

SKANSKA

Second quarter report 2023

We build for a better society



Nordøyvegen Møre and Romsdal county Norway

Second quarter report 2023

- Record high order backlog in Q2 2023
 - Construction – delivering strong results
 - Residential Development – low sales volumes
 - Commercial Property Development – solid leasing, low sales
 - Investment Properties – no acquisitions in the quarter
- Operating margin in Construction 3.4% (3.4)
- ROCE in Project Development 2.3% (10.9), R-12
- ROCE in Investment Properties 5.5% (11.7), R-12
- Return on Equity 11.1% (17.7), R-12
- Strong financial position
- Carbon reduction 57% since 2015



Construction

- Revenue SEK 40.6 bn (39.7)
- Order bookings SEK 63.2 bn (37.3)
 - Book-to-build 115%, R-12
 - Order backlog SEK 250.3 bn (215.5)
- Operating income SEK 1,391 M (1,360)
 - Operating margin 3.4% (3.4)
- Record strong order intake boosted by large civil contracts in Norway and the USA - order backlog on a new historic high
- Rolling 12-month operating margin was 3.8%, well above long-term group target
- Strong performance continues



Residential Development

- Revenue SEK 1.6 bn (2.9)
 - 343 (680) homes sold
 - 241 (957) homes started
- Operating income SEK 49 M (332)
 - Operating margin 2.9% (11.3)
- ROCE 0.2% (11.0), R-12
- Sales volumes slightly up, but remain low due to subdued market activity
- Measures in BoKlok to adopt to market situation impacting results



Commercial Property Development

- Operating income SEK -15 M (834)
 - Gain on sale SEK 171 M (1,084)
- ROCE 3.1% (10.9), R-12
- 33 ongoing projects
 - SEK 32.7 bn total investment
 - 2 projects pre-sold and started in Q2
- Strong leasing activity during the quarter
 - 78,000 sq m leased in Q2 (47,000)
- Transaction volumes remain low following hesitant investor market



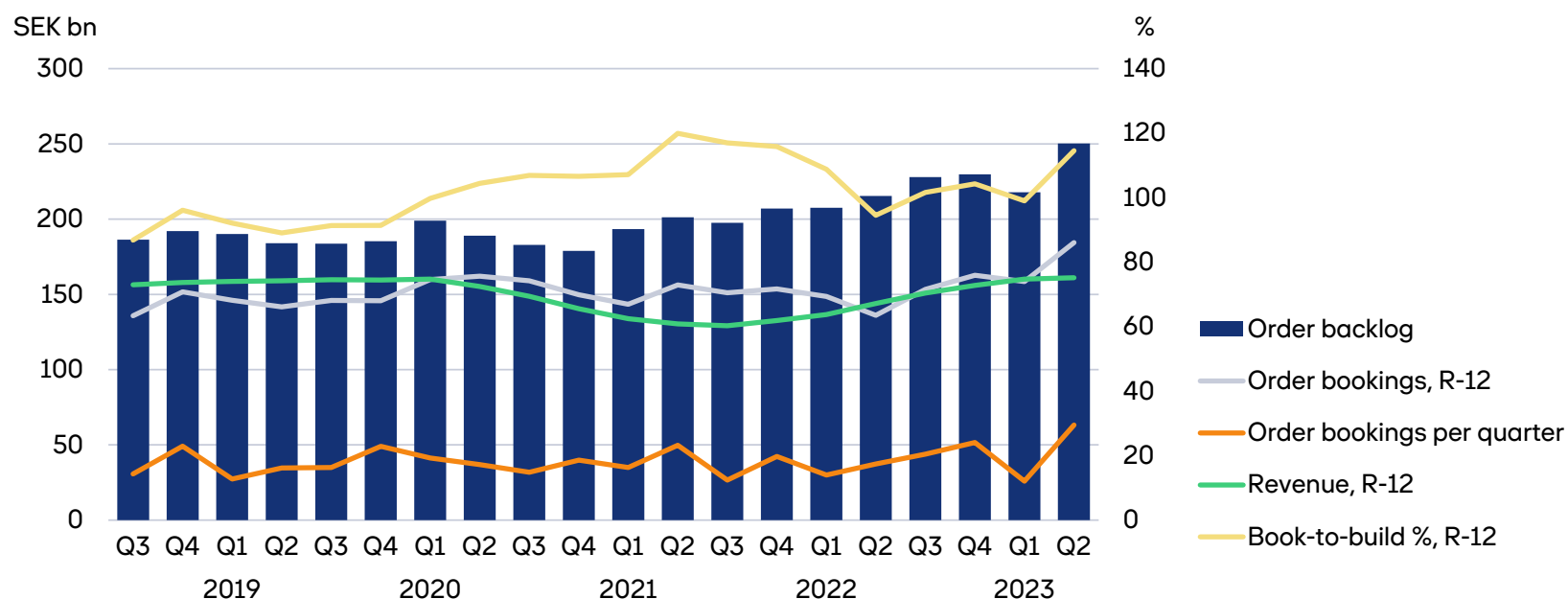
Investment Properties

- Targeting a high quality, sustainable office portfolio of SEK 12-18 bn, to generate stable cash flow
- Stable operational performance
- Good tenant interest for the few remaining vacant premises



Construction

Order bookings



SEK bn	Apr-Jun 2023	Apr-Jun 2022	R12 months	Jan-Dec 2022
Revenue	40.6	39.7	161.0	156.0
Order bookings	63.2	37.3	184.4	162.7
Order backlog	250.3	215.5		229.8

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Skanska Q2 report 2023

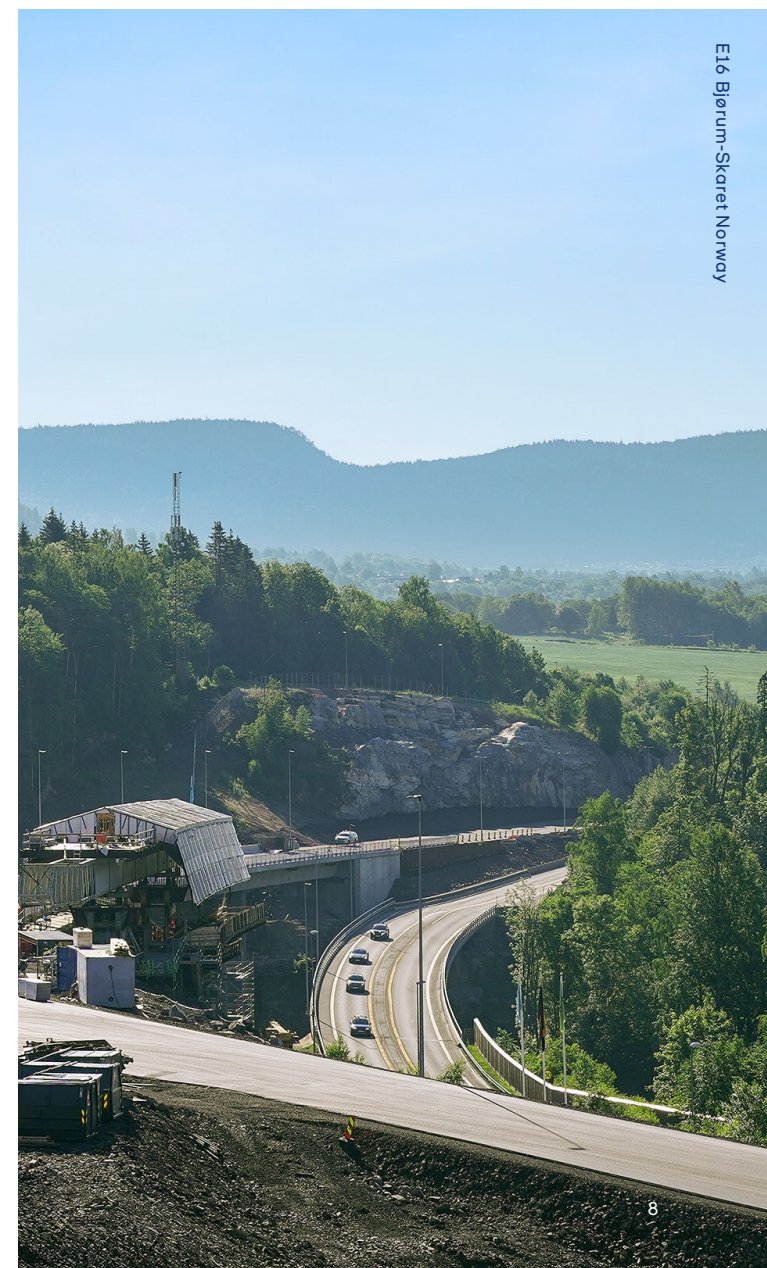


E16 Bjørnum-Skaret Norway

Construction

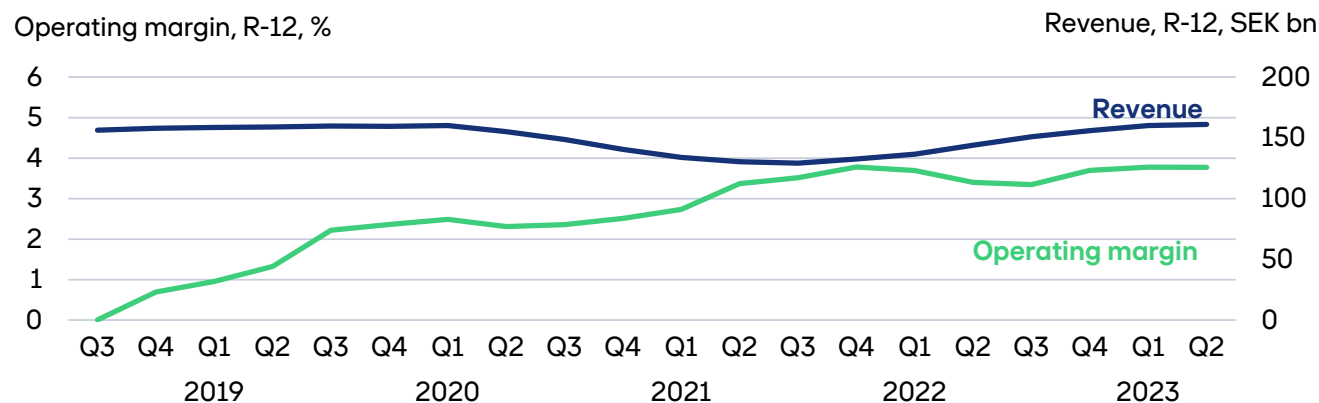
Order bookings

SEK bn	Apr-Jun 2023	Apr-Jun 2022	Book-to- build, %	Months of production
Nordics	31.7	16.5	124	17
of which Sweden	8.9	9.5	93	12
Europe	7.6	7.7	83	17
USA	23.9	13.0	119	19
Total	63.2	37.3	115	18



Construction

Income statement

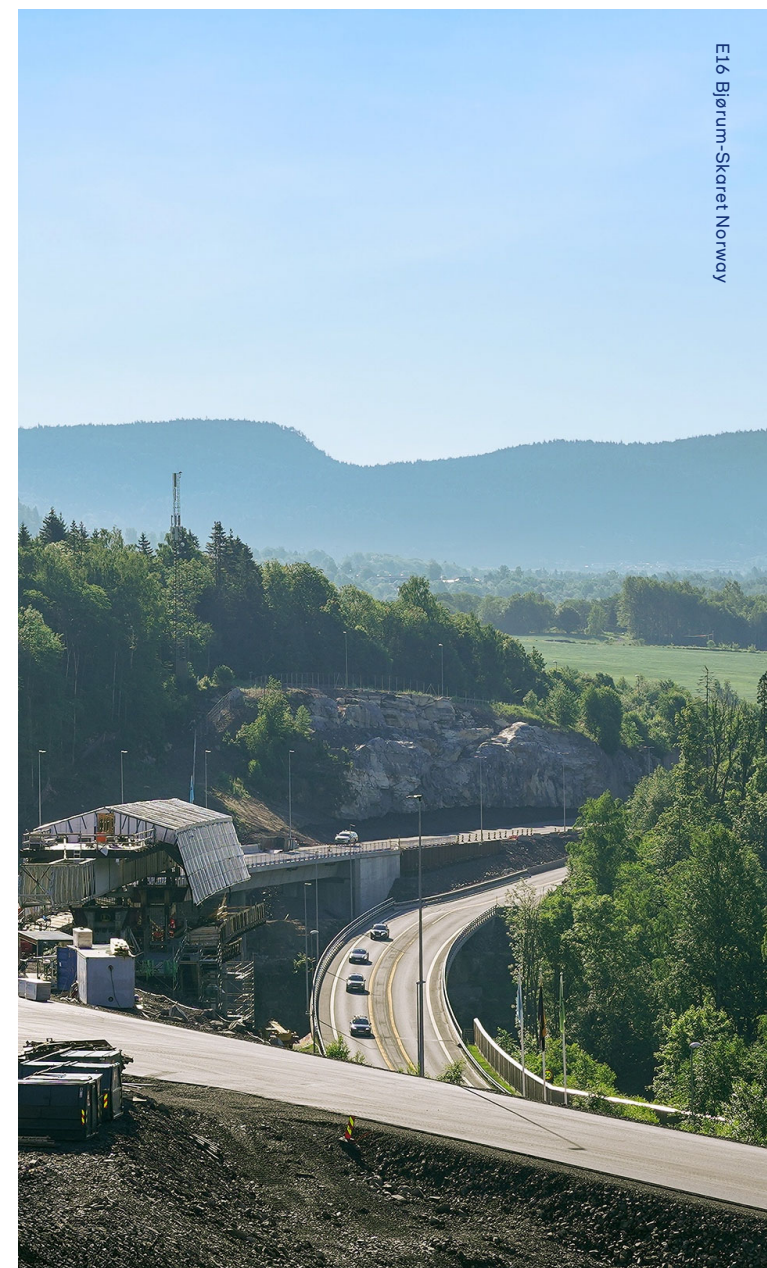


SEK bn	Apr-Jun 2023	Apr-Jun 2022	R12 months	Jan-Dec 2022
Revenue	40.6	39.7	161.0	156.0
Gross income	3.1	3.0	12.8	12.3
Selling and administrative expenses	-1.7	-1.6	-6.7	-6.5
Operating income	1.4	1.4	6.1	5.8
Gross margin, %	7.5	7.4	7.9	7.9
Selling and administrative expenses, %	-4.1	-4.0	-4.2	-4.2
Operating margin, %	3.4	3.4	3.8	3.7

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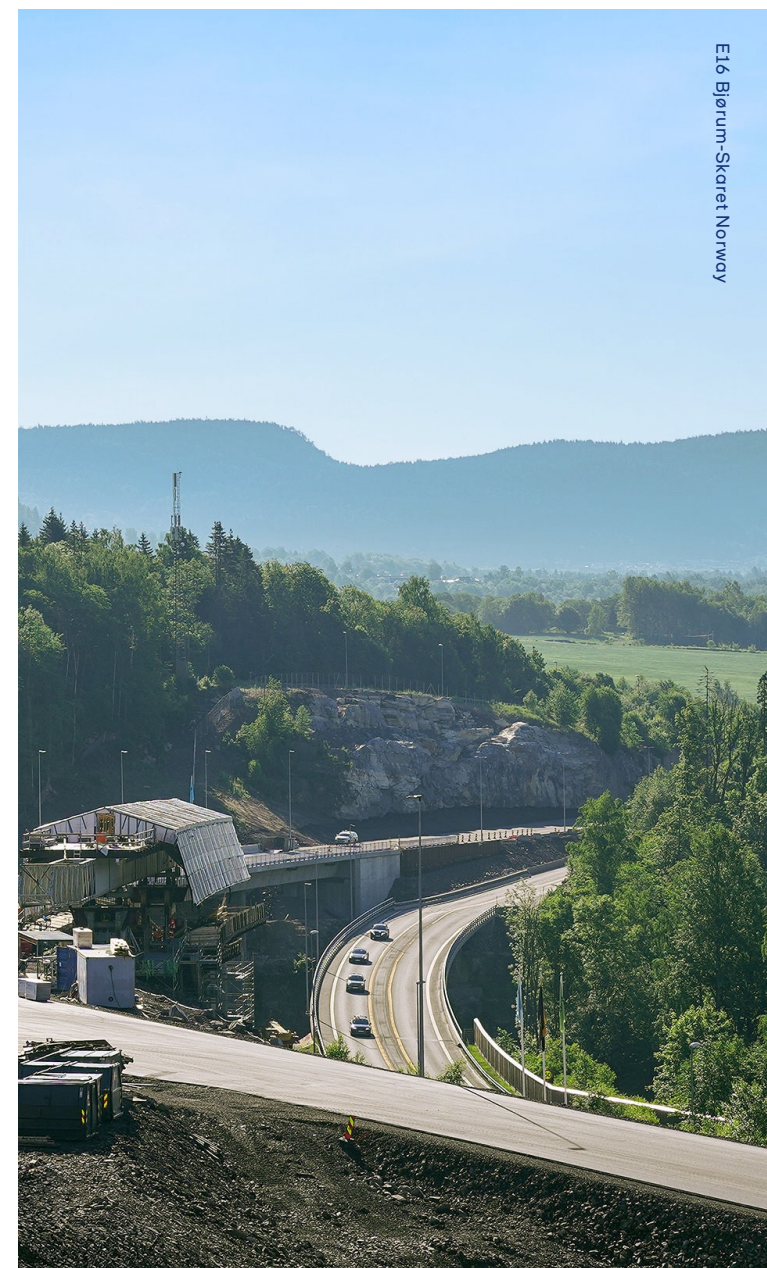
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Construction

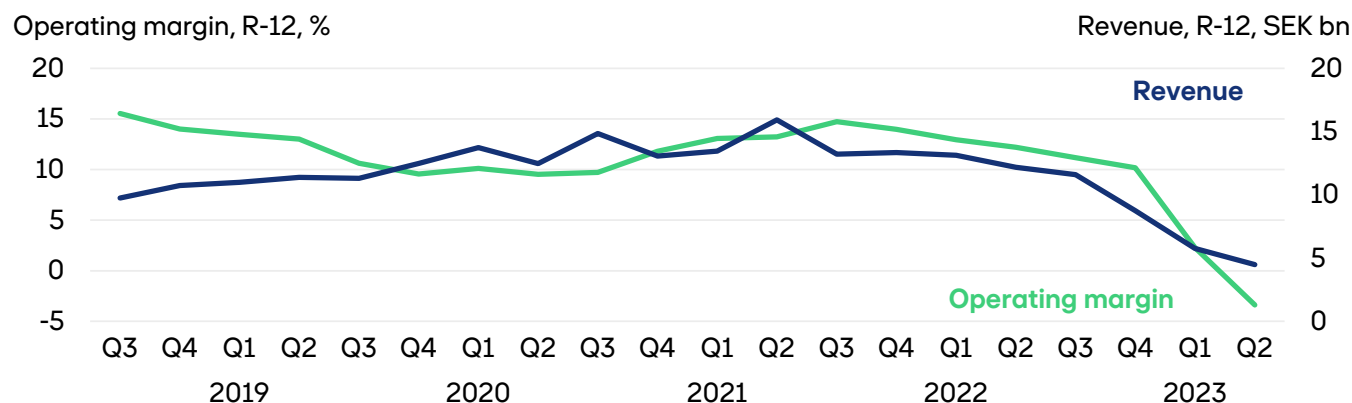
Income statement

	Operating income, SEK M		Operating margin, %	
	Apr-Jun 2023	Apr-Jun 2022	Apr-Jun 2023	Apr-Jun 2022
Nordics	549	549	3.7	3.5
of which Sweden	251	310	3.0	3.3
Europe	189	256	2.6	3.7
USA	654	555	3.5	3.3
Total	1,391	1,360	3.4	3.4



Residential Development

Income statement, segment reporting



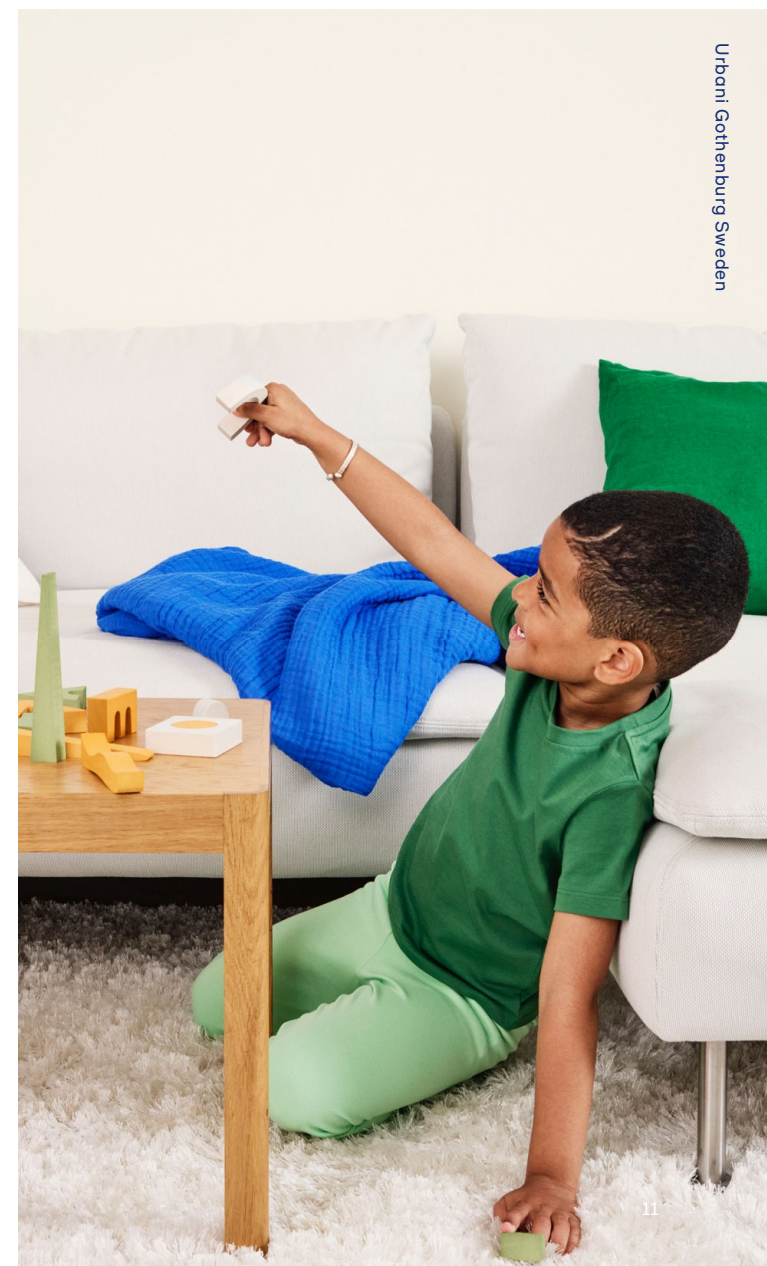
Including residential rentals until Q4 2020

SEK M	Apr-Jun 2023	Apr-Jun 2022	R12 months	Jan-Dec 2022
Revenue	1,649	2,926	4,487	8,751
Gross income	226	539	653	1,674
Selling and administrative expenses	-178	-207	-805	-783
Operating income	49	332	-152	891
Gross margin, %	13.7	18.4	14.5	19.1
Selling and administrative expenses, %	-10.8	-7.1	-17.9	-9.0
Operating margin, %	2.9	11.3	neg	10.2

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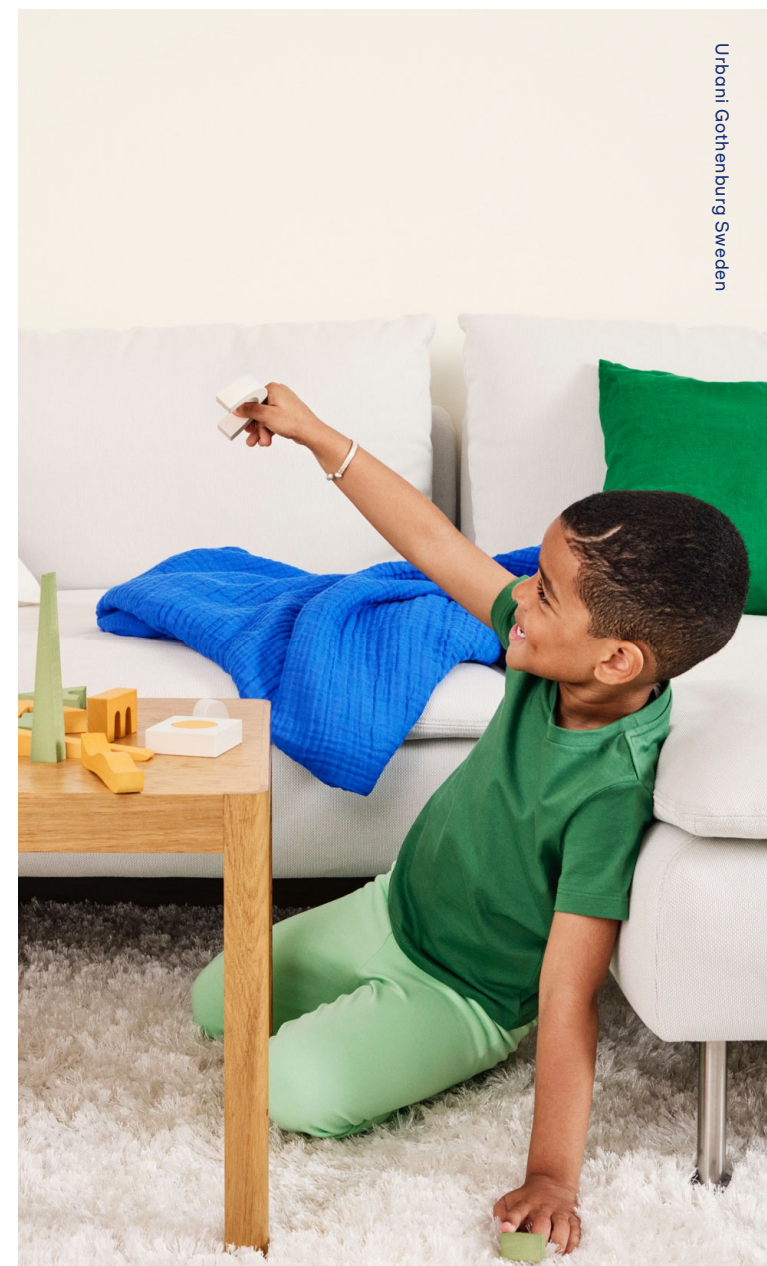
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Residential Development

Income statement

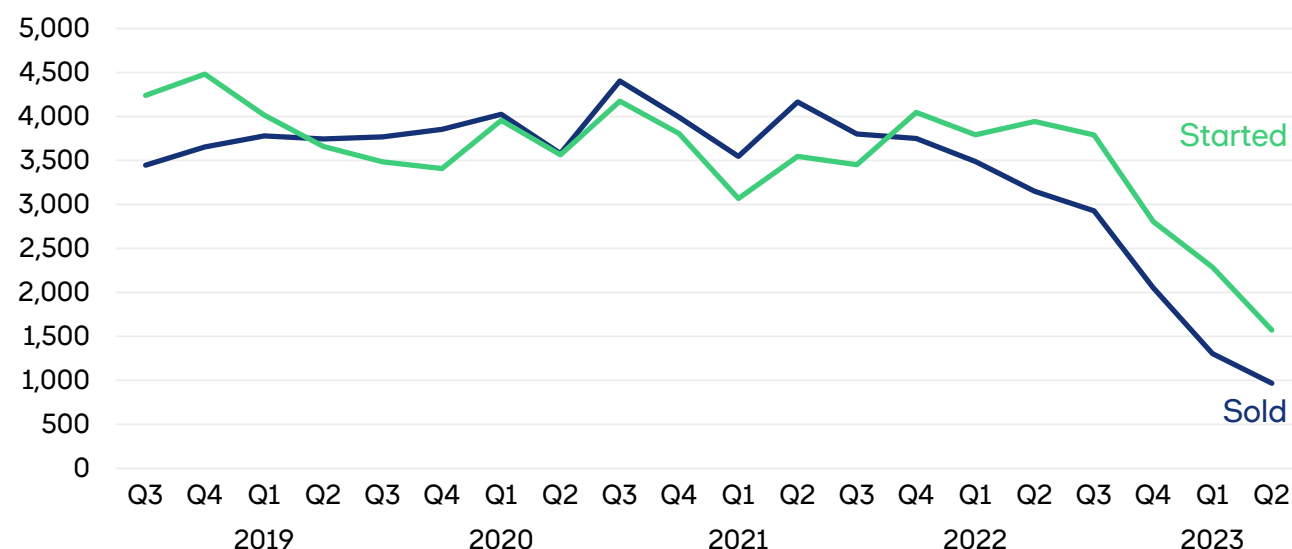
	Operating income, SEK M		Operating margin, %	
	Apr-Jun 2023	Apr-Jun 2022	Apr-Jun 2023	Apr-Jun 2022
Nordics	4	258	0.3	10.7
of which Sweden	-3	119	neg	9.6
Europe	45	74	9.4	14.6
Total	49	332	2.9	11.3



Residential Development

Homes started and sold

Homes, R-12



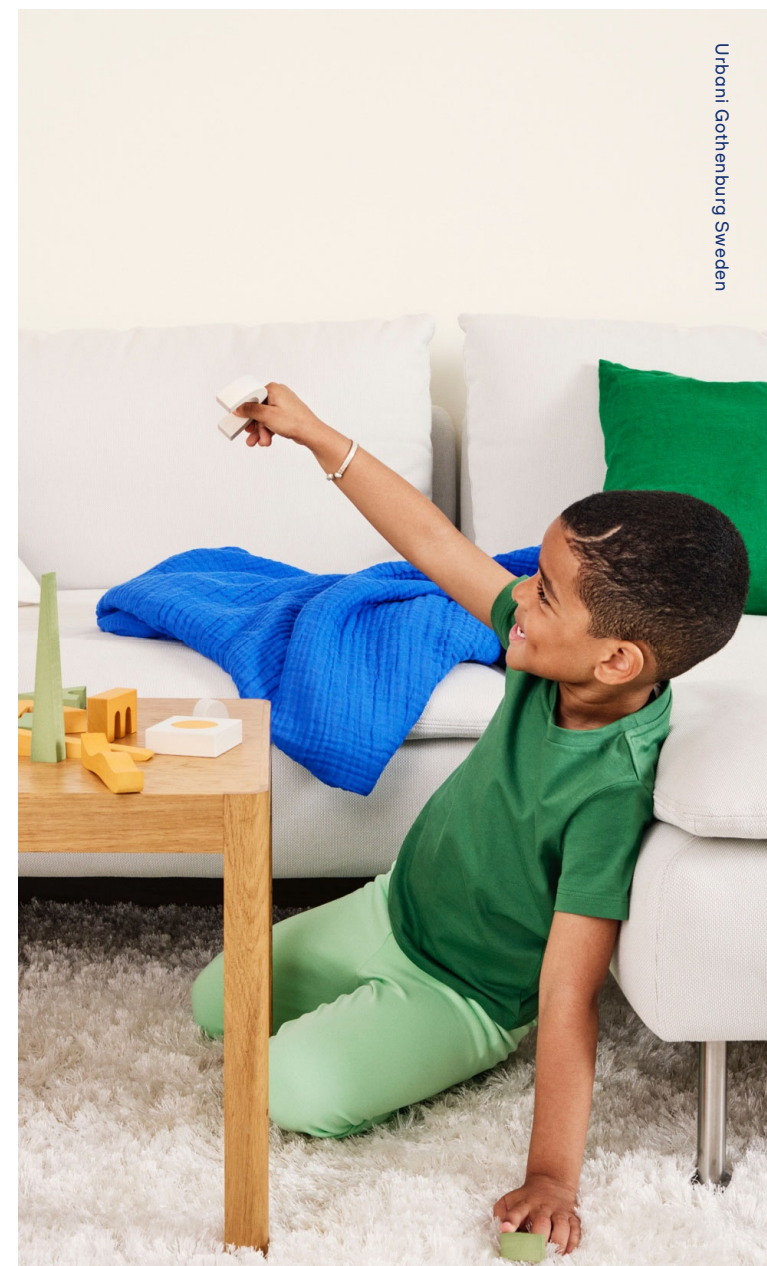
Including residential Rentals until Q4 2020

Homes started				Homes sold			
Apr-Jun 2023	Apr-Jun 2022	R12 months	Jan-Dec 2022	Apr-Jun 2023	Apr-Jun 2022	R12 months	Jan-Dec 2022
241	957	1,571	2,805	343	680	968	2,052

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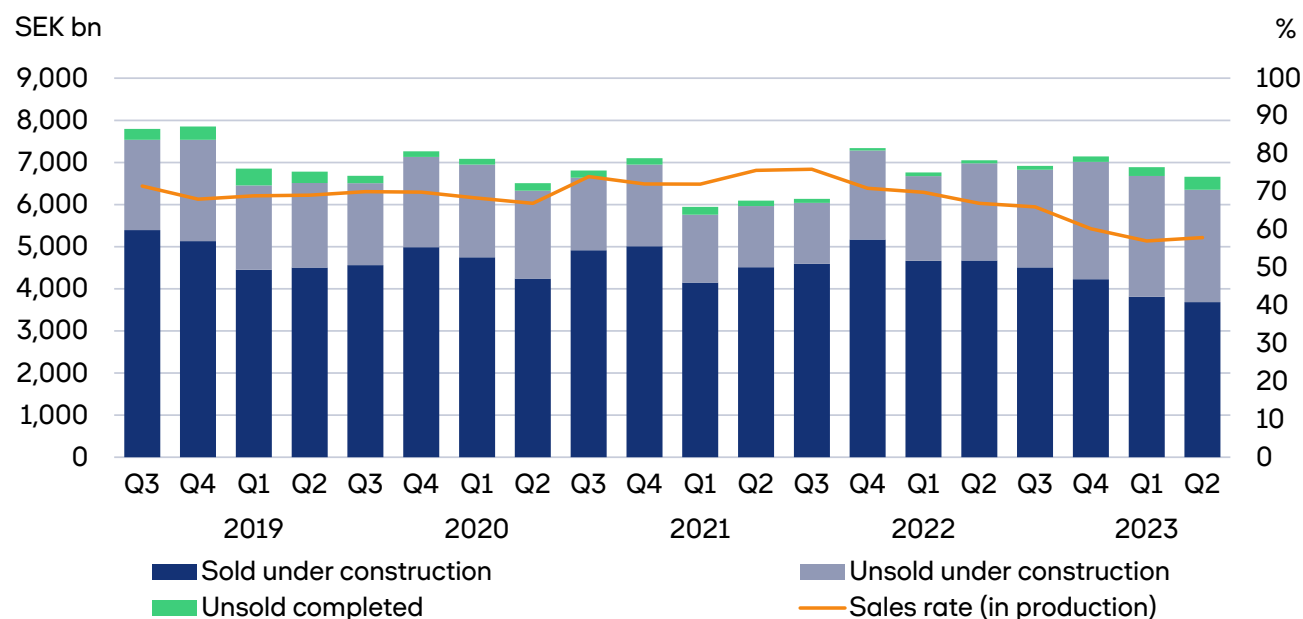
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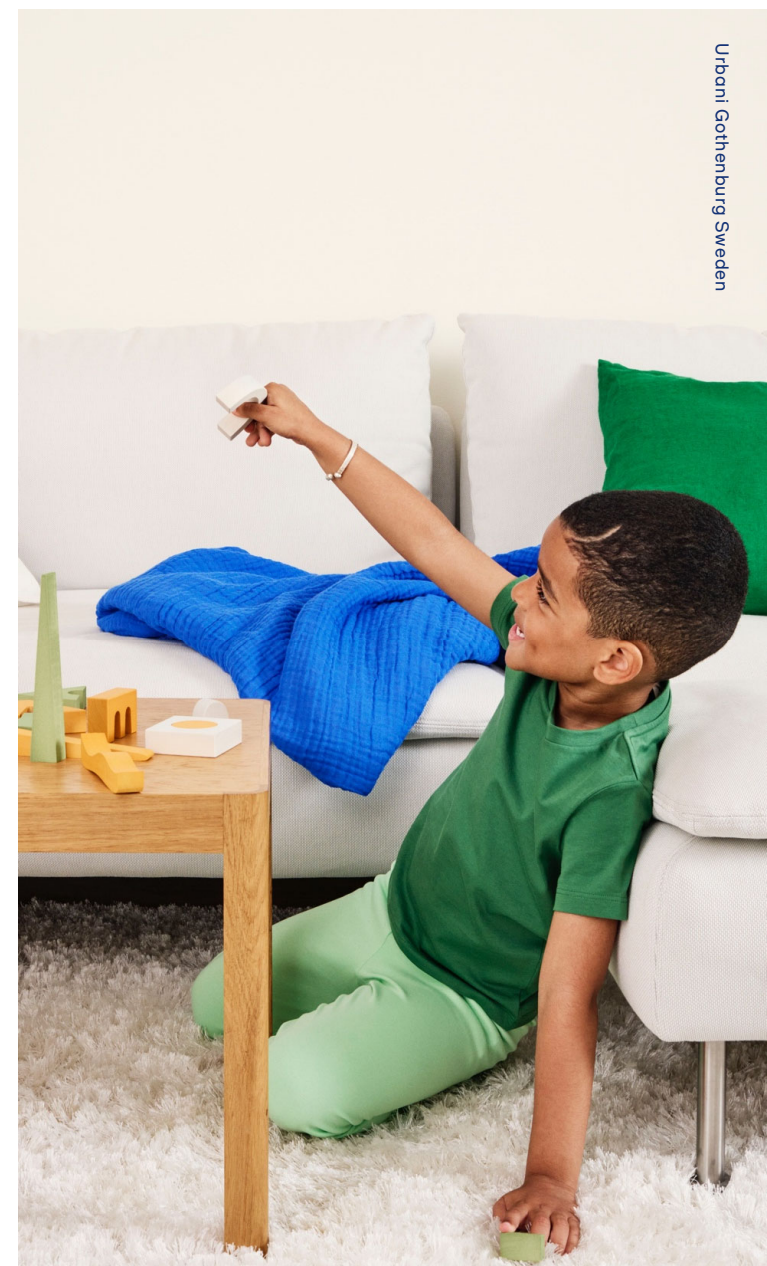
Residential Development

Homes in production



Including residential rentals until Q4 2020.

Homes in production		Of which sold, %		Unsold complete homes	
Jun 30, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022
6,354	6,979	58	67	306	72



Commercial Property Development

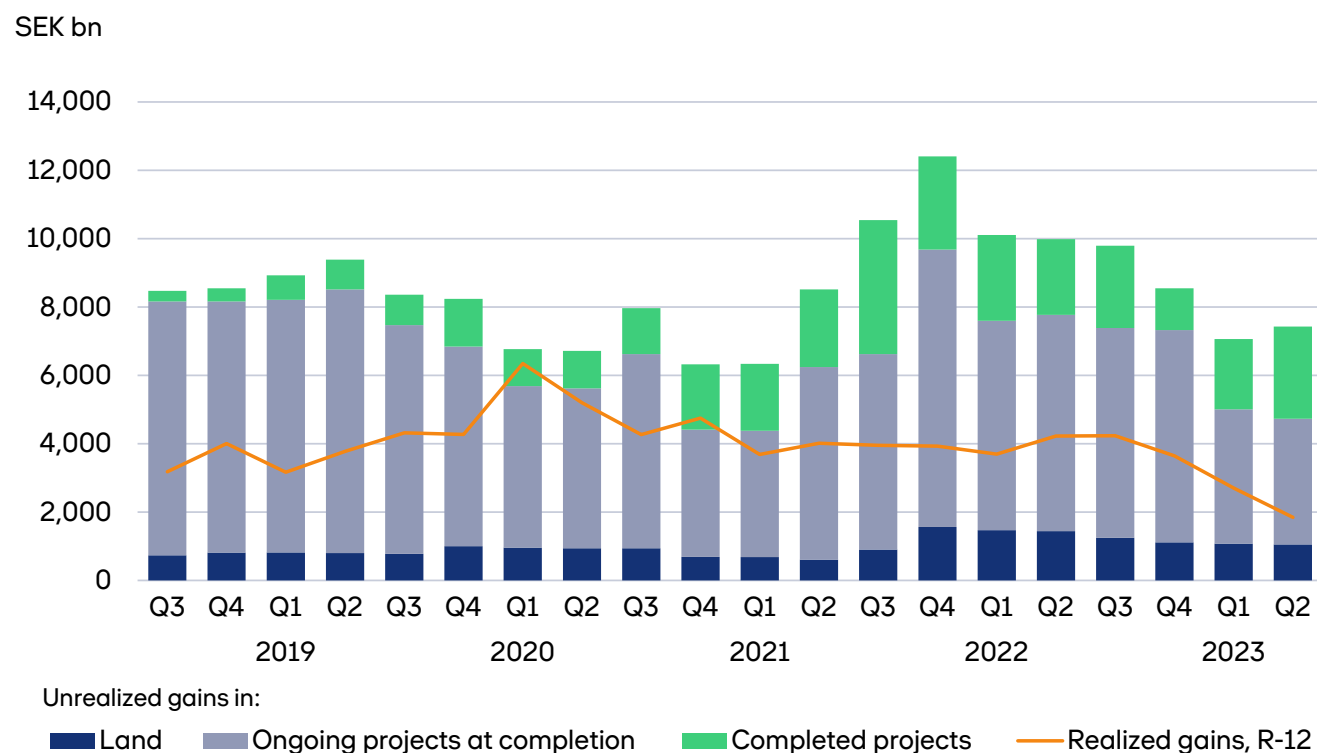
Income statement, segment reporting

SEK bn	Apr-Jun 2023	Apr-Jun 2022	R12 months	Jan-Dec 2022
Revenue	857	5,666	4,894	14,276
Gross income	233	1,082	2,021	3,857
Selling and administrative expenses	-247	-251	-1,001	-999
Income from JV's and associated companies	-1	3	156	165
Operating income	-15	834	1,176	3,023
of which gains from divestments of properties ¹	171	1,084	1,900	3,839
of which write downs/reversal of write downs	0	0	-31	-43
1 Additional gain included in eliminations	19	19	70	112



Commercial Property Development

Unrealized and realized gains, segment reporting



Including residential rentals as of Q1 2023.

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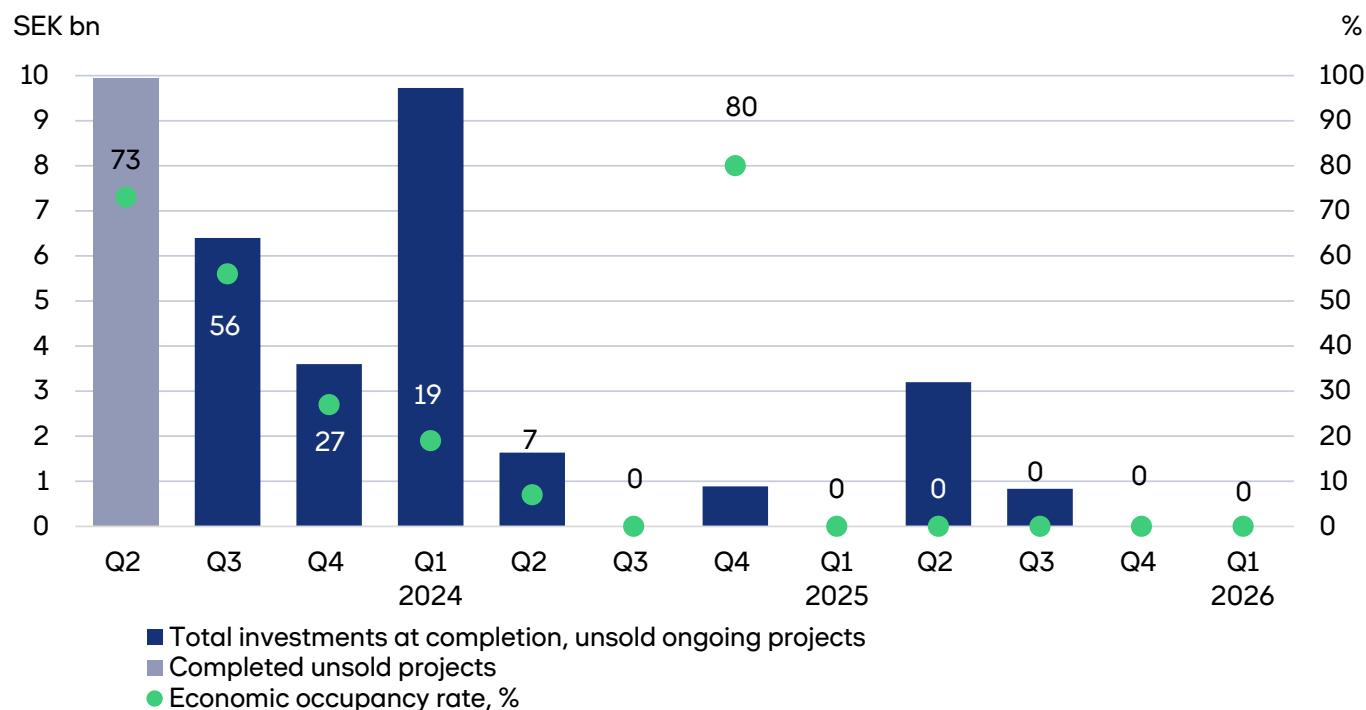
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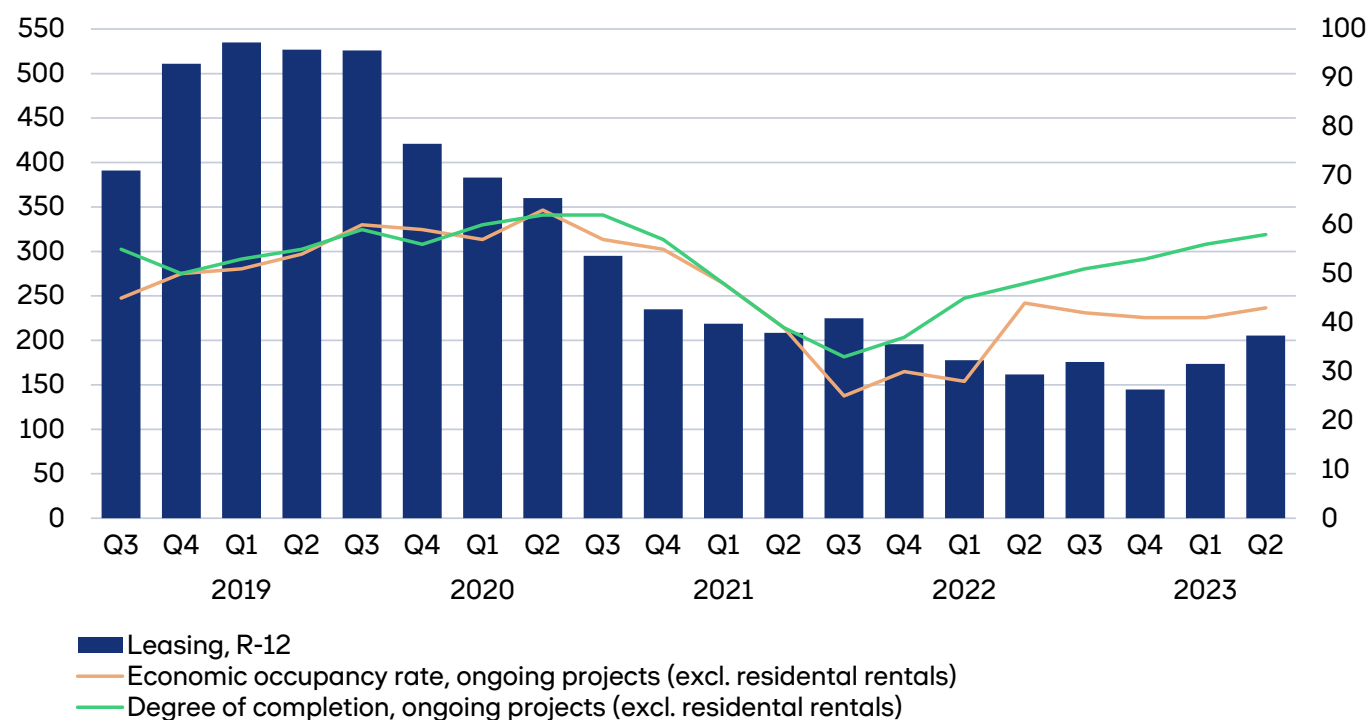
Commercial Property Development

Completion profile, unsold projects (excl. residential rentals)



Commercial Property Development Leasing

000 sq m



Leasing including residential rentals in the USA and Denmark until Q4 2020.



Investment Properties

Income statement

SEK M	Apr-Jun 2023	Apr-Jun 2022	R12 months	Jan-Dec 2022
Revenue	45	10	116	40
Operating net	32	8	86	30
Selling and administrative expenses	-1	0	-4	-2
Change in property value	-25	0	61	112
Income from joint ventures and associated companies	0	0	0	0
Operating income	6	8	143	140

1 Investment Properties is a new business stream from 2022.

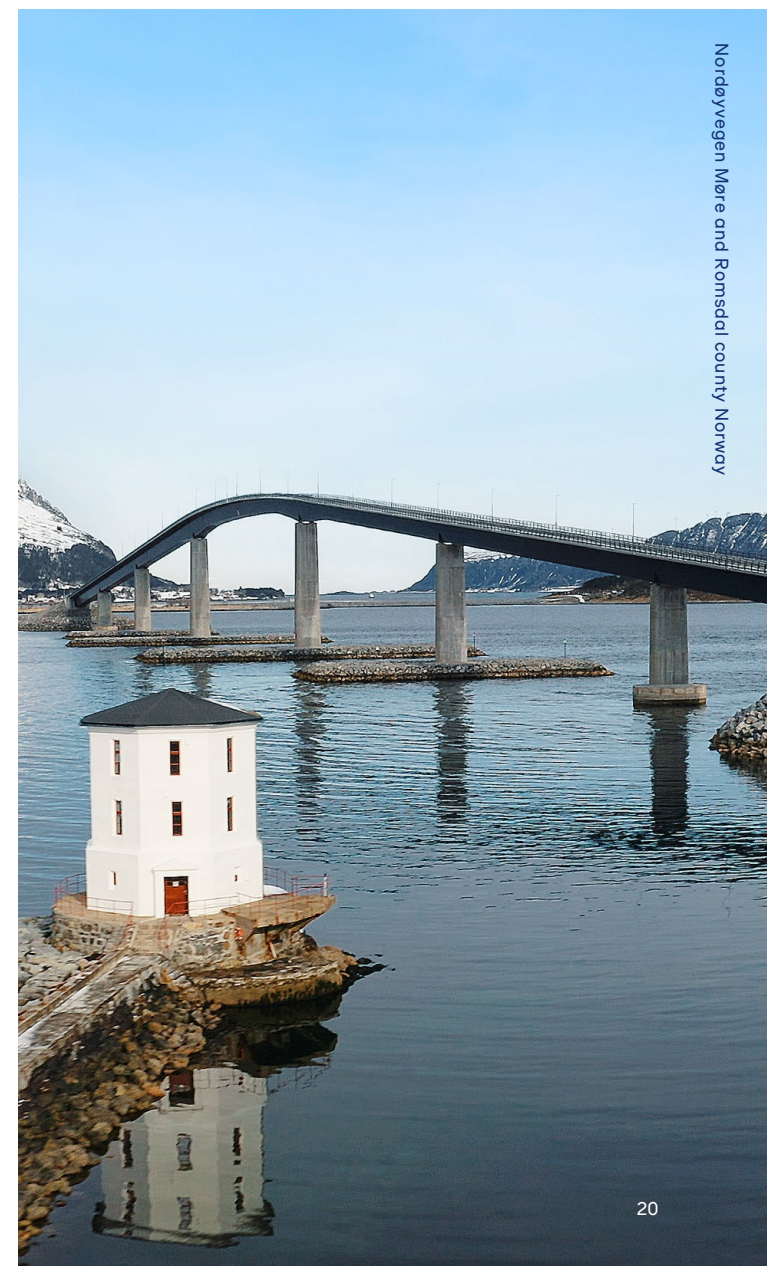
Location	Leasable area, sqm	Rental value, SEK M	Economic occupancy rate, %	Property value, SEK M	Environmental certification, %
Malmö	23,110	82	98	1,353	100
Stockholm	28,992	122	90	2,383	100
Total	52,102	205	93	3,736	100



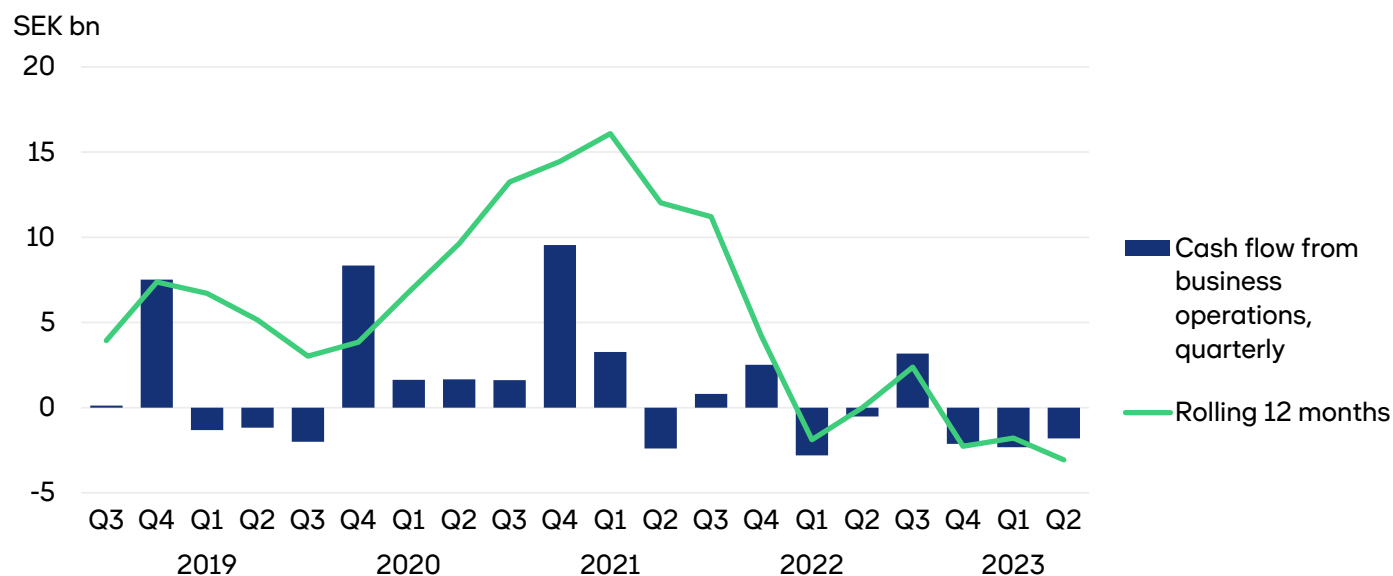
Group

Income Statement

SEK m	Apr-Jun 2023	Apr-Jun 2022	R12 months	Jan-Dec 2022
Operating income from business streams	1,431	2,534	7,244	9,824
Central	-73	-155	-280	-339
Eliminations	-27	18	-191	-187
Operating income	1,331	2,397	6,773	9,297
Net financial items	133	11	550	289
Income after financial items	1,464	2,408	7,322	9,586
Taxes	-234	-494	-1,366	-1,885
Profit for the period	1,229	1,914	5,956	7,702
Earnings per share, SEK	2.96	4.61	14.39	18.62
Tax rate, %	16	21	19	20



Group Cash flow

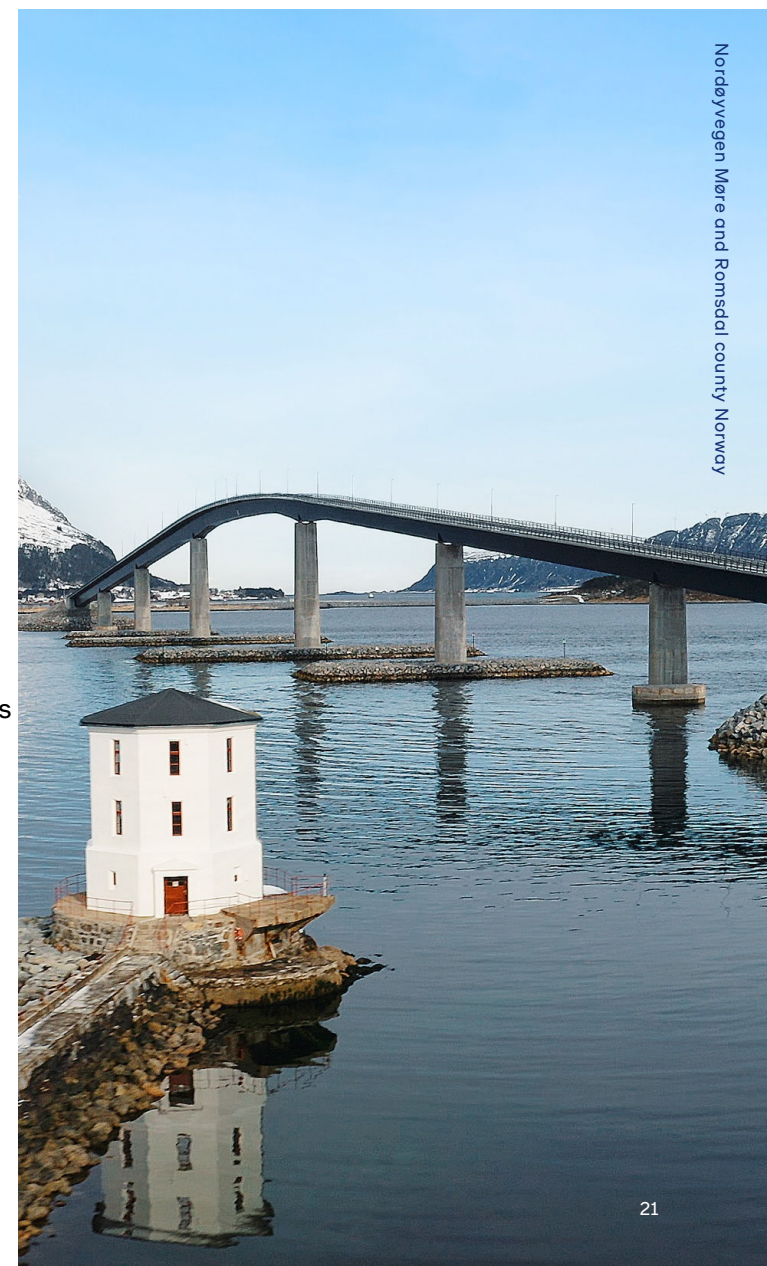


SEK bn	Apr-Jun 2023	Apr-Jun 2022	R12 months	Jan-Dec 2022
Operating cash flow from operations	-1.8	-0.5	-3.1	-2.3
Dividend and net strategic divestment	-3.2	-4.2	-3.4	-4.4
Cash flow before change in interest-bearing receivables and liabilities	-5.0	-4.8	-6.5	-6.7

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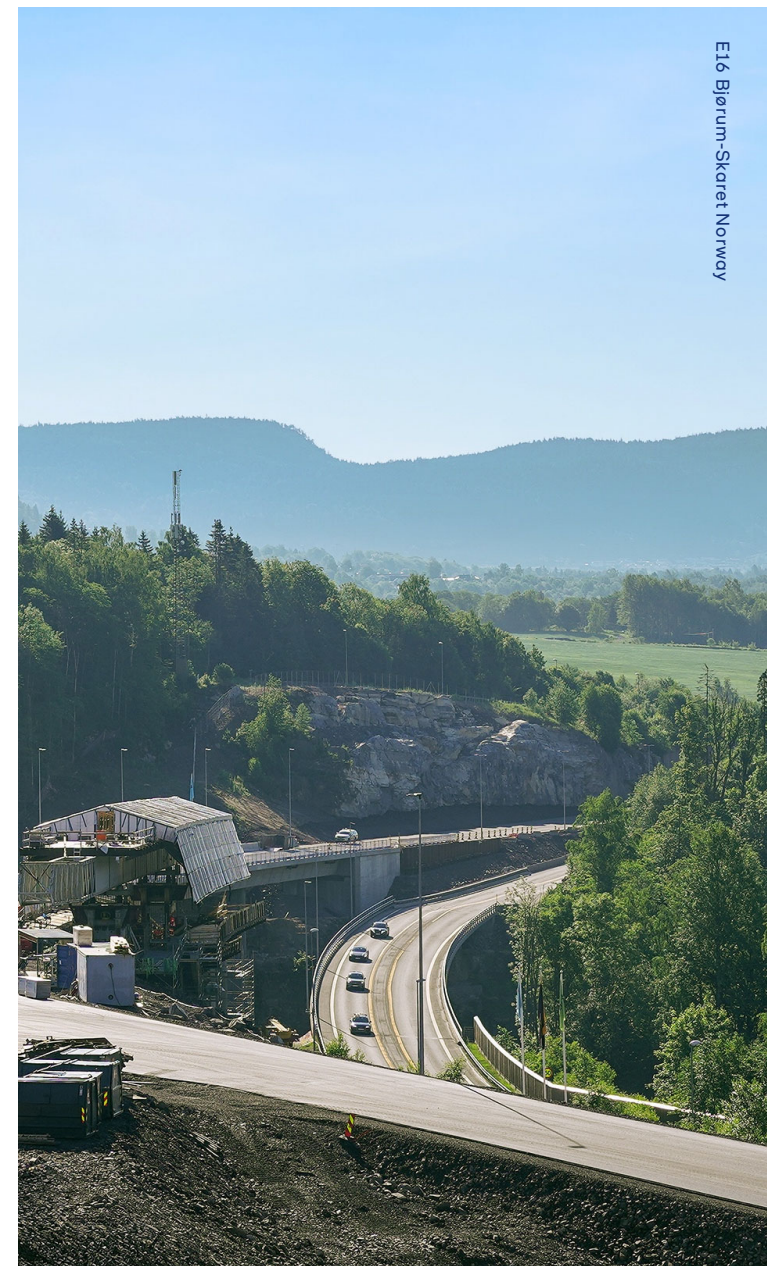
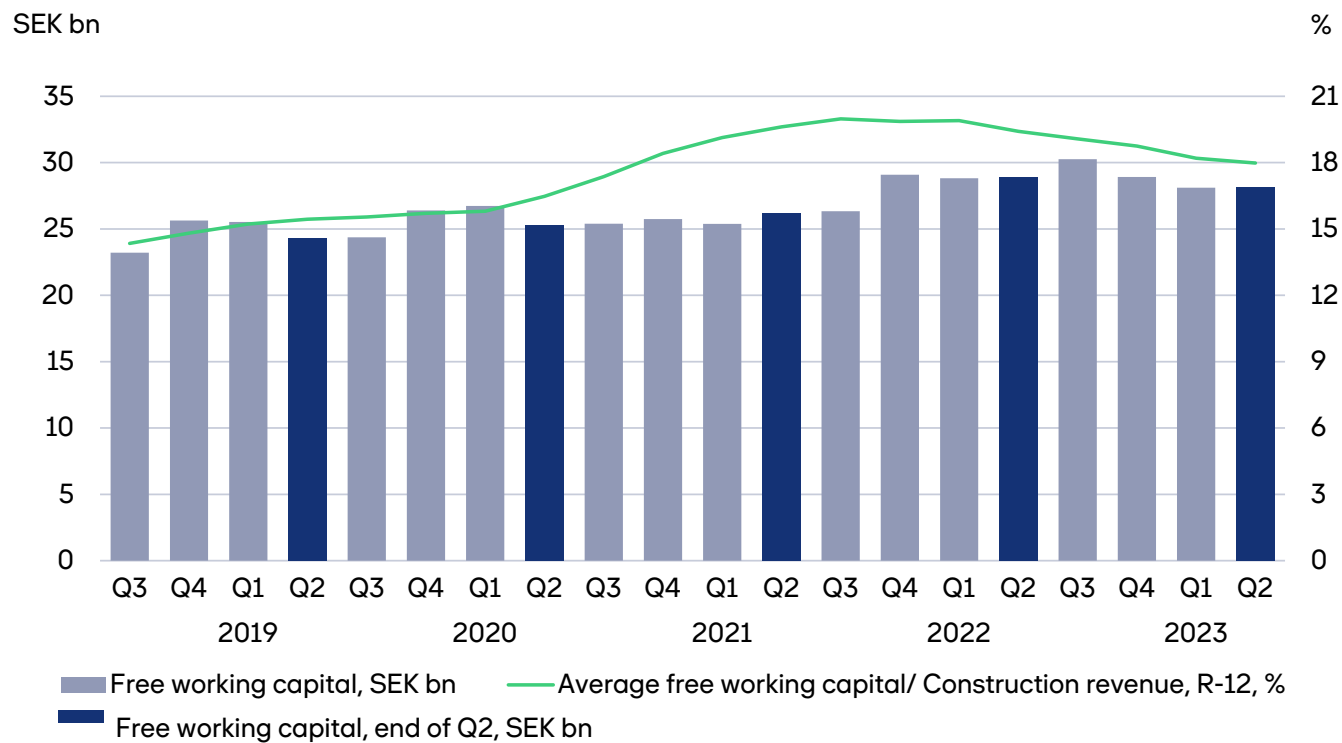
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Nordøyvegen Møre and Romsdal county Norway

Construction

Free working capital



Group investments, divestments and capital employed

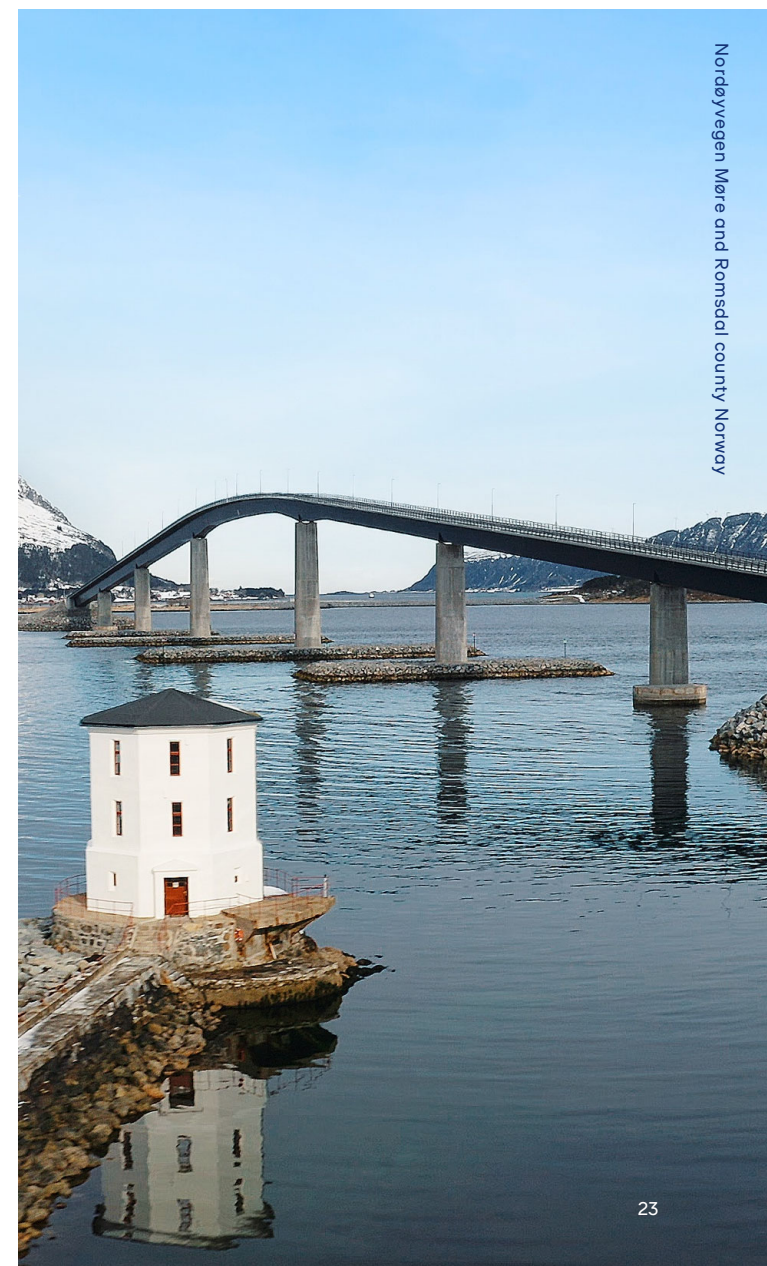


SEK bn	Jun 30, 2023	Jun 30, 2022	31 dec 2022
Capital employed in:			
Residential Development	16.5	16.1	16.3
Commercial Property Development	45.5	36.9	38.5
Investment Properties	3.7	0.8	3.7
Total in in Project Development and Investment Properties	65.7	53.7	58.6

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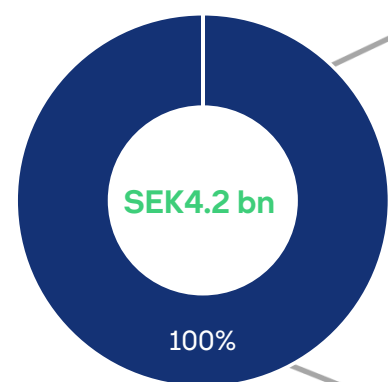
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Group

Available funds: SEK 16.0 bn,
o/w unutilized credit facilities SEK 9.4 bn

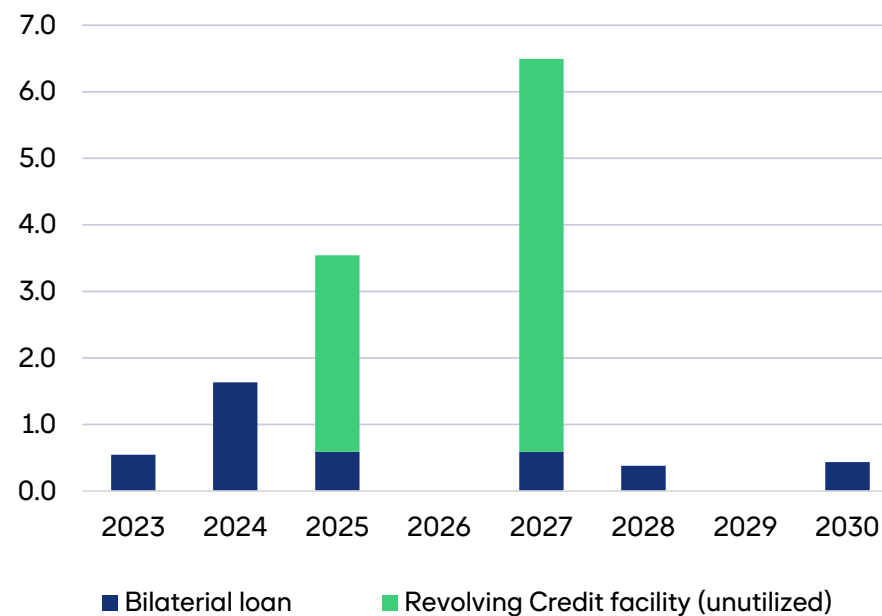
Central funding



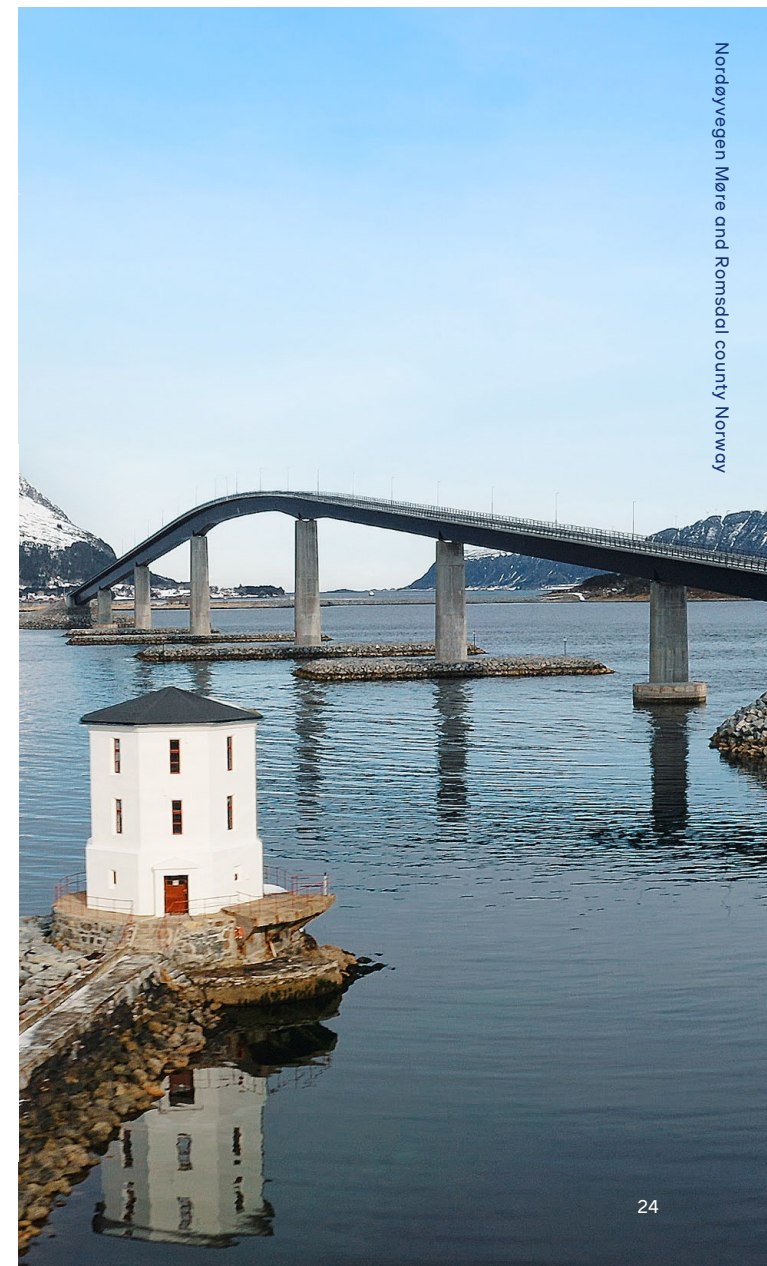
- Green bilateral loan
- Green bonds

SEK bn

Maturity profile

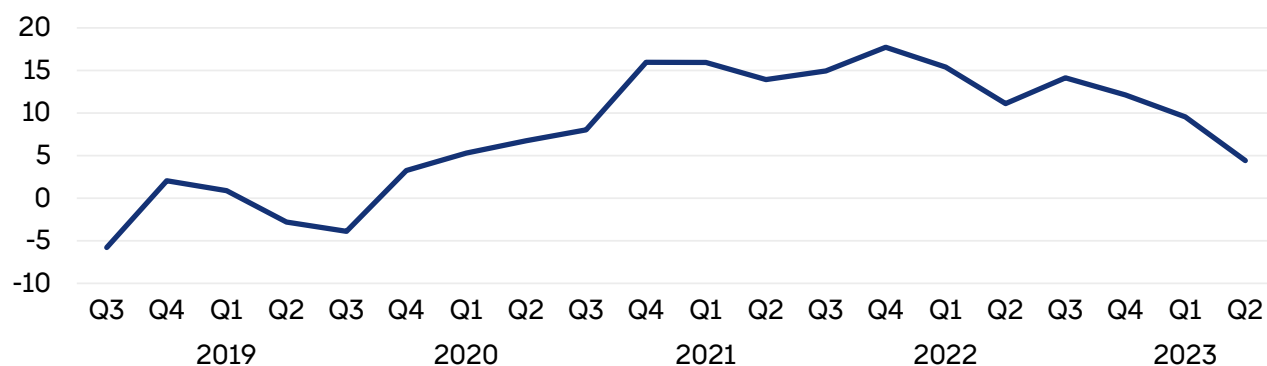


- Bilateral loan
- Revolving Credit facility (unutilized)

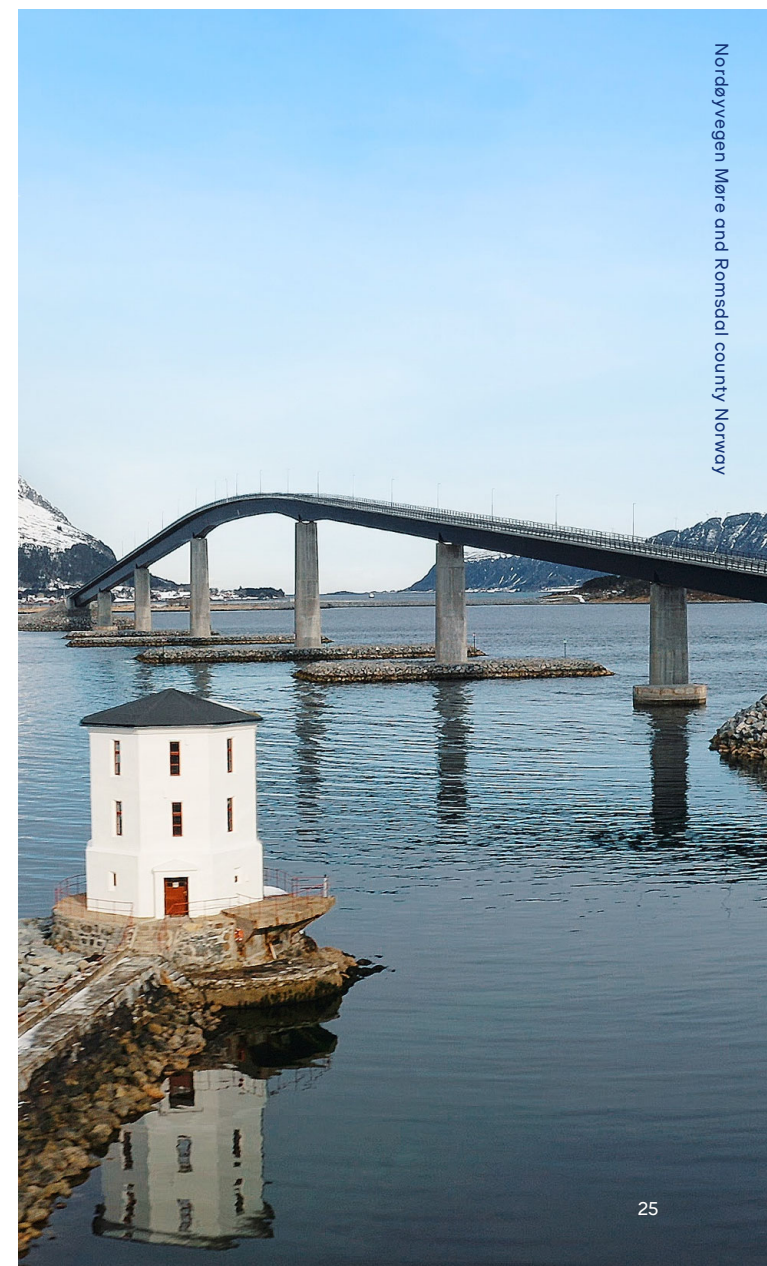


Group Financial position

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



SEK bn	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Total assets	157.0	144.5	151.6
Equity attributable to equity holders	57.1	47.8	55.3
Interest-bearing net receivables (+)/net debt (-)	3.8	7.7	10.3
Adj. interest-bearing net receivables (+)/net debt (-)	4.4	11.1	12.1
Capital employed, closing balance	75.3	68.0	72.8
Equity/assets ratio, %	36.4	33.1	36.4



Market outlook



Construction

- Mostly strong or stable for the USA and Nordics. Swedish building market expected to weaken
- Active sectors: civil infrastructure and social infrastructure
- Material availability improved and material prices have leveled out



Residential Development

- Low activity in the housing market remains
- Cost-of-living pressure, impact on low-cost segment
- Activity expected to return once uncertainties regarding macro and household economies subsides



Commercial Property Development

- Low transaction volumes and hesitant investor market remains
- Leasing market gradually improving



Investment Properties

- Polarization in occupier and investor market
- Stronger demand for high quality space in buildings with high sustainability standards

Outlook compared to previous quarter ● Weaker ● Unchanged ● Improved



Group Summary

- Group performance in Q2 benefited from strong performance in Construction
 - Construction – delivering strong results
 - Residential Development – low sales volumes
 - Commercial Property Development – solid leasing, low sales
 - Investment Properties – no acquisitions in the quarter
- Record strong order intake and order backlog on a new historic high.
- Robust financial position
- Strategic direction:
 - Deliver strong profitability and grow responsibly in Construction
 - Leading residential developer
 - Grow Commercial Property Development
 - Build up Investment Properties portfolio

