

**SKANSKA**

# Six month report 2020

**We build  
for a better  
society.**

High speed railway  
London, UK



## Six month report 2020

- Solid performance
  - Strong first quarter, second quarter disrupted by the pandemic
  - Construction resilient but impacted, mainly in Europe and USA
  - Project Development volumes lower
  - Maintaining profitability levels
- Return on Equity 20.6% (17.4), R-12
- Uncertain market outlook lingers
- Strong financial position
- Strategy remains



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# Construction

- Revenue SEK 71.9 bn (76.2)
- Order bookings SEK 78.2 bn (61.9)
  - Book-to-build 104%, R-12
  - Order backlog SEK 189.0 bn (184.0)
  - Second quarter order bookings, excluding HS2-contract, low
- Operating income SEK 1,366 M (1,553)
  - Operating margin 1.9% (2.0)
- Disruptions due to Covid-19 in the second quarter
  - Number of impacted projects decreasing
  - Social distancing impacting productivity
  - Underlying profitability solid
- Strategy remains: Selective bidding, improved commercial focus and increased cost efficiency



La Guardia Terminal B; New York, USA



## Residential Development

- Revenue SEK 4.8 bn (4.8)
  - 1,311 (1,585) homes sold
  - 1,298 (1,140) homes started
- Operating income SEK 588 M (594)
  - Operating margin 12.2% (12.4)
- ROCE 9.8% (11.6), R-12
- Low volumes in the second quarter due to Covid-19
- Maintaining good profitability levels
- Hand-overs according to plan
- Early signs of an improving market, but uncertainty remains
- Our diversified offer brings flexibility in adapting to changes in demand



BoKlok Glasörten, Malmö, Sweden

## Commercial Property Development

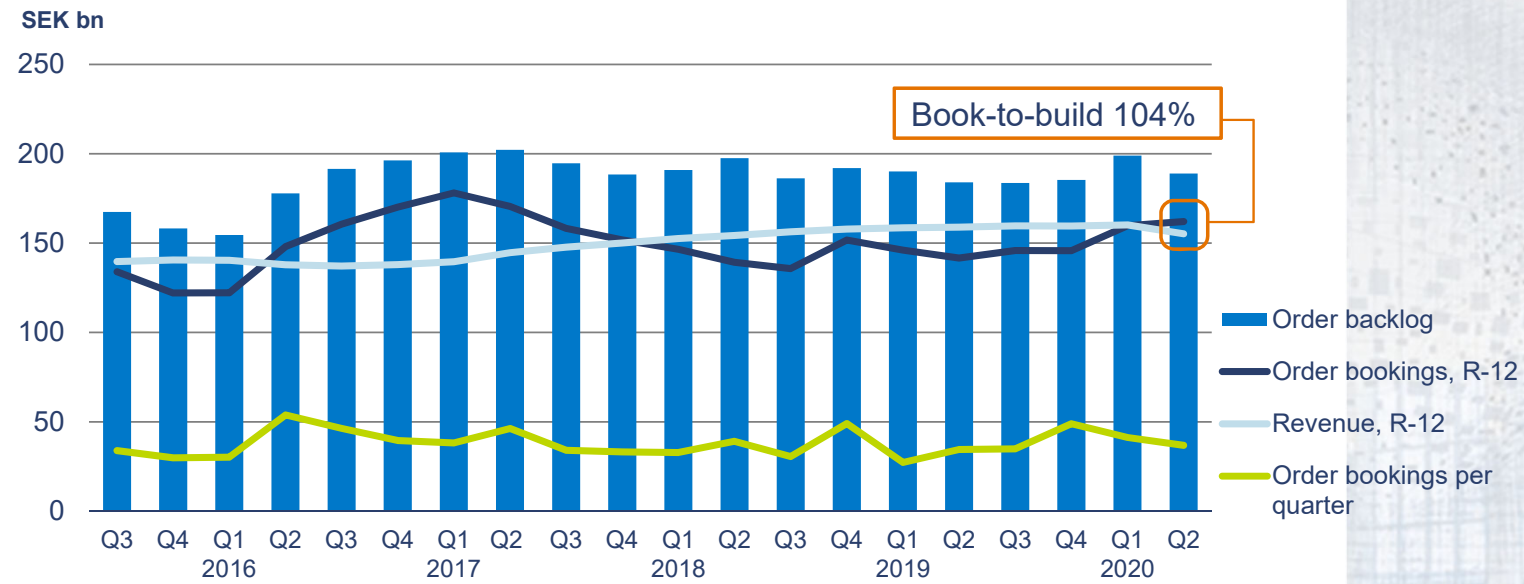
- Operating income SEK 2,103 M (1,155)
  - Gain on sale SEK 2,446 M (1,661), including JVs
- ROCE 12.6% (10.5), R-12
- 40 ongoing projects
  - SEK 24.3 bn in investment value upon completion
  - 63% occupancy rate / 62% completion rate
  - 5 project started year-to-date
- 120,000 sq m leased (181,000)
  - Record lease in second quarter, 47,000 sq m
- Property investors more cautious
- Uncertainty in the leasing market
- Sustainable high-quality developments still very important



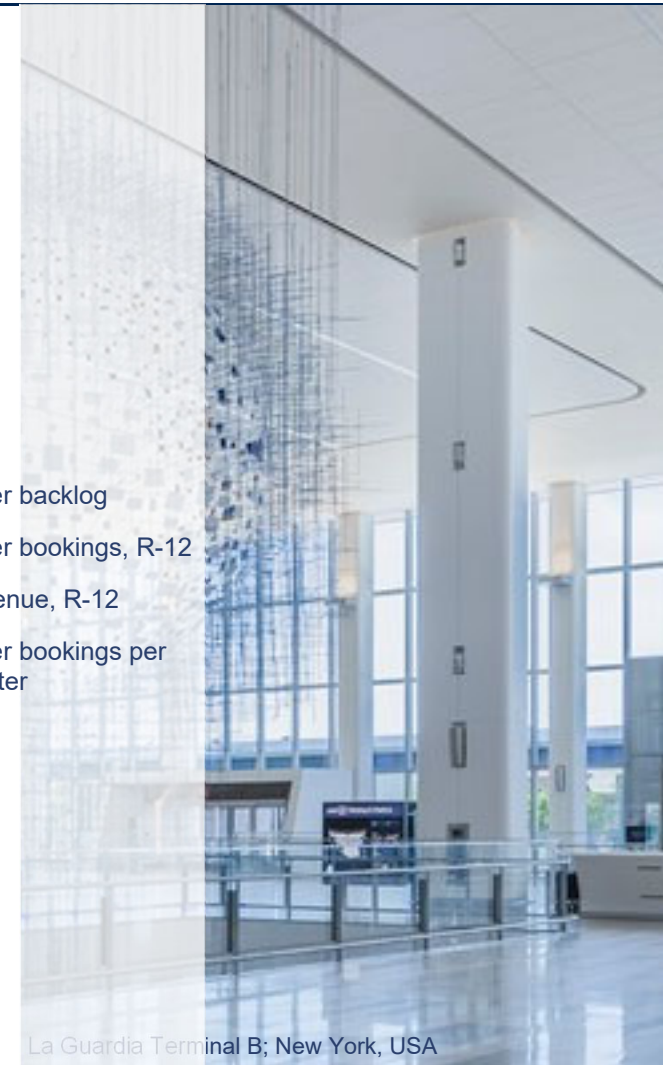
Sthlm New 01, Stockholm, Sweden

# Construction

## Order situation



SEK bn	Jan–Jun 2020	Jan–Jun 2019	Jan–Dec 2019
Revenue	71.9	76.2	159.6
Order bookings	78.2	61.9	145.8
Order backlog	189.0	184.0	185.4



La Guardia Terminal B; New York, USA

# Construction

## Order bookings

SEK bn	Jan–Jun 2020	Jan–Jun 2019	Book-to- build, %	Months of production
Nordics	28.1	27.3	101	12
of which Sweden	16.5	16.9	106	13
Europe	27.2	9.5	131	17
USA	22.9	25.1	96	16
<b>Total</b>	<b>78.2</b>	<b>61.9</b>	<b>104</b>	<b>15</b>

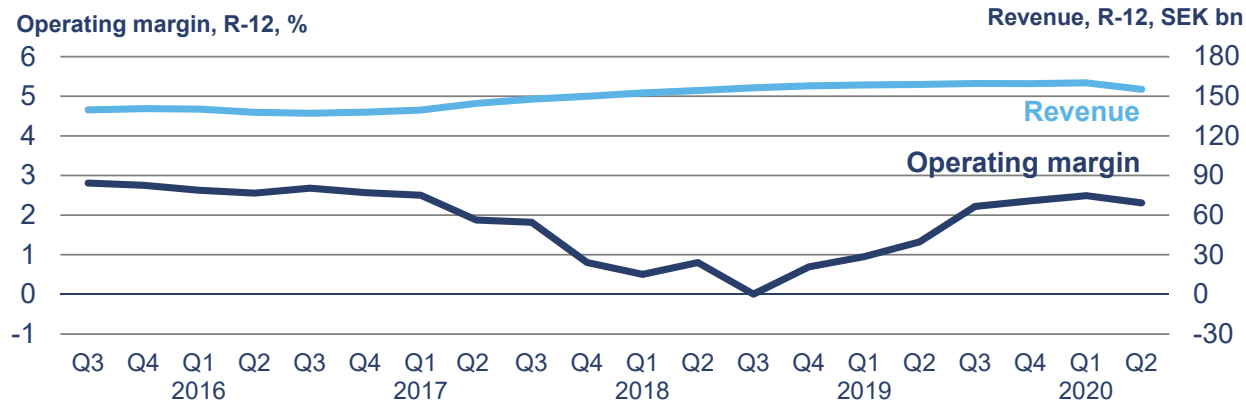


La Guardia Terminal B; New York, USA



# Construction

## Income statement



SEK bn	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Revenue	71.9	76.2	159.6
<b>Gross income</b>	<b>4.4</b>	<b>4.7</b>	<b>10.4</b>
Selling and administrative expenses	-3.1	-3.2	-6.7
<b>Operating income</b>	<b>1.4</b>	<b>1.6</b>	<b>3.8</b>
Gross margin, %	6.1	6.2	6.5
Selling and administrative expenses, %	-4.2	-4.2	-4.2
<b>Operating margin, %</b>	<b>1.9</b>	<b>2.0</b>	<b>2.4</b>





# Construction

## Income statement

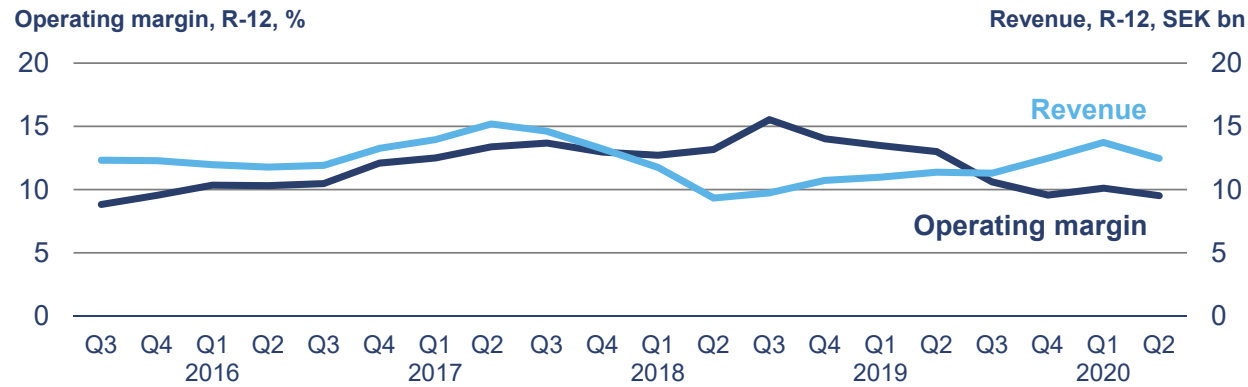
	Operating income, SEK M		Operating margin, %	
	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Nordics	816	1,011	2.9	3.6
of which Sweden	422	502	2.6	3.0
Europe	23	154	0.2	1.0
USA	527	388	1.7	1.2
<b>Total</b>	<b>1,366</b>	<b>1,553</b>	<b>1.9</b>	<b>2.0</b>



La Guardia Terminal B; New York, USA

# Residential Development

## Income statement, segment reporting



SEK M	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Revenue	4,801	4,807	12,483
<b>Gross income</b>	<b>878</b>	<b>936</b>	<b>1,986</b>
Selling and administrative expenses	-290	-342	-791
<b>Operating income</b>	<b>588</b>	<b>594</b>	<b>1,195</b>
Gross margin, %	18.3	19.5	15.9
Selling and administrative expenses, %	-6.0	-7.1	-6.3
Operating margin, %	12.2	12.4	9.6



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# Residential Development

## Income statement

	Operating income, SEK M		Operating margin, %	
	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Nordics	493	521	11.3	12.3
of which Sweden	273	280	12.2	11.9
Europe	95	73	21.0	13.1
<b>Total</b>	<b>588</b>	<b>594</b>	<b>12.2</b>	<b>12.4</b>



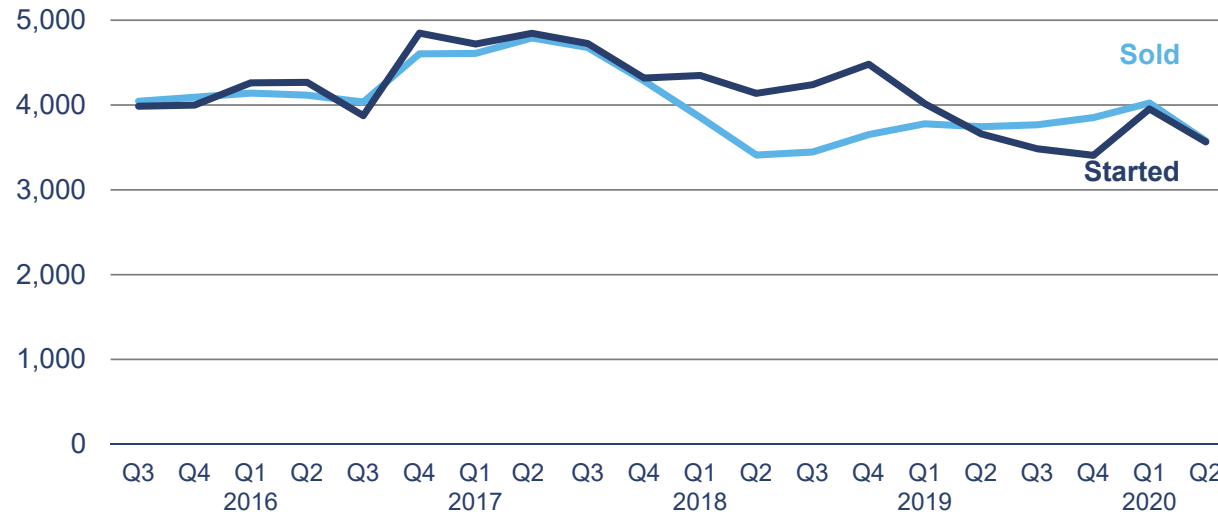
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# Residential Development

## Homes started and sold

Homes, R-12



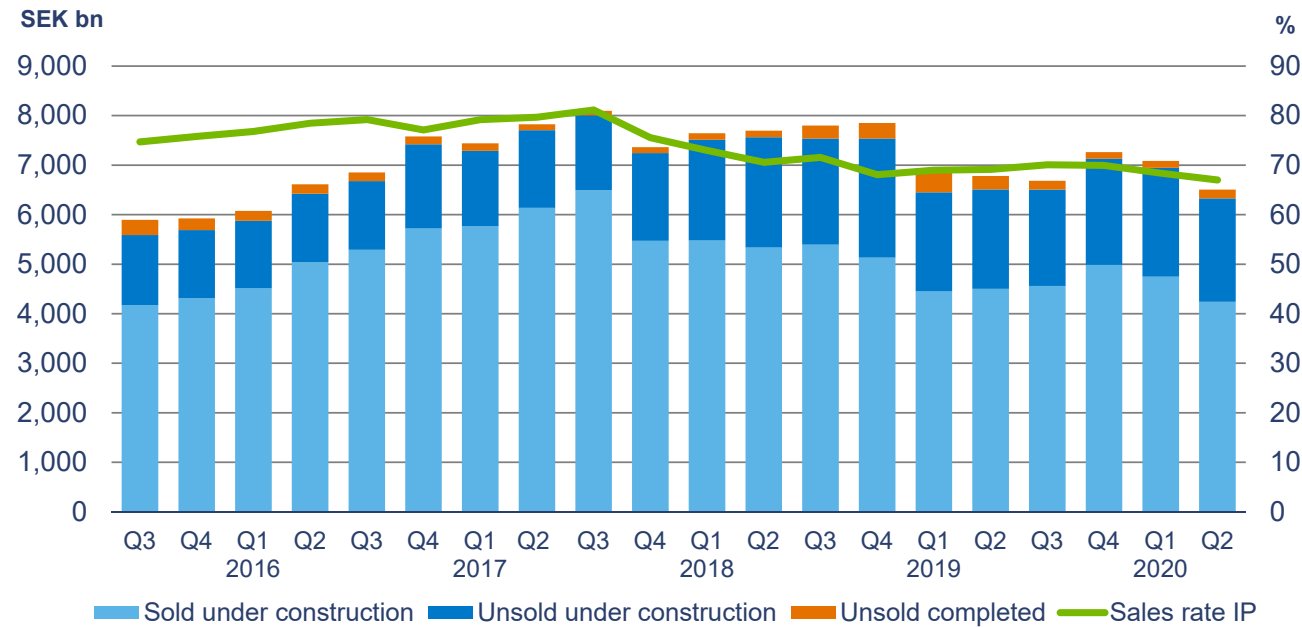
Homes started			Homes sold		
Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
1,298	1,140	3,407	1,311	1,585	3,853



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# Residential Development

## Homes in production



Homes in production		Of which sold, %		Unsold completed homes	
Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019
6,330	7,130	67	70	178	134



# Commercial Property Development

SEK M	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Revenue	5,336	6,901	17,850
<b>Gross income</b>	<b>2,527</b>	<b>1,463</b>	<b>4,101</b>
Selling and administrative expenses	-416	-441	-960
Income from joint ventures and associated companies	-8	133	146
<b>Operating income</b>	<b>2,103</b>	<b>1,155</b>	<b>3,287</b>
of which gain from divestments of properties <sup>1</sup>	2,454	1,528	4,275
of which write downs/reversal of write downs	-32	-69	-89
1 Additional gain included in eliminations	164	57	240

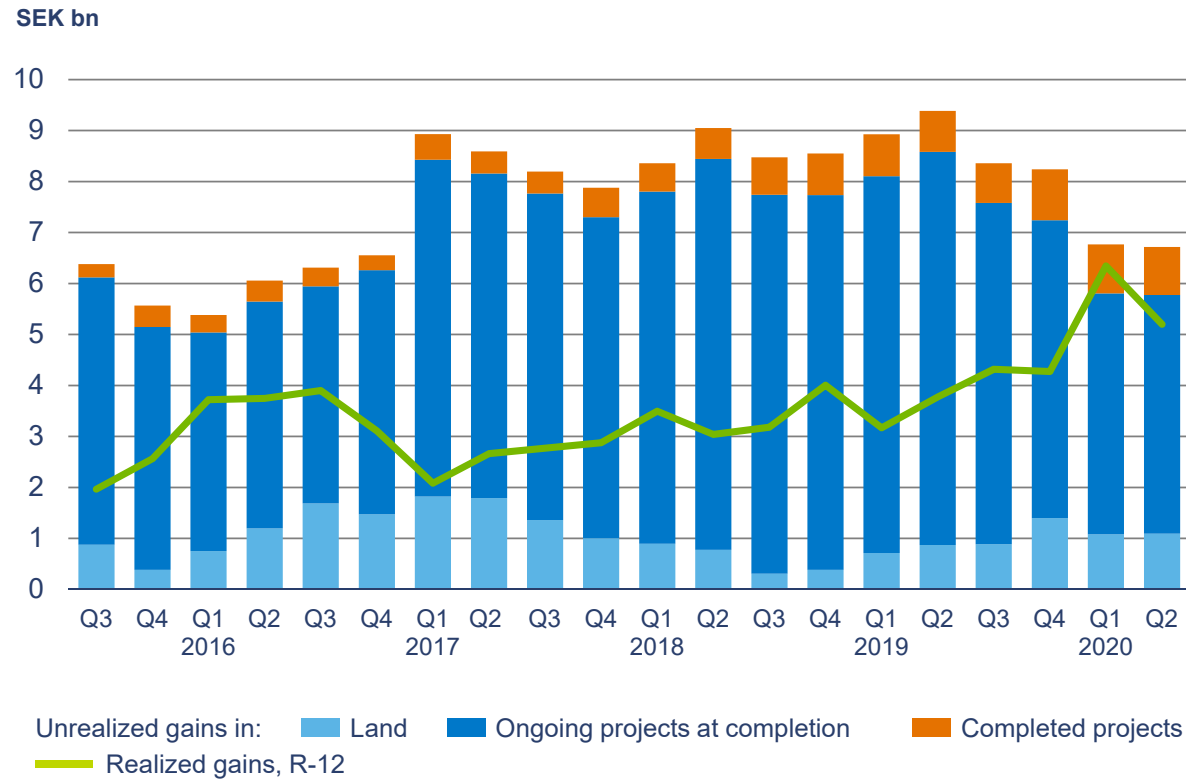


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# Commercial Property Development

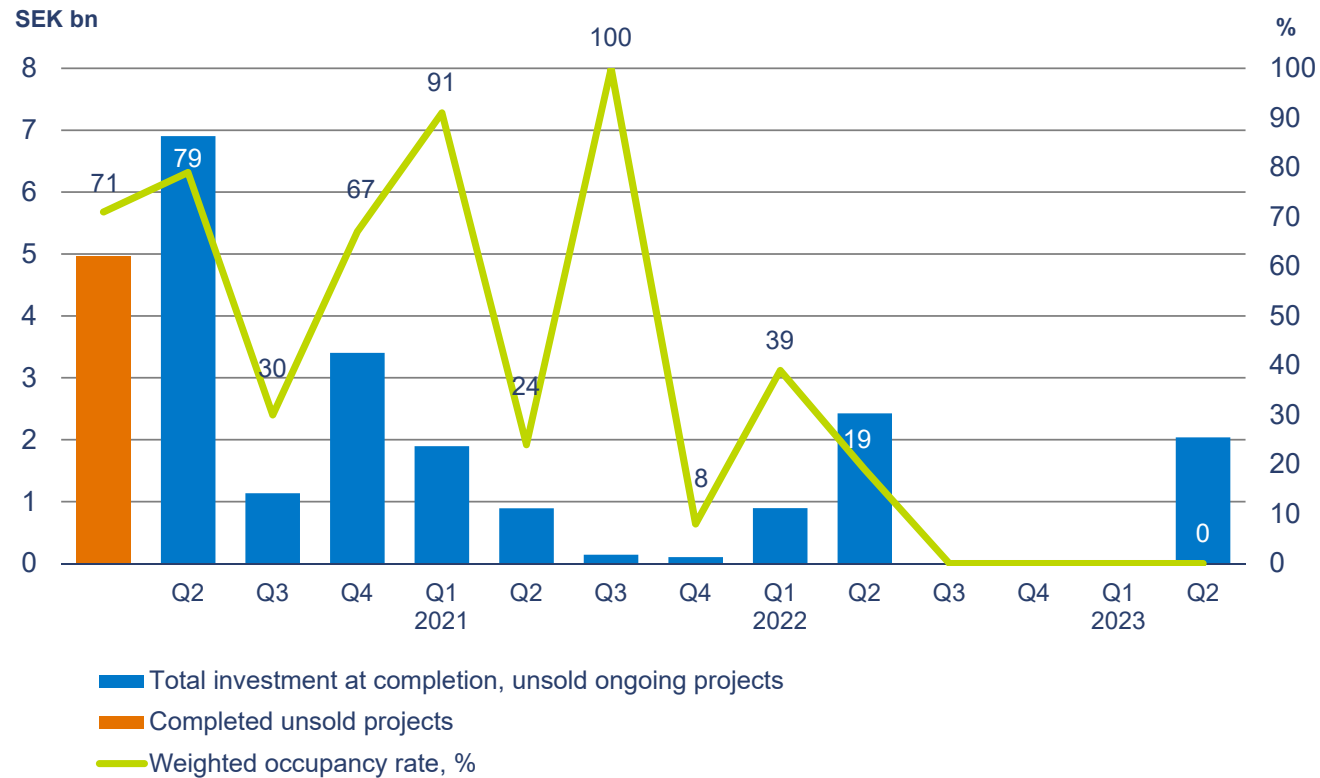
## Unrealized and realized gains, segment reporting



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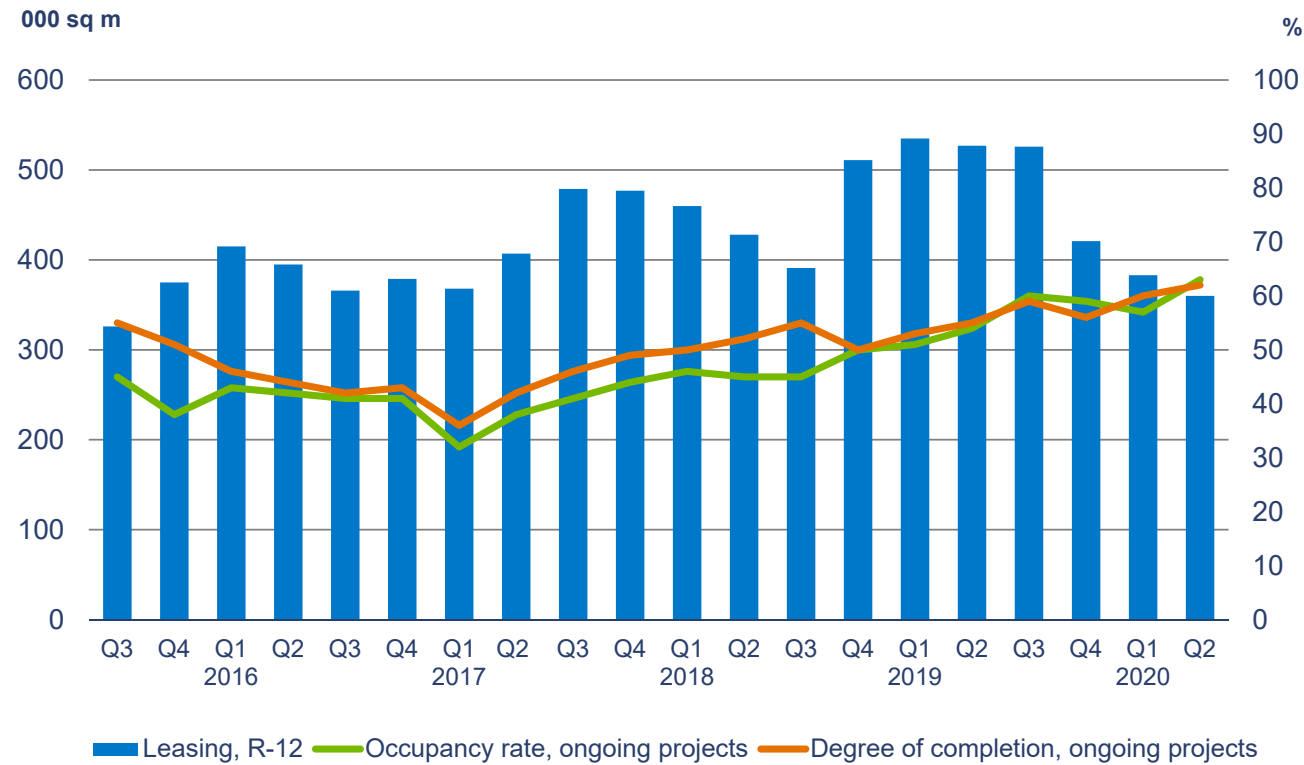
# Commercial Property Development

## Completion profile, unsold projects



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# Commercial Property Development Leasing





# Group

## Income statement

SEK M	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Operating income from business streams	4,057	3,302	8,254
Central	-242	-60	-388
Eliminations	-69	-17	-38
<b>Operating income</b>	<b>3,746</b>	<b>3,225</b>	<b>7,828</b>
<b>Net financial items</b>	<b>-115</b>	<b>-100</b>	<b>-103</b>
<b>Income after financial items</b>	<b>3,631</b>	<b>3,125</b>	<b>7,725</b>
Taxes	-618	-487	-1,353
<b>Profit for the period</b>	<b>3,013</b>	<b>2,638</b>	<b>6,372</b>
Earnings per share, SEK	7.29	6.41	15.46
Tax rate, %	17	16	18



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# Group

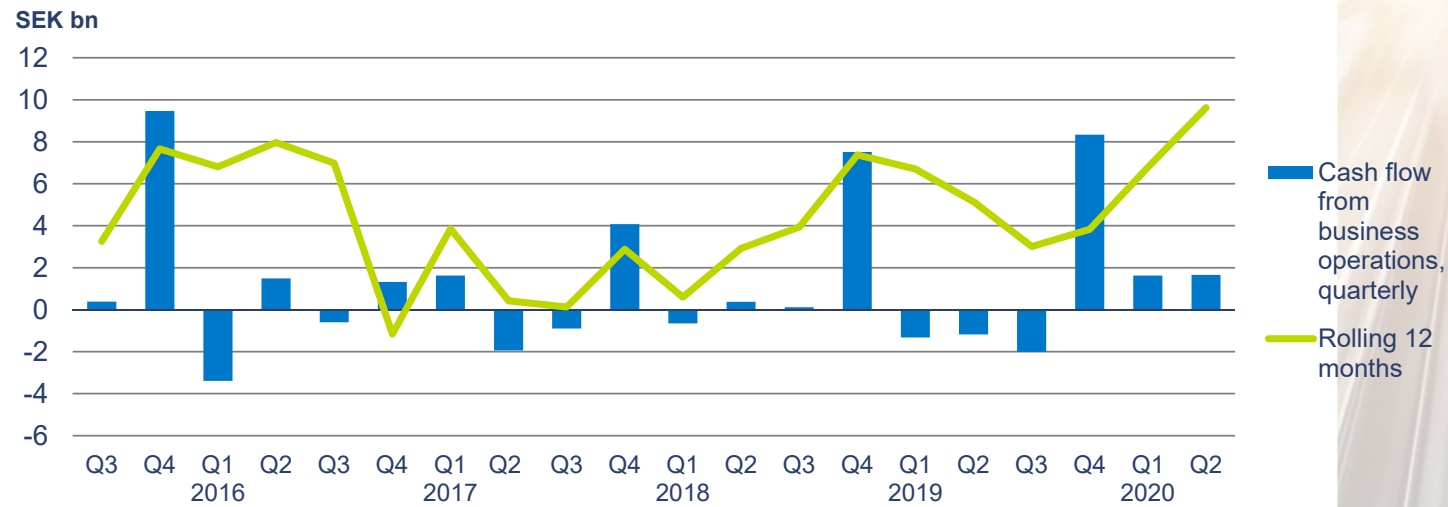
## PPP portfolio

SEK bn	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Present value of cash flow from projects	4.6	4.8	4.9
<b>Net present value of projects</b>	<b>3.7</b>	<b>3.7</b>	<b>3.8</b>
Carrying amount	-2.3	-2.4	-2.5
<b>Unrealized development gain</b>	<b>1.4</b>	<b>1.3</b>	<b>1.3</b>
Cash flow hedge	0.3	0.4	0.3
<b>Effect in unrealized Equity</b>	<b>1.7</b>	<b>1.7</b>	<b>1.6</b>



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# Group Cash flow



SEK bn	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Cash flow from operations	3.3	-2.5	3.8
Dividend etc.	0.0	-2.5	-2.5
Cash flow before change in interest-bearing receivables and liabilities	3.3	-5.0	1.3

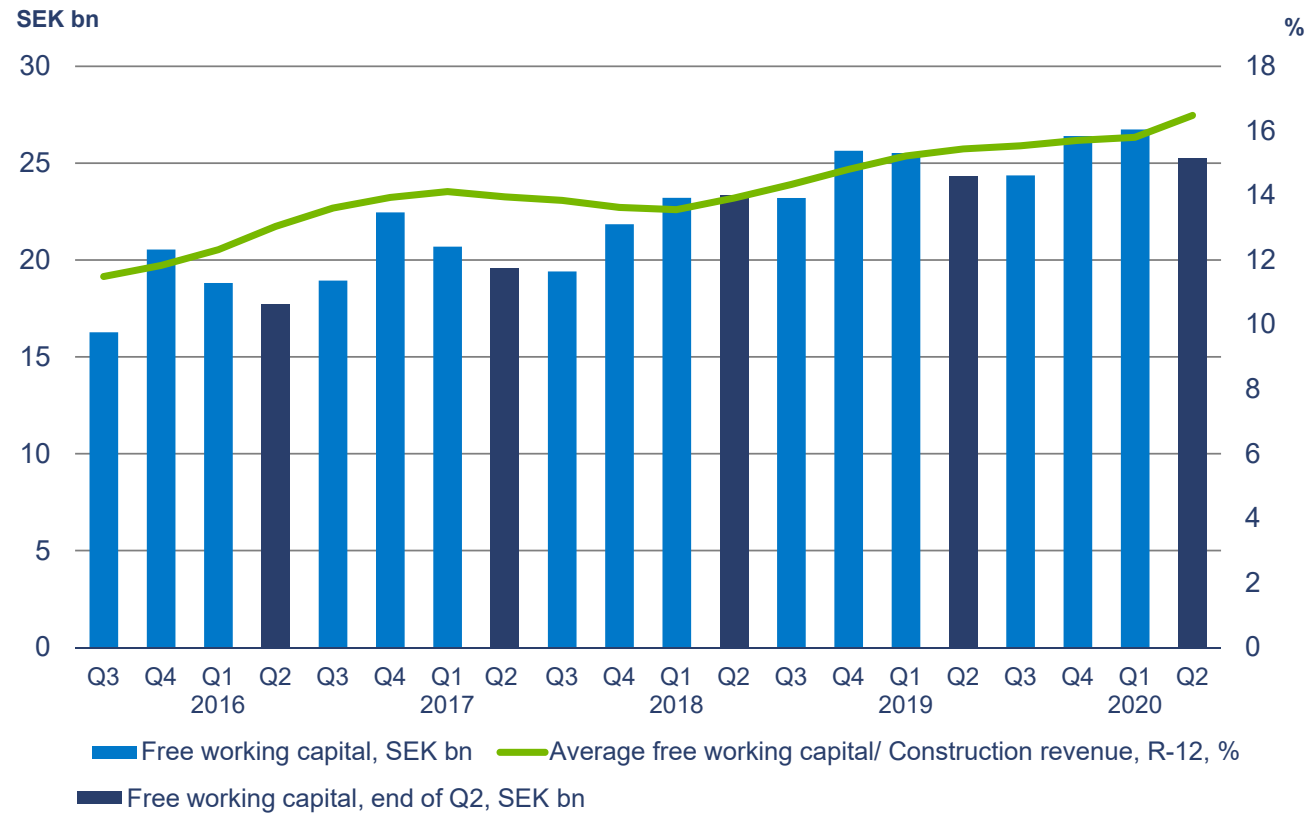


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# Construction

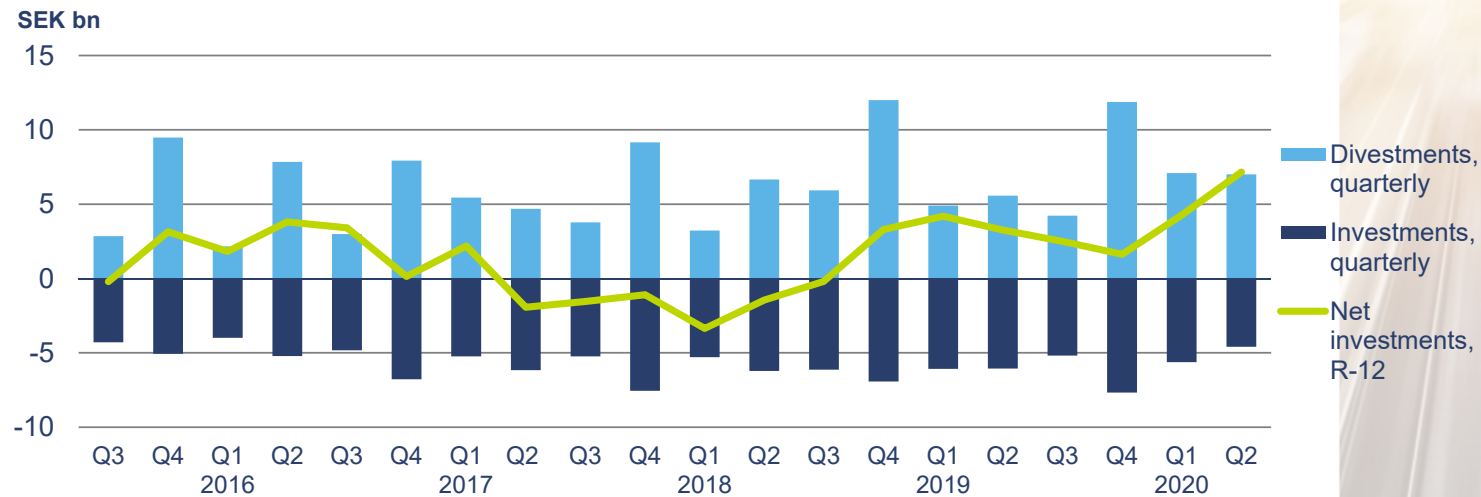
## Free working capital



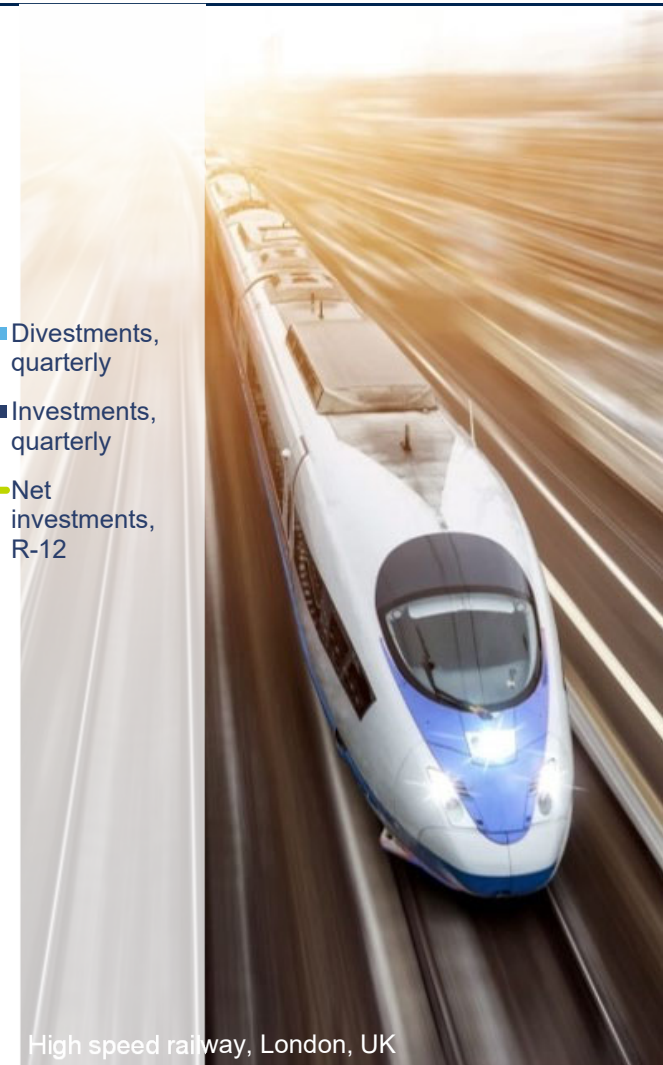
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# Group

## Investments, divestments and capital employed



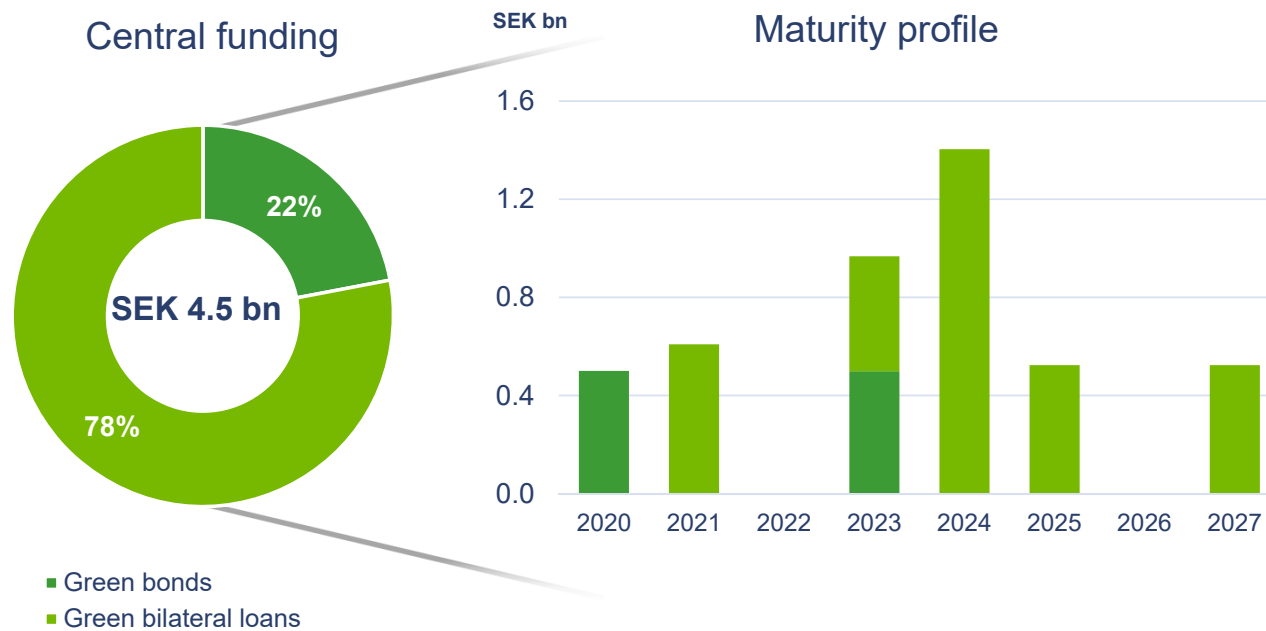
SEK bn	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
<b>Capital employed in:</b>			
Residential Development	12.5	12.9	13.0
Commercial Property Development	33.9	34.6	34.5
<b>Total in Project Development</b>	<b>46.4</b>	<b>47.5</b>	<b>47.4</b>



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# Group

Available funds: SEK 21.1 bn,  
o/w unutilized credit facilities SEK 7.7 bn





# Group

## Financial position

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



SEK bn	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Total assets	127.4	125.5	126.0
Equity attributable to equity holders	36.1	29.6	33.0
Interest-bearing net receivables (+)/net debt (-)	-1.4	-11.3	-4.9
Adj. interest-bearing net receivables (+)/net debt (-)	6.8	-2.8	3.2
Capital employed, closing balance	59.7	53.2	55.9
Equity/assets ratio, %	28.4	23.6	26.2



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# Market outlook



## Construction

- Lock-downs easing in Europe and USA
- Social distancing impacts productivity negatively
- Lower demand from private clients
- Public infrastructure investments to stimulate economies, but funding uncertain



## Residential Development

- Early signs of an improving secondary market in Sweden
- Rising unemployment and economic uncertainty impacts consumer confidence negatively
- Few new development starts will impact supply
- Low interest rate policies and housing shortage supportive long-term



## Commercial Property Development

- Investors hesitant due to market uncertainties
- Credit market recovering
- Tenant market uncertain

Outlook compared to previous quarter ● Weaker ● Unchanged ● Improved



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## Group Summary

- Solid performance
- Disruptions in Construction and hesitant Project Development markets due to Covid-19
- Uncertain market outlook
- Strong financial position
- Adapt to a new normal after the pandemic
- Long-term ambition remains:
  - Improve profitability in Construction
  - Leading Residential Developer in our home markets
  - Grow Commercial Property Development



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