

SKANSKA

# Nine month report 2020

**We build  
for a better  
society.**

Citygate  
Gothenburg, Sweden



## Nine month report 2020

- Solid performance improvements
  - Construction steadily improving
  - Residential Development volumes strong, profitability solid
  - Commercial Development transactions at good profitability levels, leasing challenging
- Return on Equity 17.8% (21.6), R-12
- Strong cash flow
- Strong financial position
- Dividend SEK 3.25 per share



Citygate. Gothenburg, Sweden

# Construction

- Revenue SEK 106.3 bn (117.2)
- Order bookings SEK 110.0 bn (96.8)
  - Book-to-build 107%, R-12
  - Order backlog SEK 182.9 bn (183.7)
- Operating income SEK 2,416 M (2,680)
  - Operating margin 2.3% (2.3)
  - Q3: 3.0% (2.8)
- Lower volumes
  - Covid-19 disruptions
  - Customers postponing new project selections and ramp-ups
  - Selective bidding
- Strategy remains: Selective bidding, improved commercial focus and increased cost efficiency



Digital tools on site, Slussen, Stockholm, Sweden

## Residential Development

- Revenue SEK 9.6 bn (7.2)
  - 2,879 (2,328) homes sold
  - 2,495 (1,729) homes started
  - Multifamily rental portfolio divested in Q3
- Operating income SEK 1,068 M (818)
  - Operating margin 11.2% (11.4)
- ROCE 12.1% (9.5), R-12
- Strong volumes of sold and started homes
- Maintaining good profitability levels
- Improving consumer confidence
- Longer term, higher unemployment levels a worry, but structural shortage of homes a mitigator



Brf Fritiden, Gothenburg, Sweden

## Commercial Property Development

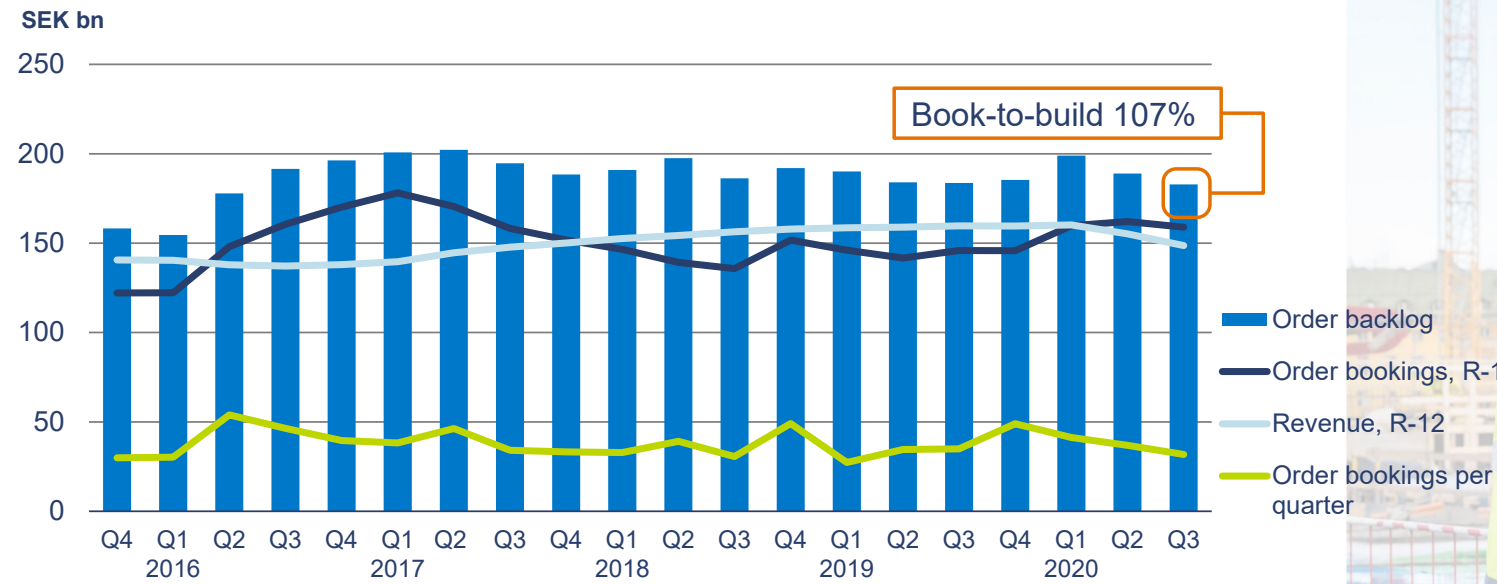
- Operating income SEK 2,204 M (2,020)
  - Gain on sale SEK 2,647 M (2,808), including JVs
- ROCE 10.6% (11.1), R-12
- 39 ongoing projects
  - SEK 25.0 bn in investment value upon completion
  - 57% occupancy rate / 62% completion rate
  - 9 project started year-to-date
- 135,000 sq m leased (261,000)
- Uncertainty in the leasing market remains, pick up in tenant activity late Q3
- Solid property investor appetite, flight to quality; sustainable high-quality developments in the right locations



Generation Park Y, Warsaw, Poland

# Construction

## Order situation



SEK bn	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Revenue	106.3	117.2	159.6
Order bookings	110.0	96.8	145.8
Order backlog	182.9	183.7	185.4



# Construction

## Order bookings

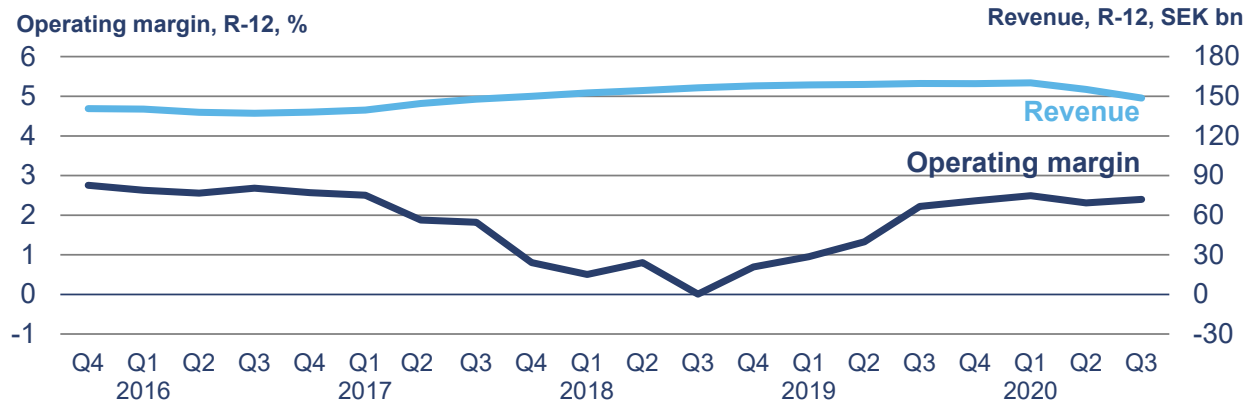
SEK bn	Jan–Sep 2020	Jan–Sep 2019	Book-to- build, %	Months of production
Nordics	42.7	43.6	100	13
of which Sweden	24.0	29.4	93	13
Europe	34.0	12.7	152	18
USA	33.3	40.5	94	16
<b>Total</b>	<b>110.0</b>	<b>96.8</b>	<b>107</b>	<b>15</b>



Digital tools on site, Slussen, Stockholm, Sweden

# Construction

## Income statement



SEK bn	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Revenue	106.3	117.2	159.6
<b>Gross income</b>	<b>6.8</b>	<b>7.3</b>	<b>10.4</b>
Selling and administrative expenses	-4.4	-4.6	-6.7
<b>Operating income</b>	<b>2.4</b>	<b>2.7</b>	<b>3.8</b>
Gross margin, %	6.4	6.2	6.5
Selling and administrative expenses, %	-4.1	-3.9	-4.2
<b>Operating margin, %</b>	<b>2.3</b>	<b>2.3</b>	<b>2.4</b>





# Construction

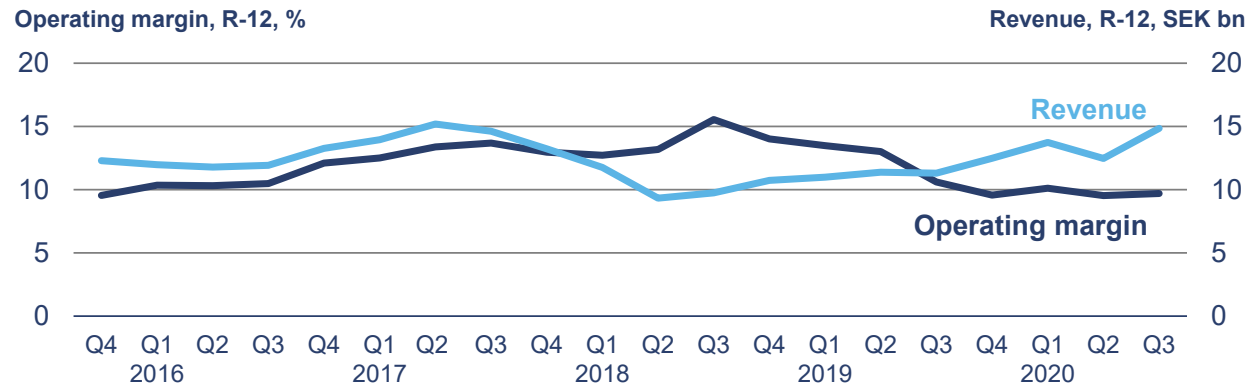
## Income statement

	Operating income, SEK M		Operating margin, %	
	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Nordics	1,408	1,576	3.4	3.7
of which Sweden	778	846	3.1	3.4
Europe	165	455	0.9	2.0
USA	843	649	1.8	1.3
<b>Total</b>	<b>2,416</b>	<b>2,680</b>	<b>2.3</b>	<b>2.3</b>



# Residential Development

## Income statement, segment reporting



SEK M	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Revenue	9,564	7,191	12,483
<b>Gross income</b>	<b>1,530</b>	<b>1,318</b>	<b>1,986</b>
Selling and administrative expenses	-462	-500	-791
<b>Operating income</b>	<b>1,068</b>	<b>818</b>	<b>1,195</b>
Gross margin, %	16.0	18.3	15.9
Selling and administrative expenses, %	-4.8	-7.0	-6.3
Operating margin, %	11.2	11.4	9.6



Brf Fritiden, Gothenburg, Sweden

# Residential Development

## Income statement

	Operating income, SEK M		Operating margin, %	
	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Nordics	931	684	10.7	10.7
of which Sweden	562	353	10.6	10.0
Europe	137	134	15.6	17.4
<b>Total</b>	<b>1,068</b>	<b>818</b>	<b>11.2</b>	<b>11.4</b>

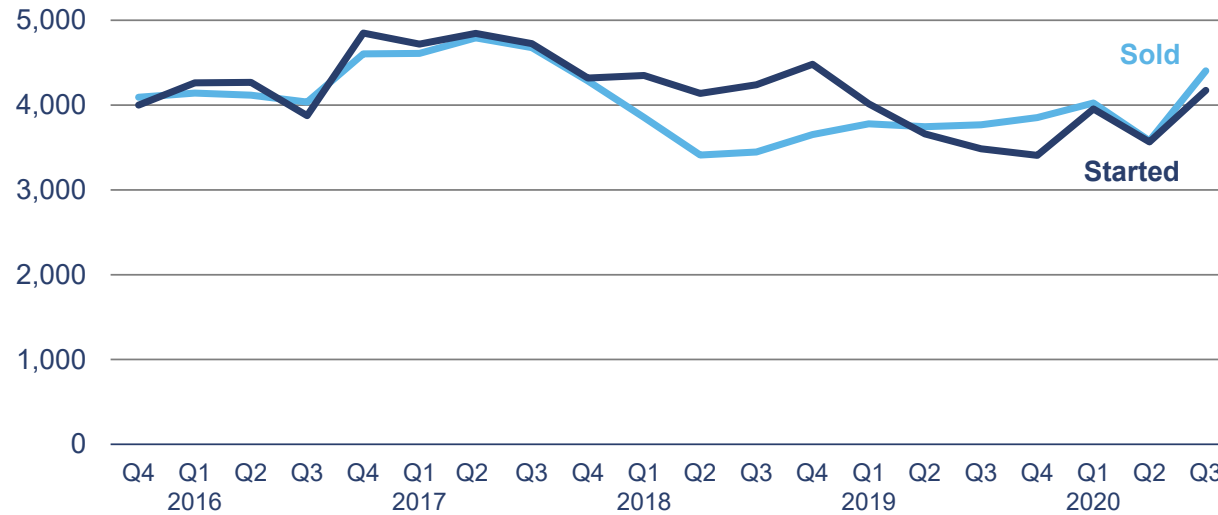


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# Residential Development

## Homes started and sold

Homes, R-12



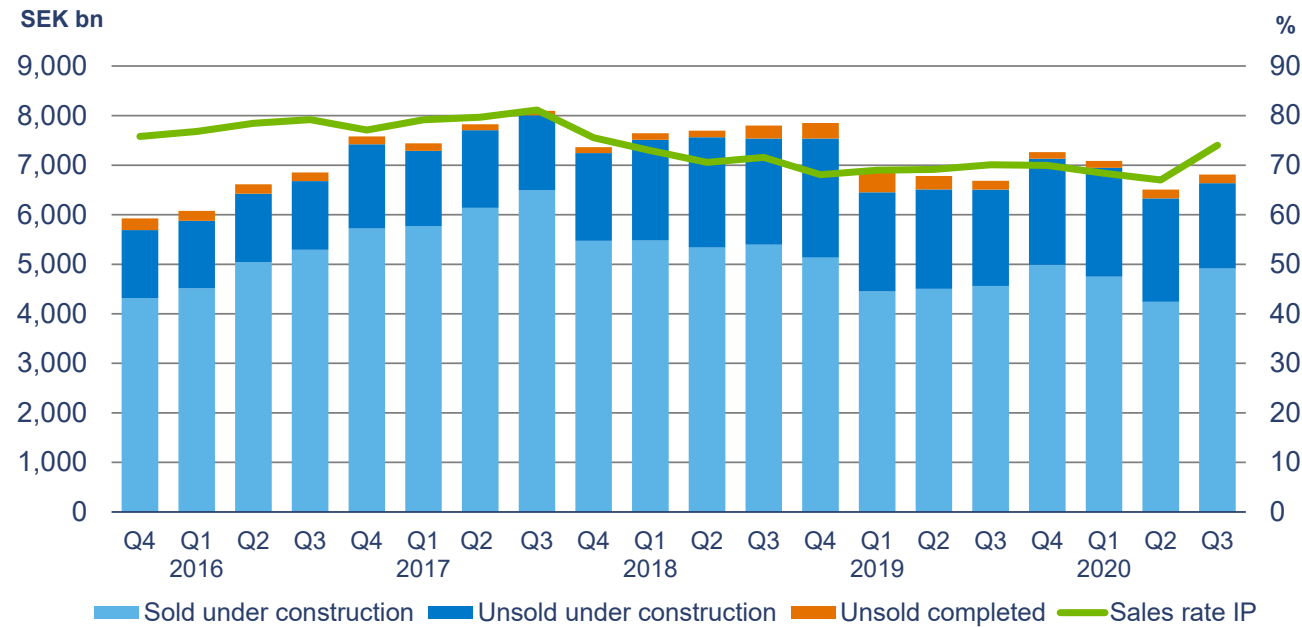
Homes started			Homes sold		
Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
2,495	1,729	3,407	2,879	2,328	3,853



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# Residential Development

## Homes in production



Homes in production		Of which sold, %		Unsold completed homes	
Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
6,637	7,130	74	70	173	134



# Commercial Property Development

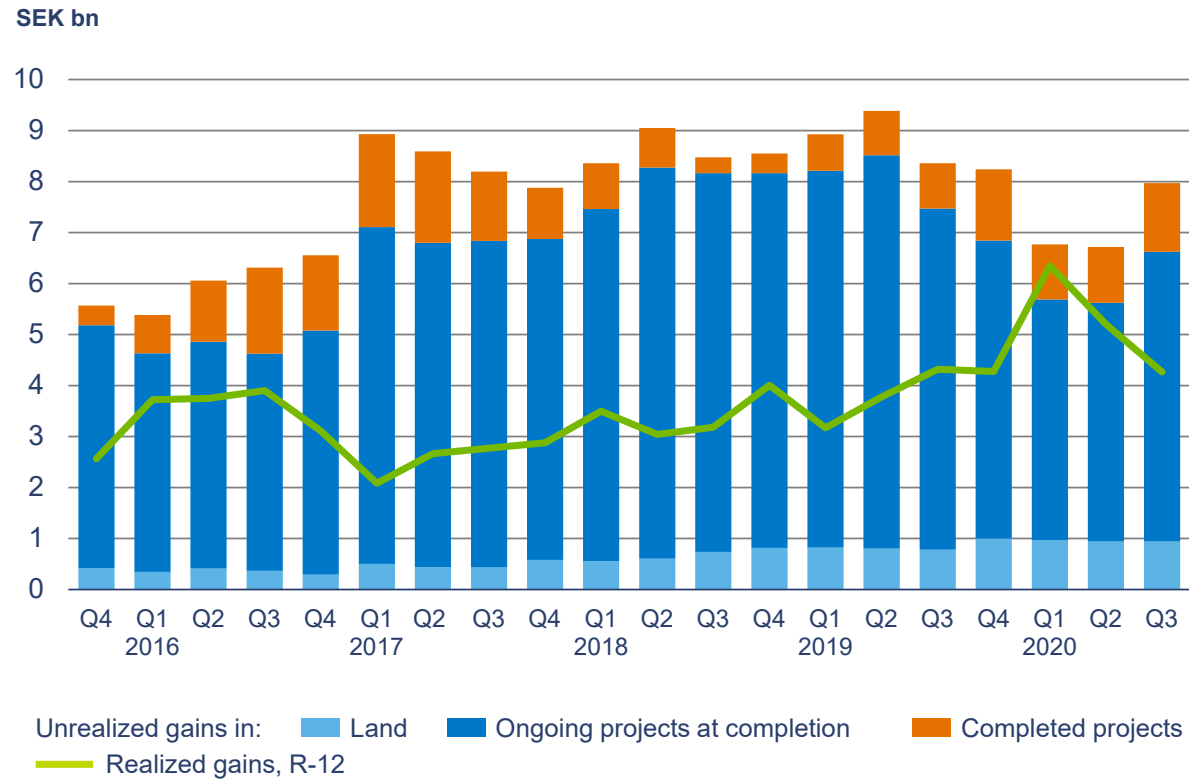
SEK M	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Revenue	6,237	10,787	17,850
<b>Gross income</b>	<b>2,811</b>	<b>2,550</b>	<b>4,101</b>
Selling and administrative expenses	-598	-673	-960
Income from joint ventures and associated companies	-9	143	146
<b>Operating income</b>	<b>2,204</b>	<b>2,020</b>	<b>3,287</b>
of which gain from divestments of properties <sup>1</sup>	2,656	2,665	4,275
of which write downs/reversal of write downs	-32	-70	-89
<sup>1</sup> Additional gain included in eliminations	193	108	240



Generation Park Y, Warsaw, Poland

# Commercial Property Development

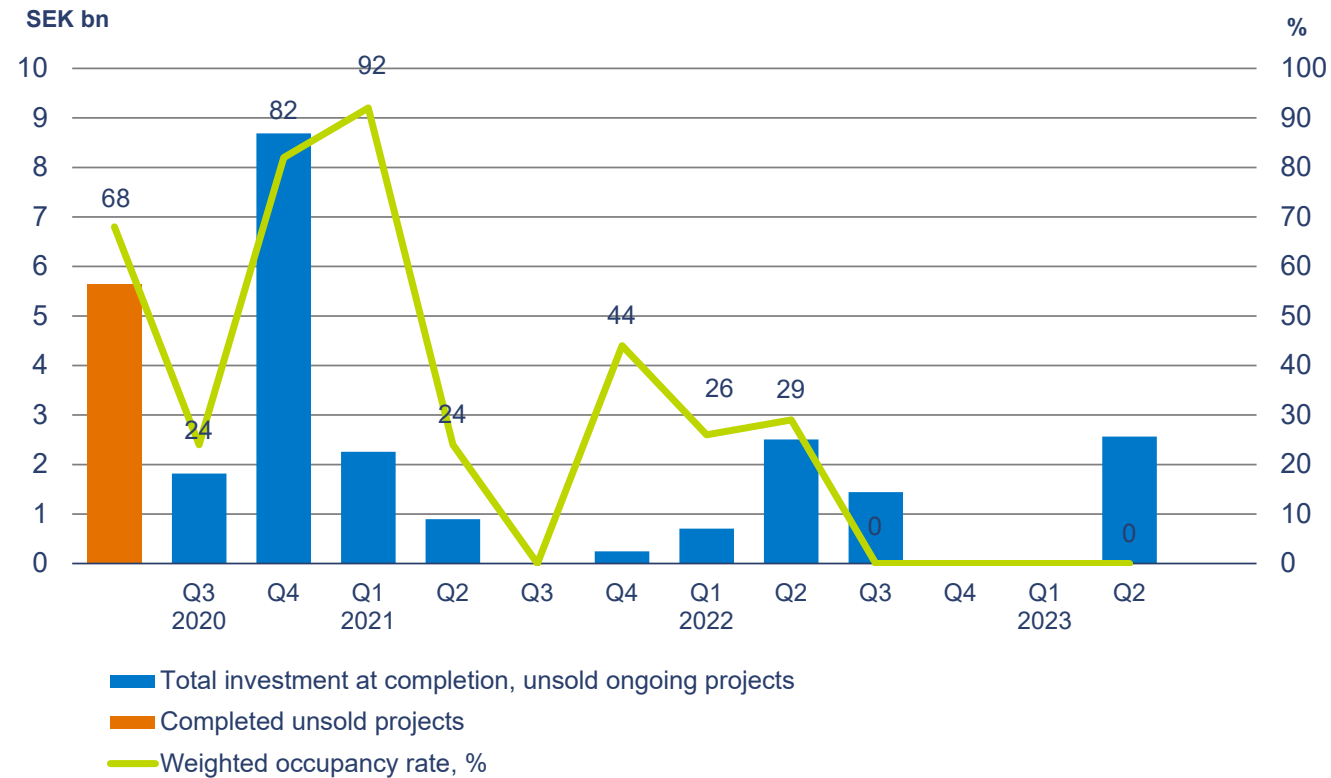
## Unrealized and realized gains, segment reporting



Generation Park Y, Warsaw, Poland

# Commercial Property Development

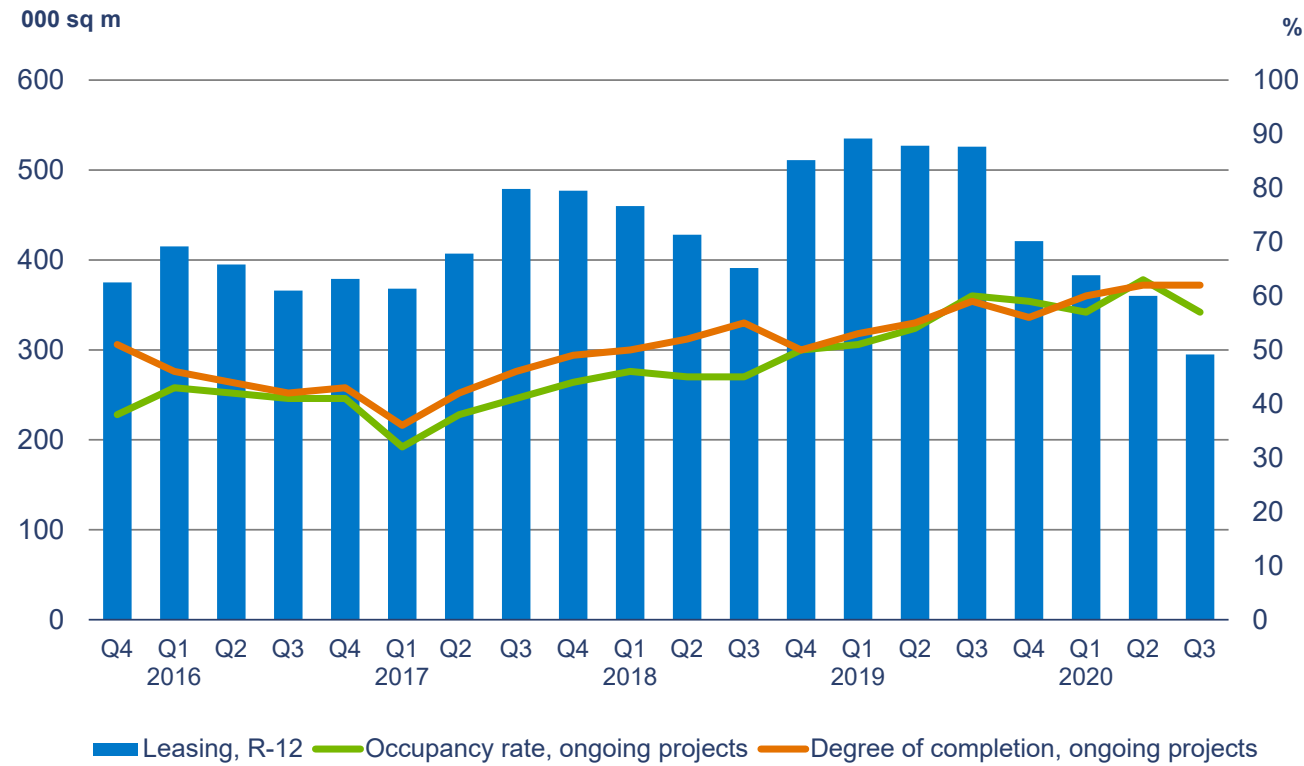
## Completion profile, unsold projects



Generation Park Y, Warsaw, Poland



# Commercial Property Development Leasing

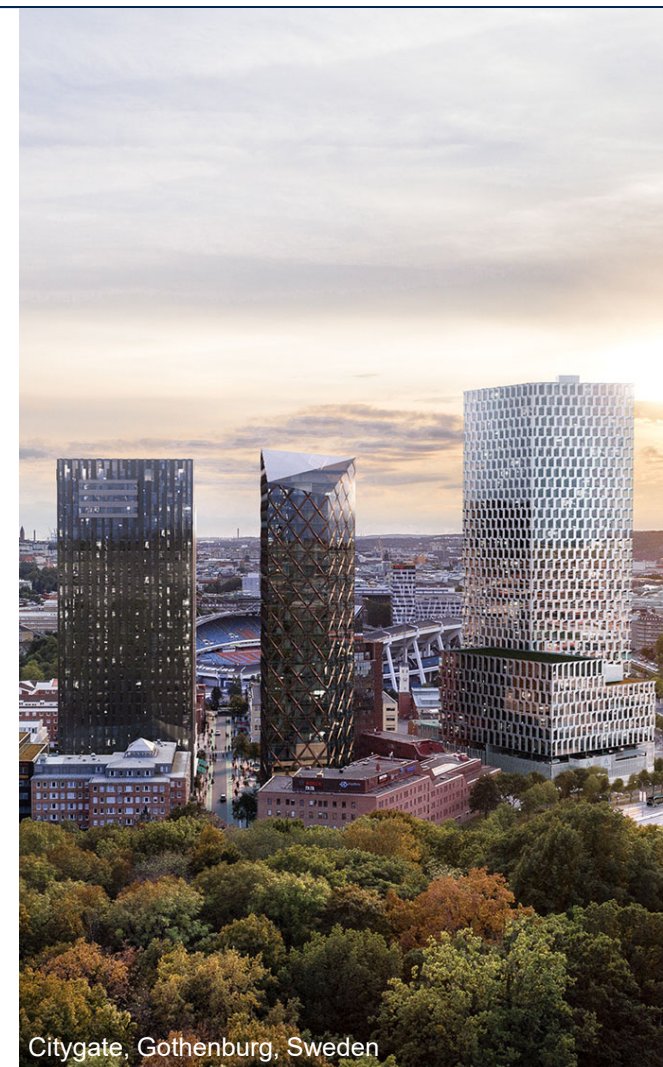


Generation Park Y, Warsaw, Poland

# Group

## Income statement

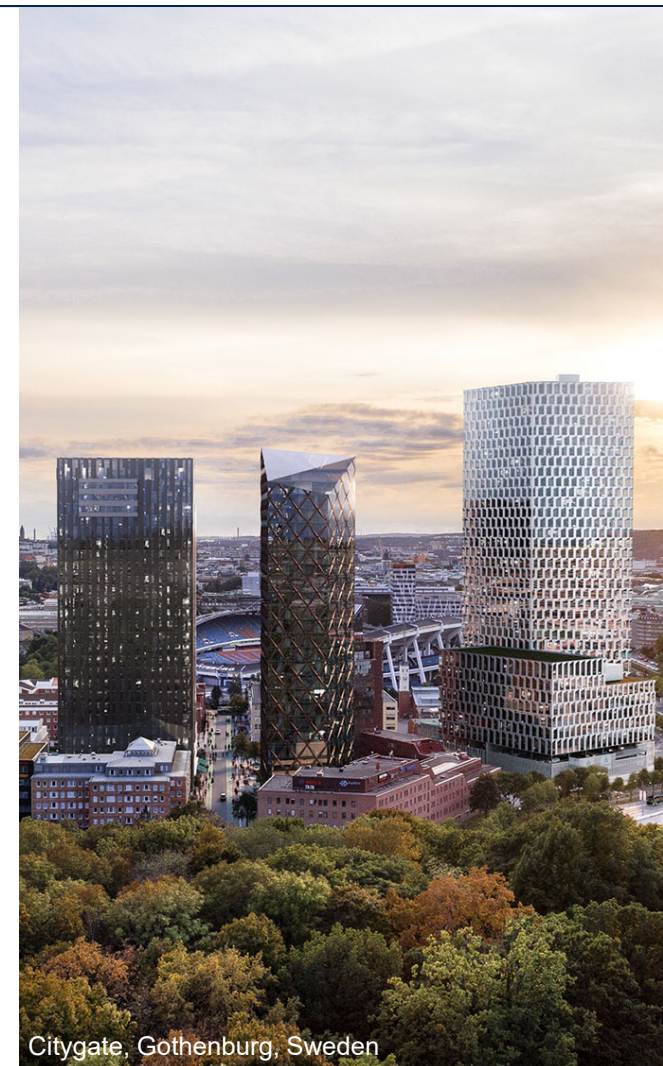
SEK M	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Operating income from business streams	5,688	5,518	8,254
Central	-340	-141	-388
Eliminations	-76	-2	-38
<b>Operating income</b>	<b>5,272</b>	<b>5,375</b>	<b>7,828</b>
<b>Net financial items</b>	<b>-177</b>	<b>-69</b>	<b>-103</b>
<b>Income after financial items</b>	<b>5,095</b>	<b>5,306</b>	<b>7,725</b>
Taxes	-921	-876	-1,353
<b>Profit for the period</b>	<b>4,174</b>	<b>4,430</b>	<b>6,372</b>
Earnings per share, SEK	10.09	10.75	15.46
Tax rate, %	18	17	18



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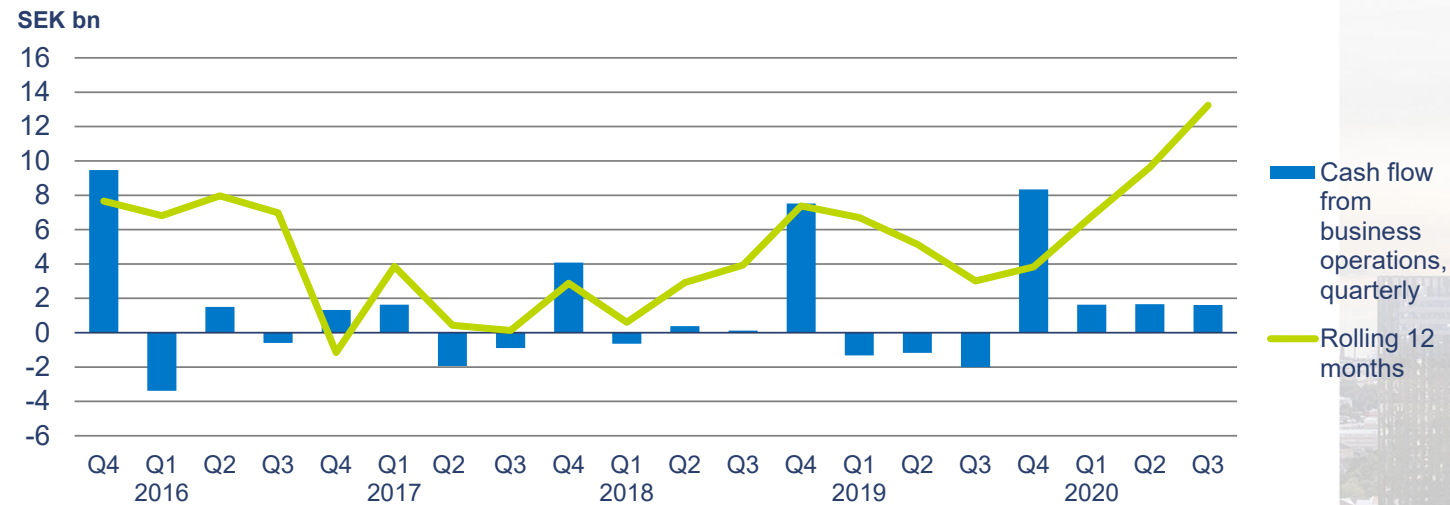
# Group PPP portfolio

SEK bn	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Present value of cash flow from projects	4.4	5.0	4.9
<b>Net present value of projects</b>	<b>3.5</b>	<b>3.9</b>	<b>3.8</b>
Carrying amount	-2.1	-2.6	-2.5
<b>Unrealized development gain</b>	<b>1.4</b>	<b>1.3</b>	<b>1.3</b>
Cash flow hedge	0.3	0.5	0.3
<b>Effect in unrealized Equity</b>	<b>1.7</b>	<b>1.8</b>	<b>1.6</b>



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# Group Cash flow



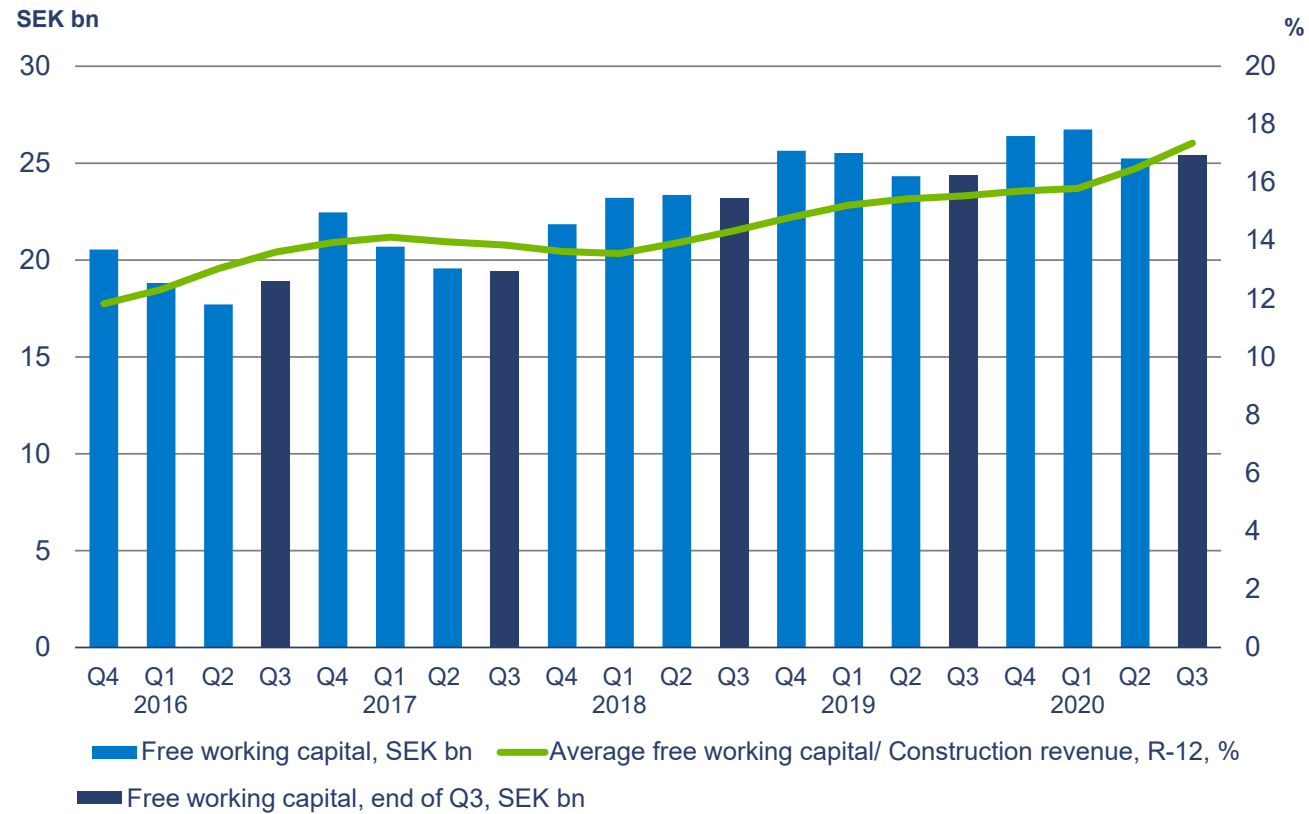
SEK bn	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Cash flow from operations	4.9	-4.5	3.8
Dividend etc.	-0.1	-2.5	-2.5
Cash flow before change in interest-bearing receivables and liabilities	4.8	-7.0	1.3



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# Construction

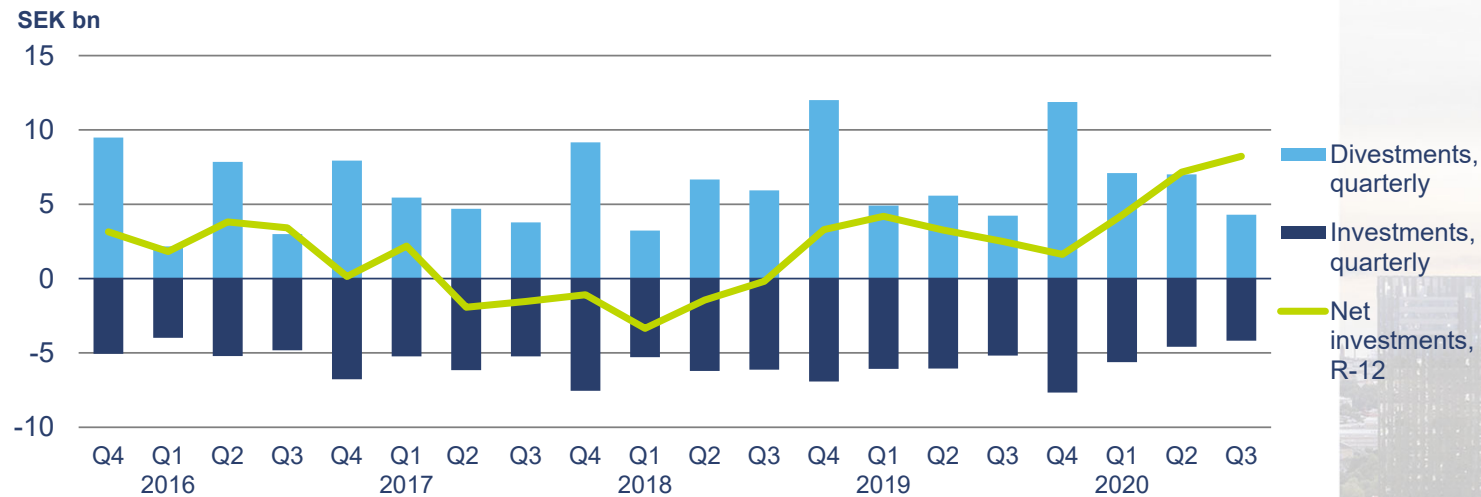
## Free working capital



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# Group

## Investments, divestments and capital employed

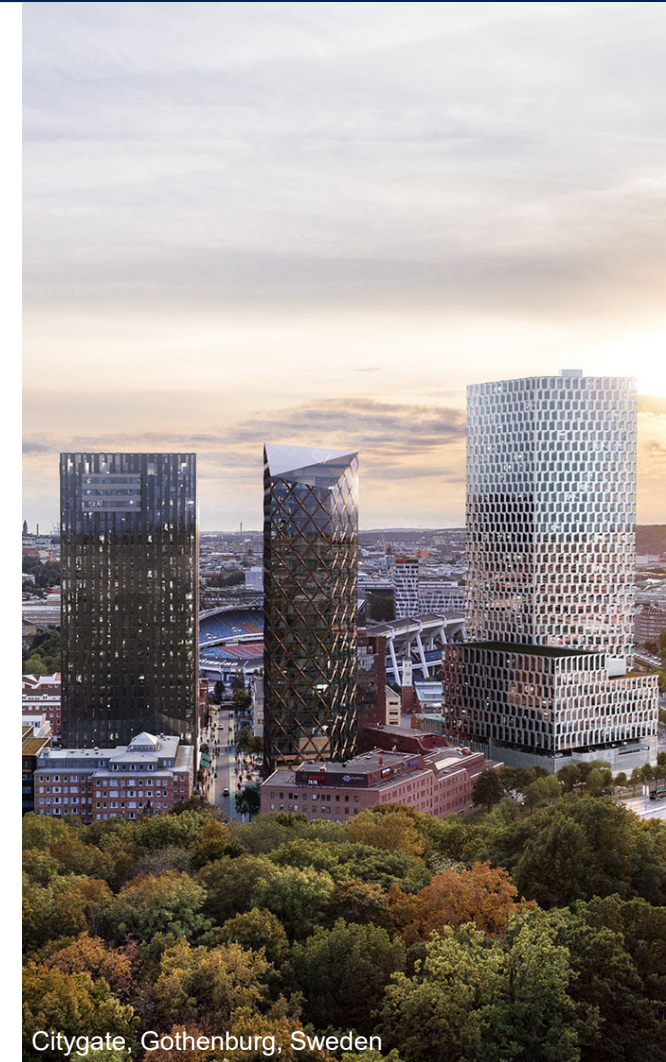
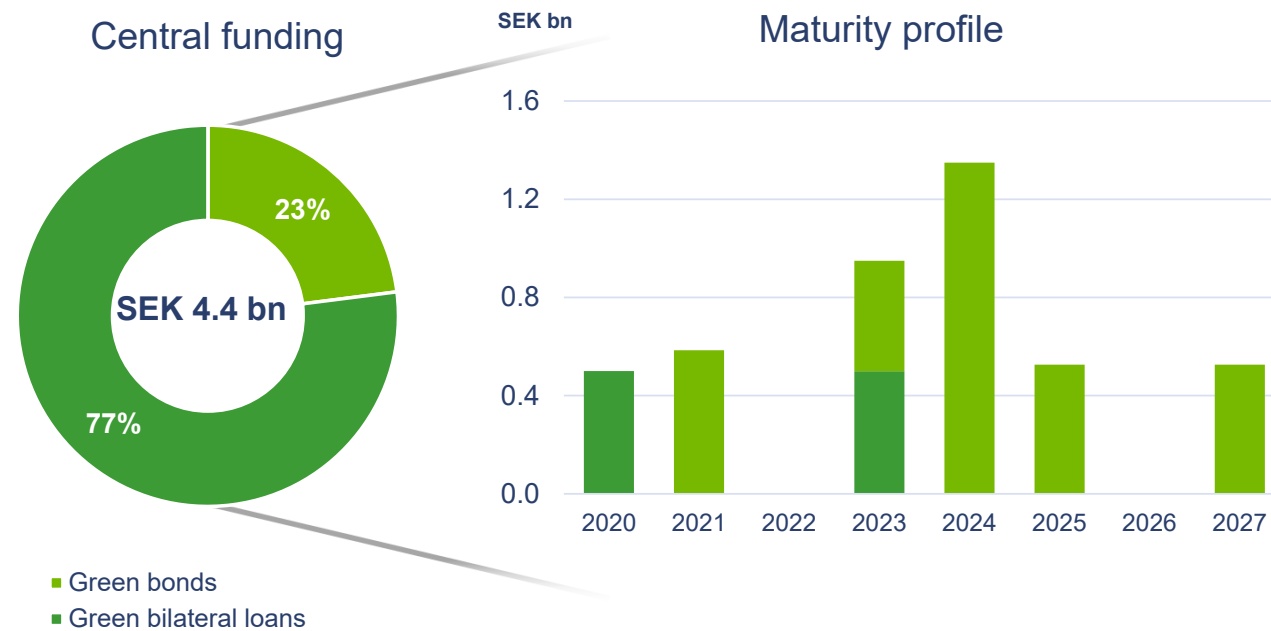


SEK bn	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
<b>Capital employed in:</b>			
Residential Development	12.8	13.4	13.0
Commercial Property Development	34.0	36.7	34.5
<b>Total in Project Development</b>	<b>46.8</b>	<b>50.2</b>	<b>47.4</b>

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# Group

Available funds: SEK 22.7 bn,  
o/w unutilized credit facilities SEK 7.8 bn



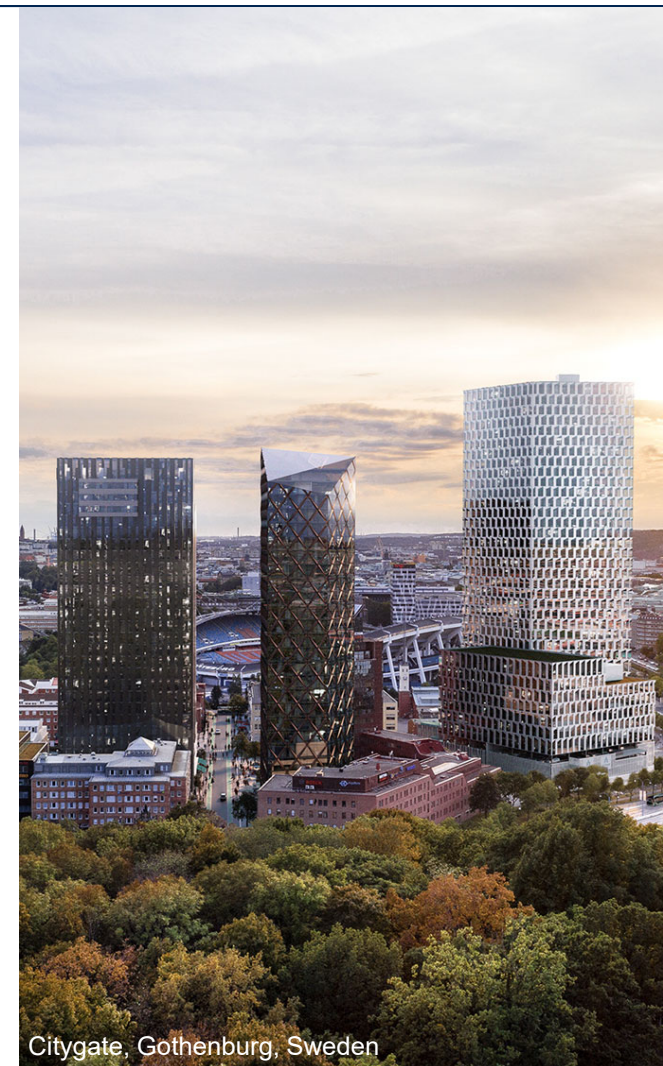
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# Group Financial position

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



SEK bn	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Total assets	128.2	128.4	126.0
Equity attributable to equity holders	35.7	30.3	33.0
Interest-bearing net receivables (+)/net debt (-)	-1.3	-14.4	-4.9
Adj. interest-bearing net receivables (+)/net debt (-)	8.0	-3.9	3.2
Capital employed, closing balance	59.6	55.6	55.9
Equity/assets ratio, %	27.8	23.6	26.2



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# Market outlook



## Construction

- Covid-19 still creates uncertainty, especially in UK and USA
- Lower demand from private clients
- Public infrastructure investments to stimulate economies, but funding uncertain



## Residential Development

- Strong recovery in consumer confidence in the Nordic countries
- Limited number of new developments
- Longer term, a balance between:
  - Rising unemployment levels and economic uncertainty
  - Low interest rate policies
  - Structural shortage of homes



## Commercial Property Development

- Investor appetite solid, low interest rates and stable credit markets
- Tenants hesitant

Outlook compared to previous quarter ● Weaker ● Unchanged ● Improved



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## Group Summary

- Solid performance improvements
- Strong financial position
- Market uncertainty still present, but reduced
- Long term focus and financial targets remain:
  - Improve profitability in Construction
    - Decrease risk and costs
    - Improve commercial management
  - Grow Project Development
    - Leading Residential Developer in our home markets
    - Responsible expansion of Commercial Property Development



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