

SKANSKA

Three month report 2020

**We build
for a better
society.**

Slussen
Stockholm, Sweden



Three month report 2020

- Strong performance in all three business streams
 - Improving operating margin in Construction
 - Strong volumes in Residential Development
 - Impressive gains in Commercial Property Development
- All-time-high operating income in Q1 and R-12
- Return on Equity 27.0% (13.4)
- Rapidly deteriorating and uncertain market outlook
 - Protecting our people and the company
 - Dividend proposal withdrawn
 - Strong financial position



Slussen, Stockholm, Sweden

Construction

- Revenue SEK 35.9 bn (35.3)
- Order bookings SEK 41.3 bn (27.3)
 - Book-to-build 100%, R-12
 - Order backlog SEK 199.0 bn (190.1)
- Operating income SEK 589 M (371)
 - Operating margin 1.6% (1.1)
- Profitability continues to improve
- About 370 projects impacted by inefficiencies or shutdowns due to Covid-19
- Weaker market outlook
- Strategy remains: Selective bidding, improved commercial focus and increased cost efficiency



Bridge over the Potomac River, Virginia, USA

Residential Development

- Revenue SEK 3.4 bn (2.1)
 - 911 (740) homes sold
 - 971 (423) homes started
- Operating income SEK 394 M (198)
 - Operating margin 11.6% (9.2)
- ROCE 11.5% (11.3)
- Strong volumes and good profitability
- Slowdown in sales after Covid-19 outbreak
- Hand-overs according to plan, but some postponements
- Weaker market outlook
- Long-term ambition to be a leading developer in our markets



Čertův vršek, Prague, Czech Republic

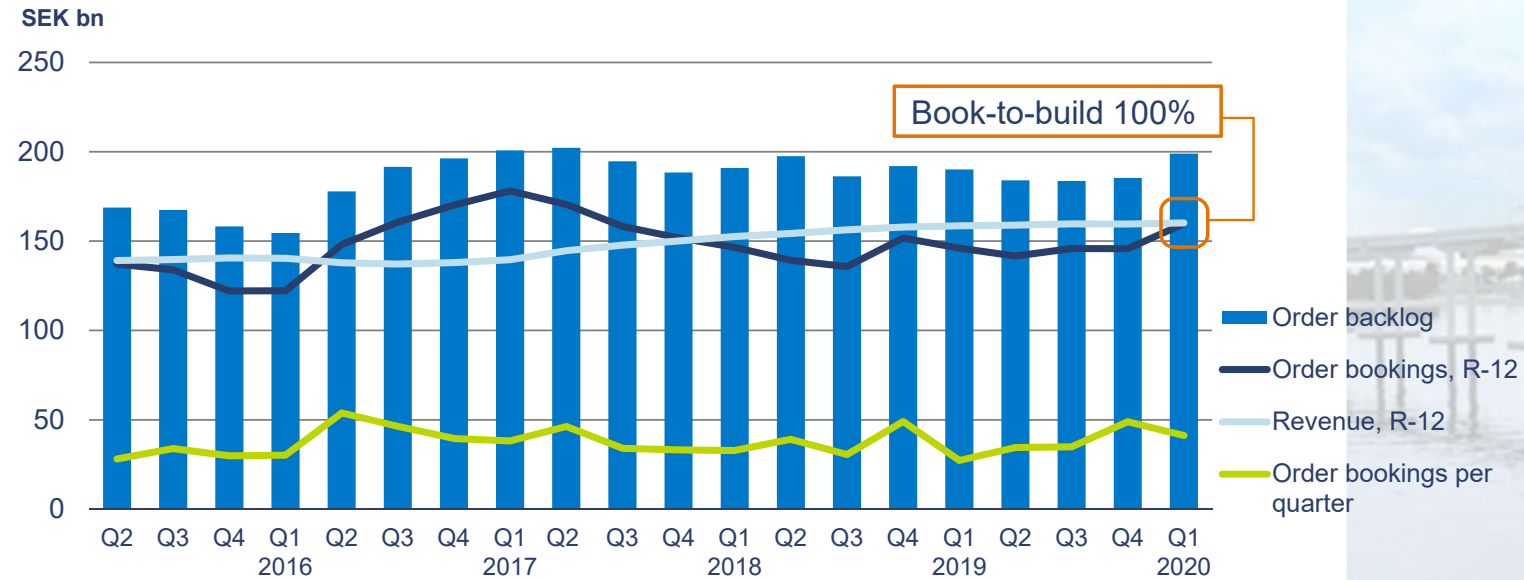
Commercial Property Development

- Operating income SEK 2,112 M (84)
 - Gain on sale SEK 2,282 M (345), including JVs
 - All-time-high gain on sale
- ROCE 16.0% (8.9)
- 37 ongoing projects
 - SEK 25.9 bn in investment value upon completion
 - 57% occupancy rate / 60% completion rate
 - 1 project started
- 48,000 sq m leased (86,000)
- Risk-averse investors and slower leasing
- Weaker market outlook
- Long-term ambition to grow this business stream



Construction

Order situation



SEK bn	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Revenue	35.9	35.3	159.6
Order bookings	41.3	27.3	145.8
Order backlog	199.0	190.1	185.4



Bridge over the Potomac River, Virginia, USA

Construction

Order bookings

SEK bn	Jan–Mar 2020	Jan–Mar 2019	Book- to-build, %	Months of production
Nordics	15.8	12.5	105	13
of which Sweden	8.2	8.4	106	13
Europe	11.6	3.9	87	12
USA	13.8	10.9	101	17
Total	41.3	27.3	100	15

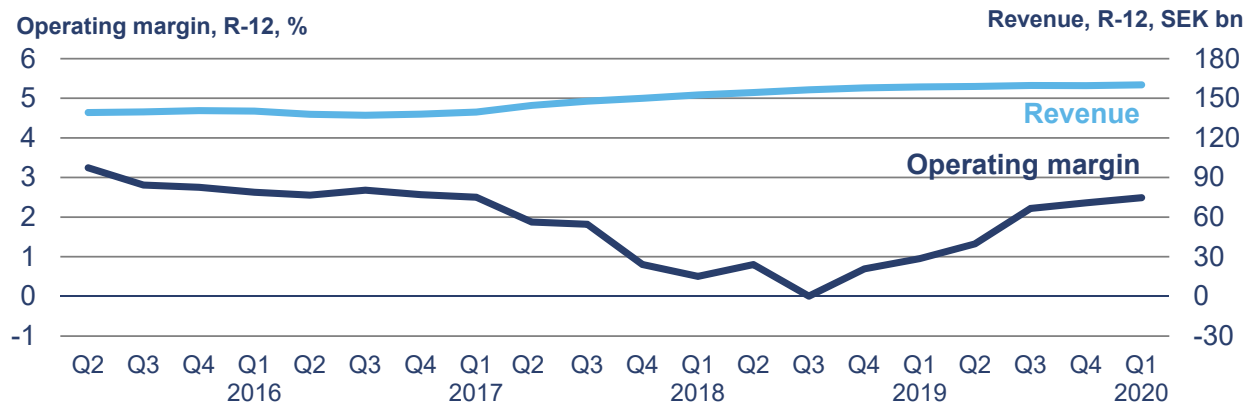
Postponement in new order approvals by clients



Bridge over the Potomac River, Virginia, USA

Construction

Income statement



SEK bn	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Revenue	35.9	35.3	159.6
Gross income	2.2	1.9	10.4
Selling and administrative expenses	-1.6	-1.6	-6.7
Operating income	0.6	0.4	3.8
Gross margin, %	6.2	5.5	6.5
Selling and administrative expenses, %	-4.5	-4.5	-4.2
Operating margin, %	1.6	1.1	2.4



Construction

Income statement

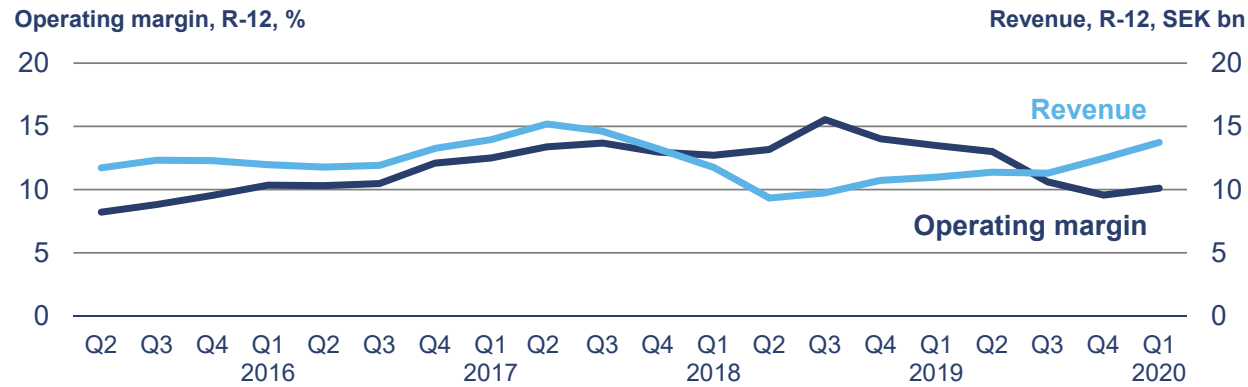
	Operating income, SEK M		Operating margin, %	
	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019
Nordics	280	270	2.1	2.1
of which Sweden	150	149	2.0	2.0
Europe	-4	-94	neg	neg
USA	313	195	1.9	1.3
Total	589	371	1.6	1.1



Bridge over the Potomac River, Virginia, USA

Residential Development

Income statement, segment reporting



SEK bn	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Revenue	3,400	2,141	12,483
Gross income	554	368	1,986
Selling and administrative expenses	-160	-170	-791
Operating income	394	198	1,195
Gross margin, %	16.3	17.2	15.9
Selling and administrative expenses, %	-4.7	-7.9	-6.3
Operating margin, %	11.6	9.2	9.6



Residential Development

Income statement

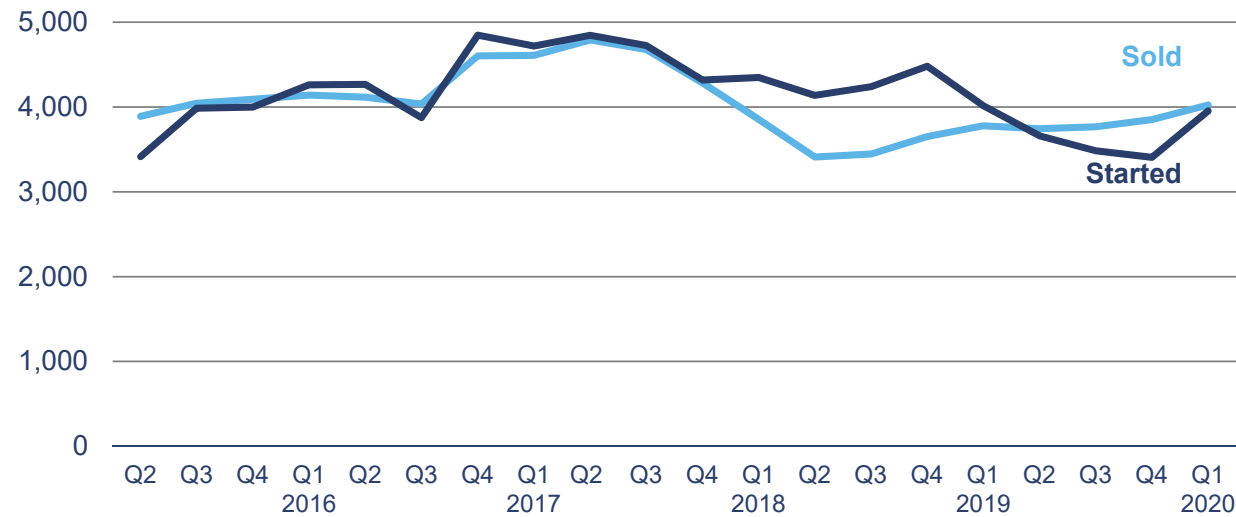
	Operating income, SEK M		Operating margin, %	
	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019
Nordics	355	164	11.7	8.9
of which Sweden	198	44	13.8	4.8
Europe	39	34	10.7	11.1
Total	394	198	11.6	9.2



Residential Development

Homes started and sold

Homes, R-12

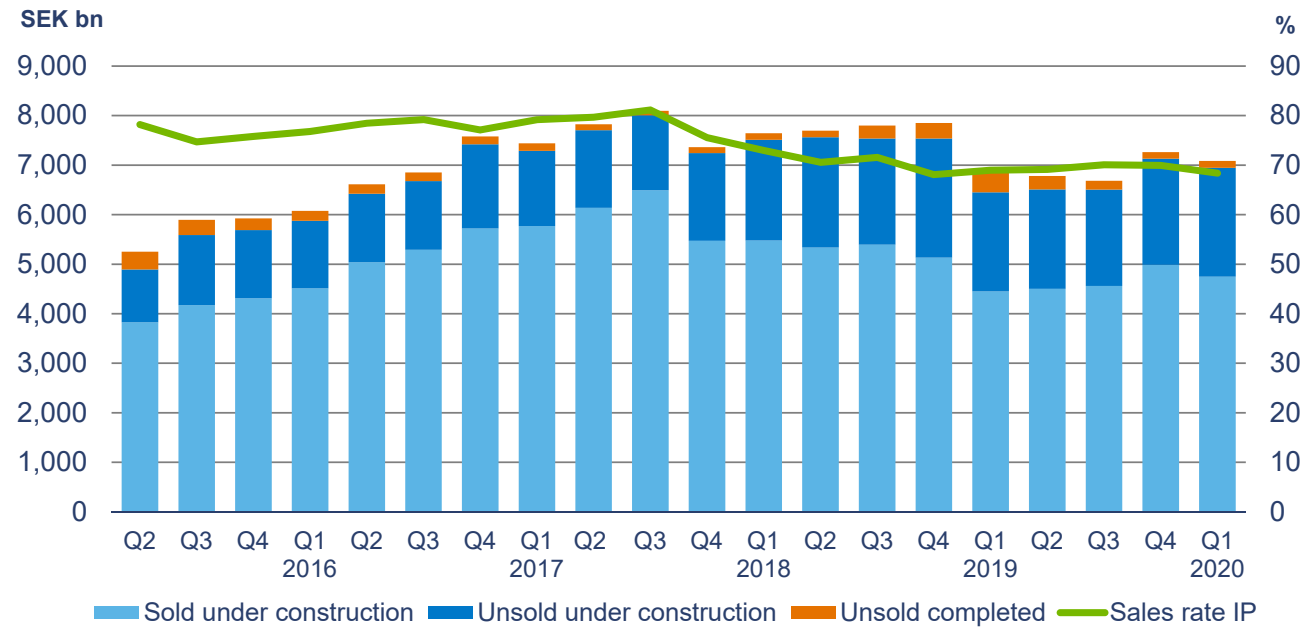


Homes started			Homes sold		
Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
971	423	3,407	911	740	3,853



Residential Development

Homes in production



Homes in production		Of which sold, %		Unsold completed homes	
Mar 31, 2020	Dec 31, 2019	Mar 31, 2020	Dec 31, 2019	Mar 31, 2020	Dec 31, 2019
6,948	7,130	68	70	139	134



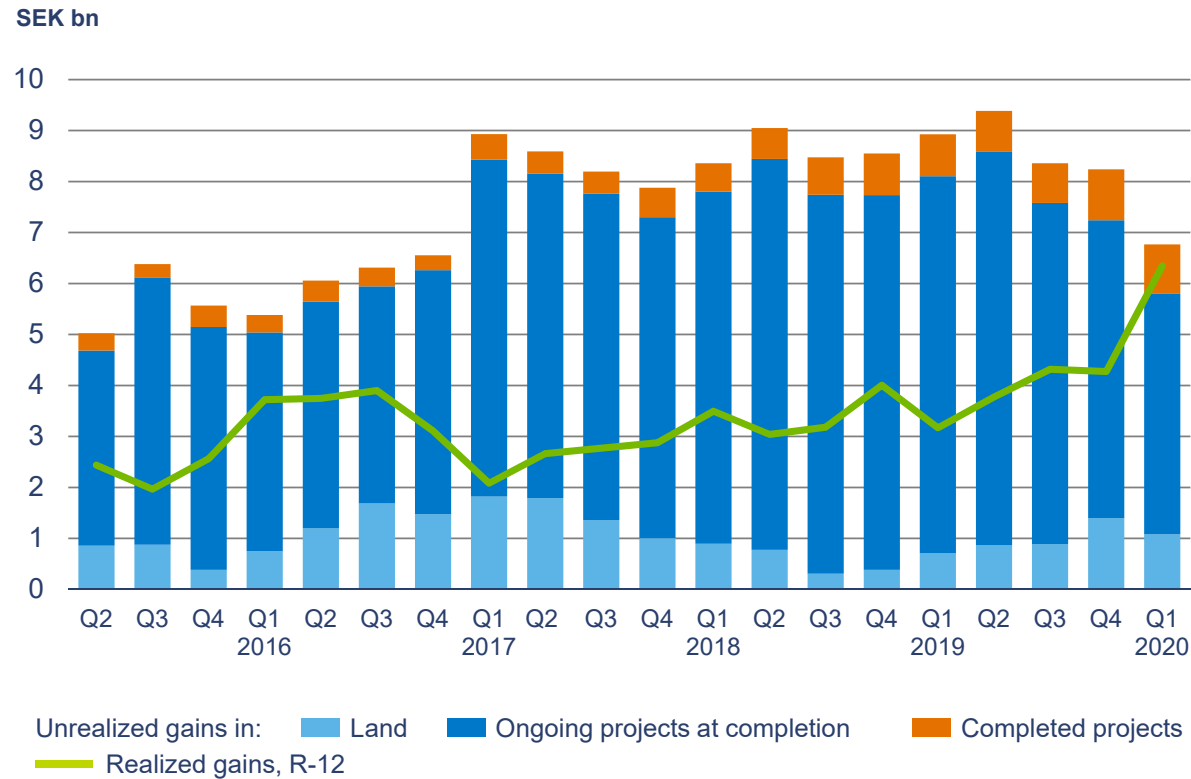
Commercial Property Development

SEK M	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Revenue	4,759	884	17,850
Gross income	2,330	182	4,101
Selling and administrative expenses	-215	-229	-960
Income from joint ventures and associated companies	-3	131	146
Operating income	2,112	84	3,287
of which gain from divestments of properties ¹	2,285	214	4,275
of which write downs/reversal of write downs	-	-69	-89
1 Additional gain included in eliminations	122	22	240



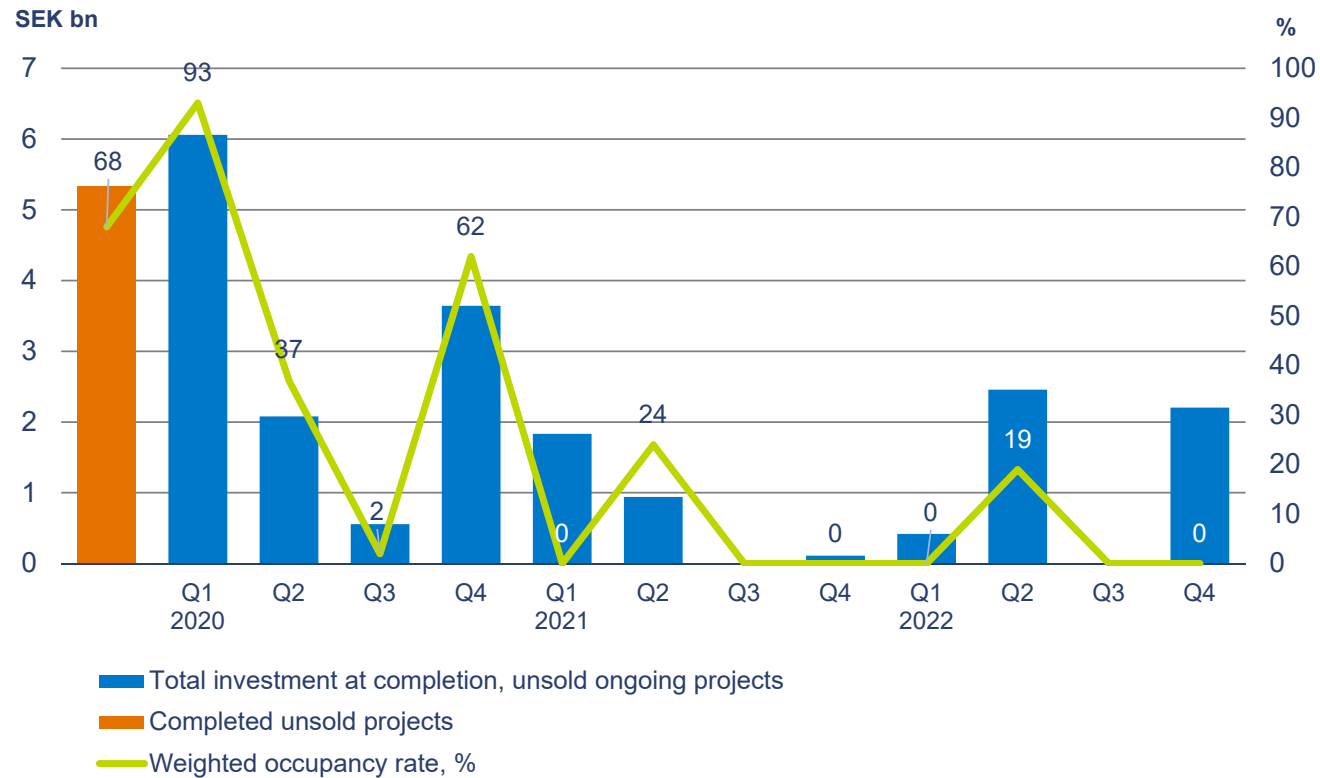
Commercial Property Development

Unrealized and realized gains, segment reporting

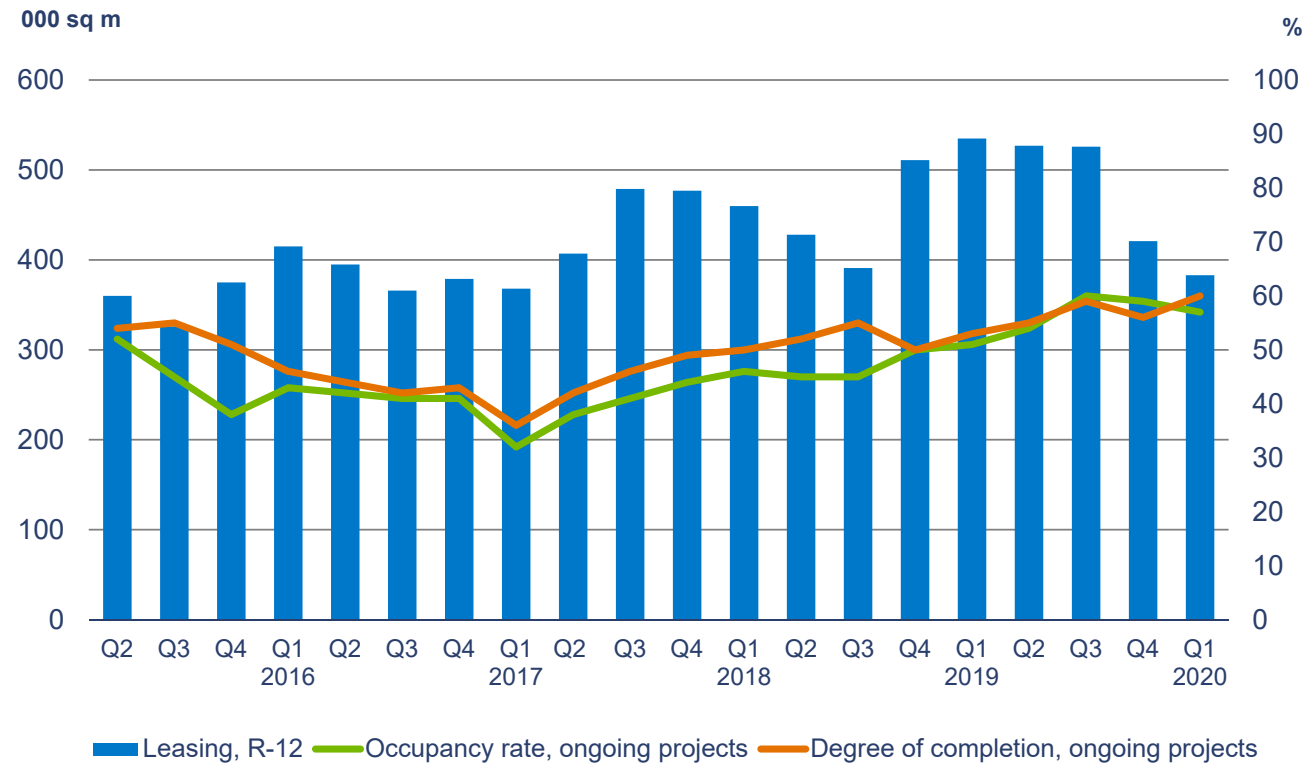


Commercial Property Development

Completion profile, unsold projects



Commercial Property Development Leasing



High Five, Krakow, Poland

Group

Income statement

SEK M	Jan–Mar 2020	Jan–Mar 2019	Jan–Dec 2019
Operating income from business streams	3,095	653	8,254
Central	-121	-148	-388
Eliminations	-73	-17	-38
Operating income	2,901	488	7,828
Net financial items	-48	-62	-103
Income after financial items	2,853	426	7,725
Taxes	-470	-71	-1,353
Profit for the period	2,383	355	6,372
Earnings per share, SEK	5.78	0.87	15.46
Tax rate, %	16	17	18



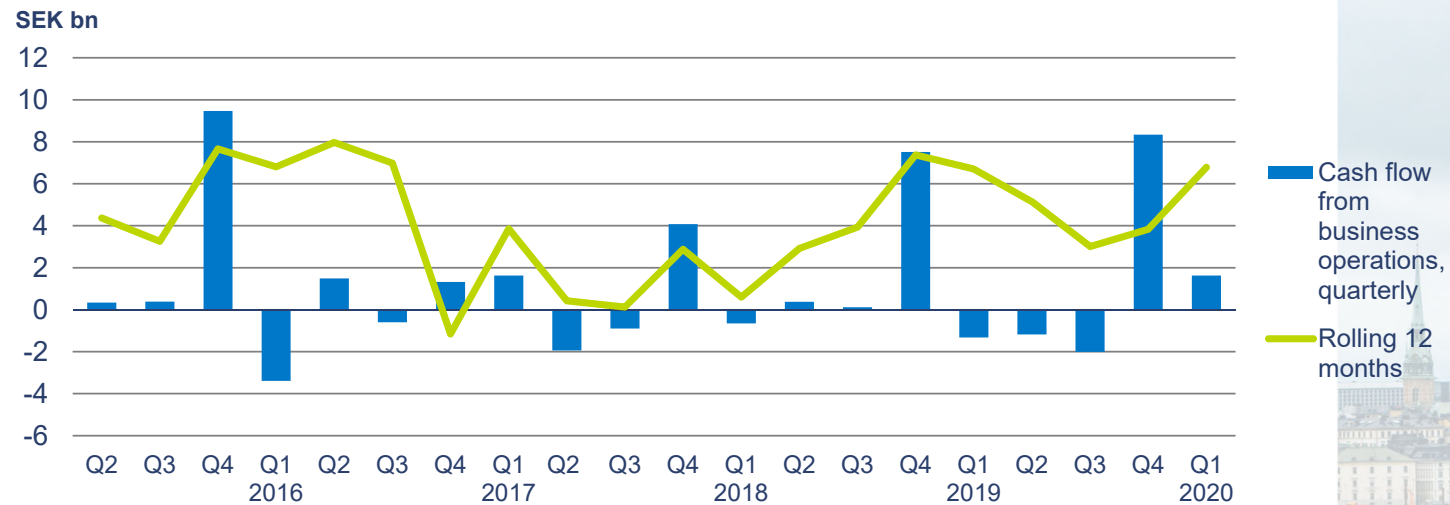
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Group PPP portfolio

SEK bn	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Present value of cash flow from projects	4.9	4.8	4.9
Net present value of projects	3.9	3.8	3.8
Carrying amount	-2.4	-2.5	-2.5
Unrealized development gain	1.5	1.3	1.3
Cash flow hedge	0.3	0.3	0.3
Effect in unrealized Equity	1.8	1.6	1.6



Group Cash flow



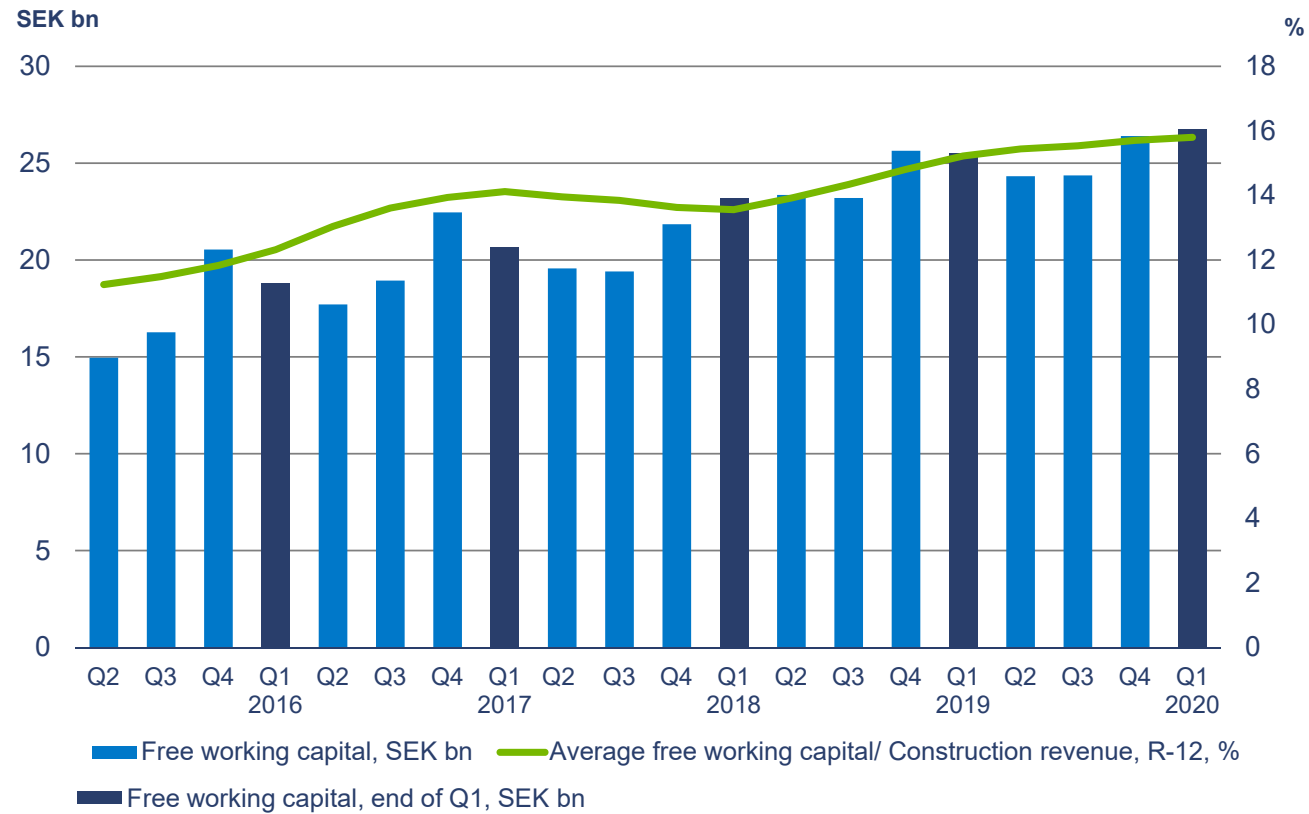
SEK bn	Jan–Mar 2020	Jan–Mar 2019	Jan–Dec 2019
Cash flow from operations	1.6	-1.3	3.8
Dividend etc.	-	-	-2.5
Cash flow before change in interest-bearing receivables and liabilities	1.6	-1.3	1.3



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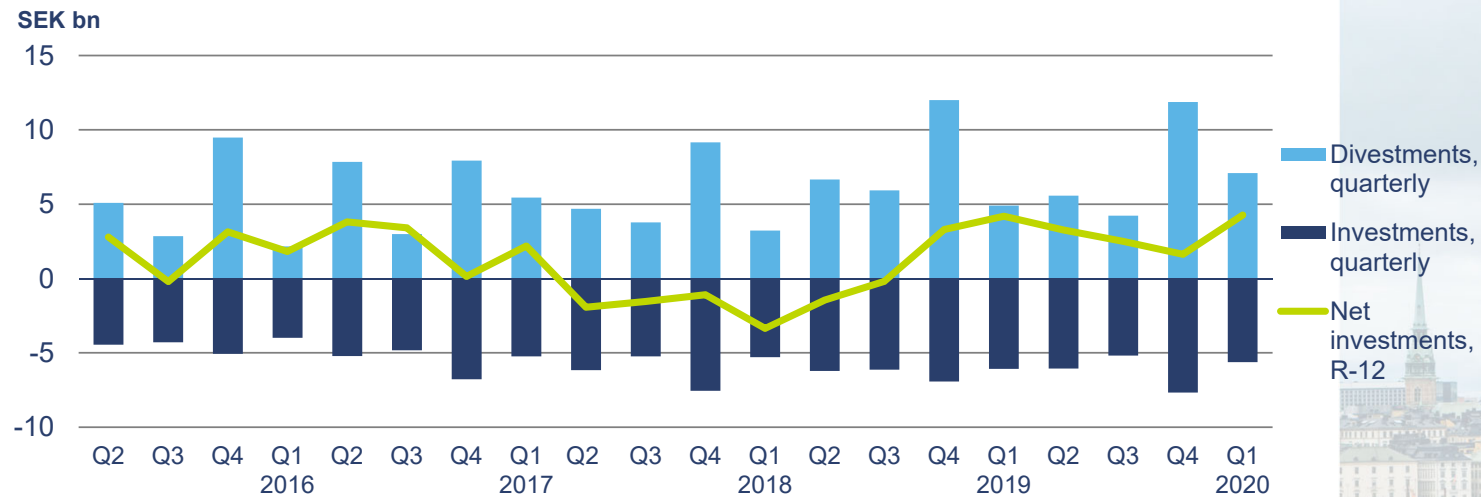
Construction

Free working capital

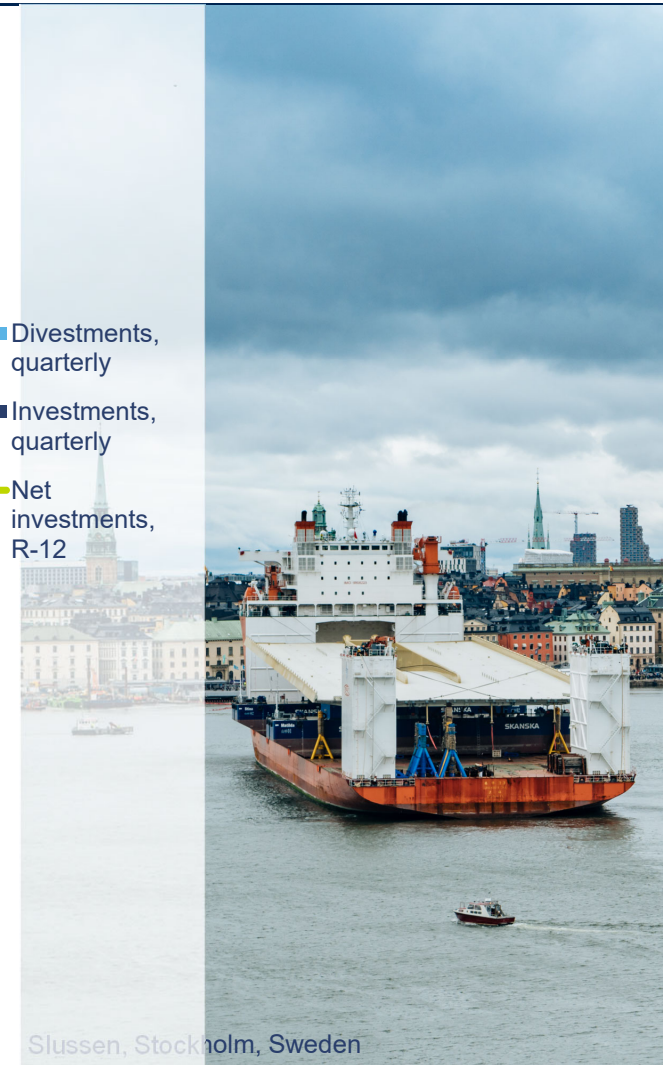


Group

Investments, divestments and capital employed



SEK bn	Mar 31 2020	Mar 31 2019	Dec 31 2019
Capital employed in:			
Residential Development	13.3	12.9	13.0
Commercial Property Development	34.9	32.8	34.5
Total in Project Development	48.2	45.7	47.4



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Group Financial position

Adjusted interest-bearing net receivables (+)/net debt (-), SEK bn



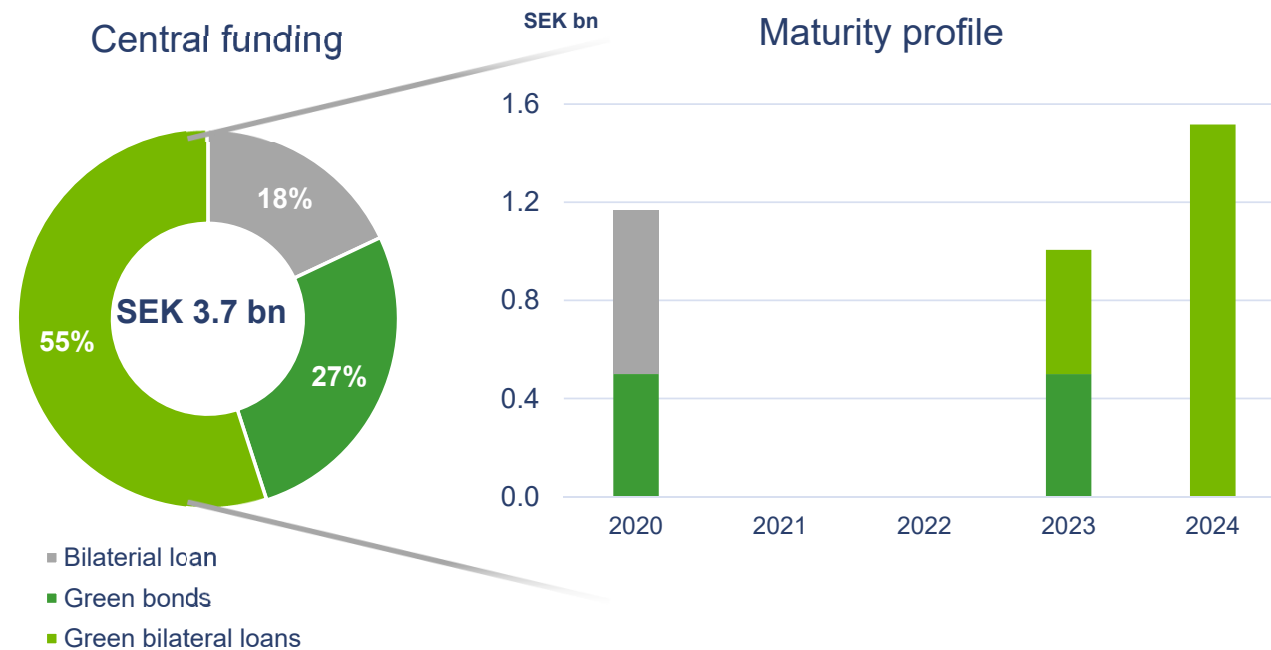
SEK bn	Mar 31 2020	Mar 31 2019	Dec 31 2019
Total assets	131.5	125.6	126.0
Equity attributable to equity holders	34.8	28.0	33.0
Interest-bearing net receivables (+)/net debt (-)	-3.2	-7.2	-4.9
Adj. interest-bearing net receivables (+)/net debt (-)	5.3	0.9	3.2
Capital employed, closing balance	58.8	52.8	55.9
Equity/assets ratio, %	26.5	22.3	26.2



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Group

Available funds: SEK 19.3 bn,
o/w unutilized credit facilities SEK 7.1 bn



Market outlook



Construction

- Country/City lock-downs impacting projects
- Disruption in supply-chain of materials, equipment and subcontractors
- Lower demand from private clients
- Public investments into infrastructure to stimulate the economies



Residential Development

- Consumer confidence impacted by rising unemployment
- Weakening demand and housing prices
- Low interest rate policies and housing shortage supportive long-term



Commercial Property Development

- Uncertainties in financial markets, investors more risk-averse and limiting credit
- Decrease in leasing activity
- Monetary and fiscal stimuli packages and reduced uncertainty contributes to recovery

Outlook compared to previous quarter ● Weaker ● Unchanged ● Improved



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Group Summary

- Strong performance in all three business streams
- Rapidly deteriorating and uncertain market outlook
- Protect our people and the company
- Top priority to get back in full production
- Adapt to a new normal after the pandemic
- Long-term ambition remains:
 - Strong financial position
 - Improve profitability in Construction
 - Leading Residential Developer in our home markets
 - Grow Commercial Property Development



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