



SKANSKA

Q2 2018

Press release, July 20, 2018, 7:30 a.m. CET

We build for a better society.
ESS, European Spallation Source,
Lund, Sweden

Six month report, January–June 2018

Highlights according to segment reporting

- Revenue amounted to SEK 79.5 billion (79.1); adjusted for currency effects revenue increased 1 percent.
- Operating income decreased 41 percent to SEK 1.9 billion (3.3); no currency effects.
- Earnings per share decreased 47 percent to SEK 3.89 (7.35).
- Operating cash flow from operations amounted to SEK –0.3 billion (–0.3), according to IFRS.
- Operating net financial assets totaled SEK 6.5 billion (March 31, 2018: 9.3), according to IFRS.
- Order bookings in Construction decreased 15 percent to SEK 71.9 billion (84.5); no currency effects. The order backlog amounted to SEK 197.6 billion (March 31, 2018: 190.9).
- Operating income in Construction amounted to SEK 0.5 M (0.5).
- Operating income in Project Development (Residential, Commercial Property and Infrastructure) decreased 43 percent to SEK 1.9 billion (3.3); adjusted for currency effects operating income decreased 44 percent.
- Return on capital employed in Project Development was 14.3 percent (16.5).
- Net investments in Project Development amounted to SEK –0.5 billion (–0.2), according to IFRS.

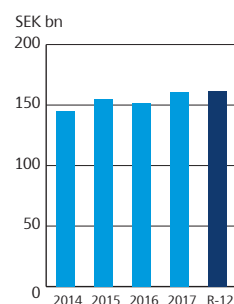
Performance analysis

Tables referring to segment reporting are in shaded background. For more information see page 17. For definitions of non-IFRS financial measures see pages 18-20.

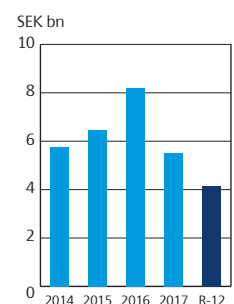
SEK M	Jan-Jun 2018	Jan-Jun 2017	Change, %	Apr-Jun 2018	Apr-Jun 2017	Change, %
Revenue						
Construction	75,053	70,768	6	40,422	38,681	5
Residential Development	4,166	8,068	–48	2,282	4,716	–52
Commercial Property Development	7,310	6,681	9	3,530	5,119	–31
Infrastructure Development	34	39	–13	18	18	0
Central and eliminations	–7,095	–6,438	10	–3,734	–3,598	4
Total	79,468	79,118	0	42,518	44,936	–5
Operating income						
Construction	541	508	6	582	116	402
Residential Development	618	1,103	–44	398	665	–40
Commercial Property Development	1,332	1,257	6	472	978	–52
Infrastructure Development	–75	910	–	41	–29	–
Central	–454	–417	9	–155	–235	–34
Eliminations	–25	–61	–59	–53	–44	20
Operating income	1,937	3,300	–41	1,285	1,451	–11
Net financial items	9	30	–70	22	23	–4
Income after financial items	1,946	3,330	–42	1,307	1,474	–11
Taxes	–348	–313	11	–219	–53	313
Profit for the period	1,598	3,017	–47	1,088	1,421	–23
Earnings for the period per share, SEK	3.89	7.35	–47	2.64	3.45	–23
Revenue for the period according to IFRSs	78,168	73,707	6	43,502	40,094	9
Operating income for the period according to IFRSs	1,668	2,054	–19	1,385	453	206
Earnings for the period per share according to IFRSs, SEK	3.35	4.60	–27	2.82	1.22	132
Operating cash flow from operations	–264	–306	–14	383	–1,936	–
Interest-bearing net receivables(+)/net debt(–)	–4,041	–4,323	–7	–4,041	–4,323	–7
Return on capital employed in Project Development, % ¹	14.3	16.5				
Operating net financial assets(+)/liabilities(–)	6,485	7,380	–12			
Return on equity, % ¹	13.2	26.7				

¹ Rolling 12 months.

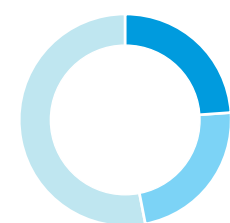
Revenue



Operating income

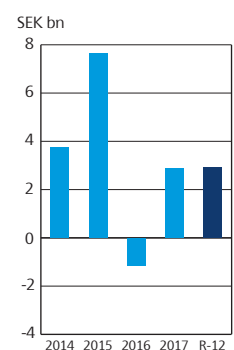


Operating income per segment, R-12m, Jun 30, 2018



- Construction, 24%
- Residential Development, 23%
- Commercial Property Development, 53%
- Infrastructure Development, 0%

Operating cash flow from operations



Comments from Skanska's President and CEO Anders Danielsson



In the first six months of 2018 we continued to produce strong results in many areas of our business. The Nordic construction operations, especially Sweden, as well as our Commercial Property Development operations delivered strong performance. The strategic initiatives to restore profitability levels in our Construction stream have begun stabilizing our operations in Poland but we experienced additional setbacks

in the US operations, where second quarter results were far from satisfactory.

In the Construction stream, project write-downs were taken in USA during the second quarter. The majority of these relates to additional cost overruns in a civil project where we previously have been experiencing delays and low production rates. In Poland we expect our operations to continue stabilizing during the remainder of the year. Elsewhere in Europe, our performance remains stable and continues to be strong in the Nordic countries.

In the Residential Development stream, strong profitability is being maintained as our portfolio of ongoing projects matures. The market

situation is unchanged compared to the previous quarter, with good markets in Finland and Central Europe, while volumes in Sweden and Norway remain at relatively low levels. Our product offering and diversification in these markets, combined with our financial strength, mean we remain well positioned to selectively pursue opportunities in the current market environment.

The Commercial Property Development stream maintained high levels of divestments and project starts during the second quarter. Strong interest from investors and tenants in almost all of our markets remains. The somewhat lower profitability level in the second quarter compared to the first quarter is a reflection of a different mix in the divestment of asset types and locations.

In our Infrastructure Development stream we reached financial close on Norway's Rv 3 road PPP-project during the second quarter, leading to a substantial order booking in the Construction stream as well as adding to our investment portfolio in Infrastructure Development.

Looking ahead, we remain highly focused on improving profitability in our Construction stream. We are continuing the implementation of the strategic initiatives decided upon earlier in the year and having them reach full potential. At the same time we are continuing to invest and create value in our Project Development operations.



In Lund, Sweden, Skanska has a key role in creating the European Spallation Source (ESS), which will be the most powerful research facility of its type. Comparable to a giant microscope, ESS will use neutrons to enable scientific breakthroughs with materials, energy, health and the environment. ESS will be one of the world's most environmentally sustainable research centers. Among the ways Skanska is supporting this ambition during construction is by eliminating waste to landfill, which has required new ways of proactively working with materials and suppliers, and by using biodiesel to power all heavy machines, reducing greenhouse gas emissions by 88 percent. Part of it is intended to be certified Excellent – the second-highest ranking – under the international BREEAM eco-certification.

Market outlook, next 12 months

Unchanged 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 has slowed down from a high activity level. 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 investments in the residential building market are lower. The overall market situation in Finland continues to gradually improve.

In the UK there is still some uncertainty related to Brexit limiting investments in the non-residential building market. The civil market is stable. In Central Europe there is a high activity level in general, even though the Czech Republic civil market is experiencing significant competition. In both Poland and Czech Republic, construction related inflation continues increasing rapidly.

In USA the overall market is strong. The civil construction market remains good, although competition is intense, and the building construction market is strong in sectors such as aviation, education, data centers, life-science and healthcare.

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

¹ Including Slovakia.

Residential Development

The overall Swedish residential market is weak but focusing on the market segments that Skanska's product range is targeting the situation is a bit more stable, even if it has slowed down significantly after a period of strong growth. Uncertainty about the direction of home prices is impacting the market negatively. The underlying housing needs should however be supportive long-term. The situation is similar in Norway while the Finnish market is solid and the Central European market is good. Common to all home markets is the challenge to acquire and develop land due to high prices and long permitting processes.

➡️ Nordics	
Sweden	➡️
Norway	➡️
Finland	➡️
⬇️ Europe	



Lappeenrannan Loiste, Lappeenranta, 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 USA, demand from tenants remains strong in Boston and Seattle, while somewhat weaker in Washington D.C. and Houston's energy corridor.

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, USA and Central Europe.

In all home markets there is a challenge to acquire and develop land due to high prices and long permitting processes.

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



2+U, Seattle, USA.

Infrastructure Development

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

➡️ All countries	
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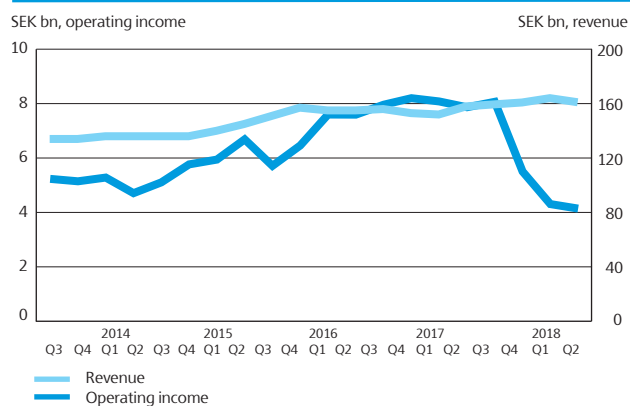


Inauguration of New Karolinska Solna, Stockholm, Sweden.

Performance analysis

Group

Revenue and operating income, rolling 12 months



Revenue and earnings

SEK M	Jan-Jun 2018	Jan-Jun 2017	Change, %	Apr-Jun 2018	Apr-Jun 2017	Change, %
Revenue	79,468	79,118	0	42,518	44,936	-5
Operating income ^{1,2}	1,937	3,300	-41	1,285	1,451	-11
Net financial items	9	30	-70	22	23	-4
Income after financial items	1,946	3,330	-42	1,307	1,474	-11
Taxes	-348	-313	11	-219	-53	313
Profit for the period	1,598	3,017	-47	1,088	1,421	-23
Earnings for the period per share, SEK ³	3.89	7.35	-47	2.64	3.45	-23
Earnings for the period per share according to IFRSs, SEK ³	3.35	4.60	-27	2.82	1.22	132

1 Central, SEK -454 M (-417).

2 Eliminations, SEK -25 M (-61).

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

Changes and currency rate effects

	Jan-Jun 2018 / Jan-Jun 2017		
	Change in SEK	Change in local currency	Currency effect
Revenue	0%	1%	-1%
Operating income	-41%	-41%	0%

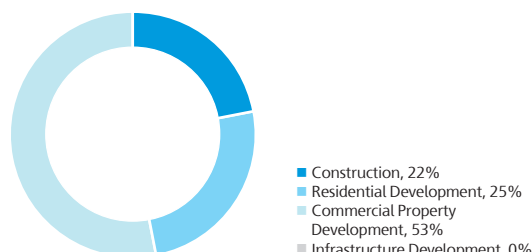
Revenue amounted to SEK 79.5 billion (79.1); adjusted for currency effects revenue increased 1 percent.

Operating income decreased 41 percent and amounted to SEK 1,937 M (3,300); no currency effects. Operating income was

Revenue per segment, January–June 2018



Operating income per segment, January–June 2018



negatively affected by previously announced restructuring charges of SEK 670 M and project write-downs in the Polish construction operations of about SEK 600 M. Also impacting operating income were additional project write-downs in the second quarter in the US construction operations of about SEK 520 M. Claims resolutions in the US civil operations and effects from pension curtailments in the UK had a positive impact of about SEK 500 M. In the comparable period the divestment of the PPP-investment in the A1 motorway in Poland and project write-downs in the US and the UK construction operations impacted operating income significantly.

Central expenses totaled SEK -454 M (-417) and include restructuring charges of SEK 120 M. The elimination of gains in Intra-Group projects amounted to SEK -25 M (-61).

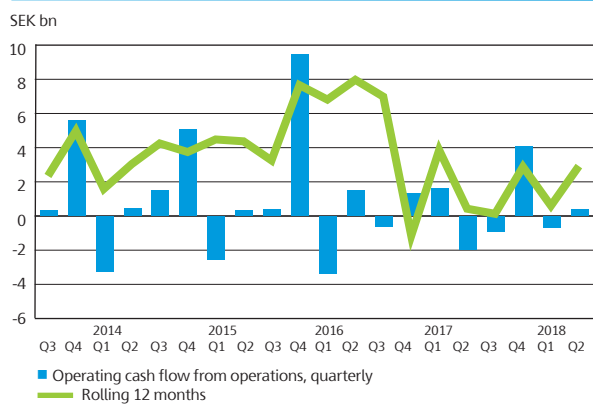
Net financial items amounted to SEK 9 M (30).

Taxes for the period amounted to SEK -348 M (-313), corresponding to an effective tax rate of about 18 (9) percent. The lower tax rate in the comparable period is related to a higher proportion of income sources with a lower tax rate.

Cash flow

Group

Operating cash flow from operations



Operating cash flow

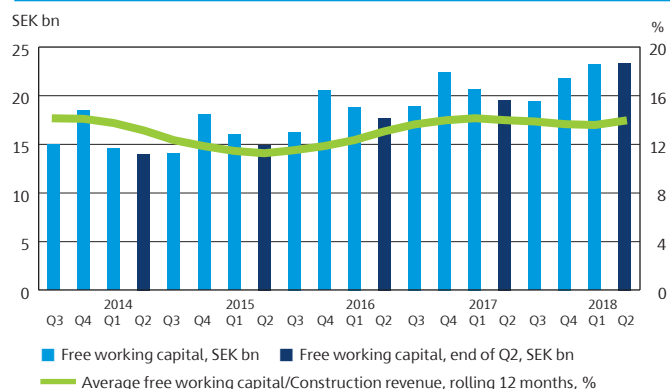
SEK M	Jan-Jun 2018	Jan-Jun 2017	Change, %	Apr-Jun 2018	Apr-Jun 2017	Change, %
Cash flow from business operations	284	83	242	374	-103	-
Change in working capital	993	978	2	-605	-378	60
Net divestments(+)/investments(-)	-1,586	-1,244	27	455	-1,461	-
Cash flow adjustment	12	15	-20	0	29	-
Cash flow from business operations before taxes paid	-297	-168	77	224	-1,913	-
Taxes paid in business operations	-64	-266	-76	128	-48	-
Cash flow from financing operations	97	128	-24	31	25	24
Operating cash flow from operations	-264	-306	-14	383	-1,936	-
Net strategic divestments(+)/investments(-)	-10	0	-	0	0	-
Dividend etc	-3,472	-3,541	-2	-3,409	-3,528	-3
Cash flow before change in interest-bearing receivables and liabilities	-3,746	-3,847	-3	-3,026	-5,464	-45
Change in interest-bearing receivables and liabilities	90	2,725	-97	881	2,798	-69
Cash flow for the period	-3,656	-1,122	226	-2,145	-2,666	-20

Operating cash flow from operations amounted to SEK -264 M (-306).

Taxes paid in business operations amounted to SEK -64 M (-266).

Commercial Property Development assets sold but not yet transferred will have a positive effect on cash flow of about SEK 7.4 billion, of which SEK 3.1 billion will be received during the second half of 2018.

Free working capital in Construction



Free working capital in Construction amounted to SEK 23.4 billion (19.6), with average free working capital in relation to Construction revenue in the past 12 months at 13.9 percent. Free working capital in Construction remained at a good level due to favorable cash flow profiles in a number of projects and continued focus on cash generation in the Construction stream. Cash flow due to changes in working capital in Construction amounted to SEK 220 M (-2,381). Settlements and increased provisions largely account for the change in cash flow.

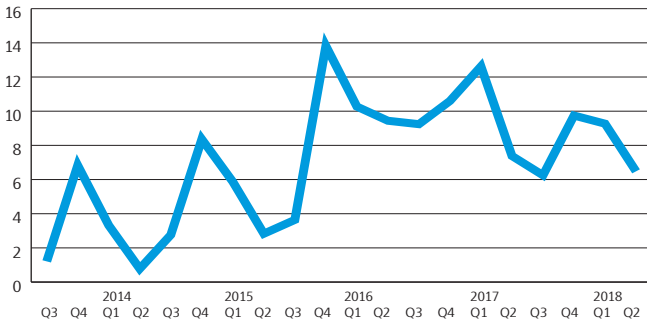


Ordsall Chord, Manchester, UK.

Financial position

Operating net financial assets/liabilities

SEK bn



Balance sheet – Summary

SEK bn	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Total assets	116.0	106.1	109.4
Total equity	27.2	24.4	27.2
Interest-bearing net receivables (+)/net debt (-)	-4.0	-4.3	-1.1
Operating net financial assets(+)/liabilities(-)	6.5	7.4	9.7
Capital employed, closing balance	44.5	41.6	44.1
Equity/assets ratio, %	23.4	23.0	24.8

Change in interest-bearing receivables and liabilities

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Opening balance interest-bearing net receivables(+)/net debt(-)	-1,126	1,219	-1,645	2,917	1,219
Change in accounting principle ¹	-30	-	-	-	-
Adjusted opening balance	-1,156	1,219	-1,645	2,917	1,219
Cash flow for the period	-3,656	-1,122	-2,145	-2,666	1,619
Less change in interest-bearing receivables and liabilities	-90	-2,725	-881	-2,798	-2,619
Cash flow before change in interest-bearing receivables and liabilities	-3,746	-3,847	-3,026	-5,464	-1,000
Translation differences, net receivables/net debt	186	-534	276	-429	-941
Remeasurements of pension liabilities	429	-1,140	352	-1,300	-334
Interest-bearing liabilities acquired/divested	-7	0	0	0	0
Other changes, interest-bearing net receivables/net debt	253	-21	2	-47	-70
Change in interest-bearing net receivables/net debt	-2,885	-5,542	-2,396	-7,240	-2,345
Closing balance interest-bearing net receivables(+)/net debt(-)	-4,041	-4,323	-4,041	-4,323	-1,126
Pension liability, net	4,001	5,694	4,001	5,694	4,910
Loans to housing co-ops	6,525	6,009	6,525	6,009	5,961
Closing balance operating net financial assets(+)/liabilities(-)	6,485	7,380	6,485	7,380	9,745

¹ Change in accounting principle is attributable to the implementation of IFRS 9. For further information on IFRS 9, see the Annual Report 2017, Note 1.

Operating net financial assets amounted to SEK 6.5 billion (March 31, 2018: 9.3). Interest-bearing net debt amounted to SEK -4.0 billion (March 31, 2018: -1.6).

At the end of the quarter, cash, cash equivalents and committed unutilized credit facilities amounted to about SEK 12.2 billion

(March 31, 2018: 14.2), of which SEK 10.7 billion (March 31, 2018: 12.5) is available within one week. The Group central loan portfolio amounted to SEK 4.8 billion (March 31, 2018: 3.6) and had an average maturity of 3.8 years (March 31, 2018: 3.5), including committed unutilized credit facilities. Loans to housing co-ops totaled SEK 6.5 billion (March 31, 2018: 6.4) and net pension liabilities totaled SEK 4.0 billion (March 31, 2018: 4.5). At the end of the quarter, capital employed amounted to SEK 44.5 billion (March 31, 2018: 44.2).

Equity

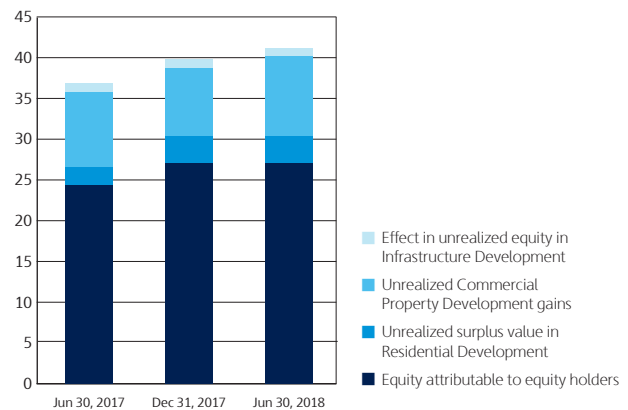
Changes in equity

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Opening balance	27,185	27,506	28,140	29,021	27,506
Change in accounting principle ¹	-140	-	-	-	-
Adjusted opening balance	27,045	27,506	28,140	29,021	27,506
Dividend to shareholders	-3,373	-3,380	-3,373	-3,380	-3,380
Other changes in equity not included in total comprehensive income for the year	40	-10	17	-73	-202
Profit for the period	1,378	1,888	1,162	505	4,111
Other comprehensive income					
Translation differences	1,637	-630	862	-467	-716
Effects of remeasurements of pensions	238	-1,059	173	-1,201	-330
Effects of cash flow hedges	192	133	176	43	196
Closing balance	27,157	24,448	27,157	24,448	27,185

¹ Change in accounting principle is attributable to the implementation of IFRS 9. For further information on IFRS 9, see the Annual Report 2017, Note 1.

Adjusted equity, less standard tax of 10 percent

SEK bn



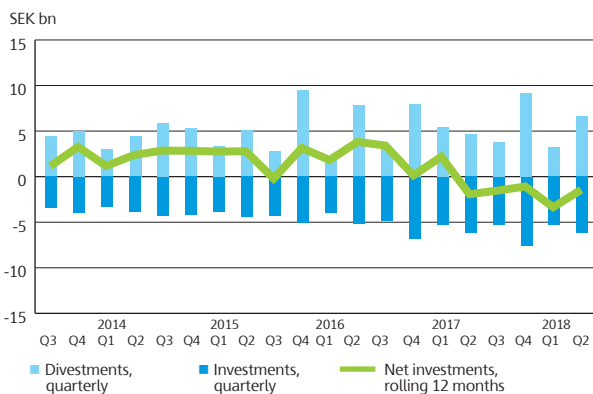
The Group's equity amounted to SEK 27.2 billion (24.4), resulting in an equity/assets ratio of 23.4 percent (23.0) and a net debt/equity ratio of 0.1 (0.2).

The effects of remeasurements of pensions amounted to SEK 238 M (-1,059). The comparable period was impacted by lower discount rates in Sweden, Norway and the UK. The effects of cash flow hedges, SEK 192 M (133), are mainly related to changes in interest-rate swaps attributable to Infrastructure Development projects. Translation differences amounted to SEK 1,637 M (-630), mainly attributable to a weaker Swedish krona.

Unrealized surplus values less standard tax in Project Development amounted to SEK 14.2 billion (March 31, 2018: 13.6), of which SEK 1.6 billion was realized according to segment reporting.

Investments and divestments

Investments and divestments



The Group's investments amounted to SEK -11,491 M (-11,396), while divestments amounted to SEK 9,895 M (10,152), resulting in net investments of SEK -1,596 M (-1,244).

In Construction, investments totaled SEK -1,216 M (-1,113). These investments were mainly related to property, plant and equipment for the Group's own operations. Net investments in Construction amounted to SEK -1,058 M (-1,006). Depreciation of property, plant and equipment amounted to SEK -700 M (-647).

In Residential Development, investments totaled SEK -4,921 M (-5,875), of which about SEK -450 M (-1,555) relates to land acquisitions, corresponding to 1,216 building rights. Divestments amounted to SEK 4,964 M (6,215). Net divestments in Residential Development amounted to SEK 43 M (340).

In Commercial Property Development, investments totaled SEK -5,295 M (-4,499), of which SEK -290 M (-474) was related to investments in new land, while divestments amounted to SEK 4,750 M (2,624). Net investments in Commercial Property Development amounted to SEK -545 M (-1,875).

Investments in Infrastructure Development amounted to SEK -65 M (-71), while divestments amounted to SEK 23 M (1,368). Net investments in Infrastructure Development amounted to SEK -42 M (1,297).

Investments, divestments and net divestments/investments

SEK M	Jan-Jun 2018	Jan-Jun 2017	Change, %	Apr-Jun 2018	Apr-Jun 2017	Change, %
Investments						
Construction	-1,216	-1,113	9	-737	-627	18
Residential Development	-4,921	-5,875	-16	-2,652	-3,128	-15
Commercial Property Development	-5,295	-4,499	18	-2,826	-2,477	14
Infrastructure Development	-65	-71	-8	0	-60	-
Other	6	162		7	133	
Total	-11,491	-11,396	1	-6,208	-6,159	1
Divestments						
Construction	158	107	48	68	70	-3
Residential Development	4,964	6,215	-20	2,486	3,626	-31
Commercial Property Development	4,750	2,624	81	4,085	1,110	268
Infrastructure Development	23	1,368	-98	23	6	283
Other	0	-162		1	-114	
Total	9,895	10,152	-3	6,663	4,698	42
Net divestments(+)/ investments(-)						
Construction	-1,058	-1,006	5	-669	-557	20
Residential Development	43	340	-87	-166	498	-
Commercial Property Development	-545	-1,875	-71	1,259	-1,367	-
Infrastructure Development	-42	1,297	-	23	-54	-
Other	6	0		8	19	
Total	-1,596	-1,244	28	455	-1,461	-
Of which strategic	-10	0		0	0	

Capital employed in Project Development

SEK M	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Residential Development	14,056	11,694	12,652
Commercial Property Development	26,742	22,012	24,481
Infrastructure Development	2,216	2,227	1,809
Total in Project Development	43,014	35,933	38,942



Investment in Drydock, Boston Seaport, Boston, USA.

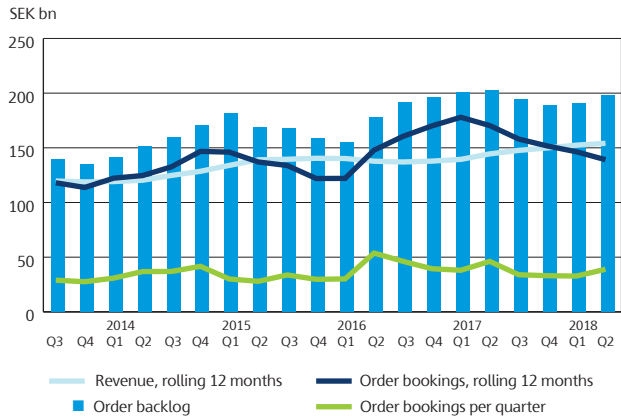


Divestment, Campus 6.1, Bucharest, Romania.

Performance analysis, business streams

Construction – Order situation

Order backlog, revenue and order bookings



Order bookings and order backlog in Construction

SEK bn	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017
Order bookings	71.9	84.5	39.1	46.3
Order backlog ¹	197.6	202.2	-	-

¹ Refers to the end of each period.

Order bookings decreased 15 percent and amounted to SEK 71.9 billion (84.5); no currency effects. On a rolling 12-month basis the book-to-build ratio was 90 percent (March 31, 2018: 96). The lower order bookings are mainly a result of the strategic initiatives, including more selective bidding.

At the end of the quarter, the order backlog amounted to SEK 197.6 billion compared to 190.9 billion at the end of the previous quarter. The order backlog corresponds to about 15 months of production (March 31, 2018: 15).

Changes and currency rate effects

	Change in SEK	Change in local currency	Currency effect
Jan-Jun 2018 / Jan-Jun 2017			
Order bookings	-15%	-15%	0%
Jun 30, 2018 / Mar 31, 2018			
Order backlog	3%	-1%	4%

Major orders in the quarter

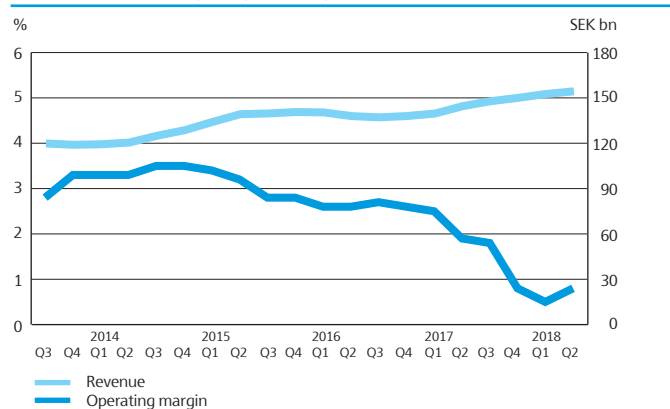
Geography	Contract	Amount SEK M	Client
Nordic	Road project	2,700	Norwegian Public Roads Administration (NRPA)
Europe	Mixed-use development	1,600	The Olayan Group
Nordic	Ring road project	1,600	The Finnish Transport Agency
USA	Acute care hospital	1,600	CHA Hollywood Medical Center, L.P.
USA	Patient bed tower	1,600	Duke University Health System



K1 Knightsbridge, London, UK.

Construction

Revenue and operating margin, rolling 12 months



Revenue and earnings

SEK M	Jan-Jun 2018	Jan-Jun 2017	Change, %	Apr-Jun 2018	Apr-Jun 2017	Change, %
Revenue	75,053	70,768	6	40,422	38,681	5
Gross income	3,887	3,861	1	2,246	1,785	26
Selling and administrative expenses	-3,358	-3,360	0	-1,680	-1,679	0
Income from joint ventures and associated companies	12	7		16	10	
Operating income	541	508	6	582	116	402
Gross margin, %	5.2	5.5		5.6	4.6	
Selling and administrative expenses, %	-4.5	-4.7		-4.2	-4.3	
Operating margin, %	0.7	0.7		1.4	0.3	
Employees	37,954	38,681				

Changes and currency rate effects

	Jan-Jun 2018 / Jan-Jun 2017		
	Change in SEK	Change in local currency	Currency effect
Revenue	6%	7%	-1%
Operating income	6%	18%	-12%

Revenue in the Construction business stream increased 6 percent and amounted to SEK 75.1 billion (70.8); adjusted for currency effects revenue increased 7 percent. Operating income amounted to SEK 541 M (508).

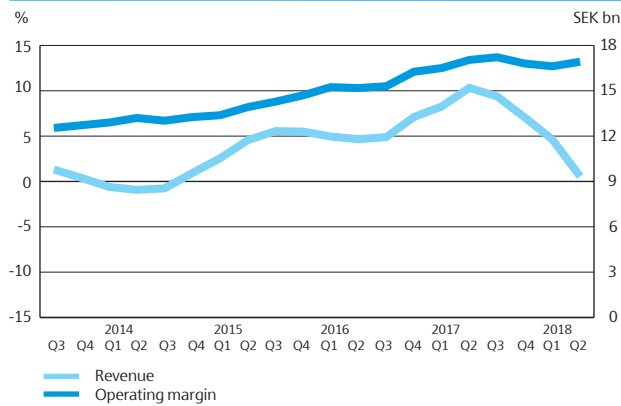
The performance in the Nordics was stable and strong, mainly driven by Sweden. Operating income in Europe was negatively impacted by earlier communicated restructuring charges of SEK 430 M in total, and project write-downs of about SEK 600 M in the Polish operations. The main reasons for the write-downs are delays and cost increases in projects. Also impacting operating income were additional project write-downs in the second quarter in the US operations of about SEK 520 M. The majority of these write-downs relates to additional cost overruns in a civil project due to low production rates and delays. Claim resolutions in the civil operations in USA and effects of pension curtailments in the UK had a positive impact of about SEK 500 M in total. The comparable period contains project write-downs in USA and in the UK amounting to SEK 780 M.



Slussen, Stockholm, Sweden.

Residential Development

Revenue and operating margin, rolling 12 months



Revenue and earnings

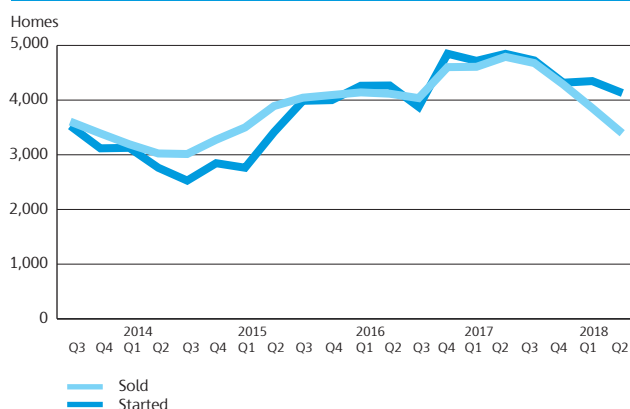
SEK M	Jan-Jun 2018	Jan-Jun 2017	Change, %	Apr-Jun 2018	Apr-Jun 2017	Change, %
Revenue	4,166	8,068	-48	2,282	4,716	-52
Gross income	968	1,431	-32	572	830	-31
Selling and administrative expenses	-350	-328	7	-174	-165	5
Operating income	618	1,103	-44	398	665	-40
Gross margin, %	23.2	17.7		25.1	17.6	
Selling and administrative expenses, %	-8.4	-4.1		-7.6	-3.5	
Operating margin, %	14.8	13.7		17.4	14.1	
Return on capital employed, % ¹	10.2	19.3		-	-	

1 Rolling 12 months. For definition see page 19.

Revenue in the Residential Development business stream amounted to SEK 4,166 M (8,068). The number of homes sold totaled 1,494 (2,369). Operating income amounted to SEK 618 M (1,103) and includes a larger than usual effect from the release of reserves related to completion of projects. The operating margin amounted to 14.8 percent (13.7). The decrease in revenue is related to slower markets in Sweden and Norway.

Return on capital employed decreased to 10.2 percent (19.3) as a result of lower profit and higher capital employed.

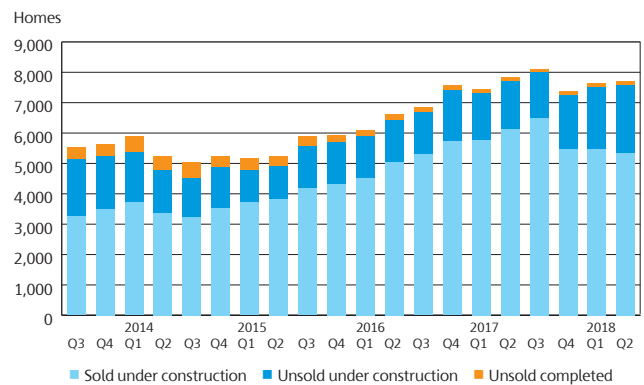
Homes sold and started, rolling 12 months



Homes sold and started

	Jan-Jun 2018	Jan-Jun 2017
Homes sold	1,494	2,369
Homes started	1,961	2,141

Homes under construction and unsold



Homes under construction and unsold

	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Homes under construction	7,564	7,705	7,243
of which sold, %	71	80	76
Completed unsold, number of homes	133	122	122

At the end of the quarter, 7,564 homes (March 31, 2018: 7,511) were under construction. Of these, 71 percent (March 31, 2018: 73) were sold. The number of completed unsold homes totaled 133 (March 31, 2018: 135), with the majority located in Finland. In the first six months of 2018, construction started on 1,961 homes (2,141).

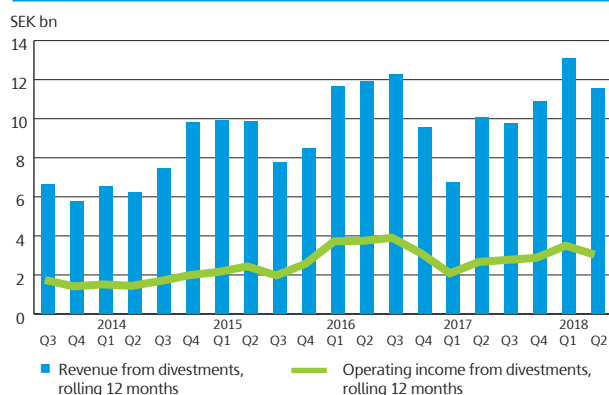
Breakdown of carrying amounts

SEK M	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Completed projects	494	613	655
Ongoing projects	9,039	7,633	7,750
Undeveloped land and development properties	7,402	6,381	6,990
Total	16,935	14,627	15,395

A breakdown of the carrying amounts for Residential Development is presented in the table above. Ongoing projects amounted to SEK 9.0 billion (March 31, 2018: 8.6) and undeveloped land and development properties amounted to SEK 7.4 billion (March 31, 2018: 7.1). The estimated unrealized surplus value in unsold homes in construction and undeveloped land and development properties amounted to about SEK 3.7 billion. The undeveloped land and development properties correspond to Skanska-owned building rights for 26,500 homes and 1,300 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 12,900 building rights.

Commercial Property Development

Revenue and operating income from property divestments



Revenue and earnings

SEK M	Jan-Jun 2018	Jan-Jun 2017	Change, %	Apr-Jun 2018	Apr-Jun 2017	Change, %
Revenue	7,310	6,681	9	3,530	5,119	-31
of which from divestment of properties	7,020	6,365	10	3,382	4,960	-32
Gross income	1,802	1,684	7	719	1,220	-41
Selling and administrative expenses	-421	-425	-1	-205	-233	-12
Income from joint ventures and associated companies	-49	-2		-42	-9	
Operating income	1,332	1,257	6	472	978	-52
of which from divestment of properties	1,757	1,595	10	707	1,164	-39
Return on capital employed, % ¹	16.6	12.2				

¹ Rolling 12 months. For definition see page 19.

In the Commercial Property Development business stream, divestments worth SEK 7,020 M (6,365) were made in the first six months of 2018.

Breakdown of investment value and market value

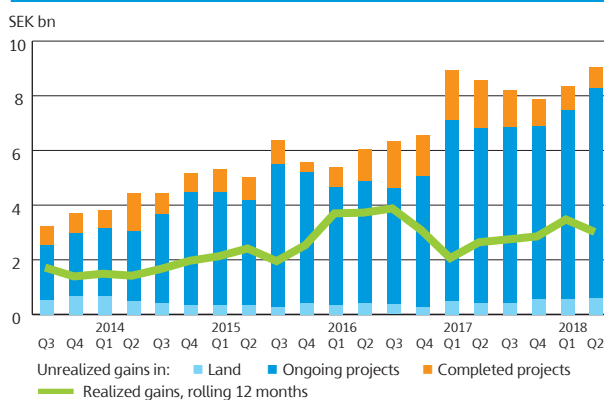
SEK M	Investment value, end of period	Investment value upon completion	Market value ¹	Occupancy rate, %	Degree of completion, %
Ongoing projects	16,231	31,822	40,664	45	52
Completed projects ²	4,215	4,215	5,549	79	100
Undeveloped land and development properties	7,645	7,645	8,251		
Total	28,091	43,682	54,464		
of which carrying amount ³	27,771	43,362			
of which completed projects sold according to segment reporting	1,318	1,318	1,875		
of which ongoing projects sold according to segment reporting	2,452	4,322	5,496		

¹ Market value according to appraisal on December 31, 2017. Estimated market value at completion fully leased.

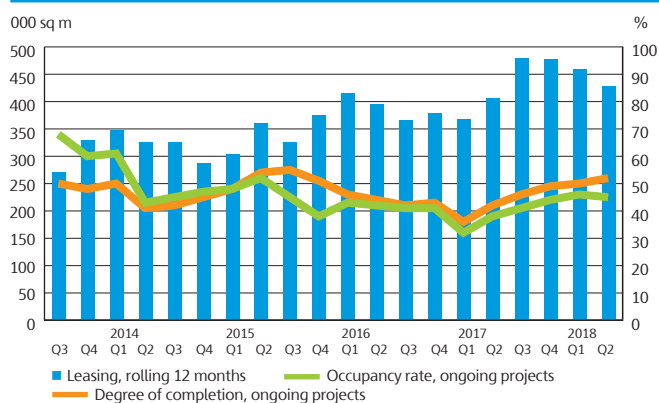
² Skanska's share of total production cost in JVs is SEK 683 M end of period and upon completion.

³ Includes Skanska's total equity investment in JV of SEK 363 M (end of period) and SEK 363 M (upon completion) and tenant improvement and leasing commissions in CDUS of 233 MSEK (Completed projects) and 490 MSEK (Ongoing projects).

Unrealized and realized gains, segment reporting



Leasing and degree of completion



Operating income amounted to SEK 1,332 M (1,257) and included gains from property divestments totaling SEK 1,757 M (1,595).

Return on capital employed increased, despite higher capital employed, to 16.6 percent (12.2), due to higher profit.

At the end of the quarter, Commercial Property Development had 48 ongoing projects. In the second quarter, five new projects were started and seven were completed. The 48 ongoing projects represent leasable space of about 1,071,000 sq m with an occupancy rate of 45 percent, measured in rent. The projects' degree of completion is 52 percent. Their investment value upon completion is expected to total SEK 31.8 billion, with an estimated market value of SEK 40.7 billion.

Of the ongoing projects, 14 have been divested according to segment reporting. These projects represent an investment value upon completion of SEK 4.3 billion, with a sales value of SEK 5.5 billion.

The market value of completed projects, excluding properties divested according to segment reporting, was SEK 3.7 billion. The occupancy rate, measured in rent, totaled 79 percent (March 31, 2018: 84).

At the end of the quarter, unrealized gains, excluding properties divested according to segment reporting, totaled SEK 9.1 billion. These gains related to SEK 7.7 billion in ongoing projects, SEK 0.8 billion in completed projects and SEK 0.6 billion in undeveloped land and development properties.

Accumulated eliminations of intra-Group project gains amounted to SEK 556 M. These eliminations are released at the Group level as each project is divested.

During the first six months new leases were signed for 165,000 sq m (214,000).

Infrastructure Development

Revenue and earnings

SEK M	Jan-Jun 2018	Jan-Jun 2017	Change, %	Apr-Jun 2018	Apr-Jun 2017	Change, %
Revenue	34	39	-13	18	18	0
Gross income	-63	-56	13	-31	-28	11
Selling and administrative expenses	-100	-69	45	19	-34	-
Income from joint ventures and associated companies	88	1,035	-91	53	33	61
Operating income	-75	910	-	41	-29	-
of which gains from divestments of shares in projects	23	913	-97	23	0	-
Return on capital employed, % ¹	13.1	31.1				

1 Rolling 12 months. For definition see page 19.

Operating income in the Infrastructure Development business stream totaled SEK -75 M (910) and includes earlier communicated restructuring charges of SEK 120 M as well as a success fee from the financial close of Rv3 in Norway during the second quarter. The comparable period contains the gain of about SEK 0.9 billion from the divestment of the investment in the A1 motorway project in the Poland. Return on capital employed decreased to 13.1 percent (31.1) as a result of lower profit.

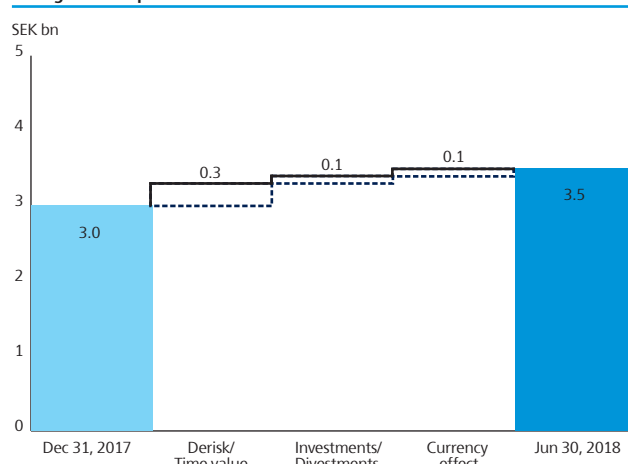
The net present value of projects at the end of the period increased to SEK 3.5 billion (Dec 31, 2017: 3.0). Remaining investment obli-

Unrealized development gains

SEK bn	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Present value of cash flow from projects	4.5	4.0	3.8
Present value of remaining investments	-1.0	-0.9	-0.8
Net present value of projects	3.5	3.1	3.0
Carrying amount before Cash flow hedge / Carrying amount	-2.6	-2.6	-2.5
Unrealized development gain	0.9	0.5	0.5
Cash flow hedge	0.3	0.6	0.6
Effect in unrealized equity¹	1.2	1.1	1.1

1 Tax effects not included.

Changes in net present value

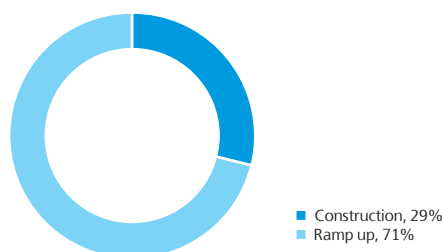


gations relating to ongoing Infrastructure Development projects amounted to about SEK -1.0 billion (Dec 31, 2017: -0.8).

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 (Dec 31, 2017: 2.5), while unrealized development gains totaled about SEK 0.9 billion (Dec 31, 2017: 0.5).

Cash flow hedges, for which the change in value is recognized as other comprehensive income, reduced the carrying amount and thereby equity by SEK 0.3 billion (Dec 31, 2017: 0.6).

Estimated gross present value by phase



Elizabeth River Tunnels, Virginia, USA.

Personnel

During the period, the average number of employees in the Group was 39,583 (40,457). At the end of the quarter, the number of employees totaled 39,716 people (March 31, 2018: 39,614).

Transactions with related parties

For the nature and extent of transactions with related parties, see the 2017 Annual Report, Note 39. There were no new significant transactions during the quarter.

Material risks and uncertainties

For information about risks and a description of key estimates and judgments, see the 2017 Annual Report, Report of the Directors and Note 2 and 6, as well as the section above on market outlook.

Other matters

Repurchase of shares

At the Board meeting on April 13, 2018, 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 2019, 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 later than the Annual General Meeting in 2019, not more than 700,000 Series B shares in Skanska may be transferred, the aim of which is to cover mainly social security costs that may occur in relation to Skanska's employee ownership program (2014-2016) Seop 3.

Acquisition, or transfer, may only be made on Nasdaq Stockholm within the price interval prevailing at any given time, meaning the interval between the highest purchase price and the lowest selling price. On June 30, 2018, Skanska held 10,786,983 Series B shares in its own custody.

Events after the end of the report period

There were no events to report after the end of the period.

Financial reports for 2018

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

The Group's remaining interim reports in 2018 will be published on the following dates:

November 8, 2018	Nine Month Report
February 8, 2019	Year-end Report

Certification

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

Stockholm, July 19, 2018

Hans Börck
Chairman

Pär Boman
Board member

Ola Fält
Board member

Richard Hörstedt
Board member

Nina Linander
Board member

Fredrik Lundberg
Board member

Catherine Marcus
Board member

Jayne McGivern
Board member

Yvonne Stenman
Board member

Charlotte Strömberg
Board member

Anders Danielsson
President and Chief Executive Officer

This report has not been subject to review by the Company's auditors.

Accounting principles

For the Group, this interim report has been prepared in compliance with IAS 34 Interim Financial Reporting, the Annual Accounts Act and the Securities Market Act. For the Parent Company, the interim report has been prepared in compliance with the Annual Accounts Act and the Securities Market Act, which is pursuant to the Swedish Financial Reporting Board's Recommendation RFR 2. Two new standards, IFRS 15 and IFRS 9, apply from January 1, 2018. The accounting principles for these two reporting standards are presented in Note 1 in the 2017 Annual Report, with the explanations below regarding the application of IFRS 15 for each business stream. (As described under "Segment and IFRS reporting," the point in time for recognition of revenue differs from segment reporting for Residential Development and Commercial Property Development).

The construction stream builds and renovates buildings, industrial facilities, and infrastructure. It also executes service-related assignments, in areas such as construction services and facility operations and maintenance. This business serves both public and private clients. A combination of contracts happens rarely, but contract modifications, such as those related to additional orders, are common. In most cases the added goods or services are not distinct and therefore form part of a single performance obligation that is partially met at the time of the contract modification and is reported as being a part of the existing contract. Most often the contracts, within this business stream, contain only one performance obligation. Performance obligations in the construction stream are the construction contract or the service that is to be delivered, for example the construction of a building on the customer's land or the maintenance of facilities, such as roads. If an agreement involves operations in different geographic locations, delivered during different time periods or with different risk exposures, the breakdown of several performance obligations may be relevant. If there is a right to variable remuneration, such as incentive agreements, this is taken into account to the extent that it is highly unlikely it will be reversed at a later date. Revenue is recognized over time in the construction stream, when the customer simultaneously receives and consumes the benefits provided through the entity's performance or when Skanska creates or enhances an asset, that the customer controls. Revenue is recognized over time, determined each quarter, on the basis of accumulated project expenses in relation to estimated accumulated project expenses upon completion. Costs such as wasted building costs or set-up costs incurred on site that do not contribute to the fulfillment of the performance obligation are not taken into account.

The residential stream develops and sells new residential units. Its customers consist almost exclusively of private persons. The reason for recognizing revenue is usually an agreement to sell a specific asset, such as a residential apartment. Contract modifications are rare but are included in the original contract. Even though Skanska formally concludes an agreement with a Swedish cooperative housing association or a Finnish housing corporation, the individual home buyer is considered the customer. Skanska is responsible for a residential property's sales operations and is in communication with the buyers of its units. Unsold apartments remain with Skanska as

current-asset properties. The performance obligation in the residential stream is the handing over of an apartment that is ready for occupation. The transaction price is a fixed price according to the terms of the sales agreement. Revenue is recognized at the point in time when the keys to the home are handed over to the individual buyer. In other words, it is recognized when the buyer has taken possession of the apartment and has full control over it as the owner. This is based on Skanska being deemed not to be entitled to full payment until fulfillment of its contract obligation. Even if a certain advance payment is made by the buyer, Skanska is not entitled to full payment for the work completed to date. This is due to the fact that sales contracts contain clauses that allow the buyer in certain situations to withdraw from the contract during construction without reimbursing Skanska in the manner required for the recognition of revenue over time. Apartments under construction and not yet transferred to customers are reported as current-asset properties. Remuneration received from a Swedish cooperative housing association or a Finnish housing corporation for services performed and for transfer of property is reported as a current liability.

In the Commercial Development stream Skanska initiates, invests in, develops, and leases commercial properties that it sells to real estate investors. The combination of contracts rarely occurs. Within this business stream the performance obligation to the customer is to deliver an investment property in the form of a commercial property usually with tenants. If land is sold prior to the commencement of construction work, the sale of land is a performance obligation on its own, which means that the construction work becomes a separate performance obligation within the construction stream. The development of commercial projects is a continuous process with a number of clearly defined phases. The average development cycle from the initial project idea to its completion is five to seven years. Divestment normally occurs at the end of the cycle, when a project is completed. The performance obligation is to hand over a fully developed property that usually becomes an investment holding of the customer. In some cases, Skanska also assists the investor with renting the property, an undertaking that may be a separate performance obligation. The transaction price is the price specified in the contract. When the contract with the customer is signed, there is no alternative use for the property. If Skanska is entitled to payment for any work performed to date, this would depend on the contractual terms and conditions. Skanska's assessment is, however, that it usually assumes this right only when fulfilling a contract obligation. Prior to the completion of a project, Skanska normally only has the right to an indemnity not equal to work performed to date. Revenue is therefore recognized at a point in time when the property is handed over to the customer.

The Infrastructure stream develops hospitals, airports, roads and other necessary social structures. The accounting of the stream's projects complies with IFRIC 12 Service Concession Arrangements, which in turn accounts for revenue according to IFRS 15.

The standard IFRS 15 Revenue from contracts with customers has been implemented retrospectively, which has resulted in a reclassification from contract liabilities and from trade and other payables to provisions for onerous contracts, within the line for provisions.

The reclassifications are distributed with the following numbers per quarter:

SEK M	Jan 1, 2017	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017
Contract liabilities	-151	-239	-275	-282	-370
Trade and other payables	-236	-244	-256	-244	-204
Provisions for losses	387	483	531	526	574

On June 30, 2018, provisions for losses amounted to SEK 557 M.

The implementation of the standard IFRS 9 Financial instruments has not resulted in any effects on the accounting, except for the new impairment model for expected credit losses due to possible future deficiency in customer's ability to pay. The new model applies from January 1, 2018. Comparative information is not adjusted.

As of January 1, 2018, the credit loss reserve for financial instruments has increased with SEK 180 M, of which SEK 30 M refers to interest-bearing financial receivables and SEK 150 M refers to accounts receivables. This has a direct effect in equity amounting to SEK 140 M, net of deferred tax.

The accounting principles and assessment methods presented in the 2017 Annual Report have been applied.

Relation between consolidated operating cash flow statement and consolidated cash flow statement

The difference between the operating cash flow statement and the summary cash flow statement in compliance with IAS 7 Cash flow Statements, is presented in the 2017 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 contracts are signed for the sale of homes. In the IFRS reporting revenues are instead recognized when the buyer takes possession of the homes.

Commercial Property Development initiates, develops, leases and divests commercial property projects. In most markets the construction assignments are performed by Skanska's Construction segment. In the segment reporting Commercial Property Development

recognizes revenue and earnings when 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.

Definitions

For further definitions, see the 2017 Annual Report, Note 44.

Non-IFRS financial measures

	Definition	Reason for use
		The following measures are used as they are viewed as the best and most accurate ways to measure Skanska's operations; reflecting its business model and strategy. Thus assisting investors and management in analyzing trends and performance in Skanska.
Revenue Segment	Revenue segment is the same as revenue IFRS in all streams except for the Residential Development stream and the Commercial Property Development stream, where revenue is recognised for when signing binding agreement for sale of homes and properties. As segment reporting of joint ventures in Residential Development applies the proportional method, revenue segment is affected by this.	Measure revenue generated in current market environment.
Gross income	Revenue minus cost of sales.	Measure profit generated from projects.
Gross margin	Gross income as a percentage of revenue.	Measure profitability in projects.
Selling and admin expenses %	Selling and administrative expenses as a percentage of revenue.	Measure cost efficiency in selling and administrative expenses.
Operating income	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies.	Measure profit generated from operations.
Operating income segment	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, according to segment reporting, and where Residential Development applies the proportional method for reporting of joint ventures.	Measure profit generated from operations in current market environment.
Operating income rolling 12 months	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, rolling 12 months.	Measure profit generated from operations.
Operating margin	Operating income as a percentage of revenue.	Measure profitability in operations.
Net financial items	The net of interest income, financial net pension cost, interest expense, capitalized expense, change in fair value and other net financial items.	Measure total net for financial activities.
Income after financial items	Operating income minus net financial items.	Measure profit generated before taxes.
Earnings per share, segment	Profit for the period, segment, attributable to equity holders divided by the average number of shares outstanding.	Measure earnings per share, segment.
Book-to-build, rolling 12 months	Order bookings divided by construction revenue, rolling 12 months.	Measures to which extent new orders are replacing work put in place.
Unrealized gains, Commercial Property Development (CD)	Market value minus investment value upon completion for ongoing projects, completed projects and land. Excluding projects sold according to segment reporting.	Measure potential realization of future gains in Commercial Property Development.
Capital employed, Group	Total assets minus non-interest-bearing liabilities.	Measure capital usage and efficiency.
Capital employed, Stream	Total assets less tax assets, deposits in Skanska's treasury unit and pension receivable minus non-interest-bearing liabilities excluding tax liabilities. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.	Measure capital usage and efficiency in a Stream.
Capital employed Residential Development (RD) SEK M	Total assets 21,360 - tax assets -434 - deposits in internal bank -335 - pension receivable -30 - non-interest-bearing liabilities (excluding tax liabilities) -6,422 - capitalized interest expense -83 14,056	Measure capital usage and efficiency in Residential Development.
Capital employed Commercial Property Development (CD) SEK M	Total assets 30,397 - tax assets -498 - deposits in internal bank -30 - pension receivable 0 - non-interest-bearing liabilities (excluding tax liabilities) -2,774 - capitalized interest expense -353 26,742	Measure capital usage and efficiency in Commercial Property Development.
Capital employed Infrastructure Development (ID) SEK M	Total assets 2,976 - tax assets -585 - deposits in internal bank 0 - pension receivable 0 - non-interest-bearing liabilities (excluding tax liabilities) -175 2,216	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 RD segment, rolling 12 months excluding RD UK (as this is closing down) SEK M	<p>Operating income 1,231 + capitalized interest expense 73 +/- financial income and other financial items 12 – interest income from internal bank –2</p> <p>Adjusted profit 1,314 Capital employed average* 12,891 ROCE RD 10.2%</p> <p>* Capital employed average Q2 2018 14,091 x 0.5 7,046 Q1 2018 13,942 13,942 Q4 2017 12,686 12,686 Q3 2017 12,026 12,026 Q2 2017 11,728 x 0.5 5,864</p> <p style="text-align: right;">51,564 / 4 12,891</p>	Measure the performance (profitability and capital efficiency) in RD.
ROCE in CD segment, rolling 12 months SEK M	<p>For the Commercial Property Development the profit is adjusted so that the change in value of projects in progress and the difference between the market value and selling price for the year is reflected.</p> <p>Operating income 2,789 +/- adjustments as mentioned above 1,228 + capitalized interest expense 53 +/- financial income and other financial items 17 – interest income from internal bank –6</p> <p>Adjusted profit 4,081 Capital employed average* 24,609 ROCE CD 16.6%</p> <p>* Capital employed average Q2 2018 26,742 x 0.5 13,371 Q1 2018 26,021 26,021 Q4 2017 24,481 24,481 Q3 2017 23,558 23,558 Q2 2017 22,012 x 0.5 11,006</p> <p style="text-align: right;">98,437 / 4 24,609</p>	Measure the performance (profitability and capital efficiency) in CD.
ROCE in ID segment, rolling 12 months SEK M	<p>For Infrastructure Development the profit is adjusted so that the change in value of projects in progress and the difference between the market value and selling price for the year is reflected.</p> <p>Operating income –60 +/- adjustments as mentioned above 370</p> <p>Adjusted profit 310 Capital employed average* 2,003 +/- adjustments as mentioned above 366</p> <p>Adjusted Capital Employed 2,369 ROCE ID 13.1%</p> <p>* Capital employed average Q2 2018 2,216 x 0.5 1,108 Q1 2018 1,770 1,770 Q4 2017 1,809 1,809 Q3 2017 2,211 2,211 Q2 2017 2,227 x 0.5 1,114</p> <p style="text-align: right;">8,012 / 4 2,003</p>	Measure the performance (profitability and capital efficiency) in ID.

Non-IFRS financial measures	Definition	Reason for use																												
ROCE in Project Development, segment SEK M	<p>Is calculated as the summarized adjusted profit for RD, CD and ID divided by the summarized capital employed average for RD, CD and ID.</p> <p>The total ROCE from RD, CD and ID.</p> <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>1,314</td> <td>12,891</td> <td>10.2%</td> </tr> <tr> <td>CD</td> <td>4,081</td> <td>24,609</td> <td>16.6%</td> </tr> <tr> <td>ID</td> <td>310</td> <td>2,369</td> <td>13.1%</td> </tr> <tr> <td></td> <td>5,705</td> <td>39,869</td> <td>14.3%</td> </tr> </tbody> </table>		Adjusted profit	CE avg	ROCE	RD	1,314	12,891	10.2%	CD	4,081	24,609	16.6%	ID	310	2,369	13.1%		5,705	39,869	14.3%	Measure the performance (profitability and capital efficiency) in Project Development.								
	Adjusted profit	CE avg	ROCE																											
RD	1,314	12,891	10.2%																											
CD	4,081	24,609	16.6%																											
ID	310	2,369	13.1%																											
	5,705	39,869	14.3%																											
Return on equity segment, rolling 12 months SEK M	<p>Profit attributable to equity holders as a percentage of average equity attributable to equity holders.</p> <p>$3\,497 / 26\,489 =$ 13.2%</p>	Measure profitability on invested equity.																												
Equity average attributable to equity holders SEK M	<p>Calculated on the basis of five measuring points.</p> <table border="1"> <tbody> <tr> <td>Q2 2018</td> <td>27,049</td> <td>x 0.5</td> <td>13,525</td> </tr> <tr> <td>Q1 2018</td> <td>28,011</td> <td></td> <td>28,011</td> </tr> <tr> <td>Q4 2017</td> <td>27,064</td> <td></td> <td>27,064</td> </tr> <tr> <td>Q3 2017</td> <td>25,185</td> <td></td> <td>25,185</td> </tr> <tr> <td>Q2 2017</td> <td>24,342</td> <td>x 0.5</td> <td>12,171</td> </tr> <tr> <td></td> <td></td> <td></td> <td>105,956 / 4</td> </tr> <tr> <td></td> <td></td> <td></td> <td>26,489</td> </tr> </tbody> </table>	Q2 2018	27,049	x 0.5	13,525	Q1 2018	28,011		28,011	Q4 2017	27,064		27,064	Q3 2017	25,185		25,185	Q2 2017	24,342	x 0.5	12,171				105,956 / 4				26,489	
Q2 2018	27,049	x 0.5	13,525																											
Q1 2018	28,011		28,011																											
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Q3 2017	25,185		25,185																											
Q2 2017	24,342	x 0.5	12,171																											
			105,956 / 4																											
			26,489																											
Operating cash flow from operations	Cash flow from business operations including taxes paid and cash flow from financing operations.	Measure total cash flow generated from operations.																												
Net divestments/investment	Total investments minus total divestments.	Measure the balance between investments and divestments.																												
Free working capital in Construction	Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.	Measure the funding stemming from the negative working capital generated in Construction.																												
Average free working capital in Construction SEK M	<p>Calculated on the basis of five measuring points.</p> <table border="1"> <tbody> <tr> <td>Q2 2018</td> <td>-23,359</td> <td>x 0.5</td> <td>-11,680</td> </tr> <tr> <td>Q1 2018</td> <td>-23,211</td> <td></td> <td>-23,211</td> </tr> <tr> <td>Q4 2017</td> <td>-21,849</td> <td></td> <td>-21,849</td> </tr> <tr> <td>Q3 2017</td> <td>-19,414</td> <td></td> <td>-19,414</td> </tr> <tr> <td>Q2 2017</td> <td>-19,571</td> <td>x 0.5</td> <td>-9,786</td> </tr> <tr> <td></td> <td></td> <td></td> <td>-85,940 / 4</td> </tr> <tr> <td></td> <td></td> <td></td> <td>-21,485</td> </tr> </tbody> </table>	Q2 2018	-23,359	x 0.5	-11,680	Q1 2018	-23,211		-23,211	Q4 2017	-21,849		-21,849	Q3 2017	-19,414		-19,414	Q2 2017	-19,571	x 0.5	-9,786				-85,940 / 4				-21,485	Measure the funding stemming from the negative working capital generated in Construction.
Q2 2018	-23,359	x 0.5	-11,680																											
Q1 2018	-23,211		-23,211																											
Q4 2017	-21,849		-21,849																											
Q3 2017	-19,414		-19,414																											
Q2 2017	-19,571	x 0.5	-9,786																											
			-85,940 / 4																											
			-21,485																											
Interest-bearing net receivables/net debt	Interest-bearing assets minus interest-bearing liabilities.	Measure financial position.																												
Operating net financial assets/liabilities (ONFAL)	Interest-bearing net receivables/liabilities excluding construction loans to cooperative housing associations and interest-bearing pension liabilities.	Measure financial position and investment capacity. The latter is derived by comparing ONFAL to limits set by the Board of Directors.																												
Equity/assets ratio	Equity including non-controlling interest as a percentage of total assets.	Measure financial position.																												
Net debt/equity ratio	Interest-bearing net liabilities divided by equity including non-controlling interest.	Measure leverage of financial position.																												
Adjusted equity attributable to equity holders SEK bn	<table border="1"> <tbody> <tr> <td>Equity attributable to equity holders</td> <td>27.0</td> </tr> <tr> <td>Unrealized surplus value in RD</td> <td>3.7</td> </tr> <tr> <td>Unrealized CD gains</td> <td>10.8</td> </tr> <tr> <td>Effect in unrealized equity in ID</td> <td>1.2</td> </tr> <tr> <td>Less standard corporate tax, 10%</td> <td>-1.5</td> </tr> <tr> <td>Adjusted equity</td> <td>41.2</td> </tr> </tbody> </table>	Equity attributable to equity holders	27.0	Unrealized surplus value in RD	3.7	Unrealized CD gains	10.8	Effect in unrealized equity in ID	1.2	Less standard corporate tax, 10%	-1.5	Adjusted equity	41.2	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.																
Equity attributable to equity holders	27.0																													
Unrealized surplus value in RD	3.7																													
Unrealized CD gains	10.8																													
Effect in unrealized equity in ID	1.2																													
Less standard corporate tax, 10%	-1.5																													
Adjusted equity	41.2																													

Reconciliation between segment reporting and IFRSs

SEK M	External revenue		Intra-Group revenue		Total revenue		Operating income	
	Jan-Jun 2018	Jan-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Jun 2018	Jan-Jun 2017
Construction	67,884 ¹	64,287 ¹	7,169	6,481	75,053	70,768	541	508
Residential Development	4,166	8,068	0	0	4,166	8,068	618	1,103
Commercial Property Development	7,306	6,531	4	150	7,310	6,681	1,332	1,257
Infrastructure Development	34	39	0	0	34	39	-75	910
Total operating segments	79,390	78,925	7,173	6,631	86,563	85,556	2,416	3,778
Central	78	193	222	533	300	726	-454	-417
Eliminations	0	0	-7,395	-7,164	-7,395	-7,164	-25	-61
Total Group	79,468	79,118	0	0	79,468	79,118	1,937	3,300
Reconciliation to IFRSs²	-1,300	-5,411	0	0	-1,300	-5,411	-269	-1,246
Total IFRSs	78,168	73,707	0	0	78,168	73,707	1,668	2,054

1 Of which external revenue from joint ventures in Infrastructure Development, SEK 4,142 M (4,556).

2 Of which effect from joint ventures in Residential Development proportionally	-56	-650					-51	-177
Of which effect of different revenue recognitions	-1,244	-4,761					-218	-1,069

SEK M	Segment Jan-Jun 2018	IFRS Jan-Jun 2018	Segment Jan-Jun 2017	IFRS Jan-Jun 2017	Segment Apr-Jun 2018	IFRS Apr-Jun 2018	Segment Apr-Jun 2017	IFRS Apr-Jun 2017
Revenue								
Construction	75,053	75,053	70,768	70,768	40,422	40,422	38,681	38,681
Residential Development	4,166	4,994	8,068	6,234	2,282	2,502	4,716	3,633
Commercial Property Development	7,310	5,031	6,681	2,940	3,530	4,225	5,119	1,269
Infrastructure Development	34	34	39	39	18	18	18	18
Central and eliminations	-7,095	-6,944	-6,438	-6,274	-3,734	-3,665	-3,598	-3,507
Skanska Group	79,468	78,168	79,118	73,707	42,518	43,502	44,936	40,094
Operating income								
Construction	541	541	508	508	582	582	116	116
Residential Development	618	671	1,103	821	398	301	665	514
Commercial Property Development ¹	1,332	1,082	1,257	322	472	684	978	139
Infrastructure Development	-75	-75	910	910	41	41	-29	-29
Central	-454	-455	-417	-416	-155	-157	-235	-234
Eliminations ¹	-25	-96	-61	-91	-53	-66	-44	-53
Operating income	1,937	1,668	3,300	2,054	1,285	1,385	1,451	453
Net financial items	9	10	30	30	22	22	23	23
Income after financial items	1,946	1,678	3,330	2,084	1,307	1,407	1,474	476
Taxes	-348	-300	-313	-196	-219	-245	-53	29
Profit for the period	1,598	1,378	3,017	1,888	1,088	1,162	1,421	505
Earnings for the period per share, SEK ²	3.89		7.35		2.64		3.45	
Earnings for the period per share according to IFRSs, SEK ²		3.35		4.60		2.82		1.22
1 Of which gains from divestments of commercial properties reported in:								
Commercial Property Development	1,757	1,170	1,595	657	707	904	1,164	323
Eliminations	133	63	75	46	53	47	41	31

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

The Skanska Group

Summary income statement (IFRS)

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Revenue	78,168	73,707	43,502	40,094	157,877
Cost of sales	-72,291	-68,126	-40,014	-37,346	-145,103
Gross income	5,877	5,581	3,488	2,748	12,774
Selling and administrative expenses	-4,669	-4,663	-2,164	-2,390	-9,851
Income from joint ventures and associated companies	460	1,136	61	95	1,655
Operating income	1,668	2,054	1,385	453	4,578
Financial income	76	110	52	67	170
Financial expenses	-66	-80	-30	-44	-125
Net financial items¹	10	30	22	23	45
Income after financial items	1,678	2,084	1,407	476	4,623
Taxes	-300	-196	-245	29	-512
Profit for the period	1,378	1,888	1,162	505	4,111
1 Of which					
Interest income	57	53	37	35	89
Financial net pension costs	-52	-51	-25	-26	-102
Interest expenses	-140	-126	-69	-67	-266
Capitalized interest expenses	137	107	68	59	257
Net interest items	2	-17	11	1	-22
Change in fair value	7	14	3	5	24
Other net financial items	1	33	8	17	43
Net financial items	10	30	22	23	45
Profit attributable to:					
Equity holders	1,371	1,883	1,156	500	4,095
Non-controlling interests	7	5	6	5	16
Earnings per share, SEK ²	3.35	4.60	2.82	1.22	10.00
Earnings per share after dilution, SEK ³	3.34	4.57	2.82	1.21	9.94

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

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

Statement of profit or loss and other comprehensive income (IFRS)

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Profit for the period	1,378	1,888	1,162	505	4,111
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Remeasurements of defined benefit plans	363	-1,349	279	-1,529	-399
Tax related to items that will not be reclassified to profit and loss	-125	290	-106	328	69
	238	-1,059	173	-1,201	-330
Items that have been or will be reclassified to profit and loss					
Translation differences attributable to equity holders	1,866	-603	911	-438	-599
Translation differences attributable to non-controlling interests	7	2	0	3	8
Hedging of exchange rate risk in foreign operations	-236	-29	-49	-32	-125
Effects of cash flow hedges ¹	-120	94	-114	9	138
Share of other comprehensive income of joint ventures and associated companies ²	290	55	271	37	83
Tax related to items that have been or will be reclassified to profit and loss	22	-16	19	-3	-25
	1,829	-497	1,038	-424	-520
Other comprehensive income after tax	2,067	-1,556	1,211	-1,625	-850
Total comprehensive income	3,445	332	2,373	-1,120	3,261
Total comprehensive income attributable to					
Equity holders	3,431	325	2,367	-1,128	3,237
Non-controlling interests	14	7	6	8	24
1 Of which transferred to income statement	0	0	0	0	0
2 Of which transferred to income statement	93	129	31	67	226

Summary statement of financial position (IFRS)

SEK M	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	7,596	6,963	6,874
Goodwill	4,902	5,126	4,554
Intangible assets	1,026	1,059	962
Investments in joint ventures and associated companies	3,586	3,773	3,314
Financial non-current assets ¹	2,575	704	2,276
Deferred tax assets	1,966	1,953	1,757
Total non-current assets	21,651	19,578	19,737
Current assets			
Current-asset properties ²	43,620	36,496	39,010
Inventories	1,257	1,169	1,058
Financial current assets ³	7,371	8,042	6,671
Tax assets	919	1,266	1,188
Contract assets	8,798	7,688	6,997
Trade and other receivables	28,948	27,626	27,778
Cash	3,484	4,253	6,998
Total current assets	94,397	86,540	89,700
TOTAL ASSETS	116,048	106,118	109,437
of which interest-bearing financial non-current assets	2,526	657	2,228
of which interest-bearing current assets	10,787	12,166	13,572
Total interest-bearing assets	13,313	12,823	15,800
EQUITY			
Equity attributable to equity holders	27,049	24,342	27,064
Non-controlling interests	108	106	121
Total equity	27,157	24,448	27,185
LIABILITIES			
Non-current liabilities			
Financial non-current liabilities	3,993	3,417	3,857
Pensions	5,056	5,898	5,603
Deferred tax liabilities	1,352	1,691	1,235
Non-current provisions	0	1	0
Total non-current liabilities	10,401	11,007	10,695
Current liabilities			
Financial current liabilities ³	8,412	8,015	7,624
Tax liabilities	380	568	312
Current provisions	8,911	7,673	9,131
Contract liabilities	18,868	18,442	16,266
Trade and other payables	41,919	35,965	38,224
Total current liabilities	78,490	70,663	71,557
TOTAL EQUITY AND LIABILITIES	116,048	106,118	109,437
of which interest-bearing financial liabilities	12,222	11,247	11,323
of which interest-bearing pensions and provisions	5,132	5,899	5,603
Total interest-bearing liabilities	17,354	17,146	16,926
1 Of which shares	42	43	42
2 Current-asset properties			
Commercial Property Development	26,685	21,869	23,615
Residential Development	16,935	14,627	15,395
3 Items regarding non-interest-bearing unrealized changes in derivatives/ financial instruments are included in the following amounts:			
Financial non-current assets	7	4	6
Financial current assets	68	129	97
Financial non-current liabilities	4	67	21
Financial current liabilities	179	118	137

Note: Contingent liabilities amounted to SEK 50.0 bn on June 30, 2018 (Dec 31, 2017: 48.9) and relates to joint operations in Construction and joint ventures in Project Development. For more information see 2017 Annual Report, Note 20B, 20C and 33. During the period, contingent liabilities increased by SEK 1.1 bn.

Summary statement of changes in equity (IFRS)

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Opening balance	27,185	27,506	28,140	29,021	27,506
of which non-controlling interests	121	156	129	155	156
Change in accounting principle ¹	-140	-	-	-	-
Adjusted opening balance	27,045	27,506	28,140	29,021	27,506
of which non-controlling interests	121	156	129	155	156
Dividend to shareholders	-3,373	-3,380	-3,373	-3,380	-3,380
Dividend to non-controlling interests	-27	-57	-27	-57	-59
Effects of equity-settled share-based payments	139	151	53	75	297
Repurchase of shares	-72	-104	-9	-91	-440
Total comprehensive income attributable to					
Equity holders	3,431	325	2,367	-1,128	3,237
Non-controlling interests	14	7	6	8	24
Closing balance	27,157	24,448	27,157	24,448	27,185
of which non-controlling interests	108	106	108	106	121

¹ Change in accounting principle is attributable to the implementation of IFRS 9. For further information on IFRS 9, see the Annual Report 2017, Note 1.

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

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Cash flow from operating activities before change in working capital, according to IAS 7	234	-172	508	-141	197
Cash flow from change in working capital, according to IAS 7	561	-473	536	-1,092	2,649
Net investments in property, plant and equipment and intangible assets	-1,142	222	-686	-718	-112
Tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-14	-11	-6	-10	-32
Cash flow from business operations including taxes paid according to operating cash flow	-361	-434	352	-1,961	2,702
Less net investments in property, plant and equipment and intangible assets	1,142	-222	686	718	112
Less tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	14	11	6	10	32
Cash flow from operating activities, according to IAS 7	795	-645	1,044	-1,233	2,846
Cash flow from strategic investments according to operating cash flow	-10	0	0	0	0
Net investments in property, plant and equipment and intangible assets	-1,142	222	-686	-718	-112
Increase and decrease in interest-bearing receivables	-270	1,462	-339	341	1,734
Taxes paid on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-14	-11	-6	-10	-32
Cash flow from investing activities, according to IAS 7	-1,436	1,673	-1,031	-387	1,590
Cash flow from financing operations according to operating cash-flow statement	97	128	31	25	177
Change in interest-bearing receivables and liabilities	90	2,725	881	2,798	2,619
Increase and decrease in interest-bearing receivables	270	-1,462	339	-341	-1,734
Dividend etc. ¹	-3,472	-3,541	-3,409	-3,528	-3,879
Cash flow from financing activities, according to IAS 7	-3,015	-2,150	-2,158	-1,046	-2,817
Cash flow for the period	-3,656	-1,122	-2,145	-2,666	1,619

¹ Of which repurchases of shares SEK -72 M.

Operating cash flow (IFRS), supplementary information

Operating cash flow

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Construction					
Cash flow from business operations	1,054	1,347	951	520	3,735
Change in working capital	220	-2,381	-737	-770	226
Net divestments(+)/investments(-)	-1,048	-1,006	-669	-557	-1,825
Cash flow adjustment	0	0	0	0	0
Total Construction	226	-2,040	-455	-807	2,136
Residential Development					
Cash flow from business operations	-329	-292	-104	-76	-692
Change in working capital	-2	515	642	259	1,008
Net divestments(+)/investments(-)	43	340	-166	498	680
Cash flow adjustment	2	10	2	26	233
Total Residential Development	-286	573	374	707	1,229
Commercial Property Development					
Cash flow from business operations	23	-416	-318	-232	-868
Change in working capital	762	-49	-196	17	-400
Net divestments(+)/investments(-)	-545	-1,875	1,259	-1,367	-1,375
Cash flow adjustment	10	5	-2	4	-476
Total Commercial Property Development	250	-2,335	743	-1,578	-3,119
Infrastructure Development					
Cash flow from business operations	-35	-146	-8	-64	-261
Change in working capital	34	2,836	-74	-41	2,856
Net divestments(+)/investments(-)	-42	1,297	23	-54	1,501
Cash flow adjustment	0	0	0	0	0
Total Infrastructure Development	-43	3,987	-59	-159	4,096
Central and eliminations					
Cash flow from business operations	-429	-410	-147	-251	-857
Change in working capital	-21	57	-240	157	176
Net divestments(+)/investments(-)	6	0	8	19	-67
Cash flow adjustment	0	0	0	-1	0
Total central and eliminations	-444	-353	-379	-76	-748
Total cash flow from business operations	284	83	374	-103	1,057
Total change in working capital	993	978	-605	-378	3,866
Total net divestments(+)/investments(-)	-1,586	-1,244	455	-1,461	-1,086
Total cash flow adjustment	12	15	0	29	-243
Cash flow from business operations before taxes paid	-297	-168	224	-1,913	3,594
Taxes paid in business operations	-64	-266	128	-48	-892
Cash flow from business operations including taxes paid	-361	-434	352	-1,961	2,702
Net interest items and other net financial items	139	183	45	36	253
Taxes paid in financing operations	-42	-55	-14	-11	-76
Cash flow from financing operations	97	128	31	25	177
Operating cash flow from operations	-264	-306	383	-1,936	2,879
Net strategic divestments(+)/investments(-)	-10	0	0	0	0
Dividend etc. ¹	-3,472	-3,541	-3,409	-3,528	-3,879
Cash flow before change in interest-bearing receivables and liabilities	-3,746	-3,847	-3,026	-5,464	-1,000
Change in interest-bearing receivables and liabilities	90	2,725	881	2,798	2,619
Cash flow for the period	-3,656	-1,122	-2,145	-2,666	1,619
Cash and cash equivalents at the beginning of the period	6,998	5,430	5,528	6,965	5,430
Exchange rate differences in cash and cash equivalents	142	-55	101	-46	-51
Cash and cash equivalents at the end of the period	3,484	4,253	3,484	4,253	6,998

1 Of which repurchases of shares SEK -72 M.

Group net divestments/investments (IFRS)

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
OPERATIONS – INVESTMENTS					
Intangible assets	-106	-110	-58	-55	-255
Property, plant and equipment	-1,124	-1,023	-692	-633	-1,876
Assets in Infrastructure Development	-65	-71	0	-59	-449
Shares and participations	-37	-36	-37	-32	-154
Current-asset properties	-10,149	-10,156	-5,421	-5,380	-21,451
of which Residential Development	-4,919	-5,697	-2,650	-2,998	-10,801
of which Commercial Property Development	-5,230	-4,459	-2,771	-2,382	-10,650
Investments in operations	-11,481	-11,396	-6,208	-6,159	-24,185
STRATEGIC INVESTMENTS					
Businesses	-10	0	0	0	0
Strategic investments	-10	0	0	0	0
Total Investments	-11,491	-11,396	-6,208	-6,159	-24,185
OPERATIONS – DIVESTMENTS					
Intangible assets	0	3	0	3	1
Property, plant and equipment	155	88	66	49	213
Assets in Infrastructure Development	23	1,368	23	6	1,950
Shares and participations	12	3	12	3	458
Current-asset properties	9,705	8,690	6,562	4,637	20,477
of which Residential Development	4,964	6,213	2,486	3,627	11,767
of which Commercial Property Development	4,741	2,477	4,076	1,010	8,710
Divestments in operations	9,895	10,152	6,663	4,698	23,099
STRATEGIC DIVESTMENTS					
Businesses	0	0	0	0	0
Strategic divestments	0	0	0	0	0
Total divestments	9,895	10,152	6,663	4,698	23,099
TOTAL NET DIVESTMENTS(+)/INVESTMENTS(-)	-1,596	-1,244	455	-1,461	-1,086
Depreciation, non-current assets	-813	-731	-411	-383	-1,587

Capital employed in Project Development (IFRS)

SEK M	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Residential Development	14,056	11,694	12,652
Commercial Property Development	26,742	22,012	24,481
Infrastructure Development	2,216	2,227	1,809
Total capital employed in Project Development	43,014	35,933	38,942

Parent Company¹

The parent company's revenue consists mainly of amounts billed to Group companies. The balance sheet consists of financial instruments almost exclusively in the form of intra-Group receivables and liabilities. The parent company does not report any significant events during the period.

Summary income statement (IFRS)

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017
Revenue	84	96	84	96
Selling and administrative expenses	-160	-175	-14	-107
Operating income	-76	-79	70	-11
Net financial items	3,970	4,363	3,981	4,377
Income after financial items	3,894	4,284	4,051	4,366
Taxes	23	26	-12	7
Profit for the period	3,917	4,310	4,039	4,373
Total comprehensive income	3,917	4,310	4,039	4,373

Summary balance sheet (IFRS)

SEK M	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
ASSETS			
Intangible non-current assets	15	18	16
Property, plant and equipment	1	2	2
Financial non-current assets ²	15,834	11,532	11,639
Total non-current assets	15,850	11,552	11,657
Current receivables	155	144	163
Total current assets	155	144	163
TOTAL ASSETS	16,005	11,696	11,820
EQUITY AND LIABILITIES			
Equity	7,704	7,207	7,213
Provisions	348	264	307
Non-current interest-bearing liabilities ²	7,795	4,082	4,177
Current liabilities	158	143	123
TOTAL EQUITY AND LIABILITIES	16,005	11,696	11,820

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

² Of these amounts, SEK 4,562 M (Dec 31, 2017: 247) were intra-Group receivables and SEK 7,795 M (Dec 31, 2017: 4,177) intra-Group liabilities.

Note: The Parent Company's contingent liabilities totaled SEK 164.2 bn on June 30, 2018 (Dec 31, 2017: 155.7), of which SEK 138.6 bn (Dec 31, 2017: 129.3) was related to obligations on behalf of Group companies. Other obligations, SEK 25.6 bn on June 30, 2018 (Dec 31 2017: 26.4), were related to commitments to outside parties.

Share data

	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Earnings per share according to segment reporting, SEK ¹	3.89	7.35	2.64	3.45	12.01
Earnings per share, SEK ¹	3.35	4.60	2.82	1.22	10.00
Earnings per share after dilution, SEK ²	3.34	4.57	2.82	1.21	9.94
Equity per share, SEK ³	66.12	59.40			66.22
Adjusted equity per share, SEK ⁴	100.75	89.90			97.23
Average number of shares outstanding	408,861,965	409,686,064			409,447,407
Average number of shares outstanding after dilution	411,056,171	412,349,462			411,905,245
Average dilution, %	0.53	0.65			0.60
Number of shares, at balance sheet date	419,903,072	419,903,072			419,903,072
Average price of total repurchased shares, SEK	137.82	133.75			137.31
Number of total Series B shares repurchased	26,888,228	24,598,228			26,453,228
of which repurchased during the year	435,000	495,000	54,000	435,000	2,350,000
Number of shares in Skanska's own custody	10,786,983	10,128,966			11,190,028
Number of shares outstanding	409,116,089	409,774,106			408,713,044

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

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

3 Equity attributable to equity holders divided by the number of shares outstanding.

4 Adjusted equity divided by the number of shares outstanding.

Five-year Group financial summary

SEK M	Jan-Jun 2018	Jan-Jun 2017	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2014
Revenue	79,468	79,118	72,549	74,419	62,446
Operating income	1,937	3,300	3,633	2,500	1,581
Profit for the period	1,598	3,017	2,837	1,737	1,093
Earnings per share, SEK	3.89	7.35	6.89	4.22	2.64
Return on capital employed, % ¹	9.8	19.7	20.7	18.5	13.6
Return on equity, % ¹	13.2	26.7	26.7	22.6	15.4
Operating margin, %	2.4	4.2	5.0	3.4	2.5
Return on capital employed according to IFRSs, % ¹	10.0	14.9	19.8	16.9	13.6
Cash flow per share according to IFRSs, SEK ²	-9.16	-9.39	-13.02	-12.57	-13.28

1 Rolling 12 months.

2 Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding.

Exchange rates for the most important currencies

SEK	Average exchange rates			Exchange rates on the closing day		
	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
US dollar	8.39	8.87	8.55	8.97	8.45	8.20
British pound	11.55	11.16	11.00	11.79	10.97	11.08
Norwegian krone	1.06	1.05	1.03	1.10	1.01	1.00
Euro	10.15	9.60	9.64	10.44	9.64	9.83
Czech koruna	0.40	0.36	0.37	0.40	0.37	0.38
Polish zloty	2.41	2.25	2.26	2.39	2.28	2.35

Construction

Revenue and earnings

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Revenue	75,053	70,768	40,422	38,681	150,050
Gross income	3,887	3,861	2,246	1,785	8,299
Selling and administrative expenses	-3,358	-3,360	-1,680	-1,679	-7,132
Income from joint ventures and associated companies	12	7	16	10	38
Operating income	541	508	582	116	1,205
Investments	-1,216	-1,113	-737	-627	-2,062
Divestments	158	107	68	70	237
Net divestments(+)/investments(-)	-1,058	-1,006	-669	-557	-1,825
Gross margin, %	5.2	5.5	5.6	4.6	5.5
Selling and administrative expenses, %	-4.5	-4.7	-4.2	-4.3	-4.8
Operating margin, %	0.7	0.7	1.4	0.3	0.8
Order bookings, SEK bn	71.9	84.5	39.1	46.3	151.8
Order backlog, SEK bn	197.6	202.2	-	-	188.4
Employees	37,954	38,681	-	-	39,002

Revenue by business/reporting unit

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Nordics	26,792	26,129	14,477	14,335	54,596
of which Sweden	16,170	16,035	8,613	9,179	33,780
Europe	15,883	15,071	8,871	8,460	33,441
USA	32,378	29,568	17,074	15,886	62,013
Total	75,053	70,768	40,422	38,681	150,050

Operating income

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Nordics	1,034	921	649	563	2,298
of which Sweden	739	620	460	386	1,579
Europe	-715	-451	105	-260	-1,040
USA	222	38	-172	-187	-53
Total	541	508	582	116	1,205

Operating margin, %

Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
3.9	3.5	4.5	3.9	4.2
4.6	3.9	5.3	4.2	4.7
neg	neg	1.2	neg	neg
0.7	0.1	neg	neg	neg
0.7	0.7	1.4	0.3	0.8

Order backlog

SEK M	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Nordics	61,665	59,236	53,779
of which Sweden	34,791	37,191	34,954
Europe	40,615	39,448	38,158
USA	95,272	103,530	96,474
Total	197,552	202,214	188,411

Order bookings

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Nordics	32,816	31,834	17,100	13,944	54,720
of which Sweden	15,970	17,810	8,075	8,824	33,317
Europe	16,318	15,975	9,407	9,271	32,401
USA	22,810	36,660	12,553	23,039	64,690
Total	71,944	84,469	39,060	46,254	151,811

Book-to build, R-12m

SEK M	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Nordics	101	116	100
of which Sweden	93	113	99
Europe	96	116	97
USA	78	121	104
Total	90	118	101

Residential Development

Revenue and earnings

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Revenue	4,166	8,068	2,282	4,716	13,237
Gross income	968	1,431	572	830	2,382
Selling and administrative expenses	-350	-328	-174	-165	-666
Income from joint ventures and associated companies	0	0	0	0	0
Operating income	618	1,103	398	665	1,716
Operating margin, %	14.8	13.7	17.4	14.1	13.0
Investments	-4,921	-5,875	-2,652	-3,128	-11,093
Divestments	4,964	6,215	2,486	3,626	11,773
Net divestments(+)/investments(-)	43	340	-166	498	680
Capital employed, SEK bn	14.1	11.7	-	-	12.7
Return on capital employed, % ¹	10.2	19.3	-	-	15.4
Employees	544	497	-	-	482

¹ Rolling 12 months.

Revenue

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Nordics	3,684	7,699	2,012	4,560	12,214
of which Sweden	1,910	4,356	1,205	2,765	7,089
Europe	482	369	270	156	1,023
Total	4,166	8,068	2,282	4,716	13,237

Operating income¹

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Nordics	548	1,054	346	635	1,624
of which Sweden	340	702	258	444	1,083
Europe	70	49	52	30	92
Total	618	1,103	398	665	1,716

Operating margin, %¹

Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
14.9	13.7	17.2	13.9	13.3
17.8	16.1	21.4	16.1	15.3
14.5	13.2	19.3	19.2	9.0
14.8	13.7	17.4	14.1	13.0

¹ Development gain only. Construction margin reported under Construction.

Homes started

	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Nordics	1,335	1,987	747	1,283	3,864
of which Sweden	945	1,086	493	729	2,408
Europe	626	154	326	0	454
Total	1,961	2,141	1,073	1,283	4,318

Homes sold

Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
1,216	2,154	742	1,248	3,748
740	1,264	499	806	2,289
278	215	137	76	537
1,494	2,369	879	1,324	4,285

Homes under construction

	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Nordics	6,225	6,948	6,464
of which Sweden	3,966	4,667	4,144
Europe	1,339	757	779
Total	7,564	7,705	7,243

Completed unsold, number of homes

Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
129	117	116
34	15	29
4	5	6
133	122	122

Homes under construction of which sold, %

Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
73	81	76
72	86	78
57	68	71
71	80	76

Commercial Property Development

Revenue and earnings

SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Revenue	7,310	6,681	3,530	5,119	11,440
of which from divestment of properties	7,020	6,365	3,382	4,960	10,867
Gross income	1,802	1,684	719	1,220	2,989
Selling and administrative expenses	-421	-425	-205	-233	-899
Income from joint ventures and associated companies	-49	-2	-42	-9	624
Operating income	1,332	1,257	472	978	2,714
of which gain from divestment of properties ¹	1,757	1,595	707	1,164	2,879
of which write-downs/reversal of write-downs	-3	-7	-2	-7	-6
1 Additional gains included in eliminations	133	75	53	41	197
Investments	-5,295	-4,499	-2,826	-2,477	-10,716
Divestments	4,750	2,624	4,085	1,110	9,341
Net divestments(+)/investments(-)	-545	-1,875	1,259	-1,367	-1,375
Capital employed, SEK bn	26.7	22.0	-	-	24.5
Return on capital employed, % ²	16.6	12.2	-	-	15.5
Employees	410	386	-	-	389

2 Rolling 12 months.

Revenue

SEK M	Jan-Jun 2018					of which from divestments				
	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Nordics	4,783	5,139	2,232	4,234	6,677	4,638	4,948	2,174	4,137	6,285
Europe	2,279	1,482	1,259	854	4,660	2,194	1,417	1,202	823	4,582
USA	248	60	39	31	103	188	0	6	0	0
Total	7,310	6,681	3,530	5,119	11,440	7,020	6,365	3,382	4,960	10,867

Operating income

SEK M	Jan-Jun 2018					of which from divestments				
	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Nordics	1,008	1,180	309	875	1,816	1,189	1,306	414	958	1,850
Europe	449	164	242	142	709	566	289	293	206	1,029
USA	-125	-87	-79	-39	189	2	0	0	0	0
Total	1,332	1,257	472	978	2,714	1,757	1,595	707	1,164	2,879

Capital employed

SEK M	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
Nordics	8,477	9,460	8,702
Europe	8,195	6,389	8,128
USA	10,070	6,163	7,651
Total	26,742	22,012	24,481

Infrastructure Development

Revenue and earnings

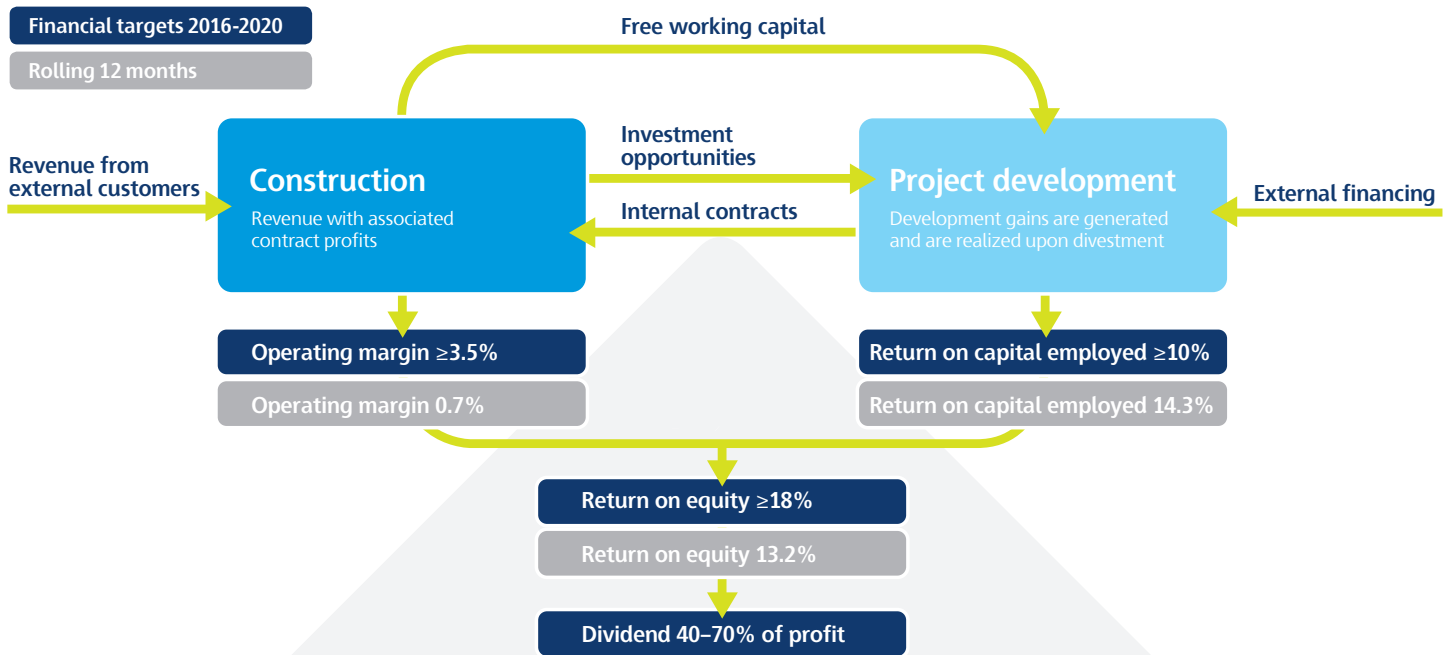
SEK M	Jan-Jun 2018	Jan-Jun 2017	Apr-Jun 2018	Apr-Jun 2017	Jan-Dec 2017
Revenue	34	39	18	18	81
Gross income	-63	-56	-31	-28	-96
Selling and administrative expenses	-100	-69	19	-34	-121
Income from joint ventures and associated companies	88	1,035	53	33	1,142
Operating income	-75	910	41	-29	925
of which gains from divestments of shares in projects	23	913	23	0	985
Investments	-65	-71	0	-60	-449
Divestments	23	1,368	23	6	1,950
Net divestments(+)/investments(-)	-42	1,297	23	-54	1,501
Capital employed, SEK bn	2.2	2.2	-	-	1.8
Return on capital employed, % ¹	13.1	31.1	-	-	3.6
Employees	56	99	-	-	94

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 Nordics, Europe and USA. 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 28.9 billion of Skanska’s total order backlog are contracts involving more than one Business Unit, with revenue from internal contracts amounting to SEK 23.2 billion on a rolling 12-month basis.

Construction revenue from internal Project Development contracts amounted to:



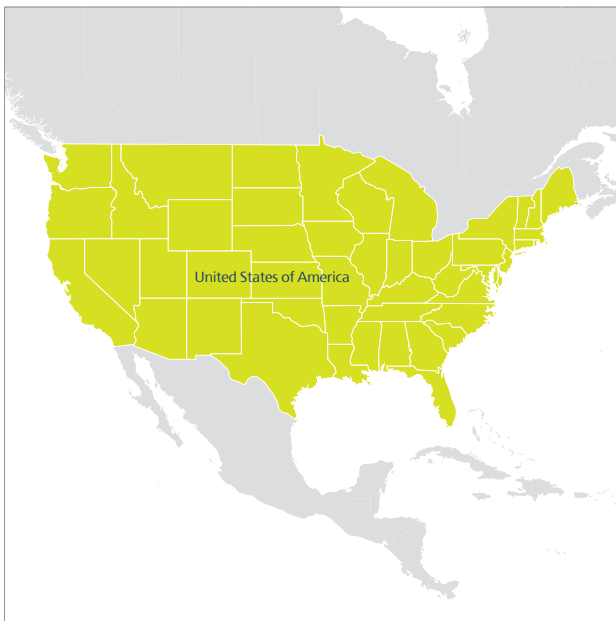
Skanska’s first office development in Norway is a 31,300-square-meter showpiece that is home to such tenants as IBM and Manpower. It achieved the rigorous BREEAM Excellent environmental rating. In 2017, Skanska sold the Group’s 50 percent ownership to the project’s development partner for about SEK 830 M.

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



For San Francisco’s airport, Skanska’s US Civil and US Building units are collaborating to design and deliver a new elevated guideway extension and superstructure, long-term parking lot, and AirTrain station for the airport’s hotel. The station will be designed to LEED Gold certification and display local public artwork.

Skanska's home markets



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This report will also be presented via a telephone conference and an audiocast at 10:00 a.m. (CET) on July 20, 2018. The telephone conference will be audiocasted live at www.skanska.com/investors, where a recording of the conference will also be available later. To participate in the telephone conference, please dial +46 8 505 564 74, +44 203 364 5374, or +1 855 753 2230. This and previous releases can also be found at www.skanska.com/investors.

The information provided herein is such as Skanska AB is obligated to disclose pursuant to the EU market securities act (EU) no. 596/2014.