in the table above. Undeveloped land and development properties amounted to SEK 6.4 billion (Sep. 30, 2016: 5.8), with an estimated market value of around SEK 7.4 billion (Sep. 30, 2016: 6.8). The undeveloped land and development properties correspond to Skanska-owned building rights for 24,900 homes and 700 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 10,800 building rights.

Commercial Property Development

Revenue and operating income from property divestments



Revenue and earnings

SEK M	Jan-Dec 2016	Jan-Dec 2015	Change, %	Oct-Dec 2016	Oct-Dec 2015	Change, %
Revenue	10,226	9,034	13	2,673	5,405	-51
of which from divestment of properties	9,555	8,457	13	2,495	5,190	-52
Gross income	3,067	2,661	15	536	1,523	-65
Selling and administrative expenses	-751	-677	11	-229	-207	11
Income from joint ventures and associated companies	20	-37		15	-45	
Operating income	2,336	1,947	20	322	1,271	-75
of which from divestment of properties	3,111	2,564	21	721	1,513	-52
Return on capital employed, % ¹	14.8	15.6				

1 See definition on page 17.

In the Commercial Property Development business stream, divestments worth SEK 9,555 M (8,457) were made in 2016. Operating income amounted to SEK 2,336 M (1,947), and included gains from property divestments totaling SEK 3,111 M (2,564). In the fourth quarter writedowns in two projects in Houston, USA, amounting

Breakdown of investment value and market value

SEK M	Investment value, end of period	Investment value upon completion	Market value ¹	Occupancy rate, %	Degree of completion, %
Ongoing projects ²	8,703	20,340	25,534	41	43
Completed projects ³	5,107	5,107	6,840	72	100
Undeveloped land and development properties	7,912	7,912	8,202		
Total	21,722	33,359	40,576		
of which carrying amount ⁴	20,699	32,099			
of which completed projects sold according to segment reporting	896	896	1,154		
of which ongoing projects sold according to segment reporting	873	1,524	1,929		

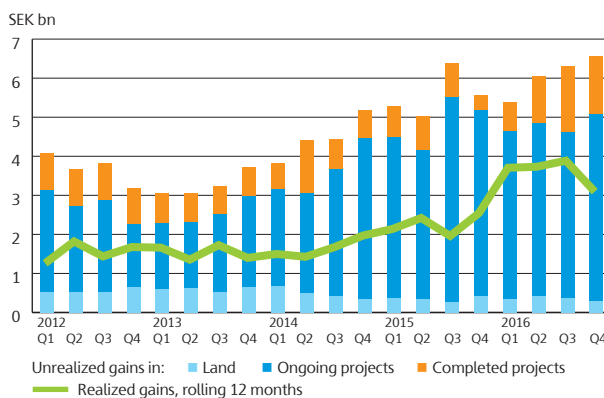
1 Market value according to appraisal on December 31, 2016. Estimated market value at completion fully leased.

2 Skanska's share of total production cost in JVs is SEK 804 M (end of period) and SEK 1,107 M (upon completion).

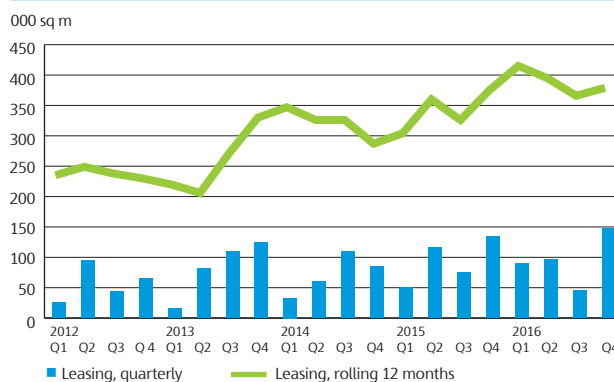
3 Skanska's share of total production cost in JVs is SEK 935 M end of period and upon completion.

4 Includes Skanska's total equity investment in JV of SEK 716 M (end of period) and SEK 782 M (upon completion) and tenant improvement and leasing commissions in CDUS of 217 MSEK (Completed projects) and 38 MSEK (Ongoing projects).

Unrealized and realized gains



Leasing



to about SEK 200 M were taken. The return on capital employed decreased to 14.8 percent (15.6).

At the end of the quarter, Commercial Property Development had 47 ongoing projects out of which two projects are developed in joint ventures. In the fourth quarter, nine new projects were started, and five projects were completed. The 47 ongoing projects represent leasable space of about 728,000 sq m with an occupancy rate of 41 percent, measured in rent. The degree of completion is 43 percent. Their investment value upon completion is expected to total SEK 20.3 billion, with an estimated market value of SEK 25.5 billion upon completion.

Of the ongoing projects, seven were divested according to segment reporting. These projects represent an investment value upon completion of SEK 1.5 billion, with a market value of SEK 1.9 billion.

The market value of completed projects, excluding properties divested but not yet transferred to the buyers, was SEK 5.7 billion. The occupancy rate measured in rent totaled 72 percent.

At the end of the quarter the unrealized gains, excluding properties divested but not yet transferred to the buyers, totaled SEK 6.6 billion divided by SEK 4.8 billion in ongoing projects, SEK 1.5 billion in completed projects and SEK 0.3 billion in undeveloped land and development properties. Realized gains accumulated to SEK 3.1 billion (2.6).

Accumulated eliminations of intra-Group project gains amounted to SEK 285 M at the end of the period. These eliminations are released at Group level as each project is divested.

During 2016 new leases were signed for 379,000 sq m (375,000).

Infrastructure Development

Revenue and earnings

SEK M	Jan-Dec 2016	Jan-Dec 2015	Change, %	Oct-Dec 2016	Oct-Dec 2015	Change, %
Revenue	237	106	124	35	29	21
Gross income	56	-128	-	1	-41	-
Selling and administrative expenses	-147	-156	-6	-34	-44	-23
Income from joint ventures and associated companies	1,909	1,147	66	1,508	543	178
Operating income	1,818	863	111	1,475	458	222
of which gains from divestments of shares in projects	1,729	420	312	1,729	420	312
Return on capital employed, % ¹	41.1	12.7				

1 See definition on page 17.

The operating income for the Infrastructure Development business stream totaled SEK 1,818 M (863). The return on capital employed increased to 41.1 percent (12.7). In the fourth quarter Skanska divested its investment in the M25 motorway project for about SEK 3.1 billion.

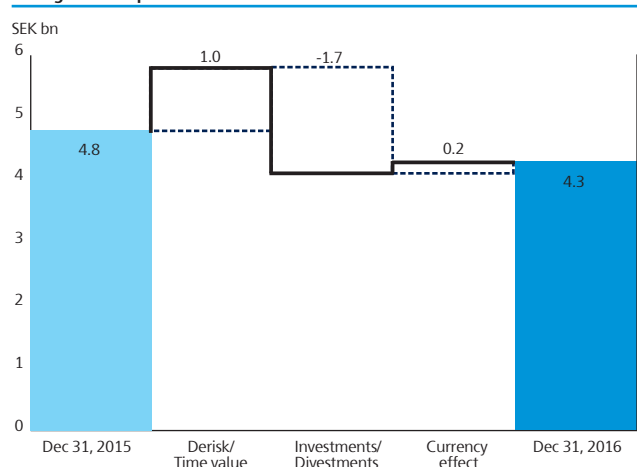
The net present value of projects at the end of the period decreased to SEK 4.3 billion (Dec. 31, 2015: 4.8). The decrease is attributable to investments/divestments, consisting of the divestment of the investment in the M25 motorway project, investments in existing projects, as well as impairments amounting to about SEK 300 M in two operational wind power projects in Sweden and for investments in one project no longer pursued in UK. The increase in derisk/time value is partly attributable to a revaluation of the A1 motorway according to the agreed price in the signed Sale and Purchase Agreement.

Unrealized development gains

SEK bn	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015
Present value of cash flow from projects	5.2	6.5	6.1
Present value of remaining investments	-0.9	-0.8	-1.3
Net present value of projects	4.3	5.7	4.8
Carrying amount before Cash flow hedge / Carrying amount	-2.9	-3.8	-3.1
Unrealized development gain	1.4	1.9	1.7
Cash flow hedge	0.6	2.1	1.6
Effect in unrealized equity¹	2.0	4.0	3.3

1 Tax effects not included.

Changes in net present value

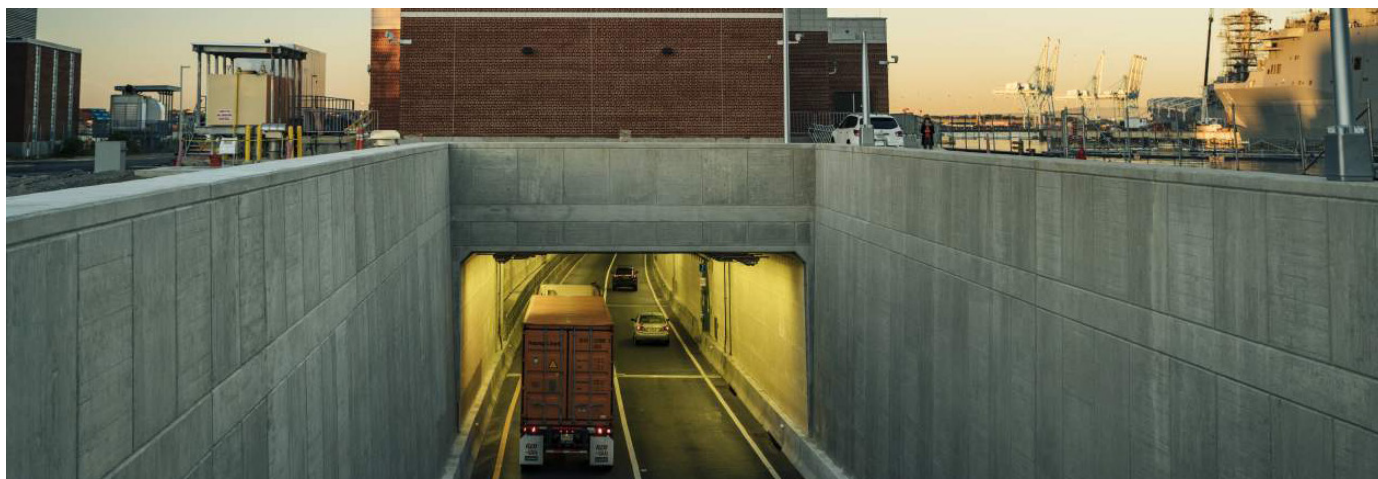
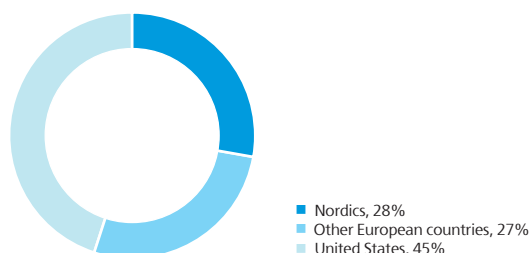


The remaining investment obligations relating to ongoing Infrastructure Development projects amounted to about SEK -0.9 billion (Dec. 31, 2015: -1.3).

At the end of the period, the carrying amount of shares, participations, subordinated receivables and concessions in Infrastructure Development before cash-flow hedges was SEK 2.9 billion (Dec. 31, 2015: 3.1). At the end of the quarter, unrealized development gains totaled about SEK 1.4 billion (Dec. 31, 2015: 1.7).

Cash flow hedges, for which the change in value is recognized as other comprehensive income, reduced the carrying amount and thereby also equity, by an amount of SEK 0.6 billion (Dec. 31, 2015: 1.6).

Estimated present value of cash flow from projects per geographic area



Elizabeth River Tunnels, Virginia, U.S.

Personnel

During the period, the average number of employees in the Group was 42,903 (48,470). The decrease is mainly attributable to the closing down of the operations in Latin America. At the end of the quarter the number of employees amounted to 40,642 (Sep. 30, 2016: 42,128). The decrease is mainly attributable to adjustments in the Polish organization.

Transactions with related parties

For the nature and extent of transactions with related parties, see the Annual Report. There were no new significant transactions during the quarter.

Material risks and uncertainties

The Construction and Project Development business involves a considerable amount of risk management. Almost every project is unique. Size, shape, the environment – everything is different for each new assignment. The Construction and Project Development business differs in this way from typical manufacturing, which operates in permanent facilities with long production runs.

In Skanska's operations, there are many different types of risks. Identifying, managing and pricing these risks is of fundamental importance to the Group's profitability. Risks are normally of a technical, legal and financial nature, but political, ethical, social and environmental considerations are also part of assessing potential risks.

To ensure a systematic and uniform assessment of risks and opportunities, the entire Skanska Group uses a shared procedure for identifying and managing risks. With the aid of this model, Skanska evaluates projects continuously – from preparation of tenders to completion of assignments.

From time to time, disputes arise with customers about contractual terms related to both ongoing and completed projects. Their outcomes are often difficult to predict.

For further information about risks and a description of key estimates and judgments, see the Report of the Directors and Notes 2 and 6 in the 2015 Annual Report, as well as the section above on market outlook.

Update on Skanska Brasil and Czech Republic

As announced in March 2015, Skanska Brasil became involved in investigations by the Brazilian Comptroller General (CGU) and the Administrative Council of Economic Defense (CADE). These investigations focused on corruption and competition matters in relation to certain Petrobras projects. In late 2015, the two entities initiated administrative proceedings against Skanska Brasil and twenty other companies. In June 2016, the CGU (now known as the Ministry of Transparency, Inspection and Control) excluded Skanska from public procurement for a period of no less than 2 years. The CADE proceeding remains in its early stages and is expected to carry on for a number of years.

Other authorities have also commenced proceedings arising from the same investigation. As Skanska announced in April 2016, the Brazilian Federal Government (AGU) brought a civil suit against seven companies, including Skanska Brasil, as well as seven individuals unrelated to Skanska. That proceeding focused on allegedly improper payments by one of Skanska Brasil's joint venture partners. The Judge has decided to reject the claim against Skanska Brasil. In

the case going forward, one of our joint venture partners will remain defendant in the lawsuit. This decision has been appealed by AGU.

There is considerable uncertainty as to how all of these proceedings will develop and when they will conclude.

In July 2014, and prior to these Brazilian proceedings, Skanska decided to exit the Latin American market, following several years of financial losses. Skanska replaced the local management in Latin America and appointed qualified personnel from Sweden to direct the closing of the Latin American operations. Skanska has had no ongoing projects in Latin America since March 2016.

Skanska has been informed by the prosecutor in Stockholm that this authority has initiated a preliminary investigation into matters relating to Skanska's businesses in Brazil and the Czech Republic.

Malta project claim

Skanska has in December 2016 received a claim from the Maltese government regarding defective concrete in the Mater Dei Hospital, a hospital project on Malta that Skanska International was involved in starting 1995. Skanska refutes this claim in its entirety.

Other matters

Repurchase of shares

At the Board meeting on April 6, 2016, the Board resolved to exercise the Annual General Meeting's authorization concerning the repurchase of shares on the following terms: on one or several occasions, but no later than the Annual General Meeting in 2017, not more than 4,000,000 Series B shares in Skanska may be acquired, the aim of which is to secure delivery of shares to participants in Skanska's Employee Ownership Program, Seop (2014 – 2016).

The Board resolved also to exercise the Annual General Meeting's authorization concerning the repurchase of shares on the following terms: on one or several occasions, but no later than the Annual General Meeting in 2017, not more than 1,500,000 Series B shares in Skanska may be acquired, the aim of which is to secure delivery of shares to participants in Skanska's Employee Ownership Program, Seop (2017 – 2019).

Further the Board resolved to exercise the Annual General Meeting's authorization concerning transfer of shares on the following terms: on one or several occasions, but no longer than the Annual General Meeting in 2017, not more than 763,000 Series B shares in Skanska may be transferred, the aim of which is to cover mainly social security costs that may occur in relation to Skanska's Employee Ownership Program, Seop (2011 – 2013) and Seop (2014 – 2016).

Acquisition, or transfer, may only be made on Nasdaq Stockholm within the price interval prevailing at any given time, meaning the interval between the highest purchase price and the lowest selling price. On December 31, Skanska held 10,594,644 Series B shares in its own custody.

Annual Meeting

The Annual General Meeting will be held at 10:00 a.m. CET on April 4, 2017 at Stockholm Waterfront Congress Centre, Stockholm, Sweden. The invitation to attend the meeting will be published latest on March 7, 2017.

Dividend

The Board of Directors proposes a dividend of SEK 8.25 (7.50) per share. The proposal is equivalent to a regular dividend payout totaling SEK 3,377 M (3,075). The Board of Directors proposes April 6 as the record date for the dividend. The total dividend amount may change up to the record date, depending on share repurchases and transfers.

Events after the end of the report period

No events after the end of the period.

Financial reports

Skanska's interim reports and year-end reports are available for download on Skanska's website, www.skanska.com/investors. The 2016 Annual Report will be available on Skanska's website in the week commencing March 13, 2017.

The Group's reports in 2017 will be published on the following dates:

May 5, 2017	Three Month Report
July 20, 2017	Six Month Report
October 27, 2017	Nine Month Report

Stockholm February 3, 2017

Johan Karlström

President and Chief Executive Officer

This year-end report has not been subject to a review by the company's auditors.

Accounting principles

For the Group, this interim report has been prepared in compliance with IAS 34 Interim Financial Reporting, the Annual Accounts Act and the Securities Market Act. For the Parent Company, the interim report has been prepared in compliance with the Annual Accounts Act and the Securities Market Act, which is pursuant to the Swedish Financial Reporting Board's Recommendation RFR 2. The accounting principles and assessment methods presented in the Annual Report for 2015 have been applied.

Relation between consolidated operating cash flow statement and consolidated cash flow statement

The difference between the operating cash flow statement and the summary cash flow statement in compliance with IAS 7 Cash flow Statements, is presented in the 2015 Annual Report, Note 35.

Segment and IFRS reporting

Skanska's business streams Construction, Residential Development, Commercial Property Development and Infrastructure Development represent the group's operating segments. Tables in this report that refer to segment reporting are shown with a **shaded background**. In certain cases the segment reporting differs from the consolidated results presented in accordance with International Financial Reporting Standards, IFRS.

Construction includes both building construction and civil construction. Revenues and earnings are reported under the percentage of completion ("PoC") method for both segment and IFRS reporting.

Residential Development develops residential projects for immediate sale. Homes are adapted to selected customer categories. The units are responsible for planning and selling the projects. The related construction assignments are performed by the construction units in the Construction segment in each market. In the segment reporting Residential Development recognizes revenue and earnings when binding contracts are signed for the sale of homes. In the IFRS reporting revenues are instead recognized when the buyer takes possession of the homes.

Commercial Property Development initiates, develops, leases and divests commercial property projects. In most markets the construction assignments are performed by Skanska's Construction segment. In the segment reporting Commercial Property Development recognizes revenue and earnings when binding contracts are signed for the sale of the properties. In the IFRS reporting revenues are instead recognized when the buyer takes possession of the property.

Infrastructure Development specializes in identifying, developing and investing in privately financed infrastructure projects, such as highways, hospitals and power-generation plants. The business stream focuses on creating new potential projects, mainly in the markets where the Group has operations. Construction assignments are in most markets performed by Skanska's Construction segment. Revenues and earnings are reported under the percentage of completion ("PoC") method for both segment and IFRS reporting.

Joint ventures are reported under the proportional method in the segment reporting of Residential Development, whereas all other streams/operating segments apply the equity method.

Intra-Group pricing between operating segments occurs on market terms.

The Parent Company in a Swedish Group prepares its accounts in compliance with the Swedish Financial Reporting Board's Recommendation RFR 2 Accounting for Legal Entities ("RFR 2"). According to RFR 2, the annual accounts of the legal entity must apply IFRS as far as this is possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation.

In 2014, Skanska decided to wind down the E&C part and divest the O&M part of the Latin American operation. As a consequence, starting in the third quarter of 2014, Skanska Latin America is moved from the Construction stream to Central in the segment reporting. For comparison reasons, historical reported numbers were adjusted accordingly from January 1, 2013.

Definitions

For further definitions, see Note 44 in the 2015 Annual Report.

Non-IFRS financial measures

	Definition	Reason for use	
		The following measures are used as it is viewed as the best and most accurate way to measure Skanska's operations reflecting our business model and strategy and thus assist investors and management in analyzing trends and performance in Skanska.	
Revenue Segment	Revenue segment is the same as revenue IFRS in all streams except for the Residential Development stream and the Commercial Property Development stream, where revenue is recognised for when signing binding agreement for sale of homes and properties. As segment reporting of joint ventures in Residential Development applies the proportional method, revenue segment is affected by this.	Measure revenue generated in current market environment.	
Gross income	Revenue minus cost of sales.	Measure profit generated from projects.	
Gross margin	Gross income as a percentage of revenue.	Measure profitability in projects.	
Selling and admin expenses %	Selling and administrative expenses as a percentage of revenue.	Measure cost efficiency in selling and administrative expenses.	
Operating income	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies.	Measure profit generated from operations.	
Operating income segment	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, according to segment reporting, and where Residential Development applies the proportional method for reporting of joint ventures.	Measure profit generated from operations in current market environment.	
Operating income rolling 12 months	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, rolling 12 months.	Measure profit generated from operations.	
Operating margin	Operating income as a percentage of revenue.	Measure profitability in operations.	
Net financial items	The net of interest income, financial net pension cost, interest expense, capitalized expense, change in fair value and other net financial items.	Measure total net for financial activities.	
Income after financial items	Operating income minus net financial items.	Measure profit generated before taxes.	
Earnings per share, segment	Profit for the period, segment, attributable to equity holders divided by the average number of shares outstanding	Measure earnings per share, segment	
Book-to-build, rolling 12 months	Order bookings divided by construction revenue, rolling 12 months.	Measures to which extent new orders are replacing work put in place.	
Unrealized gains, Commercial Property Development (CD)	Market value minus investment value upon completion for ongoing projects, completed projects and land. Excluding projects sold according to segment reporting.	Measure potential realization of future gains in Commercial Property Development.	
Capital employed, Group	Total assets minus non-interest-bearing liabilities.	Measure capital usage and efficiency.	
Capital employed, Stream	Total assets less tax assets, deposits in Skanska's treasury unit and pension receivable minus non-interest-bearing liabilities excluding tax liabilities. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.	Measure capital usage and efficiency in a Stream.	
Capital employed Residential Development (RD) SEK M	Total assets - tax assets - deposits in internal bank - pension receivable - non-interest-bearing liabilities (excluding tax liabilities) - capitalized interest expense	16,588 -257 -78 -18 -4,560 -68 <u>11,607</u>	Measure capital usage and efficiency in Residential Development.
Capital employed Commercial Property Development (CD) SEK M	Total assets - tax assets - deposits in internal bank - pension receivable - non-interest-bearing liabilities (excluding tax liabilities) - capitalized interest expense	22,491 -422 -1 0 -1,955 -177 <u>19,936</u>	Measure capital usage and efficiency in Commercial Property Development.
Capital employed Infrastructure Development (ID) SEK M	Total assets - tax assets - deposits in internal bank - pension receivable - non-interest-bearing liabilities (excluding tax liabilities)	5,874 -126 0 0 -314 <u>5,434</u>	Measure capital usage and efficiency in Infrastructure Development.

Non-IFRS financial measures	Definition	Reason for use																																																																											
Capital employed average	Calculated on the basis of five measuring points; see below.																																																																												
ROCE in Project Development, segment	Adjusted profit (operating income, financial income minus interest income from Skanska's treasury unit (internal bank) and other financial items. For the RD and CD segments, capitalized interest expense is removed from operating income so that the return reflects the unleveraged return) as a percentage of average capital employed. When calculating Roce for Infrastructure Development the financial income minus interest income from Skanska's treasury unit (internal bank) and other financial items are reversed. The average capital employed is adjusted for IAS39 and for tax in our US projects, that are set up as Limited liability companies, non-taxable legal entities.	Measure the performance (profitability and capital efficiency) in Project Development.																																																																											
ROCE in RD segment, rolling 12 months excluding RD UK (as this is closing down) SEK M	<table border="0"> <tr> <td>Operating income</td> <td></td> <td></td> <td>1,593</td> <td></td> </tr> <tr> <td>+ capitalized interest expense</td> <td></td> <td></td> <td>131</td> <td></td> </tr> <tr> <td>+/- financial income and other financial items</td> <td></td> <td></td> <td>12</td> <td></td> </tr> <tr> <td>- interest income from internal bank</td> <td></td> <td></td> <td>-7</td> <td></td> </tr> <tr> <td>Adjusted profit</td> <td></td> <td></td> <td>1,729</td> <td></td> </tr> <tr> <td>Capital employed average*</td> <td></td> <td></td> <td>10,139</td> <td></td> </tr> <tr> <td>ROCE RD</td> <td></td> <td></td> <td>17.1%</td> <td></td> </tr> <tr> <td colspan="5">* Capital employed average</td> </tr> <tr> <td>Q4 2016</td> <td>11,642</td> <td>x 0.5</td> <td>5,821</td> <td></td> </tr> <tr> <td>Q3 2016</td> <td>10,743</td> <td></td> <td>10,743</td> <td></td> </tr> <tr> <td>Q2 2016</td> <td>10,280</td> <td></td> <td>10,280</td> <td></td> </tr> <tr> <td>Q1 2016</td> <td>9,171</td> <td></td> <td>9,171</td> <td></td> </tr> <tr> <td>Q4 2015</td> <td>9,082</td> <td>x 0.5</td> <td>4,541</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td><u>40,556 / 4</u></td> <td>10,139</td> </tr> </table>	Operating income			1,593		+ capitalized interest expense			131		+/- financial income and other financial items			12		- interest income from internal bank			-7		Adjusted profit			1,729		Capital employed average*			10,139		ROCE RD			17.1%		* Capital employed average					Q4 2016	11,642	x 0.5	5,821		Q3 2016	10,743		10,743		Q2 2016	10,280		10,280		Q1 2016	9,171		9,171		Q4 2015	9,082	x 0.5	4,541					<u>40,556 / 4</u>	10,139	Measure the performance (profitability and capital efficiency) in RD.					
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Non-IFRS financial measures	Definition	Reason for use																												
ROCE in PD Segment SEK M	The total ROCE from RD, CD and ID. <table border="1"> <thead> <tr> <th></th> <th>Adjusted profit</th> <th>CE avg</th> <th>ROCE</th> </tr> </thead> <tbody> <tr> <td>RD</td> <td>1,729</td> <td>10,139</td> <td>17.1%</td> </tr> <tr> <td>CD</td> <td>2,658</td> <td>17,992</td> <td>14.8%</td> </tr> <tr> <td>ID</td> <td>1,453</td> <td>3,538</td> <td>41.1%</td> </tr> <tr> <td></td> <td>5,840</td> <td>31,669</td> <td>18.4%</td> </tr> </tbody> </table>		Adjusted profit	CE avg	ROCE	RD	1,729	10,139	17.1%	CD	2,658	17,992	14.8%	ID	1,453	3,538	41.1%		5,840	31,669	18.4%	Measure profitability and capital efficiency.								
	Adjusted profit	CE avg	ROCE																											
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	5,840	31,669	18.4%																											
Return on equity segment, rolling 12 months SEK M	Profit attributable to equity holders as a percentage of average equity attributable to equity holders. 6 513 / 22 986 = 28.3%	Measure profitability on invested equity.																												
Equity average attributable to equity holders SEK M	Calculated on the basis of five measuring points. <table border="1"> <tbody> <tr> <td>Q4 2016</td> <td>27,350</td> <td>x 0.5</td> <td>13,675</td> </tr> <tr> <td>Q3 2016</td> <td>21,069</td> <td></td> <td>21,069</td> </tr> <tr> <td>Q2 2016</td> <td>21,794</td> <td></td> <td>21,794</td> </tr> <tr> <td>Q1 2016</td> <td>23,368</td> <td></td> <td>23,368</td> </tr> <tr> <td>Q4 2015</td> <td>24,079</td> <td>x 0.5</td> <td>12,040</td> </tr> <tr> <td></td> <td></td> <td></td> <td>91,946 / 4</td> </tr> <tr> <td></td> <td></td> <td></td> <td>22,986</td> </tr> </tbody> </table>	Q4 2016	27,350	x 0.5	13,675	Q3 2016	21,069		21,069	Q2 2016	21,794		21,794	Q1 2016	23,368		23,368	Q4 2015	24,079	x 0.5	12,040				91,946 / 4				22,986	
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Operating cash flow from operations	Cash flow from business operations including taxes paid and cash flow from financing operations.	Measure total cash flow generated from operations.																												
Net divestments/investment	Total investments minus total divestments.	Measure the balance between investments and divestments.																												
Free working capital in Construction	Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.	Measure the funding stemming from the negative working capital generated in Construction.																												
Average free working capital in Construction SEK M	Calculated on the basis of five measuring points. <table border="1"> <tbody> <tr> <td>Q4 2016</td> <td>-22,460</td> <td>x 0.5</td> <td>-11,230</td> </tr> <tr> <td>Q3 2016</td> <td>-18,943</td> <td></td> <td>-18,943</td> </tr> <tr> <td>Q2 2016</td> <td>-17,708</td> <td></td> <td>-17,708</td> </tr> <tr> <td>Q1 2016</td> <td>-18,819</td> <td></td> <td>-18,819</td> </tr> <tr> <td>Q4 2015</td> <td>-20,542</td> <td>x 0.5</td> <td>-10,271</td> </tr> <tr> <td></td> <td></td> <td></td> <td>-76,971 / 4</td> </tr> <tr> <td></td> <td></td> <td></td> <td>-19,243</td> </tr> </tbody> </table>	Q4 2016	-22,460	x 0.5	-11,230	Q3 2016	-18,943		-18,943	Q2 2016	-17,708		-17,708	Q1 2016	-18,819		-18,819	Q4 2015	-20,542	x 0.5	-10,271				-76,971 / 4				-19,243	Measure the funding stemming from the negative working capital generated in Construction.
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Q4 2015	-20,542	x 0.5	-10,271																											
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			-19,243																											
Interestbearing net receivables/ net debt	Interest-bearing assets minus interest-bearing liabilities.	Measure financial position.																												
Operating net financial assets/ liabilities (ONFAL)	Interest-bearing net receivables/liabilities excluding construction loans to cooperative housing associations and interest-bearing pension liabilities.	Measure financial position and investment capacity. The latter is derived by comparing ONFAL to limits set by the Board of Directors.																												
Equity/assets ratio	Equity including non-controlling interest as a percentage of total assets.	Measure financial position.																												
Net debt/equity ratio	Interest-bearing net liabilities divided by equity including non-controlling interest.	Measure leverage of financial position.																												
Adjusted equity attributable to equity holders SEK bn	Equity attributable to equity holders Unrealized surplus land value in Residential Development Unrealized Commercial Property Development gains Effect in unrealized equity in Infrastructure Development Less standard corporate tax, 10% Adjusted equity	27.4 1.0 7.2 2.0 -1.0 36.6	Measure financial position adjusted for surplus values in Project Development net taxes.																											

Reconciliation between segment reporting and IFRSs

SEK M	External revenue		Intra-Group revenue		Total revenue		Operating income	
	Jan-Dec 2016	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Construction	127,113 ¹	129,993 ¹	10,888	10,655	138,001	140,648	3,546	3,874
Residential Development	13,255	12,298	9	0	13,264	12,298	1,605	1,174
Commercial Property Development	10,208	8,995	18	39	10,226	9,034	2,336	1,947
Infrastructure Development	237	106	0	0	237	106	1,818	863
Total operating segments	150,813	151,392	10,915	10,694	161,728	162,086	9,305	7,858
Central	494	3,543	943	995	1,437	4,538	-1,140	-1,346
Eliminations	0	0	-11,858	-11,689	-11,858	-11,689	34	-51
Total Group	151,307	154,935	0	0	151,307	154,935	8,199	6,461
Reconciliation to IFRSs²	-5,942	-1,886	0	0	-5,942	-1,886	-979	-171
Total IFRSs	145,365	153,049	0	0	145,365	153,049	7,220	6,290

1 Of which external revenue from joint ventures in Infrastructure Development, SEK 7,220 M (6,045).

2 Of which effect from joint ventures in Residential Development proportionally	-1,548	-854					-298	-137
Of which effect of different revenue recognitions	-4,394	-1,032					-681	-34

SEK M	Segment Jan-Dec 2016	IFRS Jan-Dec 2016	Segment Jan-Dec 2015	IFRS Jan-Dec 2015	Segment Oct-Dec 2016	IFRS Oct-Dec 2016	Segment Oct-Dec 2015	IFRS Oct-Dec 2015
Revenue								
Construction	138,001	138,001	140,648	140,648	38,827	38,827	37,979	37,979
Residential Development	13,264	7,571	12,298	8,724	4,529	2,487	3,197	1,764
Commercial Property Development	10,226	9,711	9,034	10,488	2,673	1,940	5,405	6,435
Infrastructure Development	237	237	106	106	35	35	29	29
Central and eliminations	-10,421	-10,155	-7,151	-6,917	-3,827	-3,739	-3,363	-3,295
Skanska Group	151,307	145,365	154,935	153,049	42,237	39,550	43,247	42,912
Operating income								
Construction	3,546	3,546	3,874	3,874	1,264	1,264	1,398	1,398
Residential Development	1,605	746	1,174	728	680	347	326	68
Commercial Property Development ¹	2,336	2,199	1,947	2,200	322	180	1,271	1,575
Infrastructure Development	1,818	1,818	863	863	1,475	1,475	458	458
Central	-1,140	-1,141	-1,346	-1,346	-431	-431	-391	-391
Eliminations ¹	34	52	-51	-29	-10	1	-2	16
Operating income	8,199	7,220	6,461	6,290	3,300	2,836	3,060	3,124
Net financial items	-118	-119	-313	-314	-60	-61	58	57
Income after financial items	8,081	7,101	6,148	5,976	3,240	2,775	3,118	3,181
Taxes	-1,555	-1,366	-1,219	-1,185	-537	-457	-584	-599
Profit for the period	6,526	5,735	4,929	4,791	2,703	2,318	2,534	2,582
Earnings for the period per share, SEK ²	15.89		11.96		6.59		6.15	
Earnings for the period per share according to IFRSs, SEK ²		13.96		11.63		5.65		6.27
1 Of which gains from divestments of commercial properties reported in:								
Commercial Property Development	3,111	3,114	2,564	2,797	721	717	1,513	1,797
Eliminations	173	187	190	225	43	57	109	139

2 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

The Skanska Group

Summary income statement (IFRS)

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Revenue	145,365	153,049	39,550	42,912
Cost of sales	-131,119	-139,160	-35,772	-37,969
Gross income	14,246	13,889	3,778	4,943
Selling and administrative expenses	-9,152	-8,869	-2,560	-2,387
Income from joint ventures and associated companies	2,126	1,270	1,618	568
Operating income	7,220	6,290	2,836	3,124
Financial income	119	127	9	50
Financial expenses	-238	-441	-70	7
Net financial items¹	-119	-314	-61	57
Income after financial items	7,101	5,976	2,775	3,181
Taxes	-1,366	-1,185	-457	-599
Profit for the period	5,735	4,791	2,318	2,582
1 Of which				
Interest income	71	88	18	11
Financial net pension costs	-101	-93	-24	-22
Interest expenses	-245	-327	-73	-9
Capitalized interest expenses	176	194	45	44
Net interest items	-99	-138	-34	24
Change in fair value	2	-25	16	4
Other net financial items	-22	-151	-43	29
Net financial items	-119	-314	-61	57
Profit attributable to:				
Equity holders	5,722	4,780	2,313	2,577
Non-controlling interests	13	11	5	5
Earnings per share, SEK ²	13.96	11.63	5.65	6.27
Earnings per share after dilution, SEK ³	13.88	11.53	5.63	6.22

2 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

3 Earnings for the period attributable to equity holders divided by the average number of shares outstanding after dilution.

Statement of profit or loss and other comprehensive income (IFRS)

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Profit for the period	5,735	4,791	2,318	2,582
Other comprehensive income				
Items that will not be reclassified to profit and loss				
Remeasurements of defined benefit plans	-1,127	785	2,866	489
Tax related to items that will not be reclassified to profit and loss	189	-175	-574	-111
	-938	610	2,292	378
Items that have been or will be reclassified to profit and loss				
Translation differences attributable to equity holders	1,165	71	179	-360
Translation differences attributable to non-controlling interests	8	-3	-1	-3
Hedging of exchange rate risk in foreign operations	36	-21	99	-24
Effects of cash flow hedges ¹	31	54	-4	19
Share of other comprehensive income of joint ventures and associated companies ²	855	281	1,467	209
Tax related to items that have been or will be reclassified to profit and loss	-4	-15	1	-1
	2,091	367	1,741	-160
Other comprehensive income after tax	1,153	977	4,033	218
Total comprehensive income	6,888	5,768	6,351	2,800
Total comprehensive income attributable to				
Equity holders	6,867	5,760	6,347	2,798
Non-controlling interests	21	8	4	2
1 Of which transferred to income statement	0	0	0	0
2 Of which transferred to income statement	1,851	516	1,366	48

Summary statement of financial position (IFRS)

SEK M	Dec 31, 2016	Dec 31, 2015
ASSETS		
Non-current assets		
Property, plant and equipment	6,837	6,504
Goodwill	5,270	5,256
Intangible assets	1,034	754
Investments in joint ventures and associated companies	4,160	2,852
Financial non-current assets ¹	1,016	1,357
Deferred tax assets	1,649	1,384
Total non-current assets	19,966	18,107
Current assets		
Current-asset properties ²	33,678	27,020
Inventories	1,042	944
Financial current assets ³	10,095	7,496
Tax assets	784	691
Gross amount due from customers for contract work	5,751	5,692
Trade and other receivables	29,759	25,877
Cash	5,430	11,840
Total current assets	86,539	79,560
TOTAL ASSETS	106,505	97,667
of which interest-bearing financial non-current assets	970	1,295
of which interest-bearing current assets	15,348	19,216
Total interest-bearing assets	16,318	20,511
EQUITY		
Equity attributable to equity holders	27,350	24,079
Non-controlling interests	156	127
Total equity	27,506	24,206
LIABILITIES		
Non-current liabilities		
Financial non-current liabilities	3,656	3,874
Pensions	4,901	3,969
Deferred tax liabilities	1,491	1,286
Non-current provisions	1	0
Total non-current liabilities	10,049	9,129
Current liabilities		
Financial current liabilities ³	6,681	6,555
Tax liabilities	489	560
Current provisions	7,227	6,432
Gross amount due to customers for contract work	18,473	15,821
Trade and other payables	36,080	34,964
Total current liabilities	68,950	64,332
TOTAL EQUITY AND LIABILITIES	106,505	97,667
of which interest-bearing financial liabilities	10,172	10,184
of which interest-bearing pensions and provisions	4,927	4,010
Total interest-bearing liabilities	15,099	14,194
1 Of which shares	44	61
2 Current-asset properties		
Commercial Property Development	19,728	16,650
Residential Development	13,950	10,370
3 Items regarding non-interest-bearing unrealized changes in derivatives/ financial instruments are included in the following amounts:		
Financial non-current assets	2	1
Financial current assets	177	120
Financial non-current liabilities	116	173
Financial current liabilities	49	72

Note: Contingent liabilities amounted to SEK 61.9 bn on December 31, 2016 (Dec 31, 2015: 46.2). During the period, contingent liabilities increased by SEK 15.7 bn.

Summary statement of changes in equity (IFRS)

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Opening balance	24,206	21,405	21,221	21,440
of which non-controlling interests	127	154	152	125
Dividend to shareholders	-3,075	-2,775	0	0
Change in group composition	14	0	0	0
Dividend to non-controlling interests	-6	-35	0	0
Effects of equity-settled share-based payments	272	259	69	68
Repurchase of shares	-793	-416	-135	-102
Total comprehensive income attributable to				
Equity holders	6,867	5,760	6,347	2,798
Non-controlling interests	21	8	4	2
Closing balance	27,506	24,206	27,506	24,206
of which non-controlling interests	156	127	156	127

Summary consolidated cash flow statement (IAS 7) (IFRS)

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Cash flow from operating activities before change in working capital, according to IAS 7	1,100	2,180	225	853
Cash flow from change in working capital, according to IAS 7	-1,983	6,404	-682	7,823
Net investments in property, plant and equipment and intangible assets	-160	-475	1880	807
Tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-35	-69	-17	-47
Cash flow from business operations including taxes paid according to operating cash flow	-1,078	8,040	1,406	9,436
Less net investments in property, plant and equipment and intangible assets	160	475	-1,880	-807
Less tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	35	69	17	47
Cash flow from operating activities, according to IAS 7	-883	8,584	-457	8,676
Cash flow from strategic investments according to operating cash flow	862	456	524	88
Net investments in property, plant and equipment and intangible assets	-160	-475	1,880	807
Increase and decrease in interest-bearing receivables	-2,260	-1,297	-804	138
Taxes paid on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-35	-69	-17	-47
Cash flow from investing activities, according to IAS 7	-1,593	-1,385	1,583	986
Cash flow from financing operations according to operating cash-flow statement	-76	-380	-78	31
Change in interest-bearing receivables and liabilities	-2,400	-2,235	-852	-337
Increase and decrease in interest-bearing liabilities	2,260	1,297	804	-138
Dividend etc. ¹	-3,874	-3,226	-135	-102
Cash flow from financing activities, according to IAS 7	-4,090	-4,544	-261	-546
Cash flow for the period	-6,566	2,655	865	9,116

¹ Of which repurchases of shares SEK -793 M.

Cash flow (IFRS)

Operating cash flow

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Construction				
Cash flow from business operations	4,925	5,486	1,532	1,677
Change in working capital	1,051	2,375	3,166	4,634
Net divestments(+)/investments(-)	-1,414	-1,058	-442	-34
Cash flow adjustment	0	0	0	0
Total Construction	4,562	6,803	4,256	6,277
Residential Development				
Cash flow from business operations	-677	-536	-177	-137
Change in working capital	1,198	88	92	-687
Net divestments(+)/investments(-)	-1,631	1,955	-488	88
Cash flow adjustment	-100	2	-7	2
Total Residential Development	-1,210	1,509	-580	-734
Commercial Property Development				
Cash flow from business operations	-706	-506	-343	-198
Change in working capital	-664	406	313	503
Net divestments(+)/investments(-)	679	1,088	-922	3,343
Cash flow adjustment	4	-71	-58	-24
Total Commercial Property Development	-687	917	-1,010	3,624
Infrastructure Development				
Cash flow from business operations	154	3	3	-34
Change in working capital	-2,965	375	-2,983	17
Net divestments(+)/investments(-)	1,766	880	2,511	1,013
Cash flow adjustment	0	0	0	0
Total Infrastructure Development	-1,045	1,258	-469	996
Central and eliminations				
Cash flow from business operations	-1,394	-1,370	-549	-369
Change in working capital	52	68	39	-155
Net divestments(+)/investments(-)	-119	-180	-23	-72
Cash flow adjustment	0	1	0	1
Total central and eliminations	-1,461	-1,481	-533	-595
Total cash flow from business operations	2,302	3,077	466	939
Total change in working capital	-1,328	3,312	627	4,312
Total net divestments(+)/investments(-)	-719	2,685	636	4,338
Total cash flow adjustment	-96	-68	-65	-21
Cash flow from business operations before taxes paid	159	9,006	1,664	9,568
Taxes paid in business operations	-1,237	-966	-258	-132
Cash flow from business operations including taxes paid	-1,078	8,040	1,406	9,436
Net interest items and other net financial items	-108	-542	-111	45
Taxes paid in financing operations	32	162	33	-14
Cash flow from financing operations	-76	-380	-78	31
Operating cash flow from operations	-1,154	7,660	1,328	9,467
Net strategic divestments(+)/investments(-)	862	456	524	88
Dividend etc. ¹	-3,874	-3,226	-135	-102
Cash flow before change in interest-bearing receivables and liabilities	-4,166	4,890	1,717	9,453
Change in interest-bearing receivables and liabilities	-2,400	-2,235	-852	-337
Cash flow for the period	-6,566	2,655	865	9,116
Cash and cash equivalents at the beginning of the period	11,840	9,107	4,480	2,773
Exchange rate differences in cash and cash equivalents	156	78	85	-49
Cash and cash equivalents at the end of the period	5,430	11,840	5,430	11,840

1 Of which repurchases of shares SEK -793 M.

Group net divestments/investments (IFRS)

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
OPERATIONS – INVESTMENTS				
Intangible assets	-394	-392	-148	-150
Property, plant and equipment	-1,636	-1,485	-455	-338
Assets in Infrastructure Development	-1,336	-234	-576	-90
Shares and participations	-325	-136	-138	-96
Current-asset properties	-17,108	-15,364	-5,458	-4,384
of which Residential Development	-9,005	-6,645	-2,920	-1,603
of which Commercial Property Development	-8,103	-8,719	-2,538	-2,781
Investments in operations	-20,799	-17,611	-6,775	-5,058
Total Investments	-20,799	-17,611	-6,775	-5,058
OPERATIONS – DIVESTMENTS				
Intangible assets	2	0	1	0
Property, plant and equipment	411	636	109	376
Assets in Infrastructure Development	3,102	1,114	3,087	1,103
Shares and participations	16	22	0	1
Current-asset properties	16,549	18,524	4,214	7,916
of which Residential Development	7,508	8,622	2,454	1,705
of which Commercial Property Development	9,041	9,902	1,760	6,211
Divestments in operations	20,080	20,296	7,411	9,396
STRATEGIC DIVESTMENTS				
Businesses	862	456	524	88
Strategic divestments	862	456	524	88
Total divestments	20,942	20,752	7,935	9,484
TOTAL NET DIVESTMENTS(+)/INVESTMENTS(-)	143	3,141	1,160	4,426
Depreciation, non-current assets	-1,439	-1,579	-374	-402

Capital employed in Development Streams (IFRS)

SEK M	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015
Residential Development	11,607	10,707	9,277
Commercial Property Development	19,936	18,517	16,510
Infrastructure Development	5,434	2,071	1,843
Total in Development Streams	36,977	31,295	27,630

Parent Company

The parent company's revenue consists mainly of amounts billed to Group companies. The balance sheet consists of financial instruments almost exclusively in the form of intra-Group receivables and liabilities. The parent company does not report any significant events during the period.

Summary income statement (IFRS)

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Revenue	674	679	589	600
Selling and administrative expenses	-752	-773	-517	-521
Operating income	-78	-94	72	79
Net financial items	3,522	2,475	1,079	22
Income after financial items	3,444	2,381	1,151	101
Taxes	-15	9	-60	-40
Profit for the period	3,429	2,390	1,091	61
Total comprehensive income	3,429	2,390	1,091	61

Summary balance sheet (IFRS)

SEK M	Dec 31, 2016	Dec 31, 2015
ASSETS		
Intangible non-current assets	19	1
Property, plant and equipment	2	3
Financial non-current assets ¹	11,504	11,495
Total non-current assets	11,525	11,499
Current receivables	167	176
Total current assets	167	176
TOTAL ASSETS	11,692	11,675
EQUITY AND LIABILITIES		
Equity	6,360	6,474
Provisions	283	310
Non-current interest-bearing liabilities ¹	4,918	4,769
Current liabilities	131	122
TOTAL EQUITY AND LIABILITIES	11,692	11,675

¹ Of these amounts, SEK 253 M (Dec 31, 2015: 216) were intra-Group receivables and SEK 4,918 M (Dec 31, 2015: 4,769) intra-Group liabilities.

Note: The Parent Company's contingent liabilities totaled SEK 162.2 bn (Dec 31, 2015: 122.5), of which SEK 131.9 bn (Dec 31, 2015: 101.7) was related to obligations on behalf of Group companies. Other obligations, SEK 30.3 bn (Dec 31 2015: 20.8), were related to commitments to outside parties.

Share data

	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Earnings per share according to segment reporting, SEK ¹	15.89	11.96	6.59	6.15
Earnings per share, SEK ¹	13.96	11.63	5.65	6.27
Earnings per share after dilution, SEK ²	13.88	11.53	5.63	6.22
Equity per share, SEK ³	66.82	58.58		
Adjusted equity per share, SEK ⁴	89.43	81.70		
Average number of shares outstanding	409,896,419	411,059,056		
Average number of shares outstanding after dilution	412,174,095	414,445,854		
Average dilution, %	0.55	0.82		
Number of shares, at balance sheet date	419,903,072	419,903,072		
of which Series A and Series B shares	419,903,072	419,903,072		
Average price of total repurchased shares, SEK	132.18	121.02		
Number of total Series B shares repurchased	24,103,228	19,758,228		
of which repurchased during the year	4,345,000	2,340,000	645,000	600,000
Number of shares in Skanska's own custody	10,594,644	8,866,223		
Number of shares outstanding	409,308,428	411,036,849		

1 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

2 Earnings for the period attributable to equity holders divided by the average number of shares outstanding after dilution.

3 Equity attributable to equity holders divided by the number of shares outstanding.

4 Adjusted equity divided by the number of shares outstanding.

Five-year Group financial summary

SEK M	Jan-Dec 2016	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2012
Revenue	151,307	154,935	145,029	136,446	131,931
Operating income	8,199	6,461	5,766	5,144	4,605
Profit for the period	6,526	4,929	4,108	3,473	3,305
Earnings per share, SEK	15.89	11.96	9.98	8.43	8.00
Return on capital employed, %	21.8	17.8	16.5	14.9	14.8
Return on equity, %	28.3	22.5	20.1	17.4	17.5
Operating margin, %	5.4	4.2	4.0	3.8	3.5
Return on capital employed according to IFRSs, %	19.2	17.4	15.5	16.1	13.0
Cash flow per share according to IFRSs, SEK ¹	-10.16	11.90	2.20	4.94	-11.53

1 Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding.

Exchange rates for the most important currencies

SEK	Average exchange rates		Exchange rates on the closing day	
	Jan-Dec 2016	Jan-Dec 2015	Dec 31, 2016	Dec 31, 2015
U.S. dollar	8.56	8.43	9.06	8.40
British pound	11.59	12.89	11.15	12.43
Norwegian krone	1.02	1.05	1.05	0.96
Euro	9.47	9.36	9.57	9.17
Czech koruna	0.35	0.34	0.35	0.34
Polish zloty	2.17	2.24	2.17	2.16

Construction

Revenue and earnings

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Revenue	138,001	140,648	38,827	37,979
Gross income	10,080	10,039	2,975	3,077
Selling and administrative expenses	-6,567	-6,198	-1,722	-1,685
Income from joint ventures and associated companies	33	33	11	6
Operating income	3,546	3,874	1,264	1,398
Investments	-1,829	-1,645	-549	-418
Divestments	595	670	107	467
Net divestments(+)/investments(-)	-1,234	-975	-442	49
Gross margin, %	7.3	7.1	7.7	8.1
Selling and administrative expenses, %	-4.8	-4.4	-4.4	-4.4
Operating margin, %	2.6	2.8	3.3	3.7
Order bookings, SEK bn	170.2	122.1	39.6	29.9
Order backlog, SEK bn	196.3	158.2	-	-
Employees	40,991	42,193	-	-

Revenue by business/reporting unit

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Sweden	31,736	31,303	9,539	9,157
Norway	12,182	11,909	3,530	2,863
Finland	7,055	6,343	2,007	1,758
Poland	8,234	9,915	2,968	3,364
Czech Republic	4,987	5,409	1,561	1,585
UK	19,443	18,429	4,799	5,139
USA Building	35,867	37,023	9,438	9,161
USA Civil	18,497	20,317	4,985	4,952
Total	138,001	140,648	38,827	37,979

Operating income

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Sweden	1,482	1,425	558	363
Norway	383	382	125	117
Finland	265	241	69	80
Poland	-293	472	-50	247
Czech Republic	134	121	81	43
UK	406	443	115	124
USA Building	649	309	265	200
USA Civil	520	481	101	224
Total	3,546	3,874	1,264	1,398

Operating margin, %

Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
4.7	4.6	5.8	4.0
3.1	3.2	3.5	4.1
3.8	3.8	3.4	4.6
neg	4.8	neg	7.3
2.7	2.2	5.2	2.7
2.1	2.4	2.4	2.4
1.8	0.8	2.8	2.2
2.8	2.4	2.0	4.5
2.6	2.8	3.3	3.7

Order backlog

SEK M	Dec 31, 2016	Dec 31, 2015
Sweden	35,416	31,398
Norway	12,573	10,268
Finland	6,118	6,341
Poland	6,487	4,851
Czech Republic	5,614	4,716
UK	26,297	27,705
USA Building	55,786	36,789
USA Civil	47,963	36,180
Total	196,254	158,248

Order bookings

Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
36,041	32,989	11,174	7,983
13,406	13,207	3,301	3,720
6,537	7,208	1,918	1,434
9,848	9,348	2,821	2,086
5,616	5,685	1,110	1,360
20,860	19,250	6,893	2,501
51,036	22,592	10,018	8,261
26,900	11,825	2,380	2,596
170,244	122,104	39,615	29,941

Book-to build

Dec 31, 2016	Dec 31, 2015
114	105
110	111
93	114
120	94
113	105
107	105
142	61
145	58
123	87

Residential Development

Revenue and earnings

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Revenue	13,264	12,298	4,529	3,197
Gross income	2,164	1,724	813	453
Selling and administrative expenses	-559	-550	-133	-127
Income from joint ventures and associated companies	0	0	0	0
Operating income	1,605	1,174	680	326
Operating margin, %	12.1	9.5	15.0	10.2
Investments	-9,148	-6,675	-2,951	-1,605
Divestments	7,517	8,630	2,463	1,693
Net divestments(+)/investments(-)	-1,631	1,955	-488	88
Capital employed, SEK bn	11.6	9.3	-	-
Return on capital employed, %	17.1	14.4	-	-
Employees	434	389	-	-

Revenue

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Sweden	7,069	7,406	2,533	1,930
Norway	2,511	1,947	657	406
Finland	2,707	2,135	1,049	566
Nordics	12,287	11,488	4,239	2,902
Central Europe	977	810	290	295
Total	13,264	12,298	4,529	3,197

Operating income¹

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Sweden	1,060	799	484	206
Norway	279	143	94	33
Finland	170	122	63	31
Nordics	1,509	1,064	641	270
Central Europe	96	110	39	56
Total	1,605	1,174	680	326

Operating margin, %¹

Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
15.0	10.8	19.1	10.7
11.1	7.3	14.3	8.1
6.3	5.7	6.0	5.5
12.3	9.3	15.1	9.3
9.8	13.6	13.4	19.0
12.1	9.5	15.0	10.2

¹ Development gain only. Construction margin reported under Construction.

Homes started

	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Sweden	2,861	2,257	1,097	594
Norway	437	368	96	59
Finland	1,081	830	470	162
Nordics	4,379	3,455	1,663	815
Central Europe	469	545	259	134
Total	4,848	4,000	1,922	949

Homes sold

Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
2,562	2,191	991	514
553	390	132	96
991	839	389	240
4,106	3,420	1,512	850
497	673	113	208
4,603	4,093	1,625	1,058

Homes under construction

	Dec 31, 2016		Dec 31, 2015		Completed unsold, number of homes		Homes under construction of which sold, %	
	2016	2015	2016	2015	2016	2015	2016	2015
Sweden	4,305	3,441	12	10	82	86		
Norway	723	462	60	95	94	73		
Finland	1,452	968	79	122	61	55		
Nordics	6,480	4,871	151	227	78	79		
Central Europe	941	818	7	10	68	60		
Total	7,421	5,689	158	237	77	76		

Commercial Property Development

Revenue and earnings

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Revenue	10,226	9,034	2,673	5,405
of which from divestment of properties	9,555	8,457	2,495	5,190
Gross income	3,067	2,661	536	1,523
Selling and administrative expenses	-751	-677	-229	-207
Income from joint ventures and associated companies	20	-37	15	-45
Operating income	2,336	1,947	322	1,271
of which gain from divestment of properties ¹	3,111	2,564	721	1,513
of which writedowns/reversal of writedowns	-198	-56	-198	0
1 Additional gains included in eliminations	173	190	43	109
Investments	-8,364	-8,826	-2,683	-2,879
Divestments	9,043	9,914	1,761	6,222
Net divestments(+)/investments(-)	679	1,088	-922	3,343
Capital employed, SEK bn	19.9	16.5	-	-
Return on capital employed, %	14.8	15.6	-	-
Employees	364	344	-	-

Revenue

SEK M					of which from divestments			
	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Nordics	4,063	3,281	537	531	3,706	3,007	441	450
Europe	2,141	3,414	2,037	2,608	1,981	3,254	1,981	2,544
U.S.	4,022	2,339	99	2,266	3,868	2,196	73	2,196
Total	10,226	9,034	2,673	5,405	9,555	8,457	2,495	5,190

Operating income

SEK M					of which from divestments			
	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Nordics	1,003	792	51	29	1,127	1,004	96	96
Europe	284	505	472	488	561	751	561	608
U.S.	1,049	650	-201	754	1,423	809	64	809
Total	2,336	1,947	322	1,271	3,111	2,564	721	1,513

Capital employed

SEK M	Dec 31, 2016	Dec 31, 2015
Nordics	8,175	6,582
Europe	6,307	3,897
U.S.	5,454	6,031
Total	19,936	16,510

Infrastructure Development

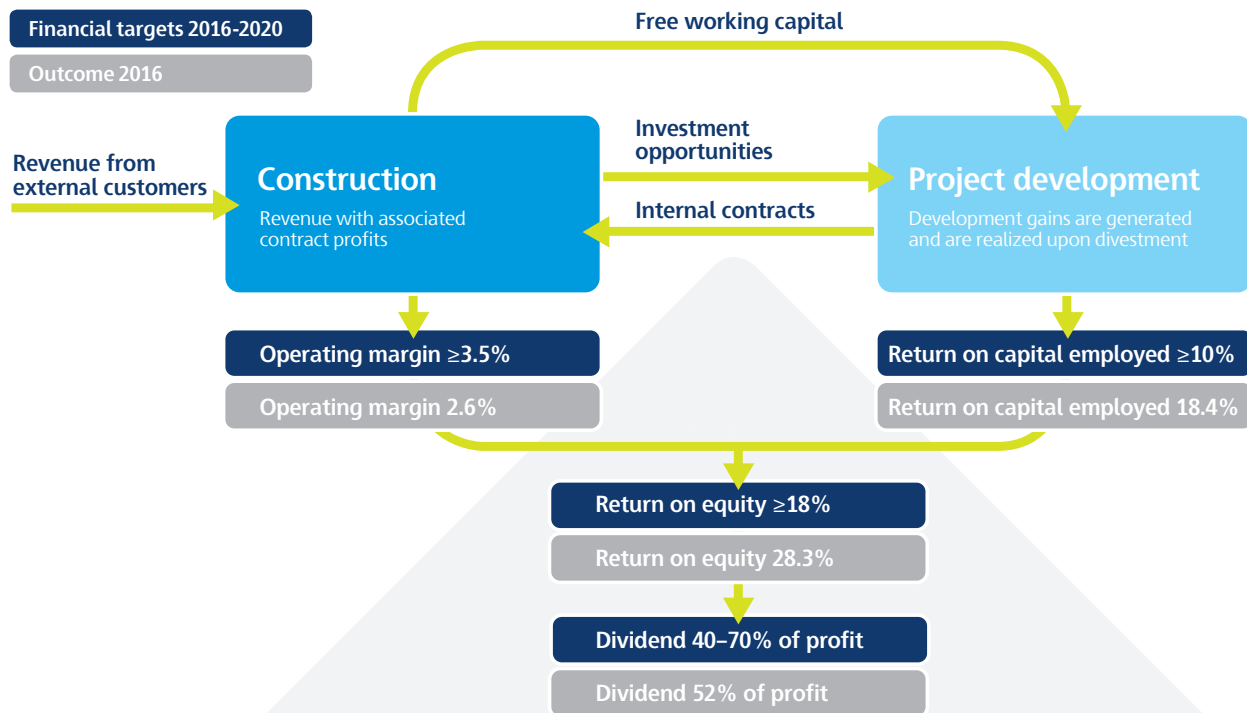
Revenue and earnings

SEK M	Jan-Dec 2016	Jan-Dec 2015	Oct-Dec 2016	Oct-Dec 2015
Revenue	237	106	35	29
Gross income	56	-128	1	-41
Selling and administrative expenses	-147	-156	-34	-44
Income from joint ventures and associated companies	1,909	1,147	1,508	543
Operating income	1,818	863	1,475	458
of which gains from divestments of shares in projects	1,729	420	1,729	420
Investments	-1,336	-234	-576	-90
Divestments	3,102	1,114	3,087	1,103
Net divestments(+)/investments(-)	1,766	880	2,511	1,013
Capital employed, SEK bn	5.4	1.8	-	-
Return on capital employed, %	41.1	12.7	-	-
Employees	102	111	-	-

About Skanska

Skanska is one of the world’s leading construction and project development companies, focused on selected home markets in the Nordic region, other European countries and North America. Supported by global trends in urbanization and demographics, and by being at the forefront in sustainability, Skanska offers competitive solutions for both simple and the most complex assignments, helping to build a sustainable future for customers and communities.

Skanska’s business model



Internal contracts and cooperation

Operational and financial synergies are, amongst other things, achieved through investments in Project Development generating internal contracts for Skanska’s Construction stream, as well as through the collaboration between Business Units from different markets. Currently, SEK 30.0 billion of Skanska’s total order backlog are contracts involving more than one Business Unit and revenue from internal contracts amounted to SEK 17.6 billion in 2016.

Construction revenue from internal Project Development contracts amounted to:

SEK 17.6 billion

New Karolinska Solna, Stockholm, Sweden.

Karolinska University Hospital’s world-class new facility is structured as a PPP project – An investment from Skanska Infrastructure Development generated a construction contract for Skanska Sweden and Skanska UK.

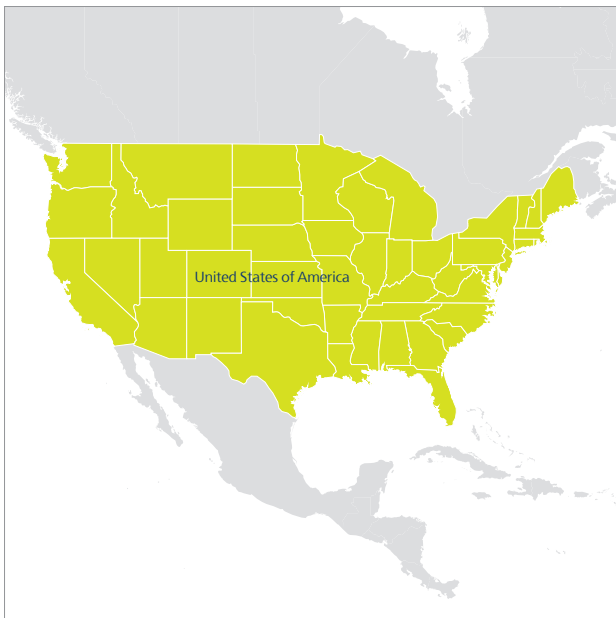
Value of orders in backlog generated in cooperation between Business Units:

SEK 30.0 billion

LaGuardia, New York, U.S.

LaGuardia Airport Central Terminal B, structured as a PPP project – An investment from Skanska Infrastructure Development generated Skanska’s largest construction contract ever for Skanska USA Building and Skanska USA Civil.

Skanska's home markets



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This report will also be presented via a telephone conference and webcast at 8.30 a.m. (CET) on February 3. The telephone conference will be webcasted live at www.skanska.com/investors, where a recording of the conference will also be available later. To participate in the telephone conference, please dial +46 8 505 564 74, +44 2033 645 374, or +1 855 753 2230. This and previous releases can also be found at www.skanska.com/investors.

The information provided herein is such as Skanska AB is obligated to disclose pursuant to the EU market securities act (EU) no. 596/2014.