

SKANSKA

# Q3 2017

Press release, October 27, 2017, 7:30 a.m. CET

**We build for a better society.**  
Sundtkvartalet, Oslo, Norway



# Nine month report, January–September 2017

## Highlights according to segment reporting

- Revenue amounted to SEK 117.2 billion (109.1); adjusted for currency effects, revenue increased 6 percent.
- Operating income amounted to SEK 4.8 billion (4.9); adjusted for currency effects operating income decreased 3 percent.
- Earnings per share increased by 14 percent to SEK 10.58 (9.30).
- Operating cash flow from operations amounted to SEK –1.2 billion (–2.5), according to IFRSs.
- Operating net financial assets totaled SEK 6.2 billion (June 30, 2017: 7.4), according to IFRSs.
- Order bookings in Construction amounted to SEK 118.6 billion (130.6); adjusted for currency effects, order bookings decreased by 10 percent. The order backlog amounted to SEK 194.7 billion (June 30, 2017: 202.2).
- Operating income in Construction amounted to SEK 1.4 billion (2.3), corresponding to an operating margin of 1.3 percent (2.3); adjusted for currency operating income decreased 38 percent.
- Operating income in Project Development (Residential, Commercial Property and Infrastructure Development) amounted to SEK 4.1 billion (3.3); adjusted for currency effects operating income increased by 23 percent.
- Return on capital employed in Project Development was 16.3 percent (15.8).
- Net investments in Project Development amounted to SEK –1.3 billion (–0.3), according to IFRSs.

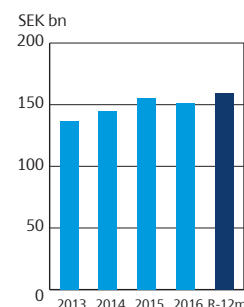
## Performance analysis

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.

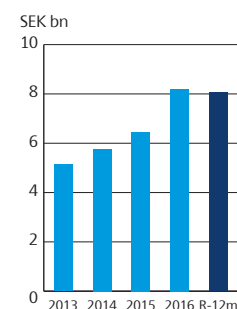
SEK M	Jan-Sep 2017	Jan-Sep 2016	Change, %	Jul-Sep 2017	Jul-Sep 2016	Change, %
<b>Revenue</b>						
Construction	108,976	99,174	10	38,208	34,969	9
Residential Development	10,101	8,735	16	2,033	2,596	–22
Commercial Property Development	7,755	7,553	3	1,074	1,339	–20
Infrastructure Development	59	202	–71	20	28	–29
Central and eliminations	–9,687	–6,594	47	–3,249	–2,411	35
<b>Total</b>	<b>117,204</b>	<b>109,070</b>	<b>7</b>	<b>38,086</b>	<b>36,521</b>	<b>4</b>
<b>Operating income</b>						
Construction	1,426	2,282	–38	918	942	–3
Residential Development	1,322	925	43	219	250	–12
Commercial Property Development	1,851	2,014	–8	594	202	194
Infrastructure Development	885	343	158	–25	126	–
Central	–616	–709	–13	–199	–226	–12
Eliminations	–102	44	–	–41	–28	46
<b>Operating income</b>	<b>4,766</b>	<b>4,899</b>	<b>–3</b>	<b>1,466</b>	<b>1,266</b>	<b>16</b>
<b>Net financial items</b>	<b>32</b>	<b>–58</b>	<b>–</b>	<b>2</b>	<b>–17</b>	<b>–</b>
<b>Income after financial items</b>	<b>4,798</b>	<b>4,841</b>	<b>–1</b>	<b>1,468</b>	<b>1,249</b>	<b>18</b>
Taxes	–452	–1,018	–56	–139	–263	–47
<b>Profit for the period</b>	<b>4,346</b>	<b>3,823</b>	<b>14</b>	<b>1,329</b>	<b>986</b>	<b>35</b>
Earnings for the period per share, SEK	10.58	9.30	14	3.23	2.41	34
Revenue for the period according to IFRSs	112,575	105,815	6	38,868	35,487	10
Operating income for the period according to IFRSs	3,198	4,384	–27	1,144	1,048	9
Earnings for the period per share according to IFRSs, SEK	7.11	8.31	–14	2.52	1.99	27
Operating cash flow from operations	–1,199	–2,482	–52	–893	–596	50
Interest-bearing net receivables(+)/net debt(–)	–5,560	–3,210	73	–5,560	–3,210	73
Return on capital employed in Project Development, % <sup>1</sup>	16.3	15.8				
Operating net financial assets(+)/liabilities(–)	6,246	9,243	–32			
Return on equity, % <sup>1</sup>	27.1	28.1				

<sup>1</sup> Rolling 12 months.

## Revenue



## Operating income

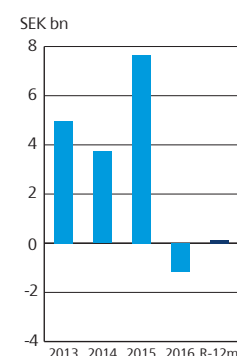


## Operating income per segment, R-12m, Sep 30, 2017



- Construction, 29%
- Residential Development, 22%
- Commercial Property Development, 23%
- Infrastructure Development, 26%

## Operating cash flow from operations



## Comments from Skanska's President and CEO Johan Karlström:



Revenues and earnings per share increased during the first nine months of 2017 and the strong financial position is maintained. Our Project Development businesses continues to deliver very impressive results. However, our main focus is to improve the profitability in our Construction stream where the performance is far from satisfactory in certain business units.

In our Construction stream all business units are profitable in the third quarter, with the Nordics as the top performer and Sweden especially. In Poland the turnaround continues and in the UK the performance stabilized during the third quarter. The U.S. operations were burdened by two project write downs in the third quarter impacting profitability negatively. All in all, we can clearly not be satisfied with the performance in Europe and the U.S. and our efforts to strengthen risk management and training continues. In the U.S. and Poland our initiatives to focus the operations and reducing organizational costs continue.

Our Residential Development stream is overshooting its return targets by far thanks to a strong performance. The third quarter is a seasonally low volume quarter and with our project pipeline of mainly core and affordable products being in demand we expect volumes to pick up in the fourth quarter. In our biggest market,

Sweden, the demand and supply balance is now returning to a more normal situation. However, our unsold stock is particularly low in Sweden and we plan to start more projects to meet the demand for our core and affordable products especially. In this process we are always monitoring sales rates closely.

In the Commercial Property Development stream, the impressive performance in developing new modern offices in the right locations that attracts both tenants and investors continues. We have increased our investments into this business for several years, and with our strategy to divest completed and fully let buildings the contribution to group profit has increased significantly. Our portfolio contains a large number of ongoing projects and we are creating substantial values to be realized in the future.

In the Infrastructure Development stream we are selectively pursuing new projects to refill the portfolio after our recent divestments. The portfolio mainly consists of projects under construction or projects being ramped up into a fully operational state generating long steady cash flows.

We continue to see opportunities to grow our Project Development operations, with a strong portfolio of ongoing projects and an interesting pipeline. Our solid financial position makes these value creating investments possible. In the Construction stream we have a number of well performing business units but we still have business units that clearly must improve their performance and it is our top priority to ensure that this is being achieved.



Skanska sold its 50 percent ownership in the office building Sundtkvartalet in Oslo, Norway for about SEK 830 M in the third quarter. Sundtkvartalet is a modern energy efficient office building in central Oslo consisting of 31,300 square meters, of which 92 percent is let, and is developed in a joint venture with Entra. It was completed in December 2016 and the construction contract for Skanska was worth about SEK 740 M. Among the tenants are Skanska Norway, KnowIT, Manpower, IBM and Tidal.

# Market outlook, next 12 months

## Slightly weaker 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.

In UK the uncertainty in the non-residential building market related to Brexit continues to have a negative impact. In Central Europe the overall market situation is relatively stable even though the Czech Republic market is slightly weakening.

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
<b>⬇️ Nordics</b>			
Sweden	⬆️	⬇️	⬆️
Norway	➡️	➡️	⬇️
Finland	➡️	➡️	➡️
<b>➡️ Europe</b>			
Poland	➡️	➡️	➡️
Czech Republic <sup>1</sup>	➡️	⬇️	⬇️
United Kingdom	⬇️	-	➡️
<b>⬇️ USA</b>			
USA	⬇️	-	⬇️

<sup>1</sup> Including Slovakia.

### Residential Development

In the residential market segments that Skanska's product range is targeting the Swedish market is strong and the Norwegian market is stable. In both these markets customers are showing signs of delayed decision making. The Finnish market continues to be stable and the Central European market is solid. Common to all home markets is the challenge to acquire and develop land due to increasing prices and long permitting processes.

<b>⬇️ Nordics</b>	
Sweden	⬇️
Norway	➡️
Finland	➡️
<b>⬇️ Europe</b>	



Kruunuvuorenranta, Helsinki, Finland.

### 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.

<b>⬇️ Nordics</b>	
Sweden	⬆️
Norway	➡️
Finland	➡️
Denmark	⬇️
<b>⬇️ Europe</b>	
Poland	⬇️
Czech Republic	⬇️
Hungary	⬇️
Romania	➡️
<b>⬇️ USA</b>	



Nowy Rynek, Poznan, Poland.

### Infrastructure Development

The public-private partnership (PPP) market in the U.S. is strong, albeit with considerable competition. In the other markets the pipeline is thin, with opportunities being seen in the Norwegian market.

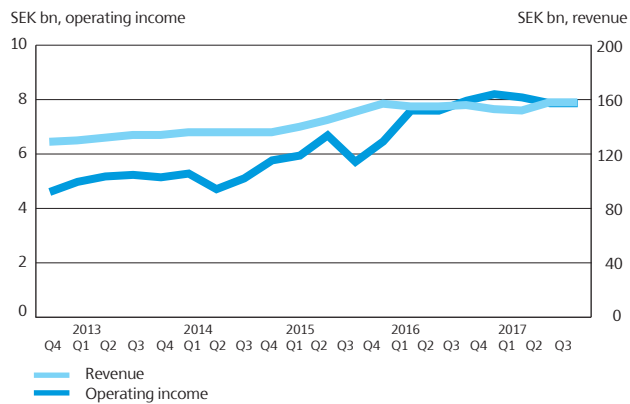


New Karolinska Solna, Stockholm, Sweden.

## Performance analysis

### Group

#### Revenue and operating income, rolling 12 months



#### Revenue and earnings

SEK M	Jan-Sep 2017	Jan-Sep 2016	Change, %	Jul-Sep 2017	Jul-Sep 2016	Change, %
Revenue	117,204	109,070	7	38,086	36,521	4
Operating income <sup>1,2</sup>	4,766	4,899	-3	1,466	1,266	16
Net financial items	32	-58		2	-17	
<b>Income after financial items</b>	<b>4,798</b>	<b>4,841</b>	<b>-1</b>	<b>1,468</b>	<b>1,249</b>	<b>18</b>
Taxes	-452	-1,018		-139	-263	
<b>Profit for the period</b>	<b>4,346</b>	<b>3,823</b>	<b>14</b>	<b>1,329</b>	<b>986</b>	<b>35</b>
Earnings for the period per share, SEK <sup>3</sup>	10.58	9.30	14	3.23	2.41	34
Earnings for the period per share according to IFRSs, SEK <sup>3</sup>	7.11	8.31	-14	2.52	1.99	27

1 Central, SEK -616 M (-709).

2 Eliminations, SEK -102 M (44).

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

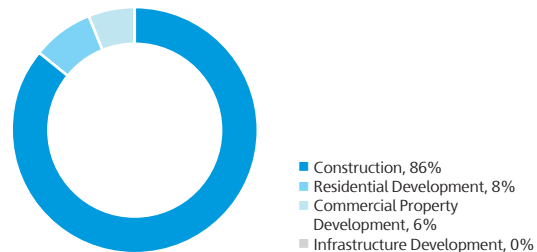
#### Changes and currency rate effects

	Jan-Sep 2017 / Jan-Sep 2016		
	Change in SEK	Change in local currency	Currency effect
Revenue	7%	6%	1%
Operating income	-3%	-3%	0%

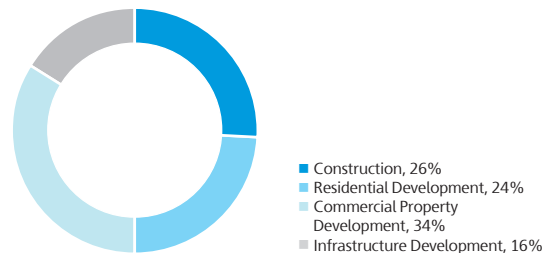
Revenue increased by 7 percent and amounted to SEK 117.2 billion (109.1); adjusted for currency effects, revenue increased by 6 percent.

Operating income decreased by 3 percent and amounted to SEK 4,766 M (4,899); no currency effects.

#### Revenue per segment, January–September 2017



#### Operating income per segment, January–September 2017



As a result of the growth strategy in Project Development, it now makes up a significant portion of the operating income, and in the first nine 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 -616 M (-709). The elimination of gains in Intra-Group projects amounted to SEK -102 M (44).

Net financial items amounted to SEK 32 M (-58). The change compared to the first nine 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.

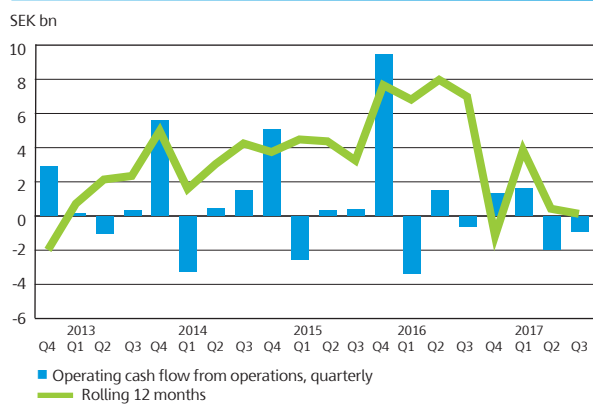
For a specification of net financial items, see page 21.

Taxes for the period amounted to SEK -452 M (-1,018), 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, where the effective tax rate is lower.

## Cash flow

### Group

#### Operating cash flow from operations



#### Operating cash flow

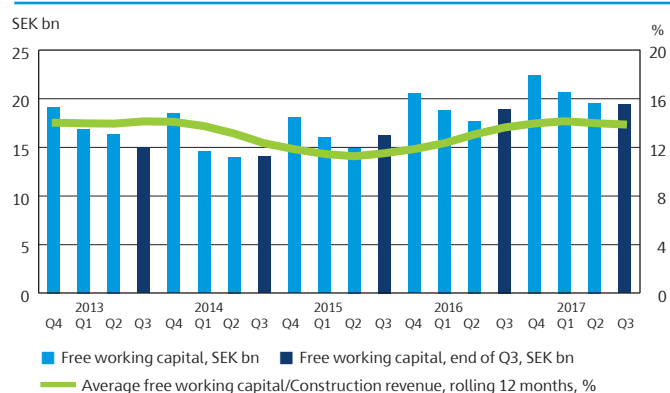
SEK M	Jan-Sep 2017	Jan-Sep 2016	Change, %	Jul-Sep 2017	Jul-Sep 2016	Change, %
Cash flow from business operations	1,001	1,836	-45	918	725	27
Change in working capital	895	-1,955	-	-83	834	-
Net divestments(+)/investments(-)	-2,696	-1,355	99	-1,452	-2,031	-29
Cash flow adjustment	-3	-31	-90	-18	30	-
<b>Cash flow from business operations before taxes paid</b>	<b>-803</b>	<b>-1,505</b>	<b>-47</b>	<b>-635</b>	<b>-442</b>	<b>44</b>
Taxes paid in business operations	-565	-979	-42	-299	-145	106
Cash flow from financing operations	169	2	8,350	41	-9	-
<b>Operating cash flow from operations</b>	<b>-1,199</b>	<b>-2,482</b>	<b>-52</b>	<b>-893</b>	<b>-596</b>	<b>50</b>
Net strategic divestments(+)/investments(-)	0	338	-	0	193	-
Dividend etc	-3,764	-3,739	1	-223	-132	69
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>-4,963</b>	<b>-5,883</b>	<b>-16</b>	<b>-1,116</b>	<b>-535</b>	<b>109</b>
Change in interest-bearing receivables and liabilities	3,892	-1,548	-	1,167	-943	-
<b>Cash flow for the period</b>	<b>-1,071</b>	<b>-7,431</b>	<b>-86</b>	<b>51</b>	<b>-1,478</b>	<b>-</b>

Operating cash flow from operations amounted to SEK -1,199 M (-2,482). Change in working capital impacted cash flow positively in the amount of SEK 895 M (-1,955), 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 -565 M (-979).

Commercial Property Development assets sold but not yet transferred will have a positive effect on cash flow of about SEK 7.0 billion, of which SEK 4.4 billion in the fourth quarter 2017.

#### Free working capital in Construction



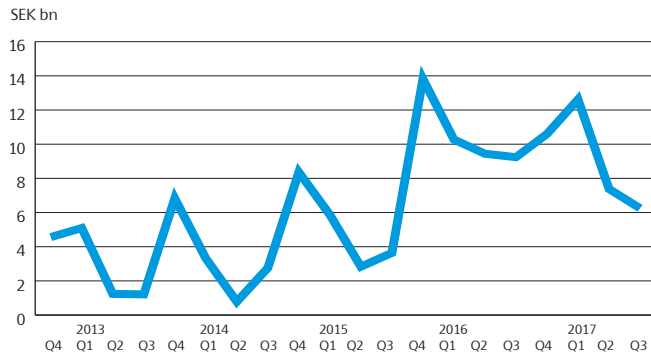
The free working capital in Construction amounted to SEK 19.4 billion (18.9) with the average free working capital in relation to revenue in Construction in the past 12 months at 13.9 percent. The free working capital in Construction is maintaining a good level due to favorable cash flow profiles in 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 -2,197 M (-2,115).



Olympic Stadium, Helsinki, Finland.

## Financial position

### Operating net financial assets/liabilities



### Balance sheet – Summary

SEK bn	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Total assets	107.4	99.0	106.5
Total equity	25.3	21.2	27.5
Interest-bearing net receivables (+)/net debt (-)	-5.6	-3.2	1.2
Operating net financial assets(+)/liabilities(-)	6.2	9.2	10.6
Capital employed, closing balance	42.6	38.7	42.6
Equity/assets ratio, %	23.6	21.4	25.8

### Change in interest-bearing receivables and liabilities

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Opening balance interest-bearing net receivables(+)/net debt(-)	1,219	6,317	-4,323	-463	6,317
<b>Cash flow for the period</b>	<b>-1,071</b>	<b>-7,431</b>	<b>51</b>	<b>-1,478</b>	<b>-6,566</b>
Less change in interest-bearing receivables and liabilities	-3,892	1,548	-1,167	943	2,400
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>-4,963</b>	<b>-5,883</b>	<b>-1,116</b>	<b>-535</b>	<b>-4,166</b>
Translation differences, net receivables/net debt	-801	367	-267	324	972
Remeasurements of pension liabilities	-831	-3,663	309	-2,413	-1,022
Interest-bearing liabilities acquired/divested	0	-95	0	-95	-663
Other changes, interest-bearing net receivables/net debt	-184	-253	-163	-28	-219
<b>Change in interest-bearing net receivables/net debt</b>	<b>-6,779</b>	<b>-9,527</b>	<b>-1,237</b>	<b>-2,747</b>	<b>-5,098</b>
<b>Closing balance interest-bearing net receivables(+)/net debt(-)</b>	<b>-5,560</b>	<b>-3,210</b>	<b>-5,560</b>	<b>-3,210</b>	<b>1,219</b>
Pension liability, net	5,396	7,099	5,396	7,099	4,537
Loans to housing co-ops	6,410	5,354	6,410	5,354	4,839
<b>Closing balance operating net financial assets(+)/liabilities(-)</b>	<b>6,246</b>	<b>9,243</b>	<b>6,246</b>	<b>9,243</b>	<b>10,595</b>

The operating net financial assets amounted to SEK 6.2 billion (June 30, 2017: 7.4). The interest-bearing net debt amounted to SEK -5.6 billion (June 30, 2017: -4.3). Commercial Property Development assets sold but not yet transferred will have a positive effect on cash flow of about SEK 7.0 billion, of which SEK 4.4 billion in the fourth quarter 2017.

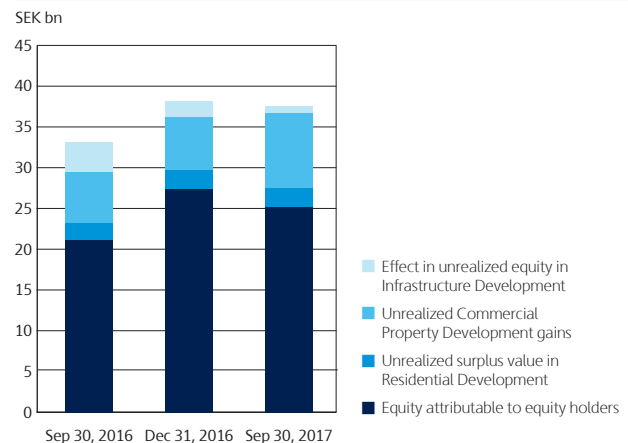
At the end of the quarter, cash, cash equivalents and committed unutilized credit facilities amounted to about SEK 10.5 billion (June 30, 2017: 10.4), of which SEK 8.8 billion (June 30, 2017: 8.6) is available within one week. The Group central loan portfolio amounted to SEK 4.6 billion (June 30, 2017: 4.6) and had an average maturity of 4.0 years (June 30, 2017: 3.7), including committed unutilized credit facilities. Loans to housing co-ops totaled SEK 6.4 billion (June 30, 2017: 6.0) and the net pension liabilities totaled SEK 5.4 billion (June 30, 2017: 5.7). At the end of the quarter, capital employed amounted to SEK 42.6 billion (June 30, 2017: 41.6).

## Equity

### Changes in equity

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Opening balance	27,506	24,206	24,448	21,938	24,206
Dividend to shareholders	-3,380	-3,075	0	0	-3,075
Other changes in equity not included in total comprehensive income for the year	-155	-447	-145	-62	-513
Profit for the period	2,926	3,417	1,038	816	5,735
Other comprehensive income					
Translation differences	-917	932	-287	673	1,209
Effects of remeasurements of pensions	-782	-3,230	277	-2,124	-938
Effects of cash flow hedges	101	-582	-32	-20	882
<b>Closing balance</b>	<b>25,299</b>	<b>21,221</b>	<b>25,299</b>	<b>21,221</b>	<b>27,506</b>

### Adjusted equity, less standard tax of 10 percent



The Group's equity amounted to SEK 25.3 billion (21.2), the equity/assets ratio was 23.6 percent (21.4) and the net debt/equity ratio amounted to 0.2 (0.2).

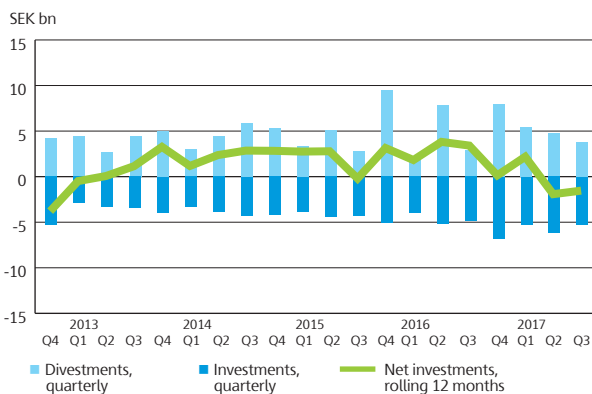
The effects of remeasurements of pensions amounted to SEK -782 M (-3,230), due to lower discount rates in Sweden, Norway and UK. The effects of cash flow hedges, SEK 101 M (-582) are mainly related to changes in the interest-rate swaps attributable to Infrastructure Development projects. After the divestment 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 -917 M (932), where the change is mainly attributable to a weaker U.S. dollar.

The unrealized surplus values less standard tax in Project Development amounted to SEK 12.3 billion (June 30, 2017: 12.5), of which SEK 1.7 billion is realized according to segment reporting.

## Investments and divestments

### Investments and divestments



The Group's investments amounted to SEK –16,633 M (–14,024). Divestments amounted to SEK 13,937 M (13,007) and the Group's net investments amounted to SEK –2,696 M (–1,017).

In Construction, investments totaled SEK –1,609 M (–1,280). The investments were mainly related to property, plant and equipment for the Group's own production. Net investments in Construction amounted to SEK –1,430 M (–792). Depreciation of property, plant and equipment amounted to SEK –998 M (–943).

In Residential Development, investments totaled SEK –7,906 M (–6,197), of which about SEK –1,772 M (–1,356) relates to the acquisition of land corresponding to 5,782 building rights. Divestments amounted to SEK 8,347 M (5,054). Net divestments in Residential Development amounted to SEK 441 M (–1,143).

In Commercial Property Development, investments totaled SEK –7,239 M (–5,681) of which SEK –707 M (–1,141) related to investments in new land. Divestments amounted to SEK 4,244 M (7,282).

Net investments in Commercial Property Development amounted to SEK –2,995 M (1,601).

Investments in Infrastructure Development amounted to SEK –71 M (–760). 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 Scandic hotel, Copenhagen, Denmark.

### Investments, divestments and net divestments/investments

SEK M	Jan-Sep 2017	Jan-Sep 2016	Change, %	Jul-Sep 2017	Jul-Sep 2016	Change, %
<b>Investments</b>						
Construction	–1,609	–1,280	26	–496	–453	9
Residential Development	–7,906	–6,197	28	–2,031	–1,906	7
Commercial Property Development	–7,239	–5,681	27	–2,740	–1,901	44
Infrastructure Development	–71	–760	–91	0	–542	–
Other	192	–106		30	–27	
<b>Total</b>	<b>–16,633</b>	<b>–14,024</b>	<b>19</b>	<b>–5,237</b>	<b>–4,829</b>	<b>8</b>
<b>Divestments</b>						
Construction	179	488	–63	72	285	–75
Residential Development	8,347	5,054	65	2,132	1,718	24
Commercial Property Development	4,244	7,282	–42	1,620	975	66
Infrastructure Development	1,368	15	9,020	0	0	–
Other	–201	168		–39	13	
<b>Total</b>	<b>13,937</b>	<b>13,007</b>	<b>7</b>	<b>3,785</b>	<b>2,991</b>	<b>27</b>
<b>Net divestments(+)/ investments(–)</b>						
Construction	–1,430	–792	81	–424	–168	152
Residential Development	441	–1,143	–	101	–188	–
Commercial Property Development	–2,995	1,601	–	–1,120	–926	21
Infrastructure Development	1,297	–745	–	0	–542	–
Other	–9	62		–9	–14	
<b>Total</b>	<b>–2,696</b>	<b>–1,017</b>	<b>165</b>	<b>–1,452</b>	<b>–1,838</b>	<b>–21</b>
Of which strategic	0	338		0	193	

### Capital employed in Project Development

SEK M	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Residential Development	11,992	10,707	11,607
Commercial Property Development	23,558	18,517	19,936
Infrastructure Development	2,211	2,071	5,434
<b>Total in Project Development</b>	<b>37,761</b>	<b>31,295</b>	<b>36,977</b>



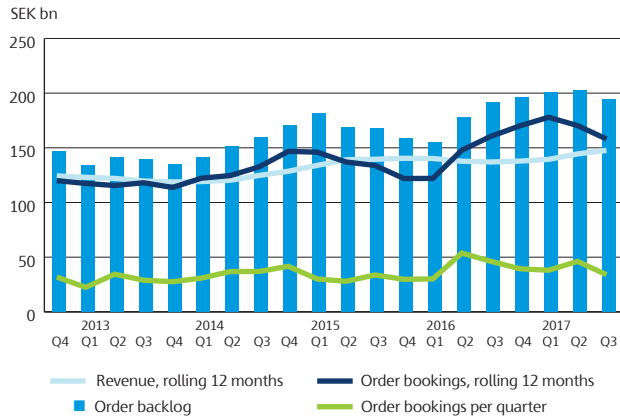
Divestment of Sundtkvartalet, Oslo, Norway.



## Performance analysis, business streams

### Construction – Order situation

#### Order backlog, revenue and order bookings



#### Order bookings and order backlog in Construction

SEK bn	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016
Order bookings	118.6	130.6	34.1	46.4
Order backlog <sup>1</sup>	194.7	191.6	-	-

<sup>1</sup> Refers to the end of each period.

Order bookings amounted to SEK 118.6 billion (130.6); adjusted for currency effects, order bookings decreased by 10 percent. On a rolling 12 months basis the book-to-build ratio was 107 percent (June 30, 2017: 118) and all regions had higher order bookings than revenue during that period.

At the end of the quarter, the order backlog amounted to SEK 194.7 billion, compared to 202.2 billion at the end of the previous quarter. The order backlog corresponds to about 16 months of production (June 30, 2017: 17).

#### Changes and currency rate effects

	Change in SEK	Change in local currency	Currency effect
Jan-Sep 2017 / Jan-Sep 2016			
Order bookings	-9%	-10%	1%
Sep 30, 2017 / Jun 30, 2017			
Order backlog	-4%	-2%	-2%

#### Major orders in the quarter

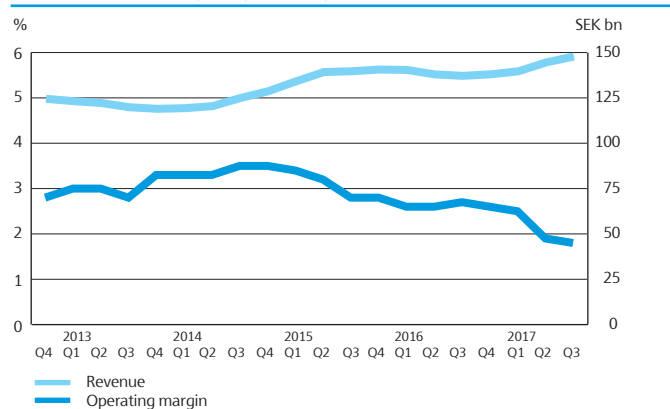
Geography	Contract	Amount SEK M	Client
USA	Bridge renovation	3,900	Port Authority of New York and New Jersey
Europe	Mixed-use development	1,600	Consolidated Developments
USA	Office building	1,500	The Meridian Group & Rockefeller Group
USA	Airport	1,300	The Port of Portland
USA	Manufacturing facility	1,000	Confidential
Nordic	Hospital	940	Västfastigheter



George Washington Bridge, New York, USA.

## Construction

### Revenue and operating margin, rolling 12 months



### Revenue and earnings

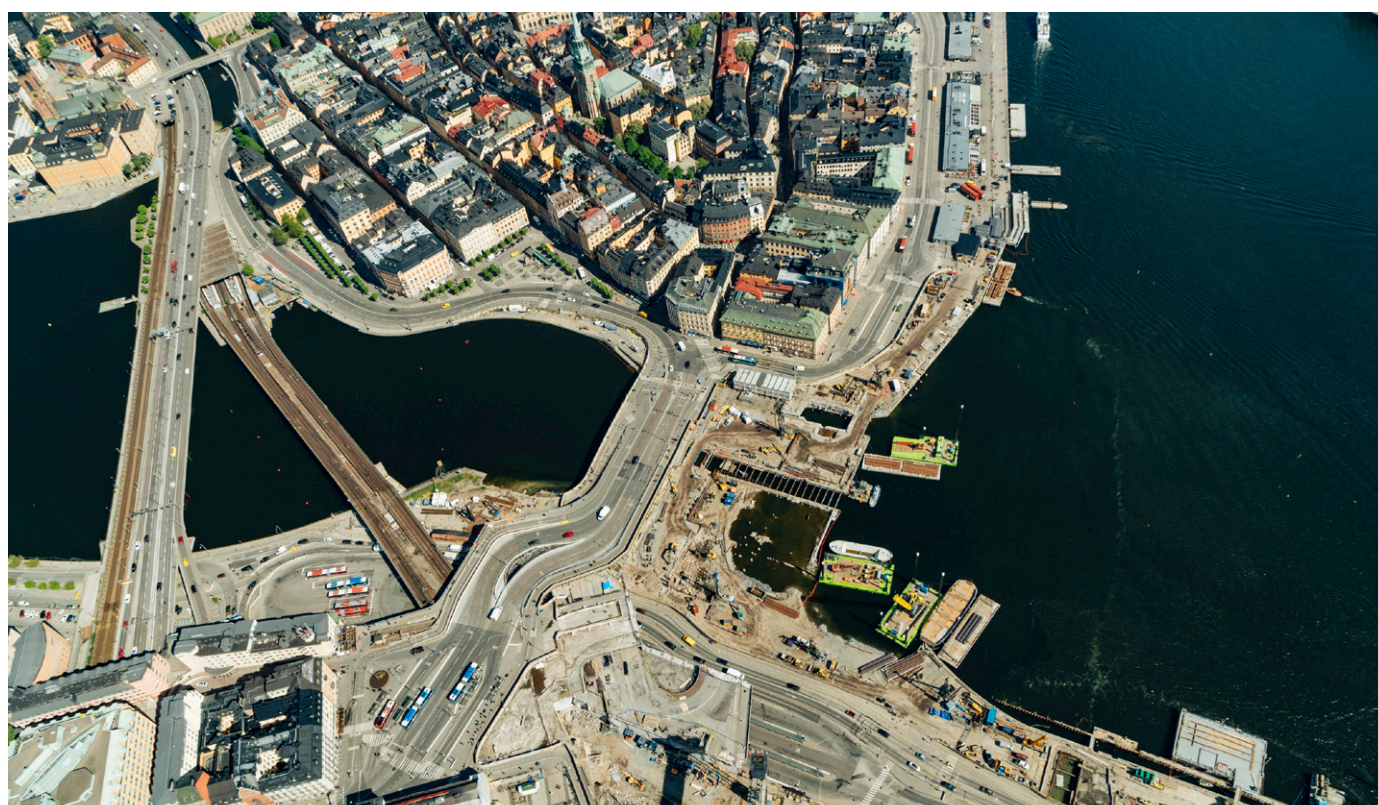
SEK M	Jan-Sep 2017	Jan-Sep 2016	Change, %	Jul-Sep 2017	Jul-Sep 2016	Change, %
Revenue	108,976	99,174	10	38,208	34,969	9
Gross income	6,254	7,105	-12	2,393	2,540	-6
Selling and administrative expenses	-4,850	-4,845	0	-1,490	-1,613	-8
Income from joint ventures and associated companies	22	22		15	15	
<b>Operating income</b>	<b>1,426</b>	<b>2,282</b>	<b>-38</b>	<b>918</b>	<b>942</b>	<b>-3</b>
Gross margin, %	5.7	7.2		6.3	7.3	
Selling and administrative expenses, %	-4.5	-4.9		-3.9	-4.6	
Operating margin, %	1.3	2.3		2.4	2.7	
Employees	39,291	41,310				

### Changes and currency rate effects

	Jan-Sep 2017 / Jan-Sep 2016		
	Change in SEK	Change in local currency	Currency effect
Revenue	10%	9%	1%
Operating income	-38%	-38%	0%

Revenue in the Construction business stream increased by 10 percent and amounted to SEK 109.0 billion (99.2); adjusted for currency effects, the revenue increased by 9 percent. Operating income amounted to SEK 1,426 M (2,282); adjusted for currency effects, operating income decreased by 38 percent. The operating margin was 1.3 percent (2.3).

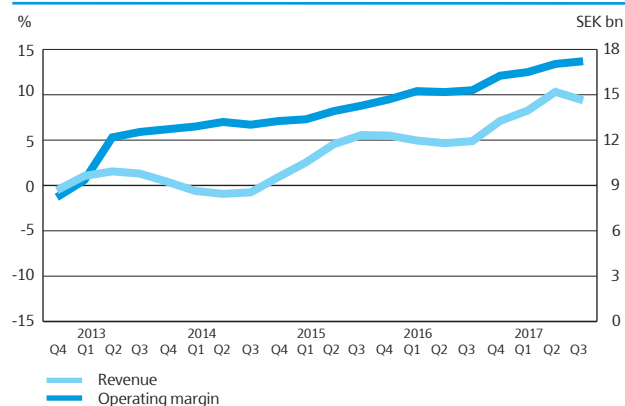
The performance in the Nordics was strong, mainly driven by Sweden. As previously announced the operating income in Europe and the U.S. was negatively impacted by write downs during the second quarter. The write downs were related to the UK operations, SEK 360 M, and the U.S. civil operations, SEK 420 M, as a consequence of not achieving estimated production rates and project delays. In the UK operations multiple changes driven by clients were also related to the write downs. During the third quarter the UK operations stabilized, but additional project write downs in two projects amounting to SEK 220 M burdened the profitability in the U.S. operations.



Slussen, Stockholm, Sweden.

## Residential Development

### Revenue and operating margin, rolling 12 months



### Revenue and earnings

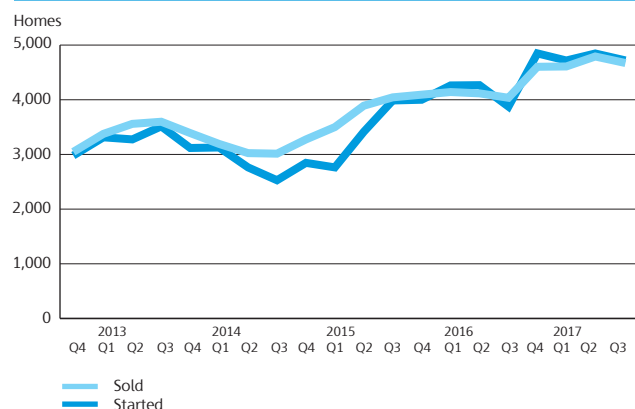
SEK M	Jan-Sep 2017	Jan-Sep 2016	Change, %	Jul-Sep 2017	Jul-Sep 2016	Change, %
Revenue	10,101	8,735	16	2,033	2,596	-22
<b>Gross income</b>	<b>1,815</b>	<b>1,351</b>	<b>34</b>	<b>384</b>	<b>377</b>	<b>2</b>
Selling and administrative expenses	-493	-426	16	-165	-127	30
Income from joint ventures and associated companies	0	0		0	0	
<b>Operating income</b>	<b>1,322</b>	<b>925</b>	<b>43</b>	<b>219</b>	<b>250</b>	<b>-12</b>
Gross margin, %	18.0	15.5		18.9	14.5	
Selling and administrative expenses, %	-4.9	-4.9		-8.1	-4.9	
Operating margin, %	13.1	10.6		10.8	9.6	
Return on capital employed, % <sup>1</sup>	18.2	14.2		-	-	

<sup>1</sup> Rolling 12 months. For definition see page 17.

Revenue in the Residential Development business stream amounted to SEK 10,101 M (8,735). The number of homes sold totaled 3,052 (2,978) in the first nine months of 2017. Operating income amounted to SEK 1,322 M (925). The operating margin increased to 13.1 percent (10.6) and was especially strong in Sweden.

The return on capital employed increased to 18.2 percent (14.2).

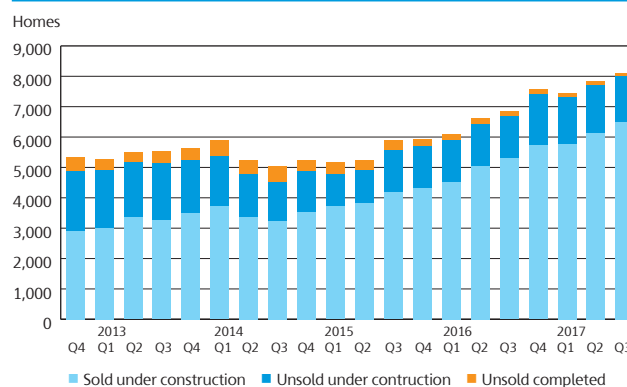
### Homes sold and started, rolling 12 months



### Homes sold and started

	Jan-Sep 2017	Jan-Sep 2016
Homes sold	3,052	2,978
Homes started	2,803	2,926

### Homes under construction and unsold



### Homes under construction and unsold

	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Homes under construction	8,006	6,680	7,421
of which sold, %	81	79	77
Completed unsold, number of homes	90	174	158

At the end of the quarter, there were 8,006 homes (June 30, 2017: 7,705) under construction. Of these, 81 percent (June 30, 2017: 80) were sold. The number of completed, unsold homes totaled 90 (June 30, 2017: 122) and most of these homes are in Finland and Norway. In the first nine months of 2017, construction was started on 2,803 homes (2,926).

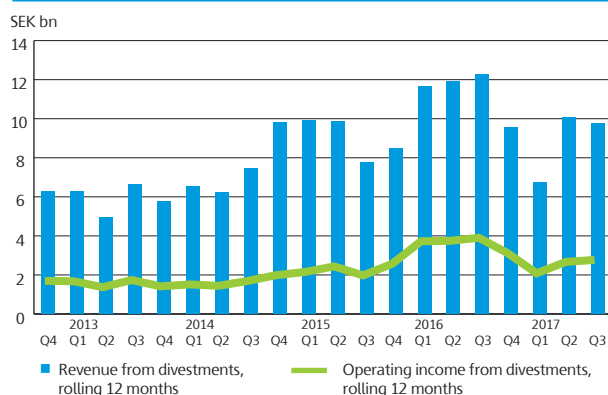
### Breakdown of carrying amounts

SEK M	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Completed projects	682	847	631
Ongoing projects	7,770	6,112	6,955
Undeveloped land and development properties	6,447	5,799	6,364
<b>Total</b>	<b>14,899</b>	<b>12,758</b>	<b>13,950</b>

A breakdown of the carrying amounts is presented in the table above. Ongoing projects amounted to SEK 7.8 billion (June 30, 2017: 7.6) and undeveloped land and development properties amounted to SEK 6.4 billion (June 30, 2017: 6.4). The estimated surplus value, which is equal to the market value minus the carrying amount, in unsold homes in construction and undeveloped land and development properties amounted to about SEK 2.6 billion. The undeveloped land and development properties correspond to Skanska-owned building rights for 26,840 homes and 1,790 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 9,670 building rights.

## Commercial Property Development

### Revenue and operating income from property divestments



### Revenue and earnings

SEK M	Jan-Sep 2017	Jan-Sep 2016	Change, %	Jul-Sep 2017	Jul-Sep 2016	Change, %
Revenue	7,755	7,553	3	1,074	1,339	-20
of which from divestment of properties	7,280	7,060	3	915	1,198	-24
<b>Gross income</b>	<b>2,169</b>	<b>2,531</b>	<b>-14</b>	<b>485</b>	<b>364</b>	<b>33</b>
Selling and administrative expenses	-624	-522	20	-199	-164	21
Income from joint ventures and associated companies	306	5		308	2	
<b>Operating income</b>	<b>1,851</b>	<b>2,014</b>	<b>-8</b>	<b>594</b>	<b>202</b>	<b>194</b>
of which from divestment of properties	2,049	2,390	-14	454	350	30
Return on capital employed, % <sup>1</sup>	13.8	16.5				

<sup>1</sup> Rolling 12 months. For definition see page 17.

In the Commercial Property Development business stream, divestments worth SEK 7,280 M (7,060) were made in the first nine 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 <sup>1</sup>	Occupancy rate, %	Degree of completion, %
Ongoing projects <sup>2</sup>	12,953	28,604	36,137	41	46
Completed projects <sup>3</sup>	5,634	5,634	7,739	81	100
Undeveloped land and development properties	6,670	6,670	7,102		
<b>Total</b>	<b>25,257</b>	<b>40,908</b>	<b>50,978</b>		
of which carrying amount <sup>4</sup>	24,234	39,787			
of which completed projects sold according to segment reporting	1,237	1,237	1,981		
of which ongoing projects sold according to segment reporting	2,678	3,896	5,025		

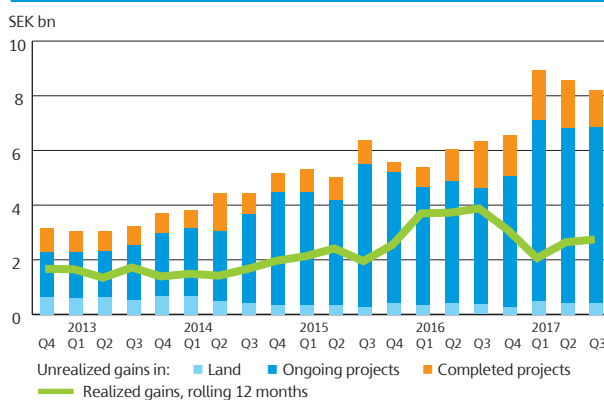
<sup>1</sup> Market value according to appraisal on December 31, 2016. Estimated market value at completion fully leased.

<sup>2</sup> Skanska's share of total production cost in JVs is SEK 978 M (end of period) and SEK 1,076 M (upon completion).

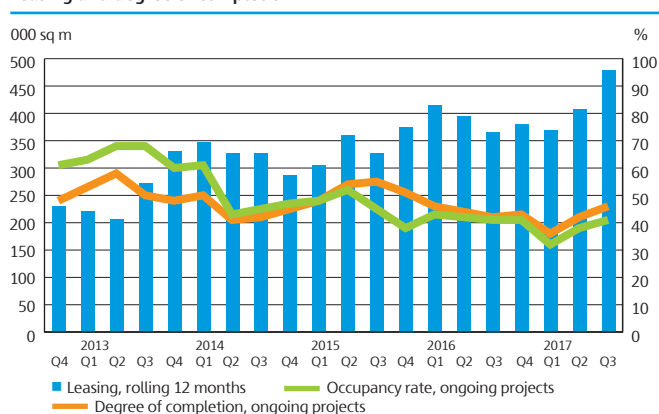
<sup>3</sup> Skanska's share of total production cost in JVs is SEK 702 M end of period and upon completion.

<sup>4</sup> Includes Skanska's total equity investment in JV of SEK 657 M (end of period) and SEK 657 M (upon completion) and tenant improvement and leasing commissions in CDUS of 196 MSEK (Completed projects) and 161 MSEK (Ongoing projects).

### Unrealized and realized gains, segment reporting



### Leasing and degree of completion



Operating income amounted to SEK 1,851 M (2,014), and included gains from property divestments totaling SEK 2,049 M (2,390). The return on capital employed reached 13.8 percent (16.5).

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 third quarter, eight new projects were started. The 53 ongoing projects represent leasable space of about 1,026,000 sq m with an occupancy rate of 41 percent, measured in rent. The degree of completion is 46 percent. Their investment value upon completion is expected to total SEK 28.6 billion, with an estimated market value of SEK 36.1 billion upon completion.

Of the ongoing projects, 10 have been divested according to segment reporting. These projects represent an investment value upon completion of SEK 3.9 billion, with a market value of SEK 5.0 billion.

The market value of completed projects, excluding properties divested according to segment reporting, was SEK 5.8 billion. The occupancy rate measured in rent totaled 81 percent.

At the end of the quarter the unrealized gains, excluding properties divested according to segment reporting, totaled SEK 8.2 billion divided by SEK 6.4 billion in ongoing projects, SEK 1.4 billion in completed projects and SEK 0.4 billion in undeveloped land and development properties. Realized gains accumulated to SEK 2.0 billion (2.4) for the period.

Accumulated eliminations of intra-Group project gains amounted to SEK 373 M at the end of the period. These eliminations are released at Group level as each project is divested.

During the first nine months new leases were signed for 332,000 sq m (232,000).

## Infrastructure Development

### Revenue and earnings

SEK M	Jan-Sep 2017	Jan-Sep 2016	Change, %	Jul-Sep 2017	Jul-Sep 2016	Change, %
Revenue	59	202	-71	20	28	-29
<b>Gross income</b>	<b>-80</b>	<b>55</b>	<b>-</b>	<b>-24</b>	<b>-29</b>	<b>-17</b>
Selling and administrative expenses	-97	-113	-14	-28	-27	4
Income from joint ventures and associated companies	1,062	401	165	27	182	-85
<b>Operating income</b>	<b>885</b>	<b>343</b>	<b>158</b>	<b>-25</b>	<b>126</b>	<b>-</b>
of which gains from divestments of shares in projects	912	0	-	-1	0	-
Return on capital employed, % <sup>1</sup>	25.3	16.6				

<sup>1</sup> Rolling 12 months. For definition see page 17.

The operating income for the Infrastructure Development business stream totaled SEK 885 M (343). The return on capital employed reached 25.3 percent (16.6). 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 2.9 billion (December 31, 2016: 4.3). The decrease is mainly attributable to the divestment of the investment in the A1 motorway project.

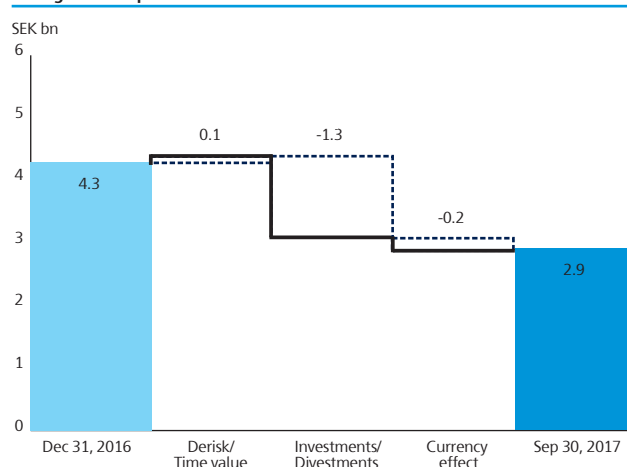
The remaining investment obligations relating to ongoing Infrastructure Development projects amounted to about SEK -0.9 billion (December 31, 2016: -0.9).

### Unrealized development gains

SEK bn	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Present value of cash flow from projects	3.8	6.5	5.2
Present value of remaining investments	-0.9	-0.8	-0.9
<b>Net present value of projects</b>	<b>2.9</b>	<b>5.7</b>	<b>4.3</b>
Carrying amount before Cash flow hedge / Carrying amount	-2.6	-3.8	-2.9
<b>Unrealized development gain</b>	<b>0.3</b>	<b>1.9</b>	<b>1.4</b>
Cash flow hedge	0.6	2.1	0.6
<b>Effect in unrealized equity<sup>1</sup></b>	<b>0.9</b>	<b>4.0</b>	<b>2.0</b>

<sup>1</sup> Tax effects not included.

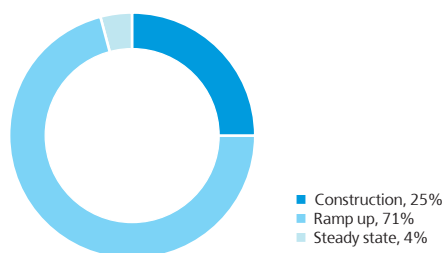
### Changes in net present value



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 0.3 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



LaGuardia Airport, New York, USA.

## Personnel

During the period, the average number of employees in the Group was 41,082 (43,060). 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 41,989 (June 30, 2017: 41,501).

## 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, where the latter was closed by the prosecutor in September 2017. For more information see 2016 Annual Report, Note 33.

## 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 September 30, 2017, Skanska held 10,939,228 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](http://www.skanska.com/investors).

The Group's remaining report for 2017 will be published on the following date:

February 1, 2018      Year-end report

Stockholm October 27, 2017

### Johan Karlström

President and Chief Executive Officer

## Auditors' Review Report concerning this interim report

### Introduction

We have reviewed the summary Nine Month Report (interim report) of Skanska AB (publ.) as of 30 September 2017 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm October 26, 2017  
Ernst & Young AB

Hamish Mabon  
Authorized public accountant

Jonas Svensson  
Authorized public accountant

## 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. For new standards and amendments of standards that have not yet begun to be applied, see the 2016 Annual Report, Note 1. More information about transition methods and effects will be given in the Year-end report and in the 2017 Annual Report.

## 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 report-

ing 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.
<b>Revenue Segment</b>	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.
<b>Gross income</b>	Revenue minus cost of sales.	Measure profit generated from projects.
<b>Gross margin</b>	Gross income as a percentage of revenue.	Measure profitability in projects.
<b>Selling and admin expenses %</b>	Selling and administrative expenses as a percentage of revenue.	Measure cost efficiency in selling and administrative expenses.
<b>Operating income</b>	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies.	Measure profit generated from operations.
<b>Operating income segment</b>	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.
<b>Operating income rolling 12 months</b>	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.
<b>Operating margin</b>	Operating income as a percentage of revenue.	Measure profitability in operations.
<b>Net financial items</b>	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.
<b>Income after financial items</b>	Operating income minus net financial items.	Measure profit generated before taxes.
<b>Earnings per share, segment</b>	Profit for the period, segment, attributable to equity holders divided by the average number of shares outstanding.	Measure earnings per share, segment.
<b>Book-to-build, rolling 12 months</b>	Order bookings divided by construction revenue, rolling 12 months.	Measures to which extent new orders are replacing work put in place.
<b>Unrealized gains, Commercial Property Development (CD)</b>	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.
<b>Capital employed, Group</b>	Total assets minus non-interest-bearing liabilities.	Measure capital usage and efficiency.
<b>Capital employed, Stream</b>	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.
<b>Capital employed Residential Development (RD) SEK M</b>	Total assets 17,754 - tax assets -253 - deposits in internal bank -75 - pension receivable -13 - non-interest-bearing liabilities (excluding tax liabilities) -5,340 - capitalized interest expense -81 11,992	Measure capital usage and efficiency in Residential Development.
<b>Capital employed Commercial Property Development (CD) SEK M</b>	Total assets 26,359 - tax assets -434 - deposits in internal bank 0 - pension receivable 0 - non-interest-bearing liabilities (excluding tax liabilities) -2,102 - capitalized interest expense -265 23,558	Measure capital usage and efficiency in Commercial Property Development.
<b>Capital employed Infrastructure Development (ID) SEK M</b>	Total assets 2,876 - tax assets -450 - deposits in internal bank 0 - pension receivable 0 - non-interest-bearing liabilities (excluding tax liabilities) -215 2,211	Measure capital usage and efficiency in Infrastructure Development.

Non-IFRS financial measures	Definition	Reason for use																																																																																
Capital employed average	Calculated on the basis of five measuring points; see below.																																																																																	
ROCE in Project Development, segment	Adjusted profit (operating income, financial income minus interest income from Skanska's treasury unit (internal bank) and other financial items. For the RD and CD segments, capitalized interest expense is removed from operating income so that the return reflects the unleveraged return) as a percentage of average capital employed. When calculating Roce for Infrastructure Development the financial income minus interest income from Skanska's treasury unit (internal bank) and other financial items are reversed. The average capital employed is adjusted for IAS39 and for tax in our US projects, that are set up as Limited liability companies, non-taxable legal entities.	Measure the performance (profitability and capital efficiency) in Project Development.																																																																																
ROCE in RD segment, rolling 12 months excluding RD UK (as this is closing down) SEK M	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Operating income</td> <td style="width: 10%; text-align: right;">2,001</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>+ capitalized interest expense</td> <td style="text-align: right;">124</td> <td></td> <td></td> <td></td> </tr> <tr> <td>+/- financial income and other financial items</td> <td style="text-align: right;">13</td> <td></td> <td></td> <td></td> </tr> <tr> <td>– interest income from internal bank</td> <td style="text-align: right;">–7</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Adjusted profit</td> <td style="text-align: right; border-top: 1px solid black;">2,131</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Capital employed average*</td> <td style="text-align: right;">11,702</td> <td></td> <td></td> <td></td> </tr> <tr> <td>ROCE RD</td> <td style="text-align: right;">18.2%</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="5">* Capital employed average</td> </tr> <tr> <td>Q3 2017</td> <td style="text-align: right;">12,026</td> <td style="text-align: center;">x</td> <td style="text-align: center;">0.5</td> <td style="text-align: right;">6,013</td> </tr> <tr> <td>Q2 2017</td> <td style="text-align: right;">11,728</td> <td></td> <td></td> <td style="text-align: right;">11,728</td> </tr> <tr> <td>Q1 2017</td> <td style="text-align: right;">12,054</td> <td></td> <td></td> <td style="text-align: right;">12,054</td> </tr> <tr> <td>Q4 2016</td> <td style="text-align: right;">11,642</td> <td></td> <td></td> <td style="text-align: right;">11,642</td> </tr> <tr> <td>Q3 2016</td> <td style="text-align: right;">10,743</td> <td style="text-align: center;">x</td> <td style="text-align: center;">0.5</td> <td style="text-align: right; border-top: 1px solid black;">5,372</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">46,809 / 4</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">11,702</td> </tr> </table>	Operating income	2,001				+ capitalized interest expense	124				+/- financial income and other financial items	13				– interest income from internal bank	–7				Adjusted profit	2,131				Capital employed average*	11,702				ROCE RD	18.2%				* Capital employed average					Q3 2017	12,026	x	0.5	6,013	Q2 2017	11,728			11,728	Q1 2017	12,054			12,054	Q4 2016	11,642			11,642	Q3 2016	10,743	x	0.5	5,372					46,809 / 4					11,702	Measure the performance (profitability and capital efficiency) in RD.					
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Non-IFRS financial measures	Definition	Reason for use																												
<b>ROCE in PD Segment</b> 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>2,131</td> <td>11,702</td> <td>18.2%</td> </tr> <tr> <td>CD</td> <td>2,896</td> <td>20,911</td> <td>13.8%</td> </tr> <tr> <td>ID</td> <td>852</td> <td>3,364</td> <td>25.3%</td> </tr> <tr> <td></td> <td>5,879</td> <td>35,977</td> <td>16.3%</td> </tr> </tbody> </table>		Adjusted profit	CE avg	ROCE	RD	2,131	11,702	18.2%	CD	2,896	20,911	13.8%	ID	852	3,364	25.3%		5,879	35,977	16.3%	Measure profitability and capital efficiency.								
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<b>Return on equity segment, rolling 12 months</b> SEK M	Profit attributable to equity holders as a percentage of average equity attributable to equity holders. 7,032 / 25,921 = 27.1%	Measure profitability on invested equity.																												
<b>Equity average attributable to equity holders</b> SEK M	Calculated on the basis of five measuring points.  <table border="1"> <tbody> <tr> <td>Q3 2017</td> <td>25,185</td> <td>x 0.5</td> <td>12,593</td> </tr> <tr> <td>Q2 2017</td> <td>24,342</td> <td></td> <td>24,342</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>x 0.5</td> <td>10,535</td> </tr> <tr> <td></td> <td></td> <td></td> <td>103,686 / 4</td> </tr> <tr> <td></td> <td></td> <td></td> <td>25,921</td> </tr> </tbody> </table>	Q3 2017	25,185	x 0.5	12,593	Q2 2017	24,342		24,342	Q1 2017	28,866		28,866	Q4 2016	27,350		27,350	Q3 2016	21,069	x 0.5	10,535				103,686 / 4				25,921	
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<b>Operating cash flow from operations</b>	Cash flow from business operations including taxes paid and cash flow from financing operations.	Measure total cash flow generated from operations.																												
<b>Net divestments/investment</b>	Total investments minus total divestments.	Measure the balance between investments and divestments.																												
<b>Free working capital in Construction</b>	Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.	Measure the funding stemming from the negative working capital generated in Construction.																												
<b>Average free working capital in Construction</b> SEK M	Calculated on the basis of five measuring points.  <table border="1"> <tbody> <tr> <td>Q3 2017</td> <td>-19,414</td> <td>x 0.5</td> <td>-9,707</td> </tr> <tr> <td>Q2 2017</td> <td>-19,571</td> <td></td> <td>-19,571</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>x 0.5</td> <td>-9,472</td> </tr> <tr> <td></td> <td></td> <td></td> <td>-81,904 / 4</td> </tr> <tr> <td></td> <td></td> <td></td> <td>-20,476</td> </tr> </tbody> </table>	Q3 2017	-19,414	x 0.5	-9,707	Q2 2017	-19,571		-19,571	Q1 2017	-20,694		-20,694	Q4 2016	-22,460		-22,460	Q3 2016	-18,943	x 0.5	-9,472				-81,904 / 4				-20,476	Measure the funding stemming from the negative working capital generated in Construction.
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<b>Interest-bearing net receivables/net debt</b>	Interest-bearing assets minus interest-bearing liabilities.	Measure financial position.																												
<b>Operating net financial assets/liabilities (ONFAL)</b>	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.																												
<b>Equity/assets ratio</b>	Equity including non-controlling interest as a percentage of total assets.	Measure financial position.																												
<b>Net debt/equity ratio</b>	Interest-bearing net liabilities divided by equity including non-controlling interest.	Measure leverage of financial position.																												
<b>Adjusted equity attributable to equity holders</b> 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	25.2 2.6 10.1 0.9 -1.3 37.5	Measure financial position adjusted for surplus values in Project Development net of taxes. The standard corporate tax represents an approximation of the average corporate income tax within the Group.																											

## Reconciliation between segment reporting and IFRSs

SEK M	External revenue		Intra-Group revenue		Total revenue		Operating income	
	Jan-Sep 2017	Jan-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Sep 2017	Jan-Sep 2016
Construction	99,266 <sup>1</sup>	91,770 <sup>1</sup>	9,710	7,404	108,976	99,174	1,426	2,282
Residential Development	10,101	8,735	0	0	10,101	8,735	1,322	925
Commercial Property Development	7,508	7,539	247	14	7,755	7,553	1,851	2,014
Infrastructure Development	59	202	0	0	59	202	885	343
<b>Total operating segments</b>	<b>116,934</b>	<b>108,246</b>	<b>9,957</b>	<b>7,418</b>	<b>126,891</b>	<b>115,664</b>	<b>5,484</b>	<b>5,564</b>
Central	270	824	741	238	1,011	1,062	-616	-709
Eliminations	0	0	-10,698	-7,656	-10,698	-7,656	-102	44
<b>Total Group</b>	<b>117,204</b>	<b>109,070</b>	<b>0</b>	<b>0</b>	<b>117,204</b>	<b>109,070</b>	<b>4,766</b>	<b>4,899</b>
<b>Reconciliation to IFRSs<sup>2</sup></b>	<b>-4,629</b>	<b>-3,255</b>	<b>0</b>	<b>0</b>	<b>-4,629</b>	<b>-3,255</b>	<b>-1,568</b>	<b>-515</b>
<b>Total IFRSs</b>	<b>112,575</b>	<b>105,815</b>	<b>0</b>	<b>0</b>	<b>112,575</b>	<b>105,815</b>	<b>3,198</b>	<b>4,384</b>

1 Of which external revenue from joint ventures in Infrastructure Development, SEK 6,972 M (3,684).

2 Of which effect from joint ventures in Residential Development proportionally	-746	-958					-211	-166
Of which effect of different revenue recognitions	-3,883	-2,297					-1,357	-349

SEK M	Segment Jan-Sep 2017	IFRS Jan-Sep 2017	Segment Jan-Sep 2016	IFRS Jan-Sep 2016	Segment Jul-Sep 2017	IFRS Jul-Sep 2017	Segment Jul-Sep 2016	IFRS Jul-Sep 2016
<b>Revenue</b>								
Construction	108,976	108,976	99,174	99,174	38,208	38,208	34,969	34,969
Residential Development	10,101	8,401	8,735	5,084	2,033	2,167	2,596	1,729
Commercial Property Development	7,755	4,610	7,553	7,771	1,074	1,670	1,339	1,112
Infrastructure Development	59	59	202	202	20	20	28	28
Central and eliminations	-9,687	-9,471	-6,594	-6,416	-3,249	-3,197	-2,411	-2,351
<b>Skanska Group</b>	<b>117,204</b>	<b>112,575</b>	<b>109,070</b>	<b>105,815</b>	<b>38,086</b>	<b>38,868</b>	<b>36,521</b>	<b>35,487</b>
<b>Operating income</b>								
Construction	1,426	1,426	2,282	2,282	918	918	942	942
Residential Development	1,322	1,026	925	399	219	205	250	171
Commercial Property Development <sup>1</sup>	1,851	626	2,014	2,019	594	304	202	60
Infrastructure Development	885	885	343	343	-25	-25	126	126
Central	-616	-616	-709	-710	-199	-200	-226	-226
Eliminations <sup>1</sup>	-102	-149	44	51	-41	-58	-28	-25
<b>Operating income</b>	<b>4,766</b>	<b>3,198</b>	<b>4,899</b>	<b>4,384</b>	<b>1,466</b>	<b>1,144</b>	<b>1,266</b>	<b>1,048</b>
<b>Net financial items</b>	<b>32</b>	<b>32</b>	<b>-58</b>	<b>-58</b>	<b>2</b>	<b>2</b>	<b>-17</b>	<b>-15</b>
<b>Income after financial items</b>	<b>4,798</b>	<b>3,230</b>	<b>4,841</b>	<b>4,326</b>	<b>1,468</b>	<b>1,146</b>	<b>1,249</b>	<b>1,033</b>
Taxes	-452	-304	-1,018	-909	-139	-108	-263	-217
<b>Profit for the period</b>	<b>4,346</b>	<b>2,926</b>	<b>3,823</b>	<b>3,417</b>	<b>1,329</b>	<b>1,038</b>	<b>986</b>	<b>816</b>
Earnings for the period per share, SEK <sup>2</sup>	10.58		9.30		3.23		2.41	
Earnings for the period per share according to IFRSs, SEK <sup>2</sup>		7.11		8.31		2.52		1.99
1 Of which gains from divestments of commercial properties reported in:								
Commercial Property Development	2,049	1,058	2,390	2,397	454	401	350	210
Eliminations	118	75	130	130	43	29	3	3

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-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Revenue	112,575	105,815	38,868	35,487	145,365
Cost of sales	-103,888	-95,347	-35,762	-32,502	-131,119
<b>Gross income</b>	<b>8,687</b>	<b>10,468</b>	<b>3,106</b>	<b>2,985</b>	<b>14,246</b>
Selling and administrative expenses	-6,754	-6,592	-2,091	-2,157	-9,152
Income from joint ventures and associated companies	1,265	508	129	220	2,126
<b>Operating income</b>	<b>3,198</b>	<b>4,384</b>	<b>1,144</b>	<b>1,048</b>	<b>7,220</b>
Financial income	133	110	23	20	119
Financial expenses	-101	-168	-21	-35	-238
<b>Net financial items<sup>1</sup></b>	<b>32</b>	<b>-58</b>	<b>2</b>	<b>-15</b>	<b>-119</b>
<b>Income after financial items</b>	<b>3,230</b>	<b>4,326</b>	<b>1,146</b>	<b>1,033</b>	<b>7,101</b>
Taxes	-304	-909	-108	-217	-1,366
<b>Profit for the period</b>	<b>2,926</b>	<b>3,417</b>	<b>1,038</b>	<b>816</b>	<b>5,735</b>
1 Of which					
Interest income	66	53	13	14	71
Financial net pension costs	-76	-77	-25	-25	-101
Interest expenses	-192	-172	-66	-53	-245
Capitalized interest expenses	178	131	71	45	176
<b>Net interest items</b>	<b>-24</b>	<b>-65</b>	<b>-7</b>	<b>-19</b>	<b>-99</b>
Change in fair value	20	-14	6	7	2
Other net financial items	36	21	3	-3	-22
<b>Net financial items</b>	<b>32</b>	<b>-58</b>	<b>2</b>	<b>-15</b>	<b>-119</b>
Profit attributable to:					
Equity holders	2,914	3,409	1,031	813	5,722
Non-controlling interests	12	8	7	3	13
Earnings per share, SEK <sup>2</sup>	7.11	8.31	2.52	1.99	13.96
Earnings per share after dilution, SEK <sup>3</sup>	7.07	8.25	2.50	1.98	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-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
<b>Profit for the period</b>	<b>2,926</b>	<b>3,417</b>	<b>1,038</b>	<b>816</b>	<b>5,735</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit and loss</b>					
Remeasurements of defined benefit plans	-994	-3,993	355	-2,578	-1,127
Tax related to items that will not be reclassified to profit and loss	212	763	-78	454	189
	<b>-782</b>	<b>-3,230</b>	<b>277</b>	<b>-2,124</b>	<b>-938</b>
<b>Items that have been or will be reclassified to profit and loss</b>					
Translation differences attributable to equity holders	-887	986	-284	728	1,165
Translation differences attributable to non-controlling interests	4	9	2	5	8
Hedging of exchange rate risk in foreign operations	-34	-63	-5	-60	36
Effects of cash flow hedges <sup>1</sup>	40	35	-54	37	31
Share of other comprehensive income of joint ventures and associated companies <sup>2</sup>	70	-612	15	-54	855
Tax related to items that have been or will be reclassified to profit and loss	-9	-5	7	-3	-4
	<b>-816</b>	<b>350</b>	<b>-319</b>	<b>653</b>	<b>2,091</b>
<b>Other comprehensive income after tax</b>	<b>-1,598</b>	<b>-2,880</b>	<b>-42</b>	<b>-1,471</b>	<b>1,153</b>
<b>Total comprehensive income</b>	<b>1,328</b>	<b>537</b>	<b>996</b>	<b>-655</b>	<b>6,888</b>
Total comprehensive income attributable to					
Equity holders	1,312	520	987	-663	6,867
Non-controlling interests	16	17	9	8	21
1 Of which transferred to income statement	0	0	0	0	0
2 Of which transferred to income statement	194	485	65	211	1,851

## Summary statement of financial position (IFRS)

SEK M	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6,993	6,655	6,837
Goodwill	5,103	5,243	5,270
Intangible assets	1,022	913	1,034
Investments in joint ventures and associated companies	3,695	3,429	4,160
Financial non-current assets <sup>1</sup>	842	1,004	1,016
Deferred tax assets	1,882	2,090	1,649
<b>Total non-current assets</b>	<b>19,537</b>	<b>19,334</b>	<b>19,966</b>
<b>Current assets</b>			
Current-asset properties <sup>2</sup>	38,119	30,955	33,678
Inventories	1,094	996	1,042
Financial current assets <sup>3</sup>	6,737	8,926	10,095
Tax assets	1,393	831	784
Gross amount due from customers for contract work	8,877	6,569	5,751
Trade and other receivables	27,359	26,871	29,759
Cash	4,293	4,480	5,430
<b>Total current assets</b>	<b>87,872</b>	<b>79,628</b>	<b>86,539</b>
<b>TOTAL ASSETS</b>	<b>107,409</b>	<b>98,962</b>	<b>106,505</b>
of which interest-bearing financial non-current assets	796	956	970
of which interest-bearing current assets	10,934	13,285	15,348
<b>Total interest-bearing assets</b>	<b>11,730</b>	<b>14,241</b>	<b>16,318</b>
<b>EQUITY</b>			
Equity attributable to equity holders	25,185	21,069	27,350
Non-controlling interests	114	152	156
<b>Total equity</b>	<b>25,299</b>	<b>21,221</b>	<b>27,506</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial non-current liabilities	4,173	4,063	3,656
Pensions	5,697	7,273	4,901
Deferred tax liabilities	1,646	1,235	1,491
Non-current provisions	3	0	1
<b>Total non-current liabilities</b>	<b>11,519</b>	<b>12,571</b>	<b>10,049</b>
<b>Current liabilities</b>			
Financial current liabilities <sup>3</sup>	7,594	6,323	6,681
Tax liabilities	522	569	489
Current provisions	7,407	6,431	7,227
Gross amount due to customers for contract work	17,410	17,777	18,473
Trade and other payables	37,658	34,070	36,080
<b>Total current liabilities</b>	<b>70,591</b>	<b>65,170</b>	<b>68,950</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>107,409</b>	<b>98,962</b>	<b>106,505</b>
of which interest-bearing financial liabilities	11,590	10,155	10,172
of which interest-bearing pensions and provisions	5,700	7,296	4,927
<b>Total interest-bearing liabilities</b>	<b>17,290</b>	<b>17,451</b>	<b>15,099</b>
1 Of which shares	43	44	44
2 Current-asset properties			
Commercial Property Development	23,220	18,197	19,728
Residential Development	14,899	12,758	13,950
3 Items regarding non-interest-bearing unrealized changes in derivatives/ financial instruments are included in the following amounts:			
Financial non-current assets	3	4	2
Financial current assets	96	121	177
Financial non-current liabilities	28	154	116
Financial current liabilities	149	77	49

Note: Contingent liabilities amounted to SEK 57.6 bn on September 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 4.3 bn.

**Summary statement of changes in equity (IFRS)**

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Opening balance	27,506	24,206	24,448	21,938	24,206
of which non-controlling interests	156	127	106	145	127
Dividend to shareholders	-3,380	-3,075	0	0	-3,075
Change in group composition	0	14	0	0	14
Dividend to non-controlling interests	-58	-6	-1	-1	-6
Effects of equity-settled share-based payments	229	203	78	70	272
Repurchase of shares	-326	-658	-222	-131	-793
Total comprehensive income attributable to					
Equity holders	1,312	520	987	-663	6,867
Non-controlling interests	16	17	9	8	21
<b>Closing balance</b>	<b>25,299</b>	<b>21,221</b>	<b>25,299</b>	<b>21,221</b>	<b>27,506</b>
of which non-controlling interests	114	152	114	152	156

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

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
<b>Cash flow from operating activities before change in working capital, according to IAS 7</b>	<b>456</b>	<b>875</b>	<b>628</b>	<b>587</b>	<b>1,100</b>
<b>Cash flow from change in working capital, according to IAS 7</b>	<b>-1,669</b>	<b>-1,301</b>	<b>-1,196</b>	<b>-211</b>	<b>-1,983</b>
Net investments in property, plant and equipment and intangible assets	-135	-2,040	-357	-956	-160
Tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-20	-18	-9	-7	-35
<b>Cash flow from business operations including taxes paid according to operating cash flow</b>	<b>-1,368</b>	<b>-2,484</b>	<b>-934</b>	<b>-587</b>	<b>-1,078</b>
Less net investments in property, plant and equipment and intangible assets	135	2,040	357	956	160
Less tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	20	18	9	7	35
<b>Cash flow from operating activities, according to IAS 7</b>	<b>-1,213</b>	<b>-426</b>	<b>-568</b>	<b>376</b>	<b>-883</b>
<b>Cash flow from strategic investments according to operating cash flow</b>	<b>0</b>	<b>338</b>	<b>0</b>	<b>193</b>	<b>862</b>
Net investments in property, plant and equipment and intangible assets	-135	-2,040	-357	-956	-160
Increase and decrease in interest-bearing receivables	2,554	-1,456	1,092	-847	-2,260
Taxes paid on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-20	-18	-9	-7	-35
<b>Cash flow from investing activities, according to IAS 7</b>	<b>2,399</b>	<b>-3,176</b>	<b>726</b>	<b>-1,617</b>	<b>-1,593</b>
<b>Cash flow from financing operations according to operating cash-flow statement</b>	<b>169</b>	<b>2</b>	<b>41</b>	<b>-9</b>	<b>-76</b>
Change in interest-bearing receivables and liabilities	3,892	-1,548	1,167	-943	-2,400
Increase and decrease in interest-bearing receivables	-2,554	1,456	-1,092	847	2,260
Dividend etc. <sup>1</sup>	-3,764	-3,739	-223	-132	-3,874
<b>Cash flow from financing activities, according to IAS 7</b>	<b>-2,257</b>	<b>-3,829</b>	<b>-107</b>	<b>-237</b>	<b>-4,090</b>
<b>Cash flow for the period</b>	<b>-1,071</b>	<b>-7,431</b>	<b>51</b>	<b>-1,478</b>	<b>-6,566</b>

1 Of which repurchases of shares SEK -326 M.

## Operating cash flow (IFRS), supplementary information

### Operating cash flow

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
<b>Construction</b>					
Cash flow from business operations	2,798	3,393	1,451	1,243	4,925
Change in working capital	-2,197	-2,115	184	701	1,051
Net divestments(+)/investments(-)	-1,430	-972	-424	-348	-1,414
Cash flow adjustment	0	0	0	0	0
<b>Total Construction</b>	<b>-829</b>	<b>306</b>	<b>1,211</b>	<b>1,596</b>	<b>4,562</b>
<b>Residential Development</b>					
Cash flow from business operations	-462	-500	-170	-103	-677
Change in working capital	557	1,106	42	207	1,198
Net divestments(+)/investments(-)	441	-1,143	101	-188	-1,631
Cash flow adjustment	-23	-93	-33	0	-100
<b>Total Residential Development</b>	<b>513</b>	<b>-630</b>	<b>-60</b>	<b>-84</b>	<b>-1,210</b>
<b>Commercial Property Development</b>					
Cash flow from business operations	-539	-363	-123	-143	-706
Change in working capital	-388	-977	-339	-34	-664
Net divestments(+)/investments(-)	-2,995	1,601	-1,120	-926	679
Cash flow adjustment	20	62	15	30	4
<b>Total Commercial Property Development</b>	<b>-3,902</b>	<b>323</b>	<b>-1,567</b>	<b>-1,073</b>	<b>-687</b>
<b>Infrastructure Development</b>					
Cash flow from business operations	-196	151	-50	-52	154
Change in working capital	2,848	18	12	7	-2,965
Net divestments(+)/investments(-)	1,297	-745	0	-542	1,766
Cash flow adjustment	0	0	0	0	0
<b>Total Infrastructure Development</b>	<b>3,949</b>	<b>-576</b>	<b>-38</b>	<b>-587</b>	<b>-1,045</b>
<b>Central and eliminations</b>					
Cash flow from business operations	-600	-845	-190	-220	-1,394
Change in working capital	75	13	18	-47	52
Net divestments(+)/investments(-)	-9	-96	-9	-27	-119
Cash flow adjustment	0	0	0	0	0
<b>Total central and eliminations</b>	<b>-534</b>	<b>-928</b>	<b>-181</b>	<b>-294</b>	<b>-1,461</b>
Total cash flow from business operations	1,001	1,836	918	725	2,302
Total change in working capital	895	-1,955	-83	834	-1,328
Total net divestments(+)/investments(-)	-2,696	-1,355	-1,452	-2,031	-719
Total cash flow adjustment	-3	-31	-18	30	-96
<b>Cash flow from business operations before taxes paid</b>	<b>-803</b>	<b>-1,505</b>	<b>-635</b>	<b>-442</b>	<b>159</b>
Taxes paid in business operations	-565	-979	-299	-145	-1,237
<b>Cash flow from business operations including taxes paid</b>	<b>-1,368</b>	<b>-2,484</b>	<b>-934</b>	<b>-587</b>	<b>-1,078</b>
Net interest items and other net financial items	241	3	58	-13	-108
Taxes paid in financing operations	-72	-1	-17	4	32
<b>Cash flow from financing operations</b>	<b>169</b>	<b>2</b>	<b>41</b>	<b>-9</b>	<b>-76</b>
<b>Operating cash flow from operations</b>	<b>-1,199</b>	<b>-2,482</b>	<b>-893</b>	<b>-596</b>	<b>-1,154</b>
Net strategic divestments(+)/investments(-)	0	338	0	193	862
Dividend etc. <sup>1</sup>	-3,764	-3,739	-223	-132	-3,874
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>-4,963</b>	<b>-5,883</b>	<b>-1,116</b>	<b>-535</b>	<b>-4,166</b>
Change in interest-bearing receivables and liabilities	3,892	-1,548	1,167	-943	-2,400
<b>Cash flow for the period</b>	<b>-1,071</b>	<b>-7,431</b>	<b>51</b>	<b>-1,478</b>	<b>-6,566</b>
Cash and cash equivalents at the beginning of the period	5,430	11,840	4,253	5,913	11,840
Exchange rate differences in cash and cash equivalents	-66	71	-11	45	156
<b>Cash and cash equivalents at the end of the period</b>	<b>4,293</b>	<b>4,480</b>	<b>4,293</b>	<b>4,480</b>	<b>5,430</b>

1 Of which repurchases of shares SEK -326 M.



## Group net divestments/investments (IFRS)

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
<b>OPERATIONS – INVESTMENTS</b>					
Intangible assets	-136	-246	-26	-80	-394
Property, plant and equipment	-1,521	-1,181	-498	-405	-1,636
Assets in Infrastructure Development	-71	-760	0	-542	-1,336
Shares and participations	-42	-187	-6	-36	-325
Current-asset properties	-14,863	-11,650	-4,707	-3,766	-17,108
of which Residential Development	-7,678	-6,085	-1,981	-1,901	-9,005
of which Commercial Property Development	-7,185	-5,565	-2,726	-1,865	-8,103
<b>Investments in operations</b>	<b>-16,633</b>	<b>-14,024</b>	<b>-5,237</b>	<b>-4,829</b>	<b>-20,799</b>
<b>Total Investments</b>	<b>-16,633</b>	<b>-14,024</b>	<b>-5,237</b>	<b>-4,829</b>	<b>-20,799</b>
<b>OPERATIONS – DIVESTMENTS</b>					
Intangible assets	0	1	-3	0	2
Property, plant and equipment	151	302	63	107	411
Assets in Infrastructure Development	1,368	15	0	0	3,102
Shares and participations	116	16	113	0	16
Current-asset properties	12,302	12,335	3,612	2,691	16,549
of which Residential Development	8,346	5,054	2,133	1,718	7,508
of which Commercial Property Development	3,956	7,281	1,479	973	9,041
<b>Divestments in operations</b>	<b>13,937</b>	<b>12,669</b>	<b>3,785</b>	<b>2,798</b>	<b>20,080</b>
<b>STRATEGIC DIVESTMENTS</b>					
Businesses	0	338	0	193	862
<b>Strategic divestments</b>	<b>0</b>	<b>338</b>	<b>0</b>	<b>193</b>	<b>862</b>
<b>Total divestments</b>	<b>13,937</b>	<b>13,007</b>	<b>3,785</b>	<b>2,991</b>	<b>20,942</b>
<b>TOTAL NET DIVESTMENTS(+)/INVESTMENTS(-)</b>	<b>-2,696</b>	<b>-1,017</b>	<b>-1,452</b>	<b>-1,838</b>	<b>143</b>
Depreciation, non-current assets	-1,148	-1,065	-417	-360	-1,439

## Capital employed in Project Development (IFRS)

SEK M	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Residential Development	11,992	10,707	11,607
Commercial Property Development	23,558	18,517	19,936
Infrastructure Development	2,211	2,071	5,434
<b>Total in Project Development</b>	<b>37,761</b>	<b>31,295</b>	<b>36,977</b>

## Parent Company<sup>1</sup>

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-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016
Revenue	96	85	0	0
Selling and administrative expenses	-241	-235	-66	-71
<b>Operating income</b>	<b>-145</b>	<b>-150</b>	<b>-66</b>	<b>-71</b>
Net financial items	4,350	2,443	-13	-19
<b>Income after financial items</b>	<b>4,205</b>	<b>2,293</b>	<b>-79</b>	<b>-90</b>
Taxes	44	45	18	20
<b>Profit for the period</b>	<b>4,249</b>	<b>2,338</b>	<b>-61</b>	<b>-70</b>
<b>Total comprehensive income</b>	<b>4,249</b>	<b>2,338</b>	<b>-61</b>	<b>-70</b>

### Summary balance sheet (IFRS)

SEK M	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
<b>ASSETS</b>			
Intangible non-current assets	17	0	19
Property, plant and equipment	2	2	2
Financial non-current assets <sup>2</sup>	11,646	11,586	11,504
<b>Total non-current assets</b>	<b>11,665</b>	<b>11,588</b>	<b>11,525</b>
Current receivables	112	137	167
<b>Total current assets</b>	<b>112</b>	<b>137</b>	<b>167</b>
<b>TOTAL ASSETS</b>	<b>11,777</b>	<b>11,725</b>	<b>11,692</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	6,933	5,104	6,360
Provisions	261	250	283
Non-current interest-bearing liabilities <sup>2</sup>	4,470	6,265	4,918
Current liabilities	113	106	131
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,777</b>	<b>11,725</b>	<b>11,692</b>

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

<sup>2</sup> Of these amounts, SEK 509 M (Dec 31, 2016: 253) were intra-Group receivables and SEK 4,470 M (Dec 31, 2016: 4,918) intra-Group liabilities.

Note: The Parent Company's contingent liabilities totaled SEK 160.5 bn on September 30, 2017 (Dec 31, 2016: 162.2), of which SEK 132.8 bn (Dec 31, 2016: 131.9) was related to obligations on behalf of Group companies. Other obligations, SEK 27.7 bn on September 30, 2017 (Dec 31 2016: 30.3), were related to commitments to outside parties.

## Share data

	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Earnings per share according to segment reporting, SEK <sup>1</sup>	10.58	9.30	3.23	2.41	15.89
Earnings per share, SEK <sup>1</sup>	7.11	8.31	2.52	1.99	13.96
Earnings per share after dilution, SEK <sup>2</sup>	7.07	8.25	2.50	1.98	13.88
Equity per share, SEK <sup>3</sup>	61.58	51.48			66.82
Adjusted equity per share, SEK <sup>4</sup>	91.61	80.97			92.85
Average number of shares outstanding	409,620,854	410,321,165			409,896,419
Average number of shares outstanding after dilution	412,117,145	413,122,055			412,174,095
Average dilution, %	0.61	0.68			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	136.01	130.08			132.18
Number of total Series B shares repurchased	25,823,228	23,458,228			24,103,228
of which repurchased during the year	1,720,000	3,700,000	1,225,000	705,000	4,345,000
Number of shares in Skanska's own custody	10,939,228	10,613,398			10,594,644
Number of shares outstanding	408,963,844	409,289,674			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-Sep 2017	Jan-Sep 2016	Jan-Sep 2015	Jan-Sep 2014	Jan-Sep 2013
Revenue	117,204	109,070	111,688	101,557	97,629
Operating income	4,766	4,899	3,401	3,454	3,493
Profit for the period	4,346	3,823	2,395	2,412	2,394
Earnings per share, SEK	10.58	9.30	5.81	5.85	5.81
Return on capital employed, % <sup>1</sup>	19.6	21.6	15.9	14.7	15.3
Return on equity, % <sup>1</sup>	27.1	28.1	19.1	17.0	18.9
Operating margin, %	4.1	4.5	3.0	3.4	3.6
Return on capital employed according to IFRSs, % <sup>1</sup>	14.8	20.4	13.6	14.8	15.0
Cash flow per share according to IFRSs, SEK <sup>2</sup>	-12.12	-14.34	-11.10	-9.88	-8.40

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-Sep 2017	Jan-Sep 2016	Jan-Dec 2016	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
U.S. dollar	8.62	8.40	8.56	8.15	8.62	9.06
British pound	10.99	11.70	11.59	10.91	11.18	11.15
Norwegian krone	1.04	1.00	1.02	1.02	1.07	1.05
Euro	9.58	9.37	9.47	9.63	9.63	9.57
Czech koruna	0.36	0.35	0.35	0.37	0.36	0.35
Polish zloty	2.25	2.15	2.17	2.23	2.23	2.17

## Construction

### Revenue and earnings

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Revenue	108,976	99,174	38,208	34,969	138,001
<b>Gross income</b>	<b>6,254</b>	<b>7,105</b>	<b>2,393</b>	<b>2,540</b>	<b>10,080</b>
Selling and administrative expenses	-4,850	-4,845	-1,490	-1,613	-6,567
Income from joint ventures and associated companies	22	22	15	15	33
<b>Operating income</b>	<b>1,426</b>	<b>2,282</b>	<b>918</b>	<b>942</b>	<b>3,546</b>
Investments	-1,609	-1,280	-496	-453	-1,829
Divestments	179	488	72	285	595
<b>Net divestments(+)/investments(-)</b>	<b>-1,430</b>	<b>-792</b>	<b>-424</b>	<b>-168</b>	<b>-1,234</b>
Gross margin, %	5.7	7.2	6.3	7.3	7.3
Selling and administrative expenses, %	-4.5	-4.9	-3.9	-4.6	-4.8
Operating margin, %	1.3	2.3	2.4	2.7	2.6
Order bookings, SEK bn	118.6	130.6	34.1	46.4	170.2
Order backlog, SEK bn	194.7	191.6	-	-	196.3
Employees	39,291	41,310	-	-	40,991

### Revenue by business/reporting unit

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Nordics	39,173	35,897	13,044	12,331	50,973
of which Sweden	24,025	22,197	7,990	7,638	31,736
Europe	24,253	23,336	9,182	8,950	32,664
USA	45,550	39,941	15,982	13,688	54,364
<b>Total</b>	<b>108,976</b>	<b>99,174</b>	<b>38,208</b>	<b>34,969</b>	<b>138,001</b>

### Operating income

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Nordics	1,593	1,378	672	628	2,130
of which Sweden	1,093	924	473	470	1,482
Europe	-284	101	167	11	247
USA	117	803	79	303	1,169
<b>Total</b>	<b>1,426</b>	<b>2,282</b>	<b>918</b>	<b>942</b>	<b>3,546</b>

### Operating margin, %

Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
4.1	3.8	5.2	5.1	4.2
4.5	4.2	5.9	6.2	4.7
neg	0.4	1.8	0.1	0.8
0.3	2.0	0.5	2.2	2.2
<b>1.3</b>	<b>2.3</b>	<b>2.4</b>	<b>2.7</b>	<b>2.6</b>

### Order backlog

SEK M	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Nordics	58,425	53,043	54,107
of which Sweden	37,075	33,779	35,416
Europe	38,765	37,305	38,398
USA	97,553	101,219	103,749
<b>Total</b>	<b>194,743</b>	<b>191,567</b>	<b>196,254</b>

### Order bookings

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Nordics	43,810	39,591	11,976	13,783	55,984
of which Sweden	25,681	24,867	7,871	8,618	36,041
Europe	24,723	25,500	8,748	11,858	36,324
USA	50,046	65,538	13,386	20,785	77,936
<b>Total</b>	<b>118,579</b>	<b>130,629</b>	<b>34,110</b>	<b>46,426</b>	<b>170,244</b>

### Book-to build, R-12m

SEK M	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Nordics	111	106	110
of which Sweden	110	105	114
Europe	106	94	111
USA	104	141	143
<b>Total</b>	<b>107</b>	<b>117</b>	<b>123</b>

## Residential Development

### Revenue and earnings

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Revenue	10,101	8,735	2,033	2,596	13,264
<b>Gross income</b>	<b>1,815</b>	<b>1,351</b>	<b>384</b>	<b>377</b>	<b>2,164</b>
Selling and administrative expenses	-493	-426	-165	-127	-559
Income from joint ventures and associated companies	0	0	0	0	0
<b>Operating income</b>	<b>1,322</b>	<b>925</b>	<b>219</b>	<b>250</b>	<b>1,605</b>
Operating margin, %	13.1	10.6	10.8	9.6	12.1
Investments	-7,906	-6,197	-2,031	-1,906	-9,148
Divestments	8,347	5,054	2,132	1,718	7,517
<b>Net divestments(+)/investments(-)</b>	<b>441</b>	<b>-1,143</b>	<b>101</b>	<b>-188</b>	<b>-1,631</b>
Capital employed, SEK bn	12.0	10.7	-	-	11.6
Return on capital employed, % <sup>1</sup>	18.2	14.2	-	-	17.1
Employees	512	410	-	-	434

1 Rolling 12 months.

### Revenue

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Nordics	9,293	8,048	1,594	2,470	12,287
of which Sweden	5,332	4,536	976	1,271	7,069
Europe	808	687	439	126	977
<b>Total</b>	<b>10,101</b>	<b>8,735</b>	<b>2,033</b>	<b>2,596</b>	<b>13,264</b>

### Operating income<sup>1</sup>

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Nordics	1,244	868	190	245	1,509
of which Sweden	817	576	115	135	1,060
Europe	78	57	29	5	96
<b>Total</b>	<b>1,322</b>	<b>925</b>	<b>219</b>	<b>250</b>	<b>1,605</b>

### Operating margin, %<sup>1</sup>

Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
13.4	10.8	11.9	9.9	12.3
15.3	12.7	11.8	10.6	15.0
9.7	8.3	6.6	4.0	9.8
<b>13.1</b>	<b>10.6</b>	<b>10.8</b>	<b>9.6</b>	<b>12.1</b>

1 Development gain only. Construction margin reported under Construction.

### Homes started

	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Nordics	2,456	2,716	469	717	4,379
of which Sweden	1,449	1,764	363	347	2,861
Europe	347	210	193	66	469
<b>Total</b>	<b>2,803</b>	<b>2,926</b>	<b>662</b>	<b>783</b>	<b>4,848</b>

### Homes sold

Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
2,640	2,594	486	708	4,106
1,560	1,571	296	415	2,562
412	384	197	89	497
<b>3,052</b>	<b>2,978</b>	<b>683</b>	<b>797</b>	<b>4,603</b>

### Homes under construction

	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Nordics	7,157	5,925	6,480
of which Sweden	4,834	4,115	4,305
Europe	849	755	941
<b>Total</b>	<b>8,006</b>	<b>6,680</b>	<b>7,421</b>

### Completed unsold, number of homes

Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
84	166	151
13	8	12
6	8	7
<b>90</b>	<b>174</b>	<b>158</b>

### Homes under construction of which sold, %

Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
82	79	78
86	83	82
72	79	68
<b>81</b>	<b>79</b>	<b>77</b>

## Commercial Property Development

### Revenue and earnings

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Revenue	7,755	7,553	1,074	1,339	10,226
of which from divestment of properties	7,280	7,060	915	1,198	9,555
<b>Gross income</b>	<b>2,169</b>	<b>2,531</b>	<b>485</b>	<b>364</b>	<b>3,067</b>
Selling and administrative expenses	-624	-522	-199	-164	-751
Income from joint ventures and associated companies	306	5	308	2	20
<b>Operating income</b>	<b>1,851</b>	<b>2,014</b>	<b>594</b>	<b>202</b>	<b>2,336</b>
of which gain from divestment of properties <sup>1</sup>	2,049	2,390	454	350	3,111
of which writedowns/reversal of writedowns	0	0	0	0	-198
1 Additional gains included in eliminations	118	130	43	3	173
Investments	-7,239	-5,681	-2,740	-1,901	-8,364
Divestments	4,244	7,282	1,620	975	9,043
<b>Net divestments(+)/investments(-)</b>	<b>-2,995</b>	<b>1,601</b>	<b>-1,120</b>	<b>-926</b>	<b>679</b>
Capital employed, SEK bn	23.6	18.5	-	-	19.9
Return on capital employed, % <sup>2</sup>	13.8	16.5	-	-	14.8
Employees	389	363	-	-	364

2 Rolling 12 months.

### Revenue

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Nordics	6,157	3,526	1,018	1,239	4,063
Europe	1,511	104	29	45	2,141
USA	87	3,923	27	55	4,022
<b>Total</b>	<b>7,755</b>	<b>7,553</b>	<b>1,074</b>	<b>1,339</b>	<b>10,226</b>

### of which from divestments

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Nordics	5,868	3,265	920	1,169	3,706
Europe	1,412	0	-5	0	1,981
USA	0	3,795	0	29	3,868
<b>Total</b>	<b>7,280</b>	<b>7,060</b>	<b>915</b>	<b>1,198</b>	<b>9,555</b>

### Operating income

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Nordics	1,776	952	596	296	1,003
Europe	147	-188	-17	-66	284
USA	-72	1,250	15	-28	1,049
<b>Total</b>	<b>1,851</b>	<b>2,014</b>	<b>594</b>	<b>202</b>	<b>2,336</b>

### of which from divestments

SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Nordics	1,720	1,031	414	341	1,127
Europe	329	0	40	0	561
USA	0	1,359	0	9	1,423
<b>Total</b>	<b>2,049</b>	<b>2,390</b>	<b>454</b>	<b>350</b>	<b>3,111</b>

### Capital employed

SEK M	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
Nordics	9,800	7,069	8,175
Europe	7,060	6,435	6,307
USA	6,698	5,013	5,454
<b>Total</b>	<b>23,558</b>	<b>18,517</b>	<b>19,936</b>

## Infrastructure Development

### Revenue and earnings

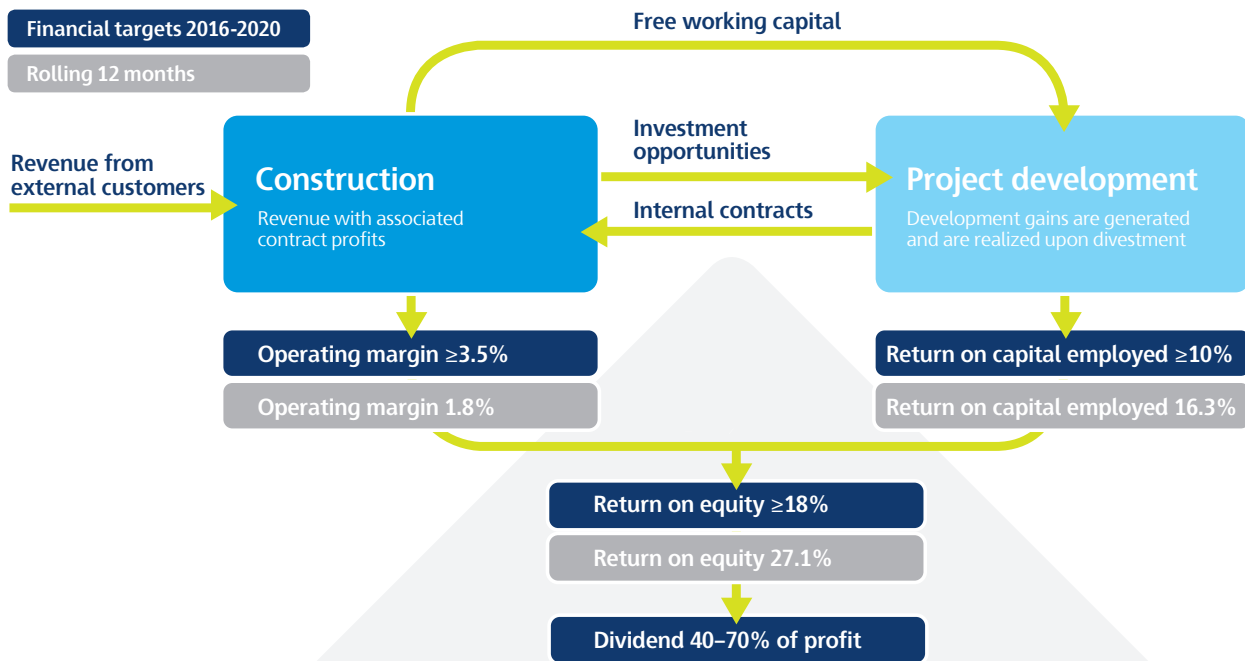
SEK M	Jan-Sep 2017	Jan-Sep 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Dec 2016
Revenue	59	202	20	28	237
<b>Gross income</b>	<b>-80</b>	<b>55</b>	<b>-24</b>	<b>-29</b>	<b>56</b>
Selling and administrative expenses	-97	-113	-28	-27	-147
Income from joint ventures and associated companies	1,062	401	27	182	1,909
<b>Operating income</b>	<b>885</b>	<b>343</b>	<b>-25</b>	<b>126</b>	<b>1,818</b>
of which gains from divestments of shares in projects	912	0	-1	0	1,729
Investments	-71	-760	0	-542	-1,336
Divestments	1,368	15	0	0	3,102
<b>Net divestments(+)/investments(-)</b>	<b>1,297</b>	<b>-745</b>	<b>0</b>	<b>-542</b>	<b>1,766</b>
Capital employed, SEK bn	2.2	2.1	-	-	5.4
Return on capital employed, % <sup>1</sup>	25.3	16.6	-	-	41.1
Employees	98	104	-	-	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 32.9 billion of Skanska’s total order backlog are contracts involving more than one Business Unit and revenue from internal contracts amounted to SEK 23.4 billion on a rolling 12 month basis.

Construction revenue from internal Project Development contracts amounted to:



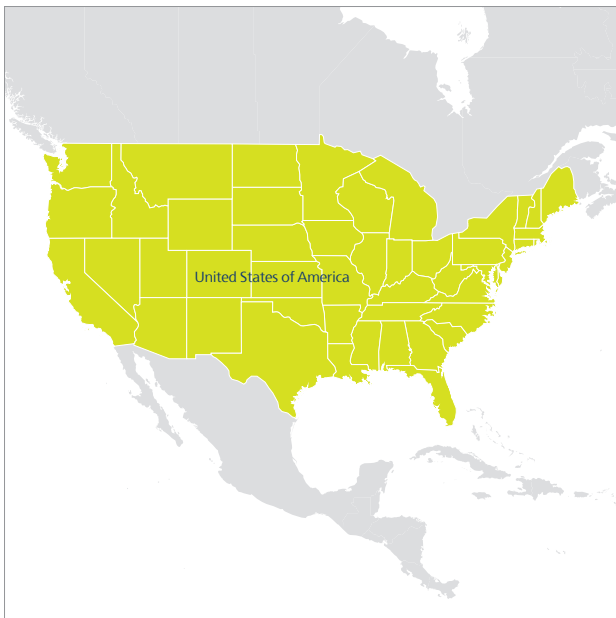
Skanska is developing the first phase of Nowy Rynek, Poznan, Poland. The building is expected to receive LEED Gold certification and also be certified as a “Building without barriers” for its accessible design, inclusive for people with disabilities.

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



Skanska is constructing a 14.4-kilometer section between Budomir and Bidovce. Employees from Skanska Slovakia and Skanska Poland is working in close cooperation on this project.

## Skanska's home markets



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This report will also be presented via a telephone conference and webcast at 10:00 a.m. (CET) on October 27. The telephone conference will be webcasted live at [www.skanska.com/investors](http://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](http://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.