

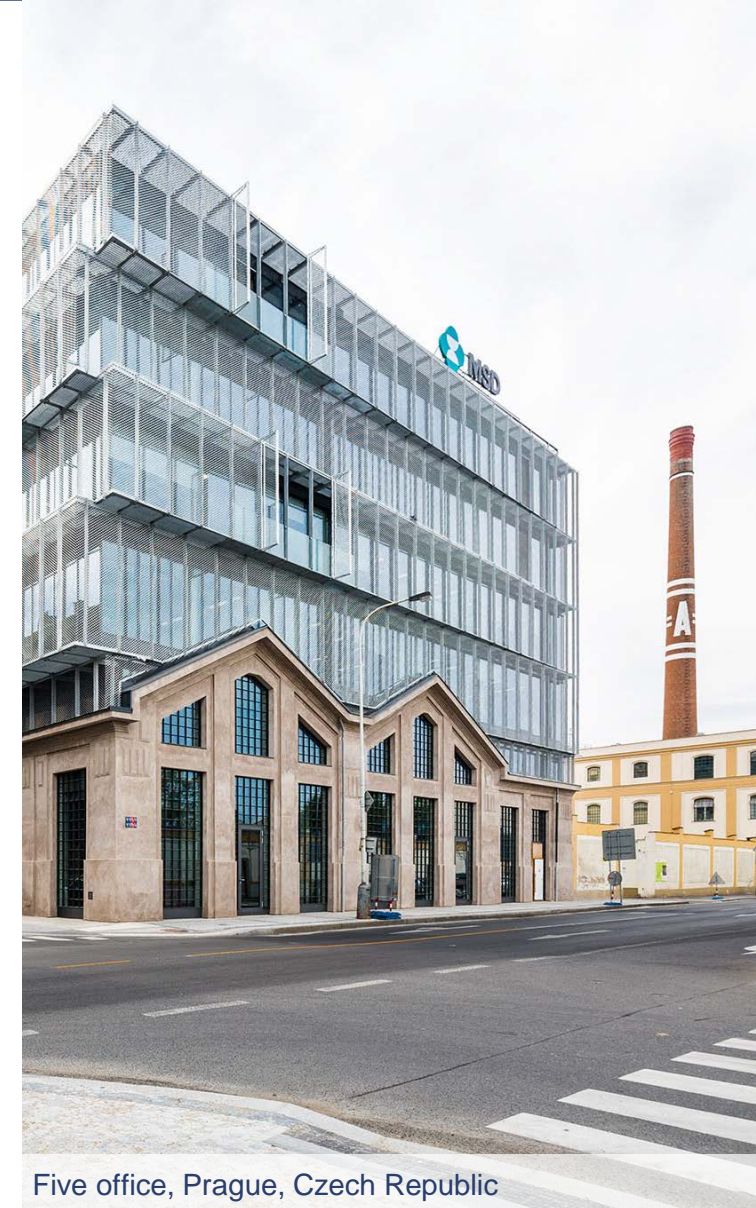
Six Month Report 2017

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



Six Month Report 2017

- Operating income SEK **3.3** bn (3.6)
 - Write downs in U.S. civil and UK construction operations
 - Strong performance in Project Development
- Increase in earnings per share SEK **7.35** (6.89)
- Strong order bookings and order backlog SEK **202.2** bn
- Continued good ROCE in Project Development **16.5%** (15.9)
- Strong financial position



Five office, Prague, Czech Republic

Construction

- Revenue SEK 70.8 bn (64.2)
- Order bookings SEK 84.5 bn (84.2)
 - Strong in all geographies
 - Book-to-build: 118%
 - All-time-high order backlog SEK 202.2 bn
- Operating income SEK 0.5 bn (1.3)
 - Operating margin 0.7% (2.1)
 - Write down of SEK 420 M in U.S. Civil and SEK 360 M in UK
 - Sweden strong and stable in all other units
 - Focus on restoring profitability



Las Olas Boulevard, Florida, USA

Residential Development

- Revenue SEK 8.1 bn (6.1)
 - 2,369 (2,181) homes sold
 - 2,141 (2,143) homes started
- Operating income SEK 1.1 bn (0.7)
 - Operating margin 13.7% (11.0)
 - Strong performance in all markets
- ROCE 19.3% (14.3)
- Good market conditions and improved operational efficiency



BoKlok Plutos Gränd, Växjö, Sweden

Commercial Property Development

- Operating income SEK 1.3 bn (1.8)
 - Gain on sale SEK 1.6 bn (2.0)
- ROCE 12.2% (16.6)
- 53 ongoing projects
 - SEK 28.3 bn in investment value
 - 38% pre-leasing rate
 - 42% completion rate
 - 13 projects started
- 214,000 sq m leased



Spark 2, Warsaw, Poland

Infrastructure Development

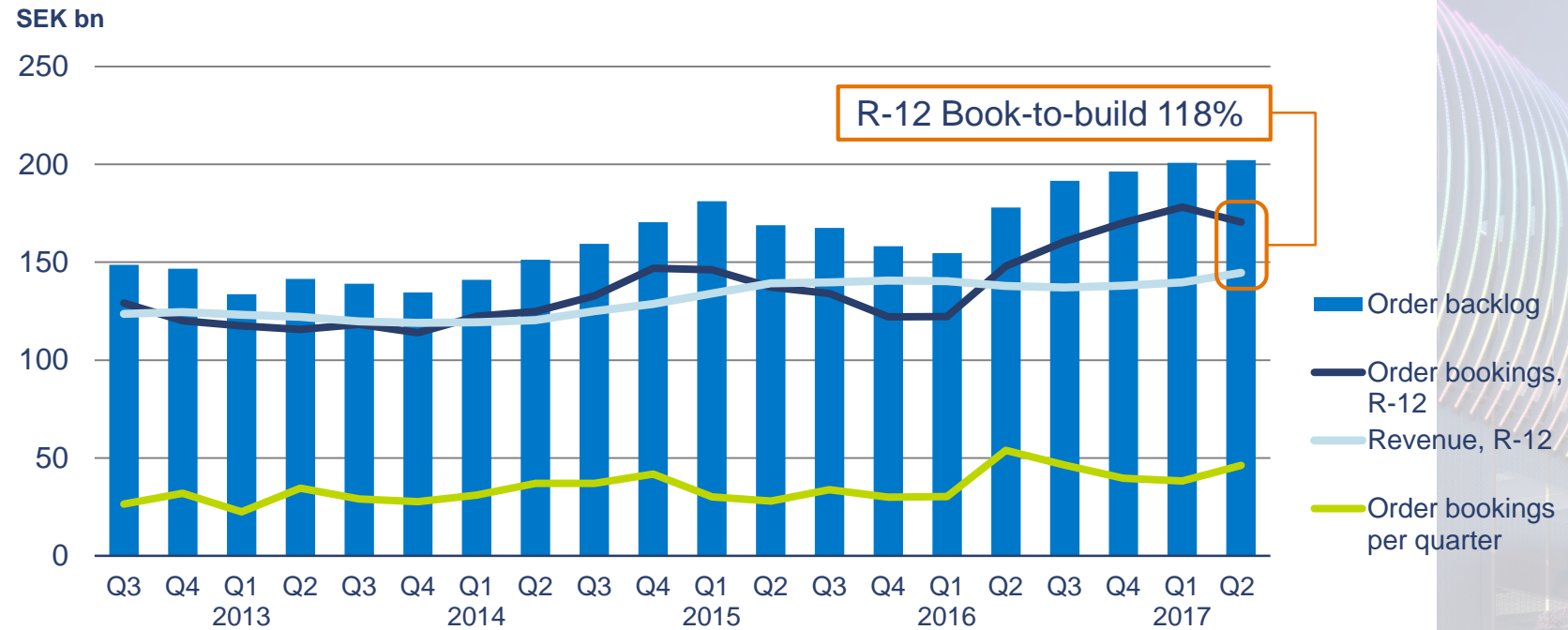
- Operating income SEK 910 M (217)
 - Divestment of A1 motorway in Poland for SEK 1.4 bn in the first quarter
- Project portfolio's net present value SEK 3.1 bn (5.2)
- Majority of projects under construction
- ROCE 31.1% (16.3)



New Karolinska Solna, Stockholm, Sweden

Construction

Order situation



SEK bn	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Revenue	70.8	64.2	138.0
Order bookings	84.5	84.2	170.2
Order backlog	202.2	177.9	196.3



Construction

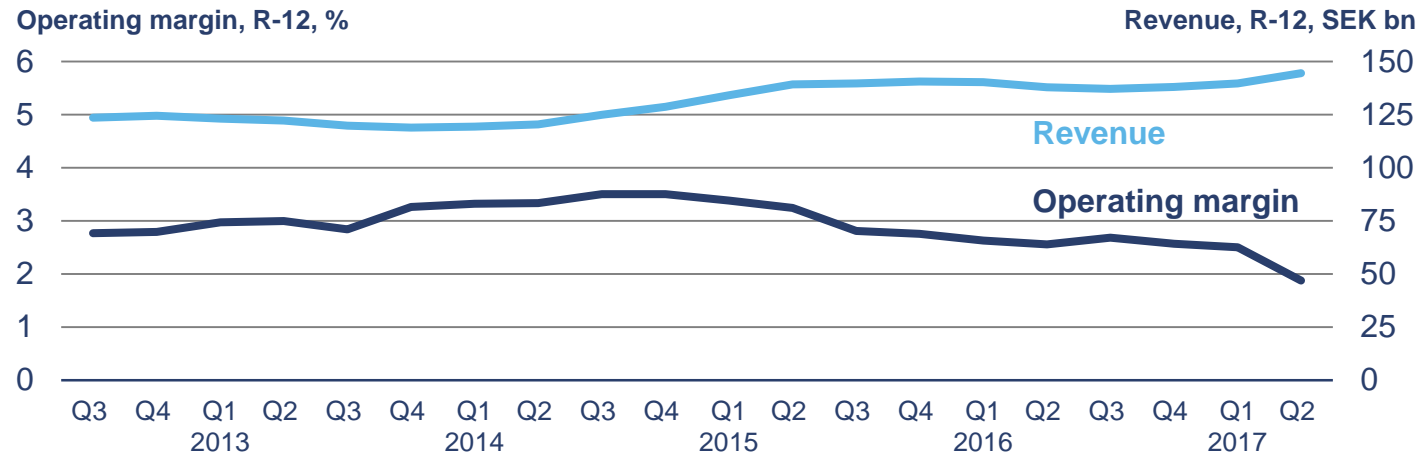
Order bookings

SEK bn	Jan–Jun 2017	Jan–Jun 2016	Book- to-build, R-12, %	Months of production
Nordics	31.8	25.8	116	13
of which Sweden	17.8	16.2	113	13
Europe	16.0	13.6	116	14
USA	36.7	44.8	121	23
Total	84.5	84.2	118	17



Construction

Income statement



SEK bn	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Revenue	70.8	64.2	138.0
Gross income	3.9	4.6	10.1
Selling and administrative expenses	-3.4	-3.2	-6.6
Operating income	0.5	1.3	3.5
Gross margin, %	5.5	7.1	7.3
Selling and administrative expenses, %	-4.7	-5.0	-4.8
Operating margin, %	0.7	2.1	2.6



Construction

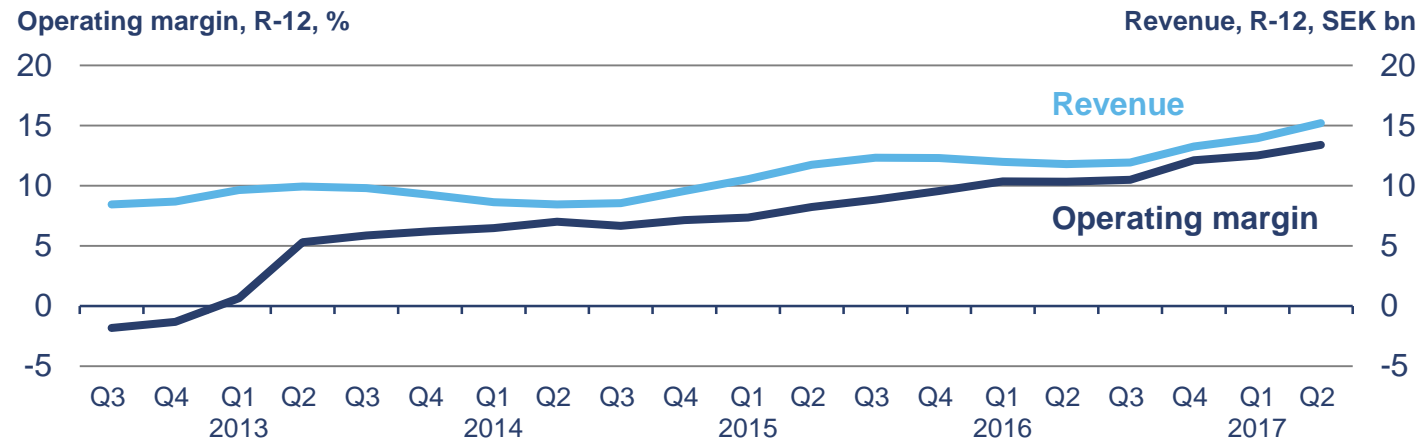
Income statement

	Operating income, SEK M		Operating margin, %	
	Jan-Jun 2017	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2016
Nordic	921	750	3.5	3.2
of which Sweden	620	454	3.9	3.1
Europe	-451	90	neg	0.6
USA	38	500	0.1	1.9
Total	508	1,340	0.7	2.1



Residential Development

Income statement, segment reporting



SEK M	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Revenue	8,068	6,139	13,264
Gross income	1,431	974	2,164
Selling and administrative expenses	-328	-299	-559
Operating income	1,103	675	1,605
Gross margin, %	17.7	15.9	16.3
Selling and administrative expenses, %	-4.1	-4.9	-4.2
Operating margin, %	13.7	11.0	12.1



Residential Development

Income statement

	Operating income, SEK M		Operating margin, %	
	Jan–Jun 2017	Jan–Jun 2016	Jan–Jun 2017	Jan–Jun 2016
Nordics	1,054	623	13.7	11.2
of which Sweden	702	441	16.1	13.5
Europe	49	52	13.2	9.3
Total	1,103	675	13.7	11.0

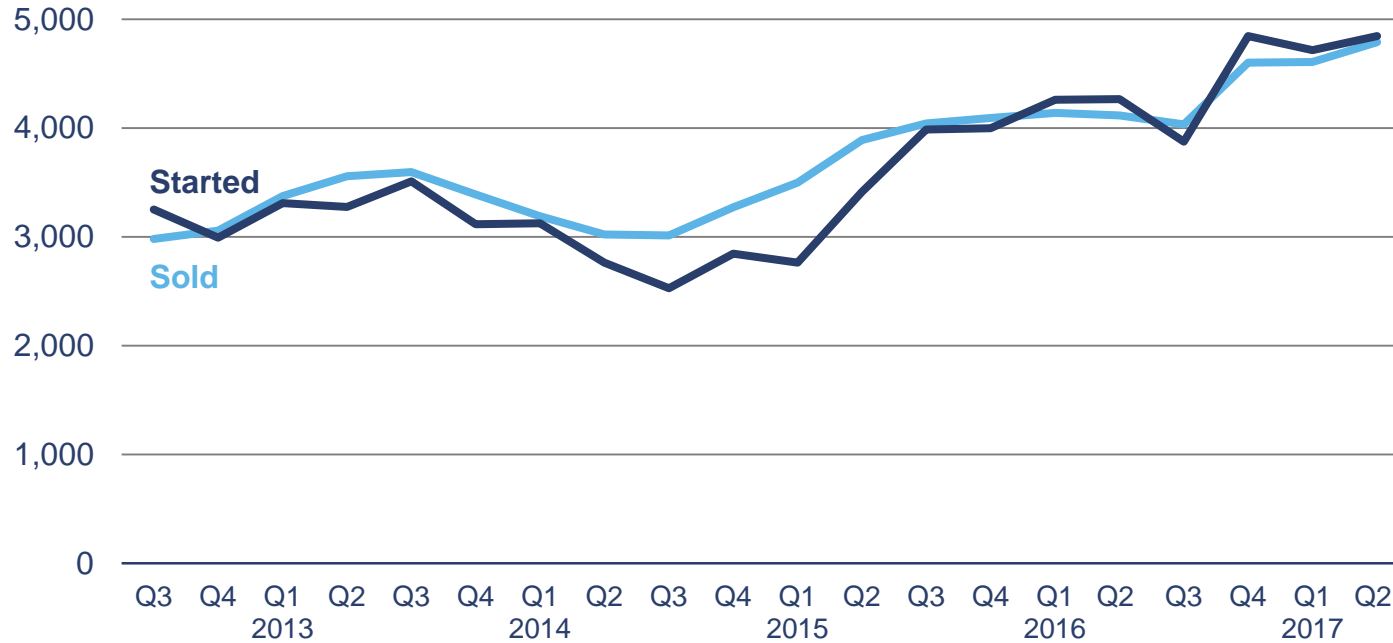
Development gain only, construction margin reported under Construction



Residential Development

Homes started and sold

Homes, R-12

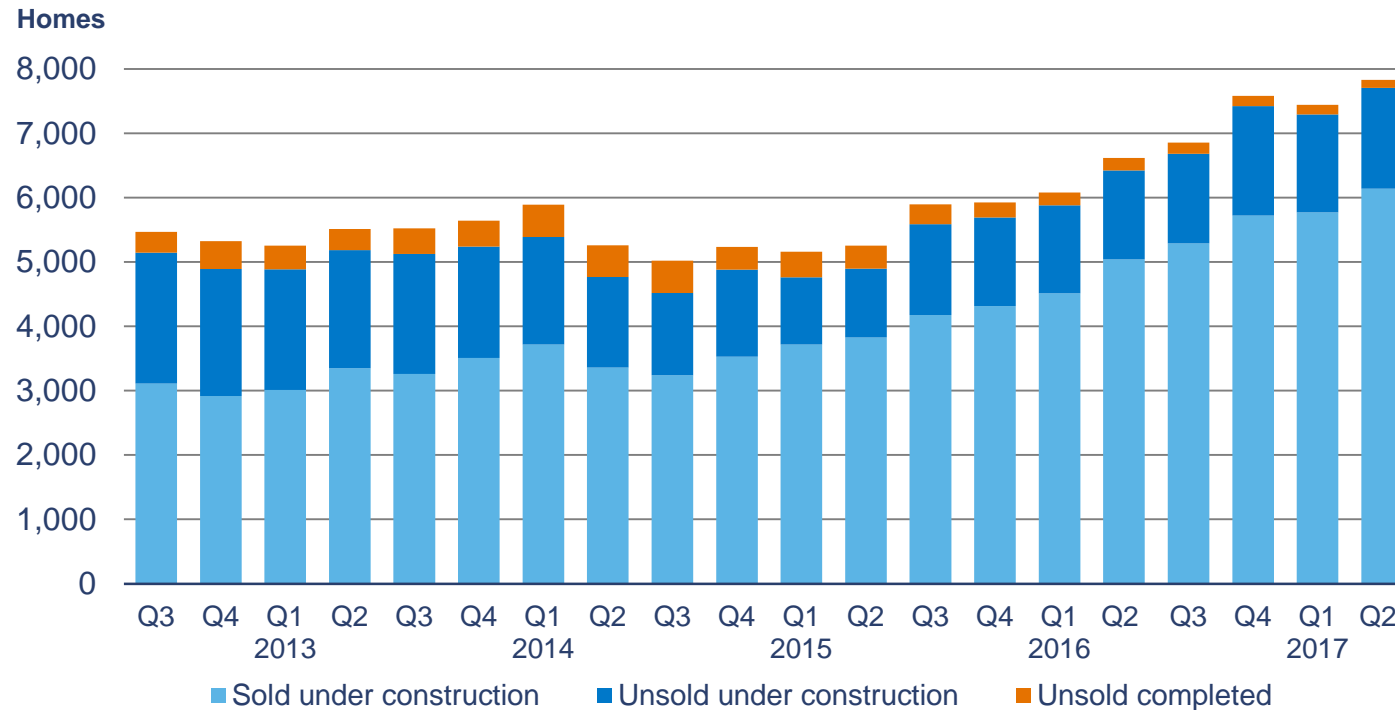


Homes started			Homes sold		
Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
2,141	2,143	4,848	2,369	2,181	4,603



Residential Development

Homes in production



Homes in production		Of which sold, %		Unsold completed homes	
Jun 30, 2017	Jun 30, 2016	Jun 30, 2017	Jun 30, 2016	Jun 30, 2017	Jun 30, 2016
7,705	6,424	80	78	122	190



Commercial Property Development

Income statement, segment reporting

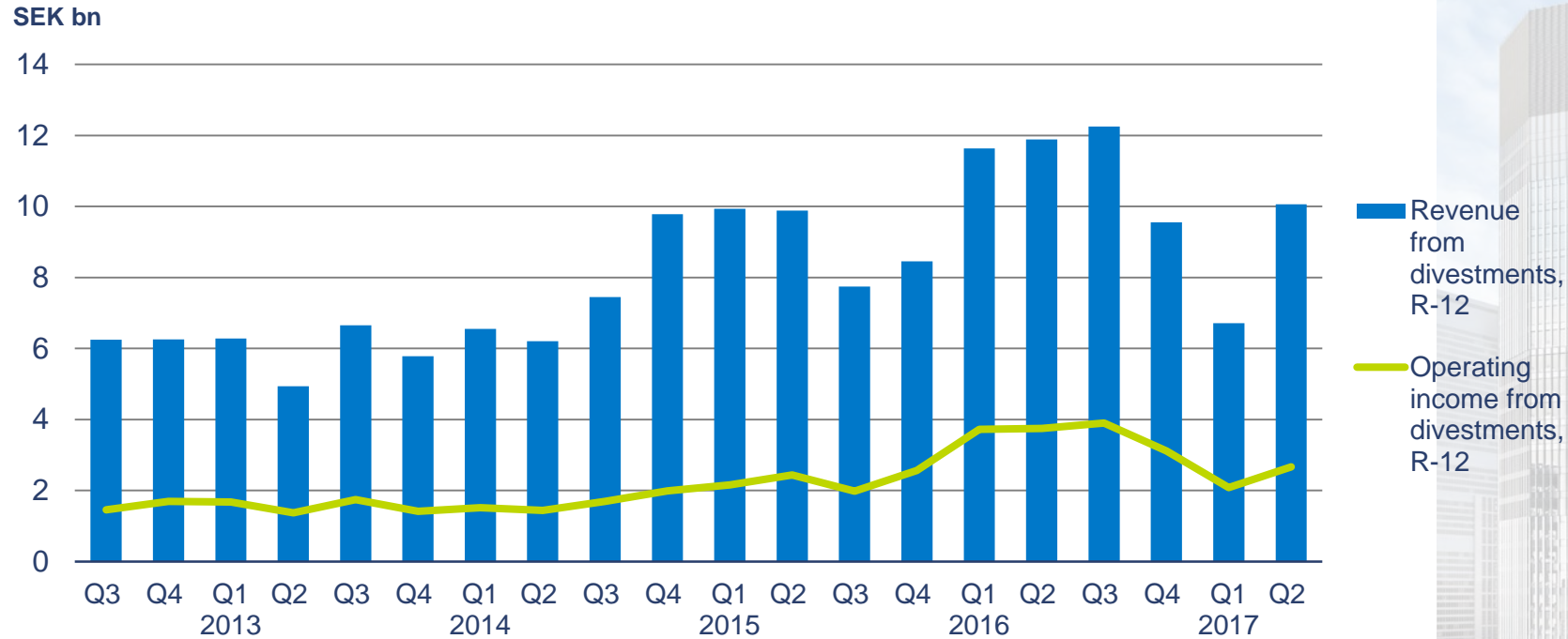
SEK M	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Revenue	6,681	6,214	10,226
Gross income	1,684	2,167	3,067
Selling and administrative expenses	-425	-358	-751
Income from joint ventures and associated companies	-2	3	20
Operating income	1,257	1,812	2,336
of which gain from divestments of properties ¹	1,595	2,040	3,111
of which write downs/reversal of write downs	—	—	-198
1 Additional gain included in eliminations	75	127	173

Development gain only, construction margin reported under Construction



Commercial Property Development

Divestments, segment reporting

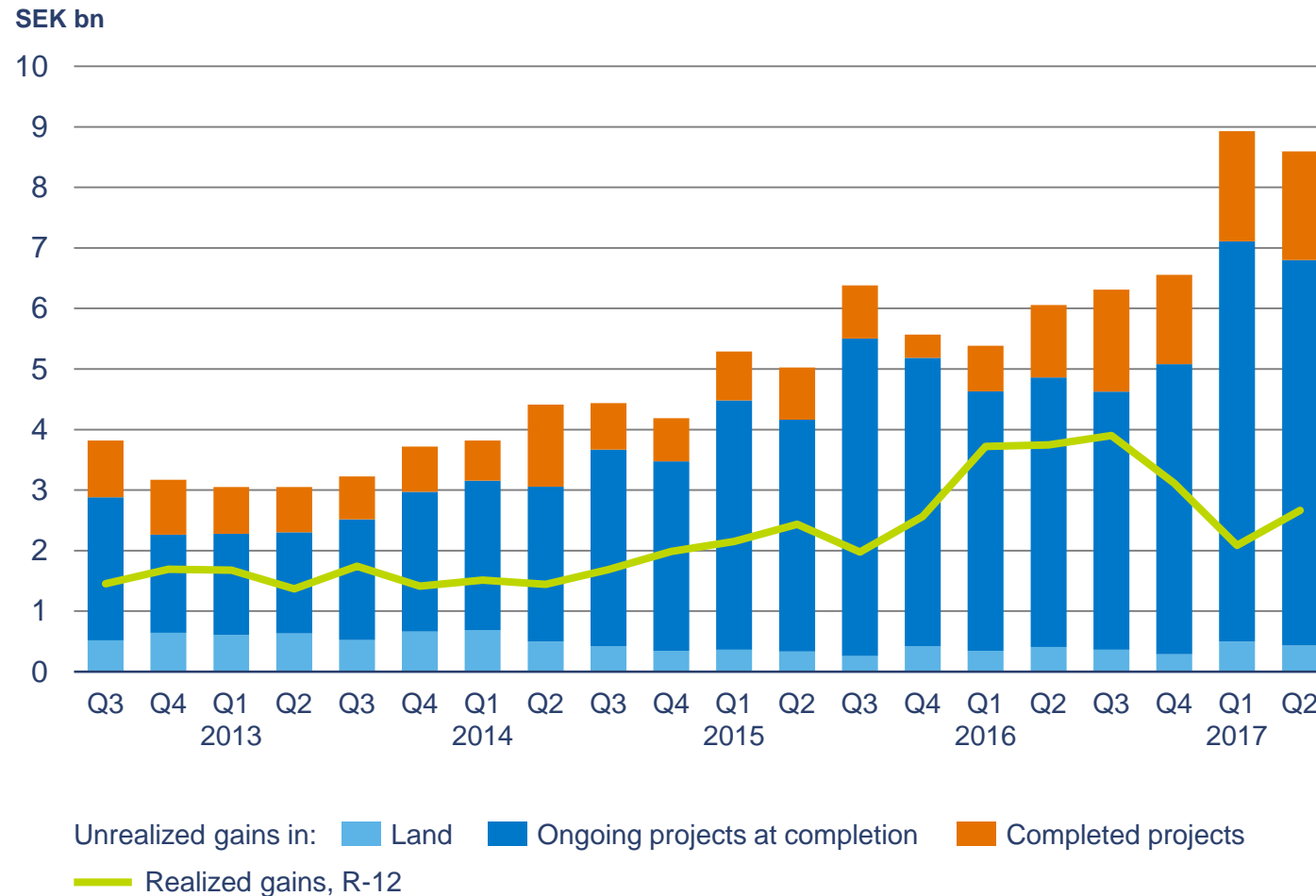


Sale of commercial properties

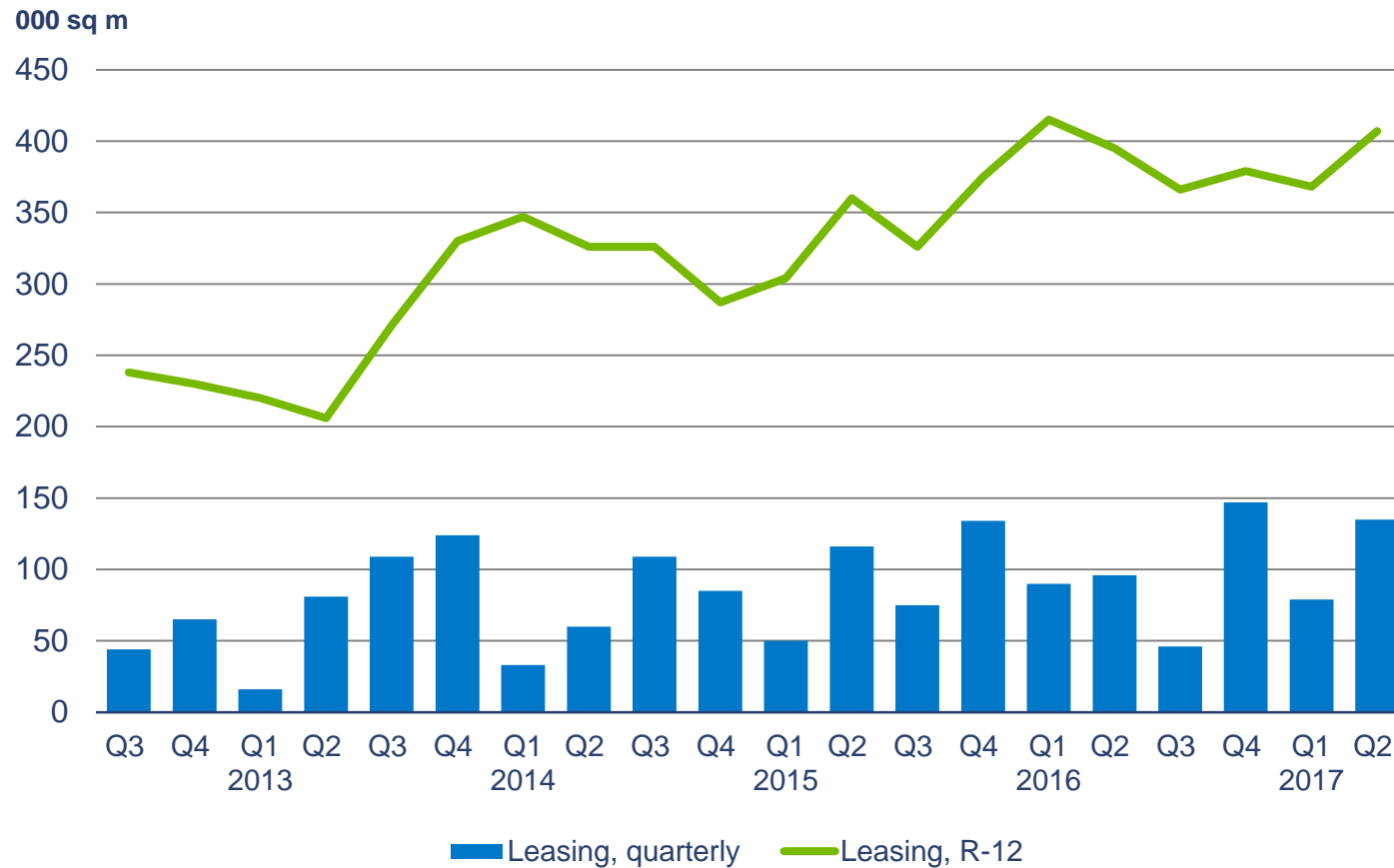
SEK M	Sales price	Capital gain
Year-to-date	6,365	1,595

Commercial Property Development

Unrealized and realized gains, segment reporting



Commercial Property Development Leasing



New leases of space were signed for 407,000 sq m, R-12



Infrastructure Development

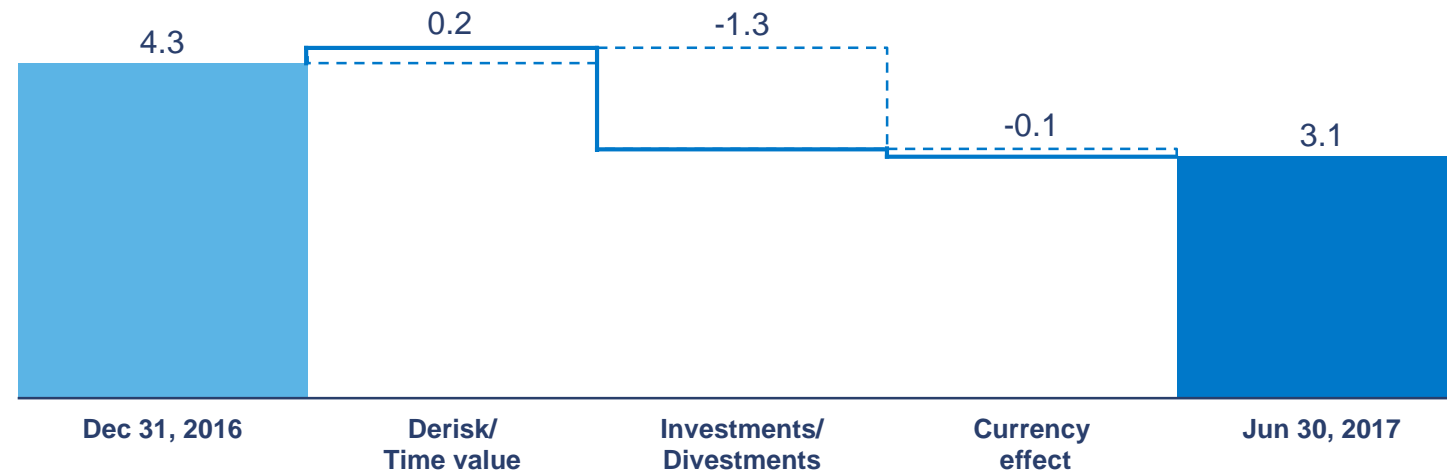
Income statement

SEK M	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Revenue	39	174	237
Gross income	-56	84	56
Selling and administrative expenses	-69	-86	-147
Income from joint ventures	1,035	219	1,909
Operating income	910	217	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



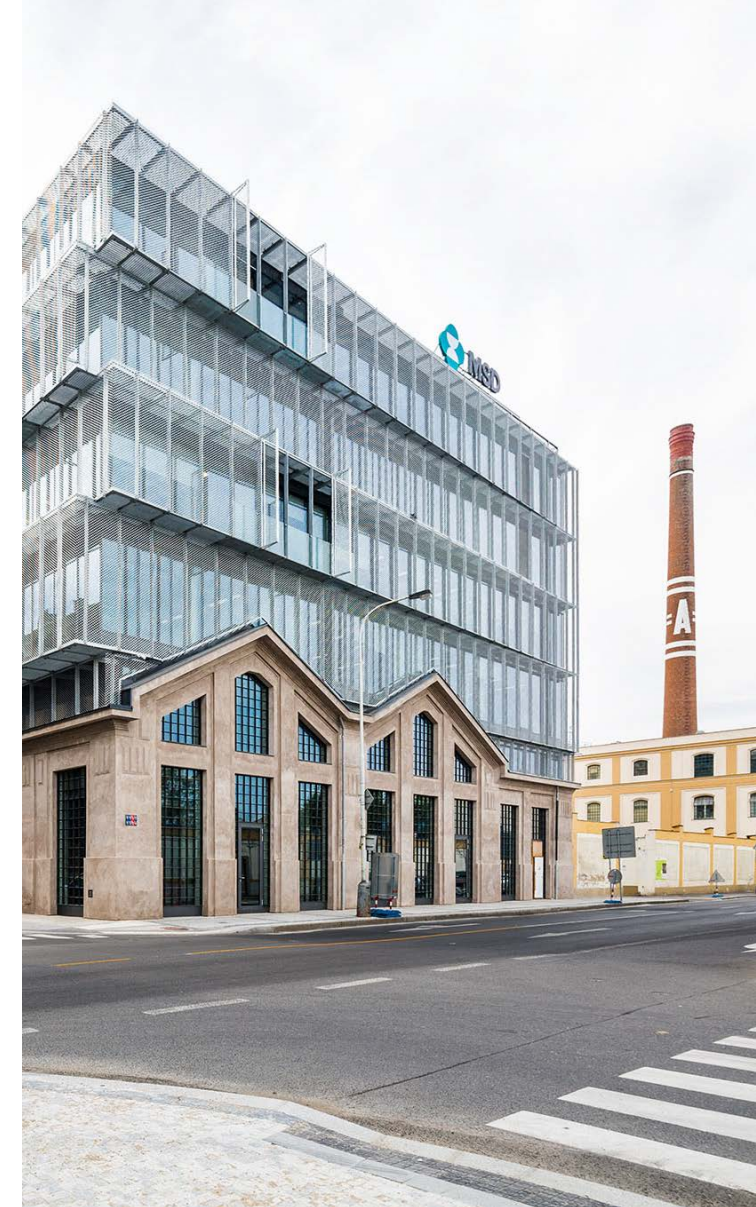
SEK bn	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
Present value of cash flow from projects	4.0	6.1	5.2
Net present value of projects	3.1	5.2	4.3
Carrying amount	-2.6	-3.3	-2.9
Unrealized development gain	0.5	1.9	1.4
Cash flow hedge	0.6	2.1	0.6
Effect in unrealized Equity	1.1	4.0	2.0



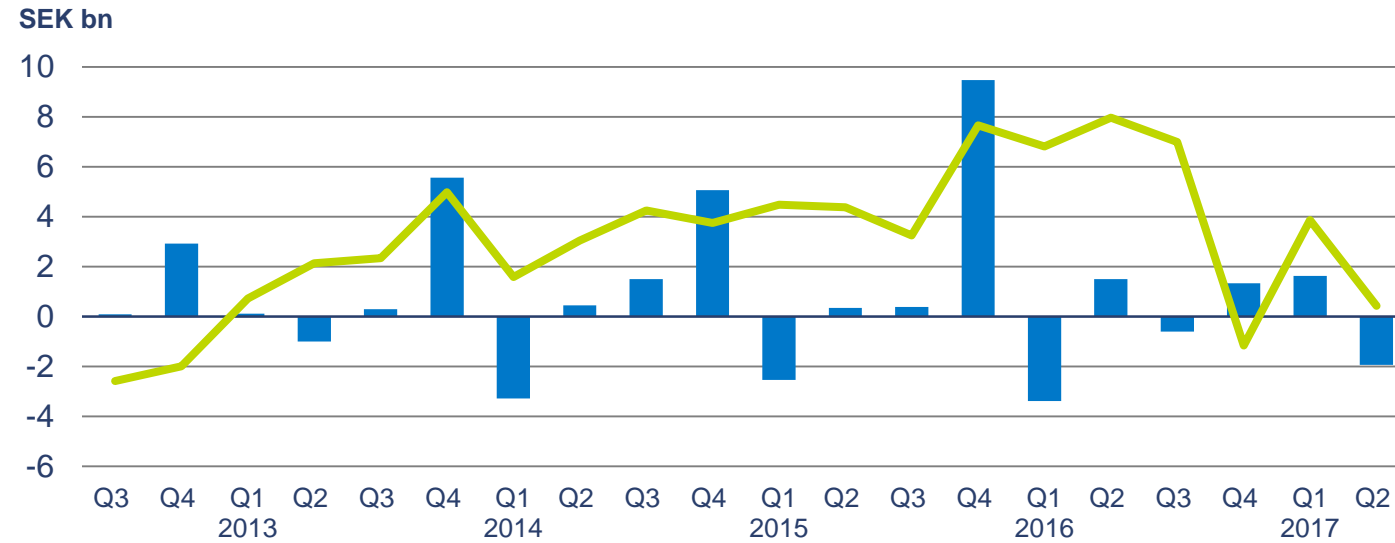
Group

Income statement

SEK M	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Operating income from business streams	3,778	4,044	9,305
Central	-417	-483	-1,140
Eliminations	-61	72	34
Operating income	3,300	3,633	8,199
Net financial items	30	-41	-118
Income after financial items	3,330	3,592	8,081
Taxes	-313	-755	-1,555
Profit for the period	3,017	2,837	6,526
Earnings per share, SEK	7.35	6.89	15.89
Tax rate, %	9	21	19



Group Cash flow



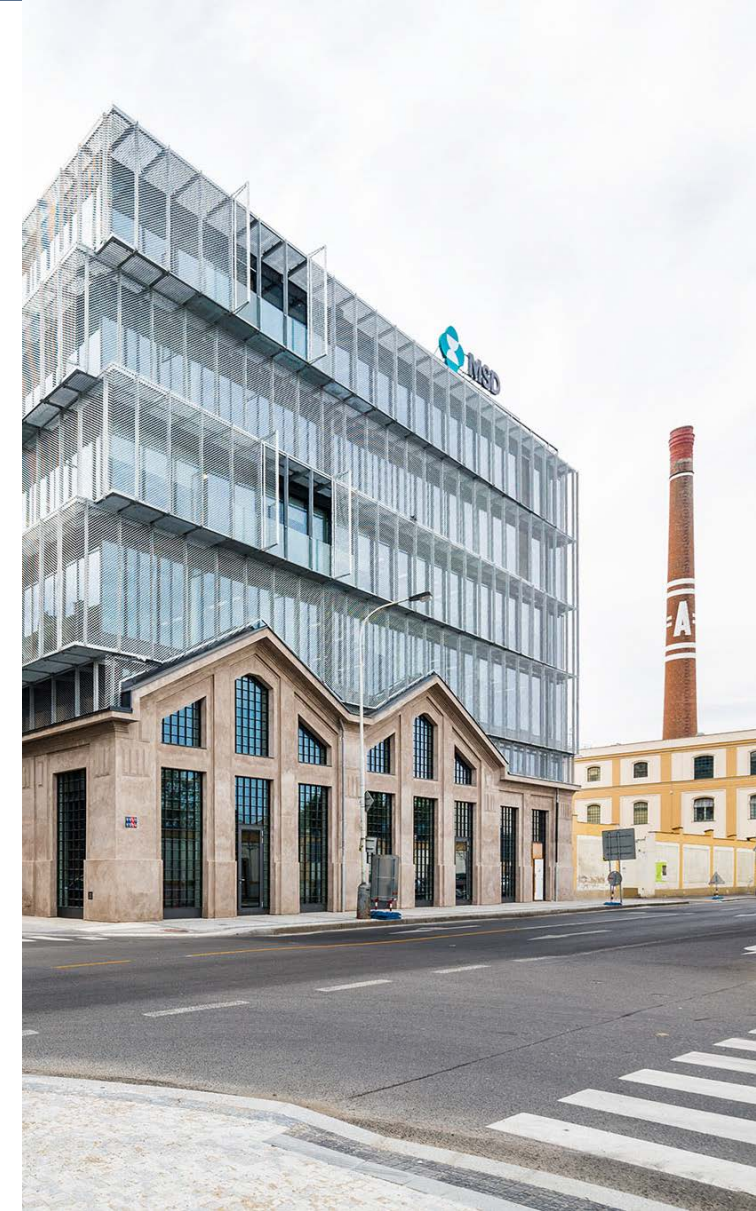
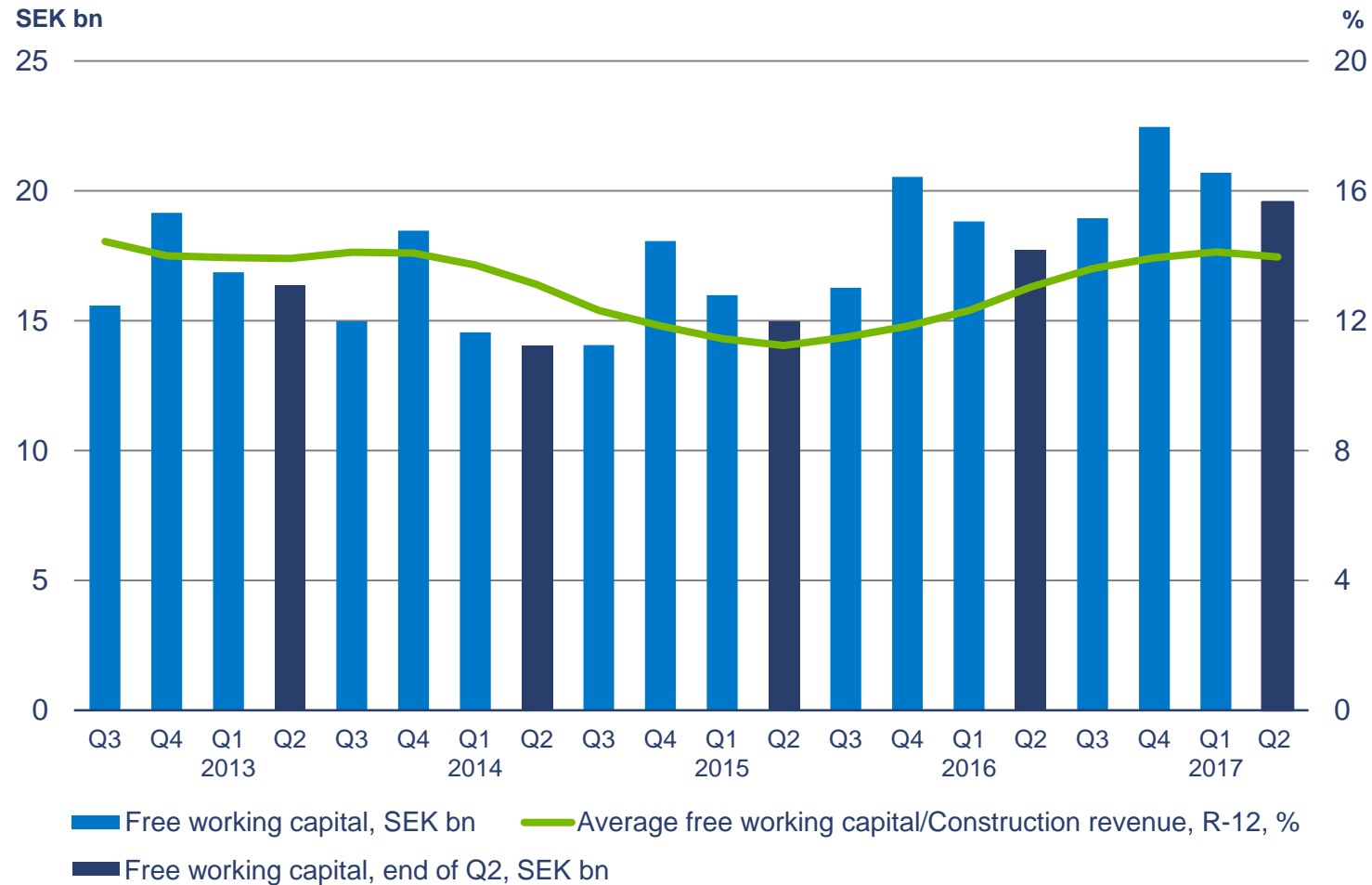
■ Cash flow from business operations, quarterly
— R-12

SEK bn	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Cash flow from operations	-0.3	-1.9	-1.2
Net strategic investments	–	0.1	0.9
Dividend etc.	-3.5	-3.6	-3.9
Cash flow before change in interest-bearing receivables and liabilities	-3.8	-5.3	-4.2



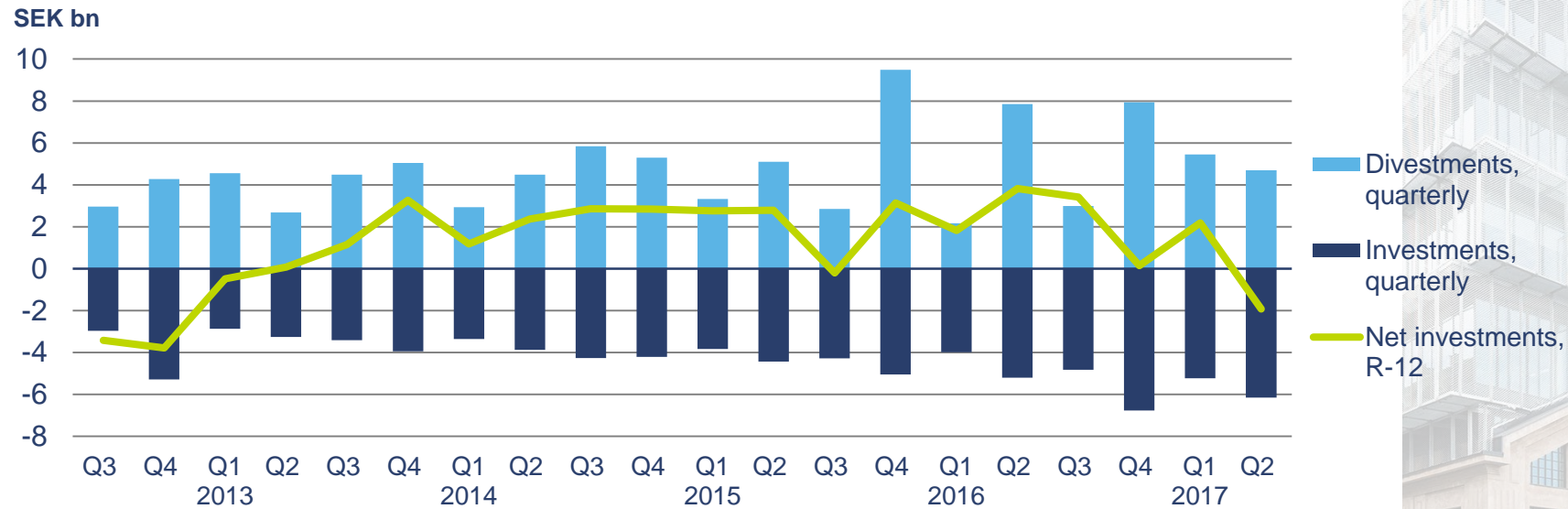
Construction

Free working capital



Group

Investments, divestments and capital employed

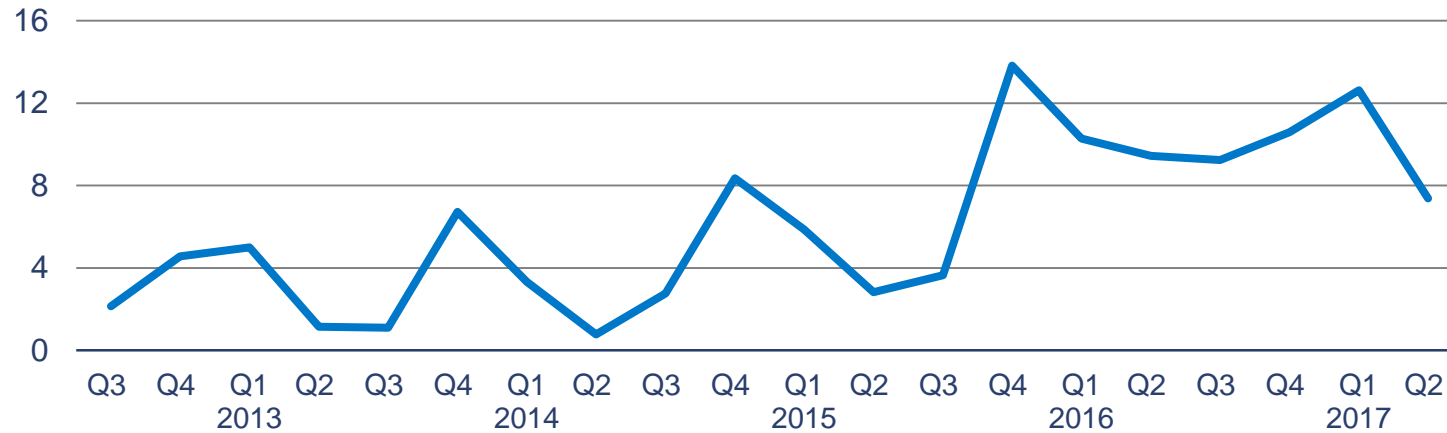


SEK bn	June 30 2017	June 30 2016	Dec 31 2016
Capital employed in:			
Residential Development	11.7	10.2	11.6
Commercial Property Development	22.0	17.1	19.9
Infrastructure Development	2.2	1.4	5.4
Total in Project Development	35.9	28.8	37.0

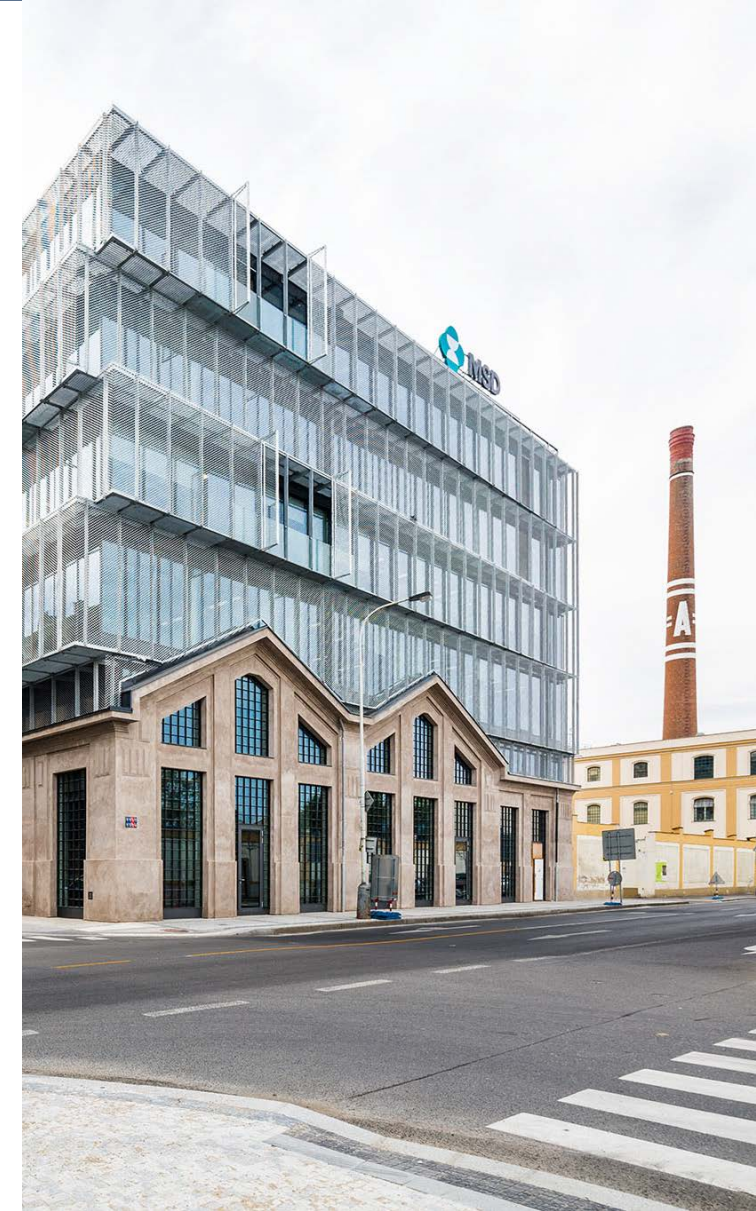


Group Financial position

Operating net financial assets/liabilities, SEK bn



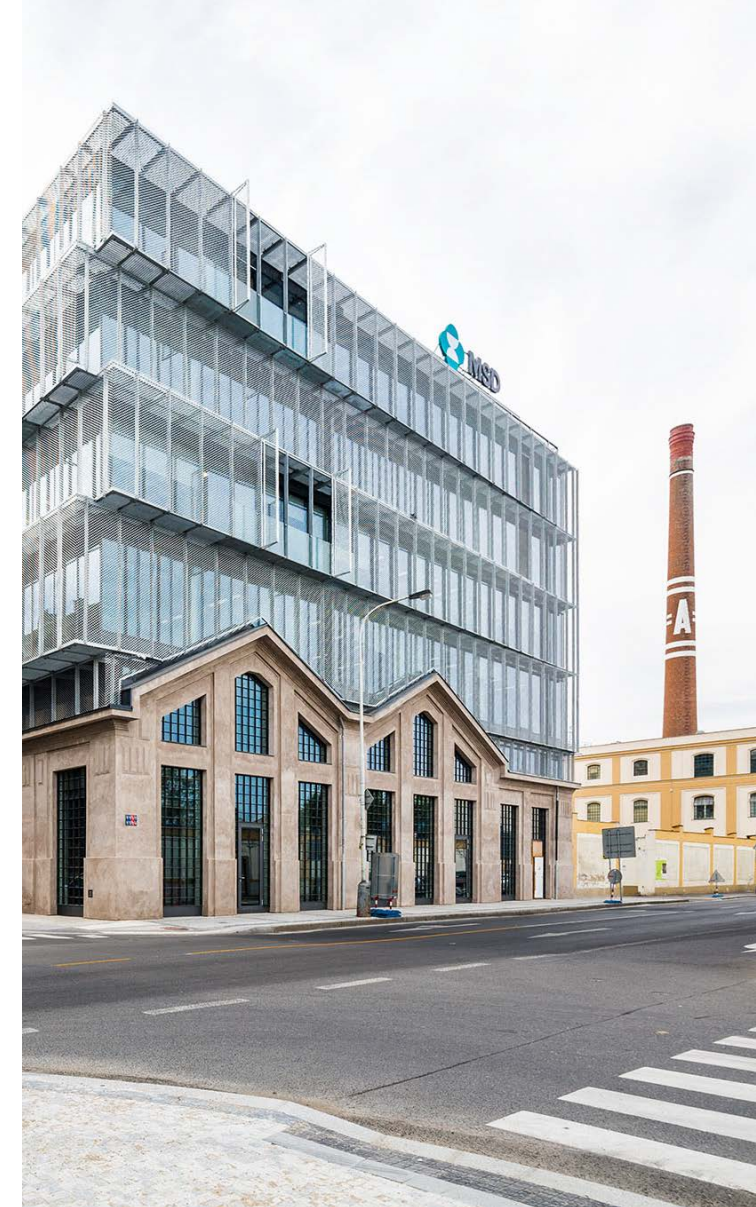
SEK bn	Jun 30 2017	Jun 30 2016	Dec 31 2016
Total assets	106.1	96.6	106.5
Equity attributable to equity holders	24.4	21.9	27.5
Interest-bearing net receivables (+)/net debt (-)	-4.3	-0.5	1.2
Operating net financial assets/liabilities	7.4	9.4	10.6
Capital employed, closing balance	41.6	36.7	42.6
Equity/assets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



Group

Change in financial position

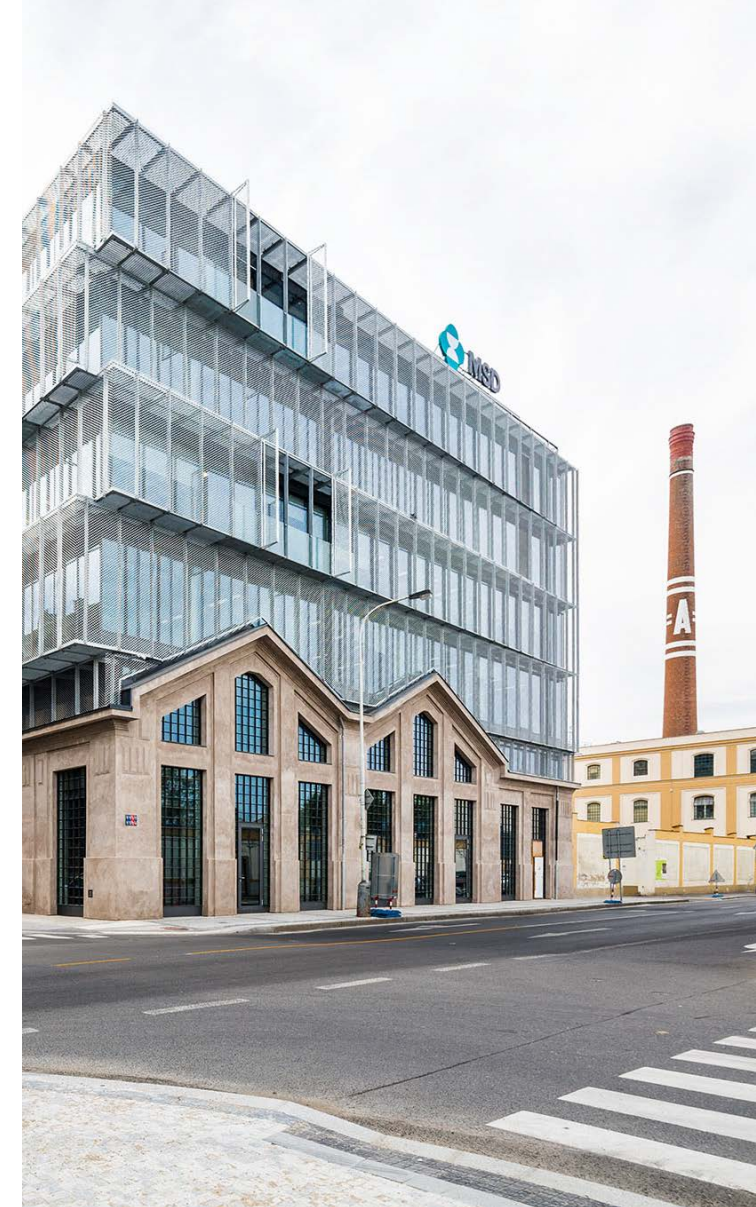
SEK bn	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Opening balance interest-bearing net receivables	1.2	6.3	6.3
Cash flow before change in interest-bearing receivables and liabilities	-3.8	-5.3	-4.2
Change in pension liability	-1.1	-1.3	-1.0
Other changes	-0.6	-0.2	0.1
Change in interest-bearing net receivables	-5.5	-6.8	-5.1
Closing balance interest-bearing net receivables/net debt	-4.3	-0.5	1.2
Pension liability, net	5.7	4.9	4.5
Interest-bearing debt co-ops	6.0	5.0	4.8
Operating net financial assets/liabilities	7.4	9.4	10.6



Group

Change in equity

SEK bn	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Opening balance	27.5	24.2	24.2
Dividend to shareholders	-3.4	-3.1	-3.1
Other changes in equity not included in total comprehensive income for the year	-0.0	-0.4	-0.5
Profit for the period	1.9	2.6	5.7
Other comprehensive income			
Translation differences	-0.6	0.3	1.2
Effects of remeasurements of pensions	-1.1	-1.1	-0.9
Effects of cash flow hedges	0.1	-0.6	0.9
Closing balance	24.4	21.9	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 improving

Europe

- Uncertainty due to Brexit and outcome of election
- Central European civil market improving

USA

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



Power plant, Høyanger municipality, Norway

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



SilviaBo, Ekerö, 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



Epic, Malmö, Sweden

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



LaGuardia Airport, New York, USA

