

Nine month report 2018

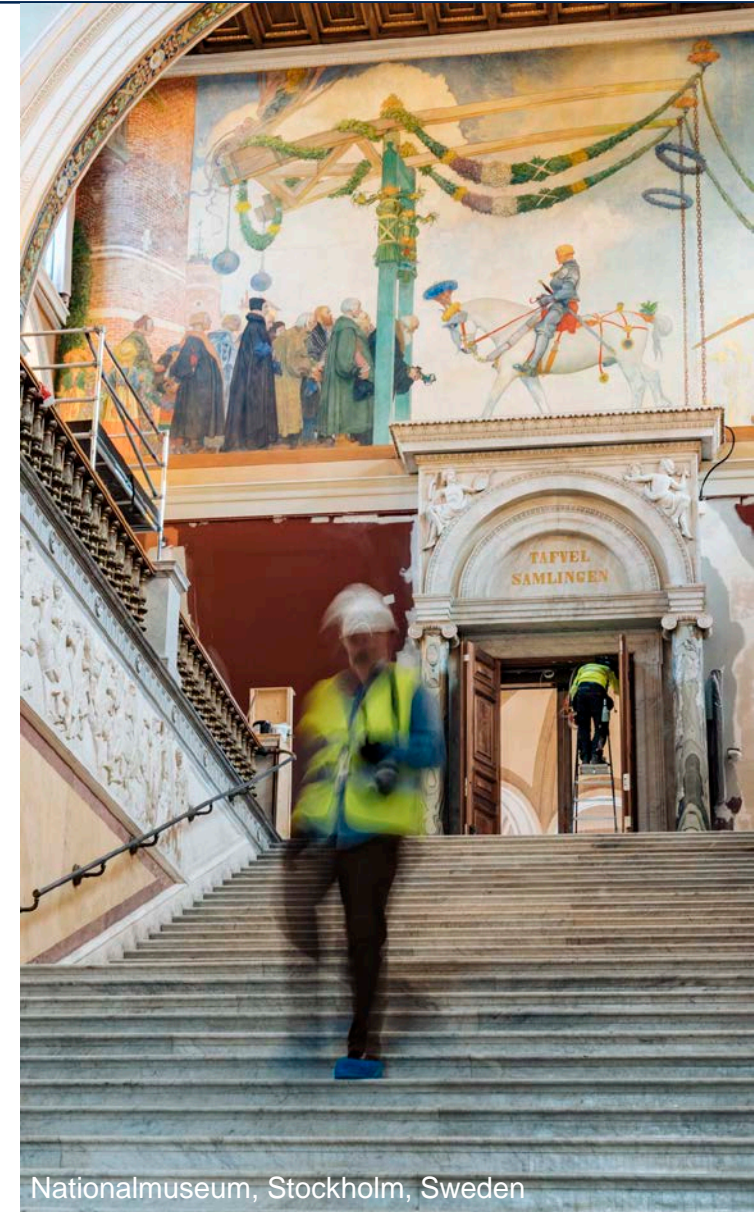
We build
for a better
society.

Brattørkaia
Powerhouse
Trondheim
Norway



Nine month report 2018

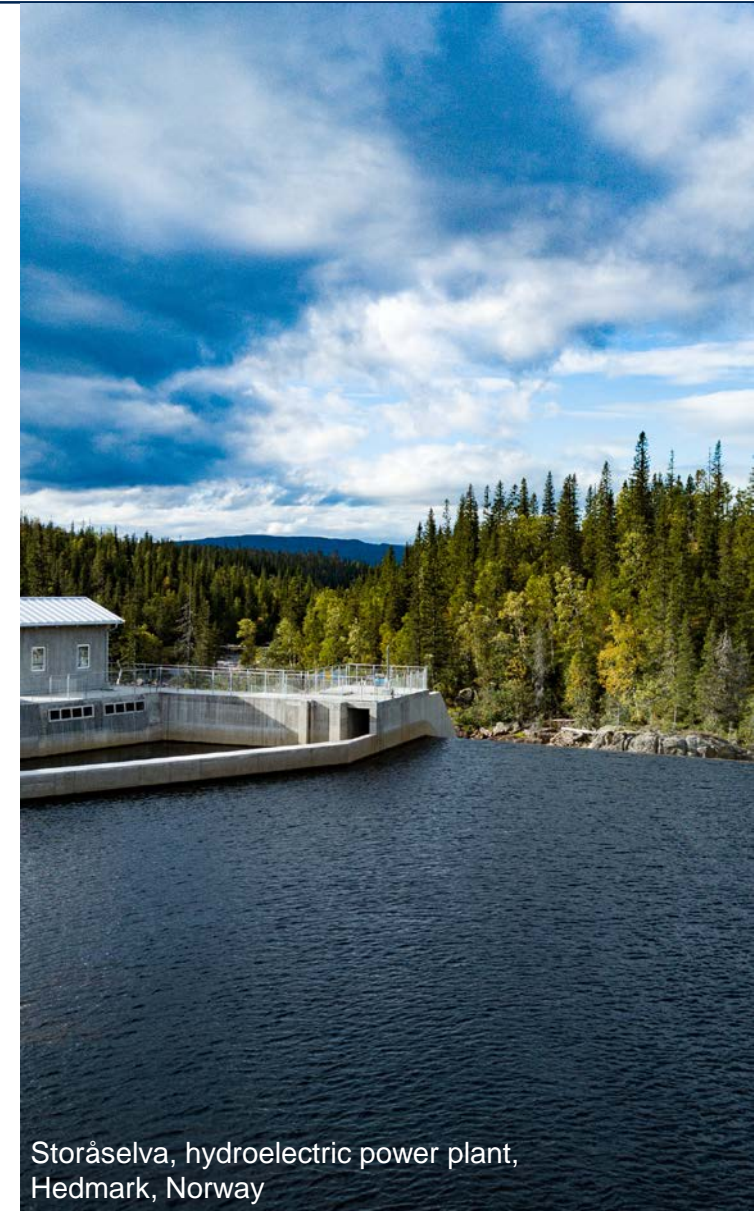
- Operating income SEK 2.4 bn (4.8 bn)
 - Write downs and goodwill impairment charge in US Construction totaling SEK 1.3 billion in Q3
 - Strong performance in Project Development
- Strategic review completed – additional measures taken
- Strong financial position maintained



Nationalmuseum, Stockholm, Sweden

Construction

- Revenue SEK 115.3 bn (109.0)
- Order bookings SEK 102.6 bn (118.6)
 - Book-to-build 87% R-12
 - Order backlog SEK 186.3 bn (194.7)
 - More disciplined bidding
- Operating income SEK 231 M (1,426)
 - Operating margin 0.2% (1.3)
 - Write-downs and charges impacting profitability



Storåselva, hydroelectric power plant, Hedmark, Norway

Construction

Improvement measures – Reducing risks

Poland

- Restructuring into mainly Building operations servicing our Project Development business in 6-7 cities

USA

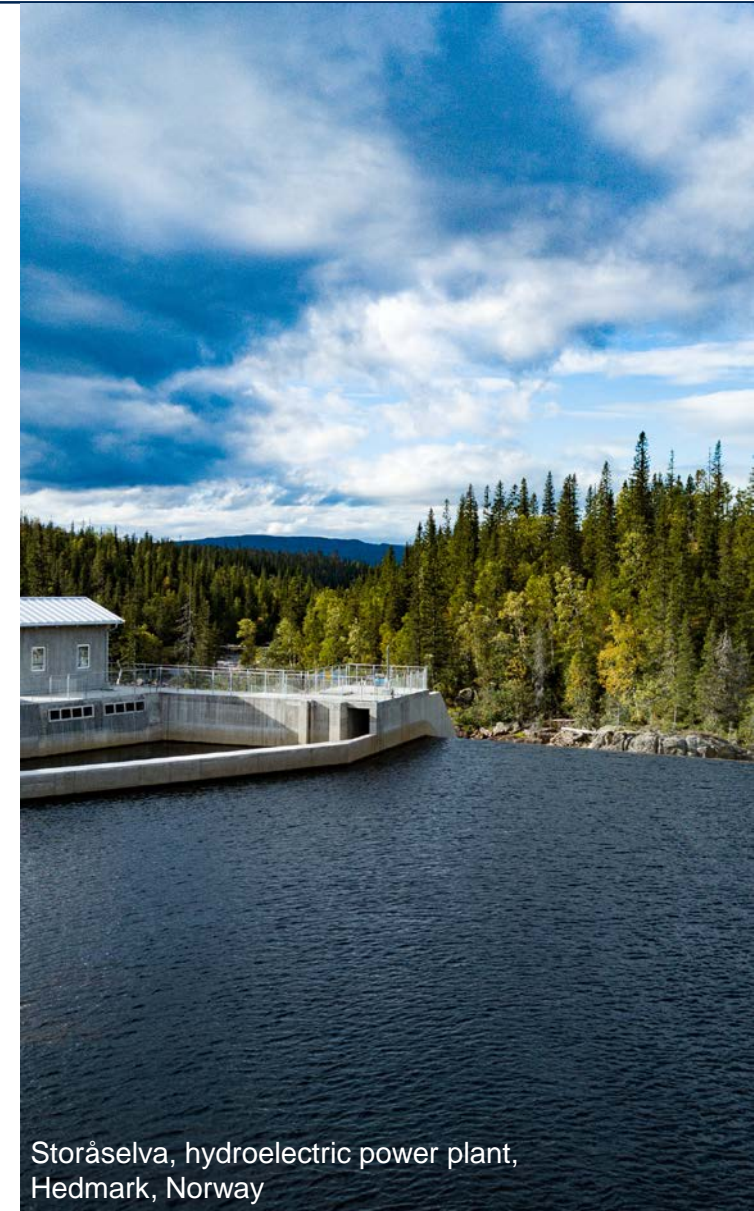
- Exit the power sector
- Stop bidding for mega design-build PPP and EPC projects

UK and Czech Republic/Slovakia

- Focus on core business

Group

- A more effective organization closer to operations



Storåselva, hydroelectric power plant, Hedmark, Norway

Residential Development

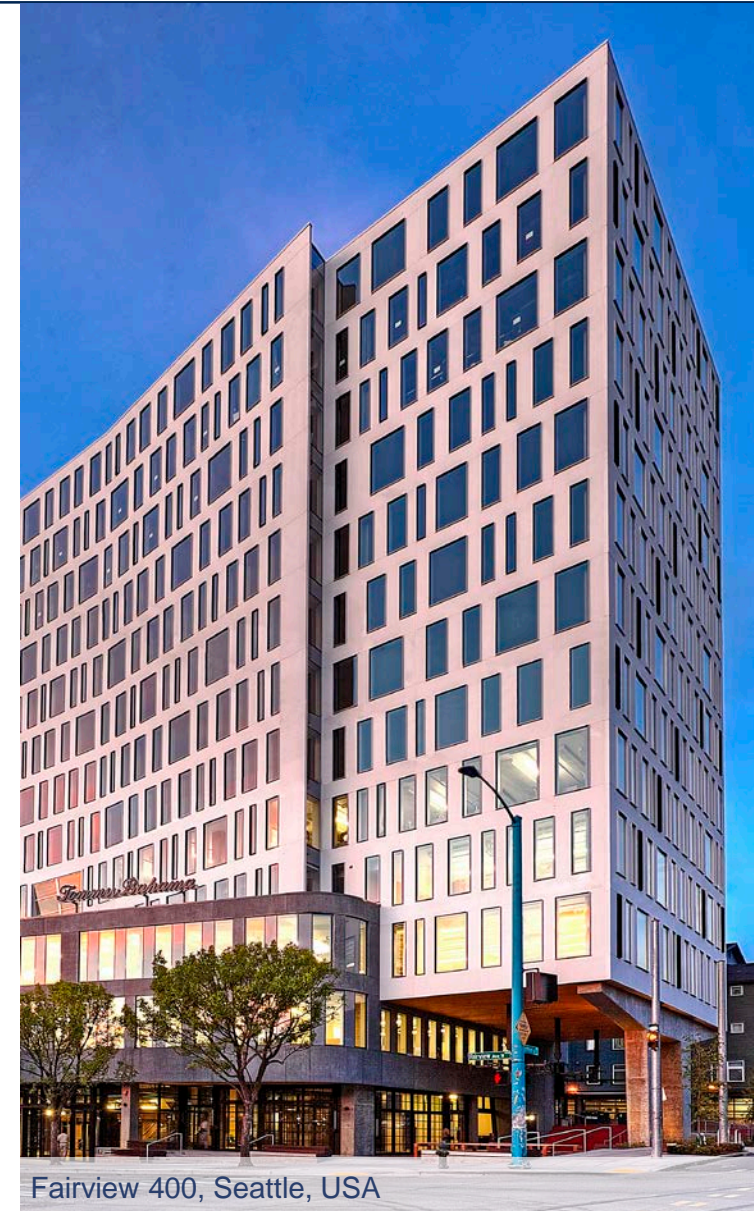
- Revenue SEK 6.6 bn (10.1)
 - 2,214 (3,052) homes sold
 - 2,725 (2,803) homes started
- Operating income SEK 1,122 M (1,322)
 - Operating margin 17.0% (13.1)
 - Release of provisions and land sale included
- ROCE 11.9% (18.2)
- Sales pace in Sweden and Norway still slow
- Continue to grow the business long-term
- Well positioned to pursue market opportunities



Björk, Norra Djurgårdsstaden, Stockholm, Sweden

Commercial Property Development

- Operating income SEK 1,788 M (1,851)
 - Gain on sale SEK 2.4 bn (2.0)
- ROCE 13.8% (13.8)
- 56 ongoing projects
 - SEK 33.3 bn in investment value upon completion
 - 45% occupancy rate
 - 55% completion rate
 - 23 projects started
- 391,000 sq m leased (479,000) R-12
- Strong interest from tenants and investors



Fairview 400, Seattle, USA

Infrastructure Development

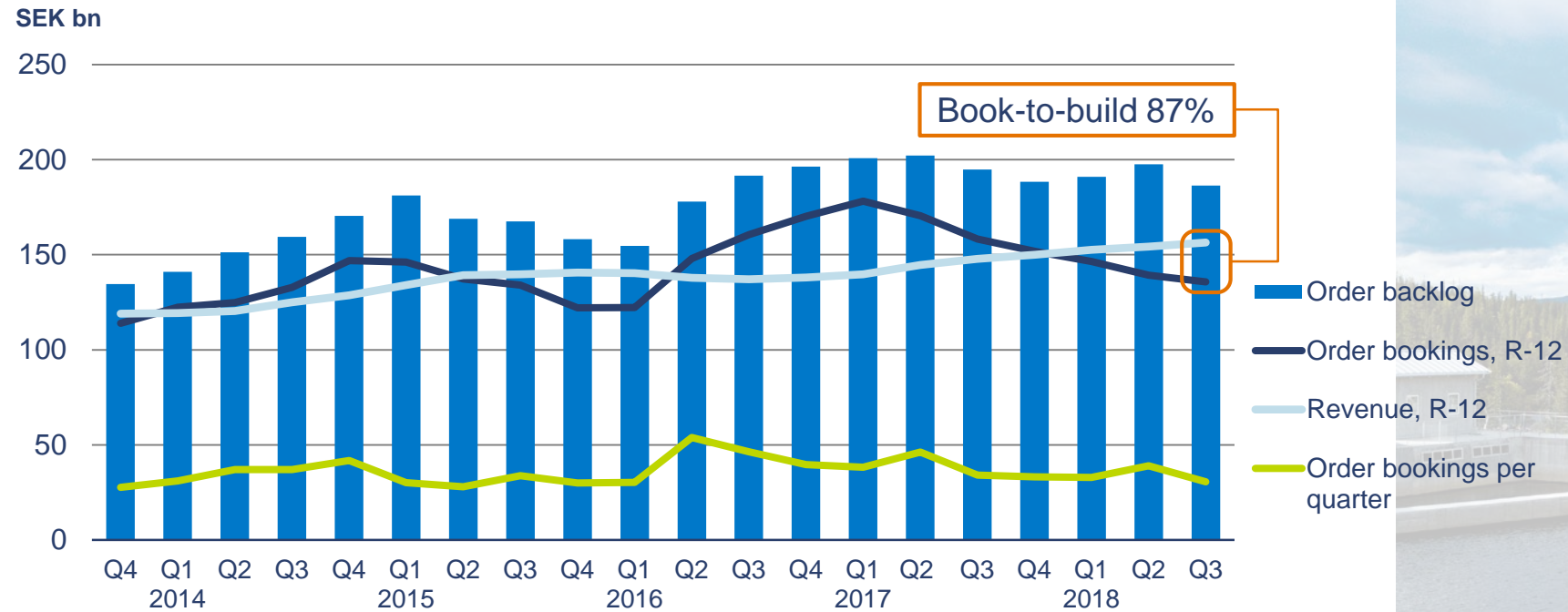
- Operating income SEK -11 M (885)
 - Comparable period includes SEK 0.9 bn divestment gain from A1 motorway in Poland
- ROCE 26.9% (25.3)
- The project portfolio's net present value increased to SEK 3.5 bn (2.9), surplus value 1.2 bn (0.9)
- Closing down the project development organization



Rv3, road project , Løten to Elverum, Norway

Construction

Order situation



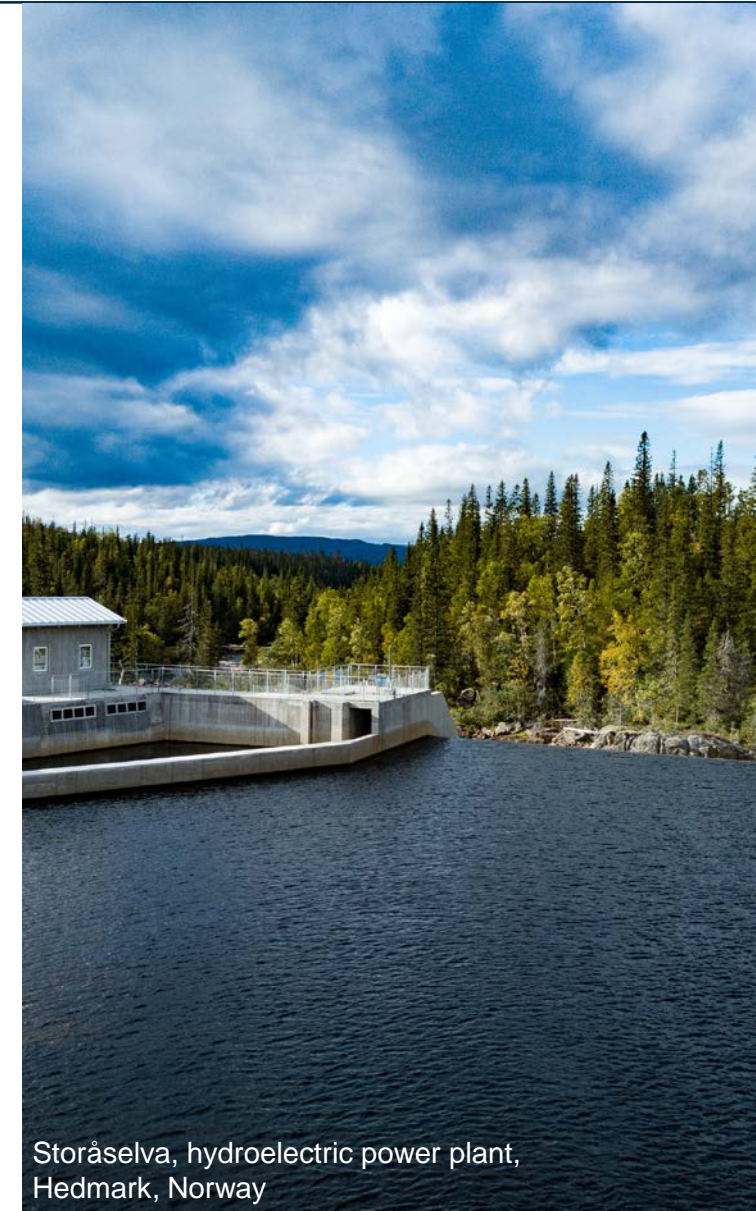
SEK bn	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Revenue	115.3	109.0	150.1
Order bookings	102.6	118.6	151.8
Order backlog	186.3	194.7	188.4

Storåselva, hydroelectric power plant, Hedmark, Norway

Construction

Order bookings

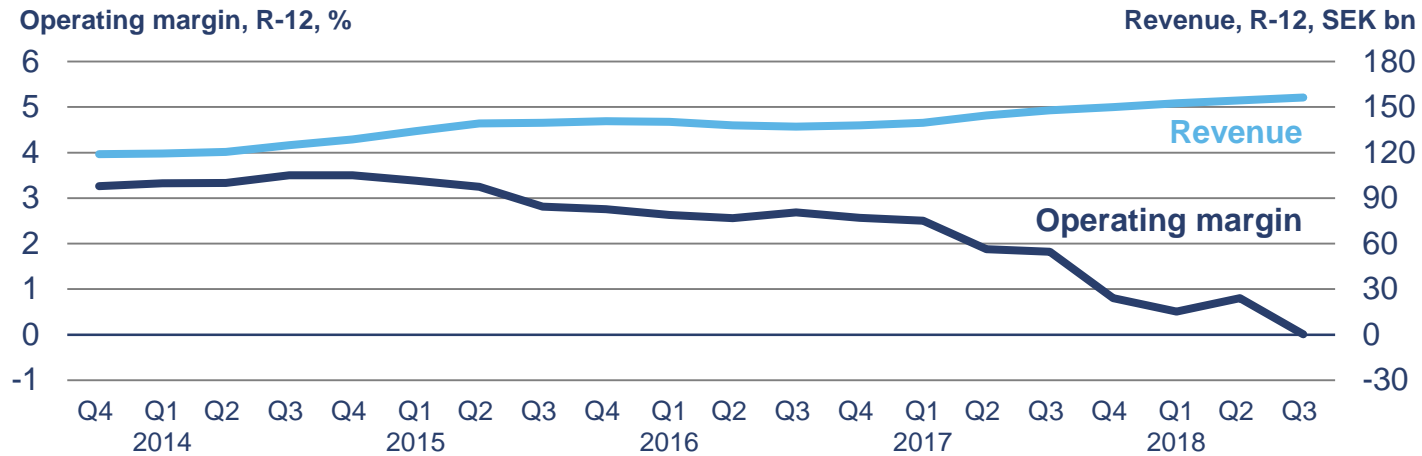
SEK bn	Jan–Sep 2018	Jan–Sep 2017	Book- to-build, R-12, %	Months of production
Nordics	45.8	43.8	100	13
of which Sweden	24.6	25.7	93	12
Europe	22.2	24.7	86	13
USA	34.6	50.0	75	16
Total	102.6	118.6	87	14



Storåselva, hydroelectric power plant,
Hedmark, Norway

Construction

Income statement



SEK bn	Jan–Sep 2018	Jan–Sep 2017	Jan–Dec 2017
Revenue	115.3	109.0	150.1
Gross income	5.4	6.3	8.3
Selling and administrative expenses	-5.2	-4.9	-7.1
Operating income	0.2	1.4	1.2
Gross margin, %	4.7	5.7	5.5
Selling and administrative expenses, %	-4.5	-4.5	-4.8
Operating margin, %	0.2	1.3	0.8

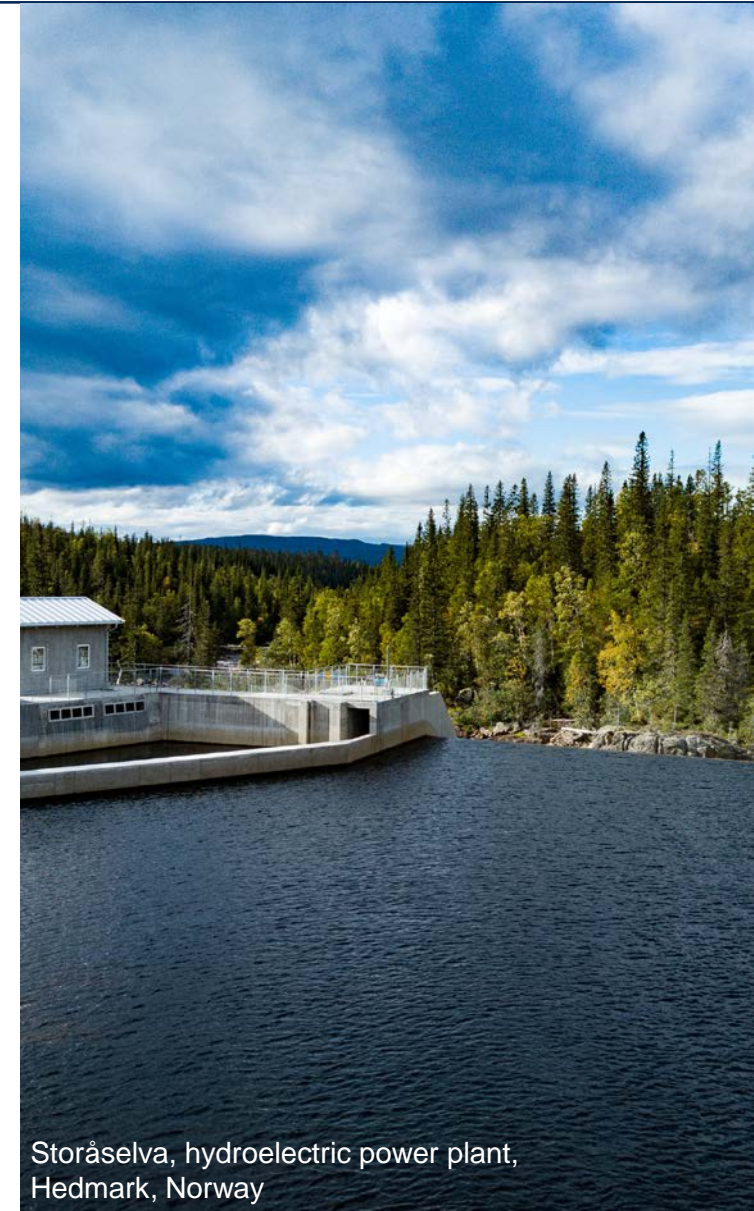


Storåselva, hydroelectric power plant, Hedmark, Norway

Construction

Income statement

	Operating income, SEK M		Operating margin, %	
	Jan-Sep 2018	Jan-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
Nordics	1,577	1,593	3.8	4.1
of which Sweden	1,192	1,093	4.8	4.5
Europe	-564	-284	neg	neg
USA	-782	117	neg	0.3
Total	231	1,426	0.2	1.3



Storåselva, hydroelectric power plant,
Hedmark, Norway

Construction

Income statement

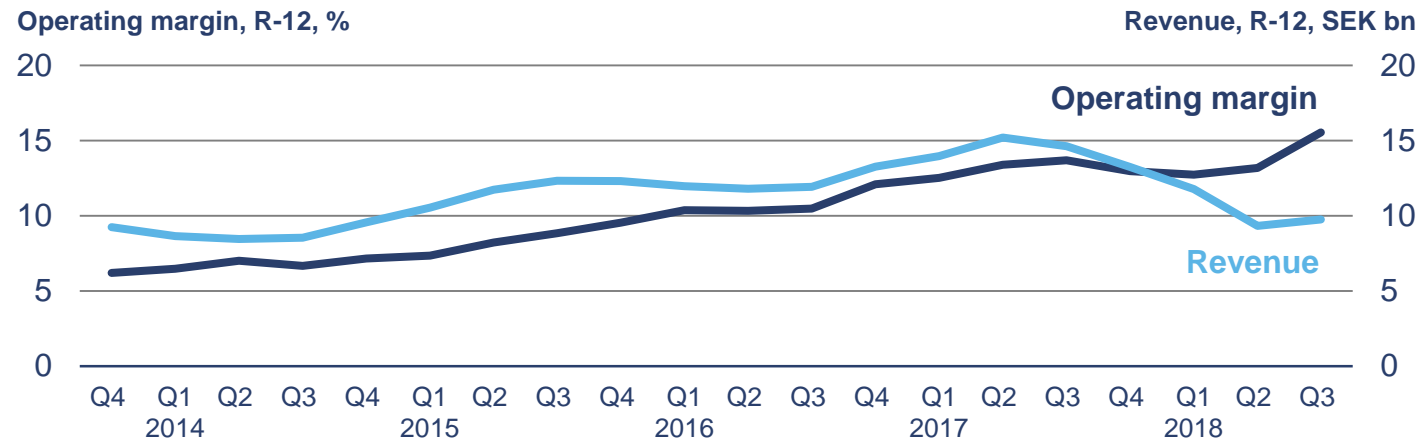
SEK bn	Jan–Sep 2018					Jan–Sep 2017	
	Operating income	Restructuring	Of which			Operating income	Of which Write downs
			Positive one-offs	Impairments	Write downs		
Nordics	1.6					1.6	
Europe	-0.6	-0.4	0.3		-0.6	-0.3	-0.5
USA	-0.8	-0.0	0.2	-0.4	-1.4	0.1	-0.6
Total	0.2	-0.4	0.5	-0.4	-2.0	1.4	-1.1
Operating margin, %	0.2					1.3	



Storåselva, hydroelectric power plant, Hedmark, Norway

Residential Development

Income statement, segment reporting



SEK M	Jan–Sep 2018	Jan–Sep 2017	Jan–Dec 2017
Revenue	6,619	10,101	13,237
Gross income	1,619	1,815	2,382
Selling and administrative expenses	-497	-493	-666
Operating income	1,122	1,322	1,716
Gross margin, %	24.5	18.0	18.0
Selling and administrative expenses, %	-7.5	-4.9	-5.0
Operating margin, %	17.0	13.1	13.0



Björk, Norra Djurgårdsstaden, Stockholm, Sweden

Residential Development

Income statement

	Operating income, SEK M		Operating margin, %	
	Jan-Sep 2018	Jan-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
Nordics	1,003	1,244	17.1	13.4
of which Sweden	536	817	17.0	15.3
Europe	119	78	15.7	9.7
Total	1,122	1,322	17.0	13.1

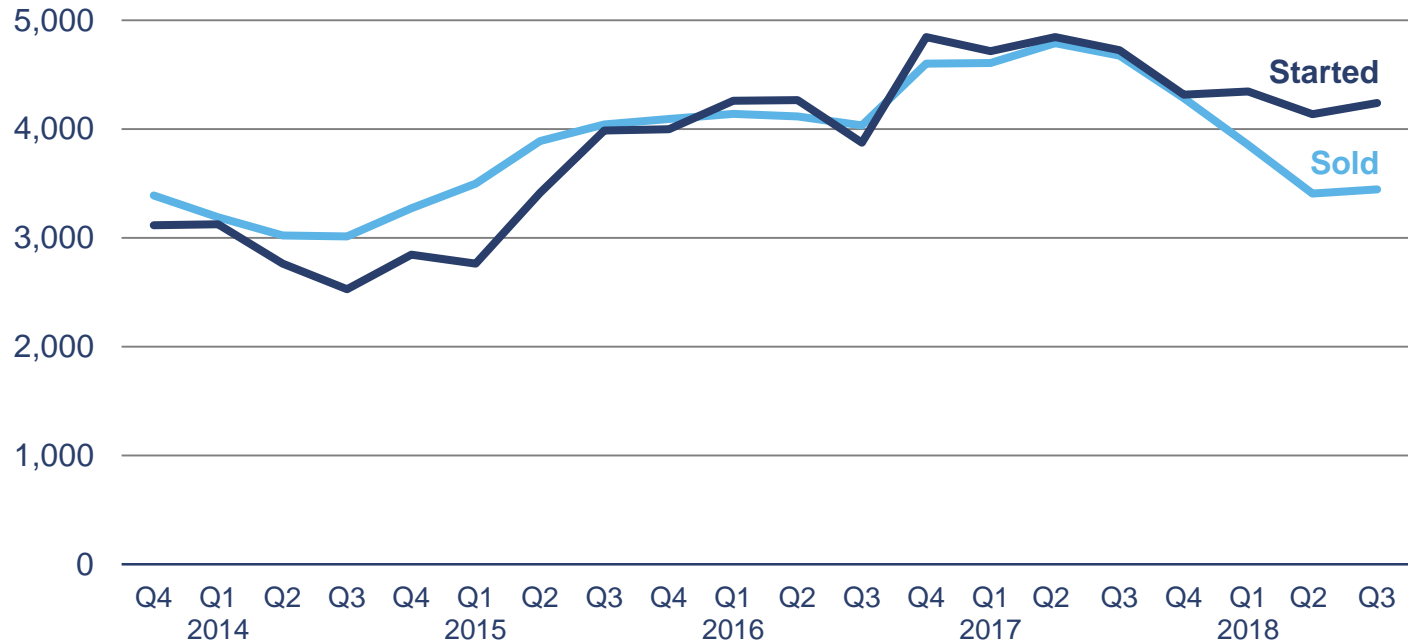


Björk, Norra Djurgårdsstaden, Stockholm, Sweden

Residential Development

Homes started and sold

Homes, R-12



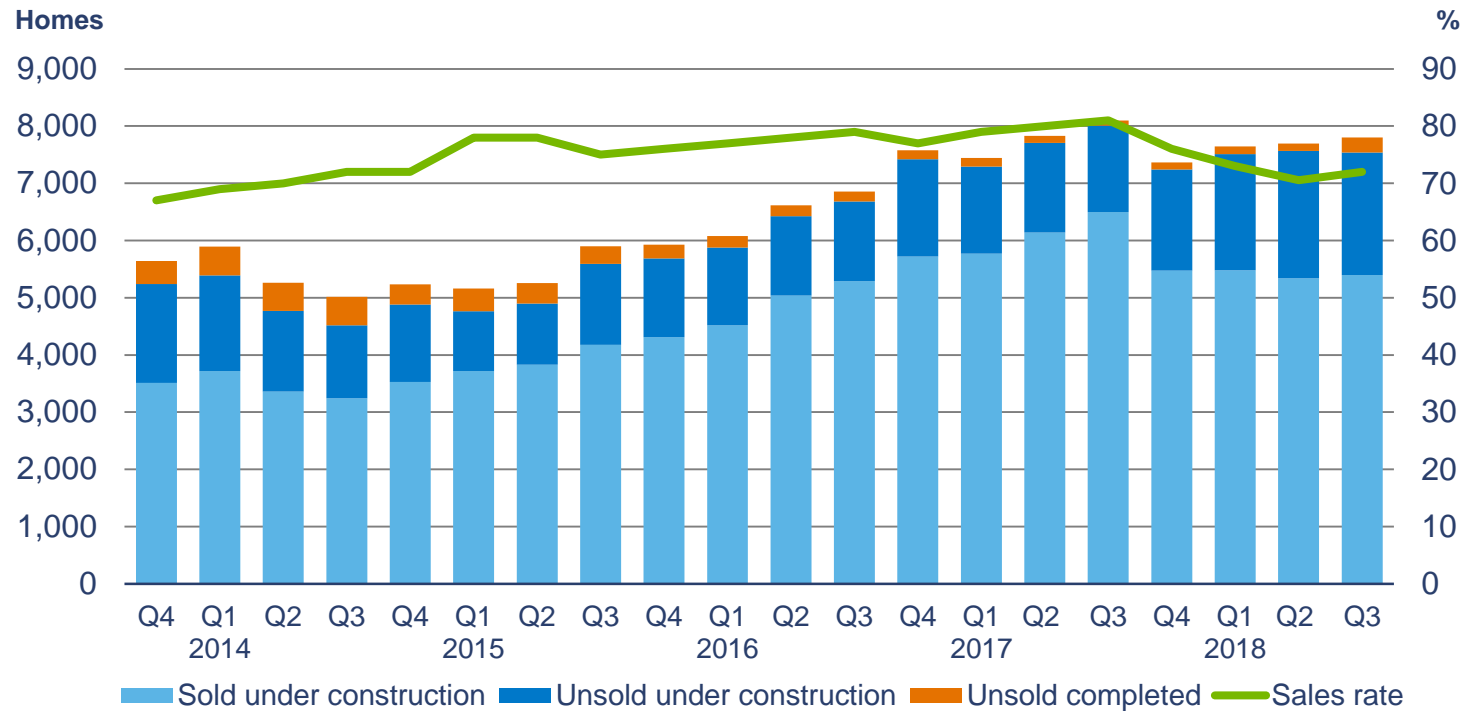
Homes started			Homes sold		
Jan–Sep 2018	Jan–Sep 2017	Jan–Dec 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Dec 2017
2,725	2,803	4,318	2,214	3,052	4,285



Björk, Norra Djurgårdsstaden, Stockholm, Sweden

Residential Development

Homes in production



Homes in production		Of which sold, %		Unsold completed homes	
Sep 30, 2018	Sep 30, 2017	Sep 30, 2018	Sep 30, 2017	Sep 30, 2018	Sep 30, 2017
7,538	8,006	72	81	261	90

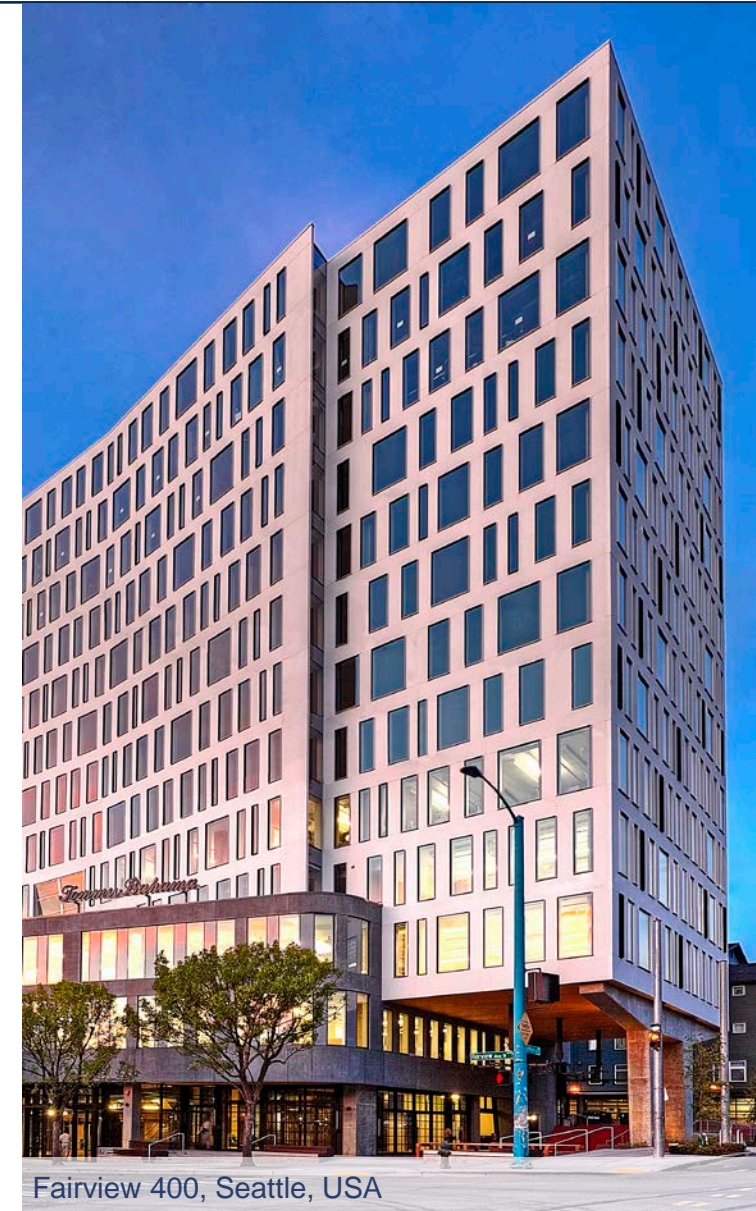


Björk, Norra Djurgårdsstaden, Stockholm, Sweden

Commercial Property Development

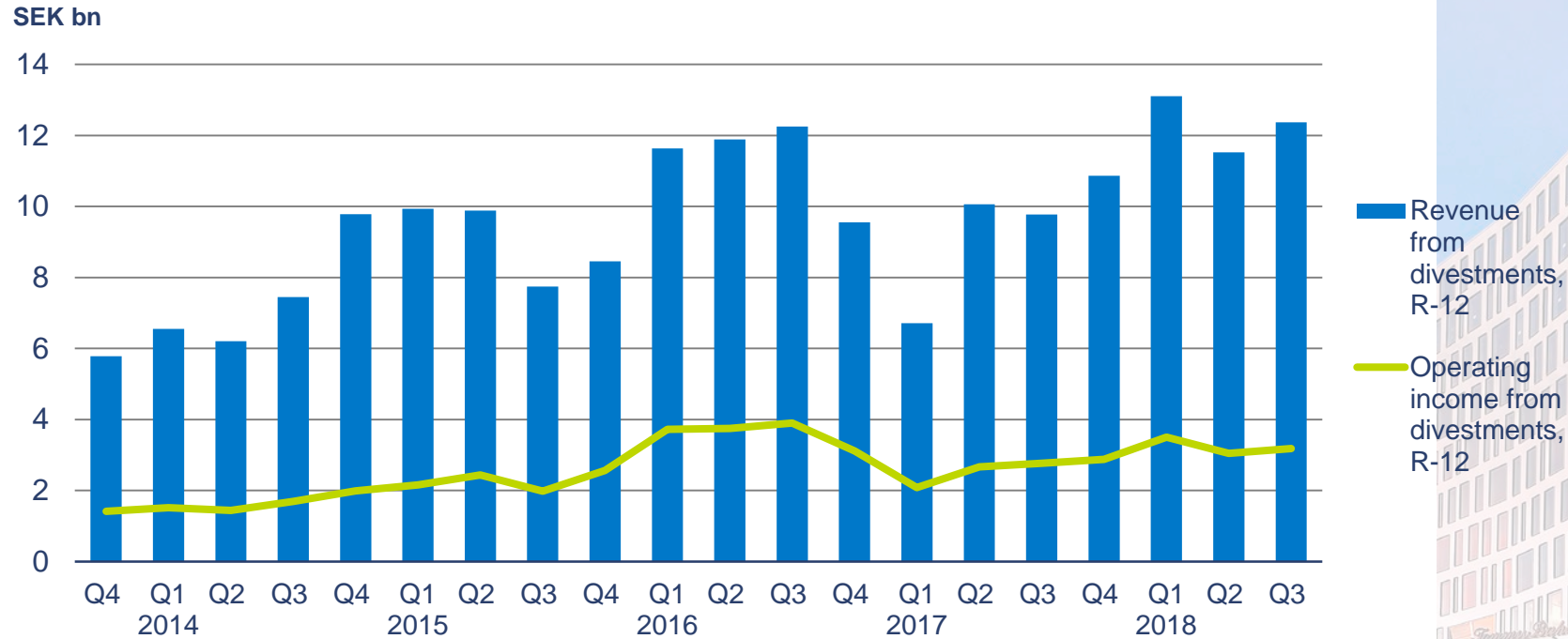
Income statement, segment reporting

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Revenue	9,189	7,755	11,440
Gross income	2,377	2,169	2,989
Selling and administrative expenses	-630	-624	-899
Income from joint ventures and associated companies	41	306	624
Operating income	1,788	1,851	2,714
of which gain from divestments of properties ¹	2,352	2,049	2,879
of which write downs/reversal of write downs	-3	-7	-6
1 Additional gain included in eliminations	184	118	197



Commercial Property Development

Divestments, segment reporting



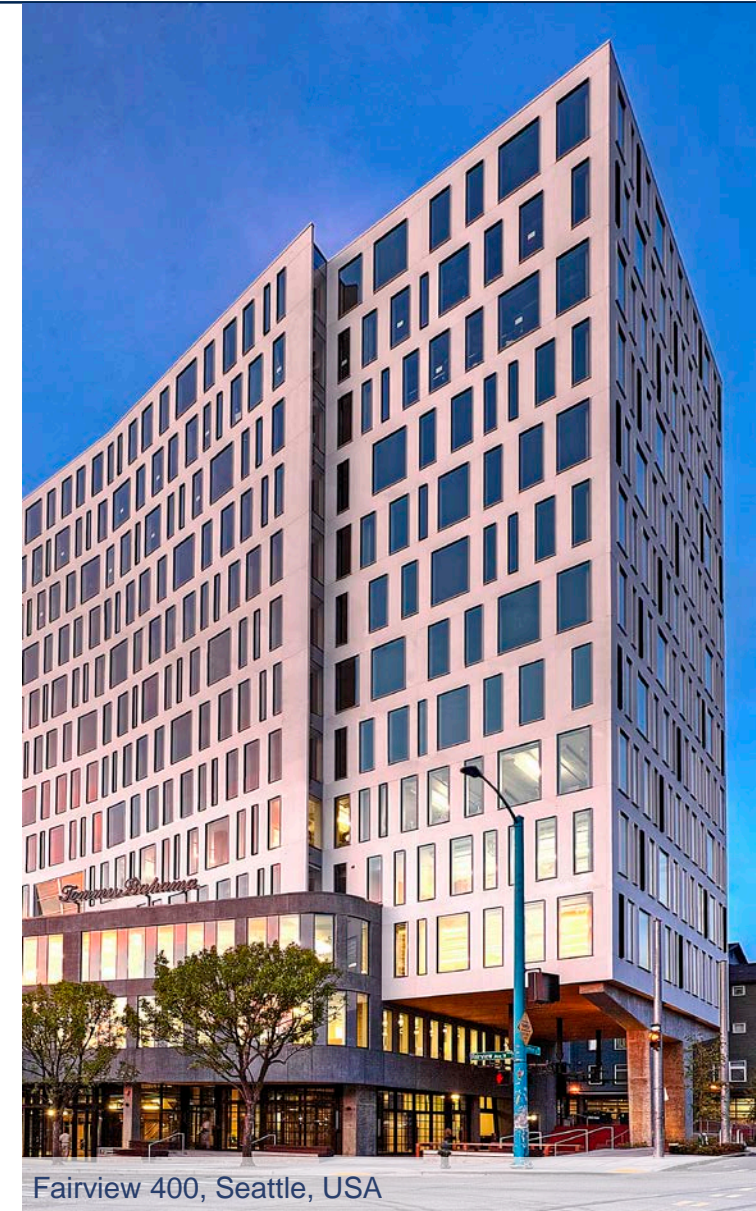
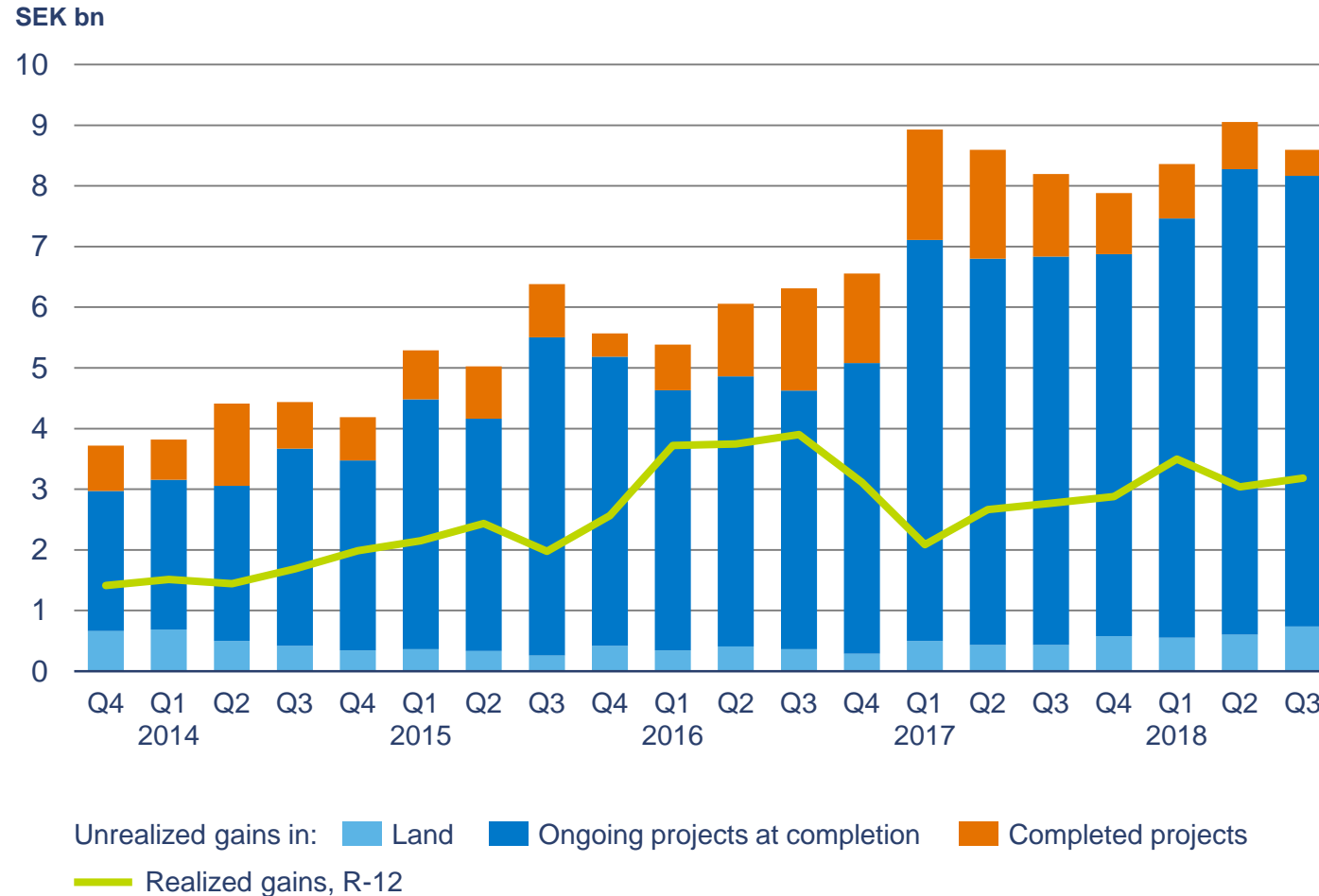
Sale of commercial properties

SEK M	Sales price	Capital gain
Year-to-date	8,777	2,352

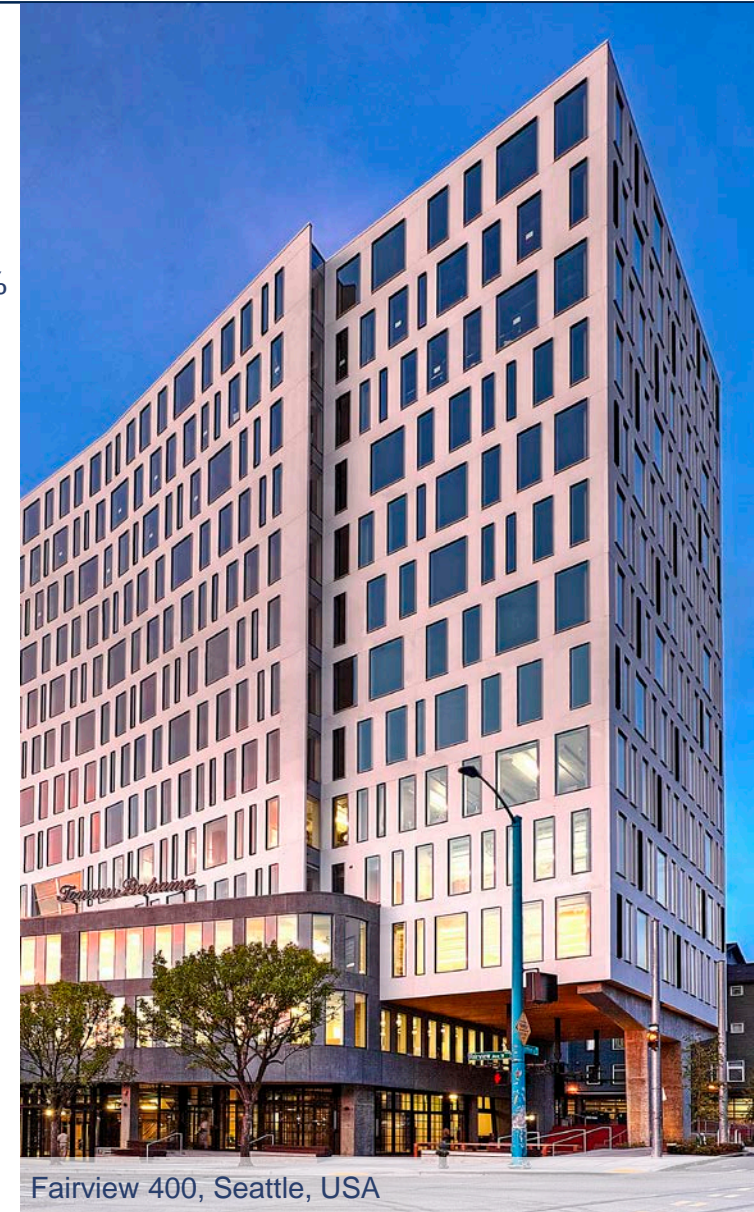
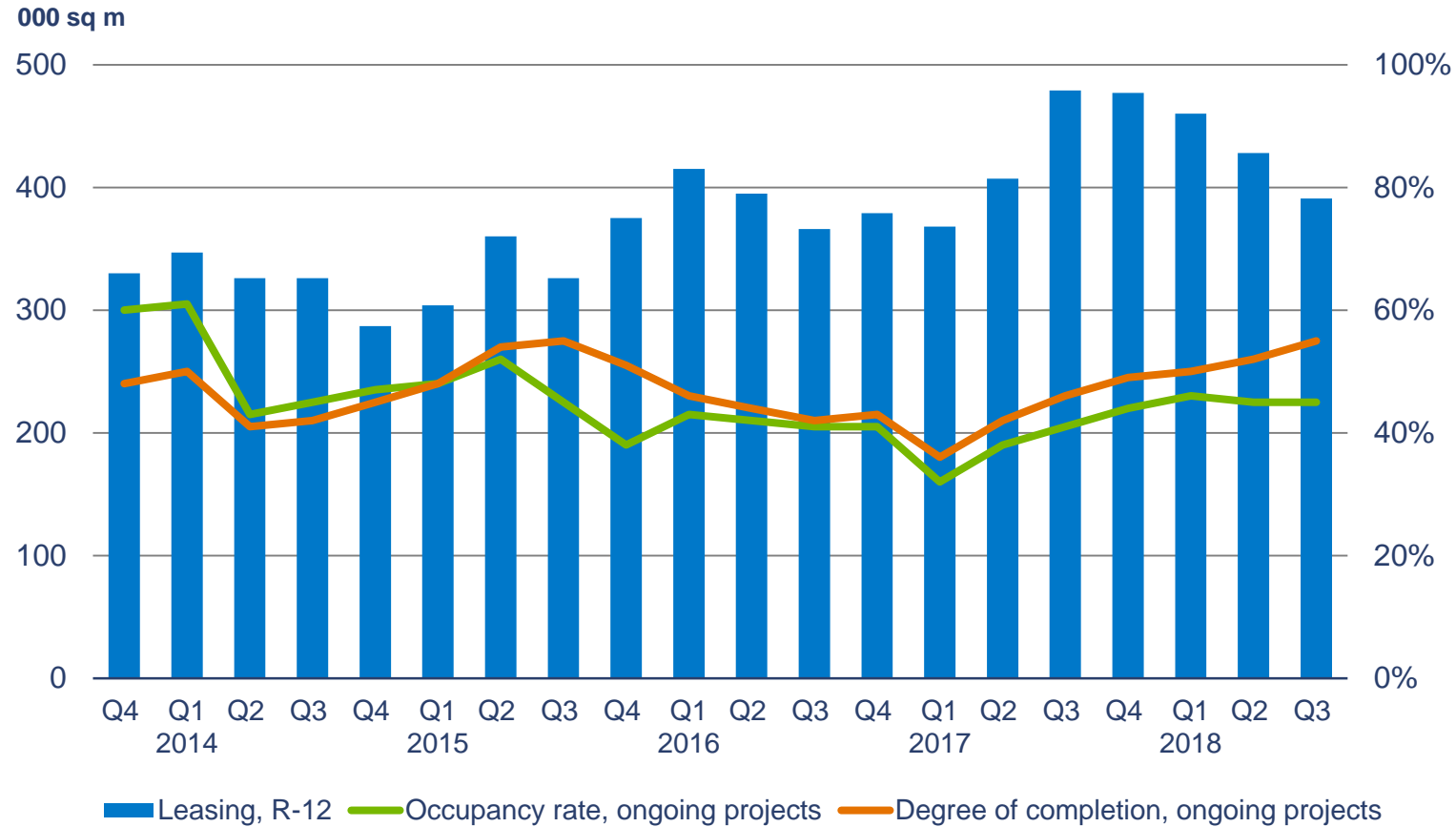


Commercial Property Development

Unrealized and realized gains, segment reporting



Commercial Property Development Leasing



Fairview 400, Seattle, USA

Infrastructure Development

Income statement

SEK M	Jan–Sep 2018	Jan–Sep 2017	Jan–Dec 2017
Revenue	86	59	81
Gross income	-29	-80	-96
Selling and administrative expenses	-116	-97	-121
Income from joint ventures	134	1,062	1,142
Operating income	-11	885	925
of which gains from divestments of shares in projects	58	912	985

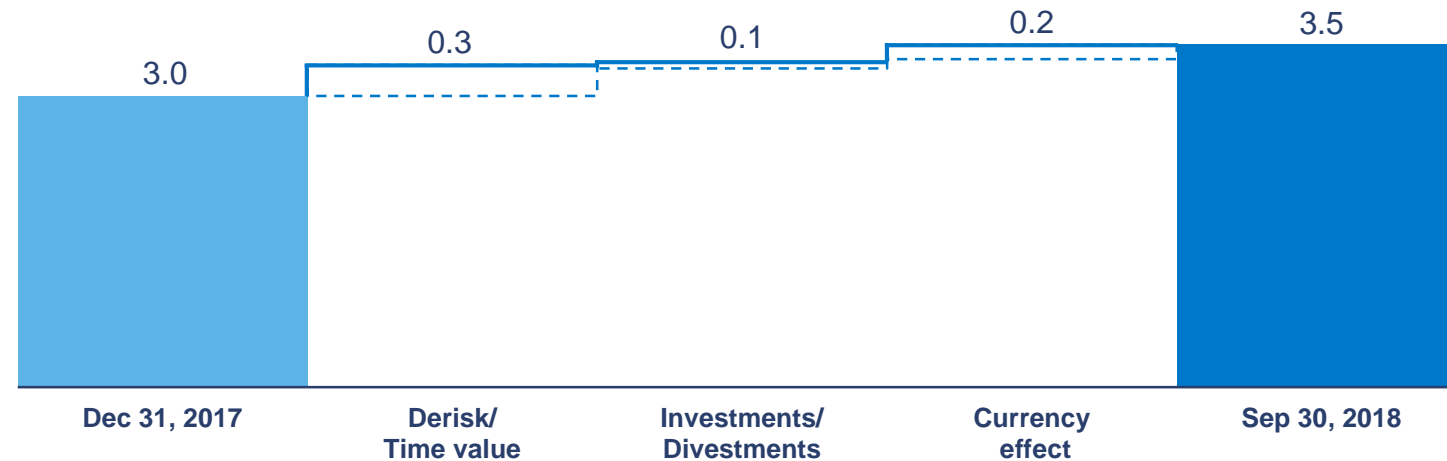


Rv3, road project , Løten to Elverum, Norway

Infrastructure Development

Project portfolio

Net present value of projects, SEK bn



SEK bn	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Present value of cash flow from projects	4.5	3.8	3.8
Net present value of projects	3.5	2.9	3.0
Carrying amount	-2.5	-2.6	-2.5
Unrealized development gain	1.0	0.3	0.5
Cash flow hedge	0.2	0.6	0.6
Effect in unrealized Equity	1.2	0.9	1.1

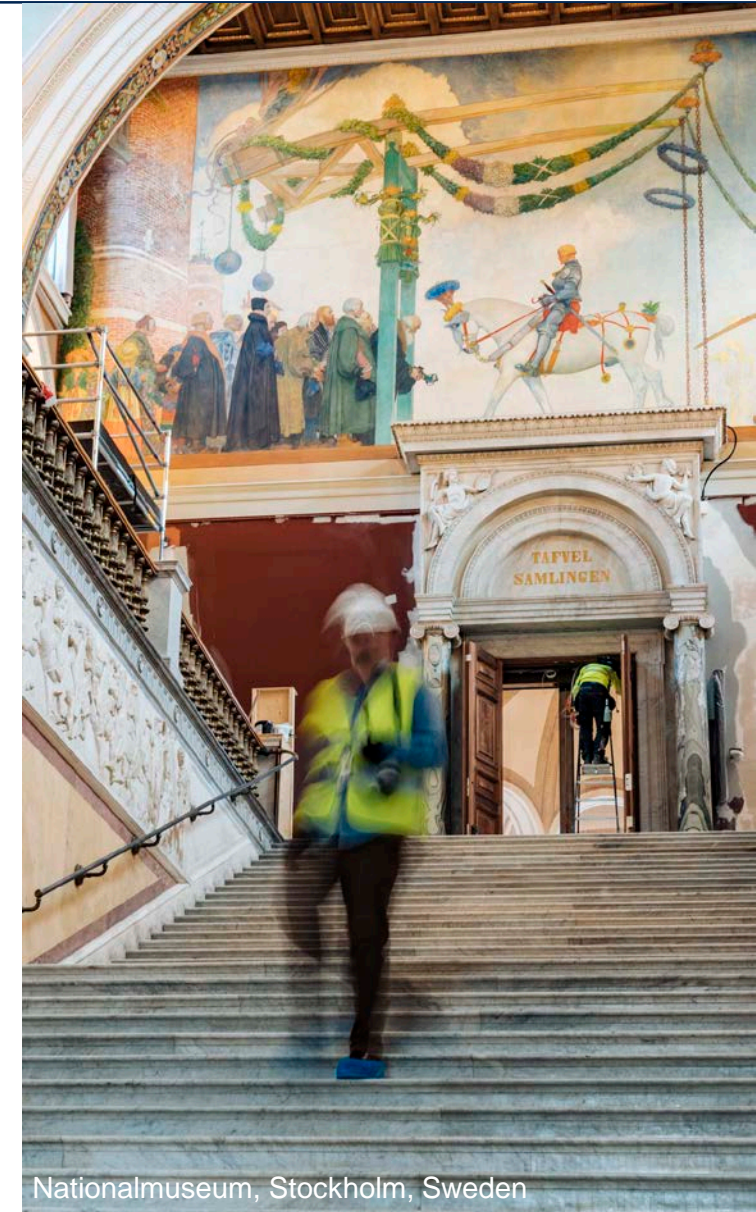


Rv3, road project, Løten to Elverum, Norway

Group

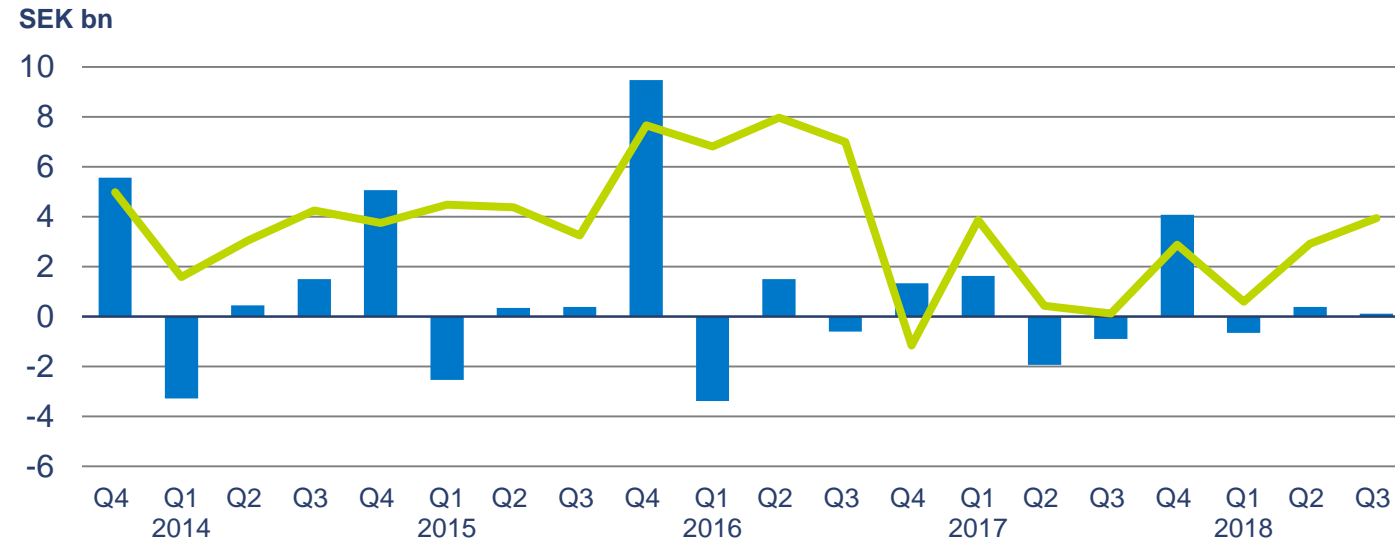
Income statement

SEK M	Jan–Sep 2018	Jan–Sep 2017	Jan–Dec 2017
Operating income from business streams	3,130	5,484	6,560
Central	-628	-616	-944
Eliminations	-58	-102	-112
Operating income	2,444	4,766	5,504
Net financial items	53	32	45
Income after financial items	2,497	4,798	5,549
Taxes	-406	-452	-615
Profit for the period	2,091	4,346	4,934
Earnings per share, SEK	5.07	10.58	12.01
Tax rate, %	16	9	11



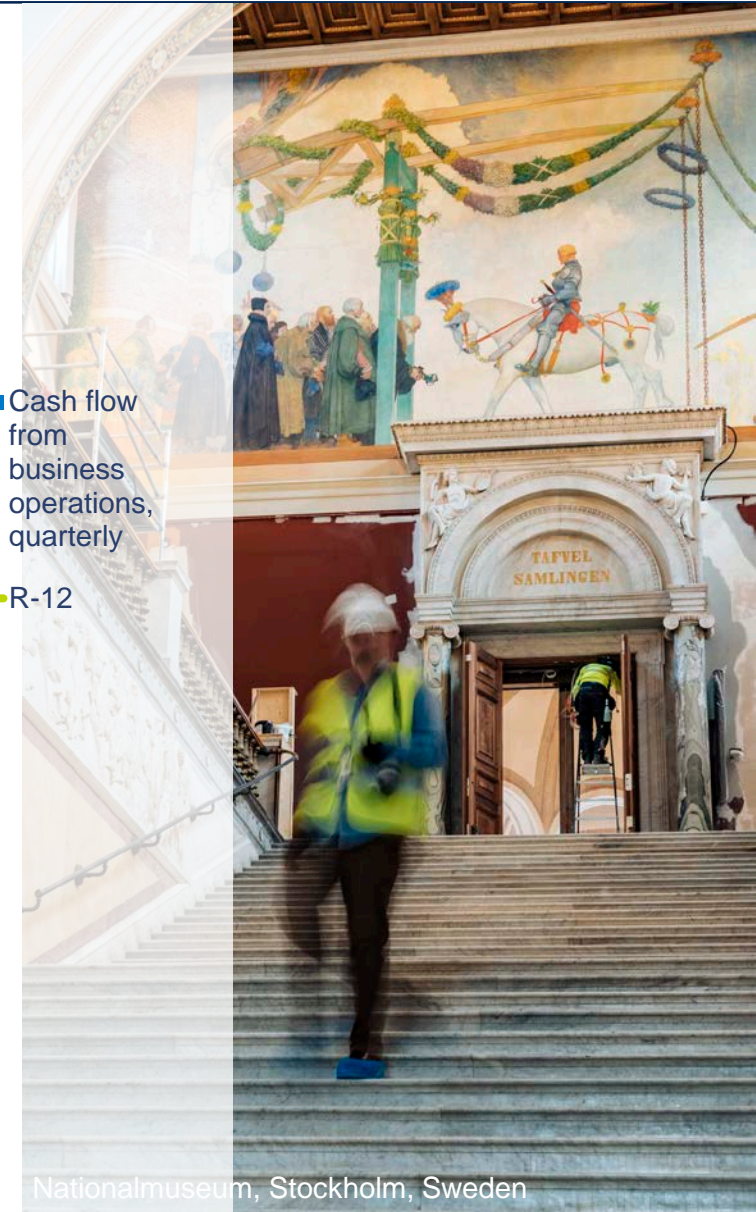
Nationalmuseum, Stockholm, Sweden

Group Cash flow



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

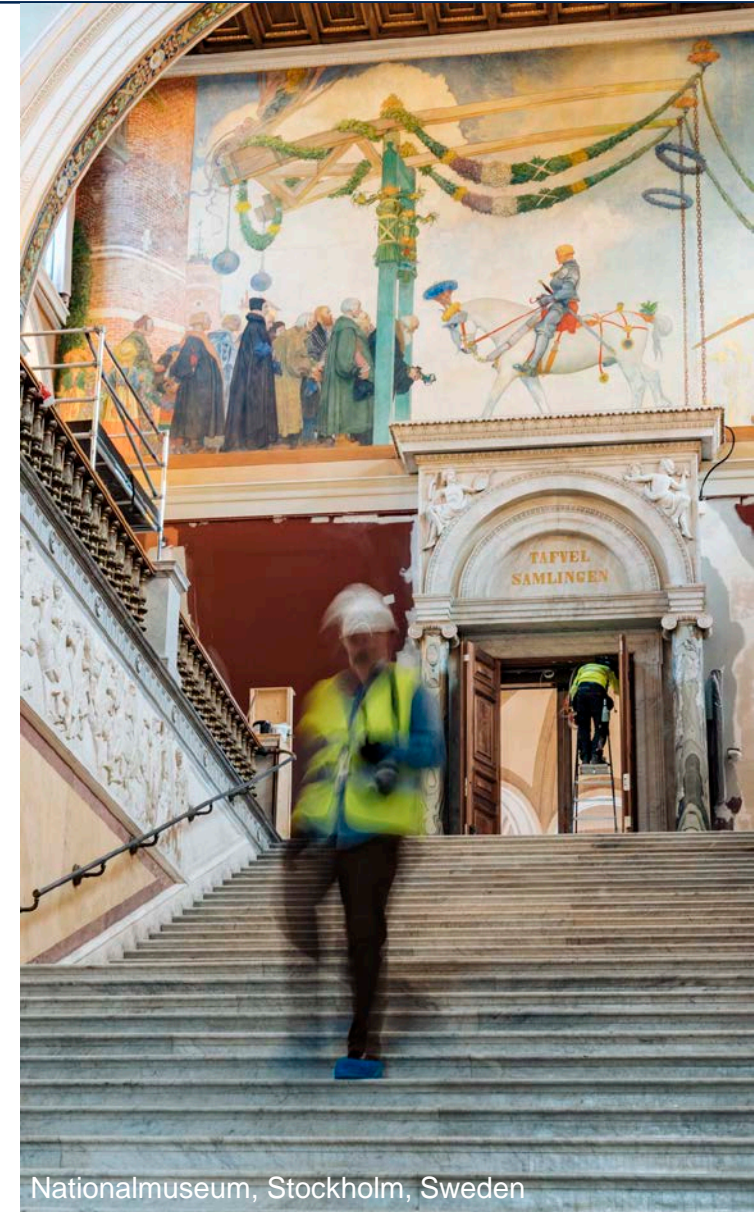
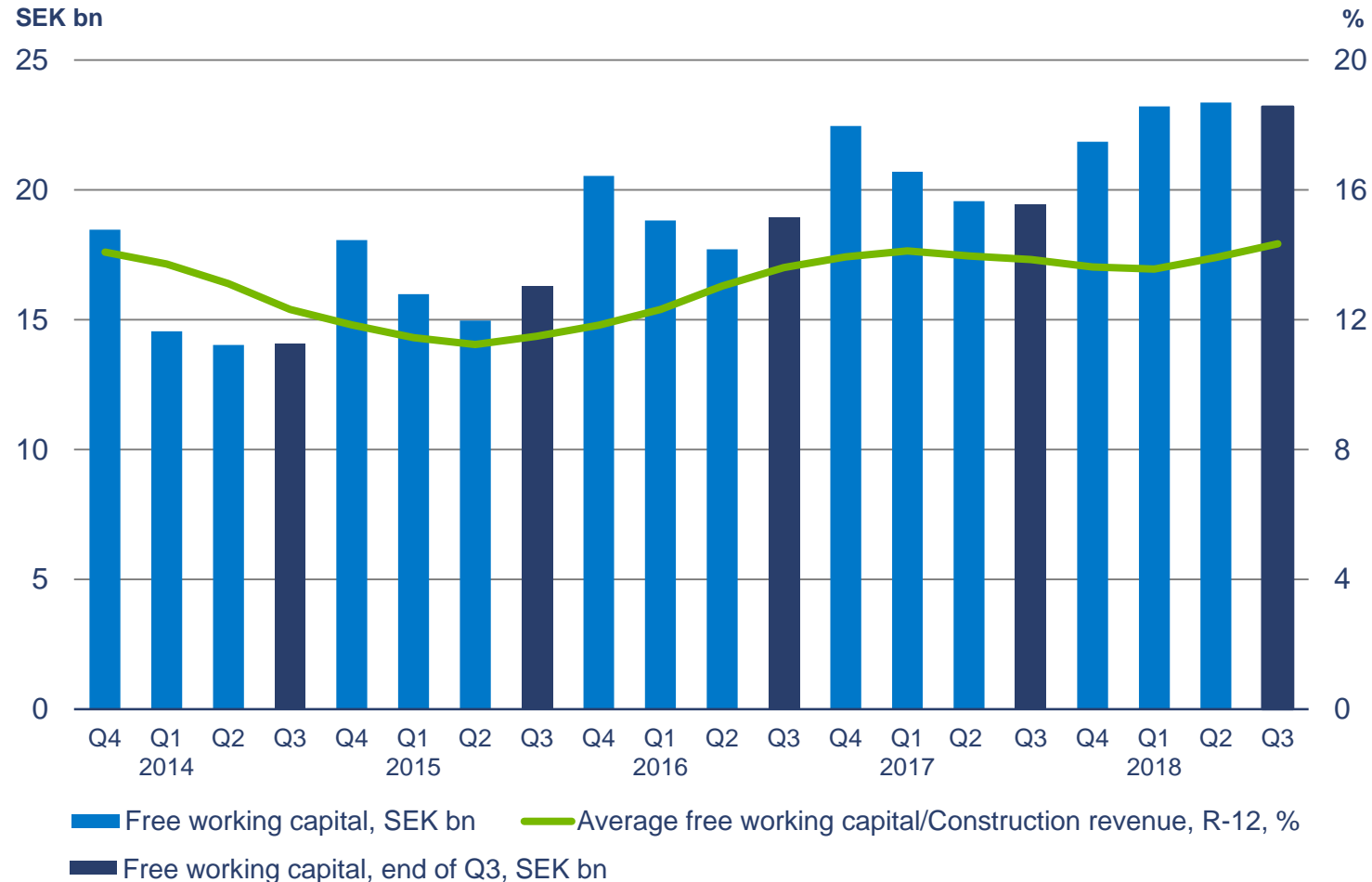
SEK bn	Jan–Sep 2018	Jan–Sep 2017	Jan–Dec 2017
Cash flow from operations	-0.1	-1.2	2.9
Net strategic investments	–	–	–
Dividend etc.	-3.5	-3.8	-3.9
Cash flow before change in interest-bearing receivables and liabilities	-3.6	-5.0	-1.0



Nationalmuseum, Stockholm, Sweden

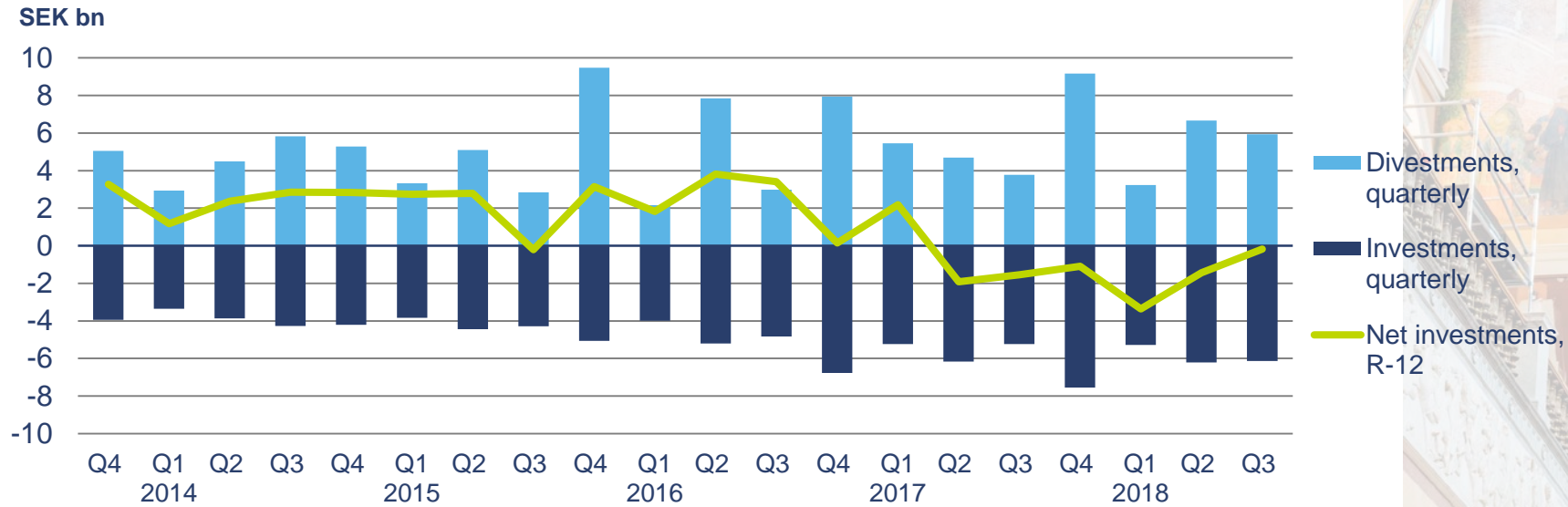
Construction

Free working capital

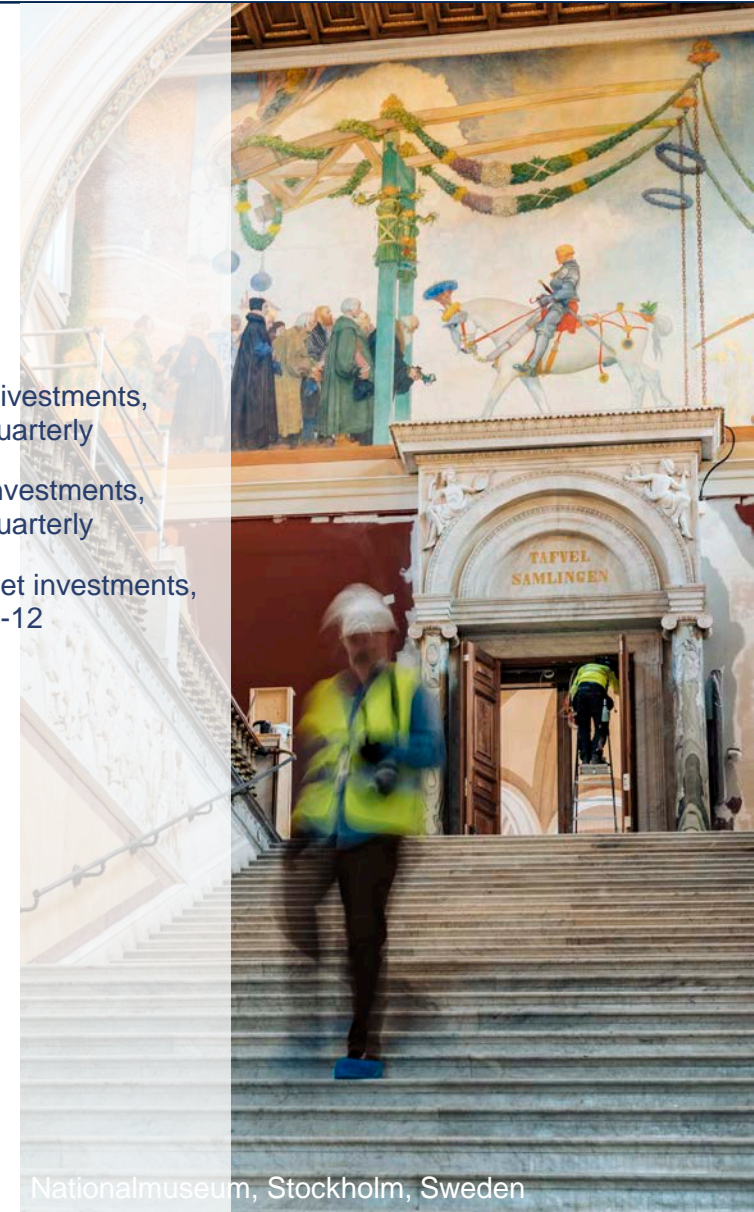


Group

Investments, divestments and capital employed



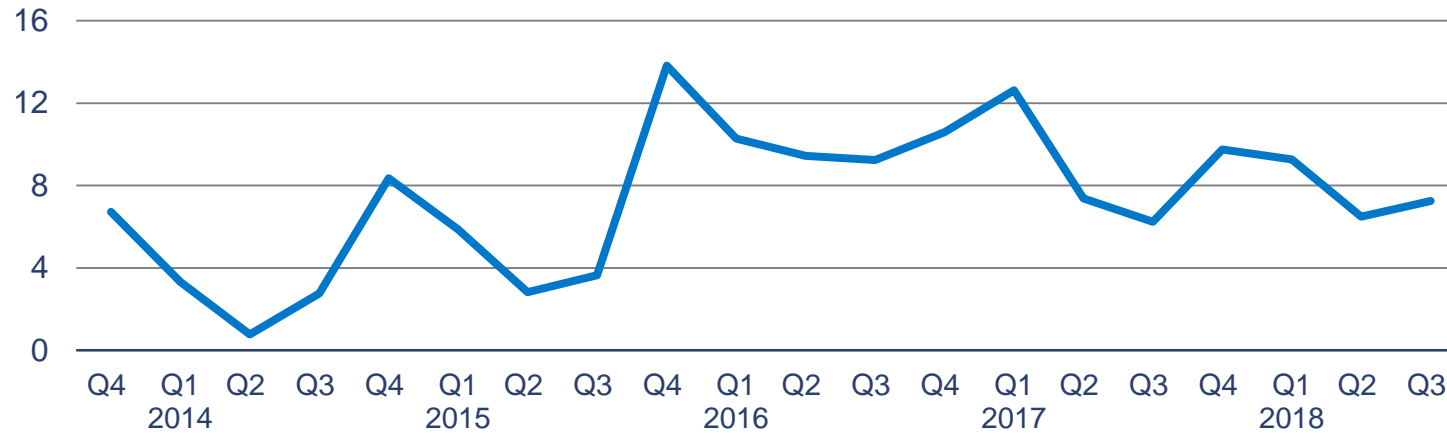
SEK bn	Sep 30 2018	Sep 30 2017	Dec 31 2017
Capital employed in:			
Residential Development	14.7	12.0	12.7
Commercial Property Development	27.1	23.6	24.5
Infrastructure Development	2.2	2.2	1.8
Total in Project Development	43.9	37.8	38.9



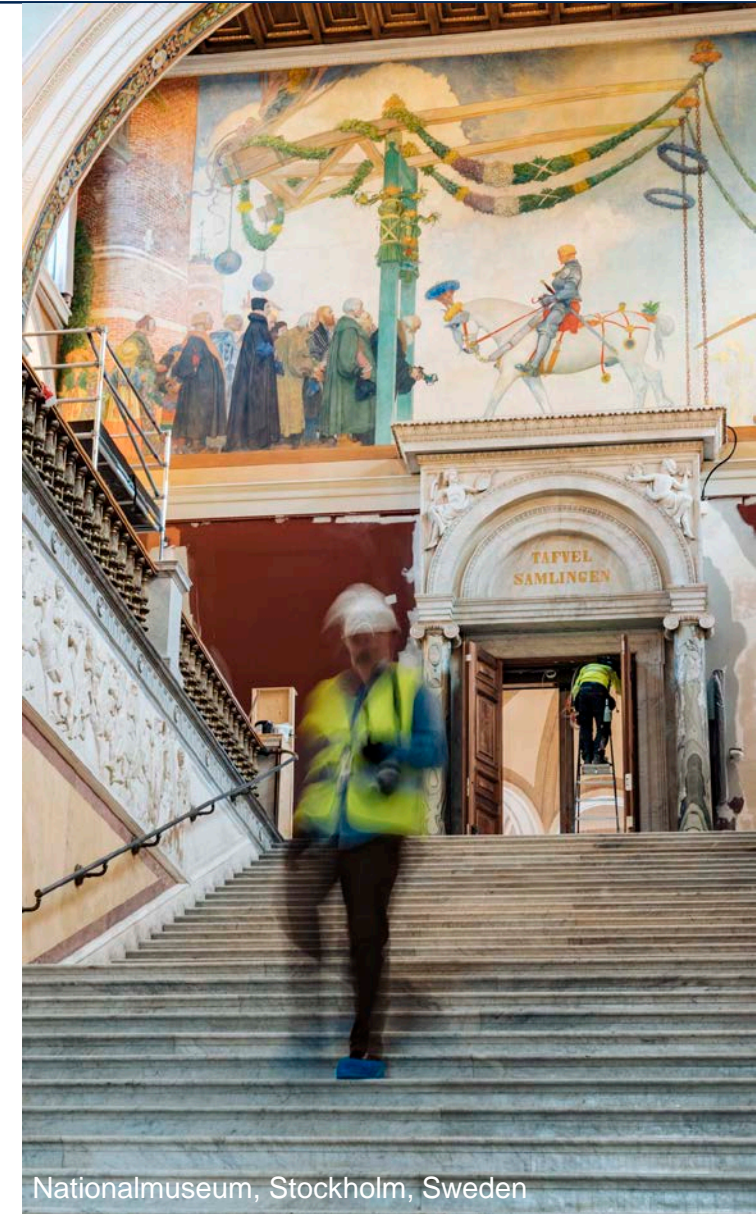
Nationalmuseum, Stockholm, Sweden

Group Financial position

Operating net financial assets/liabilities, SEK bn



SEK bn	Sep 30 2018	Sep 30 2017	Dec 31 2017
Total assets	116.9	107.4	109.4
Equity attributable to equity holders	28.0	25.3	27.2
Interest-bearing net receivables (+)/net debt (-)	-3.7	-5.6	-1.1
Operating net financial assets/liabilities	7.3	6.2	9.7
Capital employed, closing balance	45.6	42.6	44.1
Equity/assets ratio, %	24.0	23.6	24.8



Nationalmuseum, Stockholm, Sweden

Market outlook

Construction



Nordics

- Mixed building market in Sweden
- Stable building market in Norway and Finland
- Very strong civil market in Sweden and strong market in Norway but with fierce competition; Finland stable



Europe

- Poland building market stable
- Brexit continues to impact the UK non-residential market
- Stable civil market in the UK and Poland, weak in Czech Republic
- Rapid cost escalation in Poland and Czech Republic



USA

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



A14 highway Cambridge to Huntingdon, UK

Market outlook

Residential Development



Nordics

- Continued uncertainty and slow sales pace in Sweden and Norway
- Finland stable



Europe

- Robust market in Central Europe



Örgryte torp, Gothenburg, Sweden

Market outlook

Commercial Property Development

- ◀ Nordics
 - Strong interest from investors and low vacancy rates in Sweden especially
 - Finland improving
- ◀ Europe
 - Strong demand from tenants and investors in Poland and improving in other parts of Central Europe
- ◀ USA
 - Strong investor appetite and good tenant demand



Sthlm 04, Stockholm, Sweden

