

# Year- end report 2020

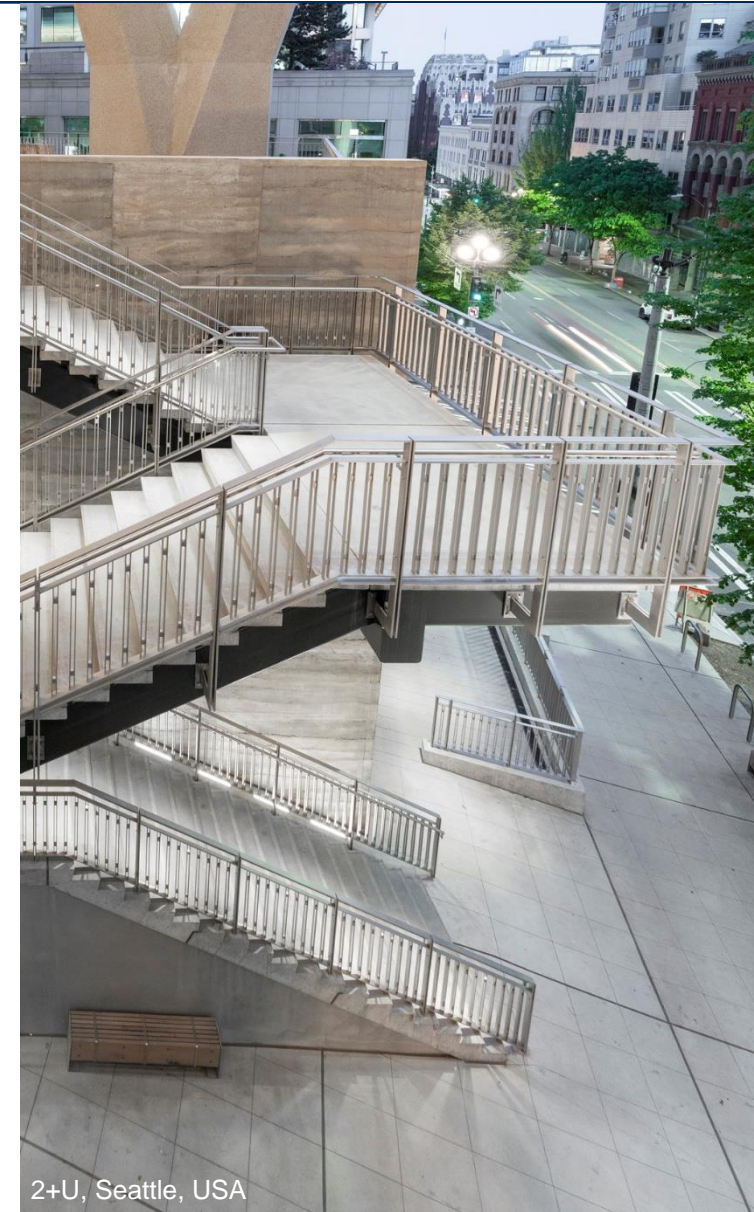
**We build  
for a better  
society.**

2+U  
Seattle, USA



# Year-end report 2020

- Record-high profit
- Earnings per share SEK 22.46 (15.46)
- Operating margin in Construction 2.5% (2.4)
- ROCE in Project Development 12.2% (10.3)
- Return on Equity 26.0% (21.4)
- Solid performance improvements
  - Construction - steadily improving
  - Residential Development - volumes strong, profitability solid
  - Commercial Property Development - divestment gain record
- Strong cash flow and strong financial position
- Proposed dividend SEK 9.50 per share
  - Of which ordinary dividend SEK 6.50 per share
  - Of which extra dividend SEK 3.00 per share



# Construction

- Revenue SEK 140.5 bn (159.6)
- Order bookings SEK 149.8 bn (145.8)
  - Book-to-build 107%
  - Order backlog SEK 178.9 bn (185.4)
- Operating income SEK 3,528 M (3,772)
  - Operating margin 2.5% (2.4)
- Solid performance, US operations continues to improve profitability
- Strategy remains. Selective bidding, improved commercial focus, increased cost efficiency and strategic actions:
  - Focusing the UK operations
  - Adapting to lower volumes in Central Europe
  - Additional measures in parts of the Swedish operations



Slussen, Stockholm, Sweden

# Residential Development

- Revenue SEK 13.1 bn (12.5)
  - 3,991 (3,853) homes sold
  - 3,807 (3,407) homes started
  - Rental homes increased the most
- Operating income SEK 1,543 M (1,195)
  - Operating margin 11.8% (9.6)
- ROCE 12.8% (9.8)
- Maintaining good profitability and return levels
- First BoKlok project in the UK started, ambition to ramp this up
- Strong land bank in our markets to meet the demand
- Longer term, higher unemployment levels a worry, but structural shortage of homes a mitigator



Norra Vitsippan, Salem, Sweden

# Commercial Property Development

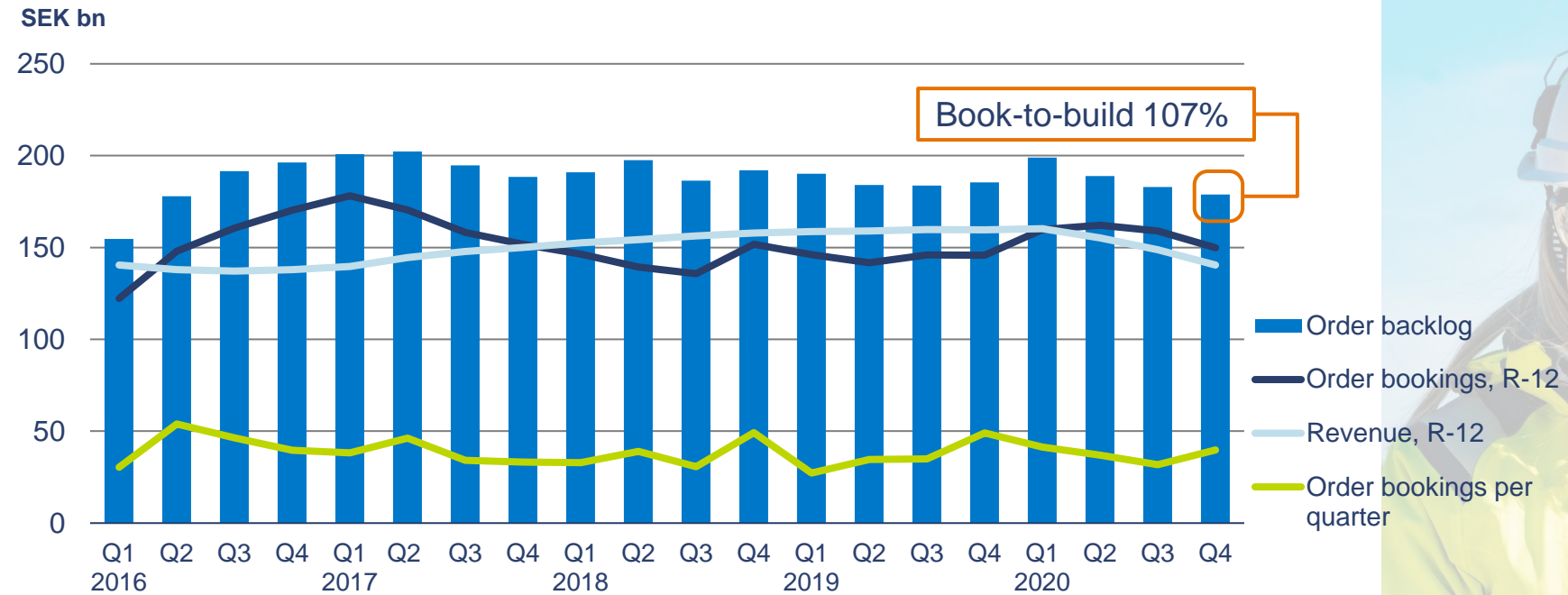
- Operating income SEK 3,897 M (3,287)
  - Gain on sale SEK 4,750 M (4,275)
- ROCE 11.9% (10.5)
- 31 ongoing projects
  - SEK 17.4 bn in investment value upon completion
  - 55% occupancy rate / 57% completion rate
  - 10 projects started in 2020
- 233,000 sq m leased (421,000)
- Record-year in divestment gains
- Uncertainty in the leasing market, close dialogue with potential tenants
- Solid property investor appetite, flight to quality



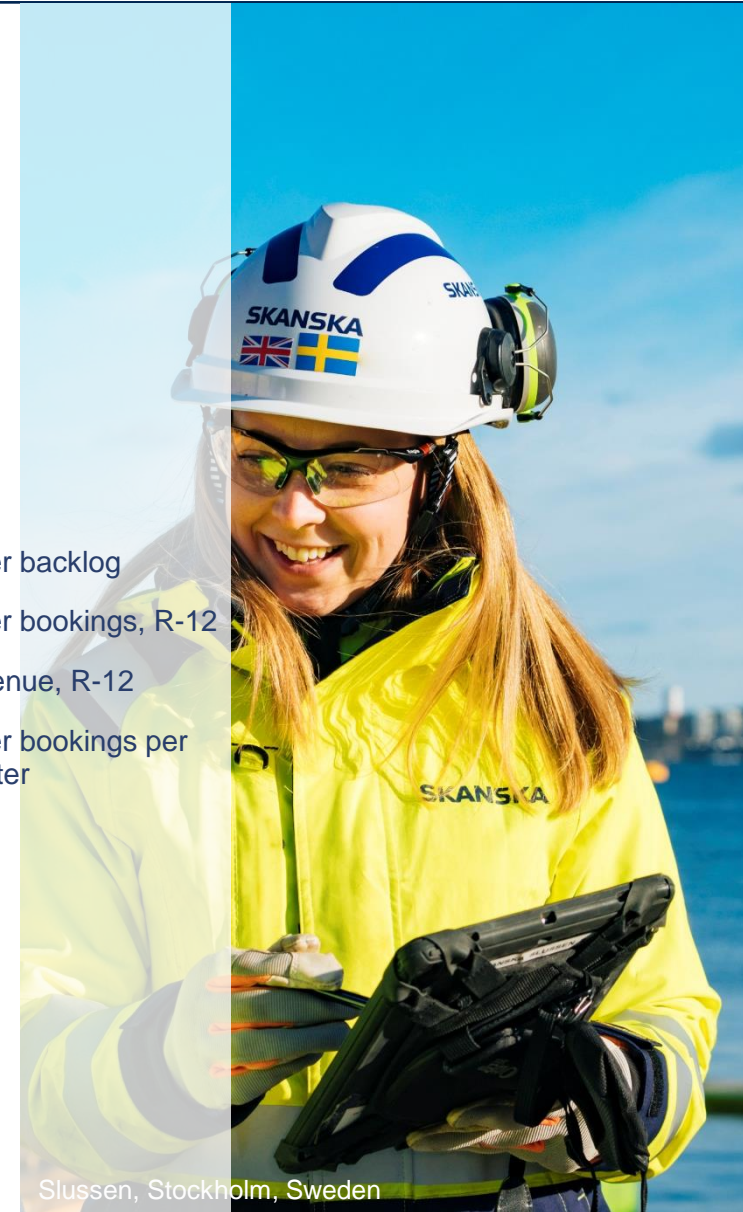
Spark, Warsaw, Poland

# Construction

## Order situation



| SEK bn         | Jan–Dec 2020 | Jan–Dec 2019 |
|----------------|--------------|--------------|
| Revenue        | 140.5        | 159.6        |
| Order bookings | 149.8        | 145.8        |
| Order backlog  | 178.9        | 185.4        |



# Construction

## Order bookings

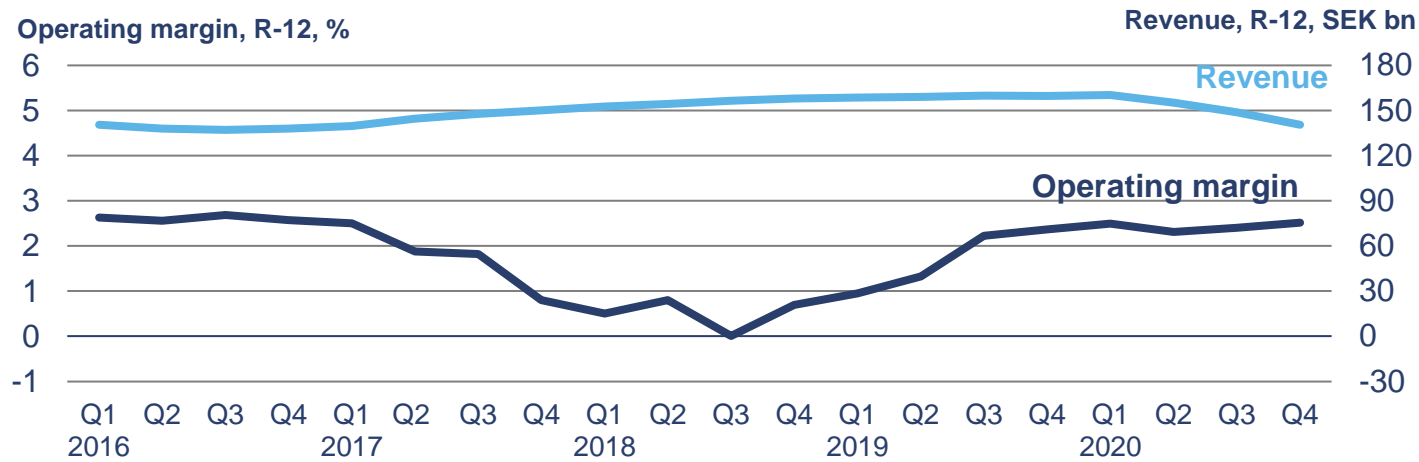
| SEK bn          | Jan-Dec<br>2020 | Jan-Dec<br>2019 | Book-to-<br>build, % | Months of<br>production |
|-----------------|-----------------|-----------------|----------------------|-------------------------|
| Nordics         | 59.3            | 59.4            | 106                  | 14                      |
| of which Sweden | 30.5            | 37.6            | 91                   | 12                      |
| Europe          | 40.1            | 19.0            | 166                  | 20                      |
| USA             | 50.4            | 67.4            | 84                   | 17                      |
| <b>Total</b>    | <b>149.8</b>    | <b>145.8</b>    | <b>107</b>           | <b>16</b>               |



Slussen, Stockholm, Sweden

# Construction

## Income statement



| SEK bn                                 | Jan-Dec 2020 | Jan-Dec 2019 |
|--|--------------|--------------|
| Revenue                                | 140.5        | 159.6        |
| <b>Gross income</b>                    | <b>9.3</b>   | <b>10.4</b>  |
| Selling and administrative expenses    | -5.9         | -6.7         |
| <b>Operating income</b>                | <b>3.5</b>   | <b>3.8</b>   |
| Gross margin, %                        | 6.7          | 6.5          |
| Selling and administrative expenses, % | -4.2         | -4.2         |
| Operating margin, %                    | 2.5          | 2.4          |



Slussen, Stockholm, Sweden



# Construction

## Income statement

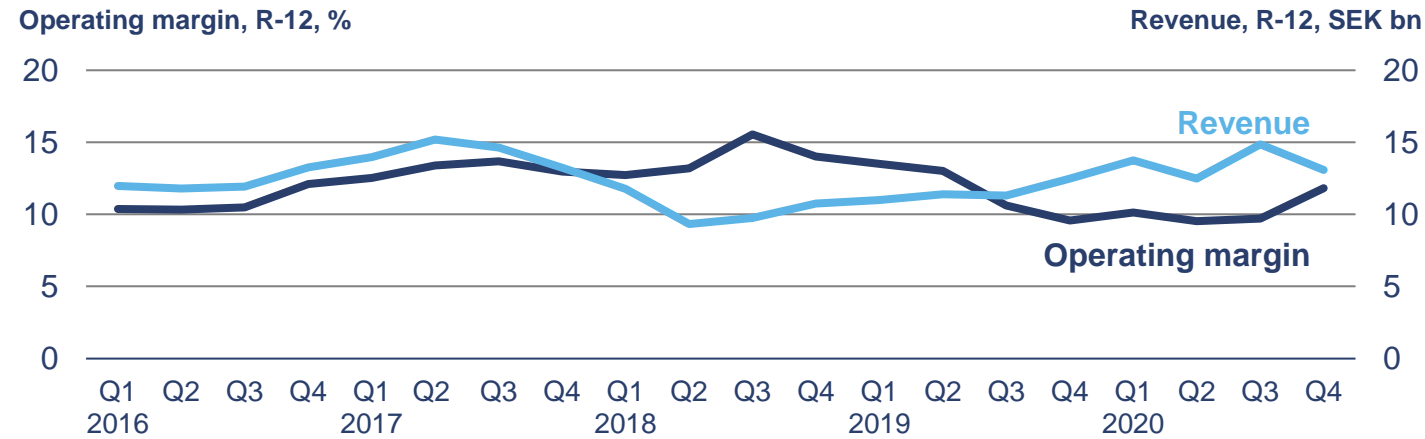
|                 | Operating income, SEK M |                 | Operating margin, % |                 |
|-----------------|-------------------------|-----------------|---------------------|-----------------|
|                 | Jan-Dec<br>2020         | Jan-Dec<br>2019 | Jan-Dec<br>2020     | Jan-Dec<br>2019 |
| Nordics         | 1,995                   | 2,299           | 3.6                 | 3.9             |
| of which Sweden | 1,072                   | 1,330           | 3.2                 | 3.8             |
| Europe          | 314                     | 473             | 1.3                 | 1.5             |
| USA             | 1,219                   | 1,000           | 2.0                 | 1.5             |
| <b>Total</b>    | <b>3,528</b>            | <b>3,772</b>    | <b>2.5</b>          | <b>2.4</b>      |



Slussen, Stockholm, Sweden

# Residential Development

## Income statement, segment reporting



| SEK M                                  | Jan-Dec 2020 | Jan-Dec 2019 |
|--|--------------|--------------|
| Revenue                                | 13,070       | 12,483       |
| <b>Gross income</b>                    | <b>2,178</b> | <b>1,986</b> |
| Selling and administrative expenses    | -635         | -791         |
| <b>Operating income</b>                | <b>1,543</b> | <b>1,195</b> |
| Gross margin, %                        | 16.7         | 15.9         |
| Selling and administrative expenses, % | -4.9         | -6.3         |
| Operating margin, %                    | 11.8         | 9.6          |



Norra Vitsippan, Salem, Sweden

# Residential Development

## Income statement

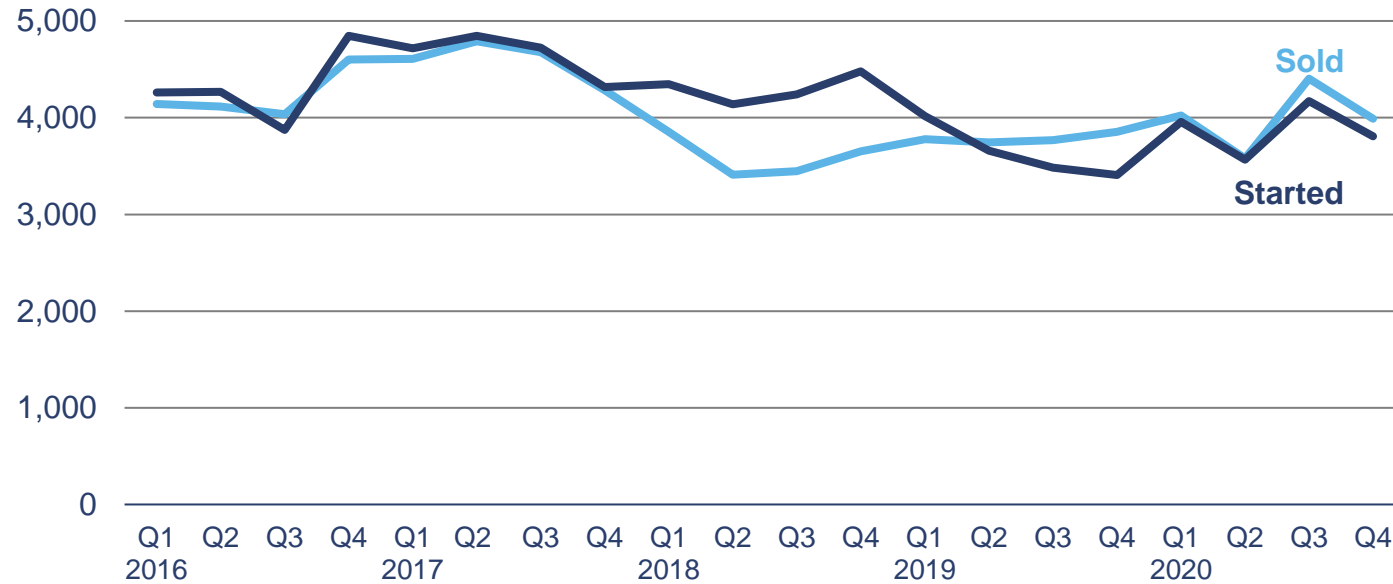
|                 | Operating income, SEK M |                 | Operating margin, % |                 |
|-----------------|-------------------------|-----------------|---------------------|-----------------|
|                 | Jan-Dec<br>2020         | Jan-Dec<br>2019 | Jan-Dec<br>2020     | Jan-Dec<br>2019 |
| Nordics         | 1,345                   | 1,034           | 11.6                | 9.2             |
| of which Sweden | 797                     | 675             | 11.3                | 10.3            |
| Europe          | 198                     | 161             | 13.5                | 13.6            |
| <b>Total</b>    | <b>1,543</b>            | <b>1,195</b>    | <b>11.8</b>         | <b>9.6</b>      |



# Residential Development

## Homes started and sold

Homes, R-12



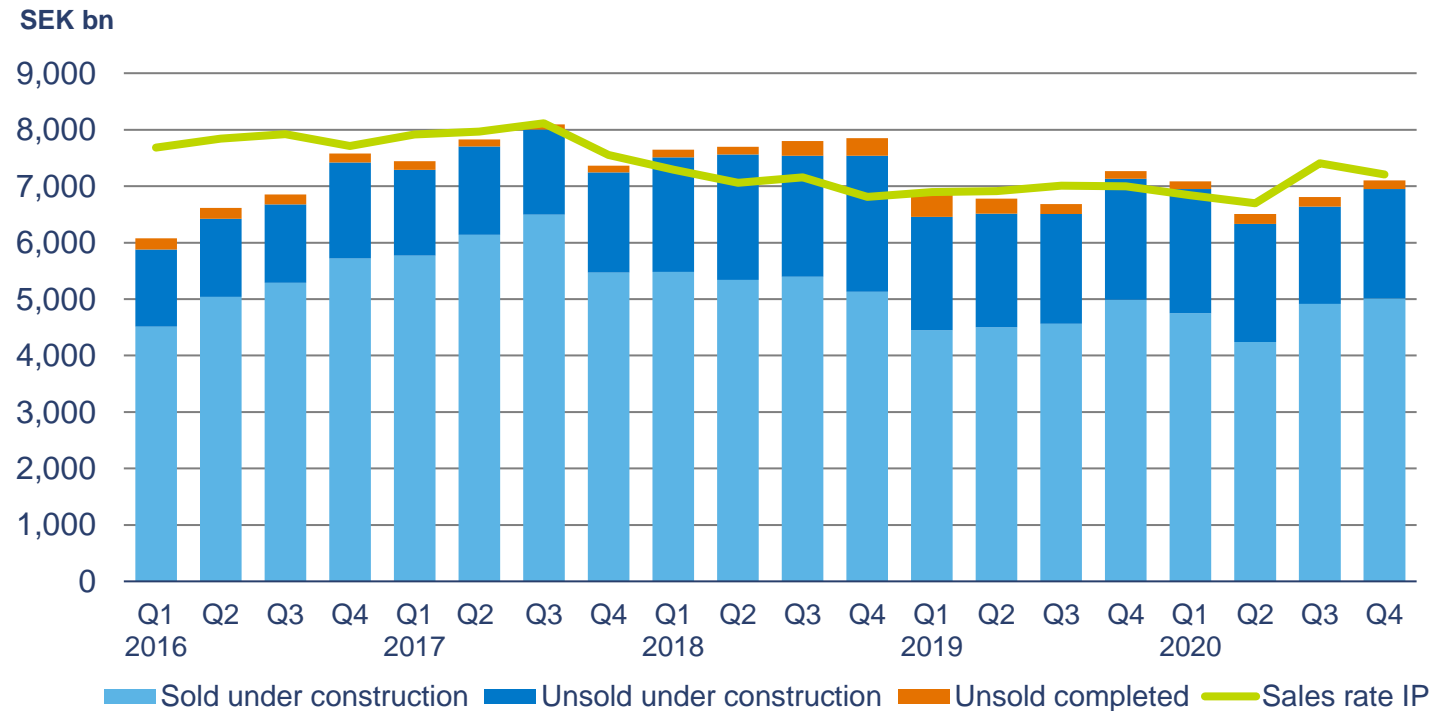
| Homes started |              | Homes sold   |              |
|---------------|--------------|--------------|--------------|
| Jan-Dec 2020  | Jan-Dec 2019 | Jan-Dec 2020 | Jan-Dec 2019 |
| 3,807         | 3,407        | 3,991        | 3,853        |



Norra Vitsippan, Salem, Sweden

# Residential Development

## Homes in production



| Homes in production |              | Of which sold, % |              | Unsold completed homes |              |
|---------------------|--------------|------------------|--------------|------------------------|--------------|
| Dec 31, 2020        | Dec 31, 2019 | Dec 31, 2020     | Dec 31, 2019 | Dec 31, 2020           | Dec 31, 2019 |
| 6,948               | 7,130        | 72               | 70           | 154                    | 134          |



# Commercial Property Development

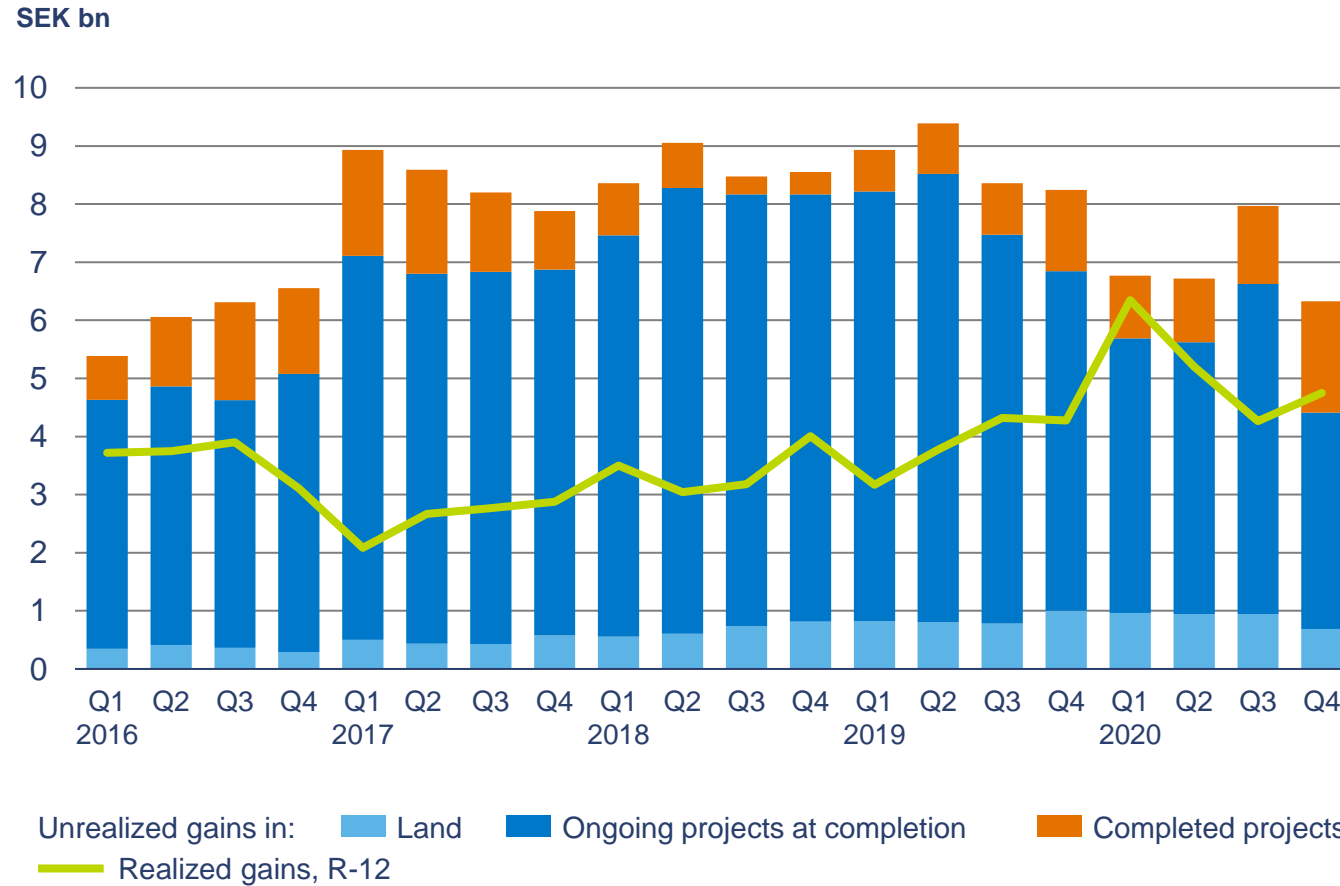
| SEK M   | Jan-Dec<br>2020 | Jan-Dec<br>2019 |
|---|-----------------|-----------------|
| Revenue   | 14,983          | 17,850          |
| <b>Gross income</b>                                       | <b>4,701</b>    | <b>4,101</b>    |
| Selling and administrative expenses                       | -796            | -960            |
| Income from joint ventures and associated companies       | -8              | 146             |
| <b>Operating income</b>                                   | <b>3,897</b>    | <b>3,287</b>    |
| of which gain from divestments of properties <sup>1</sup> | 4,750           | 4,275           |
| of which write downs/reversal of write downs              | -282            | -89             |
| 1 Additional gain included in eliminations                | 359             | 240             |



Spark, Warsaw, Poland

# Commercial Property Development

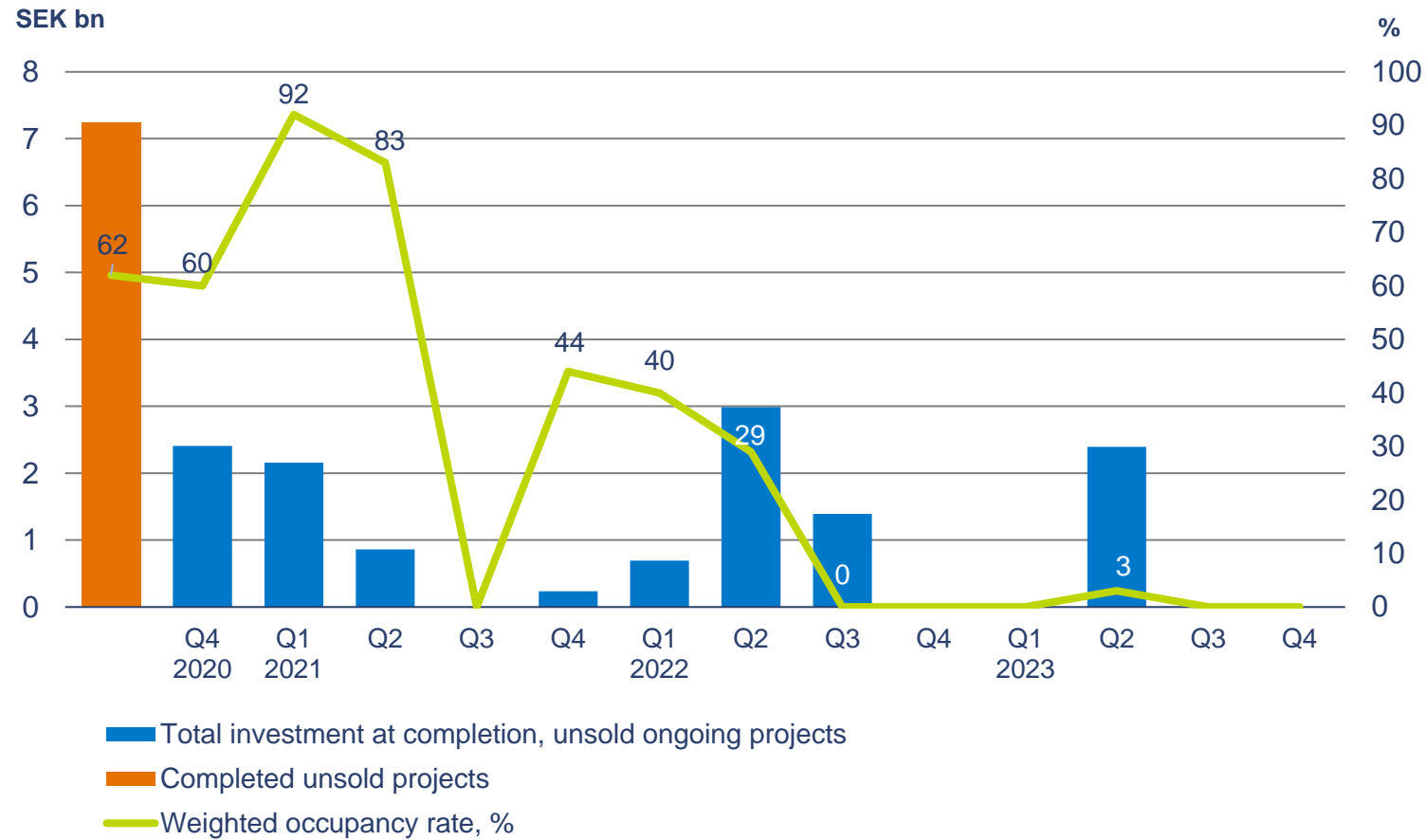
## Unrealized and realized gains, segment reporting



Spark, Warsaw, Poland

# Commercial Property Development

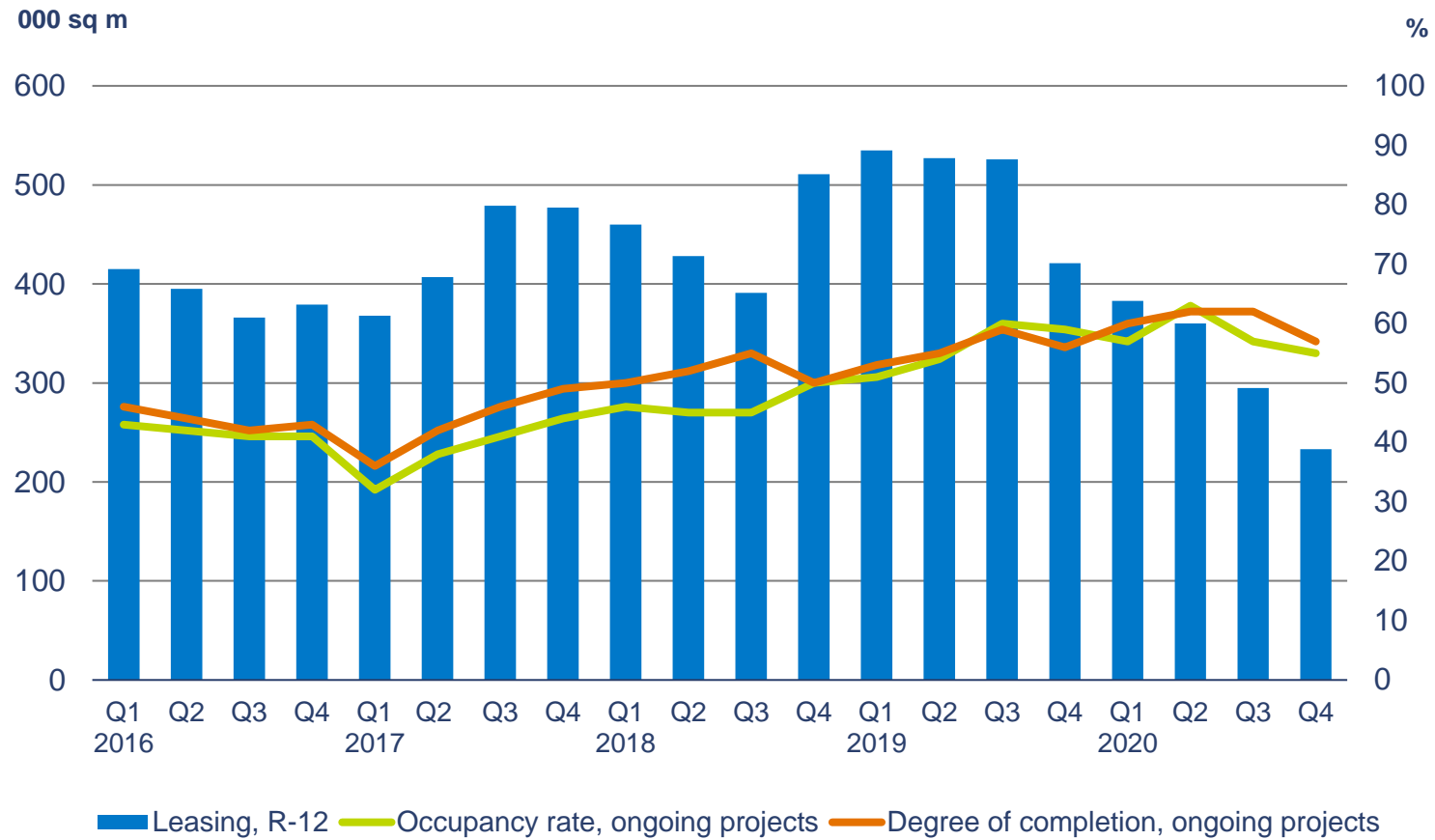
## Completion profile, unsold projects



Spark, Warsaw, Poland



# Commercial Property Development Leasing

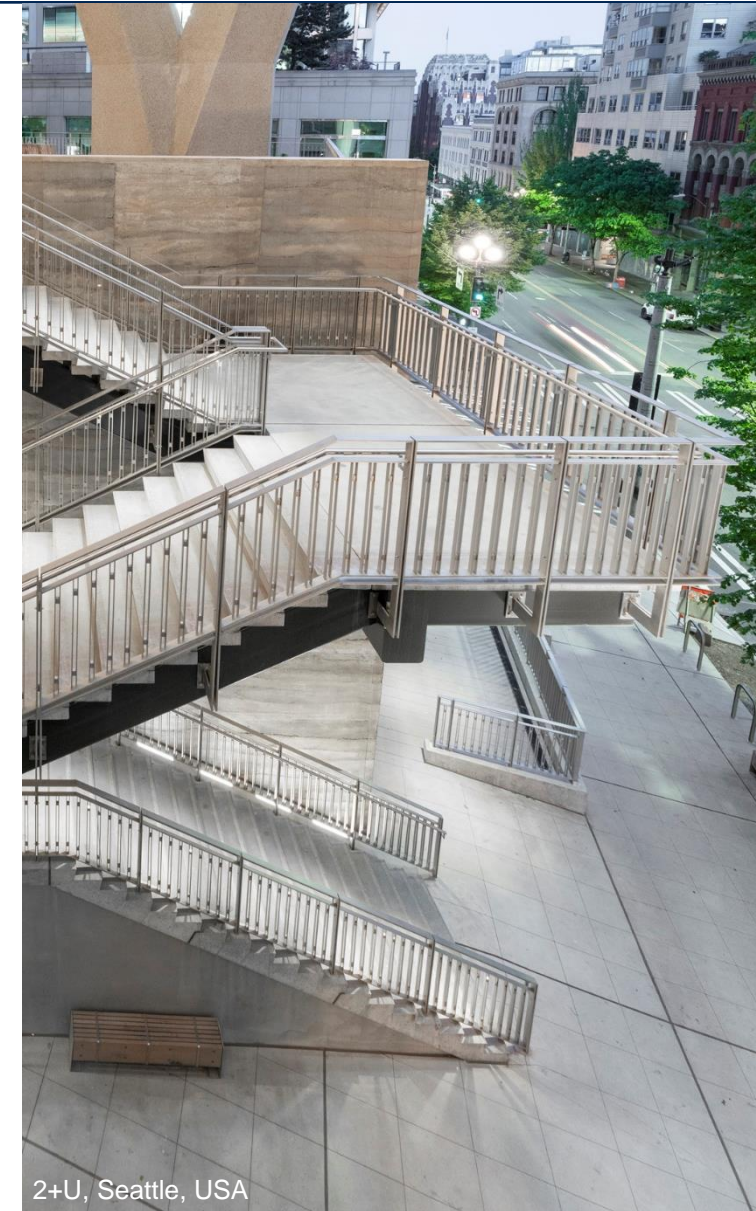


Spark, Warsaw, Poland

# Group

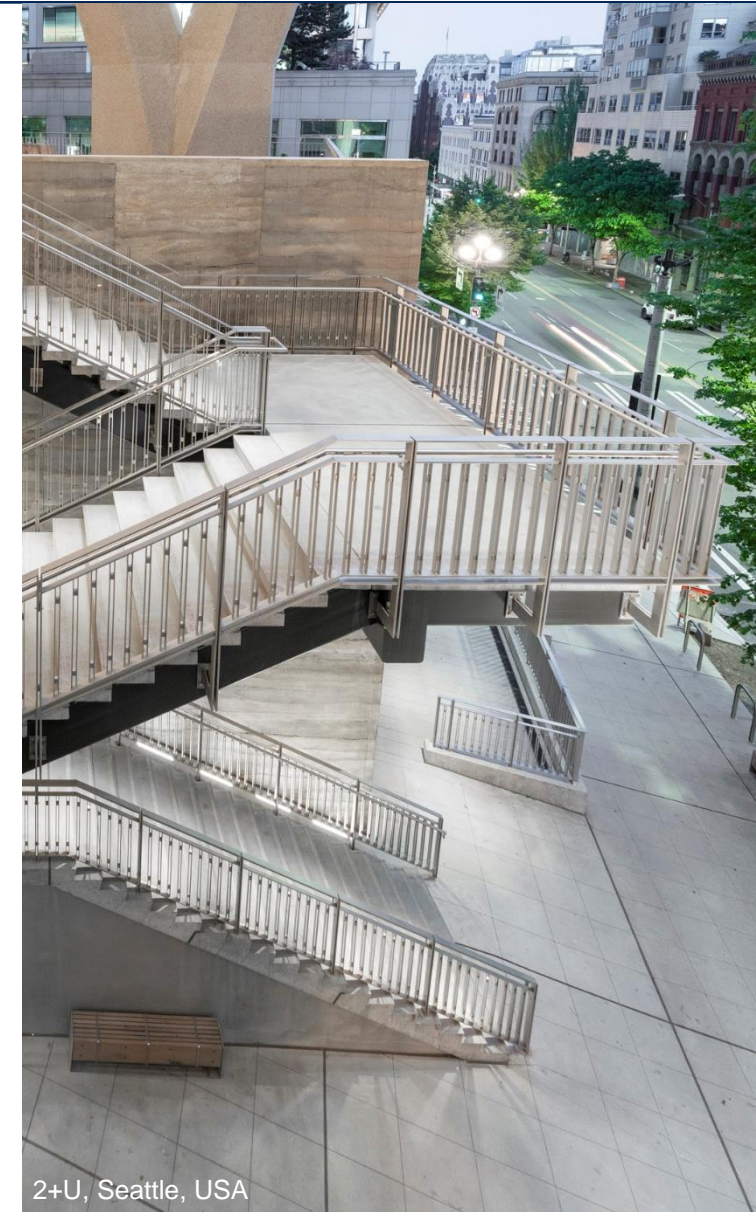
## Income statement

| SEK M                                     | Jan-Dec<br>2020 | Jan-Dec<br>2019 |
|---|-----------------|-----------------|
| Operating income from<br>business streams | 8,968           | 8,254           |
| Central                                   | 2,830           | -388            |
| Eliminations                              | 62              | -38             |
| <b>Operating income</b>                   | <b>11,860</b>   | <b>7,828</b>    |
| <b>Net financial items</b>                | <b>-236</b>     | <b>-103</b>     |
| <b>Income after financial items</b>       | <b>11,624</b>   | <b>7,725</b>    |
| Taxes                                     | -2,350          | -1,353          |
| <b>Profit for the period</b>              | <b>9,274</b>    | <b>6,372</b>    |
| Earnings per share, SEK                   | 22.46           | 15.46           |
| Tax rate, %                               | 20              | 18              |



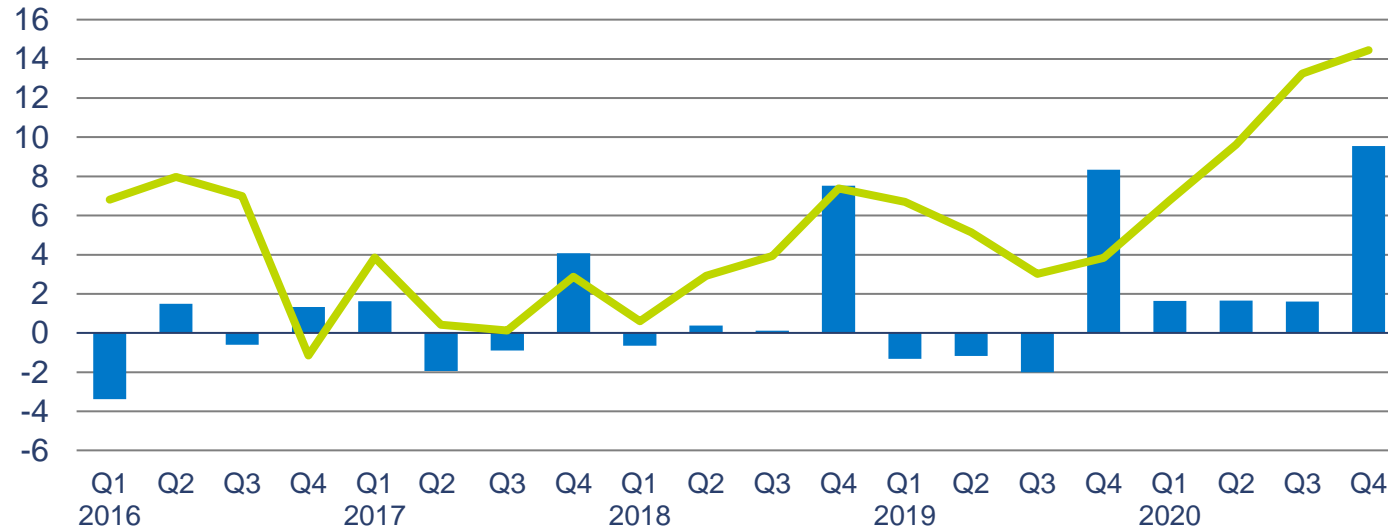
# Group PPP portfolio

| SEK bn                                   | Dec 31, 2020 | Dec 31, 2019 |
|--|--------------|--------------|
| Present value of cash flow from projects | 2.2          | 4.9          |
| <b>Net present value of projects</b>     | <b>1.2</b>   | <b>3.8</b>   |
| Carrying amount                          | -0.7         | -2.5         |
| <b>Unrealized development gain</b>       | <b>0.5</b>   | <b>1.3</b>   |
| Cash flow hedge                          | 0.3          | 0.3          |
| <b>Effect in unrealized Equity</b>       | <b>0.8</b>   | <b>1.6</b>   |



# Group Cash flow

SEK bn



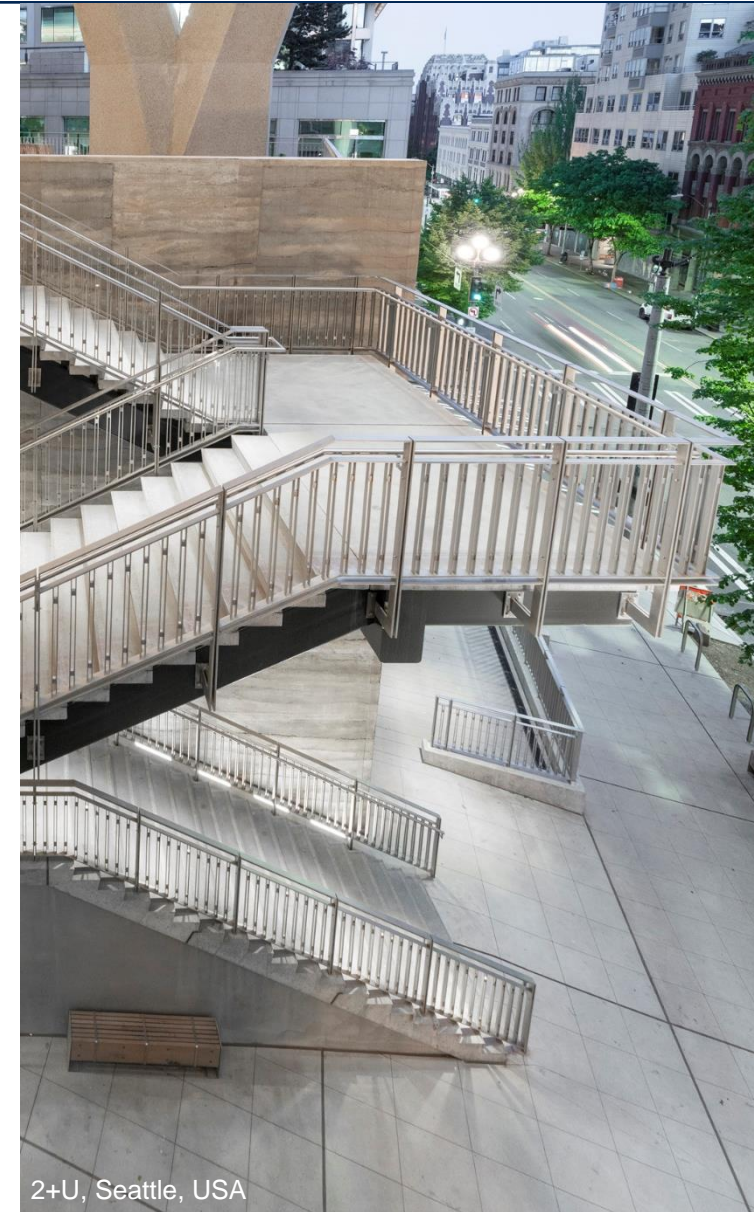
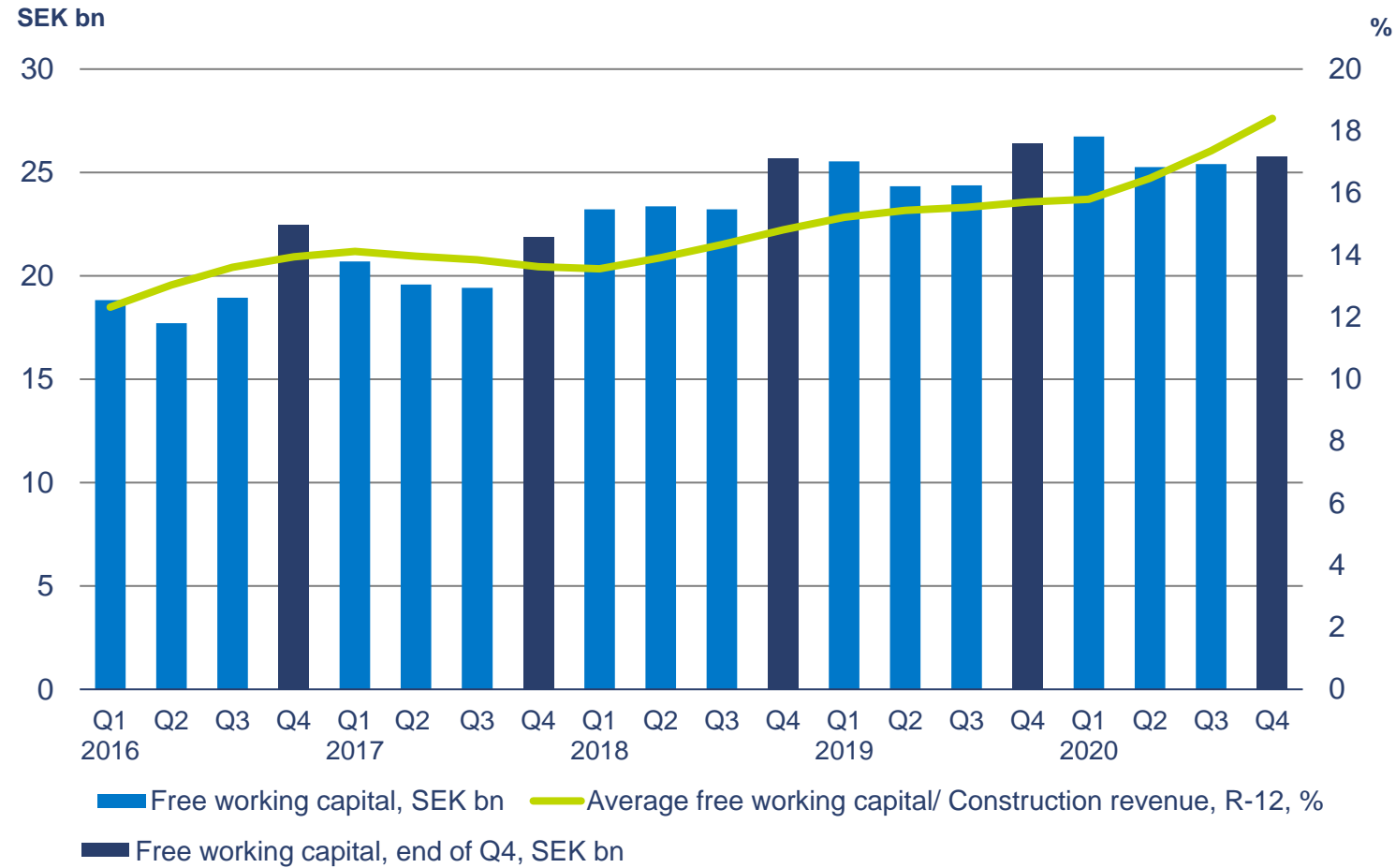
■ Cash flow from business operations, quarterly  
 — Rolling 12 months

| SEK bn  | Jan-Dec 2020 | Jan-Dec 2019 |
|---|--------------|--------------|
| Cash flow from operations   | 14.5         | 3.8          |
| Dividend etc.   | -1.4         | -2.5         |
| Cash flow before change in interest-bearing receivables and liabilities | 13.0         | 1.3          |

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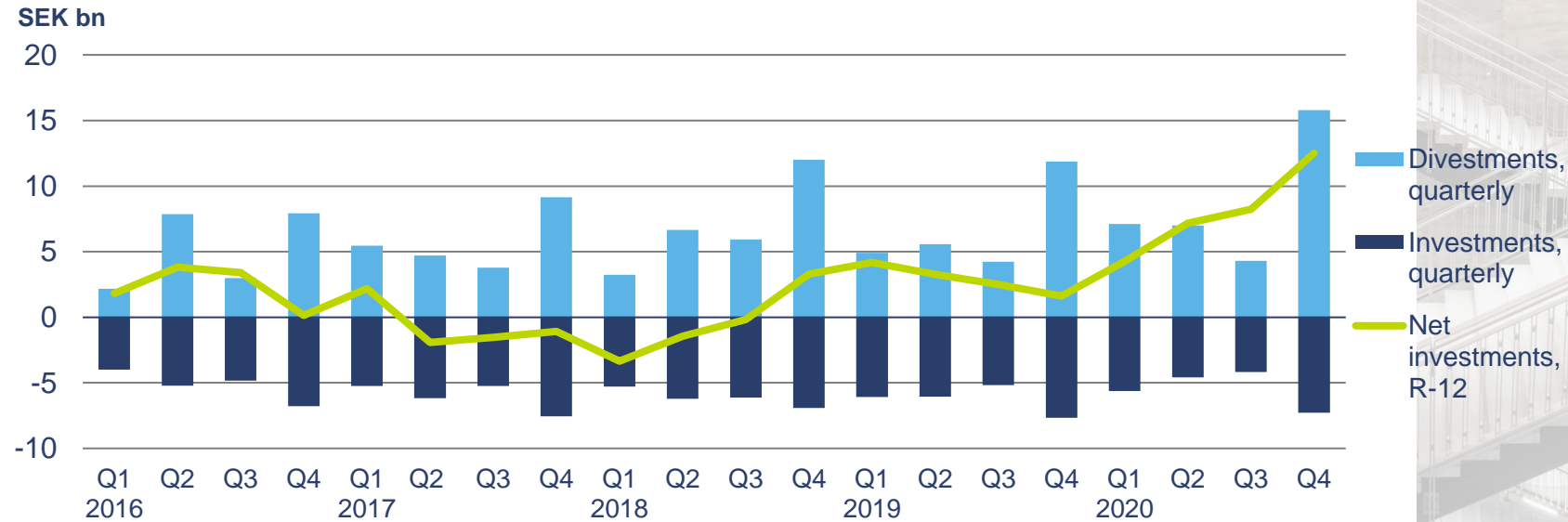
# Construction

## Free working capital

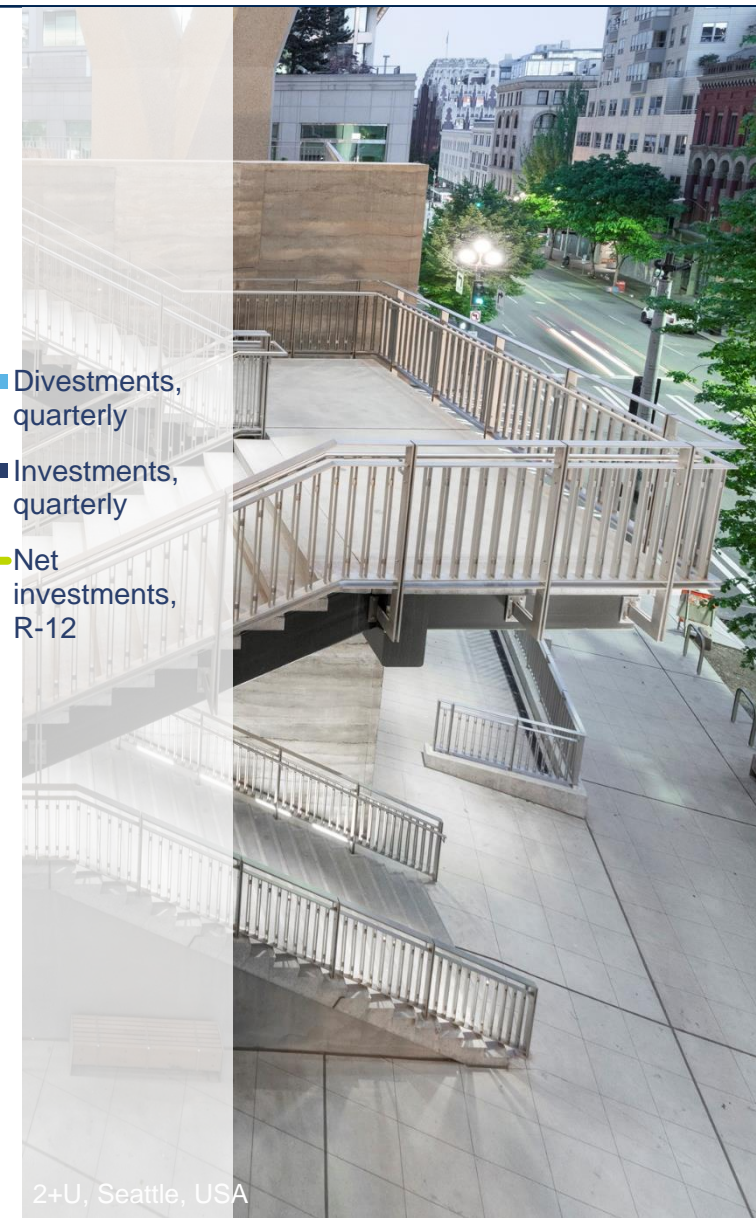


# Group

## Investments, divestments and capital employed

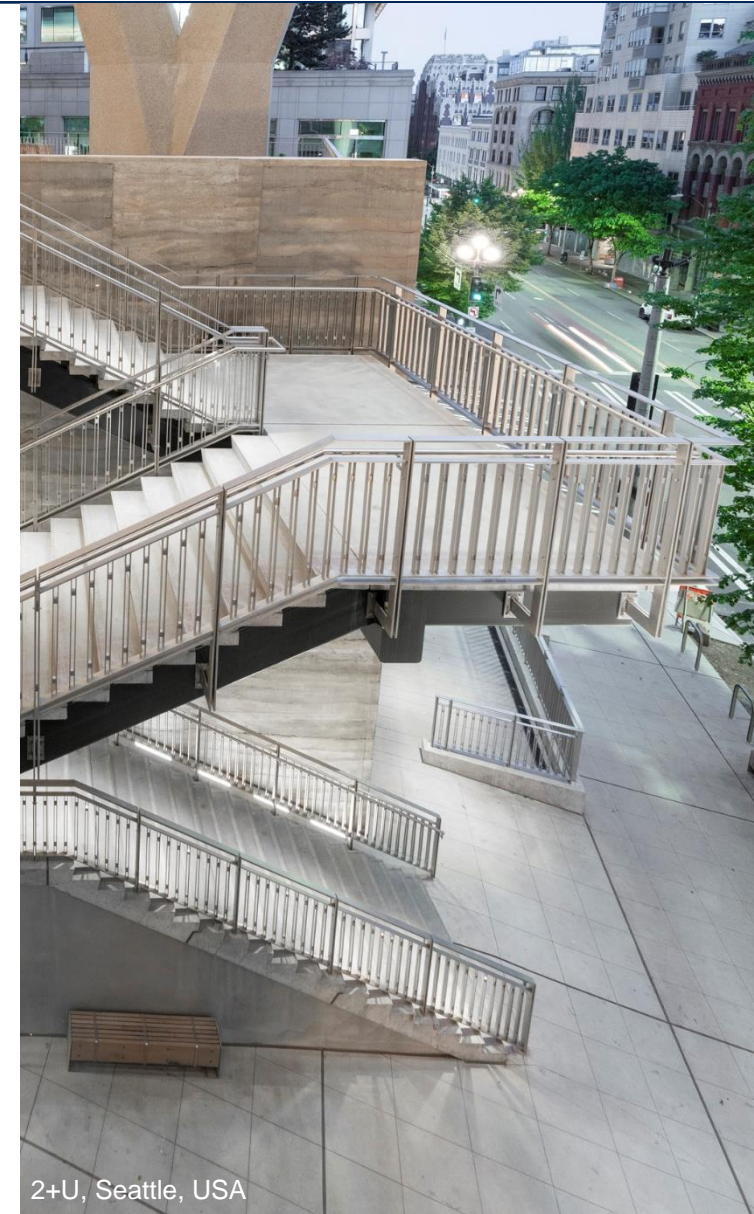
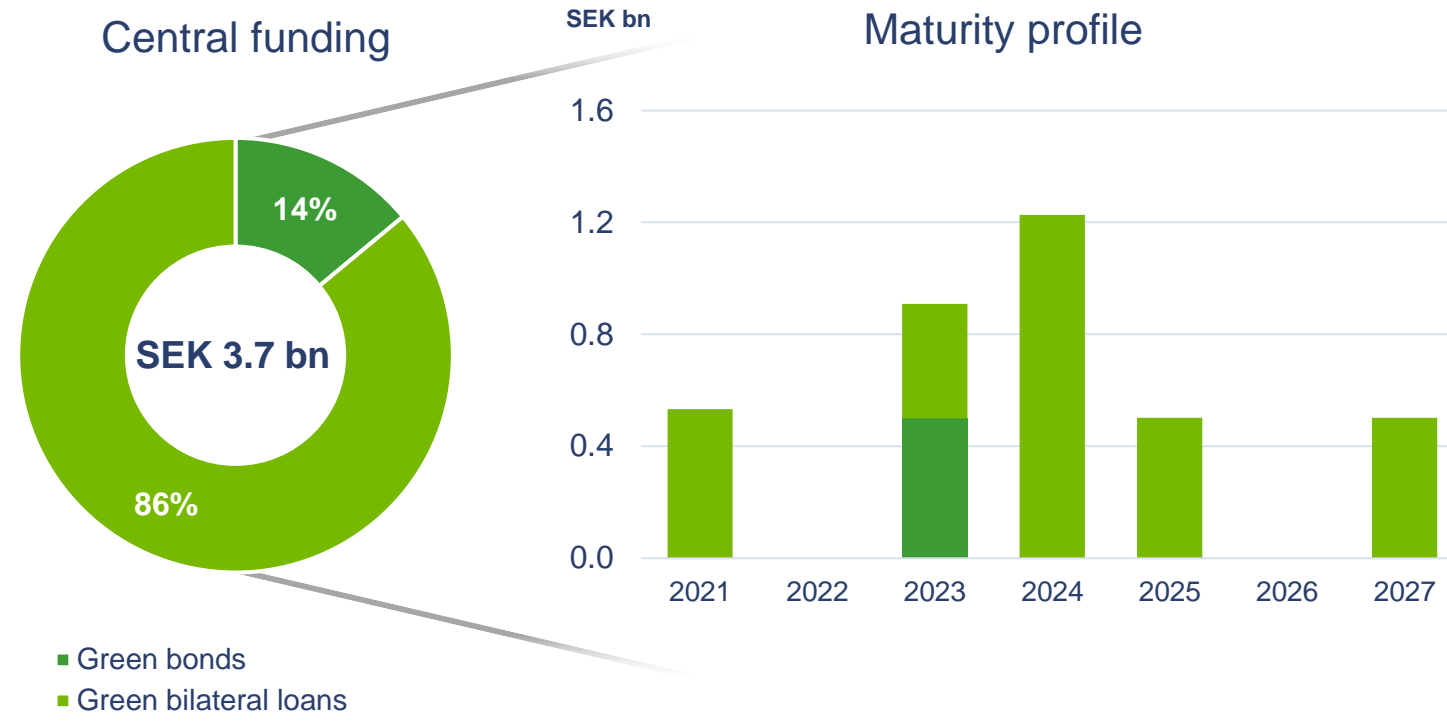


| SEK bn                              | Jan-Dec 2020 | Jan-Dec 2019 |
|-------------------------------------|--------------|--------------|
| <b>Capital employed in:</b>         |              |              |
| Residential Development             | 13.6         | 13.0         |
| Commercial Property Development     | 30.9         | 34.5         |
| <b>Total in Project Development</b> | <b>44.5</b>  | <b>47.4</b>  |



# Group

Available funds: SEK 27.0 bn,  
o/w unutilized credit facilities SEK 7.5 bn



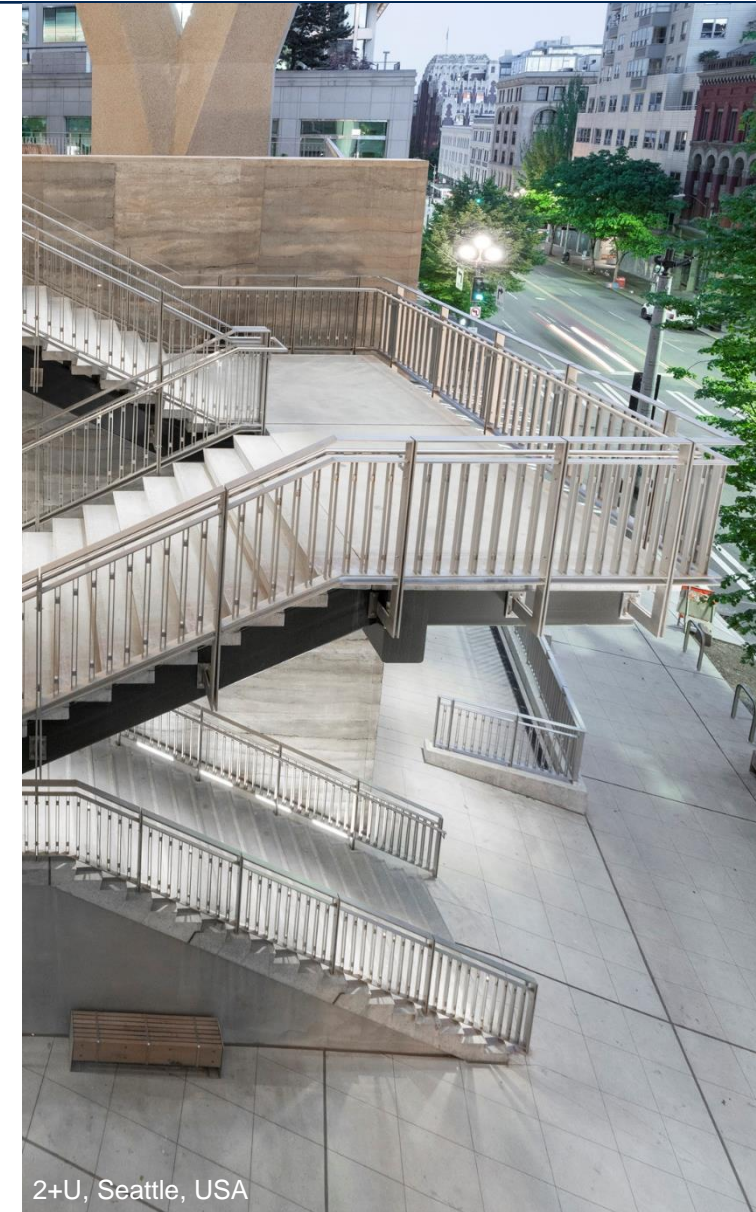
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# Group Financial position

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



| SEK bn   | Dec 31, 2020 | Dec 31, 2019 |
|--|--------------|--------------|
| Total assets   | 125.6        | 126.0        |
| Equity attributable to equity holders                  | 38.7         | 33.0         |
| Interest-bearing net receivables (+)/net debt (-)      | 7.3          | -4.9         |
| Adj. interest-bearing net receivables (+)/net debt (-) | 16.0         | 3.2          |
| Capital employed, closing balance                      | 61.1         | 55.9         |
| Equity/assets ratio, %                                 | 30.8         | 26.2         |





# Market outlook



## Construction

- Low demand from private clients
- Public infrastructure investments to stimulate economies, but funding uncertain
- Increased competition in US civil market
- Less uncertainty in the UK civil market



## Residential Development

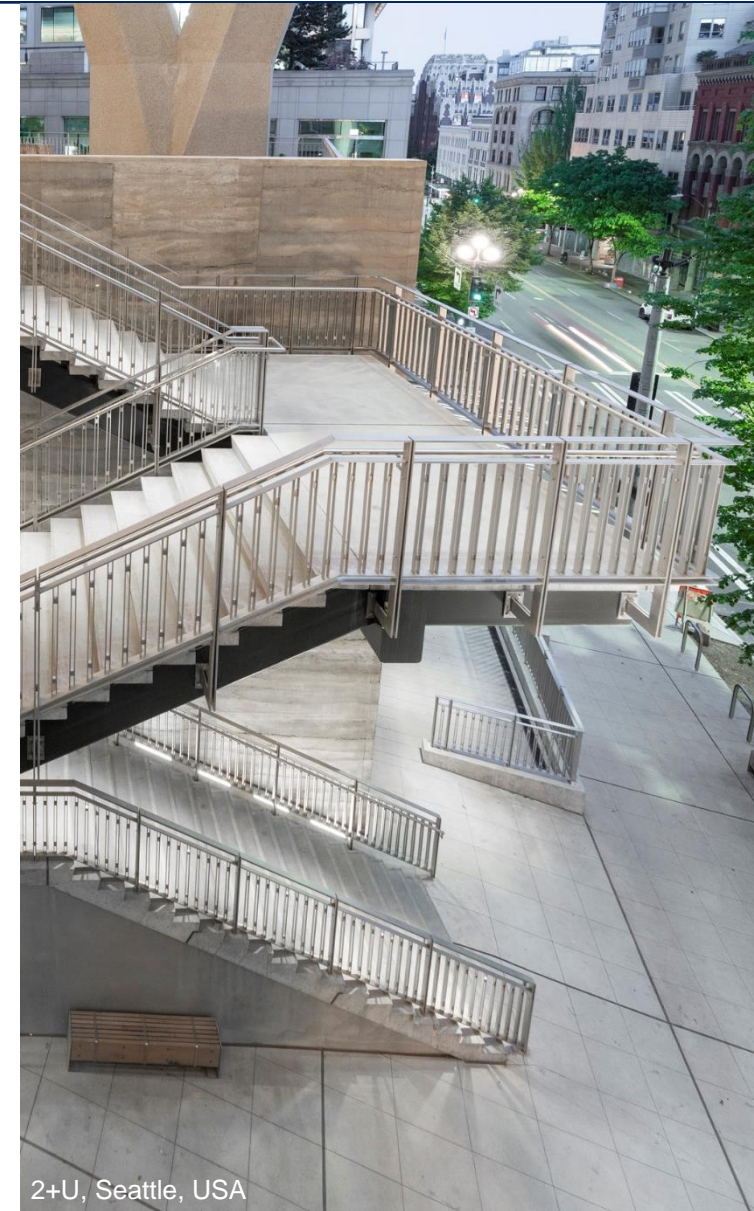
- Strong consumer confidence in the Nordic countries
- Limited number of new developments
- Longer term, a balance between:
  - Rising unemployment levels and economic uncertainty
  - Low interest rate policies
  - Structural shortage of homes



## Commercial Property Development

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

Outlook compared to previous quarter ● Weaker ● Unchanged ● Improved



# Group Summary

- Record profit and solid performance in all business streams
- Strong cash flow and financial position
- Market uncertainty still present, but reduced
- Long term focus remains:
  - Improve profitability in Construction
  - Grow Project Development
    - Leading Residential Developer in our home markets
    - Responsible expansion of Commercial Property Development
  - Focus on health and safety
  - Reducing carbon emissions

