

**SKANSKA**

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Q2 2019

Press release, July 24, 2019, 7:30 a.m. CET



**We build for a better society.**  
Sthlm 01, Stockholm, Sweden

# Six month report, January–June 2019

## Highlights according to segment reporting

- Revenue amounted to SEK 80.9 billion (79.5); adjusted for currency effects revenue decreased 3 percent.
- Operating income amounted to SEK 3.2 billion (1.9); adjusted for currency effects operating income increased 61 percent. Legal decisions impacted positively by SEK 0.4 billion.
- Earnings per share increased 65 percent to SEK 6.41 (3.89).
- Operating cash flow from operations amounted to SEK –2.5 billion (–0.3), according to IFRS.
- Adjusted interest-bearing net receivables(+)/net debt(–) totaled SEK –2.8 billion (March 31, 2019: 0.9), according to IFRS.
- Operating income in Construction amounted to SEK 1.6 billion (0.5). The comparable period includes restructuring charges and project write-downs impacting negatively and claims resolutions and pension curtailments impacting positively. Total net impact of SEK –1.1 billion.
- Order bookings in Construction amounted to SEK 61.9 billion (71.9); adjusted for currency effects order bookings decreased 18 percent. The order backlog amounted to SEK 184.0 billion (March 31, 2019: 190.1).
- Operating income in Project Development amounted to SEK 1.7 billion (2.0); adjusted for currency effects operating income decreased 12 percent.
- Return on capital employed in Project Development was 10.9 percent (11.1).

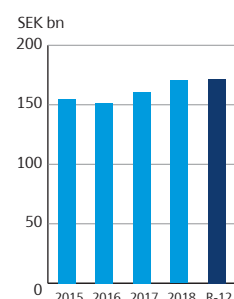
### Performance analysis

Tables referring to segment reporting are in shaded background. For more information see page 15. For definitions of non-IFRS financial measures see pages 16-18.

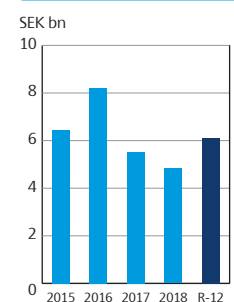
SEK M	Jan-Jun 2019	Jan-Jun 2018	Change, %	Apr-Jun 2019	Apr-Jun 2018	Change, %
<b>Revenue</b>						
Construction	76,199	75,053	2	40,866	40,422	1
Residential Development	4,807	4,166	15	2,666	2,282	17
Commercial Property Development	6,901	7,310	–6	6,017	3,530	70
Central and eliminations	–7,036	–7,061	0	–3,780	–3,716	2
<b>Total</b>	<b>80,871</b>	<b>79,468</b>	<b>2</b>	<b>45,769</b>	<b>42,518</b>	<b>8</b>
<b>Operating income</b>						
Construction	1,553	541	187	1,182	582	103
Residential Development	594	618	–4	396	398	–1
Commercial Property Development	1,155	1,332	–13	1,071	472	127
Central	–60	–529	–88	88	–114	–
Eliminations	–17	–25	–36	0	–53	–
<b>Operating income</b>	<b>3,225</b>	<b>1,937</b>	<b>66</b>	<b>2,737</b>	<b>1,285</b>	<b>113</b>
<b>Net financial items</b>	<b>–100</b>	<b>9</b>	<b>–</b>	<b>–38</b>	<b>22</b>	<b>–</b>
<b>Income after financial items</b>	<b>3,125</b>	<b>1,946</b>	<b>61</b>	<b>2,699</b>	<b>1,307</b>	<b>107</b>
Taxes	–487	–348	40	–416	–219	90
<b>Profit for the period</b>	<b>2,638</b>	<b>1,598</b>	<b>65</b>	<b>2,283</b>	<b>1,088</b>	<b>110</b>
Earnings for the period per share, SEK	6.41	3.89	65	5.54	2.64	110
Revenue for the period according to IFRSs	79,689	78,168	2	42,574	43,502	–2
Operating income for the period according to IFRSs	3,050	1,668	83	1,966	1,385	42
Earnings for the period per share according to IFRSs, SEK	6.09	3.35	82	3.98	2.82	41
Operating cash flow from operations	–2,497	–264	846	–1,178	383	–
Interest-bearing net receivables(+)/net debt(–)	–11,315	–4,041	180	–11,315	–4,041	180
Return on capital employed in Project Development, % <sup>1</sup>	10.9	11.1				
Adjusted interest-bearing net receivables(+)/net debt(–)	–2,801	–6,431	–56			
Return on equity, % <sup>1</sup>	17.4	13.2				

<sup>1</sup> Rolling 12 months.

### Revenue



### Operating income

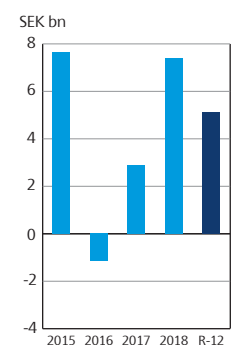


### Operating income per segment, Jun 30, 2019, R-12



- Construction, 33%
- Residential Development, 23%
- Commercial Property Development, 44%

### Operating cash flow from operations



## Comments from Skanska's President and CEO Anders Danielsson



Our performance in the second quarter 2019 is strong. Profitability in Construction continues to improve. We are maintaining a good profitability in Residential Development, despite a challenging Swedish market, and the results in Commercial Property Development are very strong.

In Construction, we are progressing in line with our strategic plan to gradually improve profitability.

We are completing projects with low profitability, mainly in Poland and the USA, and focusing our operations in an overall simplified structure. We are also reducing the risk in our backlog of future work by being very selective in our bidding process. Overall, the order bookings are lower than our revenue, but we continue to allow for higher bookings in our well-performing units.

In Residential Development, the profitability is above our targeted level despite a slow Swedish market. The number of sold homes are in line with last year but we are starting up fewer homes to adapt to a slower sales pace and keep our market risk on a suitable level. Unsold completed homes are decreasing. Fewer starts is also a result of long and complicated zoning processes in many of our markets. Urbanization is creating a long term need for housing in our markets and more efficient zoning processes by municipalities are critical to a well functioning residential market as well as to lower costs.

Commercial Property Development had a very strong second quarter. A large number of profitable divestments were executed and contributed to the bottom line. The favorable market conditions remain, with strong demand from investors in a low interest rate environment. We are also experiencing a strong leasing momentum in our ongoing projects. And considering the steady increase in unrealized gains in our portfolio, even with our high divestment activity, we are creating possibilities for future realization of development gains as well.

In our total Project Development portfolio, including our PPP-assets, the unrealized gains has since year-end increased by SEK 1 billion at the same time as we have realized gains of SEK 2.5 billion according to segment reporting. By the end of the second quarter unrealized gains amounted to SEK 13.5 billion.

Looking at the market situation, it is overall positive but with a slightly weaker outlook for the coming twelve months in certain segments and markets. The competition in many of our markets is fierce and complexity in projects and contracts is increasing. We have for that reason put efforts into improving our contract management and claims management process. I believe this will be beneficial for both Skanska and our customers, to be able to have a proactive and fact based dialogue during the execution of projects. During the second quarter we received decisions in two legal matters impacting earnings positively.

In summary, we are performing according to our strategic plan and in Construction the positive impact of this progress is getting more visible for every quarter. In Project Development we are not only delivering strong results by realizing gains from the portfolio, we are also creating additional value in excess of what is being divested to realize over the coming years.



Sthlm 01 is a new 27-story landmark in Stockholm, Sweden. It's the largest of seven office buildings Skanska is developing and building in the Hammarby Sjöstad area, furthering the city's ambition of creating more workplaces south of the city center. Sthlm 01 reflects the Group's strong sustainability work, including that the project is pre-certified under the top-level LEED Platinum environmental certification; the concrete structure is adapted to help reduce both climate impacts and cost; up to 100 percent of electricity will be supplied by an off-site solar cell park; and health and well-being is supported both during construction and eventual tenant use. Furthermore, Sthlm 01 is among Skanska's pioneer projects with digitalization. Both virtual reality and augmented reality are being used to help streamline work and achieve production efficiencies. Skanska will complete Sthlm 01 in 2020.

# Market outlook, next 12 months

## Slightly 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 Sweden, the civil market and the non-residential market is strong, although the landscape is competitive. The Swedish residential building market is slow. 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 slightly 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 and is also impacting the civil market negatively. 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.

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 remains slow and there is still an oversupply of new built homes in certain segments. Uncertainty about factors impacting the direction of home prices such as future economic growth, employment, interest rates and credit supply is expected to continue impacting the market negatively going forward. The underlying housing needs should however be supportive long-term. In Norway the market situation is more stable than in Sweden and the Finnish market is solid. The Central European market has slowed down after a period of strong growth.

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



BoKlok project, Jordbro, Sweden

### 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, DC, 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>	

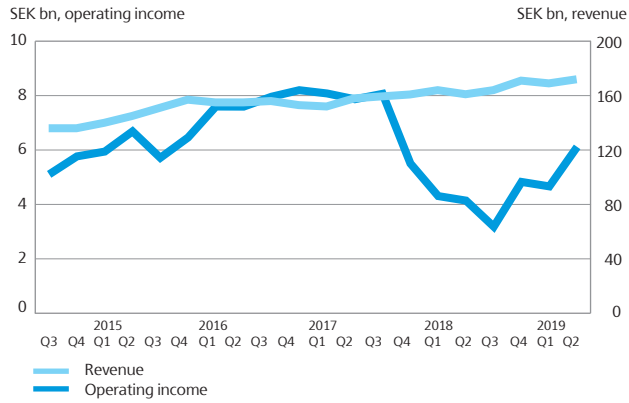


Juvelen, Uppsala, Sweden

## Performance analysis

### Group

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



#### Revenue and earnings

SEK M	Jan-Jun 2019	Jan-Jun 2018	Change, %	Apr-Jun 2019	Apr-Jun 2018	Change, %
Revenue	80,871	79,468	2	45,769	42,518	8
Operating income <sup>1,2</sup>	3,225	1,937	66	2,737	1,285	113
Net financial items	-100	9	-	-38	22	-
<b>Income after financial items</b>	<b>3,125</b>	<b>1,946</b>	<b>61</b>	<b>2,699</b>	<b>1,307</b>	<b>107</b>
Taxes	-487	-348	40	-416	-219	90
<b>Profit for the period</b>	<b>2,638</b>	<b>1,598</b>	<b>65</b>	<b>2,283</b>	<b>1,088</b>	<b>110</b>
Earnings for the period per share, SEK <sup>3</sup>	6.41	3.89	65	5.54	2.64	110
Earnings for the period per share according to IFRSs, SEK <sup>3</sup>	6.09	3.35	82	3.98	2.82	41

1 Central, SEK -60 M (-529).

2 Eliminations, SEK -17 M (-25).

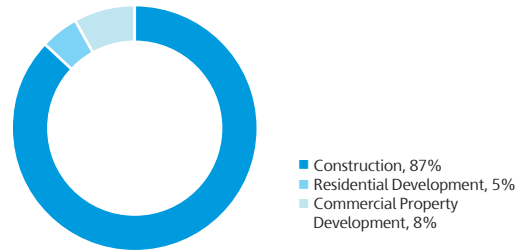
3 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

#### Changes and currency rate effects

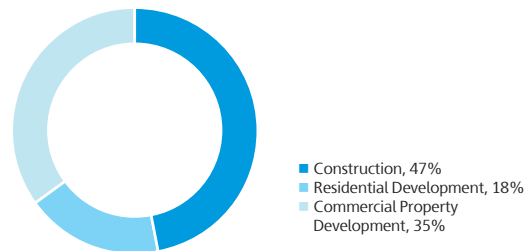
	Jan-Jun 2019 / Jan-Jun 2018		
	Change in SEK	Change in local currency	Currency effect
Revenue	2%	-3%	5%
Operating income	66%	61%	5%

Revenue increased 2 percent and amounted to SEK 80.9 billion (79.5); adjusted for currency effects revenue decreased 3 percent.

#### Revenue per segment, January–June 2019



#### Operating income per segment, January–June 2019



Operating income increased 66 percent and amounted to SEK 3,225 M (1,937); adjusted for currency effects operating income increased 61 percent. Legal cases positively impacted the operating income by SEK 408 M. The comparable period include negative impact from restructuring charges and project write-downs, and positive impact from claims resolutions and effects from pension curtailments, totaling SEK -1.3 billion, net.

Central expenses totaled SEK -60 M (-529) of which SEK 34 M (-75) relate to the PPP-portfolio. The period was positively affected by a release of a provision totaling SEK 212 M related to the legal case concerning the R4 project in the Czech Republic. The comparable period includes restructuring charges of SEK -220 M in total, of which SEK -120 M relate to the PPP-portfolio.

The elimination of gains in Intra-Group projects amounted to SEK -17 M (-25).

Net financial items amounted to SEK -100 M (9) and include interest expenses from lease liabilities according to IFRS 16 effective from January 1, 2019.

Taxes for the period amounted to SEK -487 M (-348), corresponding to an effective tax rate of 16 (18) percent.

## Cash flow

### Group

#### Operating cash flow from operations



#### Operating cash flow

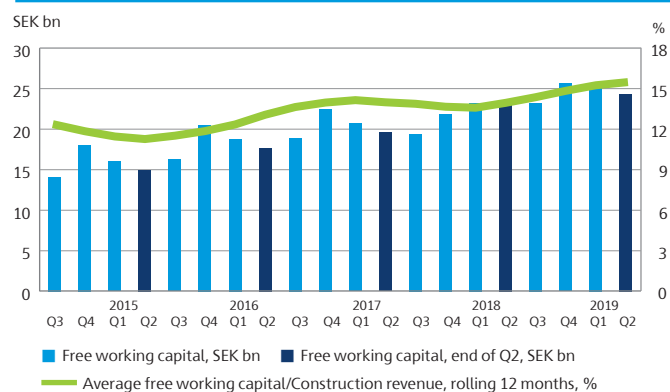
SEK M	Jan-Jun 2019	Jan-Jun 2018	Change, %	Apr-Jun 2019	Apr-Jun 2018	Change, %
Cash flow from business operations	2,385	284	740	1,554	374	316
Change in working capital	-2,372	993	-	-1,847	-605	205
Net divestments(+)/investments(-)	-1,630	-1,586	3	-470	455	-
Cash flow adjustment	264	12	2,100	230	0	-
<b>Cash flow from business operations before taxes paid</b>	<b>-1,353</b>	<b>-297</b>	<b>356</b>	<b>-533</b>	<b>224</b>	<b>-</b>
Taxes paid in business operations	-792	-64	1,138	-441	128	-
Cash flow from financing operations	-352	97	-	-204	31	-
<b>Operating cash flow from operations</b>	<b>-2,497</b>	<b>-264</b>	<b>846</b>	<b>-1,178</b>	<b>383</b>	<b>-</b>
Net strategic divestments(+)/investments(-)	-7	-10	-30	-1	0	-
Dividend etc	-2,462	-3,472	-29	-2,462	-3,409	-28
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>-4,966</b>	<b>-3,746</b>	<b>33</b>	<b>-3,641</b>	<b>-3,026</b>	<b>20</b>
Change in interest-bearing receivables and liabilities excluding lease liabilities	-1,557	90	-	-357	881	-
<b>Cash flow for the period</b>	<b>-6,523</b>	<b>-3,656</b>	<b>78</b>	<b>-3,998</b>	<b>-2,145</b>	<b>86</b>

Operating cash flow from operations amounted to SEK -2,497 M (-264), where change in working capital in Construction is the main reason for the change in cash flow.

Taxes paid in business operations amounted to SEK -792 M (-64).

Commercial Property Development assets sold but not transferred will have a positive effect on cash flow of SEK 8.7 billion, of which SEK 3.0 billion will be received during 2019. The remainder will affect cash flow during 2020-2021.

#### Free working capital in Construction



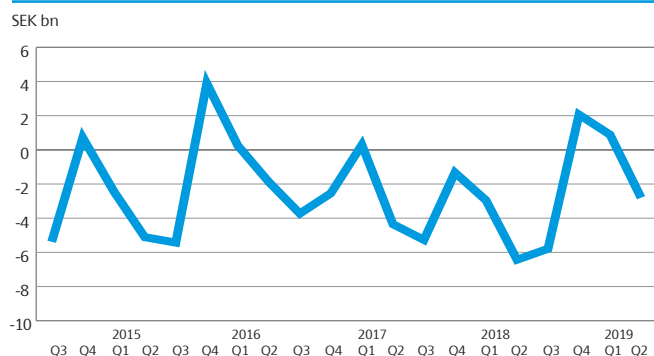
Free working capital in Construction amounted to SEK 24.3 billion (23.4), with average free working capital in relation to Construction revenue in the past 12 months at 15.4 percent. Free working capital in Construction remained at a good level due to favorable cash flow profiles in a number of projects and continued focus on cash generation in the Construction stream. Cash flow due to changes in working capital in Construction amounted to SEK -2,293 M (220).



Residential block, Helsinki, Finland

## Financial position

### Adjusted interest-bearing net receivables(+)/net debt(-)



### Balance sheet – Summary

SEK bn	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Total assets	125.5	116.0	116.3
Total equity	29.6	27.2	29.3
Interest-bearing net receivables (+)/net debt (-)	-11.3	-4.0	3.2
Adjusted interest-bearing net receivables(+)/net debt(-)	-2.8	-6.4	2.1
Capital employed, closing balance	53.2	44.5	46.2
Equity/assets ratio, %	23.6	23.4	25.2

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

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Opening balance interest-bearing net receivables(+)/net debt(-)	3,231	-1,126	-7,151	-1,645	-1,126
Change in accounting principle <sup>1</sup>	-7,469	-30	-	-	-30
<b>Adjusted opening balance</b>	<b>-4,238</b>	<b>-1,156</b>	<b>-7,151</b>	<b>-1,645</b>	<b>-1,156</b>
<b>Cash flow for the period</b>	<b>-6,523</b>	<b>-3,656</b>	<b>-3,998</b>	<b>-2,145</b>	<b>3,578</b>
Less change in interest-bearing receivables and liabilities	1,557	-90	357	-881	311
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>-4,966</b>	<b>-3,746</b>	<b>-3,641</b>	<b>-3,026</b>	<b>3,889</b>
Translation differences, net receivables/net debt	55	186	-65	276	282
Remeasurements of pension liabilities	-662	429	-217	352	-271
Interest-bearing liabilities acquired/divested	-508	-7	107	0	-7
Other changes, interest-bearing net receivables/net debt	-996	253	-348	2	494
<b>Change in interest-bearing net receivables/net debt</b>	<b>-7,077</b>	<b>-2,885</b>	<b>-4,164</b>	<b>-2,396</b>	<b>4,387</b>
<b>Closing balance interest-bearing net receivables(+)/net debt(-)</b>	<b>-11,315</b>	<b>-4,041</b>	<b>-11,315</b>	<b>-4,041</b>	<b>3,231</b>
Restricted cash	-5,621	-6,391	-5,621	-6,391	-5,941
Pension liability, net	5,172	4,001	5,172	4,001	4,765
Lease liabilities	8,963	-	8,963	-	-
<b>Closing balance adjusted interest-bearing net receivables(+)/net debt(-)</b>	<b>-2,801</b>	<b>-6,431</b>	<b>-2,801</b>	<b>-6,431</b>	<b>2,055</b>

<sup>1</sup> Change in accounting principle is attributable to the implementation of IFRS 16 (2019) and IFRS 9 (2018). For further information see the Annual and Sustainability Report 2018, Note 1 (on IFRS 16) and Note 3 (on IFRS 9).

Adjusted interest-bearing net receivables(+)/net debt(-) amounted to SEK -2.8 billion (March 31, 2019: 0.9). Interest-bearing net debt amounted to SEK -11.3 billion (March 31, 2019: -7.2) and include SEK 9.0 billion in interest-bearing lease liabilities according to IFRS 16 effective from January 1, 2019.

At the end of the quarter, cash, cash equivalents and committed unutilized credit facilities amounted to SEK 13.0 billion (March 31, 2019: 17.3), of which SEK 10.6 billion (March 31, 2019: 13.0) is available within one week. The Group central loan portfolio amounted to SEK 4.0 billion (March 31, 2019: 4.3) and had an average maturity of 3.8 years (March 31, 2019: 3.3), including committed unutilized credit facilities. Restricted cash totaled SEK 5.6 billion (March 31, 2019: 6.0), net pension liabilities totaled SEK 5.2 billion (March 31, 2019: 5.0) and lease liabilities totaled SEK 9.0 billion (March 31, 2019: 9.1). At the end of the quarter, capital employed amounted to SEK 53.2 billion (March 31, 2019: 52.8).

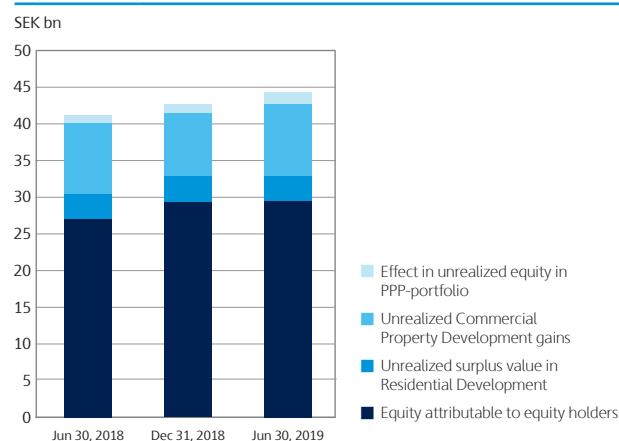
## Equity

### Changes in equity

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Opening balance	29,347	27,185	28,034	28,140	27,185
Change in accounting principle <sup>1</sup>	-67	-140	-	-	-140
<b>Adjusted opening balance</b>	<b>29,280</b>	<b>27,045</b>	<b>28,034</b>	<b>28,140</b>	<b>27,045</b>
Dividend to shareholders	-2,462	-3,373	0	-3,373	-3,373
Other changes in equity not included in total comprehensive income for the year	118	40	58	17	132
Profit for the period	2,507	1,378	1,643	1,162	4,594
<b>Other comprehensive income</b>					
Translation differences	839	1,637	134	862	1,119
Effects of remeasurements of pensions	-618	238	-257	173	-419
Effects of cash flow hedges	-79	192	-27	176	249
<b>Closing balance</b>	<b>29,585</b>	<b>27,157</b>	<b>29,585</b>	<b>27,157</b>	<b>29,347</b>

<sup>1</sup> Change in accounting principle is attributable to the implementation of IFRS 16 (2019) and IFRS 9 (2018). For further information see the Annual and Sustainability Report 2018, Note 1 (on IFRS 16) and Note 3 (on IFRS 9).

### Adjusted equity, less standard tax of 10 percent



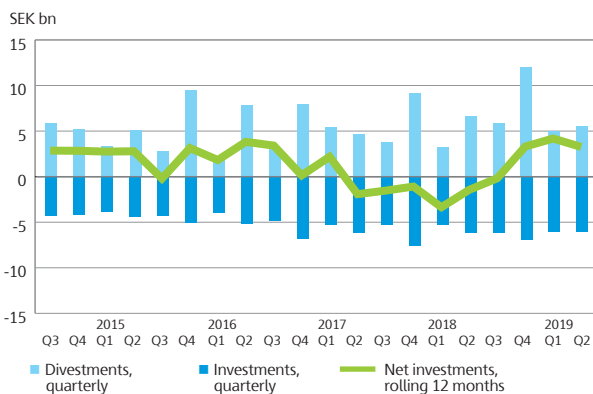
The Group's equity amounted to SEK 29.6 billion (27.2), resulting in an equity/assets ratio of 23.6 percent (23.4) and a net debt/equity ratio of 0.4 (0.1).

The effects of remeasurements of pensions amounted to SEK -618 M (238). This can be explained by lower discount rates in Sweden, Norway and the UK. The effect is partly offset by higher actual return on plan assets than estimated. Translation differences amounted to SEK 839 M (1,637) and are due to a weaker Swedish krona.

Unrealized surplus values less standard tax in Project Development including the PPP-portfolio amounted to SEK 14.8 billion (March 31, 2019: 13.5), of which SEK 1.3 billion was realized according to segment reporting.

## Investments and divestments

### Investments and divestments



The Group's investments amounted to SEK -12,121 M (-11,491), while divestments amounted to SEK 10,484 M (9,895), resulting in net investments of SEK -1,637 M (-1,596).

In Construction, investments totaled SEK -1,363 M (-1,216). These investments mainly relates to property, plant and equipment for the Group's own operations. Net investments in Construction amounted to SEK -885 M (-1,058). Depreciation of property, plant and equipment amounted to SEK -878 M (-700).

In Residential Development, investments totaled SEK -4,553 M (-4,921), of which SEK -714 M (-450) relates to land acquisitions, corresponding to 1,845 building rights. Divestments amounted to SEK 6,434 M (4,964). Net divestments in Residential Development amounted to SEK 1,881 M (43).

In Commercial Property Development, investments totaled SEK -6,156 M (-5,295), of which SEK -593 M (-290) relates to investments in new land, while divestments amounted to SEK 3,543 M (4,750). Net investments in Commercial Property Development amounted to SEK -2,613 M (-545).



Investment, Nowy Rynek, Poznan, Poland

### Investments, divestments and net divestments/investments

SEK M	Jan-Jun 2019	Jan-Jun 2018	Change, %	Apr-Jun 2019	Apr-Jun 2018	Change, %
<b>Investments</b>						
Construction	-1,363	-1,216	12	-504	-737	-32
Residential Development	-4,553	-4,921	-7	-2,331	-2,652	-12
Commercial Property Development	-6,156	-5,295	16	-3,180	-2,826	13
Other	-49	-59	-17	-31	7	-
<b>Total</b>	<b>-12,121</b>	<b>-11,491</b>	<b>5</b>	<b>-6,046</b>	<b>-6,208</b>	<b>-3</b>
<b>Divestments</b>						
Construction	478	158	203	354	68	421
Residential Development	6,434	4,964	30	3,031	2,486	22
Commercial Property Development	3,543	4,750	-25	2,183	4,085	-47
Other	29	23	26	7	24	-71
<b>Total</b>	<b>10,484</b>	<b>9,895</b>	<b>6</b>	<b>5,575</b>	<b>6,663</b>	<b>-16</b>
<b>Net divestments(+)/ investments(-)</b>						
Construction	-885	-1,058	-16	-150	-669	-78
Residential Development	1,881	43	4,274	700	-166	-
Commercial Property Development	-2,613	-545	379	-997	1,259	-
Other	-20	-36	-44	-24	31	-
<b>Total</b>	<b>-1,637</b>	<b>-1,596</b>	<b>3</b>	<b>-471</b>	<b>455</b>	<b>-</b>
of which strategic	-7	-10	-30	-1	0	-

### Capital employed in Project Development

SEK M	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Residential Development	12,854	14,091	13,636
Commercial Property Development	34,600	26,742	26,672
<b>Total in Project Development</b>	<b>47,454</b>	<b>40,833</b>	<b>40,308</b>



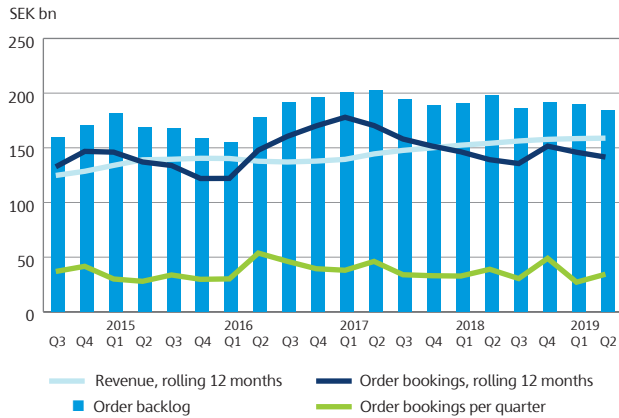
Divestment, Workplace 00, Oslo, Norway



## Performance analysis, business streams

### Construction – Order situation

#### Order backlog, revenue and order bookings



#### Order bookings and order backlog in Construction

SEK bn	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018
Order bookings	61.9	71.9	34.6	39.1
Order backlog <sup>1</sup>	184.0	197.6	-	-

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

Order bookings amounted to SEK 61.9 billion (71.9); adjusted for currency effects order bookings decreased 18 percent. On a rolling 12-month basis the book-to-build ratio was 89 percent (March 31, 2019: 92).

The lower order bookings are mainly a result of the strategic initiatives to focus the operations in certain markets and reduce

risks in the Construction stream. In the USA, order bookings for the first six months decreased by 1 percent in local currency. For more information, see page 27.

At the end of the quarter, the order backlog amounted to SEK 184.0 billion compared to SEK 190.1 billion at the end of the previous quarter. The order backlog corresponds to 14 months of production (March 31, 2019: 14).

#### Changes and currency rate effects

	Change in SEK	Change in local currency	Currency effect
Jan-Jun 2019 / Jan-Jun 2018			
Order bookings	-14%	-18%	4%
Jun 30, 2019 / Mar 31, 2019			
Order backlog	-3%	-3%	0%

#### Major orders in the quarter

Geography	Contract	Amount SEK M	Client
USA	Roadway	1,100	Confidential
USA	Penn 33rd Entrance	1,100	Vornado Realty Trust
Nordic	Light rail tram	1,000	Hordaland municipality
USA	Highway	950	California Department of Transportation (Caltrans)
USA	Pedestrian Walkway	887	New York City Economic Development Corporation



Phase 1 of Interstate 5 North Coast Corridor expansion project, San Diego, USA

## Construction

### Revenue and operating margin, rolling 12 months



### Revenue and earnings

SEK M	Jan-Jun 2019	Jan-Jun 2018	Change, %	Apr-Jun 2019	Apr-Jun 2018	Change, %
Revenue	76,199	75,053	2	40,866	40,422	1
<b>Gross income</b>	<b>4,732</b>	<b>3,887</b>	<b>22</b>	<b>2,787</b>	<b>2,246</b>	<b>24</b>
Selling and administrative expenses	-3,194	-3,358	-5	-1,620	-1,680	-4
Income from joint ventures and associated companies	15	12	25	15	16	-6
<b>Operating income</b>	<b>1,553</b>	<b>541</b>	<b>187</b>	<b>1,182</b>	<b>582</b>	<b>103</b>
Gross margin, %	6.2	5.2		6.8	5.6	
Selling and administrative expenses, %	-4.2	-4.5		-4.0	-4.2	
Operating margin, %	2.0	0.7		2.9	1.4	
Employees	34,006	37,954				

### Changes and currency rate effects

	Jan-Jun 2019 / Jan-Jun 2018		
	Change in SEK	Change in local currency	Currency effect
Revenue	2%	-3%	5%
Operating income	187%	176%	11%

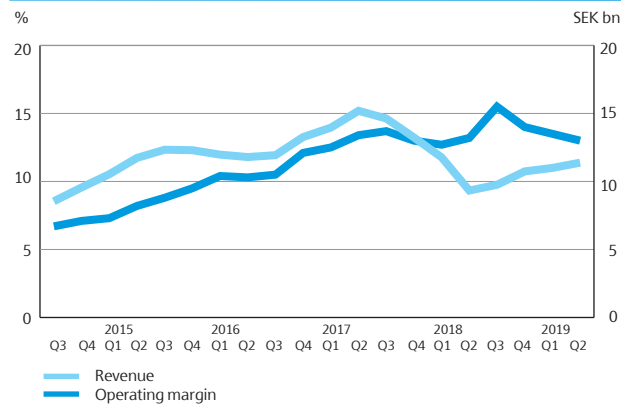
Revenue in the Construction business stream increased 2 percent and amounted to SEK 76,2 billion (75.1); adjusted for currency effects revenue decreased 3 percent. Operating income amounted to SEK 1,553 M (541). The operating income was positively impacted by SEK 196 M related to awarded damages by the Court of Appeal in the legal case Follo EPC Oslo S. The comparable period includes restructuring charges and project write-downs in Poland and USA, but also positive claims resolutions in the USA and effects from pension curtailments in the UK affected operating income. Total net impact of SEK -1.1 billion. The comparable period is also positively impacted by an unusually strong performance in Sweden which relates to the completion of projects with high profitability.



The Featherstone Building, London, UK

## Residential Development

### Revenue and operating margin, rolling 12 months



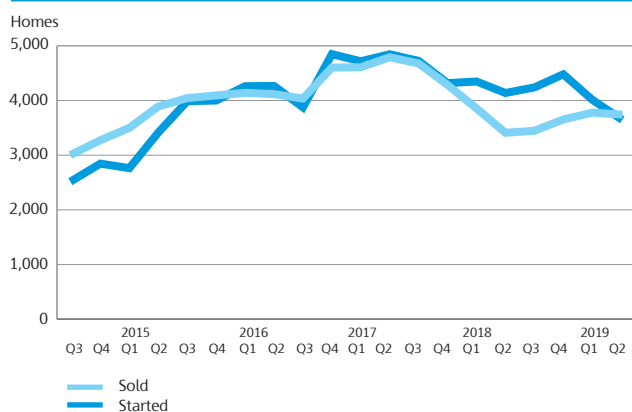
### Revenue and earnings

SEK M	Jan-Jun 2019	Jan-Jun 2018	Change, %	Apr-Jun 2019	Apr-Jun 2018	Change, %
Revenue	4,807	4,166	15	2,666	2,282	17
Gross income	936	968	-3	568	572	-1
Selling and administrative expenses	-342	-350	-2	-172	-174	-1
Operating income	594	618	-4	396	398	-1
Gross margin, %	19.5	23.2		21.3	25.1	
Selling and administrative expenses, %	-7.1	-8.4		-6.5	-7.6	
Operating margin, %	12.4	14.8		14.9	17.4	
Return on capital employed, % <sup>1</sup>	11.6	10.2		-	-	

1 Rolling 12 months. For definition see page 17.

Revenue in the Residential Development business stream amounted to SEK 4,807 M (4,166). The number of homes sold totaled 1,585 (1,494) and construction started on 1,140 homes (1,961). Operating income amounted to SEK 594 M (618). The operating margin amounted to 12.4 percent (14.8) where the comparable period includes a larger positive effect from release of provisions related to completion of projects, especially in Sweden.

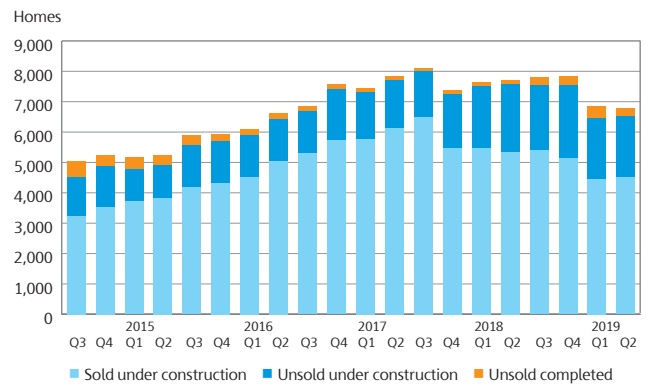
### Homes sold and started, rolling 12 months



### Homes sold and started

	Jan-Jun 2019	Jan-Jun 2018
Homes sold	1,585	1,494
Homes started	1,140	1,961

### Homes under construction and unsold



### Homes under construction and unsold

	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Homes under construction	6,512	7,564	7,539
of which sold, %	69	71	68
Completed unsold, number of homes	269	133	314

Return on capital employed increased to 11.6 percent (10.2) mainly as a result of lower capital employed. At the end of the quarter, 6,512 homes (March 31, 2019: 6,454) were under construction. Of these, 69 percent (March 31, 2019: 69) were sold. The number of completed unsold homes totaled 269 (March 31, 2019: 403), mainly in Sweden and Finland. The reduction compared to the previous quarter comes mainly out of Sweden. The number of completed homes amounted to 2,167 (1,640) for the first six months.

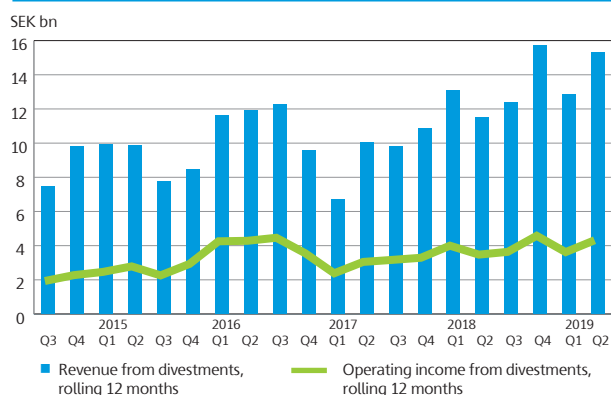
### Breakdown of carrying amounts

SEK M	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Completed projects	779	494	903
Ongoing projects	7,587	9,039	8,213
Undeveloped land and development properties	8,040	7,402	7,446
<b>Total</b>	<b>16,406</b>	<b>16,935</b>	<b>16,562</b>

A breakdown of the carrying amounts for Residential Development is presented in the table above. Ongoing projects amounted to SEK 7.6 billion (March 31, 2019: 7.2) and undeveloped land and development properties amounted to SEK 8.0 billion (March 31, 2019: 7.8). The estimated unrealized surplus value in unsold homes in construction and undeveloped land and development properties amounted to SEK 3.8 billion. The undeveloped land and development properties correspond to Skanska-owned building rights for 26,100 homes and 1,300 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 13,100 building rights.

## Commercial Property Development

### Revenue and operating income from property divestments



### Revenue and earnings

SEK M	Jan-Jun 2019	Jan-Jun 2018	Change, %	Apr-Jun 2019	Apr-Jun 2018	Change, %
Revenue	6,901	7,310	-6	6,017	3,530	70
of which from divestment of properties	6,614	7,020	-6	5,867	3,382	73
<b>Gross income</b>	<b>1,463</b>	<b>1,802</b>	<b>-19</b>	<b>1,281</b>	<b>719</b>	<b>78</b>
Selling and administrative expenses	-441	-421	5	-212	-205	3
Income from joint ventures and associated companies	133	-49	-	2	-42	-
<b>Operating income</b>	<b>1,155</b>	<b>1,332</b>	<b>-13</b>	<b>1,071</b>	<b>472</b>	<b>127</b>
of which from divestment of properties	1,528	1,757	-13	1,314	707	86
Return on capital employed, % <sup>1</sup>	10.5	11.6				

<sup>1</sup> Rolling 12 months. For definition see page 17.

In the Commercial Property Development business stream, divestments worth SEK 6,614 M (7,020) were made in the first six months of 2019. Operating income amounted to SEK 1,155 M (1,332) and included gains from property divestments totaling SEK 1,528 M (1,757) as well as income from joint ventures totaling SEK 133 M (-49).

### Breakdown of investment value and market value

SEK M	Investment value, end of period	Investment value upon completion	Market value <sup>1,2</sup>	Occupancy rate, %	Degree of completion, %
Ongoing projects <sup>3</sup>	16,677	31,225	39,732	54	55
Completed projects <sup>4</sup>	5,873	5,873	7,447	72	100
Undeveloped land and development properties	8,358	8,358	9,162		
<b>Total</b>	<b>30,908</b>	<b>45,456</b>	<b>56,341</b>		
of which carrying amount	30,908	45,456			
of which completed projects sold according to segment reporting	1,351	1,351	2,054		
of which ongoing projects sold according to segment reporting	2,728	5,815	6,610		

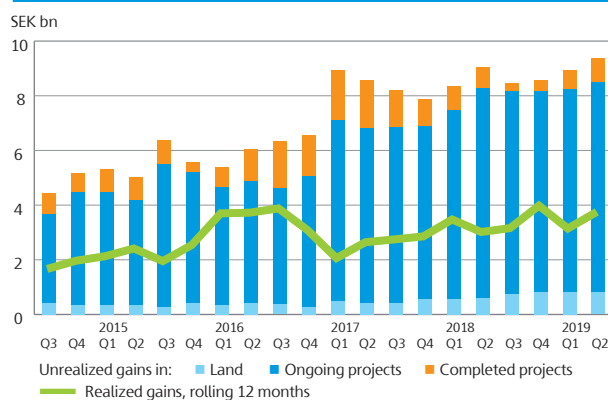
<sup>1</sup> Market value according to appraisal on December 31, 2018.

<sup>2</sup> Ongoing projects - estimated market value at completion fully leased.

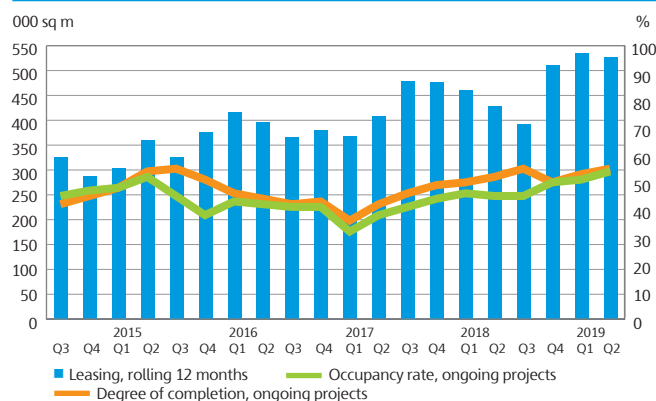
<sup>3</sup> Including tenant improvement and leasing commissions in CDUS amounted to SEK 193 M.

<sup>4</sup> Including tenant improvement and leasing commissions in CDUS amounted to SEK 658 M.

### Unrealized and realized gains, segment reporting



### Leasing and degree of completion



Return on capital employed decreased to 10.5 percent (11.6) as a result of lower operating income and higher capital employed.

At the end of the quarter, Commercial Property Development had 48 ongoing projects. During the quarter, three new projects were started and seven were completed. The 48 ongoing projects represent leasable space of about 1,107,000 sq m with an occupancy rate of 54 percent, measured in rent. The projects' degree of completion was 55 percent. Their investment value upon completion is expected to total SEK 31.2 billion, with an estimated market value of SEK 39.7 billion.

Of the ongoing projects, 17 have been divested according to segment reporting. These projects represent an investment value upon completion of SEK 5.8 billion, with a sales value of SEK 6.6 billion.

By the end of the second quarter the total number of completed projects amounted to 13. The market value of these projects, excluding three properties divested according to segment reporting, was SEK 5.4 billion. The occupancy rate, measured in rent, totaled 72 percent (March 31, 2019: 63).

During the second quarter, unrealized gains, excluding properties divested according to segment reporting, increased by SEK 0.5 billion and totaled SEK 9.4 billion. These gains related to SEK 7.7 billion in ongoing projects, SEK 0.9 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 533 M. These eliminations are released at the Group level as each project is divested.

During the first six months new leases were signed for 181,000 sq m (165,000).

**Personnel**

During the period, the average number of employees in the Group was 35,562 (39,583). At the end of the quarter, the number of employees totaled 35,883 people (March 31, 2019: 35,886).

**Transactions with related parties**

For the nature and extent of transactions with related parties, see the Annual and Sustainability Report 2018, 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 Annual and Sustainability Report 2018, pages 20-24, Note 2 and 6, as well as the section above on market outlook.

**Events after the end of the report period**

There were no events after the end of the report 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 Group's remaining interim reports for 2019 will be published on the following dates:

November 7, 2019	Nine Month Report
February 7, 2020	Year-end Report

## Certification

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

Stockholm, July 23, 2019

Hans Börck  
Chairman

Pär Boman  
Board member

Ola Fält  
Board member

Jan Gurander  
Board member

Richard Hörstedt  
Board member

Fredrik Lundberg  
Board member

Catherine Marcus  
Board member

Jayne McGivern  
Board member

Yvonne Stenman  
Board member

Charlotte Strömberg  
Board member

Anders Danielsson  
President and Chief Executive Officer

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

## Accounting principles

For the Group, this interim report has been prepared in compliance with IAS 34 Interim Financial Reporting, the Annual Accounts Act and the Securities Market Act. For the Parent Company, the interim report has been prepared in compliance with the Annual Accounts Act, the Securities Market Act, and Swedish Financial Reporting Board's Recommendation RFR 2.

The new standard IFRS 16 Leases apply from January 1, 2019. Skanska has implemented the standard retroactively with cumulative effect, i.e., without restating the comparison periods. Lines are added to the balance sheet for property, plant and equipment right-of-use assets, current-asset properties right-of-use assets as well as interest-bearing lease liabilities. Right-of-use assets are depreciated over the term of the lease, except for current-asset properties right-of-use assets, which are recognized in the same way as current-asset properties. The lease payments are divided into an interest portion and an amortization portion. Operating income increases and financial items decrease. Cash flow from operating activities increases and cash flow from financing activities decreases. The effects of IFRS 16 are described in Note 1 in the Annual and Sustainability Report 2018.

## 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 Annual and Sustainability Report 2018, Note 35.

## Segment and IFRS reporting

Skanska's business streams Construction, Residential Development and Commercial Property 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.

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.

Joint ventures are reported under the proportional method in the segment reporting of Residential Development, whereas all other streams/operating segments apply the equity method.

Intra-Group pricing between operating segments occurs on market terms.

The Parent Company in a Swedish Group prepares its accounts in compliance with the Swedish Financial Reporting Board's Recommendation RFR 2 Accounting for Legal Entities ("RFR 2"). According to RFR 2, the annual accounts of the legal entity must apply IFRS as far as this is possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation.

## Definitions

For further definitions, see the Annual and Sustainability Report 2018, Note 44.

Non-IFRS financial measures	Definition	Reason for use	
		The following measures are used as they are viewed as the best and most accurate ways to measure Skanska's operations; reflecting its business model and strategy. Thus assisting investors and management in analyzing trends and performance in Skanska.	
Revenue Segment	Revenue segment is the same as revenue IFRS in all streams except for the Residential Development stream and the Commercial Property Development stream, where revenue is recognised for when signing binding agreement for sale of homes and properties. As segment reporting of joint ventures in Residential Development applies the proportional method, revenue segment is affected by this.	Measure revenue generated in current market environment.	
Gross income	Revenue minus cost of sales.	Measure profit generated from projects.	
Gross margin	Gross income as a percentage of revenue.	Measure profitability in projects.	
Selling and admin expenses %	Selling and administrative expenses as a percentage of revenue.	Measure cost efficiency in selling and administrative expenses.	
Operating income	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies.	Measure profit generated from operations.	
Operating income segment	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, according to segment reporting, and where Residential Development applies the proportional method for reporting of joint ventures.	Measure profit generated from operations in current market environment.	
Operating income rolling 12 months	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, rolling 12 months.	Measure profit generated from operations.	
Operating margin	Operating income as a percentage of revenue.	Measure profitability in operations.	
Net financial items	The net of interest income, financial net pension cost, interest expense, capitalized expense, change in fair value and other net financial items.	Measure total net for financial activities.	
Income after financial items	Operating income minus net financial items.	Measure profit generated before taxes.	
Earnings per share, segment	Profit for the period, segment, attributable to equity holders divided by the average number of shares outstanding.	Measure earnings per share, segment.	
Book-to-build, rolling 12 months	Order bookings divided by construction revenue, rolling 12 months.	Measures to which extent new orders are replacing work put in place.	
Unrealized gains, Commercial Property Development (CD)	Market value minus investment value upon completion for ongoing projects, completed projects and land. Excluding projects sold according to segment reporting.	Measure potential realization of future gains in Commercial Property Development.	
Capital employed, Group	Total assets minus non-interest-bearing liabilities.	Measure capital usage and efficiency.	
Capital employed, Stream	Total assets less tax assets, deposits in Skanska's treasury unit and pension receivable minus non-interest-bearing liabilities excluding tax liabilities. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.	Measure capital usage and efficiency in a Stream.	
Capital employed Residential Development (RD) SEK M	Total assets - tax assets - deposits in internal bank - pension receivable - non-interest-bearing liabilities (excluding tax liabilities) - capitalized interest expense	20,780 -261 -621 -30 -6,933 -81 <u>12,854</u>	Measure capital usage and efficiency in Residential Development.
Capital employed Commercial Property Development (CD) SEK M	Total assets - tax assets - deposits in internal bank - pension receivable - non-interest-bearing liabilities (excluding tax liabilities) - capitalized interest expense	39,222 -500 0 0 -3,725 -397 <u>34,600</u>	Measure capital usage and efficiency in Commercial Property 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 SEK M</b>	<table> <tr><td>Operating income</td><td></td><td></td><td>1,481</td></tr> <tr><td>+ capitalized interest expense</td><td></td><td></td><td>80</td></tr> <tr><td>+/- financial income and other financial items</td><td></td><td></td><td>28</td></tr> <tr><td>- interest income from internal bank</td><td></td><td></td><td><u>-4</u></td></tr> <tr><td>Adjusted profit</td><td></td><td></td><td>1,585</td></tr> <tr><td>Capital employed average*</td><td></td><td></td><td>13,669</td></tr> <tr><td>ROCE RD</td><td></td><td></td><td>11.6%</td></tr> <tr><td colspan="4">* Capital employed average</td></tr> <tr><td>Q2 2019</td><td>12,854</td><td>x 0.5</td><td>6,427</td></tr> <tr><td>Q1 2019</td><td>12,873</td><td></td><td>12,873</td></tr> <tr><td>Q4 2018</td><td>13,636</td><td></td><td>13,636</td></tr> <tr><td>Q3 2018</td><td>14,693</td><td></td><td>14,693</td></tr> <tr><td>Q2 2018</td><td>14,091</td><td>x 0.5</td><td><u>7,046</u></td></tr> <tr><td></td><td></td><td></td><td>54,675 / 4</td></tr> <tr><td></td><td></td><td></td><td>13,669</td></tr> </table>	Operating income			1,481	+ capitalized interest expense			80	+/- financial income and other financial items			28	- interest income from internal bank			<u>-4</u>	Adjusted profit			1,585	Capital employed average*			13,669	ROCE RD			11.6%	* Capital employed average				Q2 2019	12,854	x 0.5	6,427	Q1 2019	12,873		12,873	Q4 2018	13,636		13,636	Q3 2018	14,693		14,693	Q2 2018	14,091	x 0.5	<u>7,046</u>				54,675 / 4				13,669	Measure the performance (profitability and capital efficiency) in RD.
Operating income			1,481																																																											
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<b>ROCE in CD segment, rolling 12 months SEK M</b>	<table> <tr><td>Operating income</td><td></td><td></td><td>2,892</td></tr> <tr><td>+ capitalized interest expense</td><td></td><td></td><td>191</td></tr> <tr><td>+/- financial income and other financial items</td><td></td><td></td><td>3</td></tr> <tr><td>- interest income from internal bank</td><td></td><td></td><td><u>-1</u></td></tr> <tr><td>Adjusted profit</td><td></td><td></td><td>3,085</td></tr> <tr><td>Capital employed average*</td><td></td><td></td><td>29,322</td></tr> <tr><td>ROCE CD</td><td></td><td></td><td>10.5%</td></tr> <tr><td colspan="4">* Capital employed average</td></tr> <tr><td>Q2 2019</td><td>34,600</td><td>x 0.5</td><td>17,300</td></tr> <tr><td>Q1 2019</td><td>32,828</td><td></td><td>32,828</td></tr> <tr><td>Q4 2018</td><td>26,672</td><td></td><td>26,672</td></tr> <tr><td>Q3 2018</td><td>27,116</td><td></td><td>27,116</td></tr> <tr><td>Q2 2018</td><td>26,742</td><td>x 0.5</td><td><u>13,371</u></td></tr> <tr><td></td><td></td><td></td><td>117,287 / 4</td></tr> <tr><td></td><td></td><td></td><td>29,322</td></tr> </table>	Operating income			2,892	+ capitalized interest expense			191	+/- financial income and other financial items			3	- interest income from internal bank			<u>-1</u>	Adjusted profit			3,085	Capital employed average*			29,322	ROCE CD			10.5%	* Capital employed average				Q2 2019	34,600	x 0.5	17,300	Q1 2019	32,828		32,828	Q4 2018	26,672		26,672	Q3 2018	27,116		27,116	Q2 2018	26,742	x 0.5	<u>13,371</u>				117,287 / 4				29,322	Measure the performance (profitability and capital efficiency) in CD.
Operating income			2,892																																																											
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Adjusted profit			3,085																																																											
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ROCE CD			10.5%																																																											
* Capital employed average																																																														
Q2 2019	34,600	x 0.5	17,300																																																											
Q1 2019	32,828		32,828																																																											
Q4 2018	26,672		26,672																																																											
Q3 2018	27,116		27,116																																																											
Q2 2018	26,742	x 0.5	<u>13,371</u>																																																											
			117,287 / 4																																																											
			29,322																																																											
<b>ROCE in Project Development, segment SEK M</b>	<p>Is calculated as the summarized adjusted profit for RD and CD divided by the summarized capital employed average for RD and CD.</p> <p>The total ROCE from RD and CD.</p> <table> <thead> <tr> <th></th> <th>Adjusted profit</th> <th>CE avg</th> <th>ROCE</th> </tr> </thead> <tbody> <tr> <td>RD</td> <td>1,585</td> <td>13,669</td> <td>11.6%</td> </tr> <tr> <td>CD</td> <td>3,085</td> <td>29,322</td> <td>10.5%</td> </tr> <tr> <td></td> <td><u>4,670</u></td> <td><u>42,991</u></td> <td>10.9%</td> </tr> </tbody> </table>		Adjusted profit	CE avg	ROCE	RD	1,585	13,669	11.6%	CD	3,085	29,322	10.5%		<u>4,670</u>	<u>42,991</u>	10.9%	Measure the performance (profitability and capital efficiency) in Project Development.																																												
	Adjusted profit	CE avg	ROCE																																																											
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Non-IFRS financial measures	Definition	Reason for use																																										
<b>Return on equity segment, rolling 12 months</b> SEK M	Profit attributable to equity holders as a percentage of average equity attributable to equity holders. 4,944/28,348 =	Measure profitability on invested equity. 17.4%																																										
<b>Equity average attributable to equity holders</b> SEK M	Calculated on the basis of five measuring points. <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Q2 2019</td> <td style="width: 15%;">29,474</td> <td style="width: 5%;"></td> <td style="width: 5%;">x</td> <td style="width: 5%;">0.5</td> <td style="width: 15%;">14,737</td> <td style="width: 15%;"></td> </tr> <tr> <td>Q1 2019</td> <td>27,935</td> <td></td> <td></td> <td></td> <td>27,935</td> <td></td> </tr> <tr> <td>Q4 2018</td> <td>29,250</td> <td></td> <td></td> <td></td> <td>29,250</td> <td></td> </tr> <tr> <td>Q3 2018</td> <td>27,943</td> <td></td> <td></td> <td></td> <td>27,943</td> <td></td> </tr> <tr> <td>Q2 2018</td> <td>27,049</td> <td></td> <td>x</td> <td>0.5</td> <td>13,525</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="border-top: 1px solid black;">113,390/4</td> <td style="border-top: 1px solid black;">28,348</td> </tr> </table>	Q2 2019	29,474		x	0.5	14,737		Q1 2019	27,935				27,935		Q4 2018	29,250				29,250		Q3 2018	27,943				27,943		Q2 2018	27,049		x	0.5	13,525							113,390/4	28,348	
Q2 2019	29,474		x	0.5	14,737																																							
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					113,390/4	28,348																																						
<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</b>	Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.	Measure the funding stemming from the negative working capital.																																										
<b>Average free working capital in Construction</b> SEK M	Calculated on the basis of five measuring points. <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Q2 2019</td> <td style="width: 15%;">-24,332</td> <td style="width: 5%;"></td> <td style="width: 5%;">x</td> <td style="width: 5%;">0.5</td> <td style="width: 15%;">-12,166</td> <td style="width: 15%;"></td> </tr> <tr> <td>Q1 2019</td> <td>-25,526</td> <td></td> <td></td> <td></td> <td>-25,526</td> <td></td> </tr> <tr> <td>Q4 2018</td> <td>-25,641</td> <td></td> <td></td> <td></td> <td>-25,641</td> <td></td> </tr> <tr> <td>Q3 2018</td> <td>-23,209</td> <td></td> <td></td> <td></td> <td>-23,209</td> <td></td> </tr> <tr> <td>Q2 2018</td> <td>-23,359</td> <td></td> <td>x</td> <td>0.5</td> <td>-11,680</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="border-top: 1px solid black;">-98,222/4</td> <td style="border-top: 1px solid black;">-24,556</td> </tr> </table>	Q2 2019	-24,332		x	0.5	-12,166		Q1 2019	-25,526				-25,526		Q4 2018	-25,641				-25,641		Q3 2018	-23,209				-23,209		Q2 2018	-23,359		x	0.5	-11,680							-98,222/4	-24,556	Measure the funding stemming from the negative working capital generated in Construction.
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<b>Interest-bearing net receivables/net debt</b>	Interest-bearing assets minus interest-bearing liabilities.	Measure financial position.																																										
<b>Adjusted interest-bearing net receivables/net debt</b>	Interest-bearing net receivables/net debt excluding restricted cash, lease liabilities and interest-bearing net pension liabilities.	Measure financial position and investment capacity. The latter is derived by comparing adjusted interest-bearing net receivables/net debt 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 debt divided by equity including non-controlling interest.	Measure leverage of financial position.																																										
<b>Adjusted equity attributable to equity holders</b> SEK bn	Equity attributable to equity holders Unrealized surplus value in RD Unrealized CD gains Effect in unrealized equity in PPP-portfolio Less standard corporate tax, 10% Adjusted equity	29.5 3.8 10.9 1.7 <u>-1.6</u> 44.3 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-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Construction	68,974 <sup>1</sup>	67,884 <sup>1</sup>	7,225	7,169	76,199	75,053	1,553	541
Residential Development	4,807	4,166	0	0	4,807	4,166	594	618
Commercial Property Development	6,897	7,306	4	4	6,901	7,310	1,155	1,332
<b>Total operating segments</b>	<b>80,678</b>	<b>79,356</b>	<b>7,229</b>	<b>7,173</b>	<b>87,907</b>	<b>86,529</b>	<b>3,302</b>	<b>2,491</b>
Central	193	112	189	222	382	334	-60	-529
Eliminations	0	0	-7,418	-7,395	-7,418	-7,395	-17	-25
<b>Total Group</b>	<b>80,871</b>	<b>79,468</b>	<b>0</b>	<b>0</b>	<b>80,871</b>	<b>79,468</b>	<b>3,225</b>	<b>1,937</b>
<b>Reconciliation to IFRSs<sup>2</sup></b>	<b>-1,182</b>	<b>-1,300</b>	<b>0</b>	<b>0</b>	<b>-1,182</b>	<b>-1,300</b>	<b>-175</b>	<b>-269</b>
<b>Total IFRSs</b>	<b>79,689</b>	<b>78,168</b>	<b>0</b>	<b>0</b>	<b>79,689</b>	<b>78,168</b>	<b>3,050</b>	<b>1,668</b>

1 Of which external revenue from joint ventures in PPP-portfolio, SEK 3,403 M (4,142).

2 Of which effect from joint ventures in Residential Development proportionally	174	-56					66	-51
Of which effect of different revenue recognitions	-1,356	-1,244					-241	-218

SEK M	Segment Jan-Jun 2019	IFRS Jan-Jun 2019	Segment Jan-Jun 2018	IFRS Jan-Jun 2018	Segment Apr-Jun 2019	IFRS Apr-Jun 2019	Segment Apr-Jun 2018	IFRS Apr-Jun 2018
<b>Revenue</b>								
Construction	76,199	76,199	75,053	75,053	40,866	40,866	40,422	40,422
Residential Development	4,807	6,479	4,166	4,994	2,666	3,063	2,282	2,502
Commercial Property Development	6,901	3,828	7,310	5,031	6,017	2,329	3,530	4,225
Central and eliminations	-7,036	-6,817	-7,061	-6,910	-3,780	-3,684	-3,716	-3,647
<b>Skanska Group</b>	<b>80,871</b>	<b>79,689</b>	<b>79,468</b>	<b>78,168</b>	<b>45,769</b>	<b>42,574</b>	<b>42,518</b>	<b>43,502</b>
<b>Operating income</b>								
Construction	1,553	1,553	541	541	1,182	1,182	582	582
Residential Development	594	1,004	618	671	396	529	398	301
Commercial Property Development <sup>1</sup>	1,155	585	1,332	1,082	1,071	179	472	684
Central	-60	-60	-529	-530	88	88	-114	-116
of which PPP-portfolio	34	34	-75	-75	9	9	41	41
Eliminations <sup>1</sup>	-17	-32	-25	-96	0	-12	-53	-66
<b>Operating income</b>	<b>3,225</b>	<b>3,050</b>	<b>1,937</b>	<b>1,668</b>	<b>2,737</b>	<b>1,966</b>	<b>1,285</b>	<b>1,385</b>
<b>Net financial items</b>	<b>-100</b>	<b>-80</b>	<b>9</b>	<b>10</b>	<b>-38</b>	<b>-33</b>	<b>22</b>	<b>22</b>
<b>Income after financial items</b>	<b>3,125</b>	<b>2,970</b>	<b>1,946</b>	<b>1,678</b>	<b>2,699</b>	<b>1,933</b>	<b>1,307</b>	<b>1,407</b>
Taxes	-487	-463	-348	-300	-416	-290	-219	-245
<b>Profit for the period</b>	<b>2,638</b>	<b>2,507</b>	<b>1,598</b>	<b>1,378</b>	<b>2,283</b>	<b>1,643</b>	<b>1,088</b>	<b>1,162</b>
Earnings for the period per share, SEK <sup>2</sup>	6.41		3.89		5.54		2.64	
Earnings for the period per share according to IFRSs, SEK <sup>2</sup>		6.09		3.35		3.98		2.82
1 Of which gains from divestments of commercial properties reported in:								
Commercial Property Development	1,528	958	1,757	1,170	1,314	422	707	904
Eliminations	57	68	133	63	35	26	53	47

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

## The Skanska Group

### Summary income statement (IFRS)

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Revenue	79,689	78,168	42,574	43,502	171,730
Cost of sales	-72,691	-72,291	-38,563	-40,014	-157,465
<b>Gross income</b>	<b>6,998</b>	<b>5,877</b>	<b>4,011</b>	<b>3,488</b>	<b>14,265</b>
Selling and administrative expenses	-4,339	-4,669	-2,183	-2,164	-9,473
Income from joint ventures and associated companies	391	460	138	61	855
<b>Operating income</b>	<b>3,050</b>	<b>1,668</b>	<b>1,966</b>	<b>1,385</b>	<b>5,647</b>
Financial income	84	76	49	52	192
Financial expenses	-164	-66	-82	-30	-153
<b>Net financial items<sup>1</sup></b>	<b>-80</b>	<b>10</b>	<b>-33</b>	<b>22</b>	<b>39</b>
<b>Income after financial items</b>	<b>2,970</b>	<b>1,678</b>	<b>1,933</b>	<b>1,407</b>	<b>5,686</b>
Taxes	-463	-300	-290	-245	-1,092
<b>Profit for the period</b>	<b>2,507</b>	<b>1,378</b>	<b>1,643</b>	<b>1,162</b>	<b>4,594</b>
1 Of which					
Interest income	76	57	44	37	144
Financial net pension costs	-40	-52	-21	-25	-103
Interest expenses	-132	-140	-63	-69	-335
Interest expenses from lease liabilities	-138	-	-67	-	-
Capitalized interest expenses	169	137	77	68	325
<b>Net interest items</b>	<b>-65</b>	<b>2</b>	<b>-30</b>	<b>11</b>	<b>31</b>
Change in fair value	-3	7	-3	3	11
Other net financial items	-12	1	0	8	-3
<b>Net financial items</b>	<b>-80</b>	<b>10</b>	<b>-33</b>	<b>22</b>	<b>39</b>
Profit attributable to:					
Equity holders	2,498	1,371	1,634	1,156	4,571
Non-controlling interests	9	7	9	6	23
Earnings per share, SEK <sup>2</sup>	6.09	3.35	3.98	2.82	11.17
Earnings per share after dilution, SEK <sup>3</sup>	6.06	3.34	3.96	2.82	11.11

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

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

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

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
<b>Profit for the period</b>	<b>2,507</b>	<b>1,378</b>	<b>1,643</b>	<b>1,162</b>	<b>4,594</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit and loss</b>					
Remeasurements of defined benefit plans	-775	363	-344	279	-478
Tax related to items that will not be reclassified to profit and loss	157	-125	87	-106	59
	<b>-618</b>	<b>238</b>	<b>-257</b>	<b>173</b>	<b>-419</b>
<b>Items that have been or will be reclassified to profit and loss</b>					
Translation differences attributable to equity holders	823	1,866	138	911	1,299
Translation differences attributable to non-controlling interests	5	7	3	0	3
Hedging of exchange rate risk in foreign operations	11	-236	-7	-49	-183
Effects of cash flow hedges <sup>1</sup>	30	-120	32	-114	-30
Share of other comprehensive income of joint ventures and associated companies <sup>2</sup>	-99	290	-53	271	272
Tax related to items that have been or will be reclassified to profit and loss	-10	22	-6	19	7
	<b>760</b>	<b>1,829</b>	<b>107</b>	<b>1,038</b>	<b>1,368</b>
<b>Other comprehensive income after tax</b>	<b>142</b>	<b>2,067</b>	<b>-150</b>	<b>1,211</b>	<b>949</b>
<b>Total comprehensive income</b>	<b>2,649</b>	<b>3,445</b>	<b>1,493</b>	<b>2,373</b>	<b>5,543</b>
Total comprehensive income attributable to:					
Equity holders	2,635	3,431	1,481	2,367	5,517
Non-controlling interests	14	14	12	6	26
1 Of which transferred to income statement	0	0	0	0	0
2 Of which transferred to income statement	49	93	21	31	154

## Summary statement of financial position (IFRS)

SEK M	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7,812	7,596	7,645
Property, plant and equipment right-of-use assets	4,531	–	–
Goodwill	4,514	4,902	4,324
Intangible assets	963	1,026	975
Investments in joint ventures and associated companies	3,145	3,586	3,288
Financial non-current assets <sup>1,3</sup>	1,827	2,575	2,345
Deferred tax assets	2,355	1,966	1,933
<b>Total non-current assets</b>	<b>25,147</b>	<b>21,651</b>	<b>20,510</b>
<b>Current assets</b>			
Current-asset properties <sup>2</sup>	46,463	43,620	42,391
Current-asset properties right-of-use land	4,143	–	–
Inventories	1,212	1,257	1,256
Financial current assets <sup>3</sup>	6,267	7,371	7,117
Tax assets	451	919	396
Contract assets	9,100	8,798	6,661
Trade and other receivables	28,374	28,948	27,243
Cash	4,302	3,484	10,722
<b>Total current assets</b>	<b>100,312</b>	<b>94,397</b>	<b>95,786</b>
<b>TOTAL ASSETS</b>	<b>125,459</b>	<b>116,048</b>	<b>116,296</b>
of which interest-bearing financial non-current assets	1,781	2,526	2,302
of which interest-bearing current assets	10,519	10,787	17,769
<b>Total interest-bearing assets</b>	<b>12,300</b>	<b>13,313</b>	<b>20,071</b>
<b>EQUITY</b>			
Equity attributable to equity holders	29,474	27,049	29,250
Non-controlling interests	111	108	97
<b>Total equity</b>	<b>29,585</b>	<b>27,157</b>	<b>29,347</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial non-current liabilities <sup>3</sup>	3,042	3,993	3,912
Lease liabilities	8,963	–	–
Pensions	6,073	5,056	5,669
Deferred tax liabilities	867	1,352	711
<b>Total non-current liabilities</b>	<b>18,945</b>	<b>10,401</b>	<b>10,292</b>
<b>Current liabilities</b>			
Financial current liabilities <sup>3</sup>	5,591	8,412	7,310
Tax liabilities	645	380	615
Current provisions	9,516	8,911	9,922
Contract liabilities	22,614	18,868	20,738
Trade and other payables	38,563	41,919	38,072
<b>Total current liabilities</b>	<b>76,929</b>	<b>78,490</b>	<b>76,657</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>125,459</b>	<b>116,048</b>	<b>116,296</b>
of which interest-bearing financial liabilities	17,542	12,222	11,171
of which interest-bearing pensions and provisions	6,073	5,132	5,669
<b>Total interest-bearing liabilities</b>	<b>23,615</b>	<b>17,354</b>	<b>16,840</b>
1 Of which shares	45	42	41
2 Current-asset properties			
Commercial Property Development	30,057	26,685	25,829
Residential Development	16,406	16,935	16,562
3 Items regarding non-interest-bearing unrealized changes in derivatives/financial instruments are included in the following amounts:			
Financial non-current assets	1	7	2
Financial current assets	50	68	70
Financial non-current liabilities	6	4	3
Financial current liabilities	48	179	48

Note: Contingent liabilities amounted to SEK 42.1 bn on June 30, 2019 (Dec 31, 2018: 47.6) and relates to joint operations in Construction and joint ventures in Project Development. For more information see 2018 Annual and Sustainability Report, Note 20B, 20C and 33. During the period, contingent liabilities decreased by SEK 5.5 bn.

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

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Opening balance	29,347	27,185	28,034	28,140	27,185
of which non-controlling interests	97	121	99	129	121
Change in accounting principle <sup>1</sup>	-67	-140	-	-	-140
<b>Adjusted opening balance</b>	<b>29,280</b>	<b>27,045</b>	<b>28,034</b>	<b>28,140</b>	<b>27,045</b>
of which non-controlling interests	97	121	99	129	121
Dividend to shareholders	-2,462	-3,373	0	-3,373	-3,373
Change in group composition	0	0	0	0	-23
Dividend to non-controlling interests	0	-27	0	-27	-27
Effects of equity-settled share-based payments	118	139	58	53	254
Repurchase of shares	0	-72	0	-9	-72
Total comprehensive income attributable to					
Equity holders	2,635	3,431	1,481	2,367	5,517
Non-controlling interests	14	14	12	6	26
<b>Closing balance</b>	<b>29,585</b>	<b>27,157</b>	<b>29,585</b>	<b>27,157</b>	<b>29,347</b>
of which non-controlling interests	111	108	111	108	97

1 Change in accounting principle is attributable to the implementation of IFRS 16 (2019) and IFRS 9 (2018). For further information see the Annual and Sustainability Report 2018, Note 1 (on IFRS 16) and Note 3 (on IFRS 9).

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

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
<b>Cash flow from operating activities before change in working capital, according to IAS 7</b>	<b>1,619</b>	<b>234</b>	<b>1,133</b>	<b>508</b>	<b>-20</b>
<b>Cash flow from change in working capital, according to IAS 7</b>	<b>-2,707</b>	<b>561</b>	<b>-1,901</b>	<b>536</b>	<b>9,474</b>
Net investments in property, plant and equipment and intangible assets	-1,031	-1,142	-186	-686	-2,157
Tax payments on sold property, plant and equipment and intangible assets	-26	-14	-20	-6	-29
<b>Cash flow from business operations including taxes paid according to operating cash flow</b>	<b>-2,145</b>	<b>-361</b>	<b>-974</b>	<b>352</b>	<b>7,268</b>
Less net investments in property, plant and equipment and intangible	1,031	1,142	186	686	2,157
Less tax payments on sold property, plant and equipment and intangible assets	26	14	20	6	29
<b>Cash flow from operating activities, according to IAS 7</b>	<b>-1,088</b>	<b>795</b>	<b>-768</b>	<b>1,044</b>	<b>9,454</b>
<b>Cash flow from strategic investments according to operating cash flow</b>	<b>-7</b>	<b>-10</b>	<b>-1</b>	<b>0</b>	<b>-16</b>
Net investments in property, plant and equipment and intangible assets	-1,031	-1,142	-186	-686	-2,157
Increase and decrease in interest-bearing receivables	796	-270	530	-339	-165
Taxes paid on sold property, plant and equipment and intangible assets	-26	-14	-20	-6	-29
<b>Cash flow from investing activities, according to IAS 7</b>	<b>-268</b>	<b>-1,436</b>	<b>323</b>	<b>-1,031</b>	<b>-2,367</b>
<b>Cash flow from financing operations according to operating cash-flow statement</b>	<b>-352</b>	<b>97</b>	<b>-204</b>	<b>31</b>	<b>109</b>
Change in interest-bearing receivables and liabilities excluding lease	-1,557	90	-357	881	-311
Increase and decrease in interest-bearing receivables	-796	270	-530	339	165
Dividend etc <sup>1</sup>	-2,462	-3,472	-2,462	-3,409	-3,472
<b>Cash flow from financing activities, according to IAS 7</b>	<b>-5,167</b>	<b>-3,015</b>	<b>-3,553</b>	<b>-2,158</b>	<b>-3,509</b>
<b>Cash flow for the period</b>	<b>-6,523</b>	<b>-3,656</b>	<b>-3,998</b>	<b>-2,145</b>	<b>3,578</b>

1 Of which repurchases of shares SEK 0 M.

## Operating cash flow (IFRS), supplementary information

### Operating cash flow

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
<b>Construction</b>					
Cash flow from business operations	2,737	1,054	1,757	951	2,755
Change in working capital	-2,293	220	-1,401	-737	2,600
Net divestments(+)/investments(-)	-885	-1,048	-150	-669	-2,080
Cash flow adjustment	0	0	0	0	0
<b>Total Construction</b>	<b>-441</b>	<b>226</b>	<b>206</b>	<b>-455</b>	<b>3,275</b>
<b>Residential Development</b>					
Cash flow from business operations	-306	-329	-86	-104	-476
Change in working capital	876	-1	133	642	30
Net divestments(+)/investments(-)	1,879	43	700	-166	1,604
Cash flow adjustment	0	2	0	2	0
<b>Total Residential Development</b>	<b>2,449</b>	<b>-285</b>	<b>747</b>	<b>374</b>	<b>1,158</b>
<b>Commercial Property Development</b>					
Cash flow from business operations	-65	23	-262	-318	-1,193
Change in working capital	-472	762	-194	-196	1,393
Net divestments(+)/investments(-)	-2,604	-545	-995	1,259	3,823
Cash flow adjustment	264	10	230	-2	-39
<b>Total Commercial Property Development</b>	<b>-2,877</b>	<b>250</b>	<b>-1,221</b>	<b>743</b>	<b>3,984</b>
<b>Central and eliminations</b>					
Cash flow from business operations	19	-464	145	-155	-692
Change in working capital	-483	12	-385	-314	17
Net divestments(+)/investments(-)	-20	-36	-25	31	-31
of which PPP-portfolio	30	-42	8	23	17
Cash flow adjustment	0	0	0	0	0
<b>Total central and eliminations</b>	<b>-484</b>	<b>-488</b>	<b>-265</b>	<b>-438</b>	<b>-706</b>
Total cash flow from business operations	2,385	284	1,554	374	394
Total change in working capital	-2,372	993	-1,847	-605	4,040
Total net divestments(+)/investments(-)	-1,630	-1,586	-470	455	3,316
Total cash flow adjustment	264	12	230	0	-39
<b>Cash flow from business operations before taxes paid</b>	<b>-1,353</b>	<b>-297</b>	<b>-533</b>	<b>224</b>	<b>7,711</b>
Taxes paid in business operations	-792	-64	-441	128	-443
<b>Cash flow from business operations including taxes paid</b>	<b>-2,145</b>	<b>-361</b>	<b>-974</b>	<b>352</b>	<b>7,268</b>
Net interest items, other net financial items and amortization of lease liabilities	-503	139	-292	45	156
Taxes paid in financing operations	151	-42	88	-14	-47
<b>Cash flow from financing operations</b>	<b>-352</b>	<b>97</b>	<b>-204</b>	<b>31</b>	<b>109</b>
<b>Operating cash flow from operations</b>	<b>-2,497</b>	<b>-264</b>	<b>-1,178</b>	<b>383</b>	<b>7,377</b>
Net strategic divestments(+)/investments(-)	-7	-10	-1	0	-16
Dividend etc <sup>1</sup>	-2,462	-3,472	-2,462	-3,409	-3,472
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>-4,966</b>	<b>-3,746</b>	<b>-3,641</b>	<b>-3,026</b>	<b>3,889</b>
Change in interest-bearing receivables and liabilities excluding lease liabilities	-1,557	90	-357	881	-311
<b>Cash flow for the period</b>	<b>-6,523</b>	<b>-3,656</b>	<b>-3,998</b>	<b>-2,145</b>	<b>3,578</b>
Cash and cash equivalents at the beginning of the period	10,722	6,998	8,281	5,528	6,998
Exchange rate differences in cash and cash equivalents	103	142	19	101	146
<b>Cash and cash equivalents at the end of the period</b>	<b>4,302</b>	<b>3,484</b>	<b>4,302</b>	<b>3,484</b>	<b>10,722</b>

1 Of which repurchases of shares SEK 0 M.

## Group net divestments/investments (IFRS)

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
<b>OPERATIONS – INVESTMENTS</b>					
Intangible assets	-83	-106	-33	-58	-225
Property, plant and equipment	-1,332	-1,124	-502	-692	-2,351
Shares and participations	-108	-102	-15	-37	-99
Current-asset properties	-10,591	-10,149	-5,495	-5,421	-21,849
of which Residential Development	-4,461	-4,919	-2,330	-2,650	-10,449
of which Commercial Property Development	-6,130	-5,230	-3,165	-2,771	-11,400
<b>Investments in operations</b>	<b>-12,114</b>	<b>-11,481</b>	<b>-6,045</b>	<b>-6,208</b>	<b>-24,524</b>
<b>STRATEGIC INVESTMENTS</b>					
Businesses	-7	-10	-1	0	-16
<b>Strategic investments</b>	<b>-7</b>	<b>-10</b>	<b>-1</b>	<b>0</b>	<b>-16</b>
<b>Total Investments</b>	<b>-12,121</b>	<b>-11,491</b>	<b>-6,046</b>	<b>-6,208</b>	<b>-24,540</b>
<b>OPERATIONS – DIVESTMENTS</b>					
Intangible assets	5	0	5	0	6
Property, plant and equipment	459	155	351	66	428
Shares and participations	28	35	8	35	84
Current-asset properties	9,992	9,705	5,211	6,562	27,322
of which Residential Development	6,433	4,964	3,032	2,486	12,068
of which Commercial Property Development	3,559	4,741	2,179	4,076	15,254
<b>Divestments in operations</b>	<b>10,484</b>	<b>9,895</b>	<b>5,575</b>	<b>6,663</b>	<b>27,840</b>
<b>Total divestments</b>	<b>10,484</b>	<b>9,895</b>	<b>5,575</b>	<b>6,663</b>	<b>27,840</b>
<b>TOTAL NET DIVESTMENTS(+)/INVESTMENTS(-)</b>	<b>-1,637</b>	<b>-1,596</b>	<b>-471</b>	<b>455</b>	<b>3,300</b>
Depreciation, non-current assets	-1,532	-813	-799	-411	-1,780

## Capital employed in Project Development (IFRS)

SEK M	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Residential Development	12,854	14,091	13,636
Commercial Property Development	34,600	26,742	26,672
<b>Total in Project Development</b>	<b>47,454</b>	<b>40,833</b>	<b>40,308</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-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018
Revenue	56	84	56	84
Selling and administrative expenses	-7	-160	5	-14
<b>Operating income</b>	<b>49</b>	<b>-76</b>	<b>61</b>	<b>70</b>
Net financial items	2,980	3,970	2,987	3,981
<b>Income after financial items</b>	<b>3,029</b>	<b>3,894</b>	<b>3,048</b>	<b>4,051</b>
Taxes	-7	23	-11	-12
<b>Profit for the period</b>	<b>3,022</b>	<b>3,917</b>	<b>3,037</b>	<b>4,039</b>
<b>Total comprehensive income</b>	<b>3,022</b>	<b>3,917</b>	<b>3,037</b>	<b>4,039</b>

### Summary balance sheet (IFRS)

SEK M	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
<b>ASSETS</b>			
Intangible non-current assets	12	15	13
Property, plant and equipment	1	1	1
Financial non-current assets <sup>2</sup>	14,932	15,834	11,768
<b>Total non-current assets</b>	<b>14,945</b>	<b>15,850</b>	<b>11,782</b>
Current receivables	59	155	149
<b>Total current assets</b>	<b>59</b>	<b>155</b>	<b>149</b>
<b>TOTAL ASSETS</b>	<b>15,004</b>	<b>16,005</b>	<b>11,931</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	8,564	7,704	7,996
Provisions	256	348	315
Non-current interest-bearing liabilities <sup>2</sup>	6,063	7,795	3,500
Current liabilities	121	158	120
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>15,004</b>	<b>16,005</b>	<b>11,931</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 3,570 M (Dec 31, 2018: 301) were intra-Group receivables and SEK 6,063 M (Dec 31, 2018: 3,500) intra-Group liabilities.

Note: The Parent Company's contingent liabilities totaled SEK 166.4 bn on June 30, 2019 (Dec 31, 2018: 167.8), of which SEK 144.6 bn (Dec 31, 2018: 144.0) was related to obligations on behalf of Group companies. Other obligations, SEK 21.8 bn on June 30, 2019 (Dec 31 2018: 23.8), were related to commitments to outside parties.

## Share data

	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Earnings per share according to segment reporting, SEK <sup>1</sup>	6.41	3.89	5.54	2.64	9.55
Earnings per share, SEK <sup>1</sup>	6.09	3.35	3.98	2.82	11.17
Earnings per share after dilution, SEK <sup>2</sup>	6.06	3.34	3.96	2.82	11.11
Equity per share, SEK <sup>3</sup>	71.76	66.12			71.40
Adjusted equity per share, SEK <sup>4</sup>	107.69	100.75			103.99
Average number of shares outstanding	410,284,875	408,861,965			409,130,770
Average number of shares outstanding after dilution	412,301,012	411,056,171			411,415,278
Average dilution, %	0.49	0.53			0.56
Number of shares, at balance sheet date	419,903,072	419,903,072			419,903,072
Average price of total repurchased shares, SEK	137.54	137.82			137.54
Number of total Series B shares repurchased	26,888,228	26,888,228			26,888,228
of which repurchased during the year	0	435,000	0	54,000	435,000
Number of shares in Skanska's own custody	9,154,112	10,786,983			10,224,634
Number of shares outstanding	410,748,960	409,116,089			409,678,438

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

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

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

4 Adjusted equity divided by the number of shares outstanding.

## Five-year Group financial summary

SEK M	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2017	Jan-Jun 2016	Jan-Jun 2015
Revenue	80,871	79,468	79,118	72,549	74,419
Operating income	3,225	1,937	3,300	3,633	2,500
Profit for the period	2,638	1,598	3,017	2,837	1,737
Earnings per share, SEK	6.41	3.89	7.35	6.89	4.22
Return on capital employed, %	13.1	9.8	19.7	20.7	18.5
Return on equity, %	17.4	13.2	26.7	26.7	22.6
Operating margin, %	4.0	2.4	4.2	5.0	3.4
Return on capital employed according to IFRSs, %	14.9	10.0	14.9	19.8	16.9
Cash flow per share according to IFRSs, SEK <sup>1</sup>	-12.10	-9.16	-9.39	-13.02	-12.57

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-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
US dollar	9.31	8.39	8.70	9.27	8.97	8.94
British pound	12.04	11.55	11.60	11.76	11.79	11.35
Norwegian krone	1.08	1.06	1.07	1.09	1.10	1.03
Euro	10.52	10.15	10.26	10.55	10.44	10.25
Czech koruna	0.41	0.40	0.40	0.41	0.40	0.40
Polish zloty	2.45	2.41	2.41	2.48	2.39	2.38

## Construction

### Revenue and earnings

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Revenue	76,199	75,053	40,866	40,422	157,894
<b>Gross income</b>	<b>4,732</b>	<b>3,887</b>	<b>2,787</b>	<b>2,246</b>	<b>8,045</b>
Selling and administrative expenses	-3,194	-3,358	-1,620	-1,680	-6,998
Income from joint ventures and associated companies	15	12	15	16	52
<b>Operating income</b>	<b>1,553</b>	<b>541</b>	<b>1,182</b>	<b>582</b>	<b>1,099</b>
Investments	-1,363	-1,216	-504	-737	-2,526
Divestments	478	158	354	68	430
<b>Net divestments(+)/investments(-)</b>	<b>-885</b>	<b>-1,058</b>	<b>-150</b>	<b>-669</b>	<b>-2,096</b>
Gross margin, %	6.2	5.2	6.8	5.6	5.1
Selling and administrative expenses, %	-4.2	-4.5	-4.0	-4.2	-4.4
Operating margin, %	2.0	0.7	2.9	1.4	0.7
Order bookings, SEK bn	61.9	71.9	34.6	39.1	151.7
Order backlog, SEK bn	184.0	197.6	-	-	192.0
Employees	34,006	37,954	-	-	37,006

### Revenue

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Nordics	28,300	26,792	15,167	14,477	57,819
of which Sweden	16,795	16,170	9,168	8,613	35,490
Europe	15,210	15,883	8,278	8,871	34,735
USA	32,689	32,378	17,421	17,074	65,340
<b>Total</b>	<b>76,199</b>	<b>75,053</b>	<b>40,866</b>	<b>40,422</b>	<b>157,894</b>

### Operating income

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Nordics	1,011	1,034	741	649	2,177
of which Sweden	502	739	353	460	1,617
Europe	154	-715	248	105	-421
USA	388	222	193	-172	-657
<b>Total</b>	<b>1,553</b>	<b>541</b>	<b>1,182</b>	<b>582</b>	<b>1,099</b>

### Operating margin, %

	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Nordics	3.6	3.9	4.9	4.5	3.8
of which Sweden	3.0	4.6	3.9	5.3	4.6
Europe	1.0	neg	3.0	1.2	neg
USA	1.2	0.7	1.1	neg	neg
<b>Total</b>	<b>2.0</b>	<b>0.7</b>	<b>2.9</b>	<b>1.4</b>	<b>0.7</b>

### Order backlog

SEK M	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Nordics	61,989	61,665	61,639
of which Sweden	35,471	34,791	35,388
Europe	30,585	40,615	34,941
USA	91,404	95,272	95,462
<b>Total</b>	<b>183,978</b>	<b>197,552</b>	<b>192,042</b>

### Order bookings

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Nordics	27,332	32,816	14,827	17,100	65,239
of which Sweden	16,852	15,970	8,483	8,075	35,922
Europe	9,467	16,318	5,567	9,407	30,557
USA	25,088	22,810	14,227	12,553	55,923
<b>Total</b>	<b>61,887</b>	<b>71,944</b>	<b>34,621</b>	<b>39,060</b>	<b>151,719</b>

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

	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Nordics	101	101	113
of which Sweden	102	93	101
Europe	70	96	88
USA	89	78	86
<b>Total</b>	<b>89</b>	<b>90</b>	<b>96</b>

## Residential Development

### Revenue and earnings

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Revenue	4,807	4,166	2,666	2,282	10,739
<b>Gross income</b>	<b>936</b>	<b>968</b>	<b>568</b>	<b>572</b>	<b>2,181</b>
Selling and administrative expenses	-342	-350	-172	-174	-676
<b>Operating income</b>	<b>594</b>	<b>618</b>	<b>396</b>	<b>398</b>	<b>1,505</b>
Operating margin, %	12.4	14.8	14.9	17.4	14.0
Investments	-4,553	-4,921	-2,331	-2,652	-10,542
Divestments	6,434	4,964	3,031	2,486	12,146
<b>Net divestments(+)/investments(-)</b>	<b>1,881</b>	<b>43</b>	<b>700</b>	<b>-166</b>	<b>1,604</b>
Capital employed, SEK bn	12.9	14.1	-	-	13.6
Return on capital employed, % <sup>1</sup>	11.6	10.2	-	-	11.4
Employees	566	544	-	-	542

<sup>1</sup> Rolling 12 months.

### Revenue

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Nordics	4,249	3,684	2,413	2,012	9,574
of which Sweden	2,356	1,910	1,448	1,205	4,863
Europe	558	482	253	270	1,165
<b>Total</b>	<b>4,807</b>	<b>4,166</b>	<b>2,666</b>	<b>2,282</b>	<b>10,739</b>

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

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Nordics	521	548	357	346	1,358
of which Sweden	280	340	236	258	752
Europe	73	70	39	52	147
<b>Total</b>	<b>594</b>	<b>618</b>	<b>396</b>	<b>398</b>	<b>1,505</b>

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

	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Nordics	12.3	14.9	14.8	17.2	14.2
of which Sweden	11.9	17.8	16.3	21.4	15.5
Europe	13.1	14.5	15.4	19.3	12.6
<b>Total</b>	<b>12.4</b>	<b>14.8</b>	<b>14.9</b>	<b>17.4</b>	<b>14.0</b>

<sup>1</sup> Development gain only. Construction margin reported under Construction.

### Homes started

	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Nordics	930	1,335	507	747	3,512
of which Sweden	744	945	430	493	2,183
Europe	210	626	210	326	968
<b>Total</b>	<b>1,140</b>	<b>1,961</b>	<b>717</b>	<b>1,073</b>	<b>4,480</b>

### Homes sold

	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Nordics	1,232	1,216	693	742	2,968
of which Sweden	769	740	466	499	1,861
Europe	353	278	152	137	685
<b>Total</b>	<b>1,585</b>	<b>1,494</b>	<b>845</b>	<b>879</b>	<b>3,653</b>

### Homes under construction

	Jun 30, 2019	Jun, 2018	Dec 31, 2018
Nordics	5,034	6,225	5,969
of which Sweden	3,397	3,966	3,725
Europe	1,478	1,339	1,570
<b>Total</b>	<b>6,512</b>	<b>7,564</b>	<b>7,539</b>

### Completed unsold, number of homes

	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Nordics	256	129	301
of which Sweden	114	34	187
Europe	13	4	13
<b>Total</b>	<b>269</b>	<b>133</b>	<b>314</b>

### Homes under construction of which sold, %

	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Nordics	67	73	68
of which Sweden	67	72	72
Europe	76	57	68
<b>Total</b>	<b>69</b>	<b>71</b>	<b>68</b>

## Commercial Property Development

### Revenue and earnings

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Revenue	6,901	7,310	6,017	3,530	16,271
of which from divestment of properties	6,614	7,020	5,867	3,382	15,720
<b>Gross income</b>	<b>1,463</b>	<b>1,802</b>	<b>1,281</b>	<b>719</b>	<b>3,936</b>
Selling and administrative expenses	-441	-421	-212	-205	-928
Income from joint ventures and associated companies	133	-49	2	-42	61
<b>Operating income</b>	<b>1,155</b>	<b>1,332</b>	<b>1,071</b>	<b>472</b>	<b>3,069</b>
of which gain from divestment of properties <sup>1</sup>	1,528	1,757	1,314	707	4,005
of which write-downs/reversal of write-downs	-69	-3	0	-2	-107
1 Additional gains included in eliminations	57	133	35	53	321
Investments	-6,156	-5,295	-3,180	-2,826	-11,452
Divestments	3,543	4,750	2,183	4,085	15,275
<b>Net divestments(+)/investments(-)</b>	<b>-2,613</b>	<b>-545</b>	<b>-997</b>	<b>1,259</b>	<b>3,823</b>
Capital employed, SEK bn	34.6	26.7	-	-	26.7
Return on capital employed, % <sup>2</sup>	10.5	11.6	-	-	12.3
Employees	431	410	-	-	414

2 Rolling 12 months.

### Revenue

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Nordics	5,376	4,783	4,593	2,232	7,549
Europe	70	2,279	34	1,259	4,421
USA	1,455	248	1,390	39	4,301
<b>Total</b>	<b>6,901</b>	<b>7,310</b>	<b>6,017</b>	<b>3,530</b>	<b>16,271</b>

### of which from divestments

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Nordics	5,268	4,638	4,537	2,174	7,278
Europe	28	2,194	12	1,202	4,291
USA	1,318	188	1,318	6	4,151
<b>Total</b>	<b>6,614</b>	<b>7,020</b>	<b>5,867</b>	<b>3,382</b>	<b>15,720</b>

### Operating income

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Nordics	1,059	1,008	944	309	1,306
Europe	-157	449	-76	242	704
USA	253	-125	203	-79	1,059
<b>Total</b>	<b>1,155</b>	<b>1,332</b>	<b>1,071</b>	<b>472</b>	<b>3,069</b>

### of which from divestments

SEK M	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Jan-Dec 2018
Nordics	1,251	1,189	1,048	414	1,628
Europe	27	566	16	293	1,113
USA	250	2	250	0	1,264
<b>Total</b>	<b>1,528</b>	<b>1,757</b>	<b>1,314</b>	<b>707</b>	<b>4,005</b>

### Capital employed

SEK M	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Nordics	11,690	8,477	9,584
Europe	9,335	8,195	7,135
USA	13,575	10,070	9,953
<b>Total</b>	<b>34,600</b>	<b>26,742</b>	<b>26,672</b>

## PPP–Portfolio value

### Unrealized development gain in PPP-portfolio

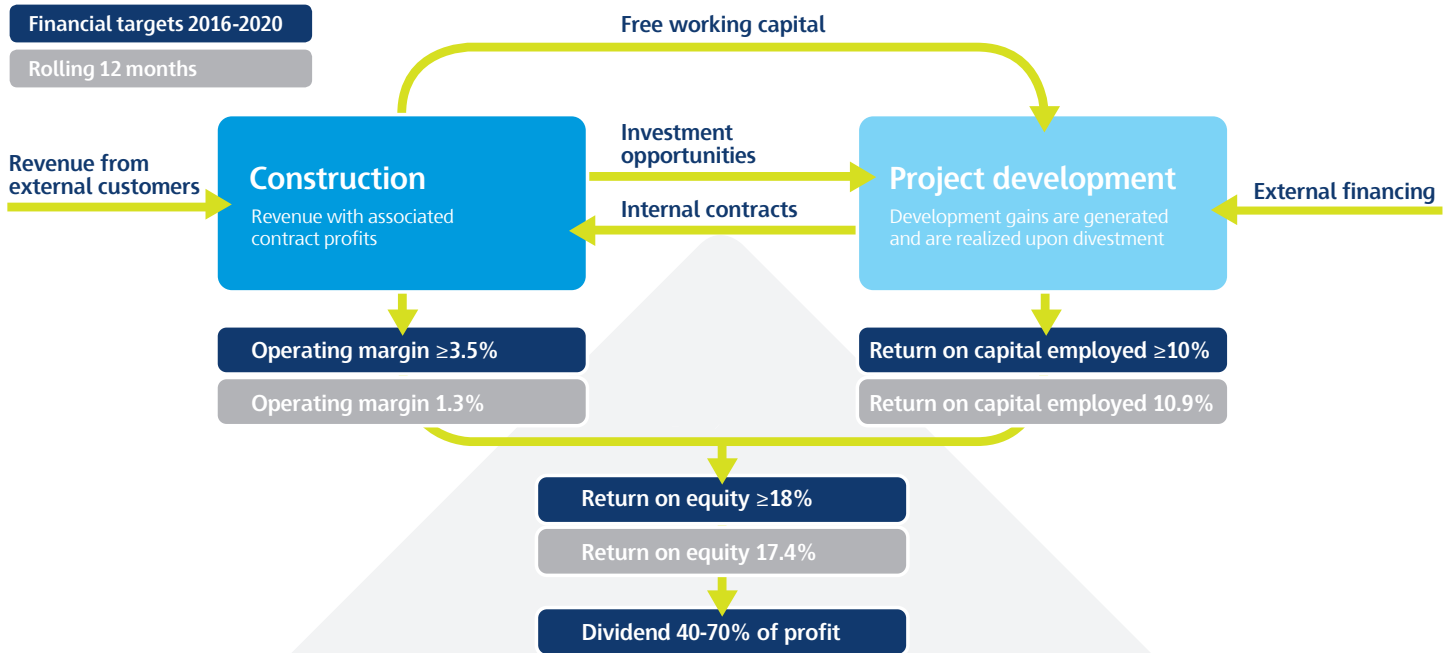
SEK bn	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Present value of cash flow from projects	4.8	4.5	4.7
Present value of remaining investments	-1.1	-1.0	-1.1
<b>Net present value of projects</b>	<b>3.7</b>	<b>3.5</b>	<b>3.6</b>
Carrying amount before Cash flow hedge / Carrying amount	-2.4	-2.6	-2.5
<b>Unrealized development gain</b>	<b>1.3</b>	<b>0.9</b>	<b>1.1</b>
Cash flow hedge	0.4	0.3	0.3
<b>Effect in unrealized equity<sup>1</sup></b>	<b>1.7</b>	<b>1.2</b>	<b>1.4</b>

1 Tax effects not included.

# 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 21.9 billion of Skanska’s total order backlog are contracts involving more than one Business Unit, with revenue from internal contracts amounting to SEK 21.4 billion.

Construction revenue from internal Project Development contracts amounted to:



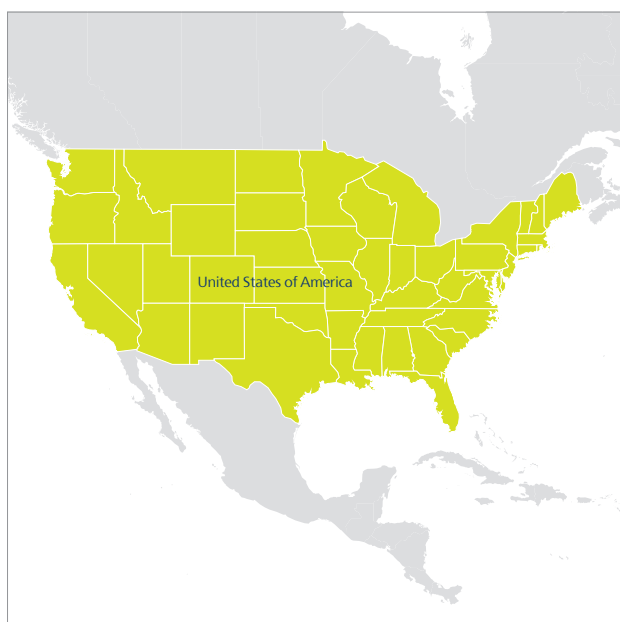
Skanska is developing and building Sthlm 01, a 27-story, 26,000-square-meter office project that is pre-certified Platinum under the LEED environmental rating system. Sthlm 01 is one of seven office developments Skanska is creating in a new office district that supports the city’s sustainable growth

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



Skanska Norway and Skanska UK are collaborating to bring the best expertise for expanding this hospital. In a further layer of collaboration, Skanska and other key project partners are aligned to jointly achieve project goals and reduce costs through an integrated delivery approach which includes sharing risks and rewards.

## Skanska's home markets



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This report will also be presented via a telephone conference and an audiocast at 10:00 a.m. (CET) on July 24, 2019. The telephone conference will be audiocasted 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 8 566 426 51, or +44 333 300 0804, or +1 631 913 1422. PIN code 75663807#. 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.