

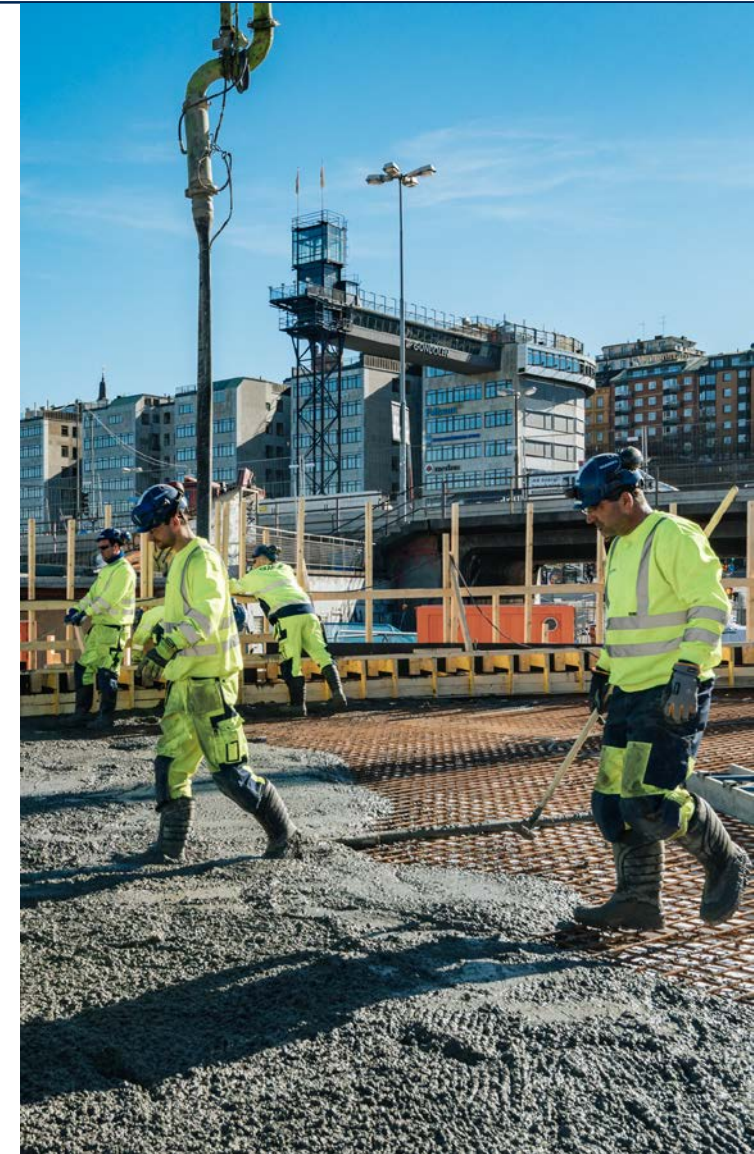
Year-end report 2017

We build for a better society.
Farley Post Office, New York, USA



Year-end report 2017

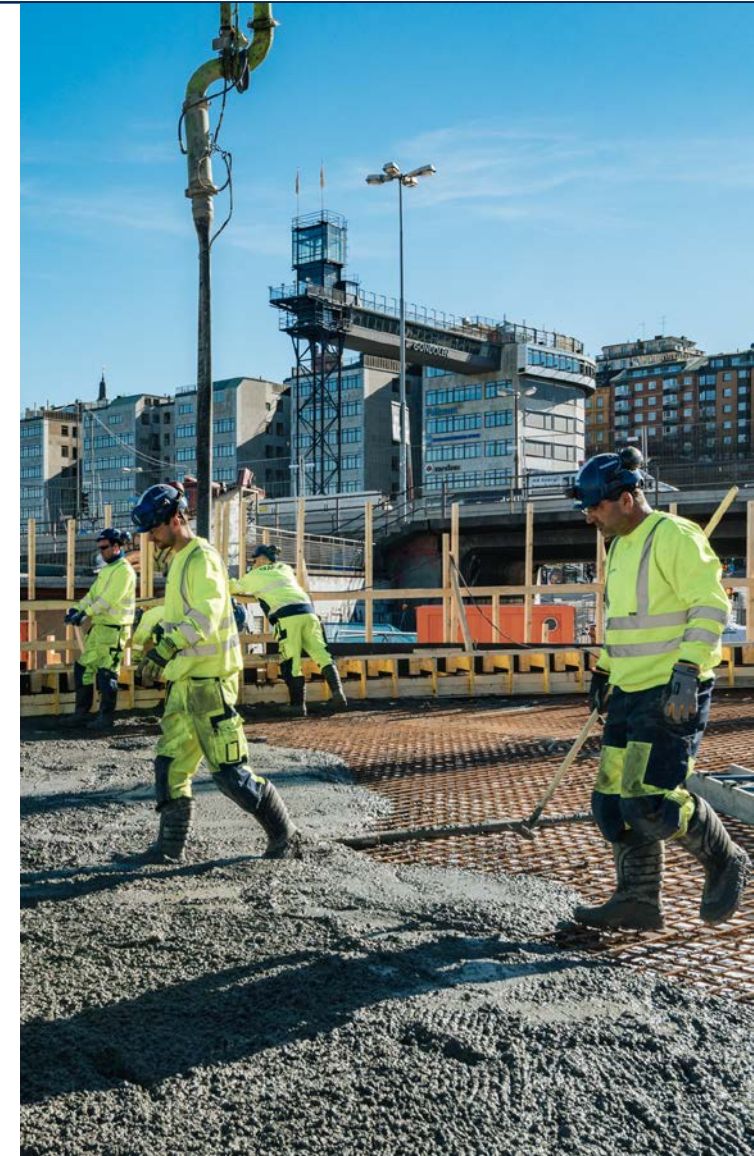
- Operating income SEK **5.5** bn (8.2)
 - Restructure to increase focus on profitability in Construction
 - One-off costs of SEK 1.1 bn in Q4
 - Strong performance in Nordic Construction
 - Strong performance in Project Development
- Earnings per share SEK **12.01** (15.89)
- Strong financial position
- Proposed maintained dividend of SEK 8.25 (8.25) per share



Slussen, Stockholm, Sweden

Restructuring Overview

- Reduce size of unprofitable business units, mostly in Poland
- Leave US power sector; focus on core business in UK; and adapt to more challenging Czech market
- Focus on Infrastructure Development in US
- New governance structure, to bring management closer to operating units
- Continue to grow Residential and Commercial Development businesses



Slussen, Stockholm, Sweden

Construction

- Revenue SEK 150.1 bn (138.0)
- Order bookings SEK 151.8 bn (170.2)
 - Book-to-build: 101%
 - Strong order backlog SEK 188.4 bn
- Operating income SEK 1.2 bn (3.5)
 - Operating margin 0.8% (2.6)
 - Nordics strong and Sweden especially
 - Write down totaling SEK 1.5 bn, of which SEK 400 M in Poland in Q4
 - Impairment charge of SEK 1.0 bn in Q4
 - Focus on profitability and risk management



Conference hotel, Drammen, Norway

Residential Development

- Revenue SEK 13.2 bn (13.3)
 - 4,285 (4,603) homes sold
 - 4,318 (4,848) homes started
- Operating income SEK 1.7 bn (1.6)
 - Operating margin 13.0% (12.1)
 - Strong performance in all markets
- ROCE 15.4% (17.1)
- Product offering good match with market demand
- Slower sales pace in Stockholm and Oslo, other markets robust



The Telakkaranta area in Helsinki, Finland

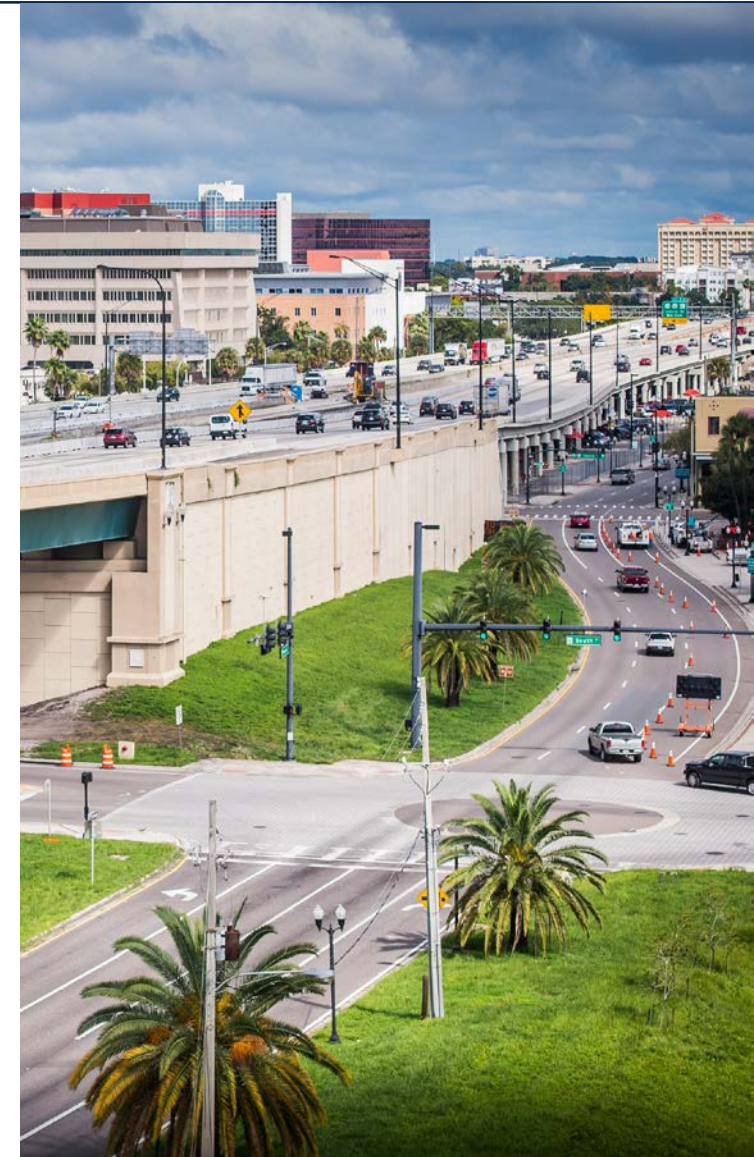
Commercial Property Development

- Operating income SEK 2.7 bn (2.3)
 - Gain on sale SEK 3.5 bn (3.1), including JVs
- ROCE 15.5% (14.8)
- 46 ongoing projects
 - SEK 27.6 bn in investment value upon completion
 - 44% pre-leasing rate
 - 49% completion rate
 - 24 projects started
- 477,000 sq m leased in 2017



Infrastructure Development

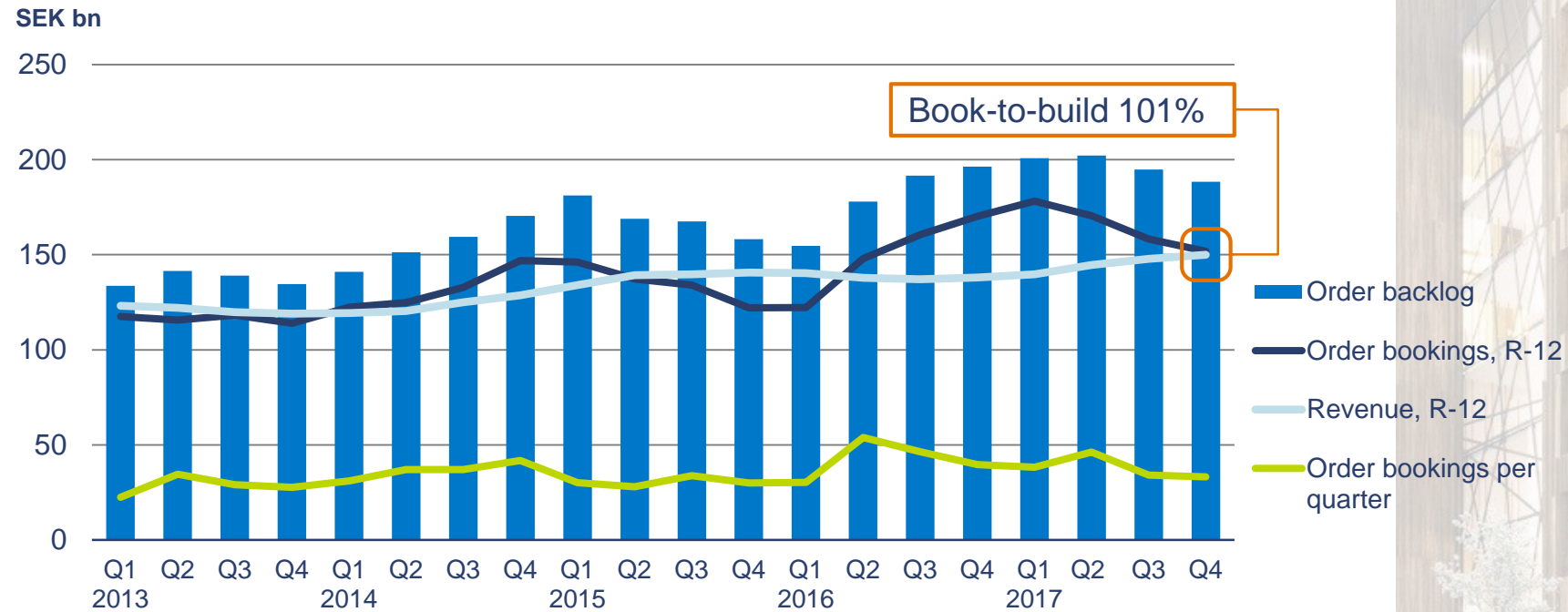
- Operating income SEK 0.9 bn (1.8)
 - Divestment of A1 motorway in Poland for SEK 1.4 bn in the first quarter
- Project portfolio's net present value SEK 3.0 bn (4.3), surplus value 0.5 bn (1.4)
- ROCE 3.6% (41.1)
- Majority of projects under construction or in ramp up phase
- Focus on project pipeline in the US



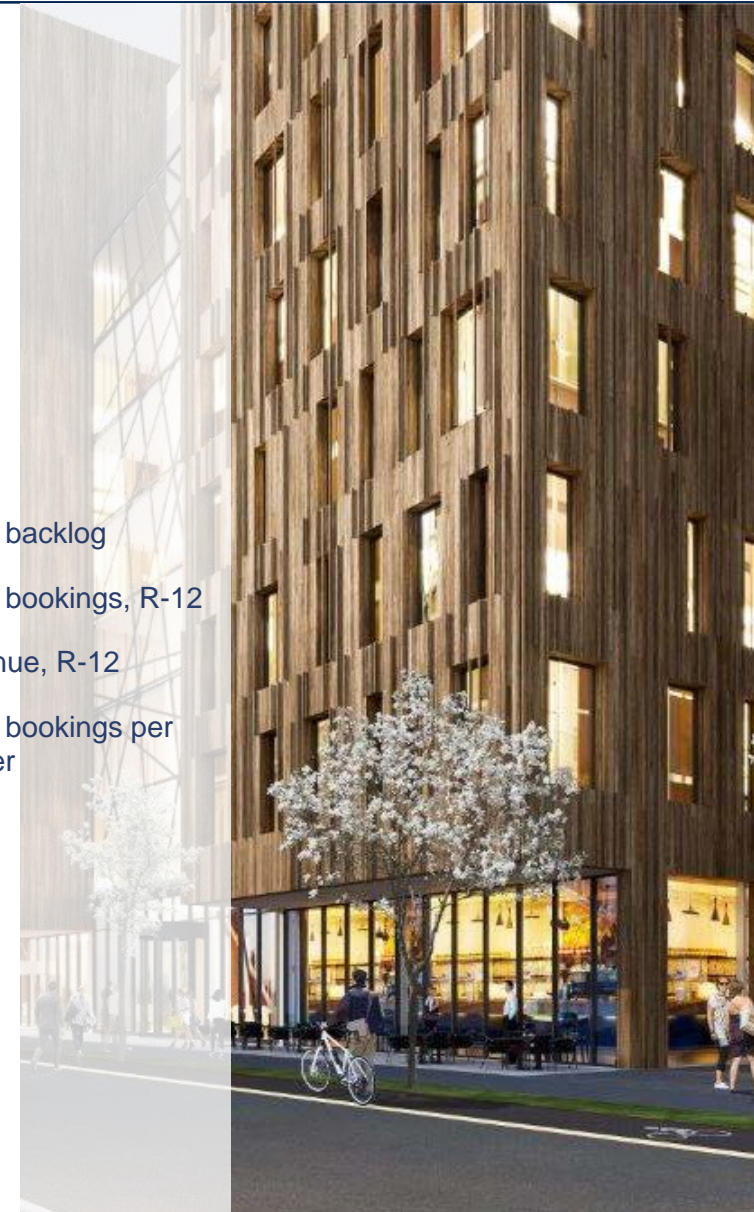
I-4 Motorway, Florida, USA

Construction

Order situation



SEK bn	Jan–Dec 2017	Jan–Dec 2016
Revenue	150.1	138.0
Order bookings	151.8	170.2
Order backlog	188.4	196.3



Construction

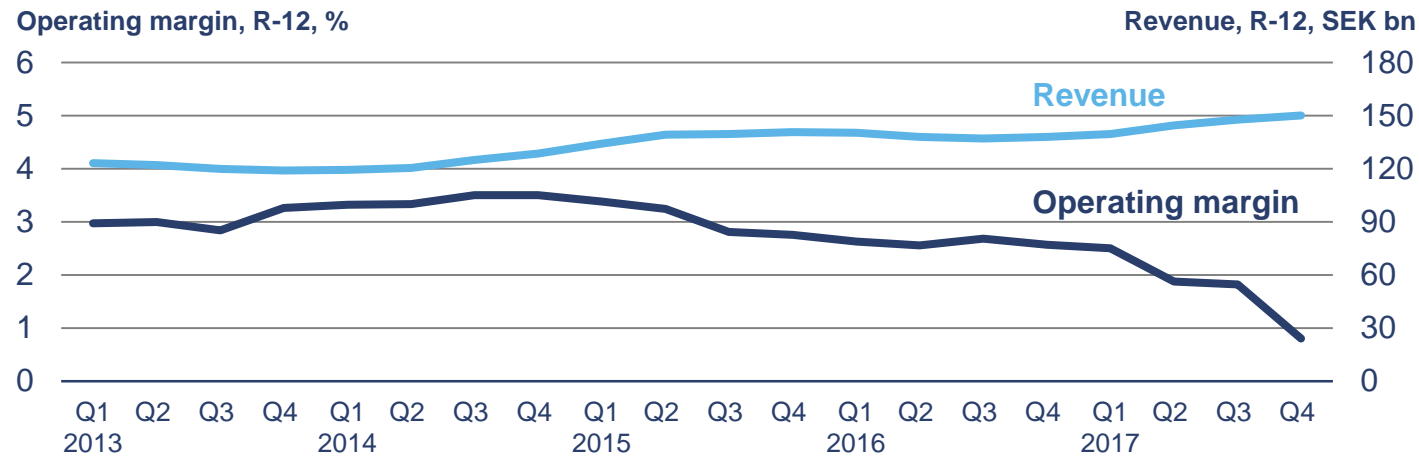
Order bookings

SEK bn	Jan–Dec 2017	Jan–Dec 2016	Book-to- build, %	Months of production
Nordics	54.7	56.0	100	12
of which Sweden	33.3	36.0	99	12
Europe	32.4	36.3	97	13
USA	64.7	77.9	104	19
Total	151.8	170.2	101	15



Construction

Income statement



SEK bn	Jan–Dec 2017	Jan–Dec 2016
Revenue	150.1	138.0
Gross income	8.3	10.1
Selling and administrative expenses	-7.1	-6.6
Operating income	1.2	3.5
Gross margin, %	5.5	7.3
Selling and administrative expenses, %	-4.8	-4.8
Operating margin, %	0.8	2.6



Construction

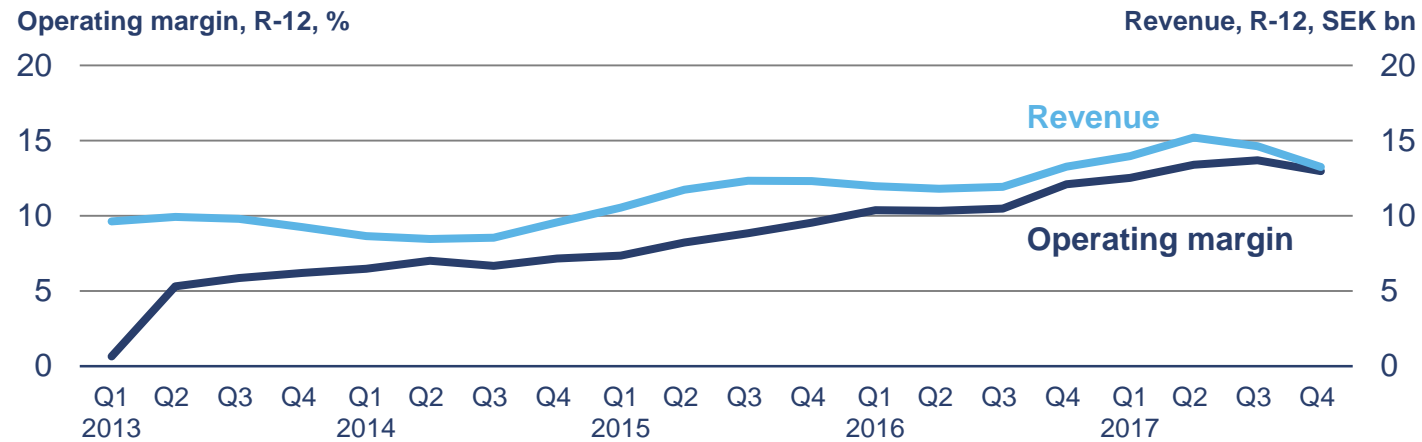
Income statement

	Operating income, SEK M		Operating margin, %	
	Jan-Dec 2017	Jan-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Nordics	2,298	2,130	4.2	4.2
of which Sweden	1,579	1,482	4.7	4.7
Europe	-1,040	247	neg	0.8
USA	-53	1,169	neg	2.2
Total	1,205	3,546	0.8	2.6



Residential Development

Income statement, segment reporting



SEK M	Jan–Dec 2017	Jan–Dec 2016
Revenue	13,237	13,264
Gross income	2,382	2,164
Selling and administrative expenses	-666	-559
Operating income	1,716	1,605
Gross margin, %	18.0	16.3
Selling and administrative expenses, %	-5.0	-4.2
Operating margin, %	13.0	12.1



Residential Development

Income statement

	Operating income, SEK M		Operating margin, %	
	Jan–Dec 2017	Jan–Dec 2016	Jan–Dec 2017	Jan–Dec 2016
Nordics	1,624	1,509	13.3	12.3
of which Sweden	1,083	1,060	15.3	15.0
Europe	92	96	9.0	9.8
Total	1,716	1,605	13.0	12.1

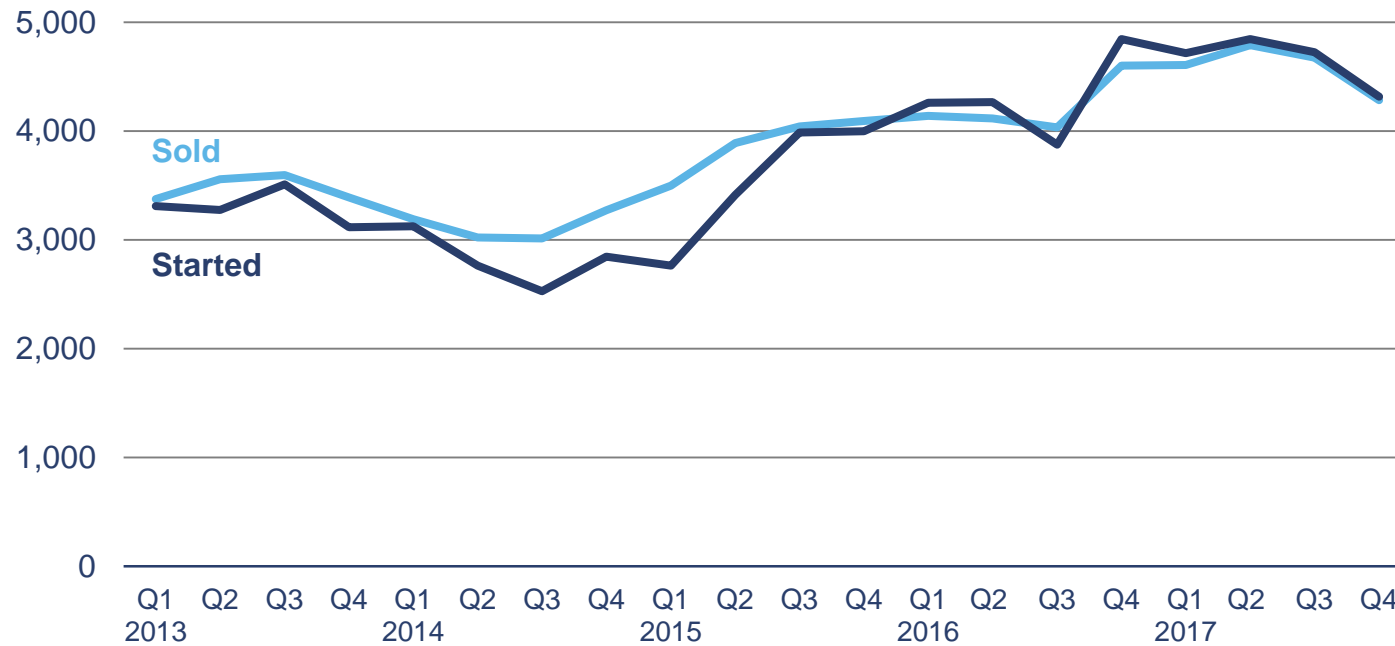
Development gain only, construction margin reported under Construction



Residential Development

Homes started and sold

Homes, R-12

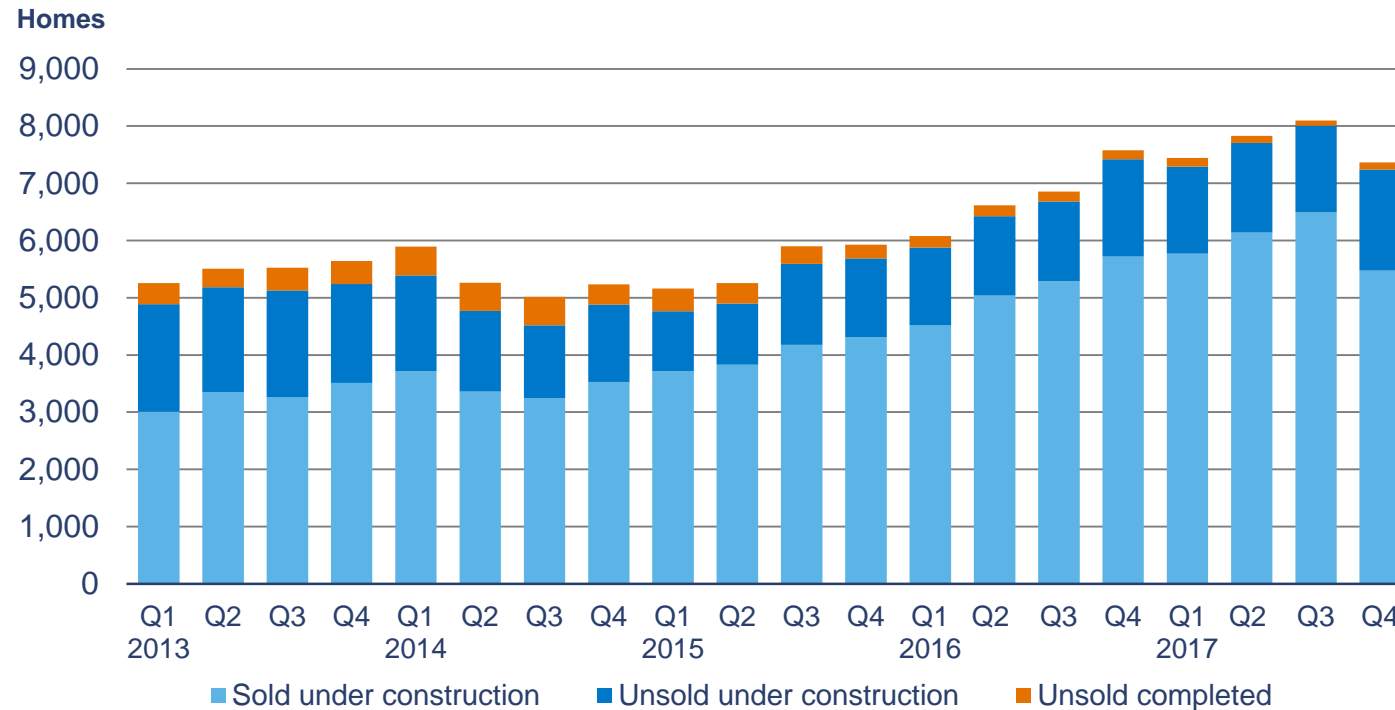


Homes started		Homes sold	
Jan–Dec 2017	Jan–Dec 2016	Jan–Dec 2017	Jan–Dec 2016
4,318	4,848	4,285	4,603



Residential Development

Homes in production



Homes in production		Of which sold, %		Unsold completed homes	
Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
7,243	7,421	76	77	122	158



Commercial Property Development

Income statement, segment reporting

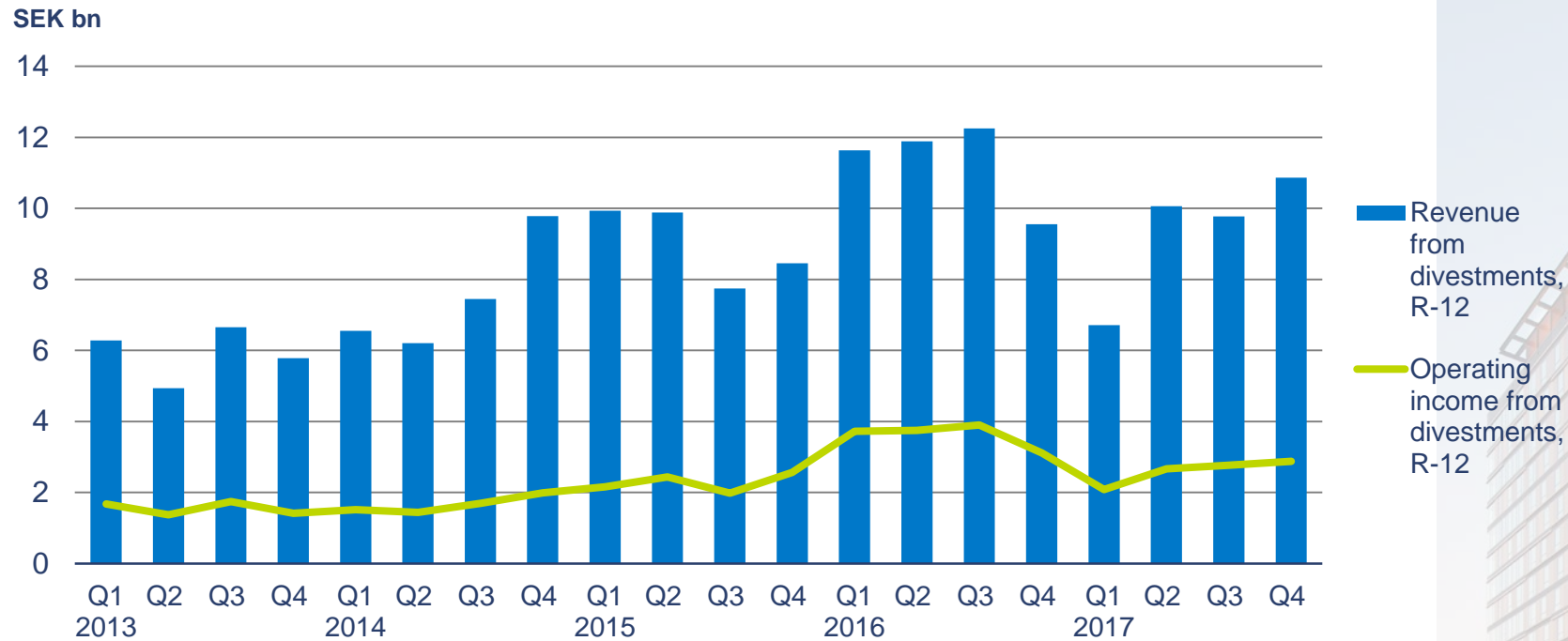
SEK M	Jan–Dec 2017	Jan–Dec 2016
Revenue	11,440	10,226
Gross income	2,989	3,067
Selling and administrative expenses	-899	-751
Income from joint ventures and associated companies	624	20
Operating income	2,714	2,336
of which gain from divestments of properties ¹	2,879	3,111
of which write downs/reversal of write downs	–	-198
1 Additional gain included in eliminations	197	173

Development gain only, construction margin reported under Construction



Commercial Property Development

Divestments, segment reporting



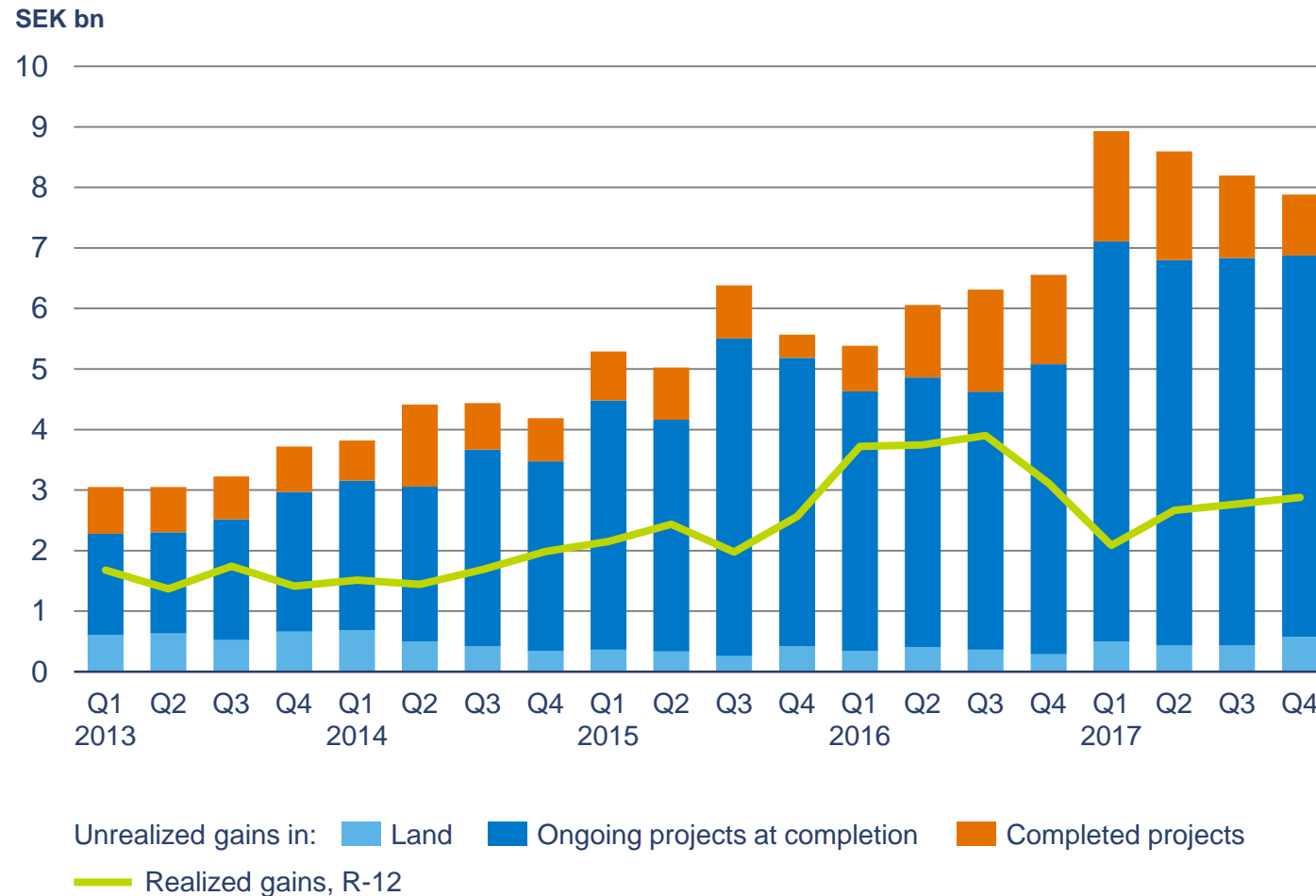
Sale of commercial properties

SEK M	Sales price	Capital gain
Year-to-date	10,867	2,879

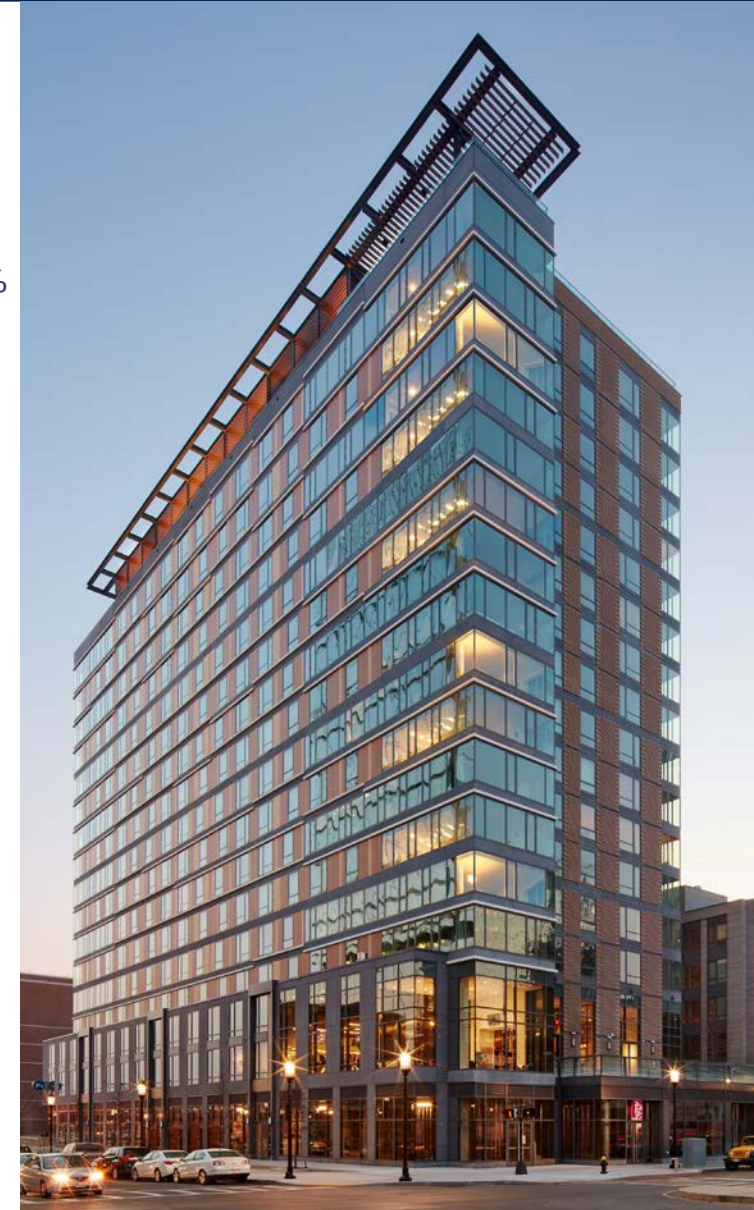
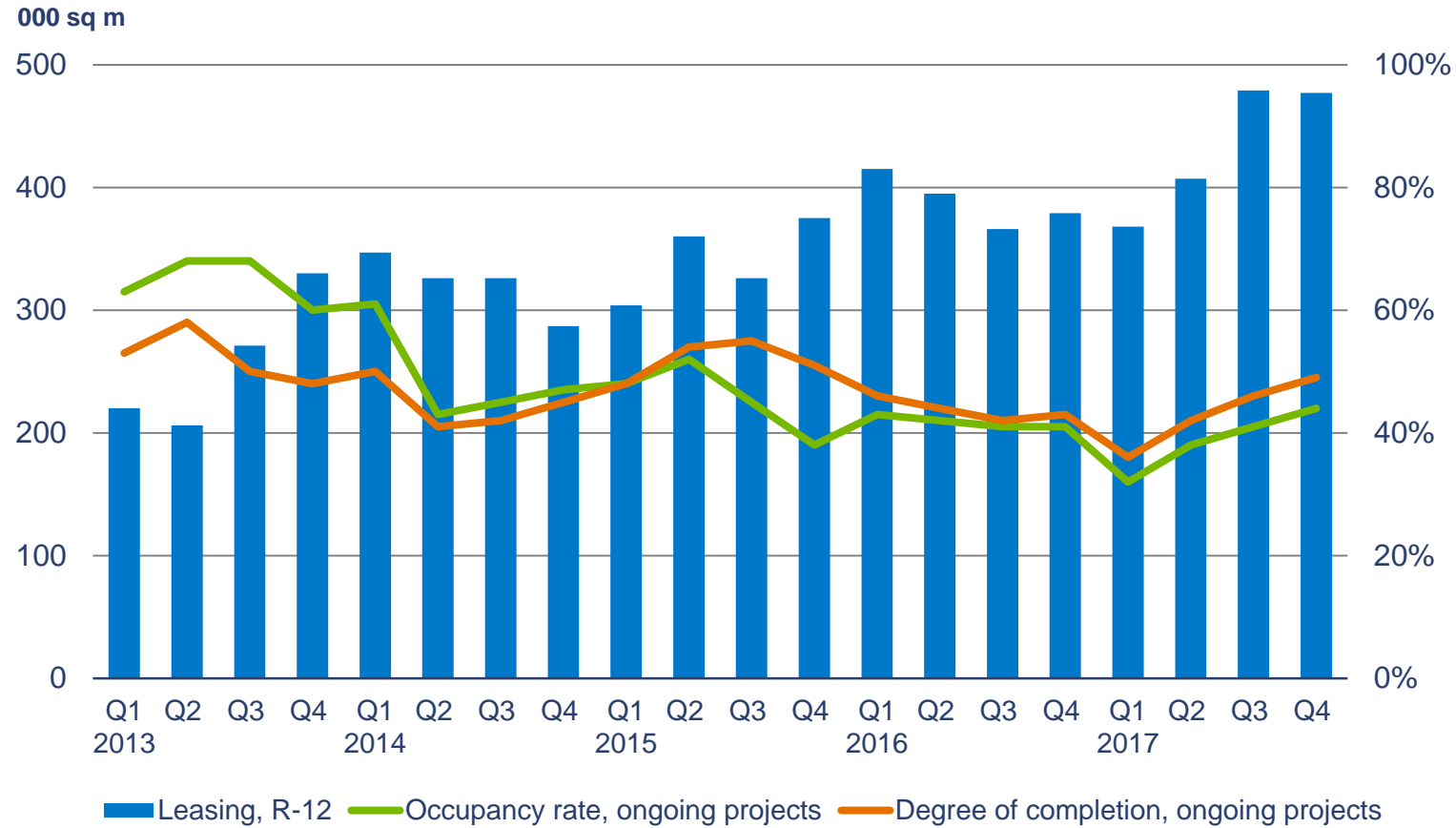


Commercial Property Development

Unrealized and realized gains, segment reporting



Commercial Property Development Leasing



Infrastructure Development

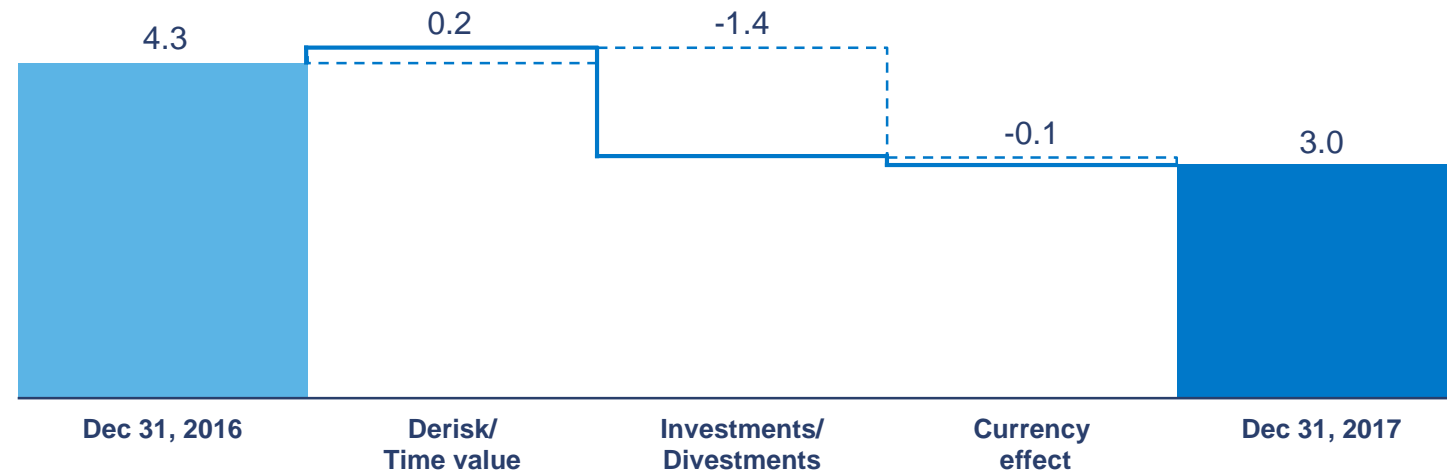
Income statement

SEK M	Jan–Dec 2017	Jan–Dec 2016
Revenue	81	237
Gross income	-96	56
Selling and administrative expenses	-121	-147
Income from joint ventures	1,142	1,909
Operating income	925	1,818
of which gains from divestments of shares in projects	985	1,729

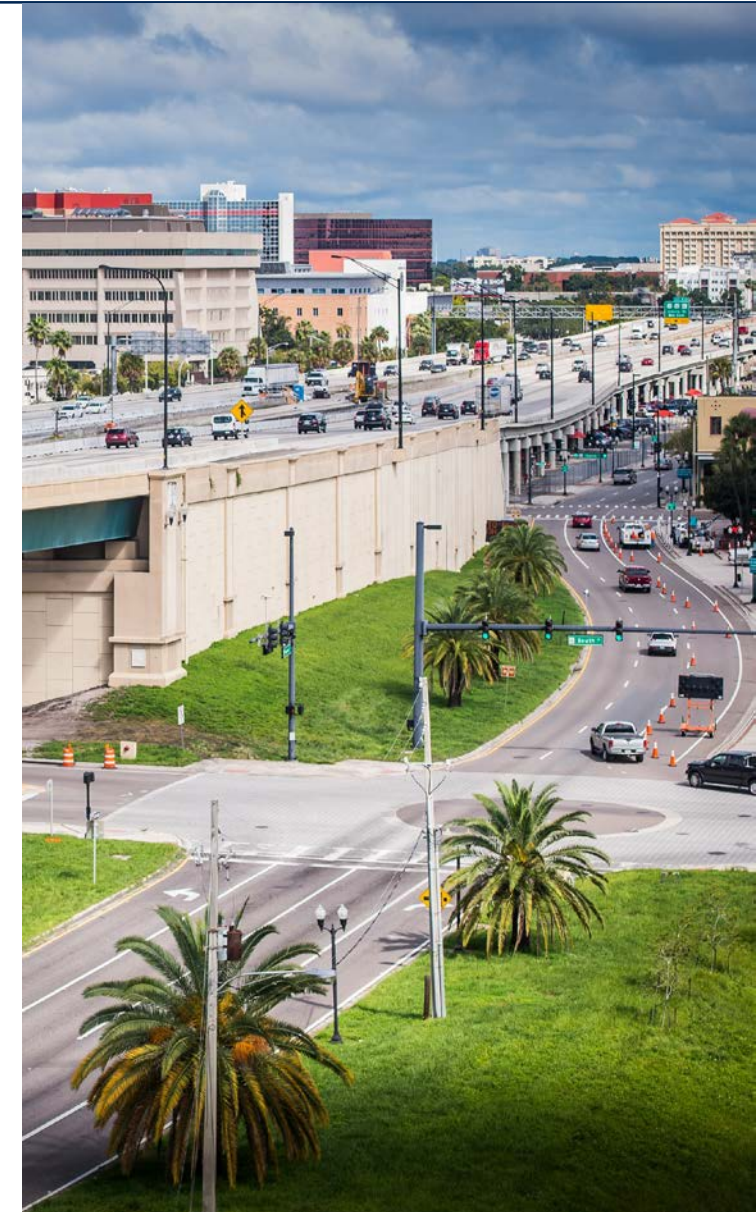


Infrastructure Development Project portfolio

Net present value of projects, SEK bn



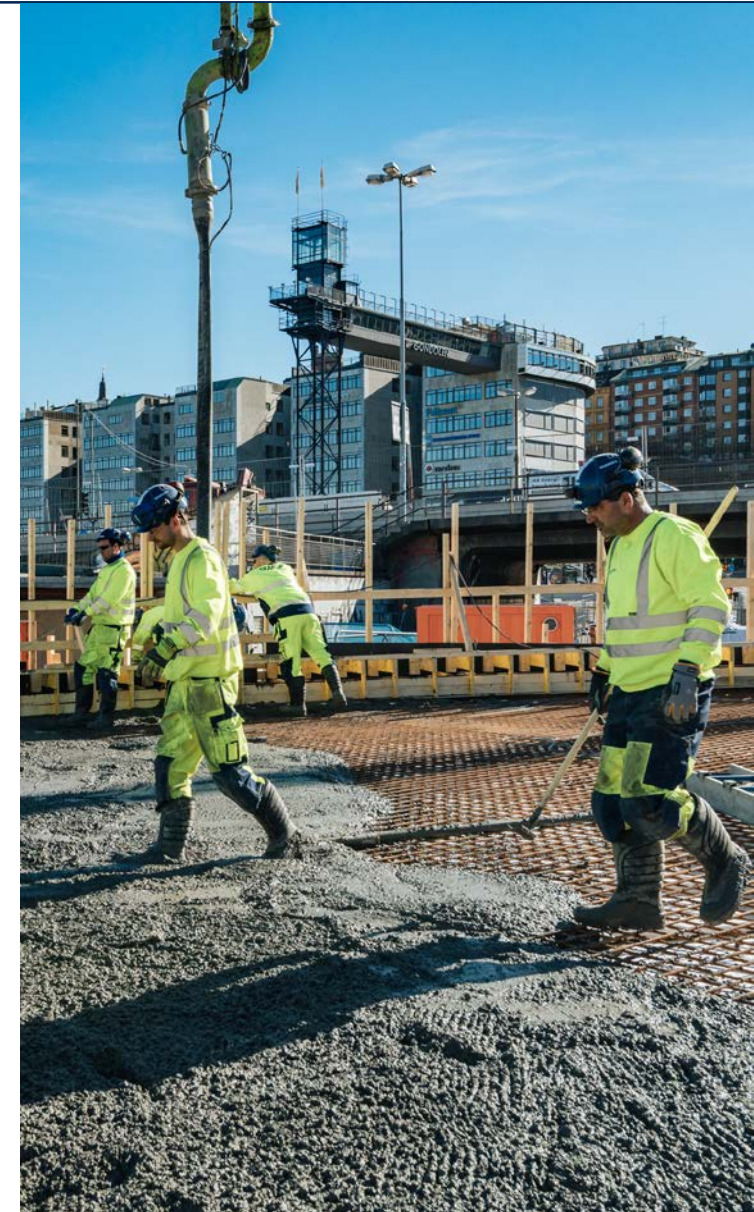
SEK bn	Dec 31, 2017	Dec 31, 2016
Present value of cash flow from projects	3.8	5.2
Net present value of projects	3.0	4.3
Carrying amount	-2.5	-2.9
Unrealized development gain	0.5	1.4
Cash flow hedge	0.6	0.6
Effect in unrealized Equity	1.1	2.0



Group

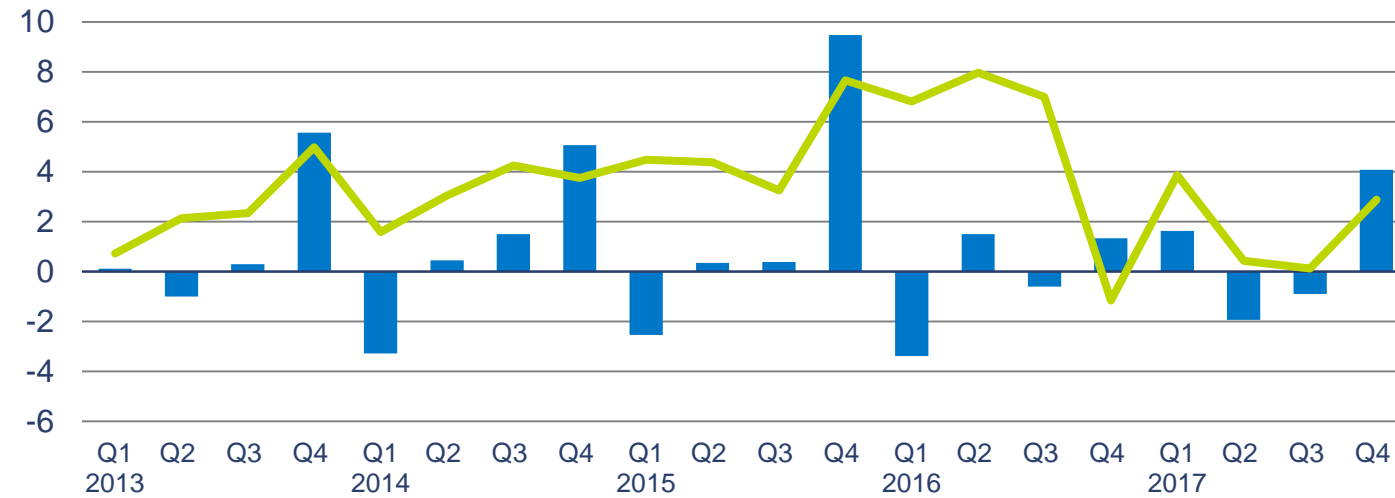
Income statement

SEK M	Jan–Dec 2017	Jan–Dec 2016
Operating income from business streams	6,560	9,305
Central	-944	-1,140
Eliminations	-112	34
Operating income	5,504	8,199
Net financial items	45	-118
Income after financial items	5,549	8,081
Taxes	-615	-1,555
Profit for the period	4,934	6,526
Earnings per share, SEK	12.01	15.89
Tax rate, %	11	19



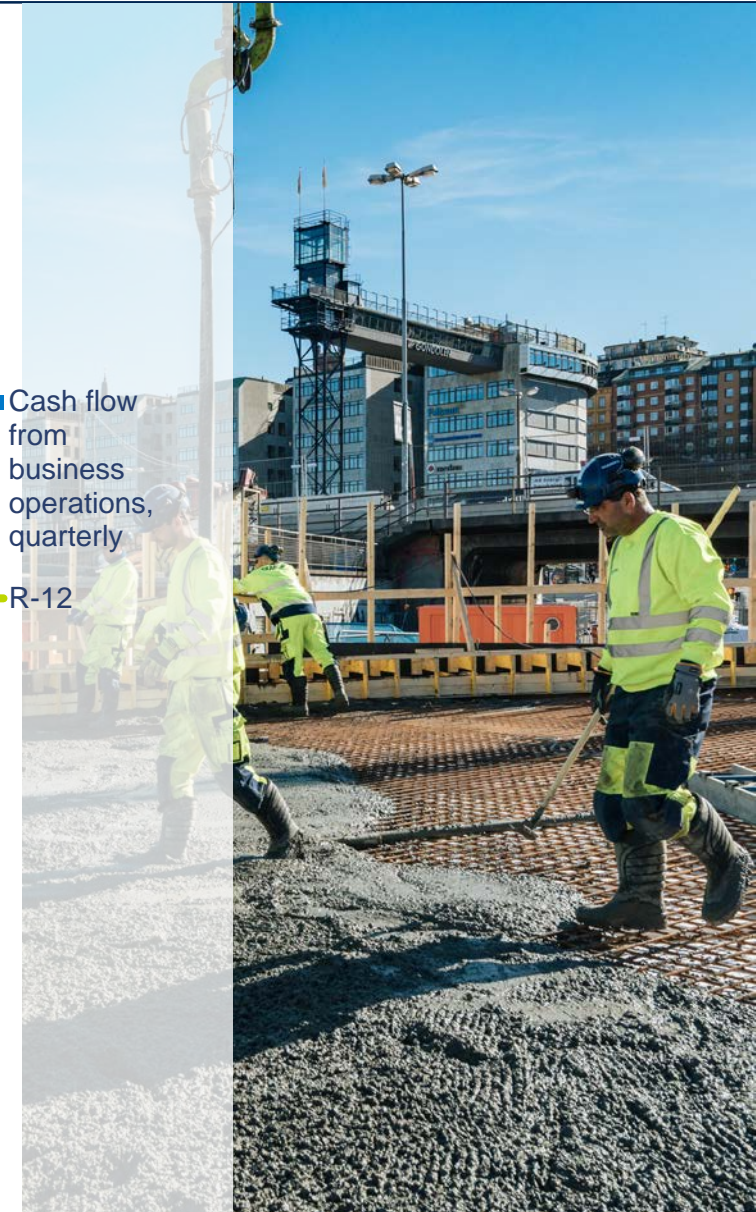
Group Cash flow

SEK bn



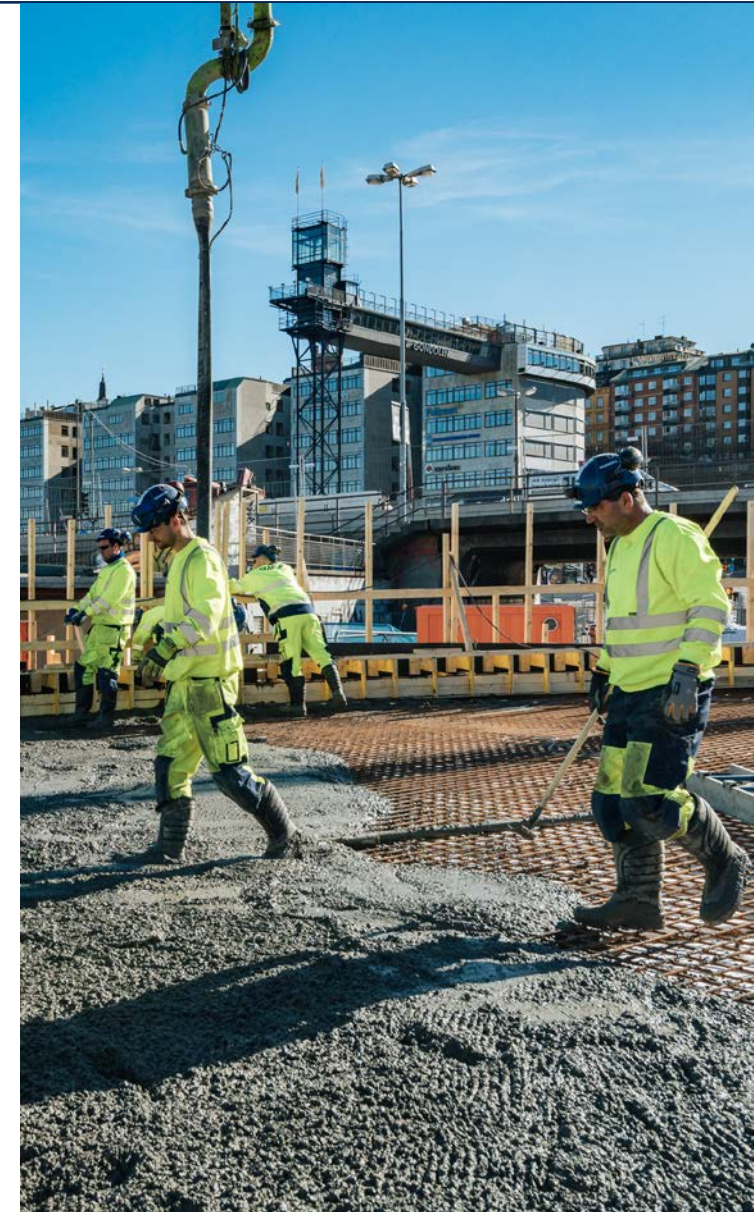
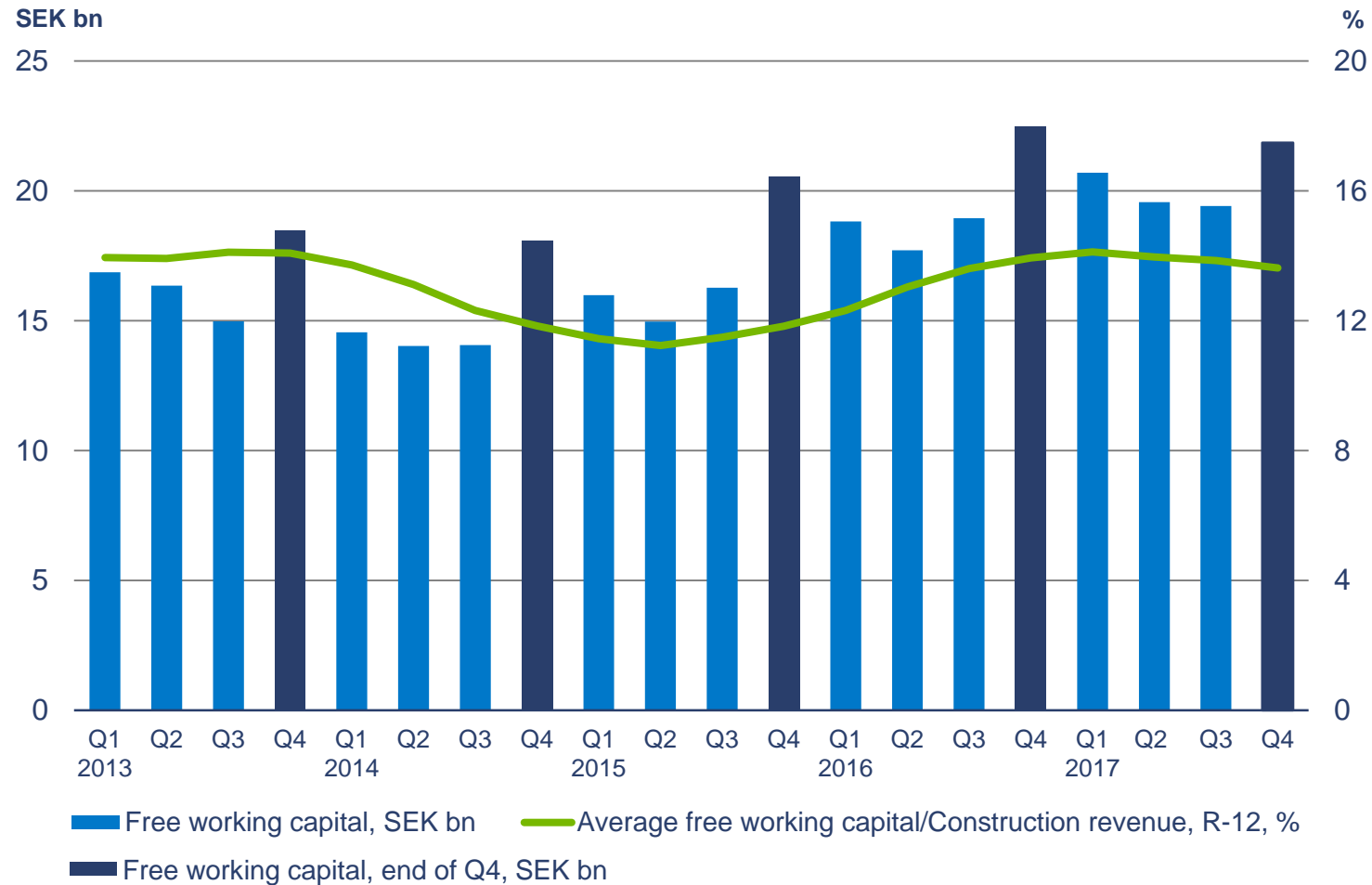
■ Cash flow from business operations, quarterly
— R-12

SEK bn	Jan–Dec 2017	Jan–Dec 2016
Cash flow from operations	2.9	-1.2
Net strategic investments	–	0.9
Dividend etc.	-3.9	-3.9
Cash flow before change in interest-bearing receivables and liabilities	-1.0	-4.2



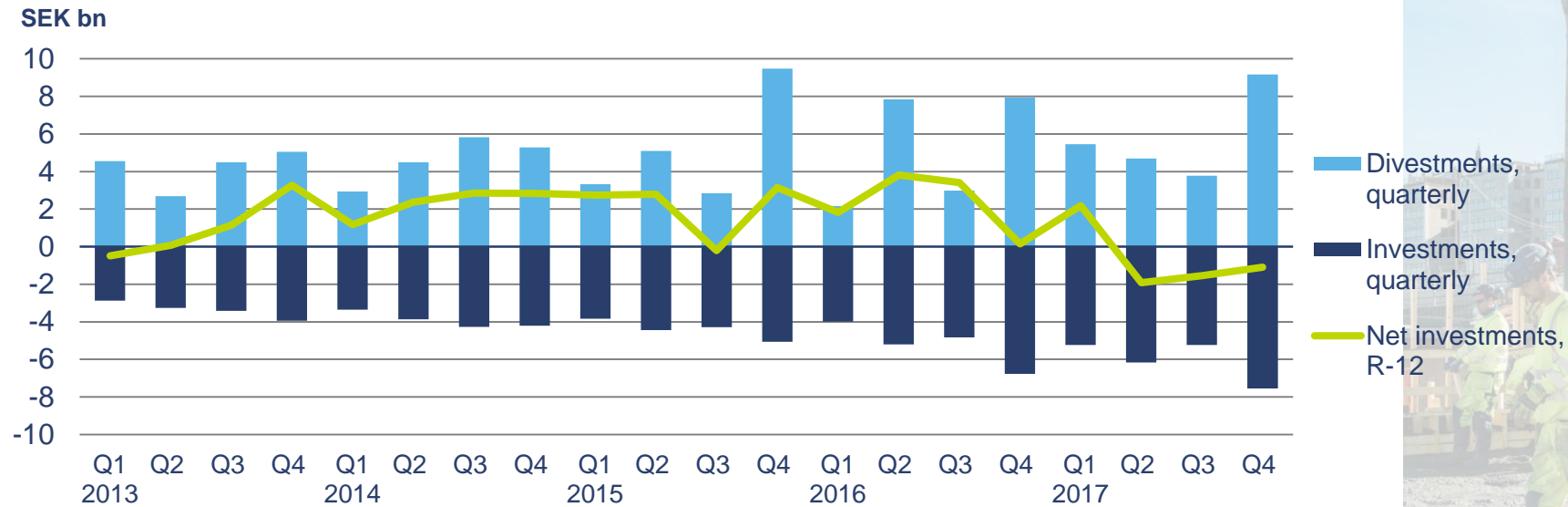
Construction

Free working capital

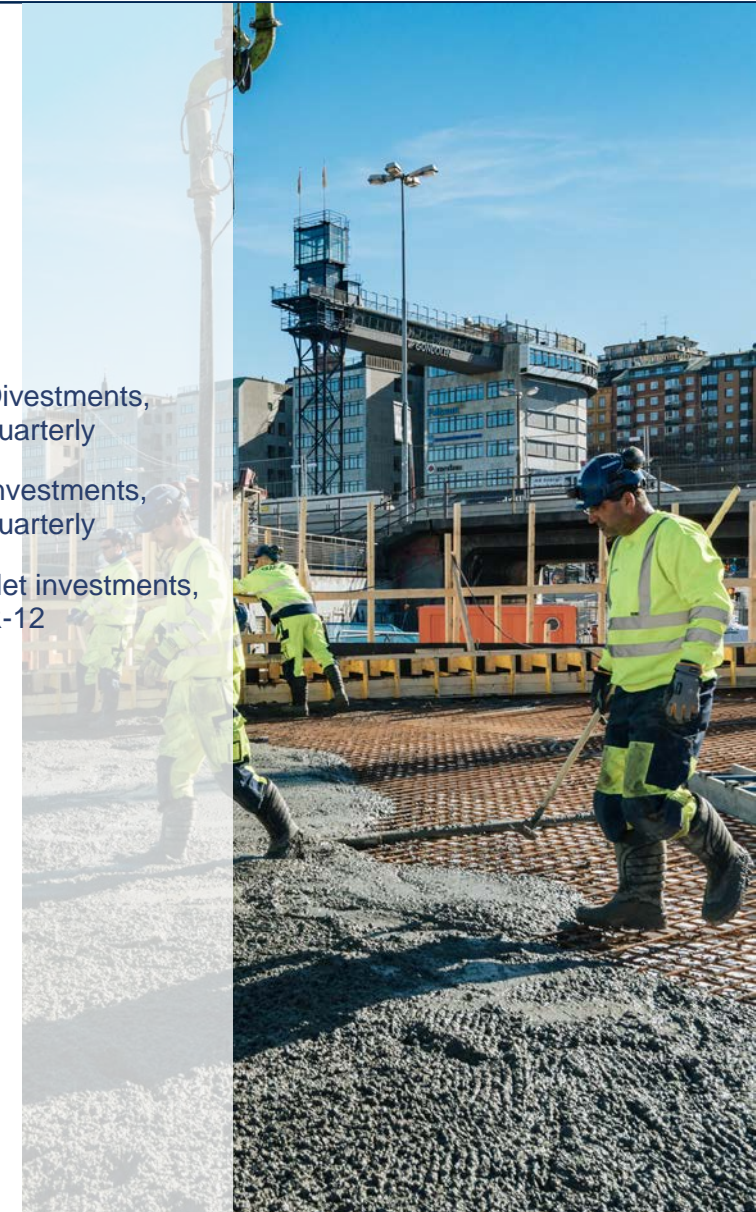


Group

Investments, divestments and capital employed

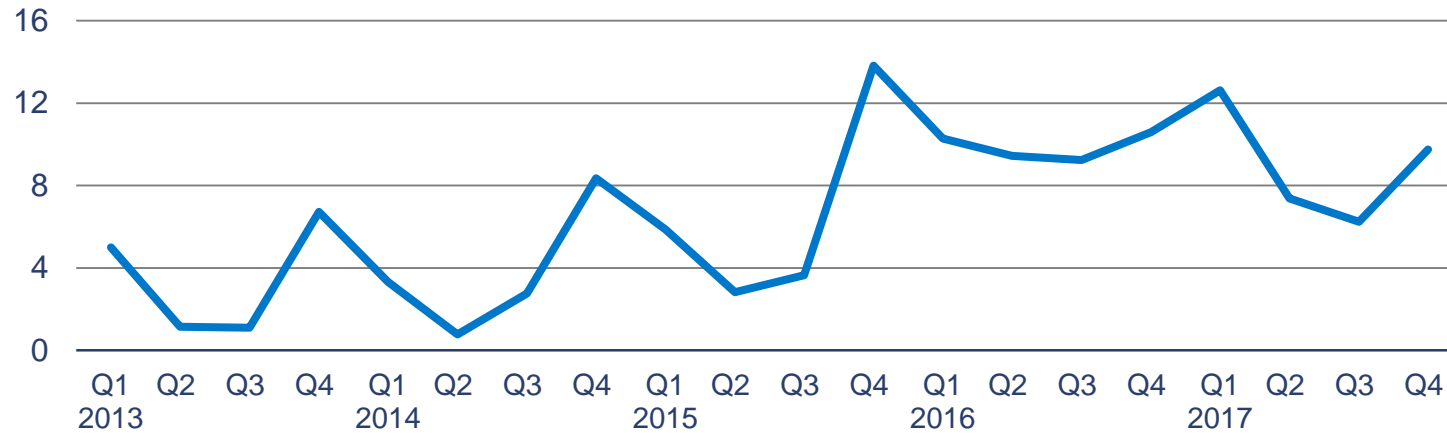


SEK bn	Dec 31 2017	Dec 31 2016
Capital employed in:		
Residential Development	12.7	11.6
Commercial Property Development	24.5	19.9
Infrastructure Development	1.8	5.4
Total in Project Development	38.9	37.0



Group Financial position

Operating net financial assets/liabilities, SEK bn



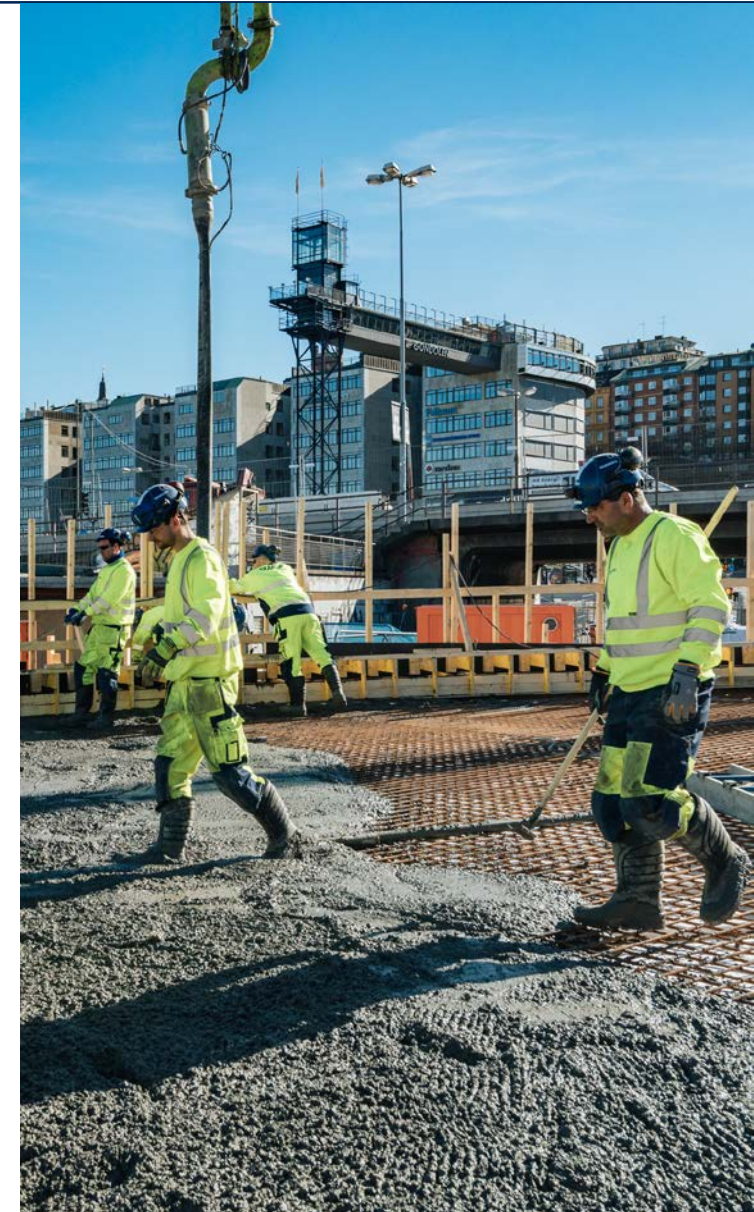
SEK bn	Dec 31 2017	Dec 31 2016
Total assets	109.4	106.5
Equity attributable to equity holders	27.2	27.5
Interest-bearing net receivables (+)/net debt (-)	-1.1	1.2
Operating net financial assets/liabilities	9.7	10.6
Capital employed, closing balance	44.1	42.6
Equity/assets ratio, %	24.8	25.8



Group

Change in financial position

SEK bn	Jan–Dec 2017	Jan–Dec 2016
Opening balance interest-bearing net receivables	1.2	6.3
Cash flow before change in interest-bearing receivables and liabilities	-1.0	-4.2
Change in pension liability	-0.3	-1.0
Other changes	-1.0	0.1
Change in interest-bearing net receivables	-2.3	-5.1
Closing balance interest-bearing net receivables/net debt	-1.1	1.2
Pension liability, net	4.9	4.5
Interest-bearing debt co-ops	6.0	4.8
Operating net financial assets/liabilities	9.7	10.6



Market outlook

Construction

Continued positive overall market outlook



Nordics

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



Europe

- Poland building market stable
- Brexit continues to impact UK non-residential
- Stable civil market in UK and Poland
- Weak civil market in Czech Republic



USA

- The US continues to be a good market, but with fierce competition



Court- and office building, Sollentuna, Sweden

Market outlook

Residential Development



Nordics

- More uncertainty
- Sweden and Norway stable, but slower sales pace in Stockholm and Oslo
- Finland steadily improving



Europe

- Robust market in Central Europe



BoKlok factory Gullringen, Vimmerby, Sweden

Market outlook

Commercial Property Development

General

- Tenants and investors:
Strong demand, vacancy rates low



Nordics

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



Europe

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



USA

- Strong investor appetite and good tenant demand

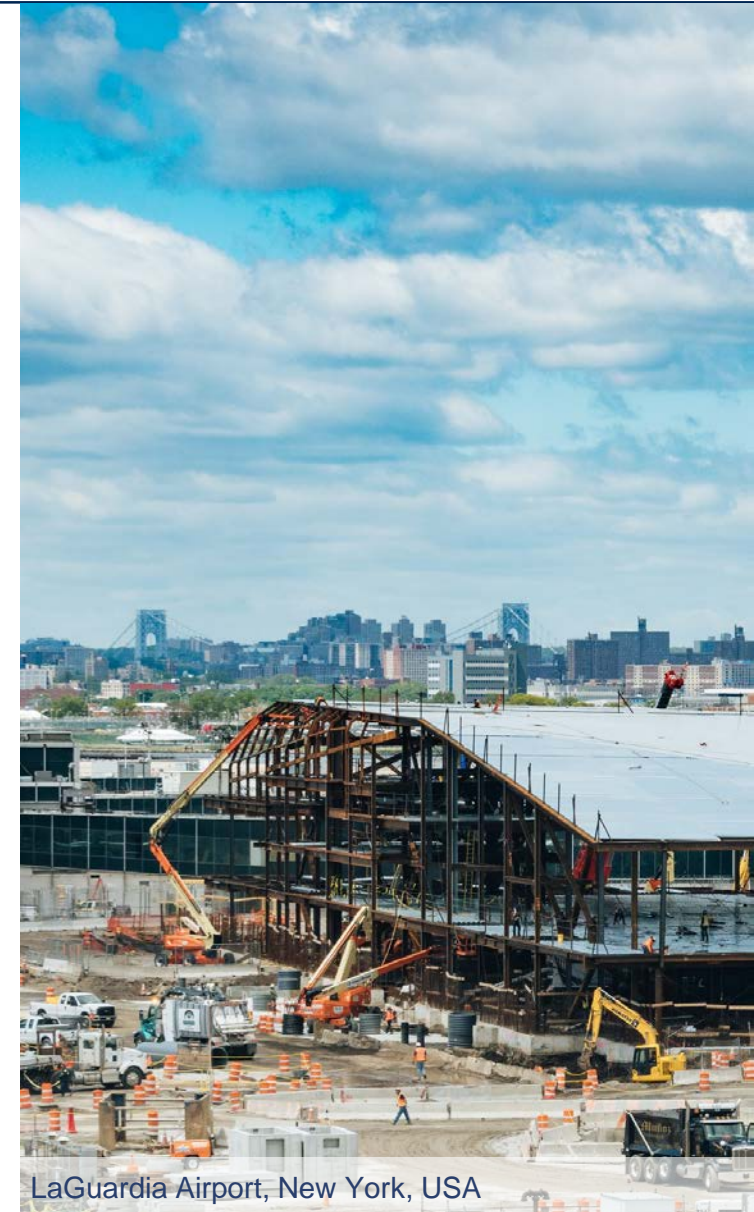


The Monument Building, London, UK

Market outlook

Infrastructure Development

- ➔ All countries
 - Strong market for PPPs in the US, but competition is considerable
 - Thin pipeline in the other markets



LaGuardia Airport, New York, USA

Group Leadership Team



Anders Danielsson
President and
Chief Executive Officer

- Skanska Finland
- Skanska Norway
- Skanska Sweden
- Skanska Czech Republic
- Skanska Poland
- Skanska UK
- Communications
- Operational Efficiency



Magnus Persson*
Chief Financial Officer

- Skanska Financial Services
- Controlling
- Reporting
- Internal Audit and Compliance
- Investor Relations
- Risk Management
- Information Technology

*Effective as of Feb 2, 2018



Caroline Fellenius-Omnell
Executive Vice President,
General Counsel

- Legal Affairs
- Ethics
- Green & Community Investment



Richard Kennedy
Executive Vice President

- Skanska USA Building
- Skanska USA Civil
- Skanska Infrastructure Development
- Safety



Claes Larsson
Executive Vice President

- Skanska Commercial Property Development Nordic, Europe and USA
- Skanska Residential Development Europe
- BoKlok Housing
- Market Making



Kirsi Mettälä
Executive Vice President,
Human Resources

- Human Resources

