

SKANSKA

Q4 2018

Press release, February 8, 2019, 7:30 a.m. CET

**We build for a better society.**  
121 Seaport Boulevard, Boston, USA





# Year-end report, January–December 2018

## Highlights according to segment reporting

- Revenue amounted to SEK 170.5 billion (160.8); adjusted for currency effects revenue increased 3 percent.
- Operating income amounted to SEK 4.8 billion (5.5); adjusted for currency effects operating income decreased 14 percent.
- Earnings per share decreased 21 percent to SEK 9.55 (12.01).
- The Board of Directors propose a dividend of SEK 6.00 (8.25) per share.
- Operating cash flow from operations amounted to SEK 7.4 billion (2.9), according to IFRS.
- Operating net financial assets totaled SEK 14.2 billion (September 30, 2018: 7.3), according to IFRS.
- Order bookings in Construction amounted to SEK 151.7 billion (151.8); adjusted for currency effects order bookings decreased 3 percent. The order backlog amounted to SEK 192.0 billion (September 30, 2018: 186.3).
- Operating income in Construction amounted to SEK 1.1 billion (1.2); adjusted for currency effects operating income decreased 8 percent and includes restructuring charges, project write-downs and impairment charges. The two latter also in the comparable period.
- Operating income in Project Development amounted to SEK 4.6 billion (5.4); adjusted for currency effects operating income decreased 16 percent.
- Return on capital employed in Project Development was 13.0 percent (14.5).
- Net divestments in Project Development amounted to SEK 5.4 billion (0.8), according to IFRS.

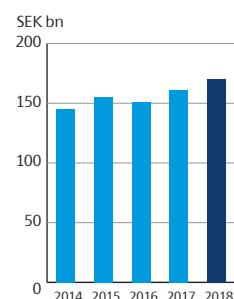
### Performance analysis

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.

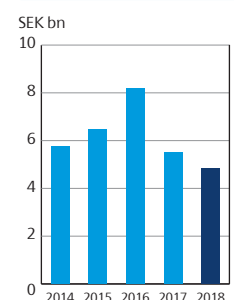
SEK M	Jan-Dec 2018	Jan-Dec 2017	Change, %	Oct-Dec 2018	Oct-Dec 2017	Change, %
<b>Revenue</b>						
Construction	157,894	150,050	5	42,580	41,074	4
Residential Development	10,739	13,237	-19	4,120	3,136	31
Commercial Property Development	16,271	11,440	42	7,082	3,685	92
Infrastructure Development	105	81	30	19	22	-14
Central and eliminations	-14,515	-13,985	4	-4,112	-4,298	-4
<b>Total</b>	<b>170,494</b>	<b>160,823</b>	<b>6</b>	<b>49,689</b>	<b>43,619</b>	<b>14</b>
<b>Operating income</b>						
Construction	1,099	1,205	-9	868	-221	-
Residential Development	1,505	1,716	-12	383	394	-3
Commercial Property Development	3,069	2,714	13	1,281	863	48
Infrastructure Development	31	925	-97	42	40	5
Central	-811	-944	-14	-183	-328	-44
Eliminations	-66	-112	-41	-8	-10	-20
<b>Operating income</b>	<b>4,827</b>	<b>5,504</b>	<b>-12</b>	<b>2,383</b>	<b>738</b>	<b>223</b>
<b>Net financial items</b>	<b>36</b>	<b>45</b>	<b>-20</b>	<b>-17</b>	<b>13</b>	<b>-</b>
<b>Income after financial items</b>	<b>4,863</b>	<b>5,549</b>	<b>-12</b>	<b>2,366</b>	<b>751</b>	<b>215</b>
Taxes	-934	-615	52	-528	-163	224
<b>Profit for the period</b>	<b>3,929</b>	<b>4,934</b>	<b>-20</b>	<b>1,838</b>	<b>588</b>	<b>213</b>
Earnings for the period per share, SEK	9.55	12.01	-21	4.48	1.43	213
Revenue for the period according to IFRSs	171,730	157,877	9	50,478	45,302	11
Operating income for the period according to IFRSs	5,647	4,578	23	3,063	1,380	122
Earnings for the period per share according to IFRSs, SEK	11.17	10.00	12	5.80	2.89	101
Operating cash flow from operations	7,377	2,879	156	7,518	4,078	84
Interest-bearing net receivables(+)/net debt(-)	3,231	-1,126	-	3,231	-1,126	-
Return on capital employed in Project Development, % <sup>1</sup>	13.0	14.5				
Operating net financial assets(+)/liabilities(-)	14,238	9,745	46			
Return on equity, %	14.1	18.6				

<sup>1</sup> Starting January 1, 2019, new definitions will be applied. For more information see pages 18-20.

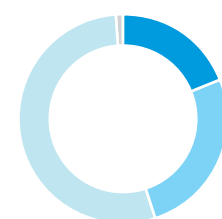
### Revenue



### Operating income

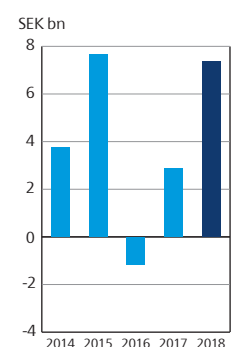


### Operating income per segment, Dec 31, 2018



- Construction, 19%
- Residential Development, 26%
- Commercial Property Development, 54%
- Infrastructure Development, 1%

### Operating cash flow from operations



# Comments from Skanska's President and CEO Anders Danielsson



When reflecting upon 2018, my first year as Skanska's CEO, I am grateful for the dedication of our people and all that we have accomplished in this challenging year:

- Restored profitability and reduced risks in our Construction operations
- Adapted to a weaker market in Residential Development
- Successfully realized and created value in Commercial Property Development
- Restructured our Infrastructure Development operations
- Restored Skanska to a more effective and efficient company

For Construction, 2018 was a disappointing year. Weak performance on two projects in the USA and a major restructuring in Poland overshadowed good performance in other operations, specifically Sweden and Finland. At the beginning of 2018, we implemented strategic initiatives to improve performance and reduce risk in Construction. We are now starting to see the impact of these initiatives. Operating margin in Construction in the fourth quarter was 2 percent and we expect these strategic initiatives to further improve profitability during 2019.

In Residential Development we were able to deliver strong profitability during 2018 despite reduced volumes in a slow Swedish market. A strategic shift in the mix of our portfolio, notably a larger portion of affordable and rental housing, combined with good project risk management has contributed substantially to the sustained profitability.

The Swedish market continues to be burdened by an oversupply of new homes. A weakening confidence among home buyers regarding market pricing, mortgage rate levels, access to bank credit and economic growth in general are all impacting the sector. We therefore anticipate a longer recovery.

For Commercial Property Development, 2018 was yet another record year. We achieved an all-time high in gains from divestments, surpassing SEK 4 billion. Favorable market conditions, a strong portfolio of ongoing projects and good leasing momentum have contributed to that. We expect to continue realizing gains in the years to come. While tenant demand and investor interest are at historically high levels in many of our markets, we still see opportunities to continue to grow our business.

In Infrastructure Development, which was restructured in 2018, the focus is on realizing value in the existing public-private partnership (PPP) portfolio. As a consequence, beginning January 1, 2019, Infrastructure Development will no longer be reported as a separate business stream.

As we enter 2019, there are political and macroeconomic uncertainties which are likely to increase further. In many of our home geographies and sectors, the markets are leveling out and it is difficult to predict how long this relatively favorable environment will last. We are in a strong position to deliver financially sustainable returns to our shareholders. To continue to grow Project Development and at the same time keep our financially strong position, the Board of Directors proposes a dividend of SEK 6.00.



121 Seaport is a 17-story, 37,000 square-meter, LEED® Platinum certified office tower with 275 below-grade parking spaces attached to a 2-story, 4,600 square-meter retail condominium. The office tower is 100 percent leased to PTC and Alexion Pharmaceuticals and is renowned for its distinctive elliptical-shape and sustainable design. Skanska has signed a contract to divest its 121 Seaport office tower development in Boston, USA, to SVF Acquisitions, LLC, a joint venture between American Realty Advisors and Norges Bank Real Estate Management. The divestment and transfer of ownership of the property to SVF Acquisitions, LLC, both occurred in the fourth quarter of 2018.

# Market outlook, next 12 months

## Weaker market outlook since last quarter.

- Weaker outlook compared to previous quarter. ● Unchanged outlook compared to previous quarter. ● Improved outlook compared to previous quarter.
- ⬆️ Very strong market coming 12m   ⬇️ Strong market coming 12m   ➡️ Stable market coming 12m   ⬇️ Weak market coming 12m   ⬇️ Very weak market coming 12m

### Construction

In Construction the overall market activity is high but is expected to level out.

The non-residential and civil markets in Sweden are very strong, although the landscape is competitive. The residential building market has come 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 is stable except for a slight slowdown in the residential building market.

In the UK the uncertainty related to Brexit is limiting investments in the non-residential building market. The civil market is stable. In Central Europe there is a high activity level in general and construction related inflation is high. In Czech Republic the civil market is still very competitive but contract conditions is expected to improve.

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 and healthcare.

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

<sup>1</sup> Including Slovakia.

### Residential Development

The overall Swedish residential market is weak and there is an oversupply of new built homes which impacts Skanska's market segments and product range negatively. Confidence among home buyers is decreasing due to uncertainty about factors impacting the direction of home prices such as future economic growth, employment, interest rates, credit supply, stock markets, etc. This is expected to impact the market negatively going forward. The underlying housing needs should however be supportive long-term. In Norway the market situation is a bit more stable than in Sweden and the Finnish market is solid. The Central European market is slowing down after a period of strong growth.

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



Aveny Vest, Lillestrøm, Norway.

### 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 high. Demand for office space is strong in Poland and in other parts of Central Europe as well. In USA, demand from tenants is good 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, but the number of shortlisted investors in transactions are fewer and more selective regarding investment objects. Yield levels in Sweden and in USA have likely bottomed out.

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



Office buildings, Jönköping, Sweden.



## Performance analysis

### Group

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



#### Revenue and earnings

SEK M	Jan-Dec 2018	Jan-Dec 2017	Change, %	Oct-Dec 2018	Oct-Dec 2017	Change, %
Revenue	170,494	160,823	6	49,689	43,619	14
Operating income <sup>1,2</sup>	4,827	5,504	-12	2,383	738	223
Net financial items	36	45	-20	-17	13	-
<b>Income after financial items</b>	<b>4,863</b>	<b>5,549</b>	<b>-12</b>	<b>2,366</b>	<b>751</b>	<b>215</b>
Taxes	-934	-615	52	-528	-163	224
<b>Profit for the period</b>	<b>3,929</b>	<b>4,934</b>	<b>-20</b>	<b>1,838</b>	<b>588</b>	<b>213</b>
Earnings for the period per share, SEK <sup>3</sup>	9.55	12.01	-21	4.48	1.43	213
Earnings for the period per share according to IFRSs, SEK <sup>3</sup>	11.17	10.00	12	5.80	2.89	101

1 Central, SEK -811 (-944)

2 Eliminations, SEK -66 (-112).

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

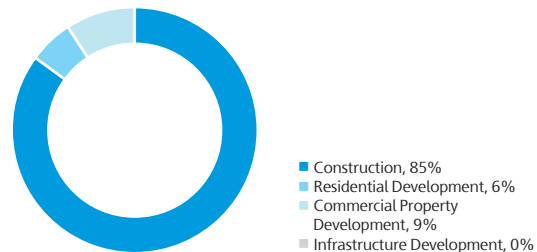
#### Changes and currency rate effects

	Jan-Dec 2018 / Jan-Dec 2017		
	Change in SEK	Change in local currency	Currency effect
Revenue	6%	3%	3%
Operating income	-12%	-14%	2%

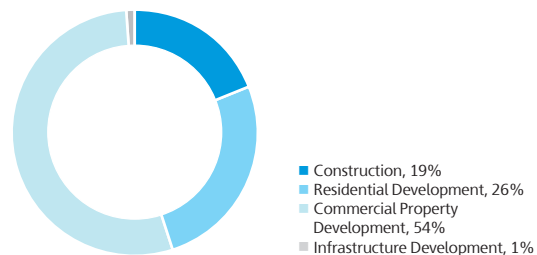
Revenue increased 6 percent and amounted to SEK 170.5 billion (160.8); adjusted for currency effects revenue increased 3 percent.

Operating income decreased 12 percent and amounted to SEK 4,827 M (5,504); adjusted for currency effects operating income decreased 14 percent. During the first and second quarter operating income was negatively affected by restructuring charges of

#### Revenue per segment, January–December 2018



#### Operating income per segment, January–December 2018



SEK 0.7 billion and project write-downs in the Polish and the US construction operations of SEK 1.1 billion in total. In the third quarter operating income was negatively affected by project write-downs of SEK 0.9 billion and a goodwill impairment charge of SEK 0.4 billion. Both are related to the US construction operations. Claims resolutions in the US civil operations and effects from pension curtailments in the UK had a positive impact of SEK 0.5 billion in the first quarter. In Residential Development land divestments and release of provisions related to completion of projects had a positive impact of a total of SEK 0.5 billion. In the comparable period project write-downs in the US, Poland and the UK construction operations and impairment charges impacted operating income by SEK 2.5 billion in total.

Central expenses totaled SEK -811 M (-944) and include restructuring charges of SEK 100 M in both periods. The elimination of gains in Intra-Group projects amounted to SEK -66 M (-112).

Net financial items amounted to SEK 36 M (45).

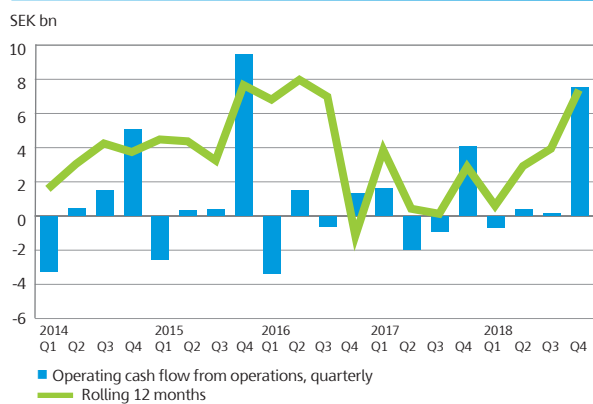
Taxes for the period amounted to SEK -934 M (-615), corresponding to an effective tax rate of 19 (11) percent. The lower tax rate in the comparable period is related to a greater proportion of income sources with a low tax rate.



## Cash flow

### Group

#### Operating cash flow from operations



#### Operating cash flow

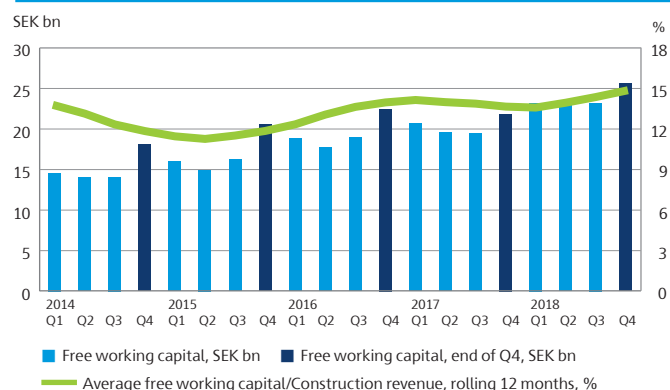
SEK M	Jan-Dec 2018	Jan-Dec 2017	Change, %	Oct-Dec 2018	Oct-Dec 2017	Change, %
Cash flow from business operations	394	1,057	-63	-412	56	-
Change in working capital	4,040	3,866	5	2,793	2,971	-6
Net divestments(+)/investments(-)	3,316	-1,086	-	5,088	1,610	216
Cash flow adjustment	-39	-243	-84	246	-240	-
<b>Cash flow from business operations before taxes paid</b>	<b>7,711</b>	<b>3,594</b>	<b>115</b>	<b>7,715</b>	<b>4,397</b>	<b>75</b>
Taxes paid in business operations	-443	-892	-50	-281	-327	-14
Cash flow from financing operations	109	177	-38	84	8	950
<b>Operating cash flow from operations</b>	<b>7,377</b>	<b>2,879</b>	<b>156</b>	<b>7,518</b>	<b>4,078</b>	<b>84</b>
Net strategic divestments(+)/investments(-)	-16	0	-	0	0	-
Dividend etc	-3,472	-3,879	-10	0	-115	-
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>3,889</b>	<b>-1,000</b>	<b>-</b>	<b>7,518</b>	<b>3,963</b>	<b>90</b>
Change in interest-bearing receivables and liabilities	-311	2,619	-	-1,054	-1,273	-17
<b>Cash flow for the period</b>	<b>3,578</b>	<b>1,619</b>	<b>121</b>	<b>6,464</b>	<b>2,690</b>	<b>140</b>

Operating cash flow from operations amounted to SEK 7,377 M (2,879). The increased cash flow is related to increased divestments in Commercial Property Development and change in working capital in Construction.

Taxes paid in business operations amounted to SEK -443 M (-892).

Commercial Property Development assets sold but not yet transferred will have a positive effect on cash flow of SEK 5.5 billion, of which SEK 2.6 billion will be received during 2019. The remainder will impact cash flow during 2020-2021.

#### Free working capital in Construction



Free working capital in Construction amounted to SEK 25.6 billion (21.8), with average free working capital in relation to Construction revenue in the past 12 months at 14.8 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 2,600 M (226). Settlements, increased provisions and a weaker Swedish krona largely account for the change in cash flow. During 2019 a cash outflow is expected due to a normalization of changes in working capital.

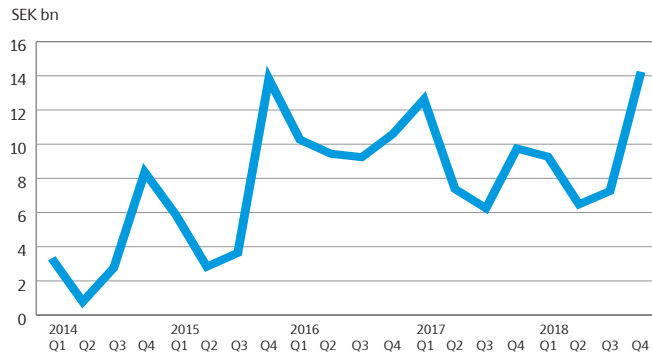


Capitol Tower, Houston, USA.



## Financial position

### Operating net financial assets/liabilities



### Balance sheet – Summary

SEK bn	Dec 31, 2018	Dec 31, 2017
Total assets	116.3	109.4
Total equity	29.3	27.2
Interest-bearing net receivables (+)/net debt (-)	3.2	-1.1
Operating net financial assets(+)/liabilities(-)	14.2	9.7
Capital employed, closing balance	46.2	44.1
Equity/assets ratio, %	25.2	24.8

### Change in net interest-bearing receivables and liabilities

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Opening balance interest-bearing net receivables(+)/net debt(-)	-1,126	1,219	-3,717	-5,560
Change in accounting principle <sup>1</sup>	-30	-	-	-
<b>Adjusted opening balance</b>	<b>-1,156</b>	<b>1,219</b>	<b>-3,717</b>	<b>-5,560</b>
<b>Cash flow for the period</b>	<b>3,578</b>	<b>1,619</b>	<b>6,464</b>	<b>2,690</b>
Less change in interest-bearing receivables and liabilities	311	-2,619	1,054	1,273
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>3,889</b>	<b>-1,000</b>	<b>7,518</b>	<b>3,963</b>
Translation differences, net receivables/net debt	282	-941	39	-140
Remeasurements of pension liabilities	-271	-334	-893	497
Interest-bearing liabilities acquired/divested	-7	0	1	0
Other changes, interest-bearing net receivables/net debt	494	-70	283	114
<b>Change in interest-bearing net receivables/net debt</b>	<b>4,387</b>	<b>-2,345</b>	<b>6,948</b>	<b>4,434</b>
<b>Closing balance interest-bearing net receivables(+)/net debt(-)</b>	<b>3,231</b>	<b>-1,126</b>	<b>3,231</b>	<b>-1,126</b>
Pension liability, net	4,765	4,910	4,765	4,910
Loans by housing co-ops	6,242	5,961	6,242	5,961
<b>Closing balance operating net financial assets(+)/liabilities(-)</b>	<b>14,238</b>	<b>9,745</b>	<b>14,238</b>	<b>9,745</b>

<sup>1</sup> 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 14.2 billion (September 30, 2018: 7.3). Interest-bearing net receivables amounted to SEK 3.2 billion (September 30, 2018: -3.7).

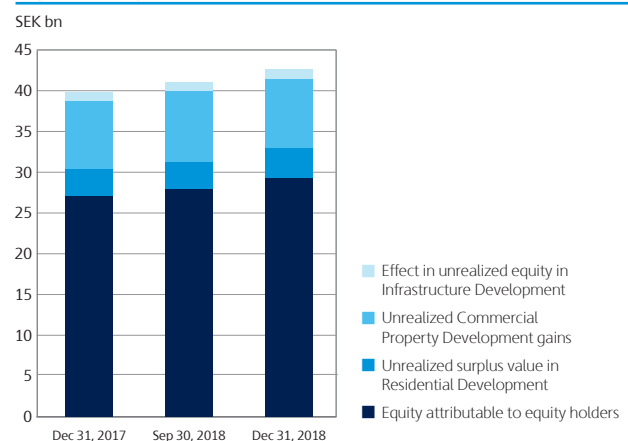
At the end of the quarter, cash, cash equivalents and committed unutilized credit facilities amounted to SEK 19.3 billion (September 30, 2018: 12.9), of which SEK 14.1 billion (September 30, 2018: 11.2) is available within one week. The Group central loan portfolio amounted to SEK 4.3 billion (September 30, 2018: 4.7) and had an average maturity of 3.6 years (September 30, 2018: 3.5), including committed unutilized credit facilities. Loans by housing co-ops totaled SEK 6.2 billion (September 30, 2018: 7.1) and net pension liabilities totaled SEK 4.8 billion (September 30, 2018: 3.9). At the end of the quarter, capital employed amounted to SEK 46.2 billion (September 30, 2018: 45.6).

### Changes in equity

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Opening balance	27,185	27,506	28,034	25,299
Change in accounting principle <sup>1</sup>	-140	-	-	-
<b>Adjusted opening balance</b>	<b>27,045</b>	<b>27,506</b>	<b>28,034</b>	<b>25,299</b>
Dividend to shareholders	-3,373	-3,380	0	0
Other changes in equity not included in total comprehensive income for the year	132	-202	65	-47
Profit for the period	4,594	4,111	2,383	1,185
Other comprehensive income				
Translation differences	1,119	-716	-270	201
Effects of remeasurements of pensions	-419	-330	-840	452
Effects of cash flow hedges	249	196	-25	95
<b>Closing balance</b>	<b>29,347</b>	<b>27,185</b>	<b>29,347</b>	<b>27,185</b>

<sup>1</sup> 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



### Equity

The Group's equity amounted to SEK 29.3 billion (27.2), resulting in an equity/assets ratio of 25.2 percent (24.8) and a net debt/equity ratio of -0.1 (0.0).

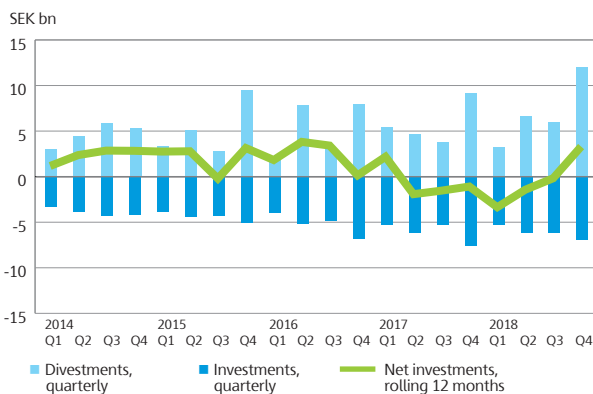
The effects of remeasurements of pensions amounted to SEK -419 M (-330). In the fourth quarter these effects were negatively impacted by lower return on assets than assumed while the comparable period was positively impacted by increased discount rates in Sweden. The effects of cash flow hedges, SEK 249 M (196), are mainly related to changes in interest-rate swaps attributable to Infrastructure Development projects. Translation differences amounted to SEK 1,119 M (-716), mainly attributable to a weaker Swedish krona.

Unrealized surplus values less standard tax in Project Development amounted to SEK 13.3 billion (September 30, 2018: 13.2), of which SEK 0.8 billion was realized according to segment reporting.



## Investments and divestments

### Investments and divestments



The Group's investments amounted to SEK -24,540 M (-24,185), while divestments amounted to SEK 27,840 M (23,099), resulting in net divestments of SEK 3,300 M (-1,086).

In Construction, investments totaled SEK -2,526 M (-2,062). These investments mainly relates to property, plant and equipment for the Group's own operations. Net investments in Construction amounted to SEK -2,096 M (-1,825). Depreciation of property, plant and equipment amounted to SEK -1,550 M (-1,375).

In Residential Development, investments totaled SEK -10,542 M (-11,093), of which SEK -1,599 M (-2,437) relates to land acquisitions, corresponding to 3,333 building rights. Divestments amounted to SEK 12,146 M (11,773). Net divestments in Residential Development amounted to SEK 1,604 M (680).

In Commercial Property Development, investments totaled SEK -11,452 M (-10,716), of which SEK -994 M (-1,386) relates to investments in new land, while divestments amounted to SEK 15,275 M (9,341). Net divestments in Commercial Property Development amounted to SEK 3,823 M (-1,375).

Investments in Infrastructure Development amounted to SEK -63 M (-449), while divestments amounted to SEK 80 M (1,950). Net divestments in Infrastructure Development amounted to SEK 17 M (1,501).



Investment in Generation Park, Warszawa, Poland.

### Investments, divestments and net divestments/investments

SEK M	Jan-Dec 2018	Jan-Dec 2017	Change, %	Oct-Dec 2018	Oct-Dec 2017	Change, %
<b>Investments</b>						
Construction	-2,526	-2,062	23	-704	-453	55
Residential Development	-10,542	-11,093	-5	-3,026	-3,187	-5
Commercial Property Development	-11,452	-10,716	7	-3,249	-3,477	-7
Infrastructure Development	-63	-449	-86	2	-378	-
Other	43	135		56	-57	
<b>Total</b>	<b>-24,540</b>	<b>-24,185</b>	<b>1</b>	<b>-6,921</b>	<b>-7,552</b>	<b>-8</b>
<b>Divestments</b>						
Construction	430	237	81	245	58	322
Residential Development	12,146	11,773	3	4,562	3,426	33
Commercial Property Development	15,275	9,341	64	7,278	5,097	43
Infrastructure Development	80	1,950	-96	15	582	-97
Other	-91	-202		-91	-1	
<b>Total</b>	<b>27,840</b>	<b>23,099</b>	<b>21</b>	<b>12,009</b>	<b>9,162</b>	<b>31</b>
<b>Net divestments(+)/ investments(-)</b>						
Construction	-2,096	-1,825	15	-459	-395	16
Residential Development	1,604	680	136	1,536	239	543
Commercial Property Development	3,823	-1,375	-	4,029	1,620	149
Infrastructure Development	17	1,501	-99	17	204	-92
Other	-48	-67		-35	-58	
<b>Total</b>	<b>3,300</b>	<b>-1,086</b>	<b>-</b>	<b>5,088</b>	<b>1,610</b>	<b>216</b>
Of which strategic	-16	0		0	0	

### Capital employed in Project Development

SEK M	Dec 31, 2018	Sep 30, 2018	Dec 31, 2017
Residential Development	13,605	14,658	12,652
Commercial Property Development	26,672	27,116	24,481
Infrastructure Development	2,234	2,156	1,809
<b>Total in Project Development</b>	<b>42,511</b>	<b>43,930</b>	<b>38,942</b>

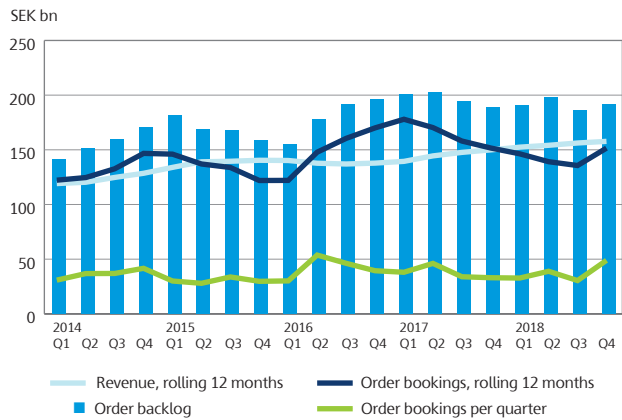


Divestment, Seaport 121 Boulevard, Boston, USA.

## Performance analysis, business streams

### Construction – Order situation

#### Order backlog, revenue and order bookings



#### Order bookings and order backlog in Construction

SEK bn	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Order bookings	151.7	151.8	49.1	33.2
Order backlog <sup>1</sup>	192.0	188.4	-	-

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

Order bookings amounted to SEK 151.7 billion (151.8); adjusted for currency effects order bookings decreased 3 percent. On a rolling 12-month basis the book-to-build ratio was 96 percent (September 30, 2018: 87).

At the end of the year, the order backlog amounted to SEK 192.0 billion compared to SEK 186.3 billion at the end of the third quarter. The order backlog corresponds to 14 months of production (September 30, 2018: 14).

#### Changes and currency rate effects

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

#### Major orders in the quarter

Geography	Contract	Amount SEK M	Client
USA	Subway maintenance facility	3,300	Metropolitan Transportation Authority
Nordic	Highway	3,200	Norwegian Public Road Authority
USA	Office project	3,000	Vornado Realty Trust
USA	School buildings	2,200	Belmont High School
Nordic	Campus	1,300	Akademiska Hus

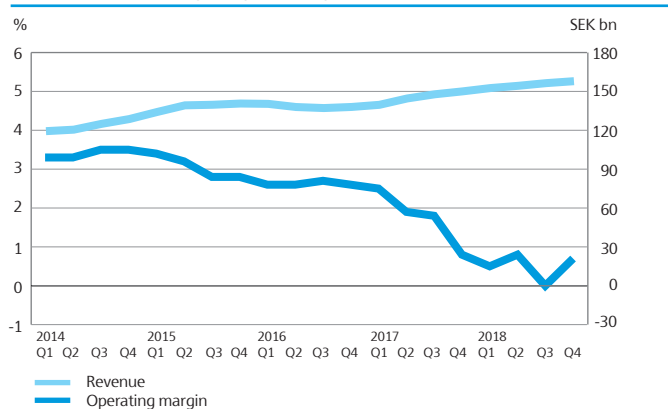


Campus 6, Bucharest, Romania.



## Construction

### Revenue and operating margin, rolling 12 months



### Revenue and earnings

SEK M	Jan-dec 2018	Jan-dec 2017	Change, %	Okt-dec 2018	Okt-dec 2017	Change, %
Revenue	157,894	150,050	5	42,580	41,074	4
<b>Gross income</b>	<b>8,045</b>	<b>8,299</b>	<b>-3</b>	<b>2,605</b>	<b>2,045</b>	<b>27</b>
Selling and administrative expenses	-6,998	-7,132	-2	-1,764	-2,282	-23
Income from joint ventures and associated companies	52	38		27	16	
<b>Operating income</b>	<b>1,099</b>	<b>1,205</b>	<b>-9</b>	<b>868</b>	<b>-221</b>	<b>-</b>
Gross margin, %	5.1	5.5		6.1	5.0	
Selling and administrative expenses, %	-4.4	-4.8		-4.1	-5.6	
Operating margin, %	0.7	0.8		2.0	-0.5	
Employees	37,006	39,002				

### Changes and currency rate effects

	Jan-Dec 2018 / Jan-Dec 2017		
	Change in SEK	Change in local currency	Currency effect
Revenue	5%	2%	3%
Operating income	-9%	-8%	-1%

Revenue in the Construction business stream increased 5 percent and amounted to SEK 157.9 billion (150.1); adjusted for currency effects revenue increased 2 percent. Operating income amounted to SEK 1,099 M (1,205).

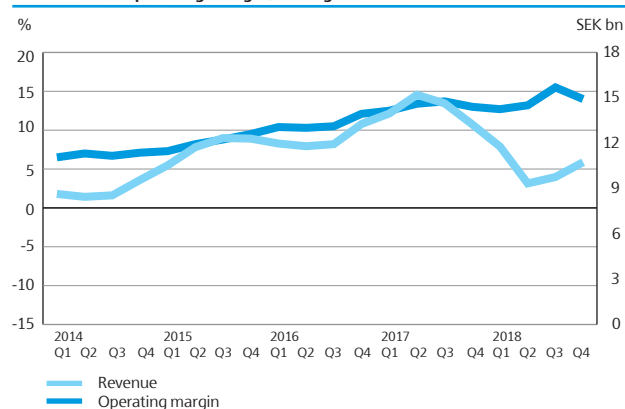
The performance in the Nordics was stable and strong, mainly driven by Sweden and Finland. In the first quarter, operating income in Europe was negatively impacted by restructuring charges of SEK 0.4 billion in total, and project write-downs of SEK 0.6 billion in the Polish operations. In the second quarter, project write-downs in the US operations of SEK 0.5 billion negatively affected the operating income. In the third quarter, project write-downs of SEK 0.9 billion and a goodwill impairment charge of SEK 0.4 billion in USA had a negative impact. Claim resolutions in the US civil operations and effects of pension curtailments in the UK had a positive impact of SEK 0.5 billion in total during the first quarter. The comparable period contains impairment charges of SEK 1.0 billion in the fourth quarter and project write-downs in USA, Poland and in the UK of SEK 1.5 billion in total during the year.



Manhattan Bridge, New York, USA.

## Residential Development

### Revenue and operating margin, rolling 12 months



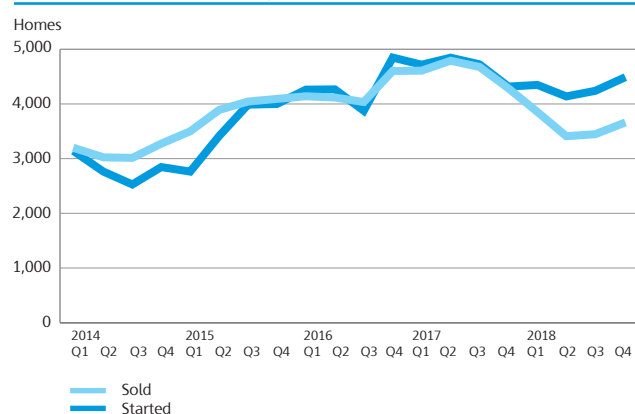
### Revenue and earnings

SEK M	Jan-Dec 2018	Jan-Dec 2017	Change, %	Oct-Dec 2018	Oct-Dec 2017	Change, %
Revenue	10,739	13,237	-19	4,120	3,136	31
Gross income	2,181	2,382	-8	562	567	-1
Selling and administrative expenses	-676	-666	2	-179	-173	3
Operating income	1,505	1,716	-12	383	394	-3
Gross margin, %	20.3	18.0		13.6	18.1	
Selling and administrative expenses, %	-6.3	-5.0		-4.3	-5.5	
Operating margin, %	14.0	13.0		9.3	12.6	
Return on capital employed, % <sup>1</sup>	11.4	15.4		-	-	

1 For definitions see pages 18-20.

Revenue in the Residential Development business stream amounted to SEK 10,739 M (13,237). The number of homes sold totaled 3,653 (4,285), of which 623 (197) rental apartments. The decrease in revenue is related to slower markets in Sweden and Norway. Operating income amounted to SEK 1,505 M (1,716) and includes a positive effect from release of provisions amounting to SEK 300 M related to completion of projects, as well as land divestment gains amounting to SEK 200 M. The operating margin amounted to 14.0 percent (13.0). Excluding the release of provisions and land divestments the operating margin was 10 percent.

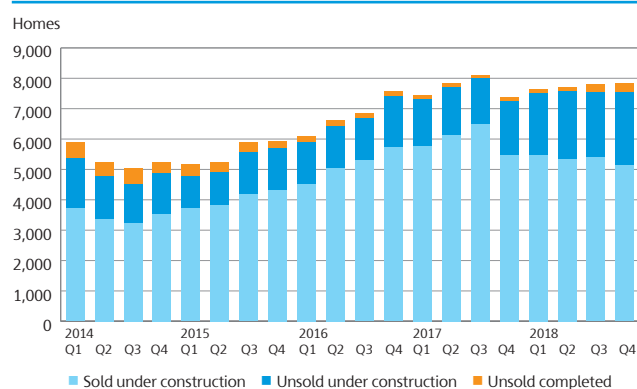
### Homes sold and started, rolling 12 months



### Homes sold and started

	Jan-Dec 2018	Jan-Dec 2017
Homes sold	3,653	4,285
Homes started	4,480	4,318

### Homes under construction and unsold



### Homes under construction and unsold

	Dec 31, 2018	Dec 31, 2017
Homes under construction	7,539	7,243
of which sold, %	68	76
Completed unsold, number of homes	314	122

Return on capital employed decreased to 11.4 percent (15.4) as a result of lower profit and higher capital employed.

At the end of the quarter, 7,539 homes (September 30, 2018: 7,538) were under construction. Of these, 68 percent (September 30, 2018: 72) were sold. The number of completed unsold homes totaled 314 (September 30, 2018: 261), mainly in Sweden and Finland. In 2018, construction started on 4,480 homes (4,318).

### Breakdown of carrying amounts

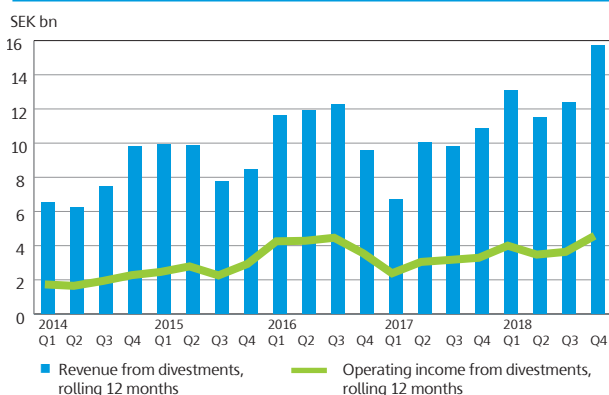
SEK M	Dec 31, 2018	Sep 30, 2018	Dec 31, 2017
Completed projects	903	592	655
Ongoing projects	8,213	9,152	7,750
Undeveloped land and development properties	7,446	7,649	6,990
<b>Total</b>	<b>16,562</b>	<b>17,393</b>	<b>15,395</b>

A breakdown of the carrying amounts for Residential Development is presented in the table above. Ongoing projects amounted to SEK 8.2 billion (September 30, 2018: 9.2) and undeveloped land and development properties amounted to SEK 7.4 billion (September 30, 2018: 7.6). The estimated unrealized surplus value in unsold homes in construction and undeveloped land and development properties amounted to SEK 4.0 billion. The undeveloped land and development properties correspond to Skanska-owned building rights for 25,300 homes and 1,360 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 13,730 building rights.



## Commercial Property Development

### Revenue and operating income from property divestments



### Revenue and earnings

SEK M	Jan-Dec 2018	Jan-Dec 2017	Change, %	Oct-Dec 2018	Oct-Dec 2017	Change, %
Revenue	16,271	11,440	42	7,082	3,685	92
of which from divestment of properties	15,720	10,867	45	6,943	3,587	94
<b>Gross income</b>	<b>3,936</b>	<b>2,989</b>	<b>32</b>	<b>1,559</b>	<b>820</b>	<b>90</b>
Selling and administrative expenses	-928	-899	3	-298	-275	8
Income from joint ventures and associated companies	61	624		20	318	
<b>Operating income</b>	<b>3,069</b>	<b>2,714</b>	<b>13</b>	<b>1,281</b>	<b>863</b>	<b>48</b>
of which from divestment of properties	4,005	2,879	39	1,653	830	99
Return on capital employed, % <sup>1</sup>	12.8	15.5				

<sup>1</sup> Starting January 1, 2019, new definitions will be applied. For more information see pages 18-20.

In the Commercial Property Development business stream, divestments worth SEK 15,720 M (10,867) were made in 2018. Operating income amounted to SEK 3,069 M (2,714) and included gains from property divestments totaling SEK 4,005 M (2,879). In the fourth quarter the 121 Seaport project in Boston was divested for SEK 4.0 billion with a gain of SEK 1.2 billion.

### Breakdown of investment value and market value

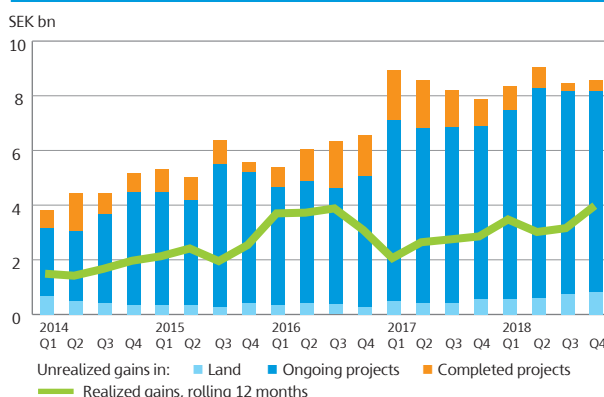
SEK M	Investment value, end of period	Investment value upon completion	Market value <sup>1</sup>	Occupancy rate, %	Degree of completion, %
Ongoing projects	16,699	33,825	42,045	50	50
Completed projects <sup>2</sup>	2,907	2,907	3,291	69	100
Undeveloped land and development properties	7,455	7,455	8,271		
<b>Total</b>	<b>27,061</b>	<b>44,187</b>	<b>53,607</b>		
of which carrying amount <sup>3</sup>	26,739	43,865			
of which completed projects sold according to segment reporting	0	0	0		
of which ongoing projects sold according to segment reporting	1,983	4,599	5,469		

<sup>1</sup> Market value according to appraisal on December 31, 2018. Estimated market value at completion fully leased.

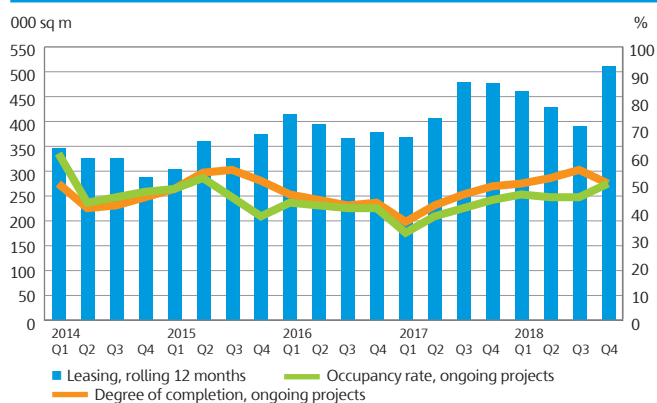
<sup>2</sup> Skanska's share of total production cost in JVs is SEK 548 M end of period and upon completion.

<sup>3</sup> Includes Skanska's total equity investment in JV of SEK 226 M (end of period) and SEK 226 M (upon completion) and tenant improvement and leasing commissions in CDUS of 232 MSEK (Completed projects) and 452 MSEK (Ongoing projects).

### Unrealized and realized gains, segment reporting



### Leasing and degree of completion



Return on capital employed amounted to 12.8 percent (15.5).

At the end of the quarter, Commercial Property Development had 53 ongoing projects. During the fourth quarter, seven new projects were started and ten were completed. The 53 ongoing projects represent leasable space of about 1,154,000 sq m with an occupancy rate of 50 percent, measured in rent. The projects' degree of completion was also 50 percent. Their investment value upon completion is expected to total SEK 33.8 billion, with an estimated market value of SEK 42.0 billion.

Of the ongoing projects, 15 have been divested according to segment reporting. These projects represent an investment value upon completion of SEK 4.6 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 3.3 billion. The occupancy rate, measured in rent, totaled 69 percent (September 30, 2018: 71).

At the end of the quarter, unrealized gains, excluding properties divested according to segment reporting, totaled SEK 8.6 billion. These gains related to SEK 7.4 billion in ongoing projects, SEK 0.4 billion in completed projects and SEK 0.8 billion in undeveloped land and development properties.

Accumulated eliminations of Intra-Group project gains amounted to SEK 474 M. These eliminations are released at the Group level as each project is divested. During 2018 new leases were signed for 511,000 sq m (477,000).

## Infrastructure Development

### Revenue and earnings

SEK M	Jan-Dec 2018	Jan-Dec 2017	Change, %	Oct-Dec 2018	Oct-Dec 2017	Change, %
Revenue	105	81	30	19	22	-14
<b>Gross income</b>	<b>-34</b>	<b>-96</b>	<b>-65</b>	<b>-5</b>	<b>-16</b>	<b>-69</b>
Selling and administrative expenses	-116	-121	-4	0	-24	-
Income from joint ventures and associated companies	181	1,142	-84	47	80	-41
<b>Operating income</b>	<b>31</b>	<b>925</b>	<b>-97</b>	<b>42</b>	<b>40</b>	<b>5</b>
of which gains from divestments of shares in projects	58	985	-94	0	73	-
Return on capital employed, % <sup>1</sup>	24.6	3.6				

1 For definitions see pages 18-20.

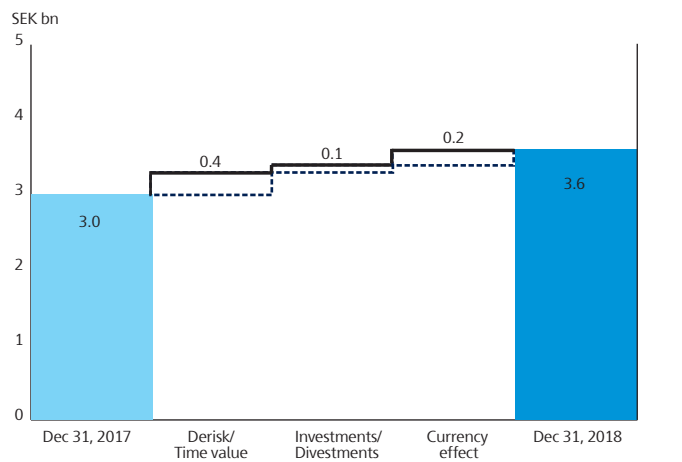
Operating income in the Infrastructure Development business stream totaled SEK 31 M (925) and includes restructuring charges of SEK 120 M during the first quarter as well as a success fee from the financial close of Rv3 in Norway during the second quarter. During the third quarter an additional payment from a previous divestment was received. The comparable period contains the gain of SEK 0.9 billion from the divestment of the investment in the A1 motorway project in Poland. Return on capital employed amounted to 24.6 percent (3.6).

### Unrealized development gains

SEK bn	Dec 31, 2018	Sep 30, 2018	Dec 31, 2017
Present value of cash flow from projects	4.7	4.5	3.8
Present value of remaining investments	-1.1	-1.0	-0.8
<b>Net present value of projects</b>	<b>3.6</b>	<b>3.5</b>	<b>3.0</b>
Carrying amount before Cash flow hedge / Carrying amount	-2.5	-2.5	-2.5
<b>Unrealized development gain</b>	<b>1.1</b>	<b>1.0</b>	<b>0.5</b>
Cash flow hedge	0.3	0.2	0.6
<b>Effect in unrealized equity<sup>1</sup></b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>

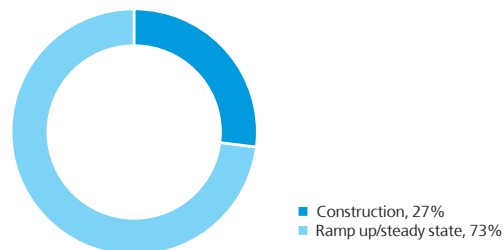
1 Tax effects not included.

### Changes in net present value



The net present value of projects at the end of the period increased to SEK 3.6 billion (3.0), while unrealized development gains totaled SEK 1.1 billion (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 (0.6). As a consequence of the restructuring Infrastructure Development will, starting January 1, 2019, be reported in Central on a separate line and no longer be included in the Return on capital employed in Project Development measure.

### Estimated gross present value by phase



New Karolinska Solna, Stockholm, Sweden.



## Personnel

During 2018, the average number of employees in the Group was 38,650 (40,759). At the end of 2018, the number of employees totaled 37,450 people (September 30, 2018: 38,653).

## 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. During 2018, 435,000 shares were purchased and on December 31, 2018, Skanska held 10,224,634 Series B shares in its own custody.

## Annual General Meeting

The Annual General Meeting will be held at 10:00 a.m. CET on March 28, 2019, at Stockholm Waterfront Congress Centre, Stockholm, Sweden. The invitation to attend the meeting will be published no later than February 20, 2019.

## Dividend

The Board of Directors propose a dividend of SEK 6.00 (8.25) per share. The proposal is equivalent to a regular dividend payout totaling SEK 2,458 M (3,373). The Board of Directors proposes April 1, 2019, as the record date for the dividend. The total dividend amount may change up to the record date, depending on share repurchases and transfers.

## Events after the end of the report period

There were no events after the end of the period.

## Financial reports for 2019

Skanska's interim reports and year-end reports are available for download on Skanska's website, [www.skanska.com/investors](http://www.skanska.com/investors). The 2018 Annual Report will be available on Skanska's website in the week commencing March 4, 2019.

The Group's remaining interim reports in 2019 will be published on the following dates:

April 26, 2019	Three Month Report
July 24, 2019	Six Month Report
November 7, 2019	Nine Month Report
February 7, 2020	Year-end Report

Stockholm February 8, 2019

### Anders Danielsson

President and Chief Executive Officer

This year-end report has not been subject to a review by the company's auditors.

## Accounting principles

For the Group, this year-end 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 year-end report has been prepared in compliance with the Annual Accounts Act, the Securities Market Act, and Swedish Financial Reporting Board's Recommendation RFR 2.

Two new standards, IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments, 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" on page 17, 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 Development 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. The performance obligation in the Residential Development 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. Skanska initiates and enters into agreements with newly formed Swedish cooperative housing associations and Finnish housing corporations regarding development of homes. The terms of these agreements are such that Skanska has a controlling influence and thereby consolidates the Swedish cooperative housing associations and Finnish housing corporations during the construction period until the home buyers take possession of the homes, when Skanska no longer has a controlling influence. Homes that are not yet occupied are reported as current-asset properties.

In the Commercial Property 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. Divestment of a real property through a share deal is recognized according to IFRS 15 and not as a deconsolidation of a company according to IFRS 10 as the divestment refers to an asset and not to a disposal of a business.

The Infrastructure Development 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. Revenues and earnings are reported over time for both segment and IFRS reporting.



The standard IFRS 15 Revenue from contracts with customers has been implemented retrospectively, which has resulted in, for the comparison year 2017, 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 December 31, 2018, provisions for losses amounted to SEK 1,366 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.

From this year tax in joint ventures and associated companies are included in "Income from joint ventures and associated companies". The accounting principles and assessment methods presented in the 2017 Annual Report have been applied.

### Effects of IFRS 16 Leases

In January 2016, IASB published the new standard IFRS 16 Leases, which was approved by EU in November 2017, and is effective from annual periods beginning on or after January 1, 2019.

Contrary to the current standard IAS 17 Leases, the new standard imply that Skanska as a lessee even for operational leases, short-term and low-value leases excluded, has to report the leases in the statement of financial positions. Skanska has chosen to implement the standard retroactively with the cumulative effect, that is without restating comparative information, and to apply the standard for leases that previously were classified as operating leases according to IAS 17. The statement of financial position will be added with lines for right-of-use assets for property, plant and equipment, right-of-use assets for current-asset properties and interest-bearing lease liabilities. The right-of-use assets are depreciated over the lease term, except for current-asset properties right-of-use assets which are accounted for in the same way as current-asset properties. The lease payment is divided into an interest portion and as an amortization part. Operating income will increase and finance net will decrease. Cash flow from operations will increase and cash flow from finance activities will decrease.

At transition to IFRS 16 as of January 1, 2019, the asset increases by SEK 7.6 billion in right-of-use assets split up as follows; offices SEK 3.3 billion, cars SEK 0.5 billion, machines SEK 0.8 billion, non-current asset properties SEK 0.1 bn and current-asset properties right-of-use assets of SEK 2.9 billion. The interest-bearing lease liabilities amount to SEK 7.8 billion and equity is affected by SEK -0.1 billion. Finance leases according to IAS 17 of SEK 0.3 billion reported as non-current property, plant and equipment are moved to right-of-use assets property, plant and equipment. See the following table:

### Transition effect, January 1, 2019. Balance sheet

SEK M	Construction	Residential Development	Commercial Property Development	Central incl. Infrastructure Development	Skanska Group
<b>Non-current assets</b>					
Property, plant and equipment	-282				-282
<b>Total property, plant and equipment</b>	<b>-282</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-282</b>
Property, plant, and equipment right-of-use assets					
Property ground lease	153				153
Offices	3,196	1	20	80	3,297
Cars	524	1	14	3	542
Machinery	649				649
Other	57	64			121
<b>Total property, plant and equipment right-of-use-assets</b>	<b>4,579</b>	<b>66</b>	<b>34</b>	<b>83</b>	<b>4,762</b>
<b>Current assets</b>					
Current assets properties right-of-use land (ground lease)					
	0	128	2,737		2,865
<b>Total current assets properties right-of-use land (ground lease)</b>	<b>0</b>	<b>128</b>	<b>2,737</b>	<b>0</b>	<b>2,865</b>
<b>Total right-of-use assets</b>	<b>4,579</b>	<b>194</b>	<b>2,771</b>	<b>83</b>	<b>7,627</b>
Financial receivable					
	18				18
Deferred tax asset					
	14		1		15
Trade and other receivables					
	-46	-3			-49
<b>Total other current assets</b>	<b>-14</b>	<b>-3</b>	<b>1</b>	<b>0</b>	<b>-16</b>
<b>Total assets</b>	<b>4,283</b>	<b>191</b>	<b>2,772</b>	<b>83</b>	<b>7,329</b>
Equity					
	-60		-7		-67
<b>Total equity</b>	<b>-60</b>	<b>0</b>	<b>-7</b>	<b>0</b>	<b>-67</b>
<b>Non-current liabilities</b>					
Financial liabilities					
	-280				-280
Lease liabilities					
	4,715	191	2,779	84	7,769
<b>Total liabilities non-current</b>	<b>4,435</b>	<b>191</b>	<b>2,779</b>	<b>84</b>	<b>7,489</b>
<b>Current liabilities</b>					
Financial liabilities current					
	-2				-2
Trade and other payables					
	-90			-1	-91
<b>Total liabilities current</b>	<b>-92</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-93</b>
<b>Total equity and liabilities</b>	<b>4,283</b>	<b>191</b>	<b>2,772</b>	<b>83</b>	<b>7,329</b>

The next page shows a bridge between the discounted operating leases according to IAS 17 to the lease liability according to IFRS 16. The big difference between the obligations for operational leases of SEK 22 billion and the future minimelease payments of SEK 8.6 billion is primarily due to current-asset right-of-use assets. This type of right-of-use assets often runs over a long period of time, making the discounted present value substantially lower than the nominal one.

**Bridge between the operating leases according to IAS 17 to the lease liability according to IFRS 16, bn SEK**

Obligations for operating leases as of December 31, 2018	21,981
Future minimum lease payments regarding non-cancellable operational leases, discounted at rates according to table below	8,626
Deducted, short-term leases	-549
Deducted, low-value leases	-458
Deducted, leases where the service component is separated	-344
Added, financial leases reclassified	282
Added, leases where an option to purchase is certain	1
Added, leases with variable lease payments that depend on an index or rate	219
Deducted, amounts not expected to be payable under residual value guarantees	-8
<b>Lease liability according to IFRS 16</b>	<b>7,769</b>

Discount rates used at transition to IFRS 16 are split up as below between currency and lease terms:

Country (currency)	Discount rate, %							
	Lease contract tenor	1 yr	2 yr	3 yr	5 yr	10 yr	15 yr	30 yr
Czech republic (CZK)		3.4	3.6	3.6	3.7	4.0	4.4	4.9
- CZ (EUR)*		0.9	1.1	1.2	1.5	2.4	3.0	3.7
Denmark (DKK)		0.8	0.9	1.1	1.4	2.3	2.9	3.7
Finland (EUR)		0.8	1.0	1.1	1.4	2.3	2.9	3.6
Hungary (HUF)		2.3	2.8	3.1	3.6	4.8	5.6	6.3
- Hungary (EUR)*		1.0	1.2	1.3	1.6	2.5	3.1	3.8
Norway (NOK)		2.4	2.6	2.7	3.0	3.6	3.9	4.6
Poland (PLN)		3.0	3.1	3.4	3.7	4.4	4.9	5.5
- Poland (EUR)*		0.9	1.1	1.2	1.5	2.4	3.0	3.7
Romania (RON)		4.6	4.9	5.1	5.4	6.1	6.8	7.5
- Romania (EUR)*		1.0	1.2	1.3	1.6	2.5	3.1	3.8
Sweden (SEK)		0.9	1.1	1.3	1.7	2.6	3.2	3.9
UK (GBP)		2.2	2.3	2.4	2.6	3.1	3.4	4.0
US (USD)		4.1	4.2	4.3	4.3	4.7	5.0	5.4

\* if functional currency EUR

**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 over time 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 Skanska's 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. 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 developing privately financed infrastructure projects, such as highways, hospitals and power-generation plants. Construction assignments are in most markets performed by Skanska's Construction segment. Revenues and earnings are reported over time 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.

**The accounting of residential development through Swedish cooperative housing associations**

During 2018 Nasdaq Stockholm AB (Nasdaq) initiated a review and analysis of differences in applied practice, according to IFRS, regarding the timing of revenue recognition and consolidation linked to Swedish cooperative housing associations. The review has assessed and clarified applied accounting principles for all major construction and property development companies in Sweden. In December 2018 Nasdaq announced its view on how these accounting issues should be handled. Skanska complies with Nasdaq's guidance on both the timing of revenue recognition and the issue regarding the consolidation of the cooperative housing associations. Clarified accounting principles can be found on page 15.



## 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.
<b>Revenue Segment</b>	Revenue segment is the same as revenue IFRS in all streams except for the Residential Development stream and the Commercial Property Development stream, where revenue is recognised for when signing binding agreement for sale of homes and properties. As segment reporting of joint ventures in Residential Development applies the proportional method, revenue segment is affected by this.	Measure revenue generated in current market environment.
<b>Gross income</b>	Revenue minus cost of sales.	Measure profit generated from projects.
<b>Gross margin</b>	Gross income as a percentage of revenue.	Measure profitability in projects.
<b>Selling and admin expenses %</b>	Selling and administrative expenses as a percentage of revenue.	Measure cost efficiency in selling and administrative expenses.
<b>Operating income</b>	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies.	Measure profit generated from operations.
<b>Operating income segment</b>	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, according to segment reporting, and where Residential Development applies the proportional method for reporting of joint ventures.	Measure profit generated from operations in current market environment.
<b>Operating income rolling 12 months</b>	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, rolling 12 months.	Measure profit generated from operations.
<b>Operating margin</b>	Operating income as a percentage of revenue.	Measure profitability in operations.
<b>Net financial items</b>	The net of interest income, financial net pension cost, interest expense, capitalized expense, change in fair value and other net financial items.	Measure total net for financial activities.
<b>Income after financial items</b>	Operating income minus net financial items.	Measure profit generated before taxes.
<b>Earnings per share, segment</b>	Profit for the period, segment, attributable to equity holders divided by the average number of shares outstanding.	Measure earnings per share, segment.
<b>Book-to-build, rolling 12 months</b>	Order bookings divided by construction revenue, rolling 12 months.	Measures to which extent new orders are replacing work put in place.
<b>Unrealized gains, Commercial Property Development (CD)</b>	Market value minus investment value upon completion for ongoing projects, completed projects and land. Excluding projects sold according to segment reporting.	Measure potential realization of future gains in Commercial Property Development.
<b>Capital employed, Group</b>	Total assets minus non-interest-bearing liabilities.	Measure capital usage and efficiency.
<b>Capital employed, Stream</b>	Total assets less tax assets, deposits in Skanska's treasury unit and pension receivable minus non-interest-bearing liabilities excluding tax liabilities. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.	Measure capital usage and efficiency in a Stream.
<b>Capital employed Residential Development (RD) SEK M</b>	Total assets 20,813 - tax assets -318 - deposits in internal bank -388 - pension receivable -28 - non-interest-bearing liabilities (excluding tax liabilities) -6,395 - capitalized interest expense -79 13,605	Measure capital usage and efficiency in Residential Development.
<b>Capital employed Commercial Property Development (CD) SEK M</b>	Total assets 30,782 - tax assets -362 - deposits in internal bank -19 - pension receivable 0 - non-interest-bearing liabilities (excluding tax liabilities) -3,417 - capitalized interest expense -312 26,672	Measure capital usage and efficiency in Commercial Property Development.
<b>Capital employed Infrastructure Development (ID) SEK M</b>	Total assets 2,455 - tax assets -50 - deposits in internal bank 0 - pension receivable 0 - non-interest-bearing liabilities (excluding tax liabilities) -171 2,234	Measure capital usage and efficiency in Infrastructure Development.

Non-IFRS financial measures	Definition	Reason for use
<b>Capital employed average</b>	Calculated on the basis of five measuring points; see below.	
<b>ROCE in RD segment, rolling 12 months excluding RD UK (as this is closing down) SEK M</b>	<p>Operating income 1,505  + capitalized interest expense 71  +/- financial income and other financial items 22  – interest income from internal bank 0  Adjusted profit 1,598  Capital employed average* 13,972  ROCE RD 11.4%</p> <p>* Capital employed average  Q4 2018 13,636 x 0.5 6,818  Q3 2018 14,693 14,693  Q2 2018 14,091 14,091  Q1 2018 13,942 13,942  Q4 2017 12,686 x 0.5 6,343  55,887 / 4 13,972</p>	Measure the performance (profitability and capital efficiency) in RD.
<b>ROCE in CD segment, rolling 12 months SEK M</b>  Starting January 1 2019, return in Commercial Property Development business stream will be based on yearly earnings and not on successive value creation.	<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 3,069  +/- adjustments as mentioned above 137  + capitalized interest expense 164  +/- financial income and other financial items –2  – interest income from internal bank –1  Adjusted profit 3,367  Capital employed average* 26,364  ROCE CD 12.8%</p> <p>* Capital employed average  Q4 2018 26,672 x 0.5 13,336  Q3 2018 27,116 27,116  Q2 2018 26,742 26,742  Q1 2018 26,021 26,021  Q4 2017 24,481 x 0.5 12,240  105,455 / 4 26,364</p>	Measure the performance (profitability and capital efficiency) in CD.
<b>ROCE in ID segment, rolling 12 months SEK M</b>	<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 31  +/- adjustments as mentioned above 560  Adjusted profit 591  Capital employed average* 2,041  +/- adjustments as mentioned above 358  Adjusted Capital Employed 2,399  ROCE ID 24.6%</p> <p>* Capital employed average  Q4 2018 2,234 x 0.5 1,117  Q3 2018 2,156 2,156  Q2 2018 2,216 2,216  Q1 2018 1,770 1,770  Q4 2017 1,809 x 0.5 904  8,163 / 4 2,041</p>	Measure the performance (profitability and capital efficiency) in ID.



Non-IFRS financial measures	Definition	Reason for use																												
<b>ROCE in Project Development, segment</b> <b>SEK M</b>  Starting January 1 2019, Infrastructure Development will be excluded and return in Commercial Property Development business stream will be based on yearly earnings and not on successive value creation.	Is calculated as the summarized adjusted profit for RD, CD and ID divided by the summarized capital employed average for RD, CD and ID.  The total ROCE from RD, CD and ID. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Adjusted profit</th> <th>CE avg</th> <th>ROCE</th> </tr> </thead> <tbody> <tr> <td>RD</td> <td>1,598</td> <td>13,972</td> <td>11.4%</td> </tr> <tr> <td>CD</td> <td>3,367</td> <td>26,364</td> <td>12.8%</td> </tr> <tr> <td>ID</td> <td>591</td> <td>2,399</td> <td>24.6%</td> </tr> <tr> <td></td> <td>5,556</td> <td>42,735</td> <td>13.0%</td> </tr> </tbody> </table>		Adjusted profit	CE avg	ROCE	RD	1,598	13,972	11.4%	CD	3,367	26,364	12.8%	ID	591	2,399	24.6%		5,556	42,735	13.0%	Measure the performance (profitability and capital efficiency) in Project Development.								
	Adjusted profit	CE avg	ROCE																											
RD	1,598	13,972	11.4%																											
CD	3,367	26,364	12.8%																											
ID	591	2,399	24.6%																											
	5,556	42,735	13.0%																											
<b>Return on equity segment, rolling 12 months</b> <b>SEK M</b>	Profit attributable to equity holders as a percentage of average equity attributable to equity holders. $3,906 / 27,790 =$	14.1% Measure profitability on invested equity.																												
<b>Equity average attributable to equity holders</b> <b>SEK M</b>	Calculated on the basis of five measuring points. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>Q4 2018</td> <td>29,250</td> <td>x 0.5</td> <td>14,625</td> </tr> <tr> <td>Q3 2018</td> <td>27,943</td> <td></td> <td>27,943</td> </tr> <tr> <td>Q2 2018</td> <td>27,049</td> <td></td> <td>27,049</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>x 0.5</td> <td>13,532</td> </tr> <tr> <td></td> <td></td> <td></td> <td>111,160 / 4</td> </tr> <tr> <td></td> <td></td> <td></td> <td>27,790</td> </tr> </tbody> </table>	Q4 2018	29,250	x 0.5	14,625	Q3 2018	27,943		27,943	Q2 2018	27,049		27,049	Q1 2018	28,011		28,011	Q4 2017	27,064	x 0.5	13,532				111,160 / 4				27,790	
Q4 2018	29,250	x 0.5	14,625																											
Q3 2018	27,943		27,943																											
Q2 2018	27,049		27,049																											
Q1 2018	28,011		28,011																											
Q4 2017	27,064	x 0.5	13,532																											
			111,160 / 4																											
			27,790																											
<b>Operating cash flow from operations</b>	Cash flow from business operations including taxes paid and cash flow from financing operations.	Measure total cash flow generated from operations.																												
<b>Net divestments/investment</b>	Total investments minus total divestments.	Measure the balance between investments and divestments.																												
<b>Free working capital in Construction</b>	Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.	Measure the funding stemming from the negative working capital generated in Construction.																												
<b>Average free working capital in Construction</b> <b>SEK M</b>	Calculated on the basis of five measuring points. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>Q4 2018</td> <td>-25,641</td> <td>x 0.5</td> <td>-12,821</td> </tr> <tr> <td>Q3 2018</td> <td>-23,209</td> <td></td> <td>-23,209</td> </tr> <tr> <td>Q2 2018</td> <td>-23,359</td> <td></td> <td>-23,359</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>x 0.5</td> <td>-10,924</td> </tr> <tr> <td></td> <td></td> <td></td> <td>-93,524 / 4</td> </tr> <tr> <td></td> <td></td> <td></td> <td>-23,381</td> </tr> </tbody> </table>	Q4 2018	-25,641	x 0.5	-12,821	Q3 2018	-23,209		-23,209	Q2 2018	-23,359		-23,359	Q1 2018	-23,211		-23,211	Q4 2017	-21,849	x 0.5	-10,924				-93,524 / 4				-23,381	Measure the funding stemming from the negative working capital generated in Construction.
Q4 2018	-25,641	x 0.5	-12,821																											
Q3 2018	-23,209		-23,209																											
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Q1 2018	-23,211		-23,211																											
Q4 2017	-21,849	x 0.5	-10,924																											
			-93,524 / 4																											
			-23,381																											
<b>Interest-bearing net receivables/net debt</b>	Interest-bearing assets minus interest-bearing liabilities.	Measure financial position.																												
<b>Operating net financial assets/liabilities (ONFAL)</b>	Interest-bearing net receivables/liabilities excluding construction loans by cooperative housing associations and interest-bearing pension liabilities.	Measure financial position and investment capacity. The latter is derived by comparing ONFAL to limits set by the Board of Directors.																												
<b>Equity/assets ratio</b>	Equity including non-controlling interest as a percentage of total assets.	Measure financial position.																												
<b>Net debt/equity ratio</b>	Interest-bearing net liabilities divided by equity including non-controlling interest.	Measure leverage of financial position.																												
<b>Adjusted equity attributable to equity holders</b> <b>SEK bn</b>	Equity attributable to equity holders 29.3 Unrealized surplus value in RD 4.0 Unrealized CD gains 9.4 Effect in unrealized equity in ID 1.4 Less standard corporate tax, 10% -1.5 Adjusted equity 42.6	Measure financial position adjusted for surplus values in Project Development net of taxes. The standard corporate tax represents an approximation of the average corporate income tax within the Group.																												

## Reconciliation between segment reporting and IFRSs

SEK M	External revenue		Intra-Group revenue		Total revenue		Operating income	
	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Construction	143,264 <sup>1</sup>	135,997 <sup>1</sup>	14,630	14,053	157,894	150,050	1,099	1,205
Residential Development	10,739	13,158	0	79	10,739	13,237	1,505	1,716
Commercial Property Development	16,248	11,255	23	185	16,271	11,440	3,069	2,714
Infrastructure Development	105	81	0	0	105	81	31	925
<b>Total operating segments</b>	<b>170,356</b>	<b>160,491</b>	<b>14,653</b>	<b>14,317</b>	<b>185,009</b>	<b>174,808</b>	<b>5,704</b>	<b>6,560</b>
Central	138	332	412	1,032	550	1,364	-811	-944
Eliminations	0	0	-15,065	-15,349	-15,065	-15,349	-66	-112
<b>Total Group</b>	<b>170,494</b>	<b>160,823</b>	<b>0</b>	<b>0</b>	<b>170,494</b>	<b>160,823</b>	<b>4,827</b>	<b>5,504</b>
Reconciliation to IFRSs <sup>2</sup>	1,236	-2,946	0	0	1,236	-2,946	820	-926
<b>Total IFRSs</b>	<b>171,730</b>	<b>157,877</b>	<b>0</b>	<b>0</b>	<b>171,730</b>	<b>157,877</b>	<b>5,647</b>	<b>4,578</b>

1 Of which external revenue from joint ventures in Infrastructure Development, SEK 8,173 M (9,405).

2 Of which effect from joint ventures in Residential Development proportionally	-160	-875					-160	-258
Of which effect of different revenue recognitions	1,396	-2,071					980	-668

SEK M	Segment Jan-Dec 2018	IFRS Jan-Dec 2018	Segment Jan-Dec 2017	IFRS Jan-Dec 2017	Segment Oct-Dec 2018	IFRS Oct-Dec 2018	Segment Oct-Dec 2017	IFRS Oct-Dec 2017
<b>Revenue</b>								
Construction	157,894	157,894	150,050	150,050	42,580	42,580	41,074	41,074
Residential Development	10,739	12,206	13,237	11,823	4,120	4,580	3,136	3,422
Commercial Property Development	16,271	15,816	11,440	9,516	7,082	7,415	3,685	4,906
Infrastructure Development	105	105	81	81	19	19	22	22
Central and eliminations	-14,515	-14,291	-13,985	-13,593	-4,112	-4,116	-4,298	-4,122
<b>Skanska Group</b>	<b>170,494</b>	<b>171,730</b>	<b>160,823</b>	<b>157,877</b>	<b>49,689</b>	<b>50,478</b>	<b>43,619</b>	<b>45,302</b>
<b>Operating income</b>								
Construction	1,099	1,099	1,205	1,205	868	868	-221	-221
Residential Development	1,505	1,877	1,716	1,508	383	697	394	482
Commercial Property Development <sup>1</sup>	3,069	3,503	2,714	2,067	1,281	1,639	863	1,441
Infrastructure Development	31	31	925	925	42	42	40	40
Central	-811	-812	-944	-943	-183	-184	-328	-327
Eliminations <sup>1</sup>	-66	-51	-112	-184	-8	1	-10	-35
<b>Operating income</b>	<b>4,827</b>	<b>5,647</b>	<b>5,504</b>	<b>4,578</b>	<b>2,383</b>	<b>3,063</b>	<b>738</b>	<b>1,380</b>
<b>Net financial items</b>	<b>36</b>	<b>39</b>	<b>45</b>	<b>45</b>	<b>-17</b>	<b>-16</b>	<b>13</b>	<b>13</b>
<b>Income after financial items</b>	<b>4,863</b>	<b>5,686</b>	<b>5,549</b>	<b>4,623</b>	<b>2,366</b>	<b>3,047</b>	<b>751</b>	<b>1,393</b>
Taxes	-934	-1,092	-615	-512	-528	-664	-163	-208
<b>Profit for the period</b>	<b>3,929</b>	<b>4,594</b>	<b>4,934</b>	<b>4,111</b>	<b>1,838</b>	<b>2,383</b>	<b>588</b>	<b>1,185</b>
Earnings for the period per share, SEK <sup>2</sup>	9.55		12.01		4.48		1.43	
Earnings for the period per share according to IFRSs, SEK <sup>2</sup>		11.17		10.00		5.80		2.89
1 Of which gains from divestments of commercial properties reported in:								
Commercial Property Development	4,005	4,096	2,879	2,562	1,653	2,007	830	1,504
Eliminations	321	380	197	150	137	164	79	75

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-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Revenue	171,730	157,877	50,478	45,302
Cost of sales	-157,465	-145,103	-45,146	-41,215
<b>Gross income</b>	<b>14,265</b>	<b>12,774</b>	<b>5,332</b>	<b>4,087</b>
Selling and administrative expenses	-9,473	-9,851	-2,446	-3,097
Income from joint ventures and associated companies	855	1,655	177	390
<b>Operating income</b>	<b>5,647</b>	<b>4,578</b>	<b>3,063</b>	<b>1,380</b>
Financial income	192	170	39	37
Financial expenses	-153	-125	-55	-24
<b>Net financial items<sup>1</sup></b>	<b>39</b>	<b>45</b>	<b>-16</b>	<b>13</b>
<b>Income after financial items</b>	<b>5,686</b>	<b>4,623</b>	<b>3,047</b>	<b>1,393</b>
Taxes	-1,092	-512	-664	-208
<b>Profit for the period</b>	<b>4,594</b>	<b>4,111</b>	<b>2,383</b>	<b>1,185</b>
1 Of which				
Interest income	144	89	43	23
Financial net pension costs	-103	-102	-24	-26
Interest expenses	-335	-266	-111	-74
Capitalized interest expenses	325	257	101	79
<b>Net interest items</b>	<b>31</b>	<b>-22</b>	<b>9</b>	<b>2</b>
Change in fair value	11	24	0	4
Other net financial items	-3	43	-25	7
<b>Net financial items</b>	<b>39</b>	<b>45</b>	<b>-16</b>	<b>13</b>
Profit attributable to:				
Equity holders	4,571	4,095	2,376	1,181
Non-controlling interests	23	16	7	4
Earnings per share, SEK <sup>2</sup>	11.17	10.00	5.80	2.89
Earnings per share after dilution, SEK <sup>3</sup>	11.11	9.94	5.77	2.87

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-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
<b>Profit for the period</b>	<b>4,594</b>	<b>4,111</b>	<b>2,383</b>	<b>1,185</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit and loss</b>				
Remeasurements of defined benefit plans	-478	-399	-1,058	595
Tax related to items that will not be reclassified to profit and loss	59	69	218	-143
	<b>-419</b>	<b>-330</b>	<b>-840</b>	<b>452</b>
<b>Items that have been or will be reclassified to profit and loss</b>				
Translation differences attributable to equity holders	1,299	-599	-275	288
Translation differences attributable to non-controlling interests	3	8	-1	4
Hedging of exchange rate risk in foreign operations	-183	-125	6	-91
Effects of cash flow hedges <sup>1</sup>	-30	138	28	98
Share of other comprehensive income of joint ventures and associated companies <sup>2</sup>	272	83	-50	13
Tax related to items that have been or will be reclassified to profit and loss	7	-25	-3	-16
	<b>1,368</b>	<b>-520</b>	<b>-295</b>	<b>296</b>
<b>Other comprehensive income after tax</b>	<b>949</b>	<b>-850</b>	<b>-1,135</b>	<b>748</b>
<b>Total comprehensive income</b>	<b>5,543</b>	<b>3,261</b>	<b>1,248</b>	<b>1,933</b>
Total comprehensive income attributable to				
Equity holders	5,517	3,237	1,242	1,925
Non-controlling interests	26	24	6	8
1 Of which transferred to income statement	0	0	0	0
2 Of which transferred to income statement	154	226	33	32

## Summary statement of financial position (IFRS)

SEK M	Dec 31, 2018	Dec 31, 2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,645	6,874
Goodwill	4,324	4,554
Intangible assets	975	962
Investments in joint ventures and associated companies	3,288	3,314
Financial non-current assets <sup>1</sup>	2,345	2,276
Deferred tax assets	1,933	1,757
<b>Total non-current assets</b>	<b>20,510</b>	<b>19,737</b>
<b>Current assets</b>		
Current-asset properties <sup>2</sup>	42,391	39,010
Inventories	1,256	1,058
Financial current assets <sup>3</sup>	7,117	6,671
Tax assets	396	1,188
Contract assets	6,661	6,997
Trade and other receivables	27,243	27,778
Cash	10,722	6,998
<b>Total current assets</b>	<b>95,786</b>	<b>89,700</b>
<b>TOTAL ASSETS</b>	<b>116,296</b>	<b>109,437</b>
of which interest-bearing financial non-current assets	2,302	2,228
of which interest-bearing current assets	17,769	13,572
<b>Total interest-bearing assets</b>	<b>20,071</b>	<b>15,800</b>
<b>EQUITY</b>		
Equity attributable to equity holders	29,250	27,064
Non-controlling interests	97	121
<b>Total equity</b>	<b>29,347</b>	<b>27,185</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial non-current liabilities	3,912	3,857
Pensions	5,669	5,603
Deferred tax liabilities	711	1,235
<b>Total non-current liabilities</b>	<b>10,292</b>	<b>10,695</b>
<b>Current liabilities</b>		
Financial current liabilities <sup>3</sup>	7,310	7,624
Tax liabilities	615	312
Current provisions	9,922	9,131
Contract liabilities	20,738	16,266
Trade and other payables	38,072	38,224
<b>Total current liabilities</b>	<b>76,657</b>	<b>71,557</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>116,296</b>	<b>109,437</b>
of which interest-bearing financial liabilities	11,171	11,323
of which interest-bearing pensions and provisions	5,669	5,603
<b>Total interest-bearing liabilities</b>	<b>16,840</b>	<b>16,926</b>
1 Of which shares	41	42
2 Current-asset properties		
Commercial Property Development	25,829	23,615
Residential Development	16,562	15,395
3 Items regarding non-interest-bearing unrealized changes in derivatives/financial instruments are included in the following amounts:		
Financial non-current assets	2	6
Financial current assets	70	97
Financial non-current liabilities	3	21
Financial current liabilities	48	137

Note: Contingent liabilities amounted to SEK 47.6 bn on December 31, 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 decreased by SEK 1.3 bn.



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

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Opening balance	27,185	27,506	28,034	25,299
of which non-controlling interests	121	156	91	114
Change in accounting principle <sup>1</sup>	-140	-	-	-
<b>Adjusted opening balance</b>	<b>27,045</b>	<b>27,506</b>	<b>28,034</b>	<b>25,299</b>
of which non-controlling interests	121	156	91	114
Dividend to shareholders	-3,373	-3,380	0	0
Change in group composition	-23	0	0	0
Dividend to non-controlling interests	-27	-59	0	-1
Effects of equity-settled share-based payments	254	297	65	68
Repurchase of shares	-72	-440	0	-114
Total comprehensive income attributable to				
Equity holders	5,517	3,237	1,242	1,925
Non-controlling interests	26	24	6	8
<b>Closing balance</b>	<b>29,347</b>	<b>27,185</b>	<b>29,347</b>	<b>27,185</b>
of which non-controlling interests	97	121	97	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-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
<b>Cash flow from operating activities before change in working capital, according to IAS 7</b>	<b>-20</b>	<b>197</b>	<b>-678</b>	<b>-259</b>
<b>Cash flow from change in working capital, according to IAS 7</b>	<b>9,474</b>	<b>2,649</b>	<b>8,589</b>	<b>4,318</b>
Net investments in property, plant and equipment and intangible assets	-2157	-112	-462	23
Tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-29	-32	-15	-12
<b>Cash flow from business operations including taxes paid according to operating cash flow</b>	<b>7,268</b>	<b>2,702</b>	<b>7,434</b>	<b>4,070</b>
Less net investments in property, plant and equipment and intangible assets	2,157	112	462	-23
Less tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	29	32	15	12
<b>Cash flow from operating activities, according to IAS 7</b>	<b>9,454</b>	<b>2,846</b>	<b>7,911</b>	<b>4,059</b>
<b>Cash flow from strategic investments according to operating cash flow</b>	<b>-16</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net investments in property, plant and equipment and intangible assets	-2,157	-112	-462	23
Increase and decrease in interest-bearing receivables	-165	1,734	-91	-820
Taxes paid on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-29	-32	-15	-12
<b>Cash flow from investing activities, according to IAS 7</b>	<b>-2,367</b>	<b>1,590</b>	<b>-568</b>	<b>-809</b>
<b>Cash flow from financing operations according to operating cash-flow statement</b>	<b>109</b>	<b>177</b>	<b>84</b>	<b>8</b>
Change in interest-bearing receivables and liabilities	-311	2,619	-1,054	-1,273
Increase and decrease in interest-bearing receivables	165	-1,734	91	820
Dividend etc. <sup>1</sup>	-3,472	-3,879	0	-115
<b>Cash flow from financing activities, according to IAS 7</b>	<b>-3,509</b>	<b>-2,817</b>	<b>-879</b>	<b>-560</b>
<b>Cash flow for the period</b>	<b>3,578</b>	<b>1,619</b>	<b>6,464</b>	<b>2,690</b>

1 Of which repurchases of shares SEK -72 M.

## Operating cash flow (IFRS), supplementary information

### Operating cash flow

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
<b>Construction</b>				
Cash flow from business operations	2,755	3,735	1,153	937
Change in working capital	2,600	226	2,475	2,423
Net divestments(+)/investments(-)	-2,080	-1,825	-459	-395
Cash flow adjustment	0	0	0	0
<b>Total Construction</b>	<b>3,275</b>	<b>2,136</b>	<b>3,169</b>	<b>2,965</b>
<b>Residential Development</b>				
Cash flow from business operations	-476	-692	-173	-230
Change in working capital	26	1,008	260	451
Net divestments(+)/investments(-)	1,604	680	1,536	239
Cash flow adjustment	0	233	-8	256
<b>Total Residential Development</b>	<b>1,154</b>	<b>1,229</b>	<b>1,615</b>	<b>716</b>
<b>Commercial Property Development</b>				
Cash flow from business operations	-1,193	-868	-1,232	-329
Change in working capital	1,393	-400	280	-12
Net divestments(+)/investments(-)	3,823	-1,375	4,029	1,620
Cash flow adjustment	-39	-476	254	-496
<b>Total Commercial Property Development</b>	<b>3,984</b>	<b>-3,119</b>	<b>3,331</b>	<b>783</b>
<b>Infrastructure Development</b>				
Cash flow from business operations	86	-261	28	-65
Change in working capital	-22	2,856	-62	8
Net divestments(+)/investments(-)	17	1,501	17	204
Cash flow adjustment	0	0	0	0
<b>Total Infrastructure Development</b>	<b>81</b>	<b>4,096</b>	<b>-17</b>	<b>147</b>
<b>Central and eliminations</b>				
Cash flow from business operations	-778	-857	-188	-257
Change in working capital	43	176	-160	101
Net divestments(+)/investments(-)	-48	-67	-35	-58
Cash flow adjustment	0	0	0	0
<b>Total central and eliminations</b>	<b>-783</b>	<b>-748</b>	<b>-383</b>	<b>-214</b>
Total cash flow from business operations	394	1,057	-412	56
Total change in working capital	4,040	3,866	2,793	2,971
Total net divestments(+)/investments(-)	3,316	-1,086	5,088	1,610
Total cash flow adjustment	-39	-243	246	-240
<b>Cash flow from business operations before taxes paid</b>	<b>7,711</b>	<b>3,594</b>	<b>7,715</b>	<b>4,397</b>
Taxes paid in business operations	-443	-892	-281	-327
<b>Cash flow from business operations including taxes paid</b>	<b>7,268</b>	<b>2,702</b>	<b>7,434</b>	<b>4,070</b>
Net interest items and other net financial items	156	253	120	12
Taxes paid in financing operations	-47	-76	-36	-4
<b>Cash flow from financing operations</b>	<b>109</b>	<b>177</b>	<b>84</b>	<b>8</b>
<b>Operating cash flow from operations</b>	<b>7,377</b>	<b>2,879</b>	<b>7,518</b>	<b>4,078</b>
Net strategic divestments(+)/investments(-)	-16	0	0	0
Dividend etc. <sup>1</sup>	-3,472	-3,879	0	-115
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>3,889</b>	<b>-1,000</b>	<b>7,518</b>	<b>3,963</b>
Change in interest-bearing receivables and liabilities	-311	2,619	-1,054	-1,273
<b>Cash flow for the period</b>	<b>3,578</b>	<b>1,619</b>	<b>6,464</b>	<b>2,690</b>
Cash and cash equivalents at the beginning of the period	6,998	5,430	4,262	4,293
Exchange rate differences in cash and cash equivalents	146	-51	-4	15
<b>Cash and cash equivalents at the end of the period</b>	<b>10,722</b>	<b>6,998</b>	<b>10,722</b>	<b>6,998</b>

<sup>1</sup> Of which repurchases of shares SEK -72 M.

## Group net divestments/investments (IFRS)

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
<b>OPERATIONS – INVESTMENTS</b>				
Intangible assets	-225	-255	-66	-119
Property, plant and equipment	-2,351	-1,876	-659	-355
Assets in Infrastructure Development	-62	-449	3	-378
Shares and participations	-37	-154	0	-112
Current-asset properties	-21,849	-21,451	-6,199	-6,588
of which Residential Development	-10,449	-10,801	-2,937	-3,123
of which Commercial Property Development	-11,400	-10,650	-3,262	-3,465
<b>Investments in operations</b>	<b>-24,524</b>	<b>-24,185</b>	<b>-6,921</b>	<b>-7,552</b>
<b>STRATEGIC INVESTMENTS</b>				
Businesses	-16	0	0	0
<b>Strategic investments</b>	<b>-16</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Investments</b>	<b>-24,540</b>	<b>-24,185</b>	<b>-6,921</b>	<b>-7,552</b>
<b>OPERATIONS – DIVESTMENTS</b>				
Intangible assets	6	1	6	1
Property, plant and equipment	420	213	239	62
Assets in Infrastructure Development	80	1,950	15	582
Shares and participations	12	458	0	342
Current-asset properties	27,322	20,477	11,749	8,175
of which Residential Development	12,068	11,767	4,483	3,421
of which Commercial Property Development	15,254	8,710	7,266	4,754
<b>Divestments in operations</b>	<b>27,840</b>	<b>23,099</b>	<b>12,009</b>	<b>9,162</b>
<b>Total divestments</b>	<b>27,840</b>	<b>23,099</b>	<b>12,009</b>	<b>9,162</b>
<b>TOTAL NET DIVESTMENTS(+)/INVESTMENTS(-)</b>	<b>3,300</b>	<b>-1,086</b>	<b>5,088</b>	<b>1,610</b>
Depreciation, non-current assets	-1,780	-1,587	-510	-439

## Capital employed in Project Development (IFRS)

SEK M	Dec 31, 2018	Sep 30, 2018	Dec 31, 2017
Residential Development	13,605	14,658	12,652
Commercial Property Development	26,672	27,116	24,481
Infrastructure Development	2,234	2,156	1,809
<b>Total capital employed in Project Development</b>	<b>42,511</b>	<b>43,930</b>	<b>38,942</b>



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

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

### Summary income statement (IFRS)

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Revenue	739	698	655	602
Selling and administrative expenses	-697	-791	-531	-550
<b>Operating income</b>	<b>42</b>	<b>-93</b>	<b>124</b>	<b>52</b>
Net financial items	3,931	4,403	-29	53
<b>Income after financial items</b>	<b>3,973</b>	<b>4,310</b>	<b>95</b>	<b>105</b>
Taxes	-3	11	-29	-33
<b>Profit for the period</b>	<b>3,970</b>	<b>4,321</b>	<b>66</b>	<b>72</b>
<b>Total comprehensive income</b>	<b>3,970</b>	<b>4,321</b>	<b>66</b>	<b>72</b>

### Summary balance sheet (IFRS)

SEK M	Dec 31, 2018	Dec 31, 2017
<b>ASSETS</b>		
Intangible non-current assets	13	16
Property, plant and equipment	1	2
Financial non-current assets <sup>2</sup>	11,768	11,639
<b>Total non-current assets</b>	<b>11,782</b>	<b>11,657</b>
Current receivables	149	163
<b>Total current assets</b>	<b>149</b>	<b>163</b>
<b>TOTAL ASSETS</b>	<b>11,931</b>	<b>11,820</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	7,996	7,213
Provisions	315	307
Non-current interest-bearing liabilities <sup>2</sup>	3,500	4,177
Current liabilities	120	123
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,931</b>	<b>11,820</b>

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

<sup>2</sup> Of these amounts, SEK 301 M (Dec 31, 2017: 247) were intra-Group receivables and SEK 3,500 M (Dec 31, 2017: 4,177) intra-Group liabilities.

Note: The Parent Company's contingent liabilities totaled SEK 167.8 bn on December 31, 2018 (Dec 31, 2017: 155.7), of which SEK 144.0 bn (Dec 31, 2017: 129.3) was related to obligations on behalf of Group companies. Other obligations, SEK 23.8 bn on December 31, 2018 (Dec 31 2017: 26.4), were related to commitments to outside parties.

## Share data

	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Earnings per share according to segment reporting, SEK <sup>1</sup>	9.55	12.01	4.48	1.43
Earnings per share, SEK <sup>1</sup>	11.17	10.00	5.80	2.89
Earnings per share after dilution, SEK <sup>2</sup>	11.11	9.94	5.77	2.87
Equity per share, SEK <sup>3</sup>	71.40	66.22		
Adjusted equity per share, SEK <sup>4</sup>	103.99	97.23		
Average number of shares outstanding	409,130,770	409,447,407		
Average number of shares outstanding after dilution	411,415,278	411,905,245		
Average dilution, %	0.56	0.60		
Number of shares, at balance sheet date	419,903,072	419,903,072		
Average price of total repurchased shares, SEK	137.54	137.31		
Number of total Series B shares repurchased	26,888,228	26,453,228		
of which repurchased during the year	435,000	2,350,000	0	630,000
Number of shares in Skanska's own custody	10,224,634	11,190,028		
Number of shares outstanding	409,678,438	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-Dec 2018	Jan-Dec 2017	Jan-Dec 2016	Jan-Dec 2015	Jan-Dec 2014
Revenue	170,494	160,823	151,307	154,935	145,029
Operating income	4,827	5,504	8,199	6,461	5,766
Profit for the period	3,929	4,934	6,526	4,929	4,108
Earnings per share, SEK	9.55	12.01	15.89	11.96	9.98
Return on capital employed, %	11.2	13.3	21.8	17.8	16.5
Return on equity, %	14.1	18.6	28.3	22.5	20.1
Operating margin, %	2.8	3.4	5.4	4.2	4.0
Return on capital employed according to IFRSs, %	13.0	11.1	19.2	17.4	15.5
Cash flow per share according to IFRSs, SEK <sup>1</sup>	9.51	-2.44	-10.16	11.90	2.20

1 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-Dec 2018	Jan-Dec 2017	Dec 31, 2018	Dec 31, 2017
US dollar	8.70	8.55	8.94	8.20
British pound	11.60	11.00	11.35	11.08
Norwegian krone	1.07	1.03	1.03	1.00
Euro	10.26	9.64	10.25	9.83
Czech koruna	0.40	0.37	0.40	0.38
Polish zloty	2.41	2.26	2.38	2.35

## Construction

### Revenue and earnings

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Revenue	157,894	150,050	42,580	41,074
<b>Gross income</b>	<b>8,045</b>	<b>8,299</b>	<b>2,605</b>	<b>2,045</b>
Selling and administrative expenses	-6,998	-7,132	-1,764	-2,282
Income from joint ventures and associated companies	52	38	27	16
<b>Operating income</b>	<b>1,099</b>	<b>1,205</b>	<b>868</b>	<b>-221</b>
Investments	-2,526	-2,062	-704	-453
Divestments	430	237	245	58
<b>Net divestments(+)/investments(-)</b>	<b>-2,096</b>	<b>-1,825</b>	<b>-459</b>	<b>-395</b>
Gross margin, %	5.1	5.5	6.1	5.0
Selling and administrative expenses, %	-4.4	-4.8	-4.1	-5.6
Operating margin, %	0.7	0.8	2.0	-0.5
Order bookings, SEK bn	151.7	151.8	49.1	33.2
Order backlog, SEK bn	192.0	188.4	-	-
Employees	37,006	39,002	-	-

### Revenue by business/reporting unit

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Nordics	57,819	54,596	16,720	15,423
of which Sweden	35,490	33,780	10,643	9,755
Europe	34,735	33,441	9,280	9,188
USA	65,340	62,013	16,580	16,463
<b>Total</b>	<b>157,894</b>	<b>150,050</b>	<b>42,580</b>	<b>41,074</b>

### Operating income

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Nordics	2,177	2,298	600	705
of which Sweden	1,617	1,579	425	486
Europe	-421	-1,040	143	-756
USA	-657	-53	125	-170
<b>Total</b>	<b>1,099</b>	<b>1,205</b>	<b>868</b>	<b>-221</b>

### Operating margin, %

Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
3.8	4.2	3.6	4.6
4.6	4.7	4.0	5.0
neg	neg	1.5	neg
neg	neg	0.8	neg
<b>0.7</b>	<b>0.8</b>	<b>2.0</b>	<b>neg</b>

### Order backlog

SEK M	Dec 31, 2018	Dec 31, 2017
Nordics	61,639	53,779
of which Sweden	35,388	34,954
Europe	34,941	38,158
USA	95,462	96,474
<b>Total</b>	<b>192,042</b>	<b>188,411</b>

### Order bookings

Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
65,239	54,720	19,402	10,910
35,922	33,317	11,372	7,636
30,557	32,401	8,402	7,678
55,923	64,690	21,343	14,644
<b>151,719</b>	<b>151,811</b>	<b>49,147</b>	<b>33,232</b>

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

Dec 31, 2018	Dec 31, 2017
113	100
101	99
88	97
86	104
<b>96</b>	<b>101</b>



## Residential Development

### Revenue and earnings

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Revenue	10,739	13,237	4,120	3,136
<b>Gross income</b>	<b>2,181</b>	<b>2,382</b>	<b>562</b>	<b>567</b>
Selling and administrative expenses	-676	-666	-179	-173
<b>Operating income</b>	<b>1,505</b>	<b>1,716</b>	<b>383</b>	<b>394</b>
Operating margin, %	14.0	13.0	9.3	12.6
Investments	-10,542	-11,093	-3,026	-3,187
Divestments	12,146	11,773	4,562	3,426
<b>Net divestments(+)/investments(-)</b>	<b>1,604</b>	<b>680</b>	<b>1,536</b>	<b>239</b>
Capital employed, SEK bn	13.6	12.7	-	-
Return on capital employed, %	11.4	15.4	-	-
Employees	542	482	-	-

### Revenue

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Nordics	9,574	12,214	3,712	2,921
of which Sweden	4,863	7,089	1,719	1,757
Europe	1,165	1,023	408	215
<b>Total</b>	<b>10,739</b>	<b>13,237</b>	<b>4,120</b>	<b>3,136</b>

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

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Nordics	1,358	1,624	355	380
of which Sweden	752	1,083	216	266
Europe	147	92	28	14
<b>Total</b>	<b>1,505</b>	<b>1,716</b>	<b>383</b>	<b>394</b>

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

Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
14.2	13.3	9.6	13.0
15.5	15.3	12.6	15.1
12.6	9.0	6.9	6.5
<b>14.0</b>	<b>13.0</b>	<b>9.3</b>	<b>12.6</b>

1 Development gain only. Construction margin reported under Construction.

### Homes started

	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Nordics	3,512	3,864	1,623	1,408
of which Sweden	2,183	2,408	835	959
Europe	968	454	132	107
<b>Total</b>	<b>4,480</b>	<b>4,318</b>	<b>1,755</b>	<b>1,515</b>

### Homes sold

Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
2,968	3,748	1,200	1,108
1,861	2,289	756	729
685	537	239	125
<b>3,653</b>	<b>4,285</b>	<b>1,439</b>	<b>1,233</b>

### Homes under construction

	Completed unsold, number of homes		Homes under construction of which sold, %	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Nordics	5,969	6,464	301	116
of which Sweden	3,725	4,144	187	29
Europe	1,570	779	13	6
<b>Total</b>	<b>7,539</b>	<b>7,243</b>	<b>314</b>	<b>122</b>
			<b>68</b>	<b>76</b>

## Commercial Property Development

### Revenue and earnings

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Revenue	16,271	11,440	7,082	3,685
of which from divestment of properties	15,720	10,867	6,943	3,587
<b>Gross income</b>	<b>3,936</b>	<b>2,989</b>	<b>1,559</b>	<b>820</b>
Selling and administrative expenses	-928	-899	-298	-275
Income from joint ventures and associated companies	61	624	20	318
<b>Operating income</b>	<b>3,069</b>	<b>2,714</b>	<b>1,281</b>	<b>863</b>
of which gain from divestment of properties <sup>1</sup>	4,005	2,879	1,653	830
of which write-downs/reversal of write-downs	-107	-6	-104	1
1 Additional gains included in eliminations	321	197	137	79
Investments	-11,452	-10,716	-3,249	-3,477
Divestments	15,275	9,341	7,278	5,097
<b>Net divestments(+)/investments(-)</b>	<b>3,823</b>	<b>-1,375</b>	<b>4,029</b>	<b>1,620</b>
Capital employed, SEK bn	26.7	24.5	-	-
Return on capital employed, % <sup>2</sup>	12.8	15.5	-	-
Employees	414	389	-	-

<sup>2</sup> Starting January 1, 2019, a new definition will be applied. For more information see pages 18-20.

### Revenue

SEK M	Jan-Dec 2018				Jan-Dec 2017				Oct-Dec 2018				Oct-Dec 2017			
	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Nordics	7,549	6,677	2,446	520	7,278	6,285	2,369	417	4,291	4,582	615	3,170	4,151	0	3,959	0
Europe	4,421	4,660	629	3,149	4,291	4,582	615	3,170	4,151	0	3,959	0	4,151	0	3,959	0
USA	4,301	103	4,007	16	4,151	0	3,959	0	4,151	0	3,959	0	4,151	0	3,959	0
<b>Total</b>	<b>16,271</b>	<b>11,440</b>	<b>7,082</b>	<b>3,685</b>	<b>15,720</b>	<b>10,867</b>	<b>6,943</b>	<b>3,587</b>	<b>15,720</b>	<b>10,867</b>	<b>6,943</b>	<b>3,587</b>	<b>15,720</b>	<b>10,867</b>	<b>6,943</b>	<b>3,587</b>

### of which from divestments

### Operating income

SEK M	Jan-Dec 2018				Jan-Dec 2017				Oct-Dec 2018				Oct-Dec 2017			
	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Nordics	1,306	1,816	207	40	1,628	1,850	285	130	1,113	1,029	107	700	1,264	0	1,261	0
Europe	704	709	-38	562	1,113	1,029	107	700	1,113	1,029	107	700	1,264	0	1,261	0
USA	1,059	189	1,112	261	1,264	0	1,261	0	1,264	0	1,261	0	1,264	0	1,261	0
<b>Total</b>	<b>3,069</b>	<b>2,714</b>	<b>1,281</b>	<b>863</b>	<b>4,005</b>	<b>2,879</b>	<b>1,653</b>	<b>830</b>	<b>4,005</b>	<b>2,879</b>	<b>1,653</b>	<b>830</b>	<b>4,005</b>	<b>2,879</b>	<b>1,653</b>	<b>830</b>

### of which from divestments

### Capital employed

SEK M	Dec 31, 2018	Dec 31, 2017
Nordics	9,584	8,702
Europe	7,135	8,128
USA	9,953	7,651
<b>Total</b>	<b>26,672</b>	<b>24,481</b>

## Infrastructure Development

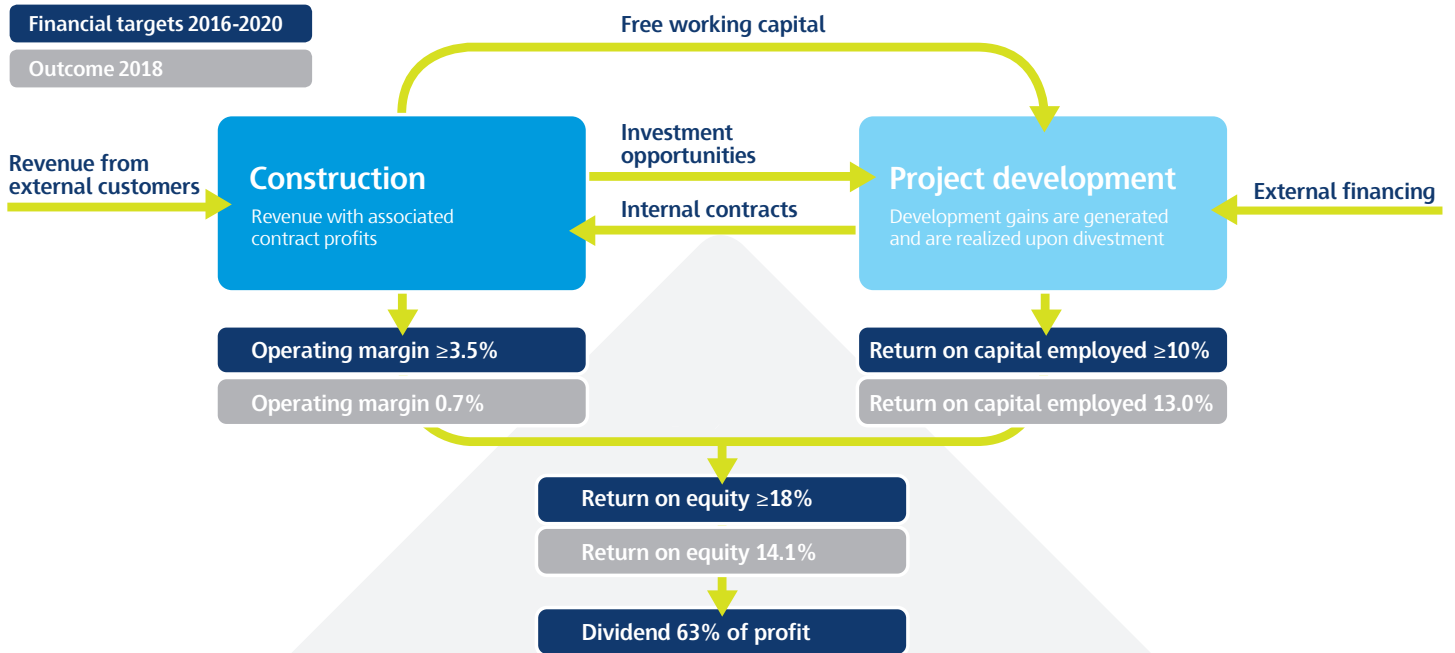
### Revenue and earnings

SEK M	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Revenue	105	81	19	22
<b>Gross income</b>	<b>-34</b>	<b>-96</b>	<b>-5</b>	<b>-16</b>
Selling and administrative expenses	-116	-121	0	-24
Income from joint ventures and associated companies	181	1,142	47	80
<b>Operating income</b>	<b>31</b>	<b>925</b>	<b>42</b>	<b>40</b>
of which gains from divestments of shares in projects	58	985	0	73
Investments	-63	-449	2	-378
Divestments	80	1,950	15	582
<b>Net divestments(+)/investments(-)</b>	<b>17</b>	<b>1,501</b>	<b>17</b>	<b>204</b>
Capital employed, SEK bn	2.2	1.8	-	-
Return on capital employed, %	24.6	3.6	-	-
Employees	61	94	-	-

# 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 26.7 billion of Skanska’s total order backlog are contracts involving more than one Business Unit, with revenue from internal contracts amounting to SEK 22.2 billion.

Construction revenue from internal Project Development contracts amounted to:

**SEK 22.2 billion**

**Juvelen, Uppsala, Sweden**

Skanska has built and developed a six-story, 11,500-square-meter office building in Uppsala, Sweden. “Juvelen” (the Jewel) is the city’s new landmark and provides high performance within architecture and sustainability.

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

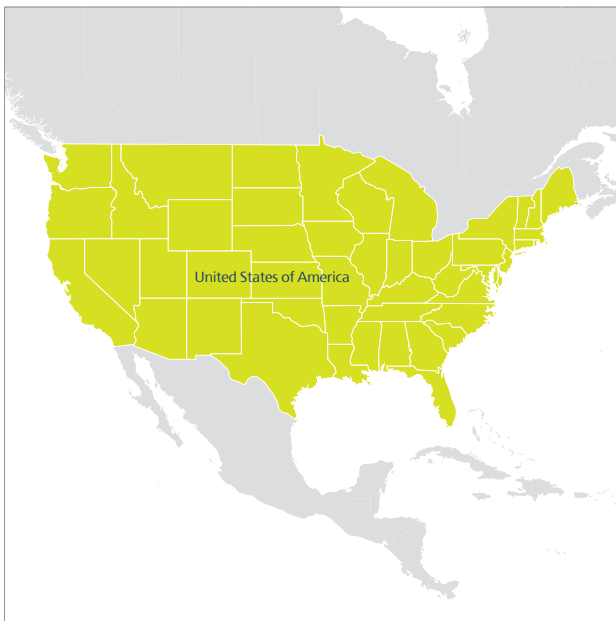
**SEK 26.7 billion**

**Farley Post Office Phase III, New York, USA**

Skanska has signed a contract to complete the final major phase, phase III, of renovation to the James A. Farley Post Office Building in New York City, USA. Both USA Civil and USA Building are teaming up to deliver the most attractive solution to the customer.



## Skanska's home markets



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This report will also be presented via a telephone conference and a webcast at 10:00 a.m. (CET) on February 8, 2019. The telephone conference will be webcasted live at [www.skanska.com/investors](http://www.skanska.com/investors), where a recording of the conference will also be available later. To participate in the telephone conference, please dial +46 8 505 564 74, +44 203 364 5374, or +1 855 753 2230. This and previous releases can also be found at [www.skanska.com/investors](http://www.skanska.com/investors).

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