

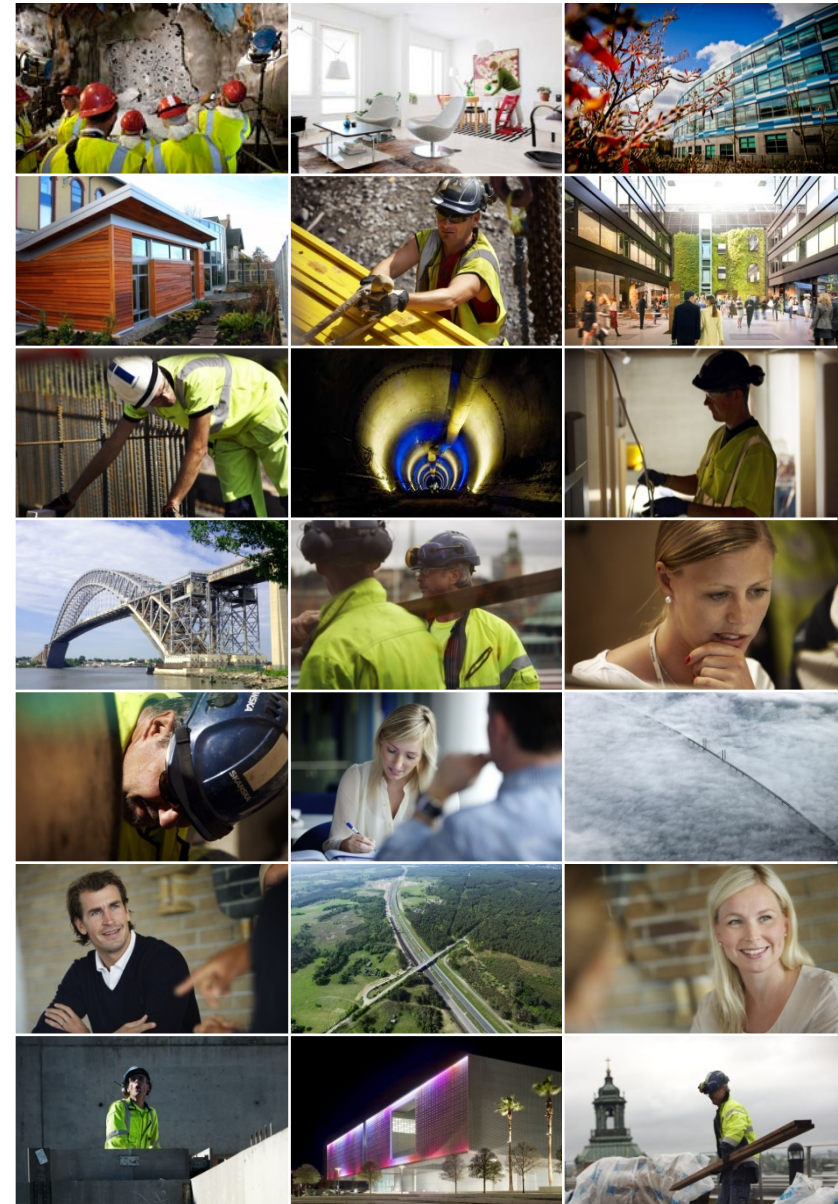
# Nine Month Report 2014



Interstate 4 Ultimate, Florida, U.S.

# Nine Month Report 2014 – Highlights

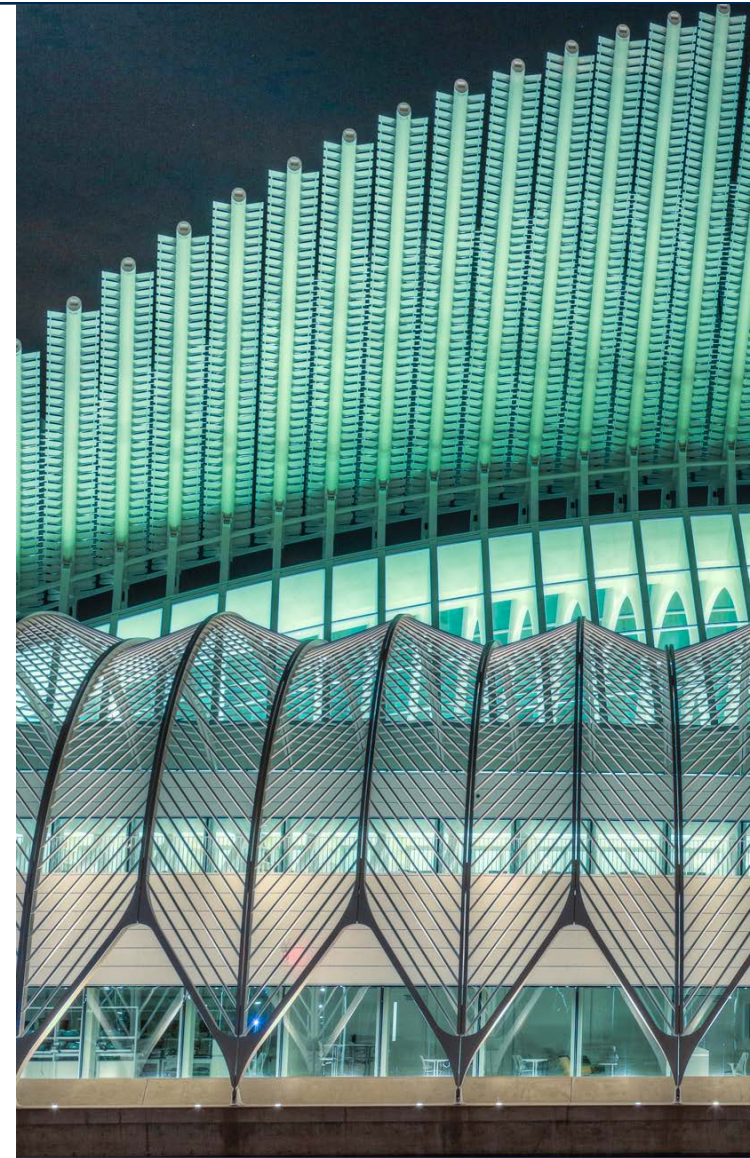
- Substantial growth in the third quarter
  - Revenue
  - Operating income
  - Cash flow
- Strong trend continues
  - Order bookings
  - Divestment gains
- Operating income SEK 3.5 bn (3.5)
- Exit Latin America
  - Winding-down E&C
  - Divesting O&M



# Construction

- Revenue SEK 91.8 bn (85.7)
- Order bookings SEK 105.3 bn (86.5)
  - USA Civil, UK, Sweden and Poland strong
  - Book-to-build YTD: 115%
- Operating income SEK 3.1 bn (2.6)
  - Strong performance in Swedish, Finnish and Polish operations
  - Latin American operations reported as part of Central stream<sup>1</sup>

<sup>1</sup> Business stream numbers adjusted from 1/1 2013



Florida Polytechnic University, Lakeland, U.S.

# Residential Development

- Revenue SEK 6.3 bn (7.0)
  - 2,265 (2,642) homes sold
  - 1,910 (2,500) homes started
  - Project starts crucial
- Operating income SEK 442 M (446)
  - Good profitability in Sweden
  - Focus on reducing unsold homes in Finland
- Profitability continues to improve
  - Gross margin 13.2% (11.5)



# Commercial Property Development

- Divestments of SEK 5.3 bn (3.6)
- Income from divestments SEK 1,064 M (789)
- 39 ongoing projects
  - SEK 13.4 bn in investment value
  - 45% pre-leasing rate
  - 42% completion rate
  - 11 project starts in the third quarter
- 202,000 sq m leased
  - 326,000 sq m past 12 months



Green House, Budapest, Hungary

# Infrastructure Development

- Project portfolio's net present value increased SEK 0.6 bn to SEK 5.5 bn YTD
- Financial close on the I-4 Ultimate, Florida, U.S.
- Preferred bidder for the New Papworth Hospital, Cambridge, UK



Elizabeth River Tunnels, Virginia, U.S.

# New orders in Construction in Q3

SEK M

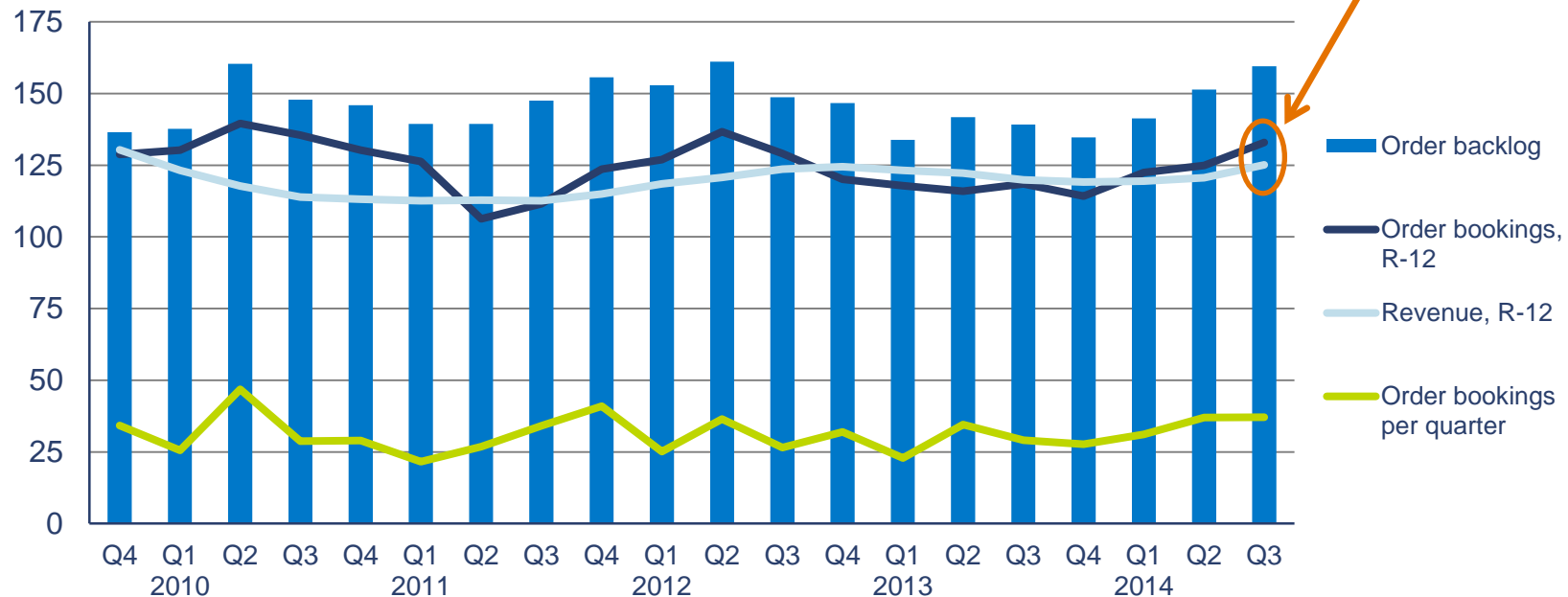
Highway, FL, U.S.	6,000
Hospital, CA, U.S.	990
Mechanical & Electrical, UK	970
Hospital, Sweden	968
R&D facility, CA, U.S.	908
Healthcare center, NY, U.S.	640
Total bookings in Q3	37,112



Battersea Power Station, London, UK

# Construction Order situation

SEK bn



SEK bn	Jan-Sep 2014	Jan-Sep 2013	Jan-Dec 2013
Revenue	91.8	85.7	119.1
Order bookings	105.3	86.5	114.2
Order backlog	159.5	139.2	134.7

Latin American operations excluded from 1/1 2013

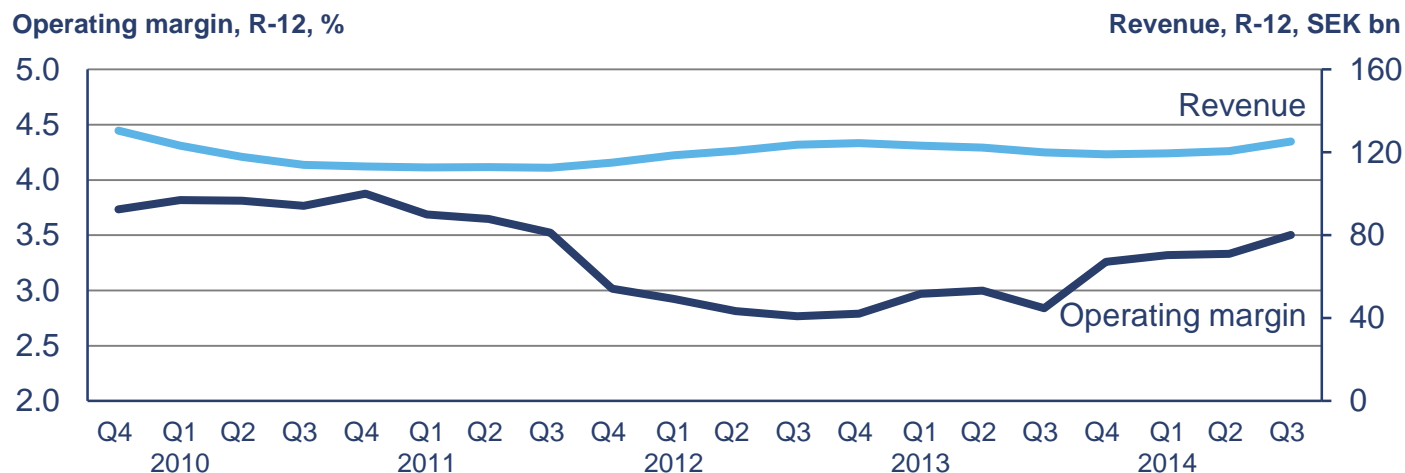


# Construction

## Order bookings

SEK bn	Jan–Sep 2014	Jan–Sep 2013	Book- to-build, R-12, %	Months of production
Sweden	22.0	21.1	104	11
Norway	12.1	11.6	100	11
Finland	4.5	5.5	85	10
Poland	7.6	6.0	97	7
Czech Republic	3.6	2.3	99	13
UK	13.7	6.1	120	18
USA Building	24.9	24.1	106	16
USA Civil	16.8	9.5	120	24
<b>Total</b>	<b>105.3</b>	<b>86.5</b>	<b>106</b>	<b>15</b>

# Construction Income statement



SEK bn	Jan-Sep 2014	Jan-Sep 2013	Jan-Dec 2013
Revenue	91.8	85.7	119.1
<b>Gross income</b>	<b>7.2</b>	<b>6.5</b>	<b>9.3</b>
Selling and administrative expenses	-4.2	-3.9	-5.5
<b>Operating income</b>	<b>3.1</b>	<b>2.6</b>	<b>3.9</b>
Gross margin, %	7.9	7.6	7.8
Selling and administrative expenses, %	-4.6	-4.6	-4.6
Operating margin, %	3.3	3.0	3.3

Latin American operations excluded from 1/1 2013

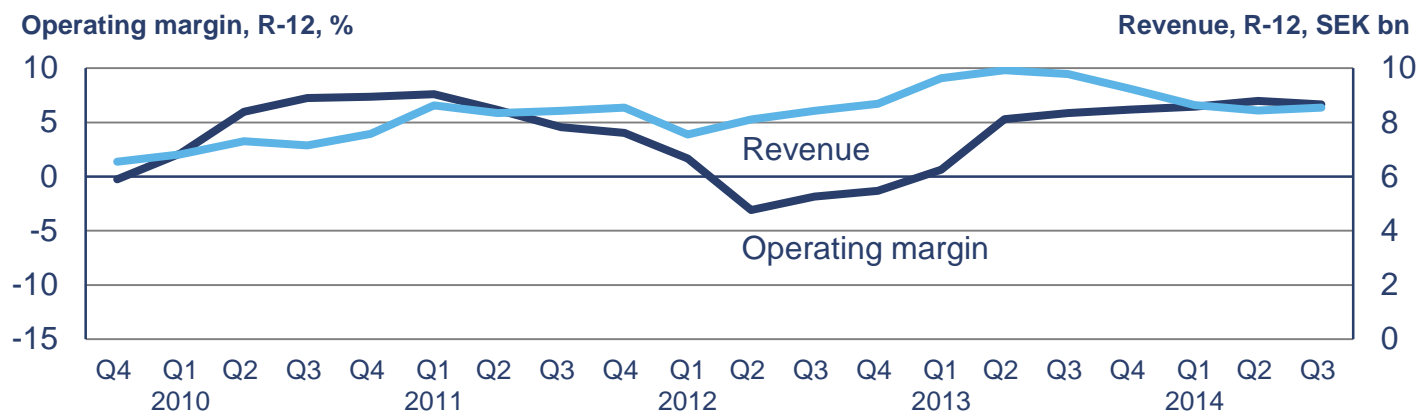
# Construction

## Income statement

	Operating income, SEK M		Operating margin, %	
	Jan-Sep 2014	Jan-Sep 2013	Jan-Sep 2014	Jan-Sep 2013
Sweden	991	707	4.7	3.3
Norway	274	268	2.8	2.5
Finland	185	124	3.7	2.9
Poland	229	161	3.3	2.9
Czech Republic	21	-185	0.7	neg
UK	343	287	3.1	3.3
USA Building	269	334	1.2	1.5
USA Civil	746	864	6.3	8.6
<b>Total</b>	<b>3,063</b>	<b>2,562</b>	<b>3.3</b>	<b>3.0</b>

# Residential Development

## Income statement, segment reporting



SEK M	Jan–Sep 2014	Jan–Sep 2013	Jan–Dec 2013
Revenue	6,326	7,016	9,234
<b>Gross income</b>	<b>834</b>	<b>809</b>	<b>1,055</b>
Selling and administrative expenses	-393	-369	-484
Income from joint ventures	1	6	2
<b>Operating income</b>	<b>442</b>	<b>446</b>	<b>573</b>
Gross margin, %	13.2	11.5	11.4
Selling and administrative expenses, %	-6.2	-5.3	-5.2
Operating margin, %	7.0	6.4	6.2

# Residential Development

## Income statement

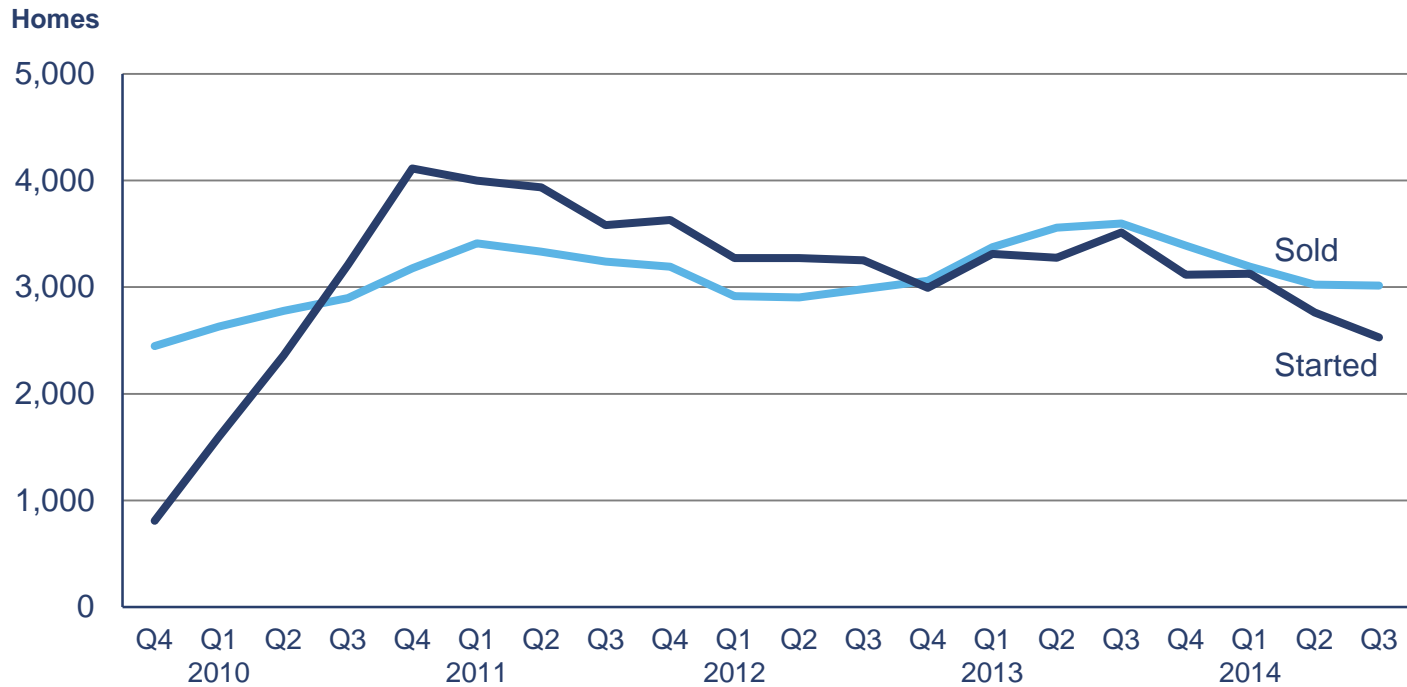
	Operating income, SEK M <sup>1</sup>		Operating margin, % <sup>1</sup>	
	Jan–Sep 2014	Jan–Sep 2013	Jan–Sep 2014	Jan–Sep 2013
Sweden	273	256	8.4	7.5
Norway	89	98	10.0	6.8
Finland	71	99	5.3	6.1
<b>Nordics</b>	<b>433</b>	<b>453</b>	<b>7.9</b>	<b>7.0</b>
Other European countries <sup>2</sup>	9	-7	1.1	neg
<b>Total</b>	<b>442</b>	<b>446</b>	<b>7.0</b>	<b>6.4</b>

1 Development gain only, construction margin reported under Construction

2 Czech Republic, Poland and the UK

# Residential Development

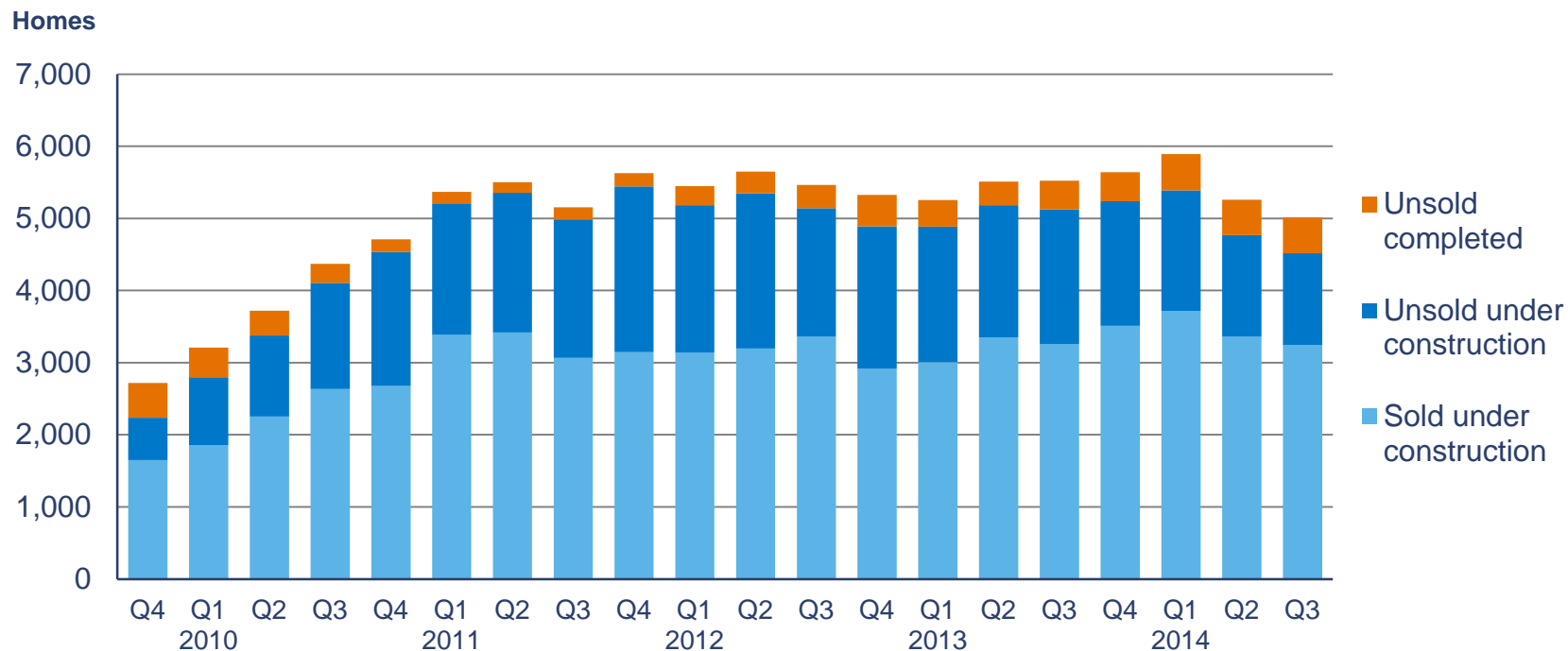
## Homes started and sold, R-12



Homes started			Homes sold		
Jan–Sep 2014	Jan–Sep 2013	Jan–Dec 2013	Jan–Sep 2014	Jan–Sep 2013	Jan–Dec 2013
1,910	2,500	3,118	2,265	2,642	3,391

# Residential Development

## Homes in production



Homes in production		Of which sold, %		Unsold completed homes	
Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
4,518	5,126	72	64	500	396

# Commercial Property Development

## Income statement, segment reporting

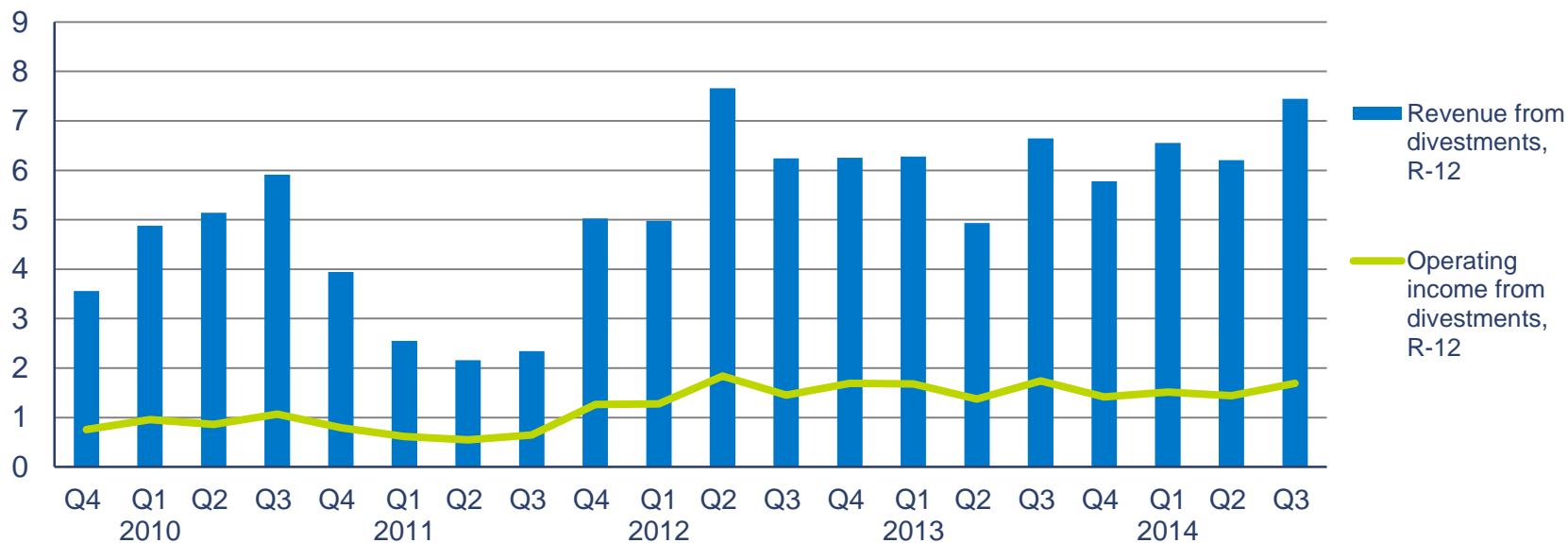
SEK M	Jan-Sep 2014	Jan-Sep 2013	Jan-Dec 2013
Revenue	5,659	3,951	6,206
<b>Gross income</b>	<b>1,236</b>	<b>905</b>	<b>1,547</b>
Selling and administrative expenses	-364	-346	-495
Income from joint ventures and associated companies	6	10	16
<b>Operating income</b>	<b>878</b>	<b>569</b>	<b>1,068</b>
of which gain from divestments of properties <sup>1</sup>	1,064	789	1,415
of which write downs/reversal of write downs	-51	1	-13
1 Additional gain included in eliminations	147	71	112

Development gain only, construction margin reported under Construction



# Commercial Property Development Divestments

SEK bn



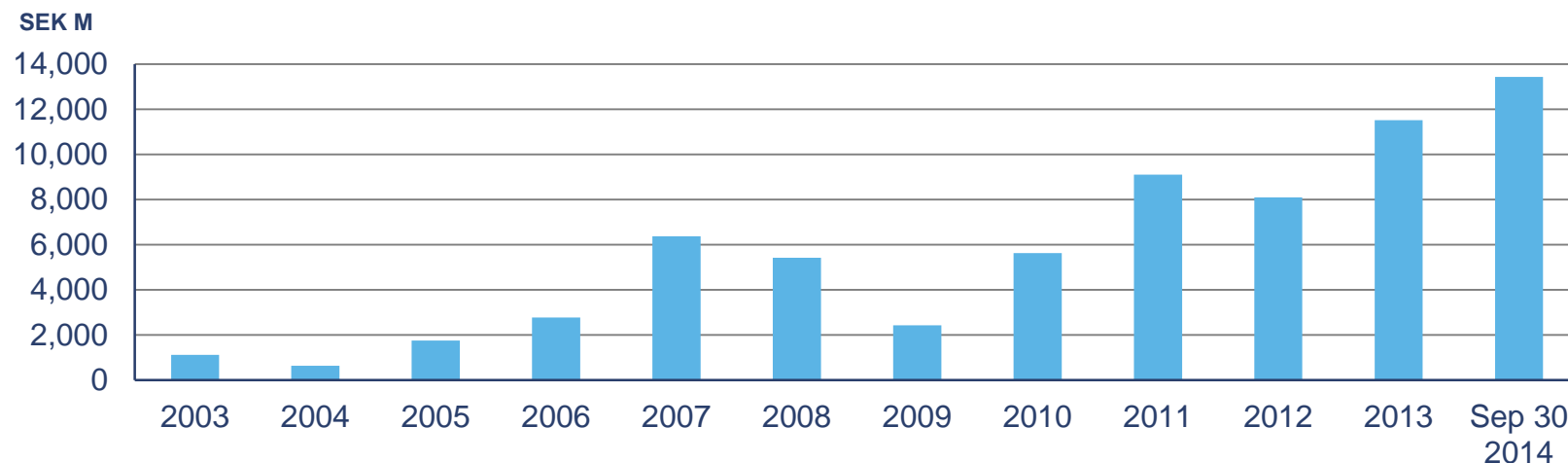
## Sale of commercial properties

SEK M	Sales price	Capital gain
Year-to-date	5,307	1,064

# Commercial Property Development

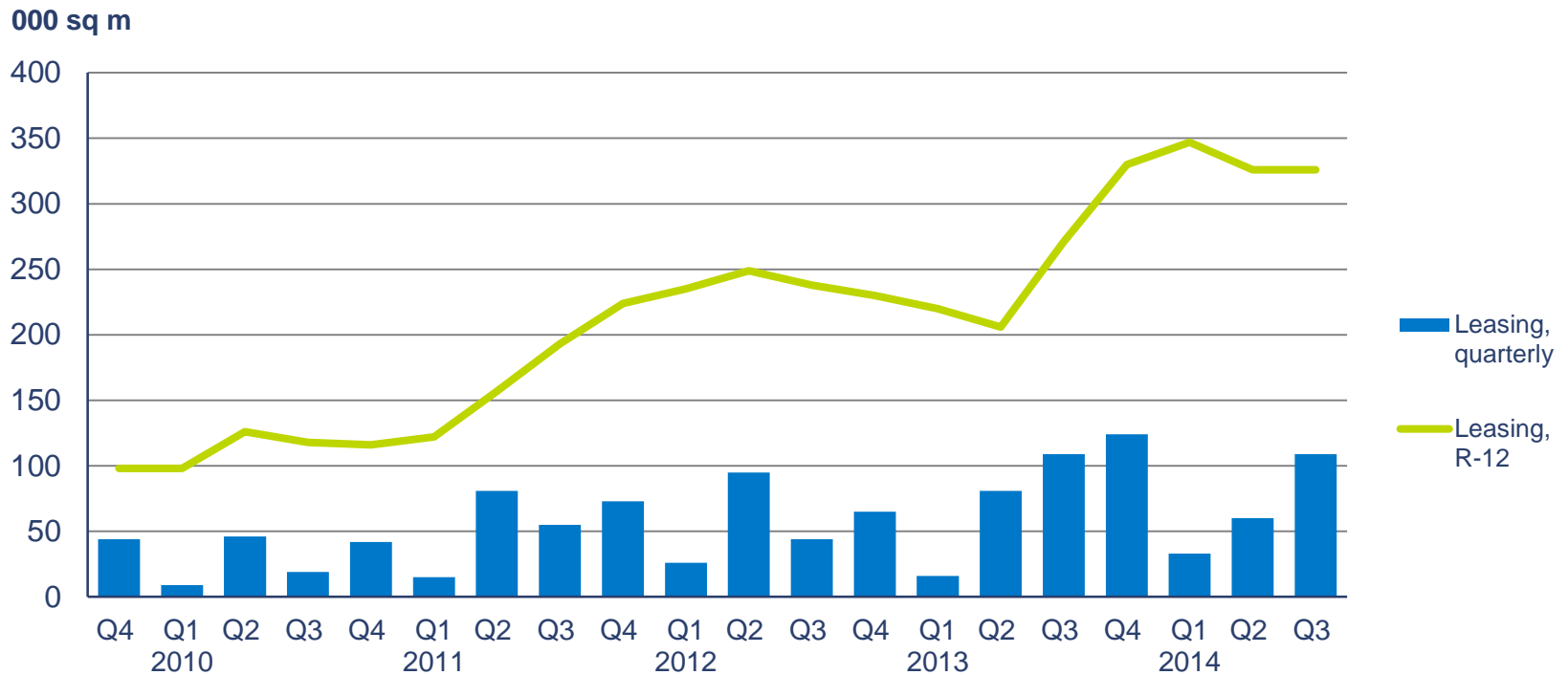
## Carrying amounts and market values

Ongoing projects, carrying amount upon completion



SEK bn	Carrying amount, end of period	Carrying amount, upon completion	Market value	Occupancy rate, %	Degree of completion, %
Completed projects	3.3	3.3	4.1	94	100
Undeveloped land and development properties	4.8	4.8	5.2		
Ongoing projects	5.5	13.4	16.9	45	42
<b>Total</b>	<b>13.7</b>	<b>21.6</b>	<b>26.2</b>		
of which ongoing projects sold according to segment reporting	0.6	1.1	1.3		

# Commercial Property Development Leasing



New leases of space were signed for 109,000 sq m in Q3, 326,000 sq m R-12

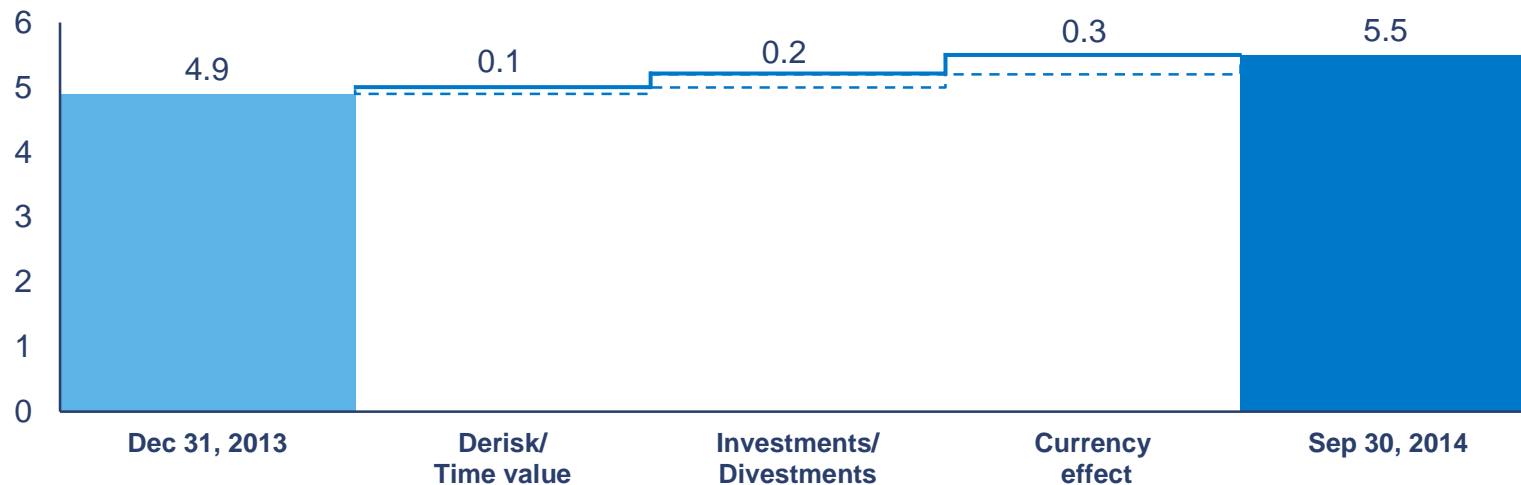
# Infrastructure Development

## Income statement

SEK M	Jan–Sep 2014	Jan–Sep 2013	Jan–Dec 2013
Revenue	134	65	87
<b>Gross income</b>	<b>-39</b>	<b>-85</b>	<b>-111</b>
Selling and administrative expenses	-101	-99	-134
Income from joint ventures	501	510	646
<b>Operating income</b>	<b>361</b>	<b>326</b>	<b>401</b>
of which gains from divestments of shares in projects	–	118	118

# Infrastructure Development Project portfolio

Net present value of projects, SEK bn



SEK bn	Sep 30, 2014	Sep 30, 2013	Dec 31, 2013
Present value of cash flow from projects	6.7	5.4	5.7
<b>Net present value of projects</b>	<b>5.5</b>	<b>4.6</b>	<b>4.9</b>
Carrying amount	-3.6	-3.0	-3.1
<b>Unrealized development gain</b>	<b>1.9</b>	<b>1.6</b>	<b>1.8</b>
Cash flow hedge	1.5	1.1	1.0
<b>Effect in unrealized Equity</b>	<b>3.4</b>	<b>2.7</b>	<b>2.8</b>

# Group

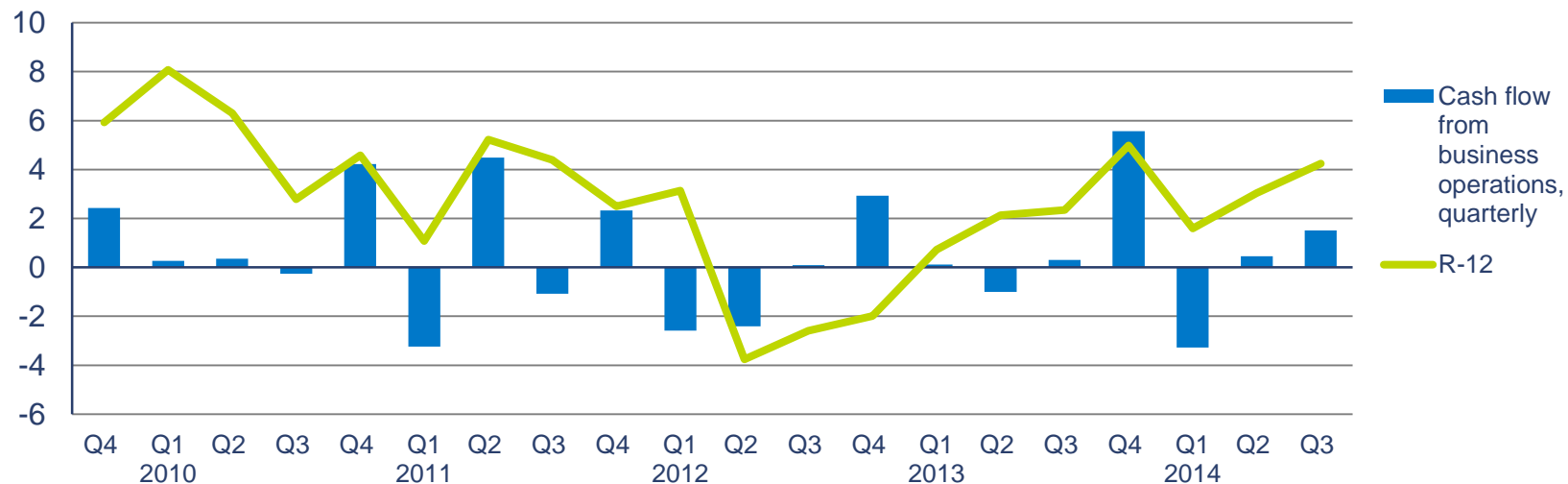
## Income statement

SEK M	Jan-Sep 2014	Jan-Sep 2013	Jan-Dec 2013
Operating income from business streams	4,744	3,903	5,922
Central <sup>1</sup>	-1,266	-372	-732
Eliminations	-24	-38	-46
<b>Operating income</b>	<b>3,454</b>	<b>3,493</b>	<b>5,144</b>
<b>Net financial items</b>	<b>-196</b>	<b>-213</b>	<b>-241</b>
<b>Income after financial items</b>	<b>3,258</b>	<b>3,280</b>	<b>4,903</b>
Taxes	-846	-886	-1,430
<b>Profit for the period</b>	<b>2,412</b>	<b>2,394</b>	<b>3,473</b>
Earnings per share, SEK	5.85	5.81	8.43
Tax rate, %	26	27	29

<sup>1</sup> Latin American operations included from 1/1 2013

# Group Cash flow

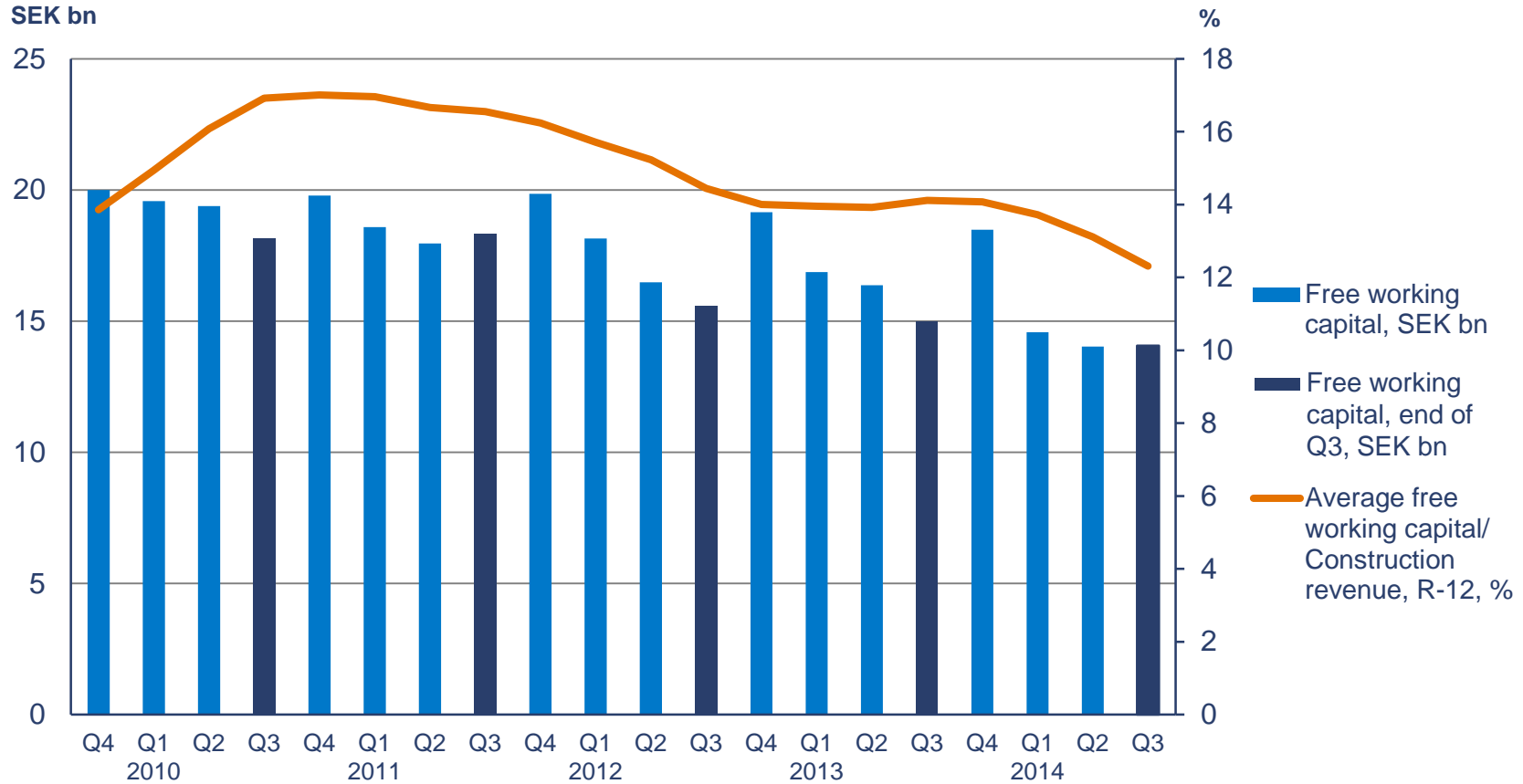
SEK bn



SEK bn	Jan-Sep 2014	Jan-Sep 2013	Jan-Dec 2013
Cash flow from operations	-1.3	-0.6	5.0
Net strategic investments	0.1	-0.2	-0.2
Dividend etc.	-2.8	-2.7	-2.8
Cash flow before change in interest-bearing receivables and liabilities	-4.1	-3.5	2.0

# Construction

## Free working capital



Latin American operations excluded from 1/1 2013



# Group Financial position

Operating net financial assets/liabilities, SEK bn



SEK bn	Sep 30 2014	Sep 30 2013	Dec 31 2013
Total assets	91.5	87.0	87.7
Equity attributable to equity holders	20.3	20.5	21.4
Interest-bearing net receivables (+)/net debt (-)	-4.2	-4.2	1.0
Operating net financial assets/liabilities	2.8	1.1	6.7
Capital employed, closing balance	36.7	36.1	35.4
Equity/assets ratio, %	22.2	23.5	24.4

# Group

## Change in financial position

SEK bn	Jan-Sep 2014	Jan-Sep 2013	Jan-Dec 2013
<b>Opening balance interest-bearing net receivables</b>	<b>1.0</b>	<b>-2.0</b>	<b>-2.0</b>
Cash flow before change in interest-bearing receivables and liabilities	-4.1	-3.5	2.0
Change in pension liability	-1.6	0.8	0.6
Other changes	0.5	0.4	0.4
<b>Change in interest-bearing net receivables</b>	<b>-5.2</b>	<b>-2.2</b>	<b>3.0</b>
<b>Closing balance interest-bearing net receivables/net debt</b>	<b>-4.2</b>	<b>-4.2</b>	<b>1.0</b>
Pension liability, net	3.9	2.6	2.9
Interest-bearing debt co-ops	3.0	2.7	2.8
<b>Operating net financial assets/liabilities</b>	<b>2.8</b>	<b>1.1</b>	<b>6.7</b>

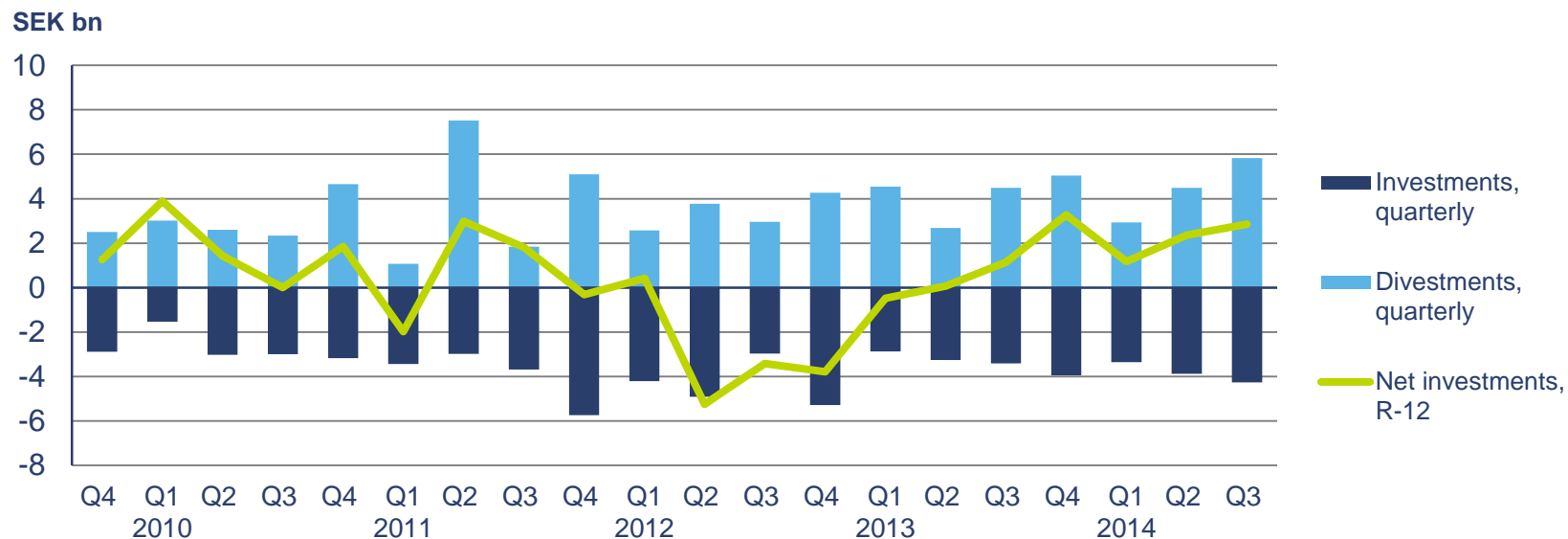
# Group

## Change in equity

SEK bn	Jan–Sep 2014	Jan–Sep 2013	Jan–Dec 2013
<b>Opening balance</b>	<b>21.4</b>	<b>19.4</b>	<b>19.4</b>
Dividend to shareholders	-2.6	-2.5	-2.5
Other changes in equity not included in total comprehensive income for the year	-0.1	0.0	0.0
Profit for the period	2.6	2.8	3.8
<b>Other comprehensive income</b>			
Translation differences	1.0	-0.5	-0.4
Effects of remeasurements of pensions	-1.4	0.7	0.5
Effects of cash flow hedges	-0.5	0.5	0.5
<b>Closing balance</b>	<b>20.3</b>	<b>20.5</b>	<b>21.4</b>

# Group

## Investments and capital employed



SEK bn	Sep 30 2014	Sep 30 2013	Dec 31 2013
<b>Capital employed in:</b>			
Residential Development	11.1	10.8	10.8
Commercial Property Development	13.7	13.2	13.5
Infrastructure Development	2.2	1.9	2.0
<b>Total in Development Streams</b>	<b>27.0</b>	<b>25.9</b>	<b>26.3</b>

# Market outlook

## Construction

- Overall market continues to improve
- - Nordic countries
  - Strong non-residential and residential building market in Sweden
  - Civil market stable. Norway very strong, Sweden slightly uncertain, Finland weaker
- - Other European countries
  - Commercial building market improving in Poland
  - UK market strong
  - Czech Republic civil market improving from low levels
- - The Americas
  - The U.S. continues to be a good market, but with fierce competition



Riverside Community Hospital, California, U.S.

# Market outlook

## Residential Development

- Nordic countries
  - Sweden strong
  - Norway stable
  - Finland weakening
- Other European countries
  - Poland relatively stable
  - Czech Republic stable at a low level

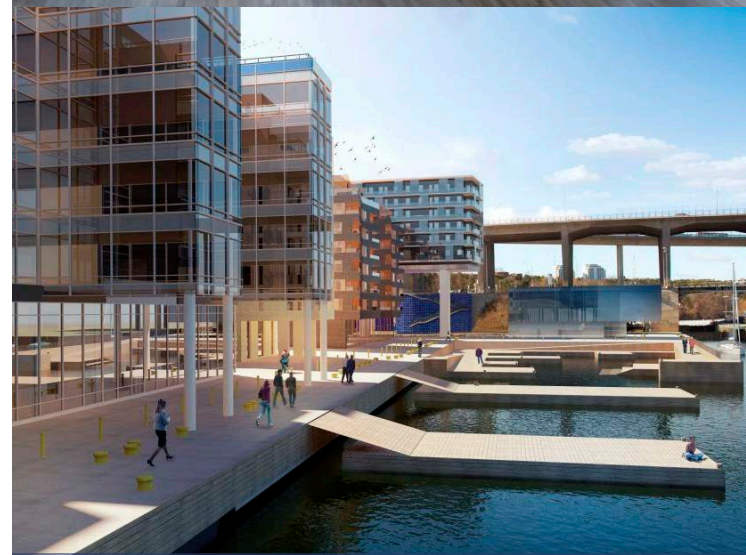


Trollberget, Halmstad, Sweden

# Market outlook

## Commercial Property Development

- General
  - Tenants: Stable vacancy rates
  - Investors: Demand for green properties with stable tenants, valuations attractive
-  - Nordic countries
  - High interest from investors and low vacancy rates in Sweden
-  - Other European countries
  - High demand in Poland and improving in other parts of Central Europe
-  - The Americas
  - Tenant demand continues to improve and strong investor appetite



Stockholm Seaside, Hammarby Sjöstad, Sweden

# Market outlook

## Infrastructure Development



- All countries
  - The potential for PPPs in the U.S. continues to improve, but competition is considerable
  - Thin pipeline in the other markets



New Karolinska Solna, Stockholm, Sweden



