

**SKANSKA**

**Q4 2019**

Press release, February 7, 2020, 7:30 a.m. CET

**We build for a better society.**  
Bank of America Tower, Houston, USA





# Year-end report, January–December 2019

## Highlights according to segment reporting

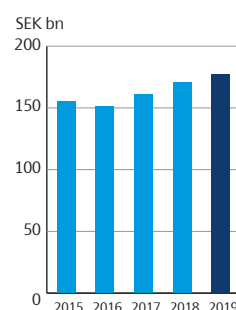
- Revenue amounted to SEK 176.8 billion (170.5); adjusted for currency effects revenue decreased 1 percent.
- Operating income amounted to SEK 7.8 billion (4.8); adjusted for currency effects operating income increased 57 percent.
- Earnings per share increased 62 percent to SEK 15.46 (9.55).
- The Board of Directors propose a dividend of SEK 6.25 (6.00) per share.
- Operating cash flow from operations amounted to SEK 3.8 billion (7.4), according to IFRS.
- Adjusted interest-bearing net receivables (+)/net debt (-) totaled SEK 3.2 billion (September 30, 2019: -3.9), according to IFRS.
- Order bookings in Construction amounted to SEK 145.8 billion (151.7); adjusted for currency effects order bookings decreased 8 percent. The order backlog amounted to SEK 185.4 billion (September 30, 2019: 183.7).
- Operating income in Construction amounted to SEK 3.8 billion (1.1) and includes a SEK -0.4 billion goodwill impairment charge in the UK operations in the fourth quarter. The comparable period includes project write-downs and other non recurring items at a total net of SEK -2.3 billion.
- Operating income in Project Development amounted to SEK 4.5 billion (4.6); adjusted for currency effects operating income decreased 5 percent.
- Return on capital employed in Project Development was 10.3 percent (12.0).
- Return on equity was 21.4 percent (14.1).

### Performance analysis

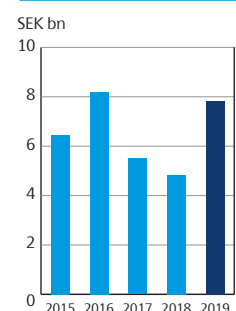
Tables referring to segment reporting are in shaded background. For more information see page 14. For definitions of non-IFRS financial measures see pages 15-17.

SEK M	Jan-Dec 2019	Jan-Dec 2018	Change, %	Oct-Dec 2019	Oct-Dec 2018	Change, %
<b>Revenue</b>						
Construction	159,579	157,894	1	42,411	42,580	0
Residential Development	12,483	10,739	16	5,292	4,120	28
Commercial Property Development	17,850	16,271	10	7,063	7,082	0
Central and eliminations	-13,130	-14,410	-9	-3,369	-4,093	-18
<b>Total</b>	<b>176,782</b>	<b>170,494</b>	<b>4</b>	<b>51,397</b>	<b>49,689</b>	<b>3</b>
<b>Operating income</b>						
Construction	3,772	1,099	243	1,092	868	26
Residential Development	1,195	1,505	-21	377	383	-2
Commercial Property Development	3,287	3,069	7	1,267	1,281	-1
Central	-388	-780	-50	-247	-141	75
Eliminations	-38	-66	-42	-36	-8	350
<b>Operating income</b>	<b>7,828</b>	<b>4,827</b>	<b>62</b>	<b>2,453</b>	<b>2,383</b>	<b>3</b>
<b>Net financial items</b>	<b>-103</b>	<b>36</b>	<b>-</b>	<b>-34</b>	<b>-17</b>	<b>100</b>
<b>Income after financial items</b>	<b>7,725</b>	<b>4,863</b>	<b>59</b>	<b>2,419</b>	<b>2,366</b>	<b>2</b>
Taxes	-1,353	-934	45	-477	-528	-10
<b>Profit for the period</b>	<b>6,372</b>	<b>3,929</b>	<b>62</b>	<b>1,942</b>	<b>1,838</b>	<b>6</b>
Earnings for the period per share, SEK	15.46	9.55	62	4.71	4.48	5
Revenue for the period according to IFRSs	172,846	171,730	1	50,691	50,478	0
Operating income for the period according to IFRSs	7,428	5,647	32	2,767	3,063	-10
Earnings for the period per share according to IFRSs, SEK	14.68	11.17	31	5.34	5.80	-8
Operating cash flow from operations	3,835	7,377	-48	8,339	7,518	11
Interest-bearing net receivables(+)/net debt(-)	-4,917	3,231	-	-4,917	3,231	-
Return on capital employed in Project Development, %	10.3	12.0				
Adjusted interest-bearing net receivables(+)/net debt(-)	3,241	2,055	58			
Return on equity, %	21.4	14.1				

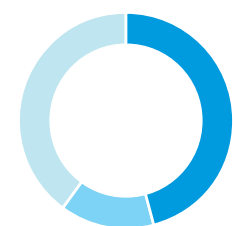
### Revenue



### Operating income

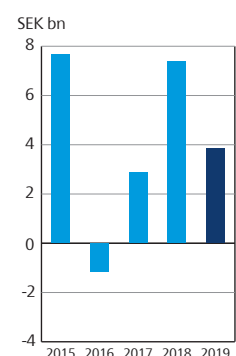


### Operating income per segment, Dec 31, 2019



- Construction, 46%
- Residential Development, 14%
- Commercial Property Development, 40%

### Operating cash flow from operations



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



Throughout 2019, significant performance improvements were made in our Construction operations and we generated substantial value in Project Development. This is the result of consistent execution against our strategic plan initiated in 2018. For the full year, the operating margin in Construction improved to 2.4 percent, return on capital employed in Project Development was 10.3 percent and return on

equity for the Group was 21.4 percent. These latter two items were above our targets – I consider this to be a strong result.

In Construction, underlying profitability is improving. Our strategy includes a more selective bidding, improved commercial focus and increased cost efficiency. We have a strong focus on cost control and we are continuously reviewing the performance of all parts of our operations and undertaking actions where needed. As we complete and replace the challenging projects, the profitability has the potential to further improve. More selective bidding has impacted our order bookings in some business units but our major operations in Sweden and USA are showing strong bookings. As the overall construction market activity is high, being selective in our markets makes it possible to refill the backlog with projects having the right balance between risk and return.

In Residential Development, the Swedish residential new-built market is gradually improving as activity and confidence in the market is picking up. A new normal in the Swedish market in which customers make their purchase decisions closer to project completion seems to have been established and is something to which we have adapted. The underlying operating margin remains at a solid 10 percent thanks to strong execution and a well-diversified portfolio in various segments and geographies. During 2019, we increased our diversification by expanding BoKlok, our low-cost homes concept, to the UK.

In Commercial Property Development, a new all-time-high in gain on sale was reached in 2019. Supportive markets and very strong execution made way for record gains on our divestments. The momentum in our leasing activity has also been strong and by filling our modern green properties with long-term tenants we are creating significant future value. In the fourth quarter, we started several new developments that will add to our strong portfolio of ongoing developments. In 2019, we expanded our US operations to a fifth strategic city, Los Angeles, by acquiring land and plan to start development on this site and additional sites as we build up this portfolio.

With our strong balance sheet, integrated business model, clear values and trusted brand, we have a competitive advantage that we will continue to leverage going forward. Backed by a supportive market outlook, despite signs of slower economic growth and geopolitical uncertainties, we see significant opportunities for attractive investments in Project Development that have the potential to create long term value for Skanska. With that in mind, the Board of Directors propose a dividend of SEK 6.25 per share.

Going into 2020, I would like to take this opportunity to thank our customers, business partners, shareholders and employees. It is Skanska's people who make our achievements possible. In 2019 Skanska delivered a total shareholder return of 55 percent, and I would like to emphasize that my and the leadership team's ambition is to continue to deliver an industry-leading total shareholder return.



### Bank of America Tower, Houston, USA

Skanska has developed and built Bank of America Tower a 72,500-square-meter of contemporary office building in Houston's Central Business District, tenants include Bank of America, Waste Management, Winston and Strawn, Quantum Energy Partners and Skanska. The property features an open-air community hub that includes a full-service restaurant and a culinary market with seven chef-driven concepts and a cocktail bar. The building will use 25 percent less energy than typical facilities and is certified according to LEED Platinum version 4. In 2019, Skanska divested a 90 percent interest in the Bank of America Tower office property, for USD 373 M, about SEK 3.5 billion, to an affiliate of Beacon Capital Partners. This is Skanska's largest ever divestment in terms of square meters.

# Market outlook, next 12 months

## Slightly stronger 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 slowdown in the residential building market.

In the UK, Brexit is still limiting investments in the non-residential building market and civil market to a certain degree. In Central Europe there is a high activity level in general and construction related inflation is high, causing postponement of new projects coming to the market in especially Poland.

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 offices, 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 Swedish residential market for new developments is improving slightly as confidence regarding housing prices is recovering and transaction activity is increasing. In Norway the market situation is stable, while the Finnish market is slower. The Central European market is stable. Common for all markets is the challenge with high construction costs and long zoning processes.

<b>Nordics</b>	
Sweden	↗
Norway	↔
Finland	↘
<b>Europe</b>	



Solseglet, Residential building Malmö, 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, D.C. and Houston's Energy Corridor. Modern properties with high quality tenants are in demand from property investors, resulting in attractive valuations for these properties. Investor appetite remains strong in USA, Central Europe and the Nordics, especially Sweden, 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. Common for all markets is the challenge with high construction costs and long zoning processes.

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

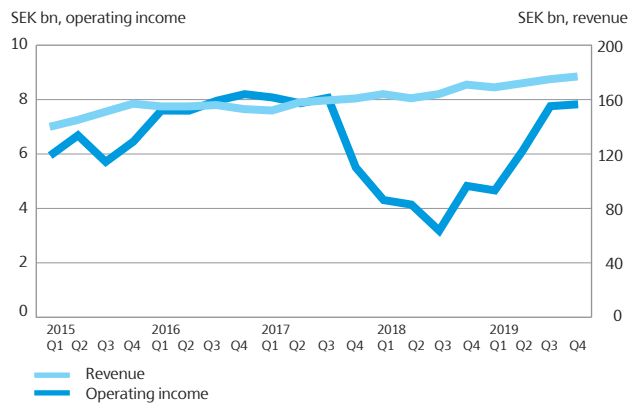


9000 Wilshire, office project, Los Angeles, USA

## Performance analysis

### Group

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



#### Revenue and earnings

SEK M	Jan-Dec 2019	Jan-Dec 2018	Change, %	Oct-Dec 2019	Oct-Dec 2018	Change, %
Revenue	176,782	170,494	4	51,397	49,689	3
Operating income <sup>1,2</sup>	7,828	4,827	62	2,453	2,383	3
Net financial items	-103	36	-	-34	-17	100
<b>Income after financial items</b>	<b>7,725</b>	<b>4,863</b>	<b>59</b>	<b>2,419</b>	<b>2,366</b>	<b>2</b>
Taxes	-1,353	-934	45	-477	-528	-10
<b>Profit for the period</b>	<b>6,372</b>	<b>3,929</b>	<b>62</b>	<b>1,942</b>	<b>1,838</b>	<b>6</b>
Earnings for the period per share, SEK <sup>3</sup>	15.46	9.55	62	4.71	4.48	5
Earnings for the period per share according to IFRSs, SEK <sup>3</sup>	14.68	11.17	31	5.34	5.80	-8

1 Central, SEK -388 M (-780).

2 Eliminations, SEK -38 M (-66).

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

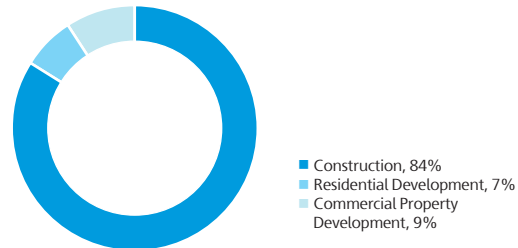
#### Changes and currency rate effects

	Jan-Dec 2019 / Jan-Dec 2018		
	Change in SEK	Change in local currency	Currency effect
Revenue	4%	-1%	5%
Operating income	62%	57%	5%

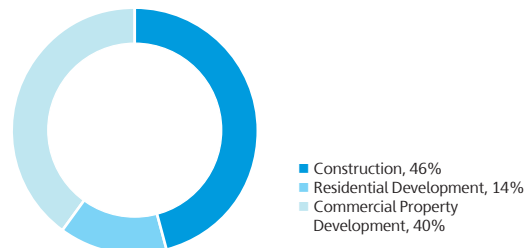
Revenue increased 4 percent and amounted to SEK 176.8 billion (170.5); adjusted for currency effects revenue decreased 1 percent.

Operating income increased 62 percent and amounted to SEK 7,828 M (4,827); adjusted for currency effects operating income increased 57 percent. Operating income was positively affected by income from legal cases of SEK 408 M during the second quarter. In the fourth quarter, goodwill impairment charges of SEK -467 M related to the UK Construction operations and Norwegian Residential Development operations had a negative impact.

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



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



The comparable period includes negative impact from restructuring charges and project write-downs, and positive impact from claims resolutions, effects from pension curtailments and land divestments gains and release of reserves, totaling SEK -2.1 billion, net.

Central expenses totaled SEK -388 M (-780) of which SEK 24 M (31) relate to the PPP-portfolio. Release of a provision totaling SEK 212 M related to the legal case concerning the R4 project in the Czech Republic had a positive impact during the second quarter. 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 -38 M (-66).

Net financial items amounted to SEK -103 M (36) and include interest expenses from lease liabilities according to IFRS 16 effective from January 1, 2019.

Taxes for the period amounted to SEK -1,353 M (-934), corresponding to an effective tax rate of 18 percent (19).



## Cash flow

### Group

#### Operating cash flow from operations



#### Operating cash flow

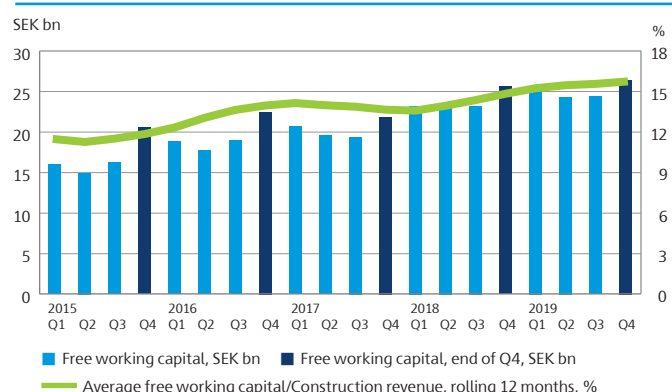
SEK M	Jan-Dec 2019	Jan-Dec 2018	Change, %	Oct-Dec 2019	Oct-Dec 2018	Change, %
Cash flow from business operations	4,704	394	1,094	1,142	-412	-
Change in working capital	-651	4,040	-	3,237	2,793	16
Net divestments(+)/investments(-)	1,632	3,316	-51	4,213	5,088	-17
Cash flow adjustment	209	-39	-	-37	246	-
<b>Cash flow from business operations before taxes paid</b>	<b>5,894</b>	<b>7,711</b>	<b>-24</b>	<b>8,555</b>	<b>7,715</b>	<b>11</b>
Taxes paid in business operations	-1,371	-443	209	-107	-281	-62
Cash flow from financing operations	-688	109	-	-109	84	-
<b>Operating cash flow from operations</b>	<b>3,835</b>	<b>7,377</b>	<b>-48</b>	<b>8,339</b>	<b>7,518</b>	<b>11</b>
Net strategic divestments(+)/investments(-)	-6	-16	-63	0	0	-
Dividend etc	-2,488	-3,472	-28	-15	0	-
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>1,341</b>	<b>3,889</b>	<b>-66</b>	<b>8,324</b>	<b>7,518</b>	<b>11</b>
Change in interest-bearing receivables and liabilities excluding lease liabilities	-3,415	-311	998	-2,716	-1,054	158
<b>Cash flow for the period</b>	<b>-2,074</b>	<b>3,578</b>	<b>-</b>	<b>5,608</b>	<b>6,464</b>	<b>-13</b>

Operating cash flow from operations amounted to SEK 3,835 M (7,377), where change in working capital in Construction and net investments in Commercial Property Development is the main reason for the change in cash flow.

Taxes paid in business operations amounted to SEK -1,371 M (-443) and the increase is a result of higher income after financial items.

Commercial Property Development assets sold but not transferred will have a positive effect on cash flow of SEK 9.2 billion, of which SEK 7.6 billion will be received during 2020. The remainder will affect cash flow during 2021 and 2022.

#### Free working capital in Construction



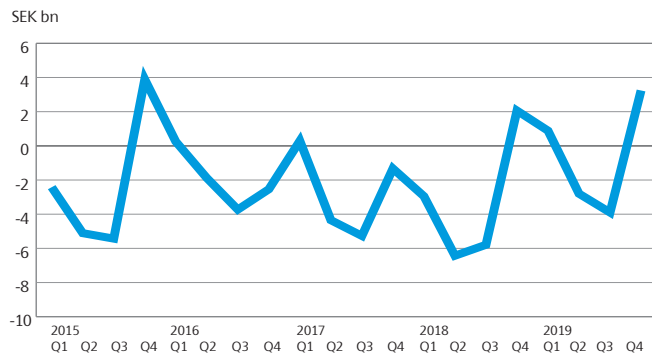
Free working capital in Construction amounted to SEK 26.4 billion (25.6), with average free working capital in relation to Construction revenue in the past 12 months at 15.7 percent. Free working capital in Construction remained at a good level due to favorable cash flow profiles in several projects and continued focus on cash generation in the Construction stream. Cash flow due to changes in working capital in Construction amounted to SEK -262 M (2,600).



European Spallation Source, Lund, Sweden

## Financial position

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



### Balance sheet – Summary

SEK bn	Dec 31, 2019	Dec 31, 2018
Total assets	126.0	116.3
Total equity	33.0	29.3
Interest-bearing net receivables (+)/net debt (-)	-4.9	3.2
Adjusted interest-bearing net receivables(+)/net debt(-)	3.2	2.1
Capital employed, closing balance	55.9	46.2
Equity/assets ratio, %	26.2	25.2

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

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Opening balance interest-bearing net receivables(+)/net debt(-)	3,231	-1,126	-14,446	-3,717
Change in accounting principle <sup>1</sup>	-7,469	-30	0	0
<b>Adjusted opening balance</b>	<b>-4,238</b>	<b>-1,156</b>	<b>-14,446</b>	<b>-3,717</b>
<b>Cash flow for the period</b>	<b>-2,074</b>	<b>3,578</b>	<b>5,608</b>	<b>6,464</b>
Less change in interest-bearing receivables and liabilities	3,415	311	2,716	1,054
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>1,341</b>	<b>3,889</b>	<b>8,324</b>	<b>7,518</b>
Translation differences, net receivables/net debt	129	282	32	39
Remeasurements of pension liabilities	-751	-271	1,089	-893
Interest-bearing liabilities acquired/divested	-505	-7	10	1
Other changes, interest-bearing net receivables/net debt	-893	494	74	283
<b>Change in interest-bearing net receivables/net debt</b>	<b>-679</b>	<b>4,387</b>	<b>9,529</b>	<b>6,948</b>
<b>Closing balance interest-bearing net receivables(+)/net debt(-)</b>	<b>-4,917</b>	<b>3,231</b>	<b>-4,917</b>	<b>3,231</b>
Restricted cash	-6,084	-5,941	-6,084	-5,941
Pension liability, net	5,321	4,765	5,321	4,765
Lease liabilities	8,921	-	8,921	-
<b>Closing balance adjusted interest-bearing net receivables(+)/net debt(-)</b>	<b>3,241</b>	<b>2,055</b>	<b>3,241</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 3.2 billion (September 30, 2019: -3.9). Interest-bearing net debt amounted to SEK -4.9 billion (September 30, 2019: -14.4) and include SEK 8.9 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 17.6 billion (September 30, 2019: 11.7), of which SEK 11.8 billion (September 30, 2019: 9.7) is available within one week. The Group central loan portfolio amounted to SEK 3.5 billion (September 30, 2019: 4.2) and had an average maturity of 3.4 years (September 30, 2019: 3.6), including committed unutilized credit facilities. Restricted cash totaled SEK 6.1 billion (September 30, 2019: 5.1), net pension liabilities totaled SEK 5.3 billion (September 30, 2019: 6.4) and lease liabilities totaled SEK 8.9 billion (September 30, 2019: 9.3). At the end of the quarter, capital employed amounted to SEK 55.9 billion (September 30, 2019: 55.6).

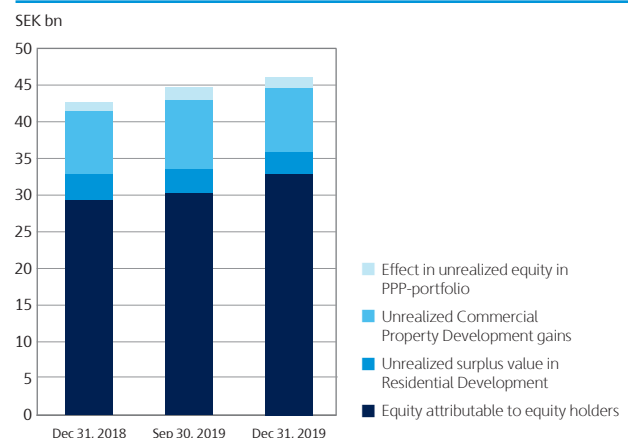
## Equity

### Changes in equity

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Opening balance	29,347	27,185	30,311	28,034
Change in accounting principle <sup>1</sup>	-67	-140	-	-
<b>Adjusted opening balance</b>	<b>29,280</b>	<b>27,045</b>	<b>30,311</b>	<b>28,034</b>
Dividend to shareholders	-2,462	-3,373	0	0
Other changes in equity not included in total comprehensive income for the year	219	132	55	65
Profit for the period	6,054	4,594	2,202	2,383
<b>Other comprehensive income</b>				
Translation differences	679	1,119	-784	-270
Effects of remeasurements of pensions	-729	-419	1,055	-840
Effects of cash flow hedges	-20	249	182	-25
<b>Closing balance</b>	<b>33,021</b>	<b>29,347</b>	<b>33,021</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

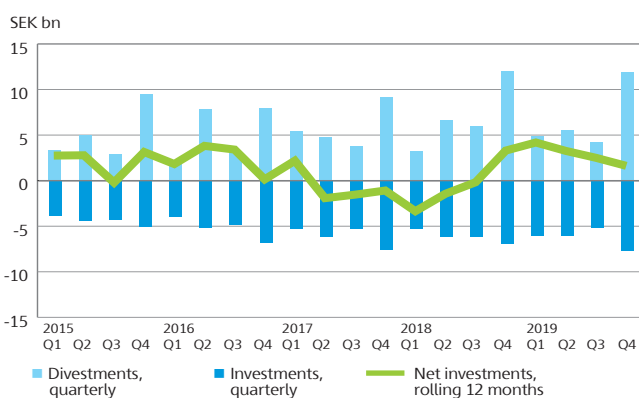


The Group's equity amounted to SEK 33.0 billion (29.3), resulting in an equity/assets ratio of 26.2 percent (25.2) and a net debt/equity ratio of 0.1 (-0.1).

The effects of remeasurements of pensions amounted to SEK -729 M (-419). 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 679 M (1,119) and are due to a weaker Swedish krona. Unrealized surplus values in Project Development including the PPP-portfolio amounted to SEK 14.6 billion of which SEK 1.6 billion was realized according to segment reporting. Corresponding amounts less standard tax were SEK 13.2 billion and SEK 1.4 billion respectively.

## Investments and divestments

### Investments and divestments



The Group's investments amounted to SEK –24,969 M (–24,540), while divestments amounted to SEK 26,595 M (27,840), resulting in net divestments of SEK 1,626 M (3,300).

In Construction, investments totaled SEK –2,542 M (–2,526). These investments mainly relate to property, plant and equipment for the Group's own operations. Net investments in Construction amounted to SEK –1,503 M (–2,096). Depreciation of property, plant and equipment amounted to SEK –1,715 M (–1,550).

In Residential Development, investments totaled SEK –9,437 M (–10,542), of which SEK –1,744 M (–1,599) relates to land acquisitions, corresponding to 4,197 building rights. Divestments amounted to SEK 11,793 M (12,146). Net divestments in Residential Development amounted to SEK 2,356 M (1,604).

In Commercial Property Development, investments totaled SEK –12,946 M (–11,452), of which SEK –2,498 M (–994) relates to investments in new land, while divestments amounted to SEK 13,713 M (15,275). Net divestments in Commercial Property Development amounted to SEK 767 M (3,823).



Investment, Ørestad City, Copenhagen, Denmark

### Investments, divestments and net divestments(+)/investments(-)

SEK M	Jan-Dec 2019	Jan-Dec 2018	Change, %	Oct-Dec 2019	Oct-Dec 2018	Change, %
<b>Investments</b>						
Construction	-2,542	-2,526	1	-875	-704	24
Residential Development	-9,437	-10,542	-10	-2,590	-3,026	-14
Commercial Property Development	-12,946	-11,452	13	-4,219	-3,249	30
Other	-44	-20	120	17	58	-71
<b>Total</b>	<b>-24,969</b>	<b>-24,540</b>	<b>2</b>	<b>-7,667</b>	<b>-6,921</b>	<b>11</b>
<b>Divestments</b>						
Construction	1,039	430	142	397	245	62
Residential Development	11,793	12,146	-3	3,482	4,562	-24
Commercial Property Development	13,713	15,275	-10	7,963	7,278	9
Other	50	-11	-	38	-76	-
<b>Total</b>	<b>26,595</b>	<b>27,840</b>	<b>-4</b>	<b>11,880</b>	<b>12,009</b>	<b>-1</b>
<b>Net divestments(+)/investments(-)</b>						
Construction	-1,503	-2,096	-28	-478	-459	4
Residential Development	2,356	1,604	47	892	1,536	-42
Commercial Property Development	767	3,823	-80	3,744	4,029	-7
Other	6	-31	-	55	-18	-
<b>Total</b>	<b>1,626</b>	<b>3,300</b>	<b>-51</b>	<b>4,213</b>	<b>5,088</b>	<b>-17</b>
of which strategic	-6	-16	-63	0	0	-

### Capital employed in Project Development

SEK M	Dec 31, 2019	Sep 30, 2019	Dec 31, 2018
Residential Development	12,954	13,444	13,636
Commercial Property Development	34,495	36,744	26,672
<b>Total in Project Development</b>	<b>47,449</b>	<b>50,188</b>	<b>40,308</b>



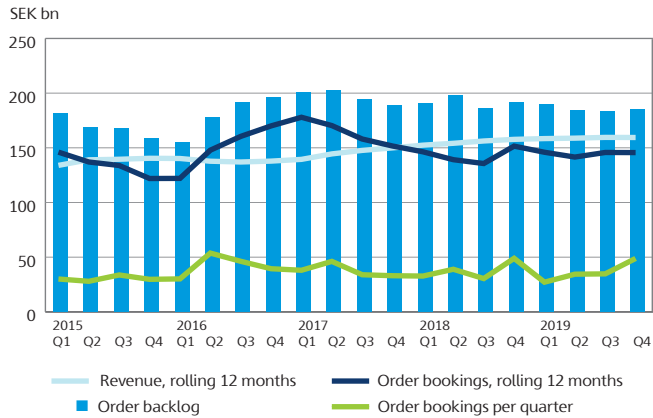
Divestment, Aura, Malmö, Sweden



## Performance analysis, business streams

### Construction – Order situation

#### Order backlog, revenue and order bookings



#### Order bookings and order backlog in Construction

SEK bn	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Order bookings	145.8	151.7	49.0	49.1
Order backlog <sup>1</sup>	185.4	192.0	-	-

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

Order bookings amounted to SEK 145.8 billion (151.7); adjusted for currency effects order bookings decreased 8 percent. On a rolling 12-month basis the book-to-build ratio was 91 percent (September 30, 2019: 91). 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. For more information, see page 26.

At the end of the quarter, the order backlog amounted to SEK 185.4 billion compared to SEK 183.7 billion at the end of the previous quarter. The order backlog corresponds to 14 months of production (September 30, 2019: 13).

#### Changes and currency rate effects

	Change in SEK	Change in local currency	Currency effect
<b>Jan-Dec 2019 / Jan-Dec 2018</b>			
Order bookings	-4%	-8%	4%
<b>Dec 31, 2019 / Sep 30, 2019</b>			
Order backlog	1%	4%	-3%

#### Major orders in the quarter

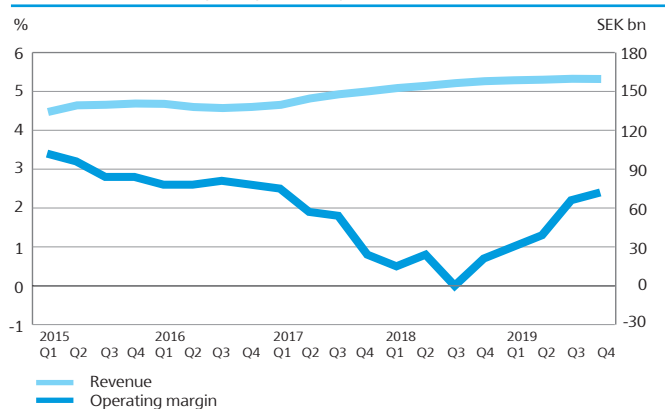
Geography	Contract	Amount SEK M	Client
USA	Light rail extension	7,300	Sound Transit
USA	Interchange	2,700	New York State Department of Transportation
USA	Surgical pavilion	2,300	North Shore University Hospital (NSUH)
USA	Surgical tower	1,900	University of North Carolina Hospitals
Nordic	Shopping center	1,800	Citycon Oyj



Shopping center, Espoo, Finland

## Construction

### Revenue and operating margin, rolling 12 months



### Revenue and earnings

SEK M	Jan-Dec 2019	Jan-Dec 2018	Change, %	Oct-Dec 2019	Oct-Dec 2018	Change, %
Revenue	159,579	157,894	1	42,411	42,580	0
<b>Gross income</b>	<b>10,437</b>	<b>8,045</b>	<b>30</b>	<b>3,175</b>	<b>2,605</b>	<b>22</b>
Selling and administrative expenses	-6,702	-6,998	-4	-2,094	-1,764	19
Income from joint ventures and associated companies	37	52	-29	11	27	-59
<b>Operating income</b>	<b>3,772</b>	<b>1,099</b>	<b>243</b>	<b>1,092</b>	<b>868</b>	<b>26</b>
Gross margin, %	6.5	5.1		7.5	6.1	
Selling and administrative expenses, %	-4.2	-4.4		-4.9	-4.1	
Operating margin, %	2.4	0.7		2.6	2.0	
Employees	33,225	37,006				

### Changes and currency rate effects

	Jan-Dec 2019 / Jan-Dec 2018		
	Change in SEK	Change in local currency	Currency effect
Revenue	1%	-3%	4%
Operating income	243%	233%	10%

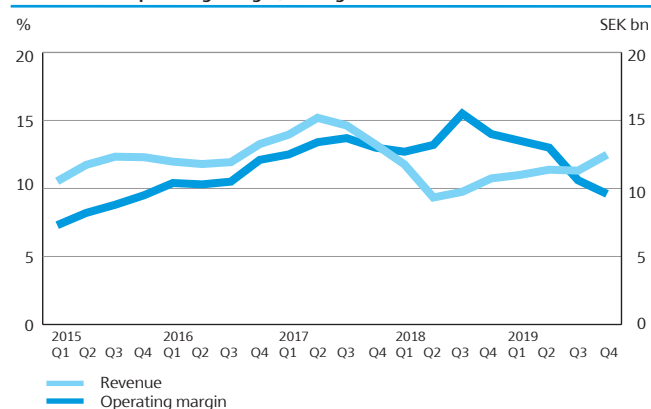
Revenue in the Construction business stream increased 1 percent and amounted to SEK 159.6 billion (157.9); adjusted for currency effects revenue decreased 3 percent. Operating income amounted to SEK 3,772 M (1,099). The operating income include proceeds of SEK 196 M related to awarded damages by the Court of Appeal in the legal case Follo EPC Oslo S during the second quarter. The fourth quarter was negatively impacted by a goodwill impairment charge of SEK -367 M in a part of the UK operations. The operating income in Sweden was in relation to the comparable period negatively impacted by fewer project completions with high profitability and by weak performance in the residential construction operations in Stockholm and in the asphalt operations. The comparable period includes restructuring charges and project write-downs in Poland and the USA, goodwill impairment charge in the 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 -2.3 billion.



Light rail extension, Shoreline – Lynnwood, USA

## Residential Development

### Revenue and operating margin, rolling 12 months



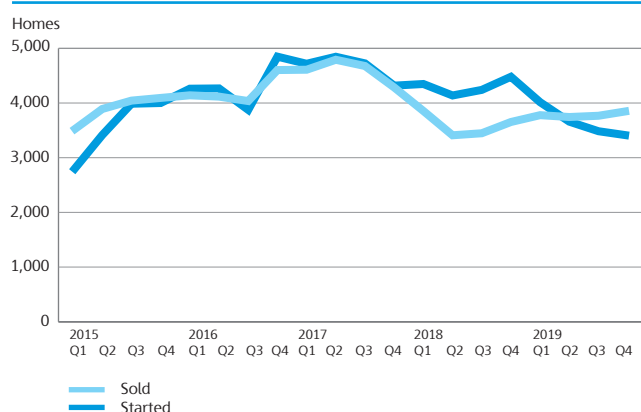
### Revenue and earnings

SEK M	Jan-Dec 2019	Jan-Dec 2018	Change, %	Oct-Dec 2019	Oct-Dec 2018	Change, %
Revenue	12,483	10,739	16	5,292	4,120	28
Gross income	1,986	2,181	-9	668	562	19
Selling and administrative expenses	-791	-676	17	-291	-179	63
Operating income	1,195	1,505	-21	377	383	-2
Gross margin, %	15.9	20.3		12.6	13.6	
Selling and administrative expenses, %	-6.3	-6.3		-5.5	-4.3	
Operating margin, %	9.6	14.0		7.1	9.3	
Return on capital employed, % <sup>1</sup>	9.8	11.4		-	-	

1 For definition see page 16.

Revenue in the Residential Development business stream amounted to SEK 12,483 M (10,739). The number of homes sold totaled 3,853 (3,653) and construction started on 3,407 homes (4,480). Operating income amounted to SEK 1,195 M (1,505) and includes a negative impact of SEK -100 M in a goodwill impairment charge in Norway due to lower volumes than previously expected. The operating margin amounted to 9.6 percent (14.0) where the comparable period includes a larger positive effect from land divestment gains and release of provisions related to completion of projects in the Nordics.

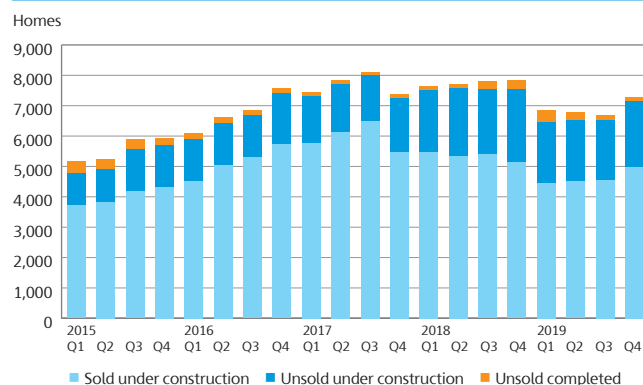
### Homes sold and started, rolling 12 months



### Homes sold and started

	Jan-Dec 2019	Jan-Dec 2018
Homes sold	3,853	3,653
Homes started	3,407	4,480

### Homes under construction and unsold



### Homes under construction and unsold

	Dec 31, 2019	Dec 31, 2018
Homes under construction	7,130	7,539
of which sold, %	70	68
Completed unsold, number of homes	134	314

Return on capital employed was 9.8 percent (11.4). At the end of the quarter, 7,130 homes (September 30, 2019: 6,508) were under construction. Of these, 70 percent (September 30, 2019: 70) were sold. The number of completed unsold homes decreased to 134 (September 30, 2019: 176). The number of completed homes amounted to 3,816 (4,414) for 2019.

### Breakdown of carrying amounts

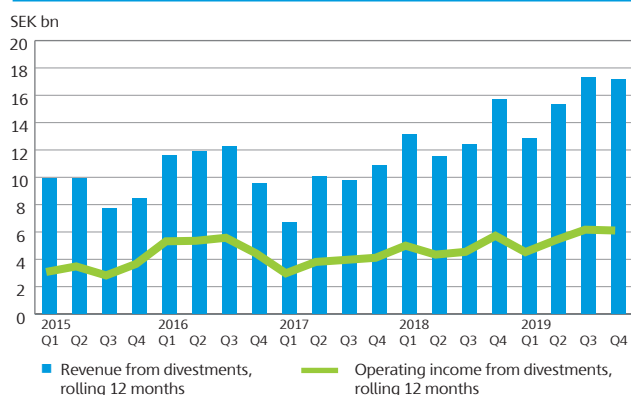
SEK M	Dec 31, 2019	Sep 30, 2019	Dec 31, 2018
Completed projects	567	558	903
Ongoing projects	7,902	8,204	8,213
Undeveloped land and development properties	8,196	8,455	7,446
<b>Total</b>	<b>16,665</b>	<b>17,217</b>	<b>16,562</b>

A breakdown of the carrying amounts for Residential Development is presented in the table above. Ongoing projects amounted to SEK 7.9 billion (September 30, 2019: 8.2) and undeveloped land and development properties amounted to SEK 8.2 billion (September 30, 2019: 8.5). The estimated unrealized surplus value in unsold homes in construction and undeveloped land and development properties amounted to SEK 3.2 billion. The undeveloped land and development properties correspond to Skanska-owned building rights for 26,200 homes and 1,300 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 13,600 building rights.



## Commercial Property Development

### Revenue and operating income from property divestments



### Revenue and earnings

SEK M	Jan-Dec 2019	Jan-Dec 2018	Change, %	Oct-Dec 2019	Oct-Dec 2018	Change, %
Revenue	17,850	16,271	10	7,063	7,082	0
of which from divestment of properties	17,133	15,720	9	6,799	6,943	-2
<b>Gross income</b>	<b>4,101</b>	<b>3,936</b>	<b>4</b>	<b>1,551</b>	<b>1,559</b>	<b>-1</b>
Selling and administrative expenses	-960	-928	3	-287	-298	-4
Income from joint ventures and associated companies	146	61	139	3	20	-85
<b>Operating income</b>	<b>3,287</b>	<b>3,069</b>	<b>7</b>	<b>1,267</b>	<b>1,281</b>	<b>-1</b>
of which from divestment of properties	4,275	4,005	7	1,610	1,653	-3
Return on capital employed, % <sup>1</sup>	10.5	12.3				

1 For definition see page 16.

In the Commercial Property Development business stream, divestments worth SEK 17,133 M (15,720) were made in 2019. Operating income amounted to SEK 3,287 M (3,069) and included gains from property divestments totaling SEK 4,275 M (4,005) as well as income from joint ventures totaling SEK 146 M (61).

### 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>	15,151	27,743	34,821	59	56
Completed projects <sup>4,5</sup>	6,054	6,054	7,775	65	100
Undeveloped land and development properties	9,801	9,801	10,802		
<b>Total</b>	<b>31,006</b>	<b>43,598</b>	<b>53,398</b>		
of which carrying amount <sup>6</sup>	30,848	43,440			
of which completed projects sold according to segment reporting	1,222	1,222	1,544		
of which ongoing projects sold according to segment reporting	3,860	6,412	7,648		

1 Market value according to appraisal on December 31, 2019.

2 Ongoing projects - estimated market value at completion fully leased.

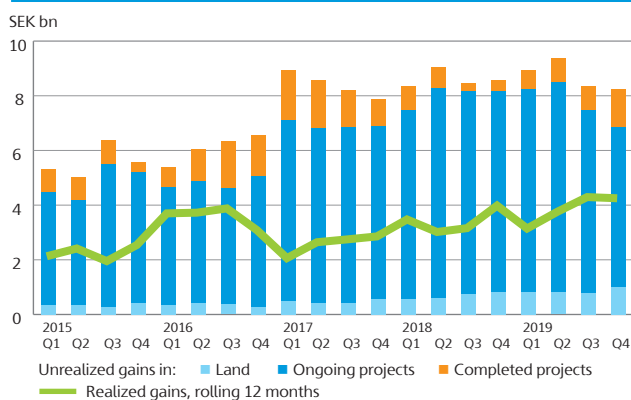
3 Including tenant improvement and leasing commissions in CDUS amounted to SEK 269 M.

4 Including tenant improvement and leasing commissions in CDUS amounted to SEK 737 M.

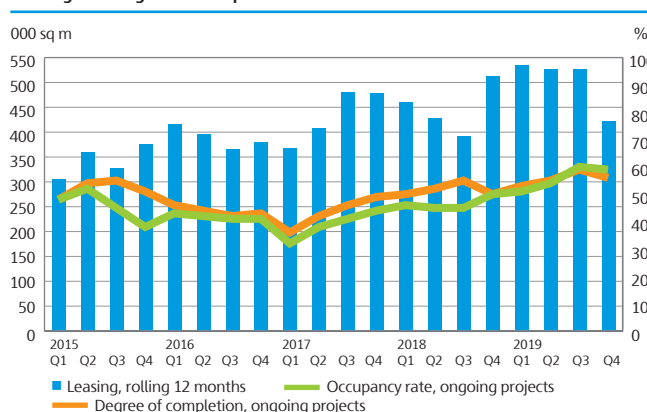
5 Skanska's share of total production cost in JVs is SEK 292 M end of period and upon completion.

6 Includes Skanska's total equity investment in JV of SEK 134 M.

### Unrealized and realized gains, segment reporting



### Leasing and degree of completion



Return on capital employed was 10.5 percent (12.3).

At the end of the quarter, Commercial Property Development had 42 ongoing projects. During the fourth quarter, five new projects were started and nine were completed. The 42 ongoing projects represent leasable space of about 941,000 sq m with an occupancy rate of 59 percent, measured in rent. The projects' degree of completion was 56 percent. Their investment value upon completion is expected to total SEK 27.7 billion, with an estimated market value of SEK 34.8 billion.

Of the ongoing projects, 17 have been divested according to segment reporting. These projects represent an investment value upon completion of SEK 6.4 billion, with a sales value of SEK 7.6 billion. By the end of the fourth quarter the total number of completed projects amounted to 12. The market value of these projects, excluding property divested according to segment reporting, was SEK 6.2 billion. The occupancy rate, measured in rent, totaled 65 percent (September 30, 2019: 68).

At the end of the quarter, unrealized gains, excluding properties divested according to segment reporting totaled SEK 8.2 billion. These gains related to SEK 5.8 billion in ongoing projects, SEK 1.4 billion in completed projects and SEK 1.0 billion in undeveloped land and development properties.

Accumulated eliminations of Intra-Group project gains amounted to SEK 547 M. These eliminations are released at the Group level as each project is divested. During 2019 new leases were signed for 421,000 sq m (511,000).

## Personnel

During 2019, the average number of employees in the Group was 34,756 (38,650). At the end of the 2019, the number of employees totaled 33,585 people (September 30, 2019: 34,730).

## 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.

## Other matters

### Annual General Meeting

The Annual General Meeting will be held at 10:00 a.m. CET on March 26, 2020, at Stockholm Waterfront Congress Centre, Stockholm, Sweden. The invitation to attend the meeting will be published no later than February 20, 2020.

### Dividend

The Board of Directors propose a dividend of SEK 6.25 (6.00) per share. The proposal is equivalent to a regular dividend payout totaling SEK 2,572 M (2,462). The Board of Directors proposes March 30, 2020, as the record date for the dividend. The total dividend amount may change up to the record date, depending on share repurchases and transfers.

### Events after the end of the report period

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

### Financial reports for 2020

Skanska's interim reports and year-end report are available for download on Skanska's website, [www.skanska.com/investors](http://www.skanska.com/investors). The 2019 Annual and Sustainability Report will be available on Skanska's website in the week commencing March 2, 2020.

The Group's remaining interim reports for 2020 will be published on the following dates:

April 28, 2020	Three Month Report
July 23, 2020	Six Month Report
November 5, 2020	Nine Month Report
February 5, 2021	Year-end Report

Stockholm February 7, 2020

### Anders Danielsson

President and Chief Executive Officer

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

## Accounting principles

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

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. Rows 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 considering 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 20,929 - tax assets -286 - deposits in internal bank -549 - pension receivable -29 - non-interest-bearing liabilities (excluding tax liabilities) -7,030 - capitalized interest expense -81 12,954	Measure capital usage and efficiency in Residential Development.
Capital employed Commercial Property Development (CD) SEK M	Total assets 38,747 - tax assets -445 - deposits in internal bank -19 - pension receivable 0 - non-interest-bearing liabilities (excluding tax liabilities) -3,452 - capitalized interest expense -336 34,495	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></td><td>1,195</td></tr> <tr><td>+ capitalized interest expense</td><td></td><td></td><td></td><td>82</td></tr> <tr><td>+/- financial income and other financial items</td><td></td><td></td><td></td><td>11</td></tr> <tr><td>- interest income from internal bank</td><td></td><td></td><td></td><td><u>-7</u></td></tr> <tr><td>Adjusted profit</td><td></td><td></td><td></td><td>1,281</td></tr> <tr><td>Capital employed average*</td><td></td><td></td><td></td><td>13,117</td></tr> <tr><td>ROCE RD</td><td></td><td></td><td></td><td>9.8%</td></tr> <tr><td colspan="5">* Capital employed average</td></tr> <tr><td>Q4 2019</td><td>12,954</td><td>x 0.5</td><td>6,477</td><td></td></tr> <tr><td>Q3 2019</td><td>13,444</td><td></td><td>13,444</td><td></td></tr> <tr><td>Q2 2019</td><td>12,854</td><td></td><td>12,854</td><td></td></tr> <tr><td>Q1 2019</td><td>12,873</td><td></td><td>12,873</td><td></td></tr> <tr><td>Q4 2018</td><td>13,636</td><td>x 0.5</td><td><u>6,818</u></td><td></td></tr> <tr><td></td><td></td><td></td><td>52,466 / 4</td><td>13,117</td></tr> </table>	Operating income				1,195	+ capitalized interest expense				82	+/- financial income and other financial items				11	- interest income from internal bank				<u>-7</u>	Adjusted profit				1,281	Capital employed average*				13,117	ROCE RD				9.8%	* Capital employed average					Q4 2019	12,954	x 0.5	6,477		Q3 2019	13,444		13,444		Q2 2019	12,854		12,854		Q1 2019	12,873		12,873		Q4 2018	13,636	x 0.5	<u>6,818</u>					52,466 / 4	13,117	Measure the performance (profitability and capital efficiency) in RD.
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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></td><td>3,287</td></tr> <tr><td>+ capitalized interest expense</td><td></td><td></td><td></td><td>232</td></tr> <tr><td>+/- financial income and other financial items</td><td></td><td></td><td></td><td>3</td></tr> <tr><td>- interest income from internal bank</td><td></td><td></td><td></td><td><u>-1</u></td></tr> <tr><td>Adjusted profit</td><td></td><td></td><td></td><td>3,521</td></tr> <tr><td>Capital employed average*</td><td></td><td></td><td></td><td>33,689</td></tr> <tr><td>ROCE CD</td><td></td><td></td><td></td><td>10.5%</td></tr> <tr><td colspan="5">* Capital employed average</td></tr> <tr><td>Q4 2019</td><td>34,495</td><td>x 0.5</td><td>17,248</td><td></td></tr> <tr><td>Q3 2019</td><td>36,744</td><td></td><td>36,744</td><td></td></tr> <tr><td>Q2 2019</td><td>34,600</td><td></td><td>34,600</td><td></td></tr> <tr><td>Q1 2019</td><td>32,828</td><td></td><td>32,828</td><td></td></tr> <tr><td>Q4 2018</td><td>26,672</td><td>x 0.5</td><td><u>13,336</u></td><td></td></tr> <tr><td></td><td></td><td></td><td>134,756 / 4</td><td>33,689</td></tr> </table>	Operating income				3,287	+ capitalized interest expense				232	+/- financial income and other financial items				3	- interest income from internal bank				<u>-1</u>	Adjusted profit				3,521	Capital employed average*				33,689	ROCE CD				10.5%	* Capital employed average					Q4 2019	34,495	x 0.5	17,248		Q3 2019	36,744		36,744		Q2 2019	34,600		34,600		Q1 2019	32,828		32,828		Q4 2018	26,672	x 0.5	<u>13,336</u>					134,756 / 4	33,689	Measure the performance (profitability and capital efficiency) in CD.
Operating income				3,287																																																																				
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<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>1,281</td> <td>13,117</td> <td>9.8%</td> </tr> <tr> <td>CD</td> <td>3,521</td> <td>33,689</td> <td>10.5%</td> </tr> <tr> <td></td> <td><u>4,802</u></td> <td><u>46,806</u></td> <td>10.3%</td> </tr> </tbody> </table>		Adjusted profit	CE avg	ROCE	RD	1,281	13,117	9.8%	CD	3,521	33,689	10.5%		<u>4,802</u>	<u>46,806</u>	10.3%	Measure the performance (profitability and capital efficiency) in Project Development.																																																						
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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. 6,349/29,675 =	Measure profitability on invested equity.																																										
<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%;">Q4 2019</td> <td style="width: 10%;">32,924</td> <td style="width: 5%;"></td> <td style="width: 5%;">x</td> <td style="width: 5%;">0.5</td> <td style="width: 10%;">16,462</td> <td style="width: 40%;"></td> </tr> <tr> <td>Q3 2019</td> <td>30,204</td> <td></td> <td></td> <td></td> <td>30,204</td> <td></td> </tr> <tr> <td>Q2 2019</td> <td>29,474</td> <td></td> <td></td> <td></td> <td>29,474</td> <td></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>x</td> <td>0.5</td> <td>14,625</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="border-top: 1px solid black;">118,700/4</td> <td>29,675</td> </tr> </table>	Q4 2019	32,924		x	0.5	16,462		Q3 2019	30,204				30,204		Q2 2019	29,474				29,474		Q1 2019	27,935				27,935		Q4 2018	29,250		x	0.5	14,625							118,700/4	29,675	
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					118,700/4	29,675																																						
<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%;">Q4 2019</td> <td style="width: 10%;">-26,401</td> <td style="width: 5%;"></td> <td style="width: 5%;">x</td> <td style="width: 5%;">0.5</td> <td style="width: 10%;">-13,201</td> <td style="width: 40%;"></td> </tr> <tr> <td>Q3 2019</td> <td>-24,371</td> <td></td> <td></td> <td></td> <td>-24,371</td> <td></td> </tr> <tr> <td>Q2 2019</td> <td>-24,332</td> <td></td> <td></td> <td></td> <td>-24,332</td> <td></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>x</td> <td>0.5</td> <td>-12,821</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="border-top: 1px solid black;">-100,251/4</td> <td>-25,063</td> </tr> </table>	Q4 2019	-26,401		x	0.5	-13,201		Q3 2019	-24,371				-24,371		Q2 2019	-24,332				-24,332		Q1 2019	-25,526				-25,526		Q4 2018	-25,641		x	0.5	-12,821							-100,251/4	-25,063	Measure the funding stemming from the negative working capital generated in Construction.
Q4 2019	-26,401		x	0.5	-13,201																																							
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Q4 2018	-25,641		x	0.5	-12,821																																							
					-100,251/4	-25,063																																						
<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	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.																																										
		32.9 3.2 9.8 1.6 <u>-1.4</u> 46.1																																										



## Reconciliation between segment reporting and IFRSs

SEK M	External revenue		Intra-Group revenue		Total revenue		Operating income	
	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Construction	146,000 <sup>1</sup>	143,264 <sup>1</sup>	13,579	14,630	159,579	157,894	3,772	1,099
Residential Development	12,431	10,739	52	0	12,483	10,739	1,195	1,505
Commercial Property Development	17,773	16,248	77	23	17,850	16,271	3,287	3,069
<b>Total operating segments</b>	<b>176,204</b>	<b>170,251</b>	<b>13,708</b>	<b>14,653</b>	<b>189,912</b>	<b>184,904</b>	<b>8,254</b>	<b>5,673</b>
Central	578	243	362	412	940	655	-388	-780
Eliminations	0	0	-14,070	-15,065	-14,070	-15,065	-38	-66
<b>Total Group</b>	<b>176,782</b>	<b>170,494</b>	<b>0</b>	<b>0</b>	<b>176,782</b>	<b>170,494</b>	<b>7,828</b>	<b>4,827</b>
Reconciliation to IFRSs <sup>2</sup>	-3,936	1,236	0	0	-3,936	1,236	-400	820
<b>Total IFRSs</b>	<b>172,846</b>	<b>171,730</b>	<b>0</b>	<b>0</b>	<b>172,846</b>	<b>171,730</b>	<b>7,428</b>	<b>5,647</b>

1 Of which external revenue from joint ventures in PPP-portfolio, SEK 7,223 M (8,173).

2 Of which effect from joint ventures in Residential Development proportionally	-532	-160					-144	-160
Of which effect of different revenue recognitions	-3,404	1,396					-256	980

## Revenue by geographical area (IFRS)

SEK M	Construction		Residential Development		Commercial Property Development		Central and eliminations		Total	
	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Nordics	60,113	58,474	10,897	11,570	5,691	5,561	-7,456	-7,729	69,245	67,876
of which Sweden	34,535	34,820	5,777	6,763	3,225	3,864	-5,172	-4,969	38,365	40,478
Europe	30,861	34,437	972	636	3,330	5,954	-4,084	-3,455	31,079	37,572
USA	68,605	64,983	0	0	5,245	4,301	-1,328	-3,002	72,522	66,282
<b>Total operating segments</b>	<b>159,579</b>	<b>157,894</b>	<b>11,869</b>	<b>12,206</b>	<b>14,266</b>	<b>15,816</b>	<b>-12,868</b>	<b>-14,186</b>	<b>172,846</b>	<b>171,730</b>

SEK M	Segment Jan-Dec 2019	IFRS Jan-Dec 2019	Segment Jan-Dec 2018	IFRS Jan-Dec 2018	Segment Oct-Dec 2019	IFRS Oct-Dec 2019	Segment Oct-Dec 2018	IFRS Oct-Dec 2018
<b>Revenue</b>								
Construction	159,579	159,579	157,894	157,894	42,411	42,411	42,580	42,580
Residential Development	12,483	11,869	10,739	12,206	5,292	3,489	4,120	4,580
Commercial Property Development	17,850	14,266	16,271	15,816	7,063	8,069	7,082	7,415
Central and eliminations	-13,130	-12,868	-14,410	-14,186	-3,369	-3,278	-4,093	-4,097
<b>Skanska Group</b>	<b>176,782</b>	<b>172,846</b>	<b>170,494</b>	<b>171,730</b>	<b>51,397</b>	<b>50,691</b>	<b>49,689</b>	<b>50,478</b>
<b>Operating income</b>								
Construction	3,772	3,772	1,099	1,099	1,092	1,092	868	868
Residential Development	1,195	1,435	1,505	1,877	377	192	383	697
Commercial Property Development <sup>1</sup>	3,287	2,677	3,069	3,503	1,267	1,712	1,281	1,639
Central	-388	-388	-780	-781	-247	-247	-141	-142
of which PPP-portfolio	24	24	31	31	-29	-29	42	42
Eliminations <sup>1</sup>	-38	-68	-66	-51	-36	18	-8	1
<b>Operating income</b>	<b>7,828</b>	<b>7,428</b>	<b>4,827</b>	<b>5,647</b>	<b>2,453</b>	<b>2,767</b>	<b>2,383</b>	<b>3,063</b>
<b>Net financial items</b>	<b>-103</b>	<b>-88</b>	<b>36</b>	<b>39</b>	<b>-34</b>	<b>-40</b>	<b>-17</b>	<b>-16</b>
<b>Income after financial items</b>	<b>7,725</b>	<b>7,340</b>	<b>4,863</b>	<b>5,686</b>	<b>2,419</b>	<b>2,727</b>	<b>2,366</b>	<b>3,047</b>
Taxes	-1,353	-1,286	-934	-1,092	-477	-525	-528	-664
<b>Profit for the period</b>	<b>6,372</b>	<b>6,054</b>	<b>3,929</b>	<b>4,594</b>	<b>1,942</b>	<b>2,202</b>	<b>1,838</b>	<b>2,383</b>
Earnings for the period per share, SEK <sup>2</sup>	15.46		9.55		4.71		4.48	
Earnings for the period per share according to IFRSs, SEK <sup>2</sup>		14.68		11.17		5.34		5.80
1 Of which gains from divestments of commercial properties reported in:								
Commercial Property Development	4,275	3,634	4,005	4,096	1,610	2,024	1,653	2,007
Eliminations	240	204	321	380	132	127	137	187

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

## The Skanska Group

### Summary income statement (IFRS)

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Revenue	172,846	171,730	50,691	50,478
Cost of sales	-156,540	-157,465	-44,780	-45,146
<b>Gross income</b>	<b>16,306</b>	<b>14,265</b>	<b>5,911</b>	<b>5,332</b>
Selling and administrative expenses	-9,469	-9,473	-3,206	-2,446
Income from joint ventures and associated companies	591	855	62	177
<b>Operating income</b>	<b>7,428</b>	<b>5,647</b>	<b>2,767</b>	<b>3,063</b>
Financial income	188	192	30	39
Financial expenses	-276	-153	-70	-55
<b>Net financial items<sup>1</sup></b>	<b>-88</b>	<b>39</b>	<b>-40</b>	<b>-16</b>
<b>Income after financial items</b>	<b>7,340</b>	<b>5,686</b>	<b>2,727</b>	<b>3,047</b>
Taxes	-1,286	-1,092	-525	-664
<b>Profit for the period</b>	<b>6,054</b>	<b>4,594</b>	<b>2,202</b>	<b>2,383</b>
1 Of which				
Interest income	152	144	32	43
Financial net pension costs	-84	-103	-25	-24
Interest expenses	-209	-335	-39	-111
Interest expenses from lease liabilities	-272	-	-73	-
Capitalized interest expenses	307	325	60	101
<b>Net interest items</b>	<b>-106</b>	<b>31</b>	<b>-45</b>	<b>9</b>
Change in fair value	4	11	6	0
Other net financial items	14	-3	-1	-25
<b>Net financial items</b>	<b>-88</b>	<b>39</b>	<b>-40</b>	<b>-16</b>
Profit attributable to:				
Equity holders	6,031	4,571	2,195	2,376
Non-controlling interests	23	23	7	7
Earnings per share, SEK <sup>2</sup>	14.68	11.17	5.34	5.80
Earnings per share after dilution, SEK <sup>3</sup>	14.62	11.11	5.32	5.77

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

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

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

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
<b>Profit for the period</b>	<b>6,054</b>	<b>4,594</b>	<b>2,202</b>	<b>2,383</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit and loss</b>				
Remeasurements of defined benefit plans	-895	-478	1,360	-1,058
Tax related to items that will not be reclassified to profit and loss	166	59	-305	218
	<b>-729</b>	<b>-419</b>	<b>1,055</b>	<b>-840</b>
<b>Items that have been or will be reclassified to profit and loss</b>				
Translation differences attributable to equity holders	672	1,299	-739	-275
Translation differences attributable to non-controlling interests	3	3	-2	-1
Hedging of exchange rate risk in foreign operations	4	-183	-43	6
Effects of cash flow hedges <sup>1</sup>	31	-30	79	28
Share of other comprehensive income of joint ventures and associated companies <sup>2</sup>	-41	272	116	-50
Tax related to items that have been or will be reclassified to profit and loss	-10	7	-13	-3
	<b>659</b>	<b>1,368</b>	<b>-602</b>	<b>-295</b>
<b>Other comprehensive income after tax</b>	<b>-70</b>	<b>949</b>	<b>453</b>	<b>-1,135</b>
<b>Total comprehensive income</b>	<b>5,984</b>	<b>5,543</b>	<b>2,655</b>	<b>1,248</b>
Total comprehensive income attributable to:				
Equity holders	5,958	5,517	2,650	1,242
Non-controlling interests	26	26	5	6
1 Of which transferred to income statement	2	0	6	0
2 Of which transferred to income statement	148	154	225	33

## Summary statement of financial position (IFRS)

SEK M	Dec 31, 2019	Dec 31, 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,742	7,645
Property, plant and equipment right-of-use assets	4,616	-
Goodwill	4,057	4,324
Intangible assets	865	975
Investments in joint ventures and associated companies	3,442	3,288
Financial non-current assets <sup>1,3</sup>	2,528	2,345
Deferred tax assets	1,862	1,933
<b>Total non-current assets</b>	<b>25,112</b>	<b>20,510</b>
<b>Current assets</b>		
Current-asset properties <sup>2</sup>	46,373	42,391
Current-asset properties right-of-use land	3,980	-
Inventories	1,128	1,256
Financial current assets <sup>3</sup>	6,899	7,117
Tax assets	670	396
Contract assets	5,898	6,661
Trade and other receivables	27,213	27,243
Cash	8,745	10,722
<b>Total current assets</b>	<b>100,906</b>	<b>95,786</b>
<b>TOTAL ASSETS</b>	<b>126,018</b>	<b>116,296</b>
of which interest-bearing financial non-current assets	2,483	2,302
of which interest-bearing current assets	15,517	17,769
<b>Total interest-bearing assets</b>	<b>18,000</b>	<b>20,071</b>
<b>EQUITY</b>		
Equity attributable to equity holders	32,924	29,250
Non-controlling interests	97	97
<b>Total equity</b>	<b>33,021</b>	<b>29,347</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial non-current liabilities <sup>3</sup>	2,565	3,912
Lease liabilities	7,843	-
Pensions	6,866	5,669
Deferred tax liabilities	1,045	711
<b>Total non-current liabilities</b>	<b>18,319</b>	<b>10,292</b>
<b>Current liabilities</b>		
Financial current liabilities <sup>3</sup>	4,617	7,310
Lease liabilities	1,078	-
Tax liabilities	564	615
Current provisions	10,021	9,922
Contract liabilities	20,419	20,738
Trade and other payables	37,979	38,072
<b>Total current liabilities</b>	<b>74,678</b>	<b>76,657</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>126,018</b>	<b>116,296</b>
of which interest-bearing financial liabilities	16,051	11,171
of which interest-bearing pensions and provisions	6,866	5,669
<b>Total interest-bearing liabilities</b>	<b>22,917</b>	<b>16,840</b>
1 Of which shares	44	41
2 Current-asset properties		
Commercial Property Development	29,708	25,829
Residential Development	16,665	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	2
Financial current assets	127	70
Financial non-current liabilities	2	3
Financial current liabilities	50	48

Note: Contingent liabilities amounted to SEK 38.8 bn on December 31, 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 8.8 bn.



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

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Opening balance	29,347	27,185	30,311	28,034
of which non-controlling interests	97	121	107	91
Change in accounting principle <sup>1</sup>	-67	-140	-	-
<b>Adjusted opening balance</b>	<b>29,280</b>	<b>27,045</b>	<b>30,311</b>	<b>28,034</b>
of which non-controlling interests	97	121	107	91
Dividend to shareholders	-2,462	-3,373	0	0
Change in group composition	0	-23	0	0
Dividend to non-controlling interests	-26	-27	-15	0
Effects of equity-settled share-based payments	245	254	70	65
Repurchase of shares	0	-72	0	0
Total comprehensive income attributable to				
Equity holders	5,958	5,517	2,650	1,242
Non-controlling interests	26	26	5	6
<b>Closing balance</b>	<b>33,021</b>	<b>29,347</b>	<b>33,021</b>	<b>29,347</b>
of which non-controlling interests	97	97	97	97

<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).

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

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
<b>Cash flow from operating activities before change in working capital, according to IAS 7</b>	<b>3,395</b>	<b>-20</b>	<b>1,044</b>	<b>-678</b>
<b>Cash flow from change in working capital, according to IAS 7</b>	<b>2,643</b>	<b>9,474</b>	<b>7,685</b>	<b>8,589</b>
Net investments in property, plant and equipment and intangible assets	-1453	-2157	-272	-462
Tax payments on sold property, plant and equipment and intangible assets	-62	-29	-9	-15
<b>Cash flow from business operations including taxes paid according to operating cash flow</b>	<b>4,523</b>	<b>7,268</b>	<b>8,448</b>	<b>7,434</b>
Less net investments in property, plant and equipment and intangible assets	1,453	2,157	272	462
Less tax payments on sold property, plant and equipment and intangible assets	62	29	9	15
<b>Cash flow from operating activities, according to IAS 7</b>	<b>6,038</b>	<b>9,454</b>	<b>8,729</b>	<b>7,911</b>
<b>Cash flow from strategic investments according to operating cash flow</b>	<b>-6</b>	<b>-16</b>	<b>0</b>	<b>0</b>
Net investments in property, plant and equipment and intangible assets	-1,453	-2,157	-272	-462
Increase and decrease in interest-bearing receivables	307	-165	-821	-91
Taxes paid on sold property, plant and equipment and intangible assets	-62	-29	-9	-15
<b>Cash flow from investing activities, according to IAS 7</b>	<b>-1,214</b>	<b>-2,367</b>	<b>-1,102</b>	<b>-568</b>
<b>Cash flow from financing operations according to operating cash-flow statement</b>	<b>-688</b>	<b>109</b>	<b>-109</b>	<b>84</b>
Change in interest-bearing receivables and liabilities excluding lease liabilities	-3,415	-311	-2,716	-1,054
Increase and decrease in interest-bearing receivables	-307	165	821	91
Dividend etc <sup>1</sup>	-2,488	-3,472	-15	0
<b>Cash flow from financing activities, according to IAS 7</b>	<b>-6,898</b>	<b>-3,509</b>	<b>-2,019</b>	<b>-879</b>
<b>Cash flow for the period</b>	<b>-2,074</b>	<b>3,578</b>	<b>5,608</b>	<b>6,464</b>

<sup>1</sup> Of which repurchases of shares SEK 0 M.

## Operating cash flow (IFRS), supplementary information

### Operating cash flow

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
<b>Construction</b>				
Cash flow from business operations	6,614	2,755	2,236	1,153
Change in working capital	-262	2,600	2,955	2,475
Net divestments(+)/investments(-)	-1,503	-2,080	-478	-459
<b>Total Construction</b>	<b>4,849</b>	<b>3,275</b>	<b>4,713</b>	<b>3,169</b>
<b>Residential Development</b>				
Cash flow from business operations	-707	-476	-265	-173
Change in working capital	1,055	30	95	263
Net divestments(+)/investments(-)	2,354	1,604	892	1,536
Cash flow adjustment	0	0	0	-8
<b>Total Residential Development</b>	<b>2,702</b>	<b>1,158</b>	<b>722</b>	<b>1,618</b>
<b>Commercial Property Development</b>				
Cash flow from business operations	-917	-1,193	-612	-1,232
Change in working capital	-1,130	1,393	70	280
Net divestments(+)/investments(-)	775	3,823	3,744	4,029
Cash flow adjustment	209	-39	-38	254
<b>Total Commercial Property Development</b>	<b>-1,063</b>	<b>3,984</b>	<b>3,164</b>	<b>3,331</b>
<b>Central and eliminations</b>				
Cash flow from business operations	-286	-692	-217	-160
Change in working capital	-314	17	117	-225
Net divestments(+)/investments(-)	6	-31	55	-18
of which PPP-portfolio	124	17	87	17
Cash flow adjustment	0	0	1	0
<b>Total central and eliminations</b>	<b>-594</b>	<b>-706</b>	<b>-44</b>	<b>-403</b>
Total cash flow from business operations	4,704	394	1,142	-412
Total change in working capital	-651	4,040	3,237	2,793
Total net divestments(+)/investments(-)	1,632	3,316	4,213	5,088
Total cash flow adjustment	209	-39	-37	246
<b>Cash flow from business operations before taxes paid</b>	<b>5,894</b>	<b>7,711</b>	<b>8,555</b>	<b>7,715</b>
Taxes paid in business operations	-1,371	-443	-107	-281
<b>Cash flow from business operations including taxes paid</b>	<b>4,523</b>	<b>7,268</b>	<b>8,448</b>	<b>7,434</b>
Net interest items, other net financial items and amortization of lease liabilities	-983	156	-156	120
Taxes paid in financing operations	295	-47	47	-36
<b>Cash flow from financing operations</b>	<b>-688</b>	<b>109</b>	<b>-109</b>	<b>84</b>
<b>Operating cash flow from operations</b>	<b>3,835</b>	<b>7,377</b>	<b>8,339</b>	<b>7,518</b>
Net strategic divestments(+)/investments(-)	-6	-16	0	0
Dividend etc <sup>1</sup>	-2,488	-3,472	-15	0
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>1,341</b>	<b>3,889</b>	<b>8,324</b>	<b>7,518</b>
Change in interest-bearing receivables and liabilities excluding lease liabilities	-3,415	-311	-2,716	-1,054
<b>Cash flow for the period</b>	<b>-2,074</b>	<b>3,578</b>	<b>5,608</b>	<b>6,464</b>
Cash and cash equivalents at the beginning of the period	10,722	6,998	3,245	4,262
Exchange rate differences in cash and cash equivalents	97	146	-108	-4
<b>Cash and cash equivalents at the end of the period</b>	<b>8,745</b>	<b>10,722</b>	<b>8,745</b>	<b>10,722</b>

1 Of which repurchases of shares SEK 0 M.

## Group net divestments/investments (IFRS)

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
<b>OPERATIONS – INVESTMENTS</b>				
Intangible assets	-116	-225	-8	-66
Property, plant and equipment	-2,566	-2,351	-915	-659
Shares and participations	-108	-99	0	3
Current-asset properties	-22,173	-21,849	-6,744	-6,199
of which Residential Development	-9,308	-10,449	-2,553	-2,937
of which Commercial Property Development	-12,865	-11,400	-4,191	-3,262
<b>Investments in operations</b>	<b>-24,963</b>	<b>-24,524</b>	<b>-7,667</b>	<b>-6,921</b>
<b>STRATEGIC INVESTMENTS</b>				
Businesses	-6	-16	0	0
<b>Strategic investments</b>	<b>-6</b>	<b>-16</b>	<b>0</b>	<b>0</b>
<b>Total Investments</b>	<b>-24,969</b>	<b>-24,540</b>	<b>-7,667</b>	<b>-6,921</b>
<b>OPERATIONS – DIVESTMENTS</b>				
Intangible assets	25	6	20	6
Property, plant and equipment	1,028	428	386	247
Shares and participations	284	84	245	7
Current-asset properties	25,258	27,322	11,229	11,749
of which Residential Development	11,740	12,068	3,455	4,483
of which Commercial Property Development	13,518	15,254	7,774	7,266
<b>Divestments in operations</b>	<b>26,595</b>	<b>27,840</b>	<b>11,880</b>	<b>12,009</b>
<b>Total divestments</b>	<b>26,595</b>	<b>27,840</b>	<b>11,880</b>	<b>12,009</b>
<b>TOTAL NET DIVESTMENTS(+)/INVESTMENTS(-)</b>	<b>1,626</b>	<b>3,300</b>	<b>4,213</b>	<b>5,088</b>
Depreciation, non-current assets	-3,043	-1,780	-776	-510

## Capital employed in Project Development (IFRS)

SEK M	Dec 31, 2019	Sep 30, 2019	Dec 31, 2018
Residential Development	12,954	13,444	13,636
Commercial Property Development	34,495	36,744	26,672
<b>Total in Project Development</b>	<b>47,449</b>	<b>50,188</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-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Revenue	729	739	257	261
Selling and administrative expenses	-533	-697	-167	-137
<b>Operating income</b>	<b>196</b>	<b>42</b>	<b>90</b>	<b>124</b>
Net financial items	2,863	3,931	-111	-29
<b>Income after financial items</b>	<b>3,059</b>	<b>3,973</b>	<b>-21</b>	<b>95</b>
Taxes	-21	-3	-3	-29
<b>Profit for the period</b>	<b>3,038</b>	<b>3,970</b>	<b>-24</b>	<b>66</b>
<b>Total comprehensive income</b>	<b>3,038</b>	<b>3,970</b>	<b>-24</b>	<b>66</b>

### Summary balance sheet (IFRS)

SEK M	Dec 31, 2019	Dec 31, 2018
<b>ASSETS</b>		
Intangible non-current assets	11	13
Property, plant and equipment	0	1
Financial non-current assets <sup>2</sup>	11,810	11,768
<b>Total non-current assets</b>	<b>11,821</b>	<b>11,782</b>
Current receivables	157	149
<b>Total current assets</b>	<b>157</b>	<b>149</b>
<b>TOTAL ASSETS</b>	<b>11,978</b>	<b>11,931</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	8,788	7,996
Provisions	254	315
Non-current interest-bearing liabilities <sup>2</sup>	2,816	3,500
Current liabilities	120	120
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,978</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 318 M (Dec 31, 2018: 301) were intra-Group receivables and SEK 2,816 M (Dec 31, 2018: 3,500) intra-Group liabilities.

Note: The Parent Company's contingent liabilities totaled SEK 173.5 bn on December 31, 2019 (Dec 31, 2018: 167.8), of which SEK 155.0 bn (Dec 31, 2018: 144.0) was related to obligations on behalf of Group companies. Other obligations, SEK 18.5 bn on December 31, 2019 (Dec 31 2018: 23.8), were related to commitments to outside parties.

## Share data

	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Earnings per share according to segment reporting, SEK <sup>1</sup>	15.46	9.55	4.71	4.48
Earnings per share, SEK <sup>1</sup>	14.68	11.17	5.34	5.80
Earnings per share after dilution, SEK <sup>2</sup>	14.62	11.11	5.32	5.77
Equity per share, SEK <sup>3</sup>	80.01	71.40		
Adjusted equity per share, SEK <sup>4</sup>	112.04	103.99		
Average number of shares outstanding	410,720,937	409,130,770		
Average number of shares outstanding after dilution	412,585,074	411,415,278		
Average dilution, %	0.45	0.56		
Number of shares, at balance sheet date	419,903,072	419,903,072		
Average price of total repurchased shares, SEK	137.54	137.54		
Number of total Series B shares repurchased	26,888,228	26,888,228		
of which repurchased during the year	0	435,000	0	0
Number of shares in Skanska's own custody	8,394,479	10,224,634		
Number of shares outstanding	411,508,593	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-Dec 2019	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2016	Jan-Dec 2015
Revenue	176,782	170,494	160,823	151,307	154,935
Operating income	7,828	4,827	5,504	8,199	6,461
Profit for the period	6,372	3,929	4,934	6,526	4,929
Earnings per share, SEK	15.46	9.55	12.01	15.89	11.96
Return on capital employed, %	15.1	11.2	13.3	21.8	17.8
Return on equity, %	21.4	14.1	18.6	28.3	22.5
Operating margin, %	4.4	2.8	3.4	5.4	4.2
Return on capital employed according to IFRSs, %	14.3	13.0	11.1	19.2	17.4
Cash flow per share according to IFRSs, SEK <sup>1</sup>	3.26	9.51	-2.44	-10.16	11.90

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

## Exchange rates for the most important currencies

SEK	Average exchange rates		Exchange rates on the closing day	
	Jan-Dec 2019	Jan-Dec 2018	Dec 31, 2019	Dec 31, 2018
US dollar	9.46	8.70	9.33	8.94
British pound	12.07	11.60	12.24	11.35
Norwegian krone	1.07	1.07	1.06	1.03
Euro	10.58	10.26	10.45	10.25
Czech koruna	0.41	0.40	0.41	0.40
Polish zloty	2.46	2.41	2.45	2.38

## Construction

### Revenue and earnings

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Revenue	159,579	157,894	42,411	42,580
<b>Gross income</b>	<b>10,437</b>	<b>8,045</b>	<b>3,175</b>	<b>2,605</b>
Selling and administrative expenses	-6,702	-6,998	-2,094	-1,764
Income from joint ventures and associated companies	37	52	11	27
<b>Operating income</b>	<b>3,772</b>	<b>1,099</b>	<b>1,092</b>	<b>868</b>
Investments	-2,542	-2,526	-875	-704
Divestments	1,039	430	397	245
<b>Net divestments(+)/investments(-)</b>	<b>-1,503</b>	<b>-2,096</b>	<b>-478</b>	<b>-459</b>
Gross margin, %	6.5	5.1	7.5	6.1
Selling and administrative expenses, %	-4.2	-4.4	-4.9	-4.1
Operating margin, %	2.4	0.7	2.6	2.0
Order bookings, SEK bn	145.8	151.7	49.0	49.1
Order backlog, SEK bn	185.4	192.0	-	-
Employees	33,225	37,006	-	-

### Revenue by business/reporting unit

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Nordics	59,600	57,819	16,736	16,720
of which Sweden	35,233	35,490	10,078	10,643
Europe	31,366	34,735	8,151	9,280
USA	68,613	65,340	17,524	16,580
<b>Total</b>	<b>159,579</b>	<b>157,894</b>	<b>42,411</b>	<b>42,580</b>

### Operating income

SEK M	Operating income				Operating margin, %			
	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Nordics	2,299	2,177	723	600	3.9	3.8	4.3	3.6
of which Sweden	1,330	1,617	484	425	3.8	4.6	4.8	4.0
Europe	473	-421	18	143	1.5	neg	0.2	1.5
USA	1,000	-657	351	125	1.5	neg	2.0	0.8
<b>Total</b>	<b>3,772</b>	<b>1,099</b>	<b>1,092</b>	<b>868</b>	<b>2.4</b>	<b>0.7</b>	<b>2.6</b>	<b>2.0</b>

### Order backlog

SEK M	Order backlog		Order bookings				Book-to build, R-12m	
	Dec 31, 2019	Dec 31, 2018	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018	Dec 31, 2019	Dec 31, 2018
Nordics	62,244	61,639	59,437	65,239	15,797	19,402	100	113
of which Sweden	37,771	35,388	37,596	35,922	8,153	11,372	107	101
Europe	24,699	34,941	18,953	30,557	6,293	8,402	60	88
USA	98,427	95,462	67,428	55,923	26,938	21,343	98	86
<b>Total</b>	<b>185,370</b>	<b>192,042</b>	<b>145,818</b>	<b>151,719</b>	<b>49,028</b>	<b>49,147</b>	<b>91</b>	<b>96</b>



## Residential Development

### Revenue and earnings

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Revenue	12,483	10,739	5,292	4,120
<b>Gross income</b>	<b>1,986</b>	<b>2,181</b>	<b>668</b>	<b>562</b>
Selling and administrative expenses	-791	-676	-291	-179
<b>Operating income</b>	<b>1,195</b>	<b>1,505</b>	<b>377</b>	<b>383</b>
Operating margin, %	9.6	14.0	7.1	9.3
Investments	-9,437	-10,542	-2,590	-3,026
Divestments	11,793	12,146	3,482	4,562
<b>Net divestments(+)/investments(-)</b>	<b>2,356</b>	<b>1,604</b>	<b>892</b>	<b>1,536</b>
Capital employed, SEK bn	13.0	13.6	-	-
Return on capital employed, % <sup>1</sup>	9.8	11.4	-	-
Employees	551	542	-	-

### Revenue

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Nordics	11,296	9,574	4,874	3,712
of which Sweden	6,569	4,863	3,052	1,719
Europe	1,187	1,165	418	408
<b>Total</b>	<b>12,483</b>	<b>10,739</b>	<b>5,292</b>	<b>4,120</b>

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

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Nordics	1,034	1,358	350	355
of which Sweden	675	752	322	216
Europe	161	147	27	28
<b>Total</b>	<b>1,195</b>	<b>1,505</b>	<b>377</b>	<b>383</b>

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

Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
9.2	14.2	7.2	9.6
10.3	15.5	10.6	12.6
13.6	12.6	6.5	6.9
<b>9.6</b>	<b>14.0</b>	<b>7.1</b>	<b>9.3</b>

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

### Homes started

	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Nordics	2,847	3,512	1,328	1,623
of which Sweden	2,003	2,183	790	835
Europe	560	968	350	132
<b>Total</b>	<b>3,407</b>	<b>4,480</b>	<b>1,678</b>	<b>1,755</b>

### Homes sold

Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
3,203	2,968	1,350	1,200
2,057	1,861	941	756
650	685	175	239
<b>3,853</b>	<b>3,653</b>	<b>1,525</b>	<b>1,439</b>

### Homes under construction

	Dec 31, 2019	Dec 31, 2018
Nordics	5,672	5,969
of which Sweden	3,789	3,725
Europe	1,458	1,570
<b>Total</b>	<b>7,130</b>	<b>7,539</b>

### Completed unsold, number of homes

Dec 31, 2019	Dec 31, 2018
121	301
56	187
13	13
<b>134</b>	<b>314</b>

### Homes under construction of which sold, %

Dec 31, 2019	Dec 31, 2018
69	68
70	72
72	68
<b>70</b>	<b>68</b>

## Commercial Property Development

### Revenue and earnings

SEK M	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Revenue	17,850	16,271	7,063	7,082
of which from divestment of properties	17,133	15,720	6,799	6,943
<b>Gross income</b>	<b>4,101</b>	<b>3,936</b>	<b>1,551</b>	<b>1,559</b>
Selling and administrative expenses	-960	-928	-287	-298
Income from joint ventures and associated companies	146	61	3	20
<b>Operating income</b>	<b>3,287</b>	<b>3,069</b>	<b>1,267</b>	<b>1,281</b>
of which gain from divestment of properties <sup>1</sup>	4,275	4,005	1,610	1,653
of which write-downs/reversal of write-downs	-89	-107	-19	-104
1 Additional gains included in eliminations	240	321	132	137
Investments	-12,946	-11,452	-4,219	-3,249
Divestments	13,713	15,275	7,963	7,278
<b>Net divestments(+)/investments(-)</b>	<b>767</b>	<b>3,823</b>	<b>3,744</b>	<b>4,029</b>
Capital employed, SEK bn	34.5	26.7	-	-
Return on capital employed, %	10.5	12.3	-	-
Employees	427	414	-	-

### Revenue

SEK M					of which from divestments			
	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Nordics	6,665	7,549	1,011	2,446	6,435	7,278	945	2,369
Europe	4,398	4,421	825	629	4,283	4,291	771	615
USA	6,787	4,301	5,227	4,007	6,415	4,151	5,083	3,959
<b>Total</b>	<b>17,850</b>	<b>16,271</b>	<b>7,063</b>	<b>7,082</b>	<b>17,133</b>	<b>15,720</b>	<b>6,799</b>	<b>6,943</b>

### Operating income

SEK M					of which from divestments			
	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Nordics	1,323	1,306	269	207	1,702	1,628	365	285
Europe	695	704	-83	-38	1,155	1,113	91	107
USA	1,269	1,059	1,081	1,112	1,418	1,264	1,154	1,261
<b>Total</b>	<b>3,287</b>	<b>3,069</b>	<b>1,267</b>	<b>1,281</b>	<b>4,275</b>	<b>4,005</b>	<b>1,610</b>	<b>1,653</b>

### Capital employed

SEK M	Dec 31, 2019	Dec 31, 2018
Nordics	11,595	9,584
Europe	9,803	7,135
USA	13,097	9,953
<b>Total</b>	<b>34,495</b>	<b>26,672</b>

## PPP–Portfolio value

### Unrealized development gain in PPP-portfolio

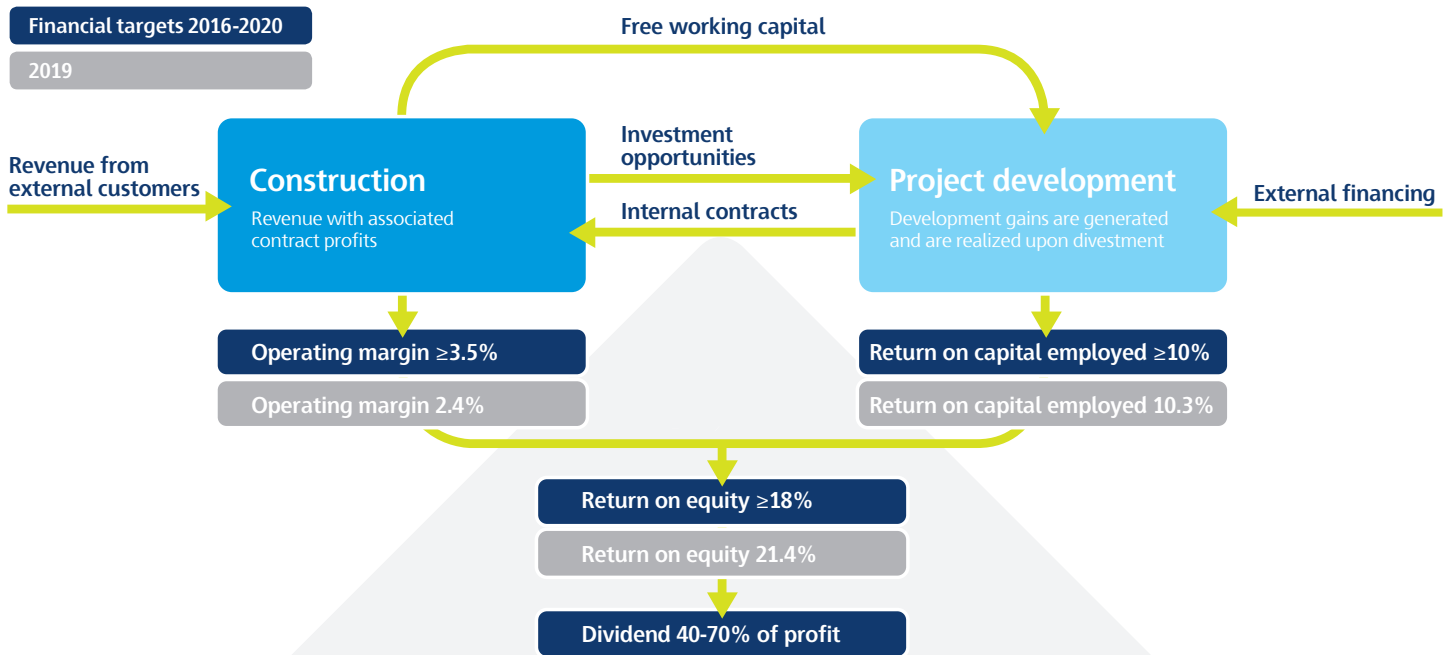
SEK bn	Dec 31, 2019	Sep 30, 2019	Dec 31, 2018
Present value of cash flow from projects	4.9	5.0	4.7
Present value of remaining investments	-1.1	-1.1	-1.1
<b>Net present value of projects</b>	<b>3.8</b>	<b>3.9</b>	<b>3.6</b>
Carrying amount before Cash flow hedge / Carrying amount	-2.5	-2.6	-2.5
<b>Unrealized development gain</b>	<b>1.3</b>	<b>1.3</b>	<b>1.1</b>
Cash flow hedge	0.3	0.5	0.3
<b>Effect in unrealized equity<sup>1</sup></b>	<b>1.6</b>	<b>1.8</b>	<b>1.4</b>

<sup>1</sup> 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 23.0 billion of Skanska’s total order backlog are contracts involving more than one Business Unit, with revenue from internal contracts amounting to SEK 20.4 billion.

Construction revenue from internal Project Development contracts amounted to:



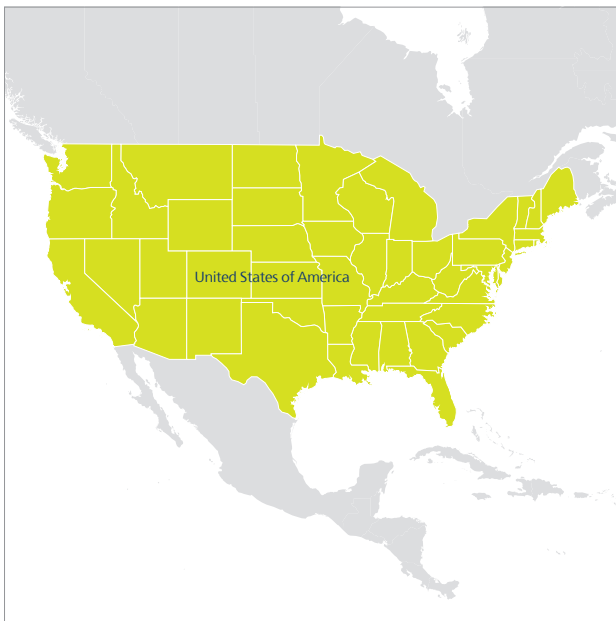
Skanska has invested in a new office project at Universitetsholmen in Malmö, Sweden. The Aqua office building comprises nine floors and will have a leasable areas of about 10,000 square meters. Aqua will be certified in accordance with the international standard WELL and LEED, Platinum level. Construction is underway and the office building is scheduled for completion during 2022.

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



Skanska USA Building and Skanska USA Civil are leading the project to build the the Lynnwood Link extension in Washington, USA. The project is located in the cities of Shoreline, Mountlake Terrace and Lynnwood. The project also include 3.5 kilometers aerial guideway, two elevated stations and a five story parking garage. Construction is underway and is scheduled for completion in the summer of 2024.

## Skanska's home markets



### For further information, please contact:

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This report will also be presented via a telephone conference and a webcast at 10:00 a.m. (CET) on February 7, 2020. The telephone conference will be webcasted live at [www.skanska.com/investors](http://www.skanska.com/investors), where a recording of the conference will also be available later. To participate in the telephone conference, please dial +46 8 566 426 51, or +44 333 300 0804, or +1 631 913 1422. PIN code 79556082#. This and previous releases can also be found at [www.skanska.com/investors](http://www.skanska.com/investors).