

**SKANSKA**

# Six month report 2021

**We build  
for a better  
society.**

Moynihan Train Hall  
NYC, USA

July 23, 2021

Skanska Six-month report 2021



## Six month report 2021

- Strategy that pays off
  - Construction - steadily improving
  - Residential Development – volumes and profitability strong
  - Commercial Property Development – divestment gains at attractive levels
- Operating margin in Construction 3.6% (1.9)
- ROCE in Project Development 12.4% (11.9), R-12
- Return on Equity 26.7% (20.6), R-12
- Strong financial position
- 43% carbon reduction since 2015



Moynihan Train Hall, NYC, USA

# Construction

- Revenue SEK 61.7 bn (71.9)
- Order bookings SEK 84.7 bn (78.2)
  - Strong bookings in USA
  - Book-to-build 120%, R-12
  - Order backlog SEK 201.3 bn (189.0)
- Operating income SEK 2,232 M (1,366)
  - Operating margin 3.6% (1.9)
- Profitability improving in all business units
  - Divestment of infrastructure services operations in the UK impacting positively



Low-carbon asphalt, Ludvika, Sweden

## Residential Development

- Revenue SEK 8.7 bn (4.8)
  - 2,494 (1,311) homes sold
  - 1,982 (1,298) homes started
- Operating income SEK 1,243 M (588)
  - Operating margin 14.3% (12.2)
- ROCE 16.6% (9.8), R-12
- High activity and strong profitability
- Solid land bank but zoning process slow in our markets
- Longer term, higher unemployment levels a worry, but structural shortage of homes a mitigator



Scilla, Stockholm, Sweden



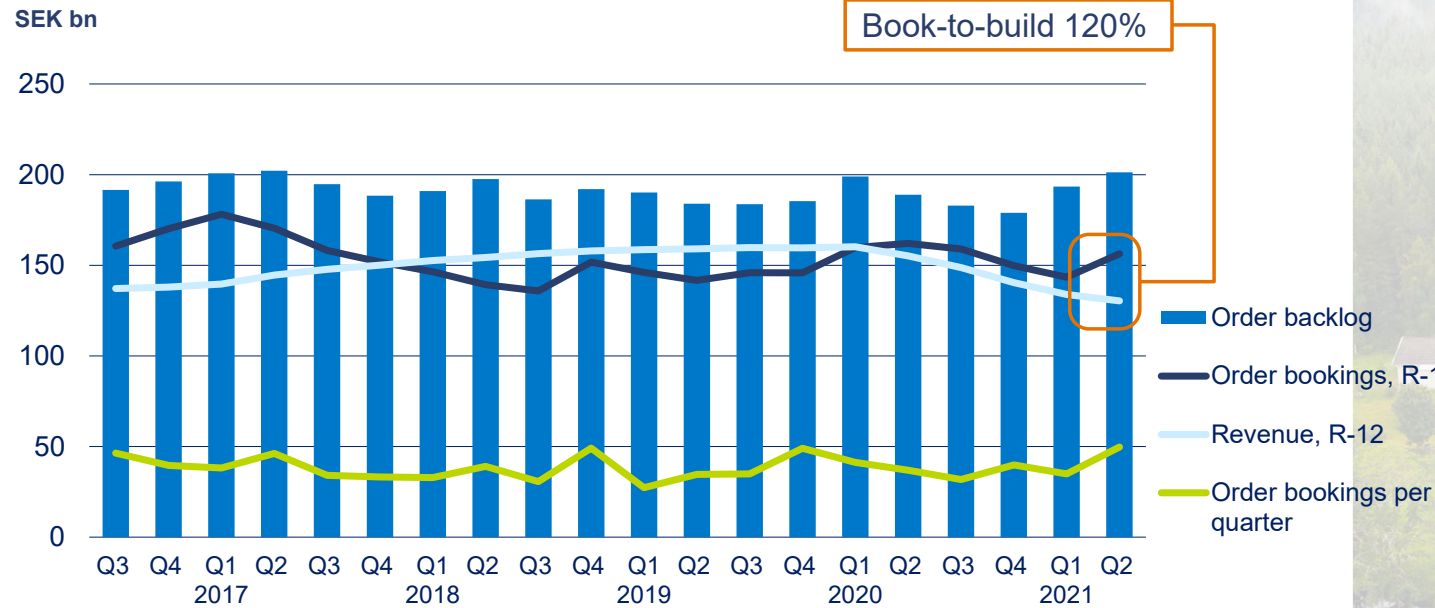
## Commercial Property Development

- Operating income SEK 1,457 M (2,103)
  - Gain on sale SEK 1,717 M (2,454)
- ROCE 10.6% (12.6), R-12
- 34 ongoing projects
  - SEK 22.9 bn in investment value upon completion
  - 35% occupancy rate / 39% completion rate
  - 11 projects started during H1
- 94,000 sq m leased (120,000)
- Divestments at very attractive levels during the quarter
- Slow leasing market, but activity is picking up
- Solid property investor appetite, flight to quality



Parkview, Prague, Czech Republic

# Construction Orderbookings



SEK bn	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Revenue	61.7	71.9	140.5
Order bookings	84.7	78.2	149.8
Order backlog	201.3	189.0	178.9



# Construction

## Order bookings

SEK bn	Jan-Jun 2021	Jan-Jun 2020	Book-to-build (R-12), %	Months of production
Nordics	32.4	28.1	117	16
of which Sweden	15.9	16.5	91	13
Europe	19.4	27.2	144	22
USA	32.8	22.9	113	20
<b>Total</b>	<b>84.7</b>	<b>78.2</b>	<b>120</b>	<b>18</b>

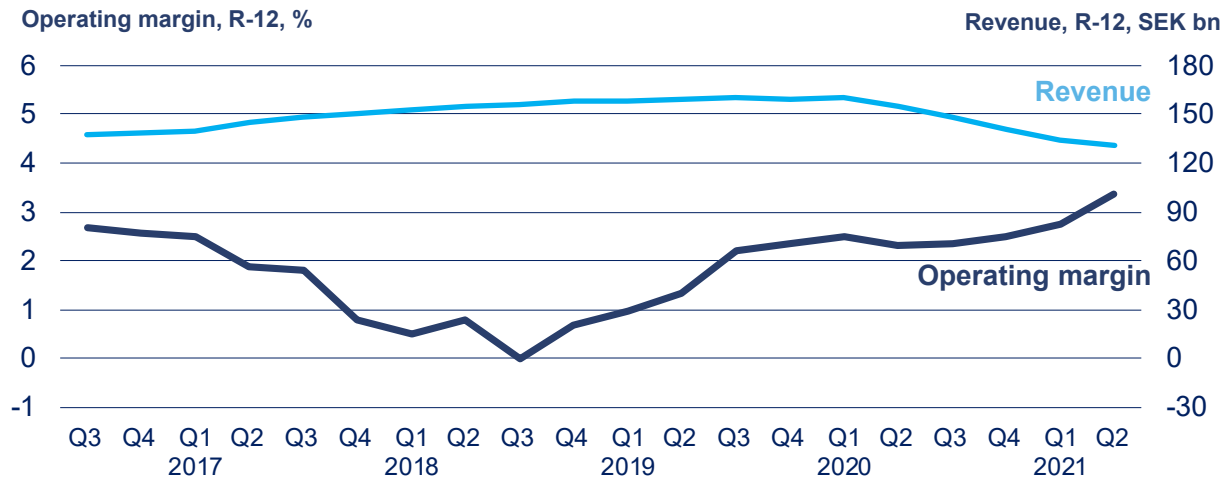


Low-carbon asphalt, Ludvika, Sweden



# Construction

## Income statement



SEK bn	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Revenue	61.7	71.9	140.5
<b>Gross income</b>	<b>5.0</b>	<b>4.4</b>	<b>9.3</b>
Selling and administrative expenses	-2.8	-3.0	-5.9
<b>Operating income</b>	<b>2.2</b>	<b>1.4</b>	<b>3.5</b>
Gross margin, %	8.1	6.1	6.7
Selling and administrative expenses, %	-4.5	-4.2	-4.2
Operating margin, %	3.6	1.9	2.5



Low-carbon asphalt, Ludvika, Sweden



# Construction

## Income statement

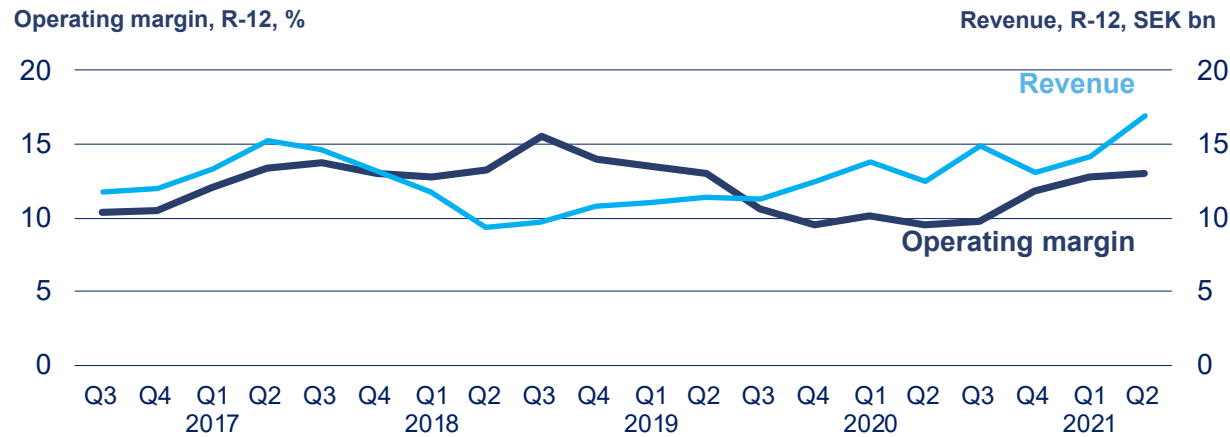
	Operating income, SEK M		Operating margin, %	
	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Nordics	925	816	3.5	2.9
of which Sweden	476	422	3.1	2.6
Europe	626	23	6.1	0.2
USA	680	528	2.7	1.7
<b>Total</b>	<b>2,232</b>	<b>1,366</b>	<b>3.6</b>	<b>1.9</b>



Low-carbon asphalt, Ludvika, Sweden

# Residential Development

## Income statement, segment reporting



SEK bn	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Revenue	8,679	4,801	13,070
<b>Gross income</b>	<b>1,598</b>	<b>878</b>	<b>2,178</b>
Selling and administrative expenses	-355	-291	-634
<b>Operating income</b>	<b>1,243</b>	<b>588</b>	<b>1,543</b>
Gross margin, %	18.4	18.3	16.7
Selling and administrative expenses, %	-4.1	-6.1	-4.9
Operating margin, %	14.3	12.2	11.8





# Residential Development

## Income statement

	Operating income, SEK M		Operating margin, %	
	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Nordics	1,066	492	13.6	11.3
of which Sweden	704	273	14.2	12.2
Europe	176	95	21.1	21.1
<b>Total</b>	<b>1,243</b>	<b>588</b>	<b>14.3</b>	<b>12.2</b>

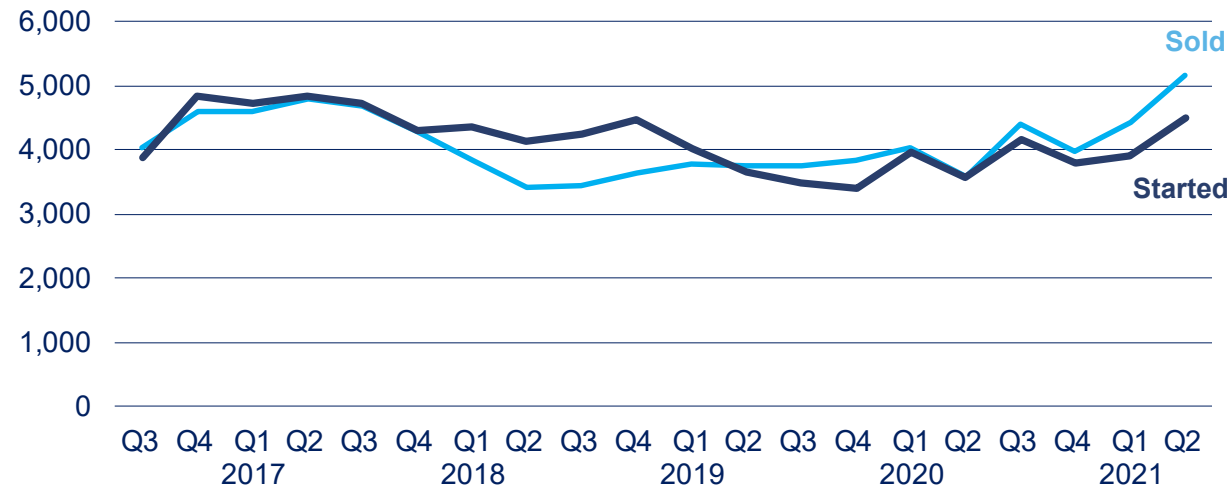


Scilla, Stockholm, Sweden

# Residential Development

## Homes started and sold

Homes, R-12



Homes started			Homes sold		
Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
1,982	1,298	3,807	2,494	1,311	3,991

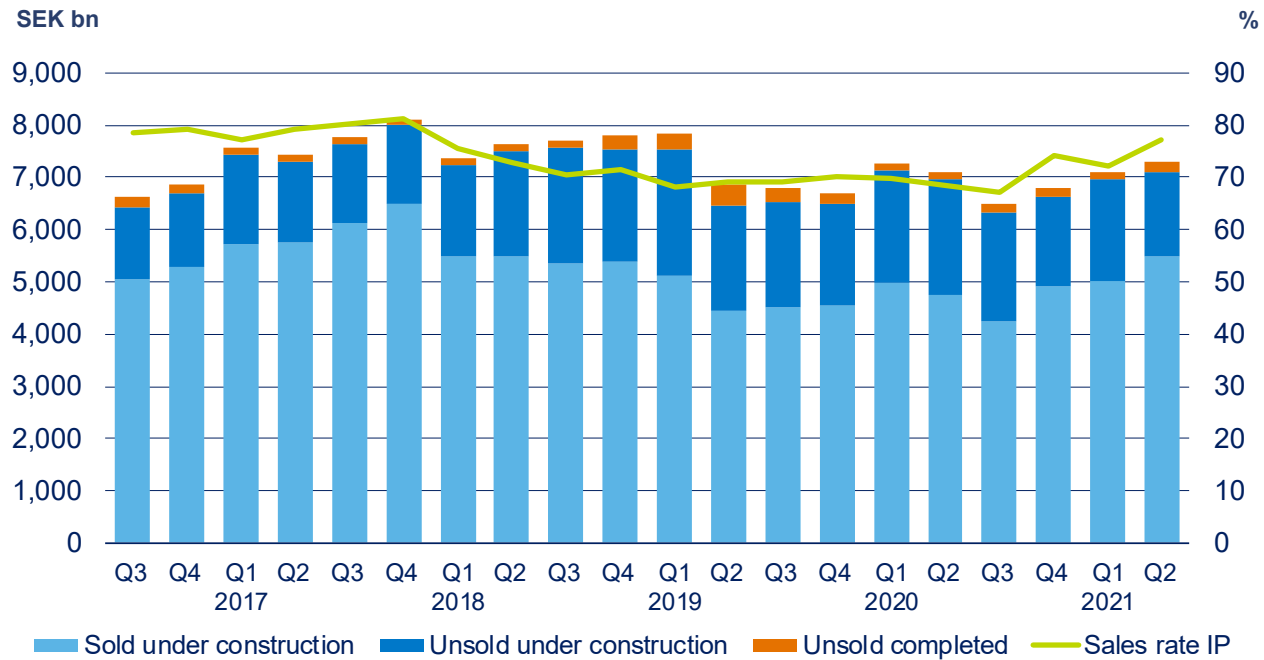


Scilla, Stockholm, Sweden



# Residential Development

## Homes in production



Homes in production		Of which sold, %		Unsold completed homes	
Jun 30, 2021	Jun 30, 2020	Jun 30, 2021	Jun 30, 2020	Jun 30, 2021	Jun 30, 2020
7,423	6,330	80	67	132	178



# Commercial Property Development

SEK bn	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Revenue	3,848	5,336	14,983
<b>Gross income</b>	<b>1,806</b>	<b>2,527</b>	<b>4,701</b>
Selling and administrative expenses	-353	-417	-797
Income from joint ventures and associated companies	4	-8	-8
<b>Operating income</b>	<b>1,457</b>	<b>2,103</b>	<b>3,897</b>
of which gains from divestments of properties	1,717	2,454	4,750
of which write downs/reversal of write downs	0	-32	-281
1 Additional gain included in eliminations	84	164	359

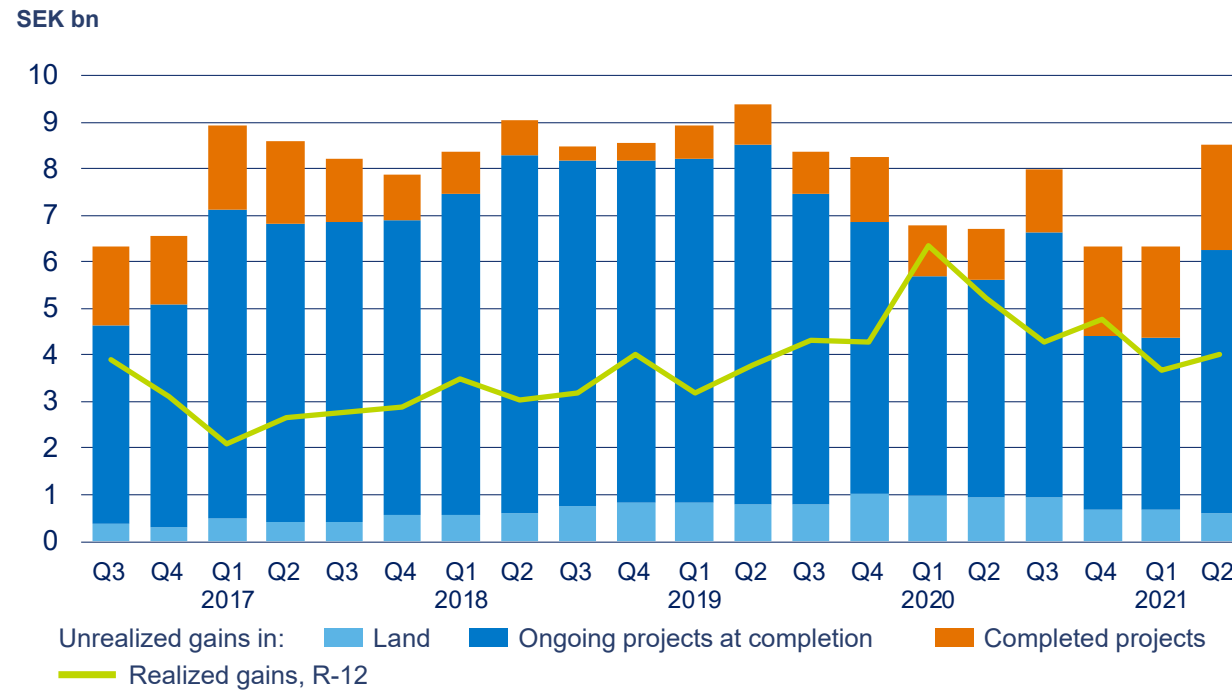


Parkview, Prague, Czech Republic



# Commercial Property Development

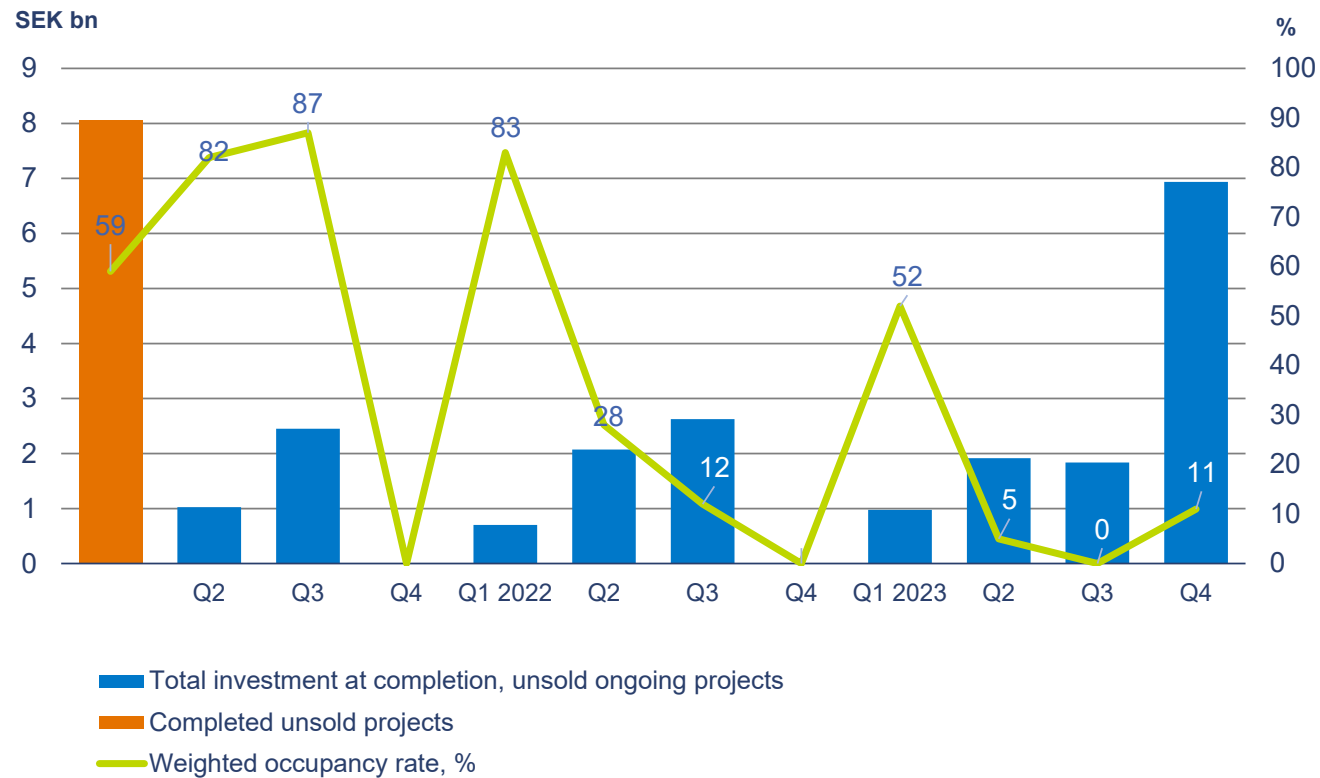
## Unrealized and realized gains, segment reporting



Parkview, Prague, Czech Republic

# Commercial Property Development

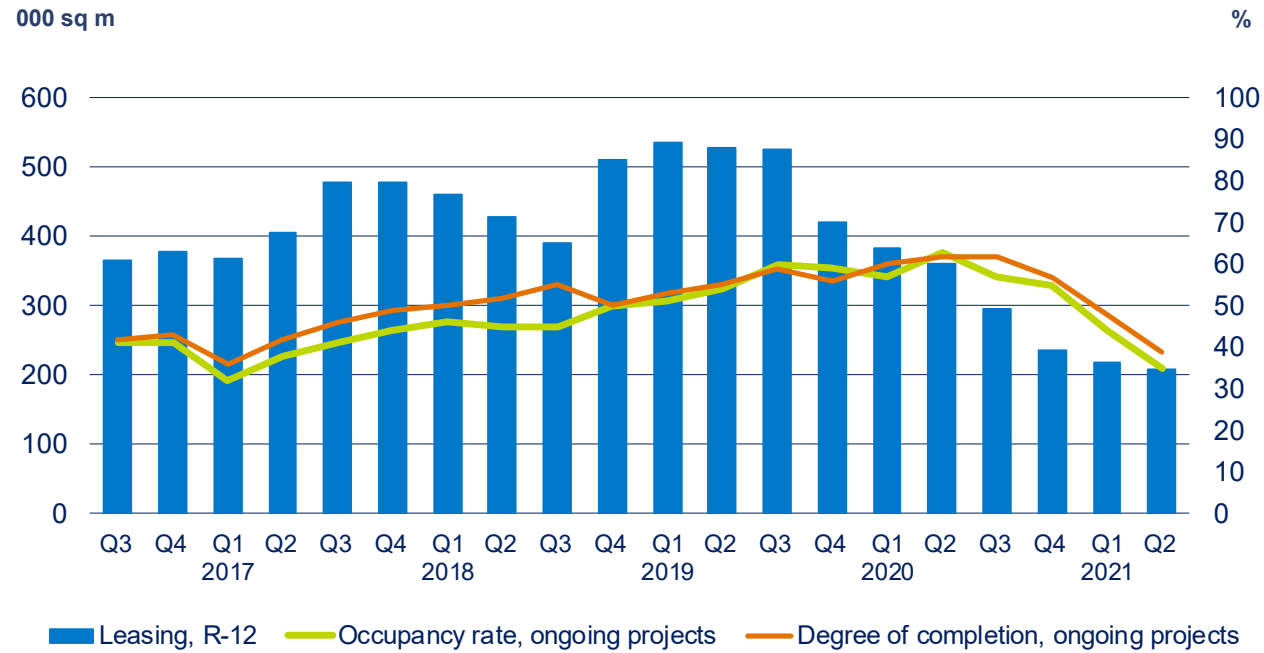
## Completion profile, unsold projects



Parkview, Prague, Czech Republic



# Commercial Property Development Leasing



Parkview, Prague, Czech Republic

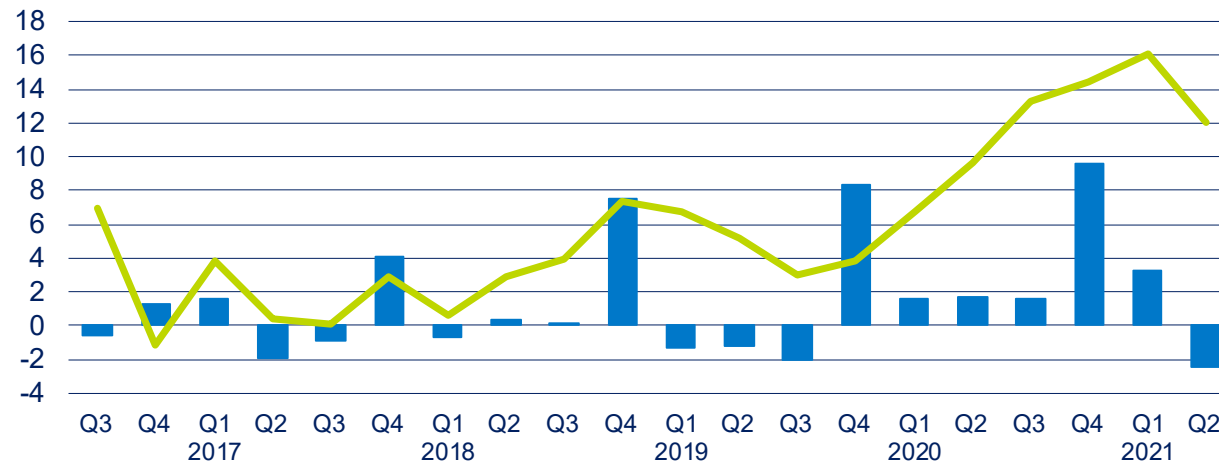
# Group Income Statement

SEK M	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Operating income from business streams	4,931	4,057	8,968
Central	-189	-242	2,830
Eliminations	-78	-69	62
<b>Operating income</b>	<b>4,664</b>	<b>3,746</b>	<b>11,860</b>
<b>Net financial items</b>	<b>-85</b>	<b>-115</b>	<b>-236</b>
<b>Income after financial items</b>	<b>4,579</b>	<b>3,631</b>	<b>11,624</b>
Taxes	-746	-618	-2,349
<b>Profit for the period</b>	<b>3,833</b>	<b>3,013</b>	<b>9,274</b>
Earnings per share, SEK	9.27	7.29	22.46
Tax rate, %	16	17	20



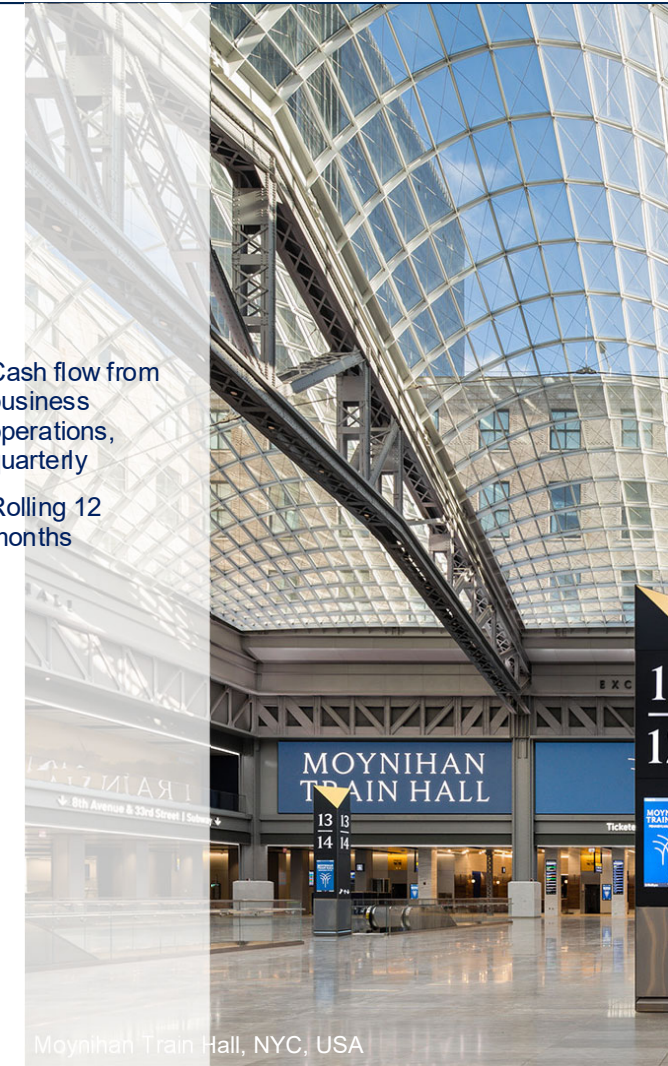
# Group Cash flow

SEK bn



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

SEK bn	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Operating cash flow from operations	0.9	3.3	14.4
Dividend and net strategic divestment	-3.3	0.0	-1.4
Cash flow before change in interest-bearing receivables and liabilities	-2.4	3.3	13.0

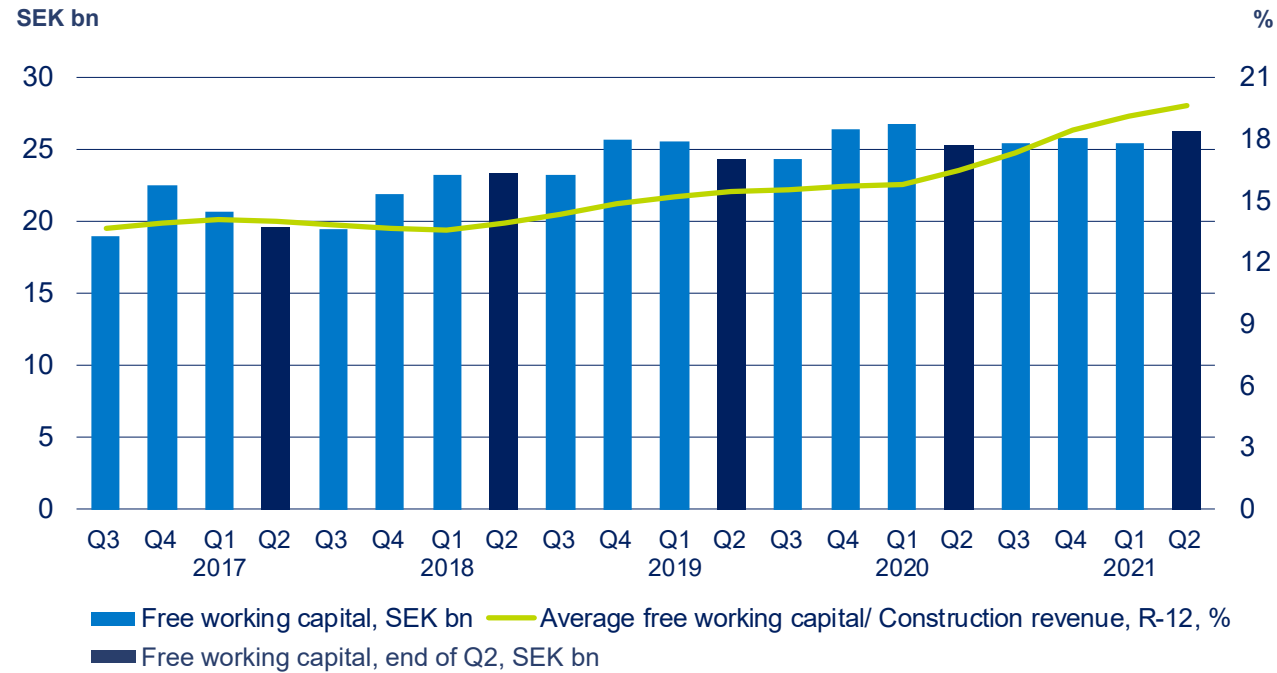


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# Construction

## Free working capital

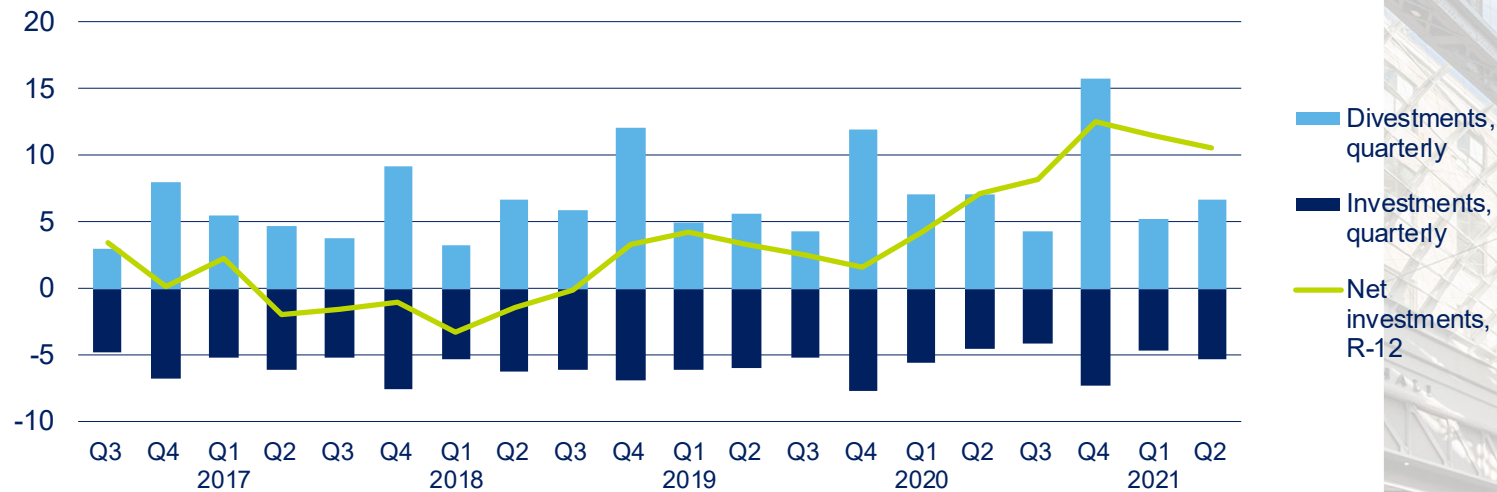


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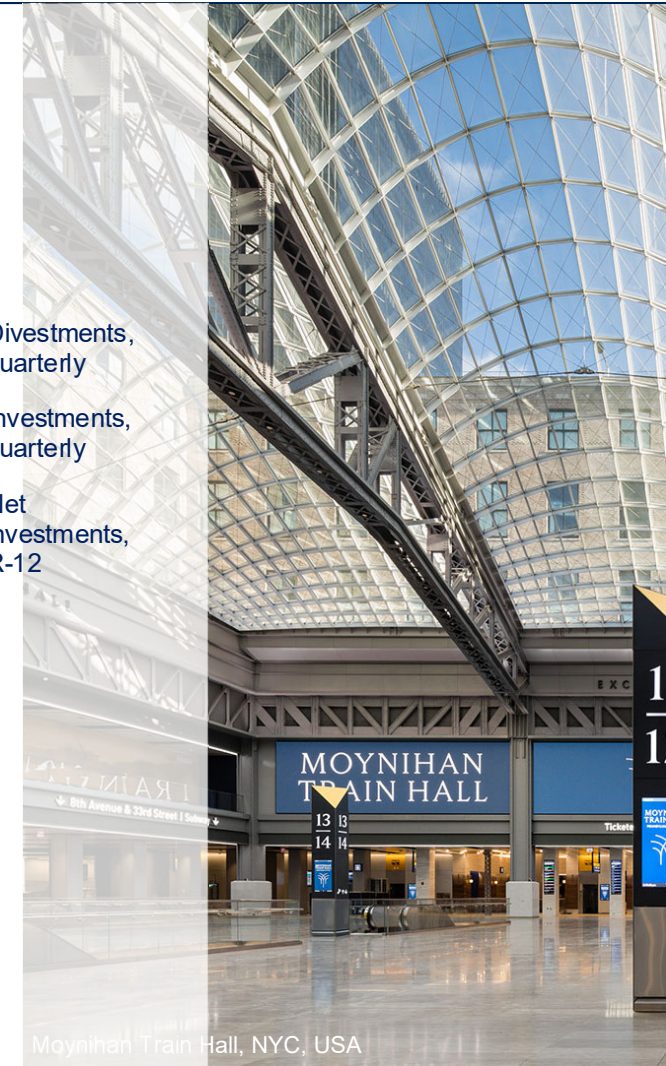
# Group

## Investments, divestments and capital employed

SEK bn

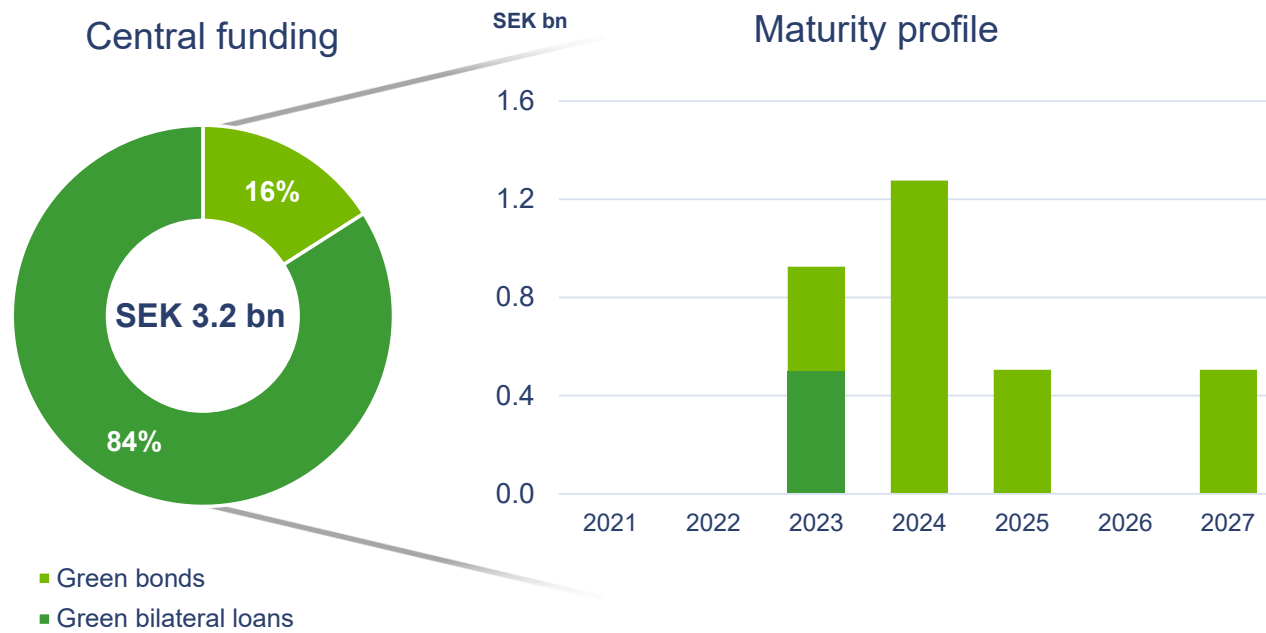


SEK bn	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>Capital employed in:</b>			
Residential Development	14.9	12.5	13.6
Commercial Property Development	30.1	33.9	30.9
<b>Total in Project Development</b>	<b>44.9</b>	<b>46.4</b>	<b>44.5</b>



# Group

Available funds: SEK 16.4 bn,  
o/w unutilized credit facilities SEK 6.5 bn



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# Group Financial position

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



SEK bn	30 Jun 2021	30 Jun 2020	31 Dec 2020
Total assets	128.1	127.4	125.6
Equity attributable to equity holders	41.1	36.1	38.7
Interest-bearing net receivables (+)/net debt (-)	8.1	-1.4	7.3
Adj. interest-bearing net receivables (+)/net debt (-)	13.9	6.8	16.0
Capital employed, closing balance	62.0	59.7	61.1
Equity/assets ratio, %	32.1	28.4	30.8



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# Market outlook



## Construction

- Pandemic impact still present, but activity is increasing in our markets
- Public infrastructure investments to stimulate economies, but funding uncertain
- Ambitious investment plans under development in many of our markets, but lead-times are expected to be long



## Residential Development

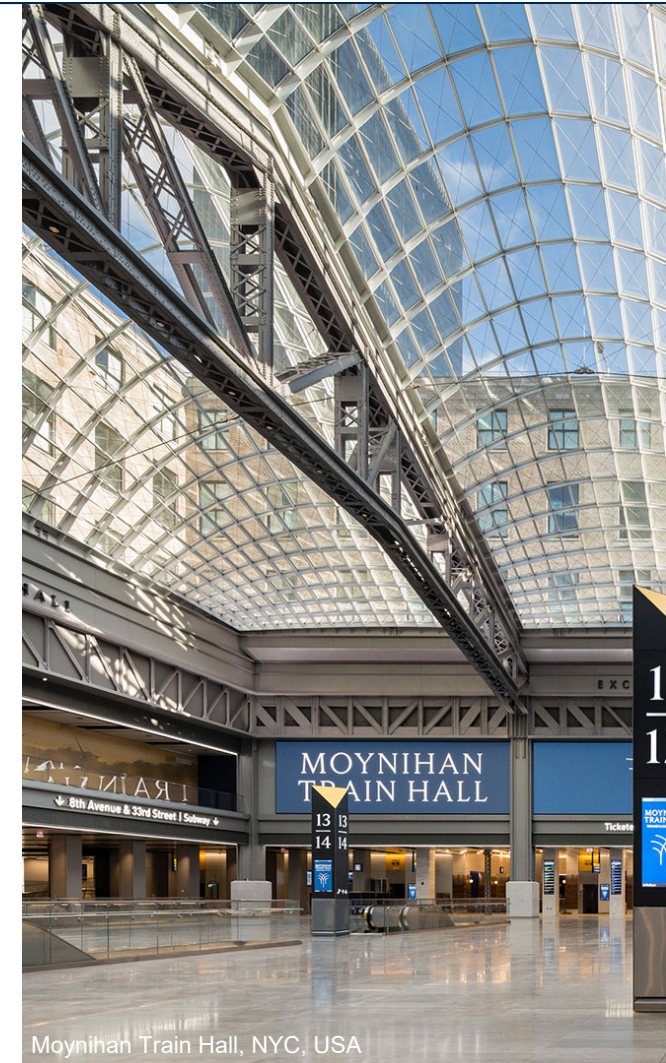
- Strong demand currently, especially Sweden and Europe
- Longer term, a balance between:
  - Rising unemployment levels and economic uncertainty
  - Low interest rate policies
  - Structural shortage of homes



## Commercial Property Development

- Investor appetite solid, low interest rates and stable credit markets
- Tenants still hesitant, but the activity is picking up

Outlook compared to previous quarter ● Weaker ● Unchanged ● Improved



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## Group summary

- Strong report
- Strategy that pays off
  - Construction - steadily improving
  - Project Development – solid performance
- Well-positioned
  - Strong financial position
  - Robust organization
  - Opportunities arising in a sustainable economic recovery



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