

SKANSKA

Q1 2016

Press release, May 12, 2016, 7:30 a.m. CET

**We
build
for a
better
society.**

101 Seaport, Boston, U.S.

pwc

101 SEAPORT

pwc

Three month report, January–March 2016

Highlights

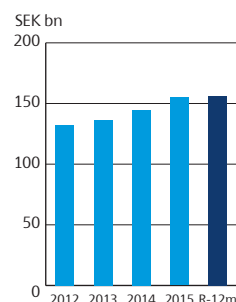
- Revenue amounted to SEK 35.3 billion (34.1); adjusted for currency effects, revenue increased by 5 percent.
- Operating income amounted to SEK 1,969 M (832); adjusted for currency effects, operating income increased by 134 percent.
- Earnings per share increased by 193 percent to SEK 3.69 (1.26).
- Operating cash flow from operations amounted to SEK –3.4 billion (–2.5). Net investments amounted to SEK –1.8 billion (–0.5).
- Operating net financial assets totaled SEK 10.3 billion (5.9).
- Order bookings in Construction amounted to SEK 30.3 billion (30.2); adjusted for currency effects, order bookings increased by 2 percent. The order backlog amounted to SEK 154.6 billion (Dec. 31, 2015: 158.2).
- Operating income in Construction amounted to SEK 442 M (622), corresponding to an operating margin of 1.5 percent (2.0); adjusted for currency effects, operating income decreased by 28 percent.
- Operating income in Project Development amounted to SEK 1,744 M (565); adjusted for currency effects, the operating income increased by 198 percent.
- Return on capital employed in Project Development was 15.8 percent (11.9).
- Net investments in Project Development amounted to SEK –1.6 billion (–0.2).

Performance analysis

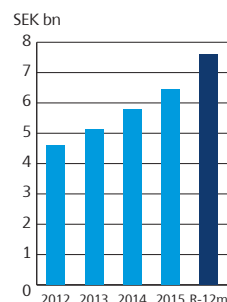
SEK M	Jan-Mar 2016	Jan-Mar 2015	Change, %
Revenue			
Construction	30,438	30,701	–1
Residential Development	2,660	2,985	–11
Commercial Property Development	4,420	1,165	279
Infrastructure Development	19	32	–41
Central and eliminations	–2,240	–818	174
Skanska Group	35,297	34,065	4
Operating income			
Construction	442	622	–29
Residential Development	297	230	29
Commercial Property Development	1,361	182	648
Infrastructure Development	86	153	–44
Central	–249	–318	–22
Eliminations	32	–37	–
Operating income	1,969	832	137
Net financial items	–56	–149	–62
Income after financial items	1,913	683	180
Taxes	–394	–164	140
Profit for the period	1,519	519	193
Earnings for the period per share, SEK	3.69	1.26	193
Earnings for the period per share according to IFRSs, SEK	0.49	1.18	–58
Operating cash flow from operations	–3,384	–2,537	33
Interest-bearing net receivables(+)/net debt(–)	2,367	–1,328	–
Return on capital employed in Project Development, % ¹	15.8	11.9	
Operating net financial assets(+)/liabilities(–)	10,274	5,871	75
Return on equity, % ¹	25.7	20.3	

¹ Rolling 12 months.

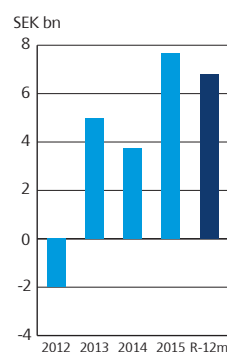
Revenue



Operating income



Operating cash flow from operations



Comments from Skanska’s President and CEO Johan Karlström:



In the first quarter of 2016 our revenue increased and our operating income increased significantly, mainly driven by a strong performance within the Commercial Property Development and Residential Development streams. We have maintained a very strong financial position.

In the **Construction** business stream the profitability was negatively impacted by incurring further claims in the same projects in USA Civil that we provided for in 2015. This is due to new, additional client design changes where we provide for the estimated cost to complete but no revenue on the additional work is recognized until a commercial agreement is reached. We continue to work intensely on this matter in order to gradually restore profitability, but given the magnitude of the design changes it will be a lengthy process. To improve the long-term operational efficiency a new ERP-system is being implemented in USA Civil which initially will increase their S&A cost over the next coming years. The normal seasonal pattern impacted earnings for some of our construction units. This is especially apparent in Sweden and Central Europe due to the business mix.

Order bookings during the first quarter of 2016 were in line with last year and, given the favorable market conditions, we are optimistic about our order bookings for the rest of the year. Our clients continue to show an increased interest in Early Contractor Involvement (ECI) and as a result, this is becoming a more common aspect of the procurement process. We view this as a positive trend as Skanska’s early involvement improves our ability to share our knowledge and expertise with the client.

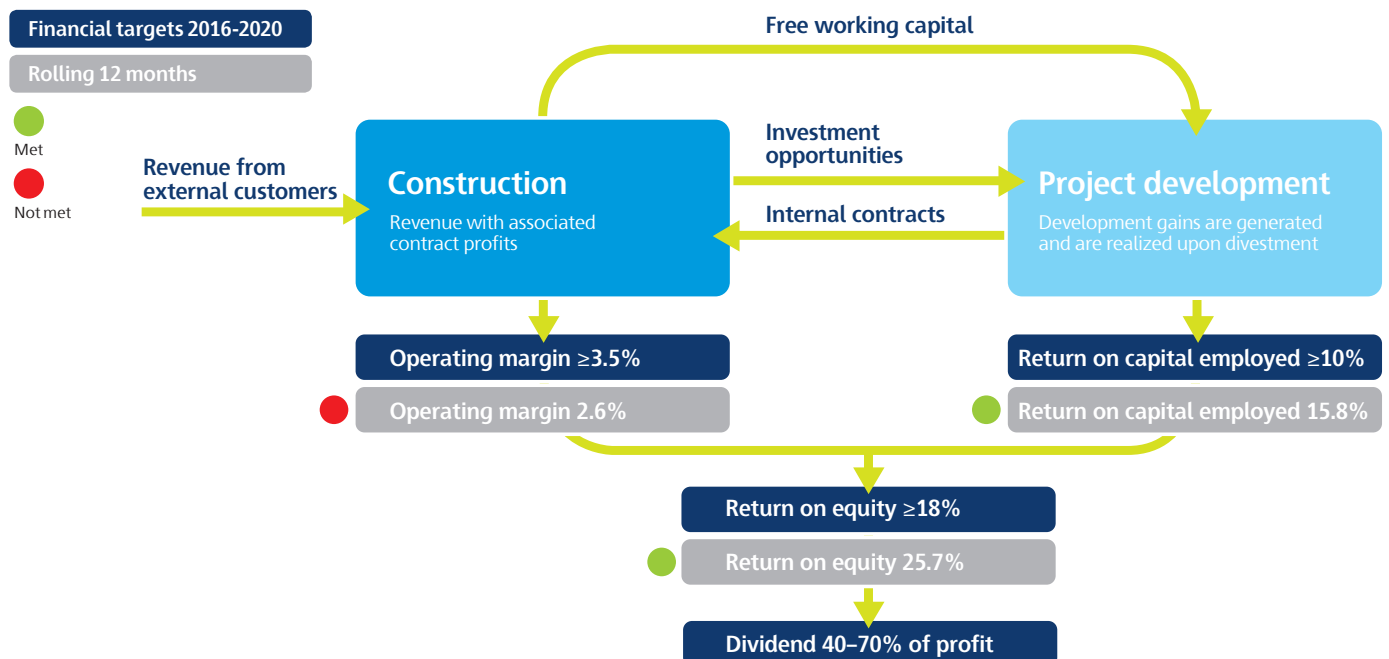
Profitability continues to improve for our **Residential Development** stream as a result of our strong focus on project execution and the favorable Swedish market. Demand in Sweden is clearly stronger than supply, and in order to meet the demand, more land needs to become available for housing and a more efficient permitting process is needed.

The **Commercial Property Development** stream set a new Skanska record in the first quarter of 2016 with the largest commercial property divestment ever: 101 Seaport in Boston, USA, for SEK 3.8 billion. We currently have 46 ongoing projects and our aim is to continue to expand this business by launching additional projects in the markets where we see good potential. Our growth ambition is accompanied by a strong focus on leasing. Once projects are fully leased they are ready for divestment.

In the **Infrastructure Development** stream the value of the assets in the project portfolio increased during the quarter. Currently we have eleven projects in the portfolio and we are invested in highways, hospitals, schools and wind power. In accordance with our business plan our aim is to increase our investments in this business stream and it is our firm belief that we will reach financial close on LaGuardia Airport in New York by mid-2016.

In conclusion I would like to mention the twelfth annual Skanska Safety Week, April 25 – May 1, 2016. At this event, 43,000 employees working on thousands of projects in our home markets, along with more than 200,000 subcontractors, suppliers and business partners, participated in activities focusing on workplace safety. Skanska is driving the improvement of safety in our industry and that makes me very proud.

Skanska’s business model



Market outlook, next 12 months

A slight improvement in the market outlook during the first quarter.

- Weaker outlook compared to previous quarter. ● Unchanged outlook compared to previous quarter. ● Improved outlook compared to previous quarter.
- ⬆️ Very strong market coming 12m ⬆️ Strong market coming 12m ⬆️ Stable market coming 12m ⬆️ Weak market coming 12m ⬆️ Very weak market coming 12m

Construction

The overall construction market outlook continues to be positive. The non-residential, residential building and civil markets in Sweden are strong although the landscape is competitive. The client-interest in Early Contractor Involvement (ECI) is increasing in Sweden. In Norway, the outlook for the infrastructure market remains positive but with significant and increasing competition in new bids. The non-residential market is improving due to increased public investments, while the residential building market is stable, with the exception of certain regions that are dependent on the energy sector. The overall market situation in Finland remains weak. The commercial building market and the civil market remain strong in the UK and Poland. The markets in the Czech Republic and Slovakia are improving on the back of an improved economic outlook, political stability and infrastructure investment plans fueled by EU funding. In the U.S. the market for large and complex civil construction projects remains good, although competition is intense. The building construction market is experiencing a positive development in the aviation, education and life science and healthcare sectors.

	Building, non-residential	Building, residential	Civil
⬆️ Nordic countries			
Sweden	⬆️	⬆️	⬆️
Norway	●	⬆️	⬆️
Finland	⬆️	⬆️	⬆️
⬆️ Other European countries			
Poland	⬆️	⬆️	⬆️
Czech Republic ¹	⬆️	⬆️	⬆️
United Kingdom	⬆️	-	⬆️
⬆️ North America			
USA	⬆️	-	⬆️

¹ Including Slovakia.

Residential Development

The Swedish residential market is still strong. The Norwegian market is stable but is being negatively affected by low oil prices in certain regions that are dependent on the energy sector. The Finnish market remains weak. In Central Europe the market is improving, with increasing transaction volumes and slightly higher sales prices. Common to all home markets, except for Finland, is the challenge to acquire and develop land due to increasing prices and long permitting processes.

⬆️ Nordic countries	
Sweden	⬆️
Norway	⬆️
Finland	⬆️
⬆️ Central Europe	



Nya Hem Johanneberg, Gothenburg, Sweden.

Commercial Property Development

Vacancy rates for office space in most of the Nordic and Central European cities where Skanska has operations are stable. Vacancy rates are low in Sweden in particular. Demand for office space is strong in Poland and continues to improve in other parts of Central Europe. In the U.S., demand from tenants continues to improve in Washington D.C. and remains strong in Boston and Seattle, while demand in Houston is weaker due to low oil prices. Modern properties with high quality tenants are in demand from property investors, resulting in attractive valuations for these properties. In Sweden, there is very strong demand from investors in newly developed properties. Investor appetite remains strong in the other Nordic countries and in Central Europe as well, especially in the major cities. Investor appetite is also strong in the U.S. In all home markets, except for Finland, there is a challenge to acquire and develop land due to increasing prices and long permitting processes.

⬆️ Nordic countries	
Sweden	⬆️
Norway	⬆️
Finland	⬆️
Denmark	⬆️
⬆️ Central Europe	
Poland	⬆️
Czech Republic	⬆️
Hungary	⬆️
Romania	⬆️
⬆️ North America	
USA	⬆️



High Five, Krakow, Poland.

Infrastructure Development

The Public Private Partnerships (PPPs) market in the U.S. is strong, albeit with considerable competition. The market in Norway is showing signs of improvement. In the other markets the outlook for new PPP projects remains weak.

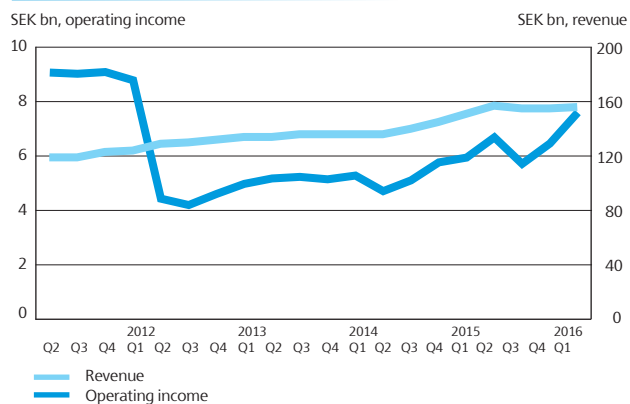


New Papworth Hospital, Cambridge, UK.

Performance analysis

Group

Revenue and operating income, rolling 12 months



Revenue and earnings

SEK M	Jan-Mar 2016	Jan-Mar 2015	Change, %
Revenue	35,297	34,065	4
Operating income ^{1,2}	1,969	832	137
Net financial items	-56	-149	
Income after financial items	1,913	683	180
Taxes	-394	-164	
Profit for the period	1,519	519	193
Earnings for the period per share, SEK ³	3.69	1.26	193
Earnings for the period per share according to IFRSs, SEK ³	0.49	1.18	-58

1 Central, SEK -249 M (-318).

2 Eliminations, SEK 32 M (-37).

3 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

Changes and currency rate effects

	Jan-Mar 2016 / Jan-Mar 2015		
	Change in SEK	Change in local currency	Currency effect
Revenue	4%	5%	-1%
Operating income	137%	134%	3%

Revenue increased by 4 percent and amounted to SEK 35.3 billion (34.1); adjusted for currency effects, revenue increased by 5 percent.

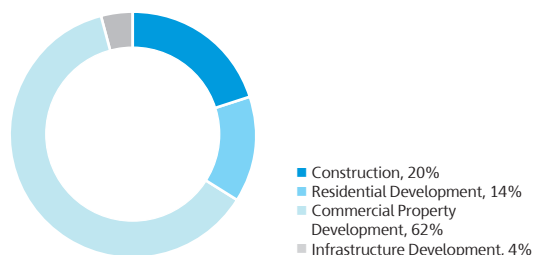
Operating income increased by 137 percent and amounted to SEK 1,969 M (832); adjusted for currency effects, operating income increased by 134 percent. The increase is mainly attributable to the Commercial Property Development stream. Currency effects had a positive impact on operating income and amounted to SEK 22 M (59).

The line chart above shows the revenue and operating income development over the past five years. The operating income from the

Revenue per segment, January–March 2016



Operating income per segment, January–March 2016



second quarter of 2011 until the first quarter of 2012 includes a profit of SEK 4.5 billion from the sale of Autopista Central in Chile.

Central expenses totaled SEK -249 M (-318). As of January 1, 2013, the Latin American operation is included in Central. No costs incurred in connection with closing down the Latin American operations in the first quarter of 2016. Costs incurred in the comparable period amounted to SEK 130 M. As of March 3, 2016, Skanska has no operations remaining in Latin America. The elimination of gains in Intra-Group projects amounted to SEK 32 M (-37).

Net financial items amounted to SEK -56 M (-149). Lower interest costs and the absence of negative currency effects are the main reasons for the decrease. Non-recurring costs impacted the first quarter of 2016 by SEK -24 M, stemming from negative change in market value on interest rate swaps and in the comparable period by SEK -80 M, relating to a pre-mature closing of a currency hedge.

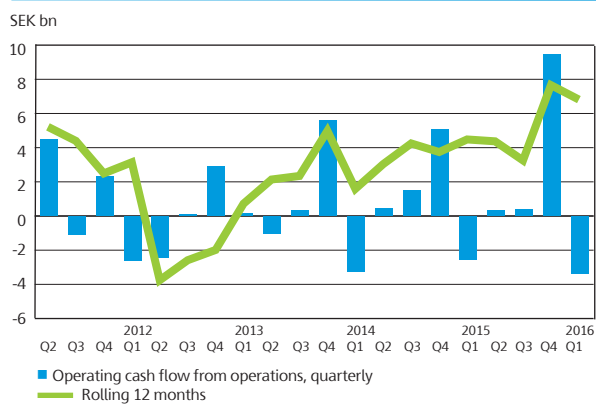
For a specification of net financial items according to IFRS, see page 17.

Taxes for the period amounted to SEK -394 M (-164), corresponding to an effective tax rate of about 21 (24) percent. The lower tax rate is due to changes in the country and business mix.

Cash flow

Group

Operating cash flow from operations



Operating cash flow

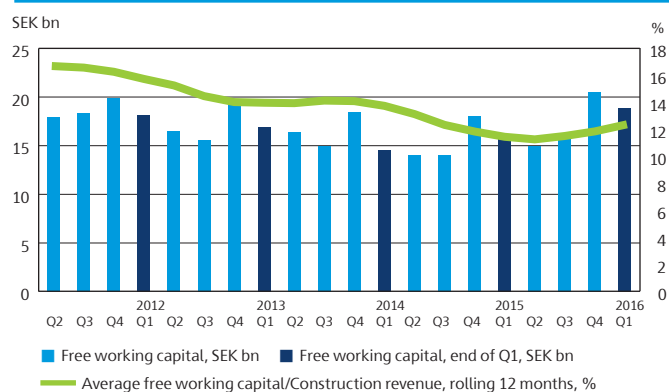
SEK M	Jan-Mar 2016	Jan-Mar 2015	Change, %
Cash flow from business operations	245	428	-43
Change in working capital	-1,242	-1,847	-33
Net divestments(+)/investments(-)	-1,951	-507	285
Cash flow adjustment	-20	49	-
Cash flow from business operations before taxes paid	-2,968	-1,877	58
Taxes paid in business operations	-328	-413	-21
Cash flow from financing operations	-88	-247	-64
Operating cash flow from operations	-3,384	-2,537	33
Net strategic divestments(+)/investments(-)	127	0	-
Dividend etc	-264	-101	161
Cash flow before change in interest-bearing receivables and liabilities	-3,521	-2,638	33
Change in interest-bearing receivables and liabilities	-752	-1,222	-38
Cash flow for the period	-4,273	-3,860	11

Operating cash flow from operations amounted to SEK -3,384 M (-2,537). Net investments totaled SEK -1,951 M (-507). Change in working capital impacted cash flow negatively in the amount of SEK -1,242 M (-1,847). The increased investments in Development operations is the main reason for the lower operating cash flow from operations compared to the first quarter of 2015.

Taxes paid in business operations amounted to SEK -328 M (-413).

Commercial properties sold but not yet transferred will have a positive effect on cash flow of about SEK 5.8 billion in the remaining three quarters of 2016.

Free working capital in Construction



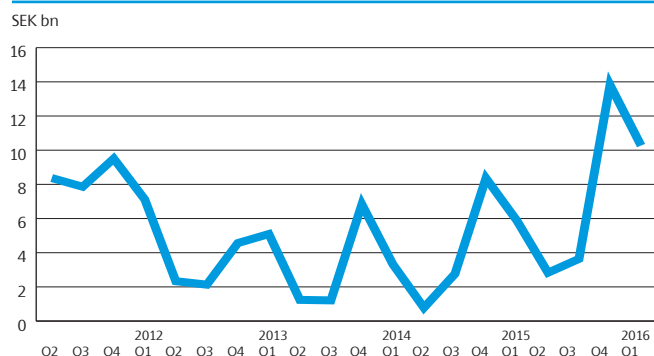
The free working capital in Construction amounted to SEK 18.8 billion (16.0) with the average free working capital in relation to revenue in Construction in the past 12 months amounting to 12.3 percent. The free working capital in construction has increased due to improved cash flow profile in a number of projects and the maintained focus on cash generation in the Construction stream. Cash flow due to changes in working capital in Construction amounted to SEK -1,438 M (-2,894).



Oculus, World Trade Center, New York, U.S.

Financial position

Operating net financial assets/liabilities



Balance sheet – Summary

SEK bn	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Total assets	92.6	95.3	97.7
Total equity	23.5	22.6	24.2
Interest-bearing net receivables (+)/net debt (-)	2.4	-1.3	6.3
Operating net financial assets(+)/liabilities(-)	10.3	5.9	13.8
Capital employed, closing balance	36.8	37.5	38.4
Equity/assets ratio, %	25.4	23.7	24.8

Change in interest-bearing receivables and liabilities

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Opening balance interest-bearing net receivables(+)/net debt(-)	6,317	698	698
Cash flow for the period	-4,273	-3,860	2,655
Less change in interest-bearing receivables and liabilities	752	1,222	2,235
Cash flow before change in interest-bearing receivables and liabilities	-3,521	-2,638	4,890
Translation differences, net receivables/net debt	-151	715	266
Remeasurements of pension liabilities	-208	1	608
Interest-bearing liabilities acquired/divested	0	0	120
Other changes, interest-bearing net receivables/net debt	-70	-104	-265
Change in interest-bearing net receivables/net debt	-3,950	-2,026	5,619
Closing balance interest-bearing net receivables(+)/net debt(-)	2,367	-1,328	6,317
Pension liability, net	3,908	4,310	3,740
Loans to housing co-ops	3,999	2,889	3,761
Closing balance operating net financial assets(+)/liabilities(-)	10,274	5,871	13,818

The operating net financial assets amounted to SEK 10.3 billion (Dec. 31, 2015: 13.8). The interest-bearing net receivables amounted to SEK 2.4 billion (Dec. 31, 2015: 6.3). Proceeds from properties sold but not yet transferred will have a positive effect of about SEK 5.8 billion in the remaining three quarters of 2016.

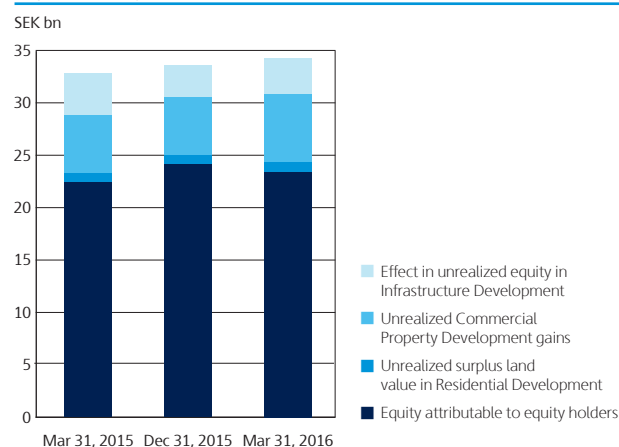
Skanska's committed unutilized credit facilities of SEK 5.5 billion, in combination with operating net financial assets of SEK 10.3 billion, ensure a strong financial capacity for the Group. Loans to housing co-ops totaled SEK 4.0 billion (Dec. 31, 2015: 3.8) and the net pension liabilities totaled SEK 3.9 billion (Dec. 31, 2015: 3.7). At the end of the quarter, capital employed amounted to SEK 36.8 billion (Dec. 31, 2015: 38.4).

Equity

Changes in equity

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Opening balance	24,206	21,405	21,405
Dividend to shareholders	0	0	-2,775
Other changes in equity not included in total comprehensive income for the year	-197	-36	-192
Profit for the period	203	486	4,791
Other comprehensive income			
Translation differences	-240	957	47
Effects of remeasurements of pensions	-170	-37	610
Effects of cash flow hedges	-305	-185	320
Closing balance	23,497	22,590	24,206

Adjusted equity, less standard tax of 10 percent



The Group's equity amounted to SEK 23.5 billion (22.6), the equity/assets ratio was 25.4 percent (23.7) and the net debt/equity ratio amounted to -0.1 (0.1).

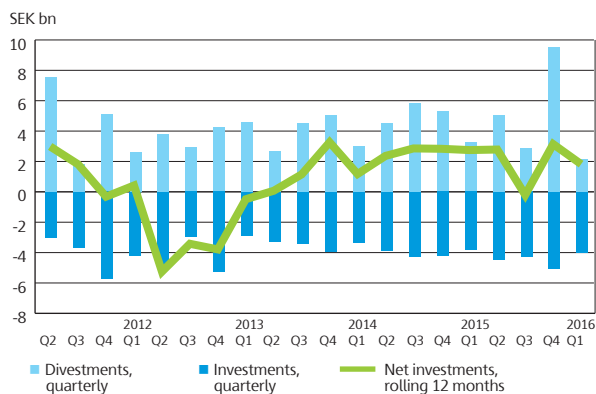
The effects of remeasurements of pensions amounted to SEK -170 M (-37). The effects of cash-flow hedges, SEK -305 M (-185) are mainly related to changes in the value of interest-rate swaps attributable to Infrastructure Development projects.

Translation differences amounted to SEK -240 M (957). As of December 31, 2015, Skanska no longer currency hedges its equity in foreign subsidiaries against the Swedish krona.

The unrealized surplus values less standard tax in the development units amounted to SEK 10.9 billion (Dec. 31, 2015: 9.5), of which SEK 1.6 billion is realized according to segment reporting.

Investments and divestments

Investments and divestments



The Group's investments amounted to SEK –3,985 M (–3,829). Divestments amounted to SEK 2,161 M (3,322) and the Group's net investments amounted to SEK –1,824 M (–507).

In Construction, investments totaled SEK –371 M (–373). The investments were mainly related to property, plant and equipment for the Group's own production. Net investments in Construction amounted to SEK –280 M (–339). Depreciation of property, plant and equipment amounted to SEK –319 M (–346).

In Residential Development, investments totaled SEK –1,795 M (–1,681), of which about SEK –194 M (–528) relates to the acquisition of land corresponding to 714 building rights. Divestments amounted to SEK 1,530 M (2,384). Net investments in Residential Development amounted to SEK –265 M (703).

In Commercial Property Development, investments totaled SEK –1,718 M (–1,685) of which SEK –21 M (–501) related to investments in new land. Divestments amounted to SEK 405 M (892). Net investments in Commercial Property Development amounted to SEK –1,313 M (–793).

Investments in Infrastructure Development amounted to SEK –50 M (–74) and no divestments were made.

Investments, divestments and net divestments/investments

SEK M	Jan-Mar 2016	Jan-Mar 2015	Change, %
Investments			
Construction	–371	–373	–1
Residential Development	–1,795	–1,681	7
Commercial Property Development	–1,718	–1,685	2
Infrastructure Development	–50	–74	–32
Other	–51	–16	
Total	–3,985	–3,829	4
Divestments			
Construction	91	34	168
Residential Development	1,530	2,384	–36
Commercial Property Development	405	892	–55
Infrastructure Development	0	0	–
Other	135	12	
Total	2,161	3,322	–35
Net divestments(+)/investments(–)			
Construction	–280	–339	–17
Residential Development	–265	703	–
Commercial Property Development	–1,313	–793	66
Infrastructure Development	–50	–74	–32
Other	84	–4	
Total	–1,824	–507	260
Of which strategic	127	0	

Capital employed in Development Streams

SEK M	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Residential Development	9,310	9,562	9,277
Commercial Property Development	18,086	16,320	16,510
Infrastructure Development	1,524	1,608	1,843
Total in Development Streams	28,920	27,490	27,630



Ørestad City, Copenhagen, Denmark.

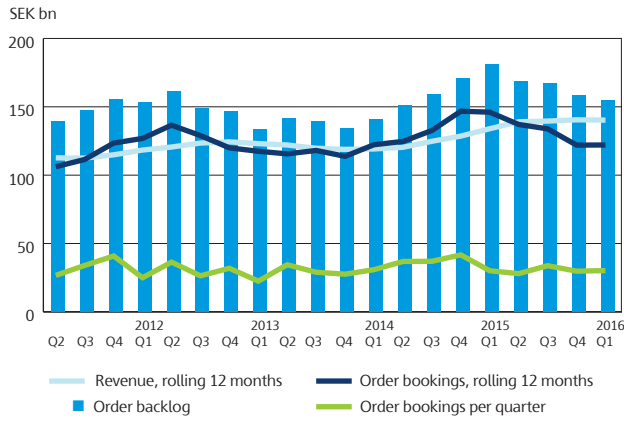


400 Fairview, Seattle, U.S.

Performance analysis, business streams

Construction – Order situation

Order backlog, revenue and order bookings



Order bookings and order backlog in Construction

SEK bn	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Order bookings	30.3	30.2	122.1
Order backlog ¹	154.6	181.2	158.2

¹ Refers to the end of each period.

Order bookings amounted to SEK 30.3 billion (30.2); adjusted for currency effects, order bookings increased by 2 percent. A majority of the business units had higher order bookings than revenue in the first quarter. On a rolling 12 months basis the book-to-build ratio was 87 percent (Dec. 31, 2015: 87). Order bookings in Sweden, Finland, Poland and USA Building increased compared to the first quarter of 2015.

At the end of the quarter, the order backlog amounted to SEK 154.6 billion, compared to 158.2 billion at the end of the previous quarter. The order backlog corresponds to about 14 months of production (Dec. 31, 2015: 14).

Changes and currency rate effects

	Change in SEK	Change in local currency	Currency effect
Jan-Mar 2016 / Jan-Mar 2015			
Order bookings	0%	2%	-2%
Mar 31, 2016 / Dec 31, 2015			
Order backlog	-2%	0%	-2%

Major orders in the quarter

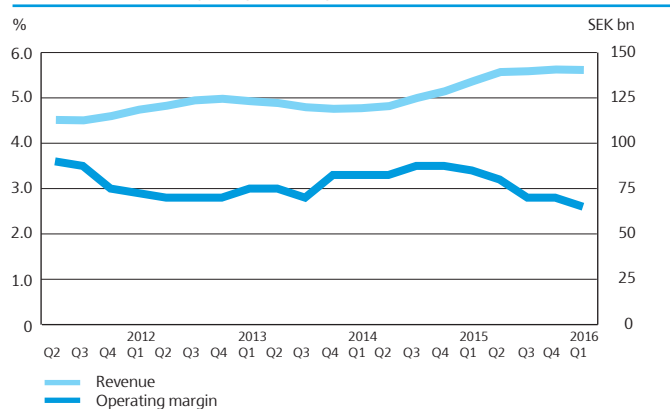
Business Unit	Contract	Amount SEK M	Client
Skanska Sweden	University	1,500	Linnaeus University
Skanska USA Building	Hospital	1,200	Westchester Medical Center
Skanska UK	Railway	900	Network rail
Skanska USA Building	Commercial building	800	ARK Group
Skanska Poland	Highway	750	General Directorate of Public Roads and Motorways
Skanska Norway	School	570	Sør-Trøndelag municipality



Stretch & Flex during Safety Week at Sergels Torg, Stockholm, Sweden.

Construction

Revenue and operating margin, rolling 12 months



Revenue and earnings

SEK M	Jan-Mar 2016	Jan-Mar 2015	Change, %
Revenue	30,438	30,701	-1
Gross income	2,021	2,110	-4
Selling and administrative expenses	-1,578	-1,489	6
Income from joint ventures and associated companies	-1	1	
Operating income	442	622	-29
Gross margin, %	6.6	6.9	
Selling and administrative expenses, %	-5.2	-4.9	
Operating margin, %	1.5	2.0	
Employees	41,418	40,624	

Changes and currency rate effects

	Jan-Mar 2016 / Jan-Mar 2015		
	Change in SEK	Change in local currency	Currency effect
Revenue	-1%	0%	-1%
Operating income	-29%	-28%	-1%

Revenue in the Construction business stream decreased by 1 percent and amounted to SEK 30.4 billion (30.7); adjusted for currency effects, the revenue was unchanged. Operating income amounted to SEK 442 M (622); adjusted for currency effects, operating income decreased by 28 percent. The operating margin was 1.5 percent (2.0), where the comparison period was positively affected by the completion of larger projects in Sweden and Poland.

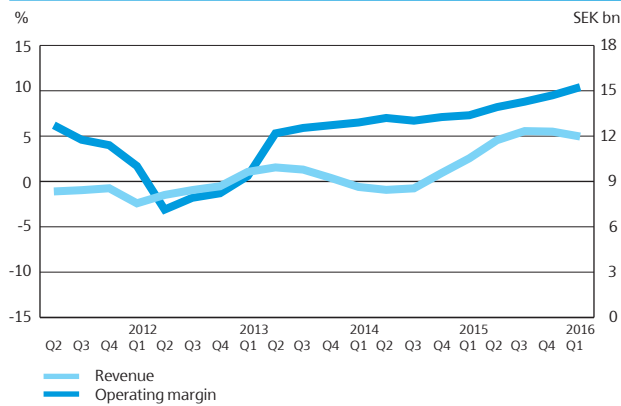
The normal seasonal effects are relatively large in the Swedish and Central European units due to the business mix. In USA Civil the profitability was negatively impacted by incurring further claims in the same projects that was provided for in 2015. This is due to new, additional client design changes where the estimated cost to complete is provided for but no revenue on the additional work is recognized until a commercial agreement is reached. The intense work to gradually restore profitability continues and given the magnitude of the design changes it will be a lengthy process. To improve the long-term operational efficiency a new ERP-system is being implemented in USA Civil which initially will increase the S&A cost over the next coming years. Also, delays in the ramp-up of certain projects in the UK had a negative impact on the operating margin in the quarter.



Copyright building, London, UK.

Residential Development

Revenue and operating margin, rolling 12 months



Revenue and earnings

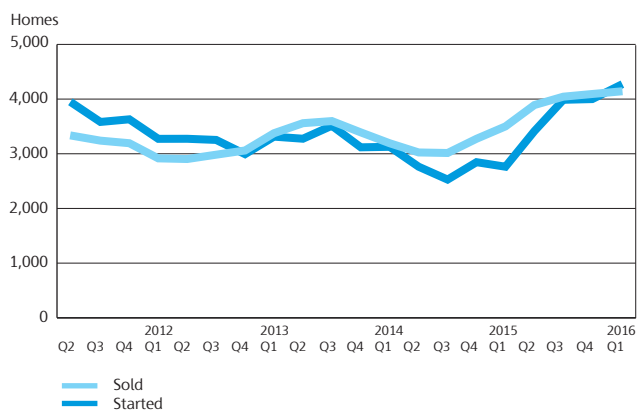
SEK M	Jan-Mar 2016	Jan-Mar 2015	Change, %
Revenue	2,660	2,985	-11
Gross income	444	375	18
Selling and administrative expenses	-147	-145	1
Income from joint ventures and associated companies	0	0	
Operating income	297	230	29
Gross margin, %	16.7	12.6	
Selling and administrative expenses, %	-5.5	-4.9	
Operating margin, %	11.2	7.7	
Return on capital employed, % ¹	15.0	8.1	

1 Rolling 12 months.

Revenue in the Residential Development business stream amounted to SEK 2,660 M (2,985). The number of homes sold totaled 1,039 (991) in the first three months of 2016. Operating income amounted to SEK 297 M (230). The operating margin increased to 11.2 percent (7.7) and the gross margin to 16.7 percent (12.6).

The return on capital employed increased to 15.0 percent (8.1), partially due to the effects of strong volumes in a rising market where the build-up of capital employed is lagging somewhat but will catch up during 2016.

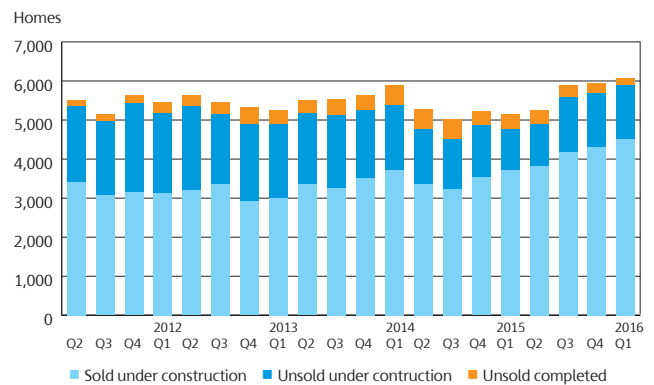
Homes sold and started, rolling 12 months



Homes sold and started

	Jan-Mar 2016	Jan-Mar 2015
Homes sold	1,039	991
Homes started	988	726

Homes under construction and unsold



Homes under construction and unsold

	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Homes under construction	5,878	4,763	5,689
of which sold, %	77	78	76
Completed unsold, number of homes	200	397	237

At the end of the quarter, there were 5,878 homes (Dec. 31, 2015: 5,689) under construction. Of these, 77 percent (Dec. 31, 2015: 76) were sold. The number of completed, unsold homes totaled 200 (Dec. 31, 2015: 237) and most of these homes are in Finland and Norway. Efforts to reduce the number of unsold completed units in Finland and Norway are continuing. In the first three months of 2016, construction was started on 988 homes (726).

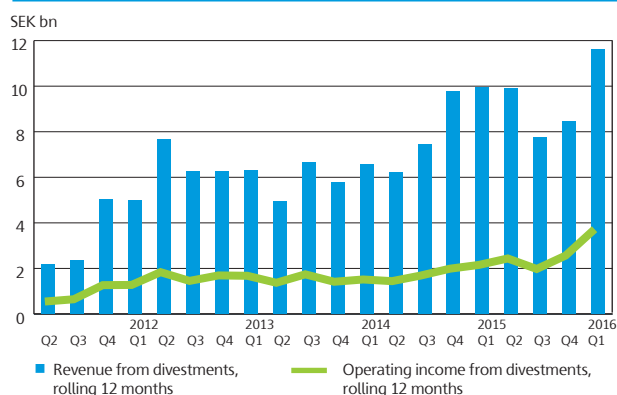
Breakdown of carrying amounts

SEK M	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Completed projects	797	1,373	934
Ongoing projects	5,181	3,909	4,329
Undeveloped land and development properties	4,999	5,533	5,107
Total	10,977	10,815	10,370

A breakdown of the carrying amounts is presented in the table above. Undeveloped land and development properties amounted to SEK 5.0 billion (Dec. 31, 2015: 5.1), with an estimated market value of around SEK 6.0 billion (Dec. 31, 2015: 6.1). The undeveloped land and development properties correspond to Skanska-owned building rights for 24,500 homes and 400 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 11,300 building rights.

Commercial Property Development

Revenue and operating income from property divestments



Revenue and earnings

SEK M	Jan-Mar 2016	Jan-Mar 2015	Change, %
Revenue	4,420	1,165	279
of which from divestment of properties	4,247	1,075	295
Gross income	1,519	342	344
Selling and administrative expenses	-159	-161	-1
Income from joint ventures and associated companies	1	1	
Operating income	1,361	182	648
of which from divestment of properties	1,457	299	387
Return on capital employed, % ¹	16.4	13.5	

¹ Rolling 12 months. Including unrealized development gains and changes in value in the operating income.

In the Commercial Property Development business stream, divestments worth SEK 4,247 M (1,075) were made in the first quarter of 2016. Operating income amounted to SEK 1,361 M (182), and included gains from property divestments totaling SEK 1,457 M (299). The return on capital employed increased to 16.4 percent (13.5).

Breakdown of investment value and market value

SEK M	Investment value, end of period	Investment value upon completion	Market value ¹	Occupancy rate, %	Degree of completion, %
Ongoing projects ²	8,247	18,008	22,793	43	46
Completed projects ³	4,972	4,972	7,057	93	100
Undeveloped land and development properties	6,408	6,408	6,753		
Total	19,627	29,388	36,603		
of which carrying amount ⁴	18,917	28,226			
of which completed projects sold according to segment reporting	2,418	2,418	3,750		
of which ongoing projects sold according to segment reporting	1,325	1,927	2,425		

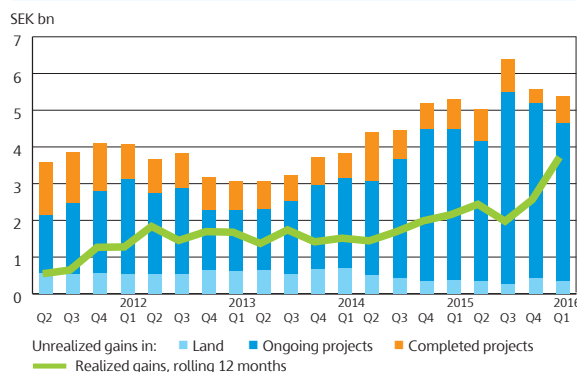
¹ Market value according to appraisal on December 31, 2015. Estimated market value at completion fully leased.

² Skanska's share of total production cost in JVs is SEK 987 M (end of period) and SEK 1,601 M (upon completion).

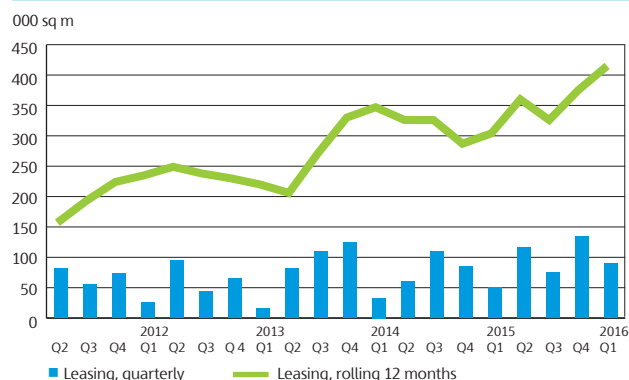
³ Skanska's share of total production cost in JVs is SEK 259 M end of period and upon completion.

⁴ Includes Skanska's total equity investment in JV of SEK 536 M (end of period) and SEK 698 M (upon completion) and tenant improvement and leasing commissions in CDUS of 560 MSEK (Completed projects) and 47 MSEK (Ongoing projects).

Unrealized and realized gains



Leasing



At the end of the quarter, Commercial Property Development had 46 ongoing projects out of which three projects are developed in joint ventures. In the first quarter, six new projects were started, two projects were completed, and two were handed over. The 46 ongoing projects represent leasable space of about 723,000 sq m with an occupancy rate of 43 percent, measured in rent. The degree of completion is 46 percent. Their investment value upon completion is expected to total SEK 18.0 billion, with an estimated market value of SEK 22.8 billion upon completion.

Of the ongoing projects, 11 were divested according to segment reporting. These projects represent an investment value upon completion of SEK 1.9 billion, with an estimated market value of SEK 2.4 billion.

The market value of completed projects, excluding properties divested but not yet transferred to the buyers, was SEK 3.3 billion, representing a surplus of SEK 0.8 billion. The occupancy rate measured in rent totaled 93 percent.

At the end of the quarter the unrealized gains, excluding properties divested but not yet transferred to the buyers, totaled SEK 5.4 billion divided by SEK 4.3 billion in ongoing projects, SEK 0.8 billion in completed projects and SEK 0.3 billion in undeveloped land and development properties. Realized gains accumulated to SEK 1,457 M (299) and on a rolling 12 months basis, SEK 3.7 billion.

Accumulated eliminations of intra-Group project gains amounted to SEK 359 M at the end of the period. These eliminations are released at Group level as each project is divested.

During the first quarter new leases were signed for 90,000 sq m (50,000). Notable lease contracts during the quarter include the lease for 10,600 sq m with Cleary Gottlieb Steen & Hamilton LLP, a global law firm in Washington D.C.

Infrastructure Development

Revenue and earnings

SEK M	Jan-Mar 2016	Jan-Mar 2015	Change, %
Revenue	19	32	-41
Gross income	-22	-19	16
Selling and administrative expenses	-38	-32	19
Income from joint ventures and associated companies	146	204	-28
Operating income	86	153	-44
of which gains from divestments of shares in projects	0	0	-
Return on capital employed, % ¹	15.2	16.0	

¹ Rolling 12 months. Including unrealized development gains and changes in value in the operating income.

The operating income for the Infrastructure Development business stream totaled SEK 86 M (153). The return on capital employed decreased to 15.2 percent (16.0). The intense work to reach financial close on LaGuardia Airport in New York is progressing according to plan and is expected to be reached in mid-2016.

The net present value of projects at the end of the period increased to SEK 4.9 billion (Dec. 31, 2015: 4.8). The remaining investment obligations relating to ongoing Infrastructure Development projects amounted to about SEK -1.1 billion (Dec. 31, 2015: -1.3).

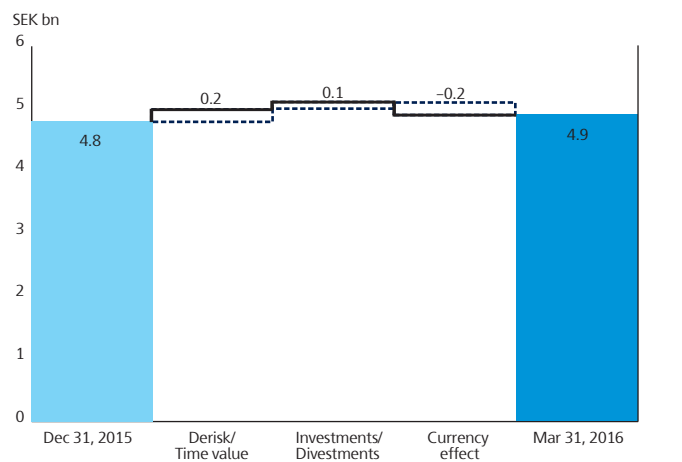
At the end of the period, the carrying amount of shares, participations, subordinated receivables and concessions in Infrastructure

Unrealized development gains

SEK bn	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Present value of cash flow from projects	6.0	7.1	6.1
Present value of remaining investments	-1.1	-1.4	-1.3
Net present value of projects	4.9	5.7	4.8
Carrying amount before Cash flow hedge / Carrying amount	-3.1	-3.5	-3.1
Unrealized development gain	1.8	2.2	1.7
Cash flow hedge	1.9	2.0	1.6
Effect in unrealized equity¹	3.7	4.2	3.3

¹ Tax effects not included.

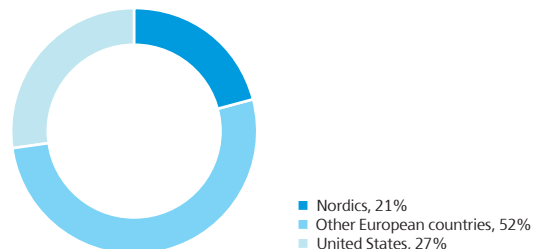
Changes in net present value



Development before cash-flow hedges was SEK 3.1 billion (Dec. 31, 2015: 3.1). At the end of the quarter, unrealized development gains totaled about SEK 1.8 billion (Dec. 31, 2015: 1.7).

The value of cash flow hedges, for which the change is recognized as other comprehensive income, reduced the carrying amount and thereby also equity, by an amount of SEK 1.9 billion (Dec. 31, 2015: 1.6).

Estimated present value of cash flow from projects per geographic area



Nya Karolinska Solna, Stockholm, Sweden.

Personnel

During the period, the average number of employees in the Group was 43,645 (52,091). The decrease is mainly attributable to the closing down of the operations in Latin America. At the end of the quarter the number of employees amounted to 42,936 (Dec. 31, 2015 43,122).

Transactions with related parties

For the nature and extent of transactions with related parties, see the 2015 Annual Report.

Material risks and uncertainties

The Construction and Project Development business involves a considerable amount of risk management. Almost every project is unique. Size, shape, the environment – everything is different for each new assignment. The Construction and Project Development business differs in this way from typical manufacturing, which operates in permanent facilities with long production runs.

In Skanska's operations, there are many different types of risks. Identifying, managing and pricing these risks is of fundamental importance to the Group's profitability. Risks are normally of a technical, legal and financial nature, but political, ethical, social and environmental considerations are also part of assessing potential risks.

To ensure a systematic and uniform assessment of risks and opportunities, the entire Skanska Group uses a shared procedure for identifying and managing risks. With the aid of this model, Skanska evaluates projects continuously – from preparation of tenders to completion of assignments.

From time to time, disputes arise with customers about contractual terms related to both ongoing and completed projects. Their outcomes are often difficult to predict.

For further information about risks and a description of key estimates and judgments, see the Report of the Directors and Notes 2 and 6 in the 2015 Annual Report, as well as the section above on market outlook.

Other matters

Repurchase of shares

At the Board meeting on April 6, 2016, the Board resolved to exercise the Annual General Meeting's authorization concerning the repurchase of shares on the following terms: on one or several occasions, but no later than the Annual General Meeting in 2017, not more than 4,000,000 Series B shares in Skanska may be acquired, the aim of which is to secure delivery of shares to participants in Skanska's Employee Ownership Program, Seop (2014 – 2016).

The Board resolved also to exercise the Annual General Meeting's authorization concerning the repurchase of shares on the following terms: on one or several occasions, but no later than the Annual General Meeting in 2017, not more than 1,500,000 Series B shares in Skanska may be acquired, the aim of which is to secure delivery of shares to participants in Skanska's Employee Ownership Program, Seop (2017 – 2019).

Further the Board resolved to exercise the Annual General Meeting's authorization concerning transfer of shares on the following terms: on one or several occasions, but no longer than the Annual General Meeting in 2017, not more than 763,000 Series B shares in Skanska may be transferred, the aim of which is to cover mainly social security costs that may occur in relation to Skanska's Employee Ownership Program, Seop (2011 – 2013) and Seop (2014 – 2016).

Acquisition, or transfer, may only be made on Nasdaq Stockholm within the price interval prevailing at any given time, meaning the interval between the highest purchase price and the lowest selling price. On March 31, Skanska held 9,767,907 Series B shares in its own custody.

Events after the end of the report period

Annual General Meeting

At the Annual General Meeting on April 6, the dividend for 2015 was approved in accordance with the Board's proposal of a dividend of SEK 7.50 per share. The date of payment was April 13, 2016. The Annual General Meeting also elected Hans Biörck as new board member and Chairman of the Board and re-elected John Carrig, Johan Karlström, Fredrik Lundberg, Nina Linander, Charlotte Strömberg, Pär Boman and Jayne McGivern as Board members.

Update on Skanska Brasil

On April 15, Skanska announced that it had been notified that the Federal Government in Brazil has brought a civil lawsuit against seven companies, including Skanska Brasil, and seven individuals unrelated to Skanska. According to the lawsuit a joint venture partner of Skanska Brasil has colluded with Petrobras directors and Skanska Brasil is notified of having participated in, or benefited from, such acts.

The lawsuit is for damages and penalties on a joint and several liability basis amongst the 14 defendants. At this stage it is not possible to determine if Skanska Brasil is liable and if found liable it is not possible to determine the amount of damages and penalties.

The federal government has filed a request that the lawsuit remains confidential.

Skanska Brasil has submitted a preliminary defense in which the company objects to the lawsuit. Skanska AB currently has not found reason to make any provisions because of the proceeding. A full defense would probably be submitted by Skanska Brasil later this year, and it will normally take several years before there is a judgement.

Financial reports for 2016

Skanska's interim reports and year-end reports are available for download on Skanska's website, www.skanska.com/investors.

The Group's reports for 2016 will be published on the following dates:

July 22, 2016	Six Month Report
October 28, 2016	Nine Month Report
February 3, 2017	Year-end report

Stockholm May 12, 2016

Johan Karlström

President and Chief Executive Officer

This interim report has not been subject to a review by the company's auditors.

Accounting principles

For the Group, this interim report has been prepared in compliance with IAS 34, “Interim Financial Reporting,” the Annual Accounts Act and the Securities Market Act. For the Parent Company, the interim report has been prepared in compliance with the Annual Accounts Act and the Securities Market Act, which is pursuant to the Swedish Financial Reporting Board’s Recommendation RFR 2. Otherwise, the accounting principles and assessment methods presented in the Annual Report for 2015 have been applied.

Relation between consolidated operating cash flow statement and consolidated cash flow statement

The difference between the operating cash flow statement and the summary cash flow statement in compliance with IAS 7, “Cash flow Statements”, is presented in the 2015 Annual Report, Note 35.

Segment and IFRS reporting

Skanska’s business streams Construction, Residential Development, Commercial Property Development and Infrastructure Development, are recognized as operating segments. Tables in this report that refer to segment reporting are shown with a shaded background. Segment reporting of joint ventures in Residential Development applies the proportional method. The equity method will continue to be applied for other joint ventures.

Construction includes both building construction and civil construction. Revenue and earnings are reported successively as a project accrues, in compliance with International Financial Reporting Standards, IFRS.

Residential Development develops residential projects for immediate sale. Homes are adapted to selected customer categories. The units are responsible for planning and selling the projects. The construction assignments are performed by construction units in the Construction segment in each market. Residential Development revenue and earnings are recognized when binding contracts are signed for the sale of homes. According to IFRS, revenue and earnings are recognized when the buyer takes possession of the home.

Commercial Property Development initiates, develops, leases and divests commercial property projects. In most markets, construction assignments are performed by Skanska’s Construction segment. Commercial Property Development revenue and earnings are recognized when binding contracts are signed for the sale of the properties. According to IFRS, revenue and earnings are recognized when the buyer takes possession of the property.

Infrastructure Development specializes in identifying, developing and investing in privately financed infrastructure projects, such as highways, hospitals and power-generating plants. The business stream focuses on creating new potential projects, mainly in the markets where the Group has operations. Construction assignments are performed in most markets by Skanska’s Construction segment. Infrastructure Development revenue and earnings are recognized in compliance with IFRS.

Intra-Group pricing between operating segments occurs on market terms.

In 2014, Skanska decided to wind down the E&C part and divest the O&M part of the Latin American operation. As a consequence, starting in the third quarter of 2014, Skanska Latin America is moved from the Construction stream to Central in the segment reporting. For comparison reasons, historical reported numbers were adjusted accordingly from January 1, 2013.

Definitions

Operating net financial position is defined as interest-bearing net receivables/liabilities excluding construction loans to cooperative housing associations and net interest-bearing pension liabilities. Free working capital is defined as non-interest-bearing liabilities reduced by non-interest-bearing receivables, excluding taxes. This corresponds to the negative working capital in Construction with a reversed sign.

For further definitions, see Note 44 in the 2015 Annual Report.

Reconciliation between segment reporting and IFRSs

SEK M	External revenue		Intra-Group revenue		Total revenue		Operating income	
	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015
Construction	27,945 ¹	28,513 ¹	2,493	2,188	30,438	30,701	442	622
Residential Development	2,660	2,985	0	0	2,660	2,985	297	230
Commercial Property Development	4,413	1,159	7	6	4,420	1,165	1,361	182
Infrastructure Development	19	32	0	0	19	32	86	153
Total operating segments	35,037	32,689	2,500	2,194	37,537	34,883	2,186	1,187
Central	260	1,376	117	260	377	1,636	-249	-318
Eliminations	0	0	-2,617	-2,454	-2,617	-2,454	32	-37
Total Group	35,297	34,065	0	0	35,297	34,065	1,969	832
Reconciliation to IFRSs	-4,895	-730	0	0	-4,895	-730	-1,658	-43
Total IFRSs	30,402	33,335	0	0	30,402	33,335	311	789

1 Of which external revenue from joint ventures in Infrastructure Development, SEK 1,389 M (1,334).

SEK M	Segment Jan-Mar 2016	IFRS Jan-Mar 2016	Segment Jan-Mar 2015	IFRS Jan-Mar 2015
Revenue				
Construction	30,438	30,438	30,701	30,701
Residential Development	2,660	1,540	2,985	2,375
Commercial Property Development	4,420	577	1,165	982
Infrastructure Development	19	19	32	32
Central and eliminations	-2,240	-2,172	-818	-755
Skanska Group	35,297	30,402	34,065	33,335
Operating income				
Construction	442	442	622	622
Residential Development	297	88	230	217
Commercial Property Development ¹	1,361	-9	182	128
Infrastructure Development	86	86	153	153
Central	-249	-250	-318	-318
Eliminations ¹	32	-46	-37	-13
Operating income	1,969	311	832	789
Net financial items	-56	-56	-149	-149
Income after financial items	1,913	255	683	640
Taxes	-394	-52	-164	-154
Profit for the period	1,519	203	519	486
Earnings for the period per share, SEK ²	3.69		1.26	
Earnings for the period per share according to IFRSs, SEK ²		0.49		1.18
1 Of which gains from divestments of commercial properties reported in:				
Commercial Property Development	1,457	87	299	264
Eliminations	80	3	1	26

2 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

The Skanska Group

Summary income statement (IFRS)

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Revenue	30,402	33,335	153,049
Cost of sales	-28,113	-30,638	-139,160
Gross income	2,289	2,697	13,889
Selling and administrative expenses	-2,137	-2,146	-8,869
Income from joint ventures and associated companies	159	238	1,270
Operating income	311	789	6,290
Financial income	40	27	127
Financial expenses	-96	-176	-441
Net financial items¹	-56	-149	-314
Income after financial items	255	640	5,976
Taxes	-52	-154	-1,185
Profit for the period	203	486	4,791
1 Of which			
Interest income	30	27	88
Financial net pension costs	-26	-24	-93
Interest expenses	-66	-96	-327
Capitalized interest expenses	41	59	194
Net interest items	-21	-34	-138
Change in fair value	-23	-11	-25
Other net financial items	-12	-104	-151
Net financial items	-56	-149	-314
Profit attributable to:			
Equity holders	202	485	4,780
Non-controlling interests	1	1	11
Earnings per share, SEK ²	0.49	1.18	11.63
Earnings per share after dilution, SEK ³	0.49	1.17	11.53

2 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

3 Earnings for the period attributable to equity holders divided by the average number of shares outstanding after dilution.

Statement of profit or loss and other comprehensive income (IFRS)

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Profit for the period	203	486	4,791
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurements of defined benefit plans	-225	-49	785
Tax related to items that will not be reclassified to profit and loss	55	12	-175
	-170	-37	610
Items that have been or will be reclassified to profit and loss			
Translation differences attributable to equity holders	-237	1,023	71
Translation differences attributable to non-controlling interests	1	-1	-3
Hedging of exchange rate risk in foreign operations	-4	-65	-21
Effects of cash flow hedges ¹	54	10	54
Share of other comprehensive income of joint ventures and associated companies ²	-349	-184	281
Tax related to items that have been or will be reclassified to profit and loss	-10	-11	-15
	-545	772	367
Other comprehensive income after tax	-715	735	977
Total comprehensive income	-512	1,221	5,768
Total comprehensive income attributable to			
Equity holders	-514	1,221	5,760
Non-controlling interests	2	0	8
1 Of which transferred to income statement	22	0	0
2 Of which transferred to income statement	210	204	516

Summary statement of financial position (IFRS)

SEK M	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
ASSETS			
Non-current assets			
Property, plant and equipment	6,379	7,347	6,504
Goodwill	5,150	5,494	5,256
Intangible assets	784	482	754
Investments in joint ventures and associated companies	2,656	2,804	2,852
Financial non-current assets ¹	1,129	1,271	1,357
Deferred tax assets	1,374	1,259	1,384
Total non-current assets	17,472	18,657	18,107
Current assets			
Current-asset properties ²	28,751	27,191	27,020
Inventories	1,106	1,051	944
Financial current assets ³	7,290	6,996	7,496
Tax assets	738	1,035	691
Gross amount due from customers for contract work	6,521	6,712	5,692
Trade and other receivables	23,203	28,173	25,877
Cash	7,523	5,453	11,840
Total current assets	75,132	76,611	79,560
TOTAL ASSETS	92,604	95,268	97,667
of which interest-bearing financial non-current assets	1,066	1,220	1,295
of which interest-bearing current assets	14,650	12,338	19,216
Total interest-bearing assets	15,716	13,558	20,511
EQUITY			
Equity attributable to equity holders	23,368	22,436	24,079
Non-controlling interests	129	154	127
Total equity	23,497	22,590	24,206
LIABILITIES			
Non-current liabilities			
Financial non-current liabilities	3,865	7,083	3,874
Pensions	3,908	4,527	3,969
Deferred tax liabilities	783	1,112	1,286
Total non-current liabilities	8,556	12,722	9,129
Current liabilities			
Financial current liabilities ³	5,710	3,586	6,555
Tax liabilities	768	356	560
Current provisions	6,247	6,076	6,432
Gross amount due to customers for contract work	15,925	16,568	15,821
Trade and other payables	31,901	33,370	34,964
Total current liabilities	60,551	59,956	64,332
TOTAL EQUITY AND LIABILITIES	92,604	95,268	97,667
of which interest-bearing financial liabilities	9,399	10,323	10,184
of which interest-bearing pensions and provisions	3,950	4,563	4,010
Total interest-bearing liabilities	13,349	14,886	14,194
1 Of which shares	60	50	61
2 Current-asset properties			
Commercial Property Development	17,774	16,376	16,650
Residential Development	10,977	10,815	10,370
3 Items regarding non-interest-bearing unrealized changes in derivatives/ financial instruments are included in the following amounts:			
Financial non-current assets	3	1	1
Financial current assets	163	111	120
Financial non-current liabilities	172	230	173
Financial current liabilities	4	116	72

Note: Contingent liabilities amounted to SEK 40.6 bn on March 31, 2016 (Dec 31, 2015: 46.2). During the period, contingent liabilities decreased by SEK 5.6 bn.

Summary statement of changes in equity (IFRS)

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Opening balance	24,206	21,405	21,405
of which non-controlling interests	127	154	154
Dividend to shareholders	0	0	-2,775
Change in group composition	0	0	0
Dividend to non-controlling interests	0	0	-35
Effects of equity-settled share-based payments	67	65	259
Repurchase of shares	-264	-101	-416
Total comprehensive income attributable to			
Equity holders	-514	1,221	5,760
Non-controlling interests	2	0	8
Closing balance	23,497	22,590	24,206
of which non-controlling interests	129	154	127

Bridge between operating and consolidated cash flow statement (IAS 7) (IFRS)

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Cash flow from business operations including taxes paid according to operating cash flow	-3,296	-2,290	8,040
Less net investments in property, plant and equipment and intangible assets	388	417	475
Less tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	4	4	69
Cash flow from operating activities, according to IAS 7	-2,904	-1,869	8,584
Cash flow from strategic investments according to operating cash flow	127	0	456
Net investments in property, plant and equipment and intangible assets	-388	-417	-475
Increase and decrease in interest-bearing receivables	46	-445	-1,297
Taxes paid on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-4	-4	-69
Cash flow from investing activities, according to IAS 7	-219	-866	-1,385
Cash flow from financing operations according to operating cash-flow statement	-88	-247	-380
Change in interest-bearing receivables and liabilities	-752	-1,222	-2,235
Increase and decrease in interest-bearing liabilities	-46	445	1,297
Dividend etc	-264	-101	-3,226
Cash flow from financing activities, according to IAS 7	-1,150	-1,125	-4,544
Cash flow for the period	-4,273	-3,860	2,655

of which repurchases of shares SEK -264 M.

Cash flow (IFRS)

Operating cash flow

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Construction			
Cash flow from business operations	866	1,077	5,486
Change in working capital	-1,438	-2,894	2,375
Net divestments(+)/investments(-)	-280	-339	-1,058
Cash flow adjustment	0	0	0
Total Construction	-852	-2,156	6,803
Residential Development			
Cash flow from business operations	-195	-180	-536
Change in working capital	603	409	88
Net divestments(+)/investments(-)	-265	703	1,955
Cash flow adjustment	-45	59	2
Total Residential Development	98	991	1,509
Commercial Property Development			
Cash flow from business operations	-87	-137	-506
Change in working capital	-562	107	406
Net divestments(+)/investments(-)	-1,313	-793	1,088
Cash flow adjustment	25	-11	-71
Total Commercial Property Development	-1,937	-834	917
Infrastructure Development			
Cash flow from business operations	2	-39	3
Change in working capital	0	440	375
Net divestments(+)/investments(-)	-50	-74	880
Cash flow adjustment	0	0	0
Total Infrastructure Development	-48	327	1,258
Central and eliminations			
Cash flow from business operations	-341	-293	-1,370
Change in working capital	155	91	68
Net divestments(+)/investments(-)	-43	-4	-180
Cash flow adjustment	0	1	1
Total central and eliminations	-229	-205	-1,481
Total cash flow from business operations	245	428	3,077
Total change in working capital	-1,242	-1,847	3,312
Total net divestments(+)/investments(-)	-1,951	-507	2,685
Total cash flow adjustment	-20	49	-68
Cash flow from business operations before taxes paid	-2,968	-1,877	9,006
Taxes paid in business operations	-328	-413	-966
Cash flow from business operations including taxes paid	-3,296	-2,290	8,040
Net interest items and other net financial items	-126	-353	-542
Taxes paid in financing operations	38	106	162
Cash flow from financing operations	-88	-247	-380
Operating cash flow from operations	-3,384	-2,537	7,660
Net strategic divestments(+)/investments(-)	127	0	456
Dividend etc. ¹	-264	-101	-3,226
Cash flow before change in interest-bearing receivables and liabilities	-3,521	-2,638	4,890
Change in interest-bearing receivables and liabilities	-752	-1,222	-2,235
Cash flow for the period	-4,273	-3,860	2,655
Cash and cash equivalents at the beginning of the period	11,840	9,107	9,107
Exchange rate differences in cash and cash equivalents	-44	206	78
Cash and cash equivalents at the end of the period	7,523	5,453	11,840

¹ Of which repurchases of shares SEK -264 M.

Group net divestments/investments (IFRS)

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
OPERATIONS – INVESTMENTS			
Intangible assets	-65	-37	-392
Property, plant and equipment	-358	-356	-1,485
Assets in Infrastructure Development	-50	-74	-234
Shares and participations	-13	-15	-136
Current-asset properties	-3,499	-3,347	-15,364
of which Residential Development	-1,796	-1,662	-6,645
of which Commercial Property Development	-1,703	-1,685	-8,719
Investments in operations	-3,985	-3,829	-17,611
STRATEGIC INVESTMENTS			
Businesses	0	0	0
Shares	0	0	0
Strategic investments	0	0	0
Total Investments	-3,985	-3,829	-17,611
OPERATIONS – DIVESTMENTS			
Intangible assets	0	0	0
Property, plant and equipment	86	46	636
Assets in Infrastructure Development	0	0	1,114
Shares and participations	12	19	22
Current-asset properties	1,936	3,257	18,524
of which Residential Development	1,530	2,365	8,622
of which Commercial Property Development	406	892	9,902
Divestments in operations	2,034	3,322	20,296
STRATEGIC DIVESTMENTS			
Businesses	127	0	456
Strategic divestments	127	0	456
Total divestments	2,161	3,322	20,752
TOTAL NET DIVESTMENTS(+)/INVESTMENTS(-)	-1,824	-507	3,141
Depreciation, non-current assets	-354	-409	-1,579

Capital employed in Development Streams (IFRS)

SEK M	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Residential Development	9,310	9,562	9,277
Commercial Property Development	18,086	16,320	16,510
Infrastructure Development	1,524	1,608	1,843
Total in Development Streams	28,920	27,490	27,630

Parent Company

Summary income statement (IFRS)

SEK M	Jan-Mar 2016	Jan-Mar 2015
Revenue	0	0
Selling and administrative expenses	-63	-52
Operating income	-63	-52
Net financial items	-14	-13
Income after financial items	-77	-65
Taxes	17	18
Profit for the period	-60	-47
Total comprehensive income	-60	-47

Summary balance sheet (IFRS)

SEK M	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
ASSETS			
Intangible non-current assets	0	2	1
Property, plant and equipment	3	3	3
Financial non-current assets ¹	11,470	11,442	11,495
Total non-current assets	11,473	11,447	11,499
Current receivables	74	74	176
Total current assets	74	74	176
TOTAL ASSETS	11,547	11,521	11,675
EQUITY AND LIABILITIES			
Equity	6,150	6,799	6,474
Provisions	267	321	310
Non-current interest-bearing liabilities ¹	4,969	4,270	4,769
Current liabilities	161	131	122
TOTAL EQUITY AND LIABILITIES	11,547	11,521	11,675

¹ Of these amounts, SEK 255 M (Dec 31, 2015: 216) were intra-Group receivables and SEK 4,969 M (Dec 31, 2015: 4,769) intra-Group liabilities.

Note: The Parent Company's contingent liabilities totaled SEK 113.8 bn (Dec 31, 2015: 122.5), of which SEK 93.8bn (Dec 31, 2015: 101.7) was related to obligations on behalf of Group companies. Other obligations, SEK 20.0 bn (Dec 31 2015: 20.8), were related to commitments to outside parties.

Share data

	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Earnings per share according to segment reporting, SEK ¹	3.69	1.26	11.96
Earnings per share, SEK ¹	0.49	1.18	11.63
Earnings per share after dilution, SEK ²	0.49	1.17	11.53
Equity per share, SEK ³	54.70	54.61	58.58
Adjusted equity per share, SEK ⁴	79.94	78.81	81.70
Average number of shares outstanding	411,049,617	410,992,852	411,059,056
Average number of shares outstanding after dilution	414,338,014	415,131,224	414,445,854
Average dilution, %	0.80	1.00	0.82
Number of shares, at balance sheet date	419,903,072	419,903,072	419,903,072
of which Series A and Series B shares	419,903,072	419,903,072	419,903,072
Average price of total repurchased shares, SEK	124.89	115.84	121.02
Number of total Series B shares repurchased	21,273,228	17,928,228	19,758,228
of which repurchased during the year	1,515,000	510,000	2,340,000
Number of shares in Skanska's own custody	9,767,907	9,046,328	8,866,223
Number of shares outstanding	410,135,165	410,856,744	411,036,849

1 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

2 Earnings for the period attributable to equity holders divided by the average number of shares outstanding after dilution.

3 Equity attributable to equity holders divided by the number of shares outstanding.

4 Adjusted equity divided by the number of shares outstanding.

Five-year Group financial summary

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2014	Jan-Mar 2013	Jan-Mar 2012
Revenue	35,297	34,065	27,871	28,181	26,352
Operating income	1,969	832	656	519	148
Profit for the period	1,519	519	445	338	113
Earnings per share, SEK	3.69	1.26	1.08	0.82	0.27
Return on capital employed, % ¹	20.8	16.7	15.2	15.3	30.9
Return on equity, % ¹	25.7	20.3	17.6	18.8	40.0
Operating margin, %	5.6	2.4	2.4	1.8	0.6
Return on capital employed according to IFRSs, % ¹	15.9	15.7	14.0	15.4	30.2
Cash flow per share according to IFRSs, SEK ²	-8.57	-6.42	-7.92	0.13	-6.51

1 Rolling 12 months.

2 Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding.

Exchange rates for the most important currencies

SEK	Average exchange rates			Exchange rates on the closing day		
	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
U.S. dollar	8.45	8.34	8.43	8.11	8.65	8.40
British pound	12.11	12.63	12.89	11.69	12.79	12.43
Norwegian krone	0.98	1.08	1.05	0.98	1.07	0.96
Euro	9.33	9.39	9.36	9.23	9.28	9.17
Czech koruna	0.34	0.34	0.34	0.34	0.34	0.34
Polish zloty	2.14	2.24	2.24	2.16	2.27	2.16

Construction

Revenue and earnings

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Revenue	30,438	30,701	140,648
Gross income	2,021	2,110	10,039
Selling and administrative expenses	-1,578	-1,489	-6,198
Income from joint ventures and associated companies	-1	1	33
Operating income	442	622	3,874
Investments	-371	-373	-1,645
Divestments	91	34	670
Net divestments(+)/investments(-)	-280	-339	-975
Gross margin, %	6.6	6.9	7.1
Selling and administrative expenses, %	-5.2	-4.9	-4.4
Operating margin, %	1.5	2.0	2.8
Order bookings, SEK bn	30.3	30.2	122.1
Order backlog, SEK bn	154.6	181.2	158.2
Employees	41,418	40,624	42,193

Revenue by business/reporting unit

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Sweden	6,963	6,406	31,303
Norway	2,718	3,312	11,909
Finland	1,503	1,314	6,343
Poland	938	1,270	9,915
Czech Republic	564	819	5,409
UK	4,803	4,135	18,429
USA Building	8,522	8,715	37,023
USA Civil	4,427	4,730	20,317
Total	30,438	30,701	140,648

Operating income

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Sweden	139	179	1,425
Norway	89	91	382
Finland	49	43	241
Poland	-106	-12	472
Czech Republic	-78	-37	121
UK	94	102	443
USA Building	107	47	309
USA Civil	148	209	481
Total	442	622	3,874

Operating margin, %

Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
2.0	2.8	4.6
3.3	2.7	3.2
3.3	3.3	3.8
neg	neg	4.8
neg	neg	2.2
2.0	2.5	2.4
1.3	0.5	0.8
3.3	4.4	2.4
1.5	2.0	2.8

Order backlog

SEK M	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Sweden	32,738	29,929	31,398
Norway	10,898	9,931	10,268
Finland	6,391	5,572	6,341
Poland	6,481	5,944	4,851
Czech Republic	4,923	4,676	4,716
UK	25,850	33,241	27,705
USA Building	35,016	47,980	36,789
USA Civil	32,293	43,891	36,180
Total	154,590	181,164	158,248

Order bookings

Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
8,301	6,567	32,989
3,092	3,103	13,207
1,510	1,407	7,208
2,541	1,535	9,348
749	1,084	5,685
4,555	9,628	19,250
7,957	4,187	22,592
1,639	2,732	11,825
30,344	30,243	122,104

Residential Development

Revenue and earnings

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Revenue	2,660	2,985	12,298
Gross income	444	375	1,724
Selling and administrative expenses	-147	-145	-550
Income from joint ventures and associated companies	0	0	0
Operating income	297	230	1,174
Operating margin, %	11.2	7.7	9.5
Investments	-1,795	-1,681	-6,675
Divestments	1,530	2,384	8,630
Net divestments(+)/investments(-)	-265	703	1,955
Capital employed, SEK bn	9.3	9.6	9.3
Return on capital employed, % ¹	15.0	8.1	14.4
Employees	410	399	389

1 Rolling 12 months.

Revenue

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Sweden	1,430	1,950	7,406
Norway	422	460	1,947
Finland	572	391	2,135
Nordics	2,424	2,801	11,488
Central Europe	236	184	810
Total	2,660	2,985	12,298

Operating income¹

SEK M	Jan-Mar 2016			Jan-Mar 2015			Jan-Dec 2015		
	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Sweden	194	175	799	13.6	9.0	10.8	13.6	9.0	10.8
Norway	35	26	143	8.3	5.7	7.3	8.3	5.7	7.3
Finland	31	9	122	5.4	2.3	5.7	5.4	2.3	5.7
Nordics	260	210	1,064	10.7	7.5	9.3	10.7	7.5	9.3
Central Europe	37	20	110	15.7	10.9	13.6	15.7	10.9	13.6
Total	297	230	1,174	11.2	7.7	9.5	11.2	7.7	9.5

1 Development gain only. Construction margin reported under Construction.

Homes started

	Jan-Mar 2016			Jan-Mar 2015			Jan-Dec 2015		
	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Sweden	554	463	2,257	524	586	2,191	524	586	2,191
Norway	56	112	368	108	106	390	108	106	390
Finland	234	151	830	241	139	839	241	139	839
Nordics	844	726	3,455	873	831	3,420	873	831	3,420
Central Europe	144	0	545	166	160	673	166	160	673
Total	988	726	4,000	1,039	991	4,093	1,039	991	4,093

Homes sold

Homes under construction

	Mar 31, 2016			Mar 31, 2015			Dec 31, 2015		
	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Sweden	3,286	2,775	3,441	16	56	10	84	91	86
Norway	501	416	462	88	76	95	84	59	73
Finland	1,130	827	968	93	209	122	60	56	55
Nordics	4,917	4,018	4,871	197	341	227	79	80	79
Central Europe	961	745	818	3	56	10	67	66	60
Total	5,878	4,763	5,689	200	397	237	77	78	76

Completed unsold, number of homes

Homes under construction of which sold, %

Commercial Property Development

Revenue and earnings

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Revenue	4,420	1,165	9,034
of which from divestment of properties	4,247	1,075	8,457
Gross income	1,519	342	2,661
Selling and administrative expenses	-159	-161	-677
Income from joint ventures and associated companies	1	1	-37
Operating income	1,361	182	1,947
of which gain from divestment of properties ¹	1,457	299	2,564
of which writedowns/reversal of writedowns	0	0	-56
1 Additional gains included in eliminations	80	1	190
Investments	-1,718	-1,685	-8,826
Divestments	405	892	9,914
Net divestments(+)/investments(-)	-1,313	-793	1,088
Capital employed, SEK bn	18.1	16.3	16.5
Return on capital employed, % ¹	16.4	13.5	15.6
Employees	177	318	344

1 Rolling 12 months.

Revenue

SEK M				of which from divestments		
	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Nordics	503	1,135	3,281	425	1,075	3,007
Europe	23	21	3,414	0	0	3,254
U.S.	3,894	9	2,339	3,822	0	2,196
Total	4,420	1,165	9,034	4,247	1,075	8,457

Operating income

SEK M				of which from divestments		
	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Nordics	65	261	792	95	299	1,004
Europe	-51	-40	505	0	0	751
U.S.	1,347	-39	650	1,362	0	809
Total	1,361	182	1,947	1,457	299	2,564

Capital employed

SEK M	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Nordics	7,148	5,930	6,582
Europe	4,683	5,092	3,897
U.S.	6,255	5,298	6,031
Total	18,086	16,320	16,510

Infrastructure Development

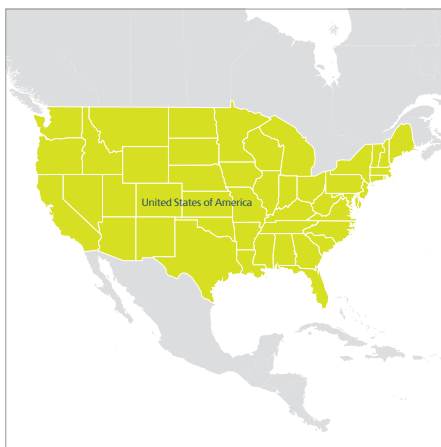
Revenue and earnings

SEK M	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Revenue	19	32	106
Gross income	-22	-19	-128
Selling and administrative expenses	-38	-32	-156
Income from joint ventures and associated companies	146	204	1,147
Operating income	86	153	863
of which gains from divestments of shares in projects	0	0	420
Investments	-50	-74	-234
Divestments	0	0	1,114
Net divestments(+)/investments(-)	-50	-74	880
Capital employed, SEK bn	1.5	1.6	1.8
Return on capital employed, % ¹	15.2	16.0	12.7
Employees	103	120	111

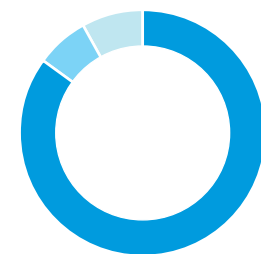
1 Rolling 12 months.

About Skanska

Skanska is one of the world's leading construction and project development companies, focused on selected home markets in the Nordic region, other European countries and North America. Supported by global trends in urbanization and demographics, and by being at the forefront in sustainability, Skanska offers competitive solutions for both simple and the most complex assignments, helping to build a sustainable future for customers and communities.



Revenue per segment, rolling 12 months, Mar 31, 2016

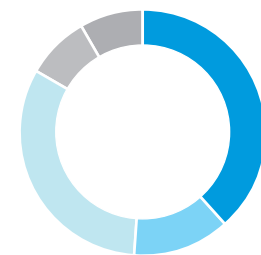


- Construction, 85%
- Residential Development, 7%
- Commercial Property Development, 8%
- Infrastructure Development, 0%

Key ratios, rolling 12 months, Mar 31, 2016

	SEK M	EUR M	USD M
Revenue	156,167	16,742	18,471
Operating income	7,598	815	899
Income after financial items	7,378	791	873
Earnings per share, SEK/EUR/USD	14.40	1.54	1.70
Return on equity, %	25.7	25.7	25.7
Order bookings	122,205	13,101	14,454
Order backlog, end of period	154,590	16,745	19,052
Employees, end of period	42,936	42,936	42,936

Operating income per segment, rolling 12 months, Mar 31, 2016



- Construction, 42%
- Residential Development, 14%
- Commercial Property Development, 35%
- Infrastructure Development, 9%

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This report will also be presented via a telephone conference and webcast at 10:00 a.m. (CET) on May 12. The telephone conference will be webcasted live at www.skanska.com/investors, where a recording of the conference will also be available later. To participate in the telephone conference, please dial +46 8 505 564 74, +44 2033 645 374, or +1 855 753 2230. This and previous releases can also be found at www.skanska.com/investors.

Skanska AB discloses the information provided herein pursuant to the Securities Market Act.

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