

SKANSKA

# Nine month report 2021

**We build  
for a better  
society.**

Powerhouse Brattørkaia,  
Trondheim, Norway

October 28, 2021

Skanska Nine month report 2021

## Nine month report 2021

- Solid performance
  - Construction - steadily improving
  - Residential Development – strong profitability
  - Commercial Property Development – sizeable starts and gains at attractive levels
- Operating margin in Construction 3.6% (2.3)
- ROCE in Project Development 12.1% (11.0), R-12
- Return on Equity 26.0% (17.8), R-12
- Strong financial position
- Carbon reduction 47% since 2015, new target; 70% reduction until 2030



Powerhouse Brattørkaia, Trondheim, Norway

# Construction

- Revenue SEK 95.0 bn (106.3)
- Order bookings SEK 111.3 bn (110.0)
  - Book-to-build 117%, R-12
  - Order backlog SEK 197.6 bn (182.9)
- Operating income SEK 3,428 M (2,416)
  - Operating margin 3.6% (2.3)
  - Q2 divestment of infrastructure services operations in the UK impacting positively
- Profitability improving in all business units



Hisingsbron, Gothenburg, Sweden

## Residential Development

- Revenue SEK 10.7 bn (9.6)
  - 3,054 (2,879) homes sold
  - 2,505 (2,495) homes started
- Operating income SEK 1,561 M (1,068)
  - Operating margin 14.5% (11.2)
- ROCE 14.9% (12.1), R-12
- High activity and strong profitability
- Focus on zoning to bring projects to the market
- Longer term, higher unemployment levels a worry, but structural shortage of homes a mitigator



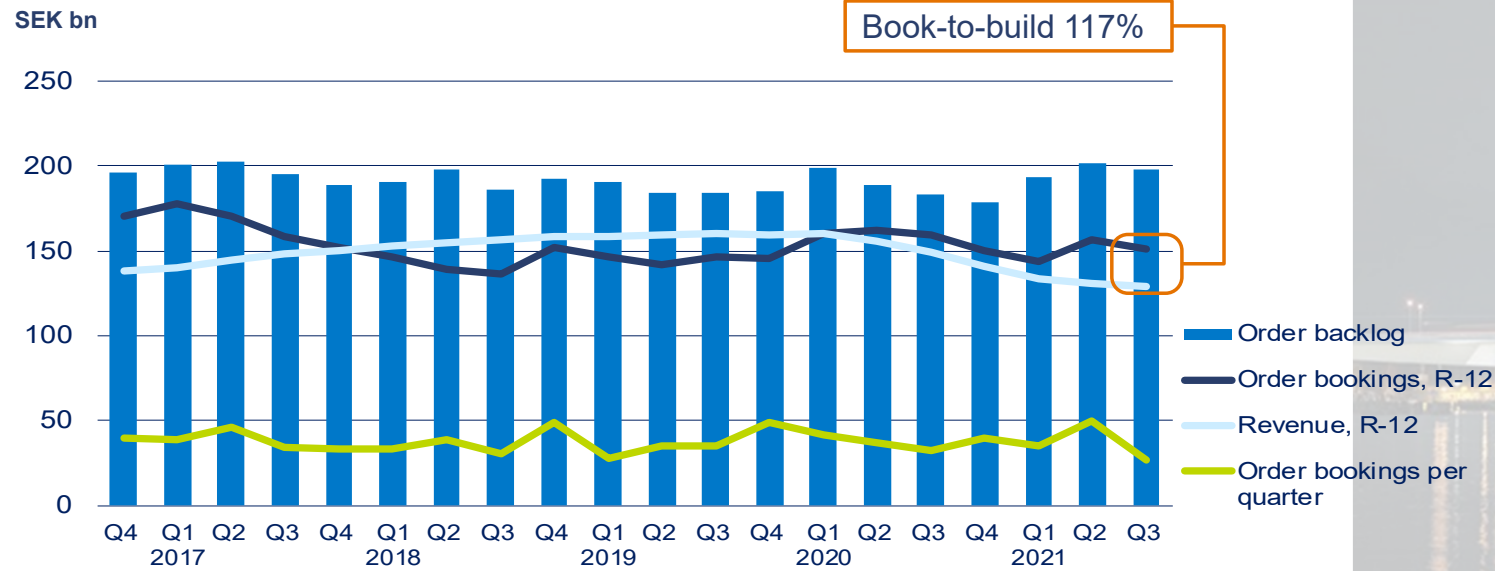
# Commercial Property Development

- Operating income SEK 1,541 M (2,204)
  - Gain on sale SEK 1,861 M (2,656)
- ROCE 10.8% (10.6), R-12
- 32 ongoing projects
  - SEK 23.7 bn total investment
  - 23% occupancy rate / 33% completion rate
  - 16 projects started during first nine months, total investment SEK 14 bn – highest ever
- Slow leasing market, but activity is picking up
  - 125,000 sq m leased (135,000)
- Solid property investor appetite, flight to quality
  - Divestments at very attractive levels



# Construction

## Order bookings



| SEK bn         | Jan-Sep 2021 | Jan-Sep 2020 | Jan-Dec 2020 |
|----------------|--------------|--------------|--------------|
| Revenue        | 95.0         | 106.3        | 140.5        |
| Order bookings | 111.3        | 110.0        | 149.8        |
| Order backlog  | 197.6        | 182.9        | 178.9        |

Hisingsbron, Gothenburg, Sweden

# Construction

## Order bookings

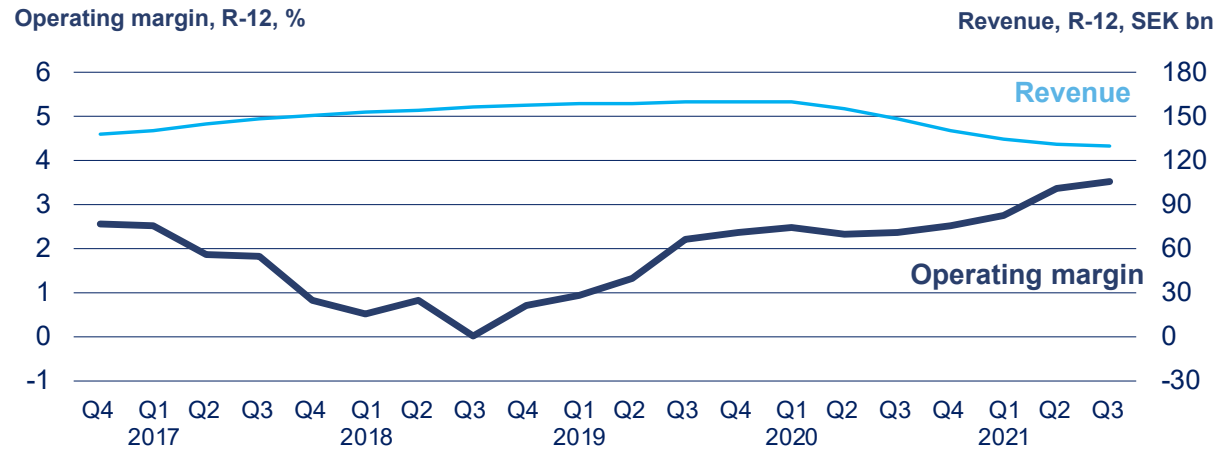
| SEK bn          | Jan-Sep<br>2021 | Jan-Sep<br>2020 | Book-to-<br>build, % | Months of<br>production |
|-----------------|-----------------|-----------------|----------------------|-------------------------|
| Nordics         | 43.3            | 42.7            | 111                  | 15                      |
| of which Sweden | 22.6            | 24.0            | 90                   | 13                      |
| Europe          | 23.7            | 34.0            | 138                  | 23                      |
| USA             | 44.2            | 33.3            | 115                  | 19                      |
| <b>Total</b>    | <b>111.3</b>    | <b>110.0</b>    | <b>117</b>           | <b>18</b>               |



Hisingsbron, Gothenburg, Sweden

# Construction

## Income statement



| SEK bn                                 | Jan-Sep 2021 | Jan-Sep 2020 | Jan-Dec 2020 |
|--|--------------|--------------|--------------|
| Revenue                                | 95.0         | 106.3        | 140.5        |
| <b>Gross income</b>                    | <b>7.5</b>   | <b>6.8</b>   | <b>9.3</b>   |
| Selling and administrative expenses    | -4.1         | -4.4         | -5.9         |
| <b>Operating income</b>                | <b>3.4</b>   | <b>2.4</b>   | <b>3.5</b>   |
| Gross margin, %                        | 7.9          | 6.4          | 6.7          |
| Selling and administrative expenses, % | -4.4         | -4.1         | -4.2         |
| Operating margin, %                    | 3.6          | 2.3          | 2.5          |



Hisingsbron, Gothenburg, Sweden



# Construction

## Income statement

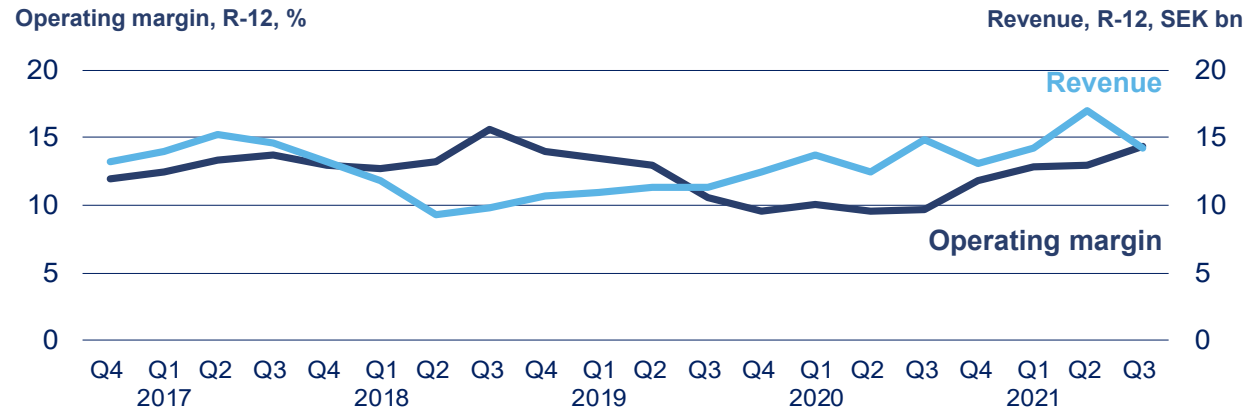
|                 | Operating income, SEK M |              | Operating margin, % |              |
|-----------------|-------------------------|--------------|---------------------|--------------|
|                 | Jan-Sep 2021            | Jan-Sep 2020 | Jan-Sep 2021        | Jan-Sep 2020 |
| Nordics         | 1,461                   | 1,408        | 3.7                 | 3.4          |
| of which Sweden | 794                     | 778          | 3.4                 | 3.1          |
| Europe          | 837                     | 165          | 5.3                 | 0.9          |
| USA             | 1,129                   | 843          | 2.9                 | 1.8          |
| <b>Total</b>    | <b>3,428</b>            | <b>2,416</b> | <b>3.6</b>          | <b>2.3</b>   |



Hisingsbron, Gothenburg, Sweden

# Residential Development

## Income statement, segment reporting



| SEK bn                                 | Jan-Sep 2021 | Jan-Sep 2020 | Jan-Dec 2020 |
|--|--------------|--------------|--------------|
| Revenue                                | 10,732       | 9,564        | 13,070       |
| <b>Gross income</b>                    | <b>2,074</b> | <b>1,530</b> | <b>2,178</b> |
| Selling and administrative expenses    | -513         | -462         | -634         |
| <b>Operating income</b>                | <b>1,561</b> | <b>1,068</b> | <b>1,543</b> |
| Gross margin, %                        | 19.3         | 16.0         | 16.7         |
| Selling and administrative expenses, % | -4.8         | -4.8         | -4.9         |
| Operating margin, %                    | 14.5         | 11.2         | 11.8         |



# Residential Development

## Income statement

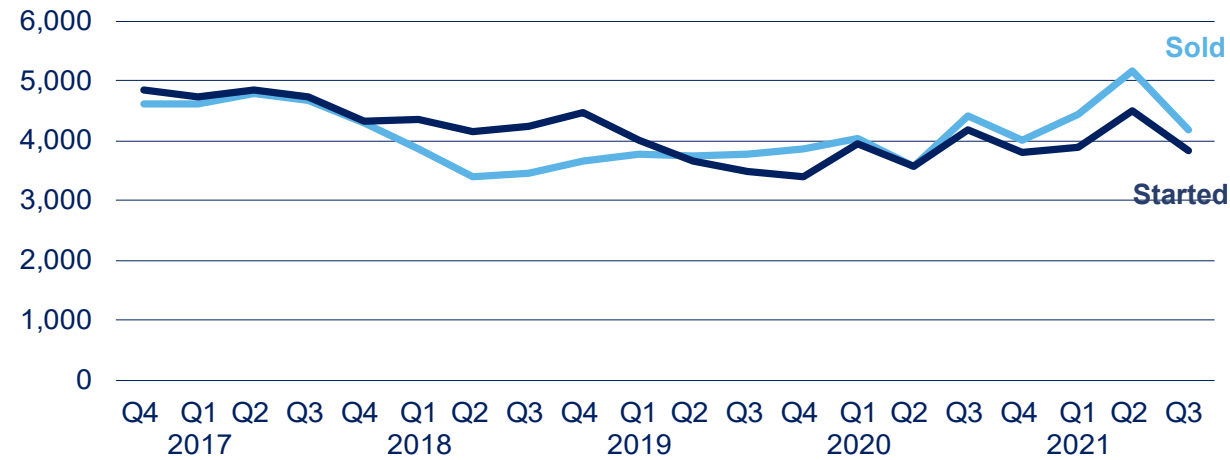
|                 | Operating income, SEK M |              | Operating margin, % |              |
|-----------------|-------------------------|--------------|---------------------|--------------|
|                 | Jan-Sep 2021            | Jan-Sep 2020 | Jan-Sep 2021        | Jan-Sep 2020 |
| Nordics         | 1,323                   | 931          | 13.9                | 10.7         |
| of which Sweden | 820                     | 562          | 14.2                | 10.6         |
| Europe          | 238                     | 138          | 19.7                | 15.7         |
| <b>Total</b>    | <b>1,561</b>            | <b>1,068</b> | <b>14.5</b>         | <b>11.2</b>  |



# Residential Development

## Homes started and sold

Homes, R-12



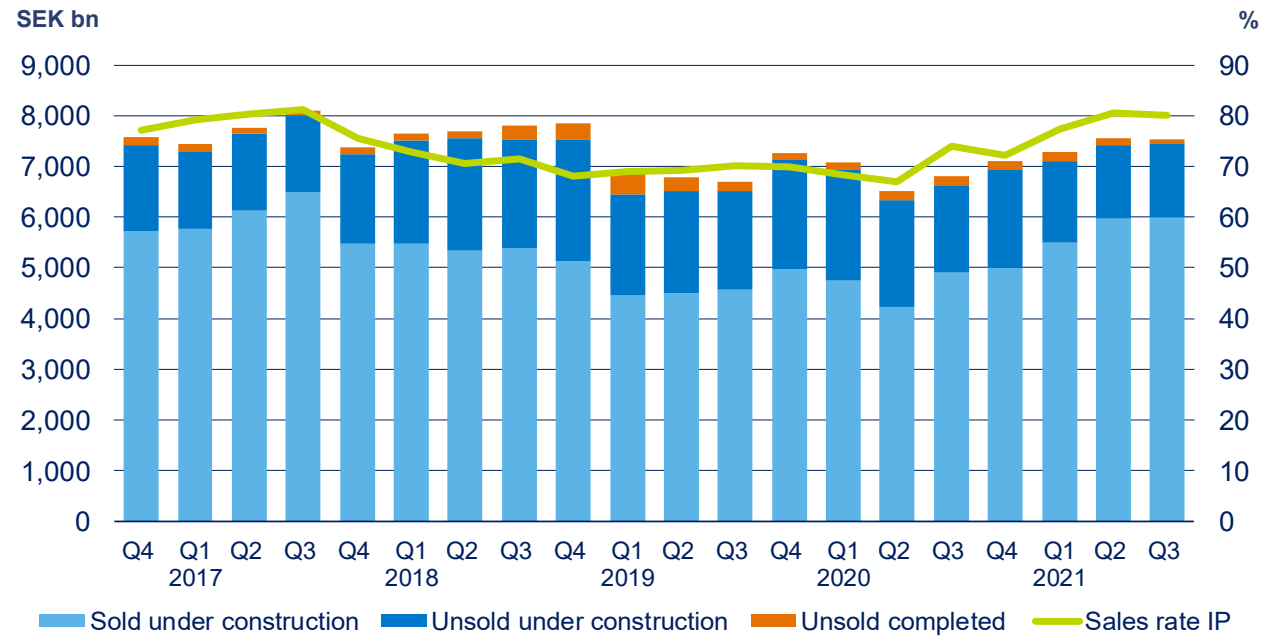
| Homes started |              |              |
|---------------|--------------|--------------|
| Jan-Sep 2021  | Jan-Sep 2020 | Jan-Dec 2020 |
| 2,505         | 2,495        | 3,807        |

| Homes sold   |              |              |
|--------------|--------------|--------------|
| Jan-Sep 2021 | Jan-Sep 2020 | Jan-Dec 2020 |
| 3,054        | 2,879        | 3,991        |



# Residential Development

## Homes in production



| Homes in production |              | Of which sold, % |              | Unsold complete homes |              |
|---------------------|--------------|------------------|--------------|-----------------------|--------------|
| Jan-Sep 2021        | Jan-Sep 2020 | Jan-Sep 2021     | Jan-Sep 2020 | Jan-Sep 2021          | Jan-Sep 2020 |
| 7,437               | 6,637        | 80               | 74           | 94                    | 173          |



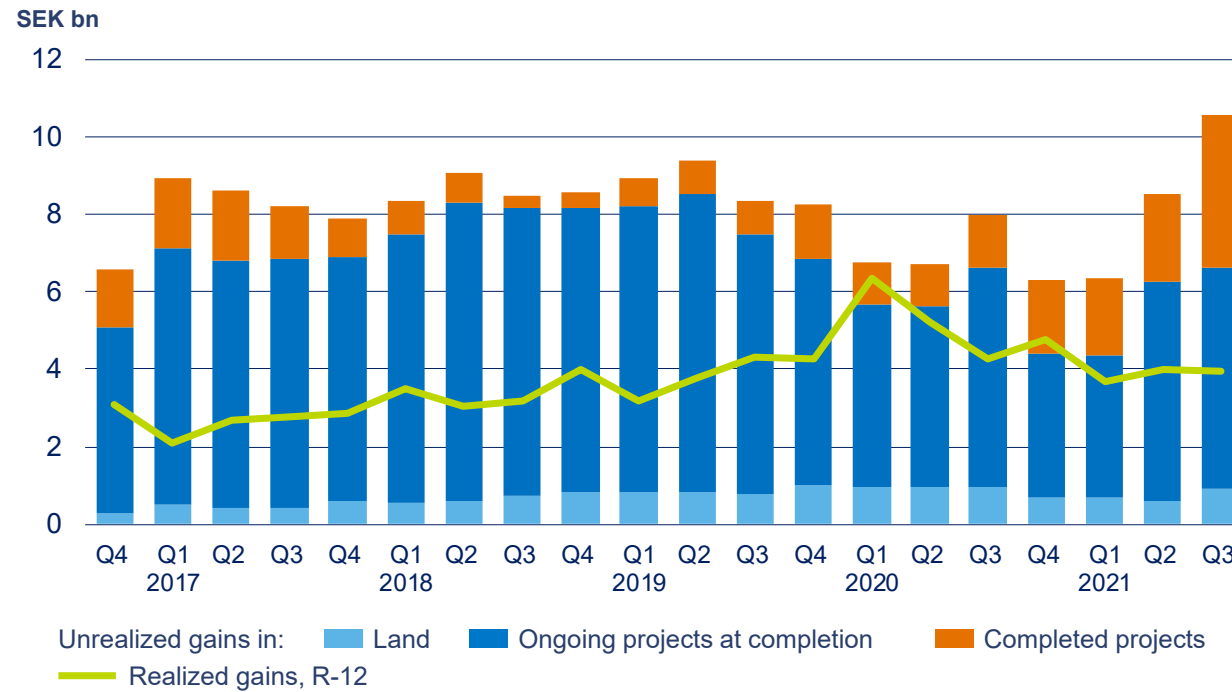
# Commercial Property Development

| SEK bn  | Jan-Sep<br>2021 | Jan-Sep<br>2020 | Jan-Dec<br>2020 |
|---|-----------------|-----------------|-----------------|
| Revenue   | 4,404           | 6,237           | 14,983          |
| <b>Gross income</b>                                 | <b>1,981</b>    | <b>2,811</b>    | <b>4,701</b>    |
| Selling and administrative expenses                 | -529            | -597            | -797            |
| Income from joint ventures and associated companies | 89              | -9              | -8              |
| <b>Operating income</b>                             | <b>1,541</b>    | <b>2,204</b>    | <b>3,897</b>    |
| of which gains from divestments of properties       | 1,861           | 2,656           | 4,750           |
| of which write downs/reversal of write downs        | -44             | -32             | -281            |
| 1 Additional gain included in eliminations          | 96              | 193             | 359             |



# Commercial Property Development

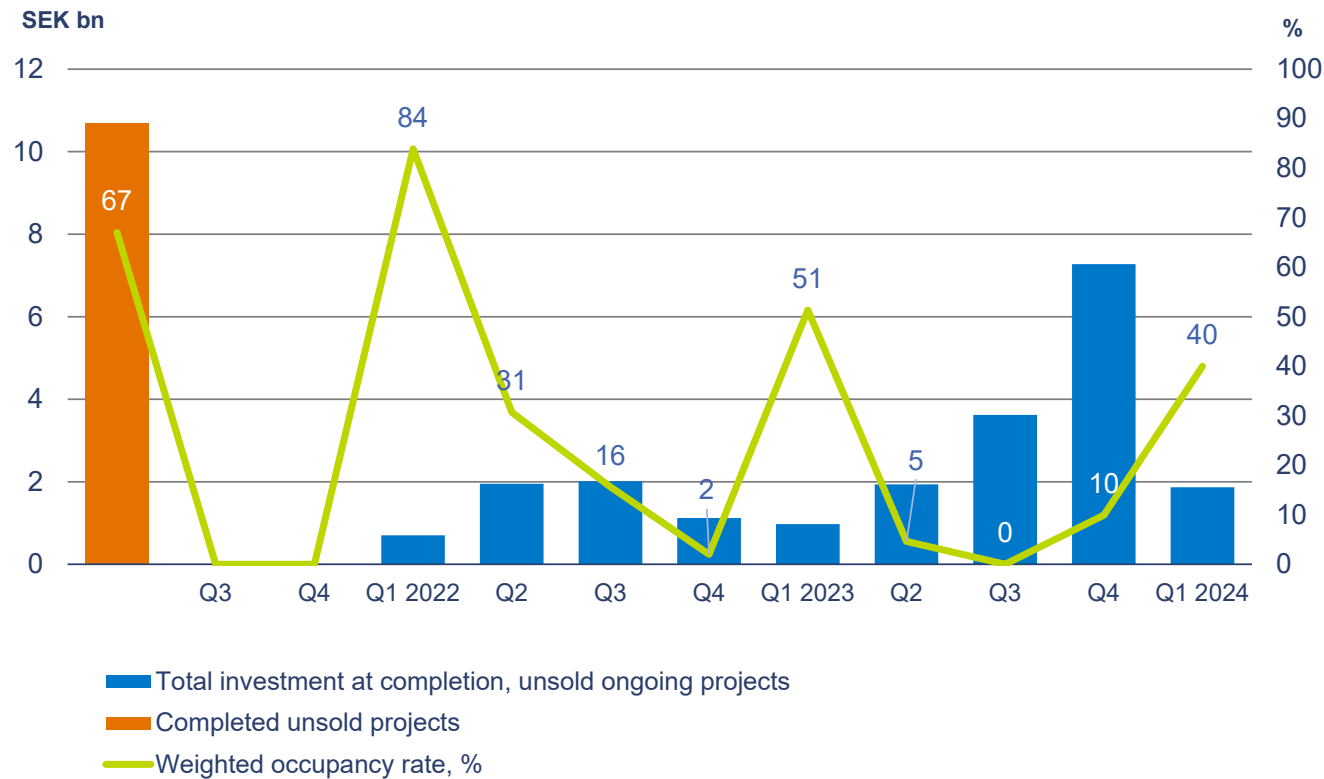
## Unrealized and realized gains, segment reporting



Parkview, Prague, Czech Republic

# Commercial Property Development

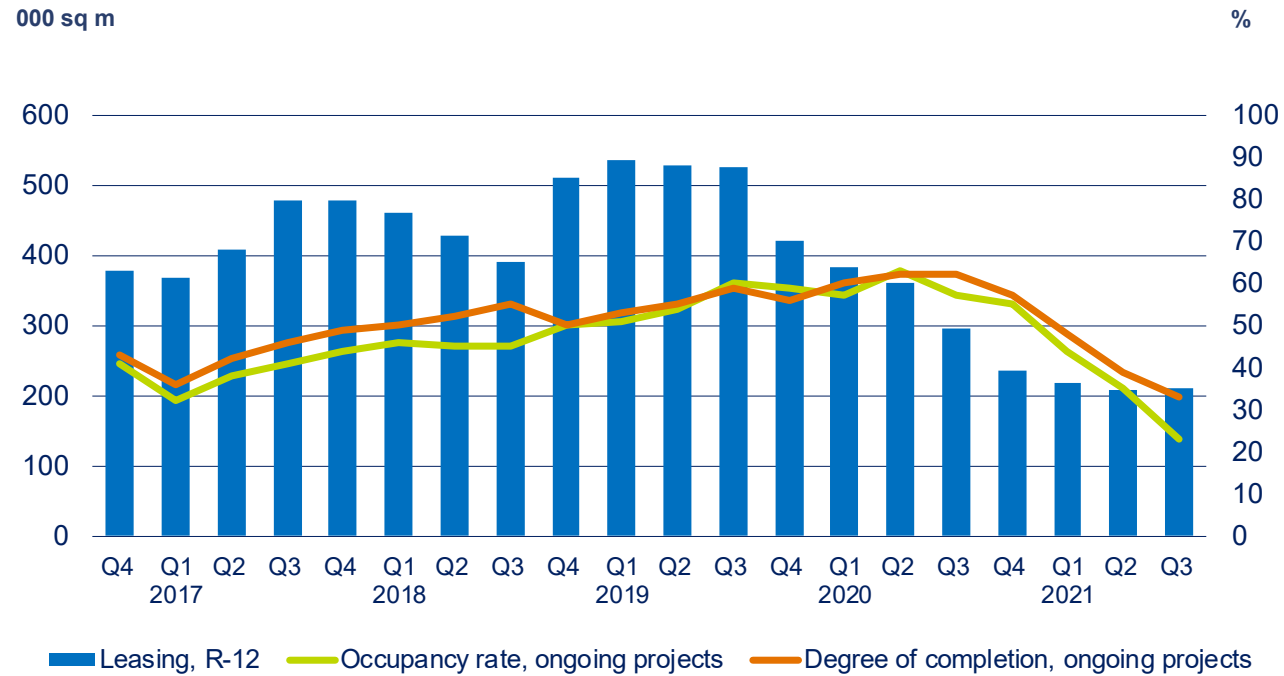
## Completion profile, unsold projects



Parkview, Prague, Czech Republic



# Commercial Property Development Leasing



Parkview, Prague, Czech Republic

# Group

## Income Statement

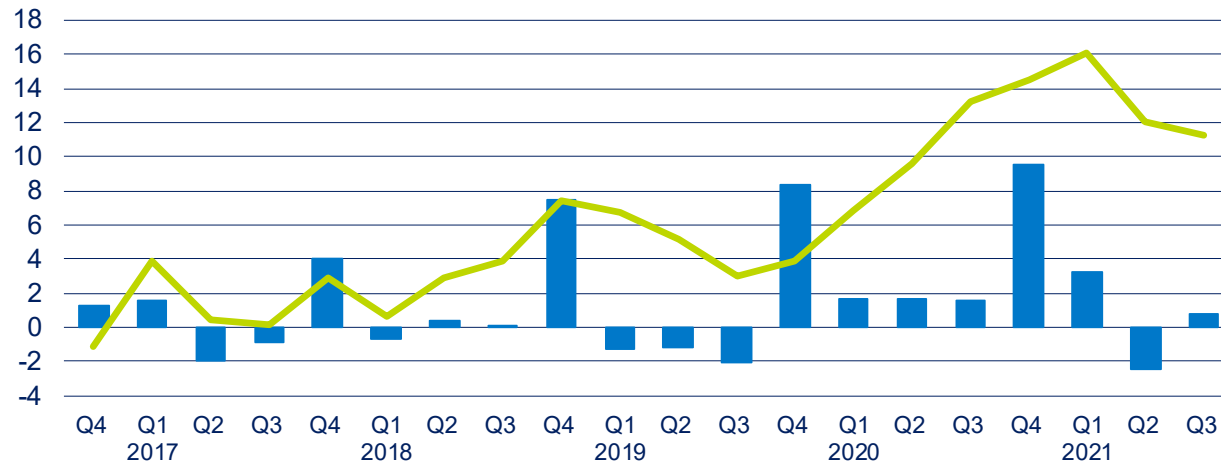
| SEK bn                              | Jan-Sep<br>2021 | Jan-Sep<br>2020 | Jan-Dec<br>2020 |
|-------------------------------------|-----------------|-----------------|-----------------|
| Operating income from business      | 6,529           | 5,688           | 8,968           |
| Central                             | -226            | -340            | 2,830           |
| Eliminations                        | -98             | -76             | 62              |
| <b>Operating income</b>             | <b>6,206</b>    | <b>5,272</b>    | <b>11,860</b>   |
| <b>Net financial items</b>          | <b>-108</b>     | <b>-177</b>     | <b>-236</b>     |
| <b>Income after financial items</b> | <b>6,098</b>    | <b>5,095</b>    | <b>11,624</b>   |
| Taxes                               | -988            | -921            | -2,349          |
| <b>Profit for the period</b>        | <b>5,109</b>    | <b>4,174</b>    | <b>9,274</b>    |
| Earnings per share, SEK             | 12.35           | 10.09           | 22.46           |
| Tax rate, %                         | 16              | 18              | 20              |



Powerhouse Brattørkaia, Trondheim, Norway

# Group Cash flow

SEK bn



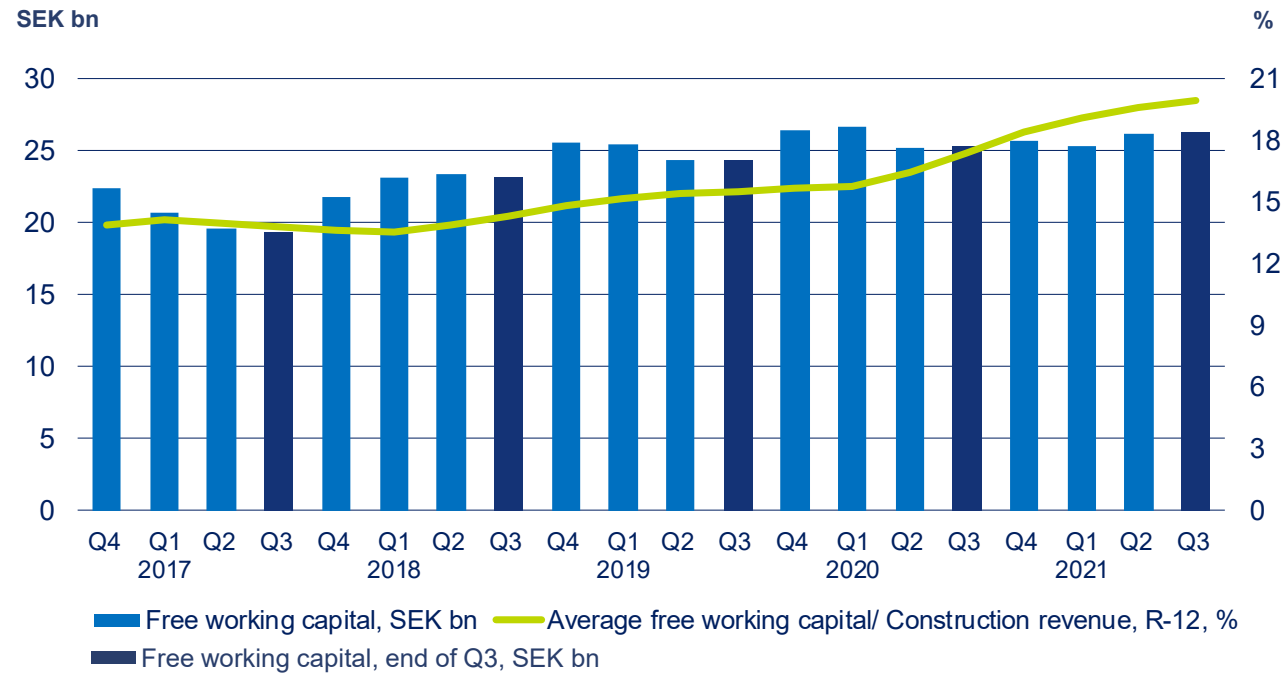
■ Cash flow from business operations, quarterly  
— Rolling 12 months

| SEK bn  | Jan-Sep 2021 | Jan-Sep 2020 | Jan-Dec 2020 |
|---|--------------|--------------|--------------|
| Operating cash flow from operations                                     | 1.7          | 4.9          | 14.4         |
| Dividend and net strategic divestment                                   | -3.4         | -0.1         | -1.4         |
| Cash flow before change in interest-bearing receivables and liabilities | -1.7         | 4.8          | 13.0         |

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# Construction

## Free working capital

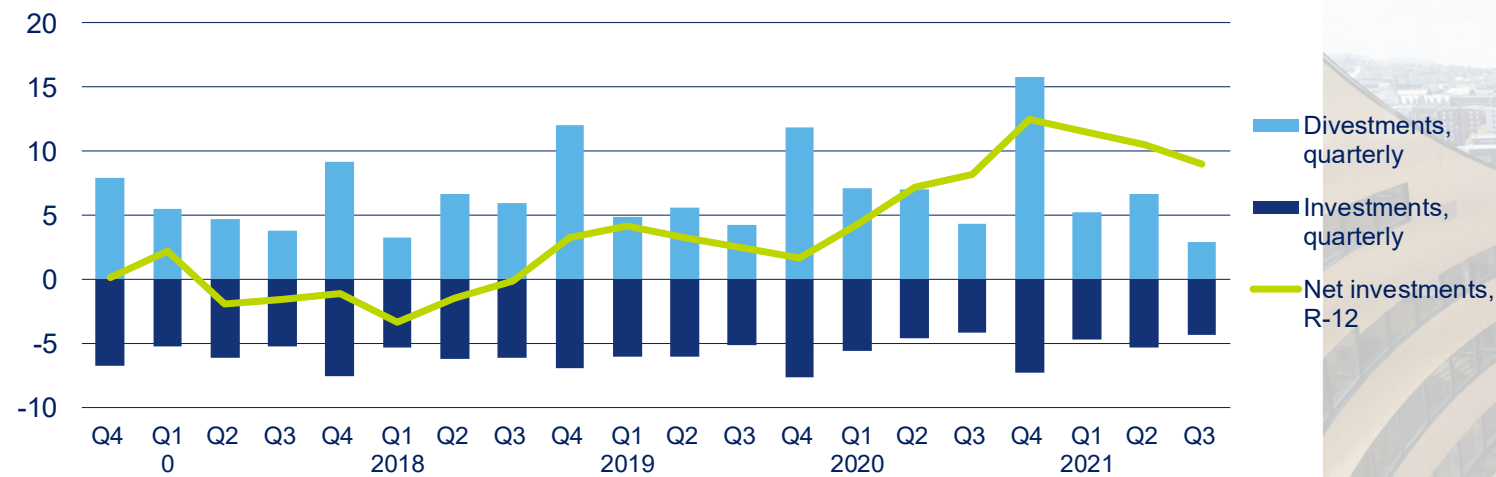


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# Group

## Investments, divestments and capital employed

SEK bn



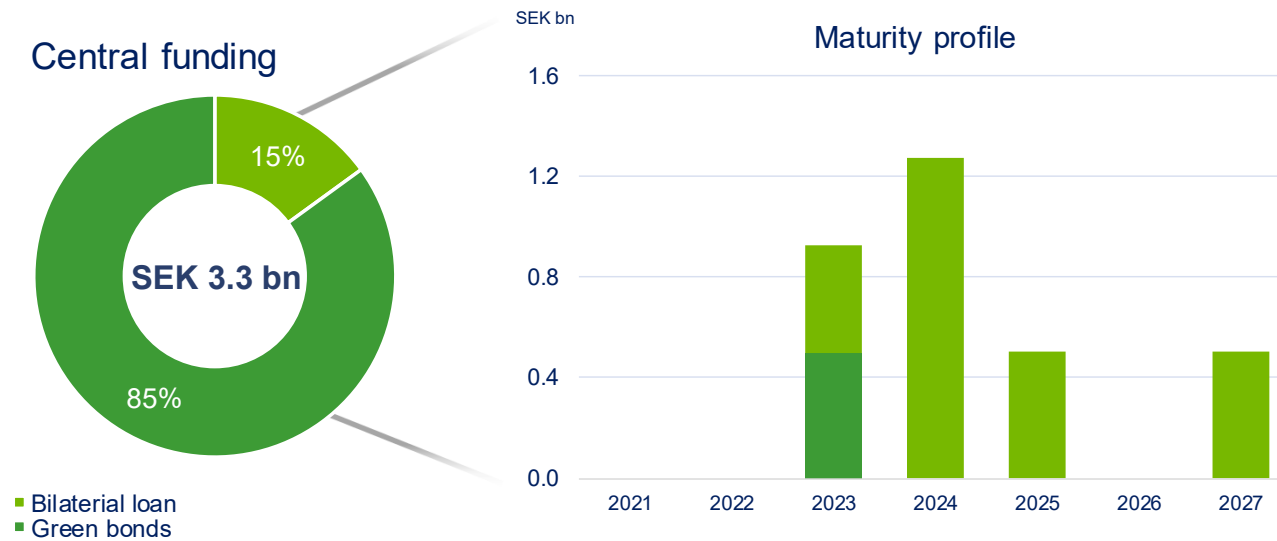
| SEK bn                              | Jan-Sep 2021 | Jan-Sep 2020 | Jan-Dec 2020 |
|-------------------------------------|--------------|--------------|--------------|
| <b>Capital employed in:</b>         |              |              |              |
| Residential Development             | 14.5         | 12.8         | 13.6         |
| Commercial Property Development     | 31.6         | 34.0         | 30.9         |
| <b>Total in Project Development</b> | <b>46.1</b>  | <b>46.8</b>  | <b>44.5</b>  |



Powerhouse Brattørkaia, Trondheim, Norway

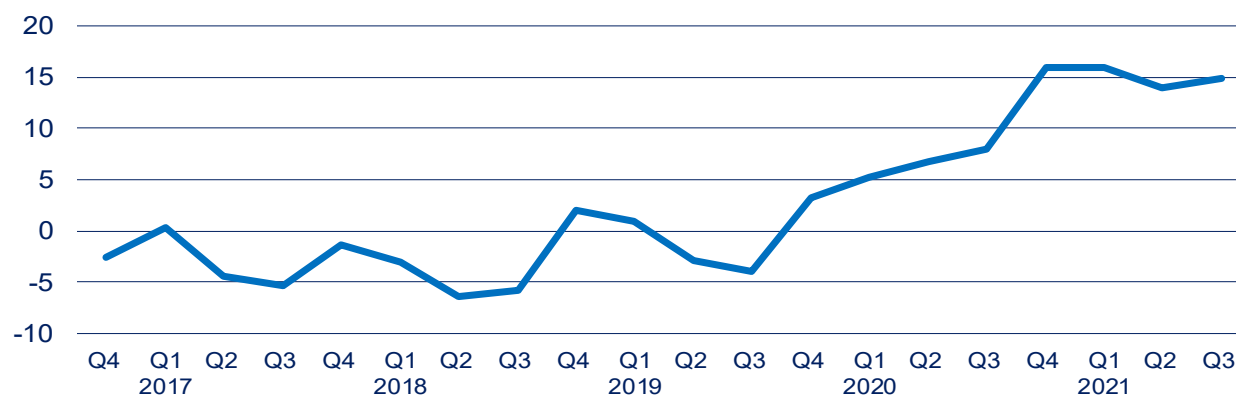
# Group

Available funds: SEK 17.5 bn,  
o/w unutilized credit facilities SEK 6.6 bn



# Group Financial position

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



| SEK bn  | Jan-Sep 2021 | Jan-Sep 2020 | Jan-Dec 2020 |
|---|--------------|--------------|--------------|
| Total assets                                      | 132.5        | 128.2        | 125.6        |
| Equity attributable to equity holders             | 42.2         | 35.7         | 38.7         |
| Interest-bearing net receivables (+)/net debt (-) | 8.6          | -1.3         | 7.3          |
| Adj. interest-bearing net receivables (+)/net     | 15.0         | 8.0          | 16.0         |
| Capital employed, closing balance                 | 64.1         | 59.6         | 61.1         |
| Equity/assets ratio, %                            | 31.9         | 27.8         | 30.8         |



Powerhouse Brattørkaia, Trondheim, Norway

# Market outlook



## Construction

- Pandemic impact still present, but activity is increasing in our markets
- Price increases on certain materials and bottlenecks in the supply chain
- 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

- Shortage of homes in the housing market, but activity increasing
- Longer term, a balance between:
  - Rising unemployment levels and economic uncertainty
  - Low interest rate policies



## 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



Powerhouse Brattørkaia, Trondheim, Norway



## Group summary

- Solid quarter and strong first nine months
- Construction – profitability continues to improve
- Residential Development – strong profitability
- Commercial Property Development – sizeable project starts
- Well-positioned
  - Strong financial position and organization
  - Our strengths in tune with customers' future needs
- Capital market day, December 7, 2021



Powerhouse Brattørkaia, Trondheim, Norway

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