


SKANSKA

Q3 2021

Press release, October 28, 2021, 7:30 a.m. CET



We build for a better society.
Powerhouse Brattørkaia, Trondheim, Norway

Nine month report, January–September 2021

Highlights according to segment reporting

- Revenue amounted to SEK 103.2 billion (114.6); adjusted for currency effects revenue decreased 6 percent.
- Operating income amounted to SEK 6.2 billion (5.3); adjusted for currency effects operating income increased 21 percent.
- Earnings per share amounted to SEK 12.35 (10.09).
- Operating cash flow from operations amounted to SEK 1.7 billion (4.9), according to IFRS.
- Adjusted interest-bearing net receivables(+)/net debt(-) totaled SEK 15.0 billion (June 30, 2021: 13.9), according to IFRS.
- Order bookings in Construction amounted to SEK 111.3 billion (110.0); adjusted for currency effects order bookings increased 6 percent. The order backlog amounted to SEK 197.6 billion (June 30, 2021: 201.3).
- Operating income in Construction amounted to SEK 3.4 billion (2.4), representing an operating margin of 3.6 percent (2.3).
- Operating income in Project Development amounted to SEK 3.1 billion (3.3).
- Return on capital employed in Project Development was 12.1 percent (11.0).
- Return on equity was 26.0 percent (17.8).

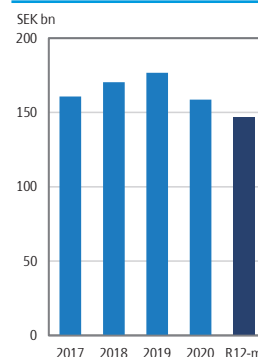
Performance Analysis

Tables referring to segment reporting are in shaded background. For more information see page 14. For definitions of non-IFRS financial measures see pages 16-18.

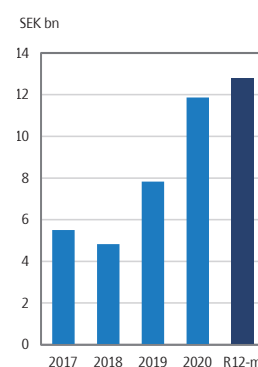
SEK M	Jan-Sep 2021	Jan-Sep 2020	Change, %	Jul-Sep 2021	Jul-Sep 2020	Change, %
Revenue						
Construction	94,969	106,295	-11	33,252	34,442	-3
Residential Development	10,732	9,564	12	2,053	4,763	-57
Commercial Property Development	4,404	6,237	-29	556	901	-38
Central and Eliminations	-6,893	-7,489	-8	-2,435	-2,156	13
Total	103,211	114,606	-10	33,427	37,949	-12
Operating income						
Construction	3,428	2,416	42	1,196	1,049	14
Residential Development	1,561	1,068	46	318	481	-34
Commercial Property Development	1,541	2,204	-30	84	101	-17
Central	-226	-340	-34	-37	-98	-62
Eliminations	-98	-76	28	-20	-7	189
Operating income	6,206	5,272	18	1,542	1,526	1
Net financial items	-108	-177	-39	-23	-62	-63
Income after financial items	6,098	5,095	20	1,519	1,464	4
Taxes	-988	-921	7	-242	-303	-20
Profit for the period	5,109	4,174	22	1,277	1,161	10
Earnings for the period per share, SEK	12.35	10.09	22	3.07	2.80	10
Revenue for the period according to IFRSs	102,751	117,719	-13	33,897	36,678	-8
Operating income for the period according to IFRSs	5,681	6,230	-9	1,457	1,709	-15
Earnings for the period per share according to IFRSs, SEK	11.29	12.00	-6	2.90	3.14	-8
Operating cash flow from operations	1,669	4,906	-66	803	1,613	-50
Interest-bearing net receivables(+)/net debt(-)	8,566	-1,329	-	8,566	-1,329	-
Return on capital employed in Project Development, % ¹	12.1	11.0				
Adjusted interest-bearing net receivables(+)/net debt(-)	14,950	8,018	86			
Return on equity, % ¹	26.0	17.8				

¹ Rolling 12 months.

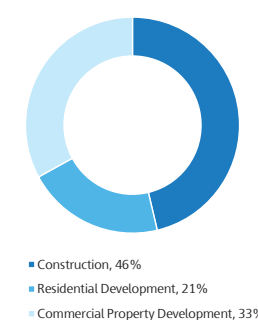
Revenue



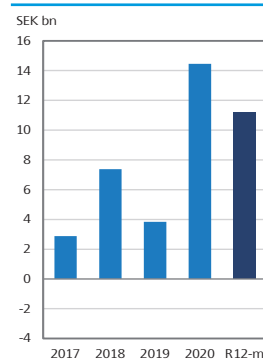
Operating income



Operating income per segment, Sep 30, 2021, R-12



Operating cash flow from operations



Solid performance



In the third quarter, solid performance continued across our business streams, resulting in a strong first nine months of the year. Year to date, all Construction units improved profitability, Residential Development increased both volumes and profitability in all our markets, and Commercial Property Development started sizeable high-quality developments and realized attractive gains. With our strong financial position and solid organizational structure, we aim to continue the responsible

expansion of our Project Development operations and further improve profitability in our Construction operations.

As mentioned last quarter, we accelerated our commitment to climate neutrality by joining the Leadership Group for Industry Transition. This quarter, we have further sharpened our climate target. By 2030, we aim to reduce our own carbon emissions by 70 percent and be carbon neutral throughout the value chain by 2045. Since 2015, we have reduced our own carbon footprint by 47 percent.

In Construction, we keep to our strategy and profitability continues to improve. Despite lower revenue, we are bringing in more profit. Construction revenue has been negatively impacted by the pandemic, but activity is gradually picking up. With more momentum in the economy, we see price increases in certain materials and bottlenecks in the supply chain. With a selective approach, strong commercial management and a home-market approach that leverages our local expertise, we are well-equipped to manage these challenges. We will continue to do so in close collaboration with our customers.

In Residential Development, our project performance is strong and activity levels are high, both in the market and in our operations. During the first nine months of the year, revenue increased and homes in production have grown. Our sales rate is high, with a focus on bringing more profitable projects to the market and continuously developing and generating value out of our strong landbank and customer offering, thereby ensuring future growth. With increasing demand for environmentally friendly living, we have a strong position in all our markets. For instance, we are now developing and building Sweden's first climate neutral rowhouses.

Commercial Property Development continues to deliver strong gains on the divestments made, but the volumes are lower. This is related to timing in our portfolio, as demand from property investors is solid and yield levels remain at low and attractive levels. We have started many high-quality developments in 2021 with ambitious environmental standards. To maximize the value creation in our developments, we aim for low impact on the environment and high interest from property investors and tenants. The leasing market remains slow, but activity is picking up as companies are returning to the office and employers are defining their work location policies.

Looking ahead, we see society starting to adapt to a new normal, with decreasing uncertainties and market activity picking up. With our strong balance sheet, solid operational steering, and skilled people, we are well-positioned to meet our customers' needs today and tomorrow. During this pandemic, we performed a strategic review to further sharpen our strengths, competitiveness and customer offering. On December 7, 2021 we are hosting a capital market day in Stockholm. Together with my Group Leadership Team, I am looking forward to sharing our strategy to continue delivering a leading total shareholder return. Invitation and information about the event will be distributed shortly.



Powerhouse Brattørkaia, Trondheim, Norway

Tucked away in the harbor of Trondheim, Norway lies office development, Powerhouse Brattørkaia: the world's northernmost energy-positive building. A part of the Powerhouse collaboration – a standard for the buildings of the future, based on the Paris Agreement's 1.5-degree target – Brattørkaia is designed after the philosophy "form follows environment", versus the common phrase "form follows function". The building produces more than double the amount of electricity it consumes daily. Fusing forward-thinking, highly efficient architecture and engineering with renewable energy sources, such as solar panels and geothermal energy, it sets an extraordinary example of how buildings can be a solution to climate change without compromising on aesthetics.

Market outlook, next 12 months

- 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 negative impact from the pandemic is still present in our markets but the activity is picking up as uncertainty is starting to decrease. Price increases on certain materials and bottlenecks in the supply chain can be seen across our markets. Non-residential construction has been impacted the most by the pandemic but is slightly improving while residential construction is stable. The public spending into social infrastructure and infrastructure is keeping up relatively well, even though some decisions are being postponed. Funding could be a challenge as public budgets are decreasing due to lower tax revenue and being consumed to fight the pandemic and to stimulate the economies. At the same time, ambitious investment plans are under development in many of our markets, but lead-times are expected to be long.

	Building, non-residential	Building, residential	Civil
➡ Nordics			
Sweden	➡	➡	➡
Norway	➡	➡	➡
Finland	➡	➡	➡
➡ Europe			
Poland	➡	➡	➡
Czech Republic ¹	➡	➡	➡
United Kingdom	➡	–	➡
➡ USA			
USA	➡	–	➡

¹ Including Slovakia.

Residential Development

Low interest rate policies to support a recovery in the economies are improving affordability which strengthens the consumer confidence. The housing market is experiencing a shortage of homes as new developments have been lagging the demand, even though activity among developers is increasing. The risk of higher unemployment levels, as a consequence of an economic slowdown, could potentially impact demand negatively. To some extent, a structural shortage of housing in many of our markets could mitigate that situation.

➡ Nordics	
Sweden	➡
Norway	➡
Finland	➡
➡ Europe	



Gottorps Hage, Malmö, Sweden

Commercial Property Development

The number of transactions and new developments have decreased due to the market uncertainty. The credit market is however stable. Investor appetite for high quality developments is expected to be solid at about current yield levels. Leasing remains slow due to tenant uncertainty, but the activity is starting to pick up and expected to recover as companies are returning to the office across our markets.

➡ Nordics	
Sweden	➡
Norway	➡
Finland	➡
Denmark	➡
➡ Europe	
Poland	➡
Czech Republic	➡
Hungary	➡
Romania	➡
➡ USA	

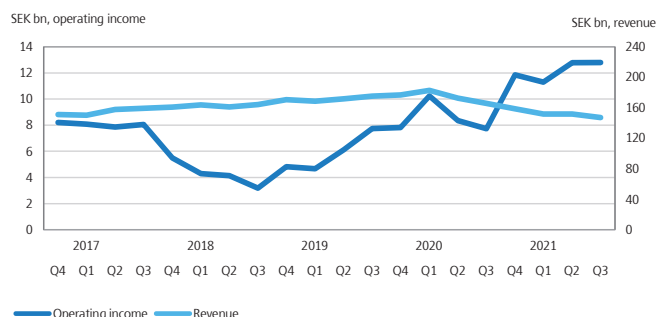


3901 North Fairfax Drive, Arlington, USA

Performance analysis

Group

Revenue and operating income, rolling 12 months



Revenue and earnings

SEK M	Jan-Sep 2021	Jan-Sep 2020	Change, %	Jul-Sep 2021	Jul-Sep 2020	Change, %
Revenue	103,211	114,606	-10	33,427	37,949	-12
Operating income ^{1,2}	6,206	5,272	18	1,542	1,526	1
Net financial items	-108	-177	-39	-23	-62	-63
Income after financial items	6,098	5,095	20	1,519	1,464	4
Taxes	-988	-921	7	-242	-303	-20
Profit for the period	5,109	4,174	22	1,277	1,161	10
Earnings for the period per share, SEK ³	12.35	10.09	22	3.07	2.80	10
Earnings for the period per share according to IFRSs, SEK ³	11.29	12.00	-6	2.90	3.14	-8

1 Central, SEK -226 M (-340).

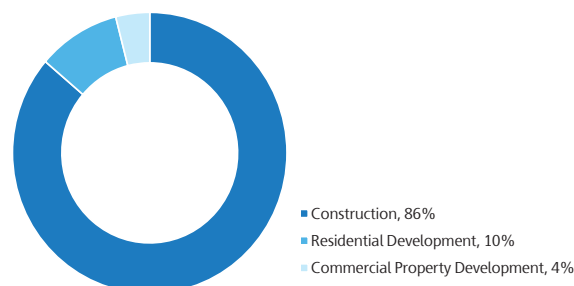
2 Eliminations, SEK -98 M (-76).

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

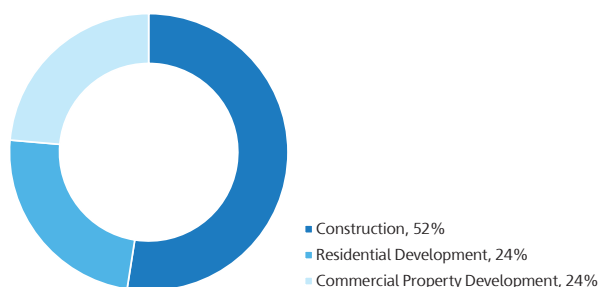
Changes and currency rate effects

	Jan-Sep 2021 / Jan-Sep 2020		
	Change in SEK	Change in local currency	Currency effect
Revenue	-10%	-6%	-4%
Operating income	18%	21%	-3%

Revenue per segment, January–September 2021



Operating income per segment, January–September 2021



Revenue decreased 10 percent and amounted to SEK 103.2 billion (114.6); adjusted for currency effects revenue decreased 6 percent. Operating income increased 18 percent and amounted to SEK 6,206 M (5,272); adjusted for currency effects operating income increased 21 percent. Operating income includes gain from the divestment of the infrastructure services business in the UK Construction operations during the second quarter. In the comparable period, operating income was positively impacted by the divestment of the Solna United project within Commercial Property Development during the first quarter.

Central stream totaled SEK -226 M (-340). SEK 155 M (-7) relate to the PPP-portfolio.

The elimination of gains in Intra-Group projects amounted to SEK -98 M (-76).

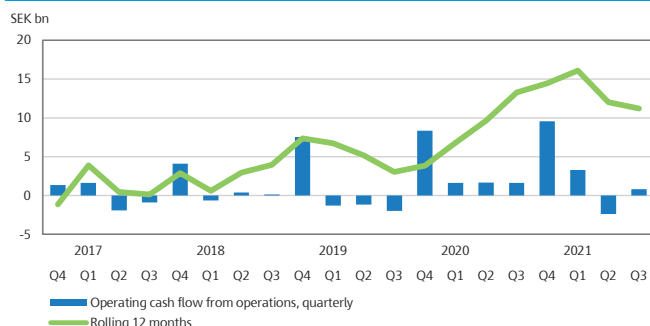
Net financial items amounted to SEK -108 M (-177).

Taxes for the period amounted to SEK -988 M (-921), corresponding to an effective tax rate of 16 percent (18).

Cash flow

Group

Operating cash flow from operations



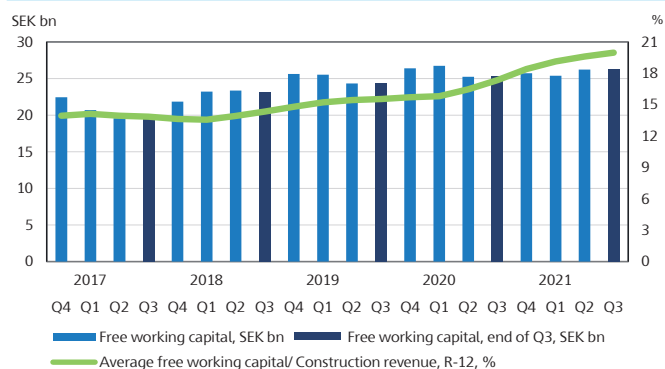
Operating cash flow

SEK M	Jan-Sep 2021	Jan-Sep 2020	Change, %	Jul-Sep 2021	Jul-Sep 2020	Change, %
Cash flow from business operations	3,944	3,584	10	1,786	1,710	4
Change in working capital	1,274	-490	-	395	272	45
Net divestments(+)/ investments(-)	-227	4,009	-	-1,383	114	-
Cash flow adjustment	142	-294	-	26	-88	-
Cash flow from business operations before taxes paid	5,133	6,809	-25	824	2,008	-59
Taxes paid in business operations	-2,775	-1,090	155	244	-140	-
Cash flow from financing operations	-689	-813	-15	-265	-255	4
Operating cash flow from operations	1,669	4,906	-66	803	1,613	-50
Net strategic divestments(+)/ investments(-)	728	0	-	6	0	-
Dividend etc.	-4,109	-69	-	-89	-45	95
Cash flow before change in interest-bearing receivables and liabilities	-1,713	4,837	-	720	1,567	-54
Change in interest-bearing receivables and liabilities excluding lease liabilities	-7,136	1,447	-	291	116	150
Cash flow for the period	-8,849	6,284	-	1,011	1,684	-40

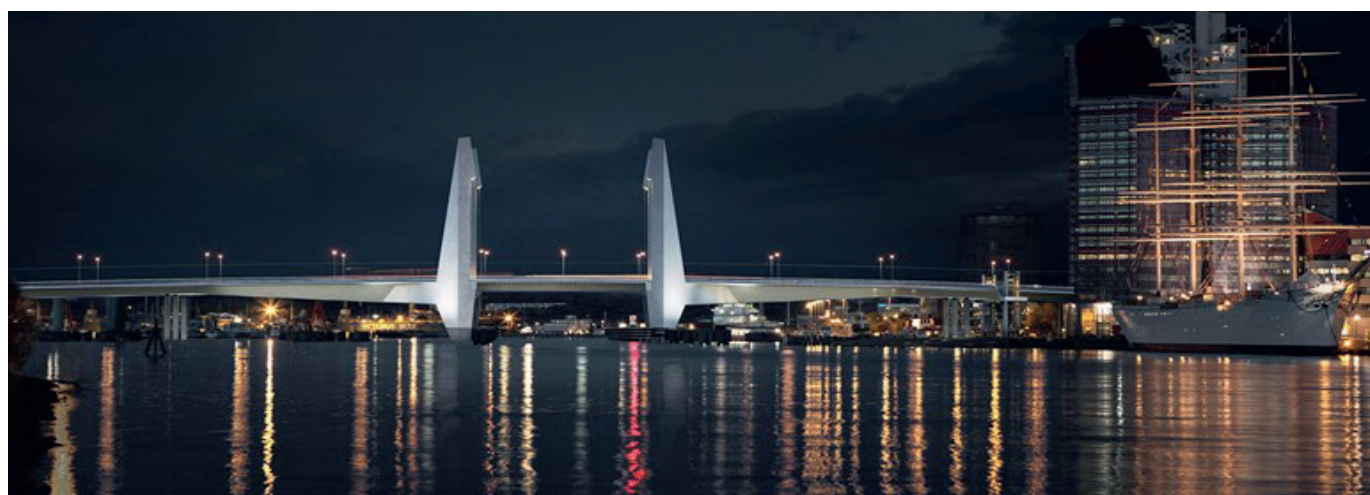
Operating cash flow from operations amounted to SEK 1,669 M (4,906), where taxes paid in business operations and lower net divestments in Project Development are the main reasons for the change in cash flow.

Taxes paid in business operations amounted to SEK -2,775 M (-1,090). The increase is mainly related to taxes paid on divestment gains realized in USA late 2020. Commercial Property Development assets sold but not transferred will have a positive effect on cash flow of SEK 2.5 billion, of which SEK 0.1 billion will be received during 2021. The remainder will affect cash flow during 2022 and 2023.

Free working capital in Construction



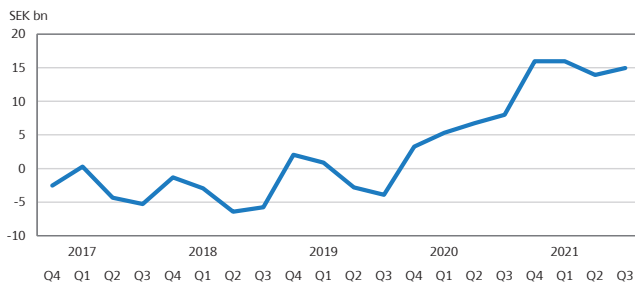
Free working capital in Construction amounted to SEK 26.3 billion (25.4). The average free working capital in relation to Construction revenue in the past 12 months was 20.0 percent, partly driven by lower volumes. Free working capital in Construction remained at a good level due to favorable cash flow profiles in several projects and continued focus on cash generation in the Construction stream. Cash flow due to changes in working capital in Construction amounted to SEK -348 M (-322).



Hisings bridge, Gothenburg, Sweden

Financial position

Adjusted interest-bearing net receivables(+)/net debt(-)



Balance sheet - Summary

SEK bn	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Total assets	132.5	128.2	125.6
Total equity	42.2	35.7	38.7
Interest-bearing net receivables (+)/net debt (-)	8.6	-1.3	7.3
Adjusted interest-bearing net receivables(+)/net debt(-)	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

Change in net interest-bearing receivables and liabilities

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Opening balance interest-bearing net receivables(+)/net debt(-)	7,280	-4,917	8,124	-1,376	-4,917
Cash flow for the period	-8,849	6,284	1,011	1,684	11,672
Less change in interest-bearing receivables and liabilities	7,136	-1,447	-291	-116	1,335
Cash flow before change in interest-bearing receivables and liabilities	-1,713	4,837	720	1,568	13,007
Translation differences, net receivables/net debt	789	-541	276	-231	-1,067
Remeasurements of pension liabilities	1,475	-1,342	-685	-1,523	-860
Interest-bearing liabilities acquired/divested	285	0	2	0	0
Other changes, interest-bearing net receivables/net debt	449	634	128	232	1,118
Change in interest-bearing net receivables/net debt	1,286	3,588	442	46	12,197
Closing balance interest-bearing net receivables(+)/net debt(-)	8,566	-1,330	8,566	-1,330	7,280
Restricted cash	-5,176	-5,385	-5,176	-5,385	-4,814
Pension liability, net	4,633	6,640	4,633	6,640	6,263
Lease liabilities	6,928	8,092	6,928	8,092	7,233
Closing balance adjusted interest-bearing net receivables(+)/net debt(-)	14,950	8,017	14,950	8,017	15,962

Adjusted interest-bearing net receivables (+)/net debt (-) amounted to SEK 15.0 billion (June 30, 2021: 13.9). Interest-bearing net receivables amounted to SEK 8.6 billion (June 30, 2021: 8.1) and include SEK 6.9 billion in interest-bearing lease liabilities according to IFRS 16.

At the end of the quarter, cash, cash equivalents and committed unutilized credit facilities amounted to SEK 17.5 billion (June 30, 2021: 16.4), of which SEK 13.7 billion (June 30, 2021: 12.1) is available within one week. The Group central loan portfolio amounted to SEK 3.3 billion (June 30, 2021: 3.2) consisting of SEK 0.5 billion in a Medium-Term Note (MTN) with a maturity of 1.6 years and SEK 2.8 billion in bilateral loans with an average maturity of 3.2 years. At September 30, the Group's unutilized credit facilities totaled SEK 6.6 billion. The central loan portfolio, including committed unutilized credit facilities, had an average maturity of 2.8 years (June 30, 2021: 3.0).

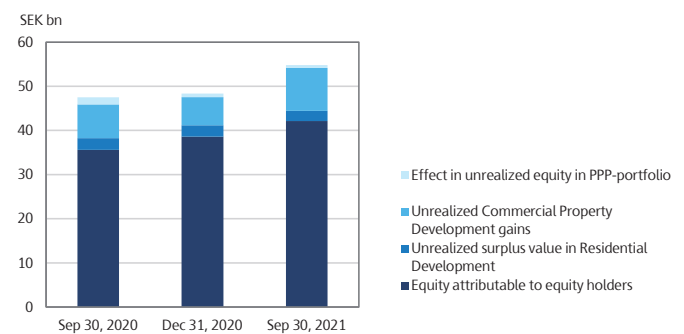
At the end of the quarter, capital employed amounted to SEK 64.1 billion (June 30, 2021: 62.0).

Equity

Changes in equity

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Opening balance	38,717	33,021	41,140	36,138	33,021
Dividend to shareholders	-3,917	0	0	0	-1,340
Other changes in equity not included in total comprehensive income for the year	74	139	9	24	197
Profit for the period	4,671	4,962	1,206	1,304	9,897
Other comprehensive income					
Translation differences	1,221	-1,070	461	-408	-2,146
Effects of remeasurements of pensions	1,356	-1,221	-588	-1,344	-792
Effects of cash flow hedges	99	-146	-7	-29	-120
Closing balance	42,222	35,685	42,222	35,685	38,717

Adjusted equity, less standard tax of 10 percent



The Group's equity, after the dividend distribution, amounted to SEK 42.2 billion (35.7), resulting in an equity/assets ratio of 31.9 percent (27.8) and a net debt/equity ratio of -0.2 (0.0).

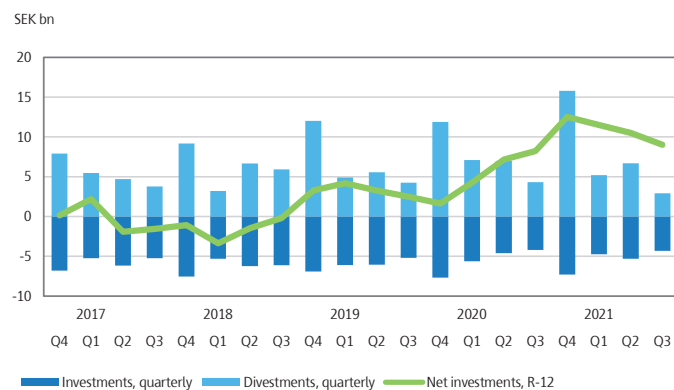
Translation differences amounted to SEK 1,221 M (-1,070) as a result of a weaker Swedish krona.

The effects of remeasurements of pensions amounted to SEK 1,356 M (-1,221). This is mainly explained by higher return on plan assets in Sweden, Norway and the UK.

Unrealized surplus values in Project Development including the PPP-portfolio amounted to SEK 14.1 billion of which SEK 0.2 billion was realized according to segment reporting. Corresponding amounts less standard tax were SEK 12.7 billion and SEK 0.2 billion.

Investments and divestments

Investments and divestments



The Group's investments amounted to SEK –14,346 M (–14,395), while divestments amounted to SEK 14,847 M (18,404), resulting in net divestments of SEK 501 M (4,009).

In Construction, investments totaled SEK –1,160 M (–999). These investments mainly relate to property, plant and equipment for the Group's own operations. Net investments in Construction amounted to SEK –219 M (–814). Depreciation of property, plant and equipment including right-of-use assets amounted to SEK –1,745 M (–1,976).

In Residential Development, investments totaled SEK –8,232 M (–7,087), of which SEK –1,885 M (–1,026) relates to land acquisitions, corresponding to 2,892 building rights. Divestments amounted to SEK 6,898 M (8,192). Net investments in Residential Development amounted to SEK –1,334 M (1,105).

In Commercial Property Development, investments totaled SEK –4,669 M (–6,313), of which SEK –353 M (–921) relates to investments in new land, while divestments amounted to SEK 6,988 M (10,108). Net divestments in Commercial Property Development amounted to SEK 2,319 M (3,794).

Investments, divestments and net divestments(+)/investments(-)

SEK M	Jan-Sep 2021	Jan-Sep 2020	Change, %	Jul-Sep 2021	Jul-Sep 2020	Change, %
Investments						
Construction	-1,160	-999	16	-367	-320	15
Residential Development	-8,232	-7,087	16	-2,238	-1,906	17
Commercial Property Development	-4,669	-6,313	-26	-1,578	-1,967	-20
Other	-285	3	-	-124	12	-
Total	-14,346	-14,395	-0	-4,307	-4,181	3
Divestments						
Construction	941	185	409	103	52	100
Residential Development	6,898	8,192	-16	2,356	2,539	-7
Commercial Property Development	6,988	10,108	-31	461	1,724	-73
Other	20	-80	-	9	-20	-
Total	14,847	18,404	-19	2,930	4,295	-32
Net divestments(+)/investments(-)						
Construction	-219	-814	-73	-263	-268	-2
Residential Development	-1,334	1,105	-	118	633	-81
Commercial Property Development	2,319	3,794	-39	-1,117	-243	359
Other	-265	-77	246	-115	-8	-
Total	501	4,009	-88	-1,378	114	-
Of which strategic	728	0	-	6	0	-

Capital employed in Project Development

SEK M	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Residential Development	14,503	12,810	13,608
Commercial Property Development	31,585	33,951	30,906
Total in Project Development	46,088	46,761	44,515



Investment, Studio, Warsaw, Poland

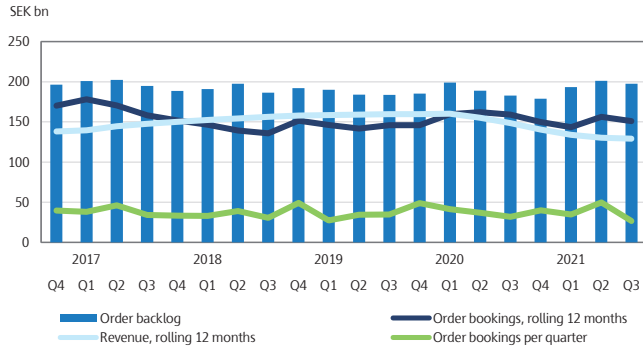


Divestment, Office building, Kiruna, Sweden

Performance analysis, business streams

Construction – Order situation

Order backlog, revenue and order bookings



At the end of the quarter, the order backlog amounted to SEK 197.6 billion compared to SEK 201.3 billion at the end of the previous quarter. The order backlog corresponds to 18 months of production (June 30, 2021: 18).

Changes and currency rate effects

	Change in SEK	Change in local currency	Currency effect
Jan-Sep 2021 / Jan-Sep 2020			
Order bookings	1%	6%	-5%
Sep 30, 2021 / Jun 30, 2021			
Order backlog	-2%	-3%	1%

Major orders in the quarter

Geography	Contract	Amount SEK M	Client
USA	Office development	890	Skanska CD US
Nordic	Hotel	870	KOy Apron
USA	Road grade separation	845	San Gabriel Valley Council of Governments
Europe	Highway	780	National Highway Authority of the Czech Republic
USA	Highway	690	Florida Department of Transportation

Order bookings and order backlog in Construction

SEK bn	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020
Order bookings	111.3	110.0	26.6	31.8
Order backlog ¹	197.6	182.9	-	-

¹ Refers to the end of each period.

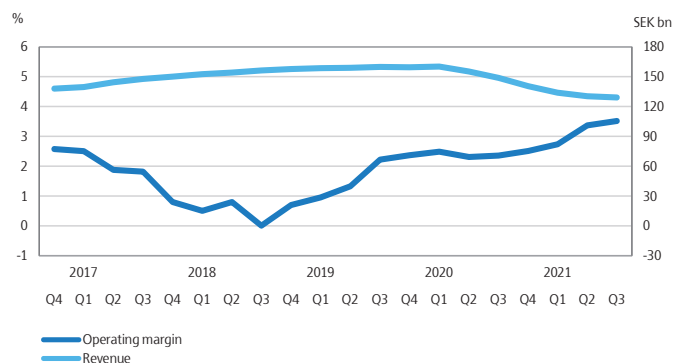
Order bookings amounted to SEK 111.3 billion (110.0); adjusted for currency effects order bookings increased 6 percent, mainly driven by higher order bookings in USA. Order bookings in the comparable period include the SEK 13.9 billion order booking of the high speed rail in the UK. On a rolling 12-month basis the book-to-build ratio was 117 percent (June 30, 2021: 120). For more information, see page 27.



Office development project K8, Stavanger, Norway

Construction

Revenue and operating margin, rolling 12 months



Revenue and earnings

SEK M	Jan-Sep 2021	Jan-Sep 2020	Change, %	Jul-Sep 2021	Jul-Sep 2020	Change, %
Revenue	94,969	106,295	-11	33,252	34,442	-3
Gross income	7,540	6,791	11	2,527	2,383	6
Selling and administrative expenses	-4,136	-4,401	-6	-1,350	-1,351	-0
Income from joint ventures and associated companies	24	25	-7	19	17	12
Operating income	3,428	2,416	42	1,196	1,049	14
Gross margin, %	7.9	6.4		7.6	6.9	
Selling and administrative expenses, %	-4.4	-4.1		-4.1	-3.9	
Operating margin, %	3.6	2.3		3.6	3.0	
Employees	28,865	31,523				

Changes and currency rate effects

	Jan-Sep 2021 / Jan-Sep 2020		
	Change in SEK	Change in local currency	Currency effect
Revenue	-11%	-6%	-5%
Operating income	42%	48%	-6%

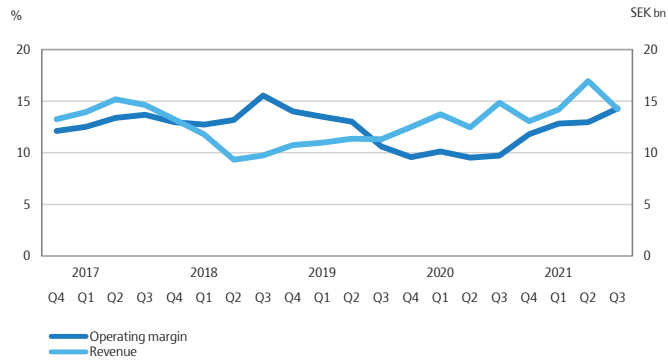
Revenue in the Construction business stream decreased 11 percent and amounted to SEK 95.0 billion (106.3); adjusted for currency effects revenue decreased by 6 percent. This is mainly related to Covid-19 disruptions, especially in Europe and USA, and decisions by clients to postpone ramp-up of new projects. But it is also a remaining impact of the strategic actions to focus the operations and be more selective in bidding in order to improve profitability. The operating margin was 3.6 percent (2.3). Operating income increased 42 percent and amounted to SEK 3,428 M (2,416); adjusted for currency effects operating income increased by 48 percent. All business units improved the profitability. Operating income in Europe includes a gain of SEK 370 M related to the divestment of the infrastructure services business in the UK in the second quarter.



As part of Building 2030 consortium testing activities, Spot, the robot dog, visited Skanska's construction site, Lippulaiva Shopping Center, Espoo, Finland, to examine the feasibility of robotized reality capture for real-time construction management. Building 2030 consortium, including Skanska, develops a vision for the Finnish construction sector in the year 2030 to prepare for future changes in the field of construction to ensure a sustainable foundation for business in the sector going forward. Image: AE Partners.

Residential Development

Revenue and operating margin, rolling 12 months



Revenue and earnings

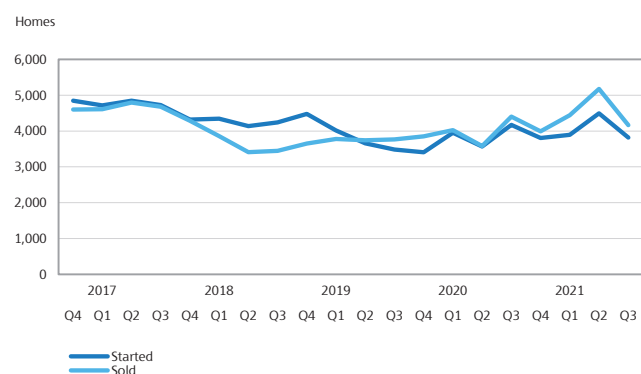
SEK M	Jan-Sep 2021	Jan-Sep 2020	Change, %	Jul-Sep 2021	Jul-Sep 2020	Change, %
Revenue	10,732	9,564	12	2,053	4,763	-57
Gross income	2,074	1,530	36	476	652	-27
Selling and administrative expenses	-513	-462	11	-158	-171	-8
Operating income	1,561	1,068	46	318	481	-34
Gross margin, %	19.3	16.0		23.2	13.7	
Selling and administrative expenses, %	-4.8	-4.8		-7.7	-3.6	
Operating margin, %	14.5	11.2		15.5	10.1	
Return on capital employed, % ¹	14.9	12.1		-	-	

¹ Rolling 12 months. For definition see page 17.

Revenue in the Residential Development business stream amounted to SEK 10,732 M (9,564). The number of homes sold totaled 3,054 (2,879) and construction started on 2,505 homes (2,495). Sales of 334 (643) rental apartments in Sweden totaling about SEK 800 M (1,500), are included in the first nine months. In the comparable period, the rental apartment sale was made in the third quarter. Operating income amounted to SEK 1,561 M (1,068). The operating margin was 14.5 percent (11.2).

Return on capital employed was 14.9 percent (12.1).

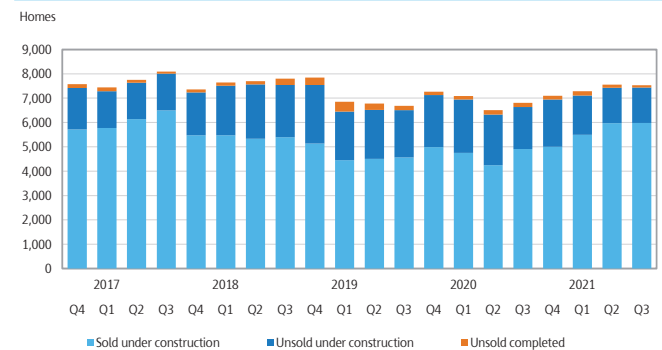
Homes sold and started, rolling 12 months



Homes sold and started

	Jan-Sep 2021	Jan-Sep 2020
Homes sold	3,054	2,879
Homes started	2,505	2,495

Homes under construction and unsold



Homes under construction and unsold

	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Homes under construction	7,437	6,637	6,948
of which sold, %	80	74	72
Completed unsold, number of homes	94	173	154

At the end of the quarter, 7,437 homes (June 30, 2021: 7,423) were under construction. Of these, 80 percent (June 30, 2021: 80) were sold. The number of completed unsold homes amounted to 94 (June 30, 2021: 132). The number of completed homes amounted to 2,015 (2,991).

Breakdown of carrying amounts

SEK M	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Completed projects	418	687	648
Ongoing projects	10,120	8,299	7,843
Undeveloped land and development properties	9,318	7,767	8,551
Total	19,855	16,753	17,041

A breakdown of the carrying amounts for Residential Development is presented in the table above. Ongoing projects amounted to SEK 10.1 billion (June 30, 2021: 9.6) and undeveloped land and development properties amounted to SEK 9.3 billion (June 30, 2021: 9.4). The estimated unrealized surplus value in unsold homes in construction and undeveloped land and development properties amounted to SEK 2.6 billion. The undeveloped land and development properties correspond to Skanska-owned building rights for 26,400 homes and 800 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 12,600 building rights.

Commercial Property Development

Revenue and operating income from property divestments



Revenue and earnings

SEK M	Jan-Sep 2021	Jan-Sep 2020	Change, %	Jul-Sep 2021	Jul-Sep 2020	Change, %
Revenue	4,404	6,237	-29	556	901	-38
of which from divestment of properties	3,807	5,526	-31	358	645	-44
Gross income	1,981	2,811	-30	175	283	-38
Selling and administrative expenses	-529	-597	-11	-176	-180	-3
Income from joint ventures and associated companies	89	-9	-	85	-2	-
Operating income	1,541	2,204	-30	84	101	-17
of which from divestment of properties	1,861	2,656	-30	144	202	-29
Return on capital employed, % ¹	10.8	10.6				

¹ Rolling 12 months. For definition see page 17.

In the Commercial Property Development business stream, divestments worth SEK 3,807 M (5,526) were made in the first nine months of 2021. Operating income amounted to SEK 1,541 M (2,204) and included gains from property divestments totaling SEK 1,861 M (2,656). The comparable period was positively impacted by the divestment of the Solna United project.

Return on capital employed was 10.8 percent (10.6).

Breakdown of investment value and market values

SEK M	Investment value, end of period	Investment value upon completion	Market value ^{1,2}	Occupancy rate, %	Degree of completion, %
Ongoing projects ³	7,707	23,718	29,680	23	33
Completed projects ^{4,5}	10,688	10,688	14,611	67	100
Undeveloped land and development properties	10,897	10,897	11,802		
Total	29,292	45,303	56,093		
of which carrying amount	29,081	45,092			
of which ongoing projects sold according to segment reporting	1,472	2,249	2,494		

¹ Market value according to appraisal on December 31, 2020.

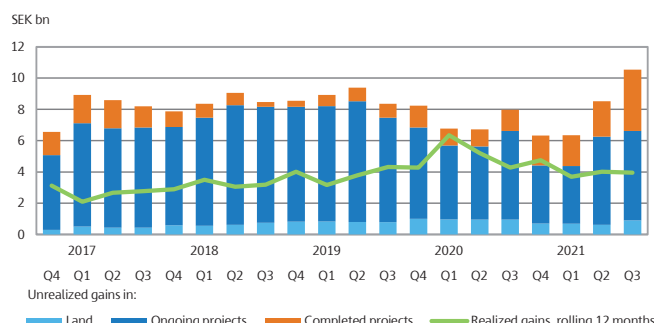
² Ongoing projects - estimated market value at completion fully leased.

³ Including tenant improvement and leasing commissions in CDUS amounted to SEK 23 M.

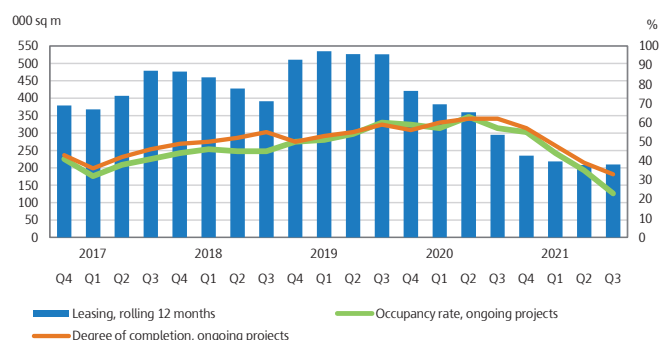
⁴ Including tenant improvement and leasing commissions in CDUS amounted to SEK 660 M.

⁵ Skanska's share of total production cost in JVs is SEK 211 M end of period and upon completion.

Unrealized and realized gains, segment reporting



Leasing and degree of completion



At the end of the quarter, Commercial Property Development had 32 ongoing projects. During the quarter, five new projects were started, and seven were completed. The 32 ongoing projects represent leasable space of about 697,000 sq m with an occupancy rate of 23 percent, measured in rent. The projects' degree of completion was 33 percent. Their investment value upon completion is expected to total SEK 23.7 billion, with an estimated market value of SEK 29.7 billion.

Of the ongoing projects, ten have been divested according to segment reporting. These projects represent an investment value upon completion of SEK 2.2 billion, with a sales value of SEK 2.5 billion. By the end of the quarter the total number of completed projects amounted to 21. The market value of these projects, excluding property divested according to segment reporting, was SEK 14.6 billion. The occupancy rate, measured in rent, totaled 67 percent (June 30, 2021: 59).

At the end of the quarter, unrealized gains, excluding properties divested according to segment reporting totaled SEK 10.5 billion. These gains related to SEK 5.7 billion in ongoing projects, SEK 3.9 billion in completed projects and SEK 0.9 billion in undeveloped land and development properties.

Accumulated eliminations of Intra-Group project gains amounted to SEK 456 M. These eliminations are released at the Group level as each project is divested. During the nine months new leases were signed for 125,000 sq m (135,000).

Personnel

During the period, the average number of employees in the Group was 30,379 (33,051). At the end of the quarter, the number of employees totaled 29,584 people (June 30, 2021: 29,740).

Transactions with related parties

There were no new significant transactions during the quarter.

Material risks and uncertainties

For information about risks and a description of key estimates and judgments, see the Annual and Sustainability Report 2020, pages 51-56, Note 2 and 6, as well as the section above on market outlook. Aside from the uncertainty from Covid-19, no significant changes occurred that affected these reported risks. Covid-19 and its effects on real economies will create uncertainty and risks for some time.

There are uncertainties in future permission for limestone quarry for a main supplier of cement to the Swedish construction industry. A halt to the supply would impact negatively. Skanska monitors the situation closely and assesses risks and mitigating actions.

Other matters

Events after the end of the report period

Skanska will receive payments of surpluses within the collectively bargained AGS group sickness policy in the amount of about SEK 160 M. This will have a positive impact on the operating income in the Swedish construction operations during the fourth quarter.

Financial reports for 2021

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

The Group's interim report for 2021 will be published on the following date:

February 3, 2022	Year-end Report
------------------	-----------------

Stockholm, October 28, 2021

Anders Danielsson

President and Chief Executive Officer

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. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements. For the Parent Company, the interim report has been prepared in compliance with the Annual Accounts Act, the Securities Market Act, and Swedish Financial Reporting Board's Recommendation RFR 2.

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 Annual and Sustainability Report 2020, Note 35.

Segment and IFRS reporting

Skanska's business streams Construction, Residential Development and Commercial Property Development represent the group's operating segments. Tables in this report that refer to segment reporting are shown with a shaded background. In certain cases, the segment reporting differs from the consolidated results presented in accordance with International Financial Reporting Standards, IFRS.

Construction includes both building construction and civil construction. Revenues and earnings are reported over time for both segment and IFRS reporting.

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 related construction assignments are performed by Skanska's construction units in the Construction segment in each market. In the segment reporting Residential Development recognizes revenue and earnings when contracts are signed for the sale of homes. In the IFRS reporting revenues are instead recognized when the buyer takes possession of the homes.

Commercial Property Development initiates, develops, leases and divests commercial property projects. In most markets the construction assignments are performed by Skanska's Construction segment. In the segment reporting Commercial Property Development recognizes revenue and earnings when contracts are signed for the sale of the

properties. In the IFRS reporting revenues are instead recognized when the buyer takes possession of the property.

Joint ventures are reported under the proportional method in the segment reporting of Residential Development, whereas all other streams/operating segments apply the equity method.

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

The Parent Company in a Swedish Group prepares its accounts in compliance with the Swedish Financial Reporting Board's Recommendation RFR 2 Accounting for Legal Entities ("RFR 2"). According to RFR 2, the annual accounts of the legal entity must apply IFRS as far as this is possible within the framework of the Annual Accounts Act and considering the connection between accounting and taxation.

Auditors' Review Report concerning this interim report

Introduction

We have reviewed the condensed interim report for Skanska AB (publ.) as at September 30, 2021 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, October 28, 2021
Ernst & Young AB

Hamish Mabon
Authorized public accountant

Anders Kriström
Authorized public accountant

Definitions

For further definitions, see the Annual and Sustainability Report 2020, Note 43.

Non-IFRS financial measures	Definition	Reason for use														
		The following measures are used as they are viewed as the best and most accurate ways to measure Skanska's operations; reflecting its business model and strategy. Thus assisting investors and management in analyzing trends and performance in Skanska.														
Revenue Segment	Revenue segment is the same as revenue IFRS in all streams except for the Residential Development stream and the Commercial Property Development stream, where revenue is recognised for when signing binding agreement for sale of homes and properties. As segment reporting of joint ventures in Residential Development applies the proportional method, revenue segment is affected by this.	Measure revenue generated in current market environment.														
Gross income	Revenue minus cost of sales.	Measure profit generated from projects.														
Gross margin	Gross income as a percentage of revenue.	Measure profitability in projects.														
Selling and admin expenses %	Selling and administrative expenses as a percentage of revenue.	Measure cost efficiency in selling and administrative expenses.														
Operating income	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies.	Measure profit generated from operations.														
Operating income segment	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, according to segment reporting, and where Residential Development applies the proportional method for reporting of joint ventures.	Measure profit generated from operations in current market environment.														
Operating income rolling 12 months	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, rolling 12 months.	Measure profit generated from operations.														
Operating margin	Operating income as a percentage of revenue.	Measure profitability in operations.														
Net financial items	The net of interest income, financial net pension cost, interest expense, capitalized expense, change in fair value and other net financial items.	Measure total net for financial activities.														
Income after financial items	Operating income minus net financial items.	Measure profit generated before taxes.														
Earnings per share, segment	Profit for the period, segment, attributable to equity holders divided by the average number of shares outstanding.	Measure earnings per share, segment.														
Book-to-build, R-12m, %	Order bookings divided by construction revenue, rolling 12 months.	Measures to which extent new orders are replacing work put in place.														
Unrealized gains, Commercial Property Development (CD)	Market value minus investment value upon completion for ongoing projects, completed projects and land. Excluding projects sold according to segment reporting.	Measure potential realization of future gains in Commercial Property Development.														
Capital employed, Group	Total assets minus non-interest-bearing liabilities.	Measure capital usage and efficiency.														
Capital employed, Stream	Total assets less tax assets, deposits in Skanska's treasury unit and pension receivable minus non-interest-bearing liabilities excluding tax liabilities. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.	Measure capital usage and efficiency in a Stream.														
Capital employed Residential Development (RD) SEK M	<table border="0"> <tr><td>Total assets</td><td>23,105</td></tr> <tr><td>- tax assets</td><td>-321</td></tr> <tr><td>- deposits in internal bank</td><td>-316</td></tr> <tr><td>- pension receivable</td><td>-28</td></tr> <tr><td>- non-interest-bearing liabilities (excluding tax liabilities)</td><td>-7,835</td></tr> <tr><td>- capitalized interest expense</td><td>-103</td></tr> <tr><td></td><td><u>14,503</u></td></tr> </table>	Total assets	23,105	- tax assets	-321	- deposits in internal bank	-316	- pension receivable	-28	- non-interest-bearing liabilities (excluding tax liabilities)	-7,835	- capitalized interest expense	-103		<u>14,503</u>	Measure capital usage and efficiency in Residential Development.
Total assets	23,105															
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	<u>14,503</u>															
Capital employed Commercial Property Development (CD) SEK M	<table border="0"> <tr><td>Total assets</td><td>35,229</td></tr> <tr><td>- tax assets</td><td>-487</td></tr> <tr><td>- deposits in internal bank</td><td>-103</td></tr> <tr><td>- pension receivable</td><td>0</td></tr> <tr><td>- non-interest-bearing liabilities (excluding tax liabilities)</td><td>-2,791</td></tr> <tr><td>- capitalized interest expense</td><td>-262</td></tr> <tr><td></td><td><u>31,585</u></td></tr> </table>	Total assets	35,229	- tax assets	-487	- deposits in internal bank	-103	- pension receivable	0	- non-interest-bearing liabilities (excluding tax liabilities)	-2,791	- capitalized interest expense	-262		<u>31,585</u>	Measure capital usage and efficiency in Commercial Property Development.
Total assets	35,229															
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	<u>31,585</u>															

Non-IFRS financial measures	Definition	Reason for use																																																																	
Capital employed average	Calculated on the basis of five measuring points; see below.																																																																		
ROCE in RD segment, rolling 12 months SEK M	<table> <tr><td>Operating income</td><td></td><td></td><td></td><td>2,036</td></tr> <tr><td>+ capitalized interest expense</td><td></td><td></td><td></td><td>99</td></tr> <tr><td>+/- financial income and other financial items</td><td></td><td></td><td></td><td>-1</td></tr> <tr><td>- interest income from internal bank</td><td></td><td></td><td></td><td>0</td></tr> <tr><td>Adjusted profit</td><td></td><td></td><td></td><td>2,134</td></tr> <tr><td>Capital employed average*</td><td></td><td></td><td></td><td>14,369</td></tr> <tr><td>ROCE RD</td><td></td><td></td><td></td><td>14.9%</td></tr> </table> <p>* Capital employed average</p> <table> <tr><td>Q3 2021</td><td>14,503</td><td>x 0.5</td><td>7,251</td><td></td></tr> <tr><td>Q2 2021</td><td>14,862</td><td></td><td>14,862</td><td></td></tr> <tr><td>Q1 2021</td><td>15,350</td><td></td><td>15,350</td><td></td></tr> <tr><td>Q4 2020</td><td>13,608</td><td></td><td>13,608</td><td></td></tr> <tr><td>Q3 2020</td><td>12,810</td><td>x 0.5</td><td>6,405</td><td></td></tr> <tr><td></td><td></td><td></td><td>57,476 / 4</td><td>14,369</td></tr> </table>	Operating income				2,036	+ capitalized interest expense				99	+/- financial income and other financial items				-1	- interest income from internal bank				0	Adjusted profit				2,134	Capital employed average*				14,369	ROCE RD				14.9%	Q3 2021	14,503	x 0.5	7,251		Q2 2021	14,862		14,862		Q1 2021	15,350		15,350		Q4 2020	13,608		13,608		Q3 2020	12,810	x 0.5	6,405					57,476 / 4	14,369	Measure the performance (profitability and capital efficiency) in RD.
Operating income				2,036																																																															
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ROCE in CD segment, rolling 12 months SEK M	<table> <tr><td>Operating income</td><td></td><td></td><td></td><td>3,233</td></tr> <tr><td>+ capitalized interest expense</td><td></td><td></td><td></td><td>118</td></tr> <tr><td>+/- financial income and other financial items</td><td></td><td></td><td></td><td>9</td></tr> <tr><td>- interest income from internal bank</td><td></td><td></td><td></td><td>0</td></tr> <tr><td>Adjusted profit</td><td></td><td></td><td></td><td>3,361</td></tr> <tr><td>Capital employed average*</td><td></td><td></td><td></td><td>31,208</td></tr> <tr><td>ROCE CD</td><td></td><td></td><td></td><td>10.8%</td></tr> </table> <p>* Capital employed average</p> <table> <tr><td>Q3 2021</td><td>31,585</td><td>x 0.5</td><td>15,793</td><td></td></tr> <tr><td>Q2 2021</td><td>30,056</td><td></td><td>30,056</td><td></td></tr> <tr><td>Q1 2021</td><td>31,100</td><td></td><td>31,100</td><td></td></tr> <tr><td>Q4 2020</td><td>30,906</td><td></td><td>30,906</td><td></td></tr> <tr><td>Q3 2020</td><td>33,951</td><td>x 0.5</td><td>16,976</td><td></td></tr> <tr><td></td><td></td><td></td><td>124,832 / 4</td><td>31,208</td></tr> </table>	Operating income				3,233	+ capitalized interest expense				118	+/- financial income and other financial items				9	- interest income from internal bank				0	Adjusted profit				3,361	Capital employed average*				31,208	ROCE CD				10.8%	Q3 2021	31,585	x 0.5	15,793		Q2 2021	30,056		30,056		Q1 2021	31,100		31,100		Q4 2020	30,906		30,906		Q3 2020	33,951	x 0.5	16,976					124,832 / 4	31,208	Measure the performance (profitability and capital efficiency) in CD.
Operating income				3,233																																																															
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ROCE in Project Development, segment, rolling 12 months SEK M	<p>Is calculated as the summarized adjusted profit for RD and CD divided by the summarized capital employed average for RD and CD.</p> <p>The total ROCE from RD and CD.</p> <table> <thead> <tr> <th></th> <th>Adjusted profit</th> <th>CE avg</th> <th>ROCE</th> </tr> </thead> <tbody> <tr> <td>RD</td> <td>2,134</td> <td>14,369</td> <td>14.9%</td> </tr> <tr> <td>CD</td> <td>3,361</td> <td>31,208</td> <td>10.8%</td> </tr> <tr> <td></td> <td>5,495</td> <td>45,577</td> <td>12.1%</td> </tr> </tbody> </table>		Adjusted profit	CE avg	ROCE	RD	2,134	14,369	14.9%	CD	3,361	31,208	10.8%		5,495	45,577	12.1%	Measure the performance (profitability and capital efficiency) in Project Development.																																																	
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Non-IFRS financial measures	Definition	Reason for use
Return on equity segment, rolling 12 months SEK M	Profit attributable to equity holders as a percentage of average equity attributable to equity holders. 10,191 / 39,230 =	Measure profitability on invested equity.
	26.0%	
Equity average attributable to equity holders SEK M	Calculated on the basis of five measuring points. Q3 2021 42,116 x 0.5 21,058 Q2 2021 41,031 41,031 Q1 2021 38,416 38,416 Q4 2020 38,620 38,620 Q3 2020 35,589 x 0.5 17,795 <u>156,920 / 4</u> 39,230	
Operating cash flow from operations	Cash flow from business operations including taxes paid and cash flow from financing operations.	Measure total cash flow generated from operations.
Net divestments/investment	Total investments minus total divestments.	Measure the balance between investments and divestments.
Free working capital	Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.	Measure the funding stemming from the negative working capital.
Average free working capital in Construction SEK M	Calculated on the basis of five measuring points. Q3 2021 -26,337 x 0.5 -13,169 Q2 2021 -26,215 -26,215 Q1 2021 -25,388 -25,388 Q4 2020 -25,748 -25,748 Q3 2020 -25,401 x 0.5 -12,700 <u>-103,219 / 4</u> -25,805	Measure the funding stemming from the negative working capital generated in Construction.
Interest-bearing net receivables/net debt	Interest-bearing assets minus interest-bearing liabilities.	Measure financial position.
Adjusted interest-bearing net receivables/net debt	Interest-bearing net receivables/net debt excluding restricted cash, lease liabilities and interest-bearing net pension liabilities.	Measure financial position and investment capacity. The latter is derived by comparing adjusted interest-bearing net receivables/net debt to limits set by the Board of Directors.
Equity/assets ratio	Equity including non-controlling interest as a percentage of total assets.	Measure financial position.
Net debt/equity ratio	Interest-bearing net debt divided by equity including non-controlling interest.	Measure leverage of financial position.
Adjusted equity attributable to equity holders SEK bn	Equity attributable to equity holders 42.1 Unrealized surplus value in RD 2.6 Unrealized CD gains 10.8 Effect in unrealized equity in PPP-portfolio 0.7 Less standard corporate tax, 10% -1.4 <u>Adjusted equity</u> 54.8	Measure financial position adjusted for surplus values in Project Development net of taxes. The standard corporate tax represents an approximation of the average corporate income tax within the Group.

Reconciliation between segment reporting and IFRSs

SEK M	External revenue		Intra-Group revenue		Total revenue		Operating income	
	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Construction	87,963 ¹	98,689 ¹	7,006	7,606	94,969	106,295	3,428	2,416
Residential Development	10,732	9,564	0	0	10,732	9,564	1,561	1,068
Commercial Property Development	4,328	6,156	76	81	4,404	6,237	1,541	2,204
Total operating segments	103,022	114,409	7,082	7,686	110,104	122,095	6,529	5,688
Central	189	197	18	11	207	208	-226	-340
Eliminations	0	0	-7,100	-7,698	-7,100	-7,698	-98	-76
Total Group	103,211	114,606	0	0	103,211	114,606	6,206	5,272
Reconciliation to IFRSs²	-460	3,113	0	0	-460	3,113	-525	957
Total IFRSs	102,751	117,719	0	0	102,751	117,719	5,681	6,230
1 Of which external revenue from joint ventures in PPP-portfolio	1,987	3,881						
2 Of which effect from joint ventures in Residential Development proportionally	-251	-460					-88	-133
Of which effect of different revenue recognition principles	-209	3,572					-437	1,090

Revenue by geographical area (IFRS)

SEK M	Construction		Residential Development		Commercial Property Development		Central and Eliminations		Total	
	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Nordics	39,873	41,961	6,240	6,499	4,758	6,045	-4,627	-5,092	46,243	49,413
of which Sweden	22,868	24,078	3,376	4,043	2,196	4,475	-3,328	-3,394	25,112	29,201
Europe	15,660	17,977	802	1,607	2,569	2,810	-1,510	-2,046	17,520	20,347
USA	39,436	46,358	0	0	256	1,963	-706	-362	38,987	47,958
Total operating segments	94,969	106,295	7,042	8,106	7,584	10,818	-6,843	-7,500	102,751	117,719

SEK M	Segment	IFRS	Segment	IFRS	Segment	IFRS	Segment	IFRS
	Jan-Sep 2021	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2021	Jul-Sep 2020	Jul-Sep 2020
Revenue								
Construction	94,969	94,969	106,295	106,295	33,252	33,252	34,442	34,442
Residential Development	10,732	7,042	9,564	8,106	2,053	2,422	4,763	2,436
Commercial Property Development	4,404	7,584	6,237	10,818	556	657	901	1,979
Central and Eliminations	-6,893	-6,843	-7,489	-7,500	-2,435	-2,435	-2,156	-2,179
Skanska Group	103,211	102,751	114,606	117,719	33,427	33,897	37,949	36,678
Operating income								
Construction	3,428	3,428	2,416	2,416	1,196	1,196	1,049	1,049
Residential Development	1,561	691	1,068	1,028	318	214	481	266
Commercial Property Development ¹	1,541	1,863	2,204	3,144	84	114	101	494
Central	-226	-226	-340	-340	-37	-37	-98	-98
of which PPP-portfolio	155	155	-7	-7	85	85	1	1
Eliminations ¹	-98	-75	-76	-18	-20	-30	-7	-2
Operating income	6,206	5,681	5,272	6,230	1,542	1,457	1,526	1,709
Net financial items	-108	-106	-177	-173	-23	-23	-62	-61
Income after financial items	6,098	5,575	5,095	6,056	1,519	1,434	1,464	1,648
Taxes	-988	-903	-921	-1,095	-242	-229	-303	-345
Profit for the period	5,109	4,671	4,174	4,962	1,277	1,206	1,161	1,303
Earnings for the period per share, SEK ²	12.35		10.09		3.07		2.80	
Earnings for the period per share according to IFRSs, SEK ²		11.29		12.00		2.90		3.14
1 Of which gains from divestments of commercial properties reported in:								
Commercial Property Development	1,861	2,183	2,656	3,596	144	174	202	594
Eliminations	96	130	193	267	12	8	29	47

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-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Revenue	102,751	117,719	33,897	36,678	160,344
Cost of sales	-91,818	-105,798	-30,833	-33,214	-143,457
Gross income	10,932	11,921	3,064	3,463	16,887
Selling and administrative expenses	-5,601	-5,855	-1,796	-1,824	-8,269
Income from joint ventures and associated companies	350	164	189	70	4,015
Operating income	5,681	6,230	1,457	1,709	12,633
Financial income	87	107	30	19	120
Financial expenses	-193	-280	-53	-80	-349
Net financial items ¹	-106	-173	-23	-61	-229
Income after financial items	5,575	6,056	1,434	1,648	12,404
Taxes	-903	-1,095	-229	-345	-2,507
Profit for the period	4,671	4,962	1,206	1,303	9,897
1 Of which					
Interest income	47	107	14	19	118
Financial net pension costs	-45	-44	-16	-16	-61
Interest expenses	-121	-152	-33	-57	-194
Interest expenses from lease liabilities	-156	-186	-52	-56	-244
Capitalized interest expenses	159	148	57	43	195
Net interest items	-115	-127	-30	-66	-186
Change in fair value	1	-4	0	-0	-3
Other net financial items	8	-43	8	5	-40
Net financial items	-106	-173	-23	-61	-229
Profit attributable to:					
Equity holders	4,654	4,942	1,197	1,295	9,875
Non-controlling interests	17	19	9	9	22
Earnings per share, SEK ²	11.29	12.00	2.90	3.14	23.97
Earnings per share after dilution, SEK ³	11.21	11.94	2.88	3.13	23.84

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-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Profit for the period	4,671	4,962	1,206	1,304	9,897
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Remeasurements of defined benefit plans	1,730	-1,552	-713	-1,681	-1,003
Tax related to items that will not be reclassified to profit and loss	-374	331	125	337	211
	1,356	-1,221	-588	-1,344	-792
Items that have been or will be reclassified to profit and loss					
Translation differences attributable to equity holders	1,191	-1,084	446	-395	-2,120
Translation differences attributable to non-controlling interests	4	-5	1	0	-7
Hedging of exchange rate risk in foreign operations	26	19	14	-13	-19
Effects of cash flow hedges ¹	-9	-129	-41	-63	35
Share of other comprehensive income of joint ventures and associated companies ²	105	-40	26	25	-176
Tax related to items that have been or will be reclassified to profit and loss	3	23	8	9	21
	1,320	-1,216	455	-437	-2,266
Other comprehensive income after tax	2,676	-2,437	-133	-1,781	-3,058
Total comprehensive income	7,348	2,525	1,073	-477	6,839
Total comprehensive income attributable to					
Equity holders	7,327	2,511	1,063	-485	6,824
Non-controlling interests	21	14	9	8	15
1 Of which transferred to income statement	1	-3	1	-3	-2
2 Of which transferred to income statement	132	119	37	49	157

Summary statement of financial position (IFRS)

SEK M	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	6,897	7,070	6,816
Property, plant and equipment right-of-use assets	3,389	4,072	3,930
Goodwill	3,887	3,811	3,713
Intangible assets	706	751	771
Investments in joint ventures and associated companies	1,638	2,659	1,689
Financial non-current assets ^{1,3}	3,653	1,798	1,931
Deferred tax assets	1,681	1,629	1,803
Total non-current assets	21,850	21,791	20,653
Current assets			
Current-asset properties ²	48,253	46,589	44,948
Current-asset properties right-of-use land	3,238	3,726	2,980
Inventories	1,025	1,060	1,100
Financial current assets ³	15,855	5,972	8,492
Tax assets	1,353	1,097	950
Contract assets	6,265	6,006	4,599
Trade and other receivables	23,711	26,998	22,401
Cash	10,975	14,922	19,508
Total current assets	110,676	106,369	104,979
TOTAL ASSETS	132,526	128,160	125,631
of which interest-bearing financial non-current assets	3,610	1,747	1,884
of which interest-bearing current assets	26,794	20,866	27,808
Total interest-bearing assets	30,404	22,613	29,692
EQUITY			
Equity attributable to equity holders	42,116	35,589	38,620
Non-controlling interests	106	96	97
Total equity	42,222	35,685	38,717
LIABILITIES			
Non-current liabilities			
Financial non-current liabilities ³	3,335	3,449	3,247
Lease liabilities	6,051	7,001	6,217
Pensions	6,253	7,341	7,360
Deferred tax liabilities	1,149	1,136	928
Total non-current liabilities	16,789	18,928	17,752
Current liabilities			
Financial current liabilities ³	5,357	5,194	4,663
Lease liabilities	877	1,090	1,016
Tax liabilities	679	546	1,884
Current provisions	10,566	9,346	10,326
Contract liabilities	21,803	21,040	19,462
Trade and other payables	34,234	36,331	31,812
Total current liabilities	73,516	73,548	69,162
TOTAL EQUITY AND LIABILITIES	132,526	128,160	125,631
of which interest-bearing financial liabilities	15,585	16,601	15,052
of which interest-bearing pensions and provisions	6,253	7,341	7,360
Total interest-bearing liabilities	21,838	23,942	22,412
1 Of which shares and participations	42	45	43
2 Current-asset properties			
Commercial Property Development	28,398	29,836	27,906
Residential Development	19,855	16,753	17,041
3 Items regarding non-interest-bearing unrealized changes in derivatives/financial instruments are included in the following amounts:			
Financial non-current assets	1	6	4
Financial current assets	37	28	193
Financial non-current liabilities	6	4	6
Financial current liabilities	29	130	85

Contingent liabilities amounted to SEK 55.3 bn on 2021-09-30 (2020-12-31: 57.9) and relates to joint operations in Construction and joint ventures in Project Development. For more information see 2020 Annual and Sustainability Report, Note 20B, 20C and 33. During the period, contingent liabilities decreased by SEK 2.6 bn.

Summary statement of changes in equity (IFRS)

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Opening balance	38,717	33,021	41,140	36,138	33,021
of which non-controlling interests	97	97	109	103	97
Dividend to shareholders	-3,917	0	0	0	-1,340
Dividend to non-controlling interests	-12	-15	-12	-15	-15
Effects of equity-settled share-based payments	266	208	97	69	300
Repurchase of shares	-180	-54	-76	-30	-88
Total comprehensive income attributable to					
Equity holders	7,327	2,511	1,063	-485	6,824
Non-controlling interests	21	14	9	8	15
Closing balance	42,222	35,685	42,222	35,685	38,717
of which non-controlling interests	106	96	106	96	97

Summary consolidated cash flow statement (IAS 7) (IFRS)

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Cash flow from operating activities before change in working capital, according to IAS 7	1,186	2,509	2,040	1,575	2,652
Cash flow from change in working capital, according to IAS 7	2,433	3,990	-553	464	8,632
Net investments in property, plant and equipment and intangible assets	-1,244	-765	-409	-166	4,129
Tax payments on sold property, plant and equipment and intangible assets	-17	-15	-10	-5	-29
Cash flow from business operations including taxes paid according to operating cash flow	2,358	5,719	1,068	1,868	15,384
Less net investments in property, plant and equipment and intangible assets	1,244	765	409	166	-4,129
Less tax payments on sold property, plant and equipment and intangible assets	17	15	10	5	29
Cash flow from operating activities, according to IAS 7	3,618	6,499	1,487	2,039	11,284
Cash flow from net strategic divestments(+)/ investments(-) according to operating cash flow	728	0	6	0	0
Net investments in property, plant and equipment and intangible assets	-1,244	-765	-409	-166	4,129
Increase and decrease in interest-bearing receivables	-7,686	554	177	1,003	-2,529
Taxes paid on sold property, plant and equipment and intangible assets	-17	-15	-10	-5	-29
Cash flow from investing activities, according to IAS 7	-8,219	-226	-236	832	1,571
Cash flow from financing operations according to operating cash-flow statement	-689	-813	-265	-255	-934
Change in interest-bearing receivables and liabilities excluding lease liabilities	-7,136	1,447	291	116	-1,335
Increase and decrease in interest-bearing receivables	7,686	-554	-177	-1,003	2,529
Dividend etc. ¹	-4,109	-69	-89	-45	-1,443
Cash flow from financing activities, according to IAS 7	-4,249	11	-240	-1,187	-1,183
Cash flow for the period	-8,849	6,284	1,011	1,684	11,672

¹ Of which repurchases of shares SEK 180 M.

Operating cash flow (IFRS), supplementary information

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Construction					
Cash flow from business operations	4,616	4,444	1,798	1,698	6,258
Change in working capital	-348	-322	-302	580	1,382
Net divestments(+)/investments(-)	-947	-814	-269	-268	-1,188
Total Construction	3,320	3,309	1,227	2,011	6,451
Residential Development					
Cash flow from business operations	-306	-213	-180	149	-434
Change in working capital	1,774	-307	770	-981	-693
Net divestments(+)/investments(-)	-1,334	1,105	118	633	1,291
Cash flow adjustment	0	0	-1	0	0
Total Residential Development	134	585	708	-199	164
Commercial Property Development					
Cash flow from business operations	-209	-616	203	-131	-1,088
Change in working capital	-262	-214	-207	402	-487
Net divestments(+)/investments(-)	2,319	3,794	-1,117	-243	7,211
Cash flow adjustment	142	-294	27	-88	-355
Total Commercial Property Development	1,990	2,670	-1,094	-60	5,281
Central and Eliminations					
Cash flow from business operations	-157	-31	-36	-7	-631
Change in working capital	110	353	133	271	406
Net divestments(+)/investments(-)	-265	-77	-115	-8	5,194
of which PPP-portfolio	-197	24	-98	8	5,296
Total Central and Eliminations	-312	246	-18	257	4,969
Total cash flow from business operations	3,944	3,584	1,786	1,710	4,104
Total change in working capital	1,274	-490	395	272	607
Total net divestments(+)/investments(-)	-227	4,009	-1,383	114	12,508
Total cash flow adjustment	142	-294	26	-88	-355
Cash flow from business operations before taxes paid	5,133	6,809	824	2,008	16,865
Taxes paid in business operations	-2,775	-1,090	244	-140	-1,481
Cash flow from business operations including taxes paid	2,358	5,719	1,068	1,868	15,384
Net interest items, other net financial items and amortization of lease liabilities	-894	-1,162	-288	-364	-1,334
Taxes paid in financing operations	206	349	24	109	400
Cash flow from financing operations	-689	-813	-265	-255	-934
Operating cash flow from operations	1,669	4,906	803	1,613	14,450
Net strategic divestments(+)/investments(-)	728	0	6	0	0
Dividend etc. ¹	-4,109	-69	-89	-45	-1,443
Cash flow before change in interest-bearing receivables and liabilities	-1,713	4,837	720	1,567	13,007
Change in interest-bearing receivables and liabilities excluding lease liabilities	-7,136	1,447	291	116	-1,335
Cash flow for the period	-8,849	6,284	1,011	1,684	11,672
Cash and cash equivalents at the beginning of the period	19,508	8,745	9,859	13,328	8,745
Exchange rate differences in cash and cash equivalents	316	-107	105	-90	-909
Cash and cash equivalents at the end of the period	10,975	14,922	10,975	14,922	19,508

¹ Of which repurchases of shares SEK 180 M.

Group net divestments(+)/investments(-) (IFRS)

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
OPERATIONS - INVESTMENTS					
Intangible assets	-93	-56	-18	-39	-133
Property, plant and equipment	-1,149	-1,051	-380	-302	-1,487
Shares and participations	-236	-13	-119	0	-18
Current-asset properties	-12,868	-13,275	-3,790	-3,839	-20,047
of which Residential Development	-8,225	-6,984	-2,235	-1,819	-10,299
of which Commercial Property Development	-4,643	-6,290	-1,555	-2,020	-9,748
Investments in operations	-14,346	-14,395	-4,307	-4,181	-21,685
Total Investments	-14,346	-14,395	-4,307	-4,181	-21,685
OPERATIONS - DIVESTMENTS					
Intangible assets	3	0	3	0	8
Property, plant and equipment	212	173	95	52	289
Shares and participations	20	183	9	124	5,470
Current-asset properties	13,885	18,049	2,816	4,119	28,426
of which Residential Development	6,898	8,045	2,356	2,423	11,548
of which Commercial Property Development	6,987	10,004	460	1,696	16,878
Divestments in operation	14,119	18,404	2,924	4,295	34,193
STRATEGIC DIVESTMENTS					
Businesses	728	0	6	0	0
Strategic divestments	728	0	6	0	0
Total divestments	14,847	18,404	2,930	4,295	34,193
TOTAL NET DIVESTMENTS(+)/INVESTMENTS(-)	501	4,009	-1,378	114	12,508
Depreciation, non-current assets	-2,013	-2,243	-687	-728	-2,945

Capital employed in Project Development (IFRS)

SEK M	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Residential Development	14,503	12,810	13,608
Commercial Property Development	31,585	33,951	30,906
Total in Project Development	46,088	46,761	44,515

Parent Company¹

The parent company's revenue consists mainly of amounts billed to Group companies. The balance sheet consists mainly of shares in Group companies, intra-Group receivables and equity. The parent company does not report any significant events during the period.

Summary income statement (IFRS)

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020
Revenue	426	487	144	134
Selling and administrative expenses	-410	-402	-128	-123
Operating income	16	85	16	11
Net financial items ³	9,977	2,979	-7	-8
Income after financial items	9,993	3,064	9	3
Taxes	0	-15	-2	-1
Profit for the period	9,993	3,049	7	2
Total comprehensive income	9,993	3,049	7	2

Summary balance sheet (IFRS)

SEK M	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
ASSETS			
Intangible non-current assets	5	8	8
Property, plant and equipment	0	0	0
Financial non-current assets ²	16,815	12,326	12,031
Total non-current assets	16,820	12,334	12,039
Current receivables	163	88	164
Total current assets	163	88	164
TOTAL ASSETS	16,983	12,422	12,203
EQUITY AND LIABILITIES			
Equity ³	16,569	11,794	10,652
Provisions	229	222	240
Non-current interest-bearing liabilities ²	65	319	1,211
Current liabilities	120	87	100
TOTAL EQUITY AND LIABILITIES	16,983	12,422	12,203

1 As a parent company in an IFRS-group, Skanska AB applies RFR2 in its accounting.

2 Of which SEK 11,414 M (Dec 31, 2020: 11,477) were shares in Group companies, SEK 5,231 M (Dec 31, 2020: 384) intra-Group receivables and SEK 65 M (Dec 31, 2020: 1,211) intra-Group liabilities.

3 During the year SEK 10,000 M in dividend has been received from Group company.

The Parent Company's contingent liabilities totaled SEK 159.8 bn on September 30, 2021 (Dec 31, 2020: 160.6), of which SEK 114.8 bn (Dec 31, 2020: 118.1) were related to obligations on behalf of Group companies. Other obligations, SEK 45.0 bn on September 30, 2021 (Dec 31 2020: 42.5), were related to commitments to outside parties.

Share data

	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Earnings per share according to segment reporting, SEK ¹	12.35	10.09	3.07	2.80	22.46
Earnings per share, SEK ¹	11.29	12.00	2.90	3.14	23.97
Earnings per share after dilution, SEK ²	11.21	11.94	2.88	3.13	23.84
Equity per share, SEK ³	102.15	86.35			93.67
Adjusted equity per share, SEK ⁴	132.94	115.18			117.22
Average number of shares outstanding	412,406,458	411,907,812			411,993,869
Average number of shares outstanding after dilution	415,211,959	414,080,485			414,304,017
Average dilution, %	0.68	0.52			0.56
Number of shares, at balance sheet date	419,903,072	419,903,072			419,903,072
Average price, repurchased shares, SEK	141.06	138.06			138.45
Number of Series B shares repurchased	28,117,228	27,184,228			27,348,228
of which repurchased during the year	769,000	296,000	312,000	164,000	460,000
Number of shares in Skanska's own custody	7,594,629	7,752,124			7,616,674
Number of shares outstanding	412,308,443	412,150,948			412,286,398

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-Sep 2021	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2017
Revenue	103,211	114,606	125,385	120,805	117,204
Operating income	6,206	5,272	5,375	2,444	4,766
Profit for the period	5,109	4,174	4,430	2,091	4,346
Earnings per share, SEK	12.35	10.09	10.75	5.07	10.58
Return on capital employed, %	21.0	13.6	15.7	7.6	19.6
Return on equity, %	26.0	17.8	21.6	9.8	27.1
Operating margin, %	6.0	4.6	4.3	2.0	4.1
Return on capital employed according to IFRSs, %	19.8	15.8	15.6	9.4	14.8
Cash flow per share according to IFRSs, SEK ¹	-4.15	11.74	-17.00	-8.88	-12.12

¹ 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-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
US dollar	8.49	9.41	9.21	8.80	9.00	8.19
British pound	11.75	11.95	11.81	11.82	11.55	11.15
Norwegian krone	0.99	0.99	0.98	1.00	0.95	0.96
Euro	10.15	10.56	10.49	10.18	10.54	10.05
Czech koruna	0.39	0.40	0.40	0.40	0.39	0.38
Polish zloty	2.23	2.39	2.36	2.19	2.32	2.22

Construction

Revenue and earnings

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Revenue	94,969	106,295	33,252	34,442	140,483
Gross income	7,540	6,791	2,527	2,383	9,344
Selling and administrative expenses	-4,136	-4,401	-1,350	-1,351	-5,852
Income from joint ventures and associated companies	24	25	19	17	37
Operating income	3,428	2,416	1,196	1,049	3,528
Investments	-1,160	-999	-367	-320	-1,503
Divestments	941	185	103	52	314
Net divestments(+)/investments(-)	-219	-814	-263	-268	-1,188
Gross margin, %	7.9	6.4	7.6	6.9	6.7
Selling and administrative expenses, %	-4.4	-4.1	-4.1	-3.9	-4.2
Operating margin %	3.6	2.3	3.6	3.0	2.5
Order bookings, SEK bn	111.3	110.0	26.6	31.8	149.8
Order backlog, SEK bn	197.6	182.9	-	-	178.9
Employees	28,865	31,523	-	-	30,944

Revenue

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Nordics	39,690	41,662	13,471	13,642	56,130
of which Sweden	23,315	24,712	7,747	8,163	33,689
Europe	15,843	18,275	5,565	6,359	24,154
USA	39,436	46,358	14,217	14,441	60,199
Total	94,969	106,295	33,252	34,442	140,483

Operating income

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Nordics	1,461	1,408	536	591	1,995
of which Sweden	794	778	319	356	1,072
Europe	837	165	211	142	314
USA	1,129	843	449	316	1,220
Total	3,428	2,416	1,196	1,049	3,528

Operating margin, %

	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Nordics	3.7	3.4	4.0	4.3	3.6
of which Sweden	3.4	3.1	4.1	4.4	3.2
Europe	5.3	0.9	3.8	2.2	1.3
USA	2.9	1.8	3.2	2.2	2.0
Total	3.6	2.3	3.6	3.0	2.5

Order backlog

SEK M	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Nordics	68,150	61,969	63,514
of which Sweden	33,842	37,068	34,558
Europe	41,079	38,487	37,680
USA	88,394	82,449	77,729
Total	197,623	182,905	178,924

Order bookings

	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Nordics	43,333	42,737	10,927	14,650	59,254
of which Sweden	22,596	24,038	6,698	7,538	30,502
Europe	23,693	33,964	4,246	6,753	40,147
USA	44,249	33,262	11,409	10,378	50,401
Total	111,276	109,962	26,581	31,781	149,802

Book-to build, R-12m, %

	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Nordics	111	100	106
of which Sweden	90	93	91
Europe	138	152	166
USA	115	94	84
Total	117	107	107

Residential Development

Revenue and earnings

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Revenue	10,732	9,564	2,053	4,763	13,070
Gross income	2,074	1,530	476	652	2,178
Selling and administrative expenses	-513	-462	-158	-171	-634
Operating income	1,561	1,068	318	481	1,543
Operating margin, %	14.5	11.2	15.5	10.1	11.8
Investments	-8,232	-7,087	-2,238	-1,906	-10,420
Divestments	6,898	8,192	2,356	2,539	11,710
Net divestments(+)/investments(-)	-1,334	1,105	118	633	1,291
Capital employed, SEK bn	14.5	12.8	-	-	13.6
Return on capital employed, % ¹	14.9	12.1	-	-	12.8
Employees	585	557	-	-	571

¹ Rolling 12 months.

Revenue

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Nordics	9,527	8,686	1,682	4,337	11,597
of which Sweden	5,777	5,317	803	3,074	7,042
Europe	1,205	878	371	426	1,473
Total	10,732	9,564	2,053	4,763	13,070

Operating income ¹

	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Nordics	1,323	931	257	438	1,345
of which Sweden	820	562	116	289	797
Europe	238	138	62	43	198
Total	1,561	1,068	318	481	1,543

Operating margin, % ¹

	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Nordics	13.9	10.7	15.3	10.1	11.6
of which Sweden	14.2	10.6	14.4	9.4	11.3
Europe	19.7	15.7	16.6	10.0	13.5
Total	14.5	11.2	15.5	10.1	11.8

¹ Development gain only. Construction margin reported under Construction.

Homes started

	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Nordics	2,176	2,086	385	1,197	2,937
of which Sweden	1,613	1,308	184	872	2,124
Europe	329	409	138	0	870
Total	2,505	2,495	523	1,197	3,807

Homes sold

	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Nordics	2,426	2,575	401	1,477	3,352
of which Sweden	1,735	1,803	215	1,160	2,341
Europe	628	304	159	91	639
Total	3,054	2,879	560	1,568	3,991

Homes under construction

	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Nordics	6,020	5,536	5,518
of which Sweden	4,586	3,595	3,901
Europe	1,417	1,101	1,430
Total	7,437	6,637	6,948

Completed unsold, number of homes

	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Nordics	79	153	141
of which Sweden	23	74	68
Europe	15	20	13
Total	94	173	154

Homes under construction of which sold, %

	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Nordics	82	78	76
of which Sweden	82	83	77
Europe	76	54	55
Total	80	74	72

Commercial Property Development

Revenue and earnings

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Revenue	4,404	6,237	556	901	14,983
of which from divestment of properties	3,807	5,526	358	645	13,827
Gross income	1,981	2,811	175	283	4,701
Selling and administrative expenses	-529	-597	-176	-180	-797
Income from joint ventures and associated companies	89	-9	85	-2	-8
Operating income	1,541	2,204	84	101	3,897
of which gain from divestments of properties ¹	1,861	2,656	144	202	4,750
of which writedowns/reversal of writedowns	-44	-32	-44	0	-281
1 Additional gains included in eliminations	96	193	12	29	359
Investments	-4,669	-6,313	-1,578	-1,967	-9,777
Divestments	6,988	10,108	461	1,724	16,988
Net divestments(+)/investments(-)	2,319	3,794	-1,117	-243	7,211
Capital employed, SEK bn	31.6	34.0	-	-	30.9
Return on capital employed, % ²	10.8	10.6	-	-	11.9
Employees	439	467	-	-	445

2 Rolling 12 months.

Revenue

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Nordics	3,269	4,761	422	679	5,420
Europe	878	1,048	44	41	2,835
USA	256	428	90	180	6,728
Total	4,404	6,237	556	901	14,983

of which from divestments

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Nordics	3,071	4,603	355	644	5,003
Europe	736	924	4	1	2,664
USA	0	-1	0	0	6,160
Total	3,807	5,526	358	645	13,827

Operating income

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Nordics	1,337	1,879	31	111	1,870
Europe	161	354	-37	-25	661
USA	42	-28	90	15	1,366
Total	1,541	2,204	84	101	3,897

of which from divestments

SEK M	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jan-Dec 2020
Nordics	1,547	2,154	103	177	2,189
Europe	315	488	40	26	865
USA	0	14	0	-1	1,696
Total	1,861	2,656	144	202	4,750

Capital employed

SEK M	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Nordics	10,939	11,324	11,618
Europe	9,455	9,628	9,744
USA	11,191	12,999	9,544
Total	31,585	33,951	30,906

PPP-portfolio value

Unrealized development gain in PPP-portfolio

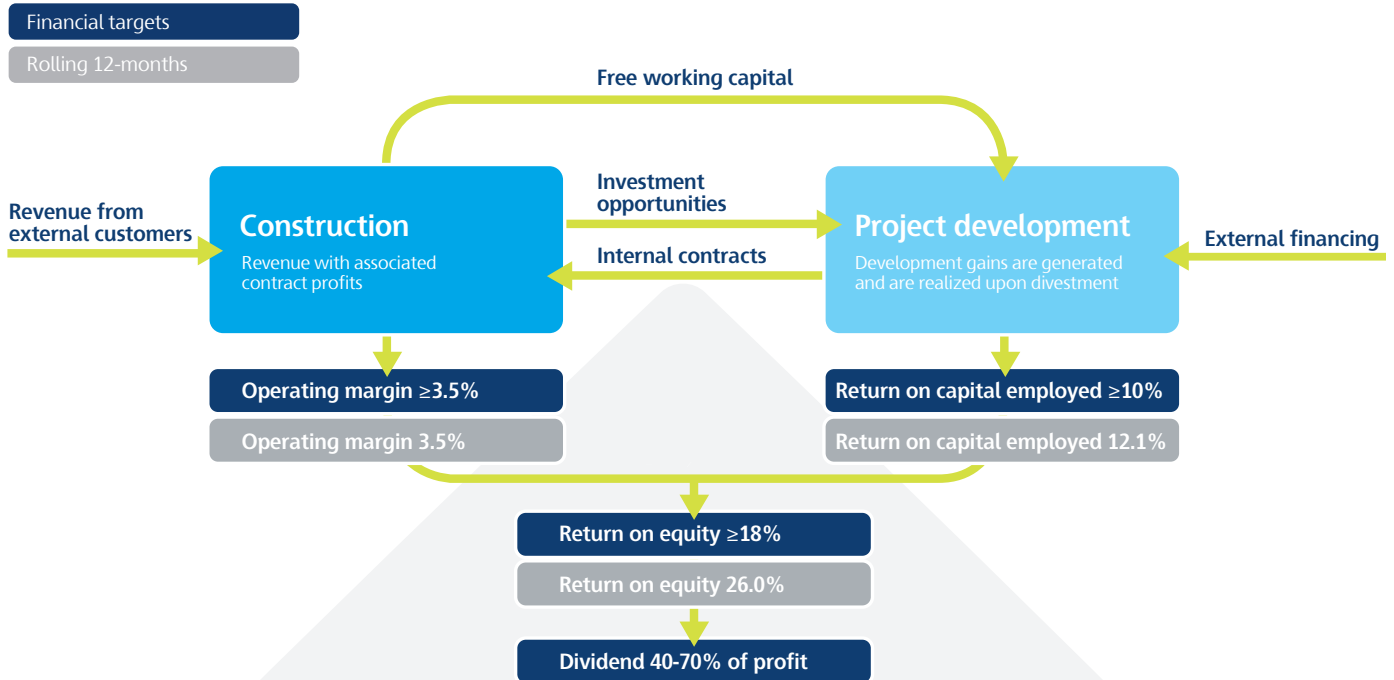
SEK bn	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Present value of cash flow from projects	1.5	4.4	2.2
Present value of remaining investments	-0.1	-0.9	-1.0
Net present value of projects	1.4	3.5	1.2
Carrying amount before Cash flow hedge / Carrying amount	-0.9	-2.1	-0.7
Unrealized development gain	0.5	1.4	0.5
Cash flow hedge	0.2	0.3	0.3
Effect in unrealized equity¹	0.7	1.7	0.8

1 Tax effects not included.

About Skanska

Skanska is one of the world’s leading construction and project development companies, focused on selected home markets in the Nordics, Europe and USA. 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.

Skanska’s business model



Internal contracts and cooperation

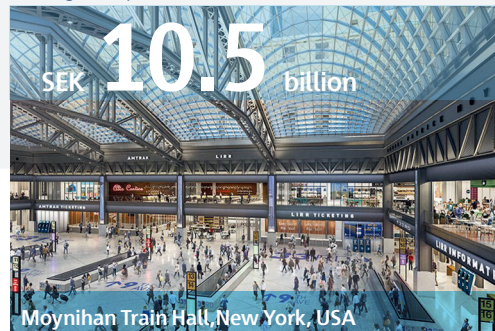
Operational and financial synergies are, amongst other things, achieved through investments in Project Development, generating internal contracts for Skanska’s Construction stream, as well as through the collaboration between Business Units from different markets. Currently, SEK 10.5 billion of Skanska’s total order backlog are contracts involving more than one Business Unit, with revenue from internal contracts amounting to SEK 12.2 billion.

Construction revenue from internal Project Development contracts amounted to:



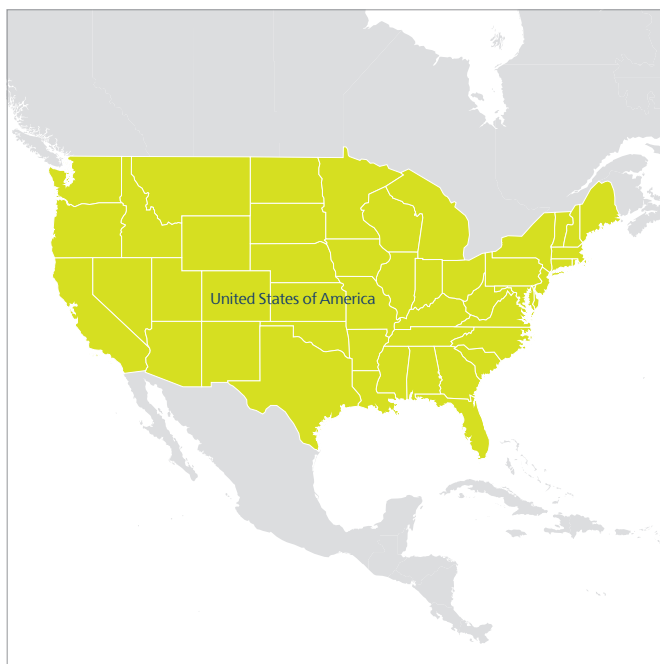
Skanska will develop and build a 9-story, approximately 19,000 square meter office building. It will include a private rooftop deck, conference center, ground floor fitness center, ground floor retail, and a public plaza designed and programmed for the community. The project is WELL Core Pre-certified and will target LEED and WiredScore Gold certifications as well as an Energy Star certification. The project is scheduled to be completed in 2023.

Value of orders in backlog generated through cooperation between Business Units:



Completed earlier this year, the redevelopment of New York City’s iconic James A. Farley Post Office Building into the new 21st century Moynihan Train Hall has brought light to the concourse for the first time in more than 50 years. The 225,000-square-foot bright and modern extension of Penn Station has increased the total floor space by up to 50 percent with improved passenger facilities, ticketing and waiting areas, security, and retail spaces.

Skanska's home markets



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This report will also be presented via a telephone conference and a webcast at 10:00 CET on October 28, 2021.
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 8 505 583 68 (direct), or +44 333 300 9268 (direct), or +1 6319131422 and PIN: 48315115#
This and previous releases can also be found at www.skanska.com/investors.

This is information that Skanska AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation.
The information was submitted for publication, through the agency of the Senior Vice President Investor Relations set out above, at 07:30 CET on October 28, 2021.

Enumerated amounts presented in tables and statements may not always agree with the calculated sum of the related line items due to rounding differences. The aim is for each line item to agree with its source and therefore there may be rounding differences affecting the total when adding up the presented line items.