

# Three month report 2019

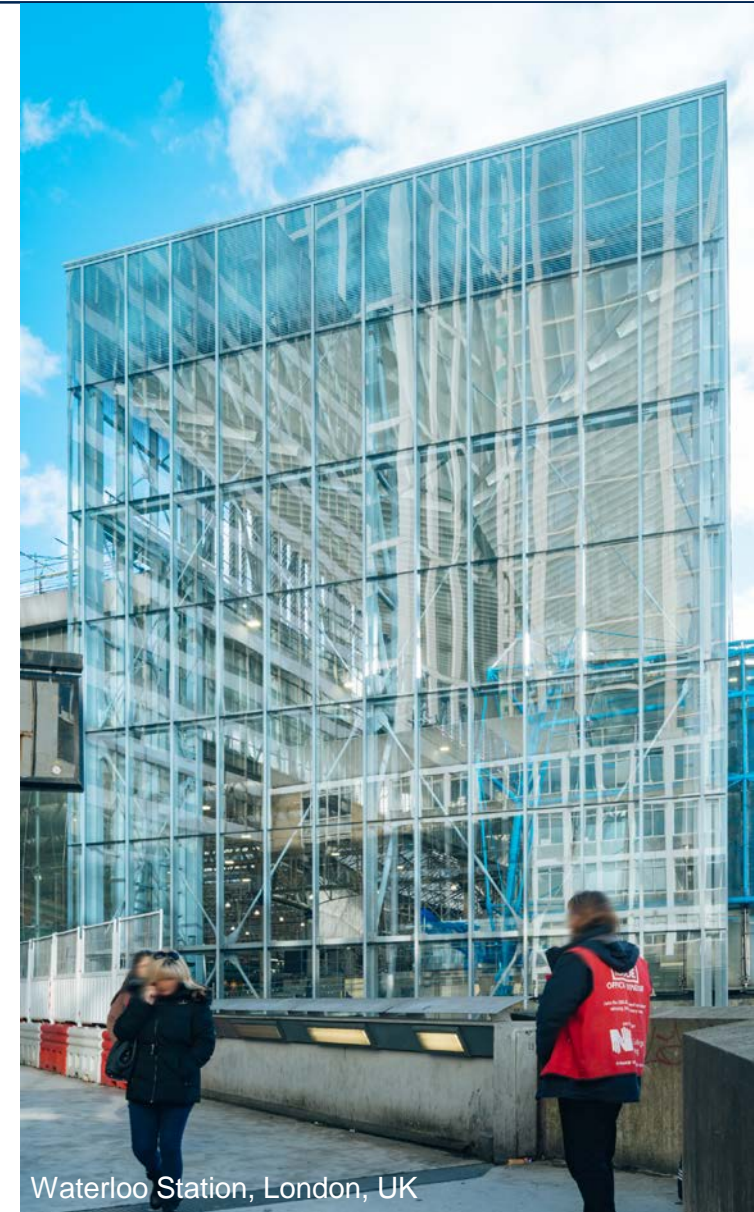
We build  
for a better  
society.

Waterloo  
Station,  
London, UK



# Three month report 2019

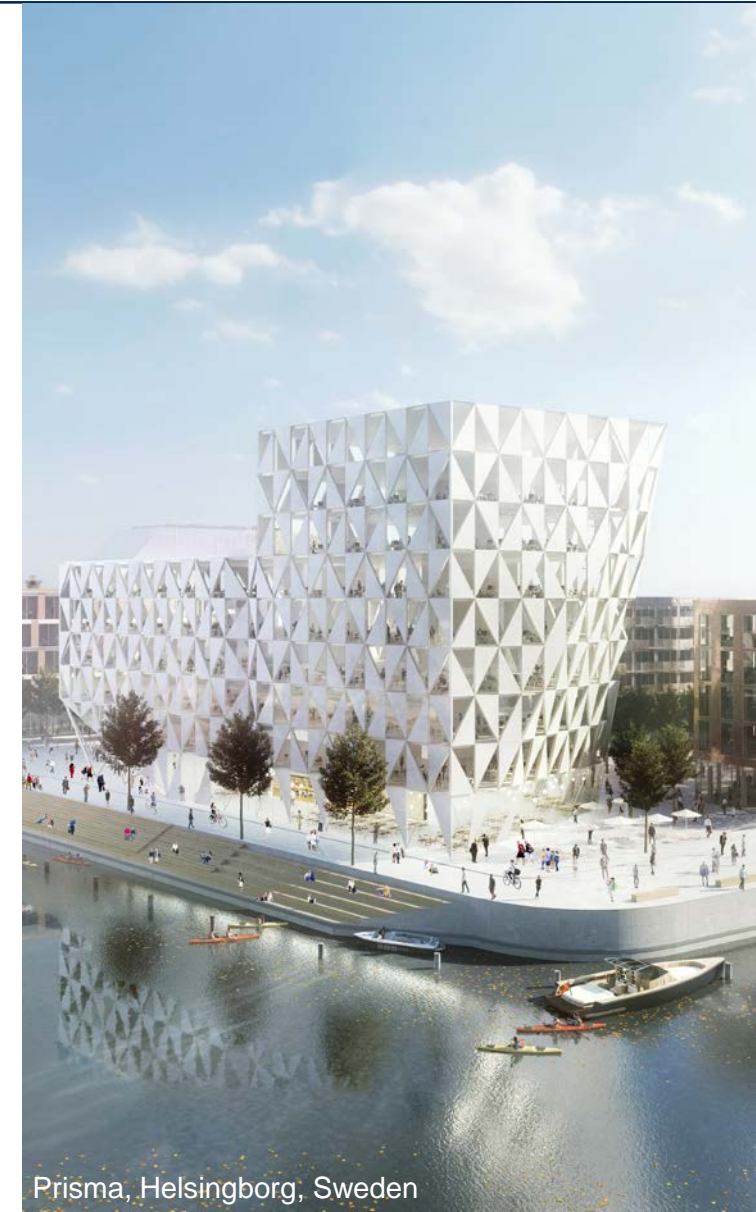
- Gradually improving profitability in Construction
- Low transaction activity in Project Development due to seasonality
- Unrealized gains in Project Development portfolio SEK 12.9 bn (Dec 31, 2018:12.5)
- ROCE in Project Development 9.7% (13.9)
- Return on Equity 13.4% (14.6)
- Strong financial position maintained
- Supportive market outlook in general



Waterloo Station, London, UK

# Construction

- Revenue SEK 35.3 bn (34.6)
- Order bookings SEK 27.3 bn (32.9)
  - Book-to-build 92%, R-12
  - Order backlog SEK 190.1 bn  
(Dec 31, 2018: 192.0)
- Operating income SEK 371 M (-41)
  - Operating margin 1.1% (neg)
- Restoring profitability and reducing risks



Prisma, Helsingborg, Sweden

# Residential Development

- Revenue SEK 2.1 bn (1.9)
  - 740 (615) homes sold
  - 423 (888) homes started
- Operating income SEK 198 M (220)
  - Operating margin 9.2% (11.7)
- ROCE 11.3% (13.0)
- Slow Swedish market
- Strengthen our position long term



Skanska Home Center, Prague, Czech Republic

# Commercial Property Development

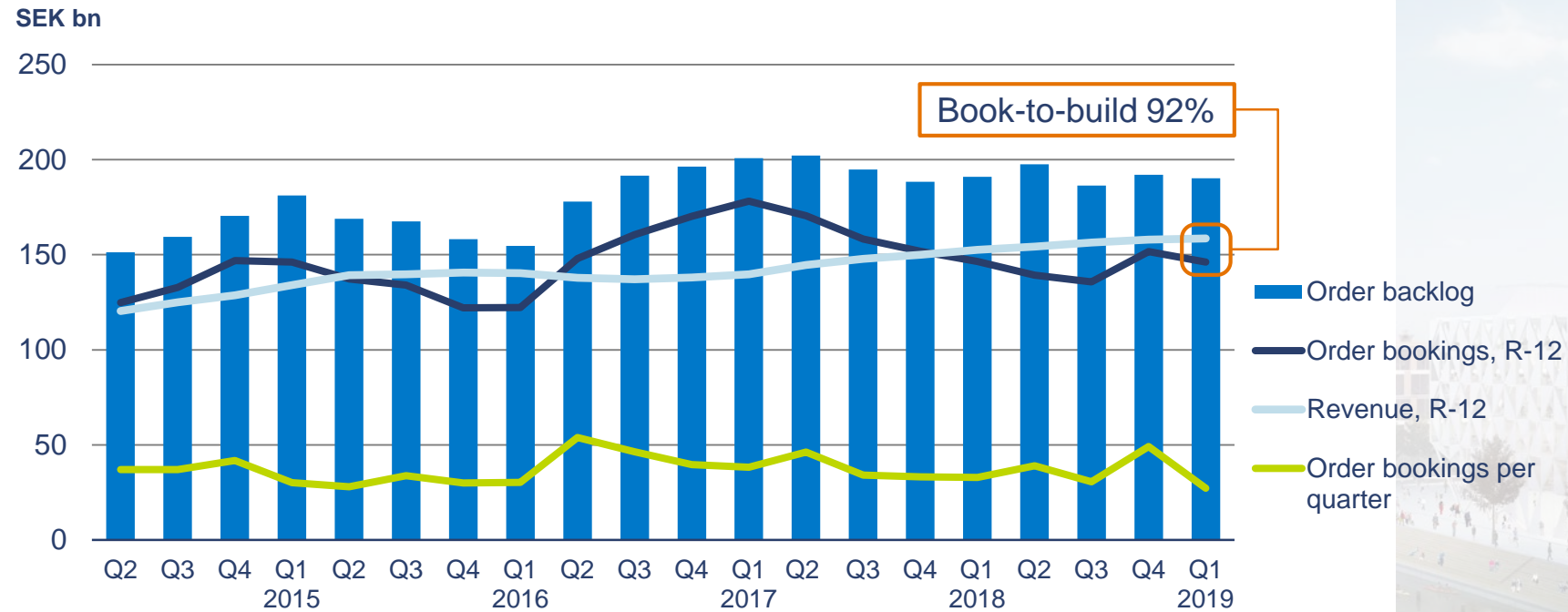
- Operating income SEK 84 M (860)
  - Gain on sale SEK 345 M (1,043), including JVs
- ROCE 8.9% (14.5)
- 52 ongoing projects
  - SEK 41.0 bn in investment value upon completion
  - 51% occupancy rate
  - 53% completion rate
  - 5 projects started in Q1
- 86,000 sq m leased (62,000)
- High level of interest from tenants and investors



Spark, Warsaw, Poland

# Construction

## Order situation



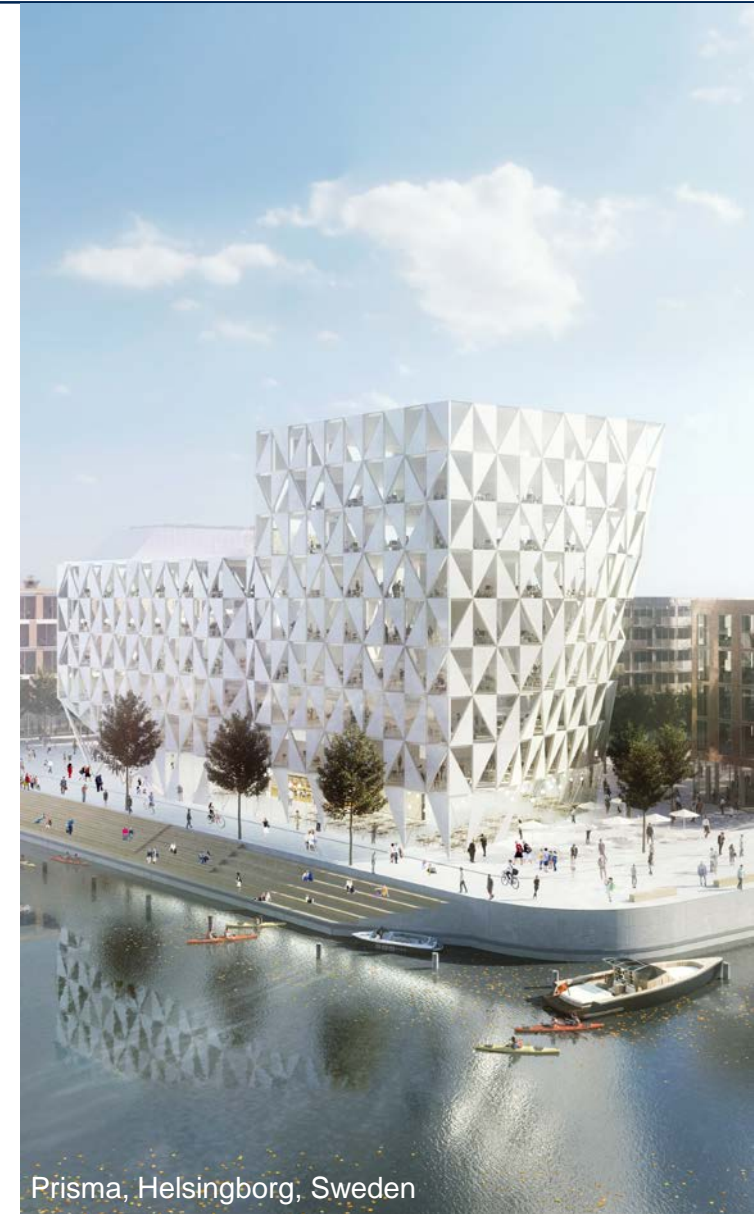
SEK bn	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Revenue	35.3	34.6	157.9
Order bookings	27.3	32.9	151.7
Order backlog	190.1	190.9	192.0

Prisma, Helsingborg, Sweden

# Construction

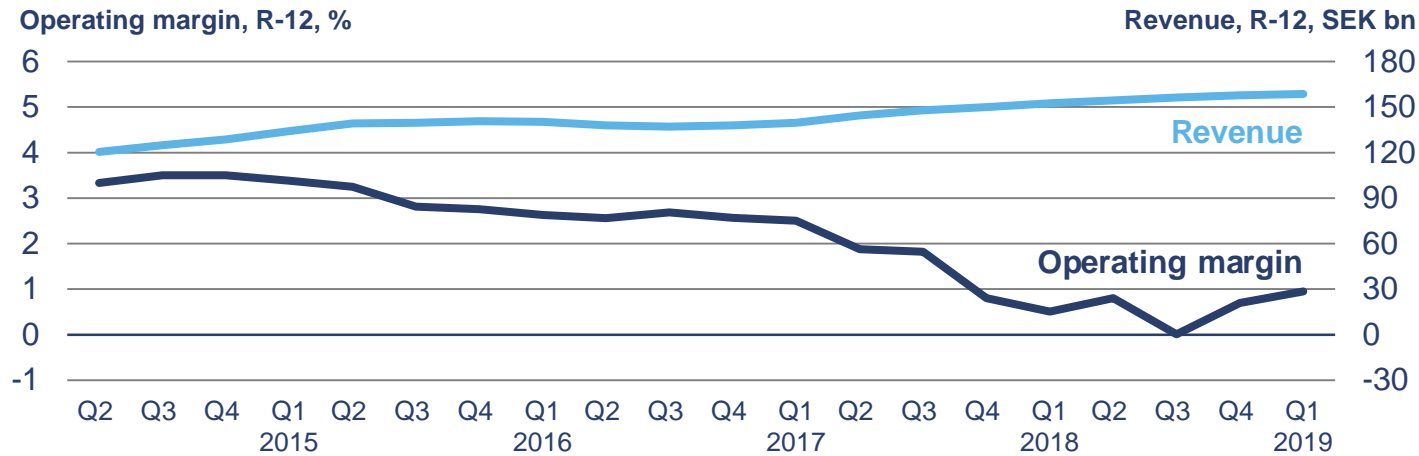
## Order bookings

SEK bn	Jan–Mar 2019	Jan–Mar 2018	Book- to-build, R-12, %	Months of production
Nordics	12.5	15.7	106	13
of which Sweden	8.4	7.9	102	12
Europe	3.9	6.9	79	12
USA	10.9	10.3	87	17
<b>Total</b>	<b>27.3</b>	<b>32.9</b>	<b>92</b>	<b>14</b>

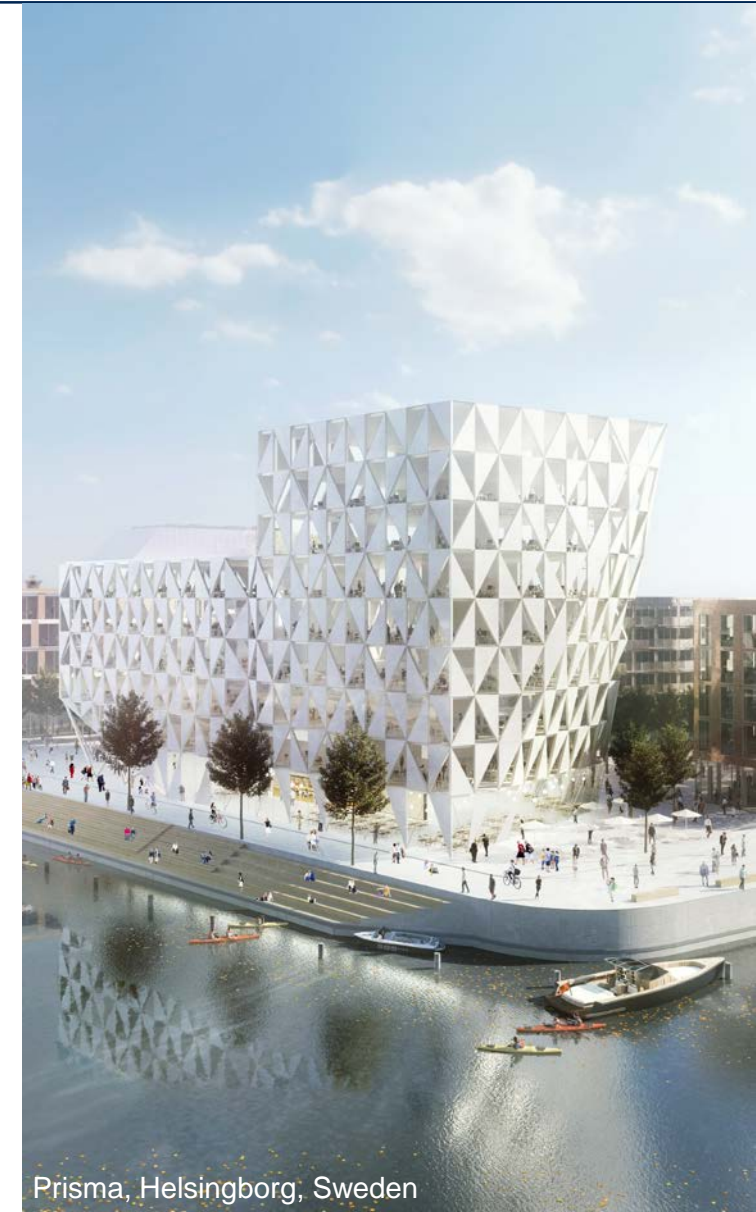


# Construction

## Income statement



SEK bn	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Revenue	35.3	34.6	157.9
<b>Gross income</b>	<b>1.9</b>	<b>1.6</b>	<b>8.0</b>
Selling and administrative expenses	-1.6	-1.7	-7.0
<b>Operating income</b>	<b>0.4</b>	<b>-0.0</b>	<b>1.1</b>
Gross margin, %	5.5	4.7	5.1
Selling and administrative expenses, %	-4.5	-4.8	-4.4
Operating margin, %	1.1	neg	0.7



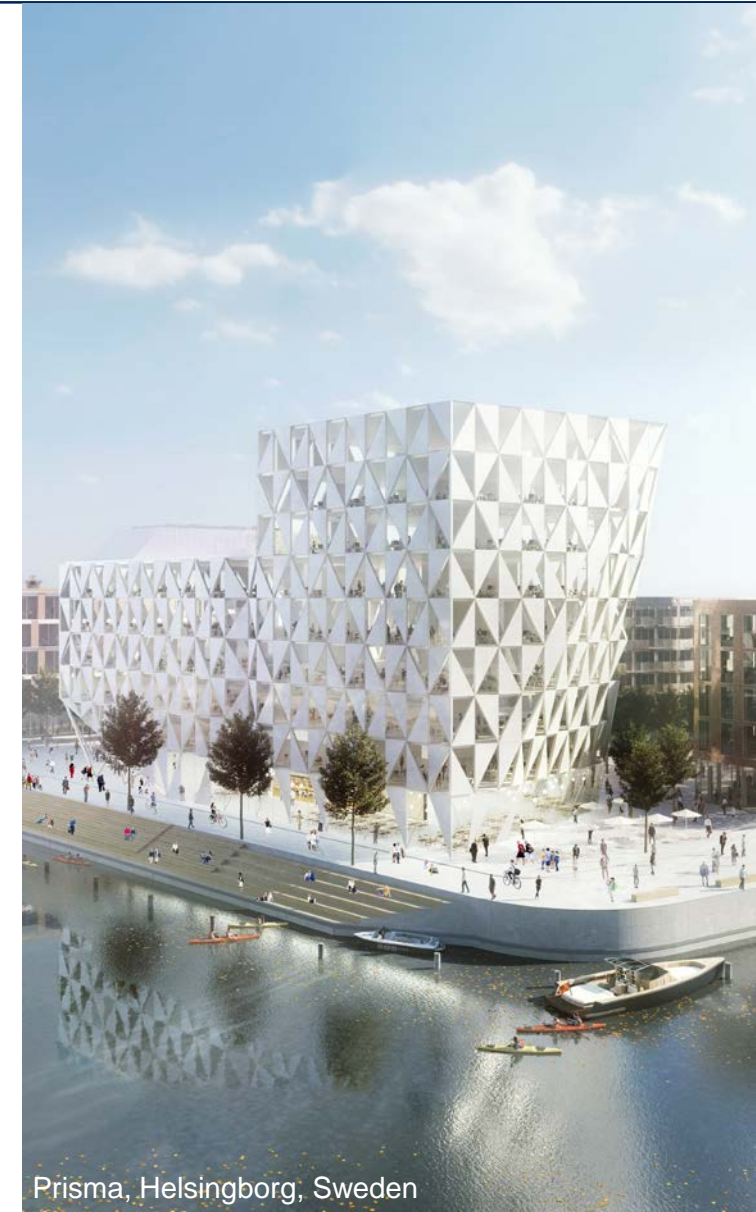
Prisma, Helsingborg, Sweden



# Construction

## Income statement

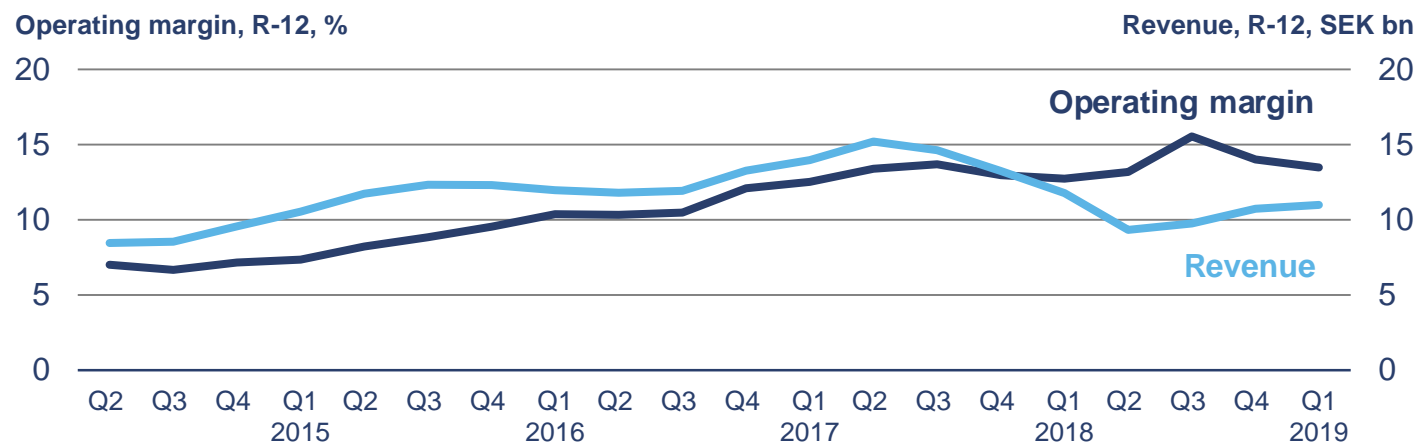
	Operating income, SEK M		Operating margin, %	
	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018
Nordics	270	385	2.1	3.1
of which Sweden	149	279	2.0	3.7
Europe	-94	-820	neg	neg
USA	195	394	1.3	2.6
<b>Total</b>	<b>371</b>	<b>-41</b>	<b>1.1</b>	<b>neg</b>



Prisma, Helsingborg, Sweden

# Residential Development

## Income statement, segment reporting



SEK M	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Revenue	2,141	1,884	10,739
<b>Gross income</b>	<b>368</b>	<b>396</b>	<b>2,181</b>
Selling and administrative expenses	-170	-176	-676
<b>Operating income</b>	<b>198</b>	<b>220</b>	<b>1,505</b>
Gross margin, %	17.2	21.0	20.3
Selling and administrative expenses, %	-7.9	-9.3	-6.3
Operating margin, %	9.2	11.7	14.0



Skanska Home Center, Prague, Czech Republic

# Residential Development

## Income statement

	Operating income, SEK M		Operating margin, %	
	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018
Nordics	164	202	8.9	12.1
of which Sweden	44	82	4.8	11.6
Europe	34	18	11.1	8.5
<b>Total</b>	<b>198</b>	<b>220</b>	<b>9.2</b>	<b>11.7</b>

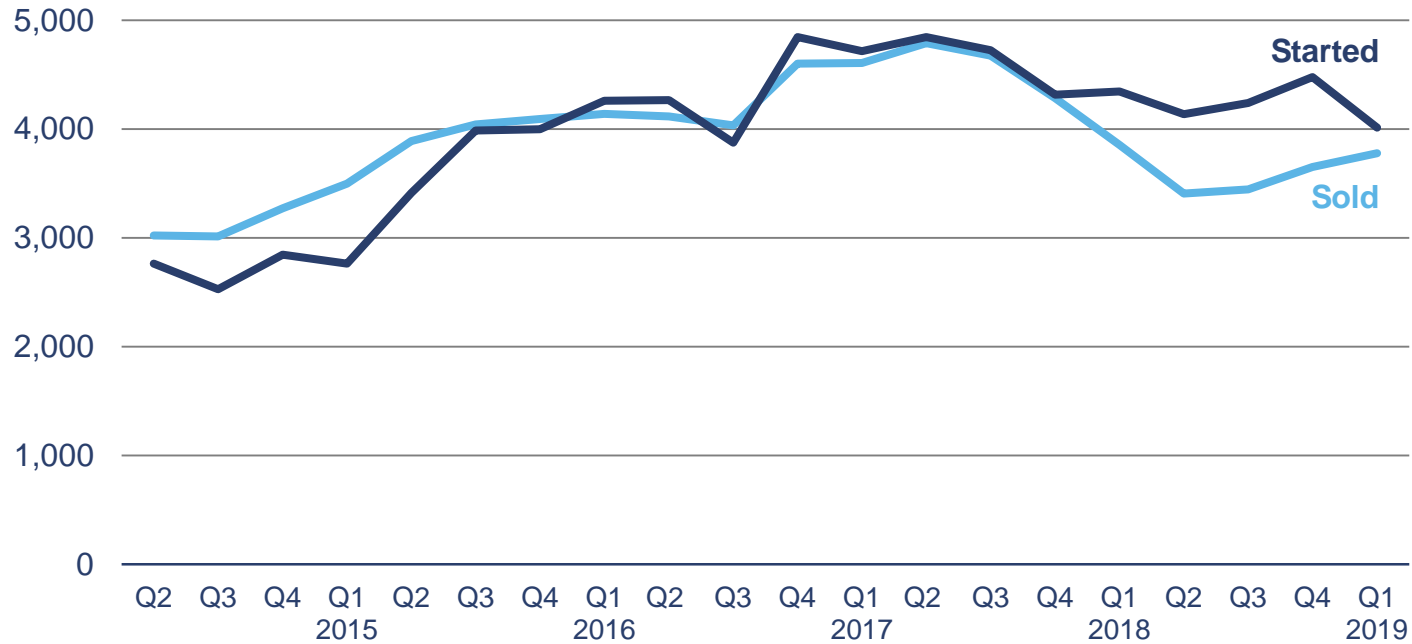


Skanska Home Center, Prague, Czech Republic

# Residential Development

## Homes started and sold

Homes, R-12



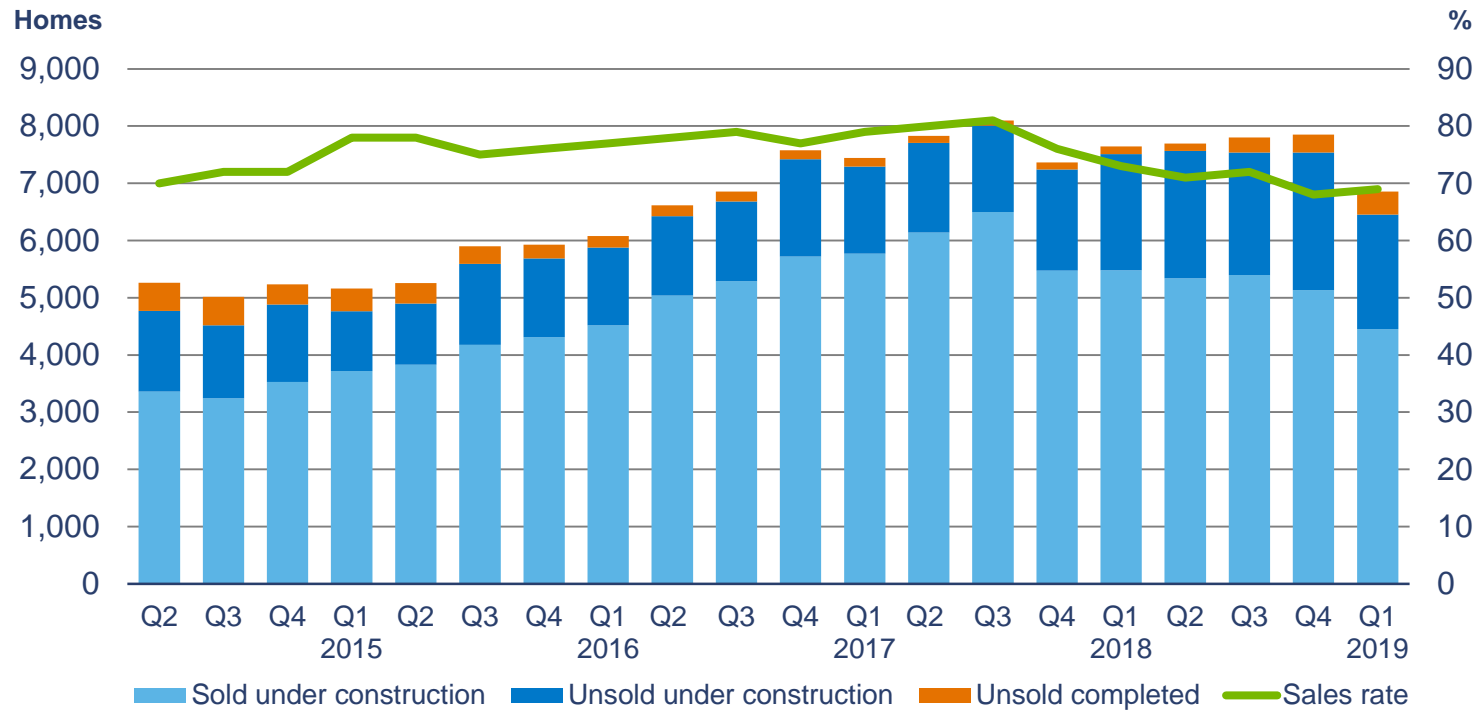
Homes started			Homes sold		
Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
423	888	4,480	740	615	3,653



Skanska Home Center, Prague, Czech Republic

# Residential Development

## Homes in production



Homes in production		Of which sold, %		Unsold completed homes	
Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018
6,454	7,539	69	68	403	314



Skanska Home Center, Prague, Czech Republic

# Commercial Property Development

## Income statement, segment reporting

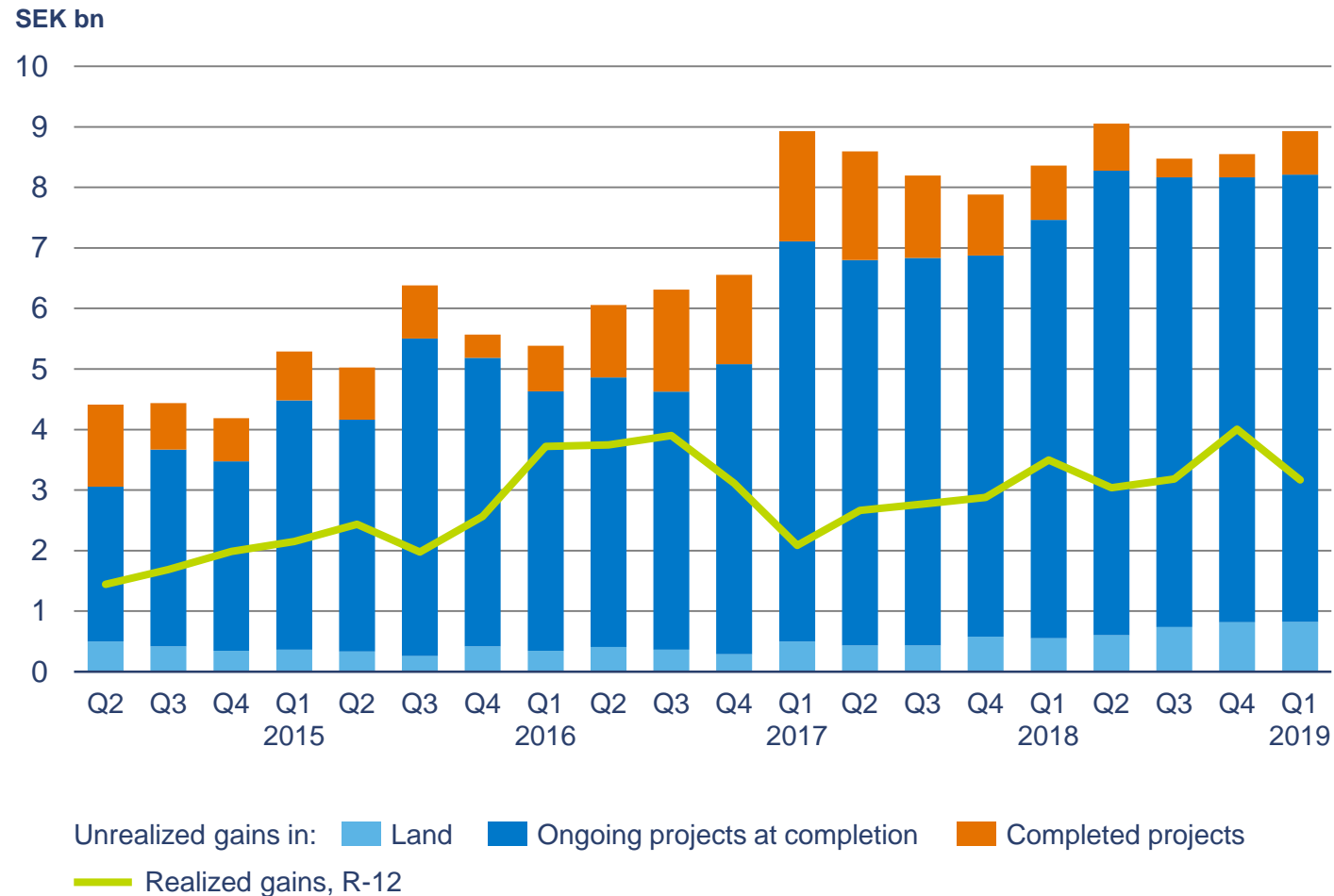
SEK M	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Revenue	884	3,780	16,271
<b>Gross income</b>	<b>182</b>	<b>1,083</b>	<b>3,936</b>
Selling and administrative expenses	-229	-216	-928
Income from joint ventures and associated companies	131	-7	61
<b>Operating income</b>	<b>84</b>	<b>860</b>	<b>3,069</b>
of which gain from divestments of properties <sup>1</sup>	214	1,050	4,005
of which write downs/reversal of write downs	-69	-1	-107
1 Additional gain included in eliminations	22	80	321



Spark, Warsaw, Poland

# Commercial Property Development

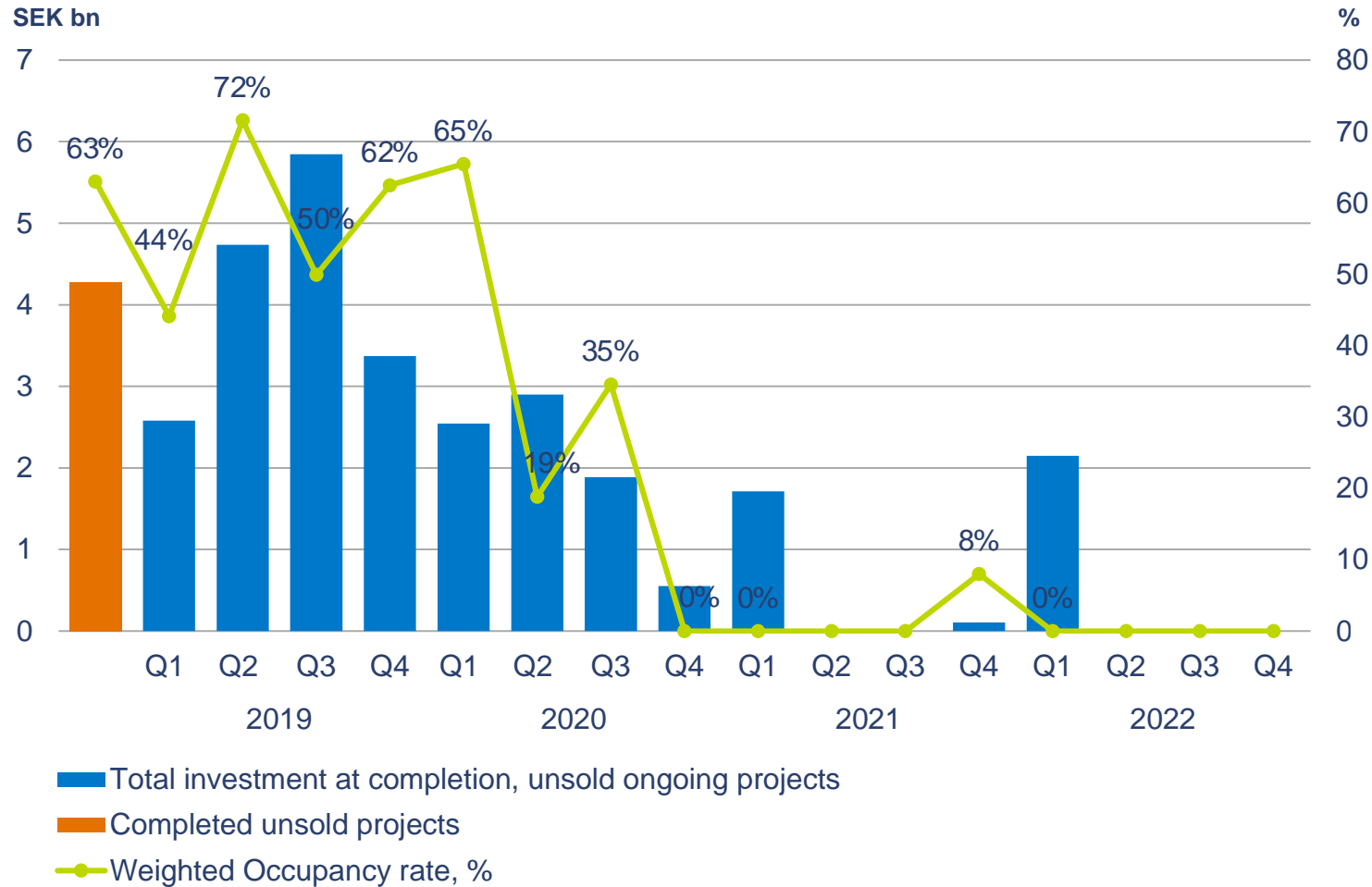
## Unrealized and realized gains, segment reporting



Spark, Warsaw, Poland

# Commercial Property Development

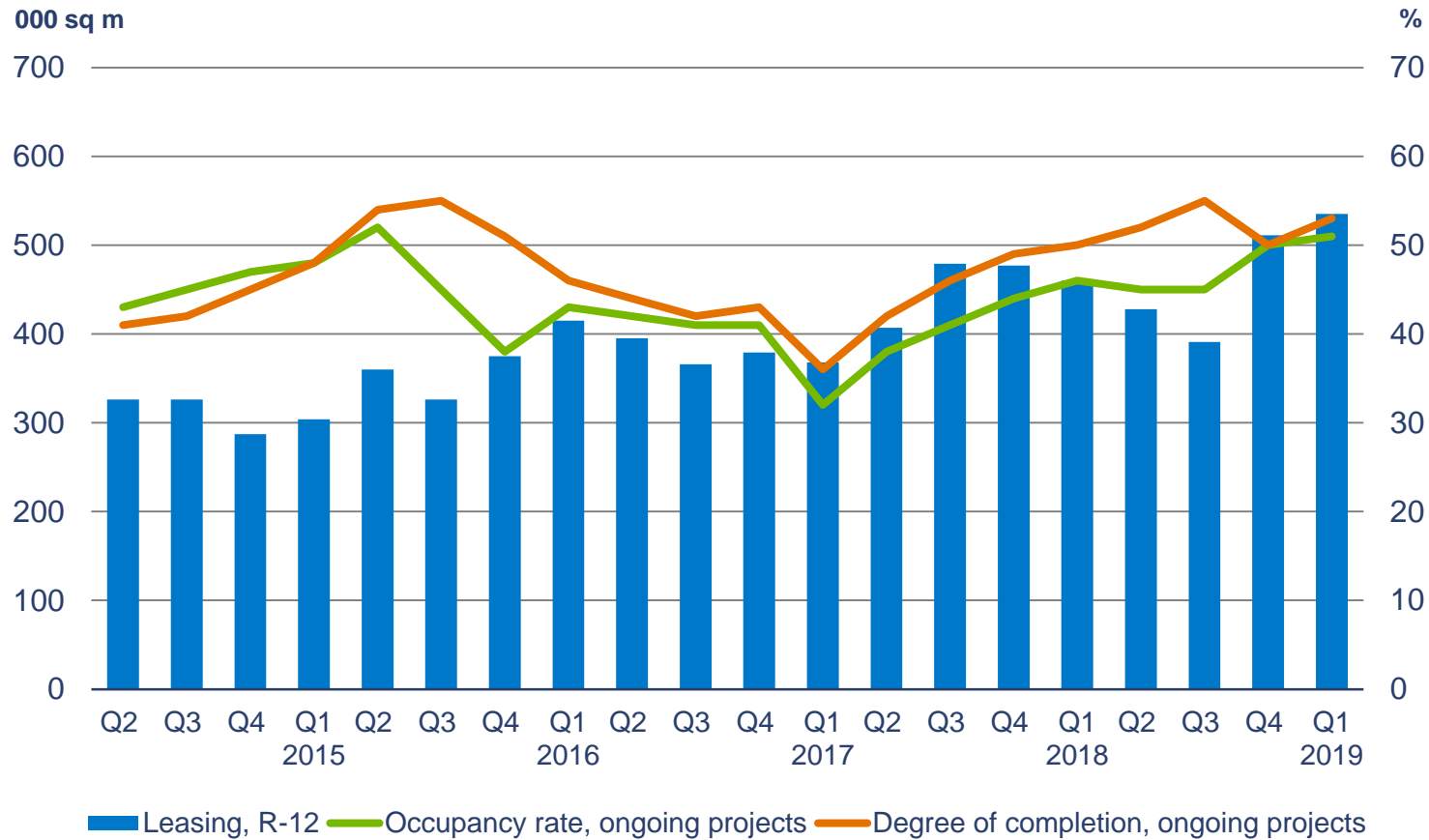
## Completion profile, unsold projects



Spark, Warsaw, Poland



# Commercial Property Development Leasing

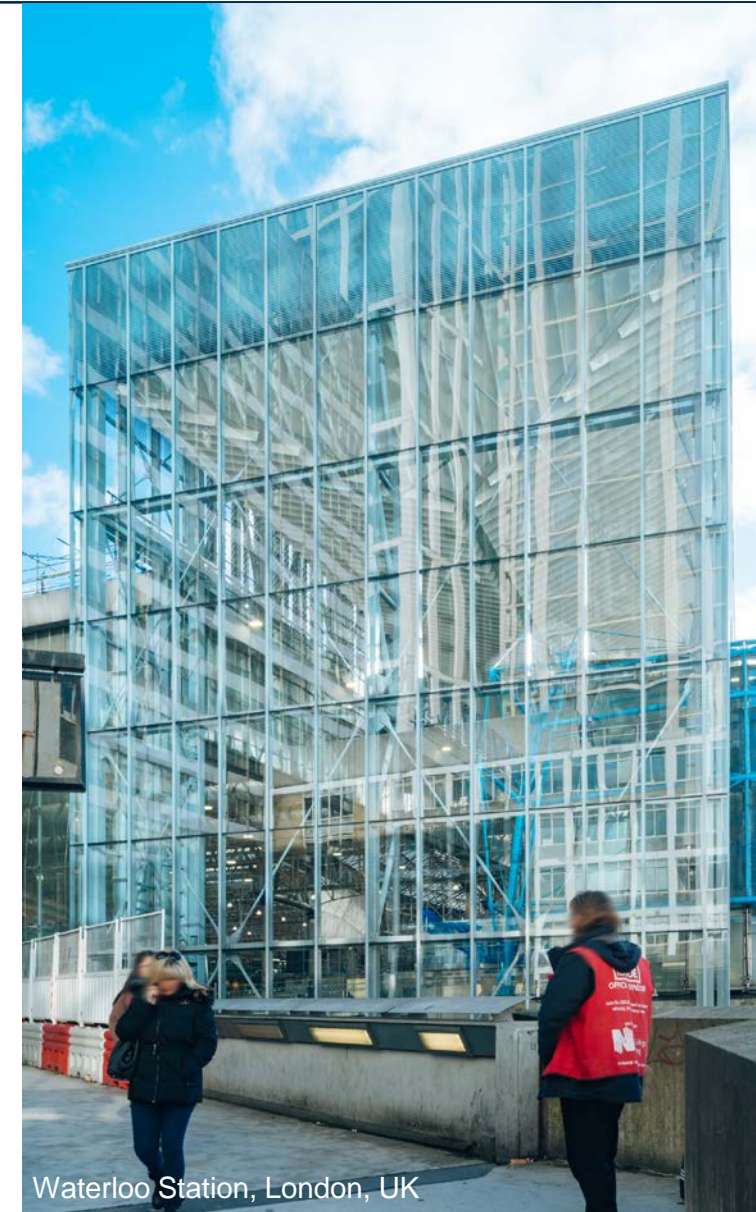


Spark, Warsaw, Poland

# Group

## Income statement

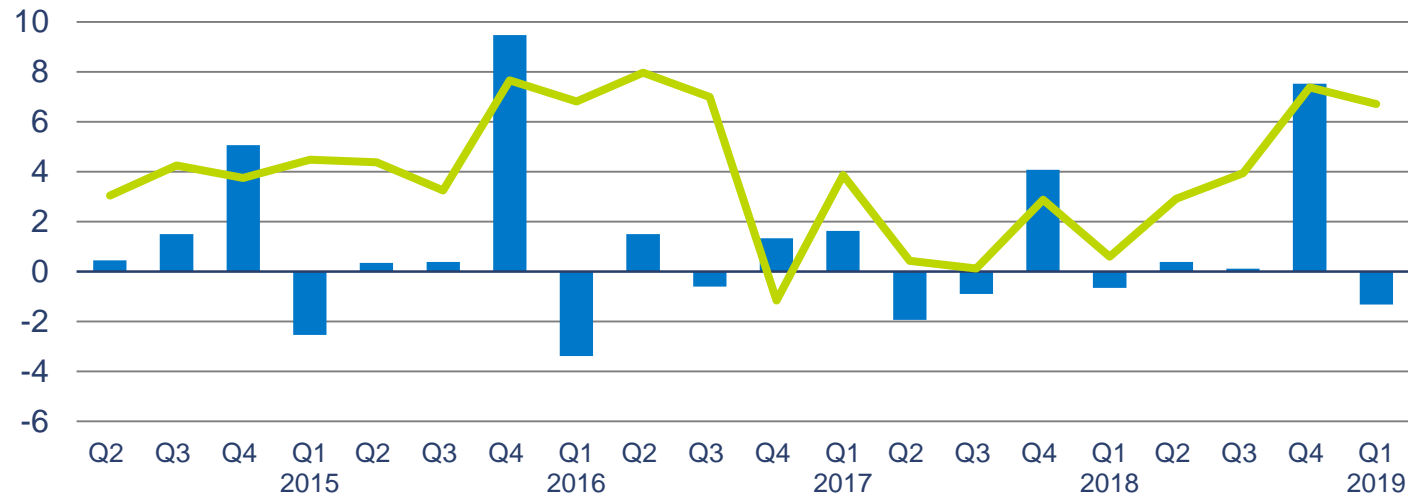
SEK M	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Operating income from business streams	653	1,039	5,704
Central	-148	-415	-811
Eliminations	-17	28	-66
<b>Operating income</b>	<b>488</b>	<b>652</b>	<b>4,827</b>
<b>Net financial items</b>	<b>-62</b>	<b>-13</b>	<b>36</b>
<b>Income after financial items</b>	<b>426</b>	<b>639</b>	<b>4,863</b>
Taxes	-71	-129	-934
<b>Profit for the period</b>	<b>355</b>	<b>510</b>	<b>3,929</b>
Earnings per share, SEK	0.87	1.25	9.55
Tax rate, %	17	20	19



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# Group Cash flow

SEK bn



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

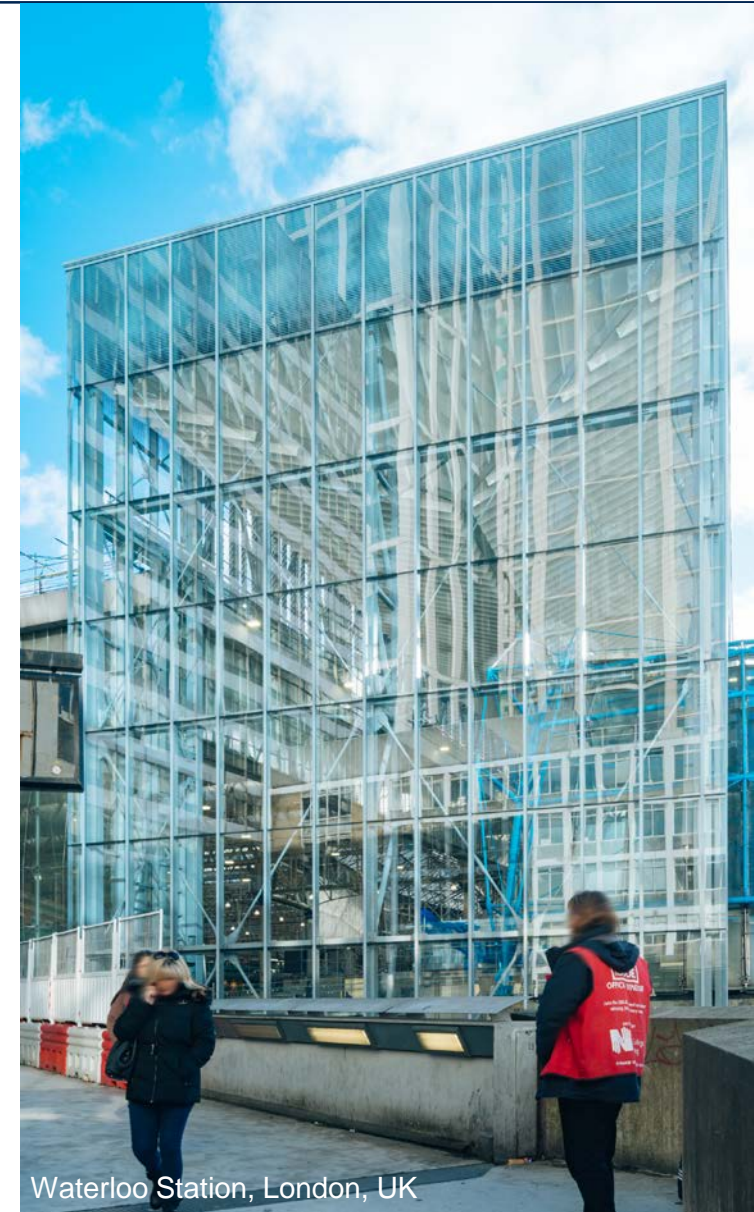
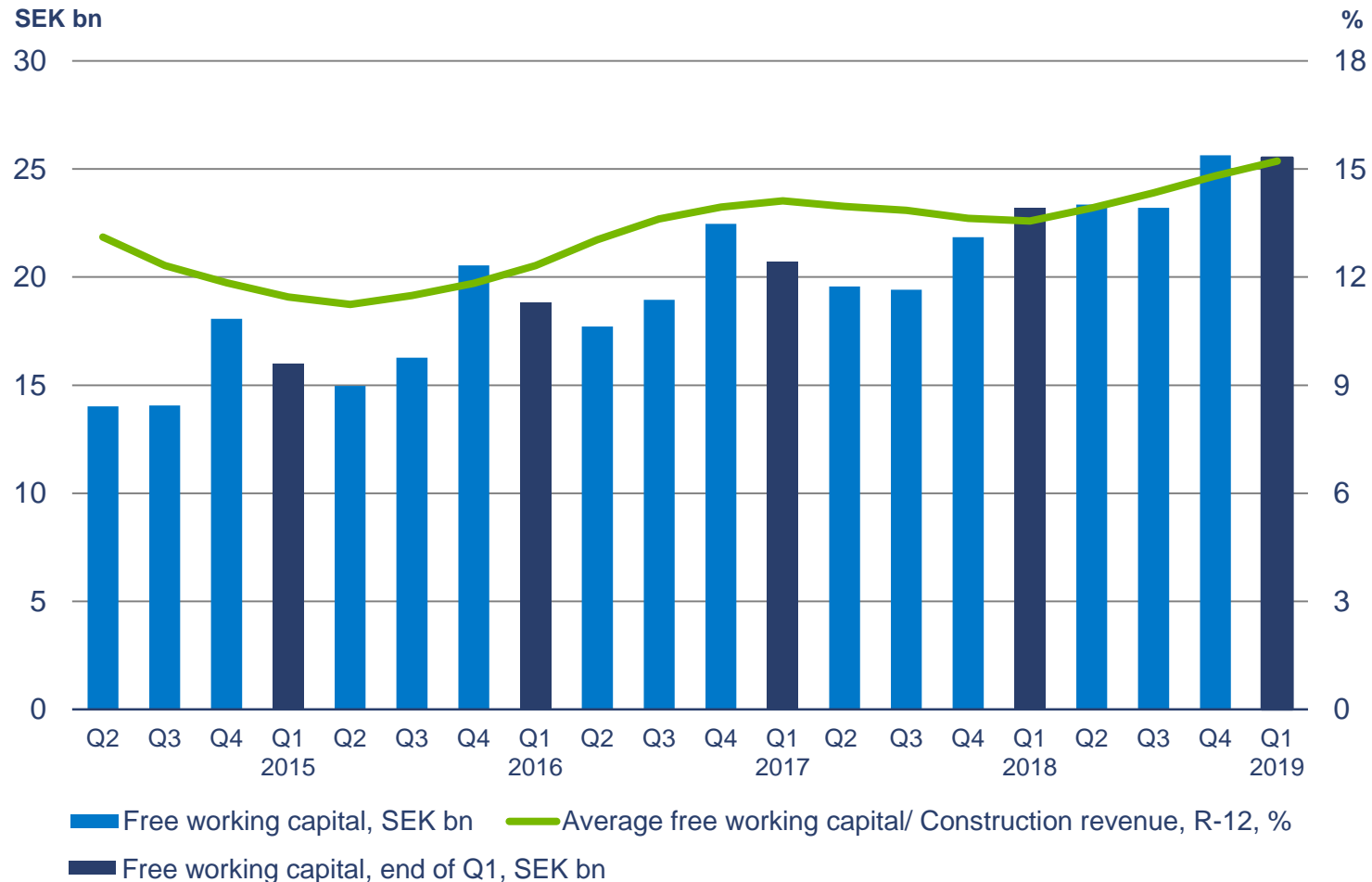
SEK bn	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Cash flow from operations	-1.3	-0.6	7.4
Dividend etc.	0.0	-0.1	-3.5
Cash flow before change in interest-bearing receivables and liabilities	-1.3	-0.7	3.9



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# Construction

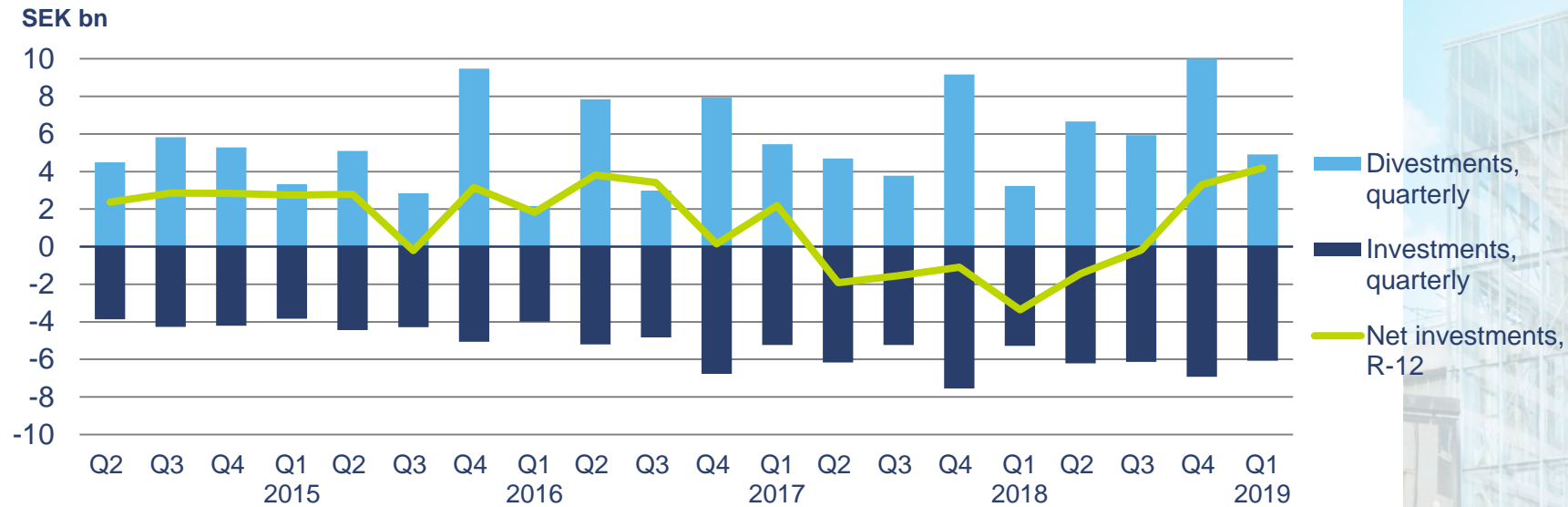
## Free working capital



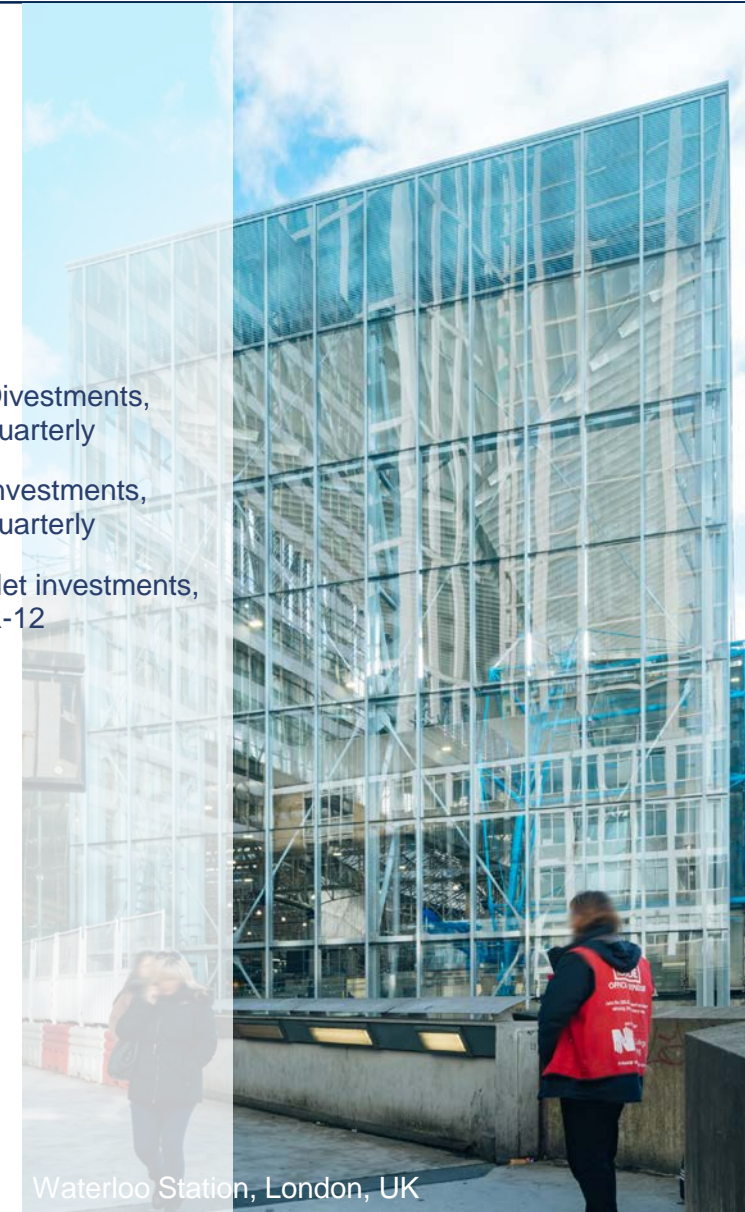
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# Group

## Investments, divestments and capital employed



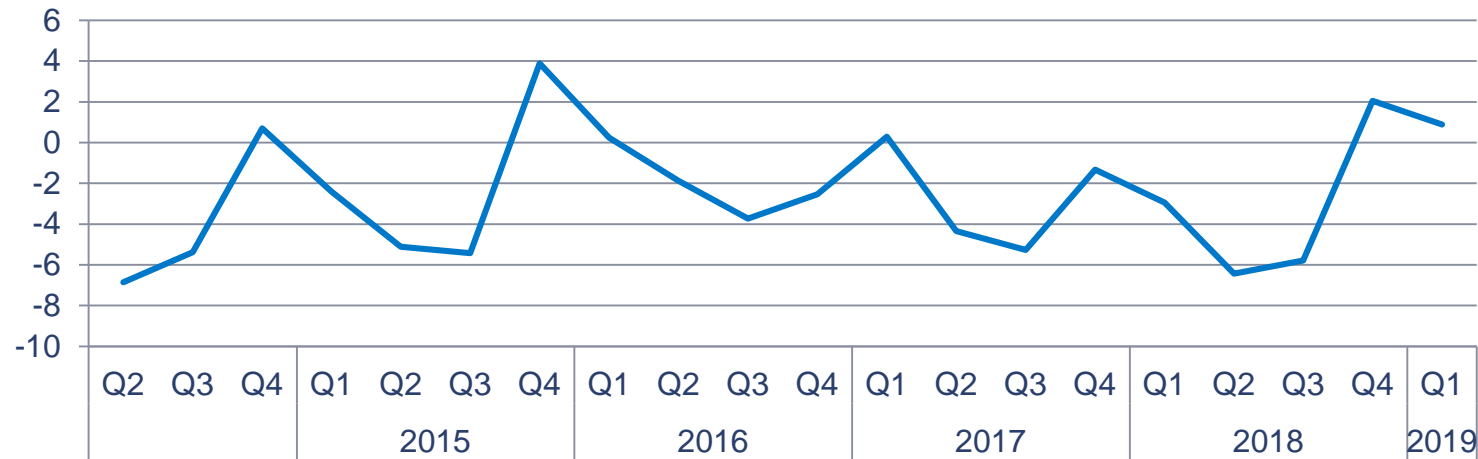
SEK bn	Mar 31 2019	Mar 31 2018	Dec 31 2018
<b>Capital employed in:</b>			
Residential Development	12.8	13.9	13.6
Commercial Property Development	32.8	26.0	26.7
<b>Total in Project Development</b>	<b>45.7</b>	<b>39.9</b>	<b>40.3</b>



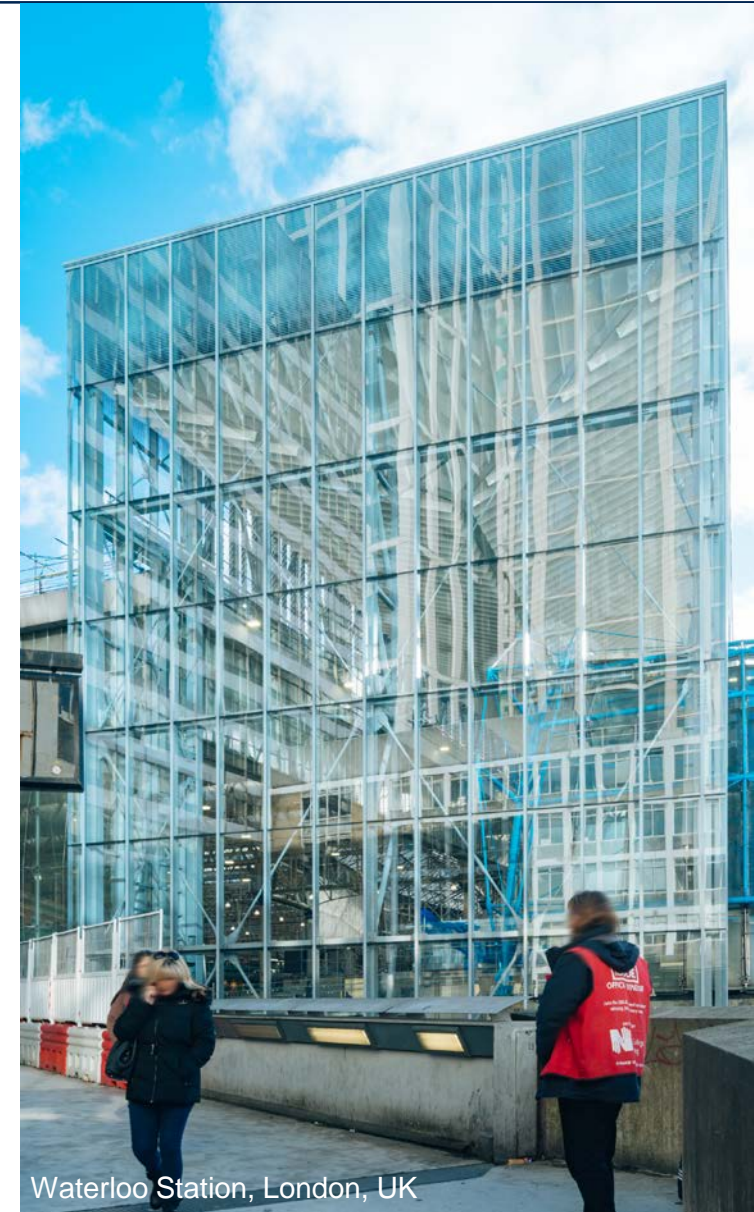
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# Group Financial position

Adjusted net debt, SEK bn



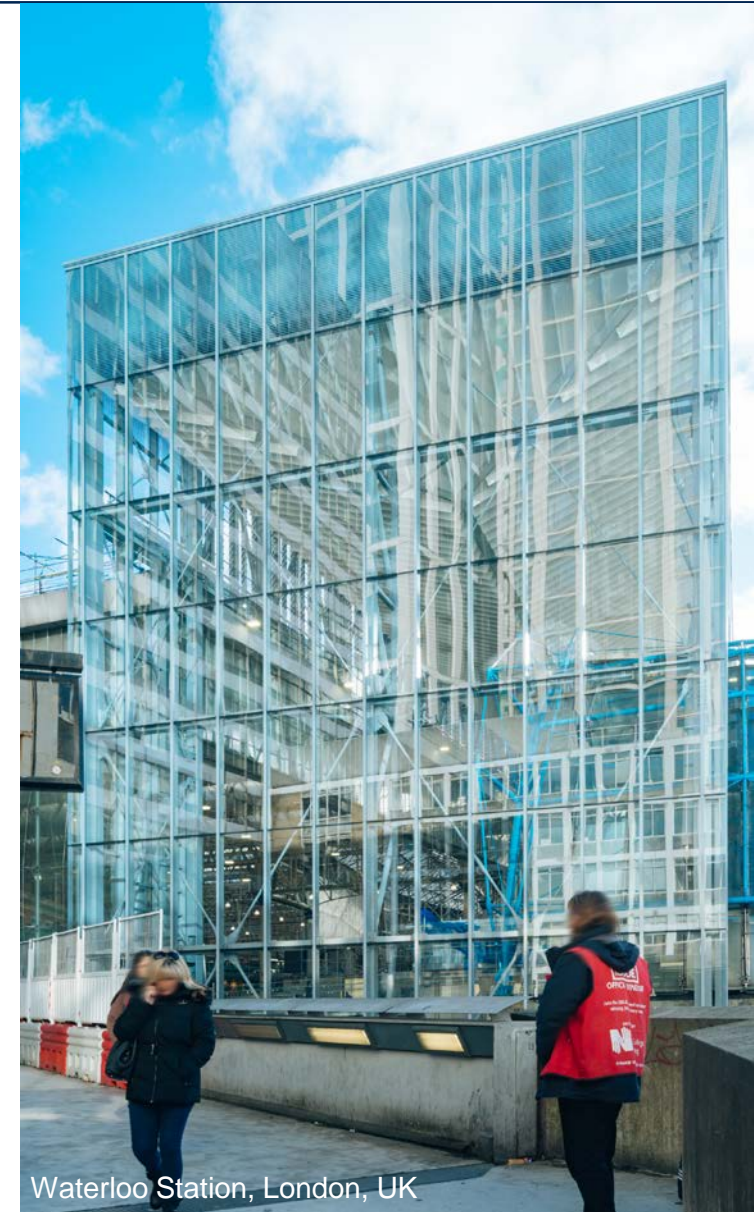
SEK bn	Mar 31 2019	Mar 31 2018	Dec 31 2018
Total assets	125.6	110.5	116.3
Equity attributable to equity holders	28.0	28.1	29.3
Interest-bearing net receivables (+)/net debt (-)	-7.2	-1.6	3.2
Adjusted net financial assets (+)/liabilities (-)	0.9	-2.9	2.1
Capital employed, closing balance	52.8	44.2	46.2
Equity/assets ratio, %	22.3	25.5	25.2



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# Group PPP portfolio

SEK bn	Mar 31, 2019	Dec 31, 2018
Present value of cash flow from projects	4.8	4.7
<b>Net present value of projects</b>	<b>3.8</b>	<b>3.6</b>
Carrying amount	-2.5	-2.5
<b>Unrealized development gain</b>	<b>1.3</b>	<b>1.1</b>
Cash flow hedge	0.3	0.3
<b>Effect in unrealized Equity</b>	<b>1.6</b>	<b>1.4</b>



Waterloo Station, London, UK

# Market outlook

## Construction

High activity level in general, but expected to level out



### Nordics

- Mixed building market and very strong civil market in Sweden
- Stable building market and strong civil market in Norway
- Finland stable



### Europe

- Brexit impacts the UK non-residential market, civil market stable
- Poland stable
- Stable building market but weak civil market in Czech Republic
- Cost escalation in Poland and Czech Republic



### USA

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

Outlook compared to previous quarter ● Weaker ● Unchanged ● Improved



Scandinavia's first zero energy hotel, Solna, Sweden



# Market outlook

## Residential Development

- 📍 Nordics
  - Slow Swedish market, long recovery expected
  - Norway and Finland stable
- 📍 Europe
  - Central Europe slowed down after a period of strong growth

Outlook compared to previous quarter ● Weaker ● Unchanged ● Improved



BoKlok Glasörten, Malmö, Sweden

# Market outlook

## Commercial Property Development

Historically high levels in many of our markets

- Nordics
  - Investor appetite remains strong, but more selective
  - Low vacancy rates and high rents in Sweden
- Europe
  - Strong demand from tenants and investors in Central Europe, especially Poland
- USA
  - Investor appetite remains strong but yields are bottoming out
  - Good tenant demand

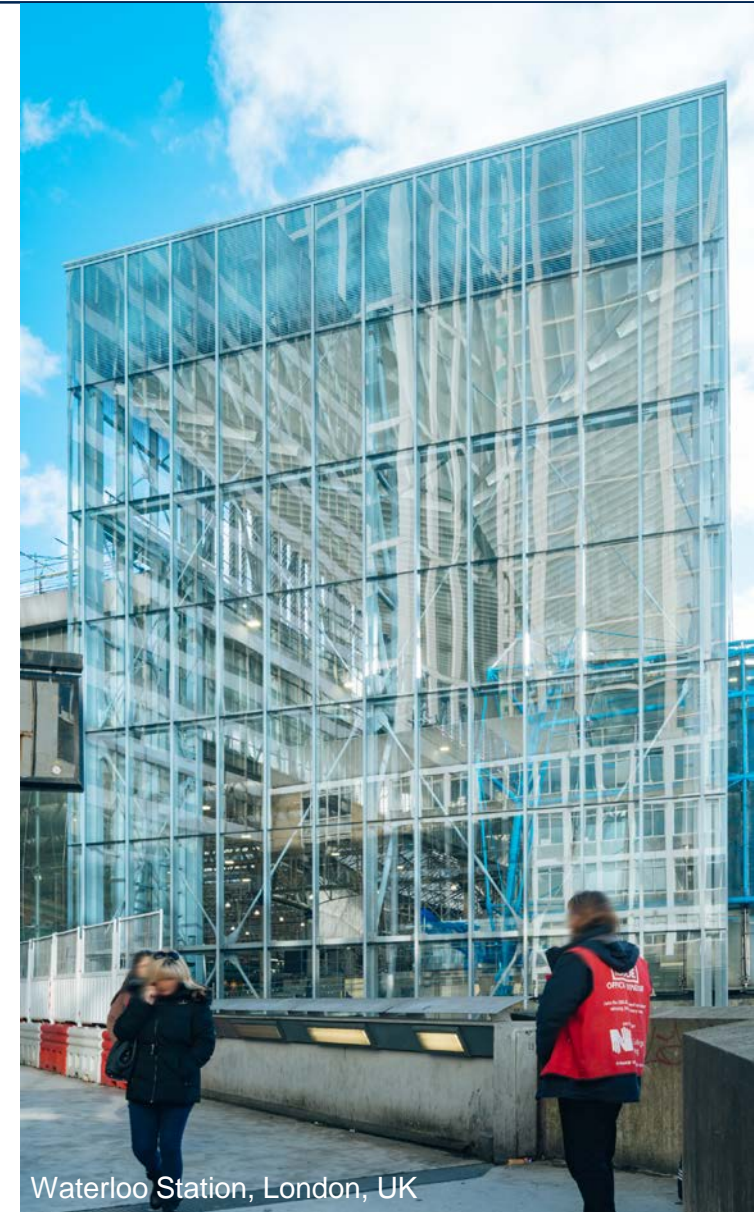
Outlook compared to previous quarter ● Weaker ● Unchanged ● Improved



Sthlm New, Stockholm, Sweden

# Group Summary

- Main focus:
  - Restore profitability in Construction
  - Maintain high performance and activity in Project Development
- Construction gradually improving
- Adapting to changed market conditions in Residential Development
- Strong pipeline in Commercial Property Development
- High market activity in many of our geographies and segments



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