

SKANSKA

Q2 2017

Press release, July 20, 2017, 7:30 a.m. CET



We build for a better society.
Linnaeus University, Kalmar, Sweden

Six month report, January–June 2017

Highlights

- Revenue amounted to SEK 79.1 billion (72.5); adjusted for currency effects, revenue increased 6 percent.
- Operating income amounted to SEK 3.3 billion (3.6); adjusted for currency effects operating income decreased 10 percent.
- Earnings per share increased by 7 percent to SEK 7.35 (6.89).
- Operating cash flow from operations amounted to SEK –0.3 billion (–1.9).
- Operating net financial assets totaled SEK 7.4 billion (March 31, 2017: 12.6).
- Order bookings in Construction amounted to SEK 84.5 billion (84.2); adjusted for currency effects, order bookings decreased by 3 percent. The order backlog amounted to SEK 202.2 billion (March 31, 2017: 200.8).
- Operating income in Construction amounted to SEK 0.5 billion (1.3), corresponding to an operating margin of 0.7 percent (2.1); adjusted for currency operating income decreased 63 percent. Project write downs taken in the U.S. civil and UK operations affected the operating income by SEK 420 M and SEK 360 M respectively.
- Operating income in Project Development amounted to SEK 3.3 billion (2.7); adjusted for currency effects operating income increased by 20 percent.
- Return on capital employed in Project Development was 16.5 percent (15.9).
- Net investments in Project Development amounted to SEK –0.2 billion (1.4).

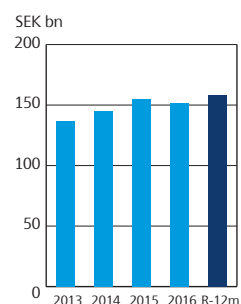
Performance analysis

Tables referring to segment reporting are in shaded background, for more information see page 16.
For definitions of non-IFRS financial measures see page 17-19.

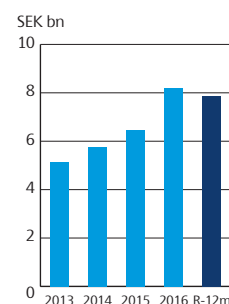
SEK M	Jan-Jun 2017	Jan-Jun 2016	Change, %	Apr-Jun 2017	Apr-Jun 2016	Change, %
Revenue						
Construction	70,768	64,205	10	38,681	33,767	15
Residential Development	8,068	6,139	31	4,716	3,479	36
Commercial Property Development	6,681	6,214	8	5,119	1,794	185
Infrastructure Development	39	174	-78	18	155	-88
Central and eliminations	-6,438	-4,183	54	-3,598	-1,943	85
Total	79,118	72,549	9	44,936	37,252	21
Operating income						
Construction	508	1,340	-62	116	898	-87
Residential Development	1,103	675	63	665	378	76
Commercial Property Development	1,257	1,812	-31	978	451	117
Infrastructure Development	910	217	319	-29	131	-
Central	-417	-483	-14	-235	-234	0
Eliminations	-61	72	-	-44	40	-
Operating income	3,300	3,633	-9	1,451	1,664	-13
Net financial items	30	-41	-	23	15	53
Income after financial items	3,330	3,592	-7	1,474	1,679	-12
Taxes	-313	-755	-59	-53	-361	-85
Profit for the period	3,017	2,837	6	1,421	1,318	8
Earnings for the period per share, SEK	7.35	6.89	7	3.45	3.20	8
Revenue for the period according to IFRSs	73,707	70,328	5	40,094	39,926	0
Operating income for the period according to IFRSs	2,054	3,336	-38	453	3,025	-85
Earnings for the period per share according to IFRSs, SEK	4.60	6.32	-27	1.22	5.83	-79
Operating cash flow from operations	-306	-1,886	-84	-1,936	1,498	-
Interest-bearing net receivables(+)/net debt(-)	-4,323	-463	834	-4,323	-463	834
Return on capital employed in Project Development, % ¹	16.5	15.9				
Operating net financial assets(+)/liabilities(-)	7,380	9,435	-22			
Return on equity, % ¹	26.7	26.7				

¹ Rolling 12 months.

Revenue



Operating income

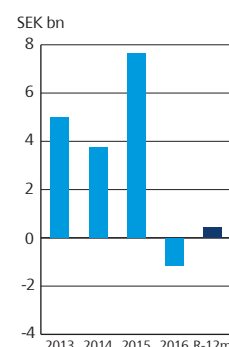


Operating income per segment, R-12m, Jun 30, 2017



- Construction, 30%
- Residential Development, 22%
- Commercial Property Development, 20%
- Infrastructure Development, 28%

Operating cash flow from operations



Comments from Skanska's President and CEO Johan Karlström:



In the first six months of 2017 our revenue in local currencies and earnings per share increased and we are maintaining a strong financial position. The business streams Residential and Commercial Property Development both had impressive performance, but the performance in the Construction stream is severely

burdened by the project write downs during the second quarter, which is not satisfactory.

As communicated on July 14 project write downs were taken during the second quarter in our Construction stream related to cost overruns in the U.S. civil and UK operations. This overshadows the strong performance in the Nordics, Sweden especially, and the stable performance in the majority of the U.S. operations. This is of course not acceptable and we have and are taking additional actions to restore the profitability in the U.S., UK and Poland, where the latter is progressing according to plan. These actions include additional strengthening of risk management and training, focusing the operations and reducing organizational costs even further.

Our Residential Development stream is delivering impressive results, both revenue and profitability are increasing significantly. The revenue growth comes from the Nordics and the improved profitability comes from all geographies. The underlying demand for new housing continues to be strong and as previously

communicated we have seen a decline in speculative buyers in Sweden as a consequence of the new regulations being implemented which makes the market more stable. With a very low stock of unsold homes we are working hard to put more projects on the market.

The assets developed in our Commercial Property Development stream remain in high demand by both tenants and investors and we are delivering yet another strong quarter in terms of divestments, starts and leasing. We are backed by favorable market conditions and an attractive portfolio and pipeline of projects which makes a good foundation for future earnings in this business stream.

In the Infrastructure Development stream the majority of the projects in our portfolio are under construction and are all progressing according to plan. We are at the same time selectively bidding new projects to refill the portfolio after the recent successful divestments in UK and Poland.

During the first six months the benefits of being a diversified group, with construction and development operations in selected geographies, becomes evident as we despite disappointments in Construction are able to deliver a growth in earnings per share thanks to our Project Development operations. The Construction stream should of course perform much better and with a Construction stream delivering at their full potential we can increase profitability even further, and we are committed to do so.



Skanska has divested three buildings at Linnaeus University in Kalmar, Sweden. At the beginning of 2016, Skanska signed a ten-year lease agreement with Linnaeus University and began the development and construction of the three new buildings, including underground parking. The buildings have a total gross area of 43,000 square meters and are located in the eastern part of the university area. In addition, Skanska is working on the extension of additional premises in the western part of the university area.

Market outlook, next 12 months

Slightly improved market outlook since last 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 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 is improving, especially the civil market.

In UK the uncertainty in the non-residential building market post Brexit and the election continues and it is also impacting the civil market to some extent. In Central Europe the overall market situation is relatively stable with a slightly improved Polish civil market.

In the U.S. the overall market is strong. The civil construction market remains good, although competition is intense, and the building construction market is strong in the aviation, education, data center, life science and healthcare sectors.

	Building, non-residential	Building, residential	Civil
⬇️ Nordics			
Sweden	⬆️	⬇️	⬆️
Norway	➡️	➡️	⬇️
Finland	➡️	➡️	●
➡️ Europe			
Poland	➡️	➡️	●
Czech Republic ¹	➡️	⬇️	➡️
United Kingdom	➡️	-	●
⬇️ USA			
USA	⬇️	-	⬇️

¹ Including Slovakia.

Residential Development

The Swedish residential market is still strong and the new amortization requirements coupled with lower credit availability 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 increasing sales prices.

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

⬇️ Nordics	
Sweden	⬆️
Norway	➡️
Finland	➡️
⬇️ Europe	



SilviaBo, Ekerö, Sweden.

Commercial Property Development

Vacancy rates for office space in most of the Nordic and Central European cities where Skanska has operations are stable. In Sweden vacancy rates are low and rents are increasing. 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's energy corridor 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 all home markets there is a challenge to acquire and develop land due to increasing prices and long permitting processes.

⬇️ Nordics	
Sweden	⬆️
Norway	➡️
Finland	⬇️
Denmark	⬇️
⬇️ Europe	
Poland	⬇️
Czech Republic	⬇️
Hungary	⬇️
Romania	➡️
⬇️ USA	



Epic, Malmö, Sweden.

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 opportunities being seen in the Norwegian market.

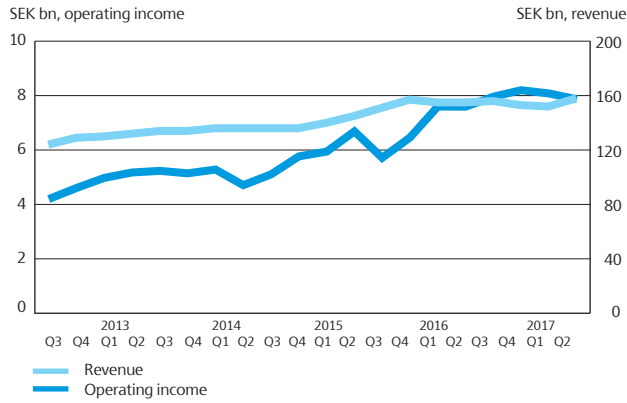


LaGuardia Airport, New York, USA.

Performance analysis

Group

Revenue and operating income, rolling 12 months



Revenue and earnings

SEK M	Jan-Jun 2017	Jan-Jun 2016	Change, %	Apr-Jun 2017	Apr-Jun 2016	Change, %
Revenue	79,118	72,549	9	44,936	37,252	21
Operating income ^{1,2}	3,300	3,633	-9	1,451	1,664	-13
Net financial items	30	-41		23	15	
Income after financial items	3,330	3,592	-7	1,474	1,679	-12
Taxes	-313	-755		-53	-361	
Profit for the period	3,017	2,837	6	1,421	1,318	8
Earnings for the period per share, SEK ³	7.35	6.89	7	3.45	3.20	8
Earnings for the period per share according to IFRSs, SEK ³	4.60	6.32	-27	1.22	5.83	-79

1 Central, SEK -417 M (-483).
 2 Eliminations, SEK -61 M (72).
 3 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

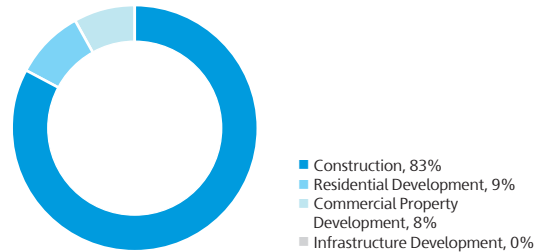
Changes and currency rate effects

	Jan-Jun 2017 / Jan-Jun 2016		
	Change in SEK	Change in local currency	Currency effect
Revenue	9%	6%	3%
Operating income	-9%	-10%	1%

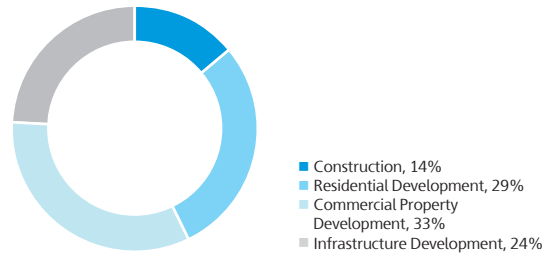
Revenue increased by 9 percent and amounted to SEK 79.1 billion (72.5); adjusted for currency effects, revenue increased by 6 percent.

Operating income decreased by 9 percent and amounted to SEK 3,300 M (3,633); adjusted for currency effects operating income decreased by 10 percent.

Revenue per segment, January–June 2017



Operating income per segment, January–June 2017



Project Development constitutes a significant portion of the operating income, and in the first six months the divestment of the investment in the A1 motorway project in Poland made a strong contribution, while in the comparable period the divestment of the office development 101 Seaport in the U.S. contributed significantly.

Central expenses totaled SEK -417 M (-483). The elimination of gains in Intra-Group projects amounted to SEK -61 M (72).

Net financial items amounted to SEK 30 M (-41). The change compared to the first six months of 2016 can partly be explained by positive changes in fair value of derivatives. This together with effective cash management has resulted in improved net financial items, at the same time as the Project Development operations continue to grow.

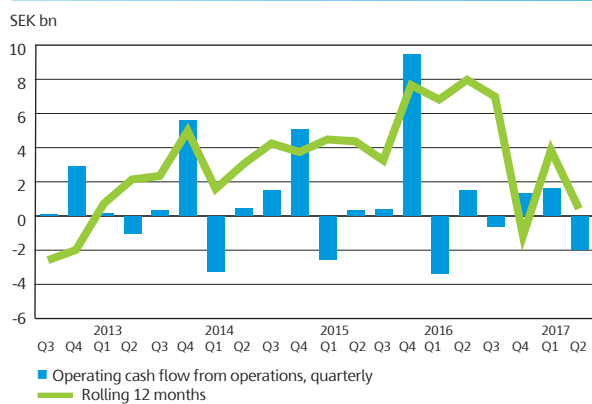
For a specification of net financial items according to IFRS, see page 21.

Taxes for the period amounted to SEK -313 M (-755), corresponding to an effective tax rate of about 9 (21) percent. The lower tax rate is mainly attributable to the lower operating income in the U.S civil and UK Construction operations and the continued good performance from the Commercial Property Development business stream.

Cash flow

Group

Operating cash flow from operations



Operating cash flow

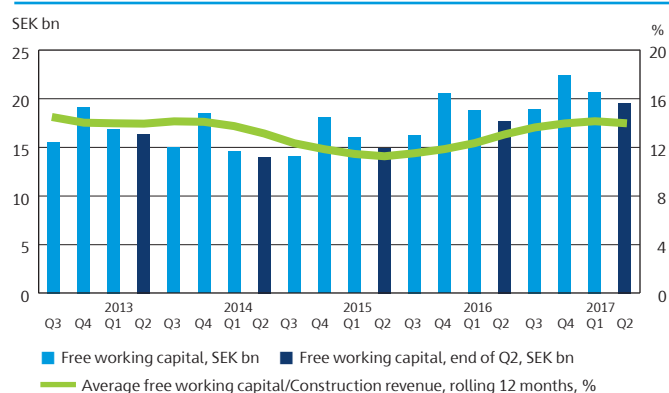
SEK M	Jan-Jun 2017	Jan-Jun 2016	Change, %	Apr-Jun 2017	Apr-Jun 2016	Change, %
Cash flow from business operations	83	1,111	-93	-103	866	-
Change in working capital	978	-2,789	-	-378	-1,547	-76
Net divestments(+)/investments(-)	-1,244	676	-	-1,461	2,627	-
Cash flow adjustment	15	-61	-	29	-41	-
Cash flow from business operations before taxes paid	-168	-1,063	-84	-1,913	1,905	-
Taxes paid in business operations	-266	-834	-68	-48	-506	-91
Cash flow from financing operations	128	11	1,064	25	99	-75
Operating cash flow from operations	-306	-1,886	-84	-1,936	1,498	-
Net strategic divestments(+)/investments(-)	0	145	-	0	18	-
Dividend etc	-3,541	-3,607	-2	-3,528	-3,343	6
Cash flow before change in interest-bearing receivables and liabilities	-3,847	-5,348	-28	-5,464	-1,827	199
Change in interest-bearing receivables and liabilities	2,725	-605	-	2,798	147	1,803
Cash flow for the period	-1,122	-5,953	-81	-2,666	-1,680	59

Operating cash flow from operations amounted to SEK -306 M (-1,886). Change in working capital impacted cash flow positively in the amount of SEK 978 M (-2,789), and is a result of the divestment of the investment in the M25 motorway project in UK in the fourth quarter 2016, where the payment of SEK 3.1 billion was received in the first quarter of 2017.

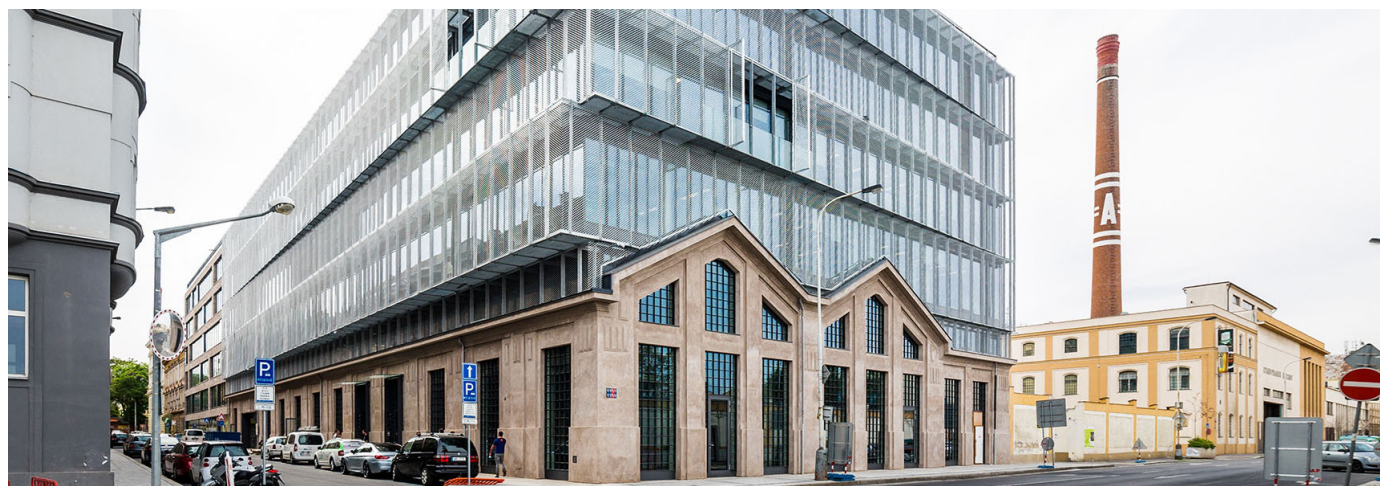
Taxes paid in business operations amounted to SEK -266 M (-834).

Commercial Property Development assets sold but not yet transferred will have a positive effect on cash flow of about SEK 6.8 billion, of which SEK 4.3 billion in 2017.

Free working capital in Construction



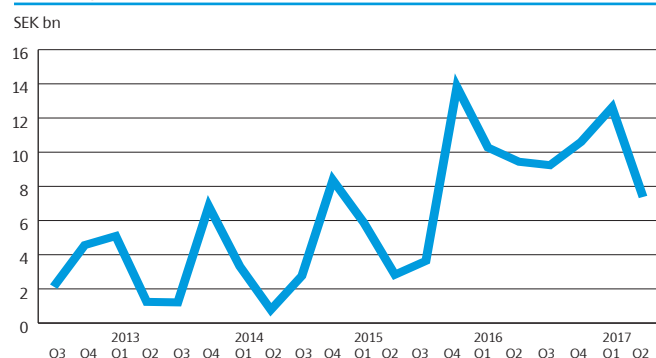
The free working capital in Construction amounted to SEK 19.6 billion (17.7) with the average free working capital in relation to revenue in Construction in the past 12 months at 14.0 percent. The free working capital in Construction has increased due to improved cash flow profile in a number of projects and the maintained focus on cash generation in the Construction stream. Cash flow due to changes in working capital in Construction amounted to SEK -2,381 M (-2,816).



Five office, Prague, Czech Republic.

Financial position

Operating net financial assets/liabilities



Balance sheet – Summary

SEK bn	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Total assets	106.1	96.6	106.5
Total equity	24.4	21.9	27.5
Interest-bearing net receivables (+)/net debt (-)	-4.3	-0.5	1.2
Operating net financial assets(+)/liabilities(-)	7.4	9.4	10.6
Capital employed, closing balance	41.6	36.7	42.6
Equity/assets ratio, %	23.0	22.7	25.8

Change in interest-bearing receivables and liabilities

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Opening balance interest-bearing net receivables(+)/net debt(-)	1,219	6,317	2,917	2,367	6,317
Cash flow for the period	-1,122	-5,953	-2,666	-1,680	-6,566
Less change in interest-bearing receivables and liabilities	-2,725	605	-2,798	-147	2,400
Cash flow before change in interest-bearing receivables and liabilities	-3,847	-5,348	-5,464	-1,827	-4,166
Translation differences, net receivables/net debt	-534	43	-429	194	972
Remeasurements of pension liabilities	-1,140	-1,250	-1,300	-1,042	-1,022
Interest-bearing liabilities acquired/divested	0	0	0	0	-663
Other changes, interest-bearing net receivables/net debt	-21	-225	-47	-155	-219
Change in interest-bearing net receivables/net debt	-5,542	-6,780	-7,240	-2,830	-5,098
Closing balance interest-bearing net receivables(+)/net debt(-)	-4,323	-463	-4,323	-463	1,219
Pension liability, net	5,694	4,887	5,694	4,887	4,537
Loans to housing co-ops	6,009	5,011	6,009	5,011	4,839
Closing balance operating net financial assets(+)/liabilities(-)	7,380	9,435	7,380	9,435	10,595

The operating net financial assets amounted to SEK 7.4 billion (March 31, 2017: 12.6). The interest-bearing net debt amounted to SEK -4.3 billion (March 31, 2017: 2.9). Commercial Property Development assets sold but not yet transferred will have a positive effect on cash flow of about SEK 6.8 billion, of which SEK 4.3 billion in 2017.

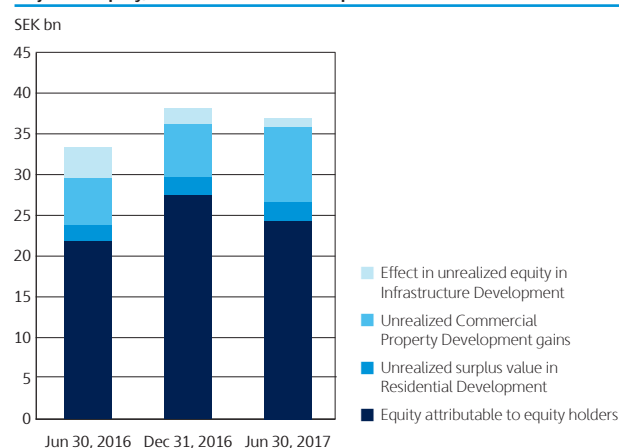
At the end of the quarter, cash, cash equivalents and committed unutilized credit facilities amounted to about SEK 10.4 billion (March 31, 2017: 12.7), of which SEK 9.4 billion (March 31, 2017: 11.4) is available within one week. The Group central loan portfolio amounted to SEK 4.6 billion (March 31, 2017: 2.9) and had an average maturity of 3.7 years (March 31, 2017: 2.1), including committed unutilized credit facilities. External loans to housing co-ops totaled SEK 6.0 billion (March 31, 2017: 5.3) and the net pension liabilities totaled SEK 5.7 billion (March 31, 2017: 4.4), where the change is attributable to lower discount rates in Sweden, Norway and UK. At the end of the quarter, capital employed amounted to SEK 41.6 billion (March 31, 2017: 42.8).

Equity

Changes in equity

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Opening balance	27,506	24,206	29,021	23,497	24,206
Dividend to shareholders	-3,380	-3,075	-3,380	-3,075	-3,075
Other changes in equity not included in total comprehensive income for the year	-10	-385	-73	-188	-513
Profit for the period	1,888	2,601	505	2,398	5,735
Other comprehensive income					
Translation differences	-630	259	-467	499	1,209
Effects of remeasurements of pensions	-1,059	-1,106	-1,201	-936	-938
Effects of cash flow hedges	133	-562	43	-257	882
Closing balance	24,448	21,938	24,448	21,938	27,506

Adjusted equity, less standard tax of 10 percent



The Group's equity amounted to SEK 24.4 billion (21.9), the equity/assets ratio was 23.0 percent (22.7) and the net debt/equity ratio amounted to 0.2 (-0.0).

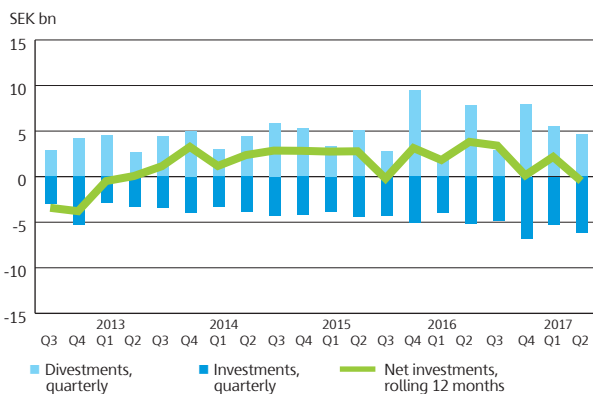
The effects of remeasurements of pensions amounted to SEK -1,059 M (-1,106), due to lower discount rates in Sweden, Norway and UK. The effects of cash flow hedges, SEK 133 M (-562) are mainly related to changes in the interest-rate swaps attributable to Infrastructure Development projects. After the divestment of the investment in the M25 motorway project in the UK by the end of 2016 the size of the interest-rate swaps has been reduced.

Translation differences amounted to SEK -630 M (259).

The unrealized surplus values less standard tax in Project Development amounted to SEK 12.5 billion (March 31, 2017: 12.1), of which SEK 1.4 billion is realized according to segment reporting.

Investments and divestments

Investments and divestments



The Group's investments amounted to SEK –11,396 M (–9,195). Divestments amounted to SEK 10,152 M (10,016) and the Group's net investments amounted to SEK –1,244 M (821).

In Construction, investments totaled SEK –1,113 M (–827). The investments were mainly related to property, plant and equipment for the Group's own production. Net investments in Construction amounted to SEK –1,006 M (–624). Depreciation of property, plant and equipment amounted to SEK –647 M (–624).

In Residential Development, investments totaled SEK –5,875 M (–4,291), of which about SEK –1,555 M (–982) relates to the acquisition of land corresponding to 4,400 building rights. Divestments amounted to SEK 6,215 M (3,336). Net divestments in Residential Development amounted to SEK 340 M (–955).

In Commercial Property Development, investments totaled SEK –4,499 M (–3,780) of which SEK –474 M (–626) related to investments in new land. Divestments amounted to SEK 2,624 M (6,307).

Net investments in Commercial Property Development amounted to SEK –1,875 M (2,527).

Investments in Infrastructure Development amounted to SEK –71 M (–218). Divestments amounted to SEK 1,368 M (15).

The decreased capital employed in Infrastructure Development compared to year-end 2016 is due to the SEK 3.1 billion receivable for the divestment of the investment in the M25 motorway project in UK being received during the first quarter 2017.



Investment in Spark 2, Warsaw, Poland.

Investments, divestments and net divestments/ investments

SEK M	Jan-Jun 2017	Jan-Jun 2016	Change, %	Apr-Jun 2017	Apr-Jun 2016	Change, %
Investments						
Construction	-1,113	-827	35	-627	-456	38
Residential Development	-5,875	-4,291	37	-3,128	-2,496	25
Commercial Property Development	-4,499	-3,780	19	-2,477	-2,062	20
Infrastructure Development	-71	-218	-67	-60	-168	-64
Other	162	-79		133	-28	
Total	-11,396	-9,195	24	-6,159	-5,210	18
Divestments						
Construction	107	203	-47	70	112	-38
Residential Development	6,215	3,336	86	3,626	1,806	101
Commercial Property Development	2,624	6,307	-58	1,110	5,902	-81
Infrastructure Development	1,368	15	9,020	6	15	-60
Other	-162	155		-114	20	
Total	10,152	10,016	1	4,698	7,855	-40
Net divestments(+)/ investments(-)						
Construction	-1,006	-624	61	-557	-344	62
Residential Development	340	-955	-	498	-690	-
Commercial Property Development	-1,875	2,527	-	-1,367	3,840	-
Infrastructure Development	1,297	-203	-	-54	-153	-65
Other	0	76		19	-8	
Total	-1,244	821	-	-1,461	2,645	-
Of which strategic	0	145		0	18	

Capital employed in Project Development

SEK M	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Residential Development	11,694	10,244	11,607
Commercial Property Development	22,012	17,144	19,936
Infrastructure Development	2,227	1,420	5,434
Total in Project Development	35,933	28,808	36,977

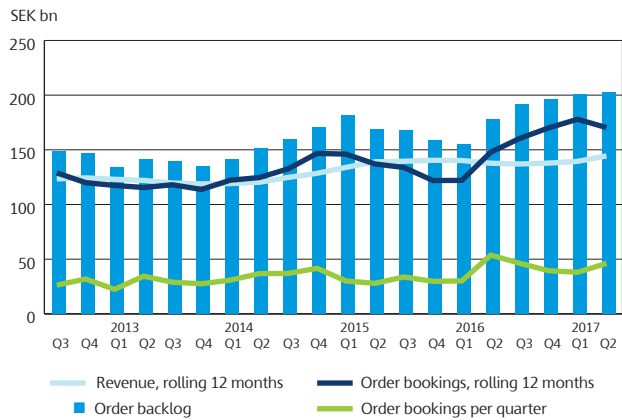


Divestment of Ö-huset in Copenhagen, Denmark.

Performance analysis, business streams

Construction – Order situation

Order backlog, revenue and order bookings



Order bookings and order backlog in Construction

SEK bn	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016
Order bookings	84.5	84.2	46.3	53.9
Order backlog ¹	202.2	177.9	-	-

¹ Refers to the end of each period.

Order bookings amounted to SEK 84.5 billion (84.2); adjusted for currency effects, order bookings decreased by 3 percent. On a rolling 12 months basis the book-to-build ratio was 118 percent (March 31, 2017: 128) and all regions had higher order bookings than revenue during that period.

At the end of the quarter, the order backlog amounted to SEK 202.2 billion, compared to 200.8 billion at the end of the previous quarter. The order backlog corresponds to about 17 months of production (March 31, 2017: 17).

Changes and currency rate effects

	Change in SEK	Change in local currency	Currency effect
Jan-Jun 2017 / Jan-Jun 2016			
Order bookings	0%	-3%	3%
Jun 30, 2017 / Mar 31, 2017			
Order backlog	1%	4%	-3%

Major orders in the quarter

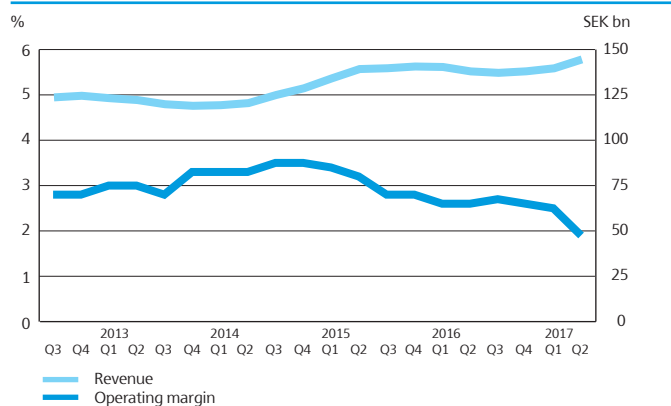
Geography	Contract	Amount SEK M	Client
USA	Transport hub	11,000	Empire State Development
Nordics	Hospital	1,300	Locum
USA	Subway stations	1,300	New York City Transit
USA	Manufacturing facility	1,100	Confidential
USA	Recreation center	1,000	Boston College
Europe	Highway maintenance	710	Cambridgeshire County Council



St Görans hospital, Stockholm, Sweden.

Construction

Revenue and operating margin, rolling 12 months



Revenue and earnings

SEK M	Jan-Jun 2017	Jan-Jun 2016	Change, %	Apr-Jun 2017	Apr-Jun 2016	Change, %
Revenue	70,768	64,205	10	38,681	33,767	15
Gross income	3,861	4,565	-15	1,785	2,544	-30
Selling and administrative expenses	-3,360	-3,232	4	-1,679	-1,654	2
Income from joint ventures and associated companies	7	7		10	8	
Operating income	508	1,340	-62	116	898	-87
Gross margin, %	5.5	7.1		4.6	7.5	
Selling and administrative expenses, %	-4.7	-5.0		-4.3	-4.9	
Operating margin, %	0.7	2.1		0.3	2.7	
Employees	38,681	41,647				

Changes and currency rate effects

	Jan-Jun 2017 / Jan-Jun 2016		
	Change in SEK	Change in local currency	Currency effect
Revenue	10%	7%	3%
Operating income	-62%	-63%	1%

Revenue in the Construction business stream increased by 10 percent and amounted to SEK 70.8 billion (64.2); adjusted for currency effects, the revenue increased by 7 percent. Operating income amounted to SEK 508 M (1,340); adjusted for currency effects, operating income decreased by 63 percent. The operating margin was 0.7 percent (2.1).

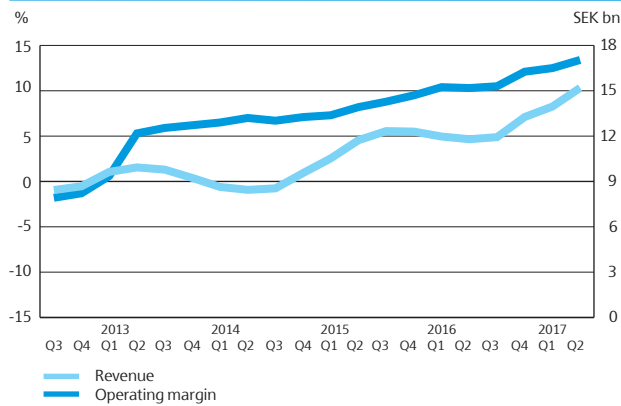
The performance in the Nordics was strong, mainly driven by Sweden. During the second quarter the operating income in Europe was negatively impacted by the write downs in UK amounting to about SEK 360 M due to not achieving estimated production rates, projects being delayed with estimated penalties and multiple changes driven by clients causing cost overruns. In the U.S., charges in the civil operations amounting to about SEK 420 M impacted operating income negatively during the second quarter related to project write downs. The reasons for the project write downs are mainly cost overruns due to not achieving estimated production rates and projects being delayed.



Power plant, Høyanger municipality, Norway.

Residential Development

Revenue and operating margin, rolling 12 months



Revenue and earnings

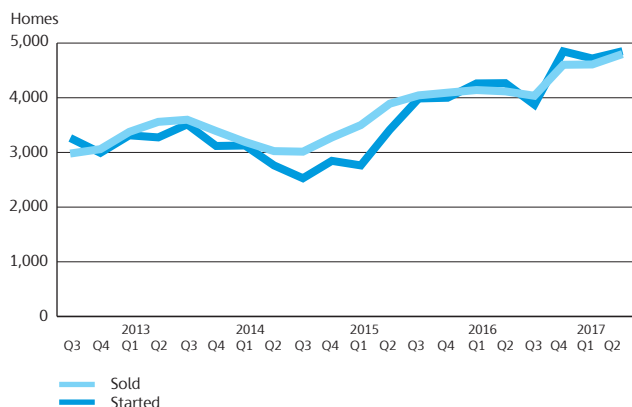
SEK M	Jan-Jun 2017	Jan-Jun 2016	Change, %	Apr-Jun 2017	Apr-Jun 2016	Change, %
Revenue	8,068	6,139	31	4,716	3,479	36
Gross income	1,431	974	47	830	530	57
Selling and administrative expenses	-328	-299	10	-165	-152	9
Income from joint ventures and associated companies	0	0		0	0	
Operating income	1,103	675	63	665	378	76
Gross margin, %	17.7	15.9		17.6	15.2	
Selling and administrative expenses, %	-4.1	-4.9		-3.5	-4.4	
Operating margin, %	13.7	11.0		14.1	10.9	
Return on capital employed, % ¹	19.3	14.3		-	-	

1 Rolling 12 months. For definition see page 18.

Revenue in the Residential Development business stream amounted to SEK 8,068 M (6,139). The number of homes sold totaled 2,369 (2,181) in the first six months of 2017. Operating income amounted to SEK 1,103 M (675). The operating margin increased to 13.7 percent (11.0) and was especially strong in Sweden.

The return on capital employed increased to 19.3 percent (14.3).

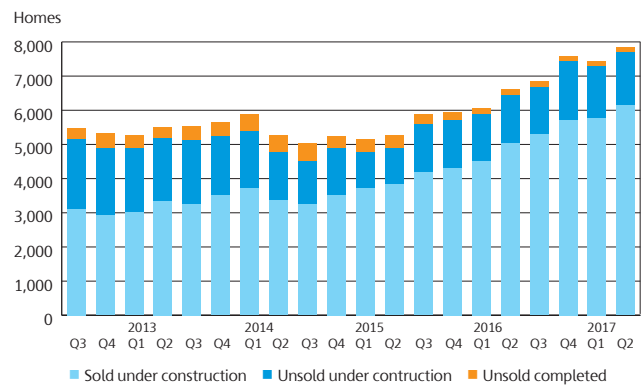
Homes sold and started, rolling 12 months



Homes sold and started

	Jan-Jun 2017	Jan-Jun 2016
Homes sold	2,369	2,181
Homes started	2,141	2,143

Homes under construction and unsold



Homes under construction and unsold

	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Homes under construction	7,705	6,424	7,421
of which sold, %	80	78	77
Completed unsold, number of homes	122	190	158

At the end of the quarter, there were 7,705 homes (March 31, 2017: 7,290) under construction. Of these, 80 percent (March 31, 2017: 79) were sold. The number of completed, unsold homes totaled 122 (March 31, 2017: 152) and most of these homes are in Finland and Norway. In the first six months of 2017, construction was started on 2,141 homes (2,143).

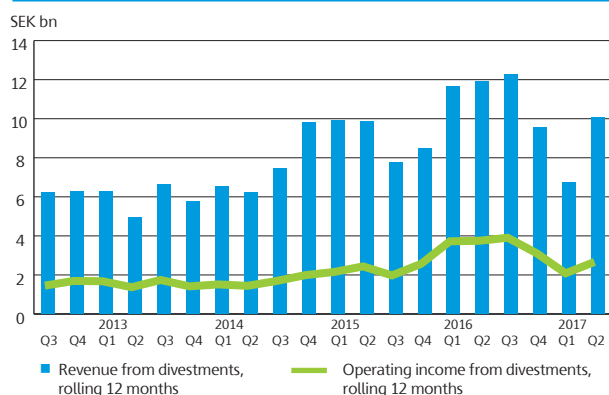
Breakdown of carrying amounts

SEK M	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Completed projects	613	692	631
Ongoing projects	7,633	5,810	6,955
Undeveloped land and development properties	6,381	5,532	6,364
Total	14,627	12,034	13,950

A breakdown of the carrying amounts is presented in the table above. Ongoing projects amounted to SEK 7.6 billion (March 31, 2017: 7.3) and undeveloped land and development properties amounted to SEK 6.4 billion (March 31, 2017: 6.5). The estimated surplus value in unsold homes in construction and undeveloped land and development properties amounted to about SEK 2.5 billion. The undeveloped land and development properties correspond to Skanska-owned building rights for 25,900 homes and 1,800 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 9,800 building rights.

Commercial Property Development

Revenue and operating income from property divestments



Revenue and earnings

SEK M	Jan-Jun 2017	Jan-Jun 2016	Change, %	Apr-Jun 2017	Apr-Jun 2016	Change, %
Revenue	6,681	6,214	8	5,119	1,794	185
of which from divestment of properties	6,365	5,862	9	4,960	1,615	207
Gross income	1,684	2,167	-22	1,220	648	88
Selling and administrative expenses	-425	-358	19	-233	-199	17
Income from joint ventures and associated companies	-2	3		-9	2	
Operating income	1,257	1,812	-31	978	451	117
of which from divestment of properties	1,595	2,040	-22	1,164	583	100
Return on capital employed, % ¹	12.2	16.6				

¹ Rolling 12 months. For definition see page 18.

In the Commercial Property Development business stream, divestments worth SEK 6,365 M (5,862) were made in the first six months of 2017. The comparable period includes the SEK 3.8 billion divestment of 101 Seaport in the U.S. impacting divestments and gains positively.

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	11,656	28,293	35,984	38	42
Completed projects ³	5,362	5,362	7,410	80	100
Undeveloped land and development properties	6,863	6,863	7,297		
Total	23,881	40,518	50,691		
of which carrying amount ⁴	22,824	39,241			
of which completed projects sold according to segment reporting	724	724	981		
of which ongoing projects sold according to segment reporting	2,887	4,446	5,770		

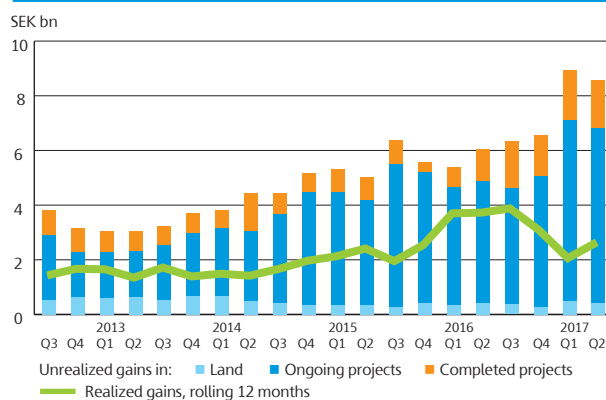
¹ Market value according to appraisal on December 31, 2016. Estimated market value at completion fully leased.

² Skanska's share of total production cost in JVs is SEK 863 M (end of period) and SEK 1,083 M (upon completion).

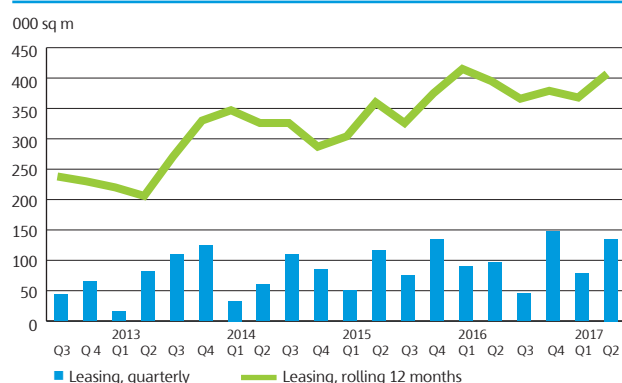
³ Skanska's share of total production cost in JVs is SEK 872 M end of period and upon completion.

⁴ Includes Skanska's total equity investment in JV of SEK 678 M (end of period) and SEK 678 M (upon completion) and tenant improvement and leasing commissions in CDUS of SEK 211 M (Completed projects) and SEK 66 M (Ongoing projects).

Unrealized and realized gains, segment reporting



Leasing



Operating income amounted to SEK 1,257 M (1,812), and included gains from property divestments totaling SEK 1,595 M (2,040). The return on capital employed reached 12.2 percent (16.6).

At the end of the quarter, Commercial Property Development had 53 ongoing projects out of which two projects are developed in joint ventures. In the second quarter, eight new projects were started. The 53 ongoing projects represent leasable space of about 1,010,000 sq m with an occupancy rate of 38 percent, measured in rent. The degree of completion is 42 percent. Their investment value upon completion is expected to total SEK 28.3 billion, with an estimated market value of SEK 36.0 billion upon completion.

Of the ongoing projects, 15 have been divested according to segment reporting. These projects represent an investment value upon completion of SEK 4.5 billion, with a market value of SEK 5.8 billion.

The market value of completed projects, excluding properties divested but not yet transferred to the buyers, was SEK 6.4 billion. The occupancy rate measured in rent totaled 80 percent.

At the end of the quarter the unrealized gains, excluding properties divested according to segment reporting, totaled SEK 8.6 billion divided by SEK 6.4 billion in ongoing projects, SEK 1.8 billion in completed projects and SEK 0.4 billion in undeveloped land and development properties. Realized gains accumulated to SEK 1.6 billion (2.0) for the period.

Accumulated eliminations of intra-Group project gains amounted to SEK 336 M at the end of the period. These eliminations are released at Group level as each project is divested.

During the first six months new leases were signed for 214,000 sq m (186,000).

Infrastructure Development

Revenue and earnings

SEK M	Jan-Jun 2017	Jan-Jun 2016	Change, %	Apr-Jun 2017	Apr-Jun 2016	Change, %
Revenue	39	174	-78	18	155	-88
Gross income	-56	84	-	-28	106	-
Selling and administrative expenses	-69	-86	-20	-34	-48	-29
Income from joint ventures and associated companies	1,035	219	373	33	73	-55
Operating income	910	217	319	-29	131	-
of which gains from divestments of shares in projects	913	0	-	0	0	-
Return on capital employed, % ¹	31.1	16.3				

¹ Rolling 12 months. For definition see page 18.

The operating income for the Infrastructure Development business stream totaled SEK 910 M (217). The return on capital employed reached 31.1 percent (16.3). In the first quarter Skanska divested its investment in the A1 motorway project in Poland for about SEK 1.4 billion.

The net present value of projects at the end of the period decreased to SEK 3.1 billion (December 31, 2016: 4.3). The decrease is attributable to the divestment of the investment in the A1 motorway project.

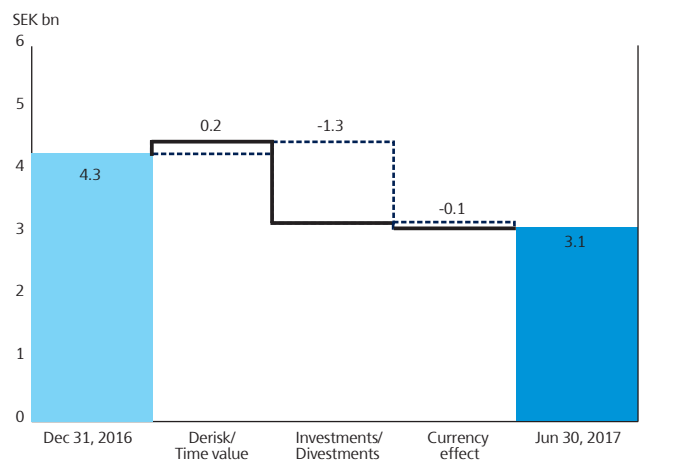
The remaining investment obligations relating to ongoing Infrastructure Development projects amounted to about SEK -0.9 billion (December 31, 2016: -0.9).

Unrealized development gains

SEK bn	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Present value of cash flow from projects	4.0	6.1	5.2
Present value of remaining investments	-0.9	-0.9	-0.9
Net present value of projects	3.1	5.2	4.3
Carrying amount before Cash flow hedge / Carrying amount	-2.6	-3.3	-2.9
Unrealized development gain	0.5	1.9	1.4
Cash flow hedge	0.6	2.1	0.6
Effect in unrealized equity¹	1.1	4.0	2.0

¹ Tax effects not included.

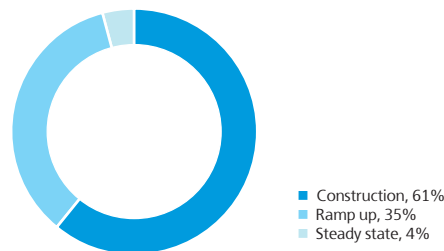
Changes in net present value



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 2.6 billion (December 31, 2016: 2.9). At the end of the quarter, unrealized development gains totaled about SEK 0.5 billion (December 31, 2016: 1.4).

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 (December 31, 2016: 0.6).

Estimated gross present value by phase



New Karolinska Solna, Stockholm, Sweden.

Personnel

During the period, the average number of employees in the Group was 40,457 (43,514). The decrease is attributable to the closing down of the operations in Latin America, the adjustments in the Polish organization and the divestment of Skanska Installation in Sweden. At the end of the quarter the number of employees amounted to 41,501 (March 31, 2017: 40,623).

Transactions with related parties

For the nature and extent of transactions with related parties, see the 2016 Annual Report, Note 39. 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 2016 Annual Report, Report of the Directors and Note 2 and 6, as well as the section above on market outlook.

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. Other authorities have also commenced proceedings arising from the same investigation. 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. For more information see 2016 Annual Report, Note 33.

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 4, 2017, 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 2018, not more than 3,000,000 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 (2017-2019) Seop 4.

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 2018, 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 (2014-2016) Seop 3.

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 June 30, 2017, Skanska held 10,128,966 Series B shares in its own custody.

Events after the end of the report period

There were no events after the end of the period.

Financial reports for 2017

Skanska's interim reports and year-end reports are available for download on Skanska's website, www.skanska.com/investors.

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

October 27, 2017	Nine Month Report
February 1, 2018	Year-end report

Certification

The Board of Directors and the President and CEO certify that this Six month report provides a true and fair overview of the performance of the business, position and earnings of the Parent Company and the Group and describes the principal risks and uncertainties faced by the Parent Company and the companies in the Skanska Group.

Stockholm, July 19, 2017

Hans Börck
Chairman

Pär Boman
Board member

John Carrig
Board member

Richard Hörstedt
Board member

Lennart Karlsson
Board member

Gunnar Larsson
Board member

Nina Linander
Board member

Fredrik Lundberg
Board member

Catherine Marcus
Board member

Jayne McGivern
Board member

Charlotte Strömberg
Board member

Johan Karlström
President and Chief Executive Officer
Board member

This report has not been subject to 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 2016 Annual Report 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 2016 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 the 2016 Annual Report, Note 44.

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 the 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	17,565 -245 -75 -13 -5,478 -60 11,694	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	24,784 -409 0 0 -2,128 -235 22,012	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)	2,828 -363 0 0 -238 2,227	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.																																																																																
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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>2,187</td> <td>11,361</td> <td>19.3%</td> </tr> <tr> <td>CD</td> <td>2,392</td> <td>19,672</td> <td>12.2%</td> </tr> <tr> <td>ID</td> <td>1,121</td> <td>3,603</td> <td>31.1%</td> </tr> <tr> <td></td> <td>5,700</td> <td>34,636</td> <td>16.5%</td> </tr> </tbody> </table>		Adjusted profit	CE avg	ROCE	RD	2,187	11,361	19.3%	CD	2,392	19,672	12.2%	ID	1,121	3,603	31.1%		5,700	34,636	16.5%	Measure profitability and capital efficiency.								
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Return on equity segment, rolling 12 months SEK M	Profit attributable to equity holders as a percentage of average equity attributable to equity holders. 6,693/25,088 = 26.7%	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>Q2 2017</td> <td>24,342</td> <td>x 0.5</td> <td>12,171</td> </tr> <tr> <td>Q1 2017</td> <td>28,866</td> <td></td> <td>28,866</td> </tr> <tr> <td>Q4 2016</td> <td>27,350</td> <td></td> <td>27,350</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>x 0.5</td> <td>10,897</td> </tr> <tr> <td></td> <td></td> <td></td> <td>100,353/4</td> </tr> <tr> <td></td> <td></td> <td></td> <td>25,088</td> </tr> </tbody> </table>	Q2 2017	24,342	x 0.5	12,171	Q1 2017	28,866		28,866	Q4 2016	27,350		27,350	Q3 2016	21,069		21,069	Q2 2016	21,794	x 0.5	10,897				100,353/4				25,088	
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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>Q2 2017</td> <td>-19,571</td> <td>x 0.5</td> <td>-9,786</td> </tr> <tr> <td>Q1 2017</td> <td>-20,694</td> <td></td> <td>-20,694</td> </tr> <tr> <td>Q4 2016</td> <td>-22,460</td> <td></td> <td>-22,460</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>x 0.5</td> <td>-8,854</td> </tr> <tr> <td></td> <td></td> <td></td> <td>-80,737/4</td> </tr> <tr> <td></td> <td></td> <td></td> <td>-20,184</td> </tr> </tbody> </table>	Q2 2017	-19,571	x 0.5	-9,786	Q1 2017	-20,694		-20,694	Q4 2016	-22,460		-22,460	Q3 2016	-18,943		-18,943	Q2 2016	-17,708	x 0.5	-8,854				-80,737/4				-20,184	Measure the funding stemming from the negative working capital generated in Construction.
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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 value in RD Unrealized CD gains Effect in unrealized equity in ID Less standard corporate tax, 10% Adjusted equity	24.3 2.5 10.2 1.1 -1.3 36.8	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-Jun 2017	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2016
Construction	64,287 ¹	59,492 ¹	6,481	4,713	70,768	64,205	508	1,340
Residential Development	8,068	6,139	0	0	8,068	6,139	1,103	675
Commercial Property Development	6,531	6,203	150	11	6,681	6,214	1,257	1,812
Infrastructure Development	39	174	0	0	39	174	910	217
Total operating segments	78,925	72,008	6,631	4,724	85,556	76,732	3,778	4,044
Central	193	541	533	169	726	710	-417	-483
Eliminations	0	0	-7,164	-4,893	-7,164	-4,893	-61	72
Total Group	79,118	72,549	0	0	79,118	72,549	3,300	3,633
Reconciliation to IFRSs ²	-5,411	-2,221	0	0	-5,411	-2,221	-1,246	-297
Total IFRSs	73,707	70,328	0	0	73,707	70,328	2,054	3,336

1 Of which external revenue from joint ventures in Infrastructure Development, SEK 4,556 M (2,673).

2 Of which effect from joint ventures in Residential Development proportionally	-650	-429					-177	-76
Of which effect of different revenue recognitions	-4,761	-1,792					-1,069	-221

SEK M	Segment Jan-Jun 2017	IFRS Jan-Jun 2017	Segment Jan-Jun 2016	IFRS Jan-Jun 2016	Segment Apr-Jun 2017	IFRS Apr-Jun 2017	Segment Apr-Jun 2016	IFRS Apr-Jun 2016
Revenue								
Construction	70,768	70,768	64,205	64,205	38,681	38,681	33,767	33,767
Residential Development	8,068	6,234	6,139	3,355	4,716	3,633	3,479	1,815
Commercial Property Development	6,681	2,940	6,214	6,659	5,119	1,269	1,794	6,082
Infrastructure Development	39	39	174	174	18	18	155	155
Central and eliminations	-6,438	-6,274	-4,183	-4,065	-3,598	-3,507	-1,943	-1,893
Skanska Group	79,118	73,707	72,549	70,328	44,936	40,094	37,252	39,926
Operating income								
Construction	508	508	1,340	1,340	116	116	898	898
Residential Development	1,103	821	675	228	665	514	378	140
Commercial Property Development ¹	1,257	322	1,812	1,959	978	139	451	1,968
Infrastructure Development	910	910	217	217	-29	-29	131	131
Central	-417	-416	-483	-484	-235	-234	-234	-234
Eliminations ¹	-61	-91	72	76	-44	-53	40	122
Operating income	3,300	2,054	3,633	3,336	1,451	453	1,664	3,025
Net financial items	30	30	-41	-43	23	23	15	13
Income after financial items	3,330	2,084	3,592	3,293	1,474	476	1,679	3,038
Taxes	-313	-196	-755	-692	-53	29	-361	-640
Profit for the period	3,017	1,888	2,837	2,601	1,421	505	1,318	2,398
Earnings for the period per share, SEK ²	7.35		6.89		3.45		3.20	
Earnings for the period per share according to IFRSs, SEK ²		4.60		6.32		1.22		5.83
1 Of which gains from divestments of commercial properties reported in:								
Commercial Property Development	1,595	657	2,040	2,187	1,164	323	583	2,100
Eliminations	75	46	127	127	41	31	47	124

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-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Revenue	73,707	70,328	40,094	39,926	145,365
Cost of sales	-68,126	-62,845	-37,346	-34,732	-131,119
Gross income	5,581	7,483	2,748	5,194	14,246
Selling and administrative expenses	-4,663	-4,435	-2,390	-2,298	-9,152
Income from joint ventures and associated companies	1,136	288	95	129	2,126
Operating income	2,054	3,336	453	3,025	7,220
Financial income	110	90	67	50	119
Financial expenses	-80	-133	-44	-37	-238
Net financial items¹	30	-43	23	13	-119
Income after financial items	2,084	3,293	476	3,038	7,101
Taxes	-196	-692	29	-640	-1,366
Profit for the period	1,888	2,601	505	2,398	5,735
1 Of which					
Interest income	53	39	35	9	71
Financial net pension costs	-51	-52	-26	-26	-101
Interest expenses	-126	-119	-67	-53	-245
Capitalized interest expenses	107	86	59	45	176
Net interest items	-17	-46	1	-25	-99
Change in fair value	14	-21	5	2	2
Other net financial items	33	24	17	36	-22
Net financial items	30	-43	23	13	-119
Profit attributable to:					
Equity holders	1,883	2,596	500	2,394	5,722
Non-controlling interests	5	5	5	4	13
Earnings per share, SEK ²	4.60	6.32	1.22	5.83	13.96
Earnings per share after dilution, SEK ³	4.57	6.27	1.21	5.79	13.88

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-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Profit for the period	1,888	2,601	505	2,398	5,735
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Remeasurements of defined benefit plans	-1,349	-1,415	-1,529	-1,190	-1,127
Tax related to items that will not be reclassified to profit and loss	290	309	328	254	189
	-1,059	-1,106	-1,201	-936	-938
Items that have been or will be reclassified to profit and loss					
Translation differences attributable to equity holders	-603	258	-438	495	1,165
Translation differences attributable to non-controlling interests	2	4	3	3	8
Hedging of exchange rate risk in foreign operations	-29	-3	-32	1	36
Effects of cash flow hedges ¹	94	-2	9	-56	31
Share of other comprehensive income of joint ventures and associated companies ²	55	-558	37	-209	855
Tax related to items that have been or will be reclassified to profit and loss	-16	-2	-3	8	-4
	-497	-303	-424	242	2,091
Other comprehensive income after tax	-1,556	-1,409	-1,625	-694	1,153
Total comprehensive income	332	1,192	-1,120	1,704	6,888
Total comprehensive income attributable to					
Equity holders	325	1,183	-1,128	1,697	6,867
Non-controlling interests	7	9	8	7	21
1 Of which transferred to income statement	0	0	0	-22	0
2 Of which transferred to income statement	129	274	67	64	1,851

Summary statement of financial position (IFRS)

SEK M	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	6,963	6,547	6,837
Goodwill	5,126	5,216	5,270
Intangible assets	1,059	858	1,034
Investments in joint ventures and associated companies	3,773	2,867	4,160
Financial non-current assets ¹	704	932	1,016
Deferred tax assets	1,953	1,518	1,649
Total non-current assets	19,578	17,938	19,966
Current assets			
Current-asset properties ²	36,496	28,922	33,678
Inventories	1,169	1,219	1,042
Financial current assets ³	8,042	7,637	10,095
Tax assets	1,266	765	784
Gross amount due from customers for contract work	7,688	6,700	5,751
Trade and other receivables	27,626	27,471	29,759
Cash	4,253	5,913	5,430
Total current assets	86,540	78,627	86,539
TOTAL ASSETS	106,118	96,565	106,505
of which interest-bearing financial non-current assets	657	887	970
of which interest-bearing current assets	12,166	13,446	15,348
Total interest-bearing assets	12,823	14,333	16,318
EQUITY			
Equity attributable to equity holders	24,342	21,793	27,350
Non-controlling interests	106	145	156
Total equity	24,448	21,938	27,506
LIABILITIES			
Non-current liabilities			
Financial non-current liabilities	3,417	4,059	3,656
Pensions	5,898	4,948	4,901
Deferred tax liabilities	1,691	941	1,491
Non-current provisions	1	1	1
Total non-current liabilities	11,007	9,949	10,049
Current liabilities			
Financial current liabilities ³	8,015	6,018	6,681
Tax liabilities	568	620	489
Current provisions	7,142	6,636	7,227
Gross amount due to customers for contract work	18,717	18,259	18,473
Trade and other payables	36,221	33,145	36,080
Total current liabilities	70,663	64,678	68,950
TOTAL EQUITY AND LIABILITIES	106,118	96,565	106,505
of which interest-bearing financial liabilities	11,247	9,825	10,172
of which interest-bearing pensions and provisions	5,899	4,971	4,927
Total interest-bearing liabilities	17,146	14,796	15,099
1 Of which shares	43	44	44
2 Current-asset properties			
Commercial Property Development	21,869	16,888	19,728
Residential Development	14,627	12,034	13,950
3 Items regarding non-interest-bearing unrealized changes in derivatives/ financial instruments are included in the following amounts:			
Financial non-current assets	4	1	2
Financial current assets	129	104	177
Financial non-current liabilities	67	159	116
Financial current liabilities	118	93	49

Note: Contingent liabilities amounted to SEK 59.8 bn on June 30, 2017 (Dec 31, 2016: 61.9) and relates to joint operations in Construction and joint ventures in Project Development. For more information see 2016 Annual Report, Note 20B, 20C and 33. During the period, contingent liabilities decreased by SEK 2.1 bn.

Summary statement of changes in equity (IFRS)

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Opening balance	27,506	24,206	29,021	23,497	24,206
of which non-controlling interests	156	127	155	129	127
Dividend to shareholders	-3,380	-3,075	-3,380	-3,075	-3,075
Change in group composition	0	14	0	14	14
Dividend to non-controlling interests	-57	-5	-57	-5	-6
Effects of equity-settled share-based payments	151	133	75	66	272
Repurchase of shares	-104	-527	-91	-263	-793
Total comprehensive income attributable to					
Equity holders	325	1,183	-1,128	1,697	6,867
Non-controlling interests	7	9	8	7	21
Closing balance	24,448	21,938	24,448	21,938	27,506
of which non-controlling interests	106	145	106	145	156

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

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Cash flow from operating activities before change in working capital, according to IAS 7	-172	288	-141	367	1,100
Cash flow from change in working capital, according to IAS 7	-473	-1,090	-1,092	1,735	-1,983
Net investments in property, plant and equipment and intangible assets	222	-1084	-718	-696	-160
Tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-11	-11	-10	-7	-35
Cash flow from business operations including taxes paid according to operating cash flow	-434	-1,897	-1,961	1,399	-1,078
Less net investments in property, plant and equipment and intangible assets	-222	1,084	718	696	160
Less tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	11	11	10	7	35
Cash flow from operating activities, according to IAS 7	-645	-802	-1,233	2,102	-883
Cash flow from strategic investments according to operating cash flow	0	145	0	18	862
Net investments in property, plant and equipment and intangible assets	222	-1,084	-718	-696	-160
Increase and decrease in interest-bearing receivables	1,462	-609	341	-655	-2,260
Taxes paid on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-11	-11	-10	-7	-35
Cash flow from investing activities, according to IAS 7	1,673	-1,559	-387	-1,340	-1,593
Cash flow from financing operations according to operating cash-flow statement	128	11	25	99	-76
Change in interest-bearing receivables and liabilities	2,725	-605	2,798	147	-2,400
Increase and decrease in interest-bearing receivables	-1,462	609	-341	655	2,260
Dividend etc. ¹	-3,541	-3,607	-3,528	-3,343	-3,874
Cash flow from financing activities, according to IAS 7	-2,150	-3,592	-1,046	-2,442	-4,090
Cash flow for the period	-1,122	-5,953	-2,666	-1,680	-6,566

1 Of which repurchases of shares SEK -104 M.

Operating cash flow (IFRS), supplementary information

Operating cash flow

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Construction					
Cash flow from business operations	1,347	2,150	520	1,284	4,925
Change in working capital	-2,381	-2,816	-770	-1,378	1,051
Net divestments(+)/investments(-)	-1,006	-624	-557	-344	-1,414
Cash flow adjustment	0	0	0	0	0
Total Construction	-2,040	-1,290	-807	-438	4,562
Residential Development					
Cash flow from business operations	-292	-397	-76	-202	-677
Change in working capital	515	899	259	296	1,198
Net divestments(+)/investments(-)	340	-955	498	-690	-1,631
Cash flow adjustment	10	-93	26	-48	-100
Total Residential Development	573	-546	707	-644	-1,210
Commercial Property Development					
Cash flow from business operations	-416	-220	-232	-133	-706
Change in working capital	-49	-943	17	-381	-664
Net divestments(+)/investments(-)	-1,875	2,527	-1,367	3,840	679
Cash flow adjustment	5	32	4	7	4
Total Commercial Property Development	-2,335	1,396	-1,578	3,333	-687
Infrastructure Development					
Cash flow from business operations	-146	203	-64	201	154
Change in working capital	2,836	11	-41	11	-2,965
Net divestments(+)/investments(-)	1,297	-203	-54	-153	1,766
Cash flow adjustment	0	0	0	0	0
Total Infrastructure Development	3,987	11	-159	59	-1,045
Central and eliminations					
Cash flow from business operations	-410	-625	-251	-284	-1,394
Change in working capital	57	60	157	-95	52
Net divestments(+)/investments(-)	0	-69	19	-26	-119
Cash flow adjustment	0	0	-1	0	0
Total central and eliminations	-353	-634	-76	-405	-1,461
Total cash flow from business operations	83	1,111	-103	866	2,302
Total change in working capital	978	-2,789	-378	-1,547	-1,328
Total net divestments(+)/investments(-)	-1,244	676	-1,461	2,627	-719
Total cash flow adjustment	15	-61	29	-41	-96
Cash flow from business operations before taxes paid	-168	-1,063	-1,913	1,905	159
Taxes paid in business operations	-266	-834	-48	-506	-1,237
Cash flow from business operations including taxes paid	-434	-1,897	-1,961	1,399	-1,078
Net interest items and other net financial items	183	16	36	142	-108
Taxes paid in financing operations	-55	-5	-11	-43	32
Cash flow from financing operations	128	11	25	99	-76
Operating cash flow from operations	-306	-1,886	-1,936	1,498	-1,154
Net strategic divestments(+)/investments(-)	0	145	0	18	862
Dividend etc. ¹	-3,541	-3,607	-3,528	-3,343	-3,874
Cash flow before change in interest-bearing receivables and liabilities	-3,847	-5,348	-5,464	-1,827	-4,166
Change in interest-bearing receivables and liabilities	2,725	-605	2,798	147	-2,400
Cash flow for the period	-1,122	-5,953	-2,666	-1,680	-6,566
Cash and cash equivalents at the beginning of the period	5,430	11,840	6,965	7,523	11,840
Exchange rate differences in cash and cash equivalents	-55	26	-46	70	156
Cash and cash equivalents at the end of the period	4,253	5,913	4,253	5,913	5,430

1 Of which repurchases of shares SEK -104 M.

Group net divestments/investments (IFRS)

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
OPERATIONS – INVESTMENTS					
Intangible assets	-110	-166	-55	-101	-394
Property, plant and equipment	-1,023	-776	-633	-418	-1,636
Assets in Infrastructure Development	-71	-218	-59	-168	-1,336
Shares and participations	-36	-151	-32	-138	-325
Current-asset properties	-10,156	-7,884	-5,380	-4,385	-17,108
of which Residential Development	-5,697	-4,184	-2,998	-2,388	-9,005
of which Commercial Property Development	-4,459	-3,700	-2,382	-1,997	-8,103
Investments in operations	-11,396	-9,195	-6,159	-5,210	-20,799
Total Investments	-11,396	-9,195	-6,159	-5,210	-20,799
OPERATIONS – DIVESTMENTS					
Intangible assets	3	1	3	1	2
Property, plant and equipment	88	195	49	109	411
Assets in Infrastructure Development	1,368	15	6	15	3,102
Shares and participations	3	16	3	4	16
Current-asset properties	8,690	9,644	4,637	7,708	16,549
of which Residential Development	6,213	3,336	3,627	1,806	7,508
of which Commercial Property Development	2,477	6,308	1,010	5,902	9,041
Divestments in operations	10,152	9,871	4,698	7,837	20,080
STRATEGIC DIVESTMENTS					
Businesses	0	145	0	18	862
Strategic divestments	0	145	0	18	862
Total divestments	10,152	10,016	4,698	7,855	20,942
TOTAL NET DIVESTMENTS(+)/INVESTMENTS(-)	-1,244	821	-1,461	2,645	143
Depreciation, non-current assets	-731	-705	-383	-351	-1,439

Capital employed in Project Development (IFRS)

SEK M	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Residential Development	11,694	10,244	11,607
Commercial Property Development	22,012	17,144	19,936
Infrastructure Development	2,227	1,420	5,434
Total in Project Development	35,933	28,808	36,977

Parent Company¹

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-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016
Revenue	96	85	96	85
Selling and administrative expenses	-175	-164	-107	-101
Operating income	-79	-79	-11	-16
Net financial items	4,363	2,462	4,377	2,476
Income after financial items	4,284	2,383	4,366	2,460
Taxes	26	25	7	8
Profit for the period	4,310	2,408	4,373	2,468
Total comprehensive income	4,310	2,408	4,373	2,468

Summary balance sheet (IFRS)

SEK M	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
ASSETS			
Intangible non-current assets	18	0	19
Property, plant and equipment	2	3	2
Financial non-current assets ²	11,532	13,984	11,504
Total non-current assets	11,552	13,987	11,525
Current receivables	144	302	167
Total current assets	144	302	167
TOTAL ASSETS	11,696	14,289	11,692
EQUITY AND LIABILITIES			
Equity	7,207	5,298	6,360
Provisions	264	231	283
Non-current interest-bearing liabilities ²	4,082	8,630	4,918
Current liabilities	143	130	131
TOTAL EQUITY AND LIABILITIES	11,696	14,289	11,692

¹ As a parent company in an IFRS-group, Skanska AB applies RFR2 in its accounting.

² Of these amounts, SEK 395 M (Dec 31, 2016: 253) were intra-Group receivables and SEK 4,082 M (Dec 31, 2016: 4,918) intra-Group liabilities.

Note: The Parent Company's contingent liabilities totaled SEK 170.1 bn on June 30, 2017 (Dec 31, 2016: 162.2), of which SEK 139.4 bn (Dec 31, 2016: 131.9) was related to obligations on behalf of Group companies. Other obligations, SEK 30.7 bn on June 30, 2017 (Dec 31 2016: 30.3), were related to commitments to outside parties.

Share data

	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Earnings per share according to segment reporting, SEK ¹	7.35	6.89	3.45	3.20	15.89
Earnings per share, SEK ¹	4.60	6.32	1.22	5.83	13.96
Earnings per share after dilution, SEK ²	4.57	6.27	1.21	5.79	13.88
Equity per share, SEK ³	59.40	53.23			66.82
Adjusted equity per share, SEK ⁴	89.90	81.58			92.85
Average number of shares outstanding	409,686,064	410,752,482			409,896,419
Average number of shares outstanding after dilution	412,349,462	413,792,050			412,174,095
Average dilution, %	0.65	0.74			0.55
Number of shares, at balance sheet date	419,903,072	419,903,072			419,903,072
Average price of total repurchased shares, SEK	133.75	128.33			132.18
Number of total Series B shares repurchased	24,598,228	22,753,228			24,103,228
of which repurchased during the year	495,000	2,995,000	435,000	1,480,000	4,345,000
Number of shares in Skanska's own custody	10,128,966	10,523,327			10,594,644
Number of shares outstanding	409,774,106	409,379,745			409,308,428

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-Jun 2017	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2014	Jan-Jun 2013
Revenue	79,118	72,549	74,419	62,446	62,773
Operating income	3,300	3,633	2,500	1,581	2,017
Profit for the period	3,017	2,837	1,737	1,093	1,401
Earnings per share, SEK	7.35	6.89	4.22	2.64	3.40
Return on capital employed, % ¹	19.7	20.7	18.5	13.6	15.4
Return on equity, % ¹	26.7	26.7	22.6	15.4	19.4
Operating margin, %	4.2	5.0	3.4	2.5	3.2
Return on capital employed according to IFRSs, % ¹	14.9	19.8	16.9	13.6	15.4
Cash flow per share according to IFRSs, SEK ²	-9.39	-13.02	-12.57	-13.28	-8.45

1 Rolling 12 months.

2 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-Jun 2017	Jan-Jun 2016	Jan-Dec 2016	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
U.S. dollar	8.87	8.33	8.56	8.45	8.46	9.06
British pound	11.16	11.96	11.59	10.97	11.41	11.15
Norwegian krone	1.05	0.99	1.02	1.01	1.01	1.05
Euro	9.60	9.30	9.47	9.64	9.42	9.57
Czech koruna	0.36	0.34	0.35	0.37	0.35	0.35
Polish zloty	2.25	2.13	2.17	2.28	2.12	2.17

Construction

Revenue and earnings

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Revenue	70,768	64,205	38,681	33,767	138,001
Gross income	3,861	4,565	1,785	2,544	10,080
Selling and administrative expenses	-3,360	-3,232	-1,679	-1,654	-6,567
Income from joint ventures and associated companies	7	7	10	8	33
Operating income	508	1,340	116	898	3,546
Investments	-1,113	-827	-627	-456	-1,829
Divestments	107	203	70	112	595
Net divestments(+)/investments(-)	-1,006	-624	-557	-344	-1,234
Gross margin, %	5.5	7.1	4.6	7.5	7.3
Selling and administrative expenses, %	-4.7	-5.0	-4.3	-4.9	-4.8
Operating margin, %	0.7	2.1	0.3	2.7	2.6
Order bookings, SEK bn	84.5	84.2	46.3	53.9	170.2
Order backlog, SEK bn	202.2	177.9	-	-	196.3
Employees	38,681	41,647	-	-	40,991

Revenue by business/reporting unit

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Nordics	26,129	23,566	14,335	12,382	50,973
of which Sweden	16,035	14,559	9,179	7,596	31,736
Europe	15,071	14,386	8,460	8,081	32,664
USA	29,568	26,253	15,886	13,304	54,364
Total	70,768	64,205	38,681	33,767	138,001

Operating income

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Nordics	921	750	563	473	2,130
of which Sweden	620	454	386	315	1,482
Europe	-451	90	-260	180	247
USA	38	500	-187	245	1,169
Total	508	1,340	116	898	3,546

Operating margin, %

Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
3.5	3.2	3.9	3.8	4.2
3.9	3.1	4.2	4.1	4.7
neg	0.6	neg	2.2	0.8
0.1	1.9	neg	1.8	2.2
0.7	2.1	0.3	2.7	2.6

Order backlog

SEK M	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Nordics	59,236	51,098	54,107
of which Sweden	37,191	33,157	35,416
Europe	39,448	34,532	38,398
USA	103,530	92,272	103,749
Total	202,214	177,902	196,254

Order bookings

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Nordics	31,834	25,808	13,944	12,905	55,984
of which Sweden	17,810	16,249	8,824	7,948	36,041
Europe	15,975	13,642	9,271	5,797	36,324
USA	36,660	44,753	23,039	35,157	77,936
Total	84,469	84,203	46,254	53,859	170,244

Book-to build, R-12m

SEK M	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Nordics	116	110	110
of which Sweden	113	105	114
Europe	116	79	111
USA	121	123	143
Total	118	107	123

Residential Development

Revenue and earnings

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Revenue	8,068	6,139	4,716	3,479	13,264
Gross income	1,431	974	830	530	2,164
Selling and administrative expenses	-328	-299	-165	-152	-559
Income from joint ventures and associated companies	0	0	0	0	0
Operating income	1,103	675	665	378	1,605
Operating margin, %	13.7	11.0	14.1	10.9	12.1
Investments	-5,875	-4,291	-3,128	-2,496	-9,148
Divestments	6,215	3,336	3,626	1,806	7,517
Net divestments(+)/investments(-)	340	-955	498	-690	-1,631
Capital employed, SEK bn	11.7	10.2	-	-	11.6
Return on capital employed, % ²	19.3	14.3	-	-	17.1
Employees	497	374	-	-	434

2 Rolling 12 months.

Revenue

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Nordics	7,699	5,578	4,560	3,154	12,287
of which Sweden	4,356	3,265	2,765	1,835	7,069
Europe	369	561	156	325	977
Total	8,068	6,139	4,716	3,479	13,264

Operating income¹

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Nordics	1,054	623	635	363	1,509
of which Sweden	702	441	444	247	1,060
Europe	49	52	30	15	96
Total	1,103	675	665	378	1,605

Operating margin, %¹

Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
13.7	11.2	13.9	11.5	12.3
16.1	13.5	16.1	13.5	15.0
13.2	9.3	19.2	4.6	9.8
13.7	11.0	14.1	10.9	12.1

1 Development gain only. Construction margin reported under Construction.

Homes started

	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Nordics	1,987	1,999	1,283	1,155	4,379
of which Sweden	1,086	1,417	729	863	2,861
Europe	154	144	0	0	469
Total	2,141	2,143	1,283	1,155	4,848

Homes sold

Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
2,154	1,886	1,248	1,013	4,106
1,264	1,156	806	632	2,562
215	295	76	129	497
2,369	2,181	1,324	1,142	4,603

Homes under construction

	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Nordics	6,948	5,510	6,480
of which Sweden	4,667	3,890	4,305
Europe	757	914	941
Total	7,705	6,424	7,421

Completed unsold, number of homes

Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
117	187	151
15	13	12
5	3	7
122	190	158

Homes under construction of which sold, %

Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
81	78	78
86	81	82
68	80	68
80	78	77

Commercial Property Development

Revenue and earnings

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Revenue	6,681	6,214	5,119	1,794	10,226
of which from divestment of properties	6,365	5,862	4,960	1,615	9,555
Gross income	1,684	2,167	1,220	648	3,067
Selling and administrative expenses	-425	-358	-233	-199	-751
Income from joint ventures and associated companies	-2	3	-9	2	20
Operating income	1,257	1,812	978	451	2,336
of which gain from divestment of properties ¹	1,595	2,040	1,164	583	3,111
of which writedowns/reversal of writedowns	0	0	0	0	-198
1 Additional gains included in eliminations	75	127	41	47	173
Investments	-4,499	-3,780	-2,477	-2,062	-8,364
Divestments	2,624	6,307	1,110	5,902	9,043
Net divestments(+)/investments(-)	-1,875	2,527	-1,367	3,840	679
Capital employed, SEK bn	22.0	17.1	-	-	19.9
Return on capital employed, % ¹	12.2	16.6	-	-	14.8
Employees	386	357	-	-	364

1 Rolling 12 months.

Revenue

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Nordics	5,139	2,287	4,234	1,784	4,063
Europe	1,482	59	854	36	2,141
USA	60	3,868	31	-26	4,022
Total	6,681	6,214	5,119	1,794	10,226

of which from divestments

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Nordics	4,948	2,096	4,137	1,671	3,706
Europe	1,417	0	823	0	1,981
USA	0	3,766	0	-56	3,868
Total	6,365	5,862	4,960	1,615	9,555

Operating income

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Nordics	1,180	656	875	591	1,003
Europe	164	-122	142	-71	284
USA	-87	1,278	-39	-69	1,049
Total	1,257	1,812	978	451	2,336

of which from divestments

SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Nordics	1,306	690	958	595	1,127
Europe	289	0	206	0	561
USA	0	1,350	0	-12	1,423
Total	1,595	2,040	1,164	583	3,111

Capital employed

SEK M	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Nordics	9,460	6,960	8,175
Europe	6,389	5,625	6,307
USA	6,163	4,559	5,454
Total	22,012	17,144	19,936

Infrastructure Development

Revenue and earnings

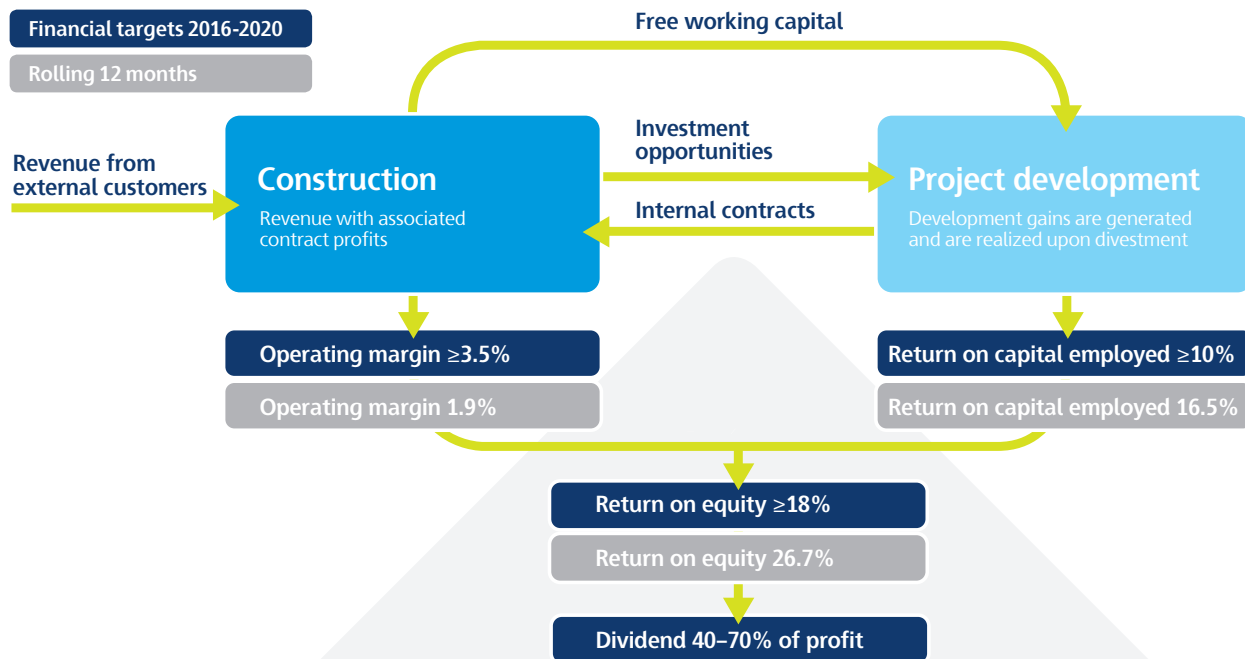
SEK M	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Jan-Dec 2016
Revenue	39	174	18	155	237
Gross income	-56	84	-28	106	56
Selling and administrative expenses	-69	-86	-34	-48	-147
Income from joint ventures and associated companies	1,035	219	33	73	1,909
Operating income	910	217	-29	131	1,818
of which gains from divestments of shares in projects	913	0	0	0	1,729
Investments	-71	-218	-60	-168	-1,336
Divestments	1,368	15	6	15	3,102
Net divestments(+)/investments(-)	1,297	-203	-54	-153	1,766
Capital employed, SEK bn	2.2	1.4	-	-	5.4
Return on capital employed, % ¹	31.1	16.3	-	-	41.1
Employees	99	103	-	-	102

1 Rolling 12 months.

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 36.8 billion of Skanska’s total order backlog are contracts involving more than one Business Unit and revenue from internal contracts amounted to SEK 21.4 billion on a rolling 12 month basis.

Construction revenue from internal Project Development contracts amounted to:

SEK 21.4 billion

Brama Miasta Office, Lodz, Poland

Skanska will develop and build Brama Miasta, a 15 stories high office project, in Lodz. The Brama Miasta complex is located next to a new railway station in a CBD location called New City Center and will be developed as a location for business, investors, tourists and the residents of Lodz.

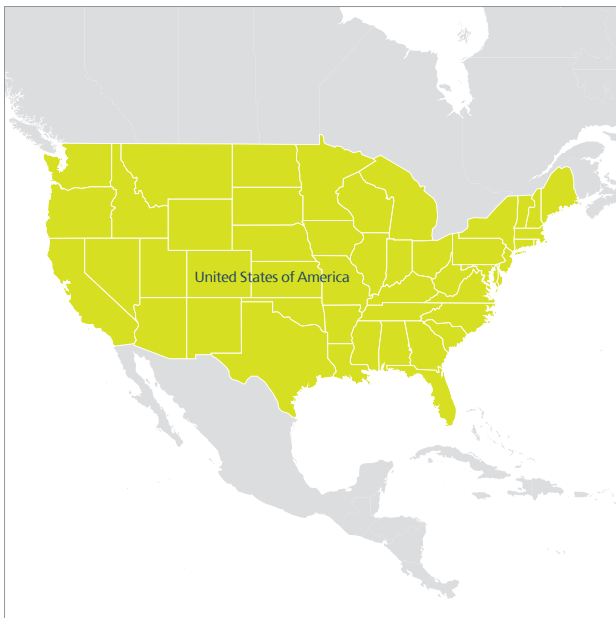
Value of orders in backlog generated in cooperation between Business Units:

SEK 36.8 billion

Farley Post Office, New York, USA

Skanska will convert Farley Post Office Building into major transport hub in NYC. The renovated Farley Building will include the new Moynihan Train Hall, a dramatic conversion of an original, century-old U.S. Postal Service mail sorting room.

Skanska's home markets



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This report will also be presented via a press conference and audiocast at 10.00 a.m. (CET) on July 20. The telephone conference will be audiocasted 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.