

SKANSKA

Three Month Report 2017



We build for a better society.
Slussen, Stockholm, Sweden

Safety at Skanska



Skanska Safety Week 2017



Three Month Report 2017

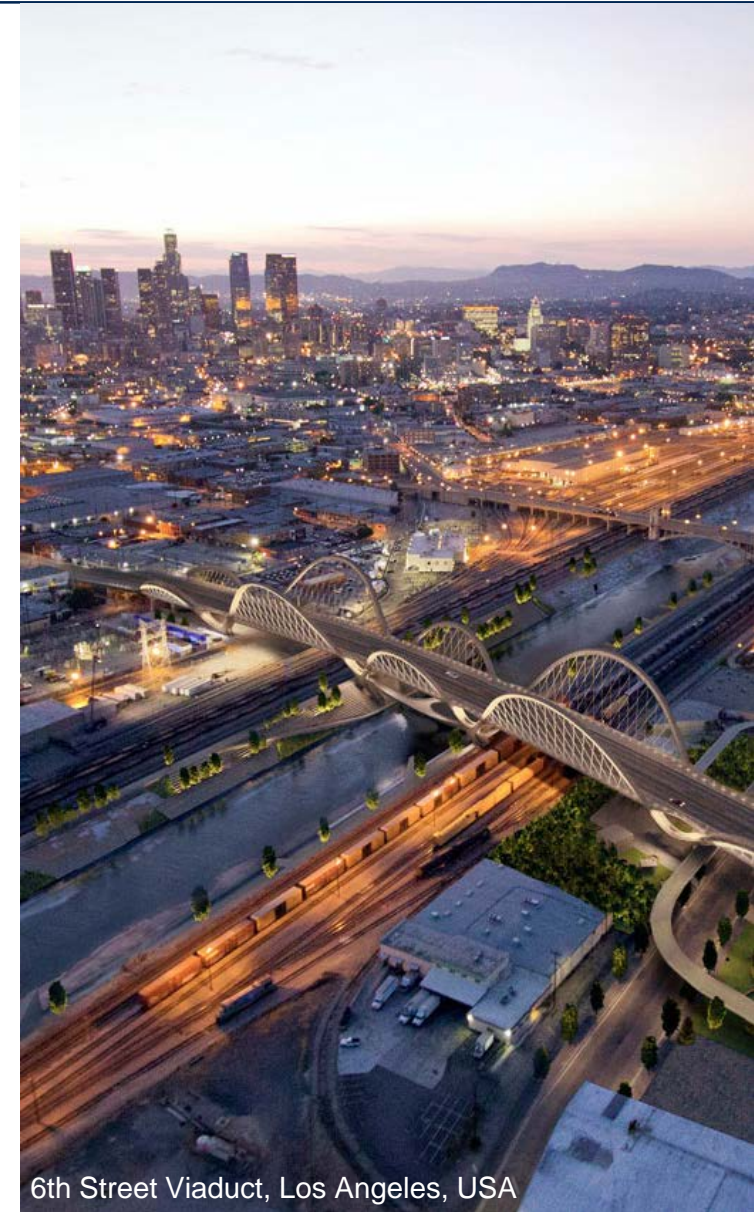
- Operating income SEK **1.8** bn (2.0)
 - Strong performance in Residential and Infrastructure Development
 - Continued focus in Construction on restoring profitability in underperforming units
- Increase in earnings per share SEK **3.90** (3.69)
- Strong order bookings and all-time-high order backlog SEK **200.8** bn
- Continued good ROCE in Project Development **15.9%** (15.8)
- Strong financial position



NEXUS, Seattle, USA

Construction

- Revenue SEK 32.1 bn (30.4)
- Order bookings SEK 38.2 bn (30.3)
 - USA and Nordics strong
 - Book-to-build: 128%
 - All-time-high order backlog SEK 200.8 bn
- Operating income SEK 392 M (442)
 - Operating margin 1.2% (1.5)
 - Sweden strong
 - Writedown of SEK 100 M in Poland
 - USA Civil still challenging
 - Stable performance in all other units



6th Street Viaduct, Los Angeles, USA

Residential Development

- Revenue SEK 3.4 bn (2.7)
 - 1,045 (1,039) homes sold
 - 858 (988) homes started
- Operating income SEK 438 M (297)
 - Operating margin 13.1% (11.2)
 - Sweden very strong
- ROCE 17.6% (15.0)
- Good market conditions and improved operational efficiency



BoKlok Stångby, Lund, Sweden

Commercial Property Development

- Operating income SEK 0.3 bn (1.4)
 - Gain on sale SEK 0.4 bn (1.5)
 - 101 Seaport divestment in comparison period
- ROCE 10.5% (16.4)
- 46 ongoing projects
 - SEK 26.7 bn in investment value
 - 32% pre-leasing rate
 - 36% completion rate
 - 5 projects started
- 79,000 sq m leased



2+U, Seattle, USA

Infrastructure Development

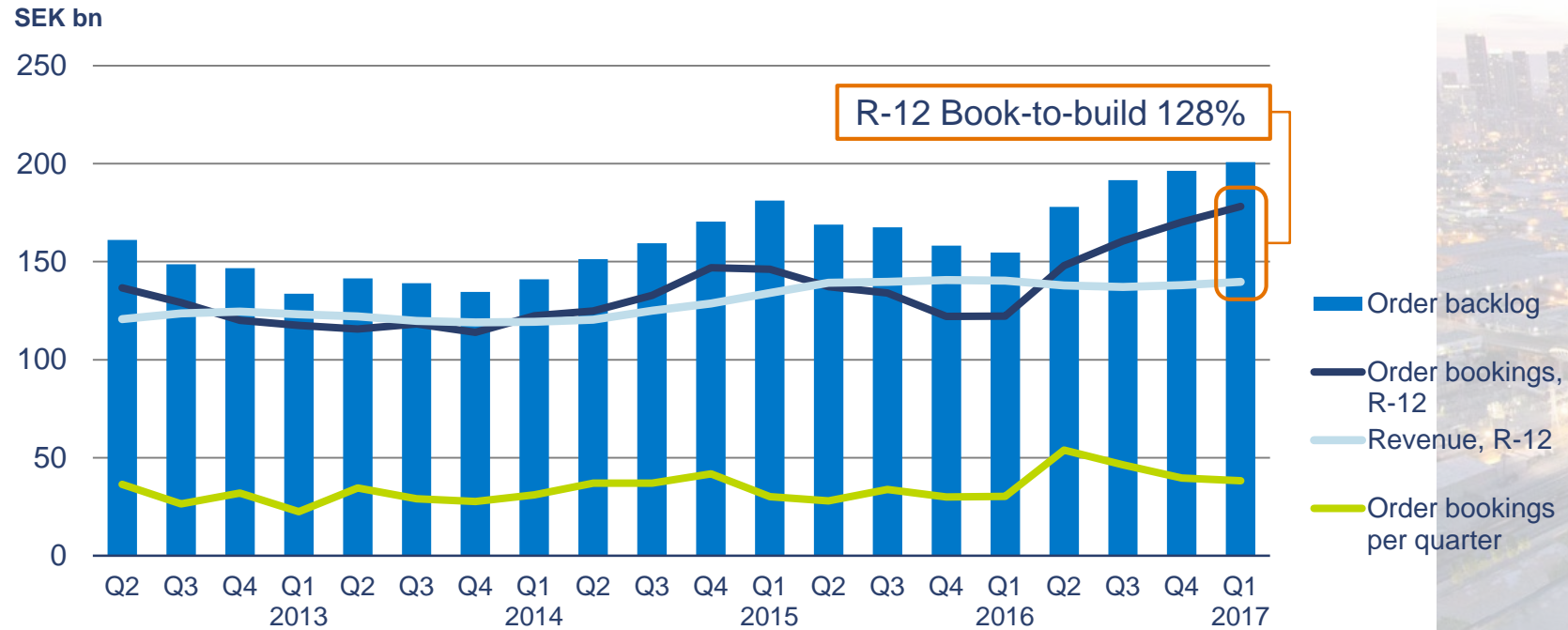
- Operating income SEK 939 M (86)
- Divestment of A1 motorway in Poland for SEK 1.4 bn
- Project portfolio's net present value SEK 3.2 bn (4.9)
- ROCE 38.2% (15.2)



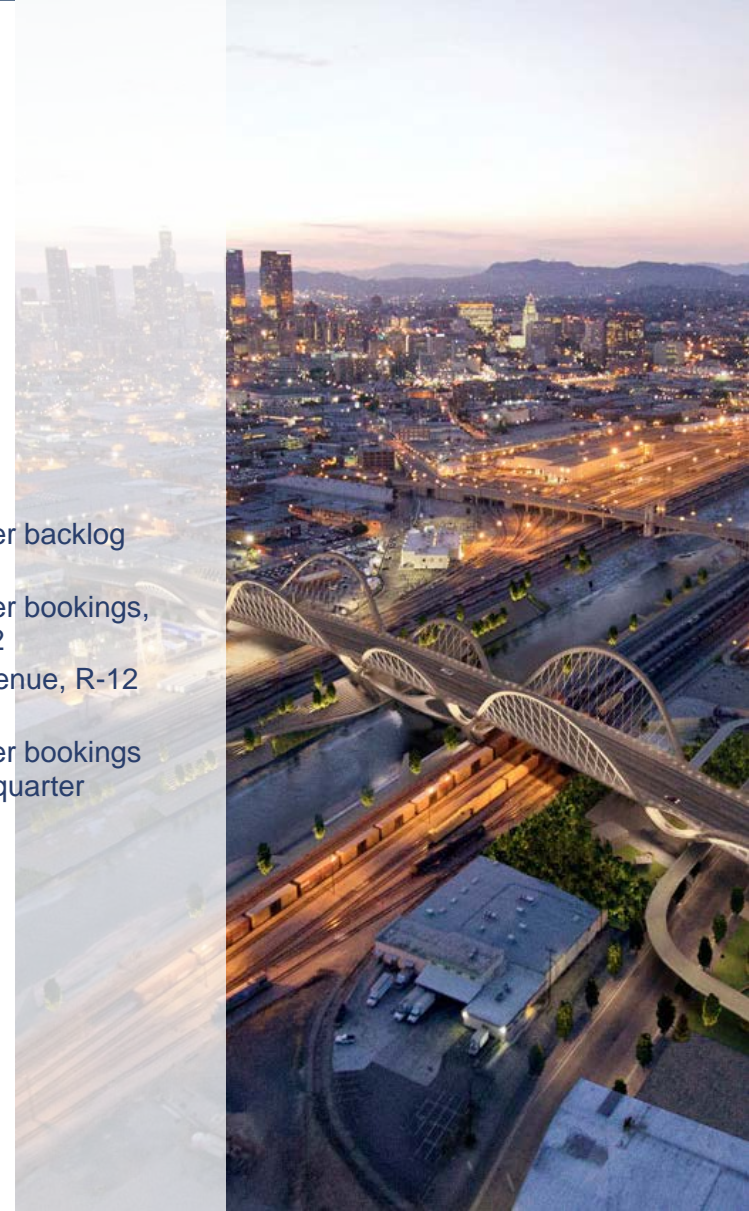
I-4 Ultimate, Florida, USA

Construction

Order situation



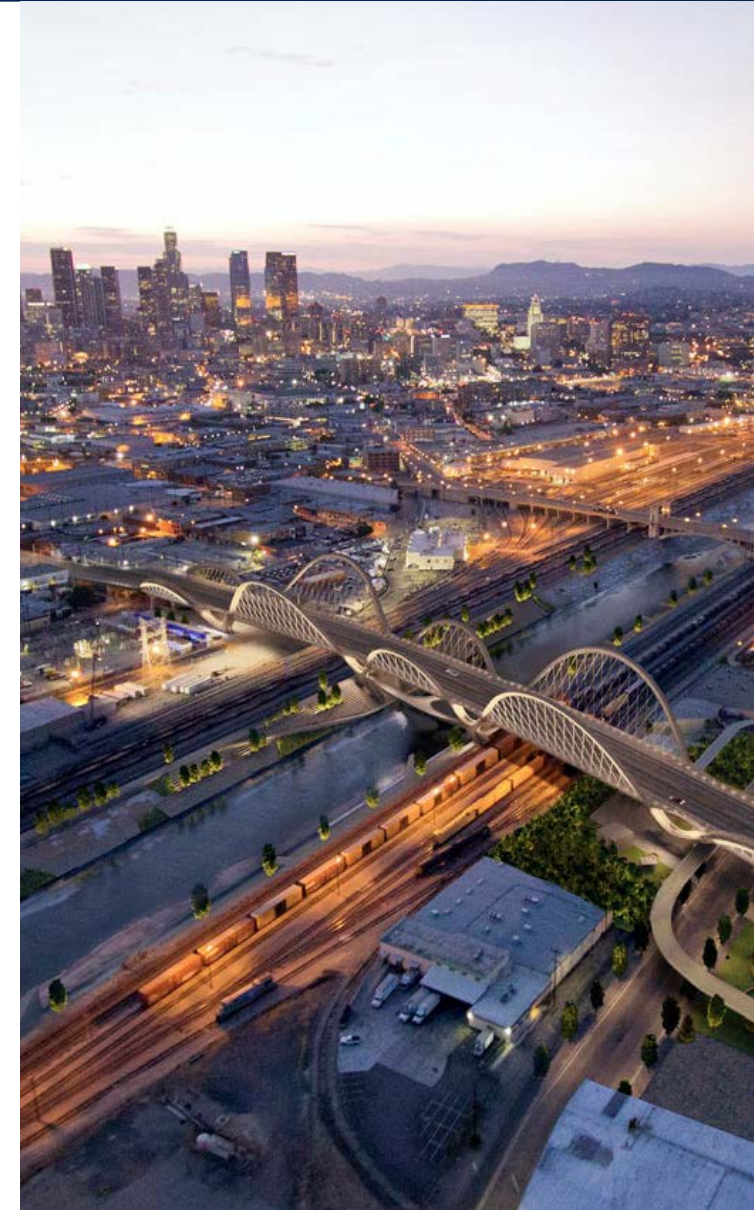
SEK bn	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Revenue	32.1	30.4	138.0
Order bookings	38.2	30.3	170.2
Order backlog	200.8	154.6	196.3



Construction

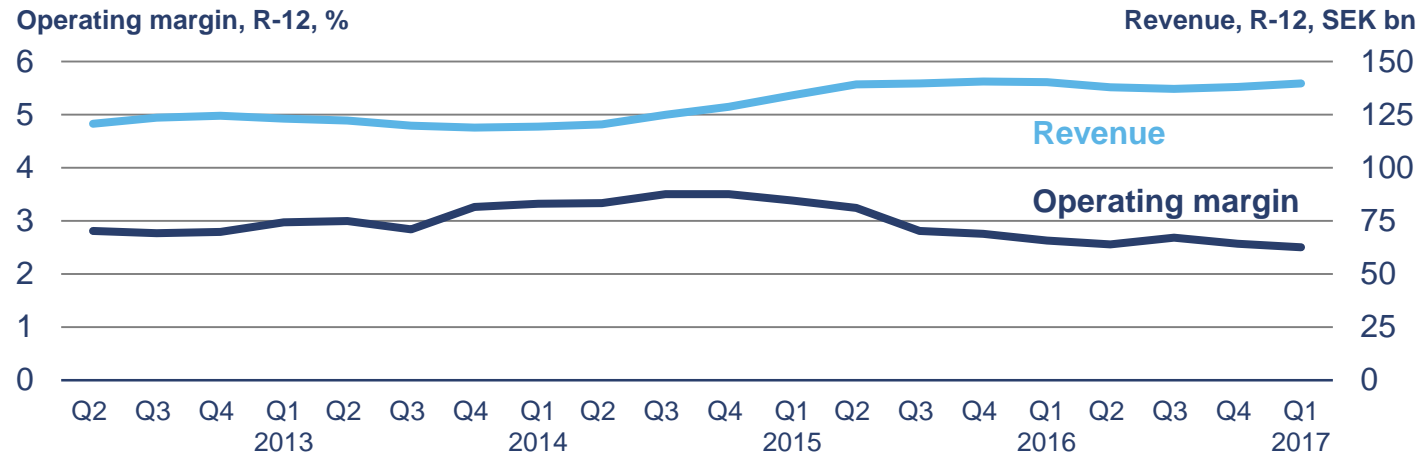
Order bookings

SEK bn	Jan–Mar 2017	Jan–Mar 2016	Book- to-build, R-12, %	Months of production
Nordics	17.9	12.9	118	14
of which Sweden	9.0	8.3	116	14
Europe	6.7	7.8	107	14
USA	13.6	9.6	149	22
Total	38.2	30.3	128	17

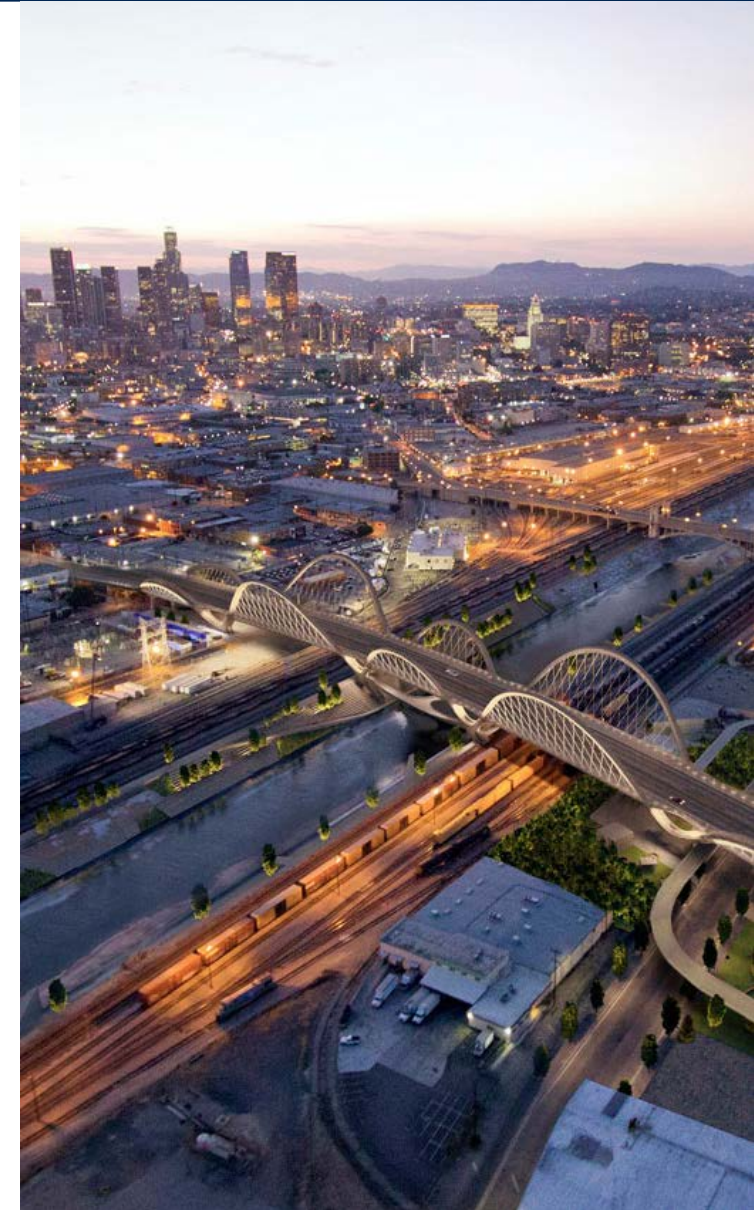


Construction

Income statement



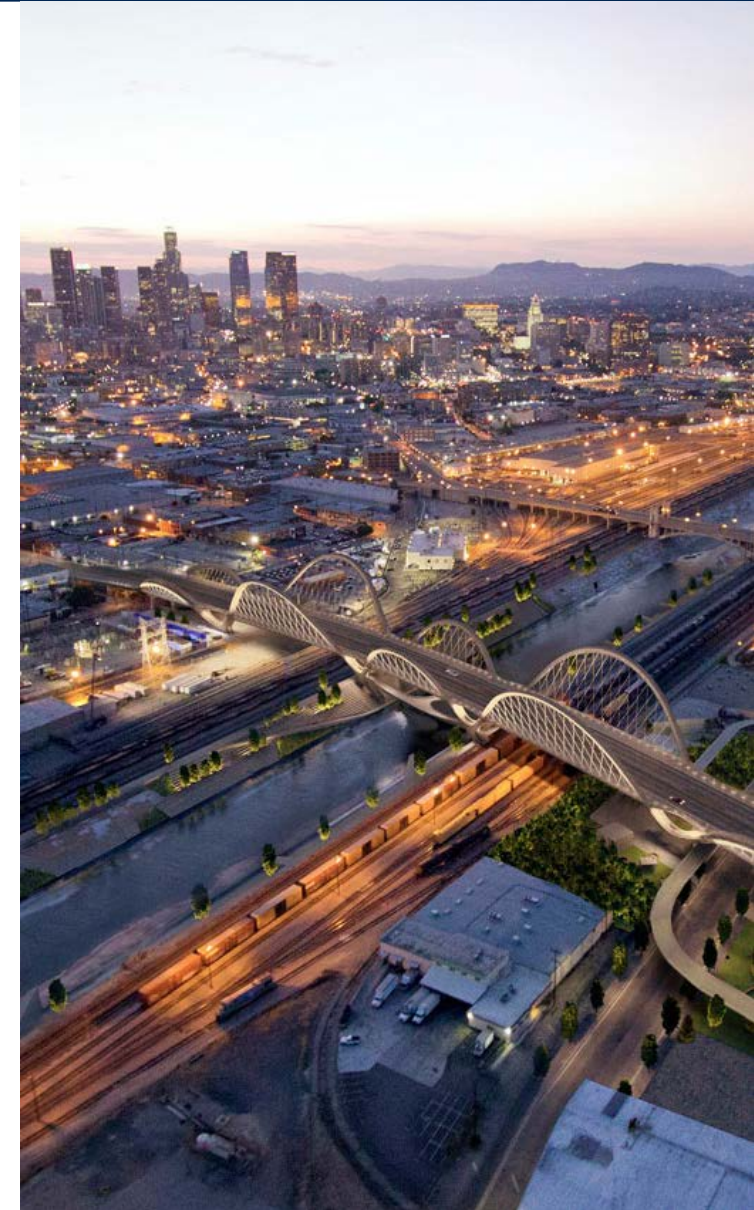
SEK bn	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Revenue	32.1	30.4	138.0
Gross income	2.1	2.0	10.1
Selling and administrative expenses	-1.7	-1.6	-6.6
Operating income	0.4	0.4	3.5
Gross margin, %	6.5	6.6	7.3
Selling and administrative expenses, %	-5.2	-5.2	-4.8
Operating margin, %	1.2	1.5	2.6



Construction

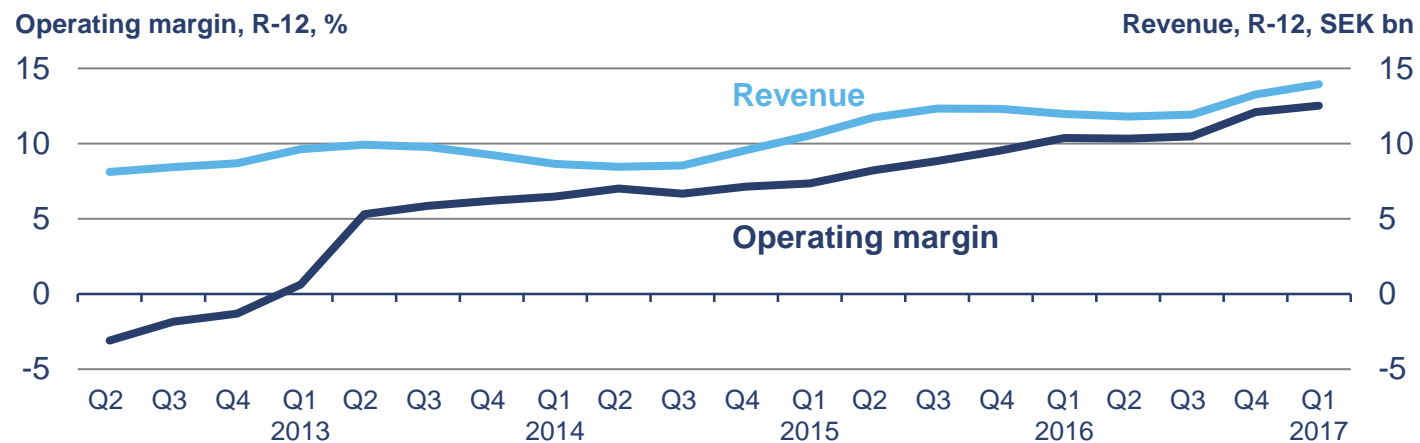
Income statement

	Operating income, SEK M		Operating margin, %	
	Jan–Mar 2017	Jan–Mar 2016	Jan–Mar 2017	Jan–Mar 2016
Nordic	358	277	3.0	2.5
of which Sweden	234	139	3.4	2.0
Europe	-191	-90	neg	neg
USA	225	255	1.6	2.0
Total	392	442	1.2	1.5



Residential Development

Income statement, segment reporting



SEK M	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Revenue	3,352	2,660	13,264
Gross income	601	444	2,164
Selling and administrative expenses	-163	-147	-559
Operating income	438	297	1,605
Gross margin, %	17.9	16.7	16.3
Selling and administrative expenses, %	-4.9	-5.5	-4.2
Operating margin, %	13.1	11.2	12.1



Residential Development

Income statement

	Operating income, SEK M		Operating margin, %	
	Jan–Mar 2017	Jan–Mar 2016	Jan–Mar 2017	Jan–Mar 2016
Nordics	419	260	13.3	10.7
of which Sweden	258	194	16.2	13.6
Europe	19	37	8.7	15.7
Total	438	297	13.1	11.2

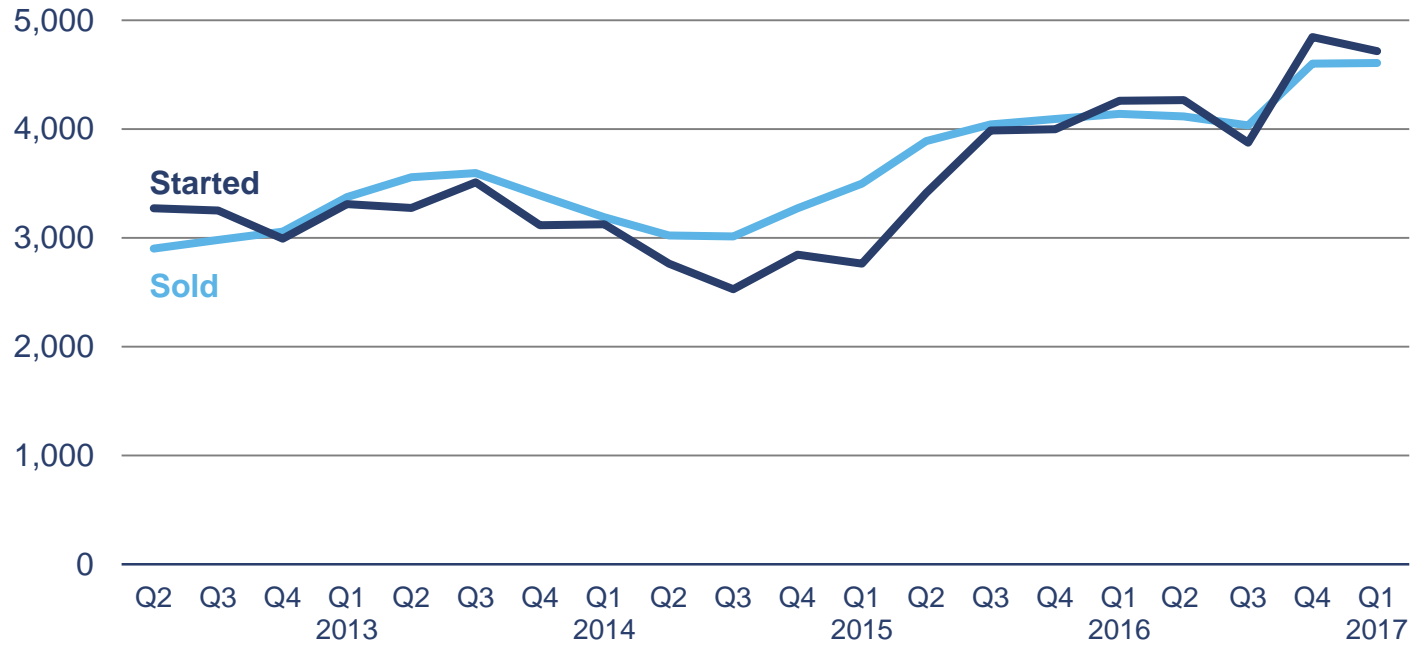
Development gain only, construction margin reported under Construction



Residential Development

Homes started and sold

Homes, R-12

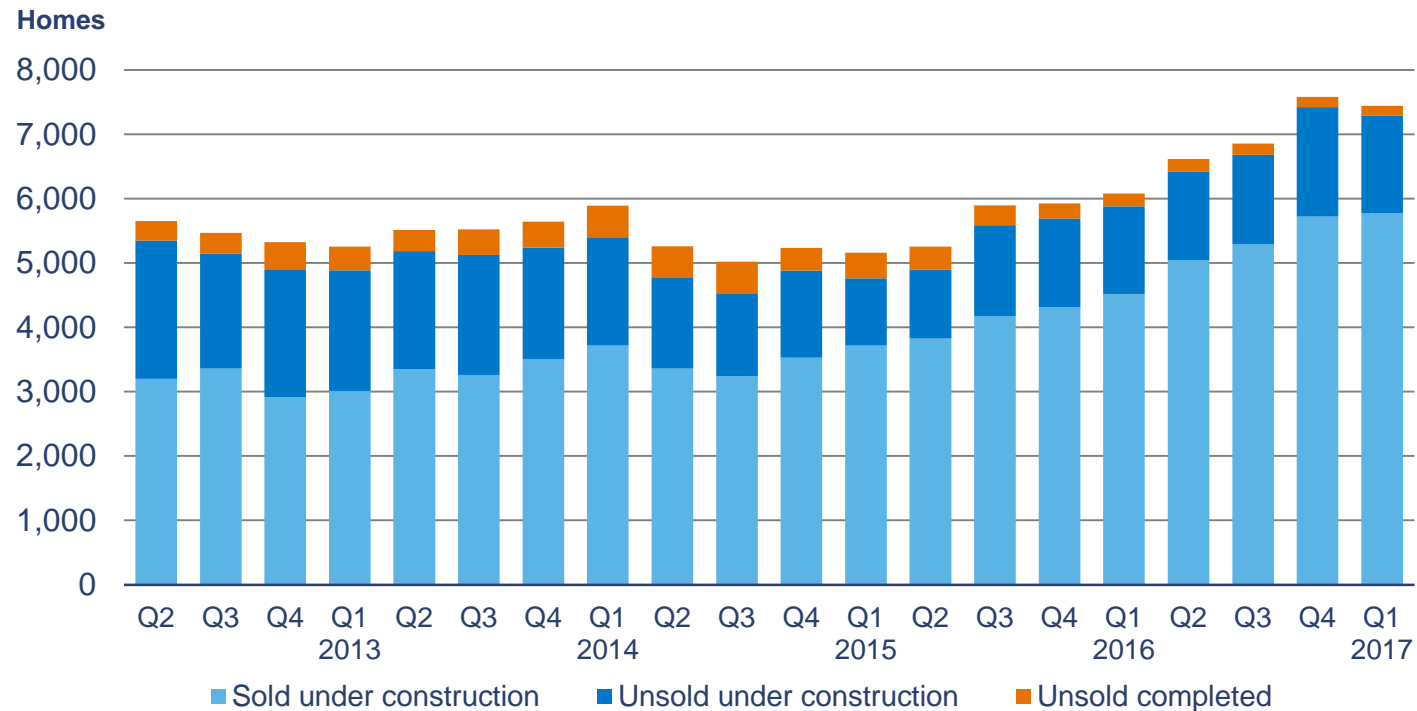


Homes started			Homes sold		
Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
858	988	4,848	1,045	1,039	4,603



Residential Development

Homes in production



Homes in production		Of which sold, %		Unsold completed homes	
Mar 31, 2017	Mar 31, 2016	Mar 31, 2017	Mar 31, 2016	Mar 31, 2017	Mar 31, 2016
7,290	5,878	79	77	152	200



Commercial Property Development

Income statement, segment reporting

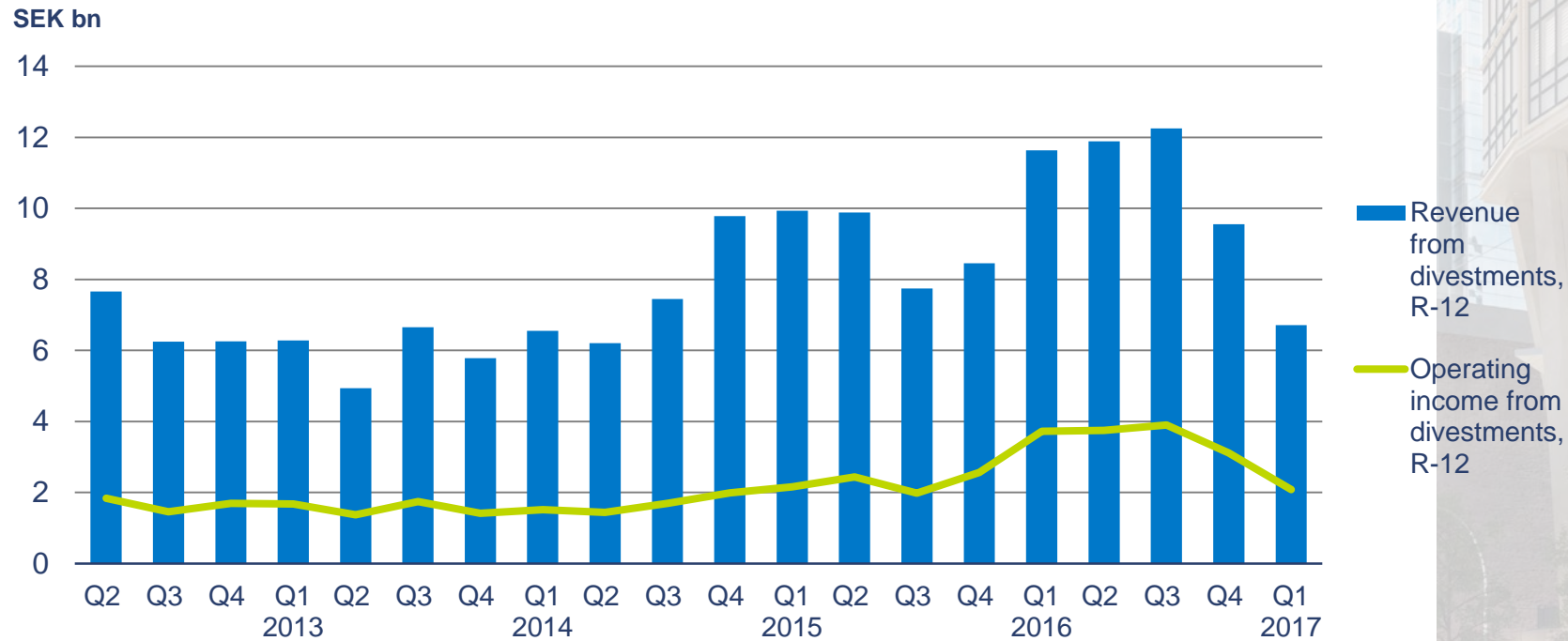
SEK M	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Revenue	1,562	4,420	10,226
Gross income	464	1,519	3,067
Selling and administrative expenses	-192	-159	-751
Income from joint ventures and associated companies	7	1	20
Operating income	279	1,361	2,336
of which gain from divestments of properties ¹	431	1,457	3,111
of which write downs/reversal of write downs	–	–	-198
¹ Additional gain included in eliminations	34	80	173

Development gain only, construction margin reported under Construction



Commercial Property Development

Divestments, segment reporting



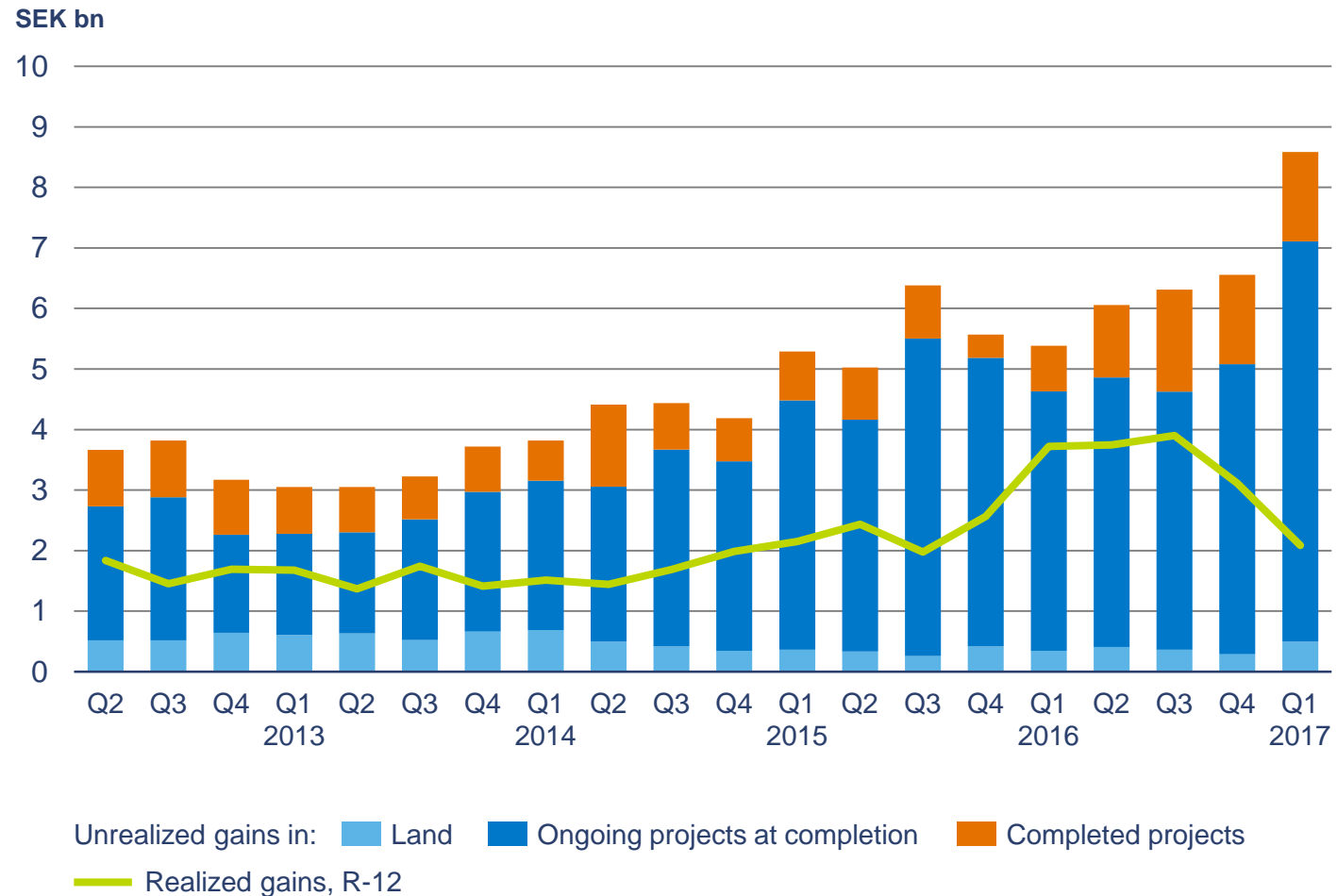
Sale of commercial properties

SEK M	Sales price	Capital gain
Year-to-date	1,405	431

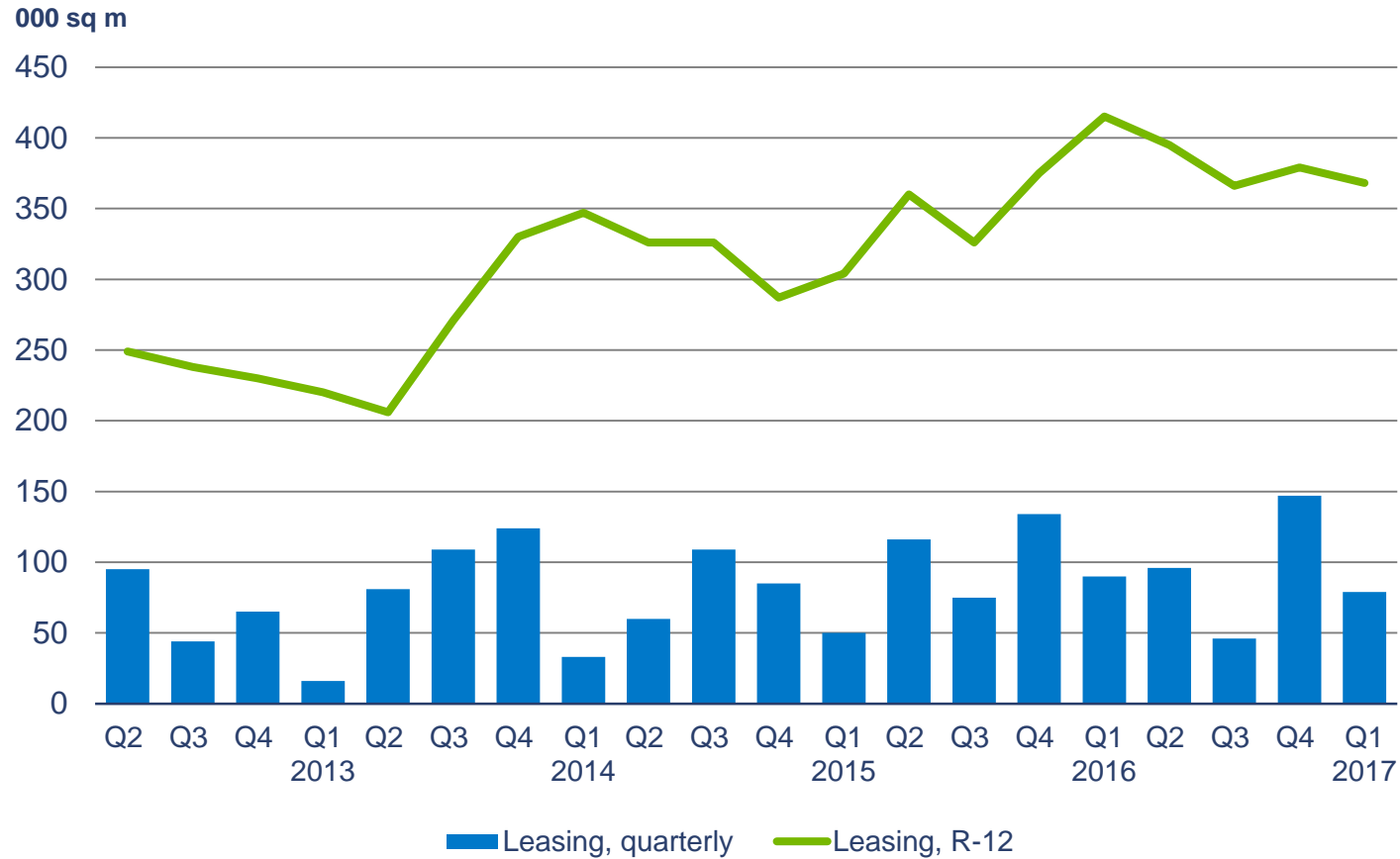


Commercial Property Development

Unrealized and realized gains, segment reporting



Commercial Property Development Leasing



New leases of space were signed for 368,000 sq m, R-12



Infrastructure Development

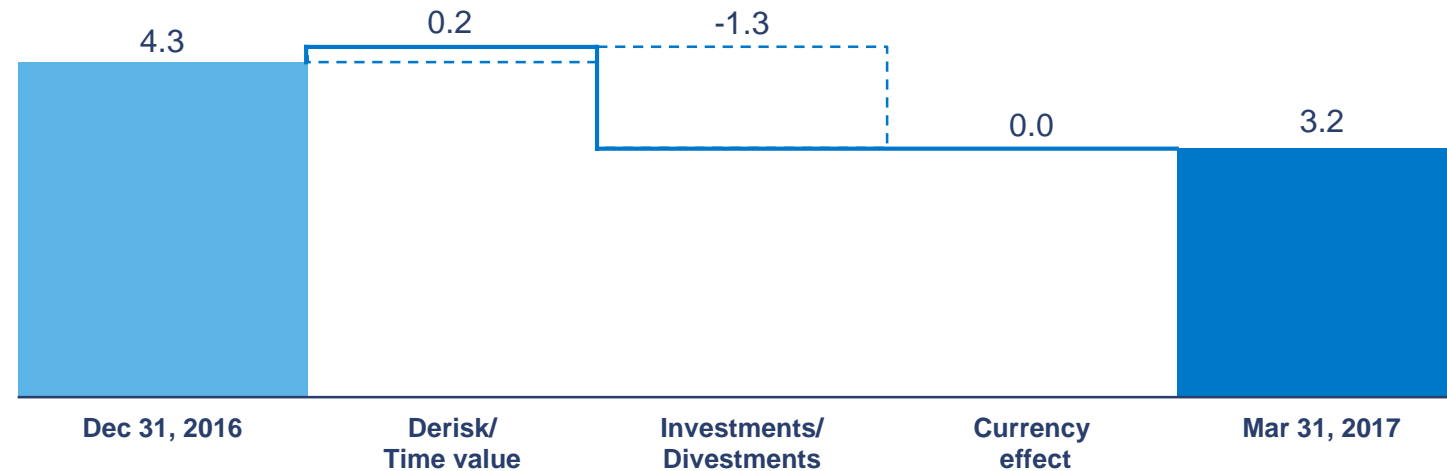
Income statement

SEK M	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Revenue	21	19	237
Gross income	-28	-22	56
Selling and administrative expenses	-35	-38	-147
Income from joint ventures	1,002	146	1,909
Operating income	939	86	1,818
of which gains from divestments of shares in projects	913	–	1,729



Infrastructure Development Project portfolio

Net present value of projects, SEK bn



SEK bn	Mar 31, 2017	Dec 31, 2016
Present value of cash flow from projects	4.0	5.2
Net present value of projects	3.2	4.3
Carrying amount	-2.6	-2.9
Unrealized development gain	0.6	1.4
Cash flow hedge	0.6	0.6
Effect in unrealized Equity	1.2	2.0



Group

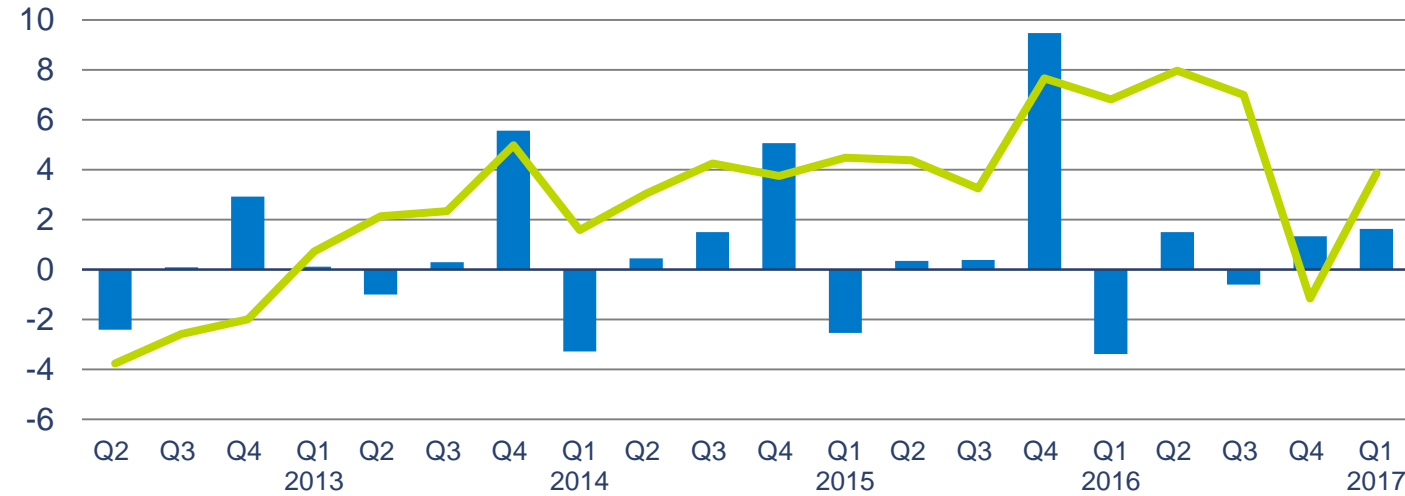
Income statement

SEK M	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Operating income from business streams	2,048	2,186	9,305
Central	-182	-249	-1,140
Eliminations	-17	32	34
Operating income	1,849	1,969	8,199
Net financial items	7	-56	-118
Income after financial items	1,856	1,913	8,081
Taxes	-260	-394	-1,555
Profit for the period	1,596	1,519	6,526
Earnings per share, SEK	3.90	3.69	15.89
Tax rate, %	14	21	19



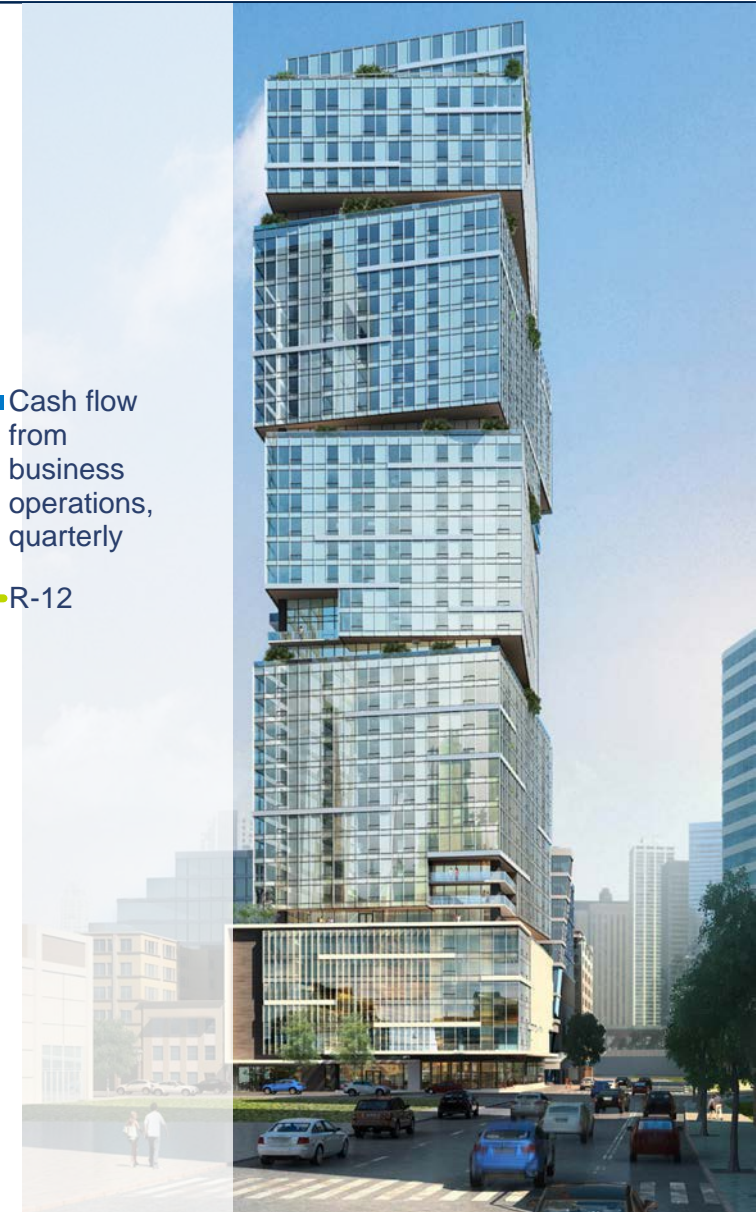
Group Cash flow

SEK bn



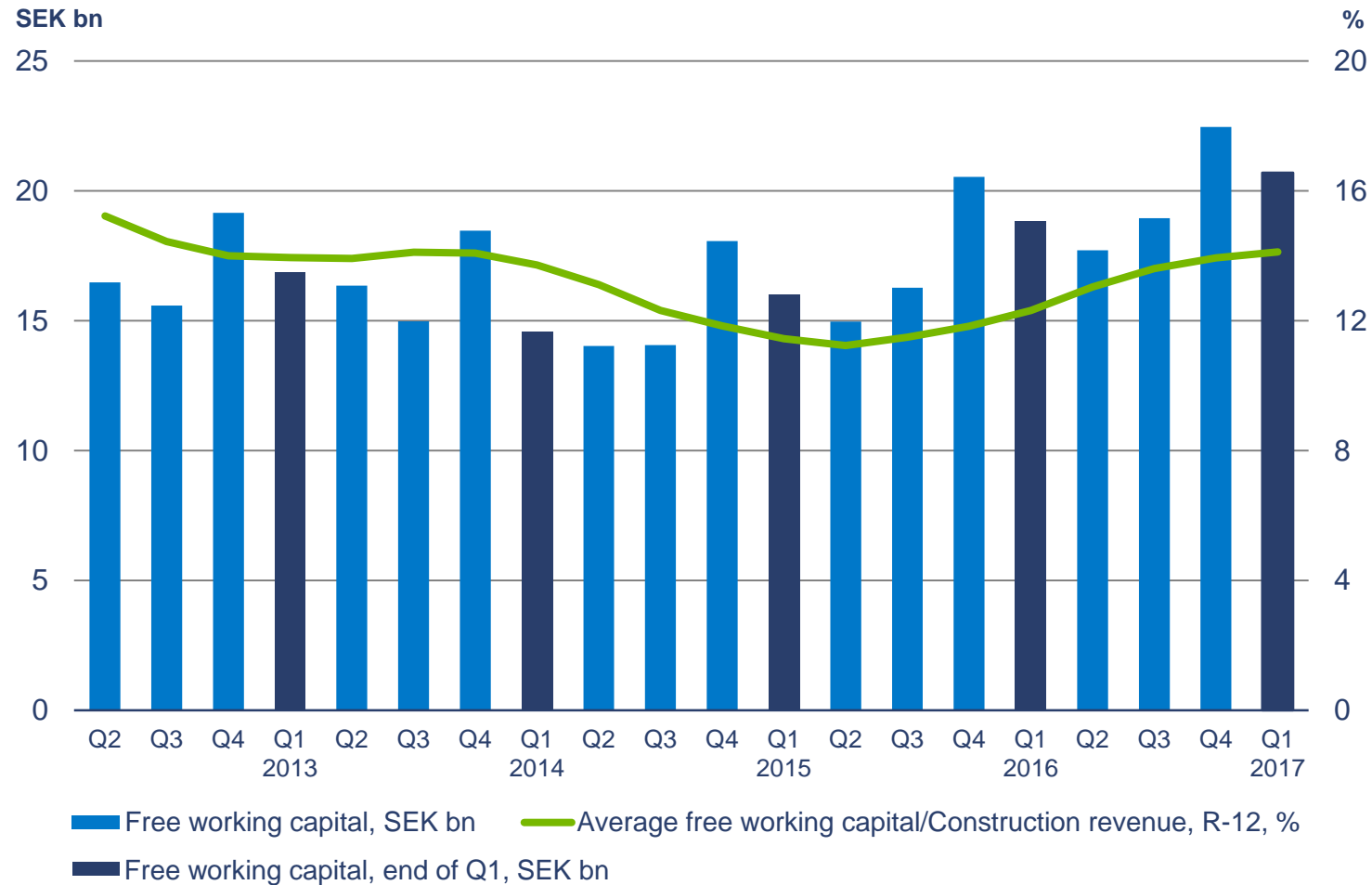
■ Cash flow from business operations, quarterly
— R-12

SEK bn	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Cash flow from operations	1.6	-3.4	-1.2
Net strategic investments	–	0.1	0.9
Dividend etc.	0.0	-0.3	-3.9
Cash flow before change in interest-bearing receivables and liabilities	1.6	-3.5	-4.2



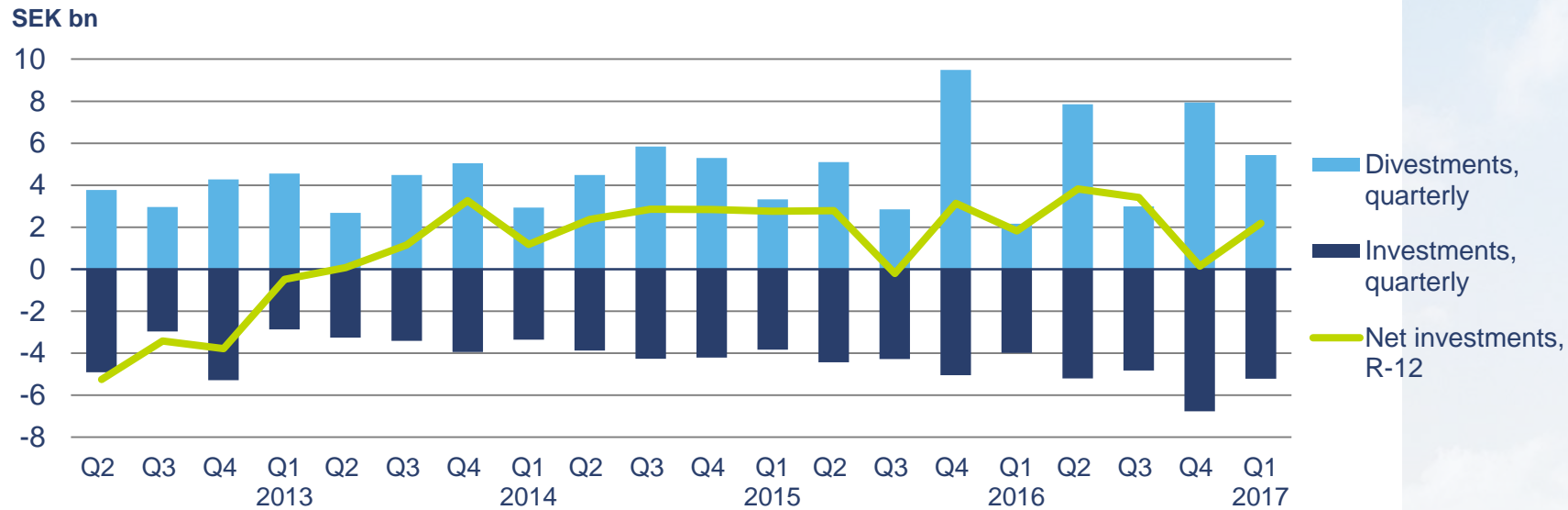
Construction

Free working capital

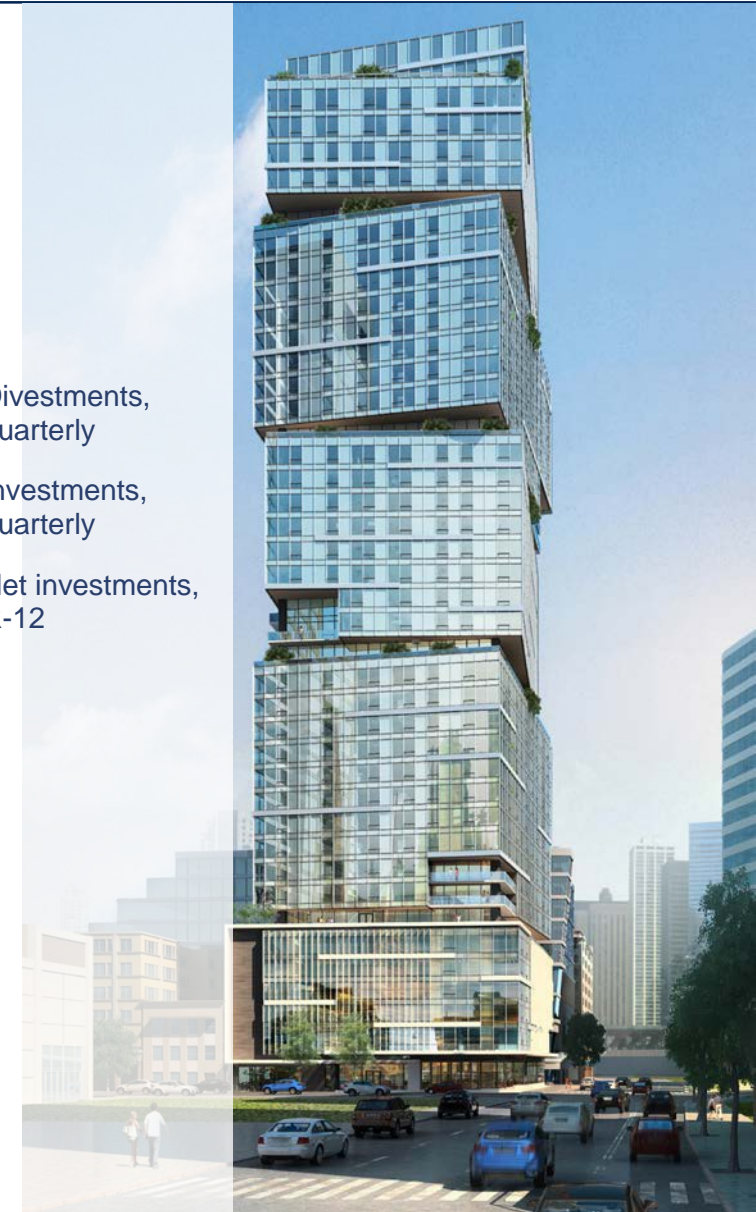


Group

Investments, divestments and capital employed

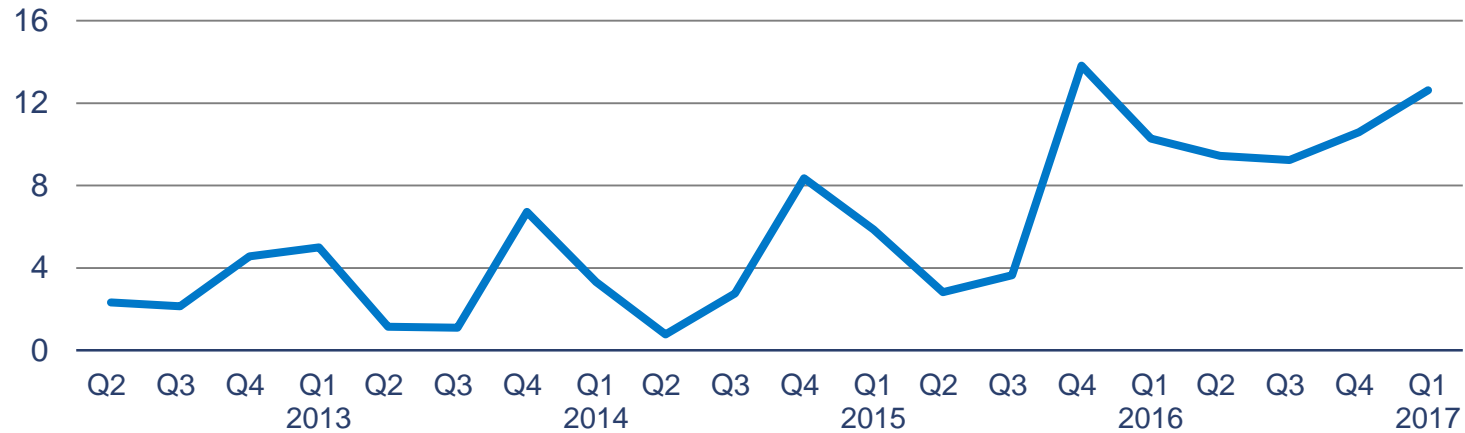


SEK bn	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Capital employed in:			
Residential Development	12.0	9.3	11.6
Commercial Property Development	20.7	18.1	19.9
Infrastructure Development	2.1	1.5	5.4
Total in Project Development	34.8	28.9	36.9



Group Financial position

Operating net financial assets/liabilities, SEK bn



SEK bn	Mar 31 2017	Mar 31 2016	Dec 31 2016
Total assets	105.0	92.6	106.5
Equity attributable to equity holders	29.0	23.5	27.5
Interest-bearing net receivables (+)/net debt (-)	2.9	2.4	1.2
Operating net financial assets/liabilities	12.6	10.3	10.6
Capital employed, closing balance	42.8	36.8	42.6
Equity/assets ratio, %	27.6	25.4	25.8



Group

Change in financial position

SEK bn	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Opening balance interest-bearing net receivables	1.2	6.3	6.3
Cash flow before change in interest-bearing receivables and liabilities	1.6	-3.5	-4.2
Change in pension liability	0.2	-0.2	-1.0
Other changes	-0.1	-0.2	0.1
Change in interest-bearing net receivables	1.7	-4.0	-5.1
Closing balance interest-bearing net receivables/net debt	2.9	2.4	1.2
Pension liability, net	4.4	3.9	4.5
Interest-bearing debt co-ops	5.3	4.0	4.8
Operating net financial assets/liabilities	12.6	10.3	10.6



Group

Change in equity

SEK bn	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Opening balance	27.5	24.2	24.2
Dividend to shareholders	–	–	-3.1
Other changes in equity not included in total comprehensive income for the year	0.1	-0.2	-0.5
Profit for the period	1.4	0.2	5.7
Other comprehensive income			
Translation differences	-0.2	-0.2	1.2
Effects of remeasurements of pensions	0.1	-0.2	-0.9
Effects of cash flow hedges	0.1	-0.3	0.9
Closing balance	29.0	23.5	27.5



Market outlook

Construction

Continued good overall market conditions in construction



Nordics

- Very strong building market in Sweden, stable in Norway and Finland
- Very strong civil market in Sweden and strong market in Norway but with fierce competition, Finland weak



Europe

- Brexit still an uncertainty
- Central European civil market impacted by delays in EU funded project



USA

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



Olympic Stadium, Helsinki, Finland

Market outlook

Residential Development

General

- Challenge to acquire land in all home markets

Nordics

- Sweden very strong
- Norway mixed
- Finland stable

Europe

- Increasing prices and high volumes in Central Europe



The View, Nacka Strand, Sweden

Market outlook

Commercial Property Development

General

- Tenants and investors:
Strong demand, vacancy rates low

Nordics

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

Europe

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

USA

- Strong investor appetite and good tenant demand



Capitol Tower, Houston, USA

Market outlook

Infrastructure Development

➔ All countries

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



